Unlocking value from the sale of Snam

30 May 2012
“The position of eni’s Board is that the disposal process will need to meet three criteria.

- First, it will need to be friendly for eni’s shareholders, by which we mean a deal which recognizes the full value of our stake in Snam.

- Secondly, it will need to protect the interests of Snam’s shareholders, by limiting the possible overhang on Snam shares.

- Thirdly, it will need to strengthen eni’s balance sheet in view of our extraordinary growth prospects, building on exceptional exploration success” (Strategy Presentation 15/03/12)
Snam transaction meets our three criteria

1. Recognises a fair price for controlling stake in Snam
   - 3% premium on average 30-day trading price
   - 5% premium on Snam 2011 RAB
   - In line with DCF valuation

2. Limits the overhang on Snam shares
   - 30% of Snam goes to a stable, long-term shareholder
   - Remaining eni holding to be sold through transparent and non-discriminatory process
   - Flexibility in terms of timing: no compulsory date to complete eni exit

3. Strengthens eni’s balance sheet
   - Full monetization of eni stake in Snam
   - Majority of inflow from CDP by YE 2012, balance by H1 2013
the new **eni**: increased financial flexibility

**Net debt 2011 (PF)**
- **bln €**
- eni residual debt **€10.5**
- Cash inflow from CDP **€3.5**
- Market value remaining stake **€2.8**
- Snam debt **€11.2**

**EBIT 2011**
- 2011: ~ **18 mld €**
- Deconsolidation of Snam: **(2.1 mld €)**
- 2011 (PF): ~ **15.9 mld €**

**Free cash flow 2011**
- 2011: ~ **3.1 mld €**
- Deconsolidation of Snam: **0.1 mld €**
- 2011 (PF): ~ **3.2 mld €**

**Eni D/E 2011 0.46x**

Assuming disposal of entire stake in Snam

→ **eni D/E 2011(PF) < 0.20x**

Note: Data at year-end 2011
the new eni: increased upstream exposure

- E&P capital employed rising to 58% from 48%
- G&P exposure falling from 31% to 17%
- eni ROACE proforma rising from 9.9% to 10.4%
The new **eni**: growth and returns

### Ensure appropriate financial strength
- Maintain adequate gearing in the context of new upstream-focused business model
- High liquidity reduces reliance on credit market in volatile environment

### Continue to invest in high-return E&P portfolio
- New project pipeline with IRR of >20% at our oil-price scenario
- Additional growth potential from world-class exploration discoveries

### Reward shareholders
- Robust returns supported by delivery of profitable production growth
- Launch of new buyback programme to return cash with high flexibility