

SAIPEM

Sector: Energy

OUTPERFORM

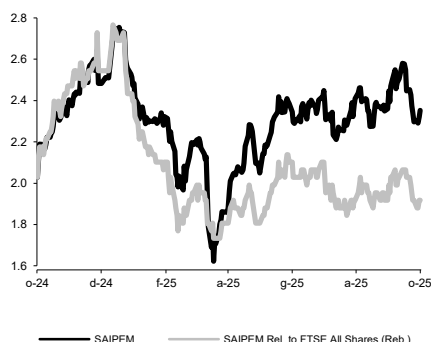
Price: Eu2.35 - Target: Eu3.10

Further Improvement of Operating Margins Expected in 4Q25

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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2025E	2026E	2027E
Chg in Adj EPS	-12.1%	-15.8%	-11.1%

SAIPEM - 12M Performance



Stock Data			
Reuters code:	SPMI.MI		
Bloomberg code:	SPM IM		
Performance	1M	3M	12M
Absolute	-3.8%	-3.9%	16.0%
Relative	-3.7%	-8.1%	-6.3%
12M (H/L)	2.75/1.62		
3M Average Volume (th):	37,129.55		

Shareholder Data	
No. of Ord shares (mn):	1,996
Total no. of shares (mn):	1,996
Mkt Cap Ord (Eu mn):	4,694
Total Mkt Cap (Eu mn):	4,695
Mkt Float - Ord (Eu mn):	2,679
Mkt Float (in %):	57.1%
Main Shareholder:	
Eni - Cdp	43.0%

Balance Sheet Data	
Book Value (Eu mn):	2,519
BVPS (Eu):	1.26
P/BV:	1.9
Net Financial Position (Eu mn):	-381
Enterprise Value (Eu mn):	5,891

■ **3Q25 results.** Saipem's 3Q25 results were slight above our expectations at EBITDA level, while the bottom line was again weaker due to higher depreciation and amortization related to leased vessels. Cash flow generation was slightly weaker, primarily due to higher working capital, while order intake was stronger. In detail: 3Q25 revenues closed at Eu3,771mn (+2% YoY and QoQ, vs. exp. Eu3,875mn), EBITDA at Eu437mn (+29% YoY, +6% QoQ, vs. exp. Eu424mn), and net income at Eu81mn (-10% YoY, +30% QoQ, vs. exp. Eu106mn). Moving to the balance sheet, the net financial position (post-IFRS16) closed negative at Eu411mn (vs. exp. Eu238mn) from Eu205mn as at the end of June. Looking at the different divisions, Asset Based Services (Offshore E&C) closed with EBITDA of Eu336mn (+38% YoY, +17% QoQ, vs. exp. Eu321mn), Energy Carriers (Onshore E&C) at Eu28mn (+100% YoY, +28% QoQ, vs. exp. Eu25mn), and Offshore Drilling at Eu73mn (-11% YoY, -29% QoQ, vs. exp. Eu79mn).

■ **Order intake at Eu3.2bn, backlog at Eu30.7bn.** On the commercial front, order intake reached Eu3,209mn in the quarter (vs. exp. Eu2,500mn), thanks primarily to the US\$1.5bn contract for the Sakarya offshore gas field development phase 3 project in Turkey, the US\$0.5bn contract for the Hammerhead offshore project in Guyana, and the US\$0.6bn contract for the Shah Deniz project in Azerbaijan (announced in mid-October and not included in our projections), plus changes to orders. The backlog closed at Eu30.7bn (vs. exp. Eu29.9bn) from Eu31.3bn as at the end of June.

■ **2025 guidance confirmed.** Saipem confirmed its guidance for 2025. Revenues continue to be seen at approx. Eu15.0bn, EBITDA at approx. Eu1.6bn, operating cash flow (net of lease payments) at approx. Eu900mn, CapEx at approx. Eu500mn, free cash flow (net of lease payments) of at least Eu500mn (reversal in 2H25 of WC contraction recorded in 1H25). For 4Q25, Saipem expects a further improvement of operating margins. Excellent visibility on 2025 and 2026 due to high backlog. Construction fleet fully booked for the next two years. Order intake is expected to accelerate in the coming months.

■ **Updated estimates and valuation.** Following 3Q results, we have fine-tuned our projections, increasing EBITDA to reflect slightly higher margins, primarily in the Asset Based Services segment. By contrast, on the bottom-line we have further cut our net income projections to reflect higher depreciation/amortization coupled to slightly higher net financial charges. As for the valuation, we confirm our target price of Eu3.10ps, still based on market multiples (9.0x 2026 EV/EBIT).

■ **Investment case.** As in 2Q25, Saipem's results were slightly above our expectations at EBITDA level, while EBIT and net income were weaker due to higher depreciation and amortization. That said, we believe Saipem's 3Q25 results and the expected backlog execution in 4Q25 further increase visibility on the FY25 EBITDA target (conservative in our opinion). We continue to believe the outlook for the Offshore segment remains strong, despite current oil price volatility, and we expect Saipem to continue to improve its margins and cash flow in the coming quarters. We confirm our positive view on the stock.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	11,874	14,449	15,074	15,597	15,596
EBITDA Adj (Eu mn)	926	1,329	1,678	1,874	1,935
Net Profit Adj (Eu mn)	179	306	326	412	516
EPS New Adj (Eu)	0.090	0.153	0.163	0.207	0.259
EPS Old Adj (Eu)	0.090	0.153	0.186	0.245	0.291
DPS (Eu)	0.000	0.166	0.134	0.115	0.122
EV/EBITDA Adj	3.3	3.8	3.5	2.9	2.4
EV/EBIT Adj	7.0	8.4	8.9	6.9	5.2
P/E Adj	26.2	15.3	14.4	11.4	9.1
Div. Yield	0.0%	7.1%	5.7%	4.9%	5.2%
Net Debt/EBITDA Adj	0.3	0.0	0.2	0.0	-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)

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Frequency of research: quarterly.

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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:	30.54%
UNDERPERFORM:	00.00%
SELL:	00.00%

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BUY:	51.32%
OUTPERFORM:	30.26%
NEUTRAL:	18.42%
UNDERPERFORM:	00.00%
SELL:	00.00%

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