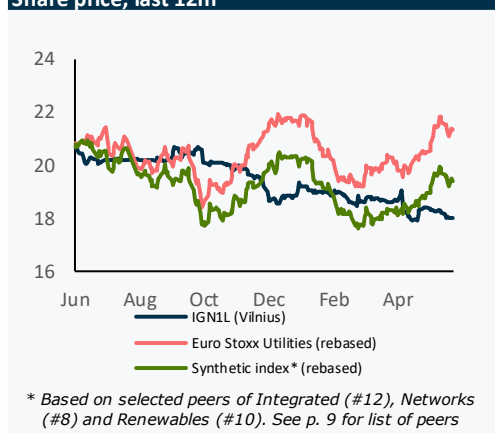


## Ignitis Group

### Key share data

Sector	Integrated Utilities
Ticker - Nasdaq Vilnius	IGN1L
Ticker - London Stock Exchange	IGN
Market Cap (EURm)	1,316
Net Debt (EURm)	1,288
EV (EURm)	2,604
Net debt / Equity	55%
Issued shares, m	72.4

### Share price, last 12m



### Upcoming events

2Q24 report	August 14, 2024
Ex-dividend	September 24, 2024
3Q24 report	November 13, 2024

This report is paid for by the company covered in it.

## Analysts

**Žilvinas Jusaitis, CFA**  
 (+370) 606 88 919  
 zilvinas.jusaitis@norne.no

**Justė Subatavičiūtė**  
 (+370) 605 82 527  
 juste.subataviciute@norne.no

## Well on track towards its financial and operational targets

Ignitis Group 1Q24 revenues decreased YoY as awaited, but the company delivered a strong beat on Adj. EBITDA as all segments topped our estimates driven by launch of new assets, optionality in Reserve Capacities segment and higher captured electricity prices. 2024 Adj. EBITDA target was left intact, but we see upside potential in Adj. EBITDA guiding. Despite strong 1Q results and increased Adj. EBITDA target towards 2027, the share price continued to perform weak since our last update. This means that valuation multiples further declined and make the investment case even more appealing with solid dividend yield, while investors also receive an exposure to high growth potential ahead with an attractive Green Capacities portfolio.

### 1Q Adj. EBITDA mostly driven by Reserve Capacities and Customers & Solutions segments

Ignitis Group's 1Q revenues declined by 30% YoY as was expected due to lower revenue of the Customers & Solutions segment, but all the remaining segments posted the growth. The reduction in revenues is related to sharp drop in both gas prices and volumes.

Moving on to Adj. EBITDA, it showed a strong development in 1Q topping our estimate by 28% (+21% YoY), there the deviation to our estimate was mostly impacted by several items. Firstly, which was partly accounted by us, is the launch of new assets (Mažeikiai WF, Silesia WF I and Vilnius CHP biomass unit), while the company also noted that it managed to capture higher electricity prices. Secondly, the Reserve Capacities segment continued to utilise optionality to earn additional return in the market on top of the regulated return (as it did in 1Q23), which was not estimated in our model and thus led to stronger-than-estimated 1Q figure. Moreover, the Customers & Solutions stronger result was impacted by lower loss in electricity B2C business, and better results in Latvia and Poland. Electricity B2C activities loss amounted to EUR -8.2m in 1Q24 (vs EUR -16.4m in 1Q23).

Capex landed broadly as expected by us and higher YoY driven by Green Capacities projects. The effective interest rate was rather flat QoQ at 2.62% (2.59% in 4Q23).

1Q/24 results	1Q/23	4Q/23	1Q/24	1Q/24e	Deviation, %	YoY, %
EURm			Reported	Norne		
<b>Revenues</b>	<b>928.3</b>	<b>707.5</b>	<b>653.5</b>	<b>545.9</b>	<b>19.7%</b>	<b>-29.6%</b>
<b>Adjusted EBITDA</b>	<b>149.9</b>	<b>139.3</b>	<b>181.7</b>	<b>141.5</b>	<b>28.4%</b>	<b>21.2%</b>
Green Capacities*	70.0	68.2	77.1	75.6	2%	10%
Networks	48.7	51.3	65.5	61.0	7%	34%
Reserve Capacities	28.6	11.6	20.0	4.0	404%	-30%
Customers & Solutions	0.9	9.5	17.4	0.8	nm	nm
Other activities and elimination:	1.7	-1.3	1.7	0.1	nm	0.0%
EBIT	156.6	118.3	147.5	97.9	50.7%	-5.8%
<b>Net profit to shareholders</b>	<b>127.2</b>	<b>107.6</b>	<b>118.7</b>	<b>77.4</b>	<b>53.4%</b>	<b>-6.7%</b>
<b>EPS (EUR)</b>	<b>1.76</b>	<b>1.49</b>	<b>1.64</b>	<b>1.07</b>	<b>53.5%</b>	<b>-6.7%</b>
Investments	120.8	303.4	209.5	201.6	3.9%	73.4%

\*Green Capacities - previously Green Generation

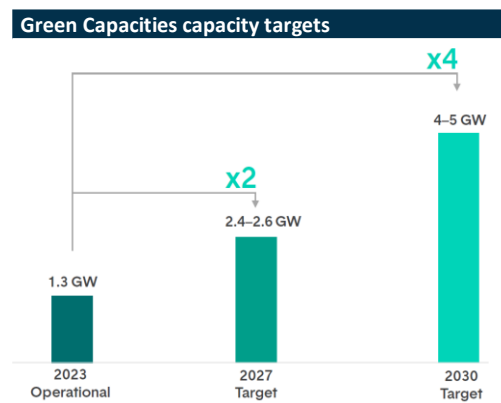
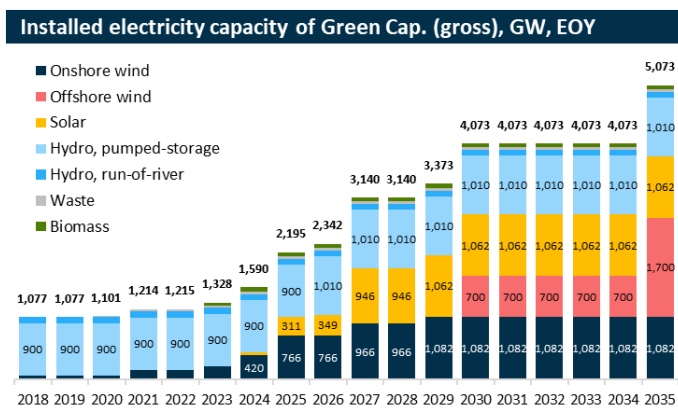
(continued in the next page)

### Financial guiding maintained for 2024

Ignitis Group retains its financial targets for 2024 with Adj. EBITDA of EUR 440-470m and investments of EUR 850-1,000m. Following stellar 1Q24, our 2024 Adj. EBITDA estimate stands above the target at EUR 514m: we have not changed our estimates considerably in the next quarters, while the company said that the main reason for not lifting its Adj. EBITDA guidance is that 1Q is usually seasonally the strongest quarter and there are some stronger elements in 1Q which are not expected to continue in the rest 2024 quarters. However, even assuming no spark spread optionality in the rest of quarters and normalisation in other segments, the company should beat its current Adj. EBITDA target for 2024.

### Strategic Plan 2024–2027 announced

During its quarterly results, Ignitis Group also presented its Strategic Plan 2024-2027. Green Capacities targets were left mostly unchanged at 2.4-2.6 GW at the end of 2027 (from 1.38 GW as of 1Q24) and for 2030 the company aims to reach 4-5 GW installed capacity, as previously communicated. Our estimates stand at 3.1 GW installed capacity by end of 2027 and 4.1 GW by end of 2030, the latter being at the lower end of the guided range 4-5 GW.



Source: Ignitis Group, Norne Securities for estimates  
\*Green Capacities - previously Green Generation

Ignitis Group aims to build at least two offshore wind projects in the Baltics: two are already secured in Lithuania (700 MW) and Estonia (1-1.5 GW), while the third one potentially might be 700 MW of offshore wind capacity in the Baltic Sea as Ignitis Group has submitted the bid in April. However, the auction was cancelled as only one bid was received, and according to regulation an auction is considered not to have taken place if fewer than two participants are registered. It is expected that the new auction will be announced anytime soon.

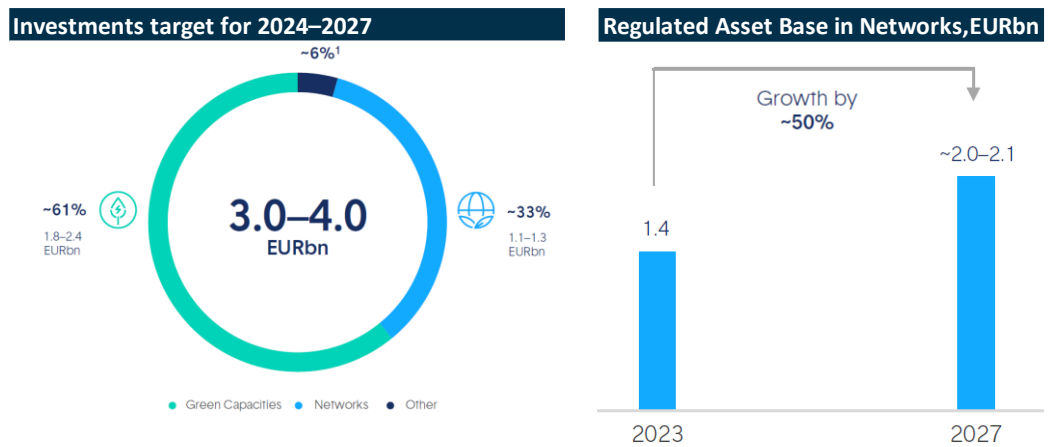
### The status of offshore wind development projects

	Seabed secured	EIA	Grid secured	FID
Lithuanian offshore WF <b>0.7 GW</b> COD ~2030	✓	 In progress	✓	
Estonian offshore WF <b>1-1.5 GW</b> (two sites) COD ~2035	✓			

