Fourth Quarter and Full Year Results

February 29th 2016

Presentation and Q&A

Presentation

Speakers:
Claudio Descalzi – CEO
Massimo Mondazzi - CFRO

Claudio Descalzi

Good afternoon, and welcome to our fourth quarter and full year results presentation.
In 2015, we successfully delivered important milestones of our strategy, exceeding all of our main targets for the year.
In the upstream, we had the highest production growth rate among peers, we replaced 148% of produced volumes, and confirmed our outstanding exploration track record.
In the mid-downstream, we accelerated the turnaround of all businesses:
G&P is close to breakeven, confirming that we are on track to hit 4YP targets
R&M is both EBIT and cashflow positive
Refining as a stand alone has achieved EBIT breakeven, 2 years ahead of plan, thanks to the reduction of our breakeven margin to about 5$ per barrel
A major milestone of 2015 has been the dilution of the Saipem stake and the related debt repayment, an operation that has been completed this week.
This, together with the total exit from Snam and Galp and the ongoing negotiations aimed at reducing our ownership in the chemical sector, confirms eni’s transformation strategy to an oil and gas company.
Finally, the efficiency programme, which we started well ahead of the decline of prices, delivered better than expected results:

- capex was reduced by 17% against the original guidance of 14%
- opex by 13% against the planned 7%
- and G&A cost savings amounted to 600 mln € versus the guidance of 500 mln €.

All these results led us to reduce our organic coverage of capex to $50 per barrel in 2015, versus the $63 per barrel, anticipated in our 2015-2018 Strategic Plan.

Due to the deconsolidation of Saipem’s debt and our operating cash generation, we managed to cut leverage to 22%, the lowest value in the last ten years.

Let us now focus on cash, the most important target in a downturn cycle.

With an operating cashflow of €12.2 bn, we managed to keep our cash generation only 15% lower than in 2014, despite the 50% decline in the oil price.

This cash performance, coupled with the reduction of capex to €11 bn, generated a net cash flow of €1.2 bn.

Along with the disposals, this substantially covers our cash needs, including dividends.

Compared to 2014, we offset almost two-thirds of the scenario impact by increasing cash generation thanks to:

- production growth in e&p,
- operating cost savings
- exposure to production sharing contracts
- better performance in downstream segments
- further improvement of working capital

Now, we will give you additional details and guidance for 2016 on the main factors that underpinned these dynamics: production growth and cost efficiency.

In production, we grew 10% in 2015, doubling the initial target.

Thanks to the flexibility of our portfolio, we brought forward to 2015 part of the production growth that we planned in the 4YP.

This performance was due to:

- 10 main start ups in West Africa, the Americas, Italy and the North Sea;
- The fast-tracking of near field discoveries in Egypt;
- The contribution of the Libyan gas fields;
- The one-off contributions from Iranian and Libyan cost recovery that accounted for 42 kb/d and
- PSA effects that account for 3.8% of this growth

For 2016, we will maintain the same production level as last year, excluding the contribution of one-off factors.

The key start-ups will be Goliat, Kashagan, and other main fields in Angola, Egypt and Gulf of
Let us now turn to costs.

On capex, in 2015 we achieved a reduction of 17%, thanks to the large optionality of our portfolio.

We re-phased more expensive and longer term projects in favour of the development of near field exploration successes and we leveraged the renegotiation of rates and tariffs of services, reducing the total cost by €500 mln.

In 2016, leveraging the same drivers, we will further reduce capex by 20% vs. last year, even including Zohr, which is set to become a major contributor of additional production to the 4 year plan, replacing longer term developments.

After two years of strict spending control and thanks to our focus on conventional and low-cost plays, we have materially reinforced the resilience and competitiveness of our upstream portfolio, while preserving our profitable growth targets.

Upstream investment for barrels produced remains at the lowest level of our peer group and this will be further reduced by 43% by the end of this year versus 2014’s level, to 14 $/boe.

Moving now to operating costs, in 2015 we reduced opex to $7.2 per boe, down by 13%, doubling the original target.

Contract revisions, optimization of maintenance, lower energy feedstock prices and logistics costs are at the basis of these savings.

In 2016, we plan to further improve and deliver an opex per boe down to 6.4$, 23% lower than in 2014.

Our commitment to cost efficiency has also strongly impacted on G&A costs. In this area, we beat July 2014’s target of €500 mln of savings by 20%. Main reductions have come from communication, logistics and ICT.

