2018-2021 Strategy

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Presentation

Speakers:

Claudio Descalzi – CEO

Massimo Mondazzi - CFO

Good morning and welcome to our 2018-21 strategy presentation.

Today's agenda is divided in two parts.

In the first part, Massimo and I will give you an outlook on our 4 year plan strategy.

In the afternoon, Eni's top management will give more details on our business plan.

In the first part of this presentation, we will describe how we transformed our company to make it structurally resilient at a low scenario

Then we'll move to our 4Y plan, and

after this, we'll give more space to our sustainability plan and decarbonization strategy.

Finally, Massimo will describe the financial plan and the distribution policy.

Let's start with a look at the structural changes we implemented in the past few years that are the foundation and the drivers of our future.

Immediately after my appointment in May 2014 and before the price collapsed, we made the decision to change certain fundamental elements of our business and corporate structure.

Firstly, we transformed Eni into a simpler, more compact organization, more concentrated on core businesses;

Second, we increased our focus on exploration and changed our development model to fast-track our discoveries;

Third we restructured our mid and downstream businesses to reach positive results; and

Finally, we carried out a strong cost efficiency programme in all our businesses and corporate functions, improving our underlying financial resilience.

Through these actions, in less than four years, we have set a company that now can grow in a lower scenario, enhancing the value for our shareholders.

In upstream, we introduced 2 major innovative elements: the Dual exploration model and our new approach to development.

This has generated major results.

Since 2013, the dual exploration model has generated 10.3 bln $ of upfront organic cash flow.

Moreover, our integrated development model allowed us to value around 40% of the 4.4 bln boe discovered over the last 4 years, generating an NPV of around 8.8 bln $

The new development model accelerated time-to-market and increased control on execution through:

insourcing new competences and

fully integrating the exploration, development and production phases, changing our contractual strategy and optimizing our supply chain.

The last 3 years have seen impressive results, and we have delivered most of our start-ups ahead of schedule and on budget.

The 4 main projects of 2017 had an average time-to-market of 2.7 years – a record for deep water, and nearly three times faster than the industry average for similar projects.

Our integrated model of exploration and development has been a major element of success, and we reached a record average production of 1,816 kboe/d last year, while reducing E&P capex by 40% versus 2014.

As a result, our upstream capex cash neutrality fell to 45 $/bbl, less than half the level of 4 years ago.

While we were strengthening our E&P business, we almost completed a full turnaround of our Mid-Downstream.

G&P has already achieved an underlying positive result.

We have progressed significantly on the renegotiation of long-term contracts and have almost fully recovered our Take or Pay. We continue to work on reducing logistic and operating costs.

On the other side, we set up a new platform for growth: a dedicated company for the retail gas and power business - Eni Gas e Luce - and a stronger integration between our Gas & Power and Upstream business to successfully develop international LNG.

In Refining and Marketing, we enhanced efficiency and optimization of our crude supply, halving refining breakeven from 7.8 dollars per barrel in 2013 to less than 4 dollars today.

Also the Chemicals business has improved, beating its best performance ever, over the last 3 consecutive years.

Overall the turnaround of these businesses has generated an aggregated increase in operating cash flow of 12 billion € in the past 3 years.

To conclude this first section, I'd like to emphasize our outstanding financial achievements.

In this period of low prices, we have not only increased upstream production and brought on stream more than 30 major projects, we have also succeeded in reducing our gearing to 18%, the lower end of our peer group.

Overall and thanks to:

- Structural cost and capex saving
- Upstream growth and
- Mid-downstream turn-around

we halved our all-in cash neutrality from 114 to $57/bl.

And considering the organic contribution of our dual exploration model, our cash neutrality was further lowered to 39 $/bl.

Eni's reactions were very effective, starting before the prices dropped. Our strategy was not defensive, based only on cutting costs. Rather, it was proactive, involving our organization, all the businesses, and our industrial model.

We emerged from this difficult period stronger, with all the tools to improve our performance and fit to grow even in low scenarios.

And now let's move on to the 2018-2021 strategic plan.

Our 4YP is based on the foundations and drivers that successfully transformed our company to grow in any scenario.

And now, we are moving towards the expansion of all our businesses based on two key levers – integration and efficiency.

- First, a deeper integration in terms of:
    - competences,
    - assets,
    - processes and businesses, and
    - integration with our stakeholders.

This enhances synergies in our operations and unlocks all the value along the chain:

- reducing uncertainties in our upstream growth, as we did with Zohr, while increasing our equity LNG volumes as was the case in Jangkrik
- reinforcing our global downstream footprint and implementing our distinctive renewables model.
- And secondly, efficiency means:
    - Financial efficiency through a rigorous discipline
    - Tecnological efficiency, leveraging an increased digitalization
    - and finally, carbon efficiency with a strong action on the carbon footprint.

And now I'll present how these concepts are translated into the targets of the 4YP.

Lets' start with upstream.

The Brent scenario for this plan is very similar to the one we adopted in the previous plan.

In the upstream:

- Our projects will deliver an improved production growth of 3.5% per year vs the previous plan
- Exploration will continue to provide fuel for future developments and we are targeting the discovery of 2 bln boe of new resources.
- Upstream growth will continue to add new higher margin barrels. We expect the price we need to cover our capex to fall at around 40 $/bl starting from 2018.
- And finally, we will generate around 22 bln € of cumulated free cash flow from upstream at the Eni scenario.

All these figures include the impact of the deals we announced this week: the entrance into the Abu Dhabi upstream and the disposal of a 10% share in Zohr.

And now some details on the deals closed on Sunday in Abu Dhabi.

We were awarded:

- a stake of 5% in Lower Zakum and
- 10% in UMM Shaif/Nasr,

acquiring more than 300 mmboe of proved oil reserves, and 1 billion boe of resources

Both concessions will last for 40 years, with a rising production profile.

In Lower Zakum, Adnoc is targeting production growth from 400 kbbl/d to 450 kbbl/d. In Umm Shaif and Nasr fields, production will more than double from the current level of 300 kboe/d.

This is a major milestone to enhance our positioning in the Middle East, further diversifying our portfolio in a Country with a great potential.

At the same time, we also sold a 10% stake of Zohr to Mubadala, bringing a new strong financial partner for the Zohr development.

The net cash effect of these transactions is positive and this further demonstrates the value of our dual exploration model.

Overall as a result of these initiatives and the Zohr dilution, Eni's production will benefit from an additional long-term contribution starting from 2018, with a material upside potential.

We are now entering a new phase of our exploration strategy.

During the downturn, not only we succeeded in finding 4.4 bln boe, but we have also been able to increase, in an impressive way, our exploration net acreage, which now stands at 400.000 sq km, almost 3 times the level of 2013.

We are now ready to start a new cycle of the exploration campaign.

Our undrilled exploration portfolio today stands at a total of 10 bln boe of net risked resources and has a vast range of exploration opportunities, which provides us with a high level of flexibility in selecting the best prospects.

Our strategy is still focused on conventional plays and mainly concentrated in offshore Mexico, West and East Africa, the East Mediterranean Sea, the Middle East and the Far East.

We are already familiar with most of these basins, in terms of geology, contractual structure, operations and fiscal terms. We will continue to target large exploration prospects with a short time to market, low development and operating costs and high cash flow generation.

During the 4YP, we will spend around 900 mln € per year, targeting around 2 bln boe of new equity resources at about 2 $/bbl, drilling 115 wells in more than 25 countries.

We are exploring with high equity stakes in order to continue to fuel our dual exploration model.

Now, production growth:

New project start-ups and ramp-ups will account for around 700 kboe/day by 2021. Including 200 kboed of production optimization, we will deliver a production growth of 3.5% per year up to 2021.

In 2018, we have raised our original guidance after the conclusion of the Abu Dhabi deals to 4% including the effect of 10% of the Zohr disposal.

All our growth will come from projects that are already sanctioned or that will reach FID this year. We will deliver 15 major start ups and we will operate around 80% of our production.

