



2018 FULL YEAR RESULTS PRESENTATION

28 February 2019



Photo: Ørjan Richardsen / Woldcam / Statoil

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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CLOSING REMARKS AND 2019 GUIDANCE

OPENING REMARKS

2018 results ahead of target

- Strong E&C Offshore execution throughout the year
- Progress in E&C Onshore turnaround
- Resilience in Drilling margins supported by efficiency measures

Net result influenced by special items

“Promising” negotiations for amicable settlement of South Stream arbitration

c.€4.5bn contract awards in 4Q driving BtB ahead of expectations

Backlog of €12.6bn as of Dec. 31, 2018, excludes €1.8bn for non-consolidated projects

Good visibility on project pipeline

Healthy cash flow generation driving Net Debt below €1.2bn

Portfolio strategy update

- E&C Offshore: continue to strengthen leading competitive position
- E&C Onshore: turnaround progressing, focus on energy transition
- Drilling Divisions: strategic options under assessment

2019 Guidance reflects good progress on contract awards to date and visibility on new orders

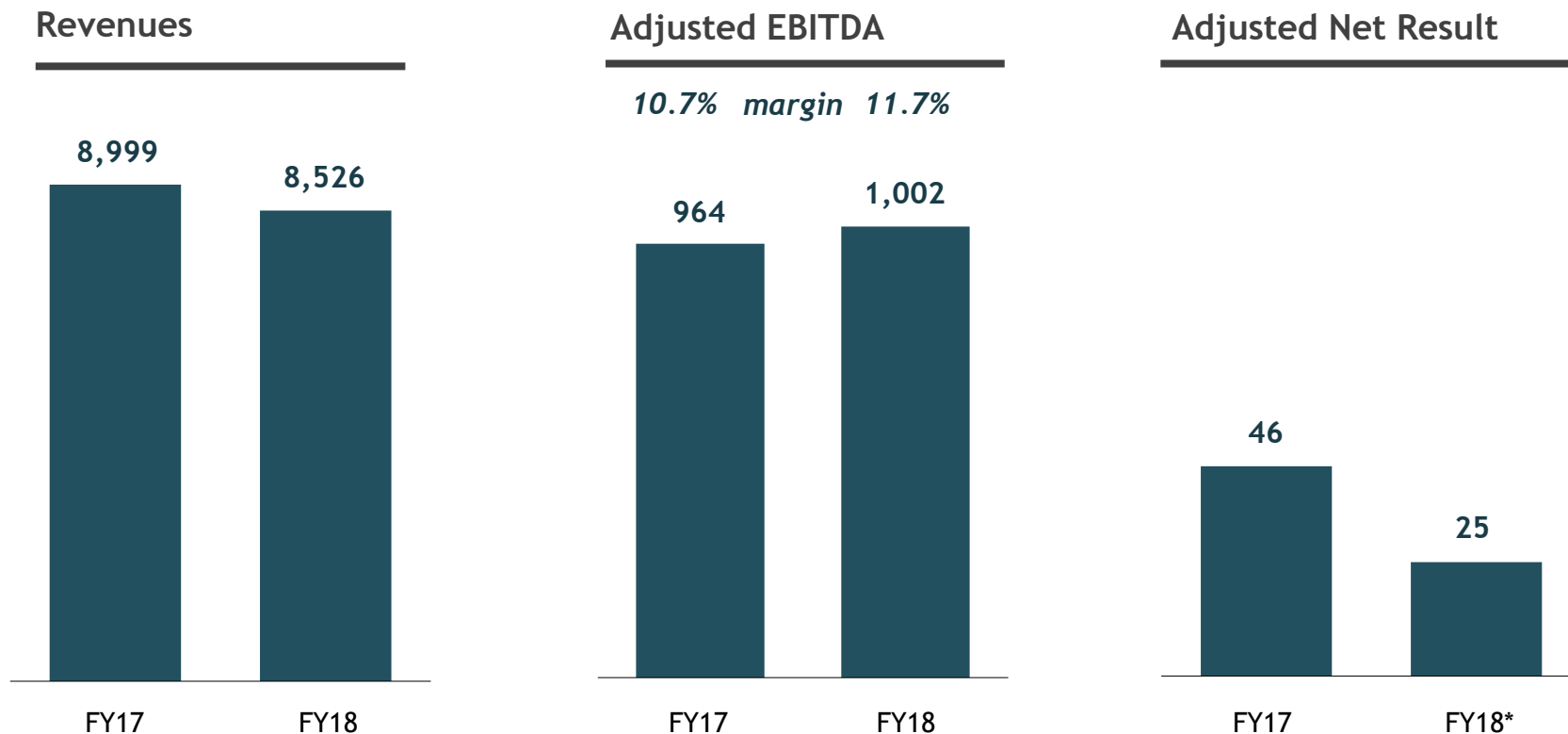


FY2018 RESULTS

28 February 2019

FY 2018 RESULTS

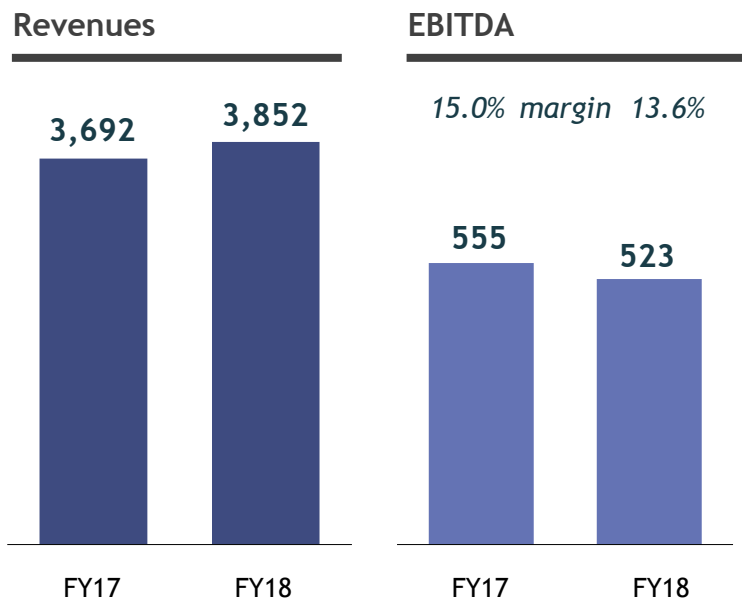
YoY COMPARISON (€ mn)



FY 2018 ADJUSTED RESULTS - E&C

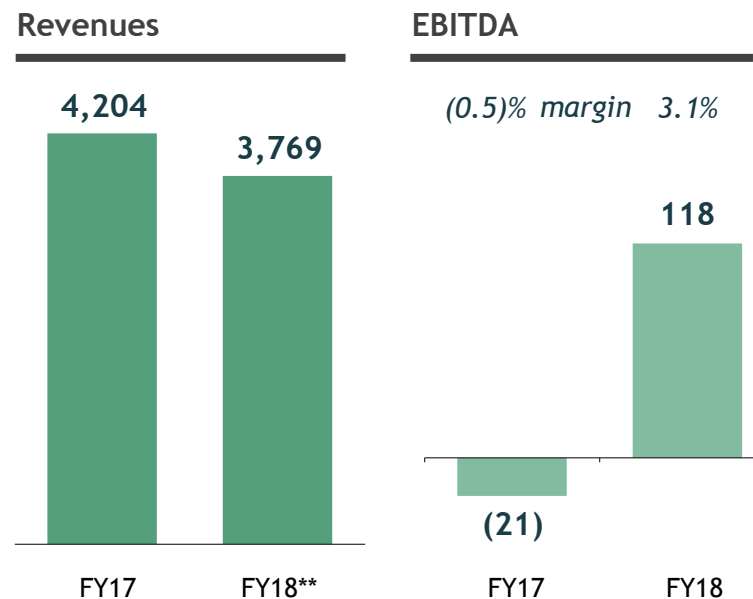
YoY COMPARISON (€ mn)

