Debt Issuance Programme Base Prospectus Supplement dated 28 August 2020

Eni S.p.A.
(incorporated with limited liability in the Republic of Italy)
as Issuer and as Guarantor of the Notes issued by
Eni Finance International SA

and

Eni Finance International SA
(incorporated with limited liability in the Kingdom of Belgium)
as Issuer

Euro 20,000,000,000
EURO MEDIUM TERM NOTE PROGRAMME FOR THE ISSUANCE OF NOTES
WITH A MATURITY OF MORE THAN 12 MONTHS FROM THE DATE OF
ORIGINAL ISSUE

This Debt Issuance Programme Base Prospectus Supplement (the “Supplement”) is supplemental to and must be read in conjunction with the Debt Issuance Programme Base Prospectus dated 3 October 2019 (as supplemented by the Debt Issuance Programme Base Prospectus Supplement dated 9 April 2020) (the “Base Prospectus”) prepared by Eni S.p.A. (“Eni”) and Eni Finance International SA (“EFI”), each as issuer (an “Issuer”) of Notes and Eni as guarantor of Notes (the “Guarantor”) issued by EFI, with respect to the Euro 20,000,000,000 Euro Medium Term Note Programme for the issuance of Notes with a maturity of more than twelve months from the original issue (the “Programme”). Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

Application has been made to the Luxembourg Commission de Surveillance du Secteur Financier (the ”CSSF”), in its capacity as competent authority under the Luxembourg Act dated 16 July 2019 (the “Luxembourg Prospectus Act”) relating to prospectuses for securities, for the approval of this Supplement as a supplement to the Base Prospectus for the purpose of Article 23 of Regulation (EU) 1129/2017, as amended or superseded (the “Prospectus Regulation”).

Each Issuer (with respect to itself) and the Guarantor (with respect to itself and jointly and severally with EFI) accepts responsibility for the information contained in this Supplement. To the best of the knowledge of each Issuer (with respect to itself) and the Guarantor (with respect to itself and jointly and severally with EFI), the information contained in this Supplement is in accordance with the facts in all material respects and does not omit anything likely to affect the import of such information in any material respect, in each case in the context of the issue of Notes under the Programme.

This Supplement has been prepared pursuant to Article 23.1 of the Prospectus Regulation in order to:

(a) update the “Risk Factors” section of the Base Prospectus;

(b) incorporate by reference the English version of the consolidated unaudited interim accounts of Eni as of 30 June 2020 as contained in the Interim Consolidated Report as of 30 June 2020, which has been prepared in accordance with IFRS, and as required by applicable Italian rules and regulations;

(c) incorporate by reference the English version of the unaudited non consolidated interim accounts of EFI as
of 30 June 2020 as contained in EFI's Semi-Annual Report 2020 and as required by applicable Belgian rules and regulation;

(d) amend the Base Prospectus to reflect the change of Fitch’s entity providing rating services to Eni, from Fitch Polska S.A. to Fitch Ratings Ireland Limited;

(e) amend the Base Prospectus to change references to Banca IMI S.p.A. following the merger by incorporation of Banca IMI S.p.A. into its parent company Intesa Sanpaolo S.p.A.;

(f) incorporate by reference Eni’s press releases dated 13 May 2020 and 14 May 2020 relating respectively to: (i) the appointment of Eni’s Board of Directors and Board of Statutory Auditors and (ii) the appointment of Eni’s Chief Executive Officer and Board committees; and

(g) update the no significant change statement contained in the “General Information” section.


To the extent that there is any inconsistency between (a) any statement in or incorporated by reference into this Supplement and (b) any statement in or incorporated by reference into the Base Prospectus, the statements in (a) above will prevail. Any reference in the Base Prospectus to the Base Prospectus itself should be deemed to be a reference to the Base Prospectus as amended and supplemented by the present Supplement.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus (as supplemented by the Debt Issuance Programme Base Prospectus Supplement dated 9 April 2020).
UPDATE OF THE “RISK FACTORS” SECTION OF THE BASE PROSPECTUS

The section headed “Risk Factors” of the of the Base Prospectus should be amended by including the following Risk Factor on page 15 before the Risk Factor headed “Eni’s operating results, cash flow and rates of growth are affected by volatile prices of crude oil, natural gas, oil products and chemicals”.

