
Eni Capital Markets Update

Thursday 14 March 2024, 14:00 CEST

Presentation

Speakers

Claudio Descalzi, CEO

Francesco Gattei, CFO

Good afternoon and welcome to Eni's Capital Markets Update. It is a pleasure to see you here at the heart of our technological hub in Bolgiano, one of the seven research centers where we develop our technologies, transform our businesses and continue to improve our operations.

Today we will set out our updated Four-Year Plan and discuss how in a complex and changing market Eni maximizes its opportunities.

In the presentation we will go through the following main topics:

- A distinctive strategy addressing the challenges and opportunities of the energy market;
- Business performances and prospects arising from organic investment;
- A disciplined investment approach and focused divestments that will materially lower our net capex with respect to the previous plan; and
- An improved distribution policy with higher payout, enhanced upside and a raised dividend.

In the Plan we are focussed on fully realizing the value of our traditional businesses and skills, and at the same time fast tracking development of new, high growth and valuable activities related to the energy transition.

Energy transition is irreversible.

The complexity of this transformation raises many questions about the future mix of technologies, the role of geopolitics in the pace of change, how and when it will be executed in the different geographies, and, most importantly, how all of this can be affordable from an economic standpoint.

For sure, there will not be a single answer, valid for all, to manage the energy trilemma.

Therefore, we need an adaptive strategy, that aims at different objectives, of security, affordability and decarbonisation, and which develops levers and business models that are

tailored to the differing countries and industries and, most crucially, is economically sustainable.

Our approach is pragmatic and technologically neutral, pursuing a mix of solutions, prioritized on the basis of timing and deployment costs.

It is an approach, progressively shared by policy makers' consensus, that spans from:

- the increased supply of gas and renewables replacing more emitting energy sources in developing countries and improving their energy availability, to
- the deployment of low and zero carbon technologies in OECD countries, echoing our rapid build out of Plenitude and our industry leading positions in biofuels and CCUS.

Such a model preserves the competitiveness of the existing economic and industrial systems and supports current and future energy demand, while developing innovative technologies and optionality - like Fusion - capable of shaping the energy system of the future.

Our approach to the energy transition results in a more profitable, well diversified and more resilient Eni.

In fact, we are differentiating our sources of cash and lowering our risks while expanding into new areas of growth.

Our exploration capacity and technological expertise generate a broad range of opportunities. This then demands a high level of discipline in spending, coupled with a growing portfolio management focus. The combination of selective investments and timely and appropriate divestments helps us to speed up the execution of our strategy, manage risk and optimise capital and returns and thereby secure value.

In our key upstream business, we are maximising flexibility and agility in our development projects – as already proved by our good results and short time-to-market.

The gas component will grow its role in upstream where we expect a return on capital that will be consistently double digit plus. It will also expand our trading opportunities through GGP, a business with virtually no requirement for invested capital that will grow in size and flexibility, enhancing returns further.

In addition, new forms of energy will see an even more sizable growth both in activity and earnings from Transition related businesses. These display high growth and attractive returns on investment.

The return on capital employed is already 15% for Enilive, and, by the end of the decade, we expect it to rise to around 10% for Plenitude, as its revenues scale up and capex for growth will stabilize.

There are also two further segments under rapid maturation where we have a leadership position and will add value:

- CCS, which allows us to exploit existing assets to reduce emissions from hard-to-abate activities; and

- Biochemicals, where Novamont is at the forefront of research on innovative natural products.

CCS will grow in accordance with business models that combine, in some cases, regulated returns and a related merchant component, with expected returns on invested capital of around 10%.

Novamont, on the other hand, has a market potential that leads us to project significant growth and returns of around 15% by the end of the plan period.

In many cases these transition-related businesses have a presence in OECD countries and the ability to repurpose existing facilities through a circular economy concept.

We are seizing industrial potential provided by the Energy Transition with a distinctive organisational and financial model.