E&C OFFSHORE



- Higher volumes in Middle East and North Sea more than offset Caspian and Latin America lower volumes
- Good execution underpinning solid margin
- Negotiations for amicable settlement of South Stream arbitration

E&C ONSHORE*



- Lower volumes in Far and Middle East and West Africa partly offset by Latin America and Caspian
- EBITDA: 2018 not reflecting loss from equity affiliates; 2017 includes negative ruling on Algerian arbitration

FY 2018 ADJUSTED RESULTS - Drilling

YoY COMPARISON (€ mn)

DRILLING OFFSHORE

Revenues

613



FY17

465



FY18

EBITDA

52.4% margin 48.6%

321



FY17

226



FY18

- Lower volumes mainly due to idleness of Semi-subsc Scarabeo 5 and Scarabeo 8
- Resilient margin year-on-year

DRILLING ONSHORE

Revenues

490



FY17

501



FY18

EBITDA

22.2% margin 26.9%

109



FY17

135



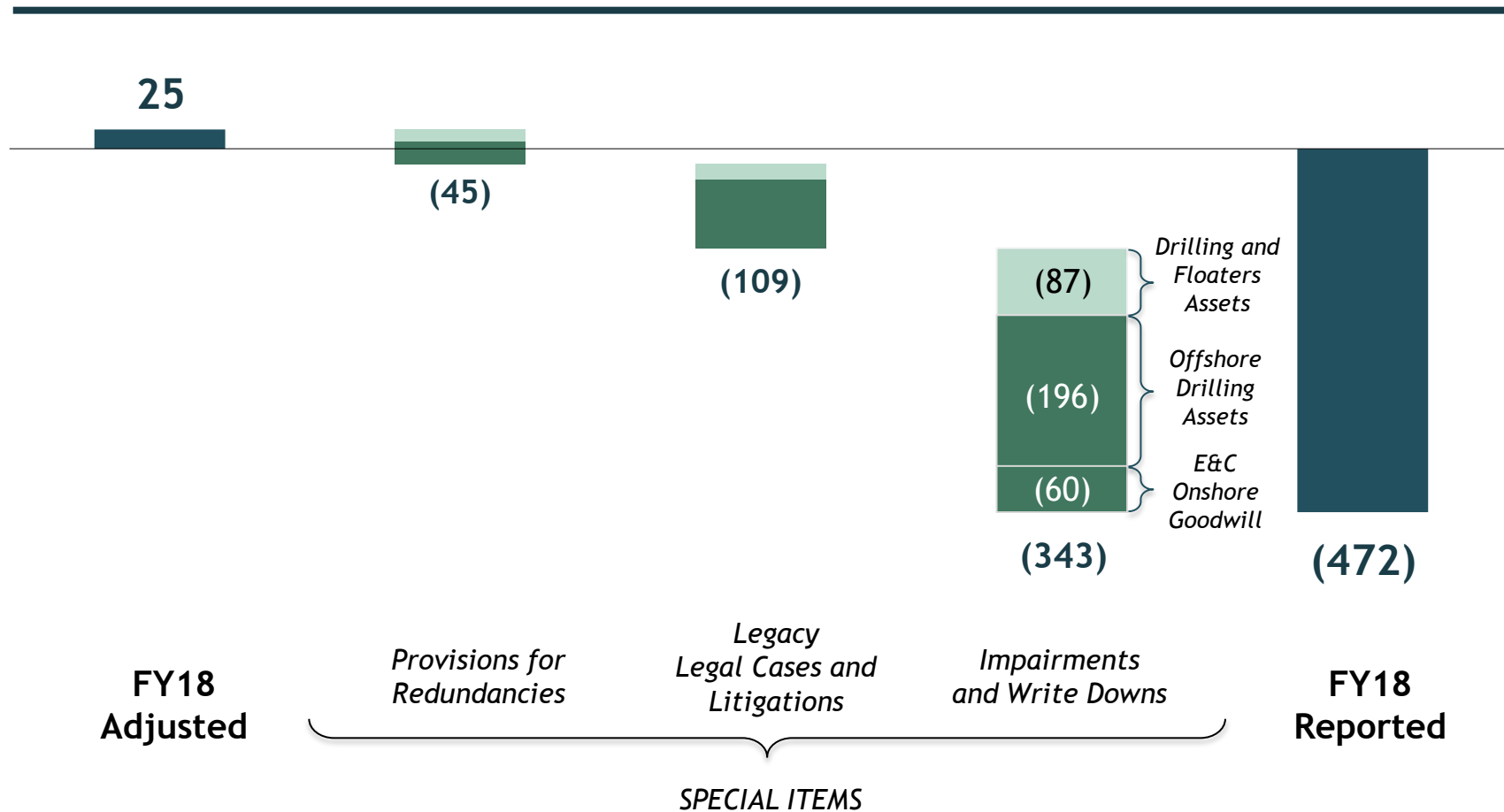
FY18

- Volumes steady year-on-year
- Efficiency actions supporting performance

FY 2018 NET RESULT

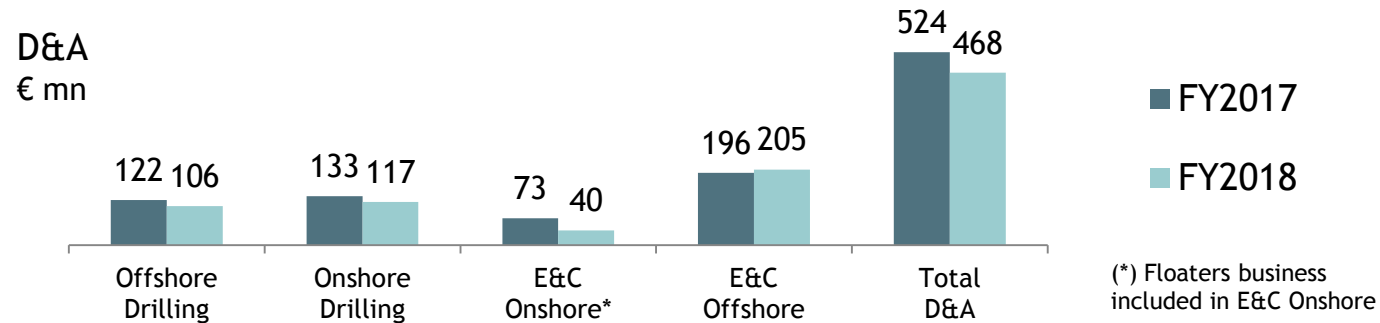
RECONCILIATION

Net Result (€ mn)

