

Eni

2021 Fourth Quarter and Full Year Results

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Presentation

Speaker: Claudio Descalzi – CEO

Good afternoon and welcome to our 2021 full-year results presentation.

While the world economy is still normalizing, in 2021 we both accomplished one of our best economic and financial performances of the last decade and accelerated our transformation strategy.

Let's move on to the highlights of the year.

From the strategic point of view, we have been enhancing the value of our businesses by creating independent vehicles inside our portfolio. These focused companies will attract new capital, unlock value and accelerate growth.

The upcoming IPO of Plenitude and the creation of the business combination with BP in Angola fit into this framework.

Furthermore, this week we completed the successful listing of Vår Energi, at a valuation of 8 billion dollars, receiving a demand of 4 times our original offer, raising a total of 1 billion dollar. Vår Energi is the largest O&G IPO in Europe in over a decade. This represents the evolution of our successful experience in Norway where, over the last few years, we have become one of the top producers.

This listing will support the development of our assets, while unlocking capital for the transition. Norway continues to represent a key area for Eni also in the renewables space with Vårgrønn, the entity we established to develop offshore wind projects in the Nordic-Baltic markets.

While speeding up the execution of our new businesses, we have further improved our HSE performances.

Thanks to the constant efforts in building a safety culture, we have confirmed our historical track record positioning Eni as the industry leader with a Total Recordable Injury Rate at 0.34 per million working hours.

Our strong execution and discipline on costs contributed to:

- a group adjusted operating income of 9.7 billion euro, the highest since 2012 when average Brent price exceeded 110 dollars per barrel

- a CFFO pre-working capital of 12.7 billion euro excluding the effects of derivatives and
- the reduction of our leverage to 20%, with capex lower than 6 billion euro.

With the material improvement of our balance sheet and this strong financial performance, we were able to restore our dividend and buyback to pre-COVID levels.

In 2021 we significantly accelerated our transformation. We announced our commitment to net zero scope 1+2+3 emissions by 2050, with the aim of helping our customers to move progressively to clean energy.

We took concrete actions on our plan to create a diversified, decarbonized energy portfolio.

This is the case of Plenitude, our new company that is integrated along the green value chain and which will act as a catalyst for driving down scope 3 emissions among our customers.

We also progressed in the development of low and zero carbon technologies, which are at the heart of our transition model. As an example, we are the operator of the transportation and storage segment of the Hynet North West carbon capture and sequestration project, which is located in a major industrial hub in the North West of England and Wales and which received strong interest from industrial clients with the signature to date of 19 agreements for the storage of their emissions.

As main shareholder in Commonwealth Fusion Systems, an MIT spin off, we achieved an important milestone on magnetic confined fusion, a technology which could lead to the worldwide application of zero-emission electricity generation within the next decade.

And, finally, in biorefining we leveraged our longstanding partnerships with key African countries where we are jointly progressing the development of circular economy projects aimed at securing a diversified agro-bio feedstock.

We also made important steps towards linking our transition strategy to financial instruments and, first in our sector, we successfully issued a 1 billion euro sustainability linked bond to support our development plans.

Turning now to Natural Resources.

In Upstream we delivered solid results in exploration and production, achieving a yearly production of 1.7 Mboed with more than 700 Mboe equity resources discovered at less than 1.5 \$/boe Unit Exploration Cost, far exceeding our exploration guidance.

Production was sustained by the ramp-ups in Egypt, start-ups in Indonesia, UAE and Angola, which compensated for PSA contracts effects, Nigerian under-production, and maintenance in Norway, as well as natural depletion.

Overall, we fully captured the favorable scenario resulting in an outstanding 2021 adjusted EBIT of 9.3 billion euro.

In GGP, we reached a very strong Ebit of 0.6 billion euro, exceeding the yearly guidance. Leveraging the flexibility of our portfolio, we have captured substantial value from asset optimization and from the conclusion of long-term contract negotiations. Furthermore, we restarted our Egypt LNG plant Damietta in the first half of the year and have already delivered more than 50 cargoes to date.

These solid results come along with a progressive increase of carbon efficiency in our Upstream assets.

Regarding our upstream scope 1 and 2 emissions, our net absolute reduction at year end is -25% compared to 2018, with a progress in line with the targets of -50% by 2024 and net zero by 2030.

This result has been achieved through: Zero flaring projects, the adoption of best practices to reduce fugitive methane emissions and energy efficiency initiatives such as electrification.

