2013-2016 Strategy
14 March 2013

Speakers:
Paolo Scaroni - Chief Executive Officer
Claudio Descalzi - Chief Operating Officer E&P
Marco Alverà - Senior Executive Vice President Optimization & Trading
Massimo Mondazzi - Chief Financial Officer

Paolo Scaroni

Good afternoon ladies and gentlemen, and welcome to our strategy presentation.

This is the first time that we discuss our strategy after we transformed our business profile and balance sheet through the divestments of Snam and Galp .

Today, I would like to give you an update on the growth and returns which our “new Eni” is positioned deliver.

E&P is the main driver of our growth. As Claudio will detail later today, we have a wave of projects coming to fruition over the next 24 months. This, coupled with our track record of exceptional exploration successes, means we are poised to deliver a decade of strong growth. Our production will grow to around 2.5m boe/d through 1.3m new barrels which are well placed on the cost curve and will deliver robust returns.

In G&P, we are positioning ourselves to make sustainable profits even in a “hub” priced world through accelerated contract renegotiations, a continued focus on solid segments like retail and LNG, and a revolution in the way we serve our larger wholesale customers. Marco Alverà, who is leading the effort on some of these fronts, will give you some more colour during the course of the afternoon.

For different reasons, R&M and our Chemicals business Versalis have been a significant drag on our overall results. Cost cuts, capacity rationalisations and – in Versalis– a refocusing on profitable segments, mean we are expecting significant improvements for both businesses during the plan period, even with no help from the scenario.

With regards to capital allocation, and the future shape of our balance sheet, in 2012 we have delivered a financial improvement of over €19bn through disposals. We will continue to be pragmatic about the way we manage our portfolio of businesses and assets in 2013 and beyond. Our objective is to maximise value for shareholders from non-core assets and from the optimisation of the huge E&P portfolio that we have accumulated through exploration – something we have made a good start on.

But now let me take you through Eni’s positioning and targets in more detail.

The new Eni is more exposed to E&P – a trend that we will continue to see throughout the plan period as we will focus the vast majority of our investments on this business.

More E&P means much higher returns. But it also means greater volatility and much greater political and operational risk than the regulated business we are exiting.

This is why we are fully focused on managing these risks, through a strong balance sheet, strict discipline on project delivery, and the diversification of the different risks we take.

Take North Africa, as an example. Legacy countries Egypt, Libya and Algeria form a significant part of our business – accounting for almost a quarter of E&P's capital employed.

Well, the impacts on Eni of the region's troublesome transition have been managed.

We have not lost a single barrel of production in Egypt, and our strengthened exploration effort has yielded valuable near-field discoveries that have quickly started up to contribute 20 thousand barrels per day.

We have not lost a single barrel of production in Algeria, and made good progress on delivering growth projects with the start up of MLE, a few weeks ago, El Merk a few days ago and CAFC gas, expected later this month.

And in Libya, we have quickly restarted and ramped up production after the 2011 revolution. Of course, the situation remains complex, as last week's temporary interruption of production and gas exports shows. However, the situation has now normalised, and we are reassured by Libya's commitment to the integrity and full functioning of oil and gas facilities including the Mellitah hub – a position which the Prime Minister reiterated to us when we met him on Monday.

Looking forwards, our growth in other regions of the world will reduce our exposure to North Africa both in terms of capital employed and production which will go from one third to around 15% of the total over the next decade.

Meanwhile, our refocusing on E&P comes at a time when the division's growth opportunities have been multiplied...

... by our extraordinary exploration success.

Over the past five years, we have discovered around 7.5 billion boe of new resources, more than double our cumulated production of 3.2bn boe.

And this is not all Mozambique.

Even excluding Mozambique, 2012 discoveries would have been in line with our 4 year track record of around 1bn boe - well above average annual production of around 640m boe.

This remarkable result sets the foundations for industry-leading growth.

Over the next four years, we will grow production by above 4% a year on average, with above-trend years in 2014 and 2015 as Kashagan ramps up and other major projects such as Goliat, Perla and the West Hub in Angola start up.

