ENI

NEUTRAL

Sector: Energy

Price: Eu14.66 - **Target: Eu15.50**

2Q25 Results Better, CFFO Guidance Slightly Improved

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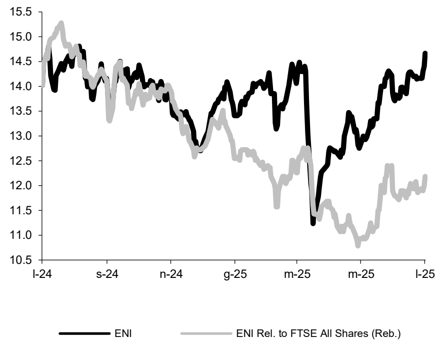
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 14.50 to 15.50
	2025E	**2026E**	**2027E**
Chg in Adj EPS	3.7%	2.4%	2.4%

ENI - 12M Performance



Stock Data			
Reuters code:			ENI.MI
Bloomberg code:			ENI IM
Performance	**1M**	**3M**	**12M**
Absolute	6.7%	14.9%	4.6%
Relative	3.1%	5.7%	-15.6%
12M (H/L)			14.81/11.23
3M Average Volume (th):			11,418.36

Shareholder Data	
No. of Ord shares (mn):	3,684
Total no. of shares (mn):	3,622
Mkt Cap Ord (Eu mn):	54,015
Total Mkt Cap (Eu mn):	54,015
Mkt Float - Ord (Eu mn):	33,867
Mkt Float (in %):	62.7%
Main Shareholder:	
Government	33.3%

Balance Sheet Data	
Book Value (Eu mn):	50,642
BVPS (Eu):	15.42
P/BV:	1.0
Net Financial Position (Eu mn):	-16,477
Enterprise Value (Eu mn):	68,006

- **2Q25 results.** 2Q25 was a highly volatile quarter for commodities. Despite rebounding in mid-June, both oil and gas prices were down QoQ. In the Downstream segment, refining margins were up QoQ (but still down YoY), while Chemical cracks stated in the red. On ForEx, the dollar weakened further. In this scenario ENI reported better-than-expected operating figures, primarily benefitting from stronger results in the E&P and GGP divisions, while the bottom line benefitted from positive financial income and a lower tax rate. In detail: adj. EBIT closed at Eu1,889mn (-41% YoY, -27% QoQ, vs. exp. Eu1,660mn, consensus Eu1,810mn) and adj. net income was Eu1,134mn (-25% YoY, -20% QoQ, vs. exp. Eu837mn, consensus Eu930mn). Cash flow was more or less in line, with CFFO pre-WC closing at Eu2.8bn. On the balance sheet, net debt was down slightly at Eu15.9bn (vs. exp. Eu16.7bn, D/E 0.30x, D/E pre-IFRS16 0.19x) from Eu16.5bn at the end of March, after Eu2.0bn of CapEx, a Eu0.8bn dividend payment, Eu0.3bn for the share buyback and a Eu0.6bn M&A cash-in (5% of Enilive to KKR).
- **Divisional highlights.** E&P production amounted to 1,668kboed (-3% YoY, +1% QoQ, vs. exp. 1,675kboed), with adj. EBIT of Eu1,659mn (-39% YoY, -26% QoQ, vs. exp. Eu1,560mn). GGP & Power closed at Eu378mn (+4% QoQ, vs. exp. Eu295mn), Enilive & Plenitude at Eu262mn (-11% YoY, vs. exp. Eu270mn), Refining & Chemicals at Eu-213mn (vs. Eu-246mn in 2Q24, Eu-343mn in 1Q25, vs. exp. Eu-280mn).
- **2025 outlook and guidance:** ENI has updated its reference scenario in light of current market conditions: Brent assumption raised back to US$70/bl (vs. prev. US$65/bl); gas PSV moved to Eu40/MWh (vs. prev. Eu41/MWh); refining margin to US$4.0/bl (vs. prev. US$3.5/bl); ForEx Eu/US$ 1.10x (confirmed). CFFO guidance improved slightly to around Eu11.5bn (vs. prev. Eu11.0bn), while cash initiatives and other internal measures aimed at mitigating the scenario effects were raised to around Eu3bn (from Eu2bn). Gross CapEx guidance confirmed < Eu8.5bn, net CapEx at < Eu6bn. 2025 leverage continues to be seen at 0.15-0.20x, within the 4-Year Plan range. Shareholder remuneration confirmed, with the distribution of a Eu1.05ps dividend and the execution of a buyback programme of at least Eu1.5bn. At divisional level, E&P production confirmed at Eu1.70mboed (3Q25 seen at 1.70-1.72mboed). GGP's pro-forma adjusted EBIT guidance increased to around Eu1bn (vs. prev. Eu0.8bn), thanks to a better-than-anticipated outcome from renegotiations and settlements, and portfolio optimisations. Enilive and Plenitude guidance confirmed.
- **Updated estimates and valuation.** Ahead of 2Q results, we updated our projections on the back of slightly higher oil price assumptions, reflecting a more balanced supply/demand situation in light of potential US trade deals in the coming weeks, and a slightly weaker US dollar. Following 2Q25 results, we are now fine-tuning our 2025 operating projections upwards, while lifting the bottom line by around 4%. In terms of the valuation, we are increasing our target price up to Eu15.50ps from Eu14.50ps.
- **Investment conclusion**. While we appreciate ENI's solid balance sheet and cash flow optimisation plans, supporting the shareholder remuneration policy, we remain concerned that the current highly volatile macro scenario could limit upside for the share price. NEUTRAL confirmed.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	93,717	88,852	85,654	83,711	84,060
EBITDA Adj (Eu mn)	21,415	18,231	16,182	16,345	17,196
Net Profit Adj (Eu mn)	8,298	5,264	4,408	4,365	4,737
EPS New Adj (Eu)	2.458	1.603	1.342	1.329	1.442
EPS Old Adj (Eu)	2.458	1.603	1.295	1.298	1.409
DPS (Eu)	0.940	1.000	1.050	1.080	1.080
EV/EBITDA Adj	3.1	3.8	4.2	4.1	3.8
EV/EBIT Adj	4.9	6.7	8.1	8.2	7.5
P/E Adj	6.0	9.1	10.9	11.0	10.2
Div. Yield	6.4%	6.8%	7.2%	7.4%	7.4%
Net Debt/EBITDA Adj	0.8	1.0	1.0	0.9	0.8

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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:	32.84%
OUTPERFORM:	38.81%
NEUTRAL:	28.35%
UNDERPERFORM:	00.00%
SELL:	00.00%

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (79 in total) is as follows:

BUY:	53.16%
OUTPERFORM:	29.11%
NEUTRAL:	17.73%
UNDERPERFORM:	00.00%
SELL:	00.00%

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