Eni

2022 CAPITAL MARKETS DAY

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Presentation

Speaker:

Claudio Descalzi – CEO

Francesco Gattei – CFO

Good afternoon.

Today we cannot begin our meeting without expressing our solidarity with the Ukrainian people in their suffering and their losses. We hope that this can be resolved soon, returning to the longed-for peace that allows all the people involved to rebuild their lives. The war has led us to reconsider our activities in Russia.

Our presence in Russia is not material. Following the start of the war we announced the divestment of our stake in the Blue Stream pipeline that delivers Russian gas to Turkey. The exploration joint ventures with Rosneft were frozen in 2014, and this remains the case today.

This crisis has put a spotlight on Europe's dependence on Russian gas, adding volatility to an energy market, which was already characterized by tight supply and high prices in 2021. This situation makes us even more resolute in our ultimate goal, to work for the security and sustainability of the energy system, while keeping a sharp focus on a just energy transition and value creation for our stakeholders.

We are pursuing these objectives by:

- leveraging our global upstream and partnerships with producing countries, to find alternative and additional supply opportunities for Europe; and
- accelerating our decarbonization targets, working to offer progressively decarbonized services and products to our clients, in order to effectively tackle scope 3 emissions.

Our strategy is already fit to deliver on these objectives.

Technology, and specifically, proprietary technology, is at the foundation of our strategy. This has been the case in the past, for our traditional businesses, and even more now to face the complexity of the energy transition.

Technology underpins the development of new businesses and allows us to be at the forefront of market change, so we can bring to scale and provide new solutions to customers more quickly, generating stronger returns.

In this context, a stakeholder alliance is a necessary condition to effectively deploy the new models and the new technologies, removing barriers to change and involving everyone in the transformation of the energy system.

Let me take each of these factors in turn.

We believe that the energy transition is first and foremost driven by technological transformation.

We research, develop and deploy technologies that are suited to our needs and that respond to the specific decarbonisation challenges of our clients and geographies. The excellent results achieved in Exploration testify the value generated by this approach.

Technology brings us where we want to be, in a position of leadership towards the energy transition, finding solutions to secure decarbonized energy for society. In the last 6 years, we have invested more than 7 billion euro on the research, development and deployment of technologies.

We have established solid collaborations with more than 70 national and international universities and research centres and delivered more than 7000 patents and 400 projects.

Our innovation portfolio spans three major platforms:

- Renewables & New energies
- Decarbonized Solutions, and
- Circular and Bio products

New business and financing models are required to invest in growing our innovation portfolio and striking the right balance in cash allocation and returns, in order to accelerate the energy transition.

We are, therefore, creating dedicated entities with tailored business models, focused on their customers and the capability to independently access the capital markets. Such entities continue to benefit from Eni's R&D, HSE culture, project management and financial strengths.

Furthermore, through the valorization of these dedicated entities, we can bring new capital into the company, helping to strengthen our balance sheet and ensuring capital efficiency, thus scaling-up our new businesses whilst generating competitive shareholder returns.

In line with this approach, we are working to merge into a dedicated entity our biorefining business with the marketing of low carbon products and services for sustainable mobility, a winning customer-centric proposition along our downstream value chain. We also retain the flexibility to consider other funding options, like venture capital, for early-stage technologies.

Finally, stakeholder alliances: transforming the energy system requires working alongside a wide range of stakeholders to develop mutually beneficial solutions, synergies and new regulatory frameworks.

To deliver a just and inclusive transition, we foster and leverage our stakeholder ecosystem, which includes:

- <u>Our People:</u> who are fully engaged on this path, leveraging their experience and skills.
- <u>Our Customers</u>: we answer their decarbonization needs with multiple solutions, at home, on the move and at work.
- <u>Communities, Institutions and Citizens</u>: Our long term energy and development partnerships are the foundation for new business models. As recent examples, we have signed agreements with different countries in Africa to secure our biofuel business through the vertical integration in agricultural value chains to produce sustainable feedstocks, and
- <u>Industrial Partners:</u> working with them to timely deploy low carbon solutions in order to create decarbonized industrial clusters, as we are doing in the UK through CCS, with the Hynet North West consortium.

As a result of this strategic approach, we can further improve our emission reduction targets and be faster in our decarbonization efforts.

In 2020 we set absolute targets inclusive of scope 3 emissions and, in 2021, we set our long-term target of net zero emissions by 2050.

Today we are committing to go even faster, by announcing our plan to reach -35% by 2030 and -80% by 2040 of absolute carbon emissions. This accelerates our path towards net zero by 2050 and further aligns our emissions reduction pathway to 1.5 Degree Celsius scenarios.

We are bringing forward Eni's net zero scope 1+2 emissions by 2035 and setting a new intermediate target of -40% by 2025. Our decarbonization targets are underpinned by an industrial transformation plan that is designed around economically feasible solutions and available technologies.

In Upstream, our production will plateau at 2025, progressively increasing the share of gas to 60% by 2030 and up to more than 90% beyond 2040. Oil volumes will reduce in the medium-long term, contributing more than 50% to our full decarbonization target.

About 40% of emissions reduction will come from midstream and downstream actions.

In Midstream, we will progress in reshaping our gas portfolio, valorizing equity production to increase the value of our gas and LNG. This is even more relevant given the current crisis in Europe.

In Downstream, we will accelerate our conversion of traditional refineries to bio refineries and circular economy hubs, while de-risking feedstock through vertical integration.

In addition, our Carbon Capture and Storage projects will support our hard-to-abate emissions reduction.

