ENI SPA
Form 6-K
March 07, 2018

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

Report of Foreign Issuer

Pursuant to Rule 13a-16 or 15d-16 of

the Securities Exchange Act of 1934

For the month of February 2018

Eni S.p.A.

(Exact name of Registrant as specified in its charter)

Piazzale Enrico Mattei 1 -- 00144 Rome, Italy

(Address of principal executive offices)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F x Form 40-F ¨

(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2b under the Securities Exchange Act of 1934.)

Yes ¨ No x

(If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):)

Table of contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorised.

Eni S.p.A.

/s/ Vanessa Siscaro
Name: Vanessa Siscaro
Title: Head of Corporate
Secretary's Staff Office

Date: February 28, 2018

Registered Head Office,

Piazzale Enrico Mattei, 1

00144 Rome

Tel. +39 06598.21

www.eni.com

San Donato Milanese

February 16, 2018

Eni: full year 2017 and fourth quarter results

Key operating and financial results

IIIQ 2017			IVQ 2017	IVQ 2016	IVQ % Ch.	Full Year 2017	Full Year 2016	Full Year % Ch.
52.08	Brent dated	$/bbl	61.39	49.46	24	54.27	43.69	24
1.175	Average EUR/USD exchange rate		1.177	1.079	9	1.130	1.107	2
44.34	Brent dated	€/bbl	52.14	45.84	14	48.03	39.47	22
1,803	Hydrocarbon production	kboe/d	1,892	1,856	2	1,816	1,759	3
947	**Adjusted operating profit (loss)** [(a)]	€ million	1,995	1,286	55	5,795	2,315	150
1,046	of which: E&P		1,864	1,400	33	5,170	2,494	107
(193)	G&P		213	(72)	..	212	(390)	..
337	R&M e Chemicals		114	75	52	992	583	70
229	**Adjusted net profit (loss)** [(a)]		975	459	112	2,411	(340)	**..**
0.06	- per share (€)		0.27	0.13		0.67	(0.09)	
344	**Net profit (loss)** [(b)]		2,100	340	518	3,427	(1,464)	**..**
0.10	- per share (€)		0.58	0.09		0.95	(0.41)	
1,938	**Adjusted net cash before changes in working capital** [(c)]		2,423	2,123	14	9,256	6,179	50
2,124	**Underlying net cash provided by operating activities** [(d)]		3,218	3,546	(9)	9,986	7,971	25
1,463	Net capital expenditure [(d)] [(e)]		1,891	2,256	(16)	7,619	9,275	(18)
	Net disposals [(d)]		2,323			3,797		
14,965	Net borrowings		10,916	14,776	(26)	10,916	14,776	(26)

0.32	Leverage	0.23	0.28	0.23	0.28

(a) Non-GAAP measure. For further information see the paragraph "Non-GAAP measures" on page 18 of the Press Release on Full Year 2017 and fourth quarter results.

(b) Attributable to Eni's shareholders - 2016 results refer to continuing and discontinued operations.

(c) Non-GAAP measure. Net cash provided by operating activities before changes in working capital excluding inventory holding gains or losses and certain non-recurring items. For further information see page 15 of the Press Release on Full Year 2017 and fourth quarter results.

(d) For further information see page 15 of the Press Release on Full Year 2017 and fourth quarter results.

(e) Include capital contribution to equity accounted entities.

Yesterday, Eni’s Board of Directors approved the Group results for the fourth quarter and the full year of 2017 (unaudited). Commenting on the results, Claudio Descalzi, CEO of Eni, remarked:

