Eni SpA (E)

Updated April 30th, 2025 by Aristofanis Papadatos

Key Metrics

Current Price:	$29	**5 Year CAGR Estimate:**	7.4%	**Market Cap:**	$42.7 B
Fair Value Price:	$38	**5 Year Growth Estimate:**	-4.0%	**Ex-Dividend Date:**	5/20/2025
% Fair Value:	77%	**5 Year Valuation Multiple Estimate:**	5.3%	**Dividend Payment Date:**	6/9/2025
Dividend Yield:	7.5%	**5 Year Price Target**	$31	**Years Of Dividend Growth[1]:**	5
Dividend Risk Score:	F	**Sector:** Energy		**Rating:**	Hold

Overview & Current Events

Eni is a major oil and gas producer based in Italy. It has exploration activity in more than 40 countries and trades with a market capitalization of $42.7 billion. It operates in four segments: exploration & production, gas & LNG, refining & marketing, and plenitude & power. Its upstream segment is by far the largest. In 2019, 2021, 2022, 2023 and 2024, this segment generated 93%, 89%, 80%, 69% and 90% of total operating income, respectively. This is a major difference between Eni and the other energy super majors; Eni's business is much less diversified.

Eni faced a downturn due to COVID-19 in 2020 and cut its dividend by -34%. However, it has thrived since 2021 thanks to the favorable price of oil, which has resulted from the sanctions of western countries on Russia and OPEC's output cuts.

In late April, Eni reported (4/24/25) results for the first quarter of 2025. Its production declined -5% over the prior year's quarter due to asset divestments and the natural decay of producing fields. The average realized price of gas grew 8% but the average realized price of oil decreased -6% and refining margins plunged vs. abnormally high levels. As a result, adjusted net profit decreased -11%. Thanks to its nearly pure upstream nature, Eni greatly benefited from the high prices of oil and gas and posted record earnings in 2022. However, OPEC has just begun to restore its output and thus the price of oil has fallen below the key support of $70 lately. In addition, refining margins have normalized, after two years of sky-high levels amid the war in Ukraine. We have thus lowered our forecast for this year from $3.40 to $3.00.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	-$4.90	-$0.65	$2.12	$2.76	$1.79	-$0.51	$2.96	$8.01	$5.30	$3.39	***$3.00***	***$2.45***
DPS	$2.13	$1.79	$1.91	$1.89	$1.86	$1.23	$1.58	$1.80	$1.96	$2.09	***$2.17***	***$2.20***
Shares[2]	1,801	1,801	1,801	1,794	1,820	1,789	1,778	1,689	1,653	1,589	***1,580***	***1,500***

Eni expects to grow its output by 3.5% per year in 2025-2026. A major growth driver will be the Zohr field in Egypt, the largest gas field in the Mediterranean, which holds about 30 trillion cf of gas. Eni has a 50% stake in this field. Moreover, Eni benefits from above average price of oil, which has resulted from the sanctions of western countries on Russia. Before the sanctions, Russia was producing 10% of global oil and 31% of natural gas consumed in Europe. However, given the high comparison base formed this year, we expect a -4% average annual decline in earnings-per-share until 2030. Notably, natural gas comprises 52% of the total production of Eni, which aims to raise this metric to 60% by 2030. As a result, Eni is more sensitive to the price of natural gas than the other oil majors, which produce more oil than gas.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	---	---	15.8	13.0	17.9	---	8.4	3.4	5.7	9.1	***9.7***	***12.5***
Avg. Yld.	5.7%	5.4%	5.7%	5.3%	5.8%	6.1%	6.3%	6.7%	6.4%	6.7%	***7.5%***	***7.2%***

[1] In EUR.