Growth in new businesses determines a need to apply managerial and financial focus to activities that have different characteristics in terms of frequency and size of investment decisions, geographies involved, or require a bigger role of marketing.

But, above all it is, from an economic and financial perspective that a potential trade off emerges between:

- Continuing with more traditional businesses that generate high free cashflows, but offer reduced growth profiles, or
- Investing into Energy Transition - high growth sectors where we can generate significant value and command high multiples but which demand capital.

Our satellite model reduces the capital absorption by new businesses preserving the free cash flow from traditional assets for the benefit of shareholder distribution.

Indeed, we can develop emerging activities autonomously, usually with third-party funding, accessing new pools of aligned capital and thereby highlighting value creation.

The recent sale of the Plenitude stake for example is the first step to support further investments and it highlighted the value already generated in this business but not reflected in Eni's multiple. We intend to replicate this model for Enilive, for our Novamont biochemical activity and for CCS.

At the same time a satellite structure can also be applied in some upstream geographies, to access operational and financial synergies, maximise growth potential, and, of course, free up more capital for the rest of the portfolio.

Var and Azure are very successful examples of business combinations that have allowed us to fuel upstream growth under a dedicated and focussed management structure in Norway and Angola. Similar opportunities are under evaluation in other geographies.

Our satellite businesses in 2023 accounted for around 4Bln€ of adjusted EBIT and provided us with 2.3Bln€ of dividends.

Natural Resources will continue to be a dynamic and material value and cash generator for Eni, while delivering progressive decarbonization.

We will follow an organic strategy to develop our activities leveraging our highly distinctive exploration and market-leading fast track development to grow over the Plan.

We are expanding our existing trading activities so as to participate in the full gas value chain.

And we are using existing infrastructure and depleted fields to capture and store CO₂, both for ourselves and as a service for others.

The considerable optionality and flexibility of new projects also allow us to unlock value earlier and to de-risk investments via an increased relevance of portfolio management, in line with a track record already established by our dual exploration model.

Exploration is a core, high return activity of our Upstream business.

To secure full realisation of the value potential means being strategic about how and where we explore, and doing so at significant equity levels. This then allows us to accelerate valorisation, reduce the time to start up, and retain the option of part-divestment.

Eni has developed a unique model that maximises the time to value of our exploration.

- Over the past 15 years we have made discoveries of over 16 billion barrels of resources at a unit cost of \$1.2;
- Over the past 10 years we have put into production 70% of our discoveries;
- In the same time we have cashed-in around 10 Bln € via the dual exploration model.

We have progressively shifted our focus to “Near-Field” exploration to further reduce the time to production.

Cote d’Ivoire and discoveries in Congo, Egypt, Cyprus and Indonesia are clear examples of this approach.

In this Plan we will invest more than 1.5 Bln € in exploration and it will continue to be a strategic, distinctive and material engine of value creation for Eni.

Time to market is the second key feature of our upstream strategy.

Our last two major start-ups are evidence of our fast-track model in action.

- Our floating LNG project in Congo started only 12 months after FID benefiting from the use of already existing facilities and the more advanced technologies.
- In Côte d'Ivoire, we have used a similar approach, with the refurbishment of an existing ship, modernised and upgraded, to start the first phase within 18 months, optimising both costs and time.

Our model is based on parallelising the execution of the different development phases, the use or reconversion of existing assets and a phased development that reduces upfront investment and allows us to learn more about the reservoir behaviour.

This can only be achievable with the distinctive in-house resources and technology expertise which we develop in R&D hubs like the one we are in today.

In terms of production we see underlying growth over the Plan at 3-4% before disposals, in-line with the 2023 Plan. The main start-ups foreseen in the plan are those related to:

- Phase 2 of Baleine in Côte d'Ivoire;
- The ramp-up of activities in Congo, where the arrival of a second floating unit is expected;
- The development of structures A and E in Libya; and
- Different projects in Indonesia consolidating a Southern hub, as well as the development of a new northern hub around the discovery of Geng.

