



SAIPEM
ENGINEERING
ENERGY

PRELIMINARY 2016 CONSOLIDATED RESULTS

23 February 2017

Saipem. Engineering Energy



FORWARD-LOOKING STATEMENTS

Forward-looking statements contained in this presentation regarding future events and future results are based on current expectations, estimates, forecasts and projections about the industries in which Saipem S.p.A. (the “Company”) operates, as well as the beliefs and assumptions of the Company’s management.

These forward-looking statements are only predictions and are subject to known and unknown risks, uncertainties, assumptions and other factors beyond the Company’s control that are difficult to predict because they relate to events and depend on circumstances that will occur in the future. These include, but are not limited to: forex 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.

Therefore, the Company’s actual results may differ materially and adversely from those expressed or implied in any forward-looking statements. They are neither statements of historical fact nor guarantees of future performance. The Company therefore cautions against relying on any of these forward-looking statements. Factors that might cause or contribute to such differences include, but are not limited to, economic conditions globally, the impact of competition, political and economic developments in the countries in which the Company operates, and regulatory developments in Italy and internationally. Any forward-looking statements made by or on behalf of the Company speak only as of the date they are made. The Company undertakes no obligation to update any forward-looking statements to reflect any changes in the Company’s expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based. Accordingly, readers should not place undue reliance on forward-looking statements due to the inherent uncertainty therein.

The Financial Reports contain analyses of some of the aforementioned risks.

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.

TODAY'S PRESENTATION

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OPENING REMARKS: A YEAR OF DELIVERY

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FIT FOR THE FUTURE & TECHNOLOGY

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CLOSING REMARKS

2016: A YEAR OF DELIVERY

Resilient operating and commercial performance

- Offshore strength underpinning yearly results
- Onshore E&C breakeven achieved
- Order intake of €8.3bn and Backlog at €14.2bn

Net debt down at €1.45bn

Solid Capital Structure in place

- €3.5bn Rights Issue and €4.7bn Refinancing completed
- €1.0bn Inaugural Bond issued and €0.9bn new/renewed credit lines
- Full repayment of Bridge to Bond

Rightsizing of cost structure and new organisational model

- Fit For the Future on track: savings program 87% complete
- Fit For the Future 2.0: program ongoing, new organization in place by 1H

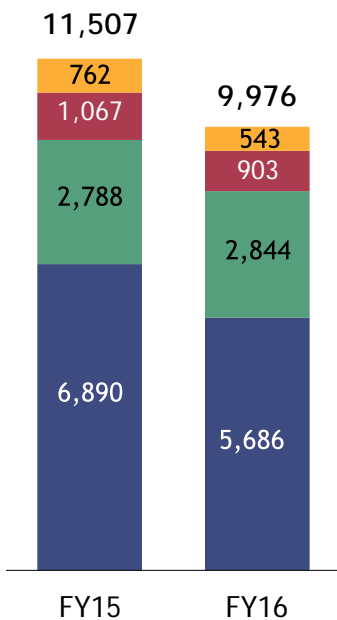


FY 2016 RESULTS

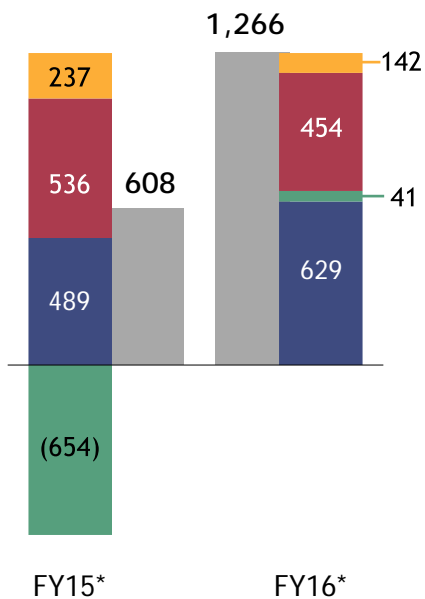
FY 2016 RESULTS

YoY COMPARISON (€ mn)

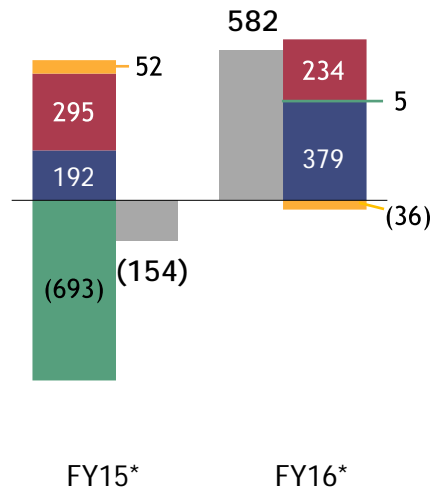
Revenues



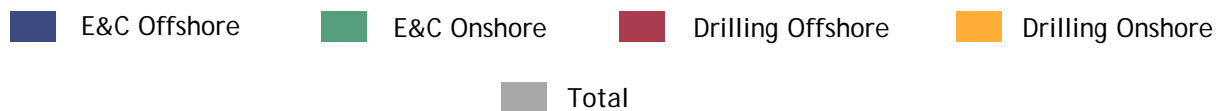
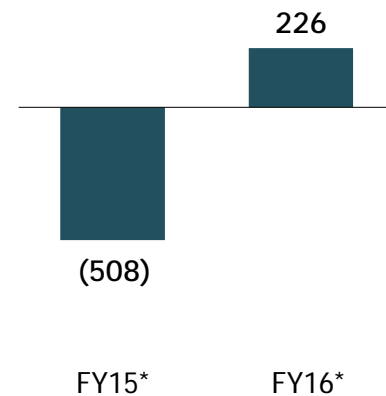
Adjusted EBITDA



