

Eni

2022 First Quarter Results

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Presentation

Speaker: Francesco Gattei – CFO

Good afternoon and welcome to Eni's 2022 first quarter conference call.

On the back of recovering demand, the energy market began 2022 with a tightening upstream as supply is impacted by a number of years of low investment yielding sustained inventory draws and low spare production capacity in both oil and gas.

Correspondingly, downstream has been impacted by the effect of rising raw material prices and cost of its energy, albeit refining saw a rapid recovery in margins in March. The impact of the Russia-Ukraine conflict has been to hasten these prevailing dynamics further, adding further strain to an already tight market.

The direct effect of the war on energy markets and its wider implications for the global economy means conditions have also been and continue to be highly volatile and the outlook is uncertain.

In the context the of complexity of the current market, Eni was able to both significantly progress its strategy and achieved excellent financial results during the quarter.

This first quarter was a particularly active period in Eni's strategic transformation.

We have progressed our distinctive approach of unlocking asset growth potential and crystallizing value through new business models that reshape our portfolio.

Despite the context of volatility and uncertainty we have successfully delivered two IPOs. Since we listed Var Energi in mid-February its price increased by over 40%¹. In addition, in early March we efficiently listed NEOA, the first and biggest Energy Transition oriented SPAC on the London Stock Exchange.

Furthermore, we are just waiting for final authorizations to make effective the business combination in Angola with BP which we hope to obtain during the third quarter.

Ahead of the IPO of Plenitude that is planned for 2022 subject to market conditions, we also announced at our March Strategy Update the incorporation of our Biorefining and Marketing businesses into a Sustainable Mobility company, and this project is now moving forward.

We have also strengthened our partnership in Novamont, the world's leading biochemical company, growing our stake from 25% to 35%. Finally, we also completed the sale of 49% of our gas-fired power plants to Sixth Street.

Notably in the context of 2022, thanks to our strategic alliance ecosystem we have been contributing to establishing alternative gas supply opportunities for Europe. We have also been widening this approach

further in, for instance, signing agreements with Mozambique and Benin to jointly develop agro-bio hubs to supply bio-feedstock to our processes while positively benefitting local economies.

Reflecting the continued successful execution of our strategic path, in March we accelerated the pace of 2050 net-zero by further improving our emission reduction targets and the Board has recently authorized up to 3 bln euro of new sustainable senior bond issuance.

Finally, we re-confirmed the commitment to shareholder value and returns by enhancing the 2022 distribution policy, with the increased dividend and share buyback offering a very attractive 9% combined yield based on current share prices.

The strength of Eni's asset portfolio backed the strategic progress in the quarter with another solid set of results, delivering both excellent operational and financial performance.

In E&P, production, came in line with our guidance, despite some unforeseen downtime in Libya and exports via CPC from Kazakhstan.

During the quarter we started up the Ndungu field, the third start-up achieved in Angola in Block 15/06 in just 7 months. And with the startup of the FPSO in Mexico, we initiated the first crude oil export project by a foreign company in the country, confirming once again our ability to deliver fast time-to-market.

Exploration activity continues to be *asset led* which maximises value and contributes to the short time to market. In the first three months we discovered over 170 million barrels of oil equivalent, mainly around existing activities in Angola, Algeria, Egypt and the Emirates, putting us on track to meet our plan guidance.

It was also a robust quarter for GGP. LNG operations and our flexible portfolio allowed us to manage the volatility of the markets and continue to supply our customers.

In Plenitude, we continued to expand our integrated business model. In just one year, we have increased by 4 times our installed capacity and increased our power generation to serve more than 10 million customers.

In the downstream, where the high cost of feedstock and utilities impacted by around 400 million euros versus last year, we were able to record a significant improvement in R&M, which achieved a positive result. Chemicals, on the other side, remained negatively impacted by a challenging scenario.

These results confirm the quality of our business. Adjusted EBIT of 5.2 billion euros is 4 times higher than last year, resulting in an adjusted net profit of 3.3 billion euros.

Our cash flow from operations of 5.6 bln euro against capex of 1.6 bln euro yields to an organic free cash flow of 4 bln – this covers almost entirely our annual distribution policy.

