



Eni Oil and Gas Business Trend Presentation

June, 2002



- **Eni Oil & Gas Business Trend**

Vittorio Mincato, Chief Executive Officer

- **E & P Business Trend**

Stefano Cao, Chief Operating Officer E&P Division

- **International Gas Developments**

Luciano Sgubini, Chief Operating Officer G&P Division

- **Q&A**



Eni Oil and Gas Business Trend

Vittorio Mincato
Chief Executive Officer

June, 2002



Eni: from restructuring... to focused growth



**Eni is a different company compared to the one
you knew in past years.**

More international, integrated and focused on its core business.



Eni 2005 strategic targets confirmed

STRATEGY

2005 TARGETS

Growth

- 6% CAGR increase in E&P production
- 38 Bcm gas sales in Europe
- 5 GW installed capacity in powergen

Efficiency

- From 2 to 3 Bn euro cost savings

Focus and Integration

- From a holding to an integrated energy company focused on oil and gas business



Maintaining a strong production growth

Thousands boe/d

Portfolio
rationalization
in place

2002 Production Growth*



IQ01/IQ02

3.9%

2Q01/2Q02E

8.0%

1H01/1H02E

6.0%

2001

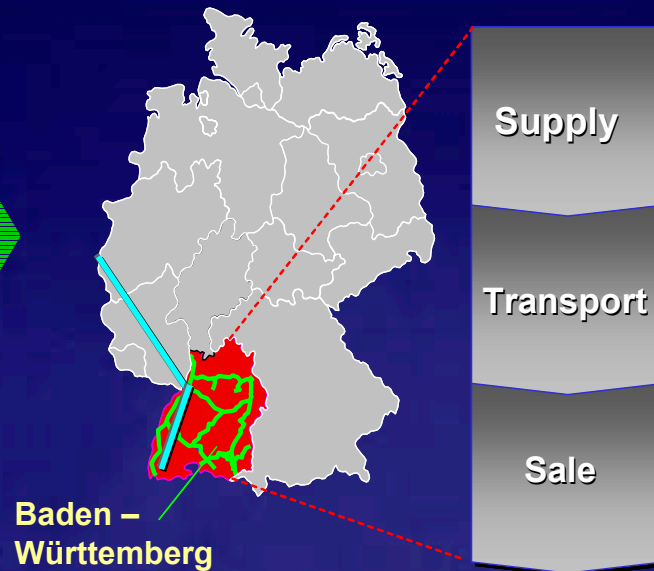
2005E

* Net of OPEC reduction for ~ 34,000 boe/d



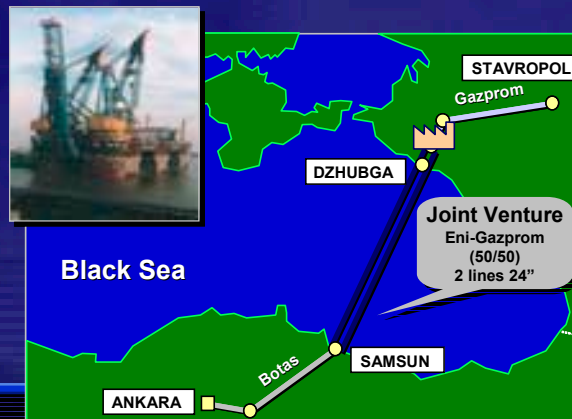
Eni International Gas Developments

■ GVS Deal



■ GVS Enterprise
value of 720
million Euro

■ Blue Stream



■ First gas flow
by end 2002



Eni expansion in Italian power market

STRATEGY

Organic growth
leveraging on gas
availability, Eni's sites
and competitive cost
structure

2005 TARGETS

- ~ 5 GW of installed capacity
- ~ 6 Bcm of gas self-consumption

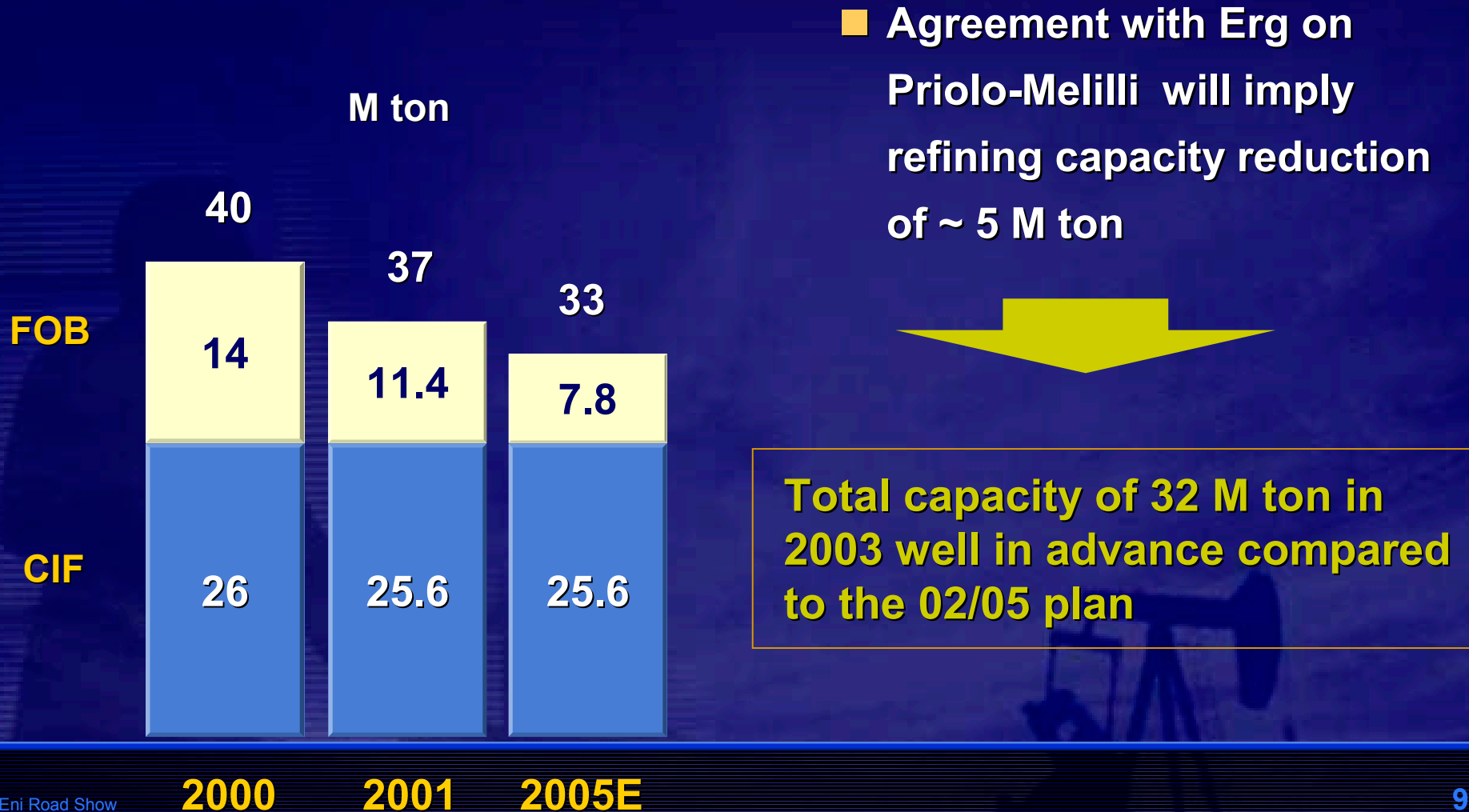
2002 RESULTS

- 1.8 GW under construction (Sannazzaro and Ravenna)
- 0.8 GW environmental Ministry Authorization (Ferrara)

**ENI: FIRST OPERATOR
BUILDING NEW POWER PLANT IN ITALY**



Eni Strategy in R&M: reduction in refining capacity





Eni Strategy: focus on core business



**Eni Strategy confirmed:
complete capital employed
reduction in non
core business**

- **Capital reduction
in petrochemical
business through
break up and
disposal of assets**



Eni Strategy: business integration

Eni



E & P Division



G & P Division

**SNAM incorporation in Eni
effective since January 2002**



R & M Division

**AgipPetroli
incorporation
approved by AGM
(May 2002)**



Eni Strategy: share buy-back

SHARE BUY-BACK PROGRAM

- New proposal approved by the AGM in May 2002:

**Cash available for
BUY-BACK:**

**FROM 3.4 UP TO
5.4 BILLION EURO**

ON-GOING PROGRAM

- Update: from September 1, 2000 to June 21, 2002
- Bought back 167 million shares (~ 4.2% of share capital)
- Spent 2.3 billion € (42% of authorized expense)



