



# **Eni Presentation to the Financial Community**

## **2006 Third Quarter Results**

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CFO

**November 10<sup>th</sup>, 2006**



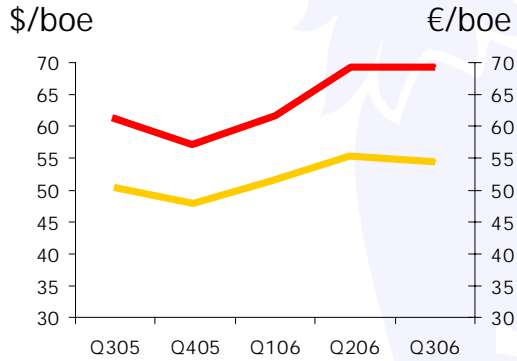
**Eni's Way**

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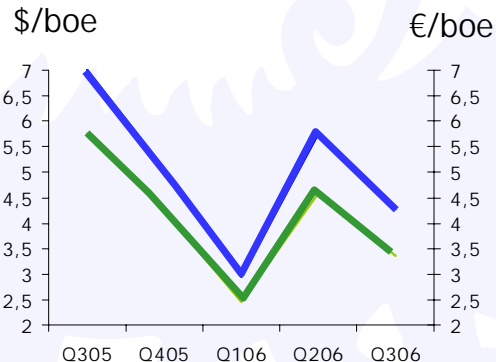
# Market Environment

## Brent



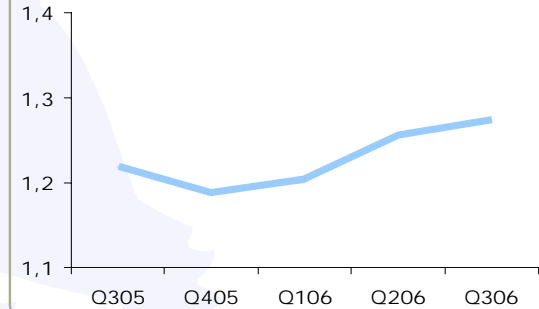
Δ% Q3 06/Q3 05	
■ \$/boe	+12.9
■ €/boe	+8.1

## Average European Refining Margin\*



Δ% Q3 06/Q3 05	
■ \$/boe	-39.2
■ €/boe	-41.7

## €/ \$ Exchange Rate

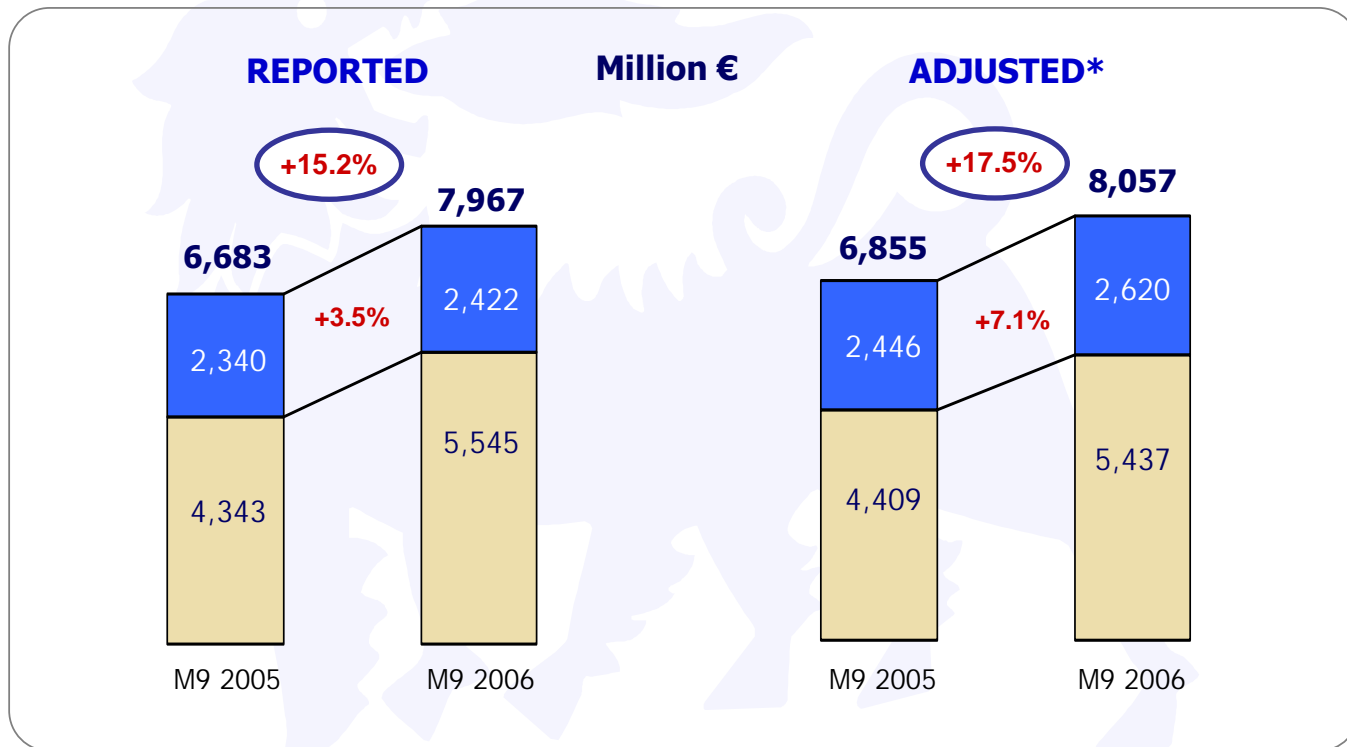


Δ% Q3 06/Q3 05	
€/ \$	+4.4

\* FOB Mediterranean market, lead free gasoline. Eni calculations on Platt's Oilgram data

