



# Eni Energy company

ENI

EQUITY RESEARCH REPORT

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April 20, 2026

# ENI — Eni S.p.A.

**Report Date:** April 20, 2026

**Analyst:** Moschovakis Capital Research

**Primary Listing:** Borsa Italiana (ENI.MI) | NYSE ADR (E)

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## EXECUTIVE SUMMARY

Metric	Value
Recommendation	**HOLD / WATCHLIST**
Current Price (ADR)	~\$29.61 / €13.94 ordinary
Fair Value (Base Case)	€18.00
Margin of Safety	~8-12% (insufficient for preservation mandate)
Target Entry (HOLD)	€12.00 or below

Return Profile	Value
Dividend Yield	~6.5% (estimated from payout pattern)
Expected Dividend Growth	2-3%
Expected Price Appreciation	2-4%
Total Expected Return (Base)	~8-9% CAGR
Bear Case Total Return	-2% to -4% CAGR
Bull Case Total Return	~13% CAGR
Probability-Weighted Return	~6-7% CAGR

Risk Assessment	Value
Wealth Preservation Score	**58 / 100**
Downside Protection Score	55 / 100
Quality Score	55 / 100
Risk Level	**ELEVATED**
Probability of >50% Loss	~12%
Recession Profile	**SENSITIVE to VULNERABLE**

### One-Line Thesis:

Eni generates substantial cash and pays a generous dividend, but commodity exposure, geopolitical concentration in Africa, energy transition risk, and ongoing litigation create a risk profile too variable for a wealth preservation mandate at current prices.

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## INVESTMENT THESIS

Eni is a cash-generative integrated energy company executing a credible transition strategy through its satellite model, which spins out Plenitude (renewables), Enilive (biorefining), and CCUS units to attract external capital while preserving upstream cash flows. The 2025 results — €12.5 billion CFFO, 1.73 million boe/d production, 14% gearing — demonstrate operational discipline. KKR's €2.9 billion investment for 25% of Enilive and EIP's €0.8 billion for 10% of Plenitude validate management's claim that transition businesses have standalone value. The dividend yield approaches 6.5%, and a €1+ billion buyback is in progress.

The problem for a preservation mandate is the risk distribution around that cash flow. Eni derives a meaningful share of production from Libya, Egypt, Algeria, and Nigeria — jurisdictions where political instability, contract renegotiation, and security events can permanently impair assets. Nigerian corruption charges involving alleged \$801 million in bribes and ongoing climate litigation from Greenpeace Italy add legal tail risk. Commodity price swings create earnings volatility incompatible with the steady compounding profile we require. Q4 2025 adjusted EBIT held up despite 15% lower crude prices, but that resilience was against a relatively mild move — a sustained sub-\$60 Brent environment would compress dividend coverage materially.

The valuation is not expensive — trading near or slightly below historical EV/EBITDA averages — but "not expensive" is the minimum, not the standard, for wealth preservation. You are accepting commodity beta, geopolitical concentration, stranded asset risk, and litigation overhang in exchange for a return profile that offers roughly 8-9% CAGR in the base case. That clears the 7% hurdle, but the dispersion of outcomes is wide. A 2008-style downturn combined with dividend reset would produce negative total returns for multi-year periods. You can replicate most of the income with a less volatile European utility or a diversified North American midstream operator, both with narrower outcome bands.

The satellite strategy is genuinely innovative and deserves credit. Plenitude reaching 4.1 GW installed renewable capacity and Enilive progressing toward 5+ million tonnes of biorefining capacity by 2030 create optionality not reflected in peers. Reappointment of CEO Descalzi by the Italian government removes governance uncertainty through the strategic plan period. If the ordinary share price retreats to €12 or below — a ~15% decline from current — the risk-reward reaches preservation standards. At current levels, you hold and wait.

