



# FIRST QUARTER 2020 RESULTS PRESENTATION

## 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), the recent Coronavirus outbreak (including its impact across our business, worldwide operations and supply chain); 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.

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# OPENING REMARKS

01

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# OPENING REMARKS

## STARTING FROM A SOLID POSITION, NAVIGATING THE STORM

- Industry is experiencing unprecedented turmoil (COVID-19 and oil price collapse). We have adopted, and are planning, measures at all levels to protect health and to manage the situation
- Net debt pre-IFRS 16 at €632mn vs €1.2bn at 1Q 2019
- Solid and diversified backlog of c.€23bn<sup>1</sup>, providing good visibility
- Opex efficiency and capex rephasing; review of current strategic plan
- 1Q 2020 operational highlights:
  - E&C Offshore: top-line reduction due to project re-phasing
  - E&C Onshore: good margin progress
  - Drilling: volumes and margin growth in offshore, weaker onshore
- FY 2020 guidance withdrawn

# CURRENT SITUATION

# 02

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# MARKET ENVIRONMENT

## NEW CONTEXT AND IMPACT ON ENERGY INDUSTRY

### Context

- COVID-19 generated an unprecedented challenge to the global economy:
  - Restrictions on mobility of people
  - Shut down of industrial/commercial activities
  - Massive drop in GDP and energy demand
- Still limited visibility on duration and long-term implications of shock to global economy
- Market share battle among main oil producers exacerbated the dynamics



### Short term impacts

- Oil price at record two-decade low
- Majors and NOCs reacted fast:
  - Sharp capex cut in 2020 and possibly beyond
  - FID and bid delays, projects suspended or re-priced (e.g. drilling)
- Greatest impact on upstream
  - E&C market impacted
  - Gas-related projects and regions like Middle East and Africa more resilient
  - Drilling more impacted

FUNDAMENTALS OF ENERGY TRANSITION STILL STAND, OPPORTUNITIES STILL AVAILABLE

# SAIPEM IS WELL STRUCTURED TO HANDLE COMPLEXITY

## HEALTH AND SAFETY TOP PRIORITY, BUSINESS CONTINUITY A MUST

- Early activation of crisis response protocol by the Corporate Crisis Unit in coordination with 52 local units worldwide
- Proactive and fast communication towards all employees
- **Health and safety top priority...**
  - travel halt and smart working for c.13,000 employees worldwide
  - health monitoring of total workforce (e.g. restructured shifts, quarantine protocols)
  - medical emergency and site-specific de-manning/re-manning protocols
- **...while securing business continuity**
  - corporate Crisis Committee, chaired by the CEO, secures fast response and decision making
  - coordination with clients, partners and supply chain
  - long-standing cemented relationship with key clients

OVER 60 YEARS OF MANAGING COMPLEXITY



# SAIPEM USED DOWNTURNS TO GROW STRONGER

## WE ARE FUNDAMENTALLY WELL POSITIONED

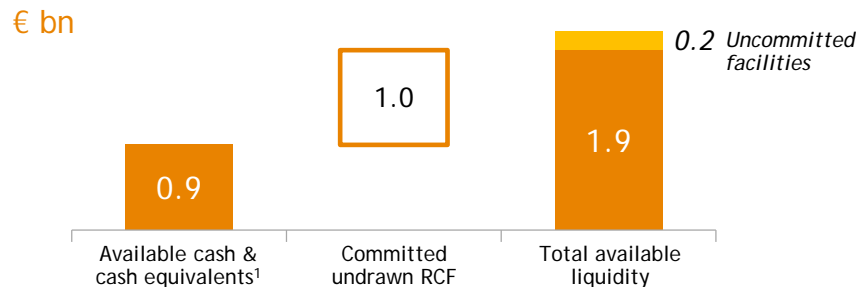
- **Sizeable and diversified backlog of €23.4 billion protects against turmoil**
  - Client quality and diversification (NOCs and Majors)
  - Providing good visibility
  - 68% in non-oil segments
- **Strong balance sheet with significant liquidity**
  - No long-term debt maturity before 2022
  - Sizeable liquidity with good cash position and committed undrawn RCF
  - Covenant-light debt structures
- **Opex efficiency steps and capex rephasing**

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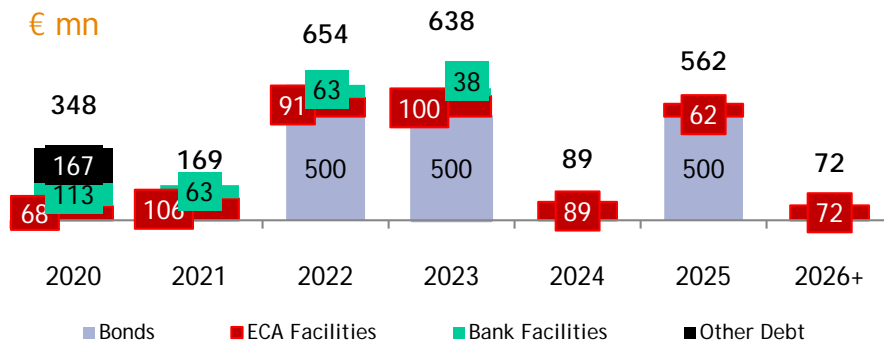
# 1Q 2020 RESULTS