Our focus is to deliver this growth on time and on budget.

Our visibility is supported by the sanctioning process; we have already taken FID on 65% of new production to 2016, and will raise this proportion to 90% by the end of this year. 80% of this new production comes from projects which are on-shore or in shallow waters.

Looking further ahead, recent discoveries – including Mozambique –will support growth of more than 3% a year on average to 2022.

This new production will deliver strong returns under almost any oil price scenario.

The reason being that our resources come from organic exploration discoveries, with low development costs thanks to our largely conventional, onshore and shallow water giant discoveries and projects.

To this, we need to add operating costs, which will be higher for new production – driven by complex major projects such as Kashagan, Goliat and West Hub in Angola - compared to our bedrock of legacy production.

In any case, we are looking at overall costs per barrel – exploration, capex and opex – well below 30$ for new production, before royalties and taxes which will of course depend on the oil price.

That means returns on new projects will be resilient if the oil price falls, and very strong if the oil price stays at current, high, levels.

Turning now to G&P, over the last few years this business has been affected by a number of crosswinds.

First, we had a rapidly rising oil price. We are not unhappy with high oil prices, which have added billions to E&P results over the last 3 years. But looking at the world from the perspective of G&P, which buys most of its gas through oil-linked long-term contracts, they have resulted in increasing supply costs, only partially absorbed by the supply renegotiations we have closed to date.

Second, we have seen demand collapse. In the EU, we have lost 15% of consumption, or over 80bcm, between 2008 and 2012. And supply has not responded to this, with increased spot availability and the rigidity of take or pay obligations. The result is that selling prices have come under significant pressure.

The combination of these two trends means that when we buy gas on the basis of the existing long-term oil linked contracts and sell it at European spot prices, we lose money.

This is what happened to our European wholesale business, which would have made a significant loss in 2012 if we normalise results for one-off benefits. Overall results were supported by the oil linked LNG and retail segments, and our stable international transportation and distribution businesses with a modest contribution, despite the poor scenario, from our efficient, integrated and co-generative power activities.

Looking ahead, to 2013 and 2014, we are expecting even more pressure on margins, especially in Italy where new contracts have quickly converged with the European hub.

In this context, our number 1 priority is to renegotiate with our suppliers. At the moment, we are in negotiations for around 80% of our gas, with the aim of bringing purchase prices down to at least hub prices less costs.

On that basis, what is the potential profitability of our G&P division? Let's look at this segment by segment.

First, international transport and semi-regulated activities. This business includes international pipelines such as greenstream and bluestream and local distribution assets, and generates stable results.

Second, retail gas and power sales will continue to be a profitable business. We are growing in Italy and Europe, and target an increase of 3m clients to reach 14m by 2016.

Our third business is wholesale – selling gas & power to large and industrial clients. While these customers are extremely price sensitive, we expect to make reasonable margins by selling structured products, with flexibility on volumes and different ways to manage pricing – something which is made possible by the integration of this segment with our trading arm.

Fourth, LNG. This has been a strong contributor to results, something we expect to continue even if LNG prices in the different regions of the world will gradually start to converge.

Add everything together and, once Europe has stabilised and the renegotiations have fed through our numbers, we expect G&P to make something in the region of €1.5bn of adjusted proforma ebitda.

And this in the context of a well-supplied market, where customers do not price in the value of our supply security and flexibility. If the market tightened, through demand growth or supply shocks, our diversified and flexible portfolio would again become a competitive advantage, with benefits to the overall profitability.

Turning to R&M, this is a challenged business but one which has made real progress in 2012 through a combination of an improved scenario and self-help measures.

With regards to the scenario, we believe there is some room for cautious optimism. In the face of dramatic demand declines, around 10% in Italy in 2012 and 3% in Europe, capacity rationalisation is starting to happen. From 2009, 11 refineries shut down in Europe for a total capacity of 1,4 Mboed, and a further 15 refineries could potentially close in the coming years.

