



Rome
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Eni: first quarter 2016 results

Yesterday, Eni's Board of Directors approved group results for the first quarter 2016 (unaudited).

Highlights and outlook

- Hydrocarbons production for the quarter grew 3.4% to 1.75 million boe/d. FY production is expected to be largely in line with 2015.
- Achieved 4 out of the 6 main start-ups scheduled for 2016, among which was the Goliat oilfield in the Barents Sea. Confirmed contribution from new start-ups and ramp-ups of approximately 300 kboe/d for 2016.
- FID taken for the development of the giant Zohr field with first gas expected in 2017; Coral field development plan approved by local Authorities.
- Continued exploration success: 120 mmboe of resources discovered in the quarter mainly near-field. Expectations are for an increase to the original guidance of 400 million boe of new resources for the FY.
- Capex optimization: confirmed 20% y-o-y reduction at constant exchange rates.

Best proven reserves (P1) value of the industry as of January 1, 2016¹

- Present value of Eni's P1 reserves at \$6/bl, the highest in the oil majors benchmark group.
- Total present value of Eni's P1 reserves: \$41 billion, ranking 4th relating to dimension in the benchmark group, two positions above Eni's reserve volume rank.

Results

- Positive adjusted EBIT² in all business segments, in spite of a depressed trading environment
- Continuing operations³:
 - standalone adjusted operating profit: €0.47 billion (down 69%)
 - standalone adjusted net earnings: breakeven
 - reported earnings: loss of €0.8 billion
- Group net earnings: loss of €0.79 billion
- Cash flow⁴: €1.27 billion, down 56% from Q1 2015
- Net borrowings: €12.21 billion at period-end; leverage at 0.23.

Claudio Descalzi, Eni's Chief Executive Officer, commented:

"In the first quarter of 2016, despite the sharply weaker commodity price environment, Eni achieved outstanding results in executing its strategy of organic growth, capital expenditure optimization and efficiency enhancement. Hydrocarbon production grew, benefitting from the start-up of the Goliat oilfield and three other projects. At the same time, we strengthened the foundations for future growth as we took the final investment decision for the development of the giant Zohr gas field, we obtained approval for the development plan of Coral from the Mozambican Authorities and we achieved further exploration success. We are therefore progressing in promoting also in 2016 significant volumes of new proved reserves, whose per-barrel present value already at the end of 2015 leads those of our main competitors. In absolute terms, the present value of our reserves portfolio ranks fourth among the International Oil Majors. I am confident that, even in terms of reserves yet to mature, our portfolio is one of the most valuable in the industry thanks to its exposure to conventional assets and Eni's continued exploration success. Finally, the G&P and the R&M segments also achieved positive results in the first quarter, benefitting from continuous optimization initiatives and cost efficiencies, despite a less favorable trading environment year on year. Overall, the Group's financial and operating results allow us to confirm our 2016 guidance of a 20% reduction in capex, organically financed at \$50/bl, and our targeted leverage, which we monitor closely and is currently among the lowest in the industry."

¹ Data disclosed in the "Standardized measure of discounted future net cash flows" of the Annual Report on Form 20-F. Peers group (Exxon, Chevron, Total, Statoil, BP, Shell) data extracted from either the 10-K or the 20-F files.

² Operating profit.

³ In this press release adjusted results from continuing operations exclude as usual the items "profit/loss on stock" and extraordinary gains and losses (special items), while they reinstate the effects relating to the elimination of gains and losses on intercompany transactions with the Chemical sector which is in the disposal phase, represented as discontinued operations under the IFRS5. A corresponding alternative performance measure has been presented for the cash flow from operating activities. For further information, see "Disclaimer" on page 6 and the reconciliations and explanations on page 22.

⁴ Net cash provided by operating activities of continuing operations on a standalone basis.

Fourth Quarter	SUMMARY GROUP RESULTS ^(a)	(€ million)	First Quarter		
2015			2015	2016	% Ch.
	Continuing operations:				
715	Adjusted operating profit (loss) ^(b)		1,418	73	(94.9)
(487)	Adjusted net profit (loss) ^(b)		454	(479)	..
(7,373)	Net profit (loss)		617	(803)	..
(2.05)	- per share (€) ^(c)		0.17	(0.22)	..
(4.49)	- per ADR (\$) ^{(c) (d)}		0.38	(0.48)	..
(9,017)	Net profit (loss)		832	(792)	..
(2.50)	- per share (€) ^(c)		0.23	(0.22)	..
(5.48)	- per ADR (\$) ^{(c) (d)}		0.52	(0.48)	..
	Results of continuing operations on standalone basis ^(b)				
593	Adjusted operating profit (loss)		1,503	472	(68.6)
(308)	Adjusted net profit (loss)		701	(77)	..
3,955	Net cash provided by operating activities		2,890	1,266	(56.2)

(a) Attributable to Eni's shareholders.

(b) Non-GAAP measures. For a detailed explanation and reconciliation of standalone adjusted results and cash flow which exclude as usual the items "profit/loss on stock" and extraordinary gains and losses (special items), while they reinstate the effects relating the elimination of gains and losses on intercompany transactions with discontinued operations see pages 22 and subsequent.

(c) Fully diluted. Dollar amounts are converted on the basis of the average EUR/USD exchange rate quoted by the ECB for the periods presented.

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

Changes in accounting principles

Effective January 1, 2016, management adopted the accounting of the successful-effort method (SEM) to recognize exploration expenses in the preparation of the Group consolidated financial statements. The successful-effort method is largely adopted by oil&gas companies, to which Eni is increasingly comparable given the recent re-focusing of the Group activities on its core upstream business. Since it is a voluntary change in accounting policy, the SEM adoption has been applied retrospectively, as if it had always been applied. Accordingly, the comparative amounts disclosed for each prior period presented in this press release and the FY 2015 results have been restated.

Standalone adjusted results

Standalone adjusted operating profit from continuing operations for Q1 2016 was €0.47 billion, down by 69% from Q1 2015. This reflected sharply lower results of the E&P segment (down by €1 billion) driven by the impact of continuing weakness in commodity prices (the Brent benchmark was down by 37%), partly offset by production growth, cost efficiencies and lower amortization charges. The G&P and R&M segments reported positive results, albeit slightly lower than in Q1 2015 due to negative scenario effects and, in the case of G&P, lower one time effects associated with gas contract renegotiations and other non-recurring events, as well as mild winter-weather conditions. These negatives were partly offset by efficiency and optimization gains.

Overall, the low oil price environment had a fundamentally negative effect on the operating performance amounting to €1.6 billion, which was partially offset by production growth and efficiency gains of €0.6 billion.

In the quarter, Eni reported a **standalone adjusted net result from continuing operations** almost at breakeven (a negative €77 million) compared to an adjusted net profit of €0.7 billion reported in Q1 2015. The drivers of this reduction were a lowered operating profit and a lower than proportional reduction in the tax expense in E&P, which was negatively affected by the recognition of a major part of the positive pre-tax results in PSA contracts, which, although more resilient in a low-price environment, nonetheless bear higher-than-average rates of tax.

Net borrowings and standalone cash flow

As of March 31, 2016 net borrowings⁵ were €12.21 billion, €4.65 billion lower than December 31, 2015, due to the closing of the Saipem transaction. This comprised the reimbursement of intercompany financing receivables owed by Saipem to Eni (€5.8 billion), the proceeds from the divestment of 12.503% of Eni's interest in Saipem to FSI (€0.46 billion), net of the amount cashed out to subscribe pro-quota the Saipem share capital increase (€1.07 billion).

The **standalone cash flow from operating activities from continuing operations** came in at €1.27 billion, down by 56% year-on-year. Proceeds from disposals were €0.81 billion and comprised the available-for-sale shareholding in Snam due to the exercise of the conversion right from bondholders (€0.33 billion), in addition to the sale of 12.503% of Eni's interest in Saipem. These inflows funded a share of the financial requirements for the capital expenditure of the quarter (€2.42 billion) and the amount cashed out to subscribe the share capital increase of Saipem.

As of March 31, 2016, the ratio of net borrowings to shareholders' equity including non-controlling interest – leverage⁶ – decreased to 0.23, compared to 0.30 as of December 31, 2015.

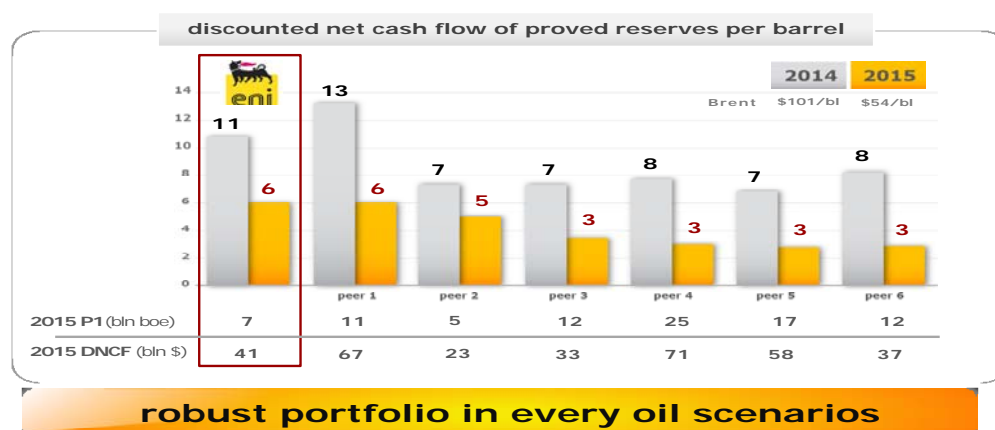
This decrease was due to lower net borrowings partly offset by a reduction in total equity. The equity reduction was impacted by the results of the period and the de-recognition of the Saipem non-controlling interest, as well as a depreciation of the US dollar against the euro in the translation of the financial statements of Eni's subsidiaries that use the US dollar as functional currency. The US dollar was down by 4.6% compared to the closing of the previous reporting period at December 31, 2015.

The PV of Eni's proven reserves is at the top end of the industry

Following the filing of proven reserves (P1) reports by competitors in their regulatory annual financial statements, information is now available which allows for a further appreciation of the value of Eni's proven reserves, which widen in relative terms during a downturn in the oil cycle, likewise the current one. The data in the graph are drawn from the regulatory filings with the US SEC and relate to the net present value of proved reserves of Eni and of an oil & gas benchmark group. Those data were determined in accordance with FASB Oil and Gas disclosures requirements. In particular, looking at the reported numbers:

- In 2014, the per-barrel PV of Eni's proven reserves was the second best when a 101 \$/bbl oil scenario applied, just behind a US major;
- In 2015, with an oil price of around 54 \$/bbl, down from 101 \$/bbl, Eni's portfolio ranked highest, confirming the strength of our conventional and low cost assets, highly exposed to PSAs.

In absolute dollar terms, our portfolio ranks 4th among our peer group, coming ahead of companies with proved reserve volumes much bigger than ours. This result confirms the quality of Eni's reserve portfolio and the effectiveness of actions taken to deal with falling oil prices. Looking forward, management expects to further strengthen Eni's portfolio, by promoting new P1 thanks to the continued progress in developing the discoveries recently achieved.



