

ENI SPA  
Form 6-K  
September 03, 2013  
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**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

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**Form 6-K**

**REPORT OF FOREIGN ISSUER**  
Pursuant to Rule 13a-16 or 15d-16 of  
the Securities Exchange Act of 1934

For the month of August 2013

**Eni S.p.A.**

(Exact name of Registrant as specified in its charter)

**Piazzale Enrico Mattei 1 - 00144 Rome, Italy**  
(Address of principal executive offices)

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(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F                       Form 40-F

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(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2b under the Securities Exchange Act of 1934.)

Yes                       No

(If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):  
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Press Release dated August 13, 2013

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorised.

Eni S.p.A.

Name: Antonio Cristodoro  
Title: Head of Corporate Secretary's Staff  
Office

Date: August 31, 2013

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### **Eni Interim Consolidated Report / Highlights**

**Results** > In the first half of 2013, adjusted net profit amounted to euro 1.96 billion decreasing by 46%<sup>1</sup> or by 35.9% net of losses incurred by the Engineering & Construction segment, due to a lower operating performance (down 43%<sup>1</sup> or down 33.3% excluding Saipem losses) reflecting declining Brent prices and ongoing difficult conditions in mid and downstream sectors.

Net cash generated by operating activities of euro 4.75 billion and cash from disposals of euro 2.47 billion were used to fund financing requirements associated with capital expenditure (euro 5.93 billion), mainly focused on the development of hydrocarbon reserves and dividend payments of euro 2.17 billion. Net borrowings as of June 30, 2013 increased by euro 0.98 billion from December 31, 2012 to euro 16.49 billion.

Ratio of net borrowings to shareholders' equity including minority interest leverage was 0.27 at June 30, 2013.

**Interim dividend** > In light of the financial results achieved for the first half of 2013 and management's expectations for full-year results, the interim dividend proposal to the Board of Directors on September 19, 2013, will amount to euro 0.55 per share (euro 0.54 per share in 2012). The interim dividend is payable on September 26, 2013, with September 23, 2013 being the ex dividend date.

**Divestment of an interest in Eni East Africa** > In July 2013, Eni and China National Petroleum Corporation (CNPC) closed the sale of 28.57% share capital of the subsidiary Eni East Africa, which currently owns a 70% interest in Area 4 offshore Mozambique, for an agreed price equal to \$4,210 million, integrated for contractual balances provided until the date of closing. CNPC indirectly acquires, through its 28.57% equity investment in Eni East Africa, a 20% interest in Area 4, while Eni will retain a 50% interest through the remaining stake in Eni East Africa. CNPC's entrance into Area 4 is a strategic improvement for the project because of the standing of the company in the upstream and downstream sectors worldwide.

**Liquids and gas production** > In the first half of 2013, liquid and gas production was 1.624 million boe/d, representing a decrease of 2.7% due to force majeure events in Nigeria, particularly significant, and in Libya, and by the disposals made in 2012, while it was partially helped by the restart of the Elgin-Franklin field in the UK, which was offline in 2012. When excluding these impacts, production was unchanged for the first half of 2013, driven by new field start-up and continuing production ramp-ups, partly offset by planned facility downtimes and mature fields decline.

**Start-ups** > In line with production plans the following projects have been started up: MLE-CAFC (Eni's interest 75%) and El Merk (Eni's interest 12.25%) in Algeria, liquefaction plant Angola LNG (13.6%), the offshore Abo-Phase 3 project in Nigeria, giant heavy oil field Junin 5 (Eni's interest 40%) in Venezuela, and Skuld (Eni's interest 11.5%) in Norway.

**Exploration successes** > Main exploration results occurred in Mozambique, Egypt, Angola, Congo, Ghana and Pakistan adding 950 million boe of fresh resources to the Company's resource base, with unit exploration cost of 1.1 \$/boe.

**Natural gas sales** > First half sales of gas were 49.26 bcm, decreasing by 3% from the first half of 2012. Excluding the divestment of Galp, sales decreased by 0.7% driven by poor demand in the wake of

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(1) Calculated excluding Snam's contribution to Group results. This is the result of Snam transactions with Eni included in the continuing operations results of the first half 2012 according to IFRS 5. Adjusted operating profit and adjusted net profit are not provided by IFRS.

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the downturn and strong competitive pressure. Sales in Italy held well (up 1.9%) in spite of a weak power generation segment.

**Safety** > In the first half of 2013 the injury frequency rates relating to employees and contractors progressed in their positive trends when compared to the first half of 2012 (down 38.6% for contractors and down 46.7 for employees) as well as to the full year 2012. The Company prosecuted in the communication and training program "Eni in safety" aimed at reducing the injury frequency related to behavioral factors, the first injury cause. The first half of 2013 saw also the continuation of the "zero fatalities" project with the objective to deal incisively with the critical issue of fatalities.

**Snam divestment** > On May 9, 2013, Eni divested to institutional investors 395,253,345 shares equal to 11.69% of the share capital of Snam SpA, for a total consideration of euro 1,458.5 million. Following the placement Eni has completed the divestment of its interest in Snam with the residual interest of 8.54% in Snam underlying the euro 1,250 million convertible bond due on January 2016.

**Galp divestment** > On May 31, 2013, Eni divested to institutional investors 55,452,341 ordinary shares, corresponding to approximately 6.7% of the share capital of Galp Energia SGPS SA for a total consideration of euro 677.6 million. As of June 30, 2013, Eni retains a 16.34% interest in Galp, of which 8% underlying the approximately euro 1,028 million exchangeable bond due on November 2015 and 8.34% subject to certain pre-emption rights or options exercisable by Amorim Energia.

**Business developments** > The North Caspian Operating Co Consortium (Eni share 16.81%) that operates the development of the Kashagan field is currently focused on completing the Experimental Program. In June 2013, the onshore treatment plant in Bolashak came on line; in July operational testing activities started at offshore production facilities. Production start-up is expected in the next weeks. Security remains the priority of the Consortium throughout the whole process to achieve first oil.

In June 2013, Eni and Rosneft completed a strategic cooperation agreement for operating offshore exploration activities off the Russian section of the Barents Sea (Fedynsky and Central Barents licenses) where seismic surveys have been started, and the Russian section of the Black Sea (Western Cernomorsky license).

In June 2013, following an international licensing round Eni was awarded the operatorship with an ownership interest of 40% in the PL 717, PL 712 and PL 716 licenses and the ownership interest of 30% in the PL 714 exploration license in the Norwegian section of the Barents Sea.

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<b>Financial highlights *</b>				
		ii	<b>First half</b>	
<b>2012</b>			<b>2012</b>	<b>2013</b>
		(euro million)		
127,220	Net sales from operations - continuing operations		63,203	<b>59,276</b>
15,071	Operating profit - continuing operations		9,340	<b>5,293</b>
19,798	Adjusted operating profit - continuing operations <sup>(a)</sup>		10,458	<b>5,660</b>
7,790	Net profit <sup>(b)</sup>		3,844	<b>1,818</b>
4,200	Net profit - continuing operations <sup>(b)</sup>		3,700	<b>1,818</b>
3,590	Net profit - discontinued operations <sup>(b)</sup>		144	
7,130	Adjusted net profit - continuing operations <sup>(a)</sup>		3,833	<b>1,961</b>
12,356	Net cash provided by operating activities - continuing operations		8,340	<b>4,752</b>
12,761	Capital expenditure - continuing operations		5,647	<b>5,931</b>
139,878	Total assets at period end		150,675	<b>137,585</b>
62,558	Shareholders' equity including non-controlling interest at period end		63,514	<b>61,845</b>
15,511	Net borrowings at period end		26,909	<b>16,492</b>
78,069	Net capital employed at period end		90,423	<b>78,337</b>
18,34	Share price at period end	(euro)	16,78	<b>15,78</b>
3,622.8	Number of shares outstanding at period end	(million)	3,622.7	<b>3,622.8</b>

\* Pertaining to continuing operations. Following the divestment plan of the Regulated Businesses in Italy, results of Snam are represented as discontinued operations throughout this Interim Consolidated Report.

(a) For a detailed explanation of adjusted (net and operating) profits, that exclude inventory holding gain/loss and special items, see paragraph "Reconciliation of reported operating profit and reported net profit to results on an adjusted basis".

(b) Profit attributable to Eni's shareholders.

<b>Summary financial data **</b>				
		ii	<b>First half</b>	
<b>2012</b>			<b>2012</b>	<b>2013</b>
	Net profit - continuing operations			
1.16	- per share <sup>(a)</sup>	(euro)	1.02	<b>0.50</b>
2.98	- per ADR <sup>(a) (b)</sup>	(USD)	2.64	<b>1.31</b>
	Adjusted net profit - continuing operations			
1.97	- per share <sup>(a)</sup>	(euro)	1.06	<b>0.54</b>
5.06	- per ADR <sup>(a) (b)</sup>	(USD)	2.75	<b>1.42</b>
10.1	Return On Average Capital Employed (ROACE) adjusted		n. d.	<b>7.0</b>
13.6	Return On Average Equity		6.2	<b>3.1</b>
0.25	Leverage		0.42	<b>0.27</b>
11.9	Coverage		14.6	<b>8.8</b>
1.4	Current ratio		1.2	<b>1.4</b>
79.8	Debt coverage		31.3	<b>28.8</b>

\*\* See "Glossary" for indicators explanation.

(a) Fully diluted. Ratio of net profit and average number of shares outstanding in the period. Dollar amounts are converted on the basis of the average EUR/USD exchange rate quoted by ECB for the period presented.

(b) One American Depositary Receipt (ADR) is equal to two Eni ordinary shares.



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<b>Operating and sustainability data</b>				
			<b>First half</b>	
<b>2012</b>			<b>2012</b>	<b>2013</b>
77,838	Employees at period end	(number)	73,844	<b>81,084</b>
12,860	<i>of which - women</i>		12,559	<b>13,283</b>
51,194	<i>- outside Italy</i>		46,814	<b>54,509</b>
18.9	Female managers	(%)	18.7	<b>19.0</b>
0.57	Employees injury frequency rate	(No. of accidents per million hours worked)	0.62	<b>0.38</b>
0.45	Contractors injury frequency rate		0.55	<b>0.29</b>
1.10	Fatality index		0.93	<b>0.95</b>
3,856	Oil spills due to operations in the environment	(barrels)	668	<b>1,123</b>
52.49	GHG emission	(mmt tonnes CO <sub>2</sub> eq)	26.32	<b>24.06</b>
211	R&D expenditures <sup>(a)</sup>	(euro million)	82	<b>88</b>
<b>Exploration &amp; Production</b>				
1,701	Production of hydrocarbons	(kboe/d)	1,669	<b>1,624</b>
882	<i>- Liquids</i>	(kbbbl/d)	861	<b>832</b>
4,501	<i>- Natural gas</i>	(mmcf/d)	4,437	<b>4,350</b>
598.7	Production sold	(mmboe)	293.8	<b>276.1</b>
<b>Gas &amp; Power</b>				
95.32	Worldwide gas sales <sup>(b)</sup>	(bcm)	50.76	<b>49.26</b>
34.78	<i>- in Italy</i>		18.67	<b>19.03</b>
60.54	<i>- outside Italy</i>		32.09	<b>30.23</b>
<b>Refining &amp; Marketing</b>				
30.01	Refinery throughputs on own account	(mmt tonnes)	14.27	<b>13.76</b>
10.87	Retail sales of petroleum products in Europe		5.27	<b>4.82</b>
2,064	Average throughput of service stations in Europe	(kliters)	1,079	<b>1,003</b>
<b>Versalis</b>				
6,090	Production	(ktonnes)	3,114	<b>3,025</b>
3,953	Sales of petrochemical products		2,170	<b>1,988</b>
66.7	Average utilization rate	(%)	66.0	<b>68.0</b>
<b>Engineering &amp; Construction</b>				
13,391	Orders acquired	(euro million)	6,303	<b>7,151</b>
19,739	Order backlog at period end		20,323	<b>21,704</b>

(a) Net of general and administrative costs.

(b) Includes Exploration &amp; Production natural gas sales amounting to 1.34 bcm (1.30 and 2.73 bcm in the first half of 2012 and in the year 2012, respectively).

**Contents**Eni Interim Consolidated Report / **Operating review****Exploration & Production****Key performance indicators**

2012			First half	
			2012	2013
0.28	Employees injury frequency rate	(No. of accidents per million of worked hours)	0.31	<b>0.06</b>
0.36	Contractors injury frequency rate		0.43	<b>0.33</b>
0.81	Fatality index	(No. of fatalities per 100 million of worked hours)	0.80	-
35,881	Net sales from operations <sup>(a)</sup>	(euro million)	17,896	<b>15,618</b>
18,470	Operating profit		9,552	<b>7,436</b>
18,537	Adjusted operating profit		9,334	<b>7,408</b>
7,426	Adjusted net profit		3,708	<b>3,111</b>
10,307	Capital expenditure		4,455	<b>4,893</b>
Average realizations <sup>(b)</sup>				
102.58	- Liquids	(\$/bbl)	106.53	<b>97.60</b>
7.12	- Natural gas	(\$/mcf)	7.15	<b>7.27</b>
73.39	- Hydrocarbons	(\$/boe)	75.10	<b>70.33</b>
Production of hydrocarbons <sup>(b)</sup>				
882	- Liquids	(kbbbl/d)	861	<b>832</b>
4,501	- Natural gas	(mmcf/d)	4,437	4,350
1,701	- Hydrocarbons	(kboe/d)	1,669	1,624
11,304	Employees at period end	(units)	10,729	<b>11,904</b>
7,371	of which: <i>outside Italy</i>		6,919	<b>7,901</b>
3,093	Oil spills due to operations in the environment	(bbl)	614	<b>972</b>
8,384	Oil spills from sabotage and terrorism		5,458	<b>1,128</b>
28.46	Direct GHG emissions	(mmtonnes CO <sub>2</sub> eq)	13.96	<b>13.34</b>
9.46	of which: <i>from flaring</i>		4.88	<b>5.01</b>

(a) Before elimination of intragroup sales.

(b) Includes Eni's share of equity-accounted entities.

**Mineral right portfolio and exploration activities**

As of June 30, 2013, Eni's mineral right portfolio consisted of 1,045 exclusive or shared rights for exploration and development in 42 countries on five continents for a total acreage of 286,465 square kilometers net to Eni of which developed acreage was 40,240 square kilometers and undeveloped acreage was 246,225 square kilometers.

In the first half of 2013, changes in total net acreage mainly derived from: (i) new leases in the Republic of Cyprus, Norway, Russia and Vietnam for a total acreage of approximately 43,000 square kilometers; and (ii) total relinquishment of leases mainly in Angola, Egypt, the United States and Timor Leste, covering approximately 5,000 square kilometers.