Eni's exploration confirmed its world-class track-record with a major discovery in Cote d'Ivoire in September- Baleine-, coupled with several other commercial discoveries in Norway, Angola, Ghana, Indonesia and Mexico. The Baleine discovery potential is estimated to be around 2 billion barrels of oil in place and 2.4 trillion cubic feet of associated gas. This discovery will also contribute to domestic gas power generation to meet the country's growing energy need.

The FID for Phase I has been reached after 5 months from discovery. The project will be a Scope 1 and 2 net-zero development, the first of this kind in Africa.

Baleine confirms our commitment to generate high value while reducing the carbon footprint and our focus to improve the time-to-market of our exploration discoveries.

Likewise, in Congo we are fast-tracking a gas valorization development to deploy gas production both for the domestic power generation and LNG export. This development will timely capture a favorable market window and will support our zero-routine flaring target.

The export project consists of two modular and flexible LNG liquefaction plants, which allow a competitive time-to-market. Together they will reach nearly 2 MTPA liquefaction capacity at plateau.

We target LNG production to start-up in 2023.

Let's move to Plenitude.

Last November we unveiled the creation of Plenitude, which integrates the experience we have built over the decades in retail, in renewables since 2015, and more recently in e-mobility.

In 2021 Plenitude reached an EBITDA of 600 million euro, 25% higher than in 2020 and a total renewable capacity -installed and under construction- of more than 2 GW, achieving the accelerated yearly target.

In January Plenitude continued to enlarge its pipeline with the acquisition in Greece of Solar Konzept Greece, an asset development company with 800 MW pipeline of solar projects at various stages of development.

Plenitude's retail segment also grew, building its international customer base and increasing its services' offering. The company will offer all its retail power customers 100% net zero power from later this year.

In Downstream, during 2021 we progressed the enhancement and restructuring of our portfolio of low-carbon technologies.

We started a new Biomass Treatment Unit in Gela and we have been working to diversify our bio-refining supply chain to make it more and more sustainable: throughout the year we halved our use of palm oil and we are on track to meet our target of being palm-oil free by 2023.

We started the production of Sustainable Aviation Fuel and signed agreements with Rome and Milan airports.

Always on sustainable mobility, we made a material move with the acquisition of Fri-El, a leader in Italian Biogas production.

In the Chemical sector, Versalis acquired 100% of Finproject, becoming the Italian leader in the manufacturing of special polymers, and with the acquisition of Ecoplastic, we have expanded our expertise in the recovery, recycling and transformation chain of styrenic polymers.

Downstream results improved year on year with a 125 million euro adjusted pro-forma EBIT from last year's loss of about 160 million euro, sustained by a strong performance in the chemical sector in the first half of the year and a resilient Marketing. On the other hand, traditional and bio-refining remained challenged due to weak demand and higher energy and feedstock costs.

Moving on to our cash balance.

2021 was one of our best performances in the last decade, with the underlying cash flow from operations before working capital at 12.7 billion euro excluding the effects of derivatives, more than twice our capex, and resulting in an organic FCF of around 7 billion euro, the highest since 2012.

The outstanding performance of the cash result allowed us to completely cover our capex, remuneration and the acceleration of the transition businesses, leading to an overall excess Free Cash Flow of more than 2 billion euro.

Group cash neutrality for capex and floor dividend was at 40 \$/ bbl, beating our initial target of about 50 \$/bbl expected for the year.

Finally, we reduced our net debt by 2.6 billion euro moving our leverage at 20%, which confirms a solid and robust balance sheet.

To conclude, 2021 was a year of strong delivery.

We took important actions to become a leader in producing clean energy and offering customers a full set of decarbonized products and services.

We improved our main operating and financial targets and we provided evidence of consistent execution of our strategic path, supported by our strong Upstream performances.

In an increasingly solid business context, for 2022, we expect another strong year of performance and strategic achievements.

And I am now available together with my team to answer your questions.

Q&A Session

Corporate Respondents

Claudio Descalzi, CEO

Francesco Gattei, CFO

Guido Brusco, Chief Operating Officer Natural Resources

Giuseppe Ricci, Chief Operating Officer Energy Evolution

Cristian Signoretto, Director Global Gas & LNG Portfolio (Natural Resources)

Stefano Goberti, CEO Plenitude

OPERATOR: (Operator Instructions) The first question is from Irene Himona with Societe Generale.

