

---

# Eni 9M 2023 Results

## Friday, 27 October 2023, 14:00 CEST

### Presentation

**Speaker:** Francesco Gattei, CFO

Good afternoon and welcome to Eni's third quarter and nine months 2023 results conference call.

Energy markets remain volatile but at Eni our focus is on delivering results in all scenarios while at the same time advancing our longer-term strategy.

Q3 has seen us successfully achieving both these things.

Before delving deeper into the numbers, let me emphasise the key strategic accomplishments for the quarter.

We are evolving and strengthening core businesses such as E&P and GGP for the challenges of transitioning energy markets and taking opportunities to build new, relevant businesses, such as Plenitude, Enilive, Biochemical and CCUS.

In Upstream, in August we began production of Baleine, offshore Ivory Coast, less than 2 years after discovery, further evidence of the efficient integration of world class exploration with a development strategy focusing on time to market and value maximisation. Production from Baleine is a contributor to this quarter's y/y growth and its phased ramp up is an important element in the 3-4% growth in our current 4Y Plan.

This approach continues to deliver - we are therefore delighted to have significantly exceeded our FY target of 700 Mln Boe of discovered resources. The recently announced Geng North discovery, offshore Indonesia, is assessed by a third-party provider as the largest in the industry in 2023. Indeed, along with Nargis announced earlier this year Eni currently has 2 of the top-5. I will revisit Geng in more detail later.

Meanwhile we are also high-grading our Upstream portfolio - in September we announced the sale of our Nigerian onshore production company, NAOC, following on from the divestment of mature Congo assets earlier this year. At the same time we have been advancing our agreed purchase of Neptune, a portfolio that represents an exceptional fit for us. Closing of Neptune remains on track for Q1 24.

Geng and Neptune will be important contributors to the shifting balance of our Upstream portfolio towards gas. Obtaining full value for our equity production is of course critical and

so we were pleased in the past few days to announce new LNG supply agreements with Congo, Qatar and Indonesia.

We have seen really positive progress as we work to establish a leading CCUS position. Our Bacton/Hewett project was awarded a CO<sub>2</sub> an Appraisal and Storage licence by the UK Government while we also agreed heads of terms with the UK for the world's first asset based regulated CCS business model for our operated Hynet project.

In Energy Evolution we are also very active. Our team met with many of you in September to update on our unique bio-refining and agri-hubs strategy. We were also pleased to confirm an agreement to explore the development and operation of a new biorefinery in South Korea, supporting the strong global growth targeted in that business. Moreover, this month, we have closed the purchase of Novamont, advancing Versalis' progress in specialising its portfolio towards the growing market of biochemical and bioplastics.

And now to group results,

- Strong segmental EBIT from each of our main businesses resulted in over €3Bln group EBIT for the quarter, driven by E&P, and €11Bln over the 9 months. Including associates the proforma EBIT of the company in the quarter was 4 bln euro and 14 bln over the 9 months.
- with a tax rate in the mid-40% consistent with the oil price, business performance and associate contributions, net income for the quarter was €1.8Bln, resulting in a 9M net income of €6.6Bln
- We continue to have an excellent cash conversion. Underlying 3Q CFFO of €3.4Bln and €12.9Bln for 9 months stand out at the top of our historical performances, with an organic FCF to date of around €6.2Bln which more than covers our 2023 distribution
- We accelerated the share buyback this quarter repurchasing €600Mln meaning we have repurchased over 2% of our shares in the year to end September and our buyback will continue at accelerated pace in Q4. Shares in issue are down almost 6% y/y. September also saw the first payment of the 94c quarterly dividend.
- As anticipated, capex of €1.9Bln this quarter reflects lower spend than the first half. We also made the second payment in respect of the PBF JV in the quarter.
- And even as we invest organically, and into portfolio, and buy back shares, the balance sheet remains in exceptionally good shape with leverage barely changed from 2Q at 15% and only up modestly over the last year.

Lets now take a look at the business segment performance quarter. Taking Natural Resources first:

- Upstream production average 1.635 Mboed, up 4% year-on-year with the start-up of Baleine as I noted, but also higher production in Algeria, ramp-ups in Mexico and Mozambique and recovery in Kazkhstan after last year's unplanned outages. Higher

production and higher oil prices helped push EBIT to €2.6Bln up 26% q/q and with our Upstream satellites we generated €3.4Bln of adjusted EBIT.

