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## Eni: first quarter 2019 results

### Key operating and financial results<sup>1</sup>

IVQ 2018		IQ 2019	2018	% Ch.
67.76	Brent dated	\$/bbl	63.20	66.76 (5)
1.141	Average EUR/USD exchange rate		1.136	1.229 (8)
59.37	Brent dated	€/bbl	55.65	54.32 2
<b>1,872</b>	<b>Hydrocarbon production</b>	kboe/d	<b>1,832</b>	<b>1,867 (2)</b>
<b>2,992</b>	<b>Adjusted operating profit (loss) <sup>(a)</sup></b>	€ million	<b>2,354</b>	<b>2,380 (1)</b>
2,928	of which: E&P		2,308	2,085 11
42	G&P		372	322 16
143	R&M and Chemicals		(55)	77 ..
<b>1,450</b>	<b>Adjusted net profit (loss) <sup>(a)(b)</sup></b>		<b>992</b>	<b>978 1</b>
0.40	- per share (€)		0.28	0.27
<b>399</b>	<b>Net profit (loss) <sup>(b)</sup></b>		<b>1,092</b>	<b>946 15</b>
0.11	- per share (€)		0.30	0.26
<b>3,277</b>	<b>Net cash from operations at replacement cost <sup>(c)</sup></b>		<b>3,415</b>	<b>3,166 8</b>
<b>4,325</b>	<b>Net cash from operations</b>		<b>2,097</b>	<b>2,187 (4)</b>
2,424	Net capital expenditure <sup>(d)(e)</sup>		1,847	1,776 4
8,289	Net borrowings before lease liability ex IFRS 16		8,678	11,278 (23)
8,289	Net borrowings after lease liability ex IFRS 16		14,496	11,278 29
51,073	Shareholders' equity including non-controlling interest		52,776	48,232 9
<b>0.16</b>	<b>Leverage before lease liability ex IFRS 16</b>		<b>0.16</b>	<b>0.23 (30)</b>
<b>n.a.</b>	<b>Leverage after lease liability ex IFRS 16</b>		<b>0.27</b>	<b>n.a. ..</b>

(a) Non-GAAP measure. For further information see the paragraph "Non-GAAP measures" on page 17.

(b) Attributable to Eni's shareholders.

(c) Non-GAAP measure. Net cash provided by operating activities before changes in working capital excluding inventory holding gains or losses.

(d) Include capital contribution to equity accounted entities.

(e) Net of expenditures relating to reserves acquisition, purchase of minority interests and other non-organic items.

Today, Eni's Board of Directors approved the Group results for the first quarter of 2019 (unaudited). Commenting on the results, Claudio Descalzi, CEO of Eni, remarked:

*"I am very pleased of the excellent industrial and financial performance delivered by Eni in IQ 2019. Particularly, in light of a substantially unchanged market scenario, the E&P business has improved its operating profit by 25% compared to the first quarter of 2018, confirming our expectations of the business growing cash generation for the full year. The results of the G&P segment also improved; the 16% increase in operating profit to €372 million puts us on the path to achieving our €500 million profit target for the full year. The performance of the Downstream R&M and Chemicals business offset the effect of weaker margins and we expect to see a broad recovery over the next nine months, particularly in oil Refining and Marketing. Overall, first quarter operations generated a cash flow of €3.42 billion, up 8% and €1.5 billion greater than the investments for the period of around €1.9 billion, which is in line with the expectations of €8 billion for the whole year. The Group confirms that it can leverage on the quality and robustness of its asset portfolio, capable of covering costs, investments and dividends at a Brent price of US\$ 55, in addition to generating a cash surplus in the event of higher prices, as in current trading conditions."*

<sup>1</sup> Results of operations, cash flow and statement of financial position for the three-month period ended and as at March 31, 2019 included the effects of the new accounting standard IFRS 16 –Leases. Since as permitted by the standard the comparative periods have not been restated, to enable the users of this report to make a homogeneous comparison, the effect of IFRS 16 on the results of the first quarter 2019 have been disclosed with reference to the single items of the profit and loss, cash flow and statement of the financial position and as whole in the tables presented on page 15.

## Highlights

### Exploration & Production

- **Hydrocarbon production** of the first quarter 2019: 1.83 million boe/d; down by 1.3% net of price and portfolio effects;
  - q-o-q change is affected by the termination of the Intisar production contract in Libya from the third quarter of 2018 and mature fields decline. These negative effects were almost completely offset by strong organic production increases due to the ramp-up of the Zohr field and of the projects started in 2018 (overall 200 kboe/d).
- **Exploration:**
  - main successes:**
    - new discoveries totaled 174 mmboe:
      - a major oil discovery was made in the Agogo exploration permit located in Block 15/06 (Eni operator 36.8%) deep offshore Angola, with up to 650 million barrels of oil in place. Agogo is the third discovery made since the resumption of exploration activities in 2018 in Block 15/06, following Kalimba and Afoxé;
      - Vår Energi made an oil and gas discovery in the PL 869 licence in the Norwegian North Sea;
      - a gas discovery was made in the exploration permit Nour in the Egyptian Mediterranean Sea, operated by Eni (40%).
  - rebuilding Eni's mineral interests portfolio:**
    - acquired 13 licences by Vår Energi in the Norwegian APA Round;
    - acquired certain interests in two exploration blocks onshore Egypt: "South East Siwa" (Eni 100%) covering 3,013 km<sup>2</sup>, close to the "SW Meleha" concession and "West Sherbean" (Eni operator 50%) covering 1,535 km<sup>2</sup>, located in the Nile Delta close to the Nooros field;
    - signed an Exploration and Production Sharing Agreement for Block A, covering 2,412 km<sup>2</sup> offshore Ras Al Khaimah (UAE). Eni will retain operatorship with a 90% participating interest.
  - Signed agreements to divest to **Qatar Petroleum**:
    - a 30% interest in the Tarfaya exploration license, offshore **Morocco**, which includes 12 exploration blocks. At the closing date, Eni will retain a 45% interest and the operatorship;
    - a 25.5% interest in Block A5-A, offshore Mozambique. At the closing date, Eni will retain the operatorship with a 34% interest.
  - **Net capex**<sup>2</sup>: €1.6 billion, mainly relating to new fields development and ramp-ups of fields started up in 2018. Progress at initiatives designed to increase 2019 production capacity are in line with plans.
  - **Adjusted operating profit of Exploration & Production**: €2.31 billion, up by 11% q-o-q, a 25% increase when excluding the prior year contribution from the former subsidiary Eni Norge which was merged with Point Resources to establish Vår Energi, in operation since 1/1/2019.

### Gas & Power

- **LNG sales**: unchanged at 2.7 billion cubic meters.
- **Retail business**: increasing the customer base by 6% q-o-q due to growth in the power business and the acquisition of assets in Greece. Natural gas volumes declined by 4.5% due to mild winter weather.

<sup>2</sup> See note (e) at page 1.

- **Adjusted operating profit G&P:** €0.37 billion, up by 16% q-o-q supported by growth in both the midstream and retail businesses.

## Refining & Marketing and Chemicals

- **Gela green refinery:** started up some production units; expected further start-ups in May and full operations in the fourth quarter of 2019.
- **EST plant at the Sannazzaro refinery:** accomplished the early start-up in March 2019, full start-up expected by the third quarter.
- **ADNOC refinery:** activities are ongoing to finalize the acquisition of the 20% interest in the third quarter of 2019.
- **Adjusted operating profit R&M:** substantially at breakeven thanks to the contribution of marketing activities, offsetting a weak refining scenario and the advanced maintenance standstills at refineries to counteract the scenario.
- **Adjusted result of the Chemicals business:** a €46 million loss, negatively affected by the unplanned shutdown at the Priolo hub, which is now in the process of restarting. Excluding this effect, results are substantially at breakeven, notwithstanding weak margins in all product lines (polymers, elastomers and styrenics).

## Decarbonization and circular economy

- **Started the construction of two new solar photovoltaic projects,** near the gas field of Bhit in Pakistan and in the oil concession of Adam in Tunisia, respectively.
- **Finalized the acquisition of a construction-ready solar photovoltaic project** near Katherine, in the Northern Territory of Australia, with a targeted installed capacity of 33.7 MW.
- Constructed the **Inertial Sea Wave Energy Converter** at the Ravenna offshore platform, an innovative technology that will convert wave-generated energy into electricity.
- Signed an **agreement between Syndial and Veritas** to build a plant at Porto Marghera to transform the organic fraction of solid municipal waste (OFSMW) into bio-oil and bio-methane.
- Signed a **collaboration agreement** with **RenOils**, the Italian national vegetable and animal oils and fats Consortium, aimed at recovering used vegetable oils to produce biofuels at Eni's biorefineries.

## Group results

- **Adjusted operating profit:** €2.35 billion for the quarter, in line q-o-q. Excluding on a-like-for-like comparison the effect of the loss of control over Eni Norge on the 2018 results, adjusted operating profit increased by 10% or 7% excluding IFRS 16 accounting effects. Furthermore, 2019 results are negatively affected by the elimination of **unrealized profit in stock** amounting to €134 million (it was a positive €58 million in the IQ 2018).
- **Adjusted net profit:** €0.99 billion for the quarter, in line q-o-q (up by 4% excluding IFRS 16 accounting effects).
- **Net profit:** €1.09 billion.
- **Cash flow provided by operating activities:** €2.1 billion, which was negatively affected by an extraordinary payment for the settlement of an arbitration (€330 million). Excluding this payment and the positive IFRS 16 impact from the 2019 cash flow, the performance was in line with IQ 2018.
- **Cash flow provided by operating activities before working capital changes at replacement cost:** €3.42 billion for the quarter; €3.18 billion excluding IFRS 16 accounting effects, in line with the IQ 2018.

- **Capital expenditure and investment, net:** €1.85 billion net of the purchase of reserves in Alaska and Algeria (IFRS 16 effects were immaterial).
- **Net borrowings:** €14.5 billion, of which around €2 billion pertaining to the share of lease liabilities attributable to joint operators in Eni-led upstream Joint Operations. Net borrowings would be €8.68 billion when excluding the overall effect of IFRS 16.
- **Leverage:** 0.27, or 0.24 excluding the above mentioned share of lease liabilities attributable to joint operators. Leverage would be 0.16 billion when excluding the effect of IFRS 16, unchanged compared to December 31, 2018.

