Eni 2016-2019 Strategic Plan

Main targets

• **Profitable growth – CEO Descalzi: "***Our industry is facing a very complex challenge: reducing costs to fulfil short term constraints while enhancing long term value. Thanks to our successful strategy of restructuring and transforming Eni into an integrated oil and gas company, we are well positioned to meet this challenge through a competitive cost structure, an efficient operating model and a flexible asset portfolio. We have started a new cycle of profitable growth and have the potential to extract more value in the future".*

- **Production CAGR > 3% per year, cumulative +13% by 2019**
- **Upstream CAPEX -18% vs previous plan**
- **Group CAPEX -21% at €37 bln, OPEX steadily below $7/bbl throughout the plan**
- **Exploration: 1.6 bln boe of new resources at a unit exploration cost of $2.3 during the plan period**
- **New projects average breakeven: drastically reduced from $45/boe to $27/boe average**

• **Restructuring – CEO Descalzi: "***We are continuing to restructure our Mid-Downstream businesses successfully. Gas & Power will benefit from the renegotiation of long-term contracts and reductions in logistics costs. In Refining & Marketing, we are focused on lowering our breakeven while enhancing the efficiency of our operations and defending our retail market share".*

- **G&P in structural breakeven from 2017**
- **Refining: lowering breakeven to around $3/bbl in 2018 with existing capacity**

• **Transformation – CEO Descalzi:** *"In 2015, we achieved 90% of the previous 4-year plan disposal target. We have now increased our 4-year target and will dispose of another 7 billion euros of assets by 2019, mainly through the dilution of our stakes in recent and material discoveries as part of our dual exploration model strategy".*

- **New disposals target: €7 bln by 2019**

• **Financials – CEO Descalzi: "**We will continue to deliver strong cash generation through *sustainable growth in the upstream, the completion of restructuring across the Group's other businesses, cost efficiency and flexible portfolio management. Thanks to our financial flexibility, our shareholder remuneration policy continues to be sustainable even in a lower-than-expected oil price environment".*

- **Cost reduction**
  - **€3.5 bln of cost reductions from renegotiations, reducing the gap between costs and oil prices**
  - **Cumulative G&A savings: €2.5 bln by 2019, vs. €2 bln in previous plan**
- **Cash Flow From Operations**
  - **to cover CAPEX at $50/bbl Brent in 2016 vs $63/bbl in the previous plan;**
  - **to cover CAPEX and dividend at $60/bbl in 2017 vs <$75/bbl in the previous plan**
  - **to cover CAPEX and dividend at <$60/bbl in 2018-2019**
- **Shareholder remuneration**
  - **Confirmed 2016 dividend proposal of €0.8 per share full cash**

Eni is completing its transformation, crucial in such a complex oil price environment, in order to enhance long-term growth while meeting short-term financial constraints. This process will provide cumulative **production growth** of **13%** over the plan period, despite an 18% reduction in Upstream CAPEX, positive and resilient EBIT across the Group's other businesses, strong cash generation and proceeds with the execution of a new disposal programme of €**7 bln by 2019**.

Another crucial aspect of Eni's operating model is the outstanding result in terms of safety and environment, which remain among the company's top priorities.

In Safety, Eni was the best performer in the industry for the last three years, with a Total Recordable Injury Rate of 0.7 in 2014, compared with a peer average of 1.24. In 2015 this was further reduced by 37% reaching a TRIR of 0.45. For 2016 and beyond we target a zero level of injuries.

In the period 2010-2014, Eni reduced greenhouse gasses (GHG) by 27% from 59 $MtCO_2$ per year to 43 $MtCO_2$. In the upstream sector, Eni reached a level of unitary emission of 0.2 tCO_2 per ton of oil equivalent produced, and for the future Eni is planning to further improve these levels, targeting a **43% reduction** of unitary emissions by **2025**.

Taking into account the Group's transformation process and the targets set out in the plan, Eni intends to confirm a **2016 dividend of €0.8/share full cash**. The distribution policy will be progressive based on underlying earnings growth and the macro environment.

Upstream

Hydrocarbon production is expected to grow by over 3% per year across the 2016-2019 period, and will be achieved mainly through the ramp-up and start-up of new projects with a total contribution of around **800 kboed** in 2019.

Exploration remains an important value driver for the company. Over the last 8 years, Eni has discovered **11.9 billion barrels of resources** at a unit cost of 1.2$/bbl, representing **2.4 times the overall production** in the period, which is far above the peer average of 0.3. Throughout the plan, Eni expects new discoveries of **1.6 billion boe** at a competitive cost of **2.3$/b** and short time-to-market for start-ups, maintaining average exploration spending in line with 2015 levels. Notwithstanding an 18% reduction in overall upstream CAPEX, **cumulative production growth of 13%** to 2019 will be achieved. Thanks to Eni's portfolio flexibility, ongoing successful exploration strategy, synergies with existing assets and contract renegotiations, the average breakeven price of new projects has been radically reduced **from $45 to $27/boe**.

