SUMMARY ANNUAL REPORT

ENI IN 2019

MISSION

We are an energy company.

We concretely support a just energy transition,

with the objective of preserving our planet

and promoting an efficient
and sustainable access to energy for all.

Our work is based on passion and innovation,

on our unique strengths and skills,
on the equal dignity of each person,
recognizing diversity as a key value for human development,

on the responsibility, integrity and transparency of our actions.

We believe in the value of long-term partnerships
with the Countries and communities where we operate,
bringing long-lasting prosperity for all.

The new mission represents more explicitly the Eni's path to face the global challenges, contributing to achieve the SDGs determined by the UN in order to clearly address the actions to be implemented by all the involved players.

THE SUSTAINABLE DEVELOPMENT GOALS
Global goals for a sustainable development
The 2030 Agenda for Sustainable Development, presented in September 2015, identifies the 17 Sustainable Development Goals (SDGs) which represent the common targets of sustainable development on the current complex social problems. These goals are an important reference for the international community and Eni in managing activities in those Countries in which it operates.

Contents

INFORMATION ABOUT THIS REPORT

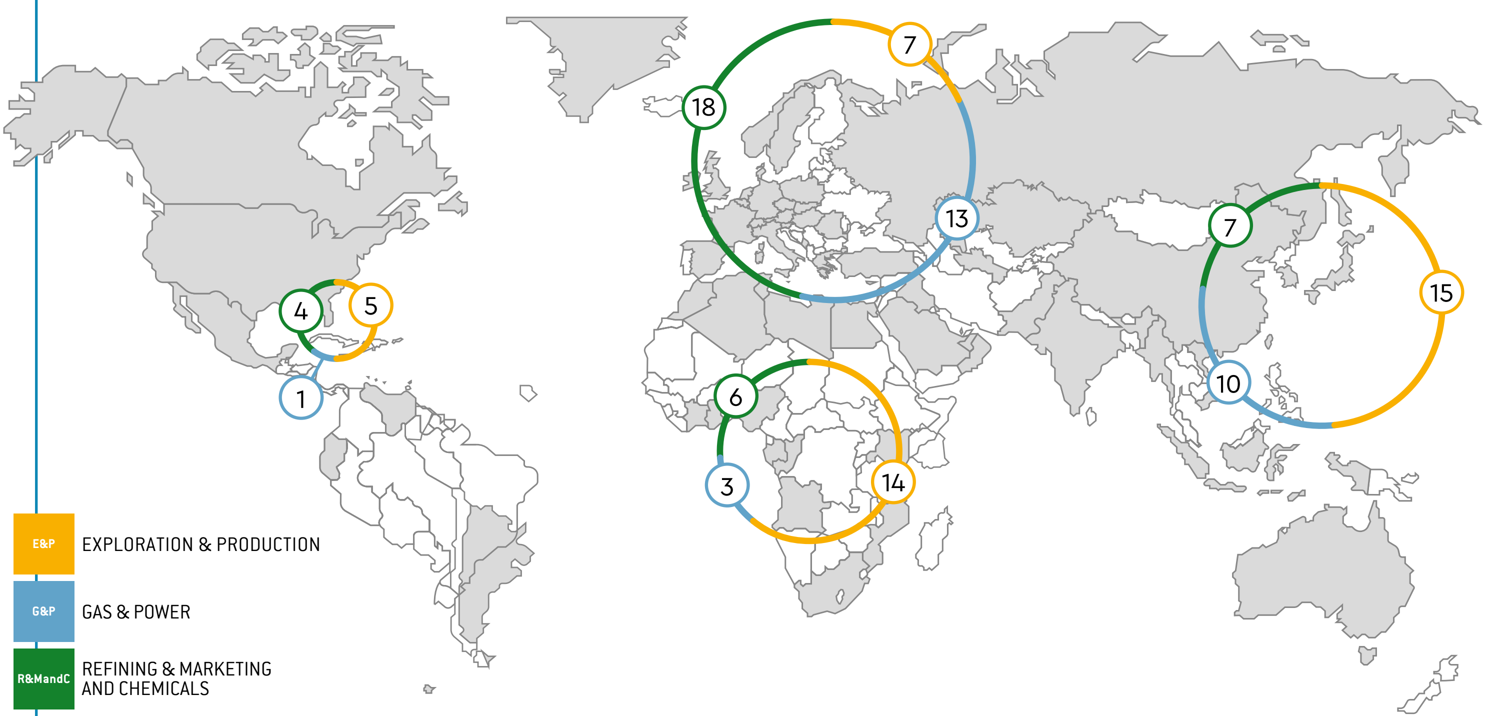
This summary review comprises an extract of the description of the businesses, the management's discussion and analysis of financial condition and results of operations and certain other Company information from Eni's Annual Report for the year ended December 31, 2019. It does not contain sufficient information to allow as full an understanding of financial results, operating performance and business developments of Eni as "Eni 2019 Annual Report" and "Eni's Annual Report on Form 20-F 2019". It is not deemed to be filed or submitted with any Italian or US market or other regulatory authorities. You may obtain a copy of "Summary Annual Review - Eni in 2019", "Annual Report 2019", "Annual Report on Form 20-F 2019" and "Fact Book 2019" on request, free of charge, through an e-mail request addressed to the mailbox: request@eni.com. These reports may be downloaded from Eni's web site under the section "Publications". Financial data presented in this report is based on consolidated financial statements prepared in accordance with the IFRS endorsed by the EU. This report contains certain forward-looking statements particularly those regarding capital expenditure, development and management of Oil & Gas resources, dividends and share repurchases, allocation of future cash flow from operations, future operating performance, gearing, targets of production and sale 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 impact of the pandemia disease 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 problems; general economic conditions; political stability and economic growth in relevant areas of the world; changes in laws and regulations; development and use of new technologies; changes in public expectations and other changes in business conditions; the actions of competitors and other factors discussed elsewhere in this document. As Eni shares, in the form of ADRs, are listed on the New York Stock Exchange (NYSE), an Annual Report on Form 20-F has been filed with the US Securities and Exchange Commission in accordance with the US Securities Exchange Act of 1934. Eni discloses on its Annual Report on Form 20-F significant ways in which its corporate governance practices differ from those mandated for US companies under NYSE listing standards. The term "shareholders" in this report means, unless the context otherwise requires, investors in the equity capital of Eni SpA, both direct and/or indirect. Eni shares are traded on the Italian Stock Exchange (Mercato Telematico Azionario) and on the New York Stock Exchange (NYSE) under the ticker symbol "E".

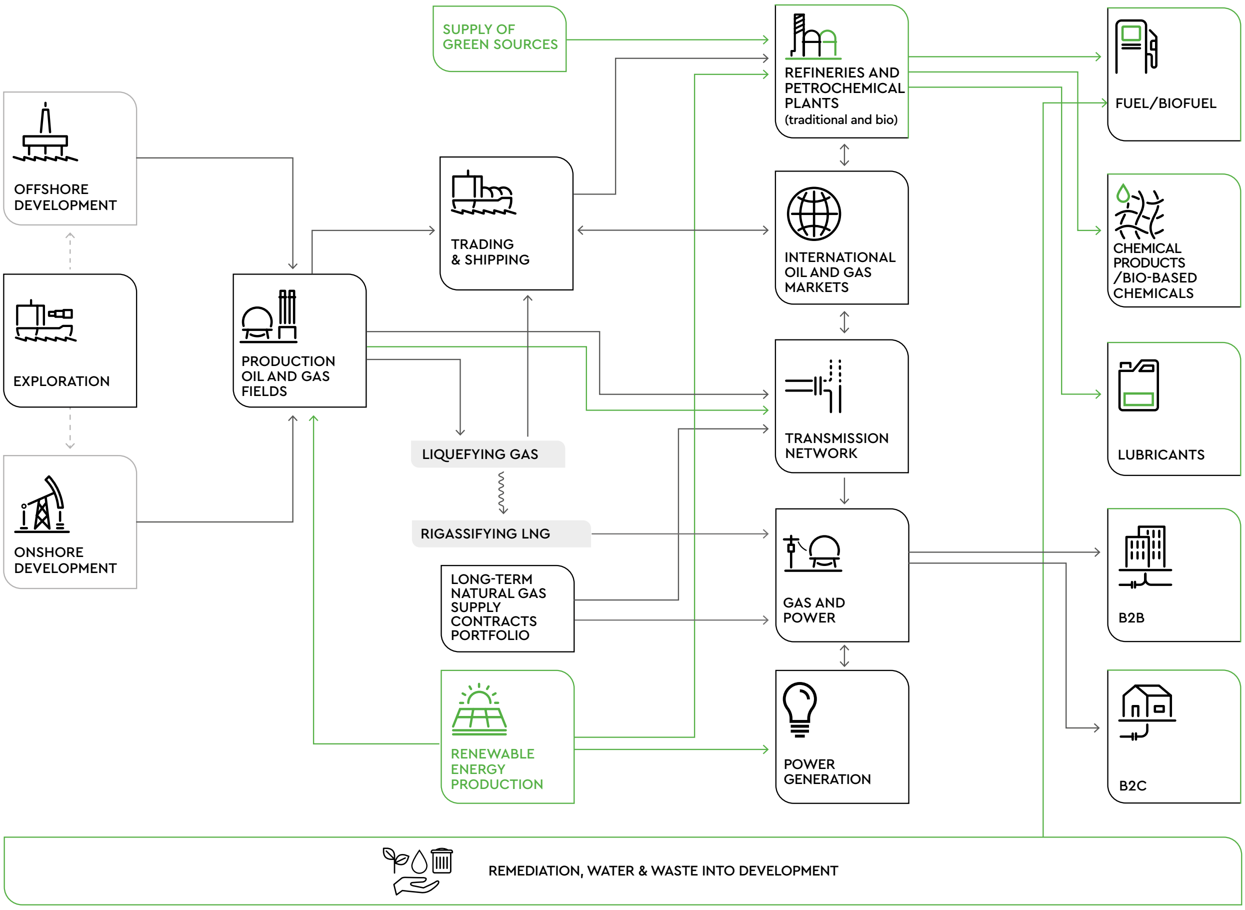
Our activities

66
Countries
Where we operate

Eni is an energy company, operating in 66 Countries with about 32,000 employees.
Eni engages in oil and natural gas exploration, fields development and production, mainly in Italy, Algeria, Angola, Australia, Congo, Egypt, Ghana, Kazakhstan, Libya, Mexico, Mozambique, Nigeria, Norway, Oman, the United Arab Emirates, the United Kingdom and the United States, for overall 41 Countries.
Eni sells gas, electricity, LNG and oil products in European and extra-European markets, also leveraging on trading activities. Products availability is ensured by oil and gas production in the upstream business, long-term gas supply contracts, CCGT power plants, Eni's refinery system as well as by Versalis' chemical plants. The supply of commodities is optimized through trading activity.
Integrated business units enable the company to capture synergies in operations and reach cost efficiencies.
Eni engages in the renewable energy business through the development of plants for the production of green energy, also reconverting industrial sites through safety, remediation and environmental restoration.
Eni is an integrated energy company looking to the long-term, aiming to play a decisive role in the energy transition to a low carbon future. The main challenge of our industry is to ensure universal access to energy, efficiently and sustainably, combating climate change, maximizing the energy efficiency of its assets and total elimination of flaring and methane leaks, the growth of low carbon sources in its portfolio; zero-emission sources development and the development of circular economy initiatives.
The circular transformation of Eni has been started-up in the downstream businesses, with the first conversion in the world of a traditional refinery in biorefinery, the transformation of waste in energy products, leveraging on proprietary technologies such as the Waste To Fuel and on the realization in the chemical business of new processes and products transforming waste plastics in second raw material. Consolidated skills, technologies, innovation and research geographical differentiation of assets are the levers to strengthen a changing based on the synergies among stakeholders, the industrial symbiosis and the cultural change.

ENI WORLDWIDE PRESENCE





EUROPE

Austria
Belgium
Cyprus
Czech Republic
Denmark
France
Germany
Greece
Greenland
Hungary
Ireland
Italy
Luxembourg
Montenegro
Norway
Poland
Romania
Slovakia
Slovenia
Spain
Sweden
Switzerland
the Netherlands
the United Kingdom
Turkey

ASIA AND OCEANIA

Australia
Bahrain
China
India
Indonesia
Iraq
Japan
Kazakhstan
Lebanon
Myanmar
Oman
Pakistan
Russia
Saudi Arabia
Singapore
South Korea
Taiwan
the United Arab Emirates
Timor Leste
Turkmenistan
Vietnam

AFRICA

Algeria
Angola
Congo
Egypt
Gabon
Ghana
Ivory Coast
Kenya
Libya
Morocco
Mozambique
Nigeria
South Africa
Tunisia

AMERICAS

Argentina
Canada
Ecuador
Mexico
the United States
Venezuela

Eni at a glance

"At the beginning of a decisive decade for the future of the Oil & Gas industry, we are proud to deliver a Company with excellent fundamentals, able to generating returns at the top of the industry, thanks to a progressively reduced cash neutrality".

Claudio Descalzi
CEO ENI

55 $/barrel
2019 cash neutrality at budget scenario

Notwithstanding an unfavorable trading environment affecting the industry from 2014, Eni has grown organically, while complying with financial discipline. The drivers of this growth have been our successful exploration, where we were able to maximize value by applying our Dual Exploration Model, and a constant reduction in the time-to-market of reserves, delivering a winning streak of production records year by year, with an overall increase of 17% from 2014 to the 1.87 million boe/d plateau of 2019.

We have strengthened our business portfolio by diversifying our geographical presence with a better balance along the value chain thanks to the expansion in the Middle East both in the upstream segment and with the acquisition of a 20% interest in ADNOC Refining, by growing in Egypt and Indonesia and with the entry in Mexico, by developing a global LNG business leveraging on the integration of upstream and G&P activities, as well as by enhancing the production platform in Norway with the Vår Energi transaction and the subsequent acquisition of the ExxonMobil assets by the JV.

The strategy allowed us to halve our cash neutrality and currently our funds from operations are able to cover all expenses, the capital expenditure and the dividend at a Brent price of 55 $/barrel under the assumptions of the 2019 budget scenario, compared to 114 $/barrel of the 2014 baseline. This result has been achieved without increasing capital expenditure, but actually reducing them, therefore resulting in a 16% reduction in net borrowings below €12 billion, after having distributed in the six-year period dividends for more than €19 billion and having executed the first tranche of Eni's share buy-back for €0.4 billion.

MANAGING THROUGH THE DOWNTURN

	2014		2019
UPSTREAM EXPLORATION		+17% -49%	PRODUCTION 1,871 KBOE/D MAIN PROJECTS' BREAK-EVEN 23 $/BBL
LNG ENI GAS E LUCE		+76% +11%	LNG CONTRACTED VOLUMES ~9.5 MTPA POINTS OF DELIVERY 9.4 MLN
DOWNSTREAM			BIO-REFINING CAPACITY 0.7 MLN TON/Y
RENEWABLES & DECARBONIZATION		 -27%	190 MW OF INSTALLED CAPACITY UPSTREAM EMISSION INTENSITY 19.6 tonCO$_2$eq/KBOE
FINANCIAL DATA		-37% +40% -16%	NET CAPEX €7.7 BLN ORGANIC FREE CASH FLOW €4.1 BLN NET BORROWINGS (BEFORE IFRS 16) €11.5 BLN

The first driver of Eni's value creation has been the exploration, a distinctive competence of our Company. In these years, our exploration granted both the replacement of produced reserves with a competitive discovery cost per boe which is the first step to reduce the break-even of upstream projects, and a robust contribution to the cash generation through the deployment of the Dual Exploration Model. This strategy foresees the fast monetization of the discovered resources through the dilution of participation interests in certain mineral interests, while retaining operatorship, otherwise an asset swap as it has been in the case of our entry in the upstream business in the United Arab Emirates in return for the sale of a 10% stake in the Zohr discovery. The Dual Exploration Model allowed us to cash in approximately \$11 billion.

In carrying out exploration activities, Eni has expertly combined initiatives in high-risk/high-reward plays, with near-field exploration, which targets the discovery of additional mineral potential in mature, proven areas, close to existing producing platforms, FPSO units and other infrastructures in order to ensure fast support to production and cash flows. In these six years we have discovered some 6 billion boe of resources, replacing more than our production, at an average cost of approximately 1.1 \$/boe.

We have restructured the gas and refining businesses through efficiency and optimization actions making them not only financially self-sufficient, but also able to steadily contribute to the Group's cash flow generation.

The heart of our strategies is the Company's aim to become even more sustainable, playing a leading role in achieving a socially fair energy transition to preserve the environment and ensuring universal access to energy. Eni's decarbonization path has been accelerated in these six years by leveraging on widespread energy efficiency actions, the development of the renewable energies business, the launch of circular economy projects and the enter in forestry conservation initiatives.

In this period, upstream intensity emission reduced by 27%, from approximately 27 tonnes CO_2 eq/kboe in 2014 to less than 20 tonnes CO_2 eq/kboe in 2019; the volume of hydrocarbon sent to process flaring decreased by 29% and methane fugitive emissions by 81% from 2014. Our selected development projects are consistent with our targets on emissions.