## Outlook 2019

### Exploration & Production

**Hydrocarbons production:** the growth rate for 2019 is confirmed at 2.5% y-o-y, under a Brent price forecast of 62 \$/bbl and net of portfolio transactions. Growth will be fuelled by continuing production ramp-up at fields started in 2018, increases at the Zohr and Kashagan fields, as well as the planned 2019 start-ups including the Area 1 oil project offshore Mexico, the Baltim SW in Egypt, the North Berkine in Algeria and Trestakk project in Norway. A yearly contribution from start-ups and ramp-ups is expected to reach approximately 250 kboe/d. Production growth vs. 2018 will accelerate from the third quarter of 2019, after the maintenance activities concentrated in the second quarter of 2019 (Kashagan and Goliat fields).

**Exploration resources:** confirmed the target of 600 million boe of equity additions for the year.

### Gas & Power

**Operating profit:** expected at €500 million as guided.

**LNG contracted volumes** expected in line vs. 2018.

**Portfolio of retail customers** projected to increase due to the development of the power business.

### Refining & Marketing and Chemicals

**Refinery breakeven margin expected at approximately 3.5 \$/bbl at the end of 2019** leveraging on the full operability of the industrial system and widening differentials between light Brent crude benchmark and high-sulphur content crudes.

**Refinery throughputs on own account:** seen at stable levels.

**Green throughputs:** expected a large increase due to the start-up of the Gela green refinery.

**Retail sales of refined products** seen stable.

**Petrochemical production volumes and sales:** expected to decline y-o-y due to the shutdown of the Priolo hub.

### Group

**Capex:** confirmed the guidance of €8 billion for FY 2019 at the budget exchange rate of 1€=1.15 USD.

**Cash flow from operations before working capital** is expected at €12.8 billion at the Brent price of 62 \$/bbl, PSV gas price of 266 €/kmc and the EUR/USD exchange rate of 1.15, before IFRS 16 effects.

**Cash neutrality:** organic capex and the dividend are expected to be fully funded by operating cash flows at the Brent scenario of 55 \$/bbl before IFRS 16 effects, which would improve the target to 52 \$/bbl.

## Business segments operating results

### Exploration & Production

#### Production and prices

IVQ 2018		IQ 2019	2018	% Ch.
	<b>Production</b>			
897	Liquids	kbb/d	887	885
5,321	Natural gas	mmcf/d	5,157	5,358 (4)
<b>1,872</b>	<b>Hydrocarbons</b>	kboe/d	<b>1,832</b>	<b>1,867</b> (2)
	<b>Average realizations</b>			
61.22	Liquids	\$/bbl	58.08	61.17 (5)
6.11	Natural gas	\$/kcf	5.61	4.50 25
<b>48.05</b>	<b>Hydrocarbons</b>	\$/boe	<b>44.82</b>	<b>42.34</b> 6

- In the first quarter of 2019, **oil and natural gas production** averaged 1,832 kboe/d, down by 1.9% from the first quarter 2018; down by 1.3% net of price and portfolio effects. Production was also affected by approximately 5.5 percentage points due to the termination of the Intisar production contract in Libya from the third quarter of 2018. Excluding that event, production performance was robust, leveraging on the ramp-up of the Zohr field and of projects started in 2018, mainly in Libya and Ghana, and on the start-up of the Vandumbu field in Angola (with an overall contribution of 200 kboe/d), as well as on growth at the Kashagan project. These positives were partly offset by planned shutdowns in Algeria, as well as declines from mature fields.

#### Results

IVQ 2018	(€ million)	IQ 2019	2018	% Ch.
<b>2,426</b>	<b>Operating profit (loss)</b>	<b>2,289</b>	<b>1,966</b>	<b>16</b>
502	Exclusion of special items	19	119	
<b>2,928</b>	<b>Adjusted operating profit (loss)</b>	<b>2,308</b>	<b>2,085</b>	<b>11</b>
63	Net finance (expense) income	(124)	(56)	
88	Net income (expense) from investments	62	35	
(1,521)	Income taxes	(1,175)	(1,140)	
49.4	tax rate (%)	52.3	55.2	
<b>1,558</b>	<b>Adjusted net profit (loss)</b>	<b>1,071</b>	<b>924</b>	<b>16</b>
	Results also include:			
<b>119</b>	<b>Exploration expenses:</b>	<b>117</b>	<b>75</b>	<b>56</b>
101	- prospecting, geological and geophysical expenses	82	64	
18	- write-off of unsuccessful wells	35	11	
<b>2,265</b>	<b>Capital expenditure</b>	<b>1,986</b>	<b>2,368</b>	<b>(16)</b>

- In the first quarter of 2019, the Exploration & Production segment reported an **adjusted operating profit** of €2,308 million, up by 11% q-o-q, or 25% when excluding the prior year contribution from the former subsidiary Eni Norge which was merged with Point Resources to establish Vår Energi, in operation since 1/1/2019. The 25% change, approximately €0.45 billion, was mainly due to the continuing addition of barrels with higher-than-average profitability (€0.22 billion) and lower costs (€0.15 billion), as well as the IFRS 16 impact, as disclosed on page 15. The impact of the trading environment was marginal and characterized by lower Brent prices offset by the appreciation of USD/EUR exchange rate.
- Adjusted net profit** (€1,071 million) increased by 16%, benefiting from an improved operating performance, higher results from equity accounted entities due to the contribution of Vår Energi's results, as well as a 3 percentage point decrease in the adjusted tax rate, reflecting the deconsolidation of the Norwegian assets which were characterized by a higher taxation compared to the average of the oil&gas sector.

For the disclosure on business segment special charges, see page 9.

## Gas & Power Sales

IVQ 2018			IQ		
			2019	2018	% Ch.
274	PSV	€/kcm	222	239	(7)
261	TTF		195	227	(14)
<b>18.72</b>	<b>Natural gas sales</b>	bcm	<b>21.33</b>	<b>22.44</b>	<b>(5)</b>
8.85	Italy		10.77	11.19	(4)
7.9	Rest of Europe		8.00	9.28	(14)
1.04	<i>of which: Importers in Italy</i>		1.02	0.89	15
6.86	European markets		6.98	8.39	(17)
1.97	Rest of World		2.56	1.97	30
<b>18.72</b>	<b>Worldwide gas sales</b>		<b>21.33</b>	<b>22.44</b>	<b>(5)</b>
2.40	<i>of which: LNG sales</i>		2.70	2.70	
<b>9.90</b>	<b>Power sales</b>	TWh	<b>10.14</b>	<b>9.22</b>	<b>10</b>

- In the first quarter of 2019, **natural gas sales** were 21.33 bcm, down by 5% from the first quarter of 2018. Sales in Italy were down by 4% to 10.77 bcm, due to unfavorable weather conditions that mainly affected retail sales and lower sales to hub and wholesalers, partly offset by higher sales to industrial and thermoelectric segments. Sales in European markets (6.98 bcm) decreased by 17% as result of portfolio rationalization.
- **Power sales** were 10.14 TWh in the first quarter of 2019, up by 10% q-o-q due to higher volumes marketed to the Italian power exchange and to the free market.

## Results

IVQ 2018		(€ million)	IQ		
			2019	2018	% Ch.
<b>53</b>	<b>Operating profit (loss)</b>		<b>358</b>	<b>398</b>	<b>(10)</b>
(11)	Exclusion of special items		14	(76)	
<b>42</b>	<b>Adjusted operating profit (loss)</b>		<b>372</b>	<b>322</b>	<b>16</b>
(48)	- <i>Gas &amp; LNG Marketing and Power</i>		226	181	25
90	- <i>Eni gas e luce</i>		146	141	4
1	Net finance (expense) income		(9)	3	
7	Net income (expense) from investments		7	11	
(42)	Income taxes		(105)	(121)	
..	<i>tax rate (%)</i>		28.4	36.0	
<b>8</b>	<b>Adjusted net profit (loss)</b>		<b>265</b>	<b>215</b>	<b>23</b>
<b>74</b>	<b>Capital expenditure</b>		<b>42</b>	<b>42</b>	

- In the first quarter of 2019, the Gas & Power segment reported an **adjusted operating profit** of €372 million, up by 16% q-o-q mainly due to the positive contribution of the GLP business (up by €45 million). The result benefitted from management's ability to harness the flexibilities associated with the Company's integrated portfolio on the back of a remarkable volatile market environment. These positives were partly offset by the reduced margins on LNG sales due to the global market oversupply, particularly in the Far East. Adjusted operating profit of the retail business reported an increase of €5 million driven by growth in the power business in Italy and France, as well as the strengthening of the portfolio in Greece.
- **Adjusted net profit** amounted to €265 million, up by 23% q-o-q. For the disclosure on business segment special charges, see page 9.

