# Financial review

## Profit and loss account[1]

| 2011 | (€ million) | 2012 | 2013 | Change | % Ch. |
|---|---|---|---|---|---|
| 107,690 | Net sales from operations | 127,220 | 114,722 | (12,498) | (9.8) |
| 926 | Other income and revenues | 1,546 | 1,385 | (161) | (10.4) |
| (83,199) | Operating expenses | (99,976) | (95,477) | 4,499 | 4.5 |
| *(69)* | *of which non-recurring items* | | | | |
| 171 | Other operating income (expense) | (158) | (71) | 87 | 55.1 |
| (8,785) | Depreciation, depletion, amortization and impairments | (13,561) | (11,703) | 1,858 | 13.7 |
| **16,803** | **Operating profit** | **15,071** | **8,856** | **(6,215)** | **(41.2)** |
| (1,146) | Finance income (expense) | (1,347) | (991) | 356 | 26.4 |
| 2,123 | Net income from investments | 2,881 | 6,115 | 3,234 | .. |
| **17,780** | **Profit before income taxes** | **16,605** | **13,980** | **(2,625)** | **(15.8)** |
| (9,903) | Income taxes | (11,661) | (9,008) | 2,653 | 22.8 |
| *55.7* | *Tax rate (%)* | *70.2* | *64.4* | *(5.8)* | |
| **7,877** | **Net profit - continuing operations** | **4,944** | **4,972** | **28** | **0.6** |
| **(74)** | **Net profit - discontinued operations** | **3,732** | | **(3,732)** | **..** |
| **7,803** | **Net profit** | **8,676** | **4,972** | **(3,704)** | **(42.7)** |
| | *Attributable to:* | | | | |
| **6,860** | **Eni's shareholders:** | **7,790** | **5,160** | **(2,630)** | **(33.8)** |
| **6,902** | **- continuing operations** | **4,200** | **5,160** | **960** | **22.9** |
| (42) | - discontinued operations | 3,590 | | (3,590) | .. |
| **943** | **Non-controlling interest:** | **886** | **(188)** | **(1,074)** | **..** |
| 975 | - continuing operations | 744 | (188) | (932) | .. |
| (32) | - discontinued operations | 142 | | (142) | .. |

### Net profit

In 2013, **net profit attributable to Eni's shareholders** was €5,160 million. The result was achieved against the backdrop of tough market conditions which impacted all of Eni's business segments. The E&P recorded extraordinary disruptions to its producing activities related to geopolitical factors.
The mid-downstream businesses were hit by a continued deterioration in selling prices and margins due to the economic downturn and structural headwinds in the trading environment reflecting plunging demand for energy commodities, excess supplies/overcapacity and competitive pressure. Finally Saipem reported extraordinary contract losses.

Despite these extraordinary negatives, 2013 net profit increased by 22.9% (up €960 million) from 2012, driven by the portfolio rationalization permitted by the recent discoveries that has allowed an anticipated monetization of results and cash. Eni has thus monetized a 20% interest in the Mozambique discovery by divesting it to CNPC for a cash consideration of €3.4 billion and a net gain recorded in profit of approximately €3 billion. It has also divested its 60% stake in Artic Russia for a total consideration of €2.2 billion which was cashed-in in January 2014, with the profit for 2013 benefitting of a fair-value revaluation of €1.7 billion taken at the investee due to the loss of joint control at the balance sheet date.

(1) Changes in the Group results are calculated with respect to results earned by the Group's continuing operations in 2012 considering that at the time Snam was consolidated in the Group accounts and reported as discontinued operations based on IFRS 5. In the circumstances of discontinued operations, the International Financial Reporting Standards require that the profits earned by continuing and discontinued operations are those deriving from transactions external to the Group.

## Adjusted net profit

| 2011 | (€ million) | 2012 | 2013 | Change | % Ch. |
|---|---|---|---|---|---|
| **6,902** | **Net profit attributable to Eni's shareholders - continuing operations** | **4,200** | **5,160** | **960** | **22.9** |
| (724) | Exclusion of inventory holding (gains) losses | (23) | 438 | | |
| 760 | Exclusion of special items | 2,953 | (1,165) | | |
| | *of which:* | | | | |
| *69* | *- non-recurring items* | | | | |
| *691* | *- other special items* | *2,953* | *(1,165)* | | |
| **6,938** | **Adjusted net profit attributable to Eni's shareholders - continuing operations** [a] | **7,130** | **4,433** | **(2,697)** | **(37.8)** |

(a) For a detailed explanation of adjusted operating profit and net profit see paragraph "Reconciliation of reported operating and net profit to results on an adjusted basis".

**Adjusted net profit attributable to Eni's shareholders** amounted to €4,433 million, a decrease of €2,697 million, down by 37.8% from 2012. Excluding Snam's contribution to continuing operations in 2012, the decline of 2013 adjusted net profit was 35%. The decline reflected the lower performance incurred by all the Divisions reflecting the above mentioned drivers. Adjusted net profit was calculated by excluding an inventory holding loss which amounted to €438 million and special gains of €1,165 million, net of exchange rate differences and exchange rate derivative instruments reclassified in operating profit, as they mainly related to derivative transactions entered into to manage exposure to the exchange rate risk implicit in commodity pricing formulas, resulting in a net negative adjustment of €727 million.

**Special charges in operating profit** of €3,046 million mainly related to:

i) impairment losses of €2,400 million recorded to write down the book values of property, plant and equipment, goodwill and other intangible assets to their lower values-in-use in the gas marketing (€1,685 million), electricity generation and refining businesses (€633 million). In performing the impairment review, management assumed a reduced profitability outlook in those businesses driven by structural headwinds in demand, excess capacity and oversupplies, rising competitive pressures and other cost disadvantages. Minor impairment losses were incurred at a number of oil & gas properties in the Exploration & Production Division (a net loss of €19 million) reflecting downward reserve revisions, almost completely offset by the reversal of assets impaired in previous years following positive revisions of reserves, as well as marginal lines of business in the Chemical segment (€44 million) due to lack of profitability perspectives;

ii) risk provisions (€334 million) related to onerous contracts, net of reversal;

iii) exchange rate differences and exchange rate derivative instruments reclassified as operating items, mainly related to derivative transactions entered into to manage exposure to the exchange rate risk implicit in commodity pricing formulas (gain of €195 million);

iv) provisions for redundancy incentives (€270 million in the year) and environmental provisions (€205 million);

v) the effects of fair-value evaluation of certain commodity derivatives contracts lacking the formal requisites to be accounted as hedges under IFRS (a loss of €315 million);

vi) net gains on the divestment of marginal properties in the Exploration & Production Division (€283 million).

**Non-operating special items** included:

i) the gain on the divestment of an interest to CNPC in the Mozambique project (€2,994 million net of the related tax effect), the divestment of an interest of 8.19% in the share capital of Galp amounting to €98 million, of which €67 million related to the reversal of the evaluation reserve and on the divestment of an interest of 11.69% of the share capital of Snam amounting to €75 million, of which €8 million related to the reversal of the evaluation reserve;

ii) the fair-value revaluation of 60% Eni's stake in the joint venture Artic Russia, based on the Sale and Purchase Agreement signed with Gazprom (€1,682 million);

iii) a write-off of deferred tax assets which were assessed to be no more recoverable due to the projections of lower earnings before income taxes at Italian activities (€954 million);

iv) a write-off of deferred tax assets relating to the renegotiation of certain petroleum contracts (€490 million).