The new projects under development will have an average IRR higher than 20% helped by the fast time-to-market and will contribute to a CFFO/boe growth of more than 30% in the Plan period.

Fast track development and dilution of stakes through M&A will work synergistically to bring forward positive cash flows and manage overall cash exposure.

Thanks also to our dual exploration model and mature asset disposals we will keep the net capex related to our Upstream business to around 5Bln€ a year with reported production growth after divestments of around 2%.

2022 and 2023 were impressive years for GGP:

- We successfully managed price volatility and financial risks emerging from the cutting of Russian supply;
- We were instrumental in securing replacement sources of gas to meet customer needs;
- We demonstrated the capability to add material value and extract margin from the supply of equity gas;
- And we transformed GGP's role by playing across the entire value chain, focusing on commercialization and valorization of equity gas.

In the context of a lower macro scenario with a reduced level of volatility for gas, we are conservative in our Plan outlook: we expect to deliver 800Mln€ per year of proforma EBIT, the same that we set out last year.

However, current markets remain highly sensitive to geopolitical tensions, supply issues, weather and demand effects. In this context we have clearly demonstrated that we have the supply portfolio, the infrastructure access and the expertise to generate significant upside – to over 1Bln€.

Moving to CCS.

Carbon Capture and Storage is a crucial technology in the decarbonization of industrial clusters, in particular in hard-to-abate sectors, and hence for the success of the Transition itself.

Indeed, its role has been recognised by the most relevant international organisations such as the IEA, IPCC and IRENA and most recently by the EU's decarbonisation policies.

For Eni, CCS represents an opportunity to reduce our net emissions but also to generate value, creating a new Transition linked business. We have developed a distinctive approach thanks to our large inventory of depleted reservoirs and through our technical and commercial know-how we can play the role of Transport and Storage operator and, for large industrial hubs, the cluster orchestrator.

We have established a leadership position particularly in the UK and in Italy and we are further expanding in North Africa, the Netherlands and in the North Sea. Our unrisken portfolio of opportunities is of the order of 3 GT of gross storage capacity.

Our goal is to reach a CO₂ injection capacity of more than 15 million tons per year by 2030 and to progressively rise to around 40 million after 2030, exceeding 60 million in the Long Term.

In the UK, our Hynet project is the most advanced. In October we signed Heads of Terms with the government defining the key terms related to the economic model and the remuneration of investment for transportation and storage, on a regulated asset based mechanism.

We plan to sanction the project in 2024 simultaneously with that of the emitters.

Ravenna CCS Phase 1 will start up this year, with the Phase 2 expansion scheduled for starting up in 2027 and capacity rising to 4Mln tonnes per year. Further expansion could take this facility to up to 16Mln tonnes in the 2030s.

CCS is ideally also suited, at the appropriate time, to a satellite-type structure with both strategic investors and as a vehicle for equity investors, enhancing returns to Eni.

Energy Evolution integrates a number of businesses that drive the Transition and reposition Eni towards higher growth and better valuations.

Enilive, Plenitude and biochemistry/Novamont provide a portfolio of business solutions to help customers to cut emissions, and, as we have already said, they are ideal candidates for our Satellite model.

Enilive is rapidly developing a multi-energy, multiservice strategy to generate value in the sustainable mobility space.

Our Biorefining activities are evolving into a high-performing, high-returning and globally relevant business thanks to our early mover status, scientific know-how, and a vertically integrated approach.

We recently sanctioned our third Bio conversion at Livorno, and a fourth is currently under study.

We are also expanding our global footprint. Building on our JV with PBF at Chalmette, we are developing projects with Petronas and Euglena in Malaysia and with LG Chem in South Korea. Both are scheduled for FID this year and in operation by 2026.

Our target is to raise biorefining capacity to over 3 Mtpa by 2026 and to over 5 Mtpa by 2030, about a 20% growth rate.