Eni financial discipline and acquisitions

STRATEGY

Further
expansion in
core business
and
enhancement
of business
portfolio

Acquisition
driven by
strong
industrial
rationale and
financial
discipline

Latest events

- E&P potential targets
- GVS deal

**Eni
DELIVERED**



E & P Business Trends

Stefano Cao

Chief Operating Officer E&P Division

June, 2002

2002 Production Trend

Portfolio Rationalization

Exploration in 2002

Long Term Projects

Technology

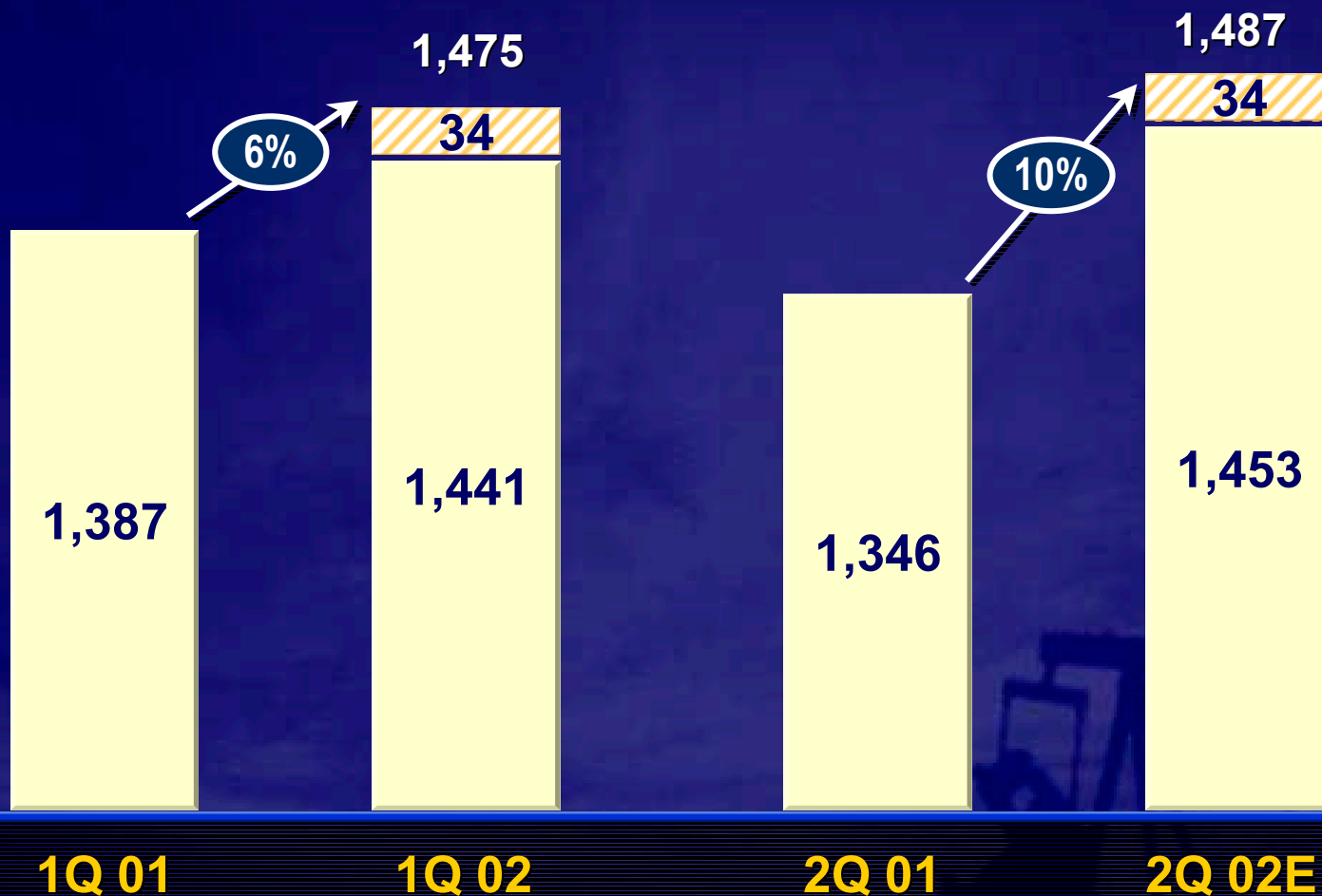


Strong production growth

Kboe/d

Actual Production

OPEC cut



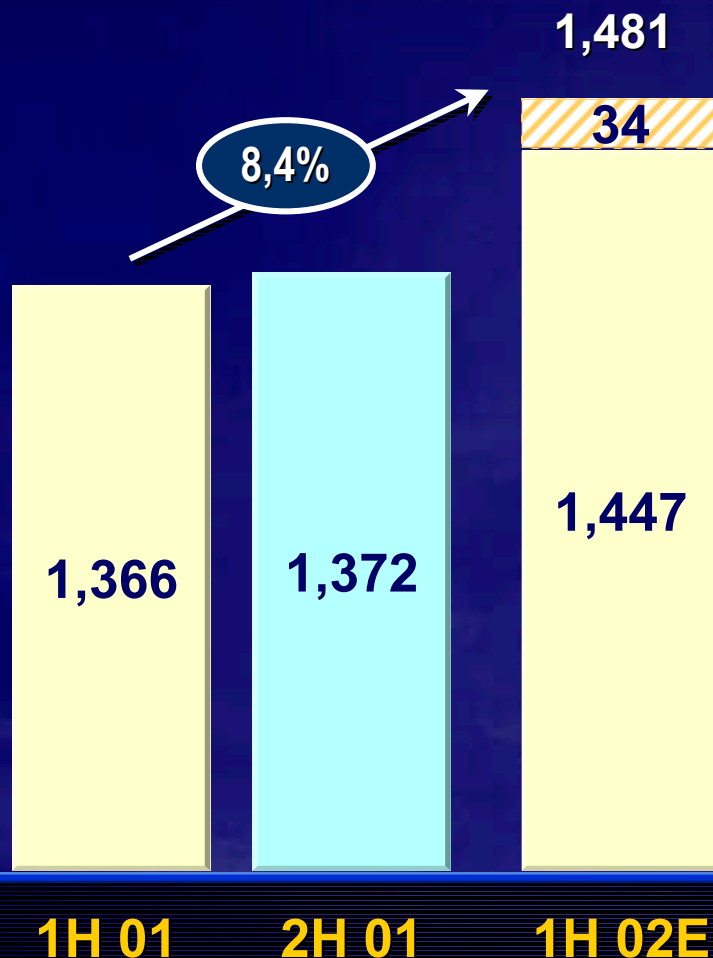


Strong production growth

Kboe/d

Actual Production

OPEC cut



■ Growth rate 8,4%

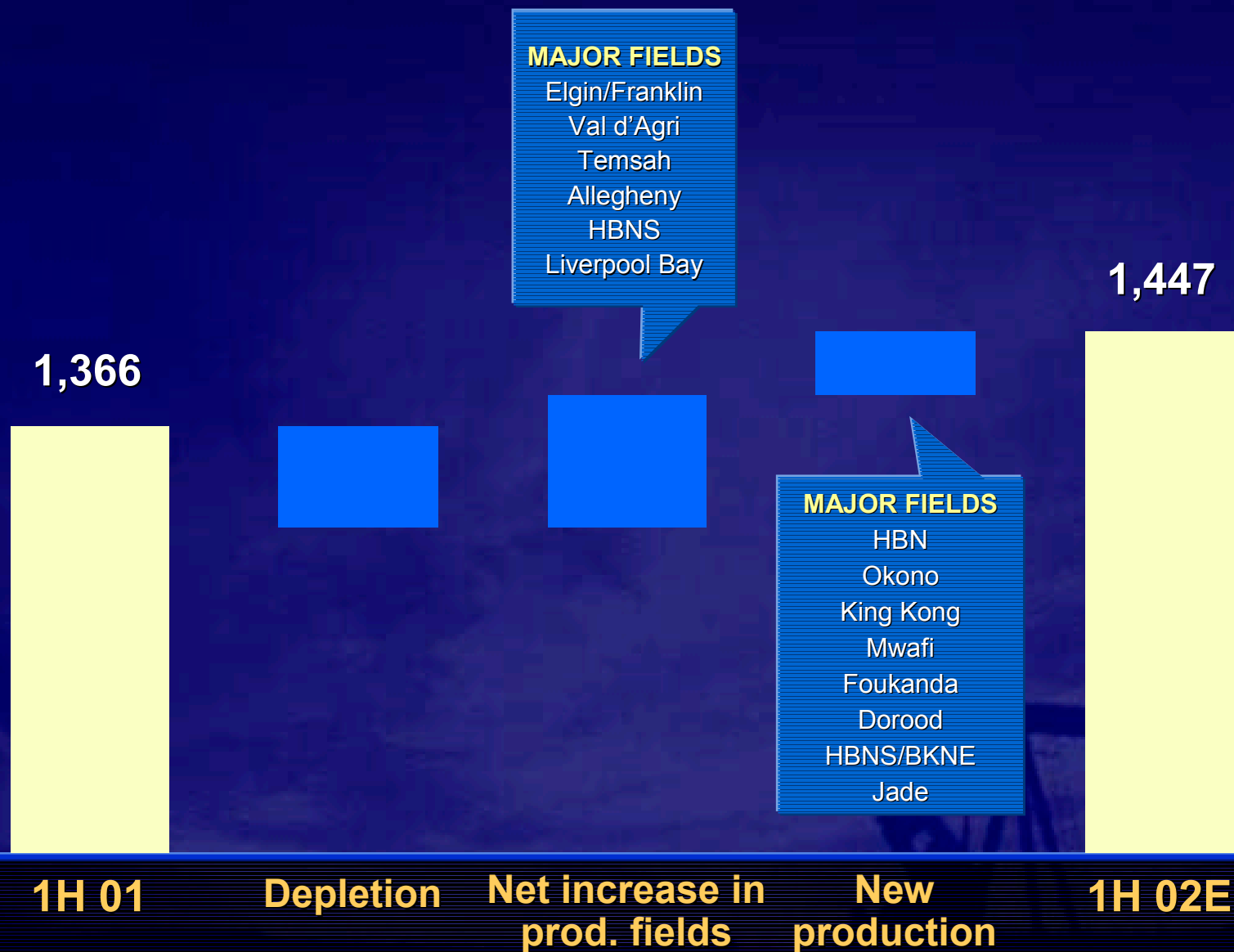
■ Growth rate 6% after OPEC cut

■ In line with 2001-2005 CAGR target (6%)



