ENEL

2024: the year of the abundant harvest

Overweight

ENEI.MI, ENEL IM
Price (08 Dec 23):€6.57

▲ **Price Target (Dec-25):€8.10**
Prior (Dec-24):€7.80

2023 is showing the recovery in earnings for a short generation business as higher wholesale prices are passed through to final customers. 2024 should see the completion of the process amidst reduced political intervention and more normalised hydro output in Europe, which should drive liberalised power margins to record high levels, particularly if the trend of moderately lower wholesale power prices is maintained. Management's drive towards a greater focus on efficiency should enhance the expansion of operating profits and extend the duration of the enlarged margins, while the balance sheet completes its deleveraging process. As a result, we see Enel earnings at the top of the upgraded net income guidance range for 2023 and beating its guidance range of €6.6-6.8bn (JPM 5.5% above the mid point) in 2024E. With record earnings and a moderate leverage we see Enel paying out 70% of 2024 EPS via dividends, which means the stock is trading at a 7.5% dividend yield on our estimates. With some small organic growth in dividends thereafter and meaningful balance sheet headroom to invest in new options medium term, we continue to see Enel's near term earnings and medium term income stories as one of the most attractive in the sector and reiterate our OW rating with an upgraded PT (end-25) of €8.1.

- **Free power margins drive up group earnings further.** The Italian and Spanish unit margins have expanded significantly in 2023 thanks to the mechanic pass through of higher prices to clients. In 2024 no clawback on renewables in Italy, average hydro output in Italy and Spain and the slow, but relentless addition of renewables (and batteries) should drive an additional increase in margins, with new management focus on efficiencies contributing to record liberalised margins.
- **Impact on financial costs and leverage from disposals and partnerships to be seen in 2024.** Delayed completion of some planned asset disposals and the aim to finance a large portion of renewable investments alongside financial partners should drive a c. 12% yoy drop in average gross debt by 2024, and underpins a c. €0.4bn reduction in financial costs and a move to 2.4x net debt/EBITDA in 2024E, which we see falling to 2.2x in 2026E.
- **OW Enel on near-term earnings momentum and medium term income story.** Our 23/24 EPS estimates sit c. 3%/5% above Bloomberg consensus and therefore we still see a continuation of the upward trend in earnings revisions evidenced in 2023 (Bbrg cons EPS is now 11% higher vs 12 months ago). This near term positive momentum should be reflected in a higher 2024 dividend, as we have little doubt that the lower leverage will drive Enel to pay out 70% of earnings as dividends, resulting in a 2024 DPS of €0.49 (Bbrg consensus is €0.447). With a 7.5% dividend yield sustained by recurrent earnings and a moderate leverage, we continue to see Enel as one of our top picks among the European utilities sector.

European Utilities & Clean Energy

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Key Changes (FYE Dec)

	Prev	Cur
Adj. EPS - 23E (€)	0.63	0.66
Adj. EPS - 24E (€)	0.66	0.70
Adj. EBITDA - 23E (€ mn)	21,086	22,132
Adj. EBITDA - 24E (€ mn)	21,464	22,451

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	28	29	34	21	17
Growth	71	80	63	74	
Momentum	16	54	90	92	52
Quality	81	68	69	44	44
Low Vol	84	53	59	68	63
ESGQ	62	63	51	1	13

Sources for: Style Exposure – J.P. Morgan Quantitative and Derivatives Strategy; all other tables are company data and J.P. Morgan estimates.

