ENEL

OUTPERFORM

Sector: Utilities

Price: Eu7.58 - **Target: Eu8.50**

1Q25 Results Slightly Better, 2025 Guidance Confirmed

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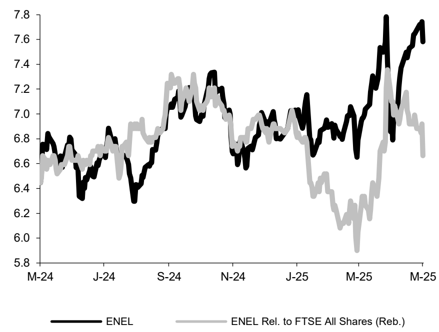
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 8.20 to 8.50
	2025E	**2026E**	**2027E**
Chg in Adj EPS	0.9%	1.3%	0.3%

ENEL - 12M Performance



Stock Data			
Reuters code:			ENEI.MI
Bloomberg code:			ENEL IM
Performance	**1M**	**3M**	**12M**
Absolute	8.9%	10.0%	17.6%
Relative	-6.7%	4.8%	4.0%
12M (H/L)			7.78/6.30
3M Average Volume (th):			33,287.02

Shareholder Data	
No. of Ord shares (mn):	10,167
Total no. of shares (mn):	10,167
Mkt Cap Ord (Eu mn):	77,096
Total Mkt Cap (Eu mn):	77,096
Mkt Float - Ord (Eu mn):	53,042
Mkt Float (in %):	68.8%
Main Shareholder:	
Italian treasury	31.2%

Balance Sheet Data	
Book Value (Eu mn):	35,965
BVPS (Eu):	3.54
P/BV:	2.1
Net Financial Position (Eu mn):	-56,525
Enterprise Value (Eu mn):	159,655

- **1Q25 results.** On the macro front, both electricity and gas prices increased further QoQ in 1Q25, with EU CO_2 prices also rising QoQ. Looking at the domestic market in particular, the PUN posted an average of Eu138/MWh (+8% QoQ, +50% YoY), while on the production side, both hydroelectricity and wind power declined, with thermoelectric increasing. 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 (c.Eu200mn, almost entirely in Peru), boding well for a good start to the year. At group level, ordinary EBITDA closed at Eu5,974bn (-2% YoY, +2% like-for-like, vs. exp. Eu5,912mn) and ordinary net profit at Eu2,003bn (-8% YoY, +2% like-for-like, vs. exp. Eu1,850mn). Looking at the balance sheet, net debt increased slightly to Eu56.0bn (vs. exp. Eu55.2bn), from Eu55.8bn at the end of YE24, reflecting the payment of c.Eu2.5bn in dividends.
- **Divisional results.** Looking at the various geographical areas, Italy closed with ordinary EBITDA of Eu2,993mn (-7% YoY, vs. exp. Eu2,931mn), with Generation & Trading closing at Eu589mn (-10% YoY, exp. Eu601mn), Networks at Eu1,094mn (+11% YoY, vs. exp. Eu1,040mn), Renewable Energies at Eu532mn (-2% YoY, vs. exp. Eu510mn) and Market at Eu764mn (-25% YoY, vs. exp. Eu760mn). In Spain, Endesa closed with EBITDA of Eu1,405mn (+12% YoY, vs. exp. Eu1,365mn). LatAm closed at Eu1,316mn (-9% YoY, +2% like-for-like, vs. exp. Eu1,301mn).
- **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 guidance for ordinary EBITDA of Eu22.9-23.1bn and ordinary net income of Eu6.7-6.9bn. Regarding domestic electricity forward sales, ENEL indicated coverage at 100% for 2025 and around 90% for 2026 at an average price of Eu112/MWh, slightly above the assumptions in the 2025-27 Strategic Plan.
- **Updated estimates and valuation.** Following 1Q25 results, we are fine-tuning our operating projections, with higher numbers for Spain offset by lower ones for LatAm. We are also trimming net financial charges and taxes, resulting in an increase of roughly 1% in EPS. Our updated Group projections continue to be in the upper part of the 2025 guidance ranges for both EBITDA and net income. Similar changes have also been made for 2026. As for the valuation, we are slightly raising our target price from Eu8.20ps to Eu8.50ps, still based on a mix of DCF, SOP and market multiples.
- **Investment case.** ENEL reported a solid set of results, notably supported by the growing contribution from Grids. We remind that ENEL's 2025-27 Strategic Plan, presented in November, further enhanced the focus on this business segment, offering greater visibility on expected margin trends, in our opinion. We still believe the growing weight of regulated activities in the business mix, as well as the geographical concentration in Italy and Spain, deserve a further stock re-rating. 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	23,214	23,895	24,628
Net Profit Adj (Eu mn)	6,508	7,135	7,011	7,267	7,692
EPS New Adj (Eu)	0.640	0.702	0.690	0.715	0.757
EPS Old Adj (Eu)	0.640	0.702	0.683	0.706	0.754
DPS (Eu)	0.430	0.470	0.480	0.490	0.510
EV/EBITDA Adj	6.5	6.5	6.9	6.8	6.7
EV/EBIT Adj	13.3	9.6	10.5	10.3	9.9
P/E Adj	11.8	10.8	11.0	10.6	10.0
Div. Yield	5.7%	6.2%	6.3%	6.5%	6.7%
Net Debt/EBITDA Adj	2.7	2.4	2.4	2.4	2.4

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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 of 5.5% are being used.
Frequency of research: quarterly.
Reports on all companies listed on the S&PMIB40 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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As of today Intermonte's distribution of stock ratings is as follows:

BUY:	32.59 %
OUTPERFORM:	37.78 %
NEUTRAL:	29.63 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

As at 31 March 2025 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (74 in total) is as follows:

BUY:	52.70 %
OUTPERFORM:	29.73 %
NEUTRAL:	17.57 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short

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