PRICE SENSITIVE

Eni: actions against covid-19 pandemic effects and consequent market volatility continue

Short and medium term strategy updated: costs and capex optimization increased; energy transition targets confirmed, and investments in businesses linked to decarbonization raised. New shareholders' remuneration policy put in place.

- In 2020, investments optimization of 2.6 billion euros (vs 2.3 billion euros already announced), costs optimization of 1,4 billion euros (vs 600 million euros already announced)
- In 2021, costs reduction of 1.4 billion euros and investments decrease of 2.4 billion euros (vs 2.5-3.0 billion euros of reduction already announced)
- Production profile reviewed and expected to reach around 2 million barrels of oil equivalent per day in 2023, rising to peak of around 2.05-2.10 million barrels of oil equivalent per day in 2025
- Additional investments of 800 million euros in 2022 and 2023 allocated to bio-refineries projects, renewables and retail customers growth strategy

San Donato Milanese (Milan), 30 July 2020 – Eni has updated its short and medium term strategy, and put in place a new Shareholder's remuneration policy to face the effects of the pandemic on the energy sector, in terms of market volatility and the significant reduction in commodity prices.

Eni's CEO, Claudio Descalzi, commented: "Eni's reaction has been prompt and radical during a period that I define as the worst in the history of the oil&gas industry, affected by the pandemic and "prices war" effects. We have reviewed our strategy by reducing our spending in costs and investments for the 2020-2021 period, which will be the most critical. The revision will imply that upstream production profile will change, while targets already set for the other businesses, which are showing great resilience, could be relaunched thanks to the allocation of new additional resources. After we have completed the revision of our strategy, then we have redefined our remuneration policy to adapt it to the current scenario, that we expect to be volatile and with lower prices than the previous one. The remuneration policy is innovative because it combines a floor and progressive component tailored on a Brent price of at least 45$/barrel with a variable component tailored on the price growth up to 60$/barrel, beyond which the buy back programme will be relaunched. The dividend will no longer be a fixed amount, in an environment increasingly subject to high variability. It will reflect the scenario and the industrial development of the group, which aims to continue its growth by providing every year a competitive yield to our shareholders”.

Cost and Capex reduction plan enhanced

Eni made an initial review in March and April of the activities planned for 2020 and 2021, identifying the actions that will allow the Company to keep Capex and costs down, while retaining the highest safety standards.

The revision of the activities has subsequently continued identifying even more incisive measures for reducing costs. In particular, optimization actions on investments and costs equal to 2.6 billion euros and 1.4 billion euros respectively have been identified for 2020, with a further 300 million reduction in investments and 800 million reduction in costs compared to previous guidance. Actions to reduce costs for an amount of 1.4 billion euros and investments for an amount of 2.4 billion euros have been identified for 2021, amounting to 3.8 billion euros, an increase compared to 2.5-3.0 billion euros of only investments reduction previously announced.

25%-30% of cost reduction identified for 2020 and 2021 will be structural.

Strategy update

The revision of 2020 and 2021 activities is aimed at maintaining a robust capital structure in the presence of a depressed and unstable price scenario and encompasses the rescheduling of some activities included in the Plan approved in February by the Board of Directors.

Oil & gas production is expected to reach around 2 million barrels of oil equivalent per day in 2023, rising to peak of around 2.05-2.10 million barrels of oil equivalent per day in 2025.

All the other 2023 targets related to the energy transition businesses are confirmed. In particular, the installed power capacity generated from renewables is expected to reach 3 GW, and gas & power retail customers are expected to reach 10.5 million.

Overall investments in the four-year period 2020-2023 now amount to 27 billion euros, with a 4.7 billion euros decrease compared to the Plan originally approved and due to the measures put in place in the Upstream business in 2020-2021 period. Additional investments of 800 million euros in 2022 and 2023 have been allocated to the businesses involved in the energy transition, in particular bio-refining, renewables and the retail customer segment. An improvement of growth targets related to these businesses will result from the higher investments and will be announced by the next Strategy presentation.

Following the revisions, “green” investments will be 17% of the overall four-year period Capex (12% in the Plan previously approved), reaching 26% of the overall investments in 2023.

Eni on 4 June created two business groups. The *Natural Resources* business group will enhance the upstream oil&gas portfolio in a sustainable manner, focusing also on energy efficiency activities and carbon capture projects. The *Energy Evolution* business group will focus its activities on the evolution of the generation, transformation and retail and marketing businesses from fossil to bio, blue and green products. The new organizational structure is a fundamental step towards the implementation of Eni’s 2050 strategy, which combines value creation, businesses sustainability and economic and financial robustness.

Eni on 6 July adopted a new scenario with a 60$/b Brent price in real terms in 2023, compared to the previous assumption of 70$/b. In 2020, 2021 and 2022 the Brent price is expected to be 40$, 48$ and 55$/b respectively (previously 45$, 55$ and 70$).

The new Shareholders' Remuneration policy

Eni has reviewed its shareholders' remuneration policy in order to give them maximum visibility on dividends payments and future buy back plan, as a result of a changed, highly volatile scenario and the actions undertaken to face its effects.

The new remuneration policy shall apply in the case of annual Brent prices equal to, or higher than 45$/barrel and includes:

- an annual dividend composed of a floor amount currently set at 0.36 euros per share when the annual Brent scenario is at least 45 $/barrel, and a growing variable component which will increase when the Brent price grows above $45 upto $60;
- a €400 million buy back plan which will be put in place in the case of a Brent price between 61$/barrel amd 65$/barrel, and a €800 million buy back plan which will be activated in the case of a Brent price higher than 65$/barrel.

The floor dividend will increase depending on the results of the Company's growth strategy and will be reviewed every year.

The amount of the variable component will be determined on the basis of the Brent price average expected for every year and calculated as an increasing percentage – between 30% and 45% - of the incremental free cash flow generated by the Brent price scenario (+900 million euros as a result of +5$/barrel in the Brent price) in the case of Brent prices higher than 45$/barrel and up to 60$/barrel.

The floor dividend will be paid in 2020 notwithstanding today's forecast of an annual average Brent price of 40$/barrel: one third of the amount will be paid in September with the interim dividend and two thirds in May 2021 with the final dividend.

Starting from 2021 the floor dividend will be paid 50% with the interim dividend and 50% with the final dividend. The growing variable component will be fully paid with the interim dividend in the year when the conditions for its payment will occur, even if this occurs sooner than Eni's Brent price forecasts.

The new shareholders' remuneration policy implies a cash distribution of 0.55 euros/share, 0.47 euros/share, 0.56 euros/share and 0,70 euros/share payable in 2020, 2021, 2022 and 2023, respectively, when Eni's Brent price forecasts are applied and without currently assuming any increase in the floor dividend.

Buy back plans equal to 400 million euros and 800 million euros could be implemented in the case of Brent price between 61$ and 65$, and higher than 65$ respectively, these represent a further progressive growth element of the remuneration policy.

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