That said, our plan targets a return to profitability even without assuming any further scenario improvement.

Our efforts are on track. Last year, we announced a €550m efficiency and optimisation programme, the vast majority of which is in refining.

Over the course of 2012 we delivered around €150m of recurring efficiencies, largely energy savings, labour and logistic cost reductions.

Looking forwards, we will continue the programme we announced for the remaining €400m – mainly through the start-up of EST and further savings.

And on top of that, we have identified additional improvements from the conversion of Venice into a green refinery, cutting 10% of our overall refining capacity [backup 80kboe/d] and exploiting our proprietary eco-fining technology. We also expect marketing results to improve given the impact of last summer's extra-large discount.

Overall, at the same scenario as 2012, we expect R&M to break even by 2014, and make something in the region of €200m of ebit by 2016, with further upside from the potential improvement in benchmark refining margins.

Lastly, an update on Versalis.

2012 was a disaster in the European petrochemicals sector in which we operate. We had the worst scenario since 2000 with high naphtha feedstock prices, which we could not pass on to our ethylene and polyethylene customers because of weak demand and competition from much cheaper middle eastern operators. As a result, we posted a heavy loss.

Given the deterioration in the market, we have increased our efforts on the major turnaround plan launched last year.

The old plan targeted over €400m of incremental ebit by 2015 at a constant scenario, as a result of cost cuts, the refocusing of the portfolio away from loss-making basic chemicals and towards specialties, and the establishment of a foothold in fast-growing Asian markets.

Our new plan targets around €500m of extra ebit by 2016, at constant scenario, with more incisive efforts on rationalisations.

And this on top of the €60m of savings we have already delivered – largely through the closure of the Porto Torres plant. We have also laid the foundations for our portfolio refocusing with agreements in the field of bio-chemicals and with major South Korean and Malaysian petrochemicals JVs.

We expect to make significant progress in 2013, driven by the closure of the polyethylene plant and the reduction of the steam cracker capacity both in Priolo, the start-up of the first two green chemicals plants in Porto Torres, and to reach the breakeven by the end of the plan period even at the terrible 2012 scenario.

At the end of the turnaround period (2017-18) we expect additional EBIT of about €300 m including the pro-forma contribution of our JVs.

This turnaround represents a major change for us, and Daniele Ferrari will be happy to answer any detailed questions you might have – both today and at the specific Chemicals seminar we are organising for April 18 th.

Claudio Descalzi

Thank you Paolo.

Good afternoon ladies and gentlemen.

Today, I will take you through the evolution of our upstream business at what is a very exciting time for us.

The key growth drivers for the next ten years are all in place, and we are making good progress towards rapid and valuable production growth.

But now let me take you through the five drivers of our strategy, and how they translate into actions and targets.

First, our approach. Everything we do is governed by the eni model, our distinctive culture which means operational excellence, continuous improvement and mutually beneficial development.

Second, rapid conversion of our 34bn boe of resources into production, with an accelerated time to market.

Third, delivering on our robust portfolio of 120 development projects, which will add around 1.3 million barrels per day of production over the next ten years.

Fourth, exploration. Starting from our very strong acreage base of about 300,000 (three hundred throusand) sqkm, we are constantly rejuvenating our portfolio to include new material initiatives, in our core areas and in emerging markets.

And fifth, leveraging on our cost efficient structure to ensure resilient and robust returns.

Let’s take a look at each of these in turn.

First, the Eni model.

As you know, eni has a very distinctive approach, which underpins all our actions and supports our capacity to access new resources.

A strong HSE performance is a core part of this approach.

The Total Recordable Injury Rate in 2012 was the best ever, and 50% lower than the average of the previous five years. And on drilling, despite the increasing number of operated wells, we have recorded zero blow-outs in the last 9 years.

On sustainability, last year, we are proud to have achieved record results on gas flaring. Our aim is to reach ZERO flaring by 2017, completing major projects in North and West Africa.