The residual 5% of emissions at 2050 will be compensated by high quality offsets.

While reshaping our business to reduce greenhouse gas emissions, we are growing to offer a full set of decarbonized Energy products and services to our customers:

- Plenitude is expected to expand to more than 15 Giga Watt Renewable Capacity by 2030 offering green energy to retail clients;
- Biorefining capacity will grow from 2 MTPA in 2025 up to 6 MTPA in the next decade;
- Hydrogen will contribute around 4 MTPA by 2050.

We are particularly excited by the prospect of deploying our first Magnetic Fusion commercial plant in the next decade, based on the competitive advantages built over recent years, potentially opening the route for a limitless source of clean energy.

To fund this growth, we will progressively increase the share of investments for new energy solutions reaching almost 30% by the end of the plan, doubling to 60% by 2030 and up to 80% around 2040.

In a decade, these businesses will be Free Cash Flow positive, and increasing to around 75% of group Free Cash Flow from 2040.

And now let's move to our 4 year plan, starting with Natural Resources.

Our upstream commitments are grounded on enhancing the sustainability and value of the portfolio and reducing its cash neutrality and carbon footprint. We will do this by combining production growth, expanding integrated gas and LNG developments, continuing to apply strict capital discipline, and reducing scope 1 and 2 absolute net emissions.

We expect production to increase to approximately 1.9 Mboed by 2025, driven by the contribution of our start-up and ramp-up projects. In 2022, production will be around 1.7 Mboed, progressively increasing throughout the year.

Over the plan, we will bring on-stream 11 major projects. Baleine in Cote d'Ivoire, the LNG hub in Congo, Coral in Mozambique and Dalma Gas in the UAE and gas projects in Italy, Indonesia and Norway, which together with ramp-ups, will add almost 800 thousand boed to baseline production in 2025.

We will further enhance the sustainability and the value of our production:

- our net carbon footprint scope 1 + 2 will decrease by 65% by the end of the plan compared to 2018, on-track for our 2030 net-zero target
- average upstream cash neutrality will reach about 25 $/boe from 30 $/boe in 2021, and
- we will remain capital efficient, with equity capex at around 4.9 bln euro in 2022 and 4.5 bln euro on average over the plan.

As a result of this, our upstream Free Cash Flow in the plan will be around 29 billion euro at our scenario.

Exploration is still the foundation of our high-value, low-carbon upstream and is a key enabler for our transformation towards a more gas-rich portfolio. Over the last 10 years we have discovered 12 bln boe, of which 80% is gas. In the plan, we target 2.2 billion boe of equity resources, of which a large part will be gas, at an average unit exploration cost lower than 1.5 dollar per boe.

Exploration activities will focus on lower-risk, near-field, infrastructure-led opportunities in proven basins for nearly 90%, allowing a fast time-to-market and low development and operating costs. Almost all our frontier exploration is in areas where we have strong geological knowledge and is in proximity to countries where we are already in operation.

Our portfolio and global investments over the last decade put us in a very strong position to significantly grow our natural gas business, with around 50 TCF of reserves and resources.

Our gas projects are well-positioned to serve key markets and are expected to reach more than 15 MTPA of contracted LNG volumes by the end of the plan. For example, we expect Egypt to contribute with Damietta rising to full utilization; Mozambique Coral to startup later this year and the Congo gas valorization project, where we had FID earlier this year, using flexible, modular FLNG and which is expected to startup in 2023.

As a result of the growth of the contribution of equity gas production and gas portfolio optimization, we expect our GGP business to deliver a cumulative Free Cash Flow contribution of around 2.7 billion euro over the plan.

Considering the tight gas supply, high prices and the volatility due to the Ukraine crisis, we have immediately started working with our strategic partners to fast track and to develop gas, both through existing pipelines and LNG.

We can make available to the market, in the short-medium term, more than 14 TCF of additional gas resources.

In addition to our first business combination, VAR, we are excited by the recent signature of the agreement with BP to set up a new company, named Azule Energy, an equally owned business combination in Angola. With BP we share the same values and objectives in terms of just transition.

Azule Energy will be financially independent and will access third-party capital to accelerate growth.

The combined business will have a material portfolio of production, development and exploration opportunities – one of the largest in Sub-Saharan Africa.

By combining our synergic portfolio of assets, we expect almost 15% cost savings, thanks to operational and logistic efficiencies and optimized procurement. Besides unlocking new oil offshore opportunities, Azule

Energy will also lead the New Gas Consortium, the first upstream natural gas partnership in Angola to develop non associated gas and supply gas to Angola LNG, supporting our integrated gas portfolio while meeting domestic gas needs.

In upstream, we continue to seek opportunities through this business model to enhance scale, efficiencies and growth opportunities in other geographies.

The CCS business will play a crucial role in the energy transition, capturing and storing emissions of hard to abate industries. We have decades of experience in storing natural gas in depleted fields. Our existing infrastructures will be quickly repurposed to provide low-cost and reliable CO2 storage, enabling the creation of low-carbon industrial clusters.

The first example of this, is the UK Hynet North West project, with the start up in 2025. In the first phase, the injection rate will be 4.5 Million tons per year, to be increased to 10 Million tons per year in the early 2030s. Emissions will come from existing industrial plants as well as from future hydrogen production.

We are working on a second CCS cluster in the UK and on a first in Italy, in the Ravenna area.

We are also actively engaged in R&D to boost the efficiency and performance of the capture processes. From our current project pipeline, in 2030 we target a stored carbon gross volume of about 30 MTPA, of which around 10 MTPA is our equity.

