

ENEL

Sector: Utilities

OUTPERFORM

Price: Eu7.32 - Target: Eu7.80

Another Solid Quarter Expected, Focus on next CMD

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Stock Rating

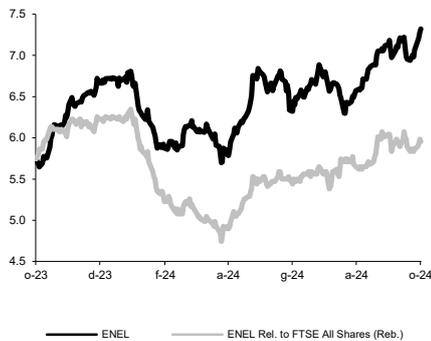
 Rating: Unchanged
 Target Price (Eu): Unchanged

	2024E	2025E	2026E
Chg in Adj EPS	0.0%	0.0%	0.0%

Next Event

3Q24 Results on 6 Nov., CMD on 18 Nov.

ENEL - 12M Performance



Stock Data

 Reuters code: ENEL.MI
 Bloomberg code: ENEL IM

Performance	1M	3M	12M
Absolute	1.9%	8.2%	27.5%
Relative	-1.7%	6.6%	4.2%
12M (H/L)	7.32/5.65		
3M Average Volume (th):	20,958.57		

Shareholder Data

No. of Ord shares (mn):	10,167
Total no. of shares (mn):	10,167
Mkt Cap Ord (Eu mn):	74,422
Total Mkt Cap (Eu mn):	74,422
Mkt Float - Ord (Eu mn):	51,203
Mkt Float (in %):	68.8%
Main Shareholder:	
Italian treasury	31.2%

Balance Sheet Data

Book Value (Eu mn):	34,424
BVPS (Eu):	3.39
P/BV:	2.2
Net Financial Position (Eu mn):	-55,275
Enterprise Value (Eu mn):	153,664

- 3Q24 results preview.** On the macro front, both electricity and gas prices rose further QoQ in 3Q24, with EU CO₂ prices dropping slightly. Looking at the domestic market in particular, the electricity PUN averaged Eu119/MWh (+26% QoQ, +5% YoY), while on the production side, hydro remained strong and thermal showed some signs of recovery. In this context, we expect ENEL to report solid figures, as in the previous two quarters, primarily supported in 3Q by higher figures in Iberia. In Italy margins should have continued to benefit from higher Renewables (increased hydro production), while both Conventional Generation and Market (Supply) are expected to report lower figures YoY, aligned to more 'normalised' levels. LatAm is expected to report sound figures, despite the deconsolidation of assets in Peru. At Group level we project ordinary EBITDA at Eu5,732mn (+2% YoY) and ordinary net income at Eu1,699mn (-3% YoY). On the balance sheet, net debt is expected to have increased slightly to Eu58.1bn from Eu57.4bn at the end of June, with a further rough Eu2bn still to be cashed-in from asset disposals (electricity distribution network to A2A and Solar assets in Spain) in 4Q24.
- 2024 guidance expected to be confirmed at the top end of the range.** Along with 2Q24 results ENEL confirmed its 2024 guidance, indicating ordinary EBITDA at Eu22.1-22.8bn, ordinary net income at Eu6.6-6.8bn and YE24 net debt at Eu53-54bn (2.4-2.5x net debt/EBITDA ratio). ENEL added that the results posted in 1H24 and the visibility on 2H24 place the Company towards the high end of the guidance range. We expect these indications to be confirmed once again.
- Disposal plan completed.** On 25 July ENEL announced the sale to Masdar of a 49.99% minority stake in EGPE Solar (2GW operational PV plants), for Eu817mn (Eu1.7bn EV on a 100% basis). ENEL said that with that deal the disposal plan was completed.
- New 2025-27 business plan.** ENEL will hold its Capital Markets Day on 18 November. With the strengthening of the balance sheet successfully achieved (YE24 net debt/EBITDA expected at 2.4x), we expect ENEL's new 2025-27 business plan to be focused on three pillars: a renewed CapEx acceleration (still focused on Grids), further cost cutting/efficiency extraction and a potential new more linear dividend policy based on a fixed CAGR or a fixed payout. In terms of financial targets, we believe ENEL could offer slightly more aggressive EBITDA targets for 2025 and the following years, benefitting from the expected CapEx increase. On the bottom line we believe there could be room for a potential 4-5% EPS CAGR, driving expected dividend growth. On the financial side this could translate into gradual re-leverage, but we do not expect the net debt/EBITDA ratio to exceed 2.7-2.8x over the plan period.
- Investment case.** After a very tough first quarter, in April the stock performances of Power Generators and Integrated Utilities started to benefit from improving electricity prices, supported by recovering gas and CO₂ prices. Despite the robust share price recovery recorded by ENEL in the last six months, we continue to believe that the stock is trading at undemanding valuations, given the Group's well-balanced business and geographical mix.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	140,517	95,565	91,494	92,809	94,180
EBITDA Adj (Eu mn)	19,683	21,969	22,857	23,412	23,803
Net Profit Adj (Eu mn)	5,391	6,508	6,853	6,860	7,135
EPS New Adj (Eu)	0.530	0.640	0.674	0.675	0.702
EPS Old Adj (Eu)	0.530	0.640	0.674	0.675	0.702
DPS (Eu)	0.400	0.430	0.450	0.470	0.480
EV/EBITDA Adj	7.1	6.5	6.7	6.6	6.5
EV/EBIT Adj	12.5	13.3	9.5	10.1	9.9
P/E Adj	13.8	11.4	10.9	10.8	10.4
Div. Yield	5.5%	5.9%	6.1%	6.4%	6.6%
Net Debt/EBITDA Adj	3.1	2.7	2.4	2.3	2.3

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- 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)

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Frequency of research: quarterly.

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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;

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Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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OUTPERFORM:	48.09 %
NEUTRAL:	23.67 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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OUTPERFORM:	34.43 %
NEUTRAL:	09.83 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short

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