The breakdown of **adjusted net profit** by Division is shown in the table below:

| 2011 | (€ million) | 2012 | 2013 | Change | % Ch. |
|---|---|---|---|---|---|
| 6,865 | Exploration & Production | 7,426 | 5,952 | (1,474) | (19.8) |
| 252 | Gas & Power | 473 | (246) | (719) | .. |
| (264) | Refining & Marketing | (179) | (232) | (53) | (29.6) |
| (206) | Versalis | (395) | (338) | 57 | 14.4 |
| 1,098 | Engineering & Construction | 1,111 | (253) | (1,364) | .. |
| (225) | Other activities | (247) | (205) | 42 | 17.0 |
| (753) | Corporate and financial companies | (976) | (472) | 504 | 51.6 |
| 1,146 | Impact of unrealized intragroup profit elimination [(a)] | 661 | 39 | (622) | |
| **7,913** | **Adjusted net profit - continuing operations** | **7,874** | **4,245** | **(3,629)** | **(46.1)** |
| | *of which attributable to:* | | | | |
| 975 | - Non-controlling interest | 744 | (188) | (932) | .. |
| **6,938** | **- Eni's shareholders** | **7,130** | **4,433** | **(2,697)** | **(37.8)** |

(a) This item concerned mainly intragroup sales of commodities, services and capital goods recorded in the assets of the purchasing business segment as of end period.

Group results were achieved in a trading environment characterized by lowering oil and gas realizations in dollar terms due to a slightly declining Brent price, down by 2.6% from 2012. Refining margins in the Mediterranean area fell to an unprecedented level, down to less than one dollar per barrel (down by 45.3% from 2012) due to structural headwinds in the industry driven by overcapacity, lower demand and increasing competition from imported refined product streams.
Furthermore, Eni's results in the Refining & Marketing Division were affected by narrowing differentials between the heavy crudes processed by Eni's refineries and the marker Brent which reflected the lower availability of the former in the Mediterranean area.
Gas market was characterized by a weak demand, strong competitive pressures and oversupplies.
Price competition among operators has been stiff taking into account minimum off-take obligations provided by gas purchase take-or-pay contracts and reduced sales opportunities.
Spot prices in Europe increased by 12.2% from 2012, even if this was not reflected in gas margins because of higher oil-linked supply costs.
Eni's results were also impacted by sharply lower margins in the production and sale of electricity due to oversupply and increasing competition from more competitive sources.
Results of 2013 were affected by the appreciation of the euro against the dollar (up by 3.3% over the year).

| 2011 | | 2012 | 2013 | % Ch. |
|---|---|---|---|---|
| 111.27 | Average price of Brent dated crude oil [(a)] | 111.58 | 108.66 | (2.6) |
| 1.392 | Average EUR/USD exchange rate [(b)] | 1.285 | 1.328 | 3.3 |
| 79.94 | Average price in euro of Brent dated crude oil | 86.83 | 81.82 | (5.8) |
| 2.06 | Average European refining margin[(c)] | 4.83 | 2.64 | (45.3) |
| 2.90 | Average European refining margin Brent/Ural [(c)] | 4.94 | 2.60 | (47.4) |
| 1.48 | Average European refining margin in euro | 3.76 | 1.99 | (47.1) |
| 9.03 | Price of NBP gas [(d)] | 9.48 | 10.64 | 12.2 |
| 1.4 | Euribor - three-month euro rate (%) | 0.6 | 0.2 | (66.7) |
| 0.3 | Libor - three-month dollar rate (%) | 0.4 | 0.3 | (25.0) |

(a) In USD dollars per barrel, Source: Platt's Oilgram.
(b) Source: ECB.
(c) In USD per barrel FOB Mediterranean Brent dated crude oil. Source: Eni calculations based on Platt's Oilgram data.
(d) In USD per million BTU (British Thermal Unit). Source: Platt's Oilgram.

# Analysis of profit and loss account items

## Net sales from operations

| 2011 | (€ million) | 2012 | 2013 | Change | % Ch. |
|---|---|---|---|---|---|
| 29,121 | Exploration & Production | 35,881 | 31,268 | (4,613) | (12.9) |
| 33,093 | Gas & Power | 36,200 | 32,124 | (4,076) | (11.3) |
| 51,219 | Refining & Marketing | 62,656 | 57,329 | (5,327) | (8.5) |
| 6,491 | Versalis | 6,418 | 5,859 | (559) | (8.7) |
| 11,834 | Engineering & Construction | 12,771 | 11,611 | (1,160) | (9.1) |
| 85 | Other activities | 119 | 80 | (39) | (32.8) |
| 1,365 | Corporate and financial companies | 1,369 | 1,453 | 84 | 6.1 |
| (54) | Impact of unrealized intragroup profit elimination | (75) | 18 | 93 | |
| (25,464) | Consolidation adjustments | (28,119) | (25,020) | 3,099 | |
| **107,690** | | **127,220** | **114,722** | **(12,498)** | **(9.8)** |

In 2013, Eni's **net sales from operations** (€114,722 million) decreased by €12,498 million from 2012 (down by 9.8%) reflecting lower realizations on commodities in dollar terms, negative impact of the appreciation of the euro against the US dollar, lower production and sales, and a marked slowdown in the Engineering & Construction business activity.

Revenues generated by the Exploration & Production Division (€31,268 million) decreased by €4,613 million, or 12.9%, due to lower oil and gas realizations in dollar terms (down by 2.1%), the appreciation of the euro against the US dollar and the extraordinary disruptions in Libya and Nigeria.

Revenues generated by the Gas & Power Division (€32,124 million) decreased by €4,076 million, down by 11.3%, due to continued deterioration in selling prices to large customers in Italy reflecting a weak gas demand and increasing competitive pressure. In addition spot prices at Italian hubs which are the main benchmark for selling prices in short-term supplies to large Italian customers have aligned very rapidly to continental hubs, thus driving a large fall in average realizations. Finally, the segment recorded lower sales to European target markets (down by 7.2%).

Revenues generated by the Refining & Marketing Division (€57,329 million) decreased by €5,327 million, or 8.5%, mainly reflecting lower sales of refined products (down 4.84 mmtonnes; or 10%, from 2012) and the negative impact of the currency.

Revenues generated by Versalis (€5,859 million) decreased by €559 million, down by 8.7% from 2012 mainly due to a decline in volumes sold (down by 4.2%) against the backdrop of the continuing weak commodity demand, impacted by the economic downturn, declining average sales prices (down by 3.2%), mainly in olefin prices (down by 23%), as result of the fall in butadiene's unit margins.

Revenues generated by the Engineering & Construction business (€11,611 million) decreased by €1.160 million, or 9.1% due to marketing and operating difficulties, mainly in the first half of 2013 and the decline of business activity in onshore and offshore construction segments.

## Operating expenses

| 2011 | (€ million) | 2012 | 2013 | Change | % Ch. |
|---|---|---|---|---|---|
| 78,795 | Purchases. services and other | 95,363 | 90,213 | (5,150) | (5.4) |
| *69* | *of which: - non-recurring items* | | | | |
| *265* | *- other special items* | *1,154* | *539* | | |
| 4,404 | Payroll and related costs | 4,613 | 5,264 | 651 | 14.1 |
| *203* | *of which: - provision for redundancy incentives* | *64* | *270* | | |
| **83,199** | | **99,976** | **95,477** | **(4,499)** | **(4.5)** |

In 2013 **operating expenses** (€95,477 million) decreased by €4,499 million, or 4.5%, from 2012.
**Purchases, services and other costs** (€90,213 million) decreased by €5,150 million, or 5.4%, reflecting lower supply costs in euro terms of raw materials and the benefit of renegotiations of long-term gas supply contracts, some of which were retroactive to previous reporting periods. Purchases, services and other costs included **special charges** of €539 million (€1,154 million in 2012) mainly related to environmental and onerous contracts risk provisions, net of reversal deriving from renegotiations. In 2012 special charges mainly referred to the extraordinary expenses and risk provisions of €945 million incurred in connection with price revisions at long-term gas purchase contracts.

**Payroll and related costs** (€5,264 million) increased by €651 million from 2012, or 14.1%, due to an higher average number of employees outside Italy, particularly in the Engineering & Construction business and higher provision for redundancy incentives (€270 million), which included Eni's cost for 2013-2014 redundancy, pursuant to the provisions of Italian Law No. 223/1991.

