Eni: first quarter 2015 results

Rome, April 29, 2015 - Yesterday Eni's Board of Directors approved group results for the first quarter 2015[1] (unaudited).

Financial highlights

- **Cash flow[2]: €2.30 billion;**
- **Leverage: 0.22 unchanged compared to end of 2014 despite the oil price halving;**
- **Adjusted operating profit: €1.57 billion, down 55% from the first quarter 2014; positive in all the businesses;**
- **Adjusted net profit: €0.65 billion, down 46% from the first quarter 2014;**
- **Net profit: €0.70 billion, down 46% from the first quarter 2014.**

Operational highlights

- **Hydrocarbon production: 1.697 million boe/d, up 7.2% from the first quarter 2014 (up 3.7% when excluding positive price effects in PSAs and portfolio developments);**
- **Final investment decision for the integrated oil&gas OCTP project in Ghana taken;**
- **Production start-up of the Hadrian South and Lucius projects in the United States, West Franklin in the United Kingdom, Eldfisk 2 Phase 1 in Norway and Nené Marine in Congo;**
- **Near-field discoveries made in Egypt and Libya; exploration resources of the gas discovery Merakes in Indonesia increased;**
- **New exploration licences acquired in Egypt, Norway, the United Kingdom and Myanmar.**

Claudio Descalzi, Chief Executive Officer, commented:
"I am pleased with the results announced this morning. In line with our strategy, we put in place actions which recovered over €600 million to cope with the difficult trading environment caused by the steep drop in the Brent oil price. Upstream production is increasing, and development plans supporting 2015-2016 production growth are in line with our forecasts. Further, all mid-downstream businesses have returned to profitability benefitting from our actions as well as the positive trading environment, thus proving the effectiveness of the upgrading initiatives implemented so far. These results, along with our focus on efficiency and working capital optimization, contributed to keeping leverage unchanged compared to December 2014, despite the Brent oil price halving."

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[1] This press release represents the quarterly report prepared in compliance with Italian listing standards as provided by article 154-ter of the Italian code for securities and exchanges (Testo Unico della Finanza).
[2] Net cash provided by operating activities.

Financial highlights

Fourth Quarter 2014	SUMMARY GROUP RESULTS [(a)] (€ million)	First Quarter 2014	First Quarter 2015	% Ch.
2,323	**Adjusted operating profit [(b)]**	**3,491**	**1,567**	**(55.1)**
464	**Adjusted net profit**	**1,191**	**648**	**(45.6)**
0.13	- per share (€) [(c)]	0.33	0.18	(45.5)
0.32	- per ADR ($) [(c) (d)]	0.90	0.41	(54.4)
(2,384)	**Net profit**	**1,303**	**704**	**(46.0)**
(0.66)	- per share (€) [(c)]	0.36	0.20	(44.4)
(1.65)	- per ADR ($) [(c) (d)]	0.99	0.45	(54.5)
5,386	**Net cash provided by operating activities**	**2,151**	**2,304**	**7.1**

(a) Attributable to Eni's shareholders.
(b) For a detailed explanation of adjusted operating profit and net profit see paragraph "Reconciliation of reported operating and net profit to results on an adjusted basis".

(c) Fully diluted. Dollar amounts are converted on the basis of the average EUR/USD exchange rate quoted by the ECB for the periods presented.
(d) One ADR (American Depositary Receipt) is equal to two Eni ordinary shares.

Adjusted operating profit

In the first quarter of 2015, Eni reported a consolidated adjusted operating profit of €1.57 billion which was down by 55% from the first quarter of 2014, driven by sharply lower oil prices (down by 50%), only partly offset by a better performance recorded in upstream activity and in all other business segments. The G&P segment increased the operating profit by 21.5%, or €0.05 billion, due to an improved competitiveness of the long-term gas supply portfolio on the back of the renegotiation of a large part of it and a positive performance of the retail and other high-value segments. These positives were partly offset by lower one-off effects relating to contracts renegotiations.
The R&M and Chemicals segment reported an adjusted operating profit of €0.12 billion, compared to an operating loss of €0.31 billion in the first quarter of 2014, reflecting a recovery in margins of oil products and chemical commodities, as well as efficiency and optimization initiatives. Finally, the subsidiary Saipem reported an increase in operating profit of 25%.

Adjusted net profit

In the first quarter of 2015, adjusted net profit of €0.65 billion declined by 45.6% from the first quarter of 2014 due to lower operating profit (down by €1.92 billion), which was offset in part by higher income from investments following a recovery in the share prices of Galp and Snam on which basis Eni's interests are measured and which underlay two convertible bonds (up €0.18 billion). The Group's adjusted tax rate decreased by approximately 6 percentage points reflecting a lower share of taxable profit reported by the E&P segment and the aforementioned interest gains which are non taxable items.

Operating cash flow

Cash flow from operating activities for the quarter amounted to €2.30 billion. This was positively influenced by higher receivables due beyond the end of the reporting period, being transferred to financing institutions compared to the amount transferred at the end of the previous reporting period (up by €352 million from December 31, 2014). Divestment proceeds amounted to €0.55 billion. These cash inflows funded most of the capital expenditure incurred in the quarter of €2.9 billion, which were mainly directed to exploration and development of oil&gas resources. Those inflows and outflows determined an increase of €1.46 billion in net borrowings[3] to €15.14 billion, as of March 31, 2015, which was also effected by exchange rate differences of €0.46 billion.

[3] Information on net borrowings composition is furnished on page 30.

As of March 31, 2015, ratio of net borrowings to shareholders' equity including non-controlling interest – leverage[4] – was 0.22, unchanged from December 31, 2014.

An increase in total equity more than offset the effect of higher net borrowings, helped by a sizable appreciation of the US dollar against the euro in the translation of the financial statements of Eni's subsidiaries that uses the US dollar as functional currency, resulting in an equity gain of €5.29 billion. The US dollar was up by 11.4% against the euro at the closing rates of March 31, 2015 compared to December 31, 2014.

Operational highlights

Fourth Quarter 2014	KEY STATISTICS		First Quarter 2014	First Quarter 2015	% Ch.
1,648	**Production of oil and natural gas**	(kboe/d)	**1,583**	**1,697**	**7.2**
868	- Liquids	(kbbl/d)	822	860	4.6
4,284	- Natural gas	(mmcf/d)	4,182	4,596	10.2
23.70	**Worldwide gas sales**	(bcm)	**26.76**	**25.62**	**(4.3)**
9.32	**Electricity sales**	(TWh)	**8.25**	**8.47**	**2.7**
2.26	**Retail sales of refined products in Europe**	(mmtonnes)	**2.16**	**2.04**	**(5.6)**
1.30	**Production of petrochemical products**	(mmtonnes)	**1.44**	**1.43**	**(0.8)**

Exploration & Production

In the first quarter of 2015, Eni's hydrocarbon production was 1.697 million boe/d, up by 7.2% y-o-y. When excluding price effects in the Company's Production Sharing Agreements (PSAs) and portfolio developments, production increased by 3.7%. This was due to the start-ups achieved in the quarter and higher production in Libya, as well as continuing production ramp-up at the fields in Angola, Congo, Egypt and the United States which started production in 2014. These increases were partially offset by mature fields declines.

Gas & Power

In the first quarter of 2015, natural gas sales amounted to 25.62 bcm, down by 1.14 bcm or 4.3% compared to the same period of 2014, against the backdrop of persistent competitive pressure and oversupplies. Sales in Italy (10.08 bcm) decreased by 9.8%, mainly driven by lower spot sales and the declining demand in the thermoelectric segment. These effects were partially offset by a positive performance registered by the retail segment also due to more typical winter weather conditions compared to the first quarter of 2014. Sales in the European markets were 12.29 bcm, which were barely unchanged from the first quarter of 2014 due to higher spot sales and a positive performance of the retail segment in France, partially offset by the divestment of GVS joint venture in Germany.

Refining & Marketing and Chemicals

In the first quarter of 2015, the Standard Eni Refining Margin (SERM) increased sixfold from the first quarter of 2014 due to a fall in the price of the crude oil feedstock. However, the European refining business continued to be affected by structural headwinds from lower demand, overcapacity and increasing competitive pressure from streams of oil products imported from Russia, Asia and the United States with more efficient cost structures. Retail sales in Italy were 1.35 mmtonnes, down by 6.9% mainly driven by strong competitive pressure. Eni's retail market share dropped by 1.7 percentage points to 24.2% in the

[4] Non-GAAP financial measures disclosed throughout this press release are accompanied by explanatory notes and tables to help investors gain a full understanding of said measures in line with guidance provided for by CESR Recommendation No. 2005-178b. See page 30 for leverage.

first quarter of 2015, compared to 25.9% in the same quarter of the previous year. Retail sales in the rest of Europe in the first quarter of 2015 were slightly lower due to decreasing volumes sold in Eastern Europe. The Chemicals benefitted from a temporary shortage of certain commodities, which led to a partial recovery of margins.

Currency

The first quarter's results were positively impacted by the depreciation of the euro vs. the US dollar (down by 17.8%).

Business developments

In Ghana, the Offshore Cape Three Point (OCTP) integrated oil and gas project (Eni 47.22%, operator) was sanctioned, after obtaining approval from the relevant Authorities of the Country. First oil is expected in 2017, first gas in 2018 and production is expected to peak at 80,000 boe/d by 2019.

In Egypt, a framework agreement was signed whereby Eni committed to assessing a plan to invest $5 billion to develop the Country's oil and gas reserves in the next 4 years and possibly to start negotiations to revise terms of certain ongoing oil contracts. The agreement comprised an evaluation of measures intended to reduce overdue amounts of trade receivables relating to hydrocarbons supplies to Egyptian state-owned companies.
In addition, Eni was awarded three Concession Agreements for the operatorship of the Southwest Melehia lease in the western Egyptian desert, in Karawan and North Leil blocks, offshore the Mediterranean Sea.

In Myanmar, following an International Bid Round, Eni was awarded two Production Sharing Contracts for the exploration of the offshore MD-02 and MD-04 leases.

In Congo, two agreements were signed to promote development of the Country's energy sector and to contribute to local growth.

Following a competitive bid round in Norway, two exploration licences were awarded: (i) the operatorship of the PL 806 licence (Eni 40%) in the Barents Sea; and (ii) the PL 044C (Eni 13.12%) in the North Sea.

In the United Kingdom, Eni was awarded four exploration licences located in the Central North Sea and three licences in the Southern North Sea.

In Angola, a three-year extension of the exploration activities on Block 15/06 was agreed with the Country's authorities. In this block, the first oil of the West Hub operated project was achieved at the end of 2014.

Near field discoveries were made in the quarter: (i) in Egypt, new oil and gas discoveries in the onshore Melehia field in the Western desert; (ii) in Libya, a gas and condensates discovery in the offshore Bahr Essalam Sud exploration prospect, which is located in the contractual area D, in proximity of the production facilities of the Bahr Essalam field.

In Indonesia, evaluation activities at the Merakes gas discovery, located in the deep offshore of the East Sepinngan block (Eni 85%, operator), increased significantly the gas reserves in place. Eni will anticipate the appraisal campaign in order to evaluate the possible fast track development of the discovery optimizing the synergies with the nearby Jangkrik field, also operated by Eni.