This result benefitted from the development of power generation from renewable business, leveraging on the synergies with Eni's portfolio of assets, the bio-reconversion of our refineries, the launch of green chemistry and circular economy projects based on the use of sustainable raw materials and the recycling/reusing of waste (organic and non-organic). Finally we launched certain forestry initiatives designated at conserving and preserving forests, complementary to the low carbon strategy.

6 mln boe
discovered resources 2016–2019

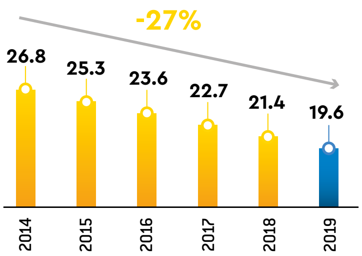
1.87 mln boe/d
record in hydrocarbon production

€0.65 bln
G&P adjusted operating profit

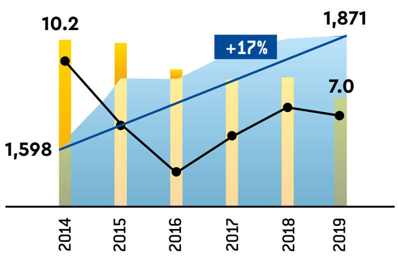
3.5 \$/barrel
break-even refining margin at budget scenario

- 9%
vs. 2018 upstream GHG emission intensity

UPSTREAM GHG INTENSITY INDEX
(tonCO_2eq/kboe)

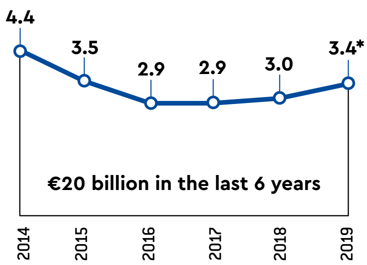


PROFITABLE AND DISCIPLINED GROWTH



HYDROCARBON PRODUCTION (kboe/d)
E&P CAPEX (€ bln)
AVERAGE PRICE OF BRENT DATED CRUDE OIL IN US DOLLARS (\$/bbl)

ENI'S SHAREHOLDERS RETURN
(€ bln)



(*) Includes €400 million of buy-back in 2019.

Our strategy

> "The Eni of the future will therefore be even more sustainable. It will reinforce its role as a global player in the world of energy with renewables and circular economy activities. These nascent businesses will develop strongly and be highly connected to our existing businesses. We have designed a strategy that combines economic sustainability with environmental sustainability and we have done so by defining an action plan based on technologies – existing or developed in-house – that we know how to implement. This will allow Eni to be a leader in the market supplying decarbonised energy products and actively contributing to the energy transition process".
>
> Claudio Descalzi CEO ENI

After a period of profound transformation, which has allowed the Group to grow and diversify its activities portfolio, whilst strengthening its financial structure, Eni is now ready for a new phase of evolution of its business model, strongly oriented towards creating value over the long-term that combines economic and financial sustainability with environmental sustainability.

The Company has taken steps to adapt to and thrive in a low-carbon world. We have designed a long-term strategy for the evolution of our Company over the next thirty years. This evolution and the underlying actions plan aim at maximizing the economic opportunities arising from a fast changing energy market while delivering a deep reduction in GHG emissions from our operations and our products.

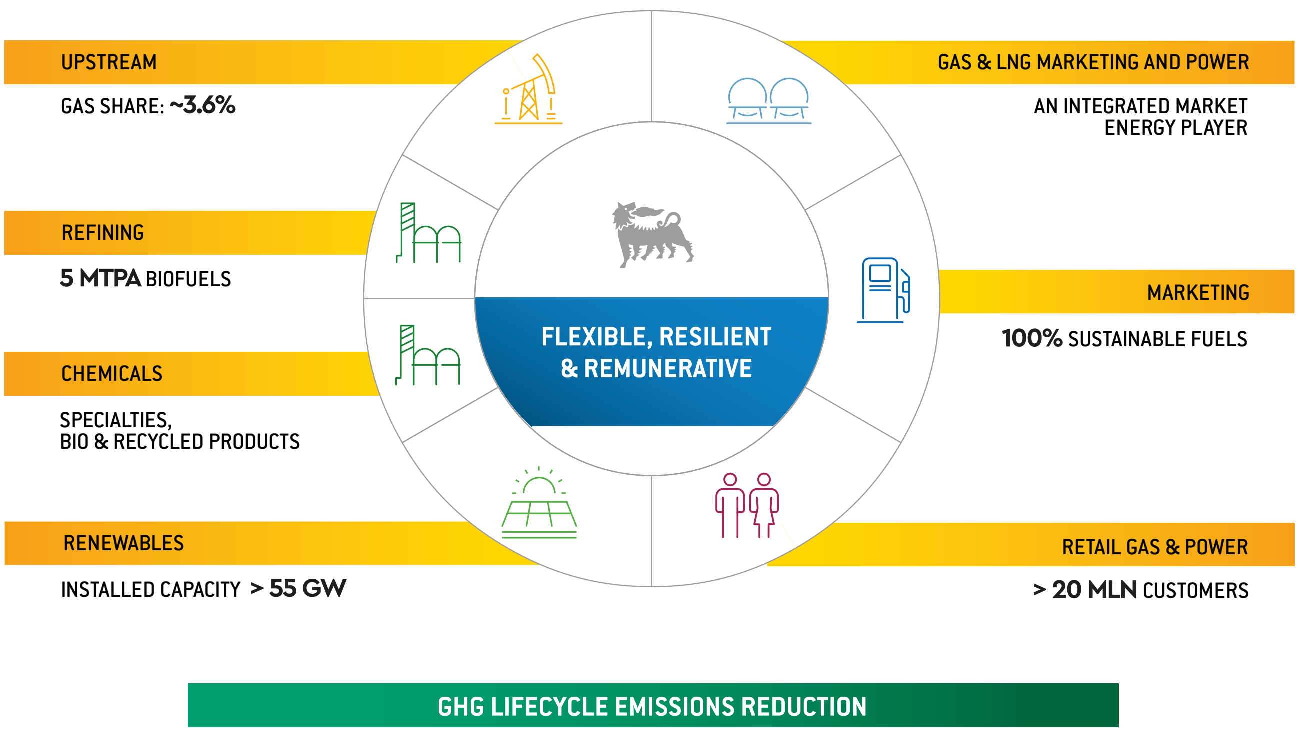
The principles that are the basis of our business strategy and will drive the evolution of our portfolio are:

- → to actively contribute to the achievement of all 17 UN SDGs which are reflected in Eni's mission;
- → to maximize the integration of the portfolio along the entire value chain, from production to final sale of conventional, bio and renewable products;
- → to focus on capital discipline to maintain a strong balance sheet and to sustain our cash flow generation; and
- → to maintain a progressive shareholder remuneration policy.

In our evolution path we design a more integrated and sustainable Company, which will be able to compete effectively in the global energy market leveraging on its existing asset base, technologies and competencies and the ongoing development of the new businesses of renewables and circular economy.

On the basis of the four firm principles, operational strategies have been defined for 2035 and 2050, which outline the evolutionary and integrated path of all our business units. The speed of evolution and the relative contribution of each business will depend on market trends, technological developments and legislation and the success of the strategy implementation in each business.

THE NEW ENI TOWARDS 2050



Our goals for each business are the following:

IN THE E&P BUSINESS

- to strengthen the resiliency of our portfolio of conventional Oil & Gas assets, which are expected to be characterized by a low break-even, a fast time to market and a limited exposure beyond the medium term;
- after 2025, we expect production to start a flexible decreasing trend mainly in its oil part. At the same time, we will seek to retain the ability to modulate future investments in exploration and development to enable the Company to capture market opportunities as they evolve. We expect to produce the vast majority of the value of our reserves by 2035 assuming a flat Brent price scenario of $50/bbl. The gas share of production is expected to reach 60% by 2030 and around 85% in 2050;
- to invest significantly in exploration activities with a view of increasing the geographical diversification and optionality of the portfolio; and
- to grow the cash generation.

IN THE GAS & POWER BUSINESS

- to expand retail activities to reach a customer base of over 20 million by 2050, leveraging the expected growth in consumption of renewables and bio-methane;
- to achieve a complete transition to bio and renewable products by 2050;
- to enhance the offer to customers with the supply of new services;
- to capture synergies by centralizing in this business the activity of marketing and trading of all non-oil commodities;
- to focus on equity products marketing (gas, biomethane, blue energy, hydrogen) and the progressive reduction of non-equity gas sales; and
- to support production of electricity at existing power plants with the construction of CO_2 capture and storage capacity, targeting the offset of over 10 million tons per year by 2050, with a first project under study for the Ravenna hub in Italy.

IN THE REFINING & MARKETING BUSINESS

- to continue the process of feedstock diversification in our running bio-refineries to become "palm oil free" by 2023, 7 years ahead of the EU ban on palm oil;
- to expand production capacity for bio-fuels to over 5 million tonnes per year, utilizing exclusively 2nd and 3rd generation. We are planning to target areas such as the Far and Middle East, Europe for bio-jet fuel production and the United States;
- to progressively convert traditional Italian refining sites through the construction of new plants for the production of hydrogen, methanol, bio-methane and products coming recycle of waste materials;
- in the long-term to retain just one traditional refinery in operation, the Ruwais refinery in the United Arab Emirates, leveraging its optimal geographic location and operational efficiency;
- to evolve the product mix marketed at our retail outlets, reaching 100% of de-carbonized products by 2050; and
- to increase the offer of additional services to improve margins and enhance customer loyalty.

IN THE CHEMICAL BUSINESS

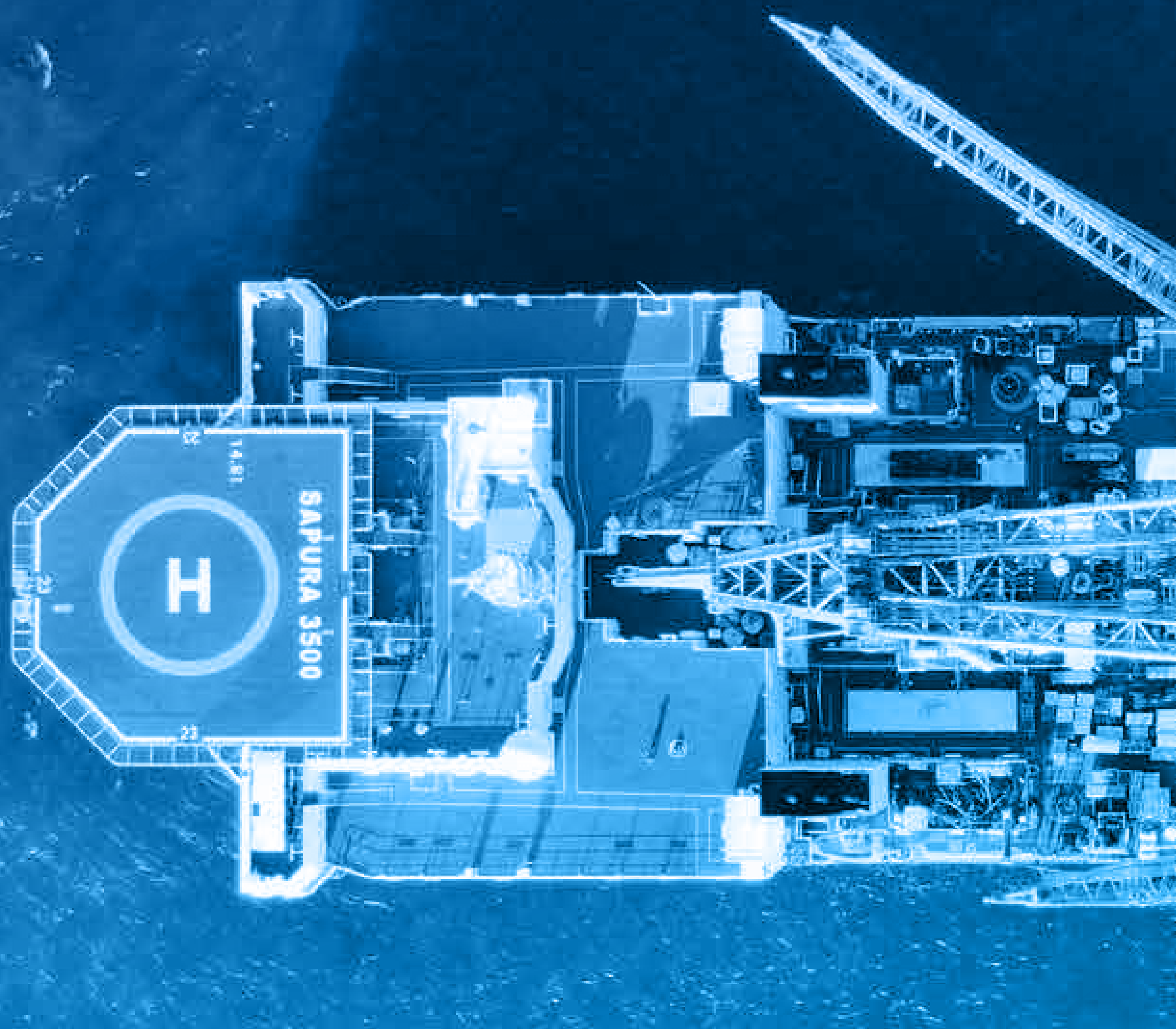
- to enhance production of high-quality and high-performance polymers;
- to develop and integrate the new businesses of producing chemicals products from renewables and from chemical recycling and mechanical recycling of wasted plastics;
- to develop the business of producing polymers via pyrolysis of non-recyclable plastics to obtain products with same characteristics as those produced by hydrocarbons; and
- to establish an integrated platform to maximize synergies with refining in gasification processes involving all types of plasmix.

IN THE RENEWABLES BUSINESS

- to grow our presence in the business of power generation from renewable sources, targeting a progressive expansion of installed global capacity to over 55GW by 2050; and
- to expand to new areas based on where we have an existing or targeted customer base in order to maximize value from an integrated model.

Finally, we are committed to executing projects for the conservation of primary and secondary forests, which based on our estimates will be able to offset CO_2 emissions exceeding 30 million tons per year by 2050. We expect the above-described industrial actions coupled with the results of the planned projects for forest conservation and projects of CO_2 capture and storage will drive a reduction of 80% in net scope 1, 2 and 3 emissions, with reference to the entire life-cycle of the energy products sold and a 55% reduction in emission intensity compared to 2018.
We also expect to reach the net carbon neutrality target for scope 1 and 2 emissions in the E&P business relating to equity production by 2030 and net carbon neutrality for scope 1 and 2 emissions for the entire Eni group by 2040.

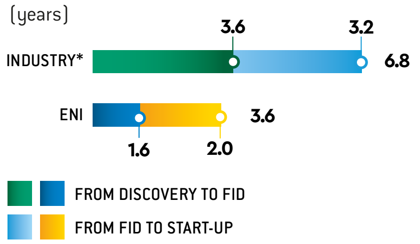
1 Business review



Eni has grown organically by strengthening its business portfolio and leveraging the diversification of the geographical presence with a better balance along the value chain.
The gas and refining businesses have been restructured through efficiency and optimization actions.
In the meanwhile, the Group continued to expand its renewables division, while also expanding the "bio-refineries" business, thus underpinning the efforts to expand the low carbon profile of Eni's portfolio, in preparation for the future.

Exploration & Production

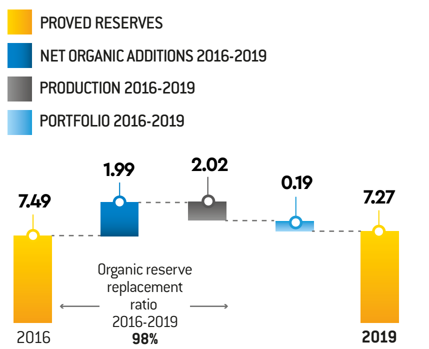
TIME-TO-MARKET
(years)



(*) Source: Wood Mackenzie

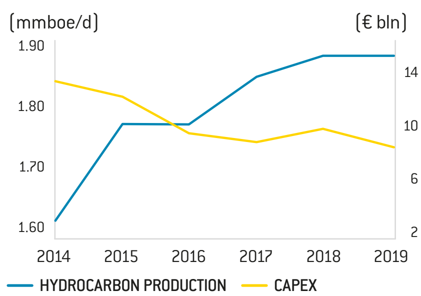
The reduction of reserves' time-to-market is the other great driver for the upstream value creation. Since 2014 the time-to-market of our projects has been halved to 3.6 years since the discovery and compared to an industry benchmark equal to the double, leveraging on our efficient and original development model.

MOVEMENT IN NET PROVED RESERVES
(bboe)



Leveraging on the exploration successes and time-to-market acceleration we replaced with new organic proved reserves 98% of the production for three-year period 2016-2019. In 2019 we achieved a 117% all sources replacement ratio; 92% organic replacement ratio (100% net of price effects). Our Dual Exploration Model with the early monetization of part of our reserves does not jeopardize our future growth plans.

PRODUCTION VS. CAPEX



We have been able to quickly reshape our upstream business in years of industry downturn. The drivers of our growth have been our successful exploration and a constant reduction in time-to-market, delivering a winning streak of production records year by year, with an overall increase of 17% from 2014 to the 1.87 million boe/d plateau of 2019. This result has been achieved without increasing capital expenditure, but actually reducing them.

