PRESS RELEASE

The Board of Directors of Saipem S.p.A. reviewed today the Group's unaudited consolidated financial statements for the nine month period, ending 30th of September 1999.

Revenues totalled 1,119 million euros (1,258, for the same period in 1998).

Operating income amounted to 76 million euros (123, for the same period in1998).

Net income reached 50 million euros (89, for the same period in 1998), equal to earnings of 0.11 euro per share (0.20 euro per share for the same period in 1998).

Cash flow (net income plus depreciation and amortisation) amounted to 124 million euros (160, for the same period in 1998).

Investments for the period were in accordance with the four-year plan of 878 million euros and amounted to 329 million euros (252 euros, for the same period in 1998). These expenditures mainly regarded:

- the new deep water drillship, Saipem 10000;
- the new field development ship (FDS) for subsea development;
- the conversion of Scarabeo 7 (recently christened in Palermo) into a fourth generation semi-submersible drilling rig;
- the installation of an ultra deepwater J-lay system on the Saipem 7000, currently operating on the Diana-Hoover project in the Gulf of Mexico on behalf of Exxon .

Net financial debt at the end of September, 1999 amounted to 517 million euros (135 euros, at 31st of December 1998)

New Orders and Backlog

New orders acquired during the first nine months of 1999 totalled 564 million euros.

The backlog at the end of September was 1,908 million euros (2,463 euros, at 31st of December 1998) and does not include the "Blue Stream" contract, which, whilst in the final stage of negotiation, has still not been signed.

Forecast for 1999 fiscal year

It is worth re-iterating, that the Onshore and Offshore Construction sectors and, to a lesser extent, both of the Drilling sectors, are influenced by seasonal climatic conditions, which in turn may affect the volume of work completed as well as the resultant profit levels in these sectors. Consequently, the results from one particular period may vary significantly from the same period of a preceding year, therefore precluding the simple extrapolation of figures in order to derive an estimate for the entire year.

As previously indicated, when viewing the 1999 results, it should be remembered that the low price of crude oil through March 1999, and resultant Oil Company consolidations, have caused reduced exploration activity, as well as constraints on development programmes. These conditions have reduced opportunities for service contractors in both the construction and drilling sectors. Drilling has been further penalised due to the re-negotiation of dayrates on certain existing contracts. These composite negative factors have proved to be worse than previously estimated.

Therefore, when taking into account cumulative revenues and margins for the first nine months and those associated with orders which should be completed during the last quarter, a reduction in 1999 operating income of approximately 30-35%, compared to 1998, is now forecast. This decline is proving worse than expected. This is partially due to protracted negotiations on the Blue Stream project and to the Scarabeo 7, whose initial operation is delayed until January, 2000, as now agreed with the Eni's Agip Division.
However, the price of crude oil has recovered significantly and improvement in capital spending is now expected to generate improved results as of the second half of 2000. In the case of Saipem, more extensive commercial activity in onshore drilling indicates market improvement.

Although the budget for the year 2000 is still being prepared, based on the general improvement in market conditions, year-long employment of the Scarabeo 7, start of operations of the Saipem 10000 in the second quarter of the year 2000, recovery of onshore drilling and anticipated Blue Stream operations, the company now envisages a return to growth in operating profit during 2000.

The Board of Directors of Saipem S.p.A. has also reviewed the financial flows and the profitability by main business sectors.

Financial Flows

The increase in net financial debt of 382 million euros compared to the end of 1998 is the result of:

Outflows

- investments in tangible and intangible fixed assets of 329 million euros;
- an increase in net working capital for the period of 142 million euros, mainly due to the traditional seasonal factors as well as to the usual terms of payment applied by foreign clients belonging to government bodies;
- the distribution of dividends totalling 38 million euros.

Inflows

- cash flow (defined as net income plus depreciation and amortisation) of 124 million euros;
- variation in employees' termination pay of 1 million euros;
- disposal of fixed assets and capital grants totalling 2 million euros.

Analysis by Business Sector

Offshore Construction:

millions of euros

9 months ended	30th of September 1998	30th of September 1999
Revenues	712	593
Operating expenses	(604)	(296)
Of which materials	*(126)*	*(97)*
Depreciation	(27)	(28)
Contribution from operations (*)	81	68
New orders	597	257

The backlog at 30th of September 1999 amounted to 563 million euros, of which 131 are expected to be executed during the fourth quarter of 1999.

(*) *Operating income before general and administrative expenses.*

- The reduction in revenues and contribution (119 and 13 million euros respectively), is principally due to the partial use of the Saipem 7000, which recently completed the "J Lay " tower installation, as well as to a reduction in South East Asia activities.

The most significant contracts awarded to Saipem during the period were:

- the construction of the Naomi/Pandora platform in Italy on behalf of the Eni's Agip Division;
- engineering work for Snam relevant to the feasibility study, allowing finalisation of the economic offer, for the Blue Stream project;
- construction activities in 1999, off the Italian coast, on behalf of the Eni's Agip Division;
- the transport, installation and testing of various length and diameter sealines, on behalf of Petrojet, in Egypt.

