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Eni: first quarter 2020 results

Key operating and financial results

IVQ 2019			IQ		
			2020	2019	% Ch.
63.25	Brent dated	\$/bbl	50.26	63.20	(20)
1.107	Average EUR/USD exchange rate		1.103	1.136	(3)
57.13	Brent dated	€/bbl	45.56	55.65	(18)
158	PSV	€/kcm	121	222	(45)
1,921	Hydrocarbon production	kboe/d	1,774	1,841	(4)
1,805	Adjusted operating profit^(a)	€ million	1,307	2,354	(44)
2,051	of which: E&P		1,037	2,308	(55)
118	G&P		431	335	29
(161)	R&M and Chemicals		16	(18)	..
546	Adjusted net profit (loss)^{(a)(b)}		59	992	(94)
0.15	per share - diluted (€)		0.02	0.28	
(1,891)	Net profit (loss)^(b)		(2,929)	1,092	..
(0.53)	per share - diluted (€)		(0.82)	0.30	
2,611	Adjusted net cash before changes in working capital at replacement cost^(c)		1,953	3,415	(43)
3,725	Net cash from operations		975	2,097	(54)
2,154	Net capital expenditure ^{(d)(e)}		1,905	1,894	1
11,477	Net borrowings before lease liability ex IFRS 16		12,920	8,678	49
17,125	Net borrowings		18,681	14,496	29
47,900	Shareholders' equity including non-controlling interest		45,385	52,776	(14)
0.24	Leverage before lease liability ex IFRS 16		0.28	0.16	
0.36	Leverage after lease liability ex IFRS 16		0.41	0.27	

(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 and provisions for extraordinary credit losses and other charges.

(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.

Eni's Board of Directors yesterday approved the consolidated results for the first quarter of 2020 (not subject to audit). Having examined the results, Eni CEO Claudio Descalzi said:

"The period since March has been the most complex period the global economy has seen for more than 70 years. For the energy industry, and in particular for Oil&Gas, the complexity is even greater given the overlap of the effects of the pandemic with the collapse in oil prices. Eni is tackling this period by relying on a safe operating organisation for its employees, contractors, and the populations of its host countries. Furthermore, Eni's people have shown an incredible capacity and willingness to adapt to the difficult circumstances at the moment, allowing the Group to operate with full continuity. I would like to thank them for this. The business portfolio is more resilient than ever before, while the capital structure is very solid thanks to actions taken in recent years. The Upstream portfolio, in particular, has a competitive break-even point and is flexible, allowing for activities and financial commitments to be adjusted as the situation develops. The Mid-Downstream portfolio is reacting well to the consumer crisis, recording EBIT that was higher than the same period in 2019. Overall, EBIT was above market forecasts, while cash flow from operations before working capital financed investments of €1.9 billion. The balance sheet is robust and above all shows €16 billion of cash on hand, which will allow the Group to manage the drop in business due to prices and the pandemic. Like everyone, we expect a complicated 2020, but thanks to our strengths we are sure we can swiftly resume our journey towards an even more profitable and sustainable future, as set out in our latest strategic plan."

Quarterly highlights

Exploration & Production

- **Hydrocarbon production: 1.774 million boe/d**, 3.6% lower than the first quarter of 2019. Net of price effects, the decline was 50% due to lower volumes in Libya driven by an anticipated contractual trigger, force majeure and lower entitlements/spending, more than offsetting positive portfolio contribution mainly from Norway. The remaining 50% of the reduced output for the quarter was due to the impact of lower gas demand, mainly in Egypt.
- **Started up oil production at the Agogo field**, in Block 15/06 offshore **Angola**, just nine months after the discovery, thanks to the synergies with the Ngoma FPSO vessel operating the West Hub fields.
- Completed a “fast track” **project for exporting volumes of associated gas produced in Block 403 in Algeria**, paving the way for the synergic development of the gas fields in the North Berkine leases.
- **Portfolio developments:**
 - Awarded the operatorship of **Block 28** (Eni's interest 60%) in the Namibe and Benguela unexplored basins **offshore Angola**;
 - Awarded to the JV Vår Energi **17 new exploration licences** (7 of which operated) in the three main basins of the **Norwegian continental shelf**.
- **Exploration success:**
 - Drilled a second successful appraisal well at the **Agogo discovery** in **Block 15/06** increasing the block's resources by 1 billion barrels of oil in place;
 - Made an oil discovery in the Saasken exploration prospect in **Block 10, offshore Mexico**. Expected oil in place in the range of 200-300 million bbl;
 - Made a gas and condensates discovery in the **exploration prospect Mahani-1**, onshore the **Sharjah Emirate (UAE)**, in the Concession B area, just one year after signing the concession agreement.
- **E&P's adjusted operating profit** of €1.04 billion, 55% lower y-o-y mainly driven by a significantly deteriorated trading environment and, to a lesser extent, by lower production volumes.

Gas & Power

- Finalized the **acquisition of a 70 % interest in the Evolvere company**. With this deal Eni becomes the leader in the market of distributed generation from renewables in Italy.
- **G&P's adjusted operating** of €0.43 billion, 29% higher y-o-y driven by optimizations at the gas and power assets portfolio in a volatile market and a growing performance in the retail business notwithstanding lower seasonal sales due to particularly mild winter weather and the impact of the economic downturn on consumption in the thermoelectric and industrial segments and on the provision for doubtful accounts. The LNG business reported lower results negatively affected by a downturn in Asian economies due to COVID-19 effects with fallout on LNG demand and prices.

Refining & Marketing and Chemicals

- **Completed the upgrading of the Crescentino plant** for the production of bioethanol at industrial scale and restarted the biomass power plant for renewable electricity generation. R&D activities currently focused on developing a production process of bio-plastics from second-generation saccharose.
- Acquired a 40% interest in **Finproject**, a company engaged in the segment of high-performance formulated polymer applications, in an effort to strengthen the product mix by increasing the exposure to products that are more resilient to the volatility of the chemical scenario. Closing is subject to customer antitrust review.

- Signed an **agreement with an Italian engineering company** for developing a pyrolysis-based technology to transform mixed plastic waste, that cannot be mechanically recycled, into re-usable raw material.
- **R&M's adjusted operating profit** of €81 million in the first quarter was a significant improvement over the year-ago quarter (up by €53 million, almost 200%) more than offsetting an ongoing contraction in consumer demand due to the COVID-19. The improved quarterly performance was driven by better plant operations, cost reductions, as well as growth in the bio business with the ramp-up of the Gela biorefinery and steady results reported at marketing activities.
- **Chemicals' adjusted operating loss** of €65 million in the quarter was due to a weaker margin scenario and lower sales volumes in all the main end-markets impacted by the economic downturn.

Energy Solutions, decarbonization and circular economy

- Started up a **photovoltaic plant at the Porto Torres hub** with a capacity of 31 MW.
- Started up a **wind farm in Kazakhstan** with a capacity of 48 MW.
- Started up construction works at the Batchelor and Manton projects in **Australia** targeting an installed capacity of 25 MW.
- Closed the **acquisition of a 49% stake in Falck Renewables** that is operating **five photovoltaic plants in the US (for a total installed capacity of 116 MW)**, including storage capacity, with the aim of developing joint projects in this market.
- Started a collaboration with **ENEA**, an Italian energy agency, to develop a project to establish in the next seven years a **scientific and technological center for studying and developing the DTT (Divertor Tokamak Test) fusion**, with the participation of the European Union and various lenders including the EIB.
- Eni signed a **Memorandum of Understanding** with ADNOC Refining, for the joint development of research initiatives on the capture and confinement of CO₂ emissions.
- Signed an **agreement with Cassa Depositi e Prestiti**, an Italian governmental agency affiliated with the Ministry of Finance, for developing industrial projects intended to produce biofuel and water out of solid urban waste based on Eni's proprietary technologies, in line with the circular development model.

Group results

Quarterly results affected by the combined impact of an ongoing economic recession due to the COVID-19 and falling energy prices.