And despite funding high working capital requirements this quarter we also progressed on the net debt side with leverage falling to 0.18.

Let's now move on to Natural Resources in more detail.

Upstream EBIT in the first quarter 2022 was 4.4 billion € driven by our focus on high-value activities and flat cost management, and capturing the prevailing market scenario.

On production we are able to confirm 2022 at around 1.7 million barrels of oil equivalent per day, with the contribution from new start-ups such as Area 1 Full Field offshore Mexico, Ndungu in Angola and Coral in Mozambique, plus the ramp-up of Berkine in Algeria, more than offsetting production decline and lower entitlement due to the Var Energi IPO. We expect 2Q production in the range 1.61-1.62 Mboed mainly impacted by seasonal maintenance before the ramp-up of new production in the second half of the year.

GGP recorded 0.9 billion € of adj. EBIT. International LNG activities contributed 40% to result. The recovery in gas demand led to an increase of 9% in volumes sold in Italy and 4% in Europe. Careful optimization of our supply portfolio helped us to manage price volatility. Considering the performance already achieved and the expected evolution of the market, and also assuming that there are no significant disruptions on gas supply from Russia, we expect an annual adj. EBIT of 1.2 billion euros, a 30% increase to our original guidance.

The current crisis has prompted a renewed effort to strengthen energy security. We are actively pursuing alternative and additional supply opportunities for Europe, and specifically Italy, leveraging our global upstream portfolio and the strategic partnerships with producing countries.

In the short term (2022/2023) we will rely on pipeline additional volumes from Algeria and Libya. We also expect to import additional LNG from Egypt, thanks to raising Damietta utilization rate, Nigeria, Qatar and potentially Angola within existing regasification capacity available in Italy.

In the medium term we expect both gas imports via pipeline from North Africa to contribute with additional volumes. This mainly takes into account the recently signed agreement with Sonatrach. Other LNG sources from our portfolio may also be activated. These include Congo, where we have recently signed an MoU which provides for the acceleration of certain upstream developments with the corresponding increase of LNG production.

In Congo we are employing a modular and accelerated development approach. This is consistent with our fast time-to-market, capital light strategy and well suited to current conditions.

Moving now to Energy Evolution.

We confirm that we are on-track with Plenitude IPO progress, having filed the registration document with the Italian Market Authority, and we expect to float Plenitude in 2022, subject to market conditions.

Plenitude's distinctive business model proved resilient even in the current market conditions, where high power and gas prices and volatility generated some unhedged volume exposure and also softer performance in Retail. This was partly compensated by higher Renewable profitability. We are therefore able to re-confirm full-year EBITDA guidance of over 0.6 bln euro.

In the quarter R&M experienced some sequential improvement, mainly benefitting from a remarkable rebound of the refining margins during the month of March, reflecting a tight market for refined products, especially diesel. We have continued to focus on optimizing our activity and mitigate the high cost of energy. As a result, we were able to report a positive EBIT of 70 mln eur compared to about 200 mln loss in the first quarter 2021.

On chemicals, Versalis suffered a weak quarter, due to a strong increase in oil-based feedstock costs and utilities expenses.

Downstream pro-forma EBIT 2022 is now expected positive, previously negative, driven by the improved outlook on refining macro and actions of asset optimization and efficiency initiatives.

Our cash balance was further enhanced this quarter notwithstanding the seasonal and price linked absorption of working capital that impacted by 2 billion Euro.

The underlying cashflow from operations before working capital was 5.6 billion euro, more than 3x capex and resulting in organic FCF of around 4 billion Euro.

For the year we are revising up our guidance for CFFO to 16 bn Euro at \$90/bbl, around 1 bn Euro more than our previous estimate.

Capex in the quarter was 1.6 bn Euro and FY is expected at 8bn Euro, confirming the guidance of 7.7 billion Euro at the original exchange rate. Capital discipline through-cycle is a critical component of our strategy. For this year we expect a competitive cash neutrality for capex and floor dividend of around \$46/bbl, in line with the plan average of \$45/bbl.