As we are working on this objective, we will continue to turn gas flaring into a development opportunity. Today, our power stations in Nigeria and Congo account for a good portion of

the domestic electricity produced. And this solution is in line with our focus on local development, through energy but also agricultural, social and development projects.

This distinctive approach is the foundation of our growth strategy.

Growth will come from turning the huge amount of resources we found into reserves and production, with an accelerated time to market.

As Paolo mentioned, 2012 was an exceptional year for exploration, with reserve replacement exceeding the positive trends of the recent past.

We discovered **3,6 billion** barrels of resources, with a unit exploration cost of **60 cents** per barrel. In addition to Mozambique, we made major oil discoveries in the Barents Sea, in Ghana, Congo and Angola: these represent about 1 billion barrels of new resources.

As a result, overall resources are up by 7,5% year on year. Most importantly, we have increased P3 and contingent resources by more than 25%, proof of our progress in turning resources to reserves.

This is a result of our strategy of selecting material, high risk – high reward opportunities and accelerating appraisal campaigns.

Our new discoveries have to be transformed into production in a timely and efficient manner.

This is our top priority.

The first step is to sanction projects quickly, which will lead to an average organic Reserve Replacement Ratio of more than **130%** over the next four years, at 90 $/bbl.

This means that we will be able to put 90% of recent discoveries into production in less than 8 years.

In addition to major projects, we will benefit from a stream of fast-track opportunities. For example, in Egypt and Pakistan, we started up fields within a year of discovery that account for 120 million barrels of reserves. And in the Egyptian Western Desert, we ramped up to 20 thousand barrels per day only 9 months after discovery.

This focus on fast tracking our projects translates into our overall production objectives.

Our growth to 2016 will be more than 4% a year on average, at a price level of 90 $/bbl flat. This target includes contingencies of over 200 thousand barrels per day.

Our growth will be resilient to higher oil prices. At 120 $ per barrel, we would deliver growth of more than 3,5% a year on average to 2016.

For the longer term, we confirm growth of more than 3% per year to 2022.

This is based on:

1. a low decline rate of about 4%, coming from dynamic reservoir management and intense production optimization activities, and

2. Our diversified and synergic development pipeline.

Within four years, our new projects will contribute more than 700 thousand barrels per day of production.

Of this contribution, **65%** is already sanctioned, and **90%** will be sanctioned by year end.

80% of this new production will come from giant projects, and 40% will come from additional development phases of producing fields.

Most of our new projects are in our development hubs, where we can leverage on two types of synergy: geological expertise, and scale advantages on operations and logistics.

Our production will be increasingly resilient.

It is already well diversified among different geographical areas, and will become even more balanced across our hubs.

More than 75% of our production will come from either onshore or shallow water, with a positive impact in terms of risks and operating costs.

And finally, in the next ten years, almost 80% of our production will be operated.

The next **22 months** will be crucial for our growth, with 15 major startups which will deliver 450 thousand barrels per day of new production by the end of the four year plan, or 60% of the new production we target.

On this fundamental objective, we are in very good shape.
Progress is in line with schedule. Main projects for 2013 have either started up or are undergoing commissioning and close to completion.

On these projects, we are deploying our best people to exercise strict control of operated activities.

And now, an update on these projects.

In Algeria, MLE started at the beginning of this year, and is ramping up alongside the contribution of CAFC early gas, expected this month.

The two projects are in the prolific Berkine basin, close to our existing operations.

El Merk has recently started up.

Equity contribution from the three Algerian projects in 2013 will be 30 thousand barrels per day, and will grow to 45 thousand at the end of the plan period.

Turning to Kashagan, we are making good progress.

At the end of February, we started up the onshore facilities with sweet gas and diesel: the plant is ready to receive well production.

Offshore, the A-island will be ready for production by the end of this month, while on D-island we have achieved mechanical completion of Train 1 and are progressing well with commissioning.

We expect a June start up, in line with contractual commitments. Contribution to 2013 production will be around 20 thousand barrels a day, ramping up to more than 60 thousand barrels a day in 2015, following the start up of the second Raw Gas Injection Facility in 3Q 2014.