Source: Ignitis Group, Norne Securities

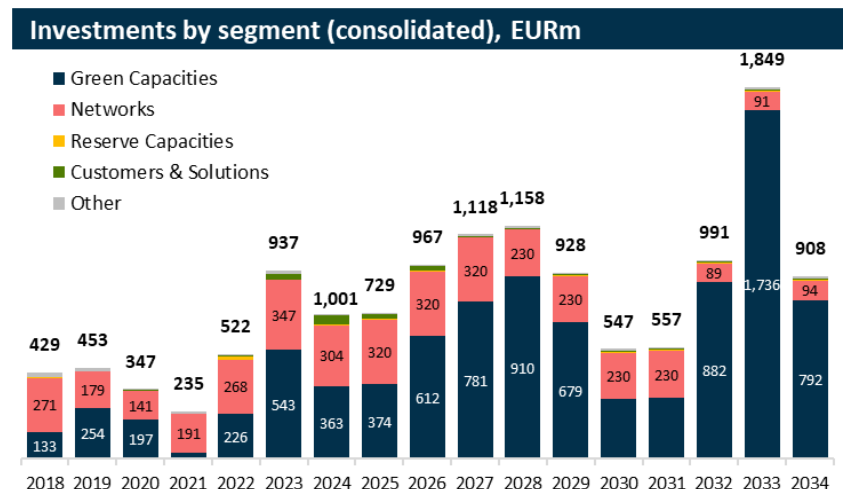
(continued in the next page)

The company's investments guiding was increased vs previous communication, however, there is also a time shift in the guiding as 2027 is now added (instead of previously last year guided as 2026). Ignitis Group announced investments plan of EUR 3.0-4.0bn in the period of 2024-2027, which compares to previous guiding of EUR 2.2-2.8bn in 2023-2026. The increase seems to stem primary from the Green Capacities and Networks segment, however the Green Capacities investments are broadly in line with our projection (previous target was EUR 1.2-1.6bn for 2023-2026 vs new EUR 1.8-2.4bn for 2024-2027 and vs our estimate of EUR 2.1bn). Compared to our estimates in Networks segment, we had expected lower investments: the company shows capex in Networks at EUR 1.1-1.3bn vs our previous estimate of EUR 860m in 2024-2027 (prev. guidance was EUR 0.9-1.1bn for 2023-2026). Thus, we have increased investments for Networks, but our RAB has also increased (we previously estimated RAB in Networks at EUR 1.8bn in end-2027 vs the guided figure of EUR 2.0-2.1bn in 2027).



Source: Ignitis Group, Norne Securities

As for Green Capacities, the announced investment target of EUR 1.8-2.4bn for 2024-2027 was broadly in line with our model of EUR 2.1bn. All in all, we foresee investments of EUR 3.8bn vs the guiding of EUR 3.0-4.0bn in 2024-2027.



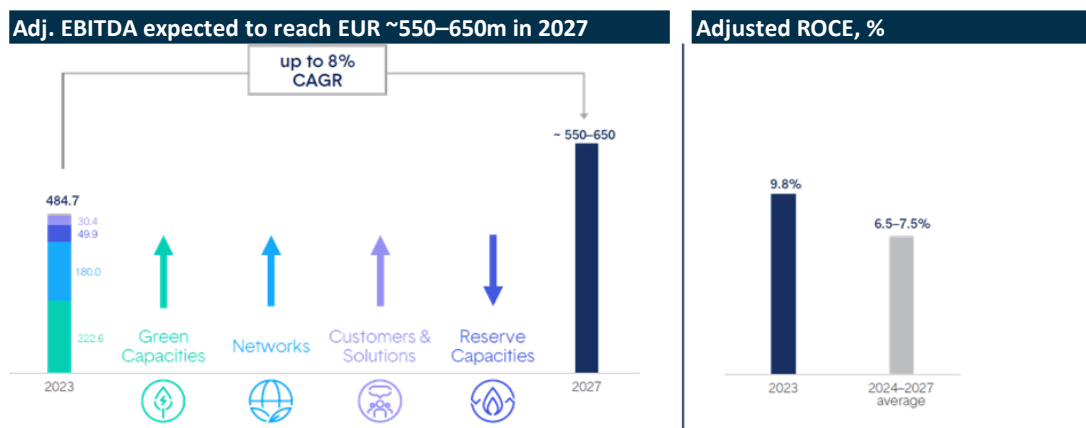
Source: Ignitis Group, Norne Securities for estimates

\*Green Capacities - previously Green Generation

(continued in the next page)

When it comes to return targets, the company seems to increase its Adj. EBITDA for 2027, which is partly driven by a time shift in the guiding and also new projects coming into COD.

Ignitis Group previously guided Adj. EBITDA to be within the range of EUR 470–550m in 2026, while the new target stands at EUR 550-650m in 2027, which represents CAGR of up to 8%. Our Adj. EBITDA estimate, after increasing RAB within Networks segment, stands at the higher end of the guided range at EUR 647m. However, the profitability target of Adj. ROCE of 6.5-7.5% remains unchanged from the earlier guiding.



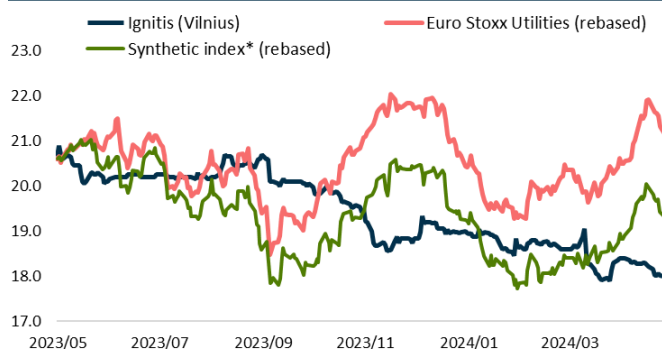
Source: Ignitis Group, Norne Securities

Finally, other key financial targets were also left intact with Net debt/Adjusted EBITDA <5.0x and minimum annual growth in dividends of 3%.

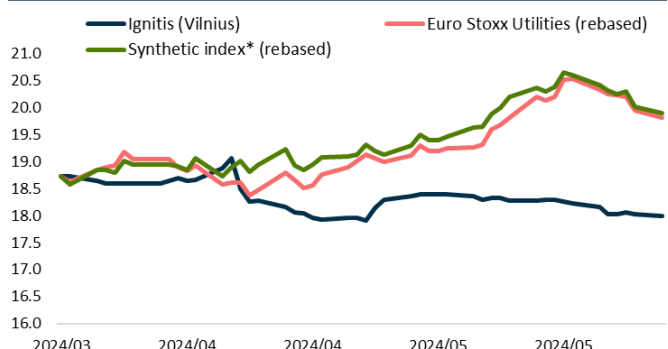
**Estimates slightly increased after incorporation of 1Q results and long-term strategic plan guiding**

Despite strong 1Q results, Ignitis share surprisingly continued to perform relatively weak with another 1.6% decline since its 1Q report in mid-May.

Share price performance vs peers 1Y (rebased)



Share price performance vs peers last 3 months (rebased)



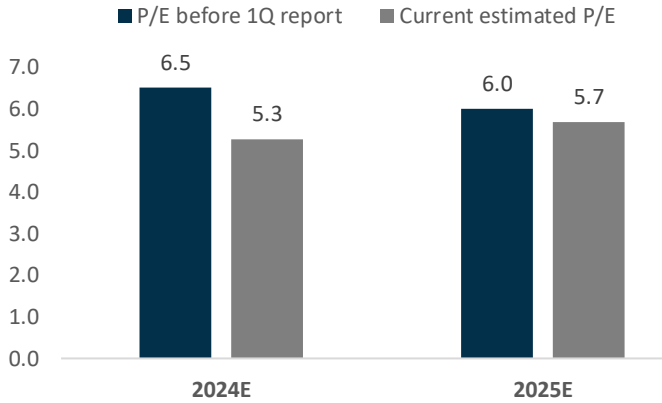
Source: Bloomberg, Norne Securities

\* Based on selected peers of Integrated (#12), Networks (#8) and Renewables (#10). See p. 9 for list of peers

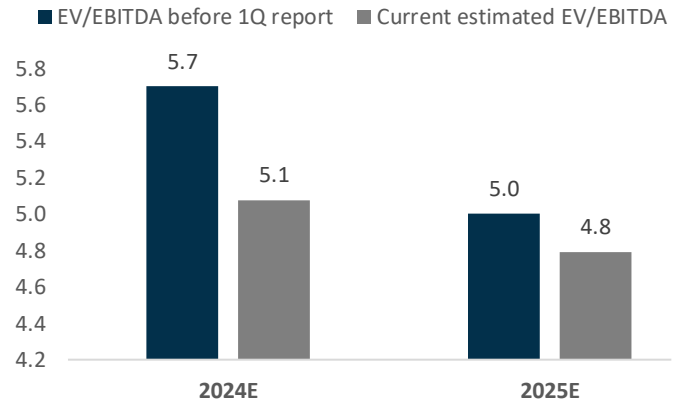
(continued in the next page)

With the modest fall in the share price, strong 1Q results and increased estimates, the valuation multiples of Ignitis Group continued to fall and now stand at P/E of 5.3x for 2024E or down from 6.5x just before the 1Q report in mid-May.

#### Changes in P/E ratio before/after 1Q report

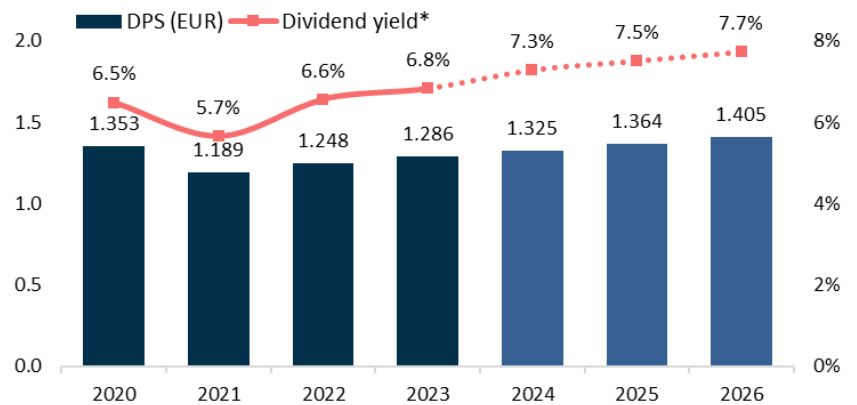


#### Changes in EV/EBITDA ratio before/after 1Q report



The company reiterated its ambition to commit to its minimum 3% increase in annual dividend growth. This translates into dividend yield of 7.3-7.7% for 2024-2026, which we view as very high and attractive considering high-growth company, significant investment needs in Green Capacities and high value creation potential in the long-term as new projects commence.

