

Eni at a glance

"In a year like no other in the history of the energy industry, Eni has proven the robustness and flexibility of its business model by reacting swiftly and effectively to the extraordinary crisis context, while progressing the Company's irreversible path for the energy transition. In the space of a few months after the outbreak of the pandemic we reduced capital spending and limited the impact of the sharp drop in crude oil prices on the cash flow, strengthening our liquidity and preserving the robustness of our balance sheet. The upstream business is strengthening its recovery, while our businesses in the production and sale of decarbonized products achieved excellent results in the year, driven by a 17% Ebit increase from Eni gas e Luce, a 130% increase in biorefining processing and 1 GW of new solar and wind generation capacity already installed or sanctioned. We laid foundations for strong growth in renewables by entering two strategic markets, the US and the Dogger Bank wind project in the UK's North Sea offshore wind market, which will be the largest in the world in the sector. Through leveraging the actions we put in place, our 2020 adjusted cash flow of €6.7 billion was able to finance our capex, with a surplus of €1.7 billion. Net borrowings (before IFRS 16) are at the same level as at the end of 2019, and leverage is at around 30%".

Eni CEO Claudio Descalzi

€1.9 bln

Adjusted operating profit

€6.7 bln

Adjusted net cash before changes in working capital at replacement cost

€11.6 bln

Net borrowings

>35%

Net capex reduction vs. 2020 guidance



0.3

Leverage

-€1.9 bln

Opex reduction vs. pre-COVID-19 level

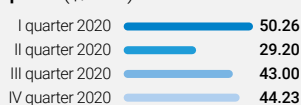
37.8

mmtonnes CO₂eq. GHG emissions Scope 1 -8% vs. 2019

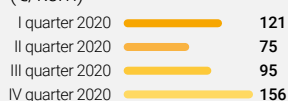
1.5

mmtonnes CO₂eq. offset Forestry REDD+

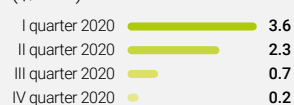
Average Brent dated price (\$/BBL)



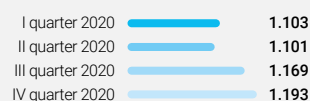
PSV (€/kcm)



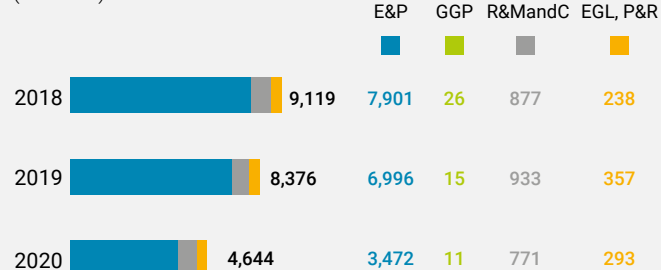
SERM (\$/BBL)



Average exchange rate EUR/USD



Capital expenditure (€ million)



The trading environment in 2020 saw the largest drop in oil demand in history (down by 9% y-o-y) driven by the lock-down measures implemented globally to contain the spread of the COVID-19 pandemic, Eni has promptly defined actions, leveraging on the energy, resources and flexibility of the operations.

Management took decisive actions according to three priorities:

- **Health and safety of our people and asset integrity:** implemented initiatives to safeguard each of the 60 thousand people that work in Eni and with Eni, in all the work places and operational sites. Very quickly, smart working was adopted by 99% of Eni employees in the main offices and by 70% of people engaged in our operational sites. These measures allowed to ensure continuity, without operational interruptions and asset integrity.
- **Robustness of balance sheet:** during the pandemic peak, management took decisive actions to increase the financial resiliency and strengthen the balance sheet, defining clear priorities in cash allocation. The Company is set to resume growing once the macro backdrop normalizes. Revised the Company's strategy and plans for the short-to-medium term leveraging on a reduction of €8 billion in the outlays for expenses and capital expenditures in the two-year period 2020-2021, more exposed to the downturn, with the subsequent reshaping of the growth profile of production and the definition of a dividend policy based on a fixed component, subject to a continuous re-evaluation process, following the achievement of certain Eni's industrial targets and a variable component indexed to the scenario, in order to adapt the dividend to market volatility; the share buy-back program is temporarily suspended.
- **Organizational structure:** in June 2020, Eni created a new organizational setup by establishing two business groups: the Natural Resources business which has the task of valorizing the Oil & Gas portfolio in a sustainable way and of managing the energy efficiency activities, the projects of CO₂ capture; and the Energy Evolution business which has the task of managing the evolution of businesses of power generation, manufacturing and marketing of products from fossil to bio, blue and green. The two business groups will work in synergy with R&D and digitalization department to realize Eni's plans and achieve the decarbonization targets to 2050.

