Milan, 01 August 2025

Italian Equity Research – 2Q25 Results

ENEL

OUTPERFORM

Sector: Utilities

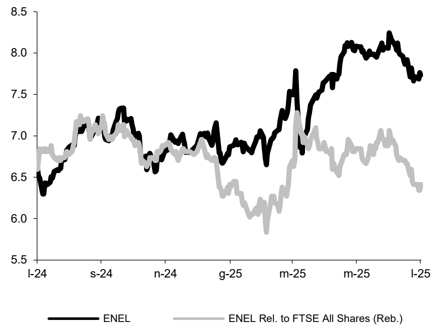
Price: Eu7.74 - **Target: Eu8.80**

Share Buyback Programme for up to Eu1bn by YE25 Launched

Paolo Citi +39-02-77115.430
paolo.citi@intermonte.it

Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 8.50 to 8.80
	2025E	**2026E**	**2027E**
Chg in Adj EPS	-0.6%	-1.0%	-0.9%

ENEL - 12M Performance



Stock Data			
Reuters code:			ENEI.MI
Bloomberg code:			ENEL IM
Performance	**1M**	**3M**	**12M**
Absolute	-4.0%	1.2%	17.3%
Relative	-6.9%	-7.9%	-3.7%
12M (H/L)			8.24/6.30
3M Average Volume (th):			20,973.81

Shareholder Data	
No. of Ord shares (mn):	10,167
Total no. of shares (mn):	10,167
Mkt Cap Ord (Eu mn):	78,621
Total Mkt Cap (Eu mn):	78,621
Mkt Float - Ord (Eu mn):	54,092
Mkt Float (in %):	68.8%
Main Shareholder:	
Italian treasury	31.2%

Balance Sheet Data	
Book Value (Eu mn):	34,548
BVPS (Eu):	3.40
P/BV:	2.3
Net Financial Position (Eu mn):	-57,052
Enterprise Value (Eu mn):	160,425

- **2Q25 results.** On the macro front, both electricity and gas prices were down QoQ in 2Q25, with EU CO2 prices also slightly lower QoQ. On the generation side, Italian hydroelectric volumes were down 22% YoY, solar was up 28% YoY, while Wind and Thermal were broadly stable. In this context, ENEL reported solid numbers, despite slightly lower average selling prices, the normalisation of retail margins and the impact of the deconsolidation of the assets sold (around Eu120mn in 2Q24, around Eu300mn in 2H24) boding well for a good first half of the year. At group level, reported EBITDA closed at Eu5,118mn, ordinary EBITDA (excluding primarily the Eu-341mn release of equity reserves after the Slovenské Elektrarne closing) closed at Eu5,494bn (-2% YoY, flat like-for-like, vs. exp. Eu5,403mn) and ordinary net profit at Eu1,820mn (+2% YoY, vs. exp. Eu1,496mn). Moving to the balance sheet, net debt declined slightly to Eu55.4bn (vs. exp. Eu55.5bn), from Eu56.0bn as at the end of March.
- **Divisional results.** Looking at the various geographical areas, Italy closed with ordinary EBITDA of Eu2,851mn (+3% YoY, vs. exp. Eu2,741mn), with Generation & Trading closing at Eu256mn (-41% YoY, exp. Eu351mn), Networks at Eu1,145mn (+20% YoY, vs. exp. Eu1,066mn), Renewable Energies at Eu719mn (-6% YoY, vs. exp. Eu583mn) and Market at Eu744mn (+195% YoY, vs. exp. Eu717mn). In Spain, Endesa closed with EBITDA of Eu1,255mn (-1% YoY, vs. exp. Eu1,225mn). LatAm closed at Eu1,226mn (-5% YoY, +2% like-for-like, vs. exp. Eu1,222mn).
- **2025 guidance confirmed.** ENEL confirmed 2025 targets, and the implementation of the strategic drivers outlined in the 2025-27 business plan presented in November. For 2025, ENEL confirmed ordinary EBITDA at Eu22.9-23.1bn, with net ordinary income moving towards the top end of the Eu6.7-6.9bn guidance range.
- **Share buyback programme for up to Eu1bn by YE25.** Enel announced the launch of a share buyback programme for total outlay of up to Eu1bn and a maximum 495mn shares (4.87% of Enel share capital) to run from 1 August until no later than 31 December 2025, aimed at providing additional remuneration to shareholders. Approval of the programme implements the 22 May 2025 shareholders' meeting resolution authorising the BoD to acquire and subsequently dispose of treasury shares for total outlay of up to Eu3.5bn, targeting a maximum of 500mn shares.
- **Updated estimates and valuation.** Following 2Q25 results, we have merely fine-tuned our 2025 projections. Regarding Italy in particular, we are trimming Generation & Trading and Market, while further increasing Networks. In terms of the valuation, we are slightly increasing our TP to Eu8.80ps from Eu8.50ps, still based on a mix of DCF, SOP and market multiples.
- **Investment case.** ENEL reported a solid set of results, supported primarily by the growing contribution from Networks. We continue to believe the growing weight of regulated activities in the business mix, as well as the geographical concentration in Italy and Spain, should deserve a further stock re-rating. We appreciate the launch of the share buyback programme, offering an additional return on top of the 6.2% dividend yield. We confirm our positive view on the stock.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	95,565	78,947	70,661	72,032	73,363
EBITDA Adj (Eu mn)	21,969	22,801	22,737	23,785	24,517
Net Profit Adj (Eu mn)	6,508	7,135	6,971	7,196	7,625
EPS New Adj (Eu)	0.640	0.702	0.686	0.708	0.750
EPS Old Adj (Eu)	0.640	0.702	0.690	0.715	0.757
DPS (Eu)	0.430	0.470	0.480	0.490	0.510
EV/EBITDA Adj	6.5	6.5	7.1	6.9	6.7
EV/EBIT Adj	13.3	9.6	10.9	10.4	10.0
P/E Adj	12.1	11.0	11.3	10.9	10.3
Div. Yield	5.6%	6.1%	6.2%	6.3%	6.6%
Net Debt/EBITDA Adj	2.7	2.4	2.5	2.5	2.5

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (**DCF**) model or similar methods such as a dividend discount model (**DDM**)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium between 5.5% - 6.0% are being used.
Frequency of research: quarterly.
Reports on all companies listed on the FTSEMIB40 Index, most of those on the MIDEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.
A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.
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BUY: stock expected to outperform the market by over 25% over a 12 month period;
OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;
NEUTRAL: stock performance expected at between +10% and - 10% compared to the market over a 12 month period;
UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;
SELL: stock expected to underperform the market by over 25% over a 12 month period.
Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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BUY:	32.84%
OUTPERFORM:	37.31%
NEUTRAL:	29.85%
UNDERPERFORM:	00.00%
SELL:	00.00%

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (79 in total) is as follows:

BUY:	53.16%
OUTPERFORM:	29.11%
NEUTRAL:	17.73%
UNDERPERFORM:	00.00%
SELL:	00.00%

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