These savings will be confirmed in the four-year plan.

And finally I would like to highlight how we will continue to fuel our future.

Last year we discovered 1.4 billion barrels, two-thirds of the 2015-18 plan target, at a unit cost of 70 cents per boe.

We achieved this result through a very well balanced exploration activity that focused on specific targets, limiting our investments to €800 mln.

These resources, which were mainly discovered in North and Sub-Saharan Africa, are highly synergic with existing production hubs. Thanks to these discoveries, we will maximize the optionality of our portfolio through the optimization of the development plans and the potential disposal of stakes where we have a high participating interest.
In terms of reserves’ replacement, we achieved a ratio of 148% (108% net of PSA effect). With around 7 billion barrels of entirely conventional proved reserves, we have kept our reserve life index at around 11 years.
This result does not take into account the contributions of Zohr and Coral, which will be sanctioned in 2016.
And now Massimo will give us the highlights of 2015’s economic and financial results.

Massimo Mondazzi

Thank you, Claudio.
First of all let me reiterate that the pro forma group figures exclude Saipem and Versalis contributions as they have been reclassified as “available for sales”, while the effects of the Saipem transaction are anticipated at December 31 2015. Anyway, in the press release you can find all detailed information.
Passing now to the numbers, adjusted operating profit in 2015 was € 4.1 bln, down 64% vs last year. The deterioration of the scenario, estimated at €8.8 bln, and some 2014 retroactive benefits in G&P of €0.7 bln were partially offset by €2.2 bln of positive performance, mainly volume growth and increased operating efficiency and flexibility.
In detail:
• Upstream accounted for the vast majority of this result, with an Ebit of € 4.1 bln. This was actually a strong performance pulled by higher production and lower opex and exploration cost, counteracting a very negative scenario that weighed minus € 9 bln.
• G&P was close to breakeven (€ -126 mln) notwithstanding the worst than expected outcome of one commercial arbitration. Yet, this result is in line with our guidance of being close to breakeven despite the delay of the Gasterra arbitration, now expected by the second quarter 2016. Excluding the positive contribution in 2014 of retroactive effects implied in some gas renegotiations (0,7 B€), 2015 results were much better then the previous year thanks to the roll over of revised gas contracts, including one off items.
• R&M recorded a strong year, with Ebit adj improvement of around €450 mln over 2014. Refining breakeven was achieved thanks to better scenario and refineries optimization. Adjusted net income in 2015 was 336 M€, down 91% vs 2014. It was affected by a 93% tax rate mainly driven by the larger weight of :
  1. PSA contracts in e&p, that recorded an 81% tax rate. PSA are in fact much more resilient in economic terms then concessions, but with higher tax rate
  2. overall group losses of other sectors, mainly in Italy, with no deferred tax assets associated.
3. non-deductible costs, such as exploration, that in 2015 represented an higher percentage of the depressed pre-tax profit

On the latter effect it is worth saying that the adoption of Successful Efforts Method on exploration costs would reduce the e&p tax rate by 4 pp. This, combined with the normalization of non-deductible costs, would reduce e&p tax rate to around 70%.

Finally, to complete my comment about taxes, let me highlight that from a cash perspective in 2015 we paid in E&P a cash tax rate of around 34%, slightly lower then in 2014.

And now I would like to highlight that these days we completed the Saipem deal and we are now cashing in the full proceeds. The deal, you might remember, was composed by three main steps.

- the sale of 12.5% of Saipem to the Italian Strategic Fund, occurred the 22nd January 2016, which implied a cash in of 463 Million €. With the sale we entered a 50/50 Shareholders Agreement with FSI representing a 25% combined shareholding.
- pro-quota subscription of Saipem capital increase for slightly more than € 1 billion.
- the full repayment of Saipem intercompany net debt of €5.4 bn.

As a result, the eni net cash-in is €4.8 bln.

Saipem will be equity accounted for by eni starting from January 2016.

2015 was a crucial year for the implementation of our transformation plan. Eni is now more focused on core business and more resilient to deal with the lower oil price environment.

In summary, we beat all our main targets and lowered our cash-breakeven and now we have a leaner and less leveraged company with a higher degree of optionality, and positioned to overcome a longer downturn.

