2017-2020 Strategy Plan – 1 March 2017

Q&A Session

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MICHELE DELLA VIGNA , ANALYST, GOLDMAN SACHS: Two questions, if I may? The first one is, you've done more than any other company rebuilding your pipeline of future projects. Could you discuss the profitability of these projects at different oil price assumptions for the future?

Then secondly a clarification, on your targets for production and for CapEx, do you include a farm out of Mozambique?

CLAUDIO DESCALZI, CEO, ENI S.P.A. : I'll talk about the projects and then I ask Massimo to talk about the rest. You saw that our cash flow per barrel is accretive. So we are really, with this set of projects, we are increasing our value, and also increasing the value of our basket.

The internal rate of return is good also at the present level. We talk about double digit and really above our hurdle rates for each country. What we can say that with this kind of cost, when you talk about exploration cost last year was $0.60 per barrel, now we have $6.2 [corrected] operating cost, on average. And that will be also for the future projects on average, clearly.

And then we have a development cost at $11 that are lower than level, despite the new big giants. But that means that we have giants in our end, we have a focus of more projects, on projects. That is a big step to be resilient. So it's clearly that a cash flow per barrel of $29 at $67 per barrel of oil is ready a good one. So they are very resilient.

It’s clear we run different kinds of stress test on the package. But I think we never had so strong a set of projects in our history, not in the recent but in our history. So as a number of projects, 22 projects that are going into production, but all the other projects really to be FID.

So really, from a reserves project /FID point of view, we never had a so strong, from an economic and from an operational point of view, set of projects that is covering not for four, not for eight, but really for the long run. We are talking about 20, 25…but we have the big projects you saw that are going with a steady plateau.

And that is a demonstration, because Eni is one of the few companies that own assets not in the Gulf that are really long term, outside the Gulf, Africa, that have a plateau that is lasting for the last 30 years at the same level. We talk about North Africa, we talk also about West Africa. So now we are, again, in this new positive way and we have rebuilt something that is going to last for the next 30 years.

Now if you can answer about CapEx ?

MASSIMO MONDAZZI, CFO, ENI S.P.A: (inaudible) if we include the disposal program, so net of disposal program.

THOMAS ADOLFF, ANALYST, CREDIT SUISSE: Also two questions. The first question I wanted to go to disposals, and I wondered whether you can say something about your disposal program in Mozambique. We've had to be very patient.

Also linked to disposals, you've just mentioned, as part of your new plan the gas retail, Versalis and Saipem, is not included and these are non-core assets in your own definition. But let's say you are confirmed for the second term, could we see an acceleration of the disposal of maybe gas retail at least?

And the second question I have is on Kashagan. I wondered whether you can give an update on where things are; how things are performing; how wells are doing? And the project has cost a lot of money, I think in total $60 billion. Your share may be around $10 billion. The government isn't going to see much money, so I wondered whether there's a risk of certain changes to the structure of the contract. Thank you.

CLAUDIO DESCALZI: So I'm going to talk about Mozambique, I'm going to talk about what is not in our M&A, so chemical, gas and power. Just a few comments on what you said at the end and then Kashagan will be passed to Antonio Vella.

So first of all, Mozambique, everybody must be very patient but I think that recently we made very good progress. I think Massimo said in the coming weeks, Massimo is the CFO, if he says coming weeks are coming weeks. So I think that we're being patient but I think it's a big project; it's a big deal; it's a big choice. We cannot disclose yet who will deal with us, so I don't answer because I cannot answer. So I think that we are not far. Unfortunately, we are not able to do the big shot today. That would be wonderful but the results are so good that we can do without for the moment.

So gas and power, chemicals, we didn't put it because we are working on it. Chemicals is doing very well; chemical is getting value, really getting value, free cash flow. And from an industrial point of view, very robust and I think that the CEO, Daniele Ferrari, is here and maybe later can give you some disclosure about this.

I'm really satisfied about what they are doing. So is there? We'll see, we have a big option. We are confirming the strategy. We confirm the fact that we are, one, oil and gas integrated. We'll see the development. It's not there because we are still thinking of it.

Retail gas, we are creating a subsidiary, so a company. Here there is a CEO, Alberto Chiarini. So it's going towards this way and we'll see in the next months. We've already I think next months, next time, disclose it but it's clear that it is done, an additional value.

