ENI SPA
Form 6-K
September 02, 2015
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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN ISSUER
Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of August 2015

Eni S.p.A.
(Exact name of Registrant as specified in its charter)

Piazzale Enrico Mattei 1 - 00144 Rome, Italy
(Address of principal executive offices)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F x Form 40-F o

(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2b under the Securities Exchange Act of 1934.)

Yes o No x

(If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): _______)

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorised.

Eni S.p.A.

Name: Antonio Cristodoro
Title: Head of Corporate Secretary's Staff Office

Date: August 31, 2015

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Results > In the first half of 2015, excluding Saipem losses, Eni reported adjusted consolidated operating profit of euro 2.91 billion (down 51%) and adjusted net profit of euro 1.05 billion (down 47%). G&P, R&M and Chemicals were profitable in the first half of 2015 reporting period.

Saipem operating results were a negative euro 0.58 billion driven by impairments at the book value of the net working capital, mainly relating to pending revenues and trade receivables, which were adversely impacted by a deteriorating competitive environment in the oil services sector against the backdrop of weak oil prices.

Group consolidated adjusted operating profit for the first half of 2015 was euro 2.33 billion (down 63%) driven by the negative impact of the scenario for euro 3.8 billion, partly offset by production growth and efficiency gains for euro 0.8 billion. Adjusted net profit was euro 0.79 billion (down 62%).

Net profit pertaining to Eni s shareholders was euro 0.59 billion (euro 1.96 billion in the first half of 2014).

- Cash flow from operations[1] was robust at euro 5.68 billion, in spite of lower oil prices. This cash flow and divestment proceeds of euro 0.64 billion, mainly relating to the disposal of non-strategic assets in the E&P segment, funded large part of capital expenditure incurred in the period (euro 6.24 billion) and 2014 balance dividend payment (euro 2.02 billion) determining an increase in net borrowings of euro 2.79 billion to euro 16.48 billion, as of June 30, 2015, also impacted by currency rates.

- Leverage increased from 0.22 at December 31, 2014, to 0.26 at June 30, 2015, within the 0.30 threshold.

Interim dividend > In light of the financial results achieved in the first half of 2015 and management s expectations for full-year results, the interim dividend proposal to the Board of Directors on September 17, 2015 will amount to euro 0.40 per share (euro 0.56 per share in 2014). The interim dividend is payable on September 23, 2015, with September 21, 2015 being the ex-dividend date.

Liquids and gas production > In the first half of 2015 Eni reported liquids and gas production of 1.726 million boe/d, up 9%, record organic growth from 2000[2]. When excluding positive price effects in the Company s Production Sharing Agreements, production grew by 5.2%. Expected a robust full-year production to over 7%.

Start-ups > In the first half of 2015 the following major projects start-ups were achieved: (i) Cinguvu field in the operated West Hub Development project located in the Block 15/06 (Eni s interest 35%) in Angola; (ii) Kizomba satellites phase 2 located in the Block 15 (Eni s interest 20%), offshore Angola; (iii) Nené field located in the Marine XII block (Eni operator with a 65% interest) in Congo; (iv) Hadrian South (Eni s interest 30%) and Lucius (Eni s interest 8.5%) fields in the Gulf of Mexico; (v) West Franklin phase 2 (Eni s interest 21.87%) in the United Kingdom; and (vi) Eldfisk 2 phase 1 (Eni s interest 12.39%) in Norway. The start-ups of new fields and continuing production ramp-ups contributed with 105 kboe/d of new production in the first half of 2015.

Venezuela > At the beginning of July, the giant Perla gas field achieved the first gas offshore Venezuela. Perla is seen as one of the most important start-ups in Eni s portfolio for 2015. Perla is estimated to contain up to 17 Tcf of gas in place and development was achieved in just 5 years, marking industry-leading time-to-market.

(1) Net cash provided by operating activities.
(2) With the exception of the second half of 2012, when production was supported by the recovery of the Libyan production.