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Price Performance

	YTD	1m	3m	12m
Abs	27.0%	7.8%	6.1%	26.9%
Rel	15.8%	1.7%	2.4%	18.4%

Company Data

Shares O/S (mn)	10,167
52-week range (€)	6.59-4.92
Market cap ($ mn)	71,848.48
Exchange rate	0.93
Free float(%)	76.3%
3M - Avg daily vol (mn)	24.11
3M - Avg daily val ($ mn)	157.1
Volatility (90 Day)	17
Index	MSCI Europe
BBG BUY|HOLD|SELL	23|3|0

Key Metrics (FYE Dec)

€ in millions	FY22A	FY23E	FY24E	FY25E
Financial Estimates				
Revenue	90,357	91,488	92,640	92,975
Adj. EBITDA	19,683	22,132	22,451	22,736
Adj. EBIT	12,129	14,330	14,682	14,769
Adj. net income	5,391	6,689	7,067	7,264
Adj. EPS	0.53	0.66	0.70	0.71
BBG EPS	0.53	0.64	0.67	0.70
Cashflow from operations	8,674	14,131	14,751	15,243
FCFF	(4,568)	1,363	6,590	6,246
Margins and Growth				
Revenue Growth Y/Y (%)	2.7%	1.3%	1.3%	0.4%
EBITDA margin	21.8%	24.2%	24.2%	24.5%
EBITDA Growth Y/Y (%)	2.5%	12.4%	1.4%	1.3%
EBIT margin	13.4%	15.7%	15.8%	15.9%
Net margin	6.0%	7.3%	7.6%	7.8%
Adj. EPS growth	(3.6%)	24.1%	5.6%	2.8%
Ratios				
Adj. tax rate	40.3%	30.1%	30.1%	29.5%
Interest cover	-	-	-	-
Net debt/Equity	1.4	1.4	1.1	1.1
Net debt/EBITDA	3.1	2.7	2.4	2.3
ROCE	7.6%	10.0%	10.4%	10.8%
ROE	18.5%	23.0%	23.2%	22.8%
Valuation				
FCFF yield	(6.8%)	2.0%	9.9%	9.4%
Dividend yield	6.1%	6.5%	7.4%	7.6%
EV/Revenue	1.5	1.5	1.5	1.5
EV/EBITDA	7.1	6.4	6.0	5.9
Adj. P/E	12.4	10.0	9.4	9.2

Summary Investment Thesis and Valuation

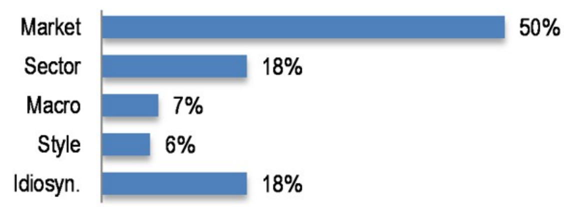
Investment Thesis

We see Enel as one of the global leaders in implementation of the energy transition, with an integrated business model that allows it to capture growth opportunities in a wide range of businesses within the energy sector and with a geographically diversified footprint. Very strong cash flow generation is an additional differentiating feature of the company, which provides a stronger basis to aspire to future growth vs its European utilities peers. We rate the stock Overweight.

Valuation

Our target price is based on an SOTP valuation in which we value the different businesses based on DCF or on EV/EBITDA multiples. For the valuation of Endesa that we include in our SOTP, we use our Endesa PT, which results from the average of a DCF-based SOTP and a DDM. Our valuation assumes a retendering of the Italian hydro concession with no compensation to Enel post 2029 and the gradual closure of the Spanish nuclear capacity from 2027 onwards. We also assume the gradual closure of all Enel group coal capacity, with full closure at the end of 2027.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Europe ex UK	0.82	0.71
Sect: Utilities	0.82	0.64
Ind: Utilities	0.82	0.63
Macro:		
Germany Govt 10Y Yield	-0.34	-0.50
Citi Eco Surprise Eurozone	-0.39	-0.19
Euro	0.09	-0.09
Quant Styles:		
LowVol	0.07	0.33
Quality	-0.50	-0.18
DivYld	-0.07	0.18

Source: J.P. Morgan Quantitative and Derivatives Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

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Financial estimates

In a context of declining net capex and a shift of priorities towards optimisation of existing resources (both physical assets and capital) we believe that the Enel equity story in the next 12-24 months will pivot towards less focus on long term growth and more attention on near term deliveries.

