



**CYGNUS  
ALPHA**

# ENI TO ACQUIRE NEPTUNE ENERGY

23 JUNE 2023



**NEPTUNE**  
ENERGY

UK – Cygnus Field

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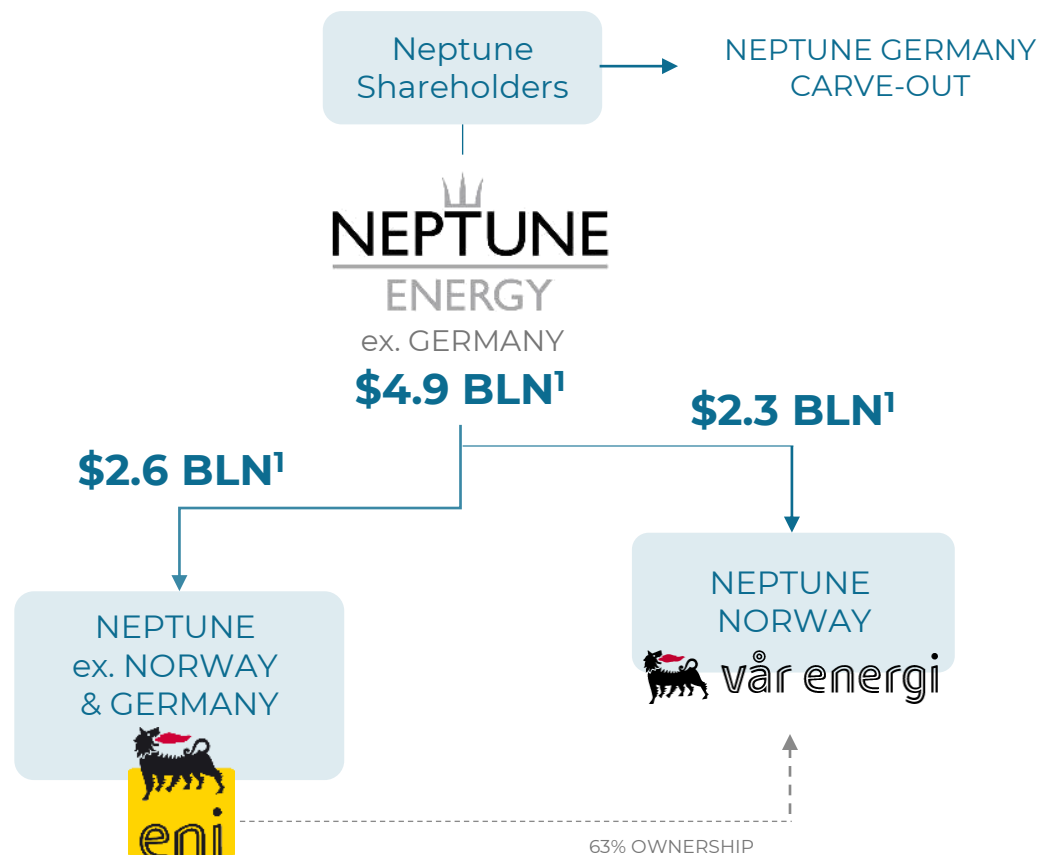
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# ACQUISITION OF NEPTUNE ENERGY

## DEAL STRUCTURE AND KEY TRANSACTION TERMS



### THREE-STEP TRANSACTION

- ✓ GERMAN OPERATIONS TO BE CARVED-OUT PRIOR TO COMPLETION
- ✓ VÅR ENERGI PURCHASES NORWEGIAN OPERATIONS FROM NEPTUNE
- ✓ ENI ACQUIRES NEPTUNE FROM SHAREHOLDERS

**EFFECTIVE DATE 1 JANUARY 2023 - CLOSING EXPECTED IN 1Q24**



**\$4.9 BLN<sup>1</sup> ACQUISITION OF NEPTUNE BY ENI AND VÅR ENERGI**  
VÅR ACQUIRES NORWEGIAN OPERATIONS AND ENI ACQUIRES THE REMAINDER (EXCLUDING GERMANY)

