ENI SPA
Form 6-K
November 03, 2015
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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 October 2015

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 o

(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 o No x

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

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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.

Name: Antonio Cristodoro
Title: Head of Corporate Secretary's Staff Office

Date: October 31, 2015

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Eni: satisfaction with Milan Court ruling

San Donato Milanese (Milan), October 2, 2015 - Eni is pleased to learn that the judge for the preliminary hearing of the Court of Milan has decided to dismiss the case against Eni SpA and members of its management for the alleged bribery case relating to Saipem s activities in Algeria.

Eni has provided full cooperation to the judiciary and has always declared the non-involvement of the company and its managers, which emerged from the results of some internal verifications carried out by third parties and was confirmed by today s ruling.

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San Donato Milanese (Mi)
October 29, 2015

Eni: third quarter and nine months of 2015 results

Yesterday, Eni s Board of Directors approved group results for the third quarter and nine months of 2015[1] (unaudited)

Third Quarter Highlights and FY 2015 outlook

Divestment of interest in Saipem: agreed the terms of the sale of a 12.5% interest to FSI. At closing, expected in first quarter of 2016, Saipem will be derecognized and Eni will be reimbursed of its financing receivables by euro 6.1 billion net. Pro-forma leverage as of September 30 decreasing by 8 percentage points.
Exploration success: discovered more than 1.2 bn boe resources, at an average cost of 0.6 $/boe versus a planned target of 500 mm boe in 2015 at an average cost of more than 2 $/boe. Giant Zohr discovery in the Mediterranean Sea.
Strong hydrocarbon production growth: up 8.1% to 1.703 million boe/d in the quarter (up 8.7% in the nine months). Excluding price effects, production increased by 4.3% (up 4.9% in the nine months). FY 2015 production is now seen growing by about 9%, up from a prior guidance of more than 7%.
Robust R&M and Chemicals performance: best adjusted EBIT[2] since the third quarter of 2006 due to the restructuring plan and a favorable trading environment. FCF[3] is projected to be positive as early as in 2015, anticipating the original plan by two years.
Improved G&P performance: enhanced adjusted EBIT guidance, now expected to substantially break even in 2015, in spite of delayed settlement of ongoing arbitrations.
Further cost reduction: raised the target reduction of FY capex[4] to 17% from a prior guidance of a 14% cut; opex per barrel expected to decrease by 12% to 7.3 $/bl (previous guidance was down by 7%).
Self-financed capex: when excluding Saipem, capex organically financed as early as in 2015 at a Brent scenario of 55 $/bl.
Entrance in new countries: upstream of Mexico with the operatorship of three offshore oilfields.

Results

Cash flow[5]: euro 1.71 billion for the quarter (euro 7.39 billion in the nine months).

Adjusted operating profit excluding Saipem: euro 0.6 billion in the quarter (down 79%); euro 3.51 billion for the nine months (down 60%).
Adjusted net profit excluding Saipem: loss of euro 0.29 billion in the quarter; euro 0.76 billion for the nine months (down 76%).
Net loss: euro 0.95 billion for the quarter; euro 0.36 billion in the nine months.
Net borrowings: euro 18.41 billion at the end of September; leverage at 0.30 (0.22 as of December 31, 2014).

(1) This press release represents the quarterly report prepared in compliance with Italian listing standards as provided by Article 154-ter of the Italian code for securities and exchanges (Testo Unico della Finanza).
(2) Operating profit.
(3) Free cash flow: net cash provided by operating activities less capex.
(4) Capital expenditure and investments; outlook normalized to consider exchange differences and other changes.
(5) Net cash provided by operating activities.

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Claudio Descalzi, Chief Executive Officer, commented:

"Saipem s stake sale and deconsolidation marks another significant step in Eni s transformation as we refocus on our core business. It increases our financial flexibility, freeing up resources to support our strategic plan. In the meantime we retain a significant share in Saipem and we will participate in its capital increase, strengthening its financial solidity and the execution of its new business plan. In the quarter, despite a weak oil price environment, Eni continued to deliver strong growth in upstream and important progress in restructuring the mid and downstream businesses. In E&P, we have increased our full year production guidance for the second time this year, almost doubling our original target. We have also more than doubled our resources target after discovering 1.2 billion barrels of new resources over the past nine months. This has all been achieved at a lower exploration cost. Meanwhile, we have improved our guidance for G&P, while R&M and Chemicals are on track to deliver an excellent performance and positive cash generation in 2015. These businesses continue to benefit from the restructuring and efficiency initiatives we have been implementing and from the favorable pricing environment. These actions, along with the further optimization of our investments during the year and the improvement of our operational cost structure, will allow us to cover our investments in 2015 with organic cash flow, excluding Saipem and considering a 55 $/bl oil price scenario."

Third Quarter 2014	Second Quarter 2015	Third Quarter 2015	% Ch. III Q. 15 vs. III Q. 14			Nine months 2014	Nine months 2015	% Ch.
				SUMMARY GROUP RESULTS [a]	(euro million)			
3,032	**762**	**752**	**(75.2)**	**Adjusted operating profit** [b]		**9,251**	**3,081**	**(66.7)**
2,877	**1,502**	**604**	**(79.0)**	**Adjusted operating profit excluding Saipem**		**8,803**	**3,513**	**(60.1)**
1,169	**139**	**(257)**	**..**	**Adjusted net profit**		**3,243**	**530**	**(83.7)**
0.32	0.04	(0.07)	..	- per share (euro) [c]		0.90	0.15	..
0.85	0.09	(0.16)	..	- per ADR ($) [c] [d]		2.44	0.33	..
1,127	**448**	**(289)**	**..**	**Adjusted net profit excluding Saipem**		**3,108**	**759**	**(75.6)**
1,714	**(113)**	**(952)**	**..**	**Net profit**		**3,675**	**(361)**	**..**
0.48	(0.04)	(0.26)	..	- per share (euro) [c]		1.02	(0.10)	..
1.27	(0.09)	(0.58)	..	- per ADR ($) [c] [d]		2.76	(0.22)	..
3,984	**3,374**	**1,710**	**(57.1)**	**Net cash provided by operating activities**		**9,724**	**7,388**	**(24.0)**

(a) Attributable to Eni's shareholders.
(b) 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" of the Interim consolidated report as of June 30, 2015 and of the Integrated Annual Report 2014. Adjusted operating profit and adjusted net profit are non-GAAP measures.
(c) Fully diluted. Dollar amounts are converted on the basis of the average EUR/USD exchange rate quoted by the ECB for the periods presented.
(d) One ADR (American Depositary Receipt) is equal to two Eni ordinary shares.

Adjusted operating profit

In the third quarter of 2015, adjusted operating profit was euro 0.6 billion, down by 79% from the third quarter of 2014 (excluding Saipem, which reported a profit of euro 0.15 billion). This reflected a lower contribution from the E&P segment (down by euro 2.3 billion, or 76%) driven by sharply lower oil prices (down by approximately 51%), partly offset by production growth, cost efficiencies and the depreciation of the euro against the dollar (down 16%). The G&P segment reported a greater loss (down by euro 0.29 billion) mainly due to the reversal of gas prepaid in previous years at prices higher than the current cost of supplies and an unfavorable trading environment impacting certain sales to large clients.

The R&M and Chemicals segment reported a marked improvement (up by euro 0.32 billion) due to an ongoing recovery in both margins and volumes which coupled with efficiency measures and capacity optimizations strengthened the profitability of both businesses.

The Group's consolidated adjusted operating profit for the third quarter of 2015 was euro 0.75 billion, down by euro 2.3 billion, or 75% y-o-y.