Even with the working capital build and after portfolio activity in this quarter we also reduced our net debt which now stands at 18% leverage. Low gearing confirms financial resilience and offers strategic flexibility.

Eni will update its 2022 buyback scenario assessment in July for establishing the upside to the 1.1 bln euro buyback. The extra buyback will be equivalent to 30% of the incremental free cash flow in the event that the oil price exceeds \$90/bbl on a yearly basis.

That concludes my prepared remarks I, along with Eni top management, now welcome your questions.

Q&A Session

Corporate Respondents

Francesco Gattei, CFO

Guido Brusco, Chief Operating Officer Natural Resources

Giuseppe Ricci, Chief Operating Officer Energy Evolution

Adriano Alfani, CEO Versalis

Stefano Goberti, CEO Plenitude

Luca Bertelli, Director Exploration (Natural Resources)

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

OPERATOR: (Operator Instructions) The first question comes from Michele Della Vigna of Goldman Sachs.

MICHELE DELLA VIGNA, GOLDMAN SACHS: Thank you so much for the presentation. I had 2 questions. The first one really is around your fast track and dual exploration strategy, which clearly ideally suits Europe's need for security of supply at the moment and we've seen the announcements Algeria, Egypt, Congo, Angola et cetera. I was wondering if you add up all of these incremental opportunities together, what extra volumes can you get within the next 1, 2, 3 years? And then staying on fast tracking, you are going to do one of the first fast tracking of floating LNG in Congo. I was wondering from that, how much could be transferred potentially to Mozambique, where you will start up your development later in the year, but the whole onshore project has been indefinitely delayed because of security concerns. Could this become the new way in which the gas resources there can be developed with a higher return and quicker time to market? Thank you

FRANCESCO GATTEI: Michele, very fast reply on the second question, then I will leave it for more description to Guido Brusco for the other question.

On floating LNG, the concept, as you well understood, is a concept that is trying to create a completely new approach, a new model for LNG that will help us substantially to reduce the cycle of LNG project with less size, less capital upfront, shorter time to market, short contract obligations. So making the LNG model more

similar to an oil model, more let's say, market-based and less, let's say, committing in terms of long-term delivery. So this is a concept that we are applying to Congo, but clearly has a lot of opportunity of uses. Correctly, you have identified Mozambique as an alternative to security issue, but there will be other opportunities that could emerge.

Now I leave to Guido for more detail on the questions.

GUIDO BRUSCO: Okay. Thank you, Francesco, and thank you for the question. So clearly, in our plan, we have already projects and activities to deliver more than 450,000 barrel equivalent of gas in 2025. Given this current scenario, we've been able to unlock projects to deliver and to mobilize 14 Tcf of additional gas resources, in Congo, in Egypt, in Algeria.

These projects are in Congo, but also given our infrastructure-led exploration, we have opportunity in Egypt, in Algeria. This may add to our production profile in 2025, about 50,000 barrels. And in terms of equity Capex in the 4-year plan, thanks to the configuration of our projects, we expect a less than a 5% increase, which is well within our flexibility of our Capex upstream, overall Capex upstream.

Going to Mozambique, as you know, the operator - while monitoring the security situation - is still looking to opportunities to optimize the concept, leveraging on synergies with the Area 1. On the other hand, we are looking at opportunities to implement development offshore, fast-track modular like in Congo. And we will come back on those, and we are already engaging partners and other stakeholders. Thank you.

OPERATOR: The next question is from Irene Himona of Societe Generale.

IRENE HIMONA, SOCIETE GENERALE: Thank you, good afternoon and congratulations on a strong quarter. I had 2 questions, please. Firstly, your Q1 interest expense, EUR 339 million is materially higher than in the previous 2 quarters. This is despite your declining leverage. So I wonder if you can help us understand this sharp increase? And secondly, an update on Kazakhstan, please? What is your current production level? And is there a disruption to flows, particularly through the Russian pipeline given the weather damage reported recently?