Turning now to Energy Evolution…

Following our strategy to reduce scope 3 emissions, over the plan period we are expanding our offer of decarbonized, green and bio energy products to our customers. To that end, 25% of group investments are dedicated to growing profitable new energy businesses, across the green power value chain and in sustainable mobility.

And now, I’m pleased to introduce another step of our transformation.

To further maximize value generation from our bio-refining and marketing businesses, we have decided to set-up a Sustainable Mobility company, uniquely positioned as a multi-energy, multi-service, customer-centric business.

This is drawn on a strong customer base, marketing footprint and vertical integration with our biorefineries. The company will operate in the context of a mobility energy mix, shifting rapidly towards sustainable fuels in the next decade.

In the plan, we target to reach around 2 MTPA of biorefining capacity, thanks to the expansion of the Venice plant and another traditional refinery conversion, and to reach 6 MTPA in the next decade. Such growth requires a robust supply of diversified feedstock.

In order to secure this, we are developing a network of agro-hubs and we have signed agreements in different countries in Africa, where in most of them we already have upstream activities.

These Hubs will ensure an integrated contribution of bio feedstock to our processes, targeting 35% of vertical integration by 2025.

In line with our strategy, we will be able to deliver to our customers a multiple set of green, bio and low carbon products, available in our service stations.

Our strong marketing footprint, and growing biorefining underpin the earning growth of this initiative, which will reach more than 0.9 billion euro EBITDA by the end of the plan.
We will target upsides through enhancing the vertical integration of feedstock, increasing our retail network while offering value-added services.

Moving now to the green power value chain, Plenitude represents another example of our satellite approach. It integrates renewables, energy solutions for customers and a widespread EV charging network, with a model designed to deliver value. The company aims to be an ESG leader and targets net zero scope 1, 2 and 3 by 2040.

The growth profile is strong:

- In Renewable power generation, we expect to reach more than 2 GW of installed capacity by 2022 and more than 6 GW by the end of the plan
- Our Retail activities, where we already have a proven track record of growth, are set to reach 11.5 mln customers by 2025
- And, during the same period, since we are concurrently expanding our network in e-mobility, we expect to reach around 30,000 charging points.

Thanks to this approach, Plenitude's EBITDA is expected to more than double by the end of the plan versus 2021, up to 1.4 billion euro. The listing process is progressing and we have filed the Registration Document with the Italian Market Authority.

And now I leave the floor to Francesco Gattei, our CFO, for the financial section.

Thank you Claudio, and now let's have some detail on our financial plan. Eni's financial plan is a structural component in the execution of our transition strategy.

While preserving a strict capital discipline, with an average capex of €7 bln per year, in line with last year's plan, we will continue to restructure our portfolio to highlight the real value of our businesses and to maximize our opportunities of growth.

Moreover, we will continue to align our financial tools to the strategic milestones designed in our decarbonization plan. At the end of the plan € 13 billion of financing instruments will be linked to Eni's strategic kpi. Over the next 4 years, we will strengthen the balance sheet, with an average leverage pre IFRS of around 10% at Eni's planning scenario.
Our capex plan maintains strict discipline, targeting 7.7 billion euro in 2022 and an annual average group capex at 7 billion euro.

In 2022, about ~25% of the group yearly capex will be devoted to low-carbon business, 5 percentage points higher compared to the last plan's average. In particular, through Plenitude, we will boost our renewable capacity and increase Eni's customer base. And we will further build incremental bio-refining capacity while expanding our sustainable mobility proposition.

Over the plan period we will retain a high degree of flexibility with nearly 40% of cumulative capex uncommitted, ensuring a material buffer versus future market volatility.

Even in a higher price environment, selectivity on project sanctioning will remain crucial. Our planned pipeline of projects screens high both in terms of profitability and resilience. Upstream project returns amount to more than 20% and they remain robust at 17% even assuming 20% lower prices.

In renewables, we target to outperform the WACC after tax of our new investments by a minimum of 200 BPS, also by exploiting the distinctive *route to market* offered by the retail business.

Portfolio management will be a key component of our plan and we will leverage two main drivers:

1) The first driver is the 'new business models approach' to unlock our asset growth potential and highlight their full value through market valorization mechanisms.
   In upstream, we will create dedicated vehicles in specific countries:
   - in Norway we have recently accomplished the largest IPO in O&G in over a decade;
   - and in Angola, through the business combination with BP, we are creating Azule Energy, a large financially independent E&P company which targets to replicate the success of the VAR model.

   We will also seek similar opportunities in other countries.

   In addition, we are focusing on speeding up new businesses and technologies related to decarbonization:
   - last week, we successfully completed the listing of the first SPAC on energy transition in UK; it will be an opportunity to capture or valorize emerging technologies to reduce carbon emissions in different business segments
   - and finally in 2022 we are planning to list Plenitude, our industrial and financial entity which will target the reduction of the Scope 3 emissions of our clients

2) The Second driver is "portfolio high-grading", exiting or diluting our exposure from non-core assets and countries. At the same time, we will continue to evaluate tactical acquisitions to optimize our portfolio.

In the 4 year plan we expect to generate from our portfolio management activities a positive net cash contribution of around € 3 billion.

Since 2020, we have increased our sustainable instruments, that currently amount to € 8 billion, targeting more than €13 billion by 2025.
In 2021, we published the world's first Sustainability-linked Financing Framework in our sector and issued the first sustainability-linked bond, contributing to UN SDGs of climate action and affordable clean energy.