Production contributions

Kboe/d



2002 Production Trend

Portfolio Rationalization

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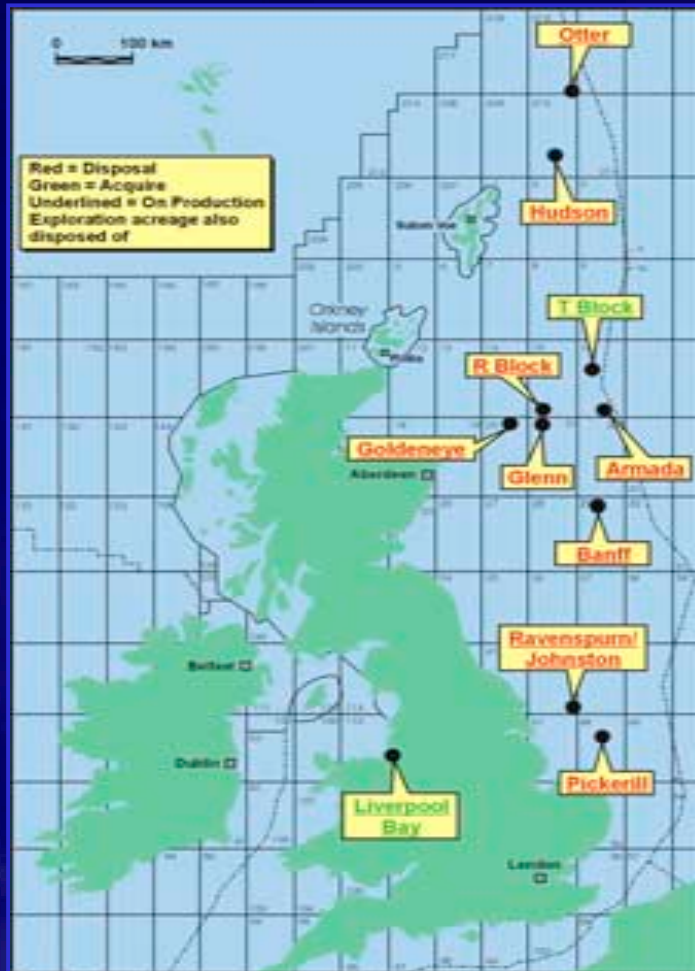


Portfolio Rationalisation: actions delivered

- | | | |
|--------------|-----------------|--|
| UK | Phase I | <ul style="list-style-type: none">- Disposal of 10 commercial fields and 4 exploration blocks- Acquisition of additional stake in producing fields in T-block and Liverpool Bay |
| | Phase II | <ul style="list-style-type: none">- In progress |
| QATAR | | <ul style="list-style-type: none">- Disposal of non operated 45% stake in the Al Khaliij producing oil field, the only asset in the country |
| ITALY | | <ul style="list-style-type: none">- Disposal of 25% stake in the Tempa Rossa heavy oil field under development |

Rationale: disposal of marginal assets, focus on materiality, strengthen presence in operated assets, optimise short and long term returns.

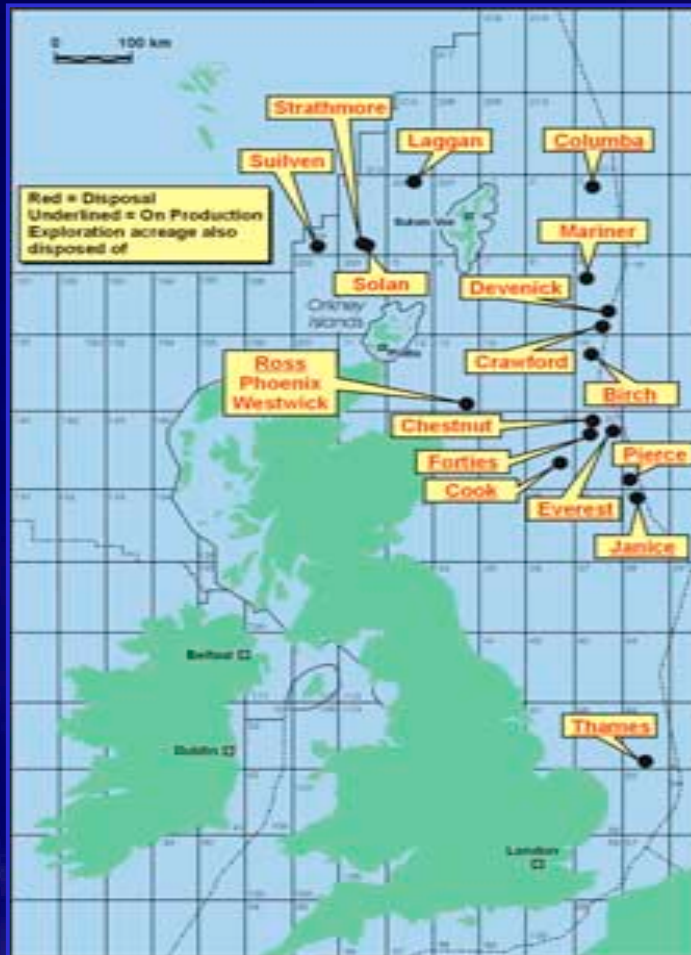
UK Portfolio Rationalisation – Phase I



Completion Q3 2002

- Acquired further 11% of 'T' Block (now 89%)
- Acquired 9% interest in Liverpool Bay (now 54%) in swap for 4 assets plus cash
- Sold 6 additional assets for cash
- Net reduction 6.6 kboepd (2003)
- Sold or relinquished 66 blocks

UK Portfolio Rationalisation – Phase II



Currently on market

- 9 producing fields
- 10 marginal / dormant discoveries
- 29 blocks
- Net reduction 15 kboepd (2003) assuming no acquisitions/swap

2002 Production Trend

Portfolio Rationalization

Exploration in 2002

Long Term Projects

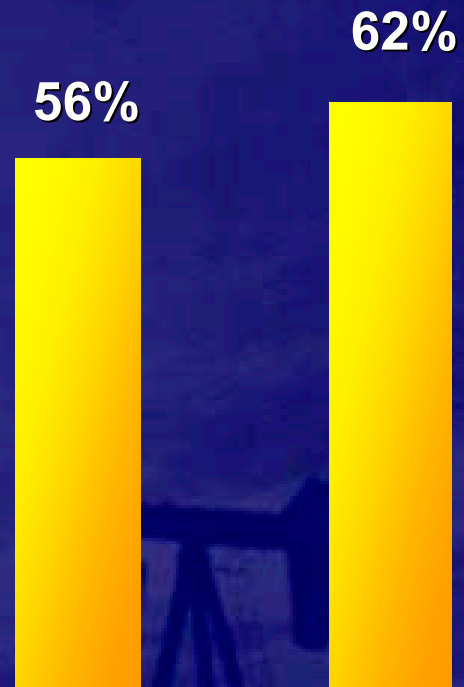
Technology



Exploration drilling activity – 1H 02E

- **Drilled wells:** 42 (43 in 2001)
 - Drilled wells in Italy: 5 (4 in 2001)
 - Drilled wells abroad: 37 (39 in 2001)
- **Wells in progress:** 19

**Technical rate
of success***



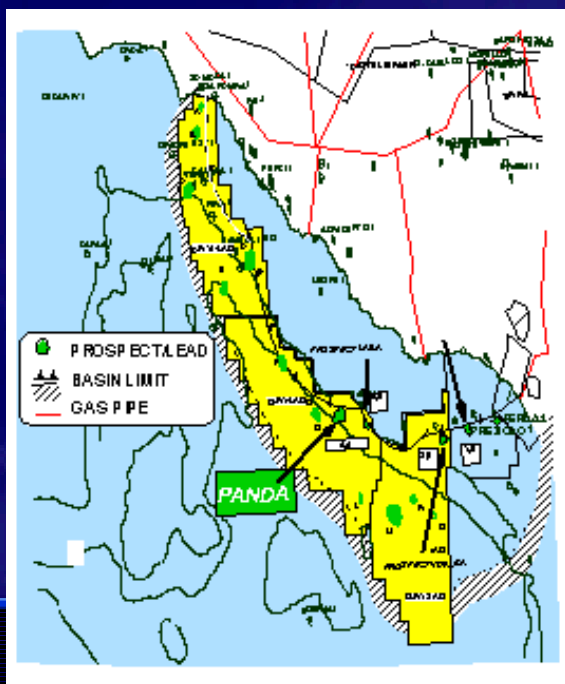
* Technical success does not imply commercial discovery



