

# profile of the year

**Results** > In 2013 Eni achieved solid results in a particularly difficult market. In spite of geopolitical factors in Libya, Nigeria and Algeria, the Exploration & Production Division delivered robust earnings and cash flow leveraging its cost leadership and extraordinary exploration successes. The mid-downstream businesses, which were impacted by the downturn and plunging demand in Europe and Italy, boosted their restructuring efforts achieving an impressive €2 billion improvement in cash generation. Finally, the portfolio management enhanced by the new discoveries of the latest years enabled Eni to anticipate the monetization of results and cash. The overall effect of management's actions in such a challenging year was to deliver a 23% increase in net profit versus to €5.16 billion, to pay a generous dividend and to launch a buyback program, while maintaining a constant debt at €15.43 billion. Net cash generated by operating activities of €10.97 billion and cash from disposals of €6.36 billion, mainly related to the Mozambique deal, were used to fund capital expenditure of €12.75 billion and dividend payments of €3.95 billion to Eni's shareholders. Ratio of net borrowings to shareholders' equity including minority interest – leverage – was 0.25 at December 31, 2013, unchanged compared to December 31, 2012.

**Dividend** > The Company's robust results and strong fundamentals underpin a dividend distribution of €1.10 per share (€1.08 in 2012). Management reaffirms its commitment to deliver a progressive dividend policy taking into account Eni's underlying growth in earnings and cash flow.

**Hydrocarbon production** > In 2013, hydrocarbon production declined to 1.619 million boe/d by 4.8% from 2012, reflecting significant force majeure events in Libya, Nigeria and Algeria, partly offset by the contribution of the start-up of new fields and continuing production ramp-ups.

**Proved oil and natural gas reserves** > Proved oil and gas reserves as of December 31, 2013 were 6.54 bboe. The organic reserve replacement ratio was 105%. The reserve life index is 11.1 years.

**Natural gas supply contracts** > Renegotiated purchase terms of 85% of the Company's long-term gas supply contracts, resulting in a €1.4 billion cost saving.

**Natural gas sales** > Natural gas sales declined by 2.3% to 93.17 bcm against the backdrop of an ongoing demand downturn, competitive pressure and oversupply.

**Divestment of Eni's interest in Eni East Africa** > In July 2013, Eni closed the sale of a 28.57% interest in Eni East Africa (EEA) to China National Petroleum Corporation (CNPC). CNPC indirectly acquires, through its equity investment in Eni East Africa, a 20% interest in the Area 4 mineral property, located offshore of Mozambique. Eni retains operatorship and a 50% interest through the remaining stake in the investee. The total consideration cashed-in by Eni was €3,386 million, with a gain of equivalent amount recorded in profit and loss (€3,359 million, €2,994 million net of tax charges).

## Solid results and cash flow

**+23% vs. 2012**  
net profit

**€10.97 bln**  
cash flow

## Turnaround in mid-downstream

**+€2 bln**  
cash flow improvement

## Proved reserves

**6.54 bboe**  
at year end

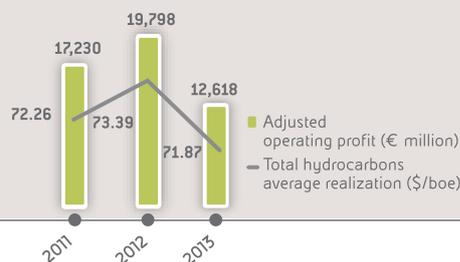
## > Rationalization of E&P asset's portfolio

Anticipated monetization of results and cash

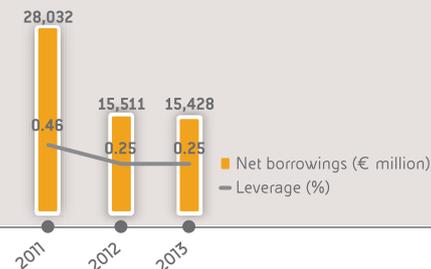
### Dividend and dividend yield



### Operating performance



### Net borrowings and leverage



**Divestment of Eni's interest in Artic Russia** > In January 2014 Eni closed the sale of its 60% stake in Artic Russia to certain Gazprom affiliates for a total sale price of €2.2 billion. At the balance sheet date, Eni's interest in Artic Russia was stated at fair value due to the loss of joint control over the investee with a revaluation gain of €1,682 million recorded through profit.