[2] In millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Due to its above-average earnings expected this year, Eni is trading at a price-to-earnings ratio of only 9.7, which is lower than its 10-year historical average of 12.5. If the stock trades at its average valuation level in five years, it will enjoy a 5.3% annualized gain in its returns, which will offset the expected -4% annual decline of earnings-per-share.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	---	---	90.1%	68.5%	104%	---	53.4%	22.5%	37.0%	61.7%	***72.3%***	***90.1%***

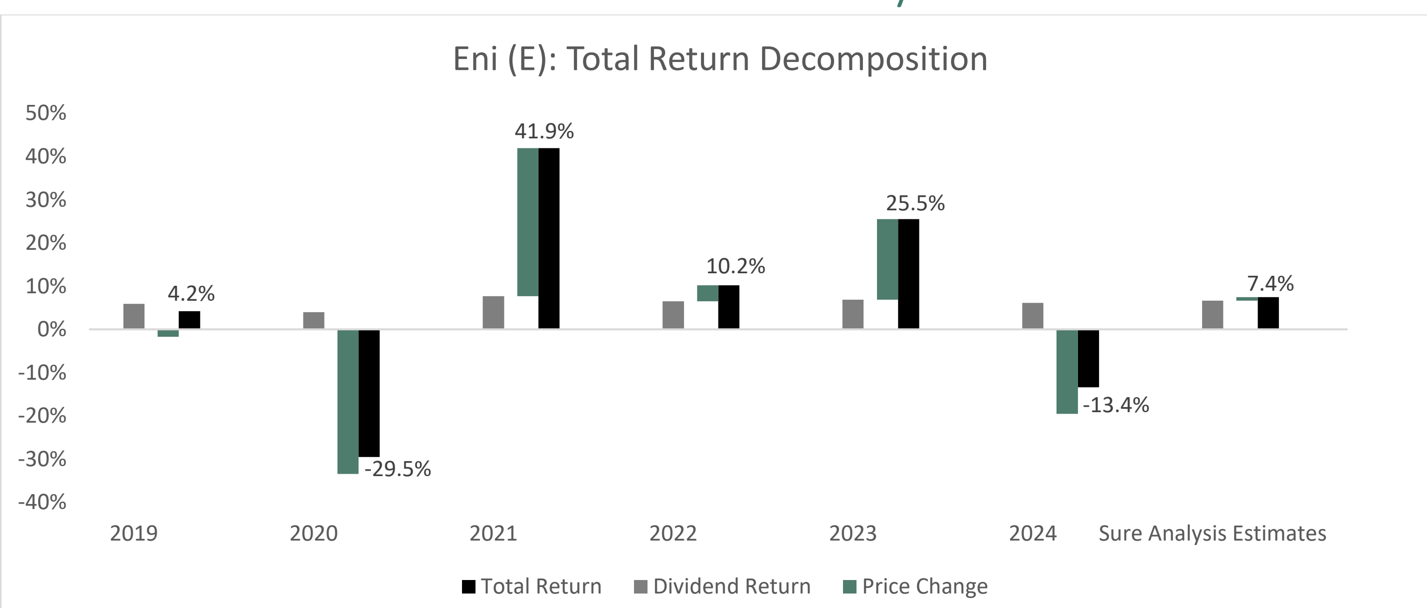
Due to its almost pure upstream focus, Eni suffered more than its peers in the downturn of the energy sector between 2014 and 2017. As a result, it reduced its dividend per ADR from €2.24 in 2014 to €1.60 in 2015. For comparison, during the downturn of the oil market between 2014 and 2017, the integrated oil majors, Exxon Mobil, Chevron, Shell, TotalEnergies and BP, saw their earnings plunge but none of them cut their dividend. Although BP and Shell cut their dividends amid the COVID-19 pandemic in 2020, along with Eni.

Eni has posted mostly poor reserve replacement ratios in recent years: 55% in 2021, 90% in 2022, 67% in 2023 and 113% in 2024. Eni now has 6.5 billion barrels of oil equivalent in proved reserves, which are sufficient for 10.3 years of production given the current production rate of the company. The duration of its reserves is lower than the ~12-year duration of the reserves of its peers. In addition, Eni has a breakeven point of about $50 per barrel. This is much higher than the breakeven point of most oil majors, which have cut their expenses and reshaped their portfolios more drastically than Eni. For perspective, TotalEnergies and BP have driven their breakeven points to about $25 and $40, respectively. All the above help explain why the dividend of Eni is much more vulnerable than the dividends of its peers.