## Depreciation, depletion, amortization and impairments

| 2011 | (€ million) | 2012 | 2013 | Change | % Ch. |
|---|---|---|---|---|---|
| 6,251 | Exploration & Production | 7,988 | 7,812 | (176) | (2.2) |
| 413 | Gas & Power | 405 | 329 | (76) | (18.8) |
| 351 | Refining & Marketing | 331 | 309 | (22) | (6.6) |
| 90 | Versalis | 90 | 95 | 5 | 5.6 |
| 596 | Engineering & Construction | 683 | 721 | 38 | 5.6 |
| 2 | Other activities | 1 | 1 | | |
| 75 | Corporate and financial companies | 65 | 61 | (4) | (6.2) |
| (23) | Impact of unrealized intragroup profit elimination | (25) | (25) | | |
| **7,755** | **Total depreciation, depletion and amortization** | **9,538** | **9,303** | **(235)** | **(2.5)** |
| 1,030 | Impairments | 4,023 | 2,400 | (1,623) | (40.3) |
| **8,785** | | **13,561** | **11,703** | **(1,858)** | **(13.7)** |

**Depreciation, depletion and amortization** (€9,303 million) decreased by €235 million, down by 2.5% from 2012, mainly in the Exploration & Production Division due to lower productions in particular in Libya and Nigeria and the appreciation of the euro against the US dollar. The increase recorded in the Engineering & Construction business (up €38 million, or 5.6%) was due to new vessels and rigs which were brought into operations.

**Impairment charges** of €2,400 million mainly regarded the goodwill and other intangible assets allocated to the gas Marketing activity and impairment losses of refining and electricity plants driven by a reduced profitability outlook on the back of the ongoing European downturn. In performing the impairment review, management assumed a reduced profitability outlook in those businesses driven by a deteriorating European macroeconomic environment, volatility in commodity prices and margins, and rising competitive pressures. Other impairment losses were incurred at a number of oil&gas properties in the Exploration & Production Division reflecting downward reserve revisions almost completely offset by the reversal of impairment charges made in previous reporting periods due to positive revisions of reserves, as well as marginal lines of business in the Chemical segment due to lack of profitability perspectives.

The breakdown of impairment charges by Division is shown in the table below:

| 2011 | (€ million) | 2012 | 2013 | Change | % Ch. |
|---|---|---|---|---|---|
| 189 | Exploration & Production | 547 | 19 | (528) | (96.5) |
| 154 | Gas & Power | 2,494 | 1,685 | (809) | (32.4) |
| 488 | Refining & Marketing | 843 | 633 | (210) | (24.9) |
| 160 | Versalis | 112 | 44 | (68) | (60.7) |
| 35 | Engineering & Construction | 25 | | (25) | .. |
| 4 | Other activities | 2 | 19 | 17 | .. |
| **1,030** | | **4,023** | **2,400** | **(1,623)** | **(40.3)** |

## Operating profit

The breakdown of the reported operating profit by Division is provided below:

| 2011 | (€ million) | 2012 | 2013 | Change | % Ch. |
|---|---|---|---|---|---|
| 15,887 | Exploration & Production | 18,470 | 14,871 | (3,599) | (19.5) |
| (326) | Gas & Power | (3,219) | (2,992) | 227 | 7.1 |
| (273) | Refining & Marketing | (1,296) | (1,517) | (221) | (17.1) |
| (424) | Versalis | (681) | (725) | (44) | (6.5) |
| 1,422 | Engineering & Construction | 1,442 | (83) | (1,525) | .. |
| (427) | Other activities | (300) | (337) | (37) | (12.3) |
| (319) | Corporate and financial companies | (341) | (399) | (58) | (17.0) |
| 1,263 | Impact of unrealized intragroup profit elimination | 996 | 38 | (958) | |
| **16,803** | **Operating profit** | **15,071** | **8,856** | **(6,215)** | **(41.2)** |

## Adjusted operating profit

The breakdown of the adjusted operating profit by Division is provided below:

| 2011 | (€ million) | 2012 | 2013 | Change | % Ch. |
|---|---|---|---|---|---|
| **16,803** | **Operating profit - continuing operations** | **15,071** | **8,856** | **(6,215)** | **(41.2)** |
| (1,113) | Exclusion of inventory holding (gains) losses | (17) | 716 | | |
| 1,540 | Exclusion of special items | 4,744 | 3,046 | | |
| | of which: | | | | |
| *69* | *- non-recurring items* | | | | |
| *1,471* | *- other special items* | *4,744* | *3,046* | | |
| **17,230** | **Adjusted operating profit - continuing operations** | **19,798** | **12,618** | **(7,180)** | **(36.3)** |
| | **Breakdown by Division:** | | | | |
| 16,075 | Exploration & Production | 18,537 | 14,646 | (3,891) | (21.0) |
| (247) | Gas & Power | 356 | (663) | (1,019) | .. |
| (539) | Refining & Marketing | (321) | (482) | (161) | (50.2) |
| (273) | Versalis | (483) | (386) | 97 | 20.1 |
| 1,443 | Engineering & Construction | 1,474 | (84) | (1,558) | .. |
| (226) | Other activities | (222) | (210) | 12 | 5.4 |
| (266) | Corporate and financial companies | (325) | (332) | (7) | (2.2) |
| 1,263 | Impact of unrealized intragroup profit elimination and other consolidation adjustments | 782 | 129 | (653) | |
| **17,230** | | **19,798** | **12,618** | **(7,180)** | **(36.3)** |

**Eni's adjusted operating profit,** calculated by excluding an inventory holding loss which amounted to €716 million and special gains of €3,046 million, amounted to €12,618 million, a decrease of €7,180 million from the previous year (down by 36.3%), reflecting a lower operating performance recorded by the following Divisions:

- **Exploration & Production** (down €3,891 million, or 21%) driven by lower production sold impacted by geopolitical issues mainly in Libya and Nigeria and the appreciation of the euro against the US dollar (approximately €560 million);
- **Gas & Power** reported an adjusted operating loss at €663 million, down €1,019 million from an adjusted operating profit of €356 million in 2012. The decline was driven by the continued deterioration in selling prices to large customers in Italy against the backdrop of weak gas demand and increasing competitive pressure, as well as plunging margins on the production and sale of electricity;
- **Refining & Marketing** reported sharply higher adjusted operating losses (from €321 million in 2012 to €482 million in 2013), reflecting unprecedented decline in refining margins (the average Brent refining margin decreased to 2.64 $/bbl, or by 45.3% from 2012) driven by weak demand for refined products and overcapacity, the effects of which were exacerbated by shrinking price differentials between light and heavy crudes;
- **Engineering & Construction** reported an adjusted operating loss of €84 million (down €1,558 million from 2012) due to marketing and operating difficulties incurred in the first half of 2013 resulting in sharply lower revision of margin estimates at certain large contracts for the construction of onshore industrial complexes.