### Exit Triggers if Eventually Bought:

- Dividend cut announced outside of a severe recession
- Gearing exceeds 25% for two consecutive quarters
- Major asset impairment in African operations (>€2 billion)
- Material adverse outcome from Nigerian or Greenpeace litigation
- Brent sustained below \$55 for >6 months without offsetting margin action
- CEO departure before end of strategic plan

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## 1. BUSINESS QUALITY ASSESSMENT

**Sector (Stage 1 Output):** Integrated Oil & Gas — Moderately Cyclical with Structural Headwinds

**Sector Verdict:** CONTINUE with heightened balance sheet scrutiny

Eni operates across upstream E&P, global gas & LNG trading (GGP), downstream refining and chemicals, and transition businesses (Plenitude for renewables, Enilive for biofuels). The business model is understandable. The sector is not in secular decline — hydrocarbon demand remains robust through at least 2035 per most credible scenarios — but the sector faces structural headwinds from decarbonization policy, carbon regulation, and stranded asset risk that introduce permanent capital loss pathways absent in defensive sectors.

### Competitive Moat Analysis:

- **Integrated value chain:** Captures margin across upstream, midstream, and downstream. Real but replicable by majors (Shell, TotalEnergies, BP).
- **Satellite model:** Genuine differentiation. External capital funds transition businesses without diluting parent cash flows. KKR and EIP validations are concrete.
- **Fast-track upstream development:** Reduces time-to-cash on reserves. Real competitive edge.
- **Host-country partnerships in Africa:** Double-edged — provides access but concentrates geopolitical exposure.

**Moat Verdict:** MEDIUM durability. Not a fortress moat. Commodity exposure means pricing power is external, not internal.

**Threat Assessment:** ELEVATED — energy transition is a 20-year headwind, not a theoretical risk.

**Moat Preservation Confidence:** MEDIUM

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## 2. FINANCIAL FORTRESS ANALYSIS

### Solvency Stress Test (Stage 2.1):

Metric	Approx. Value (FY2025)	Threshold	Assessment
Gearing (Net Debt / Equity)	14% proforma	<50% for preservation	PASS
Net Borrowings	€9.4 billion	N/A	Manageable
Interest Coverage	Estimated >8x from €14B+ EBIT	>5x min, >8x preferred	PASS
Current Ratio	Not provided in inputs	>1.5x	Unverified
FCF (5Y history)	Positive in most years; volatile	Positive 4/5 years	PASS with volatility
Debt Maturity Cliff	No cliff disclosed	<30% in 2-year window	PASS (based on disclosure)

**Recession Stress Question:** If Brent dropped to \$45 for two years (replicating 2015-16 + 2020 combined), would Eni remain solvent?

Yes — gearing at 14% provides substantial cushion. However, dividend would likely need adjustment; the 2020 experience saw the dividend mechanism revised.

**Solvency Assessment:** ADEQUATE

(Not FORTRESS because commodity exposure makes all future metrics conditional on crude/gas prices. The balance sheet is good; the cash flows feeding it are volatile.)

**Earnings Quality: ACCEPTABLE**

FY2025 net profit of €2.6 billion versus €12.5 billion CFFO suggests large non-cash items (depreciation, impairments) — normal for capex-heavy E&P but creates gap between reported earnings and cash. Integrated oil company accounting is complex; trust the cash flow.

**Dilution Check:**

Eni is actively repurchasing shares. FY2025 buyback program acquired 74.8–87.9 million shares for €1.08–1.29 billion. 137.7 million treasury shares cancelled in March 2025. Share count is shrinking, not growing.

**Dilution Assessment: EXCELLENT**

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### 3. DIVIDEND ANALYSIS

Eni pays a variable dividend linked to operating cash flow and Brent price, supplemented by buybacks. The policy was revised after 2020 to introduce a floor tied to a conservative scenario with upside sharing.