Demand for Sustainable Aviation Fuel will be supported both by regulation and by voluntary demand. Against this backdrop we are accelerating production of SAF from our assets and we expect to have more than 1 Mton SAF optionality by 2026 – twice our previous goal – with the potential to double by 2030.

In parallel, we are progressing our unique vertically integrated feedstock strategy with 700 kton production of novel vegetable oil from agribusiness that will grow to account for over 35% of our Italian throughputs by 2027. This ensures an economic and reliable vegetable oil supply source. We are also investing in pre-treatment technology to capture further margin.

Enilive is integrated along the value chain with the sales of mobility products and services to retail, wholesale and worldwide cargo markets.

In retail we see major transformational opportunities. Building on our network of around 5300 service stations in Europe and we are evolving the traditional retail outlets into mobility hubs to provide a wider experience.

- We are expanding our network with 300 premium stations in strategic areas, implementing a full redesign.
- As retail represents a significant captive market for our sustainable fuels, we plan to sell HVO in over 1000 stations by the end of 2024, nearly doubling sales in just one year.
- We are also progressively rolling out other alternative energy carriers such as biomethane and electricity throughout the plan - helping our customers in their decarbonisation journey.
- And we are expanding our non-oil offering for which we target a contribution to EBIT of about 40% by the end of the plan.

Thanks to the combination of bio-refining throughputs tripling by the end of the Plan vs 2023, our focus on premium products, and a steady contribution from marketing, we target a 20% growth rate in pro-forma EBITDA to over 1.6bln€ by 2027.

Our conservative approach at this early stage of development leaves further upside to EBITDA in the plan, as the agri-hub cost structure normalises, leading to a 20 to 30% cost advantage against comparable feedstock.

Enilive is organically self-financed through the plan with disciplined capex of 0.5bln€ per annum, of which 65% is targeted to growth.

The growth and return opportunity in Enilive warrant a premium multiple versus the traditional businesses. It is therefore ideally suited to follow the same pathway as Plenitude in attracting aligned capital to support growth and give visibility to the value created.

In 2023 Versalis has been materially impacted by the global chemical market scenario and the particular challenges of Europe.

Our commitment is to accelerate the restructuring of this business, to align the integration with the growing new bio-based chemical platforms.

2023 was also a catalyst year as in October we completed the acquisition of the remaining shares of Novamont taking full control of this world leader in the production of bioplastics and biochemicals.

So we are transforming and re-positioning Versalis, leveraging the new platforms focused on specialized products, bio-based chemistry and circularity solutions, where we can compete with a leading position.

Within the context of the Plan the prize is significant. The target EBITDA breakeven in 2025 and positive EBIT in 2026 represent an improvement of over 600Mln€ to the group.

I would emphasise the work underway in transforming our Traditional Refining to our Bio-Refining represents a good precedent in how we can re-position an uncompetitive business, leveraging our innovation and technological capabilities.

At the Breakouts you will have the opportunity to meet with management and go through their plans in more detail.

Plenitude continues delivering its outstanding operational growth. By the end of 2023 installed Renewables reached 3GW, almost 10 times the figure of end-2020.

We plan to grow capacity further, increasing to 4GW in 2024 and more than doubling to over 8GW by 2027. This growth is supported by a solid pipeline in excess of 20GW, well diversified in different technologies and geographies, of which 2 GW is under execution, 4 GW is of high/medium maturity and 15 GW low maturity. In 2023 we also grew charging points by 46% and expect to double them by 2027.

Plenitude's integrated business model is a critical and differentiating quality. The combination of renewables and our 10 mln clients provides valuable internal hedging, as seen in 2022 and 2023, two highly challenging years. Plenitude's e-mobility growth will also leverage Enilive stations, while also continue developing partnerships with car manufacturers and large scale retail across Europe.

Value creation in our operating performance is also evident in our financial results. In 2023, full year pro-forma EBITDA totalled above 900Mln €, this is 200Mln€ ahead of our initial projections. We expect 1Bln€ of pro-forma EBITDA in 2024 and then a doubling to 2Bln€ by 2027.