## Finance income (expense)

| 2011 | (€ million) | 2012 | 2013 | Change |
|---|---|---|---|---|
| **(881)** | **Finance income (expense) related to net borrowings** | **(929)** | **(828)** | **101** |
| (922) | - Finance expense on short and long-term debt | (980) | (923) | 57 |
| 22 | - Net interest due to banks | 27 | 43 | 16 |
| | - Net income from financial activities held for trading | | 4 | 4 |
| 19 | - Net income from receivables and securities for non-financing operating activities | 24 | 48 | 24 |
| **(112)** | **Income (expense) on derivative financial instruments** | **(251)** | **(92)** | **159** |
| 29 | - Derivatives on exchange rate | (137) | (91) | 46 |
| (141) | - Derivatives on interest rate | (88) | 40 | 128 |
| | - Derivates on securities | (26) | (41) | (15) |
| **(111)** | **Exchange differences, net** | **131** | **36** | **(95)** |
| **(154)** | **Other finance income (expense)** | **(448)** | **(277)** | **171** |
| 75 | - Net income from receivables and securities for financing operating activities | 69 | 74 | 5 |
| (235) | - Finance expense due to the passage of time (accretion discount) | (308) | (240) | 68 |
| 6 | - Other finance income (expense) | (209) | (111) | 98 |
| **(1,258)** | | **(1,497)** | **(1,161)** | **336** |
| **112** | **Finance expense capitalized** | **150** | **170** | **20** |
| **(1,146)** | | **(1,347)** | **(991)** | **356** |

**Net finance expense** decreased by €356 million to €991 million from 2012, reflecting lower financial expense on debt (down €57 million) due to favourable trends in key market benchmarks and gains recognized in fair value evaluation of certain derivative instruments on interest rates (up €128 million) which did not meet the formal criteria to be designated as hedges under IFRS. Negative exchange differences net (down €95 million) were partly offset by lower losses on exchange rate derivatives (up €46 million) recognized through profit as lacking the formal criteria for hedge accounting in accordance with IAS 39. Other financial expense decreased by €98 million from 2012 mainly due to the fact that the 2012 results reflected finance charges accrued on amounts due to certain gas suppliers following the definition of contractual price revisions.

## Net income from investments

The table below sets forth the breakdown of net income from investments by Division:

| 2013 (€ million) | Exploration & Production | Gas & Power | Refining & Marketing | Engineering & Construction | Other segments | Group |
|---|---|---|---|---|---|---|
| Share of gains (losses) from equity-accounted investments | 129 | 101 | 19 | (12) | 15 | 252 |
| Dividends | 235 | | 49 | | 116 | 400 |
| Gains on disposal | 3,359 | (1) | 67 | | 173 | 3,598 |
| Other income (expense), net | 1,685 | (10) | 23 | | 167 | 1,865 |
| | **5,408** | **90** | **158** | **(12)** | **471** | **6,115** |

**Net income from investments** amounted to €6,115 million and mainly related to gains on disposal of assets (€3,598 million) referred to the gain recorded on the sale of a 28.57% interest in Eni East Africa, which is the operator of Area 4 in Mozambique, to China National Petroleum Corporation (€3,359 million) and the fair-value revaluation of Eni's interest in Artic Russia (€1,682 million) due to the loss of joint control at the balance sheet date, following the occurrence of all conditions precedent of the SPA (Sale and Purchase Agreement) with Gazprom. On January 2014, the consideration of the disposal was cashed in. Minor gains were recorded on the divestment of the available-for-sale interests in Snam (€75 million of which €8 million related to the reversal of the evaluation reserve) and Galp (€98 million).

Other income related to: (i) Eni's share of profit of entities accounted for under the equity-accounting method (€252 million), mainly in the Exploration & Production and Gas & Power Divisions; (ii) dividends received from entities accounted for at cost (€400 million), relating to Nigeria LNG Ltd (€224 million), Snam Spa (€72 million) and Galp Energia SGPS SA (€43 million).

These increases were partly absorbed by the fact that 2012 benefitted from gains relating to the divestment of a 9% stake in Galp (€311 million) and the revaluation of the residual interest (€865 million), as well as a gain recorded on an equity transaction made by Galp's subsidiary (€835 million).

The table below sets forth a breakdown of net income/loss from investments for 2013:

| 2011 | (€ million) | 2012 | 2013 | Change |
|---|---|---|---|---|
| 500 | Share of gains (losses) from equity-accounted investments | 278 | 252 | (26) |
| 659 | Dividends | 431 | 400 | (31) |
| 1,121 | Gains on disposal | 349 | 3,598 | 3,249 |
| (157) | Other income (expense), net | 1,823 | 1,865 | 42 |
| **2,123** | | **2,881** | **6,115** | **3,234** |

## Income taxes

| 2011 | (€ million) | 2012 | 2013 | Change |
|---|---|---|---|---|
| | **Profit before income taxes** | | | |
| 694 | Italy | (723) | (3,848) | (3,125) |
| 17,086 | Outside Italy | 17,328 | 17,828 | 500 |
| **17,780** | | **16,605** | **13,980** | **(2,625)** |
| | **Income taxes** | | | |
| 227 | Italy | 945 | 313 | (632) |
| 9,676 | Outside Italy | 10,716 | 8,695 | (2,021) |
| **9,903** | | **11,661** | **9,008** | **(2,653)** |
| | **Tax rate (%)** | | | |
| 32.7 | Italy | .. | (8.1) | .. |
| 56.6 | Outside Italy | 61.8 | 48.8 | (13.0) |
| **55.7** | | **70.2** | **64.4** | **(5.8)** |

**Income taxes** were €9,008 million, down €2,653 million compared to the previous year, mainly reflecting lower income taxes currently payable which were incurred by subsidiaries in the Exploration & Production Division operating outside Italy due to a declining taxable profit.
The reported tax rate was 64.4%, compared to the statutory tax rate of 41.9%, calculated by applying the Italian statutory tax rate on corporate profit of 38% and 3.9% corporate tax rate applicable to net value of production as provided for by Italian laws.
The difference between the statutory and effective tax rate was due to: (i) the higher share of taxable profit reported outside Italy by the Exploration & Production Division; (ii) the write-off of deferred tax assets which were assessed to be no more recoverable due to the projections of lower earnings before income taxes at Italian activities for 8.9 percentage points; (iii) the partially non-taxable gains which were recorded on the sale of Eni's 28.57% interest in Eni East Africa SpA, the non-taxable gains registered on the sale of on the Galp SGPS and Snam SpA interests, as well as, with an opposite effect, the non-deductable charges relating to the goodwill impairment of the European Market cash generating unit and to intergroup dividend distribution.
Adjusted tax rate, calculated as ratio of income taxes to net profit before taxes on an adjusted basis, was 66.4% and it was higher than in 2012 (59.8%) reflecting the higher share of taxable profit reported by the Exploration & Production Division and the fact that the Company could not recognize any tax-loss carry-forward for Saipem losses.

### Non-controlling interest

Non-controlling interest's share of loss was €188 million and related mainly to Saipem SpA.

## Divisional performance[2]

### Exploration & Production

| 2011 | (€ million) | | 2012 | 2013 | Change | % Ch. |
|---|---|---|---|---|---|---|
| **15,887** | **Operating profit** | | **18,470** | **14,871** | **(3,599)** | **(19.5)** |
| 188 | Exclusion of special items: | | 67 | (225) | | |
| *190* | *- asset impairments* | | *550* | *19* | | |
| *(63)* | *- net gains on disposal of assets* | | *(542)* | *(283)* | | |
| | *- risk provisions* | | *7* | *7* | | |
| *44* | *- provision for redundancy incentives* | | *6* | *52* | | |
| *1* | *- commodity derivatives* | | *1* | *(2)* | | |
| *(2)* | *- exchange rate differences and derivatives* | | *(9)* | *(2)* | | |
| *18* | *- other* | | *54* | *(16)* | | |
| **16,075** | **Adjusted operating profit** | | **18,537** | **14,646** | **(3,891)** | **(21.0)** |
| (231) | Net financial income (expense) [(a)] | | (264) | (264) | | |
| 624 | Net income (expense) from investments [(a)] | | 436 | 367 | (69) | |
| (9,603) | Income taxes [(a)] | | (11,283) | (8,797) | 2,486 | |
| *58.3* | *Tax rate (%)* | | *60.3* | *59.6* | *(0.7)* | |
| **6,865** | **Adjusted net profit** | | **7,426** | **5,952** | **(1,474)** | **(19.8)** |
| | Results also include: | | | | | |
| 6,440 | - amortization and depreciation | | 8,535 | 7,831 | (704) | (8.2) |
| | of which: | | | | | |
| 1,165 | exploration expenditures | | 1,835 | 1,736 | (99) | (5.4) |
| *820* | *- amortization of exploratory drilling expenditures and other* | | *1,457* | *1,362* | *(95)* | *(6.5)* |
| *345* | *- amortization of geological and geophysical exploration expenses* | | *378* | *374* | *(4)* | *(1.1)* |
| | **Average hydrocarbons realizations** | | | | | |
| 102.11 | Liquids [(b)] | ($/bbl) | 102.58 | 99.44 | (3.14) | (3.1) |
| 6.48 | Natural gas | ($/mcf) | 7.12 | 7.26 | 0.14 | 1.9 |
| 72.26 | Hydrocarbons | ($/boe) | 73.39 | 71.87 | (1.52) | (2.1) |

(a) Excluding special items.
(b) Includes condensates.

