

2007 Interim Review

July 26th, 2007

H1 2007 Highlights

Good afternoon ladies and gentlemen, and welcome to our 2007 interim review.

I am very pleased to report the highlights of our financial results.

- Adjusted operating profit was 9.4 billion euro, down 11% from the equivalent period last year.
- Adjusted net profit was 4.9 billion euro, down 10%
- And gearing was at 0.2 despite the recent cash out for acquisitions of over 6 billion dollars.

The group's financial performance compared to the first half of 2006 was negatively impacted by a number of external factors, mainly the appreciation of the euro against the dollar, a lower average oil and gas price and the effect of an unusually mild winter on gas sales.

We will propose to the Board of Directors that will meet in September, an interim dividend of €0.60 per share.

After my update on each division, Marco will take you through the financial results.

At the end of the presentation, together with Stefano, Domenico and Mario, we will be pleased to answer your questions.

Delivery on Strategy

This has been an exciting six months for Eni.

The carefully targeted acquisitions that we have made in all three divisions have brought further momentum to the organic growth that we were already achieving.

Our upstream acquisitions in the Congo, the Gulf of Mexico, Angola and Alaska are firmly in line with Eni's core strategy of strengthening our presence in core producing areas.

As well as giving us access to new resources and creating synergies with our existing portfolio, they each represent excellent value – especially in the light of the subsequent strength of oil prices!

In both Gas and Power and Refining and Marketing we have also moved to maximise value in selected areas where we see strong potential for growth, while again meeting Eni's strict financial criteria.

On top of these transactions, we have also made substantial strides in Russia, a region that we view as extremely important to the energy industry as a whole.

Exploration and Production

Looking more closely at Exploration & Production, we have continued to deliver robust performance. Oil and natural gas production for the second quarter averaged 1.74 million barrels of oil equivalent a day, a decrease of 0.7 percent compared with last year due mainly to disruptions in Nigeria. Excluding this issue, production was 1% up against last year. Growth was achieved in Libya, Kazakhstan and the Gulf of Mexico.

During these first six months, and mainly through the acquisitions, we have added over 2.5 billion boe of valuable resources, at an attractive cost, in countries where we can play an important role as operator and where we can add value by applying our core competencies. We are convinced that these attributes will continue to drive our growth.

Our acquisitions this year, combined with our pipeline of organic growth projects have allowed us to increase our compound annual growth rate from 2006 to 2010 to 4%, up from 3%. We expect to replace more than 100% of our reserves from 2007 to 2010 at our oil price scenario.

Reinforcing E&P Portfolio

The acquisitions we have made in E&P have increased the diversity of our portfolio, and strengthened the leadership position we have built in the world's fastest-growing oil and gas producing areas.

In the Congo we acquired 112 million boe of proved and possible reserves, a figure which we believe could ultimately prove conservative once we have applied our expertise to the fields.

In the Gulf of Mexico our purchase of Dominion's producing assets will lift our production in the region to 110,000 barrels per day. This acquisition also gives us high exploration potential for the future.

Our purchase of a stake in Angola LNG has expanded our position in the growing transatlantic LNG market, while our expansion in Alaska is another example of our leveraging in operatorships in promising areas.

In Russia, we acquired Arctic Gas and Urengoil assets that together give us access to around 1.5 billion barrels of resources at a cost of less than half a dollar a barrel. And indeed, given the technical expertise that we can apply to Russia's fields, we hope to retain the stake in Gazpromneft.

By any standards, this is a phenomenal transaction. And the initiatives Russia has taken in recent months to develop new alliances with IOCs are a clear positive indication of the country's commitment to playing a co-operative role in building new energy infrastructure and developing international trade.

Operationally, we are making sound progress on existing projects throughout the portfolio.

We look forward to providing you with a detailed update on our progress in the whole of E&P portfolio at the site visit to Kashagan in September.

Gas & Power

In Gas & Power we have made further progress.

In Italy, we launched our dual gas and electricity offer on July 1, a package which will consolidate our strong position in our home market.

Outside of Italy, our acquisition of a stake in Altermat is a further step in Eni's development plan for France's growing gas market and will strengthen our leadership in European gas supply.

Notably we have signed an MoU with Gazprom for the South Stream pipeline. This long-term project will ultimately represent both a crucial supply artery into Europe and an opportunity for Eni to reinforce its leadership position as Europe's number one gas company. The gas we will gain from South Stream will give us a strong market position in all the countries that the pipeline crosses and influences: Bulgaria, Romania, Hungary, Austria and Germany.

Refining & Marketing

In R&M, our plans to enhance profitability are on track. This will allow us to capture incremental margin through diverse crude sourcing, improved refining yields and efficiency.

