ENI Q3 2025 Results

Friday 24 October 2025, 14:00 CEST

Presentation
Speaker
Francesco Gattei

Good afternoon and welcome to our Q3 2025 results call. Our results are a further confirmation of the successful execution of our distinctive and consistent strategy and innovative business model.

We continue to generate growth and value both from our traditional energy activities such as E&P; and also from emerging opportunities in the evolving energy market. In particular, the 8.5% year-on-year growth in production results directly from our consistent long-term focus and investment in E&P. We are delivering material progress against ambitious strategic objectives and Q3 was further proof of tangible momentum in this respect.

I will comment on our financial results in a little more detail shortly.

However, it is very pleasing we have positive news to report from each of our main operating segments. Combining the excellent financial and operating performances and the ongoing progress in valorizing our businesses, we are also able to announce a further improvement of our balance sheet and a higher share buyback.

Focussing on a few of the strategic highlights, I would especially pick out:

- At the beginning of August, Azule Energy, our business combination with BP in Angola and Namibia, began production from its operated Agogo West Hub development, with the FPSO coming onstream only 29 months after FID – almost a year ahead of plan. Indeed, this quarter was notable for the contribution from our Upstream Satellites start-ups with Var reaching 400kboed production, with significant incremental production from the operated Balder X development that started up at the end of Q2 and Johan Castberg ramp up driving 45% year-over-year production growth.
- In October, we announced JV FID on our Coral North floating LNG, offshore Mozambique, with start-up expect in 2028. This leverages our successful Coral South development, in production since 2022 with a remarkable 99.4% availability, and, together with the two vessels in Congo, it will reinforce our leadership in this technology.
- I would also flag the progress we are making with YPF towards FID on Argentina LNG, employing the exact competencies I discussed in terms of floating LNG in Mozambique and Congo to access a material new integrated resource opportunity. A further successful example of Eni skills and strategy is in Cote d'Ivoire, where in September we completed the sale of a 30% stake of our operated Baleine field to Vitol in line with our Dual Exploration approach. The world class Baleine field was only discovered in 2021 but has already reached

over 70kboed from the first 2 phases with the planned Phase 3 to take gross production to over 200kboed. Coral N, Argentina LNG and Baleine Phase 3 form just a part of a deep hopper of high-quality projects in our development and pre-FID portfolio.

- In the quarter we signed an agreement with GIP as strategic partner in relation to a 49.99% stake in Eni CCUS Holding, our consolidated global CCUS operation, confirming the significant growth and value creation potential in this transition business, unlocked by a further example of a version of our Satellite Model.
- Finally, in September, Eni received approval for its application to convert part of our Sannazzaro refinery into a biorefinery. It will add, along with the 3 sites in operation, 3 under construction and further identified opportunities, including our Priolo chemicals site, to the targeted tripling of biofuel production capacity by Eni to 2030. This emphasises the meaningful growth in diversified income streams our Transition segment is delivering.

Turning now to our results. Q3 reflects remarkable progress in our key businesses and another excellent financial outcome.

- Proforma adjusted EBIT of €3.0 Bln was 12% higher than Q2, and just -6% down year-on-year in USD terms despite the 14% fall in crude oil prices.
- In the **Upstream** production was 1.76 Mboed, up 6% year-on-year on a reported basis and 8.5% on an underlying, supported by new start-ups and ramp ups, good regularity and production optimization in the base. Proforma EBIT of €2.6 Bln was consistent with the prevailing scenario with EBIT/associate split reflecting the rise in production I highlighted at Var and Azule. In Exploration we have already added over 800 Mboe of new resources year-to-date.
- **GGP** reported another good quarter at €279 Mln in pro-forma EBIT in a quarter that is usually quieter, remaining focussed on maximising value in optimizing the gas and LNG portfolio. Our significantly re-constructed midstream business has become a highly consistent deliverer of financial performance.
- In our **Transition** activities **Enilive** reported €233 Mln of proforma EBIT, corresponding to €317 Mln of EBITDA, around 26% up year-on-year in a quarter that is typically our best one for marketing but also where we saw a recovery in bio margins to pre-2024 levels. **Plenitude's** proforma EBIT of €98 Mln was softer year-on-year reflecting the effect of some of the retail incentives coming off but partially offset by strong growth in Renewables capacity.
- In **Transformation**, refining returned to profit helped by better industry margins and improved utilization, while **Chemicals**, despite the continuing weak scenario, began to show some benefit from the restructuring now underway, albeit it is very early days.
- **Adjusted net income** of €1.25 Bln, effectively in line year-on-year, came despite the $10/bbl fall in crude prices and weaker US dollar. That is testimony to the growth and performance improvement in the business and a more efficient tax rate at 42% that reflects the impact of high-grading upstream production mix, the transition towards a more sustainably diversified overall income mix and the benefits of our restructuring and performance improvement initiatives.

CFFO once again reflects efficient conversion of our earnings into cash and we saw a Q3 working capital draw reflecting our focus on efficient use of the balance sheet. Indeed, we have already

realised a €2.1 Bln benefit to the balance sheet through prompt cash initiatives in response to the weaker scenario.

