



## **ENI CAPITAL MARKETS UPDATE**

### **Strategic plan 2023-2026**

- **The 2023-2026 Plan presented today builds on Eni's track-record of operating and financial performance and focusses on:**
  - **energy security and affordability through geographical and technological diversification;**
  - **emissions reduction;**
  - **leveraging technology for today and for breakthrough opportunities;**
  - **delivering value for our shareholders.**
- **Eni confirms Scope 1, 2 and 3 emissions reduction targets versus 2018: 35% by 2030; 80% by 2040; and net zero by 2050.**
- **Upstream production is expected to grow by a 3-4% CAGR through 2026, then plateau to 2030. Gas share of production will rise to 60% by 2030. Upstream net zero Scope 1 + 2 target by 2030 is confirmed.**
- **Eni is securing gas supplies for its customers via a more diversified, flexible and integrated portfolio, and it expects to grow contracted LNG to over 18 MTPA by 2026, double that of 2022. The Company is raising the profit outlook for its re-shaped GGP business.**
- **Eni is accelerating its ambition in biorefining, raising the target for Eni Sustainable Mobility to over 3 MTPA capacity by 2025 and over 5 MTPA by 2030. Pro-forma EBIT guidance for Downstream is raised to reflect this better outlook in ESM and the performance improvement very**

evident across our R&M business in 2022. Versalis' transformation into a fully specialized and sustainable chemical company will move it to sustained profitability in the Plan period.

- Eni sees Plenitude renewable generating capacity growing to over 7 GW by 2026 and over 15 GW by 2030. The Company targets to more than double its charging points by 2026 and Plenitude's EBITDA is also expected to rise by 3 times by that date versus 2022.
- At Eni Plan scenario, the Company will generate CFFO before working capital of over €17 billion in 2023 and over €69 billion over the Plan, a 25% increase in 2026 versus 2023 in a constant 2023 scenario. This organically funds investment and enhanced shareholder distributions while maintaining leverage in a 10-20% range
- Underlying capex in the plan is 15% higher (vs the previous plan) in USD terms mainly as a result of incorporating new or larger identified, high quality opportunities
- Shareholder remuneration policy is simplified and enhanced with 25-30% of CFFO to be distributed in dividends and buybacks. The proposed 2023 dividend is raised by 7% to €0.94 per share, and share buyback set at €2.2bn.

*“The Plan presented today confirms the strength and effectiveness of our strategy. In 2014 we undertook an industrial and financial transformation path which progressively enabled us to create value even in difficult scenarios, delivering security of supplies and environmental sustainability. We have been focussing our exploration and production strategy mainly on gas, leveraging our own production and diversifying our investments across different countries. This has enabled us to put in place our Plan aimed at replacing 20 billion cubic meters of Russian gas by 2025. We have been transforming our downstream platform and invested in technology to create and grow our transition businesses aiming at net zero Scope 1, 2 and 3 emissions. This enables us today to fully confirm our decarbonization targets despite the current energy security scenario and the need to respond to a strong demand for traditional sources. Today we can clearly outline how the Company will be in 2030: our Upstream operations will no longer produce net emissions; our hydrocarbon production will be composed mainly*

*by gas; our biofuel capacity will exceed 5 million tonnes per year; our renewable energy capacity will be more than 15 GW. And our investments in the most revolutionary technology linked to the energy transition - the magnetic confinement fusion - will be about to result in the first industrial plant.*

*Finally, we have deeply strengthened the Company from a financial point of view through optimization and rationalization of expenditures, and this allows us today to present our strong financial goals: a significant CFFO generated both from our traditional activities and with the contribution of transition-related businesses; a satellite business model which allows us to enhance the value of our businesses while freeing up additional resources for investment in transition; and a very low debt level. Our financial robustness enables us today to create increasing value for our shareholders and to enhance the remuneration policy”*

Claudio Descalzi, Eni CEO

Rome, 23 February 2023 – Claudio Descalzi, Chief Executive Officer of Eni, today presented the Company’s Strategic Plan for 2023-2026.