# Consolidated Results: Net Profit

■ Q3  
■ H1

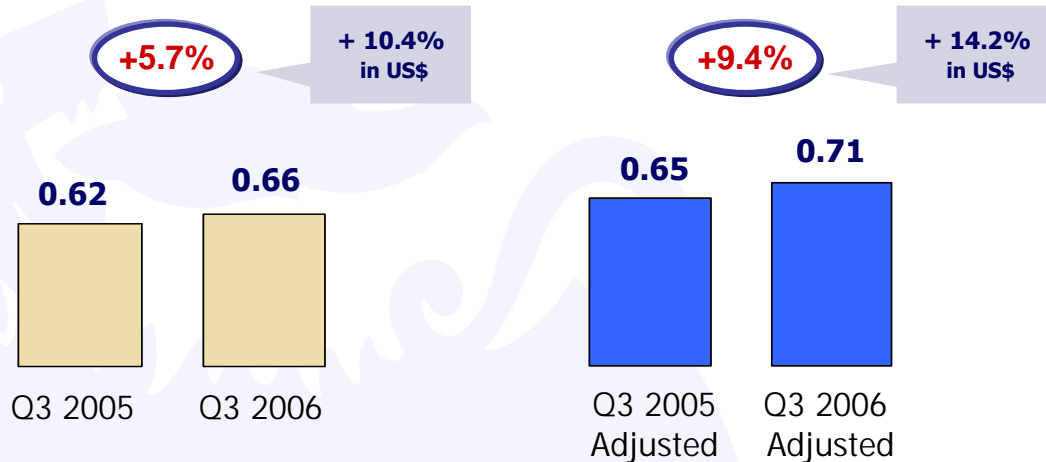


\* Excluding special items and gains (losses) on inventory

# Consolidated Results: EPS and CFPS

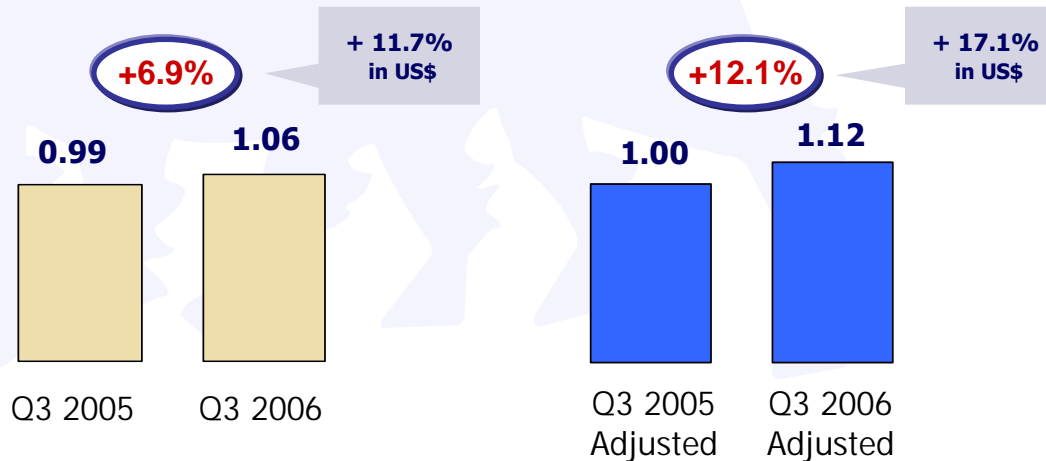
## EPS

(Euro per share\*)



## CFPS

(Euro per share\*)



\* Average shares (fully diluted):