Exploration activity > Exploration successes mainly achieved in Egypt, Libya, Indonesia, the United States and Congo added 300 million boe of new resources to the Company s resource base, at an average cost of 1.7 $/boe. In addition, Eni acquired new exploration acreage with high mineral potential in strategic basins of presence (Egypt, Myanmar, the United Kingdom and Ivory Coast) for a total acreage of 21,000 square kilometers (net to Eni), targeting to rejuvenate Eni s mineral right portfolio.

Egypt > Eni signed an agreement with the Egyptian Authorities, which comprises a plan to invest up to $5 billion in the development of the Country s oil and gas reserves over the next few years. The agreement also includes a revision of certain Eni s ongoing oil contracts. The economic effect of these revisions, effective from January 1, 2015, were accounted in the 2015 first half financial statements. The agreement also included the identification of new measures to reduce overdue amounts of trade receivables relating to hydrocarbons supplies to Egyptian state-owned companies.

Indonesia > Signed two purchase and sale agreements with PT Pertamina targeting the LNG volumes expected by 2017 from the Jangkrik gas field (Eni operator with a 55% interest), which is one of the first deep-water gas projects in Indonesia being developed under a fast track scheme.

Agreement with KazMunayGas > Finalized an agreement with KazMunayGas to acquire 50% of the mineral rights for the development and production activity in the Isatay block, with an estimated significant potential oil resources, in the Caspian Sea.

Versalis > Within the strategy of international growth and diversification of basic chemicals, agreements were signed with Reliance Industries Ltd, an Indian based corporation, to market the styrene butadiene rubber and with Ecombine and EVE Rubber Institute to develop a joint technology platform in order to offer to market an advanced elastomer compounds with enhanced mechanical performances and environment-friendly features.

Climate change > On June 1, 2015, Eni and other European major oil&gas companies required to the relevant authorities to introduce carbon pricing systems and create clear, stable, ambitious policy frameworks that could eventually connect national systems. These would reduce uncertainty and encourage the most cost effective ways of reducing carbon emissions widely. With this unprecedented joint initiative, the companies recognize both the importance of the climate challenge and the importance of energy to human life and well-being.

Safety > In the first half of 2015 the injury frequency rate reported a positive trend reducing by 22.6% for employees and by 29.1% for contractors. Eni continued to promote safety in operations with the start-up of Safety Road Show, a program to raise awareness of HSE issues, safety and environment culture in its Italy and outside Italy operating entities (Australia, Angola, Porto Torres, Taranto, Livorno and Venice). In addition, in January 2015, Eni launched the Safety Competence Centre in Gela to develop competence in the safety field also with the start-up of insourcing project.

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Eni Interim Consolidated Report / **Highlights**

Financial highlights

			First half	
2014		(euro million)	**2014**	**2015**
109,847	Net sales from operations		56,556	**45,979**
7,917	Operating profit		5,901	**1,945**
11,574	Adjusted operating profit		6,219	**2,329**
1,291	Net profit [(a)]		1,961	**591**
3,707	Adjusted net profit [(a) (b)]		2,074	**787**
15,110	Net cash provided by operating activities		5,740	**5,678**
12,240	Capital expenditure		5,524	**6,237**
146,207	Total assets at period end		140,076	**148,369**
62,209	Shareholders' equity including non-controlling interest at period end		61,261	**63,872**
13,685	Net borrowings at period end		14,601	**16,477**
75,894	Net capital employed at period end		75,862	**80,349**
14.51	Share price at period end	(euro)	19.98	**15.92**
3,610.4	Weighted average number of shares outstanding	(million)	3,615.0	**3,601.1**
52.4	Market capitalization [(c)]	(euro billion)	72.2	**57.3**

(a) Attributable to Eni's shareholders.
(b) For a detailed explanation of adjusted (net and operating) profits, that exclude inventory holding gain/loss and special items, see paragraph "Reconciliation of reported operating profit and reported net profit to results on an adjusted basis".
(c) Number of outstanding shares by reference price at period end.