So for Kashagan, what you said last, do we have any risk. I don't think that we have risk. They are with us, KMG is inside; we have a very good relationship. The government of Kazakhstan has been very supportive in the last couple of years when we had to recover these pipe issues. And they are being supportive at present and help us.

So now that we are in production, what they ask is really to complete the first production, go to 370,000 and then go fast to the CC01 to get an additional 100,000 barrel per day, and go fast to the second phase. That's what they want, and that's what we want. So I think that has been a project very important, we have 30 billion of oil reserves, P1 there, so it's really a huge, huge discovery. I think that the future is going to compensate us for the past.

Now if you want to give some update on Kashagan phase?

ANTONIO VELLA, CHIEF UPSTREAM OFFICER, ENI S.P.A: Thank you. So the commissioning phase has been well completed. As you know, we have already stabilize 180,000 barrel oil. Next step, as Claudio mentioned, that is the gas injection, is going to be done in June/July, without shutdown. We have done all the network in place; NCOC have completed all the job; the system of the gas injection is under commissioning at the moment; and the cleanup of the island A and D has been completed. D is cleaned-up and very soon after that we will start APC 3. So the plant is working very well, and the engineering has been well performed through the commissioning. Thank you.

CLAUDIO DESCALZI: Thank you, Antonio.

IRENE HIMONA, ANALYST, SOCIETE GENERALE: I have two questions, please. Firstly, back to the 3% production growth target; I think you mentioned, Claudio, you need 650,000 of startups, and 250,000 production optimization. I wonder if you can elaborate on what production optimization actually means, and if there are any contingencies factored into that target?

And the second question, you guide to gas breakeven in 2017. What, if any, specific contractual negotiations do you need to conclude this year to reach that level? Thank you.

CLAUDIO DESCALZI: So the gas optimization that has been also our -- is our accelerator or re-accelerator with oil now, that is really peculiar to our Company, because when we look at the long life of our project, all projects start in the 1960s or in the 1970s, they are still there producing 100,000 barrels per day, because we do what we call, that is really Eni terms, production optimization, because of this set of work that is mainly work over, sidetrack, smaller development inside the contractual areas.

Some application of new technologies in terms of smart completion on multiple additions, so we go back and we reopen, sometimes in the past we had wells with different layers. And because of technology we are going to complete…putting together all the layers, that is the worst thing to do because they have different pressure, and you can produce only if the higher pressure, the lower pressure, but they have oil.

So now we go back and we use, and I'm giving examples, smart completion so you can complete -- you have five players, you complete five layers, separately. You can give to each one the opportunity to talk, because they have different voices, different pressure, and they can give contribution. Also layers that have been silent for 20 years.

And that is very important, because not only we are going to increase production, but we are going also going to add reserves. So when you see that we are going to increase our replacement ratios, because of exploration, because of FID, but also because there is a detailed work from the reservoir and petroleum engineer, point to go and revisit all these wells. Completion is very important .

And then we have sidetrack, because we process through the 4D seismic, so there is the 2D, the 3D, the 4D maybe you heard about the 4Ds, that is seismic that we do, and we compare during the production life of the field that give the advancement or the progression of the production and how your layers are. And on this basis, we are going to catch with a standard reach or horizontal well, or the different [inaudible] the different reservoirs that we left behind, and we can see through this 4D seismic.

So there is a huge amount of work, a very high internal rate of return, because we have everything, we have everything in line, we have the plant, everything's there, you drill differently. And that is very helpful in the future to increase our average internal return. We are talking about 200,000 barrel. We talk about average internal of return at these prices of today that are bigger than 20%.

And this good also for the first party. Why? Because the cost are low. There is a big profit oil for them.

So it's based on technology, competences, keep the same people constantly on the same reservoir, so they know everything, because the reservoir is a human being. If you have your doctor, is much better, because knows everything about you. And the reservoir is a human being.... Maybe sometimes it dies before, sometimes it's much longer but, in any case, we need a good doctor. So that is the production optimization.

Second, the gas breakeven. For the gas breakeven we have the new COO and expert on gas present, Massimo Mantovani, that will be happy to answer to your question.