Gross capex in the quarter was €2.0 Bln taking us to €5.9 Bln year-to-date. Net capex has totalled [less than €1 Bln] year-to-date. Outstanding agreed valorizations yet to close primarily relate to the agreed Ares investment into Plenitude, for which we have completed all the conditions precedent and with closing expected in early November; the sell-down in Congo; and the GIP stake in CCUS, this totals ~€3.4 Bln.

After €560 Mln in share buybacks and paying the Q3 dividend, net debt was €9.9 Bln, down again quarter-on-quarter, and leverage stood at 19%. Taking-into-account the still outstanding announced portfolio actions, pro-forma leverage was 12%, equivalent to 11% gearing, a level at the minimum of the industry range.

Looking ahead towards the full year we are able to further improve some of our targets:

- We now expect FY production to be between 1.710-1.720 Mboed, up from 1.700 Mboed, a 3% underlying increase vs 2024
- We expect GGP proforma EBIT for the full year to be over €1Bln
- We expect cash initiatives and self-help aimed at mitigating the impact of the weaker Scenario to deliver around €4 Bln of benefit, up from €3 Bln, previously
- We confirm gross capex at below €8.5 Bln but we expect net capex on a pro-forma basis to be less than €5 Bln, down from €6.5-€7.0Bln that we previously guided to
- And we are **raising** expected CFFO pre working capital to €12 Bln from €11.5 Bln, previously, representing an underlying €1.3 Bln improvement versus our initial guidance for the year, while **we are narrowing** our expectation of year-end proforma leverage to 15-18%.

Reflecting the strong underlying business performance, the balance sheet metrics, and the proven capability of the company to execute its strategy in a value-accretive way, we are raising the 2025 share buyback to €1.8 Bln from €1.5 Bln of which 840 mln has been completed as end-September and around €1 Bln to date. This, as we have already done since 2022, effectively shares the upside in financial performance we have generated in the year; preserves a conservative position in response to the uncertainty ahead and ensures our ability to invest consistently over the cycle for growth and shareholder value.

In fact, Q3 represents all the major elements of our distinctive strategy in action in one place: we are competitively growing our key businesses; we are launching new projects while also securing further opportunities through our industry-leading exploration and technological know-how in the upstream; and opening up new opportunities in the Transition. Meanwhile we are managing risk/reward - realising value through our Dual Exploration and Satellite strategies allowing us to bringing down debt and share upside with shareholders.

And with that I am ready along with the Eni top management here on the call to reply to your questions.

Q&A Session

Corporate Respondents

Francesco Gattei, CT&FO

Guido Brusco, DG Global Natural Resources

Giuseppe Ricci, COO Industrial Transformation

Adriano Alfani, CEO Versalis

Stefano Ballista, CEO Enilive

Cristian Signoretto, Director Global Gas & LNG Portfolio

Lorenzo Fiorillo, Director Technology, R&D & Digital

Q&A

Jon Rigby: Thank you, Francesco. Hello, everybody. We've got a queue of questions. And we're going to start with the first question that comes from Biraj at RBC.

Biraj Borkhataria, RBC: I have 2, please. The first one is in the Upstream. One of the surprises today was the really strong production figure. And at least according to my model, that's the highest figure you reported since the pandemic. So, could you just unpack the moving parts there quarter-on-quarter outside of the strong performance from Vår? And in particular, I believe there was a TSC adjustment this quarter. Wondering whether you could quantify that and tell us if there's any sort of follow-through into Q4 and '26?

And then the second question is on Chemicals. Just noted no improvement in the sort of underlying results despite the crackers being shut down. So what should we expect going forward? Should those losses start to reduce from Q4? Or are there sort of additional shutdown costs coming through?

Francesco Gattei: Okay. I leave the answer about production and comparison versus previous quarter to Guido Brusco and clearly the Versalis to Adriano Alfani.

Guido Brusco: So the increase, both quarter-on-quarter and year-on-year, is due, as you rightly pointed out, to Norway, Johan Castberg and Balder X, but also the accelerated start-up in Angola with Agogo and better performance in the ramp-up of our projects in Mexico, Ghana, Nigeria and also overperformance in Ivory Coast. This, along with strong operational continuity in all geographies and an optimized major turnaround plan, particularly in North Africa. So the combination of all these 3 elements resulted into this remarkable performance.

Francesco Gattei: Now, Adriano.

Adriano Alfani: Yes, Francesco. First, thanks for the question. About the shutdown of the chemical plant, as we previously said in different investor calls, we always say that the benefits of the shutdown of a cracker start to be materialized 100% after more or less 9, 12 months that we shut down the crackers. So, considering that we have stopped Brindisi at the end of Q1 and Priolo at the

beginning of Q3, we expect to see some benefits starting from the second half of 2025 that is in the ballpark of €40-50 million, compared to the first half of 2025.

But most of the improvement we will start to see from the significant improvement from the second half of 2026 that will be materialized in more than €200 million on a yearly basis. That said, the scenario remains very weak, and this is also the reason why, despite the improvement on our cost base due to the restructuring, we are not seeing a major improvement in our results quarter-on-quarter because what we are saving from restructuring is compensating the lower scenario.