“We close 2017 with excellent results which underline how the process of intense change started in 2014 has transformed Eni into a company able to grow and create value even in difficult market conditions. In Upstream we beat our historical record of production having even reduced our development capex by 40% vs. the 2014 baseline, continued to record outstanding results from our exploration programme and started our most significant projects in record time, in particular the jewel in our crown, Zohr. In Mid-Downstream, Gas & Power returned to positive structural results a year ahead of schedule, while we achieved our best full year results in eight years for Refining & Marketing and record numbers in our Chemicals business Versalis. Consequently, our cash generation increased 50% compared with an increase in Brent of 22% and our cash-neutrality decreased to 57 $/bl. We also strengthened our capital structure, also through divestments over the course of the year. Looking to the future, we see excellent growth prospects for all of our businesses. However, growth must be sustainable and we will pursue it in a disciplined way with great respect for the possibility of the most difficult operating conditions. Nevertheless, should conditions be more favourable, we will be in a position to create substantial surplus value for our shareholders. On this basis, I will propose a dividend of €0.80 per share in 2017 to the Board of Directors, on March 15.”

Highlights

Exploration & Production

- **Hydrocarbon production at record level**:

- reached 1.92 million boe/d in December 2017, marking an all-time high for Eni;

- produced an average of 1.89 million boe/d in the fourth quarter, the highest quarterly production in the last seven years (up by 1.9%); FY production averaged 1.82 million boe/d (up by 3.2% y-o-y), its highest ever level. Excluding price effects at PSAs and OPEC cuts, production was up by 3.7% in the fourth quarter and by 5.3% for the FY 2017;

- **start-ups and ramp-ups additions:** added 243 kboe/d on average over the FY, leveraging on Eni's integrated model of exploration and development, designed to optimize new projects' time-to-market (Zohr in Egypt, East-Hub in Angola, OCTP in Ghana, Jangkrik in Indonesia, all in 2017) and to accelerate fields ramp-up (as in the case of the Noroos project).

- Achieved **production start-up at the super-giant Zohr gas field in record time-to-market:** in less than two years from the FID and two and a half years from discovery.

- **Exploration resources:** discovered **1 billion boe of new resources,** of which 800 million from in house exploration with a discovery cost of approximately 1 $/bbl.

- **Successfully completed the exploration campaign in Area 1, offshore Mexico**: the appraisal of Tecoalli discovery, which followed that of Amoca and Miztòn, resulted in a rise in estimated hydrocarbons in place of the Area to 2 billion boe, of which approximately 90% oil.

- **Renewed the exploration portfolio** adding approximately 97,000 Km_2 of new acreage:

- obtained 50% of the mineral rights of the Isatay Block in the **Kazakh Caspian Sea**;

- signed an exploration and production sharing agreement of Block 52, offshore **Oman** (Eni 85%);

- acquired new exploration licenses in **Morocco, Mexico, Cyprus, Ivory Coast and Norway**.

- **Proved hydrocarbon reserves:** 7 billion boe with an organic replacement ratio of 103%. Excluding the de-booking of a volume of PUD reserves to unproved in Venezuela due to the Country's current outlook, the ratio increases to 151%.

- **Dual Exploration Model success:** Eni closed the divestment of a 25% stake in Area 4 in Mozambique to Exxon Mobil in the fourth quarter of 2017.

- **E&P adjusted operating profit:** €1.86 billion in the fourth quarter of 2017 (up by 33%); more than doubled y-o-y at €5.17 billion.

Gas & Power

- **Structurally positive EBIT a year ahead of expectations** thanks to business restructuring.

- **Retail business**: better performance in converting revenues into cash; growth in the customer base, excluding the impact of disposals.

- **Portfolio rationalization:** divested the retail activity in Belgium; signed a preliminary agreement to dispose of the gas distribution business in Hungary.

- **G&P adjusted operating profit**: €0.21 billion in the fourth quarter and in the full year of 2017, a substantial improvement both q-o-q (up by €0.29 billion) and y-o-y (up by €0.6 billion).

-2-

Refining & Marketing and Chemicals

- **Refining breakeven margin below 4 $/barrel** in the FY of 2017.

- **Achieving value from our expertise:** signed a licensing agreement with Sinopec, the largest refining company in the world, for the use of the EST conversion proprietary technology.

- **International development of Versalis:** started operations at the Lotte-Versalis Elastomers joint venture for the production of elastomers in South Korea.