Eni’s strategy aims to meet each of the essential pillars of the energy trilemma, achieving environmental sustainability side-by-side with energy security and affordability. This means geographical and technological diversification of energy sources, creating a different energy mix while also maintaining a strong focus on value creation for shareholders.

The Company is pursuing these objectives by continuing:

- To develop new gas resources, diversifying geographical presence, leveraging on Eni high performing exploration and fast-track development approach, improving returns and reducing emissions.
- To focus on new technologies and their fast-track development, both to create a diversified energy mix for the energy transition and to support the energy security, continuing to create value, while also pursuing breakthrough opportunities.
- To remain agile and innovative, for example in the development of the satellite model with dedicated entities capable of independently accessing capital

markets to fund their growth and reveal the real value of each business (Plenitude, Sustainable Mobility, Var Energi, Azule Energy).

## NATURAL RESOURCES

Eni Natural Resources division will deliver superior returns, accretive growth and falling emissions, driven by the Company's leading exploration and integrated fast-track projects.

Eni mid-stream gas has proved its resilience and will increasingly benefit from its re-shaped business with higher levels of equity gas supply.

Eni continues to meet the emissions reduction challenge in its own operations, building a new carbon capture business and integrating with its biorefining by developing its innovative agri-hub network.

- **Production:** growing at average of 3-4% over the 4-year Plan period and then plateau to 2030; progressively increasing the share of gas in the portfolio to 60% by 2030.
- **Upstream net carbon footprint (Scope 1+2):** -65% by 2025 vs 2018, confirming on track for net zero by 2030.
- **Methane emissions:** remain committed to keeping Upstream intensity well below 0.2% and will set a new emissions reduction target after completing a measurement campaign on operated assets later this year.
- **Exploration:** 2.2 billion boe of new resources in the 4-year Plan, of which 60% gas; UEC of around \$1.5/boe.
- **Upstream Capex:** €6-6.5 billion on average per year during the Plan period.
- **Upstream organic FCF per barrel** will growth by 20% in 2026 vs 2023 at constant scenario.

- **Cumulative GGP** Ebit at over €4 billion in the Plan and between €1.7- €2.2 billion in 2023.
- **CCS:** 30 MPTA of carbon gross volume stored by 2030.
- **Agri-feedstock:** over 700,000 tonnes in 2026 supplying Eni's biorefineries.

During the plan Eni will approve a number of high quality FIDs including the A/E Structures in Libya, Hail & Ghasha and expansions of Lower Zakum in the UAE plus Ivory Coast, Kazakhstan, Angola and possible new activities in the Eastern Mediterranean.

At the same time, in 2023, Eni will start-up the first phases of Baleine in Ivory Coast and Congo LNG, start-ups in Egypt, UAE and Norway and the continuing development programme in Algeria, while in 2024 there will be start-ups in Italy, Egypt, Ivory Coast Phase 2, Kazakhstan and Norway.

As result Eni expects a production growth CAGR of 3-4% over the 4-year plan period. By 2026 the Company will have added around 800,000 boed from start-ups and ramp-ups with high returns, short paybacks and leading unitary costs.

Eni will continue to focus on fast time to market projects leveraging on the high quality portfolio, confirmed by the low technical cost and high cash flow per barrel, at the top for the industry; Capex will be €6-6.5 billion on average per year during the plan period.

Eni continues to follow its *dual exploration model*, and it targets exploration with high levels of equity participation, in areas with existing activity and infrastructure such as North Africa, West Africa and the UAE – around 90% of its spend, supporting its track-record of leading value creation.

Eni will invest €2.1 billion over the next 4-year period, targeting 2.2 billion barrels of oil equivalent at around \$1.50/boe of exploration cost, targeting 60% of discoveries to be gas.