Source: PV10 analysis of 20F and 10K. Peers: BP, CVX, RDS, TOT, XOM, STL

⁵ Details on net borrowings are furnished on page 27.

⁶ Non-GAAP financial measures disclosed throughout this press release are accompanied by explanatory notes and tables to help investors gain a full understanding of said measures in line with guidance provided for by CESR Recommendation No. 2005-178b. See pages 22 and 27.

Business developments

In March 2016, production at the Goliat field started up in the PL 229 licence off the Norwegian Barents Sea. Goliat is the first producing oilfield in the Barents Sea and is operated through the largest and most sophisticated floating cylindrical production and storage vessel (FPSO) in the world. Production is expected to peak at 100 kbbl/d (65 kbbl/d net to Eni). The field is estimated to contain reserves amounting to about 180 million barrels of oil.

A new exploration licence, the Cape Three Points Block 4, was obtained offshore Ghana. The new block covers an area of approximately 1,000 square kilometers in water depths ranging from 100 to 1,200 meters and is located near the OCTP block operated by Eni. In case of exploration success, the block will benefit from the OCTP project infrastructures, under development.

A Farm-Out Agreement (FOA) was signed with Chariot Oil & Gas to enter the Rabat Deep Offshore exploration permits I-VI, in the Northern Atlantic Margin of Morocco. Eni will retain operatorship and a working interest of 40%, as well as exploration rights over an area of approximately 11,000 square kilometers, with a water depth ranging from 150 to 3,500 meters. The new acreage has the potential for finding liquid hydrocarbons. The completion of this FOA is subject to the authorization of the country's authorities and other conditions precedent.

As part of the APA Round 2015, Eni was awarded the following exploration licences: PL 128D (Eni's interest 11.5%) in the Norwegian Sea, PL 816 (Eni operator with a 70% interest) in the Norwegian section of the North Sea, PL 229D (Eni operator with a 65% interest) and PL 849 (Eni's interest 30%) in the Barents Sea.

In February 2016, Egyptian authorities sanctioned the development plan of the Zohr discovery, where production start-up is expected by end of 2017. In March 2016, Eni completed the drilling of the Zohr 2X well and successfully performed the production test, which confirmed the mineral potential of discovery.

In February 2016, Mozambique authorities sanctioned the development of the first development phase of Coral, targeting production of 5 Tcf of gas.

As part of Eni's near-field exploration strategy, positive results were achieved with the Nidoco North 1-X well in the Abu Madi West production concession, located in the Nile Delta. By mid-2016, with the addition of new reserves discovered, the production capacity in the concession will increase to over 60 kboe/d.

Outlook

The global macroeconomic outlook for 2016 is clouded by a number of risks and uncertainties, mainly relating to a continued slowdown of growth in China, caution in the Eurozone and in commodity-exporting countries. After hitting 13-years lows of below \$30 per barrel at the beginning of 2016, the price of crude oil has recovered to the 40 dollar-mark thanks to signs of a partial easing in the global glut. However, the fundamentals of the oil market remain weak with the price of crude oil exposed to possible negative pressure due to the uncertainties surrounding the pace of energy demand growth in the short and medium term.

In order to cope with the anticipated negative impact of the scenario on the E&P results from operations and cash flow, management is planning to increase efforts to optimize capex and reduce operating costs by exploiting the deflationary pressure induced by the fall in crude oil prices. In the G&P sector, management anticipates a challenging environment pressured by weak demand growth and oversupplies. The Company confirms its strategy to renegotiate long-term supply contracts in order to align the supply terms with market conditions, as well as boost profitability in its high-value businesses (LNG, gas retail and trading). In the R&M sector management expects the refining margin to be lower than in 2015. In this context, business strategies will be focused on the optimization of refinery processes and costs as well as on the enhancement of results in marketing.

Management's forecasts for the Group's 2016 production and sale metrics are explained below:

- **Hydrocarbons production:** management expects production to be largely flat y-o-y even assuming a production shutdown in the Val d'Agri district until to year-end. This unfavourable development, the decline of mature fields and a lower expected contribution from production one-offs will be absorbed by the planned start-up of new fields and continuing production ramp-up, particularly in Norway, Egypt, Venezuela, Angola and Congo;
- **Natural gas sales:** against a backdrop of weak demand and strong competition, management expects gas sales to be down y-o-y in line with an expected reduction of the contractual minimum take of supply contracts. Management plans to retain its market share in the large customers and retail segments, also increasing the value of the existing customer base by developing innovative commercial initiatives, by integrating services to the supply of the commodity and by optimizing operations and commercial activities;
- **Refinery intake on own account;** refinery intakes are expected to be flat y-o-y, excluding the effect of the disposal of Eni's refining capacity in CRC refinery in Czech Republic finalized on April 30, 2015;
- **Refined products sales in Italy and in the rest of Europe:** against a backdrop of weak demand growth and strong competition, management expects to consolidate volume and market share in the Italian retail market while also increasing the value of the existing customer base. This will be achieved by leveraging our offer differentiation, an innovation in products and services as well as efficiency in logistic and commercial activities.

In 2016 management expects to carry out a number of initiatives intended to reduce capital spending by 20% y-o-y on a constant exchange rate basis by re-phasing and rescheduling capital projects, being increasingly selective with exploration plays and renegotiating contracts for the supply of capital goods in order to cope with the slump in crude oil prices. This capex optimization is not expected to negatively affect production growth, which is confirmed at above 3% across the plan period.

The Group's leverage is projected to remain within the 0.30 threshold thanks to the closing of the Saipem transaction, optimization of the underlying performance and portfolio management, which are expected to reduce the impact of the weak commodity environment.

Effective March 18, 2016, Legislative Decree No.25/2016, transposing the European Directive 2013/50/EU, has removed for Italian-listed companies the reporting obligation to disclose quarterly financial results. Therefore, this press release has been prepared on a voluntary basis in line with Eni's policy to provide the market and investors with regular information about the Company's financial and operating performances and business prospects considering the disclosure policy followed by oil&gas peers.

Results and cash flow are presented for the first quarter of 2016 and for the first quarter and the fourth quarter of 2015. Information on liquidity and capital resources relates to end of the periods as of March 31, 2016, and December 31, 2015.

Accounts set forth herein have been prepared in accordance with the evaluation and recognition criteria set by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedure set forth in Article 6 of the European Regulation (CE) No. 1606/2002 of the European Parliament and European Council of July 19, 2002. These criteria are unchanged from the 2015 Annual report on form 20-F filed with the US SEC on April 12, 2016, which investors are urged to read.

Discontinued operations

As of December 31, 2015, the two operating segments Chemical and E&C have been classified as discontinued operations based on the guidelines of IFRS 5 (see Annual Report on Form 20-F - preface to the explanatory notes to the financial statements).

The Saipem transaction was finalized on January 22, 2016, with the closing of the sale of a 12.503% stake in the entity to the Fondo Strategico Italiano (FSI) and the concurrent enter into force of the shareholder agreement between the parties intended to establish joint control over the former subsidiary. From the transaction date, Saipem assets and liabilities, revenues and expenses have been derecognized from Eni's consolidated accounts.

The residual stake in Saipem of 30.42% has been recognized as an investment in an equity-accounted joint venture with an initial carrying amount aligned to the share price at the closing date of the transaction (€4.2 per share) recognizing a loss through profit and loss of €441 million. This loss has been recognized in the Group consolidated accounts for the first quarter 2016 as part of gains and losses of the discontinued operations.

As far as the Chemical segment concerns, negotiations are underway with an industrial partner who has showed interest in acquiring a controlling stake of Versalis, the 100%-owned Eni subsidiary, which manages the Group chemical business, thus supporting Eni in implementing an industrial plan designed to upgrade the business.

Because Eni is exiting two major lines of business, the mentioned disposal groups have been represented and accounted for as discontinued operations. Based on this accounting, gains and losses pertaining to the discontinued operations include only those earned from transactions with third parties, while gains and losses on intercompany transactions have continued being eliminated because both disposal groups were fully consolidated entities and therefore intercompany transactions are eliminated upon consolidation till the closing of any sale agreement. The accounting of the discontinued operations entails that in presence of large intercompany transactions, the results of the continuing operations do not fully illustrate the underlying performance given the elimination of gains and losses on intercompany transactions with the discontinued operations. Regarding Versalis, the revenues earned by the Group operating companies, mainly in the R&M segment, for the supply of oil-based chemical feedstock are eliminated upon consolidation. Furthermore, starting from January 1, 2016, Versalis ceased recognizing depreciation charges.

Successful effort method (SEM)

Effective January 1, 2016, management modified on voluntary basis, the criterion to recognize exploration expenses adopting the accounting of the successful-effort method (SEM). The successful-effort method is largely adopted by oil&gas companies, to which Eni is increasingly comparable given the recent re-focalization of the Group activities on its core upstream business.

Under the S-E-M, geological and geophysical exploration costs are recognized as an expense as incurred. Costs directly associated with an exploration well are initially capitalized as an unproved tangible asset until the drilling of the well is complete and the results have been evaluated. If potentially commercial quantities of hydrocarbons are not found, the exploration well costs are written off. If hydrocarbons are found and, subject to further appraisal activity, are likely to be capable of commercial development, the costs continue to be carried as an unproved asset. If it is determined that development will not occur then the costs are expensed. Costs directly associated with appraisal activity undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons are initially capitalized as an unproved tangible asset. When proved reserves of oil and natural gas are determined and development is approved by management, the relevant expenditure is transferred to proved property. In accordance to IAS 8 "Accounting policies, Changes in accounting estimates and Errors", the SEM application is a voluntary changes in accounting policy explained by the alignment with an accounting standard largely adopted by oil&gas companies and as such it has been applied retrospectively.

The retrospective application of the SEM has required adjustment of the opening balance of the retained earnings and other comparative amounts as of January 1, 2014. Specifically, the opening balance of the carrying amount of property, plant and equipment was increased by €3,524 million, intangible assets by €860 million and the retained earnings by €3,001 million. Other adjustments related to deferred tax liabilities and other minor line items.

As far as 2015 financial year is concerned, the adoption of SEM determined a reduction of operating profit of €815 million compared to the amount publicly disclosed in our annual report 2015 (from a loss of €2,781 million to a loss of €3,596 million) driven by: (i) a reduction in depreciation and amortization related to the previously fully-amortized exploration drilling costs; (ii) the write-off of exploration initiatives which management has determined to be no more economical due to technical, legal, contractual issues, capital allocation decisions or a revised outlook for commodity prices; (iii) higher impairment losses taken at property plant and equipment following the revaluation of the book values at oil&gas CGUs.

2015 net loss pertaining to Eni's shareholders was re-determined in €7,969 million, compared to a loss of €7,680 million as previously filed. In elaborating Non-GAAP measures (i.e adjusted results) the write-off of certain exploration projects expected to be no more profitable as management reviewed the commodity price scenario, was classified as special charges (a pre-tax amount of €169 million).