While with the disposal Eni monetized a mature investment, the Company still maintains a strong commitment in the Russian upstream.

### Injury frequency rate

**-28.7%**

progressing for the ninth consecutive year

**Safety** > In 2013 Eni continued to implement the communication and training program "Eni in safety", with 185 workshops dedicated to Eni's employees. The benefit of these and other programmes in safety is confirmed by the positive trend of the injury frequency rate relating to employees and contractors which improved for the ninth consecutive year (down by 28.7% from 2012). Notwithstanding the 10.5% decrease in the fatality index, six fatal accidents occurred in 2013.

**Partnership for Sustainable Energy** > Among the "UN Sustainable Development Solutions Network (SDSN)", in 2013 Eni led the Energy For All in Sub-Saharan Africa initiative through international collaborations aimed at devising solutions to fight against energy poverty, in particular in Sub-Saharan Africa. For this purpose, Eni will leverage on the strategic partnership signed with the Earth Institute of the Columbia University.

### > Access to energy

New agreements in Mozambique

**Relationships with the territory and local development** > In 2013 Eni's commitment continued in ensuring access of local communities to energy, particularly in Sub-Saharan Africa. In Mozambique Eni announced the construction of a gas fired plant with a capacity of 75 MW, in the Cabo Delgado area. In Italy, the Company signed a MoU with the city of L'Aquila for the restoration of the Basilica of Santa Maria Collemaggio and the redevelopment of the Parco del Sole.

### Exploration successes

**1.8 bln boe**

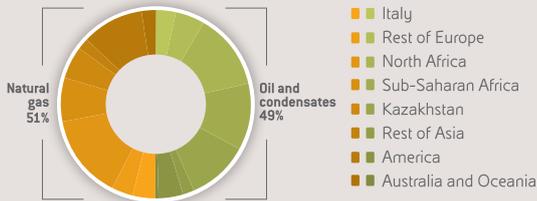
at year end

**Exploration successes** > The exploration activity for the year delivered strong results adding 1.8 billion boe of resources to the company's resource base, with a unit exploration cost of 1.2 \$/boe.

In Mozambique, the exploration campaign assessed the potential of the Mamba and Coral discoveries, while the Agulha discovery revealed a new gas accumulation in the Southern section of Area 4. Agulha was the tenth discovery made in Area 4. Management estimates that Area 4 may contain up to 2,650 billion cubic meters of gas in place.

In Congo, an exciting discovery was made in the mature Block Marine XII offshore. The Nené Marine oil and gas discovery and the adjacent Litchendjili Marine field found an overall potential of about 2.5 billion boe in place.

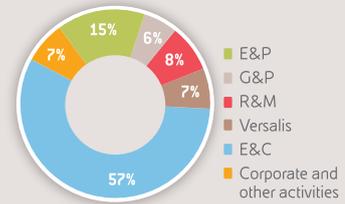
### Oil and gas reserves



### 2013 net borrowings evolution (€ billion)



### 2013 employees by segment



In Australia, the Evans Shoal North-1 discovery, in the Timor Sea, was estimated to contain a mineral potential of 8 tcf of gas in place.

**Acquired acreage** > In the year Eni rejuvenated its mineral right portfolio entering new high potential areas for a total acreage of approximately 120,000 square kilometers.

**Start-ups** > In line with production plans, in 2013 eight major projects have been started up, contributing for 140,000 boe/d to the year production. The main start-ups related to: MLE-CAFC (Eni's interest 75%) and El Merk (Eni's interest 12.25%) fields in Algeria, the liquefaction plant Angola LNG (Eni's interest 13.6%), the offshore Abo-Phase 3 project in Nigeria, the giant heavy oil field Junin 5 (Eni's interest 40%) in Venezuela, the Skuld field (Eni's interest 11.5%) in Norway, the Kashagan field (Eni's interest 16.81%) in Kazakhstan and the Jasmine project (Eni's interest 33%) in the United Kingdom.

**Versalis** > In 2013, Eni's chemical subsidiary Versalis progressed with the expansion in the bio-plastic segment and the diversification of the commodity chemical, by entering into joint ventures with strategic international partners active in bio-technologies and rubber, among which Pirelli, Genomatica, Yulex Corporation and Lotte Chemical. In the green chemistry business Versalis carried on the ongoing project of converting the Porto Torres site and a relevant agreement has been reached to start the project for the conversion and relaunching of the Porto Marghera site.