- GGP had a softer quarter as we said it would – the 2<sup>nd</sup> half of the year is benefiting from less available portfolio flexibility and Q3 saw fewer optimisation opportunities as spreads narrowed.

As promised, I want to focus further on our recently announced Geng North-1 discovery, in the Kutei Basin, offshore Indonesia. It is worth refreshing on the main characteristics of our exploration strategy because Geng North is such a good example:

- We are focussed on gas.
- We seek a large equity share that allows us to have greater control of the project and the option of early valorization through our dual exploration strategy.
- We explore close to existing infrastructure which benefits time to market and reduces development costs enhancing value
- Our distinctive parallel in-house development process helps us optimises time to market
- As a result, not only is Eni consistently the leading global explorer in multiple basin among our peers but also delivers the best full cycle returns.

In terms of Geng, specifically:

- It is a very significant discovery, with 5TCF of gas and 400Mbbls of condensate in place, equivalent to around a recoverable volume of 800 Mboe. It is the industry's largest discovery year-to-date
- Well productivity, confirmed by the DST is excellent
- After completing the Neptune purchase Eni will have an 88% participation.
- Development of a field of this scale will require some new infrastructure, including a floating production unit, but this can now be optimised as a new hub development and include reserves for an additional 5TCF on our recently acquired IDD acreage.
- Furthermore, the proximity to infrastructure and the existing Bontang LNG plant, which has available capacity, makes development highly efficient and provides higher value for the gas.
- Last, but not least, it is also worth noting the discovery de-risks further multi-TCF exploration potential in the area.

So by virtue of scale, participation level, efficiency of development, access to market and cycle time, Geng is a very meaningful addition to Eni's future Upstream project pipeline.

And now, turning to Energy Evolution:

- A stronger SERM and higher refinery availability as we anticipated on our Q2 call have combined for a good quarter from Traditional Refining with EBIT of €328Mln up vs a loss at Q2, down somewhat y/y on scenario effects not fully reflected in the SERM.
- Similarly, the strengthening scenario plus better utilisation at Venice and Gela and the seasonally normal improvement in marketing have driven a solid €271Mln EBIT result from Enilive.
- We were also pleased to have booked our first contribution of positive net income from our bio-refining joint venture with PBF at the Chalmette refinery in Louisiana, well in advance of our original plan. And as a reminder, income from investments in the Downstream is primarily our stake in the ADNOC refinery.
- Versalis, continues to be impacted by weak demand, high energy costs and intense competition in the chemical sector. This emphasises the importance of the recently completed Novamont acquisition with our intention to shift towards specialized and sustainable chemistry activities.

It is now important to say that Plenitude, even as energy markets continue to be so challenging, is meeting or even exceeding all its operational and financial targets, confirming the strength of a unique and integrated business model. EBIT for Plenitude for the quarter was €180 Mln, equivalent to €280 Mln of Ebitda. Along with Power, EBIT of €219Mln was 27% up y/y despite the significant result from open market power sales in 2022.

With a strong contribution from Retail and a significant increase in renewable power sold, we now expect Plenitude 2023 EBITDA to be 30% higher than the original guidance. Start-ups of offshore wind generation at Dogger Bank and PV in Kazakhstan emphasise the operational momentum while the deal agreed by GreenIT, Plenitude's JV with CDP to develop 4 new PV projects in Italy adds to medium term progress also.

This distinctive growth profile will continue to be a feature of Plenitude as we double 2023 EBITDA by 2026, reaching 7GW of renewables capacity as well as increasing customers to over 11 mln and charging points to over 30k by the same date.

That leads me to updated guidance for 2023:

- We have narrowed Full Year guidance for oil and gas production to between 1.64-1.66Mboed which at the mid-point implies 2.4% growth year/year and a 4Q exit rate of close to +5% growth y/y.
- We can confirm our GGP guidance in the range €2.7-€3.0Bln
- We are raising pro-forma adjusted Downstream EBIT to €1Bln from €0.8Bln, reflecting the stronger Q3 and a better outlook for Q4 in both traditional and bio-refining. This is part offset by continued challenging conditions faced by Versalis. Within Downstream Enilive proforma EBITDA is raised to €1Bln from guidance of more than €0.9Bln previously.