The tables below set forth the restated amounts of the comparative periods 2015 which have been restated following the adoption of the SEM.

	REPORTED					RESTATED				
	I quarter 2015	II quarter 2015	III quarter 2015	IV quarter 2015	Full year 2015	I quarter 2015	II quarter 2015	III quarter 2015	IV quarter 2015	Full year 2015
(€ milioni)										
Operating profit (loss) - continuing operations	1,484	1,164	(421)	(5,008)	(2,781)	1,599	1,154	(259)	(6,090)	(3,596)
Operating profit (loss) E&P	1,298	1,471	701	(3,614)	(144)	1,413	1,461	863	(4,696)	(959)
Adjusted operating profit (loss) - continuing operations on a standalone basis	1,378	1,436	432	858	4,104	1,503	1,488	594	593	4,178
Adjusted operating profit (loss) - E&P	955	1,533	757	863	4,108	1,080	1,585	919	598	4,182
Net profit (loss) attributable to Eni's shareholders - continuing operations	489	34	(1,425)	(6,778)	(7,680)	617	50	(1,263)	(7,373)	(7,969)
Adjusted net profit (loss) attributable to Eni's shareholders - continuing operations on a standalone basis	575	390	(429)	(202)	334	701	447	(267)	(308)	573
Total assets					134,792					138,810
Eni's shareholders equity					51,753					55,199
Cash flow from operations from continuing operations on a standalone basis	2,287	3,511	1,371	4,012	11,181	2,222	3,440	1305	3,960	10,927
Net cash flow	656	(1,804)	(34)	(232)	(1,414)	656	(1,804)	(34)	(232)	(1,414)

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

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

Disclaimer

This press release, in particular the statements under the section "Outlook", contains certain forward-looking statements particularly those regarding capital expenditure, development and management of oil and gas resources, dividends, allocation of future cash flow from operations, gearing, future operating performance, targets of production and sales growth, new markets and the progress and timing of projects. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future. Actual results may differ from those expressed in such statements, depending on a variety of factors, including the timing of bringing new fields on stream; management's ability in carrying out industrial plans and in succeeding in commercial transactions; future levels of industry product supply; demand and pricing; operational issues; general economic conditions; political stability and economic growth in relevant areas of the world; changes in laws and governmental regulations; development and use of new technology; changes in public expectations and other changes in business conditions; the actions of competitors and other factors discussed elsewhere in this document. Due to the seasonality in demand for natural gas and certain refined products and the changes in a number of external factors affecting Eni's operations, such as prices and margins of hydrocarbons and refined products, Eni's results from operations and changes in net borrowings for the first quarter of the year cannot be extrapolated on an annual basis.

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This press release for the first quarter 2016 (unaudited) is also available on Eni's website **eni.com**.

Quarterly consolidated report

Summary results⁷ for the first quarter 2016

(€ million)

Fourth Quarter 2015		First Quarter	
		2015	2016
13,889	Net sales from operations - continuing operations	19,988	12,357
(6,090)	Operating profit (loss) - continuing operations	1,599	(321)
527	Exclusion of inventory holding (gains) losses	(87)	247
<u>6,278</u>	Exclusion of special items ^(a)	<u>(94)</u>	<u>147</u>
715	Adjusted operating profit (loss) - continuing operations	1,418	73
	Breakdown by segment:		
598	Exploration & Production	1,080	95
18	Gas & Power	294	285
93	Refining & Marketing	92	66
(101)	Corporate and other activities	(89)	(90)
<u>107</u>	Impact of unrealized intragroup profit elimination and other consolidation adjustments ^(b)	<u>41</u>	<u>(283)</u>
715	Adjusted operating profit (loss) - continuing operations	1,418	73
(122)	Reinstatement of intercompany transactions vs. discontinued operations	85	399
593	Adjusted operating profit (loss) - continuing operations on standalone basis	1,503	472
(7,373)	Net profit (loss) attributable to Eni's shareholders - continuing operations	617	(803)
365	Exclusion of inventory holding (gains) losses	(59)	168
<u>6,521</u>	Exclusion of special items ^(a)	<u>(104)</u>	<u>156</u>
(487)	Adjusted net profit (loss) attributable to Eni's shareholders - continuing operations	454	(479)
179	Reinstatement of intercompany transactions vs. discontinued operations	247	402
(308)	Adjusted net profit (loss) attributable to Eni's shareholders on standalone basis	701	(77)
(9,017)	Net profit (loss) attributable to Eni's shareholders	832	(792)
(7,373)	Net profit (loss) attributable to Eni's shareholders - continuing operations	617	(803)
(1,644)	Net profit (loss) attributable to Eni's shareholders - discontinued operations	215	11
3,960	Net cash provided by operating activities - continuing operations	2,222	862
503	Net cash provided by operating activities - discontinued operations	17	508
4,463	Net cash provided by operating activities	2,239	1,370
3,955	Net cash provided by operating activities on standalone basis	2,890	1,266
2,629	Capital expenditure - continuing operations	2,654	2,419

(a) For further information see "Breakdown of special items".

(b) Unrealized intragroup profit elimination mainly pertained to intra-group sales of commodities and services recorded in the assets of the purchasing business segment as of the end of the period.

⁷ As provided by IFRS, in case of "discontinued operations" gains and losses pertaining to activities in disposal phase and consequently to "continuing operations" are those deriving from transaction with third parties. Because of this, the above mentioned representation of Versalis, Saipem (insofar as 2015 comparative periods are concerned) and continuing operations as standalone entities do not fully illustrate their results, mainly when relevant intercompany transactions occur in the reporting period disclosed in this press release as well as in future reporting periods. Further information on Versalis, Saipem (insofar as 2015 comparative periods are concerned) and continuing operations results with detailed intercompany transaction see segment information at page 22 and subsequent.

Trading environment indicators

Fourth Quarter 2015		First Quarter		
		2015	2016	% Ch.
43.69	Average price of Brent dated crude oil ^(a)	53.97	33.89	(37.2)
1.095	Average EUR/USD exchange rate ^(b)	1.126	1.102	(2.1)
39.90	Average price in euro of Brent dated crude oil	47.93	30.75	(35.8)
6.56	Standard Eni Refining Margin (SERM) ^(c)	7.57	4.18	(44.8)
5.56	Price of NBP gas ^(d)	7.25	4.35	(40.0)
(0.09)	Euribor - three-month euro rate (%)	0.05	(0.19)	..
0.41	Libor - three-month dollar rate (%)	0.26	0.63	..

(a) In USD dollars per barrel. Source: Platt's Oilgram.

(b) Source: ECB.

(c) In USD per barrel. Source: Eni calculations. It gauges the profitability of Eni's refineries against the typical raw material slate and yields.

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

Financial review

Adjusted results on a standalone basis

In the first quarter 2016 **adjusted operating profit of continuing operations** was €472 million, down by €1,031 million, or 68.6% compared to the first quarter of 2015. The fall was attributable to lower commodity prices (down by €1.6 billion), partially offset by efficiency gains and production growth amounting to €0.6 billion. **Adjusted net loss pertaining to Eni's shareholders from continuing operations** was €77 million, down by €778 million compared to the first quarter of 2015, due to a declining operating performance and a lower than proportional reduction in the tax expense of the Exploration & Production segment.

The positive adjustments of €726 million related to: i) a loss on stock of €168 million; ii) special charges of €156 million; iii) the reinstatement of gains and losses on intercompany transactions with the discontinued operations, which are eliminated upon consolidation in GAAP earnings, in order to obtain a Non-GAAP measure which is indicative of the underlying performance of the continuing operations (€402 million).

Special charges of the operating profit from continuing operations amounted to €147 million, and mainly related to: (i) the fair-value evaluation of certain commodity derivatives lacking the formal criteria to be accounted as hedges under IFRS (charge of €133 million); (ii) environmental provisions (€26 million); (iii) exchange rates derivatives (a gain of €44 million).

Reported results

In the first quarter of 2016 Eni reported a **net loss from continuing operations** of €803 million compared to the first quarter of 2015 when Eni reported a net profit of €617 million. A prolonged slide in crude oil prices has negatively affected the Group's performance, eroding results from operations and cash flow.

Operating earnings were €1,920 million lower than the first quarter of 2015 driven by lower E&P revenues reflecting reduced oil and gas realizations, in turn negatively impacted by sharply lower Brent prices (down by 37%). In addition, the reduced operating profit reflected the elimination due to consolidation of revenues earned by the continuing operations from the Chemical disposal group, whereas in the first quarter 2015 the elimination of intercompany revenues towards the Chemical segment was offset by the elimination of intercompany expenses incurred towards Saipem for maintenance and construction works commissioned by the continuing operations. The negative impact of lower commodity prices on results from operations and cash generation were partly offset by efficiency and optimizations gains across all businesses and production growth.

Net loss for the quarter was impacted by the recognition of a net tax expense amounting to €359 million, in spite of reporting negative pre-tax earnings. This circumstance reflected the impact of a deteriorating price scenario in the upstream segment, which resulted in the segment's taxable profit earned in PSA contracts, which, although more resilient in a low-price environment, nonetheless bear higher-than-average rates of tax and a reduced capacity to recognize deferred tax assets on losses incurred in the quarter.

Group net loss pertaining to Eni's shareholders amounted to €792 million. This result includes a net profit pertaining to Eni's shareholders from discontinued operations (€11 million). This was due to the IFRS 5 accounting for the Chemical disposal group whose results were positively influenced by the elimination upon consolidation of intercompany expenses incurred towards the continuing operations, as well as the interruption of the amortization of PP&E, offset by €441 million loss which was recognized to align the book value of the residual Eni's interest in Saipem to its fair value at the transaction date (January 22, 2016).

Summarized Group Balance Sheet⁸

(€ million)

	Dec. 31, 2015	Mar. 31, 2016	Change
Fixed assets			
Property, plant and equipment	67,682	66,094	(1,588)
Inventories - Compulsory stock	909	871	(38)
Intangible assets	2,979	2,905	(74)
Equity-accounted investments and other investments	3,326	4,595	1,269
Receivables and securities held for operating purposes	2,064	2,022	(42)
Net payables related to capital expenditure	(1,276)	(1,389)	(113)
	75,684	75,098	(586)
Net working capital			
Inventories	3,910	3,392	(518)
Trade receivables	12,022	12,228	206
Trade payables	(9,345)	(9,487)	(142)
Tax payables and provisions for net deferred tax liabilities	(4,240)	(4,452)	(212)
Provisions	(15,247)	(13,846)	1,401
Other current assets and liabilities	1,804	1,510	(294)
	(11,096)	(10,655)	441
Provisions for employee post-retirement benefits	(1,056)	(1,055)	1
Discontinued operations and assets held for sale including related liabilities	10,446	1,411	(9,035)
CAPITAL EMPLOYED, NET	73,978	64,799	(9,179)
Eni shareholders' equity	55,199	52,542	(2,657)
Non-controlling interest	1,916	47	(1,869)
Shareholders' equity	57,115	52,589	(4,526)
Net borrowings	16,863	12,210	(4,653)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	73,978	64,799	(9,179)
Leverage	0.30	0.23	(0.07)

The Summarized Group Balance Sheet was affected by the movement in the EUR/USD exchange rate which determined a decrease in net capital employed, net borrowings and total equity by €2,110 million, €246 million and €1,864 million, respectively. This was due to translation into euros of the financial statements of US-denominated subsidiaries reflecting a 4.6% appreciation of the euro against the US dollar (1 EUR= 1.1385 USD at March 31, 2016 compared to 1.089 at December 31, 2015).

