

ENI

Sector: Energy

NEUTRAL

Price: Eu16.72 - Target: Eu17.00

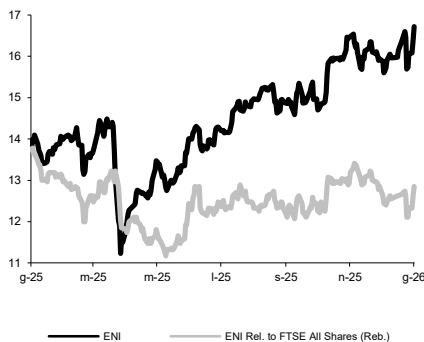
Focus on Capital Discipline

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

Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	from 16.50 to 17.00		
	2025E	2026E	2027E
Chg in Adj EPS	-5.3%	-11.6%	-1.6%

Next Event
4Q25 results out on 26 February

ENI - 12M Performance



Stock Data			
Reuters code:	ENI.MI		
Bloomberg code:	ENI IM		
Performance	1M	3M	12M
Absolute	4.9%	13.7%	21.7%
Relative	0.0%	5.2%	-8.5%
12M (H/L)	16.72/11.23		
3M Average Volume (th):	10,188.99		

Shareholder Data	
No. of Ord shares (mn):	3,684
Total no. of shares (mn):	3,622
Mkt Cap Ord (Eu mn):	61,596
Total Mkt Cap (Eu mn):	61,596
Mkt Float - Ord (Eu mn):	38,621
Mkt Float (in %):	62.7%
Main Shareholder:	
Government	33.3%

Balance Sheet Data	
Book Value (Eu mn):	48,559
BVPS (Eu):	14.78
P/BV:	1.1
Net Financial Position (Eu mn):	-13,320
Enterprise Value (Eu mn):	72,303

In 2025 ENI was the best performer among European Integrated Oils, thanks to better-than-expected results and very solid cash generation, partly supported by the proceeds from M&A. Entering 2026, with the likelihood of further pressure on energy prices, capital discipline will be central to the strategies of Oil Majors, with priority given to balance sheet strength and distributions to shareholders. While we see no risks to ENI's dividend sustainability, we expect a lower buyback (Eu1.0bn vs. Eu1.8bn in 2025), reflecting a potential deceleration in earnings momentum. TP raised slightly to Eu17.0ps.

- **Strong share price performance in 2025 despite weaker oil prices.** Thanks to the increasing weight of the gas portfolio within the Upstream segment and the growing contribution from new energy transition-related businesses, ENI has gradually reduced its sensitivity to oil prices over the past three years. This strategy, based on the satellite business model, has been well received by the market, particularly last year, with the stock posting a 23% increase, the best performance among European Integrated Oils, in a context of crude oil prices that remained under persistent pressure.
- **Potential further pressure on oil and gas prices.** After declining by around 15% in 2025, crude oil prices are expected to remain under pressure in 2026, with the continued easing of voluntary OPEC+ cuts and accelerating non-OPEC supply growth among the factors that could lead to oversupply. Weak oil fundamentals are expected to intensify in 1H26, while operators anticipate an improvement in conditions in the second half.
- **Focus on capital discipline.** In the face of potentially declining energy prices, capital discipline will be central to the strategies of Big Oil companies in 2026, with priority given to balance sheet strength and distributions to shareholders. Beyond the potential drop in commodity prices, tariff-related cost inflation and supply-chain disruptions could put additional pressure on capital allocation decisions, forcing companies to reassess investment priorities.
- **4Q25 results preview** (results due on 26 February). We have revised our 4Q25 estimates downwards, primarily to reflect slightly lower oil and gas prices and weaker chemicals margins. We expect sequentially lower figures, with proforma EBIT projected at Eu2,449mn (-18% QoQ, -9% YoY), adj. EBIT at Eu1,601mn (-23% QoQ, -5% YoY) and adj. net income at Eu804mn (-36% QoQ, -10% YoY). Moving to the balance sheet, net debt is expected to have closed at Eu14.5bn (D/E 0.28x, 0.17x pre IFRS16).
- **Updated estimates and valuation.** In addition to a mark-to-market of oil and gas prices for 4Q25, we are updating our macro assumptions for 2026 and the following years. We are lowering our Brent assumptions for 2026 to US\$62.5/bl from US\$67.5/bl, while confirming our US\$65/bl forecast for 2027 onwards. In addition, we are reducing gas prices, with 2026-27-28 PSV at Eu30.0-27.5-25.0/MWh, from Eu35.0-30.0-30.0/MWh. We are also trimming gas trading and chemicals margins, while slightly increasing Plenitude & Power, to reflect the recent M&A deals (acquisition of Neoen renewables portfolio in France and Acea Energia) and higher spark spreads. All these translate into a 5% cut to adj. net income for 2025, -12% for 2026 and -2% from 2027-28. TP raised slightly to Eu17.0ps from Eu16.50ps, still based on DCF, SOP and market multiples.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	93,717	88,852	85,408	82,935	84,587
EBITDA Adj (Eu mn)	21,415	18,231	15,995	15,866	17,445
Net Profit Adj (Eu mn)	8,298	5,264	4,597	4,141	4,855
EPS New Adj (Eu)	2.458	1.603	1.400	1.261	1.478
EPS Old Adj (Eu)	2.458	1.603	1.477	1.427	1.502
DPS (Eu)	0.940	1.000	1.050	1.080	1.110
EV/EBITDA Adj	3.1	3.8	4.1	4.6	4.1
EV/EBIT Adj	4.9	6.7	8.0	9.5	8.1
P/E Adj	6.8	10.4	11.9	13.3	11.3
Div. Yield	5.6%	6.0%	6.3%	6.5%	6.6%
Net Debt/EBITDA Adj	0.8	1.0	0.9	0.8	0.7

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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 FTSEMIIB40 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:	32.33%
OUTPERFORM:	39.10%
NEUTRAL:	27.82%
UNDERPERFORM:	00.75%
SELL:	00.00%

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:	31.08%
NEUTRAL:	14.87%
UNDERPERFORM:	01.35%
SELL:	00.00%

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