In such a context, we believe that management has taken the right decision in the setting of what we see as conservative near term targets, as delivery of in-line / above-guidance figures in the next few quarters should, in our view, give the market confidence about the execution capabilities of the new management, creating some goodwill among investors over the ability of management to squeeze value not only out of the existing assets, but from future investments too. The setting of what we see as a low bar for 2023 and 2024 net income targets should in our view allow Enel to deliver earnings in line with the top end of the guidance range in 2023 (despite the c. €0.5bn hit to Endesa earnings from the adverse arbitration ruling on LNG prices announced in mid November) and to comfortably beat guidance in 2024. (2024 JPME is 5.5% above the mid point of the target range of €6.6-6.8bn). Such strong 2024 numbers should drive a meaningful increase in the dividend, which, even with a prudent 70% pay-out ratio, should grow on our estimates at a double digit rate above the minimum €0.43 DPS which should be paid on 2023 earnings.

Figure 1: Enel - DPS and pay-out trajectory

€/share	2021A	2022A	2023E	2024E	2025E	2026E
Ordinary EPS	0.55	0.53	0.66	0.70	0.71	0.72
DPS	0.38	0.40	0.43	0.49	0.50	0.51
Pay-out %	69%	75%	65%	70%	70%	70%

Source: JP Morgan estimates

The strong earnings and subsequently robust operating cash flows and the cashing in of c. €6bn of proceeds from asset disposals in 2024 (mostly agreed in H2 2023) makes us feel very comfortable with our estimate of Enel at least meeting its 2.4x net debt / EBITDA target in 2024E. While we believe that the market is significantly more relaxed about Enel's balance sheet than it has been throughout the last 3 years, in our view, an equity story built around the idea of a back-to-basics shift towards squeezing value out of the existing portfolio would see its credibility dented if there were no delivery on the balance sheet targets, particularly after S&P's downgrade of the long term rating to BBB stable.

Figure 2: Enel - leverage evolution

	2021A	2022A	2023E	2024E	2025E	2026E
FFO/Net debt (Enel definition)	22.8%	15.0%	24.0%	27.4%	28.7%	30.2%
Net debt/EBITDA	2.7	3.1	2.7	2.4	2.3	2.2
Enel target			2.7-2.8x*	2.4x		2.3x

Source: JP Morgan estimates, company data. * 2.4-2.5x pro forma

Delivery of such earnings and leverage targets. particularly in a context where asset disposal targets are significantly de-risked in the next 12 months, in our view, given the deals announced in H2 2023, is fully dependent on the execution on operating margins in the free markets in Italy and in Spain. In Spain, as we flagged in our recent Endesa report, we are confident about the ability of management to beat its targets for unit power margins to 2026. In the Italian free power market, which is the largest individual

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driver of Enel group earnings in the foreseeable future, we see more pressure in unit margins than in Spain, as the margins are coming from a higher basis in 2023 and there is a smaller proportion of volumes from the wholesale market being replaced by new renewables output . Still, we see these headwinds partially offset by the normalisation of hydro output (2023 is likely ending close to an average hydro year, but with a large skew towards H2), the removal of the renewables clawback (still in place in H1 2023), lower competitive pressures from new entrants (similar to Spain and the rest of Europe) and continued growth in B2C clients, particularly as they lose the regulated market option. We believe it has gone unnoticed, but between 2018 and 2023E Enel should have grown its B2C clients in the free market from 6.8m to 9.8m. We expect the growth in this higher margin segment to continue in 2023-26 to get to 10.3m at the end of the period. The final driver of the front-end loaded profile of gross margins that we estimate for Enel Italian Generation & Supply business is the drop in wholesale prices, which should gradually feed through to lower retail prices in H2 2025 and in 2026, but that in 2024 should mean Enel delivers peak margins thanks to the optimization of the costs in the managing of its short generation position.