We aim to capitalize this leading position and further strengthen it; from now on all the senior bonds will fall into our Sustainable Framework. As a consequence, we expect the share of sustainable finance sources on total gross debt to reach more than 25% at the end of 2025.

Turning finally to our cash generation.
Assuming a Brent price of 80$/bbl, Cash Flow From Operation before working capital is expected to exceed € 14 billion in 2022 and more than €15 billion at a 90$ price.

In 2022 considering capex of € 7.7 billion, we expect an organic Free Cash Flow of € 6 to 7 billion. Over the next 4 years, at our planning assumptions, we will generate a cumulative Cash Flow From Operation before working capital of about €55 billion and a free cash flow before working capital of more than €25 billion.

While generating a solid stream of FCF, we will continue to focus on our resilience: cash neutrality, the level of price necessary to cover our capex needs and the floor dividend, will be maintained below 45 $/bbl throughout the plan period.
Reflecting the continued successful execution of our strategic path, a reinforced balance sheet and an improved outlook for commodities, the Board of Directors has decided to enhance 2022 distribution policy through the following set of actions.

By setting a reference Brent price for the year between $80/bbl to $90/bbl we will distribute a total annual dividend of €0.88/share, introducing a quarterly payment basis.

The dividend will be equally split in September 2022, November 2022, March 2023 and May 2023.

In addition, Eni will launch a €1.1 bln share buyback program, following shareholder approval in May. Overall, at a €13 share price, this implies over 9% distribution yield, highlighting our competitive shareholder return.

Moreover, to further share upside from commodity prices above our reference, the Board has decided to provide an extra buyback for 2022 equivalent to 30% of the incremental FCF in the event that the prices exceeds $90/bbl on an yearly basis. This upside price scenario assessment will be made in July and updated in October.

For example, if in July the upside price scenario assessment is announced at $100/bbl, we will add around € 350 mln to the buyback, raising its overall amount to almost € 1.5 billion.

Lastly, reflecting the underlying resilient performance of our business, the sliding scale of variable dividend per share has also been simplified and enhanced. In the back-up you can find an updated table that summarizes each level of dividend and buyback for prices in the range between $43/bbl to $90/bbl.

And now I leave the floor to Claudio for the conclusion.

Thank you Francesco.

To conclude, Eni’s distinctive strategy enables us to address the challenges of the current energy market to deliver secure and sustainable energy to customers, while accelerating our path to net-zero. We will boost gas supply to key markets, expanding integrated projects and LNG developments.

We expect to continue growing along the green power value chain, with Plenitude, in sustainable mobility and in the circular economy. As a result of our strategic progress and strong financial performance, we are enhancing our competitive shareholder distribution.

Thank you for your attention.

Q&A Session

Corporate Respondents

Claudio Descalzi, CEO
Francesco Gattei, CFO
Guido Brusco, Chief Operating Officer Natural Resources
Cristian Signoretto, Director Global Gas & LNG Portfolio (Natural Resources)

OPERATOR: (Operator Instructions) The first question is from Jason Kenney with Santander.

JASON KENNEY, BANCO SANTANDER: Well, thanks for the presentation, fascinating insight and update. So the full year plan last year forecast free cash flow of EUR 17 billion. And this year, at group level, I think you're saying EUR 25 billion. I'm just wondering if you can help me bridge the change, EUR 17 billion to EUR 25 billion. How much is the macro shift and the assumptions in the scenario and how much is the additional free cash flow from new projects, new commitments? And how much is actually just the 1-year roll-forward as well?

And the second question, if I might. You mentioned a reliable dividend stream from Azule in Angola. I was wondering if you already had in mind a particular payout ratio for that particular business.

FRANCESCO GATTEI: Okay. Thank you, Jason. I think that clearly, the comparison versus last year, you have to take into account that the assumption was on a completely different scenario. At the time, we presented last year was a $50 scenario in the first year that progressively growing towards $60 and $65. Here, today, we are working with a scenario that is practically $20 or $15 higher. So you have to consider that difference is impacting just for the fact of that scenario of price of oil, and then you have also to add the price of gas. You should probably to close that gap up to 80%, 90% of the difference.

The remaining part is related to business improvement, further growth and therefore, all the factors and the strategic elements that we are adding to the business. So of that EUR 8 billion, I would say that EUR 6 billion to EUR 7 billion are related to scenario, the remaining part is due to strategic improvements.

For the Angola business combination. On Angola, the impact will be to create the largest operator in the country and probably, one of the largest in the African region. And the idea is to replicate the Vår model. We will deconsolidate debt, because the debt will be allocated to the new company, almost EUR 2 billion related to Eni debt. And we will have also the benefit of a deconsolidation along the 4 year plan of Capex in the range of EUR 3 billion. We also have a quite, let's say, interesting, attractive, let's say, distribution policy, but we cannot provide you disclosure, also because this would be related to a larger financing package that is still under negotiation.

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

IRENE HIMONA, SOCIETE GENERALE: I have 2 questions, please. Firstly, you announced today the creation of a new sustainable mobility company, combining your biorefining and marketing. You aim to grow that business, as I understand it. I wonder if you can give us a sense of how much would you intend to grow the marketing footprint. And where exactly? And would you eventually think or consider an IPO of this new business?

My second question, you raised EUR 500 million, I believe, from the Vår Energi IPO. Saipem might require a capital injection in due course. How should we think about how Saipem fits exactly in Eni's transformation into low carbon and into your financial plans?

