SAIPEM

BUY

Sector: Energy

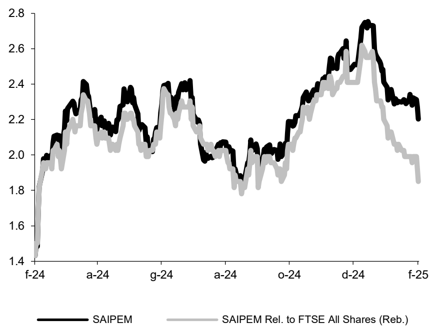
Price: Eu2.20 - **Target: Eu3.20**

Solid 2025 Guidance and Medium/ Long-Term Targets

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

Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 3.00 to 3.20
	2025E	**2026E**	**2027E**
Chg in Adj EPS	-7.7%	-2.4%	4.4%

SAIPEM - 12M Performance



Stock Data			
Reuters code:			SPMI.MI
Bloomberg code:			SPM IM
Performance	**1M**	**3M**	**12M**
Absolute	-8.7%	-8.4%	53.8%
Relative	-16.7%	-25.9%	34.2%
12M (H/L)			2.75/1.48
3M Average Volume (th):			34,998.35

Shareholder Data	
No. of Ord shares (mn):	1,996
Total no. of shares (mn):	1,996
Mkt Cap Ord (Eu mn):	4,396
Total Mkt Cap (Eu mn):	4,397
Mkt Float - Ord (Eu mn):	2,509
Mkt Float (in %):	57.1%
Main Shareholder:	
Eni - Cdp	43.0%

Balance Sheet Data	
Book Value (Eu mn):	2,631
BVPS (Eu):	1.32
P/BV:	1.7
Net Financial Position (Eu mn):	138
Enterprise Value (Eu mn):	5,067

- **4Q24 results.** Saipem's 4Q24 results were slightly above our expectations, primarily thanks to stronger figures at the Asset Based Services division (ex. Offshore E&C). In detail: 4Q24 revenues closed at Eu4,419mn (+26% YoY, +19% QoQ, vs. exp. Eu4,260mn), EBITDA at Eu424mn (+48% YoY, +25% QoQ, vs. exp. Eu409mn) and net income at Eu100mn (-2% YoY, +11% QoQ, exp. Eu93mn). Moving to the balance sheet, the net financial position (post-IFRS16) closed cash positive for Eu-23mn (vs. exp. Eu58mn) from Eu124mn as at the end of September.
- **Backlog at Eu34.3bn.** On the commercial front, the quarter closed with an order intake of Eu5.3bn, bringing the total backlog to Eu34.3bn (vs. exp. Eu33.6bn), slightly up from Eu33.4bn as at the end of September. On a yearly basis, total order intake in 2024 reached Eu18.8bn, a continuation of the renewed acceleration that began in 2022 (Eu13.6bn) after the pandemic-induced slowdown in 2020-21.
- **2025 guidance.** Saipem sees revenue of approx. Eu15.0bn (vs. exp. Eu14.5-15.0bn), EBITDA of approx. Eu1.6bn (vs. exp. Eu1.55bn), Operating Cash Flow (net of lease payments) of approx. Eu900mn, CapEx of approx. Eu500mn, Free Cash Flow (net of lease payments) of at least Eu500mn (vs. exp. Eu400mn), bringing the YE25 net cash position (post IFRS16) to around Eu200mn.
- **Upgraded shareholder remuneration policy.** Saipem presented a new, more generous shareholder remuneration policy that envisages the distribution of at least 40% of Free Cash Flow (net of lease payments - vs. 30-40% in last year's plan). Saipem's BoD intends to propose a dividend of Eu333mn (US$350mn) for 2025 (on 2024 results) and envisages a dividend of at least US$300mn for 2026.
- **Strategic update: 2025-28 Plan.** Saipem projects an order intake of around Eu50bn over the four-year plan, with new contracts in "low/zero carbon" segments amounting to approximately 30% of the total. Revenues are projected to reach Eu15.0bn in 2028, with EBITDA of approx. Eu2.0bn (vs. Eu1.7bn in 2027 in last year plan). Cumulative Operating Cash Flow (net of lease payments) is projected to reach Eu3.7bn over the period (vs. Eu3.0bn in last year plan), while CapEx is projected at approximately Eu1.5bn (vs. Eu1.4bn), for cumulative Free Cash Flow of around Eu2.2bn (vs. Eu1.6bn).
- **Updated estimates and valuation.** We are updating our projections for 2025 and subsequent years, primarily to reflect higher volumes and margins at Offshore E&C and higher leases in depreciation. Our dividend forecasts are aligned to the new shareholder remuneration policy. Target price increased from Eu3.00ps to Eu3.20ps (4.5x 2025 EV/EBITDA target multiple).
- **Investment case.** Saipem's 4Q24 results confirmed its growth and margin recovery trajectory, as well as the acceleration in cash flow generation and the strengthening of the company's balance sheet. Saipem offered solid 2025 guidance despite still pending legacy projects, as well as constructive medium/long-term targets, in particular in terms of cash flow generation, with the proposed combination with Subsea7 offering further upside. We confirm our BUY recommendation on the stock.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	11,874	14,549	15,077	14,971	14,864
EBITDA Adj (Eu mn)	926	1,329	1,625	1,758	1,871
Net Profit Adj (Eu mn)	179	306	440	595	695
EPS New Adj (Eu)	0.090	0.153	0.221	0.298	0.348
EPS Old Adj (Eu)	0.090	0.149	0.239	0.306	0.334
DPS (Eu)	0.000	0.167	0.143	0.108	0.114
EV/EBITDA Adj	3.3	3.8	3.1	2.6	2.2
EV/EBIT Adj	7.0	8.4	6.3	4.9	4.0
P/E Adj	24.6	14.4	10.0	7.4	6.3
Div. Yield	0.0%	7.6%	6.5%	4.9%	5.2%
Net Debt/EBITDA Adj	0.3	0.0	-0.1	-0.2	-0.4