In the first half of 2013, a total of 28 new exploratory wells were drilled (15 of which represented Eni's share), as compared to 33 exploratory wells drilled in the first half of 2012 (19 of which represented Eni's share).



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	December 31, 2012		June 30, 2013					
	Total net acreage <sup>(a)</sup>	Number of interests	Gross developed acreage <sup>(a)</sup> <sup>(b)</sup>	Gross undeveloped acreage <sup>(a)</sup>	Total gross acreage <sup>(a)</sup>	Net developed acreage <sup>(a)</sup> <sup>(b)</sup>	Net undeveloped acreage <sup>(a)</sup>	Total net acreage <sup>(a)</sup>
<b>EUROPE</b>	<b>27,423</b>	<b>293</b>	<b>17,007</b>	<b>42,055</b>	<b>59,062</b>	<b>11,087</b>	<b>27,166</b>	<b>38,253</b>
Italy	17,556	149	10,663	10,766	21,429	8,948	8,293	17,241
Rest of Europe	9,867	144	6,344	31,289	37,633	2,139	18,873	21,012
Cyprus		3		12,523	12,523		10,018	10,018
Croatia	987	2	1,975		1,975	987		987
Norway	2,676	58	2,264	9,347	11,611	346	3,453	3,799
Poland	1,968	3		1,968	1,968		1,968	1,968
United Kingdom	914	63	2,055	531	2,586	776	119	895
Ukraine	1,941	12	50	3,840	3,890	30	1,911	1,941
Other Countries	1,381	3		3,080	3,080		1,404	1,404
<b>AFRICA</b>	<b>142,796</b>	<b>280</b>	<b>63,945</b>	<b>184,769</b>	<b>248,714</b>	<b>19,835</b>	<b>119,031</b>	<b>138,866</b>
<b>North Africa</b>	<b>21,390</b>	<b>117</b>	<b>31,859</b>	<b>16,341</b>	<b>48,200</b>	<b>14,020</b>	<b>6,982</b>	<b>21,002</b>
Algeria	1,232	42	2,582	966	3,548	1,050	137	1,187
Egypt	4,590	54	4,866	6,687	11,553	1,746	2,501	4,247
Libya	13,294	10	17,947	8,688	26,635	8,950	4,344	13,294
Tunisia	2,274	11	6,464		6,464	2,274		2,274
<b>Sub-Saharan Africa</b>	<b>121,406</b>	<b>163</b>	<b>32,086</b>	<b>168,428</b>	<b>200,514</b>	<b>5,815</b>	<b>112,049</b>	<b>117,864</b>
Angola	6,079	72	4,803	16,826	21,629	636	3,835	4,471
Congo	5,035	27	1,835	7,681	9,516	1,017	4,008	5,025
Democratic Republic of Congo	263	1		478	478		263	263
Gabon	7,615	6		7,615	7,615		7,615	7,615
Ghana	1,885	2		5,144	5,144		1,885	1,885
Kenya	35,724	3		35,724	35,724		35,724	35,724
Liberia	2,036	3		8,145	8,145		2,036	2,036
Mozambique	9,069	1		10,207	10,207		7,145	7,145
Nigeria	7,646	41	25,448	10,838	36,286	4,162	3,484	7,646
Togo	6,192	2		6,192	6,192		6,192	6,192
Other Countries	39,862	5		59,578	59,578		39,862	39,862
<b>ASIA</b>	<b>58,042</b>	<b>78</b>	<b>16,608</b>	<b>182,873</b>	<b>199,481</b>	<b>5,581</b>	<b>81,748</b>	<b>87,329</b>
<b>Kazakhstan</b>	<b>869</b>	<b>6</b>	<b>324</b>	<b>4,609</b>	<b>4,933</b>	<b>95</b>	<b>774</b>	<b>869</b>
<b>Rest of Asia</b>	<b>57,173</b>	<b>72</b>	<b>16,284</b>	<b>178,264</b>	<b>194,548</b>	<b>5,486</b>	<b>80,974</b>	<b>86,460</b>
China	10,495	11	200	10,456	10,656	39	10,456	10,495
India	6,208	11	206	16,546	16,752	109	6,099	6,208
Indonesia	19,734	13	1,735	28,490	30,225	656	19,188	19,844
Iran	820	4	1,456		1,456	820		820
Iraq	352	1	1,074		1,074	352		352
Pakistan	10,533	19	7,911	20,210	28,121	2,281	8,055	10,336
Russia	1,469	7	3,502	64,086	67,588	1,029	21,301	22,330
Timor Leste	4,118	1		2,310	2,310		1,848	1,848
Turkmenistan	200	1	200		200	200		200

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Vietnam		3		21,566	21,566		10,783	10,783
Other Countries	3,244	1		14,600	14,600		3,244	3,244
<b>AMERICA</b>	<b>9,075</b>	<b>381</b>	<b>4,478</b>	<b>13,668</b>	<b>18,146</b>	<b>3,028</b>	<b>5,636</b>	<b>8,664</b>
Ecuador	1,985	1	1,985		1,985	1,985		1,985
Trinidad & Tobago	66	1	382		382	66		66
United States	4,632	365	1,733	5,694	7,427	879	3,342	4,221
Venezuela	1,066	6	378	2,427	2,805	98	968	1,066
Other Countries	1,326	8		5,547	5,547		1,326	1,326
<b>AUSTRALIA AND OCEANIA</b>	<b>13,834</b>	<b>13</b>	<b>1,140</b>	<b>21,774</b>	<b>22,914</b>	<b>709</b>	<b>12,644</b>	<b>13,353</b>
Australia	13,796	13	1,140	21,774	22,914	709	12,644	13,353
Other Countries	38							
<b>Total</b>	<b>251,170</b>	<b>1,045</b>	<b>103,178</b>	<b>445,139</b>	<b>548,317</b>	<b>40,240</b>	<b>246,225</b>	<b>286,465</b>

(a) Square kilometers.

(b) Developed acreage refers to those leases in which at least a portion of the area is in production or encompasses proved developed reserves.

## Oil and gas production

In the first half of 2013, Eni's liquids and gas production was 1,624 kboe/d, down 2.7% from the same period of 2012. Performance was affected by force majeure events in Nigeria, particularly significant, and in Libya and by the disposals made in 2012 relating to the divestment of a 10% interest in the Karachaganak field and the Galp transaction, while it was partly helped by the restart of the Elgin-Franklin field (Eni's interest 21.87%, operated by another oil major) in the UK, which was offline in 2012

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due to an accident. When excluding these impacts, production for the first half of 2013 was unchanged driven by new field start-ups and continuing production ramp-up mainly in Russia, Algeria, Angola and Egypt, partly offset by planned facility downtime, mainly in Kazakhstan and in the North Sea, and mature field declines. The share of oil and natural gas produced outside Italy was 89% in the first half of 2013.

In the first half of 2013, liquids production (832 kbb/d) decreased by 29 kbb/d, down 3.4%, due to lower production in Nigeria, planned facility downtimes as well as mature field declines. These negatives were partly offset by start ups/ramp-ups mainly in Egypt, Russia and Angola, and higher production in Iraq.

Natural gas production (4,350 mmcf/d) decreased by 87 mmcf/d from the first half of 2012 (down 2.4%). Lower production in Nigeria and mature field declines were partly offset by the contribution of the start-ups/ramp-ups of the period mainly in Russia, Algeria and Angola.

Oil and gas production sold amounted to 276.1 mmboe. The 17.8 mmboe difference over production (293.9 mmboe) reflected mainly volumes of natural gas consumed in operations.

**Hydrocarbons production** <sup>(a)</sup> <sup>(b)</sup>

2012	(kboe/d)	First half			
		2012	2013	Change	% Ch.
189 Italy		188	181	(7)	(3.7)
178 Rest of Europe		190	154	(36)	(18.9)
586 North Africa		571	576	5	0.9
345 Sub-Saharan Africa		334	317	(17)	(5.1)
102 Kazakhstan		108	104	(4)	(3.7)
129 Rest of Asia		120	145	25	20.8
135 America		119	115	(4)	(3.4)
37 Australia and Oceania		39	32	(7)	(17.9)
<b>1,701</b>		<b>1,669</b>	<b>1,624</b>	<b>(45)</b>	<b>(2.7)</b>
<b>598.7 Production sold</b>	(mmboe)	<b>293.8</b>	<b>276.1</b>	<b>(17.7)</b>	<b>(6.0)</b>

**Liquids production** <sup>(a)</sup>

2012	(kbb/d)	First half			
		2012	2013	Change	% Ch.
63 Italy		65	65		
95 Rest of Europe		101	77	(24)	(23.8)
271 North Africa		258	257	(1)	(0.4)
247 Sub-Saharan Africa		244	239	(5)	(2.0)
61 Kazakhstan		65	64	(1)	(1.5)
44 Rest of Asia		39	51	12	30.8
83 America		67	68	1	1.5
18 Australia and Oceania		22	11	(11)	(50.0)
<b>882</b>		<b>861</b>	<b>832</b>	<b>(29)</b>	<b>(3.4)</b>

**Natural gas production** <sup>(a)</sup> <sup>(b)</sup>

2012	(mmcf/d)	First half			
		2012	2013	Change	% Ch.
695 Italy		675	637	(38)	(5.6)
459 Rest of Europe		484	423	(61)	(12.6)
1,733 North Africa		1,716	1,753	37	2.2
539 Sub-Saharan Africa		494	433	(61)	(12.3)
222 Kazakhstan		242	216	(26)	(10.7)
468 Rest of Asia		445	519	74	16.6
284 America		287	258	(29)	(10.1)
101 Australia and Oceania		94	111	17	18.1
<b>4,501</b>		<b>4,437</b>	<b>4,350</b>	<b>(87)</b>	<b>(2.4)</b>

(a) Includes Eni's share of equity-accounted entities.

(b) Includes volumes of gas consumed in operation (415 and 342 mmcf/d in the first half 2013 and 2012, respectively and 383 mmcf/d in 2012).

## Main exploration and development projects

### Italy

In the Val d'Agri concession (Eni's interest 60.77%) the development plan is ongoing as agreed with the Basilicata Region in 1998. The construction of a new gas treatment unit progressed with a production target capacity of 104 kbbbl/d.

Other main development activities concerned: (i) the maintenance and production optimization at the Annamaria, Angela Angelina, Cervia, and Rospo fields in the Adriatic offshore, the Trecate field in the Po Valley as well as the Tresauro, Gela and Ragusa fields in Sicily; (ii) the upgrading of compression and hydrocarbon treatment facilities at the production platform of the Barbara field; and (iii) the start-up of development projects for the Elettra and Fauzia fields in the Adriatic offshore.

### Rest of Europe

**Norway** Eni was awarded the operatorship and a 40% interest in the PL 717, PL 712 and PL 716 exploration licenses and a 30% stake in the PL 714 license in the Barents Sea.

In March 2013, the Skuld field (Eni's interest 11.5%) started up with a production of approximately 30 kboe/d (approximately 4 kboe/d net to Eni).

Development activities have been progressing at the Goliath field (Eni operator with a 65% interest) in the Barents Sea. Start-up is expected in 2014.

Other ongoing activities aimed at maintaining and optimizing production at the Ekofisk field (Eni's interest 12.39%) by means of drilling of infilling wells, the development of the South Area, upgrading of existing facilities and optimization of water injection.

**United Kingdom** Within its strategy of portfolio optimization, Eni continued the divestment program of development/production assets in the Country. The sale of Kinnoull and of five exploration assets was completed. The completion date for the other assets is expected in the second half of 2013.

Main development activities concerned: (i) the construction of production and treatment facilities at the gas and condensates Jasmine field (Eni's interest 33%). Start-up is expected by the end of 2013; and (ii) the construction of production platforms and linkage to nearby treatment facilities at the West Franklin field (Eni's interest 21.87%). Start-up is expected in 2014.

### North Africa

**Algeria** Production started at the MLE-CAFC project (Eni's interest 75%). A natural gas treatment plant started operations with a production and export capacity of approximately 320 mmcf/d of gas, 15 kbbbl/d of oil and condensates and 12 kbbbl/d of LPG. Four export pipelines link it to the national grid system.

The MLE-CAFC project targets a production plateau of approximately 33 kboe/d net to Eni by 2016.

In the first half of 2013, production started at the El Merk field (Eni's interest 12.25%) with the construction of a gas treatment plant for approximately 600 mmcf/d, two oil trains for 65 kbbbl/d each and three export pipelines linked to the local network. Production peak of 18 kboe/d net to Eni is expected in 2015.

**Egypt** Exploration activities yielded positive results with the Rosa North-1X oil discovery in the Meleiha development lease (Eni's interest 56%). The development plan provides for the drilling of a new well in 2013. Expected production for the year is 5 kbbbl/d, leveraging on the production facilities in the area.

In the first half of 2013, Eni was awarded the operatorship and a 100% interest in an exploration block in deep waters

in the Eastern Mediterranean Sea.

Development activities concerned: (i) infilling activities at the Belayim (Eni's interest 100%), Denise (Eni's interest 50%) and Tuna (Eni's interest 50%) fields to optimize the recovery of their mineral potential; (ii) development drilling at the Emry Deep (Eni's interest 56%) discovery and at the Seth field (Eni's interest 50%); and (iii) development program of the DEKA field (Eni's interest 50%).

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**Angola** The LNG plant managed by the Angola LNG consortium (Eni's interest 13.6%) started up and delivered its first cargo in June 2013. The plant envisages the development of 10,594 bcf of gas in 30 years.

Development activities progressed at: (i) the West Hub in Block 15/06, with start-up expected in the fourth quarter of 2014; (ii) the second phase of Kizomba satellites in the Development Area of former Block 15 (Eni's interest 20%). The project provides for the linkage of three additional discoveries to the existing FPSO. Start-up is expected in 2015; (iii) the Mafumeira field in Area A of Block 0 (Eni's interest 9.8%) with installation of production and treatment platforms and underwater linkage. Start-up is expected in 2015; and (iv) the Lianzi field in Block 14 KA/IMI (Eni's interest 10%) through the linkage to the existing production facilities. Start-up is expected in 2015.

**Congo** Exploration activities yielded positive results in offshore block Marine XII (Eni operator with a 65% interest) with the oil and gas discovery and the appraisal activity in the Nene Marine field.

Activities on the M Boundi field (Eni operator with an 83% interest) moved forward with the application of Eni advanced recovery techniques and a design to monetize associated gas within the activities aimed at zero gas flaring by 2013. Gas is sold under long-term contracts to power plants in the area including the CEC Centrale Electrique du Congo (Eni's interest 20%) with a 300 MW generation capacity. These facilities will also receive in the future gas from the offshore discoveries of the Marine XII permit.