CLAUDIO DESCALZI: So talking about the mobility, the sustainable mobility company, we are in the process to build and have -- as we said, starting from the feedstock. So we are working on the feedstock that is essential for the biorefineries to give stability to the result. And so in the company, we are going to have also all the feedstock, the agro-hubs, as I said, the advanced - second level advanced feedstock.

And then we're going to increase the number of biorefineries. As we said, we have 2 million tons per year by 2025. And then in the next decade, we are going to accelerate the transformation of the remaining refineries. We're building also new refineries to reach at least a 6 million tons per year. So that is the plan.

It would be Europe, but not just Europe. We are building, possible building also a biorefinery in Africa. Where we're directly linked to the feedstock for the regional supply. And the company is under construction. So we want to finalize their exercise to create this company with the marketing. At the moment, we are not considering the expansion of our marketing, but just the replacement with a bio-green fuel products. And the exercise will be completed by the end of 2022. So it's quite in an early stage to talk about a possible IPO.

I think we need, as we did for Eni gas e luce, then became Plenitude, some years to create a stable growth company. Already, we plan to have EUR 0.9 billion EBITDA, for this business, by the end of the plan. So now we are being sure that we can maybe also do better, but it's not for tomorrow a possible listing of this company. Francesco?

FRANCESCO GATTEI: Yes. Related to the Saipem, clearly, there is no link between Vår and Saipem. And there's just, let's say, a cash flow comparison, but clearly, from the point of view of Eni, Saipem is, as for the other shareholders and stakeholders, remains a company that we support, as you have seen, where there were changes in the organization, in the management team. The company is also a major player for all the activity that are going on, both in the oil and gas now in this period of security of supply, re-emergence and relevance and also for the activity of energy transition. So I think that it will remain an important element for the market. Then any other consideration has to be taken following the future restructuring that are going on, and we cannot be more precise as there will be next week a Board meeting for Saipem. So I think this is the answer.

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

BIRAJ BORKHATARIA, **RBC CAPITAL MARKETS**: I have 2, please. The first one is just thinking about your production guidance in your latest update for 2025 relative to the last Capital Markets Day, which I think you're targeting close to 2 million barrels a day. Can you just bridge the gap between those 2 figures and also highlight how much contingency is in the 1.7 million barrel a day target for 2022?

And then the second question is on some of the quick payback projects you have in your portfolio. So you have a pretty good track record at getting things online within a few months. And you have a market in Europe, which is obviously screaming for as much gas as possible. How much optionality do you have, whether it's Algeria or elsewhere, that you can accelerate some of these developments and bring more gas production online?

CLAUDIO DESCALZI: Okay. Thank you. So that question is for Guido Brusco, that is our COO for Natural Resources.

GUIDO BRUSCO: Thanks for the question. Clearly, the gap between the last plan and the current plan is essentially due to the derisking and optimization of our portfolio. We focused on more competitive and more profitable barrels. And this is testified also by the decrease of the cash neutrality that has averaged last year, was $28. And in this plan, the average is $25.

As far as the optionality of gas, as you have seen, we have a large portfolio of gas reserves and resources, and we can unlock in the short/medium term about 14 Tcf over time. We have projects to unlock this quantity of gas, essentially in Congo, Mozambique, Algeria and Egypt. And this may bring more than 50,000 barrel of additional production in 2025 with less than 5% of Capex increase. Thank you.

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

MASSIMO BONISOLI, EQUITA: A couple of questions from my side. One on portfolio management. Out of the EUR 3 billion net contribution target, how much did you already achieved from the transaction already done in 2022, like Vår Energi, Azule Energy or Eni Power?

And the second, on Capex. On a proportionate accounting basis, what would be the Capex spending over the plan period? I mean, can we compare this planned Capex versus the last year planned Capex because of the change in accounting of the different entities?

FRANCESCO GATTEI: Okay. About the net portfolio that you mentioned, so that is as a sum of disposals and acquisition. In term of disposal, the amount that we can say have already achieved is in the range of EUR 1.4 - 1.5 billion. Actually, you have to consider that last year, we also were acquiring in particular for the renewable business. So what we can say that is still, we are working in a gap in the range of EUR 1 billion. So expectation is actually to further collect more cash from additional disposal activity and IPOs.

Related to Capex, I mentioned that the Capex that are exiting is due to the accounting. In particular, we are referring to the EUR 3 billion related, during the four year plan, to Angola. This is the major component that is exiting and compared to last year. So you have to consider that, that is on a yearly basis, something in the range of EUR 600 million, EUR 700 million.

OPERATOR: The next question is from Martijn Rats with Morgan Stanley.

MARTIJN RATS, MORGAN STANLEY: I have 2 questions, if I may. First of all, with regards to the dividend. I have to say, I am somewhat confused a bit in the sense that the schedule that you laid out for the dividend last year sort of implied a certain sensitivity between dividends and oil prices, i.e., for every $5 or $10 increase in the oil price, the dividend would go up by a certain amount. And the dividend that you sort of now announce implies that beyond sort of $65 a barrel for oil, there is almost no sensitivity anymore between the dividend and oil prices. And I was wondering if that is the right sort of interpretation of what you are trying to signal here, that beyond $65, actually, the dividend doesn't really sort of go up all that much anymore. And I was wondering what the sort of thinking behind that was.

Also, as per the guidance, the free cash flow should be running at something like EUR 7 billion a year. The dividend is about EUR 3 billion a year. So the dividend seems very small compared to the historic sensitivity implied by last year's schedule as well as the free cash flow that you're guiding for. So I was wondering what your thinking was behind the dividend.