#### Dividends per share (DPS) and yield

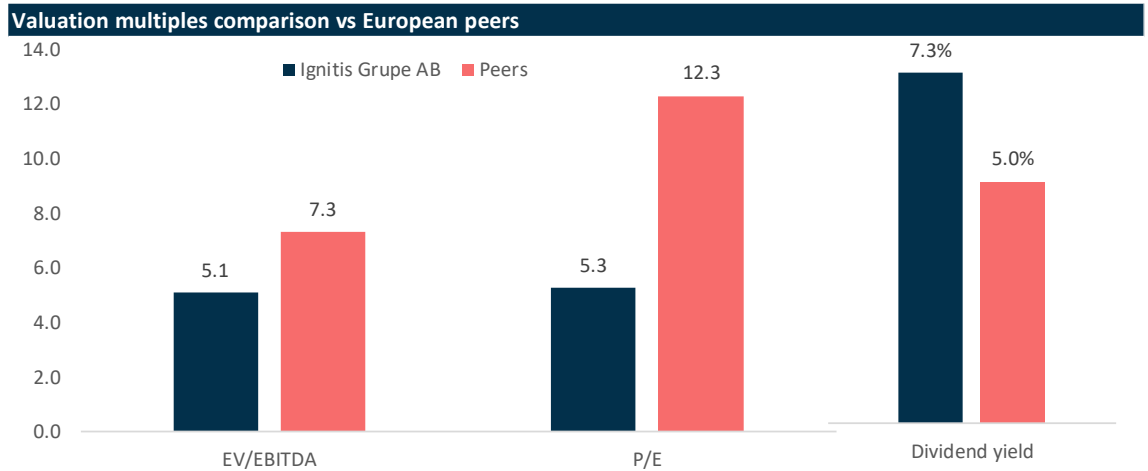


\* Year-end share price applied in the calculation

Source: Ignitis Group, Norne Securities for estimates

(continued in the next page)

Ignitis Group continues to trade at significant discounts to European peer medians. Under our estimates, EV/EBITDA of Ignitis Group is 34% lower than peer median value for 2024 (the discount increases from previous 26%) and 37% lower for 2025. The discount in P/E is even greater at 54% (vs 47% discount in our previous update) and 52% respectively. Dividend yield of Ignitis Group is also higher, 7.3-7.7% vs peer median of 5.0-5.5%.



\* For peers list, see the information in the next pages

While our estimates slightly increased following strong 1Q figures and presented strategic plan for 2024-2027, the valuation range is only marginally lifted due to slightly higher WACC driven by 14bps increased risk-free rate (Lithuania 10Y govt. bond yield).

# Valuation

We base our valuation of Ignitis Group on a DCF model. We use 2035 as the normalised year as we expect this to be the first full year of generation from the large offshore wind project in Estonia. We apply normalised conservative electricity price of 65 EUR/MWh in 2035 for all the markets of Ignitis Group's operations and apply normalised CapEx assumptions which only include maintenance-investments as well as average annual investment level required to replace the producing assets after the end of their useful lifetime (which is ~30 years for onshore wind and solar, and ~35 years for offshore wind installations).

We derive a DCF value of EUR 32.4 per share for Ignitis Group.

## DCF model

Proportionate basis	2Q-4Q2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e
<b>EURm</b>												(normalised year)
Electricity market price Lithuania, EUR/MWh	77	83	80	79	77	78	76	75	74	73	72	65
Electricity production (proportionate), TWh	2.36	2.95	4.06	5.79	6.01	6.49	7.45	7.88	7.86	7.84	7.82	9.71
Revenues	1,401	2,294	2,481	2,753	2,841	3,164	3,495	3,564	3,579	3,623	3,666	3,675
<b>EBIT</b>	<b>173</b>	<b>305</b>	<b>287</b>	<b>335</b>	<b>335</b>	<b>367</b>	<b>393</b>	<b>406</b>	<b>366</b>	<b>355</b>	<b>346</b>	<b>338</b>
Tax on EBIT	-25	-45	-43	-51	-51	-56	-59	-61	-55	-53	-52	-52
Income tax rate	14.4%	14.7%	14.8%	15.1%	15.2%	15.1%	15.0%	15.0%	15.0%	15.1%	15.1%	15.4%
<b>EBIT less tax</b>	<b>148</b>	<b>260</b>	<b>245</b>	<b>284</b>	<b>284</b>	<b>312</b>	<b>334</b>	<b>345</b>	<b>311</b>	<b>301</b>	<b>294</b>	<b>286</b>
Depreciation & amortization (+)	139	219	251	309	315	332	342	348	348	345	342	360
Investments	-803	-660	-772	-768	-749	-545	-351	-357	-551	-990	-511	-360
Change in working capital	136	-20	-47	21	-13	-49	-87	-19	-3	-7	-7	0
<b>Free Cash Flow to the Firm</b>	<b>-381</b>	<b>-200</b>	<b>-323</b>	<b>-154</b>	<b>-164</b>	<b>49</b>	<b>238</b>	<b>318</b>	<b>105</b>	<b>-350</b>	<b>117</b>	<b>286</b>
<b>NPV of FCFF</b>	<b>-365</b>	<b>-182</b>	<b>-278</b>	<b>-125</b>	<b>-126</b>	<b>36</b>	<b>164</b>	<b>208</b>	<b>65</b>	<b>-205</b>	<b>65</b>	<b>150</b>

WACC		Assumptions		Valuation	
Debt ratio	55%	L.t. growth	2.0%	Net debt (-)/cash (+)	-1,288
Cost of debt (after tax)	3.4%	Shares, m	72.4	NPV cash flow:	
Risk free rate*	3.8%			Explicit period	-594
Beta	0.75			Terminal value	4,224
Market risk premium	6.0%			Total NPV cash flow	3,630
Cost of equity	8.3%			Equity value	2,342
<b>WACC</b>	<b>5.6%</b>			<b>Value per share, EUR</b>	<b>32.4</b>

\*Lithuania 10Y govt. bond yield (approx.)

The following table represents DCF value under different combinations of WACC and long-term growth rate:

Sensitivity of DCF to WACC and long-term growth, EUR/sh.						
		L.t. growth				
		1.0%	1.5%	2.0%	2.5%	3.0%
WACC	4.0%	58.2	75.5	101.4	144.6	230.9
	4.5%	42.2	53.9	70.3	94.9	135.9
	5.6%	19.3	25.0	<b>32.4</b>	42.0	55.4
	6.1%	12.6	17.0	22.4	29.4	38.6
	6.6%	7.2	10.6	14.8	20.0	26.6
	7.1%	2.7	5.5	8.7	12.7	17.6
	7.6%	-1.0	1.2	3.8	7.0	10.7

We have also looked into sensitivity of the DCF value to electricity price, one of the key assumptions in the model:

Sensitivity of DCF to electricity price					
Electricity market price 2035, EUR/MWh (LT, LV, EE, PL)	55	60	65	70	75
DCF, EUR/sh.	17.2	24.8	32.4	39.9	47.5

Finally, we arrive at the fair value range for the Ignitis Group stock, which is based on the DCF value with a 10% discount on top to account for various risks related to estimates (e.g. renewable energy projects not being realised due to increased costs) as well as market related issues (e.g. Lithuania as a frontier market, geopolitical aspect, liquidity). We see the Low-case scenario, assuming electricity prices for the normalised year of 60 EUR/MWh, gives fair value of EUR 25/sh, which is around 36% higher than the last closing price. The High-case scenario, assuming electricity price of 70 EUR/MWh, yields fair value of EUR 40/sh. The Base-case fair value is indicated at EUR 32.4/sh under electricity price of EUR 65/MWh.

Fair value range		
	Electricity market price 2035, EUR/MWh	Fair value (DCF with 10% discount), EUR/sh.
Low Case	60	22.6
Base Case	65	29.2
High Case	70	35.7

We may also apply the Dividend Discount Model (DDM) approach for valuation since Ignitis Group is a high dividend-paying entity. With a stable dividend growth rate, the most suitable (and simple) variation would be the Gordon growth model:

$$\text{Stock Value} = D_1 / (k-g)$$

where:

$D_1$  = next dividend payment per share

k = cost of equity

g = constant growth rate of dividends

The calculation points to a fair value of the stock of EUR 25.0/sh., which equals and/or not far away from the low-case fair value under DCF.

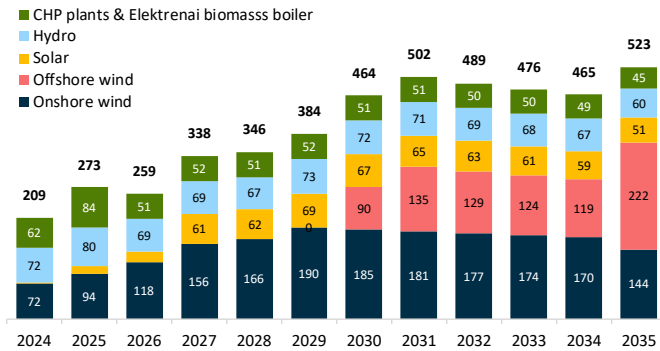
DDM (Dividend Discount Model)	
Dividend next 12m, EUR/sh.	1.325
Cost of equity	8.3%
Growth of dividends (constant)	3.0%
<b>Fair value of stock, EUR</b>	<b>25.0</b>