Fixed assets (€75,098 million) decreased by €586 million from December 31, 2015 mainly due to the appreciation of the euro. Other changes related to capital expenditures for the quarter (€2,419 million) offset by DD&A and write-offs (€1,862 million). Finally the line item "Equity-accounted investments and other investments" (€1,269 million) increased due to the recognition as an equity-accounted investment of the residual 30.42% stake in Saipem and the pro-quota amount cashed out to subscribe Saipem share capital increase for an overall amount of €1,614 million, as well as the entity result for the period attributable to Eni.

⁸ The summarized Group balance sheet aggregates the amount of assets and liabilities derived from the statutory balance sheet in accordance with functional criteria, which consider the enterprise conventionally divided into the three fundamental areas focusing on resource investments, operations and financing. Management believes that this summarized Group balance sheet is useful information in assisting investors to assess Eni's capital structure and to analyze its sources of funds and investments in fixed assets and working capital. Management uses the summarized Group balance sheet to calculate key ratios such as the proportion of net borrowings to shareholders' equity (leverage) intended to evaluate whether Eni's financing structure is sound and well-balanced.

Net working capital was in negative territory at minus €10,655 million and increased by €441 million due to a reduction in provisions, mainly in G&P due to price revision of long-term contracts, partially offset by higher trade payables and lower advances, as well as higher commercial exposure to joint-venture partners in E&P. These increases were partly offset by reduced trade receivables and inventories due to scenario effects and the seasonality affecting gas sales.

Discontinued operations, asset held for sale including related liabilities (€1,411 million) refer mainly to the chemical business managed by Versalis (Eni's interest 100%). As of the reporting date, negotiations were underway to define an agreement with an industrial partner who, by acquiring a controlling stake of Versalis (Eni 100%), would support Eni in implementing an industrial plan designed to upgrade this business. When compared to December 31, 2015 the above mentioned item decreased by €9,035 million due to the closing of the Saipem deal.

Shareholders' equity including non-controlling interest was €52,589 million, down by €4,526 million from December 31, 2015. This was due to net loss in comprehensive income (€2,645 million) given by net loss of €789 million and unfavourable foreign currency translation differences (€1,864 million). Also affecting the total equity was the de-recognition of Saipem non-controlling interest (€1,872 million).

Summarized Group Cash Flow Statement⁹

(€ million)

Fourth Quarter 2015		First Quarter		
		2015	2016	Change
(7,074)	Net profit (loss) - continuing operations	474	(800)	(1,274)
	<i>Adjustments to reconcile net profit (loss) to net cash provided by operating activities:</i>			
8,758	- depreciation, depletion and amortization and other non monetary items	2,032	1,884	(148)
(135)	- net gains on disposal of assets	(314)	(18)	296
134	- dividends, interest, taxes and other changes	841	432	(409)
3,067	Changes in working capital related to operations	609	151	(458)
(790)	Dividends received, taxes paid, interest (paid) received	(1,420)	(787)	633
3,960	Net cash provided by operating activities - continuing operations	2,222	862	(1,360)
503	Net cash provided by operating activities - discontinued operations	17	508	491
4,463	Net cash provided by operating activities	2,239	1,370	(869)
(2,629)	Capital expenditure - continuing operations	(2,654)	(2,419)	235
(222)	Capital expenditure - discontinued operations	(180)	(36)	144
(2,851)	Capital expenditure	(2,834)	(2,455)	379
(57)	Investments and purchase of consolidated subsidiaries and businesses	(61)	(1,124)	(1,063)
1,353	Disposals	547	805	258
	Cash and cash equivalent related to discontinued operations divested		(889)	(889)
(660)	Other cash flow related to capital expenditure, investments and disposals	(596)	(39)	557
2,248	Free cash flow	(705)	(2,332)	(1,627)
(377)	Borrowings (repayment) of debt related to financing activities	(172)	5,987	6,159
(1,206)	Changes in short and long-term financial debt	1,430	(3,702)	(5,132)
(23)	Dividends paid and changes in non-controlling interest and reserves			
(874)	Effect of changes in consolidation, exchange differences and cash and cash equivalent related to discontinued operations divested	103	870	767
(232)	NET CASH FLOW	656	823	167
3,955	Net cash provided by operating activities on standalone basis	2,890	1,266	(1,624)

Change in net borrowings

(€ million)

Fourth Quarter 2015		First Quarter		
		2015	2016	Change
2,248	Free cash flow	(705)	(2,332)	(1,627)
	Net borrowings of acquired companies			
	Net borrowings of divested companies	18	6,707	6,689
(674)	Exchange differences on net borrowings and other changes	(768)	278	1,046
(23)	Dividends paid and changes in non-controlling interest and reserves			
1,551	CHANGE IN NET BORROWINGS	(1,455)	4,653	6,108

In the first quarter 2016, **net cash provided by operating activities from continuing operations** amounted to €862 million and was negatively influenced by the eliminations of intercompany flows with discontinued operations. When reinstating these effects, the standalone net cash provided by operating activities from continuing operations was €1,266 million. Proceeds from disposals were €805 million and mainly related to the 12.503% interest in Saipem and an interest in Snam due to exercise of the

⁹ Eni's summarized Group cash flow statement derives from the statutory statement of cash flows. It enables investors to understand the link existing between changes in cash and cash equivalents (deriving from the statutory cash flows statement) and in net borrowings (deriving from the summarized cash flow statement) that occurred from the beginning of the period to the end of period. The measure enabling such a link is represented by the free cash flow which is the cash in excess of capital expenditure needs. Starting from free cash flow it is possible to determine either: (i) changes in cash and cash equivalents for the period by adding/deducting cash flows relating to financing debts/receivables (issuance/repayment of debt and receivables related to financing activities), shareholders' equity (dividends paid, net repurchase of own shares, capital issuance) and the effect of changes in consolidation and of exchange rate differences; (ii) changes in net borrowings for the period by adding/deducting cash flows relating to shareholders' equity and the effect of changes in consolidation and of exchange rate differences. The free cash flow is a non-GAAP measure of financial performance.

conversion right by bondholders (€0.33 billion). These inflows funded part of capital expenditure (€2,455 million) and Saipem share capital increase.

When considering the cash flow of discontinued operations and the reimbursement of intercompany financing receivables amounting to €6,707 million, as part of the closing of the Saipem deal, the Group's net debt decreased by €4,653 million, net of negative exchange rate differences.

Other information

Val d'Agri

As disclosed in the Annual report on Form 20-F (see page F-86), the Italian Public Prosecutor's Office of Potenza started a criminal investigation in order to ascertain existence of environmental crimes and concurrently put under seizure certain plants functional to the production activity of the Val d'Agri complex which, as a consequence, has been shut down. The Val d'Agri center is currently producing 60 kboe/d net to Eni (50 kboe/d is the expected full-year impact). A second instance court rejected Eni's appeal against the seizure measure as it reaffirmed the decision of the Public Prosecutor. Eni will immediately file an appeal against the seizure measure before a third instance court. In addition, the Company will request execution of an evidentiary examination in order to make a definitive assessment of the correctness of the operational running of the plant.

Article No. 36 of Italian regulatory exchanges (Consob Resolution No. 16191/2007 and subsequent amendments). Continuing listing standards about issuers that control subsidiaries incorporated or regulated in accordance with laws of extra-EU Countries.

Certain provisions have been enacted to regulate continuing Italian listing standards of issuers controlling subsidiaries that are incorporated or regulated in accordance with laws of extra-EU Countries, also having a material impact on the consolidated financial statements of the parent company. Regarding the aforementioned provisions, as of March 31, 2016, Eni's subsidiaries - Eni Congo SA, Eni Norge AS, Eni Petroleum Co Inc, Nigerian Agip Oil Co Ltd, Nigerian Agip Exploration Ltd, Burren Energy (Congo) Ltd, Eni Finance USA Inc, Eni Trading & Shipping Inc, Eni Canada Holding Ltd, Eni Turkmenistan Ltd, Eni Ghana Exploration and Production Ltd and Eni Suisse SA – fall within the scope of the new continuing listing standards. Eni has already adopted adequate procedures to ensure full compliance with the new regulations.

Financial and operating information by segment for the first quarter of 2016 is provided in the following pages.

Exploration & Production

Fourth Quarter			First Quarter		% Ch.
2015	RESULTS	(€ million)	2015	2016	
4,977	Net sales from operations		5,212	3,356	(35.6)
(4,696)	Operating profit (loss)		1,413	94	(93.3)
5,294	Exclusion of special items:		(333)	1	
5,100	- <i>asset impairments</i>				
169	- <i>impairment of exploration projects</i>			7	
(37)	- <i>net gains on disposal of assets</i>		(325)		
(1)	- <i>provision for redundancy incentives</i>		1	1	
(14)	- <i>commodity derivatives</i>		11	4	
(51)	- <i>exchange rate differences and derivatives</i>		(17)		
128	- <i>other</i>		(3)	(11)	
598	Adjusted operating profit (loss)		1,080	95	(91.2)
(72)	Net financial income (expense) ^(a)		(64)	(58)	
100	Net income (expense) from investments ^(a)		23	25	
(599)	Income taxes ^(a)		(795)	(307)	
95.7	Tax rate (%)		76.5	..	
27	Adjusted net profit (loss)		244	(245)	..
	Results also include:				
488	exploration expense:		122	87	(28.7)
52	- <i>prospecting, geological and geophysical expenses</i>		65	55	(15.4)
436	- <i>write-off of exploration wells</i>		57	32	(43.9)
2,254	Capital expenditure		2,601	2,297	(11.7)
	Production ^{(b) (c)}				
998	Liquids ^(d)	(kbbbl/d)	860	890	3.5
4,868	Natural gas	(mmcf/d)	4,596	4,718	3.1
1,884	Total hydrocarbons	(kboe/d)	1,697	1,754	3.4
	Average realizations				
38.68	Liquids ^(d)	(\$/bbl)	48.26	29.69	(38.5)
4.06	Natural gas	(\$/kcf)	5.11	3.31	(35.3)
31.68	Total hydrocarbons	(\$/boe)	38.28	24.09	(37.1)
	Average oil market prices				
43.69	Brent dated	(\$/bbl)	53.97	33.89	(37.2)
39.90	Brent dated	(€/bbl)	47.93	30.75	(35.8)
42.10	West Texas Intermediate	(\$/bbl)	48.55	33.27	(31.5)
2.11	Gas Henry Hub	(\$/mmbtu)	2.87	1.96	(31.7)

(a) Excluding special items

(b) Supplementary operating data is provided on page 35.

