

Gas & Power

Key performance indicators

		2011	2012	2013
Employees injury frequency rate	(No. of accidents per million of worked hours)	2.44	1.84	1.31
Contractors injury frequency rate		5.22	3.64	1.81
Net sales from operations ^(a)	(€ million)	33,093	36,200	32,124
Operating profit		(326)	(3,219)	(2,992)
Adjusted operating profit		(247)	356	(663)
Marketing		(657)	47	(837)
International transport		410	309	174
Adjusted net profit		252	473	(246)
EBITDA pro-forma adjusted		949	1,316	6
Marketing		257	858	(311)
International transport		692	458	317
Capital expenditure		192	225	232
Worldwide gas sales ^(b)	(bcm)	96.76	95.32	93.17
LNG sales ^(c)		15.7	14.6	12.4
Customers in Italy	(million)	7.10	7.45	8.00
Electricity sold	(TWh)	40.28	42.58	35.05
Employees at period end	(number)	4,795	4,752	4,514
Direct GHG emissions	(mmttonnes CO ₂ eq)	12.77	12.70	11.16
Customer satisfaction score (CSS) ^(d)	(%)	88.6	89.7	90.4
Water consumption/withdrawals per kWheq produced	(cm/kWheq)	0.014	0.012	0.017

(a) Before elimination of intragroup sales.

(b) Including volumes marketed by the Exploration & Production Division of 2.61 bcm (2.73 bcm and 2.86 bcm in 2012 and 2011, respectively).

(c) LNG sales of affiliates and associates of the Gas & Power Division (included in worldwide gas sales) and the Exploration & Production Division.

(d) The customer satisfaction score for 2013 relates to the first six months as at the date of publication of this Annual Report the Authority for Electricity and Gas has not yet published the data for the second half of the year.

Performance of the year

- In 2013 the positive trend in employees and contractors injury frequency rates was confirmed, with a reduction of 28.9% and 50.1%, respectively.
- In 2013 Greenhouse gas emissions decreased by 12.1% following lower power production (-10.5%) as well as lower volumes of gas transported.
- In 2013, the water consumption rate of EniPower's plants increased both in general (up 24.3% from 2012) and per kWh produced (up 39.9%), due to production reorganization in a number of sites, in particular in the Brindisi power plant due to higher use of sea water in cooling operations.
- In 2013, adjusted net loss was €246 million, decreasing by €719 million from 2012 mainly in the marketing business reflecting worsening competitive environment, the effects of which were exacerbated by minimum off-take obligations provided by long-term supply contracts.
- Eni gas sales (93.17 bcm) were down by 2.3% compared to 2012. When excluding the effect of the divestment of Galp, gas sales were broadly in line with the previous year. Eni's sales in the domestic market increased by 1.08 bcm driven by higher spot sales and by higher sales to importers in Italy (up 1.94 bcm). This positive trend was more than offset by lower volumes marketed in the main European markets (down 5.61 bcm), particularly in Benelux, the Iberian Peninsula and the United Kingdom, due to declining gas demand and competitive pressure.
- Electricity sales of 35.05 TWh decreased by 7.53 TWh from 2012, down 17.7%.
- In 2013 capital expenditure of €232 million mainly concerned the revamping activities of the cogeneration plant of Bolgiano and the

development of its heating cable system (€39 million), the flexibility and upgrading of combined cycle power stations (€82 million) as well as gas marketing initiatives (€88 million).

➤ On March 31, 2014, Eni and Statoil have signed final agreement on the revision of the long-term gas supply contract currently in force between the two parties. The revision is reflecting changed fundamentals in the gas sector and will determine a positive effect in 2014 profit. The final agreement, which follows the Heads of Agreement signed on 27 February 2014, implies the end of the arbitration proceedings previously initiated by Eni.

➤ In 2013 EniPower, in the development of Eni's worldwide projects, confirmed its role as supplier of technological and specialist know-how in the electricity and photovoltaic applications, preserving the attention to access to energy projects, environmental and social themes. In particular during the year the company sanctioned the pre-feasibility study of a power generation plant and its related facilities to be built in the northern region of Mozambique, near the recently discovered giant gas fields.