Thanks to these actions, notwithstanding the significant impact of pandemic crisis on Group's cash flow, in 2020 the adjusted cash flow of €6.7 billion was able to finance 100% of net organic capex lowered to €5 billion (down by 35% vs. the original budget at constant exchange rates) due to the implemented optimizations, with a surplus of €1.7 billion. Opex were reduced by €1.9 billion compared to the pre-COVID-19 level, of which about 30% is structural. As of December 31, 2020, leverage was confirmed at 0.3 and net borrowings were in line with the comparative period, also due to the issuance of two hybrid bonds for €3 billion.

2020: FAST REACTION TO COVID-19 CRISIS

PEOPLE HEALTH AND BUSINESS CONTINUITY

COSTS	PORTFOLIO	FINANCIALS
<p>>35% capex reduction vs. original 2020 guidance</p> <p>-€1,9 bln cost savings vs. pre-COVID-19 level</p>	<p>FID rescheduling on large upstream projects</p> <p>Increased capex on green project</p>	<p>Leverage* in the comfort zone at about 0.3</p> <p>First issuance of hybrid bonds of €3 bln</p>
NEW COMPANY ORGANIZATION		
LONG-TERM DECARBONIZATION PLAN		

(*) Before IFRS 16.

FINANCIAL HIGHLIGHTS

		2020	2019	2018
Sales from operations	(€ million)	43,987	69,881	75,822
Operating profit (loss)		(3,275)	6,432	9,983
Adjusted operating profit (loss) ^(a)		1,898	8,597	11,240
Exploration & Production		1,547	8,640	10,850
Global Gas & LNG Portfolio		326	193	278
Refining & Marketing and Chemicals		6	21	360
Eni gas e luce, Power & Renewables		465	370	262
Adjusted net profit (loss) ^{(a)(b)}		(758)	2,876	4,583
Net profit (loss) ^(b)		(8,635)	148	4,126
Net cash flow from operating activities		4,822	12,392	13,647
Capital expenditure		4,644	8,376	9,119
of which: exploration		283	586	463
development of hydrocarbon reserves		3,077	5,931	6,506
Dividend to Eni's shareholders pertaining to the year ^(c)		1,290	3,078	2,989
Cash dividend to Eni's shareholders		1,965	3,018	2,954
Total assets at year end		109,648	123,440	118,373
Shareholders' equity including non-controlling interests at year end		37,493	47,900	51,073
Net borrowings at year end before IFRS 16		11,568	11,477	8,289
Net borrowings at year end after IFRS 16		16,586	17,125	n.a.
Net capital employed at year end		54,079	65,025	59,362
of which: Exploration & Production		45,252	53,358	50,358
Global Gas & LNG Portfolio		796	1,327	1,742
Refining & Marketing and Chemicals		8,786	10,215	6,960
Eni gas e luce, Power & Renewables		2,284	1,787	1,869
Share price at year end	(€)	8.6	13.9	13.8
Weighted average number of shares outstanding	(million)	3,572.5	3,592.2	3,601.1
Market capitalization ^(d)	(€ billion)	31	50	50

(a) Non-GAAP measures.

(b) Attributable to Eni's shareholders.

(c) The amount of dividend for the year 2020 is based on the Board's proposal.

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

SUMMARY FINANCIAL DATA

		2020	2019	2018
Net profit (loss)				
- per share ^(a)	(€)	(2.42)	0.04	1.15
- per ADR ^{(a)(b)}	(\$)	(5.53)	0.09	2.72
Adjusted net profit (loss)				
- per share ^(a)	(€)	(0.21)	0.80	1.27
- per ADR ^{(a)(b)}	(\$)	(0.48)	1.79	3.00
Cash flow				
- per share ^(a)	(€)	1.35	3.45	3.79
- per ADR ^{(a)(b)}	(\$)	3.08	7.72	8.95
Adjusted Return on average capital employed (ROACE)	(%)	(0.6)	5.3	8.5
Leverage before IFRS 16		31	24	16
Leverage after IFRS 16		44	36	n.a.
Gearing		31	26	14
Coverage		(3.1)	7.3	10.3
Current ratio		1.4	1.2	1.4
Debt coverage		29.1	72.4	164.6
Net Debt/EBITDA adjusted		174.1	100.7	45.2
Dividend pertaining to the year	(€ per share)	0.36	0.86	0.83
Total Share Return (TSR)	(%)	(34.1)	6.7	4.8
Dividend yield ^(c)		4.2	6.3	5.9

(a) Fully diluted. Ratio of net profit/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) Ratio of dividend for the period and the average price of Eni shares as recorded in December.