PORTFOLIO MANAGEMENT

The upstream business has strengthened its asset portfolio by diversifying its geographical reach through the expansion in the Middle East, the entry into Mexico, the development of reserves in Egypt at the Zohr and the Great Nooros Area fields, as well as by restructuring the assets in Norway thanks to the establishment of the Vår Energi joint venture with local partners. That JV in its first year of life has finalized the acquisition of a cluster of assets from ExxonMobil, which complements the JV existing portfolio and contributes an annual production of 150 kboe/d. This strategic deal makes Vår Energi the second biggest upstream player in Norway. Entrance in new areas was balanced through application of our Dual Exploration Model that included: (i) divested to Qatar Petroleum our interests in exploration permits in Morocco, Mozambique and Kenya; (ii) disposal of 20% interest in the operated East Sepinggan block to Neptune. The block includes the Merakes field and the East Merakes discovery.

PRODUCTION GROWTH

Notwithstanding the volatility of the trading environment and continued imbalance between supply and demand affecting the industry from 2014, hydrocarbon production has grown steadily, delivering a winning streak of production records year by year, with an overall increase of 17% from 2014 to the 1.87 million boe/d plateau of 2019. In the last year, we have started up six new fields, Area 1 offshore Mexico in just eleven months from the FID, Berkine North in Algeria, Baltim SW in Egypt, Nasr phase 2 in UAE, Trestakk in Norway and Agogo in Angola. These start-ups together with the ramp-up of ongoing projects (with the bulk coming from the Zohr field) contributed approximately 250 kboe/d of new production to the plateau of the year. Our excellent exploration and development phases contributed to reducing the F&D cost which together with opex control allowed to halve the average break-even of Eni's ongoing development projects at 23 $/bbl, thus making them competitive in all the decarbonization scenarios.

EXPLORATION WILL CONTINUE FUELLING FUTURE DEVELOPMENTS

The first driver of Eni's value creation has been the exploration phase, a distinctive competence of our Company. In these years, our exploration granted both the replacement of produced reserves with a competitive discovery cost per boe which is the first step to reduce the break-even of upstream projects, and a robust contribution to the cash generation through the deployment of the Dual Exploration Model.
In carrying out exploration activities, Eni has expertly combined initiatives in high-risk/high-reward plays, with near-field exploration, which targets the discovery of additional mineral potential in mature, proven areas, close to existing producing platforms, FPSO units and other infrastructures in order to ensure fast support to production and cash flows. Examples of this approach in 2019 are three discoveries in Egypt and one in Nigeria contextually linked to production, as well as the resumption of exploration activities in the Block 15/06 in Angola to extend the useful life of the FPSOs in production that led to a total of five discoveries, identifying 2 billion barrels of oil in place.

GROWING CASH GENERATION

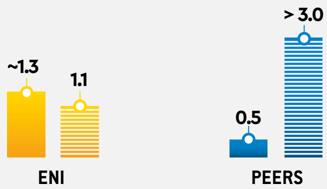
Upstream growth will continue to add higher-margin barrels leveraging exploration success, our original fast-track, phased development model and continued control of lifting costs. Key to value-creation is our relentless effort to reduce the time-to-market of the reserves by deploying our model of project execution driven by: (i) parallelization of the main project activities, including discovery appraisal and pre-fid activities; (ii) the in-sourcing of critical engineering and project management phases, for example we are exercising strict control over construction, hook-up and commissioning; (iii) the design-to-cost method whereby the Company has redirected its exploration efforts towards mature and low-complexity areas where we can achieve fast time-to-market and cost synergies; (iv) continuing progress in our technologies designed to improve drilling performance and the recovery factor; (v) the promotion of the digital transformation of the business to further improve workplace safety and asset integrity.

Strategy

Management will seek to boost the cash generation in the E&P segment leveraging on profitable production growth, capital discipline, effective project execution and strict control of operating expenses and working capital.
The drivers to achieve our priorities are: (i) exploration will continue driving the Company's growth in the short and long-term. Our strategic guidelines for exploration in the next four years are to retain capital discipline to ensure cost-effective replacement of produced reserves and to support cash generation. Our exploration initiatives will be balanced between projects in proven/mature areas and near-field i.e. in prospects close to producing fields, where we can leverage existing infrastructures to readily develop the discovered resources, attaining fast contribution to cash flows and production levels; selected initiatives in high-risk/high-rewards plays, where we retain a high working interest and the operatorship which will enable us to apply our dual exploration model in case of material discoveries; (ii) production growth in the 2020-2023 period is expected to be fuelled organically by new fields start-ups and the achievement of full-field production at our main producing fields, including the Zohr gas field in Egypt, Block 15/06 in Angola and the Area 1 fields off Mexico, as well as continuing production optimization to counteract fields natural decline. The main start-ups expected in the plan period include the projects that were sanctioned in 2019 or that are planned to be sanctioned shortly, mainly the cluster of oil discoveries in Area 1 offshore Mexico which was started in early production in 2019, the development of the new discoveries in Block 15/06 offshore Angola with the first one, Agogo, already started at the beginning of 2020, a number of projects operated by our JV Vår Energi in Norway (including Balder X and Johan Castberg) the Merakes gas field in Indonesia, phase two of the Nenè Marine field in Congo, the gas discovery of Coral in Area 4 offshore Mozambique, the Dalma gas fields offshore the UAE and other developments. We estimate that new field start-ups, production ramp-ups and expansion projects of existing fields will add approximately 800 kboe/d of new production by 2023. We have good visibility as to the ability to achieve those production targets because they relate to already-sanctioned projects, mostly of which are operated, and to incremental development phases at our existing profit centers; (iii) strengthening of integration with the G&P segment to monetize gas equity; (iv) a strong focus on project execution; and (v) optimizing operations by means of several initiatives to reduce operating costs and downtime also with processes digitalization.
Eni will strictly monitor the main risks that could adversely impact the upstream performance: (i) the commodity risk related to trend in crude oil prices. Management intends to retain a strong focus on capital and cost discipline and on reducing the time-to-market of our reserves; (ii) the political risk due to social and political instability in certain Countries of operations, which may lead to temporary production losses and disruptions in our operations. We note that our strategy of diversifying the geographic reach of our operations will lessen going forward our dependence on less politically stable areas such as Libya, where we expect to reduce the weight of this Country production relative to our portfolio, by increasing the size of more stable areas like UAE, Mexico, Norway and Mozambique; and (iii) risks related to the growing complexity of certain projects due to technological and operational issues. Eni plans to counteract those risks by the execution in parallel of the main project activities, including discovery appraisal and pre-fid activities; the in-sourcing of critical engineering and project management phases; the design-to-cost method whereby the Company has redirected its exploration efforts towards mature and low-complexity areas where we can achieve fast time-to-market and cost synergies; and continuing progress in our technologies designed to improve drilling performance and the recovery factor.

BEST-IN-CLASS RESULTS FOR OVER A DECADE

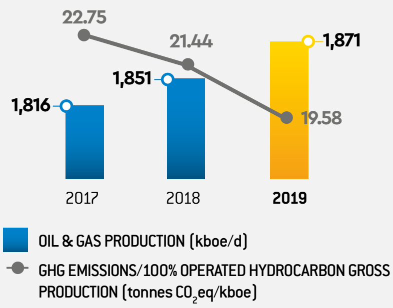
ENI vs. PEERS*



(*) 10 years average

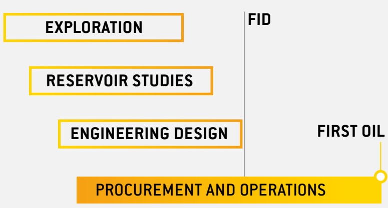
In these years, our exploration granted the replacement of produced reserves with a competitive discovery cost per boe which is the first step to reduce the break-even of upstream projects. In ten years we have discovered some 1.3 billion boe of resources per year, replacing more than our production, at an average cost of approximately 1.1 $/boe. In 2019 we discovered 0.8 billion boe of reserves or resources at near-field prospects (Egypt, Algeria, Angola, Nigeria, Ghana and Norway) and in frontier basins (Vietnam and Indonesia).

EXCELLENCE IN OPERATIONS



The traditional Oil & Gas business has substantially accelerated its own decarbonization path by reducing the emission intensity by 6% per year compared to the 2014 baseline (down by 27% in the period). In this period the volume of hydrocarbon sent to process flaring decreased by 29% and methane fugitive emissions by 81% from 2014. Our target is to achieve net-zero carbon footprint by 2030 for scope 1 and 2 emissions from upstream activities. Our selected development projects are consistent with our targets on emissions.

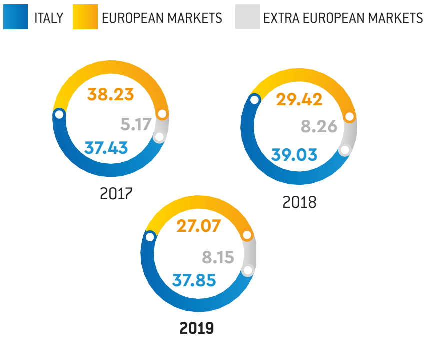
INTEGRATED DEVELOPMENT MODEL



Our model of project execution is based on the parallelization of different stages of the project, control of the project risks through the insourcing of critical development phases in order to apply our distinctive industrial competences (such as detailed engineering, construction supervision and commissioning) as well as applying a phased approach which allow to reduce idle capital.

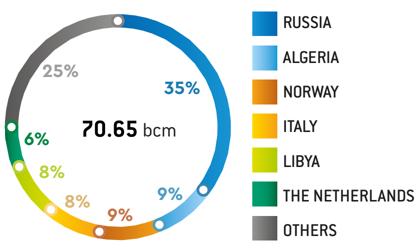
Gas & Power

WORLDWIDE GAS SALES
(bcm)



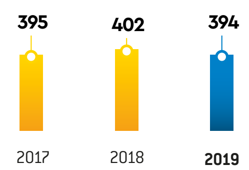
In 2019, natural gas sales were 73.07 bcm. In Italy, sales were 37.85 bcm, 3% lower than in 2018, due to reduced volumes to wholesalers and the residential segment, lower spot volumes, partly offset by higher sales to thermoelectric and industrial segment. Sales in the European markets were 22.70 bcm (excluding importers in Italy), down by 12.7.

SUPPLY OF NATURAL GAS



In 2019, Eni's consolidated subsidiaries supplied 70.65 bcm of natural gas, down by 3.50 bcm or by 4.7% from the full year 2018. Gas volumes supplied outside Italy from consolidated subsidiaries (65.21 bcm), imported in Italy or sold outside Italy, represented approximately 92% of total supplies, decreased by 3.61 bcm or by 5.2% from the full year 2018. Supplies in Italy (5.44 bcm) increased by 2.1% from the full year 2018.

POWER PLANTS GHG EMISSIONS
($gCO_2eq/kWheq$)



GHG emissions/equivalent produced electricity decreased by 2% compared to a year earlier due to the circumstance that in 2018 power plants reported higher consumption of refinery gas in place of natural gas.

SUSTAINABLE PROFITABILITY

In 2019, the Gas & Power segment reported an adjusted operating profit of €654 million, 20% higher than in 2018, due to optimization of gas and power assets portfolio in Europe, which benefitted from a volatile scenario and a better performance of the retail business leveraging effective commercial initiatives, higher extra-commodity revenues and lower opex. Thanks to a higher integration with the upstream, in 2019 Eni strengthened its LNG portfolio, reaching approximately 9.5 mmtonnes/year of contracted volumes, an increase of 76% compared to 2014. The retail business performed strongly, driven by value creation at the European customer portfolio which reached 9.4 million clients, efficiency gains from the operations, digitalization programs and automatization of post-selling activities and working capital monitoring.

AGREEMENTS FOR THE SUPPLY AND TRANSPORTATION OF NATURAL GAS

In May 2019, as part of Eni strategy of renegotiating its long-term portfolio of gas supplies in order to preserve its competitive position, Eni signed an agreement with the state-owned company Sonatrach for the renewal of the supply contracts to import Algerian gas in Italy until 2027 (with two additional optional years).
In July 2019, Eni finalized the contract for the transport of Algerian gas to Italy via the Tunisian onshore and offshore pipelines. The contract signed, through the subsidiary Trans Tunisian Pipeline Company (TTPC), provides for the exclusive right to operate the gas pipeline on the whole transportation capacity for the next 10 years and the commitment to support the necessary investments to modernize the infrastructure.

DEVELOPMENT OF EXTRACOMMODITY SERVICES

In November 2019, Eni, through the subsidiary Eni gas e luce, completed the acquisition of 70% of Evolvere SpA, a company leader in sale, installation and maintenance of photovoltaic systems as well as storage systems for residential and business customers. The acquisition has been finalized in January 2020. Leveraging on this operation, Eni will be a market leader in power generation from renewable sources in Italy.
Furthermore, as part of its strategy for sustainable mobility business, Eni, through the subsidiary Eni gas e luce, launched the E-start HUB service offering complete charging solutions for electric mobility in the residential and business sectors, from project development to installation, maintenance and digital services.

GAS AND POWER SALES

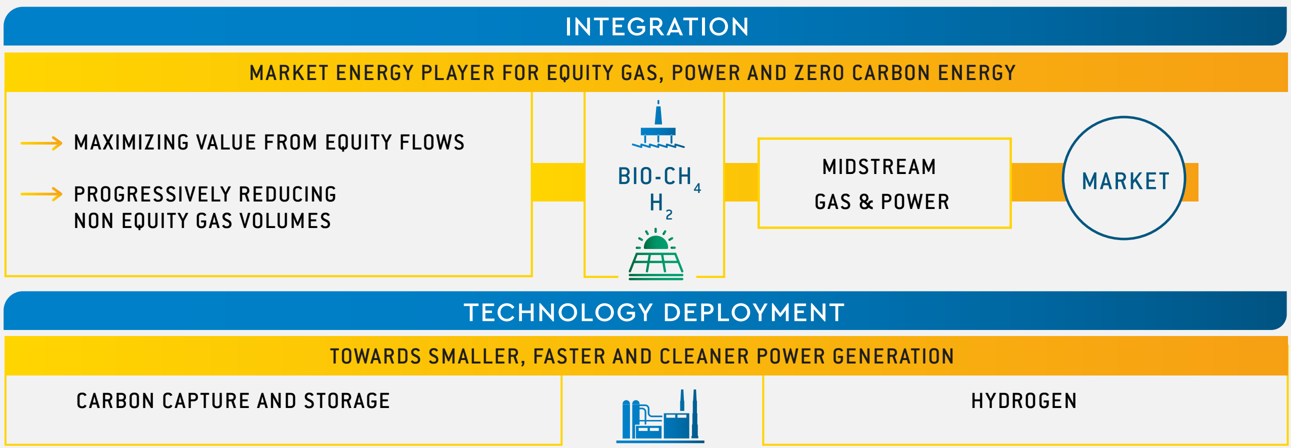
In a 2019 scenario characterized by a raising competitive pressure, natural gas sales amounted to 73.07 bcm (including Eni's own consumption, Eni's share of sales made by equity accounted entities), down by 3.64 bcm or 4.7% from the previous year.
Sales in Italy (37.85 bcm) decreased by 3% from the full year 2018 mainly driven by lower sales to wholesalers, hub and residential segments, partly offset by higher sales to thermoelectrical and industrial segment. Sales in the European markets amounted to 22.70 bcm, a decrease of 12.7% or 3.30 bcm from 2018. Sales in the Extra European markets decreased by 0.11 bcm or 1.3% from the previous year, due to lower LNG sales in the Far East markets, partly offset by higher volumes sold in the United States.
In 2019, power sales of 39.49 TWh increased by 6.5% from the full year 2018 and were mainly directed to the free market. Compared to 2018, power sales marketed in the free market increased, due to higher volumes sold to wholesalers segment, middle market and residential, partly offset by lower volumes sold to the large customers.

LNG SALES

In 2019, LNG sales (10.1 bcm, included in the worldwide gas sales) decreased by 1.9% from the 2018 and mainly concerned LNG from Qatar, Nigeria, Indonesia and Oman and marketed in Europe, China, Pakistan and Japan. In order to develop its LNG business, Eni signed an agreement for ten-year supply of 1.5 million tons of LNG with the Nigeria LNG Limited joint venture, which allows Eni to add volumes to its global LNG portfolio for a total of 2.6 million tons and to support growth in the main target markets.