IRENE HIMONA, SOCIETE GENERALE: Congratulations on the strong results. My first question concerns distribution policy, which has been linked to Brent. The scenario stopped at \$65 and I wonder if you're prepared to speak about what the market can expect in the current \$90 environment, please?

My second question concerns Saipem. If you can remind us what is your return on that investment, please? The logic of continuing ownership, and would you intend to support the company in any future capital raising?

CLAUDIO DESCALZI: Thank you. For the distribution policy, our distribution policy had a set limit at \$65. Clearly, we have to revise this distribution policy. As we announced the distribution policy, so the dividend and the share buyback will be disclosed and presented during our strategy presentation in March, 18th. So that is what I can say. Clearly, the environment changed completely. So we have to adapt our distribution policy.

For Saipem, so what we believe really - now you saw that we injected new resources. They are in a restructuring process, reorganization, and they are working to present a new plan. Clearly, a new plan that must be presented to the market, so to the shareholders to understand what about the future. So until we know exactly which kind of program, project reorganization, restructuring, cost cutting, we cannot express anything. Clearly, with CDP, we support Saipem, but we have to understand the future. And that's what I can say at this moment in time.

OPERATOR: The next question is from Massimo Bonisoli with Equita.

MASSIMO BONISOLI, EQUITA SIM S.P.A.: A couple of questions from my side. One is regarding Capex spending in 2022. I understand that you will have more details at the capital market day. But just some consideration regarding the inflation ongoing in the system, so maybe that can affect your Capex budget into 2022? If you can spend some words on that.

And the second on the biofuel production, which become quite important, even including the Versalis. So if you can let us know the 2021 volumes, the EBITDA, if possible, and the expected capacity in 2022 following the recent announcement?

CLAUDIO DESCALZI: I will answer the first question. Because I don't have to talk too much about the 2022, I just give some outlook. And then for the rest, Pino Ricci and Francesco, if want to add some detail can answer. So for CAPEX, I think that the most important signal we gave also during the 2021 was to have a very strong discipline on CAPEX. And that is also the reason why we have been able to exploit at the maximum level the good price. And for that reason, we reached an outstanding EUR 7 billion of free cash flow. So we want to apply the same kind of discipline also for the next period, clearly for 2022.

We're already working on that. We have already embedded the possible inflation, or in any case, the inflation in terms of cost. But what I can say that the CAPEX for 2022 will be more or less in line with the CAPEX that we had in 2021. So, [...] yes, a little more, but it's around the same kind of value, so around EUR 7 billion. Clearly, in 2022, we continue to invest in the transformation. So we consider also in the EUR 7 and something billion, we consider also the investment that we were going to do in our transformation. So that is not just the green renewables, but also the transformation in green and biochemicals and refineries.

And we continue to invest in the upstream because we discover many, many reserves. But we try to be, as we have been, until now, very efficient in our investment in the upstream. So for the second question, I give the floor to Pino Ricci.

GIUSEPPE RICCI: Thank you, Claudio. About the biofuel production in 2021, our production was slightly less than last year; 670 kilotons versus 700 kilotons mainly because of the effect of COVID on the demand. About the 2022, of course, we expect that the demand will grow. What we have seen also in the last quarter of last year, so we will increase the utilization of our biorefineries.

About the EBITDA, of course, the 2021 was a strange year because the demand of HVO, the hydrogenated vegetable oil dropped a bit mainly in the first half because of the COVID. And there was a lot of pressure on margin due to the high cost of feedstock coming from Far East because of the COVID effect on Malaysia, Indonesia and so on. And in the last quarter the cost of energy has a certain impact on the result. So we the EBITDA was lower than last year and it was slightly negative. What we expect for the 2022 is a slight increase in the margin. And our strategy that we are speeding up is just to remove the risk of the volatility of the price of the feedstock because we're investing a lot in the vertical integration, the realization of agricultural production and waste collection in the countries where there are availability of this. We have recently announced the agreement with many countries, Kenya, Republic of Congo, Benin, Angola and so on, that will allow us to have a lot of feedstock available for the refineries, controlling all the supply chain.

CLAUDIO DESCALZI: I just want just to clarify a bit better what I said before about CAPEX. When I say in line, I talk in line with the previous plan that we presented. So when we say in line, we talk about an average of EUR 7 billion. That is what was in line. Because in 2021, we spent a little bit less.

OPERATOR: The next question is from Lucas Herrmann with Exane.