- As we highlighted, we are also raising our FY guidance for Plenitude EBITDA to around €0.9Bln.
- With these changes we now expect replacement cost CFFO to be around €16.5Bln, up from €15.5-€16Bln previously and EBIT to be around €14Bln, €2Bln higher than our mid-year view.
- We are on track to deliver all our original targets despite weaker scenario conditions than planned, with business outperformance across Eni delivering around €2.6Bln of additional underlying EBIT.
- Our planned buyback remains at €2.2Bln and while we continue to expect to complete by April 2024 we are also accelerating its pace in the final months of 2023. With our dividend, €0.94/share for 2023 our distribution is equivalent 33% of expected CFFO.
- We expect capex about €9Bln, over 5% lower than our initial Plan, with the precise figure determined by timing around project activity.
- This all means we continue to expect leverage in the 10-20% range.

In conclusion. We continue to deliver excellent operating and financial results, and strategic progress. We can reward investors, re-invest in the business for future value and maintain a resilient financial position in volatile times. Meanwhile we are also transforming – building on our strengths and developing new lines of business as opportunities present themselves.

This concludes my prepared remarks and together with Eni top management, I am ready to answer your questions.

# Q&A Session

## Corporate Respondents

Guido Brusco, Chief Operating Officer Natural Resources

Francesco Gattei, CFO

Cristian Signoreto, Director Global Gas & LNG Portfolio (Natural Resources)

Adriano Alfani, CEO Versalis

Stefano Ballista, CEO Enilive

Stefano Goberti, CEO Plenitude

Aldo Napolitano, Director Exploration (Natural Resources)

OPERATOR: (Operator Instructions). The first question comes from Giacomo Romeo of Jefferies

**GIACOMO ROMEO, JEFFERIES:** First question is around your shares buyback program. Francesco, you hinted the fact you are accelerating the pace of the buyback in Q4, at current pace it indicates that you should reach around 2 bln by the end of the year. Just wanted to check when you think that the EUR 2.2 billion will be completed. Is it going to be Q4 results in February? And also, how should we think about how you will use the flexibility given by the EUR 3.5 billion mandate from the AGM in order to bridge the period when you finish 2.2 and the next AGM in May.

The second question is on GGP. You left EBIT guidance unchanged. Year-to-date, you're basically EUR 100 million from the lower end of this. Just trying to understand where the cautious outlook is coming from here. Is it related to the increased tensions in the Middle East? Or is there any sort of -- do you have any visibility on potential negative impacts from contracting negotiations in the next quarter? Just if you can share some colour there would be helpful, thank you.

**FRANCESCO GATTEI:** Thank you. I will reply to the share buyback, while I will leave the floor to Cristian Signoreto for the GGP guidance. About the share buyback. First of all, you know that we have, as you mentioned, currently, the 2.2 bln as a target and the flexibility up to 3.5 bln subject, clearly, to the improvement towards our cash flow from operation expectation. So that flexibility will be, let's say, optional in case we will see an improvement above the EUR 17 billion threshold that under the current assumptions, we have not achieved yet.

In the quarter, you mentioned that we'll close according to your estimate around the EUR 2 billion. I think that under the current estimate so far the past pace of EUR 60 million per week of buyback. This is a bit higher. So I would say that clearly, you will see in the coming weeks from the Report that we publish substantially at the beginning of each week, the increase of the pace. The expectation is to accelerate the buyback. It means that instead of concluding that, within April, we will think to have an acceleration. I do not disclose what will be, but you

will see the figure in the acquisition and the time that we will publish every week. Then now I leave to Cristian for more colour.

**CRISTIAN SIGNORETTO:** Yes, thank you. So the third quarter results were in line with expectations as guided in the last conference call. And the mild market actually guided us to that kind of guidance. When it comes to the fourth quarter and the range in the fourth quarter that we left unchanged, this is actually a result of the scenario uncertainties in terms of volatility, spreads, supply availability as well as expected outcome of an ongoing arbitration, which is going to be ruled in the next quarter.