# SOLID BALANCE SHEET AND LIQUIDITY



## Strong liquidity

- Substantial available cash (€0.9 billion)<sup>1</sup>
- Committed and fully undrawn RCF (€1 billion)
- Additional €0.2 billion of uncommitted facilities



## Conservative debt structure

- €2.5 billion gross debt
- Earlier redemption of 2021 bonds reduced risk and improved AVG maturity (c. 3 years)
- No financial covenants on bonds, which represent 60% of gross debt
- Average cost of debt c.3%<sup>2</sup>

<sup>1</sup> In addition to this amount, the Group has c.€1.0 bn of restricted liquidity <sup>2</sup> Average cost of debt c.4% including treasury hedging

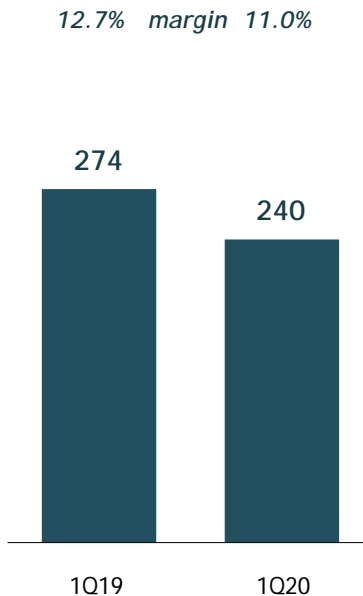
# 1Q 2020 RESULTS

## YoY COMPARISON (€ mn - IFRS16)

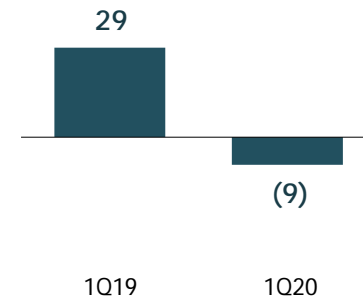
Revenues



Adjusted EBITDA<sup>1</sup>



Adjusted Net Result<sup>1</sup>



# 1Q 2020 RESULTS - E&C

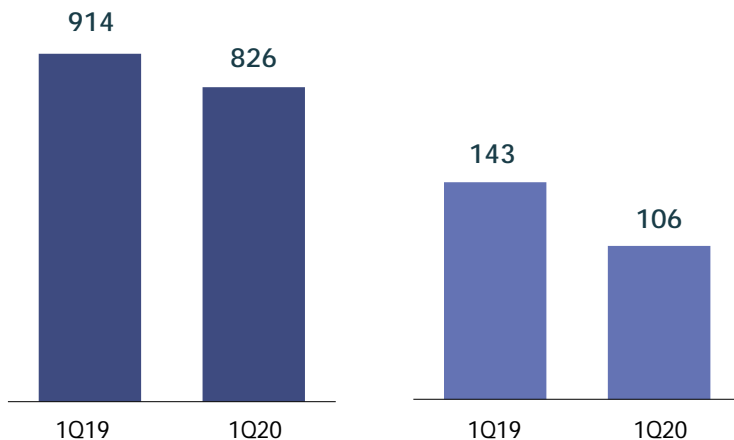
## YoY COMPARISON (€ mn - IFRS16)

### E&C OFFSHORE

#### Revenues

#### Adjusted EBITDA

15.6% margin 12.8%



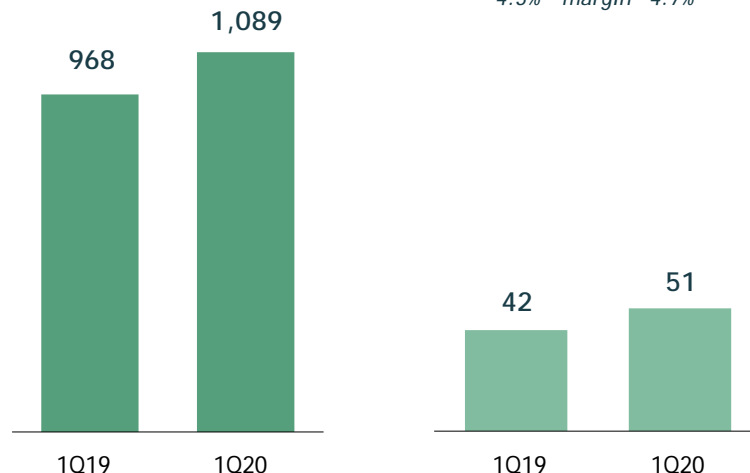
- Lower volumes in North Africa and Sub-Saharan, partially offset by Caspian and Italy
- Margin reflecting mix and re-phasing

