ENI 1Q 2026 Results
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Presentation
Speaker
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Amid the volatility and disruption to the energy system over the past 2 months, at Eni we have continued to focus on the delivery of financial performance and key strategic milestones.

As we set out at our CMU just over a month ago, we are working to deliver reliable, affordable and lower carbon energy for our customers. Our industrial strategy, anchored to technology, skills and long-term investments into top tier assets across a diversified portfolio has, if anything, been further validated in the context of the events of this year. Our investment framework, underpinned by strong cashflows and a robust balance sheet, supports us in delivering sector leading growth. As a result, we can also reward our investors through a combination of attractive distribution and the continue rise of the capital value of the business – something that has been reflected by the share price improvement.

It's also worth keeping in mind that while energy markets have been highly volatile since March, Q1 averages, although higher than the planning assumption set out at our CMU, were well within an historically normal range for our volatile industry. Actually, in Euro terms, it was bit softer than last year.

2026 has seen very positive advancement in strategic terms and Q1 supports this progress with strong financials. I will analyse the Q1 financials in more detail shortly, but we reported €3.5 bln of pro forma EBIT, CFFO of €2.9 bln and proforma gearing at 15%, within our expected 10-15% range. Our proforma gearing, assuming the full effect of Plenitude deconsolidation is even lower, at 12%.

Major strategic events of the year-to-date include probably the ever best start to a year for exploration with an exceptional level of new resources discovered in 7 different countries; the FID of Geng North and Gehem in Indonesia; the Dual Exploration strategy valorization of a stake in our Baleine; strong production growth helped by start-up of production at NGC in Angola and first LNG exports from the second Congo LNG; and in the transition sector, the agreement to reorganize and de-consolidate Plenitude, and advancing 2 new biorefineries at Sannazzaro and Priolo.

But before we get into the details on the financials, I will spend a bit more time on what was the most remarkable start to the year for Exploration. As you know we have established a track-record as the leading exploration company in the sector, discovering an average 900 mln Boe per year over the past 10 years.

And while our high-impact activity is somewhat front-loaded, in the first 4 months of 2026 we have added around 1 Bln of new resources. Critically, these new resources also all have a credible and visible pathway to development and production, consistent with our focus on efficient time to market where we are also an industry leader. Our production growth to 2030 is visible and sector-leading and we are building material optionality for the 2030s:

- In **Angola**, our Azule affiliate, as operator, announced the significant oil discovery of Algaita-01 on Block 15/06. Preliminary estimates put oil in place at around 500 mln bbls and the presence of an FPSO merely 18km away promises a speedy and efficient development.
- In **Cote d'Ivoire**, the Murene South-1 well significantly extended the proven area of the Calao gas/condensate discovery confirming a world class discovery of up to 5 Tcf and 450 mln bbls in place.
- In **Libya,** in March we announced 2 offshore gas discoveries estimated to total more than 1 Tcf in place and close by the existing Bahr Essalam facilities, enabling rapid tie-back.
- In early April we announced the Denise discovery in the Temsah concession, offshore **Egypt**. Our preliminary estimate for Denise is 2 Tcf of gas and 130 mln bbls of condensate in place, situated less than 10 km from existing production infrastructure.
- Last, but certainly not least, this week we announced the giant Geliga-1 gas condensate discovery, in the Kutei Basin, offshore **Indonesia**. Our preliminary resource estimate is in-place gas of 5 Tcf and 300 mln bbls of condensate – effectively a second Geng. Because Geliga is close to the undeveloped 2 Tcf Gula discovery (that includes an additional 70 mln bbl of condensates) and has development synergies plus the same infrastructure and time-to-market advantages of Geng, there is a clear case for a fast-track development of a third major production hub and the significant production and value uplift this implies.

Q1 results were consistent with the scenario conditions we faced and the positive momentum we are generating in growing the company. But not all the upside of the scenario was captured in this quarter as our downstream and biorefineries were under the traditional maintenance before the start of the driving season:

- E&P delivered 9% y/y production growth and consistent capture of benchmark prices. Year-over-year growth contributions from Norway and Congo were especially notable, and the outcome is after disruption to Middle East volumes in March.

- GGP proforma EBIT of €0.3 bln is reflecting the more volatile scenario and it is consistent with our updated guidance of €1.3 bln in proforma EBIT.
- In our Transition businesses, proforma EBITDA of €0.52 bln is consistent with our full year guidance of €2.4 bln EBITDA. Plenitude, that will continue to grow both on clients and new capacity, will increase its gross EBITDA by 20% to €1.3 bln, while Enilive will continue to see supportive bio-refining margins and will reach an EBITDA of €1.1 bln (+16% vs last year).
- Our refinery utilization was low reflecting a major turnaround programme which should position us well for the remainder of the year. Meanwhile, our results in Versalis highlight some evident progress in the reported results of curtailing its losses, in line with our plan.
- Contribution from associates reflected the macro scenario conditions with Var reporting a strong production growth. A higher scenario along the year will enhance the results of our satellites and could improve their distribution and our cashflows too.
- The tax rate of 42% was in line with our full year guidance.

CFFO generated was in line with our expectations with good contributions from associate dividends and a cash tax rate of around 25%%. Working capital had a large negative impact on cashflows consistent with the sharp rise in prices in March but is not out of the ordinary in that context. We do expect to reverse this in the coming quarters.

Capex was €1.9 bln in line with the full year amount of €7 bln for the year. Net capex was broadly equal to gross, with limited portfolio activity in the quarter beyond announcing but not completing the sale of a 10% stake in Baleine to SOCAR. After the quarter ended, we completed on the previously announced acquisition by Plenitude of Acea Energia for around €500 mln.

We paid the third quarterly dividend referring to 2025 in March and repurchased €280 Mln in shares. Shares in issue have reduced by 17% since end-2021. Proforma gearing of 15% incorporates M&A transactions announced but not concluded and represents a broadly balanced quarter for cash in and cash out. We expect the deconsolidation of Plenitude to close in the third quarter with a benefit to consolidated net debt over following quarters as Plenitude funding is restructured. If we incorporate this effect, our proforma gearing is actually at 12%.

Updating our guidance for 2026 we confirm the outlook for E&P production with a growth rate of 3-4% incorporating our current assumptions for the impact of Middle East disruption. We have also updated our market Scenario projections for the year in the context of the current situation, raising FY Brent to $83/bbl from $70, the TTF to €50/MWh from €36, as we believe that higher prices will be necessary for the refilling of empty storage, and the refining margin in Europe (SERM) to $8/bbl from $6.

From a financial perspective, reflecting the changed Scenario and underlying outperformance, we now estimate CFFO pre-working capital of €13.8 bln, up 20% from €11.5 Bln set in March.

Applying our proposed updated distribution policy this implies a share buyback raised by around 90% to €2.8 bln. As previously communicated, this is a floor for 2026 that will be maintained even in the case of future scenario deterioration. Actually, taking into account that current market prices are well above that level we should expect even further increases in our distribution policy in the coming quarters. Our new policy will be put to shareholders for approval at the AGM on 6th May.

This concludes my remarks and along with my colleagues from Eni's top management on the call I am ready to take your questions.