ENI TO ACQUIRE NEPTUNE ENERGY
23 JUNE 2023
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ACQUISITION OF NEPTUNE ENERGY
DEAL STRUCTURE AND KEY TRANSACTION TERMS

$4.9 BLN\(^1\) ACQUISITION OF NEPTUNE BY ENI AND VÅR ENERGI
VÅR ACQUIRES NORWEGIAN OPERATIONS AND ENI ACQUIRES THE REMAINDER (EXCLUDING GERMANY)

$2.6 BLN\(^1\) FOR ENI
100% CASH TRANSACTION

$10.1/BOE
UNITARY ACQUISITION COST FOR 484 MBOE 2P RESERVES\(^2\)

80% GAS-WEIGHTED 2P RESERVES\(^3\)

~130 KBOED 2023 PRODUCTION\(^4\)

>100 KBOED
ENI NET PRODUCTION\(^3\) OVER 2024-26

FUNDABLE FROM AVAILABLE LIQUIDITY

DEAL TIMELINE
• Announcement 23 June 2023
• Main regulatory approvals 2H23
• Deal expected to close in 1Q24

THREE-STEP TRANSACTION
✓ German operations to be carved-out prior to completion
✓ Vår Energi purchases Norwegian operations from Neptune
✓ Eni acquires Neptune from shareholders

EFFECTIVE DATE 1 JANUARY 2023 - CLOSING EXPECTED IN 1Q24

\(^1\) Enterprise Value

Reserves based on Neptune reported figures as of 31 Dec 2022

\(^2\) on a combined Eni and Vår basis

\(^3\) net to Eni portfolio inclusive Eni share in Vår (386 Mboe 2P)

\(^4\) includes Norway 100%, Eni estimated 2023 production
NETHERLANDS
Largest offshore operator in the country. Progressing a large-scale CCS project

UK
Operator of Cygnus – the UK’s largest single producing gas field, supplying around 6% of UK gas. Awarded three CCS licences.

ALGERIA
35% stake and operator of Touat with gross plateau production seen at >400Mscfd

EGYPT
Interests in O&G fields in the Egyptian desert and an operated exploration licence in the Gulf of Suez.

INDONESIA
World class offshore position in Kutei Basin with ENI as partner, producing LNG for export via Bontang and gas for the domestic market

AUSTRALIA
Pre-development Petrel field, potential synergies with existing Eni Blacktip infrastructure.

NORWAY
Interests in 12 producing fields including Snovhit LNG and operatorship of the Gjøa hub. Progressing electrification and CCS projects.
**COMPELLING STRATEGIC FIT OF TRANSACTION**

**DRAWING ON STRENGTHS TO GROW VALUE**

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**SHIFTING GAS PORTFOLIO TO 60% BY 2030**

- Gas-weighted reserves and production in line with ENI medium term objective
- European pipeline and international LNG market exposure provides further materiality to GGP activities
- Further enhances GGP equity supplies

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**A LOWER RISK, HIGHER QUALITY UPSTREAM PORTFOLIO**

- Exceptional alignment with existing ENI E&P activities
- Low scope 1 & 2 emissions with no change to ENI targets
- Exploration upside significant additional contingent resources

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**IMPROVING PERFORMANCE, DELIVERING VALUE**

- >$500 MLN G&A and industrial synergies
- Additional value upside potential
- Substantial earnings and cashflow accretion with >$0.9 BLN to CFFO in 2024
- Strong CFFO and limited near-term CAPEX drive attractive FCF
- Cashflow underpins resilient dividend

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**ALIGNS WITH 4-YEAR PLAN GUIDANCE**

- M&A activities deliver net +€1BLN over the plan
- ENI to deliver 3-4% CAGR production growth
- New commitments incorporated with existing CAPEX plan
- 10-20% leverage, strong liquidity position
- 13% ROACE, 12% CFFO/SH CAGR

1 at current forward curves

2 at 4YP Scenario (February 2023)
IN CONCLUSION
STRATEGICALLY ALIGNED, VALUE ENHANCING