In the first nine months of 2015, adjusted operating profit excluding Saipem was euro 3.51 billion, down by euro 5.3 billion, or 60% due to a negative commodity environment (euro 6.1 billion), partially offset by production growth and efficiency and optimization gains of euro 0.8 billion. Group's consolidated adjusted operating profit for the first nine months amounted to euro 3.1 billion, down by euro 6.2 billion, or 67% y-o-y, due to Saipem declining performance because of the extraordinary loss accounted in the second quarter of 2015.

Adjusted net profit

In the third quarter of 2015, adjusted net profit excluding Saipem was euro 0.29 billion, down by euro 1.42 billion y-o-y. The reduction was driven by lower operating profit and a higher consolidated tax rate, which increased to 143% due to the E&P segment. This was impacted by a deteriorating price scenario, which resulted in the segment taxable profit being earned in countries with higher rates of taxes and being impacted to a larger extent by certain expenses that could not be deducted from taxable profit among which successful exploration costs relating to projects yet to be sanctioned. The Group s consolidated adjusted net loss for the third quarter was euro 0.26 billion, from an adjusted net profit of euro 1.17 billion reported a year ago.

In the first nine months of 2015, adjusted net profit excluding Saipem amounted to euro 0.76 billion, down by 76% y-o-y. Group's consolidated adjusted net profit for the first nine months was euro 0.53 billion, 83.7% lower compared to the first nine months of 2014; the tax rate registered an increase of 30 percentage points driven by the trends previously disclosed for the quarter and the circumstance that Saipem loss was non-deductible for tax purposes.

Operating cash flow

In the first nine months of 2015, cash flow from operating activities of euro 7.39 billion and divestment proceeds of euro 0.91 billion relating to non-strategic assets mainly in the Exploration & Production segment funded a fair share of capital expenditure incurred in the period (euro 8.65 billion). Eni's shareholders remuneration amounted to euro 3.43 billion relating to the balance dividend for the year 2014 and the interim dividend for the year 2015. As of September 30, 2015, net borrowings had increased by euro 4.73 billion to euro 18.41 billion, compared to December 31, 2014.

Compared to June 30, 2015, net borrowings increased by euro 1.94 billion due to cash outflows relating to the interim dividend for 2015 (euro 1.42 billion) and capital expenditure incurred in the period (euro 2.42 billion). These were partially offset by cash flow from operations (euro 1.71 billion) which was negatively influenced by lower receivables due beyond the end of the reporting period being transferred to financing institutions compared to the amount transferred at the end of the previous reporting period (down by euro 0.21 billion from June 30, 2015).

As of September 30, 2015, the ratio of net borrowings to shareholders equity including non-controlling interest leverage[6] increased to 0.30, compared to 0.22 as of December 31, 2014. This trend was due to increased net borrowings partly offset by higher total equity, which was helped by a sizable appreciation of the US dollar against the euro in the translation of the financial statements of Eni s subsidiaries that use the US dollar as functional currency, resulting in an equity gain of euro 3.33 billion. The US dollar was up by 7.7% compared to the closing of the previous reporting period at December 31, 2014 and September 30, 2015.

Business developments

Eni made a world-class gas discovery at the Zohr exploration prospect in the deep waters of the Egyptian section of the Mediterranean Sea. This field is estimated to retain 30 trillion cubic feet of gas in place. The discovery could grant energy independence to the Country for many years to come.

Eni made an important gas and condensates discovery in the Nooros exploration prospect, located in the Abu Madi West license in the shallow waters of the Nile Delta. The discovery was put into production in two months time through a tie-in to the existing Abu Madi gas treatment plant, located 25 kilometers far from the field.

Eni made a gas and condensates discovery in the prospection permit Nkala Marine in the Marine XII block in the shallow waters of Congo. The discovery is the latest of a strong track record which includes Litchendjili, Nené Marine and Minsala Marine.

Eni s move into the upstream sector of Mexico was signaled by the Production Sharing Contract as operator (Eni s interest 100%) of the Block 1 to develop the oilfields of Amoca, Miztón e Tecoalli, in the shallow waters of the Southern section of the Gulf of Mexico. These fields are estimated to retain 800 million barrels of oil and 480 billion cubic feet of associated gas in place.

Eni licensed to Total the use of the Eni s Slurry Technology (EST) for converting heavy and extra-heavy feedstock in the refining process.

Eni started production at the giant Perla gas field, offshore Venezuela, holding a potential of up to 17 Tcf of gas in place (or 3.1 billion boe). Perla is one of Eni s most important start-ups of 2015 and has been developed in just 5 years, an industry-leading time-to-market. A production plateau of approximately 1,200 mmcf/d is expected by 2020. Gas is sold to the national oil and gas company PDVSA under a Gas Sales Agreement running until 2036.

Eni finalized a preliminary agreement with KazMunayGas to acquire 50% of the mineral rights in the Isatay block in the Caspian Sea.

Eni signed agreements to sell 1.4 mmtonnes/y of liquefied natural gas from the Eni-operated Jangkrik field (Eni s interest 55%) to the Indonesian state-run company PT Pertamina, starting from 2017. These agreements will support the development of Jangkrik.

In Ghana, the final investment decision for the integrated Offshore Cape Three Points (OCTP) oil and gas project (Eni 47.22%, operator) was sanctioned. The first oil is expected in 2017.

Eni finalized an agreement in Egypt to invest up to $5 billion (at 100%) in the development of the Country s oil and gas reserves. In addition, Eni revised certain ongoing oil contracts, with the economic effects retroactive to January 1, 2015. The agreement also comprised new measures to reduce overdue amounts of trade receivables relating to hydrocarbon supplies to Egyptian state-owned companies.

Eni was awarded three Concession Agreements in Egypt, for the Southwest Melehia block in the western desert, as well as the Karawan and North Leil blocks in the Mediterranean Sea. In October 2015, Eni was awarded two offshore blocks, North El Hammad

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(6) Non-GAAP financial measures disclosed throughout this press release are accompanied by explanatory notes and tables to help investors gain a full understanding of said measures in line with guidance provided for by CESR Recommendation No. 2005-178b. See page 26 for leverage.

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(operated by Eni with a 37.5% interest) and North Ras El Esh (Eni s interest 50%).

Eni made a gas discovery in the Latif block (Eni 33.3%) in Pakistan.

In Myanmar, Eni was awarded two Production Sharing Contracts (PSCs) for the exploration of the offshore blocks MD-02 and MD-04.

In Norway, Eni acquired the 40% interest and the operatorship of the exploration license PL 806 in the Barents Sea and the 13.12% interest in PL 044C license in the North Sea.

In the United Kingdom, Eni was awarded four licenses in the Central North Sea and finalized the acquisition of three licenses in the southern area of the North Sea.

In Angola, Eni sanctioned a three-year extension of the exploration period of the Block 15/06, where the first oil from the West Hub development project was achieved at the end of 2014.

Outlook

The outlook 2015 features a slowdown in the global economic growth caused by the reduced pace of activity in China and other emerging economies. These trends drove downwards the prices of commodities. Against this backdrop, crude oil prices have contracted markedly, falling below the 50 $/bl mark during summer months. The fundamentals of the oil market remain weak due to oversupplied global markets and uncertainties about the resilience of demand, which in the course of 2015 has shown a noticeable recovery till now. Crude oil prices for the FY 2015 are forecasted to be significantly lower than the previous year. In the Exploration & Production segment, management will carry out efficiency initiatives relating to operating costs and optimize investments, while retaining a strong focus on project execution and time-to-market delivery in order to cope with the negative impact of a lower oil price environment. In the downstream sectors of gas, refining and chemicals, considering the structural issues of overcapacity and competitive pressure on a global scale, management has targeted executed efficiency measures, contract renegotiations and capacity optimizations in order to achieve structurally positive results and cash flows.