In 2016:

- we will maintain our current production level, without the contribution of one-off factors recorded last year
- we will further reduce capex by 20% and opex by 11% and
- confirm the organic coverage of capex at 50 $/bl without the contribution of the working capital recovery that we had in 2015.

On the basis of these results, I am pleased to announce that the 2015 final dividend proposal is confirmed at 40 euro cents per share.

Together with the management team, we would now be happy to answer your questions.

Questions and Answers

CORPORATE PARTICIPANTS

Claudio Descalzi - Eni S.p.A., CEO
HAMISH CLEGG, ANALYST, BOFA MERRILL LYNCH: Two quick questions. First of all, I was wondering if you could tell us a little bit about the precise timing of Saipem cash hitting your balance sheet? I assume it's going to be in Q1.

Secondly, on gas and power, there were a few slight sort of bumps in the road. Could you give us a little bit of an update on where we are with that? And are you still considering a disposal of the retail side of the business?

Also, could you tell us a bit more about Versalis and the disposal you've alluded in this set of results that's led to you treating it as a discontinued item?

And if you're in the updating mode, Goliat it would be nice to have a bit of an update on, as well, in terms of how things are progressing there with meeting those safety standards and producing
CLAUDIO DESCALZI, CEO, ENI S.P.A.: Massimo.

MASSIMO MONDAZZI, CHIEF FINANCIAL AND RISK MANAGEMENT OFFICER, ENI S.P.A.: In terms of cash-in in the first quarter from Saipem’s transaction, the overall cash-in amounted to EUR5.8 billion. So, starting from a EUR5.4 billion net debt of Saipem, which is the net value, plus EUR0.6 billion of liquidity, totals EUR6 billion. EUR200 million was the third-party debt. So, we cashed in EUR5.8 billion, out of which EUR0.6 billion was to complete the Saipem transaction, I mean to subscribe the capital increase in the range of EUR1 billion, as I just said before, minus EUR460 million in terms of price we cashed for the shares. And as far as the remaining part of the proceeds cash-in, we utilise, or will utilise EUR3.5 billion in terms of debt repayment, and the remaining EUR1.7 billion is an additional liquidity.

CLAUDIO DESCALZI: Retail gas? For retail gas, what we said in July 2014 was that gas and power retail business is not a typical business of an oil and gas company. And we wanted to unlock the value in this segment. For the near future, we will focus on improving retail gas performance. So, we are focused on the company. We are focused on this segment to improve and create more efficiency, and that is what we are focused at that moment.

Goliat?

HAMISH CLEGG: Versalis and Goliat were the last two I was wondering about.

CLAUDIO DESCALZI: I'll continue on Versalis. So, you know that Versalis is a part of our transformations to go toward an integrated oil and gas company. As you know, what we are doing now is to dilute our acquisition, our interest in Versalis, and there are ongoing negotiations. And before we started two years of a turnaround and we got very positive results - we got positive result after 20 years. And now, we are discussing, but because there is a commercial negotiation ongoing, so I cannot say more than that.

HAMISH CLEGG: Okay.

ROBERTO CASULA, Chief Development Operations & Technology Officer: About Goliat, the consent to put in service has been obtained around mid-January, in addition to other important permits from the environmental point of view. So, now, according to the Norwegian procedures, there are five weeks for public hearings. Immediately after, we will prepare the platform for the startup.
HAMISH CLEGG: Okay.

MASSIMO MONDAZZI: I don't know if my first answer has been clear in terms of timingS. So, all the numbers just mentioned will be cashed-in or has been cash-in these days. So, starting from the 22nd of January about the shares, to today. So, everything will be recorded in the first quarter.

HAMISH CLEGG: Excellent.

OPERATOR: Oswald Clint, Bernstein.

OSWALD CLINT, ANALYST, BERNSTEIN: Just on the CapEx reduction for 2016, it's kind of split between the re-phasing of projects, the exploration selectivity, and contract renegotiation. Can you say which of those was the key toggle that allowed you to reduce CapEx? Or, is it all of them? Or, is it one of them? And which one could be used further if prices kind of stay below your $50 scenario for this year?

And then, secondly, just a quick one on -obviously your liquids production, strong last year. You mentioned Iraq and Libya contributing to that. Can you give us some indication of what you expect for those two countries for 2016, please?

