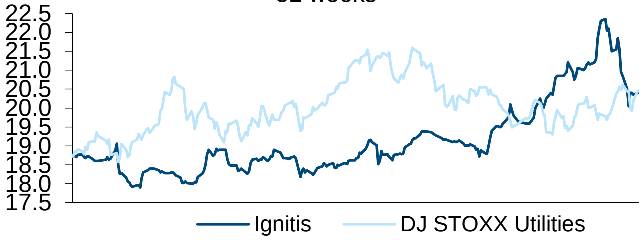
COMPANY REPORT

Ignitis

Initiated with Buy

EUR mn	2024	2025e	2026e	2027e
Net sales	2 307.0	2 499.8	2 402.1	2 370.9
EBITDA	532.7	486.4	542.8	581.1
Adj. EBITDA	527.9	563.2	578.6	603.2
EBIT	350.0	276.6	312.4	333.9
Net result after min	276.2	189.0	210.2	217.5
EPS (EUR)	3.82	2.61	2.90	3.00
CEPS (EUR)	6.86	5.34	5.88	6.22
BVPS (EUR)	33.66	34.93	36.45	38.02
Div./share (EUR)	1.33	1.37	1.41	1.45
EV/EBITDA (x)	5.7	7.5	7.6	7.6
P/E (x)	5.1	7.8	7.0	6.8
P/CE (x)	2.9	3.8	3.5	3.3
Dividend Yield	6.8%	6.7%	6.9%	7.1%

52 weeks



Performance	12M	6M	3M	1M
in EUR	8.5%	9.2%	4.6%	-4.2%

Share price (EUR) close as of 11/03/2025	20.4
Number of shares (mn)	72.4
Market capitalization (EUR mn)	1 476.7
Enterprise value (EUR mn)	3 656.0

Reuters	IGN1L.VL	Free float	25.0%
Bloomberg	IGN1L LH	Shareholders	
Div. Ex-date	24/09/24		Republic of Lithuania (75%)
Target price	**28.4**	Homepage:	ignitisgrupe.lt

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Equipped for green expansion

We initiate our coverage of Ignitis with a Buy recommendation and a target price of EUR 28.4/share. Our valuation is based on a DCF-FCFF model considering the company's existing business plus under construction assets and advanced pipeline, strongly supported by a peer group comparison.

Ignitis group is a Lithuanian renewable focused integrated utility active in the Baltics, Poland and Finland with the aim to create a 100% green and secure energy ecosystem. The company works through a 6.6 GW pipeline aiming to increase its installed green capacity from 1.4 GW to 4-5 GW by 2030. Roughly 1.0 GW are under construction out of which 0.7 GW should commence operations in 2025. A strong share of nicely growing network business (with a RAB of EUR 1.8bn in Lithuania), large flexible generation and large end-customer supply arm complement the business model.

Ignitis is acting in a favorable business environment. The electricity market in the Baltics is characterized by deep deficits (18 TWh production versus 27 TWh consumption) and fast-growing production from RES thanks to supporting weather conditions with high wind speeds.

Declining estimated electricity prices could partly offset the fast-growing production according to our model calculations, however, we still anticipate an adjusted EBITDA CAGR of 5.5% for the period 2024-29e. Despite the intense investment activities to ramp up capacities, the company is committed to pay attractive dividends aimed to be lifted by at least 3% each year which results in highly appealing dividend yields in the range 6.7%-7.1% based on the current share price.

Erste Group Research – Company Report finalized and released March 13, 2025, 07:30, CET, reviewed by Henning Eßkuchen (supervising analyst)
All prices are those current at the end of the previous trading session unless otherwise indicated and are sourced from local exchanges via appropriate vendors.

Executive summary

Integrated utility and largest public company in the Baltics

Ignitis group is a Lithuanian renewable focused integrated utility active in the Baltics, Poland and Finland with the aim to create a 100% green and secure energy ecosystem. The company focuses on green generation and green flexibility technologies, such as wind, batteries, pumped-storage hydro and power-to-X. The company works through a 6.6 GW pipeline aiming to increase its installed green capacity from 1.4 GW to 4-5 GW by 2030. Roughly 1.0 GW are currently under construction. A strong share of nicely growing network business, large flexible generation and large end-customer supply arm complement the business model.

We initiate our coverage with a Buy recommendation and EUR 28.4/share twelve-month target price

We value Ignitis at a EUR 28.4/share twelve-month target price, using a DCF-FCFF valuation of its existing business plus under-construction and advanced development pipeline. The target price provides 39% upside, and we assign a Buy recommendation to the stock. Our 12M target price implies 7.5x EV/adj. EBITDA, 10.9x P/E and 4.8% DY for 2025e. Near-term multiples suggest Ignitis' undervaluation on the P/B and P/E level, but also on the operating level. The company is traded at around 40% discounts to peers on P/E and at 7-24% discounts on EV/adj. EBITDA for 2025-27e.

With regards to ESG, Ignitis is covered by several research, rating and analytics companies, with strong ratings and rankings including an AA (Leader) by MSCI and a score of 68 (Silver) by EcoVadis.

Favorable business environment with regional deficit and high RES targets

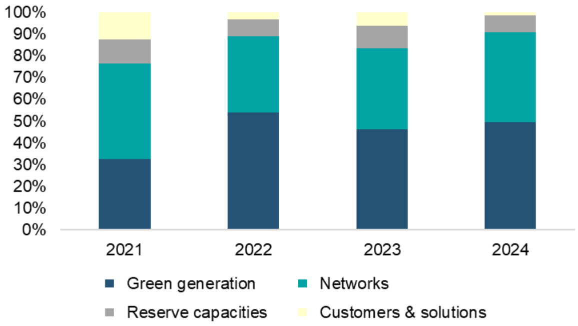
The electricity market in the Baltics is characterized by deep deficits (18 TWh production versus 27 TWh consumption) and fast-growing production from RES thanks to favorable weather conditions with high wind speeds. Lithuania and Estonia have a target to cover 100% of electricity consumption with RES by 2030, Latvia targets 80%. The targes provide space to add about 6 GW of RES capacities across Baltics on current level of consumption.

Green Capacities and Networks segment accounting for ~90% of adj. EBITDA

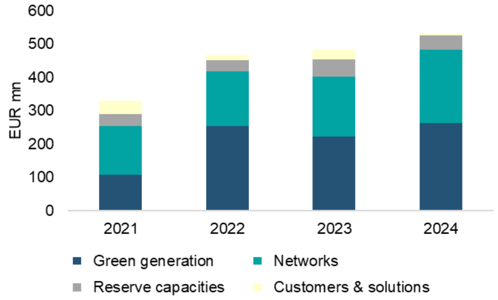
Ignitis' core businesses are Green Capacities (1.4 GW installed capacities) and Networks (EUR 1.8bn RAB in Lithuania). The two segments generate 50%, respectively 42% of adjusted EBITDA. The company is big electricity and natural gas supplier with 6.7 TWh and 6.9 TWh in respective sales across the Baltics, Poland and Finland. The segment accounts for 1% of adj. EBITDA. The partly regulated Reserve Capacities segment has 1.1 GW natural gas-fired capacities and an 8% adj. EBITDA share.

Ignitis has shown resilient results since its IPO in 2020. Adjusted EBITDA grew by mid-single digits in 2023/24, after an electricity prices-led 40% jump in 2022. Cooling electricity prices were offset with growing RES capacities and a growing Networks segment after 2022. The Networks segment showed a 15% 3Y adj. EBITDA CAGR in 2021-24. Leverage stayed around 3x ND/EBITDA and adj. profit grew at a 19.5% 3Y CAGR.

Adj. EBITDA structure by segment



Adj. EBITDA development



Source: Ignitis, Erste Group Research

RES capacities estimated to more than triple by YE29

We expect that RES capacities (ex-storage) to grow 3.5x from 0.5 GW to 1.8 GW by YE29e, thanks to the finalization of 0.9 GW under-construction projects and an addition of 0.4 GW in the advanced development pipeline. This includes an increase in onshore wind by an almost 0.8 GW and addition of over 0.5 GW PV. We forecast production from RES (ex-storage) growing at a 20% 5Y CAGR from 1.8 TWh to 4.4 TWh in 2029e. On top of that, we expect the addition of 0.4 GW of storage capacities.

Note, that Ignitis' supply volume is ~5 TWh larger than its merchant power generation. This provides space to expand RES capacities by up to 2.2 GW while securing internal contracts with the supply arm.

Increased capex in 2027-29e

We forecast EUR 0.8bn in annual CAPEX in 2027-29e, above the current EUR 0.5-0.6bn EBITDA. Net leverage grows from 3x ND/adj. EBITDA towards the company policy maximum of 5x by 2027e, assuming a stable dividend policy. Our forecast does not include asset rotation program. The company aims to sell minority stakes in mature projects to accelerate expansion. Successful assets rotation thus could be a share price trigger.

Higher production to compensate for price effects

Higher production will outweigh the otherwise declining realized prices in the RES segment. The company hedged 72% of RES production at EUR 136/MWh in 2024, and hedged prices decline to EUR 80/MWh for 53% of production by 2027e. We project a gradual decline in market prices from EUR ~90/MWh in 2024-25e towards EUR ~75/MWh mid-term. Fast growing production and declining prices result in 4.2% 5Y CAGR in RES adj. EBITDA in 2024-29e.

RAB estimated to grow by 8% on average next five years

The Networks segment should see a nice over 8% 5Y CAGR in the regulated assets base (RAB), on the back of the recently approved hike in 10Y CAPEX plan by 40% to EUR 3.5bn by the regulator. Regulatory return (WACC) increased by 0.7pp y/y to 5.8% for 2025 and we see it almost stable in our forecast. We thus forecast growth in the Networks segment and a nice 7.6% 5Y adj. EBITDA CAGR in 2024-29e.

Natural gas-fires plants and supply as kind of hedges

7% y/y adj. EBITDA increase in 2025e according to our model

Other segments have only a small EBITDA contribution, but are 'hedges' for RES expansion plans. Still, there is upside e.g. thanks to growing prices volatility or introduction of new services following Baltics synchronization with continental EU. Overall, we estimate a 7% y/y adj. EBITDA increase in 2025e and 5.5% 5Y adj. EBITDA CAGR for 2024-29e, driven by networks CAPEX and growing production from RES. The bottom line is expected to slightly decline, mainly due to the delayed increase of D&A for new assets. We thus expect adjusted net profit in a range of EUR 230-260mn in 2025-29e.

Dividend policy to grow DPS by 3% annually

In terms of dividends, **we stick to the company policy to grow DPS by 3% annually** and see the company fully capable of keeping the policy long-term. This results in a high **average dividend yield of 7.1% from 2025-29e profits** (at EUR 20.4 share price) and a dividend PoR at an undemanding 43% for 2029e.

Dividend forecast

	2023	2024e	2025e	2026e	2027e	2028e	2029e
DPS (paid semi-annually)*	**1.29**	**1.33**	**1.37**	**1.41**	**1.45**	**1.49**	**1.54**
Dividend PoR from adj. net profit	32%	35%	39%	42%	44%	45%	43%
Dividend yield	6.3%	6.5%	6.7%	6.9%	7.1%	7.3%	7.5%

*Source: Ignitis, Erste Group Research; * DPS in relation to net profit, not to timing of payment*

SWOT

Strengths and opportunities

- Fully integrated business model, with a strong focus on renewables and a strong share of stable network business as well as flexible generation to balance intermittent production of renewables.
- Wind parks in the Baltics have among the highest wind speeds in the EU (well in-the money at current electricity prices).
- Strong public and governmental support for RES in Baltics (100% RES target in electricity by 2030 in Lithuania and Estonia, 80% in Latvia).
- Baltic region still in deep production deficit, damaged EE-FI connector supports local pricing in 2024-1H25.
- Baltic region has long-term potential to become electricity exporter to Poland/Germany or hydrogen/e-fuels exporter.
- Experience and capabilities to operate and develop RES assets, with an installed capacity of 1.4 GW of Green Capacities, Ignitis ranks no. 1 in Lithuania and no. 2 in the Baltics.
- Strong RES pipeline with 1.0 GW under construction, 0.7 GW advanced development and total 8.0 GW portfolio.
- Large end-customer supply business and group 4-5 TWh 'short' position in generation supports expansion in RES.
- No 'merchant' fossil fuel assets, apart from natural gas plants used for balancing and services to the TSO.
- 42% of adj. EBITDA coming from networks (in 2024); strong outlook for networks via EUR 3.5bn approved 10Y investment plan.
- Recently confirmed BBB+ investment grade credit rating and started asset rotation program will support expansion and ROE.
- Clear investment criteria (WACC + 100bp return for RES), prudent FID requirements, plausible hedging policies.
- Dividend yield of ~7% and policy to grow DPS by at least 3% p.a.
- Track record of delivering results above guidance, projects at budget and with minimal delays.
- Low near-term trading multiples versus peers.
- High share of revenues generated by regulated business or contracted via PPAs.
- Experienced management and strong governance with five out of seven supervisory board members being independent, including the chairman.
- Strong focus on sustainability resulting in excellent ESG ratings.
- Outstanding financial health score according to our factor model, measuring in particular growth aspects, margins, rentability and balance sheet quality.
- Largest publicly traded company in the Baltics, providing the stock a certain liquidity.

Threats and weaknesses

- Production from renewables depends on weather conditions; changes in climate might have an impact on the company’s electricity generation.
- Sensitivity towards volatile electricity prices, likely decline of realized prices from relatively high level.
- RES capacities fast growing in Baltics, already impacting onshore wind profile discounts. Ignitis is, however, well ‘hedged’ via vertical integration.
- Proximity to low-priced Nordic markets represent long-term risk (but import capacities are fully utilized at present).
- Ambitious investment program means growing leverage in coming years; need to refinance two bonds in 2027/28.
- Internal PPAs (between RES and supply segments) may pose duration risk in the supply business.
- Outright regulatory risk: a substantial part of Ignitis business is regulated, including networks.
- Project execution risk, in particular for large-scale projects; delays or increase of costs could negatively impact the company.
- Dependence on licenses, permits and authorizations from various regulators; regulations can change to the detriment of the company.
- Ambitious green hydrogen projects in the region being postponed at present.
- Strong wages and overall OPEX growth in Lithuania.
- The Baltics could be more strongly exposed to geopolitical risks.

Recommendation

Buy recommendation with target price of EUR 28.4

We value Ignitis shares at a **EUR 28.4 per share twelve-month target price**, using a DCF-FCFF valuation of its existing business plus under-construction and advanced development pipeline. The target price provides 39% upside compared to the current share price; we thus assign a Buy recommendation to the stock. Our valuation implies 8.3x EV/adj. EBITDA and 8.7x adj. P/E for 2027e, when we project peak leverage and trough net profit. The implied dividend yield arrives at 4.8% for 2025e.

We see Ignitis as very well equipped to proceed with the realization of its 6.6 GW RES and storage pipeline, thanks to its large flexible capacities and large supply portfolio. Financials are supported by the high share of the stable grid business. Grids are expected to benefit significantly from the expansion of RES, which outweighs the outlook for lower electricity prices. The valuation of Ignitis seems compelling compared to its peers, and the stock offers outstanding cash returns. Key risks are electricity prices, regulation, project execution and ROI and financing of expansion.

DCF valuation

Valuation based on DCF-FCFF model

We employ a DCF-FCFF model as our valuation tool for Ignitis, which reflects the estimated contribution from existing and under-construction assets and advanced development pipeline, based on our forecasts for 2025e-34e. The company has 4.9 GW in the long-term RES pipeline (including 1.7 GW of offshore wind), which is not included in our forecast. We have a WACC range of 6.4% to 7.1% for the detailed period and WACC of 6.6% for perpetuity. **Our DCF provides a EUR 28.4 per share twelve-month target value** using the following assumptions:

- Lithuanian risk-free rate of 3.5%/3.0% in forecast period and in perpetuity
- Equity premium of 6.33%/6.08% in detailed period/perpetuity
- Debt premium of 0.5% over risk-free rate
- Beta at 1.2x in forecast period, in line with Bloomberg calculated raw beta. The figure is above industry standards for an integrated utility. We lower the beta to 1.0 in perpetuity
- Effective tax rate of 16% in detailed period, in line with nominal CIT in Lithuania, and 20% in perpetuity (average effective nominal CIT rate in Ignitis' region of operations)
- Equity weight (market value) in line with our model in the forecast period and a higher 60% weight in perpetuity, as we expect lower normalized debt levels in the long run
- Terminal value growth rate of 2.0% (long-term CPI)
- Deducted 2024 group net debt of EUR 1.6bn

Our cash flow assumptions reflect the high investment activity in both the Green Capacities (until 2028e) and Networks (until 2033e) segments. This leads to a high share of the terminal value in our valuation and consequently to Ignitis' **valuation sensitivity to interest rates**. A 50bp change in the terminal WACC changes our DCF valuation by roughly 15-20%. Sensitivity to the terminal growth rate assumption is similar.