Exploration activity - Main results in 1H 02



Italy - Exploration Results: Panda gas field



EXPLORATION

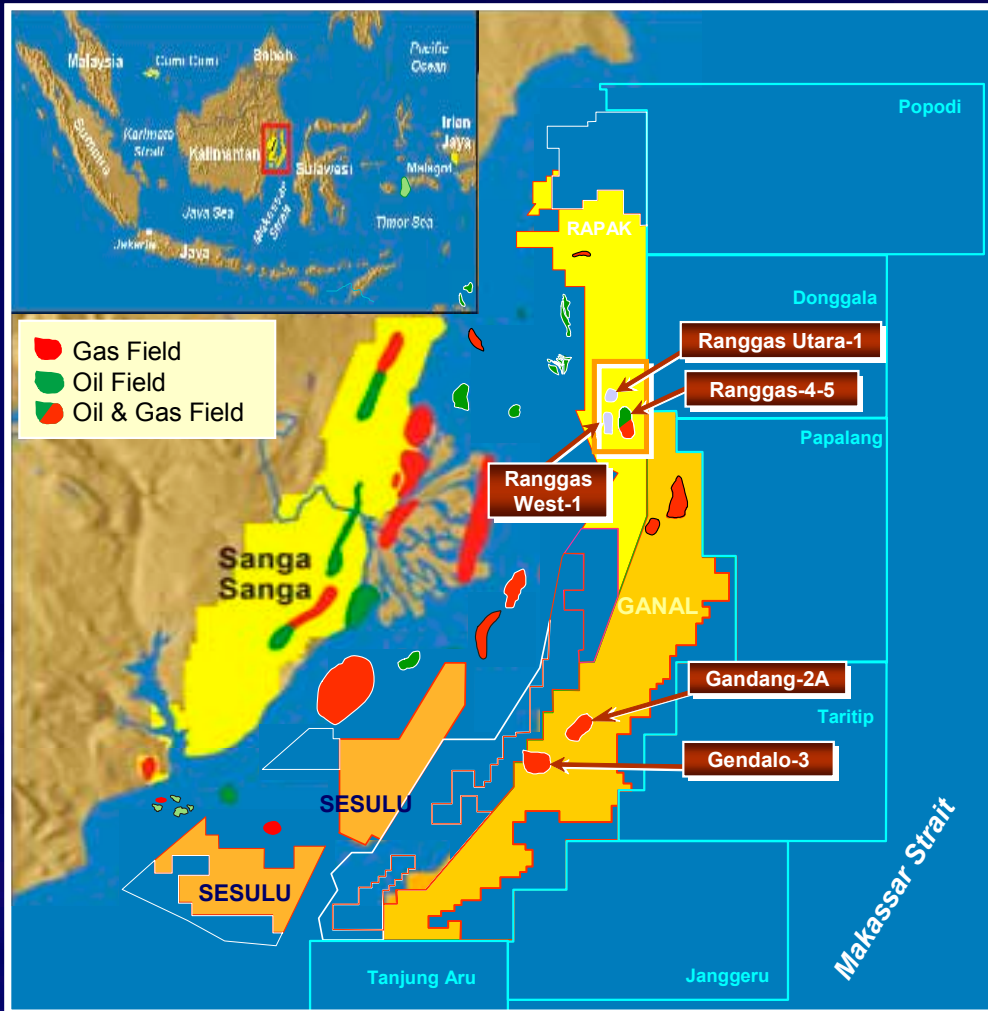
- Discovered 9-12 Bscm of gas
- Upside potential 3 prospects and 11 leads
- Eni operator share 37.55%
- Water Depth 450 m

PRELIMINARY DEVELOPMENT

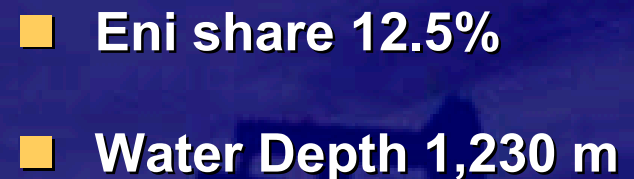
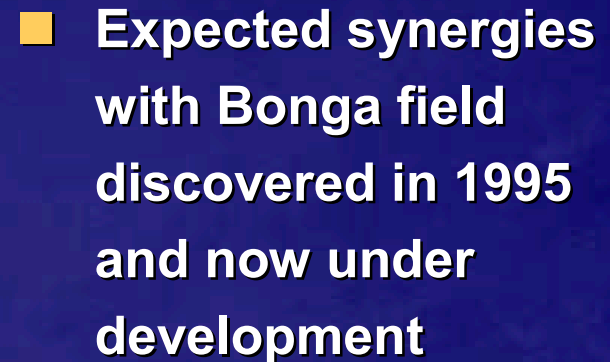
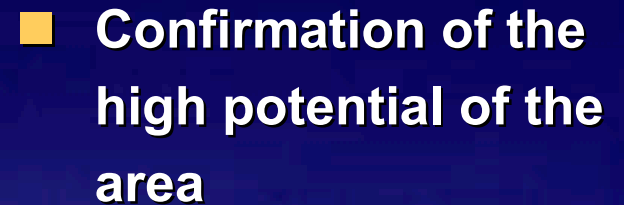
- Subsea Wells
- Gathering system to allow future tie-in
- Utilization of existing facilities
- First Gas: December 2005



Indonesia – Exploration Results



- 6 successful wells out of 7 drilled
- Cumulative Hydrocarbon discovered approx. 800 Mboe (90% gas)
- Eni share 20%
- Water depth > 1,500 m

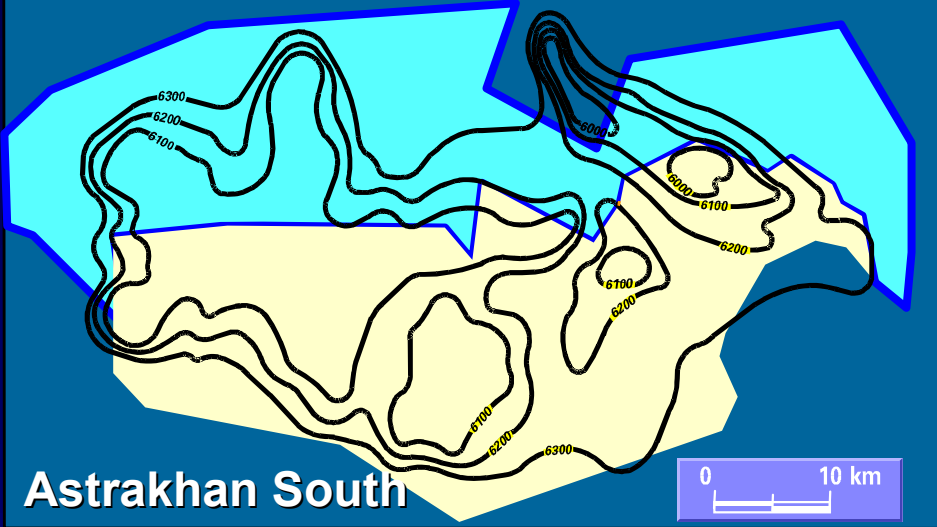


Astrakhan – New Exploration



- Astrakhan is located in the oil and gas rich Pre-Caspian basin area (main discoveries: Kashagan, Tengiz and Karachaganak)
- The project covers the northern section of the Astrakhan structure (3,000 sq km)
- Low geological risk
- Existing export facilities (CPC and Blue Stream)

Astrakhan North



ASTRAKHAN NORTH LICENCE

Exploration phase:
Concession Agreement

- Licensee: ASTRA-N a joint stock company incorporated in Russia
- Eni operator 50%

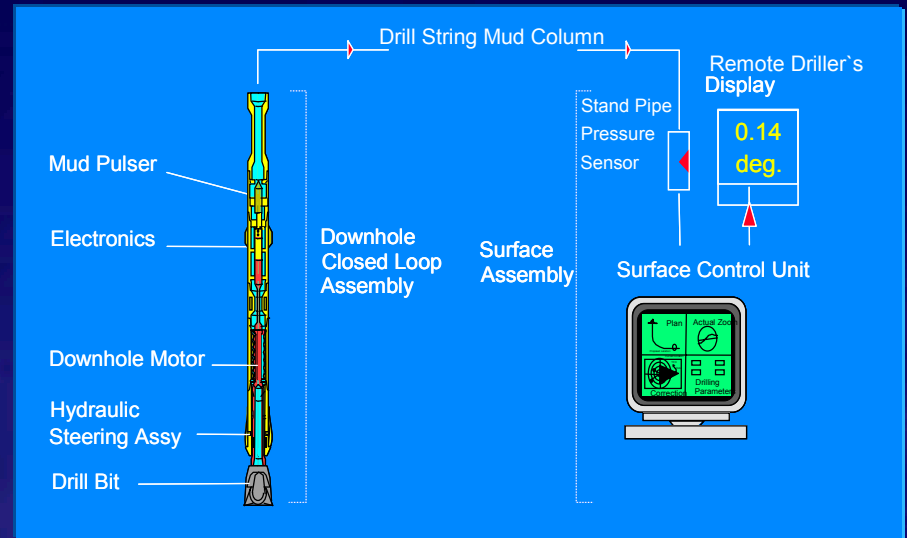


Development phase: PSA

- DUMA approval already granted
- Negotiation in progress



Rig up Astrakan - 1



SDD: Strait-hole Drilling Device

- Depth of wells 6,500 m (H.P.H.T.)
- Severe drilling difficulties experienced in the area
- Use of Eni technologies (SDD, Lean Profile Drilling) to obtain hole stability; extensively utilized in Italy
- Astrakan -1 well spud-in June 18th