The great attention on the Company's value growth will also deliver a decrease in Eni's Scope 1 & 2 net carbon footprint by 65% by 2025 versus 2018, on track to its 2030 net zero emission target.

In GGP, Eni confirms it will fully replace Russian gas volumes by 2025, leveraging the strong relationships with producing countries and its fast track development approach to ramp up volumes from Algeria, Egypt, Mozambique, Congo LNG, and Qatar. Contractual LNG volumes are expected to exceed 18 MTPA by 2026 (9 MTPA in 2022).

Eni expects GGP to generate 4 year Ebit totalling above €4 billion, higher than in the previous plan, leveraging on a more diversified and flexible portfolio, and a larger equity component. This outcome incorporates Eni's assumption of normalizing gas markets over the plan while the Company expects to generate an EBIT of between €1.7-€2.2bn in 2023.

CCS will contribute to cut Eni's own net emissions and also to provide a solution for other hard to abate emitters beyond the energy sector. The Company has material projects under development using depleted reservoirs, existing infrastructures and well-defined economics. One of the most advanced, Hynet, based around Liverpool Bay, is on track to start-up in 2025 with an initial 4.5 million tonnes per year storage capacity. Ravenna Phase 1, recently brought into development, will start-up in early-2024. Eni is also advancing a second UK project, using its depleted Hewett field aimed at decarbonising the Bacton and Thames Estuary areas, potentially ready by 2027, and also pursuing opportunities in North Africa and the Middle East.

## **ENERGY EVOLUTION**

Eni continues the transformation of its legacy businesses and the growth in its new activities unlocking value and supporting its customers in reducing their emissions.

- **EBIT** will progressively increase over the 4 Year Plan, doubling in 2026 versus 2023.
- **CFFO before working capital** will account for more than 20% of the overall Group in 2026.

**Refining and Marketing**, having generated record results in 2022, is expected to continue to benefit from the structural improvements delivered with 2026 pro-forma EBIT of around €1.4billion, well above historic levels of profitability notwithstanding the Plan's assumption of normalizing refining margins.

An important contributor to this better outlook is the growth of **Eni Sustainable Mobility**, incorporated at the beginning of this year, combining biorefining, biomethane and the sale of mobility products and targeted to evolve into a multi-service, multi-energy company, generating and unlocking new value.

- Accelerating targeted biorefining capacity: over 3 MTPA by 2025 versus 2 MTPA previously, and more than 5 MTPA by 2030, supported by recently announced initiatives in Italy, Malaysia and the US.
- Vertical integration with Upstream as a unique element of biorefining strategy: 700,000 tonnes of feedstock by 2026.
- A network of over 5,000 sales points in Europe to market and distribute new energy carriers, as electricity and, in perspective, hydrogen. Eni plans to add around 300 new stations over the plan period.
- Sustainable Mobility EBITDA of €1.5 billion by 2026, growing at average of 20% CAGR versus 2023, contributing to the raised expectations for the Downstream.

**Plenitude**, Eni's company which integrates renewables, energy solutions for customers and a widespread Electric Vehicle (EV) charging network, is maturing in its pipeline of Renewable projects and delivered its 2022 target of more than 2 GW of installed capacity.

Plenitude expects to deliver over 7GW of installed capacity by the end of 2026, and more than double its network of EV charging points to 30,000 by the end of the plan.

Having delivered its target of over €600 million in pro forma EBITDA in 2022, the Company expect to triple this figure to €1.8 billion by 2026. The integration of retail, with over 11 million customers by 2026, renewables and e-mobility has significant operational synergistic benefits while also providing diversification and financial resilience.

As Plenitude expands its offer of decarbonised products and services, its growth is expected to continue to be impressive and supported by a strong pipeline of over 11GW of projects and opportunities.

