Q4 and Full

Year 2014

results

February 18th 2015

Presentation and Q&A

Presentation

Speakers:

Claudio Descalzi – CEO
Massimo Mondazzi - CFO

Claudio Descalzi

Good afternoon, and welcome to our fourth quarter results presentation.

2014 was a year of great change in Eni. In May we started a deep review of our cost structure and accelerated the execution of our strategic programme. These actions allowed us to:

• beat our cash flow growth target

• lower our leverage

• bring G&P back to profit

• progress the turnaround of R&M and chemicals

The first step of the new action plan was to change the organization from a divisional company to a fully integrated one, in order to enhance flexibility and efficiency. The new simplified organization brought immediate benefit in terms of speeding-up processes, reallocating staff and allowing a G&A cost reduction of 250 mln euro.

Material results have been achieved in the different businesses: In Upstream

• We continued to obtain outstanding exploration results with 900 Mboe of discoveries mainly in Congo, Ecuador, Egypt and Gabon, with a competitive exploration cost of around 2 dollars per boe. These new resources, mainly liquids, are conventional and can be developed in phases using existing facilities with limited upfront investments. As a result, the projects have strong economics also in the current weak scenario.

• We acquired new blocks in the Caspian Region, West Africa and the Far East, reloading our asset base with an additional 100,000 sqkm of new exploration acreage

• We fast tracked the start-ups of recent discoveries in Angola, in Egypt and in Congo, with an overall year end gross production of 60 kbopd of oil. Thanks to the contribution of the new projects and the strict control of operations, we fully met the production target

• And finally, also this year, the Organic Reserves Replacement ratio was in excess of 110% In Mid-downstream

• We proceeded with major gas renegotiations to align the supplies to the hub reference, bringing forward G&P's breakeven by a year and accelerating recovery in take or pay

• We reduced losses in Chemicals and R&M by cutting 30% of our refining capacity and refocusing the portfolio with the start up of the green plants in Porto Torres and Venice and with the agreement on the conversion of the Gela refinery.

Finally, we collected 3.7 bln euro from disposals, mainly from the sale of Russian assets, the recent exit from South Stream and the dilution of our Galp stake.

Talking about 2014 results, I would like to give a special focus on projects development, where the changes we implemented in 2012 have delivered their first results.

We have based our development structure on three key pillars:

• First, we take the role of lead contractor in all phases of development, from engineering to commissioning, directly managing all the different development packages;

• Second, most of the developments are split into different phases, mitigating operational risks, bringing forward cost recovery and finally reducing financial exposure;

• And third, we maximize the use of modularization and standardization, exploiting existing facilities and equipment already on the market The most tangible results of this new model are the two recent start ups in West Africa.

In Angola, in Block 15/06, where we have found more than 3 billion bbl of resources in place, the start-up was reached in less than 4 years after the declaration of commercial discovery, an impressive result for a deepwater project.

The performance of this field is better than expected, currently producing about 45 kboed. Every 6 to 8 months, we plan to add a producing cluster to existing hubs in order to reach 200 kboed in 2018 after the start up of east hub.

In Congo, in the Marine XII block, we have discovered 3.5 bn boe of resources in place to be developed in different clusters. The first of these has been the Nene Marine discovery, where we were able to fast track the production start-up only 9 months after FID through the reconfiguration of an available platform and maximising the use of existing network and facilities.

This huge discovery has started with an early production and will be developed in phases to reach a plateau of around 120 kboed in the next 5 years.

We are adopting the same approach for other major discoveries in Angola, Ghana, Egypt and Ecuador.

Now talking about cash results, despite the drop in oil prices in the last quarter, we have beaten our cash target with a cash flow from operations of more than 15 billion euro.

This represents a 40% increase with respect to 2013, well in advance of our original plan.

It was reached mainly through:

• 2.2 bn euro coming from cost and production efficiencies, the renegotiation of gas contracts and downstream turnaround; and

• a working capital improvement of 1.9 bn euro

This outstanding cash generation from operations and disposal has entirely funded our capex and distribution policy, positively impacting also on the reduction of leverage, which now stands at 22% from last year’s 25%.

And now, some preliminary elements for 2015: in order to better cope with the current price scenario, we continue to implement and reinforce the cost efficiency program that we started in May 2014 and our expectation is to have 2.5 billion euro of optimization coming from capex, opex and G&A costs.

The 2.5 bn euro are split as follows:

- In terms of overall capex, we expect around 2 bn euro of reduction, equivalent to 14% of 2014 capex at a constant euro/dollar exchange rate, coming from:

• first, 20% due to the reduction in the non upstream businesses as a result of the recent rightsizing

• second, 30% due to the reduction in exploration spending, where we will continue to focus more on near field and appraisal activities, reducing investments in the frontier exploration areas where we have been successful in the recent past, and lastly

• 50% from the reduction in upstream spending due to: o a re-phasing of complex projects, focusing on simpler developments with shorter time to market and the overall revision of the existing supply chain where we see signs of cost reductions for some items in the order of 20-30%.

Additional cost revisions in following years will be presented in the 4 year plan strategy presentation next month.

- In terms of opex, we expect in 2015 a reduction of 300 million euro coming from

• optimization activities, substantially from contract revisions • rescheduling of non-mandatory activities, and

• energy feedstock prices and logistic costs

Our total cost per boe will be reduced by 14%, while we still confirm a production growth rate of 3% at price parity.