**\$2.6 BLN<sup>1</sup> FOR ENI**  
100% CASH TRANSACTION

**\$10.1/BOE**  
UNITARY ACQUISITION COST FOR 484 MBOE 2P RESERVES<sup>2</sup>

**80% GAS-WEIGHTED 2P RESERVES<sup>3</sup>**

**~130 KBOED 2023 PRODUCTION<sup>4</sup>**

**>100 KBOED**  
ENI NET PRODUCTION<sup>3</sup> OVER 2024-26

**FUNDABLE FROM AVAILABLE LIQUIDITY**

### DEAL TIMELINE

- ANNOUNCEMENT 23 JUNE 2023
- MAIN REGULATORY APPROVALS 2H23
- DEAL EXPECTED TO CLOSE IN 1Q24

*Reserves based on Neptune reported figures as of 31 Dec 2022*

<sup>2</sup> on a combined Eni and Vår basis

<sup>3</sup> net to Eni portfolio inclusive Eni share in Vår (386 Mboe 2P)

<sup>4</sup> includes Norway 100%, Eni estimated 2023 production

<sup>1</sup> Enterprise Value

# NEPTUNE: WORLDWIDE OPERATIONS

HIGH-QUALITY, COMPETITIVE UPSTREAM PORTFOLIO

## NETHERLANDS

Largest offshore operator in the country.  
Progressing a large-scale CCS project

## UK

Operator of Cygnus –  
the UK's largest single producing gas  
field, supplying around 6% of UK gas.  
Awarded three CCS licences.

## ALGERIA

35% stake and operator of Touat  
with gross plateau production seen at >400Mscfd

## EGYPT

Interests in O&G fields in the Egyptian  
desert and an operated exploration  
licence in the Gulf of Suez.

## NORWAY

Interests in 12 producing fields  
including Snøvit LNG and  
operatorship of the Gjøa hub.  
Progressing electrification  
and CCS projects.

## INDONESIA

World class offshore position in Kutei  
Basin with ENI as partner, producing  
LNG for export via Bontang and gas  
for the domestic market

## AUSTRALIA

Pre-development Petrel field,  
potential synergies with existing  
Eni Blacktip infrastructure.



SIGNIFICANT OVERLAP  
WITH ENI PROJECTS  
AND ACTIVITIES

REINFORCES VÅR AS A LEADING E&P  
PLAYER OFFSHORE NORWAY

OECD/LOWER-RISK RESERVES

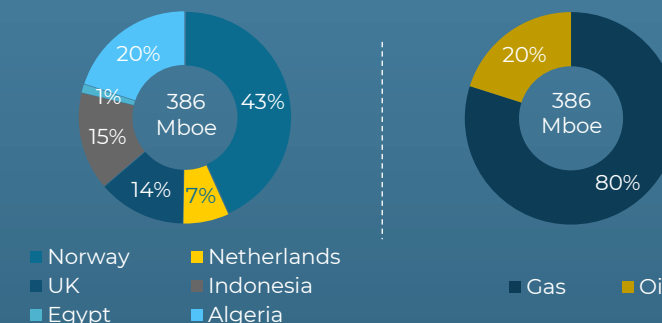
ADDS ~50% OPERATED PRODUCTION<sup>1</sup>

CONTRIBUTES ~4 BCM/Y  
GAS SUPPLY TO EUROPE<sup>2</sup>

ADDS EXPOSURE TO GAS  
AND GLOBAL LNG MARKETS

SIGNIFICANTLY LOWER EMISSIONS  
INTENSITY THAN INDUSTRY AVERAGE

Split of 2022 2P reserves<sup>3</sup> by country and commodity



<sup>1</sup> based on 1Q-2023, net to Eni portfolio inclusive Eni share in Vår

<sup>2</sup> includes Norway 100%

<sup>3</sup> net to Eni portfolio inclusive Eni share in Vår

# COMPELLING STRATEGIC FIT OF TRANSACTION

DRAWING ON STRENGTHS TO GROW VALUE



**SHIFTING  
GAS PORTFOLIO  
TO 60% BY 2030**



- ✓ **GAS-WEIGHTED RESERVES AND PRODUCTION** IN LINE WITH ENI MEDIUM TERM OBJECTIVE
- ✓ EUROPEAN PIPELINE AND INTERNATIONAL LNG MARKET EXPOSURE PROVIDES **FURTHER MATERIALITY TO GGP ACTIVITIES**
- ✓ FURTHER ENHANCES GGP EQUITY SUPPLIES