Jon Rigby: Thanks, Biraj. We're going to move to Santander and Alejandro Vigil. Alejandro?

Alejandro Vigil, **SANTANDER**: Congratulations for the strong results. The first question is about the outlook in terms of production for the coming quarters because we are seeing a very strong exit rate of about 1.8 million barrels per day. If this could be a good indication of the level for 2026 of volumes?

And the second question is about the LNG business. You are very active in new capacity in terms of LNG, the Argentina, Mozambique, the joint venture in Indonesia. Just if you can elaborate about your view about this potential risk of overcapacity and how you're managing your portfolio of contracts?

Francesco Gattei: I'll give the answer to Guido.

Guido Brusco: So yes, clearly, our exit rate is strong. We are envisaging an exit rate in the quarter between 1.78 and 1.80 million. We still have quite a strong and visible pipeline of high-quality projects. We still have 2 start-ups coming by the end of the year. One is the Congo LNG and also we have a gas project in Angola operated by Azule. We also have projects already in execution, as mentioned by Francesco, Coral North and others in the UAE - Hail and Ghasha - and some in North Africa, along with projects which are coming in Indonesia — but those, of course, are within the plan period, not in 2026.

As far as the LNG portfolio, we have a target of 20 million tonnes per annum. And this target, we want to combine also with a very diversified portfolio of opportunity. Currently, we have LNG assets in Indonesia. We will have soon in Mozambique with Coral North. We have in Congo and we'll expand in Nigeria, in Angola. And we are complementing this portfolio with the U.S. Recently, you may recall, we've signed a 2 million tonnes per annum contract with Venture Global. And of course, last but not least, Argentina. Argentina is a 12 million tonnes per annum project in the second largest and world-class asset, which is Vaca Muerta. We are doing it with YPF, and we are targeting to have an FID sometime next year.

Jon Rigby: Thanks Alejandro, I got that mixed up because we're now going to Alessandro. Alessandro Pozzi, Mediobanca.

Alessandro Pozzi, MEDIOBANCA: I have 2. If I can go back to the production. I'm aware the guidance for next year is provided with the full year results. But I was wondering, given the very strong exit rate and also the additional start-ups you will have in 2026 - should we assume a further increase from Q4 into 2026 before factoring in the new JV with Petronas? And while on the topic, can we maybe have an update on where we are in terms of negotiations with Petronas?

Guido Brusco: So you can imagine, there are a lot of moving parts, but we can confirm what we said at the last Capital Market Update. We have an underlying of 3%, which, of course, we confirm over the Plan. Sometimes, this is not a progressive growth because projects come over cycle, but we can confirm that growth.

As far as concerned, the Petronas deal, we are in very advanced negotiations, and we are planning to sign the binding documents quite soon for the joint venture.

Alessandro Pozzi, **MEDIOBANCA**: Can you confirm the contribution to the production for next year?

Guido Brusco: This is part of the underlying 3% growth year-on-year. As I said, there are many moving parts. There are new projects, new entries like the JV with Petronas. There are also some further M&A operations. There is also, of course, the decline of the fields. So overall, we confirm the 3% underlying.

Jon Rigby: Thanks, Alessandro. We are going to move back to London now with Josh Stone at UBS. Josh?

Joshua Stone, UBS: Two questions, please. Firstly, on the buyback. Can you just talk about the factors that went into your decision to lift it this quarter? Because clearly, your business has been performing better. But at least until recently, oil prices are on a declining trend. So, was there any consideration made about maybe holding back some buyback for next year to conserve cash? And to what extent was that factored into your new buyback level of €1.8 billion?

And then the second question, Namibia. Just hoping to get some latest thoughts there after your recent well results at the Volans finding gas condensate. And maybe if you could just share your latest learnings about the asset and what potential next steps could be in terms of appraisal and whether this could be a potential fast-track development in your view?

Francesco Gattei: I will answer about the buyback and then give the floor to Guido for the Namibia questions. On buyback, you have seen that the policy that Eni has already, let's say, confirmed for a number of years is substantially to start with a buyback announcement during the Capital Market Day and then a policy of, let's say, driving or sharing the upside in different forms. The upside refers both to the scenario increasing CFFO and to our ability to execute strategy faster, benefiting from more valuable M&A and deleveraging.

Actually, this has occurred 3 times in the last 4 years. And in many of these cases it was not related to the improvement of scenario, that actually declined, but the capability to do better in terms of execution. This year, we have already announced in July, if you remember, this potential improvement. It's, let's say, a quite unique position in the market. Nobody is able to raise its distribution in this time and then nobody is able to reduce debt during the same period, while executing a fully effective strategy in terms of project and growth in different parts of the business.

So we are extremely, let's say, happy to share this opportunity and this value creation with our shareholders. And we think that the €300 million was a fair evaluation of the improvement. And clearly, this also proves that we are quite confident on the capability to manage any kind of downturn or soft price in the next year.

And then I'll leave back to Guido.