As a final point, from 2015 on, G&A costs will be reduced by about 500 million euro, doubling what we already saved in 2014.

And now I will hand over to Massimo for a brief overview of the results.

Massimo Mondazzi

Thank you Claudio.

For Q4 2014, the adjusted operating profit was 2.3 billion euro, down 34% versus the same period last year.

This was mainly due to the fall in Brent which averaged $76 per barrel in the quarter.

The major impact was on E&P, where the benefit of 350 mln euro of industrial improvements (cost and volumes) was more than offset by the scenario impact that accounted for 1.6 billion euro.

On a full year basis, the operating result is down 1.1 bln euro due to a reduction of 3.1 bln euro for E&P mainly due to the negative oil price effects, while all the other businesses delivered a 2bn euro improvement in performance.

The adjusted net profit for the quarter amounted to 464 million euro. The year on year decline is principally due, other than for the aforementioned scenario, to the negative fair value contribution of our remaining stakes in Galp and Snam, evaluated at the share prices of 31St December 2014.

Since then, these prices have moved up significantly and if we had to adjust the evaluation to today's levels, the reported loss would have been reduced to around one half.

The fair value evaluation also impacted the tax rate that was 15 percentage points above that of Q4 2013. Net of this effect, the tax rate would have been in line with the guidance.

For the E&P sector, on a full year basis, net of the effect of the sale of Russian assets, production was slightly higher than in 2013.

Looking at 4Q vs 3Q the increase is largely attributable to better performance and recovery from lower production in 3Q related to maintenance [+43 kboed] and the contribution of new start ups [+14 kboed], such as Angola block 15/06, Abo in Nigeria, Abu Rudeis and Emry deep in Egypt, Nenè in Congo and] and the PSA effects [+14 kboed].

Operating profit in the last quarter was affected by the decline in crude oil prices, that was only partially offset by the weakening euro.

The overall negative effect of the scenario is estimated at 1.6 bln euro vs the fourth quarter of last year, and more than 1.1 bln euro versus the third quarter.

The entire reduction in operating profit between 3Q and 4Q 2014 is explained by the scenario effect, as better operating performance was offset by higher exploration costs of around 100 million.

Turning to Reserves Replacement, we confirmed our historical track record with a ratio of 112% last year. Around 20% of the promotions were related to new discoveries and extensions, mainly in West Africa (Ghana, Congo, Angola) and Far East (Indonesia), whilst the remaining 80% related to positive revisions of reserves in already proven fields.

Among the revisions, the price effect on PSA-related reserves contributed a limited 30 Mboe.

Since 2010 eni has consistently been replacing its production organically with an average rate of 127% over the last 5 years. Turning to Gas & Power, adjusted operating profit was a positive 108 million euro, thanks to the continuous improvement of the underlying performance and the benefit of the renegotiations concluded in the year. The full year result was 310 Mln euro, an increase of almost 1 bln euro over 2013.

Even excluding one off effects and retroactive elements, this result represents a material operating performance improvement of around 500 mln euro.

On a cash basis, the take or pay recovery amounted to 650 mln euro, leaving a residual amount of 1.3 bln euro at the end of 2014 of which around 0,4 bln, already accrued in late 2014, will be cashed in beginning of 2015 Refining and Marketing showed a marked improvement both sequentially and year on year, with an adjusted operating profit of 192 million euro achieved in Q4 2014.

It is the second consecutive quarter of positive results, and it confirms that this business is already profitable on an adjusted basis at the current scenario.

This is the consequence of our progress in reducing capacity to counterbalance the decline of demand, that in 2014 was 1% lower than the previous year.

Capacity reductions were achieved at the Venice and Gela plants, whilst further operating enhancements took place at the remaining plants.

Overall our capacity utilization rate in the quarter was up to 73%, an improvement of 12 percentage points versus Q4 last year, driving down the breakeven margin of our refineries below 6$/bbl, on an adjusted basis.

And finally, the improved cash position helped to lower the leverage to 22%, even after the payment of 4,4 billion euro in dividends and buyback, which represented a 10% increase in our distribution policy versus the previous year.

In detail:

- the 15,1 billion € of Operating Cash flow, with a 40% growth versus 2013, marked our best performance since 2008.

The 4,1 billion € increase vs 2013 operating cash flow was due to an improved overall performance including 1,9 billion € recovery in working capital mainly related to the reduction in the E&P credits, an improvement in Saipem's pending revenues and the reduction in the Take or Pay position.

- disposals of almost 3,7 billion euro were completed in the year including the collection of 350 million euro from South Stream.

- capex was kept at 12.6 billion euro, 5% lower than 2013, in line with our guidance. Net borrowings were down 1.3 billion euro lowering our leverage to its lowest level since 2006.

And now I will hand over to Claudio for the conclusions.

Claudio Descalzi

Thank you Massimo.

To conclude, 2014 was a year of important achievements for eni, where we delivered remarkable economic and financial results.

Even taking into account the weaker price environment, our cash flow from operations was over 15 billion euro – a 40% increase over 2013.

This very positive cash generation, including cash from disposals, has covered our needs with regards to capex and distribution policy, and also contributed to reducing the leverage.

