

SAIPEM

Sector: Energy

OUTPERFORM

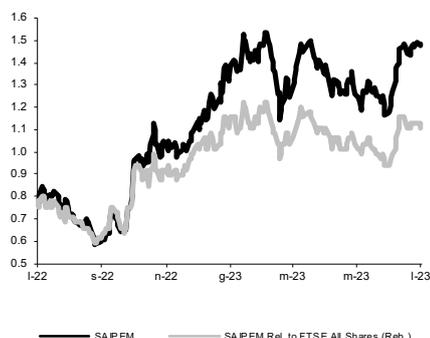
Price: Eu1.48 - Target: Eu2.00

Results Slightly Better, Guidance Confirmed

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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2023E	2024E	2025E
Chg in Adj EPS	35.6%	5.0%	3.6%

SAIPEM - 12M Performance



Stock Data			
Reuters code:	SPMI.MI		
Bloomberg code:	SPM IM		
Performance	1M	3M	12M
Absolute	25.7%	9.9%	90.5%
Relative	18.3%	2.1%	56.2%
12M (H/L)	1.53/0.58		
3M Average Volume (th):	29,346.38		

Shareholder Data	
No. of Ord shares (mn):	1,996
Total no. of shares (mn):	1,996
Mkt Cap Ord (Eu mn):	2,954
Total Mkt Cap (Eu mn):	2,954
Mkt Float - Ord (Eu mn):	1,686
Mkt Float (in %):	57.1%
Main Shareholder:	
Eni - Cdp	43.0%

Balance Sheet Data	
Book Value (Eu mn):	2,135
BVPS (Eu):	1.07
P/BV:	1.4
Net Financial Position (Eu mn):	-433
Enterprise Value (Eu mn):	3,395

- 2Q23 results.** Saipem 2Q23 results were marginally better than expected, both in terms of operating results and cash flow generation. In detail: 2Q23 revenues closed at Eu2,765mn (+11% YoY, +7% QoQ, vs. exp. Eu2,745mn), EBITDA at Eu219mn (+48% YoY, +15% QoQ, vs. exp. Eu211mn), and net income at Eu40mn (vs. exp. Eu11mn). Moving to the balance sheet, net debt (post-IFRS16) closed at Eu288mn (vs. exp. Eu333mn) from Eu285mn as at the end of March. Looking at the different divisions, Asset Based Services (ex. Offshore E&C) closed above our expectations (EBITDA Eu144mn vs. exp. Eu129mn), while and Energy Carriers (ex. Onshore E&C) was slightly weaker (Eu2mn vs. exp. Eu8mn) and Drilling Offshore in line (Eu73mn).
- Strong order intake momentum in Offshore.** The quarter featured strong commercial newsflow, with Saipem announcing orders for around US\$2.7bn at Asset Based Services and US\$0.9bn at Offshore Drilling. Total order intake in 2Q23 reached Eu4.0bn (vs. exp. Eu3.8bn), up from Eu2.7bn recorded in 1Q23 (total Eu6.7bn in 1H23). The backlog closed at Eu25.5bn (in line), up from Eu24.5bn as at the end of march.
- 2023 guidance confirmed.** Saipem confirmed the guidance for 2023, with Revenues seen at over Eu11bn, EBITDA at around Eu850mn and net debt post IFRS16 at around Eu500mn. Looking at the different divisions, in the Asset Based Services (ex-Offshore E&C) segment, margins are expected to further improve in 2H23 thanks to the contribution of more profitable projects acquired in the last few quarters; at Energy Carriers (ex-Onshore E&C), for 2H23 Saipem is projecting growth of revenues and improving margins in the low single digit area, with the backlog review nevertheless still capping the expected improvement of margins; at Drilling Offshore, revenues and margins are expected above 1H22 levels thanks to higher day-rates and additional vessels on stream, partly offset by Scarabeo 9 maintenance.
- Market conditions still strong, in particular in Offshore.** During the call, Saipem top management confirmed that market conditions remained strong, in particular in the Offshore segment. Saipem highlighted Eu53bn near term opportunities in the E&C market, of which 67% in Offshore. To ride this new super cycle, Saipem announced the strengthening of its E&C offshore fleet, with the long-term charter from 2024 of a new, latest generation deepwater heavy lift and pipelay vessel (JDS 6000).
- Updated estimates and valuation.** We have fine-tuned our 2023 EBITDA projections to reflect slightly higher figures at the Asset Based Services division, offset by lower ones at Energy Carriers. Below EBITDA, we have slightly reduced net financial charges and increased equity contributions. In terms of the valuation, we confirm our target price of Eu2.00ps, based on a 4.75x 2023-24 EV/EBITDA multiple.
- Investment case.** The robust order intake recorded in 2022 and 1H23 at the Asset Based Services division offers high visibility on projected revenue and margin recovery in Saipem's core business, while the ongoing improvement in day rates is expected to support further margin expansion in the Offshore Drilling segment. We confirm our positive view on the stock.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	6,875	9,980	11,176	11,418	11,675
EBITDA Adj (Eu mn)	-1,192	595	861	1,018	1,138
Net Profit Adj (Eu mn)	-1,914	-139	67	196	292
EPS New Adj (Eu)	-1.893	-0.070	0.034	0.098	0.147
EPS Old Adj (Eu)	-1.893	-0.070	0.025	0.093	0.141
DPS (Eu)	0.000	0.000	0.000	0.000	0.000
EV/EBITDA Adj	nm	9.4	3.9	3.1	2.4
EV/EBIT Adj	nm	37.4	8.7	5.8	4.1
P/E Adj	nm	nm	43.9	15.1	10.1
Div. Yield	0.0%	0.0%	0.0%	0.0%	0.0%
Net Debt/EBITDA Adj	-1.3	0.4	0.5	0.2	-0.2