Guido Brusco: Yes. On Namibia, as you know, we drilled 3 wells, very successful. The first one, Sagittarius, discovered hydrocarbon with no observed water contact. The second, Capricornus, we've tested it, and we were surface constrained with a flow rate in excess of 10,000 barrels per day. And the third one, Volans showed a high condensate to gas ratio, and we found 26 meters of net pay of rich gas condensate. So, 3 successful wells, which have not only found significant hydrocarbons, but are also located at a very short distance from each other, in conventional deepwater, less than 1,500 meters. So clearly, they offer an excellent prospect for future development.

Jon Rigby: We're going to move to Al Syme at Citi. Al?

Alastair Syme, CITI: Argentina LNG Phase 3, one of the big changes in Argentina has been this incentive regime for large investments, called RIGI. What do you think this legislation does to improve the profitability? And I guess, maybe put another way, would the project work without that legislation?

And then secondly, I just wanted to ask, given you've done this big asset transaction, Baleine and Congo FLNG for, I think, $2.65 billion. I'm wondering what the invested capital is - that you're essentially selling - sort of what multiple of invested capital have you been able to sell this asset at?

Francesco Gattei: On Argentina, I'll give the question to Guido, then I'll answer.

Guido Brusco: In Argentina, investments in shale have been made for more than 10 years. So, in 2013, the investment cycle started in Argentina, and this is far before the RIGI legislation. RIGI legislation, of course, is a big enabler, particularly for the export of LNG. And so that's the legal framework, and we are confident with this legislation and with this framework to make an investment decision in the country.

Francesco Gattei: About the Congo LNG, as you know from also the other transaction that we have already completed with Vitol. This is based on an effective date that is 1/1/2024. And therefore, there are investments in the meantime, but we do not provide this level of detail that will be clearly also part of the final settlement at the closing time.

Jon Rigby: Thanks, Al. We're going to move to Irene Himona at Bernstein. Irene?

Irene Himona, **BERNSTEIN**: My first question is on Enilive, where clearly, you're seeing very strong biofuel margins, improvements in your throughput and utilization. Can you give us a sense of how those are evolving in Q4, please? And then perhaps if you can split the marketing versus biorefining contribution to EBIT in the quarter?

And then my second question, going back to tax, but not the P&L tax, more the cash paid tax, which fell - almost halved - sequentially. Is there any guidance at all on that? Are we likely to see a reduction in that cash tax rate aligned with the P&L reduction?

Francesco Gattei: I will answer about the tax, and then I'll give the floor to Stefano Ballista for Enilive. You've seen that in recent years, there is an improvement in the tax rate, both on the reported tax rate and the cash tax rate. This improvement is mainly related to a transformation of the company, with the contribution of different geographies in the upstream and therefore the capability to achieve more production and results from lower tax regimes in this segment.

Clearly, the contribution of the transition business, the possibility of increased returns in Italy, related to ongoing transformation activity with the possibility to recover the deferred tax effects and the contribution of satellites that are cash neutral from this point of view. So, all this is a structural change that impacted both the nominal tax rate and the cash tax rate. So, we have already said that we are expecting in terms of tax rate an improvement versus what we originally thought. So now we are moving in the range between 46% and 48%, while about the tax rate related to the cash tax rate, we are moving around 28% to 29%.

And now Stefano, please.

Stefano Ballista: Irene, thanks for the question. Yes, the strong result of Enilive in this quarter has been driven mainly by the significant improvement of the biofuel scenario, coupled with a very good asset performance capturing this increased value. In terms of value, we can think about the sort of 80-20 in terms of overall contribution. If we deep dive on biorefining and look at the scenario, what's going on is a progressive rebalancing of the supply-demand dynamics. This is fully in line with the direction we expected.

There are some structural key reasons, pretty much on the demand side. Demand is improving. On a yearly basis, in Europe, we see above 6 million tons compared to the 4.5 million last year. And this improvement has been, let's say, concentrated in the second half of the year. The reason is related to sustainable aviation fuel. We mentioned in previous call, the need for getting logistics in place to deliver SAF to customers. This is exactly what's going on.

On top there is also a drive of extra demand coming from the expectation of the deployment in several countries of the Renewable Energy Directive III. A key example is Germany. It has to be approved, but the proposal is very relevant. The most relevant thing is the ban, the proposed ban of double counting by itself, this means above 1 million tonnes of extra demand on top of the number I said before, for next year. So, these are the 2 key structural reasons.

On the supply side, I want to mention another structural reason. It has been confirmed the duties for sustainable aviation fuel coming from U.S. There was a doubt in the first half of the year, those duties are there for HVO due to the tax credit system in the U.S. It has been confirmed and it's going to be applied to SAF as well, and this is another reason strengthening the market.

Jon Rigby: Very good. Thanks, Irene. We're going to move to Peter Low at Redburn. Peter?

Peter Low, REDBURN: Maybe the first, just on disposals. Can you just confirm the expected timeline for the remaining ones, so kind of Congo to Vitol and then the Plenitude stake sale. But then beyond that, should we think of those as being the end of large disposals? Or are there other positions across the portfolio you're working to monetize?