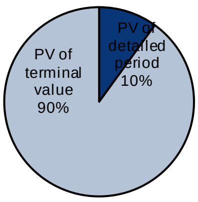
WACC calculation

	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e (TV)
Risk free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.0%
Equity risk premium	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.1%
Beta	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.0
Cost of equity	**11.1%**	**11.1%**	**11.1%**	**11.1%**	**11.1%**	**11.1%**	**11.1%**	**11.1%**	**11.1%**	**11.1%**	**9.1%**
Cost of debt	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	3.5%
Effective tax rate	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	20.0%
After-tax cost of debt	**3.4%**	**3.4%**	**3.4%**	**3.4%**	**3.4%**	**3.4%**	**3.4%**	**3.4%**	**3.4%**	**3.4%**	**2.8%**
Equity w eight	49%	44%	41%	40%	40%	40%	41%	41%	42%	43%	60%
WACC	**7.1%**	**6.7%**	**6.6%**	**6.4%**	**6.5%**	**6.5%**	**6.5%**	**6.5%**	**6.6%**	**6.7%**	**6.6%**

DCF valuation

(EUR mn)	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e (TV)
Sales growth	*8.4%*	*-3.9%*	*-1.3%*	*4.5%*	*6.6%*	*4.9%*	*-2.8%*	*2.3%*	*3.2%*	*2.3%*	*2.0%*
EBIT	277	312	334	357	385	402	373	380	390	376	383
EBIT margin	*11.1%*	*13.0%*	*14.1%*	*14.4%*	*14.6%*	*14.5%*	*13.9%*	*13.8%*	*13.7%*	*12.9%*	*12.9%*
Tax rate	*16.0%*	*16.0%*	*16.0%*	*16.0%*	*16.0%*	*16.0%*	*16.0%*	*16.0%*	*16.0%*	*16.0%*	*20.0%*
Taxes on EBIT	-44	-50	-53	-57	-62	-64	-60	-61	-62	-60	-77
NOPLAT	**232**	**262**	**280**	**299**	**323**	**337**	**314**	**320**	**328**	**316**	**306**
+ Depreciation	210	230	247	267	283	287	291	295	298	297	295
Capital expenditures / Depreciation	*336%*	*361%*	*248%*	*242%*	*124%*	*126%*	*124%*	*120%*	*121%*	*69%*	*102%*
+/- Change in w orking capital	-127.3	24.4	-7.0	119.4	-15.3	-27.8	4.4	-7.6	41.4	-6.1	-21.2
Chg. working capital / chg. Sales	*-66.0%*	*-24.9%*	*22.5%*	*112.9%*	*-9.4%*	*-21.4%*	*-5.7%*	*-12.1%*	*46.4%*	*-9.5%*	*-10.0%*
- Capital expenditures	-704	-832	-613	-646	-352	-362	-361	-355	-360	-206	-301
Free cash flow to the firm	**-390**	**-315**	**-93**	**40**	**239**	**235**	**248**	**252**	**308**	**401**	**279**
Terminal value growth											*2.0%*
Terminal value											6 230
Discounted free cash flow - Dec 31 2024	-364	-275	-76	31	173	160	159	151	173	211	3 080
Enterprise value - Dec 31 2024	**3 422**										
Minorities - Dec 31 2024	0										
Non-operating assets - Dec 31 2024	0										
Net debt and leases - Dec 31 2024	1 612										
Equity value - Dec 31 2024	**1 810**										
Number of shares outstanding (mn)	72.4										
Cost of equity	11.1%										
12m target price per share	**28.4**										
Current share price (EUR)	20.4										
Up/Downside	*39%*										

Enterprise value breakdown



Sensitivity (per share)

Terminal EBIT margin

WACC	10.9%	11.9%	12.9%	13.9%	14.9%
5.6%	31.9	37.2	42.5	47.8	53.2
6.1%	25.3	30.0	34.6	39.2	43.9
6.6%	20.2	24.3	**28.4**	32.5	36.6
7.1%	16.1	19.7	23.4	27.1	30.8
7.6%	12.7	16.0	19.3	22.7	26.0

Terminal value growth

WACC	1.0%	1.5%	2.0%	2.5%	3.0%
5.6%	28.4	34.6	42.5	53.1	67.7
6.1%	23.4	28.4	34.6	42.5	53.1
6.6%	19.3	23.4	**28.4**	34.6	42.6
7.1%	15.9	19.3	23.4	28.4	34.6
7.6%	13.0	15.9	19.3	23.4	28.4

Source: Erste Group Research

Peer comparison

Peer group comparison supporting positive view on stock

We use a comparison of Ignitis' near-term multiples with a broad peer group composed of EU integrated utilities as well as RES-focused names as a cross-check for our valuation. Importantly, the value of RES plays is often beyond the near-term horizon, i.e. in their pipelines and ability to execute projects. Integrated groups have more stable growth and risk profiles. We see e.g. Iberdrola (~9x EV/EBITDA, ~15x P/E 25e) as a good peer, though much bigger than Ignitis. The stock will also often be compared to regional competitors like Enefit Green or e.g. Polish RES play Polenergia (though their risk profiles are in our view quite different), or even to Finland's Fortum.

Substantial discounts with regards to P/E and P/B multiples

Near-term multiples suggest Ignitis' undervaluation, mainly on the P/B and P/E level, but also on the operating level. The company is traded at around 40% discounts to peers on P/E and more than 60% discounts on the P/BV ratio. The EV/adj. EBITDA ratio shows 7-24% discounts for 2025-27e.

The discounts are to some extent explained by Ignitis' higher forecasted leverage and, on the P/E level, by the expected EPS decline in 2025e, due to the phasing-in of D&A for new projects (plus one-time repayments of regulatory differences in the Networks segment). The market could be cautious in terms of Ignitis' low effective tax rate, which is a result of investment incentives in Lithuania.

The lower P/BV is somewhat explained by the roughly one-third lower estimated near-term ROE. The stock, however, offers generous dividends at the current share price, and has a substantial long-term RES pipeline (not reflected in the near-term numbers).

Low-risk bet on potential long-term expansion in RES

Overall, we believe that the peer comparison supports our positive view on the company, since it is traded at relatively low near-term multiples (especially P/E, P/BV), and we see the stock as a low-risk bet on potential long-term expansion in RES.

Peer group comparison

	Mcap	EV/EBITDA			P/E			Dividend yield			P/BV		
	EUR bn	2025e	2026e	2027e	2025e	2026e	2027e	2025e	2026e	2027e	2025e	2026e	2027e
Renewable													
CORP ACCIONA ENERGIAS RENOVA	5.7	5.9	7.7	7.8	9.8	16.9	17.1	2.8%	2.4%	2.1%	0.9	0.9	0.8
AUDAX RENOVABLES SA	0.6	16.6	14.5	12.9	10.5	9.2	10.2	1.1%	1.1%	2.5%	2.6	2.2	1.9
EDP RENOVAVEIS SA	8.7	8.5	7.6	7.5	20.6	15.8	14.9	1.9%	2.4%	2.6%	0.8	0.8	0.7
ENEFIT GREEN AS	0.7	11.0	9.3	7.8	12.2	11.7	9.1	4.1%	4.3%	5.5%	0.9	0.9	0.8
ECOENER SA	0.3	11.2	8.8	7.2	9.2	5.7	4.9	0.4%	0.0%	0.0%	1.6	1.4	1.1
ERG SPA	2.7	7.8	7.4		12.3	12.0		5.9%	6.1%		1.2	1.2	
ORSTED A/S	18.2	7.4	6.7	6.3	13.4	11.4	12.3	0.0%	3.4%	3.9%	1.8	1.5	1.3
POLENERGIA SA	1.3	11.6	13.5	12.7	16.5	19.7	17.2	0.0%	0.0%	0.0%	1.1	1.0	1.0
Hidroelectrica	10.9	7.6	7.7	7.9	11.2	11.2	11.2	8.5%	8.6%	7.9%	2.3	2.2	2.2
Integrated													
EDP SA	13.1	6.3	6.1	6.1	11.0	10.8	11.0	6.4%	6.5%	6.5%	1.1	1.0	1.0
CEZ AS	22.2	6.6	8.6	9.8	20.1	18.8	25.3	4.6%	4.1%	4.4%	2.2	2.2	2.2
VERBUND AG	24.7	9.0	10.8	10.7	15.5	19.5	19.2	3.9%	3.5%	2.8%	2.3	2.2	2.1
IBERDROLA SA	88.5	8.9	8.6	8.2	15.1	14.4	13.7	4.7%	5.0%	5.2%	1.7	1.7	1.6
ENDESA SA	22.9	6.2	6.0	5.9	11.6	11.2	11.2	6.1%	6.4%	6.5%	2.6	2.4	2.3
FORTUM OYJ	14.0	10.5	11.1	11.1	16.6	17.6	17.5	5.6%	5.3%	5.2%	1.6	1.6	1.6
Median	**10.9**	**8.5**	**8.6**	**7.8**	**12.3**	**12.0**	**13.0**	**4.1%**	**4.1%**	**4.1%**	**1.6**	**1.5**	**1.5**
AB IGNITIS GRUPE	**1.5**	**6.5**	**7.2**	**7.3**	**7.8**	**7.0**	**6.8**	**6.7%**	**6.9%**	**7.1%**	**0.6**	**0.6**	**0.5**
Premium/discount		*-24%*	*-16%*	*-7%*	*-37%*	*-41%*	*-48%*				*-64%*	*-63%*	*-63%*

	Mcap	ND/EBITDA			EBITDA margin			Net margin			2024-26 CAGR			ROE		
	EUR bn	2025e	2026e	2027e	2025e	2026e	2027e	2025e	2026e	2027e	Rev.	EBITDA	EPS	2025e	2026e	2027e
Renewable																
CORP ACCIONA ENERGIAS RENOVA	5.7	2.4	3.1	3.1	49.2%	38.0%	38.5%	19.5%	10.5%	10.5%	1.2%	2.3%	-2.4%	9.3%	5.1%	4.9%
AUDAX RENOVABLES SA	0.6	1.9	1.6	1.5	6.2%	6.6%	6.8%	2.7%	3.1%	3.0%	3.4%	8.9%	3.7%	27.3%	25.8%	20.4%
EDP RENOVAVEIS SA	8.7	4.1	3.6	3.6	73.9%	76.7%	76.0%	15.5%	19.6%	18.9%	8.4%	14.1%	n.m.	3.9%	4.9%	5.0%
ENEFIT GREEN AS	0.7	5.5	4.4	3.4	61.7%	59.9%	60.8%	27.7%	25.2%	29.4%	11.6%	10.9%	2.6%	7.4%	7.5%	9.1%
ECOENER SA	0.3	7.6	6.3	5.3	57.8%	63.1%	70.2%	19.2%	27.8%	28.2%	32.0%	46.4%	76.2%	19.0%	26.1%	24.8%
ERG SPA	2.7	3.3	3.2		70.6%	71.0%		26.2%	25.3%					9.9%	10.0%	
ORSTED A/S	18.2	2.6	2.4	2.3	36.5%	37.0%	39.0%	12.5%	13.4%	14.0%	6.8%	27.0%	n.m.	14.7%	14.4%	11.6%
POLENERGIA SA*	1.3	2.7	4.0	4.2	66.0%	61.2%	45.6%	35.3%	29.6%	22.8%	10.4%	-1.5%	-0.1%	6.7%	5.3%	5.8%
Hidroelectrica	10.9	-0.4	-0.4	-0.1	65.6%	64.9%	64.6%	48.6%	48.6%	48.4%	2.5%	6.2%	5.8%	20.7%	20.1%	20.1%
Integrated																
EDP SA	13.1	3.6	3.5	3.4	28.4%	28.9%	27.2%	7.0%	7.1%	6.7%	6.3%	1.8%	14.2%	9.9%	9.6%	9.2%
CEZ AS	22.2	1.8	2.8	3.5	33.0%	30.0%	27.5%	8.2%	9.6%	7.2%	-2.6%	-12.5%	-9.7%	11.3%	N/A	N/A
VERBUND AG	24.7	1.0	1.6	1.8	34.9%	35.6%	36.7%	17.9%	16.8%	16.9%	-7.4%	-5.6%	-10.2%	15.0%	11.4%	11.1%
IBERDROLA SA	88.5	3.5	3.4	3.4	32.6%	33.4%	33.9%	11.6%	11.8%	12.1%	6.2%	3.5%	4.4%	11.6%	11.8%	11.9%
ENDESA SA	22.9	1.9	1.9	1.8	21.4%	22.5%	22.2%	7.9%	8.4%	8.0%	5.9%	2.0%	2.6%	23.4%	22.5%	21.1%
FORTUM OYJ	14.0	0.6	0.7	0.7	25.3%	24.7%	24.4%	15.2%	14.6%	14.7%	-1.8%	-7.7%	-11.8%	9.5%	9.2%	9.2%
Median		**2.6**	**3.1**	**3.2**	**36.5%**	**37.0%**	**37.6%**	**15.5%**	**14.6%**	**14.4%**	**6.0%**	**2.9%**	**2.6%**	**11.3%**	**10.7%**	**11.1%**
AB IGNITIS GRUPE	**1.48**	**3.9**	**4.6**	**4.9**	**22.5%**	**24.1%**	**25.4%**	**7.6%**	**8.8%**	**9.2%**	**0.9%**	**4.5%**	**-7.7%**	**7.6%**	**8.1%**	**8.1%**
Difference (pp)		1.2	1.5	1.6	*-14%*	*-13%*	*-12%*	*-8%*	*-6%*	*-5%*	*-5.1%*	*1.6%*	*-10.2%*	*-3.7%*	*-2.6%*	*-3.0%*

*Source: Data provider, Erste Group Research;*excl. trading; Erste estimates: Enefit, PEP, CEZ, VER and Ignitis*

Financial health

Using our factor model analysis to look at business model quality

We take our factor model to elaborate on Ignitis' financial quality, comparing various factors and figures with those of the company's peers. In general, we look at three groups of criteria, with the first one related to rentability, margins and turnover ratios; the second one revenues and earnings growth; and the third one with a focus on balance sheet quality. To go into more details, we look at (1) rentability, i.e. to what extent the 5Y average ROE covers the cost of equity, and – even more important – to what extent the future estimated ROE will cover the cost of equity; (2) the EBITDA and EBIT margins; (3) sales in total assets as a proxy for the cash conversion cycle; (4) sales, EBIT and EPS growth for both the historical development as well as the actual forecasts; (5) the balance sheet structure, by looking at the equity ratio, as well as leverage (with both rates deemed very important); and (6) liquidity and debt ratios, by using the quick ratio and the current ratio, as well as the net debt/EBITA multiple (the latter marked as very important). For every factor, our model awards 3 points (for very important factors), 2 points (for important) and 1 point (for less important) as a maximum for the company with the highest (or best) score. Ignitis achieves a top 5 rank in the category Balance Sheet and a remarkable overall rank 4 among all utility stocks included in the Stoxx 600 Utilities index (in total 33).

Erste Group Research Factor Model Top 10

			Total score	R/M/T*	Growth	Balance sheet
1	Verbund AG	AT	24.2	8.0	6.5	9.6
2	BKW AG	CH	22.5	5.4	7.7	9.4
3	Drax Group PLC	GB	20.8	5.1	7.2	8.5
4	**Ignitis**	**LT**	**19.9**	**5.8**	**5.6**	**8.5**
5	Terna - Rete Elettrica Naziona	IT	19.0	7.2	6.4	5.5
6	Centrica PLC	GB	18.8	5.6	5.3	7.9
7	Endesa SA	ES	18.5	7.4	5.6	5.5
8	Neoen SA	FR	18.5	4.5	8.9	5.1
9	A2A SpA	IT	18.4	5.1	8.2	5.1
10	Naturgy Energy Group SA	ES	18.0	6.9	4.8	6.3

**R/M/T: Rentability, Margins, Turnover ratios*
Source: Erste Group Research, Bloomberg

Company description

Renewables-focused integrated utility

Ignitis group is a renewable focused integrated utility active in the Baltic states, Poland and Finland with the aim to create a 100% green and secure energy ecosystem. The company strongly focuses on green generation and green flexibility technologies, such as onshore and offshore wind, batteries, pumped-storage hydro and power-to-X. Ignitis targets net zero emissions by 2040-50.

Group structure

The parent company coordinates the activities of the group companies in many fields, such as strategy and development, technology, finance, law and audit, risk management, human resources and communication.

Four segments

Ignitis group comprises four segments, (1) Green Capacities, (2) Networks, (3) Customer & Solutions and (4) Reserve Capacities. Most of the group's companies are registered as private limited liability companies ("UAB"). The two prominent exceptions are Energijos Skirstymo Operatorius and Ignitis gamyba (Networks and Reserve Capacities, respectively, which are run as public limited liability companies, "AB").

(1) Green Capacities

Green Capacities basically consists of three main companies with an installed capacity of 1.4 GW and a pipeline of roughly 6.6 GW to be added in the coming years.

Ignitis Renewables (100% owned by Ignitis), with roughly 50 subsidiaries, focuses on developing green generation and green flexibility technologies, especially onshore and offshore wind, solar, battery and power-to-X technologies. The company is operating in the Baltics and Poland and implements the group's strategy to reach 4-5 GW of installed green capacities by 2030.

Kauno kogeneracinė jėgainė (51%): Kaunas Combined Heat and Power Plant converts non-hazardous industrial and municipal waste left over after secondary sorting into electricity and heat. The plant covers almost half of the heat demand in Kaunas.

Vilniaus kogeneracinė jėgainė (100%): Vilnius Combined Heat and Power Plant uses two types of fuel, non-hazardous non-recyclable municipal waste and biofuel. The plant, which is able to generate electricity and heat simultaneously, covers roughly 40% of the annual heating demand of Vilnius.

(2) Networks

Energijos Skirstymo Operatorius ("ESO", 100%) distributes electricity and natural gas. The company, serving almost 1.9mn customers in Lithuania, maintains, modernizes and expands the distribution network infrastructure currently consisting of 130,000km overhead and underground power lines as well as 9,000km of gas pipelines in an area of around 65,300km². The regulated asset base currently amounts to roughly EUR 1.8bn.

(3) Customer & Solutions

Ignitis (UAB, 100%) is the largest supplier of electricity and gas in Lithuania, where it provides more than 1.4mn people with all key energy services. On top of this, Ignitis owns and operates energy supply companies in Latvia, Estonia and Poland. The company provides a range of services to corporates as well as private customers and is leading the EV charging network development in the Baltics.

(4) Reserve Capacities

Ignitis gamyba (100%) is a key contributor to both Green Capacities and Reserve Capacities segments. The company operates the Lithuania's largest generation facilities, Elektrėnai Complex, Kruonis Pumped Storage Hydroelectric Power Plant, Kaunas Hydro Power Plant (KHPP) and Vilnius Power Plant-3. Ignitis Gamyba plays a key role in ensuring reliable and effective strategic generation and significantly contributes to the group strategy by developing the power generation capacity from renewable energy sources and implementing innovations.

(5) Other Activities

Ignitis grupės paslaugų centras (100%): Ignitis group services center is responsible for the organization and execution of public procurement, accounting, personnel administration, ITT maintenance and development and other services.

Gamybos optimizavimas (100%): "Optimizing Production" carries out the planning, optimization, forecasting, trading and brokering activities for electricity and other energy generation regimes.

Elektroninių mokėjimų agentūra (100%): "Electronic Payments Agency" is responsible for the collection of payments for household services such as electricity, gas, heating, water, waste removal and communication.

Transporto valdymas (100%): "Transport Management" takes care of rental, leasing, maintenance, repairment and renewal of vehicles.

Governance

Management Board

Darius Maikštėnas

CEO, Chair of Management Board

- Competencies: Strategy and Management, Sustainability
- Experience: 20+ years of experience in energy, telecommunication, IT, venture capital; joined Ignitis Group in 2018 and since then has been serving as CEO and Chair of the Management Board; prepared Ignitis Group for transitioning from a local monopoly to a renewable-focused integrated utility and the largest energy group in the Baltic States
- Education: Harvard Business School, General Management Program; Baltic Management Institute, Executive MBA degree; Kaunas University of Technology, Bachelor's degree in Business Administration

Dr. Živilė Skibarkienė

Chief Organizational Development Officer

- Competency: Organizational Development
- Experience: Professional in law and organizational development with more than 10 years of executive experience; joined Ignitis in 2018 and helped to transform the group in terms of governance; serves as Board Member at ESO and Chair of the Board at Ignitis Grupės Paslaugų Centras
- Education: Harvard Business School, Business Leadership Program; Baltic Management Institute, Saïd Business School, University of Oxford, Executive Leadership Programme; Mykolas Romeris University, PhD in Law; Vilnius University, Master's degree in Law

Jonas Rimavičius

Chief Finance Officer

- Competency: Finance
- Experience: Joined Ignitis in 2016, since then leading M&A activities as well as capital raising projects, including IPO and green bond issue; Chair of the Board at Ignitis Renewables since January 2019
- Education: University of Cambridge, Master's degree in Business Administration; University of Warwick, Bachelor's degree in Accounting and Finance; former CFA charter holder

Mantas Mikalajūnas

Chief Regulatory Officer

- Competency: Regulated Activities
- Experience: 20 years of executive experience in various energy companies, launched his career in Lietuvos Dujos; was responsible for integration of Lietuvos Dujos into Lietuvos Energija (current Ignitis Group); Chair of the Board at Kaunas CPH
- Education: Saïd Business School, University of Oxford, Strategic Management Executive Programme; Vilnius University, Master’s degree in Business Administration and Management

Vidmantas Salietis

Chief Commercial Officer

- Competency: Commercial
- Experience: 10+ years of experience in top-level positions in the energy sector, joined the group in 2011 and since has served as an executive in various group companies; Member of the Management Board since 2018
- Education: Stockholm School of Economics in Riga (SSE Riga), Bachelor’s degree in Economics and Business.