2002 Production Trend

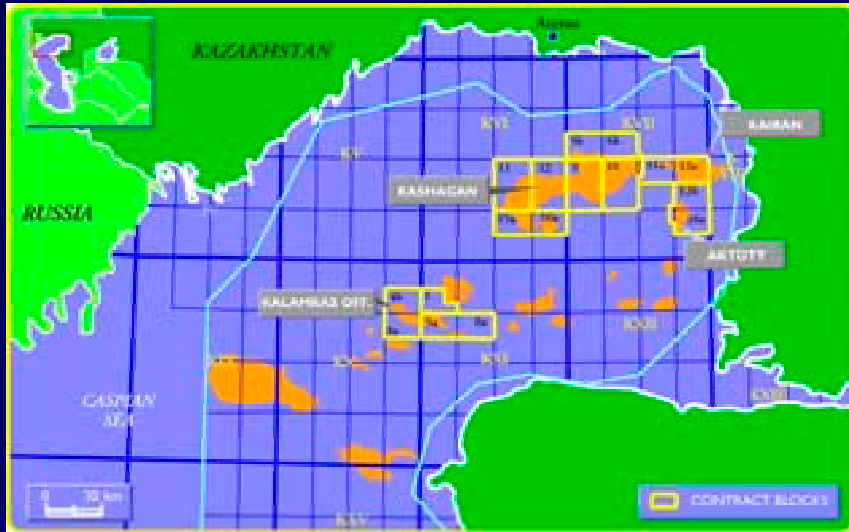
Portfolio Rationalization

Exploration in 2002

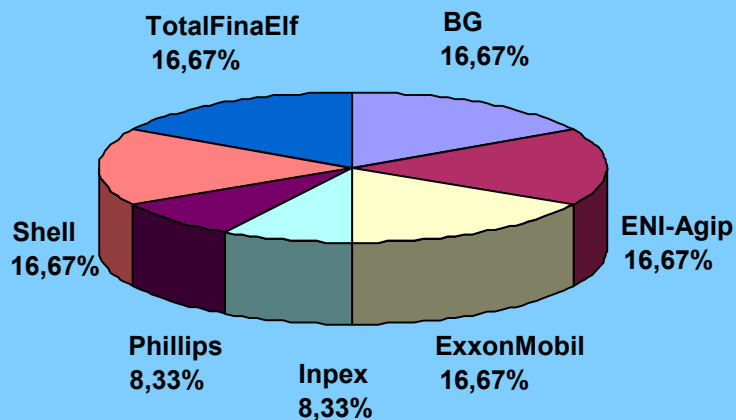
Long Term Projects

Technology

Kashagan - Status



- **Contract Area: 11 blocks (5,500 sq km)**
- **November 1997: PSA signature**
- **April 1998: PSA Effective date**
- **February 2001: Eni selected as Operator of the NCS Joint Venture**
- **May 2002: Pro-rata transfer of the BP and Statoil interests (Eni +2,38%)**

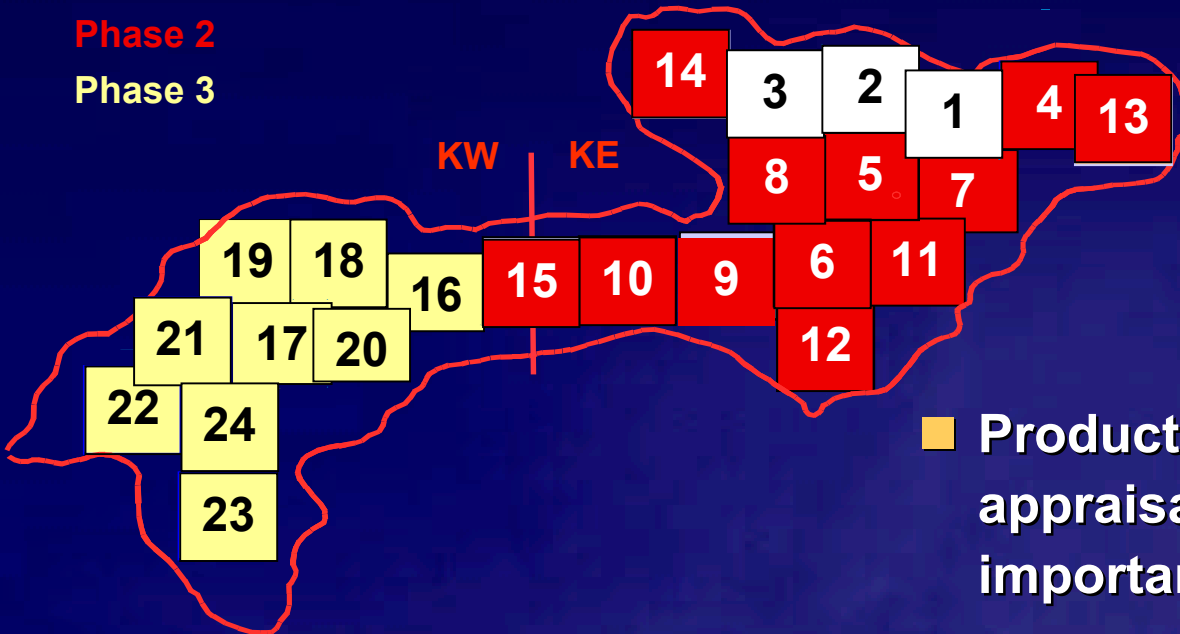


Kashagan

Phase 1 Experim. Program

Phase 2

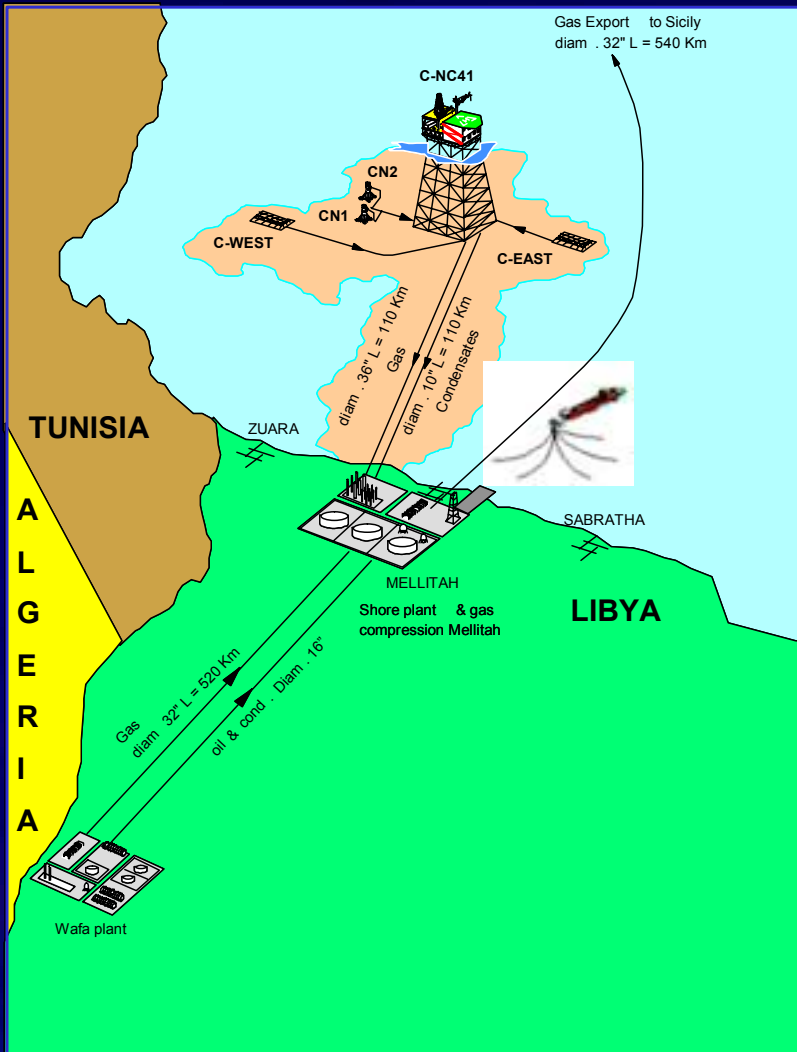
Phase 3



- Production test on the second appraisal well (KE-3) confirms the importance of the discovery
- Third appraisal well (KE-5) in progress from an artificial island
- Front End Engineering Design for first phase development approved



Libya Gas Project - Status



Two fields

- Wafa: onshore, 520 km from the coast
- NC-41: offshore, 110 km from the coast

10.0 BSCM/Y of gas sale

- 8.0 Bscm/y exported to Italy
- 2.0 Bscm/y delivered to local market

Start up 4Q 2004

Production peak (100%):

- Oil & Condensate 100 Kboepd (2005)
- Gas 10 Bscm/y (2006)



Libya Gas Project

DRILLING ACTIVITY

- Onshore
 - 12 out of 38 wells already drilled
- Offshore
 - Predrilling template installed
 - Semisub rig in activity since February 2002

CONTRACT STATUS

- Major Packages Awarded
 - Wafa desert & coastal plants: approx. 1,2 bn €
 - Wafa-Mellitah pipelines: “ 150 m €
 - NC41 offshore platform: “ 580 m €
 - Outstanding Packages
 - NC41 Subsea production system
 - NC41 sealines
 - NC41 onshore Mellitah plant
- } award expected July 02

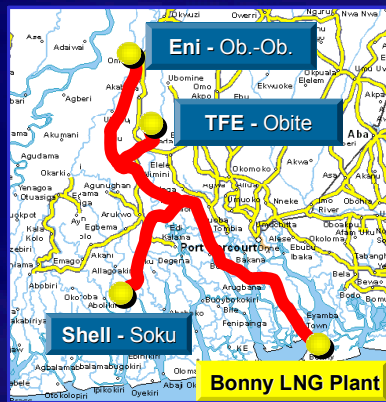
TOTAL AMOUNT COMMITTED: 3 bn €



Nigeria LNG Upstream - Status (IV – V Train)