Adjusted EBIT



Adjusted Net Profit

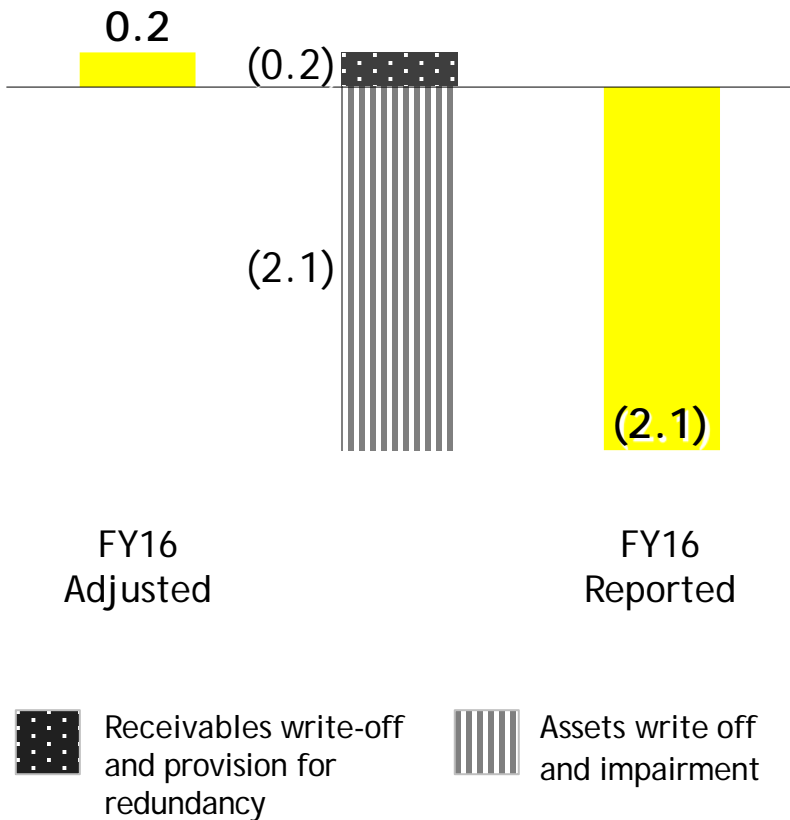


(*) EBITDA EBIT and Net Profit adjusted for special items

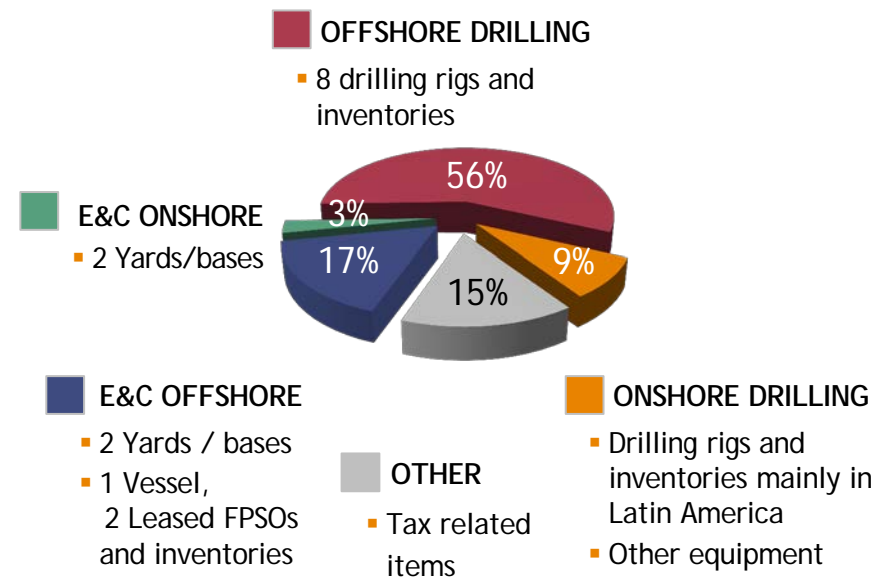
FY 2016 NET PROFIT REPORTED/ADJUSTED BRIDGING

(€ bn)