A COMPELLING TRANSACTION
AN EXCEPTIONAL, LOW RISK FIT
HIGH-QUALITY, COMPETITIVE ASSETS

FURTHER ENHANCEMENT OF GGP EQUITY SUPPLY AND MATERIALITY WITH ~4 BCM/Y GAS INTO EUROPE

REINFORCES VÅR ENERGI AS A LEADING E&P PLAYER IN NORWAY

ACCRETIVE TO EARNINGS AND CASHFLOW
CONSISTENT AND ALIGNED TO 4YP GUIDANCE

ACCRETIVE TO DECARBONISATION TARGETS

$2.6 BLN INVESTMENT BY ENI
EFFECTIVE DATE 1 JANUARY 2023
100% CASH TRANSACTION
CLOSING EXPECTED IN 1Q24
GAS WEIGHTED 2P RESERVES
>100 KBOED PRODUCTION NET TO ENI
PREDOMINANTLY OECD PORTFOLIO VIA PIPELINE AND LNG
ADDS ~50% OPERATED PRODUCTION
>$0.9 BLN ACCRETIVE TO CFFO IN 2024
>$0.5 BLN SYNERGIES
ADDITIONAL VALUE UPSIDE
LOW SCOPE 1+2 OPERATED CARBON INTENSITY WITH 5.9 kgCO₂eq/BOE IN 2022

1 based on 1Q-2023, net to Eni portfolio inclusive Eni share in Vår
2 includes Norway 100%
UNITED KINGDOM
REINFORCING ENI AS A KEY GAS PLAYER IN THE NORTH SEA

PORTFOLIO

OVERVIEW
Neptune operates the Cygnus field – the UK Southern North Sea’s largest single producing gas field.

In the Central North Sea Neptune is developing the Seagull project with its partners bp and JAPEX.

Awarded 3 licences in first round of carbon storage offshore licences

1Q 2023 Production (kboed): 14.2

DEAL UPSIDE

Combined entity amongst top 10 UK players (Eni has been present in the UK offshore since 1964. Production in 2022 was 44 kboed).

CCUS development (Eni is developing two important CCUS projects with Liverpool Bay one of two Track One projects and Bacton-Hewett qualified for Track 2).

Main Asset: Cygnus

Partners
Neptune Energy (38.75%)
Spirit Energy (61.15%)

First gas: 2016

Operator
Neptune Energy

The Cygnus field is capable of supplying 6% of the UK’s gas demand, enough to fuel 2 million UK homes.
In Indonesia, working with Eni and other partners, Neptune produces LNG for export to the region under long-term contracts, as well as gas for the domestic market.

During the year Neptune continued to manage output from the Jangkrik and Merakes fields, maintaining gas throughput at close to capacity of the Jangkrik FPU.

1Q 2023 Production (kboed): 22.7

Strengthening our operatorship in the Kutei Basin (Eni has been present in Indonesia since 2001 with 2022 production of 62 kboed)

Reinforcing equity position along LNG value chain in a key market

Significant exploration potential in Kutei basin

The Jangkrik and Jangkrik NE fields are part of the Muara Bakau PSC. Gas is transported to the Bontang LNG plant.

Merakes is part of East Sepinggan PSC. Gas production is shipped to the Bontang LNG plant, utilising all of the existing facilities of the Jangkrik field.
ALGERIA
BUILDING ON ENI’S LEADING POSITION IN CRITICAL COUNTRY FOR EUROPEAN SUPPLY

OVERVIEW
As part of a joint venture with Sonatrach and ENGIE, Neptune produces gas from the Touat plant, which is an important source of supply for mainland Europe.

Touat field shut-in throughout 2022 to enable upgrades at the processing facilities.

DEAL UPSIDE
Enhancing gas supply diversification (Eni has been present in Algeria since 1981 with 2022 production of 95 kboed projected to rise to over 120 kboed by 2023. Algeria is a key exporter of natural gas to Europe to offset the shortfall of Russian supply).