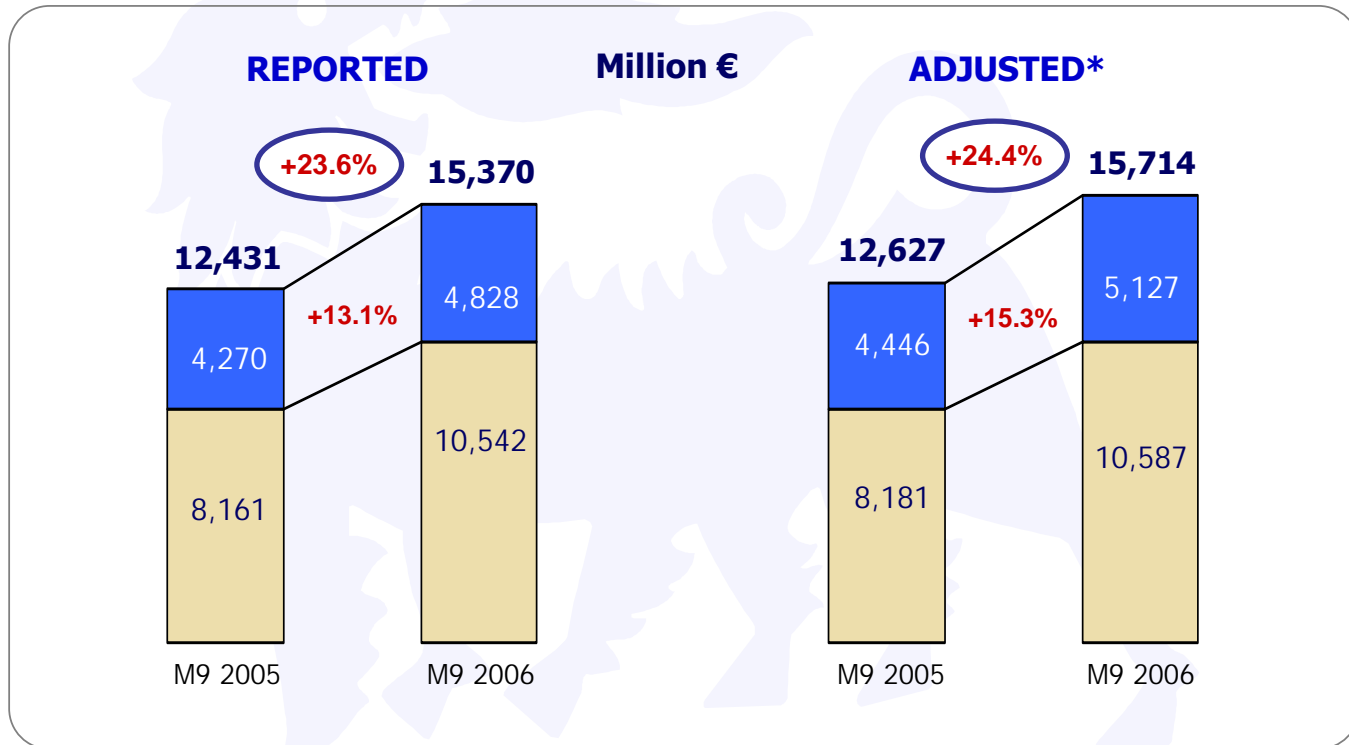
Q3 06 3,688 million

Q3 05 3,769 million

**Cash Flow** calculated as net profit+amortization & depreciation

# Consolidated Results: Operating Profit

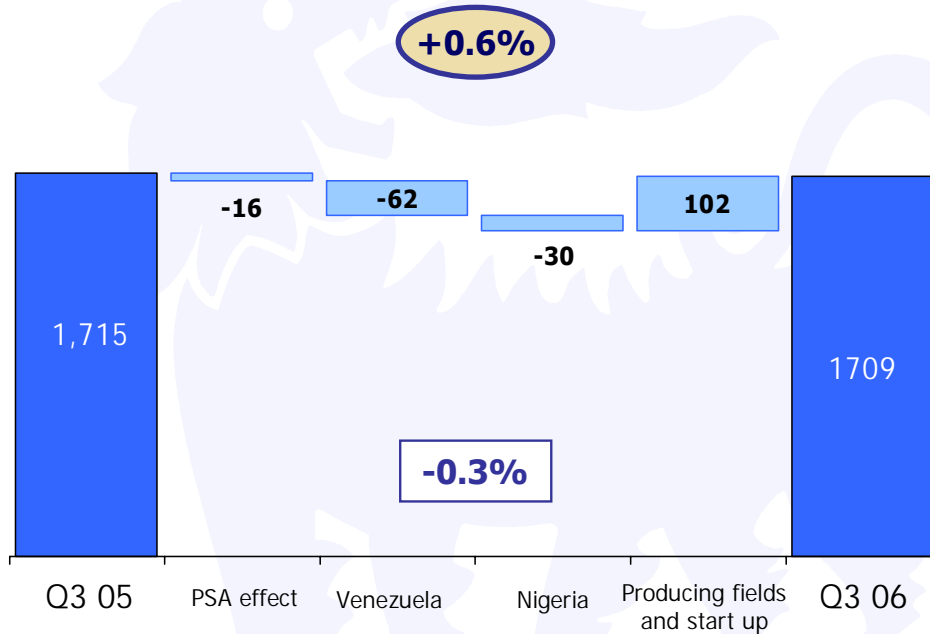
■ Q3  
■ H1



\* Excluding special items and gains (losses) on inventory

# E&P: 3Q 06 Production

kboe/d



## Q306/Q305

- Excluding Venezuela and PSA:  
1,787 kboe/d +4.2%

Brent \$/bl

61.5

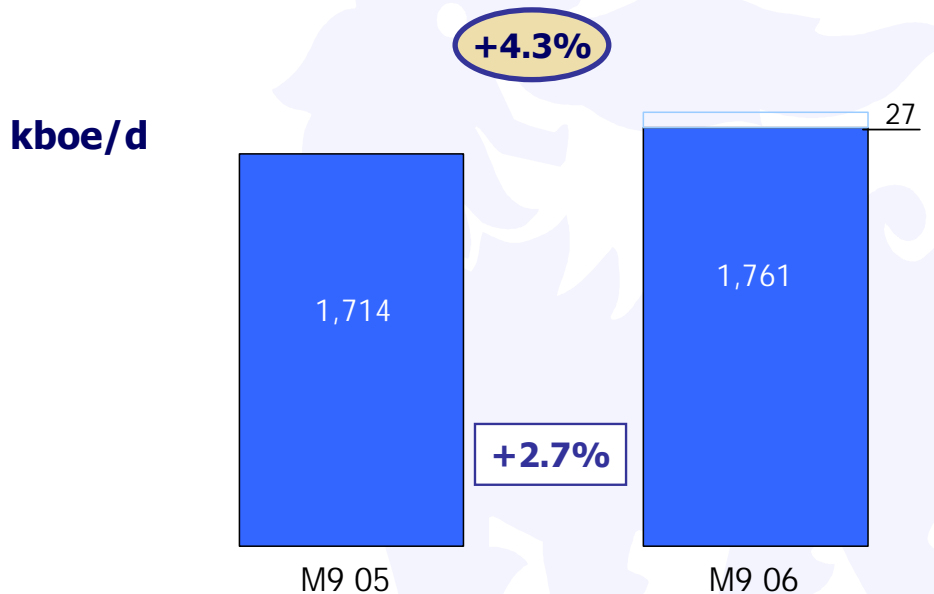
69.5

□ Reported

○ Excluding PSA effect

1\$/bl: ~ 2 kboe/d

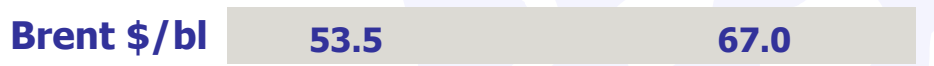
# E&P: Organic Production Growth



**October production:**  
~ 1,790 kboe/d

**M906/M905**

- Excluding Venezuela and PSA: 1,828 kboe/d **+6.7%**