We believe the Italian Generation & Supply earnings are well supported by a non irrelevant contribution from cost cutting. Out of the €1bn cash cost reduction in the global Generation & Supply business targeted by Enel,. €0.5bn should come from lower opex (and c. €0.5bn from lower maintenance capex). We estimate that at least €0.3bn out of the total €0.5bn opex reduction should come from Italy, due to the combination of the elimination of the regulated supply market, a reduction in opex per customer in the free market following sizeable investments in IT , some coal capacity closures, a leaner corporate structure for the business and a re-focusing of the value added services carried out through Enel X.

Figure 3: Enel Italy - Breakdown of Generation & Supply EBITDA estimates

€bn	2021A	2022A	2023E	2024E	2025E	2026E
Power free	**1.6**	**0.0**	**4.8**	**5.1**	**4.9**	**4.6**
Power regulated	1.1	0.5	0.5	0.4	0.4	0.4
Gas	0.8	0.5	0.5	0.6	0.6	0.5
Trading & Gen services	0.7	1.6	1.0	1.2	1.3	1.4
Italy Generation & Supply EBITDA	**4.2**	**2.7**	**6.8**	**7.3**	**7.1**	**6.9**

Source: JP Morgan estimates. Power regulated includes regulated generation till 2026 and regulated supply till 2024

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Figure 4: Enel - Earnings estimates

€m	2021A	2022A	2023E	2024E	2025E	2026E
Ordinary EBITDA	**19,210**	**19,683**	**22,132**	**22,451**	**22,736**	**23,291**
Target (€bn)			**21.5-22.5**	**22.1-22.8**		**23.6-24.3**
Italy	7,982	6,500	10,505	11,346	11,205	11,199
Iberia	4,191	5,247	4,186	5,277	5,390	5,697
South America	4,247	5,997	5,597	5,036	5,224	5,427
Rest of Europe	337	147	585	4	5	5
North America	687	942	922	1,013	1,044	1,074
RoW & Other	1,766	850	336	(224)	(131)	(110)
Ordinary EBIT	12,235	12,129	14,330	14,682	14,769	15,071
Net financial expenses	(2,827)	(2,507)	(3,200)	(2,809)	(2,615)	(2,539)
Associates	102	27	160	176	190	203
Income before Taxes	9,510	9,649	11,289	12,049	12,344	12,736
Income Taxes	(2,831)	(2,622)	(3,386)	(3,618)	(3,641)	(3,756)
Effective Tax Rate (%)	29.8%	27.2%	30.0%	30.0%	29.5%	29.5%
Net Income from continuing operatic	6,679	7,027	7,903	8,431	8,704	8,980
Minorities	(1,086)	(1,636)	(1,213)	(1,364)	(1,440)	(1,611)
Ordinary net income	**5,593**	**5,391**	**6,689**	**7,067**	**7,264**	**7,369**
Target (€bn)			**6.4-6.7**	**6.6-6.8**		**7.1-7.3**
Adj EPS	**0.55**	**0.53**	**0.66**	**0.70**	**0.71**	**0.72**
DPS	**0.38**	**0.40**	**0.43**	**0.49**	**0.50**	**0.51**
Dividend Payout (%)	69%	75%	65%	70%	70%	70%

Source: J.P. Morgan estimates, Company data.