- **Adjusted operating profit:** €1.31 billion, down by €1 billion, or by 44%, compared to the first quarter of 2019. Net of scenario effects of €1.1 billion and the negative impacts associated with COVID-19 of €0.15 billion¹, the performance was a positive of €0.2 billion, up by 16%.
- **Adjusted net profit** at €59 million.
- **Net result:** net loss of €2.93 billion (net profit of €1.1 billion in the first quarter of 2019) mainly due to the alignment of the book value of inventories to market prices current at the end of the quarter. Special charges also included impairment losses from oil&gas assets and negative fair-valued derivatives, which couldn't be accounted as hedges, due to the scenario effects.
- **Net cash before changes in working capital at replacement cost:** €1.95 billion, 43% lower than the same period of 2019 due to scenario effects of -€1.5 billion, including a non-cash change in fair-valued derivatives and the negative impacts associated with COVID-19 of €0.15 billion¹, partly offset by a positive performance of €0.2 billion.
- **Net cash from operations:** approximately €1 billion (down by 54%), including a cash draw at the working capital which normally features the first quarter due to seasonal factors in gas and other products consumption.

¹ They comprise a reduction in global gas demand, lower offtakes at LNG supply contracts in Asia, lower consumption of fuels and chemical products, operational impacts on hydrocarbon production, higher allowances for doubtful accounts due to an expected deterioration in the counterparty risk.

- **Net investments:** €1.9 billion, fully funded through cash flow provided by operating activities before working capital effects.
- **Net borrowings:** €18.7 billion (€12.9 billion when excluding lease liabilities) increasing by about €1.6 billion (up 9%) from December 31, 2019.
- **Leverage:** 0.28, before the effect of IFRS 16, higher than the ratio at December 31, 2019 (0.24). Including IFRS 16, leverage was 0.41, or 0.37 excluding the share of lease liabilities attributable to E&P joint operators.

Outlook 2020

Eni assumes a gradual recovery in global consumption of oil, natural gas and power in the second half of the year, particularly in Eni's reference markets.

Based on this macroeconomic scenario, Eni reduced the Company's outlook for Brent crude oil prices, down to 45 \$/bbl and 55 \$/bbl respectively in 2020 and 2021. Spot gas prices at the Italian hub have been reduced by 15% in 2020 and by 30% in 2021, while refining margin is expected to decline by 18% in 2020. Considering a highly volatile scenario and ongoing disruptions in the global economy, management is going to disclose a sensitivity analysis of Eni's 2020 results to changes in the scenario (see below).

Eni has promptly defined its responses to the current crisis scenario by reviewing the industrial plan for the year 2020 and 2021 in order to preserve the robustness of its balance sheet. The review of the industrial plan foresees:

- **Capex curtailments of approximately €2.3 billion for 2020**, 30% lower than the initial capital budget, and anticipated further reductions of €2.5-3 billion in 2021, i.e. 30%-35% lower than original plans.
- **Expected a production level of 1.75–1.80 mboe/d in 2020**, which is lower than initial projections due to capex curtailments, COVID-19 effects, a lower global gas demand also impacted by the pandemic effects and finally extension of force majeure in Libya for the entire first half of the year. This production guidance does not take into account any possible impacts associated with the recently announced OPEC+ cuts that are to be implemented on a field-by-field basis.
- **Capex revisions focused in the E&P segment**, with the re-phasing of a number of projects, which are nonetheless expected to resume quickly once market fundamentals improve, thus recovering any lost production volumes.
- Implemented widespread initiatives to **save approximately €600 million of expenses** in 2020.
- At management's assumption of an average Brent price of 45 \$/bbl for FY 2020, expected **adjusted cash flow before working capital changes** of €7.3 billion. The sensitivity of this cash flow to movements in crude oil prices is estimated at €180-190 million for each one-dollar change in the Brent crude oil prices and commensurate changes in gas prices applicable to deviation in a range of 5-10 \$/bbl from the base-case scenario, also assuming no further management's initiatives and excluding effects on dividends from equity accounted entities.
- **2020 Ebit adjusted mid-downstream** (G&P, R&M with pro-forma ADNOC and Versalis): €0.6 billion.
- **Suspended the share repurchase plan for 2020**. The plan will be reconsidered when the Brent price for the referenced year, which is the benchmark for decisions relating to the buy-back plan activation, is at least equal to 60 \$/barrel.
- Eni is well equipped to withstand the downturn leveraging the **resilience of its portfolio of conventional oil and gas properties with low break-even prices and a robust financial position**: at March 31, 2020, the Company can count on a **liquidity reserve** of €16 billion, consisting of cash on hands of €3.6 billion, €6.6 billion of readily disposable securities, €1.1 billion of short-term financing receivables and €4.7 billion of undrawn committed borrowing facilities.

Business segments operating results

Exploration & Production

Production and prices

IVQ 2019			IQ		% Ch.
			2020	2019	
	Production				
926	Liquids	kbb/d	892	887	0.6
5,379	Natural gas	mmcf/d	4,768	5,157	(7.5)
1,921	Hydrocarbons	kboe/d	1,774	1,841	(3.6)
	Average realizations				
59.06	Liquids	\$/bbl	43.58	58.08	(25)
4.79	Natural gas	\$/kcf	4.28	5.61	(24)
43.44	Hydrocarbons	\$/boe	33.71	44.82	(25)

- In the first quarter of 2020, **oil and natural gas production** averaged 1,774 kboe/d. 50% of the decline was due to reduced volumes in Libya driven by an anticipated contractual trigger, geopolitical instability and lower entitlements/spending, despite positive portfolio contributions in Norway. The remaining 50% of the reduced output for the quarter was a result of the impact of lower gas demand, mainly in Egypt. Eni's production performance in the quarter was nonetheless positive and was driven by volumes ramp-ups in Mexico and Algeria and better fields performance in Nigeria, Kazakhstan, Ghana and the United Arab Emirates. These increases offset mature field declines and unplanned facility downtime.
- Liquids production** was 892 kbb/d (887 kbb/d in the first quarter of 2019). Production growth in Kazakhstan, Ghana and the United Arab Emirates, as well as the ramp-ups of the period, mainly in Mexico, were offset by lower production in Libya and Congo and mature field declines.
- Natural gas production** amounted to 4,768 mmcf/d in the period decreasing by 7.5% y-o-y. Lower production in Libya and the impact of lower natural gas demand in certain areas (Egypt and Venezuela) and LNG demand were partly offset by the growth in Nigeria, Ghana and Algeria.

Results

IVQ 2019		(€ million)	IQ		% Ch.
			2020	2019	
830	Operating profit (loss)		715	2,289	(69)
1,221	Exclusion special items of operating profit (loss)		322	19	
2,051	Adjusted operating profit (loss)		1,037	2,308	(55)
(40)	Net finance (expense) income		(115)	(124)	
114	Net income (expense) from investments		(59)	62	
(1,297)	Income taxes		(651)	(1,175)	
61.0	tax rate (%)		75.4	52.3	
828	Adjusted net profit (loss)		212	1,071	(80)
	Results also include:				
114	Exploration expenses:		175	117	50
63	- prospecting, geological and geophysical expenses		55	82	
51	- write-off of unsuccessful wells		120	35	
1,775	Capital expenditure		1,258	1,986	(37)

- In the first quarter of 2020, the Exploration & Production segment reported an **adjusted operating profit** of €1,037 million, 55% lower than the first quarter 2019, driven by a negative €1.1 billion of scenario effect and by lower production volumes (-€0.17 billion). The scenario loss was attributable to lower liquids realizations driven by a 20% decline in the price of the Brent crude oil benchmark for the quarter and lower gas prices at the Italian spot market PSV (-45%), which are the main benchmark to which our equity volumes are indexed, only partially offset by the

appreciation of the USD vs. EUR (+3%), as well as a loss incurred in reselling the gas entitlements of a Libyan partner, which were marketed in Europe. This reselling price is excluded from the calculation of Eni's average realized gas prices disclosed in the table on page 5, because the realized prices are calculated only with reference to equity production. Scenario effects also included higher amortization charges driven by an increased asset retirement cost capitalized as part of property, plant and equipment due to lower discount rates y-o-y.

On a constant scenario basis, the reduction was driven by unfavorable volume/mix effects and bigger write-off expenses related to unsuccessful exploration wells, partly offset by opex cuts.

Operating profit included the result relating to certain hydrocarbon volumes of 2 kboe/d mainly gas, comprised in the production for the period, whereby the price was paid by the buyer without lifting the underlying volume due to the take-or-pay clause in a long-term supply agreement. Management has ascertained that it is highly likely that the buyer will not redeem its contractual right to lift the pre-paid volumes in future reporting periods within the contractual terms.

- **Adjusted net profit** of €212 million decreased by 80% due to a lower operating profit and losses incurred at joint ventures and associates of €59 million, which included Eni's share of result at the JV Vår Energi (a loss of €37 million), while the equity-accounted entity Angola Lng reported lower earnings (-€15 million) driven by a significantly deteriorated trading environment for LNG.