## Refining & Marketing and Chemicals

### Production and sales

IVQ 2018			IQ		
			2019	2018	% Ch.
<b>3.4</b>	<b>Standard Eni Refining Margin (SERM)</b>		\$/bbl	<b>3.4</b>	<b>3.0</b>
5.10	Throughputs in Italy	mmtonnes	4.94	5.51	(10)
0.45	Throughputs in the rest of Europe		0.41	0.68	(40)
<b>5.55</b>	<b>Total throughputs</b>		<b>5.35</b>	<b>6.19</b>	<b>(14)</b>
89	Average refineries utilization rate	%	86	97	
90	Green throughputs	ktonnes	80	58	38
<b>Marketing</b>					
<b>2.09</b>	<b>Retail sales in Europe</b>	mmtonnes	<b>1.95</b>	<b>1.99</b>	<b>(2)</b>
1.48	Retail sales in Italy		1.38	1.40	(1)
0.61	Retail sales in the rest of Europe		0.57	0.59	(3)
24.0	Retail market share in Italy	%	24.1	24.2	
<b>2.60</b>	<b>Wholesale sales in Europe</b>	mmtonnes	<b>2.26</b>	<b>2.37</b>	<b>(5)</b>
1.99	Wholesale sales in Italy		1.69	1.68	1
0.61	Wholesale sales in the rest of Europe		0.57	0.69	(17)
<b>Chemicals</b>					
<b>1.20</b>	<b>Sales of petrochemical products</b>	mmtonnes	<b>1.04</b>	<b>1.23</b>	<b>(16)</b>
76	Average plant utilization rate	%	65	80	

- In the first quarter of 2019, **Eni's Standard Refining Margin** – SERM – was 3.4 \$/barrel, up by 14% from the first quarter of 2018 (3 \$/barrel), due to higher relative prices of products compared to the cost of the petroleum feedstock. Continuing appreciation trend of high-sulphur content crudes compared to the Brent marker.
- **Eni refining throughputs on own account** were 5.35 mmtonnes, down by 14% q-o-q, due to lower volumes processed at the Sannazzaro refinery as a result of the shutdowns of the cracking plants and lower utilization rates to mitigate the negative impact of the scenario, as well as to the standstills at the PCK refinery in Germany and the unavailability of the Vohburg plant (Bayernoil) following the event occurred in September 2018.
- **Green throughputs** processed at the Venice green refinery increased by 38% q-o-q due a favourable trading environment.
- **Retail sales in Italy** of 1.38 mmtonnes were substantially in line (down by 1%) compared to the first quarter of 2018, in the context of decreasing consumptions. Reduction of marketed volumes were reported in all segments, mainly in the highway stations. Eni's retail market share was 24.1%, almost unchanged q-o-q.
- **Wholesale sales in Italy** were 1.69 mmtonnes, up by 1% q-o-q mainly due to higher sales of gasoil and fuel oil, as well as bitumen, thanks to effective commercial initiatives, offset by lower volumes of bunker and jet fuel.
- **Retail and wholesale sales in the rest of Europe** decreased by 11% q-o-q due to lower volumes marketed in Germany due to the unavailability of the Bayernoil plant and in France, partly balanced by higher volumes sold in Spain and Switzerland.
- **Sales of petrochemical products** of 1.04 mmtonnes decreased by 16% q-o-q mainly due to lower sales of intermediates, partly offset by higher sales in styrenic and polyethylene businesses.

## Results

IVQ 2018	(€ million)	IQ		
		2019	2018	% Ch.
<b>(946) Operating profit (loss)</b>		<b>278</b>	<b>138</b>	..
747 Exclusion of inventory holding (gains) losses		(402)	(99)	
342 Exclusion of special items		69	38	
<b>143 Adjusted operating profit (loss)</b>		<b>(55)</b>	<b>77</b>	..
171 - Refining & Marketing		(9)	18	..
(28) - Chemicals		(46)	59	..
2 Net finance (expense) income		4	12	
(6) Net income (expense) from investments		21	23	
(44) Income taxes		(11)	(45)	
31.7 tax rate (%)		..	40.2	
<b>95 Adjusted net profit (loss)</b>		<b>(41)</b>	<b>67</b>	..
<b>372 Capital expenditure</b>		<b>188</b>	<b>125</b>	<b>50</b>

- In the first quarter of 2019, the **Refining & Marketing** business reported an adjusted operating loss of €9 million (€18 million of adjusted operating profit in the first quarter of 2018) mainly due to the deteriorated trading environment for complex throughputs which was caused by narrowing differentials between high-sulphur content crudes and the light Brent crude benchmark, reflecting a shortfall in the supplies of the former. Management responded to this negative trend by reducing throughputs, making changes to refinery set-up, advancing planned maintenance at cracking units and implementing other optimizations. They also adapted products to evolving market opportunities and varied the feedstock mix. The quarterly result was helped by improving margins at simple throughputs as demonstrated by a 14% increase in the benchmark SERM margin, the appreciation of the USD over the EUR and higher margins and volumes at the green refinery plant. Marketing results were slightly down q-o-q due to lower distribution margins, particularly in Italy.
- The **Chemicals** business reported an adjusted operating loss of €46 million, due to the unplanned shutdown at the Priolo hub, now in the restarting phase. Excluding this impact, the result was substantially at breakeven, notwithstanding weak margins at petrochemicals commodity with the polyethylene down by 61%, the cracker margin down by 4% and other product lines down in a range of 10-20% due to continuing oversupplies and competitive pressure from cheaper products streams.
- Adjusted net loss** amounting to €41 million in the first quarter of 2019 decreased by €108 million q-o-q due to lower operating performance.

For the disclosure on business segment special charges, see page 9.

## Group results

	IVQ 2018	(€ million)	IQ		
			2019	2018	% Ch.
20,056	<b>Net sales from operations</b>		18,540	17,932	3
1,496	<b>Operating profit (loss)</b>		2,518	2,399	5
603	Exclusion of inventory holding (gains) losses		(272)	(95)	
893	Exclusion of special items <sup>(a)</sup>		108	76	
<b>2,992</b>	<b>Adjusted operating profit (loss)</b>		<b>2,354</b>	<b>2,380</b>	<b>(1)</b>
	Breakdown by segment:				
2,928	<i>Exploration &amp; Production</i>		2,308	2,085	11
42	<i>Gas &amp; Power</i>		372	322	16
143	<i>Refining &amp; Marketing and Chemicals</i>		(55)	77	..
(173)	<i>Corporate and other activities</i>		(137)	(162)	15
52	<i>Impact of unrealized intragroup profit elimination and other consolidation adjustments <sup>(b)</sup></i>		(134)	58	
<b>399</b>	<b>Net profit (loss) attributable to Eni's shareholders</b>		<b>1,092</b>	<b>946</b>	<b>15</b>
428	Exclusion of inventory holding (gains) losses		(192)	(67)	
623	Exclusion of special items <sup>(a)</sup>		92	99	
<b>1,450</b>	<b>Adjusted net profit (loss) attributable to Eni's shareholders</b>		<b>992</b>	<b>978</b>	<b>1</b>

(a) For further information see table "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.

## Adjusted results

- In the first quarter of 2019, the Group's **adjusted operating profit** of €2,354 million was substantially unchanged compared to the first quarter of 2018, in spite of the loss of control over Eni Norge following the Vår Energi deal. The E&P segment reported an 11% increase in operating profit (up by 25% when excluding the effect of the Vår Energi deal) underpinned by a strong underlying improvement and driven by a growing contribution of highly-profitable barrels. The G&P segment reported an adjusted operating profit of €372 million, up by 16% q-o-q also due to the monetization of the flexibilities associated with the Company's integrated portfolio. The R&M and Chemicals performance decline was negatively affected by a largely unfavorable trading environment, mainly in refinery high-conversion cycles and in all chemical commodities' margins, partly offset by optimization and efficiency initiatives. Furthermore, 2019 results were negatively affected by the elimination of unrealized profit in stock amounting to €134 million (it was a €58 million positive change in the IQ 2018). Overall, the Group Ebit was negatively affected by a deteriorated scenario, the elimination of unrealized profit in stock and the effect of the Vår Energi deal, reducing Ebit by approximately €390 million, which was almost completely offset by an improved underlying performance of €310 million and the positive impact of IFRS 16 (€60 million).
- Adjusted net profit** (€992 million) was unchanged q-o-q reflecting a lowered group tax rate (down by 2 percentage points) mainly due to the loss of control over the Norwegian activities in the Exploration & Production segment.

## Special items

The breakdown by segment of **special items of operating profit** (net charges of €108 million) is the following:

- E&P:** net charges of €19 million relating to the impairment of certain assets to align the book value to fair value (€12 million), an allowance for doubtful accounts to recover credits for previous years' investments (€14 million) partly offset by a gain in connection with cost reimbursement following the divestment of an interest in the Nour field (€8 million).

- **G&P:** net charges of €14 million including: (i) the effect of fair-valued commodity derivatives that lacked the formal criteria to be accounted as hedges under IFRS (gains of €121 million); (ii) the positive balance of €33 million related to derivative financial instruments used to manage margin exposure to foreign currency exchange rate movements and exchange translation differences of commercial payables and receivables; and more than offset by (iii) a charge given by the difference between the change in gas inventories accounted under the weighted-average cost method provided by IFRS and management's own measure of inventories which moves forward at the time of inventory drawdown the margins captured on volumes in inventories above their normal levels leveraging the seasonal spread in gas prices net of the effects of the associated commodity derivatives (€103 million).
- **R&M and Chemicals:** net charges of €69 million including impairment losses (€17 million) regarding the write-down of capital expenditure relating to certain Cash Generating Units in the R&M business, which were impaired in previous reporting periods and continued to lack any profitability prospects, environmental provisions (€40 million), as well as provision for redundancy incentives (€2 million).

## Reported results

Eni's **net profit attributable to Eni's shareholders** for the first quarter 2019 was €1,092 million compared to €946 million in the same period in 2018, up by 15%. Reported operating profit was €2,518 million, up by 5%, underpinned by a strong performance from the E&P segment, when excluding the Vår Energi deal, driven by a growing contribution of highly-profitable barrels. Furthermore, the results were supported by the revaluation of inventories of crudes and products driven by a recovery in crude oil prices from the lows seen at the end of 2018. Those increases were partly offset by lower margins at complex refineries due to narrowing price differentials between high-sulphur content crudes and the Brent benchmark, due to a shortfall in supplies of the former on the back of OPEC production cuts and supply disruptions elsewhere in Venezuela and Iran, while petrochemicals margins remained at depressed levels.

Gains from equity-accounted entities benefitted from the recognition of the E&P JV Vår Energi's result (€33 million), an industrial investment, which is strongly aligned to the Company's strategy of organically growing its hydrocarbons production. Finally, the improved net profit for the quarter was supported by a reduced tax rate, down by 3.7 percentage points, due to the loss of control of Eni Norge at the end of 2018, effective at January 1, 2019, as result of the business merger to establish Vår Energi.

The adoption of IFRS 16 determined a €57 million improvement in the reported operating profit due to fees for the rental of assets no longer being recognized an expense, partly offset by the recognition of the amortization of the right-of-use assets, equal to the present value of the lease liabilities. Instead, net profit decreased by €25 million as the improved operating profit was more than offset by interest charges accrued on the lease liabilities.