Management expects the following production and sales trends for Eni's businesses:
- **Hydrocarbon production**: production is expected to achieve strong growth, increasing by approximately 9% from 2014 driven by new field start-ups and ramp-ups in 2014 mainly in Venezuela, Norway, the United States, Angola, Egypt and Congo in additions to projected higher volumes in Libya;
- **Gas sales**: excluding the impact of the divestment of Eni s assets in Germany and the unusual weather conditions in 2014, natural gas sales are expected to remain stable compared to 2014. Management intends to leverage on marketing innovation in the wholesale and retail markets in order to mitigate competitive pressures. Based on the marketing initiatives and the renegotiations performed till now, a substantial recovery of prepaid gas volumes in previous reporting periods is expected compared to amounts outstanding as of December 31, 2014;
- **Refining throughputs on Eni s account**: excluding the impact of the divestment of the Company's share of capacity in the CRC refinery in the Czech Republic, completed in April 30, 2015, volumes are expected to increase from 2014 driven by a favorable trading environment and better plant performance on the back of yield ramp-up at the EST conversion unit of the Sannazzaro refinery. Production of bio-fuels is projected to increase at the restructured Venice plant;
- **Retail sales of refined products in Italy and the Rest of Europe**: retail sales in Italy are expected to slightly decline compared to 2014 due to strong competitive pressure, against the backdrop of improving trends in fuel

demand. The proprietary network is expected to perform well. Outside Italy, retail sales are expected to slightly increase, excluding the impact of the divestment of the Company s retail networks in Eastern Europe.

In 2015, in the context of lower oil prices, Eni s management plans to implement capital project optimization and rescheduling which will reduce expenditure compared to the 2014 levels by approximately 17%, excluding the impact of the US dollar exchange rate and other changes. These initiatives are estimated to have a limited impact on our production growth outlook in the near to medium term. When excluding Saipem, capex is expected to be self-financed through operating cash flow as early as in 2015 at a Brent scenario of 55 $/bl. Leverage is expected well below the 0.30 threshold thanks to the Saipem transaction.

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In this press release on the Group consolidated accounts for the nine-month period ended September 30, 2015, results and cash flow are presented for the third and second quarter of 2015, and for the third quarter of 2014 and for the nine months 2015 and 2014. Information on liquidity and capital resources relates to the period ends as of September 30, 2015, June 30, 2015, and December 31, 2014. Statements presented in this press release are comparable with those presented in the management s disclosure section of the Company s annual report and interim report. Quarterly accounts set forth herein have been prepared in accordance with the evaluation and recognition criteria set by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedure set forth in Article 6 of the European Regulation (CE) No. 1606/2002 of the European Parliament and European Council of July 19, 2002. These criteria are unchanged from the 2014 annual report on form 20-F filed with the US SEC on April 2, 2015 which investors are urged to read.

New segmental reporting of Eni

Eni s segmental reporting is established on the basis of the Group s operating segments that are evaluated regularly by the chief operating decision maker (the CEO) in deciding how to allocate resources and in assessing performance. Effective January 1, 2015, Eni s segment information was modified to align Eni s reportable segments to certain changes in the organization and in profit accountability defined by Eni s top management. The main changes adopted compared to the previous setup of the segment information related to:

Results of the oil and products trading activities and related risk management activities were transferred to the Gas & Power segment, consistently with the new organizational setup. In previous reporting periods, results of those activities were reported within the Refining & Marketing segment as part of a reporting structure which highlighted results for each stream of commodities;

R&M and Chemicals operating segments are now combined into a single reportable segment because a single manager is accountable for both the two segments and they show similar long-term economic performance;

The previous reporting segments "Corporate and financial companies" and "Other activities" have been combined being residual components of the Group.

The comparative reporting periods of this press release have been restated consistently with the new segmental reporting adopted by the Group. In the table below the key performance indicators of segmental reporting are furnished with reference to the full year 2014 and quarterly reporting periods presented herein as restated in accordance with the new reportable segments adopted by Eni.

(euro million)

AS REPORTED	**E&P**	**G&P**	**R&M**	**Versalis**	**E&C**	**Corporate and financial companies**	**Other activities**	**Impact of unrealized intragroup profit elimination**	**GROUP**
Third quarter 2014									
Net sales from operations	7,285	5,533	14,539	1,285	3,509	308	17	(5,876)	**26,600**
Operating profit	3,072	(352)	(219)	(120)	150	(69)	(27)	144	**2,579**
Adjusted operating profit	3,088	(109)	39	(98)	155	(65)	(42)	64	**3,032**
Nine months 2014									
Net sales from operations	22,087	20,315	43,225	4,089	9,475	979	51	(17,065)	**83,156**
Operating profit	9,293	301	(842)	(406)	441	(212)	(172)	77	**8,480**
Adjusted operating profit	9,519	202	(403)	(280)	448	(204)	(130)	99	**9,251**
Full year 2014									
Net sales from operations	**28,488**	**28,250**	**56,153**	**5,284**	**12,873**	**1,378**	**78**	**(22,657)**	**109,847**
Operating profit	**10,766**	**186**	**(2,229)**	**(704)**	**18**	**(246)**	**(272)**	**398**	**7,917**
Adjusted operating profit	**11,551**	**310**	**(208)**	**(346)**	**479**	**(265)**	**(178)**	**231**	**11,574**
Assets directly attributable	**68,113**	**16,603**	**12,993**	**3,059**	**14,210**	**1,042**	**258**	**(486)**	**115,792**

(euro million)

AS RESTATED	**E&P**	**G&P**	**R&M and Chemicals**	**E&C**	**Corporate and financial**	**Impact of unrealized intragroup**	**GROUP**

					companies	profit elimination	
Third quarter 2014							
Net sales from operations	7,285	17,311	7,859	3,509	318	(9,682)	**26,600**
Operating profit	3,072	(414)	(277)	150	(96)	144	**2,579**
Adjusted operating profit	3,088	(180)	12	155	(107)	64	**3,032**
Nine months 2014							
Net sales from operations	22,087	55,252	22,314	9,475	1,009	(26,981)	**83,156**
Operating profit	9,293	178	(1,125)	441	(384)	77	**8,480**
Adjusted operating profit	9,519	76	(557	448	(334)	99	**9,251**
Full year 2014							
Net sales from operations	**28,488**	**73,434**	**28,994**	**12,873**	**1,429**	**(35,371)**	**109,847**
Operating profit	**10,766**	**64**	**(2,811)**	**18**	**(518)**	**398**	**7,917**
Adjusted operating profit	**11,551**	**168**	**(412)**	**479**	**(443)**	**231**	**11,574**
Assets directly attributable	**68,113**	**19,342**	**13,313**	**14,210**	**1,300**	**(486)**	**115,792**

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Non-GAAP financial measures and other performance indicators disclosed throughout this press release are accompanied by explanatory notes and tables to help investors to gain a full understanding of said measures in line with guidance provided by recommendation CESR/05-178b. Management evaluates Group and business performance on the basis of adjusted operating profit and adjusted net profit 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.

Eni s Chief Financial and Risk Management Officer, Massimo Mondazzi, in his position as manager responsible for the preparation of the Company s financial reports, certifies that data and information disclosed in this press release correspond to the Company s evidence and accounting books and records, pursuant to rule 154-bis paragraph 2 of Legislative Decree No. 58/1998.