### E&C ONSHORE<sup>1</sup>

#### Revenues

#### Adjusted EBITDA

4.3% margin 4.7%



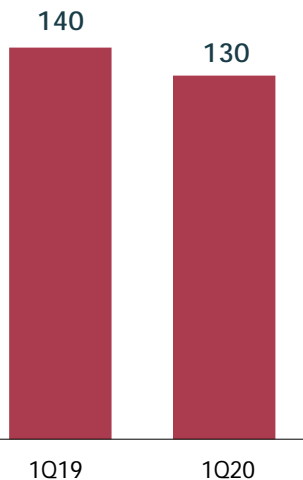
- Growth driven by Middle and Far East, partially offset by Caspian
- Margin progress driven by Sub-Saharan

# 1Q 2020 RESULTS - DRILLING

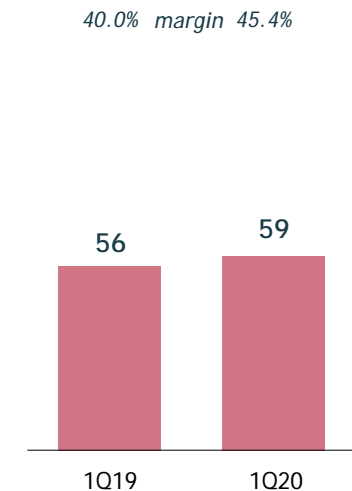
## YoY COMPARISON (€ mn - IFRS16)

### DRILLING OFFSHORE

#### Revenues



#### Adjusted EBITDA



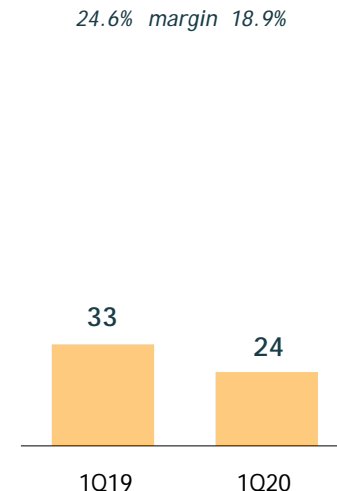
- Lower volumes driven by SC7 and SC9
- Higher efficiency reflects on EBITDA margin

### DRILLING ONSHORE

#### Revenues



#### Adjusted EBITDA

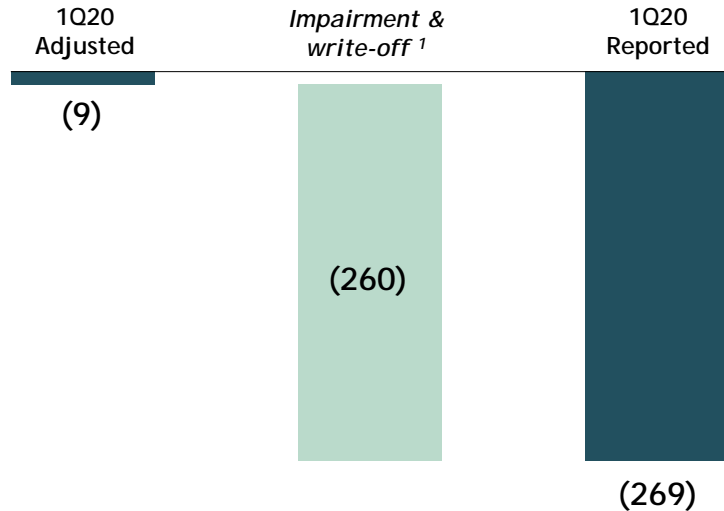


- Volume growth in Saudi Arabia, more than offset by Latam and Caspian
- EBITDA decrease mainly attributable to Latam

# 1Q 2020 NET RESULT

## RECONCILIATION ADJUSTED-REPORTED

Net Result (€ mn - IFRS 16)



