Eni 2014 - 2017 Strategic Plan

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Growing cash generation underpins shareholder returns
- E
P: leveraging on exploration success to deliver profitable growth
- ~3% production CAGR 2014-2017, rising to ~4% 2017-2023
- G
P: renegotiation of supply costs and increasing focus on premium segments
- 100% of supply cost aligned to market by 2016
- R
M: cutting refining capacity in line with new market conditions
- Additional cuts in Italian refining capacity by 2017
Financial targets:
- Operating cashflow generation: 55% increase by 2016-2017
- Value-creation from disposals: ~?9bn
- Capex cut: 5% reduction in investments vs. previous plan
Progressive shareholder distribution policy:
- distribution proposal for 2014 at ? 1.12 per share [+1.8%]
Paolo Scaroni, Eni CEO, today presented the companys 2014-2017 Strategic Plan to the financial community.
In what is expected to remain a very difficult market context, Enis strategy is based on selective E
P growth, an accelerated restructuring of the mid-downstream businesses, value-creation from disposals and investment discipline.
All these actions will result in growing operating and free cashflow throughout the plan period, underpinning Enis progressive shareholder distribution and strong financial position.
Exploration
 Production
Leveraging on the opportunities created by industry-leading exploration successes, Eni will grow production by an average of 3% a year between 2014 and 2017, and 4% a year from 2017 to 2023.
Growth will be driven by 26 projects, which will contribute about 500,000 boed by 2017. Eni assumes that production in Libya and Nigeria will remain depressed in the near-term, and will gradually improve from 2015 onwards.
Operating cash flow growth will outstrip volume growth, with a CAGR of 9% at constant oil prices.
Over the next four years, Eni will continue to focus on exploration. Since 2008, it has discovered 9.5bn boe of resources, or 2.5 times cumulated production in the period. Key areas for Enis exploration are Mozambique and Kenya in East Africa, Congo, Angola and Gabon in West Africa, the Pacific basin, the Barents sea and Cyprus.
Gas
 Power
Gas consumption in Europe is still significantly below the pre-crisis levels, and Eni does not expect a material improvement in the plan period. The Division is pursuing a turnaround, based on the following three pillars:
- Supply renegotiations: Eni will renegotiate all gas supply contracts in order to reach full alignment by 2016 with the new market conditions in terms of price, flexibility and volumes contracted;
- Focus on high-value segments: LNG, trading and retail;
- Logistics and fixed cost reductions, amounting to more than ?300m in savings by 2017.
Eni expects positive EBIT in G
P by 2015.
Refining
 Marketing
Eni will tackle refining overcapacity in the Mediterranean Basin. The company will further reduce its Italian refining increasing utilization to 80% by 2017. Meanwhile, it will continue to support margins through logistics streamlining, fixed cost reductions and increasing synergies with trading to take advantage of price differentials among different oil types.
Financial strategy
Enis operating cashflow will grow from ?11bn in 2013 to an annual average of ?15bn in 2014-15 and to ?17bn in 2016-17, notwithstanding the companys declining oil-price scenario (i). Disposals worth ?9bn will further boost cash generation.
Capital discipline will continue to be a key pillar of the companys financial strategy. Eni will invest ?54 billion over the next four years, a reduction of 5% compared to the previous plan. As a result of growing operating cashflows, disposals and a disciplined investment programme, average annual free cash generation in 2014-2017 will be 45% higher than in 2013 in a constant $108/barrel Brent price scenario.
Shareholder distribution policy: distribution proposal for 2014 at ?1.12 per share [+1.8%]
Enis distribution policy continues to be a combination of dividends and buyback. For 2014 the distribution proposed to the Board of Directors is expected to be ?1.12 per share, a 1.8% increase compared to 2013.
(i)   Brent scenario ($bbl): 104 (2014), 98 (2015); 94 (2016); 90 (2015)

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We are a major integrated energy company, committed to growth in the activities of finding, producing, transporting, transforming and marketing oil and gas. Eni men and women have a passion for challenges, continuous improvement, excellence and particularly value people, the environment and integrity.