Other information

Article No. 36 of Italian regulatory exchanges (Consob Resolution No. 16191/2007 and subsequent amendments). Continuing listing standards about issuers that control subsidiaries incorporated or regulated in accordance with laws of extra-EU Countries

Certain provisions have been enacted to regulate continuing Italian listing standards of issuers controlling subsidiaries that are incorporated or regulated in accordance with laws of extra-EU Countries, also having a material impact on the consolidated financial statements of the parent company. Regarding the aforementioned provisions, as of September 30, 2015, Eni s subsidiariesBurren Energy (Bermuda) Ltd, Eni Congo SA, Eni Norge AS, Eni Petroleum Co Inc, NAOC-Nigerian Agip Oil Co Ltd, Nigerian Agip Exploration Ltd, Burren Energy (Congo) Ltd, Eni Finance USA Inc, Eni Trading & Shipping Inc and Eni Canada Holding Ltd fall within the scope of the new continuing listing standards. Eni has already adopted adequate procedures to ensure full compliance with the new regulations.

* * *

Disclaimer

This press release, in particular the statements under the section "Outlook", contains certain forward-looking statements particularly those regarding capital expenditure, development and management of oil and gas resources, dividends, allocation of future cash flow from operations, future operating performance, gearing, targets of production and sales growth, new markets and the progress and timing of projects. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future. Actual results may differ from those expressed in such statements, depending on a variety of factors, including the timing of bringing new fields on stream; management s ability in carrying out industrial plans and in succeeding in commercial transactions; future levels of industry product supply; demand and pricing; operational issues; general economic conditions; political stability and economic growth in relevant areas of the world; changes in laws and governmental regulations; development and use of new technology; changes in public expectations and other changes in business conditions; the actions of competitors and other factors discussed elsewhere in this document. Due to the seasonality in demand for natural gas and certain refined products and the changes in a number of external factors affecting Eni s operations, such as prices and margins of hydrocarbons and refined products, Eni s results from operations and changes in net borrowings for the third quarter of the year cannot be extrapolated on an annual basis.

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* * *

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This press release for the third quarter and the first nine months of 2015 results (unaudited) is also available on Eni s website eni.com.

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Quarterly consolidated report

Summary results for the third quarter and the first nine months of 2015

(euro million)

Third Quarter 2014	Second Quarter 2015	Third Quarter 2015	% Ch. III Q. 15 vs. III Q. 14		Nine months 2014	Nine months 2015	% Ch.
26,600	**22,193**	**18,807**	**(29.3)**	**Net sales from operations**	**83,156**	**64,786**	**(22.1)**
2,579	**394**	**61**	**(97.6**	**Operating profit**	**8,480**	**2,006**	**(76.3)**
190	(66)	486		Exclusion of inventory holding (gains) losses	205	545	
263	434	205		Exclusion of special items	566	530	
3,032	**762**	**752**	**(75.2)**	**Adjusted operating profit**	**9,251**	**3,081**	**(66.7)**
				Breakdown by segment:			
3,088	*1,533*	*757*	*(75.5)*	*Exploration & Production*	*9,519*	*3,245*	*(65.9)*
(180)	*31*	*(469)*	..	*Gas & Power*	*76*	*(144)*	..
12	*105*	*335*	..	*Refining & Marketing and Chemicals*	*(557)*	*561*	..
155	*(740)*	*148*	*(4.5)*	*Engineering & Construction*	*448*	*(432)*	..
(107)	*(123)*	*(56)*	*47.7*	*Corporate and other activities*	*(334)*	*(268)*	*19.8*
64	*(44)*	*37*		*Impact of unrealized intragroup profit elimination and other consolidation adjustments* [(a)]	*99*	*119*	
2,877	**1,502**	**604**	**(79.0)**	**Adjusted operating profit excluding Saipem**	**8,803**	**3,513**	**(60.1)**
(166)	(256)	(214)		Net finance (expense) income [(b)]	(639)	(655)	
107	152	4		Net income from investments [(b)]	588	455	
(1,766)	(965)	(775)		Income taxes [(b)]	(5,840)	(2,717)	
59.4	*146.7*	*143.0*		*Tax rate* (%)	*63.5*	*94.3*	
1,207	**(307)**	**(233)**	**..**	**Adjusted net profit**	**3,360**	**164**	**(95.1)**
1,714	**(113)**	**(952)**	**..**	**Net profit attributable to Eni's shareholders**	**3,675**	**(361)**	**..**
133	(46)	332		Exclusion of inventory holding (gains) losses	144	373	
(678)	298	363		Exclusion of special items	(576)	518	
1,169	**139**	**(257)**	**..**	**Adjusted net profit attributable to Eni's shareholders**	**3,243**	**530**	**(83.7)**
1,127	**448**	**(289)**	**..**	**Adjusted net profit attributable to Eni's shareholders excluding Saipem**	**3,108**	**759**	**(75.6)**
				Net profit attributable to Eni's shareholders			
0.48	(0.04)	(0.26)	..	per share (euro)	1.02	(0.10)	..
1.27	(0.09)	(0.58)	..	per ADR ($)	2.76	(0.22)	..
				Adjusted net profit attributable to Eni's shareholders			
0.32	0.04	(0.07)	..	per share (euro)	0.90	0.15	(83.3)

0.85	0.09	(0.16)	..	per ADR ($)	2.44	0.33	(86.5)
3,608.3	**3,601.1**	**3,601.1**		**Weighted average number of outstanding shares** [c]	**3,612.7**	**3,601.1**	
3,984	**3,374**	**1,710**	**(57.1)**	**Net cash provided by operating activities**	**9,724**	**7,388**	**(24.0)**
3,083	**3,338**	**2,416**	**(21.6)**	**Capital expenditure**	**8,607**	**8,653**	**0.5**

(a) Unrealized intragroup profit elimination mainly pertained to intra-group sales of commodities, services and capital goods recorded in the assets of the purchasing business segment as of the end of the period.
(b) Excluding special items.
(c) Fully diluted (million shares).

Trading environment indicators

Third Quarter 2014	Second Quarter 2015	Third Quarter 2015	% Ch. III Q. 15 vs. III Q. 14		Nine months 2014	Nine months 2015	% Ch.
101.85	61.92	50.26	(50.7)	Average price of Brent dated crude oil [a]	106.57	55.39	(48.0)
1.325	1.105	1.112	(16.1)	Average EUR/USD exchange rate [b]	1.355	1.114	(17.8)
76.87	56.04	45.20	(41.2)	Average price in euro of Brent dated crude oil	78.65	49.72	(36.8)
4.39	9.13	10.04	..	Standard Eni Refining Margin (SERM) [c]	2.62	8.91	..
7.03	6.84	6.42	(8.7)	Price of NBP gas [d]	8.18	6.84	(16.4)
0.20	(0.01)	0.00	..	Euribor - three-month euro rate (%)	0.30	0.00	..
0.20	0.28	0.31	55.0	Libor - three-month dollar rate (%)	0.20	0.28	40.0

(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. It gauges the profitability of Eni s refineries against the typical raw material slate and yields.
(d) In USD per million BTU (British Thermal Unit). Source: Platt s Oilgram.