The main operational projects were:

- the installation of a jacket, deck and sealines on the Ivana Field in Croatia utilising the Crawler, on behalf of Inagip.
- Jamnagar (India): An EPIC contract (Engineering, Procurement, Installation and Commissioning) for a Loading Terminal and two sealines using the Castoro II, Castoro 7 and Pearl Marine, on behalf of Bechtel France;
- the transportation and installation of a platform, off the Norwegian coast, in the Oseberg field, on behalf of Norsk Hydro;
- the Europipe II project for the laying of a sealine in the North Sea (work undertaken by the joint venture, European Marine Contractors) on behalf of Statoil (Norway);
- the transportation and installation of a platform for the Sable Island project, off the East Coast of Canada, using the Saipem 7000 on behalf of Mobil Oil Canada;
- an EPIC contract (Engineering, Procurement, Installation and Commissioning) for three platforms off the Nigerian coast in the OSO 2Y2 field utilising the Castoro Otto. The work was performed by the joint venture, Saibos on behalf of Mobil;
- the transport and installation of two platforms off the Congolese coast in the Kombi field using Castoro Otto and the work barge Saibos 230. The work was performed by the joint venture, Saibos on behalf of Elf;

Offshore Drilling and Floating Production:

millions of euros

9 months ended	30th of September 1998	30th of September 1999
Revenues	130	124
Operating expenses	(54)	(64)
Depreciation	(25)	(25)
Contribution from operations (*)	51	35
New orders	440 (**)	27

The backlog at 30th of September 1999 amounted to 652 million euros, of which 43, are expected to be executed during the fourth quarter of 1999.

(*) *Operating income before general and administrative expenses.*

(**) *Includes the five-year deep water drilling contract, on behalf of the Agip division of Eni, using the new build Saipem 10000 drill ship.*

- The reduction in revenue, of 6 million euros, from the non-use of Scarabeo 4 and the downward re-negotiation of day rates, has been partially offset by the complete utilisation of the FPSO Firenze and of the Scarabeo 6;

- the increase in operating expenses of 10 million euros is mainly associated with the utilisation in 1999 of the semi-submersible vessel Scarabeo 6 which, although under contract, was not operational during the first six months of 1998. This was due to an upgrading of the vessel requested and partially reimbursed by the Client;
- the most significant orders awarded to Saipem during the period were:
  - the extension of existing drilling contracts, the most significant of which relate to the charter of Perro Negro 4 in Egypt, on behalf of Petrobel, and the charter of Perro Negro 2 in Nigeria, on behalf of Elf;
  - on the 15th October 1999, Scarabeo 4 started drilling activities in Nigeria on behalf of Consolidated Contractors.

- Major Equipment utilisation:

Vessel Type	**Days under contract**	
Semi-submersible Drilling Vessels		
Scarabeo 3	259	**a**
Scarabeo 4	0	
Scarabeo 5	273	
Scarabeo 6	261	**b**
Jack Ups		
Perro Negro 2	261	**b**
Perro Negro 3	273	
Perro Negro 4	271	**a**
Perro Negro 5	273	
FPSO – Firenze	273	

a - Maintenance was carried out on the vessels for the balance of the period.
b - Ordinary cyclical maintenance was carried out on the vessels for the balance of the period.

Onshore Drilling:

		millions of euros
9 months ended	**30th of September 1998**	**30th of September 1999**
Revenues	105	76
Operating expenses	(75)	(63)
Depreciation	(6)	(6)
Contribution from operations (*)	24	7
New orders	109	33

The backlog at 30th of September 1999 amounted to 54 million euros, of which 23, are expected to be executed during the fourth quarter of 1999.

(*) *Operating income before general and administrative expenses.*

- The significant reduction recorded in revenue and contribution (29 and 17 million euros respectively), is due to a general decline in activity and re-negotiation of dayrates on certain existing contracts.

- The most significant awards for the period were:
  - the charter of a drilling unit in Algeria for one well, with an option for six wells, on behalf of Lousiana Land & Exploration (L.L. & E.);
  - the extension of an existing contract, for 3 rigs in Italy, on behalf of the Eni's Agip Division.

The following orders were acquired after the 30th of September 1999:

- the charter of a drilling unit for three wells, with an option for three more, in the Republic of Georgia, on behalf of Frontera;
- the charter of a drilling unit for three years, with an option for one more, in Saudi Arabia.

- Operations involving the average use of 25 of the 37 land rigs owned by the Group were distributed as follows; 12 in Peru, 3 in Italy, 3 in Nigeria, 3 in Algeria, 1 in Egypt, 1 in Kazakhstan, 1 in India and 1 in Malta. In addition, 7 rigs have been employed by Saipem under management agreements with third party owners.