## Net borrowings and cash flow from operations

IVQ			IQ		
2018		(€ million)	2019	2018	Change
<b>402</b>	<b>Net profit (loss)</b>		<b>1,095</b>	<b>948</b>	<b>147</b>
	Adjustments to reconcile net profit (loss) to net cash provided by operating activities:				
2,083	- depreciation, depletion and amortization and other non monetary items		1,954	1,990	(36)
(37)	- net gains on disposal of assets		(5)	(1)	(4)
1,539	- dividends, interests and taxes		1,482	1,368	114
1,748	Changes in working capital related to operations		(1,590)	(1,074)	(516)
115	Dividends received by equity investments		530	5	525
(1,472)	Taxes paid		(1,153)	(884)	(269)
(53)	Interests (paid) received		(216)	(165)	(51)
<b>4,325</b>	<b>Net cash provided by operating activities</b>		<b>2,097</b>	<b>2,187</b>	<b>(90)</b>
<b>(2,787)</b>	<b>Capital expenditure</b>		<b>(2,239)</b>	<b>(2,541)</b>	<b>302</b>
(87)	Investments		(30)	(37)	7
(114)	Disposal of consolidated subsidiaries, businesses, tangible and intangible assets and investments		6	67	(61)
203	Other cash flow related to capital expenditure, investments and disposals		68	(140)	208
<b>1,540</b>	<b>Free cash flow</b>		<b>(98)</b>	<b>(464)</b>	<b>366</b>
(46)	Borrowings (repayment) of debt related to financing activities		(65)	(265)	200
(977)	Changes in short and long-term financial debt		(210)	(889)	679
	Repayment of lease liabilities		(230)		(230)
(4)	Dividends paid and changes in non-controlling interests and reserves			(1)	1
1	Effect of changes in consolidation, exchange differences and cash and cash equivalent		8	(19)	27
<b>514</b>	<b>NET CASH FLOW</b>		<b>(595)</b>	<b>(1,638)</b>	<b>1,043</b>
IVQ			IQ		
2018		(€ million)	2019	2018	Change
<b>1,540</b>	<b>Free cash flow</b>		<b>(98)</b>	<b>(464)</b>	<b>366</b>
	Repayment of lease liabilities		(230)		(230)
(16)	Net borrowings of acquired companies			(2)	2
(494)	Net borrowings of divested companies				
(310)	Exchange differences on net borrowings and other changes		(61)	105	(166)
(4)	Dividends paid and changes in non-controlling interest and reserves			(1)	1
<b>716</b>	<b>CHANGE IN NET BORROWINGS BEFORE LEASE LIABILITIES</b>		<b>(389)</b>	<b>(362)</b>	<b>(27)</b>
	IFRS 16 first application effect		(5,746)		(5,746)
	Repayment of lease liabilities		230		230
	New leases subscription of the period and other changes		(302)		(302)
	<b>Change in lease liabilities</b>		<b>(5,818)</b>		<b>(5,818)</b>
<b>716</b>	<b>CHANGE IN NET BORROWINGS</b>		<b>(6,207)</b>	<b>(362)</b>	<b>(5,845)</b>

**Net cash provided by operating activities** for the first quarter 2019 was €2.10 billion.

The working capital absorbed funds because of seasonal trends in the G&P segment sales volumes and cash receipts. Furthermore, the outcome of an arbitration accrued in the financial statements 2018 required a cash settlement (€330 million).

Net cash provided by operating activities included a dividend amounting to approximately \$600 million paid by the JV Vår Energi.

Adjusted net cash flow from operating activities before changes in working capital at replacement cost was €3.42 billion, up 8% q-o-q.

Following the adoption of IFRS 16, net cash provided by operating activities improved by €189 million as a result of the reimbursement of the principal of lease fees pertaining to assets hired in connection to operating activities that are no longer part of the operating cash outflows, but are now part of the cash flow from financing activities.

**Cash outflows for expenditures and investments** were €2.27 billion, including the acquisition of reserves in Alaska and Algeria (€366 million) and other non organic items for €56 million.

Following the adoption of IFRS 16, these cash outflows improved by €41 million because the reimbursement of the principal of lease fees, which are incurred in relation to the hire of equipment used in connection

with a capital project, is no longer recognized among cash outflows of investing activities, but is instead now part of the cash flow from financing activities.

Overall, the free cash flow for the period benefitted from a favorable €230 million effect due to the adoption of IFRS 16.

The following table provides a reconciliation between the cash flow prepared in accordance to IFRS 16 and a cash flow adjusted measure that excludes the impact of IFRS 16.

(€ million)	After IFRS 16 adoption	IFRS 16 impact	Before IFRS 16 adoption
<b>First Quarter 2019</b>			
<b>Net cash before changes in working capital at replacement cost <sup>(a)</sup></b>	<b>3,415</b>	(234)	<b>3,181</b>
<b>Changes in working capital at replacement cost <sup>(a)</sup></b>	<b>(1,318)</b>	45	<b>(1,273)</b>
<b>Net cash provided by operating activities</b>	<b>2,097</b>	(189)	<b>1,908</b>
<b>Capital expenditure</b>	<b>(2,239)</b>	(41)	<b>(2,280)</b>
<b>Free cash flow</b>	<b>(98)</b>	(230)	<b>(328)</b>
<b>Cash flow from financing activity</b>	<b>(440)</b>	230	<b>(210)</b>
<b>Net cash flow</b>	<b>(595)</b>		<b>(595)</b>

(a) Excluding from changes in working capital as reported in the cash flow statement (-€1,590 million) the increase in stock profit due to price effect amounting to €272 million (-€1,590 million + €272 million = €1,318 million). Consistently, net cash before changes in working capital at replacement cost excludes the stock profit.

## Summarized Group Balance Sheet

	March 31, 2019	Impact of IFRS 16 adoption as of January 1, 2019	Dec. 31, 2018	Change
(€ million)				
<b>Fixed assets</b>				
Property, plant and equipment	61,795		60,302	1,493
Inventories - Compulsory stock	1,465		1,217	248
Right of use	5,604	5,629		5,604
Intangible assets	3,180		3,170	10
Equity-accounted investments and other investments	7,173		7,963	(790)
Receivables and securities held for operating purposes	1,367		1,314	53
Net payables related to capital expenditure	(2,531)		(2,399)	(132)
	<b>78,053</b>	<b>5,629</b>	<b>71,567</b>	<b>6,486</b>
<b>Net working capital</b>				
Inventories	4,630		4,651	(21)
Trade receivables	11,797		9,520	2,277
Trade payables	(12,060)	128	(11,645)	(415)
Tax payables and provisions for, net deferred tax liabilities	(2,262)		(1,104)	(1,158)
Provisions	(11,922)		(11,886)	(36)
Other current assets and liabilities	(11)	(11)	(860)	849
	<b>(9,828)</b>	<b>117</b>	<b>(11,324)</b>	<b>1,496</b>
	<b>(1,178)</b>		<b>(1,117)</b>	<b>(61)</b>
	<b>225</b>		<b>236</b>	<b>(11)</b>
<b>CAPITAL EMPLOYED, NET</b>	<b>67,272</b>	<b>5,746</b>	<b>59,362</b>	<b>7,910</b>
 Eni's shareholders equity				
Non-controlling interest	52,716		51,016	1,700
	60		57	3
	<b>52,776</b>		<b>51,073</b>	<b>1,703</b>
<b>Net borrowings before lease liabilities ex IFRS 16</b>	<b>8,678</b>		<b>8,289</b>	<b>389</b>
<b>Lease liabilities</b>	<b>5,818</b>	<b>5,746</b>		<b>5,818</b>
- of which Eni working interest	3,811	3,717		3,811
- of which Joint operators' working interest	2,007	2,029		2,007
	<b>14,496</b>	<b>5,746</b>	<b>8,289</b>	<b>6,207</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>67,272</b>	<b>5,746</b>	<b>59,362</b>	<b>7,910</b>
<b>Leverage before lease liability ex IFRS 16</b>		0.16		0.16
<b>Leverage after lease liability ex IFRS 16</b>		0.27		0.16
<b>Gearing</b>		0.22		0.14
				<b>0.08</b>

- As of March 31, 2019, **fixed assets** increased by €6,486 million to €78,053 million due mainly to the initial recognition of the right-of-use asset for €5,629 million following the adoption of IFRS 16. Furthermore, the increase in the line item property, plant and equipment (up by €1,493 million) reflected capex for the period (€2,239 million) partly offset by amortization, depletion, impairments and write-off (€1,938 million).
- Net working capital** (-€9,828 million) increased by €1,496 million due to higher trade receivables (€2,277 million) mainly in the G&P segment reflecting seasonality.
- Shareholders' equity** (€52,776 million) increased by €1,703 million. This was due to the net profit for the period and positive foreign currency translation differences (€903 million), partly offset by the negative change in the fair value of the cash flow hedge reserve (€411 million).
- Net borrowings**<sup>3</sup> as at March 31, 2019 was 14,496 million and increased by €6,207 million from 2018. This increase was driven by the initial recognition of the lease liabilities upon the adoption of IFRS 16, which amounted to €5,746 million and included the reclassification of €128 million for certain trade payables due in connection with the hiring of assets, which were outstanding as at January 1, 2019.

<sup>3</sup> Details on net borrowings are furnished on page 23.

The effect of the adoption of IFRS 16 on the Group net borrowings totaled €2,007 million driven by lease liabilities pertaining to joint operators in Eni-led upstream unincorporated joint ventures, which will be recovered through a partner-billing process (see the paragraph Transition to IFRS 16 on page 15).

Excluding the overall impact of the adoption of IFRS 16, net borrowings is re-determined in €8,678 million, increasing by €389 million compared to December 31, 2018.

• **Leverage**<sup>4</sup> – the ratio of the borrowings to total equity - was 0.27 at March 31, 2019, due to the step up in net borrowings driven by the adoption of IFRS 16. The impact of the lease liability pertaining to joint operators in Eni-led upstream unincorporated joint ventures weighted on leverage for approximately 3 points. Excluding altogether the impact of IFRS 16, leverage would come at 0.16.