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Group results

Reported

In the third quarter of 2015 Eni reported an **operating profit** of euro 61 million and a **net loss** of euro 952 million, compared to an operating profit and net profit of euro 2,579 million and euro 1,714 million, respectively in the third quarter of 2014. Operating performance was negatively impacted by sharply lower Brent prices (down by 51%) reflected in lower revenues from the E&P segment and lower carrying amounts of oil and products inventories under the weighted-average cost accounting. Furthermore, the Gas & Power segment reported a negative performance (an operating loss of euro 577 million) due to the reversal of natural gas volumes prepaid in previous years, whose carrying costs were higher than the current average supply cost of the Eni gas portfolio, and an unfavorable trading environment impacting certain sales to large clients.

These negatives were partly offset by higher production volumes, the depreciation of the euro against the dollar and progress made in efficiency programs and capacity optimization, mainly in the Chemical business (up euro 236 million). The net loss reported in the third quarter of 2015 was significantly impacted by a higher consolidated tax rate mainly in the E&P segment.

In the first nine months of 2015 Eni reported a lowered operating performance (down by 76%) and a net loss of euro 361 million. These trends were affected by the same drivers disclosed for the quarterly results, as well as by the extraordinary loss incurred by Saipem (down euro 1,076 million) in the second quarter of 2015.

Adjusted

In the third quarter of 2015 **adjusted operating profit** excluding Saipem profit was euro 604 million, declining by 79% from the third quarter of 2014 (euro 3,513 million, down by 60.1% in the nine months). **Adjusted net loss attributable to Eni s shareholders** excluding Saipem contribution, was euro 289 million in the third quarter of 2015, down by euro 1,416 million from the third quarter of 2014 (in the first nine months of 2015 adjusted net loss declined by euro 2,349 million compared to same period of the previous year, or down by 75.6%).

Group's adjusted operating profit for the third quarter of 2015 was euro 752 million, down by 75.2%; adjusted net loss of euro 257 million was down by euro 1,426 million compared to an adjusted net profit reported in the same quarter of the previous year.

Positive adjustments to adjusted net profit of euro 695 million related to an inventory loss of euro 332 million and special charges of euro 363 million, net of tax. Furthermore, adjusted operating profit also takes into account exchange rate differences and exchange rate derivatives, which are entered into to manage exposure to exchange rate risk in commodity pricing formulas and trade receivables or payables denominated in a currency other than the functional currency (a gain of euro 20 million).

In the nine months of 2015, Group's adjusted operating profit of euro 3,081 million declined by 66.7%; adjusted net profit of euro 530 million was 83.7% lower than the previous year. The net result excluded an inventory loss (euro 373 million) and special charges (euro 518 million), resulting in an overall positive adjustment of euro 891 million.

Special items of the operating profit (net charges of euro 205 million and euro 530 million, in the third quarter and the first nine months of 2015, respectively) comprised: (i) gains on the divestment of non-strategic oil&gas assets (euro 385 million in the first nine months of 2015), mainly in Nigeria; (ii) the effects of the fair-value evaluation of certain commodity derivatives lacking the formal criteria to be accounted as hedges under IFRS (gains of euro 134 million and charges of euro 23 million in the third quarter and the first nine months of 2015, respectively); (iii) impairment losses (euro 29 million and euro 380 million in the two reporting periods, respectively) mainly relating to vessels and logistical hubs in the Engineering & Construction segment (euro 211 million) due to expected lower utilization rates, an oil&gas property in the United Kingdom and investments made for compliance and stay-in-business purposes at cash generating units that were completely written-off in previous reporting periods in the Refining & Marketing and Chemicals segment; (iv) environmental provisions (euro 32 million and euro 176 million in the quarter and the first nine months, respectively) and provisions for redundancy incentives (euro 13 million and euro 29 million, respectively); (v) a charge of euro 205 million accounted for in the third quarter of 2015 due to an estimate revision of revenues accrued on the sale of electricity to retail customers in Italy along the latest five exercises. A comparable review of the same estimation procedure is ongoing and relates to the sale of gas to retail customers in Italy. The outcome of this review, which is expected to be finished by the fourth quarter of 2015, could result in significant adjustments to the estimation of gas revenues accrued and yet to be billed to end customers.

Non-operating special items excluded from the adjusted results mainly comprised of the negative fair-value evaluation of certain exchange rate derivatives to hedge Saipem s future exposure on acquired contracts for the parts yet to be executed (charge of euro 49 million in the first nine months of 2015). Special items on income taxes related to the tax effects of special gains/charges in operating profit and a reversal of deferred taxation due to changes in the United Kingdom tax law.

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Summarized Balance Sheet[7]

(euro million)

	Dec. 31, 2014	June 30, 2015	Sept. 30, 2015	Change vs. Dec. 31, 2014	Change vs. June 30, 2015
Fixed assets					
Property, plant and equipment	71,962	76,845	75,894	3,932	(951)
Inventories - Compulsory stock	1,581	1,571	1,330	(251)	(241)
Intangible assets	3,645	3,551	3,465	(180)	(86)
Equity-accounted investments and other investments	5,130	5,575	5,394	264	(181)
Receivables and securities held for operating purposes	1,861	2,196	2,305	444	109
Net payables related to capital expenditure	(1,971)	(2,037)	(1,823)	148	214
	82,208	**87,701**	**86,565**	**4,357**	**(1,136)**
Net working capital					
Inventories	7,555	7,386	7,642	87	256
Trade receivables	19,709	18,293	15,842	(3,867)	(2,451)
Trade payables	(15,015)	(14,253)	(12,453)	2,562	1,800
Tax payables and provisions for net deferred tax liabilities	(1,865)	(2,314)	(1,586)	279	728
Provisions	(15,898)	(16,387)	(16,217)	(319)	170
Other current assets and liabilities	222	1,121	1,123	901	2
	(5,292)	**(6,154)**	**(5,649)**	**(357)**	**505**
Provisions for employee post-retirement benefits	**(1,313)**	**(1,304)**	**(1,337)**	**(24)**	**(33)**
Assets held for sale including related liabilities	**291**	**106**	**9**	**(282)**	**(97)**
CAPITAL EMPLOYED, NET	**75,894**	**80,349**	**79,588**	**3,694**	**(761)**
Eni shareholders equity	59,754	61,891	59,155	(599)	(2,736)
Non-controlling interest	2,455	1,981	2,019	(436)	38
Shareholders equity	**62,209**	**63,872**	**61,174**	**(1,035)**	**(2,698)**
Net borrowings	**13,685**	**16,477**	**18,414**	**4,729**	**1,937**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**75,894**	**80,349**	**79,588**	**3,694**	**(761)**
Leverage	**0.22**	**0.26**	**0.30**	**0.08**	**0.04**

The Summarized Group Balance Sheet was affected by a sharp movement in the EUR/USD exchange rate which determined an increase in net capital employed and total equity of euro 3,227 million and euro 3,325 million respectively, while net borrowings decreased by euro 98 million. This was due to translation into euros of the financial statements of US-denominated subsidiaries reflecting a 7.7% appreciation of the US dollar against the euro (1 EUR = 1.12 USD at September 30, 2015 compared to 1.214 at December 31, 2014).

Fixed assets (euro 86,565 million) increased by euro 4,357 million from December 31, 2014. This trend was attributable to favorable currency movements, capital expenditure (euro 8,653 million) partly offset by depreciation, depletion, amortization and impairment charges of euro 8,505 million.

Net working capital (negative euro 5,649 million) decreased by euro 357 million. This reflected a lower balance of trade receivables and trade payables (down by euro 1,305 million) mainly in the G&P segment. This was offset by increased other current assets and liabilities (up by euro 901 million) following the increase in net balances due to Eni by joint venture partners in the Exploration & Production segment, partly offset by the reversal of the deferred costs related to pre-paid gas volumes in previous reporting periods in the G&P segment.