**Versalis** will move into sustainable profitability over the course of the Plan, thanks to the transformation to a structurally more sustainable and competitive business mix. It will continue its transformation into a fully specialized and sustainable chemical company by increasing its presence in end-user markets and building a leadership position in bio-based chemistry. The Company will look to grow in target markets with investments in its compounding platform and in new technologies. Versalis is developing complementary recycling processes, improving energy efficiency, and developing breakthrough technologies.

## **TECHNOLOGY**

The innovation in Eni's businesses demonstrates the benefit of placing Technology at the heart of the Company.

Eni's commitment has resulted by more than 1,000 professionals, more than 400 projects and around 8,000 patents, actively managed for their strategic exploitation. Since 2014, Eni has also significantly enhanced its collaboration with leading universities, and created venture capital and venture builder vehicles to promote technology transfer, with a gross value creation of our proprietary technologies estimated at around €9 billion since 2014.



Eni Next, with its investment in CFS, the MIT spin-off, is accelerating the development of magnetic confinement fusion. SPARC, the experimental plant designed to generate net energy, is under construction, targeted for 2025 start-up and will be followed by the first industrial plant, called ARC, targeted for the early 2030s.

## **FINANCIAL STRATEGY**

Eni's financial strength enable the execution of its business strategy, provides flexibility across the cycle and delivers return to its investors.

Based on Eni's scenario assumption:

- 2023 EBIT of €13 billion, the second best in 10 years after the record of 2022, confirming the quality of the business that Eni is building.
- 2023 CFFO before working capital at replacement cost of over €17 billion, and over €69 billion along the plan period. At a constant scenario, 2026 CFFO will be over 25% above 2023, driven by E&P and positive contributions from all the sectors and growth from the main transition businesses of Plenitude and Sustainable Mobility. This implies 12%/share CAGR over the period at constant oil price.
- 13% average ROACE over 2023-2026 at a constant 2023 scenario, +7 percentage points vs 2010-2019 average, confirming the profitability of Eni's capital.
- 2023 Capex will be around €9.5 billion and €37 billion over the Plan. This represents +15% in USD terms versus the outlook provided last year adjusted for inflation, reflecting new, high quality opportunities and acceleration or increase in scale of existing projects in the Upstream. These projects deliver significant value and continue to do so well after the end of the Plan. Low and zero carbon spending will be around 25% of the total.
- Leverage in the range of 10-20% over the plan period confirming Eni capital and cost discipline, and the quality of the Company portfolio.

Eni's excellent financial results in 2022 came while contributing to the stability of energy supplies for its customers and progressing its decarbonization plan confirming the quality of the business the Company is building.

## **ENHANCED SHAREHOLDER REMUNERATION**

Eni's excellent financial and strategic progress provides scope to simplify and enhance the Company remuneration policy. An attractive shareholder distribution is a priority of the Company. Going forward Eni intends to distribute between 25%-30% of annual CFFO by way of a combination of dividend and share buyback. In upside scenarios, the Company expects to apply 35% of incremental CFFO to distribution and to be able, in the first instance, to use balance sheet, capex and timing flexibility in the event of downside.

Expected underlying performance improvement and the buyback also provides scope for the dividend to continue to rise in the coming years.

In line with the policy the 2023 annual dividend is raised to €0.94 per share, a 7% increase on 2022. Eni will continue to pay it in four equal quarterly instalments, in September 2023, November 2023, March 2024 and May 2024.

Considering Eni's expectations for the scenario and the performance of the businesses, the Company will also launch a €2.2 billion share buyback in 2023, equivalent to around 4.5% of shares in issue at the current share price, following shareholder approval in May.

Applying the new remuneration policy at the scenario implies a return to shareholders over the Plan period of around 40% of the current market capitalization and a current total shareholder yield in 2023 of 11%.

## **ROBUST BALANCE SHEET AND FUNDING POSITION**

Eni is financially robust and highly cash generative. Over the 4-year plan, based on our scenario, Eni will generate organic FCF before working capital at replacement scenario of more than € 32 billion that implies after shareholder distributions leverage will be in the range of 10-20% along the plan period.

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