In 2013, the Exploration & Production Division recorded an **adjusted operating profit** of €14,646 million, decreasing by €3,891 million from 2012, down by 21%, due to lower production sold, impacted by extraordinary disruptions mainly in Libya and Nigeria, the appreciation of the euro against the US dollar (approximately €560 million), as well as lower oil and gas realizations in dollar terms (down by 2.1%, on average).

**Special charges** excluded from adjusted operating profit amounted to €225 million and mainly related to net gains on disposal of marginal assets (€283 million), partly offset by provision for redundancy incentives (€52 million) and by minor impairment losses incurred at a number of oil&gas properties reflecting downward reserve revisions, almost completely offset by the reversal of impairment charges made in previous reporting periods due positive revisions of reserves (net charge of €19 million).

**Adjusted net profit** decreased by €1,474 million to €5,952 million (down by 19.8%) from 2012, due to lower operating performance and lower income from investments.

(2) For a detailed explanation of adjusted operating profit and net profit see the paragraph "Reconciliation of reported operating profit and reported net profit to results on an adjusted basis".

## Gas & Power

| 2011 | (€ million) | 2012 | 2013 | Change | % Ch. |
|---|---|---|---|---|---|
| **(326)** | **Operating profit** | **(3,219)** | **(2,992)** | **227** | **7.1** |
| (166) | Exclusion of inventory holding (gains) losses | 163 | 191 | | |
| 245 | Exclusion of special items: | 3,412 | 2,138 | | |
| *154* | *- asset impairments* | *2,494* | *1,685* | | |
| | *- net gains on disposal of assets* | *(3)* | *1* | | |
| *77* | *- risk provisions* | *831* | *292* | | |
| | *- environmental provisions* | *(2)* | *(1)* | | |
| *34* | *- provisions for redundancy incentives* | *5* | *10* | | |
| *45* | *- commodity derivatives* | | *314* | | |
| *(82)* | *- exchange rate differences and derivatives* | *(51)* | *(186)* | | |
| *17* | *- other* | *138* | *23* | | |
| **(247)** | **Adjusted operating profit** | **356** | **(663)** | **(1,019)** | **..** |
| *(657)* | *Marketing* | *47* | *(837)* | *(884)* | *..* |
| *410* | *International transport* | *309* | *174* | *(135)* | *(43.7)* |
| 43 | Net finance income (expense) [a] | 29 | 24 | (5) | |
| 363 | Net income (expense) from investments [a] | 261 | 100 | (161) | |
| 93 | Income taxes [a] | (173) | 293 | 466 | |
| *..* | *Tax rate (%)* | *26.8* | *..* | | |
| **252** | **Adjusted net profit** | **473** | **(246)** | **(719)** | **..** |

(a) Excluding special items.

In 2013, the Gas & Power Division reported sharply lower **adjusted operating loss** of €663 million, compared to operating profit of €356 million registered in 2012.
The Marketing business reported a loss of €837 million, compared to break-even results achieved in the previous year (adjusted operating profit of €47 million). This negative trend reflected increasing competition, an ongoing demand downturn and oversupplies, the effects of which were exacerbated by minimum off-take obligations provided by long-term supply contracts. Based on these trends, Eni's gas business in Italy was impacted by plummeting prices realized on short-term selling contracts to large Italian clients because those prices are benchmarked to Italian spot prices which have been aligning to continental hubs determining negative margins in comparison with oil-linked supply costs. The decline in spot prices has been transferred to long-term selling contracts. Furthermore, Eni's results were impacted by sharply lower margins in the production and sale of gas-fired electricity due to oversupply and increasing competition from more competitive sources such as coal-fired electricity and renewables. The International transport activity also registered a decline in operating performance (down by 43.7%).

The **special charges** excluded from adjusted operating loss amounted to €2,138 million related to: (i) impairment losses of €1,685 million recorded mainly in the activity of electricity generation (€919 million) due to the projections of reduced cash flows, impacted by lower electricity demand and the pressures on margins determined by renewable energy and coal competition, as well as impairment losses recorded to write down the book values of goodwill and other intangible assets to their lower value-in-use mainly in the gas marketing business reflecting structural headwinds; (ii) expenses for fair-valued commodity derivatives of €314 million lacking formal prerequisites to be accounted as hedges; (iii) risk provisions of €292 million in 2013.

The Gas & Power Division reported an **adjusted net loss** of €246 million, representing a decrease of €719 million compared to 2012, also due to reduced results from equity-accounted entities.

## Other performance indicators

Follows a breakdown of the pro-forma adjusted EBITDA by business:

| 2011 | (€ million) | 2012 | 2013 | Change | % Ch. |
|---|---|---|---|---|---|
| **949** | **Pro-forma EBITDA adjusted** | **1,316** | **6** | **(1,310)** | **..** |
| 257 | Marketing | 858 | (311) | (1,169) | .. |
| *44* | *of which: +/(-) adjustment on commodity derivatives* | | | | |
| 692 | International transport | 458 | 317 | (141) | (30.8) |

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization charges) on an adjusted basis is calculated by adding amortization and depreciation charges to adjusted operating profit, which is also modified to take into account the impact associated with certain derivatives instruments as detailed below. This performance indicator includes the adjusted EBITDA of Eni's wholly owned subsidiaries and Eni's share of adjusted EBITDA generated by certain associates which are accounted for under the equity method for IFRS purposes. Management believes that the EBITDA pro-forma adjusted is an important alternative measure to assess the performance of Eni's Gas & Power Division, taking into account evidence that this Division is comparable to European utilities in the gas and power generation sector. This measure is provided in order to assist investors and financial analysts in assessing the divisional performance of Eni Gas & Power, as compared to its European peers, as EBITDA is widely used as the main performance indicator for utilities. The EBITDA pro-forma adjusted is a non-GAAP measure under IFRS.

## Refining & Marketing

| 2011 | (€ million) | 2012 | 2013 | Change | % Ch. |
|---|---|---|---|---|---|
| **(273)** | **Operating profit** | **(1,296)** | **(1,517)** | **(221)** | **(17.1)** |
| (907) | Exclusion of inventory holding (gains) losses | (29) | 221 | | |
| 641 | Exclusion of special items: | 1,004 | 814 | | |
| *488* | *- asset impairments* | *846* | *633* | | |
| *10* | *- net gains on disposal of assets* | *5* | *(9)* | | |
| *8* | *- risk provisions* | *49* | | | |
| *34* | *- environmental provisions* | *40* | *93* | | |
| *81* | *- provisions for redundancy incentives* | *19* | *91* | | |
| *(3)* | *- commodity derivatives* | | *5* | | |
| *(4)* | *- exchange rate differences and derivatives* | *(8)* | *(2)* | | |
| *27* | *- other* | *53* | *3* | | |
| **(539)** | **Adjusted operating profit** | **(321)** | **(482)** | **(161)** | **(50.2)** |
| | Net finance income (expense) [a] | (11) | (4) | 7 | |
| 99 | Net income (expense) from investments [a] | 63 | 70 | 7 | |
| 176 | Income taxes [a] | 90 | 184 | 94 | |
| **(264)** | **Adjusted net profit** | **(179)** | **(232)** | **(53)** | **(29.6)** |

(a) Excluding special items.