Shareholders equity including non-controlling interest was euro 61,174 million, representing a decrease of euro 1,035 million from December 31, 2014. This was due to dividend distribution and other changes of euro 3,485 million (euro 3,457 million being the 2014 balance dividend and the interim dividend for 2015 paid to Eni s shareholders and dividends to non-controlling interests). This was offset by comprehensive income for the period (euro 2,450 million) related to a net loss from the profit and loss account (euro 855 million) more than offset by other items of the comprehensive income, notably the positive foreign currency translation differences (euro 3,325 million).

(7) The summarized Group balance sheet aggregates the amount of assets and liabilities derived from the statutory balance sheet in accordance with functional criteria, which consider the enterprise conventionally divided into the three fundamental areas focusing on resource investments, operations and financing. Management believes that this summarized Group balance sheet is useful information in assisting investors to assess Eni s capital structure and to analyze its sources of funds and investments in fixed assets and working capital. Management uses the summarized Group balance sheet to calculate key ratios such as the proportion of net borrowings to shareholders equity (leverage) intended to evaluate whether Eni s financing structure is sound and well-balanced.

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Summarized Group Cash Flow Statement[8]

(euro million)

Third Quarter 2014	Second Quarter 2015	Third Quarter 2015		Nine months 2014	Nine months 2015	Change
1,596	**(561)**	**(912)**	**Net profit**	**3,514**	**(855)**	**(4,369)**
			Adjustments to reconcile net profit to net cash provided by operating activities:			
2,608	3,343	2,854	- depreciation, depletion and amortization and other non monetary items	7,546	8,502	956
(86)	(22)	(99)	- net gains on disposal of assets	(106)	(449)	(343)
791	1,003	912	- dividends, interest, taxes and other changes	5,004	2,714	(2,290)
1,069	802	79	Changes in working capital related to operations	(620)	1,297	1,917
(1,994)	(1,191)	(1,124)	Dividends received, taxes paid, interest (paid) received	(5,614)	(3,821)	1,793
3,984	**3,374**	**1,710**	**Net cash provided by operating activities**	**9,724**	**7,388**	**(2,336)**
(3,083)	(3,338)	(2,416)	Capital expenditure	(8,607)	(8,653)	(46)
(91)	(47)	(63)	Investments and purchase of consolidated subsidiaries and businesses	(284)	(171)	113
217	97	261	Disposals	3,231	905	(2,326)
44	220	(315)	Other cash flow related to capital expenditure, investments and disposals	(47)	(691)	(644)
1,071	**306**	**(823)**	**Free cash flow**	**4,017**	**(1,222)**	**(5,239)**
60	197	52	Borrowings (repayment) of debt related to financing activities	96	77	(19)
(143)	(267)	2,169	Changes in short and long-term financial debt	205	3,332	3,127
(2,075)	(2,019)	(1,435)	Dividends paid and changes in non-controlling interest and reserves	(4,310)	(3,454)	856
40	(21)	3	Effect of changes in consolidation and exchange differences	32	85	53
(1,047)	**(1,804)**	**(34)**	**NET CASH FLOW**	**40**	**(1,182)**	**(1,222)**

Change in net borrowings

(euro million)

Third Quarter 2014	Second Quarter 2015	Third Quarter 2015		Nine months 2014	Nine months 2015	Change
1,071	**306**	**(823)**	**Free cash flow**	**4,017**	**(1,222)**	**(5,239)**
			Net borrowings of acquired companies	(19)		19
		65	Net borrowings of divested companies		83	83
(232)	376	256	Exchange differences on net borrowings and other changes	(562)	(136)	426
(2,075)	(2,019)	(1,435)	Dividends paid and changes in non-controlling interest and reserves	(4,310)	(3,454)	856
(1,236)	**(1,337)**	**(1,937)**	**CHANGE IN NET BORROWINGS**	**(874)**	**(4,729)**	**(3,855)**

In the first nine months of 2015, **net cash provided by operating activities** amounted to euro 7,388 million. Proceeds from disposals were euro 905 million and mainly related to the divestment of non-strategic assets in the Exploration & Production segment. These inflows funded a fair share of the capital expenditure for the period (euro 8,653 million) and the payment of the 2015 interim dividend and the balance dividend for 2014 (euro 3,434 million) to Eni s shareholders. The Group s net debt increased by euro 4,729 million from December 31, 2014 to euro 18,414 million as of September 30, 2015.

Financial and operating information by segment for the third quarter and the first nine months of 2015 is provided in the following pages.

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(8) Eni s summarized Group cash flow statement derives from the statutory statement of cash flows. It enables investors to understand the link existing between changes in cash and cash equivalents (deriving from the statutory cash flows statement) and in net borrowings (deriving from the summarized cash flow statement) that occurred from the beginning of the period to the end of period. The measure enabling such a link is represented by the free cash flow which is the cash in excess of capital expenditure needs. Starting from free cash flow it is possible to determine either: (i) changes in cash and cash equivalents for the period by adding/deducting cash flows relating to financing debts/receivables (issuance/repayment of debt and receivables related to financing activities), shareholders equity (dividends paid, net repurchase of own shares, capital issuance) and the effect of changes in consolidation and of exchange rate differences; (ii) changes in net borrowings for the period by adding/deducting cash flows relating to shareholders equity and the effect of changes in consolidation and of exchange rate differences. The free cash flow is a non-GAAP measure of financial performance.

Exploration & Production

Third Quarter 2014	Second Quarter 2015	Third Quarter 2015	% Ch. III Q. 15 vs. III Q. 14			Nine months 2014	Nine months 2015	% Ch.
				RESULTS	(euro million)			
7,285	**6,200**	**5,047**	**(30.7)**	**Net sales from operations**		**22,087**	**16,459**	**(25.5)**
3,072	**1,471**	**701**	**(77.2)**	**Operating profit**		**9,293**	**3,470**	**(62.7)**
16	62	56		Exclusion of special items:		226	(225)	
(4)	*49*			*- asset impairments*		*183*	*49*	
	(4)	*(38)*		*- gains on disposal of assets*		*2*	*(376)*	
				- risk provisions		*(5)*		
1	*9*	*7*		*- provision for redundancy incentives*		*21*	*17*	
1	*20*	*(5)*		*- commodity derivatives*		*3*	*26*	
15	*(3*	*12*		*- exchange rate differences and derivatives*		*22*	*(8)*	
3	*(9)*	*80*		*- other*			*67*	
3,088	**1,533**	**757**	**(75.5)**	**Adjusted operating profit**		**9,519**	**3,245**	**(65.9)**
(87)	(69)	(73)		Net financial income (expense) [(a)]		(221)	(210)	
92	123	6		Net income (expense) from investments [(a)]		238	153	
(1,869)	(1,016)	(760)		Income taxes [(a)]		(5,848)	(2,569)	
60.4	64.0	110.1		Tax rate (%)		61.3	80.6	
1,224	**571**	**(70)**	**..**	**Adjusted net profit**		**3,688**	**619**	**(83.2)**
				Results also include:				
2,018	2,498	2,238	10.9	- amortization and depreciation		6,279	6,980	11.2
				of which:				
352	238	280	(20.5)	exploration expenditure		1,168	799	(31.6)
275	*167*	*214*	*(22.2)*	*- amortization of exploratory drilling expenditure and other*		*933*	*597*	*(36.0)*
77	*71*	*66*	*(14.3)*	*- amortization of geological and geophysical exploration expenses*		*235*	*202*	*(14.0)*
2,712	**3,194**	**2,185**	**(19.4)**	**Capital expenditure**		**7,400**	**7,980**	**7.8**
				of which:				
287	*205*	*246*	*(14.3)*	*- exploratory expenditure* [(b)]		*984*	*693*	*(29.6)*
				Production [(c) (d)]				
812	903	868	6.9	Liquids [(e)]	(kbbl/d)	815	877	7.6
4,197	4,676	4,582	9.2	Natural gas	(mmcf/d)	4,204	4,618	10.1
1,576	**1,754**	**1,703**	**8.1**	**Total hydrocarbons**	(kboe/d)	**1,581**	**1,718**	**8.7**
				Average realizations				
92.61	55.60	43.97	(52.5)	Liquids [(e)]	($/bbl)	97.46	49.59	(49.1)
6.49	4.63	4.45	(31.5)	Natural gas	($/kcf)	6.95	4.72	(32.0)
66.39	**41.96**	**34.57**	**(47.9)**	**Total hydrocarbons**	($/boe)	**69.98**	**38.37**	**(45.2)**
				Average oil market prices				
101.85	61.92	50.26	(50.7)	Brent dated	($/bbl)	106.57	55.39	(48.0)
76.87	56.04	45.20	(41.2)	Brent dated	(euro/bbl)	78.65	49.72	(36.8)

