Good afternoon and welcome to the presentation of our First Quarter 2017 results.

In the first quarter, we continued to execute our long-term strategy focused on Upstream profitable growth and the strengthening of Mid-downstream businesses. The main achievements this quarter were the following:

In Upstream
- Production was 1795 kboed, 6% higher than last year, adjusted for PSA effect and OPEC cuts
- All key developments are on track and we are close to start production from Jangkrik in Indonesia and immediately after OCTP in Ghana and while Zohr is progressing ahead of schedule towards first gas by year end.
- Kashagan ramp up continues with 32 kboe/d net to eni in the quarter, and more than 65 kboe/d expected in Q4.

In the Mid-downstream we recorded over half a billion euros of adjusted Ebit due to
- a strong performance in G&P, thanks to the successful execution of the turnaround
- positive results in the downstream sector, both in R&M and Chemical

Finally our disposal plan is well advanced.

On the basis of the two deals already announced, Area 4 in Mozambique and retail in Belgium, we expect to cash-in this year pre-tax proceeds of around €3bn, over half of the lower end of the 4-year plan disposal target.

In addition this year we expect to cash-in around € 1 billion related to the closing of the Zohr farmdowns to BP, which has already completed and to Rosneft which is expected to complete in the second half of the year.

And now, before detailing the quarterly results,

I would like to give you some colour on the market environment.

Trends were positive with slightly stronger oil, constant European gas prices and refining margins.

In more detail:
the average oil price was $54/bbl, around 58% higher than the minimum of last year following the OPEC cuts and the start of the market ongoing rebalancing.

Gas prices in Italy increased by 43% vs 1Q 2016 thanks to a 9% increase in overall gas demand that was driven mainly by the power and retail sectors.

Refining margins remained stable whilst chemicals margins, although up on the previous quarter due to shortages in the US and China, were lower than a year ago.

And now the review by business.

Upstream production in the first quarter of 2017 consolidates the exit rate of last year of 1,856 kboe/d.

We recorded an output of 1,795 kboe/d that is in line with last quarter’s production, if we take into account the impact of Goliat’s 40-days shutdown (30 kboe/d), OPEC cuts in Algeria and Venezuela (7 kboe/d) and PSA effects (14 kboe/d).

Versus the first quarter of 2016 our adjusted growth is close to 6%.

For 2017 we confirm a production rate of 1,840 kboe/d thanks to the contribution of start-ups (59 kboe/d) and ramp-ups (205 kboe/d) in Egypt, Angola, Kazakhstan and Norway, and assuming the Val D'Agri shutdown lasts for no longer than 90 days.

The good result in terms of EBIT of €1.4 billion was anyway affected, compared with 1Q 16, by higher writeoffs in exploration for around €100 million.

Upstream Operating Cash Flow, of around €2.3 billion, is in line with the guidance that we gave in the strategic plan.

And now a brief outlook on the key starts up for 2017.

In February we started up block 15/06 East Hub (5 months ahead of schedule) and the overall block is now producing gross 100 kboe/d (34 kboe/d net to Eni).

All other main developments are also well advanced and close to reach 1st production.

The Jangkrik Floating Production Unit is on site and the hook-up has been completed. Commissioning is ongoing, targeting an imminent start up. The ramp-up should be completed in a few months and will deliver, at plateau, around 45 kboe/d net to Eni.

The OCTP FPSO arrived on site last month, hook-up is ongoing to allow for first oil within few weeks. This first phase of the OCTP project will deliver, net to Eni, 20 kboe/d of oil at plateau and a further 20 kboe/d from the gas phase which will start in the first half of next year.

Both developments anticipate the delivery of production versus the original plan.

Also Zohr is progressing fast and we expect to start up within December.
These three fields are expecting to deliver, net to Eni, volumes of 30 kboe/d this year and in 2018 150 kboe/d with a cash contribution of €1.5 billion.

As 2016 numbers are now filed, I would like to give you a brief comparative look on some of the upstream performance metrics.

We continue to deliver amongst the lowest unit operating costs in the industry. In fact, we have delivered first quartile opex per boe for 5 years running.

In the 1st quarter 2017 Opex per barrel was just above 6$/boe, continuing to be at the bottom of the sector.

Equally important is capital efficiency, as measured through the Finding and Development costs. Through a combination of our continued leadership in conventional exploration and focus on development efficiency and procurement at the bottom of the cycle, we have consistently added reserves cheaper than any other company.