Worldwide gas sales

(bcm)



Marketing

Eni operates in a liberalized market where energy customers are allowed to choose the gas supplier and, according to their specific needs, to evaluate the quality of services and offers. Overall Eni supplies approximately 2,600 customers including large companies, power generation companies, wholesalers and distributors of natural gas for automotive use. Residential users are approximately 8 million and include households, professionals, small and medium sized enterprises, and public bodies located all over Italy and approximately 2 million

customers in European Countries. In a context characterized by a six percentage points drop of demand in the Italian market (broadly in line in the European Union) due to declining consumption in all the reference segments and increased competitive pressure, Eni progressed a number of initiatives in order to mitigate the negative impact of the trading environment such as renegotiation of supply contracts, efficiency and optimization actions (for further information on the European scenario, see chapter on "Risk factors" below).

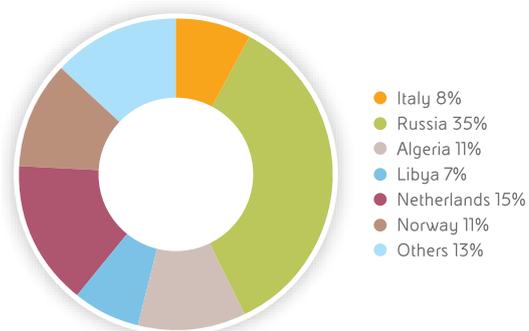
Natural Gas

Supply of natural gas

In 2013, Eni's consolidated subsidiaries supplied 85.67 bcm of natural gas, representing a decrease of 1.02 bcm, or 1.2% from 2012.

Gas volumes supplied outside Italy (78.52 bcm from consolidated companies), imported in Italy or sold outside Italy, represented approximately 92% of total supplies, were substantially in line with 2012 (down 0.62 bcm or 0.8%) due to higher volumes purchased in Russia (up 9.76 bcm) and the Netherlands (up 1.09 bcm), completely offset by lower volumes purchased in particular in Algeria (down 5.14 bcm), Norway (down 2.97 bcm) and Libya (down 0.77 bcm).

Supply of natural gas (bcm)	2011	2012	2013	Change	% Ch.
Italy	7.22	7.55	7.15	(0.40)	(5.3)
Russia	21.00	19.83	29.59	9.76	49.2
Algeria (including LNG)	13.94	14.45	9.31	(5.14)	(35.6)
Libya	2.32	6.55	5.78	(0.77)	(11.8)
Netherlands	11.02	11.97	13.06	1.09	9.1
Norway	12.30	12.13	9.16	(2.97)	(24.5)
United Kingdom	3.57	3.20	3.04	(0.16)	(5.0)
Hungary	0.61	0.61	0.48	(0.13)	(21.3)
Qatar (LNG)	2.90	2.88	2.89	0.01	0.3
Other supplies of natural gas	6.16	5.43	3.63	(1.80)	(33.1)
Other supplies of LNG	2.23	2.09	1.58	(0.51)	(24.4)
Outside Italy	76.05	79.14	78.52	(0.62)	(0.8)
TOTAL SUPPLIES OF ENI'S CONSOLIDATED SUBSIDIARIES	83.27	86.69	85.67	(1.02)	(1.2)
Off-take from (input to) storage	1.79	(1.35)	(0.58)	0.77	..
Network losses, measurement differences and other changes	(0.21)	(0.28)	(0.31)	(0.03)	(10.7)
AVAILABLE FOR SALE BY ENI'S CONSOLIDATED SUBSIDIARIES	84.85	85.06	84.78	(0.28)	(0.3)
Available for sale by Eni's affiliates	9.05	7.53	5.78	(1.75)	(23.2)
E&P volumes	2.86	2.73	2.61	(0.12)	(4.4)
TOTAL AVAILABLE FOR SALE	96.76	95.32	93.17	(2.15)	(2.3)

Supplies of Eni's consolidated subsidiaries
 (85.67 bcm)


Supplies in Italy (7.15 bcm) slightly decreased from 2012 due to the decline of mature fields. In 2013, main gas volumes from equity production derived from: (i) Italian gas fields (6.1 bcm); (ii) Libyan fields (1.7 bcm); (iii) certain Eni fields located in the British and Norwegian sections of the North Sea (1.5 bcm); (iv) the United States (1.2 bcm); (v) other European areas (Croatia with 0.4 bcm).

Considering also direct sales of the Exploration & Production Division and LNG supplied from the Bonny liquefaction plant in Nigeria, supplied gas volumes from equity production were approximately 16 bcm representing 17% of total volumes available for sale.