### Drivers of non-cash impairment

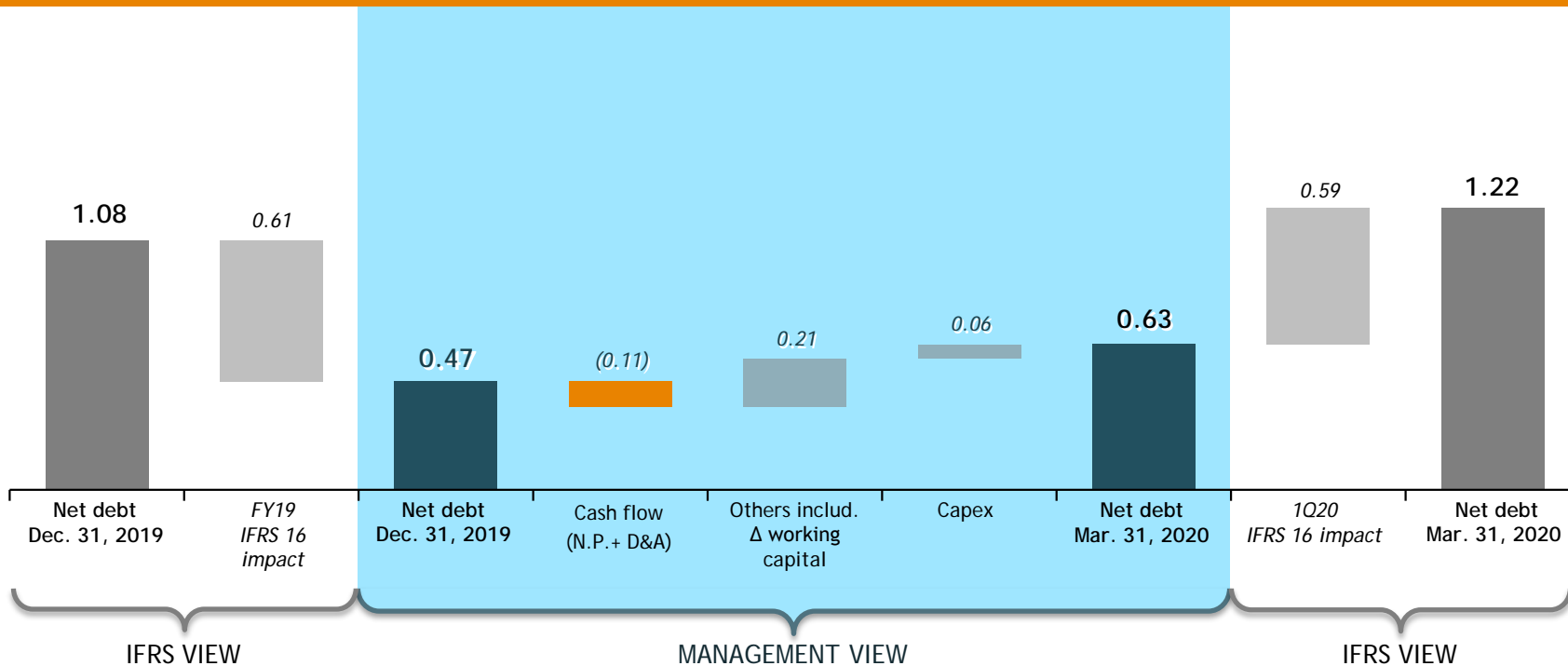
Market deterioration triggered a review of assumptions for drilling offshore, such as:

- Shifting of some activity
- Renegotiation of rates
- Possible contract cancellation for 1 unit
- Delay in awards

# 1Q 2020 NET DEBT EVOLUTION

(€ bn)

1Q IN LINE WITH QUARTELY DISTRIBUTION COMMENTED WITH FORMER GUIDANCE<sup>1</sup>





# BUSINESS UPDATE

# 04

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# E&C - NEAR TERM BUSINESS EVOLUTION

## IMPACTS OF COVID 19 AND OIL PRICE COLLAPSE

E&C OFFSHORE

E&C ONSHORE

### ONGOING OPERATIONS

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- PROJECTS UNDER EXECUTION KEEPING PACE
- SMART WORKING EFFECTIVE FOR ENGINEERING
- CONSTRAINTS IN PEOPLE MOBILITY
- SUPPLY CHAIN CHALLENGES
- CAPEX REPHASING AND IMPROVING OPEX EFFICIENCY
- IMPROVING OPEX EFFICIENCY