Net Profit

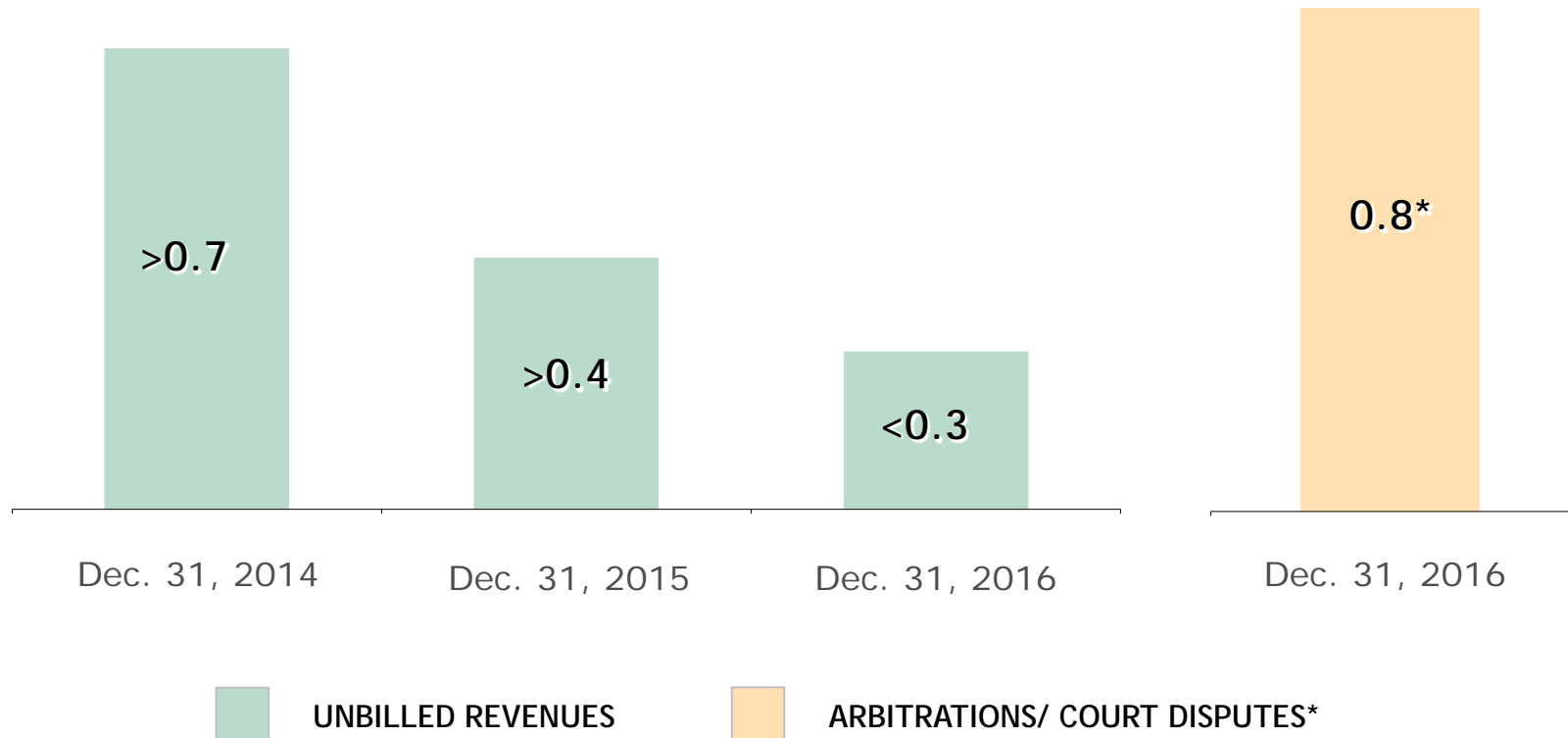


Asset write off and impairment detail



ARBITRATIONS/COURT DISPUTES AND UNBILLED REVENUES

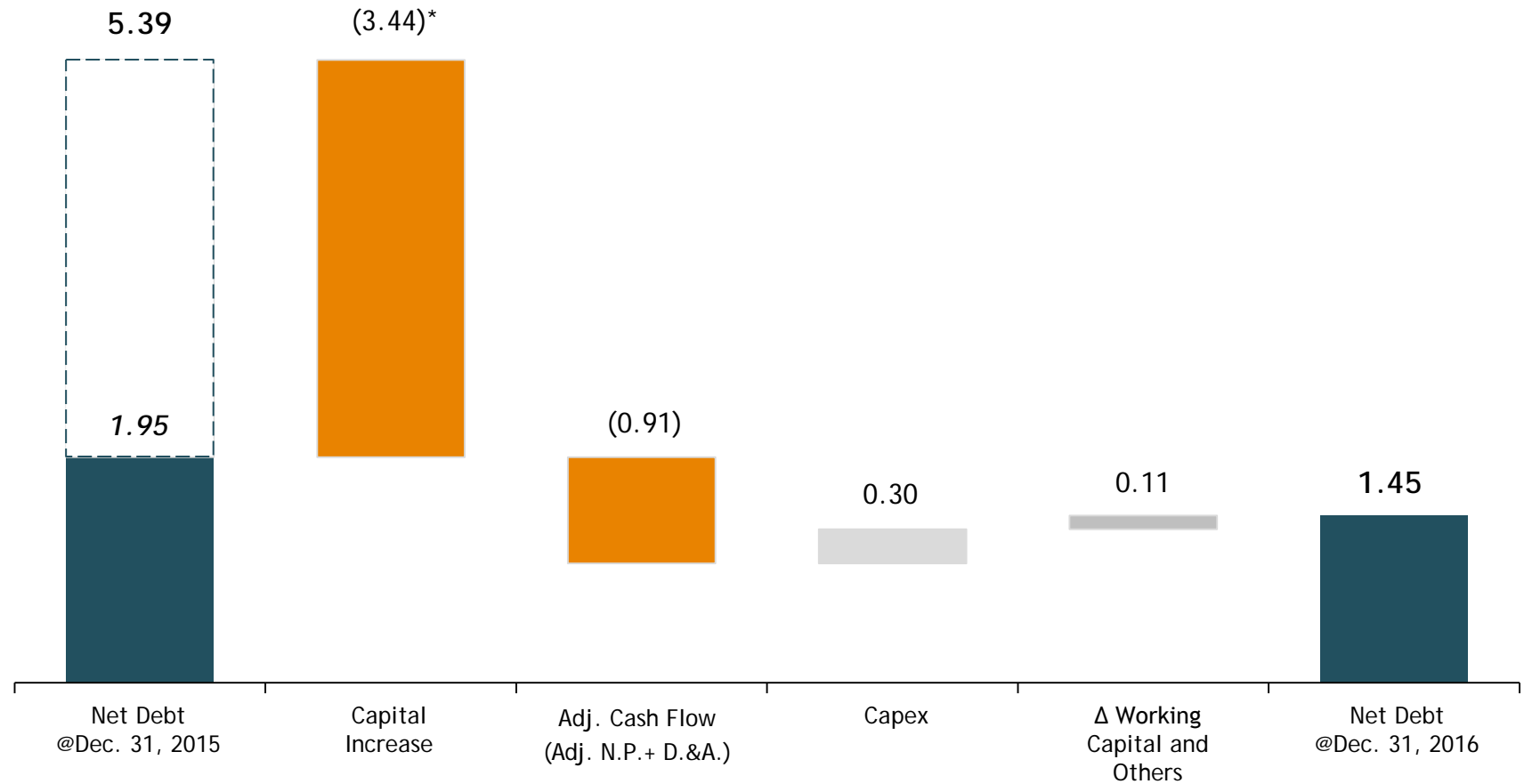
(€ bn)



(*) Arbitrations referring to contracts in Algeria, Australia, Canada, Russia; gross of the amount of €0.25bn already paid on a without prejudice basis

FY 2016 NET DEBT EVOLUTION

(€ bn)