Figure 5: Enel - Divisional ordinary EBITDA estimates

	2021A	2022A	2023E	2024E	2025E	2026E
Italy	**7,982**	**6,500**	**10,505**	**11,346**	**11,205**	**11,199**
IT Thermal	464	2,735	2,057	966	752	672
IT I&N	3,836	3,707	3,723	4,011	4,144	4,261
IT Renewables	1,184	(562)	528	2,369	2,591	2,525
IT Retail	2,311	448	4,029	3,811	3,504	3,507
IT Enel X	131	122	138	160	184	204
IT Services & Other	56	50	30	30	30	30
Iberia	**4,191**	**5,247**	**4,186**	**5,277**	**5,390**	**5,697**
IB Thermal	844	2,583	575	846	830	818
IB I&N	1,877	1,621	1,797	1,822	1,824	1,953
IB Renewables	840	631	824	992	1,128	1,286
IB Retail	547	356	904	1,522	1,504	1,530
IB Endesa X	52	76	86	94	103	111
IB Service & Other	31	(20)	-	-	-	-
South America	**4,247**	**5,997**	**5,597**	**5,036**	**5,224**	**5,427**
SA Thermal	352	739	141	20	20	20
SA I&N	1,810	2,445	2,386	2,164	2,224	2,282
SA Renewables	1,809	2,372	2,770	2,566	2,649	2,742
SA Retail	263	435	348	342	381	423
SA Enel X	92	127	89	80	88	97
SA Service & Other	(77)	(119)	(137)	(137)	(137)	(137)
Rest of Europe	**337**	**147**	**585**	**4**	**5**	**5**
North America	**687**	**942**	**922**	**1,013**	**1,044**	**1,074**
Mexico nad Other	70	1	127	137	142	148
USA Renewables	617	941	796	876	902	926
Africa, Asia & Oceania	**110**	**83**	**94**	**63**	**37**	**41**
Other	**1,656**	**767**	**242**	**(287)**	**(168)**	**(152)**
Total	**19,210**	**19,683**	**22,132**	**22,451**	**22,736**	**23,291**

Source: JP Morgan estimates, cy data

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Derivation of PT

We continue to derive our target price from an SOTP valuation in which we value the different businesses of Enel based on DCF or on EV/EBITDA multiples. For the valuation of Endesa that we include in our SOTP, we use our Endesa PT, which results from the average of a DCF-based SOTP and a DDM. We have rolled forward our PT from end-24 to end-25 and updates to our earnings model have yielded an increase in our PT from €7.8 to €8.1.

Figure 6: Enel - Derivation of PT

Business unit	€m	Basis
Italy	**81,745**	**Average is 7.3x 25E EBITDA**
IT Thermal	5,266	7x 25E EBITDA
IT I&N	33,821	DCF 5.4% WACC
IT Renewables	20,120	DCF 6.1% WACC
IT Retail	21,066	DCF 6.6% WACC
IT Enel X	1,472	8x 25E EBITDA
Iberia	**41,482**	**JPM PT**
South America	**33,898**	**Average is 6.5x 25E EBITDA**
SA Thermal	119	6x 25E EBITDA
SA I&N	13,693	DCF 8.4% WACC
SA Renewables	17,185	DCF 8.1% WACC
SA Retail	2,285	6x 25E EBITDA
SA Enel x	616	7x 25E EBITDA
North America	**10,154**	**Average is 9.7x 25E EBITDA**
Mexico	662	8x 25E EBITDA
USA Renewables	9,018	10x 25E EBITDA
Other	474	8x 25E EBITDA
RoW	**296**	**7x 25E EBITDA**
Other	**(1,348)**	**8x 25E EBITDA**
EV	**166,228**	**Average is 7.3x 25E EBITDA**
Net debt	(53,108)	At end 2025E
Provisions / employee benefits	(10,120)	Estimated NPV end 2025E
Minorities	(22,937)	Market cap and fair value estimates
Deferred taxes	692	Estimated NPV end 2025E
Equity investments	1,659	Estimated MV
Equity value	**82,413**	
SOTP per share	**8.10**	

Source: J.P. Morgan estimates, Company data.

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Investment Thesis, Valuation and Risks

ENEL *(Overweight; Price Target: €8.10)*

Investment Thesis

We see Enel as one of the global leaders in the implementation of the energy transition, with an integrated business model that allows it to capture growth opportunities in a wide range of businesses within the energy sector and with a geographically diversified footprint. Very strong cash flow generation is an additional differentiating feature of the company, which provides a stronger basis to aspire to future growth vs its European utilities peers. We rate the stock Overweight.

Valuation

Our target price is based on an SOTP valuation in which we value the different businesses based on DCF or on EV/EBITDA multiples. For the valuation of Endesa that we include in our SOTP, we use our Endesa PT, which results from the average of a DCF-based SOTP and a DDM. Our valuation assumes a retendering of the Italian hydro concession with no compensation to Enel post 2029 and the gradual closure of the Spanish nuclear capacity from 2027 onwards. We also assume the gradual closure of all Enel group coal capacity, with full closure at the end of 2027.