**A LOWER RISK,  
HIGHER QUALITY  
UPSTREAM PORTFOLIO**



- ✓ **EXCEPTIONAL ALIGNMENT** WITH EXISTING ENI E&P ACTIVITIES
- ✓ LOW SCOPE 1 & 2 EMISSIONS WITH **NO CHANGE TO ENI TARGETS**
- ✓ **EXPLORATION UPSIDE** SIGNIFICANT ADDITIONAL CONTINGENT RESOURCES

**IMPROVING  
PERFORMANCE,  
DELIVERING VALUE**



- ✓ >\$500 MLN G&A AND INDUSTRIAL **SYNERGIES**
- ✓ ADDITIONAL **VALUE UPSIDE POTENTIAL**
- ✓ SUBSTANTIAL **EARNINGS AND CASHFLOW ACCRETION** WITH >\$0.9 BLN TO CFFO IN 2024<sup>1</sup>
- ✓ STRONG CFFO AND LIMITED NEAR-TERM CAPEX DRIVE **ATTRACTIVE FCF**
- ✓ CASHFLOW UNDERPINS **RESILIENT DIVIDEND**

<sup>1</sup>at current forward curves

**ALIGNS WITH 4-YEAR  
PLAN GUIDANCE<sup>2</sup>**



- ✓ **M&A ACTIVITIES** DELIVER **NET +€1BLN OVER THE PLAN**
- ✓ ENI TO DELIVER **3-4% CAGR** PRODUCTION GROWTH
- ✓ **NEW COMMITMENTS INCORPORATED WITH EXISTING CAPEX PLAN**
- ✓ **10-20% LEVERAGE,** STRONG LIQUIDITY POSITION
- ✓ 13% ROACE, 12% CFFO/SH CAGR

<sup>2</sup>at 4YP Scenario (February 2023)

# IN CONCLUSION

STRATEGICALLY ALIGNED,  
VALUE ENHANCING

**A COMPELLING TRANSACTION**

**AN EXCEPTIONAL, LOW RISK FIT**

**HIGH-QUALITY, COMPETITIVE ASSETS**

**FURTHER ENHANCEMENT OF GGP EQUITY SUPPLY  
AND MATERIALITY WITH ~4 BCM/Y GAS INTO EUROPE**

**REINFORCES VÅR ENERGI AS A LEADING  
E&P PLAYER IN NORWAY**

**ACCRETIVE TO EARNINGS AND CASHFLOW  
CONSISTENT AND ALIGNED TO 4YP GUIDANCE**

**ACCRETIVE TO DECARBONISATION TARGETS**



\$2.6 BLN INVESTMENT BY ENI  
EFFECTIVE DATE 1 JANUARY 2023

100% CASH TRANSACTION

CLOSING EXPECTED IN 1Q24

GAS WEIGHTED 2P RESERVES  
>100 KBOED PRODUCTION NET TO ENI

PREDOMINANTLY OECD PORTFOLIO  
VIA PIPELINE AND LNG

ADDS ~50% OPERATED PRODUCTION<sup>1</sup>

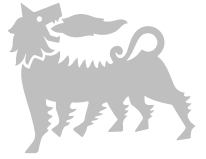
>\$0.9 BLN ACCRETIVE TO CFFO IN 2024  
>\$0.5 BLN SYNERGIES  
ADDITIONAL VALUE UPSIDE

LOW SCOPE 1+2 OPERATED CARBON  
INTENSITY WITH 5.9 kgCO<sub>2</sub>eq/BOE IN 2022<sup>2</sup>