Rolling 3-year F&D average has been lowered down to $13/boe, while the industry moved up to an average of $33/boe.

We believe that given the near FID project inventory and exploration prospects we have currently identified, we will be able to continue delivering organic F&D costs at the bottom of our peers’ range.

Eni’s portfolio is competitive not only in terms of cost but also in terms of reserve value.

Eni’s proved reserves are worth $31 bln according to the PV-10 analysis. This continues to be an outstanding result, considering that our barrels have the same absolute value of portfolios much larger than ours.

In terms of unitary value we rank 3rd in the peer group and this is notwithstanding the larger presence of undeveloped reserves in our portfolio (Eni 43% vs an average of 34%), generated by the recent additions, and the long production plateau of these reserves that affects their discounted value.

This is the result of our strategy to continue to invest through the cycle growing the reserve base, as confirmed by our life index. Since 2014 we kept Eni life index above 11 years, notwithstanding the growth of production by 10%, whilst peers fell by 2 years.

These figures prove that our reserves are really valuable and resilient in the long term.

And now let’s move to Mid-downstream.

In this quarter we delivered positive results in all our mid-downstream segments.

G&P business confirmed the progress of the ongoing turnaround, with an EBIT of € 338 million, +€53 mln versus last year.
This increase, even more remarkable if we consider the impact of lower retroactive effects for €56 mln compared to 2016, is mainly driven by recent renegotiations, cost savings and trading performance.

This result consolidates the prospect for a structural breakeven of G&P business in 2017.

Refining and marketing performance was in line versus last year despite the upsets in Sannazzaro. The improvement is related to optimization in crude supply and good performance in the wholesale market. In refining, Venice and Gela plants turnaround is proceeding, while the operational plants succeeded to reduce their breakeven margin below $4/bbl.

Finally Versalis, our chemical Unit, had a strong quarter thanks to lower downtime and a production mix highly exposed to those products which benefitted from good margins. This proves the capability Versalis has developed from its new portfolio configuration to capture market opportunities.

Overall in the quarter, the company generated €1.83 bln of Ebit, an improvement of €1.25bn vs last year.

This result is driven by:

- the improved scenario for €1.35 bln and
  - growth and efficiency actions for €0.1 bln (net of the negative impact of the unplanned Goliat shutdown)
  - Effect of one-off and OPEC cuts for around 0.2 bln

We generated a net profit of €744m, the highest level in the last two and half years [Q314 was €1207m].

The average tax rate in the quarter was (57%) a level that should increase to a full year average of around 70%, reflecting the growing weight of upstream’s contribution to the overall results.

Moving to cash..

Our cash generation highlights the effectiveness of our strategic plan.

Before changes in working capital and valuing stock at replacement costs, cash generation amounts to €2.6 billion, an increase of over €1.1 billion compared to last year, when oil and gas prices were lower.

But if we compare cash generation in the first quarter 2015 (which had a similar price of oil but higher gas prices in Europe, higher LNG prices worldwide and higher refining margins) we can see that the increase in cash is about €400 million, proving the effects of the Mid-downstream turnaround and E&P’s valuable growth.
Cash flow from Operations including working capital changes was around €2 bln in this quarter, or €2.2 billion if adjusted to neutralize a sale of mandatory oil stocks cumulated in this quarter and sold on April 1st.

2017 will be a year of strong cash recovery.

In the last strategy presentation we announced to reach an organic coverage of dividends at around $60/bbl and we continue to pursue that goal.

In the first quarter, stock-adjusted CFFO (€2.2bn) substantially covered capex (€2.4bn) assuming our post disposal working interest in Mozambique and Zohr. The quarters capex level reflected the effort to put into production two giant fields by mid-year. In the coming quarters we expect to generate higher CFFO thanks to:

• Production growth coming from the planned start ups and ongoing ramp ups
• Seasonal contribution from Mid-downstream.

Investments will reduce their pace as major developments are completed and we confirm that 2017 capex will be below €8 bn representing an 18% reduction vs 2016.

Finally we will cash-in proceeds from the disposals of Zohr, Mozambique Area 4 and Belgium retail gas.

Our 2017 dividend cash neutrality (including disposal) is around $45 per barrel.