In addition the following start-ups were achieved in the quarter:

(i) Nené discovery, in Marine XII block in Congo just eight months after obtaining the production permit. The early production phase is yielding 7,500 boe/d leveraging on the synergies with the front-end loading and the infrastructures of the fields located in the area. The full-field development will take place in several stages and will include the installation of production platforms and the drilling of over 30 wells, with a plateau of over 120,000 boe/d;

(ii) Hadrian South field, in the Gulf of Mexico with an estimated daily production of 10 million cubic of gas and 2,250 barrels of liquids (approximately 16 kboe/d net to Eni) and Lucius field with a daily production of approximately 7 kboe/d net to Eni; and

(iii) Other field start-ups were West Franklin in the United Kingdom and Eldfisk 2 Phase 1 in Norway.

Outlook

The Company is forecasting a moderate strengthening in global economic growth in 2015, driven by the United States. However, certain risks have the potential to mitigate this outlook: uncertainty remains around the strength of the Eurozone recovery, the extent of the slowdown of the Chinese economy and of other emerging economies, as well as financial stability. Oil prices are forecast to be significantly lower than the last year, due to oversupplied global markets. In the Exploration & Production segment, management will perform efficiency initiatives of operating costs and investment optimizations, while retaining a strong focus on project execution and time-to-market in order to cope with the negative impact of a lower oil price environment. Looking at the Company's other business segments mainly exposed to the European economic outlook, Eni's management anticipates challenging trading conditions reflecting structural headwinds due to weak commodity demand, oversupply/overcapacity and competitive pressure. The fall in oil prices may only lessen the negative impact of such trends. A recovery in profitability in these sectors will leverage on the continued renegotiation of gas supply contracts, restructuring/reconversion of the production capacity tied to the oil cycle, cost efficiencies and margin optimization.

Management expects the following production and sales trends for Eni's businesses:
- **Hydrocarbon production**: production is expected to increase compared to the previous year even excluding positive price effects in the Company PSAs, thanks to new fields start-ups and the ramp-ups of the projects launched in 2014, mainly in Angola, Congo, Egypt, Venezuela, the United States and Norway, as well as expectations of higher volumes in Libya;
- **Gas sales**: excluding the impact of the divestment of Eni's assets in Germany and the unusual weather conditions in 2014, natural gas sales are expected to remain stable compared to 2014. Management intends to leverage on marketing innovation in the wholesale and retail markets in order to mitigate competitive pressures;
- **Refining throughputs on Eni's account:** volumes are expected to increase in order to capture short-term opportunities in the current scenario, as well as due to a better performance expected at the Eni EST conversion unit at the Sannazzaro refinery and lower planned downtime. Those increases will be partly offset by the shutdown of the Gela plant, which is undergoing a reconversion plan;
- **Retail sales of refined products in Italy and the Rest of Europe:** retail sales are expected to remain stable compared to 2014. While we anticipate weak demand trends and strong competitive pressure, we plan to leverage on marketing initiatives to maintain the Company's market share.

In 2015, in the context of lower oil prices, Eni's management plans to implement capital project optimization and rescheduling which will reduce expenditure compared to the 2014 levels, excluding the impact of the US dollar exchange rate. These initiatives are estimated to have a limited impact on our production growth outlook in the near to medium term. Management expects that based on projected cash flows from operations and portfolio transactions, leverage at year end will remain within the 0.30 threshold.

This press release for the first quarter of 2015 (unaudited) provides data and information on business and financial performance in compliance with Article 154-ter of the Italian code for securities and exchanges ("Testo Unico della Finanza" - TUF).

Results and cash flow are presented for the first quarter of 2015 and for the first quarter and the fourth quarter of 2014. Information on liquidity and capital resources relates to end of the periods as of March 31, 2015, and December 31, 2014. Statements presented in this press release are comparable with those presented in the statutory financial statements of the Company's consolidated annual report on Form 20-F and interim report.

Quarterly accounts set forth herein have been prepared in accordance with the evaluation and recognition criteria set by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedure set forth in Article 6 of the European Regulation (CE) No. 1606/2002 of the European Parliament and European Council of July 19, 2002. Those criteria are unchanged from the 2014 annual report on form 20-F filed with the US SEC on April 2, 2015 which investors are urged to read.

New segmental reporting of Eni

With effect from January 1, 2015, Eni's reportable segments in accordance to IFRS 8 have been regrouped as follows:

- **E&P:** is engaged in exploring for and recovering crude oil and natural gas, including participation to projects for the liquefaction of natural gas;
- **G&P:** is engaged in supply and marketing of natural gas at wholesale and retail markets, supply and marketing of LNG and supply, production and marketing of power at retail and wholesale markets. G&P is engaged in supply and marketing of crude oil and oil products targeting the operational requirements of Eni's refining business and in commodity trading (including crude oil, natural gas, oil products, power, emission allowances, etc.) targeting to both hedge and stabilize the Group industrial and commercial margins according to an integrated view and to optimize margins. Those activities of crude oil supply and marketing and commodity risk management are the responsibility of the G&P segment manager, the latter in order to exploit in a better way the benefits of pooling different exposure to the commodity risk of the Group business units. In previous reporting periods, results of the activity of supply and marketing of crude oil and the activity of commodity risk management due to exposure to crude oil prices were reported in the Refining & Marketing segment**;**
- **R&M and Chemicals:** is engaged in manufacturing, supply and distribution and marketing activities for oil products and chemicals. In previous reporting periods, these two operating segments were reported separately. The R&M and Chemicals operating segments are combined into a single reportable segment because a single manager is accountable for both the two segments, show similar long-term economic performance, have comparable products, share a similarity of production processes due to existing technical and plant interconnections and exchanges of streams of products and utilities as a result of the proximity of refineries and cracking units, have comparable customer industries and distribution channels and operate in similar competitive environments;
- **Engineering & Construction:** Eni through its subsidiary Saipem which is listed on the Italian Stock Exchange (Eni's share being 43%) is engaged in the design, procurement and construction of industrial complexes, plants and infrastructures for the oil&gas industries and in supplying drilling and other oilfield services; and
- **Corporate and other activities:** represents the key support functions, comprising holdings and treasury, headquarters, central functions like IT, HR, real estate, self-insurance activities, as well as the Group environmental clean-up and remediation activities performed by the subsidiary Syndial (this latter was reported separately in previous reporting periods).

The segmental financial information reported to the Group Board of Directors comprises segment revenues, operating profit, as well as segmental assets and liabilities which are reviewed only on occasion of the statutory reports (the annual and the interim reports). Furthermore, management also assesses the adjusted operating and net profit by business segment. Adjusted results represent non-GAAP measures and are disclosed elsewhere in this press release.

The comparative reporting periods of this press release have been restated consistently with the new segmental reporting adopted by the Group.

In the table below the key performance indicators of segmental reporting are furnished with reference to the full year 2014 and quarterly reporting periods as restated in accordance with the new reportable segments adopted by Eni.

AS REPORTED

(€ million)	E&P	G&P	R&M	Versalis	Engineering & Construction	Corporate and financial companies	Other activities	Impact of unrealized intragroup profit elimination	GROUP
First quarter 2014									
Net sales from operations	7,434	9,224	13,347	1,402	2,891	329	15	(5,439)	**29,203**
Operating profit	3,430	613	(361)	(128)	127	(80)	(52)	97	**3,646**
Adjusted operating profit	3,450	241	(223)	(89)	128	(81)	(45)	110	**3,491**
Second quarter 2014									
Net sales from operations	7,368	5,558	15,339	1,402	3,075	342	19	(5,750)	**27,353**
Operating profit	2,791	40	(262)	(158)	164	(63)	(93)	(164)	**2,255**
Adjusted operating profit	2,981	70	(219)	(93)	165	(58)	(43)	(75)	**2,728**
Third quarter 2014									
Net sales from operations	7,285	5,533	14,539	1,285	3,509	308	17	(5,876)	**26,600**
Operating profit	3,072	(352)	(219)	(120)	150	(69)	(27)	144	**2,579**
Adjusted operating profit	3,088	(109)	39	(98)	155	(65)	(42)	64	**3,032**
Fourth quarter 2014									
Net sales from operations	6,401	7,935	12,928	1,195	3,398	399	27	(5,592)	**26,691**
Operating profit	1,473	(115)	(1,387)	(298)	(423)	(34)	(100)	321	**(563)**
Adjusted operating profit	2,032	108	195	(66)	31	(61)	(48)	132	**2,323**
Full year 2014									
Net sales from operations	**28,488**	**28,250**	**56,153**	**5,284**	**12,873**	**1,378**	**78**	**(22,657)**	**109,847**
Operating profit	**10,766**	**186**	**(2,229)**	**(704)**	**18**	**(246)**	**(272)**	**398**	**7,917**
Adjusted operating profit	**11,551**	**310**	**(208)**	**(346)**	**479**	**(265)**	**(178)**	**231**	**11,574**
Assets directly attributable	**68,113**	**16,603**	**12,993**	**3,059**	**14,210**	**1,042**	**258**	**(486)**	**115,792**

AS RESTATED

(€ million)	E&P	G&P	R&M and Chemicals	Engineering & Construction	Corporate and other activities	Impact of unrealized intragroup profit elimination	GROUP
First quarter 2014							
Net sales from operations	7,434	19,973	7,016	2,891	338	(8,449)	**29,203**
Operating profit	3,430	611	(487)	127	(132)	97	**3,646**
Adjusted operating profit	3,450	242	(313)	128	(126)	110	**3,491**
Second quarter 2014							
Net sales from operations	7,368	17,968	7,439	3,075	353	(8,850)	**27,353**
Operating profit	2,791	(19)	(361)	164	(156)	(164)	**2,255**
Adjusted operating profit	2,981	14	(256)	165	(101)	(75)	**2,728**
Third quarter 2014							
Net sales from operations	7,285	17,311	7,859	3,509	318	(9,682)	**26,600**
Operating profit	3,072	(414)	(277)	150	(96)	144	**2,579**
Adjusted operating profit	3,088	(180)	12	155	(107)	64	**3,032**
Fourth quarter 2014							
Net sales from operations	6,401	18,182	6,680	3,398	420	(8,390)	**26,691**
Operating profit	1,473	(114)	(1,686)	(423)	(134)	321	**(563)**
Adjusted operating profit	2,032	92	145	31	(109)	132	**2,323**
Full year 2014							
Net sales from operations	**28,488**	**73,434**	**28,994**	**12,873**	**1,429**	**(35,371)**	**109,847**
Operating profit	**10,766**	**64**	**(2,811)**	**18**	**(518)**	**398**	**7,917**
Adjusted operating profit	**11,551**	**168**	**(412)**	**479**	**(443)**	**231**	**11,574**
Assets directly attributable	**68,113**	**19,342**	**13,313**	**14,210**	**1,300**	**(486)**	**115,792**

Non-GAAP financial measures and other performance indicators disclosed throughout this press release are accompanied by explanatory notes and tables to help investors to gain a full understanding of said measures in line with guidance provided by recommendation CESR/05-178b.

Eni's Chief Financial and Risk Management Officer, Massimo Mondazzi, in his position as manager responsible for the preparation of the Company's financial reports, certifies that data and information disclosed in this press release correspond to the Company's evidence and accounting books and records, pursuant to rule 154-bis paragraph 2 of Legislative Decree No. 58/1998.