Based on these results, I am pleased to announce that the 2014 final dividend proposal is confirmed at 56 euro cents per share.

Questions and Answers

Corporate participants

Claudio Descalzi - Eni SpA, CEO

Massimo Mondazzi - Eni SpA, CFO

Marco Alverà - Eni SpA, Chief Midstream Officer

Roberto Casula - Eni SpA, Chief Development, Operations & Technology Officer

Conference call participants

Oswald Clint - Bernstein, Analyst

Theepan Jothilingam - Nomura International, Analyst

Nitin Sharma - JPMorgan, Analyst

Martijn Rats - Morgan Stanley, Analyst

Iain Reid - BMO, Analyst

Thomas Adolff - Credit Suisse, Analyst

Lydia Rainforth - Barclays, Analyst

Massimo Bonisoli - Equita, Analyst

Marc Kofler - Jefferies, Analyst

Irene Himona - Societe Generale, Analyst

Robert West - Redburn, Analyst

Jon Rigby - UBS, Analyst

Neill Morton - Investec, Analyst

OPERATOR: (Operator Instructions). Oswald Clint, Bernstein.

OSWALD CLINT, ANALYST, BERNSTEIN: Yes, good afternoon. Thank you. Claudio, I really want to just talk about 2009, obviously similar environment, and through the year, some of your businesses within the Eni Group became a lot weaker. And then by October that year, you had decided to -- the Board decided to reduce the level of dividend. Can you talk about whether you see Eni as in a better or worse position today going through 2015 as it kind of talks about the dividend level for 2015, please?

And then maybe a second question, maybe for Massimo. I'm just curious about the gas and power business. I know 60% of the volumes have been renegotiated to hub linked. On the 40% remaining which is oil linked, is the price of that at the moment -- is it actually low enough or sufficiently low enough to start generating a profit as you import that and sell it through Italy parts of Europe? Thank you.

CLAUDIO DESCALZI, CEO, ENI SPA: Thank you very much for your question. I think that this comparison between 2009 and 2014 is very interesting. But, I'm sorry that I cannot elaborate further on that because that is a part of our presentation in March, our strategy presentation. So, I cannot. I'm not in position to anticipate anything.

In March, we're going to elaborate and make comparisons. In any case, I think that we are in a strong position. We are in a strong position, but the policy is something that is [related to] our decision. So, I cannot anticipate anything.

MARCO ALVERA, CHIEF MIDSTREAM OFFICER, ENI SPA: Regarding gas and power, it's Marco. You don't see in these results any benefit from the drop in oil for two reasons. First, there's a time lag, which on average on these contracts is nine months between when the price changes and the impact is felt through on the gas contracts. And also, we have a number of sales contracts that are also oil index.

So, they fluctuate together when the growth will come.

OSWALD CLINT: Okay. Okay. Thank you, both.

OPERATOR: Theepan Jothilingam, Nomura International.

THEEPAN JOTHILINGAM, ANALYST, NOMURA INTERNATIONAL: Yes, hi. Good afternoon, gentlemen. I just wanted to come back to your guidance on CapEx. Could you just reclarify what the explicit number on CapEx is for 2015 on a stable sort of euro environment to last year?

Secondly, I just -- coming back to your -- I think you talked about the reductions. I was interested in the 50% of that reduction being rephrasing in complex projects. So, could you maybe clarify again what projects you've deferred spend on for this year?

Secondly, on cash flow and working capital release, a significant release in the second half of the year, I think you've talked about the reduction in the take-or-pay commitments again. Could you clarify what you expect at current prices in terms of working capital release for 2015? Thank you.

CLAUDIO DESCALZI: So, CapEx, so, I can repeat that our expectation, our plan, is to have about EUR2 billion of CapEx reduction. That is [practically] equivalent to 14% reduction respect to 2014. So, we are in a range of about 12.- something billion euro of total investment.

As I said, we have different chapter with different items. We have a 20% of reduction of this EUR2 billion between nonupstream CapEx in -- [practically] in R&M and chemicals, the other 30% reduction in exploration. And that is quite clear because we have been so successful in the last six years. And we collected about 10 billion barrels of resources. And now, we want to be more focused on the shortterm value. And that means to work around our existing fields, our existing facility to be able like we did this year to have good exploration results immediately tie into the -- to our existing field to have a short time to market.

Going to the remaining 50% that is the CapEx project, without now telling exactly the name of the projects, I'll refer to a more big and complex budget that, fortunately, we already phased and so in different phase of development. So, we are able to reduce and postpone and move this CapEx, reduce amount of CapEx to our faster projects because we have this flexibility because we discover a lot of good oil in the West Africa or in Egypt. So, I'm talking about Angola. I'm talking about Congo, where we can in a very short time -- last year, we just had a nine-month of time to market to develop and create cash flow.

We have a timeframe. We have the timeframe. And that doesn't imply any impact on the foreign plane growth rate and also is not impacting the long term one. So, I think that, during the strategy, we will be able to explain in more detail what we plan to do.

You have to consider that half of this -- 30%, sorry, 30%, 40% of this remaining CapEx reduction is due to contract renegotiation. And as what we experienced in the recent past, in the last four, five months, that we were able to renew contracts, especially on the rig, on the rig on the [travises] contract of about between 15% and 35%.

So, that is already acquired or something that we already acquired, is a quite important result. And that is why also the reason why we are -- we can reach the EUR2 billion of cost reduction.