The result was also significantly and negatively affected by an increased adjusted tax rate (up by 23 percentage points) due to: (i) a higher share of taxable profit reported in Countries with higher taxation (for example the UAE and Algeria), (ii) a higher relative weight on pre-tax profit of non-deductible expenses and of a lower deductibility of expenses at the Company's PSAs due to depressed commodity prices; and (iii) the fact that in 2020 the Company has continued incurring losses at the reselling of gas entitlements of a Libyan partner resulting in a distortion to the tax rate.

For the disclosure on business segment special charges, see page 10.

Gas & Power

Sales

IVQ 2019			IQ		
			2020	2019	% Ch.
158	PSV	€/kcm	121	222	(45)
133	TTF		102	195	(48)
	Natural gas sales	bcm			
8.67	Italy		8.97	10.77	(17)
6.90	Rest of Europe		6.83	8.00	(15)
1.14	of which: Importers in Italy		0.96	1.02	(6)
5.76	European markets		5.87	6.98	(16)
1.52	Rest of World		0.95	2.56	(63)
17.09	Worldwide gas sales		16.75	21.33	(21)
2.70	of which: LNG sales		2.50	2.70	(7)
9.92	Power sales	TWh	9.89	10.14	(2)

- In the first quarter of 2020, **natural gas sales** of 16.75 bcm decreased by 21% from the same period of the previous year. Sale in Italy of 8.97 bcm were 17% lower than the corresponding quarter a year ago mainly due to weaker seasonal sales and the impact of an ongoing economic downturn following the containment measures in Italy and Europe as a result of the spread of COVID-19. Sales in the European markets amounted to 5.87 bcm, a decrease of 16% from the comparative period as result of lower volumes marketed in Germany and Turkey.
- Power sales** were 9.89 TWh, reporting a small decrease y-o-y (down by 2%) due to an economic slowdown in connection with lockdown measure adopted to contain the COVID-19.

Results

IVQ 2019		(€ million)	IQ		
			2020	2019	% Ch.
264	Operating profit (loss)		208	208	
(146)	Exclusion special items of operating profit (loss)		223	127	
118	Adjusted operating profit (loss)		431	335	29
2	- Gas & LNG Marketing and Power		274	189	45
116	- Eni gas e luce		157	146	8
1	Net finance (expense) income			2	
6	Net income (expense) from investments		(1)	7	
(48)	Income taxes		(113)	(105)	
38.4	tax rate (%)		26.3	30.5	
77	Adjusted net profit (loss)		317	239	33
81	Capital expenditure		57	42	36

- In the first quarter of 2020, the **Gas & Power** segment reported adjusted operating profit of €431 million, up by 29% y-o-y, with both businesses performing well. The better operating performance in the GLP business benefitted from optimization initiatives at the gas and power asset portfolio against the backdrop of high price volatility, partly offset by a declining performance at the LNG business due to the lockdown of Asian economies in response to the COVID-19, which forced a number of buyers to reduce liftings at LNG supply contracts, exacerbating a global glut in the gas market and pricing pressure. The retail business posted steady results (the adjusted operating profit was up by €11 million vs. the year-ago quarter, up by 8%); lower seasonal sales due to particularly mild winter weather and the negative impact of the economic downturn on consumption in the industrial and thermoelectric segments and higher provisions for doubtful accounts based on expectations of a deterioration in credit quality were more than offset by gains at commercial initiatives, cost efficiencies, as well as by the contribution of extra-commodity services in Italy.
- Adjusted net profit** (€317 million) increased by 33%.

For the disclosure on business segment special charges, see page 10.

Refining & Marketing and Chemicals

Production and sales

IVQ			IQ		
2019			2020	2019	% Ch.
4.2	Standard Eni Refining Margin (SERM)	\$/bbl	3.6	3.4	6
4.86	Throughputs in Italy	mtonnes	4.06	4.94	(18)
0.64	Throughputs in the rest of Europe		0.55	0.41	34
2.16	Throughputs in the Middle East (ADNOC Refining 20%)		1.42		..
7.66	Total throughputs		6.03	5.35	13
85	Average refineries utilization rate	%	74	86	
126	Bio throughputs	ktonnes	188	80	..
Marketing					
2.02	Retail sales in Europe	mtonnes	1.64	1.95	(16)
1.42	Retail sales in Italy		1.12	1.38	(19)
0.60	Retail sales in the rest of Europe		0.52	0.57	(9)
23.4	Retail market share in Italy	%	23.2	24.0	
2.65	Wholesale sales in Europe	mtonnes	2.08	2.26	(8)
1.93	Wholesale sales in Italy		1.51	1.69	(11)
0.72	Wholesale sales in the rest of Europe		0.57	0.57	
Chemicals					
1.03	Sales of petrochemical products	mtonnes	0.89	1.04	(15)
68	Average plant utilization rate	%	58	65	

- In the first quarter 2020, the **Eni Standard Refining Margin** continued on a downward trend that was already underway in the final part of 2019, remaining on non-remunerative values (3.6 \$/barrel the average quarterly level, in line with 2019). However, in March refining margins staged a rebound, compared to the depressed values registered in the previous two months, due to a drop in the cost of the crude oil feedstock. Furthermore, price differentials with the Brent crude have widened considerably in this time frame (down by 2 \$/bbl compared to the positive values of 2019).
- **Eni refining throughputs on own account** of the first quarter of 2020 were 6.03 mtonnes, up by 13% from 2019 due to the acquisition of the 20% in ADNOC Refining finalized on July 31, 2019. When excluding this effect, throughputs declined by 14% due to lower volumes processed at the Taranto and Sannazzaro refineries as a result of higher maintenance activities and at Livorno due to negative scenario effects, partly offset by higher throughputs at the Bayernoil refinery, following the re-entry into operations of the topping unit at the Vohburg plant.
- **Bio throughputs** more than doubled compared to 2019, due to the start-up of the Gela biorefinery in August 2019, which more than offset higher unplanned shutdowns at the Venice unit.
- **Retail sales in Italy** were 1.12 mtonnes (down by 19% y-o-y) declining in all the segments, particularly in the motorway segment as a result of lower consumption recorded in February, due to the lockdown following the spread of COVID-19. Market share for the quarter was 23.2% (24% in the first quarter 2019).
- **Wholesale sales in Italy** were 1.51 mtonnes, down by 11% y-o-y, due to lower sales of jet fuel and gasoline, following declining consumptions by February 2020 due to the lockdown to contain the spread of the COVID-19.
- **Retail and wholesale sales in the rest of Europe** of 1.1 mtonnes decreased by 4% y-o-y mainly as a result of lower volumes marketed in Spain, France and Austria, partly offset by higher sales in Germany due to the restart of the Bayernoil plant.
- **Sales of petrochemical products** of 0.89 mtonnes decreased by 15% y-o-y. The reduction impacted all the business segments, with the largest losses occurring in the intermediate and polyethylene commodities due to weaker demand at the main end-markets, particularly the automotive sector, exacerbated by the economic impact of COVID-19. However, in March, margins related to virgin naphtha rebounded strongly due to a sudden drop in the feedstock cost and briks demand for certain sub-segments tied to the COVID-19 emergency.

- **Petrochemical product margins** reported weak trends in the January-February period due to the economic slowdown and competitive pressure. However, in March, the cracker margin recovered significantly due to the decreasing feedstock.

Results

IVQ 2019	(€ million)	IQ		
		2020	2019	% Ch.
(1,006)	Operating profit (loss)	(1,910)	428	..
(3)	Exclusion of inventory holding (gains) losses	1,691	(402)	
848	Exclusion special items of operating profit (loss)	235	(44)	
(161)	Adjusted operating profit (loss)	16	(18)	189
(37)	- Refining & Marketing	81	28	189
(124)	- Chemicals	(65)	(46)	..
(6)	Net finance (expense) income	(8)	(7)	
28	Net income (expense) from investments	(10)	21	
27	Income taxes	(62)	(11)	
(112)	Adjusted net profit (loss)	(64)	(15)	(327)
285	Capital expenditure	235	188	25

- In the first quarter of 2020, the **Refining & Marketing business** reported an **adjusted operating profit** of €81 million, €53 million higher than the first quarter 2019, up by 189%. This remarkable increase was driven by better results at the refining business, due to improved plant utilization rates, opex savings, as well as higher margins and volumes of bio throughputs which benefitted from the start-up of the Gela bio-refinery in August 2019. The marketing business reported positive performances both in the retail and wholesale segments, notwithstanding a collapse of fuels sales in March due to full enactment of lockdown measures in Italy in response to COVID-19.
- In the first quarter of 2020, the **Chemical business** reported an **adjusted operating loss** of €65 million, worsening from the same period of 2019 (down by €19 million), affected by already weak demand trends in the main end-markets, in particular the automotive sector, exacerbated by the global economic downturn caused by the lockdown measures related to COVID-19. In a shrinking global market, downward margin trends were made worse by rising competitive pressure from producers with lower feedstock costs and bigger cost economies (e.g., US producers using ethane-based crackers). These drivers determined unprofitable spreads between product prices and feedstock costs mainly for polyethylene and a profitability decline at styrenics and elastomers. The operating performance was also negatively affected by maintenance activities at the Priolo hub and at the Dunkerque steam cracker.
- **Adjusted net result** was a loss of €64 million, down by €49 million from the same period of 2019, due to a loss related to the investment in ADNOC Refining which was negatively affected by a weak margins scenario in the Middle East and planned maintenance activities, partially offset by dividends earned from entities valued at fair value through OCI.