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

(d) Includes condensates.

Results

In the first quarter of 2016, the Exploration & Production segment reported an **adjusted operating profit** of €95 million, down by €985 million or 91.2% compared to the first quarter of 2015. This result was driven by lower oil and gas realizations in dollar terms (down by 38.5% and 35.3%, respectively), reflecting trends in the marker Brent (down by 37.2%) and weak gas prices in Europe and in the United States. These effects were only partially offset by higher production, reductions in operating costs and lower DD&A.

In the first quarter of 2016, **adjusted net loss** amounted to €245 million, €489 million worse compared to €244 million reported in the same period of the previous year. This was due to lower operating performance and a lower than proportional reduction in the tax expense, driven by a deteriorating price scenario, which resulted in the concentration of taxable profit in PSA contracts, which, although more resilient in a low-price environment, bear higher-than average rates of tax and a reduced capacity to recognize deferred tax assets on losses incurred in the quarter.

In the first quarter of 2016, taxes paid represented approximately 35% of the cash flow from operating activities of the E&P segment before changes in working capital and income taxes paid, lower than in 2015.

Operating review

In the first quarter of 2016, Eni's **hydrocarbon production**¹⁰ was 1.754 million boe/d, 3.4% higher compared to the first quarter of 2015. Excluding the price effects reported in Production Sharing Agreements and other effects, production resulted up by 1.3% due to new fields' start-ups and production ramp-up at fields started in 2015 mainly in Angola, Congo, Egypt, Venezuela, the United States and Norway, as well as increased production in Iraq. These positive effects were partly offset by a decline in mature fields.

The share of oil and natural gas produced outside Italy was 91% (90% in the first quarter of 2015).

Liquids production (890 kbbbl/d) increased by 30 kbbbl/d or 3.5% from the first quarter of 2015.

Natural gas production in the quarter was 4,718 mmcf/d, up by 122 mmcf/d or 3.1% compared to the same period of the previous year.

¹⁰ From January 1, 2016, as part of a regular reviewing procedure, Eni has updated the conversion rate of gas to 5,458 cubic feet of gas equals 1 barrel of oil (it was 5,492 cubic feet of gas per barrel in previous reporting periods). This update reflected changes in Eni's gas properties that took place in the last three years and was assessed by collecting data on the heating power of gas in all Eni's gas fields currently on stream. The effect of this update on production expressed in boe for the first quarter of 2016 was 5 kboe/d. Other per-boe indicators were only marginally affected by the update (e.g. realization prices, costs per boe) and also negligible was the impact on depletion charges. Other oil companies may use different conversion rates.

Gas & Power

Fourth Quarter			First Quarter		
2015	RESULTS	(€ million)	2015	2016	% Ch.
10,609	Net sales from operations		16,373	10,030	(38.7)
(894)	Operating profit (loss)		186	83	(55.4)
96	Exclusion of inventory holding (gains) losses		31	128	
816	Exclusion of special items:		77	74	
137	- <i>asset impairments</i>				
132	- <i>risk provisions:</i>				
	- <i>of which provision on retail credits on invoices to be issued</i>				
132					
(1)	- <i>provision for redundancy incentives</i>				
144	- <i>commodity derivatives</i>		8	103	
7	- <i>exchange rate differences and derivatives</i>		69	(39)	
397	- <i>other:</i>			10	
	- <i>of which revision of credits evaluation on invoices to be issued</i>				
373					
18	Adjusted operating profit (loss)		294	285	(3.1)
5	Net finance income (expense) ^(a)		2	2	
5	Net income (expense) from investments ^(a)		3	5	
(64)	Income taxes ^(a)		(81)	(128)	
..	Tax rate (%)		27.1	43.8	
(36)	Adjusted net profit (loss)		218	164	(24.8)
74	Capital expenditure		18	22	22.2
	Natural gas sales ^(b)	(bcm)			
9.51	Italy		10.53	10.79	2.5
12.87	International sales		15.09	13.31	(11.8)
10.36	- <i>Rest of Europe</i>		12.97	11.30	(12.9)
1.66	- <i>Extra European markets</i>		1.34	1.20	(10.4)
0.85	- <i>E&P sales in Europe and in the Gulf of Mexico</i>		0.78	0.81	3.8
22.38	Worldwide gas sales		25.62	24.10	(5.9)
	<i>of which:</i>				
20.77	- <i>Sales of consolidated subsidiaries</i>		24.23	22.54	(7.0)
0.76	- <i>Eni's share of sales of natural gas of affiliates</i>		0.61	0.75	23.0
0.85	- <i>E&P sales in Europe and in the Gulf of Mexico</i>		0.78	0.81	3.8
9.06	Electricity sales	(TWh)	8.47	9.45	11.6

(a) Excluding special items.

(b) Supplementary operating data is provided on page 36.

Results

In the first quarter of 2016, the Gas & Power segment reported an **adjusted operating profit** of €285 million, down by €9 million or 3.1% from the first quarter of 2015. This reflected lower one-off benefits associated to contract renegotiations and other non-recurring events, lower margins on LNG sales due to an unfavorable trading environment, partially offset by optimization initiatives and reduced logistical costs. The Retail segment reported lower results due to unusual winter weather conditions.

Adjusted operating profit for the quarter included a €74 million positive adjustment, which comprised special charges of €103 million relating to fair-valued commodity derivatives lacking the formal requisites to be accounted as hedges under IFRS, partially offset by derivatives that are reclassified to adjusted operating profit and relate to exchange rate exposure in commodity pricing formulas and exposure on trade payables (gains of €39 million).

In the quarter, **adjusted net profit** amounted to €164 million, €54 million less compared to the same period of the previous year (down by 25%). This reflected lower operating performance and increased adjusted tax rate, up by approximately 17 percentage points.

Operating review

In the first quarter of 2016, Eni's **natural gas sales** were 24.10 bcm, 5.9% lower compared to the first quarter of 2015. Sales in Italy increased by 2.5% to 10.79 bcm driven by higher spot sales and higher volumes traded to small and medium-sized enterprises and to services industry. These positives were partially offset by lower sales reported in the retail segment due to mild winter weather and lower sales to large clients. Sales in the European markets amounted to 10.17 bcm, down by 14.1% compared to the same period of the previous year, mainly in Benelux and in the United Kingdom. This reflected decrease in volumes traded on the spot market as well as lower sales in Turkey reflecting lower sales to Botas, only partially offset by higher spot volumes traded in the Iberian Peninsula. In the quarter, sales to Extra European markets decreased by 10.4% due to lower LNG volumes marketed in the Far East.

Electricity sales were 9.45 TWh in the first quarter of 2016, up by 0.98 TWh, or 11.6%, from the corresponding period of 2015, mainly due to higher volumes traded on the free market.

Refining & Marketing

Fourth Quarter			First Quarter		
2015	RESULTS	(€ million)	2015	2016	Var. %
3,875	Net sales from operations		4,371	2,916	(33.3)
(529)	Operating profit (loss)		285	18	(93.7)
503	Exclusion of inventory holding (gains) losses		(345)	(19)	
119	Exclusion of special items:		152	67	
36	- <i>environmental charges</i>		20	26	
61	- <i>asset impairments</i>		27	13	
	- <i>net gains on disposal of assets</i>		(1)		
6	- <i>provision for redundancy incentives</i>		3	2	
11	- <i>commodity derivatives</i>		93	25	
(1)	- <i>exchange rate differences and derivatives</i>		(3)	(1)	
6	- <i>other</i>		13	2	
93	Adjusted operating profit (loss)		92	66	(28.3)
(3)	Net finance income (expense) ^(a)		(1)	(1)	
35	Net income (expense) from investments ^(a)		35	20	
(46)	Income taxes ^(a)		(55)	(41)	
36.8	Tax rate (%)		43.7	48.2	
79	Adjusted net profit (loss)		71	44	(38.0)
174	Capital expenditure		73	49	(32.9)
	Global indicator refining margin				
6.56	Standard Eni Refining Margin (SERM) ^(b)	(\$/bbl)	7.57	4.18	(44.8)
	REFINING THROUGHPUTS AND SALES	(mmtonnes)			
5.71	Refining throughputs in Italy		5.78	5.26	(9.0)
6.40	Refining throughputs on own account		6.91	5.90	(14.6)
5.65	- Italy		5.68	5.20	(8.5)
0.75	- Rest of Europe		1.23	0.70	(43.1)
0.06	Green refining throughputs		0.04	0.04	
2.19	Retail sales in Europe		2.05	2.00	(2.4)
1.51	- Italy		1.36	1.37	0.7
0.68	- Rest of Europe		0.69	0.63	(8.7)
2.86	Wholesale sales in Europe		2.77	2.55	(7.9)
1.99	- Italy		1.69	1.84	8.9
0.87	- Rest of Europe		1.08	0.71	(34.3)
0.11	Wholesale sales outside Europe		0.10	0.10	

(a) Excluding special items.

(b) In USD per barrel. Source: Eni calculations. It gauges the profitability of Eni's refineries against the typical raw material slate and yields.

Results

In the first quarter of 2016, the Refining & Marketing segment reported **adjusted operating profit** of €66 million, down by €26 million or 28% compared to the first quarter of 2015. This result reflected a deteriorated refining margin scenario (Standard Eni Refining Margin – SERM decreased by 44.8% to 4.2 \$/bl, compared to 7.6 \$/bl reported in the corresponding period of the previous year), partially offset by optimization and efficiency initiatives. Marketing activities reported better results on the back of improved margins, compared to the depressed environment one year ago.

Special charges excluded from adjusted operating profit of the first quarter of 2016 amounted to a net positive of €67 million. This comprised impairment losses to write down capital expenditure of the period at assets impaired in previous reporting periods (€13 million), environmental charges (€26 million) as well as fair-value evaluation of certain commodity derivatives (charges of €25 million in the quarter) lacking the formal criteria to be accounted as hedges under IFRS.

Adjusted net profit in the quarter amounted to €44 million, down by €27 million from the corresponding period of the previous year. This reflected lower operating performance and lower incomes from investments.

Operating review

In the first quarter of 2016, the Standard Eni Refining Margin (SERM) almost halved its value to 4.2 \$/bl, compared to 7.6 \$/bl reported in the first quarter of 2015), reflecting weaker gasoil prices.

In this context, **Eni refining throughputs** amounted to 5.90 mmt tonnes, down by 14.6%. On a homogeneous basis, when excluding the impact of the disposal of CRC refinery in Czech Republic finalized on April 30, 2015, refining throughputs in the quarter reported a decrease of 7.7%. Volumes processed in Italy were down by 8.5% mainly due to planned maintenance standstills of Sannazzaro and Taranto sites. The volumes of biofuels produced from vegetable oil at Venice Green Refinery were stable compared to the corresponding period of the previous year.

Retail sales in Italy of 1.37 mmt tonnes in the quarter were barely unchanged. Eni's retail market share was 23.9%, down by 0.6 percentage points from the first quarter of 2015.