Reported
  PSA effect

Excluding PSA effect
 1\$/bl: ~ 2 kboe/d

**Full year ~3% target growth confirmed @ ~ 55\$/boe**



# E&P: Operating Profit

■ Q3  
■ H1

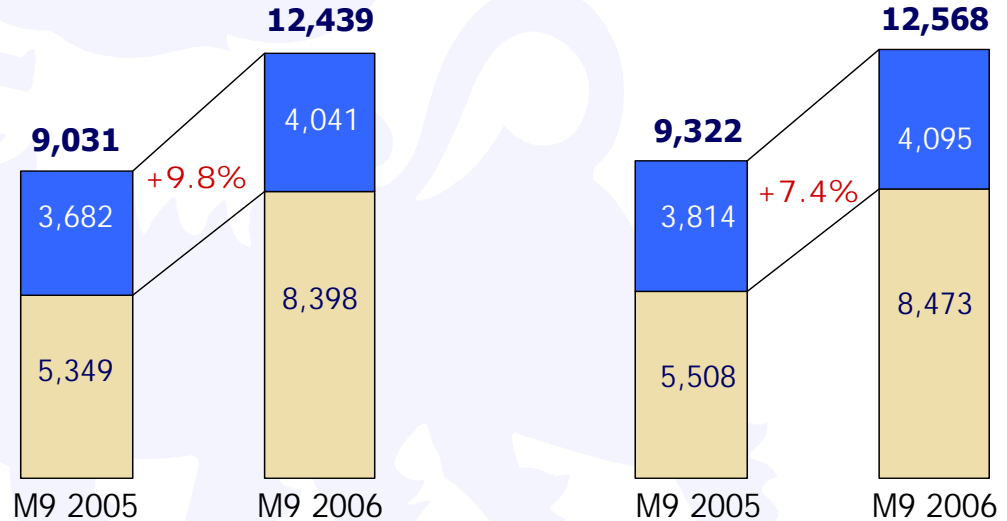
## Q3 HIGHLIGHTS

- Strong oil prices
- €/\$ appreciation
- Higher opex and DD&A
- Higher exploration expenses

REPORTED

Million €

ADJUSTED\*



### Special items & inventory valuation

Q3 05

- Asset write-downs (132)

Q3 06

- Asset write-downs (48)
- Others (6)

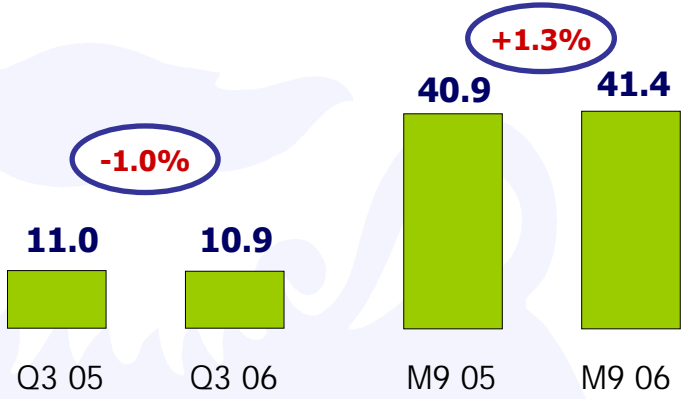
\* Excluding special items and gains (losses) on inventory

# G&P: Natural Gas Volume Sold

Bcm

## ITALY

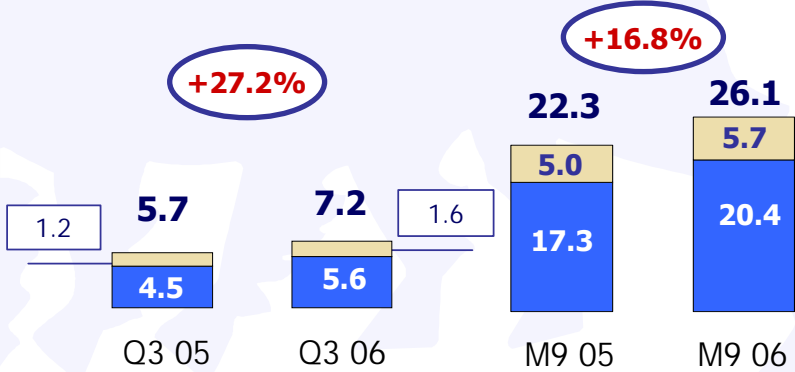
■ Eni sales  
(including self consumption)