<sup>1</sup> based on 1Q-2023, net to Eni portfolio inclusive Eni share in Vår

<sup>2</sup> includes Norway 100%

# APPENDIX

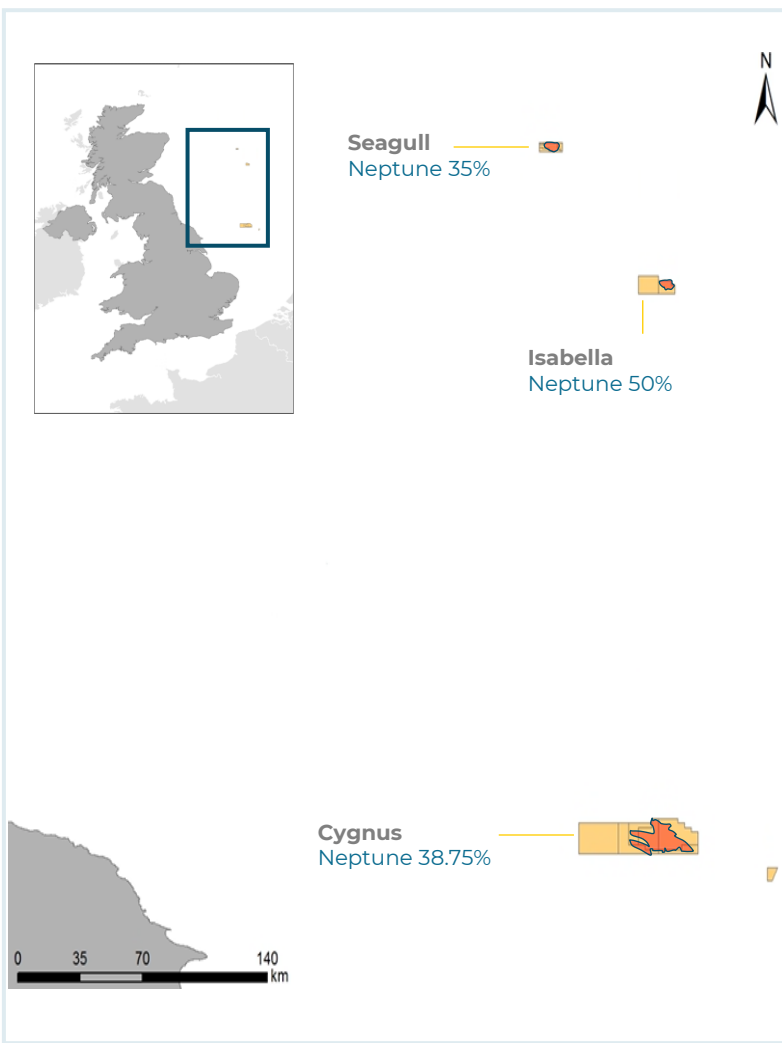


# UNITED KINGDOM

REINFORCING ENI AS A KEY GAS PLAYER IN THE NORTH SEA



## PORTFOLIO



## OVERVIEW

Neptune operates the **Cygnus field** – the UK Southern North Sea's largest single producing gas field.

In the Central North Sea Neptune is developing the **Seagull project** with its partners bp and JAPEX.

Awarded 3 licences in first round of carbon storage offshore licences

**1Q 2023 Production (kboed): 14.2**

## DEAL UPSIDE

**Combined entity amongst top 10 UK players** (Eni has been present in the UK offshore since 1964. Production in 2022 was 44 kboed).

**CCUS development** (Eni is developing two important CCUS projects with Liverpool Bay one of two Track One projects and Bacton-Hewett qualified for Track 2).

## MAIN ASSET: CYGNUS

### Partners

Neptune Energy (38.75%)  
Spirit Energy (61.15%)

**First gas:** 2016

### Operator

Neptune Energy

The Cygnus field is capable of supplying 6% of the UK's gas demand, enough to fuel 2 million UK homes.