Leveraging Eni’s expertise to bring Touat field production at full capacity

MAIN ASSET: TOUAT
Partners
Groupement Touat Gaz consisting of Neptune Energy Touat (65%) and Sonatrach (35%). Within Neptune Energy Touat, ENGIE holds 46% and Neptune 54%.

Operators
Groupement Touat Gaz
In the Netherlands, Neptune is the largest offshore player with sizeable gas production from 40+ fields.

Neptune also operates four main treatment hubs and two main gas pipelines (NOGAT, NGT)

Progressing the L10 CCUS project with 5-8 MTPA storage potential

1Q 2023 Production (kboed): 16.9

Further diversifies Eni’s portfolio by adding substantial gas production for Europe and materiality to GGP operations.

Key infrastructure connecting offshore with onshore provides potential for a scalable hub for new energy
Neptune Norway has interests in twelve producing fields in the NCS from Snøhvit in the Barents Sea to Gudrun in the southern part of the North Sea.

1Q 2023 Production of 67 kboed, of which 62% gas.

Approximately half of the Neptune Group’s 2P reserves are located Norway (265 Mboe)

Eni’s presence in Norway is via Vår Energi in which Eni retains a 63.1% stake.

Vår’s production in 2022 was 220 kboed and Vår has a target to produce >350 kboed by end-2025 with significant new projects under development including Johan Castberg, Balder X and Breidablikk.

Vår’s role in this transaction further validates Eni’s creation of the Upstream satellite structure.

Deal consistent with Vår’s growth strategy, adds scale to existing portfolio by increasing diversification and longevity with high-quality NCS assets located near existing hub areas.

Neptune Norway portfolio fully aligned with existing hub strategy:

✓ Hub synergies
   Strengthening positions in existing core areas and high-grading the portfolio

✓ Increasing operatorship
   to realise strategy and potential across areas

✓ Asset optimization
   Continuous infill and infrastructure-led drilling (ILX)

✓ Partner of choice
   Equinor operating >50% of Neptune Norway’s portfolio, further strengthening existing partnership
SUSTAINABILITY PERFORMANCE
ACCRETIVE TO EMISSIONS STRATEGY

GHG EMISSIONS

Targets in line with Eni’s framework

✓ DEVELOP CARBON REDUCTION PLANS FOR EACH OPERATED COUNTRY TO MEET NEPTUNE CARBON INTENSITY TARGET OF 6 KG CO2/BOE BY 2030

✓ WORK TOWARDS NET ZERO METHANE EMISSIONS BY 2030 AND 0.015% METHANE INTENSITY BY 2025 TARGETS.

✓ AWARDED GOLD STANDARD STATUS FROM THE OGMP 2.0

✓ RATED AMONGST TOP 3% OF ALL GLOBAL OIL & GAS COMPANIES ON ESG BY SUSTAINALYTICS (MAY 2023)

Source: Neptune Annual Report 2022 & ESG Strategy

CCS PROJECTS

Neptune’s portfolio adds:

✓ 10+ YEARS OF OPERATIONAL EXPERIENCE IN CCS

✓ PROGRESSING A LARGE-SCALE CCS PROJECT IN THE NETHERLANDS (5-8 MTPA)

✓ AWARDED 3 LICENCES IN FIRST ROUND OF CARBON STORAGE OFFSHORE LICENCES IN UK

NEPTUNE’S PORTFOLIO IS GAS-WEIGHTED AND HAS A SIGNIFICANTLY LOWER CARBON AND METHANE INTENSITY THAN THE INDUSTRY AVERAGE.

NEPTUNE AIMS TO STORE MORE CARBON THAN IS Emitted FROM ITS OPERATIONS AND THE USE OF ITS SOLD PRODUCTS BY 2030

CCS CONTRIBUTING TO CUTTING ENI’S AND THIRD-PARTY EMISSIONS FROM HARD-TO-ABATE EMITTERS

ENI TARGETS 30 MTPA CARBON GROSS VOLUME STORED BY 2030