LUCAS HERRMANN, BNP PARIBAS EXANE: Two questions, if I might. Could you just confirm the amount that you're going to receive from the spin-out or from the sell-down of your position in Var?

And secondly, could you talk a little bit more about the development you're referring to in the Congo in terms of bringing on 2 million tons of capacity by -- or did you say plateau 2 million tons of capacity by 2023. Seems a very rapid development time line even for a modular LNG facility. So just some expansion there, if possible.

CLAUDIO DESCALZI: Thank you. So the first question is for Francesco and the other for Guido.

FRANCESCO GATTEI: Yes. Lucas, on Var, the IPO collected - clearly is still going on - and you know that there are green-shoes that are, let's say, traded during this day. So the overall amount will be available at the end of this, let's say, early phase of trading. But we are in the range at - between the 2 parties - of \$1 billion of cash-in and will be split 50-50. So that is the kind of expectation, should be in the range of \$500 million for **Eni**.

GUIDO BRUSCO: Thank you. Yes, indeed, the LNG project will exploit the abundant resources in our Marine 12 Blocks, which are in excess of those required by the domestic market. And we will apply, of course, our distinctive fast-track development concept to target a start-up in 2023, and the full capacity, the 2 million tons per year in 2024, capturing the current market window. The execution - the fast execution is clearly been achieved, thanks to the availability of gas resources and to the availability of modular offshore facilities, which are being contracted and will be available in country by the Q2 of 2023.

LUCAS HERRMANN: Of Q2 of this year? Sorry, just to be clear.

GUIDO BRUSCO: Q2.

LUCAS HERRMANN: Q2 2022, I think you said.

GUIDO BRUSCO: No, no, the start-up is in [...] the unit will be available in 2023 for the...

CLAUDIO DESCALZI: ... for the installation and then start-up. The start-up is during 2023.

OPERATOR: The next question is from Henry Tarr with Berenberg.

HENRY TARR, BERENBERG: Just a quick one on gas sensitivity and the impact of splitting out the higher gas prices on cash flow, particularly for the quarter as we look at 2022. Apologies if I've missed it, and you've already talked about this.

FRANCESCO GATTEI: Okay. About the gas sensitivity, it is difficult to read the gas sensitivity just on a quarterly basis because there are various factors playing in. You know very well that our gas equity - I think that you're referring to the sensitivity in term of upstream value - and you know that we have a split of according with the contract that we produce. In term of volume, just to give you some, let's say, rule of thumb, we have 20% that are related to spot. It is clearly mainly European and U.S., European and U.S. trading. While in the remaining part, there are substantially split with an oil-linked formula and, let's say, a domestic reference or fixed formula of pricing.

So the sensitivity, just to give you an idea, it is that we have almost \$170 million of increasing of cash flow in case of \$1 per million BTU of growth, but this is in a yearly basis. On a quarterly basis, clearly, there are many factor according with the mix component and with the different price changes. So I would prefer to give you this, let's say, longer reference.

HENRY TARR: Is that \$1 per mmbtu as a global average gas realization? Or is that linked to TTF?

FRANCESCO GATTEI: It is related to the overall mix, not just a single mix, not just a specific region.

OPERATOR: The next question is from Biraj Borkhataria with RBC.

BIRAJ BORKHATARIA, RBC CAPITAL MARKETS: First one is on the LNG project get in the Congo. Could you disclose a breakeven for that project? And also confirm whether the sales are all tied to contracts or they're going to be spot exposed there?

And then the second question is on refining margins, which obviously you referenced some of the headwinds. But could you provide a sensitivity to your refining margin to rising energy and carbon costs?

CLAUDIO DESCALZI: For Congo LNG, what we can say is that the breakeven is clearly double digit because that is associated gas. So we drill, we produce oil, and that is associated gas. So for LNG is double digit. And all this gas will be on spot market. So double digit for the upstream and the spot market for the trading of gas. Second question?

GIUSEPPE RICCI: Now about the impact of the energy cost on the downstream. We are seeing that the spike of the price of the gas and the electricity and steam produce an extra cost versus the previous year of EUR 500 million for the refining, reduced to EUR 300 million with the optimization initiatives that we have put immediately on field including the replacement of gas with other light fuel, less expensive. And the reduction of use of some plants with high consumption of gas. The same impact was on chemicals, where in the year, the impact was about EUR 250 million, so very, very high. In term of SERM, the impact of SERM that it means 3-4 dollars per barrel.