Wholesale sales in Italy (1.84 mmt tonnes in the first quarter of 2016) were up by 8.9% compared to the first quarter of 2015. This result reflected higher sales of gasoline, gasoil and fuel oil bunker, partially offset by lower volumes of jet fuels and bitumen.

Retail and wholesale sales in the rest of Europe decreased by the corresponding period of 2015 mainly due to the assets disposal in Romania, finalized in February 2015 and assets in Czech Republic and Slovakia finalized in July 2015. The volumes traded in other markets remained stable.

Summarized Group profit and loss account

(€ million)

(€ millions)

Fourth Quarter		First Quarter		
2015		2015	2016	% Ch.
13,889	Net sales from operations	19,988	12,357	(38.2)
535	Other income and revenues	530	200	(62.3)
(12,545)	Operating expenses	(16,620)	(10,899)	34.4
(105)	Other operating income (expense)	(22)	(117)	..
(7,367)	Depreciation, depletion, amortization and impairments	(2,207)	(1,827)	17.2
(497)	Write-off	(70)	(35)	50.0
(6,090)	Operating profit (loss)	1,599	(321)	..
(488)	Finance income (expense)	(649)	(140)	78.4
(370)	Income (expense) from investments	276	20	(92.8)
(6,948)	Profit (loss) before income taxes	1,226	(441)	..
(126)	Income taxes	(752)	(359)	52.3
..	Tax rate (%)	61.3	..	
(7,074)	Net profit (loss) - continuing operations	474	(800)	..
(2,044)	Net profit (loss) - discontinued operations	272	11	(96.0)
(9,118)	Net profit (loss)	746	(789)	..
(9,017)	Eni's shareholders	832	(792)	..
(7,373)	- continuing operations	617	(803)	..
(1,644)	- discontinued operations	215	11	(94.9)
(101)	Non-controlling interest	(86)	3	..
299	- continuing operations	(143)	3	..
(400)	- discontinued operations	57		..
(7,373)	Net profit (loss) attributable to Eni's shareholders - continuing operations	617	(803)	..
365	Exclusion of inventory holding (gains) losses	(59)	168	
6,521	Exclusion of special items	(104)	156	
(487)	Adjusted net profit (loss) attributable to Eni's shareholders - continuing operations ^(a)	454	(479)	..
179	Reinstatement of intercompany transactions vs. discontinued operations	247	402	
(308)	Adjusted net profit (loss) attributable to Eni's shareholders on standalone basis ^(a)	701	(77)	..

(a) For a detailed explanation and reconciliation of standalone adjusted results which exclude as usual the items "profit/loss on stock" and extraordinary gains and losses (special items), while they reinstate the effects relating the elimination of gains and losses on intercompany transactions with discontinued operations see the following pages.

Non-GAAP measures

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

Management assesses the underlying performance of the Group's business segments looking at certain Non-GAAP measures of results from operations. Those Non-GAAP measures are the adjusted operating profit and the adjusted net profit, which exclude from reported operating profit and reported net profit the impact of extraordinary gains and losses ("special items") pre-tax and post-tax respectively, as well as of the profit/loss on stock. Special items mainly comprise asset impairment losses, gains on disposal, restructuring charges, environmental and other provisions, the fair value of certain derivative contracts lacking the formal criteria to be accounted as hedges and write-downs of deferred tax assets. The profit/loss on stock is the difference between the current costs of supplies and the cost determined in accordance to the weighted-average cost accounting method for the evaluation of inventories as provided by IFRSs.

Furthermore, considering the process to dispose of the two business segments "Chemical" and "E&C" (insofar as 2015 comparative periods are concerned), which is underway at the reporting date and the related accounting of the two disposal groups as discontinued operations in accordance to IFRS5, management has presented in this press release additional Non-GAAP measures to assess the performance of the continuing operations. Those measures are the standalone adjusted operating profit and the standalone adjusted net profit, which reinstate in the results of the continuing operations the effect related to the elimination of profit on intercompany transactions with the discontinued operations. Those Non-GAAP measures obtain a representation of the performance of the continuing operations anticipating the effect of the derecognition of the discontinued operations. A corresponding alternative performance measure has been presented for the cash flow from operating activities.

(€ million)

First Quarter 2016	Exploration & Production	Gas & Power	Refining & Marketing	Corporate and other activities	Chemicals	Impact of unrealized intragroup profit elimination	DISCONTINUED OPERATIONS				CONTINUING OPERATIONS Reinstatement of intercompany transactions vs. discontinued operations	CONTINUING OPERATIONS - on standalone basis
							GROUP	Chemicals	Consolidation adjustments	Total		
Reported operating profit (loss)	94	83	18	(98)	38	(22)	113	(38)	(396)	(434)	(321)	75
Exclusion of inventory holding (gains) losses		128	(19)		82	138	329	(82)		(82)	247	247
Exclusion of special items:												
environmental charges			26		(3)		23	3		3	26	26
asset impairments			13	4			17				17	17
impairment of exploration projects	7						7				7	7
net gains on disposal of assets												
risk provisions												
provision for redundancy incentives	1		2	2	2		7	(2)		(2)	5	5
commodity derivatives	4	103	25		1		133	(1)	1	(2)	133	132
exchange rate differences and derivatives		(39)	(1)		(2)		(42)	2	(4)	(2)	(44)	(40)
other	(11)	10	2	2	1		4	(1)		(1)	3	3
Special items of operating profit (loss)	1	74	67	8	(1)		149	1	(3)	(2)	147	150
Adjusted operating profit (loss)	95	285	66	(90)	119	116	591	(119)	(399)	(518)	73	472
Net finance (expense) income ^(a)	(58)	2	(1)	(34)	2		(89)	(2)	(1)	(3)	(92)	(91)
Net income (expense) from investments ^(a)	25	5	20	(7)			43				43	43
Income taxes ^(a)	(307)	(128)	(41)	16	(17)	(38)	(515)	17	(2)	15	(500)	(498)
Tax rate (%)	..	43.8	48.2				94.5			
Adjusted net profit (loss)	(245)	164	44	(115)	104	78	30	(104)	(402)	(506)	(476)	402
<i>of which:</i>												
- Adjusted net profit (loss) of non-controlling interest							3				3	3
- Adjusted net profit (loss) attributable to Eni's shareholders							27			(506)	(479)	(77)
Reported net profit (loss) attributable to Eni's shareholders							(792)			(11)	(803)	(803)
Exclusion of inventory holding (gains) losses							224			(56)	168	168
Exclusion of special items							595			(439)	156	156
Reinstatement of intercompany transactions vs. discontinued operations												402
Adjusted net profit (loss) attributable to Eni's shareholders							27			(506)	(479)	(77)

^(a) Excluding special items.

(€ million)

Fourth Quarter 2015		First Quarter	
		2015	2016
3,960	Net cash provided by operating activities - continuing operations	2,222	862
(5)	Reinstatement of intercompany transactions vs. discontinued operations	668	404
3,955	Net cash provided by operating activities on standalone basis	2,890	1,266

(€ million)

First quarter 2015

	Exploration & Production	Gas & Power	Refining & Marketing	Corporate and other activities	Engineering & Construction	Chemicals	Impact of unrealized intragroup profit elimination	DISCONTINUED OPERATIONS				CONTINUING OPERATIONS	Reinstatement of intercompany transactions vs. discontinued operations	CONTINUING OPERATIONS - on standalone basis
								GROUP	Engineering & Construction and Chemicals	Consolidation adjustments	Total			
Reported operating profit (loss)	1,413	186	285	(93)	162	(186)	(101)	1,666	24	(91)	(67)	1,599		1,690
Exclusion of inventory holding (gains) losses		31	(345)			212	227	125	(212)		(212)	(87)		(87)
Exclusion of special items:														
environmental charges			20					20				20		20
asset impairments			27	1				28				28		28
impairment of exploration projects														
net gains on disposal of assets	(325)		(1)					(326)				(326)		(326)
risk provisions														
provision for redundancy incentives	1		3		1	1		6	(2)		(2)	4		4
commodity derivatives	11	8	93		(3)	(3)		106	6	(6)		106		112
exchange rate differences and derivatives	(17)	69	(3)			17		66	(17)	12	(5)	61		49
other	(3)		13	3		(12)		1	12		12	13		13
Special items of operating profit (loss)	(333)	77	152	4	(2)	3		(99)	(1)	6	5	(94)		(100)
Adjusted operating profit (loss)	1,080	294	92	(89)	160	29	126	1,692	(189)	(85)	(274)	1,418	85	1,503
Net finance (expense) income ^(a)	(64)	2	(1)	(116)	(2)			(181)	2	(18)	(16)	(197)		(179)
Net income (expense) from investments ^(a)	23	3	35	230	7			298	(7)		(7)	291		291
Income taxes ^(a)	(795)	(81)	(55)	43	(54)	(4)	(33)	(979)	58	(7)	51	(928)		(921)
Tax rate (%)	76.5	27.1	43.7		32.7			54.1				61.4		57.0
Adjusted net profit (loss)	244	218	71	68	111	25	93	830	(136)	(110)	(246)	584	110	694
of which:														
- Adjusted net profit (loss) of non-controlling interest								56			74	130	(137)	(7)
- Adjusted net profit (loss) attributable to Eni's shareholders								774			(320)	454	247	701
Reported net profit (loss) attributable to Eni's shareholders								832			(215)	617		617
Exclusion of inventory holding (gains) losses								87			(146)	(59)		(59)
Exclusion of special items								(145)			41	(104)		(104)
Reinstatement of intercompany transactions vs. discontinued operations														247
Adjusted net profit (loss) attributable to Eni's shareholders								774			(320)	454		701

^(a) Excluding special items.

(€ million)

Fourth Quarter 2015

	Exploration & Production	Gas & Power	Refining & Marketing	Corporate and other activities	Engineering & Construction	Chemicals	Impact of unrealized intragroup profit elimination	DISCONTINUED OPERATIONS				CONTINUING OPERATIONS	Reinstatement of intercompany transactions vs. discontinued operations	CONTINUING - on standalone basis
								GROUP	Engineering & Construction and Chemicals	Consolidation adjustments	Total			
Reported operating profit (loss)	(4,696)	(894)	(529)	(149)	(59)	(1,379)	57	(7,649)	1,438	121	1,559	(6,090)		(6,211)
Exclusion of inventory holding (gains) losses		96	503			64	(72)	591	(64)		(64)	527		527
Exclusion of special items:														
environmental charges			36	24		(11)		49	11		11	60		60
asset impairments	5,100	137	61	10	379	1,372		7,059	(1,751)		(1,751)	5,308		5,308
impairment of exploration projects	169							169				169		169
net gains on disposal of assets	(37)			6				(31)				(31)		(31)
risk provisions		132		(1)		2		133	(2)		(2)	131		131
provision for redundancy incentives	(1)	(1)	6	1	8	1		14	(9)		(9)	5		5
commodity derivatives	(14)	144	11					141				141		141
exchange rate differences and derivatives	(51)	7	(1)			(5)		(50)	5	1	6	(44)		(45)
other	128	397	6	8	7	(3)		543	(4)		(4)	539		539
Special items of operating profit (loss)	5,294	816	119	48	394	1,356		8,027	(1,750)	1	(1,749)	6,278		6,277
Adjusted operating profit (loss)	598	18	93	(101)	335	41	(15)	969	(376)	122	(254)	715	(122)	593
Net finance (expense) income ^(a)	(72)	5	(3)	(240)	(1)	2		(309)	(1)		(1)	(310)		(310)
Net income (expense) from investments ^(a)	100	5	35	(6)	37	(4)		167	(33)		(33)	134		134
Income taxes ^(a)	(599)	(64)	(46)	(12)	(136)	(32)	(15)	(904)	168	(15)	153	(751)		(736)
Tax rate (%)	95.7	..	36.8
Adjusted net profit (loss)	27	(36)	79	(359)	235	7	(30)	(77)	(242)	107	(135)	(212)	(107)	(319)
<i>of which:</i>														
- Adjusted net profit (loss) of non-controlling interest								123			152	275	(286)	(11)
- Adjusted net profit (loss) attributable to Eni's shareholders								(200)			(287)	(487)	179	(308)
Reported net profit (loss) attributable to Eni's shareholders								(9,017)			1,644	(7,373)		(7,373)
Exclusion of inventory holding (gains) losses								409			(44)	365		365
Exclusion of special items								8,408			(1,887)	6,521		6,521
Reinstatement of intercompany transactions vs. discontinued operations														179
Adjusted net profit (loss) attributable to Eni's shareholders								(200)			(287)	(487)		(308)

^(a) Excluding special items.