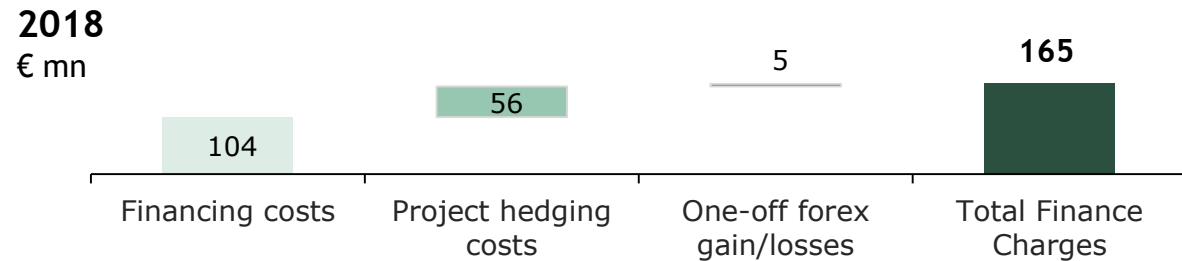


FY 2018 RESULTS - FROM EBITDA Adjusted TO NET RESULT

D&A



FINANCE CHARGES



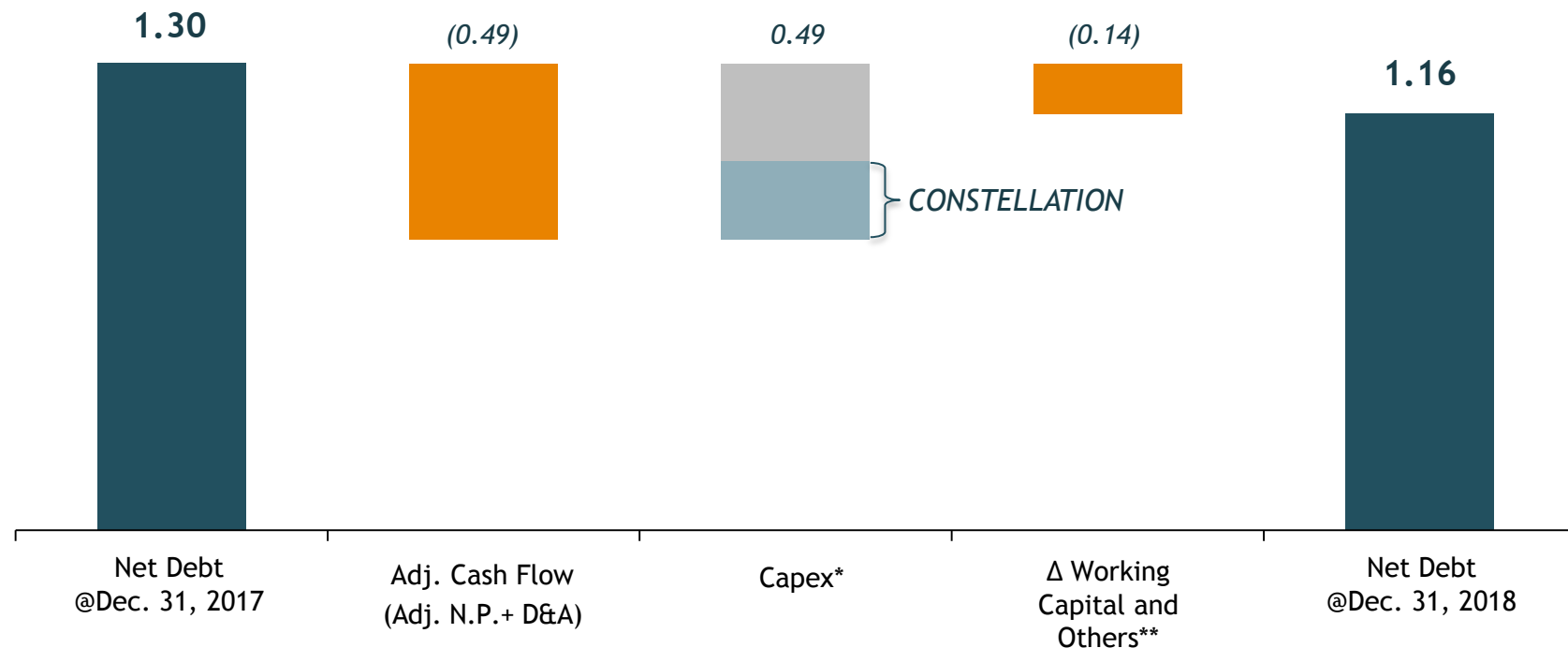
TAX RATE

- Withholding taxes and unused deferred tax assets affected 2018 adj. tax rate
- Normalised long-term tax rate confirmed at c.30% or lower

FY 2018 NET DEBT EVOLUTION

(€ bn)

Good cash flow generation in 2018



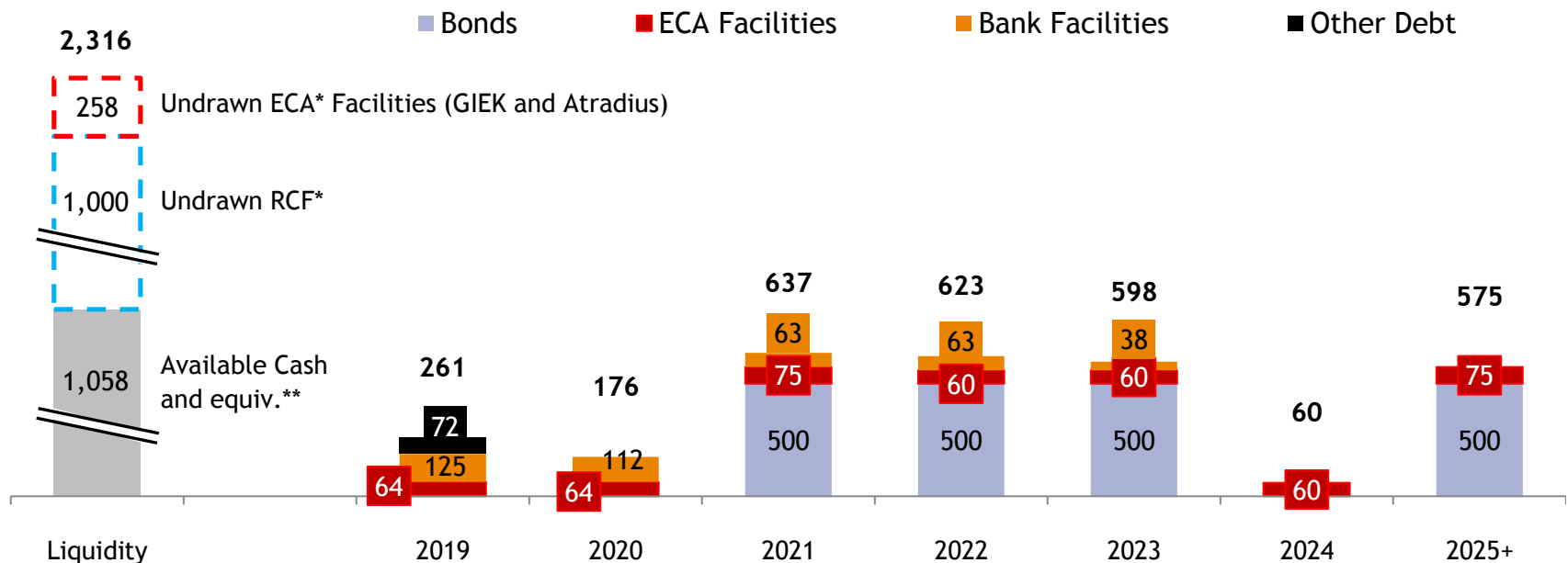
(*) Includes full payment for Saipem Constellation acquisition