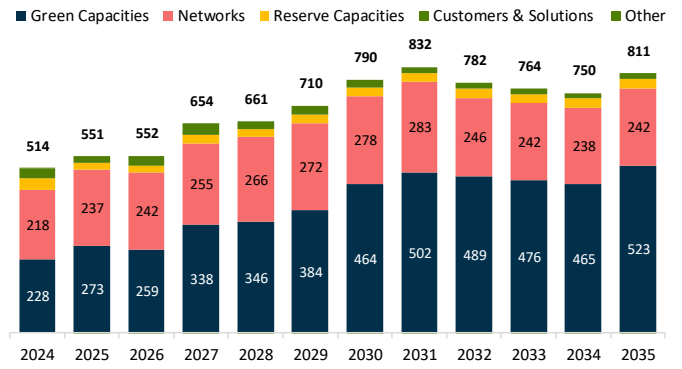
Company	Source	Mcap (EURm)	EV (EURm)	EV/EBITDA			EV/EBIT			P/E			Dividend yield			
				2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e	
Ignitis Grupe AB	Norne	1,316	2,604	5.1	4.8	4.8	7.9	8.1	8.9	5.3	5.7	6.8	7.3%	7.5%	7.7%	
Ignitis Grupe AB	Bloomberg*	1,316	2,599	5.6	5.1	na	9.1	8.6	na	6.6	6.5	na	7.3%	7.5%	na	
<b>Integrated</b>																
CEZ AS	Bloomberg*	20,673	25,739	5.3	5.8	6.9	7.1	9.2	12.4	15.6	15.3	14.7	5.7%	5.8%	5.3%	
EDP - Energias de Portugal SA	Bloomberg*	15,611	40,043	8.0	8.0	7.8	12.9	13.2	13.0	12.2	12.8	12.7	5.4%	5.4%	5.4%	
Endesa SA	Bloomberg*	19,375	30,144	6.1	5.9	5.7	10.4	10.0	9.7	11.6	10.7	10.2	6.0%	6.6%	6.9%	
Enel SpA	Bloomberg*	67,669	146,945	6.5	6.5	6.3	10.0	10.0	9.8	10.0	10.0	9.7	6.8%	7.0%	7.2%	
Engie SA	Bloomberg*	37,832	72,038	5.1	5.3	5.3	7.8	8.3	8.4	8.4	9.3	9.9	8.2%	7.6%	7.2%	
EVN AG	Bloomberg*	5,172	6,696	8.4	8.1	7.8	14.8	14.4	13.4	11.5	12.5	12.3	2.9%	3.0%	3.0%	
E.ON SE	Bloomberg*	32,449	67,445	7.6	7.4	7.1	11.9	11.8	11.5	11.1	11.2	11.2	4.5%	4.7%	4.9%	
Iberdrola SA	Bloomberg*	77,722	142,080	9.3	9.0	8.6	14.4	14.4	13.7	15.1	14.5	13.9	4.8%	4.9%	5.2%	
Naturgy Energy Group SA	Bloomberg*	23,930	38,254	7.8	7.9	7.8	12.3	12.7	12.9	13.6	15.2	15.5	5.6%	5.6%	5.6%	
Public Power Corp SA	Bloomberg*	4,286	8,440	4.9	4.4	3.7	9.9	8.6	5.8	11.4	8.6	5.6	3.6%	5.5%	9.4%	
SSE PLC	Bloomberg*	22,521	35,092	9.5	8.7	8.1	12.9	12.1	11.3	11.2	10.5	10.2	3.4%	3.7%	4.0%	
Verbund AG	Bloomberg*	26,334	28,743	9.2	9.7	11.4	11.2	12.3	15.8	16.0	17.4	22.0	3.3%	3.0%	2.4%	
<b>Average</b>		<b>29,464</b>	<b>53,472</b>	<b>7.3</b>	<b>7.2</b>	<b>7.2</b>	<b>11.3</b>	<b>11.4</b>	<b>11.5</b>	<b>12.3</b>	<b>12.3</b>	<b>12.3</b>	<b>5.0%</b>	<b>5.2%</b>	<b>5.5%</b>	
<b>Median</b>		<b>23,226</b>	<b>36,673</b>	<b>7.7</b>	<b>7.7</b>	<b>7.4</b>	<b>11.6</b>	<b>12.0</b>	<b>12.0</b>	<b>11.6</b>	<b>11.9</b>	<b>11.8</b>	<b>5.1%</b>	<b>5.5%</b>	<b>5.4%</b>	
<b>Networks</b>																
Elia Group SA/NV	Bloomberg*	6,867	16,520	11.3	9.1	7.4	20.0	16.0	13.0	18.9	17.3	15.4	2.2%	2.2%	2.3%	
Enagas SA	Bloomberg*	3,702	7,563	10.2	10.7	11.1	18.3	20.0	20.9	14.2	16.1	16.2	8.8%	7.9%	7.1%	
Italgas SpA	Bloomberg*	3,982	10,902	8.2	8.0	7.5	13.9	13.4	12.7	8.5	8.4	8.1	7.6%	7.9%	8.4%	
National Grid PLC	Bloomberg*	41,035	91,179	11.2	10.4	9.6	16.1	15.1	13.9	12.6	12.3	12.0	6.1%	5.9%	6.0%	
Redeia Corp SA	Bloomberg*	8,949	14,999	11.2	10.7	10.1	18.7	17.6	16.0	17.8	17.2	15.8	5.2%	5.1%	5.3%	
REN - Redes Energeticas Nacionais SGPS S/	Bloomberg*	1,531	4,143	8.3	8.2	8.0	16.9	17.0	16.7	13.3	13.7	13.4	6.5%	6.7%	6.7%	
Snam SpA	Bloomberg*	14,616	30,286	11.0	10.5	10.0	17.7	17.0	16.2	11.9	11.8	11.5	6.7%	6.9%	7.1%	
Terna - Rete Elettrica Nazionale SpA	Bloomberg*	15,521	25,978	10.6	10.3	9.4	16.4	16.4	14.6	15.7	16.6	15.4	4.8%	4.8%	5.0%	
<b>Average</b>		<b>12,025</b>	<b>25,196</b>	<b>10.2</b>	<b>9.7</b>	<b>9.1</b>	<b>17.3</b>	<b>16.6</b>	<b>15.5</b>	<b>14.1</b>	<b>14.2</b>	<b>13.5</b>	<b>6.0%</b>	<b>5.9%</b>	<b>6.0%</b>	
<b>Median</b>		<b>7,908</b>	<b>15,759</b>	<b>10.8</b>	<b>10.4</b>	<b>9.5</b>	<b>17.3</b>	<b>16.7</b>	<b>15.3</b>	<b>13.8</b>	<b>14.9</b>	<b>14.4</b>	<b>6.3%</b>	<b>6.3%</b>	<b>6.4%</b>	
<b>Renewables</b>																
Acciona Energia SA	Bloomberg*	7,046	11,096	8.8	8.3	8.1	15.2	14.3	14.1	19.0	18.5	18.6	2.0%	2.0%	2.1%	
Alerion Cleanpower SpA	Bloomberg*	998	1,472	11.2	8.0	6.0	22.2	20.2	7.9	35.4	17.3	10.2	1.4%	1.2%	5.2%	
Encavis AG	Bloomberg*	2,760	4,722	14.9	13.2	11.6	28.3	25.0	22.3	36.0	32.0	24.5	0.0%	0.0%	0.0%	
Enefit Green AS	Bloomberg*	808	1,276	9.8	9.2	na	14.7	14.7	na	12.2	12.5	na	4.3%	3.9%	na	
ERG SpA	Bloomberg*	3,866	5,555	9.9	9.3	8.8	18.1	16.9	16.7	17.6	17.0	16.9	3.9%	3.9%	4.0%	
Neoen SA	Bloomberg*	5,763	8,791	16.2	12.4	10.5	27.4	20.2	17.0	72.3	48.8	39.9	0.4%	0.5%	0.6%	
RWE AG	Bloomberg*	25,915	34,628	6.5	6.9	6.3	10.5	12.2	11.2	12.8	16.5	15.2	3.2%	3.4%	3.6%	
Scatec ASA	Bloomberg*	1,216	3,502	9.4	8.7	8.1	13.5	13.2	12.7	22.1	16.8	14.2	0.0%	na	na	
Voltaia SA	Bloomberg*	1,442	3,075	11.8	10.2	8.5	23.2	20.3	15.0	61.0	52.3	62.7	0.6%	0.7%	1.0%	
Ørsted AS	Bloomberg*	23,610	33,730	9.4	7.7	7.5	16.0	12.8	12.7	19.4	15.1	15.2	3.5%	na	2.6%	
<b>Average</b>		<b>7,342</b>	<b>10,785</b>	<b>10.8</b>	<b>9.4</b>	<b>8.4</b>	<b>18.9</b>	<b>17.0</b>	<b>14.4</b>	<b>30.8</b>	<b>24.7</b>	<b>24.2</b>	<b>1.9%</b>	<b>2.0%</b>	<b>2.4%</b>	
<b>Median</b>		<b>3,313</b>	<b>5,139</b>	<b>9.9</b>	<b>9.0</b>	<b>8.1</b>	<b>17.0</b>	<b>15.8</b>	<b>14.1</b>	<b>20.7</b>	<b>17.2</b>	<b>16.9</b>	<b>1.7%</b>	<b>1.6%</b>	<b>2.3%</b>	

\* Consensus

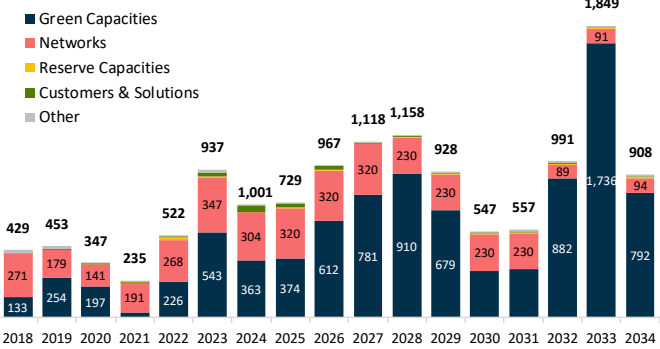
### Green Capacities adj. EBITDA (consolidated), EURm



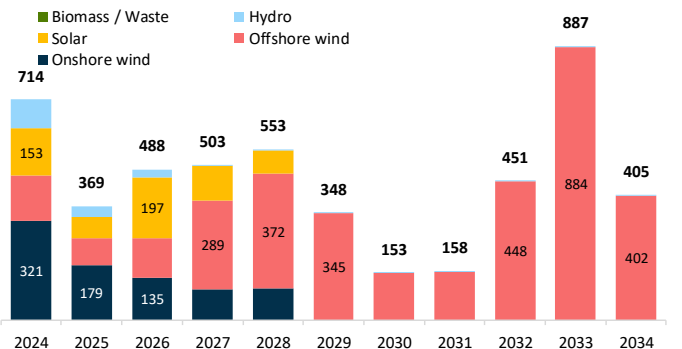
### Adj. EBITDA by segment, EURm



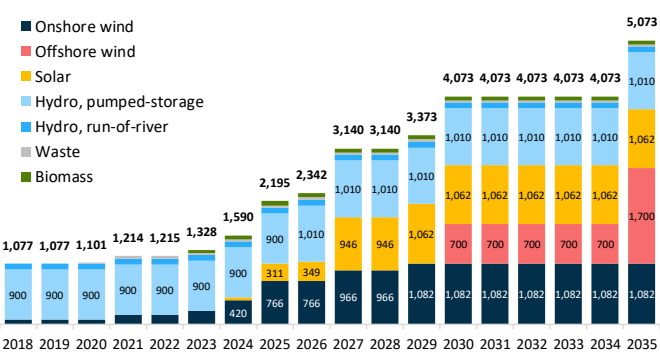
### Investments by segment (consolidated), EURm



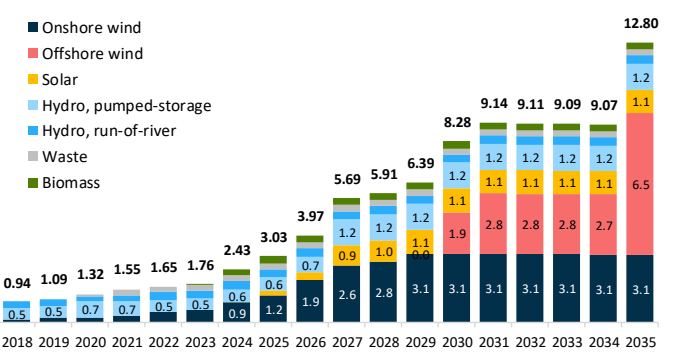
### Investments in Green Capacities (proportionate), EURm