Supervisory Board

The Supervisory Board is a collegial supervisory body provided for in the company’s Articles of Association, elected by the General Meeting of Shareholders for a term of office of four years. The Supervisory Board of Ignitis Group consists of seven members, two of whom represent the Ministry of Finance, while the remaining five, including the Chairman, are independent.

Members of the Supervisory Board

Seven members in total out of which each five independent and female

Alfonso Faubel (Chair, independent, Risk Management and Sustainability Committee), appointed Director of the Board JERA Nex; has held executive responsibilities in Siemens Gamesa, Alstom/GE and Delphi Automotive

Aušra Vičkačkienė (majority shareholder’s representative, Nomination and Remuneration Committee), Ministry of Finance of the Republic of Lithuania, Director of Asset Management Department

Ingrida Muckutė (majority shareholder’s representative, Audit Committee), Director of the Reporting, Audit, Property Valuation and Insolvency Policy Department at the Ministry of Finance of the Republic of Lithuania

Judith Buss (independent, Audit Committee), has held senior executive leadership positions in the E.ON group for more than 20 years including CFO of the global E.ON Climate & Renewable Group; several other Supervisory Board positions including that of Uniper SE

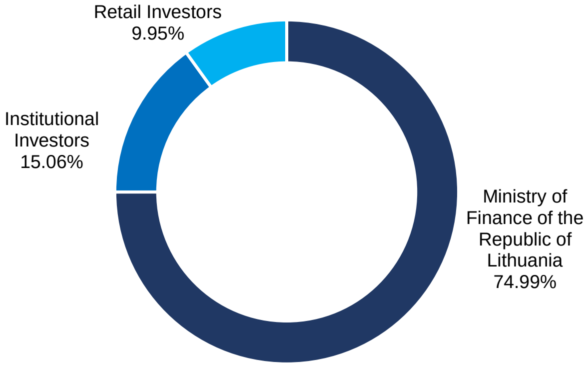
Lorraine Wrafter (independent, Nomination and Remuneration Committee), global HR director with the specialization in Organization Effectiveness; more than 30 years of experience in big multinational corporations such as CARILL Inc. and Holcim

Sian Lloyd Rees (independent, Nomination and Remuneration Committee), top-level executive with more than 17 years of international experience in the energy sector and over five years of experience as a board member of remuneration, nomination, audit and sustainability committee, worked for 13 years at Oracle Corporation in UK

Tim Brooks (independent, Risk Management and Sustainability Committee), CSO Head of Sustainability at Hikma Pharmaceuticals; more than 20 years of experience in sustainability development both as a consultant and in large corporate entities; worked for LEGO Group for 10 years as Vice President for Sustainability

Free float of 25.01%

Shareholder structure



Source: Ignitis Group

Business model and strategy

Ignitis runs an integrated business model with four operating segments including Green Capacities and Networks which – together – contributed more than 90% of Ignitis' adjusted EBITDA in FY24. The company's business model and strategy are built upon key energy transition trends referring to estimates and assumptions of ECB, ICIS and others as outlined its Strategic Plan 2024-27.

Energy transition trends

- European electricity demand will increase by roughly 60% in the period 2024-50 with hydrogen and EVs as main drivers.
- In the same time, the phase-out of conventional plants will significantly reduce the fossil fuel-based production in Europe (by almost 60%), with natural gas probably the only fossil fuel left used for electricity production in conventional plants in 2050.
- Carbon emission prices will soar by 9x, lifting the CO_2 price per ton above EUR 500, with the steepest increase forecasted for the period 2040-50.
- Consequently, green generation capacities are expected to rise substantially, in particular wind (both onshore, but even more offshore) as well as solar generation.
- As a result, battery capacities also have to increase by a multiple of close to 10x to around 140 GW in the period 2024-50.
- Hand in hand, other storage technologies such as power-to-X capacities should also significantly gain in importance.

With the grid network seen as a key element of energy transition, further assumptions are made, among others, by European Round Table for Industry "Strengthening Europe's Energy Infrastructure":

Grids as key element of energy transition

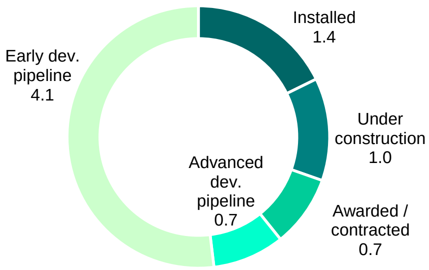
- Investments in power grids need to grow significantly further. By 2030, total CAPEX in the European networks has to more than double compared to the level recorded in 2018 to some EUR 700bn. By 2050, this amount is seen to further rise by a multiple of some 3.3x to EUR 2,300bn. Investments in grid capacities are needed for several reasons, including (1) integration of large renewable sources over long distances from offshore, (2) transport electrification/EV charging, (3) electrification of industrial and heating, and (4) renewing the aging distribution grids.
- As a consequence, transmission grids in Europe are expected to expand by some 80% to roughly 0.7mn km in the period 2021-50. In the same period of time, distribution grid length should increase by approximately 30% to around 12mn km.

Green capacities

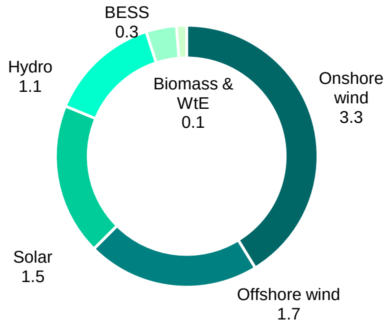
Ambitious plans to increase installed capacities

With an installed capacity of currently 1.4 GW of Green Capacities, Ignitis ranks no. 1 in Lithuania and no. 2 in the Baltics. On top comes a pipeline of 6.6 GW, which lifts the total portfolio to 8.0 GW. The company's focus is on adding new capacities to reach 2.4-2.6 GW by 2027, which would roughly double Ignitis' installed capacities from its current ones. The company targets total capacities of 4-5 GW to be installed by 2030.

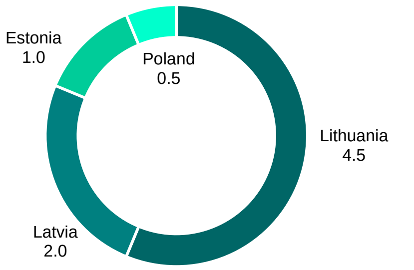
By stage (GW)



By technology (GW)



By geography (GW)



Source: Ignitis, Erste Group Research

An additional split of the group's green capacity portfolio would be possible by dividing it into "Green generation", which accounts for roughly 6.6 GW, and "Green flexibility", adding the remaining 1.4 GW. While focus technologies for green generation mainly include onshore and offshore wind with solar as complementary technology, the focus on green flexibility technologies comprises not only the above-mentioned batteries and power-to-X technologies, but also additional pumped-storage hydro capacities, which could provide large balancing capacities to enable future renewable energy growth in the region. Any other hydro, biomass and waste-to-energy capacities adding baseload generation would provide additional flexibility.

(1) Offshore wind

Minimum of two offshore wind projects planned

The company's aim is to build at least two offshore wind projects in the Baltics, for which the seabed is already secured. The first one, 'Curonian Nord', a Lithuanian offshore windfarm with a capacity of 0.7 GW, has been secured through an auction in 2023. The final investment decision is expected after the completion of development and obtaining the construction permit in 2027. The second project for which seabed is secured is an Estonian offshore wind farm with two sites and a total capacity in the range of 1-1.5 GW. In October 2024, Ignitis took the decision to participate in Lithuania's second 0.7 GW offshore wind tender, however, the tender was temporarily suspended in January 2025. It is expected that the tender will be resumed in due course and awarded in the second half of 2025. The final decision whether to participate in the relaunched tender has not been made yet.

(2) Onshore wind

>700 MW onshore wind by end-2026 targeted

Ignitis has installed capacity in onshore wind of 283 MW, with a split into 121 MW Lithuania, 18 MW Estonia and 144 MW Poland. The company's target is an installed capacity of around 720 MW onshore by the end of 2026, including the projects Silesia II in Poland as well as Kelme WF I and II in Lithuania.

(3) Complementary technologies

Solar capacities to be substantially increased in 2025

Complementary technologies comprise solar on one hand, and hydro, biomass as well as waste-to-energy on the other. Tauragė solar project I with an installed capacity of 22 MW commenced operations in 2024. The Polish solar portfolio should reach COD in 1H25. Latvian Stelpe and Varme SFs, with a total capacity of 239 MW, should go online also in the course of 2025. Ignitis targets solar capacities of more than 450 MW to be installed by the end of 2026.

No expansion planned on run-of-river plants and waste-to-energy

Other complementary technologies include the Kaunas run-of-river plant with an installed capacity of 101 MW, biomass units with 73 MW electricity and 209 MW heat capacity installed, as well as waste-to-energy with 44 MW electricity and 140 MW heat capacity installed. Although green baseload technologies are an important of the company's portfolio, there are no plans to expand capacities in this field at the moment.

(4) Pumped-storage hydro

Fifth turbine for Kruonis to commence operation in 2026

With a current total capacity of 900 MW of its four 225 MW operating units, which are able to perform up to 300 cycles each per year, the Kruonis pumped-storage hydro plant is one of the largest energy storage facilities in Europe. A fifth unit with a capacity of 110 MW is currently under construction and will lift the capacity to 1,010 MW in 2026. All five turbines will be able to run roughly 10 hours at full load, which would increase the company's storage capacities to more than 10 GWh. The expansion will bring down the maximum capacity accessibility to 80 seconds (from 180 seconds as of today).

(5) Batteries and power-to-X

Energy storage should help to balance gap between generation and consumption

Batteries are a key element to enable the integration of renewables, help facilitate demand management and improve grid reliability. Batteries play an important role when it comes to technical challenges such as balancing, ancillary, frequency containment reserves, day-ahead and intra-day arbitrage. The company's goal is to have commercial-scale batteries in place by 2027. Power-to-X also refers to technologies for storing or otherwise utilizing surplus electricity. The company's target is to have a successful pilot power-to-X project by 2030.

Operating model covering whole value chain

Ignitis' **operating model** follows a value-creation concept, which aims to add value at all project execution stages:

- **Development** of renewable projects including site screening, shortlisting, carrying out feasibility studies as well as ensuring permitting and regulatory compliance
- **Construction** activities with detailed development engineering and design, including the choice of equipment, materials and construction partners
- **Structuring power offtake agreements** by utilizing the company's customer portfolio or concluding external corporate PPAs
- **Financing** including project finance arrangements with institutional and commercial banks as well as corporate financing such as

green bonds with the target to keep the company's investment grade rating
- **Asset rotation** by selling up to 49% of equity stakes in implementing projects to recycle capital and capture premium
- **Combining with complementary technologies** helps to increase the reliability and flexibility of renewable assets and leads to higher efficiency
- **Operation** of renewable assets for their full life cycle including the monitoring of performance, ensuring corrections as well as repairing and maintenance

Networks

Strategic focus on electricity networks and customers

In concentrating on its home market of Lithuania, covering some 99.5% of the Lithuanian market with its network, Ignitis' strategic focus is on the resilient and efficient distribution of electricity, expansion of the grid network, as well as satisfying the needs of its customers. Some 39% of the planned investments in the Networks segment in the period 2024-27 are earmarked for maintenance, which comprises modernization to improve efficiency and resilience, automatization and digitalization.

Roughly 56% of the Networks CAPEX accounts for the expansion of the grid network, including new connection points and upgrades, increasing capabilities of the infrastructure, as well as the accelerated rollout of smart meters in order to meet the future needs coming with the growing trend of electrification. Although perhaps not reflected in the proportion of investments flowing into the end-to-end customer experience, the changing behavior and increased knowledge plays an important role in the company's strategy. Ignitis therefore aims to further improve customer service, focus on data governance, quality and data modelling and the expansion of data hub capabilities.

WACCs currently at 5.82% and 5.64%, respectively

Similar to other countries and markets, the regulated asset base ('RAB') and pre-tax weighted average cost of capital ('WACC') set by the regulator are an important element of the networks' regulatory framework. The allowed revenue is a composition of (1) the return on investment (RAB x WACC), (2) depreciation and amortization, (3) additional tariff components, (4) operating expenditures plus technological losses minus supply of last resort and reactive power income (all treated as pass-through) and (5) eventually, temporary regulatory differences. The regulatory periods for electricity and natural gas end in 2026 and 2028, respectively. Ignitis' RAB stood at EUR 1.5bn electricity and EUR 0.3bn natural gas, with relevant WACCs of 5.82% and 5.64%, respectively.

Customers & Solutions

Almost 7 TWh electricity supply and 1.4mn customers

The Customers & Solutions segment, which is Ignitis' biggest in terms of revenues – but smallest adjusted EBITDA wise, aims to lift the electricity supply portfolio from 6.7 TWh in 2023 to roughly 9-11 GWh in 2027. With around 1.4mn customers at year-end 2024, Ignitis has the largest customer base in the Baltics. The company's strategic focus is on utilizing and further expanding the customer portfolio by exploiting synergies with the Green Capacities segment, strongly supporting the build-out through internal PPAs. Expanding the electricity supply portfolio therefore means the acceleration of the green transformation of the company's customers.

Balancing function of EV grids gaining importance

With the bold assumption that the EV network will become an important consumer of green electricity in the future, the company aims to expand public, commercial and home charging systems across the Baltics. Another focus of the Customers & Solution segment currently lies on the transition from gas to power.

Reserve Capacities

Ancillary services to provide reliability and security

The strategic priority of Reserve Capacities is to contribute to the reliability and security of the power system in Lithuania, mainly by providing ancillary services. Roughly 0.9 GW from a total of 1.1 GW capacity are contracted for this kind of service. Reserve Capacities offer the company the opportunity to operate in the market during low renewables generation and positive clean spark spreads. However, for the next years, no significant changes are planned for this segment.

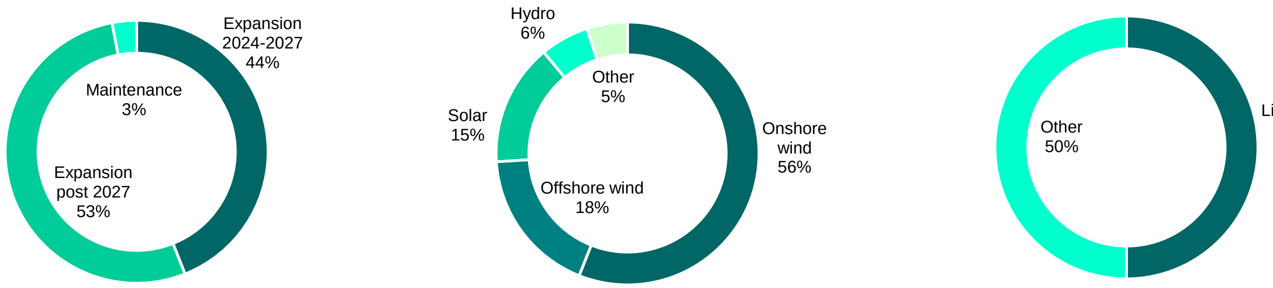
CAPEX

EUR 3-4bn to be invested within four years

Ignitis has a four-year investment plan in place. Over the period 2024-27, the company targets to invest EUR 3-4bn or close to EUR 1bn annually. Out of this total, some 61%, or around EUR 1.8-2.4bn of the investments, are earmarked for the expansion of the Green Capacities, while around 33%, or some EUR 1.1-1.3bn of the CAPEX, is intended for the Networks segment, including both maintenance as well as its expansion. As a result, Green Capacities should roughly double from 1.3 GW in 2023 to approximately 2.4-2.6 GW in 2027e (it was 1.4 GW at year-end 2024). The Network's RAB is planned to grow from EUR 1.4bn in 2023 to EUR 2.0-2.1bn in 2027e (this figure amounted already to EUR 1.6bn in 2024 and EUR 1.8bn in 2025 approved by the regulator).

A closer look at the planned investments in Green Capacities shows the clear focus on the expansion of capacities, mainly onshore wind. Approximately half of the CAPEX will be spent in Lithuania.

CAPEX 2024-27 Green Capacities split by investment type, technology and geography



Source: Ignitis, Erste Group Research

Of the total planned investments for Networks, around 56% is earmarked for electricity network expansion, while some 39% should be spent on network maintenance. Only a small portion of 5% is budgeted for the natural gas network.

Targeted financials

EBITDA in range of EUR 550-650mn to be achieved in 2027

According to the company's plans, the adjusted EBITDA should grow to a range of EUR 550-650mn by 2027, with Green Capacities and Networks expected to act as main drivers. The targeted spread between the company's internal rate of return and the WACC should total or even exceed 100bp in the commercial and non-regulated basis and equal or top 0bp in the company's regulated activities. The adjusted ROCE is expected to drop to a range of 6.5-7.5% on average in the period 2024-27 as a significant part of the capital employed is invested in pre-COD assets. Ignitis focuses on keeping its investment grade rating and, despite the heavy investment program that will lift the leverage, the company aims to limit Net debt / Adjusted EBITDA to below 5.0x. With regards to dividends, Ignitis plans a minimum 3% annual growth. The minimum DPS was set to EUR 1.36/1.41/1.45 for fiscal years 2025-27. This implies dividend yields of 6.7-7.1% based on the current share price of EUR 20.4.