(**) Includes payment of Algeria settlement

CAPITAL STRUCTURE AS OF DECEMBER 31, 2018

(€ mn)

Stable debt maturity profile



- New 5Y amortizing bank facility for €150mn partially funding early reimbursement of €250mn loan expiring in '19
- Average debt maturity c.3.6 years. Overall financing interest rate c.4%, including treasury hedging
- Undrawn committed cash facilities totalling c.€1.3bn, in addition to c.€0.3bn of uncommitted facilities
- Available cash and equivalent c.€1.1bn**

IFRS IMPACTS

IFRS16 ADOPTION FROM JANUARY 1, 2019

FEATURES

- Asset “Right-of-Use” in capital employed and depreciated
- Lease obligations increasing net debt
- Financial charges applied over lease debt

INITIAL IMPACTS

RESTATEMENT AT 1st January 2019

- Modified retrospective approach applied
- Financial debt increased by circa €550mn
- Adjusted EBITDA improved by circa €140mn

NON CONSOLIDATED PROJECTS

Recently-awarded sizable projects to be managed through Equity Affiliates



MARKET AND PORTFOLIO UPDATE

28 February 2019

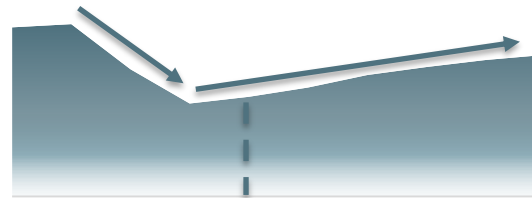
MARKET OUTLOOK

MARKET VOLATILITY



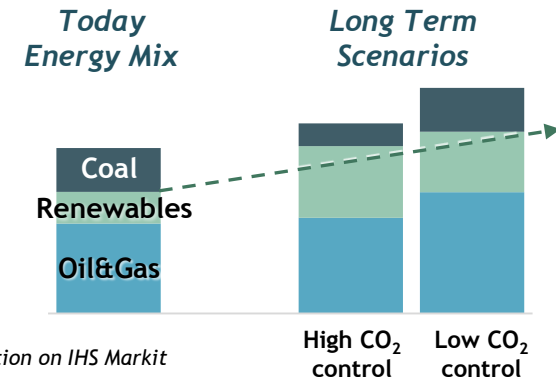
Source: Saipem elaboration on Bloomberg

SOFT E&P SPENDING RECOVERY



Source: Saipem elaboration on IHS Markit

OPPORTUNITIES IN ENERGY TRANSITION



- Volatility still significant in 2018
- Geopolitical dynamics
- Oil Co.s focused on capital discipline and dividend policy
- OFS focus on consolidation, innovation and efficiency

- Improved FIDs trend in 2018 to continue
- Engineering demand intensifying
- Smaller-scale brownfields, tie-backs
- Sizeable projects in LNG, refining and petrochemicals
- Offshore Drilling day-rates to recover in medium term
- Gradually recovering International market for Onshore Drilling

- Oil & Gas to remain main energy source for next decades
- Gas is the transition energy source
- Renewables and LNG advance with technology and economies of scale
- Complementary segments: MMO, decommissioning and infrastructure

PORTFOLIO STRATEGY UPDATE 1/2

E&C OFFSHORE AND ONSHORE

E&C OFFSHORE

STRENGTHEN
LEADING
COMPETITIVE POSITION

Competitive context

- Recovery signals in a challenging market
- Race for innovative and cost effective solutions
- Vertical and horizontal consolidation ongoing

Actions

- Maintain focus on core business
- Selective approach to investments
- Partnerships to boost integrated services

E&C ONSHORE

COMPLETE
TURNAROUND

Competitive context

- Promising market, especially LNG and downstream
- Leaders focusing on higher value segments
- Significant competition but slow consolidation

Actions

- Portfolio repositioning: geographies and segments
- Performance recovery ongoing
- Minimal capex, technology driven

PORTFOLIO STRATEGY UPDATE 2/2

DRILLING OFFSHORE AND ONSHORE

COMPETITIVE CONTEXT

- Tough market context, especially offshore
- High industry leverage
- Many players reviewing consolidation options
- Share deals preferred

OUR PERFORMANCE

- Continued focus on cost base optimization
- Resilient economic performance
- Maintenance & mandatory capex only
- Asset-light growth opportunities



STRATEGIC OPTIONS UNDER ASSESSMENT

OUR INNOVATION MODEL

A COMMON THREAD FOR ALL DIVISIONS

Evolution



Disruption

two pillars of Saipem's technological innovation

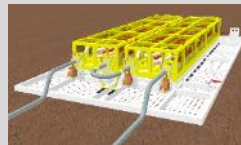
CONVENTIONAL



Plasma Welding



New Materials for UREA plants



Subsea Flowline Heating



SPRINGS™



HYDRONE Subsea Platform

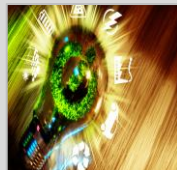


Subsea-to-Shore

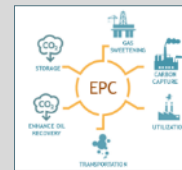
DECARBONISATION & ENVIRONMENT



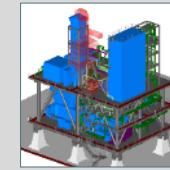
Oil Spill Intervention



Hybrid Process Solutions



CO₂ Management Solutions



Liqueflex™ LNG

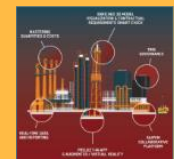


Floating Wind Farm



Digital Twin

Digital Transformation
enabling Technological Innovation



xDIM™

OUR SUSTAINABLE BUSINESS MODEL

- CEO and Board level responsibility
- Senior management incentives linked to material sustainability topics
- Enhanced ESG reporting and proactive stakeholder engagement
- Improved scoring by most reputable ESG rating agencies
- Included in leading sustainability indices **DJSI** and **FTSE4Good**
- Constant focus on anticorruption: DNV Certification ISO 37001:2016

FOCUS ON CLIMATE CHANGE

Publication of “Tackling Climate Change”, in line with the recommendations of the Task Force on Climate-Related Financial Disclosure (TCFD)





BUSINESS UPDATE

28 February 2019

E&C OFFSHORE

MAIN RECENT AWARDS



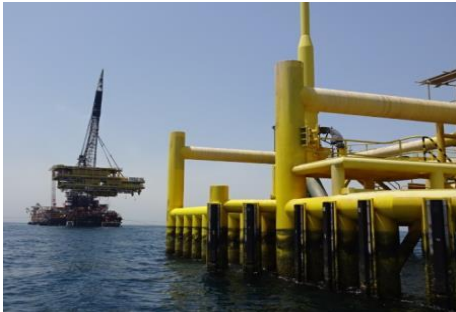
ZOHR RAMP UP TO PLATEAU PHASE

4Q'18 AWARD

- Client: Petrobel
- Location: offshore Egypt
- Scope of work: EPCI for subsea field development and installation/ precommissioning of new 30" Gas export pipeline
- Main vessels employed: CastorOne, S7000, FDS, CastoroSei, Normand Maximus, S3000

PROJECT HIGHLIGHTS:

- Extreme Fast Track schedule, massive deployment of assets and tight management of simultaneous operations and interfaces