DISCLAIMER (for more details go to DISCLAIMER)

IMPORTANT DISCLOSURES

The reproduction of the information, recommendations and research produced by Intermonte SIM contained herein and of any its parts is strictly prohibited. None of the contents of this document may be shared with third parties without authorisation from Intermonte.
This report is directed exclusively at market professional and other institutional investors (Institutions) and is not for distribution to person other than "Institution" ("Non-Institution"), who should not rely on this material. Moreover, any investment or service to which this report may relate will not be made available to Non-Institution.
The information and data in this report have been obtained from sources which we believe to be reliable, although the accuracy of these cannot be guaranteed by Intermonte. In the event that there be any doubt as to their reliability, this will be clearly indicated. The main purpose of the report is to offer up-to-date and accurate information in accordance with regulations in force covering "recommendations" and is not intended nor should it be construed as a solicitation to buy or sell securities.
This disclaimer is constantly updated on Intermonte's website www.intermonte.it under LEGAL INFORMATION. Valuations and recommendations can be found in the text of the most recent research and/or reports on the companies in question. For a list of all recommendations made by Intermonte on any financial instrument or issuer in the last twelve months consult the PERFORMANCE web page.
Intermonte distributes research and engages in other approved activities with respect to Major U.S. Institutional Investors ("Majors") and other Qualified Institutional Buyers ("QIBs"), in the United States, via Plural Securities LLC under SEC 15a-6 guidelines. Intermonte is not registered as a broker dealer in the United States under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is not a member of the Securities Investor Protection Corporation ("SIPC"). Plural Securities LLC is registered as a broker-dealer under the Exchange Act and is a member of SIPC.

ANALYST CERTIFICATION

For each company mentioned in this report the respective research analyst hereby certifies that all of the views expressed in this research report accurately reflect the analyst's personal views about any or all of the subject issuer (s) or securities. The analyst (s) also certify that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation or view in this report.
The analyst (s) responsible for preparing this research report receive(s) compensation that is based upon various factors, including Intermonte's total profits, a portion of which is generated by Intermonte's corporate finance activities, although this is minimal in comparison to that generated by brokerage activities.
Intermonte's internal procedures and codes of conduct are aimed to ensure the impartiality of its financial analysts. The exchange of information between the Corporate Finance sector and the Research Department is prohibited, as is the exchange of information between the latter and the proprietary equity desk in order to prevent conflicts of interest when recommendations are made.
The analyst responsible for the report is not a) a resident of US; b) an associated person of a U.S. broker-dealer; c) supervised by a supervisory principal of a U.S. broker-dealer. This Research Report is distributed in the U.S. through Plural Securities LLC, 950 3rd Ave, Suite 1702, NY 10022, USA.