Breakdown of special items

(€ million)

Fourth Quarter 2015		First Quarter	
		2015	2016
49	Environmental charges	20	23
7,059	Asset impairments	28	17
169	Impairment of exploration projects		7
(31)	Net gains on disposal of assets	(326)	
133	Risk provisions		
14	Provisions for redundancy incentives	6	7
141	Commodity derivatives	106	133
(50)	Exchange rate differences and derivatives	66	(42)
543	Other	1	4
8,027	Special items of operating profit (loss)	(99)	149
195	Net finance (income) expense	328	96
	of which:		
50	- exchange rate differences and derivatives	(66)	42
504	Net income (expense) from investments	2	386
	of which:		
489	- impairments/revaluation of equity investments		365
(93)	Income taxes	(234)	(36)
	of which:		
810	- impairment of deferred tax assets of Italian subsidiaries		
860	- impairment of deferred tax assets of upstream business		
(1,763)	- taxes on special items of operating profit (loss) and other special items	(234)	(36)
8,633	Total special items of net profit (loss)	(3)	595
	Attributable to:		
225	- Non-controlling interest	142	
8,408	- Eni's shareholders	(145)	595
	of which:		
1,887	special items of discontinued operations	(41)	439

Analysis of Profit and Loss account items of continuing operations

Net sales from operations

(€ million)

Fourth Quarter 2015		First Quarter		% Ch.
		2015	2016	
4,977	Exploration & Production	5,212	3,356	(35.6)
10,609	Gas & Power	16,373	10,030	(38.7)
3,875	Refining & Marketing	4,371	2,916	(33.3)
391	Corporate and other activities	353	310	(12.2)
(206)	Impact of unrealized intragroup profit elimination	(28)		
(5,757)	Consolidation adjustment	(6,293)	(4,255)	
13,889		19,988	12,357	(38.2)

Operating expenses

(€ million)

Fourth Quarter 2015		First Quarter		
		2015	2016	% Ch.
11,895	Purchases, services and other	15,911	10,179	(36.0)
191	of which: - other special items	20	26	
650	Payroll and related costs	709	720	1.6
5	of which: - provision for redundancy incentives and other	4	5	
12,545		16,620	10,899	(34.4)

Depreciation, depletion, amortization, impairments and write-off

(€ million)

Fourth Quarter 2015		First Quarter		
		2015	2016	% Ch.
1,867	Exploration & Production	1,993	1,624	(18.5)
97	Gas & Power	89	86	(3.4)
87	Refining & Marketing	85	88	3.5
15	Corporate and other activities	18	19	5.6
(7)	Impact of unrealized intragroup profit elimination	(6)	(7)	
2,059	Total depreciation, depletion and amortization	2,179	1,810	(16.9)
5,308	Impairments	28	17	(39.3)
7,367	Depreciation, depletion, amortization and impairments	2,207	1,827	(17.2)
497	Write-off	70	35	(50.0)
7,864		2,277	1,862	(18.2)

Income (expense) from investments

(€ million)

First Quarter 2016	Exploration & Production	Gas & Power	Refining & Marketing	Corporate and other activities	Group
Share of gains (losses) from equity-accounted investments	26	5		24	55
Dividends	2		20		22
Net gains on disposal				(32)	(32)
Other income (expense), net	(3)		(2)	(20)	(25)
	25	5	18	(28)	20

Leverage and net borrowings

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

(€ million)			
	Dec. 31, 2015	Mar. 31, 2016	Change vs. Dec. 31, 2015
Total debt	27,776	23,911	(3,865)
<i>Short-term debt</i>	8,383	4,471	(3,912)
<i>Long-term debt</i>	19,393	19,440	47
Cash and cash equivalents	(5,200)	(6,023)	(823)
Securities held for trading and other securities held for non-operating purposes	(5,028)	(5,007)	21
Financing receivables held for non-operating purposes	(685)	(671)	14
Net borrowings	16,863	12,210	(4,653)
Shareholders' equity including non-controlling interest	57,115	52,589	(4,526)
Leverage	0.30	0.23	(0.07)

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

Bonds maturing in the 18-months period starting on March 31, 2016

(€ million)	
Issuing entity	Amount at March 31, 2016 (a)
Eni Finance International SA	103
	103

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

In the first quarter of 2016 Eni did not issue bonds.

Discontinued operations

Main financial data of discontinued operations are provided below.

Chemical - Results of operations and liquidity from third-party transactions

(€ million)

Fourth Quarter 2015		First Quarter	
		2015	2016
1,083	Total revenues	1,071	994
(2,070)	Operating expenses, depreciation, depletion, amortization and impairments	(900)	(560)
(987)	Operating profit (loss)	171	434
(2)	Finance income (expense)	5	5
(993)	Profit (loss) before income taxes	176	439
(382)	Income taxes	(6)	(15)
(1,375)	Net profit (loss)	170	424
1	Net borrowings	(6)	12
484	Net cash provided by operating activities	414	99
(67)	Net cash provided by investing activities	(54)	(46)
3	Net cash provided by financing activities	1	1
68	Capital expenditure	30	36

Chemical - Results of operations and liquidity from third-party and intercompany transactions

(€ million)

Fourth Quarter 2015		First Quarter	
		2015	2016
1,140	Total revenues	1,139	1,033
(2,519)	Operating expenses, depreciation, depletion, amortization and impairments	(1,325)	(995)
(1,379)	Operating profit (loss)	(186)	38
41	Adjusted operating profit (loss)	29	119
(11)	Finance income (expense)	8	(8)
(1,394)	Profit (loss) before income taxes	(178)	30
(382)	Income taxes	(6)	(15)
(1,776)	Net profit (loss)	(184)	15
7	Adjusted net profit (loss)	25	104
37	Net borrowings	2,657	1,388
9	Net cash provided by operating activities	(58)	104
(48)	Net cash provided by investing activities	(58)	(47)
69	Net cash provided by financing activities	147	(167)
68	Capital expenditure	30	36

Fourth Quarter 2015			First Quarter	
			2015	2016
	Production	(ktonnes)		
842	Intermediates		822	874
580	Polymers		596	564
1,422			1,418	1,438

Consolidated financial statements

BALANCE SHEET

(€ million)

Jan 1, 2015		Dec. 31, 2015	Mar. 31, 2016
	ASSETS		
	Current assets		
6,614	Cash and cash equivalents	5,200	6,023
5,024	Other financial activities held for trading	5,028	4,995
257	Other financial assets available for sale	282	315
28,601	Trade and other receivables	20,950	20,969
7,555	Inventories	3,910	3,392
762	Current tax assets	351	391
1,209	Other current tax assets	622	603
4,385	Other current assets	3,639	3,673
54,407		39,982	40,361
	Non-current assets		
75,991	Property, plant and equipment	67,682	66,094
1,581	Inventory - compulsory stock	909	871
4,420	Intangible assets	2,979	2,905
3,172	Equity-accounted investments	2,682	4,323
2,015	Other investments	644	272
1,042	Other financial assets	826	795
4,670	Deferred tax assets	3,833	3,681
2,773	Other non-current assets	1,757	1,624
95,664		81,312	80,565
456	Discontinued operations and assets held for sale	17,516	2,052
150,527	TOTAL ASSETS	138,810	122,978
	LIABILITIES AND SHAREHOLDERS' EQUITY		
	Current liabilities		
2,716	Short-term debt	5,712	3,669
3,859	Current portion of long-term debt	2,671	802
23,703	Trade and other payables	14,615	14,939
534	Income taxes payable	422	423
1,873	Other taxes payable	1,442	2,100
4,489	Other current liabilities	4,703	4,761
37,174		29,565	26,694
	Non-current liabilities		
19,316	Long-term debt	19,393	19,440
15,882	Provisions for contingencies	15,247	13,846
1,313	Provisions for employee benefits	1,056	1,055
8,751	Deferred tax liabilities	7,512	6,949
2,285	Other non-current liabilities	1,852	1,764
47,547		45,060	43,054
165	Liabilities directly associated with discontinued operations and assets held for sale	7,070	641
84,886	TOTAL LIABILITIES	81,695	70,389
	SHAREHOLDERS' EQUITY		
2,455	Non-controlling interest	1,916	47
	Eni shareholders' equity:		
4,005	Share capital	4,005	4,005
(284)	Reserve related to the fair value of cash flow hedging derivatives net of tax effect	(474)	(510)
60,763	Other reserves	62,761	50,420
(581)	Treasury shares	(581)	(581)
(2,020)	Interim dividend	(1,440)	
1,303	Net profit (loss)	(9,072)	(792)
63,186	Total Eni shareholders' equity	55,199	52,542
65,641	TOTAL SHAREHOLDERS' EQUITY	57,115	52,589
150,527	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	138,810	122,978

GROUP PROFIT AND LOSS ACCOUNT

(€ million)