Disclaimer

This press release, in particular the statements under the section "Outlook", contains certain forward-looking statements particularly those regarding capital expenditure, development and management of oil and gas resources, dividends, allocation of future cash flow from operations, future operating performance, gearing, targets of production and sales growth, new markets and the progress and timing of projects. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future. Actual results may differ from those expressed in such statements, depending on a variety of factors, including the timing of bringing new fields on stream; management's ability in carrying out industrial plans and in succeeding in commercial transactions; future levels of industry product supply; demand and pricing; operational issues; general economic conditions; political stability and economic growth in relevant areas of the world; changes in laws and governmental regulations; development and use of new technology; changes in public expectations and other changes in business conditions; the actions of competitors and other factors discussed elsewhere in this document.

Due to the seasonality in demand for natural gas and certain refined products and the changes in a number of external factors affecting Eni's operations, such as prices and margins of hydrocarbons and refined products, Eni's results from operations and changes in net borrowings for the first quarter of the year cannot be extrapolated on an annual basis.

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This press release for the first quarter of 2015 (unaudited) is also available on Eni's website **eni.com**.

Quarterly consolidated report
Summary results for the first quarter 2015

(€ million)

Fourth Quarter 2014		First Quarter 2014	First Quarter 2015	% Ch.
26,691	**Net sales from operations**	**29,203**	**23,786**	**(18.5)**
(563)	**Operating profit**	**3,646**	**1,551**	**(57.5)**
1,255	Exclusion of inventory holding (gains) losses	7	125	
1,631	Exclusion of special items	(162)	(109)	
2,323	**Adjusted operating profit**	**3,491**	**1,567**	**(55.1)**
	Breakdown by segment:			
2,032	*Exploration & Production*	*3,450*	*955*	*(72.3)*
92	*Gas & Power*	*242*	*294*	*21.5*
145	*Refining & Marketing and Chemicals*	*(313)*	*121*	*..*
31	*Engineering & Construction*	*128*	*160*	*25.0*
(109)	*Corporate and other activities*	*(126)*	*(89)*	*29.4*
132	*Impact of unrealized intragroup profit elimination and other consolidation adjustments* [(a)]	*110*	*126*	
(223)	Net finance (expense) income [(b)]	(221)	(185)	
(287)	Net income from investments [(b)]	196	299	
(1,374)	Income taxes [(b)]	(2,235)	(977)	
75.8	*Tax rate (%)*	*64.5*	*58.1*	
439	**Adjusted net profit**	**1,231**	**704**	**(42.8)**
(2,384)	**Net profit attributable to Eni's shareholders**	**1,303**	**704**	**(46.0)**
864	Exclusion of inventory holding (gains) losses	6	87	
1,984	Exclusion of special items	(118)	(143)	
464	**Adjusted net profit attributable to Eni's shareholders**	**1,191**	**648**	**(45.6)**
	Net profit attributable to Eni's shareholders			
(0.66)	per share (€)	0.36	0.20	(44.4)
(1.65)	per ADR ($)	0.99	0.45	(54.5)
	Adjusted net profit attributable to Eni's shareholders			
0.13	per share (€)	0.33	0.18	(45.5)
0.32	per ADR ($)	0.90	0.41	(54.4)
3,603.4	**Weighted average number of outstanding shares** [(c)]	**3,617.9**	**3,601.1**	
5,386	**Net cash provided by operating activities**	**2,151**	**2,304**	**7.1**
3,633	**Capital expenditure**	**2,545**	**2,899**	**13.9**

(a) Unrealized intragroup profit elimination mainly pertained to intragroup sales of commodities, services and capital goods recorded in the assets of the purchasing business segment as of the end of the period.
(b) Excluding special items.
(c) Fully diluted (million shares).

Trading environment indicators

Fourth Quarter 2014		First Quarter 2014	First Quarter 2015	% Ch.
76.27	Average price of Brent dated crude oil [(a)]	108.20	53.97	(50.1)
1.249	Average EUR/USD exchange rate [(b)]	1.370	1.126	(17.8)
61.06	Average price in euro of Brent dated crude oil	78.98	47.93	(39.3)
4.97	Standard Eni Refining Margin (SERM) [(c)]	1.17	7.57	..
8.37	Price of NBP gas [(d)]	9.95	7.27	(26.9)
0.08	Euribor - three-month euro rate (%)	0.30	0.05	(83.3)
0.24	Libor - three-month dollar rate (%)	0.24	0.26	8.3

(a) In USD dollars per barrel. Source: Platt's Oilgram.
(b) Source: ECB.
(c) In USD per barrel FOB Mediterranean Brent dated crude oil. Source: Eni calculations. Approximates the margin of Eni's refining system in consideration of material balances and refineries' product yields.
(d) In USD per million BTU (British Thermal Unit). Source: Platt's Oilgram.

Group results

Reported

In the first quarter of 2015, Eni reported **operating profit** of €1,551 million and **net profit** of €704 million, compared to operating profit of €3,646 million and net profit of €1,303 million in the first quarter of 2014. The operating performance was negatively impacted by sharply lower Brent prices (down by 50%) due to overcapacity and by weak fundamentals of the energy sector across Europe reflecting low recovery in demand, oversupply and overcapacity, as well as continuing competitive pressure. This scenario was partly offset by the depreciation of the euro against the US dollar and by the positive effect of lower oil-based feedstock costs in refining and chemical margins.
The decline of the Exploration & Production segment operating profit, which reflected lower revenues, was partly offset by progress made in turning around the refining and chemical businesses, which also benefitted from increasing margins, and the Gas & Power segment. This latter was positively influenced by improved competitiveness on the back of the ongoing process of renegotiating the long-term gas supply portfolio and by a better performance reported by the high-value segments, mainly the retail gas, in spite of lower one-off gains from contracts renegotiation compared to the year-ago quarter.
Net profit benefitted from a gain on the fair-valued interests in Galp and Snam, which underlay two convertible bonds (€185 million; €65 million the gain recorded in the first quarter of 2014) and a reduction of approximately 9 percentage points in the Group tax rate. This reflected a lower share of taxable profit reported by the Exploration and Production segment, the afore mentioned gains which are non-taxable items, as well as a reversal of deferred taxation due to changes in the United Kingdom tax law.

Adjusted

In the first quarter of 2015, **adjusted operating profit** of €1,567 million decreased by 55.1% from the first quarter of 2014. **Adjusted net profit** attributable to Eni's shareholders of €648 million decreased by €543 million from the first quarter of 2014 (or down by 45.6%).
Adjusted net profit was calculated by excluding an inventory holding loss of €87 million and special gains of €143 million, net of tax. Furthermore, adjusted operating profit comprises exchange rate differences and exchange rate derivatives, which are entered into to manage exposure to exchange rate risk in commodity pricing formulas and trade receivables or payables denominated in a currency other than the functional currency (gains of €66 million).

Special items of the operating profit (net gains of €109 million) comprised: (i) gains on divestment of non-strategic oil&gas assets (€335 million), mainly in Nigeria; (ii) the effects of the fair-value evaluation of certain commodity derivatives contracts which lack the formal criteria to be accounted as hedges under IFRS (charges of €106 million); (iii) impairment of investments (€28 million) made for compliance and stay-in-business purposes which related to cash generating units that were completely written-off in previous reporting periods in the Refining & Marketing and Chemicals segment; and (iv) environmental provisions and provisions for redundancy incentives (€20 million and €6 million, respectively).

Non-operating special items excluded from the adjusted results mainly comprised the negative fair-value evaluation of certain exchange rate derivatives to hedge Saipem future exposure on acquired contracts for the part yet to be executed (€365 million). Special items on income taxes related to tax effects of special gains/charges and a reversal of deferred taxation due to changes in the United Kingdom tax law.

Results by business segment

The trend in the Group's adjusted net profit reflected lower adjusted operating results recorded by the Exploration & Production segment, offset by improvements in the Refining & Marketing and Chemicals, Gas & Power and Engineering & Construction segments.

Exploration & Production

In the first quarter of 2015, the Exploration & Production segment reported a decrease of €2,495 million in adjusted operating profit, down by 72.3%, to €955 million. This result reflected sharply lower oil and gas realizations in dollar terms (down by 46.5% on average) driven by lower marker Brent prices (down by 50.1%) and the weakness of the gas market, in Europe and in the United States. These negatives were partly offset by positive exchange rate effects, higher production sold, as well as lower exploration activity. Adjusted net profit amounting to €118 million, declined by 91%, reflecting an increased adjusted tax rate (up 25.5 percentage points) due to a larger share of taxable profit reported in countries with higher rates of taxes and non-deductible expenses.

Gas & Power

In the first quarter of 2015, the Gas & Power segment reported an adjusted operating profit of €294 million, which was up by €52 million, or 21.5% from the same period of the previous year. The increase was due to better competitiveness of the long-term gas supply portfolio on the back of the renegotiation process, as well as the improved performance reported by the high-value segments, namely the retail gas segment. These positives were partly offset by lower one-offs as the renegotiations made in 2014 also comprised the purchase costs of volumes supplied in previous reporting periods. Overall, the Gas & Power segment reported an adjusted net profit of €218 million, improving by €57 million from the same quarter of the previous year.

Refining & Marketing and Chemicals

In the first quarter of 2015, the Refining & Marketing and Chemicals segment reported an adjusted operating profit of €121 million, a big rebound from the adjusted operating loss of €313 million incurred in the first quarter of 2014 (up by €434 million). This increase is mostly attributable to the Refining & Marketing segment (up by €315 million) following a recovery in refining margins (up by 6.40 $/bl from 1.17 $/bl in the first quarter of 2014) in spite of structural headwinds particularly in the Mediterranean area, as well as efficiency and optimization gains.
The operating performance of the Chemical segment improved by €119 million reflecting higher product margins and volumes in intermediates, polyethylene and styrene, which were helped by temporary supply shortage of certain product categories, and cost efficiencies and turnaround programs.
Adjusted net profit of €96 million increased by €335 million from the first quarter of 2014 when this segment reported an adjusted net loss of €239 million.

Engineering & Construction

In the first quarter of 2015, the Engineering & Construction segment reported an adjusted operating profit of €160 million, increasing by €32 million from the first quarter of 2014, or 25%, reflecting activity ramp-up at recently acquired orders. Adjusted net profit of €111 million increased by €16 million.