Upstream

■ Capex equity	114	M\$
■ Gas sale equity (IV-V Tr.)	20	Bcm
■ Total Gas sale equity (I-V Tr.)	44	Bcm



FORCADOS

CLOUGH
CREEK

IRRI/ISOKO

WALE

OB/OB

OSHIE / IDU

Ubeta

P/ HARCOURT

GTS 1

BRASS

BONNY



Nigeria LNG Downstream

Train 1 e 2

7.15 Bcm/y
Start up 1999



3.7 Billion \$

Train 3

3.7 Bcm/y
Start up 2002



1.8 Billion \$

Total capacity 21 Bcm/y

Train 4 & 5

10.3 Bcm/y
Start up 2005



2.9 Billion \$

Investments include costs for 13 LNG carriers

2002 Production Trend

Portfolio Rationalization

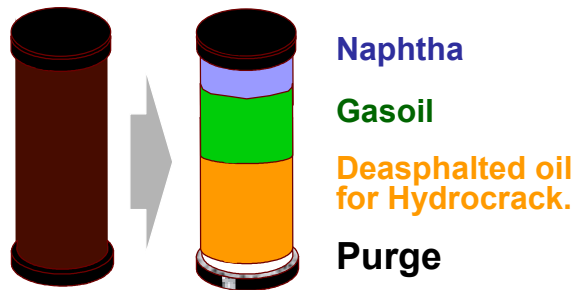
Exploration in 2002

Long Term Projects

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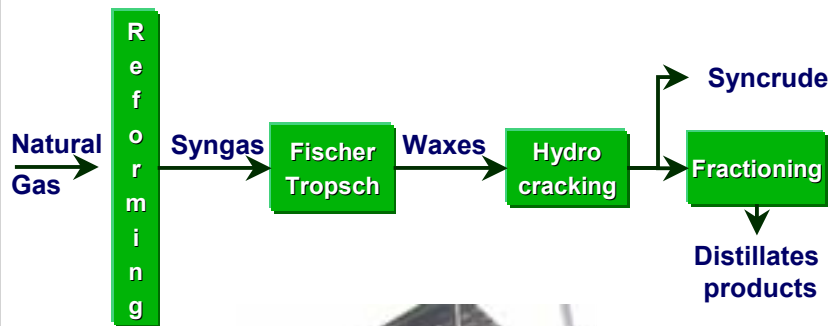
EST: a new process to convert heavy oils and petroleum residues into light oil products

- Deep conversion to distillates without producing fuel oil
- Catalyst recycling



- Pilot plant at Taranto refinery
- Commercial demonstration plant (CDP) capacity 1,200 bbl/d
- Purge less than 2%
- Completion of the pilot plan 2H 04
- Testing during 2005
- Total investment 120 M€

Gas to liquid conversion pilot plant in Sannazzaro - Italy



- To value gas when market is not available
- To develop and validate a proprietary technology for conversion of natural gas to waxes by Fischer-Tropsch
- Test in progress
- Completion by end 2002



Concluding Remarks

- **Production growth rate confirmed**
- **Growth based on projects on track**
- **Satisfactory exploration results**
- **Continuing focus on technology**
- **Building beyond 2005**



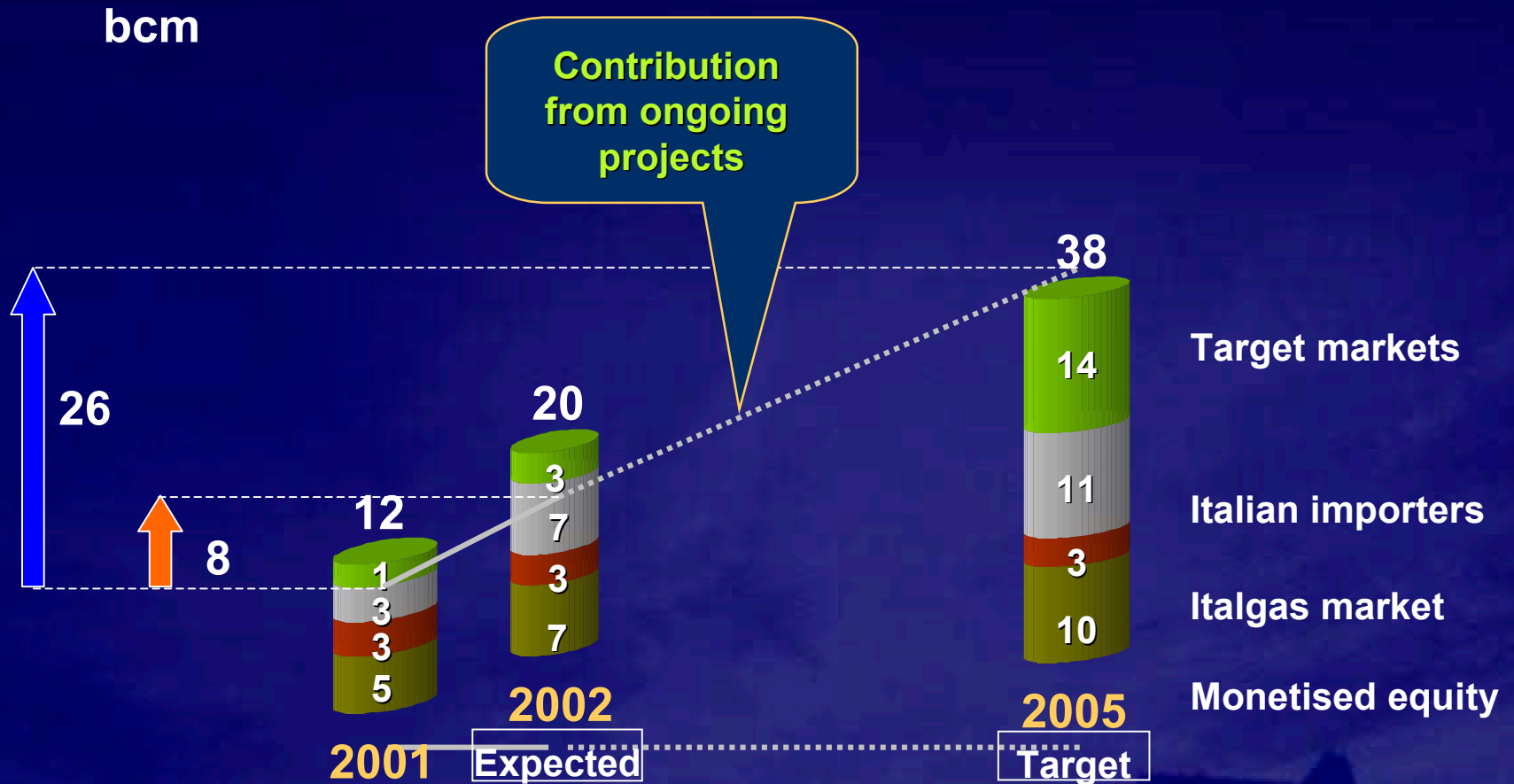
International Gas Developments

Luciano Sgubini

Chief Operating Officer G&P Division

June, 2002

Sales in Europe: fast growth towards 2005 target





Growth in European Attractive Markets: on track

STATUS OF VENTURES

Target
Markets

- *Entering markets by alliances and acquisitions*

The GVS deal in Germany

- *Implementing infrastructures for new markets*

The BLUE STREAM project to supply Turkey

- *Developing in growing markets*

Partnership with GALP builds up supply and customer base in Iberian peninsula

Eni's
Equity

- *Integrating upstream and downstream*

The GREEN STREAM project to monetise Libyan gas





Eni - EnBW Partnership for German Market

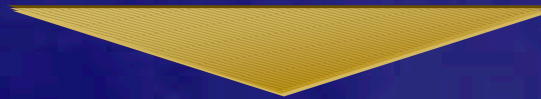
COMPLEMENTARY SKILLS AND ASSETS

EnBW

- Understanding the client's needs
- Marketing skills in Germany
- Electricity market leadership

Eni

- Supply and transportation expertise
- Contracted/equity gas and facilities
- Gas marketing skills



EnBW-Eni GmbH

*50-50 Joint Venture
for the acquisition
and further development of GVS*



GVS: transaction overview

- **EnBW-Eni GmbH** is acquiring the following stakes in GVS:
 - 62.22% from the Land, MVV and other minority shareholders
 - 33.40% from NWS

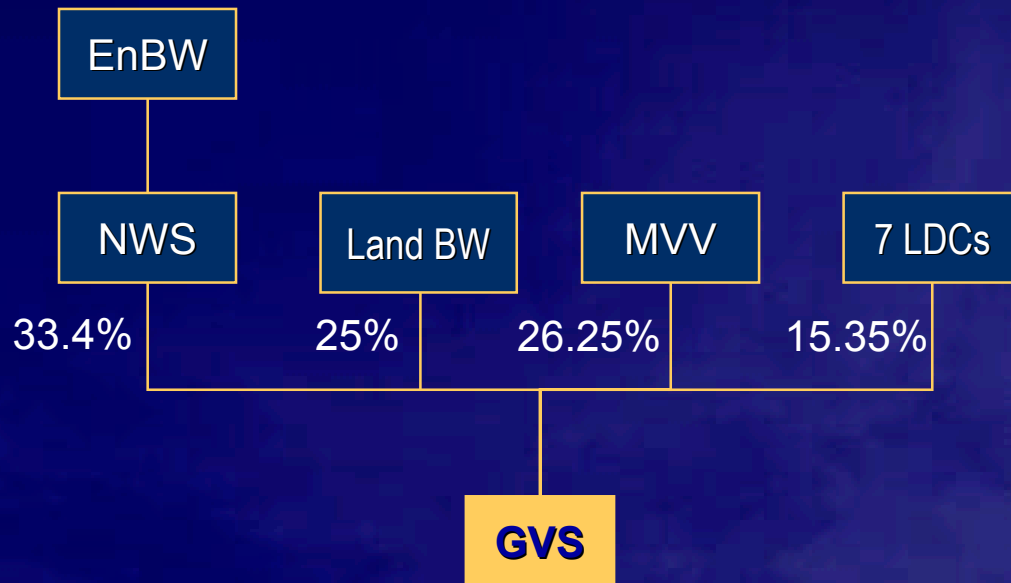
- **Value for 100% of GVS** *(EURm)*
 - Equity 720
 - Net Debt negligible
 - Enterprise Value 720

