Strategy

Industrial Plan

At the end of 2016, as a result of the production cut agreement, Brent price returned to rise, recording a value of approximately 55 $/bbl. Eni's industrial plan is incorporating a Brent scenario of 55 $/bbl in 2017 and a gradual recovery in the subsequent years, up to long-term case of 70 $/bbl in 2020, following the progressive rebalancing of the market.

The main goal of Eni's growth strategy is to build a high-margin cash portfolio and will be pursued through the following levers:

the portfolio consolidation through high impact exploration activity on conventional basins, in proximity of existing facilities and not far from the final market
the development of projects with a "design to cost" approach, aimed to accelerate production start-ups and reduce financial exposure
the maximization of value through the integration of our portfolio with gas marketing activities (with a more relevant role played by LNG), the improvement of mid-downstream businesses and the active management of portfolio based on Dual Exploration Model

Leveraging on this business model, Eni intends to pursue in the medium and long-term, a high growth production rate, preserving a financial structure allowing the coverage of capex with operating cash flow, assuming in the 2017-20 period an average price level lower than 45 $/bbl.
Over the next four years, the Company plans to invest €31.6 billion, 8% lower than the previous plan at constant exchange rates, net of capital expenditure associated with our disposal activity to dilute Eni's interest in recent exploration successes. The four-year capex plan is more selective than in the past and is focused on the more profitable projects and accelerated returns in portfolio.
The 2017-20 divestment plan amounts to €5-7 billion, due to the application of "Dual Exploration Model", anticipating monetization of discoveries, as well as further refocusing of activities on the core business.
The combined effect of the industrial actions for the development of the Exploration & Production segment, the optimization of mid-downstream businesses and widespread initiatives of spending review will allow to reduce the Brent break-even level with a cash neutrality (including dividend floor) at 60 $/bbl by 2017 and lower than 60 $/bbl in the three years 2018-2020.

Dividend Policy

Considering Group's transformation process and Eni strategic goals, the Company will propose a dividend of €0.80 per share in 2017.

2017-2020 targets

Capex cash neutrality <an average 45 $/bbl in 2017-20 period

In 2017 organic cash neutrality (capex and dividend) at 60 $/bbl, for 2018-20 period < 60 $/bbl

Capex down by 8% vs previous plan at constant exchange rate	€31.6 bln in the four years
Asset disposal program	€5-7 bln
GHG emissions in upstream	down by 43% within 2025
Zero routine flaring by 2025	
Maintenance of project portfolio with a low CO_2 emission profile	

Upstream

Enhancement and growth of exploration resources:

- focus on the appraisal of recent exploration discoveries, near-field opportunities with a low time to market and quickly monetization as well as on highly material legacy areas (East Mediterranean area, Western and Eastern Africa) and in the deep offshore;
- exploration projects with high interest to implement the Dual Exploration Model.

Increase in cash flow from operations:

- hydrocarbon production growth at 3% on average in the four year plan after disposal, leveraging on the contribution of new projects start-ups and ramp-ups over the plan period with a cash flow per boe higher than the average of our portfolio; control of the decline rate through focused action pf production optimization;
- phased development and design to cost approach to minimize financial exposure and accelerate production start-ups;
- widespread actions to reduce opex, G&A and optimize working capital.

2017-2020 targets

Discovered resources	2-3 bln boe
Hydrocarbon production	up by 3% on yearly basis
Cash flow per barrel increase	average 15$/bbl for 2017-18 period @ Brent 57.5 $/bbl average 20$/bbl for 2019-20 period @ Brent 67.5 $/bbl

Mid-Downstream

G&P

- gas supply portfolio fully aligned to market conditions and logistic costs reduction to target structural break-even by 2017;
- enhancement of customer base;
- refocusing of midstreamer activity through the development and strengthen of the integration with upstream to value and trade equity gas, mainly leveraging on LNG sales and skills on the gas value chain.

R&M and Chemicals

- progressive reduction of break-even margin in refining;
- growth in marketing results leveraging on a marketing strategy to innovate products and services and on efficiency;
- developing green chemical and critical sites reconversion;
- products portfolio differentiation to concentrate on higher margin products (specialties).

2017-2020 targets

Fully alignment of gas supply contracts to market conditions	
Structural break-even by 2017	
Cumulative cash flow from operations	€2.6 bln in the four years
Break-even refining margin	3$/bbl by 2018
Cumulative cash flow from operations in R&M	€3.3 bln in the four years
Completion of Venice bio-refinery and green reconversion of the Gela plant	
Chemical business: stable profitability and cash flow neutrality in the four-year plan	
Cumulative cash flow from operations in the Chemical business	€1.2 bln in the four years

Decarbonization

- plants set up, mainly in the photovoltaic business, near Eni's existing assets and development of new initiatives in Eni's high potential Countries of operations;
- identification of new opportunities in renewable sector through skills improvement and technological upgrade, also leveraging on the collaboration with the Research and Development department.

2017-2020 targets

Capex in renewable energies	€0.55 bln in the four years
Installed capacity of photovoltaic plants	463 MWp