Summarized Group Balance Sheet[5]

(€ million)

	Dec. 31, 2014	Mar. 31, 2015	Change vs. Dec. 31, 2014
Fixed assets			
Property, plant and equipment	71,962	78,509	6,547
Inventories - Compulsory stock	1,581	1,738	157
Intangible assets	3,645	3,653	8
Equity-accounted investments and other investments	5,130	5,734	604
Receivables and securities held for operating purposes	1,861	2,116	255
Net payables related to capital expenditure	(1,971)	(1,592)	379
	82,208	**90,158**	**7,950**
Net working capital			
Inventories	7,555	7,590	35
Trade receivables	19,709	21,450	1,741
Trade payables	(15,015)	(16,177)	(1,162)
Tax payables and provisions for net deferred tax liabilities	(1,865)	(2,597)	(732)
Provisions	(15,898)	(16,459)	(561)
Other current assets and liabilities	222	481	259
	(5,292)	**(5,712)**	**(420)**
Provisions for employee post-retirement benefits	**(1,313)**	**(1,313)**	
Assets held for sale including related liabilities	**291**	**209**	**(82)**
CAPITAL EMPLOYED, NET	**75,894**	**83,342**	**7,448**
Eni shareholders' equity	59,754	65,772	6,018
Non-controlling interest	2,455	2,430	(25)
Shareholders' equity	**62,209**	**68,202**	**5,993**
Net borrowings	**13,685**	**15,140**	**1,455**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**75,894**	**83,342**	**7,448**
Leverage	**0.22**	**0.22**	

The summarized Group balance sheet was affected by a sharp movement in the EUR/USD exchange rate which determined an increase in net capital employed, net borrowings and total equity of €5,751 million, €457 million and €5,294 million respectively. This was due to translation of the financial statements of US-denominated subsidiaries reflecting an 11.4% appreciation of the US dollar (1 EUR= 1.076 USD at March 31, 2015 compared to 1.214 at December 31, 2014).

Fixed assets (€90,158 million) increased by €7,950 million from December 31, 2014. This trend was attributable to favourable currency movements, capital expenditure (€2,899 million) and the increase in the line item "Equity-accounted investments and other investments" due to the fair-value evaluation of Eni's interests in Snam and Galp. Depreciation, depletion, amortization and impairment charges of €2,675 million partly offset those additions.

Net working capital (negative €5,712 million) reported a decrease of €420 million. This reflected: (i) higher tax payables and provisions for deferred taxes (down by €732 million) due to taxes accrued in the period and the fact that Italian excise taxes due on the volumes of fuels and gas delivered to final clients in the second half of December 2014 were paid before year end, whereas they are customarily paid the following month; those additions to liabilities were partly offset by income taxes paid in the period; (ii)

[5] The summarized Group balance sheet aggregates the amount of assets and liabilities derived from the statutory balance sheet in accordance with functional criteria which consider the enterprise conventionally divided into the three fundamental areas focusing on resource investments, operations and financing. Management believes that this summarized Group balance sheet is useful information in assisting investors to assess Eni's capital structure and to analyze its sources of funds and investments in fixed assets and working capital. Management uses the summarized Group balance sheet to calculate key ratios such as the proportion of net borrowings to shareholders' equity (leverage) intended to evaluate whether Eni's financing structure is sound and well-balanced.

increased provisions (down by €561 million) reflecting currency movements; partly offset by (iii) a higher balance of trade receivables and trade payables (up by €579 million).

Net assets held for sale including related liabilities (€209 million) mainly included the fair value of the networks for marketing fuels in the Slovakia and Czech Republic, and the associated interest in the refining capacity.

Shareholders' equity including non-controlling interest was €68,202 million, representing an increase of €5,993 million from December 31, 2014. This was due to comprehensive income for the quarter (€5,997 million) due to net profit (€618 million), positive foreign currency translation differences (€5,294 million) and a positive change in the cash flow hedge reserve (€117 million).

Summarized Group Cash Flow Statement[6]

(€ million)

Fourth Quarter 2014		First Quarter 2014	First Quarter 2015	Change
(2,664)	**Net profit**	**1,337**	**618**	**(719)**
	Adjustments to reconcile net profit to net cash provided by operating activities:			
4,585	- depreciation, depletion and amortization and other non-monetary items	2,112	2,305	193
11	- net gains on disposal of assets	(5)	(328)	(323)
1,651	- dividends, interests, taxes and other changes	2,390	799	(1,591)
3,288	Changes in working capital related to operations	(1,734)	416	2,150
(1,485)	Dividends received, taxes paid, interests (paid) received	(1,949)	(1,506)	443
5,386	**Net cash provided by operating activities**	**2,151**	**2,304**	**153**
(3,633)	Capital expenditure	(2,545)	(2,899)	(354)
(124)	Investments and purchase of consolidated subsidiaries and businesses	(60)	(61)	(1)
453	Disposals	2,177	547	(1,630)
482	Other cash flow related to capital expenditure, investments and disposals	(161)	(596)	(435)
2,564	**Free cash flow**	**1,562**	**(705)**	**(2,267)**
(510)	Borrowings (repayment) of debt related to financing activities	(17)	(172)	(155)
(833)	Changes in short and long-term financial debt	(56)	1,430	1,486
(124)	Dividends paid and changes in non-controlling interest and reserves	(195)		195
46	Effect of changes in consolidation and exchange differences	(1)	103	104
1,143	**NET CASH FLOW**	**1,293**	**656**	**(637)**

Change in net borrowings

(€ million)

Fourth Quarter 2014		First Quarter 2014	First Quarter 2015	Change
2,564	**Free cash flow**	**1,562**	**(705)**	**(2,267)**
	Net borrowings of acquired companies	(19)		19
	Net borrowings of divested companies		18	18
(288)	Exchange differences on net borrowings and other changes	(184)	(768)	(584)
(124)	Dividends paid and changes in non-controlling interest and reserves	(195)		195
2,152	**CHANGE IN NET BORROWINGS**	**1,164**	**(1,455)**	**(2,619)**

In the first quarter of 2015, **net cash provided by operating activities** amounted to €2,304 million. Proceeds from disposals were €547 million and mainly related to the divestment of non-strategic assets in the Exploration & Production business. These inflows funded part of the capital expenditure for the period (€2,899 million). The Group's net debt increased by €1,455 million from December 31, 2014, reflecting currency translation differences amounting to €457 million. Net cash provided by operating activities was positively influenced by higher receivables due beyond the end of the reporting period, being transferred to financing institutions compared to the amount transferred at the end of the previous reporting period (up by €352 million from December 31, 2014).

[6] Eni's summarized Group cash flow statement derives from the statutory statement of cash flows. It enables investors to understand the link existing between changes in cash and cash equivalents (deriving from the statutory cash flows statement) and in net borrowings (deriving from the summarized cash flow statement) that occurred from the beginning of the period to the end of period. The measure enabling such a link is represented by the free cash flow which is the cash in excess of capital expenditure needs. Starting from free cash flow it is possible to determine either: (i) changes in cash and cash equivalents for the period by adding/deducting cash flows relating to financing debts/receivables (issuance/repayment of debt and receivables related to financing activities), shareholders' equity (dividends paid, net repurchase of own shares, capital issuance) and the effect of changes in consolidation and of exchange rate differences; (ii) changes in net borrowings for the period by adding/deducting cash flows relating to shareholders' equity and the effect of changes in consolidation and of exchange rate differences. The free cash flow is a non-GAAP measure of financial performance.

Other information

Article No. 36 of Italian regulatory exchanges (Consob Resolution No. 16191/2007 and subsequent amendments).

Continuing listing standards about issuers that control subsidiaries incorporated or regulated in accordance with laws of extra-EU Countries.

Certain provisions have been enacted to regulate continuing Italian listing standards of issuers controlling subsidiaries that are incorporated or regulated in accordance with laws of extra-EU Countries, also having a material impact on the consolidated financial statements of the parent company. Regarding the aforementioned provisions, as of March 31, 2015, ten of Eni's subsidiaries: Burren Energy (Bermuda) Ltd, Eni Congo SA, Eni Norge AS, Eni Petroleum Co Inc, NAOC-Nigerian Agip Oil Co Ltd, Nigerian Agip Exploration Ltd, Burren Energy (Congo) Ltd, Eni Finance USA Inc, Eni Trading & Shipping Inc and Eni Canada Holding Ltd – fall within the scope of the new continuing listing standards. Eni has already adopted adequate procedures to ensure full compliance with the new regulations.

Financial and operating information by segment for the first quarter of 2015 is provided in the following pages.

Exploration & Production

Fourth Quarter 2014	RESULTS	(€ million)	First Quarter 2014	First Quarter 2015	% Ch.
6,401	**Net sales from operations**		**7,434**	**5,212**	**(29.9)**
1,473	**Operating profit**		**3,430**	**1,298**	**(62.2)**
559	Exclusion of special items:		20	(343)	
509	*- asset impairments*				
(78)	*- gains on disposal of assets*		*(1)*	*(334)*	
3	*- provision for redundancy incentives*		*10*	*1*	
(31)	*- commodity derivatives*		*1*	*11*	
(16)	*- exchange rate differences and derivatives*		*10*	*(17)*	
172	*- other*			*(4)*	
2,032	**Adjusted operating profit**		**3,450**	**955**	**(72.3)**
(66)	Net financial income (expense) [a]		(67)	(68)	
85	Net income (expense) from investments [a]		28	24	
(1,316)	Income taxes [a]		(2,098)	(793)	
64.2	*Tax rate (%)*		*61.5*	*87.0*	
735	**Adjusted net profit**		**1,313**	**118**	**(91.0)**
	Results also include:				
2,884	- amortization and depreciation		1,870	2,244	20.0
	of which:				
421	exploration expenditure		357	281	(21.3)
288	*- amortization of exploratory drilling expenditures and other*		*278*	*216*	*(22.3)*
133	*- amortization of geological and geophysical exploration expenses*		*79*	*65*	*(17.7)*
3,124	**Capital expenditure**		**2,111**	**2,601**	**23.2**
	of which:				
414	*- exploratory expenditure [b]*		*298*	*242*	(18.8)
	Production [c] [d]				
868	Liquids [e]	(kbbl/d)	822	860	4.6
4,284	Natural gas	(mmcf/d)	4,182	4,596	10.2
1,648	**Total hydrocarbons**	(kboe/d)	**1,583**	**1,697**	**7.2**
	Average realizations				
66.44	Liquids [e]	($/bbl)	99.40	48.26	(51.4)
6.65	Natural gas	($/kcf)	7.47	5.11	(31.7)
53.45	**Total hydrocarbons**	($/boe)	**71.49**	**38.28**	**(46.5)**
	Average oil market prices				
76.27	Brent dated	($/bbl)	108.20	53.97	(50.1)
61.06	Brent dated	(€/bbl)	78.98	47.93	(39.3)
73.41	West Texas Intermediate	($/bbl)	98.75	48.55	(50.8)
3.77	Gas Henry Hub	($/mmbtu)	5.17	2.88	(44.3)

(a) Excluding special items.
(b) Includes exploration licenses, acquisition costs and exploration bonuses.
(c) Supplementary operating data is provided on page 38.
(d) Includes Eni's share of production of equity-accounted entities.
(e) Includes condensates.

Results

In the first quarter of 2015, the Exploration & Production segment reported an **adjusted operating profit** of €955 million, representing a decrease of €2,495 million or 72.3% from the first quarter of 2014. This result was driven by lower oil and gas realizations in dollar terms (down by 51.4% and 31.7%, respectively), reflecting trends in the marker Brent (down by 50.1%) and lower gas prices in Europe and in the United States, while being only partially offset by a favourable exchange rate environment, higher production volumes and lower exploration costs.

In the quarter, special charges determined a negative adjustment of €343 million relating to: (i) gains on disposals of non-strategic assets (€334 million), mainly in Nigeria; (ii) exchange rate differences and derivatives that have been reclassified to adjusted operating profit and relate to exchange rate exposure on trade payables and receivables (charge of €17 million); and (iii) a fair value loss of certain derivatives embedded in the pricing formulas of long-term gas supply agreements (charge of €11 million).