**Mozambique** In July 2013, Eni and China National Petroleum Corporation (CNPC) closed the sale of 28.57% share capital of the subsidiary Eni East Africa, which currently owns 70% interest in Area 4 in the offshore of Mozambique, for an agreed price equal to \$4,210 million, integrated for contractual balances provided until the date of closing. CNPC indirectly acquires, through its 28.57% equity investment in Eni East Africa, a 20% interest in Area 4, offshore Mozambique, while Eni will retain the 50% interest through the remaining stake in Eni East Africa. CNPC's entrance into Area 4 is strategically significant for the project because of the worldwide importance of the company in the upstream and downstream sectors. In addition, the planned activities of the Joint Study Agreement progressed to develop the promising shale gas block located in the Sichuan Basin in China.

In the first half of 2013, new exploration successes were recorded with the Coral 3 and Mamba South 3 delineation wells with an improvement in the estimated mineral potential up to 80 Tcf of gas in place. Eni plans to drill a new exploration well to estimate the mineral potential of the deeper southern section of Area 4.

Leveraging on Eni's cooperation model, the construction of a gas fired power plant for domestic consumption is being planned with the support of the Mozambican government.

**Nigeria** In Block OML 125 (Eni operator with an 85% interest) the Abo-Phase 3 project has been started-up. This project was sanctioned in late 2012.

In blocks OMLs 60, 61, 62 and 63 (Eni operator with a 20% interest), activities progressed to support gas production to feed the Bonny liquefaction plant. The flowstation at Ogbainbiri is nearing completion. This facility will process natural gas production from the Ogbainbiri and Tuomo fields to ensure additional volumes of approximately 210 mmcf/d to the Bonny liquefaction plant. Start-up is expected before the end of 2013.

In block OML 28 (Eni's interest 5%) the integrated oil and natural gas project in the Gbaran-Ubie area progressed with the drilling campaign. The development plan provides for the construction of a Central Processing Facility (CPF) with treatment capacity of approximately 1 bcf/d of gas and 120 kbb/d of liquids in order to feed gas to the Bonny liquefaction plant.

Development activity continued at the Forkados-Yokri field (Eni's interest 5%). The project includes the drilling of 24 producing wells, the upgrading of existing flowstations and the construction of transport facilities. Start-up is expected in 2014. Planned activity progressed at the Bonga NW field in block OML 118 (Eni's interest 12.5%) with the drilling and the completion of producing and infilling wells. Start-up is expected in 2014.





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**Kashagan** The North Caspian Operating Company Consortium (NCOCC) BV (Eni's interest 16.81%) that operates the development of the Kashagan field is currently focused on completing the Experimental Program. In June 2013, the onshore treatment plant in Bolashak came on line; in July operational testing activities started at offshore production facilities. Production start-up is expected by the next weeks. Security remains the priority of the Consortium throughout the whole process to achieve the first oil.

The Phase 1 (Experimental Program) is targeting an initial production capacity of 150 kbbbl/d; by 2014 a second treatment train and compression facilities for gas re-injection will be completed and put online enabling to increase the production capacity up to 370 kbbbl/d. The partners are planning to further increase available production capacity up to 450 kbbbl/d by installing additional gas compression capacity for re-injection in the reservoir. The partners submitted the scheme of this additional phase to the relevant Kazakh Authorities and sanction is expected in 2013 to start-up with the FEED phase.

**Rest of Asia**

**Iraq** In July 2013, Eni signed with the national oil company South Oil Company and the Iraqi Ministry of Oil an amendment to the technical service contract for the development of the Zubair oil field (Eni's interest 32.8%). The agreement sets a new production target of 850 kbbbl/d compared to the previous target of 1.2 mmbbl/d and extends the duration of the technical service contract for an additional five years, until 2035.

**Russia** Development activities continued at the Samburgskoye field (Eni's interest 29.4%) in the Yamal-Nenets region in Siberia, started in 2012. Completion is expected in 2015 with a production peak of 146 kboe/d (43 kboe/d net to Eni) in 2016.

Development activities continued at the Urengoiyskoye sanctioned project (Eni's interest 29.4%). Start-up is expected in 2014.

Seismic operations started at the Fedynsky and Central Barents license areas (Eni's interest 33.33%), located in the Russian offshore in the Barents Sea. Seismic surveys will be executed in compliance with Russian legal environmental requirements.

**America**

**United States** In March 2013, Eni was awarded five offshore blocks located in the Mississippi Canyon and Desoto Canyon areas in the Gulf of Mexico.

Phase 1 of the development plan of the Heidelberg field (Eni's interest 12.5%) in the deep offshore of the Gulf of Mexico has been sanctioned. The project includes the drilling of 5 producing wells and the installation of a producing platform. Start-up is expected in the second half of 2016 with a production of approximately 9 kboe/d net to Eni.

Development activities in the Gulf of Mexico mainly concerned: (i) drilling and completion activities at the Hadrian South (Eni's interest 30%), Lucius/Hadrian North (Eni's interest 5.4%) and St. Malo (Eni's interest 1.25%) fields; (ii) infilling activities at the producing operated Appaloosa (Eni's interest 100%), Longhorn (Eni's interest 75%), Pegasus (Eni's interest 58%) fields and at the producing non-operated Front Runner field (Eni's interest 37.5%); and (iii) maintenance of the pipeline linking to the Corral production platform.

Planned drilling activities continued at the Nikaitchuq (Eni operator with a 100% interest) and Oooguruk (Eni's interest 30%) fields in Alaska.

**Venezuela** In March 2013, production started up at the giant Junin 5 field (Eni's interest 40%) with 35 bbbbl of certified heavy oil in place, located in the Orinoco oil belt. Early production of the first phase is expected at plateau of 75 kbbbl/d in 2015, targeting a long-term production plateau of 240 kbbbl/d to be reached by 2018. The project provides

also for the construction of a refinery with a capacity of approximately 350 kbb/d. Eni agreed to finance part of PDVSA's development costs for the early production phase and engineering activities of the refinery plant up to \$1.74 billion.

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The sanctioned development plan progressed at the Perla gas discovery, located in the Cardon IV block (Eni's interest 35%), in the Gulf of Venezuela. The early production phase includes the utilization of the already successfully drilled discovery/appraisal wells and the installation of production platforms linked by pipelines to the onshore treatment plant. Target production of approximately 300 mmcf/d is expected in 2015. The development program will continue with the drilling of additional wells and the upgrading of treatment facilities to reach a production plateau of approximately 1,200 mmcf/d.

**Capital expenditure**

Capital expenditure of the Exploration & Production Division (euro 4,893 million) concerned development of oil and gas reserves (euro 3,907 million) directed mainly outside Italy, in particular in Norway, the United States, Angola, Congo, Kazakhstan and Nigeria. Development expenditure in Italy concerned the well drilling program and facility upgrading in the Val d'Agri concession as well as sidetrack and workover in mature fields.

About 97% of exploration expenditure that amounted to euro 944 million was directed outside Italy in particular to Mozambique, Togo, Congo, Angola and China as well as the acquisition of new licenses in the Republic of Cyprus and in Vietnam. In Italy, exploration activities were directed mainly to the Adriatic offshore, Val d'Agri and Po Valley.

<b>Capital expenditure</b>					
<b>2012</b>		(euro million)	<b>First half</b>		<b>% Ch.</b>
			<b>2012</b>	<b>2013</b>	
795	Italy	357	393	36	10.1
2,162	Rest of Europe	967	1,139	172	17.8
1,474	North Africa	612	388	(224)	(36.6)
3,129	Sub-Saharan Africa	1,347	1,606	259	19.2
720	Kazakhstan	341	324	(17)	(5.0)
874	Rest of Asia	311	527	216	69.5
1,043	America	508	481	(27)	(5.3)
110	Australia and Oceania	12	35	23	..
<b>10,307</b>		<b>4,455</b>	<b>4,893</b>	<b>438</b>	<b>9.8</b>

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2012		ii	First half	
			2012	2013
1.84	Employees injury frequency rate	(No. of accidents per million of worked hours)	1.77	<b>1.06</b>
3.64	Contractors injury frequency rate		5.24	<b>1.49</b>
36,200	Net sales from operations <sup>(a)</sup>	(euro million)	19,993	<b>17,362</b>
(3,219)	Operating profit		(641)	<b>(559)</b>
356	Adjusted operating profit		618	<b>(663)</b>
47	<i>Marketing</i>		434	<b>(761)</b>
309	<i>International transport</i>		184	<b>98</b>
473	Adjusted net profit		625	<b>(371)</b>
1,316	<i>EBITDA pro-forma adjusted</i>		1,186	<b>(300)</b>
858	<i>Marketing</i>		921	<b>(471)</b>
458	<i>International transport</i>		265	<b>171</b>
225	Capital expenditure		85	<b>85</b>
95.32	Worldwide gas sales <sup>(b)</sup>	(bcm)	50.76	<b>49.26</b>
34.78	<i>- in Italy</i>		18.67	<b>19.03</b>
60.54	<i>- international</i>		32.09	<b>30.23</b>
42.58	Electricity sold	(TWh)	21.91	<b>17.85</b>
4,752	Employees at period end	(units)	4,746	<b>4,199</b>
12.70	Direct GHG emissions	(mmtonnes CO <sub>2</sub> eq)	6.62	<b>5.54</b>

(a) Before elimination of intragroup sales.

(b) Include volumes marketed by the Exploration &amp; Production Division of 1.34 bcm (1.30 and 2.73 bcm in the first half and full year of 2012).

**Marketing****Natural gas****Supply of natural gas**

In the first half of 2013, Eni's consolidated subsidiaries supplied 44.25 bcm of natural gas, representing a decrease of 1.82 bcm, or 4% from the first half of 2012.

Gas volumes supplied outside Italy (40.57 bcm from consolidated companies), imported in Italy or sold outside Italy, represented approximately 92% of total supplies, a decrease of 1.76 bcm, or 4.2%, from the first half of 2012 mainly reflecting lower volumes purchased in all markets, in particular from Algeria (down 3.77 bcm) and Norway (down 1.72 bcm), with the exception of Russia (up 6.14 bcm).

Supplies in Italy (3.68 bcm) were basically stable (down 0.06 bcm from the first half of 2012).

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**Supply of natural gas**

2012		(bcm)	First half			
			2012	2013	Change	% Ch.
<b>7.55</b>	<b>Italy</b>		<b>3.74</b>	<b>3.68</b>	<b>(0.06)</b>	<b>(1.6)</b>
19.83	Russia		8.88	15.02	6.14	69.1
14.45	Algeria (including LNG)		8.66	4.89	(3.77)	(43.5)
6.55	Libya		3.20	3.09	(0.11)	(3.4)
11.97	Netherlands		7.50	6.86	(0.64)	(8.5)
12.13	Norway		6.74	5.02	(1.72)	(25.5)
3.20	United Kingdom		1.66	1.44	(0.22)	(13.3)
0.61	Hungary		0.31	0.29	(0.02)	(6.5)
2.88	Qatar (LNG)		1.49	1.49		
5.43	Other supplies of natural gas		2.97	1.72	(1.25)	(42.1)
2.14	Other supplies of LNG		0.92	0.75	(0.17)	(18.5)
<b>79.19</b>	<b>Outside Italy</b>		<b>42.33</b>	<b>40.57</b>	<b>(1.76)</b>	<b>(4.2)</b>
<b>86.74</b>	<b>TOTAL SUPPLIES OF ENI'S CONSOLIDATED SUBSIDIARIES</b>		<b>46.07</b>	<b>44.25</b>	<b>(1.82)</b>	<b>(4.0)</b>
(1.35)	Offtake from (input to) storage		(1.17)	0.80	1.97	..
(0.28)	Network losses, measurement differences and other changes		(0.13)	(0.07)	0.06	..
<b>85.11</b>	<b>AVAILABLE FOR SALE BY ENI'S CONSOLIDATED SUBSIDIARIES</b>		<b>44.77</b>	<b>44.98</b>	<b>0.21</b>	<b>0.5</b>
<b>7.48</b>	<b>Available for sale by Eni's affiliates</b>		<b>4.69</b>	<b>2.94</b>	<b>(1.75)</b>	<b>(37.3)</b>
<b>2.73</b>	<b>E&amp;P volumes</b>		<b>1.30</b>	<b>1.34</b>	<b>0.04</b>	<b>3.1</b>
<b>95.32</b>	<b>TOTAL AVAILABLE FOR SALE</b>		<b>50.76</b>	<b>49.26</b>	<b>(1.50)</b>	<b>(3.0)</b>

**Sales of natural gas**

Sales of natural gas for the first half of 2013 were 49.26 bcm, a decrease of 1.50 bcm from the first half of 2012, down 3%, due to weak demand impacted by the downturn and growing competitive pressure. Sales included Eni's own consumption, Eni's share of sales made by equity-accounted entities and upstream sales in Europe and in the Gulf of Mexico. When excluding Galp sales, as the company is no longer an affiliate of Eni due to the termination of shareholders agreements, sales declined only by 0.7%.

**Gas sales by entity**

2012		(bcm)	First half			
			2012	2013	Change	% Ch.
<b>84.30</b>	<b>Total sales of subsidiaries</b>		<b>44.42</b>	<b>44.35</b>	<b>(0.07)</b>	<b>(0.2)</b>
34.66	Italy (including own consumption)		18.60	18.96	0.36	1.9
44.57	Rest of Europe		23.34	22.50	(0.84)	(3.6)
5.07	Outside Europe		2.48	2.89	0.41	16.5
<b>8.29</b>	<b>Total sales of Eni's affiliates (net to Eni)</b>		<b>5.04</b>	<b>3.57</b>	<b>(1.47)</b>	<b>(29.2)</b>
0.12	Italy		0.07	0.07		..
6.45	Rest of Europe		4.10	2.70	(1.40)	(34.1)
1.72	Outside Europe		0.87	0.80	(0.07)	(8.0)
<b>2.73</b>	<b>E&amp;P in Europe and in the Gulf of Mexico</b>		<b>1.30</b>	<b>1.34</b>	<b>0.04</b>	<b>3.1</b>
<b>95.32</b>	<b>WORLDWIDE GAS SALES</b>		<b>50.76</b>	<b>49.26</b>	<b>(1.50)</b>	<b>(3.0)</b>

Sales volumes in the Italian market amounted to 19.03 bcm, an increase of 0.36 bcm, or 1.9%, from the first half of 2012. This was mainly due to higher sales on spot markets and at certain Italian exchanges (up 0.69 bcm) and higher sales to wholesalers (up 0.60 bcm) due to efficient commercial policies and the recovery of clients. This increase was offset in part by lower supplies to the power generation segment (down 0.24 bcm) and industrials (down 0.17 bcm) due to lower demand for electricity and competition from renewable sources and coal.

Sales to importers in Italy grew significantly (up 1.46 bcm) due to the recovered availability of Libyan gas.

