ENI

NEUTRAL

Sector: Energy

Price: Eu15.84 - **Target: Eu16.50**

3Q25 Results Better, 2025 Guidance and Buyback Increased

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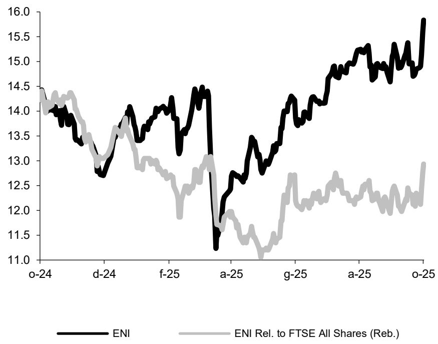
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 15.50 to 16.50
	2025E	**2026E**	**2027E**
Chg in Adj EPS	10.1%	7.3%	4.1%

ENI - 12M Performance



Stock Data			
Reuters code:			ENI.MI
Bloomberg code:			ENI IM
Performance	**1M**	**3M**	**12M**
Absolute	4.8%	10.0%	11.3%
Relative	4.6%	5.4%	-11.2%
12M (H/L)			15.84/11.23
3M Average Volume (th):			10,803.65

Shareholder Data	
No. of Ord shares (mn):	3,684
Total no. of shares (mn):	3,622
Mkt Cap Ord (Eu mn):	58,340
Total Mkt Cap (Eu mn):	58,340
Mkt Float - Ord (Eu mn):	36,579
Mkt Float (in %):	62.7%
Main Shareholder:	
Government	33.3%

Balance Sheet Data	
Book Value (Eu mn):	48,798
BVPS (Eu):	14.86
P/BV:	1.1
Net Financial Position (Eu mn):	-14,914
Enterprise Value (Eu mn):	70,695

- **3Q25 results.** On the macro front, oil prices were broadly flat QoQ, but lower YoY, while gas prices fell both QoQ and YoY; in Downstream, refining margins showed strong QoQ growth, while at Chemicals, cracks stayed negative; the dollar weakened further against the euro. Against this backdrop, ENI reported better-than-expected operating figures, primarily benefitting from stronger results at E&P, GGP and Enilive, while the bottom line also benefitted from a lower tax rate. In detail: adj. EBIT closed at Eu2,073mn (-15% YoY, +10% QoQ, vs. exp. Eu1,952mn), proforma EBIT at Eu2,996mn (-12% YoY, +12% QoQ, vs. exp. Eu2,786mn), adj. net income at Eu1,247mn (-2% YoY, +10% QoQ, vs. exp. Eu1,036mn). Cash flow slightly better, with CFFO pre-WC closing at Eu3.3bn vs. exp. Eu3.2bn. On the balance sheet, net debt was down slightly at Eu15.5bn (vs. exp. Eu16.1bn, D/E 0.29x, D/E pre-IFRS16 0.19x) from Eu15.9bn as at the end of June after Eu2.0bn of CapEx, Eu1.1bn in dividends and buybacks, and Eu1.0bn M&A income (disposal of 30% of the Baleine project in the Ivory Coast to Vitol).
- **Divisional highlights.** E&P production amounted to 1,756kboed (+6% YoY, +5% QoQ, vs. exp. 1,720kboed, higher production at Var Energy, production ramp-ups in Ivory Coast, Congo, Mexico), with adj. EBIT of Eu1,800mn (-23% YoY, +8% QoQ, vs. exp. Eu1,680mn). GGP & Power closed at Eu342mn (+23% YoY, -10% QoQ, vs. exp. Eu290mn), Enilive & Plenitude at Eu333mn (+2% YoY, +27% QoQ, vs. exp. Eu280mn), Refining & Chemicals at Eu-136mn (vs. Eu-228mn in 3Q24, Eu-213mn in 2Q25, vs. exp. Eu-128mn).
- **2025 guidance and buybacks increased.** FY25 oil and gas production guidance raised to 1.71-1.72Mboed from previous 1.7Mboed (implying around 1.8Mboed in 4Q25); FY25 CFFO before working capital adjustments raised to Eu12bn from the previous Eu11.5bn (Brent US$70/bl, PSV spot gas price at Eu37/MWh, SERM refining margin at US$5.8bl, Eu/US$ at 1.13x), implying a Eu1.3bn underlying improvement vs the original Plan guidance; GGP FY25 proforma EBIT raised to >Eu1bn from previous ~Eu1bn thanks to better portfolio optimizations; Enilive and Plenitude FY25 proforma adj. EBITDA confirmed at around Eu1bn and above Eu1.1bn respectively; FY25 gross CapEx confirmed below Eu8.5bn, net CapEx cut to <Eu5bn from <Eu6bn; aggregate cash initiatives to mitigate a weaker scenario raised to Eu4bn from previous Eu3bn; buybacks raised by Eu300mn to at least Eu1.8bn; YE proforma leverage narrowed to 15-18% from previous 15-20%.
- **Updated estimates and valuation.** We have updated our projections, increasing E&P, GGP and Enilive operating margins and reducing the Group tax rate. This translates into a rough 10% adj. net income increase for 2025, 7% for 2026, and 4% for 2027. For buybacks, our numbers now include the Eu1.8bn just announced for 2025, while for 2026 and following years we now assume Eu1.0bn. Regarding the valuation, we are increasing our target price to Eu16.50ps from Eu15.50ps.
- **Investment conclusion**. 3Q25 results show solid operational performance, while the ongoing portfolio and cash initiatives have enabled a strengthening of the balance sheet and an increase to buybacks even in a weaker macro scenario. After the recent strong share price recovery and with limited upside on our target price, we confirm our NEUTRAL recommendation on the stock.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	93,717	88,852	85,882	84,123	84,509
EBITDA Adj (Eu mn)	21,415	18,231	16,404	16,742	17,533
Net Profit Adj (Eu mn)	8,298	5,264	4,852	4,686	4,933
EPS New Adj (Eu)	2.458	1.603	1.477	1.427	1.502
EPS Old Adj (Eu)	2.458	1.603	1.342	1.329	1.442
DPS (Eu)	0.940	1.000	1.050	1.080	1.110
EV/EBITDA Adj	3.1	3.8	4.3	4.1	3.9
EV/EBIT Adj	4.9	6.7	8.2	8.1	7.5
P/E Adj	6.4	9.9	10.7	11.1	10.5
Div. Yield	5.9%	6.3%	6.6%	6.8%	7.0%
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 FTSEMIB40 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:	32.06%
OUTPERFORM:	37.40%
NEUTRAL:	29.78%
UNDERPERFORM:	00.76%
SELL:	00.00%

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (76 in total) is as follows:

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OUTPERFORM:	30.26%
NEUTRAL:	17.10%
UNDERPERFORM:	01.32%
SELL:	00.00%

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