Gas and Power

In 2015, Eni's G&P business was close to breakeven, thanks to the renegotiation of long-term gas contracts and cost reduction in logistics. The new plan will enhance the business's profitability, focused on:

• long-term contracts' renegotiation, in order to fully align gas contracts to market conditions

• right-sizing the operating and logistics cost base

• maximizing value through the expansion of the retail customer base by 20%, leveraging on our synergistic sales channels.

The **cumulative cash flow from operations** in the period 2016-19 will amount to €**2.8 billion**, with an EBIT of €900 million in 2019. G&P is expected to reach **structural breakeven in 2017**.

Refining & Marketing

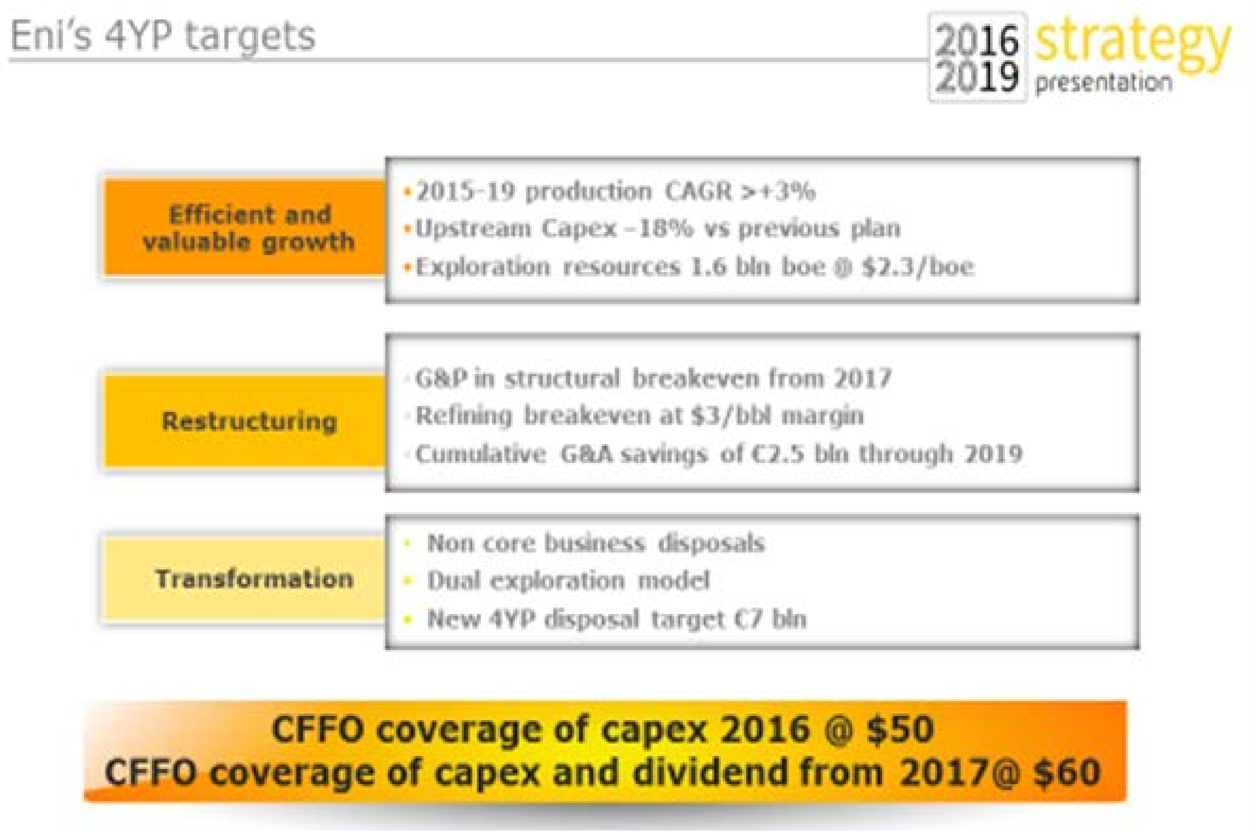
In order to address the structural weaknesses in the Refining sector, Eni's target is to lower its **breakeven to around $3/bbl** by 2018, while maintaining its current refining capacity. This will generate a cumulative cash flow from operations contribution of €**2.9 billion** over the plan period.

The Refining business reached adjusted EBIT breakeven in 2015, 2 years ahead of plan; Refining & Marketing is expected to reach an **adjusted EBIT of €700 million by 2019**.

Financial strategy

Investment during the four-year plan is focused on high value projects with accelerated returns and the development of conventional projects. **CAPEX** of approximately **€37 billion** represents a **21% reduction** at constant foreign exchange rates versus the previous plan. Eni plans to keep **OPEX** below $**7/boe,** notwithstanding the possible future recovery of oil prices and the start-up of giant fields with higher-than-average costs. The new disposal program targets €**7 billion** of asset sales mainly through the dilution of high working interest stakes in recent material discoveries, in line with our "dual exploration" strategy. Moreover, uncommitted CAPEX represents around 40% of the total investments in 2017-2019, and gives Eni's portfolio significant flexibility should the current low oil price scenario continue into the future.

In conclusion, the strategic transformation outlined in the plan will lead to a much more robust Eni, well positioned to face a period of lower oil prices while continuing to create value in a sustainable way.



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