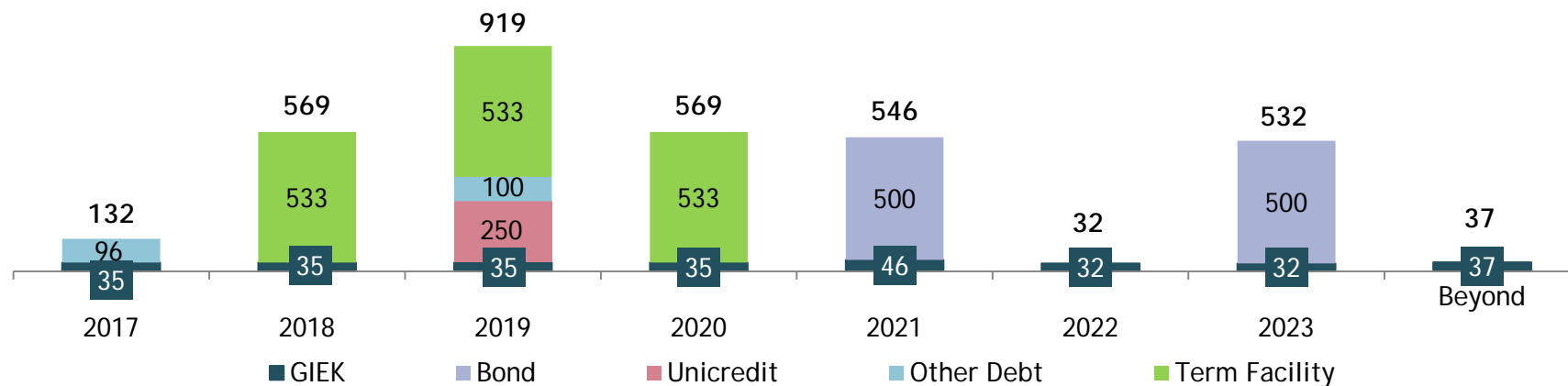


(*) Net of fees

SOLID AND PERMANENT CAPITAL STRUCTURE IN PLACE

(€ mn)

Debt Maturity Profile



- Permanent capital structure in place following Bridge to Bond repayment in Q4
- Average debt maturity: 3.6 years

Strong Liquidity position

- Available Cash of around €0.9bn (in addition to c.€1.0bn trapped)
- Undrawn Cash facilities: RCF for €1.5bn plus GIEK undrawn for €0.3bn



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MARKET OUTLOOK & BUSINESS UPDATE

MARKET OUTLOOK

UNCHANGED SINCE Q3 2016

2017 scenario

- Oil price delaying E&P capex recovery post 2017
- Further reduction in development costs needed to boost E&P spending
- Strict cash flow management by Oil Companies
- Industry consolidation and alliances expected to continue

Offshore E&C

- Offshore fleet underutilization
- Technology and cost effectiveness supporting brownfield and a few greenfield projects
- Gas-led developments more resilient

Onshore E&C

- Sustained pressure on margins
- Sanctioning delays (e.g. LNG)
- Middle East, downstream and non-oil related segments more resilient

Offshore Drilling

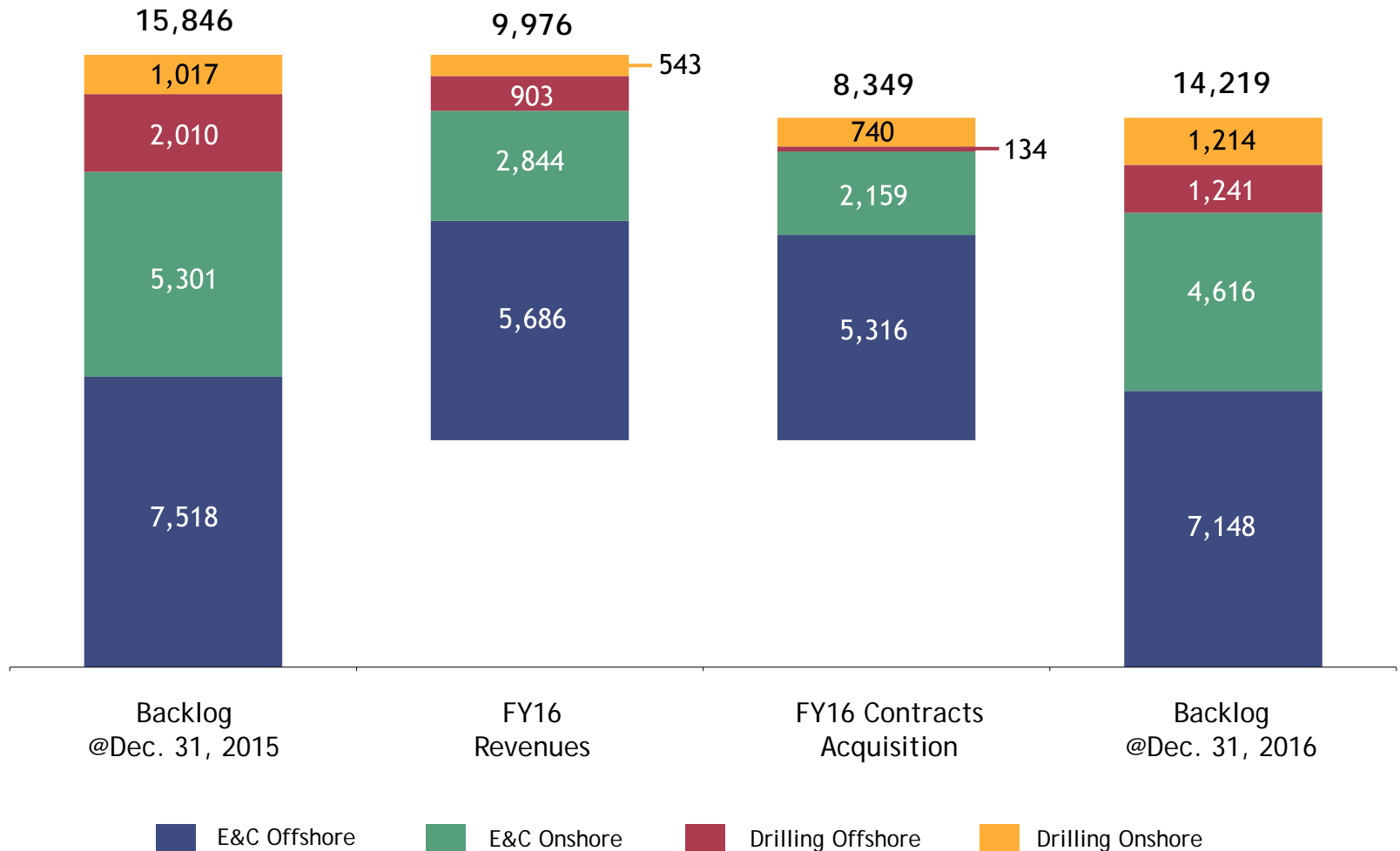
- Global fleet overcapacity
- Deepwater dayrates down over 50% from historic peak