“Risk related to the current pandemic Covid-19 virus emergency

The dramatic events caused by the COVID-19 pandemic in the first half of 2020 with the lockdown of entire economies and huge limitations on international commerce and travel triggered a collapse in hydrocarbon demand in a context of a structural oversupply of the oil market leading to an unprecedented reduction in hydrocarbon prices. In the first half 2020, the price of the Brent benchmark crude oil prices was on average 40% lower than the first half of 2019; natural gas prices declined on average by 50%. These developments had negative, material effects on Eni’s results of operations and cash flow. The Group incurred a net loss of €7.3 billion driven by reduced revenues and a number of extraordinary charges due to the impact of a revised long-term price outlook for hydrocarbons on the evaluation of the recoverability of the Group’s Property, Plant and Equipment (PP&E) with impairment losses in the range of €2.7 billion, an inventory evaluation allowance of €1.4 billion, €1.4 billion of losses at equity-accounted entities and €0.8 billion of write-off of deferred tax assets. In the first half of 2020, adjusted cash flow before changes in working capital at replacement costs of €3.3 billion decreased by approximately 50% compared to the first half 2019, of which €3.5 billion due to lower hydrocarbon prices and €0.6 billion to operational impacts associated with the COVID-19, leading to an increase in net borrowings of approximately €2.9 billion compared to December 31, 2019 (before IFRS 16).

Under the 40 $/barrel crude oil price assumption for the FY 2020, management has estimated a reduction in the measure of cash flow measure monitored by the Company – an adjusted cash flow before changes in working capital – of approximately €5 billion compared to the initial plans (from €11.5 billion to €6.5 billion) due to lower prices of equity hydrocarbons for €4.5 billion, in addition to the operations effect related to the COVID-19 amounting to approximately €1.7 billion due to production decrease for capex rescheduling, lower demand of fuels and chemical products, extension of plant shutdowns for the COVID-19 emergency, lower offtakes at LNG supply and lower gas demand due to a reduction in productive activity and, finally, higher allowances for doubtful accounts. These negatives are expected to be partly offset by cost savings and other management’s initiatives to contrast the pandemic impact for €1.2 billion.

Confronted with a such a remarkable shortfall in the cash flows, management has taken a number of measures to preserve the liquidity of the Company, the ability to cover financial obligations that come due and to mitigate the impact of the crisis on the Group's net financial position, as follows:

- Rescheduled capex for 2020-2021 years, in particular in 2020 Eni expects to reduce capex by approximately €2.6 billion, approximately 35% lower than the initial capital budget; the new capex guidance for 2020 is now €5.2 billion. Anticipated reductions of €2.4 billion in 2021, i.e. 30% lower than original plans. The projects involved in this capex reduction are related mainly to upstream activities, particularly production optimization and new projects developments scheduled to start in the short term. In both cases, the activity can be restarted quickly in normal conditions, determining a recovery of related production.

- Implemented widespread cost reduction initiatives in all the business to save approximately €1.4 billion in 2020; reductions of the same amount expected in 2021.

- In May, a €2 billion bond was issued, representing the first emission in Italy post COVID-19 crisis.

- Suspended the share repurchase program of €400 million in 2020. The program which will be reinstated once the Brent price reaches the hurdle of 60 $/barrel on yearly average.

- Updated the dividend policy by establishing an annual dividend composed of a floor amount currently
set at 0.36 €/share under the assumption of a Brent scenario of at least 45 $/barrel and a growing variable component based on a recovery in the crude oil scenario above 45 $/barrel. The floor amount will increase depending on the Company delivering on its industrial targets (further detail are provided in the “outlook section”). For 2020, the floor dividend will be distributed notwithstanding a forecast of an annual Brent price of 40 $/barrel. One third of the floor dividend will be paid as interim dividend in September 2020.

The Company, leveraging on these measures, has successfully overcome the worst phase of the downturn, avoiding to incur new finance debt at unfavorable conditions. Looking forward, the Company can count to fulfill the financial obligations coming due on a liquidity reserve of approximately €17.7 billion as of June 30, 2020, consisting of:

- cash and cash equivalents of €6.5 billion;
- €4.7 billion of undrawn committed borrowing facilities;
- €6 billion of readily disposable securities (mainly government bonds and corporate investment grade bond) and €0.5 billion of short-term financing receivables.