OPERATOR: The next question is from Biraj Borkhataria of RBC.

**BIRAJ BORKHATARIA, RBC:** The first one is on exploration. Very helpful slide that you put in today. Obviously, this is probably the way Eni has created the most of value over the last decade, and it's clearly a strength of the company. So I was just wondering how you're thinking about your exploration budget going forward and into the next couple of years. You see your U.S. peers buying upstream resource in quite a big way and clearly -- oil and gas demand are evolving. Do you think your exploration budget is appropriate as it currently stands? Or should you be doing more?

And the second question is on Egypt. You had a big position there. I just wanted to get some thoughts on the ground because LNG exports there have been minimal, which is normal for the summer, but also we're not seeing much in terms of exports for October. So I was wondering if you could comment on production levels or projects like Zohr and the broader situation there?

And then finally, just a quick one on the Indonesia discoveries. Is it fair to assume the target will be for these to feed Bontang for LNG and I'm assuming there's capacity there for more exports, right?

**FRANCESCO GATTEI:** Thank you, Biraj. First of all, about exploration, just to -- you have seen in the past that we continued to perform. We perform through budget that were maintained let's say, in a steady way - notwithstanding the industry has substantially reduced this kind of activity - because we also selected the capacity, the opportunity near field, and we were able also clearly to take advantage of our internal skills and the capability to process with our supercomputer seismic imaging and therefore, to the de-risk this activity. I will leave to Guido the answer about additional color on the exploration, clearly, Indonesia's plan of valorization and Egypt Zohr production.

**GUIDO BRUSCO:** On exploration, we may say that we have a very balanced and disciplined budget. As you know, we basically allocate money on ILX (*Infrastructure-Led Exploration*) and near field opportunities, but also a minor component to the high impact well. And this was the strategy over the last 7 years, which proved to be very solid and which we delivered upon. About Geng, Geng is clearly -- it shows the successful of our distinctive strategy focusing on gas, focusing on nearby infrastructure availability, reinforcing our equity position in a very strategic area and also supporting our dual exploration model and fast-track development. So Geng, it includes all these features. As you may have appreciated in the slide, we have quite a

significant amount of resources discovered, but also significant exploration upside which would allow us, on one hand, to extend and expand the plateau of the current floating production unit in the southern area, but will also allow to build a new hub in the Northern area where we have a significant upside potential on the exploration, which could extend significantly the plateau.

In front of us, there is an LNG plant, Bontang, with a capacity of 22 million tonnes per year, which is, I would say, almost empty at the moment, the capacity utilized is 5.6 million ton per year. So there will be plenty of capacity to accommodate the plateau production coming from Geng discovery and the stranded assets, which we bought from IDD both in the Northern and in the Southern area.

I would also underline that this discovery is very liquid rich, and this helps also a lot to enhance the value of the asset. As far as Zohr, Zohr is producing from 2.1 to 2.2 bcf per day and it's in line with our plans. We are now running a number of projects and activities, drilling activities, infilling specifically, but also other plateau extension activity to enhance the capacity of the facility to handle the current level of production of Zohr.

**BIRAJ BORKHATARIA, RBC:** And just one quick follow-up on Egypt. Are you having any issues kind of on the currency side given the devaluation and so on in terms of getting money in and out?

**GUIDO BRUSCO:** We are not having issues with the currency because our contracts are in dollars. So we don't have any impact from the devaluation of the currency.

**OPERATOR:** The next question is from Oswald Clint of Bernstein.

**OSWALD CLINT, BERNSTEIN:** I'd like to go back to Indonesia just to get a little bit more detail. It's clearly a massive discovery. I was curious when you'll go after this multi-TCF upside? Can you get this into 2024 exploration drilling plan where we can look at that. Is there any chance of any of the missing acreage blocks on your map that seem to extend away from this current discovery? Is there any license rounds coming up that you might participate in? And would you run this at 88% equity? Or I think Francesco talked about valorizing it, is that a couple of years down the line? That's the first question.

