

2012 First Quarter Results

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Speakers:

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Good afternoon ladies and gentlemen, welcome to our first quarter results conference call.

Before I take you through the financial results, let me give you a summary of the main highlights of the quarter.

In E&P, we are continuing to strengthen our long-term growth prospects.

Our exploration continues to deliver exceptional results. In the first three months of the year, we added around 1 Billion boe of new exploration resources through:

- Mamba North 1 in Mozambique,
- Havis in the Barents Sea, which together with Skrugard has recoverable resources of 500M bbls,
- and other discoveries in proven or near field areas.

Meanwhile, you will have seen that we have signed a strategic agreement with Rosneft to gain access to very promising exploration licenses in the Barents Sea and in the Black Sea, increasing the potential of our portfolio and providing support to long-term growth prospects.

In G&P, in March we completed the renegotiation of our gas supply contracts with **Gazprom**. The recognition of the associated economic effects was retroactive to the beginning of 2011, and is included in our Q1 marketing results.

Meanwhile, we are progressing on our strategic objective of unlocking value from our non-core listed assets. Regarding **Galp**, on March 29th we signed an agreement to sell 5% of the company to Amorim for €14.25 a share. Once this sale is completed, we will have significant optionality on the disposal of our stake. With regards to Snam, I would like to remind you that the Italian government has passed legislation envisaging the completion of our exit by September 2013. The method by which the separation will occur will be defined by a government decree to be issued at the latest by the end of May.

Turning now to our results, in the first quarter of 2012, the market environment was broadly positive.

This was mainly driven by the **Brent price**, which averaged 118 dollars a barrel, up 13% compared to the first quarter of 2011. The **Euro/Dollar** exchange rate was also supportive, at 1.31 dollars per Euro, with an appreciation of the dollar of 4.1%

However, the **European refining margin Brent/Ural** was 3.3\$/bbl, in line with the first quarter of last year.

In the first quarter of 2012 **adjusted operating profit** was €6.45 billion, up 26.5% from the first quarter of 2011.

This was due to the better operating performance reported by the Exploration & Production division (up 24%) and to the increased results of the Gas & Power division (up by 57%) driven by stronger profits from the marketing segment. This was partially offset by weaker results in R&M and Chemicals.

In the first quarter of 2012 **adjusted net profit** was €2.48 billion, up 13% compared with a year ago, as a result of better operating performance. This positive effect was partially offset by higher financial charges (which increased by €207 million) and a higher consolidated tax rate (up approximately 6 percentage points). The fiscal impact was the result of a higher tax rate in E&P, and to the revision of the so-called Robin Tax enacted in August 2011.

Looking in more detail at E&P, in the first quarter of 2012 Eni reported liquids and gas production of 1,674 kboe/d, representing a small decrease from the first quarter of 2011 (down by 10 kboe/d, or 0.6%).

Excluding price effects, which reduced Q1 production by 14 kboe/d compared to the year-earlier quarter, the production of the first quarter was marginally higher (up by 0.2%) driven by the ongoing recovery in Libyan production and start-up/ramp-up of new fields in Australia, Egypt and United States. These positives offset negatives from sale of minor assets and some minor unplanned production losses.

The Exploration & Production division reported an **adjusted operating profit** of €5,100 million, increasing by €980 million or 24%, on the back of stronger oil and gas prices (up by 18% on average) and the recovery in Libyan activities.

In Gas & Power, overall volumes sold including consolidated and associated companies fell by 5.4% to 29.9 bcm.

The decline is mainly due to weak demand and higher competitive pressure in Europe. In Italy, overall sales rose by 1.4%, with higher demand from residential users and higher sales to the network balancing market more than compensating declining volumes sold to power generation and wholesalers.

The Gas & Power division reported an **adjusted operating profit** of €1,504, increasing by €546 million, or 57%, from the first quarter of 2011.

It is worth reminding you that first quarter marketing results reflect the benefits of the finalised renegotiation with Gazprom, retroactive for the whole of 2011.

G&P adjusted proforma Ebitda for the first quarter of 2012 was 1,641 million euro, up by €587 million, or 56% compared to the same quarter of 2011.

The increase is attributable to the Marketing business which more than doubled the result of the year-earlier quarter (up by €642 million).

Excluding the portion of benefits from the Gazprom renegotiation associated with previous quarters, the marketing segment reported stronger results driven by improved supply costs, associated with the revision of long-term gas supply contracts and the recovery of Libyan imports, and stronger seasonal sales owing to the particularly cold winter.

These positive was partly offset by a slowdown in demand across Italy and Europe and rising competitive pressures.

The Regulated businesses in Italy recorded a 4.3% increase in results, while the International transport activities reported a lower operating performance (down by 35%) reflecting the asset divestments which occurred in 2011.

In the first quarter of 2012 the Refining & Marketing business reported an adjusted operating loss of €228 million.

The deterioration compared to the first quarter of 2011 reflected weak industry fundamentals across Europe. In addition, refining results continued to be adversely impacted by rising costs of energy utilities indexed to oil prices and shrinking price differentials between light and heavy crudes. Initiatives to counteract this very weak trading environment included efficiency enhancements, the optimization of supply activities and lower throughputs at the weakest refineries, including temporary shut down. As a result, the utilization index of our refineries fell to 63% compared to 82% in the first quarter of 2011.

Marketing results were negatively affected by a decline in retail and wholesale demand for gasoline and gasoil, dampened by a cyclical downturn and competitive pressures, while selling margins in retail and wholesale markets were squeezed by rapidly rising commodity costs that were only partially transferred to prices at the pump and clients.

In the first quarter of 2011, the Chemical division reported substantial operating losses of -€162 million. The negative performance was driven by higher costs for oil feedstock which impacted unit margins as product demand suffered in a recessionary environment. This was particularly true for basic chemical commodities with the benchmark cracker margin falling in negative territory.

The Engineering & Construction business reported a strong operating performance which was up by €32 million or 9.4% to €374 million from Q1 2011.

Other Activities and Corporate showed an aggregate loss of 127 million euro, in line with 129 million euro in the first quarter of 2011.

Net cash generated by operating activities amounted to €4.2 billion.

Capital expenditure for the quarter amounted to €2.9 billion mainly related to continuing development of oil and gas reserves, the upgrading of rigs and offshore vessels in the Engineering & Construction segment and the upgrading of gas infrastructures. The Group

also incurred expenditures of €0.5 billion, also related to the financing of the Nuon acquisition and joint-venture projects.

Net financial debt at 31st March 2012 was down €0.6 billion from December 31, 2011 improving our leverage from 0.46 to 0.43.

Thank you for your attention.