BERRI AND MARJAN FIELD DEVELOPMENT

1Q'19 AWARD

- Client: Saudi Aramco
- Location: Kingdom of Saudi Arabia - Arabian Gulf
- Scope of work: EPCI of Platforms, with associated subsea pipelines, cables and infrastructures.
- Main vessels employed: DeHe, Castoro II

PROJECT HIGHLIGHTS:

- More than 25 E&C Offshore projects carried out for Saudi Aramco



BP TORTUE MARINE CIVIL WORKS

1Q'19 AWARD

- Client: BP
- Location: Maritime border of Mauritania and Senegal
- Scope of work: EPCI of berthing and loading facilities, in consortium with Eiffage
- Main vessels employed: Saipem 3000

PROJECT HIGHLIGHTS:

- Up to 22,000 tons of marine structures fabricated in Saipem Karimun yard

E&C OFFSHORE

DIVISIONAL STRATEGY

STRATEGIC MARKETS

SUBSEA: Expand in Reeling, Integrated SURF, Life of Field, Subsea Processing
PIPELINES and CONVENTIONAL: Consolidate Leadership

DIVERSIFICATION

OFFSHORE WINDFARMS: Leverage on Footprint and Assets
DECOMMISSIONING: Service Oriented Approach
MMO: Diversify portfolio of opportunities through Strategic Partnerships

ASSETS

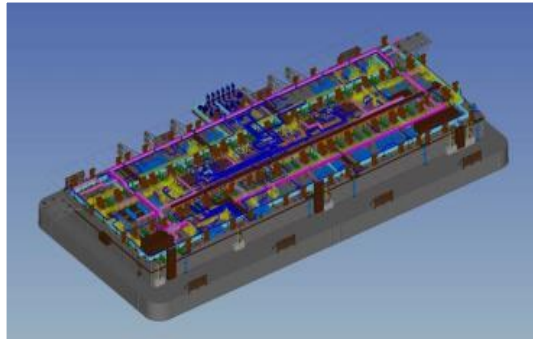
Selective approach to **CAPEX** initiatives
EFFICIENT, ASSET LIGHT Organisation

TECHNOLOGY

DIGITISATION, ROBOTICS, SUBSEA FACTORY

E&C ONSHORE

MAIN RECENT AWARDS



ARCTIC LNG 2 GBS

4Q'18 AWARD

- Client: LLC ARCTIC LNG-2
- Location: Gydan peninsula, Russia
- Scope of work: construction of 3 Concrete Gravity Based Structures (GBS) with LNG storage facilities totaling 687,000 m³

PROJECT HIGHLIGHTS:

- Highly Strategic project in terms of Client, Country and segment
- Biggest GBS ever: 330 m length, 152 m width, 30 m depth, total weight of 470,000 t



CLEAN FUEL PROJECT

4Q'18 AWARD

- Client: Thai Oil Public Limited Company (PTT)
- Location: Thailand
- Scope of work: EPC and start-up activities for new production units and revamping of the existing ones to increase production capacity of Sriracha refinery

PROJECT HIGHLIGHTS:

- High technological content: core refining, all process unit are licensed
- Extensive modularization approach: more than 300 modules up to 2,000 t

E&C ONSHORE

DIVISIONAL STRATEGY

BECOME THE
PARTNER OF
CHOICE
FOR CLIENTS
COMMITTED TO
THE ENERGY
TRANSITION

Providing **carbon-neutral operations** along the entire EPC value chain

Providing solutions to **shorten time-to-market**

Consolidation in Core markets & products

5 KEY GROWTH TARGETS

TOTAL
TURNOVER

OPERATING
GROSS MARGIN

LNG
MARKET SHARE

GREEN TECH.
MARKET SHARE

MIDDLE EAST
MARKET SHARE

DIVISIONAL STRATEGY

SCOPE

- Engage clients in early phase definition
- Disrupt traditional processes and solutions
- Innovate throughout asset life span

PRIORITIES

1. Foster client relationships through engineering and consultancy services
2. Unlock opportunities for E&C Divisions
3. Commercialise full potential of proprietary licences

ACHIEVEMENTS

- Client accreditation: 75 initiatives awarded in 2018
- Significant awards completing start-up phase:
 - Exxon Mobil - Ca Voi Xanh FEED
 - Qatargas - North Field Production Sustainability FEED
 - Mitsubishi Heavy Industries - Ghorasal Polash Urea Fertilizer FEED

READY FOR

- 2020 IMO regulation implementations
- Medium and Small Scale LNG (inc. floaters)
- Decarbonisation
- High grade petrochemical products

OFFSHORE DRILLING

MAIN AWARDS - 4Q 2018



Jack Up Pioneer

MITZON PROJECT IN MEXICO

- Client: Eni
- Location: Mexico
- Terms: 15 firm wells for c. 3 year operations (plus options)
- RIG: Pioneer

HIGHLIGHTS:

- Expansion to a new very promising area
- Acquisition of one of the few long term business opportunity currently available on the market
- Rig in bare boat charter, operated and managed by Saipem

NEW 1Q 2019 AWARD

PERRO NEGRO 8 CONTRACT EXTENSION IN UAE WITH ADNOC

FOCUS ON EFFICIENCY AND DIGITISATION

- Continued focus on costs optimization
- Digitisation program progressing

OFFSHORE DRILLING FLEET



		2018	2019	2020	TO	CLIENT	AREA		
ULTRA DEEP-WATER and HARSH ENV.	Saipem 12000	■	■	■	■ TO 2022>	Eni	Cyprus-Morocco Pakistan-Mozamb.		
	Saipem 10000	■				Eni	Egypt		
	Scarabeo 9	■		■		Eni	Egypt		
	Scarabeo 8	■		■		Shell - Total - AkerBP - Eni	Norway		
DEEP- WATER	Scarabeo 7	■		■		Eni	Indonesia		
	Scarabeo 5*					-	-		
SHALLOW-WATER	HI SPEC	Perro Negro 8	■		■		ADNOC	UAE	
		Perro Negro 7	■		■		Saudi Aramco	Saudi Arabia	
	Pioneer**			■		TO 2022>	Eni	Mexico	
	STANDARD	Perro Negro 5	■				TO 2024>	Saudi Aramco	Saudi Arabia
		Perro Negro 4	■		■		Petrobel	Egypt	
		Perro Negro 2*						-	-
	TENDER ASSISTED	TAD	■				Eni - Total	Congo	

ONSHORE DRILLING

MAIN AWARDS - 4Q 2018



Rig operating in the Vaca Muerta area

NEW DRILLING ACTIVITIES IN ARGENTINA

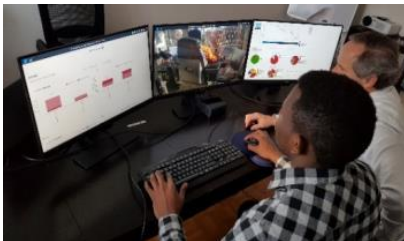
- **TWO LONG TERM CONTRACTS**
 - Client: YPF
 - Location: Vaca Muerta area
 - Terms: 5 year each contract
 - Project Highlights: Activities in the unconventional field with fast moving highly efficient rigs
- **TWO CONTRACT EXTENSIONS FOR EXXON**