In 2013, the Refining & Marketing Division reported an **adjusted operating loss** amounting to €482 million, a decline of €161 million compared to the previous year (down by 50.2%) due to plummeting refining margin in the Mediterranean area (the average Brent refining margin decreased to 2.64 $/bbl, down by 45.3% from 2012) reflecting weak demand for oil products, excess of capacity and growing competition from streams of products imported from Russia and Asia. Furthermore, Eni's realized margins were impacted by narrowing differentials between the light and heavy crudes that negatively impacted the profitability of complex cycles. The negative scenario was partly counteracted by efficiency initiatives, in particular those aimed at reducing energy and operating costs and optimizing refinery utilization rates by reducing the throughput of less competitive plants. Marketing results registered a decline compared to the previous year, due to lower consumption in retail sales.

**Special charges** excluded from adjusted operating loss amounted to €814 million, mainly related to impairment losses of refining plants due to the projection of unprofitable refining margins (€633 million), environmental charges (€93 million), and provisions for redundancy incentives (€91 million).

**Adjusted net loss** was €232 million, down €53 million from 2012 adjusted net loss of €179 million, mainly due to higher operating losses.

## Versalis

| 2011 | (€ million) | 2012 | 2013 | Change | % Ch. |
|---|---|---|---|---|---|
| **(424)** | **Operating profit** | **(681)** | **(725)** | **(44)** | **(6.5)** |
| (40) | Exclusion of inventory holding (gains) losses | 63 | 213 | | |
| 191 | Exclusion of special items | 135 | 126 | | |
| | *of which:* | | | | |
| 10 | Non-recurring items | | | | |
| 181 | Other special items: | 135 | 126 | | |
| *160* | *- asset impairments* | *112* | *44* | | |
| | *- net gains on disposal of assets* | *1* | | | |
| | *- risk provisions* | *18* | *4* | | |
| *1* | *- environmental provisions* | | *61* | | |
| *17* | *- provisions for redundancy incentives* | *14* | *23* | | |
| | *- commodity derivatives* | *1* | *(1)* | | |
| | *- exchange rate differences and derivatives* | *(11)* | *(5)* | | |
| *3* | *- other* | | | | |
| **(273)** | **Adjusted operating profit** | **(483)** | **(386)** | **97** | **20.1** |
| | Net finance income (expense) [(a)] | (3) | (2) | 1 | |
| | Net income (expense) from investments [(a)] | 2 | | (2) | |
| 67 | Income taxes [(a)] | 89 | 50 | (39) | |
| **(206)** | **Adjusted net profit** | **(395)** | **(338)** | **57** | **14.4** |

(a) Excluding special items.

In 2013 the **adjusted operating loss** of €386 million improved by €97 million, or 20.1%, as the benchmark margin on cracking recovered from the particularly depressed level reported in the first half of 2012. This trend was offset by lower volumes due to weakness in commodity demand pressured by the economic downturn and increasing competition from Asian producers which left product margins and sales volumes at depressed levels.

**Special charges** excluded from adjusted operating loss of €126 million, related mainly to environmental provisions (€61 million), impairment of marginal business lines due to lack of profitability perspectives (€44 million), as well as to provisions for redundancy incentives (€23 million).

**Adjusted net loss** of €338 million improved by €57 million from the previous year.

## Engineering & Construction

| 2011 | (€ million) | 2012 | 2013 | Change | % Ch. |
|---|---|---|---|---|---|
| **1,422** | **Operating profit** | **1,442** | **(83)** | **(1,525)** | **..** |
| 21 | Exclusion of special items: | 32 | (1) | | |
| *35* | *- asset impairments* | *25* | | | |
| *4* | *- net gains on disposal of assets* | *3* | *107* | | |
| *10* | *- provision for redundancy incentives* | *7* | *2* | | |
| *(28)* | *- commodity derivatives* | *(3)* | *(1)* | | |
| | *- Other* | | *(109)* | | |
| **1,443** | **Adjusted operating profit** | **1,474** | **(84)** | **(1,558)** | **..** |
| | Net finance income (expense) [a] | (7) | (5) | 2 | |
| 95 | Net income (expense) from investments [a] | 55 | (12) | (67) | |
| (440) | Income taxes [a] | (411) | (152) | 259 | |
| *28.6* | *Tax rate (%)* | *27.0* | .. | | |
| **1,098** | **Adjusted net profit** | **1,111** | **(253)** | **(1,364)** | **..** |

(a) Excluding special items.

In 2013, the Engineering & Construction segment registered a steep contraction in profitability with an **adjusted operating loss** of €84 million, compared to the operating profit of €1,474 million recorded in 2012. This negative trend was due to marketing and operating difficulties incurred in the first half of 2013 which led management to make sharply lower revision of margin estimates at certain large contracts for the construction of onshore industrial complexes and a slowdown in order acquisitions in Engineering & Construction Onshore and Offshore businesses.

The commercial arbitration with a Group's subsidiary is ongoing relating to a change order as part of a project to build a gas plant in Algeria. It is worth mentioning that this issue, whichever the outcome, will not produce any impact on Eni's consolidated results.

**Special charges** excluded from adjusted operating profit related mainly to the write-off of Saipem's Perro Negro 6 drilling rig, following the accident which occurred in July 2013 (€107 million), more than offset by relating insurance gain.

The **adjusted net loss** of 2013 amounting to €253 million (down €1,364 million from the €1,111 million profit reported in 2012) is driven by the above mentioned estimate revisions.

## Other activities[3]

| 2011 | (€ million) | 2012 | 2013 | Change | % Ch. |
|---|---|---|---|---|---|
| **(427)** | **Operating profit** | **(300)** | **(337)** | **(37)** | **(12.3)** |
| 201 | Exclusion of special items: | 78 | 127 | | |
| | of which: | | | | |
| 59 | Non-recurring items | | | | |
| 142 | Other special items: | 78 | 127 | | |
| *4* | *- asset impairments* | *2* | *19* | | |
| *(7)* | *- net gains on disposal of assets* | *(12)* | *(3)* | | |
| *9* | *- risk provisions* | *35* | *31* | | |
| *141* | *- environmental provisions* | *25* | *52* | | |
| *8* | *- provisions for redundancy incentives* | *2* | *20* | | |
| *(13)* | *- other* | *26* | *8* | | |
| **(226)** | **Adjusted operating profit** | **(222)** | **(210)** | **12** | **5.4** |
| 5 | Net finance income (expense) [a] | (24) | 4 | 28 | |
| (3) | Net income (expense) from investments [a] | (1) | 1 | 2 | |
| (1) | Income taxes [a] [b] | | | | |
| **(225)** | **Adjusted net profit** | **(247)** | **(205)** | **42** | **17.0** |

(a) Excluding special items.
(b) Deferred tax assets relating to Syndial losses are recognized by the parent company Eni SpA based on intercompany agreements which regulate the Italian consolidated accounts for tax purposes.

## Corporate and financial companies

| 2011 | (€ million) | 2012 | 2013 | Change | % Ch. |
|---|---|---|---|---|---|
| **(319)** | **Operating profit** | **(341)** | **(399)** | **(58)** | **(17.0)** |
| 53 | Exclusion of special items: | 16 | 67 | | |
| *(1)* | *- net gains on disposal of assets* | | | | |
| *(6)* | *- risk provisions* | *5* | | | |
| *9* | *- provisions for redundancy incentives* | *11* | *72* | | |
| *51* | *- other* | | *(5)* | | |
| **(266)** | **Adjusted operating profit** | **(325)** | **(332)** | **(7)** | **(2.2)** |
| (876) | Net finance income (expense) [a] | (865) | (554) | 311 | |
| 1 | Net income (expense) from investments [a] | 99 | 290 | 191 | |
| 388 | Income taxes [a] | 115 | 124 | 9 | |
| **(753)** | **Adjusted net profit** | **(976)** | **(472)** | **504** | **51.6** |

(a) Excluding special items.

