

# ENI

Sector: Energy

# NEUTRAL

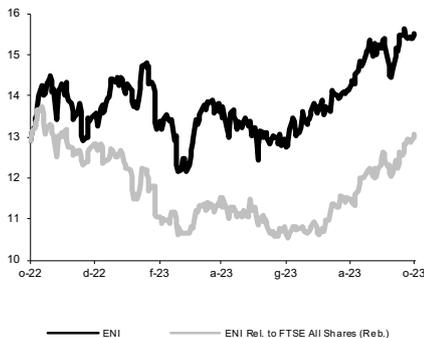
Price: Eu15.51 - Target: Eu16.00

## Solid Quarter, Guidance Increased

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

Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2023E	2024E	2025E
Chg in Adj EPS	5.1%	2.6%	2.2%

### ENI - 12M Performance



Stock Data			
Reuters code:	ENI.MI		
Bloomberg code:	ENI IM		
Performance	1M	3M	12M
Absolute	0.9%	13.0%	20.1%
Relative	3.6%	21.2%	1.7%
12M (H/L)	15.64/12.16		
3M Average Volume (th):	11,416.33		

Shareholder Data	
No. of Ord shares (mn):	3,684
Total no. of shares (mn):	3,622
Mkt Cap Ord (Eu mn):	57,139
Total Mkt Cap (Eu mn):	57,139
Mkt Float - Ord (Eu mn):	39,826
Mkt Float (in %):	69.7%
Main Shareholder:	
Government	30.3%

Balance Sheet Data	
Book Value (Eu mn):	57,863
BVPS (Eu):	17.13
P/BV:	0.9
Net Financial Position (Eu mn):	-13,181
Enterprise Value (Eu mn):	70,093

- 3Q23 results.** On the macro front, the quarter was characterised by a recovery in oil prices, supported by OPEC+ cuts (Brent US\$86/bl vs. US\$78/bl in 2Q23), while gas prices were broadly flat QoQ. In Downstream, refining margins spiked again, underpinned by very robust gasoline and diesel cracks, while Petrochemical cracks remained under strong pressure. In this scenario, Eni reported sequentially declining figures, as expected. Results were nevertheless above our projections, thanks to better margins at E&P, Sustainable Mobility/Refining and Plenitude, while Chemicals remained under heavy pressure. In detail: at Group level, adj. EBIT closed at Eu3,014mn (-48% YoY, -11% QoQ, vs. exp. Eu2,830mn), while adj. net income closed at Eu1,818mn (-51% YoY, -6% QoQ, vs. exp. Eu1,594mn), also benefitting from a lower tax rate (44% vs. exp. 47%). Moving to the balance sheet, net debt closed at Eu13.6bn (D/E 0.24x, vs. exp. Eu13.2bn), just slightly higher QoQ.
- Divisional highlights.** E&P production amounted to 1,635kboed (+4% YoY, +1% QoQ), with adj. EBIT at Eu2,605mn (-39% YoY, +26% QoQ, vs. exp. Eu2,424mn). GGP (Global Gas & LNG Portfolio) closed at Eu111mn (vs. exp. Eu120mn). In Downstream, Sust. Mob., Refining & Chem. closed at Eu401mn (vs. exp. Eu328mn). Plenitude & Power closed at Eu219mn (vs. exp. Eu190mn).
- 2023 guidance increased.** ENI has improved its 2023 guidance to reflect higher macro scenario assumptions (Brent US\$84/bl vs. prev. US\$80/bl, refining margins US\$10.4/bl vs. US\$8.0/bl, gas PSV cEu47/cm vs. Eu48/cm) and improved operational performance (+Eu0.6bn). Group adj. EBIT is now seen at Eu14bn vs. prev. Eu12bn; cash flow before working capital at replacement cost at Eu16.5bn vs. prev. Eu15.5-16.0bn; CapEx is confirmed at about Eu9.0bn. Leverage is expected to remain within the 10-20% range, with the Eu0.94ps dividend and Eu2.2bn buy-back confirmed (acceleration expected in 4Q23). Looking at the different businesses, E&P hydrocarbon production is expected at 1.64-1.66mboed; GGP adj. EBIT is confirmed in the Eu2.7-3.0bn range; Plenitude EBITDA is increased to Eu0.9bn vs. prev. Eu0.8bn; Downstream proforma adj. EBIT increased to Eu1.0bn vs. prev. Eu0.8bn.
- Updated estimates and valuation.** Following 3Q23 results, we have updated our 2023 projections to reflect slightly higher margins at E&P and R&M, slightly lower GGP. As a reminder, ahead of results we updated our projections to reflect higher oil price assumptions (2023E Brent of US\$83.5/bl vs. prev. US\$82.0/bl, 2024E US\$80/bl vs. US\$75/bl, 2025 US\$75/bl vs. US\$70/bl). We highlight that our numbers still do not include the contribution of Neptune Energy. Target price of Eu16.00ps unchanged.
- Investment conclusion.** Over the last three months, ENI has posted a robust share price recovery, entirely closing the underperformance recorded vs. the Italian FTSE MIB Index in 1H23. Rising oil prices following Saudi Arabia's announcement of voluntary production cuts at the beginning of June, solid results, and the Geng North-1 discovery in Indonesia were the main drivers. While we appreciate ENI's solid cash flow generation and generous shareholder remuneration policy, and see supportive macro momentum for the Energy sector, we confirm our NEUTRAL recommendation on the stock due to the limited upside to our target price.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	76,570	132,237	100,588	101,582	97,116
EBITDA Adj (Eu mn)	17,283	27,684	21,219	20,428	20,789
Net Profit Adj (Eu mn)	4,740	13,810	8,521	7,438	7,423
EPS New Adj (Eu)	1.304	3.727	2.523	2.202	2.198
EPS Old Adj (Eu)	1.304	3.727	2.400	2.147	2.151
DPS (Eu)	0.860	0.880	0.940	0.940	0.940
EV/EBITDA Adj	3.4	2.1	3.3	3.4	3.3
EV/EBIT Adj	6.1	2.9	5.0	5.5	5.3
P/E Adj	11.9	4.2	6.1	7.0	7.1
Div. Yield	5.5%	5.7%	6.1%	6.1%	6.1%
Net Debt/EBITDA Adj	0.8	0.4	0.6	0.7	0.6