Our growth is supported by organic investment over the plan period averaging around 1.4Bln€ a year, of which 70% goes to Renewables.

In December we reached an important milestone with the investment of 0.6Bln€ by Energy Infrastructure Partners, which closed last week. The deal confirms enterprise value built at above 10Bln€, providing a helpful benchmark as we move towards our plan of an IPO.

The growing materiality of Plenitude in Eni Group requires understanding: its different risk profile, return on capital employed during the growing phase, EBITDA multiples and debt capacity. All elements that differ from the other businesses of Eni.

These elements, together with the other financial targets of our plan and the enhanced distribution policy will be described by Francesco Gattei, to whom I leave the floor.

Thank you Claudio and good afternoon.

Eni financial framework supports the execution of a strategy that

- builds businesses with complementary risk and returns profile;
- increases resilience and flexibility across the cycle
- and delivers value to shareholders.

Looking to the new 4YP the context is a more cautiously framed Scenario: we assume \$80/bbl oil, € 30 to 35 for Mega Watt hour for gas and an average \$5.40/bbl SERM.

In 2024 we expect to generate around €13.5Bln in Cash from operation. Over the course of the plan we also expect to grow CFFO in a constant scenario by around 30% or over €4Bln.

This extends the growth rate we set out in the previous Plan.

The growth in operating cashflow is delivered from all segments. It is worth highlighting that our 2 main Transition businesses of Plenitude and Enilive will account for 20% of the CFFO growth during the plan period, emphasising the emerging high quality diversification we see at Eni.

As we will continue to right-size the corporate structure in the context of our strategic evolution and satellite model, we also expect to deliver €1.8Bln of savings and simplification benefits over the Plan.

As we have highlighted we find ourselves in a situation of real depth of investment opportunity

For this reason we have to be, and we will be, highly selective in project sanctioning.

On portfolio, we don't require acquisitions and we can instead gather partners to support our Projects.

In the Upstream we will leverage our well consolidated model of Dual Exploration, by reducing our equity and anticipating cashflow.

We made significant discoveries, for instance, in Ivory Coast, Cyprus, Indonesia and Congo which all hold the potential for the type of equity dilution we have successfully performed in the past.

This divestment activity is in addition to the continuing management of tail assets such as our 2023 sales of assets in Congo, already completed, and Nigeria.

At the same time we are also looking at growth from the new Transition businesses that are essentially self-funded – with the dilution of minority stakes or IPO valorization if market conditions are favorable.

Following the successful dilution of Plenitude, that we completed at the beginning of March, we expect to speed up in the valorization at each of the four main businesses related to the Transition capturing the real multiples appropriate to their activities.

Our disciplined investment approach and the quality of our portfolio means that we now see our gross investment at €35Bln, less than €9Bln per year, and €2Bln lower than the previous Plan.

But our overall capex absorption will be materially lower in this Plan. In fact with the more active divestment and value realization I have described we expect an overall net capex of €27Bln, an average of €7Bln per year, more than 20% lower than last year's Plan.

We have uncommitted capex in 2024 of 15% of the budget and this rises by around 20% of the budget in each of the subsequent years.

Our distribution policy confirms the progressive growth in shareholder value related to our strategy.

In the past two years we have distributed almost €11Bln, an historical record for Eni, approximating to 20% of the current market capitalisation, and we expect to continue at a high level in the coming years.

Our model is to continue to rank distribution as a top priority through a percentage of operating cashflow – a transparent link to our business performance.

Today we are announcing that we are enhancing our payout which will now target a distribution around 30-35% of CFFO compared with the previous 25-30%.

We will allocate an amount to the dividend and the rest as a buyback – the variable component.

For the 2024 dividend, we propose an increase by over 6% to €1/share from the previous €0.94 cents, paid in quarterly installments.

On the Buyback, following approval at the Assembly in May we expect based on the 2024 scenario to repurchase €1.1Bln.