MASSIMO MONDAZZI, CFO, ENI SPA: Okay. So, Massimo speaking. I'll try to give you some more color about the working capital movement and expectation as far as 2015. So, you have seen from the balance sheet that the full-year contribution working capital to the cash has been EUR3.1 billion. That means EUR2.6 billion additional contribution versus 2013.

I would like to say that the more direct way to look at this number is to, I would say, eliminate the gross-up effect due to the write-down of stocks that definitely occurred at the end of 2014 because of the price.

The -- this effect accounted for EUR0.7 billion. So, I mean, the more direct way to read the number is to increase the result contribution to the cash from operation of 2014 by EUR700 million, reducing the working capital contribution for the same amount.

It means that I'm back to the EUR1.9 billion I just commented together with Claudio all along our presentation. Let me now elaborate a little bit more about this EUR1.9 billion. The major contribution to this EUR1.9 billion definitely has been the take or pay.

Take or pay contributed EUR700 million in 2014 versus a cash absorption of EUR200 million in 2014 -in 2013, sorry. So, it means an additional contribution of around EUR900 million.

At the end of 2014, the stock in take or pay amounted to EUR1.3 billion. That, as already commented, takes into consideration EUR400 million already accrued in 2014 that will be cashed in at the beginning of 2015. On top of this, we expect an additional cash in, in 2015, of around EUR400 million. It means that, overall, in 2015, we expect and 80 -- sorry, EUR800 million in contribution in terms of cash.

The second big contributor has been the reduction in overdue in -- mainly in Egypt. You remember that we had $1.5 billion overdue in Egypt all along 2014. This number now has been reduced to around $950 million, thanks to the late payment received by the Egyptian government in December 2014.

Now, this remaining amount of $150 million, the expectation are to -- I would say to reduce even more this amount in 2015.

And we are keeping on working closely together with the Egyptian authorities in order to find out the best way to speed up at least a significant part of reduction in 2015. Third big contribution has been a destock in oil. Since the reduction in the refinery capacity already achieved -- I'm referring to the 30% -- we have been in a position to reduce our oil stock. And this accounted for EUR270 million of cash because of this disposal in 2014. Definitely, we expect an additional disposition in

2015 and 2016, while we are started the further decrease in capacity from 30% to 50%. Finally, the retail gas and power had a significant, say, reduction in overdue that has been mature in 2014. I'm talking about a number that will be in the range of EUR200 million. These are the -- say, the elements that explain the results in 2014 and main expectations in 2015.

THEEPAN JOTHILINGAM: Okay. Perfect. And just a final question, I guess, what do you see gearing at year end? I mean, lots of moving parts, but at $60, do you see gearing flat, up, or down?

MASSIMO MONDAZZI: Again, I'm referring what Claudio's already said. So, everything about the financial projection as far as 2015, sorry, but we elaborate a bit more on this during last -- sorry, during our strategy presentation in March.

THEEPAN JOTHILINGAM: Okay. Thank you very much.

OPERATOR: Nitin Sharma, JPMorgan.

NITIN SHARMA, ANALYST, JPMORGAN: Afternoon, gentlemen. Two questions, first one on Mozambique. I think you've indicated in past that further sale of stake in Area 4 is possible. And my question is, is this still on agenda, given the recent oil price pullback and (inaudible) appetite for deals? So, that's the first one.

And the second one on gas marketing. Performance in Q4 2014, both have been ahead of guidance. You also mentioned that you've completed the planned contract renegotiations or substantially completed those renegotiations. So, therefore, is it fair (inaudible) year-over-year improvement in operating [running] for this business in 2015? Thank you.

CLAUDIO DESCALZI: Okay. So, the first question, yes, is Mozambique is still in our agenda. So, the 10% is still in our agenda.

MARCO ALVERA: It's Marco. Regarding guidance for gas and power, as Massimo said, in 2014, there's some retroactive elements. The way we look at the business, we put the take-or-pay contracts and logistics together. And in 2014, excluding the retroactive elements, combination of take or pay and logistics is still not positive. The result is due to the performance on what we call value-added segments, which is LNG, power, and trading.

Looking ahead, we have avoided Statoil. We've exited arbitration with Statoil. We've avoided arbitration with Sonatrach and Gazprom. We are still in arbitration with GasTerra. So, we give the same guidance we gave last year, which is that, assuming we successfully close the GasTerra arbitration in 2015, we are at breakeven. However, we also confirm the guidance that, in 2016, regardless of this arbitration, we will be in a structural breakeven position.

NITIN SHARMA: Thank you. Thanks.

OPERATOR: Martijn Rats, Morgan Stanley.

MARTIJN RATS, ANALYST, MORGAN STANLEY: Hi, hello. There have been some press reports about a potential sale of the gas and power division or at least some sort of disposal IPO. I was wondering if you could comment on those. And in the same sort of train of thought, if you could update us on your latest thoughts on the Saipem sale.

CLAUDIO DESCALZI: So, the first question is about gas and power. So, that -- we don't like to comment on rumors or speculation on the press. What I can say and repeat what I say during the strategy presentation in July, we consider, first of all, the possibility to give more value to our retail gas.