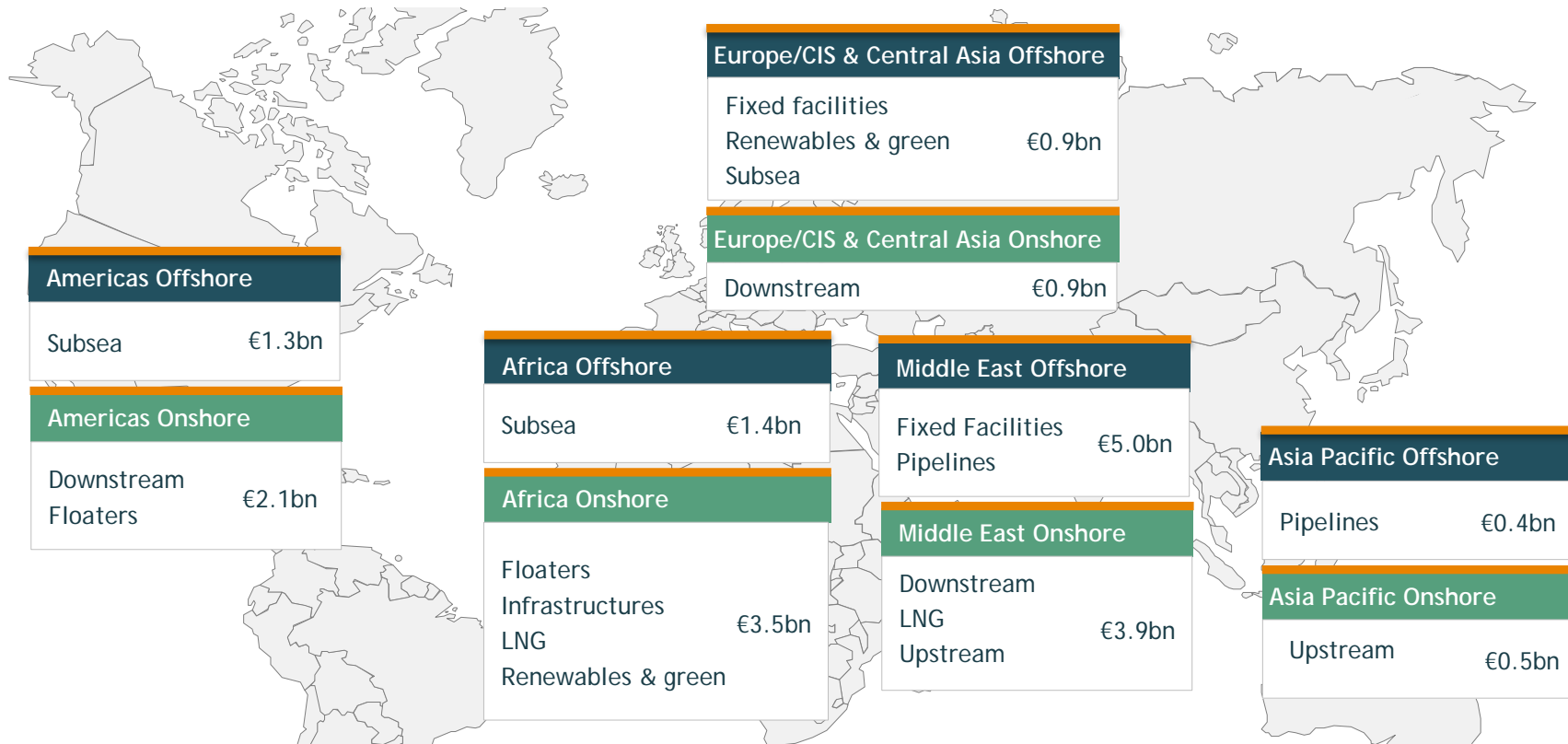
### COMMERCIAL OPPORTUNITIES

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- FID AND PROJECT AWARD DELAYS
- MIDDLE EAST EXPECTED TO BE MORE RESILIENT
- OFFSHORE WIND AND BRAZIL ENCOURAGING OUTLOOK
- SOME OPPORTUNITIES IN AFRICA

# E&C OPPORTUNITIES

## SAME VISIBILITY, OVER A LONGER TIME SPAN



# DRILLING - NEAR TERM BUSINESS EVOLUTION

## IMPACTS OF COVID 19 AND OIL PRICE COLLAPSE

DRILLING OFFSHORE

DRILLING ONSHORE

### ONGOING OPERATIONS

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- DRILLING OPERATIONS GOING AHEAD
- CONSTRAINTS IN PEOPLE MOBILITY AND LOGISTICS
- SOME ACTIVITY SUSPENSION AND DELAY
- CAPEX REPHASING AND IMPROVING OPEX EFFICIENCY

### COMMERCIAL OPPORTUNITIES

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- MIDDLE EAST EXPECTED TO BE MORE RESILIENT
- DEEPWATER EXPECTED TO BE MORE AFFECTED
- EXPECTED SLOWDOWN IN LATAM

# MAIN AWARDS YEAR-TO-DATE

## 1Q 2020 AWARDS - E&C OFFSHORE



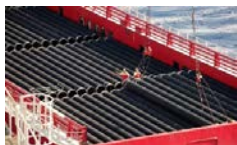
### CABAÇA AND AGOGO EARLY PHASE 1

- Client: Eni
- Location: Angola
- Scope of work: EPCI of risers, production flowlines, jumpers and the installation of a Subsea Production System



### LTA 53

- Client: Saudi Aramco
- Location: Saudi Arabia
- Scope of work: EPCI of a 36" carbon steel pipeline and brownfield activities on fixed platforms



### ALÉN PIPELINE

- Client: Noble Energy
- Location: Equatorial Guinea
- Scope of work: T&I of a 70 km gas pipeline connecting the Alén Platform to Punta Europa



### DECOMMISSIONING & HEAVY LIFTING

- Various Clients
- Location: UK and USA
- Scope of work:
  - Decommissioning of existing infrastructures located in the Thistle Field in the North Sea
  - T&I of offshore structures in the Walker Ridge area in the Gulf of Mexico