Sales in Europe decreased by 3.70 bcm, down 14%, affected by the performance of the Iberian Peninsula (down 1.26 bcm) due to the exclusion of Galp sales following the termination of affiliation. Net of these factors sales in Europe declined by 10.2% due to declines in Benelux (down 1.25 bcm) driven by lower

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hub sales and Turkey (down 0.50 bcm) due to lower withdrawals from Botas. The opposite trend was recorded in sales in Germany/Austria (up 0.13 bcm) the effective performance of commercial initiatives.

Sales on markets outside Europe were on a positive trend (up 0.34 bcm) due to higher LNG sales in particular in Japan and Argentina.

**Gas sales by market**

2012	(bcm)	First half			
		2012	2013	Change	% Ch.
<b>34.78 ITALY</b>		<b>18.67</b>	<b>19.03</b>	<b>0.36</b>	<b>1.9</b>
4.65 Wholesalers		2.47	3.07	0.60	24.3
7.52 Italian gas exchange and spot markets		3.95	4.64	0.69	17.5
6.93 Industries		3.51	3.34	(0.17)	(4.8)
0.81 Medium-sized enterprises and services		0.51	0.57	0.06	11.8
2.55 Power generation		1.26	1.02	(0.24)	(19.0)
5.89 Residential		3.63	3.54	(0.09)	(2.5)
6.43 Own consumption		3.34	2.85	(0.49)	(14.7)
<b>60.54 INTERNATIONAL SALES</b>		<b>32.09</b>	<b>30.23</b>	<b>(1.86)</b>	<b>(5.8)</b>
<b>51.02 Rest of Europe</b>		<b>27.44</b>	<b>25.20</b>	<b>(2.24)</b>	<b>(8.2)</b>
2.73 Importers in Italy		1.02	2.48	1.46	143.1
48.29 European markets		26.42	22.72	(3.70)	(14.0)
6.29 Iberian Peninsula		3.68	2.42	(1.26)	(34.2)
7.78 Germany/Austria		4.35	4.48	0.13	3.0
10.31 Benelux		6.04	4.79	(1.25)	(20.7)
2.02 Hungary		1.24	1.09	(0.15)	(12.1)
4.75 UK		1.86	1.86		
7.22 Turkey		3.75	3.25	(0.50)	(13.3)
8.36 France		4.55	4.36	(0.19)	(4.2)
1.56 Other		0.95	0.47	(0.48)	(50.5)
<b>6.79 Extra European markets</b>		<b>3.35</b>	<b>3.69</b>	<b>0.34</b>	<b>10.1</b>
<b>2.73 E&amp;P in Europe and in the Gulf of Mexico</b>		<b>1.30</b>	<b>1.34</b>	<b>0.04</b>	<b>3.1</b>
<b>95.32 WORLDWIDE GAS SALES</b>		<b>50.76</b>	<b>49.26</b>	<b>(1.50)</b>	<b>(3.0)</b>

**Power****Availability of electricity**

Eni's power generation activity is conducted in the Ferrera Erboognone, Ravenna, Livorno, Taranto, Mantova, Brindisi, Ferrara and in Bolgiano plants, as well as in certain photovoltaic sites in Italy.

In the first half of 2013, power generation was 11.14 TWh, down 2.13 TWh, or 16.1% from the first half of 2012, mainly due to lower production in particular at the Ferrara and Mantova plants due to a sharp fall in demand.

As of June 30, 2013, installed operational capacity was 5.3 GW (5.3 GW at December 31, 2012).

Electricity trading declined (down 1.93 TWh) due to lower purchases related to the decline in demand.

**Power sales**

In the first half of 2013 electricity sales of 17.85 TWh were directed to the free market (79%), the Italian power



exchange (8%), industrial sites (9%) and others (4%).

Compared with the first half of 2012, electricity sales were down by 4.06 TWh, or 18.5%, due to weakness in electricity demand. Volumes traded on the Italian power exchange were down by 2.03 TWh from the first half of 2012. Sales to wholesalers also declined and offset the increase of sales to retail customers.

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2012			First half			
			2012	2013	Change	% Ch.
5,206	Purchases of natural gas	(mmcm)	2,640	2,271	(369)	(14.0)
462	Purchases of other fuels	(ktoe)	253	235	(18)	(7.1)
25.67	Power generation	(TWh)	13.27	11.14	(2.13)	(16.1)
12,603	Steam	(ktonnes)	7,517	5,343	(2,174)	(28.9)

**Availability of electricity**

2012		(TWh)	First half			
			2012	2013	Change	% Ch.
25.67	Power generation		13.27	11.14	(2.13)	(16.1)
16.91	Trading of electricity <sup>(a)</sup>		8.64	6.71	(1.93)	(22.3)
<b>42.58</b>			<b>21.91</b>	<b>17.85</b>	<b>(4.06)</b>	<b>(18.5)</b>
31.84	Free market		16.08	14.07	(2.01)	(12.5)
6.10	Italian Exchange for electricity		3.47	1.44	(2.03)	(58.5)
3.30	Industrial plants		1.65	1.63	(0.02)	(1.2)
1.34	Other <sup>(a)</sup>		0.71	0.71		
<b>42.58</b>	<b>Power sales</b>		<b>21.91</b>	<b>17.85</b>	<b>(4.06)</b>	<b>(18.5)</b>

(a) Includes positive and negative imbalances.

**Capital expenditure**

In the first half of 2013, capital expenditure totaled euro 85 million and mainly related to completion of upgrading and other initiatives to improve flexibility of the combined cycle power plants (euro 43 million) and gas marketing initiatives (euro 33 million).

**Capital expenditure**

2012		(euro million)	First half			
			2012	2013	Change	% Ch.
212	Marketing		78	76	(2)	(2.6)
13	International transport		7	9	2	28.6
<b>225</b>			<b>85</b>	<b>85</b>		

**Contents**Eni Interim Consolidated Report / **Operating review****Refining & Marketing****Key performance indicators**

2012			First half	
			2012	2013
		(No. of accidents per million of worked hours)		
1.08	Employees injury frequency rate		0.91	<b>0.31</b>
2.32	Contractors injury frequency rate		2.74	<b>0.75</b>
62,656	Net sales from operations <sup>(a)</sup>	(euro million)	29,501	<b>29,728</b>
(1,296)	Operating profit		(674)	<b>(557)</b>
(321)	Adjusted operating profit		(366)	<b>(326)</b>
(179)	Adjusted net profit		(253)	<b>(191)</b>
842	Capital expenditure		290	<b>210</b>
30.01	Refinery throughputs on own account	(mmtonnes)	14.27	<b>13.76</b>
61	Conversion index	(%)	61	<b>64</b>
767	Balanced capacity of refineries	(kbbbl/d)	767	<b>767</b>
10.87	Retail sales of petroleum products in Europe	(mmtonnes)	5.27	<b>4.82</b>
6,384	Service stations in Europe at period end	(units)	6,372	<b>6,337</b>
2,064	Average throughput per service station in Europe	(kliters)	1,003	<b>910</b>
1.48	Retail efficiency index	(%)	1.64	<b>1.38</b>
7,125	Employees at period end	(units)	7,333	<b>6,953</b>
6.03	Direct GHG emissions	(mmtonnes CO <sub>2</sub> eq)	3.09	<b>2.43</b>
16.99	SO <sub>x</sub> emissions (sulphur oxide)	(ktonnes SO <sub>2</sub> eq)	10.19	<b>4.87</b>

(a) Before elimination of intragroup sales.

**Refining**

In the first half of 2013, refining throughputs on own account in Italy and outside Italy were 13.76 mmtonnes, down 0.51 mmtonnes from the first half of 2012, or 3.6%. Volumes processed in Italy (down 3%) registered a decline from the same period of 2012 due to the upset at the Sannazzaro plant, scheduled standstills at Gela where two production lines were shut down in June 2012 and the topping plant which was temporarily stopped in June 2013. These negative impacts were offset in part by increased throughputs at the Venice plant after the standstills of 2012.

Outside Italy, Eni's refining throughputs declined by 0.15 mmtonnes (down 6.1%) in particular in Germany for planned standstills at the Schwedt refinery and in the Czech Republic for the same reason at Ceska Rafinerska. Total throughputs at wholly-owned refineries (9.59 mmtonnes) declined by 0.25 mmtonnes, down 2.5%, from the first

half of 2012, resulting in a 67% utilization rate, declining from the same period of last year as a consequence of negative market trends.

Approximately 22.1% of volumes of processed crude were supplied by Eni's Exploration & Production segment (down 7.2 percentage points from 29.3% in the first half of 2012) corresponding to a lower volume of approximately 360 ktonnes.

**Contents**Eni Interim Consolidated Report / **Operating review****Availability of refined products**

2012	(mmt tonnes)	First half			
		2012	2013	Change	% Ch.
<b>ITALY</b>					
20.84	At wholly-owned refineries	9.84	9.59	(0.25)	(2.5)
(0.47)	Less input on account of third parties	(0.22)	(0.31)	(0.09)	(40.9)
4.52	At affiliated refineries	2.19	2.17	(0.02)	(0.9)
<b>24.89</b>	<b>Refinery throughputs on own account</b>	<b>11.81</b>	<b>11.45</b>	<b>(0.36)</b>	<b>(3.0)</b>
(1.34)	Consumption and losses	(0.66)	(0.60)	0.06	9.1
<b>23.55</b>	<b>Products available for sale</b>	<b>11.15</b>	<b>10.85</b>	<b>(0.30)</b>	<b>(2.7)</b>
3.35	Purchases of refined products and change in inventories	2.20	2.09	(0.11)	(5.0)
(2.36)	Products transferred to operations outside Italy	(1.21)	(1.50)	(0.29)	(24.0)
(0.75)	Consumption for power generation	(0.39)	(0.28)	0.11	29.0
<b>23.79</b>	<b>Sales of products</b>	<b>11.75</b>	<b>11.16</b>	<b>(0.59)</b>	<b>(5.0)</b>
<b>OUTSIDE ITALY</b>					
<b>5.12</b>	<b>Refinery throughputs on own account</b>	<b>2.46</b>	<b>2.31</b>	<b>(0.15)</b>	<b>(6.1)</b>
(0.23)	Consumption and losses	(0.11)	(0.10)	0.01	9.1
<b>4.89</b>	<b>Products available for sale</b>	<b>2.35</b>	<b>2.21</b>	<b>(0.14)</b>	<b>(6.0)</b>
17.29	Purchases of refined products and change in inventories	7.46	6.21	(1.25)	(16.8)
2.36	Products transferred from Italian operations	1.21	1.50	0.29	24.0
<b>24.54</b>	<b>Sales of products</b>	<b>11.02</b>	<b>9.92</b>	<b>(1.10)</b>	<b>(10.0)</b>
<b>30.01</b>	<b>Refinery throughputs on own account</b>	<b>14.27</b>	<b>13.76</b>	<b>(0.51)</b>	<b>(3.6)</b>
6.39	<i>of which: refinery throughputs of equity crude on own account</i>	3.14	2.78	(0.36)	(11.5)
<b>48.33</b>	<b>Total sales of refined products</b>	<b>22.77</b>	<b>21.08</b>	<b>(1.69)</b>	<b>(7.4)</b>
<b>36.56</b>	<b>Crude oil sales</b>	<b>17.03</b>	<b>18.47</b>	<b>1.44</b>	<b>8.5</b>
<b>84.89</b>	<b>TOTAL SALES</b>	<b>39.80</b>	<b>39.55</b>	<b>(0.25)</b>	<b>(0.6)</b>

**Marketing of refined products**

In the first half of 2013, sales volumes of refined products (21.08 mmt tonnes) were down 1.69 mmt tonnes from the first half of 2012, or 7.4%, mainly due to lower sales outside Italy to oil companies and in Italy.

**Product sales in Italy and outside Italy by market**

2012	(mmt tonnes)	First half			
		2012	2013	Change	% Ch.
7.83	Retail	3.79	3.36	(0.43)	(11.3)
8.62	Wholesale	4.24	3.94	(0.30)	(7.1)
1.26	Chemicals	0.68	0.63	(0.06)	(8.1)
6.08	Other sales	3.04	3.24	0.20	6.7
<b>23.79</b>	<b>Sales in Italy</b>	<b>11.75</b>	<b>11.17</b>	<b>(0.58)</b>	<b>(4.9)</b>
3.04	Retail rest of Europe	1.48	1.46	(0.02)	(1.4)
3.96	Wholesale rest of Europe	1.92	2.02	0.10	5.2
0.42	Wholesale outside Italy	0.21	0.21		

17.12 Other sales	7.41	6.22	(1.19)	(16.1)
<b>24.54 Sales outside Italy</b>	<b>11.02</b>	<b>9.91</b>	<b>(1.11)</b>	<b>(10.1)</b>
<b>48.33 TOTAL SALES OF REFINED PRODUCTS</b>	<b>22.77</b>	<b>21.08</b>	<b>(1.69)</b>	<b>(7.4)</b>

### Retail sales in Italy

In the first half of 2013, retail sales in Italy of 3.36 mmt tonnes decreased by approximately 430 ktonnes, down 11.3%, driven by lower consumption of gasoil and gasoline. Eni's retail market share for the first half of 2013 was 28.6%, down two percentage points from the corresponding period of 2012 (30.6%) that had benefited of the impact of the promotional campaign "riparti con eni" from June.

At June 30, 2013, Eni's retail network in Italy consisted of 4,729 service stations, 51 less than at December 31, 2012 (4,780 service stations), resulting from the negative balance of acquisitions/releases of lease concessions and the closing of service stations with low throughput (79 units) and the opening of 28 new service stations.

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With reference to the promotional initiative "you&eni", the loyalty program for customers launched in February 2010 for a five year period, the cards that made at least one transaction in the period were approximately 2.4 million at June 30, 2013 of which 0.5 million were represented by the new consumer payment cards launched at the beginning of 2013. Volumes sold to customers cumulating points on their card were approximately 40% of total throughputs (net of "iperself" sales that do not allow to accumulate points).

Average throughput (839 kliters) decreased by approximately 119 kliters from the first half of 2012 (959 kliters), with a higher decline than domestic fuel consumption (down 12.5%) due to increased competitive pressure.

**Retail sales in the Rest of Europe**

Retail sales in the rest of Europe of approximately 1.46 mtonnes were down 1.4% (approximately 20 ktonnes). Volume additions in Austria and Slovenia were offset by decreases in other European countries due to declining demand.

At June 30, 2013, Eni's retail network in the rest of Europe consisted of 1,608 units, an increase of 4 units from December 31, 2012 (1,604 service stations) due to the positive balance of acquisitions /releases of lease concessions. Average throughput (1,117 kliters) decreased by approximately 16 kliters from the first half of 2012 (1,133 kliters).

**Wholesale and other sales**

Wholesale sales in Italy (3.94 mtonnes) declined by approximately 300 ktonnes, down 7.1%, mainly due to lower sales of gasoil and fuel oil due to a decline in demand from industrial customers. Average market share in the first half of 2013 was 28.8% (29% in the corresponding period of 2012).