- **Closing** October 2002
(subject to approval of Antitrust Authorities)

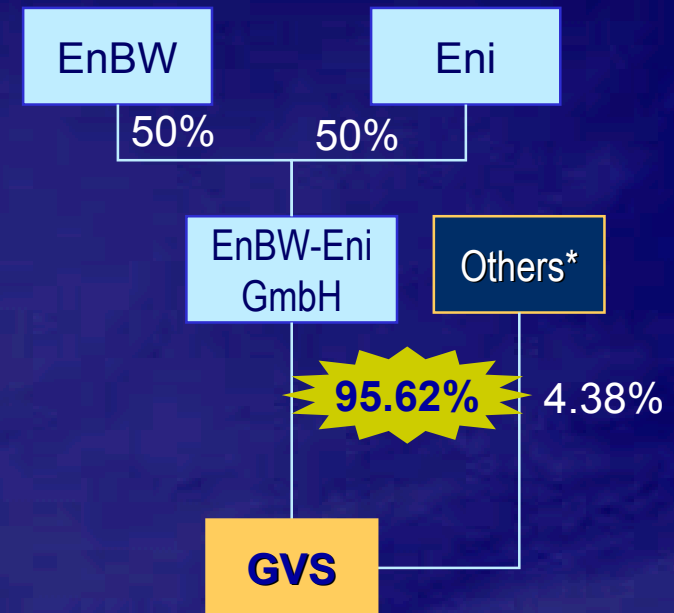


GVS: deal process

Current ownership



After deal closing



*Two minority shareholders are interested in selling their overall 4.38% stake at a later date, in form of a put option

GVS: current integrated activities



— TENP
— GVS network

GVS

Supply

Regional
transport
and
marketing

Sales
to LDCs

Main players 2001 Volumes (bcm)

Ruhrgas
Wingas
Others

7.1

GVS

7.1

of which:

- Domestic
- Export

6.9

0.2

A, CH, FL

100 LDCs:

6.9

of which:

- NWS
- Controlled by EnBW

1.3

31% EnBW

0.3

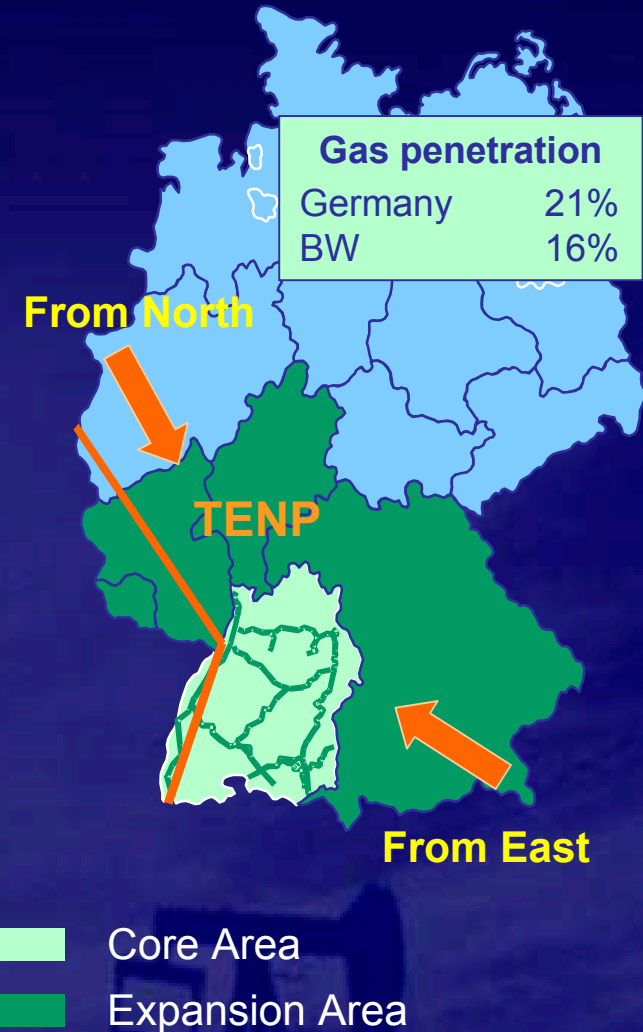
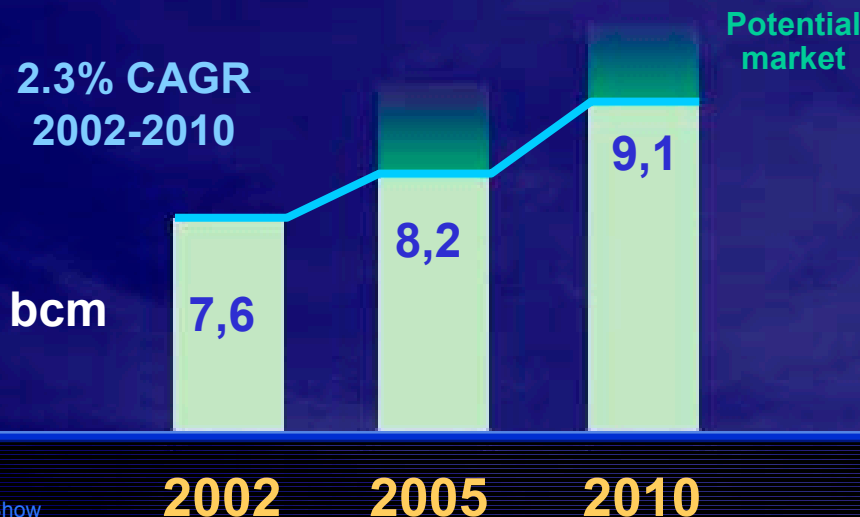
49%-72% EnBW



GVS Deal: value accretive

- Develop gas sales in Baden-Württemberg
- Sell gas, through GVS, in neighbouring Länder
- Integrate GVS gas supply to support growth:
 - Exploiting Eni facilities in Europe
 - Relying on competitive portfolio gas supply
 - Monetising gas equity in the long term

Estimated gas demand in
Baden-Württemberg





GVS - A fair and profitable deal

Strategic partnership

- Business integration
- Complementary skills and assets

EV multiple

- In line with other transaction in the gas industry

**ATTRACTIVE
OVERALL RETURN**

Competitive position

- Portfolio gas supply
- Eni facilities
- Customer base

Value creation

- Growth of BW's gas market
- Expansion into neighbouring Länder
- Coverage of GVS' excess gas needs



Turkey: Blue Stream project on track

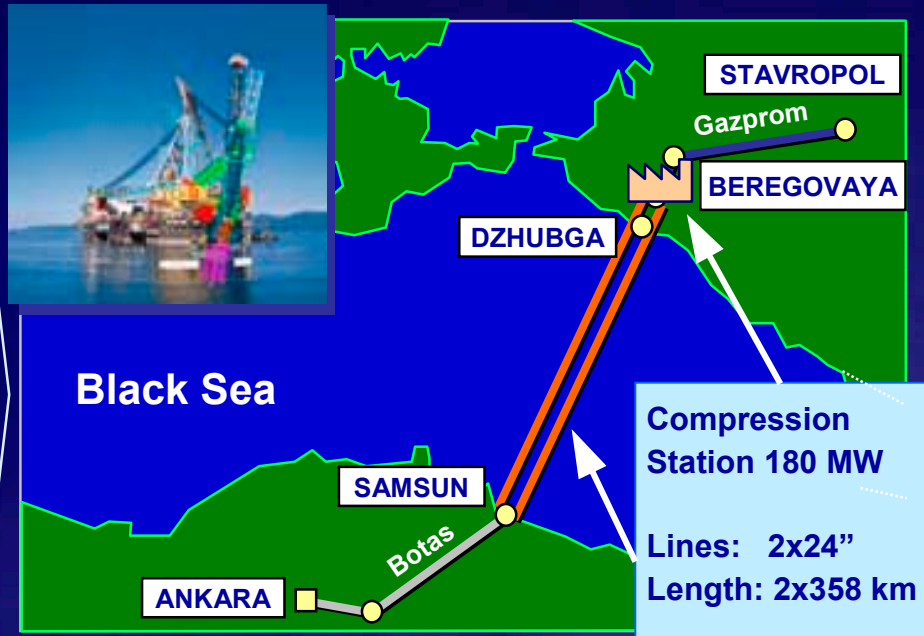
50-50 Eni-Gazprom JV

- A technological challenge for a unique infrastructure

- Max depth: 2150 m

- Fast delivery. Laying time (days):

- 125 line 1
- 96 line 2



- Laying of two sealines completed

- Deliveries start-up within year end

- Compression station to be completed by mid 2003

- Supply Turkish market with 16 bcm/y of gas from Russia 8 of which are Eni's
- New opportunities in the downstream