## POST 1Q 2020 AWARDS - E&C ONSHORE



### HIGH SPEED TRAIN BRESCIA-VERONA

- Client: Rete Ferroviaria Italiana (RFI)
- Location: Italy
- Scope of work: second construction lot of the 48 km high-speed railway line Brescia Est - Verona, encompassing completion of civil infrastructures and construction of the railway superstructure, transmission system and technological equipment

### PROJECT HIGHLIGHTS:

Highly-urbanised complex territory  
Diversification in the Infrastructures sector



### ETHYDCO

- Client: Egyptian Ethylene & Derivatives Co. (Ethylco)
- Location: Egypt
- Scope of work: EPC of polybutadiene-producing facility with a capacity of 36,000 million tons per year

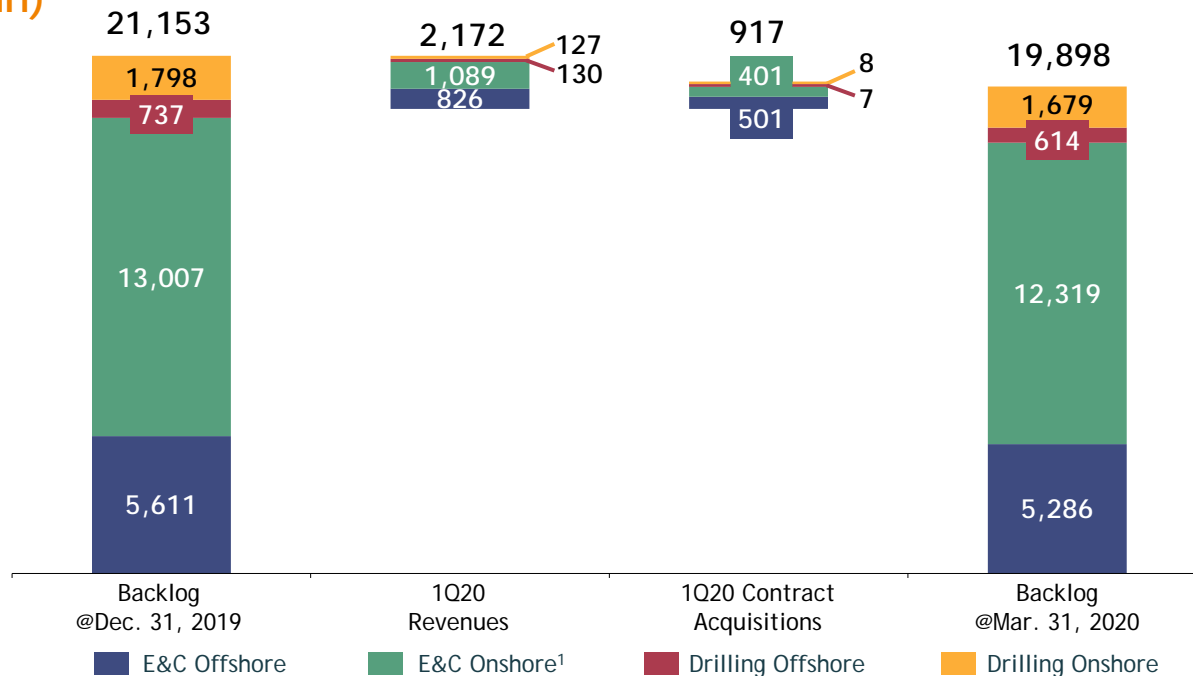
### PROJECT HIGHLIGHTS:

First polybutadiene facility in Egypt, in partnership with Egypt-based Petrojet: consolidating strong presence in the Country

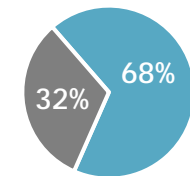
# 1Q 2020 BACKLOG

## NON-MATERIAL BACKLOG CANCELLATION

(€ mn)



CURRENT E&C BACKLOG INCLUDING NON-CONSOLIDATED:  
68% NON-OIL



■ NON-OIL ■ OIL

NON-CONSOLIDATED BACKLOG @ MAR. 31, 2020	
(€ mn)	3,492



<sup>1</sup> E&C Onshore including Floaters business and XSight

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# CLOSING REMARKS

## 2020 GUIDANCE WITHDRAWN

To date, operating activities have progressed in line with the four-year industrial plan<sup>1</sup>, supported by initiatives to manage the COVID-19 emergency and deliver business continuity

On 15 April, the BoD withdrew 2020 guidance<sup>2</sup> due to rising business uncertainty caused by the pandemic

- Oil companies' capex contraction resulting in delays at certain projects
- Reduced ability to estimate the impacts on:
  - commercial and operating activities
  - economic and financial results

The BoD reserves right to issue new guidance, should the market conditions become more stable

CONTINUOUS MONITORING; MARKET WILL BE PROMPTLY UPDATED



# TACKLING THE NEW MARKET ENVIRONMENT TO PRESERVE VALUE

## Opex efficiency initiatives currently identified:

### Efficiencies across the business

- Right-sizing support functions
- Hiring freeze
- Reducing overheads
- Extension of smart-working
- Rephasing digital transformation