Assets

Operating assets as of December 31, 2024

	Energy source	Country	COD	Installed capacity, MW*	Electricity generation, GWh*	Revenue model
Vėjo gūsis (Liepynė)	Onshore Wind	Lithuania	2010	9	22	PPA
Vėjo gūsis (Kreivėnai)	Onshore Wind	Lithuania	2010	10	24	PPA
Vėjo Vatas	Onshore Wind	Lithuania	2011	15	33	PPA
Tuuleenergia	Onshore Wind	Estonia	2013-2014	18	46	PPA / FiP
Eurakras	Onshore Wind	Lithuania	2016	24	70	PPA
Pomerania	Onshore Wind	Poland	Q4 2021	94	279	CfD
Mažeikiai	Onshore Wind	Lithuania	2023	63	186	PPA
Silesia I	Onshore Wind	Poland	2024	50	110	PPA/CfD
Tauragė solar project I	Solar farm	Lithuania	2024	22	24	Merchant
Total operating wind and solar farms				**305**	**794**	
Kruonis PSHP	Pumped-Storage	Lithuania	1992-1998	900	535	Merchant
Kaunas HPP	Hydro	Lithuania	1959 / 2010	101	371	PPA
Total operating hydro units				**1,001**	**905**	
Kaunas CHP (51%)	Waste	Lithuania	Q3 2020	24 / 70	160 / 390	PPA
Vilnius CHP WtE unit	Waste	Lithuania	Q1 2021	20 / 70	112 / 442	PPA
Vilnius CHP biomass unit	Biomass	Lithuania	Q1 2024	71 / 170	242 / 703	PPA
Elektrėnai biomass boiler	Biomass	Lithuania	2015	0 / 40	0 / 87	Merchant
Total operational Waste/Bio				**115 / 350**	**515 / 1,622**	
Total				**1,421 / 350**	**2.214 / 1,622**	

* Split between electricity and heat at Waste/Bio units

Source: Ignitis, Erste Group Research

Assets under construction as of December 31, 2024

	Energy source	Country	COD	Installed capacity, MW	CAPEX (EURmn)	Revenue model
Silesia II	Onshore Wind	Poland	H2 2025	137	240	CfD / PPA
Polish solar portfolio	Solar farm	Poland	H1 2025	24	19	CfD
Kelmė WF I	Onshore Wind	Lithuania	2025	105	190	PPA
Kelmė WF II	Onshore Wind	Lithuania	2025	195	360	PPA
Stelpe SF	Solar farm	Latvia	2025	145	112	PPA
Varme SF	Solar farm	Latvia	2025	94	66	PPA
Tume SF	Solar farm	Latvia	2026	174	106	PPA
Total wind and solar farms under construction				**874**	**1,093**	
Kruonis PSHP expansion	Pumped-Storage	Lithuania	2026	110	150	Merchant
Total hydro units under construction				**110**	**150**	
Total				**984**	**1,243**	

Source: Ignitis, Erste Group Research

Sustainability

For the first time, the sustainability statement included in the current Annual Report fully adhered and complied with the Corporate Sustainability Reporting Directive ('CSRD'). Ignitis is covered by several research, rating and analytics companies, including ISS ESG, MSCI, SUSTAINALYTICS, CDP Climate and EcoVadis, with strong ratings and rankings, as can be seen in the table below.

ESG ratings and rankings overview

	ISS ESG	MSCI	SUSTAINALYTICS	CDP Climate	EcoVadis
Rank compared to utility peers	2nd decile	Top 23%	Top 20%	n/a	Top 15%
Rating	**54.8 B- (Prime)**	**7.3 AA (Leader)**	**21 (Medium risk)**	**C (Awareness)**	**68 (Silver)**
Last rating change	May 24	Sep.24	Sep.24	Feb.25	Sep.24
Utilities average	n/a	A	32.4	n/d	n/a
Rating scale	D- to A+	CCC to AAA	100 to 0	D- to A	0 to 100

Source: Ignitis

Environmental targets

Ignitis has defined clear ESG priorities and targets that the company aims to reach by 2027 and partly achieved already in 2024. A good example here would be the decarbonization pathway, which should reduce the **carbon intensity of scope 1 & 2 GHG emissions** from 360 g CO_2-eq/KWh in 2023 to a range of 215-289 in 2027. In 2024, Ignitis reached already a number of 222. The company actively promotes its customers to use green electricity with the goal to reach a level of more than a 30% **share of green electricity supplied** by 2027. In 2024, this number already increased to 28% (from 17% in 2023). With regards to the **absolute GHG emissions** from natural gas supply, the company aims to reduce this number from 1.17 m t CO_2-eq in 2023 to 0.90 in 2027. The key here is the customers' transition from natural gas to electricity. However, in 2024, this number temporarily rose to 1.22. Ignitis targets **net zero emissions** by 2040-50.

Social targets

With regards to social in general and safety in particular, a key focus is on the **total recordable injury rate** (TRIR), which came in very low in the years 2023 and 2024, with 0.79 and 1.12 for own employees. This number is targeted to be kept below 1.5 for own employees and below 2.7 for contractors. Moreover, the company aims to ensure zero fatal accidents until at least until 2027. Another focus is on the employee experience and well-being. A score to measure this is the **employee net promoter score,** which represents the likelihood that employees would recommend their employer as a good place to work. Ignitis achieved 57.5% and 65.2% for the years 2023 and 2024, respectively, and targets this number to stay above 50% by 2027.

Governance targets

In terms of governance, Ignitis carefully monitors diversity, in particular **gender diversity** in top management. The share of women in top management increased from 23.1% at year-end 2023 to 27.7% at year-end in 2024; however, the company targets to lift this figure to roughly 30% by the end of 2027. Sustainable value creation, focusing on both investments and return, is also defined as one of the company's top goals, aiming to raise the share of **sustainable adjusted EBITDA** from the 61.5% achieved in 2023 to a range of 70-75% in 2027. In 2024, this number already came in at 72.0%.

ESG priorities and targets overview

Priority	Decarbonization	Safety		Employee experience
	Reducing the carbon intensity of scope 1 & 2 GHG emissions	Zero fatal accidents	Total recordable injury rate	Employee experience and well-being
2027 target	**215–289** Carbon intensity of scope 1 & 2 GHG emissions, g CO2-eq/kWh	**0 fatalities** (of employees and contractors)	**≤2.1** TRIR, per million hours worked (2024–2027) ≤1.5 | ≤2.7 Employees | Contractors	**≥50%** employees promoting the group as an employer (eNPS)
2023	360 g CO2-eq/kWh	0	0.79 | 0.93	57.5%
SDG contribution				
ESG contribution	ENVIRONMENTAL		SOCIAL	

Priority	Diversity	Sustainable value creation	
	Gender diversity in top management	Sustainable investments	Sustainable returns
2027 target	**~30%** share of women in top management positions	**≥85–90%** share of Investments aligned with the EU Taxonomy (2024–2027)	**≥70–75%** share of sustainable Adjusted EBITDA
2023	23.1%	94.8%	61.4%
SDG contribution			
ESG contribution		GOVERNANCE	

Source: Ignitis, Erste Group Research

In its Sustainability Statement, a substantial part of the Annual Report, Ignitis provides comprehensive insight into its ESG activities. Highlights, achievements and recognitions in 2024 included:

Green share of generation kept above 80%

- Green share of generation amounting to 81.5% (but 3.5%p lower than in 2023)
- GHG emissions increased by 14.8% in Scope 1 and decreased by 35.6% in Scope 2 compared to 2023
- Carbon Intensity of Scope 1 & 2 GHG declined by 18.4% y/y to 199 g CO_2 eq/kWh based on the updated calculation methodology on GHG emissions
- At year-end 2024, number of EV charging points amounted to 1,091 (+715 y/y)
- Total number of smart meters exceeded 1mn, Ignitis remains on track to complete mass roll-out by 2026
- 100% of group's public and 59.3% of commercial (87.2% of total completed) procurements in 2024 were green
- Employee TRIR up to 1.12 (from 0.79 in 2023), but down for contractors to 0.84 (from 0.93 in 2023)
- Employee satisfaction soared to 65.2 (from 57.5 in 2023)

- For fourth year in row, Ignitis was awarded international Top Employer 2025 Lithuania Certificate for applying highest HR management standards
- In 2024, main governing bodies of group were represented by equal proportion of male and female members, 42% of whom are international members

Increase of number of women in top management positions

- 27.7% women in top management positions (23.1% in 2023); 31.6% of employees in group are women (30.8% in 2023)
- Training hours per employee up from 20.8 in 2023 to 21.3 in 2024
- More than 10,500 schoolchildren participated in presentation about energy led by group employees (up from 6,000 in 2023)
- ESG ratings of ‘AA’ (Leader) from MSCI, ‘B-’ (Prime) from ISS ESG, and score of 21 (Medium risk) from Sustainalytics maintained
- CDP 'B' list for climate related disclosures (scores released in 2024) and 'C' list according to scores released in February 2025
- With score of 68 (Silver), Ignitis is among top 15% of all companies assessed by ecovadis
- Highest ‘A+’ governance score in Lithuania for sixth consecutive year in SOEs Good Corporate Governance Index

“Most Environmentally Friendly Company” and “Workplace of the Year”

- In January 2024, Ignitis was awarded as “Most Environmentally Friendly Company” and “Workplace of the Year” for large companies at National Responsible Business Awards; in January 2025, group was recognized as "A Workplace That Promotes Diversity"

Abbreviated history

1995	AB Lietuvos Energija established, with ownership of electricity transmission and distribution networks, four electricity power plants, heating networks, two thermal power plants.
2001	Assets separated from AB Lietuvos Energija and transferred to other state-owned companies; company remaining only as a transmission system operation (TSO) but also retaining the hydro generation capacities.
2008	The company (to later become Ignitis grupė AB) is incorporated, originally to carry out preparatory works ahead of the previously planned construction of a nuclear power plant.
2010	Becoming owner and operator of the Lithuanian electricity distribution network and the Elektrėnai Complex; subsidiary AB LESTO formed as electricity distribution system operator (DSO).
2011	Lietuvos energija AB established through merger of AB Lietuvos Energija (owner of Kaunas HPP and Kruonis PSHP) and the holding company of the Elektrėnai Complex, marking the end of the process of formation of the group’s power generation unit.
2012	Ministry of Energy owned EPSO-G acquiring TSO from the group
2013	Lietuvos energija AB renamed in AB Lietuvos energijos gamyba, reflecting the underlying generation business (gamyba means “generation” in Lithuanian); legal name of the company incorporated in 2008 changed to Lietuvos Energija UAB.
2014	Acquisition of AB Lietuvos Dujos, the operator of the Lithuanian natural gas distribution network.
2016	Acquisition of the first two wind farms, in Lithuania and Estonia, respectively; Energijos skirstymo operatorius (ESO) established as a result of the merger of AB LESTO and AB Lietuvos Dujos, resulting in the current structure of the group’s Networks segment.
2017	Capital markets debut with the issue of its first (EUR 300mn) green bond.
2018	Acquisition of two additional wind farms in Lithuania.
2019	Legal name of the company changing from Lietuvos Energija UAB to UAB Ignitis grupė with all group companies united under the Ignitis brand; consolidation of the group’s wind assets under UAB Ignitis Renewables.
2020	Issuance of EUR 300mn bond, delisting of ESO and Ignitis Gamyba followed by the largest ever IPO in the Baltics (raised EUR 450mn) with trading on Nasdaq Vilnius and London stock exchanges, commencing operation of Kaunas CHP.
2021	Vilnius CHP WtE unit (20 MW electricity and 70 MW heat) and Pomerania windfarm in Poland (63 MW) starting operations; acquisition of multiple wind farms in Poland, Lithuania and Latvia.
2023	Mažeikiai windfarm in Lithuania (63 MW) commencing operations.
2024	Silesia I windfarm in Poland (50 MW), Tauragė solar farm in Lithuania (22 MW) and Vilnius CHP biomass unit (71 MW electricity and 170 MW heat) commencing operations.

Financials

FY24 earnings summary

Strong operating performance, EBITDA up 8.9%

Ignitis released its FY24 figures on February 26, including a total revenue line coming in at EUR 2,307.0mn, representing a decline of 9.5% compared to the previous year, whereas higher volumes generated and sold could not compensate for negative price effects. The adjusted EBITDA, however, increased by 8.9% to EUR 527.9mn, which also exceeded the market guidance in the range of EUR 480-500mn. The group adjusted EBITDA margin rose by 3.7%p y/y to 22.9%. Net profit arrived at EUR 276.2mn (-13.7% y/y), while EPS amounted to EUR 3.82.

CAPEX of EUR 812mn again exceeding FFO

The company is currently running a heavy investment program. CAPEX amounted to EUR 812.0mn in FY24 after EUR 937.1mn in the previous year and in line with its market guidance ranging from EUR 750mn to EUR 900mn. Green capacities with EUR 434.5mn and Networks with EUR 337.0mn unsurprisingly spent the most. Net cash flow from operating activities amounted to EUR 661.2mn (-17.4% y/y), while the group's FFO came in at EUR 478.6mn (up 23.5% y/y).

Net debt increased by EUR 294.8mn to EUR 1,612.3mn, lifting the ND / adj. EBITDA multiple to 3.1x (it was 2.7x in the previous year). However, the equity ratio remained stable at 43%.

Financials overview (EURmn)

	2020	2021	2022	2023	2024	%ch
Total revenue	1,223.1	1,898.7	4,386.9	2,549.1	2,307.0	-9.5%
Adjusted EBITDA	245.9	332.7	469.3	484.7	527.9	8.9%
Green Capacities	50.4	107.5	252.4	222.6	262.4	17.9%
Networks	137.7	145.4	164.5	180.0	219.9	22.2%
Reserve Capacities	29.3	37.2	34.6	49.9	42.0	-15.8%
Customers & Solutions	26.7	40.6	15.6	30.4	7.1	-76.6%
Other activities and eliminatior	1.8	2.0	2.2	1.8	-3.5	n/m
Adjusted EBITDA margin	24.8%	17.6%	10.9%	19.2%	22.9%	3.7%p
Operating profit (EBIT)	215.0	192.1	387.8	352.2	350.0	-0.6%
EBIT margin	17.6%	10.1%	8.8%	13.8%	15.2%	1.4%p
Adjusted net profit	95.5	162.8	256.0	286.6	277.5	-3.2%
Net profit	170.6	160.2	293.4	320.2	276.2	-13.7%
Net profit margin	13.8%	8.4%	6.7%	12.6%	12.0%	-0.6%p
Investments	346.8	234.9	521.8	937.1	812.0	-13.3%
FFO	309.4	299.4	484.1	387.4	478.6	23.5%
FCF	5.1	-240.6	17.3	-212.4	-193.9	8.7%
Equity ratio	46%	44%	40%	43%	43%	0%p
Net debt/Adjusted EBITDA	2.4x	2.9x	2.1x	2.7x	3.1x	0.3x

Source: Ignitis, Erste Group Research

Green Capacities portfolio increased to 8.0 GW

In FY24, Ignitis expanded its Green Capacities portfolio from 7.1 GW to 8.0 GW. Installed capacities increased from 1.3 GW to 1.4 GW, while secured capacities went up from 2.9 GW to 3.1 GW. Key achievements include commencing operations of Silesia Wind Farm I in Poland (50 MW), Vilnius CHP biomass unit in Lithuania (71 MWe and 170 MWth) and Taurage Solar Farm in Lithuania (22 MW). Silesia Wind Farm II (137 MW) in Poland and Kelme in Lithuania (300 MW) supplied the first power to the grid and will reach full commercial operations in the course of FY25.

Outlook for FY25: adj. EBITDA of EUR 500-540mn

For FY25, Ignitis expects an adjusted EBITDA in the range of EUR 500-540mn and investments in the range of EUR 700-900mn.

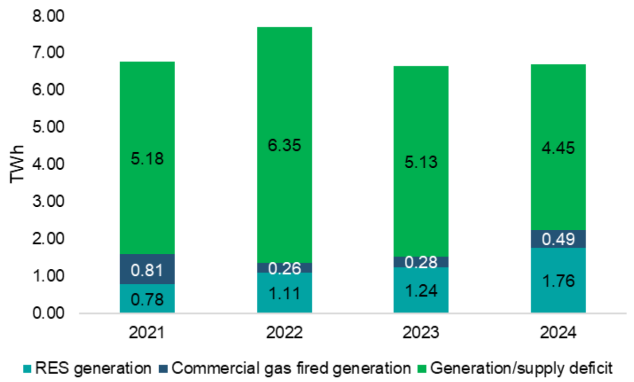
Segments

Integrated group structure important for development

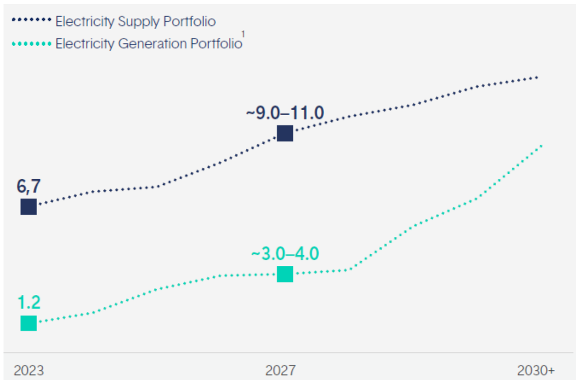
Ignitis' core businesses are with an almost equal share the Green Capacities segment (1.4 GW capacities, 1.8 TWh RES and 0.5 TWh pump-hydro production) and Networks segment (EUR 1.8bn RAB in Lithuania). The two segments generate 50% and 42% of group adj. EBITDA in 2024.

The supply segment accounted for only 1% of adj. EBITDA in 2024 with a low margin, due to unfavorable prosumer regulations and other regulatory and competitive challenges, but is an important element for the expansion in RES. The company supplies 6.7 TWh of electricity (plus 6.9 TWh of natural gas) to end customers in the Baltics, Finland and Poland. Supply volume is thus ~5 TWh larger than its generation excluding opportunistic assets (pumped-hydro, natural gas fired sources). This provides space to expand RES capacities by up to 2.2 GW while securing internal contracts with the supply arm. Ignitis' long-term strategy in retail is the gradual conversion of natural gas consumption to electricity via electrification, which should support further growth of the electricity business. End-customer contracts are typically fixed for 'only' 6-36 months, but the company has a strong market position (over 70% share in its home market). In the Baltics, it competes mainly with regional incumbents Eesti Energia (or Enefit, EE) and Latvrenergo (or Elektrum, LV).

Generation 4-5 TWh below supply



Long-term generation growth potential (TWh)



Source: Ignitis, Erste Group Research, excluding pumped-hydro volumes

The Reserve Capacities segment has an 8% adj. EBITDA share. The natural gas-fired power plants (1.06 GW, 0.5 TWh production) earn minor regulated income and sell electricity in short-term (mainly balancing) markets, when generation spreads (CSS) are positive.

Ensuring production profile stability through flexible assets

Reserve Capacities are, together with pumped-hydro (in the RES segment), strategically important, as Ignitis is able to keep its group production profile stable. In total, the company has 2.2 GW of flexible capacity, which is projected to grow to 2.6 GW (including 0.3 GW batteries) by us by 2028e. This compared to 0.4 GW of installed intermittent RES, which we expect to grow to 1.7 GW by 2028e. While batteries usually provide 2-4 hours of output, Ignitis' pumped-hydro provides up to 12 hours and CCGT can also cover events like 'dunkelflaute'.

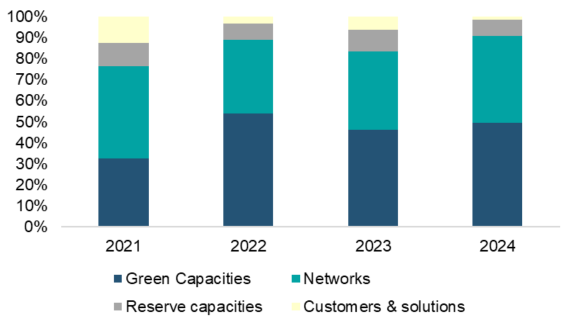
2022-24: RES expansion and grid investments offset cooling prices

Ignitis' adjusted EBITDA grew by mid-single digits in the last two years, after a 40% jump in 2022, thanks to high prices and pumping margins in the Green Capacities segment. The Green Capacities segment has been virtually stable since 2022, as cooling electricity prices are offset with growing capacities. Ignitis has added 206 MW (17%) in wind, biomass and PV capacities since 2022.