Supplies of feedstock to the petrochemical industry (0.63 mtonnes) declined by 8.1% related to lower feedstock supplies due to lower demand from industrial customers. Wholesale sales in the rest of Europe were 2.02 mtonnes increasing by 5.2% from the first half of 2012.

Other sales (9.46 mtonnes) decreased by 0.99 mtonnes, or 9.4%, mainly due to lower sales volumes to oil companies.

**Capital expenditure**

In the first half of 2013, capital expenditure in the Refining & Marketing Division amounted to euro 210 million and regarded mainly: (i) refining, supply and logistics in Italy and outside Italy (euro 163 million), with projects designed to improve the conversion rate and flexibility of refineries, in particular the Sannazzaro refinery, as well as expenditures on health, safety and environmental upgrades; (ii) upgrade and rebranding of the refined product retail network in Italy (euro 28 million) and in the rest of Europe (euro 19 million). Expenditures on health, safety and the environment amounted to euro 51 million.

<b>Capital expenditure</b>					
2012	(euro million)	First half			
		2012	2013	Change	% Ch.
622 Refinery, supply and logistics		243	163	(80)	(32.9)
220 Marketing		47	47		
<b>842</b>		<b>290</b>	<b>210</b>	<b>(80)</b>	<b>(27.6)</b>

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2012			First half	
			2012	2013
		(No. of accidents per million of worked hours)		
0.76	Employees injury frequency rate		0.43	<b>1.07</b>
1.66	Contractors injury frequency rate		1.85	<b>0.33</b>
6,418	Net sales from operations <sup>(a)</sup>	(euro million)	3,241	<b>3,063</b>
3,050	<i>Intermediates</i>		1,479	<b>1,418</b>
3,188	<i>Polymers</i>		1,660	<b>1,524</b>
180	<i>Other sales</i>		102	<b>121</b>
(681)	Operating profit		(229)	<b>(278)</b>
(483)	Adjusted operating profit		(194)	<b>(145)</b>
(395)	Adjusted net profit		(143)	<b>(136)</b>
172	Capital expenditure		66	<b>111</b>
6,090	Production	(ktonnes)	3,114	<b>3,025</b>
3,953	Sales of petrochemical products		1,988	<b>1,968</b>
66.7	Average plant utilization rate	(%)	68.7	<b>67.7</b>
5,668	Employees at period end	(units)	5,711	<b>5,701</b>
3.69	Direct GHG emissions	(mmttonnes CO <sub>2</sub> eq)	1.87	<b>1.95</b>
2.19	SO <sub>x</sub> emissions (sulphur oxide)	(ktonnes SO <sub>2</sub> eq)	1.20	<b>0.78</b>

(a) Before elimination of intragroup sales.

**Sales - production - prices**

In the first half of 2013 sales of petrochemical products (1,968 ktonnes) were broadly in line with the first half of 2012 (down 20 ktonnes, or 1%) mainly due to a substantial decrease in demand reflecting the current economic downturn. Declines in elastomers (down 14.6%) due to the sharp drop in demand on reference markets, phenol/derivatives (down 14.3%) for the planned downtime at the Mantova plant, and styrene (down 3%) were almost completely offset by higher volumes of olefins and polyethylene (up 6% and 3.3%, respectively).

Average unit sales prices were lower (down 4.2%) from the first half of 2012, with different trends for the various businesses: in monomers olefins declined, while in aromatics an increase was registered in benzene (up 13.5%) and derivatives (up 6%). Among polymers, styrene prices increased and polyethylene was stable while elastomer prices were affected by the relevant decline in demand of the tyre and automotive industry in Europe.

Petrochemical production (3,025 ktonnes) decreased by 89 ktonnes from the first half of 2012, or 2.9%. Main decreases were registered in elastomers (down 15.7%) affected by the downturn of the automotive sector and, at a



lower extent, in styrene (down 6%) and polyethylene (down 3.4%). Production of intermediates was basically stable. The main decreases in production were registered at the Ravenna plant (down 15%) due to lower produced volumes of rubber and for the planned downtime of the butadiene plant, at Dunkerque (down 9.6%) and Mantova (down 8.8%) due to the planned downtime of the phenol/derivative line. These reductions were partly offset by higher production at Sarroch (up 24.8%) benefiting from the planned standstill of the previous year and Priolo (up 20.4%,) due to the lower activity registered in the first half of 2012 to reduce polyethylene stocks, and Ragusa (up 12.6%).

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Nominal production capacity decreased from the first half of 2012 due to rationalization measures, with an average plant utilization rate, calculated on nominal capacity of 67.7% (68.7% in the first half of 2012).

2012		(ktonnes)	First half		
			2012	2013	Change
4,112	Intermediates	1,813	1,808	(5)	(0.3)
1,978	Polymers	1,301	1,217	(84)	(6.5)
<b>6,090</b>	<b>Production</b>	<b>3,114</b>	<b>3,025</b>	<b>(89)</b>	<b>(2.9)</b>
(2,545)	Consumption and losses	(1,325)	(1,224)	101	(7.6)
408	Purchases and change in inventories	199	167	(32)	(16.1)
<b>3,953</b>		<b>1,988</b>	<b>1,968</b>	<b>(20)</b>	<b>(1.0)</b>

**Business trends****Intermediates**

Intermediates revenues (euro 1,418 million) were down by euro 61 million from the first half of 2012 (down 4.1%) due to decreasing average unit prices with different trends in the various segments. In olefins sales volumes of ethylene increased (up 24.4%) reflecting higher availability of products following the downtime of a competitor in France in a context of stable prices. In aromatics, benzene volumes declined (down 13.4%), with price increasing by 13.5%, while xylene volumes increased by 9% with stable average prices. Revenues from derivatives declined, despite a 6% increase in average prices and reported lower volumes of phenol/derivatives (down 14.3%) due to the April planned downtime.

Intermediates production (1,808 ktonnes) was in line with the first half of 2012 (down by 5 ktonnes; or 0.3%). The effects of lower production of derivatives (down 12.5%) due in particular to the multi-year downtime planned at Mantova were basically offset by higher production of aromatics (up 8.3%). Olefin volumes were stable.

**Polymers**

Polymers revenues (euro 1,524 million) decreased by euro 136 million from the first half of 2012 (down 8.2%) due to average unit prices decreasing by 17.5% and lower elastomers sales volumes (down 14.6%) due to the relevant decrease in demand from the tyre and automotive industry. This negative performance was partly offset by higher revenues for styrene and polyethylene (up 3.7% and 2.8%, respectively) that followed a positive trend in particular in the second quarter of 2013.

Polymers production (1,217 ktonnes) decreased by 84 ktonnes from the first half of 2012 (down 6.5%) mainly due to lower production volumes of elastomers at the Ravenna and Ferrara plants, at the Brindisi plant due to planned downtime of the polyethylene line and at the Gela plant due to lower production of the related refinery.

**Capital expenditure**

In the first half of 2013 capital expenditure amounted to euro 111 million (euro 66 million in the first half of 2012) and regarded mainly: (i) plant upgrades (euro 57 million); (ii) environmental protection, safety and environmental

regulations (euro 27 million); (iii) upkeep of plants (euro 14 million); (iv) maintenance and savings (euro 7 million).

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<b>Key performance indicators</b>			<b>First half</b>	
<b>2012</b>			<b>2012</b>	<b>2013</b>
0.54	Employee injury frequency rate	(No. of accidents per million of worked hours)	0.63	<b>0.46</b>
0.17	Contractors injury frequency rate		0.20	<b>0.09</b>
0.93	Fatality index	(No. of fatalities per 100 million of worked hours)	1.23	<b>1.93</b>
12,771	Net sales from operations <sup>(a)</sup>	(euro million)	6,013	<b>4,999</b>
1,442	Operating profit		745	<b>(478)</b>
1,474	Adjusted operating profit		767	<b>(476)</b>
1,111	Adjusted net profit		553	<b>(519)</b>
1,011	Capital expenditure		546	<b>490</b>
13,391	Orders acquired	(euro million)	6,303	<b>7,151</b>
19,739	Order backlog		20,323	<b>21,704</b>
43,387	Employees at period end	(units)	39,801	<b>46,323</b>
89.2	Employees outside Italy	(%)	86.1	<b>89.3</b>
1.54	Direct GHG emissions	(mmttonnes CO <sub>2</sub> eq)	0.74	<b>0.76</b>

(a) Before elimination of intragroup sales.

**Activity of the period**

In the first half of 2013, the main orders acquired related mainly to:

- an EPCI contract on behalf of Total Upstream Nigeria Ltd for the development of the Egina field in Nigeria that includes engineering, procurement, fabrication, installation and pre-commissioning of underwater pipelines for oil production and gas export with flexible jumpers and umbilicals;
- an EPC contract for Star Refinery AS for the construction of the Socar refinery in Turkey that entails engineering, procurement and construction of a refinery and three mooring and offloading structures for oil, near the Petkim Petrochemical complex;
- an EPC contract on behalf of Dangote Fertilizer Ltd for a new ammonia and urea production complex to be built in the Edo State, Nigeria. The scope of work encompasses engineering, procurement and construction of two twin production trains and related utilities and off-site facilities;
- an EPIC contract for ExxonMobil in Angola for the construction of underwater structures at the Soyo and Ambriz yards. The contract entails engineering, procurement fabrication and installation of mooring and offloading structures

for oil production and water injection with rigid jumpers and other underwater facilities;

- a contract on behalf of Burullus Gas Co for the development of the West Delta Deep Marine Phase IXa Project about 90 kilometers off the Mediterranean Coast of Egypt. The scope of work encompasses installation of subsea facilities (in water depths up to 850 meters) in the West Delta Deep Marine Concession, where Saipem already successfully performed earlier subsea development phases;

- a contract on behalf of Cardon IV, a 50/50 joint-venture between Eni and Repsol, for the transportation and installation of a hub platform and two satellite platforms, a 30-inch diameter and 67-kilometer long offshore export pipeline, and other infield cables in the Gulf of Venezuela related to the Perla EP Project.

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Marine activities will be performed mainly by the Saipem 3000 and Castoro 7 vessels.

Orders acquired in the first half of 2013 amounted to euro 7,151 million, of these projects to be carried out outside Italy represented 95%, while orders from Eni companies amounted to 16% of the total. Order backlog was euro 21,704 million at June 30, 2013 (euro 19,739 million at December 31, 2012). Projects to be carried out outside Italy represented 91% of the total order backlog, while orders from Eni companies amounted to 15% of the total.

**Orders acquired**

2012	(euro million)	First half			
		2012	2013	Change	% Ch.
<b>13,391</b>		<b>6,303</b>	<b>7,151</b>	<b>848</b>	<b>13.5</b>
7,477 Engineering & Construction Offshore		4,229	4,155	(74)	(1.7)
3,972 Engineering & Construction Onshore		1,416	1,956	540	38.1
1,025 Offshore drilling		405	913	508	..
917 Onshore drilling		253	127	(126)	(49.8)
<i>of which:</i>					
631 - Eni		427	1,134	707	..
12,760 - Third parties		5,876	6,017	141	2.4
<i>of which:</i>					
485 - Italy		352	364	12	3.4
12,906 - Outside Italy		5,951	6,787	836	14.0

**Order backlog**

Dec. 31, 2012	(euro million)	June 30,	June 30,	Change	% Ch.
		2012	2013		
<b>19,739</b>		<b>20,323</b>	<b>21,704</b>	<b>1,381</b>	<b>6.8</b>
8,721 Engineering & Construction Offshore		8,311	10,666	2,355	28.3
6,701 Engineering & Construction Onshore		8,005	6,656	(1,349)	(16.9)
3,238 Offshore drilling		3,197	3,543	346	10.8
1,079 Onshore drilling		810	839	29	3.6
<i>of which:</i>					
2,526 - Eni		2,758	3,213	455	16.5
17,213 - Third parties		17,565	18,491	926	5.3
<i>of which:</i>					
1,719 - Italy		1,890	1,852	(38)	(2.0)
18,020 - Outside Italy		18,433	19,852	1,419	7.7

**Capital expenditure**

In the first half of 2013, capital expenditure amounted to euro 490 million and mainly regarded: (i) the construction of a new pipelayer, the progression of the construction of a new fabrication yard in Brazil and upkeep works, in the

Engineering & Construction Offshore business; (ii) equipment and structures acquisition related to Canada base, in the Engineering & Construction Onshore business; (iii) upkeep and upgrading of the current asset base, in the Drilling Offshore business; (iv) new plants and the upgrading of asset base.

### Capital expenditure

2012	(euro million)	First half			
		2012	2013	Change	% Ch.
505 Engineering & Construction Offshore		258	202	(56)	(21.7)
66 Engineering & Construction Onshore		14	84	70	..
281 Offshore drilling		199	124	(75)	(37.7)
120 Onshore drilling		63	62	(1)	(1.6)
39 Other expenditure		12	18	6	50.0
<b>1,011</b>		<b>546</b>	<b>490</b>	<b>(56)</b>	<b>(10.3)</b>

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**Contents**Eni Interim Consolidated Report / **Financial review and other information****Profit and loss account<sup>1</sup>**

2012		(euro million)	First half		
			2012	2013	Change
127,220	Net sales from operations	63,203	59,276	(3,927)	(6.2)
1,546	Other income and revenues	751	370	(381)	(50.7)
(99,976)	Operating expenses	(48,501)	(49,716)	(1,215)	(2.5)
(158)	Other operating income (expense)	(372)	(10)	362	97.3
(13,561)	Depreciation, depletion, amortization and impairments	(5,741)	(4,627)	1,114	19.4
<b>15,071</b>	<b>Operating profit</b>	<b>9,340</b>	<b>5,293</b>	<b>(4,047)</b>	<b>(43.3)</b>
(1,347)	Finance income (expense)	(641)	(601)	40	6.2
2,881	Net income from investments	1,394	674	(720)	(51.6)
<b>16,605</b>	<b>Profit before income taxes</b>	<b>10,093</b>	<b>5,366</b>	<b>(4,727)</b>	<b>(46.8)</b>
(11,661)	Income taxes	(6,054)	(3,928)	2,126	35.1
70.2	Tax rate (%)	60.0	73.2	13.2	
<b>4,944</b>	<b>Net profit - continuing operations</b>	<b>4,039</b>	<b>1,438</b>	<b>(2,601)</b>	<b>(64.4)</b>
<b>3,732</b>	<b>Net profit - discontinued operations</b>	<b>259</b>		<b>(259)</b>	<b>..</b>
<b>8,676</b>	<b>Net profit</b>	<b>4,298</b>	<b>1,438</b>	<b>(2,860)</b>	<b>(66.5)</b>
	<i>Attributable to:</i>				
<b>7,790</b>	<b>Eni's shareholders:</b>	<b>3,844</b>	<b>1,818</b>	<b>(2,026)</b>	<b>(52.7)</b>
<b>4,200</b>	<b>- continuing operations</b>	<b>3,700</b>	<b>1,818</b>	<b>(1,882)</b>	<b>(50.9)</b>
3,590	- discontinued operations	144		(144)	..
<b>886</b>	<b>Non-controlling interest:</b>	<b>454</b>	<b>(380)</b>	<b>(834)</b>	<b>..</b>
744	- continuing operations	339	(380)	(719)	..
142	- discontinued operations	115		(115)	..