Italian gas demand  
M906/ M9 05:  
+1.4%

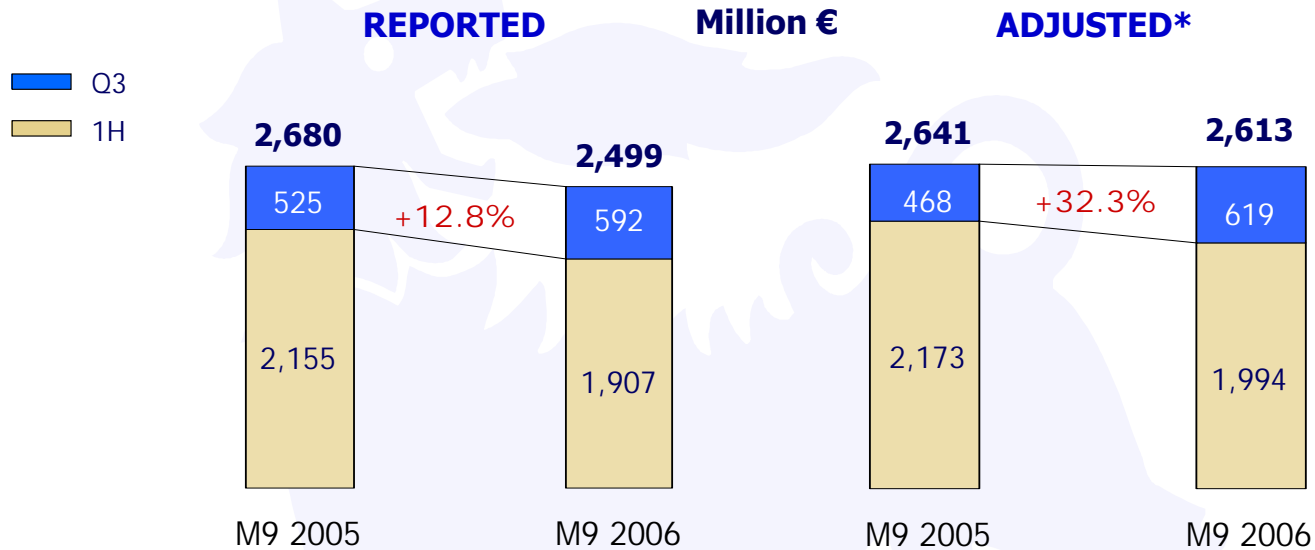
## INTERNATIONAL

■ Associates (excl. Nigeria)  
■ Consolidated



**Overall natural gas sales Q3 06/Q3 05 +8.6% sustained by international growth**

# G&P: Operating Profit



## Special items & inventory valuation

### Q3 05

- Inventory gain 65
- Redundancy incentives (2)
- Others (6)

### Q3 06

- Inventory gain 6
- Provisions for environmental laws (3)
- Redundancy incentives (5)
- Others (25)

\* Excluding special items and gains (losses) on inventory

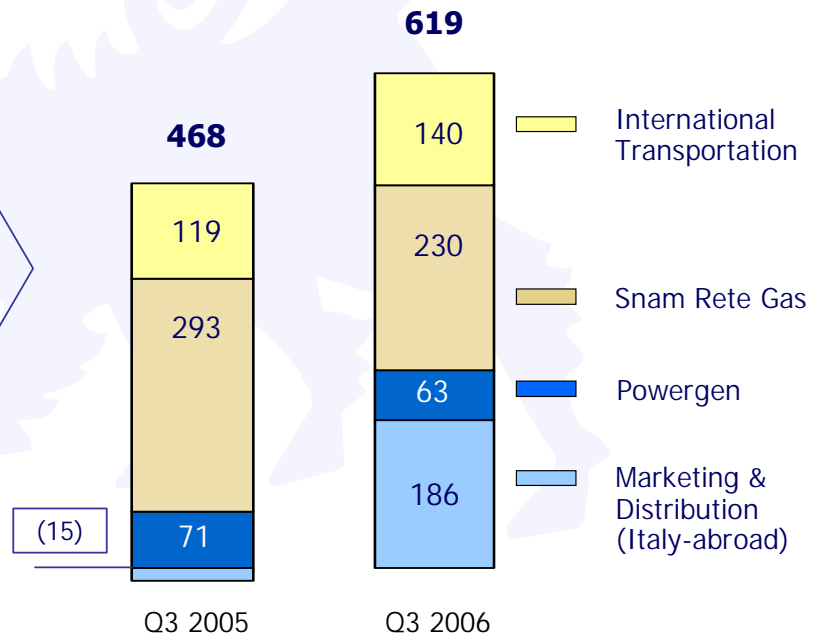
# G&P: Adjusted Operating Profit by Activities

Million €

**+32.3%**

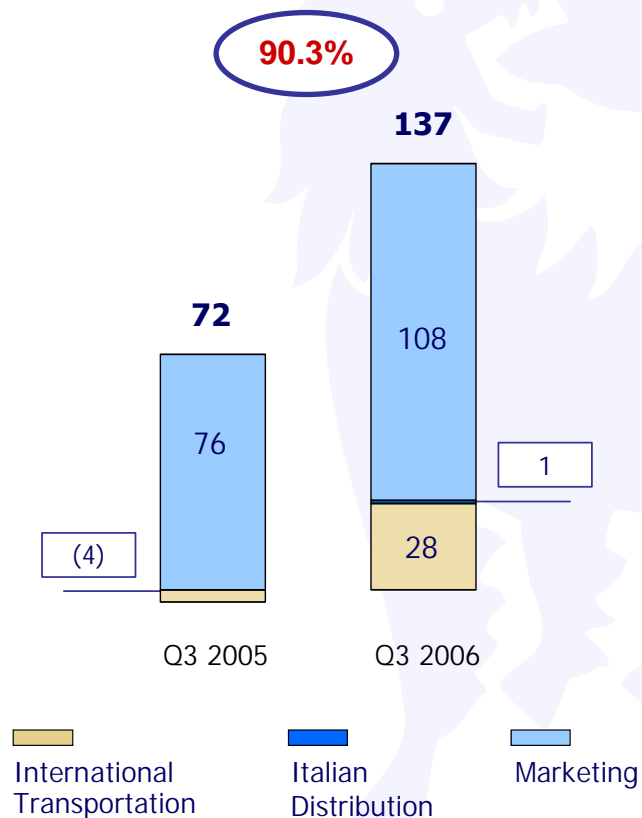
## Q3 HIGHLIGHTS

- Lower impact of 248 resolution
- Favourable trend in energy parameters
- Higher volume sold in Europe
- Higher volumes transported abroad
- Lower contribution from SRG