FRANCESCO GATTEI: Yes. I reply to the first related to the interest. The increase that you see is mainly related to the change in interest rates that is clearly impacting the yields. And the other effect is related to foreign exchange effects. So that are the 2 main drivers for the increase that you see. Then there are some, let's say, one-off effect that are less relevant.

About the Kazakhstan production, I leave the floor to Guido.

GUIDO BRUSCO: Our production in Kazakhstan is above 160,000 barrels of oil equivalent per day. Indeed, we had some disruption on the export line CPC. It happened in mid of April. But now in the last couple of days, this has been recovered, and we are back in full production.

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

MASSIMO BONISOLI, EQUITA: Good afternoon, 3 very quick questions. One on the SERM refining margin, if you can provide an indication for the average in April. The second on the net working capital, if you can provide also some guidance on the remaining effect over the rest of the year. And the third on the Novamont, on the strategy on Novamont following the increase in the stake of the company if you are considering any strategic decision there or even IPO?

FRANCESCO GATTEI: Yes. Thank you, Massimo. About SERM, clearly, we are seeing a completely different trend versus the last past months, particularly SERM was negative practically for the entire 2020, 2021. From March, from the middle of March, we saw a progressive increase in the SERM in this quarter so far starting from April, the average is around \$14 - more than \$14 per barrel. The current last figures are between \$18 to \$20 per barrel. So the SERM clearly is materially impacted by the diesel spread that you see in the market.

In terms of working capital, you have seen that there is an increase of absorption of working capital in the first quarter. This is normal. It's a seasonal trend that you see in all - clearly, all first quarter of the year that is amplified by the price scenario that we are seeing, so the trade receivable amount. This is clearly reverted during the year. We have an additional element that will impact the working capital during the year that is the derivatives impact. If you remember last year, at the end, in the last quarter, there was a positive result from cascade of derivatives, particularly of power. This will return is almost EUR 1 billion in the - during this year, but we have clearly planned with this well in advance. So you will see in the coming quarter a return, a reduction of this working capital effect, but the around - we are expecting something in the range of EUR 2 billion of negative impact of the working capital because of this effect of the derivatives that I referred to before.

About Novamont, I would like the question to Adriano Alfani. Clearly, our move from 25% to 35% is an opportunity to reinforce the partnership. I will leave him the - some additional color on this news.

ADRIANO ALFANI: Sure. Thanks for the question. So this agreement started with the intention to make a strong field in the plastic sector, combining a traditional portfolio that Versalis has today based, of course, on polyethylene - styrenics market and technology and also with the technology that Novamont has in terms of bioplastics. So that they've developed over the last 20-plus years in term of green chemistry.

The 2 companies now that have a different governance and also different participation. In terms of Versalis in Novamont has been discussing in order to strengthen partnership and enhance value creation by joint effort in the market. And of course, this leaves open any possible solution in the future.

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

BIRAJ BORKHATARIA, RBC CAPITAL MARKETS: Hi there, first one is on the - you had a very strong gas trading result in Q1. Obviously, you raised the guidance for 2022. I was wondering if you could give a little bit of color on '23, given the expectation, obviously, in your slide shows, of the incremental volumes that will come through into that organization going forward? And the second question is on the low carbon side. What we've seen from Eni and in terms of policy is an acceleration of various parts of energy, and it looks like there'll be more opportunities in low carbon than maybe previously anticipated, particularly in Europe, the content looks to accelerate the transition. So should we expect Eni looking to accelerate in low carbon as well as on the kind of short cycle gas front given such strong free cash flow and a manageable debt profile at this point?

FRANCESCO GATTEI: Okay. I leave now to Cristian Signoretto for the first question, and then I will come back for the second.

CRISTIAN SIGNORETTO: Hello, so thanks for your question. On the LNG trading business, let's say, this quarter has been clearly sustained for 2 reasons. On the one hand, we had an increase of LNG availability vis-a-vis last year. And clearly, also the price environment was actually very prone for optimization and, let's say, value capturing. If I had to project this into the future, I would tell you that clearly, we have a trajectory of increasing LNG portfolio in the coming years. So clearly, this will provide further opportunities for increasing the volume available for sales and for optimization. And on the other hand, I mean, we think -- we believe that the LNG and gas market is going to stay tight for quite a while, given the current situation and the current geopolitical stress. So I would expect also that clearly a tightening scenario will clearly benefit also that line of business.