**Net profit**

In the first half of 2013, **net profit attributable to Eni's shareholders** was euro 1,818 million, a decrease of euro 1,882 million, down by 50.9% from the first half of 2012. Operating profit decreased by 43.3% from the first half of 2012 reflecting marketing and operating difficulties at Saipem which translated into operating losses, and a decline in crude oil prices. Net income from investments declined by euro 720 million, reflecting the circumstance that the first half of 2012 results recorded an extraordinary gain at Eni's interest in Galp (euro 835 million). Furthermore, net profit was negatively impacted by a thirteen percentage point increase in tax rate, due to a higher contribution of profit before income taxes in the Exploration & Production segment which is subject to a larger fiscal take than other Group's businesses and to the fact that the Company could not recognize any tax-loss carryforward at Saipem.

**Adjusted net profit**

The Group **adjusted net profit attributable to Eni's shareholders** amounted to euro 1,961 million, down by euro 1,872 million from the first half of 2012 (down 48.8%). Excluding Snam's contribution to continuing operations in the first half of 2012, the decline in the first half of 2013 adjusted net profit was 46.3%, lowering to 35.9% also excluding



losses in the Engineering & Construction segment.

Adjusted net profit was calculated by excluding an inventory holding loss which amounted to euro 210 million and special gains of euro 67 million, net of exchange rate derivative instruments reclassified in operating profit as they mainly related to derivative transactions entered into to manage exposure to the exchange

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(1) Changes in Group results for the first half of 2013 are calculated with respect to results earned by the Group's continuing operations in the first half of 2012 considering that at the time Snam was consolidated in the Group accounts and reported as discontinued operations based on IFRS 5. In the circumstances of discontinued operations, the International Financial Reporting Standards require that the profits earned by continuing and discontinued operations are those deriving from transactions external to the Group. Therefore, profits earned by the discontinued operations, in this case the Snam operations, on sales to the continuing operations are eliminated on consolidation from the discontinued operations and attributed to the continuing operations and vice versa. This representation does not indicate the profits earned by continuing or Snam operations, as if they were standalone entities, for past periods or likely to be earned in future periods. Results attributable to individual segments are not affected by this representation as reported at the paragraph "Reconciliation of reported operating profit and reported net profit to results on an adjusted basis".

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rate risk implicit in commodity pricing formulas (a loss of euro 71 million), which resulted in a net positive adjustment of euro 143 million.

2012	(euro million)	First half			
		2012	2013	Change	% Ch.
<b>4,200</b>	<b>Net profit attributable to Eni's shareholders - continuing operations</b>	<b>3,700</b>	<b>1,818</b>	<b>(1,882)</b>	<b>(50.9)</b>
(23)	Exclusion of inventory holding (gains) losses	(70)	210		
2,953	Exclusion of special items	203	(67)		
<b>7,130</b>	<b>Adjusted net profit attributable to Eni's shareholders - continuing operations</b> <sup>(a)</sup>	<b>3,833</b>	<b>1,961</b>	<b>(1,872)</b>	<b>(48.8)</b>

(a) 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".

**Special items in operating profit** (net charges of euro 31 million) mainly regarded:

- (i) the reversal of unutilized provisions accounted for in previous periods reflecting extraordinary charges net of environmental provisions and redundancy incentives;
- (ii) minor impairment losses recorded at certain oil&gas properties (euro 39 million being the overall effect) and to write down compliance and stay-in-business capital expenditures incurred in the period at certain assets which were impaired in previous reporting period (euro 41 million);
- (iii) net gains on the disposal of certain non strategic upstream assets in the Exploration & Production Division amounting to euro 65 million;
- (iv) commodity derivatives recognized through profit as lacking the formal criteria for hedge accounting (euro 54 million);
- (v) exchange rate differences and exchange rate derivative instruments reclassified as operating items (losses of euro 71 million).

**Non-operating special items** included mainly the gains on the divestment of 8% of the share capital in Galp amounting to euro 95 million, of which euro 65 million related to the reversal of the evaluation reserve, and on the divestment of 11.69% of the share capital in Snam amounting to euro 75 million, of which euro 8 million related to the reversal of the evaluation reserve.

The breakdown of **adjusted net profit** by Division is shown in the table below:

2012	(euro million)	First half			
		2012	2013	Change	% Ch.
7,426	Exploration & Production	3,708	3,111	(597)	(16.1)
473	Gas & Power	625	(371)	(996)	..
(179)	Refining & Marketing	(253)	(191)	62	24.5
(395)	Versalis	(143)	(136)	7	4.9
1,111	Engineering & Construction	553	(519)	(1,072)	..
(247)	Other activities	(123)	(113)	10	8.1
(976)	Corporate and financial companies	(646)	(278)	368	57.0
661	Impact of unrealized intragroup profit elimination <sup>(a)</sup>	451	78	(373)	
<b>7,874</b>	<b>Adjusted net profit - continuing operations</b>	<b>4,172</b>	<b>1,581</b>	<b>(2,591)</b>	<b>(62.1)</b>
	<i>of which attributable to:</i>				
744	- Non-controlling interest	339	(380)	(719)	..

7,130	- Eni's shareholders	3,833	1,961	(1,872)	(48.8)
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(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.

The 48.8% reduction in **adjusted net profit** reflected lower results mainly reported by the following Divisions:

- **Exploration & Production** (down by euro 597 million, or 16.1%) driven by lower adjusted operating profit (down by euro 1,926 million, or 20.6%) due to reduced hydrocarbon realizations in dollar terms (down 6.4% on average), lower sold production, and to a lesser extent, negative foreign currency translation effects. These negatives were partly offset by a lower adjusted tax rate (down by approximately 2 percentage points) due to a reduced share of taxable profit reported in countries with higher taxation;

- **Gas & Power** (down euro 996 million) due to the results reported by the Marketing business declining by approximately euro 1.2 billion from the first half of 2012 when it was reported an operating profit driven by the economic benefits of the renegotiation of gas supply contracts, certain of which with retroactive effects to the beginning of 2011. In addition to this, the drivers of the decline were falling selling margins due to lower selling prices, shrinking electricity margins, lower volumes sold due to weak demand in Italy

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and Europe as well as increasing competition, the effects of which were partly offset by the renegotiations of the supply contracts, some of which are still pending necessarily delaying the recognition of the associated economic effects, and an ongoing recovery at Libyan supplies;

- **Engineering & Construction** (down euro 1,072 million) which reported losses reflecting marketing and operating difficulties that led management to revise the margin estimates at certain large contracts under completion, in particular for the construction of onshore industrial complexes, against the backdrop of a deteriorating trading environment for the onshore and offshore construction businesses due to lower level of activities driven by current macroeconomic uncertainties.

Those declines were marginally offset by small improvements reported by:

- **Refining & Marketing** with net losses reduced by euro 62 million (from euro -253 million in the first half of 2012 to euro -191 million in the first half of 2013) due to a better adjusted operating loss (down by euro 40 million) benefiting from a less unfavorable refining scenario mainly in the first quarter of 2013, partly offset by weak demand for refined products. Results also benefited from higher results of equity accounted entities;

- **Versalis** with net losses reduced by euro 7 million (from euro -143 million in the first half of 2012 to euro -136 million in the first half of 2013), reflecting lower marketed volumes due to weak commodity demand impacted by the current economic downturn as well as declining benchmark cracking margins, the effects of which were more than offset by cost efficiencies and a temporary recovery in the pricing environment recorded in the first quarter of 2013.

In the first half of 2013, Group's results were achieved in a trading environment characterized by lowering hydrocarbon realizations with a 5.2% decrease of the marker Brent crude price from the first half of 2012. Refining margins showed a 10% decrease from the same period of the previous year, in an extremely volatile trading environment, due to the structural weakness of the refining business adversely impacted by overcapacity, declining demand and high oil-based feedstock costs. In addition narrowing differentials between light and heavy crudes and high cost of oil-linked energy utilities reduced the conversion premium. Spot gas prices in Europe recovered from the level achieved in the first half of 2012 (up 16.8%), although they did not absorb the oil linked long-term supply costs. Pricing competition has been intense taking into account minimum off-take obligations in gas purchase take-or-pay contracts and reduced sales opportunities which led to continued margin pressure. Results were negatively impacted by the depreciation of the US dollar over the euro (down 1.3%).

2012	First half		% Ch.
	2012	2013	
111.58 Average price of Brent dated crude oil <sup>(a)</sup>	113.34	107.50	(5.2)
1.285 Average EUR/USD exchange rate <sup>(b)</sup>	1.296	1.313	1.3
86.83 Average price in euro of Brent dated crude oil	87.45	81.87	(6.4)
4.83 Average European refining margin <sup>(c)</sup>	4.41	3.97	(10.0)
4.94 Average European refining margin Brent/Ural <sup>(c)</sup>	4.79	4.03	(15.9)
3.76 Average European refining margin in euro	3.40	3.02	(11.2)
9.48 Price of NBP gas <sup>(d)</sup>	9.21	10.76	16.8
0.6 Euribor - three-month euro rate (%)	0.9	0.2	(77.8)
0.4 Libor - three-month dollar rate (%)	0.5	0.3	(40.0)

(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 based on Platt's Oilgram data.

(d) In USD per million BTU (British Thermal Unit). Source: Platt's Oilgram.



ContentsEni Interim Consolidated Report / **Financial review and other information****Analysis of profit and loss account items****Net sales from operations**

2012		(euro million)	First half		
			2012	2013	Change
35,881	Exploration & Production	17,896	15,618	(2,278)	(12.7)
36,200	Gas & Power	19,993	17,362	(2,631)	(13.2)
62,656	Refining & Marketing	29,501	29,728	227	0.8
6,418	Versalis	3,241	3,063	(178)	(5.5)
12,771	Engineering & Construction	6,013	4,999	(1,014)	(16.9)
119	Other activities	61	48	(13)	(21.3)
1,369	Corporate and financial companies	664	680	16	2.4
(75)	Impact of unrealized intragroup profit elimination	(171)	(27)	144	
(28,119)	Consolidation adjustment	(13,995)	(12,195)	1,800	
<b>127,220</b>		<b>63,203</b>	<b>59,276</b>	<b>(3,927)</b>	<b>(6.2)</b>

In the first half of 2013, Eni's **net sales from operations** (euro 59,276 million) decreased by euro 3,927 million from the first half of 2012 (or down 6.2%) primarily reflecting lower hydrocarbon prices, declines in production and sales, as well as a lower level of activities in the Engineering & Construction segment.

**Operating expenses**

2012		(euro million)	First half		
			2012	2013	Change
95,363	Purchases, services and other	46,249	47,149	900	1.9
1,154	<i>of which: - other special item</i>	107	(21)		
4,613	Payroll and related costs	2,252	2,567	315	14.0
64	<i>of which: - provision for redundancy incentives</i>	55	19		
<b>99,976</b>		<b>48,501</b>	<b>49,716</b>	<b>1,215</b>	<b>2.5</b>

**Operating expenses** (euro 49,716 million) increased by euro 1,215 million from the first half of 2012, up 2.5%, due to extra operating expenses recorded on certain orders in the Engineering & Construction segment and the fact that expenses in the first half of 2012 benefited from: (i) the elimination upon consolidation of the intercompany costs incurred by continuing operations vs. Snam due to the accounting of the discontinued operations; and (ii) the renegotiation of certain gas supply contracts with retroactive effect to the beginning of 2011. These negatives were partly offset by lower supply costs of oil, gas and petrochemical feedstock reflecting trends in the energy trading environment.

**Payroll and related costs** increased by euro 315 million, or 14%, from the first half of 2012 mainly due to an increased average number of employees outside Italy.

**Depreciation, depletion, amortization and impairments**

First half

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<b>2012</b>		(euro million)	<b>2012</b>	<b>2013</b>	<b>Change</b>	<b>% Ch.</b>
7,988	Exploration & Production		3,827	3,812	(15)	(0.4)
405	Gas & Power		205	161	(44)	(21.5)
331	Refining & Marketing		165	151	(14)	(8.5)
90	Versalis		43	42	(1)	(2.3)
683	Engineering & Construction		316	356	40	12.7
1	Other activities					
65	Corporate and financial companies		33	30	(3)	(9.1)
(25)	Impact of unrealized intragroup profit elimination		(12)	(13)	(1)	
<b>9,538</b>	<b>Total depreciation, depletion and amortization</b>		<b>4,577</b>	<b>4,539</b>	<b>(38)</b>	<b>(0.8)</b>
4,023	Impairments		1,164	88	(1,076)	(92.4)
<b>13,561</b>			<b>5,741</b>	<b>4,627</b>	<b>(1,114)</b>	<b>(19.4)</b>

**Depreciation, depletion and amortization** (euro 4,539 million) were broadly in line with the first half of 2012 (down 0.8%). The increase recorded in the Engineering & Construction business (up euro 40 million, or 12.7%) was due to new vessels and rigs which were brought into operation.

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**Impairment charges** of euro 88 million mainly regarded oil&gas properties in the Exploration & Production (euro 39 million) as well as compliance and stay-in-business capital expenditure incurred in the period at certain assets which were impaired in previous reporting periods in the Refining & Marketing Division (euro 41 million). The reduction of euro 1,076 million from the first half of 2012 is due to the circumstance that in the first half of 2012 impairments included significant impairment charges of goodwill allocated to the European Market cash generating unit in the Gas & Power Division, impairment losses of refining plants as well as oil&gas properties in the Exploration & Production Division.