Risks to Rating and Price Target

Downside risks: A meaningful increase in political risks in Italy would put downside pressure on Enel stock, as it would likely result in a meaningful increase in the discount rate applied to Italian operations and it could potentially also trigger concerns about incremental taxes to energy companies and/or political intervention in the sector.

A faster decline than projected in European wholesale power prices would support Enel earnings in Italy and in Spain in the near term, but would create bigger downside pressure than we forecast at present in the achieved retail prices in the medium term and would have an adverse impact on our valuation.

An additional risk would come from significant devaluation of the currencies in the countries where Enel operates in LatAm. While a large share of this devaluation would be taken by minority shareholders, still it would put further downside pressure on Enel earnings..

Lastly, there would also be downside if management were to underperform in the delivery of its efficiency enhancement targets, which are key for the sustainability of the FFO of the legacy operations.

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ENEL: Summary of Financials

Income Statement	FY21A	FY22A	FY23E	FY24E	FY25E
Revenue	**88,006**	**90,357**	**91,488**	**92,640**	**92,975**
COGS	-	-	-	-	-
Gross profit	**-**	**-**	**-**	**-**	**-**
SG&A	-	-	-	-	-
Adj. EBITDA	**19,210**	**19,683**	**22,132**	**22,451**	**22,736**
D&A	(9,887)	(8,725)	(7,802)	(7,769)	(7,967)
Adj. EBIT	**12,235**	**12,129**	**14,330**	**14,682**	**14,769**
Net Interest	-	-	-	-	-
Adj. PBT	**5,500**	**8,741**	**10,206**	**11,799**	**12,144**
Tax	(1,643)	(3,523)	(3,072)	(3,546)	(3,583)
Minority Interest	(668)	(1,238)	(1,151)	(1,289)	(1,380)
Adj. Net Income	**5,593**	**5,391**	**6,689**	**7,067**	**7,264**
Reported EPS	0.31	0.17	0.59	0.69	0.71
Adj. EPS	**0.55**	**0.53**	**0.66**	**0.70**	**0.71**
DPS	**0.38**	**0.40**	**0.43**	**0.49**	**0.50**
Payout ratio	121.1%	241.8%	73.1%	71.0%	70.8%
Shares outstanding	10,167	10,167	10,167	10,167	10,167

Balance Sheet	FY21A	FY22A	FY23E	FY24E	FY25E
Cash and cash equivalents	8,858	11,041	11,058	10,871	10,902
Accounts receivable	16,076	16,605	15,105	15,105	15,105
Inventories	3,109	4,853	4,853	4,853	4,853
Other current assets	14,298	18,734	18,734	18,734	18,734
Current assets	**65,132**	**66,063**	**64,580**	**64,393**	**64,424**
PP&E	84,572	88,521	82,835	82,227	82,257
LT investments	2,772	3,970	3,970	3,970	3,970
Other non current assets	54,464	61,064	52,980	48,256	48,796
Total assets	**206,940**	**219,618**	**204,364**	**198,845**	**199,447**
Short term borrowings	17,337	21,227	21,227	21,227	21,227
Payables	16,959	17,641	17,641	17,641	17,641
Other short term liabilities	41,462	33,430	33,430	33,430	33,430
Current liabilities	**75,758**	**72,298**	**72,298**	**72,298**	**72,298**
Long-term debt	54,500	68,191	55,502	48,302	47,602
Other long term liabilities	34,340	37,047	32,397	31,106	29,816
Total liabilities	**164,598**	**177,536**	**160,197**	**151,706**	**149,716**
Shareholders' equity	29,653	28,657	29,592	31,275	32,487
Minority interests	12,689	13,425	14,576	15,865	17,244
Total liabilities & equity	**206,940**	**219,618**	**204,364**	**198,845**	**199,447**
BVPS	**2.92**	**2.82**	**2.91**	**3.08**	*3.20*
y/y Growth	*4.7%*	*(3.4%)*	*3.3%*	*5.7%*	*3.9%*
Net debt/(cash)	51,952	60,068	60,853	53,840	53,108