In terms of geographical split, the contribution of North Africa will drop from 39% in 2017 to 33% in 2021 to the advantage mainly of Asia Pacific and the Middle East, whose contribution grows to 12%.

Our asset base allows us to target an annual average growth rate higher than 3% in production also for the longer term, to more than 2.3 Mb/d in 2025.

And now, our key projects.

They are mostly giant fields with long-life high plateaux, and which drive a shift in our underlying upstream cash flows.

Even more remarkable is that most of these projects came from our exploration performed in the last 5 years and thanks to our integrated model of development, they started or will start up with a very competitive time to market.

6 projects will contribute around 400 kboed of equity production at the end of the plan, out of more than 700 kboed of all the main ongoing projects.

More details will be delivered by our senior management during the break-out session.

In addition to driving growth, our projects will continue to push the value of our overall portfolio significantly higher.

2017’s start ups have increased the value of legacy barrels by 3$/bl and looking forward, our new projects have a breakeven of less than $30/bbl.

They will generate a material incremental value reaching more than 25$/boe by the end of the plan, at a flat Brent price of 60$. This effect, together with the legacy asset contribution, will deliver cash flow of 18$/boe.

This will grow to 22 $/bbl in the case of 70 $ Brent.

Upstream cash flow will continue to grow. In 2018 it will be above 10 Bln EUR, up 10% from last year at the same scenario.

By the end of the plan this would continue to grow to more than 11.5 Bln EUR at 60 $ Brent, with an upside to 13.6 Bln EUR at 70 $.

Upstream FCF will more than cover our dividend during the plan period, even in a 60$ scenario.

Coming to our mid-downstream, here’s a quick overview of our key business targets.

The figures here presented are the sum of Gas and Power, R&M and Chemicals.

We expect operating income of our Mid/downstream to grow to 2 bln EUR at the end of the plan and to generate an aggregate free cash flow of around 4.7 bln € .

In detail, our G&P will grow on the base of the following actions:

focusing on equity gas and LNG marketing, leveraging integration with the upstream equity gas

Improving profitability of our European gas portfolio; and

adding value to Eni gas e luce retail business by growing the customer base in our core countries by 25% to 11 million, and expanding “extra commodity” services, leveraging on digitalization and analytics

These actions will allow us to remain structurally positive in the future. We will grow EBIT from 300 mln €/year in 2018 to around 800 mln€/year at the end of the period, of which 60% comes from retail.

The cumulated Free Cash Flow from G&P will be 2.4 Bln € during the plan.

LNG will play a crucial role in creating a stronger G&P.

Looking at the future we have a positive vision on the evolution of the gas market.

In the last 3 years, gas consumption in Europe increased by about 70 bcm, recovering about 60% of the major loss between 2008 – 2014.

Asia confirmed the growing trend of the last decade, driven mainly by China, that in 2017 increased its gas consumption by around 15%, supported by ambitious targets for gas in the energy mix.

Therefore, there will be a need for new LNG projects, and this will present major opportunities for our gas assets.

We are accelerating the ramp up of our LNG portfolio, and now we expect to reach 12 MTPA of contracted volumes in 2021, out of which 8 MTPA from equity production, mainly from Africa and the Far East. This way we will capture market opportunities through the flexibility of our upstream portfolio.

LNG volumes will further increase to 14 MTPA by 2025, an improvement versus the 10 MTPA of the last plan, putting us amongst the top players in the market.

In Refining & Marketing, we will see strong EBIT growth, to around 900 million € by the end of the Plan, based on a flat margin scenario of 5 dollars per barrel.

More importantly, over the plan, this business is expected to generate more than 2 billion € of free cash flow.

The main drivers for these results will be:

- the optimization of our refinery process to maximize yields of middle distillates;
- the restart of our EST plant in Sannazzaro, set for the end of this year;

growth of our green capacity, with the conversion of the Gela refinery well underway and expected to be operational by year end, and a second phase at Venice to come on-stream by 2021.

In Marketing, we plan to consolidate our leading position in Italy, targeting to maintain a market share at 25% while increasing our focus on wholesale.

Importantly, we expect a positive contribution from innovation and sustainable mobility initiatives such as LNG and new products.

And now, Versalis, our chemicals business.

In 2017 we delivered record results. The transformation plan allowed us to make the most of the favorable market conditions, but for the future we consider a more conservative scenario.

Assuming tighter market conditions, we are targeting an EBIT around 400 million € at the end of the Plan, an improvement vs last year's results netting the 2017 scenario effect.

To do this, we are moving along three guidelines:

- Enhancement of our European operations, through integration and efficiency while upgrading our portfolio with differentiated products;
- International development, strengthening our presence in Asia with Lotte and expanding our international commercial network, especially in Americas and in the Far East; and
- Bio-based chemistry, where we are developing new industrial platforms from renewables and exploiting the market potential of these new intermediates.

And now renewables, an emerging reality that is becoming for us an industrial business, which thanks to integration with existing assets and core activities creates new business opportunities and adds value.

Our distinctive model consists in replacing internal gas consumption in our assets with solar or wind power. This way we leverage industrial, logistical, contractual and commercial synergies to create extra value in our projects.

This approach allows us to reduce energy costs for our facilities and makes more gas available for local consumption or export, increasing our unlevered average IRR of our solar and wind projects to around 10%.

We are also developing a number of projects, not related to our assets, that deliver clean energy to the domestic grids, in the countries where we operate.

With already identified and ongoing projects, we will add around 400 MW of new power capacity in the next couple of years.

We will develop 1 GW of new capacity by 2021, investing 1.2 bln €, and up to 5 GW by 2025, mainly in the countries we operate in.

Another key driver of our plan is digitalization and the continuous focus on innovation.

We are deploying more than 150 projects that cover our entire value chain.

For each physical asset we are creating a Digital Twin that will enable us to predict and control our operations in advance, in order to improve safety, performances and reduce emissions.

The core of our digital model is our Green Data Center, where today we can call on 22.4 petaflops of computing capacity, one of the top 10 supercomputers in the world.

Our first priorities are the safety of our people and asset integrity.

The widespread application of sensor devices and advanced algorithms will have a very strong impact on HSE, efficiency, time-to market and costs.

In particular, by the end of the plan, we will reach:

- a 7% reduction of production costs thanks to:
    - advanced algorithms, to ensure reduced asset downtime and higher production rates and
    - predictive analysis systems, based on big data, which allow us to optimize maintenance, logistics and well operating costs
- a 30% decrease in Non Productive Time, from 7.5% to 5%, thanks to the implementation of advanced 'machine learning' algorithms in all operated wells
- a 15% time reduction in the exploration phase, from asset acquisition to the end of the delineation activities

Let's have a look now at another key lever of our plan: the decarbonization strategy.

Our path to decarbonization has 4 main drivers, that concern both our core businesses and new energy perspectives.

1. The first is to lower CO2 emissions in all our operations.
2. Secondly, we will continue to expand our low cost and low carbon portfolio
3. Third, we will keep on developing renewables, and
4. Finally, R&D will play a key role in our decarbonization strategy.

On carbon footprint, we have already reduced our direct CO2 emissions from upstream by around 40% since 2007, improving all of our performances and indices.
By 2025 we target:

- zero routine gas flaring and
- a reduction of methane emissions by 80% vs 2014

to reduce overall upstream unitary GHG emissions by 43%

In the long-term, we rely on the strength and resilience of our low cost portfolio.
With an average breakeven price of less than 30 $/bl, our projects will remain competitive under all carbon price scenarios.
In addition, the increasing role played by natural gas in our portfolio will make it stronger.
Eni applies a carbon pricing sensitivity of 40 $/ton CO2 in real terms that implies a strong readiness in our projects for emission optimization.

Even under the IEA Sustainable Development Scenario, our portfolio confirms its resilience, with a reduction of IRR of just around 0.8%.

Our decarbonization strategy is also based on the development of green businesses, and overall, we are investing more than 1.8 billion € in these initiatives in the 4YP, including R&D.