Overall awards in Argentina worth c.US\$140mn

NEW 1Q 2019 AWARD

5 YEAR CONTRACT IN SAUDI ARABIA

FOCUS ON EFFICIENCY AND DIGITISATION

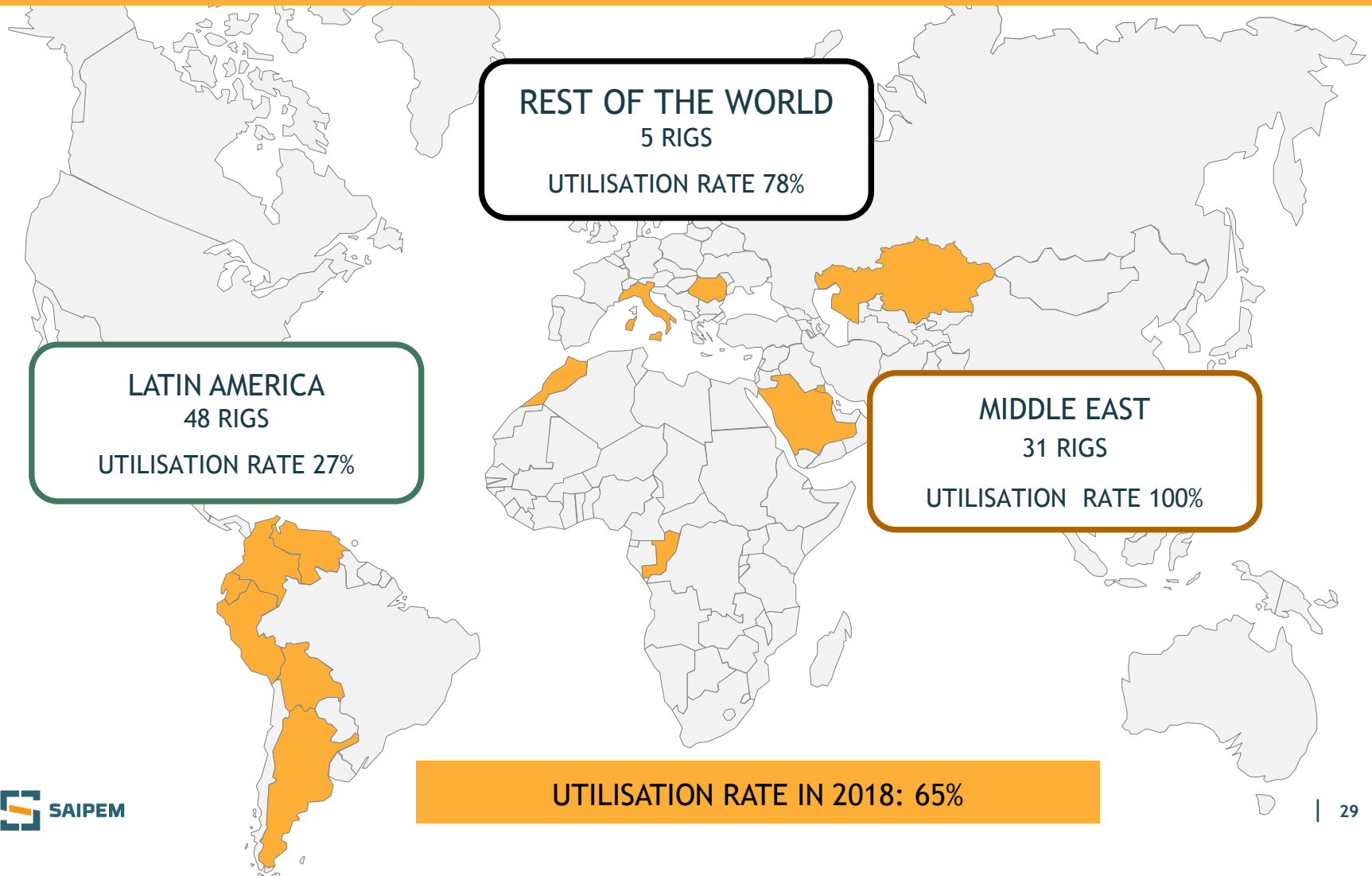


- Operational Excellence
- Geographical Expansion
- Digital Drilling
- Integrated Drilling with qualified Partners