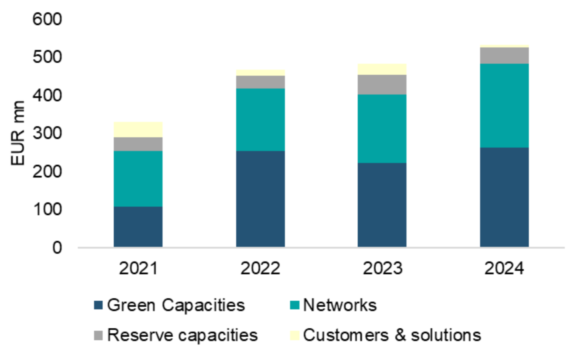
The Networks segment showed a 15% 3Y adj. EBITDA CAGR in 2021-24, on the back of high investments (8% 3Y RAB CAGR) and changes in the methodology of regulated income calculation, with almost stable WACC.

The Reserve Capacities segment fluctuated depending on the situation in short-term markets (20-40% of its EBITDA is regulated), while the supply segment was under pressure due to the jump in wholesale prices and a takeover of customers from a departing competitor with unfavorable long-term contracts. Booming residential PV (prosumers) with net metering systems also weighed on the supply result in 2024.

Adj. EBITDA structure by segment



Adj. EBITDA development by segment



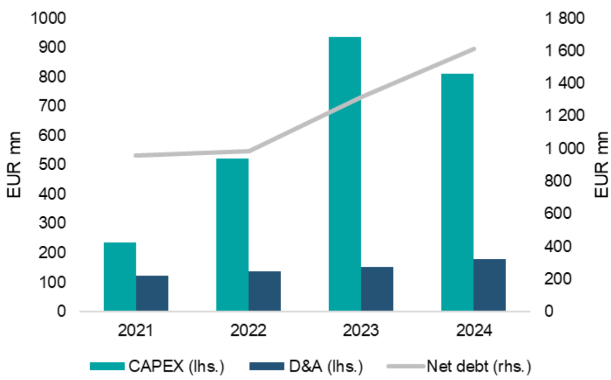
Source: Ignitis, Erste Group Research

Ignitis significantly increased investments in the last three years, from EUR 0.2-0.3bn to EUR 0.5-0.9bn. CAPEX in grids grew from EUR 0.2bn to EUR 0.3bn, while the company invested a total of EUR 1.2bn in RES in 2022-24. Regular D&A thus grew from EUR 123mn in 2021 to EUR 178mn in 2024 and is set to grow further as the under-construction assets move to operating assets.

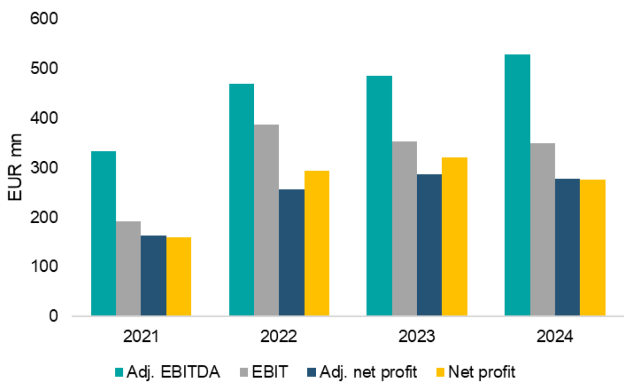
Net debt increased with leverage in relatively stable manner, thanks to growing EBITDA

Net debt increased from EUR 1.0bn to EUR 1.6bn by 2024, while leverage stayed around 3x ND/EBITDA, thanks to growing EBITDA. Net financial costs stayed low, thanks to high income on cash reserves in 2023-24, which offset growing interest costs. Capitalized interest was relatively low, in only mid-single-digit EUR mn. Overall, **adjusted net profit grew at a 19.5% CAGR in 2021-24** as a result of solid EBITDA increases and a somewhat delayed increase in D&A and interest costs.

2021-24 CAPEX, D&A and ND



2021-24 bottom line



Source: Ignitis, Erste Group Research

P&L adjusted vs. reported

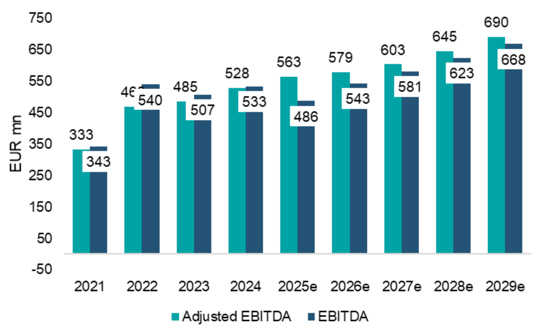
Adjusted EBITDA to look at

Ignitis reports adjusted P&L figures including EBITDA, EBIT and net profit in addition to “GAAP” numbers. The company adjusts EBITDA for:

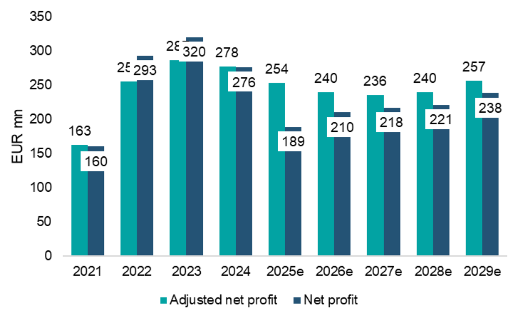
- Costs/income from ‘temporary regulatory differences’ for regulated businesses (networks, parts of B2C supply and system services including isolated system operation service)
- Significant one-offs such as the recent accounting of Polish CfDs

On the net profit level, the company further adjusts results for one-offs in the financial result (e.g. revaluation of investment funds) and for the estimated impact of adjustments on the tax (usually using Lithuanian nominal CIT as a proxy).

Reported and adjusted EBITDA forecast



Reported and adjusted net profit forecast



Source: Ignitis, Erste Group Research

The regulatory differences arise when actual revenues/costs or ROI are above/below values set by the regulator due e.g. to differences in volumes or costs of purchased energy for supply at regulated prices. Such a difference is usually corrected in the regulated tariff in the following periods. There are also certain regulatory differences from previous years, which will be settled over a longer-term period, due to their size. They arose primarily from a change in the methodology of the RAB/return calculation in the networks segment in 2021 (for a period 2018-21) and from significant fluctuations in natural gas costs in the supply segment during the energy crisis.

Difference between reported and adjusted EBITDA expected to increase in 2025

Ignitis currently reports EUR 281mn off-balance sheet liabilities from regulatory differences, which should flow to its P&L in the future, **some EUR 78mn in 2025**. The biggest part of the sum is EUR 160mn in the networks business, where Ignitis agreed to a payment schedule for years 2024-31 with regulator (NERC). The schedule was recently shortened from the original 10Y period, which should lead to a y/y increase in the difference between reported and adjusted EBITDA in networks. There is also EUR 90mn in on-balance sheet liabilities.

Regulatory liabilities as of YE24

EUR mn	Off-balance sheet	On-balance sheet
Distribution	288	
Natural gas supply	-7	
Electricity supply		1
System services		90
Total	**281**	**90**

Source: Ignitis AR, Erste Group Research

Overall, the GAAP numbers are usually closer to actual cash flows, while the adjusted numbers usually better reflect underlying mid- to long-term business trends. One thus should consider both figures.

The difference is usually biggest in the networks segment, due to its size and the fact that it is fully regulated, followed by the supply segment. Adjustments in generation segments are usually insignificant.

Outlook usually based on adjusted EBITDA figures

The company usually refers to adjusted numbers and its annual guidance (for EBITDA, etc.) is also for the adjusted figures. We comment on the adjusted numbers as well in our assumptions and forecasts, while we also show the estimated GAAP numbers. Our balance sheet estimates and valuation reflect the expected impact from the above-mentioned regulatory liabilities.

Assumptions and forecasts

Green Capacities

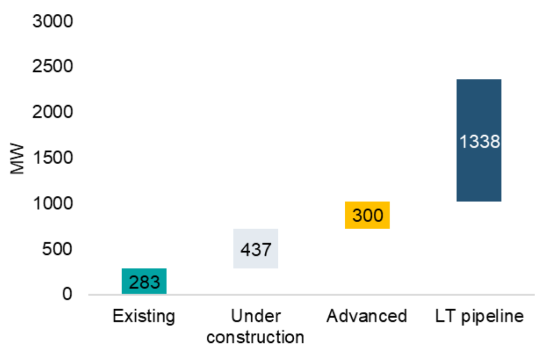
Installed capacities in Green Capacities segment to increase to 2.4 GW by YE26

Ignitis currently has 874 MW of onshore wind/PV and 110 MW of pumped hydro under construction. Ongoing projects should increase installed capacities in the Green Capacities segment from 1.4 GW to 2.4 GW by YE26.

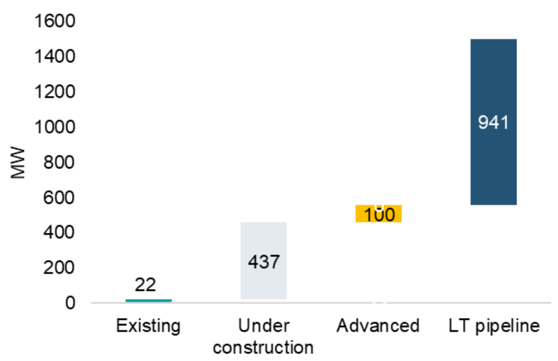
There is an additional 0.7 GW of projects in the advanced development stage with secured connection agreements, including approx. 0.3 GW onshore wind, 0.1 GW PV and up to 0.3 GW batteries.

Another 4.8 GW early development pipeline includes 1.7 GW offshore wind projects. Note that Ignitis calls the 0.7 GW first Lithuanian offshore project Curonian Nord as 'awarded/contracted', since it was awarded a license and secured a grid connection. There is, however, no secured offtake for the project and FID is expected in 2027 at the earliest.

Onshore wind portfolio



PV portfolio



Source: Ignitis, Erste Group Research

RES capacities to grow 3.5x by 2029e

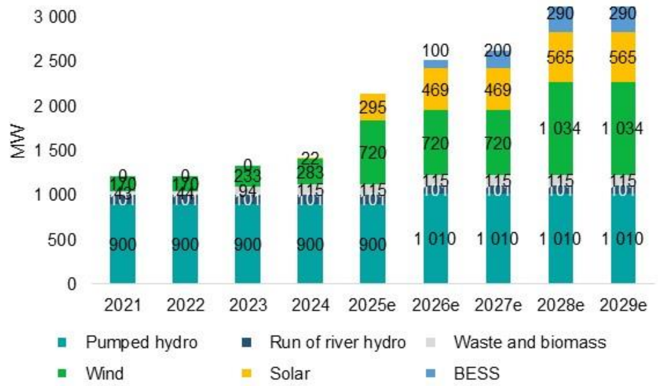
We include 1.0 GW in under-construction projects, plus the 0.7 GW advanced pipeline in our model. We see realization of the 290 MW BESS as likely. Lithuania recently launched a BESS investment subsidy program of up to 30%/EUR 0.15mn/MWh (budget of EUR 180mn for ~1.2 GWh capacity). The project should be realized within 36 months from the tender finalization in June 2025. We also see onshore wind and PV investments as approx. NPV break-even or slightly positive for Ignitis on a merchant basis, as it is well-positioned thanks to its ownership of flexible generation and vertical integration in supply. This should allow better net capture prices and lower cost of debt vs. pure RES developers.

Production from RES to grow on average by 20% until 2029e

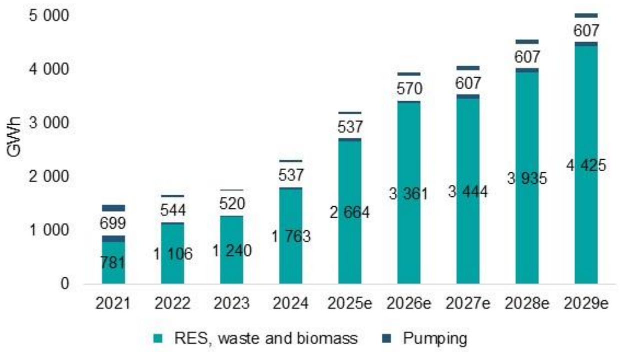
Overall, we forecast production from RES (ex-pumping and BESS) **growing at a 20% 5Y CAGR from 1.8 TWh to 4.4 TWh in 2029e,** on the back of a more than tripling of capacities from 0.5 GW to 1.8 GW.

Generation from pumped hydro is forecast to increase from 0.5 TWh to 0.6 TWh, thanks to 110 MW new capacity by YE26e, and we assume the addition of 290 MW BESS. BESS could produce some 0.2 TWh illustratively, but this volume is not shown in the chart below (we use a simplified assets x ROI approach to BESS economics).

Green Capacities segment capacities forecast



Green Capacities production forecast (ex-BESS)



Source: Ignitis, Erste Group Research

Offshore wind is currently not viable without long-term external PPAs or CfDs. Ignitis has licenses for projects in Lithuania (51% in a JV for 0.7 GW with Ocean Winds) and Estonia (1.0-1.5 GW in a 50/50 JV with CIP) without awarded CfDs. An auction for only 2 TWh CfDs should take place in Estonia only in 2026. Ignitis also considers participation in Lithuania's second offshore auction for 0.7 GW capacity, which optionally offers 15Y CfD, with a maximum price at EUR 125.7/MWh. The tender is, however, suspended, and its terms are being reviewed by the government.

Overall, offshore wind still seems a bit of a distant story as governments in the Baltics weigh its relatively high costs and the power-to-X (namely to-hydrogen) story is at best at the very beginning. Datacenter demand could be a nearer-term driver, but the current geopolitical situation may temper hyperscaler's appetite for some time.

Prices will be drag on growth

Ignitis is hedging production from RES using mid- to long-term PPAs and CfDs, while the majority of PPAs are internal with the supply segment. The company aims to hedge up to 60-70% of production mid-term.

Declining electricity prices

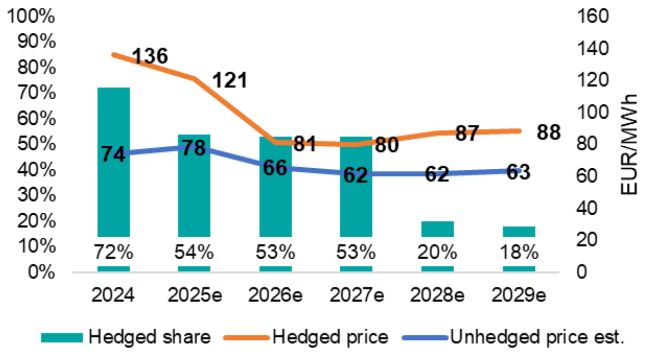
Ignitis reported a high hedged price of EUR 136/MWh for 72% of production in 2024, which declines to EUR 80/MWh for 53% of production by 2027. The company also hedged about one fifth of production at levels that we estimate at EUR 85-90/MWh via Polish CfDs and one jumbo PPA in the long term.

15% discount for unhedged volumes incorporated in our model

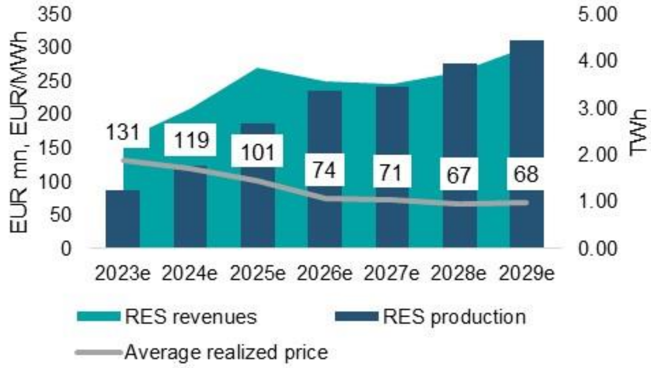
For unhedged volumes, we forecast prices at a 15% discount to day-ahead market prices in the Baltics. Such a level is slightly below the market average and reflects our positive view on Ignitis' integrated business model. We expect that prices in the Baltics will decline from around EUR 90/MWh in 2024-25e to around EUR 75/MWh mid-term, due to lower global natural gas prices and fast-growing regional RES production. While we expect quite healthy demand growth thanks to 'standard' electrification (EVs, heat pumps…), we are cautious in terms of the more distant drivers (H2/e-fuels, datacenters).

Our capture market price for unhedged RES arrives at EUR 62-66/MWh mid-term, assuming the average shape discount of 15% vs. the DAH price. We thus forecast Ignitis' realized price from RES declining from the estimated EUR ~120/MWh in 2024 to EUR 68/MWh in 2029e. Please note that the company does not disclose average realized prices, but only prices for hedged volumes.

Prices and hedged share of production forecast (actual hedging disclosed for 2025-27)



RES average realized price and revenue forecast



Source: Erste Group Research, excluding pumped hydro and BESS

Pumping is important RES margin contributor

The Green Capacities segment earns a good part of EBITDA from other sources. A key additional margin contributor is - we believe - pumped hydro, where the company earns a spread between electricity selling and the purchase price. Other contributors are heat and waste incineration revenues from its two CHP plants (fired with biomass and waste) or revenues from system services. Ignitis does not disclose revenues or margins for the 'subsegments'; we thus rely on our own estimates.

Pumped hydro as tool for hedging capture prices from RES

We estimate the pumping margin within EUR 70-100mn on 0.5 TWh production in the last three years, significantly above EUR <50mn in the past. The increase results clearly from the growing share of RES in the system and high price volatility (especially in 2022). We conservatively estimate a pumping margin close to EUR 70mn going forward, with about a EUR 9mn increase in 2026-27e, thanks to the commissioning of 110 MW additional pumping capacity. Pump hydro is, however, mainly a tool for hedging capture prices from RES, in our view. Heat and incineration revenues (both regulated) account for some EUR 80mn revenues in 2025e in our model and we simply run them with CPI.

For the forecasted addition of 290 MW / 870 MWh of BESS, we assume 7.0% ROI, slightly above company WACC, as the technology is currently around break-even and is difficult to estimate. This results in EUR 42mn EBITDA by 2029e, on total CAPEX of EUR 305mn after subsidies.

Moderate growth of adj. EBITDA in Green Capacities assumed

In total, we estimate moderate growth of adj. EBITDA in the Green Capacities segment at 4.2% 5Y CAGR in 2024-29e, as additional capacities and modelled profitability of BESS outweigh the relatively steep decline of realized RES prices from a high level.