MASSIMO MANTOVANI, CHIEF MIDSTREAM GAS & POWER OFFICER, ENI S.P.A: ....that was one of the focus in respect of the gas and power business. And I have to say that in the last months we were really busy on gas negotiations. Claudio mentioned that we closed four of them and, more importantly, we close Sonatrach for 2017 and we do have the breakeven and I think that now we are working for a positive result.

So this is a clear positive message. We will continue negotiating, but we have a good negotiating table with also other suppliers. So it's going well.

THEEPAN JOTHILINGAM, ANALYST, EXANE BNP PARIBAS: Could we have a deep dive on Zohr, please? Could you just give us an update in terms of what you assume is the capital spend in the current program? Then the process in terms of the startup and how we think about the ramp-up to plateau on Zohr, please.

My second question comes back to capital allocation and capital return back to shareholders. Could you talk about the scenario in terms of when you would think about an increase in cash returned to shareholders, the tension between what is undoubtedly an impeccable balance sheet, compared to your peers and your breakeven?

I was wondering, when do we think about an increase in cash returns. If, for example, you sold assets above your disposal target, do you think of special dividends, buybacks? That framework would be very helpful. Thank you.

CLAUDIO DESCALZI: So, Zohr; as I said, we are absolutely convinced and determined to have Zohr in production this year. Zohr is going to give also -- after the disposal it's going to give us, for the first part, for the first phase for us in terms of equities, 75,000 barrels per day oil equivalent. When we go to 2019 we pass about 175,000 barrels per day and then after 2020 between 240,000/250,000 barrels per day. That is the production growth of Zohr today.

We have an overall expenditure that will go after the plan that's more or less 12 billion. It's going to be maybe a little bit less, I hope, because there are good performance from the contractors and they are moving very fast and the market is very good in terms of long lead items. So we think that we are going… to reduce -- our exposure is less because now it's being reduced by 40%. I think that in the plan is something about --

CLAUDIO DESCALZI & UNIDENTIFIED COMPANY REPRESENTATIVES: (inaudible)

CLAUDIO DESCALZI: 60%, sorry. That's 60% without the 40%. So that is the -- in terms of returns, you asked also about the return on Zohr. Zohr is acceptable, double digit, much below our hurdle rate for the country. We negotiate all the contracts before starting and help us also to recover our working capital.

I think that in this very critical year Egypt -- it's been the first year, from what I remember, that we closed 2016 without outstanding. And Egypt is participating in terms of Egyptian funds for 25% in the investment. Normally, we put all upfront and then we recover so they are participating. So it's really strong and well protected because it's the main -- it's a priority, the main project for Egypt.

Normally I have to give the floor to Massimo to answer your question, but your question and your point, it's very reasonable, what you said. Clearly, if we are adding value, because clearly the dividend is our priority at the same level of the development because we have to fill this dividend, it's something that we are going maybe to discuss in our Board. It's not something that I can disclose now, but it's something that we are going to see.

At the moment, our policies say that we're going to increase our dividend considering the earning growth and when we see a scenario. When do we talk about earning and scenario, it's really that we don't want to pick up and then go down; we need some stability. But especially the stability now is linked also to the capability, with what we said. We have a very low breakeven, so that is very helpful. And for sure, it's going to give good and positive results, not just from an operating point of view, but, I think, I'm sure also for our shareholders. It's premature but your point is very clear and I don't think that not reasonable.

JON RIGBY, ANALYST, UBS: Two questions; the first is going back to Kazakhstan. I notice you've got two Kashagan projects going into FID CC01 and then Phase 2, so I just wonder whether you could just talk me through some of the details around that. And also, I noticed that the expansion project at Karachaganak is also in the FID list, and I was just wondering whether there's the capacity within country to be doing Kashagan, Karachaganak E&P and also the Tengiz expansion, which is ongoing as well, and whether there was some tension between all those projects and whether you can discuss that.

Then, given the developments over the last few months, I just also wondered whether you could give an update on your position in Libya, what you're seeing there, and maybe some risked view of what you could be doing, depending upon how the country develops over the next few years, if that's possible.