OPERATOR: The next question is from Mehdi Ennebati with Bank of America.

MEHDI ENNEBATI, BOFA SECURITIES: Just maybe the first question about your cash flow generation, the EUR 5.8 billion figure that you've published. So from what I understand, it has been positively impacted by commodity derivative inflow of around EUR 1.7 billion. Can you tell us if we should expect this gain to reverse in 2022 or not at all?

And second question, just a follow-up maybe on your dividend policy. So you've highlighted that you fixed - you were expecting that the Brent price in 2021 to be at 65. It came at 71, okay, finally, in 2021. Should we then expect an adjustment of the full year 2021 shareholder remuneration policy during the Capital Markets Day, or no?

And maybe just, please, a follow-up regarding your gas price realization. You said 20% of your gas price realization is linked to spot Europe, U.S. Can you please provide us the split? Is it 10% Europe, 10% Henry Hub because honestly, it has been - I think your realized gas price has been particularly weak in the fourth quarter, given that Brent price went up. So oil-linked price should have gone up even if they went like TTF was up quite significantly and even the Henry Hub went up quarter-on-quarter.

FRANCESCO GATTEI: The derivatives, yes, it's correct that the EUR 5.8 billion, that is the cash flow from operation, let's say, after working capital and derivatives is -- will be -- we'll see some reverse next year. In particular, we are referring to the almost EUR 1 billion of cascading effect that we have in power derivatives. You know that these kind of tools, once they get close to the end of the year, they are closing the derivatives and you cash in this temporarily. And that this will reverse in the coming quarters. So it's not just specific in the first quarter, but will be spread around in the remaining - in the full year of 2022. So this is EUR 1 billion negative effect that you will see in the working capital for the next year. All the data that we have presented in the presentation are actually before excluding this effect.

About the demand-related to the spot reference for gas, we could say that of that 20%, practically almost 90-95% is essentially European gas because we have very limited gas production in U.S. So it's not linked to Henry Hub.

MEHDI ENNEBATI: About the dividend please?

FRANCESCO GATTEI: Yes. About the dividend, you know that we declared last year in July the price reference. This was actually, we do not make a sort of, let's say, back change of the pricing - we will present the new distribution policy in the coming Capital Markets Day on 18th of March. On the basis of that, we will present which will be the scale. That is clearly above will be above the \$66 that at the time last year was supposed to be, let's say, a quite distant figure. And now actually is back, is already below the reality, well below the reality. And we'll see also which are the different reference and the price deck.

MEHDI ENNEBATI: All right. So just to make it clear, your new, let's say, Brent price deck for 2022 or your new dividend policy will only start impacting the dividend payment for 2022 or the 2022, sorry, dividend payment?

FRANCESCO GATTEI: Yes. Today with the press release, we also announced that we confirm the dividend for 2021. So the second installment is confirmed at 0.43 €/sh So for 2022, we will have the new reference and the new values.

OPERATOR: The next question is a follow-up from Irene Himona with Societe Generale.

IRENE HIMONA: Apologies. It's a question on the cash flow. You raised EUR 2 billion by selling your receivables, so factoring effectively. Can you help us understand, if this is in a specific part of the business, perhaps the retail side? And should we anticipate that this can be replicated in future? And is it not expensive to do that?

FRANCESCO GATTEI: Related to the increase of the commodity prices that makes this kind of clearly of receivable higher and bigger. So it is something that is mainly related to the gas pricing.

OPERATOR: The next question is a follow-up from Massimo Bonisoli with Equita.

MASSIMO BONISOLI: Just a question on gas in Italy. If you can shed some light on the current discussion with the Italian government and should we expect some revamping of gas production in Italy from your upstream? And what would be the eventual economics from the increased volume there?

CLAUDIO DESCALZI: So we discussed with the government but clearly, we don't know exactly what they are deciding in terms of norms and in terms of future. What I can say that we are open, we are open to discuss and in the case to have the possibility to develop some new reserves, we are ready to do that. We still have some reserves. We still have the capability to increase production in Italy. So we wait and we see. Clearly, we are open and ready to ask and invest in Italy on the gas side.

MASSIMO BONISOLI: And if I may squeeze in Argo and Cassiopea are included in those discussions or they will go on separately?