Secondly, as we think about new developments in places like Indonesia, your friend, Mr. Puliti at Oil & Money this year was saying, he had to say no to a new FPSO job for a top client talking about lack of people, lack of supply chain pressure. So I don't know if that was you, but it feeds into the view the supply chain is tightening up rather quickly. And so I wanted to ask about pressures you're experiencing and ultimately, just how robust that 3% to 4% volume growth is in the 4-year plan.

**FRANCESCO GATTEI:** Okay. About the dual exploration model, you know that this is something that we apply, generally speaking, in the various discoveries. Clearly, this will depend on the opportunities, on the progress in terms of developments. It is a model that is, let's say, flexible, clearly by having an exposure of 88% after the acquisition of Neptune is an additional opportunity to extract and fast track value. I leave to Guido and Aldo Napolitano, who is the



Head of Exploration, the answer related to the development, the cost and the exploration upside.

**GUIDO BRUSCO:** Now clearly, the pickup of the activity, both traditional and green is putting pressure on contractor, both in terms of capacity and ability to deliver activity, but also in terms of cost inflation, we know that from '21 to '22, there was an increase of 10% of costs overall, 7% from '22 to '23, and we expect a 4% year-on-year in the following year. So this clearly is factored in our CapEx estimation. The quality of Geng asset is such that we expect a very competitive unit cost per development. In terms of further exploration, I would -- in the surrounding area, I would leave the floor to Aldo to give more color.

**ALDO NAPOLITANO:** Yes, thank you, Guido. Yes, we are defining the plans for next year and future years in terms of further drilling in the areas of the Kutei Basin. Maybe you have noticed that we have already actually pursued a strategy in the acquisition of acreage in the area. So we have recently -- so just a few months ago, actually we had the award of another block in the area to the Peri Mahakam and as already explained, we have increased our shares in all other blocks where we believe there is a good potential. So we have not yet defined in details our plans for future drilling, but certainly, this will be a focus area.

**GUIDO BRUSCO:** You had also a question sorry, on the confidence of the planned growth for production of 3% to 4%. This clearly -- we have a strong pipeline of projects, namely Baleine, in Ivory Coast, Congo LNG, A&E structure in Libya. And last but not least, this Geng plus Mozambique and other projects -- significant projects from other affiliates and our satellites in Angola, a new gas project and Agogo development and from VÅR, Johan Castberg and Balder X. So with this pipeline of projects, which has been most of them already sanctioned in the plan, and in execution, we are very confident to deliver this planned growth.

OPERATOR: Next question comes from Alessandro Pozzi of Mediobanca.

**ALESSANDRO POZZI, MEDIOBANCA:** The first one is on carbon capture assets. And I believe recently, you announced a new agreement with the U.K. with regards to HyNet and you secured basically the first asset-based regulated model. I was wondering if you can give us a bit more colour on the economics and what are the, let's say, the pros versus a more traditional model?

And the second question is on GGP. I believe you contracted a fairly large amount of new volumes on the LNG. You have a target of 18 million tonnes per annum by 2026. And I believe that you are basically pretty much there with the new volumes, so I was wondering whether you could see upside basically to the long-term guidance there.

And the final one, if I may, on North Geng. You talked about a lot of potential upside in terms of discoveries. I was wondering when will you be in a position to finalize the size of the next - the second floating production unit and whether potentially that has the capacity of doubling the current production in the country?

**FRANCESCO GATTEI:** Thank you, Alessandro. Two questions are for Guido. And the last one, the GGP is for Cristian.

**GUIDO BRUSCO:** Yes, you're absolutely right. We have agreed with the U.K. authorities, the main economic model terms. And however, the final stage to assign the definitive economic license is still ongoing, and we are planning to complete this process by the second quarter of 2024 in order to have an FID – a cluster FID, which includes also the emitter by the quarter 3 of 2024. The pricing is clearly – and the economic model is based on – regulated asset base model, which is still, as I said, under finalization with the regulator. And it will include also some mitigations mechanism to reduce the risk related to this first-of-a-kind project.