# G&P: Eni Share of Profit from Associates

Million €



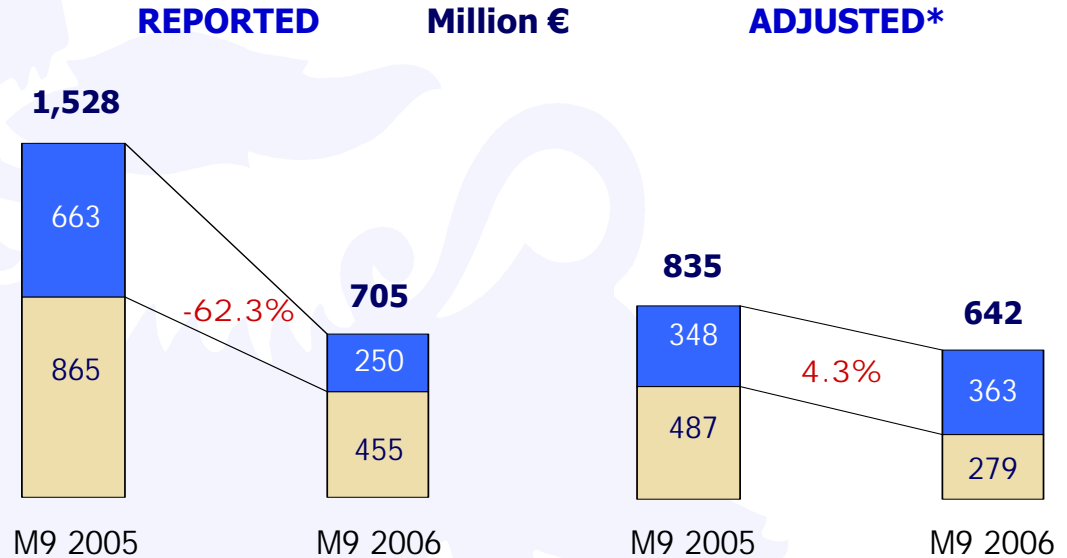
	Q3 2005	Q3 2006
GVS	3	8
Union Fenosa Gas	3	41
GALP	65	63
Others	5	(4)
<b>Marketing</b>	<b>76</b>	<b>108</b>
<b>Italian Distribution</b>	<b>-</b>	<b>1</b>
Blue Stream	(37)	14
Transportation (TAG, Tenp, Others)	33	14
<b>Transportation</b>	<b>(4)</b>	<b>28</b>

# R&M: Operating Profit

■ Q3  
■ H1

## Q3 HIGHLIGHTS

- Refining margins trend better than the market benchmark
- Higher marketing margins
- Lower volume processed
- €/\$ appreciation



### Special items & inventory valuation

#### Q3 05

- Inventory gain 428
- Provisions for environmental laws and decommissioning (132)
- Redundancy incentives (2)
- Others 21

#### Q3 06

- Inventory loss (83)
- Provisions for risks and environmental laws (24)
- Redundancy incentives (6)

\* Excluding special items and gains (losses) on inventory

# Other Businesses: Adjusted Operating Profit

Million €

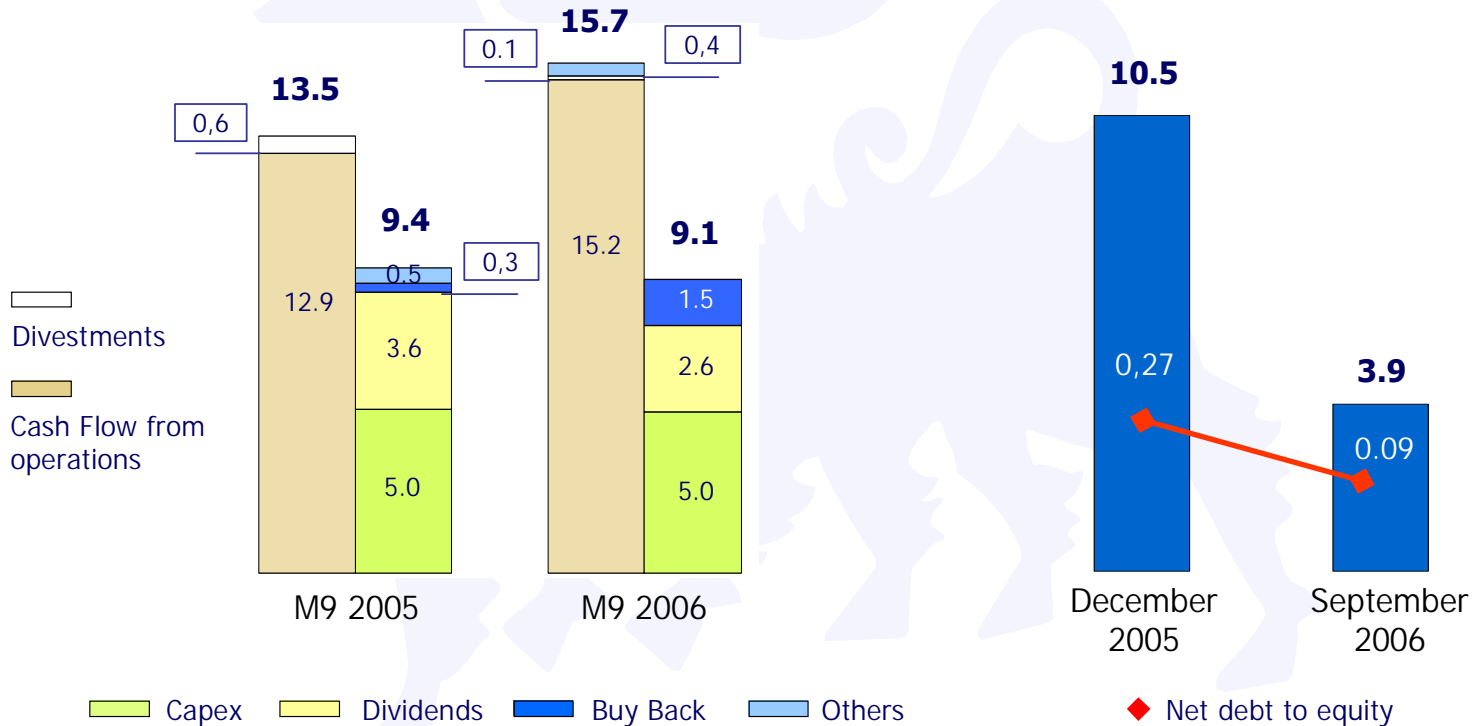
Q3 2005	Q3 2006		M9 2005	M9 2006	Δ %
(43)	37	▪ Petrochemicals	187	65	<b>-65.2</b>
60	145	▪ Oilfield services & engineering	172	356	<b>+107.0</b>
(95)	(94)	▪ Other activities	(204)	(222)	<b>-8.8</b>
-	(57)	▪ Corporate	(154)	(187)	<b>-21.4</b>

