

SNAM

Sector: Utilities

OUTPERFORM

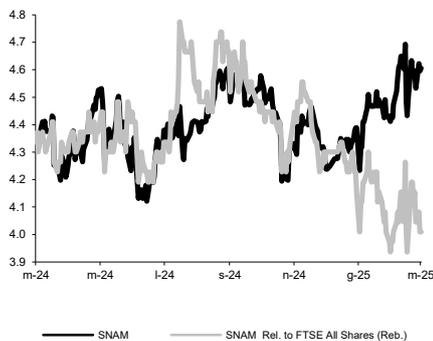
Price: Eu4.61 - Target: Eu5.20

Better 4Q24 Bottom Line, Positive FY25 Outlook

 Federico Pezzetti +39-02-77115.268
 federico.pezzetti@intermonte.it

Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2025E	2026E	2027E
Chg in Adj EPS	0.6%	0.0%	0.3%

SNAM - 12M Performance



Stock Data			
Reuters code:	SRG.MI		
Bloomberg code:	SRG IM		
Performance	1M	3M	12M
Absolute	3.9%	8.7%	6.2%
Relative	0.5%	-8.1%	-9.1%
12M (H/L)	4.69/4.12		
3M Average Volume (th):	8,675.83		

Shareholder Data	
No. of Ord shares (mn):	3,361
Total no. of shares (mn):	3,361
Mkt Cap Ord (Eu mn):	15,480
Total Mkt Cap (Eu mn):	15,480
Mkt Float - Ord (Eu mn):	10,248
Mkt Float (in %):	66.2%
Main Shareholder:	
Cassa Depositi e Prestiti	30.8%

Balance Sheet Data	
Book Value (Eu mn):	9,444
BVPS (Eu):	2.80
P/BV:	1.6
Net Financial Position (Eu mn):	-18,421
Enterprise Value (Eu mn):	30,806

- 4Q24 bottom line beats forecasts.** Yesterday Snam released 4Q24 operating results that were broadly in line, but net profit that was better than expected thanks largely to stronger income from associates. In detail, Regulated revenues closed at Eu802mn, up 19% YoY, driven by capital expenditure and the investment deflator, the contribution of output-based incentives for fully depreciated assets, the effects of applying ROSS to the transportation business, and revenues related to the Piombino regasification plant. This was accompanied by much lower revenues from new businesses, which dropped to Eu64mn from the Eu369mn recorded in 4Q23. All of this, together with good operating cost control, led to adj. EBITDA of Eu663mn (+20% YoY), while below the line a much stronger-than-expected contribution from associates (Eu117mn adjusted for one-offs) took adj. net profit to Eu292mn, up 30% YoY. On the cash flow front, net debt closed at Eu16.24bn, up from 3Q24 and broadly in line with expectations on the back of total CapEx of Eu1.1bn in the quarter (+12% YoY). The DPS was set at Eu0.2905 (+3%) in line with the announced dividend policy.
- 2025 guidance broadly confirmed.** In terms of 2025 numbers, management broadly confirmed the guidance provided in January, updated to include the disposal of the Adnoc stake (Eu213mn cash-in). EBITDA is still seen at Eu2.85bn, adj. net income was also confirmed at Eu1.35bn despite the negative impact from the Adnoc disposal (Eu25mn contribution to the bottom line in 2024), net debt is now seen at Eu18.4bn (down from Eu18.6bn thanks to the Adnoc cash-in), including Eu2.9bn of CapEx.
- Main messages from the conference call.** ADNOC disposal: the stake sale to Lunate closed in March for Eu234mn equivalent (14.5% IRR, c.Eu120m capital gain net of taxes); 2025 guidance: guidance on net income has implicitly been raised slightly, as it was confirmed despite the Adnoc disposal: contributing factors include the closing of Edison Storage 1 month earlier, better output-based incentives (expected at Eu85mn), and lower net financial charges; Associates: 4Q24 performance was stronger than expected, mostly thanks to the significant reduction in losses at Austrian associates and a notable rise in volumes at EMG (the pipeline connecting Israel and Egypt); 2026 WACC: management commented that a mark-to-market exercise now points to a 10bp cut vs. 2025 levels, well below the 30bp needed to trigger a WACC recalculation.
- Estimates and target price confirmed.** Following full 4Q24 results, we are broadly confirming our 2025-2026 estimates. Please note that our 2026 estimates assume no change in the allowed WACC. Our target price of Eu5.20 is also confirmed.
- OUTPERFORM (target Eu5.20).** We think Snam's recently presented plan will allow the group to continue to grasp the many shorter-term opportunities arising from current geopolitical developments, while also driving longer-term value by helping establish Italy as a key European hub and pushing the energy transition process forward. On capital allocation, the dividend looks safe and over the plan period the company could benefit from c.Eu1.7-2.0bn of financial flexibility to grasp new potential M&A/investment opportunities. The stock also shows an attractive valuation at an 10% premium to 2025 EV RAB and a 6.6% 2025E dividend yield.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	3,875	3,567	3,703	4,050	4,471
EBITDA Adj (Eu mn)	2,416	2,753	2,862	3,098	3,344
Net Profit Adj (Eu mn)	1,166	1,288	1,354	1,413	1,505
EPS New Adj (Eu)	0.347	0.383	0.403	0.421	0.448
EPS Old Adj (Eu)	0.347	0.371	0.400	0.420	0.447
DPS (Eu)	0.282	0.290	0.302	0.314	0.327
EV/EBITDA Adj	11.1	10.2	10.8	10.3	9.8
EV/EBIT Adj	20.7	16.2	17.3	16.4	15.5
P/E Adj	13.3	12.0	11.4	11.0	10.3
Div. Yield	6.1%	6.3%	6.6%	6.8%	7.1%
Net Debt/EBITDA Adj	6.3	5.9	6.4	6.3	6.1

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