CLAUDIO DESCALZI: First of all, in 2015 the flexibility and the CapEx reductions, clearly that concerns all the three points you said. But I think that the optionality that Eni has because of the large amount of reserves that we found gives us the possibility to move from complex and long and expensive projects to projects that are simpler and that we can put in production faster with less cost.

So, that was a very important component, and that is something that we are going to continue and give benefits also in the next years, with also a reduction in the supply chain that we can count for some percentage because, mainly, we had reduction in drilling rigs, for example, and in some materials.

So, that are the two components.

It's clear the supply chain for the future will improve, because we are renegotiating a lot of contracts and that will be a very important part of our cost reduction for the next periods.

Full production, when we talk about -- when during the presentation we talk about Iraq and Iran, we were taking about --. Sorry. Libya. They are different things. Because we are talking about past costs that we recovered and increase in production, for example, in some Libyan gas fields.
So, some of this production is a one-off that were related to costs in Iran and some costs in Iraq, and the other production is also for the future. It's continued organic production growth.

OSWALD CLINT: Okay. Perfect.

OPERATOR: Jason Kenney, Santander.

JASON KENNEY, ANALYST, SANTANDER GCB: I'm very excited about Zohr in Egypt, as I'm sure you are as well. I don't know if you put a CapEx number in place specifically for the project, but I'm thinking $7 billion to $8 billion for the project…?

CLAUDIO DESCALZI: Sorry. Can you repeat how much you said?

JASON KENNEY: $7 billion to $8 billion.

CLAUDIO DESCALZI: Okay.

JASON KENNEY: I'm wondering if that displaces particular spend on other assets? And which regions we should be looking at for displaced spend or deferred commitments? And maybe just break out the ins and outs on where CapEx could be medium term? I'm not looking for a very specific number on CapEx on a 2018-19 basis, but just which projects are going to be falling by the wayside so that Zohr can be focused on. And then, maybe just on the back of the Zohr focus, any commentary on the domestic gas price outlook in Egypt would be much appreciated.

CLAUDIO DESCALZI: It is clear that we are using our CapEx and Zohr is a new one. It is entering and is replacing other long-term projects, as I said, that are maybe more expensive or longer in terms of post-production. So, we are replacing a project that is going to deliver production in the four-year plan in a couple of years, and we are displacing out other projects that are longer and more expensive. I can talk about Iraq. I can talk about Venezuela, some projects in Indonesia that we are not operating and some projects in Norway that we are not operating. So, we found displacing others and pushing our projects. But we found a place for Zohr also, also with a cost reduction exercise. So, our plan is more efficient than before, because we took advantage of the supply chain that improved in terms of cost efficiencies. So, that is the reason.
JASON KENNEY: Excellent.

CLAUDIO DESCALZI: The second question was about --?

JASON KENNEY: Egypt gas prices.

CLAUDIO DESCALZI: Egypt gas prices, domestic gas. Most of the gas at Zohr will be delivered to the domestic gas, and for that domestic gas we negotiate a securitization agreement, not just in terms of CapEx but also in terms of payment. Also, we negotiate a new formula for price to stabilize the value and give stability to the return of this project.

JASON KENNEY: Okay.

OPERATOR: Irene Himona, SG.

IRENE HIMONA, ANALYST, SOCIETE GENERALE: I had two questions, please. Firstly, on Coral floating LNG, can you clarify what percentage of the capacity you have either pre-sold or are about to pre-sell? Because according to BP, you are still in negotiations with them, which may or may not reach agreement. And are you prepared to sort of discuss the issue of CapEx for launching the project?

My second question, on refining. You mentioned that refining broke even in 2015. Obviously, that was partly thanks to record-high margins which are unlikely to be sustainable. Can you clarify where you are in terms of the restructuring? So, what has been achieved so far on costs and capacity? And importantly, what remains or needs to be done in an environment where margins are likely to weaken?

CLAUDIO DESCALZI: Umberto Vergine will answer.

UMBERTO VERGINE, CHIEF MIDSTREAM GAS & POWER OFFICER, ENI S.P.A.: We are in these days in the final stage. We have a binding sales and purchase agreement with BP. That part of the negotiation is finished, and we are through the document finalization.

BP is the sole buyer of all the production from Coral, and this for a contract lasting 20 years. And this includes also any upside production that the vessel will be able to produce.

ALBERTO NAVARRETTA, SVP R&M PLANNING AND CONTROL: Thank you, Ms. Himona, for your question about refining. The turnaround strategy in our refining business is a three-pillar strategy: first of all, the rationalization of the weaker assets; second, the optimization of
processes and costs; and thirdly, the continuous improvements in efficiency.