CLAUDIO DESCALZI: Okay, on Kashagan, Antonio is going to explain where we are. When we talk about these projects, the CC01, the Phase 2 in Karachaganak, it's clearly there is a strong will from the government to increase production, especially now that we are in a positive trend, and still we are in a positive supply chain situation. So now is a very good moment because you see in perspective your oil debt is going up but the market is still in a waiting moment. They are waiting.

There are not a lot of projects because it's not easy to start a project. So we have a wonderful opportunity. We can bet on a growing price, and we have a market that, if you are able to close your contract now, you have a very good discount and that is going to impact on cost and recoverability.

So it's good for Kazakhstan. I'm not saying it's also what I think it's good for Kazakhstan to be able to have contracts signed in these years, in this year, when we have still a very good market condition. They wait when the price will be very high; that means we are going to increase cost for the same amount of production as soon as we have a higher price. But all these costs are going to saturate the cost oil and reduce the profit for them.

So I think that we have to consider this balance, and when you consider this balance you see that is very positive. And now we have a strong opportunity. So Antonio, if you can talk about this project?

ANTONIO VELLA: So let's talk about Karachaganak expansion. As you know, Karachaganak is a steady plateau of 260,000 barrels since five years, and the objective is to extend it longer. So the main expansion is ‘compression’ of the gas. One stage is going to be in FID soon this year, and then subsequently, we will go for the other expansion to keep always the plateau at the same time. At the moment, the relationship with the authority and the intention to proceed with all the projects are very nice.

Concerning Kashagan, the next FID of Kashagan as Claudio mentioned, is the CC01, which will allow us to increase the injection of the gas, and jumping up from 370,000 to 450,000 [corrected], which is the end of the experimental project of Kashagan. Definitely, ending this project, we have to start additional phases, because the oil in place of Kashagan is huge, and we have to ramp up the plateau above 450,000. And this has been a wider margin project within the four-year plan and after. Thank you.

CLAUDIO DESCALZI: So Libya situation from our operational point of view is quite steady. We are in developing, we are developing offshore, we are also developing onshore in Wafa, and we are also exploring. So we are quite active in this period. It's clear that, from a political point of view, there is an instability. And we are following -- and our first priority in this situation is, clearly, the security of our people. Our people is not just Italians, our people in general. So our local people, everybody. So that is a big question, big attention, and that is our priority.

The gas demand is increasing and, as I said several times, when in a country that has some issues, big issues, domestic gas demand…there is no industry. Domestic gas money is increasing. It's, I think, a positive signal. It means that there are people, they are cooking, they are eating. There are some dynamics, because we are delivering a lot of gas and we are reducing also our exports to be able to help Libya in terms of gas demand. So we are following.

It is clear that Libya is a huge potentiality for us, because we are in the position -- what we have found, without considering the last discovery, what we have found, we are in the position in Libya to double our gas production and condensate production, without considering El-Feel or Bu Attifel we leave that, but we can double. That means that there's another important element that we can add to the East Hub, because that is really -- in this area, you consider Cyprus, where we are going to be very active in exploration, in Egypt, we're working to put in production Zohr, and to explore additional reserves in Libya.

And the Levantine Basin is really a huge amount of gas that can really help Europe for diversification, very low cost, very, very low cost. Libya is another case that we love, because really it's our model. So we have everything; we have just to drill wells, we have platforms, networks, pipes, we have everything. That is going to be a very, very interesting and positive opportunity for Libya and for Europe. So we hope that everything is going in the right direction.

HAMISH CLEGG, ANALYST, BOFA MERRILL LYNCH: A question for you, Claudio, one for Massimo, and one for Luca, checking he's still listening. So first of all, just on the breakeven; you talked about a breakeven cash flow pre-dividend, and you've given us some good sensitivities in the back of the slideshow. Doing an initial quick calculation, on my numbers it looks like you'll be able to cover your CapEx and your dividend over the four-year plan at $53. Does that number resonate with you, sound right? Is there risk to the downside on that number, i.e., a lower breakeven?

My second question is, you've got a fairly bullish longer term outlook in oil prices. You're in countries that are OPEC, part of OPEC, I should say. Could you tell us what you're seeing in some of the early volume moves across the world, and what gives you conviction in a rebalancing of world oil markets? That's really one for you, Claudio.