- **R&M adjusted operating profit**: €77 million in the fourth quarter of 2017, up by 13% despite the partial downtime of the Sannazzaro refinery and a negative scenario. **Best full year result in the last eight years** at €532 million, up by 91% y-o-y.

- **Record results in the Chemical business:** adjusted operating profit of €37 million in the fourth quarter of 2017 (up by 400%) and €460 million in the FY 2017 (up by 51%).

Group results

- **Strong increase in adjusted operating profit:** up by 55% q-o-q to €1.99 billion; FY operating profit more than doubled to €5.79 billion (up by €3.48 billion).

- **Adjusted net profit**: more than doubled in the fourth quarter of 2017 to €0.98 billion; €2.41 billion in the full year of 2017 compared to a net loss in 2016.

- **Net profit**: €2.10 billion in the fourth quarter; €3.43 billion in the full year of 2017.

- **Strong structural improvement in underlying cash generation**[1]: €3.22 billion in the fourth quarter and €9.99 billion in the full year of 2017.

- **Adjusted cash flow from operations** before changes in working capital at replacement cost[2]: €2.42 billion in the fourth quarter and €9.26 billion in the full year of 2017.

- **FY net capex**: €7.6 billion[1], down by 18% y-o-y. Self-financing ratio of net capex at approximately 130%.

- **Organic cash neutrality** covering capex and dividend at a Brent price of 57$/bl; 39$/bl, factoring in proceeds from disposals.

- **FY net disposals**[3]: cashed in €3.8 billion, mainly relating to the Dual Exploration Model.

- **Net debt**: €10.92 billion.

- **2017 dividend proposal**[4]**:** €0.80, of which €0.40 already paid as interim dividend.

[1] See note (d) in the table of page 1.

[2] See note (c) in the table of page 1.

[3] See note (d) in the table of page 1.

[4] The Board of Directors intends to submit a proposal for distributing a dividend of €0.80 per share (€0.80 in 2016) at the Annual Shareholders’ Meeting convened for May 10, 2018. Included in this annual payment is €0.40 per share paid as interim dividend in September 2017. The balance of €0.40 per share is payable to shareholders on May 23, 2018, the ex-dividend date being May 21, 2018.

Outlook

Eni's business outlook and financial and operational targets of the 2018-2021 industrial plan will be illustrated during a strategy presentation scheduled March 16, 2018. The key strategic guidelines and targets will be disclosed in a press release to be published on March 16, 2018, that will be available at our website "eni.com" and publicly disseminated as required by applicable listing standards. The outlook for the year 2018 is summarized below:

Exploration & Production

Expected a 3% growth rate in **2018 FY production**. This will be driven by ramp-ups of fields entered into operation in 2017, mainly in Egypt, Angola and Indonesia and start-up of a number of satellites phases at giant producing fields (Libya, Angola and Ghana).

Gas & Power

Expected an enhanced performance with an adjusted EBIT projected at €0.3 billion due to new renegotiation of long-term supply contracts, reduction of logistic costs and synergies from upstream integration in the LNG business**.**

Refining & Marketing and Chemicals

Expected a **refining breakeven margin** at around 3 $/barrel at 2018 year end, leveraging on new initiatives of plants set-up and supply optimization.

Group

2018 FY **capex** projected at approximately €8 billion.

Sustainability

		2017	2016	% Ch.
Total recordable injury rate (TRIR)	(total recordable injury rate/worked hours) x 1,000,000	0.33	0.35	(6.8)
Direct GHG emissions E&P/production	(tonnes CO_2 eq./toe)	0.163	0.167	(2.7)
Direct GHG emissions	(mmtonnes CO_2 eq.)	41.49	40.18	3.3
- of which CO_2 from combustion and process		31.62	30.71	3.0
- of which CO_2 eq from methane		1.45	2.40	(39.4)
- of which CO_2 eq from flaring		6.83	5.40	26.5
- of which CO_2 eq from venting		1.58	1.67	(5.3)
Oil spills due to operations (>1 barrel)	(barrels)	3,228	1,231	..
Water reinjection	(%)	59	58	

· Total recordable injury rate (down by 6.8% y-o-y) confirmed the improving trend, benefitting from performances recorded by both employees (down by 17.2%) and contractors (down by 2%).