97.48	57.84	46.37	(52.4)	West Texas Intermediate	($/bbl)	99.76	50.92	(49.0)
3.94	2.73	2.75	(30.2)	Gas Henry Hub	($/mmbtu)	4.57	2.78	(39.2)

(a) Excluding special items
(b) Includes exploration licenses, acquisition costs and exploration bonuses.
(c) Supplementary operating data is provided on page 33.
(d) Includes Eni s share of production of equity-accounted entities.
(e) Includes condensates.

Results

In the **third quarter of 2015**, the Exploration & Production segment reported an adjusted operating profit of euro 757 million, down by euro 2,331 million, or 75.5% from the third quarter of 2014. This result was driven by lower oil and gas realizations in dollar terms (down by 52.5% and 31.5%, respectively), reflecting the lower price for Brent (down by 50.7%) and lower gas prices in Europe and in the United States, while being only partially offset by a favorable exchange rate environment, higher production volumes, opex efficiencies and lower exploration costs.

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Considering the marked decline in the prices of commodities recorded in the course of 2015, Eni calculated the DD&A charge of its oil&gas properties for the third quarter of 2015 on the basis of a reviewed unit-of-production rate. This was determined by estimating the impact of price changes on entitlements of proved developed reserves at all of Eni's PSAs contracts. The reference price for this review was $63 per barrel of Brent price corresponding with the average rolling prices registered for the twelve months ended as of September 30, 2015 (unweighted arithmetic average of the first-day-of-the-month price for each of the twelve months).

Adjusted net loss for the quarter amounted to euro 70 million. This represented a decrease of euro 1,294 million from the euro 1,224 million profit registered in the same period of the previous year, due to lower operating performance and a higher tax rate (110.1%). This was impacted by a deteriorating price scenario, which resulted in the segment taxable profit being earned in countries with higher rates of taxes and being impacted to a larger extent by certain expenses that could not be deducted from taxable profit among which successful exploration costs relating to projects yet to be sanctioned.

In the **first nine months of 2015**, the Exploration & Production segment reported an adjusted operating profit of euro 3,245 million, down by euro 6,274 million, or 65.9% y-o-y, due to the same drivers of the quarter.

Adjusted operating profit for the first nine months of 2015 excluded a negative adjustment of euro 225 million. This was due to gains on asset disposals (euro 376 million) mainly in Nigeria, partly offset by asset impairment in the United Kingdom (euro 49 million) and losses on fair-valued derivatives embedded in the pricing formulas of long-term gas supply agreements (euro 26 million).

Adjusted net profit of the first nine months of 2015 amounted to euro 619 million, down by euro 3,069 million, or 83.2% y-o-y. This was due to lower operating performance and a higher tax rate.

Operating review

In the **third quarter of 2015**, Eni s hydrocarbon production was 1.703 million boe/d, 8.1% higher than in the third quarter of 2014 (1.718 million boe/d in the first nine months; up by 8.7% from the corresponding period of the previous year). Excluding the price effects reported in Production Sharing Agreements, production increased by 4.3% (up 4.9% in the first nine months). The increase was driven by new field start-ups and the continuing ramp-up of production at fields started in 2014, mainly in Angola, Venezuela, the United States, the United Kingdom and Egypt, which added an estimated 142 kboe/d of new production, as well as higher production in Libya. These positive effects were partly offset by declines in mature fields. The share of oil and natural gas produced outside Italy was 90% in the quarter and in the first nine months of the year (compared to 89% in the corresponding periods a year ago).

Liquids production was 868 kbbl/d, up by 56 kbbl/d, or 6.9% from the third quarter of 2014, with major increases registered in Angola and Egypt. Natural gas production was 4,582 mmcf/d, up by 385 mmcf/d, or 9.2% y-o-y. The declines in the mature fields were more than offset by the contribution of new fields and the ramping up of production at fields started at the end of 2014, mainly in the United Kingdom, Venezuela and the United States, as well as higher production in Libya.

In the **first nine months of 2015**, liquids production amounted to 877 kbbl/d, up by 62 kbbl/d, or 7.6% compared to the nine months of 2014, mainly due to the start-up of new fields and the ramping up of production at existing fields during the period. Natural gas production for the first nine months of 2015 was 4,618 mmcf/d, up by 414 mmcf/d, or 10.1% compared to the same period a year ago.

The following start-ups were achieved in the first nine months: (i) Kizomba Satellite Phase 2, in Block 15, off Angola, with recoverable resources of 190 million barrels and an expected plateau of 70 kbbl/d; (ii) Cinguvu, in the West Hub Development project in Block 15/06 in Angola. Cinguvu was the second field to come on stream after Sangos in 2014. These two fields are currently producing about 60,000 barrels/d; (iii) Nené Marine field, in Marine XII block in Congo, which started production just eight months after obtaining the production permit. The early production phase is yielding 7.5 kboe/d; (iv) the Hadrian South field, in the Gulf of Mexico flowing at 16 kboe/d net to Eni and the Lucius field with 7 kboe/d net to Eni; and (v) other field start-ups were West Franklin Phase 2 in the United Kingdom, Perla in Venezuela and Eldfisk 2 Phase 1 in Norway.