And, finally, for Luca; just what's the most exciting things in your exploration pipeline, please?

CLAUDIO DESCALZI: He's not going to say a lot about that. So Massimo, you want to answer to the first one? I answer about OPEC sensitivity, and then, Luca…

MASSIMO MONDAZZI: So the question about the cash neutrality, yes, cash neutrality is expected to decrease all along the four-year plan. Just to recall, the cash neutrality calculation including, I would say, Zohr, I mean the takeout of the 40% CapEx already incurred in 2016, is in the range of $61 per barrel. So we are starting from $61 in 2016.

This cash neutrality is going to decline all along the plan, while we complete the turnaround in the business, other than E&P, and the grow- up in production takes place, as it has been described by Claudio. In average, the number would be probably a bit higher than the one you mentioned, so it would be in the range of 55-56 something like this. But with this sense, so the number is going to decline all along the plan.

CLAUDIO DESCALZI: Luca.

LUCA BERTELLI, CHIEF EXPLORATION OFFICER, ENI S.P.A: So I'll not tell you what's the most exciting, but we have good opportunities, you see. We have good opportunities in West Africa, it's mainly targeting oil prospects. And we had a continuous reload of our portfolios during these troubled years. And we have good opportunities coming also in East Africa and also in Norway in the future. And that's what we are going to do. So this year will be still a year of finalizing our appraisal campaigns mainly, and a few exploration shots. Next year, we will start with a more aggressive exploration campaign in new places.

ALASTAIR SYME, ANALYST, CITI: Alastair Syme, Citi. Two questions. On your gas plan, you talked about getting 10 million tonnes per annum with LNG; just to clarify, does that come from a willingness to take on equity gas through Mamba, as opposed to what you did in Coral?

And the second question is, would you hazard a guess on where return on capital or return on equity would get to under the four-year plan, profitability return?

CLAUDIO DESCALZI: You're talking about LNG or --?

ALASTAIR SYME: Overall.

CLAUDIO DESCALZI: Overall, yes. For LNG, it's not just Mamba or Coral or Zohr, it's really just to find lots of gas. So it's a really huge amount of gas, not just there, because we have gas that we are injecting. But we can increase production a lot in Congo, for example, and we have projects to start. LNG is not in our investment, from other companies that are selling there.

We have a need for gas, for Angolan LNG and we have a lots of gas there. So that is another huge amount of gas that we can consider stranded now at the moment. And we have to develop for the

Angolan LNG. So it's gas that we have to develop for existing LNG.

And then surely we have Indonesia. In Indonesia, we found gas, now we have additional discoveries that we appraised, and we have new fields that are ready to go on stream. So we have our equity and I think that it's quite wise to stay along the chain and increase our package, instead of buying gas, buying LNG from other producers.

I think that our gas and power must work with the E&P from the very beginning, because the gas, when you open new gas or you have to market new gas, you have to start at the very beginning. You have to show the solidity of your project, you have to show the solidity of your presence in the country, because the buyer wants a lot of assurance and guarantee about your position.

And then there is another element that is quite important, that we have a strong position in these countries as E&P and a lot of investment. And we have to renegotiate sometimes with the same countries the gas price. And I think that is not wise to keep the two things separate. We have really to go and discuss with the country as a unique company; that is quite important. Gas and power has been a European monopoly player and was, a long time ago, but also a company in a company, so they own gas, certain gas in Europe, mainly linked to the retail gas.

But for the Eni countries, it is a revolutionary new model that put together the two entities but in the upstream, not in the downstream, because we have a lot of gas now. Also before but now we have a lot of gas. Then gas and power can be really useful with the competence to work on the contract definition in the country where we deliver gas for the domestic market. We are, I think, the first Company in term of delivering gas to the domestic market. And where is the E&P gas. So that, I think, is going to give a tremendous advantage and plus for us. Do you want to add something, Massimo?

MASSIMO MANTOVANI: I just want to underline something you say is that one of the key factors for us in the LNG strategy is that we have competitive LNG and geographically diversified. So you are not just looking for something like Mamba to deliver all the 10 million tonnes, of course. No, because that has a huge value in terms of actually being able also to add, not only valorize the upstream production, take the midstream margin but also add trading.