(3) 2012 results do not include Snam contribution.

# Non-GAAP measures

## Reconciliation of reported operating profit and reported net profit to results on an adjusted basis

Management evaluates Group and business performance on the basis of adjusted operating profit and adjusted net profit, which are arrived at 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 in order to manage exposure to movements in foreign currency exchange rates which impact industrial margins and the translation of commercial payables and receivables. Accordingly currency translation effects recorded through profit and loss are also 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. The Italian statutory tax rate is applied to finance charges and income (38% is applied to charges recorded by companies in the energy sector, whilst a tax rate of 27.5% is applied to all other companies). Adjusted operating profit and adjusted net profit are non-GAAP financial measures under either IFRS or US GAAP. Management includes them in order 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.

The following is a description of items that are excluded from the calculation of adjusted results.

**Inventory holding gain or loss** 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.

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

**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 Division). Finance charges or interest income and related taxation effects excluded from the adjusted net profit of the business segments are allocated on the aggregate Corporate and financial companies.

For a reconciliation of adjusted operating profit and adjusted net profit to reported operating profit and reported net profit see tables below.

**2013**

| (€ million) | Exploration & Production | Gas & Power | Refining & Marketing | Versalis | Engineering & Construction | Corporate and financial companies | Other activities | Impact of unrealized intragroup profit elimination | GROUP |
|---|---|---|---|---|---|---|---|---|---|
| **Operating profit** | **14,871** | **(2,992)** | **(1,517)** | **(725)** | **(83)** | **(399)** | **(337)** | **38** | **8,856** |
| Exclusion of inventory holding (gains) losses | | 191 | 221 | 213 | | | | 91 | 716 |
| **Exclusion of special items:** | | | | | | | | | |
| - asset impairments | 19 | 1,685 | 633 | 44 | | | 19 | | 2,400 |
| - net gains on disposal of assets | (283) | 1 | (9) | | 107 | | (3) | | (187) |
| - risk provisions | 7 | 292 | | 4 | | | 31 | | 334 |
| - environmental charges | | (1) | 93 | 61 | | | 52 | | 205 |
| - provision for redundancy incentives | 52 | 10 | 91 | 23 | 2 | 72 | 20 | | 270 |
| - commodity derivatives | (2) | 314 | 5 | (1) | (1) | | | | 315 |
| - exchange rate differences and derivatives | (2) | (186) | (2) | (5) | | | | | (195) |
| - other | (16) | 23 | 3 | | (109) | (5) | 8 | | (96) |
| **Special items of operating profit** | **(225)** | **2,138** | **814** | **126** | **(1)** | **67** | **127** | | **3,046** |
| **Adjusted operating profit** | **14,646** | **(663)** | **(482)** | **(386)** | **(84)** | **(332)** | **(210)** | **129** | **12,618** |
| Net finance (expense) income [a] | (264) | 24 | (4) | (2) | (5) | (554) | 4 | | (801) |
| Net income (expense) from investments [a] | 367 | 100 | 70 | | (12) | 290 | 1 | | 816 |
| Income taxes [a] | (8,797) | 293 | 184 | 50 | (152) | 124 | | (90) | (8,388) |
| *Tax rate (%)* | *59.6* | .. | .. | | .. | | | | *66.4* |
| **Adjusted net profit** | **5,952** | **(246)** | **(232)** | **(338)** | **(253)** | **(472)** | **(205)** | **39** | **4,245** |
| *of which attributable to:* | | | | | | | | | |
| - non-controlling interest | | | | | | | | | (188) |
| **- Eni's shareholders** | | | | | | | | | **4,433** |
| | | | | | | | | | |
| **Net profit attributable to Eni's shareholders** | | | | | | | | | **5,160** |
| Exclusion of inventory holding (gains) losses | | | | | | | | | 438 |
| Exclusion of special items | | | | | | | | | (1,165) |
| **Adjusted net profit attributable to Eni's shareholders** | | | | | | | | | **4,433** |

(a) Excluding special items.

**2012**

| (€ million) | Exploration & Production | Gas & Power [a] | Refining & Marketing | Versalis | Engineering & Construction | Corporate and financial companies | OTHER ACTIVITIES [a] | | Impact of unrealized intragroup profit elimination | GROUP | DISCONTINUED OPERATIONS | | | CONTINUING OPERATIONS |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Snam | Other activities | | | Snam | Consolidation adjustments | Total | |
| **Operating profit** | **18,470** | **(3,219)** | **(1,296)** | **(681)** | **1,442** | **(341)** | **1,679** | **(300)** | **208** | **15,962** | **(1,679)** | **788** | **(891)** | **15,071** |
| Exclusion of inventory holding (gains) losses | | 163 | (29) | 63 | | | | | (214) | (17) | | | | (17) |
| **Exclusion of special items:** | | | | | | | | | | | | | | |
| - asset impairments | 550 | 2,494 | 846 | 112 | 25 | | | 2 | | 4,029 | | | | 4,029 |
| - net gains on disposal of assets | (542) | (3) | 5 | 1 | 3 | | (22) | (12) | | (570) | 22 | | 22 | (548) |
| - risk provisions | 7 | 831 | 49 | 18 | | 5 | | 35 | | 945 | | | | 945 |
| - environmental charges | | (2) | 40 | | | | 71 | 25 | | 134 | (71) | | (71) | 63 |
| - provision for redundancy incentives | 6 | 5 | 19 | 14 | 7 | 11 | 2 | 2 | | 66 | (2) | | (2) | 64 |
| - commodity derivatives | 1 | | | 1 | (3) | | | | | (1) | | | | (1) |
| - exchange rate differences and derivatives | (9) | (51) | (8) | (11) | | | | | | (79) | | | | (79) |
| - other | 54 | 138 | 53 | | | | | 26 | | 271 | | | | 271 |
| **Special items of operating profit** | **67** | **3,412** | **1,004** | **135** | **32** | **16** | **51** | **78** | | **4,795** | **(51)** | | **(51)** | **4,744** |
| **Adjusted operating profit** | **18,537** | **356** | **(321)** | **(483)** | **1,474** | **(325)** | **1,730** | **(222)** | **(6)** | **20,740** | **(1,730)** | **788** | **(942)** | **19,798** |
| Net finance (expense) income [b] | (264) | 29 | (11) | (3) | (7) | (865) | (54) | (24) | | (1,199) | 54 | | 54 | (1,145) |
| Net income (expense) from investments [b] | 436 | 261 | 63 | 2 | 55 | 99 | 38 | (1) | | 953 | (38) | | (38) | 915 |
| Income taxes [b] | (11,283) | (173) | 90 | 89 | (411) | 115 | (712) | | 2 | (12,283) | 712 | (123) | 589 | (11,694) |
| *Tax rate (%)* | *60.3* | *26.8* | *..* | | *27.0* | | *41.5* | | | *59.9* | | | | *59.8* |
| **Adjusted net profit** | **7,426** | **473** | **(179)** | **(395)** | **1,111** | **(976)** | **1,002** | **(247)** | **(4)** | **8,211** | **(1,002)** | **665** | **(337)** | **7,874** |
| *of which attributable to:* | | | | | | | | | | | | | | |
| - non-controlling interest | | | | | | | | | | 886 | | | (142) | 744 |
| **- Eni's shareholders** | | | | | | | | | | **7,325** | | | **(195)** | **7,130** |
| | | | | | | | | | | | | | | |
| **Net profit attributable to Eni's shareholders** | | | | | | | | | | **7,790** | | | **(3,590)** | **4,200** |
| Exclusion of inventory holding (gains) losses | | | | | | | | | | (23) | | | | (23) |
| Exclusion of special items | | | | | | | | | | (442) | | | 3,395 | 2,953 |
| **Adjusted net profit attributable to Eni's shareholders** | | | | | | | | | | **7,325** | | | **(195)** | **7,130** |

(a) Following the divestment plan, Snam results are reclassified from "Gas & Power" sector to "Other activities" and accounted as discontinued operations.
(b) Excluding special items.