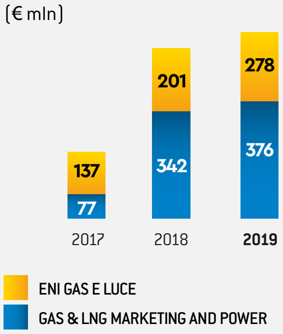
Strategy

Against a weak demand environment in our main reference markets, primarily in Italy and in other European Countries, due to an ongoing economic downturn also driven by the impact of the COVID-19 and strong competition, the Company priority in its Gas & Power business is to achieve stable profitability and cash generation in the medium term. The main drivers to execute this strategy going forward are: (i) the renegotiation of our long-term gas supply contracts to align pricing terms to current market conditions and dynamics as they evolve and to obtain operational flexibilities; (ii) value maximization of our portfolio of assets leveraging market volatility; (iii) growth in the LNG merchant business thanks to the integration with the E&P segment with the aim of maximizing the profitability along the entire gas value-chain and of supporting the achievement of the final investment decisions at large gas upstream projects (e.g. in Mozambique); (iv) profitability improvement at the Gas & Power retail business, by enhancing the value of the existing customer base against the backdrop of escalating competitive pressures. This will be achieved by selectively growing our customer base, by expanding the offer of new products and services other than the commodity and by continuing innovation in marketing processes including the deployment of digitalization in the acquisition of new customers, a reduction in the cost to serve and effective management of working capital.
Over the longer term, the growth in the retail business will be closely linked to Eni's expansion in renewables, which will benefit from the growth in equity renewable energy and equity bio products. This will allow Eni to fulfill the growing demand for sustainable energy and support an expansion in sales to more than 20 million customers by 2050. The key areas of growth will be in northern Mediterranean Countries, the United States and Australia where we plan a significant expansion in renewables and bio-methane. Eni's offer will be enhanced by high value-added services such as distributed photovoltaic and storage, charging stations and home services which are already yielding very positive results.



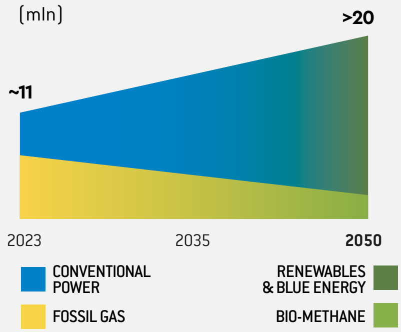
The Gas & Power business will increasingly be the link and the optimization engine between the production and sale of our gas, power and zero carbon products, providing logistics and commercial opportunities to increase the value of our equity flows. Bio-methane and renewables, whose weight is increasing in Eni's portfolio, will be the main products traded, together with our gas equity production, while the non-equity gas supply will shrink.

ADJUSTED OPERATING PROFIT (LOSS)
(€ mln)



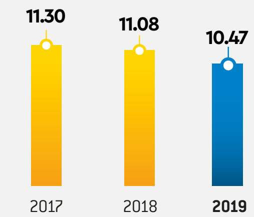
The G&P business confirmed the positive trend, the 2019 performance was driven by optimizations of Gas & Power assets portfolio in Europe which captured the high market volatility and by growth in the retail business.

CUSTOMER BASE
(mln)



Growth in Retail Gas & Power will be closely linked to our expansion in renewables.
This business will benefit from the growth in equity renewable energy and equity bio products. This will allow us to fulfill the growing demand for sustainable energy and support an expansion in sales to more than 20 million customers by 2050.

DIRECT GHG EMISSIONS
(mmtonnes CO_2eq)



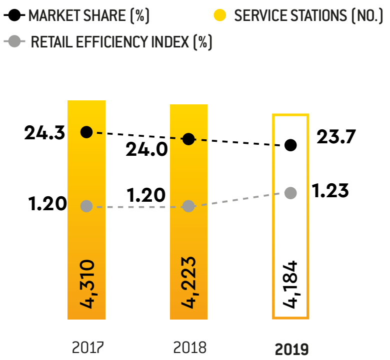
In 2019, direct greenhouse gas emissions (GHG) of the G&P segment reported an improved performance, approximately a reduction of 5.5%, due to lower power generation and gas transportation.

Refining & Marketing and Chemicals

GHG EMISSIONS/REFINERY THROUGHPUTS (RAW AND SEMI-FINISHED MATERIALS)
(tonnes CO_2eq/ktonnes)

In 2019, direct GHG emissions of R&M and Chemicals segment reported a decrease of 2.7% (7.97 mmtonnes CO_2eq in 2019). GHG emissions relating to refining throughputs decreased by 2% thanks to energy efficiency measures.

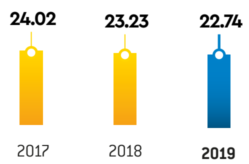
RETAIL EFFICIENCY INDEX AND MARKET SHARE IN ITALY



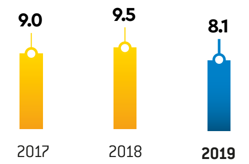
Average gasoline and gasoil throughput (1,586 kliters) was substantially in line with 2018. As of December 31, 2019, Eni's retail network in Italy consisted of 4,184 service stations, lower by 39 units from December 31, 2018 (4,223 service stations) due to the closure/divestment/relinquishment of low-throughput outlets.

OPERATING PERFORMANCE

REFINERY THROUGHPUTS ON OWN ACCOUNT
(mmtonnes)



PRODUCTION OF PETROCHEMICAL PRODUCTS
(ktonnes)



In 2019, Eni's refining throughputs amounted to 22.74 mmtonnes, slightly lower y-o-y (down by 2.1%). Production of petrochemical products (8,068 ktonnes) decreased by 1.42 mmtonnes (down by 14.9%) due to a combination of weaker demand and plant unplanned downtime.

2019 RESULTS

In 2019, the Refining & Marketing business reported an adjusted operating profit of €220 million, 44% lower than in 2018 due to a deteriorated refining scenario driven by narrowed price differentials between heavy crudes and the Brent market benchmark, as well as by lower products spreads, particularly lubricants, and by higher refinery downtime. The decline in the refining results was partly offset by a strong marketing performance.

In 2019, the Chemical business, reporting an adjusted operating losses of €268 million, was negatively affected by a depressed trading environment due to a slowdown in demand from the main end-markets, particularly the automotive sector, and by weaker demand of single-use plastics. Furthermore, in a shrinking global market, the downward margins trend was exacerbated by rising competitive pressure from producers with lower feedstock costs (e.g., US producers using ethanebased crackers). These drivers determined unprofitable spreads between product prices and feedstock costs mainly for polyethylene and a profitability decline at styrenics and elastomers.

OPERATING PERFORMANCE

In 2019, Eni's refining throughputs were to 22.74 mmtonnes, little changed y-o-y as lower throughputs at the Bayernoil refinery, due to the forced shut down of the Vohburg facility for the main part of the year, as well as at the Livorno and Milazzo operated-refineries, as well as the PCK participated refinery. These negatives were partly offset by higher volumes processed at the Taranto refinery.

In 2019, the production of biofuels from vegetable oil increased by 22.9% from 2018 to 0.31 mmtonnes, driven by the start-up of the Gela biorefinery in August 2019.

In 2019, sales of petrochemical products amounted to 4.29 mmtonnes, recording a decrease of 13.2% y-o-y, mainly due to lower intermediates sale volumes.

BUSINESS DEVELOPMENTS

The Company moved forward in diversifying the geographical reach of its operations also targeting to rebalance the portfolio along the value chain through the acquisition of a 20% stake in ADNOC Refining in Abu Dhabi, for a cash consideration of $3.24 billion increasing its refining capacity by 35%. The deal is including a 20% interest in a trading Joint Venture to be set-up for the oil products marketing. In August 2019, Eni started up the Gela biorefinery, with an installed capacity of 720 ktonnes/year and equipped with the Ecofining™ technology, developed by Eni, and designed to treat advanced and unconventional feedstocks, the latter deriving from food production waste. In 2019, Eni carried on its commitment in international chemical business, focusing on specialties to produce high performance polymers, through strategic partnerships and licensing activities. In February 2020, Eni acquired a 40% interest in Finproject, the Italian leader company in the compounding business and in the production of ultralight products, to create an integrated supply chain of special polymers and to grow internationally.

CIRCULAR ECONOMY COMMITMENT

In 2019, Eni carried on its commitment in circular economy initiatives through strategic partnerships and licensing activities and in renewable chemicals. The two major projects of traditional refineries conversion in biorefineries in Venice and Gela, with overall installed capacity of 660 ktonnes/year, allowed Eni to reduce the refinery environmental footprint compared to traditional oil-based cycles. In 2019, Eni signed some agreements for the joint development of new ways of exploiting organic waste for sustainable mobility and biofuels, the promotion of agricultural biomethane and advanced biomethane, the exploitation of plastic waste, renewable feedstock for chemical production. In 2019, Eni in collaboration with Montello SpA, developed Versalis Revive®, a line of products made of post-consumer plastic. In early 2020, on the same issue, Versalis launched the project Hoop™ to develop a chemical recycling technology of mixed plastic waste (plasmix). Furthermore, it completed the upgrading of the Crescentino plant for the production of bioethanol at industrial scale.

Strategy

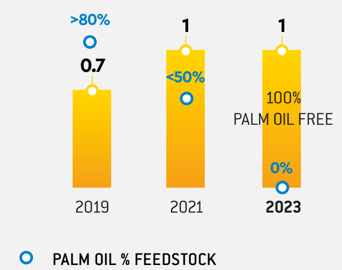
Refining & Marketing

In the Refining & Marketing business management priority is to retain profitable and cash positive operations even in a depressed downstream oil environment, characterized by overcapacity, high global gasoline stocks, impact of energy efficiency on fuel consumptions and rising competition from cheaper products streams from the Middle East and other areas. Furthermore, fuel demand in Europe is projected to fall due to an ongoing economic slowdown now exacerbated by spread of the pandemic disease COVID-19. Against this backdrop, our priority is to reduce the break-even margin of Eni refineries in Europe, leveraging the full operability of our refining system, particularly with the restart of the EST high conversion unit at the Sannazzaro refinery and the recovery of the Bayernoil plant. We intend to maximize the returns at our investment in ADNOC Refining, where we acquired a 20% stake in 2019. We are planning to improve the refinery efficiency and profitability through projects that will be funded by the refinery cash flows and that are expected to significantly reduce the break-even margin of ADNOC Refining. In recent years we have upgraded the Venice and Gela plants to bio-refineries based on proprietary technologies, bringing installed capacity to 1 million tons per year, with profitable crack spreads between the cost of the bio feedstock and the bio-productions. We are planning to progressively phase out palm oil as a feedstock and replace it with more environmentally-sustainable feedstock, entirely by 2023. In Marketing activities, where we expect a very competitive environment due to lack of entry barrier and of product differentiation, we are planning to retain steady and robust profitability mainly by focusing on innovation of products and services, anticipating customer needs, strengthening our line of premium products, as well as efficiency in the marketing and distribution activities. Further value will be extracted by the development of our initiatives in the segment of sustainable mobility and new fuels and selling non-fuel products and services.

Chemicals

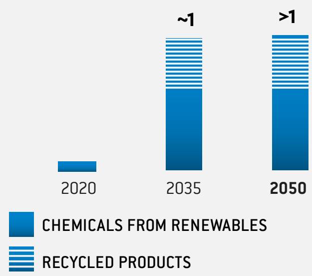
The outlook in the chemical business is challenging due to the declining consumption of commodity plastics in the main final end markets, particularly the automotive sector, and of single-use plastics as a consequence of regulatory restrictions and growing awareness about environmental issues among consumers and we believe that this trend will strengthen in the future. The ongoing economic slowdown in Europe, lower growth in China and in other emerging economies has been made worse by the spread of the COVID-19 and the related global slowdown. Over the last few years, we have restructured our business by reducing capacity, divesting or exiting unprofitable lines, plant optimization and other efficiency measures as well as a shift in our product portfolio towards specialties, green chemicals and products with high technology content, which are less exposed to the scenario volatility. Looking forward we believe that further steps are needed to preserve profitable and cash-positive operations and to improve resiliency to the market volatility: (i) strengthening the productive footprint by means of improved plant integration and reliability as well as by rightsizing our captive ethylene capacity vs. internal needs for the production of polyethylene; (ii) improving feedstock costs at our steam crackers by introducing a certain degree of flexibility towards ethane; (iii) upgrading the product mix by developing differentiated products, leveraging on new applications through internal R&D; (iv) developing the international presence of our chemical business leveraging on proprietary technologies targeting markets with growth opportunities and access to competitive feedstock and outlets; and (v) developing our portfolio of green products and products from recycled plastics and renewable feedstock.

BIOREFINERIES CAPACITY
(mmtonnes)



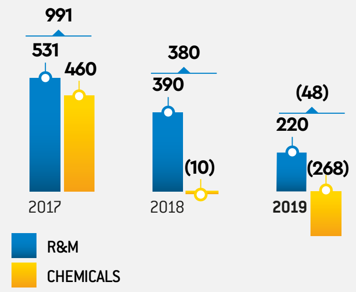
Venice biorefinery started operations in June 2014 (installed capacity of 360 ktonnes/y). Gela biorefinery was started up in August 2019 (installed capacity of 720 ktonnes/y). We project the refinery feedstock to be supplied by raw materials of second and third generation, which are anticipated to be completely palm oil-free by 2023.

BIO AND RECYCLED PRODUCTS SALES VOLUMES
(mmtonnes)



In Chemicals, Eni will focus on specialties, producing to a large extent high performance polymers and in developing circular economy solutions, to produce chemicals from renewables and advanced recycled plastics. Within an integrated platform, Eni will leverage also synergies with Refining's gasification technology, to recover value from all plasmix fractions.

ADJUSTED OPERATING PROFIT
(€ mln)



The Refining & Marketing business reported an adjusted operating profit of €220 million (down by 44%), due to the unfavourable refining scenario, partially offset by a strong marketing performance. The Chemical business reported an adjusted operating loss of €268 million, negatively affected by a depressed trading environment due to a slowdown in demand from the main end-markets, the weaker demand of single-use plastics and due to an incident occurred at the Priolo plant early in the year.

Focus on **Renewables and Circular Economy**

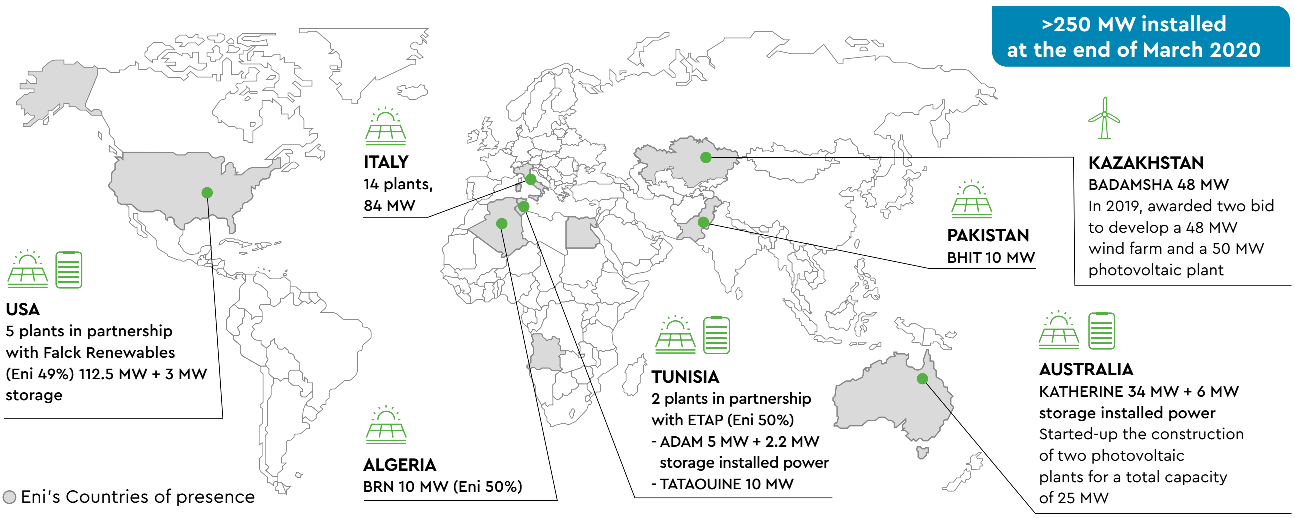
Eni's decarbonization path has been accelerated in last six years by leveraging on widespread energy efficiency actions, the development of the renewable energies business, the launch of circular economy projects and the enter in forestry conservation initiatives. The development of energy generation from renewable sources business is based on a model leveraging on industrial, commercial, logistical and contractual synergies as a result of the integration with the existing assets. In the last two years, 11 new units of energy generation from renewable sources (photovoltaic and wind) have been finalized and some plants have been acquired by Falck Renewables in the USA, totalling an overall installed capacity of approximately 250 MW and a wide geographical diversification: Italy, Algeria, Kazakhstan, Australia, Pakistan, Tunisia and the USA. The key factor of our low carbon strategy is also the evolution of the Group towards a circular economy which is based on the sustainability of raw materials (biomass and secondary raw materials), the recycling/reusing and recovery of raw materials from waste products and the conversion of assets in bio and low carbon ones.

RENEWABLE ENERGIES

Eni is engaged in the renewable energy business (solar and wind) through the business unit Energy Solutions aiming at developing, constructing and managing renewable energy producing plants.
Eni's targets in this field will be reached by leveraging on an organic development of a diversified and balanced portfolio of assets, integrated with selective asset acquisitions, as well as projects and international strategic partnership.

As of the end of 2019, total installed capacity for generation of renewable energy is 174 MW (net to Eni and including storage capacity), of which approximately 82 MW in Italy and 92 MW outside Italy, with 15 plants in operation.
In the first months of 2020, this capacity increased more than 250 MW due to the acquisition of interests in 5 solar plants by Falck Renewables in the USA (116 MW, Eni's interest 49%), the construction of the Tatouine plant in Tunisia (10 MW, Eni's interest 50%), as well as the finalization of the Eni's first wind farm energy of Badamsha in Kazakhstan (48 MW) and the photovoltaic plant of Volpiano in Italy with an installed capacity of 18 MW.