**Green Data Center** > In October 2013 Eni launched the Green Data Center, the best in the world for energy efficiency. It hosts Eni's central computer processing systems, both for information management and seismic simulation processing, allowing a reduction of CO<sub>2</sub> emissions by 300,000 tons per year.

**Transparency in Corporate Reporting** > In 2013 Eni has been ranked first in a survey conducted by Transparency International Italy into the corporate reporting on transparency. The survey, which used a sample of the largest Italian companies by market capitalization, has analyzed three areas of transparency in corporate reporting: anti-bribery programs, the organization and the publication of key economic and financial data related to the activities in each Country where the companies operate.

**Eni's commitment with the Massachusetts Institute of Technology** > In February 2013, Eni renewed its commitment to the MIT Energy Initiative (MITEI) to develop innovative, powerful tools, technologies and solutions to address global energy needs and challenges.

### > Organic growth

+140 kboe/d contribution of 2013 start-ups/rump-ups

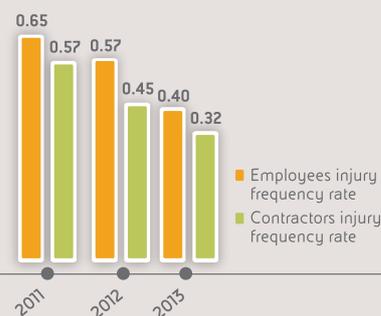
### > Versalis

Strategic and international partnerships

**Employees at period end**  
(number)



**Injury frequency rate**  
(No. of accidents per million of worked hours)



(\*) Pertaining to continuing operations. Following the divestment of the Regulated Businesses in Italy 2012, results of Snam are represented as discontinued operations throughout this Annual Report.

(a) Attributable to Eni's shareholders.

(b) The amount of dividends for the year 2013 is based on the Board's proposal.

(c) Number of outstanding shares by reference price at year end.

(a) Fully diluted. Ratio of net profit from continuing operations and average number of shares outstanding in the period. Dollar amounts are converted on the basis of the average EUR/USD exchange rate quoted by ECB for the period presented.

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

(c) Calculated assuming the deconsolidation of the Snam group from priors periods.

(d) Ratio of dividend for the period and the average price of Eni shares as recorded in December.

### Financial highlights <sup>(\*)</sup>

	2011	2012	2013
Net sales from operations	(€ million) 107,690	127,220	<b>114,722</b>
Operating profit	16,803	15,071	<b>8,856</b>
Adjusted operating profit	17,230	19,798	<b>12,618</b>
Net profit <sup>(a)</sup>	6,902	4,200	<b>5,160</b>
Net profit - discontinued operations <sup>(a)</sup>	(42)	3,590	
Group net profit <sup>(a)</sup>	6,860	7,790	<b>5,160</b>
Adjusted net profit <sup>(a)</sup>	6,938	7,130	<b>4,433</b>
Net cash provided by operating activities	13,763	12,356	<b>10,969</b>
Capital expenditure	11,909	12,761	<b>12,750</b>
Dividends to Eni shareholders pertaining to the period <sup>(b)</sup>	3,768	3,912	<b>3,986</b>
Cash dividends to Eni shareholders	3,695	3,840	<b>3,949</b>
Total assets at period end	142,945	139,878	<b>138,088</b>
Shareholders' equity including non-controlling interest at period end	60,393	62,558	<b>61,174</b>
Net borrowings at period end	28,032	15,511	<b>15,428</b>
Net capital employed at period end	88,425	78,069	<b>76,602</b>
Share price at period end	(€) 16.01	18.34	<b>17.49</b>
Number of shares outstanding at period end	(million) 3,622.7	3,622.8	<b>3,622.8</b>
Market capitalization <sup>(c)</sup>	(€ billion) 58.0	66.4	<b>63.4</b>

### Summary financial data

	2011	2012	2013
Net profit <sup>(*)</sup>			
- per share <sup>(a)</sup>	(€) 1.90	1.16	<b>1.42</b>
- per ADR <sup>(a) (b)</sup>	(\$ 5.29	2.98	<b>3.77</b>
Adjusted net profit <sup>(*)</sup>			
- per share <sup>(a)</sup>	(€) 1.92	1.97	<b>1.22</b>
- per ADR <sup>(a) (b)</sup>	(\$ 5.35	5.06	<b>3.24</b>
Adjusted return on average capital employed (ROACE) <sup>(c)</sup>	(%) 10.2	10.1	<b>5.9</b>
Leverage	0.46	0.25	<b>0.25</b>
Coverage	15.4	11.9	<b>8.9</b>
Current ratio	1.1	1.4	<b>1.5</b>
Debt coverage	51.3	79.8	<b>71.1</b>
Dividends pertaining to the year	(€ per share) 1.04	1.08	<b>1.10</b>
Pay-out	(%) 55	50	<b>77</b>
Dividend yield <sup>(d)</sup>	(%) 6.6	5.9	<b>6.5</b>