FRANCESCO GATTEI: About the opportunities that clearly are growing in terms of transition and low carbon opportunity, you have seen that we have presented in the last Capital Market Day and improved and a quite, let's say, aggressive pace towards decarbonizing our activities. We have also added to this trajectory to this plan also the tools that we are implementing. These tools are made of business model, business opportunities, new financial solutions. I'm referring clearly not only to Plenitude, but to the new, let's say, sustainable mobility company. The SPAC, that is another element that we are adding to capture technology and opportunity to improve and to add additional options to this evolution.

In this quarter, for example, we have invested in the CFS, so in the nuclear fusion, maintaining our leadership position in that venture. And as we were referring before, on Novamont, we are increasing our exposure to biochemicals. So Eni is already well committed, and we will continue to exploit in the most, let's say, diversified way all the different segments and businesses that are emerging, including, for example, also the CCS, that is an additional, let's say, business line where Eni is on the front page.

So I think that I agree with you, there will be in this market scenario, emerging opportunities, and we'll have also the capability to speed up in many of the different fronts.

OPERATOR: The next question is from Oswald Clint of Bernstein.

OSWALD C. CLINT, BERNSTEIN: Just back on the global gas business. And if we could just focus on the pipeline part of the business and the trading around that piece into Europe into Italy, could you just tell us a little bit more about what you're up in the quarter in terms of logistics and optimized time spreads, please? And I mean I'm really trying to get, was this a kind of all-time best performance from the team there? And as you said, the market is going to stay tight, you're bringing some more gas into the portfolio. So could we think about this level of performance being sustained here? And then secondly, you talked about the refining margin as well, but there is energy utility cost headwinds against that. So I know you're taking some steps to alleviate that, but could you flesh those out a little bit, please? Just tell us what exactly you're doing to alleviate those pressures? And could we see some of those taking effect through the rest of 2022, please?

FRANCESCO GATTEI: Thank you, Oswald. I will leave the second question to Giuseppe Ricci that is connected by phone and then come back to Cristian. Pino, if you could answer about the [...] –

GIUSEPPE RICCI: Okay. I'll start immediately, Francesco. About the refining margin, of course, these are affected for the high-utilities cost. But in our system, in the - starting from the fourth quarter of last year, we

implemented a lot of initiatives to reduce the methane consumption in the refineries, replacing the methane consumption with other fuels like LPG and other light products. And recently, we also put in service a plant gasification of bitumen to produce syngas that replace methane in our power station, and also we modified all the configuration of the plant in order to minimize the use of steam reform for hydrogen production that are a very high consumers of methane. In this way, we are able to reduce the methane consumption by 70%. And so 2/3 of the extra cost of utilities are neutralized. This means that our margin gains of this effect and in the last month, March, we recovered all the losses because of the low margin of January and February. And now in April, we are in a much better condition.

FRANCESCO GATTEI: Okay. Now I'll leave back to Cristian.

CRISTIAN SIGNORETTO: Yes. So on the gas result for this quarter, first of all, clearly, the market has been very volatile. And clearly, with the flexibilities and optionalities in our contracts, we took advantage of surely the time spread. So we anticipated many of the flexibility that we had in our contracts this quarter because of the wild, let's say, price movements. And - but also on the geographical spread, you probably have seen that there are spreads between the markets in Europe, which are unseen because of the situation of the market. So clearly, this basically explains at least 30% of the exceptional result of the activity in the first quarter.

So then going ahead, well, on the one hand, as I explained, some of the flexibilities we have already optimized, so we have less to be able to monetize in the following months. And as you know, I mean, our business is a bit cyclical in the sense that there are quarters in which we can be -- we can outbeat the market but also then quarters in which we are borrowing a bit in order to make that extra performance. And so let's say, clearly, the volatility of the quarter is such that we project a EUR 1.2 billion result by the end of the year, which means that there will be some quarters in which we're going to be weak. And then, let's say, probably the last quarter, which is the winter quarter, we will be able to achieve that target.