In the first quarter of 2015, **adjusted net profit** amounted to €118 million. This represented a decrease of €1,195 million, or 91%, compared to the same period of the previous year, due to lower operating performance and a higher tax rate (up by 25.5 percentage points) which reflected a larger share of taxable profit reported in Countries with higher taxations and non-deductible costs.

Operating review

In the first quarter of 2015, Eni's hydrocarbon production was 1.697 million boe/d, 7.2% higher compared to the first quarter of 2014. Excluding the price effects reported in Production Sharing Agreements and portfolio developments, production increased by 3.7% due to new field start-ups and continuing production ramp-up at fields started in 2014 mainly in Angola, Congo, Egypt and the United States, as well as increased production in Libya. These positive effects were partly offset by mature fields declines. The share of oil and natural gas produced outside Italy was 90% (89% in first quarter of 2014).

Liquids production (860 kbbl/d) increased by 38 kbbl/d or 4.6% from the first quarter of 2014 with major increases mainly in Angola, Libya, the United States and Nigeria.

Natural gas production for the first quarter of 2015 was 4,596 mmcf/d, increasing by 414 mmcf/d (up by 10.2%). The mature fields declines were more than offset by the contribution of new fields start-ups and ramp-ups.

Gas & Power

Fourth Quarter 2014	RESULTS	(€ million)	First Quarter 2014	2015	% Ch.
18,182	**Net sales from operations**		**19,973**	**16,373**	**(18.0)**
(114)	**Operating profit**		**611**	**186**	**(69.6)**
(40)	Exclusion of inventory holding (gains) losses		(109)	31	
246	Exclusion of special items:		(260)	77	
24	*- asset impairments*		*1*		
(42)	*- risk provisions*				
7	*- provision for redundancy incentives*		*1*		
247	*- commodity derivatives*		*(267)*	*8*	
(19)	*- exchange rate differences and derivatives*		*5*	*69*	
29	*- other*				
92	**Adjusted operating profit**		**242**	**294**	**21.5**
1	Net finance income (expense) [(a)]		2	2	
12	Net income from investments [(a)]		32	3	
(71)	Income taxes [(a)]		(115)	(81)	
67.6	*Tax rate (%)*		*41.7*	*27.1*	
34	**Adjusted net profit**		**161**	**218**	**35.4**
61	**Capital expenditure**		**28**	**18**	**(35.7)**
	Natural gas sales [(b)]	(bcm)			
8.35	Italy		11.18	10.08	(9.8)
15.35	International sales		15.58	15.54	(0.3)
13.11	*- Rest of Europe*		*13.32*	*13.42*	*0.8*
1.40	*- Extra European markets*		*1.59*	*1.34*	*(15.7)*
0.84	*- E&P sales in Europe and in the Gulf of Mexico*		*0.67*	*0.78*	*16.4*
23.70	**Worldwide Gas Sales**		**26.76**	**25.62**	**(4.3)**
	of which:				
22.06	*- Sales of consolidated subsidiaries*		*24.37*	*24.23*	*(0.6)*
0.80	*- Eni's share of sales of natural gas of affiliates*		*1.72*	*0.61*	*(64.5)*
0.84	*- E&P sales in Europe and in the Gulf of Mexico*		*0.67*	*0.78*	*16.4*
9.32	**Electricity sales**	(TWh)	**8.25**	**8.47**	**2.7**

(a) Excluding special items.
(b) Supplementary operating data is provided on page 39.

Results

In the first quarter of 2015, the Gas & Power segment reported an **adjusted operating profit** of €294 million, increasing by €52 million (up by 21.5%) from the corresponding period of 2014. This result reflected the improved competitiveness of the wholesale business due to contract renegotiations and a positive performance of high-value segments, mainly the retail segment due to higher volumes sold in France and more typical winter weather conditions compared to the first quarter of 2014. These positives were partially offset by lower one-off effects associated with contract renegotiations relating to the purchase costs of volumes supplied in previous reporting periods.

Adjusted operating profit for the quarter was calculated by including a positive adjustment of €77 million which comprised special charges of €8 million relating to fair-valued commodity derivatives lacking the formal requisites to be accounted as hedges under IFRS, as well as exchange rate differences and derivatives that are reclassified to adjusted operating profit and relate to exchange rate exposure in commodity pricing formulas and exposure on trade payables (gains of €69 million).

In the first quarter of 2015, the **adjusted net profit** amounted to €218 million. This represented an increase of €57 million from the same period of the previous year. This reflected better operating performance as described above, which was partially offset by lower results from equity-accounted entities.

Operating review

In the first quarter of 2015, Eni's **natural gas sales** were 25.62 bcm, down by 4.3% from the same period of the previous year. Sales in Italy decreased by 9.8% to 10.08 bcm driven by lower spot sales and poor performance of the thermoelectric segment, partially offset by higher retail sales due to colder weather conditions. Sales in the European markets were barely unchanged at 12.29 bcm driven by the positive performance of the retail segment in France, partially offset by the divestment of GVS joint venture in Germany and lower sales to large customers. Sales to Extra European markets decreased by 15.7% to 1.34 bcm due to lower volumes marketed in the Far East.

Electricity sales were 8.47 TWh in the first quarter of 2015, increasing by 2.7% from a year earlier due to higher spot volumes.

Refining & Marketing and Chemicals

Fourth Quarter			First Quarter		
2014	RESULTS	(€ million)	2014	2015	Var. %
6,680	**Net sales from operations**		**7,016**	**5,356**	**(23.7)**
(1,686)	**Operating profit**		**(487)**	**99**	**..**
1,484	Exclusion of inventory holding (gains) losses		103	(133)	
347	Exclusion of special items:		71	155	
85	*- environmental charges*		*8*	*20*	
161	*- asset impairments*		*52*	*27*	
43	*- gains on disposal of assets*			*(1)*	
(13)	*- provision for redundancy incentives*		*1*	*4*	
43	*- commodity derivatives*		*2*	*90*	
11	*- exchange rate differences and derivatives*			*14*	
17	*- other*		*8*	*1*	
145	**Adjusted operating profit**		**(313)**	**121**	**..**
211	*- Refining & Marketing*		*(223)*	*92*	
(66)	*- Chemicals*		*(90)*	*29*	
(3)	Net finance income (expense) [(a)]		(2)	(1)	
(2)	Net income (expense) from investments [(a)]		34	35	
(40)	Income taxes [(a)]		42	(59)	
28.6	*Tax rate (%)*		*..*	*38.1*	
100	**Adjusted net profit**		**(239)**	**96**	**..**
279	**Capital expenditure**		**169**	**103**	**(39.1)**
	Global indicator refining margin				
4.97	Standard Eni Refining Margin (SERM) [(b)]	($/bbl)	1.17	7.57	547.0
	REFINING THROUGHPUTS AND SALES	(mmtonnes)			
5.45	**Overall refining throughputs in Italy**		**4.96**	**5.78**	**16.5**
6.63	**Refining throughputs on own account**		**5.88**	**6.91**	**17.5**
5.30	- Italy		4.77	5.68	19.1
1.33	- Rest of Europe		1.11	1.23	10.8
2.26	**Retail sales**		**2.16**	**2.04**	**(5.6)**
1.51	- Italy		1.45	1.35	(6.9)
0.75	- Rest of Europe		0.71	0.69	(2.8)
3.17	**Wholesale sales**		**2.69**	**2.79**	**3.7**
1.98	- Italy		1.68	1.71	1.8
1.19	- Rest of Europe		1.01	1.08	6.9
0.11	**Wholesale sales outside Europe**		**0.10**	**0.10**	
1,297	**Production of petrochemical products**	(ktonnes)	**1,441**	**1,430**	**(0.8)**
1,195	**Sales of petrochemical products**	(€ million)	**1,402**	**1,095**	**(21.9)**

(a) Excluding special items.

(b) In US dollars per barrel FOB Mediterranean Brent dated crude oil. Source: Eni calculations. Approximates the margin of Eni's refining system in consideration of material balances and refineries' product yields.

Results

In the first quarter of 2015, the Refining & Marketing and Chemicals segment reported **adjusted operating profit** of €121 million, up by €434 million from the adjusted operating loss of €313 million reported in the same quarter of the previous year. This positive performance was mainly driven by the Refining & Marketing business which recorded an adjusted operating profit of €92 million, compared to an adjusted operating loss of €223 million in the first quarter of 2014. This improvement reflected better refining margins, which increased sixfold compared with the particularly depressed scenario of the first quarter of 2014, following a fall in oil prices and cost efficiencies.

The Chemical business reported an adjusted operating profit of €29 million, which represents an increase of €119 million from the operating loss of €90 million reported in the first quarter of 2014. The result benefitted from higher product margins and volumes in intermediates, polyethylene and styrene, also due to temporary shortage of certain products, and cost efficiencies and turnaround programs.

Special charges excluded from adjusted operating profit of the first quarter of 2015 amounted to a net positive of €155 million. This comprised fair-value evaluation of certain commodity derivatives (charges of €90 million) lacking the formal criteria to be accounted as hedges under IFRS, impairment charges to write down compliance and stay-in-business capital expenditure at fully-impaired CGUs (€27 million), as well as the reclassification to adjusted operating profit of exchange rate differences and derivatives entered into to hedge commercial exposure (€14 million).

Adjusted net profit for the first quarter of 2015 amounted to €96 million, up by €335 million from the adjusted net loss of €239 million of the first quarter of 2014 due to a better operating performance.

Operating review

Eni's refining throughputs for the first quarter of 2015 were 6.91 mmtonnes, up by 17.5% from the first quarter of 2014. Volumes processed in Italy increased by 19.1% driven by a favourable trading environment, as well as lower shutdowns at the Milazzo and Sannazzaro plants. These positives were partly offset by the shutdown of the Gela refinery. Outside Italy, Eni's refining throughputs increased by 10.8% in the quarter, due to the increase in refining margins.

Retail sales in Italy were 1.35 mmtonnes in the first quarter of 2015, down by approximately 10 ktonnes or 6.9%, due to strong competitive pressure. In the first quarter of 2015, Eni's market share decreased by 1.7 percentage points from the first quarter of 2014 (from 25.9% to 24.2%).

Wholesale sales in Italy (1.71 mmtonnes in the first quarter of 2015) were barely unchanged from the first quarter of 2014 mainly due to higher sales of jet fuel and bunkering, offset by lower volumes of gasoil for heating reflecting the mild climate registered. Average market share in the first quarter of 2015 was 25.1% (compared with 27.3% in the first quarter of 2014).

Retail sales in the rest of Europe were 0.69 mmtonnes decreasing by 2.8% from the first quarter of 2014. Lower sales in the Czech Republic, Slovakia and France were offset by higher volumes in Germany, Austria and Switzerland.

Wholesale sales in the rest of Europe (1.08 mmtonnes in the first quarter of 2015) were slightly increased from the first quarter of 2014. Higher sales reported in the Iberian Peninsula, France and Germany were partly offset by lower volumes in Slovenia and Switzerland.

Petrochemical productions (1,430 mmtonnes) were substantially unchanged (down by 0.8%).