GUIDE TO FUNDAMENTAL RESEARCH

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&PMIB40 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.
Explanation of our ratings system:
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

CURRENT INVESTMENT RESEARCH RATING DISTRIBUTIONS

Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.
As at 31 December 2024 Intermonte's Research Department covered 132 companies.
As of today Intermonte's distribution of stock ratings is as follows:

BUY:	31.34 %
OUTPERFORM:	43.28 %
NEUTRAL:	25.38 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

As at 31 December 2024 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (71 in total) is as follows:

BUY:	50.70 %
OUTPERFORM:	29.58 %
NEUTRAL:	19.72 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

CONFLICT OF INTEREST

In order to disclose its possible conflicts of interest Intermonte SIM states that:
Intermonte acts as financial advisor to Banco BPM in the context of the offer promoted by UniCredit
Intermonte acts as ECM advisor to Banca Ifis in the offer promoted on illimity Bank
Intermonte acted as financial advisor to Retex S.p.A. – Società Benefit in relation to the voluntary public tender offer launched on Alkemy S.p.A.
Intermonte SIM has provided in the last 12 months / provides / may provide investment banking services to the following companies: Aquafil, Banca Ifis, Banco BPM, Maire, Tinexta.
Intermonte SIM is acting as counterparty to WIIT Fin S.r.l. in connection with call and put options having WIIT S.p.A. shares and dividends as reference underlying.
Intermonte SIM is Specialist and/or Corporate Broker and/or Sponsor and/or Broker in charge of the share buy back activity of the following Companies: Abitare In, Alkemy, Anima Holding, Antares Vision, Aquafil, Avio, Banca Ifis, Banca Sistema, Civitanavi Systems, Cyberoo, Cy4gate, DHH, El.En, Elica, Emak, Esprinet, Fimit - Fondo Alpha, Fine Foods, Franchi Umberto Marmi, GPI, Greenthesis (formerly Ambienthesis), IEG, Intred, Luve, Misitano & Stracuzzi, Mondadori, Notorious Pictures, Omer, Pharmanutra, Reply, Revo Insurance, Reway, Saes Getters, Servizi Italia, Sesa, Seri Industrial, Somec, Star7, SyS-Dat Group, Talea, Tamburi, Tinexta, Tesmec, The Italian Sea Group, TXT, Unidata, Webuild and WIIT.
Intermonte SIM has a contractual commitment to act as liquidity provider on behalf of third parties for the following company: Banca Sistema, Zest.
Intermonte SIM, through Websim, which constitute the digital division of Intermonte, acts as a Financial Content Provider and/or Specialist and/or Corporate Broker on the following companies: Alkemy, Allcore, Almawave, Bifire S.P.A., B&C Speakers, Casta Diva Group, Cleanbnb, Cofle, Crowdfundme, Cube Labs, Cyberoo, DHH, Digitouch, Ediliziacrobatica Spa, Eles, Energy, Eviso, Fae Technology, Fiera Milano, Fila, Fope, GM Leather, Green Oleo, High Quality Food, Ikonisys, Intercos, Intred, ISCC Fintech, Lemon Sistemi, Maps Group, Mare Group, Masi Agricola, Misitano & Stracuzzi, Neodecortech, Notorious Pictures, Olidata, Osai Automation System, Racing Force Group, Redfish Long Term Capital, Reti, Sciuker Frames, SG Company, Simone, Solid World Group, Spindox, Talea, Tamburi, Tinexta, TMP Group, Tps Group, Ulisse Biomed, Xenia Hôtellerie Solution Spa Società Benefit, Wiit, Zest.
Intermonte SIM SpA holds net long or short positions in excess of 0.5% of the overall share capital in the following issuers:

Emittente	%	Long/Short

INTERMONTE SIM is MIFID compliant - for our Best Execution Policy please check our Website MiFID
Further information is available