· Direct GHG emissions E&P/production: 0.163 tCO_2 eq/toe, declining by 2.7% y-o-y.

Direct GHG emissions from combustion and process increased, reflecting higher production level in the E&P segment (in particular for Libyan activities and start-ups in Ghana, Angola and Indonesia) and G&P (due to higher power generation and natural gas volumes transported).

Emissions from methane were down by 39.4% due to the regular maintenance and monitoring of fugitive emissions in the E&P and G&P segments.

Emissions from flaring in the E&P segment were up by 26.5% due to the aforementioned start-ups and the restart of Abu Attifel field in Libya.

· Water reinjection at the E&P segment was 59%, an increase from 2016, benefitting from the Abu Attifel restart in Libya and the continuous positive performance in water reinjection in Ecuador and Egypt.

Business segments operating review

Exploration & Production

Production, reserves and prices

IIIQ 2017			IVQ 2017	2016	% Ch.	Full Year 2017	2016	% Ch.
	Production							
885	Liquids	kbbl/d	861	906	(5.0)	852	878	(3.0)
5,012	Natural gas	mmcf/d	5,625	5,184	8.2	5,261	4,807	9.6
1,803	Hydrocarbons	kboe/d	1,892	1,856	1.9	1,816	1,759	3.2
	Adjusted net proved reserves	mmboe				6,990	7,142	(2.1)
	Adjusted reserves replacement ratio	(%)				151	139	
	Reserves replacement ratio					103	193	
	Average realizations							
48.03	Liquids	$/bbl	57.64	44.56	29.4	50.06	39.18	27.8
3.80	Natural gas	$/kcf	3.89	3.50	10.9	3.69	3.27	12.8
35.14	Hydrocarbons	$/boe	39.12	32.95	18.7	35.06	29.14	20.3

- In the fourth quarter of 2017, **oil and natural gas production** averaged 1,892 kboe/d, up by 1.9% from the same period a year ago, the highest level achieved in the last seven years. For the full year of 2017, production was 1,816 kboe/d, up by 3.2% and a record level. This performance was driven by new project start-ups and the ramp-ups at fields started up in 2016, mainly in Angola, Egypt, Ghana, Indonesia and Kazakhstan as well as by restarting production at certain Libyan fields thanks to better safety conditions. These positives were partly offset by OPEC production cuts, negative price effects at PSAs contracts and lower production as a result of planned and unplanned shutdowns in Norway, the United Kingdom and the Gulf of Mexico, as well as declines from mature fields. When excluding price effects at PSAs contracts and OPEC cuts (overall 32 kboe/d and 35 kboe/d in the fourth quarter and in the full year of 2017, respectively), hydrocarbon production increased by 3.7% (up by 5.3% in the full year of 2017).

- **Liquids production** (861 kbbl/d) decreased by 45 kbbl/d, or 5% from the fourth quarter of 2016 (852 kbbl/d in the full year of 2017, down by 3%). Price effect, OPEC cuts and shutdowns in Norway, the United Kingdom and the Gulf of Mexico were partly offset by start-ups and ramp-ups of the period and higher production in Libya.

- **Natural gas production** (5,625 mmcf/d) increased by 441 mmcf/d, or 8.2% compared to the fourth quarter of 2016 (5,261 mmcf/d in the full year of 2017, up by 9.6%). Start-ups and ramp-ups of producing assets in Indonesia and Egypt and the increasing production in Libya were partly offset by shutdowns, mature fields decline and price effect.