Green Capacities P&L forecast

EUR mn	2021	2022	2023	2024	2025e	2026e	2027e	2028e	2029e
Installed capacity (MW)	**1 214**	**1 215**	**1 328**	**1 421**	**2 121**	**2 505**	**2 605**	**3 105**	**3 105**
Pumped hydro	*900*	*900*	*900*	*900*	*900*	*1 010*	*1 010*	*1 010*	*1 010*
Run of river hydro	*101*	*101*	*101*	*101*	*101*	*101*	*101*	*101*	*101*
Waste and biomass	*43*	*44*	*94*	*115*	*115*	*115*	*115*	*115*	*115*
Wind	*170*	*170*	*233*	*283*	*720*	*720*	*720*	*1 034*	*1 034*
Solar	*0*	*0*	*0*	*22*	*285*	*459*	*459*	*555*	*555*
BESS	*0*	*0*	*0*	*0*	*0*	*100*	*200*	*290*	*290*
Production (GWh)	**1 480**	**1 650**	**1 760**	**2 300**	**3 198**	**3 921**	**4 042**	**4 533**	**5 023**
RES, waste and biomass	*781*	*1 106*	*1 240*	*1 763*	*2 661*	*3 351*	*3 435*	*3 925*	*4 416*
Pumping	*699*	*544*	*520*	*537*	*537*	*570*	*607*	*607*	*607*
RES hedged price (EUR/MWh)	87	105	143	136	121	81	80	87	88
RES hedged production	54%	54%	81%	72%	54%	53%	53%	20%	18%
RES unhedged price estimate (EUR/M	78	207	80	74	78	66	62	62	63
RES average realized price estimat	**83**	**152**	**131**	**119**	**101**	**74**	**71**	**67**	**68**
RES est. revenues	65	168	163	209	270	248	245	263	300
Heat and waste revenues	29	48	57	73	79	81	83	85	87
Pumped hydro est. margin	43	99	68	85	72	76	81	81	81
BESS margin	0	0	0	0	0	11	25	38	42
O&M, biomass and other costs	-30	-64	-66	-106	-143	-153	-160	-171	-187
Adj. EBITDA	**108**	**252**	**223**	**262**	**278**	**263**	**274**	**296**	**323**
EBITDA adjustments	0	1	0	11	2	2	2	2	2
EBITDA	**107**	**253**	**223**	**273**	**280**	**265**	**276**	**298**	**325**

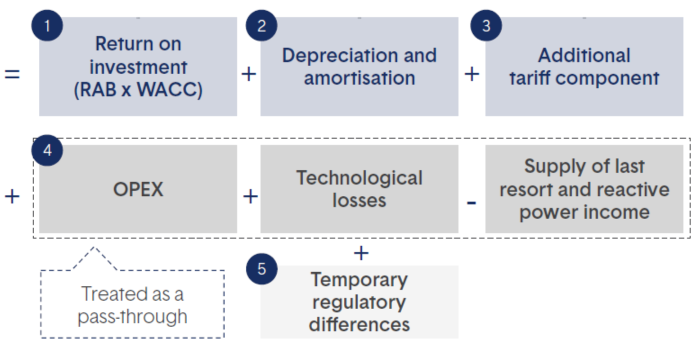
Source: Erste Group Research, Ignitis; Lines below 'RES hedged production' and above 'Adj. EBITDA' are Erste estimates also for 2022-24

Networks

40% CAPEX increase for 10Y period

The networks segment ("ESO" subsidiary) operates electricity and gas distribution networks in Lithuania, where it has a natural monopoly position (99.5% market share). The segment earns fully regulated income based on the regulated assets base (RAB) and regulated return (WACC), with five-year regulatory periods. ESO also acts as a supplier of last resort.

Distribution allowed revenue regulation



Source: Ignitis, Erste Group Research

Distribution RAB and WACC for 2025

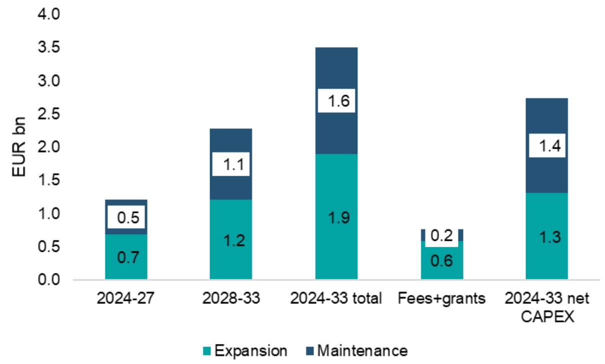
EUR mn	RAB 25' 2025	WACC 25' 2025	Regulatory period
Electricity	1541	5.82%	2022-26
Natural gas	254	5.64%	2024-28
Total/WA	**1795**	**5.79%**	

Investments follow 10Y investment plans approved by the regulator, while WACC is set annually and is mainly a function of historical 10Y government bond yields and the average cost of debt of the grid operator. The regulator recently approved Ignitis' updated investment plan, which calls for an approx. 40% CAPEX increase from EUR 2.5bn (for 2022-31) to EUR 3.5bn for 2024-33.

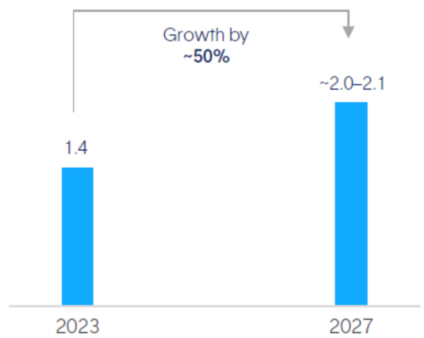
Network CAPEX increasing in mid-term

Average annual network CAPEX thus should amount to EUR 0.3bn until 2027 and increase towards EUR 0.4bn after 2027 (some 22% of CAPEX is covered by fees/grants and does not enter RAB). This is well above the current regulatory D&A of EUR 0.1bn and will lead to high single-digit RAB growth. The company expects EUR 2.0-2.1bn RAB by 2027e and **we forecast 8.4% 5Y RAB CAGR in 2024-29e (to EUR 2.4bn in 2029e).**

10Y networks CAPEX plan



Ignitis RAB outlook 2023-27 (EUR bn)



Source: Ignitis, Erste Group Research

The planned increase in CAPEX results from the fast increase in RES capacities in Lithuania and from targeted investments in smart grids. ESO expects 9.8 GW of new RES, 2.3 GW of prosumer capacities, 1.1 GW of energy storage, 20% share of heating with heat pumps, 15% share of EVs in car parks (from 0.1%) and a resulting 100% increase in electricity consumption in Lithuania by 2030. **Key investment areas are:**

- ~280k new connections and upgrades in 2024-27
- Over 1.2mn smart meters by 2026 (0.7mn in YE23 and 1.0mn in YE24)
- NW automation increase from 57% in 2023 to 66% in 2027
- SAIFI indicator decrease from 1.23 in 2023 to below 1.05

WACC lifted to 5.8% for 2025

Regulatory return (WACC) was **increased from 5.1% to 5.8%** for 2025, thanks to 0.9pp higher risk-free rate and 0.3pp higher ESO cost of debt. We run WACC almost stable in the long-term, based on a 3.0% modeled long-term risk-free rate and 3.5% cost of debt.

Regulated WACC calculation for electricity

	2023	2024	2025	2026e	2027e	2028e	2029e
Risk free rate	1.4%	2.9%	3.8%	3.4%	3.2%	3.0%	3.0%
Equity beta	0.78	0.77	0.78	0.78	0.78	0.78	0.78
Equity risk premium	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Cost of equity	**5.3%**	**6.7%**	**7.7%**	**7.3%**	**7.1%**	**6.9%**	**6.9%**
Cost of debt	2.1%	2.3%	2.6%	2.9%	3.2%	3.5%	3.5%
CIT	15%	15%	16%	16%	16%	16%	16%
After-tax cost of debt	**1.8%**	**2.0%**	**2.2%**	**2.4%**	**2.7%**	**2.9%**	**2.9%**
Debt weight	50%	50%	50%	50%	50%	50%	50%
Post-tax WACC	3.5%	4.3%	4.9%	4.9%	4.9%	4.9%	4.9%
Pre-tax WACC	**4.2%**	**5.1%**	**5.9%**	**5.8%**	**5.8%**	**5.9%**	**5.9%**

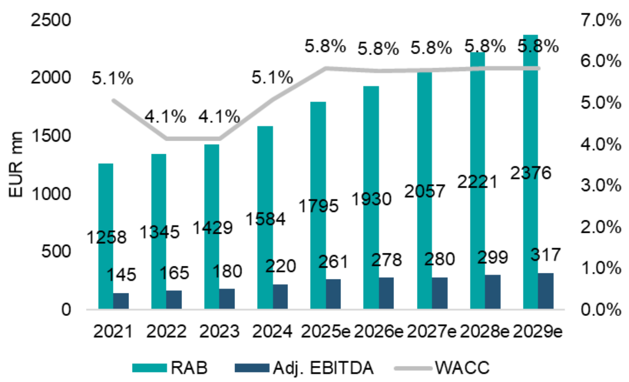
Source: Ignitis, Erste Group Research

The regulator also provides an additional tariff in 2024-31 to support the ESO CAPEX program. The additional tariff component in our view somehow offsets gradual repayments of EUR 160mn in the regulatory difference from past years (see ‘P&L adjusted vs. reported’ chapter).

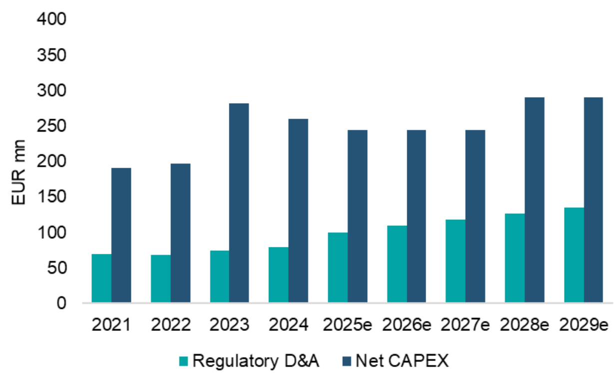
Importantly, in the case of ESO, leverage exceeds 5.5x ND/adj. EBITDA; the additional tariff is increased to compensate for the difference.

Temporary fluctuations from the approved regulated return result from changes in distributed volumes and technological losses. Overall, we forecast regular annual growth in the networks segment and a **7.6% 5Y adj. EBITDA CAGR in 2024-29e.**

Networks RAB and adj. EBITDA forecast



Networks CAPEX and D&A forecast



Source: Ignitis, Erste Group Research; WA WACC

Networks P&L forecast

EUR mn	2021	2022	2023	2024	2025e	2026e	2027e	2028e	2029e
RAB	1258	1345	1429	1584	1795	1930	2057	2221	2376
WACC	5.1%	4.1%	4.1%	5.1%	5.8%	5.8%	5.8%	5.8%	5.8%
Regulatory D&A	69	68	75	79	100	110	118	126	136
Net CAPEX	191	197	282	261	245	245	245	290	290
Regulatory return+D&A	133	123	134	160	204	221	237	256	274
Additional tariff and other differences	13	41	46	60	56	56	43	43	43
Adjusted EBITDA	**145**	**165**	**180**	**220**	**261**	**278**	**280**	**299**	**317**
EBITDA adjustments	23	-17	112	-17	-79	-38	-24	-24	-24
EBITDA	**169**	**148**	**292**	**203**	**182**	**240**	**255**	**275**	**293**

Source: Ignitis, Erste Group Research

Other segments – small profits, but strategically important

Reserve Capacities and Customers & Solutions only marginally contributing to operating result

While the **Reserve Capacities** and **Customers & Solutions** segments are important for Ignitis in terms of stabilization/vertical integration of the business, they are in terms of "business as usual" only small EBITDA contributors.

Reserve Capacities consist of 2 x 300 MW older natural gas/oil-fired units (one refurbished, the second refurbished by 2Q26) and one modern 455 MW CCGT. Some 0.9 GW was provided for isolated system operation services to the TSO in the last few years and the remuneration basically covered D&A plus a small profit.

The CCGT also earns a margin from commercial activities in the case of positive CSS. The commercial margin was relatively high in 2022-24 and we model it at a slightly lower level from 2025e, to be on the conservative side. This is, however, offset with higher expected volumes.

The Baltic states have launched a common balancing capacity market after the **disconnection of regional grids from Russia/Belarus on February 9, 2025,** and synchronization with continental Europe. Ignitis reports growing volumes after the synchronization, though possibly with lower unit margins. It is also expected that balancing volumes will grow with the expansion of intermittent RES sources. Ignitis' 2025 guidance calls for higher Reserves Capacities segment EBITDA in 2025, while we keep it approximately flat in our forecast.

Reserve Capacities P&L forecast

EUR mn	2021	2022	2023	2024	2025e	2026e	2027e	2028e	2029e
Total capacity (MW)	1055	1055	1055	1055	1055	1055	1055	1055	1055
Electricity production (GWh)	820	270	310	520	766	766	766	766	766
Gross margin commercial (EUR/MWh)	28	83	40	51	40	40	40	40	40
Electricity margin	**22**	**21**	**39**	**30**	**32**	**32**	**32**	**32**	**32**
Reserve and isolated regime service ca	891	891	891	891	891	891	891	891	891
Regulatory D&A	14	13	11	11	11	11	11	10	10
Regulated margin	**15**	**14**	**11**	**12**	**12**	**12**	**12**	**11**	**11**
Adjusted EBITDA	**37**	**35**	**50**	**42**	**44**	**44**	**43**	**43**	**43**
EBITDA adjustments	2	3	0	0	0	0	0	0	0
EBITDA	**39**	**38**	**50**	**42**	**44**	**44**	**43**	**43**	**43**

Source: Ignitis, Erste Group Research

6.7 TWh of electricity and 6.9 TWh of natural gas to end customers

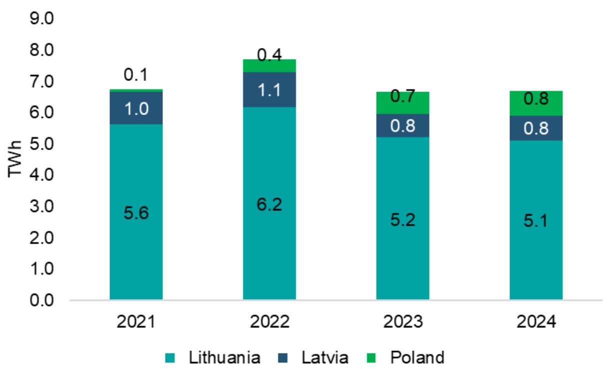
The supply segment (Customers & Solutions) sells 6.7 TWh of electricity and 6.9 TWh of natural gas to end customers in Lithuania and to a lesser extent in the Baltics, Finland and Poland. It also trades in Baltic power exchanges and sells production from company RES sources.

In natural gas, the company was designated supplier, keeping sufficient capacity utilization at the Klaipeda LNG terminal (import of at least four cargoes annually) until the end of 2024. Ignitis thus has long-term LNG supply contracts but also purchases SPOT cargoes and acquires volumes through the GIPL interconnector with Poland and uses the underground natural gas storage of Inciukalns in Latvia. During the energy crisis in 2022, Lithuania **cut its natural gas purchases from Russia**, but the access to the LNG terminal led to an increase in supplied gas volumes to the whole region.

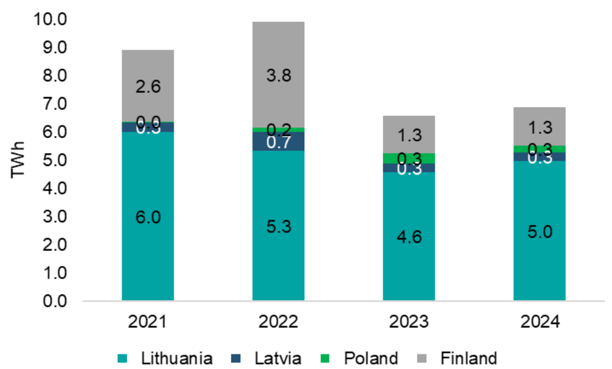
Market share decline in electricity B2C due to deregulation

The company (as an incumbent) saw some market share decline in electricity B2C during gradual deregulation of the segment (B2B was deregulated back in 2004). Customers with electricity consumption over 5 MWh were deregulated in 2021, followed by customers with over 1 MWh in 2022. The last wave of deregulation is expected to take place in 2026.

Electricity supply by country



Natural gas supply by country



Source: Ignitis, Erste Group Research

Regulated B2C volumes already account for only about 0.4 TWh / 6% of volumes; deregulation thus should not have a larger impact next year.

Ignitis offsets lower B2C with a takeover of B2B customers from a departing competitor in Lithuania and with successful expansion in Poland. Ignitis currently holds about a 66% market share in B2C and about a 44% share in B2B in its home market. The number of relevant/big competitors is limited to a few names, mainly incumbents from Estonia and Latvia.

In natural gas (B2C supply is regulated in Lithuania), Ignitis' volumes to Finland plummeted in 2023, due to damage to the pipeline between Estonia and Finland 2023 (by Chinese ship anchor). Apart from that, lower gas supply volumes in Baltics in 2023/24 were a result of the energy crisis (reduced gas use) and in 2023 also due to a mild winter.

Volatile results due to turbulent natural gas market

Segment results have been volatile, due to exposure to the turbulent natural gas market (including large up/down revaluation of inventories in 2022/23), delayed effects of wholesale electricity prices, and in the last two years there was a negative impact from booming residential PV (prosumers) with net metering systems. Installed PV capacity via distribution grids reached 2.15 GW by YE24, up from 0.57 GW in 2023 and from only 0.26 GW in 2022.

Ignitis provided guidance for declining supply EBITDA in 2025 from an already low level, due to further impact of net metering system for prosumers. We also include costs related to expansion of EV charging points. We thus model lower than 2% gross margin in 2025e, followed by a return to the standard level (we assume 5%) from 2027e. The EBITDA margin should recover only gradually as growing use of EV charging needs to offset related OPEX and the net metering system is a drag.

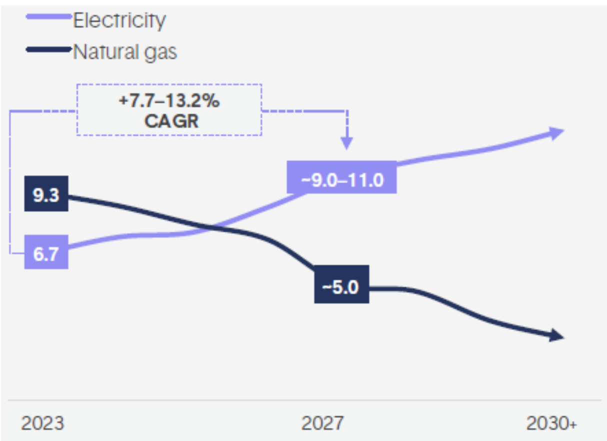
Rolling out of installation of up to 2,000 EV charging points

Ignitis is currently rolling out the installation of up to 2,000 EV charging points (approx. 50% market share targeted) in the Baltics by 2028. We model approx. 2,300 charging points by 2029e, with the gross margin gradually/conservatively reaching 5% by 2028e.