In the downstream we are already producing bio-products from our facilities.

Thanks to our patents, we were the first to convert a traditional plant into a bio-refinery, in Venice and we will complete the Gela conversion by year end. Together they will produce 1 Mton/y of green-diesel by 2021, making Eni one of the top producers in Europe.

We have also launched a series of green chemical projects such as intermediates from vegetable oil and experimental Guayule crops to produce natural rubber.

Finally, as already said, we will grow our new energy business to 1GW by the end of the plan.
Overall total CO2 saving is around 28 Mton in the 4YP, which includes direct and indirect emissions.

And now I will leave the floor to Massimo for the financial plan and distribution policy.

Thank you Claudio
Now I will describe our financial plan and distribution policy.

In the coming years we will continue to focus on financial discipline and sustainable growth aimed at further strengthening our business portfolio as well as accelerating the generation of shareholder value.

Financial discipline means capex selection, efficiency, and cost control. Capex remains unchanged versus the previous plan, and we retain a material degree of flexibility in case of a sudden shifts in the scenario. As always, opex control remains central to our model.

Sustainable growth is a consequence of our financial discipline combined with the quality of our portfolio, delivering not only production growth, but also reserves replacement, rising margins and mid-downstream expansion. These outcomes will be achieved through projects that are already well advanced, thereby de-risking the plan. The reduction of our cash neutrality on one hand, and the remarkable amount of cash to be captured in higher scenarios, on the other, show how resilient as well as cash generative our portfolio is.

Shareholder return is our core value. It is the ultimate objective of our relentless financial discipline and sustainable growth, making our progressive remuneration policy now a reality.

We have held our Capex flat versus the previous plan at less than € 32 billion, while in 2018 we are reducing our capex guidance to €7.7 bln to reflect the recent transactions in Abu Dhabi and Egypt and further optimizations.

More than 80% of the planned capex is dedicated to Upstream, with € 15,5 bln budgeted for our integrated development model, € 8,3 bln for production optimization and maintenance, and around € 2 bln for exploration drilling

By the end of 2018, we will FID an additional 5 key projects that, together with ongoing ramp-ups, will entirely underpin production growth by 2021. This further strengthens and de-risks our plan by locking in capex at the bottom of the cycle.

We will also continue to invest in our R&M and chemicals, with an aggregate expenditure of €3.5 billion, and an expected ongoing projects IRR in the range of 10%.

The same unlevered return is expected from our renewables projects, with capex in the range of €1.2 billion over the next 4 years. This is almost double the previous plan, as we continue to identify the opportunities in line with our development model.

Overall, we retain substantial flexibility, with more than 50% of our capex uncommitted by the end of the plan.

Focusing on the upstream, around 65% of the overall new development capex is related to 14 main projects.

These 14 projects are expected to contribute 500 kboe/d of plateau production by 2021, becoming material drivers of net cash flow growth during the plan period and beyond.

These projects are already free cash flow positive, thanks to the proceeds from the Dual Exploration Model, and by the end of 2025 they are expected to generate more than $24 billion of cumulative cash.

In addition, these projects offer significant upside to higher prices: at $70 Brent, their IRR is 18%, without including the upfront cash inflows from the Dual Exploration Model.

Our portfolio is not only material and valuable, but also resilient. The 2.7 billion of equity reserves pertaining to these 14 major projects have a capex per barrel of around 12$ and an average breakeven of less than $30/bbl.

Our underlying cash generation is growing over the next 4 years even in a flat scenario, and it will be further enhanced by the oil price recovery.

In 2018, we expect underlying CFFO before working capital of more than € 11 billion, € 1 billion higher than 2017 at a constant $60 scenario. This increase will be driven by all businesses, with Upstream contributing € 1 billion and Mid-downstream € 0,2-0,3 billion, partially offset by other costs including renewables. The 2018 reported CFFO is projected at 12 billion, benefitting from working capital contribution in the range of 0,4 billion as well as the cash in of the deferred price of 0,5 billion related to the 2017 Zohr disposals to BP and Rosneft.

Overall, at 60 $/bl 2018 CFFO is expected to cover 1,6 times the yearly capex.

In 2021 at a constant 60$ scenario, underlying cash flow before working capital is expected to increase by more than 2 billion € vs 2018 to more than 13 billion €. Rising production and margin expansion will generate an additional 1,5 billion cash in upstream, while the Mid-Downstream growing businesses including Renewables will complement the rest.

Under a 70 $ per barrel scenario underlying 2021 cash flow from operations will increase by a further €2 bln.

Cash neutrality is a different but powerful way to read the cash flow projections.

Cash neutrality means, by our definition, the Brent price and the €/$ exchange rate needed to fully cover all opex, G&A, interest, and capex supporting both the production growth and the mid-down stream expansion as outlined in our four year plan.

In 2017 we achieved cash neutrality at 57 $ Brent with a 1,13 $/€ exchange rate. In 2018 we are projecting our cash neutrality to decline to 55 $, despite a devaluation in the US dollar to 1,17, and it will fall further to 50 $ by the end of the plan period, thanks to our sustainable growth, margin expansion, and capital discipline.

This is the most important metric we can use to measure how resilient as well as cash generative our portfolio is.

We are now approaching the end of our presentation and, before detailing the distribution policy, I would like to compare the main 2017-2020 targets set in this Strategic Plan versus the previous one.

Thanks to 2017 performance and the ongoing efforts reflected in this plan, we are now in a position to enhance the majority of them.

As far as the industrial metrics, while we confirm our outstanding exploration expectations, backed by the long track record of discoveries made so far, we expect the production growth rate to be slightly higher than 3%.

Furthermore we are lowering the already competitive projects breakeven by a few dollars and increasing by 40% LNG volumes to market by 2025.

In terms of organic cash flow generation, we enhanced all of our targets, while capex remained flat.

Finally, on top of the Zohr 40% disposal not included even in the original target, we have already completed around € 4 billion of additional sales and we are targeting a further 1,5 B€ by 2020, mainly from recent exploration discoveries. In so doing, we significantly strengthened our balance sheet while diversifying and enhancing our portfolio.

And now let me focus on our remuneration policy, and more generally, our cash allocation priorities.

The progress we have made in consolidating, integrating, and ultimately expanding our businesses is well advanced and the effects are already visible in our 2017 actual numbers. Looking ahead, this strategic plan, targeting a material and sustainable growth and margin expansion, is solid and further de-risked.

On this basis, we are pleased to announce an increase in our 2018 dividend by 3.75% to 0,83 €/sh, in-line with our commitment to a progressive remuneration policy linked to our underlying earnings and free cash flow growth.

While dividends are our favorite way to remunerate shareholders, share buy back remains a flexible way to return to shareholders the cash in excess of the leverage target.

And now I leave the floor back to Claudio for its final remarks

Thank you Massimo,

To conclude.

In the past four years, we have transformed the company, setting a strategy that fortified Eni - both operationally and financially.
Now, we are entering a renewed phase of industrial expansion and enhanced shareholder returns, driven by a deeper business integration and a relentless focus on efficiency and capital discipline.

We will deliver:

- a low-risk high-margin organic growth in the upstream,
- a sizeable, diversified, and competitive LNG
- a further upgrade in all our mid-downstream businesses, and
- overall, a long lasting and growing portfolio.

In a world that is demanding a lower carbon footprint, we believe that our low-cost resources, our global exposure to clean natural gas and our unique business model in renewables will be a distinct competitive advantage.

The dividend increase we announced today, in line with our commitment to a progressive remuneration policy, is the result of the business and financial improvements achieved so far as well as our confidence in further value growth.

And now, after a brief concluding video, with Massimo and our top management, we are ready to answer your questions.