Let’s move to projects starting in 2014.

In Russia, where over the last two years, project development has been faster than expected, Urengoyskoye and Yaro Yakhinskoye are proceeding according to plan. These two projects will add 100kboe/d of equity production to 2016, bringing the overall contribution from the Yamal Hub to 165kboe/d.

In the Barents Sea, the Goliat project has reached 54% progress. Drilling is on schedule, and FPSO construction is progressing in the Hyundai yard, with sailaway planned for the beginning of next year.

Start up is expected in 3Q 2014, with an average yearly equity production of about 20 thousand barrels per day. Equity peak production will reach 60 thousand barrels per day by 2015.

Another project that is making good progress is West Hub in block 15/06 in Angola , where start up is confirmed for 2014, with equity production reaching 25 thousand barrels per day at the end of the plan period.

For the East Hub, concept selection has been agreed with partners, and the project will be sanctioned this year. Start up will be in 2016, with an average equity production of more than 15 thousand barrels per day .

In Venezuela, the first phase of Perla gas project is on track, and start-up is expected in the second half of 2014, with equity production of around 20 thousand barrels per day by the end of the plan period.

On Junin 5 we have just started up anticipated early production, around one year earlier than planned, leveraging on existing facilities. This is very important, as it allows us to de-risk the overall project by improving our knowledge of the reservoir, testing productivity, and assessing gathering systems, with a very limited financial exposure.
Equity production will be around 30 thousand barrels in 2016.

To complete the overview of our projects, in the last two years of our plan we will have 11 major start-ups, which will add 150 thousand barrels per day by the end of the plan.

Five of these major projects are already sanctioned, all others will be sanctioned by the end of 2014. All are either in execution or in the front end engineering phase, and are progressing in line with plans.

Moving to a longer term outlook, Mozambique will be a pillar of our growth.

We have completed 8 wells and tested 5, all successfully. Potential Straddling resources account for 48 Tcf of gas in place, while 27 Tcf are exclusively within Area 4. This year, we plan to drill one final appraisal well on the Mamba Complex and one or two new exploration wells. The appraisal phase will be completed in May, just 18 months after the first discovery.

On development, eni and Anadarko will jointly plan and build common onshore LNG facilities in Cabo Delgado. The initial development phase consists of 4 trains of 5 Million Tonnes PA each, and the site could potentially host 10 trains, equivalent to 50 Million Tonnes PA.

We will now proceed rapidly with the technical and commercial activities. We foresee FID in 2014, and first cargo four years later.

As you are aware, a few hours ago we finalized an important transaction related to this asset. We will be glad to answer your questions on this after the presentation.

Two more key pillars of our long term growth are the Barents Sea and Indonesia.

In the Barents, the development of Skrugard and Havis is progressing.
The development concept has been selected, and start-up is expected in 2018.

In the Pacific Basin, we are continuing our strategy of organic growth in a robust market, leveraging on synergies with existing facilities.

During this year we will take the FID for the Jangkrik development project in Indonesia. Production start up is expected in 2016, with an equity contribution of 25 thousand barrels per day.

Indonesia will contribute over 100kboe/d of production by 2022 through the Jangkrik complex, Jau and Kutei Basin.

Turning to exploration, we expect to continue our track record of value creation.

In Russia we are progressing well, thanks to good cooperation with Rosneft. We have set up the operating companies, and we are preparing to drill in 2015. Our program in the area over the next four years encompasses more 300 million euros of capex.

The Gulf of Mexico and Asia-Pacific will be key areas of our exploration, accounting for nearly 20% of our exploration investments in the four year plan. In particular, this year we will start activities in Vietnam, drilling our first well just a few months after obtaining the licenses.

Meanwhile, near-field exploration will be mainly focused in our legacy areas of North Africa, Pakistan and Congo.

We will drill more than 230 exploration wells in the next four years, and we confirm our target of 1 billion barrels of discovered resources per year with a very efficient cost position of 2 $/bbl.