This reserve is considered adequate to cover the main financial obligations maturing in the next eighteen months relating to:

- short-term debt of €3.1 billion;
- maturing bonds of €1.35 billion and other maturing long-term debt of €1.1 billion;
- committed investments of €6.8 billion;
- instalments of leasing contracts coming due of €1.3 billion;
- the payment of a floor dividend for approximately €1.28 billion;
- take-or-pay obligations under long-term gas contracts and other similar obligations amount to an estimate €9.2 billion at our budget scenario.

These actions are intended to preserve the Company’s current credit rating. Currently Eni’s credit ratings are:

- “A-”, negative outlook for Standard & Poor’s;
- “Baa1”, stable outlook for Moody’s;
- “A-”, stable outlook for Fitch.

Management cannot exclude possible risks of a downgrade of Eni's creditworthiness, which might be driven by the oil scenarios adopted by rating agencies or by a possible sovereign downgrade.

The evolution of Group’s financial situation in the second half 2020 and in 2021 will depend, in addition to management initiatives, by the oil price trends closely correlated to the evolution of the pandemic crisis.

Considering the current oil&gas assets portfolio, management has estimated a change of cash flow of approximately €170 million for each one-dollar change in the price of the Brent crude oil benchmark and proportional changes in gas prices, applicable for variation of 5-10 $/barrel, compared to the considered scenario, before further corrective actions by management and has excluded the effects on the dividends from investments.

The short-term recovery of the crude oil and gas prices will greatly depend on how the current COVID-19 crisis unfolds and on how long it lasts. Under the worst of the assumptions, the spread of the disease could extend the actual economic crisis which could materially hit demand for energy products and prices of energy commodities.
This scenario could be further complicated in case of a faltering OPEC+ policy at supporting prices and promoting production cuts. These trends could have a material and adverse effect on our results of operations, cash flow, liquidity and business prospects, including trends in Eni shares and shareholders’ returns.

In addition to the current liquidity reserve, the Company can leverage on a solid business model and actions finalized or started in this year that have increased the resilience of the scenario.

The main point of these actions was the gradual reduction of the average breakeven of the projects in execution at 23 $/barrel thanks to the successful exploration at competitive discovery costs, the deployment of an efficient model to develop hydrocarbon reserves based on a phased approach, reduction of time-to-market and design-to-cost.

The upstream efficiency and the restructuring of the mid-downstream businesses, that are able to generate a positive contribution in terms of operating cash flow also in unfavorable scenarios like the current one, and the containment of costs, have allowed Eni to reduce cash neutrality, i.e. Brent price level at which the Company is able to self-finance the organic capex and the floor dividend.

In the long-term, the Company is committed to create a strategic path with the aim to become a leader in the supply of decarbonised products, contributing actively in the ongoing energy transition process.

The pillar of this strategy is the achievement of an 80% reduction in net GHG emissions of all products by 2050, well beyond the 70% reduction indicated by the IEA in the scenario consistent with the objectives of the Paris Agreement. This will allow Eni to achieve a better balance of the portfolio, reducing the exposure to the volatility of hydrocarbon prices.”
The information set out below supplements the section of the Base Prospectus entitled “Documents Incorporated by Reference” on pages 47 to 54 of the Base Prospectus.

The following documents, having previously been published and filed with the CSSF, shall be incorporated by reference in and form part of this Supplement:

1. the English version of the consolidated unaudited interim accounts of Eni as of 30 June 2020 as contained in the Interim Consolidated Report as of 30 June 2020, which has been prepared in accordance with IFRS, and as required by applicable Italian rules and regulations. The English version of the consolidated unaudited interim accounts of Eni as of 30 June 2020 is available at [https://eni.com/assets/documents/eng/reports/2020/1-half-2020/Interim-consolidated-report-June-30-2020.pdf](https://eni.com/assets/documents/eng/reports/2020/1-half-2020/Interim-consolidated-report-June-30-2020.pdf)


For ease of reference the table below sets out the relevant page references for the consolidated unaudited interim accounts and the notes to the consolidated unaudited interim accounts as of 30 June 2020 as set out in the English version of the Interim Consolidated Report as of 30 June 2020. Any information not listed in the cross-reference table but included in the documents incorporated by reference is given for information purposes only and is not required by the relevant annexes of the Commission Delegated Regulation (EU) 2019/980 (the “Commission Delegated Regulation”) supplementing the Prospectus Regulation.