Eni 2018-2012 Strategy Presentation

Questions and Answers session

CORPORATE PARTICIPANTS

Claudio Descalzi – CEO

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Massimo Mantovani - Chief Midstream Gas & Power Officer

Roberto Casula – Chief Development, Operations & Technology Officer

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Giuseppe Ricci – Chief Refining & Marketing Officer

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Martijn Rats – Morgan Stanley, Analyst

JONATHON RIGBY, MD, HEAD OF OIL RESEARCH, AND LEAD ANALYST, UBS INVESTMENT BANK, RESEARCH DIVISION: It's Jon Rigby from UBS. You highlighted the change in distribution policy, particularly with regard to the buyback, albeit you've also increased the dividend. You sort of then passed over it a little bit. So I just wonder whether you could go into a little bit more detail about the process that will encourage you to start, the conditions that need to exist and how long you would expect to be wanting to buy back stock to make it worth your while to launch into a program in the first place, something around about the scale, et cetera? And one other, just a little point on the outlook you were giving for the chemicals business because at the margins, some of the cash flow contribution from the mid- and downstream is quite important. I just wondered what's encouraged you to assume that conditions actually deteriorate from 2017. I mean, global economic growth is pretty good. I just wonder whether there's anything in your particular chemicals mix that makes you a little bit more conservative of the view or should we regard that as upside?

CLAUDIO DESCALZI: Thank you very much. Just a few words about the dividend policy and the share buyback. I think that we have -- we open up and we gave the conditions, the conditions related to the level of our leverage. And if we are below this level, the level was 20%, 25%, and we are below the 20%, we have -- we can start the share buyback. We don't disclose at this moment the timing and the condition. The main issues today were to announce the increase of our dividend and then -- but we also explained that we have a trigger to be able to open up also on the share buyback. But there is no more disclosure. I don't know if you want to add anything else.

MASSIMO MONDAZZI: (inaudible) leverage target of between 0.2 and 0.25. That is the same target we announced in the previous occasion. So to start up the buyback, we would like to see our leverage below -- stately below 0.2. That is something that we can figure out looking at the numbers of the plan, and in this case, buyback will remain an option to be considered.

CLAUDIO DESCALZI: Okay. On chemical, Daniele will answer to your question.

DANIELE FERRARI, CEO & DIRECTOR, VERSALIS S.P.A.: Yes, Jon. On the chemical business, we are particularly confident that conditions in terms of growth will continue to be favorable, but we have banked in our plan a couple of elements. First of all, there is a big U.S. wave of cracker based on ethane that are coming onstream between 2018 and '19. And this is about roughly 10 million tons of new polyethylene capacity that will be put on to the market. This will clearly go to Asia. It will clearly go to South America, but a lot will come to Europe, and we already saw that during quarter 4 and quarter 1. The second part is a lot of export will go to Asia in terms of ethylene, which didn't happen in the past and is happening now for the next couple of years, but Asia is gradually becoming independent in terms of cracker as well. So banking these 2 elements in, in spite of a reasonable growth of demand for our product, we needed to be more conservative.

CLAUDIO DESCALZI: Okay. Thank you.

THEEPAN JOTHILINGAM, HEAD OF OIL & GAS RESEARCH AND ANALYST OF OIL & GAS, EXANE BNP PARIBAS, RESEARCH DIVISION: It's Theepan Jothilingam from Exane BNP. I had a few questions, please. Firstly, just could you come back to us in terms of -- you labored the point around CapEx flexibility. So I wanted to understand or have a recap in terms of where that CapEx flexibility now is within the 4-year plan. And in particular, for 2018, what do you incorporate for Mexico, because you still have a high stake?

CLAUDIO DESCALZI: For Mexico?

THEEPAN JOTHILINGAM: Yes, please. The second question comes down -- comes back to also portfolio. You didn't necessarily sort of increase the plans for disposals and you also highlighted a reduction in North Africa. So I want to understand whether going forward you see more, when we think of portfolios, asset swaps rather than outright disposals?

CLAUDIO DESCALZI: Thank you. So we're going to answer to your first question in terms of flexibility, 2 of us. 2018, we're going to practically finalize all the FID that will guarantee the growth. So most of the FID are already done. And so for the 2018, we have more clearly is more flexibility. But the level of 2017, Eni CapEx is really low because it's EUR 7.6 billion and we reduced further our upstream. For the rest of the plan, we have a flexibility, more or less, about 50% of our CapEx internal adjustment in case of worst scenario. Mexico, as we said, the FID, I hope, in the second quarter. So the investment is incorporated already in the plan would be delivered in the second half and first -- and beginning of 2019.

MASSIMO MONDAZZI: So to give you some more numbers about the flexibility all along the prem. As Claudio said, in 2018, we're going to take the 5 FID that will allow us to reach, together with the ramp-up or start-up already existing, the production growth by 2021. So it's a crucial year. And I would say all these CapEx are already considered committed because it's not -- it would be not realistic to assume that we can still move our plan. So in our, more or less, 35% uncommitted CapEx all along the plan, 2018 is considered already committed. By the end of the plan, so 2021, this level of uncommitment is in the range of 50%. And just to comment about the disposal. So now disposal is not something that we consider we must do. We never consider as a must. But definitely, it's the right way to match the project in which we had 100%, and in order to derisk, to have a better shape in our project, sort of dilution without losing the operatorship, is something that is (reachable). And the possibility to have a swap instead of a cash-in, as we substantially demonstrated through the latest transaction, could be definitely a reality, even to shape a little bit the portfolio and to move the portfolio towards the direction which we believe it should be.

CLAUDIO DESCALZI: Oswald, and then Rob. Mexico...?

MASSIMO MONDAZZI: Mexico, CapEx, we are including. So Mexico, the partial dilution of Mexico is part of EUR 1.5 billion additional dilution we are figuring in this plan. Let me say that in specifically in 2018, CapEx for Mexico are not a huge number because we are still waiting for the final approval from the government. That is expected in weeks, but we are in March.

OSWALD C. CLINT, SENIOR RESEARCH ANALYST, SANFORD C. BERNSTEIN & CO., LLC., RESEARCH DIVISION: Oswald Clint at Bernstein. I just want to ask 2 questions about the slides, the first one, Gas & Power. The EBIT is quadrupling by the end of the plan. Biggest chunk looks to be in retail, but -- and the rest in the LNG part. And you're also talking about expanding quite aggressively in -- within LNG. But I wanted to know, can you talk about that LNG portfolio? What is the long -- are these all long-term contracts? Are you restricted in the profitability of your LNG portfolio? Can you optimize it better and maybe unlock some greater LNG earnings power from this growing portfolio? That's the first question. And then secondly, just on the digital solutions and initiatives, the 7% OpEx reduction, the kind of 30% nonproductive time reduction. Are those numbers all within these cash flow targets by 2021?

CLAUDIO DESCALZI: Yes, okay. So first, a general introduction for LNG when you talk about flexibility. So our model is really the models for getting all the equity gas carved out by our energy portfolio. So if you look at our target in 2021 of 12 million ton per year, 8 million would be equity. So clearly, that is not just giving us the possibility to be along the chain and getting all the advantages to be around the chain. But also having a strong grip on the upstream, you give the flexibility. Being in the upstream gives you the flexibility during the commercial phase because you talk about the gas that you're going to produce and we are sure about your production. Otherwise, when you sell gas that you are not producing, you are never -- you cannot be sure. So you can't really guarantee your buyer. And for the buyer, we saw in different sales, but the last one, 15 years in Pakistan with the LNG, our LNG from Jangkrik. The fact that our production was now end and we had the flexibility to be able to give our production or leveraging other production was essential also to win these contracts. So I think that, overall, the strength of being altogether is absolutely important. First of all, because upstream is more in -- more than 60 countries, where we know we are a legacy position, so the Gas & Power can take advantage. And secondly, because from a commercial point of view, we get -- we give us a strong flexibility. We don't have a particular reduction using this model. We have an increase of our margin that clearly because we are in the upstream. But if Massimo want to complete and give some additional details about the growth.