And the second one is perhaps a bit more operational. But you made a comment that Eni could make 14 Tcf of natural gas sort of available to Europe, sort of over the short to medium term, I think you said. And I was wondering if you could translate that into sort of like an amount per year. Like, I don't know, 2 years from now, 4 years from now, what does that amount to in terms of sort of bcm per year type figure? Is that a translation that you could make for us? I would find that very helpful.

FRANCESCO GATTEI: Okay. About the dividend, Martijn, I think that you should look at the slide in the backup where we present the distribution yield. You have seen that - currently that there is a progression of the dividend based on our fixed component and the variable component. And then at a certain time, there is the kick in of the buyback. Already last year, we presented a table where the dividend was stopping to grow between $65 to $66, while buyback was jumping.

If you look at that slide that I referred, you see that actually the main element of our distribution in the higher scenario will be buyback. Why is buyback? Because buyback is a flexible tool. It's also the best way also to create a benefit for the longer term in case the price will drop in order to protect your dividend amount. And also, it's supporting the share price in this environment. And just to give you an idea, the current, let's say, reference of dividend and buyback that is equivalent practically of the almost EUR 1.2 per share at current price is practically the maximum distribution Eni had since 2008.

So we are substantially close, at the time it was probably EUR 1.3, but we are close to the maximum. And as we said before, in case there will be a higher price scenario and we will add the additional free cash flow distribution, we will overcome that amount. So I think that is a quite, let's say, competitive and generous distribution but with the sense of having a tools that will benefit the shareholders also in case of future drop of prices or volatility in prices that can occur with the cycle that we are seeing.

CLAUDIO DESCALZI: Thank you, Francesco.

MARTIJN RATS: Okay. And the question on the 14 Tcf of gas?

CLAUDIO DESCALZI: It's me. It's not Francesco for the question. It's too difficult for him. So - joking clearly. So the 14 Tcf, we have to consider that we are going to cover the next winters, '22, '23 and the '23, '24 and the third year, so winter time. We start gradually - immediately, so during the summertime. And so the first production, and the first production is not just our production but also is coming from the production of Algeria. In this case, it's coming from through pipe. We have spare capacity in the Algerian pipeline, Tunisian-Algerian-Italian pipeline. And we have spare capacity as well in the Greenstream from Libya.

So the first batch will be pipe because it's not only faster, but also because in Algeria and Libya, we have the possibility to increase the production through infilling operation and projects already started. And that will be to cover next winter, and we can consider that through pipe, we can collect between 9 billion and 11 billion cubic meter per year. That is the amount that gradually, we're going to increase.

Then we have also LNG. And LNG is coming from some LNG that we have and that we are going to divert to Europe.

And for '23-'24, we have additional LNG that is coming from the Congo LNG project. We have already sanctioned one project. We are going to try to sanction a second one so that cumulative it can reach about 5 billion cubic meter per year. And then we have Angola, where we can use this also fast-track, if it's possible. Also, for -- sorry, Mozambique, not Angola, Mozambique.

All these, then we have also the national production, Italian production that through a strong push of the government, we also try to increase for about a couple of billion cubic meter per year.

So that are some of the components. We are in discussion, already discussed. We started very, as I said during the presentation, we started immediately interacting, as soon as they were started, interacting with our hosting countries where we produce, and that is important because we are talking about the possibility to produce our reserves in a fast-track. And as Guido said before, that is not implying a huge amount of capital. It's almost embedded in the plan and could be account for about 5%, 6% of the overall budget.

OPERATOR: The next question is from Christyan Malek with JPMorgan.

CHRISTYAN MALEK, JPMORGAN: Just a couple of questions from me. First of all, I'd like to understand where you stand with Russia in terms of the risk associated with gas volumes from Gazprom. Clearly, there's a focus to scale up your gas output and projects where you leveraged in the past and with very strong execution. I'd just like to understand how you see Russia over the medium term, given there seems to be a bit of a bifurcation in views or at least in terms of corporate approach to, how to treat, Russia in terms of exposure.

The second question is a sort of pertains to the cash return framework and sort of following on from Martijn's question, which is, is it, I understand you've fully raised the oil price range, but you haven't raised the cash proportionately. And I sort of understand some of the reasons, but what -- is there any pressure from the Italian government not to raise buyback and/or dividend? And I guess, I say that in the context of sort of a growing narrative around the risk and around social, sort of some sort of windfall - tax around profits being made.

And I wonder, is there any link between the kind of -- the sort of the -- kind of that pressure, particularly given we are in an energy crisis, vis-a-vis your cash return framework. And I appreciate it's not a fair question. I just feel like it seems to be on everyone's minds. And I wonder whether you can comment on that and how you're interacting with the Italian government.

CLAUDIO DESCALZI: Okay. Thank you. So I start from the last question, from the Italian government. I have to say there is no, any pressure. Clearly, who is in charge for our dividend policy is our Board of Director, and also our strategic progress on our business plan and our strategy. That's all and it's absolutely our decision there is no pressure at all. No interferences from the Italian government. So I can, talking about the first question Russia. I can give the floor to Cristian Signoretto, that is our Director for GGP.

CRISTIAN SIGNORETTO: So first of all, in terms of volumes, we are talking about 1/3, between 1/3 and 40% of our gas supply portfolio in Europe. As we speak, flows are coming regularly as we nominate, they're coming regularly. And clearly, as Claudio was saying before, we are, in light of this uncertainty, we are trying to find optionalities in our portfolio, especially from our equity projects, North Africa and Africa, but also from other supplies coming from Northern Europe because, as you know, we have also important connection between France and Germany to Italy that we own and we can use in order to substitute eventually gas if it's coming short.

