

ENEL

Sector: Utilities

NEUTRAL

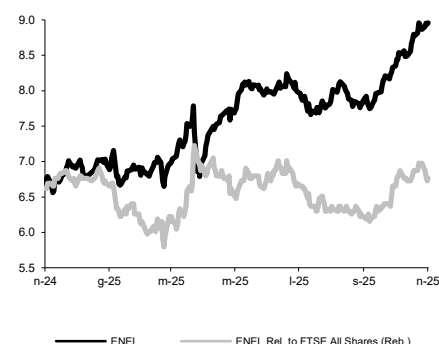
Price: Eu8.96 - Target: Eu9.50

2025 Guidance Raised Slightly. Down to NEUTRAL on Performance

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Stock Rating			
Rating:	from OUTPERFORM to NEUTRAL		
Target Price (Eu):	from 8.80 to 9.50		
	2025E	2026E	2027E
Chg in Adj EPS	1.3%	1.2%	0.9%

ENEL - 12M Performance



Stock Data			
Reuters code:	ENEI.MI		
Bloomberg code:	ENEL IM		
Performance	1M	3M	12M
Absolute	7.3%	12.7%	35.3%
Relative	1.5%	6.8%	3.1%
12M (H/L)	8.96/6.56		
3M Average Volume (th):	17,284.40		

Shareholder Data	
No. of Ord shares (mn):	10,167
Total no. of shares (mn):	10,167
Mkt Cap Ord (Eu mn):	91,056
Total Mkt Cap (Eu mn):	91,056
Mkt Float - Ord (Eu mn):	62,646
Mkt Float (in %):	68.8%
Main Shareholder:	
Italian treasury	31.2%

Balance Sheet Data	
Book Value (Eu mn):	34,635
BVPS (Eu):	3.41
P/BV:	2.6
Net Financial Position (Eu mn):	-57,524
Enterprise Value (Eu mn):	175,089

■ **3Q25 results.** On the macro front in 3Q25, electricity prices increased QoQ, while gas prices fell further. Looking at the domestic market in particular, the electricity PUN averaged Eu110/MWh (+8% QoQ), while the gas PSV was Eu35.8/MWh (-7% QoQ). This led to an improvement in the clean spark spread, despite increases in CO₂ prices. On the production side, again looking at the domestic market, hydroelectricity remained down YoY after record volumes in 2024, wind production showed a clear improvement after very low load factors in the first half of 2025, solar continued to grow YoY, supported by the continued addition of residential capacity, and thermal generation decreased YoY. In this context, ENEL reported solid numbers. In Italy lower hydro volumes were offset by robust figures in Networks; in Spain integrated margins continued to be very resilient, while in LatAm Colombia benefitted from good water resource availability. Moving to Group figures, reported EBITDA closed at Eu5,778mn, ordinary EBITDA at Eu5,794mn (flat YoY, vs. exp. Eu5,712mn) and ordinary net profit at Eu1,880mn (-1% YoY, vs. exp. Eu1,844mn). On the balance sheet, net debt increased to Eu57.5bn (vs. exp. Eu57.7bn), from Eu55.5bn as at the end of June, following payment of dividends and buybacks for c. Eu3.2bn. Interim dividend set at Eu0.23ps.

■ **Divisional results.** Looking at the various geographical areas, Italy closed with ordinary EBITDA of Eu2,899mn (flat YoY, vs. exp. Eu2,836mn), with Generation & Trading closing at Eu351mn (-25% YoY, exp. Eu415mn), Networks at Eu1,162mn (+14% YoY, vs. exp. Eu1,071mn), Renewable Energies at Eu606mn (-17% YoY, vs. exp. Eu629mn) and Market at Eu765mn (+15% YoY, vs. exp. Eu697mn). In Spain, Endesa closed with EBITDA of Eu1,506mn (+4% YoY, vs. exp. Eu1,420mn). LatAm closed at Eu1,224mn (-1% YoY, vs. exp. Eu1,278mn).

■ **2025 guidance slightly improved.** Ordinary EBITDA is confirmed at Eu22.9-23.1bn, net ordinary income is now expected to be 'slightly above the high end of the guidance range' (Eu6.7-6.9bn), up from 'top-end of the guidance range' previously.

■ **Updated estimates and valuation.** Following 3Q25 results, we are merely fine-tuning our 2025 projections. Regarding Italy in particular, we are trimming Generation & Trading and Renewables, while slightly raising Networks and Retail. For the following years, we are slightly increasing our projections for the domestic business, to reflect slightly higher electricity prices and higher margins in Networks. In terms of the valuation, our TP increases to Eu9.50ps from Eu8.80ps, still calculated on a mix of DCF (lower risk-free rate, -50bp to 3.5%), SOP and market multiples.

■ **Investment case.** ENEL reported a solid set of results, again supported primarily by the growing contribution from Networks. We continue to appreciate the growing weight of regulated activities in the business mix, as well as the geographical concentration in Italy and Spain. This, together with the sharp contraction recorded by the BTP-BUND spread over the last twelve months, enabled the stock re-rating, with ENEL's 1YF P/E moving from 10.0x to the current 12.9x. However, after the 30% share price increase recorded YTD, we now see limited upside in terms of valuation, and for this reason we are downgrading the stock to NEUTRAL.

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	23,153	23,893	24,595
Net Profit Adj (Eu mn)	6,508	7,135	7,058	7,281	7,690
EPS New Adj (Eu)	0.640	0.702	0.694	0.716	0.756
EPS Old Adj (Eu)	0.640	0.702	0.686	0.708	0.750
DPS (Eu)	0.430	0.470	0.480	0.490	0.510
EV/EBITDA Adj	6.5	6.5	7.6	7.4	7.3
EV/EBIT Adj	13.3	9.6	11.9	11.2	10.9
P/E Adj	14.0	12.8	12.9	12.5	11.8
Div. Yield	4.8%	5.2%	5.4%	5.5%	5.7%
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:	32.06%
OUTPERFORM:	38.93%
NEUTRAL:	28.25%
UNDERPERFORM:	00.76%
SELL:	00.00%

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (77 in total) is as follows:

BUY:	50.65%
OUTPERFORM:	29.87%
NEUTRAL:	18.18%
UNDERPERFORM:	01.30%
SELL:	00.00%

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