The breakdown of impairment charges by Division is shown in the table below:

2012	(euro million)	First half			
		2012	2013	Change	% Ch.
547	Exploration & Production	91	39	(52)	(57.1)
2,494	Gas & Power	849		(849)	..
843	Refining & Marketing	193	41	(152)	(78.8)
112	Versalis	8	6	(2)	(25.0)
25	Engineering & Construction	21		(21)	..
2	Other activities	2	2		
<b>4,023</b>		<b>1,164</b>	<b>88</b>	<b>(1,076)</b>	<b>(92.4)</b>

**Operating profit**

The breakdown of the reported operating profit by Division is provided below:

2012	(euro million)	First half			
		2012	2013	Change	% Ch.
18,470	Exploration & Production	9,552	7,436	(2,116)	(22.2)
(3,219)	Gas & Power	(641)	(559)	82	12.8
(1,296)	Refining & Marketing	(674)	(557)	117	17.4
(681)	Versalis	(229)	(278)	(49)	(21.4)
1,442	Engineering & Construction	745	(478)	(1,223)	..
(300)	Other activities	(145)	(193)	(48)	(33.1)
(341)	Corporate and financial companies	(185)	(154)	31	16.8
996	Impact of unrealized intragroup profit elimination	917	76	(841)	
<b>15,071</b>	<b>Operating profit</b>	<b>9,340</b>	<b>5,293</b>	<b>(4,047)</b>	<b>(43.3)</b>

**Adjusted operating profit**

The breakdown of the adjusted operating profit by Division is provided below:

2012	(euro million)	First half			
		2012	2013	Change	% Ch.
<b>15,071</b>	<b>Operating profit - continuing operations</b>	<b>9,340</b>	<b>5,293</b>	<b>(4,047)</b>	<b>(43.3)</b>
(17)	Exclusion of inventory holding (gains) losses	(86)	336		
4,744	Exclusion of special items	1,204	31		
<b>19,798</b>	<b>Adjusted operating profit - continuing operations</b>	<b>10,458</b>	<b>5,660</b>	<b>(4,798)</b>	<b>(45.9)</b>



<b>Breakdown by Division:</b>					
18,537	Exploration & Production	9,334	7,408	(1,926)	(20.6)
356	Gas & Power	618	(663)	(1,281)	..
(321)	Refining & Marketing	(366)	(326)	40	10.9
(483)	Versalis	(194)	(145)	49	25.3
1,474	Engineering & Construction	767	(476)	(1,243)	..
(222)	Other activities	(102)	(107)	(5)	(4.9)
(325)	Corporate and financial companies	(179)	(158)	21	11.7
782	Impact of unrealized intragroup profit elimination and other consolidation adjustment	580	127	(453)	
<b>19,798</b>		<b>10,458</b>	<b>5,660</b>	<b>(4,798)</b>	<b>(45.9)</b>

In the first half of 2013, **Eni's adjusted operating profit** amounted to euro 5,660 million, a decrease of euro 4,798 million from the same period of the previous year (down 45.9%). Adjusted operating profit is calculated by excluding an inventory holding loss of euro 336 million and special charges of euro 31 million.

The decrease was mainly due to a weaker operating performance recorded by the following Divisions:

**- Exploration & Production** (down euro 1,926 million, or 20.6%) due to lower dollar realizations on hydrocarbons (down 6.4% on average) reflecting lower Brent prices (\$107.5 per barrel in the first half of

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2013, down 5.2% from the first half of 2012), lower production sold and the negative effect of the appreciation of the euro over the dollar (up 1.3%);

- **Gas & Power** (down euro 1,281 million) reflecting the operating loss reported by the Marketing activity driven by sharply lower sale prices in Italy, lower volumes sold reflecting a weak gas demand, a downward trend in electricity sale margins and increasing competitive pressures. In addition, the first half of 2012 benefited from certain price revisions at long-term supply contracts which were retroactive to the beginning of 2011. These negatives were partly offset by the renegotiations of supply contracts, some of which are still pending, necessarily delaying the recognition of the associated economic effects, as well as an ongoing recovery at Libyan supplies.

The International transport business reported a lower operating performance, down by 46.2%;

- **Engineering & Construction** (down euro 1,243 million) reflecting marketing and operating difficulties that led management to revise the margin estimates for certain large contracts under completion in particular for the construction of onshore industrial complexes, against the backdrop of a deteriorating trading environment for the onshore and offshore construction businesses due to a lower level of activities driven by current macroeconomic uncertainties.

Excluding Snam's contribution to continuing operations in the first half of 2012 and netting out losses in the Engineering & Construction segment, the Group operating profit would have declined by 33.3% in the first half of 2013.

**Finance income (expense)**

2012	(euro million)	First half		Change
		2012	2013	
<b>(929) Finance income (expense) related to net borrowings</b>		<b>(505)</b>	<b>(400)</b>	<b>105</b>
(980) - Finance expense on short and long-term debt		(529)	(456)	73
27 - Net interest due to banks		12	24	12
24 - Net income from receivables and securities for non-financing operating activities		12	32	20
<b>(251) Income (expense) on derivative financial instruments</b>		<b>(200)</b>	<b>(19)</b>	<b>181</b>
(137) - Derivatives on exchange rate		(141)	(17)	124
(88) - Derivatives on interest rate		(59)	30	89
(26) - Derivatives on securities			(32)	(32)
<b>131 Exchange differences, net</b>		<b>151</b>	<b>(89)</b>	<b>(240)</b>
<b>(448) Other finance income (expense)</b>		<b>(157)</b>	<b>(172)</b>	<b>(15)</b>
69 - Net income from receivables and securities for financing operating activities		35	(43)	(78)
(308) - Finance expense due to the passage of time (accretion discount)		(172)	(132)	40
(209) - Other		(20)	3	23
<b>(1,497)</b>		<b>(711)</b>	<b>(680)</b>	<b>31</b>
<b>150 Finance expense capitalized</b>		<b>70</b>	<b>79</b>	<b>9</b>
<b>(1,347)</b>		<b>(641)</b>	<b>(601)</b>	<b>40</b>

In the first half of 2013, **net finance expense** decreased by euro 40 million to euro 601 million from the first half of 2012, mainly due to lower finance charges (up by euro 105 million) driven by lower interest costs on the Group borrowings on the back of favorable trends in key market benchmarks and gains recognized in connection with fair value evaluation through profit of certain derivative instruments on interest rates (up by euro 89 million) which did not meet the formal criteria to be designated as hedges under IFRS. Negative exchange differences net (down euro 240 million) were partly offset by lower losses on exchange rate derivatives (up euro 124 million) recognized through

profit as lacking the formal criteria for hedge accounting.

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**Contents**Eni Interim Consolidated Report / **Financial review and other information****Net income from investments**

The table below sets forth the breakdown of net income from investments by Division:

First half 2013 (euro million)	Exploration & Production	Gas & Power	Refining & Marketing	Engineering & Construction	Other segments	Group
Share of gains (losses) from equity-accounted investments	78	86	15	11	13	203
Dividends	204		35		67	306
Gains on disposal			4		97	101
Other income (expense), net	1		21		42	64
	<b>283</b>	<b>86</b>	<b>75</b>	<b>11</b>	<b>219</b>	<b>674</b>

In the first half of 2013, **net income from investments** amounted to euro 674 million and related to: (i) Eni's share of profit of entities accounted for under the equity-accounting method (euro 203 million), mainly in the Gas & Power and Exploration & Production Divisions; (ii) dividends received from entities accounted for at cost (euro 306 million), mainly relating to Nigeria LNG Ltd; (iii) extraordinary gains on the disposal of Eni's interest in Snam (euro 75 million) and Galp (euro 95 million).

The table below sets forth a breakdown of net income/loss from investments for the first half of 2013:

2012	(euro million)	2012	First half 2013	Change
278	Share of gains (losses) from equity-accounted investments	342	203	(139)
431	Dividends	156	306	150
349	Gains on disposal	8	101	93
1,823	Other income (expense), net	888	64	(824)
<b>2,881</b>		<b>1,394</b>	<b>674</b>	<b>(720)</b>

The reduction of euro 720 million from the first half of 2012 related to the extraordinary gain (euro 835 million) recorded in the first half of 2012 on Eni's shareholding in Galp due to the capital increase made by Galp's subsidiary Petrogal whereby a new shareholder, Sinopec, subscribed for its share of the capital increase by contributing a cash amount which was in excess of the net book value of the interest acquired.

**Income taxes**

2012	(euro million)	2012	First half 2013	Change
	<b>Profit before income taxes</b>			
(723)	Italy	550	(1,131)	(1,681)
17,328	Outside Italy	9,543	6,497	(3,046)
<b>16,605</b>		<b>10,093</b>	<b>5,366</b>	<b>(4,727)</b>
	<b>Income taxes</b>			
945	Italy	298	(155)	(453)
10,716	Outside Italy	5,756	4,083	(1,673)
<b>11,661</b>		<b>6,054</b>	<b>3,928</b>	<b>(2,126)</b>

<b>Tax rate (%)</b>				
..	Italy	54.2	..	..
61.8	Outside Italy	60.3	62.8	2.5
<b>70.2</b>		<b>60.0</b>	<b>73.2</b>	<b>13.2</b>

In the first half of 2013, **income taxes** were euro 3,928 million, down by euro 2,126 million, compared to the first half of 2012.

The reported tax rate increased by 13.2 percentage points due to a higher share of taxable profit reported by subsidiaries in the Exploration & Production Division operating outside Italy which incurred higher-than average tax rate, as well as to the fact that the Company could not recognize any tax-loss carryforward for Saipem losses. Adjusted tax rate, calculated as ratio of income taxes to net profit before taxes on an adjusted basis, was 72%, increasing from the first half of 2012 (58.8% in the first half of 2012), reflecting the same drivers described above.

### **Non-controlling interest**

Non-controlling interest's share of loss was euro 380 million and mainly related to Saipem SpA.

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2012		(euro million)	First half			
			2012	2013	Change	% Ch.
<b>18,470</b>	<b>Operating profit</b>		<b>9,552</b>	<b>7,436</b>	<b>(2,116)</b>	<b>(22.2)</b>
67	Exclusion of special items:		(218)	(28)		
550	- <i>asset impairments</i>		91	39		
(542)	- <i>gains on disposal of assets</i>		(351)	(65)		
6	- <i>provision for redundancy incentives</i>		8	10		
7	- <i>risk provisions</i>					
1	- <i>commodity derivatives</i>		1			
(9)	- <i>exchange rate differences and derivatives</i>		(14)	(9)		
54	- <i>other</i>		47	(3)		
<b>18,537</b>	<b>Adjusted operating profit</b>		<b>9,334</b>	<b>7,408</b>	<b>(1,926)</b>	<b>(20.6)</b>
(264)	Net financial income (expense) <sup>(a)</sup>		(136)	(125)	11	
436	Net income (expense) from investments <sup>(a)</sup>		242	283	41	
(11,283)	Income taxes <sup>(a)</sup>		(5,732)	(4,455)	1,277	
60.3	Tax rate (%)		60.7	58.9	(1.8)	
<b>7,426</b>	<b>Adjusted net profit</b>		<b>3,708</b>	<b>3,111</b>	<b>(597)</b>	<b>(16.1)</b>
	Results also include:					
8,535	- amortization and depreciation		3,918	3,851	(67)	(1.7)
	<i>of which:</i>					
1,835	exploration expenditures		903	891	(12)	(1.3)
1,457	- <i>amortization of exploratory drilling expenditures and other</i>		691	730	39	5.6
378	- <i>amortization of geological and geophysical exploration expenses</i>		212	161	(51)	(24.1)
	<b>Average hydrocarbons realizations</b>					
102.58	Liquids <sup>(b)</sup>	(\$/bbl)	106.53	97.60	(8.93)	(8.4)
7.12	Natural gas	(\$/mcf)	7.15	7.27	0.12	1.7
73.39	Hydrocarbons	(\$/boe)	75.10	70.33	(4.77)	(6.4)

(a) Excluding special items.

(b) Includes condensates.

In the first half of 2013, the Exploration & Production Division recorded an **adjusted operating profit** of euro 7,408 million, decreasing by euro 1,926 million from the first half of 2012 or 20.6% due to lower dollar realizations of oil products (down 8.4%) following the downward trends in the benchmark Brent crude (107.5 \$/bbl in the first half of 2013, down 5.2% from the same period a year ago) and a decline in production sale volumes as well as the appreciation of the euro over the dollar (up 1.3%) in the conversion of results of affiliates with the dollar as functional currency.

**Special items** excluded from adjusted operating profit amounted to a net gain of euro 28 million mainly related to net gains on disposals recorded on certain non strategic assets and impairment losses.

**Adjusted net profit** decreased by euro 597 million to euro 3,111 million (down 16.1%) from the first half of 2012 due to lower operating performance partly offset by a 1.8 percentage points decline in adjusted tax rate due to a lower share of taxable profit reported in countries with higher taxation.

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

**Contents**Eni Interim Consolidated Report / **Financial review and other information****Gas & Power**

2012		(euro million)	First half			
			2012	2013	Change	% Ch.
<b>(3,219)</b>	<b>Operating profit</b>		<b>(641)</b>	<b>(559)</b>	<b>82</b>	<b>12.8</b>
163	Exclusion of inventory holding (gains) losses		127	(33)		
3,412	Exclusion of special items:		1,132	(71)		
(2)	- environmental provisions		(3)			
2,494	- asset impairments		849			
(3)	- gains on disposals of assets		(1)			
831	- risk provisions		77	(102)		
5	- provisions for redundancy incentives		4	1		
	- commodity derivatives			54		
(51)	- exchange rate differences and derivatives		200	(39)		
138	- other		6	15		
<b>356</b>	<b>Adjusted operating profit</b>		<b>618</b>	<b>(663)</b>	<b>(1,281)</b>	<b>..</b>
47	Marketing		434	(761)	(1,195)	..
309	International transport		184	98	(86)	(46.7)
29	Net finance income (expense) <sup>(a)</sup>		8	11	3	
261	Net income (expense) from investments <sup>(a)</sup>		187	86	(101)	
(173)	Income taxes <sup>(a)</sup>		(188)	195	383	
26.8	Tax rate (%)		23.1	..		
<b>473</b>	<b>Adjusted net profit</b>		<b>625</b>	<b>(371)</b>	<b>(996)</b>	<b>..</b>

(a) Excluding special items.

In the first half of 2013, the Gas & Power Division reported an **adjusted operating loss** of euro 663 million as compared to a euro 618 million profit recorded in the first half of 2012. The Marketing business reported an adjusted operating loss of euro 761 million with a decline of approximately euro 1.2 billion from the first half of 2012 which have been driven by sharply lower sale prices in Italy, lower volumes sold reflecting a weak gas demand, a downward trend in electricity sale margins and increasing competitive pressures. Furthermore, the first half of 2012 benefited from certain price revisions at long-term supply contracts which were retroactive to the beginning of 2011. These negatives were partly offset by the benefits associated with the renegotiations of supply contracts, some of which are still pending necessarily delaying the recognition of the associated economic effects, as well as an ongoing recovery in Libyan supplies. International transport results declined by 46.7%.

Adjusted operating loss excludes **special items** of euro 71 million relating mainly to commodity derivatives (euro 54 million) and the reporting within operating income of exchange rate differences and derivatives entered to hedge exchange rate risks in commodity pricing formulas (a gain of euro 39 million) as well as the reversal of unutilized provisions accounted for in previous periods reflecting extraordinary charges (euro 102 million).