So, we are not talking about gas and power, first of all. So, we really want to give more value to our retail gas. That is a very strong segment. We have 10 million clients. It's a very large one. It's not just in Italy, but also in Europe. And we think that a specialized structure, because that is a specialized business, quite far from our core business, can be more value.

There is something that is under evaluation. There are different possible options. But, we never talk about this option. We never talk exactly about any plans so that, at the moment, that is just rumors.

And Saipem, so, Saipem, I think we have two main objectives for Saipem. The first one, because we are the most important shareholders, is to really improve the value of Saipem. That is a very good company and has -- is doing very well, so is in our interest to improve the stock value of the company.

And that is our first priority.

And the second priority, because we are also the lender and we redeem money from Saipem, is to reduce our debt or reconsolidate its debt. That represents about 33%. So, that's our two main objectives.

We said few months ago that we suspended what we were doing because of the market that is very volatile. And we prefer to have a stable situation to go ahead. It's clear that, meanwhile, we confirm our strong support to Saipem.

MARTIJN RATS: Okay. Thank you.

OPERATOR: Iain Reid, BMO.

IAIN REID, ANALYST, BMO: Yes, hi, gentlemen. A couple questions, please.

CLAUDIO DESCALZI: Sorry, can you talk loud because we cannot hear you? Sorry.

IAIN REID: How's that, Claudio, better?

CLAUDIO DESCALZI: Not really improving, but we try.

IAIN REID: Yes, okay. Sorry, I'll pick up. Fine.

CLAUDIO DESCALZI: Now, it's okay.

IAIN REID: I'll pick up the handset. Yes, I wondered if you could just update us on your oil price sensitivity for earnings and cash flow per $1 or per $10 or so, as obviously, we've seen a big differential from what you were guiding to a few months ago.

And maybe secondly, I heard you say that you're more confident about the dividend in this kind of iteration of Eni. I just wondered if you could update us on what you think about the share buyback at current oil price levels.

MASSIMO MONDAZZI: Okay. So, Iain, just to give you some flavor about sensitivities, in terms of Brent, our [steam] is that every dollar, as I say, minus $1, for example, means on the EBIT adjusted at the Group level around minus or plus EUR280 million.

In terms of net results, it's in the range of EUR140 million, more or less the same amount as you refer to the cash flow.

I don't remember, Iain, if you mentioned also the request to have sensitivity on refining margin or exchange rate, but by the way, I give you this anyway, this number. So, in terms of margin for -- as far as the refinery, in terms of EBIT-adjusted, $1 means EUR150 million difference, in terms of net result, EUR100 million, the same for the free cash flow.

In terms of exchange rate, our net, it is $0.05 in terms of exchange rate. So, $0.05 means around EUR280 million at the EBIT level, EUR100 million at the level of net adjusted result, a bit less in terms of free cash flow, in the range of EUR60 million because of the compensation of CapEx.

CLAUDIO DESCALZI: Thank you, Massimo. Iain, I like and thank you for the opportunity. I'd like to clarify what I said before. And I said that I don't want to talk about dividend because the subject will be treated and discussed during our strategy presentation. So, I never said that I'm confident or not confident. I said that I didn't talk -- I cannot talk now about dividend, just to be clear. And thank you for the question. And the buyback is the same.

IAIN REID: Really? Okay. Have you renewed the mandate for the buyback, or when do you have to renew it again?

CLAUDIO DESCALZI: In May.

IAIN REID: In May. Okay. All right. Thank you, guys.

OPERATOR: Thomas Adolff, Credit Suisse.

THOMAS ADOLFF, ANALYST, CREDIT SUISSE: Hi, guys. A couple of questions, please, as well, firstly on CapEx, again, upstream specifically. I just -- and you gave a bit of color on where the cut is coming from, exploration and some of the rescheduling or rephrasing of the larger projects, which makes sense. But, can you perhaps also comment whether you have trimmed some of the base CapEx because base CapEx sometimes is based on the two-year payout ratio according to some of your peers and the current oil price environment doesn't justify that. And if you have, what sort of impact that may have on portfolio decline rate.

The other question I had was on Mozambique. I wondered whether your CapEx guidance for this year assumes the FID to be taken on those, the floating and the onshore, and whether you have sight on Mumbai being off take agreements or HOAs or whatever you want to call it. Thank you.

CLAUDIO DESCALZI: Thank you. First, on the CapEx, when you talk CapEx, there, I think that you are talking about the production (inaudible) or CapEx or what we expand on the existing field to maintain production. And that is something that we don't -- we didn't reduce because that's very fast recoverability and after the high internal rate of return. So, that remain our base CapEx. That is also one of the elements or a strong element to find decision. So, that is not part of the yearly reduction for 2015.

MASSIMO MONDAZZI: Mozambique, well, we are progressing very well on both struggling and nonstruggling reservoirs, in particular for Coral, the nonstruggling reservoirs. As you know, the FEC tender is ongoing with a major consortia. And we are expecting to receive the offers by the end of May.

In addition to that, as you probably remember during the last call, we mentioned the roadmap to FID. Well, we achieved the first three out of four steps, the submission of the plan of development. And just a few days ago, we completed also the process for the environmental impact assessment, which is a very important step for the approval of the field. So, certainly, we do see the FID around mid-2015. About the gas, I will ask -- .