Onshore Drilling

- Still good visibility in Middle East
- South America impacted by demand decline

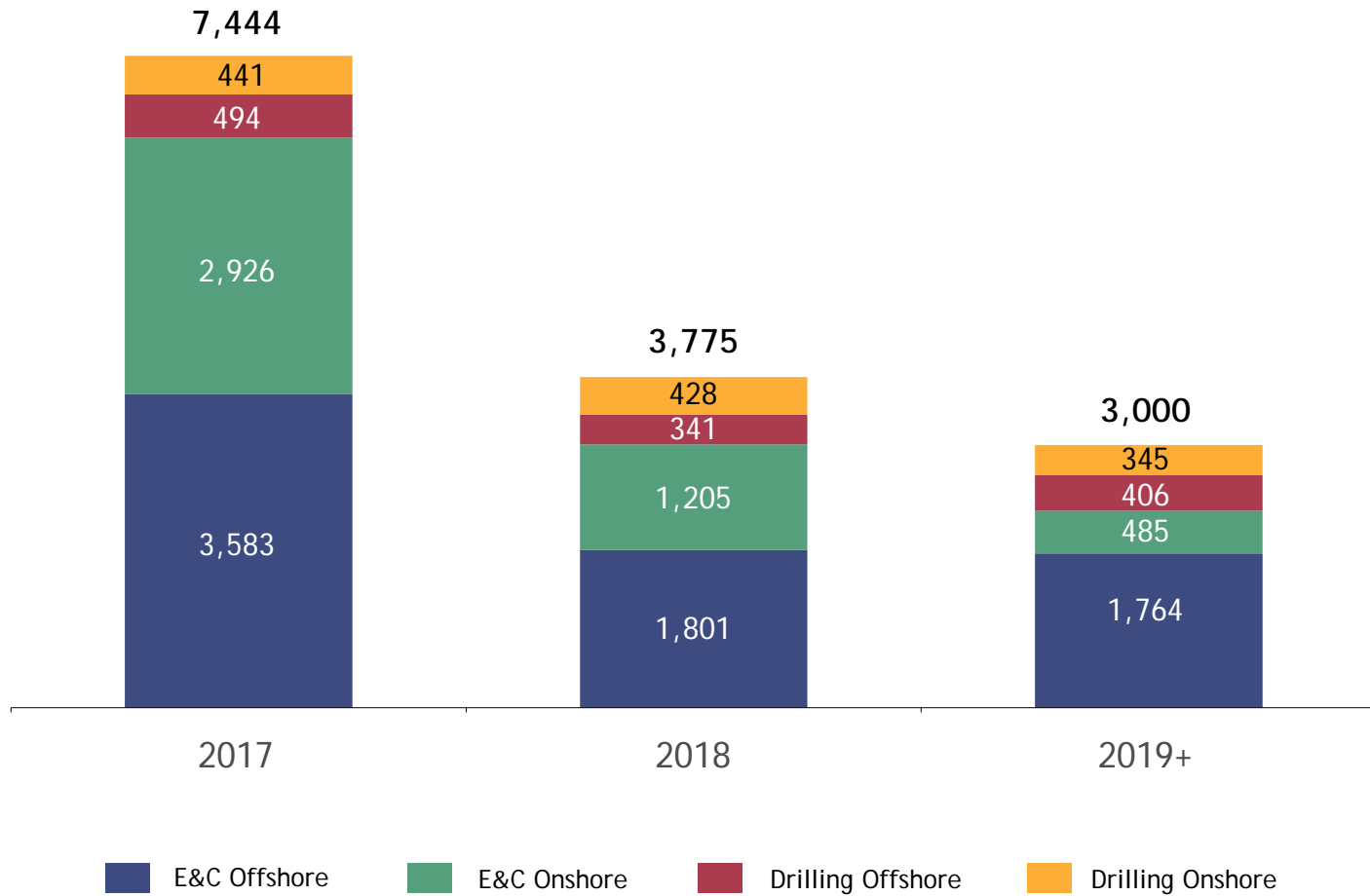
FY 2016 BACKLOG

(€ mn)



BACKLOG BY YEAR OF EXECUTION

(€ mn)



E&C OPPORTUNITIES

LEGEND

- OFFSHORE
- ONSHORE

Americas

- ExxonMobil Liza - subsea
- ExxonMobil Sable Decommissioning - fixed facilities
- BP Cassia Compression - fixed facilities **New**
- Shell LNG Canada - LNG (post 2017)
- Ferrostaal Pacific Northwest Ammonia Plant - downstream **New**

West and North Africa

- Eni Shorouk future dev. - subsea/pipelines
- BG Shell Burullus Phase IXB - subsea
- Eni Zabazaba - FPSO & subsea
- Eni West Hub - subsea
- NAOC Okpai Phase II Power Plant - downstream
- ECHEM Petrochemical Complex - downstream (post 2017)
- Vestas NREA Windfarm - renewables **New**

Asia Pacific

- Conoco Barossa Field Dev. - subsea/pipelines (post 2017) **New**
- ONGC KG-98/2 - subsea (URF+SPS)
- Posco Daewoo Shwe phase 2 - subsea (URF+SPS) (post 2017) **New**
- Ballance Agri Nutrients Ammonia/Urea Plant - downstream
- ThaiOil Clean Fuel - downstream (post 2017) **New**

Europe/ CIS and Central Asia

- Conoco CAT3 Ekofisk - fixed facilities - decommissioning
- EDF Offshore Windfarms - renewables **New**
- BP Shah Deniz IMR - inspection, maintenance & repair **New**
- SOCAR Baku Refinery - downstream (post 2017)
- Gazprom Moscow Refinery Upgrading FEED - downstream
- SEIC Sakhalin 2 LNG extension - LNG
- RFI TAV Brescia Verona - infrastructures
- High Speed Railway Moscow - Kazan - infrastructures (post 2017)