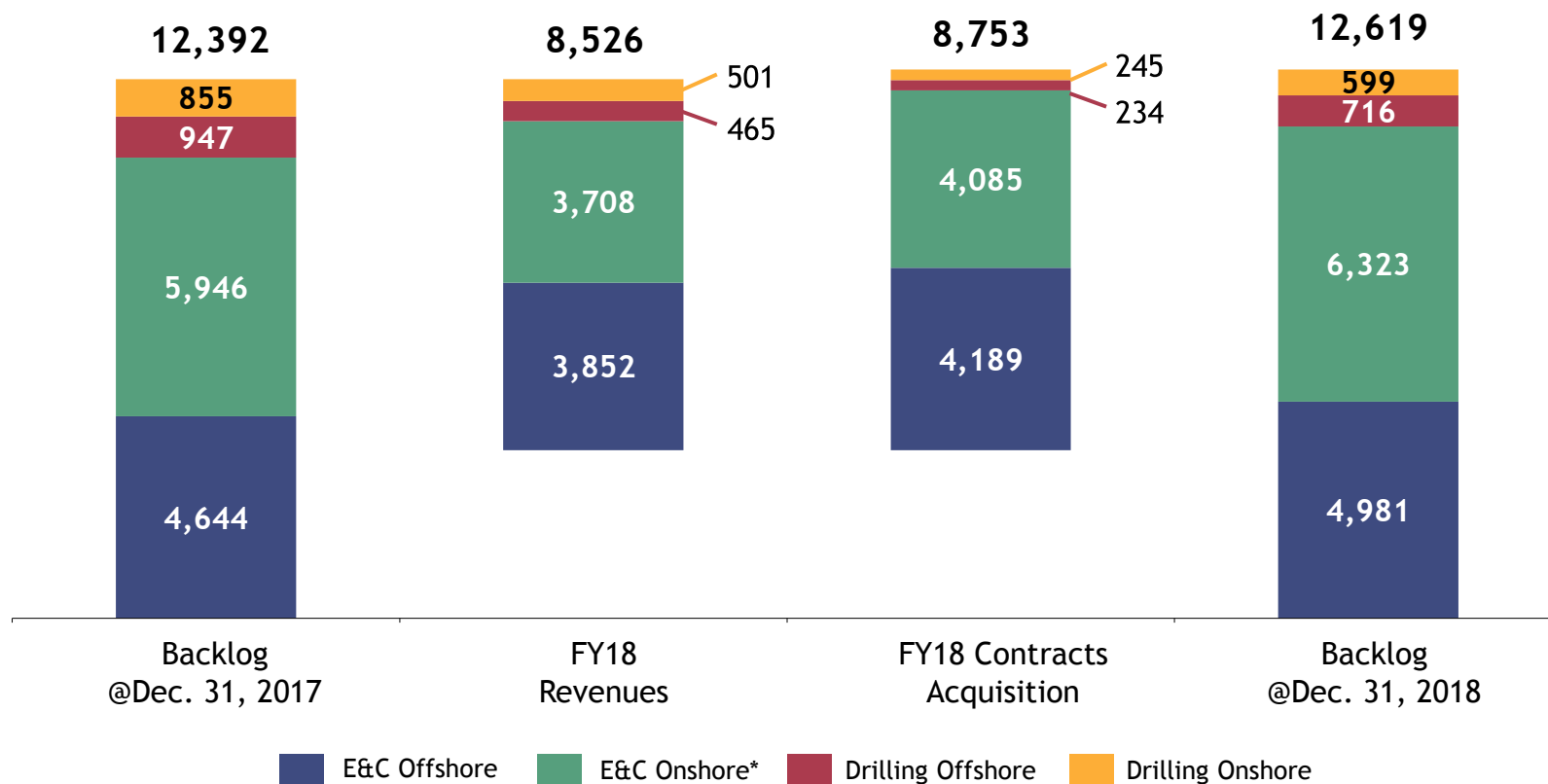
ONSHORE DRILLING FLEET

ONSHORE FLEET @ DECEMBER 31, 2018: 84 RIGS



2018 BACKLOG

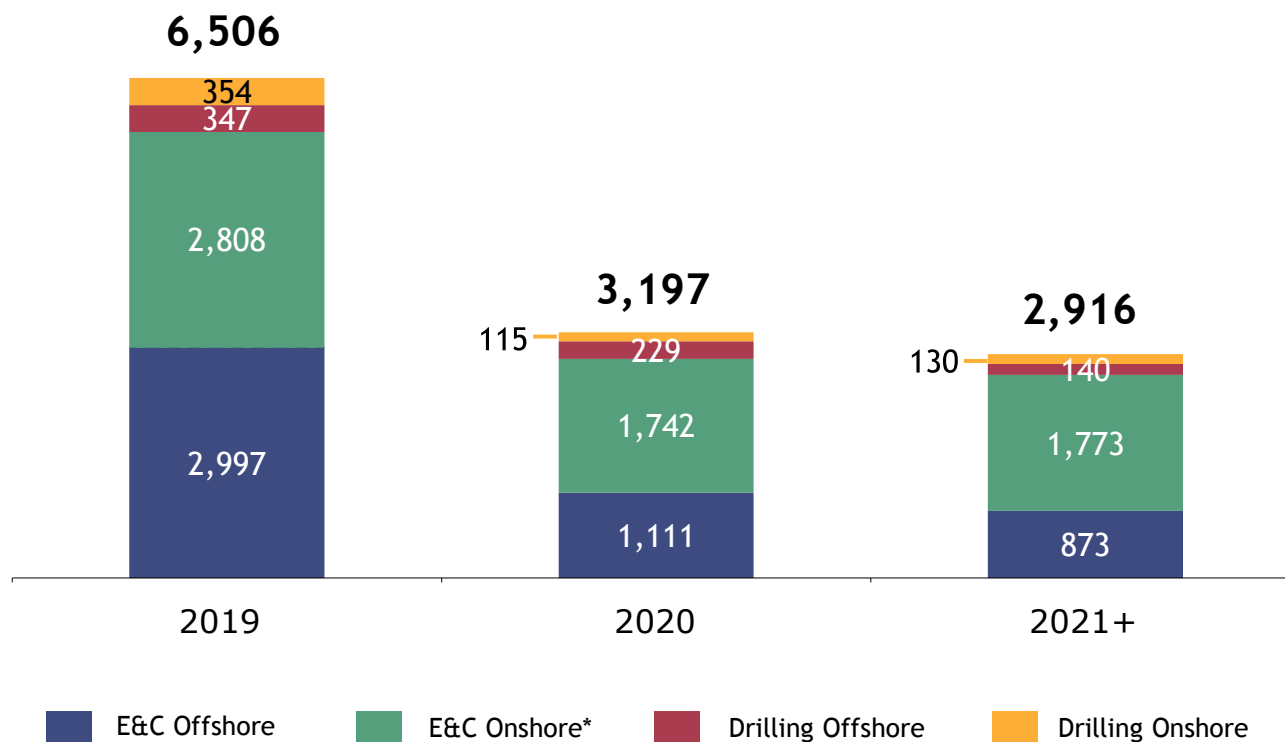
IFRS VIEW (€ mn)



NON-CONSOLIDATED BACKLOG @ Dec. 31, 2018	
(€ mn)	1,844

BACKLOG BY YEAR OF EXECUTION

IFRS VIEW (€ mn)



NON-CONSOLIDATED BACKLOG BY YEAR OF EXECUTION

	2019	2020	2021+
€ mn	127	331	1,386



GUIDANCE AND CLOSING REMARKS

28 February 2019

2019 GUIDANCE

Metrics	FY 2019*
Revenues	▪ c. €9bn
Adjusted EBITDA % margin	▪ >10%
CAPEX	▪ c. €500mn
Net financial position	▪ c. €1.0bn

CLOSING REMARKS

2018 AHEAD OF GUIDANCE DUE TO STRONG OPERATIONAL PERFORMANCE AND CASH GENERATION
PROMISING NEGOTIATIONS FOR AMICABLE SETTLEMENT OF SOUTH STREAM ARBITRATION