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<sup>4</sup> Non-GAAP financial measures and other alternative performance indicators disclosed throughout this press release are accompanied by explanatory notes and tables in line with guidance provided by ESMA guidelines on alternative performance measures (ESMA/2015/1415), published on October 5, 2015. For further information, see the section "Non-GAAP measures" of this press release. See pages 17 and subsequent.

### *Other information, basis of presentation and disclaimer*

This press release on Eni's results of the first quarter of 2019 has been prepared on a voluntary basis according to article 82-ter, Regulations on issuers (Consob Regulation No. 11971 of May 14, 1999 and subsequent amendments and inclusions). The disclosure of results and business trends on a quarterly basis is consistent with Eni's policy to provide the market and investors with regular information about the Company's financial and industrial performances and business prospects considering the reporting policy followed by oil&gas peers who are communicating results on quarterly basis. Results and cash flow are presented for the first quarter of 2019 and of 2018 as well as the fourth quarter of 2018. Information on the Company's financial position relates to end of the periods as of March 31, 2019 and December 31, 2018.

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. Except for the adoption of IFRS 16 described below, these criteria are unchanged from the 2018 Annual Report on Form 20-F filed with the US SEC on April 5, 2019, which investors are urged to read, excepted for the adoption of IFRS 16.

### **Transition to IFRS 16**

Effective January 1 2019, Eni has adopted the new accounting standard "IFRS 16 – Leases", which has replaced IAS 17. IFRS 16 defines a lease as a contract that conveys to the lessee the right to control the use of an identified asset for a period of time in exchange for consideration. The new IFRS eliminates the classification of leases as either operating leases or finance leases for the preparation of lessees' financial statements.

On initial application, Eni elected to adopt the modified retrospective approach, by recognizing the cumulative effect of initially applying the new standard as an adjustment to the opening balance at January 1, 2019, without restating the comparative information. Furthermore, management opted to not reassess each contract existing at January 1, 2019, by applying IFRS 16 to all contracts previously identified as leases (under IAS 17 and IFRIC 4), while not applying IFRS 16 to the contracts that were not previously identified as leases.

The accounting of the new standard applies to all leases that have a lease term of more than 12 months and requires:

- in the balance sheet, to recognize a right-of-use asset, that represents a lessee's right to use an underlying asset (RoU asset), and a lease liability, that represents the lessee's obligation to make the contractual lease payments;
- in the profit and loss account, to recognize, within operating costs, the depreciation charges of the right-of-use asset and, within finance expense, the interest expense on the lease liability, if not capitalized, rather than recognizing the operating lease payments within operating costs under IAS 17, effective until year 2018. The depreciation charges of the right-of-use asset and the interest expense on the lease liability directly attributable to the construction of an asset are capitalized as part of the cost of such asset and subsequently recognised in the profit and loss account through depreciation, impairments or write-off, mainly in the case of exploration assets. Moreover, the profit and loss account will include: (i) the lease expenses relating to short-term leases or leases of low-value assets, as allowed under the simplified approach provided for by IFRS 16; and (ii) the variable lease payments that are not included in the measurement of the lease liability (e.g., payments based on the use of the underlying asset);
- in the statement of cash flows, to recognize cash payments for the principal portion of the lease liability within the net cash used in financing activities and interest expenses within the net cash provided by operating activities, if they are recognized in the profit and loss account, or within the net cash used in investing activities if they are capitalized as referred to leased assets that are used for the construction of other assets. Consequently, compared with the requirements of IAS 17 related to operating leases, the adoption of IFRS 16 was determined a significant impact in the statement of cash flows, by determining: (a) an improvement of the net cash provided by operating activities, which no longer includes the operating lease payments, not capitalized, but only includes the cash payments for the interest portion of the lease liability that are not capitalised; (b) an improvement of the net cash used in investing activities, which no longer includes capitalized lease payments, but only includes cash payments for the capitalized interest portion of the lease liability; and (c) a worsening in the net cash used in financing activities, which includes cash payments for the principal portion of the lease liability.

Activities in the Exploration & Production segment are often carried out through unincorporated joint operations, managed by one of the partners (the operator), which has the responsibility to carry out the operations and the approved work programmes. When the operator enters into a lease contract as the sole signatory, the operator manages the lease contract, makes lease payments to the lessor and recovers the share of lease expenses pertaining to the joint operators through a partner billing process. On this regard, the indications of the IFRS Interpretations Committee (hereinafter also the IFRIC) issued in September 2018 apply, which were confirmed at its March 2019 meeting. In particular, the IFRIC indicated that, in the case of unincorporated joint operations, the operator recognises the entire lease liability, as, by signing the contract, it has primary responsibility for the liability towards the third-party supplier. Therefore, if, based on the contractual provisions and any other relevant facts and circumstances, Eni has primary responsibility, it recognises in the balance sheet: (i) the entire lease liability and (ii) the entire RoU asset, unless there is a sublease with the joint operators. On the other hand, if the lease contract is signed by all the partners of the venture, Eni recognises its share of the RoU asset and lease liability based on its working interest. If Eni does not have primary responsibility for the lease liability, it does not recognise any RoU asset or lease liability related to the lease contract.

Follows the impact of the IFRS 16 adoption on Eni's consolidated financial statements:

(€ million)	First Quarter 2019		
	Profit and loss account		
	before IFRS 16	IFRS 16 effects	GAAP results
<b>Purchases, services and other</b>	<b>(13,668)</b>	<b>252</b>	<b>(13,416)</b>
<b>Depreciation, Depletion and Amortization</b>	<b>(1,672)</b>	<b>(195)</b>	<b>(1,867)</b>
<b>Operating profit</b>	<b>2,461</b>	<b>57</b>	<b>2,518</b>
<b>Finance expense and income taxes</b>	<b>(2,747)</b>	<b>(82)</b>	<b>(2,829)</b>
<b>Net profit</b>	<b>1,120</b>	<b>(25)</b>	<b>1,095</b>

(€ million)	January 1, 2019		
	Balance Sheet		
	before IFRS 16 opening balance	IFRS 16 effects	GAAP results
<b>Fixed assets</b>	71,567	5,629	77,196
<b>Net working capital</b>	(11,324)	117	(11,207)
<b>Net borrowings</b>	8,289	5,746	14,035
<b>Shareholders' equity</b>	51,073		51,073
<b>Leverage</b>	<b>0.16</b>		<b>0.27</b>

  

(€ million)	First Quarter 2019		
	Cash Flow		
	before IFRS 16	IFRS 16 effects	GAAP results
<b>Cash Flow From Operations (FFO)</b>	1,908	189	2,097
<b>Capital expenditure</b>	(2,280)	41	(2,239)
<b>Free Cash Flow (FCF)</b>	(328)	230	(98)
<b>Cash Flow From Financing, net (CFFF)</b>	(210)	(230)	(440)
<b>Net Cash Flow</b>	(595)		(595)

Further details are furnished in the note N.4 "Accounting principles recently enacted" of the Notes to the Consolidated Financial Statements included in the Annual Report on Form 20 F.

\* \* \*

Non-GAAP financial measures and other alternative performance indicators disclosed throughout this press release are accompanied by explanatory notes and tables in line with guidance provided by ESMA guidelines on alternative performance measures (ESMA/2015/1415), published on October 5, 2015. For further information, see the section "Alternative performance measures (Non-GAAP measures)" of this press release.

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

\* \* \*

### Disclaimer

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

\* \* \*

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\* \* \*

### Eni

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This press release for the first quarter of 2019 (unaudited) is also available on Eni's website [eni.com](http://eni.com).

## Alternative performance measures (Non-GAAP measures)

Management evaluates underlying business performance on the basis of Non-GAAP financial measures, not determined in accordance with IFRS ("Alternative performance measures"), such as adjusted operating profit and adjusted net profit, which are arrived at by excluding from reported operating profit and net profit certain gains and losses, defined special items, which include, among others, asset impairments, gains on disposals, risk provisions, restructuring charges and, in determining the business segments' adjusted results, finance charges on finance debt and interest income (see below). In determining adjusted results, also inventory holding gains or losses are excluded from base business performance, which 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 as required by IFRS, except in those business segments where inventories are utilized as a lever to optimize margins. Management is disclosing Non-GAAP measures of performance 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. Non-GAAP financial measures should be read together with information determined by applying IFRS and do not stand in for them. Other companies may adopt different methodologies to determine Non-GAAP measures. Follows the description of the main alternative performance measures adopted by Eni. The measures reported below refer to the performance of the reporting periods disclosed in this press release:

### **Adjusted operating and net profit**

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

### **Inventory holding gain or loss**

This 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 as required by IFRS.

### **Special items**

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

### **Leverage**

Leverage is a Non-GAAP measure of the Company's financial condition, calculated as the ratio between net borrowings and shareholders' equity, including non-controlling interest. Leverage is the reference ratio to assess the solidity and efficiency of the Group balance sheet in terms of incidence of funding sources including third-party funding and equity as well as to carry out benchmark analysis with industry standards.

### **Gearing**

Gearing is calculated as the ratio between net borrowings and capital employed net and measures how much of capital employed net is financed recurring to third-party funding.

### **Adjusted net cash before changes in working capital**

Adjusted net cash is defined as net cash provided from operating activities before changes in working capital at replacement cost and excluding certain non-recurring charges.

### **Free cash flow**

Free cash flow represents 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. Free cash flow 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.

### **Net borrowings**

Net borrowings is calculated as total finance debt less cash, cash equivalents and certain very liquid investments not related to operations, including among others non-operating financing receivables and securities not related to operations. Financial activities are qualified as "not related to operations" when these are not strictly related to the business operations.