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Gas & Power

Third Quarter 2014	Second Quarter 2015	Third Quarter 2015	% Ch. III Q. 15 vs. III Q. 14			Nine months 2014	Nine months 2015	% Ch.
				RESULTS	(euro million)			
17,311	**14,263**	**10,851**	**(37.3)**	**Net sales from operations**		**55,252**	**41,487**	**(24.9)**
(414)	**27**	**(577)**	**(39.4)**	**Operating profit**		**178**	**(364)**	**..**
29	48	(43)		Exclusion of inventory holding (gains) losses		(79)	36	
205	(44)	151		Exclusion of special items:		(23)	184	
	17	*(2)*		*- asset impairments*		*1*	*15*	
1	*3*	*4*		*- provision for redundancy incentives*		*2*	*7*	
(6)	*6*	*(68)*		*- commodity derivatives*		*(285)*	*(54)*	
210	*(94)*	*9*		*- exchange rate differences and derivatives*		*224*	*(16)*	
	24	*208*		*- other*		*35*	*232*	
(180)	**31**	**(469)**	**..**	**Adjusted operating profit**		**76**	**(144)**	**..**
2	3	1		Net finance income (expense) [(a)]		6	6	
2		(10)		Net income from investments [(a)]		37	(7)	
65	(30)	124		Income taxes [(a)]		(67)	13	
..	*88.2*	..		*Tax rate (%)*		*56.3*	..	
(111)	**4**	**(354)**	**..**	**Adjusted net profit**		**52**	**(132)**	**..**
36	**26**	**36**		**Capital expenditure**		**111**	**80**	**(27.9)**
				Natural gas sales [(b)]	(bcm)			
7.24	10.58	7.82	8.0	Italy		25.69	28.93	12.6
12.38	11.81	12.67	2.3	International sales		39.78	39.57	(0.5)
10.14	*9.48*	*10.08*	*(0.6)*	*- Rest of Europe*		*33.11*	*32.53*	*(1.8)*
1.53	*1.51*	*1.88*	*22.9*	*- Extra European markets*		*4.45*	*4.73*	*6.3*
0.71	*0.82*	*0.71*		*- E&P sales in Europe and in the Gulf of Mexico*		*2.22*	*2.31*	*4.1*
19.62	**22.39**	**20.49**	**4.4**	**Worldwide gas sales**		**65.47**	**68.50**	**4.6**
				of which:				
18.23	*20.84*	*19.10*	*4.8*	*- Sales of consolidated subsidiaries*		*59.67*	*64.17*	*7.5*
0.68	*0.73*	*0.68*		*- Eni's share of sales of natural gas of affiliates*		*3.58*	*2.02*	*(43.6)*
0.71	*0.82*	*0.71*		*- E&P sales in Europe and in the Gulf of Mexico*		*2.22*	*2.31*	*4.1*
8.26	**8.35**	**9.00**	**9.0**	**Electricity sales**	(TWh)	**24.26**	**25.82**	**6.4**

(a) Excluding special items.
(b) Supplementary operating data is provided on page 34.

Results

In the **third quarter of 2015**, the Gas & Power segment reported an adjusted operating loss of euro 469 million, down by euro 289 million with respect to the adjusted operating loss of euro 180 million reported in the corresponding period of 2014. This declining performance reflected the reversal of gas prepaid in previous years with a book value higher than the current average supply cost of the Eni gas portfolio and an unfavorable trading environment impacting certain sales to large clients.

Adjusted operating loss for the quarter was calculated by including a positive adjustment of euro 151 million (euro 184 million for the first nine months of the year) relating to: (i) a charge of euro 205 million accounted for in the third quarter of 2015. This was due to an estimate revision of revenues accrued on the sale of electricity to retail customers in Italy in the past five years. A comparable review of the same estimation procedure is ongoing and relates to the sale of gas to retail customers in Italy. The outcome of this review, which is expected to be closed by the fourth quarter of 2015, could result in significant adjustments to the estimation of gas revenues accrued and yet to be billed to end customers; (ii) gains on the fair-value evaluation of certain commodity derivatives contracts (euro 68 million in the quarter; euro 54 million in the first nine months); and (iii) a gain of euro 9 million in the quarter (a charge of euro 16 million in the first nine months) which was due to the reclassification in adjusted results of exchange rate differences and exchange rate derivatives, which are entered into to manage exposure to exchange rate risk in commodity pricing formulas and trade receivables or payables denominated in a currency other than the functional currency.

In the third quarter of 2015, the adjusted net loss amounted to euro 354 million. This represented a decrease of euro 243 million from the same period of the previous year, driven by the same drivers described in the operating profit disclosure.

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In the **first nine months of 2015**, the Gas & Power segment reported an adjusted operating loss of euro 144 million, down by euro 220 million from the euro 76 million profit reported in the first nine months of 2014 due to the same drivers described in the quarter as well as higher one-off effects relating to the renegotiations performed in the corresponding period of 2014 partially offset by higher sales in the retail market.

The Gas & Power segment reported an adjusted net loss of euro 132 million in the first nine months of 2015, down by euro 184 million compared to the euro 52 million net profit reported in the same period of a year ago due to the weaker operating performance and lower results of equity-accounted entities.

Operating review

In the **third quarter of 2015**, Eni s natural gas sales were 20.49 bcm, up by 4.4% from the same period of the previous year. Sales in Italy increased by 8% to 7.82 bcm driven by higher spot sales partially offset by slightly lower sales in thermoelectric, medium sized enterprises and services and industrial segments. Sales in the European markets decreased by 3.6% to 8.88 bcm due to lower sales in Benelux, due to lower spot sales and UK due to increasing competitive pressure. These negatives were partly offset by higher sales in Germany/Austria due to higher volumes marketed in the "large" segment and higher sales in Turkey to Botas. Sales to long-term buyers amounted to 1.20 bcm, up by 29% from the corresponding period a year ago. Sales in extra-European markets increased due to higher international LNG sales (up by 22.9%).

In the **first nine months of 2015**, Eni s natural gas sales were 68.50 bcm (including Eni s own consumption, Eni s share of sales made by equity-accounted entities and upstream sales in Europe and in the Gulf of Mexico), up by 3.03 bcm, or 4.6% from the same period of the previous year. Sales in Italy increased by 12.6% to 28.93 bcm due to higher spot sales and more typical weather conditions compared to the corresponding period of the previous year. These positive performances were partially offset by lower volumes marketed to thermoelectric segment due to the competition of other sources (in particular renewables) and a contraction in electricity demand registered in particular in the first part of the year. Sales in the European markets amounted to 29.09 bcm, down by 4.2% from the same period of the previous year. This can be attributed to lower spot sales in Benelux and the United Kingdom as well as Germany/Austria due to the divestment of GVS joint venture occurred in 2014. These issues were partially offset by higher spot sales in France and Turkey due to higher sales to Botas. Sales to long-term buyers amounted to 3.44 bcm, up by 24.6% from the corresponding period a year ago.

Electricity sales were 9 TWh in the third quarter of 2015, increasing by 9% (25.82 TWh, up by 6.4% in the first nine months) compared to the same period a year ago due to better weather conditions and lower hydroelectric production.

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Refining & Marketing and Chemicals

Third Quarter 2014	Second Quarter 2015	Third Quarter 2015	% Ch. III Q. 15 vs. III Q. 14		Nine months 2014	Nine months 2015	% Ch.
				RESULTS (euro million)			
7,859	**6,695**	**5,710**	**(27.3)**	**Net sales from operations**	**22,314**	**17,761**	**(20.4)**
(277)	**120**	**(256)**	**7.6**	**Operating profit**	**(1,125)**	**(37)**	**96.7**
241	(151)	594		Exclusion of inventory holding (gains) losses	262	310	
48	136	(3)		Exclusion of special items:	306	288	
5	*60*	*32*		*- environmental charges*	*53*	*112*	
34	*43*	*25*		*- asset impairments*	*219*	*95*	
	(4)	*(3)*		*- gains on disposal of assets*		*(8)*	
	7	*(14)*		*- risk provisions*		*(7)*	
2	*(4)*	*1*		*- provision for redundancy incentives*	*9*	*1*	
2	*27*	*(60)*		*- commodity derivatives*	*(2)*	*57*	
(2)	*(2)*	*(1)*		*- exchange rate differences and derivatives*	*7*	*11*	
7	*9*	*17*		*- other*	*20*	*27*	
12	**105**	**335**	**..**	**Adjusted operating profit**	**(557)**	**561**	**..**
111	*39*	*163*	*46.8*	*- Refining & Marketing*	*(276)*	*294*	
(99)	*66*	*172*		*- Chemicals*	*(281)*		