

SNAM

Sector: Utilities

OUTPERFORM

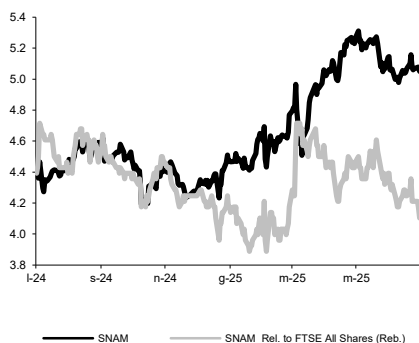
Price: Eu5.05 - Target: Eu5.60

Solid Quarter Enhances Visibility on FY Estimates

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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	from 5.50 to 5.60		
	2025E	2026E	2027E
Chg in Adj EPS	0.0%	0.0%	0.0%

SNAM - 12M Performance



Stock Data			
Reuters code:	SRG.MI		
Bloomberg code:	SRG IM		
Performance	1M	3M	12M
Absolute	-1.8%	-0.2%	15.0%
Relative	-6.3%	-10.9%	-7.3%
12M (H/L)	5.31/4.19		
3M Average Volume (th):	6,286.30		

Shareholder Data	
No. of Ord shares (mn):	3,361
Total no. of shares (mn):	3,361
Mkt Cap Ord (Eu mn):	16,972
Total Mkt Cap (Eu mn):	16,972
Mkt Float - Ord (Eu mn):	11,236
Mkt Float (in %):	66.2%
Main Shareholder:	
Cassa Depositi e Prestiti	30.8%

Balance Sheet Data	
Book Value (Eu mn):	9,507
BVPS (Eu):	2.81
P/BV:	1.8
Net Financial Position (Eu mn):	-18,435
Enterprise Value (Eu mn):	31,964

■ **2Q25 numbers slightly better than expected.** Yesterday Snam released a set of 2Q25 results that were slightly better than expected at most levels. In detail, regulated revenues closed up 4.5% YoY to Eu861mn, driven by the impact on RAB of CapEx and the investment deflator, counterbalanced by the reduction in regulated WACC and a lower contribution from output-based incentives. Importantly, the quarter was affected by ARERA's adoption of Italian IPCA for 2024 RAB (valid for 2025 tariffs) which had an impact of c.Eu10mn (in 1Q25 a one-off impact of Eu50mn was also registered for 2024 tariffs). This, accompanied by slightly declining revenues from new businesses, and together with good operating cost control, led to adj. EBITDA of Eu732mn (+2.4 YoY, 2.6% above estimates), while below the line higher D&A and financial costs took adj. net profit to Eu344mn, down 3% YoY and 4% above expectations. On the cash flow front, net debt closed at Eu17.6bn, up from 1Q25 due mostly to the payment of the dividend balance.

■ **2025 guidance confirmed (but very conservative).** Despite the positive impact of resolution 130/2025 (Eu92mn in revenues), new CEO Scornajenchi preferred to confirm the guidance, still indicating EBITDA at Eu2.85bn, adj. net income at Eu1.35bn, net debt at Eu18.4bn including the Adnoc cash-in, Eu2.9bn of CapEx and 2025 tariff RAB at Eu26.2bn. In terms of associates, management still expects c.Eu350mn, or Eu360-365mn including the impact of OGE.

■ **Main messages from the conference call.** Associates: the CEO stated that in the next few months the group will perform an in depth review of the associates portfolio to understand if it is in line with the best interests of the company and its shareholders; 2026 WACC: management commented that a mark-to-market exercise for the Transport business currently points to a 15bp cut vs. 2025 levels, still below the 30bp needed to trigger a WACC recalculation; Cost of debt: the cost for FY25 is seen at 2.6%, only marginally above the 2.5% recorded in 1H. As far as 2026 is concerned, the company expects it to increase further (Eu3.6bn of gross debt maturing) but remain well below the 3.0% average included in the business plan.

■ **Change in estimates and target price.** Following 2Q25 results we are confirming our estimates, which do not yet include the contribution from the acquisition of the 25% stake in OGE, which is expected to be closed by the end of 3Q25. Our target moves from Eu5.50 to Eu5.60, partly on the back of the 50bp reduction in the ERP (now 5.5%) used by our Research Team.

■ **OUTPERFORM, target Eu5.60 (from Eu5.50).** We think Snam's 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. The stock still shows a reasonably attractive valuation at a 13% premium to 2025 EV RAB and a 6.0% 2025E dividend yield.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	3,875	3,573	3,791	4,087	4,507
EBITDA Adj (Eu mn)	2,416	2,758	2,950	3,135	3,380
Net Profit Adj (Eu mn)	1,166	1,292	1,412	1,439	1,532
EPS New Adj (Eu)	0.347	0.384	0.420	0.428	0.456
EPS Old Adj (Eu)	0.347	0.384	0.420	0.428	0.456
DPS (Eu)	0.282	0.290	0.302	0.314	0.327
EV/EBITDA Adj	10.9	10.0	10.8	10.5	10.0
EV/EBIT Adj	20.5	16.0	17.1	16.6	15.7
P/E Adj	14.6	13.1	12.0	11.8	11.1
Div. Yield	5.6%	5.7%	6.0%	6.2%	6.5%
Net Debt/EBITDA Adj	6.3	5.9	6.2	6.2	6.0

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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.

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

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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 July 2025 Intermonte's Research Department covered 134 companies. Intermonte's distribution of stock ratings is as follows:

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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