And now, together with the compans top management we are ready to answer your questions
OSWALD CLINT, SENIOR RESEARCH ANALYST, SANFORD C. BERNSTEIN: Can I ask about Kashagan, please? The 32,000 barrels of oil production this quarter, is there any way you can give us any indication of
the cash flow contribution this quarter from that kind of chunk of oil production, at least the cost recovery percentage that you might be getting against that cash flow, please? And then certainly, I just wanted to know a little bit of an update on Cyprus. You're building quite a substantial acreage position there. I think there's some wells being drilled in the second half of the year. Can you just talk about the well program and also potentially maybe the prospect size that you're actually targeting there?

MASSIMO MONDAZZI: So Oswald, as far as the cash flow contribution from Kashagan, we don't release such a detail in our information. But you remember we gave a guideline in terms of cash contribution when we presented the overall plan. We are still on this forecast. So nothing can change in this respect. And even the ramp-up is growing as planned, and we are projecting the full production, as far as the first phase, by the end of this year. As far as Cyprus, I will say Luca Bertelli could give you the answer.

LUCA BERTELLI: Regarding Cyprus, we plan to start drilling campaign at the last quarter 2017, drilling one well inside 2017 and another well back-to-back. And we are shooting the seismic so we have more clear idea about the size of the prospect in the second half of the year.

OPERATOR: Next question comes from Mr. Thomas Adolff of Credit Suisse.

THOMAS ADOLFF, VP, CREDIT SUISSE: Few questions, please. Firstly, you tend to go into any given year with a good contingency buffer, as far as upstream production is concerned. And then you quickly eat into it. And in recent years, this year and last year, these outages actually happened in regions where you think, if you have maybe proper standards acceptable to the regulator, you wouldn't and shouldn't happen. But last year, you had a field called Nooros in Egypt that surprised on the upside to offset these unexpected losses in production, but not in cash flow, and I wonder whether there's anything like Nooros that we're not aware of in your portfolio this year that can surprise on the upside. And then I have 2 smaller questions, one on the LNG contract you signed with Pakistan, which looks to have a progressive step-up in the slope and I wondered whether you can talk about this progressive step-up and why this offering. And then another very small question around, little random, but around the press report earlier today that talked about Eni looking to build a refinery in Nigeria. I just wanted to double check with you whether that's accurate or whether that's just factually wrong.

MASSIMO MONDAZZI: Okay. So I'll give you the answer about the production, then I'll let Massimo Mantovani give you the answer about the LNG and maybe Antonio Vella give you some colour about Nigeria. So as far as production, I understand what you said, but first of all, let me say that what we accounted for as far as the first quarter in term of production, not very far from the guidance we gave in term of the plan. Because the plan already, as far as 2017, projected a growth. So just to give you an idea, the first quarter, in our budget, was 1,815,000 BOE per day. So the 1,795,000 is not so far from that. And by definition, we had some accident, including Goliat, but we have already some contingencies included in our projections. So we had enough room to compensate significantly the accident that we had. Having said that, the new start-up including Jangkrik and the ramp-up of the major project up to now is definitely confirmed. We are still retaining some contingency, and definitely, we have some potential upside in term of production
that I would say are not completely represented in the number that we are disclosing. All in all, Thomas, we are confident to confirm the 1,840,000 BOE per day that we gave as an indication. So maybe, certainly, including — included in the positive contingency, I would say Jangkrik and OCTP up to now are forecasted to start up some days in advance versus the expectation we have when we performed the barge. Maybe Robert Casula could, at the end of this, I would say, the answer, could elaborate, giving you some more detail about the 2 projects, but this is the sense of what I'm saying. So I give the floor to Massimo Mantovani to give you the answer about LNG.

MASSIMO MANTOVANI: This is Massimo. The offer we made for Pakistan is obviously first of all consistent with our portfolio for LNG which we have, that includes also Jangkrik. And you are quite correct, we do have a sort of progressive offer that we made in respect of pricing for the first years that’s consistent with the analysis we made always on the portfolio. And overall obviously the offer we made as an average is well above the five-year tender that they held recently.

ANTONIO VELLA: Okay, concerning Nigeria, I would like to recall that Eni have signed in January 2017 an MoU with the Minister of Oil in Nigeria where several item have been tackled on the relationship between Eni and the Ministry and NPC. Within the items, we agree to support NPC and the Ministry to study and upgrading of Port Harcourt refinery and the study is ongoing. But meanwhile, we are -- have been requested to add additional studies to identify new locations eventually between Brass and Port Harcourt to evaluate an additional expansion, while the upgrading of the existing refinery is going to be implemented. This is what I can clarify to you on the discussion that happened yesterday.

