

# SAIPEM

Sector: Energy

## OUTPERFORM

Price: Eu2.38 - Target: Eu3.10

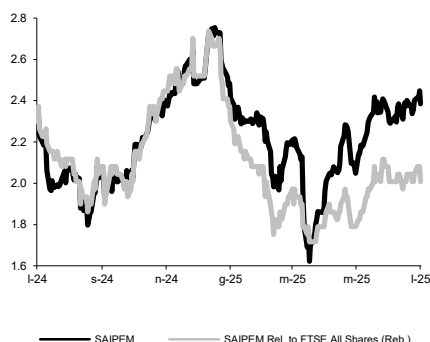
### 2Q25 EBITDA Better, Merger Agreement with Subsea 7 Signed

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#### Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 3.00 to 3.10		
	2025E	2026E	2027E
Chg in Adj EPS	-10.6%	-4.5%	-3.6%

#### SAIPEM - 12M Performance



#### Stock Data

Reuters code:	SPMI.MI		
Bloomberg code:	SPM IM		
Performance	1M	3M	12M
Absolute	3.9%	21.4%	3.7%
Relative	0.9%	10.9%	-13.8%
12M (H/L)	2.75/1.62		
3M Average Volume (th):	42,733.27		

#### Shareholder Data

No. of Ord shares (mn):	1,996
Total no. of shares (mn):	1,996
Mkt Cap Ord (Eu mn):	4,759
Total Mkt Cap (Eu mn):	4,761
Mkt Float - Ord (Eu mn):	2,716
Mkt Float (in %):	57.1%
Main Shareholder:	
Eni - Cdp	43.0%

#### Balance Sheet Data

Book Value (Eu mn):	2,564
BVPS (Eu):	1.28
P/BV:	1.9
Net Financial Position (Eu mn):	-375
Enterprise Value (Eu mn):	5,951

■ **2Q25 results.** Saipem's 2Q25 results were above our expectations at EBITDA level, while the bottom line was weaker due to higher depreciation and amortization. Cash flow generation and order intake were also stronger. In detail: 2Q25 revenues closed at Eu3,693mn (+10% YoY, +5% QoQ, vs. exp. Eu3,690mn), EBITDA at Eu413mn (+39% YoY, +17% QoQ, vs. exp. Eu380mn), and net income at Eu63mn (+3% YoY, -19% QoQ, vs. exp. Eu91mn). Moving to the balance sheet, the net financial position (post-IFRS16) closed negative at Eu205mn (vs. exp. Eu268mn) from a net cash position of Eu-116mn as at the end of March, following the Eu331mn dividend payment. Looking at the different divisions, Asset Based Services (Offshore E&C) closed with EBITDA of Eu288mn (+36% YoY, +15% QoQ, vs. exp. Eu277mn), Energy Carriers (Onshore E&C) at Eu22mn (vs. zero in 2Q24, +21%, QoQ vs. exp. Eu21mn), and Drilling Offshore at Eu103mn (+20% YoY, +25% QoQ, vs. exp. Eu82mn).

■ **Backlog slightly down to Eu31.3bn.** On the commercial front, order intake reached Eu2,177mn in the quarter (vs. exp. Eu1,350mn), thanks primarily to the Eu520mn Liverpool Bay CCS project in UK, the Eu155mn Venice biorefinery expansion project in Italy, LTA renewal in Saudi Arabia, and FEED for the Integrated Phosphate project in Algeria, plus changes to other orders. The backlog declined to around Eu31.3bn (vs. exp. Eu30.5bn) from Eu32.8bn as at the end of March.

■ **2025 guidance confirmed.** Saipem confirmed the guidance for 2025 released with 4Q24 results. 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 of WC contraction recorded in 1H25 expected in 2H25). Excellent visibility for 2025 and 2026 deriving from high backlog. Construction fleet fully booked for the next two years. Order intake expected to accelerate in 2H25.

■ **Merger agreement with Subsea 7 signed.** Saipem and Subsea7 announced they have entered into a binding merger agreement on terms and conditions substantially in line with the MoU signed at the end of February. Subsea7 shareholders will receive 6.688 new Saipem shares for each Subsea7 share held. If the deal is not completed before approval of FY25 results, Saipem and Subsea7 will be entitled to distribute cash dividends of at least \$300mn to be paid in 2Q26. Subsea7 will distribute an extra div. of Eu450mn immediately prior to completion of the deal plus (this is a news vs. the MoU) another cash dividend of Eu105mn, in connection with a permitted business divestment currently ongoing. Annual synergies expected at around Eu300mn on a run-rate basis.

■ **Updated estimates and valuation.** Following 2Q results, we have fine-tuned our projections, slightly increasing revenues and EBITDA, while trimming the bottom line. As for the valuation, we are increasing our target price to Eu3.10ps from Eu3.00ps.

■ **Investment case.** Saipem's 2Q25 results offer good visibility on FY25 targets and confirmed ongoing improvement of margins. The signing of the binding merger agreement with Subsea 7 is positive, removing potential uncertainties on the deal. We confirm our positive view on the stock.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	11,874	14,449	15,225	15,404	15,402
EBITDA Adj (Eu mn)	926	1,329	1,651	1,736	1,820
Net Profit Adj (Eu mn)	179	306	371	489	580
EPS New Adj (Eu)	0.090	0.153	0.186	0.245	0.291
EPS Old Adj (Eu)	0.090	0.153	0.208	0.257	0.302
DPS (Eu)	0.000	0.166	0.134	0.105	0.117
EV/EBITDA Adj	3.3	3.8	3.6	3.1	2.7
EV/EBIT Adj	7.0	8.4	8.0	6.3	5.1
P/E Adj	26.6	15.6	12.8	9.7	8.2
Div. Yield	0.0%	7.0%	5.6%	4.4%	4.9%
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)

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 FTSEMIIB40 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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BUY:	32.84%
OUTPERFORM:	38.06%
NEUTRAL:	29.10%
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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