So the diversified projects, and as Claudio said, we have from Australia, Indonesia, where we close this year the first contract. We will start deliveries from Jangkrik in the summer. Then you go to Mozambique, you go to Angola, Congo, Nigeria, Egypt. That is the value of the strategy which is going to be at 2025 with 10 million tonnes at least.

MASSIMO MANTOVANI: To return at ROACE, the level as all the industry is quite low in 2016. What we expect is a number growing. We expect to be at 8-10% in 2019-2020. It will be the result of all actions that has been taken so far, including a significant reduction in the so-called work in progress capital employed that at the end of 2016 is 29%. And it will be reduced down to 21-22% at the end of this plan.

Let me make an additional comment on this. Now, we characterize ourselves as quite pure upstream, so our capital employed you have seen is 85% now invested in upstream. And I don't know really whether to measure through ROACE the return for quite pure upstream is correct, because we definitely don't have any kind of advantage from significant amount of capital investment in downstream, or in chemical, that may be currently producing significant return without the need of significant investment.

So for us using this kind of metric is, I would say, a little bit different versus the others that usually you compare with us.

CLAUDIO DESCALZI: Also talking just about the internal rate of return, on average on all our packages with this price, is higher than 15%, price of today.
That is a good point.

OSWALD CLINT, ANALYST, SANFORD BERNSTEIN: I wanted to ask you about the engineering comments and approach you're taking; taking control of engineering, being involved in feeds, all the way through commissioning. I don't think anyone has asked Roberto a question, so maybe it's for him. And things like East Hub coming in five months ahead of schedule, are there going to be more examples of that? Can investors start thinking about your projects on time, ahead of schedule from today onwards? Are the teams mobilized to actually deliver that? Is there any way that you're checking that? Would be my first question.

And then secondly, related to the gas and LNG as you focus on LNG, but in the midstream we still have 90 billion cubic meters selling in Europe and one-third of it going outside of Italy. Do you really need to have 30bcm being sold into Austria and Germany and France and all of these countries? Could a big chunk of that go?

CLAUDIO DESCALZI: So then Massimo will talk about that... In term of organization, Roberto is going to explain because we had prepared a big slide, but then it was too long because we did so big work on this in the last four or five years. You asked: do you have other examples? Okay, we have other examples. The first example is East Hub that has been four years, two months ahead of schedule and on budget last year.

Another example is Nenè, from the discovery, 11 month, the production, now it is 25,000 barrels per day. Another example is Nooros, a discovery with Zohr is producing 170,000 barrel per day. Okay, we start and now we have a Jangkrik and OCTP, and then we have other projects. So I think we have at least most of the production, at least 300,000 barrels per day that now we are sitting on. Otherwise, the depletion that are coming in the last three years we can say, three years, yes or 2.5 years, are coming from the new model.

That are not just one example, one, two, three, four, five examples. And I think that the future will be like that, because we change everything, but especially we change this obsession to be absolutely perfect and spend all your money before starting your production, because it's nice to spend all your money starting your production. We don't want to do that, we want to phase. All our projects are phased and that increase the internal rate of return and cover the CapEx.

And just to give you another example, because that is with a dual exploration model, Zohr, and Mozambique, will be never, during the execution of the project, in negative free cash flow. So we have two projects that will be free cash flow positive, because we cashed in before starting production. So that I think worldwide example of efficiency, where you have two giant projects that are not negative free cash flow, never, never. Just a few wells at the very beginning, then they start to be in green, positive.

So I think that are the example. There is a strong commitment put in the last slide that our obsession is really the time to market. We don't want to leave sleeping reserves that we have found, that are easy to put in production. And that is an obsession of all our people, all our people.

Now Roberto show your obsession please.

ROBERTO CASULA – Eni S.p.A. Chief Operating Officer: Well, let's simplify and talk about two main phases; design of a development and execution, because clearly the result of it is the impressive schedule achievement you have seen today. In both cases, the key is the setup of an engineering group in-house. We set up a group of around 1,000 people out of the 3,000 people working on all these developments at the headquarter level. They're working full integrated. That means that we start looking at possible development schemes since the very early stages of exploration and appraisal.