And lastly, also, we are leveraging on creating optionality in our LNG portfolio, as we were saying before, trying to create the opportunity to bring back LNG into Italy, if there will be a shortfall in the gas supplies from Russia.

CHRISTYAN MALEK: Can I just follow up with one more, potentially a follow-up question?

CLAUDIO DESCALZI: Yes.

CHRISTYAN MALEK: Yes. Just, I mean, maybe sort of more medium term around your strategy around oil volumes. Do you see a situation where it could be more acceptable for you to grow or flat line your oil volumes over time only because this is where you've been exceptional in the past? You've talked about the new cash neutrality falling further. And I wonder whether you see a world where you could be justified to maintaining your oil volumes over the medium term rather than having to decline, as your sort of opening statement, Claudio, was around energy security. So I just wonder if you could comment on that? Or are you absolutely hell-bent on declining your volumes over the medium term?

CLAUDIO DESCALZI: Thank you for the question. So our strategy is quite consistent in the last 3 years. We have now, a problem of energy security. Clearly, that is the main point, but we don't trade off our production growth with the climate change strategy and objectives that we took a strong commitment. So we want to decrease our Scope 1 and 2. We want to decrease our Scope 3, and we have a clear strategy. Also, in the emergency situation, through the efficiency, you can increase your production, reducing and capturing the emission. So there is no trade-off.

Clearly, gas is inside our strategy, and what we need now, especially nowadays for Europe, is gas. Because gas could be the problem for electricity, gas is a problem for the industry, from the households. So all the system is linked and rely on gas, and that is really following our strategy. For that reason, we are increasing our gas production. We are trying to increase and send to Europe, in this case, to the Southern Europe, to Italy, all the gas that we can find. And we have found, through exploration, a huge amount. So if there is the need to increase our production, the production will be main in gas but without any trade-off or any compromise with our commitment for the climate change.

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

MEHDI ENNEBATI, BOFA SECURITIES: Thanks a lot for the very interesting presentation. So 2 questions, please, on my side. First one regarding your renewable fuel production guidance. Correct me if I am wrong, but I think that your last target was 2 million tons per annum by 2024. Now you are delaying it a little bit to 2025. Just would like to try to understand, why are you doing this? Do you need to do, let's say, much work to make the new units performing better? Is it because, let's say, of you trying to reduce the Capex? So just would like to understand, what's the issue here? Is it a feedstock sourcing issue that you underestimated? So just would like to hear what you have to say about that.

And the second question is regarding your Capex. So you say in 2022, EUR 7.7 billion Capex. Is it full organic? Or is it taking into account some inorganic, let's say, Capex? And I also would like to understand, I presume, I assume that the share of the low-carbon business will keep growing through the year, 25% on average. But I think that it will start at a lower point and will keep increasing. So what other division will see its Capex coming down in the next 3 to 4 years to leave some space to the renewables, the low-carbon business Capex?

CLAUDIO DESCALZI: Okay. Guido?

GUIDO BRUSCO: Thank you, Mehdi, for the question. The difference in the guidance between the old plan and the new plan is essentially, as I said, the derisking and the optimization of the portfolio. We focused clearly on the more competitive and more profitable barrels, as we have seen this -- the result of this is the decrease of the cash neutrality, which is a good proxy to show that. Thank you.

FRANCESCO GATTEI: So about the Capex, correct, EUR 7.7 billion is excluding any acquisition cost. Instead, for the renewable business, a share of 25% is clearly growing and is a natural growth because at the end of the day, that is related to the target and to the transformation, transition strategy that we are implementing. It will grow, but the idea, as we have seen, is to build the vehicles that will help to finance this growth from one side. On other side, we could have vehicles dedicated in the upstream that will be able to finance themselves in a deconsolidated approach. So at the end of the day, the model or the approach is to keep this Capex rating, Capex level at a steady pace.

MEHDI ENNEBATI: And if I may, just to come back on that. If you want to produce more gas from North Africa, is this taken into account in your EUR 7 billion average Capex or not?

FRANCESCO GATTEI: Yes. We have practically all this growth that we were referring already included in this Capex. There could be further upside with very limited impact in term of Capex.

MEHDI ENNEBATI: Okay. And if I may, sorry, just to come back to my first question because I'm not sure you got it. It was about the biorefineries. Why did you delay it by 1 year, your 4 million tons per annum target, please?

CLAUDIO DESCALZI: No. So we have 2 kind of intervention of our biorefineries. We are improving the Venice biorefinery. That is the first point. And then we needed time to select one of the Italian existing refining that have to be reconverted. So that is more mainly a problem of permitting and defining the location. That now, I think, is almost done. But that needed an additional year.

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

ALESSANDRO POZZI, MEDIOBANCA: I have a few questions. The first one is on the production profile, 1.9 million barrels by 2025. I believe you previously indicated that we should have seen a gentle decline beyond that. And I was wondering whether that's still the case and whether you have a target in mind of what the production of Eni should be, let's say, in the last part of the decade.

The second question is on the sustainable mobility, the new division. I think it's EUR 900 million EBITDA. If you can give us a breakdown of the relative size of each business. And where do you see more opportunities for growth? And also, within the sustainable mobility, I think there is a new target of 6 million tons of biofuel production. And can you give us maybe a bit more color on how you're planning to achieve that, please?