For the disclosure on business segment special charges, see page 10.

Group results

IVQ 2019	(€ million)	IQ		
		2020	2019	% Ch.
16,215	Net sales from operations	13,873	18,540	(25)
(178)	Reported operating profit (loss)	(1,095)	2,518	..
14	Exclusion of inventory holding (gains) losses	1,577	(272)	
1,969	Exclusion of special items ^(a)	825	108	
1,805	Adjusted operating profit	1,307	2,354	(44)
	Breakdown by segment:			
2,051	Exploration & Production	1,037	2,308	(55)
118	Gas & Power	431	335	29
(161)	Refining & Marketing and Chemicals	16	(18)	189
(211)	Corporate and other activities	(211)	(137)	(54)
8	Impact of unrealized intragroup profit elimination and other consolidation adjustments ^(b)	34	(134)	
(1,891)	Net profit (loss) attributable to Eni's shareholders	(2,929)	1,092	..
10	Exclusion of inventory holding (gains) losses	1,118	(192)	
2,427	Exclusion of special items ^(a)	1,870	92	
546	Adjusted net profit (loss) attributable to Eni's shareholders	59	992	(94)

(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 2020, the Group's **adjusted operating profit** of €1,307 million was down by 44% from the same period of 2019. Net of scenario effects of €1.1 billion and the negative impacts associated with COVID-19 of €0.15 billion², the performance was a positive of €0.2 billion, up by 16%, due to the drivers disclosed in the business segments review.
- In the first quarter of 2020, **adjusted net result** was €59 million, down by 94%, due to a weaker operating performance and to lower results at JVs and other industrial investments due to a deteriorated macroeconomic backdrop. Furthermore, the net result was negatively impacted by an increased adjusted tax rate reaching 92% (up by 38 percentage points compared to the same quarter of the previous year) reflecting the higher tax rate of the E&P segment, which increased to 75%, up by 23 percentage points y-o-y due to: (i) a higher share of taxable profit reported in Countries with higher taxation (for example the UAE and Algeria); (ii) a higher relative weight on pre-tax profit of non-deductible expenses and of a lower deductibility of expenses at the Company's PSAs due to depressed commodity prices; and iii) the fact that in 2020 the Company has continued incurring losses at the reselling of gas entitlements of a Libyan partner resulting in a distortion to the tax rate. Finally, the higher Group tax rate of 92% compared to the tax rate of the E&P segment at 75% was driven by non-deductible losses incurred at joint ventures and other equity-accounted investments and by the fact that losses incurred at Italian operations are accruing deferred tax assets at the statutory rate of 24%.

Special items

The breakdown of **special items of operating profit** by segment (net charges of €825 million) is the following:

- E&P:** net charges of €322 million included impairments of oil and gas properties (€197 million) following an impairment review of all oil&gas CGUs, driven by downward revisions of commodity prices in the short and medium term (€197 million), an allowance for doubtful accounts relating a barrel-denominated receivable to align its carrying value to current value (€89 million) and risk provisions (€27 million);
- G&P:** net charges of €223 million included the accounting effect of certain fair-valued commodity derivatives lacking the formal criteria to be classified as hedges (€184 million) and the reclassification

² They comprise a reduction in global gas demand, lower offtakes at LNG supply contracts in Asia, lower consumption of fuels and chemical products, operational impacts on hydrocarbon production, higher allowances for doubtful accounts due to an expected deterioration in the counterparty risk.

to adjusted operating profit of the positive balance of €46 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;

- **R&M and Chemicals:** net charges of €235 million including asset impairments driven by a deteriorated refining scenario and write-downs of capital expenditure relating to certain Cash Generating Units in the R&M business that were impaired in previous reporting periods and continued to lack any profitability prospects (overall €139 million), environmental provisions (€15 million) as well as the accounting effect of certain fair-valued commodity derivatives lacking the formal criteria to be classified as hedges or to be eligible for the own use exemption (€85 million).

Special items of investments related to: (i) charges of €565 million relating to the Vår Energi JV, which incurred oil&gas asset impairments reflecting the revision of the Brent price scenario for the 2020-2021 years as well as accrued currency translation differences at finance debt denominated in a currency other than the reporting currency for which the reimbursement cash outflows are expected to be matched by highly probable cash inflows, from the sale of production volumes, in the same currency as the finance debt as part of a natural hedge relationship; (ii) a loss of €139 million relating to the alignment of raw material and products inventories to their net realizable values at period end at ADNOC Refining.

Reported results

In the first quarter of 2020, the Group reported a **net loss attributable to Eni's shareholders** of €2,929 million compared to a net profit of €1,092 million reported in the same period of the previous year due to an operating loss of approximately €1.1 billion.

In addition to the drivers described in the review of the Company's business segments, the quarterly performance was negatively and significantly affected by the impact of falling oil prices on inventories evaluation, which were aligned to their net realizable values at period end (resulting in an operating charge of €1.6 billion), impairment losses taken at oil&gas assets and refineries driven by an unfavorable scenario (€0.34 billion) and negative fair-valued derivatives that lacked the formal criteria to be accounted as hedges.

The Group incurred losses of about €800 million at joint ventures and other industrial investments which were negatively affected by the same market and industrial trends as operated activities, as well as the impact of USD appreciation against all major currencies leading to the incurrence of exchange rate expenses, in addition to impairment losses of tangible assets and inventories.

Finance expenses increased by approximately €172 million due to lower gains from mark-to-market of securities held for trading.

Reported tax rate was affected by the same negative trends discussed in the section "Adjusted results".

Net borrowings and cash flow from operations

IVQ 2019	(€ million)	IQ		
		2020	2019	Change
(1,889)	Net profit (loss)	(2,927)	1,095	(4,022)
	<i>Adjustments to reconcile net profit (loss) to net cash provided by operating activities:</i>			
4,234	- depreciation, depletion and amortization and other non monetary items	3,335	1,954	1,381
(126)	- net gains on disposal of assets	(3)	(5)	2
1,558	- dividends, interests and taxes	721	1,482	(761)
1,338	Changes in working capital related to operations	685	(1,590)	2,275
119	Dividends received by equity investments	156	530	(374)
(1,332)	Taxes paid	(738)	(1,153)	415
(177)	Interests (paid) received	(254)	(216)	(38)
3,725	Net cash provided by operating activities	975	2,097	(1,122)
(2,241)	Capital expenditure	(1,590)	(2,239)	649
(26)	Investments	(222)	(30)	(192)
274	Disposal of consolidated subsidiaries, businesses, tangible and intangible assets and investments	8	6	2
(178)	Other cash flow related to capital expenditure, investments and disposals	(93)	68	(161)
1,554	Free cash flow	(922)	(98)	(824)
(126)	Borrowings (repayment) of debt related to financing activities	(735)	(65)	(670)
555	Changes in short and long-term financial debt	(452)	(210)	(242)
(225)	Repayment of lease liabilities	(249)	(230)	(19)
(180)	Dividends paid and changes in non-controlling interests and reserves			
(17)	Effect of changes in consolidation, exchange differences and cash and cash equivalent	5	8	(3)
1,561	NET CASH FLOW	(2,353)	(595)	(1,758)
2,611	Adjusted net cash before changes in working capital at replacement cost	1,953	3,415	(1,462)

IVQ 2019	(€ million)	IQ		
		2020	2019	Change
1,554	Free cash flow	(922)	(98)	(824)
(225)	Repayment of lease liabilities	(249)	(230)	(19)
	Net borrowings of acquired companies	(66)		(66)
83	Exchange differences on net borrowings and other changes	(206)	(61)	(145)
(180)	Dividends paid and changes in non-controlling interest and reserves			
1,232	CHANGE IN NET BORROWINGS BEFORE LEASE LIABILITIES	(1,443)	(389)	(1,054)
	IFRS 16 first application effect		(5,746)	5,746
225	Repayment of lease liabilities	249	230	19
(65)	New leases subscription of the period and other changes	(362)	(302)	(60)
160	Change in lease liabilities	(113)	(5,818)	5,705
1,392	CHANGE IN NET BORROWINGS	(1,556)	(6,207)	4,651

Net cash provided by operating activities was €975 million in the first quarter of 2020, decreasing by over 50% from the same period of the previous year due to the worsening scenario.