This is a flexible tool, with higher exposure to the upside:

- In fact, similar to 2023, we can confirm that in lower than planned scenario we will seek business outperformance and use financial flexibility to deliver the target buy-back.

- While, in the case of better than planned CFFO outcomes we will now allocate up to 60% of incremental cash to our buyback. This is a material improvement versus last year when we indicated 35% of incremental cash allocated as an upside.
- As an example, at \$90/bbl, benefitting from the top end of the enhanced payout, the buyback would amount €2 Bln.

Overall, during the plan period and at our scenario we are planning to buyback above € 6.5 Bln of our shares reducing the share count by 13%. A continuous and material improvement of the return for our shareholders.

In conclusion, we are keeping our distribution policy highly competitive, implying at the current share price a distribution yield of 9%.

Our investment and distribution plans are made in the context of maintaining balance sheet strength and flexibility. During the Plan period our CFFO will average over €15Bln per year and net capex will average around €7Bln implying a FCF that materially covers our distributions, and enhances balance sheet strength.

Our goal is to preserve Eni as a strong investment grade credit.

This means leverage will range between 15-25% as we seek to balance a fundamentally conservative capital structure with flexibility and advantaged cost of capital.

To emphasise this point the average cost of our net debt, thanks to good returns on our liquidity was 0.8% in 2023, and we expect it to be at around 1.5% through 2024.

For this reason we took the opportunity to advance our strategy completing important strategic acquisitions in a particularly favourable period in terms of net borrowing cost and we see leverage falling back towards the low end of the indicated range by the end of the Plan.

Furthermore, it is also worth noting the role of Plenitude in our debt composition. Plenitude's financial model and risk profile lends itself to higher gearing than would be typical at an oil and gas company.

At the end of 2023 its net debt stood at €2.2Bln and we expect it to target debt levels at around 2-3x EBITDA, in line with the norms for such businesses. In context Eni ex-Plenitude leverage was around 3 PP lower at end 2023, while by 2027 that figure will be around 5 PP.

And these are the key highlights of our financial plan. Now I will return back the floor to Claudio for his final remarks.

Thank you Francesco.

In conclusion I would like to highlight the key features of our Four-Year Plan and particularly the improvements in comparison with the previous plan:

- We are embracing the challenges created by the energy Transition, with a strategy that addresses each element of the Trilemma. We have a distinctive and accretive strategy supported by a strong organic investment performance and focussed M&A.
- We are executing on our deep portfolio of opportunities in a disciplined manner. Its quality enables us to reduce the gross capex in the Plan by €2Bln versus last year. We

have considerable scope to anticipate value in high equity projects, introduce aligned capital in satellites and address our tail. We see net M&A contributing 8Bln€ over the Plan, cutting average annual net capex to 7Bln€.

- Growth in our traditional Upstream and from our new Transition businesses is exceptionally strong. Over the 4 Year Plan we will grow CFFO by 30%, with a material contribution of the new business. During the Plan 20% of CFFO growth will come from the emerging high value, high multiple businesses, well defined in our Satellite structure.
- All economic and financial KPIs demonstrate progress and robustness with a compelling trend of value growth, upside leverage and resilient downside. This enables us to make substantial improvements to our distribution policy. We are raising our payout commitment, the associated dividend and materially increasing the upside participation.
- Our investment will also mean that Eni at the end of the Plan is bigger and more profitable, through high performing Upstream and the new material Transition related businesses.
- Our growth is coupled with a material reduction in emissions. Since 2018 we have cut our Upstream Net Scope 1 and 2 emissions by around 40% and methane emissions by more than 60%.
- In the past 12 months we have made significant strategic steps that give us increased confidence in the path we are taking.
- We have made the organic and M&A investments, continued building technological know-how, created the organizational structures and delivered a new portfolio of new transition-linked businesses.
- Ultimately, it is evident that the energy Transition can only become real if it creates material and sustainable returns and enables new forms of profitable business. And that is what we are doing.