In this division, we have again followed our strategy of making selected acquisitions where they can enhance the profitability of existing operations. We acquired 102 retail stations in the Czech Republic, Slovakia and Hungary and a further 16.11% stake in CRC, the Czech Refining Company, thus taking our total stake to 32.4%.

We have enhanced Eni's local refining capacity, increasing it to 2.6 mln tons per year and strengthened the existing marketing business in a fast growing region, allowing us to reach a market share of around 10%.

Now I would like to hand over to Marco.

Financial Results

Marco Mangiagalli
CFO

Thank you Paolo and good afternoon to everybody.

I will now comment on our results focusing on the second quarter and starting with a quick overview on the trading environment.

Market Environment

Oil prices strengthened from the first quarter of 2007, averaging 69\$ per barrel, in line with the second quarter of 2006.

Refining margin averaged 6.9\$ per barrel 20% higher than in the second quarter of 2006.

Finally, the euro appreciated by 7.3% versus the US dollar year on year.

Consolidated Results

As usual, I would like to remind you that Eni's results are affected by several issues, including the seasonal factor affecting the demand for natural gas and petroleum products used for residential heating, the demand for which is highest in the first quarter of the year, the coldest months, and lowest in the third quarter, the warmest months. Therefore, Eni's operating profit and change in net debt in the first six months cannot be extrapolated for the full year. Having said this, let us now comment on the results.

Adjusted net profit in the second quarter amounted to 2.2 billion euro a decrease of around 11% compared to the record levels achieved in same period of 2006.

This was largely due to a 17% decrease in the adjusted operating profit (*-0.9 billion euro*) partly offset by the lower tax rate, which was mainly the result of the different contribution to the pre-tax profit from the divisions.

Adjusted operating profit in the second quarter totalled 4.2 billion euro. This result mainly reflects the performance of Exploration & Production and Gas & Power divisions on which I will focus shortly.

E&P: Production Trend

Hydrocarbon production in the second quarter decreased by 0.7% compared to the same period of 2006, averaging one million seven hundred and thirty six thousand boe per day (1,736 kboe/d).

The reduction was due mainly to the disruptions in Nigeria which accounted for around 30 thousand boe/d; this negative impact has been partially offset by the increasing production in Libya, Kazakhstan and the Gulf of Mexico. Furthermore the second quarter accounted for the recent assets acquisition in the Congo for 6 thousands boe/d. Excluding the impact of the disruption in Nigeria production increased by 0.9%.

If we look at the first half of 2007, Eni reached an average daily hydrocarbon production of one million seven hundred and thirty five thousand boe per day (1,735 kboe/d), down 2.9% versus the first half of 2006. Net of the Nigeria [1] and Venezuela [2] impacts production was up 0.3%

For the full year 2007 we expect hydrocarbon production level in line with that in 2006 assuming a 55 \$/bl oil price scenario. The continuing disruptions in Nigeria, the loss of the Dacion field and the decline in production from mature fields will be offset by the contribution from the assets acquired in Congo and the Gulf of Mexico and the build up of the Libyan gas project.

[1] Nigeria impact -27 kboe/d

[2] Venezuela impact -31 kboe/d

E&P: Operating Profit

In the second quarter of 2007 the E&P reported an operating profit of 3.4 billion euro, with a 16% decrease year on year.

The result includes negative special items for around 70 million euro mainly related to asset write downs.

On an adjusted basis, operating profit was equal to 3.5 billion euro, with an 18% decrease year on year.

This is due to the appreciation of the euro vs the US dollar [1], the lower production sold [2], the higher operating costs and DD&A [3] as well as higher exploration expenses [4].

If we turn to the first half, the adjusted operating profit reached 6.6 billion euro, down 22% compared to the same period of 2006. The drivers of the weaker performance are substantially the same as those in the second quarter of 2007.

[1] It accounted for -280 million euro

[2] It accounted for around -50

[3] It accounted for -184 (opex -60 mln€, DD&A -49 mln€, abandonment -75 mln€)

[4] It accounted for -187 million euro

G&P: Operating Profit

Turning to the Gas & Power, volumes sold in the second quarter of 2007 were 19.6 bcm, in line with the same period of a year ago (19.4). The impact of the mild weather conditions has been offset by the higher volumes sold in the target markets in the rest of Europe.

Reported operating profit decreased by around 34% to 465 million euro (708 million euro in second quarter 2006).

The second quarter result includes positive special items for 14 million euro as well as inventory losses (68 million euro).

The Gas & Power adjusted operating profit amounted to 519 million euro, down around 34% over the same period of 2006 (791 million euro).

G&P: Ebitda Proforma Adjusted

G&P Ebitda proforma adjusted in the second quarter of 2007 amounted to 786 million euro which compares to 1,021 million euro in 2006. Let me elaborate on it by each business segment.