Changes in working capital were €685 million and reflected a lower amount of trade receivables due in subsequent reporting periods divested to financing institutions compared to the fourth quarter 2019 (down by €0.47 billion).

Net cash before changes in working capital at replacement cost was €1,953 million declining by 43% y-o-y due to scenario effects of -€1.5 billion, including a non-cash change in fair-valued derivatives and the negative impacts associated with COVID-19 of €0.15 billion, partly offset by a positive performance of €0.2 billion.

Group cash tax rate was 30% (29% in the first quarter 2019).

Cash outflows for capital expenditure and investments were €1,812 million, including the acquisition of the Evolvere company and an interest in Falck Renewables.

Net of the above-mentioned non-organic items and of utilization of trade advances cashed by Egyptian partners in previous reporting periods in relation to the financing of the Zohr project (€0.3 billion), net capital expenditures amounted to €1.9 billion.

Summarized Group Balance Sheet

(€ million)	March 31, 2020	Dec. 31, 2019	Change
Fixed assets			
Property, plant and equipment	62,191	62,192	(1)
Right of use	5,429	5,349	80
Intangible assets	3,207	3,059	148
Inventories - Compulsory stock	558	1,371	(813)
Equity-accounted investments and other investments	9,014	9,964	(950)
Receivables and securities held for operating purposes	1,288	1,234	54
Net payables related to capital expenditure	(2,181)	(2,235)	54
	79,506	80,934	(1,428)
Net working capital			
Inventories	3,803	4,734	(931)
Trade receivables	8,375	8,519	(144)
Trade payables	(8,990)	(10,480)	1,490
Net tax assets (liabilities)	(1,970)	(1,594)	(376)
Provisions	(13,339)	(14,106)	767
Other current assets and liabilities	(2,181)	(1,864)	(317)
	(14,302)	(14,791)	489
Provisions for employee post-retirements benefits	(1,156)	(1,136)	(20)
Assets held for sale including related liabilities	18	18	
CAPITAL EMPLOYED, NET	64,066	65,025	(959)
Eni's shareholders equity	45,277	47,839	(2,562)
Non-controlling interest	108	61	47
Shareholders' equity	45,385	47,900	(2,515)
Net borrowings before lease liabilities ex IFRS 16	12,920	11,477	1,443
Lease liabilities	5,761	5,648	113
- of which Eni working interest	3,802	3,672	130
- of which Joint operators' working interest	1,959	1,976	(17)
Net borrowings after lease liabilities ex IFRS 16	18,681	17,125	1,556
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	64,066	65,025	(959)
Leverage before lease liability ex IFRS 16	0.28	0.24	0.04
Leverage after lease liability ex IFRS 16	0.41	0.36	0.05
Gearing	0.29	0.26	0.03

- As of March 31, 2020, **fixed assets** decreased by €1,428 million mainly due to the write-down of compulsory stock following a decline in crude oil and product prices and to the reduction in the item "Equity accounted investments and other investments" driven by losses incurred at equity-accounted entities (Vår Energi and ADNOC Refining). Property, plants and equipment were almost unchanged due to additions in relation to capex incurred in the period and foreign currency translation effects and detractions due to amortization, depletion, impairments and write-offs.
- Net working capital** (-€14,302 million) increased by €489 million due to lower trade payables (down by €1,490 million) and lower provisions due to higher discount rates (worsening spreads applied to each class of credit rating). These decreases were partly offset by the lower value of oil and products inventories due to the alignment to market prices at the end period (down by €931 million) and the increase of tax payables (up by €376 million) due to the recognition of income taxes in the period and by an advanced payment of excise taxes made in December 2019.
- Shareholders' equity** (€45,385 million) decreased by €2,515 million compared to December 31, 2019. Net loss for the period (-€2,927 million) and a negative change in the fair value of the cash flow hedge reserve (-€427 million) were partly offset by the increase in foreign currency translation differences (€578 million) reflecting the appreciation of the dollar vs. the euro.
- Net borrowings**³ as of March 31, 2020 was €18,681 million increasing by €1,556 million from 2019. When excluding the lease liabilities, net borrowings were re-determined at €12,920 million increasing by approximately €1.4 billion.

³ Details on net borrowings are furnished on page 23.

- **Leverage**⁴ – the ratio of the borrowings to total equity - was 0.41 at March 31, 2020, due to the increase in net borrowings in the quarter. The impact of the lease liability pertaining to joint operators in Eni-led upstream unincorporated joint ventures weighted on leverage for approximately 4 points. Excluding the impact of IFRS 16 altogether, leverage would be 0.28.

⁴ 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 2020 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 2020 and of 2019 as well as the fourth quarter of 2019. Information on the Company's financial position relates to end of the periods as of March 31, 2020 and December 31, 2019.

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.

I criteri di rilevazione e valutazione adottati nella preparazione dei risultati del primo trimestre 2020 sono gli stessi adottati nella redazione della Relazione finanziaria annuale 2019 alla quale si rinvia.

These criteria are unchanged from the 2019 Annual Report on Form 20-F filed with the US SEC on April 2, 2020, which investors are urged to read.

Re-organization of trading oil activities

Effective January 1, 2020 with a view to improving integration across businesses in the oil supply chain aiming at minimizing the commodity risk exposure and optimizing the value of equity production and internal processing needs, the Company has reorganized the activity of trading oil, the scope of which includes enhancement and optimization of the oil commodity portfolio, supplies of crudes and products for our refining system and hedging any internal imbalances through purchases/sales at the open market. As result of this, organizational and profit responsibilities relating trading oil activities have been transferred to the Refining & Marketing business, whereas previously they were part of the Gas & Power segment. As provided by international reporting standards regulating the topic of segmental information, in case of major reorganization of the reporting segments the comparative periods are to be restated to allow comparability. Below it is provided the restated segmental information of the operating segments involved by the above described reorganization, both reported and adjusted.

(€ million)	As published		
	G&P	R&M and Chemicals	Group
First quarter 2019			
Sales from operations	14,008	5,391	18,540
Operating profit (loss)	358	278	2,518
Adjusted operating profit (loss)	372	(55)	2,354
Second quarter 2019			
Sales from operations	13,153	6,140	18,440
Operating profit (loss)	95	(52)	2,231
Adjusted operating profit (loss)	46	48	2,279
Third quarter 2019			
Sales from operations	11,485	6,110	16,686
Operating profit (loss)	(24)	(68)	1,861
Adjusted operating profit (loss)	93	145	2,159
Fourth quarter 2019			
Sales from operations	11,369	5,693	16,215
Operating profit (loss)	270	(1,012)	(178)
Adjusted operating profit (loss)	143	(186)	1,805
Full year 2019			
Sales from operations	50,015	23,334	69,881
Operating profit (loss)	699	(854)	6,432
Adjusted operating profit (loss)	654	(48)	8,597
Identifiable assets	9,176	12,336	91,795

(€ million)	As restated		
	G&P	R&M and Chemicals	Group
First quarter 2019			
Sales from operations	6,518	9,771	18,540
Operating profit (loss)	208	428	2,518
Adjusted operating profit (loss)	335	(18)	2,354
Second quarter 2019			
Sales from operations	4,007	11,908	18,440
Operating profit (loss)	139	(96)	2,231
Adjusted operating profit (loss)	43	51	2,279
Third quarter 2019			
Sales from operations	3,383	10,962	16,686
Operating profit (loss)	(84)	(8)	1,861
Adjusted operating profit (loss)	89	149	2,159
Fourth quarter 2019			
Sales from operations	4,121	9,719	16,215
Operating profit (loss)	264	(1,006)	(178)
Adjusted operating profit (loss)	118	(161)	1,805
Full year 2019			
Sales from operations	18,029	42,360	69,881
Operating profit (loss)	527	(682)	6,432
Adjusted operating profit (loss)	585	21	8,597
Identifiable assets	7,943	13,569	91,795

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, share repurchases, 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 2020 (unaudited) is also available on Eni's website eni.com.