Reconciliation tables of Non-GAAP results to the most comparable measures of financial performance determined in accordance to GAAPs

(€ million)	Exploration & Production	Gas & Power	Refining & Marketing and Chemicals	Corporate and other activities	Impact of unrealized intragroup profit elimination	GROUP
<b>First Quarter 2019</b>						
<b>Reported operating profit (loss)</b>	<b>2,289</b>	<b>358</b>	<b>278</b>	<b>(143)</b>	<b>(264)</b>	<b>2,518</b>
Exclusion of inventory holding (gains) losses			(402)		130	(272)
<b>Exclusion of special items:</b>						
environmental charges			40			40
impairment losses (impairment reversals), net	12		17	2		31
net gains on disposal of assets	(3)		(2)			(5)
risk provisions						
provision for redundancy incentives	1		2	3		6
commodity derivatives		(121)	(4)			(125)
exchange rate differences and derivatives	1	33	4			38
other	8	102	12	1		123
<b>Special items of operating profit (loss)</b>	<b>19</b>	<b>14</b>	<b>69</b>	<b>6</b>		<b>108</b>
<b>Adjusted operating profit (loss)</b>	<b>2,308</b>	<b>372</b>	<b>(55)</b>	<b>(137)</b>	<b>(134)</b>	<b>2,354</b>
Net finance (expense) income <sup>(a)</sup>	(124)	(9)	4	(143)		(272)
Net income (expense) from investments <sup>(a)</sup>	62	7	21	9		99
Income taxes <sup>(a)</sup>	(1,175)	(105)	(11)	68	37	(1,186)
Tax rate (%)	52.3	28.4	..			54.4
<b>Adjusted net profit (loss)</b>	<b>1,071</b>	<b>265</b>	<b>(41)</b>	<b>(203)</b>	<b>(97)</b>	<b>995</b>
<i>of which:</i>						
- Adjusted net profit (loss) of non-controlling interest						3
<b>- Adjusted net profit (loss) attributable to Eni's shareholders</b>						<b>992</b>
<b>Reported net profit (loss) attributable to Eni's shareholders</b>						<b>1,092</b>
Exclusion of inventory holding (gains) losses						(192)
Exclusion of special items						92
<b>Adjusted net profit (loss) attributable to Eni's shareholders</b>						<b>992</b>

(a) Excluding special items.

(€ million)

First Quarter 2018

	Exploration & Production	Gas & Power	Refining & Marketing and Chemicals	Corporate and other activities	Impact of unrealized intragroup profit elimination	GROUP
<b>Reported operating profit (loss)</b>	<b>1,966</b>	<b>398</b>	<b>138</b>	<b>(157)</b>	<b>54</b>	<b>2,399</b>
Exclusion of inventory holding (gains) losses		(99)		4	(95)	
<b>Exclusion of special items:</b>						
environmental charges	18		33			51
impairment losses (impairment reversals), net		13	15	1		29
impairment of exploration projects						
net gains on disposal of assets			(1)			(1)
risk provisions	65			2		67
provision for redundancy incentives	2	3	1			6
commodity derivatives		(67)				(67)
exchange rate differences and derivatives	1	(19)	2			(16)
other	33	(6)	(12)	(8)		7
<b>Special items of operating profit (loss)</b>	<b>119</b>	<b>(76)</b>	<b>38</b>	<b>(5)</b>		<b>76</b>
<b>Adjusted operating profit (loss)</b>	<b>2,085</b>	<b>322</b>	<b>77</b>	<b>(162)</b>	<b>58</b>	<b>2,380</b>
Net finance (expense) income <sup>(a)</sup>	(56)	3	12	(163)		(204)
Net income (expense) from investments <sup>(a)</sup>	35	11	23	3		72
Income taxes <sup>(a)</sup>	(1,140)	(121)	(45)	56	(18)	(1,268)
Tax rate (%)	55.2	36.0	40.2			56.4
<b>Adjusted net profit (loss)</b>	<b>924</b>	<b>215</b>	<b>67</b>	<b>(266)</b>	<b>40</b>	<b>980</b>
of which:						
- Adjusted net profit (loss) of non-controlling interest						2
<b>- Adjusted net profit (loss) attributable to Eni's shareholders</b>						<b>978</b>
<b>Reported net profit (loss) attributable to Eni's shareholders</b>						<b>946</b>
Exclusion of inventory holding (gains) losses						(67)
Exclusion of special items						99
<b>Adjusted net profit (loss) attributable to Eni's shareholders</b>						<b>978</b>

(a) Excluding special items.

(€ million)

**Fourth Quarter 2018**

	<b>Exploration &amp; Production</b>	<b>Gas &amp; Power</b>	<b>Refining &amp; Marketing and Chemicals</b>	<b>Corporate and other activities</b>	<b>Impact of unrealized intragroup profit elimination</b>	<b>GROUP</b>
<b>Reported operating profit (loss)</b>	<b>2,426</b>	<b>53</b>	<b>(946)</b>	<b>(233)</b>	<b>196</b>	<b>1,496</b>
Exclusion of inventory holding (gains) losses			747		(144)	603
<b>Exclusion of special items:</b>						
environmental charges		(1)	73	13		85
impairment losses (impairment reversals), net	663	(77)	123	14		723
net gains on disposal of assets	(19)					(19)
risk provisions	9		22	(7)		24
provision for redundancy incentives	18	(1)	2			19
commodity derivatives		83	38			121
exchange rate differences and derivatives	5	35	2			42
other	(174)	(50)	82	40		(102)
<b>Special items of operating profit (loss)</b>	<b>502</b>	<b>(11)</b>	<b>342</b>	<b>60</b>		<b>893</b>
<b>Adjusted operating profit (loss)</b>	<b>2,928</b>	<b>42</b>	<b>143</b>	<b>(173)</b>	<b>52</b>	<b>2,992</b>
Net finance (expense) income <sup>(a)</sup>	63	1	2	(214)		(148)
Net income (expense) from investments <sup>(a)</sup>	88	7	(6)			89
Income taxes <sup>(a)</sup>	(1,521)	(42)	(44)	151	(24)	(1,480)
Tax rate (%)	49.4	84.0	31.7			50.5
<b>Adjusted net profit (loss)</b>	<b>1,558</b>	<b>8</b>	<b>95</b>	<b>(236)</b>	<b>28</b>	<b>1,453</b>
<i>of which:</i>						
- Adjusted net profit (loss) of non-controlling interest						3
<b>- Adjusted net profit (loss) attributable to Eni's shareholders</b>						<b>1,450</b>
<b>Reported net profit (loss) attributable to Eni's shareholders</b>						<b>399</b>
Exclusion of inventory holding (gains) losses						428
Exclusion of special items						623
<b>Adjusted net profit (loss) attributable to Eni's shareholders</b>						<b>1,450</b>

(a) Excluding special items.

## Breakdown of special items

IVQ		IQ	
2018	(€ million)	2019	2018
85	Environmental charges	40	51
723	Impairment losses (impairment reversals), net	31	29
(19)	Net gains on disposal of assets	(5)	(1)
24	Risk provisions		67
19	Provisions for redundancy incentives	6	6
121	Commodity derivatives	(125)	(67)
42	Exchange rate differences and derivatives	38	(16)
(202)	Reinstatement of Eni Norge amortization charges		
100	Other	123	7
<b>893</b>	<b>Special items of operating profit (loss)</b>	<b>108</b>	<b>76</b>
<b>(35)</b>	<b>Net finance (income) expense</b>	<b>(36)</b>	<b>20</b>
	<i>of which:</i>		
(42)	- exchange rate differences and derivatives reclassified to operating profit (loss)	(38)	16
<b>(442)</b>	<b>Net income (expense) from investments</b>	<b>2</b>	<b>4</b>
	<i>of which:</i>		
(898)	- gains on disposal of assets		
418	- impairment/revaluation of equity investments		
<b>207</b>	<b>Income taxes</b>	<b>18</b>	<b>(1)</b>
	<i>of which:</i>		
210	- net impairment of deferred tax assets of Italian subsidiaries		
(3)	- taxes on special items of operating profit and other special items	18	(1)
<b>623</b>	<b>Total special items of net profit (loss)</b>	<b>92</b>	<b>99</b>

## Analysis of Profit and Loss account items

### Net sales from operations

IVQ 2018	(€ million)	IQ 2019	2018	% Ch.
6,762	Exploration & Production	5,674	5,473	4
14,760	Gas & Power	14,008	13,742	2
6,548	Refining & Marketing and Chemicals	5,391	5,566	(3)
5,481	- <i>Refining &amp; Marketing</i>	4,441	4,433	
1,202	- <i>Chemicals</i>	1,037	1,272	(18)
(135)	- <i>Consolidation adjustments</i>	(87)	(139)	
459	Corporate and other activities	367	361	2
(8,473)	Consolidation adjustments	(6,900)	(7,210)	
<b>20,056</b>		<b>18,540</b>	<b>17,932</b>	<b>3</b>

### Operating expenses

IVQ 2018	(€ million)	IQ 2019	2018	% Ch.
15,326	Purchases, services and other	13,416	12,832	5
145	Impairment losses (impairment reversals) of trade and other receivables, net	89	114	(22)
752	Payroll and related costs	774	844	(8)
19	of which: <i>provision for redundancy incentives and other</i>	6	6	
<b>16,223</b>		<b>14,279</b>	<b>13,790</b>	<b>4</b>

### DD&A, impairments, reversals and write-off

IVQ 2018	(€ million)	IQ 2019	2018	% Ch.
1,462	Exploration & Production	1,603	1,640	(2)
105	Gas & Power	117	91	29
103	Refining & Marketing and Chemicals	118	97	22
81	- <i>Refining &amp; Marketing</i>	96	76	26
22	- <i>Chemicals</i>	22	21	5
16	Corporate and other activities	37	14	..
(8)	Impact of unrealized intragroup profit elimination	(8)	(7)	
<b>1,678</b>	<b>Total depreciation, depletion and amortization</b>	<b>1,867</b>	<b>1,835</b>	<b>2</b>
<b>723</b>	<b>Impairment losses (impairment reversals), net</b>	<b>31</b>	<b>29</b>	<b>7</b>
<b>2,401</b>	<b>Depreciation, depletion, amortization, impairments and reversals</b>	<b>1,898</b>	<b>1,864</b>	<b>2</b>
<b>26</b>	<b>Write-off of tangible and intangible assets</b>	<b>40</b>	<b>6</b>	<b>..</b>
<b>2,427</b>		<b>1,938</b>	<b>1,870</b>	<b>4</b>

