

ENI

Sector: Energy

NEUTRAL

Price: Eu14.07 - Target: Eu15.50

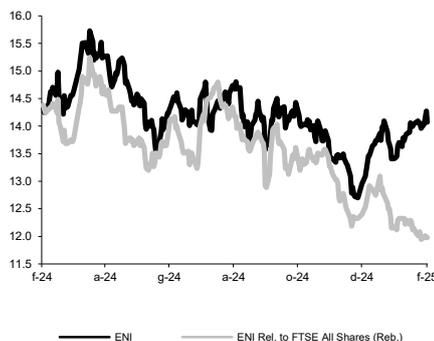
Distribution Enhanced, But Macro Remains Highly Volatile

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Stock Rating

Rating:	from OUTPERFORM to NEUTRAL		
Target Price (Eu):	from 16.50 to 15.50		
	2025E	2026E	2027E
Chg in Adj EPS	-13.4%	-13.3%	-11.0%

ENI - 12M Performance



Stock Data

Reuters code:	ENI.MI		
Bloomberg code:	ENI IM		
Performance	1M	3M	12M
Absolute	5.0%	4.9%	-2.1%
Relative	-1.6%	-11.2%	-19.5%
12M (H/L)	15.73/12.70		
3M Average Volume (th):	11,295.14		

Shareholder Data

No. of Ord shares (mn):	3,684
Total no. of shares (mn):	3,622
Mkt Cap Ord (Eu mn):	51,849
Total Mkt Cap (Eu mn):	51,849
Mkt Float - Ord (Eu mn):	32,509
Mkt Float (in %):	62.7%
Main Shareholder:	
Government	33.3%

Balance Sheet Data

Book Value (Eu mn):	52,742
BVPS (Eu):	16.06
P/BV:	0.9
Net Financial Position (Eu mn):	-15,025
Enterprise Value (Eu mn):	64,424

- 4Q24 results.** In a quarter featuring sequentially lower oil prices and narrower downstream margins, ENI's P&L was weaker than expected, while cash flow generation was slightly better. In detail, pro-forma EBIT was Eu2,699mn (-28% YoY, -21% QoQ, vs. exp. Eu2,778mn), adj. EBIT Eu1,694mn (-39% YoY, -31% QoQ, vs. exp. Eu1,843mn), and adj. net income Eu892mn (-46% YoY, -28% QoQ, vs. exp. Eu929mn). Net debt closed at Eu18.6bn (vs. exp. Eu17.2bn, D/E 0.33x, 0.22x pre-IFRS16, 0.15x proforma). CFFO closed at Eu2.9bn (vs. Eu2.9bn in 3Q24, exp. Eu2.8bn).
- New 2025-28 Strategic Plan.** ENI's new 2025-28 plan marks a natural progression of the strategy presented last year based on the maximisation of portfolio integration along the value chain and the decarbonisation process, still leveraging on its satellite business model (Upstream JVs, Plenitude, Enilive and now the CCUS satellite and the Indonesia-Malaysia business combination). ENI's value proposition is focused on increasing returns in the different business segments through technology and innovation.
- Financial targets.** Based on ENI's new macro assumptions (Brent 2025 at US\$75/bl, 2026 at US\$78/bl, 2027-28 at US\$80/bl, gas PSV 2025 at Eu44/MWh, gradually declining to Eu36/MWh in 2028), it provided the following key targets: for 2025, Group CFFO at Eu13.0bn (vs. Eu13.6bn in 2024), Gross CapEx below Eu9.0bn, Net CapEx at Eu6.5-7.0bn, Leverage between 0.10-0.20. Over the plan period, CFFO is foreseen at around Eu60bn (vs. Eu62bn in last year's plan, slightly lower oil and gas price assumptions). Cumulative 2024-27 Gross CapEx is indicated at Eu33bn (vs. Eu35bn), with Net CapEx confirmed at Eu27bn. ENI sees CFFO/share growing at a 14% CAGR to 2028 driven by the performance improvement and accretive growth in the businesses.
- Enhanced distribution:** ENI improved its shareholder remuneration policy, based on the distribution of a percentage of annual CFFO (35-40%, up from last year's 30-35%) by way of a combination of dividends and share buybacks. The proposed 2024 DPS has been raised to Eu1.05 (+5%), while the share buyback for 2025 will amount to Eu1.5bn (up to a maximum of Eu3.5bn) for a total return of 11% at current prices. In upside scenarios, ENI expects to earmark 60% of incremental CFFO for distribution to shareholders.
- Updated estimates and valuation.** Following the corrections in oil and gas prices in recent weeks, we are updating our projections on the back of slightly more conservative oil price assumptions (Brent 2025 from US\$75.0/bl to US\$72.5/bl, US\$70.0/bl flat thereafter). We are also lowering Upstream volumes and reducing Refining and Petrochemicals margins slightly further. These changes translate into a 13% downward revision to 2025/26 bottom line estimates. As for the valuation, we are reducing our target price from Eu16.50ps to Eu15.50ps, 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 could continue to cap share price performance, with the market still not ready to fully discount ENI's 'Satellite' value creation strategy. For these reasons, we move our recommendation to NEUTRAL.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	93,717	88,852	87,826	86,309	87,394
EBITDA Adj (Eu mn)	21,415	18,275	16,964	17,424	18,711
Net Profit Adj (Eu mn)	8,298	5,264	4,666	4,893	5,491
EPS New Adj (Eu)	2.458	1.603	1.421	1.490	1.672
EPS Old Adj (Eu)	2.458	1.603	1.640	1.730	1.870
DPS (Eu)	0.940	1.000	1.050	1.080	1.080
EV/EBITDA Adj	3.1	3.8	3.8	3.6	3.3
EV/EBIT Adj	4.9	6.7	7.3	7.0	6.1
P/E Adj	5.7	8.8	9.9	9.4	8.4
Div. Yield	6.7%	7.1%	7.5%	7.7%	7.7%
Net Debt/EBITDA Adj	0.8	1.0	0.9	0.8	0.6

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- 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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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;

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Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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OUTPERFORM:	43.28 %
NEUTRAL:	25.38 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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NEUTRAL:	19.72 %
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SELL:	00.00 %

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Emitente	%	Long/Short
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