-5-

Net proved hydrocarbon reserves

(mmboe)			
Net proved reserves at December 31, 2016			7,490
40% sale of Zohr reserves signed in 2016			(348)
Adjusted net proved reserves at December 31, 2016			7,142
Organic additions (a)			999
Production (b)			(663)
De-booking of the Perla Phase 2 project reserves (c)			(315)
Portfolio: 25% sale of Area 4 in Mozambique and other (d)			(173)
Net proved reserves at December 31, 2017			6,990
Adjusted reserves replacement ratio	(a/b)	(%)	151
Reserves replacement ratio, organic	(a+c/b)		103
Adjusted reserves replacement ratio, all sources	(a+c+d/b)		77

In 2017, **net proved reserves** were 6,990 million boe. Additions to proved reserves booked in 2017 were 684 mmboe and mainly derived from the final investment decisions made for the Coral project offshore Mozambique and the Johan Castberg project offshore Norway and progress in development activities at the Zohr, Jangkrik and Kashagan projects. These additions were partly offset by the de-booking of 315 million boe of proved undeveloped reserves at the Perla gas project in Venezuela due to the Country's current outlook. Production for the year was 663 million boe. Disposals of minerals in place were 521 million boe and related to the divestment of a 40% stake in the Zohr project and of a 25% interest in Area 4 in Mozambique where the Coral project is located. Therefore, the organic reserves replacement ratio was 103%. The ratio increased to 151% when excluding the Venezuelan de-booking. The all-sources replacement ratio was 77% considering the disposal of a 25% interest in Area 4 offshore Mozambique, while the divestment of a 40% stake in Zohr, substantially finalized in 2016, is considered in reduction of the reserves opening balance. The reserves life index was 10.5 years (11.6 years in 2016). More information on our reserve activities will be reported in the Annual Report on Form 20-F for the 2017 fiscal year.

Results

IIIQ		IVQ			Full Year		
2017	(€ million)	2017	2016	% Ch.	2017	2016	% Ch.
1,041	Operating profit (loss)	4,149	1,720	..	7,669	2,567	..
5	Exclusion of special items	(2,285)	(320)		(2,499)	(73)	
1,046	Adjusted operating profit (loss)	1,864	1,400	33.1	5,170	2,494	..
(39)	Net finance (expense) income	(39)	123		(50)	(55)	
104	Net income (expense) from investments	118	77		409	68	
(670)	Income taxes	(847)	(741)		(2,801)	(1,999)	
60.3	tax rate (%)	43.6	46.3		50.7	79.7	
441	Adjusted net profit (loss)	1,096	859	..	2,728	508	..
	Results also include:						
69	Exploration expenses:	135	73	84.9	525	374	40.4
61	- prospecting, geological and geophysical expenses	73	45	62.2	273	204	33.8
8	- write-off of unsuccessful wells [(a)]	62	28	..	252	170	48.2
1,343	Capital expenditure	1,781	1,871	(4.8)	7,739	8,254	(6.2)

(a) Also includes write-off of unproved exploration rights, if any, related to projects with negative outcome.

- In the fourth quarter of 2017, the Exploration & Production segment reported an **adjusted operating profit** of €1,864 million, an increase of 33% from the fourth quarter of 2016. This improvement reflected the recovery in crude oil prices (with the Brent price up by 24%) and production growth. These positives were partly offset by a weaker dollar compared to the euro, lower appreciation of Eni's average realizations than the Brent benchmark, which has not been yet fully reflected in gas prices due to the time lags in oil-linked price formulas, and higher depreciation charges taken in connection with project start-ups and ramp-ups. For the FY 2017, adjusted operating profit was €5,170 million, more than doubled y-o-y (up by €2,676 million from 2016), due to the same drivers mentioned in the quarter, except for a lower penalization due to EUR/USD exchange rate movements than in the quarter.

- In the fourth quarter of 2017, **adjusted net profit** was €1,096 million compared to €859 million in the fourth quarter of 2016, up by €237 million (an increase of approximately €2.2 billion in the full year of 2017 compared to the previous year). This was due to a recovery in operating performance and a reduced tax rate (down by approximately 2 percentage points, from 46% to 44%) due to higher profit before taxes, which helped improve the deductibility of operating expenses including those incurred in connection with PSA schemes and reduce the incidence of non-deductible expenses. Furthermore, in the FY 2017 the tax rate reported a more pronounced reduction (from 80% to 51%) due to the recognition of certain deferred tax assets in connection with the FID of the Coral project in Mozambique and with the production start-up at the Ghana project.