Turkey: gas regulatory framework

Eni is monitoring the implementation of the new Natural Gas Market Law

- Botas separation between transmission and import/sales
- Import limit for single operator: 20% of the market
- Compulsory strategic storage: 10% of supplied gas
- Limit to wholesalers for the supply of eligible customers: 20% of free market
- Gas distribution awarded through local competitive bids



Turkey: Eni's solid competitive positioning

Scenario

Botas must gradually transfer import contracts and market shares to new operators

District distribution licences to be awarded through competitive bids

Opportunities

As a wholesaler, Eni in JV with Gazprom could supply power plants, industrials & commercials and LDCs

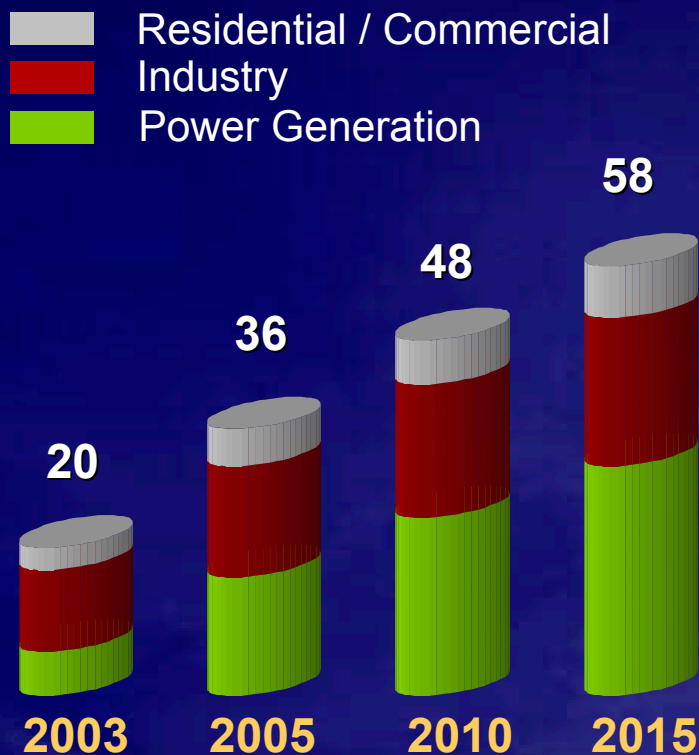
As a distributor, Eni (Italgas) could compete for the acquisition of distribution concessions





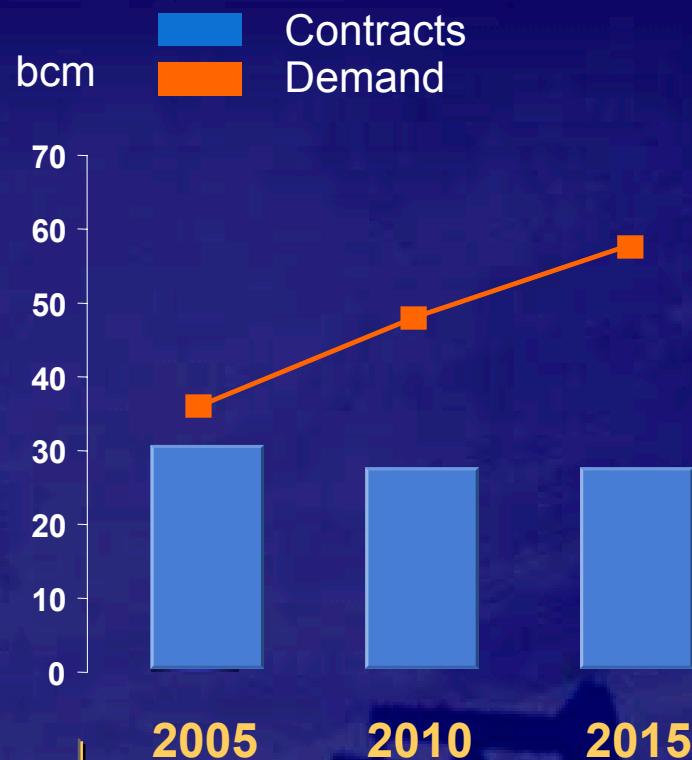
Iberian Market: competitive supply as a key factor

**Strong growth
in demand***



**Significant opportunities to
develop market**

**Lack of supply
in medium-long term***



New LNG imports



Iberia: developing marketing

CUSTOMER BASE

- Eni**
 - Gas sales portfolio: 1.5 bcm/y
 - First delivery to Iberdrola: April 2002
- Galp**
 - Eni's share 33.34%
 - Distribution customers 573,000
 - Sales 2.5 bcm
- Galp-Eni**
 - Future joint marketing

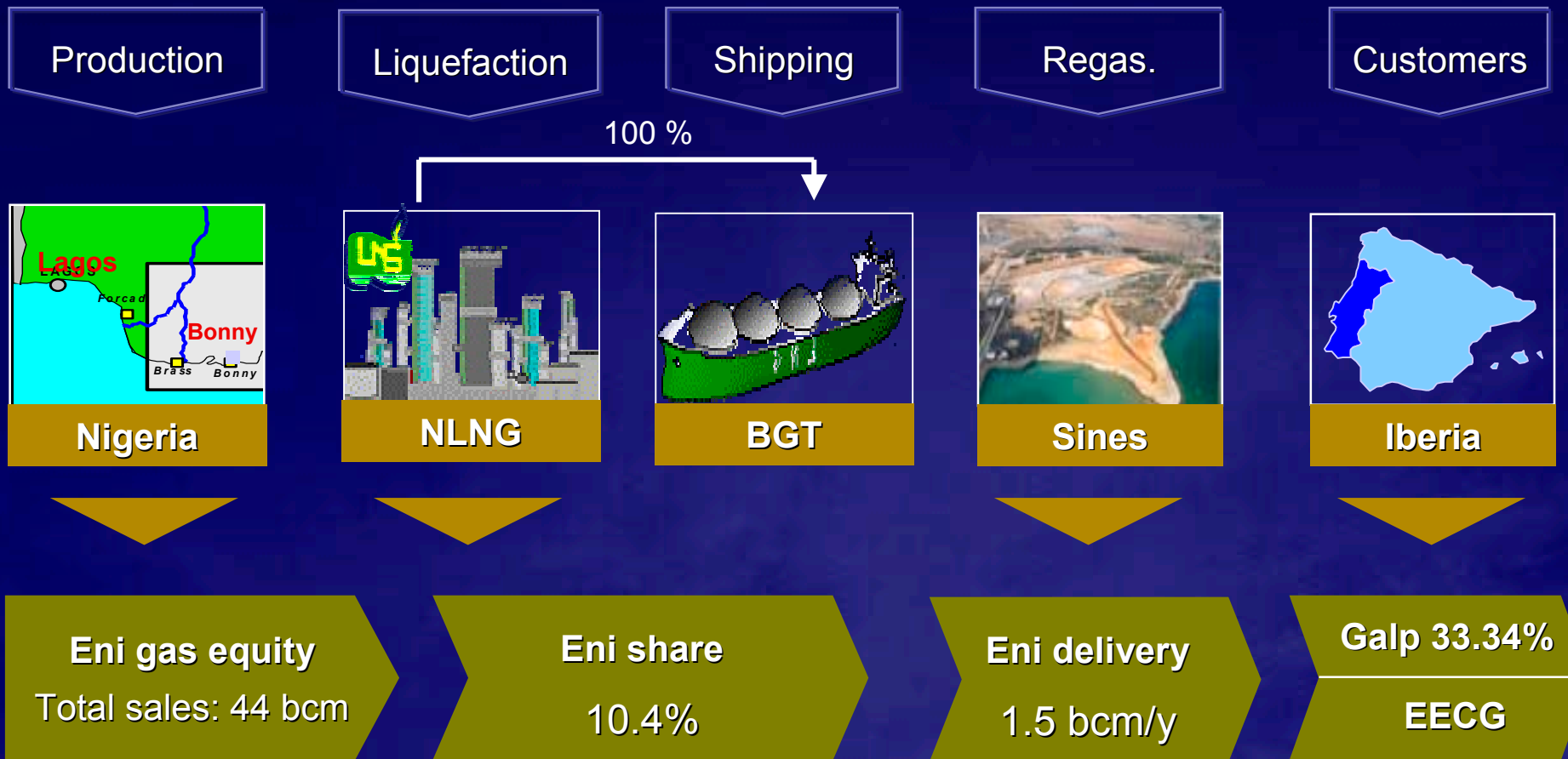
SUPPLY

- Long term contract Nigerian LNG: 1.5 bcm/y from late 2005
- Early supply from Eni LNG portfolio
- Delivery through Sines terminal: 1.5 bcm/y from 2005
- Galp share in TransMaghreb





Nigeria LNG: Eni value chain to Iberian peninsula



LNG Long Term Contract 1.5 bcm/y from 2005





Libya: Green Stream project

TRANSPORTATION SYSTEM

- Capacity: 8 bcm/y
Possible expansion to 11 bcm/y
- Capex: ~ 1000 M\$



RECEIVING TERMINAL

- Procurement and bid for construction started

SEALINE

(32"/540 km/depth 1,130 m)

- Pipes under delivery
- Coating started
- Start laying Q3, 2003

COMPRESSION STATION

(170 MW)

- EPC contract: awarded

Eni equity and
contracted gas
from Libya



Eni Oil and Gas Business Trend Presentation

Q & A

June, 2002