### E&C Offshore

- Fleet management
- Idleness management
- Supply chain

### Drilling Offshore

### E&C Onshore

- Supply chain

### Drilling Onshore

- Rig logistics optimization
- Supply chain
- Commercial selectivity

## Capex rephasing: 20-25%<sup>1</sup> reduction in 2020E

FLEXIBLE TO ADAPT TO MARKET EVOLUTION; REVIEW OF CURRENT STRATEGIC PLAN

## CLOSING REMARKS

1Q OPERATING ACTIVITIES BROADLY IN LINE WITH PLANS

SAIPEM CAPITALIZES ON DOWNTURNS TO GROW STRONGER

SOLID BACKLOG, BALANCE SHEET AND LIQUIDITY  
SAME VISIBILITY ON OPPORTUNITIES OVER A LONGER TIME SPAN

OPEX EFFICIENCY AND CAPEX REPHASING  
REVIEW OF CURRENT STRATEGIC PLAN

SAIPEM IN A STRONG POSITION AS IT NAVIGATES THE STORM

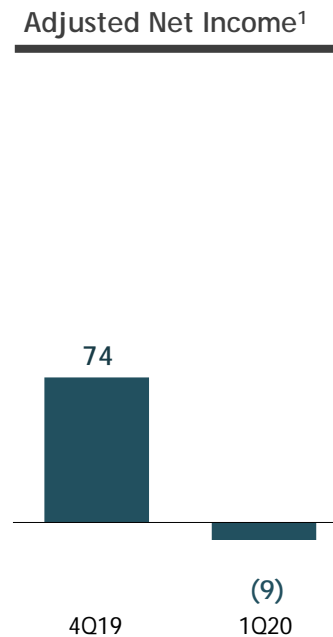
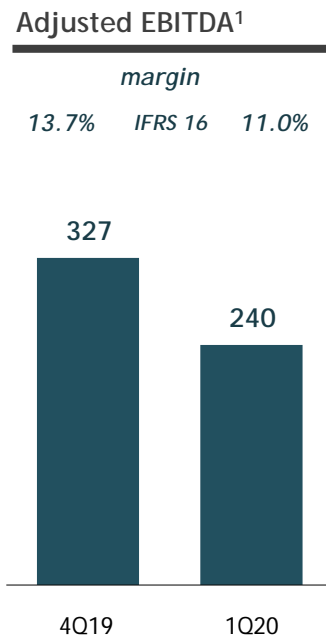
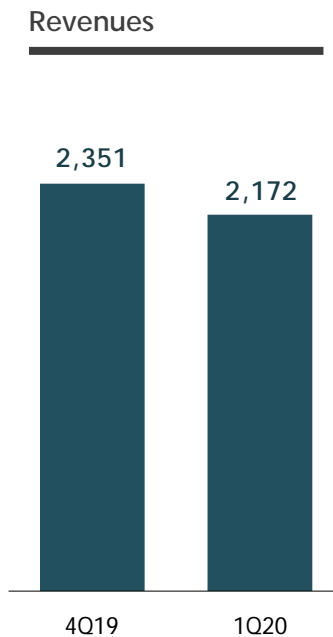
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# APPENDIX

# 1Q 2020 RESULTS

## QoQ TREND (€ mn - IFRS16)

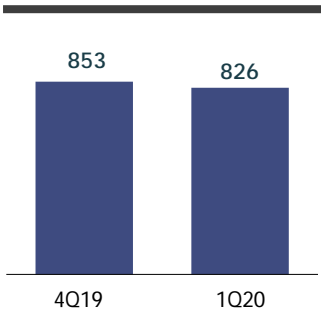


# 1Q 2020 RESULTS - DIVISIONS

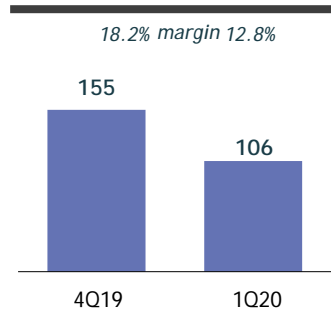
## QoQ TREND (€ mn - IFRS16)