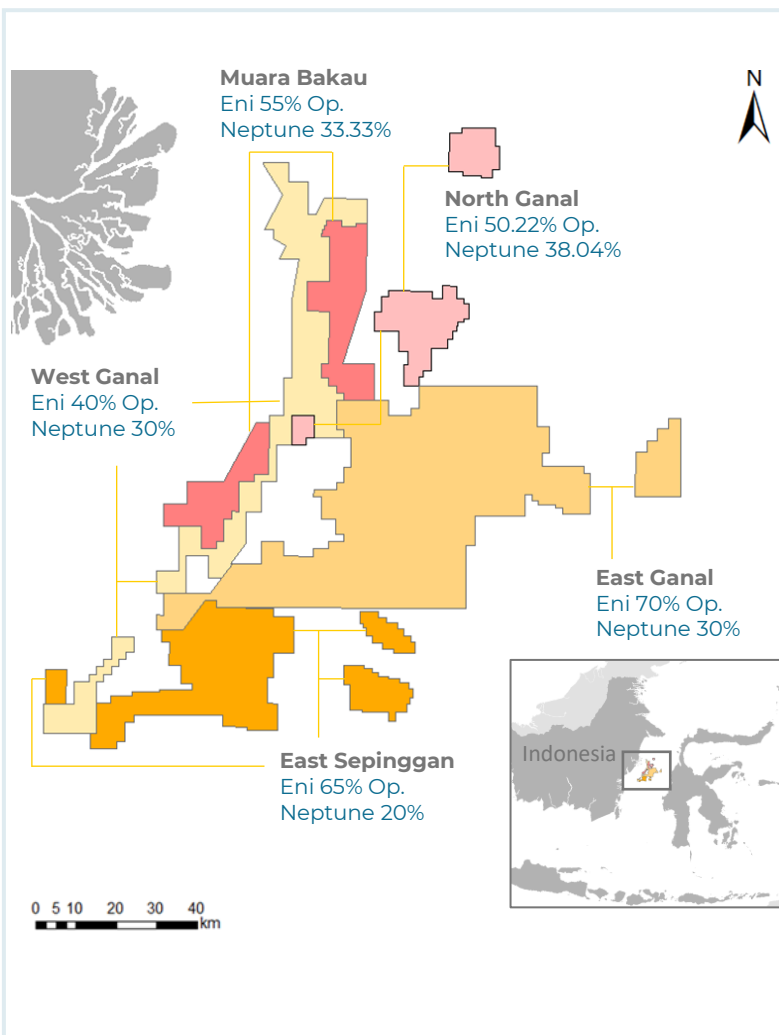


# INDONESIA

SUPPLEMENTS LEADING UPSTREAM POSITION IN IMPORTANT LNG PLAY



## PORTFOLIO



## OVERVIEW

In Indonesia, working with Eni and other partners, **Neptune** produces LNG for export to the region under long-term contracts, as well as gas for the domestic market.

During the year Neptune continued to manage output from the **Jangkrik** and **Merakes fields**, maintaining gas throughput at close to capacity of the Jangkrik FPU.

**1Q 2023 Production (kboed): 22.7**

## DEAL UPSIDE

**Strengthening our operatorship in the Kutei Basin** (Eni has been present in Indonesia since 2001 with 2022 production of 62 kboed)

**Reinforcing equity position along LNG value chain** in a key market

**Significant exploration potential in Kutei basin**

## ASSETS: JANGKRIK, MERAKES, WEST GANAL

### Partners

Eni, Pertamina & Saka

### Operators

Eni

The **Jangkrik** and **Jangkrik NE** fields are part of the **Muara Bakau PSC**. Gas is transported to the **Bontang LNG plant**.

**Merakes** is part of **East Sepinggan PSC**

Gas production is shipped to the Bontang LNG plant, utilising all of the existing facilities of the Jangkrik field.