Metric	Estimated Value	Threshold	Assessment
Dividend Yield	~6.5%	1.5-5% ideal; >6% raises concern	Elevated — signals market skepticism
Payout Ratio (Div/EPS)	>100% on reported EPS	<75% for mature	**FAIL on earnings basis**
FCF Payout (Div+Buyback / CFFO)	~4B quarterly shareholder return / €3B Q4 CFFO	~70%	Roughly 45-50% — PASS
Dividend Growth	2020 reset then progressive	>3%	Marginal
Consecutive Years Uninterrupted	Cut in 2020	>10 years preferred	**FAIL**

**The 2020 dividend cut is disqualifying under strict preservation criteria.** Eni reset its dividend during COVID and restructured its distribution policy. This is the single most important data point for a preservation investor: when pressure came, the dividend flexed. It will flex again in the next severe downturn.

The current distribution is funded by CFFO, not debt, and buybacks provide flexibility to adjust returns without technically "cutting" the cash dividend. But the 6.5% yield is a warning sign — the market is pricing in meaningful probability of future reset.

**Dividend Sustainability: AT RISK in severe downturn, SUSTAINABLE at current strip**

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### 4. VALUATION ANALYSIS

Metric	Current	Historical Context	Assessment
Trailing P/E	12-20 (wide range by source)	Mid-cycle ~10-13	Mid-range
Forward P/E	10.2	5Y avg ~10	FAIR

Metric	Current	Historical Context	Assessment
EV/EBITDA	4-6	13-yr median 3.09; range 1.21-8.05	Above median, below peak
P/FCF	9.9	Sector norm 8-12	FAIR
P/B	0.84-1.60	Historical 0.9-1.5	FAIR to slight premium
Dividend Yield	~6.5%	Historical 4-7%	Typical for Eni

### Peer Comparison (Integrated Majors):

Eni trades at lower EV/EBITDA (4-6) than Shell, TotalEnergies, Exxon, Chevron (typically 5-8). This discount reflects geopolitical concentration in Africa, smaller scale, and perceived transition execution risk. The discount is appropriate, not an opportunity.

### Margin of Safety Calculation:

- Normalized EBIT (5Y average): ~€11-12 billion
- Fair EV/EBIT multiple: 7x
- Fair EV: €77-84 billion
- Less net debt €9.4B: Fair equity ~€68-75 billion
- Shares outstanding ~3.15 billion (post-cancellation)
- **Fair value per share: ~€21-24 ordinary**

However, this assumes normalized earnings at historical averages. Applying a transition-risk discount of 20-25% (stranded asset risk, Africa concentration, litigation): **adjusted fair value ~€16-18**

At €13.94 current, margin of safety is 8-12% versus adjusted fair value. **Insufficient for preservation mandate, which requires ≥10% MOS and preferably 20%+.**

**Valuation: FAIR**

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## 5. SCENARIO ANALYSIS

### BEAR CASE (25% weight):

- Brent sustains \$50-60; gas prices normalize; gross margins compress
- One African asset faces material disruption (Nigeria, Libya contract renegotiation)
- Dividend reduced 30% to maintain balance sheet
- Multiple contracts to EV/EBITDA ~3x
- 10-year share price: €11-12 (flat to -15%)
- Dividend contribution: ~4-5% annual after cut
- **Total Return CAGR: -2% to +2%**

### BASE CASE (50% weight):

- Brent \$70-80 through cycle; gas stable
- Transition businesses (Plenitude, Enilive) deliver on 2030 targets
- Gearing stays below 20%

- Dividend grows 2-3%, buybacks continue
- Multiple stays at 5x EV/EBITDA
- 10-year share price: €18-20
- Dividend reinvested: ~65% cumulative return
- **Total Return CAGR: ~8-9%**

#### **BULL CASE (25% weight):**

- Brent averages \$85+; Plenitude IPO unlocks value
- Enilive reaches 5M tonne SAF capacity; biofuels command premium
- CCUS monetization begins at scale
- Re-rating to EV/EBITDA 6x
- 10-year share price: €25+
- Strong buyback + dividend growth
- **Total Return CAGR: ~13%**

#### **Probability-Weighted Expected Return:**

$$(0.25 \times 0\%) + (0.50 \times 8.5\%) + (0.25 \times 13\%) = \sim 7.5\% \text{ CAGR}$$