And then just on the net Capex guidance, you've lowered it for the full year, but it looks like gross Capex is broadly unchanged. Can you perhaps walk through the moving parts that have allowed you to lower that net Capex guidance?

Francesco Gattei: Yes. About the portfolio, we can, as we have already mentioned, confirm that we are very close to cashing in the €2 billion related to Ares' acquisition of a 20% in Plenitude. All the condition precedents were completed. We do expect to have this contribution in a couple of weeks. This will imply substantially a benefit on our leverage in the range of more than 4%. On the other

side, we are still clearly waiting all the natural process authorization for the other transactions, the one that is related to Congo that takes some more time. So, this is still ongoing, but it is a process that is maturing progressively.

And about the contribution for next year, clearly, this year was extremely, let's say, rich in terms of opportunity. We have benefited from disposals that we matured last year in terms of closing, and we completed for the cash in this year. And we were able to fast-track some of our disposals within the year. This acceleration is also at the basis of the improvement in the net Capex results. You're right that the gross Capex is substantially in line with expectations. But clearly, they were revised down during the first quarter once we announced the first estimate for the cash initiatives that include also Capex reduction.

In terms of the future, the Dual Exploration Model is a living model. So, it's continued to generate opportunities. You know that we explore with high stake, and there are also some results already emerging in different geographies. You know also that in Indonesia, we have a 10% stake disposal on the assets that will not be included in the business combination. And clearly, we are also evaluating other opportunities that could come in terms of valorizing our portfolio and aligning capital.

Another element that will be cashed in by the end of the year, I was forgetting is the contribution of the CCUS, so the deal with GIP.

Jon Rigby: Thanks, Peter. We're going to move to Michele Della Vigna at Goldman Sachs.

Michele Della Vigna, GOLDMAN SACHS: And again, congratulations on the very strong results. Two questions, if I may. First, I wanted to start with biofuels. Very clear comment on RD. I was just wondering on SAF, if the mandatory blending does not increase from 2% until 2030, don't you see the risk that with new capacity coming on stream that market could soften over the next couple of years?

And then I was wondering if you could give us perhaps a bit more visibility on what drives that €1 billion upgrade in the cash initiative. And in case the macro deteriorates in 2026, how much flexibility do you see on your Capex budget? And where do you think you could potentially cut some of your net investments?

Francesco Gattei: Stefano for the biofuel.

Stefano Ballista: Yes, Michele, thanks for the question. On SAF, for sure, it is driven by mandatory mandates, given the underlying penalties. So, this is, let me say, it's a given. On top of Europe, now at 2%, we have higher targets, like in the UK, already in place. Clearly, an increase or step-up of the target over time is going to help SAF demand. This is something that could be addressed. On top there are demand like in Japan, this is a global market. In Japan, they approved the 10% in 2030. There are some discussions even in other countries to get SAF mandatory at defined percentage since it’s the only way to decarbonize the aviation sector.

On top of that there are some signs of voluntary demand. This is going to be driven also by, let me say, the supportive incentives that at specific levels will be put in place. An example is Heathrow Airport, where half of the gap between jet and biojet fuel is supported with a limited amount clearly by the institution. This kind of approach is going to support demand.

And then lastly, let me add, there is the CORSIA program. It's a program that has to be fulfilled by all the ICAO countries, all the countries that participate to the ICAO. Up to now, it's just voluntary. It's going to be mandatory from 2027, and this is going to drive demand above in countries that today don't have any obligation.

In terms of overall demand supply, a biorefinery that can produce HVO can also produce SAF. So flexibility is a core lever to address market evolution. We don't know exactly the growth in SAF demand but there are clear mandates on overall HVO growth. And given current project in place and even current decision, let's say, of delay in terms of projects from other players, on top of the technical difficulties that others are facing in this new business and given current trajectory of overall biofuel, HVO and SAF, we see the market definitely a bit tight in the medium term.

Francesco Gattei: Regarding the change in the estimate for the 2025 cash initiatives — previously €3 billion and now €4 billion — this is substantially a mix of different factors. One is that we de-risked some of the actions identified in the first half. You have to consider that we have a way to optimize or evaluate substantially our storage activity on oil, some ETB, on oil trading. We have some additional value coming from the swap of bonds from fixed to variable, et cetera, et cetera.

And the main contribution in this round in this last quarter is related to the additional initiative related to trading that is €300 million, another EUR 100 million that is related to this -liquidity swap on our cash strategic pool and this is €400 million, and more than €400 million is related to the derisking of the previous cash initiative. So almost €800 million are related to these 3 different items.

About next year, I can tell you that the flexibility, the plan is still under preparation, in early phase of preparation. But generally, in the first year of the plan, we are working with around 20–25% flexibility. So we are speaking of a gross Capex of around €2 billion.

Jon Rigby: Thanks, Michele. We're going to move to Henry Tarr at Berenberg. Henry?

Henry Tarr, BERENBERG: I had one really, which was around the GGP business and the sort of consistency of profits there. We've seen much better profitability through the summer, with consistent upgrades over the last couple of years. Do you think this is a durable level of profit for this business? Or do you think it's related to structural changes following the change in your supply mix, which make this a more durable stream of profits?