Supply and Marketing decreased by 58%. This weak performance was primarily due to:

- mild weather conditions that negatively affected heating consumption in April [1];
- a mismatch in the indexation between purchase and sales prices essentially in the powergen segment [2].
- these negative effects were partially offset by the more favourable treatment received under the improved regulatory framework under resolution 134 [3].

The Regulated business generated 236 million euro up 6% versus the second quarter of 2006. The increase is due to the increased ownership in Snam Rete Gas resulting from the completed buyback program and to the incentives provided on the new investments; these positive effects have been partially offset by the lower volume distributed and transported as consequence of the mild weather condition.

Powergen ebitda accounted for 95 million euro. Let me remind you that starting from the first quarter, the Powergen segment comprises of the tolling activity only, since marketing activities have been moved to the Supply & Marketing segment in accordance with our objective of developing a dual offer strategy.

Finally international transportation showed a flat trend versus 2006.

If we turn to the first half of 2007 the overall ebitda proforma adjusted increased by 8% versus the corresponding period of 2006. This is the result of the strong performance achieved in the first quarter thanks to the improved regulatory framework, the strengthening of the euro versus the US dollars and despite the lower gas volumes sold, transported and distributed in Italy and abroad, due to the mild winter.

[1] It accounted for -50 million euro

[2] It accounted for -250 million euro

[3] It accounted for +30 million euro

R&M: Operating Profit

Let me now turn to the R&M sector.

In the second quarter the division reported an operating profit of 430 million euro, up 18% versus the same period of 2006.

The result includes negative special items for 54 million euro mainly related to environmental provisions (15 million euro) and a risk provision related to an ongoing EU Antitrust proceeding. In addition, we also accounted for 299 million euro for inventory gains.

On an adjusted basis, the operating profit amounted to 185 million euro, showing a decrease of 3% over the same period of 2006. This performance reflected the euro appreciation versus the dollar [1] and the weaker performance of marketing activities in Italy [2]. These negative elements were partially offset by the lower maintenance outages [3] and the higher refining margins in dollar terms [4].

First half operating profit increased by 9% versus the corresponding period of 2006 thanks to the favourable refining scenario and the higher volume processed; these positive effects were partially offset by the weaker performance of the marketing activities.

[1] It accounted for -30 million euro

[2] It accounted for -48 million euro

[3] It accounted for +65 million euro

[4] It accounted for +14 million euro

Other Businesses: Adjusted Operating Profit

As far as Eni's other businesses are concerned, in the second quarter of 2007 the Petrochemicals division (Polimeri Europa) posted an adjusted operating profit of 67 million euro. The increase versus the same period of 2006 was mainly due to the higher base chemical margins.

The adjusted operating profit of the Oilfield services & Engineering business totaled 203 million euro, up 53% versus the same period of last year. This achievement is attributable to higher results in onshore construction as well as the higher contribution from offshore drilling and construction activities.

Other Activities and corporate accounted for an overall operating loss of 132 million euro showing a flat trend versus the second quarter of 2006 (149 million euro).

Sources and Uses of Cash

In the first half of 2007 operating activities generated a cash flow of 9.7 billion euro. On top of this, disposals and other contributed for around 0.4 billion euro, bringing the overall cash generated to 10.1 billion euro.

The cash flow generated fuelled the significant investment, that amounted to around 9.1 billion euro. On top of this, dividends and buy backs absorbed 3.3 billion euro, bringing the overall cash used to 12.4 billion euro.

Net financial debt, as at the end of June, increased to 9.1 billion euro and our debt to equity ratio was equal to 0.22.

2007 Cash Returned to Shareholders

Coming to the end of my presentation, let me focus on the cash returned to shareholders.

In 2007 we will pay out at least 4.9 billion euro as follows:

1. 0.65 euro per share as 2006 final dividend;
2. proposed 0.60 euro per share as 2007 interim dividend;
3. And at least 0.3 billion of share buyback completed year to date.

The overall cash distribution allows us to generate highly competitive returns to shareholders

Thank you for listening and now I hand you over Paolo for his closing remarks.

Closing Remarks

Paolo Scaroni
CEO

Eni's Growth Strategy

...Thank you Marco

To sum up, I would like to return to a slide with which you are already very familiar.

Our activity over the last six months has been firmly guided by Eni's distinctive strengths: our strong position in the world's fastest growing energy areas, our enduring relationships with host countries, our access to engineering skills and technology, and our uniquely integrated model all the way down the supply chain.

Our commitment to deliver growth and to secure value for our shareholders underpins everything we do at Eni. These guiding principles, and the steps we have taken over recent months, have created the momentum for further growth.

We will now be pleased to answer your questions.

Finally, in order to have a full view of the financial results of this business, it is important to focus on the share of profit from Associates.

In the first quarter of 2007 the contribution from Associates amounted to 115 million euro, down 16% compared to the same period of 2006.

This is mainly the result of the weak performance of our distribution activities in Italy related to the mild weather conditions.