MASSIMO MANTOVANI, CHIEF GAS & LNG MARKETING AND POWER OFFICER, ENI S.P.A.: I mean, the only thing is -- that I can underline is that there is no specific restriction. If you saw the slide before, we were considering 30% of equity production in 2017, and we are going to 70 unrestricted later on. And that is fundamental. In addition, we do have an advantage of having a geographical diversification in LNG, and we are already using that quite a lot now. And we do see improvement in actually the picture which we gave.

CLAUDIO DESCALZI: So digital.

MASSIMO MONDAZZI: Yes, digital, digital, digital.

CLAUDIO DESCALZI: He's not following. It's not my fault. So digital, digital is included or partially included, we raised some value. Clearly, we can have some more advantage because we are accelerating in the face of the sensors and digital, what you call, digital twin, digital twin that became essential for operation, really for our predicting maintenance and also for asset integrity, that is a crucial -- is a crucial issue for us. So it's included by risk that I think that we can have some upside potential because we are growing faster than what we thought in term of sensor and also algorithm that's -- and creating a centralized control. So the answer is, yes, that we can have some upside.

FRANCESCO GATTEI: Now it should be Rob.

ROBERT WEST, PARTNER OF OIL AND GAS RESEARCH, REDBURN (EUROPE) LIMITED, RESEARCH DIVISION: It's Rob West from Redburn. I'd like to ask about North Africa, if I could. The details you gave us were for a shift away from that region. I think you said 39%, 31%.

CLAUDIO DESCALZI: 32%.

ROBERT WEST: 32%. What's behind that? Why are you shifting away? And is that simply what's in the plan as you've communicated it? Or is there anything that could change in that region in terms of the projects you have access to or stability or terms that could make you want to accelerate there?

CLAUDIO DESCALZI: Thank you. Thank you very much for the question because I don't want to create any kind of ambiguity on the -- we are not running away. We are not shifting away. What is happening that we are increasing production in the Far East. And in North Africa, overall, Libya is reducing the rate, production rate. Remember, Libya, we have a rate that was about 300,000 barrels per day. Now at the end of the plan, this rate will be about 200,000 barrel per day. So it's going down, Libya. Why is going down Libya? Because for 8 years, we had very good rates, but we didn't invest in new projects. We just invested in HSE and asset integrity, that's all. No production optimization. No new projects. Now we are start developing a new project. We have one project that is started now in offshore. But we were -- so I think that we already got a very big result in keeping the production steady. But now after this brief year, Libya is already done. So we are not shifting away or running away or pull out. We are increasing Far East, Indonesia especially, we are increasing now, with the new entrance in Abu Dhabi and Libya is going down. Clearly, Egypt is going up. But that is the, more or less, the situation in term of figures.

IAIN STEWART REID, HEAD OF EUROPEAN OIL AND GAS RESEARCH, MACQUARIE RESEARCH: Iain Reid from Macquarie. Just a couple of things on LNG value. Firstly, 5 FIDs, does that include Mamba this year? Ex Mamba, we're very positive about it last week. So maybe you can update us on the current plans on that. And just coming back to Egypt. You've clearly got an unused LNG export facility there. You've got a lot of gas in Egypt. When are we going to see you start that up? And is there any impact from what's going on in Spanish utilities in terms of your plans on that?

CLAUDIO DESCALZI: Okay. So I -- yes, ex 2019, the FID, we are very happy and Exxon is in charge is the operator onshore, the LNG or the midstream. So we are following them. Clearly, all the packages almost ready. So we already practically made in this period everything. We are just discussing for a possible upgrade of the quantity of each train. So what I can say that about our calculation that would be 2018 or 2020, no later. Because we have to really to capture the good window of opportunity for LNG that is growing dramatically. So I think that is -- if it is 2018, we are very happy about and we follow them 100%. LNG, LNG in Egypt is a possibility, is a reality. I think that is something that is going to happen. Why? Because Egypt is not the last door. You saw that 2 days ago where we issued a press release about Nooros, field that we discovered with or at same time that now is producing 1.2 billion scf per day. So it's really a huge improvement. Time to market, few weeks, 1 month, because we are using our existing facilities. Now we're going to upgrade and give more space and is improving. So between Zohr and Nooros next year, we can add overall -- yes, 2019, we can add overall 4 billion scf per day. So that's clearly, we are absolutely overcoming the internal consumption. And having Egypt, this big opportunity to have a good cash flow from LNG, they have about 17 billion, 18 billion cubic meter of LNG exports, I think that by the end of 2019, I think that we can start -- so, in a couple of years, we can start exporting gas from Egypt.

FRANCESCO GATTEI: Irene?

IRENE HIMONA, EQUITY ANALYST, SOCIETE GENERALE CROSS ASSET RESEARCH: Irene Himona, Societe Generale. I had 2 questions, please. So first, you retained your CapEx flat over the plan, although your oil price assumption, I think, rises...

CLAUDIO DESCALZI: We reduced a little.

IRENE HIMONA: Okay. The oil price rises a little bit to $70, $72. I wonder if you can talk a little bit about industry cost inflation and perhaps what you assume in terms of Eni's cost inflation because, clearly, you have a new development model and I would be interested to hear about that. And secondly, in the context of the 3.5% targeted volume growth, you've had some operational issues in the last couple of years at Val d'Agri, Goliat. I presume that is a risk, 3.5%. I wonder if you can talk a little about the contingencies that you allow in that plan?

CLAUDIO DESCALZI: Okay. So the first question about, of course, I can ask Roberto to give some light.

ROBERTO CASULA, CHIEF DEVELOPMENT, OPERATIONS & TECHNOLOGY OFFICER, ENI S.P.A.: Yes. In terms of cost reduction due to contractual negotiation and contractual activity, just to give you an idea, last year, we were able to achieve almost the $300 million of cost reduction, and that means almost $1 billion in a 4-year plan, thanks to renegotiating some 450 contracts and the retendering activities. So overall, we are talking about 900 contracts. So what we have seen in the market is that services continue to be in the low side. Materials and equipment are increasing their prices because basically the steel is increasing. So overall is not as a couple of years ago, but I would say that the logistics services, et cetera, are still in a low side.

MASSIMO MONDAZZI: Yes. And we have a 4%, more or less, inflation in our CapEx. That is not very dissimilar anyway from what we projected last time because the scenario we have in mind this year is more or less similar scenario we had last time.

CLAUDIO DESCALZI: So the level of contingency, we have about, overall, the plan about 3% of our full production. That is a contingency from 2% or 3%. So that is an average. Talking about Val d'Agri, we really think that the problem is behind us. So Val d'Agri now is months and months and months that is producing without big problem -- without any problem, sorry. For

Goliat, I think it's the same. The downtime of Goliat was a very high. Now after the last stop that we had in October, November, the production is steady, so from December on, the production is steady. All the discussion with the stakeholders and with the authorities are absolutely in line with the expectation. We have a maintenance scheduled for end of August, September. So that we have a couple or 3 weeks that we have -- that is a mandatory maintenance program. So also for Goliat, within that, problems are behind us.

FRANCESCO GATTEI: Thomas.

THOMAS YOICHI ADOLFF, HEAD OF EUROPEAN OIL & GAS EQUITY RESEARCH AND DIRECTOR, CREDIT SUISSE AG, RESEARCH DIVISION: It's Thomas Adolff from Credit Suisse. I have 3 questions. First one is really around the positive as well as the negative surprises you saw in 2017 in running the company. The second question is on benchmarking. As you benchmark yourself versus peers but also versus other industrial sectors, what are the areas where you can still see significant improvement within Eni? And I guess, the third question is, being a CEO, you're very busy and I wondered how you manage your job as a CEO and having to go to court related to the Nigerian issue.