Middle East

- S. Aramco LTA development - fixed facilities
- QP Bul Hanine EPCI - fixed facilities (post 2017)
- ADCO BAB Integrated Facilities - upstream/onshore pipelines
- BGC Ar Ratawi NGL Gas Plant - upstream (post 2017)
- ADCO Al Dabbi'ya ASR Development - upstream (post 2017)
- DUQM Refinery - downstream
- Saudi Aramco Hawiyah e Haradh Field Gas Compression - upstream **New**

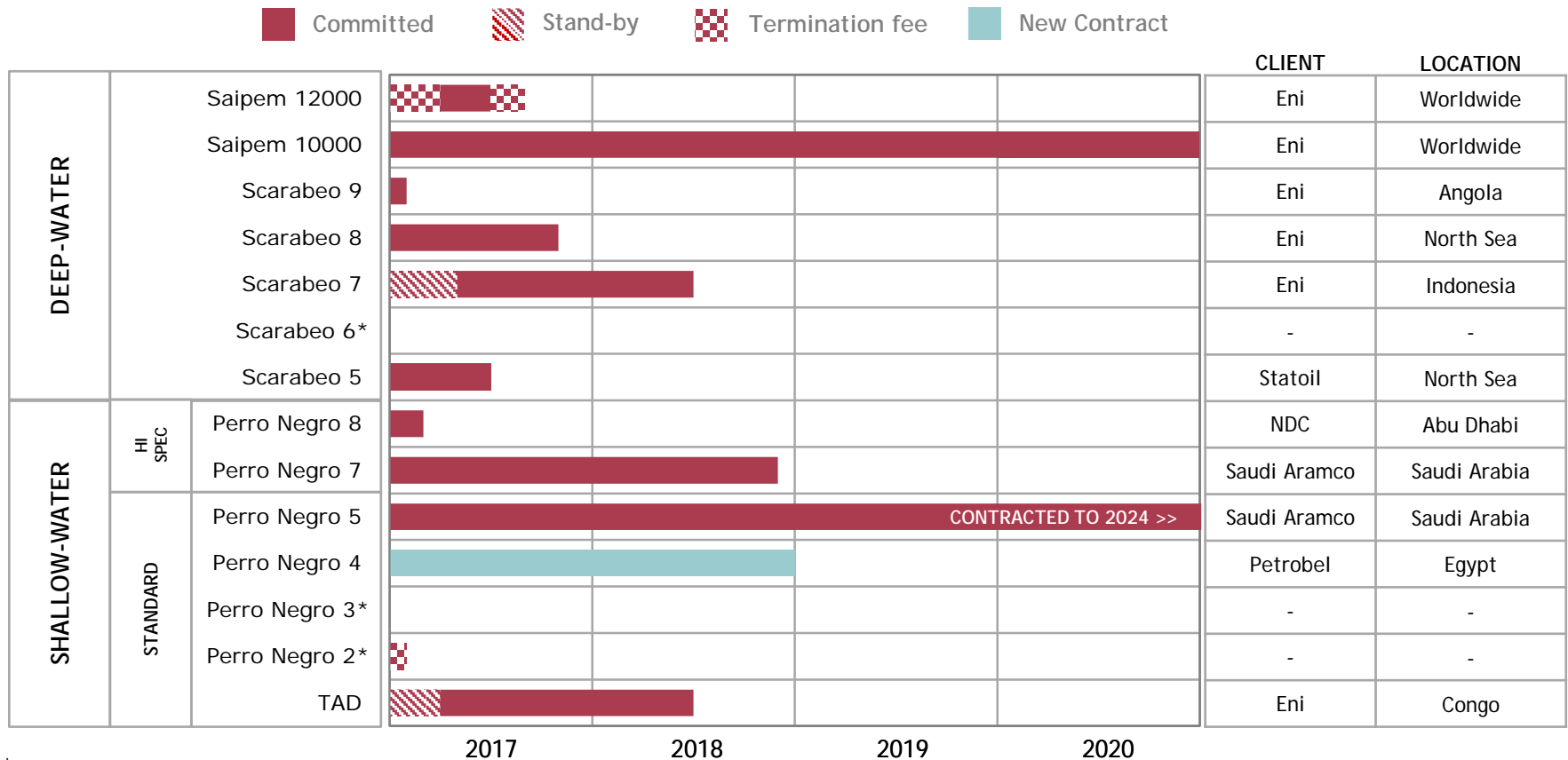
East Africa

- Eni Mamba - subsea (post 2017)
- Anadarko Golfinho - subsea (post 2017)
- Eni Onshore - LNG (post 2017)
- Anadarko Onshore - LNG¹ (post 2017)
- Fauji/Ferrostaal Fertilizer Plant Tanzania - downstream **New**

1. Award to already selected contractors still subject to client final investment decision.

UPDATE ON DRILLING

OFFSHORE DRILLING FLEET CONTRACTS



* ON STACKING MODE - TOTALLY WRITTEN OFF

ONSHORE DRILLING FLEET FY16 UTILISATION RATE: 64%

2017 GUIDANCE

Metrics	FY 2017
Revenues	<ul style="list-style-type: none"> ■ c.€10bn
EBITDA <i>% margin</i>	<ul style="list-style-type: none"> ■ c.€1bn ■ c.10%
Net profit	<ul style="list-style-type: none"> ■ Higher than €200mn*
CAPEX	<ul style="list-style-type: none"> ■ c.€400mn
Net financial position	<ul style="list-style-type: none"> ■ c.€1.4bn

CURRENT FLAGSHIP PROJECTS (1/2)