**ALESSANDRO POZZI, MEDIOBANCA:** So it basically is the return on the CapEx that you spend on the project?

**GUIDO BRUSCO:** Yes. Basically, it is -- this is the mechanism of model.

**FRANCESCO GATTEI:** On the overall cost, including also the operating cost.

**GUIDO BRUSCO:** Yes.

**CRISTIAN SIGNORETTO:** So on the LNG portfolio, let's say, on the LNG supply contracted portfolio, as you said, we have advanced substantially with these last 3 agreements that we have signed. We are now at around 13 million tons contracted capacity. We want to achieve the 18 million tons by 2026. And sure, I mean, I think the big evolution on the Geng North discovery, this will give us some upside on the target that clearly we are going to take into consideration when we draw the next plan.

**GUIDO BRUSCO:** Yes. As far as the size of the potential North Hub, of course, is still premature to say, but for the size of the -- for the size of the current discovery and the asset and the knowledge we do have of the asset, we are planning something which is between 800 million scfd to 1 billion scfd with also a significant liquid production between 50,000 to 60,000 barrel per day. This is for the knowledge, information and data we do have today, of course, we are still assessing the discovery.

**ALESSANDRO POZZI, MEDIOBANCA:** Okay. So 50,000 to 60,000 barrels of liquids plus on top the dry gas.

**GUIDO BRUSCO:** Yes, the dry gas.

**ALESSANDRO POZZI, MEDIOBANCA:** Okay. So it's doubling basically, more than doubling the production from Indonesia at the moment?

**GUIDO BRUSCO:** More than doubling our production from Indonesia. As you know, the Southern area hub asset, Jangkrik as capacity-- is producing 700 million scfd currently and with the other asset discovered, which we will tie in as soon as the other assets would decline, we will maintain for longer this plateau. Yes. So we are almost more than doubling the production.

**ALESSANDRO POZZI, MEDIOBANCA:** Interesting. And I guess, FID probably sometime next year?

**GUIDO BRUSCO:** Yes. This is the plan, of course, many moving parts, stakeholder engagement, final assessment appraising of the discovery, but this is the target.

OPERATOR: The next question comes from Irene Himona of Societe Generale.

**IRENE HIMONA, SOCIETE GENERALE:** My first question also on Indonesia, please. And congratulations on this substantial find. If you could perhaps give us a sense with the knowledge that you have now a sense of timing for this start-up. And then is there enough uncommitted Capex in the 4-year plan to develop it with unchanged Capex? That's the first question.

The second one on Venezuela, what does it mean for Eni exactly that the U.S. have lifted sanctions at least for a few months?

**FRANCESCO GATTEI:** In terms of Capex, clearly, we are working on the 4 year plan, with all the changes that we are discussing, the sanctioning, the evolution of the portfolio, the new discovery that is clearly has a high ranking in our plan because of the clear advantage of these volumes in terms of value, in terms of cost, so I think that you shouldn't expect a major increases. There is a flexibility, as you mentioned, there are the commitment generally are clearly more focused on the first year. Then there are declining firm commitment in Capex along the plan. So there is space for accommodating new initiatives.

On Venezuela, Venezuela clearly is an opportunity. We are still evaluating which are the options in terms of creating an additional stream for recovering our exposure. So far this year, we can say we were relatively satisfied with the capability to keep our exposure under control. Obviously, the opportunity of having more volumes and higher production from the country should help to increase also the number of lifting. I don't know if Guido would add something more on the Indonesia start-up and Venezuela activity.

**GUIDO BRUSCO:** No, on Indonesia, I think I've said which is the target for the FID, of course, our approach on Capex is to be disciplined, and we constantly rank our projects when there are assets which are more attractive than others, we reshuffle and we continue to reshuffle our activity plan.

OPERATOR: Next question comes from Michele Della Vigna of Goldman Sachs.

**MICHELE DELLA VIGNA, GOLDMAN SACHS:** Congratulations on the strong results. I have 2 questions. The first one comes back to Egypt. I was wondering if you could quantify the impact of potentially not setting any more supplies from Israel if the current interruptions continue and how that affects your GGP guidance?

And secondly, going back to your balance sheet, especially in the age of higher interest rates, I was wondering if you could clarify a list some of the moving parts between variable and fixed debt and how much benefit you can actually get from the abundant cash that you have on the balance sheet?