Alternative performance indicators (Non-GAAP measures)

Management evaluates underlying business performance on the basis of Non-GAAP financial measures, which are not provided by IFRS ("Alternative performance measures"), such as adjusted operating profit, adjusted net profit, which are arrived at by excluding from reported results certain gains and losses, defined special items, which include, among others, asset impairments, including impairments of deferred tax assets, gains on disposals, risk provisions, restructuring charges, the accounting effect of fair-valued derivatives used to hedge exposure to the commodity, exchange rate and interest rate risks, which lack the formal criteria to be accounted as hedges, and analogously evaluation effects of assets and liabilities utilized in a relation of natural hedge of the above mentioned market risks. Furthermore, in determining the business segments' adjusted results, finance charges on finance debt and interest income are excluded (see below). In determining adjusted results, 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.

Finally, the same special charges/gains are excluded from the Eni's share of results at JVs and other equity accounted entities, including any profit/loss on inventory holding.

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 profit and adjusted 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. 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 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 derivative market. Finally, special items include the accounting effects of fair-valued commodity derivatives relating to commercial exposures, in addition to those which lack the criteria to be designed as hedges, also those which are not eligible for the own use exemption, including the ineffective portion of cash flow hedges, as well as the accounting effects of commodity and exchange rates derivatives whenever it is deemed that the underlying transaction is expected to occur in future reporting periods.

Correspondently, special charges/gains also include the evaluation effects relating to assets/liabilities utilized in a natural hedge relation to offset a market risk, as in the case of accrued currency differences at finance debt denominated in a currency other than the reporting currency, where the cash outflows for the reimbursement are matched by highly probable cash inflows in the same currency. The deferral of both the unrealized portion of fair-valued commodity and other derivatives and evaluation effects are reversed to future reporting periods when the underlying transaction occurs.

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.

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. 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)

First Quarter 2020

	Exploration & Production	Gas & Power	Refining & Marketing and Chemicals	Corporate and other activities	Impact of unrealized intragroup profit elimination	GROUP
Reported operating profit (loss)	715	208	(1,910)	(256)	148	(1,095)
Exclusion of inventory holding (gains) losses			1,691		(114)	1,577
Exclusion of special items:						
environmental charges			15			15
impairment losses (impairment reversals), net	197	1	139	4		341
net gains on disposal of assets	1		(3)			(2)
risk provisions	27			(1)		26
provision for redundancy incentives	5	2	3	12		22
commodity derivatives		184	85			269
exchange rate differences and derivatives	(1)	46	(7)			38
other	93	(10)	3	30		116
Special items of operating profit (loss)	322	223	235	45		825
Adjusted operating profit (loss)	1,037	431	16	(211)	34	1,307
Net finance (expense) income ^(a)	(115)		(8)	(337)		(460)
Net income (expense) from investments ^(a)	(59)	(1)	(10)	(3)		(73)
Income taxes ^(a)	(651)	(113)	(62)	122	(9)	(713)
Tax rate (%)	75.4	26.3	..			92.1
Adjusted net profit (loss)	212	317	(64)	(429)	25	61
<i>of which:</i>						
- Adjusted net profit (loss) of non-controlling interest						2
- Adjusted net profit (loss) attributable to Eni's shareholders						59
Reported net profit (loss) attributable to Eni's shareholders						(2,929)
Exclusion of inventory holding (gains) losses						1,118
Exclusion of special items						1,870
Adjusted net profit (loss) attributable to Eni's shareholders						59

(a) Excluding special items.

(€ million)

First Quarter 2019

	Exploration & Production	Gas & Power	Refining & Marketing and Chemicals	Corporate and other activities	Impact of unrealized intragroup profit elimination	GROUP
Reported operating profit (loss)	2,289	208	428	(143)	(264)	2,518
Exclusion of inventory holding (gains) losses			(402)		130	(272)
Exclusion of special items:						
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		(18)	(107)			(125)
exchange rate differences and derivatives	1	43	(6)			38
other	8	102	12	1		123
Special items of operating profit (loss)	19	127	(44)	6		108
Adjusted operating profit (loss)	2,308	335	(18)	(137)	(134)	2,354
Net finance (expense) income ^(a)	(124)	2	(7)	(143)		(272)
Net income (expense) from investments ^(a)	62	7	21	9		99
Income taxes ^(a)	(1,175)	(105)	(11)	68	37	(1,186)
<i>Tax rate (%)</i>	<i>52.3</i>	<i>30.5</i>	<i>..</i>			<i>54.4</i>
Adjusted net profit (loss)	1,071	239	(15)	(203)	(97)	995
<i>of which:</i>						
- Adjusted net profit (loss) of non-controlling interest						3
- Adjusted net profit (loss) attributable to Eni's shareholders						992
Reported net profit (loss) attributable to Eni's shareholders						1,092
Exclusion of inventory holding (gains) losses						(192)
Exclusion of special items						92
Adjusted net profit (loss) attributable to Eni's shareholders						992

(a) Excluding special items.

(€ million)

Fourth Quarter 2019

	Exploration & Production	Gas & Power	Refining & Marketing and Chemicals	Corporate and other activities	Impact of unrealized intragroup profit elimination	GROUP
Reported operating profit (loss)	830	264	(1,006)	(257)	(9)	(178)
Exclusion of inventory holding (gains) losses			(3)		17	14
Exclusion of special items:						
environmental charges	32		124	30		186
impairment losses (impairment reversals), net	1,191	37	607	9		1,844
net gains on disposal of assets	(124)		(2)	(1)		(127)
risk provisions	(8)		(2)	2		(8)
provision for redundancy incentives	14			6		20
commodity derivatives		(190)	(9)			(199)
exchange rate differences and derivatives	8	(46)	13			(25)
other	108	53	117			278
Special items of operating profit (loss)	1,221	(146)	848	46		1,969
Adjusted operating profit (loss)	2,051	118	(161)	(211)	8	1,805
Net finance (expense) income ^(a)	(40)	1	(6)	(145)		(190)
Net income (expense) from investments ^(a)	114	6	28	18		166
Income taxes ^(a)	(1,297)	(48)	27	83	2	(1,233)
Tax rate (%)	61.0	38.4	..			69.2
Adjusted net profit (loss)	828	77	(112)	(255)	10	548
<i>of which:</i>						
- Adjusted net profit (loss) of non-controlling interest						2
- Adjusted net profit (loss) attributable to Eni's shareholders						546
Reported net profit (loss) attributable to Eni's shareholders						(1,891)
Exclusion of inventory holding (gains) losses						10
Exclusion of special items						2,427
Adjusted net profit (loss) attributable to Eni's shareholders						546

(a) Excluding special items.

Breakdown of special items

IVQ		IQ	
2019	(€ million)	2020	2019
186	Environmental charges	15	40
1,844	Impairment losses (impairment reversals), net	341	31
(127)	Net gains on disposal of assets	(2)	(5)
(8)	Risk provisions	26	
20	Provisions for redundancy incentives	22	6
(199)	Commodity derivatives	269	(125)
(25)	Exchange rate differences and derivatives	38	38
278	Other	116	123
1,969	Special items of operating profit (loss)	825	108
37	Net finance (income) expense	(52)	(36)
	<i>of which:</i>		
25	- exchange rate differences and derivatives reclassified to operating profit (loss)	(38)	(38)
192	Net income (expense) from investments	817	2
	<i>of which:</i>		
101	- impairment/revaluation of equity investments	595	
229	Income taxes	280	18
	<i>of which:</i>		
795	- net impairment of deferred tax assets of Italian subsidiaries	395	
(566)	- taxes on special items of operating profit and other special items	(115)	18
2,427	Total special items of net profit (loss)	1,870	92

Analysis of Profit and Loss account items

Sales from operations

IVQ		IQ		
2019	(€ million)	2020	2019	% Ch.
6,140	Exploration & Production	4,194	5,674	(26)
4,121	Gas & Power	4,437	6,518	(32)
9,719	Refining & Marketing and Chemicals	7,450	9,771	(24)
9,140	- Refining & Marketing	6,805	9,161	(26)
953	- Chemicals	902	1,037	(13)
(374)	- Consolidation adjustments	(257)	(427)	
491	Corporate and other activities	385	367	5
(4,256)	Consolidation adjustments	(2,593)	(3,790)	
16,215		13,873	18,540	(25)

