Good afternoon, and welcome to our first quarter results presentation. Economic results and cash flow are presented, as we did at the end of 2015, on a stand-alone basis. This means that:

- **Versalis** is excluded both in 2015 and 2016 and
- **Saipem** is excluded in 2015 and equity accounted in 1st quarter 2016

In this quarter, we continued to perform in line with our strategy, progressing in all our businesses and delivering positive operating results in each of them. In particular:

In E&P we achieved, as planned, the start-up of Goliat in Norway, Heidelberg in US, Mpungi in block 15/06 in Angola and Meleiha Deep in Egypt. These, together with the contribution from ramp-ups, contributed to a volume growth of **3.4% vs 1Q 2015, or 1.3% net of PSA effects.**

- Development activities are progressing well: we confirm all the start-ups we planned this year including Kashagan, which is expected on stream within the last quarter of this year.
- Talking about **Zohr**, after the final investment decision taken in February, we are preparing the fourth well, whilst speeding up the award of the main construction contracts, both on- and offshore.
- **As for Exploration, we drilled three** successful wells and other positive results are expected in the second quarter. In terms of guidance, we are very well on track to exceed the yearly guidance of **400 Mboe of additional resources at a cost of around 900 Meuro or less.**
In Mid-downstream, all segments were profitable, achieving around 350 million euro of EBIT thanks to:

- In G&P, a good quarter in a weak scenario, that confirms the turnaround pace of this business that was driven by the improved competitiveness of our gas contracts and a good result in retail;
- In R&M, good performances in both refining and marketing, the former confirming the expected 2016 breakeven at the margin of 4,5 $ per barrel .
- Overall, the company generated an operating cash flow of 1.3 billion euro, at a very depressed scenario of 34 $ Brent, and kept the leverage almost flat to 23%.

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And now a few comments on the quarter’s economic and financial results

Q1’s adjusted operating profit amounted to 472 million euro, around 1 billion euro lower than last year. This drop was driven by the negative scenario which accounted for around 1.6 billion euro, mainly referred to upstream, but partially compensated by our stronger industrial performance that improved by 0.6 billion euro.

All our businesses recorded positive adjusted operating profits, reflecting the progress of our turnaround programs.

In E&P, Hydrocarbon production was 1,754 kboe/d, 3.4% higher compared to the first quarter of 2015.
Excluding PSA and other minor effects, production increased by **1.3%** mainly thanks to:

- The start-up of Goliat and
- production ramp-ups in Angola, Congo, Egypt and Venezuela

**Operating profit** was affected by the decline in oil and gas prices, which accounted for **1.5 billion euro vs 1Q 2015**, but partially counterbalanced by **0.5 bln euro** deriving from **lower exploration, DD&A and operating costs**.

2016 production guidance is **substantially confirmed**, even if we assume a Val d’Agri shut down, due to the **current legal investigation, lasting for the full year**.

The negative impact in this hypothesis would be in the range of **50 kboed** but it could be **substantially absorbed** by the **production contingency** and by expected better performance in other fields worldwide.

The timing of the legal procedure in Val d’Agri cannot be predicted today.

The **adjusted net loss** amounted to **77 million euro** and was penalized by the **already anticipated higher tax rate** paid on positive results in PSAs mixed with some negative results in concessions, which are subject to lower taxation.

In **G&P**, the scenario was depressed:

- **TTF and PSV** were down both versus **Q4 and Q1** of last year, and the spread between the two hubs narrowed to **50 dollar cents per Mbtu**.

- **Gas demand in Europe** was lower than **Q1 2015** due to a mild winter and high output of renewables in the power sector, particularly in Germany and Spain.

In this scenario, the **adjusted operating profit** amounted to **285 million euro**, almost in line with **Q1 2015** despite the warmer weather and the lower positive non-recurring items for around **110 million euro**, inclusive of the effect of the Edison arbitration currently under **further renegotiation**.

This improvement has been achieved thanks to the upgrade of our gas portfolio renegotiated so far, lowered logistic costs and trading activities.

In terms of guidance, we **confirm a positive adjusted ebit in 2016** thanks also to the retroactive contribution of **GasTerra arbitration**, forecasted by the second quarter this year, **as well as** the structural breakeven from 2017.

Turning now to **R&M**

This business, excluding the effects a the significant decrease of the refining margin from **7.6 $/bbl** (6.6 after hedging) to **4.2 $/bbl**, showed an improvement year on year, with an adjusted operating profit of **66 million euro**.

In particular:

- **Refining** has benefitted from the ongoing progress on site turnaround, with an adjusted operating result substantially at breakeven. This is notwithstanding a capacity utilization rate which was down 9 percentage points versus first quarter **2015** at **87%**. This was due to higher maintenance activities triggered by the weak scenario, while...

- **Marketing** has been better than in **1Q 2015**, benefitting from higher retail margins in Italy.
We confirm our **target** for a **2016** refinery breakeven margin at around 4.5 $/bl, on track with our program of lowering it to 3 $/bl by **2018**.

Finally, our **financial position**.

**Net debt** at the end of March was 12.2 bln €, implying an **almost flat leverage** at 23%.

The 500 mln € increase in debt versus year end **2015** is attributable **mainly** to a capital expenditure of 2.5 billion €, significantly counterbalanced by:

- cash flow from operations of 1.3 billion €
- a **cash-in** of 0.34 billion €, mainly from the conversion of the latest Snam shares, and...
- ...the **effect of euro appreciation** on the US$ denominated debt of around 250 million €.

All businesses, except **E&P**, contributed a positive free cash flow in this quarter.

For the full year, we confirm our guidance to cover capex at **50 $/bbl** with our cash flow from operations.

And now let’s start the Q&A session.