Summary financial data *

			First half	
2014			**2014**	**2015**
	Net profit			
0.36	*- per share* [(a)]	(euro)	*0.54*	***0.16***
0.96	*- per ADR* [(a) (b)]	($)	*1.48*	***0.36***
	Adjusted net profit			
1.03	*- per share* [(a)]	(euro)	*0.57*	***0.22***
2.74	*- per ADR* [(a) (b)]	($)	*1.56*	***0.49***
5.6	Adjusted return on average capital employed (ROACE)		6.8	**3.2**
0.22	Leverage		0.24	**0.26**
7.4	Coverage		12.0	**3.3**
1.5	Current ratio		1.6	**1.3**
110.4	Debt coverage		39.3	**34.5**

* See "Glossary" for ratios explanation.
(a) Fully diluted. Ratio of net profit 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 ECB for the period presented.
(b) One American Depositary Receipt (ADR) is equal to two Eni ordinary shares.

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Operating and sustainability data

			First half	
2014			**2014**	**2015**
84,405	Employees at period end	(number)	84,990	**80,911**
13,650	*of which - women* [(*)]		*13,847*	***13,409***
58,182	*- outside Italy*		*58,100*	***54,891***
19.7	Female managers	(%)	19.4	**20.0**
0.31	Injury frequency rate of total Eni workforce	(No. of accidents per million hours worked)	0.31	**0.23**
0.72	Fatality index	(fatal injuries per one hundred millions of worked hours)	1.06	**-**
1,179	Oil spills due to operations	(barrels)	744	**547**
42.93	Direct GHG emission	(mmtonnes CO_2 eq)	21.46	**21.27**
186	R&D expenditures [(a)]	(euro million)	85	**83**
96	Community investment		36	**30**
	Exploration & Production			
1,598	Production of hydrocarbons	(kboe/d)	1,583	**1,726**
828	*- Liquids*	(kbbl/d)	*817*	***882***
4,224	*- Natural gas*	(mmcf/d)	*4,208*	***4,636***
549.5	Production sold	(mmboe)	267.7	**298.1**
	Gas & Power			
89.17	Worldwide gas sales [(b)]	(bcm)	45.85	**48.01**
34.04	*- in Italy*		*18.45*	***21.11***
55.13	*- outside Italy*		*27.40*	***26.90***
	Refining & Marketing and Chemicals			
25.03	Refinery throughputs on own account	(mmtonnes)	11.69	**13.50**
9.21	Retail sales of petroleum products in Europe		4.54	**4.33**
1,725	Average throughput of service stations in Europe	(kliters)	844	**831**
5,283	Production of petrochemical products	(ktonnes)	2,801	**2,757**
3,463	Sales of petrochemical products		1,852	**1,818**
71.3	Average plant utilization rare	(%)	74.0	**72.0**
	Engineering & Construction			
17,971	Orders acquired	(euro million)	13,132	**3,500**
22,147	Order backlog at period end		24,215	**19,018**

(*) Do not include employees of equity-accounted entities.
(a) Net of general and administrative costs.
(b) Include volumes marketed by the Exploration & Production segment of 1.60 bcm (1.51 and 3.06 bcm in the first half and full year of 2014, respectively).

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Key performance indicators

			First half	
2014			**2014**	**2015**
0.23	Injury frequency rate of Eni's workforce	(No. of accidents per million of worked hours)	0.22	**0.16**
28,488	Net sales from operations [(a)]	(euro million)	14,802	**11,412**
10,766	Operating profit		6,221	**2,769**
11,551	Adjusted operating profit		6,431	**2,488**
4,423	Adjusted net profit		2,464	**689**
10,524	Capital expenditure		4,688	**5,795**
	Average hydrocarbons realizations [(b)]			
88.71	- Liquids	($/bbl)	100.04	**52.28**
6.87	- Natural gas	($/kcf)	7.19	**4.86**
65.49	- Hydrocarbons	($/boe)	71.87	**40.22**
	Production of hydrocarbons [(b)]			
828	- Liquids	(kbbl/d)	817	**882**
4,224	- Natural gas	(mmcf/d)	4,208	**4,636**
1,598	- Hydrocarbons	(kboe/d)	1,583	**1,726**
12,777	Employees at period end	(number)	12,548	**12,948**
8,243	of which: *outside Italy*		*8,296*	***8,364***
936	Oil spills due to operations (>1 bbl)	(bbl)	522	**443**
56	Produced water re-injected	(%)	57	**56**
22.98	Direct GHG emissions	(mmtonnes CO_2 eq)	11.66	**11.41**
5.64	of which: *from flaring*		*2.97*	***2.99***
63	Community investment	(euro million)	23	**23**

(a) Before elimination of intragroup sales.
(b) Includes Eni s share of equity-accounted entities.