THOMAS ADOLFF: Okay. And Eni would take a stake in this expansion?

ANTONIO VELLA: First of all, we have to conclude our feasibility and then the issue of stake, I think, is going to come later, for sure.

MASSIMO MOND AZZI: Maybe Roberto Casula could give you some additional colour about the 3 major projects ongoing this year.

ROBERTO CASULA: Yes, thank you, Massimo. Well, I'll start from Jangkrik in Indonesia, which is now very close to start up. The floating production unit is on location. We are just completing the hook-up of the subsea wells. We already drilled and completed all wells envisaged in the project. As a good news, we were able to save some money in terms of overall CapEx, in addition to increased reserves. I remember that the production is 450 million standard cubic feet per day. Similar case for OCTP project in Ghana. All wells have been drilled. We continue the completion of the first wells to start up production, again expected really shortly. FPSO is already on location. Everything is progressing in advance compared to the plans we had. In both cases, we can talk about 1 to 2 months of anticipation for these 2 projects. Then, Zohr. Zohr, all the offshore activities are ongoing. We almost completed the laying activities for the pipes. The platform, the control platform, as you probably remember, will be installed by June and will be ready in September. Onshore, all activities are progressing both for the start-up and the ramp-up. Therefore, we confirm, as
Massimo already said, the start-up of Zohr by December.

OPERATOR: Next question comes from Mr. Biraj Borkhataria from RBC.

BIRAJ BORKHATARIA, ANALYST, RBC CAPITAL MARKETS: I had a few. So first one was on the divestment you've agreed. Your release today states that 50% of the proceeds from the BP deal will be paid in installments. And I was wondering if you could just talk us through when the rest of the proceeds are to be received and also whether this is the same structure as for the Rosneft portion and Mozambique? The second question is on the production guidance. Obviously, with production a little bit low into the contingency, but also in the release you state that there's some initiatives of production optimization, which are not included in the initial plan, so I was wondering if you could talk about those initiatives and why they weren't necessarily included in the plans at the start of the year. And then just finally going back to the final slide on Slide 11, you've got the cash flow plus disposals figures and I just wanted to clarify, was I right in hearing you said you're expecting EUR 3 billion in proceeds to be cashed in this year? And if I take that off, is that a fair reflection of your underlying cash flow generation for this year?

MASSIMO MONDAZZI: Okay. So I'll give you the answer about divestments and I'll leave the floor to Antonio Vella to give you additional detail on the production and production guidance. So in terms of divestment with reference to the Zohr divestment, yes, payment would be through installment. Cash in -- expected cash in 2017 is EUR 1 billion, that represent more or less 65% of the overall price. The bulk of the remaining 35%, the largest part of the remaining 35%, will be cashed in, in 2018. And the remaining few money to be cashed in will be in 2019. And in terms of overall cash-in, making reference to the latest slide, we said that we expect to cash in a net of EUR 2.7 billion out of Mozambique, net of tax. Probably you know because it has been reported by the press that we got the agreement about the tax treatment of the gain in Mozambique. That is in the range of EUR 300 million. So the net would be EUR 2.7 billion plus the overall EUR 1 billion that we'll cash in from Zohr. So the overall amount is EUR 3.7 billion expected to be cashed in, in 2017. So I leave the floor to Antonio to answer your question about production.

ANTONIO VELLA: Okay, thank you, Massimo. So the production optimization on -- it's an allocation of CapEx within our budget. But the contribution expected in 2017 budget was 50,000. Definitely, this allocation of wells is moving in a different circumstances. For example, Nidoco, as it was mentioned. Some of you mentioned Nooros, Nooros outperformed much, much better than any expectation. And we have continued drilling wells of more or less 5 million cube meter a day. And while we are improving our expenses in wells, which are not complying with the breakeven that we request. So the 50,000 barrel plus will be confirmed. Meanwhile, we have the anticipation of Jangkrik, East Hub and OCTP that will help contribute additional production to make robust our 1,840,000.

OPERATOR: Next question comes from Mr. Josh Stone from Barclays.