ZOHR FIELD DEVELOPMENT - ACCELERATED START UP PHASE



Saipem FDS



Castoro Sei



Castorone



Saipem 7000

- Client: Petrobel (JV Eni / EGPC)
- Location: Mediterranean Sea, offshore Egypt
- Saipem Scope: Engineering, Procurement, Construction and Installation of c.215km of No 3 Sealines (26" Gas line, 14" Service line and 8" Injection line), 6x14" in-field clad flowlines and 2x2" Flexible lines, Main Umbilical, Several Infield Subsea Structures
- Project Value: > €1bn
- Main Saipem Vessels Employed:
 - Castorone
 - Castoro Sei
 - Saipem FDS
 - Normand Maximus
 - Saipem 7000
- Main achievements:
 - Castorone has completed the Deepwater section of 8" and 14"
 - Pre-lay survey of all sea lines (660km) completed.
 - Landfall preparation currently 80% progress

MAIN PROJECT CHALLENGES

- Project of national interest requiring a **super fast-track approach**
- High number of vessels to be mobilized

CURRENT FLAGSHIP PROJECTS (2/2)



Departure from yard of the top/bottom part of the riser



Egina Deepwater URF - Nigeria

- Client: Total
- Scope of work: EPCI of flowlines, jumpers, gas export pipelines, umbilicals and mooring & offloading systems, maximum water depth of 1,750m
- Project Value: approximately \$3bn
- Saipem Vessels Employed: FDS2, Saipem 3000 and Normand Maximus
- Main challenges/achievements:
 - Simultaneous operation with 3 vessels (FDS2, S3000, MSV) during risers installation
 - Around 30 vessels on the field for all operations
 - Early Installation Campaign Completed
 - Important example of effective local content approach

Jazan IGCC - Saudi Arabia

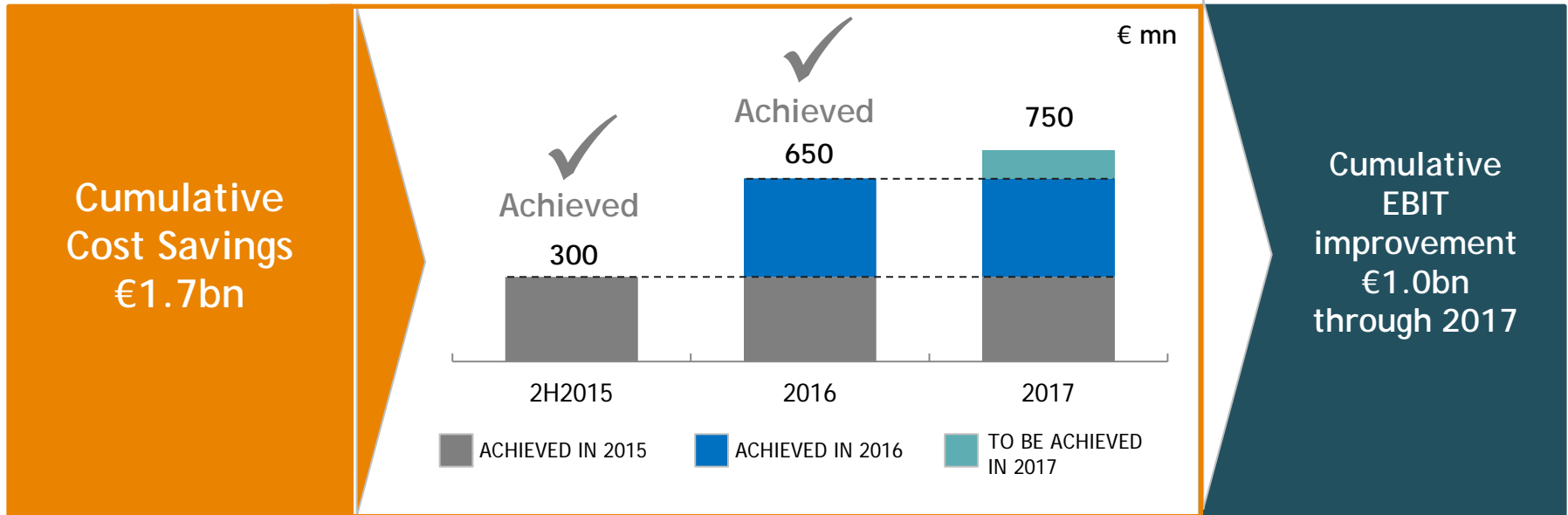
- Client: Saudi Aramco
- Scope of work: World-scale integrated gasification combined-cycle plant
 Package 1 - EPCI of gasification unit, soot/ash removal unit, acid gas removal and hydrogen recovery units; Package 2 - EPC of 6 sulphur recovery unit (SRU) trains and relevant storage
- Project Value: > \$2bn
- Main challenges/achievements:
 - Site remote location
 - Licensed Technology
 - Project Magnitude - Main Quantities (Pack 1 & 2): Concrete: 120,000 m³; Steel Structures: 60,000 Tons; Piping: 42,000 Tons; Equipment: 35,000 Tons
 - Critical Items under delivery at site
 - 90% 3D Model Review Completed
 - Construction activities on-going, around 10,000 personnel mobilized



FIT FOR THE FUTURE & TECHNOLOGY

FIT FOR THE FUTURE ON TRACK

87% OVERALL COST SAVINGS ACHIEVED



- Resource demobilization in line with plan: workforce below 38,000 FTE at YE 2016
- Achieved Cost Savings Breakdown:
 - Staff & Central Costs: €0.25bn
 - Avoided Costs: €0.20bn
 - Project & Operation Costs: €0.20bn

FIT FOR THE FUTURE 2.0

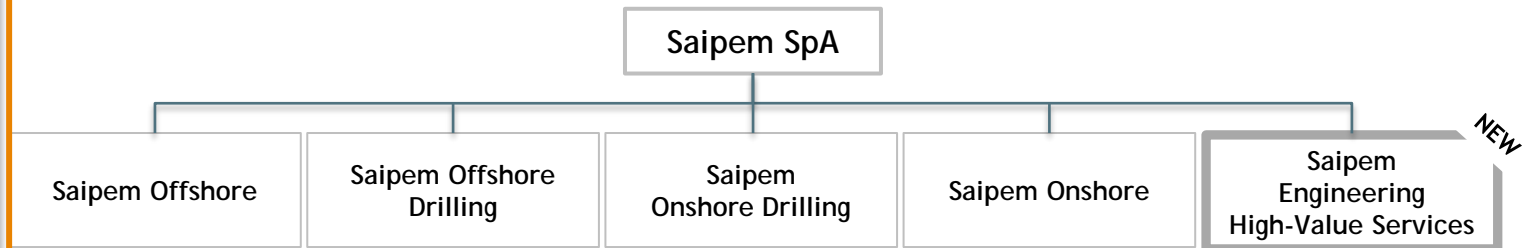
LEANER ORGANIZATION AND DECENTRALIZED MODEL