Mineral right portfolio and exploration activities

In the first half of 2015, Eni performed its operations in 41 countries located in five continents. As of June 30, 2015, Eni s mineral right portfolio consisted of 913 exclusive or shared rights for exploration and development activities for a total acreage of 344,741 square kilometers net to Eni (334,739 square kilometers net to Eni as of December 31, 2014). In the first half of 2015, changes in total net acreage mainly derived from: (i) new leases mainly in Egypt, Myanmar, the United Kingdom and Ivory Coast for a total acreage of approximately 21,000 square kilometers; (ii) interest increase in Vietnam for a total acreage of 1,500 square kilometers; (iii) the total relinquishment of licenses mainly in Congo, Ghana, Italy, Nigeria, Norway, Tunisia and the United States covering an acreage of approximately 5,500 square kilometers; and (iv) partial relinquishment or interest reduction mainly in Indonesia and Pakistan for approximately 3,000 square kilometers.
In the first half of 2015, a total of 14 new exploratory wells were drilled (9.2 of which represented Eni s share), as compared to 22 exploratory wells drilled in the first half of 2014 (11.3 of which represented Eni s share).

Oil and gas production

In the first half of 2015, Eni s hydrocarbon production was 1.726 million boe/d, increased by 9% from the first half of

2014. When excluding price effects in the Company s Production Sharing Agreements (PSAs), production increased by 5.2% due to new field start-ups and continuing production ramp-ups at fields started in 2014 mainly in Angola, Congo, the United States, Egypt and the United Kingdom, as well as higher production in Libya. These positive effects were partly offset by mature fields declines. The share of oil and natural gas produced outside Italy was 90% (89% in the first half of 2014).

Liquids production (882 kbbl/d) increased by 65 kbbl/d, or 8%, with higher increases mainly in Angola, Congo, Egypt, Libya and the United States.

Natural gas production (4,636 mmcf/d) increased by 428 mmcf/d, or 10.1%, from the first half of 2014. The contribution of new fields start-ups and ramp-ups mainly in the United Kingdom and the United States, as well as higher production in Libya were partly offset by mature fields decline.

Oil and gas production sold amounted to 298.1 mmboe. The 14.3 mmboe difference over production (312.4 mmboe), mainly reflected volumes of natural gas consumed in operations (13 mmboe).

Hydrocarbons production (a) (b)

2014			First half 2014	2015	Change	% Ch.
		(kboe/d)				
179	Italy		180	169	(11)	(6.1)
190	Rest of Europe		193	184	(9)	(4.7)
567	North Africa		546	659	113	20.7
325	Sub-Saharan Africa		322	343	21	6.5
88	Kazakhstan		96	99	3	3.1
98	Rest of Asia		100	111	11	11.0
125	Americas		119	134	15	12.6
26	Australia and Oceania		27	27		
1,598			**1,583**	**1,726**	**143**	**9.0**
549.5	**Production sold**	(mmboe)	**267.7**	**298.1**	**30.4**	**11.4**

Liquids production (a)

2014			First half 2014	2015	Change	% Ch.
		(kbbl/d)				
73	Italy		73	69	(4)	(5.5)
93	Rest of Europe		95	86	(9)	(9.5)
252	North Africa		241	268	27	11.2
231	Sub-Saharan Africa		229	256	27	11.8
52	Kazakhstan		56	58	2	3.6
37	Rest of Asia		36	52	16	44.4
84	Americas		80	87	7	8.8
6	Australia and Oceania		7	6	(1)	(14.3)
828			**817**	**882**	**65**	**8.0**

Natural gas production (a) (b)

2014			First half 2014	2015	Change	% Ch.
		(mmcf/d)				
584	Italy		588	553	(35)	(6.0)
535	Rest of Europe		540	539	(1)	(0.2)