For the disclosure of the business segment special charges/gains see page 12.

-7-

Gas & Power

Sales

IIIQ			IVQ			Full Year		
2017			2017	2016	% Ch.	2017	2016	% Ch.
192	PSV	€/kcm	241	202	19.3	211	168	25.6
171	TTF		202	182	11.0	183	148	23.6
	Natural gas sales	bcm						
7.93	Italy		9.62	10.25	(6.1)	37.43	38.43	(2.6)
8.21	Rest of Europe		10.26	11.79	(13.0)	38.23	42.43	(9.9)
0.97	of which: Importers in Italy		0.99	1.15	(13.9)	3.89	4.37	(11.0)
7.24	European markets		9.27	10.64	(12.9)	34.34	38.06	(9.8)
1.30	Rest of World		1.60	1.22	31.1	5.17	5.45	(5.1)
17.44	Worldwide gas sales		21.48	23.26	(7.7)	80.83	86.31	(6.3)
8.91	Power sales	Twh	8.66	9.79	(11.5)	35.33	37.05	(4.6)

- In the fourth quarter of 2017, **natural gas sales** were 21.48 bcm, down by 7.7% from the fourth quarter of 2016, in line with the reduction of take-or-pay contracts obligations. Sales in Italy were down by 6.1% to 9.62 bcm, due to declining sales across all the market segments, partly offset by higher sales at the thermoelectric segment driven by lower production from renewable sources and lower power imports. Sales in European markets (9.27 bcm) decreased by 12.9% reflecting lower sales in France, the United Kingdom, Benelux and the Iberian Peninsula. On a yearly basis, natural gas sales were 80.83 bcm, down by 6.3% or by 5.48 bcm from the full year of 2016. Sales in Italy decreased by 2.6% from 2016 to 37.43 bcm due to the same drivers mentioned in the quarter. Lower sales in European markets (34.34 bcm) mainly reflected the disposal of the retail business in Belgium and Hungary as well as lower volumes sold in France and Germany/Austria.
- **Power sales** were 8.66 TWh in the fourth quarter of 2017, down by 11.5% (35.33 TWh in 2017, down by 4.6% from 2016) mainly due to lower volumes sold to the wholesale segment and to the middle market, partly offset by higher sales to the industries segment.

Results

IIIQ		IVQ			Full Year		
2017	(€ million)	2017	2016	% Ch.	2017	2016	% Ch.
(120)	Operating profit (loss)	201	5	..	70	(391)	..
15	Exclusion of inventory holding (gains) losses	29	(56)			90	
(88)	Exclusion of special items	(17)	(21)		142	(89)	
(193)	Adjusted operating profit (loss)	213	(72)	..	212	(390)	..
3	Net finance (expense) income	1	(1)		10	6	

(2)	Net income (expense) from investments	(4)	(8)		(9)	(20)	
53	Income taxes	(97)	50		(162)	74	
..	tax rate (%)	46.2	..		76.1	..	
(139)	Adjusted net profit (loss)	113	(31)	**..**	51	(330)	**..**
33	Capital expenditure	60	53	13.2	142	120	18.3

- In the fourth quarter of 2017, the Gas & Power segment reported an **adjusted operating profit** of €213 million, up by €285 million from the loss reported in the fourth quarter of 2016. This result reflected better margins from the renegotiation of long-term supply contracts, including some contract terminations, lower logistic costs, as well as the improved performance in trading, LNG and Power businesses. In the full year of 2017, the Gas & Power segment reported an adjusted operating profit of €212 million (up by €602 million from 2016), the best result over the latest seven years, targeting structural positive profit one year ahead of plans due to the drivers disclosed in the fourth quarter. From 2017, the profit/loss on stock has been included in the business underlying performance due to a changed regulatory framework on gas storage in Italy, on which basis management has elected to leverage gas stocks as a way to improve margins.
- **Adjusted net profit** amounted to €113 million, an improvement of €144 million from the fourth quarter of 2016. In the full year of 2017, adjusted net profit was €51 million.