JOSHUA STONE, ANALYST, BARCLAYS PLC: I've got 2 questions, please. First one, Gas & Power, very strong performance in 1Q. Perhaps you're running ahead of the 2017, 2018 guidance. So I wondered if you
could talk a little bit about what you -- more views on the drivers of that performance, perhaps contributions from trading, from costs. And then how sustainable you think that is for the rest of the next 18 months or so? And then secondly, on Mexico, the recent discovery there, can you just update us how discussions are going with the government and how soon you think you'll be able to start up production?

MASSIMO MONDAZZI: Okay. Massimo Mantovani will try and give you the answer about Gas & Power and Antonio Vella about Mexico.

MASSIMO MANTOVANI: Okay, for Gas & Power, the guidance we gave in respect in particular is in relation of the gas negotiation, which are ongoing. They're on a positive track. We already managed to close some of them and are still discussing on others. The positive result of this negotiation, I think, are underlined from, as Massimo said, the operating profit results of the first quarter as compared to first quarter 2016, EUR 50 million more. But in particular, if you take away the retroactive effect in both quarters, then you do have in this quarter, in 2017, an increase of operating profit of EUR 100 million. That is mostly coming from gas renegotiation and also some trading activity, there is a portion of trading. In particular, of course, we optimize some trading activities in January in respect of the high price for the weather.

MASSIMO MONDAZZI: Okay. Just to clarify, the 50 -- the advantage from gas renegotiation that Massimo mentioned relate to a previous negotiation that happened in 2016. So this is the benefit, the normalized benefit of this renegotiation that we are benefiting from now on. So this is a stable contribution. So we are not talking about a benefit that are retroactive effect of renegotiation that happened this year. So this is a quite positive result that Massimo remember amount to EUR 100 million if we take this retroactive effect out of the calculation. And then Antonio.

ANTONIO VELLA: Okay. So Mexico is -- the result are very positive. We are discussing with the authority, recently a visit with our CEO, for an early production implementation. However, we are going to drill additional 3 wells in 2017. And then immediately after, we will proceed with a plan of development at least for Amoca early production.

OPERATOR: Next question comes from Mr. Iain Reid from Macquarie.

IAIN STEWART REID, HEAD OF EUROPEAN OIL AND GAS RESEARCH, MACQUARIE: Two questions, please. One on the gas business again and then one on asset sales. Just on the gas, now you're at kind of more normalized level of profitability, is it possible to give us a sensitivity of the overall earnings in the business to European and Italian gas prices? Because presuming when those prices rise a bit, your profits will fall somewhat given that you're a net price taker in that business. Also a question on asset sales. You obviously completed some of the big ones now. Just wondered if you can give us some indications generally, obviously not talking about specific assets, about where the next wave of your asset disposal program is coming from to meet your longer-term target.

MASSIMO MONDAZZI: Okay. So in term of gas, no. I confirm that now the result are much more stable, but
it's difficult to identify the sales sensitivity because the nature of different businesses inside is so different. And I would say, the fact that we are not related directly to a specific, I would say, upraises, but we work, taking into account the differential between different harbor, whatever. So it really is difficult. So I'm not able now, and probably even in the future, to give you, as we do, talking about the E&P production sensitivity. As far as the disposals, certainly, as I said, we are quite ahead, if compared to the targets we gave, performing the full year plan. We are working on additional divestment on the same wave of disposal that we already achieved. So mainly targeting from one side the so-called dual exploration model. So we still retain significant discovery already achieved, retain with a very high interest that could be subject to dilution. First of all, I would like to mention West Africa among these. But other assets are retained from 80% to 100%. For example, Mexico is retained to a 100%. Cyprus, very high stake. And even new prospects that are going to be drilled in 2017 are retained with very high percentages. So definitely this would be a source of additional disposition looking forward as well as some other minor asset, even in business other than E&P, mainly targeting logistics and other assets that are no more focused on our strategy.

OPERATOR: Next question comes from Mr. Hamish Clegg from Bank of America.

HAMISH CLEGG, DIRECTOR AND SENIOR ANALYST, BOFA MERRILL LYNCH: Just a couple. First of all, just wondering if you could clarify that slide on -- where you talked about dividend cash neutrality at $45. That looks very much like it's sort of including your disposals for this year. And is that very much for just this year? Because it's not quite the same as the $60 neutrality you talked about. And my second question is regarding gas volumes as part of the mix. One of the things I noticed in your results is a big uptick in gas volumes has basically offset some of the down movement in oil. Is there something that we're going to see reverse in the mix in terms of percentage of your volumes coming from gas in the coming quarters?