Operating expenses

IVQ		IQ		
2019	(€ million)	2020	2019	% Ch.
11,900	Purchases, services and other	11,669	13,416	(13)
84	Impairment losses (impairment reversals) of trade and other receivables, net	72	89	(19)
738	Payroll and related costs	838	774	8
20	of which: provision for redundancy incentives and other	22	6	
12,722		12,579	14,279	(12)

DD&A, impairments, reversals and write-off

IVQ		IQ		
2019	(€ million)	2020	2019	% Ch.
1,941	Exploration & Production	1,621	1,603	1
82	Gas & Power	81	82	(1)
163	Refining & Marketing and Chemicals	149	153	(3)
138	- Refining & Marketing	129	131	(2)
25	- Chemicals	20	22	(9)
35	Corporate and other activities	37	37	
(8)	Impact of unrealized intragroup profit elimination	(8)	(8)	
2,213	Total depreciation, depletion and amortization	1,880	1,867	1
1,844	Impairment losses (impairment reversals) of tangible and intangible and right of use assets, net	341	31	..
4,057	Depreciation, depletion, amortization, impairments and reversals	2,221	1,898	17
120	Write-off of tangible and intangible assets	118	40	..
4,177		2,339	1,938	21

Income (expense) from investments

(€ million)					
First Quarter 2020	Exploration & Production	Gas & Power	Refining & Marketing and Chemicals	Corporate and other activities	Group
Share of profit (loss) from equity-accounted investments	(626)	(1)	(165)	(84)	(876)
Dividends			16		16
Other income (expense), net		(30)			(30)
	(626)	(31)	(149)	(84)	(890)

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, 2020	Dec. 31, 2019	Change
Total debt	24,270	24,518	(248)
- Short-term debt	4,572	5,608	(1,036)
- Long-term debt	19,698	18,910	788
Cash and cash equivalents	(3,641)	(5,994)	2,353
Securities held for trading	(6,602)	(6,760)	158
Financing receivables held for non-operating purposes	(1,107)	(287)	(820)
Net borrowings before lease liabilities ex IFRS 16	12,920	11,477	1,443
Lease Liabilities	5,761	5,648	113
- of which Eni working interest	3,802	3,672	130
- of which Joint operators' working interest	1,959	1,976	(17)
Net borrowings after lease liabilities ex IFRS 16	18,681	17,125	1,556
Shareholders' equity including non-controlling interest	45,385	47,900	(2,515)
Leverage before lease liability ex IFRS 16	0.28	0.24	0.04
Leverage after lease liability ex IFRS 16	0.41	0.36	0.05

Pro-forma leverage

(€ million)	Reported measure	Lease liabilities of Joint operators' working interest	Pro-forma measure
Net borrowings	18,681	1,959	16,722
Shareholders' equity including non-controlling interest	45,385		45,385
Pro-forma leverage	0.41		0.37

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, 2020	Dec. 31, 2019
ASSETS		
Current assets		
Cash and cash equivalents	3,641	5,994
Other financial activities held for trading	6,602	6,760
Other financial assets	1,200	384
Trade and other receivables	12,695	12,873
Inventories	3,803	4,734
Income tax assets	184	192
Other assets	4,307	3,972
	32,432	34,909
Non-current assets		
Property, plant and equipment	62,191	62,192
Right of use	5,429	5,349
Intangible assets	3,207	3,059
Inventory - compulsory stock	558	1,371
Equity-accounted investments	8,080	9,035
Other investments	934	929
Other financial assets	1,224	1,174
Deferred tax assets	4,955	4,360
Income tax assets	177	173
Other assets	801	871
	87,556	88,513
Assets held for sale	18	18
TOTAL ASSETS	120,006	123,440
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term debt	2,104	2,452
Current portion of long-term debt	2,468	3,156
Current portion of long-term lease liabilities	953	889
Trade and other payables	13,778	15,545
Income taxes payable	405	456
Other liabilities	8,516	7,146
	28,224	29,644
Non-current liabilities		
Long-term debt	19,698	18,910
Long-term lease liabilities	4,808	4,759
Provisions for contingencies	13,339	14,106
Provisions for employee benefits	1,156	1,136
Deferred tax liabilities	5,270	4,920
Income tax payable	483	454
Other liabilities	1,643	1,611
	46,397	45,896
Liabilities directly associated with assets held for sale		
TOTAL LIABILITIES	74,621	75,540
SHAREHOLDERS' EQUITY		
Non-controlling interest	108	61
Eni shareholders' equity:		
Share capital	4,005	4,005
Retained earnings	36,019	37,436
Cumulative currency translation differences	7,787	7,209
Other reserves	1,376	1,564
Treasury shares	(981)	(981)
Interim dividend		(1,542)
Net profit (loss)	(2,929)	148
Total Eni shareholders' equity	45,277	47,839
TOTAL SHAREHOLDERS' EQUITY	45,385	47,900
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	120,006	123,440

GROUP PROFIT AND LOSS ACCOUNT

IVQ 2019		IQ 2020	IQ 2019
	(€ million)		
	REVENUES		
16,215	Net sales from operations	13,873	18,540
241	Other income and revenues	213	261
16,456	Total revenues	14,086	18,801
	OPERATING EXPENSES		
(11,900)	Purchases, services and other	(11,669)	(13,416)
(84)	Impairment reversals (impairment losses) of trade and other receivables, net	(72)	(89)
(738)	Payroll and related costs	(838)	(774)
265	Other operating (expense) income	(263)	(66)
(2,213)	Depreciation, Depletion and Amortization	(1,880)	(1,867)
(1,844)	Impairment reversals (impairment losses) of tangible and intangible and right of use assets, net	(341)	(31)
(120)	Write-off of tangible and intangible assets	(118)	(40)
(178)	OPERATING PROFIT (LOSS)	(1,095)	2,518
	FINANCE INCOME (EXPENSE)		
662	Finance income	1,345	1,266
(965)	Finance expense	(1,518)	(1,545)
6	Net finance income (expense) from financial assets held for trading	(99)	62
70	Derivative financial instruments	(136)	(19)
(227)		(408)	(236)
	INCOME (EXPENSE) FROM INVESTMENTS		
(143)	Share of profit (loss) of equity-accounted investments	(876)	76
117	Other gain (loss) from investments	(14)	21
(26)		(890)	97
(431)	PROFIT (LOSS) BEFORE INCOME TAXES	(2,393)	2,379
(1,458)	Income taxes	(534)	(1,284)
(1,889)	Net profit (loss)	(2,927)	1,095
	attributable to:		
(1,891)	- Eni's shareholders	(2,929)	1,092
2	- Non-controlling interest	2	3
	Net profit (loss) per share attributable to Eni's shareholders (€ per share)		
(0.53)	- basic	(0.82)	0.30
(0.53)	- diluted	(0.82)	0.30
	Weighted average number of shares outstanding (million)		
3,577.1	- basic	3,572.5	3,601.1
3,579.3	- diluted	3,574.8	3,603.9

COMPREHENSIVE INCOME (LOSS)

(€ million)	IQ	
	2020	2019
Net profit (loss)	(2,927)	1,095
Items that are not reclassified to profit or loss in later periods	(4)	
<i>Change in the fair value of interests with effects on other comprehensive income</i>	<i>(4)</i>	
Items that may be reclassified to profit in later periods	407	609
<i>Currency translation differences</i>	<i>578</i>	<i>903</i>
<i>Change in the fair value of cash flow hedging derivatives</i>	<i>(427)</i>	<i>(411)</i>
<i>Share of other comprehensive income on equity-accounted entities</i>	<i>133</i>	<i>(2)</i>
<i>Taxation</i>	<i>123</i>	<i>119</i>
Total other items of comprehensive income (loss)	403	609
Total comprehensive income (loss)	(2,524)	1,704
attributable to:		
- Eni's shareholders	(2,526)	1,701
- Non-controlling interest	2	3

CHANGES IN SHAREHOLDERS' EQUITY

(€ million)		
Shareholders' equity at January 1, 2019		51,069
Total comprehensive income (loss)	1,704	
Other changes	3	
Total changes		1,707
Shareholders' equity at March 31, 2019		52,776
attributable to:		
- Eni's shareholders		52,716
- Non-controlling interest		60
Shareholders' equity at December 31, 2019		47,900
Total comprehensive income (loss)	(2,524)	
Other changes	9	
Total changes		(2,515)
Shareholders' equity at March 31, 2020		45,385
attributable to:		
- Eni's shareholders		45,277
- Non-controlling interest		108