Rejuvenating our exploration portfolio is a constant priority. In 2012, we added more than 80 thousand square kilometers of new acreage to our basket, mainly in the Barents Sea, East Africa and Vietnam.

As part of the transaction finalized a few hours ago on Mozambique, we are entering Rongchang block in the Sichuan basin in China, one of the most prolific shale gas basins in the world. We will be glad to answer your questions on this after the presentation.

Turning to exploration, we expect to continue our track record of value creation.

In Russia we are progressing well, thanks to good cooperation with Rosneft. We have set up the operating companies, and we are preparing to drill in 2015. Our program in the area over the next four years encompasses more 300 million euros of capex.

The Gulf of Mexico and Asia-Pacific will be key areas of our exploration, accounting for nearly 20% of our exploration investments in the four year plan. In particular, this year we will start activities in Vietnam, drilling our first well just a few months after obtaining the licenses.

Meanwhile, near-field exploration will be mainly focused in our legacy areas of North Africa, Pakistan and Congo.

We will drill more than 230 exploration wells in the next four years, and we confirm our target of 1 billion barrels of discovered resources per year with a very efficient cost position of 2 $/bbl.

Rejuvenating our exploration portfolio is a constant priority. In 2012, we added more than 80 thousand square kilometers of new acreage to our basket, mainly in the Barents Sea, East Africa and Vietnam.

As part of the transaction finalized a few hours ago on Mozambique, we are entering Rongchang block in the Sichuan basin in China, one of the most prolific shale gas basins in the world. We will be glad to answer your questions on this after the presentation

Our growth will be funded by about 47 billion Euros of capex in the next four years, an increase of 5,5% over the previous plan.

This variation is driven by three factors:

- Evolution of the portfolio, with projects being completed in Kazakhstan, UK and Norway, and the start of major expenditure in Mozambique, Indonesia and offshore Nigeria;
- Cost inflation for services and material
- And exchange rates, with around 1.5 billion euros increase due to the appreciation of dollar versus euro

Development capex will be geographically diversified and concentrated on developments with a fast startup: more than 75% of the capex is related to activities and projects with production in the four-year planning horizon.

Exploration capex will follow an allocation similar to the past years, with 25% dedicated to frontier exploration, 45% to proven basins, and 30% to near-field activity.

Our growth will be both valuable and resilient.

Operating costs will remain among the lowest in the industry, notwithstanding the start up of new large projects, which are mainly under PSC contracts.

Finding and development costs will continue to improve, driven by confirmed low exploration costs, and efficient developments.

In addition, a steady flow of promotions to proven reserves will be guaranteed by the time efficient sanctioning of our projects.

Our assets will deliver attractive cash generation and returns.

Rebasing 2012 cashflow per barrel to our scenrio of 90$/bbl, the increase to 2016 will be around 15%, thanks to the increased proportion of oil in our new production.

Looking at returns, the IRR on new projects will be strong, around 20% at our scenario of 90$/bbl, thanks to contained development costs and our focus on rapid delivery.

Breakeven price of new production will remain at 45 $/barrel, preserving profitability.

Starting from 30% in 2012, inactive capital employed will be around 20% at the end of the plan period, thanks to production start-ups and to our strategy to develop giant fields by phases.

In conclusion, we are entering into a very strong period for E&P.

We are fully focused on our drivers;

- accelerating conversion of resources
- delivering our projects into production,
- successful and valuable exploration, and
- increasing returns through the continuous improvement of our performance.

Overall, we are in a better position than ever before to deliver sustainable long-term growth.

Thank you, I will now hand over to Marco.

Marco Alverà

Thank you Claudio.

Good afternoon Ladies and Gentlemen.

The European gas business has changed quite a bit in the last few years, and the revolution is not yet over.

Today, I would like to go through the most recent developments in the market and the decisive steps we are taking to recover profitability in our core areas.

Starting with the market.

As Paolo highlighted, we are seeing further deterioration in 2013, mainly in Italy.