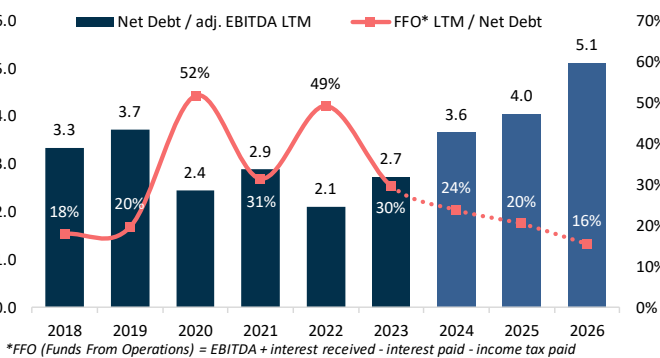
### Installed electricity capacity of Green Cap. (gross), GW, EOY



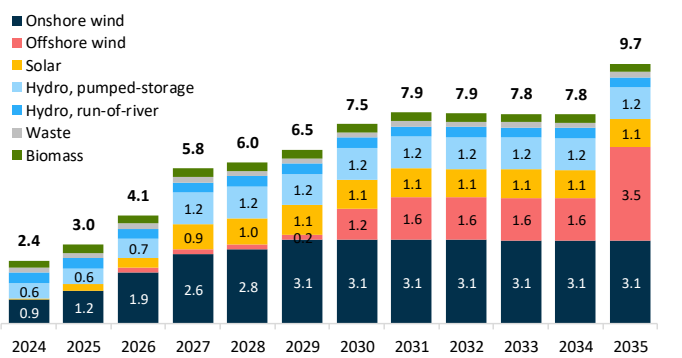
### Electricity generated, Green Cap. (100% basis), TWh



### Debt ratios



### Electricity generated, Green Cap. (proportionate), TWh



## Annual Financial Statements

Income statement (EURm)	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E
Revenue from contracts with customers	1,024	1,080	1,215	1,877	4,381	2,542	2,054	2,299	2,474	2,745
Other income	46	9	8	22	6	7	10	10	10	11
<b>Total revenues</b>	<b>1,070</b>	<b>1,089</b>	<b>1,223</b>	<b>1,899</b>	<b>4,387</b>	<b>2,549</b>	<b>2,064</b>	<b>2,309</b>	<b>2,484</b>	<b>2,756</b>
Purchases of electricity, nat. gas and other serv.	-795	-729	-706	-1,381	-3,609	-1,758	-1,207	-1,343	-1,425	-1,466
Repair and maintenance expenses	-21	-30	-34	-32	-41	-61	-88	-128	-186	-277
Salaries and related expenses	-80	-87	-93	-97	-116	-137	-159	-181	-204	-226
Other expenses	-26	-42	-56	-46	-82	-86	-97	-113	-128	-141
<b>EBITDA</b>	<b>148</b>	<b>202</b>	<b>335</b>	<b>343</b>	<b>540</b>	<b>507</b>	<b>513</b>	<b>544</b>	<b>542</b>	<b>647</b>
Depreciation and amortisation	-88	-110	-113	-123	-138	-153	-181	-221	-249	-307
Write-offs, revaluation and impairments	-81	-9	-6	-28	-14	-2	-1	-1	-1	-1
<b>Operating profit (EBIT)</b>	<b>-20</b>	<b>83</b>	<b>215</b>	<b>192</b>	<b>388</b>	<b>352</b>	<b>331</b>	<b>322</b>	<b>292</b>	<b>339</b>
Finance income	2	2	2	18	4	42	11	2	4	4
Finance expenses	-15	-19	-23	-34	-54	-40	-49	-54	-72	-104
Equity earnings	0	0	0	0	0	0	0	0	0	0
<b>Pre-tax profit</b>	<b>-34</b>	<b>66</b>	<b>195</b>	<b>176</b>	<b>337</b>	<b>354</b>	<b>293</b>	<b>270</b>	<b>224</b>	<b>239</b>
Taxes	12	-7	-25	-16	-44	-34	-43	-40	-33	-36
Non-controlling interest	0	-2	0	0	0	0	0	0	0	0
<b>Net profit to shareholders of the company</b>	<b>-22</b>	<b>57</b>	<b>170</b>	<b>160</b>	<b>293</b>	<b>320</b>	<b>250</b>	<b>231</b>	<b>191</b>	<b>204</b>
EPS (EUR)	-0.41	1.04	2.85	2.16	4.04	4.42	3.45	3.19	2.64	2.81
Dividends per share (EUR)	0.239	0.516	1.353	1.189	1.248	1.286	1.325	1.364	1.405	1.447
Balance sheet (EURm)	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E
Deferred tax asset	14	12	6	14	31	57	53	53	53	53
Intangible assets	106	143	95	114	148	315	322	322	322	322
Goodwill	0	0	0	0	0	0	0	0	0	0
Property, plant and equipment	2,091	2,348	2,560	2,618	2,811	3,363	4,083	4,527	5,174	5,913
Right-of-use assets	0	61	64	58	49	50	52	52	52	52
Other long-term assets	199	207	174	150	211	433	544	584	587	589
<b>Non-current assets</b>	<b>2,411</b>	<b>2,771</b>	<b>2,899</b>	<b>2,954</b>	<b>3,250</b>	<b>4,217</b>	<b>5,055</b>	<b>5,539</b>	<b>6,188</b>	<b>6,930</b>
Inventories	43	47	66	186	570	275	236	238	260	215
Accounts receivable	143	118	128	275	424	266	235	265	298	319
Other current assets	129	131	169	395	333	171	46	46	46	46
Cash and cash equivalents	128	132	659	449	694	205	111	33	84	66
Short-term deposits	0	0	0	0	0	110	0	0	0	0
<b>Current assets</b>	<b>443</b>	<b>428</b>	<b>1,022</b>	<b>1,304</b>	<b>2,022</b>	<b>1,028</b>	<b>627</b>	<b>582</b>	<b>687</b>	<b>646</b>
<b>Total assets</b>	<b>2,854</b>	<b>3,198</b>	<b>3,921</b>	<b>4,258</b>	<b>5,272</b>	<b>5,244</b>	<b>5,683</b>	<b>6,121</b>	<b>6,876</b>	<b>7,577</b>
Shareholders' equity	1,255	1,300	1,812	1,856	2,126	2,263	2,358	2,491	2,582	2,682
Non-controlling interests	48	49	1	0	0	0	0	0	0	0
<b>Equity</b>	<b>1,303</b>	<b>1,349</b>	<b>1,813</b>	<b>1,856</b>	<b>2,126</b>	<b>2,263</b>	<b>2,358</b>	<b>2,491</b>	<b>2,582</b>	<b>2,682</b>
Deferred tax liability	36	38	46	47	55	87	90	90	90	90
Provisions	35	36	41	30	18	61	63	63	63	63
Long-term interest bearing debt	735	822	1,246	1,118	1,423	1,521	1,813	2,164	2,501	3,096
Long-term lease liabilities	14	34	29	46	45	42	44	44	44	44
Other long-term liabilities	347	421	442	463	523	608	615	630	637	645
<b>Non-current liabilities</b>	<b>1,169</b>	<b>1,350</b>	<b>1,804</b>	<b>1,705</b>	<b>2,064</b>	<b>2,320</b>	<b>2,625</b>	<b>2,991</b>	<b>3,335</b>	<b>3,938</b>
Current interest bearing debt	110	234	15	237	209	65	120	49	356	355
Short-term lease liabilities	5	8	13	5	4	5	5	5	5	5
Accounts payable	93	79	52	100	177	177	139	149	162	161
Other current liabilities	175	178	223	355	692	414	436	436	436	436
<b>Current liabilities</b>	<b>383</b>	<b>499</b>	<b>304</b>	<b>697</b>	<b>1,082</b>	<b>661</b>	<b>700</b>	<b>639</b>	<b>959</b>	<b>957</b>
<b>Total equity and liabilities</b>	<b>2,854</b>	<b>3,198</b>	<b>3,921</b>	<b>4,258</b>	<b>5,272</b>	<b>5,244</b>	<b>5,683</b>	<b>6,121</b>	<b>6,876</b>	<b>7,577</b>
Cash flow (EURm)	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E
Operating profit (EBIT)	-20	83	215	192	388	352	331	322	292	339
Depreciation & amortisation (+)	88	110	113	123	138	153	181	221	249	307
Other items	73	18	17	46	91	46	-7	-14	-7	-7
Paid taxes	-6	-5	-10	-18	-27	-81	-33	-40	-33	-36
Change in working capital	45	-29	-55	-237	-25	329	147	-23	-41	21
<b>Cash flow from operating activities</b>	<b>179</b>	<b>177</b>	<b>281</b>	<b>105</b>	<b>564</b>	<b>800</b>	<b>618</b>	<b>467</b>	<b>460</b>	<b>624</b>
Acquis. of prop., plant & equip. and intang. assets	-416	-428	-301	-245	-439	-839	-956	-665	-896	-1,046
Proceeds from sale of assets	48	40	14	2	3	3	1	0	0	0
Interest received	1	1	1	1	1	11	5	2	2	1
Other items	0	40	28	8	-20	-257	111	0	3	3
<b>Cash flow from investment activities</b>	<b>-367</b>	<b>-347</b>	<b>-258</b>	<b>-235</b>	<b>-456</b>	<b>-1,081</b>	<b>-838</b>	<b>-662</b>	<b>-891</b>	<b>-1,042</b>
<b>Free cash flow</b>	<b>-188</b>	<b>-170</b>	<b>22</b>	<b>-129</b>	<b>108</b>	<b>-281</b>	<b>-220</b>	<b>-196</b>	<b>-431</b>	<b>-418</b>
Change in interest bearing debt	197	61	392	93	276	-55	335	280	643	595
Share issues / buy-backs	0	0	450	-27	-14	0	7	0	0	0
Dividends paid	-81	-14	-73	-88	-89	-106	-94	-97	-100	-103
Interest paid	-10	-14	-16	-26	-29	-39	-42	-54	-72	-104
Lease payments	-1	-7	-10	-14	-5	-6	-7	-6	-6	-6
Other items	7	0	-47	-20	-2	-3	-72	-4	18	19
<b>Cash flow from financing activities</b>	<b>112</b>	<b>25</b>	<b>696</b>	<b>-81</b>	<b>137</b>	<b>-209</b>	<b>126</b>	<b>118</b>	<b>482</b>	<b>400</b>
<b>Change in cash</b>	<b>-76</b>	<b>-145</b>	<b>718</b>	<b>-210</b>	<b>245</b>	<b>-490</b>	<b>-94</b>	<b>-78</b>	<b>51</b>	<b>-18</b>