### Income (expense) from investments

(€ million)	Exploration & Production	Gas & Power	Refining & Marketing and Chemicals	Corporate and other activities	Group
First Quarter 2019					
Share of profit (loss) from equity-accounted investments	60	7	2	7	<b>76</b>
Dividends	2		19		<b>21</b>
	<b>62</b>	<b>7</b>	<b>21</b>	<b>7</b>	<b>97</b>

## 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 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)	March 31, 2019	Dec. 31, 2018	Change
Total debt	25,789	25,865	(76)
- <i>Short-term debt</i>	6,664	5,783	881
- <i>Long-term debt</i>	19,125	20,082	(957)
Cash and cash equivalents	(10,254)	(10,836)	582
Securities held for trading and other securities held for non-operating purposes	(6,759)	(6,552)	(207)
Financing receivables held for non-operating purposes	(98)	(188)	90
<b>NET BORROWINGS BEFORE LEASE LIABILITIES</b>	<b>8,678</b>	<b>8,289</b>	<b>389</b>
Lease Liabilities	5,818		5,818
- of which Eni working interest	3,811		3,811
- of which Joint operators' working interest	2,007		2,007
<b>Net borrowings</b>	<b>14,496</b>	<b>8,289</b>	<b>6,207</b>
Shareholders' equity including non-controlling interest	52,776	51,073	1,703
<b>Leverage before lease liability ex IFRS 16</b>	<b>0.16</b>	<b>0.16</b>	
<b>Leverage after lease liability ex IFRS 16</b>	<b>0.27</b>	<b>0.16</b>	<b>0.11</b>

### Pro-forma leverage

(€ million)	Reported measure	Lease liabilities of Joint operators' working interest	Pro-forma measure
Net borrowings	14,496	2,007	12,489
Shareholders' equity including non-controlling interest	52,776		52,776
<b>Pro-forma leverage</b>	<b>0.27</b>		<b>0.24</b>

Pro-forma leverage is net of followers' lease liabilities which are recovered through a cash call mechanism.

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

## Consolidated financial statements

### BALANCE SHEET

(€ million)

	March 31, 2019	Dec. 31, 2018
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	10,254	10,836
Other financial activities held for trading	6,675	6,552
Other current financial assets	308	300
Trade and other receivables	17,038	14,101
Inventories	4,630	4,651
Current tax assets	154	191
Other current tax assets	524	561
Other current assets	2,530	2,258
	<b>42,113</b>	<b>39,450</b>
<b>Non-current assets</b>		
Property, plant and equipment	61,795	60,302
Inventory - compulsory stock	1,465	1,217
Right of use	5,604	
Intangible assets	3,180	3,170
Equity-accounted investments	6,239	7,044
Other investments	934	919
Other financial assets	1,289	1,253
Deferred tax assets	4,048	3,931
Other non-current assets	834	792
	<b>85,388</b>	<b>78,628</b>
<b>Assets held for sale</b>	<b>301</b>	<b>295</b>
<b>TOTAL ASSETS</b>	<b>127,802</b>	<b>118,373</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Short-term debt	2,388	2,182
Current portion of long-term debt	4,276	3,601
Current portion of long-term lease liabilities	882	
Trade and other payables	16,567	16,747
Income taxes payable	544	440
Other taxes payable	2,493	1,432
Other current liabilities	4,827	3,980
	<b>31,977</b>	<b>28,382</b>
<b>Non-current liabilities</b>		
Long-term debt	19,125	20,082
Long-term lease liabilities	4,936	
Provisions for contingencies	11,922	11,886
Provisions for employee benefits	1,178	1,117
Deferred tax liabilities	4,317	4,272
Other non-current liabilities	1,495	1,502
	<b>42,973</b>	<b>38,859</b>
<b>Liabilities directly associated with assets held for sale</b>	<b>76</b>	<b>59</b>
<b>TOTAL LIABILITIES</b>	<b>75,026</b>	<b>67,300</b>
<b>SHAREHOLDERS' EQUITY</b>		
<b>Non-controlling interest</b>		
<b>Eni shareholders' equity:</b>		
Share capital	4,005	4,005
Retained earnings	39,020	36,702
Cumulative currency translation differences	7,508	6,605
Other reserves	1,672	1,672
Treasury shares	(581)	(581)
Interim dividend		(1,513)
Net profit (loss)	1,092	4,126
<b>Total Eni shareholders' equity</b>	<b>52,716</b>	<b>51,016</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>52,776</b>	<b>51,073</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>127,802</b>	<b>118,373</b>

## GROUP PROFIT AND LOSS ACCOUNT

IVQ 2018	(€ million)	IQ 2019	2018
<b>REVENUES</b>			
20,056	Net sales from operations	18,540	17,932
65	Other income and revenues	261	135
<b>20,121</b>	<b>Total revenues</b>	<b>18,801</b>	<b>18,067</b>
<b>OPERATING EXPENSES</b>			
(15,326)	Purchases, services and other	(13,416)	(12,832)
(145)	Impairment reversals (impairment losses) of trade and other receivables, net	(89)	(114)
(752)	Payroll and related costs	(774)	(844)
<b>25</b>	<b>Other operating (expense) income</b>	<b>(66)</b>	<b>(8)</b>
<b>(1,678)</b>	<b>Depreciation, Depletion and Amortization</b>	<b>(1,867)</b>	<b>(1,835)</b>
<b>(723)</b>	<b>Impairment reversals (impairment losses), net</b>	<b>(31)</b>	<b>(29)</b>
<b>(26)</b>	<b>Write-off of tangible and intangible assets</b>	<b>(40)</b>	<b>(6)</b>
<b>1,496</b>	<b>OPERATING PROFIT (LOSS)</b>	<b>2,518</b>	<b>2,399</b>
<b>FINANCE INCOME (EXPENSE)</b>			
926	Finance income	1,266	804
(976)	Finance expense	(1,545)	(1,088)
2	Net finance income (expense) from financial assets held for trading	62	(6)
(65)	Derivative financial instruments	(19)	66
<b>(113)</b>		<b>(236)</b>	<b>(224)</b>
<b>INCOME (EXPENSE) FROM INVESTMENTS</b>			
(471)	Share of profit (loss) of equity-accounted investments	76	45
1,002	Other gain (loss) from investments	21	23
<b>531</b>		<b>97</b>	<b>68</b>
<b>1,914</b>	<b>PROFIT (LOSS) BEFORE INCOME TAXES</b>	<b>2,379</b>	<b>2,243</b>
<b>(1,512)</b>	Income taxes	<b>(1,284)</b>	<b>(1,295)</b>
<b>402</b>	<b>Net profit (loss)</b>	<b>1,095</b>	<b>948</b>
attributable to:			
399	- Eni's shareholders	1,092	946
3	- Non-controlling interest	3	2
<b>Net profit (loss) per share attributable to Eni's shareholders (€ per share)</b>			
0.11	- basic	0.30	0.26
0.11	- diluted	0.30	0.26

## COMPREHENSIVE INCOME (LOSS)

	I <sup>Q</sup>	2019	2018
(€ million)			
<b>Net profit (loss)</b>		<b>1,095</b>	<b>948</b>
Items that may be reclassified to profit in later periods		609	(1,040)
<i>Currency translation differences</i>		903	(1,007)
<i>Change in the fair value of cash flow hedging derivatives</i>		(411)	(60)
<i>Share of other comprehensive income on equity-accounted entities</i>		(2)	11
<i>Taxation</i>		119	16
<b>Total other items of comprehensive income (loss)</b>		<b>609</b>	<b>(1,040)</b>
<b>Total comprehensive income (loss)</b>		<b>1,704</b>	<b>(92)</b>
attributable to:			
- Eni's shareholders		1,701	(94)
- Non-controlling interest		3	2

## CHANGES IN SHAREHOLDERS' EQUITY

	(€ million)
<b>Shareholders' equity at January 1, 2018</b>	<b>48,324</b>
Total comprehensive income (loss)	5,713
Dividends paid to Eni's shareholders	(2,953)
Dividends distributed by consolidated subsidiaries	(3)
Other changes	(8)
<b>Total changes</b>	<b>2,749</b>
<b>Shareholders' equity at December 31, 2018</b>	<b>51,073</b>
attributable to:	
- Eni's shareholders	51,016
- Non-controlling interest	57
<b>Shareholders' equity at December 31, 2018</b>	<b>51,073</b>
Impact of adoption IAS 28	(4)
<b>Shareholders' equity at January 1, 2019</b>	<b>51,069</b>
Total comprehensive income (loss)	1,704
Other changes	3
<b>Total changes</b>	<b>1,707</b>
<b>Shareholders' equity at March 31, 2019</b>	<b>52,776</b>
attributable to:	
- Eni's shareholders	52,716
- Non-controlling interest	60

## GROUP CASH FLOW STATEMENT

	IVQ 2018	(€ million)	IQ 2019	2018
<b>402</b>	<b>Net profit (loss)</b>		<b>1,095</b>	<b>948</b>
	<i>Adjustments to reconcile net profit (loss) to net cash provided by operating activities:</i>			
1,678	Depreciation, depletion and amortization		1,867	1,835
723	Impairment losses (impairment reversals), net		31	29
26	Write-off of tangible and intangible assets		40	6
471	Share of (profit) loss of equity-accounted investments		(76)	(45)
(37)	Gains on disposal of assets, net		(5)	(1)
(113)	Dividend income		(21)	(23)
(45)	Interest income		(34)	(43)
185	Interest expense		253	139
1,512	Income taxes		1,284	1,295
(817)	Other changes		45	130
	<i>Changes in working capital:</i>			
647	- inventories		(189)	188
1,253	- trade receivables		(2,158)	(1,916)
(63)	- trade payables		424	95
15	- provisions for contingencies		(55)	104
(104)	- other assets and liabilities		388	455
1,748	<i>Cash flow from changes in working capital</i>		(1,590)	(1,074)
2	Net change in the provisions for employee benefits		47	35
115	Dividends received		530	5
35	Interest received		14	21
(88)	Interest paid		(230)	(186)
(1,472)	Income taxes paid, net of tax receivables received		(1,153)	(884)
<b>4,325</b>	<b>Net cash provided by operating activities</b>		<b>2,097</b>	<b>2,187</b>
	<i>Investing activities:</i>			
(2,640)	- tangible assets		(2,179)	(2,507)
(147)	- intangible assets		(60)	(34)
(75)	- consolidated subsidiaries and businesses net of cash and cash equivalent acquired			(15)
(12)	- investments		(30)	(22)
(74)	- securities		(91)	(241)
(97)	- financing receivables		(86)	(193)
165	- change in payables in relation to investing activities and capitalized depreciation		87	(8)
(2,880)	<i>Cash flow from investing activities</i>		(2,359)	(3,020)
	<i>Disposals:</i>			
54	- tangible assets		6	6
(236)	- consolidated subsidiaries and businesses net of cash and cash equivalent disposed of			32
68	- investments			29
18	- securities		16	5
138	- financing receivables		77	80
7	- change in receivables in relation to disposals			(48)
49	<i>Cash flow from disposals</i>		99	104
<b>(2,831)</b>	<b>Net cash used in investing activities (*)</b>		<b>(2,260)</b>	<b>(2,916)</b>