Onshore Construction:

millions of euros		
9 months ended	**30th of September 1998**	**30th of September 1999**
Revenues	310	325
Operating expenses	(280)	(296)
of which materials	*(57)*	*(111)*
Depreciation	(9)	(9)
Contribution from operations (*)	21	20
New orders	356	247

The backlog at 30th of September 1999 amounted to 356 million euros, of which 117, are expected to be executed during the fourth quarter of 1999.

(*) *Operating income before general and administrative expenses.*

The most significant contracts acquired during the period were:

- the extension of the Khuff Gas project contract which entails the laying of various diameter and length flow lines on behalf of Aramco;
- the EPC (Engineering, Procurement, Construction) “Ratchaburi to Wang Noi Gas Pipeline” project, in Thailand, for the construction of a gas line, from the existing Yadana marine gas pipeline to the future onshore power station in Wang Noi, on behalf of the Petroleum Authority of Thailand. The contract was awarded to Saipem Asia in a consortium with Mitsui;
- the EPC “AG Gathering Pipelines Project – Obigbo Node Pipelines” on behalf of Shell Petroleum Development Company of Nigeria Ltd, for the construction of a gas transport system amongst the associated gas plants at Imo River, Obigbo and Agdada in the Port Harcourt area;
- the “Nembe Associated Gas Gathering Project” on behalf of Willbros West Africa, which entails the laying of a 27 Km, 12 and 24” gas line. The project was awarded to Saipem S.p.A. together with Belfinger Berger.

The main operational projects were:

- Muglad (Sudan): EPC for the construction of seven pumping stations and a terminal which includes five tanks and an offshore loading line;
- Shoaiba (Saudi Arabia): EPC for the construction of a water line, a pumping station and the enlarging of 4 existing stations;
- Hawiyah (Saudi Arabia): construction of a 580 Km gas line system and conversion of an existing gas line to an oil line;
- Mega (Argentina): EPC for the construction of a gas treatment plant, a pipeline, two pumping stations and a gas storage tank;
- Soku Gas Plant (Nigeria): an EPC contract for the construction of a gas treatment plant.

Attached please find the following statements:

- Reclassified Consolidated Balance Sheet
- Reclassified Consolidated Income Statements (by nature and destination of costs).

San Donato Milanese, 9th of November 1999

SAIPEM GROUP

RECLASSIFIED CONSOLIDATED BALANCE SHEET

	31st of December 1998		30th of September 1999	
	(millions of euros)			
Net tangible fixed assets		885		1,152
Intangible fixed assets		25		31
		910		1,183
of which:				
- Offshore Construction	382		495	
- Offshore Drilling and Floating Production	381		532	
- Onshore Drilling	57		59	
- Onshore Construction	70		73	
- Others	20		24	
Financial investments		4		4
Non-current assets		**914**		**1,187**
Net working capital	199		329	
Provision for contingencies	(62)		(50)	
Net current assets		**137**		**279**
Employees' termination benefits		**(21)**		**(22)**
CAPITAL EMPLOYED		**1,030**		**1,444**
Share capital	227		227	
Reserves and net income for the period	667		699	
Group shareholders' equity		**894**		**926**
Minority interests in net equity		**1**		**1**
Net debt		**135**		**517**
COVER		**1,030**		**1,444**

SAIPEM GROUP

RECLASSIFIED CONSOLIDATED INCOME STATEMENT
BY
NATURE OF COST

9 months ended	30th of September 1998	30th of September 1999
	(millions of euros)	
OPERATING REVENUES	1,258	1,119
Other income and revenues	22	7
Purchases, services and other costs	(838)	(748)
Payroll and related costs	(248)	(228)
GROSS OPERATING INCOME	**194**	**150**
Amortisation, depreciation and write-downs	(71)	(74)
OPERATING INCOME	**123**	**76**
Financial expenses, net	(5)	(10)
INCOME BEFORE INCOME TAXES	**118**	**66**
Income taxes	(29)	(16)
NET INCOME FOR THE PERIOD	**89**	**50**
Income for the period attributable to third parties	--	--
GROUP NET INCOME FOR THE PERIOD	**89**	**50**

SAIPEM GROUP

RECLASSIFIED CONSOLIDATED INCOME STATEMENT
BY
DESTINATION OF COST

9 months ended	30th of September 1998	30th of September 1999
	(millions of euros)	
OPERATING REVENUES	1,258	1.119
Production costs	(1,057)	(944)
Idle costs	(15)	(30)
Selling expenses	(12)	(13)
Research and development expenses	(2)	(2)
Other operating income net	5	--
CONTRIBUTION FROM OPERATIONS	**177**	**130**
General and administrative expenses	(54)	(54)
OPERATING INCOME	**123**	**76**
Financial expenses, net	(5)	(10)
INCOME BEFORE INCOME TAXES	**118**	**66**
Income taxes	(29)	(16)
NET INCOME FOR THE PERIOD	**89**	**50**
Income for the period attributable to third parties	--	--
GROUP NET INCOME FOR THE PERIOD	**89**	**50**