IMPROVING MARKET OUTLOOK ON E&P SPENDING AND OPPORTUNITIES IN THE ENERGY TRANSITION

CONTINUING EVOLUTION TOWARD A GLOBAL SOLUTION PROVIDER IN E&C
ASSESSING STRATEGIC OPTIONS IN DRILLING

DIVISIONAL REORGANISATION AND POSITIVE ORDERS MOMENTUM UNDERPINNING SOLID GUIDANCE
FOR 2019

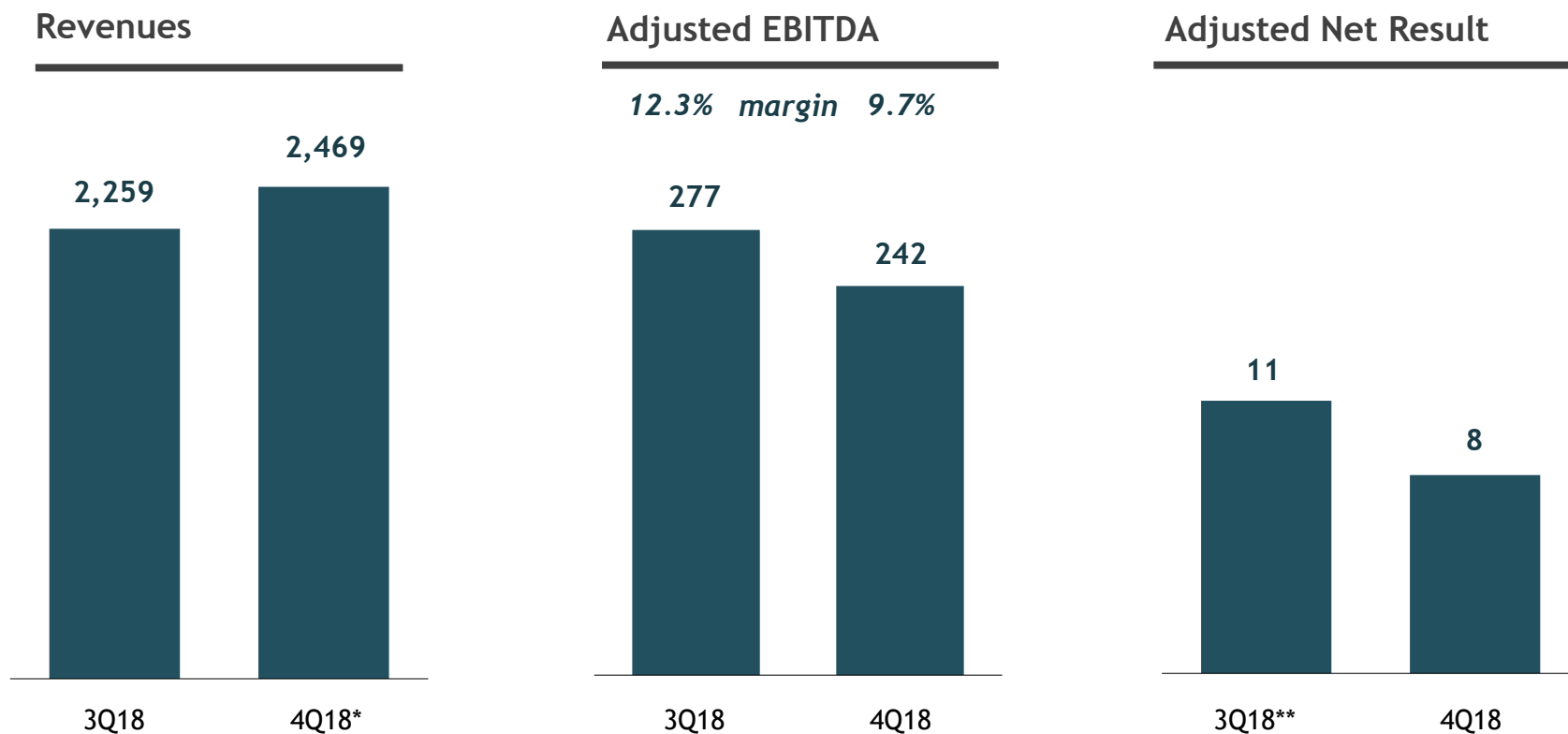


APPENDIX

28 February 2019

FY 2018 RESULTS

QoQ TREND (€ mn)



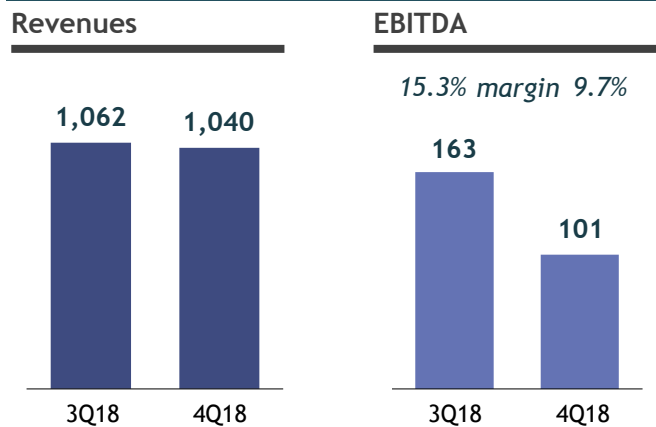
(*) Adjusted Revenues: €2,489mn

(**) Loss from a project-related equity affiliate is included in Adjusted Net Result

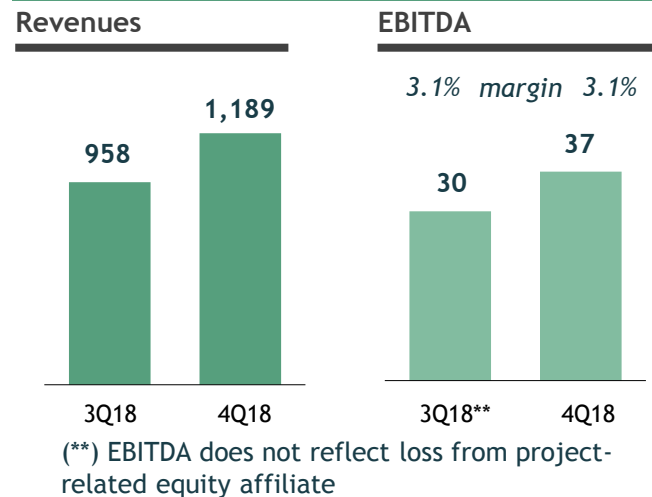
FY 2018 RESULTS

QoQ TREND (€ mn)

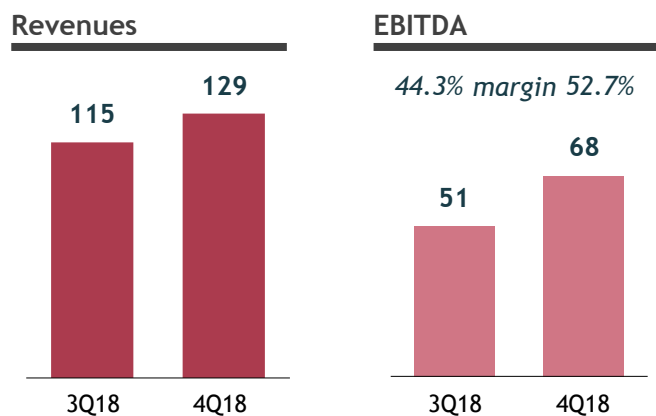
E&C OFFSHORE



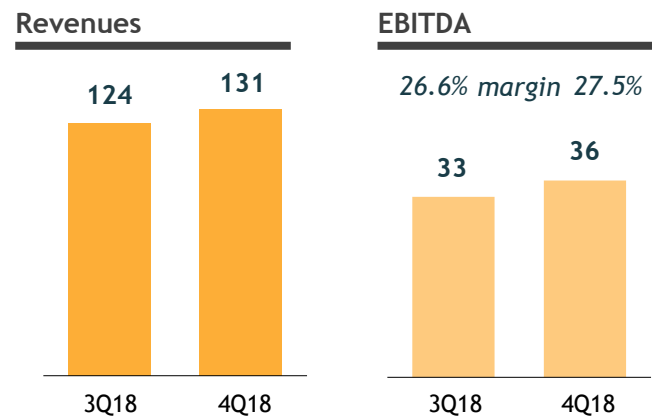
E&C ONSHORE*



DRILLING OFFSHORE



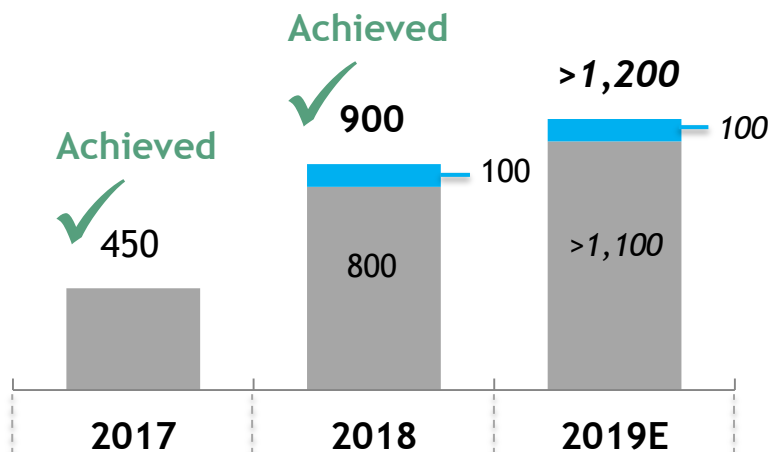
DRILLING ONSHORE



FFF2.0 - UPDATE ON REDUNDANCY PLAN

RELEASES CONFIRMED FOR c.1,250 FTE

CUMULATIVE
HEADCOUNT REDUCTION
(FTE)



c.1,250 FTE RUN RATE

2018 Additional Plan
2017 Redundancy Plan

CUMULATIVE SAVINGS (€mn)	20	60	90
YEARLY COSTS (€mn)	60	45	50

c.105mn	RUN RATE SAVINGS
c.165mn*	TOTAL COST