

SAIPEM

Sector: Energy

OUTPERFORM

Price: Eu1.69 - Target: Eu2.50

New Macro Uncertainties, but Solid Competitive Positioning

 Paolo Citi +39-02-77115.430
 paolo.citi@intermonte.it

Stock Rating

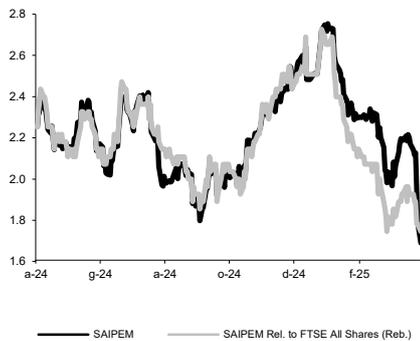
 Rating: from BUY to OUTPERFORM
 Target Price (Eu): from 3.20 to 2.50

	2025E	2026E	2027E
Chg in Adj EPS	-4.5%	-11.3%	-14.3%

Next Event

1Q25 Results Out 23 April

SAIPEM - 12M Performance



Stock Data

 Reuters code: SPML.MI
 Bloomberg code: SPM IM

Performance	1M	3M	12M
Absolute	-17.0%	-38.0%	-24.3%
Relative	-2.4%	-31.8%	-20.6%
12M (H/L)		2.75/1.69	
3M Average Volume (th):		43,023.69	

Shareholder Data

No. of Ord shares (mn):	1,996
Total no. of shares (mn):	1,996
Mkt Cap Ord (Eu mn):	3,373
Total Mkt Cap (Eu mn):	3,374
Mkt Float - Ord (Eu mn):	1,925
Mkt Float (in %):	57.1%
Main Shareholder:	
Eni - Cdp	43.0%

Balance Sheet Data

Book Value (Eu mn):	2,612
BVPS (Eu):	1.31
P/BV:	1.3
Net Financial Position (Eu mn):	115
Enterprise Value (Eu mn):	4,073

- Crude falls to 2021 lows on US tariffs and Opec+ supply surprise.** Brent and WTI have fallen to their lowest levels for almost four years in the last three days amid the ongoing fallout from US President Trump's tariff measures and a surprise increase in output from Opec+. Brent is down 12% after Trump's tariffs on all trading partners sparked concerns of an all-out global trade war that could curb economic growth and energy consumption. Further pressure on oil prices came from last Thursday's Opec+ announcement that it will fast-forward its reversal of production cuts.
- 1Q25 results preview** (results out on 23 April). We expect confirmation of the YoY growth trends recorded in 2024, with results driven mainly by the Asset Based Services (Offshore E&C) division. Revenues are expected to reach Eu3,592mn (+18% YoY, -19% QoQ), EBITDA Eu382mn (+43% YoY, -10% QoQ) and net income Eu96mn (+72% YoY, -4% QoQ). NFP pre-IFRS16 expected cash positive at Eu-876mn (Eu-46mn post IFR16), a further slight improvement QoQ.
- Order intake expected at around Eu2bn.** On the commercial front, the quarter was quite 'soft' compared to the previous three, with the order intake expected to reach around Eu2.0bn (Eu600mn large-scale Bioenergy CO₂ capture project in Sweden, US\$700mn Offshore projects in Middle East and Guyana, Eu300mn for two biorefineries in Italy, plus around Eu0.5bn in changes to orders). The backlog is expected to have declined to around Eu32.6bn from Eu34.3bn recorded at YE24.
- 2025 guidance expected to be confirmed.** We expect Saipem to confirm the 2025 guidance released a few weeks ago, 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, bringing the YE25 net cash position (post IFRS16) to around Eu200mn.
- Focus on market outlook and legacy projects.** In the current financial turmoil, we expect Saipem to offer updates on the macro-outlook for the Oil&Gas sector, with an analysis of the potential implications of US tariffs on sector investments. We also expect a further update on legacy projects under management, namely Courseulles-sur-Mer, Thai Oil and Mozambique LNG.
- Updated estimates and valuation.** While we are only trimming our 2025 projections, we are reducing estimates for 2026 onwards based on the potential for a lower order intake and narrower margins. As for the valuation, we are cutting our target price to Eu2.50ps from Eu3.20ps, on the back of a lower target market multiple (3.5x from 4.5x 2025 EV/EBITDA) to reflect the significantly increased macro uncertainties.
- Investment case.** After having recorded a very strong stock performance in 2024, the stock was penalised in January by negative newsflow on legacy projects and in the last few days by the sharp correction in oil prices. Despite a more complex and volatile macro scenario, we confirm our positive view on stock, with an OUTPERFORM recommendation. We still believe Saipem continues to offer 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	15,049	14,835	14,695
EBITDA Adj (Eu mn)	926	1,329	1,596	1,662	1,733
Net Profit Adj (Eu mn)	179	306	421	528	596
EPS New Adj (Eu)	0.090	0.153	0.211	0.264	0.299
EPS Old Adj (Eu)	0.090	0.153	0.221	0.298	0.348
DPS (Eu)	0.000	0.167	0.143	0.091	0.097
EV/EBITDA Adj	3.3	3.8	2.6	2.2	1.9
EV/EBIT Adj	7.0	8.4	5.3	4.4	3.6
P/E Adj	18.8	11.0	8.0	6.4	5.7
Div. Yield	0.0%	9.9%	8.5%	5.4%	5.7%
Net Debt/EBITDA Adj	0.3	0.0	-0.1	-0.2	-0.3

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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 of 5.5% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&P500 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 31 March 2025 Intermonte's Research Department covered 131 companies.

As of today Intermonte's distribution of stock ratings is as follows:

BUY:	32.59 %
OUTPERFORM:	37.78 %
NEUTRAL:	29.63 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

As at 31 March 2025 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (74 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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