SOLAR AND WIND POWER INSTALLED CAPACITY



MAIN RENEWABLE PLANTS

ITALY

PORTO TORRES (SASSARI)

The biggest photovoltaic site realized by Eni in Italy. Installed capacity of 31 MW. Energy produced will be addressed for a 70% share to Eni's own consumptions.

ASSEMINI (CAGLIARI)

Photovoltaic plant with a 23 MW installed capacity, located in the Assemini site. Energy produced is partly consumed in the industrial plant of Assemini and the remaining portion is entered into the national grid.

VOLPIANO (TORINO)

Photovoltaic plant with a 18 MW installed capacity. The plant is located in the industrial area of Eni R&M depot and storage in Piemonte. Produced energy is entered into the national grid.

Wave energy converter

Eni, in collaboration with the Polytechnic university of Turin, has developed ISWEC (Inertial Sea Wave Energy Converter), an innovative technology capable of producing energy from sea waves through the reactive inertial effect of a gyroscope. Wave energy is a great renewable energy source characterized by extremely high energy density, low production variability and minimal visual impact. The innovative features of ISWEC technology stand out for level of productivity, reliability and replicability.
In 2019, Eni installed a pilot ISWEC in the Adriatic Sea, the world's first hybrid solar-wave power generation system. For ocean installations, the IOWEC (Inertial Ocean Wave Energy Converter) technology is currently in the research and development phase, potentially paving the way for systems to be installed along ocean coastlines.

CIRCULAR ECONOMY

Circular economy is one of the levers of Eni's decarbonization strategy. The main strategic guidelines are:

- **Public-private partnerships:** for the exploitation of organic waste for sustainable mobility and biofuels, the promotion of agricultural biomethane and advanced biomethane, the exploitation of plastic waste and the development of renewable feedstock for chemical production; Memorandums of Understanding signed with universities and research institutes, agreements with Italian regional authorities in order to promote circular economy initiatives in favour of sustainability principles.
  In March 2020, Eni signed an agreement with Cassa Depositi e Prestiti to set up a company called CircularIT, which will build plants to produce biofuels and water from organic municipal waste, in line with a circular development model.
  The same agreement aims to study opportunities, in Eni sites, for the development of the technology for the gasification of plastic waste and the solid secondary fuel, resulting from waste sorting, to produce hydrogen and methanol.

- **Waste to Fuel:** Eni's proprietary technology designed to transform, through a process that is called thermochemical conversion, organic waste (OFMSW - Organic Fraction of Municipal Solid Waste) into bio-oil, that can be used as a liquid energy carrier, with the recovery of the water naturally contained in the wet waste. The development and the management of the Waste to Fuel plants are assigned to Eni Rewind, Eni's environmental services company that, in line with the principles of circular economy, is in charge of the remediation and valorization of fields, water and waste. At the end of 2018, Eni Rewind started up the pilot plant in Gela Refinery compound. The plant will enable the evaluation of a possible applicability of the Waste to Fuel technology on an industrial scale, both in Italy and abroad.

- **Waste to Hydrogen/ Methanol:** technology enabling hydrogen or methanol to be obtained from Plasmix and SSF (Solid Secondary Fuel), given that Plasmix is the non-recyclable fraction of plastic waste while the SSF is the solid secondary fuel, the residual fraction that is separated after the mechanical treatment of the non-separated waste. Generally Plasmix and SSF are processed in waste incineration plant, where the smoke is treated and then released into the atmosphere. Waste to Hydrogen/Methanol technology enables the production of a syngas through a partial oxidation reaction, with oxygen at high temperature. This reaction is carried out in a closed environment, meaning there are no direct emissions; instead heavy pollutants vitrifies on the bottom, becoming inert material.

FORESTRY

Eni launched certain forestry initiatives designated at conserving forests, complementary to its low carbon strategy, by working alongside specialized international developers. Eni's projects fall within the so called REDD+ programme (Reducing Emissions from Deforestation and forest Degradation), designed by the United Nations.
The scheme promotes the development of forest conservation activities, which allow significant reductions in CO_2 emissions, whilst simultaneously facilitating the economic and social development of local communities, forests enhancement and biodiversity conservation. Eni's entered into the forestry projects sector becoming an active member alongside BioCarbon Partners for the governance of the REDD+ Luangwa Community Forests Project in Zambia, with a commitment to purchase carbon credits for the next 20 years, until 2038.
Eni is implementing a number of initiatives in various Countries: at the moment the first partnerships have been established and discussions have started in Countries such as Mozambique, Vietnam, Mexico, Ghana, Angola and the Democratic Republic of the Congo.

OUTSIDE ITALY

KAZAKHSTAN – BADAMSHA

First Eni's wind farm energy with a total capacity of 50 MW (completed in February 2020). In 2019, Eni was awarded a bid for two projects in the Country: an onshore 48 MW wind farm and a 50 MW photovoltaic plant.

AUSTRALIA – KATHERINE

The largest photovoltaic plant in the Australian Northern Territory. Total capacity of 34 MW, integrated with an energy storage system and an installed storage power of about 6 MW.

PAKISTAN – BHIT

Eni's first solar project in Pakistan supporting the production facilities at the Bhit gas field. Peak capacity of 10 MW, with a production of approximately 20 GWh/year.

TUNISIA

Adam-photovoltaic plant with a 5 MW capacity, in offgrid configuration, provides a storage battery system (with an installed storage capacity of 2.2 MW). Tataouine photovoltaic system with an installed capacity of 10 MW provides the supply of green electricity to theState-owned company STEG.

ALGERIA – BIR REBAA NORTH (BRN)

Photovoltaic plant with a capacity of 10 MW, in offgrid configuration, will provide energy to the Bir Rebaa North (BRN) oil field.

THE UNITED STATES

Acquired the 49% interest in Falck Renewables owing a 92 MW plant located in North Carolina and four plants for a total 24 MW capacity, in Massachusetts.

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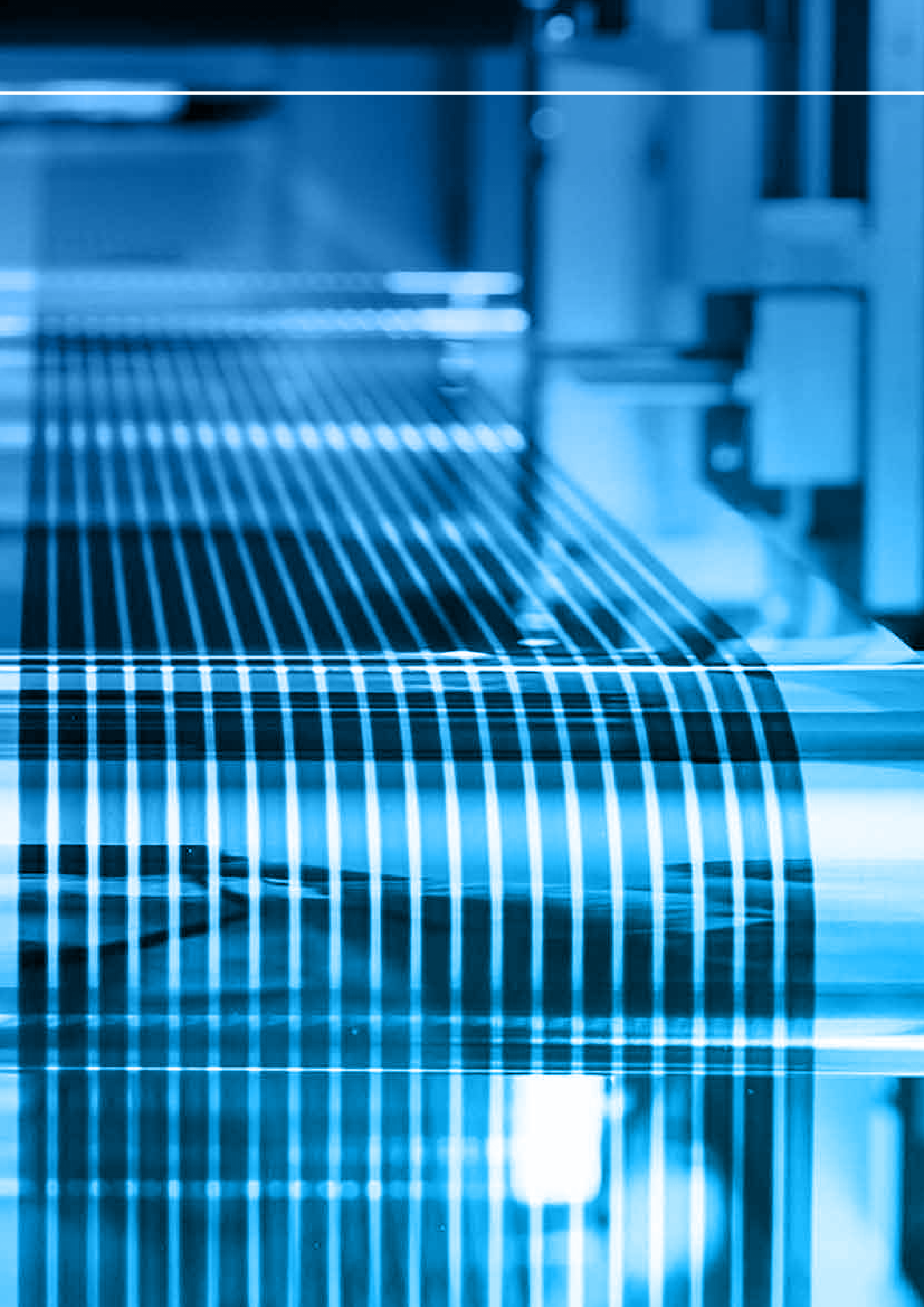
Financial review

Eni reported excellent results in 2019, despite a tough period characterised by geopolitical tensions and much less favourable commodity prices than in 2018. The results today reflect the successful strategy we have pursued in recent years, which has seen Eni become more resilient and growing business.

Eni is now ready for a new phase of evolution of its business model, strongly oriented towards creating value over the long-term that combines economic and financial sustainability with environmental sustainability.



Group results for the year

In 2019, net profit attributable to Eni's shareholders was €148 million, driven by an operating profit of €6,432 million that was 36% lower than in 2018.

The 2019 results were negatively affected by a challenging operating and trading environment, reflecting a slowdown in the global macroeconomic cycle, a deceleration in international trade triggered by the "trade dispute" between the US and China, as well as by adverse geopolitical developments that fueled uncertainty among market participants and directly affected Eni's performance in certain areas. All of these factors have curbed demand for energy commodities and global consumption of fuels and plastics, increasing the negative impact of oil and gas overproduction on the results of our Exploration & Production business, while rising competition from producers with more efficient cost structures and overcapacity pressured margins in our downstream businesses of refining and chemicals.

Against this backdrop, Eni reported a big decline in oil and gas realized prices, as well as in products margins in all of its business segments. The results for the year were particularly hit by lower gas prices in all geographies with the worst declines recorded by the European benchmark gas spot price "PSV", which was down by 34% and negatively affected the revenues of the E&P segment relating sales volumes of equity gas. Prices and margins reductions negatively affected operating profit for an estimated €2.5 billion.

The Group performance was also negatively affected by higher unplanned downtime at oil fields, refineries and chemical plants. Furthermore, the operating profit was negatively affected by the incurrence of approximately €2.2 billion of impairment losses, which were mainly recorded at oil and gas properties and refineries driven by a revised refining margin scenario and downward reserve revisions and lower expected production rates.

These negative effects were partly offset by higher hydrocarbon production which achieved a new record plateau at 1.87 million boe/d, a favorable product mix due to higher incidence of barrels with higher-than-average profitability, efficiency and optimization measures and steady results reported by the retail businesses, which include the Gas & Power retail segment as well as the marketing of fuels at both retail and wholesale markets, leveraging on effective marketing actions and continuing product/service innovation.

Net profit for the year was also negatively affected by lower net income from investments (down by €902 million), due to the fact that the 2018 financial statements benefitted from non-recurring gains, mainly related to the gains on the Vår Energi business combination (€889 million) and a reversal of a prior-year impairment loss of €262 million made at the Angola LNG equity-accounted entity.

Finally, net profit was negatively affected by an increased tax rate, which was due to a higher share of taxable income reported by the Exploration & Production segment in Countries subject to higher-than-average tax rates, as well as the write-off of deferred tax assets of approximately €0.9 billion due to projections of lower future taxable profit at Italian subsidiaries.

PROFIT AND LOSS ACCOUNT (€ million)	2019	2018	2017	Change	% Ch.
Sales from operations	69,881	75,822	66,919	(5,941)	(7.8)
Other income and revenues	1,160	1,116	4,058	44	3.9
Operating expenses	(54,302)	(59,130)	(55,412)	4,828	8.2
Other operating income (expense)	287	129	(32)	158	..
Depreciation, depletion, amortization	(8,106)	(6,988)	(7,483)	(1,118)	(16.0)
Impairment reversals (impairment losses) of tangible and intangible and right of use assets, net	(2,188)	(866)	225	(1,322)	..
Write-off of tangible and intangible assets	(300)	(100)	(263)	(200)	..
Operating profit (loss)	**6,432**	**9,983**	**8,012**	**(3,551)**	**(35.6)**
Finance income (expense)	(879)	(971)	(1,236)	92	9.5
Income (expense) from investments	193	1,095	68	(902)	..
Profit (loss) before income taxes	**5,746**	**10,107**	**6,844**	**(4,361)**	**(43.1)**
Income taxes	(5,591)	(5,970)	(3,467)	379	6.3
Tax rate (%)	*97.3*	*59.1*	*50.7*	*38.2*	
Net profit (loss)	**155**	**4,137**	**3,377**	**(3,982)**	**(96.3)**
attributable to:					
- Eni's shareholders	**148**	**4,126**	**3,374**	**(3,978)**	**(96.4)**
- Non-controlling interest	7	11	3	(4)	..

ADJUSTED RESULTS (€ million)	2019	2018	2017	Change	% Ch.
Operating profit (loss)	**6,432**	**9,983**	**8,012**	**(3,551)**	**(35.6)**
Exclusion of inventory holding (gains) losses	(223)	96	(219)		
Exclusion of special items	2,388	1,161	(1,990)		
Adjusted operating profit (loss)	**8,597**	**11,240**	**5,803**	**(2,643)**	**(23.5)**
of which:					
- Exploration & Production	*8,640*	*10,850*	*5,173*	*(2,210)*	*(20.4)*
- Gas & Power	*654*	*543*	*214*	*111*	*20.4*
- Refining & Marketing and Chemicals	*(48)*	*380*	*991*	*(428)*	*..*
Net profit (loss) attributable to Eni's shareholders	**148**	**4,126**	**3,374**	**(3,978)**	**(96.4)**
Exclusion of inventory holding (gains) losses	(157)	69	(156)		
Exclusion of special items	2,885	388	(839)		
Adjusted net profit (loss) attributable to Eni's shareholders	**2,876**	**4,583**	**2,379**	**(1,707)**	**(37.2)**
Tax rate (%)	*64.2*	*56.2*	*56.8*		

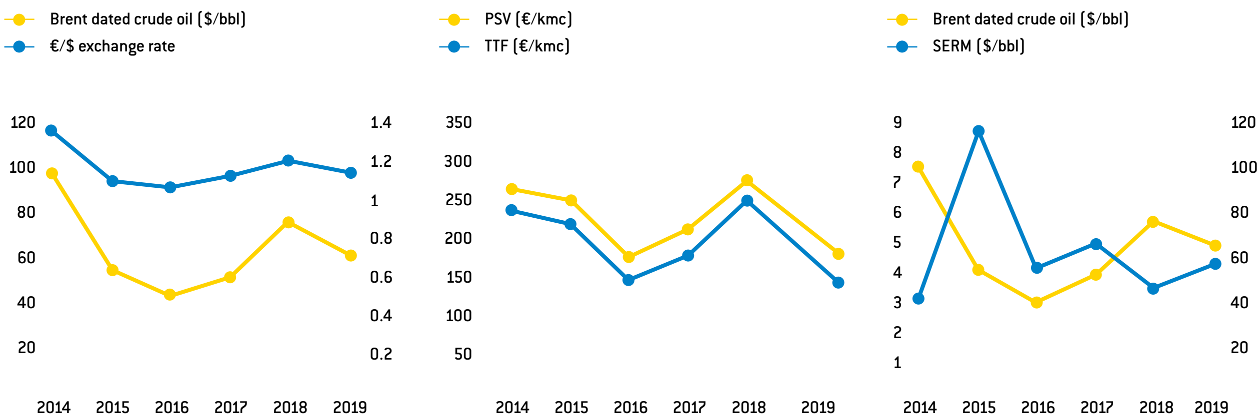
Adjusted operating profit and adjusted net profit are determined by excluding from the reported results inventory holding gains or losses and non-core gains and losses (pre and post-tax, respectively) that in our view do not reflect the ordinary results of our operations.
Adjusted operating profit (or loss) and adjusted net profit (or loss) provide management with an understanding of the results from our underlying operations and are used to evaluate our period-over-period operating performance, as management believes these provide more comparable measures as they adjust for disposals and special charges or gains not reflective of the underlying trends in our business.