Summarized Group profit and loss account

(€ million)

Fourth Quarter 2014		First Quarter 2014	First Quarter 2015	% Ch.
26,691	Net sales from operations	29,203	23,786	(18.5)
662	Other income and revenues	160	563	..
(23,824)	Operating expenses	(23,674)	(20,101)	15.1
(208)	Other operating income (expense)	248	(22)	..
(3,884)	Depreciation, depletion, amortization and impairments	(2,291)	(2,675)	(16.8)
(563)	**Operating profit**	**3,646**	**1,551**	**(57.5)**
(254)	Finance income (expense)	(236)	(513)	..
(245)	Net income from investments	213	297	39.4
(1,062)	**Profit before income taxes**	**3,623**	**1,335**	**(63.2)**
(1,602)	Income taxes	(2,286)	(717)	68.6
..	*Tax rate (%)*	*63.1*	*53.7*	
(2,664)	**Net profit**	**1,337**	**618**	**(53.8)**
	of which attributable:			
(2,384)	**- Eni's shareholders**	**1,303**	**704**	**(46.0)**
(280)	- non-controlling interest	34	(86)	..
(2,384)	**Net profit attributable to Eni's shareholders**	**1,303**	**704**	**(46.0)**
864	Exclusion of inventory holding (gains) losses	6	87	
1,984	Exclusion of special items	(118)	(143)	
464	**Adjusted net profit attributable to Eni's shareholders [(a)]**	**1,191**	**648**	**(45.6)**

(a) For a detailed explanation of adjusted operating profit and adjusted net profit see the paragraph "Reconciliation of reported operating profit and reported net profit to results on an adjusted basis".

Non-GAAP measures

Reconciliation of reported operating profit and reported net profit to results on an adjusted basis

Management evaluates Group and business performance on the basis of adjusted operating profit and adjusted net profit, which are arrived at by excluding inventory holding gains or losses, special items and, in determining the business segments' adjusted results, finance charges on finance debt and interest income. The adjusted operating profit of each business segment reports gains and losses on derivative financial instruments entered into to manage exposure to movements in foreign currency exchange rates which impact industrial margins and translation of commercial payables and receivables. Accordingly also currency translation effects recorded through profit and loss are reported within business segments' adjusted operating profit. The taxation effect of the items excluded from adjusted operating or net profit is determined based on the specific rate of taxes applicable to each of them. The Italian statutory tax rate is applied to finance charges and income. Adjusted operating profit and adjusted net profit are non-GAAP financial measures under either IFRS, or US GAAP. Management includes them in order to facilitate a comparison of base business performance across periods, and to allow financial analysts to evaluate Eni's trading performance on the basis of their forecasting models.

The following is a description of items that are excluded from the calculation of adjusted results.

Inventory holding gain or loss is the difference between the cost of sales of the volumes sold in the period based on the cost of supplies of the same period and the cost of sales of the volumes sold calculated using the weighted average cost method of inventory accounting.

Special items include certain significant income or charges pertaining to either: (i) infrequent or unusual events and transactions, being identified as non-recurring items under such circumstances; (ii) certain events or transactions which are not considered to be representative of the ordinary course of business, as in the case of environmental provisions, restructuring charges, asset impairments or write ups and gains or losses on divestments even though they occurred in past periods or are likely to occur in future ones; or (iii) exchange rate differences and derivatives relating to industrial activities and commercial payables and receivables, particularly exchange rate derivatives to manage commodity pricing formulas which are quoted in a currency other than the functional currency. Those items are reclassified in operating profit with a corresponding adjustment to net finance charges, notwithstanding the handling of foreign currency exchange risks is made centrally by netting off naturally-occurring opposite positions and then dealing with any residual risk exposure in the exchange rate market. As provided for in Decision No. 15519 of July 27, 2006 of the Italian market regulator (CONSOB), non recurring material income or charges are to be clearly reported in the management's discussion and financial tables. Also, special items allow to allocate to future reporting periods gains and losses on re-measurement at fair value of certain non hedging commodity derivatives and exchange rate derivatives relating to commercial exposures, lacking the criteria to be designed as hedges, including the ineffective portion of cash flow hedges and certain derivative financial instruments embedded in the pricing formula of long-term gas supply agreements of the Exploration & Production segment.

Finance charges or income related to net borrowings excluded from the adjusted net profit of business segments are comprised of interest charges on finance debt and interest income earned on cash and cash equivalents not related to operations. Therefore, the adjusted net profit of business segments includes finance charges or income deriving from certain segment-operated assets, i.e., interest income on certain receivable financing and securities related to operations and finance charge pertaining to the accretion of certain provisions recorded on a discounted basis (as in the case of the asset retirement obligations in the Exploration & Production segment). Finance charges or interest income and related taxation effects excluded from the adjusted net profit of the business segments are allocated on the aggregate Corporate and financial companies.

For a reconciliation of adjusted operating profit, adjusted net profit to reported operating profit and reported net profit see tables below.

(€ million)

First quarter 2015	Exploration & Production	Gas & Power	Refining & Marketing and Chemicals	Engineering & Construction	Corporate and other activities	Impact of unrealized intragroup profit elimination	GROUP
Reported operating profit	**1,298**	**186**	**99**	**162**	**(93)**	**(101)**	**1,551**
Exclusion of inventory holding (gains) losses		31	(133)			227	125
Exclusion of special items:							
environmental charges			20				20
asset impairments			27		1		28
net gains on disposal of assets	(334)		(1)				(335)
provision for redundancy incentives	1		4	1			6
commodity derivatives	11	8	90	(3)			106
exchange rate differences and derivatives	(17)	69	14				66
other	(4)		1		3		
Special items of operating profit	**(343)**	**77**	**155**	**(2)**	**4**		**(109)**
Adjusted operating profit	**955**	**294**	**121**	**160**	**(89)**	**126**	**1,567**
Net finance (expense) income [(a)]	(68)	2	(1)	(2)	(116)		(185)
Net income from investments [(a)]	24	3	35	7	230		299
Income taxes [(a)]	(793)	(81)	(59)	(54)	43	(33)	(977)
Tax rate (%)	*87.0*	*27.1*	*38.1*	*32.7*			*58.1*
Adjusted net profit	**118**	**218**	**96**	**111**	**68**	**93**	**704**
of which:							
- adjusted net profit of non-controlling interest							56
- adjusted net profit attributable to Eni's shareholders							**648**
Reported net profit attributable to Eni's shareholders							**704**
Exclusion of inventory holding (gains) losses							87
Exclusion of special items							(143)
Adjusted net profit attributable to Eni's shareholders							**648**

[(a)] Excluding special items.

(€ million)

First quarter 2014	Exploration & Production	Gas & Power	Refining & Marketing and Chemicals	Engineering & Construction	Corporate and other activities	Impact of unrealized intragroup profit elimination	GROUP
Reported operating profit	**3,430**	**611**	**(487)**	**127**	**(132)**	**97**	**3,646**
Exclusion of inventory holding (gains) losses		(109)	103			13	7
Exclusion of special items:							
environmental charges			8				8
asset impairments		1	52		2		55
net gains on disposal of assets	(1)						(1)
risk provisions					4		4
provision for redundancy incentives	10	1	1		(5)		7
commodity derivatives	1	(267)	2	1			(263)
exchange rate differences and derivatives	10	5					15
other			8		5		13
Special items of operating profit	**20**	**(260)**	**71**	**1**	**6**		**(162)**
Adjusted operating profit	**3,450**	**242**	**(313)**	**128**	**(126)**	**110**	**3,491**
Net finance (expense) income [(a)]	(67)	2	(2)	(1)	(153)		(221)
Net income from investments [(a)]	28	32	34	8	94		196
Income taxes [(a)]	(2,098)	(115)	42	(40)	10	(34)	(2,235)
Tax rate (%)	*61.5*	*41.7*	*..*	*29.6*			*64.5*
Adjusted net profit	**1,313**	**161**	**(239)**	**95**	**(175)**	**76**	**1,231**
of which:							
- adjusted net profit of non-controlling interest							40
- adjusted net profit attributable to Eni's shareholders							**1,191**
Reported net profit attributable to Eni's shareholders							**1,303**
Exclusion of inventory holding (gains) losses							6
Exclusion of special items							(118)
Adjusted net profit attributable to Eni's shareholders							**1,191**

[(a)] Excluding special items.

(€ million)

Fourth quarter 2014	**Exploration & Production**	**Gas & Power**	**Refining & Marketing and Chemicals**	**Engineering & Construction**	**Corporate and other activities**	**Impact of unrealized intragroup profit elimination**	**GROUP**
Reported operating profit	**1,473**	**(114)**	**(1,686)**	**(423)**	**(134)**	**321**	**(563)**
Exclusion of inventory holding (gains) losses		(40)	1,484			(189)	1,255
Exclusion of special items:							
environmental charges			85		36		121
asset impairments	509	24	161	420	5		1,119
net gains on disposal of assets	(78)		43	1	4		(30)
risk provisions		(42)		25	5		(12)
provision for redundancy incentives	3	7	(13)	3	(28)		(28)
commodity derivatives	(31)	247	43	5			264
exchange rate differences and derivatives	(16)	(19)	11				(24)
other	172	29	17		3		221
Special items of operating profit	**559**	**246**	**347**	**454**	**25**		**1,631**
Adjusted operating profit	**2,032**	**92**	**145**	**31**	**(109)**	**132**	**2,323**
Net finance (expense) income [(a)]	(66)	1	(3)	(2)	(153)		(223)
Net income from investments [(a)]	85	12	(2)	(6)	(376)		(287)
Income taxes [(a)]	(1,316)	(71)	(40)	(28)	127	(46)	(1,374)
Tax rate (%)	*64.2*	*67.6*	*28.6*	*..*			*75.8*
Adjusted net profit	**735**	**34**	**100**	**(5)**	**(511)**	**86**	**439**
of which:							
- adjusted net profit of non-controlling interest							(25)
- adjusted net profit attributable to Eni's shareholders							**464**
Reported net profit attributable to Eni's shareholders							**(2,384)**
Exclusion of inventory holding (gains) losses							864
Exclusion of special items							1,984
Adjusted net profit attributable to Eni's shareholders							**464**

[(a)] Excluding special items.

