

ENI

Sector: Energy

NEUTRAL

Price: Eu14.15 - Target: Eu16.00

Solid GGP Offsets Weak Downstream

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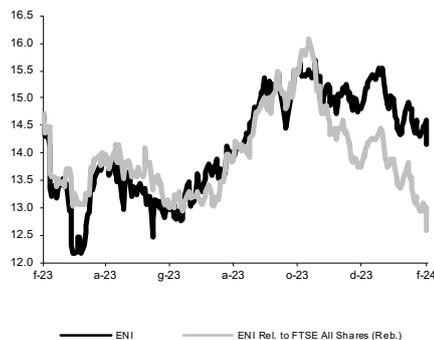
Stock Rating

Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2024E	2025E	2026E
Chg in Adj EPS	-1.4%	-1.9%	-3.1%

Next Event

CMD on 14 March

ENI - 12M Performance



Stock Data

Reuters code:	ENI.MI		
Bloomberg code:	ENI IM		
	1M	3M	12M
Absolute	-5.2%	-4.8%	-3.8%
Relative	-9.6%	-13.3%	-16.3%
12M (H/L)	15.70/12.16		
3M Average Volume (th):	9,801.67		

Shareholder Data

No. of Ord shares (mn):	3,684
Total no. of shares (mn):	3,622
Mkt Cap Ord (Eu mn):	52,143
Total Mkt Cap (Eu mn):	52,143
Mkt Float - Ord (Eu mn):	32,694
Mkt Float (in %):	62.7%
Main Shareholder:	
Government	32.4%

Balance Sheet Data

Book Value (Eu mn):	55,431
BVPS (Eu):	16.41
P/BV:	0.9
Net Financial Position (Eu mn):	-16,033
Enterprise Value (Eu mn):	67,437

- 4Q23 results.** On the macro front, 4Q23 featured slightly lower oil prices, while gas prices showed a partial seasonal recovery after the reduction recorded in the previous two quarters. In the Downstream segment, refining margins halved after the peaks recorded in 3Q23, while Chemicals cracks remained in the red. In this scenario, ENI reported sequentially declining figures, as expected. Results were nevertheless slightly above our projections, thanks primarily to better margins at GGP and Enilive, partly offset by higher Corporate costs. Downstream results were by contrast under pressure, especially in Chemicals. In detail: at Group level, adj. EBIT closed at Eu2,769mn (-23% YoY, -8% QoQ, vs. exp. Eu2,636mn) and adj. net income at Eu1,638mn (-34% YoY, -10% QoQ, vs. exp. Eu1,506mn). Moving to the balance sheet, net debt pre-IFRS16 closed at Eu10.9bn (D/E 0.20x, in line), slightly up QoQ.
- E&P:** adj. EBIT Eu2,431mn (-16% YoY, -7% QoQ, vs. exp. Eu2,425mn). Production hit 1,708kboed (+6% YoY, +4% QoQ, vs. exp. 1,680kboed), thanks to higher activity in Algeria, the Baleine ramp-up and strong regularity in Kazakhstan; FY23 Upstream net GHG emissions reduced by 10% YoY; ~900 mboe of resources discovered; fast track projects delivery (Congo LNG, Baleine); Geng North discovery. Neptune Energy: US\$2.4bn cash-out at close (below initial US\$2.6bn). Current production 130kboed, >100kboed net contribution to ENI; 4 bcm/y gas supply to Europe, increased exposure to gas and global LNG markets; US\$500mn synergies confirmed.
- GGP:** adj. EBIT Eu677mn (vs. exp. Eu452mn). Asset optimisations and profitable trading activities; positive upside from renegotiations and settlements; additional pipe equity volumes in the Eu from the acquisition of Neptune. Eni does not expect relevant one-off contributions from take-or-pay contracts renegotiations in 2024.
- Downstream:** Sust. Mob., Refining & Chemicals closed with adj. EBIT of Eu-87mn (vs. exp. Eu-204mn), with Enilive at Eu118mn (vs. exp. Eu30mn), Refining at Eu32mn (vs. exp. Eu10mn) and Chemicals at Eu-237mn (vs. exp. Eu-244mn).
- Plenitude & Power:** Adj. EBIT of Eu111mn (-6% YoY, vs. exp. Eu146mn). Plenitude: 3GW RES installed capacity (+36% YoY); 10mn customers; 20K owned public charging points (+50% YoY); FY23 EBITDA at Eu0.93bn (Retail Eu0.75bn, Renewables Eu0.20bn). The deal with EIP allowed Eu0.7bn of deleverage (YE23 net debt Eu2.2bn) and value recognition (roughly Eu10bn EV). ENI confirmed it is still working on an IPO.
- Estimates and valuation.** Following 4Q23 results we are leaving our projections for 2024 and the following years broadly unchanged (still not including Neptune Energy contributions). By contrast, we are assuming a gradual increase in the dividend. Target price unchanged at Eu16.00ps.
- Investment conclusion.** No major surprises from 4Q23 results, characterised by solid figures at GGP, offsetting weak Downstream. No comments on 2024 guidance during the call, with all details to be released at the upcoming CMD on 14 March. While we appreciate ENI's solid cash flow generation and generous shareholder remuneration policy, we confirm our NEUTRAL recommendation on the stock, with ongoing pressures on gas prices potentially penalising the share price in the short term.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	132,237	93,717	92,043	90,759	88,659
EBITDA Adj (Eu mn)	29,331	23,621	20,799	20,805	20,610
Net Profit Adj (Eu mn)	13,301	8,298	7,327	7,229	7,151
EPS New Adj (Eu)	3.725	2.458	2.169	2.140	2.117
EPS Old Adj (Eu)	3.727	2.419	2.199	2.181	2.184
DPS (Eu)	0.880	0.940	0.960	0.980	1.000
EV/EBITDA Adj	2.0	2.8	3.2	3.1	3.0
EV/EBIT Adj	2.9	4.9	5.2	5.2	5.0
P/E Adj	3.8	5.8	6.5	6.6	6.7
Div. Yield	6.2%	6.6%	6.8%	6.9%	7.1%
Net Debt/EBITDA Adj	0.4	0.7	0.8	0.7	0.5

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- 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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UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

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OUTPERFORM:	47.15 %
NEUTRAL:	26.02 %
UNDERPERFORM	00.81 %
SELL:	00.00 %

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UNDERPERFORM	00.00 %
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Emittente	%	Long/Short

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