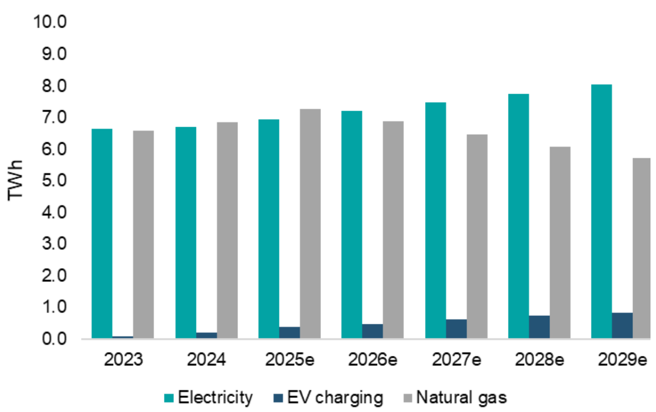
The company targets an increase in electricity supply volumes by some 30-60% to 9-11 TWh by 2027, mostly via electrification, i.e. conversion of natural gas volumes to electricity and growing use of EVs.

We currently assume a 4% growth rate for the Lithuanian electricity market and slightly slower growth for Ignitis, due to gradual market share erosion in B2C. Public EV charging is difficult to estimate, but we believe that ~1.0 TWh volume by 2029 is possible. This provides total electricity supply of ~8 TWh in 2027e and ~9 TWh by 2029e.

Ignitis supply targets (NG incl. trading)



Erste supply volume forecast (w/o trading)



Source: Ignitis, Erste Group Research

Overall, we are cautious with estimates for the supply segment, as it is under pressure from prosumers, who enjoy favorable conditions in Lithuania. Ignitis also invests heavily (CAPEX and OPEX) in EV charging with an unclear payback period. **We thus expect a EUR 16mn adjusted EBITDA loss in 2025e, followed by an only gradual recovery to EUR 12mn by 2029e**, while e.g. abolishment of the net metering system could improve our outlook. We see the value of the segment more in customer relations than in outright profit generation.

5.5% 5Y group adjusted EBITDA CAGR forecasted

Increase in RES production to compensate for declining power prices

Ignitis has a large pipeline of RES projects nearing completion and we add a 0.7 GW advanced development pipeline in our forecast. The resulting 20% RES production CAGR in our estimates outweighs the declining power prices (from EUR ~120/MWh in 2024e to EUR ~68/MWh in 2029e) in the RES segment.

>8% 5Y CAGR in RAB assumed

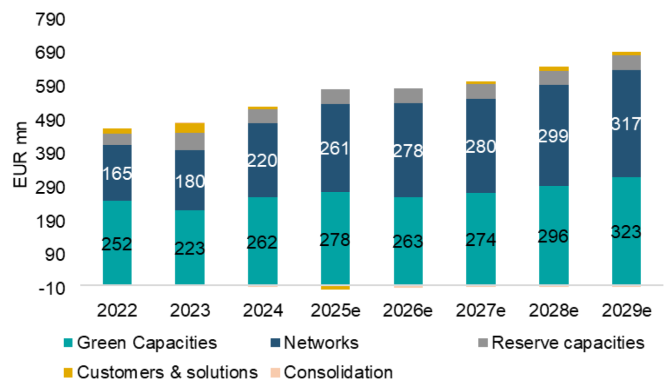
The regulated networks business (42% adj. EBITDA share) benefits from 3-4x higher CAPEX than D&A until 2033e, resulting in over an 8% 5Y CAGR in RAB. Regulated WACC seems to reflect current market rates and is assumed to be stable. Ignitis' only weaker business is supply, where we foresee continued difficult regulatory (in terms of prosumers) environment.

Overall, we forecast a 7% adj. EBITDA increase in 2025e (above the high end of the company guidance) thanks to higher RAB and WACC in networks and growing RES production. Also, electricity prices in the Baltics should stay relatively high this year, due to the damaged Estlink 2 connector between Estonia and Finland in 1H25.

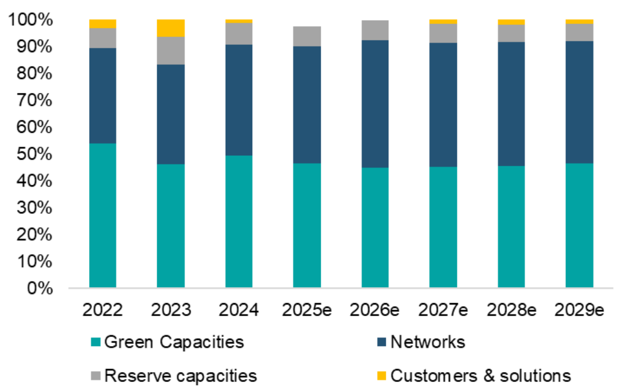
0.7 GW advanced pre-FID projects included in our model

In the mid term, we estimate 5.5% 5Y adj. EBITDA CAGR for 2024-29e, driven by networks CAPEX and the forecast 20% RES production CAGR. We have made an exception to our standard approach and included the 0.7 GW advanced pre-FID projects in our model, as Ignitis has a sound business model and good track record. Our price estimates are based on disclosed hedging for 2024-28e and on our electricity price estimate of EUR 75/MWh in the Baltics by 2029e and 15% RES profile discount.

Adj. EBITDA forecast by segment



Adj. EBITDA forecast share by segment



Source: Ignitis, Erste Group Research

Electricity price and volume sensitivities

Ignitis is a well-diversified business, where volatility in individual businesses should often offset one other. For example, weaker RES production due to weather means usually higher pumping / reserve capacities profits. Also, the generation and supply businesses to some small extent offset each other in terms of prices/margins (here, Ignitis needs to close the generation gap). The expected mid-term decrease in market electricity prices due to the growing share of RES is 'hedged' with high investments (thus, EBITDA growth) in networks. The three businesses should also hedge each other in the case of regulatory changes. Ignitis thus has (in our view) quite a resilient business profile.

Business model sensitive to electricity prices and production volumes

Still, the business is sensitive to mid- and long-term electricity prices; also, sensitivity to production volumes will grow with growing RES production. Another driver is e.g. the regulatory WACC in the networks business (assuming that NW CAPEX is 'fixed' for the long-term). Our sensitivity analysis to market electricity prices (for unhedged volumes) and production volumes shows:

- EBITDA sensitivity to volumes of 0.2:1 in 2025e, rising to **0.4:1 in 2029e**
- EBITDA is more sensitive to prices, with 0.6:1 ratio in 2025e **and 0.5:1 ratio in 2029e**

The stable sensitivity to market prices seems a bit counterintuitive, due to the relatively high share of hedged production in 2025e, but has something to do with the overall price levels. Overall, Ignitis' EBITDA shows lower sensitivity to prices than 'usual' merchant power producers.

Adj. EBITDA sensitivities for 2025e

		Market electricity price				
		-10%	-5%	0%	5%	10%
RES production	-10%	523	539	555	570	586
	-5%	527	543	559	575	591
	0%	531	547	563	579	595
	5%	535	551	567	584	600
	10%	539	555	572	588	605

		-10%	-5%	0%	5%	10%
RES production	-10%	-7%	-4%	-2%	1%	4%
	-5%	-6%	-4%	-1%	2%	5%
	0%	-6%	-3%	0%	3%	6%
	5%	-5%	-2%	1%	4%	7%
	10%	-4%	-1%	2%	4%	7%

Source: *Erste Group Research*

Adj. EBITDA sensitivities for 2029e

		Market electricity price				
		-10.0%	-5.0%	0.0%	5.0%	10.0%
RES production	-10%	630	647	663	680	696
	-5%	642	659	677	694	711
	0%	654	672	690	708	726
	5%	666	685	703	722	740
	10%	678	697	717	736	755

		-10%	-5%	0%	5%	10%
RES production	-10%	-9%	-6%	-4%	-1%	1%
	-5%	-7%	-4%	-2%	1%	3%
	0%	-5%	-3%	0%	3%	5%
	5%	-3%	-1%	2%	5%	7%
	10%	-2%	1%	4%	7%	9%

For networks WACC, a 50bp change in our risk-free rate estimate (now at 3.0% from 2028e) changes group adj. EBITDA estimate by 1.9%.

Bottom line to reflect higher D&A

Increasing D&A and rising interest cost to burden net result

On the net profit level, we expect a gradual decline in 2025-27e from the relatively high 2024 level. Results in 2024 already benefitted from the gradual ramp-up of RES production, while a part of the new assets still was not depreciated. The company is capitalizing only a small portion of interest costs; we thus assume an interest cost increase in line with the high investment activity and growing net debt.

Ignitis enjoys a relatively low 10% effective interest rate, thanks to investment incentives in Lithuania. Companies can offset up to 100% of the tax base with investments under certain criteria in 2009-28. We model a gradual increase in the effective tax rate to 15% by 2029e (vs. 16% nominal CIT in LT) and further to 20% by 2034e as incentives should expire and the average effective CIT rate in the Baltics+Poland is around 20%. **Overall, we expect adjusted net profit in a range of EUR 230-260mn in 2025-29e.**

Average dividend yield of ~7% for 2025-29e

In terms of dividends, **we stick to the company policy to grow DPS by 3% annually** and see the company fully capable of keeping the policy long-term. This results in a high **average dividend yield of 7.1**% (on EUR 20.4 share price) **from 2025-29e profits** (paid semi-annually, in 2H25-1H30e) and a dividend PoR at an undemanding 43% for 2029e.

Dividend forecast

	2023	2024e	2025e	2026e	2027e	2028e	2029e
DPS (paid semi-annually)*	**1.29**	**1.33**	**1.37**	**1.41**	**1.45**	**1.49**	**1.54**
Dividend PoR from adj. net profit	32%	35%	39%	42%	44%	45%	43%
Dividend yield	6.3%	6.5%	6.7%	6.9%	7.1%	7.3%	7.5%

*Source: Ignitis, Erste Group Research; * DPS in relation to net profit, not to timing of payment*

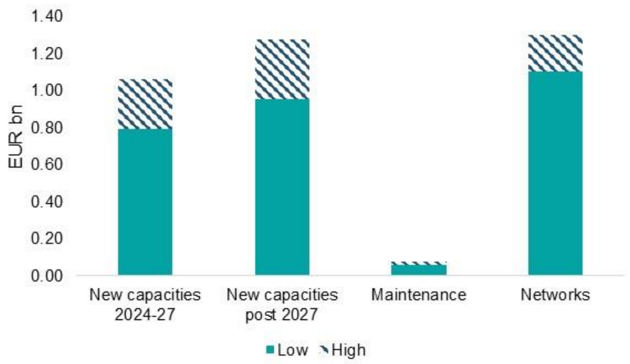
CAPEX and leverage outlook

Ignitis has increased CAPEX in the last three years to high levels above EBITDA. It reached levels of EUR 0.5-0.9bn. The company invested in new onshore wind, PV and biomass+WtE capacities and RES accounted for EUR 0.98bn or 56% of CAPEX in 2023-24. Networks CAPEX also grew and amounted to EUR 0.68bn or 39% of 2023-24 total. The remaining 5% went to maintenance, IT and the EV charging network. Networks CAPEX is one-fifth covered by customer fees and EU grants, i.e. Ignitis' net CAPEX is 5-10% lower.

Majority of ongoing RES CAPEX finished by YE24

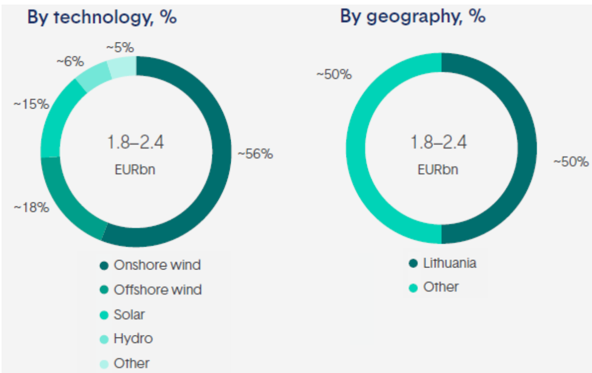
The company finished the majority of ongoing RES CAPEX by YE24. The remaining amount is around EUR 0.4bn (from total EUR 1.6bn), excluding DEVEX related to the Curonian Nord offshore project. In 2024, Ignitis finished a biomass and WtE CHP plant in Lithuania, two Polish wind parks (187 MW, one waiting for the finalization of grid connection) and one PV in Lithuania. The company started the construction of a 174 MW PV, secured landbank for 314 MW onshore hybridization projects in Latvia and grid connection for up to 290 MW of BESS in Lithuania. Network CAPEX is past the local peak, as the rollout of smart meters is approaching finalization (0.2mn remaining from 1.2mn psc. target).

2024-27 investment plan



Source: Ignitis, Erste Group Research

2024-27 investment plan in RES

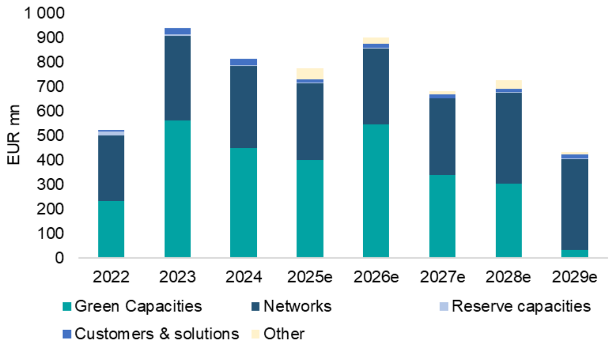


The company expects CAPEX of EUR 700-900mn in 2025, i.e. stable vs. EUR 812mn in 2024. Ignitis plans EUR 3-4bn CAPEX for 2024-27 in its mid-term strategy. It plans to spend EUR 1.8-2.4bn on RES, with more than half of the sum for projects with COD after 2027 (i.e. not yet started). RES investments should increase installed capacities from 1.4 GW to 2.4-2.6 GW by 2027 and to 4-5 GW by 2030. Investments in networks are planned roughly stable at EUR 0.3bn.

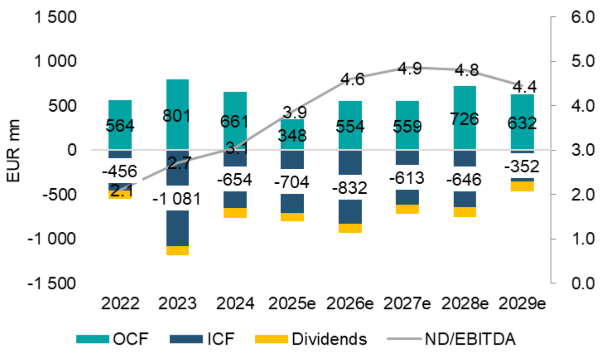
We forecast EUR ~3.2bn CAPEX in the 2024-27 period, i.e. about EUR 0.8bn annually. Our forecast is in line with the company plan for networks and assumes the addition of all under-construction projects (1.0 GW RES + pump-hydro) and projects from the advanced pipeline (0.4 GW RES + 0.3 GW BESS). Installed capacities thus reach 2.6 GW in 2027e (in line with Ignitis' plan) and 3.1 GW in 2029-30e (1-2 GW below company targets), as we will add more projects only once we see them 'tangible' enough.

We assume approx. 10% higher CAPEX/MW for onshore/PV vs. company guidance, to be on the conservative side. We also include EUR 0.2bn offshore DEVEX in 2025-26e and thus our estimates are relatively conservative.

CAPEX forecast by segment



CF and ND/adj. EBITDA forecast



Source: Ignitis, Erste Group Research

Ignitis' leverage grows from 3x toward 5x ND/EBITDA by 2027e, on our conservative model assumptions, and then declines in 2029e, when all additional 1.7 GW assumed RES capacities are finished. Our projections include stable 3% annual growth in dividends.

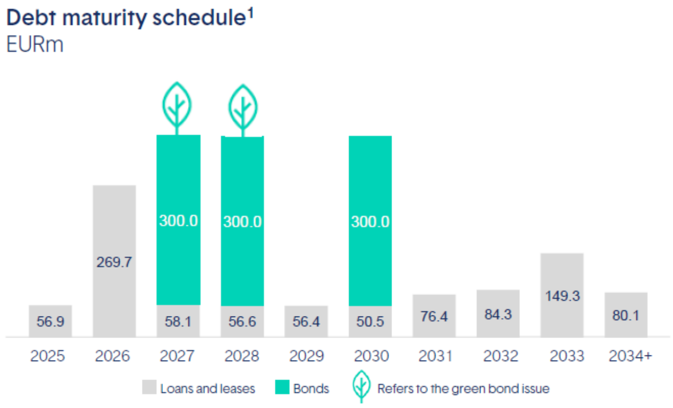
Note that the company targets FID for the 0.7 GW (0.36 GW pro-rata) Lithuanian offshore project in 2027, but current conditions do not seem supportive. Offshore in the Baltics will in our view be needed once meaningful hydrogen projects start operations or if the Baltics e.g. emerge as a datacenter hub and/or build substantial additional connections to Germany or Poland (discussions about 2-3 GW new lines to Germany have recently started).

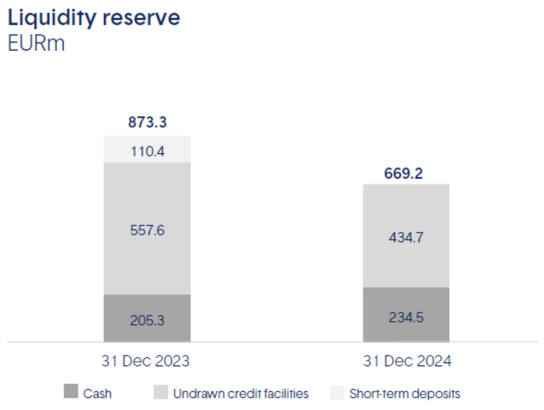
Financing and debt structure

Three bonds outstanding (total EUR 900mn), some EUR 660mn loans

The company currently has three bonds outstanding, in a total amount of EUR 3x300mn, and an average fixed effective rate of 1.96%. Some EUR 660mn comes from long-term loans and EUR 210mn in overdrafts and short-term loans and EUR 74mn in leases. For RES projects, the company usually uses standard project financing with a 60-75% share of debt, which is either fixed-rate or hedged for the long term.

The repayment schedule is regular, with EUR 270-330mn maturing annually in 2026-27. There are only small repayments in 2025 and 2029. The last EUR 300mn bond is maturing in 2030. The company has EUR 435mn in undrawn credit and EUR 235mn in cash





Source: Ignitis

The company currently has an investment grade rating of BBB+ and its credit metrics are safely above S&P thresholds (5.5x ND/EBITDA and 23% FFO/Net debt). We do not see the company breaching the thresholds in our forecast. Ignitis thus has a relatively comfortable balance sheet to continue with its investment plans, in our view.

Asset rotation planed in form of sales of minority stakes in matured projects

It is clear that financing requirements will be high, especially in 2026-28e, with investments of at least EUR 0.5bn and bond debt repayments as depicted above. The company, however, plans to use assets rotation in the form of sales of minority stakes in matured projects to free up equity for new RES projects. Ignitis recently initiated the sale of a 49% stake in its EUR 0.4bn (93 MWe / 239 MWt) Vilnius CHP, which was a condition for an EU grant worth EUR 140mn. We believe that assets rotation will be an additional driver of company growth in the mid-term.