MARCO ALVERA: -- Hi, Thomas. It's Marco. On the commercial discussions, I would say we're in advanced talks with a few very interested parties. Our aim is to agree key terms in the next few months. And I would like to add that, in the current -- even in the current low oil price environment, the appetite for a project remains very high because of its geography, its size. And I think buyers see it as a way to diversify risk in their portfolio.

THOMAS ADOLFF: Thank you. Can I just quickly follow up on Mozambique on the onshore side? Presumably, the mid-2015 FID is linked to the floating. But, on the onshore side, do you expect intent to submit the development plan to the government separate from Anadarko or jointly?

MASSIMO MONDAZZI: Well, talking about the onshore, first of all, as you know, at the end of 2014, the Mozambique authorities issued the decree law, which is the legal, fiscal, administrative framework to implement the project. And this is a very, very good move from the Mozambique side.

As part of this decree law, we have the possibility to run independently from but in coordination with Anadarko, the first phase for 10 million ton per year.

For this project, again, all the tenders are ongoing. If you see a tender for the onshore plant and the tenders for the subsea systems, we are planning to submit in the next three weeks also the plan of development. So, all activities are on track.

THOMAS ADOLFF: Okay. Thank you very much.

OPERATOR: Lydia Rainforth, Barclays.

LYDIA RAINFORTH, ANALYST, BARCLAYS: Thank you, and good afternoon. If I could go back to the chart on page five around the cost data, could I just ask you to clarify for me what unit that's based on? Is it your own operated production, or is it as the entire (inaudible) production? And partly linked to that, what are you assuming in terms of cost reductions of your nonoperated production side?

CLAUDIO DESCALZI: Our equity production.

LYDIA RAINFORTH: Okay. So, within the cost of -- .

CLAUDIO DESCALZI: -- Yes, equity production, our entire (inaudible).

LYDIA RAINFORTH: Okay. And so, within that, what are you assuming for cost reductions from your nonoperated production side? I'm assuming that most of that cost reduction is purely related to your own actions on -- .

CLAUDIO DESCALZI: -- Yes, what we are doing, we are working with the operator, the other joint ventures, trying to push on each project to get the same level of reduction. You have to consider that more than 80%, 80-something percent is operated. So, that represents a really important part of our production.

It is clear that we are working with the operators, and we rely on operators. Most of our operators are the top company in the industry. So, the following, they are doing the same kind of process. They are trying the same kind of process. So, in this case, we are considering just our equity cost and our operated production. No, yes, that was all production but with our equity cost, yes.

LYDIA RAINFORTH: Perfect. Thank you.

OPERATOR: Massimo Bonisoli, Equita.

MASSIMO BONISOLI, ANALYST, EQUITA: Good afternoon. Just a couple of questions. Regarding Libya, could you give us some color on the current production and safety situation in the country? And also, could you also comment on the market share decline in marketing volumes in Italy in Q4? Thank you.

CLAUDIO DESCALZI: So, for Libya, we are clearly constantly monitoring the situation because the environment is very volatile. And our priority is to protect our people, so, the security of our people and the security of our installation.

What we have done until now is, especially onshore, we create protection for all our activities. And we -- at the moment, we didn't have any damage to our facilities.

2013, we close 2014 with an average production of above 240,000 barrels per day. The last quarter was very, very high because we reached practically our full capacity. We're at close to 275,000. And at the moment, we are producing like in the last quarter, close to 300,000 barrels a day, also because, in Libya, we are really negotiate some gas, storage gas in the east that we sell because it was tender for us but useful for the east part. So, we will have additional production also from this agreement.

MASSIMO MONDAZZI: And as far as probably you was referring to the oil falling demand that we recorded even in 2014 over in the range of 1%, but there is no -- nothing more, unfortunately, to comment in the sense that the fall kept on even in 2014 because of the -- I would say the overall depressed market. The only positive news on this respect is the -- I would say the stock in the fall we justify at the end of 2014, beginning of 2015. So, the expectation is to see at least a stable number as far as 2015.

MASSIMO BONISOLI: Okay. Thank you. Can I just follow up? Can I just [shoot] one -- another question?

On the outlook for E&P, and the outlook was positive for the production increases in 2015. But, given there are rates very strong in Q4, do you feel more confident on achieving higher growth rates versus the guidance of the plan for 2015, or should we assume more or less the same level? I don't want you to spoil the strategy presentation.

CLAUDIO DESCALZI: No, I don't want to spoil either. No, I just want to say that, on -- from a production point of view, I think that we will be able to increase our production about, as you said, 3% at the old plant level because, if you consider new plant level, we can reach because of the price effect of the PSC also 5%, but the 3% are the custom price level, price scenario.

I think that we can confirm the 3% of increase as -- because, in 2015, we have big projects that start production. We talk about (inaudible). We talk about (inaudible). And we talk about West Hub. And that is the situation. Clearly, for 2015, we kept some important contingency, production contingency because of Libya, but also considering this contingency, our growth is 3% on average.

MASSIMO BONISOLI: Very good. Thank you.

OPERATOR: Marc Kofler, Jefferies.

MARC KOFLER, ANALYST, JEFFERIES: Good afternoon, everyone. Two questions, please. I just wanted to come back to the major project scheduled for this year and potential FIDs. I noticed you've moved forward Sankofa, offshore Ghana. And clearly, there's quite positive commentary around Coral. Are there any more major projects which you'd expect to be sanctioning this year?