CLAUDIO DESCALZI: So for the 1.9 million barrel per day that is happening in 2025 that we were considering we are peaking our production. Then what is going to happen after is that we are going to decrease the oil production, and we're going to keep alive an increased gas production. For that reason, we said that there is a steady state for some years out of 2025, but the mix is going to change also because 80% of the resource that we fund, the 50 Tcf, is gas. So that is a composition.

And we are going slightly down, but we're going with oil, but we are going to increase for sure the gas also because it's the right window. And there is an emergency that now, clearly, is even more strong than before in term of emergency for gas. But also, before the crisis, you remember that the supply of gas was in deficit or was less than the demand. So we have a strong window of opportunity to deliver the gas that we find and increase our cash flow. And that will be very useful for -- also for the growth in the new business.

The second...

FRANCESCO GATTEI: The split between, in term of EBITDA, the EUR 0.9 billion is around 2/3 related to marketing and 1/3 related to the biorefineries.

CLAUDIO DESCALZI: So for the next decade, when we say we are going to increase up to 6 million tons, clearly, I cannot give a clear timing for each of them. What we have in our plan, in our mind is to transform our existing traditional refineries. That's a very strong point, first of all, to reduce the inefficiency and the cost of feedstock oil. We don't produce oil - We have to transport oil and also because there is an excess of capacity in Italy. So that is the first aim.

But as I said before, we are also in discussion with the other countries in Africa and the U.S., also Middle East to build biorefineries. So that are the areas. Clearly, we start with Italy because we have to make this transformation because of costs, but also because we want to reduce the hard-to-abate part of our industry that is mainly made by refineries.

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

OSWALD C. CLINT, BERNSTEIN & CO: Just wanted to go back, please, to the speed, time to market, the fast time to market that obviously sets you apart. And I saw some reference today to an objective of limiting your idle capital. And of course, unproductive capital employed has always been, I guess, a big issue for the sector, and its impacted group level return on capital employed. So I want to get a sense of -- when I think about last year's return on capital employed either at 7% or maybe it was 9% depending on the way you calculate it. But would you say your unproductive capital employed, looking through this plan, is going to be towards the low end of what it has ever been? And therefore, the returns really should start to become a lot more visible at the group level? Or is this new energy Capex, which obviously takes time to come through, could still act as a little bit of a dampener on returns? That's my first question.

Secondly, I just want to go back to Azule Energy and just make sure I think about it correctly. Is this, should I be thinking about this as a strengthened oil asset? You talked about the 15% lower Opex and it just runs steadily? Or is there anything I should be considering around the solar part of this business, the onshore gas consortium? Is there any gas realizations, gas demand, we should be considering? Or how much better does Angola LNG become on the back of this deal, would be excellent.

And perhaps, if you could just talk about maybe cash flow sensitivity to natural gas at this point, would be excellent.

CLAUDIO DESCALZI: So talking about the inactive capital or idle capital. All our action in the last decade, especially in the last 8 years, was to reduce this inactive capital. That was done through a specific strategy. So phased projects and see how was the time to market for Zohr. And not only for Zohr in Egypt, for the offshore in the Block 15/06 in Angola that we've been in 3.5 years. Deep offshore has been split in 2 projects and creates cash flow, and we reduced it drastically. We had at the very beginning, if I remember, 10 years ago, every time we have at least 30%, 40% of inactive capital in our projects and reduced drastically to less than 20% and 15%.

So it's part of a big strategy because when you go through an exploration in near field, close to existing facilities, and you can really split and also, if it's a giant field, you can go through phases and reduce your inactive capital. That is really our strategy. And became more and more, we can say, easier because now our team working with this kind of culture, we don't want big complex projects. That is finished. It's finished forever. It's something that we don't want. We don't want this risk. We don't want to spend 6 years before starting our cash-in. And we want to make everything easier.

You see Congo. Congo is LNG. We have at least 10 Tcf there to be developed. And we studied - not just us, but with also the help of some contractors - an LNG, that is very fast to implement. Clearly, we are in shallow water and that's easier. We used jack-up, we put the plant, the liquefaction plant on the jack-up. And we work very close to the existing wells, we use infilling wells and we use the existing infrastructure. So it's a different way to work. And that aims clearly to increase the internal rate of return of our investment, reduce the inactive capital and try to be lean and flexible.

Also, because with this kind of volatility, we don't want to be stuck with big and complex project. And that is our, daily fight because a big company like big project, complex project, super complex technology; that is 10, 20, 30 years ago. We are no more in this period. We must be different and is what we try to do and to be.

GUIDO BRUSCO: As far as concerned Azule Energy. Azule Energy is a unique vehicle because merges the assets of BP and Eni that are very synergic in Angola. So a lot of efficiencies can be made, particularly on logistic, on procurement process and, of course, on running costs.

As far as the renewable, Azule Energy is an integrated energy company, and renewable is part of its business. They've already developed a renewable project in the south of Angola, of about 50 megawatt split in 2 phases. And at the end of this year, they will start up the first one.

On gas. Azule, Eni before, and now Azule Energy has been elected to be the operator of the large base of resources of gas of the country, which will be used primarily to supply the domestic and, of course, to fill up the Angola LNG plant. And of course, should this be accomplished, other opportunity for monetization are on hand. Thank you.

CLAUDIO DESCALZI: So okay. Thank you. Thank you, everybody. I think that we have finished with our call. So thank you, everybody, for attending our Capital Investor Day. I hope that you find it useful and helpful. And if there is any question, you can address the team, Investor Relation, and we'll answer promptly. Thank you very much, and have a good weekend.