For the disclosure of the business segment special charges/gains see page 12.

Refining & Marketing and Chemicals

Production and sales

IIIQ 2017			IVQ 2017	2016	% Ch.	Full Year 2017	2016	% Ch.
6.4	Standard Eni Refining Margin (SERM)	$/bbl	4.3	4.7	(8.5)	5.0	4.2	19.0
5.63	Throughputs in Italy	mmtonnes	5.46	5.22	4.6	21.15	21.61	(2.1)
0.76	Throughputs in the rest of Europe		0.72	0.75	(4.0)	2.87	2.91	(1.4)
6.39	Total throughputs		6.18	5.97	3.5	24.02	24.52	(2.0)
0.08	Green throughputs		0.07	0.06	16.7	0.24	0.21	14.3
	Marketing							
2.24	Retail sales	mmtonnes	2.11	2.08	1.4	8.54	8.59	(0.6)
1.56	Retail sales in Italy		1.49	1.47	1.4	6.01	5.93	1.3
0.68	Retail sales in the rest of Europe		0.62	0.61	1.6	2.53	2.66	(4.9)
25.2	Retail market share in Italy	%	25.1	24.3		25.0	24.3	
2.83	Wholesale sales	mmtonnes	2.71	2.92	(7.2)	10.66	11.34	(6.0)
2.04	Wholesale sales in Italy		1.94	2.08	(6.7)	7.64	8.16	(6.4)
0.79	Wholesale sales in the rest of Europe		0.77	0.84	(8.3)	3.02	3.18	(5.0)
	Chemicals							
1,360	Production of petrochemical products	ktonnes	1,425	1,337	6.6	5,818	5,646	3.0
68.1	Average plant utilization rate	%	70.8	66.1		72.8	71.4	

- In the fourth quarter of 2017, the **Eni's Standard Refining Margin** (SERM) decreased by 8.5% y-o-y at a level of 4.3 $/barrel due to compressed relative prices of products compared to the cost of the petroleum feedstock reflecting the swift upward movements in the Brent price reported in the last part of 2017 (in the full year of 2017, SERM increased by 19% to 5 $/barrel).

- **Eni refining throughputs** were 6.18 mmtonnes, up by 3.5% from the fourth quarter of 2016 reflecting higher throughputs at the Livorno refinery due to fewer shutdowns and improved performance of the Taranto and Milazzo refineries, partially offset by the downtime of the EST plant at the Sannazzaro refinery. Refining throughputs in the full year of 2017 (24.02 mmtonnes) decreased by 2% from 2016 and were mainly affected by the downtime of some plants at Sannazzaro refinery and the shutdown at the Taranto refinery, partly offset by a better performance of Milazzo and Livorno refineries.

- **Green throughputs** processed at the Venice green refinery increased by 16.7% in the fourth quarter of 2017 (up by 14.3% in the full year of 2017).

- **Retail sales in Italy** of 1.49 mmtonnes increased by 1.4% in the fourth quarter (6.01 mmtonnes, up by 1.3% in the full year of 2017) despite declining consumption, due to higher volumes mainly sold at company-owned fuel stations partially offset by lower sales in the highway and lease concession segment. Eni's retail market share was 25.1%, higher than in the fourth quarter of 2016 (24.3%) and was also driven by effective marketing initiatives.

- **Wholesale sales in Italy** were 1.94 mmtonnes, down by 6.7% compared to the fourth quarter of 2016 (7.64 mmtonnes in the full year of 2017; down by 6.4% compared to 2016). Lower sales of gasoil and bunkering were partly offset by higher sales of jet fuel and bitumen.

- **Retail and wholesale sales in the rest of Europe** decreased by 4.1% in the fourth quarter of 2017 (down by 5% in the full year of 2017) due to lower sales volumes in the wholesale business in France and Austria, partly offset by higher sales in Germany.