## Annual Segmental and Operating Data

Revenues per segment (EURm)	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E
Green Capacities (adj.)*	77	84	90	218	458	343	373	435	446	574
Networks (adj.)	440	465	439	510	698	592	744	822	909	1,025
Reserve Capacities (adj.)	63	66	111	152	237	129	136	123	125	133
Customers & Solutions (adj.)	630	539	505	1,024	3,001	1,734	968	1,092	1,137	1,162
Other and Eliminations (adj.)	-65	-3	-10	-14	-77	-161	-157	-155	-122	-131
<b>Total adjusted</b>	<b>1,145</b>	<b>1,151</b>	<b>1,135</b>	<b>1,888</b>	<b>4,317</b>	<b>2,636</b>	<b>2,065</b>	<b>2,317</b>	<b>2,495</b>	<b>2,763</b>
Adjustments	-75	-52	88	10	70	23	-1	-8	-11	-7
<b>Total reported</b>	<b>1,070</b>	<b>1,099</b>	<b>1,223</b>	<b>1,899</b>	<b>4,387</b>	<b>2,659</b>	<b>2,064</b>	<b>2,309</b>	<b>2,484</b>	<b>2,756</b>

EBITDA per segment (EURm)	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E
Green Capacities (adj.)*	38	43	50	108	253	223	228	273	259	338
Networks (adj.)	169	181	138	145	164	180	218	237	242	255
Reserve Capacities (adj.)	13	22	29	37	35	50	37	22	22	28
Customers & Solutions (adj.)	7	11	27	41	16	30	29	20	29	34
Other and Eliminations (adj.)	-6	3	2	2	2	2	1	0	0	0
<b>Total adjusted</b>	<b>221</b>	<b>260</b>	<b>246</b>	<b>333</b>	<b>469</b>	<b>484</b>	<b>514</b>	<b>551</b>	<b>552</b>	<b>654</b>
Adjustments	-76	-53	88	10	70	23	-1	-8	-11	-7
<b>Total reported</b>	<b>145</b>	<b>207</b>	<b>334</b>	<b>343</b>	<b>540</b>	<b>507</b>	<b>513</b>	<b>544</b>	<b>542</b>	<b>647</b>

Green Generation, key metrics	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E
<b>Installed Electricity Capacity (period end), MW</b>										
Onshore wind	76	76	76	170	170	233	420	766	766	966
Offshore wind	0	0	0	0	0	0	0	0	0	0
Solar	0	0	0	0	0	0	52	311	349	946
Hydro	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,111	1,111
<i>Pumped-storage</i>	900	900	900	900	900	900	900	900	1,010	1,010
<i>Run-of-river</i>	101	101	101	101	101	101	101	101	101	101
Waste	0	0	24	43	44	44	44	44	44	44
Biomass	0	0	0	0	0	50	73	73	73	73
<b>Total installed electricity capacity</b>	<b>1,077</b>	<b>1,077</b>	<b>1,101</b>	<b>1,214</b>	<b>1,215</b>	<b>1,328</b>	<b>1,590</b>	<b>2,195</b>	<b>2,342</b>	<b>3,140</b>

Electricity Generated, TWh	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E
Onshore wind	0.13	0.23	0.24	0.30	0.47	0.58	0.90	1.23	1.93	2.59
Offshore wind	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Solar	0.00	0.00	0.00	0.00	0.00	0.00	0.04	0.25	0.35	0.94
Hydro	0.82	0.81	0.94	0.94	0.92	0.89	0.95	0.96	1.10	1.56
<i>Pumped-storage</i>	-	0.54	0.72	0.65	0.54	0.52	0.57	0.58	0.72	1.18
<i>Run-of-river</i>	-	0.27	0.23	0.29	0.38	0.37	0.39	0.38	0.38	0.38
Waste	0.00	0.00	0.07	0.24	0.26	0.27	0.27	0.27	0.27	0.27
Biomass	0.00	0.00	0.00	0.00	0.00	0.01	0.26	0.32	0.32	0.32
<b>Total electricity generated</b>	<b>0.94</b>	<b>1.09</b>	<b>1.32</b>	<b>1.55</b>	<b>1.65</b>	<b>1.76</b>	<b>2.43</b>	<b>3.03</b>	<b>3.97</b>	<b>5.69</b>

Electricity market price, EUR/MWh:	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E
Lithuania	50.0	46.1	34.0	90.2	229.2	92.9	76.5	83.2	79.7	78.9
Latvia	49.9	46.3	34.0	88.6	225.9	94.1	75.6	83.0	79.5	78.7
Estonia	47.0	45.9	33.7	86.5	192.0	91.0	74.2	79.6	76.2	75.5
Poland	53.1	53.6	47.2	87.3	166.3	111.9	89.1	105.3	103.1	103.4

Avg. realised el. price, EUR/MWh (ex. Kruonis)	na	na	na	na	na	na	110.8	111.1	84.1	78.8
--	----	----	----	----	----	----	-------	-------	------	------

Heat	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E
Installed heat capacity (period end), MW	40	40	110	170	180	329	349	349	349	349
Heat generated, TWh	-	0.09	0.32	0.85	0.89	1.08	1.59	1.67	1.67	1.67

Networks, key metrics	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E
RAB (Regulated Asset Base), EURm	-	1,416	1,186	1,258	1,345	1,429	1,584	1,735	1,893	2,036
WACC (regulatory), combined el. and gas	-	4.85%	5.00%	5.05%	4.13%	4.14%	5.08%	5.65%	5.05%	4.95%

Reserve Capacities, key metrics	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E
Installed electricity capacity (period end), MW	1,055	1,055	1,055	1,055	1,055	1,055	1,055	1,055	1,055	1,055
Electricity generated, TWh	0.07	0.02	1.20	0.82	0.28	0.31	0.40	0.30	0.30	0.31

Customers & Solutions, key metrics	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E
Electricity sales (retail), TWh	5.40	5.40	6.37	6.77	7.71	6.65	7.08	8.50	10.20	10.91
Natural gas sales (retail and wholesale), TWh	11.33	9.83	14.77	11.56	12.80	9.29	7.02	6.68	5.97	5.98

\*Green Capacities - previously Green Generation

## Quarterly Financial Statements

Income statement (EURm)	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24E	3Q24E	4Q24E
Revenue from contracts with customers	1,358	927	441	470	705	651	408	400	596
Other income	2	1	1	2	2	3	2	2	2
<b>Total revenues</b>	<b>1,359</b>	<b>928</b>	<b>442</b>	<b>471</b>	<b>708</b>	<b>654</b>	<b>410</b>	<b>402</b>	<b>598</b>
Purchases of electricity, nat. gas and other serv.	-1,181	-678	-325	-297	-458	-393	-231	-232	-351
Repair and maintenance expenses	-15	-9	-13	-17	-23	-14	-18	-23	-33
Salaries and related expenses	-32	-30	-35	-32	-40	-38	-39	-36	-46
Other expenses	75	-16	-25	-17	-27	-19	-24	-25	-28
<b>EBITDA</b>	<b>206</b>	<b>195</b>	<b>45</b>	<b>108</b>	<b>159</b>	<b>189</b>	<b>97</b>	<b>86</b>	<b>141</b>
Depreciation and amortisation	-35	-38	-36	-39	-41	-41	-45	-46	-49
Write-offs, revaluation and impairments	-9	-1	-1	0	0	-1	0	0	0
<b>Operating profit (EBIT)</b>	<b>163</b>	<b>157</b>	<b>8</b>	<b>69</b>	<b>118</b>	<b>148</b>	<b>51</b>	<b>40</b>	<b>92</b>
Finance income	-9	3	26	6	8	7	2	1	1
Finance expenses	-28	-11	-8	-13	-8	-15	-10	-11	-12
Equity earnings	0	0	0	0	0	0	0	0	0
<b>Pre-tax profit</b>	<b>126</b>	<b>148</b>	<b>26</b>	<b>62</b>	<b>118</b>	<b>139</b>	<b>43</b>	<b>30</b>	<b>81</b>
Taxes	-17	-21	3	-5	-10	-21	-6	-4	-12
Non-controlling interest	0	0	0	0	0	0	0	0	0
<b>Net profit to shareholders of the company</b>	<b>109</b>	<b>127</b>	<b>29</b>	<b>57</b>	<b>108</b>	<b>119</b>	<b>37</b>	<b>26</b>	<b>69</b>
EPS (EUR)	1.50	1.76	0.40	0.78	1.49	1.64	0.51	0.36	0.95
Dividends per share (EUR)	0.624	-	0.643	-	0.643	-	0.662	-	0.662

Balance sheet (EURm)	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24E	3Q24E	4Q24E
Deferred tax asset	31	57	62	61	57	53	53	53	53
Intangible assets	148	171	180	202	315	322	322	322	322
Goodwill	0	0	0	0	0	0	0	0	0
Property, plant and equipment	2,811	2,868	2,972	3,147	3,363	3,480	3,700	3,914	4,083
Right-of-use assets	49	50	53	56	50	52	52	52	52
Other long-term assets	211	234	370	362	433	450	479	508	544
<b>Non-current assets</b>	<b>3,250</b>	<b>3,379</b>	<b>3,637</b>	<b>3,828</b>	<b>4,217</b>	<b>4,358</b>	<b>4,607</b>	<b>4,850</b>	<b>5,055</b>
Inventories	570	265	274	315	275	230	215	217	236
Accounts receivable	424	307	205	226	266	238	172	164	235
Other current assets	333	209	208	195	171	153	46	46	46
Cash and cash equivalents	694	768	726	453	205	347	270	180	111
Short-term deposits	0	0	0	51	110	3	0	0	0
<b>Current assets</b>	<b>2,022</b>	<b>1,549</b>	<b>1,413</b>	<b>1,240</b>	<b>1,028</b>	<b>970</b>	<b>702</b>	<b>607</b>	<b>627</b>
<b>Total assets</b>	<b>5,272</b>	<b>4,928</b>	<b>5,050</b>	<b>5,068</b>	<b>5,244</b>	<b>5,328</b>	<b>5,309</b>	<b>5,458</b>	<b>5,683</b>
Shareholders' equity	2,126	2,060	2,084	2,101	2,263	2,321	2,311	2,337	2,358
Non-controlling interests	0	0	0	0	0	0	0	0	0
<b>Equity</b>	<b>2,126</b>	<b>2,060</b>	<b>2,084</b>	<b>2,101</b>	<b>2,263</b>	<b>2,321</b>	<b>2,311</b>	<b>2,337</b>	<b>2,358</b>
Deferred tax liability	55	61	65	66	87	90	90	90	90
Provisions	18	29	42	56	61	63	63	63	63
Long-term interest bearing debt	1,423	1,433	1,515	1,515	1,521	1,519	1,555	1,663	1,813
Long-term lease liabilities	45	46	49	49	42	44	44	44	44
Other long-term liabilities	523	538	546	555	608	606	608	610	615
<b>Non-current liabilities</b>	<b>2,064</b>	<b>2,107</b>	<b>2,217</b>	<b>2,241</b>	<b>2,320</b>	<b>2,322</b>	<b>2,360</b>	<b>2,470</b>	<b>2,625</b>
Current interest bearing debt	209	49	125	48	65	69	116	116	120
Short-term lease liabilities	4	4	3	6	5	5	5	5	5
Accounts payable	177	42	43	129	177	175	81	94	139
Other current liabilities	692	667	578	543	414	436	436	436	436
<b>Current liabilities</b>	<b>1,082</b>	<b>761</b>	<b>750</b>	<b>726</b>	<b>661</b>	<b>684</b>	<b>638</b>	<b>650</b>	<b>700</b>
<b>Total equity and liabilities</b>	<b>5,272</b>	<b>4,928</b>	<b>5,050</b>	<b>5,068</b>	<b>5,244</b>	<b>5,328</b>	<b>5,309</b>	<b>5,458</b>	<b>5,683</b>