CLAUDIO DESCALZI: Okay. So 2017. The issue in 2017, I think that has been our operational issue that we just mentioned and that we have been able to compensate, accelerating and making, I think, internal production or M&A or a new project. So not just existing production, new project, we compensate, and we had the best case flow ever. So just jump into the last question. I've been so occupied on that, that I don't think 1 second to the Nigerian case. Otherwise, I couldn't do what I did with my people with me, and I can't do what I'm doing for the company. So no 1 single second was I'm so relaxed about that because I know what we have done. And now we have the possibility to explain because it isn't right. So all the space is for production, for project, for our shareholders, I don't think about me. Me, I think about me as a company. That's all. Upside potential, I think that the upside potential are in what is new. And for the first time during the strategy presentation has been, I think, amplified as a more vocal and more elaborated, that is the digitalization, is the renewable, is the carbon, is the low carbon asset, because we think that Eni, in this case, has a big advantage. First of all, because we started as soon as I arrived with the renewables with a very strong model. That is not just giving us 10% of return. The 10% of return that is high for the renewable is very good. But what is -- Eni has a very -- has strength present in our legacy country because now we are gearing a different energy mix. Mix, because we are a developing in our facilities or in outside our facility. But in the country where we operate, we are giving wind power, we are giving renewable power, and we are giving through the renewable, water. We are making free gas that before we use a huge amount of gas, because we are consuming more than 4 gigawatts for our internal consumption. So gas that's used to run turbine or pumps or other kind of equipment, now we give to the domestic market. Clearly, it's good for us. We are reducing cost. That's good because we are changing the energy mix. This gas is going to replace what coal biomass they are using and that is killing people. So I think that the 10% is nothing with respect to the big improvement in term of relationship and is developing very fast because we are signing projects. We signed a project in Ghana, in Nigeria, in Egypt, in Tunisia, now in Angola, in Congo, then in Mozambique, so countries that don't have energy. And that is a good way to give a good energy instead of giving or let them die using the biomass. So I think that is a big upside. But the other upside that is more technical is digitalization. We are growing so fast. And this also, as a 10%, is nothing for the renewable internal return. Also the reduction of when we talk about the reduction of CapEx or OpEx through the digitalization or the improvement or the time to market for exploration is nothing in respect to what -- for what we are giving to our people and our projects. We are already in the top level for HSE. But using -- and we saw that, we saw that, using drone, using robotics and using other tool to manage and work on the installation. We are really reducing drastically the risk for our people and we reduce drastically the risk to have a shutdown, to have a corrosion or to have any kind stuff in our equipment. And there, that is an upside potential. For us, for everybody, but it depends on their rapidity and on the focus. And if you believe in it, you believe that you have to change your energy mix. You believe it was just a fashion. You believe that you use digitalization is just a fashion. We think that we need it. It's not a fashion and that is our upside. We believe in that.

FRANCESCO GATTEI: Marc and Chris. Sorry, Marc and Biraj.

MARC B. KOFLER, EQUITY ANALYST, JEFFERIES LLC, RESEARCH DIVISION: It's Marc Kofler from Jefferies. I just wanted to ask a quick question about the dual exploration model and how the board thinks about that. And I suppose really the competing interests around production growth and cash flow growth. What's driving the policy in that sense? And how significant is the 3%, 3%-plus production growth in the long term?

CLAUDIO DESCALZI: Yes. So if I well understood your question, is if there is any competition about dual exploration model in our growth, in our replacement ratio, for example. There is no. There is no. We have figures. Because in the last 3, 4 years, we sold $10.3 billion, $10.8 billion of dual exploration. And we add, in average, we add an average replacement ratio of 130% in our reserves. Without that, we can have 200 maybe, but the constative is we are not damaging our resource base because we are replacing more than 100% our production with this asset. This clearly is a strategic choice and is a choice to acquire 100%, to have 100% stake in the assets. Mexico is a clear example. We were discussing before. We are 100%. We start -- we detect in FID, we start producing and we have a good, good asset to swap and diversify our presence. What happened now, Zohr, where we have a big exposure, now we diversify, we are -- so you create a dynamics that you can use to manage your business. It's not damaging. To the contrary, it's really much more value. Clearly, you have to start from a high stake. And when you start from a high stake, you have to be able and ready to take this risk. And why you take this risk? Because you invested before to be ready to take this risk. So it's a chain. Is not something that you can start overnight. I start talking the first time in London in 2011, 2010 about the idea to be an explorationist inside a big company to really to use this model and allocate all the companies, small companies that are -- fewer explorationists does, do. So I think that is something that has been built. It's giving good fruit and good results. But as you know, absolutely no competition. The 3.5% is very robust one, is an improvement of 3% with respect of the previous plan and is an improvement based on organic growth. It's just 4% this year because we have this 45 average production -- 45,000 barrel that are coming from Abu Dhabi. But there is absolutely no… they are working together exploration, development and production are absolutely overlapping and that is our model.

FRANCESCO GATTEI: Biraj.

BIRAJ BORKHATARIA, ANALYST, RBC CAPITAL MARKETS, LLC, RESEARCH DIVISION: Biraj Borkhataria, RBC. Two questions, please. The first one is on the geographic mix again, and a lot of your exploration success and some of the recent growth has been from Egypt. So I was wondering how you think about that over the medium term. Is there a level of production or capital employed relative to the group that you would be uncomfortable being in one country? And just some thoughts around country risk specifically? And then second question, I think I heard you right in saying in addition to the growth, there's an element of production optimization that is going to come through in the volume numbers over time. Can you just explain what exactly that is and quantify that?

CLAUDIO DESCALZI: Yes. So first, before I give the floor to Massimo, but I want just to tell you that all our exploration is now coming -- just coming from Zohr and from Egypt. Our exploration is coming from really a diversified number of countries and all these big figures of explorations coming from Asia, from Kazakhstan, from Norway, from the U.S., Gulf of Mexico, from Congo, from Angola, from a different line. So that is -- yes, that and talk about the past but also for the future. So it's really coming from Far East, Middle East, from the 25 countries, also on Egypt. So there is a good distribution of our investment. If you want to maybe to elaborate on the distribution of our capitals or exposure?

MASSIMO MONDAZZI: The same. So the exploration, the -- based on this figure, you can understand the exploration CapEx are very well spread. The same I will say looking ahead because if we take a look at the most important CapEx project we have in front of us to get the increase, so thinking about Coral, thinking about Zohr, thinking about Mexico, thinking about Jangkrik and Merakes in Indonesia, they are very well spread. These are the production coming from the new project. While from the, I will say, what we call the maintenance, from the number I already gave to you. So we spend more or less 2 billion every year in maintenance and production optimization. And the overall contribution to the production growth is in the range of 200,000 BOE per day by 2021. You remember, Claudio said 700,000 BOE per day coming from project start-up and ramp-up. On top of these 200,000 coming from ... coming from the production optimization.

FRANCESCO GATTEI: Chris.

CHRISTOPHER KUPLENT, HEAD OF EUROPEAN ENERGY EQUITY RESEARCH, BOFA MERRILL LYNCH, RESEARCH DIVISION: Chris Kuplent from Bank of America. Two questions, please. On your dual exploration strategy, do you think Goliat could qualify as a potential opportunity for farm downs now that uptime has stabilized, as you said? And also wanted to hear whether you can give us any more detail around the running time at Goliat, what it is today considering that you sound like you are happy with the performance there now. And the second question is I've noticed throughout your 4-year plan, you're using the same standard refining margin assumptions. Does that mean that potential upside from IMO is something you wouldn't expect? You would expect to see it to come on top? And should we then expect, if that upside occurs, to be returned to the market via buybacks?

CLAUDIO DESCALZI: Thank you. So no, Goliat is not in exploration phase. It's the old guy now, so it's not really something that we consider for an M&A. Now the uptime is good and so the downtime is very low. So there is no downtime in the last 3 months, so it's very good. The expectation is to have something around 5%, 6%, I think, is a normal average considering what we schedule as maintenance. So for refinery, we want to answer not just the question if IMO is including why we have the same kind of oil return. It's not to -- the R&M is increasing. So it's increasing. You see, R&M is increasing because at the end of the period, it's going to deliver almost 1 billion R&M, both together 50-50, more or less. So that means that's considered starting from now that is less than 100 million is increasing. It clearly is increasing because IMO is included. And within that, from our point of view, IMO is a very, very advantageous for us because we have all the refinery that can cover this kind of low sulfur content. You asked if you want to increase – we already increased today. So I think that we are incorporating IMO today in the -- in our remuneration policy.