On the other hand, clearly, while -- again, while the market movements and the opportunities will be there to be captured if there are the opportunities. One thing I want to stress is that clearly, this target is assuming, as Francesco is saying, a steady flow and no disruption from Russia.

OPERATOR: The next question is from Henri Patricot of UBS.

HENRI PATRICOT, UBS : 2 questions, please. The first one, just on your gas business and the gas supply coming from Russia. Can you give us an update on where you are in terms of the new payment mechanism? What are your expectations here? And what would be the impact for Eni if there was an interruption of gas supply to Italy for one reason to another? And then second one, just a quick follow-up on refining. Just to get a sense of the margin capture, I mean in the second quarter. Should we expect to see higher utilization from, I think it was 70% in the first quarter? Or do you have some more maintenance for the rest of the year?

FRANCESCO GATTEI: Okay. I will reply to the first and then come back to Pino.

About the mechanism of payment, what we can say is that we are clearly continuing to analyze the situation, and we are in strict coordination with the authorities, with the European and the Italian government. You know that clearly, what we are going to pay, we will pay the gas delivery in compliance, strict compliance with the contract terms and following the international sanctions. So we will respect clearly all these rules.

The currency of the contract is euro, and we have continued to receive invoices accrued in euro, and we have not opened a ruble account. That is what we can say now.

I leave now to Pino for the utilization rate and the refining performance.

GIUSEPPE RICCI: Thanks, Francesco. In the first quarter, our utilization rate was about 70%. But just in March, we started to increase the capacity of the plant in all refining system. And in the second quarter, we expect to have the maximum utilization, maximum possible utilization, gaining from the momentum of high margins. We have moved all the maintenance, shutdown in advance in order - in the second part of the year - in order to avoid any shutdown in the second quarter. And this is the same in Italy, Europe and ADNOC in the UAE.

OPERATOR: The next question is from Alessandro Pozzi of Mediobanca.

ALESSANDRO POZZI, MEDIOBANCA: I have a few questions. The first one on tax rate, it's been very low this quarter. Clearly, the impact of higher oil prices is a positive factor. I was wondering if you can give us a bit more color on what are the moving parts and what should we assume for the rest of the year? And also maybe if you can quantify the impact of Libya, I believe that when you have really high spot prices in Italy that helps also lowering the tax rate. And the second one is on exploration, always been your "forte". I was wondering what are the next maybe 1 or 2 key high-impact wells that you're planning to drill over the next few quarters? And lastly, I think if I look at the Plenitude retail gas sales, you clearly managed to make a big improvement in power sales, number of clients, but in terms of retail gas sales, I think it's down 3% year-on-year. I was wondering whether there's just purely the impact of demand elasticity given the higher prices?

FRANCESCO GATTEI: Thank you, Alessandro. Now I'll leave to Luca Bertelli for the answer related to the exploration, then to Stefano Goberti for Plenitude, and then I will come back for the tax rate.

LUCA BERTELLI: Okay. For what concerns, important wells that we are going to drill in the remaining part of the year, we will have further activity in Egypt, further activity in Angola. We will have a well in offshore Mozambique. And finally, also we will be come back drilling on Baleine discovery. We've already started to drill appraisal development well this year. And finally, also other wells in Angola, New Field Wildcat.

ALESSANDRO POZZI: Which one do you think is the most important one of those, one to watch out?

LUCA BERTELLI: I'll not say what -- I don't know what's the most important one. So you know our work has a lot of risk associated. So I'd say that altogether is a good package of wells that would provide the results that we expect for the year.

ALESSANDRO POZZI: All right. Fair enough.

FRANCESCO GATTEI: Stefano, please.

STEFANO GOBERTI: Okay. Thank you, Alessandro. On Plenitude itself, the results were a little bit softer this quarter compared to last quarter because of the volume effect, mainly linked to the fact that we, to our retail clients, we sell at fixed prices. And when we become that at the end of the period - we are short - we need to re-buy the commodity in order to serve their consumption. In the first quarter, the weather was particularly against us because it was colder than the forecast. So this is the effect on the economic result.