## GROUP CASH FLOW STATEMENT (continued)

IVQ		IQ	
2018	(€ million)	2019	2018
489	Increase in long-term debt	26	511
(878)	Repayments of long-term debt	(381)	(1,568)
	Repayment of lease liabilities	(230)	
(588)	Increase (decrease) in short-term financial debt	145	168
(977)		(440)	(889)
(4)	Dividends paid to Eni's shareholders		(1)
<b>(981)</b>	<b>Net cash used in financing activities</b>	<b>(440)</b>	<b>(890)</b>
	Effect of change in consolidation (inclusion/exclusion of significant/insignificant subsidiaries)	(1)	
1	Effect of exchange rate changes on cash and cash equivalents and other changes	9	(19)
<b>514</b>	<b>Net cash flow for the period</b>	<b>(595)</b>	<b>(1,638)</b>
<b>10,341</b>	<b>Cash and cash equivalents - beginning of the period<sup>(a)</sup></b>	<b>10,855</b>	<b>7,363</b>
<b>10,855</b>	<b>Cash and cash equivalents - end of the period<sup>(a)</sup></b>	<b>10,260</b>	<b>5,725</b>

(a) In the first quarter of 2019, cash and cash equivalents at the beginning and end of the period include €19 million and €6 million, respectively, of cash and cash equivalents of consolidated subsidiaries held for sale that were reported in the item "Assets held for sale" in the balance sheet.

(\*) 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:

IVQ		IQ	
2018	(€ million)	2019	2018
<b>(46)</b>	<b>Net cash flow from financing activities</b>	<b>(65)</b>	<b>(265)</b>

## SUPPLEMENTAL INFORMATION

IVQ		IQ	
2018	(€ million)	2019	2018
<b>Investment of consolidated subsidiaries and businesses</b>			
4	Current assets	2	
89	Non-current assets	23	
(16)	Cash and cash equivalents (net borrowings)	(1)	
(2)	Current and non-current liabilities	(8)	
<b>75</b>	<b>Net effect of investments</b>	<b>16</b>	
<b>75</b>	<b>Purchase price</b>	<b>16</b>	
	<i>less:</i>		
	Cash and cash equivalents	(1)	
<b>75</b>	<b>Investment of consolidated subsidiaries and businesses net of cash and cash equivalent acquired</b>	<b>15</b>	
<b>Disposal of consolidated subsidiaries and businesses</b>			
271	Current assets	39	
4,794	Non-current assets	9	
767	Cash and cash equivalents (net borrowings)		
(3,309)	Current and non-current liabilities	(16)	
<b>2,523</b>	<b>Net effect of disposals</b>	<b>32</b>	
115	Reclassification of exchange rate differences included in other comprehensive income		
(3,498)	Fair value of share capital held after the sale of control		
889	Fair value of business combination		
8	Gain (loss) on disposal		
<b>37</b>	<b>Selling price</b>	<b>32</b>	
	<i>less:</i>		
(273)	Cash and cash equivalents disposed of		
<b>(236)</b>	<b>Disposal of consolidated subsidiaries and businesses net of cash and cash equivalent divested</b>	<b>32</b>	

## Capital expenditure

IVQ 2018	(€ million)	IQ		
		2019	2018	% Ch.
2,366	Exploration & Production	2,068	2,432	(15)
136	- <i>acquisition of proved and unproved properties</i>	366	712	(49)
101	- <i>g&amp;g costs</i>	82	64	28
199	- <i>exploration</i>	143	65	..
1,899	- <i>development</i>	1,467	1,586	(8)
31	- <i>other expenditure</i>	10	5	100
74	Gas & Power	42	42	
372	Refining & Marketing and Chemicals	188	125	50
317	- <i>Refining &amp; Marketing</i>	171	100	71
55	- <i>Chemicals</i>	17	25	(32)
83	Corporate and other activities	27	11	..
(7)	Impact of unrealized intragroup profit elimination	(4)	(5)	
<b>2,888</b>	<b>Capital expenditure</b>	<b>2,321</b>	<b>2,605</b>	<b>(11)</b>
<b>101</b>	<b>Cash out in net cash flow from operating activities</b>	<b>82</b>	<b>64</b>	<b>28</b>
<b>2,787</b>	<b>Cash out in net cash flow from investment activities</b>	<b>2,239</b>	<b>2,541</b>	<b>(12)</b>

In the first quarter of 2019, capital expenditure amounted to €2,239 million (€2,541 million in the first quarter of 2018) and mainly related to:

- development activities (€1,467 million) deployed mainly in Egypt, Ghana, Nigeria, Libya, Mexico, Angola and the United Arab Emirates. The acquisition of proved and unproved reserves of €366 million relates to the acquisition of reserves in Alaska and Algeria;
- refining activity in Italy and outside Italy (€160 million) mainly aimed at reconstruction works of the EST conversion plant at the Sannazzaro refinery, reconversion of Gela refinery into a biorefinery, maintain plants' integrity as well as initiatives in the field of health, security and environment; marketing activity, mainly regulation compliance and stay in business initiatives in the refined product retail network in Italy and in the Rest of Europe (€11 million);
- initiatives relating to gas marketing (€38 million).

Cash-outs comprised in net cash from operating activities (€82 million) relate to geological and geophysical studies as part of the exploration activities, which are charged to expenses.

# Exploration & Production

## PRODUCTION OF OIL AND NATURAL GAS BY REGION

IVQ		IQ	
2018		2019	2018
<b>1,872</b>	<b>Production of oil and natural gas <sup>(a)(b)</sup></b>		
134	Italy	(kboe/d)	<b>1,832</b>
193	Rest of Europe		144
358	North Africa		169
327	Egypt		372
377	Sub-Saharan Africa		442
162	Kazakhstan		334
198	Rest of Asia		259
99	Americas		362
24	Australia and Oceania		348
<b>157</b>	<b>Production sold <sup>(a)</sup></b>	(mmboe)	<b>152</b>
			<b>157</b>

## PRODUCTION OF LIQUIDS BY REGION

IVQ		IQ	
2018		2019	2018
<b>897</b>	<b>Production of liquids <sup>(a)(b)</sup></b>		
57	Italy	(kbb/d)	<b>887</b>
111	Rest of Europe		885
160	North Africa		56
67	Egypt		102
244	Sub-Saharan Africa		132
110	Kazakhstan		164
95	Rest of Asia		71
51	Americas		252
<b>2</b>	<b>Australia and Oceania</b>		251
			96
			88
			84
			52
			60
			68
<b>2</b>			<b>2</b>
			<b>2</b>

## PRODUCTION OF NATURAL GAS BY REGION

IVQ		IQ	
2018		2019	2018
<b>5,321</b>	<b>Production of natural gas <sup>(a)(b)</sup></b>		
419	Italy	(mmcf/d)	<b>5,157</b>
449	Rest of Europe		5,358
1,080	North Africa		410
1,420	Egypt		436
725	Sub-Saharan Africa		366
287	Kazakhstan		469
562	Rest of Asia		1,137
259	Americas		1,595
<b>120</b>	<b>Australia and Oceania</b>		1,434
			989
			599
			528
			286
			277
			522
			543
			256
			401
<b>147</b>			<b>120</b>

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

(b) Includes volumes of hydrocarbons consumed in operation (118 and 100 kboe/d in the first quarter of 2019 and 2018, respectively, and 151 kboe/d in the fourth quarter of 2018).

# Gas & Power

## Natural gas sales

IVQ		(bcm)	IQ		
2018	2019		2018	% Ch.	
<b>8.85</b>	<b>ITALY</b>		<b>10.77</b>	<b>11.19</b>	<b>(4)</b>
1.95	- Wholesalers		2.55	2.68	(5)
2.11	- Italian exchange for gas and spot markets		2.52	2.97	(15)
1.30	- Industries		1.32	1.21	9
0.21	- Small and medium-sized enterprises and services		0.35	0.31	13
0.38	- Power generation		0.40	0.32	25
1.30	- Residential		2.01	2.11	(5)
1.60	- Own consumption		1.62	1.59	2
<b>9.87</b>	<b>INTERNATIONAL SALES</b>		<b>10.56</b>	<b>11.25</b>	<b>(6)</b>
<b>7.90</b>	<b>Rest of Europe</b>		<b>8.00</b>	<b>9.28</b>	<b>(14)</b>
1.04	- Importers in Italy		1.02	0.89	15
6.86	- European markets		6.98	8.39	(17)
1.41	<i>Iberian Peninsula</i>		1.21	1.27	(5)
0.46	<i>Germany/Austria</i>		0.45	0.87	(48)
1.01	<i>Benelux</i>		0.91	1.28	(29)
0.50	<i>UK</i>		0.49	0.78	(37)
1.70	<i>Turkey</i>		1.77	2.00	(12)
1.58	<i>France</i>		1.71	1.96	(13)
0.20	<i>Other</i>		0.44	0.23	91
<b>1.97</b>	<b>Rest of World</b>		<b>2.56</b>	<b>1.97</b>	<b>30</b>
<b>18.72</b>	<b>WORLDWIDE GAS SALES</b>		<b>21.33</b>	<b>22.44</b>	<b>(5)</b>
2.40	<i>of which: LNG sales</i>		2.70	2.70	