**Consolidated unaudited interim accounts as of 30 June 2020, as per the Interim Consolidated Report as of 30 June 2020**

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EFI

For ease of reference, the table below sets out the relevant page references for the unaudited non-consolidated interim accounts as set out in the English version of the Semi-Annual Report 2020 of EFI. Any information not listed in the cross-reference table but included in the documents incorporated by reference is given for information purposes only and is not required by the relevant annexes of the Commission Delegated Regulation supplementing the Prospectus Regulation.

**Unaudited interim accounts as of 30 June 2020, as per the Semi-Annual Report 2020**

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**Eni press releases**

1. Press release dated 13 May 2020 relating, *inter alia*, to the appointment by the Shareholders Meeting of the Board of Directors and Board of Statutory Auditors

2. Press release dated 14 May 2020 relating to the appointment by the Board of Directors of Claudio Descalzi as Chief Executive Officer and of the Board committees

All pages
On the front page of the Base Prospectus, the sentence:

- “The Programme has been rated "A-" by S&P Global Ratings Europe Limited ("Standard & Poor’s"), "Baa1" by Moody’s Deutschland GmbH ("Moody’s") and “A-” by Fitch Polska S.A. ("Fitch"). Standard & Poor’s, Moody’s and Fitch are established in the European Union and registered under Regulation (EC) No 1060/2009 (as amended) on credit rating agencies (the “CRA Regulation”), as set out in the list of credit rating agencies registered in accordance with the CRA Regulation published on the website of the European Securities and Markets Authority ("ESMA") at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs, pursuant to the CRA Regulation.”

is deemed to be deleted and replaced by the following:

- “The Programme has been rated "A-" by S&P Global Ratings Europe Limited ("Standard & Poor’s"), "Baa1" by Moody’s Deutschland GmbH ("Moody’s") and “A-” by Fitch Ratings Ireland Limited (“Fitch”). Standard & Poor’s, Moody’s and Fitch are established in the European Union and registered under Regulation (EC) No 1060/2009 (as amended) on credit rating agencies (the “CRA Regulation”), as set out in the list of credit rating agencies registered in accordance with the CRA Regulation published on the website of the European Securities and Markets Authority ("ESMA") at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs, pursuant to the CRA Regulation.”
CHANGE OF REFERENCES TO BANCA IMI S.P.A. FOLLOWING THE MERGER BY INCORPORATION OF BANCA IMI S.P.A. INTO ITS PARENT COMPANY INTESA SANPAOLO S.P.A.

On the front page of the Base Prospectus, reference to “Banca IMI” is deemed to be deleted and replaced by reference to “IMI – Intesa Sanpaolo”.

On page 8 of the Base Prospectus, reference to “Banca IMI S.p.A.” is deemed to be deleted and replaced by reference to “Intesa Sanpaolo S.p.A.”.

On page 168 of the Base Prospectus, the following words:

“Banca IMI S.p.A.
Largo Mattioli
3 20121 Milan
Italy”

are deemed to be deleted and replaced by the following:

“Intesa Sanpaolo S.p.A.
Divisione IMI Corporate & Investment Banking
Via Manzoni 4
20121 Milan
Italy”
GENERAL INFORMATION

Paragraph (2) on page 165 of the Base Prospectus shall be deemed to be deleted and replaced with the following:

“Save as disclosed in the section titled “Outlook” at pages 60 and 61 of the Eni’s Interim Consolidated Report as of 30 June 2020, incorporated by reference herein, there has been no significant change in the financial performance or position of either of the Issuers, of the Guarantor or of the Group since 30 June 2020 and no material adverse change in the prospects of either of the Issuers, the Guarantor or of the Group since 31 December 2019.”