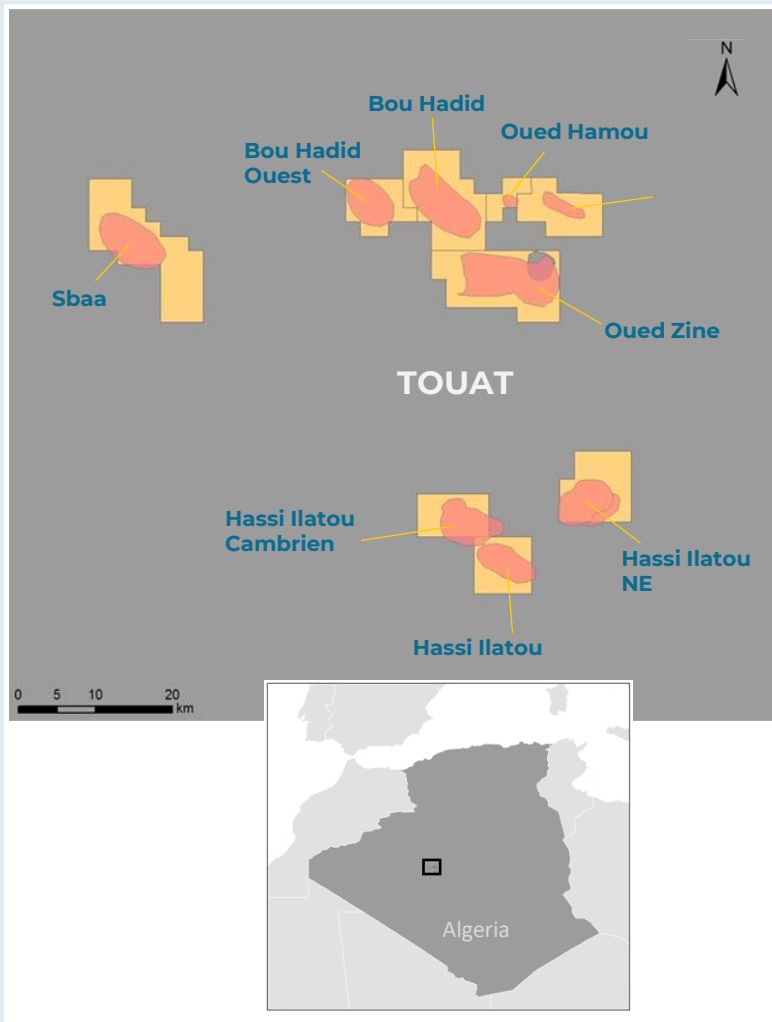


# ALGERIA

BUILDING ON ENI'S LEADING POSITION IN CRITICAL COUNTRY FOR EUROPEAN SUPPLY



## PORTFOLIO



## OVERVIEW

As part of a joint venture with Sonatrach and ENGIE, **Neptune** produces gas from the **Touat plant**, which is an important source of supply for mainland Europe.

Touat field **shut-in throughout 2022** to enable upgrades at the processing facilities.

## DEAL UPSIDE

**Enhancing gas supply diversification** (Eni has been present in Algeria since 1981 with 2022 production of 95 kboed projected to rise to over 120 kboed by 2023. Algeria is a key exporter of natural gas to Europe to offset the shortfall of Russian supply).

**Leveraging Eni's expertise to bring Touat field production at full capacity**

## MAIN ASSET: TOUAT

### Partners

Groupelement Touat Gaz consisting of Neptune Energy Touat (65%) and Sonatrach (35%). Within Neptune Energy Touat, ENGIE holds 46% and Neptune 54%.