The Group underlying performance – i.e. excluding non-core gains and losses and the inventory holding profit – was an adjusted operating profit of €8,597 million compared to €11,240 million in 2018, down by 24% or by €2.64 billion. The decrease in adjusted operating profit was driven by lower results in the E&P segment (down by €2.21 billion) and in the Refining & Marketing and Chemicals segment (down by €0.43 billion), partly offset by the increase in the Gas & Power segment (up by €0.11 billion). The main reasons for the decline were the following:

- Unfavorable trends in prices and margins of the products that we produce and sold, which negatively impacted the performance for about €2.5 billion. Furthermore, margins of hydrocarbons were significantly and negatively affected by lower re-selling prices of volumes of gas entitlements of a Libyan partner due to a different indexation between the procurement costs, which were oil-linked, and the reselling price which was benchmarked to spot prices in Europe. Due to different trends in the indexation, this resale activity resulted in a loss to Eni, which also negatively impacted the Group tax rate;
- The business combination that involved our former subsidiary Eni Norge which was consummated at the end of 2018 and impacted the comparability of results due to loss of control and de-recognition at that date;
- A flattening yield-curve which increased the present value of the capitalized asset retirement costs in the E&P, thus resulting in higher DD&A charges through profit estimated at €200 million.

These negative trends were partly offset by a number of positive drivers, which comprised increased production volumes of hydrocarbons coupled with a better production mix, better results earned at our retail businesses and margin improvements achieved in the wholesale Gas & Power business which leveraged its portfolio of assets, long-term gas contracts, power plants and logistic capabilities to benefit from market volatility. Management estimated that the Group internal performance increased operating profit by 5%, partly offsetting the negativity of

A CHALLENGING TRADING ENVIRONMENT



the trading environment and also excluding the positive accounting effect of IFRS 16 which improved the operating profit by an estimated €204 million, considering that the Company opted for not restating the comparative period.

Excluding non-core items and the inventory evaluation profit, adjusted net profit for 2019 was €2,876 million, 37% lower than in 2018 when adjusted net profit came at €4,583 million. The result was negatively affected, in addition to a lower operating performance, by an increased Group tax rate which was due to a higher share of taxable income reported by the Exploration & Production segment in Countries subject to higher-than-average tax rates, a loss incurred in reselling the gas entitlements of a Libyan partner, while taxable losses were incurred in jurisdictions with a lower-than-average statutory tax rate.

BREAKDOWN OF SPECIAL ITEMS

(€ million)	2018	2017	2016
Special items of operating profit (loss)	**2,388**	**1,161**	**(1,990)**
- environmental charges	*338*	*325*	*208*
- impairment losses (impairments reversal), net	*2,188*	*866*	*(221)*
- net gains on disposal of assets	*(151)*	*(452)*	*(3,283)*
- risk provisions	*3*	*380*	*448*
- provision for redundancy incentives	*45*	*155*	*49*
- commodity derivatives	*(439)*	*(133)*	*146*
- exchange rate differences and derivatives	*108*	*107*	*(248)*
- reinstatement of Eni Norge amortization charges		*(375)*	
- other	*296*	*288*	*911*
Net finance (income) expense	**(42)**	**(85)**	**502**
of which:			
- exchange rate differences and derivatives reclassified to operating profit (loss)	*(108)*	*(107)*	*248*
Net (income) expense from investments	**188**	**(798)**	**372**
of which:			
- gains on disposal of assets	*(46)*	*(909)*	*(163)*
- impairments / revaluation of equity investments	*148*	*67*	*537*
Income taxes	**351**	**110**	**277**
of which:			
- net impairment of deferred tax assets of Italian subsidiaries	*893*	*99*	
- USA tax reform			*115*
- taxes on special items of operating profit and other special items	*(542)*	*11*	*162*
Total special items of net profit (loss)	**2,885**	**388**	**(839)**

Net profit includes special items resulting in net charges of €2,885 million:

(i) net impairment losses of Oil & Gas properties in the E&P segment due to downward reserves revisions and lower expected production rates, as well as of certain assets to align the book value to fair value (€1,217 million);

(ii) impairment losses mainly recorded at the Sannazzaro refinery reflecting a revised margin outlook both at high and low-complexity cycles, higher projected expenses as well as the write-down of capital expenditure relating to certain Cash Generating Units in the R&M business. These units were impaired in previous reporting periods and continued to lack any profitability prospects (for an overall impact of €819 million);

(iii) the impairment of Chemical assets due to a lowered profitability outlook (€103 million);

(iv) the impairment of power plants (€42 million) due to the deterioration of the Clean Spark Spread scenario;

(v) net gains on the divestment of certain Oil & Gas properties, mainly the sale of an interest in the Merakes discoveries to Neptune (€145 million);

(vi) environmental provisions (€338 million) mainly in R&M and Chemicals segment;

(vii) an insurance compensation (€88 million) relating to the EST plant at the Sannazzaro refinery;

(viii) the accounting effect of certain fair-valued commodity derivatives lacking the formal criteria to be classified as hedges or to be eligible for the own use exemption (a gain of €423 million);

(ix) the difference between the change in gas inventories accounted under the weighted-average cost method provided by IFRS and management's own measure of inventories. This moves the margins captured on volumes in inventories forward at the time of inventory drawdown above their normal levels leveraging the seasonal spread in gas prices net of the effects of the associated commodity derivatives (a charge of €145 million);

(x) the reclassification to adjusted operating profit of the positive balance of €108 million related to derivative financial instruments used to manage margin exposure to foreign currency exchange rate movements, and exchange translation differences of commercial payables and receivables;

(xi) tax effects relating to operating special items, as well as the write-down of deferred taxes relating to Italian subsidiaries due to a deteriorated profitability outlook (€893 million).

SOURCES AND USES OF CASH

Eni's Summarized Group cash flow represents 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. Free cash flow 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.

(€ million)	2019	2018	2017	Change
Net profit (loss)	**155**	**4,137**	**3,377**	**(3,982)**
Adjustments to reconcile net profit (loss) to net cash provided by operating activities:				
- depreciation, depletion and amortization and other non monetary items	10,480	7,657	8,720	2,823
- net gains on disposal of assets	(170)	(474)	(3,446)	304
- dividends, interests, taxes and other changes	6,224	6,168	3,650	56
Changes in working capital related to operations	366	1,632	1,440	(1,266)
Dividends received by investments	1,346	275	291	1,071
Taxes paid	(5,068)	(5,226)	(3,437)	158
Interests (paid) received	(941)	(522)	(478)	(419)
Net cash provided by operating activities	**12,392**	**13,647**	**10,117**	**(1,255)**
Capital expenditure	(8,376)	(9,119)	(8,681)	743
Investments and purchase of consolidated subsidiaries and businesses	(3,008)	(244)	(510)	(2,764)
Disposals of consolidated subsidiaries, businesses, tangible and intangible assets and investments	504	1,242	5,455	(738)
Other cash flow related to capital expenditure, investments and disposals	(254)	942	(373)	(1,196)
Free cash flow	**1,258**	**6,468**	**6,008**	**(5,210)**
Borrowings (repayment) of debt related to financing activities	(279)	(357)	341	78
Changes in short and long-term financial debt	(1,540)	320	(1,712)	(1,860)
Repayment of lease liabilities	(877)			(877)
Dividends paid and changes in non-controlling interests and reserves	(3,424)	(2,957)	(2,883)	(467)
Effect of changes in consolidation, exchange differences and cash	1	18	(65)	(17)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	**(4,861)**	**3,492**	**1,689**	**(8,353)**

CHANGE IN NET BORROWINGS

(€ million)	2019	2018	2017	Change
Free cash flow	**1,258**	**6,468**	**6,008**	**(5,210)**
Repayment of lease liabilities	(877)			(877)
Net borrowings of acquired companies		(18)		18
Net borrowings of divested companies	13	(499)	261	512
Exchange differences on net borrowings and other changes	(158)	(367)	474	209
Dividends paid and changes in non-controlling interest and reserves	(3,424)	(2,957)	(2,883)	(467)
CHANGE IN NET BORROWINGS BEFORE LEASE LIABILITIES	**(3,188)**	**2,627**	**3,860**	**(5,815)**
IFRS 16 first application effect	(5,759)			(5,759)
Repayment of lease liabilities	877			877
New leases subscription of the period and other changes	(766)			(766)
Change in lease liabilities	**(5,648)**			**(5,648)**
CHANGE IN NET BORROWINGS AFTER LEASE LIABILITIES	**(8,836)**	**2,627**	**3,860**	**(11,463)**

In 2019, the Group's net cash provided by operating activities was €12,392 million, 9% lower than in 2018, despite the trading environment was significantly worse than the previous year. The cash flow was supported by the collection of dividends from Eni's joint ventures, affiliates and other minority interests (€1,346 million), which are integrated within Eni's strategy and development plans. The main amount was paid by the JV Vår Energi for €1,057 million.

Capital expenditure and acquisitions amounted to €11,384 million and comprised the purchase of a 20% interest in ADNOC Refining for a cash consideration of €2.9 billion. Capital expenditure were €8,376 million including the purchase of proved and unproved mineral interests in Algeria and Alaska for €0.4 billion, and were mainly directed to the development of hydrocarbons reserves and exploration projects. We divested some minor assets for a cash-in of €504 million. Cash returns to shareholders were €3,424 million and included the payment of the final dividend 2018, the interim 2019 dividend for an overall amount of €3,018 million and the execution of a stock repurchase plan for €400 million.

In 2019, net borrowings before the effect of IFRS 16 increased by €3.2 billion as a result of the above-mentioned cash inflows and outflows. Adding the initial recognition of the lease liabilities at the opening balance for €5,759 million following transition to IFRS 16, including the repayment of lease liabilities for €877 million and the inception of new lease contracts in the year for €766 million, net borrowings at year end climbed to €17.13 billion, compared to €8.29 billion at the end of 2018, an increase of €8,836 million. The lease liability initially recognized included approximately €2 billion pertaining to our joint operators in Eni-led upstream projects; that amount will be recovered through a partner-billing process.

Net cash before changes in working capital at replacement cost and excluding extraordinary credit provisions (€0.3 billion) was €12.1 billion, slightly decreasing from the full year of 2018 (down by 4%), despite a markedly unfavourable scenario. Following the adoption of IFRS 16, net cash provided by operating activities improved by €666 million because the reimbursement of the principal of lease fees pertaining to assets hired in connection to operating activities are no longer part of the operating cash outflows, but are now part of the cash flow from financing activities.

2019 FULL YEAR (€ million)	After IFRS 16 adoption	Provisions for extraordinary credit and other charges	Adjusted after IFRS 16 adoption	IFRS 16 impact	Before IFRS 16 adoption
Net cash before changes in working capital at replacement cost[a]	**11,803**	336	12,139	(695)	**11,444**
Changes in working capital at replacement cost[a]	**589**	(336)	253	29	**282**
Net cash provided by operating activities	**12,392**			(666)	**11,726**
Capital expenditure	**(8,376)**			(211)	**(8,587)**
Free cash flow	**1,258**			(877)	**381**
Cash flow from financing activity	**(5,841)**			877	**(4,964)**
Net increase (decrease) in cash and cash equivalent	**(4,861)**				**(4,861)**

(a) Excluding from changes in working capital as reported in the cash flow statement (€366 million) the increase in stock profit due to price effect amounting to €223 million and provisions for extraordinary credit and other charges of €336 million (€366 million + €223 million - €336 million = €253 million). Consistently, net cash before changes in working capital at replacement cost excludes the stock profit and provisions for extraordinary credit and other charges.

CAPITAL EXPENDITURE (€ million)	2019	2018	2017	Change	% Ch.
Exploration & Production	6,996	7,901	7,739	(905)	(11.5)
- *acquisition of proved and unproved properties*	*400*	*869*	*5*	*(469)*	*(54.0)*
- *exploration*	*586*	*463*	*442*	*123*	*26.6*
- *development*	*5,931*	*6,506*	*7,236*	*(575)*	*(8.8)*
- *other expenditure*	*79*	*63*	*56*	*16*	*25.4*
Gas & Power	230	215	142	15	7.0
Refining & Marketing and Chemicals	933	877	729	56	6.4
- *Refining & Marketing*	*815*	*726*	*526*	*89*	*12.3*
- *Chemical*	*118*	*151*	*203*	*(33)*	*(21.9)*
Corporate and other activities	231	143	87	88	61.5
Impact of unrealized intragroup profit elimination	(14)	(17)	(16)		
Capital expenditure	**8,376**	**9,119**	**8,681**	**(743)**	**(8.1)**

In the full year of 2019, capital expenditure amounted to €8,376 million (€9,119 million in the FY 2018) and mainly related to:

- development activities (€5,931 million) deployed mainly in Egypt, Nigeria, Kazakhstan, Indonesia, Mexico, the USA and Angola. The acquisition of proved and unproved reserves of €400 million relates to the acquisition of reserves in Alaska and Algeria;
- refining activity in Italy and outside Italy (€683 million) mainly aimed at reconstruction works of the EST conversion plant at the Sannazzaro refinery, reconversion of Gela refinery, maintain plants' integrity as well as initiatives in the field of health, security and environment; marketing activity, mainly regulation compliance and stay in business initiatives in the refined product retail network in Italy and in the Rest of Europe (€132 million);
- initiatives relating to gas marketing (€176 million).

SUMMARIZED GROUP BALANCE SHEET

The summarized Group balance sheet aggregates the amount of assets and liabilities derived from the statutory balance sheet in accordance with functional criteria which considers 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 analyse 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 return on invested capital (adjusted ROACE) and the financial soundness/equilibrium (gearing and leverage).

(€ million)	December 31, 2019	December 31, 2018	Change
Fixed assets			
Property, plant and equipment	62,192	60,302	1,890
Right of use	5,349		5,349
Intangible assets	3,059	3,170	(111)
Inventories - Compulsory stock	1,371	1,217	154
Equity-accounted investments and other investments	9,964	7,963	2,001
Receivables and securities held for operating purposes	1,234	1,314	(80)
Net payables related to capital expenditure	(2,235)	(2,399)	164
	80,934	**71,567**	**9,367**
Net working capital			
Inventories	4,734	4,651	83
Trade receivables	8,519	9,520	(1,001)
Trade payables	(10,480)	(11,645)	1,165
Net tax assets (liabilities)	(1,594)	(1,364)	(230)
Provisions	(14,106)	(11,626)	(2,480)
Other current assets and liabilities	(1,864)	(860)	(1,004)
	(14,791)	**(11,324)**	**(3,467)**
Provisions for employee benefits	**(1,136)**	**(1,117)**	**(19)**
Assets held for sale including related liabilities	**18**	**236**	**(218)**
CAPITAL EMPLOYED, NET	**65,025**	**59,362**	**5,663**
Eni shareholders' equity	47,839	51,016	(3,177)
Non-controlling interest	61	57	4
Shareholders' equity	**47,900**	**51,073**	**(3,173)**
Net borrowings before lease liabilities ex IFRS 16	**11,477**	**8,289**	**3,188**
Lease liabilities	5,648		5,648
- of which Eni working interest	3,672		3,672
- of which Joint operators' working interest	1,976		1,976
Net borrowings after lease liabilities ex IFRS 16	**17,125**	**8,289**	**8,836**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**65,025**	**59,362**	**5,663**
Leverage before lease liability ex IFRS 16	**0.24**	**0.16**	
Leverage after lease liability ex IFRS 16	**0.36**	**n.a.**	
Gearing before lease liability ex IFRS 16	**0.18**	**0.14**	
Gearing after lease liability ex IFRS 16	**0.26**	**n.a.**	

Fixed assets (€80,934 million) increased by €9,367 million from December 31, 2018 mainly due to the initial recognition of the right-of-use asset for €5,643 million following the adoption of IFRS 16, since January 1, 2019, as well as the accounting of the acquisition of a 20% interest in ADNOC Refining (€2.9 billion). Furthermore, the increase in property, plant and equipment (up by €1,890 million) was due to capex incurred in the year (€8,376 million), foreign currency translation effects and upward revisions of the ARC (Asset Retirement Cost) reflecting lowered discount rates. These increases were partly offset by depreciation, depletion, amortization, impairments and write-offs (€10,594 million).

Net working capital was in negative territory at minus €14,791 million decreased by €3,467 million y-o-y driven by higher provisions for asset retirement obligations, increased tax payables due to the recognition of income taxes in the period, as well as an increase in other current liabilities, mainly due to trade advances cashed from Egyptian partners in relation to the progress in the development of the Zohr project.

LEVERAGE AND NET BORROWINGS

Eni evaluates its financial condition by reference to net borrowings, which is calculated as total finance debt less: cash, cash equivalents and certain very liquid investments not related to operations, including among others non operating financing receivables and securities not related to operations. Non-operating financing receivables consist of amounts due to Eni's financing subsidiaries from banks and other financing institutions and amounts due to other subsidiaries from banks for investing purposes and deposits in escrow. Securities not related to operations consist primarily of government and corporate securities.

Leverage is a measure used by management to assess the Company's level of indebtedness. It is calculated as a ratio of net borrowings which is calculated by excluding cash and cash equivalents and certain very liquid assets from financial debt to shareholders' equity, including non-controlling interest. Management periodically reviews leverage in order to assess the soundness and efficiency of the Group balance sheet in terms of optimal mix between net borrowings and net equity, and to carry out benchmark analysis with industry standards.