Gas sales by entity (bcm)	2011	2012	2013	Change	% Ch.
Total sales of subsidiaries	84.05	84.30	83.60	(0.70)	(0.8)
Italy (including own consumption)	34.60	34.66	35.76	1.10	3.2
Rest of Europe	44.84	44.57	42.30	(2.27)	(5.1)
Outside Europe	4.61	5.07	5.54	0.47	9.3
Total sales of Eni's affiliates (net to Eni)	9.85	8.29	6.96	(1.33)	(16.0)
Italy	0.08	0.12	0.10	(0.02)	(16.7)
Rest of Europe	8.14	6.45	5.05	(1.40)	(21.7)
Outside Europe	1.63	1.72	1.81	0.09	5.2
E&P in Europe and in the Gulf of Mexico	2.86	2.73	2.61	(0.12)	(4.4)
WORLDWIDE GAS SALES	96.76	95.32	93.17	(2.15)	(2.3)

Gas sales by market (bcm)	2011	2012	2013	Change	% Ch.
ITALY	34.68	34.78	35.86	1.08	3.1
Wholesalers	5.16	4.65	4.58	(0.07)	(1.5)
Italian gas exchange and spot markets	5.24	7.52	10.68	3.16	42.0
Industries	7.21	6.93	6.07	(0.86)	(12.4)
Medium-sized enterprises and services	0.88	0.81	1.12	0.31	38.3
Power generation	4.31	2.55	2.11	(0.44)	(17.3)
Residential	5.67	5.89	5.37	(0.52)	(8.8)
Own consumption	6.21	6.43	5.93	(0.50)	(7.8)
INTERNATIONAL SALES	62.08	60.54	57.31	(3.23)	(5.3)
Rest of Europe	52.98	51.02	47.35	(3.67)	(7.2)
Importers in Italy	3.24	2.73	4.67	1.94	71.1
European markets	49.74	48.29	42.68	(5.61)	(11.6)
<i>Iberian Peninsula</i>	<i>7.48</i>	<i>6.29</i>	<i>4.90</i>	<i>(1.39)</i>	<i>(22.1)</i>
<i>Germany/Austria</i>	<i>6.47</i>	<i>7.78</i>	<i>8.31</i>	<i>0.53</i>	<i>6.8</i>
<i>Benelux</i>	<i>13.84</i>	<i>10.31</i>	<i>8.68</i>	<i>(1.63)</i>	<i>(15.8)</i>
<i>Hungary</i>	<i>2.24</i>	<i>2.02</i>	<i>1.84</i>	<i>(0.18)</i>	<i>(8.9)</i>
<i>UK/Northern Europe</i>	<i>4.21</i>	<i>4.75</i>	<i>3.51</i>	<i>(1.24)</i>	<i>(26.1)</i>
<i>Turkey</i>	<i>6.86</i>	<i>7.22</i>	<i>6.73</i>	<i>(0.49)</i>	<i>(6.8)</i>
<i>France</i>	<i>7.01</i>	<i>8.36</i>	<i>7.73</i>	<i>(0.63)</i>	<i>(7.5)</i>
<i>Other</i>	<i>1.63</i>	<i>1.56</i>	<i>0.98</i>	<i>(0.58)</i>	<i>(37.2)</i>
Extra European markets	6.24	6.79	7.35	0.56	8.2
E&P in Europe and in the Gulf of Mexico	2.86	2.73	2.61	(0.12)	(4.4)
WORLDWIDE GAS SALES	96.76	95.32	93.17	(2.15)	(2.3)

Sales of natural gas

In 2013, Eni's gas sales were 93.17 bcm, down by 2.3% from 2012. When excluding the effect of the divestment of Galp, gas sales were broadly in line with the previous year. Eni's sales in the domestic market increased by 1.08 bcm driven by higher spot sales and by higher sales to importers in Italy (up 1.94 bcm). This positive trend was more than offset by lower volumes marketed in the main European markets (down 5.61 bcm, particularly in Benelux, the Iberian Peninsula and the UK) due to declining gas demand and competitive pressure. Higher sales outside Europe (up 0.56 bcm) were driven by increasing LNG sales in the Far East,

particularly in Japan and Korea. Exploration & Production sales in Northern Europe and in the United States (2.61 bcm) declined by 0.12 bcm due to lower sales in the United States.

LNG

In 2013, LNG sales (12.4 bcm) decreased by 2.2 bcm from 2012. In particular, LNG sales by the Gas & Power segment (8.4 bcm, included in worldwide gas sales) mainly concerned LNG from Qatar, Algeria and Nigeria marketed in Europe, South America and the Far East.