**Direct GHG emissions**  
(mmt tonnes CO<sub>2</sub>e)



**Profit and F&D cost per boe**  
(\$/boe)



## Operating and sustainability data

		2011	2012	2013
Employees at period end	(number)	72,574	77,838	<b>82,289</b>
of which - women		12,542	12,860	<b>13,601</b>
- outside Italy		45,516	51,034	<b>55,507</b>
Female managers	(%)	18.5	18.9	<b>19.4</b>
Training hours	(thousand hours)	3,127	3,132	<b>4,350</b>
Employees injury frequency rate	(No. of accidents per million of worked hours)	0.65	0.57	<b>0.40</b>
Contractors injury frequency rate		0.57	0.45	<b>0.32</b>
Fatality index	(fatal injuries per one hundred millions of worked hours)	1.94	1.10	<b>0.98</b>
Oil spills due to operations	(barrels)	7,295	3,759	<b>1,901</b>
Direct GHG emissions	(mmt tonnes CO <sub>2</sub> e)	49.13	52.50	<b>47.30</b>
R&D expenditure <sup>(a)</sup>	(€ million)	190	211	<b>197</b>
Expenditure for the territory <sup>(b)</sup>		101	91	<b>101</b>
<b>Exploration &amp; Production</b>				
Estimated net proved reserves of hydrocarbons (at year end)	(m mboe)	7,086	7,166	<b>6,535</b>
Average reserve life index	(year)	12.3	11.5	<b>11.1</b>
Production of hydrocarbons	(kboe/d)	1,581	1,701	<b>1,619</b>
Profit per boe <sup>(c)</sup>	(\$/boe)	17.0	16.0	<b>15.5</b>
Opex per boe <sup>(c)</sup>		7.3	7.1	<b>8.3</b>
Cash flow per boe		31.7	32.8	<b>31.9</b>
Finding & Development cost per boe <sup>(d)</sup>		18.8	17.4	<b>19.2</b>
<b>Gas &amp; Power</b>				
Worldwide gas sales <sup>(e)</sup>	(bcm)	96.76	95.32	<b>93.17</b>
- in Italy		34.68	34.78	<b>35.86</b>
- outside Italy		62.08	60.54	<b>57.31</b>
Customers in Italy	(million)	7.10	7.45	<b>8.00</b>
Electricity sold	(TWh)	40.28	42.58	<b>35.05</b>
Customer satisfaction index	(%)	88.6	89.7	<b>90.4</b>
<b>Refining &amp; Marketing</b>				
Refinery throughputs on own account	(mmt tonnes)	31.96	30.01	<b>27.38</b>
Retail market share	(%)	30.5	31.2	<b>27.5</b>
Retail sales of petroleum products in Europe	(mmt tonnes)	11.37	10.87	<b>9.69</b>
Service stations in Europe at year end	(units)	6,287	6,384	<b>6,386</b>
Average throughput of service stations in Europe	(kliters)	2,206	2,064	<b>1,828</b>
<b>Chemicals</b>				
Production	(ktonnes)	6,245	6,090	<b>5,817</b>
Sales of petrochemical products		4,040	3,953	<b>3,785</b>
Average plant utilization rate	(%)	65.3	66.7	<b>65.3</b>
<b>Engineering &amp; Construction</b>				
Orders acquired	(€ million)	12,505	13,391	<b>10,653</b>
Order backlog at period end		20,417	19,739	<b>17,514</b>

(a) Net of general and administrative costs.

(b) Includes investments for local communities, charities, association fees, sponsorships, payments to Eni Enrico Mattei Foundation and Eni Foundation.

(c) Related to consolidated subsidiaries.

(d) Three year average.

(e) Includes Exploration & Production natural gas sales amounting to 2.61 bcm [2.73 bcm and 2.86 bcm in 2012 and 2011, respectively].