In terms of volume, in Plenitude, we did not record a specific trend in reduction of consumption, but maybe the other way because of the weather condition. Maybe you are referring to the overall portfolio, Eni portfolio gas in your question.

ALESSANDRO POZZI: Okay. Yes.

FRANCESCO GATTEI: In terms of tax rate, you know that clearly, we have already guided in the past with a 50% rate - tax rate in a \$70, \$80 world. Now clearly, we are above that. The composition of that result has clearly impacted the tax rate. As soon as the price of oil and gas is growing, you have benefited by the positive contribution of countries with lower tax rate in the E&P businesses, also the benefit, the contribution of GGP is helping to reduce the tax rate and also the result of affiliates. So as a sort of guidance, rule of thumb for the year, in the current price environment, around \$100 per barrel, \$95, \$100 per barrel, I will confirm something in the range of 40%.

The comment related to Libyan gas, I would say more than that is the benefit of upstream results in even - clearly, in Italy - in the current price environment is helping to have a positive contribution also from that business. And this clearly is another of the factors that reduced the tax rate.

ALESSANDRO POZZI: Okay. Maybe just a follow-up on the payment mechanism to Russia. What is the deadline for the next payment for the April gas delivery?

FRANCESCO GATTEI: You know that you pay within the following month. So the April delivery is paid during May.

ALESSANDRO POZZI: Sometime in May. Okay.

OPERATOR: The last question is from Bertrand Hodee of Kepler Cheuvreux.

BERTRAND HODEE, KEPLER CHEUVREUX: Yes. I have one question left. Francesco, can you quantify the risk in terms of financial terms if Gazprom gas supply were to stop for any reason? Have you already committed to sell some of this gas to third parties on a forward basis? And in short, will you be able to call for force majeure and under what conditions? And is there a risk of a mismatch between your alternative source of supply and your already committed selling gas price?

FRANCESCO GATTEI: It is a complicated question. I think that you know that there are a lot of different option alternatives and flexibility in our portfolio. We were referring before to the new rules or additional volumes that we added during the past months. Clearly, there is also LNG that could be, let's say, captured through

the market opportunity. And therefore, clearly, it is too difficult now to give you an answer because there will be many, many components that have to be matched.

In general speaking, if there is -- there are special restrict condition, there are contractual protection and a general legal coverage that could be called in terms of force majeure. So in that case of restrict condition, you could have also that level of protection. So I would say that there are different tools that could be activated in different scenarios.

BERTRAND HODEE: Can I ask just a follow-up. Are you still selling let's say, longer than 1 month ahead, your expected supply from Gazprom or have you completely stopped selling on a forward basis volumes that could eventually disappear?

FRANCESCO GATTEI: I think this is a commercial sensitive information that I prefer not to disclose.

OPERATOR: We have another question that has joined from Alastair Syme of Citi.

ALASTAIR SYME, CITIGROUP: Can I just ask on the accounting treatment that you've put into Saipem. Just a little bit unclear of what's gone through this quarter and what's still to come for the remainder of the year in terms of the recapitalization.

FRANCESCO GATTEI: We had considered the contribution to Saipem, you know that we have, let's say, provided financial support in terms of future increase of capital, you will see in our portfolio and M&A activity. So it is practically the share of Eni, the contribution of Eni of the EUR 1.5 billion that was the first step is already included in that amount of portfolio, net portfolio activities.

ALASTAIR SYME: But do you -- is there something for the future underwriting that has to go on the balance sheet as well? Or would that come later in the year?

FRANCESCO GATTEI: So we have already included the provision for the additional increase of capital.

OPERATOR: Gentlemen, there are no more questions at this time. Would you like to make any closing remarks?

FRANCESCO GATTEI: Thank you. Thank you to all for the questions. I think that the quarter was confirming the strategic path and the effective of our execution clearly. We will thank you and we'll remain in contact for any additional questions. There is our Investor Relations team with Jonathon Rigby that you know very well as new Head for answering all your questions. Thank you very much.