What we have done so far? The rationalization has been achieved on 33% of our original refining capacity through the conversion of Venice refinery in between 2012 and 2014. In May we started up a new plant.

Secondly, we shut down at the end of 2014 the Gela refinery, a milestone in our turnaround strategy.

Thirdly, we sold the CSC stake and the [completion] was done in April 2015, and we also closed some minor lines like the (inaudible) internal cracking in Taranto, 3% of our capacity. In terms of efficiency, last year only we reduced the fixed costs of refining per barrels by 25%, $1.5, and this means that the breakeven margin of our refineries has been lowered from $6.5 to around $5 per barrel.

Now, what is still to be done? We will focus on our current assets to further enhance the profitability. The drivers of these enhancements in profitability is the ramp-up in full deployment of the EST technology at Sannazzaro. It is a really strong competitive advantage in the view of the (inaudible) specification change occurring in 2020.

Secondly, the conversion of the green refinery of Gela, and we are working to complete the mechanical completion of the plant by 2017.

And finally, a continuous efficiency costs.

IRENE HIMONA: Thank you very much.

OPERATOR: Dario Michi, Banca Akros.

DARIO MICHI, ANALYST, BANCA AKROS: The first one refers to the growth. You are the only company sanctioning new projects in this context, and this is sustaining your growth in the coming years. But as regards 2016 and the flat guidance you have provided for, what's the level of contingencies embedded in your guidance?

But the second question is on the leverage. Even in this case, you have a quite unique approach in the sector, pointing to reduce it. And the pro forma leverage is among the lower in the sector, at 22%. What's the theoretical value factoring in the deconsolidation on Versalis, if possible?

CLAUDIO DESCALZI: I'm going to answer to the first question and Massimo to the second one. First of all, I'd like to specify and highlight that we said that we are going to produce the same amount of barrels in 2016, but it's not a (slight) production. Why? Because in 2015, we had one-off production coming, as we said, from Iran and for 42,000 barrels per day. That means that this one-off will not be present this year.
So, that means that we are going to increase this year about 42,000 barrels per day, because we are going to keep the same organically. So, we'll keep the same production. So, that is an additional contribution.

Then, we have contingencies. We have contingencies and we have contingencies for the four-year plan. So, we don't want now to disclose contingencies today, but clearly we have a good range of contingencies to capture all the possible situations that we can face in the next four-year plan, geopolitical and other.

So, we are growing, first; and secondly, we have contingencies that we will be in a better position to disclose or describe during the strategies presentation in March.

MASSIMO MONDAZZI: Dario, I cannot reveal in the exact number about Versalis, because you understand it's a sensible number. But having reclassified Versalis as available for sale by the end of this year, you may understand that the advantage could be, I would say - there would be an advantage but not so much after this reclassification.

DARIO MICHI: Thank you.

OPERATOR: Henry Tarr, Goldman Sachs.

HENRY TARR, ANALYST, GOLDMAN SACHS & CO.: Just a couple of quick questions. Firstly, what visibility do you have on the OpEx reductions at this point? You're talking about sort of 11%, I think, on a per-barrel basis. And then, is there potential beyond that?

Secondly, please, could you give a quick update on the outlook in Libya?

And then, just thirdly, obviously your balance sheet is significantly strengthened now with the Saipem cash coming in, et cetera. Have you any comment on or interest in talking about potential acquisitions at this point?

CLAUDIO DESCALZI: First of all, OpEx. We have a clear vision about OpEx reduction, because we declared that and it's clear that we are going to continue, as we said, on the same track, on the same pace we had in 2015.

And that is mainly due to logistics and other specific items linked to, for example, the global maintenance of our different plants and also the fuel, so that we have different kind of renegotiations that we're really close and some ongoing for the operating costs in the different plants.

And that will allow us to work on about $6.4 per barrel that is really a very low value. But that is something that we can consider closed in terms of supply chain and in terms of activities, in terms of downturn of some plants.
For Libya, the environment. I think that you heard that in the recent days, in the past days, we had some issues not far from our facilities. Our facility has not been touched. So, our colleagues are working without any problem.

From an environment point of view, I think that we can remark some progress in the negotiation and in the positive: a concrete and pragmatic talk between the different parties. They are talking, and they are working to complete and approve the government.