EMPLOYEES

		2020	2019	2018
Exploration & Production	(number)	9,815	10,272	10,448
Global Gas & LNG Portfolio		700	711	734
Refining & Marketing and Chemicals		11,471	11,626	11,457
Eni gas e luce, Power & Renewables		2,092	2,056	2,056
Corporate and other activities		7,417	7,388	7,006
Group		31,495	32,053	31,701

INNOVATION

		2020	2019	2018
R&D expenditure	(€ million)	157	194	197
First patent filing application	(number)	25	34	43

HEALTH, SAFETY AND ENVIRONMENT^(a)

		2020	2019	2018
TRIR (Total Recordable Injury Rate)	(total recordable injuries/worked hours) x 1,000,000	0.36	0.34	0.35
employees		0.37	0.21	0.37
contractors		0.35	0.39	0.34
Direct GHG emissions (Scope 1)	(mmtonnes CO ₂ eq.)	37.8	41.2	43.4
Indirect GHG emissions (Scope 2)		0.73	0.69	0.67
Indirect GHG emissions (Scope 3) other than those due to purchases from other companies ^(b)		185	204	203
Net GHG Lifecycle Emissions ^(b)		439	501	505
Net Carbon Intensity ^(b)	(gCO ₂ eq./MJ)	68	68	68
Net Carbon Footprint upstream (GHG emissions Scope 1 + Scope 2) ^(b)	(mmtonnes CO ₂ eq.)	11.4	14.8	14.8
Direct GHG emissions (Scope 1)/operated hydrocarbon gross production (upstream)	(tonnes CO ₂ eq./kboe)	20.0	19.6	21.4
Carbon efficiency index Group		31.6	31.4	33.9
Methane fugitive emissions (upstream)	(ktonnes CH ₄)	11.2	21.9	38.8
Volumes of hydrocarbon sent to routine flaring	(billion Sm ³)	1.0	1.2	1.4
Total volume of oil spills (>1 barrel)	(barrels)	6,789	7,265	6,687
of which: due to sabotage		5,831	6,232	4,022
operational		958	1,033	2,665
Freshwater withdrawals	(mmcm)	113	128	117
Re-injected production water	(%)	53	58	60

(a) KPIs refer to 100% of the operated assets, unless otherwise specified.

(b) KPIs are calculated on an equity basis.

OPERATING DATA

		2020	2019	2018
EXPLORATION & PRODUCTION				
Hydrocarbon production	(kboe/d)	1,733	1,871	1,851
Net proved reserves of hydrocarbons	(mmboe)	6,905	7,268	7,153
Reserve life index	(years)	10.9	10.6	10.6
Organic reserve replacement ratio	(%)	43	92	100
Profit per boe ^{(a)(c)}	(\$/boe)	3.8	7.7	6.7
Opex per boe ^(b)		6.5	6.4	6.8
Finding & Development cost per boe ^(c)		17.6	15.5	10.4
GLOBAL GAS & LNG PORTFOLIO				
Natural gas sales	(bcm)	64.99	72.85	76.60
of which: Italy		37.30	37.98	39.17
outside Italy		27.69	34.87	37.43
LNG sales		9.5	10.1	10.3
REFINING & MARKETING AND CHEMICALS				
Capacity of biorefineries	(mmtonnes/year)	1.1	1.1	0.4
Production of biofuels	(ktonnes)	622	256	219
Average biorefineries utilization rate	(%)	63	44	63
Retail market share in Italy		23.3	23.6	24.0
Retail sales of petroleum products in Europe	(mmtonnes)	6.61	8.25	8.39
Service stations in Europe at year end	(number)	5,369	5,411	5,448
Average throughput of service stations in Europe	(kliters)	1,390	1,766	1,776
Average oil refineries utilization rate	(%)	69	88	91
Production of petrochemical products	(ktonnes)	8,073	8,068	9,483
Average petrochemical plant utilization rate	(%)	65	67	76
ENI GAS E LUCE, POWER & RENEWABLES				
Retail gas sales	(bcm)	7.68	8.62	9.13
Retail power sales to end customers	(TWh)	12.49	10.92	8.39
Thermoelectric production		20.95	21.66	21.62
Power sales in the open market		25.33	28.28	28.54
Renewables installed capacity at period end	(MW)	307	174	40
Energy production from renewable sources	(GWh)	339.6	60.6	11.6

(a) Related to consolidated subsidiaries.

(b) Includes Eni's share in joint ventures and equity-accounted entities.

(c) Three-year average.