Final Thoughts & Recommendation

Thanks to its nearly pure upstream nature, Eni is thriving in the current environment of above average price of oil but we expect the price of oil to deflate in the upcoming years due to its cyclical nature. The stock of Eni could offer a 7.4% average annual return over the next five years thanks to its 7.5% dividend and a 5.3% valuation tailwind, partly offset by a -4% annual decline of earnings-per-share. Due to the highly cyclical nature of the upstream business, we are cautious over the long-term potential of Eni and rate it as a hold. Those who want to benefit from high oil and gas prices might prefer TotalEnergies, which is more defensive than Eni.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue ($B)	80.22	61.72	75.79	89.5	78.2	50.2	90.6	139.5	101.5	96.1
Gross Profit	7211	4514	7899	15,601	12,204	3,591	16,521	24,019	13,371	10,924
Gross Margin	9.0%	7.3%	10.4%	17.4%	15.6%	7.1%	18.2%	17.2%	13.2%	11.4%
SG&A Exp.	3461	3314	3342	3,652	3,354	3,270	3,417	3,180	3,395	3,531
D&A Exp.	9921	8366	8475	8,252	9,075	8,341	8,357	7.598	8,097	---
Operating Profit	4535	2126	5334	12,730	9,978	542	13,104	19,009	10,494	7,013
Op. Margin	5.7%	3.4%	7.0%	14.2%	12.8%	1.1%	14.5%	13.6%	10.3%	7.3%
Net Profit	-9741	-1620	3821	4,872	166	-9,779	6,887	14,564	5,139	2,858
Net Margin	-12.1%	-2.6%	5.0%	5.4%	0.2%	-19.5%	7.6%	10.4%	5.1%	3.0%
Free Cash Flow	385	-1668	1626	5,347	4,496	203	9,022	9,914	6,392	4,981
Income Tax	3464	2143	3926	7,049	6,259	2,981	5,733	8,629	5,814	4,032

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets ($B)	151.97	131.66	137.88	135.5	138.3	134.9	156.0	162.7	157.7	152.92
Cash & Equivalents	5695	5998	8833	12,395	6,714	11,578	9,345	10,890	11,267	8,515
Acc. Receivable	13793	11825	12215	14,349	12,497	13,366	17,577	22,439	18,475	17,568
Inventories	5006	4902	5544	5,320	5,303	4,788	6,875	8,314	6,838	6,513
Goodwill & Int.	3317	3456	3509	2,390	2,272	4,162	4,400	5,925	7,051	6,695
Total Liab. ($B)	89.20	75.54	80.20	77.0	84.6	88.7	105.6	103.6	98,433	94,966
Accounts Payable	10501	11669	13065	13,321	11,739	15,831	19,016	27,665	22,919	22,970
Long-Term Debt	30386	28796	29641	29,587	27,464	32,823	31,469	28,866	31,757	31,623
Total Equity	60670	56069	57622	58,357	53,588	46,096	50,312	58,590	58,761	54,971
LTD/E Ratio	0.50	0.51	0.51	0.51	0.51	0.71	0.63	0.49	0.54	0.58

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	-5.8%	-1.1%	2.8%	3.6%	0.1%	-7.2%	4.7%	9.1%	3.2%	1.8%
Return on Equity	-14.2%	-2.8%	6.7%	8.4%	0.3%	-19.6%	14.3%	26.7%	8.7%	4.9%
ROIC	-9.5%	-1.8%	4.4%	5.5%	0.2%	-12.2%	8.6%	17.2%	5.7%	3.2%
Shares Out.	1,801	1,801	1,801	1,794	1,820	1,789	1,778	1,745	1664	1615
Revenue/Share	44.55	34.28	42.09	49.69	43.53	28.07	50.71	79.92	60.99	59.50
FCF/Share	0.21	-0.93	0.90	2.97	2.50	0.11	5.05	5.68	3.84	3.08

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.