And what we notice that is very positive that the different leaderships - now, we can call no more militia - that the Libyan army is reacting very positively, and they are defending their territory. So, what happened in Sabratha, I think is a clear example that different militias from different parts and different camps work together to create and stabilize the situation. That was very, very positive.

From our side, the Libyan army is protecting the installations. So, we have a strong protection. And also [passive] protection, because in the last year we had time to create a strong defence to all the installation. We have a clearly very important security emergency plan to evacuate our people, and there will be a strong defence - our installation as Mellitah. We can have all the time to put our people in a safe position.

So, the situation respect one year ago. Also, there are lots of - some travel in the recent past. The situation is improving, is much better and cohesion and discussion progressing, and for what I understood are progressing positively.

MASSIMO MONDAZZI: Henry, about acquisitions, as Claudio indirectly explained, talking about our project portfolio, we don't need any acquisition to perform the production growth we promised.

So, we are even in the position to select - Zohr is just an example of this- select the best projects to start in this environment, to keep as low as possible the cost and to perform the better projects. So, unless for we do not envisage anything like this opportunistic occasion on this, again, acquisitions are not in our radar screen today.

CLAUDIO DESCALZI: I would like, Massimo, to add a few things about that, just to reinforce and explain why we don’t think that we need.

If you look at our costs - and we worked a lot in the last couple of years on our costs - now, we reach an exploration cost per barrel of $0.70 per barrel. We have an OpEx of $6.4 per barrel and a CapEx per barrel of $14. So, you can see that in our assets we are reducing drastically the breakeven price.

And I think that there is no other better opportunity that develop our assets, and that is what we are going to do.
HENRY TARR: Very clear.

OPERATOR: Kim Fustier, HSBC.

KIM FUSTIER, ANALYST, HSBC GLOBAL RESEARCH: I had a couple of questions, please. The first one is just a clarification question on CapEx. I just wanted to confirm that the 20% reduction for this year is from a 2015 base number that includes only the continuing businesses (i.e., that excludes the CapEx on Saipem and Versalis)? And the second question is just around the definition of your free cash breakeven. Could you just clarify whether you expect to cover CapEx with cash flow from operations at $50? Or, also to cover dividends, but with help from disposals? And what would that free cash breakeven be without the disposals?

MASSIMO MONDAZZI: In terms of cash projection, I think that the better opportunity to talk about this kind of projection forward is our strategy presentation mid-March; so, in the coming days. What we could anticipate, talking about 2016, as Claudio highlighted, is that what we succeeded to do in 2015, that we can confirm in 2016 even without significant contribution from working capital that we highlighted during our presentation, we can match our CapEx at around $50 per barrel. So, in this way we will anticipate by $13 per barrel the target that we set when we presented our strategy last March. So, on the longer term, we'll be back on this issue talking about the strategy. Yes, I can confirm that the 20% reduction in CapEx is without Versalis and without Saipem. So, this is what we call a continuing operation in this presentation.

KIM FUSTIER: Thank you.

OPERATOR: Massimo Bonisoli, Equita.

MASSIMO BONISOLI, ANALYST, EQUITA SIM: Two quick questions. Regarding Zohr field, again, could you give us some color on the OpEx level in 2019 when you target to produce 500,000 barrels per day? I imagine they are pretty low in the first development phase. So, just to understand the profitability contribution in that year? And the second question, at $50 oil price in 2016, what would be the underlying tax rate and cash taxes implicit in the guidance of free cash flow breakeven?

CLAUDIO DESCALZI: The first answer, a quick question, is $2.5 per barrel. And now,
Massimo, for the longer one.

MASSIMO MONDAZZI: As far as the tax rate, I just commented the tax rate in 2015 has been high. I said 93% because of the reason I just explained. So, the low level of Brent that emphasizes some non-deductible items. So, in 2016 when we are projecting $40 per barrels, by definition this phenomenon would be emphasized some way. But turning on the cash perspective of this issue, I just said that on a cash basis we recorded in 2015 a cash tax rate in the range of 34%. What I could say that in 2016 this cash tax rate would be in the range of 30%, or even slightly lower than 30%.

MASSIMO BONISOLI: Very clear.

MASSIMO MONDAZZI: So, this is -- what I just mentioned is the E&P, because my comment during the presentation related to the E&P tax rate.

