

European oil

Who will run Eni?

ROME

A battle to run Italy's oil giant

IN THE highly politicised world of Italian business, Vittorio Mincato is an exception. The boss of Eni, founded in the 1950s as the Italian state's attempt to challenge the world's oil giants, Mr Mincato does not like to mingle with Italy's elite outside work. He prefers Eni's offices in Milan, Italy's financial centre, to its headquarters in Rome, the political capital. He is not known to have any party allegiance. Such independence has helped Mr Mincato depoliticise Eni—but could his lack of allies among politicians now cost him his job?

Mr Mincato's term expires in May. The Italian state still owns 30% of the firm and appoints five of its eight board members. Although Silvio Berlusconi respects Mr Mincato's business record, the Italian prime minister is under pressure from members of his fragile coalition to put one of their favourites in his place.

Eni used to be a loss-making behemoth in which corruption was endemic. This started to change in the early 1990s after a big anti-corruption investigation led to the arrest of several Eni executives. In 1995, the firm was listed on the Milan and New York stock exchanges. As Eni never looked like making the big league, many assumed it would be bought by Total, a big French oil firm, or one of the American oil giants.

But since becoming chief executive in 1998, Mr Mincato has built Eni into the world's sixth-biggest oil producer. Eni's market capitalisation has doubled to €80 billion (\$107 billion) and its share price has

risen by more than 80%. The firm's daily oil production has increased from 1m barrels to 1.7m barrels and Mr Mincato wants to lift that to 2m barrels. Last month, Eni reported a 30% increase in profit, to €7.3 billion in 2004. Mr Mincato has also raised dividends paid to investors by one-fifth.

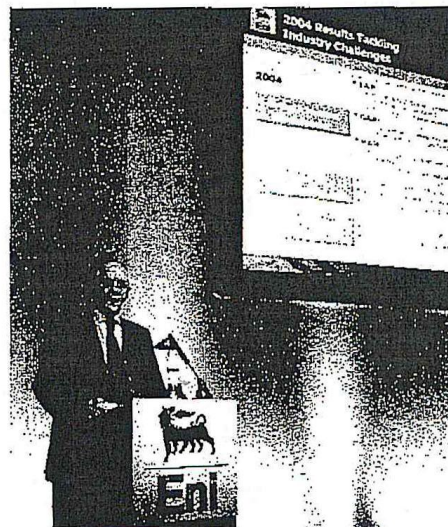
If reappointed, Mr Mincato wants to give special attention in the next three years to Eni's operation in Kazakhstan's Kashagan field in the Caspian Sea, its biggest oil find for decades. Eni leads an inter-

national consortium investing \$29 billion to develop the field, which is supposed to produce oil by 2008. But dealing with the Kazakhs is tricky: in addition to technical and logistical difficulties the consortium is having a tough time negotiating with local government and regulators.

Mr Mincato has groomed several candidates to succeed him. The strongest is Stefano Cao, head of exploration and production. Other contenders are Leonardo Maugeri, head of strategy; Marco Mangiagalli, the company's chief financial officer; and Pietro Franco Tali, head of Saipem, a drilling subsidiary.

Succession in big oil firms tends to be from within. Even so, outsiders continue to lobby heavily for Mr Mincato's job. Paolo Scaroni, the boss of Enel, an Italian electricity company, has long been keen to run Eni. He was previously boss of Pilkington, a British glassmaker, and has many friends in Italy's political elite. But like Flavio Cattaneo, the boss of Radiotelevisione Italiana, the state broadcaster, who also wants the top job at Eni, he has no experience in oil. And what favours would be asked of Mr Scaroni or Mr Cattaneo in return for securing one of them the top job at Eni?

Mr Mincato, who is 69, feels fit to do his job for another three years. But he would not mind staying on as chairman, were one of his dauphins appointed chief executive. He was, after all, born in the same year as Mr Berlusconi—who is running next year for another five-year term. ■



Mincato's last stand?