

ENEL

Sector: Utilities

NEUTRAL

Price: Eu9.70 - Target: Eu10.20

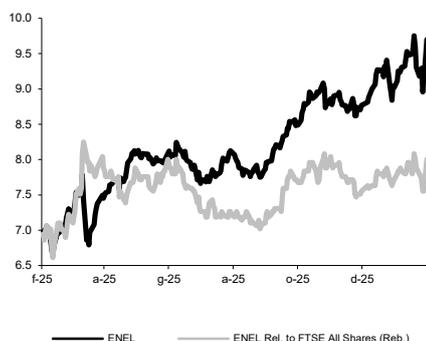
Higher CapEx and Buyback Drive DPS Growth

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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	from 9.50 to 10.20		
	2025E	2026E	2027E
Chg in Adj EPS	0.5%	-0.3%	-0.4%

Next Event
 FY25 Results Out on 19 March

ENEL - 12M Performance



Stock Data			
Reuters code:	ENEI.MI		
Bloomberg code:	ENEL IM		
Performance	1M	3M	12M
Absolute	7.6%	10.4%	41.7%
Relative	4.0%	1.2%	20.3%
12M (H/L)	9.75/6.65		
3M Average Volume (th):	23,445.45		

Shareholder Data	
No. of Ord shares (mn):	10,167
Total no. of shares (mn):	10,167
Mkt Cap Ord (Eu mn):	98,620
Total Mkt Cap (Eu mn):	98,620
Mkt Float - Ord (Eu mn):	67,850
Mkt Float (in %):	68.8%
Main Shareholder:	
Italian treasury	31.2%

Balance Sheet Data	
Book Value (Eu mn):	35,718
BVPS (Eu):	3.59
P/BV:	2.7
Net Financial Position (Eu mn):	-64,914
Enterprise Value (Eu mn):	190,610

ENEL's new business plan showed a clear acceleration in CapEx, coupled with more generous shareholder remuneration. Cumulative 2026-28 CapEx was set at Eu53bn, up Eu10bn vs. last year's plan, with focus returning to Renewables. This, along with the new buyback plan, allowed ENEL to present stronger-than-expected EPS/DPS growth targets (6% CAGR), while maintaining a solid financial structure (3.0x max net debt/EBITDA). We are updating our projections to reflect the new CapEx plan and lower electricity prices/higher taxes in Italy, following the recent approval of the Energy Decree. Target price lifted to Eu10.20ps, NEUTRAL confirmed.

- **New 2026-28 business plan.** ENEL's new plan is focused on three strategic pillars: i) accelerating growth in countries with stable environments, with a focus on grids, renewables and final customers through Greenfield and Brownfield investments; ii) maximising capital productivity through optimal allocation as well as efficient and effective economic resource management; iii) guaranteeing a balanced risk/return profile in order to achieve improved EPS, while maintaining strict financial discipline.
- **CapEx: Eu53bn in 2026-28, with acceleration in Renewables.** ENEL's total gross CapEx in 2026-28 is projected at around Eu53.0bn, up 23% vs. last year's plan (Eu43.0bn). Over Eu26bn will be invested in the Integrated Business, of which around Eu20bn in Renewables, an increase of about Eu8bn compared to the previous Plan, in order to add around 15GW of new renewable capacity, both Greenfield and Brownfield; ii) over Eu26bn in Grids, of which about 55% in Italy and the remainder distributed between Iberia and Latin America.
- **Financial targets:** Group ordinary EBITDA is expected to reach Eu23.1-23.6bn in 2026 and Eu25.7-26.1bn in 2028 from Eu22.9bn in 2025. Moving to the bottom line, ENEL expects EPS to reach between Eu0.80-82 by 2028, up from around Eu0.69 expected in 2025, a CAGR of approximately 6%. Net debt/EBITDA is expected to remain below 3.0x over the plan period, a much lower level than peers (sector average 3.5x).
- **Improved shareholder remuneration.** 2025 DPS proposed at Eu0.49; dividend policy improved, with a new fixed 6% CAGR in line with EPS growth (Eu0.58 in 2028). Furthermore, ENEL's BoD approved the execution of a new Eu1.0bn tranche of the share buyback programme (to be executed by 31 July 2026), implementing the Shareholders' Meeting resolution from 22nd May 2025, which authorised the acquisition and subsequent cancellation of treasury shares for a total outlay of up to Eu3.5bn.
- **Updated estimates and valuation.** We are updating our projections, primarily to reflect the new CapEx plan and lower electricity prices in Italy after the recent approval of the Energy Decree, while also including the additional 2pp on corporate income tax (IRAP) introduced by this legislation for 2026-27. These translated into a reduction of roughly 2% in net income for 2026-27 (EPS unchanged due to the buyback). We are also raising our DPS projections in line with the new policy. In terms of the valuation, we are lifting our target price to Eu10.20ps, still based on a mix of DCF, SoP, and market multiples.

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	22,900	23,417	24,499
Net Profit Adj (Eu mn)	6,508	7,135	7,023	7,100	7,485
EPS New Adj (Eu)	0.640	0.702	0.691	0.714	0.753
EPS Old Adj (Eu)	0.640	0.702	0.687	0.716	0.756
DPS (Eu)	0.430	0.470	0.490	0.520	0.550
EV/EBITDA Adj	6.5	6.5	7.1	8.1	8.1
EV/EBIT Adj	13.3	9.6	11.2	12.4	12.1
P/E Adj	15.2	13.8	14.0	13.6	12.9
Div. Yield	4.4%	4.8%	5.1%	5.4%	5.7%
Net Debt/EBITDA Adj	2.7	2.4	2.5	2.8	2.9

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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)

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Frequency of research: quarterly.

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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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OUTPERFORM:	38.35%
NEUTRAL:	29.32%
UNDERPERFORM:	00.75%
SELL:	00.00%

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NEUTRAL:	12.50%
UNDERPERFORM:	01.39%
SELL:	00.00%

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