MASSIMO BONISOLI: Yes.

MASSIMO MONDAZZI: If you would like to have some guidance on the corporate and the overall tax rate, the trend is exactly the same. What you should do is to add just very few percentage points.

MASSIMO BONISOLI: Very good.

OPERATOR: Biraj Borkhataria, RBC.

BIRAJ BORKHATARIA, ANALYST, RBC CAPITAL MARKETS: Just thinking longer term, you lowered your oil price outlook to $65 a barrel. So, I was wondering what kind of return on capital can you generate at that oil price in, let's say, 2017 or 2018? That would be my first question. And then, the second question, just going back to one of the previous questions but asking it in a slightly different way, if you're covering your CapEx organically from cash flow, that $50 per barrel, I know previously you've given sensitivities on your free cash flow for each dollar move in Brent. And using that, it would imply your free cash flow post dividends would be around $70 a barrel. So, I'm just wondering, would there be any reason that those previous sensitivities would no longer be valid or would have changed since the last time you gave them?

MASSIMO MONDAZZI: No. Sensitivities remain substantially the ones that we previously mentioned.
In terms of, as I said before, our, I would say, coverage including dividends in the longer term, what we would like to do maybe is to postpone this kind of treatment during our press strategy presentation in March. And in terms of return, I cannot give you the overall internal rate of return. But following what Claudio just said, every project that now we are performing, I would say, has a breakeven that is well below the scenario that we are projecting. So, the $65 longer term Brent price we are projecting in the new scenario does not have any kind of effect in the portfolio projects we are performing. So, every project will remain higher than the weighted average cost of capital we have in place.

CLAUDIO DESCALZI: For everybody, we have to keep something for the strategy, please. Otherwise, the strategy will be completely empty. We are going to really elaborate on this issue, price and returns at different kind of price and our scenario, during the strategy presentation. Thank you.

BIRAJ BORKHATARIA: Understood. Thanks for the colour.

OPERATOR: Lydia Rainforth, Barclays.

LYDIA RAINFORTH, ANALYST, BARCLAYS: Just two on the cost base, if I could? The first one, on the G&A reduction of 30%, which has clearly been impressive, since last year. It does look like 2016 implies a bit flat year on year. Is that a reflection of just being conservative in terms of the guidance? Or, do you now think that the headquarters and that corporate cost centre is as efficient as it possibly can be? And then, the second one was on the OpEx side -- and again I suspect this might get pushed to the strategy presentation -- but the last time that we were at an oil price of $50 a barrel, which is exactly where you're looking to be cash flow breakeven at, the OpEx per barrel was about $4, [by my memory]. So, is it possible to actually get back to that with the level of costs, do you think, over the next two to three years? Or, has the portfolio changed significantly from that?

MASSIMO MONDAZZI: I can answer about G&A.

CLAUDIO DESCALZI: (multiple speakers) on the OpEx? Because we couldn't hear you very good. So, if you can, would you repeat the question on the OpEx?

LYDIA RAINFORTH: The question on the OpEx was, if I'm looking at your Company being cash flow breakeven at $50 a barrel, the last time we were at $50 a barrel was back in 2005-2006.
The OpEx per barrel was about $4, roughly, from memory. And I’m just wondering whether or not over the next two to three years it's feasible to think about this getting back to that sort of level of OpEx? Or, whether the portfolio really is slightly different now to where it was then?

MASSIMO MONDAZZI: Okay. I'll give you the answer about G&A. So, you mentioned maybe that we're being a bit conservative in giving the guidance. We entered this G&A cost-saving project one-and-a-half year ago, with some target. And we recognized performing this exercise that day by day we can do more. So, this EUR100 million is exactly the result of what has been achieved in addition versus the original target. And this is what is envisaged in existing projects that are already in place and relate to savings that has been already achieved. So, now, Claudio said that this level is definitely confirmed for the four years to come. I cannot exclude that at the strategy presentation - having completed some more exercise in terms of potential cost savings addition, we will have something more to say. About the $4 per barrel in terms of OpEx, sincerely I don't know. Sincerely, we don't have right now a projection to come back to the $4 per barrel, really. But maybe as Claudio said, we can elaborate a little bit more maybe mid-March, Lydia.

LYDIA RAINFORTH: Thank you very much.

OPERATOR: It was the last question.

MASSIMO MONDAZZI: Okay. Thank you.