Breakdown of special items

(€ million)

Fourth Quarter 2014		First Quarter 2014	First Quarter 2015
121	Environmental charges	8	20
1,119	Asset impairments	55	28
(30)	Net gains on disposal of assets	(1)	(335)
(12)	Risk provisions	4	
(28)	Provisions for redundancy incentives	7	6
264	Commodity derivatives	(263)	106
(24)	Exchange rate differences and derivatives	15	66
221	Other	13	
1,631	**Special items of operating profit**	**(162)**	**(109)**
31	**Net finance (income) expense**	**15**	**328**
	of which:		
24	*- exchange rate differences and derivatives*	*(15)*	*(66)*
(42)	**Net income from investments**	**(17)**	**2**
	of which:		
(63)	*- gains on disposal of assets*	*(2)*	*2*
	Galp	*(2)*	
(54)	*South Stream*		
(11)	*- impairments of equity investments*		
619	**Income taxes**	**52**	**(222)**
	of which:		
954	*- impairment of deferred tax assets of Italian subsidiaries*		
36	*- deferred tax adjustment on PSAs*		
(42)	*- re-allocation of tax impact on intercompany dividends and other special items*	*10*	*(133)*
(329)	*- taxes on special items of operating profit*	*42*	*(89)*
2,239	**Total special items of net profit**	**(112)**	**(1)**
	Attributable to:		
255	- non-controlling interest	6	142
1,984	**- Eni's shareholders**	**(118)**	**(143)**

Net sales from operations

(€ million)

Fourth Quarter 2014		First Quarter 2014	First Quarter 2015	% Ch.
6,401	Exploration & Production	7,434	5,212	(29.9)
18,182	Gas & Power	19,973	16,373	(18.0)
6,680	Refining & Marketing and Chemicals	7,016	5,356	(23.7)
5,593	*- Refining & Marketing*	*5,821*	*4,371*	*(24.9)*
1,195	*- Chemicals*	*1,402*	*1,095*	*(21.9)*
(108)	*- Consolidation adjustment*	*(207)*	*(110)*	
3,398	Engineering & Construction	2,891	3,020	4.5
420	Corporate and other activities	338	353	4.4
78	Impact of unrealized intragroup profit elimination	(13)	(28)	
(8,468)	Consolidation adjustment	(8,436)	(6,500)	
26,691		**29,203**	**23,786**	**(18.5)**

Operating expenses

(€ million)

Fourth Quarter 2014		First Quarter 2014	First Quarter 2015	% Ch.
22,500	Purchases, services and other	22,333	18,682	(16.3)
111	*of which: other special items*	*12*	*20*	
1,324	Payroll and related costs	1,341	1,419	5.8
(28)	*of which: provision for redundancy incentives and other*	*7*	*6*	
23,824		**23,674**	**20,101**	**(15.1)**

Depreciation, depletion, amortization and impairments

(€ million)

Fourth Quarter 2014		First Quarter 2014	First Quarter 2015	% Ch.
2,377	Exploration & Production	1,870	2,244	20.0
88	Gas & Power	84	89	6.0
101	Refining & Marketing and Chemicals	96	110	14.6
76	*- Refining & Marketing*	*73*	*85*	*16.4*
25	*- Chemicals*	*23*	*25*	*8.7*
188	Engineering & Construction	176	192	9.1
20	Corporate and other activities	16	18	12.5
(7)	Impact of unrealized intragroup profit elimination	(6)	(6)	
2,767	**Total depreciation, depletion and amortization**	**2,236**	**2,647**	**18.4**
1,117	**Impairments**	**55**	**28**	**(49.1)**
3,884		**2,291**	**2,675**	**16.8**

Net income from investments

(€ million)

First quarter 2015	Exploration & Production	Gas & Power	Refining & Marketing and Chemicals	Engineering & Construction	Corporate and other activities	Group
Share of gains (losses) from equity-accounted investments	17	3	(3)	7		**24**
Dividends	4		38			**42**
Net gains on disposal		(47)	32	13		**(2)**
Other income (expense), net	3				230	**233**
	24	**(44)**	**67**	**20**	**230**	**297**

Income taxes

(€ million)

Fourth Quarter 2014		First Quarter 2014	2015	Change
	Profit before income taxes			
(1,919)	Italy	454	(130)	(584)
857	Outside Italy	3,169	1,465	(1,704)
(1,062)		**3,623**	**1,335**	**(2,288)**
	Income taxes			
508	Italy	244	5	(239)
1,094	Outside Italy	2,042	712	(1,330)
1,602		**2,286**	**717**	**(1,569)**
	Tax rate (%)			
..	Italy	53.7	..	..
..	Outside Italy	64.4	48.6	(15.8)
..		**63.1**	**53.7**	**(9.4)**

Adjusted net profit

(€ million)

Fourth Quarter 2014		First Quarter 2014	2015	% Ch.
735	Exploration & Production	1,313	118	(91.0)
34	Gas & Power	161	218	35.4
100	Refining & Marketing and Chemicals	(239)	96	..
158	*- Refining & Marketing*	*(163)*	*71*	
(58)	*- Chemicals*	*(76)*	*25*	
(5)	Engineering & Construction	95	111	16.8
(511)	Corporate and other activities	(175)	68	..
86	Impact of unrealized intragroup profit elimination and other consolidation adjustments [a]	76	93	
439		**1,231**	**704**	**(42.8)**
	Attributable to:			
464	**- Eni's shareholders**	**1,191**	**648**	**(45.6)**
(25)	- non-controlling interest	40	56	40.0

(a) This item concerned mainly intragroup sales of commodities, services and capital goods recorded in the assets of the purchasing business segment as of end of the period.

Leverage and net borrowings

Leverage is a measure used by management to assess the Company's level of indebtedness. It is calculated as a ratio of net borrowings - which is calculated by excluding cash and cash equivalents and certain very liquid assets from finance debt to shareholders' equity, including non-controlling interest. Management periodically reviews leverage in order to assess the soundness and efficiency of the Group balance sheet in terms of optimal mix between net borrowings and net equity, and to carry out benchmark analysis with industry standards.

(€ million)

	Dec. 31, 2014	Mar. 31, 2015	Change vs. Dec. 31, 2014
Total debt	25,891	28,161	2,270
Short-term debt	*6,575*	*10,393*	*3,818*
Long-term debt	*19,316*	*17,768*	*(1,548)*
Cash and cash equivalents	(6,614)	(7,270)	(656)
Securities held for trading and other securities held for non-operating purposes	(5,037)	(5,052)	(15)
Financing receivables for non-operating purposes	(555)	(699)	(144)
Net borrowings	**13,685**	**15,140**	**1,455**
Shareholders' equity including non-controlling interest	**62,209**	**68,202**	**5,993**
Leverage	**0.22**	**0.22**	

Net borrowings are calculated under Consob provisions on Net Financial Position (Com. no. DEM/6064293 of 2006).

Bonds maturing in the 18-months period starting on March 31, 2015

(€ million)

Issuing entity	Amount at March 31, 2015 [(a)]
Eni SpA	5,805
Eni Finance International SA	236
	6,041

(a) Amounts include interest accrued and discount on issue.

Bonds issued in the first quarter of 2015 (guaranteed by Eni SpA)

Issuing entity	Nominal amount (million)	Currency	Amount at Mar. 31, 2015 [(a)] (€ million)	Maturity	Rate	%
Eni SpA	1,000	EUR	994	2026	fixed	1.50
			994			

(a) Amounts include interest accrued and discount on issue.

Consolidated financial statements

BALANCE SHEET

(€ million)

	Dec. 31, 2014	Mar. 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents	6,614	7,270
Financial assets held for trading	5,024	5,041
Financial assets available for sale	257	261
Trade and other receivables	28,601	31,325
Inventories	7,555	7,590
Current tax assets	762	857
Other current tax assets	1,209	1,186
Other current assets	4,385	3,592
	54,407	**57,122**
Non-current assets		
Property, plant and equipment	71,962	78,509
Inventory - compulsory stock	1,581	1,738
Intangible assets	3,645	3,653
Equity-accounted investments	3,115	3,465
Other investments	2,015	2,269
Other financial assets	1,022	1,119
Deferred tax assets	5,231	5,585
Other non-current receivables	2,773	2,812
	91,344	**99,150**
Assets held for sale	**456**	**345**
TOTAL ASSETS	**146,207**	**156,617**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term debt	2,716	3,769
Current portion of long-term debt	3,859	6,624
Trade and other payables	23,703	24,649
Income taxes payable	534	560
Other taxes payable	1,873	2,583
Other current liabilities	4,489	3,747
	37,174	**41,932**
Non-current liabilities		
Long-term debt	19,316	17,768
Provisions for contingencies	15,898	16,459
Provisions for employee benefits	1,313	1,313
Deferred tax liabilities	7,847	8,332
Other non-current liabilities	2,285	2,475
	46,659	**46,347**
Liabilities directly associated with assets held for sale	**165**	**136**
TOTAL LIABILITIES	**83,998**	**88,415**
SHAREHOLDERS' EQUITY		
Non-controlling interest	**2,455**	**2,430**
Eni shareholders' equity:		
Share capital	4,005	4,005
Reserve related to the fair value of cash flow hedging derivatives net of tax effect	(284)	(195)
Other reserves	57,343	61,839
Treasury shares	(581)	(581)
Interim dividend	(2,020)	
Net profit	1,291	704
Total Eni shareholders' equity	**59,754**	**65,772**
TOTAL SHAREHOLDERS' EQUITY	**62,209**	**68,202**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**146,207**	**156,617**

GROUP PROFIT AND LOSS ACCOUNT

(€ million)

Fourth Quarter 2014		First Quarter 2014	First Quarter 2015
	REVENUES		
26,691	Net sales from operations	29,203	23,786
662	Other income and revenues	160	563
27,353	**Total revenues**	**29,363**	**24,349**
	OPERATING EXPENSES		
22,500	Purchases, services and other	22,333	18,682
1,324	Payroll and related costs	1,341	1,419
(208)	**OTHER OPERATING (EXPENSE) INCOME**	**248**	**(22)**
3,884	**DEPRECIATION, DEPLETION, AMORTIZATION AND IMPAIRMENTS**	**2,291**	**2,675**
(563)	**OPERATING PROFIT**	**3,646**	**1,551**
	FINANCE INCOME (EXPENSE)		
343	Finance income	1,553	5,189
(773)	Finance expense	(1,744)	(5,187)
2	Finance income from financial assets held for trading, net	4	16
174	Derivative financial instruments	(49)	(531)
(254)		**(236)**	**(513)**
	INCOME (EXPENSE) FROM INVESTMENTS		
(22)	Share of profit (loss) of equity-accounted investments	66	24
(223)	Other gain (loss) from investments	147	273
(245)		**213**	**297**
(1,062)	**PROFIT BEFORE INCOME TAXES**	**3,623**	**1,335**
(1,602)	Income taxes	(2,286)	(717)
(2,664)	**Net profit**	**1,337**	**618**
	Attributable to:		
(2,384)	**- Eni's shareholders**	**1,303**	**704**
(280)	- non-controlling interest	34	(86)
	Net profit per share (€ per share)		
(0.66)	- basic	0.36	0.20
(0.66)	- diluted	0.36	0.20

COMPREHENSIVE INCOME

(€ million)	First Quarter 2014	First Quarter 2015
Net profit	**1,337**	**618**
Items subsequently reclassificable to profit and loss account	**208**	**5,379**
Foreign currency translation differences	*18*	*5,294*
Fair value evaluation of available for sale investments	*14*	
Change in the fair value of cash flow hedging derivatives	*249*	*117*
Change in the fair value of available-for-sale securities	*3*	*1*
Taxation	*(76)*	*(33)*
	208	**5,379**
Total comprehensive income	**1,545**	**5,997**
Attributable to:		
- Eni's shareholders	**1,510**	**6,021**
- non-controlling interest	35	(24)

CHANGES IN SHAREHOLDERS' EQUITY

(€ million)		
Shareholders' equity at December 31, 2014		**62,209**
Total comprehensive income	5,997	
Other changes	(4)	
Total changes		**5,993**
Shareholders' equity at March 31, 2015		**68,202**
Attributable to:		
- Eni's shareholders		**65,772**
- non-controlling interest		2,430

GROUP CASH FLOW STATEMENT

(€ million)