CLAUDIO DESCALZI: Argo and Cassiopea are included in our investment plan. So it's something that, in any case, is something that is ongoing. So it will be included in the additional gas sure, but what I'm talking about is new investment or new activities because it's more or less our side track workover and some infilling wells, or in some cases, we have some possible new field that we didn't develop. But Argo and Cassiopea is already in our plan.

OPERATOR: The next question is a follow-up from Lucas Herrmann with Exane.

LUCAS HERRMANN: We're all doing very well this afternoon. Just 3 more briefly, if I might. Firstly, the EUR 7 billion of CAPEX, does that assume a full year of contribution towards Angola? Or is that EUR 7

billion assuming -- does that EUR 7 billion assume that Angola has effectively treated an associate from some point?

Secondly, can you just give us an indication of what kind of volumes you expect to be able to take out of Egypt this year in LNG?

And thirdly, apologies, a really unfair question. But how are you thinking about the oil price in 2022 and beyond? How has your view changed? I'm asking clearly on the basis that it's key to the distribution policy that you'll start to talk around at greater length in March.

CLAUDIO DESCALZI: Yes. For Angola, clearly, we - is really marginal what we have inside our plan. Because clearly, we consider ready the business combination and this investment will be in the business combination.

For the price deck for this year, so what I think about the scenario - not the price deck. The price deck will be disclosed in terms of dividend next month. What I think about the scenario is that - so the supply is still tight, and so there's a gap between demand and supply. But what are - also saying that now the investments restarted. So we have new investments, especially on the oil side. So we have new investments and I think that really, in 2022, I think we can see the benefit of this investment, so to reduce the gap in the distance between supply and offer.

I can't say what will be the price. But I noticed that there is a reaction, especially from the NOC or from the producers in the U.S., clearly, but also from in other areas, Middle East, for example, Africa, to invest more and exploit this price. That is a very good window of opportunity. So I think that oil now is peaking because we are in the middle of the reaction, now there is more confidence. So I think that some producers, some producing countries were, -- are reacting and they can really close the gap between the demand and supply not this year, but in the coming period, for sure.

LUCAS HERRMANN: Okay. And LNG in Egypt?

CLAUDIO DESCALZI: LNG in Egypt, so what -- we started Damietta. We reached practically the full capacity. The gas is there. Still have some 100 million scf per day to fill so we can increase a little bit our capacity in Damietta. The production is there. So we discovered a lot of production and we are producing at a good rate. So from a feedstock point of view, there is no problem for Damietta.

LUCAS HERRMANN: But do you think we should be assuming something in the order of 2 million tons of exports from Damietta this year, record for Eni? Or can you -- yes, but that's anything more specific? I'm sorry to push you.

CRISTIAN SIGNORETTO: Currently, we expect Damietta to deliver in 2022 roughly 50 cargoes. So we are working with the assumption exporting 70% of the nameplate capacity.

OPERATOR: The next question is a follow-up from Mehdi Ennebati with Bank of America.

MEHDI ENNEBATI: Just, please, a follow-up question regarding your gas realization price. So if I apply the TTF price increase to 18%, let's say, of your gas production. So it gives me, in fact, your gas realization price increase from Q3 to Q4 with a \$10 per mmscf. So that means you did not benefit at all from the increase in the oil-linked, let's say, gas price. So I just would like to please to have your help here because there is probably something that I am missing there. So how did you only increase your cash realization price by \$3 per mmscf in Q4 versus Q3, please?

FRANCESCO GATTEI: It is because once you look at the price that we have as a reference versus third quarter is that you have to consider that we have, as we said before, a quite large, blended volumes with different component that are in a certain case are flat. In other case are related to a link with a formula that we have certain delays and the other part are related to the spot market. So the immediate reactivity is related to only to this last component. The other are determining a lower reaction that will emerge quarter-by-quarter. So I think that this is -- you have to consider also that the third quarter was already high in terms of spot. So it is true that we had the jump but September last year was a price - there was a very, very high prices. So that is what we can say. As I mentioned to you, you have to consider that the cash, it is better to read on a yearly basis because...

CLAUDIO DESCALZI: ... that is the only way.

FRANCESCO GATTEI: It's the only way because there are also clearly contractual triggers. So it is difficult to have a formula that is working on a quarterly basis. Too many components.

OPERATOR: The next question is a follow from Henry Tarr with Berenberg.

HENRY TARR: Two quickly. I guess just coming back to the Congo LNG ramp-up and the speed of that development. Clearly, there are sort of material NPV benefits from getting it running that quickly. But is it - how cost competitive is this sort of modular phase? So I wonder whether there is a CAPEX estimate for the project or an indication of sort of CAPEX per MTPA or something like that?