LNG sales (bcm)	2011	2012	2013	Change	% Ch.
G&P sales	11.8	10.5	8.4	(2.1)	(20.0)
Rest of Europe	9.8	7.6	4.6	(3.0)	(39.5)
Outside Europe	2.0	2.9	3.8	0.9	31.0
E&P sales	3.9	4.1	4.0	(0.1)	(2.2)
<i>Terminals:</i>					
Soyo (Angola)			0.1	0.1	..
Bontang (Indonesia)	0.6	0.6	0.5	(0.1)	(16.7)
Point Fortin (Trinidad & Tobago)	0.4	0.5	0.6	0.1	22.4
Bonny (Nigeria)	2.5	2.7	2.4	(0.3)	(10.1)
Darwin (Australia)	0.4	0.3	0.4	0.1	21.2
	15.7	14.6	12.4	(2.2)	(15.0)

Power

Availability of electricity

Eni's power generation sites are located in Ferrera Erbognone, Ravenna, Livorno, Taranto, Mantova, Brindisi, Ferrara and Bolgiano. In 2013, power generation was 23.03 TWh, down 2.64 TWh, or 10.3% from 2012. As of December 31, 2013, installed operational capacity was 5.3 GW (5.3 GW as of December 31, 2012). Electricity trading, to increase availability of electricity, lowered by 28.9% to 12.2 TWh due to lower purchases on the market.

Power sales

In 2013 power sales (35.05 TWh) were directed to the free market (82%), industrial sites (9%), the Italian power exchange (6%) and others (3%). Compared with 2012, electricity sales were down by 17.7%, due to lower volumes traded on the Italian power exchange and declining sales to wholesales, partly offset by higher sales to retail customers.

		2011	2012	2013	Change	% Ch.
Purchases of natural gas	(mmcm)	5,008	5,206	4,635	(571)	(11.0)
Purchases of other fuels	(ktoe)	528	462	449	(13)	(2.8)
Power generation	(TWh)	25.23	25.67	23.03	(2.64)	(10.3)
Steam	(ktonnes)	14,401	12,603	10,099	(2,504)	(19.9)
Availability of electricity	(TWh)	2011	2012	2013	Change	% Ch.
Power generation		25.23	25.67	23.03	(2.64)	(10.3)
Trading of electricity ^(a)		15.05	16.91	12.02	(4.89)	(28.9)
		40.28	42.58	35.05	(7.53)	(17.7)
Free market		27.25	31.84	28.73	(3.11)	(9.8)
Italian Exchange for electricity		8.67	6.10	1.96	(4.14)	(67.9)
Industrial plants		3.23	3.30	3.31	0.01	0.3
Other ^(a)		1.13	1.34	1.05	(0.29)	(21.6)
Power sales		40.28	42.58	35.05	(7.53)	(17.7)

(a) Includes positive and negative imbalances.

In 2013, as part of its activities selling natural gas and electricity with the aim of improving planning of commercial actions and monitoring technologies for energy efficiency, Eni continued successfully the development of “**eni kassandra meteo forecast**” (e-km™), a proprietary system for forecasting temperatures from meteorological and climate data in the short/long-term (from 1 to 90 days) over large European areas (including Italy, Belgium, Germany and France). The system will be applied to power generation activity at EniPower plants and on the largest Italian cities.

During the year the company continued the development of the proprietary technology “**vibroacoustic pipeline monitoring system**” (e-vpms™) for the continuing remote control based on theoretical models of elastic-acoustic propagation of pipelines, used for the transportation of natural gas, oil and water in variable operating conditions.

Capital expenditure

In 2013, capital expenditure of €232 million, mainly related to activities performed to cogeneration plant of Bolgiano (revamping and development of its heating cable system

(€39 million), upgrading and other initiatives to improve flexibility of the combined cycle power plants (€82 million) and gas marketing initiatives (€88 million).

Capital Expenditure	(€ million)	2011	2012	2013	Change	% Ch.
Marketing		184	212	209	(3)	(1.4)
Marketing		97	81	88	7	8.6
<i>Italy</i>		45	43	42	(1)	(2.3)
<i>Outside Italy</i>		52	38	46	8	21.1
Power generation		87	131	121	(10)	(7.6)
International transport		8	13	23	10	76.9
		192	225	232	7	3.1
of which:						
Italy		132	174	163	(11)	(6.3)
Outside Italy		60	51	69	18	35.3