FRANCESCO GATTEI: Alessandro?

ALESSANDRO POZZI: Alessandro Pozzi from Mediobanca. I have -- I think you presented a slide on the cash flow breakeven, reducing significantly to almost $50 per barrel at the end of the plan. I guess, production growth is the main driver, but probably this was supported by downstream and midstream. So I was wondering if you can provide more color on those elements. And also the second question is going back to CapEx. I just wonder if you can provide maybe geographical breakdown, probably Mozambique, Mexico as well, are going to be a large chunk of the CapEx in the next 4 years?

MASSIMO MONDAZZI: Okay. So as far as cash flow per barrel, the decrease is mainly related to the upstream and is related to the unit margin per barrel that Claudio has shown in his presentation. So you have seen the margin growing up. And if you compare that line with the line that we show last time, you can see an upside, an upside that would be even in the first year and then projected by 2020, '21. On top of this, we will -- we are projecting some contribution from the digitalization. I would say some because digitalization to us and probably for the world today is like a fast car, so very difficult to take a picture. So any time we discover additional applications of this digitalization. So the number that we are showing right now is just what we can see now in term of application, in term of spreading around the techniques. And so definitely, every month, every quarter, we will see an increase in this number. And this is -- what we are showing today is the picture we can see right now, that is why comfortable because $50 per barrel by 2021 is something that's leveraging basically on an upstream portfolio, is something that we consider definitely, definitely outstanding. In term of breakdown, but this is very, very high. So -- okay. So we are talking about the total investment. This is the development investment. Overall exploration to development, so exploration plus development -- but this is not the total.

CLAUDIO DESCALZI: In terms of the 4-year plan, you can go to make your calculation. So the main investment will be clearly now reduced, the first is Egypt, clearly. So that is the first investment. Then we have investment that is in the tail, that is in Ghana, because we are finalizing and we are going to put in production gas, the gas portion in June. Then we have Indonesia, not a large investment, but we continue to invest in Jangkrik. But now we are going to invest in Merakes. That is new big field that we are going to join to Jangkrik to go to Bontang. And then we have investment -- we're going to have investment in Norway because in the 4-year plan, we start Johan Castberg and that is an investment where we have a stake and is very important one. We are investment in Libya, as we said, because we are going to invest in Wafa, in the offshore, because we have to, at least the new investment that we are going to have, and with the investment, they're going to fight their depletion because we have a larger depletion rate there. Then we invest in Algeria. Then we invest in Alaska after the deal. We are doing well and we hope that we can tie in so there is a plan for this investment. And clearly, the big investment with Egypt is Coral, Coral in Mozambique. Because we are developing Coral. Nowadays, we have reduced because we have 25% of a big, big [inaudible] it is 25%. So we can say that we have investment in North Africa, Egypt, East Africa, Mozambique. And then we have Far East, we have Middle East a little bit later because we have to double the production of the field we acquired. And we have Kazakhstan, we have Norway and we have Sub-Saharan Africa and Mexico. Mexico, that is not a super investment because it's shallow water, but it's investment that can bring about 100,000 barrel per day. So that is the map of our investments.

LYDIA RAINFORTH, DIRECTOR AND EQUITY ANALYST, BARCLAYS BANK PLC, RESEARCH DIVISION: It's Lydia Rainforth from Barclays here. Two questions, if I could. I'll partly come back on digitalization. And if I look at the cash flow per barrel chart, again, it is the legacy barrels that I can see to be higher cash margin than they were a year ago. Is that where you're seeing the bigger benefit of digitization in the legacy barrels versus the growth barrels? And then related to that, you've given a target of 7% reduction for production costs from the digitization. Is there a similar target on the development costs as well or not?

CLAUDIO DESCALZI: I give just first part of the answer. That is on OpEx. Because in the development cost, all the digitalization of the new project is already incorporated. So it's in the $12 per barrel that we got that Massimo told you before. So in the new projects, it's incorporated, all the sensors, all the algorithm, all the centralization and control, on rigs, equipment and pipes is already there. So it's not included for that reason we talk about the operating -- in operating cost. The -- on the legacy assets, clearly, what is impacting is operating cost and maintenance. We have some -- I think that we kind of have some improvement because we are going to replace pumps or pipes or all these kinds of stuff and that will be optimized in the future. That is not included in the cost reduction of the OpEx.

MASSIMO MONDAZZI: Yes. And definitely, on top of this, what we can project now is already included the numbers. Definitely, it's reasonable to expect something in the range of $0.50 in terms of OpEx reduction applied definitely on the operating activity right now. Because what we are doing, as you're seeing, our target is to start from our activities, now 30%, towards 100% by the end of 2021 or even before the date.

FRANCESCO GATTEI: Massimo?

MASSIMO BONISOLI, ANALYST, EQUITA SIM S.P.A., RESEARCH DIVISION: Massimo Bonisoli from Equita. A couple of questions. One, regarding your current setup of businesses. Following a few years of restructuring and downsizing of the mid-downstream, your exposure to that business has been reduced materially and now is lower than the average peer. And you presented today a CapEx plan in which the upstream takes more than 80% of the CapEx. So do you feel confident with the current setup of the -- and the exposure to the mid-downstream, given the fact that reduced the volatility of your earnings compared to the trend of the -- in the oil price? And the second question is for Daniele on Versalis. A few -- over the past few months, there were a few rumors on the eventual acquisition in the business. I don't want you to comment on those rumors, but just on the natural evolution of the business in the chemical space, considering what you have reached the interest of restructuring so far.

CLAUDIO DESCALZI: So going to the first question, it's not true that now we reduced our capacity in downstream and now we are smaller than the others. We have been always much, much, much smaller than all the other peers. That you have a -- now we range about 500,000 barrels per day, the other have 2 million or 3 million or 4 million, 3 million, 2 million, 1.5 million barrel per day of refinery capacity. The only difference now, we are not losing money. That is the only difference. The now is small but is making 1 billion. So it's a little bit -- is that is the difference. So we improved. The question is, are you happy with your improvement? No, I'm not happy. When I -- we discussed that, that is a phase of expansion because we restructured so we know what we have in our end now and we can expand, especially outside. I think that is the next steps. So we are not -- everything that we have to -- we have to increase, but increase in a very rational way, not buying, not -- everything must be linked. When we talk about integration, I want to have any kind of refinery if I want to have additional refinery. We are working in Nigeria -- not Nigeria, sorry, in Angola, but working to help and link our oil to this distillate refinery. But the model is integrated. If our refinery -- I must have also the upstream production. So that is really the business integration. And Daniele?

DANIELE FERRARI: Yes. I mean, in terms of the chemical business, you know pretty much the story. This business was broken, we had to fix it, we did it. We went from a massive loss of 400 million, 500 million per year into the results that you are seeing today. So what is the next step now? Is to grow the business through 3 leverage fundamentally. First of all, to benefits of the integration. So any hydrocarbon stranded opportunity we have around the world together within the group, we'll do it. Algeria's an interesting example. We've signed an agreement to explore this kind of integration altogether. And there will be more of that. The second one is leveraging our technology on an international basis. We have clearly over 290 proprietary technology left from the past that we continue to leverage, Lotte is a classic example to be presence in Far East. And the third one is the specialization in our existing assets. If you want to compete, we are in Europe. We are strongly present in polymers, automotive, electronics, they always require new polymers and new technologies. And the product has to evolve. Otherwise, we remain on the last of the supplier rank. So that's the 3 leverage we have to grow this business.

CLAUDIO DESCALZI: Thank you.

FRANCESCO GATTEI: Okay. I think the last few question. Lucas was probably waiting for a while.