**2011**

| (€ million) | Exploration & Production | Gas & Power [a] | Refining & Marketing | Versalis | Engineering & Construction | Corporate and financial companies | OTHER ACTIVITIES [a] Snam | Other activities | Impact of unrealized intragroup profit elimination | GROUP | DISCONTINUED OPERATIONS Snam | Consolidation adjustments | Total | CONTINUING OPERATIONS |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Operating profit** | **15,887** | **(326)** | **(273)** | **(424)** | **1,422** | **(319)** | **2,084** | **(427)** | **(189)** | **17,435** | **(2,084)** | **1,452** | **(632)** | **16,803** |
| Exclusion of inventory holding (gains) losses | | (166) | (907) | (40) | | | | | | (1,113) | | | | (1,113) |
| **Exclusion of special items** | | | | | | | | | | | | | | |
| *of which:* | | | | | | | | | | | | | | |
| **Non-recurring (income) charges** | | | | **10** | | | | **59** | | **69** | | | | **69** |
| **Other special (income) charges:** | **188** | **245** | **641** | **181** | **21** | **53** | **27** | **142** | | **1,498** | **(27)** | | **(27)** | **1,471** |
| - environmental charges | | | 34 | 1 | | | 10 | 141 | | 186 | (10) | | (10) | 176 |
| - asset impairments | 190 | 154 | 488 | 160 | 35 | | (9) | 4 | | 1,022 | 9 | | 9 | 1,031 |
| - net gains on disposal of assets | (63) | | 10 | | 4 | (1) | (4) | (7) | | (61) | 4 | | 4 | (57) |
| - risk provisions | | 77 | 8 | | | (6) | | 9 | | 88 | | | | 88 |
| - provision for redundancy incentives | 44 | 34 | 81 | 17 | 10 | 9 | 6 | 8 | | 209 | (6) | | (6) | 203 |
| - commodity derivatives | 1 | 45 | (3) | | (28) | | | | | 15 | | | | 15 |
| - exchange rate differences and derivatives | (2) | (82) | (4) | 3 | | | | | | (85) | | | | (85) |
| - other | 18 | 17 | 27 | | | 51 | 24 | (13) | | 124 | (24) | | (24) | 100 |
| **Special items of operating profit** | **188** | **245** | **641** | **191** | **21** | **53** | **27** | **201** | | **1,567** | **(27)** | | **(27)** | **1,540** |
| **Adjusted operating profit** | **16,075** | **(247)** | **(539)** | **(273)** | **1,443** | **(266)** | **2,111** | **(226)** | **(189)** | **17,889** | **(2,111)** | **1,452** | **(659)** | **17,230** |
| Net finance (expense) income [b] | (231) | 43 | | | | (876) | 19 | 5 | | (1,040) | (19) | | (19) | (1,059) |
| Net income (expense) from investments [b] | 624 | 363 | 99 | | 95 | 1 | 44 | (3) | | 1,223 | (44) | | (44) | 1,179 |
| Income taxes [b] | (9,603) | 93 | 176 | 67 | (440) | 388 | (918) | (1) | 78 | (10,160) | 918 | (195) | 723 | (9,437) |
| *Tax rate (%)* | *58.3* | .. | .. | | *28.6* | | *42.2* | | | *56.2* | | | | *54.4* |
| **Adjusted net profit** | **6,865** | **252** | **(264)** | **(206)** | **1,098** | **(753)** | **1,256** | **(225)** | **(111)** | **7,912** | **(1,256)** | **1,257** | **1** | **7,913** |
| *of which attributable to:* | | | | | | | | | | | | | | |
| - non-controlling interest | | | | | | | | | | 943 | | | 32 | 975 |
| **- Eni's shareholders** | | | | | | | | | | **6,969** | | | **(31)** | **6,938** |
| | | | | | | | | | | | | | | |
| **Net profit attributable to Eni's shareholders** | | | | | | | | | | **6,860** | | | **42** | **6,902** |
| Exclusion of inventory holding (gains) losses | | | | | | | | | | (724) | | | | (724) |
| Exclusion of special items: | | | | | | | | | | 833 | | | (73) | 760 |
| *- non-recurring charges* | | | | | | | | | | *69* | | | | *69* |
| *- other special (income) charges* | | | | | | | | | | *764* | | | *(73)* | *691* |
| **Adjusted net profit attributable to Eni's shareholders** | | | | | | | | | | **6,969** | | | **(31)** | **6,938** |

(a) Following the divestment plan, Snam results are reclassified from "Gas & Power" sector to "Other activities" and accounted as discontinued operations.
(b) Excluding special items.

## Breakdown of Group special items

| 2011 | (€ million) | 2012 | 2013 |
|---|---|---|---|
| **69** | **Non-recurring charges (income)** | | |
| *69* | *of which: settlement/payments on antitrust and other Authorities proceedings* | | |
| **1,498** | **Other special items** | **4,795** | **3,046** |
| *1,022* | *- assets impairments* | *4,029* | *2,400* |
| *(61)* | *- net gains on disposal of assets* | *(570)* | *(187)* |
| *88* | *- risk provisions* | *945* | *334* |
| *186* | *- environmental charges* | *134* | *205* |
| *209* | *- provision for redundancy incentives* | *66* | *270* |
| *15* | *- commodity derivatives* | *(1)* | *315* |
| *(85)* | *- exchange rate differences and derivatives* | *(79)* | *(195)* |
| *124* | *- other* | *271* | *(96)* |
| **1,567** | **Special items of operating profit** | **4,795** | **3,046** |
| **89** | **Net finance (income) expense** | **202** | **190** |
| | *of which:* | | |
| *85* | *- exchange rate differences and derivatives* | *79* | *195* |
| **(883)** | **Net income (expense) from investments** | **(5,408)** | **(5,299)** |
| | *of which:* | | |
| (1,118) | gains on disposal of assets | (2,354) | (3,599) |
| *(1,044)* | *of which: international transport* | | |
| | *divestment of the 28.57% of Eni's interest in Eni East Africa* | | *(3,359)* |
| | *Galp* | *(311)* | *(98)* |
| | *Snam* | *(2,019)* | *(75)* |
| | gains on investment revaluation | (3,151) | (1,682) |
| | *of which: Galp* | *(1,700)* | |
| | *Snam* | *(1,451)* | |
| | *Artic Russia* | | *(1,682)* |
| 191 | impairments of equity investments | 156 | 11 |
| **60** | **Income taxes** | **(31)** | **898** |
| | *of which:* | | |
| | *- impairment of deferred tax assets of Italian subsidiaries* | *803* | *954* |
| *552* | *- deferred tax adjustment on PSAs* | | *490* |
| *29* | *- re-allocation of tax impact on intercompany dividends and other special items* | *147* | *64* |
| *(521)* | *- taxes on special items* | *(981)* | *(610)* |
| **833** | **Total special items of net profit** | **(442)** | **(1,165)** |

## Breakdown of impairments

| 2011 | (€ million) | 2012 | 2013 | Change |
|---|---|---|---|---|
| 893 | Asset impairment | 2,679 | 2,290 | (389) |
| 152 | Goodwill impairment | 1,347 | 333 | (1,014) |
| (15) | Revaluations | (3) | (223) | (220) |
| **1,030** | **Sub total** | **4,023** | **2,400** | **(1,623)** |
| 1 | Impairment of losses on receivables related to non recurring activities | 6 | | (6) |
| **1,031** | **Impairments** | **4,029** | **2,400** | **(1,629)** |