



ASSOMINERARIA

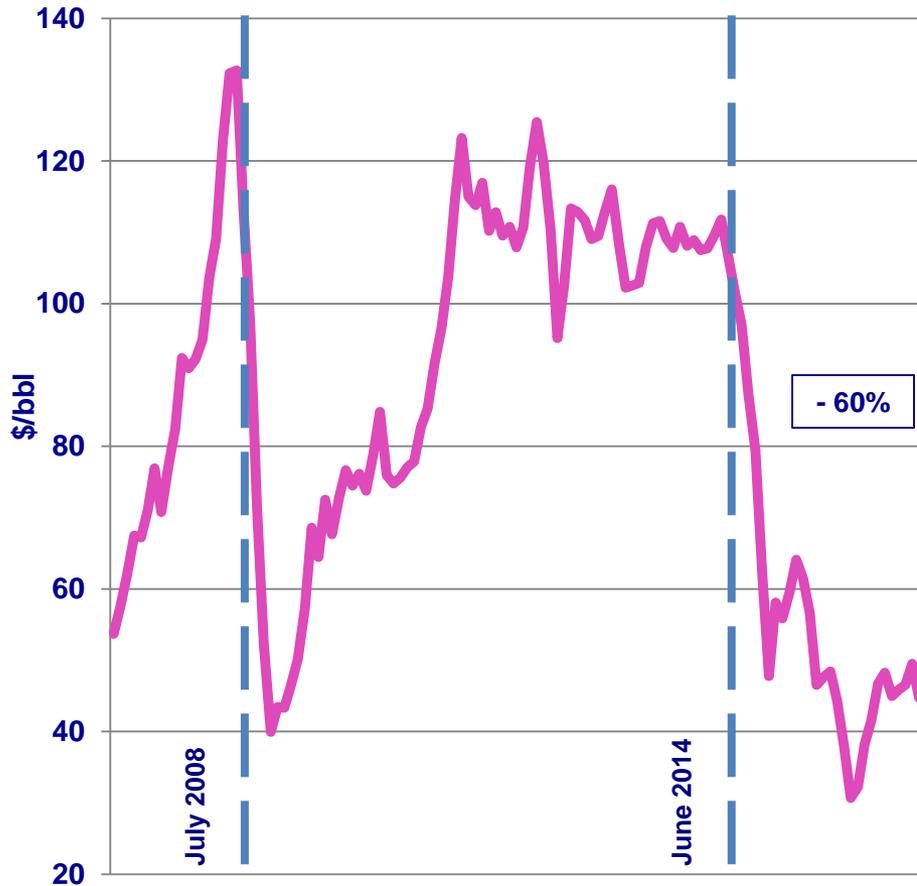
The resilient Oil&Gas Industry: staying competitive at low Oil Prices

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Crisis and resilient response of Oil&Gas sector