MASSIMO MONDAZZI: Okay. I'll give you the answer to your first question. So the aim of the last slide was just to say that as far as 2017, we are saying 2 major things. First of all, that we are confirming the guidance to cover CapEx and dividend at $60 per barrel organically. And second that we will definitely leverage on a significant amount of cash-in from disposal. I mentioned EUR 3.7 billion that will allow us to drop from $60 to around $45 at year-end. So no more than that. This is the message we would like to pass to you through this slide. And gas volume production mix, okay. Certainly, targeting the overall production of 1,840,000 average of 2017, we will have some reduction in oil and we will have some increase in gas. So we are talking about, more or less, 2 percentage points in terms of growth gas versus decline in oil. This percentage has been a little bit higher in the fourth quarter because of the stop of Goliat. So the difference in the first quarter has been higher. But with the recovery of Goliat, notwithstanding the shutdown of Val d'Agri, we expect that this difference will be much less. It would be reduced, as I said, as a yearly average.

HAMISH CLEGG: Okay. That's great. I just had one follow-on question actually, because, I don't know, I was very pleased to see you guided reporting cash flow on a preworking capital replacement cost basis. It makes our lives a lot easier. Could you confirm that your full year cash flow guidance that you gave year-on-year is whether or not that's also on a preworking capital replacement cost basis as well to be in line with what you
told us this quarter?

MASSIMO MONDAZZI: So the guidance that we are giving now probably would be, I would say, repeated from now on. The guidance we gave performing the full year plan was the guidance, the cash flow from operation including working capital. What I could say, that we do not expect significant changes in working capital all along this year. So at the end of the story at year-end, as an average, the 2 numbers would be very, very close.

OPERATOR: Next question comes from Mr. Jon Rigby from UBS.

JON RIGBY, MD, HEAD OF OIL RESEARCH, AND LEAD ANALYST, UBS: Just 2 quick ones. The first, can you just update on the EST plant and where you are on bringing that back into service and maybe some kind of estimates, if it had any economic effect on your earnings in the first quarter? And the second, just to come back to a piece of guidance. I think heard Massimo refer to in the opening remarks about tax rates. I think you said that you expect the tax rate to move towards 70% for the full year or for the remainder of the year. I mean, that would be significantly ahead of both the corporate and the upstream tax rate in the last couple of quarters. And I just wondered whether you could maybe articulate further what the moving parts are to move us back towards what is a significantly high tax rate than we've seen in the last 6 months, if that's possible.

MASSIMO MONDAZZI: Okay. I'll try to do my best to answer your question about the EST plant. So EST plant, the refurbishing is ongoing. The overall amount of CapEx to be injected is in the range of EUR 200 million, I would say covered by the insurance, except for the retention that is quite limited. And we expect to have EST plant back in production by the end of 2018. Yes, definitely, we are suffering a loss of EBIT because of the stop, that this in the range of, for example, this quarter, EUR 15 million. So from one side, it definitely is a pity. On the other side, we say -- show how strong is the recovery in term of efficiency now our refinery plant, our refinery system that, as I said, reached breakeven below $4 per barrel, that is including the negative effect of the EST plant stop. So just to give you the major values. As far as tax rate, yes, definitely, I confirm the 70%. Why 70% as an average? Because as far as the Italian contribution to EBIT, that is as opposed to the lower tax rate in our portfolio. It reached the maximum in the first quarter and then declined, mainly referenced to the Gas & Power business. While the upstream is expected to increase and the tax stream is carrying a much higher tax rate. Why 70% versus tax rate that has been much higher in the past? Because as we explained, we tried to explain even the past, at this level, 70% is the, I would say, the average of tax rate. It was much higher before because when we are exposed to much lower prices, oil prices, the amount of undeductible costs, I would say, exploration, the structural costs, are so significant that the tax rate resulting from this equation is much higher, in some cases, even more than 100%. But tax rate with $55 would be in the range of 70%. And we said that targeting the full year plan, while we expect, I would say, Brent price growing up to $70 per barrel, we expect a slight decrease in tax rate in the range of 60%.

JON RIGBY: Massimo, can I just follow up on that? I mean, the oil price for 4Q and 1Q was low to mid-50s and the upstream tax rate, and not even the corporate tax rate, the upstream tax rate was less than 60% in
both those quarters. So why would the upstream move so significantly upwards over the balance of this year?