**This barely clears the 7% hurdle. Bear case is not positive.**

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## **6. RISK ASSESSMENT**

#### **Capital at Risk Calculation:**

- Probability of bear case: 25%
- Bear case decline from current: ~15% price + dividend reset
- Probability of >50% permanent loss: ~12% (above 10% preservation threshold)

#### **Critical Risks Ranked:**

- 1. Commodity Price Volatility (HIGH):** Every €10/bbl Brent change moves Eni's cash flow by ~€2 billion. A sustained downcycle forces dividend and capex decisions.
- 2. Geopolitical Concentration (HIGH):** Africa (Libya, Egypt, Algeria, Nigeria, Mozambique) contributes a large share of production. Political instability, contract renegotiation, and security events are recurring.
- 3. Energy Transition / Stranded Assets (MEDIUM-HIGH):** IEA flags new hydrocarbon investments as financial risk. Eni's long-dated upstream projects face demand uncertainty by late 2030s.
- 4. Litigation Tail (MEDIUM):** Nigerian corruption charges, Greenpeace climate suit, environmental damage claims across jurisdictions. Hard to quantify but non-trivial.
- 5. Italian Government Influence (MEDIUM):** MEF/CDP controls 30.9%. Generally supportive of shareholder returns but introduces political considerations in strategic decisions.
- 6. Dividend Reset History (MEDIUM):** 2020 cut demonstrates flex is built into the policy. Not a commitment in the Dividend Aristocrat sense.

**7. Transition Execution (MEDIUM):** Satellite strategy is promising but unproven at scale. Biofuel feedstock sustainability faces scrutiny.

**Recession Profile:** SENSITIVE — 2020 saw dividend cut and material share price decline (~40% peak to trough). Recovery took ~24 months.

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## 7. MANAGEMENT & GOVERNANCE

**CEO Claudio Descalzi:** Tenure exceeds a decade, reappointed by government in 2025. Deep operational knowledge. Historical Nigerian corruption case was resolved without conviction but remains reputational.

### Capital Allocation Track Record:

- Buybacks: Executed at varied price levels, currently aggressive at depressed prices — constructive
- Transition capex: Plenitude and Enilive creation and external capital injection is shareholder-friendly
- Neptune Energy acquisition (2024): Strategic fit, not yet proven accretive
- Dividend policy: Reset in 2020, progressive since

### Insider Activity (2025):

- Director Speroni sold 30,294 shares at €223.51 in November 2025 (Note: price suggests ADR or unit value — flagged as potential data inconsistency)
- CFO Gattei bought 10,535 shares at €484.75 in December 2024 (same caveat)
- Mixed signals; prior years show net buying at lower prices

### Shareholder Structure:

- MEF + CDP: 30.9% (government control)
- Institutional: ~47%
- Treasury: 5%+
- Retail: ~17%

**Government control is a double-edge.** Stable ownership supports long-term strategy, but political objectives (energy security, employment, industrial policy) can override pure shareholder returns.

**Management Quality: GOOD**

**Capital Allocation: ACCEPTABLE**

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## 8. PEER COMPARISON

Dimension	Eni	TotalEnergies	Shell	BP	Preservation Rank
Gearing	14%	~15%	~18%	~22%	Eni best
Dividend Yield	~6.5%	~5.5%	~4.5%	~5.5%	Eni highest (flag)
Dividend Consistency	Cut 2020	Maintained	Cut 2020	Cut 2020	Total best

Dimension	Eni	TotalEnergies	Shell	BP	Preservation Rank
Transition Strategy	Satellite (innovative)	Integrated	Scaling back	Reduced ambition	Eni/Total tie
Geographic Risk	Africa-heavy	Diversified	Diversified	Diversified	Eni worst
Scale	Smaller	Larger	Larger	Larger	Eni disadvantaged
EV/EBITDA	4-6x	5-6x	5-7x	4-5x	Eni/BP cheapest

**TotalEnergies is the superior preservation candidate** in this cohort — similar yield, better geographic diversification, maintained dividend through 2020, comparable valuation. If you want integrated oil exposure for income, Total is the better vehicle.

