The Satellite Strategy: How Eni's Dual Approach is Delivering Growth Despite Low Oil Prices

Analysis of Eni's B2B business model and dual exploration strategy. How the satellite approach grew reserves 30% while competitors pulled back in upstream oil and gas.

THE SHORT ANSWER

What is the bottom line on The Satellite Strategy?

Eni is outperforming peers in a low oil price environment by pairing disciplined, fast tracked core production with a satellite model that spins off transition and specialised businesses to attract outside capital. The same quarter also exposed a wider shift in Gulf dealmaking, from full takeovers like the withdrawn Santos bid toward minority stake proxy vehicles such as MidOcean, while the Israel to Egypt Leviathan gas expansion shows how political risk can freeze even commercially sound projects.

In this briefing

01

Execution Excellence in the Core Business

- Eni's superior financial performance, which saw a robust adjusted operating profit despite a 14% decline in benchmark crude prices, stems from an unwavering focus on project acceleration and operational efficiency. The production increase to 1.
- A prime example is the Agogo West Hub in Angola, developed by the satellite venture Azule Energy, which began production ten months ahead of the original plan.

FIG.54.01 · DATA

Execution Excellence in the Core Business

Metric	Figure
Production growth, year on year	6%
Benchmark crude price decline	14%
Daily production	1.76 million boe per day
Agogo West Hub start up	10 months ahead of schedule

FIGURES AS STATED IN THE FULL DOSSIER; ESTIMATES MARKED AS SUCH.

02

The Satellite Model: Structural Innovation

- The most distinctive feature of Eni's strategy is its systematic approach to valorising its energy transition and specialised businesses by setting them up as independent satellites. This structural innovation lets Eni attract dedicated capital, accelerate growth and de-risk the core business at the same time.
- Eni's Final Investment Decision on the Coral North FLNG project in Mozambique, a 6 to 7 billion dollar project, is a further declaration of long term conviction in natural gas.

01 **Attracting Dedicated Capital**

Ares Fund is investing 2 billion euros in Plenitude and Global Infrastructure Partners is partnering on a new CCUS satellite.

02 **Accelerating Growth**

Plenitude, the renewables and retail arm, has reached 4.8 GW of installed renewable capacity under an autonomous structure.

03 **De-Risking the Core**

Eni divested a 30% stake in the Baleine oilfield off Cote d'Ivoire for 1 billion euros, funding shareholder returns and

03

The Santos Wall: Valuation Meets Regulation

- The withdrawal of the 19 billion dollar bid for Australia's Santos Ltd by XRG, an ADNOC subsidiary, and its consortium partners is described as the most significant M&A correction of 2025.

01 **Regulatory Friction**

Acquiring a strategic national asset in a Tier 1 jurisdiction like Australia is becoming harder for sovereign backed entities as review

02 **Operator Risk**

Becoming operator of record for assets such as Barossa or Gladstone LNG exposes a Gulf NOC to local activism, labour disputes and tax

04

The MidOcean Model: The Proxy Play

- Contrast this with Saudi Aramco's approach. By increasing its stake in MidOcean Energy to 49%, Aramco is effectively outsourcing its M&A engine.
- This shift is driven by a fundamental realisation: you don't need to own the well to trade the gas. The checkbook diplomacy of buying entire companies is fading, replaced by sophisticated joint ventures, equity light offtake agreements and investments in agile midstream vehicles.

01 **Secures the Offtake**

Gaining access to LNG volumes for Aramco's growing trading desk.

02 **Limits Exposure**

Avoiding the direct sovereign buyer label that complicates deals in Western markets.

03 **Deploys Capital Efficiently**

Gaining exposure to Latin America and Asia Pacific for a fraction of the cost of a single corporate takeover.

05

The Interdependency Trap: Israel to Egypt Gas

- A deal was designed to solve two problems at once. Israel has a gas surplus and limited export routes with no LNG facilities of its own. Egypt has a gas deficit, soaring domestic electricity demand and idle LNG export capacity at Idku and Damietta.
- Israeli Prime Minister Netanyahu paused the approval process in late 2025, linking the gas deal to broader security negotiations over the Gaza border and Sinai.

01 **Stranded Capex Potential**
Leviathan Phase 1B and Phase 2 FIDs are predicated on firm offtake, so an uncertain Egyptian offtake stalls upstream investment by

02 **Egypt's Energy Fragility**
Without the incremental Israeli volumes already factored into its 2026 to 2030 power strategy, Egypt faces higher cost fuel oil

03 **The LNG Re-Export Model**
Egypt's plan to earn hard currency re-exporting Israeli gas as LNG to Europe is effectively paused, denying Cairo a revenue

06

Executive Takeaway: Political Risk Management

- Is the deal dead? Likely not, since the economic logic remains overwhelming for both sides. History suggests energy often becomes the sweetener in larger diplomatic deals, and the friction may accelerate Israel's exploration of alternative export routes such as a pipeline to Turkey or a Floating LNG facility.
- The paralysis of the Leviathan expansion serves as a case study in political risk management. For companies investing in MENA cross border infrastructure, the lesson is clear: commercial viability is necessary but insufficient.

What matters

01 Eni's satellite model funds transition ventures like Plenitude and CCUS with outside capital such as Ares and GIP, without solely drawing on its own balance sheet.

02 Fast tracked project delivery, seen at Agogo West Hub and Var Energi's Norwegian assets, is the most effective hedge against low commodity prices.

03 The withdrawn Santos bid shows sovereign backed full takeovers are hitting rising regulatory and operator risk in Tier 1 jurisdictions like Australia.

04 Aramco's MidOcean stake shows Gulf capital increasingly prefers minority equity and offtake heavy vehicles over full corporate acquisitions.

05 The paused Leviathan expansion proves commercial logic alone does not protect cross border energy infrastructure from political risk.

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