RATIONALE

- EFFECTIVENESS: LEANER ORGANIZATION, COST EFFECTIVE PROCESSES AND DECENTRALISED MODEL
- FULL ACCOUNTABILITY: IMPROVING COMPETITIVENESS AND CONTROL OVER TARGETS
- STRATEGIC OPTIONALITY: ENHANCING M&A OPPORTUNITIES AND FACILITATE PARTNERSHIPS
- SAFEGUARDING CORE COMPETENCIES: CREATION OF HIGH VALUE SERVICES (HVS) DIVISION

MODEL

- NEW CORPORATE ORGANIZATION: 5 DIVISIONS / LEGAL ENTITIES
- ENHANCE OPERATING MODEL
- REDESIGNED BUSINESS PROCESSES



TIMING

- NEW CORPORATE ORGANIZATION LAUNCHED BY 1Q17
- IMPLEMENTATION DURING 1H17

CONFIRMED 800 STAFF HEADCOUNT REDUCTION, PROGRESSING AS SCHEDULED
(C.20% RESOURCES RELEASED)

SAIPEM INNOVATION STRATEGY

3 CORNERSTONES 1 DRIVER: HIGH VALUE PROJECTS AT LOWER COSTS

Transformative Innovation

- To re-design processes and spread an innovation culture throughout the Company
- To co-innovate with customers, partners, suppliers

Digital Transformation is the key

Technology Intelligence

- To scout disruptive technologies and chase new value propositions
- Potential sources: firms, universities, R&D centers, start-ups, traditional partners

INNOVATION STRATEGY

OFFSHORE

- Extending Long Tie-Backs and Subsea-to-Shore distances, Ultra Deep Waters
- Subsea Processing (from the deck to the seabed)
- Life of Field Services (high up-time of complex fields)

ONSHORE

- Total “bottom of the barrel” conversion
- Gas monetization (covering & optimizing the entire value chain)
- CO2 management (exploiting CO2 rich gas fields)

Technology Development



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CLOSING REMARKS

CLOSING REMARKS

2016 A YEAR OF DELIVERY: RESILIENT BUSINESS PERFORMANCE, STRONG CAPITAL STRUCTURE, DE-RISKING OF OPERATING ACTIVITY

ONGOING REORGANIZATION CREATING LEANER AND FULLY ACCOUNTABLE DIVISIONS;
ENHANCING COST EFFICIENCY AND STRATEGIC FLEXIBILITY

OIL COMPANIES INVESTMENT DECISIONS GOVERN TIMING OF RECOVERY;
MANTAINING A DISCIPLINED COMMERCIAL EFFORT IN A CHALLENGING ENVIROMENT

2017 GUIDANCE SUPPORTED BY BACKLOG COVERAGE

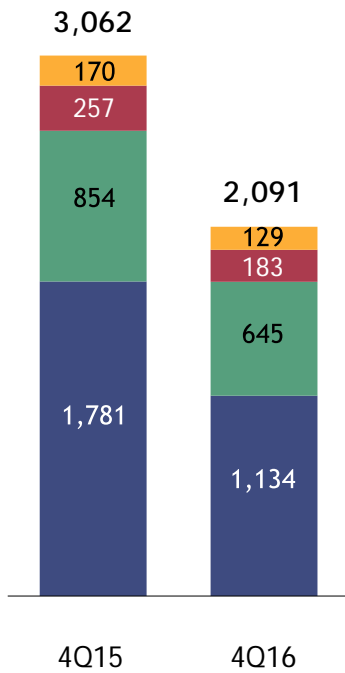


APPENDIX

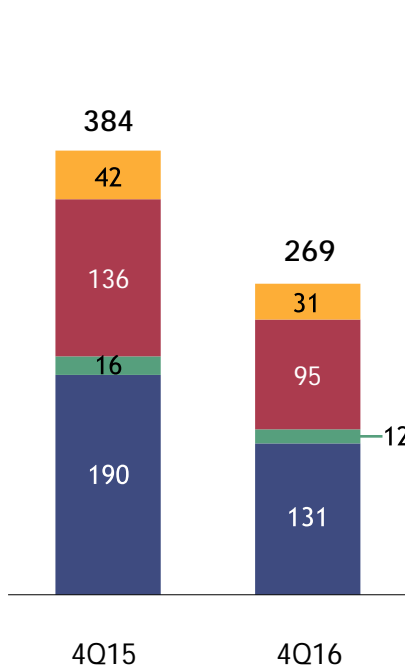
4Q 2016 RESULTS

YoY COMPARISON (€ mn)

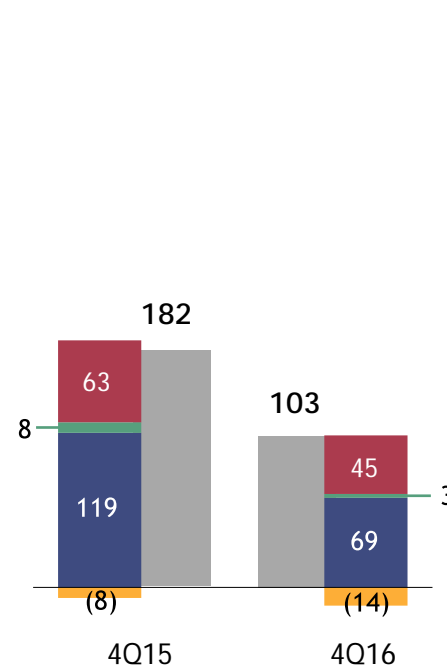
Revenues



Adjusted EBITDA



Adjusted EBIT



Adjusted Net Profit