Fourth Quarter 2015		First Quarter	
		2015	2016
	REVENUES		
13,889	Net sales from operations	19,988	12,357
535	Other income and revenues	530	200
14,424	Total revenues	20,518	12,557
	OPERATING EXPENSES		
11,895	Purchases, services and other	15,911	10,179
650	Payroll and related costs	709	720
(105)	OTHER OPERATING (EXPENSE) INCOME	(22)	(117)
7,367	DEPRECIATION, DEPLETION, AMORTIZATION AND IMPAIRMENTS	2,207	1,827
497	WRITE-OFF	70	35
(6,090)	OPERATING PROFIT (LOSS)	1,599	(321)
	FINANCE INCOME (EXPENSE)		
1,517	Finance income	4,546	1,822
(1,973)	Finance expense	(4,671)	(2,071)
(9)	Income (expense) from other financial activities held for trading	16	(37)
(23)	Derivative financial instruments	(540)	146
(488)		(649)	(140)
	INCOME (EXPENSE) FROM INVESTMENTS		
(439)	Share of profit (loss) of equity-accounted investments	16	55
69	Other gain (loss) from investments	260	(35)
(370)		276	20
(6,948)	PROFIT (LOSS) BEFORE INCOME TAXES	1,226	(441)
(126)	Income taxes	(752)	(359)
(7,074)	Net profit (loss) - continuing operations	474	(800)
(2,044)	Net profit (loss) - discontinued operations	272	11
(9,118)	Net profit (loss)	746	(789)
	Eni's shareholders:		
(7,373)	- continuing operations	617	(803)
(1,644)	- discontinued operations	215	11
(9,017)		832	(792)
	Non controlling interest		
299	- continuing operations	(143)	3
(400)	- discontinued operations	57	
(101)		(86)	3
	Net profit (loss) per share attributable to Eni's shareholders (€ per share)		
(2.50)	- basic	0.23	(0.22)
(2.50)	- diluted	0.23	(0.22)
	Net profit (loss) per share - continuing operations attributable to Eni's shareholders (€ per share)		
(2.05)	- basic	0.17	(0.22)
(2.05)	- diluted	0.17	(0.22)

COMPREHENSIVE INCOME

(€ million)

	First Quarter	
	2015	2016
Net profit (loss)	746	(789)
Items not reclassifiable to profit and loss account		
Items subsequently reclassifiable to profit and loss account	5,804	(1,856)
<i>Foreign currency translation differences</i>	5,719	(1,864)
<i>Change in the fair value of cash flow hedging derivatives</i>	117	(44)
<i>Change in the fair value of other available-for-sale financial instruments</i>	1	
<i>Share of "Other comprehensive income" on equity-accounted entities</i>		40
<i>Taxation</i>	(33)	12
Total other items of comprehensive income (loss)	5,804	(1,856)
Total comprehensive income (loss)	6,550	(2,645)
attributable to:		
Eni's shareholders	6,574	(2,648)
- continuing operations	6,317	(2,660)
- discontinued operations	257	12
Non-controlling interest	(24)	3
- continuing operations	(132)	3
- discontinued operations	108	

CHANGES IN SHAREHOLDERS' EQUITY

(€ million)

Shareholders' equity at December 31, 2015:	57,115
Total comprehensive income (loss)	(2,645)
Deconsolidation of Saipem's non-controlling interest	(1,872)
Other changes	(9)
Total changes	(4,526)
Shareholders' equity at March 31, 2016:	52,589
attributable to:	
- Eni's shareholders	52,542
- Non-controlling interest	47

GROUP CASH FLOW STATEMENT

(€ million)

Fourth Quarter 2015		First Quarter	
		2015	2016
(7,074)	Net profit (loss) - continuing operations	474	(800)
	<i>Adjustments to reconcile net profit (loss) to net cash provided by operating activities:</i>		
7,367	Depreciation, depletion, amortization and impairments	2,207	1,827
497	Write-off	70	35
439	Share of (profit) loss of equity-accounted investments	(16)	(55)
(135)	Gain on disposal of assets, net	(314)	(18)
(120)	Dividend income	(42)	(22)
(40)	Interest income	(36)	(66)
168	Interest expense	167	161
126	Income taxes	752	359
467	Other changes	(214)	70
	Changes in working capital:		
1,028	- inventories	204	483
985	- trade receivables	(779)	(236)
173	- trade payables	611	72
343	- provisions for contingencies	(322)	(1,068)
538	- other assets and liabilities	895	900
3,067	Cash flow from changes in working capital	609	151
(12)	Net change in the provisions for employee benefits	(15)	7
221	Dividends received	23	5
26	Interest received	12	45
(152)	Interest paid	(278)	(226)
(885)	Income taxes paid, net of tax receivables received	(1,177)	(611)
3,960	Net cash provided from operating activities - continuing operations	2,222	862
503	Net cash provided from operating activities - discontinued operations	17	508
4,463	Net cash provided from operating activities	2,239	1,370
	Investing activities:		
(2,793)	- tangible assets	(2,815)	(2,441)
(58)	- intangible assets	(19)	(14)
	- consolidated subsidiaries and businesses		
(57)	- investments	(61)	(1,124)
(71)	- securities	(37)	(70)
(536)	- financing receivables	(378)	(286)
(622)	- change in payables and receivables in relation to investments and capitalized depreciation	(556)	(72)
(4,137)	Cash flow from investments	(3,866)	(4,007)
	Disposals:		
6	- tangible assets	395	1
	- intangible assets	4	
2	- consolidated subsidiaries and businesses	34	463
	- cash and cash equivalent related to discontinued operations divested		(889)
1,345	- investments	114	341
7	- securities	10	7
158	- financing receivables	186	6,337
27	- change in payables and receivables in relation to disposals	7	32
1,545	Cash flow from disposals	750	6,292
(2,592)	Net cash used in investing activities (*)	(3,116)	2,285

GROUP CASH FLOW STATEMENT (continued)

(€million)

Fourth Quarter	2015	First Quarter	
		2015	2016
	387	1,019	211
	(1,612)	(455)	(1,849)
	19	866	(2,064)
	(1,206)	1,430	(3,702)
	(23)		
	(1,229)	1,430	(3,702)
	(11)	(3)	
	(898)		889
	35	106	(19)
	(232)	656	823
	5,432	6,614	5,200
	5,200	7,270	6,023

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

Fourth Quarter	2015	First Quarter	
		2015	2016
	(377)	(172)	5,987

SUPPLEMENTAL INFORMATION

(€million)

Fourth Quarter	2015	First Quarter	
		2015	2016
	Effect of disposal of consolidated subsidiaries and businesses		
	Current assets	7	6,493
	Non-current assets	19	8,822
	Net borrowings	(17)	(5,818)
	Current and non-current liabilities	(8)	(6,584)
	Net effect of disposals	1	2,913
	Current value of residual interests following the loss of control		(1,006)
	2 Gains on disposal	34	
	Non-controlling interest		(1,872)
	2 Selling price	35	35
	less:		
	Net borrowings of discontinued operations		428
	Cash and cash equivalents	(1)	
	2 Cash flow on disposals	34	463

Capital expenditure

(€ million)

Fourth Quarter 2015		First Quarter		
		2015	2016	% Ch.
2,254	Exploration & Production	2,601	2,297	(11.7)
	- <i>acquisition of proved and unproved properties</i>		2	..
52	- <i>g&g costs</i>	65	55	(15.4)
75	- <i>exploration</i>	177	90	(49.2)
2,097	- <i>development</i>	2,346	2,122	(9.5)
30	- <i>other expenditure</i>	13	28	..
74	Gas & Power	18	22	22.2
174	Refining & Marketing	73	49	(32.9)
32	Corporate and other activities	7	9	28.6
147	Impact of unrealized intragroup profit elimination	20	97	
2,681	Capital expenditure - continuing operations	2,719	2,474	(9.0)
52	Net cash used in operating activities	65	55	(15.4)
2,629	Net cash used in investing activities	2,654	2,419	(8.9)

In the first quarter of 2016, capital expenditure amounted to €2,419 million (€2,654 million in the first quarter of 2015) and mainly related to:

- development activities deployed mainly in Angola, Egypt, Indonesia, Kazakhstan, Norway, Ghana and Italy and exploratory activities primarily in Egypt and Congo;
- refining activity (€39 million) with projects designed to improve the conversion rate and flexibility of refineries, as well as the upgrade of the refined product retail network (€10 million);
- initiatives to improve flexibility of the combined cycle power plants (€8 million).

Exploration & Production

PRODUCTION OF OIL AND NATURAL GAS BY REGION

Fourth Quarter 2015			First Quarter	
			2015	2016
1,884	Production of oil and natural gas ^{(a) (b)}	(kboe/d)	1,697	1,754
169	Italy		165	154
192	Rest of Europe		186	190
684	North Africa		638	616
343	Sub-Saharan Africa		342	343
100	Kazakhstan		100	118
201	Rest of Asia		109	132
170	America		128	178
25	Australia and Oceania		29	23
166.2	Production sold ^(a)	(mmboe)	144.5	151.5

PRODUCTION OF LIQUIDS BY REGION

Fourth Quarter 2015			First Quarter	
			2015	2016
998	Production of liquids ^(a)	(kbbbl/d)	860	890
69	Italy		66	61
85	Rest of Europe		89	89
290	North Africa		248	244
258	Sub-Saharan Africa		256	260
57	Kazakhstan		57	67
148	Rest of Asia		50	81
87	America		87	86
4	Australia and Oceania		7	2

PRODUCTION OF NATURAL GAS BY REGION

Fourth Quarter 2015			First Quarter	
			2015	2016
4,868	Production of natural gas ^{(a) (b)}	(mmcf/d)	4,596	4,718
550	Italy		548	511
586	Rest of Europe		534	548
2,161	North Africa		2,135	2,032
470	Sub-Saharan Africa		471	453
235	Kazakhstan		235	279
290	Rest of Asia		327	278
462	America		226	502
114	Australia and Oceania		120	115

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

(b) Includes volumes of gas consumed in operation (428 and 398 mmcf/d in the first quarter 2016 and 2015, respectively and 407 mmcf/d in the fourth quarter 2015).

Gas & Power

Natural gas sales by market

(bcm)

Fourth Quarter	2015	First Quarter		
		2015	2016	% Ch.
9.51	ITALY	10.53	10.79	2.5
1.36	- Wholesalers	1.72	1.61	(6.4)
3.45	- Italian exchange for gas and spot markets	2.75	3.55	29.1
1.04	- Industries	1.36	1.14	(16.2)
0.43	- Medium-sized enterprises and services	0.55	0.66	20.0
0.16	- Power generation	0.26	0.21	(19.2)
1.52	- Residential	2.35	2.09	(11.1)
1.55	- Own consumption	1.54	1.53	(0.6)
12.87	INTERNATIONAL SALES	15.09	13.31	(11.8)
10.36	Rest of Europe	12.97	11.30	(12.9)
1.17	- Importers in Italy	1.13	1.13	
9.19	- European markets	11.84	10.17	(14.1)
1.55	<i>Iberian Peninsula</i>	1.14	1.38	21.1
0.96	<i>Germany/Austria</i>	1.61	1.37	(14.9)
1.74	<i>Benelux</i>	2.84	2.13	(25.0)
0.57	<i>Hungary</i>	0.72	0.73	1.4
0.43	<i>UK</i>	0.72	0.37	(48.6)
2.06	<i>Turkey</i>	2.07	1.59	(23.2)
1.73	<i>France</i>	2.53	2.23	(11.9)
0.15	<i>Other</i>	0.21	0.37	76.2
1.66	Extra European markets	1.34	1.20	(10.4)
0.85	E&P sales in Europe and in the Gulf of Mexico	0.78	0.81	3.8
22.38	WORLDWIDE GAS SALES	25.62	24.10	(5.9)