Fourth Quarter 2014		**First Quarter 2014**	**First Quarter 2015**
(2,664)	**Net profit**	**1,337**	**618**
	Adjustments to reconcile net profit to net cash provided by operating activities:		
2,767	Depreciation, depletion and amortization	2,236	2,647
1,117	Impairments of tangible and intangible assets, net	55	28
22	Share of profit (loss) of equity-accounted investments	(66)	(24)
11	Gain on disposal of assets, net	(5)	(328)
(95)	Dividend income	(36)	(42)
(51)	Interest income	(31)	(50)
195	Interest expense	171	174
1,602	Income taxes	2,286	717
679	Other changes	(111)	(328)
	Changes in working capital:		
2,045	- inventories	502	181
(943)	- trade receivables	(1,359)	(912)
1,192	- trade payables	(733)	452
(321)	- provisions for contingencies	90	(377)
1,315	- other assets and liabilities	(234)	1,072
3,288	*Cash flow from changes in working capital*	*(1,734)*	*416*
	Net change in the provisions for employee benefits	(2)	(18)
172	Dividends received	107	26
34	Interest received	17	31
(244)	Interest paid	(193)	(293)
(1,447)	Income taxes paid, net of tax receivables received	(1,880)	(1,270)
5,386	**Net cash provided by operating activities**	**2,151**	**2,304**
	Investing activities:		
(3,164)	- tangible assets	(2,210)	(2,641)
(469)	- intangible assets	(335)	(258)
	- consolidated subsidiaries and businesses	(15)	
(124)	- investments	(45)	(61)
(164)	- securities	(64)	(37)
(591)	- financing receivables	(484)	(378)
382	- change in payables and receivables in relation to investments and capitalized depreciation	(114)	(556)
(4,130)	*Cash flow from investments*	*(3,267)*	*(3,931)*
	Disposals:		
88	- tangible assets		382
8	- intangible assets		17
	- consolidated subsidiaries and businesses		34
357	- investments	2,177	114
8	- securities	35	10
233	- financing receivables	468	186
104	- change in payables and receivables in relation to disposals	(19)	7
798	*Cash flow from disposals*	*2,661*	*750*
(3,332)	**Net cash used in investing activities** (*)	**(606)**	**(3,181)**

GROUP CASH FLOW STATEMENT (continued)

(€ million)

Fourth Quarter 2014		First Quarter 2014	First Quarter 2015
388	Proceeds from long-term debt	991	4,181
(905)	Repayments of long-term debt	(1,416)	(3,617)
(316)	Increase (decrease) in short-term debt	369	866
(833)		**(56)**	**1,430**
(35)	Dividends paid to Eni's shareholders		
(1)	Dividends paid to non-controlling interests	(44)	
(88)	Net purchase of treasury shares	(151)	
(957)	**Net cash used in financing activities**	**(251)**	**1,430**
	Effect of change in consolidation (inclusion/exclusion of significant/insignificant subsidiaries)		(3)
46	Effect of exchange rate changes on cash and cash equivalents and other changes	(1)	106
1,143	**Net cash flow for the period**	**1,293**	**656**
5,471	**Cash and cash equivalents - beginning of the period**	**5,431**	**6,614**
6,614	**Cash and cash equivalents - end of the period**	**6,724**	**7,270**

(*) Net cash used in investing activities included investments and divestments (on net basis) in held-for-trading financial assets and other investments/divestments in certain short-term financial assets. Due to their nature and the circumstance that they are very liquid, these financial assets are netted against finance debt in determining net borrowings. Cash flows of such investments were as follows:

Fourth Quarter 2014		First Quarter 2014	First Quarter 2015
	Financing investments:		
(154)	- securities	(28)	(32)
(429)	- financing receivables	(67)	(191)
(583)		**(95)**	**(223)**
	Disposal of financing investments:		
2	- securities	27	3
71	- financing receivables	51	48
73		**78**	**51**
(510)	**Net cash flows from financing activities**	**(17)**	**(172)**

SUPPLEMENTAL INFORMATION

(€ million)

Fourth Quarter 2014		First Quarter 2014	First Quarter 2015
	Effect of investment of companies included in consolidation and businesses		
	Current assets	60	
	Non-current assets	32	
	Net borrowings	(19)	
	Current and non-current liabilities	(43)	
	Net effect of investments	**30**	
	Fair value of investments held before the acquisition of control	(15)	
	Purchase price	**15**	
	less:		
	Cash and cash equivalents		
	Cash flow on investments	**15**	
	Effect of disposal of consolidated subsidiaries and businesses		
5	Current assets		7
2	Non-current assets		19
	Net borrowings		(17)
(2)	Current and non-current liabilities		(8)
5	**Net effect of disposals**		**1**
(5)	Gains/losses on disposal		34
	Selling price		**35**
	less:		
	Cash and cash equivalents		(1)
	Cash flow on disposals		**34**

Capital expenditure

(€ million)				
Fourth Quarter 2014		**First Quarter 2014**	**2015**	**% Ch.**
3,124	Exploration & Production	2,111	2,601	23.2
414	*- exploration*	*298*	*242*	*(18.8)*
2,672	*- development*	*1,784*	*2,346*	*31.5*
38	*- other expenditure*	*29*	*13*	*(55.2)*
61	Gas & Power	28	18	(35.7)
279	Refining & Marketing and Chemicals	169	103	(39.1)
196	*- Refining & Marketing*	*111*	*73*	*(34.2)*
83	*- Chemicals*	*58*	*30*	*(48.3)*
219	Engineering & Construction	204	150	(26.5)
39	Corporate and other activities	25	7	(72.0)
(89)	Impact of unrealized intragroup profit elimination	8	20	
3,633		**2,545**	**2,899**	**13.9**

In the first quarter of 2015, capital expenditure amounted to €2,899 million (€2,545 million in the first quarter of 2014) relating mainly to:

- development activities deployed mainly in Angola, Norway, Congo, Italy, Indonesia, Kazakhstan the United States, Libya and exploratory activities of which 97% was spent outside Italy, primarily in Cyprus, Libya, Indonesia, the United Kingdom, the United States, Congo, Italy and Egypt;
- upgrading of the fleet used in the Engineering & Construction segment (€150 million);
- refining, supply and logistics in Italy and outside Italy (€60 million) with projects designed to improve the conversion rate and flexibility of refineries, as well as the upgrade of the refined product retail network (€13 million);
- initiatives to improve flexibility of the combined cycle power plants (€9 million).

Exploration & Production capital expenditure by geographic area

(€ million)				
Fourth Quarter 2014		**First Quarter 2014**	**2015**	**% Ch.**
242	Italy	206	198	(3.9)
559	Rest of Europe	370	451	21.9
364	North Africa	186	389	..
1,195	Sub-Saharan Africa	769	780	1.4
169	Kazakhstan	113	177	56.6
310	Rest of Asia	194	400	..
226	America	250	191	(23.6)
59	Australia and Oceania	23	15	(34.8)
3,124		**2,111**	**2,601**	**23.2**

Exploration & Production

PRODUCTION OF OIL AND NATURAL GAS BY REGION

Fourth Quarter 2014			First Quarter 2014	First Quarter 2015
1,648	**Production of oil and natural gas** [(a)] [(b)]	(kboe/d)	**1,583**	**1,697**
182	Italy		182	165
196	Rest of Europe		192	186
590	North Africa		542	638
339	Sub-Saharan Africa		324	342
85	Kazakhstan		102	100
97	Rest of Asia		96	109
131	America		117	128
28	Australia and Oceania		28	29
143.3	**Production sold** [(a)]	(mmboe)	**134.7**	**144.5**

PRODUCTION OF LIQUIDS BY REGION

Fourth Quarter 2014			First Quarter 2014	First Quarter 2015
868	**Production of liquids** [(a)]	(kbbl/d)	**822**	**860**
76	Italy		75	66
93	Rest of Europe		97	89
266	North Africa		246	248
247	Sub-Saharan Africa		232	256
49	Kazakhstan		59	57
42	Rest of Asia		29	50
90	America		77	87
5	Australia and Oceania		7	7

PRODUCTION OF NATURAL GAS BY REGION

Fourth Quarter 2014			First Quarter 2014	First Quarter 2015
4,284	**Production of natural gas** [(a)] [(b)]	(mmcf/d)	**4,182**	**4,596**
583	Italy		590	548
565	Rest of Europe		521	534
1,780	North Africa		1,630	2,135
501	Sub-Saharan Africa		508	471
201	Kazakhstan		236	235
306	Rest of Asia		367	327
224	America		216	226
124	Australia and Oceania		114	120

(a) Includes Eni's share of production of equity-accounted entities.
(b) Includes volumes of gas consumed in operation (398 and 401 mmcf/d in the first quarter 2015 and 2014, respectively and 408 mmcf/d in the fourth quarter 2014).

Gas & Power

Natural gas sales by market

(bcm)

Fourth Quarter 2014		First Quarter 2014	First Quarter 2015	% Ch.
8.35	**ITALY**	**11.18**	**10.08**	**(9.8)**
1.14	- Wholesalers	1.43	1.72	20.3
2.33	- Italian exchange for gas and spot markets	3.79	2.30	(39.3)
1.36	- Industries	1.20	1.36	13.3
0.40	- Medium-sized enterprises and services	0.62	0.55	(11.3)
0.30	- Power generation	0.45	0.26	(42.2)
1.39	- Residential	2.21	2.35	6.3
1.43	- Own consumption	1.48	1.54	4.1
15.35	**INTERNATIONAL SALES**	**15.58**	**15.54**	**(0.3)**
13.11	**Rest of Europe**	**13.32**	**13.42**	**0.8**
1.25	- Importers in Italy	1.19	1.13	(5.0)
11.86	- European markets	12.13	12.29	1.3
1.32	*Iberian Peninsula*	*1.52*	*1.14*	*(25.0)*
1.95	*Germany/Austria*	*2.15*	*1.61*	*(25.1)*
3.03	*Benelux*	*2.33*	*2.84*	*21.9*
0.54	*Hungary*	*0.68*	*0.72*	*5.9*
0.65	*UK*	*0.89*	*0.72*	*(19.1)*
1.94	*Turkey*	*1.99*	*2.07*	*4.0*
2.27	*France*	*2.38*	*2.53*	*6.3*
0.16	*Other*	*0.19*	*0.66*	..
1.40	**Extra European markets**	**1.59**	**1.34**	**(15.7)**
0.84	**E&P sales in Europe and in the Gulf of Mexico**	**0.67**	**0.78**	**16.4**
23.70	**WORLDWIDE GAS SALES**	**26.76**	**25.62**	**(4.3)**

Chemicals

Fourth Quarter 2014			First Quarter 2014	First Quarter 2015
	Sales of petrochemical products	(€ million)		
528	Intermediates		627	438
628	Polymers		737	649
39	Other revenues		38	8
1,195			**1,402**	**1,095**
	Production	(ktonnes)		
726	Intermediates		832	822
571	Polymers		609	608
1,297			**1,441**	**1,430**

Engineering & Construction

(€ million)

Fourth Quarter 2014	Orders acquired	First Quarter 2014	First Quarter 2015
749	Engineering & Construction Offshore	2,711	2,122
1,872	Engineering & Construction Onshore	973	256
178	Offshore drilling	81	9
184	Onshore drilling	135	12
2,983		**3,900**	**2,399**

(€ million)

	Dec. 31, 2014	Mar. 31, 2015
Order backlog	**22,147**	**21,526**