LUCAS HERRMANN, HEAD OF EUROPEAN OIL AND GAS, DEUTSCHE BANK AG, RESEARCH DIVISION: Yes. It's Lucas Herrmann at Deutsche. And maybe it stays in some ways with Massimo's question around the downstream, but it's actually about the structure of cash flows and the way you think about the structure of cash flow in the upstream. Because in some respects, you said…

CLAUDIO DESCALZI: Is it the downstream, in the downstream?

LUCAS HERRMANN: In the upstream, I'll come on to it. And then in some respects, you are disadvantaged relative to peer in that the cash flow that comes from sizable downstream operations for others is more material than it is for you. That obviously provides a portal of support with dividend. In the upstream, your business historically has also been more conventionally biased. And I can see that the shape or the duration of the portfolio is improving as Zohr comes through and as the West Libya gas pipeline and the deal you did with Abu Dhabi. But Claudio, when you think about the portfolio going forward, and this is not short, this is long, how do you want the shape of cash flow in the upstream business to appear? How much duration, to use that term, would you like to see relative to where you are today to give you, let's say, better protection, comfort through the kind of market volatility we've seen in commodity over the last 2, 3 years?

CLAUDIO DESCALZI: That's what we have done in the last 3 years, that was really to be more focused on our E&P, to create an E&P that is 80% of our business. That also alone can protect the company for a downturn. And that's what happened, what happened because now with the new target to reach a $50 cash neutrality and $36, $37, $38 for the upstream, the work we're really -- the work that we have done has been on the assets, on the development model, on the production. So everything that's became very powerful, very strong. But that, at the same time, is reducing your cost and create a longer life for your assets. Because for us, really, the advantage is really to have a long life, to be able to increase the margin, and that is our defense. We work on that and we continue to work. Meanwhile, we work on the R&M and chemicals. Now they are really now good partners of the upstream, not just good partners, they work together and that is an additional defense or part of our resilience looking forward. I think that during the presentation, I mentioned something that is very important and is very good for the future. During the downturn, we have been able, okay, to find 4.4 billion but we have been able to increase of 3 times our acreage. And we have done that very quietly without big noise because when -- if you make some noise on that, somebody else is going to compete and increase your cost. But increase of 3 times with respect to 2013 and that means in term of potentiality of undrilled risk equity reserves 10 billion barrels, for that, that is an additional big potential that Eni has because we can start a new, really new age like we did in 2011, '12 or '13 when we started a new age but our acreage was less than now. Now we have really good acreage and 3 times more. And that is the real strong defense because now this flow of exploration is coming in structure that is ready to get in this new reserve in a situation that is much, much better in term of robustness and readiness. So I think that for that is when we say we are looking for and we are looking at the future in a different way, really, in a more aggressive way with a lot of discipline, but a lot of good positive weapon in our cash flow.

FRANCESCO GATTEI: The last one to Martijn.

MARTIJN RATS, MD AND HEAD OF OIL RESEARCH, MORGAN STANLEY, RESEARCH DIVISION: It's Martijn Rats, I'm with Morgan Stanley. I wanted to ask you 2 things. First of all, I wanted to ask you a bit about your macro thoughts in the sense that in -- about your macro thoughts in the sense that at the back of the slide deck there, there is a time series which shows oil prices going up to something like $70, $72 by the end of the planning period. I think Irene also pointed it out. But at the same time, we talk to a whole lot of oil companies and breakevens are falling everywhere and rising prices and falling breakevens. I mean, the divergence, particularly by the end of the planning period, gets rather enormous. So I was wondering how you see that playing out. Are we eventually going to look at an industry where perhaps these very low breakevens will not be able to be maintained or are perhaps some of these higher oil prices ultimately a little stretched? I was just wondering how you see it, that divergence between rising prices and falling breakevens. The second thing I wanted to ask, a little bit following up on Chris's point on the IMO. There is also an emerging view that the benefits of IMO will ultimately not accrue to the refiners but simply to the people supplying the crude, with sweet crudes going up an awful lot and sour crudes going down an awful lot. Shouldn't you put that benefit that you put in your upstream business in your downstream business? Shouldn't you put the IMO benefit into your upstream business?

CLAUDIO DESCALZI: Thank you. So you can answer about IMO, just give you... The macro scenario, in this strategy, we didn't highlight our scenarios. We say -- I -- we treat the scenario as something that is a base because we have to round the calculations for the future. But we run all our tests at $60, just to show the robustness and the robustness and the strength of our asset base. I cannot talk for the industry. What I can say, that the choice we made in the past in term of asset base is our strength. So what I mean that our cost, if you ask me, can you keep this cost, also the price, oil price, going to $100 per barrel? I -- I can say that looking at the split of our investment for the future when we have the flexibility to, or we don't sign yet a contract on FID, so we have still CapEx that have to be closed completely in the contract, I think that we have absolutely the possibility to keep our breakeven very low. So our breakeven trend is not linked to the oil trend. At least, there is a -- it can be linked, about 20%. The 80% is linked to the strength of the asset and the cost of the asset. And now much more than before and every age is better because the structure, as I said, this new exploration is really to be -- is ready to be set in a structure that is very robust now. And in term of processes, in term of equipment, in term of modernization, standardization, so it is really a set of mind but also an in-sourcing of competence now because all the engineering, that is really a peculiarity of Eni, all the engineering, all the -- practically all the FEED, and we are the main contractor and we make all the main FEED, so the front engineering at home. We are in the detailed engineering. We've put people in the commissioning. For that reason, we are really stretching the time. We are squeezing the time, sorry, and we are reducing the time to market. So that is the quality of the asset and the strategic choice about the exploration and the development that are really the 2 distinctive element of our macro profile, make us so strong there. So that means that the prices are going up, we'll get before the margin but we fight every day to conserve, to preserve our cash neutrality. And we have all the tools to do that.

MASSIMO MONDAZZI: May I complement your answer to Martjin, just to qualify that…you were right when you say that the cash breakeven are going down for everyone in the market. But because of the difference we had just commented in our portfolio, our drop in the cash breakeven is something different because we are leveraging 90% on our E&P asset in reaching the $50 we just announced. Why? For the others, better than me, the contribution from business other than E&P is significant and it would be even more in case of an additional drop in the oil price. So comparing the 2, what I will say, that we are very happy about the quality of our E&P. That means that whatever will be the price, our E&P would be in the condition to compete better than the others' portfolio.

CLAUDIO DESCALZI: About IMO.

GIUSEPPE RICCI: CHIEF REFINING & MARKETING OFFICER, ENI S.P.A Okay. About IMO, IMO is a strong opportunity for a refining system that use especially high sulfur, heavy crudes, and our system is made on more than 70% of crudes like this. And also for a refining system with high conversion plants, with the rebuilding of our EST technology in Sannazzaro and the other plants, what we have in Taranto and Milazzo, that, summarizing, more than 4 million tons per year of deep conversion capacity, this will permit to produce zero bunker oil within 2020. These put a good advantage for our system. Notwithstanding this, our scenario is with a flat margin for refining for all the plan. And so the growth that we have introduced in the plan that double the EBIT in 4 years from -- EUR 0.5 billion in 2017 to EUR 0.9 billion more at the end, with a flat margin, means that we have further upside in our plan because of the efficiency, of the integrations and of the pushing the bottom of the barrel conversion.

CLAUDIO DESCALZI: The question was -- it has been more articulated because it was also for the upstream. So why… maybe the upstream that have the good oil, maybe they can catch this margin. The issue is that it is not always regionally possible, so you have to be also well-equipped from a downstream point of view to be able to treat this oil that is around. So there is… it's true, what you are saying. There is a double good returns for the company that have the right downstream to treat heavy oil because we happen to be in excess of that oil. So they come to you, you can get a good price and from the upstream that have the oil that is free of sulfur and then you can get additional margin. So I think that you...

MASSIMO MONDAZZI: Yes. Anyway, we didn't assume any advantage in term of margins. So in the differential, in the upstream, we didn't take into consideration this potential upside that, in case will be an upside for us, much bigger than the advantage we can get from our refinery capacity.

CLAUDIO DESCALZI: Thank you very much.

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