Francesco Gattei: Cristian Signoretto will answer.

Cristian Signoretto: Well, yes, you're right. I mean, the third quarter has been a good quarter. And I would say, in this case, the major driver of the performance was what I would call the locational spreads. In Europe, but also globally, we have taken advantage of premium market vis-a-vis the flexibility that we have in our assets in order to move the gas and LNG where the premium was actually higher. As we said, and as Francesco mentioned at the beginning, we have reengineered the business. Clearly, the absence of Russian gas, combined with the development of our new upstream gas and LNG projects, has really changed the shape of our portfolio.

We are much more attentive to ensuring that we create sufficient optionality and flexibility in our portfolio, so that the new volatility environment we are currently facing — and expect to face in the future — will structurally create headroom and opportunities for us to capitalize on. So, I'd say, I mean, this is a trend that we will see continuing in the future.

Jon Rigby: Thanks, Henry. We're going to move to Martijn Rats at Morgan Stanley.

Martijn Rats, MORGAN STANLEY: Yes. A lot have been covered, but just two, if I may. So I noticed that Rosneft has a 30% stake in Zohr. And I was wondering if you could say a few words on if that has any impact on you, as the operator of the project. Maybe not, but I just wanted to kick that off.

And then the other one I wanted to ask about your European gas sales volume. They were down sort of 15% this quarter year-on-year. European gas demand is not very strong, but it's not that weak either. Is that due to the portfolio changes that you just alluded to? Or is there another specific reason for that decline?

Francesco Gattei: Cristian, if you would like to answer, and then I will go back to the sanctions.

Cristian Signoretto: Well, the drop in the European sales this year have fundamental reason, is linked to the fact that we have terminated the contract with which we were selling gas to Botas in Turkey via the Bluestream. This was linked to, let's say, the pipeline itself. I mean, this is a business that we are trying to unwind also in terms of participation in the pipeline. So that is the biggest contributor to the drop in the sales into Europe.

On the other hand, as I told you before, the demand in Europe is shrinking. We are adjusting our portfolio to the new reality. We are much more focused on creating more value from the single molecule than clearly getting more molecules into the market.

Francesco Gattei: And about the impact of the new sanction introduced by the U.S. administration, it's still very early because, clearly, there are details that must be analyzed and the full impact to be completely assessed. What we can clearly say is that we will ensure full compliance with the sanction. But we also have to take into account that we have a very limited interaction with these two companies in few of our assets. And generally, we are speaking about minority stakes and non-operated stakes. We believe at the end that there shouldn't be many material impacts on ongoing operation due to this sanction activity.

Jon Rigby: Thanks Francesco. Thanks, Martijn. We're going to move now to Mark Wilson at Jefferies.

Mark Wilson, **JEFFERIES:** You speak to how this quarter is really seeing strategic initiatives coming through, certainly with the satellites in Norway and UK, and that's been a number of years in the making. So I'd like to ask about what appears to be clearly another strategic angle, and that's the use of floating LNG. I'd argue you appear to be the leader in that concept now with the second Coral vessel sanctioned, Congo FLNG coming on stream in just 33 months, and Argentina, initial development being 2 vessels of an even larger capacity.

We know there's certain security benefits and clearly speed if Congo FLNG is anything to go by. But could you speak to the Capex, Opex and emissions intensity benefits versus production of FLNG versus onshore? And any improvements expected between the 2 Coral vessels? And I did note in the previous answer, you spoke to getting more value out of a single gas molecule. So I think that relates to it.

Francesco Gattei: Yes, Guido can provide all the details.

Guido Brusco: Clearly, we have built a technological hedge on floating LNG. We are currently the largest operator of floating LNG and results, both in terms of delivery and performance, are

outstanding. Just to name a few of them: on Coral South, we delivered the project on time, on cost, despite the COVID and the uptime of the floating LNG is just outstanding, as it was mentioned by Francesco in his speech, 99-plus percent. In Congo, we have 2, one in operations and one coming, and we've just sanctioned Coral North recently with the start-up expected in 2028.

In terms of security, it's pointless to say that is safer and basically disconnected completely from any turbulence from onshore, and we are seeing it how successful was the choice in Mozambique.

In terms of cost, we are in the steepest part of the learning curve. So if I compare cost from the first floating LNG and the cost of the future project in Argentina and the current project in Coral North, the reduction is significant. The industry is making significant progress in driving down to the point that we are reaching a comparable level, if not better, in some geographies of the onshore LNG plant on a million tonne per annum basis.

In terms of emissions, of course, we are applying the best available technology and, in some cases, it's not the floating LNG, but I just want to mention one in Angola on the FPSO Agogo, we are actually capturing and reinjecting CO2 in the reservoir through the gas injection, which is used for gas recovery. So even on an emission basis, we are making significant progress and driving down emissions on a unit production basis.

Francesco Gattei: I will also add that it is an opportunity to exploit associated gas reserves in certain conditions of fields where this gas potential would not be improved, cannot be recovered. And this potentially could become a cap on oil production. This is exactly the case of Congo. So, it's not just a matter of cost, but it's a matter of value towards the opportunity and the optionality that this technology will add to your capability to exploit resources.