And then secondly, I was hoping if I could just double check on the prior operating cost saving target which you communicated. Was that EUR500 million for this year? Thanks.

CLAUDIO DESCALZI: Okay. So, I think I can answer -- if we can, we are anticipating too much because we are talking about FIDs for 2015, but we can give you some view, preview on this. Roberto, please.

ROBERTO CASULA, CHIEF DEVELOPMENT, OPERATIONS & TECHNOLOGY OFFICER, ENI SPA: Yes, well, as I said earlier, Coral will be one of the major FID this year. In addition to that, I can also mention Congo, obviously, and Angola.

CLAUDIO DESCALZI: Okay. Thank you, Roberto. Well, when you talk about OpEx and the reduction of OpEx, we talk about EUR300 million, not $500 million, so EUR300 million that the figures. And on average, our operating cost for 2015 will be about [8.3] -- sorry, $8 per barrel unit cost.

MARC KOFLER: Right. Okay. And so, the prior guidance (inaudible)?

CLAUDIO DESCALZI: Can you repeat please because I can't hear you very well?

MARC KOFLER: Sure. I was just wondering if -- what the prior guidance ahead of today's presentation was for 2015.

CLAUDIO DESCALZI: No, we -- that is the first time that we give a guidance to OpEx reduction because one talk -- maybe you mix up on the G&A because, last year, we started with our G&A reduction cost, efficiency cost. It was when you talk about EUR250 million on G&A. And that was the guidance last year. For this year, the G&A guidance, EUR500 million, but the G&A, not OpEx. OpEx is EUR300 million and talking about euro only.

MARC KOFLER: Okay. Great. Thanks for clarifying.

CLAUDIO DESCALZI: Is it clear? Okay. Thank you.

OPERATOR: Irene Himona, Societe Generale.

IRENE HIMONA, ANALYST, SOCIETE GENERALE: Thank you. Good afternoon. I had a couple of questions, please. Firstly, on working capital, obviously, it's already went from 145. You released about EUR3 billion. Now, in Q1, we're -- we've gone from 45 to 62, but you still have the release of take-or-pay prepayments in gas. So, net-net, what guidance can you give us for the present quarter, please, on working capital?

And secondly, on refining and marketing, obviously, the recovery in refining margin in Europe is seen [on this] temporary. Can you split refining from marketing or give us some estimate of roughly how much of the improvement we saw is self-help rather than margin? Thank you.

MASSIMO MONDAZZI: Okay, Irene. I give the answer to your question. So, as far as the working capital, again, we wouldn't like to release any kind of guidance even for the first quarter 2015. You exactly mentioned what we expect in this quarter from items such as the take or pay. What we are doing is to pay the utmost attention to all the other items in working capital. And this is happening also thanks to the reorganization that took place since May 2014 that allow the corporate people to have much more [grief] on this item all over the world.

But, again, in terms of -- so, the expectation is to keep on delivering on the exceptional items I mentioned and to -- not to have any kind of worsened scenario on all the other items. As far as R&M, you asked about the breakdown of the refining versus marketing. I'm referring to the full-year economic results that you know are around minus EUR200 million. This is the net effect of around EUR600 million negative from refinery and EUR400 million positive from marketing.

The margin helped this result, especially in the fourth quarter. That has been positive, even if you refer just to refining result in the range of EUR30 million. And (inaudible) speaking, on a year-on-year basis, the upgrade of the result that is in the range of EUR200 million has been a 60% scenario and a 40% result, all the efficiency measure, closure of additional capacity we just mentioned.

IRENE HIMONA: Thank you very much. Thank you, Massimo.

OPERATOR: Robert West, Redburn.

ROBERT WEST, ANALYST, REDBURN: Hi there. Thanks very much for taking my question. I just wondered around the downstream and the refinery closures that we're talking about last year. Looks like more of those are going to come in as turnarounds or conversions to green facilities. Can you [offer] some color on the differential cost of converting something to a green biorefinery versus shutting it down completely?

And then secondly, I noticed one of your partners in the US has elected to defer paying the interest charges on some of its debt. And the equity has basically gone to zero. How does that affect you within your US partnership, and any desire if you could take -- pick it up basically for free equity value to up your exposure in those shale plays? Thank you.

UNIDENTIFIED COMPANY REPRESENTATIVE ENI SPA: The compression of the refinery, like the green refinery in Gela that has been announced in November, consists in the conversion of some assets into a better refinery, [since] the one that we have developed in Venice. The expectation of this technology, the refining technology, will allow us to process about 750,000 tons per year. The overall cost is estimated in about EUR200 million, EUR220 million. And the timing for completion of the project is about 24 months after the approval (inaudible).

CLAUDIO DESCALZI: We are not sure that we catch complete -- we got completely your question about -- I think that you refer [about] quicksilver.

ROBERT WEST: Yes, I'm sorry.

CLAUDIO DESCALZI: Yes, there is no intention to make any acquisition in the (inaudible) or increase our share there. We are working with them, but there's not any intention to make any acquisition.

ROBERT WEST: Okay. Thank you.

OPERATOR: Jon Rigby, UBS.

JON RIGBY, ANALYST, UBS: Thank you very much. Two questions, one on gas and power you'd be surprised to know. Can you help me a little bit in -- first, there's a comment actually. I think some of your disclosure's increasingly obsolete as you develop a different business. I think I might've said that couple of quarters ago as well.