There are three reasons for this:

First demand will be poor, suffering from declining industrial production and substitution from renewables and coal in the power sector.

Second, supply is not falling with demand because of the significant take or pay volumes delivered in Italy.

Third, once gas comes in it can’t go out again, as Italy lacks physical export capacity.

The result is that the Italian market is currently oversupplied.

This is reflected in the dramatic drop of the PSV hub in Italy
from a steady premium of around 50 € per kcm in the last two years to levels lower than Northern European hubs today.

This new level is well below the cost of our oil indexed take or pay contracts.
In this challenging context, we are taking concrete action to reduce supply costs and enhance our commercial offering.

Let’s look at these areas in more detail, starting with supply.

We are proactively engaged in formal price discussions with all our major suppliers. We regard this as an opportunity to positively reposition this business.

We have set ourselves 2 ambitious targets:
Our first one is to align supply prices with hub prices less logistics costs

Our second target is to reduce minimum contractual volumes to increase flexibility in our portfolio and cope with demand volatility.

We are confident in our targets because of our contractual or legal rights to a competitive price and a profitable business.

To predict the exact timing is much more difficult, as implementing these structural changes to the contracts will take time and in some cases more than one negotiating round.

Some suppliers have their own interpretation of contracts and markets and that is why we are considering all options, including arbitration.

And if a negotiation turns into arbitration, what we would normally expect to close in a few months may turn into a couple of years.

Our approach here is to always favor a good deal over a quick deal, also because delayed settlements have retroactive compensation, so that overall economics are not directly impacted by the timing of the conclusions.

Given the uncertain timing, the quarterly volatility in our earnings and cashflow may be significant until the negotiations are settled.

Based on the current status of our discussions, we expect to bring significant improvements to our supply position already in 2013.

A rebased supply portfolio is the first pillar of a sustainable G&P division. The second is an attractive commercial offer.

Based on the size and solidity of our gas portfolio, we also have potential upside if the market picks up in Europe.
There are several potential triggers for a market tightening.
The four to watch more closely are:
1) decisions on nuclear phase outs in Japan, Taiwan and Europe
2) continuing growth in LNG imports in India, South America and the Middle East as well as China
3) new EU legislation on CO2 or Coal consumption
4) and finally, a more rapid decline in European production and the tightening gas balance in North Africa where gas consumption is growing steadily.
Any combination of these could drive prices higher as there is not that much spare capacity in Europe right now.
After all, only last week, spot prices hit a seven year high on limited flexibility concerns.
So, in conclusion,
even if the two years ahead will be challenging and volatile,
we are making steady progress to restore profitability in our contracts,
integrating our operating platforms
and enhancing our commercial capabilities in pipeline gas and LNG,
and overall we are confident we have everything we need
to generate significant sustainable long term profits in this business.

Thank you for your attention –
I will now hand over to Massimo who will take you through the financial outlook.

Massimo Mondazzi

Thank you Marco.

Eni's strategic growth prospects are supported by a strengthened financial structure, with net debt at YE 2012 almost half its level at YE 2011 and leverage at 0,25.

This stronger financial position is coherent with our new business profile, more exposed to the E&P business.

Going forwards, we expect to maintain leverage within a target range of 10-30% - using this flexibility to absorb temporary fluctuations in oil prices, in market environments and in our business results.

As well as lower net debt, we are also holding a stronger liquidity position. Our aim in the current market context is to retain cash and cash equivalents to cover around 2 years of refinancing needs, ensuring sufficient independence from the credit and banking systems.

Meanwhile, over the next four years we will invest €57bn to fuel the growth highlighted today.

This is broadly stable compared with the investment plan we presented last year. Excluding the effect of the stronger dollar we now anticipate, the increase amounts to around €1.6bn, or less than 3%.

The increase is largely related to the improved growth opportunities in E&P, including Mozambique, partly offset by the completion of Kashagan.

Indeed, our plan is focused on E&P, which accounts for 83% of total investments and 90% of discretionary investments, excluding essential maintenance and HSE in other segments. E&P development capex is expected to provide excellent returns, with an IRR above 20%.