Jon Rigby: Thanks very much, Mark. And I think is a subject we'll end up returning to. So we're going to move from Mark to Italy to Massimo Bonisoli at Equita. Massimo, are you still there?

Massimo Bonisoli, EQUITA: Two questions left on Enilive. The first on new Sannazzaro biorefinery. Can you explain how the configuration feedstock and product profile differ from your existing biorefineries like Venice, Gela or Livorno? And the second one is on the antitrust fine on Italian biofuel distribution. Could you elaborate on any potential impact this ruling may have on the profitability and competitive positioning of your fuel distribution business following the fine?

Francesco Gattei: I will ask Pino to answer the first, and then I will answer the second one.

Giuseppe Ricci: Thank you, Francesco. Sannazzaro is a brownfield biorefinery because we will recover an existing hydrocracker unit very recently realized in Sannazzaro in 2010, very high pressure. And in this way, because of the high pressure and the good configuration, we will be able to maximize the flexibility to produce SAF. SAF production in Sannazzaro is an upside because there is the direct connection by pipe to the big Malpensa airport that is a big hub for the Central Europe.

And about the feedstock, the flexibility of feedstock will be the same of Livorno or the other refineries, a mix of waste & residue and vegetable oil not in competition with food areas, including from our agribusiness. The logistics system will provide different channels of supply of feedstock and distribution of products in order to maintain the flexibility. The unit is expected to be completed by 2028 in order to be in production at the end of this year.

Francesco Gattei: About the fine that was decided by the AGCM on biofuels. First of all, what we can say, we clearly appeal against this decision that we judge as substantially incorrect. The biocomponent is aligned in terms of pricing because, as you know very well, and from the fact that there is a very limited number of feedstock and a very, let's say, small market, this is substantially aligning the cost of this element to the different operators. So everything is happening in a very transparent way and the cost of obligation for all the players in the market is substantially similar.

Secondly, the exchange of information that was considered a breach of the competitive rule was, in fact, a legitimate exchange between the parties under a fuel supply agreement that requires this quarterly communication.

In terms of competition, clearly, this has nothing to do with competition. As we said before, this is an element that is a key issue for the market, the growing market in terms of capacity, is the capacity of the feedstock the key element of risk. We are working on the capability to develop our own agrihub, and this component is a mechanism to derisk in terms of both quantity and value the contribution of our own internal production. So, we think this is something that we are trying to defend through building an integrated chain also on this side.

Jon Rigby: Thanks very much for that question, Massimo. We're going to move now to Nash at Barclays. Nash, are you there?

Naisheng Cui, BARCLAYS: Two questions from me, if that's okay. The first one is around technology. I was very impressed at your Technology Day in Milan earlier this year. I just wonder if you can talk about your progress over there, your deployment of technology, AI and how does that add momentum for your operation and the financial performance into next year and beyond?

Then my next question is on working capital movement. Given some of the volatilities we have seen, I wonder if you can give us a bit of color on working capital in Q4 and Q1, please?

Francesco Gattei: I leave Lorenzo Fiorillo, Head of our R&D Technology business to answer about artificial intelligence, and I will come back for the working capital.

Lorenzo Fiorillo: Thank you for the question. What I can say is that we use AI for a while, it's not just in the last years. Internally, we are more than 200 use cases we are developing. We found a lot of advantages in using AI application within the company in optimization, finding solutions and helping us in creating better scenario. The use of a big number of data and important technology and technical expertise as well as digital competencies internally and with high-performance computing, for sure, is a fantastic habitat for us to develop this kind of tool, which is very helpful for us. The progress for us is to continue on agentic model for AI, and this is the way we are going to develop in the next years.

Francesco Gattei: About the next quarter, we do expect substantially a very limited drawdown in terms of working capital. This quarter was substantially aligned and neutral. Overall, in the full year, we have positive working capital in the range of €2 billion. On next year, clearly, we have to assess all the working capital activity based on the new plan that requires also a definition of the scenario first and, clearly, all the activity that we are performing in the different businesses.

Jon Rigby: Thanks, Nash. We're going to go to the last 3 questions now. So the first one of those is Bertrand Hodee. Bertrand, are you there?

Bertrand Hodee, KEPLER CHEUVREUX: Yes. I have 2 very short questions left. The first one is on Coral North. You just took FID in September. But when looking at the annual report 2024, in fact, you already booked 329 million barrels of equivalent of proved reserve. Even if your share has risen from 25% to 50% in the project, as Exxon pulled out, it looks to me that you've already booked the full reserve of Coral North in 2024.

And the second question is, so EUR 1.8 billion of buyback for fiscal year '25, €0.8 billion has already been bought back. And so, there's €1 billion left. How should we split those €1 billion between the remainder of the year 2025 and 2026, please?

Francesco Gattei: I leave the answer to Coral North to Guido.

Guido Brusco: Yes, of course, yes, you are right. We booked last year. This year is the JV FID. We took the joint venture FID. And in terms of share, as you rightly pointed out, it is a bit disproportionate compared to our share of the project, which is 25% because we've reached a swap agreement with one of our partners between the onshore and the offshore molecules.

