

SAIPEM

Sector: Energy

OUTPERFORM

Price: Eu2.33 - Target: Eu3.00

Ongoing Growth and Margins Improvement Expected

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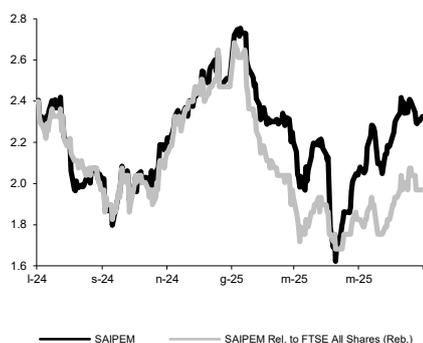
Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 2.50 to 3.00		
	2025E	2026E	2027E
Chg in Adj EPS	-1.4%	-2.8%	1.1%

Next Event

2Q25 Results Out 23 July

SAIPEM - 12M Performance



Stock Data

Reuters code:	SPMI.MI		
Bloomberg code:	SPM IM		
Performance	1M	3M	12M
Absolute	6.5%	8.6%	-2.8%
Relative	7.2%	3.6%	-22.4%
12M (H/L)	2.75/1.62		
3M Average Volume (th):	47,510.96		

Shareholder Data

No. of Ord shares (mn):	1,996
Total no. of shares (mn):	1,996
Mkt Cap Ord (Eu mn):	4,640
Total Mkt Cap (Eu mn):	4,641
Mkt Float - Ord (Eu mn):	2,648
Mkt Float (in %):	57.1%
Main Shareholder:	
Eni - Cdp	43.0%

Balance Sheet Data

Book Value (Eu mn):	2,606
BVPS (Eu):	1.31
P/BV:	1.8
Net Financial Position (Eu mn):	-385
Enterprise Value (Eu mn):	5,842

- Oil price rollercoaster due to Israel-Iran conflict.** After climbing more than \$10/bl when Israel unleashed airstrikes against Iran on 13 June and US launched targeted bombs on three Iranian nuclear facilities on 20 June, oil prices fell back to previous levels last week as the Israel-Iran ceasefire eased supply concerns. Despite recent draws on US crude and fuel inventories, the market's focus is shifting to potential tariff removals and the upcoming OPEC+ meeting next Sunday.
- 2Q25 results preview** (results due out on 23 July). We expect 2Q to have shown a continuation of the YoY growth trends witnessed in recent quarters, with results driven mainly by the Asset Based Services (Offshore E&C) division. Revenues are expected to have reached Eu3,690mn (+9% YoY, +5% QoQ), EBITDA Eu380mn (+28% YoY, +8% QoQ) and net income Eu91mn (+49% YoY, +17% QoQ). NFP pre-IFRS16 is expected cash positive at Eu-712mn (Eu268mn net debt post-IFRS16, projecting Eu980mn in lease liabilities), following the Eu333mn dividend payment.
- Order intake expected at around Eu1.4bn.** On the commercial front, quarterly newsflow was 'softer' than it has been. We expect the order intake to have reached around Eu1.4bn (Eu520mn Liverpool Bay CCS project in UK, Eu155mn Venice biorefinery expansion project in Italy, LTA renewal in Saudi Arabia and FEED for the Phosphate Integrated project in Algeria, plus changes to other orders). The backlog is projected to have come down to Eu30.5bn from Eu32.8bn as at the end of March.
- 2025 guidance expected to be confirmed.** We expect Saipem to confirm its 2025 guidance, with revenues seen at approx. Eu15.0bn, EBITDA of Eu1.6bn, Operating Cash Flow (net of lease payments) of Eu900mn, CapEx of Eu500mn, and Free Cash Flow (net of lease payments) of at least Eu500mn.
- Updated estimates and valuation.** Not only did war in the Middle East spark high volatility in oil and gas prices, it also, more importantly, highlighted the crucial issue of energy supply, in our view reinforcing the outlook for the Oil&Gas CapEx cycle. For this reason, we are slightly raising our revenue and margin projections for Saipem again, having trimmed them in the midst of US tariff turmoil in mid-April. We are also updating our model to better reflect the impact on the P&L and balance sheet of the expected trend in lease assets in the coming quarters/years. These changes resulted in EBITDA being increased by roughly 1% for 2025 and 2-3% for the following years. As for the valuation, we are lifting our target price from Eu2.50 to Eu3.00, still based on market multiples (EV/EBIT, from EV/EBITDA, to better capture the lease effects).
- Investment case.** After having been penalised in January by negative newsflow on legacy projects and at the beginning of April by US tariffs, the stock recovered significantly, supported by the upturn in oil prices and more optimism on the outlook for the Oil&Gas CapEx cycle. While the macro scenario remains highly volatile, we confirm our positive view on stock, as we continue to believe Saipem offers growth potential, thanks to its very solid competitive positioning in Offshore and ongoing turnaround in Onshore.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	11,874	14,549	15,106	14,935	14,937
EBITDA Adj (Eu mn)	926	1,329	1,608	1,694	1,778
Net Profit Adj (Eu mn)	179	306	415	513	602
EPS New Adj (Eu)	0.090	0.153	0.208	0.257	0.302
EPS Old Adj (Eu)	0.090	0.153	0.211	0.264	0.298
DPS (Eu)	0.000	0.167	0.134	0.093	0.110
EV/EBITDA Adj	3.3	3.8	3.6	3.2	2.7
EV/EBIT Adj	7.0	8.4	7.5	6.2	4.9
P/E Adj	25.9	15.2	11.2	9.1	7.7
Div. Yield	0.0%	7.2%	5.8%	4.0%	4.7%
Net Debt/EBITDA Adj	0.3	0.0	0.2	0.1	-0.2

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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 S&PMBI40 Index, most of those on the MIBEX 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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As at 30 June 2025 Intermonte's Research Department covered 133 companies. As of today Intermonte's distribution of stock ratings is as follows:

BUY:	31,85 %
OUTPERFORM:	37,78 %
NEUTRAL:	30,37 %
UNDERPERFORM:	00,00 %
SELL:	00,00 %

As at 30 June 2025 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (80 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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