### E&C OFFSHORE

Revenues

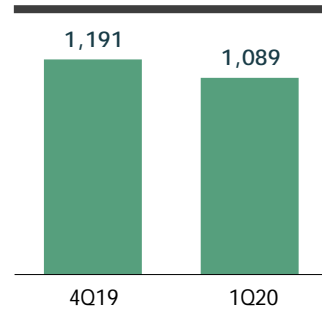


Adjusted EBITDA

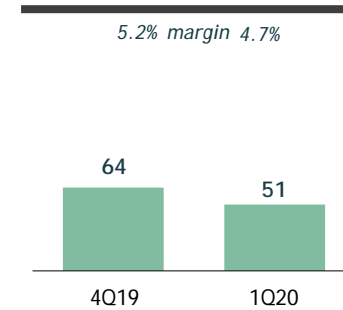


### E&C ONSHORE<sup>1</sup>

Revenues

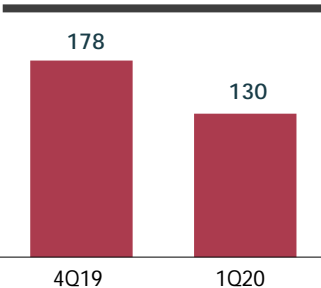


Adjusted EBITDA

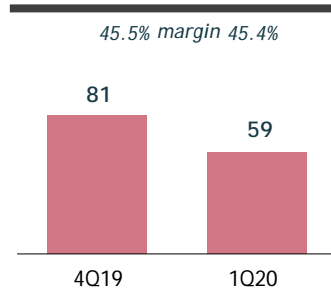


### DRILLING OFFSHORE

Revenues

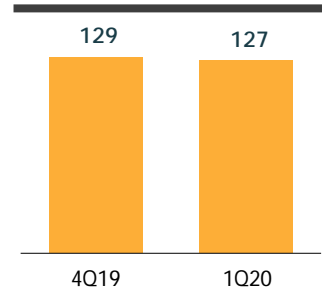


Adjusted EBITDA

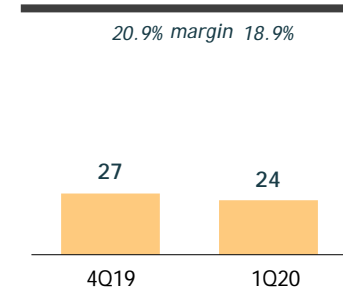


### DRILLING ONSHORE

Revenues

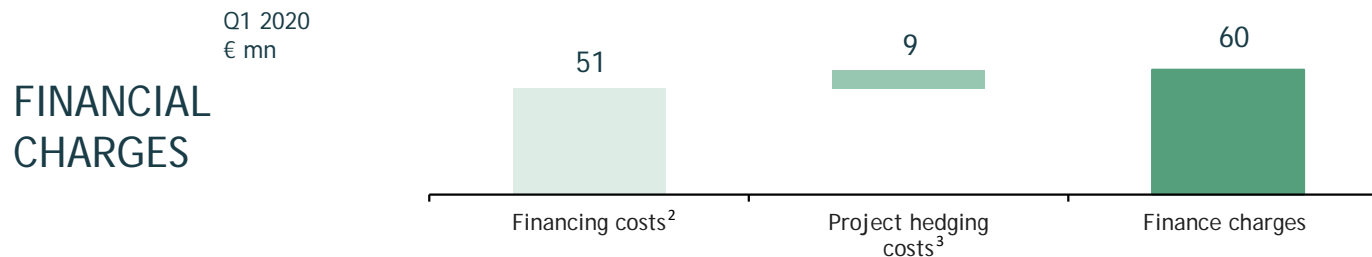
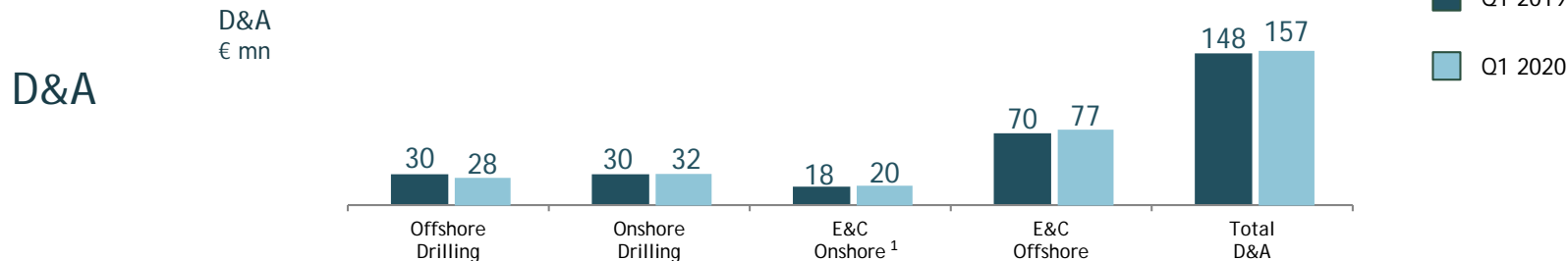


Adjusted EBITDA



# Q1 2020 RESULTS - D&A, FINANCE CHARGES AND TAXES

(€ mn - IFRS16)



## TAXES

- Taxes at € 22mn, largely related to withholding taxes

<sup>1</sup> Floaters business included in E&C Onshore

<sup>2</sup> Including € 6mn of IFRS16 impact

<sup>3</sup> Including exchange differences for € -12mn