MASSIMO MONDAZZI: No. The -- I would say the -- I didn't comment on this because I say it's a minor issue. But I would say the normalized E&P tax rate has been, in both quarters, in the range of 60%. There's been reported a bit less than 60% because we had some, I would say, unrepeatable income in both quarters that caused this slight decrease below 60%, while we are talking about for a quarter, 3/4 point percentage in the tax rate of E&P.

OPERATOR: Next question comes from Mr. Michele della Vigna from Goldman Sachs.

MICHELE DELLA VIGNA, CO-HEAD OF EUROPEAN EQUITY RESEARCH AND MD, GOLDMAN SACHS: Two, if I may. The first one, could you give us a bit more visibility on what drove the operating working capital outflow in the quarter and whether you expect it to fully revert by the end of the year? And then secondly, given the cost deflation we're seeing broader in the industry, could you tell us which projects you are ready to FID in the next 12 months?

MASSIMO MONDAZZI: Okay, Michele, I'll give you the answer about the working capital, leave the floor to Roberto to answer your question about the market cost and inflation. So about the working capital. So you have seen that we absorbed, as far as the working capital, cash amounting EUR 0.9 billion. So the explanation talking about the major issue is the following: so 0.2 is the difference in factoring, so we discounted less receivable than we did in fourth quarter 2016, but we say is a movement that definitely will be recovered in full year. So we do not expect any difference in this respect. As far as 0.2, as I mentioned during my speech, we better the Refining & Marketing business, bought some stock of oil in the first 3 months to be sold to the Italian organization that take care of the mandatory stock at the system level. And this disposal happened formally at the beginning of April. So we incurred cost in the first quarter and we cashed in the disposal, if I remember well, the 5th of April. So as far as an additional EUR 200 million is something that has already been recovered. As far as EUR 300 million, it's just the stock revaluation driven by the scenario that the effect replacement cost that neutralized the price effect from EUR 2.9 billion to EUR 2.6 billion cash flow in the quarter. And as far as 0.2 is just a seasonal dynamic of our working capital mainly related to the Gas & Power business and partially to the Refining & Marketing. So the majority is very specific for this quarter and we definitely expect that every negative effect accounted in the first quarter will be fully recovered by year-end. So as far as the inflation, I leave the floor to Roberto.

ROBERTO CASULA: Okay, thanks, Massimo. Well, as you certainly remember, we had an intense activity of contract renegotiation during the past couple of years. From what we see today, well, for instance, drilling units, we think that they reached level just sufficient now to cover operating and depreciation costs. So difficult to see further signs of cost deflation. About equipment, umbilical, line pipe, all these items are mainly driven by raw material costs, which have increased, in particular the steel. So the decrease, compared to the prices we had 3 years ago, now has been partially offset. And about installation vessels, EPC contract, well, in this case, the price is mainly driven by the workload of the service companies. There are no many projects
around the world. So for a certain period of time, the prices will continue to be low, and then we will see when the activities will restart. About FID, we have this year -- first of all, the -- by the end of 2017, the FID of Argo, Cassiopeia, which is a gas development offshore Sicily, then we have a couple of FID in Egypt in the area of Nidoco and Baltim. I have to mention also that in a couple of weeks, there will be the launching ceremony for Coral South floating LNG. Next year, we do see Joan Casper in Norway. But between 2017 and 2018, we have also a number of projects under maturation and I'm referring to Deepwater Nigeria, I'm referring to Indonesia, Merakes which is tied in to Jangkrik, Congo, and as already Antonio said, Mexico.

OPERATOR: Next question comes from Mr. Massimo Bonisoli from Equita.

MASSIMO BONISOLI, ANALYST, EQUITA SIM SPA: A couple of questions left. One on asset base again. Earlier, you mentioned EUR 3.7 billion proceeds from disposal in upstream from October 2017. Will you have any contribution from the disposal of the retail Gas & Power in Belgium over this year? And one question on Val d'Agri. Could you give us an update on Val d'Agri and when do you expect to restart production there? Earlier, you mentioned 90 days off assumption in your guidance if I got correct.