Gearing is calculated as the ratio between net borrowings and capital employed net and measures how much of capital employed net is financed recurring to third-party funding.

(€ million)	December 31, 2019	December 31, 2018	Change
Total finance debt:	24,518	25,865	(1,347)
- Short-term debt	*5,608*	*5,783*	*(175)*
- Long-term debt	*18,910*	*20,082*	*(1,172)*
Cash and cash equivalents	(5,994)	(10,836)	4,842
Securities held for trading	(6,760)	(6,552)	(208)
Financing receivables for non-operating purposes	(287)	(188)	(99)
Net borrowings before lease liabilities ex IFRS 16	**11,477**	**8,289**	**3,188**
Lease Liabilities	5,648		5,648
- of which Eni working interest	3,672		3,672
- of which Joint operators' working interest	1,976		1,976
Net borrowings after lease liabilities ex IFRS 16	**17,125**	**8,289**	**8,836**
Shareholders' equity including non-controlling interest	**47,900**	**51,073**	**(3,173)**
Leverage before lease liability ex IFRS 16	**0.24**	**0.16**	**(0.08)**
Leverage after lease liability ex IFRS 16	**0.36**	**n.a.**	
Gearing before lease liability ex IFRS 16	**0.18**	**0.14**	**0.04**
Gearing after lease liability ex IFRS 16	**0.26**	**n.a.**	

Net borrowings at December 31, 2019 were €17,125 million, increased by €8,836 million from 2018.

Total finance debt of €24,518 million consisted of €5,608 million of short-term debt (including the portion of long-term debt due within twelve months of €3,156 million) and €18,910 million of long-term debt.

This increase was driven by the initial recognition of the lease liabilities upon the adoption of IFRS 16, which amounted to €5,759 million and included the reclassification of €128 million for certain trade payables due in connection with the hiring of assets, which were outstanding as of January 1, 2019. The effect of the adoption of IFRS 16 on the Group net borrowings totalled approximately €1,976 million, driven by lease liabilities pertaining to joint operators in Eni led upstream unincorporated joint ventures, which will be recovered through a partner-billing process.

Excluding the overall impact of the adoption of IFRS 16, net borrowings were re-determined at €11,477 million, increasing by €3,188 million compared to December 31, 2018. This increase was mainly driven by the acquisition of a 20% interest in ADNOC Refining and other non-organic investments.

As of December 31, 2019, the ratio of net borrowings to shareholders' equity including non controlling interest – leverage – was 0.36 due to the increase in net borrowings driven by the adoption of IFRS 16. The impact of the lease liability pertaining to joint operators in Eni-led upstream unincorporated joint ventures weighted on leverage for approximately 4 points. Excluding altogether the impact of IFRS 16, leverage would be 0.24.

As of December 31, 2019, gearing – the ratio of net borrowings to net capital employed – was 0.26. Excluding altogether the impact of IFRS 16, gearing would be 0.18 (0.14 at December 31, 2018).

3 Supplementary information

Directors and Officers

ENI'S BOARD OF DIRECTORS[1]




(left to right)

Emma Marcegaglia
Chairman

Claudio Descalzi
Chief Executive Officer

Andrea Gemma
- Remuneration Committee **Chairman**
- Nomination Committee
- Control and Risk Committee

Pietro A. Guindani
- Sustainability and Scenarios Committee **Chairman**
- Remuneration Committee

Karina A. Litvack
- Sustainability and Scenarios Committee
- Control and Risk Committee

Alessandro Lorenzi
- Control and Risk Committee **Chairman**
- Remuneration Committee

Diva Moriani
- Nomination Committee **Chairman**
- Control and Risk Committee
- Remuneration Committee

Fabrizio Pagani
- Sustainability and Scenarios Committee
- Nomination Committee

Domenico L. Trombone
- Sustainability and Scenarios Committee
- Nomination Committee

Sustainability and Scenarios Committee
Nomination Committee
Remuneration Committee
Control and Risk Committee

From the slate submitted by the Ministry of the Economy and Finance.
From the minority slate.

1) Appointed by the Ordinary Shareholders' Meeting held on April 13, 2017 for a three-year period.
9 members, 7 independents, 1 executive Director; Chairman non-executive and independent pursuant to law.
The term of office expires with the Shareholders' Meeting approving the Financial Statements for the year end in December 31, 2019.





GROUP OFFICERS

E. Marcegaglia
(Chairman of the Board)

R. Ulissi
Board Secretary and Corporate Governance Counsel

M. Petracchini
Internal Audit

C. Descalzi
(Chief Executive Officer)

S. Speroni
Legal Affairs

R. Ulissi
Corporate Affairs & Governance

L. Pistelli
International Affairs

M. Bardazzi
External Communication

L. Franceschini
Integrated Compliance

J. Trevisan
Integrated Risk Management

M. Bollini
Commercial Negotiations

L. Lusuriello
Chief Digital Officer

M. Mondazzi
Chief Financial Officer

C. Granata
Chief Services & Stakeholder Relations Officer

L. Bertelli
Chief Exploration Officer

S.Maione
Chief Development, Operations & Technology Officer

A. Puliti
Chief Upstream Officer

L. Cosentino
Energy Solutions

C. Signoretto
Chief Gas & LNG Marketing and Power Officer

G. Ricci
Chief Refining & Marketing Officer

A. Chiarini
Chief Executive Officer Eni gas e luce SpA

D. Ferrari
Chief Executive Officer Versalis SpA

P. Grossi
Chief Executive Officer Eni Rewind SpA

BOARD OF STATUTORY AUDITORS

Chairman

Rosalba Casiraghi

Statutory Auditors

Enrico Maria Bignami
Paola Camagni
Andrea Parolini
Marco Seracini

Remuneration[2]

The Eni Remuneration Policy is approved by the Board of Directors, following a proposal by the Remuneration Committee, which is entirely made up of Non-Executive and Independent Directors. It is defined in accordance with the corporate governance model adopted by the Company as well as with the recommendations of the Italian Corporate Governance Code.
This policy is aimed at ensuring the alignment of management interests with the primary goal of creating value for shareholders over the medium to long term.
Eni's Remuneration Policy contributes to achieve the Company's mission and strategies, by:
- promoting actions and behaviours reflecting the Company's values and culture, consistent with the principles of plurality, equal opportunity, enhancement of individuals' knowledge and skills, non-discrimination, fairness and integrity, as described in the Code of Ethics and Eni Policy "Our people";
- recognising roles and responsibilities assigned, results, and the quality of professional contribution, taking into account the operating environment and relevant market references;
- defining incentive structures that are tied to the sustainable long-term achievement of financial, business development, operational and individual objectives, consistent with the Company's Strategic Plan and the responsibilities assigned.

With regard to sustainability issues, the CEO objectives set for the year 2019 are focused on environmental matters, as well as on human capital aspects.
The objectives of the Chief Officers of Eni business segments and other Managers with strategic responsibilities are assigned on the basis of those assigned to top management focused on stakeholders' perspectives, as well as on individual objectives assigned in relation to the responsibilities inherent the single managerial position, under the provisions of Company's Strategic Plan.

2019 TARGETS FOR THE 2020 SHORT-TERM INCENTIVE PLAN WITH DEFERRAL

ECONOMIC AND FINANCIAL RESULTS (25%)	OPERATING RESULTS AND SUSTAINABILITY OF ECONOMIC RESULTS (25%)	ENVIRONMENTAL SUSTAINABILITY AND HUMAN CAPITAL (25%)	EFFICIENCY AND FINANCIAL STRENGTH (25%)
INDICATORS Earning Before Tax (12.5%) Free cash flow (12.5%)	INDICATORS Hydrocarbon production (12.5%) Exploration resources (12.5%)	INDICATORS CO_2 emissions (12.5%) Severity Incident Rate (12.5%)	INDICATORS ROACE adjusted (12.5%) Net Debt/EBITDA adjusted (12.5%)
LEVERS Upstream expansion Strengthen Gas & Power operations Resilience in downstream Green business	LEVERS Fast track approach Expanding exploration acreage Diversification	LEVERS Decarbonization HSE and sustainability	LEVERS Financial discipline Efficiency of operating costs and G&A Optimisation of working capital

The 2020 Remuneration Policy does not contain changes compared with the structure of the policy approved in 2019, in line with the policy approved for the 2018-2021 term, and is characterised by the adoption of a new, simpler variable incentive system, based on:

- a Short-Term Incentive Plan, featuring a three-year deferral mechanism applicable to a portion of accrued bonuses and subject to specific performance conditions over a three-year term, this is to ensure the medium-term sustainability of results achieved in the short- term;

- a Long-Term Share-based Incentive Plan, offered to managers with the greatest influence on business performance and aimed at achieving medium-to-long-term objectives consistent with the Strategic Plan and the expectations of shareholders, as measured by comparison with the performance achieved by a defined Peer Group.

Remuneration paid in 2019

The table below reports the remuneration paid to the Chairman of the Board of Directors, the Chief Executive Officer and General Manager and, in aggregate form, Managers with strategic responsibilities.
The remuneration received from subsidiaries and/or associates, except that waived or paid to the company, are shown separately.

2) For detailed information on Eni's remuneration policy and compensation see the"Report on remuneration policy and remuneration paid 2020" available on Eni's website under the sections "Publications", "Governance" and "Investor relations".

(€ thousands)

First name and surname	Position	Period for which the position was held	Expiration of Office[a]	Fixed remuneration	Remuneration for participation in Committees	Variable non-equity remuneration: Bonuses and other incentives	Variable non-equity remuneration: Profit sharing	Non-monetary benefits	Other remuneration	Total	Fair value of equity-based remuneration	Severance indemnity for end of office or termination of employment
Emma Marcegaglia	Chairman	01.01 - 12.31	2020	500						500		
Claudio Descalzi	Chief Executive Officer and General Manager	01.01 - 12.31	2020	1,600		4,071		23		5,694	933	
Other Managers with strategic responsibilities[b]		*Remuneration in the reporting entity*		9,605		13,588		264	155	23,612	1,430	4,126

(a) The term of office expires with the Shareholders' Meeting approving the Financial Statements for the year ending December 31, 2019.
(b) Managers who were permanent members of the Company's Management Committee during the year together with the Chief Executive Officer and Division Chief Operating Officers, or who reported directly to the CEO (twenty-three managers).

Monetary incentive plans for the chief executive officer and general manager and other managers with strategic responsibilities

(€ thousands)

First name and surname	Position	Bonus for the year: Payable/paid	Bonus for the year: Deferred	Bonus for the year: Deferral period	Bonus for previous years: No longer payable	Bonus for previous years: Payable/paid[a]	Bonus for previous years: Still deferred	Other bonuses
Claudio Descalzi	Chief Executive Officer and General Manager	1,981	1,067	Three-year	729	2,090	1,675	
Other Managers with strategic responsibilities[b]		6,998	2,619	Three-year	3,277	6,445	5,523	
TOTAL		**8,979**	**3,686**		**4,006**	**8,535**	**7,198**	

(a) Payment relating to the deferred monetary incentive and the long-term monetary incentive awarded in 2016.
(b) Managers who were permanent members of the Company's Management Committee during the year, together with the Chief Executive Officer and who reported directly to the CEO (twenty-three managers).

Incentive plans based on financial instruments other than stock options for the chief executive officer and general manager and for other managers with strategic responsibilities

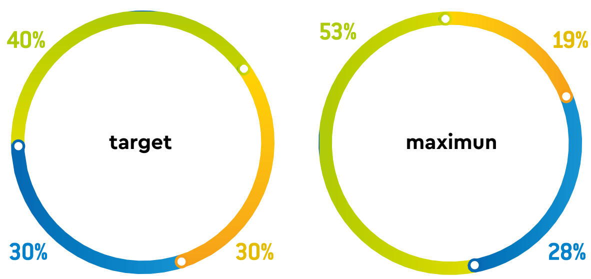
First name and surname	Position	Plan	Financial instruments awarded in previous years and not vested during the year: Number of Eni shares	Financial instruments awarded in previous years and not vested during the year: Vesting period	Financial instruments awarded during the year: Number of Eni shares	Financial instruments awarded during the year: Fair value at award date (€ thousands)	Financial instruments awarded during the year: Vesting period	Financial instruments awarded during the year: Assignment date	Financial instruments awarded during the year: Market price on assignment (euro)	Financial instruments vested during the year and not assigned: Number of Eni shares	Financial instruments vested during the year and assignable: Number of Eni shares	Financial instruments vested during the year and assignable: Value at date of vesting	Financial instruments for the year: Fair value (€ thousands)
Claudio Descalzi	Chief Executive Officer and General Manager	2019 Equity-Based Long-Term Incentive Plan 2019			171,114	1,691	3 years	Oct. 24, 2019	14,138				47
		2018 Equity-Based Long-term Incentive Plan 2018	149,722	3 years									586
		2017 Equity-Based Long-term Incentive Plan 2017	177,968	3 years									300
Total					**171,114**	**1,691**							**933**
Other Managers with strategic responsibilities[a]		2019 Equity-Based Long-Term Incentive Plan 2019			275,281	2,720	3 years	Nov. 29, 2019	13,714				76
		2018 Equity-Based Long-term Incentive Plan 2018	199,974	3 years						54,431			782
		2017 Equity-Based Long-term Incentive Plan 2017	228,207	3 years						64,625			385
Total					**275,281**	**2,720**							**1,243**
TOTAL					**446,395**	**4,411**							**2,176**

(a) Managers who were permanent members of the Company's Management Committee during the year, together with the Chief Executive Officer and who reported directly to the CEO twenty-three managers.

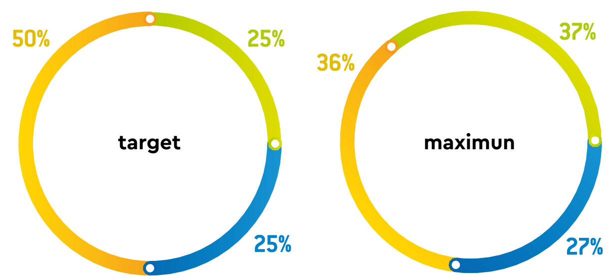
Pay mix

The remuneration package for the Chief Executive Officer and General Manager includes a fixed component, a short-term variable component and a long-term variable component, which comprises a short-term incentive deferral and long-term share incentive determined using internationally recognized methodologies for remuneration benchmarks. The pay mix, calculated by considering fixed remuneration as the base, is weighted significantly towards the variable components, with a dominant weighting attributed to the long-term component.

CEO/GM PAY MIX



MANAGERS WITH STRATEGIC RESPONSIBILITIES (MSR) PAY MIX



FIXED REMUNERATION SHORT-TERM INCENTIVE LONG-TERM INCENTIVE

Overall remuneration of key management personnel

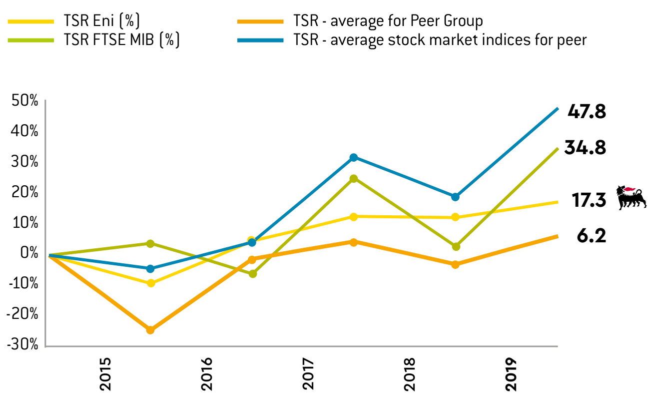
Remuneration of persons responsible of key positions in planning, direction and control functions of Eni Group companies, including executive and non-executive Directors, Chief Operating Officers and other managers with strategic responsibilities in charge at December 31, 2019, amounted to €54 million, as described in the following table:

(€ million)	
Fees and salaries	28
Post-employment benefits	2
Other long-term benefits	12
Indemnities upon termination of the office	12
TOTAL	**54**

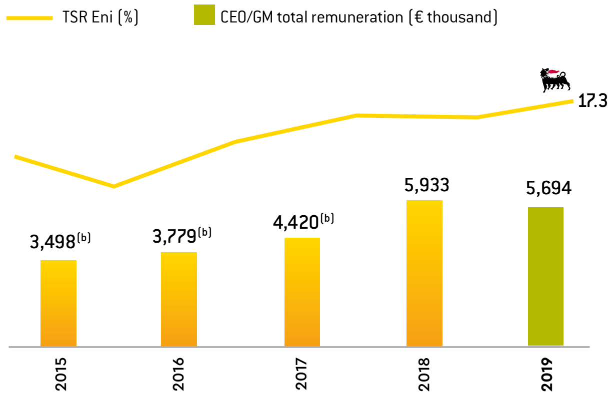
Performance and remuneration

In 2015-2019, Eni delivered a total shareholder return of 17.3%, compared with 6.2% for the peer Group[3], while the FTSE Mib index produced a TSR of 34.8% compared with an average 47.8% for the peer companies' respective benchmark stock market indices[4]. The following table compares developments in Eni TSR and total CEO/GM remuneration for 2015-2019:

TOTAL SHAREHOLDER RETURN
(Eni vs. Peer Group and benchmark stock market indices)



PAY FOR PERFORMANCE ANALYSIS
(Eni TSR vs. CEO/GM total remuneration for 2015-2019)[a]



(a) Data from Table 1 of 2016-2020 Eni Remuneration Reports.
(b) For 2015, 2016 and 2017 total remuneration includes incentives accrued by the current CEO/GM in his previous role as GM of the E&P Division.