Cash flow (EURm)	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24E	3Q24E	4Q24E
Operating profit (EBIT)	163	157	8	69	118	148	51	40	92
Depreciation & amortisation (+)	35	38	36	39	41	41	45	46	49
Other items	-18	-58	-4	-4	112	1	-2	-2	-5
Paid taxes	-5	-6	-57	-9	-10	-11	-6	-4	-12
Change in working capital	531	235	164	-58	-11	75	97	18	-43
<b>Cash flow from operating activities</b>	<b>706</b>	<b>365</b>	<b>147</b>	<b>37</b>	<b>250</b>	<b>254</b>	<b>185</b>	<b>99</b>	<b>81</b>
Acquis. of prop., plant & equip. and intang. assets	-135	-122	-205	-185	-326	-212	-265	-261	-218
Proceeds from sale of assets	2	0	2	0	2	1	0	0	0
Interest received	0	0	4	4	2	1	2	1	1
Other items	-2	-8	1	-116	-134	111	0	0	0
<b>Cash flow from investment activities</b>	<b>-135</b>	<b>-130</b>	<b>-198</b>	<b>-297</b>	<b>-457</b>	<b>-99</b>	<b>-263</b>	<b>-260</b>	<b>-217</b>
<b>Free cash flow</b>	<b>571</b>	<b>235</b>	<b>-51</b>	<b>-259</b>	<b>-206</b>	<b>155</b>	<b>-78</b>	<b>-161</b>	<b>-136</b>
Change in interest bearing debt	-117	-155	82	7	11	-10	82	108	154
Share issues / buy-backs	0	0	0	0	0	7	0	0	0
Dividends paid	-45	0	-60	0	-47	0	-47	0	-48
Interest paid	-4	-4	-11	-17	-7	-9	-10	-11	-12
Lease payments	-1	-2	-2	-1	-2	-2	-2	-1	-2
Other items	0	0	-1	-3	2	0	-23	-24	-25
<b>Cash flow from financing activities</b>	<b>-168</b>	<b>-161</b>	<b>8</b>	<b>-14</b>	<b>-42</b>	<b>-14</b>	<b>1</b>	<b>72</b>	<b>67</b>
<b>Change in cash</b>	<b>403</b>	<b>74</b>	<b>-42</b>	<b>-273</b>	<b>-248</b>	<b>142</b>	<b>-77</b>	<b>-89</b>	<b>-69</b>

## Quarterly Segmental and Operating Data

Revenues per segment (EURm)	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24E	3Q24E	4Q24E
Green Capacities (adj.)*	129	100	64	74	105	114	78	64	117
Networks (adj.)	223	166	130	130	167	206	161	165	212
Reserve Capacities (adj.)	72	15	47	25	43	45	26	28	37
Customers & Solutions (adj.)	918	680	335	276	442	338	183	176	271
Other and Eliminations (adj.)	-77	-33	-51	-28	-50	-57	-35	-28	-37
<b>Total adjusted</b>	<b>1,265</b>	<b>927</b>	<b>525</b>	<b>477</b>	<b>708</b>	<b>646</b>	<b>412</b>	<b>405</b>	<b>601</b>
Adjustments	94	45	-59	17	20	7	-3	-3	-3
<b>Total reported</b>	<b>1,359</b>	<b>972</b>	<b>466</b>	<b>493</b>	<b>727</b>	<b>654</b>	<b>410</b>	<b>402</b>	<b>598</b>

EBITDA per segment (EURm)	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24E	3Q24E	4Q24E
Green Capacities (adj.)*	67	70	39	45	68	77	46	32	74
Networks (adj.)	48	49	40	40	51	66	47	48	57
Reserve Capacities (adj.)	17	29	4	6	12	20	4	5	8
Customers & Solutions (adj.)	-20	1	21	-1	9	17	2	3	6
Other and Eliminations (adj.)	1	2	0	1	-1	2	0	0	-1
<b>Total adjusted</b>	<b>112</b>	<b>150</b>	<b>104</b>	<b>92</b>	<b>139</b>	<b>182</b>	<b>99</b>	<b>89</b>	<b>143</b>
Adjustments	94	45	-59	17	20	7	-3	-3	-3
<b>Total reported</b>	<b>206</b>	<b>195</b>	<b>45</b>	<b>108</b>	<b>159</b>	<b>189</b>	<b>97</b>	<b>86</b>	<b>141</b>

Green Generation, key metrics	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24E	3Q24E	4Q24E
<b>Installed electricity capacity (period end), MW:</b>									
Onshore wind	170	170	170	233	233	283	283	283	420
Offshore wind	0	0	0	0	0	0	0	0	0
Solar	0	0	0	0	0	0	30	52	52
Hydro	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001
<i>Pumped-storage</i>	900	900	900	900	900	900	900	900	900
<i>Run-of-river</i>	101	101	101	101	101	101	101	101	101
Waste	44	44	44	44	44	44	44	44	44
Biomass	0	0	0	0	50	50	73	73	73
<b>Total installed electricity capacity</b>	<b>1,215</b>	<b>1,215</b>	<b>1,215</b>	<b>1,278</b>	<b>1,328</b>	<b>1,378</b>	<b>1,431</b>	<b>1,453</b>	<b>1,590</b>
<b>Electricity generated (100% basis), TWh:</b>									
Onshore wind	0.13	0.16	0.10	0.11	0.21	0.24	0.16	0.15	0.36
Offshore wind	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Solar	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.02	0.00
Hydro	0.22	0.28	0.18	0.22	0.21	0.26	0.24	0.20	0.25
<i>Pumped-storage</i>	0.15	0.13	0.08	0.17	0.14	0.11	0.14	0.14	0.18
<i>Run-of-river</i>	0.07	0.15	0.10	0.05	0.07	0.16	0.10	0.06	0.07
Waste	0.07	0.08	0.07	0.05	0.07	0.07	0.06	0.06	0.07
Biomass	0.00	0.00	0.00	0.00	0.01	0.04	0.08	0.05	0.09
<b>Total electricity generated</b>	<b>0.42</b>	<b>0.53</b>	<b>0.36</b>	<b>0.36</b>	<b>0.51</b>	<b>0.61</b>	<b>0.55</b>	<b>0.48</b>	<b>0.79</b>
<b>Electricity market price, EUR/MWh:</b>									
Lithuania	226.7	102.2	81.3	101.2	87.0	89.7	65.4	65.4	85.5
Latvia	226.5	100.4	80.9	101.2	93.9	86.7	65.2	65.2	85.3
Estonia	218.9	99.9	74.5	95.8	93.9	90.0	62.6	62.6	81.8
Poland	159.6	129.9	115.3	110.9	91.3	81.3	85.5	94.9	94.7
Avg. realised el. price, EUR/MWh (ex. Kruonis)	na	na	na	na	111.2	109.4	116.3	109.9	107.7
<b>Heat</b>									
Installed heat capacity (period end), MW	180	180	180	180	329	329	349	349	349
Heat generated, TWh	0.25	0.28	0.20	0.20	0.40	0.46	0.36	0.27	0.49

Networks, key metrics	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24E	3Q24E	4Q24E
RAB (Regulated Asset Base), EURm, annual	1,345	1,429	1,429	1,429	1,429	1,584	1,584	1,584	1,584
WACC (regulatory), combined el. and gas, annual	4.13%	4.14%	4.14%	4.14%	4.14%	5.08%	5.08%	5.08%	5.08%

Reserve Capacities, key metrics	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24E	3Q24E	4Q24E
Installed electricity capacity (period end), MW	1,055	1,055	1,055	1,055	1,055	1,055	1,055	1,055	1,055
Electricity generated, TWh	0.14	0.03	0.05	0.07	0.16	0.15	0.04	0.07	0.14

Customers & Solutions, key metrics	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24E	3Q24E	4Q24E
Electricity sales (retail), TWh	1.84	1.82	1.50	1.51	1.82	1.77	1.65	1.66	2.00
Natural gas sales (retail and wholesale), TWh	3.84	3.85	1.44	1.35	2.65	2.84	1.24	1.03	1.90

\*Green Capacities - previously Green Generation

## Ratios & Share Data

Share data	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E
Number of shares, weighted average (m)	54.3	54.3	59.0	74.3	72.6	72.4	72.4	72.4	72.4	72.4
Share price, period end (EUR)	na	na	20.85	21.00	19.02	18.84	18.18	18.18	18.18	18.18
Market capitalisation, period end (EURm)	na	na	1,549	1,560	1,377	1,364	1,316	1,316	1,316	1,316
Enterprise value (EURm)	na	na	2,151	2,517	2,364	2,681	3,187	3,544	4,137	4,749

Valuation	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E
EV/Sales	na	na	1.8	1.3	0.5	1.1	1.5	1.5	1.7	1.7
EV/EBITDA	na	na	6.4	7.3	4.4	5.3	6.2	6.5	7.6	7.3
EV/EBIT	na	na	10.0	13.1	6.1	7.6	9.6	11.0	14.2	14.0
P/E	na	na	7.3	9.7	4.7	4.3	5.3	5.7	6.9	6.5
P/B	na	na	0.85	0.84	0.65	0.60	0.56	0.53	0.51	0.49
Dividend yield	na	na	6.5%	5.7%	6.6%	6.8%	7.3%	7.5%	7.7%	8.0%