# Sources and Uses of Cash

## SOURCES AND USES OF CASH

Bn €

## NET FINANCIAL DEBT

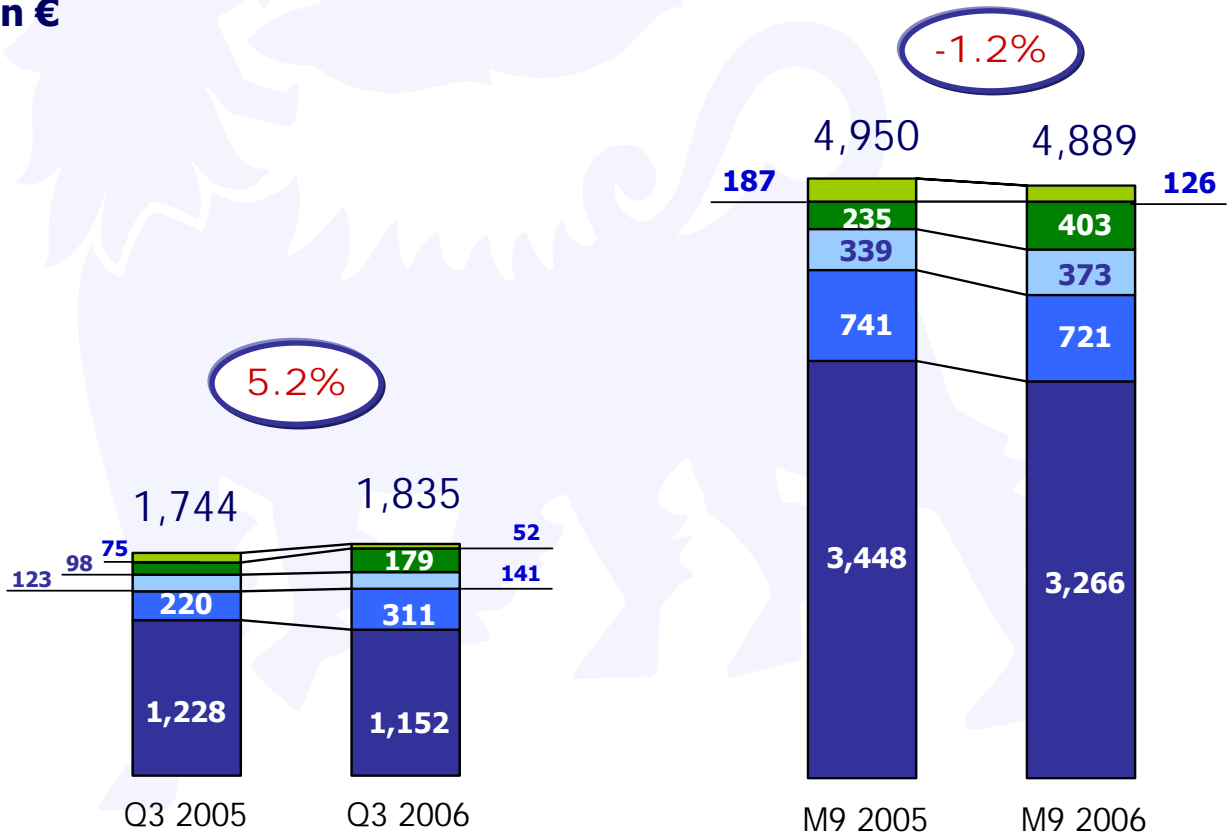




# Capex

Million €

- Other
- E&OS
- R&M
- G&P
- E&P



# Q & A



**Marco  
Mangiagalli**  
CFO

**November 10<sup>th</sup>, 2006**



**BACK UP**



**Eni's Way**

# Results of Operations

Q3 05	Q3 06	Million €	M9 05	M9 06	Δ %
18,121	20,366	Net sales from operations	52,222	64,689	23.9
4,270	4,828	<b>Operating Profit</b>	12,431	15,370	23.6
505	(82)	Inventory holding gains (losses)	1,001	253	
3,765	4,910	<b>Replacement Cost Operating Profit</b>	11,430	15,117	32.2
(681)	(217)	Special items	(1,197)	(597)	
4,446	5,127	<b>Adjusted Operating Profit</b>	12,627	15,714	24.4
(60)	(42)	Net financial income (expense)	(268)	109	
355	279	Net share of profit from associates (expense)	768	746	(2.9)
4,565	5,065	<b>Profit before income taxes</b>	12,931	16,225	25.5
(2,101)	(2,553)	Taxation	(5,891)	(8,100)	37.5
46.0%	50.4%	Tax rate	45.6%	49.9%	9.5
(124)	(90)	Minority interest	(357)	(428)	
2,340	2,422	<b>Net Profit</b>	6,683	7,697	15.2
(423)	(168)	Special items	(800)	(540)	
317	(30)	Inventory holding gains (losses)	628	180	
2,446	2,620	<b>Adjusted Net Profit</b>	6,855	8,057	17.5

# Unrealized Profit in Inventory

Million €

Q3 2005	Q3 2006		M9 2005	M9 2006
(99)	75	E&P vs R&M	(165)	(38)
-	(56)	E&P vs G&P	-	(76)
(7)	-	SnamProgetti vs Eni Group	(7)	(7)
<b>(106)</b>	<b>19</b>	<b>Total</b>	<b>(172)</b>	<b>(121)</b>