**FRANCESCO GATTEI:** I leave to Cristian the first answer and then I'll keep the second one.

**CRISTIAN SIGNORETTO:** Yes, sure. So the current shutoff of the Tamar field clearly has an impact on the balance of the overall region because, as you know, I mean, Egypt was importing –and is still importing gas from Israel and this has reduced the amount of gas available for export. On the other extent, now consumption in the country is decreasing substantially due

to the normal seasonal effect. So I think, I mean, we will see export resuming once this effect will be notable. When it comes to the impact on GGP, the range that I gave -- that we gave for the guidance actually it includes already the uncertainty on the supply from Egypt. So I would say the guidance is resilient to that impact.

**FRANCESCO GATTEI:** About debt, I think that we are in a very, let's say, favorable position as 80% of our debt is fixed rate. And clearly, we instead benefit from the increase of rates and returns related to our large liquidity. Just to give you a figure that I think is quite interesting. Last year, the net cost of our debt, so including the financial cost and the cash or the benefit from our financial asset was 2.3%, this year is 0.8%. So the increase of the interest rate is benefiting more proportionally our balance sheet and therefore, we are exposed to this trend, clearly, that will reduce at the end our overall net cost.

**OPERATOR:** Next question is from Henri Patricot of UBS.

**HENRI PATRICOT, UBS:** I have 2 questions, please. The first one on the guidance for 2023 for EBIT raised to EUR 14 billion for the year. I mean, if I look at the implied EBIT for the fourth quarter, it looks pretty close to the EBIT you generated in the third quarter despite what seems to be more positive macro assumptions for the rest of this year. So I was wondering whether there are other factors that would be negative for EBIT and offset this by the macro environment in the fourth quarter?

And secondly, I want to come back to Enilive and the performance. So we could see the guidance going up for the year. Looking just at the third quarter, year-on-year, there's a bit of a decline here. So I was hoping you could expand on the moving part that you see in this business, whether you're seeing performance on the Biorefining side, whether there is more pressure on the marketing business, interesting in any details here.

**FRANCESCO GATTEI:** I have missed the second question. On the first one, you have to consider that our businesses, let's say, is subject to seasonal fluctuations. Therefore, you cannot extrapolate linearity between the various segments. So there could be clearly more linear performance in the upstream but GGP, Retail marketing are all clearly following the different seasons. The difference or the main, let's say, variable part between the third and fourth quarter is that you have a lower contribution from the refining and from the marketing, downstream marketing. There is clearly, as we mentioned, a relatively mild change in GGP, all the rest are relatively steady. In terms of the market of biofuel, I leave the question to Stefano Ballista.

**STEFANO BALLISTA:** Yes. The third quarter results for Enilive have been robust. We got to EUR 271 million. There is a reduction compared to last year's third quarter. It's related to the marketing business. And reasons are twofold. Last year, we experienced one of the highest historical margin on retail. This year, year-on-year, we are experiencing on marketing retail competitive pressure that actually rose together with the rising of the oil prices.

On the other side, we got extra results on wholesale activities, wholesale business, still on marketing. And this is thanks to a new strategy focused on overall optimal trade-off between volume and margin.

This started at the beginning of the year. And if we look at the global figures of the first 9 months, we are getting to a plus 9% compared to the 9 months of last year. We are landing at EUR 611 million of EBIT. This is due for this wholesale strategy and also given the optimal performance on biobusiness. Given these figures, we see an EBITDA guidance increased to around EUR 1 billion at the end of the year.

OPERATOR: The next question is from Henry Tarr of Berenberg.

**HENRY TARR, BERENBERG:** Two, if I can. One, I think you mentioned an arbitration in GGP potentially coming in Q4. Can you give any colour on the potential materiality or what that relates to? That would be helpful.

And then just secondly, on Versalis. Clearly, the Novamont acquisition sort of gives an indication as to the aim for that unit. Is there anything else that can be done sort of on a medium-term view to improve profitability there? And how do you see sort of margins moving as we look into Q4 and 2024?

**FRANCESCO GATTEI:** Two questions, the first for Cristian and the second for Adriano Alfani that is the Head of Versalis.