### Operators

Groupelement Touat Gaz

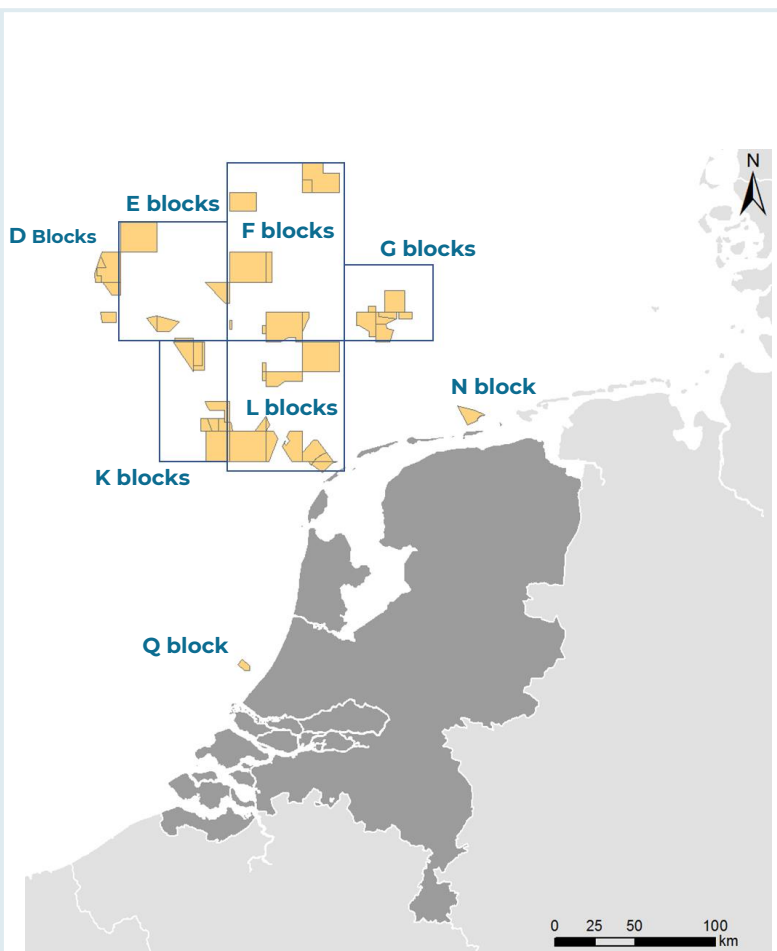


# NETHERLANDS

INCREASING EUROPEAN GAS SUPPLY DIVERSIFICATION AND OPTIONALITY



## PORTFOLIO



## OVERVIEW

In the Netherlands, **Neptune is the largest offshore player** with sizeable gas production from 40+ fields.

Neptune also operates four main treatment hubs and two main gas pipelines (**NOGAT**, **NGT**)

Progressing the **L10 CCUS project** with 5-8 MTPA storage potential

**1Q 2023 Production (kboed): 16.9**

## DEAL UPSIDE

Further **diversifies Eni's portfolio** by adding substantial gas production for Europe and materiality to GGP operations.

**Key infrastructure** connecting offshore with onshore provides **potential for a scalable hub for new energy**

## MAIN ASSETS

FLQ-Cluster (Neptune op.)  
D12-A/D12-B  
L10-Area (Neptune op.)  
DEK-Area (Neptune op.)  
K6-D  
F16AB  
G-Blocks (Neptune op.)  
Noordgastransport (NGT)  
NOGAT



# NORWAY

STRENGTHENS VÅR ENERGI AS LEADING NORWEGIAN E&P INDEPENDENT



## NEPTUNE NORWAY'S ASSETS AND OPERATIONS – A PERFECT STRATEGIC FIT TO VÅR PORTFOLIO

Neptune Norway has **interests in twelve producing fields in the NCS** from Snøhvit in the Barents Sea to Gudrun in the southern part of the North Sea.

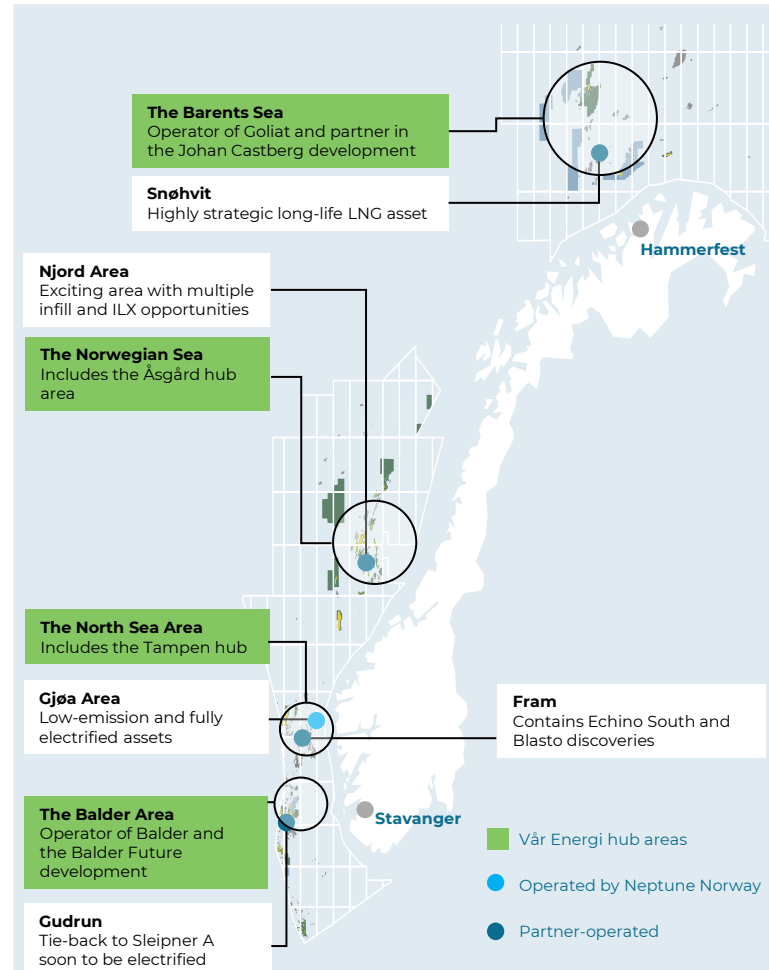
**1Q 2023 Production of 67 kboed**, of which **62% gas**.