Cash Flow Statement	FY21A	FY22A	FY23E	FY24E	FY25E
Cash flow from operating activities	**10,069**	**8,674**	**14,131**	**14,751**	**15,243**
o/w Depreciation & amortization	9,887	8,725	7,802	7,769	7,967
o/w Changes in working capital	(1,097)	(3,961)	1,500	0	0
Cash flow from investing activities	**(10,875)**	**(13,626)**	**(9,673)**	**(2,261)**	**(8,347)**
o/w Capital expenditure	(12,201)	(13,242)	(12,768)	(8,161)	(8,997)
as % of sales	*13.9%*	*14.7%*	*14.0%*	*8.8%*	*9.7%*
Cash flow from financing activities	**3,777**	**7,369**	**(4,943)**	**(12,677)**	**(6,865)**
o/w Dividends paid	(4,970)	(4,901)	(5,048)	(5,282)	(5,970)
o/w Shares issued/(repurchased)	-	-	-	-	-
o/w Net debt issued/(repaid)	7,913	12,395	300	(7,200)	(700)
Net change in cash	**2,988**	**2,553**	**(485)**	**(187)**	**31**
Adj. Free cash flow to firm	**(2,132)**	**(4,568)**	**1,363**	**6,590**	**6,246**
y/y Growth	*(208.8%)*	*114.3%*	*(129.8%)*	*383.6%*	*(5.2%)*

Ratio Analysis	FY21A	FY22A	FY23E	FY24E	FY25E
Gross margin	-	-	-	-	-
EBITDA margin	21.8%	21.8%	24.2%	24.2%	24.5%
EBIT margin	13.9%	13.4%	15.7%	15.8%	15.9%
Net profit margin	6.4%	6.0%	7.3%	7.6%	7.8%
ROE	19.3%	18.5%	23.0%	23.2%	22.8%
ROA	3.0%	2.5%	3.2%	3.5%	3.6%
ROCE	10.1%	7.6%	10.0%	10.4%	10.8%
Net debt/Equity	1.2	1.4	1.4	1.1	1.1
Net debt/EBITDA	2.7	3.1	2.7	2.4	2.3
Sales/Assets (x)	0.5	0.4	0.4	0.5	0.5
Assets/Equity (x)	6.4	7.3	7.3	6.6	6.2
Interest cover (x)	-	-	-	-	-
Operating leverage	23.8%	(32.4%)	1449.7%	195.2%	164.5%
Tax rate	29.9%	40.3%	30.1%	30.1%	29.5%
Revenue y/y Growth	35.4%	2.7%	1.3%	1.3%	0.4%
EBITDA y/y Growth	7.1%	2.5%	12.4%	1.4%	1.3%
EPS y/y Growth	7.6%	(3.6%)	24.1%	5.6%	2.8%

Valuation	FY21A	FY22A	FY23E	FY24E	FY25E
P/E (x)	11.9	12.4	10.0	9.4	9.2
P/BV (x)	2.3	2.3	2.3	2.1	2.1
EV/EBITDA (x)	6.8	7.1	6.4	6.0	5.9
Dividend Yield	5.8%	6.1%	6.5%	7.4%	7.6%

Source: Company reports and J.P. Morgan estimates.
Note: € in millions (except per-share data).Fiscal year ends Dec. o/w - out of which

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ENEL (ENEI.MI, ENEL IM) Price Chart

Date	Rating	Price (€)	Price Target (€)
11-Jan-21	OW	8.94	9.4
07-Sep-21	OW	7.72	9.2
26-Apr-22	OW	6.10	9
26-Oct-22	OW	4.38	7.3
05-Dec-22	OW	5.27	7.6
12-Apr-23	OW	5.90	7.8

Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Feb 18, 2000. All share prices are as of market close on the previous business day.

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