And then on the other side, just to switch gears a little bit into the renewables businesses. If Plenitude ramps up, it looks to deliver sort of 2 gigawatts per annum. Clearly, it seems to be quite a difficult environment to be building renewables with costs of solar panels, in particular, going sort of sharply higher. Have you found any issues with delivery on any of the renewables projects that may be having an impact on expected returns or not as yet?

GUIDO BRUSCO: Claudio already mentioned the -- I mean, the cost is very competitive. The returns are very competitive Considering that it's associated gas, so we can also leverage on revenues coming from oil. And the midstream part is on a lease basis with facilities that, in some cases, are already amortized. So we are getting benefit of low liquefaction fees. And this, together with the nature of the resources, the supply resources makes this project attractive.

CLAUDIO DESCALZI: Just to complete maybe, to give you more detail on Congo. So part of this gas is gas that we stored in the last years with the aim to reduce our flaring. So we have this gas immediately available for LNG and for domestic market - a huge quantity. So overall, we'll talk about 6-7 Tcf of gas available and a good portion of this gas is already storage. So for that reason, it's very quick. Then we are drilling additional well for oil and so we're going to have a continuity also on the associated gas. So it's quick. It's very quick for that reason. And as I said, a double digit, so it's a good NPV also because it's a gas that we stored before so there's no big investment through the upstream side to do.

And the rest is a leaseback. So everything is faster and easier. And we talk about a shallow water that is something that we didn't say before. So it's something that we do in the shallow water with also for the LNG with a fast-track development, practically using a jack-up formula where we have all the processes installed on the jack-up formula. So it's flexible, shallow water, gas available in big quantity and now with this interesting large window of opportunity, especially for the spot gas, I think that is the main - the best moment to start. Clearly, we work on this project, and we start a few years ago from the engineering point of view, from a facility point of view and storage in the gas.

STEFANO GOBERTI: Of renewables, what we have is a plan for construction in the next year that is already under contract, meaning that we already signed contracts for those delivery. Meaning that we have greatly derisked the inflation, and we know how much will be the cost and the delivery of those material. Second, we run recently bidding exercise for the acquisition of solar panel and the exercise was positively surprising for us because our cost estimate was higher than the actual result of this bid.

Third, our business model that combined the retail gas and power, the renewables. So we have this franchise marketing, internal marketing. We sell the power production to our own clients. So we are naturally hedging that, and we can defend ourselves against any inflation trend. And lastly, we are not obliged to sign power purchase agreement or having the feed-in tariff agreed before we take the final investment decision because we are at merchants in the production of the renewable energy and then, again, hedged against inflation.

OPERATOR: The last question is a follow-up from Biraj Borkhataria with RBC.

BIRAJ BORKHATARIA: So the first one is on taxes and looking at 2021 cash taxes were below P&L tax. Could you say anything about 2022? And also some operators in Libya have talked about the sort of one-off tax increases or tax payments in the first quarter of 2022. Is that the same for **Eni** and can you quantify that?

And then the second question is just on the Upstream. A number of operators have talked about kind of maintenance catch-up close to the pandemic, which has impacted production. So what can you say about 2022 volumes? Is it a heavy maintenance year or a normal year? And also, any comments on the PSC impact for 2022 would be helpful.

FRANCESCO GATTEI: About tax rate, what we can say that clearly, tax rate this year as you've seen is normalized is 48%. The cash tax rate is 24%, is clearly in line what was the past. For the next year, assuming a price in the range of \$70 to \$80, you could expect a tax rate that will be probably in the range of 50-51%. That is what we are expecting. We don't have what we mentioned about Libya in this kind of mechanism of reversal tax that you described.

BIRAJ BORKHATARIA: And then on the production side?

GUIDO BRUSCO: So we don't have activity to catch up in general. We have the normal routine activity in the country like now. And the impact is lower than this year.

BIRAJ BORKHATARIA: And then the PSA effect, could you remind us?

FRANCESCO GATTEI: The PSA effect is in the range of less than 1,000 barrel per day for each dollar of value. So if there is this increase, we make the calculation 700,000-800,000.

OPERATOR: That was the final question. Thank you for participating in the **Eni Conference Call**. You may disconnect your telephones.

CLAUDIO DESCALZI: Thank you.