- **Petrochemical production** of 1,425 ktonnes increased by 6.6% in the fourth quarter compared to 2016 reflecting higher productions of polyethylene and elastomers. In the full year of 2017, production was 5,818 ktonnes, up by 3%.

Results

IIIQ		IVQ			Full year		
2017	(€ million)	2017	2016	% Ch.	2017	2016	% Ch.
367	Operating profit (loss)	218	168	29.8	982	723	35.8
(95)	Exclusion of inventory holding (gains) losses	(174)	(181)		(213)	(406)	
65	Exclusion of special items	70	88		223	266	
337	Adjusted operating profit (loss)	114	75	52.0	992	583	70.2
224	- Refining & Marketing	77	68	13.2	532	278	91.4
113	- Chemicals	37	7	428.6	460	305	50.8
1	Net finance (expense) income	2	1		5	1	
15	Net income (expense) from investments	5	9		21	32	
(111)	Income taxes	(56)	(35)		(357)	(197)	
31.4	tax rate (%)	46.3	41.2		35.1	32.0	
242	Adjusted net profit (loss)	65	50	30.0	661	419	57.8
188	Capital expenditure	290	303	(4.3)	729	664	9.8

- In the fourth quarter of 2017, the Refining & Marketing and Chemicals segment reported an **adjusted operating profit** of €114 million (€992 million in the full year of 2017), an increase compared to the fourth quarter of 2016 (up by 52% and 70% in the quarter and in the full year of 2017 respectively).

- In the fourth quarter of 2017, the **Refining & Marketing** business reported an adjusted operating profit of €77 million, an increase of €9 million or 13% q-o-q. This was driven by lower facility downtime at the Livorno and Milazzo plants and a gain from the licensing of the EST conversion technology to Sinopec, which helped offset an unfavorable SERM scenario and the Sannazzaro shutdown. Marketing activity's performance was barely unchanged from the comparative period. In the full year of 2017 adjusted operating profit amounted to €532 million (up by €254 million or 91% compared to the full year of 2016), benefitting from the initiatives implemented over the last years, which were designed to improve the set-up of Eni's refining system allowing to reduce the break-even margin below the 4 $/barrel threshold. The improved cost structure enabled the Company to fully capture the upside in the scenario recorded in the first nine months of 2017. The marketing business reported a positive performance driven by the effective commercial initiatives, which supported the premium segments.

- In the fourth quarter of 2017, the **Chemical** business reported an adjusted operating profit of €37 million representing a five-fold increase compared to the same period of 2016, benefitting from the restructuring plan to optimize plant setup at core hubs and reposition the product portfolio towards higher-value segments. Thanks to a streamlined industrial structure, the business was able to fully capture the upside in the trading environment and to achieve volume upsides. In the full year of 2017, adjusted operating profit achieved a record of €460 million (up by 51% from 2016). This result represents the best performance reported in the recent history of Eni's Chemical business and demonstrates the value of the progress in the turnaround process.

.

Adjusted net profit amounting to €65 million in the fourth quarter (€661 million in the full year of 2017) increased by €15 million in the fourth quarter (up by €242 million in the full year of 2017).

For the disclosure on the business segment special charges see page 12.

Group results

IIIQ 2017	(€ million)	IVQ 2017	2016	% C
15,684	Net sales from operations	17,547	15,807	11
998	Operating profit (loss)	4,350	1,640	..
(63)	Exclusion of inventory holding (gains) losses	(149)	(237)	
12	Exclusion of special items [a]	(2,206)	(117)	
947	Adjusted operating profit (loss)	1,995	1,286	55
	Breakdown by segment:			
1,046	Exploration & Production	1,864	1,400	33
(193)	Gas & Power	213	(72)	39
337	Refining & Marketing and Chemicals	114	75	52
(151)	Corporate and other activities	(116)	(118)	1.7
(92)	*Impact of unrealized intragroup profit elimination and other consolidation adjustments* [b]	(80)	1	
344	Net profit (loss) attributable to Eni's shareholders - continuing operations	2,100	340	51
(45)	Exclusion of inventory holding (gains) losses	(105)	(162)	