We start building reservoir models since the very earliest stages, in a way that once we have the results coming from explore well, appraisal well, and then later on the development wells, we are able to immediately fine tune both the reservoir behavior and the development scheme, and even the facilities design. This is very important, because in the past we were used to iterate no possible changes with a third-party engineering company. Now all this activity is done in-house so you can imagine that everything has been completely squeezed. And this is a key to achieve early FID.

Second phase, execution. We have full control now of all the execution activities, including not only engineering but the procurement activities. Zohr is a key example, because all the procurement of Zohr has been done by us. We just subcontracted construction activities that were not part of our business. And the fact that you have your hands on the execution activity is minimize also the risk of time slippage, cost increases, etc. So the key in this model is firstly working in a fully integrated manner, not in a back-to-back sequence but a fully parallel and integrated manner, and then by running engineering activities for the facilities by ourselves.

MASSIMO MANTOVANI Eni S.p.A, Chief Midstream Gas & Power Officer: On gas supplies is correct. Gas and power is selling nearly 90 billion cubic meters of gas around mostly Europe and we are, on one hand, working on the realignment of the supply cost to the market price and then on the rightsizing of the logistic cost. But at the same time, you also discussing with some of the strategic partners what's the future, in particular in respect of contracts we may be terminating or contracts which may be evolved. Someone which is not Gas & Power but one of our partners, say it's a modernization of the contracts. This is a discussion which we have to take place in particular with the key big suppliers and because the future is really changing us, changing the market.

And LNG is changing for the overall structure of the market. We're going short term, flexibility, smaller amounts, and you need a big portfolio diversified. But also on the gas sector is actually changing and we'll have to change also the relationship with the main suppliers.

IAIN REID, Macquarie: Or I'll keep it to one then, Claudio… The question really is just on Mamba and area 4. When we see the transaction in the next few weeks, will Eni still be the operator of the block particularly in the case of Mamba, because I don't know whether I'm reading this right but if you look at your FID chart, which doesn't have any dates on it, obviously, it looks like Mamba is going slightly towards the back end of the FIDs over the next few years now, rather than closer to the front, as it was before. Any comments on that?

CLAUDIO DESCALZI: I have a comment. It's clearly that we didn't announce the deal yet so I cannot disclose everything. What I can confirm that we remain operator of part of the project, so we remain in and in charge of part 'of the part of the part' of the project. Can I say it more? But part of the project.

Mamba; Mamba is not -- we're not delaying Mamba because of this transaction. This transaction is not delaying at all Coral or Mamba. Mamba is really linked to what we said before. The period of time where we think we are in more need of LNG that is now from 2022, 2023. Mamba is not in this waiting list because of the transaction of our discussion. We are still working with Anadarko we finalized the tender process in 2016 for the two trains for us because, as you know, Mamba is developed separately we develop our train, they develop their train. We have just have common facilities together. So I think that the best moment to have an FID would be by the end of 2018 or mid 2018 or 2017 because there is no space in the final market.

What we are doing, and that is gas and power that is doing, is working actively in term of marketing the gas. Our traders are working on that; they are working with our co-ventures. Clearly, it will be easier. Easier, why? Because the first, recognize that in a new country, new project, the floating LNG, so the first moment was very important to create a market vision from a buyer point of view on the country, on the companies, on the project. That has been done, and that's been satisfied by one of the most important traders; that is BP in term of LNG. So that has been done; it was a very important step.

Now, I think that we have a very good roadway in front of us and there is no any kind of reason of the markets.

MASSIMO BONISOLI, ANALYST, EQUITA SIM: Two quick questions. Could you give us an indication of the current average depletion rate for E&P and the assumption embedded to your guidance to 2020?

And the second question on refining. You confirmed the $3 per barrel breakeven in 2018, despite the accident of the EST plant at Sannazzaro. Should we consider it an underlying improvement in the guidance, and how much is the underlying improvement, if any?

CLAUDIO DESCALZI: So the depletion rate is always between 5% and 6% so what is in the plan is considered between that, by 5.5% of the depletion rate. On the $3 per barrel, you can see the improvement of 0.2 because we confirm $3 per barrel. And that is an improvement because that is the weight of the EST that is going to start production in 2018(inaudible).

Okay, thank you very much.