Approximately half of the Neptune Group's 2P reserves are located Norway (265 Mboe)

Eni's presence in Norway is via **Vår Energi** in which Eni retains a 63.1% stake.

Vår's production in 2022 was 220 kboed and **Vår has a target to produce >350 kboed by end-2025** with significant new projects under development including Johan Castberg, Balder X and Breidablikk.

Vår's role in this transaction further validates Eni's creation of the Upstream satellite structure



**Deal consistent with Vår's growth strategy**, adds scale to existing portfolio by increasing diversification and longevity with high-quality NCS assets located near existing hub areas.

**Neptune Norway portfolio fully aligned with existing hub strategy:**

- ✓ **Hub synergies**  
Strengthening positions in existing core areas and high-grading the portfolio
- ✓ **Increasing operatorship**  
to realise strategy and potential across areas
- ✓ **Asset optimization**  
Continuous infill and infrastructure-led drilling (ILX)
- ✓ **Partner of choice**  
Equinor operating >50% of Neptune Norway's portfolio, further strengthening existing partnership

# SUSTAINABILITY PERFORMANCE

## ACCRETIVE TO EMISSIONS STRATEGY



### GHG EMISSIONS

Targets in line with Eni's framework

- ✓ DEVELOP CARBON REDUCTION PLANS FOR EACH OPERATED COUNTRY TO MEET NEPTUNE **CARBON INTENSITY TARGET OF 6 KG CO2/BOE BY 2030**
- ✓ WORK TOWARDS **NET ZERO METHANE EMISSIONS BY 2030** AND **0.015% METHANE INTENSITY BY 2025 TARGETS**.
- ✓ AWARDED **GOLD STANDARD** STATUS FROM THE OGMP 2.0
- ✓ RATED AMONGST **TOP 3%** OF ALL GLOBAL OIL & GAS COMPANIES ON ESG BY SUSTAINALYTICS (MAY 2023)

*Source : Neptune Annual Report 2022 & ESG Strategy*

### CCS PROJECTS

Neptune's portfolio adds:

- ✓ 10+ YEARS OF OPERATIONAL EXPERIENCE IN CCS
- ✓ PROGRESSING A LARGE-SCALE CCS PROJECT IN THE NETHERLANDS (5-8 MTPA)
- ✓ AWARDED 3 LICENCES IN FIRST ROUND OF CARBON STORAGE OFFSHORE LICENCES IN UK



NEPTUNE'S PORTFOLIO IS GAS-WEIGHTED AND HAS A **SIGNIFICANTLY LOWER CARBON AND METHANE INTENSITY** THAN THE INDUSTRY AVERAGE.

NEPTUNE AIMS TO STORE MORE CARBON THAN IS EMITTED FROM ITS OPERATIONS AND THE USE OF ITS SOLD PRODUCTS BY 2030

CCS CONTRIBUTING TO CUTTING ENI'S AND THIRD-PARTY EMISSIONS FROM HARD-TO-ABATE EMITTERS

ENI TARGETS **30 MTPA** CARBON GROSS VOLUME STORED BY 2030