Other increases relate to Versalis, with an additional €400m over four years to support the turnaround, and Saipem, which plans to complete the fabrication yard in Brazil and upgrade some vessels and onshore rigs.

With regards to G&P and R&M, we are increasingly selective in capital allocation and our combined plan is 15% lower than last year's.

Taking a closer look at our mid-downstream businesses, capex will be largely concentrated on efficiency programmes and the refocusing of our portfolio on more attractive niches.

In G&P, around 60% of the investment plan is related to power generation. Other investments include upgrades in gas transport and distribution, businesses with resilient returns.

In Refining, a key project will be the conversion of Venice into a bio-refinery to recover profitability in a critical site. EST, our proprietary technology for the full conversion of the barrel, will be on stream in the second half of 2013 improving the complexity of our refining system. Remaining capex will include the maintenance and upgrade of our refineries, logistic rationalisation and non-oil development of our service stations.

Finally, chemicals capex will be focused on new initiatives to reduce exposure to basic chemicals and refocus in better segments and geographies. €0.5bn is related to the

conversion of Priolo and Porto Torres to the attractive segments of elastomers, resins and green chemicals, reducing the capacity of ethylene and polyethylene and increasing the 2016 ebit by €150 million at 2012 scenario.

Our capex plan will be more than fully funded by a strong cash generation.

We project stable cashflows in the region of €20bn per year over the plan period.

Our operations will deliver growing cash-flow during the next four years, driven by increasing E&P production and the gradual recovery in our mid and downstream businesses, mainly G&P.

On top of that, disposals will deliver more than €10bn of additional cashflow. These include the rest of Snam and Galp and some rebalancing in our E&P portfolio benefitting from the substantial exploration success recently achieved. We expect this programme to be front-end loaded, mainly over the first two years.

The plan does not include the potential upside from higher oil prices – our sensitivity is around €120m on cashflow for every additional dollar on Brent prices.

And now I will hand you back to Paolo for his closing remarks.

Paolo Scaroni

The strategy and targets we have set out today will generate significant free cashflow, which is the basis for our new shareholder distribution policy.

As you know, this year we have taken a fresh look at the way we return cash to shareholders because, with the sale of Snam, we are a different company - more E&P and less regulated, more growth and more volatility, less debt and more liquidity.

The new Eni will return cash to shareholders through:

1. A progressive divident policy, plus
2. A new buy back programme.

Let's look at both in more detail.

First the dividend.

This will be progressive, growing over time at a rate which broadly reflects the group's underlying earnings and cashflow growth, while taking into account investment requirements and the overall financial structure.

This dividend policy is based on our plan scenario which includes $90/bbl oil and a gradual European demand recovery.

According to this policy**, on the basis of our projections the dividend which I would propose to the Eni Board for 2013 would be €1.10/sh, a ca. 2% increase on 2012**.

Second, the buyback.

This will be activated at our discretion and when a number of conditions are met. These include, but are not limited to, satisfactory leverage, well within our target range, and full coverage for capex and dividends throughout the plan period.

Just to give you an idea of our mental framework, rather than a forecast – for 2013, should we see oil prices remaining at current levels and should we be making good progress on our business and cashflow targets, **we would consider** the activation of the buyback.

I will now bring the formal part of this presentation to a close.

But before I open the floor up for Q&A, I wanted to wrap up by highlighting the extraordinary growth period that we are about to enter. The basis of our growth will be the start-ups we will deliver this year and in 2014. And our longer-term prospects are ensured by the transformational discoveries which we have made, and the high-impact exploration acreage in our portfolio.

At the same time, we are making progress on the restructuring of our mid and downstream businesses, re-basing the gas business for sustainable profitability in a hub based world, cutting costs and capacity in R&M, and refocusing the chemicals portfolio on profitable segments.

In addition, we have further upside from disposals, which we will pursue to maximise value for our shareholders.

Thank you for your attention. We will now be delighted to take your questions.