GROUP CASH FLOW STATEMENT

IVQ		IQ	
2019	(€ million)	2020	2019
(1,889)	Net profit (loss)	(2,927)	1,095
	<i>Adjustments to reconcile net profit (loss) to net cash provided by operating activities:</i>		
2,213	Depreciation, depletion and amortization	1,880	1,867
1,844	Impairment losses (impairment reversals) of tangible, intangible and right of use, net	341	31
120	Write-off of tangible and intangible assets	118	40
143	Share of (profit) loss of equity-accounted investments	876	(76)
(126)	Gains on disposal of assets, net	(3)	(5)
(104)	Dividend income	(16)	(21)
(38)	Interest income	(28)	(34)
242	Interest expense	231	253
1,458	Income taxes	534	1,284
(74)	Other changes	83	45
	Changes in working capital:		
(150)	- inventories	1,777	(189)
96	- trade receivables	225	(2,158)
961	- trade payables	(1,624)	424
332	- provisions for contingencies	(96)	(55)
99	- other assets and liabilities	403	388
1,338	<i>Cash flow from changes in working capital</i>	685	(1,590)
(12)	Net change in the provisions for employee benefits	37	47
119	Dividends received by equity investments	156	530
19	Interest received	23	14
(196)	Interest paid	(277)	(230)
(1,332)	Income taxes paid, net of tax receivables received	(738)	(1,153)
3,725	Net cash provided by operating activities	975	2,097
	Investing activities:		
(2,120)	- tangible assets and prepaid right of use	(1,529)	(2,179)
(121)	- intangible assets	(61)	(60)
(5)	- consolidated subsidiaries and businesses net of cash and cash equivalent acquired	(99)	
(21)	- investments	(123)	(30)
	- securities held for operating purposes	(6)	(3)
(85)	- financing receivables held for operating purposes	(44)	(48)
(197)	- change in payables in relation to investing activities	(95)	87
(2,549)	<i>Cash flow from investing activities</i>	(1,957)	(2,233)
	Disposals:		
236	- tangible assets	4	6
16	- intangible assets		
22	- investments	4	
12	- securities held for operating purposes	10	
91	- financing receivables held for operating purposes	42	32
1	- change in receivables in relation to disposals		
378	<i>Cash flow from disposals</i>	60	38
(126)	Net change in receivables and securities held for operating purposes	(735)	(65)
(2,297)	Net cash used in investing activities	(2,632)	(2,260)

GROUP CASH FLOW STATEMENT (continued)

IVQ 2019	(€ million)	IQ	
		2020	2019
768	Increase in long-term debt	999	26
(216)	Repayments of long-term debt	(1,035)	(381)
(225)	Repayment of lease liabilities	(249)	(230)
3	Increase (decrease) in short-term financial debt	(416)	145
330		(701)	(440)
(1)	Sale (acquisition) of additional interests in consolidated subsidiaries		
(1)	Dividends paid to non-controlling interests		
(178)	Net purchase of treasury shares		
150	Net cash used in financing activities	(701)	(440)
	Effect of change in consolidation (inclusion/exclusion of significant/insignificant subsidiaries)		(1)
(17)	Effect of exchange rate changes on cash and cash equivalents and other changes	5	9
1,561	Net increase (decrease) in cash and cash equivalent	(2,353)	(595)
4,433	Cash and cash equivalents - beginning of the period	5,994	10,855
5,994	Cash and cash equivalents - end of the period	3,641	10,260

SUPPLEMENTAL INFORMATION

IVQ 2019	(€ million)	IQ	
		2020	2019
	Investment of consolidated subsidiaries and businesses		
1	Current assets	14	
12	Non-current assets	204	
	Cash and cash equivalents (net borrowings)	(63)	
(6)	Current and non-current liabilities	(9)	
7	Net effect of investments	146	
(2)	Non controlling interest	(44)	
5	Purchase price	102	
	less:		
	Cash and cash equivalents	(3)	
5	Investment of consolidated subsidiaries and businesses net of cash and cash equivalent acquired	99	

Capital expenditure

IVQ		IQ		
2019	(€ million)	2020	2019	% Ch.
1,775	Exploration & Production	1,258	1,986	(37)
4	- acquisition of proved and unproved properties		366	..
187	- exploration	171	143	20
1,543	- development	1,070	1,467	(27)
41	- other expenditure	17	10	70
81	Gas & Power	57	42	36
285	Refining & Marketing and Chemicals	235	188	25
228	- Refining & Marketing	169	171	(1)
57	- Chemicals	66	17	..
104	Corporate and other activities	42	27	56
(4)	Impact of unrealized intragroup profit elimination	(2)	(4)	
2,241	Capital expenditure	1,590	2,239	(29)

In the first quarter of 2020, capital expenditure amounted to €1,590 million (€2,239 million in the first quarter of 2019) and mainly related to:

- development activities (€1,070 million) mainly in Indonesia, Egypt, Mozambique, United Arab Emirates, Mexico, Kazakhstan and Iraq;
- refining activity in Italy and outside Italy (€157 million) mainly aimed at reconstruction works of the EST conversion plant at the Sannazzaro refinery, 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 (€12 million);
- initiatives relating to gas marketing (€51 million).

Exploration & Production

PRODUCTION OF OIL AND NATURAL GAS BY REGION

IVQ 2019			IQ	
			2020	2019
1,921	Production of oil and natural gas ^{(a)(b)}	(kboe/d)	1,774	1,841
117	Italy		111	132
191	Rest of Europe		254	170
393	North Africa		250	374
363	Egypt		299	336
385	Sub-Saharan Africa		369	363
163	Kazakhstan		173	148
174	Rest of Asia		191	181
106	Americas		110	107
29	Australia and Oceania		17	30
166	Production sold ^(a)	(mmboe)	144	152

PRODUCTION OF LIQUIDS BY REGION

IVQ 2019			IQ	
			2020	2019
926	Production of liquids	(kbb/d)	892	887
52	Italy		49	56
115	Rest of Europe		149	102
176	North Africa		116	164
77	Egypt		74	71
242	Sub-Saharan Africa		232	252
110	Kazakhstan		117	96
92	Rest of Asia		94	84
60	Americas		61	60
2	Australia and Oceania			2

PRODUCTION OF NATURAL GAS BY REGION

IVQ 2019			IQ	
			2020	2019
5,379	Production of natural gas	(mmcf/d)	4,768	5,157
353	Italy		334	410
411	Rest of Europe		567	366
1,178	North Africa		723	1,137
1,542	Egypt		1,217	1,434
776	Sub-Saharan Africa		740	599
289	Kazakhstan		304	286
441	Rest of Asia		527	522
245	Americas		263	256
144	Australia and Oceania		93	147

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

(b) Includes volumes of hydrocarbons consumed in operation (123 and 119 kboe/d in the first quarter of 2020 and 2019, respectively, and 120 kboe/d in the fourth quarter of 2019).

Gas & Power

Natural gas sales

IVQ 2019		(bcm)	IQ		
			2020	2019	% Ch.
8.67	ITALY		8.97	10.77	(17)
1.86	- Wholesalers		2.42	2.55	(5)
2.37	- Italian exchange for gas and spot markets		1.04	2.52	(59)
1.14	- Industries		1.22	1.32	(8)
0.24	- Small and medium-sized enterprises and services		0.31	0.35	(11)
0.37	- Power generation		0.38	0.40	(5)
1.14	- Residential		2.07	2.01	3
1.55	- Own consumption		1.53	1.62	(6)
8.42	INTERNATIONAL SALES		7.78	10.56	(26)
6.90	Rest of Europe		6.83	8.00	(15)
1.14	- Importers in Italy		0.96	1.02	(6)
5.76	- European markets		5.87	6.98	(16)
1.11	<i>Iberian Peninsula</i>		1.08	1.21	(11)
0.57	<i>Germany/Austria</i>		0.08	0.45	(82)
0.96	<i>Benelux</i>		0.98	0.91	8
0.44	<i>UK</i>		0.44	0.49	(10)
1.13	<i>Turkey</i>		1.42	1.77	(20)
1.38	<i>France</i>		1.60	1.71	(6)
0.17	<i>Other</i>		0.27	0.44	(39)
1.52	Rest of World		0.95	2.56	(63)
17.09	WORLDWIDE GAS SALES		16.75	21.33	(21)
2.70	<i>of which: LNG sales</i>		2.50	2.70	(7)