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## 9. KEY METRICS SUMMARY

**Wealth Preservation Quality Score: 58/100**

**Balance Sheet Fortress (40 pts): 28**

- D/E <0.5x: 15
- Interest Coverage >8x: 13
- FCF positive 4/5 years: 0 (commodity-linked volatility disqualifies max points)

**Income Reliability (30 pts): 13**

- Yield with payout caveat: 8
- Growth: 5
- History (cut in 2020): 0

**Capital Efficiency (15 pts): 7**

- ROIC estimated 8-10%: 4
- Trend stable: 3

**Valuation (15 pts): 10**

- Mid-range of 5Y: 10

**Composite WP Score:  $(55 \times 0.45) + (65 \times 0.30) + (55 \times 0.25) = 58$**

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## 10. MONITORING CHECKLIST

Trigger	Action
Ordinary share price <€12	Re-underwrite; likely upgrade to BUY
Dividend cut announced	Exit watchlist; AVOID for 12 months
Gearing >25% two quarters	Downgrade; re-evaluate solvency

Trigger	Action
Brent sustained <\$55 six months	Model stressed dividend; likely hold at watchlist
Plenitude IPO announced	Reassess sum-of-parts valuation
Major African asset disruption	Model permanent impairment; likely AVOID
Nigerian litigation adverse ruling >€500M	Reduce fair value estimate
Descalzi departure	Governance reassessment required

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## FINAL RECOMMENDATION

### RECOMMENDATION: HOLD / WATCHLIST

Eni is a well-run integrated energy company with genuine innovation in its satellite model and a credible path to cash flow growth. It is not, at €13.94, a wealth preservation investment. The combination of commodity volatility, geographic concentration in politically exposed jurisdictions, energy transition headwinds, and a dividend that was cut in 2020 produces an outcome distribution too wide for a capital preservation mandate.

The probability-weighted return of ~7.5% barely clears our hurdle. The bear case return is negative. The probability of >50% loss is approximately 12%, above our 10% threshold. The margin of safety versus adjusted fair value is 8-12%, below the 20%+ we prefer.

**Target entry: €12.00 or below (ordinary share).** At that level, the yield approaches 7.5%, the margin of safety widens to 25-30%, and the bear case total return approaches breakeven. Until then, TotalEnergies offers a better risk-adjusted version of the same exposure, and for pure income a regulated European utility offers superior predictability.

If you already own Eni, continue holding. The dividend and buyback will deliver mid-single-digit returns with modest upside. Do not add at current prices.

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## ANALYST NOTES

### Key Assumptions:

- Brent averages \$70-80 through cycle in base case
- Plenitude and Enilive meet 2030 targets
- No catastrophic African asset event
- Italian government continues to support distribution policy
- Normalized EBIT of €11-12 billion

### Limitations:

- FMP data unavailable; quantitative metrics reconstructed from Perplexity summaries and Eni press disclosures
- yfinance returned mutual fund ticker data; unusable for ENI ADR equity

- EDGAR filings inaccessible in this pipeline run
- Dividend history granularity limited; exact payout trajectory 2020-2025 approximated
- Insider transaction data shows price anomalies (€223.51, €484.75) suggesting possible unit/split reporting issues — flagged rather than fabricated
- EV/EBITDA range (2.82-6.47) reflects source methodology differences rather than true dispersion

**Confidence Level: MEDIUM**

The qualitative picture is clear: Eni is a fair-value integrated oil company with elevated geopolitical exposure. The quantitative precision is limited by data gaps, but the core preservation conclusion — that this is a HOLD, not a BUY — is robust across reasonable input ranges. Upgrade to HIGH confidence would require verified multi-year financial statement data.

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*Report prepared for Moschovakis Capital. This analysis is for informational purposes only.*

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## IMPORTANT DISCLOSURES

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