Balance sheet	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E
Net Debt (incl. lease liabilities)	736	967	600	957	987	1,318	1,871	2,228	2,821	3,433
Net Debt / EBITDA LTM	4.97	4.78	1.79	2.79	1.83	2.60	3.65	4.10	5.21	5.30
Net Debt / adj. EBITDA LTM	3.33	3.72	2.44	2.88	2.10	2.72	3.64	4.04	5.11	5.25
FFO* LTM / Net Debt	17.8%	19.6%	51.5%	31.3%	49.1%	29.6%	23.7%	20.3%	15.5%	14.8%
Equity / Assets	46%	42%	46%	44%	40%	43%	41%	41%	38%	35%

Growth (YoY)	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E
Revenue	-3%	2%	12%	55%	131%	-42%	-19%	12%	8%	11%
EBITDA	-34%	37%	65%	3%	57%	-6%	1%	6%	0%	20%
EBIT	nm	nm	159%	-11%	102%	-9%	-6%	-3%	-9%	16%
Net profit to shareholders	nm	nm	201%	-6%	83%	9%	-22%	-8%	-17%	7%
EPS	nm	nm	173%	-24%	88%	9%	-22%	-8%	-17%	7%

Margins	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E
EBITDA	14%	19%	27%	18%	12%	20%	25%	24%	22%	23%
EBIT	-2%	8%	18%	10%	9%	14%	16%	14%	12%	12%
Net profit to shareholders	-2%	5%	14%	8%	7%	13%	12%	10%	8%	7%

Profitability	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E
ROE	-1.8%	4.4%	10.9%	8.7%	14.7%	14.6%	10.8%	9.5%	7.5%	7.7%
ROCE**	-1.1%	3.8%	9.1%	7.4%	13.1%	10.5%	8.5%	7.2%	5.8%	5.9%
ROCE** adj.	2.8%	6.2%	5.4%	7.9%	10.7%	9.8%	8.5%	7.4%	6.0%	6.0%

\* FFO (Funds From Operations) = EBITDA + interest received - interest paid - income tax paid

\*\* Based on Ignitis' definition: ROCE = EBIT / (avg equity + avg net debt)

# Valuation, risks and sources

## Target price and valuation

Valuation range history for Ignitis Group during the previous 12 months:

Date	Valuation range (EUR/share)
28/05/2024	EUR 22–36
13/05/2024	EUR 21–36
03/04/2024	EUR 21–36

## Valuation

We base our valuation of Ignitis Group on a Discounted Cash Flow (DCF) model and Dividend Discount Model.

## Sources

The sources used in the preparation of this report were: Ignitis Group, NERC, Our World In Data, Nord Pool, Nasdaq, TGE, CME Group, Baltpool, Bloomberg.

## Risks

- **Electricity price.** Ignitis Group's electricity generation business (Green Capacities and the commercial production volumes at Reserve Capacities) could be adversely affected by decreases in electricity prices. Prices could fluctuate greatly depending on the macroeconomic environment, prices for energy sources used in production of electricity like nat. gas, prices in neighbouring countries (Sweden, Finland, Poland, Estonia, Latvia), cross border capacities, weather conditions – temperatures, wind flow, hydrological situation. Ignitis Group's exposure to fluctuations in electricity prices for its supply business is generally the opposite to that for its generation business – for the supply business, decreases in the market price for electricity generally have a positive effect on the results, though the effect is limited by the low-margin profile of the supply business. Persistently low market price of electricity could also put the renewable energy growth plans at risk due to negative effect on project IRRs, particularly for the high-cost large offshore wind projects.
- **Regulatory risk.** Ignitis Group is subject to regulations in Lithuania, particularly the Networks segment which is 100% regulated and generates a significant portion of Ignitis Group's EBITDA. These regulations are complex and subject to change. Particularly, Ignitis Group's financial performance could be adversely affected by lowering of the allowed rate of return (WACC) for the distribution business set by the regulator annually, or changes in the RAB calculation through lower approved investments, leading to lower RAB than expected, which would eventually negatively affect EBITDA.
- **Renewable growth risk.** Ignitis Group plans a significant expansion of the renewable energy generation capacity in the coming years. This is associated with risks of project delays and/or unforeseen increases in the capital expenditures required.
- **State' majority ownership risk.** The Republic of Lithuania, which is a majority shareholder of Ignitis Group with a 75% stake, might have a great influence over the management of the company and may pursue decisions that reflect the Government policy, and its interests may differ from or conflict with those of other shareholders.



- **Risk related to the reimbursement of excessive investment return for 2018-2021.** Although Ignitis Group has found an agreement with the regulator to reimburse the outstanding EUR 157.7m to the clients over 2024-2031, which is faster than according to the initial agreement, there may be pressure from the Lithuanian politicians to return the amount even faster, which may put dividend offering at risk.
- **Growth in prosumers.** Growing number of electricity prosumers (individuals who both consume and produce), related to high energy prices and government's support schemes for solar parks, may reduce the demand for electricity generated by Ignitis Group. The share of prosumers and producers in the total number of distribution customers at the end of 2023 was relatively low at 3.3%, but the growth rate is substantial with a near-doubling over 2023.
- **Risk of higher corporate taxes.** Corporate profit tax rate is relatively low in Lithuania at 15%. Due to the need to raise military spending in relation to increased geopolitical risks, also due to insufficient funding of the state sector in general, associated with relatively low state budget compared to GDP, an increase in corporate profit tax rate may be considered by the ruling political parties.
- **Geopolitical risk.** Russia presents military threat to all neighbouring countries in Europe, including Lithuania. A factor significantly limiting this threat to Lithuania is that it belongs to the NATO military alliance with a clause of collective defence.

# Disclosures and Disclaimer

## STANDARDS AND SUPERVISORY AUTHORITY

This report has been prepared by Norne Securities AS, which is supervised by The Financial Supervisory Authority of Norway (Finanstilsynet). Industry standards issued by The Norwegian Securities Dealers Association (Verdipapirforetakenes Forbund) ([www.vpff.no](http://www.vpff.no)) have been used in preparing this report.

## DISCLAIMER

This report is provided for information purposes only. It should not be used or considered as an offer to sell or a solicitation of an offer to buy any securities. This report is prepared for general circulation and general information only. It does not take into account the specific investment objectives, investment knowledge and experience and financial situation of any recipient. Investors seeking to buy or sell any securities discussed or recommended in this report, should seek independent financial advice relating thereto and make his/her own appraisal of the tax or other financial merits of the investment. Any opinions expressed are subject to change without prior notice. This report is based on information from various sources believed to be reliable. Although all reasonable care has been taken to ensure that the information herein is not misleading, Norne Securities AS makes no guarantee, representation or warranty, expressed or implied as to its accuracy, adequacy or completeness. Neither Norne Securities AS, its employees, nor any other person connected with it, accepts any liability whatsoever for any direct, indirect or incidental, special or consequential loss of any kind arising out of the use or reliance on the information in this report.

This report is intended for use only by those persons to whom it is made available by Norne Securities AS. This report may not be distributed, quoted from or reproduced, in full or in part, in any manner without written approval by Norne Securities AS.

## DISCLOSURE OF INTERESTS

Norne Securities AS may at any time perform investment banking or other services or solicit investment banking or other mandates from the company or companies covered in this report. Norne Securities AS may hold positions in securities covered in this report due to its own-account trading that is part of its investment services operations, such as market making. Norne Securities AS has appointed and may at any time appoint tied agents to provide investment services on behalf of Norne Securities AS. Tied agents are listed in the public registry of the Norwegian Financial Supervisory Authority, and an updated overview of appointed tied agents of Norne Securities AS can be found on [Compliance | Norne Securities](#).

## PREVENTING CONFLICTS OF INTEREST

Norne Securities AS has arrangements in place with the aim of preventing conflicts of interest. As part of these arrangements, Norne Securities AS has established information barriers between different parts of the company to restrict and control the exchange of sensitive information. No direct link exists between remuneration of the Norne Securities AS analysts and investment banking services provided by Norne Securities AS, but analysts may receive a bonus under the firm's general bonus scheme. Under our internal regulations, which have been prepared in accordance with applicable legislation and relevant industry standards, our analysts are not permitted to purchase new securities in the companies they cover.

## CAUTIONARY NOTE REGARDING RISK

An investment in the company involves risk, and several factors could cause the actual results, performance or achievements of the company to be materially different from future results, performance or achievements that may be expressed or implied by statements and information in this presentation. Including, among others, risk or uncertainties associated with the company's business segments, development, growth management, financing, market acceptance and relations with customer, and more generally, general economic and business conditions, changes in domestic and foreign laws and regulations, taxes, changes in competition and pricing environment, fluctuations in currency exchange rates and interest rates and other factors. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this document. Past performance is not a guide to future performance. Investing in securities may result in a loss of all or part of the investment.

## DISTRIBUTION RESTRICTIONS

This report is not intended for and must not be distributed to private customers in the UK or US. Norne Securities AS and its employees are not subject to the Rules of the Financial Industry Regulatory Authority (FINRA) governing research analyst conflicts. The research reports are intended for distribution in the United States solely to "major U.S. institutional investors" as defined in Rule 15a-6 under the United States Securities Exchange Act of 1934, as amended and may not be furnished to any other person in the United States. Each major U.S. institutional investor that receives a copy of a Norne Securities AS research report by its acceptance thereof represents and agrees that it shall not distribute or provide copies to any other person. Reports are prepared by Norne Securities AS and distributed to major U.S. institutional investors under Rule 15a-6(a)(2).

## VALUATION

Due to the services being Paid Research, Norne Securities will, under current legislation, not provide a specific research recommendation with respect to the Company's shares, but will provide a fair value estimate range, from conservative to optimistic, in accordance with market practice for such research.

## POTENTIAL CONFLICTS OF INTEREST

**This report is paid for by the company covered in it.**

This report has been presented to the issuer before dissemination for a check of factual information. Amendments of factual information have been made following this.

Share holdings of Norne employees in Ignitis Group:

Responsible analyst(s)	0
All Norne analysts	20
Other Norne employees	0
Norne Securities AS	0

The overview of share holdings is updated continuously. A list of total share holdings of the Norne Securities' employees and the date of last overview can be found on [Compliance | Norne Securities](#). Shareholdings that Norne Securities AS owns as a result of own-account trading that is part of its investment services operations (such as market making) are not included in the table above.

## COPYRIGHT

This report may not be duplicated, photocopied or otherwise reproduced, in full or in part, under applicable copyright laws.

THIS REPORT IS SUBJECT TO NORWEGIAN LAW, AND ANY DISPUTE ARISING IN RESPECT OF THIS REPORT IS SUBJECT TO THE EXCLUSIVE JURISDICTION OF NORWEGIAN COURTS.