# Eni Share of Profit from Associates

**July – September  
2005      2006**

**January – September  
2005      2006**

204	246	Equity method accounted for	566	631
30	15	• Gas transportation abroad	71	42
3	8	• EnBw (GVS)	13	45
3	41	• Union Fenosa	18	134
(37)	14	• Blue Stream	17	36
130	126	• Galp	262	244
75	42	• Others	185	130
13	39	Dividends	29	94
136	(4)	Disposals	173	21
2	(2)	Others	-	-
<b>355</b>	<b>279</b>	<b>Net income from associates</b>	<b>768</b>	<b>746</b>

# Main Operating Data

Q3 05	Q3 06		M9 2005	M9 2006	Δ %
1,715	1,709	■ <b>Hydrocarbon prod.</b> (kboe/d)	1,714	1,761	2.7
152.5	152.3	■ <b>Production sold*</b> (million boe)	453.9	465.9	2.6
11.0	10.9	■ <b>Natural gas sales in Italy**</b> (bcm)	40.9	41.1	0.5
4.0	5.3	■ <b>Natural gas sales in Europe***</b> (bcm)	16.4	19.8	20.7
6.6	6.9	■ <b>Natural gas transported on behalf of third parties in Italy</b> (bcm)	22.9	23.4	2.0
6.2	6.3	■ <b>Power production sold</b> (TWh)	16.7	18.8	12.3
13.2	13.1	■ <b>Refined product sales</b> (mil.ton.)	38.0	38.0	-
1.42	1.26	■ <b>Petrochemical sales</b> (mil.ton.)	4.09	3.94	(3.6)

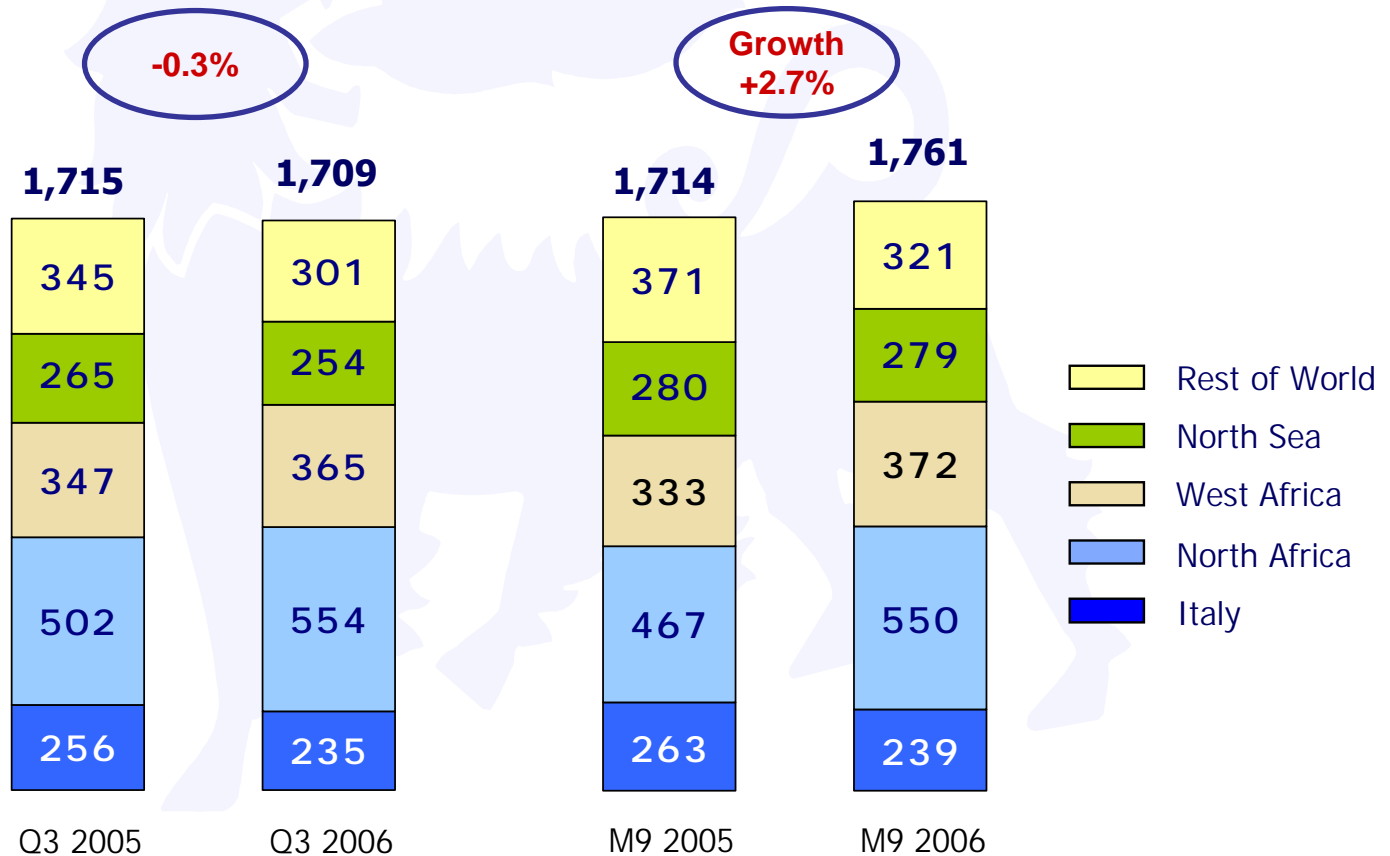
\* Including Eni's share of production of joint venture accounted for with the equity method

\*\* Including self-consumption

\*\*\* Consolidated sales

# Production Growth by Geographical Area

Thousands boe/d





# Oil & Gas Production Growth