Francesco Gattei: About the buyback, we generally do not provide guidance in terms of, let's say, weekly or next plan of buying because clearly, this is a sensitive matter. Clearly, we publish every week what is the amount that we have bought, and you have seen, I would say, some steps or the pace of this buyback activity. As you correctly said, there is still €1 billion to be bought in front of us. We have 3 months of 2025 and then 4 months in 2026. I think that there are different combinations but it will not change too much.

Jon Rigby, Thanks, Bertrand. We're going to move to Chris Kuplent at Bank of America. Chris?

Christopher Kuplent, **BANK OF AMERICA:** I've got one question remaining, Francesco, and it's quite a high-level one. I remember you often arguing why go over and beyond on a CFFO payout promise when you have so many great opportunities to invest. And I just wanted to double check where you are on that theme, in particular, because if I add up the dividend, the new buyback, I end up in sort of plus 40% territory. Are you signaling something into the coming years that you are now more comfortable being in that 40% plus range than you were previously?

Francesco Gattei: First of all, the percentage that you're referring to, the 40-41%, I think, is substantially the same number also because we have quite positive expectations on the quarter that is coming. So, I don't think this is an element of concern. On the other side, as you have seen, we are able to find solutions, opportunities or value inside the organization that you are able to raise on a quarterly basis. I refer in particular in this case at the cash initiative, to the capability to execute the strategy, to the production performance.

I think that generally, I see more upside and therefore, I confirm that we are moving within the 35-40% range. I confirm that we continue to be selective in opportunity. I confirm that we have still a long list of opportunities that allow us to be extremely capable of selecting the best one for the right time. And so I think that we are able to tick all the different boxes to reach our goals and confirm also an attractive distribution plan for our shareholder without modifying our view on what is the right amount of distribution that we should provide in order to ensure growth and capability to defend our balance sheet.

Jon Rigby: Great. Thanks, Chris. We're going to move to the last question now. If anybody has more questions, we can deal with those directly afterwards, but I'm conscious we've moved over the hour. So the last question is Matt Lofting at JPMorgan.

Matthew Lofting, **JPMORGAN:** I wanted to just come back on the strength of the cash flow generation by the company this year. I think you sort of stated this morning that the underlying improvement or upgrade versus the original plan at the beginning of the year is sort of close to €1.5 billion. And it struck me that it was a higher proportion compared to the original starting point of the plan. Could you sort of break down what some of the key wins have been from that perspective?

And perhaps secondly, also, if we take a step back and put it in the context of full year plan cash flow expectations. I'm interested in the extent to which you sort of see that underlying improvement is running ahead of your 4-year plan baseline or whether it's a case of sitting within the 4-year plan, but having accelerated the delivery of that cash?

Francesco Gattei: Sorry, but I should ask you to make the second question again because the line was extremely noisy. So, if you can repeat the second question, please?

Matthew Lofting, JPMORGAN: Yes. Francesco. I was just interested if you could share any thoughts on the extent to which that €1.3 billion underlying improvement represents an upside or an incremental delivery of cash flow compared to your 4-year plan baseline or whether it's the case that you're delivering cash flow faster within that 4-year plan?

Francesco Gattei: Okay. Thank you. Now I can tell you sure that about the performance, the improvement of the underlying, that clearly taking into account the scenario impact of this €1.3 billion, we have practically €500 million that are related to the Upstream. Clearly, Upstream is a result of the improvement in terms of production that you are referring to, the capability substantially to have a different mix that is generating more value. And clearly, in this plan, there is also some benefit from the different tax regimes in the different new production contribution that are coming up.

There is GGP. On GGP we have revised the guidance during the year, and this clearly is transferring value from the EBIT also to the cash generation. We are here in the range of €300 million. On Enilive, there is again €300 million. This €300 million of Enilive is split between improvement in terms of marketing and from biofuel is related to the capability to have a good performance from our biorefineries.

There is also a small improvement in terms of Versalis because, unfortunately, on Versalis, we are seeing the negative side, but this is because it's the scenario that is hiding the contribution that Versalis is gaining from the shutdown and from the anticipated shutdown. So overall these are the key elements that are showing improvement.

Clearly, what we can say about next year is early to say. I would say that production enhancement upgrading of E&P is continuing. GGP performance is subject to volatility, but also to the capability to have a larger optionality in the different contracts and in the different assets. So this is another element that should help to capture upside, also next year. On Enilive, clearly, we are expecting to have a continuous improvement in particularly a better scenario that we would like also to capture through the budget. And we do expect clearly on Versalis a more visible evidence of the recovery that is related to the new configuration of assets. So I think these are the elements.

Jon Rigby: Thanks very much and thank you, Francesco. That's bringing to an end the conference call. I'm conscious we ran a bit late, but I wanted to include as many people as possible. Those people who weren't able to ask a question, please do get in contact with the team here, and we'll be delighted to help. That's it. Have a great weekend, and thanks for joining us.

Francesco Gattei: Thank you.