

ENI

Sector: Energy

NEUTRAL

Price: Eu12.04 - Target: Eu13.50

Updating Estimates/Valuation on a Lower Oil Price Scenario

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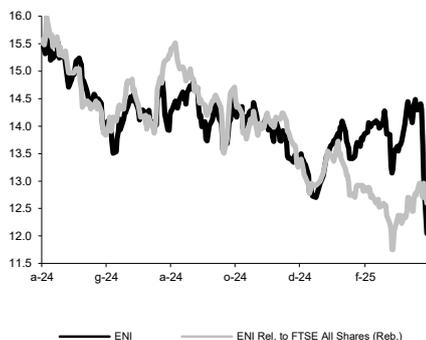
Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 15.50 to 13.50		
	2025E	2026E	2027E
Chg in Adj EPS	-13.7%	-16.2%	-15.8%

Next Event

1Q25 Results Out 24 April

ENI - 12M Performance



Stock Data

Reuters code:	ENI.MI		
Bloomberg code:	ENI IM		
Performance	1M	3M	12M
Absolute	-11.0%	-11.8%	-22.3%
Relative	3.6%	-5.7%	-18.6%
12M (H/L)	15.73/12.04		
3M Average Volume (th):	13,193.18		

Shareholder Data

No. of Ord shares (mn):	3,684
Total no. of shares (mn):	3,622
Mkt Cap Ord (Eu mn):	44,370
Total Mkt Cap (Eu mn):	44,370
Mkt Float - Ord (Eu mn):	27,820
Mkt Float (in %):	62.7%
Main Shareholder:	
Government	33.3%

Balance Sheet Data

Book Value (Eu mn):	52,102
BVPS (Eu):	15.86
P/BV:	0.8
Net Financial Position (Eu mn):	-16,342
Enterprise Value (Eu mn):	58,389

- Crude falls to 2021 lows on US tariffs and Opec+ supply surprise.** Brent and WTI have fallen to their lowest levels for almost four years in the last three days amid the ongoing fallout from US President Trump's tariff measures and a surprise increase in output from Opec+. Brent is down 12% after Trump's tariffs on all trading partners sparked concerns of an all-out global trade war that could curb economic growth and energy consumption. Further pressure on oil prices came from last Thursday's Opec+ announcement that it will fast-forward its reversal of production cuts.
- 1Q25 results preview** (results out on 24 April). On the macro front, 1Q25 featured lower oil prices YoY, with Brent at US\$74.9/bl (-10% YoY, +2% QoQ) coupled with significantly higher gas prices (Italy PSV at Eu48.6/MWh, +66% YoY, +9% QoQ). In the Downstream segment, refining margins were down YoY, but basically flat QoQ, while Chemicals cracks remained in the red. In this scenario, we expect ENI's 1Q25 margins to have narrowed YoY, but improved QoQ, with E&P in particular benefitting from lower costs and write-downs than in 4Q24. At Group level we are projecting adj. EBIT of Eu2,354mn (-22% YoY, +39% QoQ) and adj. net income of Eu1,184mn (-25% YoY, +33% QoQ). Looking at the different areas, for E&P we are projecting adj. EBIT of Eu2,051mn (+14% QoQ), then Eu315mn for GGP & Power (+16% QoQ), Eu305mn for Enilive & Plenitude (vs. Eu136mn in 4Q24), and Eu-302mn for Refining & Chemicals (vs. Eu-291mn in 4Q24). On the balance sheet, net debt is expected to have declined to Eu16.7bn (D/E 0.30x, D/E pre-IFRS16 0.18x) from Eu18.6bn at the end of December, benefitting from the cash-in from the sale of 25% of Enilive to KKR (around Eu3.0bn).
- Focus on 2025 guidance and distribution policy.** With 4Q24 results ENI provided the following key targets for 2025 (based on a Brent oil assumption of US\$75/bl and gas PSV of Eu44/MWh): Group CFFO at Eu13.0bn, Gross CapEx below Eu9.0bn, Net CapEx at Eu6.5-7.0bn, Leverage at 0.10x-0.20x. On shareholder remuneration, ENI proposed a 2025 DPS of Eu1.05 and a share buyback of Eu1.5bn, up to a maximum of Eu3.5bn (based on the distribution of 35-40% of annual CFFO).
- Updated estimates and valuation.** Following the sharp correction recorded by oil prices in the last few days, we are updating our projections on the back of more conservative assumptions (Brent 2025 from US\$72.5/bl to US\$67.5/bl, US\$65/bl from US\$70.0/bl thereafter). We are also factoring in a slightly weaker dollar (1.10x from 1.05x previously). In addition, we are trimming Upstream volumes and reducing Refining and Petrochemicals margins slightly further. These changes translate into a 14% downward revision to 2025 bottom line estimate and 16% for 2026/27. In terms of the valuation, we are lowering our target price from Eu15.50ps to Eu13.50ps, still based on a mix of DCF and SoP.
- Investment conclusion.** While we continue to appreciate ENI's strong track record in Exploration and the new enhanced distribution policy, we are concerned the current highly volatile macro scenario and potentially lower oil prices could continue to undermine stock performance, with the market still not ready to fully price ENI's 'Satellite' value creation strategy. NEUTRAL confirmed.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	93,717	88,852	86,093	84,384	85,422
EBITDA Adj (Eu mn)	21,415	18,231	15,485	15,828	17,079
Net Profit Adj (Eu mn)	8,298	5,264	4,026	4,101	4,621
EPS New Adj (Eu)	2.458	1.603	1.226	1.249	1.407
EPS Old Adj (Eu)	2.458	1.603	1.421	1.490	1.672
DPS (Eu)	0.940	1.000	1.050	1.080	1.080
EV/EBITDA Adj	3.1	3.8	3.8	3.7	3.3
EV/EBIT Adj	4.9	6.7	7.7	7.6	6.7
P/E Adj	4.9	7.5	9.8	9.6	8.6
Div. Yield	7.8%	8.3%	8.7%	9.0%	9.0%
Net Debt/EBITDA Adj	0.8	1.0	1.1	1.0	0.9

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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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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:	32.59 %
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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