3) The Peer Group consists of Exxon Mobil, Chevron, BP, Shell, Total, ConocoPhillips, Equinor, Apache, Marathon Oil and Anadarko.
4) Benchmark indices: Standard&Poor's 500, Cac 40, FTSE 100, AEX, OBX.

Investor information

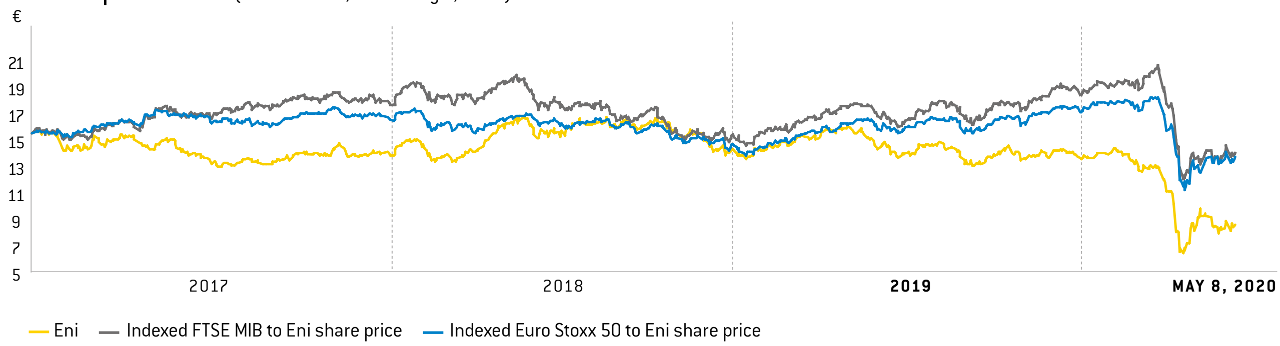
Eni share performance in 2019

In accordance with Article 5 of the By-laws, the Company's share capital amounts to €4,005,358,876.00, fully-paid, and is represented by 3,634,185,330 ordinary registered shares without indication of par value.
In the last session of 2019, Eni share price, quoted on the Italian Stock Exchange, was €13.85, up by 0.7% from the price quoted at the end of 2018 (€13.75). The Italian Stock Exchange is the primary market where Eni share is traded. During the year, FTSE/MIB index, the basket including the 40 most important shares listed on the Italian Stock Exchange, increased by 28.3 percentage points.
At the end of 2019, Eni ADR listed on the NYSE was $30.92, down by 1.8% compared to the price registered in the last session of 2018 ($31.50). One ADR is equal to two Eni ordinary shares. In the same period the S&P 500 index increased by 28.5 percentage points. Eni market capitalization at the end of 2019 was €50 billion (unchanged compared to the end of 2018). Shares traded during the year totaled almost 2.9 billion, with a daily average of shares traded of 11.4 million (13 million in 2018). The total traded value of Eni shares amounted to approximately €41.2 billion (€49.6 billion in 2018), equal to a daily average of €163.6 million.

Share information

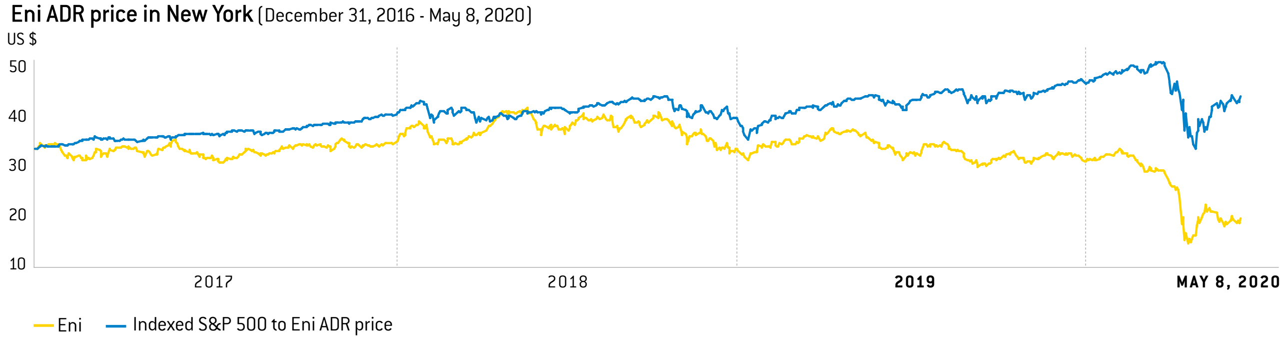
		2019	2018	2017
Market quotations for common stock on the Mercato Telematico Azionario (MTA)				
High	(€)	15.94	16.76	15.72
Low		13.04	13.33	12.96
Average daily close		14.36	15.25	14.16
Year-end close		13.85	13.75	13.80
Market quotations for ADR on the New York Stock Exchange				
High	($)	36.17	40.09	34.09
Low		28.84	30.00	29.54
Average daily close		32.12	35.98	31.98
Year-end close		30.92	31.50	33.19
Average daily traded volumes	(million shares)	11.41	12.99	13.89
Value of traded volumes	(€ million)	164	197	197

Eni share price in Milan (December 31, 2016 - May 8, 2020)



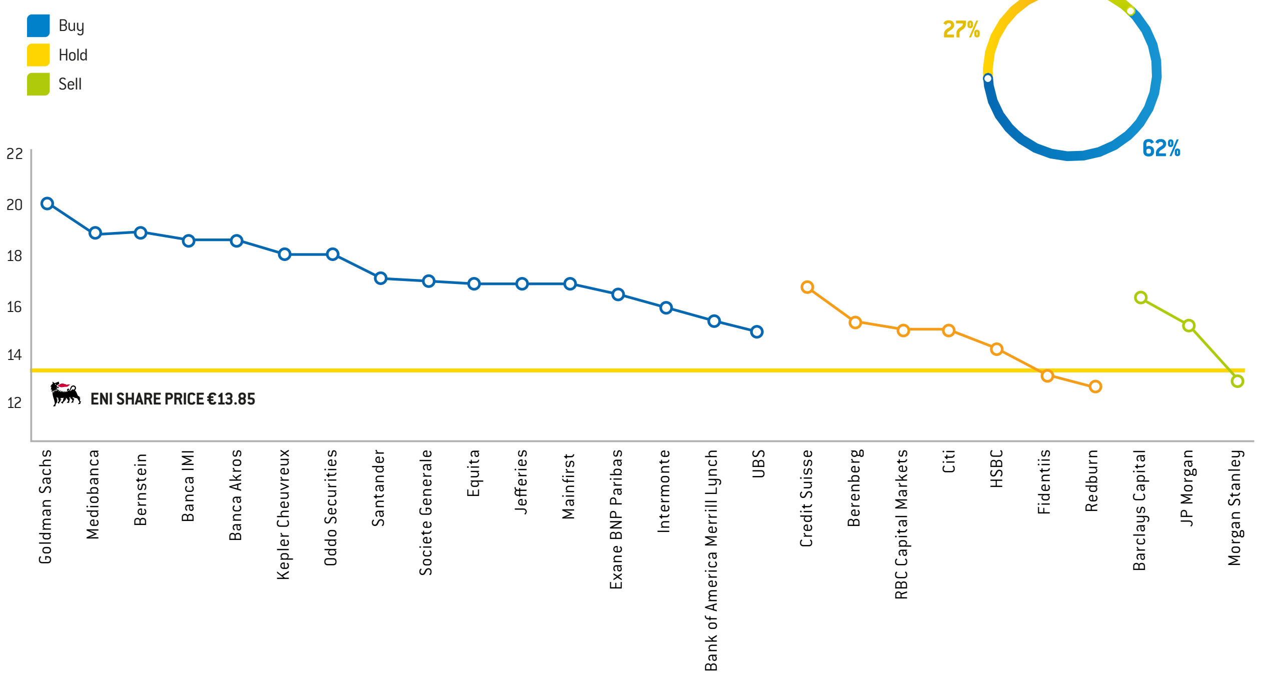
Source: Eni calculations based on BLOOMBERG data.

Eni ADR price in New York (December 31, 2016 - May 8, 2020)



Source: Eni calculations based on BLOOMBERG data.

Eni ratings distribution as of December 31, 2019
(€/share)

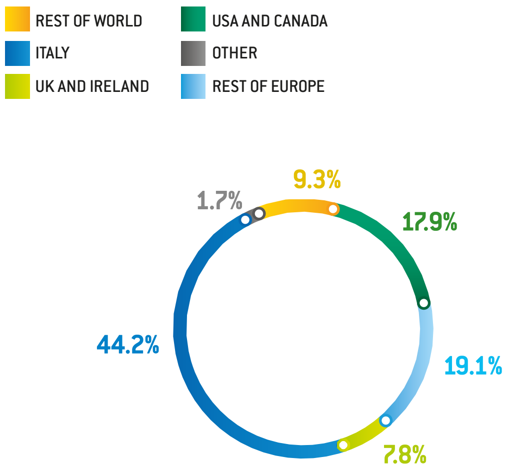


Summary financial data

		2019	2018	2017
Net profit (loss)				
- per share[a]	(€)	0.04	1.15	0.94
- per ADR[a][b]	($)	0.09	2.72	2.12
Adjusted net profit (loss)				
- per share[a]	(€)	0.80	1.27	0.66
- per ADR[a][b]	($)	1.79	3.00	1.49
Cash flow				
- per share[a]	(€)	3.45	3.79	2.81
- per ADR[a][b]	($)	7.72	8.95	6.35
Adjusted Return on average capital employed (ROACE)	(%)	5.3	8.5	4.7
Leverage[c]		24	16	23
Gearing		26	14	18
Coverage		7.3	10.3	6.5
Current ratio		1.2	1.4	1.5
Debt coverage		72.4	164.6	92.7
Debt/EBITDA adjusted		100.7	45.2	80.6
Dividend pertaining to the year	(€ per share)	0.86	0.83	0.80
Total Share Return (TSR)	(%)	6.7	4.8	(5.6)
Dividend yield[d]		6.3	5.9	5.7

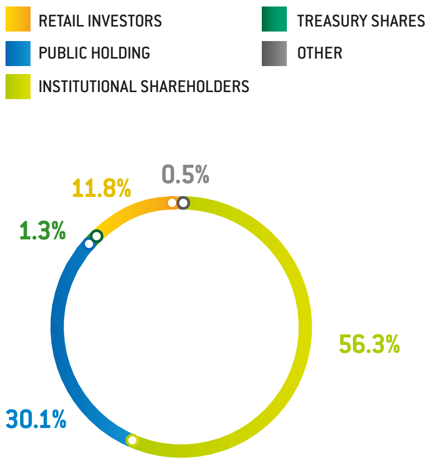
(a) Fully diluted. Ratio of net profit (loss)/cash flow and average number of shares outstanding in the period. Dollar amounts are converted on the basis of the average EUR/USD exchange rate quoted by Reuters (WMR) for the period presented.
(b) One American Depositary Receipt (ADR) is equal to two Eni ordinary shares.
(c) Before IFRS 16 application.
(d) Ratio of dividend for the period and the average price of Eni shares as recorded in December.

SHAREHOLDERS DISTRIBUTION BY GEOGRAPHIC AREA(*)



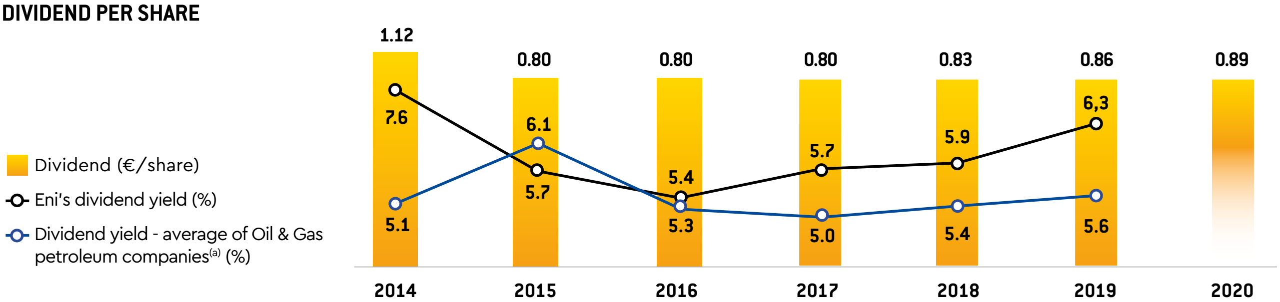
(*) As of February 27, 2020

CLASS OF SHAREHOLDERS(*)



(*) As of February 27, 2020

DIVIDEND PER SHARE



(a) Refer to: BP, Chevron, Repsol, ExxonMobil, Royal Dutch Shell and Total.

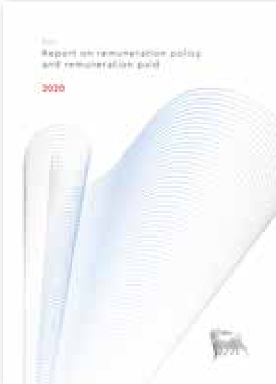
Dividends

Management intends to propose to the Annual Shareholders' Meeting scheduled on May 13, 2020, the distribution of a dividend of €0.86 per share for fiscal year 2019, of which €0.43 was already paid as interim dividend in September 2019. Total cash outlay for the 2019 dividend is expected at approximately €3.09 billion (including €1.54 billion already paid in September 2019, relating to 2019 interim dividend) if the Annual Shareholders' Meeting approves the annual dividend. In future years, management expects to continue paying interim dividends for each fiscal year, with the balance to the full-year dividend to be paid in each following year. Holders of ADRs receive their dividends in US dollars. The rate of exchange used to determine the amount in dollars is equal to the official rate recorded on the date of dividend payment in Italy (May 18, 2020). On ADR payment date (June 4, 2020), Citibank N.A. pays the dividend less the amount of any withholding tax under Italian law (currently 26%) to all Depository Trust Company Participants, representing payment of Eni SpA's gross dividend. By submitting to Citibank N.A. certain required documents with respect to each dividend payment, US holders of ADRs will enable the Italian Depositary bank and Citibank N.A. as ADR Depositary to pay the dividend at the reduced withholding tax rate of 15% US shareholders can obtain relevant documents as well as a complete instruction packet to benefit from this tax relief by contacting Citibank N.A. at +1-781-575-4555.

Publications

ANNUAL REPORT ON FORM 20-F 2019

a comprehensive report on Eni's activities and results required by the US Securities Exchange Act of 1934 and filed with the US Securities and Exchange Commission.



REPORT ON REMUNERATION POLICY AND REMUNERATION PAID 2020

a report on Eni's compensation and remuneration policies pursuant to rule 123-ter of Legislative Decree No. 58/1998.

ANNUAL REPORT 2019

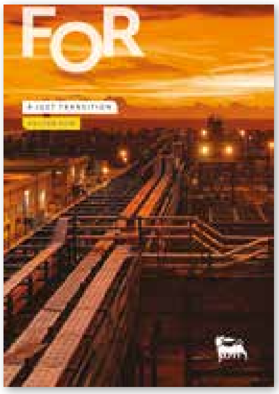
a comprehensive report on Eni's activities and financial and sustainability results for the year. Includes the consolidated disclosure of non-financial information (NFI), prepared in accordance with Legislative Decree No. 254/2016, relating to environment, social, people, human rights and anti-corruption issues.

CORPORATE GOVERNANCE AND SHAREHOLDING STRUCTURE REPORT 2019

a report on the Corporate Governance system adopted by Eni pursuant to rule 123-bis of Legislative Decree No. 58/1998.

FACT BOOK 2019

a report on Eni's businesses development and performances including a full set of operating and financial statistics.



ENI FOR 2019

a report that describes how Eni creates value in the long term through the integrated business model and pursues local development and the path to decarbonization through its model for operational excellence.

These and other Eni publications are available on Eni's internet site eni.com, in the section Publications https://www.eni.com/en-IT/publications.html
Shareholders may receive a hard copy of Eni's publications, free of charge, through an e-mail request addressed to the mailbox: request@eni.com.

Financial calendar

The dates of the Board of Directors' meetings to be held during 2020 in order to approve/review the Company's quarterly, semi-annual and annual preliminary results are the following:	Results for the first quarter of 2020	**April 23, 2020**
	Results for the second quarter and the first half of 2020 and proposal of interim dividend for the financial year 2020	**July 30, 2020**
	Results for the third quarter of 2020	**October 29, 2020**
	Preliminary full-year results for the year ending December 31, 2020 and dividend proposal for the financial year 2020	**February 2021**

A press release on quarterly results is disseminated to the market the following day, when management also hosts a conference call with financial analysts to review the Group performance.

Eni SpA

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Piazzale Enrico Mattei, 1 - Rome - Italy
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Business Register of Rome,
Taxpayer's code 00484960588

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Piazza Ezio Vanoni, 1
San Donato Milanese (MI) - Italy

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