**Adjusted net loss** for the first half of 2013 was euro 371 million, an increase of euro 996 million from the first half of 2012 due to a lower operating performance and lower income from investment due to the divestment of Galp.

**Other performance indicators**

Follows a breakdown of the pro-forma adjusted EBITDA by business:



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2012		(euro million)	First half			
			2012	2013	Change	% Ch.
<b>1,316</b>	<b>Pro-forma EBITDA adjusted</b>		<b>1,186</b>	<b>(300)</b>	<b>(1,486)</b>	<b>..</b>
858	Marketing		921	(471)	(1,392)	..
458	International transport		265	171	(94)	(35.5)

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization charges) on an adjusted basis is calculated by adding amortization and depreciation charges to adjusted operating profit, which is also modified to take into account the impact associated with certain derivatives instruments as detailed below. This performance indicator includes the adjusted EBITDA of Eni's wholly owned subsidiaries and

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Eni's share of adjusted EBITDA generated by certain associates which are accounted for under the equity method for IFRS purposes. Management believes that the EBITDA pro-forma adjusted is an important alternative measure to assess the performance of Eni's Gas & Power Division, taking into account evidence that this Division is comparable to European utilities in the gas and power generation sector. This measure is provided in order to assist investors and financial analysts in assessing the divisional performance of Eni Gas & Power, as compared to its European peers, as EBITDA is widely used as the main performance indicator for utilities. The EBITDA pro-forma adjusted is a non-GAAP measure under IFRS.

**Refining & Marketing**

2012	(euro million)	First half			
		2012	2013	Change	% Ch.
<b>(1,296) Operating profit</b>		<b>(674)</b>	<b>(557)</b>	<b>117</b>	<b>17.4</b>
(29) Exclusion of inventory holding (gains) losses		106	195		
1,004 Exclusion of special items:		202	36		
40 - environmental provisions		7	16		
846 - asset impairments		193	41		
5 - gains on disposal of assets		1	(2)		
49 - risk provisions		(13)			
19 - provisions for redundancy incentives		24	4		
- commodity derivatives			(2)		
(8) - exchange rate differences and derivatives		(15)	(19)		
53 - other		5	(2)		
<b>(321) Adjusted operating profit</b>		<b>(366)</b>	<b>(326)</b>	<b>40</b>	<b>10.9</b>
(11) Net finance income (expense) <sup>(a)</sup>		(6)	(2)	4	
63 Net income (expenses) from investments <sup>(a)</sup>		17	50	33	
90 Income taxes <sup>(a)</sup>		102	87	(15)	
.. Tax rate (%)		..	..		
<b>(179) Adjusted net profit</b>		<b>(253)</b>	<b>(191)</b>	<b>62</b>	<b>24.5</b>

(a) Excluding special items.

In the first half of 2013, the Refining & Marketing division reported an **adjusted operating loss** amounting to euro 326 million reflecting weak refining margins due to poor industry fundamentals and reduced demand. As compared to the same period a year ago loss improved by euro 40 million or 10.9% due to a better refining scenario in the first quarter of 2013 and efficiency enhancement measures. In the first half of 2013 the scenario was characterized by shrinking price differentials between light and heavy crudes dragging down the profitability at Eni's complex refineries.

Marketing results declined reflecting the decrease in sales dragged down by lower demand for fuels and mounting competitive pressures.

**Special charges** excluded from adjusted operating loss amounted to euro 36 million and mainly related to impairment charges (euro 41 million) which were incurred to write down compliance and stay-in-business capital expenditure incurred in the period at certain assets which were impaired in previous reporting periods, environmental charges (euro 16 million) and the reclassification to operating income of exchange rate differences and derivatives incurred in the management of exchange rate risk included in pricing formulas for commodities (euro 19 million).

**Adjusted net loss** was euro 191 million, an improvement of euro 62 million from the first half of 2012 mainly due to a lower loss and improved results of equity-accounted entities.

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**Contents**Eni Interim Consolidated Report / **Financial review and other information****Versalis**

2012		(euro million)	First half			
			2012	2013	Change	% Ch.
<b>(681)</b>	<b>Operating profit</b>		<b>(229)</b>	<b>(278)</b>	<b>(49)</b>	<b>(21.4)</b>
63	Exclusion of inventory holding (gains) losses		18	123		
135	Exclusion of special items:		17	10		
	- <i>environmental provisions</i>		1	2		
18	- <i>risk provisions</i>			4		
112	- <i>asset impairments</i>		8	6		
1	- <i>gains on disposal of assets</i>					
14	- <i>provisions for redundancy incentives</i>		9	1		
1	- <i>commodity derivatives</i>			1		
(11)	- <i>exchange rate differences and derivatives</i>		(1)	(4)		
<b>(483)</b>	<b>Adjusted operating profit</b>		<b>(194)</b>	<b>(145)</b>	<b>49</b>	<b>25.3</b>
(3)	Net finance income (expense) <sup>(a)</sup>		(2)	(1)	1	
2	Net income (expenses) from investments <sup>(a)</sup>		1	(1)	(2)	
89	Income taxes <sup>(a)</sup>		52	11	(41)	
<b>(395)</b>	<b>Adjusted net profit</b>		<b>(143)</b>	<b>(136)</b>	<b>7</b>	<b>4.9</b>

(a) Excluding special items.

In the first half of 2013, Versalis reported an **adjusted operating loss** of euro 145 million, reducing by euro 49 million from the first half of 2012. The loss was driven by lowering sales volumes due to weak demand for commodities in the wake of the downturn and declining margins led by the benchmark margin on cracking. This dynamic was offset by cost reductions and a temporary improvement in the pricing environment in the first quarter of 2013.

**Special charges** excluded from adjusted operating loss of euro 10 million related mainly to the write-off of expenditures incurred in the period relating to marginal business lines which were impaired in previous reporting periods due to lack of profitability prospects as well as provisions for risks and redundancy incentives.

**Adjusted net loss** of euro 136 million, improved by euro 7 million in the first half of 2012.

**Engineering & Construction**

2012		(euro million)	First half			
			2012	2013	Change	% Ch.
<b>1,442</b>	<b>Operating profit</b>		<b>745</b>	<b>(478)</b>	<b>(1,223)</b>	<b>..</b>
32	Exclusion of special items:		22	2		
25	- <i>asset impairments</i>		21			
3	- <i>gains on disposal of assets</i>		1	1		
7	- <i>provisions for redundancy incentives</i>		1			
(3)	- <i>commodity derivatives</i>		(1)	1		
<b>1,474</b>	<b>Adjusted operating profit</b>		<b>767</b>	<b>(476)</b>	<b>(1,243)</b>	<b>..</b>

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(7)	Net finance income (expense) <sup>(a)</sup>	(4)	(2)	2
55	Net income (expenses) from investments <sup>(a)</sup>	22	11	(11)
(411)	Income taxes <sup>(a)</sup>	(232)	(52)	180
27.0	Tax rate (%)	29.6	..	
<b>1,111</b>	<b>Adjusted net profit</b>	<b>553</b>	<b>(519)</b>	<b>(1,072)</b>

(a) Excluding special items.

The Engineering & Construction segment reported an **adjusted operating loss** amounting to euro 476 million, down by euro 1,243 million from the first half of 2012. This decline reflected marketing and operating difficulties that led management to revise the margin estimates for certain large contracts under completion in particular for the construction of onshore industrial complexes, against the backdrop of a deteriorating trading environment for the onshore and offshore construction businesses due to a lower level of activities driven by current macroeconomic uncertainties.

The magnitude of **adjusted net loss** was similar to the one registered on operating basis (minus euro 519 million in the first half) in the absence of any tax-loss carry forward.

**Contents**Eni Interim Consolidated Report / **Financial review and other information****Other activities<sup>3</sup>**

2012		(euro million)	First half			
			2012	2013	Change	% Ch.
<b>(300)</b>	<b>Operating profit</b>		<b>(145)</b>	<b>(193)</b>	<b>(48)</b>	<b>(33.1)</b>
78	Exclusion of special items:		43	86		
25	- <i>environmental provisions</i>		34	36		
2	- <i>asset impairments</i>		2	2		
(12)	- <i>gains on disposals of assets</i>		(11)			
35	- <i>risk provisions</i>		4	23		
2	- <i>provisions for redundancy incentives</i>		1	1		
26	- <i>other</i>		13	24		
<b>(222)</b>	<b>Adjusted operating profit</b>		<b>(102)</b>	<b>(107)</b>	<b>(5)</b>	<b>(4.9)</b>
(24)	Net financial income (expense) <sup>(a)</sup>		(21)	(6)	15	
(1)	Net income (expense) from investments <sup>(a)</sup>					
	Income taxes <sup>(a) (b)</sup>					
<b>(247)</b>	<b>Adjusted net profit</b>		<b>(123)</b>	<b>(113)</b>	<b>10</b>	<b>8.1</b>

(a) Excluding special items.

(b) Deferred tax assets relating to Syndal losses are recognized by the parent company Eni SpA based on intercompany agreements which regulate the Italian consolidated accounts for tax purposes.

**Corporate and financial companies**

2012		(euro million)	First half			
			2012	2013	Change	% Ch.
<b>(341)</b>	<b>Operating profit</b>		<b>(185)</b>	<b>(154)</b>	<b>31</b>	<b>16.8</b>
16	Exclusion of special items:		6	(4)		
11	- <i>provisions for redundancy incentives</i>		8	2		
5	- <i>risk provisions</i>					
	- <i>other</i>		(2)	(6)		
<b>(325)</b>	<b>Adjusted operating profit</b>		<b>(179)</b>	<b>(158)</b>	<b>21</b>	<b>11.7</b>
(865)	Net financial income (expense) <sup>(a)</sup>		(649)	(357)	292	
99	Net income (expense) from investments <sup>(a)</sup>			43	43	
115	Income taxes <sup>(a)</sup>		182	194	12	
<b>(976)</b>	<b>Adjusted net profit</b>		<b>(646)</b>	<b>(278)</b>	<b>368</b>	<b>57.0</b>

(a) Excluding special items.

(3) Not including Snam results.



**Contents**Eni Interim Consolidated Report / **Financial review and other information****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 (38% is applied to charges recorded by companies in the energy sector, whilst a tax rate of 27.5% is applied to all other companies). 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 include gains and losses on re-measurement at fair value of certain non hedging commodity derivatives, including the ineffective portion of cash flow hedges and certain derivatives financial instruments embedded in the pricing formula of long-term gas supply agreements of the Exploration & Production Division.

**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 Division). 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 and adjusted net profit to reported operating profit and reported net



profit see tables below.

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**First half 2013**

(euro million)	Exploration & Production	Gas & Power	Refining & Marketing	Versalis	Engineering & Construction	Corporate and financial companies	Other activities	Impact of unrealized intragroup profit elimination	Group		
<b>Reported operating profit</b>			<b>7,436</b>	<b>(559)</b>	<b>(557)</b>	<b>(278)</b>	<b>(478)</b>	<b>(154)</b>	<b>(193)</b>	<b>76</b>	<b>5,293</b>
Exclusion of inventory holding (gains) losses				(33)	195	123				51	336
<b>Exclusion of special items:</b>											
- environmental charges					16	2		36			54
- asset impairments			39		41	6		2			88
- gains on disposal of assets			(65)		(2)		1				(66)
- risk provisions				(102)		4		23			(75)
- provision for redundancy incentives			10	1	4	1		2	1		19
- commodity derivatives				54	(2)	1	1				54
- exchange rate differences and derivatives			(9)	(39)	(19)	(4)					(71)
- other			(3)	15	(2)			(6)	24		28
<b>Special items of operating profit</b>			<b>(28)</b>	<b>(71)</b>	<b>36</b>	<b>10</b>	<b>2</b>	<b>(4)</b>	<b>86</b>		<b>31</b>
<b>Adjusted operating profit</b>			<b>7,408</b>	<b>(663)</b>	<b>(326)</b>	<b>(145)</b>	<b>(476)</b>	<b>(158)</b>	<b>(107)</b>	<b>127</b>	<b>5,660</b>
Net finance (expense) income <sup>(a)</sup>			(125)	11	(2)	(1)	(2)	(357)	(6)		(482)
Net income (expense) from investments <sup>(a)</sup>			283	86	50	(1)	11	43			472
Income taxes <sup>(a)</sup>			(4,455)	195	87	11	(52)	194		(49)	(4,069)
<i>Tax rate (%)</i>			58.9								72.0
<b>Adjusted net profit</b>			<b>3,111</b>	<b>(371)</b>	<b>(191)</b>	<b>(136)</b>	<b>(519)</b>	<b>(278)</b>	<b>(113)</b>	<b>78</b>	<b>1,581</b>
<i>of which attributable to:</i>											
- non-controlling interest											(380)
<b>- Eni's shareholders</b>											<b>1,961</b>
<b>Reported net profit attributable to Eni's shareholders</b>											<b>1,818</b>
Exclusion of inventory holding (gains) losses											210
Exclusion of special items											(67)
<b>Adjusted net profit attributable to Eni's shareholders</b>											<b>1,961</b>

(a) Excluding special items.

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First half 2012	Other activities <sup>(a)</sup>											Group	Discontinued operations	
	Exploration & Production	Gas & Power <sup>(a)</sup>	Refining & Marketing	Versalis	Engineering & Construction	Corporate and financial companies	Snam	Other activities	Impact of unrealized intragroup profit elimination	Snam	Consolidated			
<b>Reported operating profit</b>	<b>9,552</b>	<b>(641)</b>	<b>(674)</b>	<b>(229)</b>	<b>745</b>	<b>(185)</b>	<b>1,076</b>	<b>(145)</b>	<b>421</b>	<b>9,920</b>	<b>(1,076)</b>	<b>496</b>	<b>(580)</b>	<b>9,340</b>
Exclusion of inventory holding (gains) losses		127	106	18					(337)	(86)				(86)
<b>Exclusion of special items:</b>														
- environmental charges		(3)	7	1			11	34		50	(11)		(11)	39
- asset impairments	91	849	193	8	21			2		1,164				1,164
- gains on disposal of assets	(351)	(1)	1		1		(3)	(11)		(364)	3		3	(361)
- risk provisions		77	(13)					4		68				68
- provision for redundancy incentives	8	4	24	9	1	8	1	1		56	(1)		(1)	55
- commodity derivatives	1				(1)									
- exchange differences and derivatives	(14)	200	(15)	(1)						170				170
- other	47	6	5			(2)		13		69				69
<b>Special items of operating profit</b>	<b>(218)</b>	<b>1,132</b>	<b>202</b>	<b>17</b>	<b>22</b>	<b>6</b>	<b>9</b>	<b>43</b>		<b>1,213</b>	<b>(9)</b>		<b>(9)</b>	<b>1,204</b>
<b>Adjusted operating profit</b>	<b>9,334</b>	<b>618</b>	<b>(366)</b>	<b>(194)</b>										