**CRISTIAN SIGNORETTO:** So look, the arbitration that I was referring to is a litigation around a long-term contract that has been ended already. So it's actually a past legacy. And the possible outcomes are well within the range of the guidance that we gave you. So the guidance, as I said, is resilient to that outcome.

**ADRIANO ALFANI:** About Versalis and Novamont acquisition. Clearly, Novamont acquisition was a major step into bio or green chemistry that in the whole portfolio of Versalis was pretty small. Clearly, now the main effort is to integrate this portfolio and to generate a complementary approach in terms of channel to market and so to complement portfolio product, but also portfolio in term of market participation. And so to enhance and get the most of the synergy we can get. So we expect it to significantly grow the Novamont portfolio, but at the same time, the portfolio of Versalis.

As we said last time, we expect that in the next few years, we should shift around 15% of our portfolio to specialize in green chemistry, including, of course, within green chemistry and circularity. The situation in term of chemistry industry is pretty challenging. We don't expect significant improvement in Q4 also because Q4 is a low season for some markets like construction, especially for the winter, although the winter is pretty mild, but we don't expect any significant improvements in Q4 from a profitability point of view, so pretty much in line with Q3.

OPERATOR: Next question comes from Massimo Bonisoli of Equita.

**MASSIMO BONISOLI, EQUITA:** Two questions. The first on Plenitude, how many clients do you expect to gain from the forthcoming liberalization process in the Italian regulated market and what would be the margin gap for the new clients compared to your current average client?

Second question on LNG. Following the long-term supply agreements with Qatar and Indonesia. Now do you plan to secure some of the volumes with the end customers for the gas uptake? Or would you like to keep those volumes for the spot market?

**FRANCESCO GATTEI:** Stefano Goberti for the Plenitude question. And again, Cristian Signoretto for the LNG.

**STEFANO GOBERTI:** Massimo, thank you for your question. First of all, we are following closely the process of the liberalization because we still had a lot of rumor around, but no clear picture yet set. We will participate in the bidding. It's still early time to see whether our bidding will be very much successful or not. Of course, we will play our game there. And in terms of margin squeeze, let's see what's the rule of the game will be set at the end with the regulation in place. And then we will decide how to participate and what to do exactly.

**CRISTIAN SIGNORETTO:** So on the LNG portfolio, as you can imagine, we have a strategy of allocating our supply portfolio to different lines of business. So clearly spot and keep the portfolio exposed to the spot market is part of the strategy. But also, I would say, part of the strategy, especially for the portfolio, which is more East of Suez. So clearly, Indonesia would be part of that is also to secure an outlet for the long term. And this is, I think, a good moment also to be in the market given the appetite for long-term LNG contracting in the Eastern part of the world. And so we are currently actively marketing our portfolio in that part of the world.

OPERATOR: The final question is from Alejandro Vigil of Santander.

**ALEJANDRO VIGIL, BANCO SANTANDER:** I have 2 questions about Plenitude. One is about the performance of the retail business in the third quarter has been very strong, if it can be extrapolated for the next quarters, this performance? And the second question is if you can give us any colour about the process of looking for new partners in this -- for this business?

**FRANCESCO GATTEI:** I'll answer about the process of sales, then I will leave it to Stefano for the question on the performance of the third quarter. The process of sale is continuing. The discussions are continuing, a lot of details, a lot of let's say, negotiation and paperwork to be completed, but I confirm that we are proceeding. We don't see so far any major hurdles towards the conclusion. Then I leave to Stefano.

**STEFANO GOBERTI:** Thank you, Alejandro, for the question. Of course the quarter was a very good quarter, EUR 284 million the EBITDA that we recorded this quarter, mainly coming from our retail activity. We have been working on the overall international European platform on managing the exposure, we have been working a lot on also defending our activity in Italy with working on the client base and also offering the -- what we call added value services. So of course, these results are not one-off, are repeatable. That's why we also increased our guidance to year-end to EUR 900 million of EBITDA.

OPERATOR: That was the final question. Thank you for participating in the Eni conference.

**FRANCESCO GATTEI:** Thank you to all attendees. And please, if you have any additional questions, our Investor Relations team is available for providing the details. Thank you, and good afternoon.