MASSIMO MONDAZZI: Okay. So Massimo, the EUR 3.7 billion include the -- sorry, sorry, you're correct. The EUR 3.7 billion I just mentioned does not include the price we are going to collect anyway in 2017 from the disposal of the retail Belgium business. We didn't disclose -- because of the agreement with the counterparty, we didn't disclose the number, so I cannot give you the value. The number that -- around, I would say, is very close to the reality, but I can't give you the right number now. And I leave the floor to Antonio about Val d'Agri.

ANTONIO VELLA: Okay. So in Val d'Agri, we are currently refurbishing the tank, which has been already completed and we are currently sand blasting and painting. So the availability for us to start up is between end of May, early June, providing all the necessary authorization by the competent authority is going to come. So this is the situation as now.

OPERATOR: Next question comes from Mr. Marc Kofler from Jefferies.

MARC KOFLER, EQUITY ANALYST, JEFFERIES: I just wanted to come back to the capital spending guidance for this year in the context of the run rate in Q1, Massimo. Even if you adjust for asset sales, it looks a little bit high versus that annual guidance. Could you talk about how the capital spending trajectory is expected to evolve over the course of 2017? And then secondly, just maybe onto Venezuela in the upstream. Could you talk about operationally how you're finding the situation there? And then any comment around receiving payment instead of taking cash out of the country and the measures that you've taken to aid that process?

MASSIMO MONDAZZI: Sorry, I didn't got clearly your first question. Could you repeat, please?

MARC B. KOFLER: I just asking about the run rate on the capital spending, Q1 versus the full year
guidance.

MASSIMO MONDAZZI: Okay. So as far as the capital spending, as I said, we confirm the guidance that we - slightly less than EUR 8 billion as overall. So again, what we are spending -- what we spent in the first quarter, so the EUR 2.47 billion adjusted for the quarter that will be reimbursed in Zohr, mainly in Zohr and in Mozambique too as we get the closure of the deal, is something, I would say, higher than the average that is more or less in the range of EUR 2 billion per quarter. And as far as payment, as I well understood, payment from critical countries around the world, probably Venezuela is in your mind. So situation in Venezuela is the following: we are still definitely producing a normally -- a normal status from Perla and activity in Junin 5 are stopped because of tourism, first of all, because the environmental situation, in term of prices, and second because of the OPEC cuts. And we intend to resume production only if there would be the condition to do so. As far as the cash-in from the gas sales from Perla, the cash-in, I would say, is quite normal. The issue, if I could say, is related to the outstanding that we have even at the beginning of this year that you remember is in the range of EUR 300 million. So this understanding is growing a little bit, but is, I would say, under control and we are not deeply worried about this. So this is the situation. Any production from first phase in Perla is going ahead. Any kind of additional investment in Venezuela will be incurred only if there will be of the condition necessary to do so, including the recovery of the existing outstanding. Situation in other countries, in Iran, we're going to recover any outstanding that we have and they will happen in 2017. We don't have outstanding in Iraq at this moment. And this is the situation. So there are no significant, significant outstanding that are -- to worry about. Definitely, the level of activity in Egypt is so high that the money that we expect from Egypt there is ongoing, looking forward, is an element of attention.

OPERATOR: The last question comes from Ms. Irene Himona from Société Générale.

IRENE HIMONA, EQUITY ANALYST, SOCIETE GENERALE: I had 3 questions, please. Firstly, going back to tax, Massimo, and that is the cash tax rate. In Q1, it was around 27.5%. Should we expect that to increase over the rest of the year, this year, in line, in other words, with the P&L? Secondly, if I can go back to Mexico, you're drilling the second well. You're talking about early production start-up. What -- I mean, can you talk about your current estimate of the resource size that you are looking at? And my third question is just a quick one on DD&A. It was EUR 1.8 billion in Q1, flat year-on-year. I mean, for the full year '17, Massimo, should we expect a higher level of DD&A versus last year?

MASSIMO MONDAZZI: Okay. So Irene, as far as the cash tax rate on a full year, we expect something in the range of 25%, 27%. In term of DD&A, yes, DD&A has been a little bit depressed in the first quarter because of the stop of Goliat. We expect a full year DD&A slightly higher than the DD&A we recorded in the first quarter. As far as the resources in Mexico, I'll give the floor to Luca Bertelli.

LUCA BERTELLI: As you understand, we are drilling. So what I can say is that results for the first well were pretty positive. And also, we had encouraging results from the well we are drilling now. So we foresee an upside to the original reserve estimate, but of course, we are working for a proper assessment.
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