So, is it possible, Marco, that you can break out or disaggregate a little bit further the impacts of the things you [name checked], power, LNG, etc. on the delta on your performance? And maybe also is, how much of that is maybe a seasonal effect or a temporary effect or whatever? Just give a bit more insight into that, if that is possible.

And then the second question is on the exploration and the cut in exploration spend. And I guess it's an easy thing to cut, but you're fairly unique in the industry by actually appearing to drive quite a lot of value through your exploration business.

So, I guess, two questions. One, is there still a relatively high level of activity if you're not going to have to lose some of the momentum that you've clearly got in that business by shutting down spending? And second, are you still able -- do you think you're still able to monetize some of those discoveries? I think you said last year that one of the things that you would like to do is to accelerate the value in exploration by monetizing. You've gone very conscious that the market right now might not let you do that.

CLAUDIO DESCALZI: Marco, please.

MARCO ALVERA: Okay. Well, Jon, in keeping consistent with the disclosure that we do give, and what I said before is the take-or-pay contracts, we bundled those together with logistics. Excluding retroactivity, you should assume that remains negative in 2014 and also remains negative in 2015, when we expect to recover some one-offs with the GasTerra arbitration.

The other segments, which is power, B2B, trading, LNG, and retail, are all positive throughout 2014 and expected to be positive in 2015.

As we discussed previously, there's been a sharp decline in B2B compared to 2013, which we're still living off what the market was like in 2012. And I think the other value-added segments are stable and increasingly recovering, with the power business being exposed to the spark spreads. So, you can use your own curves and make those assessments going forward.

JON RIGBY: Okay.

CLAUDIO DESCALZI: So, exploration, first of all, I want to assure that we are still explorationists. So, we like exploration, and evidence is that, in 2014, we acquired about 100,000 square kilometers of new acreage. It is clear that we're going to continue to work on our best skill and that that is sure.

We study our plans clearly and in details because we don't want to hurt ourselves. And we didn't do that in the past, and you -- after all the success, you can be sure that we are still more convinced about our potentiality.

What happened that, in the last seven years, we -- without spending a lot, we found out the resources also in frontier exploration. Today, we really feel [initiative] look at value and resilience. So, that is really our big title for all our businesses, value and resilience.

And that means that, for our exploration unit, that is very efficient, effective, is to go close to our field or our near field or in fielding our appraisal, and put all our skills to find oil and find oil very quickly or gas, find oil -- gas very quickly. So, that is a -- is not a strategic move. That is a tactic move. And so, I think that is -- I can assure everybody that we don't want to hurt ourselves. We continue strongly with our exploration target and strategy.

JON RIGBY: And the monetization angle?

CLAUDIO DESCALZI: Monetization, that -- I forgot this point. I was so focused on exploration. No, I think that exploration, that's a completely different kind of asset. It's not producing (inaudible) long term. So, it's less impacted by the fluctuation of the market, of the price.

And our asset are very good, are very -- we can say cheap (inaudible) is our point of view, are conventional. And it's clear that it's a good business also for the buyers. We can tell that it's a good investment for the buyer. And they are not impacted as they -- by the price.

So, we are continuing, and we are in discussions with different kind of people, entity groups. And we don't think -- we don't see any reduction in interest of talking about exploration assets. I think that they are recognizing a lot of value in it.

JON RIGBY: Okay. Thank you.

OPERATOR: Neill Morton, Investec.

NEILL MORTON, ANALYST, INVESTEC: Thank you. Good afternoon, everyone. Two numbers questions, please. The first relates to the upstream business in Q4. Could you perhaps explain why there is such a big increase in the depreciation charge in the quarter on an adjusted basis? And following on from that, there's an implied very sharp fall in your cash costs in Q4.

And then just secondly, I wondered if you could give us an up-to-date rule of thumb with regards to PSC sensitivity, for every $1 move in the oil price, how your entitlement [battles] are affected. Thank you.

MASSIMO MONDAZZI: Neill, the most important reason why the Q4 [D&A] increased in E&P is because of the ramp up of the new production and the startup of new fields. That's, as you well know, taking into consideration the higher the position cost because of the higher cost that has been spent recently in order to develop the field.

CLAUDIO DESCALZI: The PSA.

MASSIMO MONDAZZI: The PSA effect is in the -- as far as 2015, in terms of volume, it's in the range - it's a little bit less than one. So, it's in the range of 0.8, 0.9 thousand boe per day every $1 Brent.

NEILL MORTON: Thank you. Is that Q4 charge then a sort of ratable number for 2015?

MASSIMO MONDAZZI: Definitely, the D&A is expected to increase in time as the production ramp up, yes.

CLAUDIO DESCALZI: Because we have a lot of projects coming in, yes.

NEILL MORTON: For sure. Thank you very much.

CLAUDIO DESCALZI: (inaudible).

UNIDENTIFIED COMPANY REPRESENTATIVE ENI SPA: Okay. I think that the call is over. Thank you for [all the attendants].

MASSIMO MONDAZZI: Thank you very much. Bye, bye.

CLAUDIO DESCALZI: Thank you. Bye.

OPERATOR: Ladies and gentlemen, the conference is over. Thank you for calling Eni.