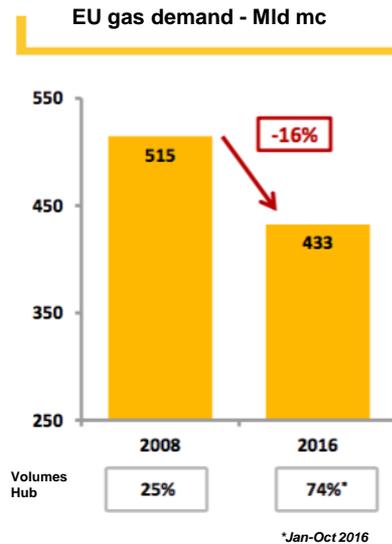


Europe Brent Spot Price \$/Bbl – Monthly AVG 2007/2016

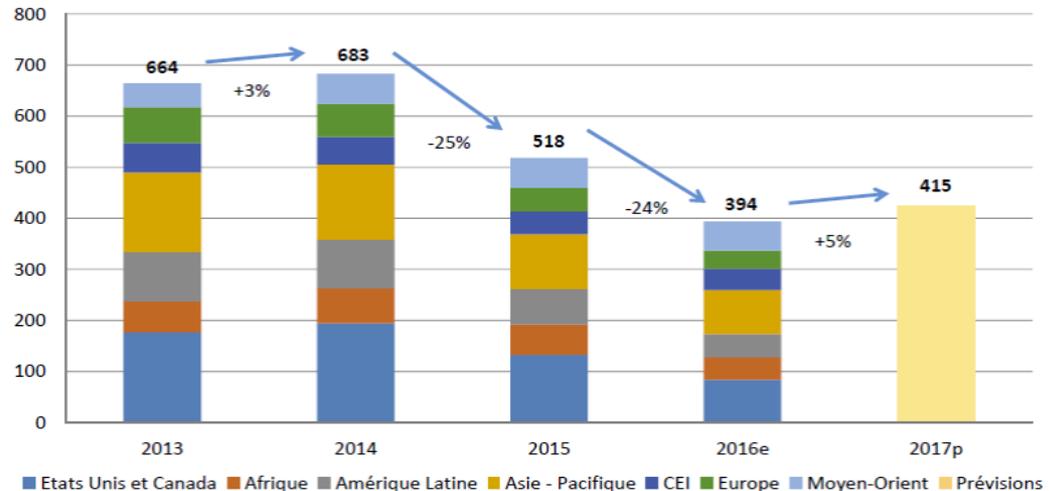
- Two crisis in the last nine years
- A resilient response of Oil&Gas by focusing on a heavy 'spending review':
 - Cost optimization
 - Investments drastically reduced
 - Radical internal reorganizations
 - Reduction of personnel
- A structured business model to adapt each time to the different market trends

What about the lesson learnt?

O&G: an efficient system to reply to the crisis



Les Investissements en exploration-production
Milliards de dollars



Sources : IFPEN d'après Barclays, DTI, NPD, DEA, rapports annuels des compagnies et des États

Source: Eni, March 2017

- The O&G system has to compete in all kind of price scenario, through a new approach based on efficiency, innovation and a regulation of costs
- Together we should develop a new contractual model: **efficient** and **flexible**

Efficient and flexible model in an complex environment

- Supply chain sector, with its skills, resources and technologies, has paid most of the consequences by price pressure
- The crisis have shown the limits of the present model of partnership between Operators and Contractors



- In the future, Contractors will have to provide differentiated and integrated services, focused on Customers

How Contractors have to share with Operators the risks and rewards of contractual agreements and long-term partnership?

A New Vision

- Projects are the **focus**: technology, know-how and experiences to serve projects execution and development
- More **integration** between Operators, Contractors, Subcontractors and Makers
- Progressive alignment with international best practices thanks to a legislative and bureaucratic **streamlining**
- Models that **enhance** the “joint effort” and “best executions”
- Dialogue, **cooperation** and long lasting relationship
- Creation of **value** for local communities
- Support to a **sustainable** industrial development of the host country

Assomineraria: an international benchmark on contracts

From Context ...

- Difference between International procedures and Italian law 50/2016 (qualification, planning, engineering contracts).



...and on branch exemption, expatriates fiscality...

... to Proposal

- Technical data (mature information).
- Identification several steps in order to have best cost and timing project definition
- Project Management Consultant role during project life:
 - From Market enquire to Project execution and delivery
 - Competitive dialogue: technical and economic alignment
 - *Supply chain opportunity?*

A Gated Process - Contractor view -



Conclusions

The Italian supply chain is a worldwide excellence. It can be an opportunity to test a new cooperation model thanks to:

- Energy resources
- Industrial grass-roots
- Available infrastructure

Work together to:

- Share new business models that “break down the walls” through collaborative processes, innovation and integration
- Reinforce the system in order to have a steady regulatory framework
- Promote a model of sustainable growth complying with environment and local community





BACKUP

Assomineraria

- Proposals for simplification and competitiveness -

- Branch exemption (Italian tax system - LD n.147 of 14 September 2015)
The opportunity for a company resident in Italy to have no tax impact on the profits and losses made by its foreign permanent business establishment.
 - A technical working group is proceeding to remove limitations present in the scheme, to eliminate the competitive disadvantage compared to their competitors in other countries. The two restriction are:
 - The irrevocability of the choice
 - The automatic application to all permanent establishments of company.

- Expatriates fiscality
In many cases the Oil&Gas companies that employing Italians abroad employees pay double social security contributions. This is negative for employment levels in Italy and could be due to a possible "brain drain" and highly qualified know-how.
 - A working group of specialists is working on a proposal to simplify the legislation in force in line with what other EU countries.