Financial calendar

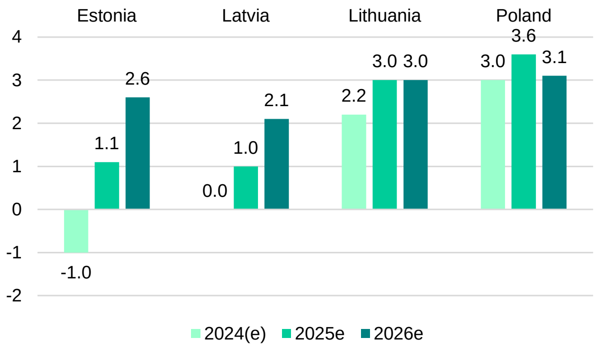
26.03.2025	**Annual General Meeting** of Shareholders
08.04.2025	Expected **Ex-Dividend Date** (for ordinary registered shares)
09.04.2025	Expected **Dividend Record Date** (for ordinary registered shares)
14.05.2025	**First three months 2025** interim report
13.08.2025	**First six months 2025** interim report
10.09.2025	**Extraordinary Meeting of Shareholders** (regarding the potential allocation of dividends for 1H25)
23.09.2025	Expected **Ex-Dividend Date** (for ordinary registered shares)
24.09.2025	Expected **Dividend Record Date** (for ordinary registered shares)
12.11.2025	**First nine months 2025** interim report

Baltics Macro Overview

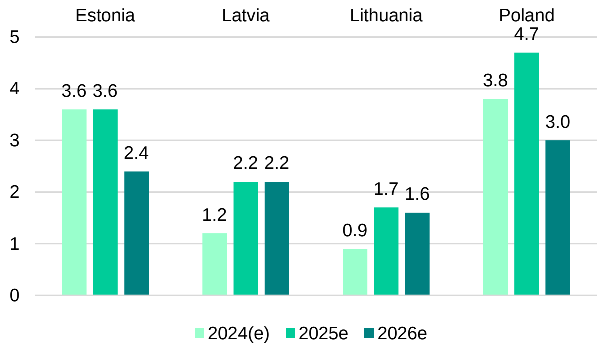
Domestic demand remains issue in Estonia and Latvia, but GDP expected to grow again in 2025

The economies in Estonia and Latvia are expected to return to growth in 2025, although the pace will be more sluggish than previously anticipated. For Estonia, the European Commission forecasted (in November 2024) GDP growth of 1.1% in 2025 (after a contraction of -1.0% in 2024); for Latvia, the estimated GDP growth in 2025 amounted to 1.0% (after 0.0% in 2024). However, it has to be mentioned that the consensus (as of January 2025 – although clearly trending down) is still looking for a 1.8% GDP growth for each of the countries in 2025. For Lithuania and Poland, GDP growth is expected to accelerate to 3.0% and 3.6%, respectively.

GDP growth (%)



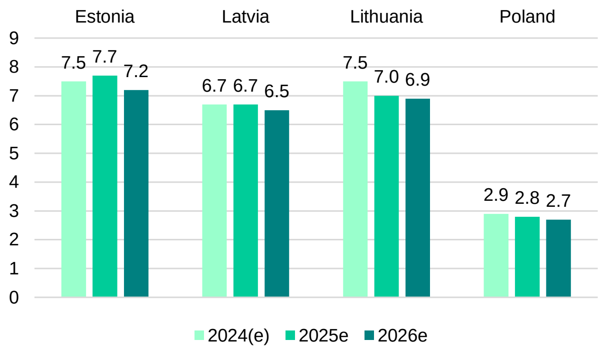
CPI (y/y%)



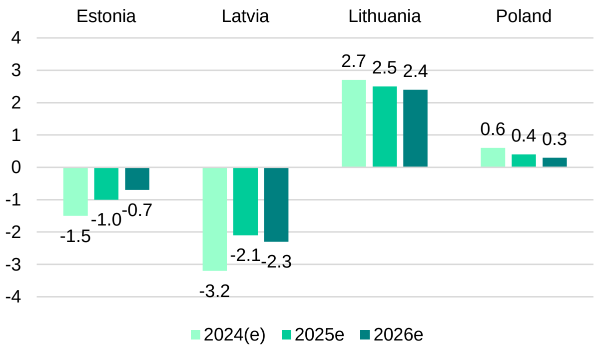
Source: European Commission, Erste Group Research

Inflation is forecasted to remain stable at 3.6% for Estonia in 2025, while it should rise for Latvia (to 2.2%) and Poland (to 4.7%), mainly due to unfreezing energy prices, as well as for Lithuania (to 1.7%), on higher services inflation. However, all four countries are projected to bring CPIs down in 2026. The unemployment rate should temporarily slightly increase to 7.7% for Estonia in 2025, while it is seen roughly stable for Latvia and Poland. A favorable development is forecasted for Lithuania, where the unemployment rate is expected to decline by 0.5%p to 7.0%.

Unemployment rate (%)



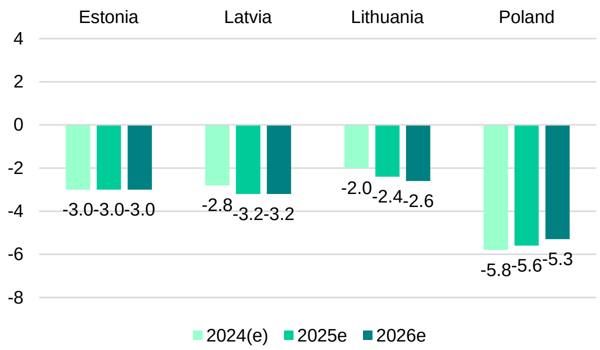
Current account (% of GDP)



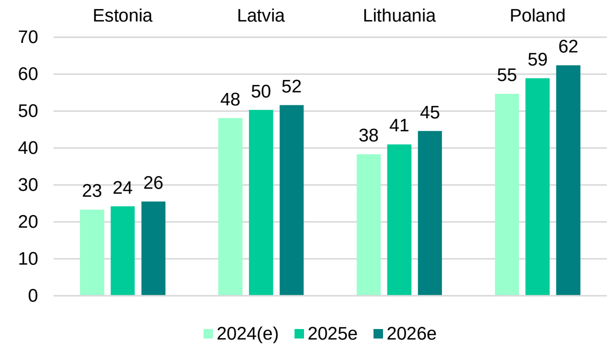
Source: European Commission, Erste Group Research

While the current account will probably remain in negative territory for Estonia and Latvia in 2025 (though deficits are expected to shrink to -1.0% and -2.1%, respectively), it should stay positive for Lithuania (estimates at 2.5% in 2025) and Poland (0.4%). The general government deficit is expected to stay stable in Estonia (at -3.0%), to slightly increase in Latvia and Lithuania (to -3.2% and -2.4%, respectively), and somewhat decrease in Poland (from an elevated -5.8% in 2024 to -5.6% in 2025). Nevertheless, gross public debt (although increasing throughout the region) remains in healthy territory, as shown in the graphs on the next page.

General government balance (% of GDP)



Gross public debt (% of GDP)



Source: European Commission, Erste Group Research

Baltic electricity markets

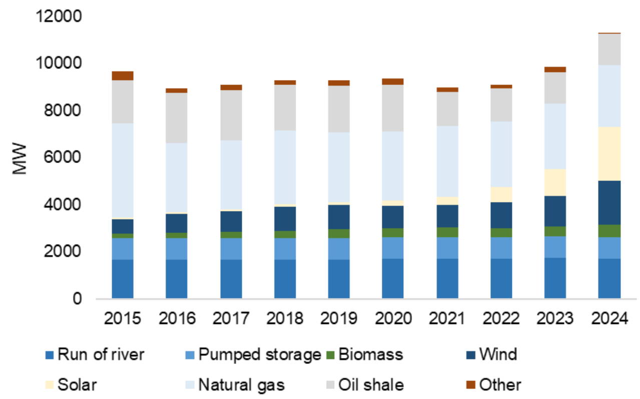
The electricity market in the Baltics is characterized by deep long-term deficits caused historically by decommissioning of Lithuanian nuclear capacities in 2009. Combined production in Lithuania, Latvia and Estonia (total population of 6mn inhabitants) reached about 18 TWh (+17.8% y/y) in 2024, while regional consumption was 27 TWh (+3.5% y/y).

Lithuania, as the biggest Baltic country, has by far the biggest production deficit, amounting to 42% of consumption. Still, fast-growing Lithuanian RES capacities led to a reduction of the deficit by 20pp in 2024. In previous years RES have only offset declining production from natural gas and oil.

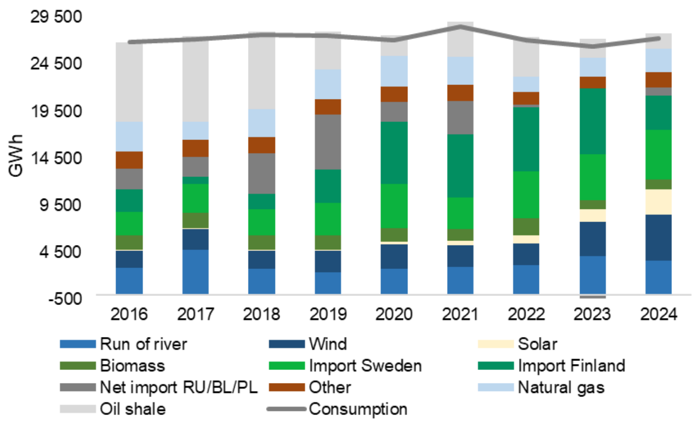
Estonia fell from a surplus to a deficit in 2019, due to the closure of 0.6 GW oil shale capacities, a key local fossil source. Estonia's fast-growing PV could not offset the oil shale decline post-2019, but a jump in onshore wind production improved the balance by 6pp in 2024.

Latvia usually shows slight deficits, which are dependent on production from run of river hydro and the competitiveness of the local natural gas fleet. Expanding PV was, however, behind stable deficit in 2024 despite low hydro production. All in all, 2024 showed significant reduction of the deficit in Baltics thanks to expanding RES. Onshore wind production grew by an almost 40% and production from PV jumped by over 90%, what more than outweighed recovering demand in Lithuania and Latvia.

Baltics installed capacities



Baltics el. Consumption, production & imports



Source: Erste Group Research, energy-charts.info, ENTSO-E

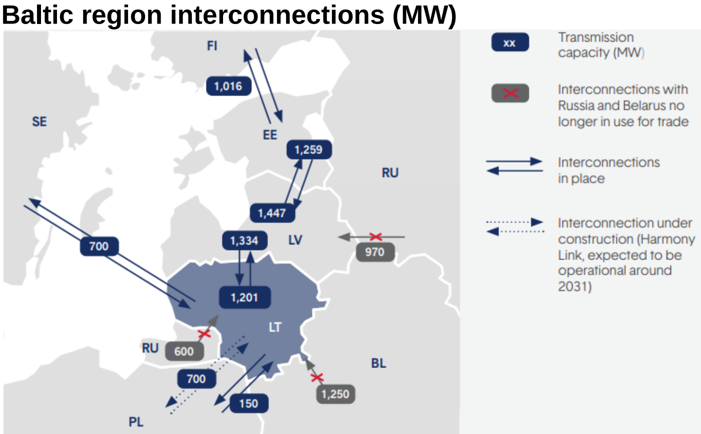
RES including hydro and biomass currently have an approx. 68% share of regional production, up from 46% in 2021. The RES share in regional consumption is approx. 45%, up from 25% in 2021. Imports from Sweden and Finland covered 34% of consumption (share down 8pp y/y). Marginal sources include Estonian oil shale (6% of consumption) and natural gas sources (9% of consumption, Latvian CHPs and Ignitis's CCGT).

Regional deficits are covered by imports mainly from Finland to Estonia (1.0 GW capacity) and from Sweden to Lithuania (0.7 GW capacity) using undersea lines. There is also connection with Poland (0.5 GW LT-PL line) and technical flows from/to Belarus and Russia.

Imports from Sweden and Finland are typically cheaper than local marginal power plants, due to the high share of hydro and nuclear in the Nordics, import capacities are thus fully utilized at present. Moreover, part of the capacity with Finland (0.7 GW Estlink2 connection) was offline for good part of 2024 and was (again) damaged in December 2024. Imports from Finland thus plummeted and were offset by growing RES and higher utilization of natural gas. Estlink 2 should be again operational only in second half of this year. Balance with Poland than depends on actual weather and relative coal/gas pricing.

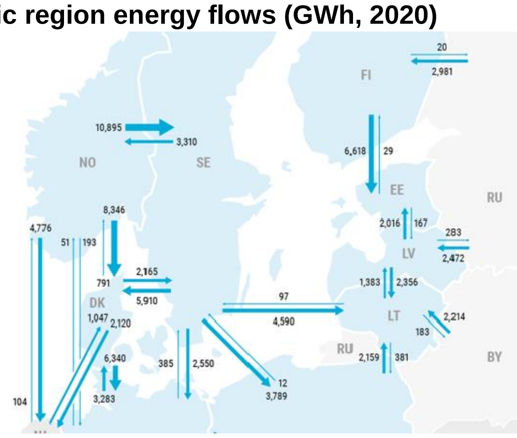
Lithuania and Poland agreed to build a 700 MW 'Harmony Link' on land (originally undersea project) by 2031 and Estonia plans a 700 MW 'Estlink 3' with Finland by around 2035. Other potential connections are in a very early stage of consideration. Lithuania and Latvia consider **adding 2-3 GW capacity to Germany** as they see an oversupply as early as after 2028.

Baltic region interconnections (MW)



Source: Ignitis, ENTSO-E TYNDP 2022

Baltic region energy flows (GWh, 2020)



The Baltic region was until February 9, 2025 synchronized with Russia and Belarus (BRELL region), but is now successfully synchronized with European network. No capacity problems are reported after the change and regional market has moved to competitive auctioning of 1.5 GW balancing capacities, instead of local procurement of reserves.

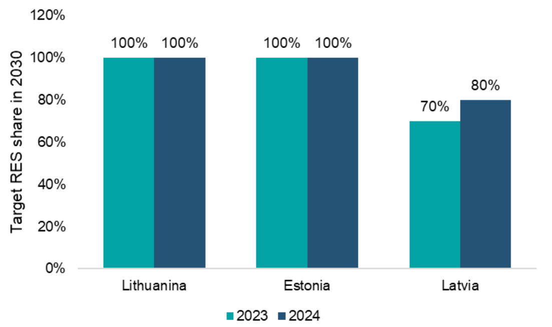
Overall, status quo in Baltics is a production deficit, which is met with imports from Sweden and Finland and security is also provided by the connection with Poland. There are no additional import/export capacities at least until 2031 and a threat is coming from attacks on Baltic undersea infrastructure.

Production from onshore wind and PV has been growing fast in last three years and contributed approx. 2.8 TWh (1.7 TWh in 2024) or 10pp to the reduction of regional production deficit. Expanding RES would close regional production deficit in about five years at current pace, but large storage/flexible capacities are needed to balance the system.

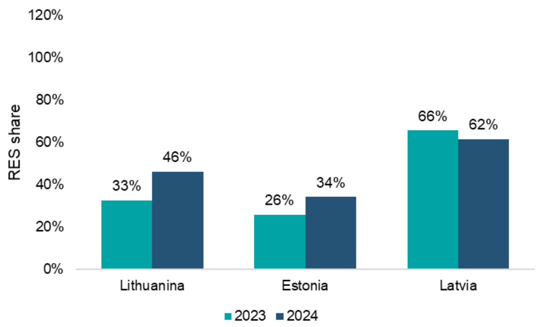
National policies: 100% RES share by 2030 in Lithuania and Estonia

Lithuania and Estonia have a target to cover 100% of local electricity consumption with renewables by 2030 and Latvia has increased the target by 10pp to 80% last year. This compared to 46%/34% and 62% shares in 2024. The RES targes provide space to add about 6 GW of RES capacities on current level of consumption.

Target RES share in el. consumption by 2030



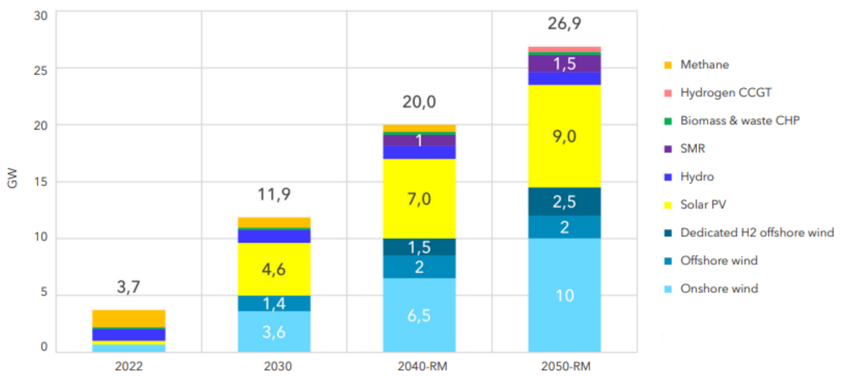
Local RES share in electricity consumption in 2023/24



Source: Erste Group Research, ENTSO-E, local TSOs

Lithuania currently imports 5 TWh of electricity and its consumption reaches 12 TWh (excluding pumping). Local TSO outlook calls for 3.6 GW onshore wind (+2 GW), 1.4 GW offshore wind and 4.6 GW of PV (+2.8 GW) by 2030. This should be complemented with additional 3.7 GW of storage capacities (110 MW pumped-hydro, 1.3 GW electrolyzers, 0.3 GW batteries, 0.8 GW power to heat).

EPSO-G: Lithuania installed capacities outlook



Source: EPSO-G

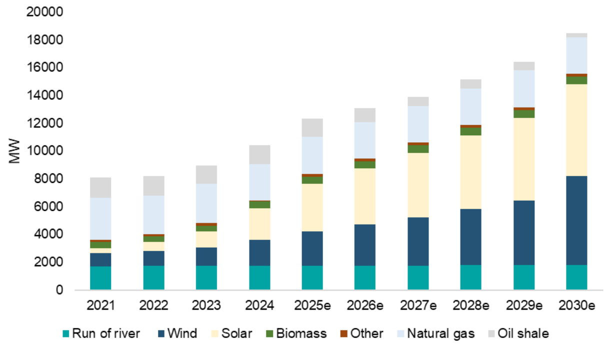
Such capacity additions would mean approximately 13 TWh higher production, part of it consumed by storage (70-75% efficiency of pumped-hydro and P2G). Still, local consumption would need to grow at ~7% annual rate to consume such production. The TSO assumes 6 TWh additional consumption coming from hydrogen, what in current conditions looks optimistic. What we see more plausible are potential exports of up to 4-5 TWh to Poland, once the Harmony link is finished in 2031. We thus see a good chance to add the 4.8 GW onshore wind/PV capacities, while offshore is rather a long-term potential for the next decade.

Estonia currently imports 3 TWh of electricity and its consumption reaches 8 TWh. Local outlook calls for 1.4 GW onshore wind (+0.7 GW), 1.3 GW offshore wind and 1.2 GW of PV (already +0 GW vs. YE24) by 2030. Eesti Energia plans to cease production from fossil fuels by 2030 (it has remaining 1.3 GW of oil shale); we assume that oil shale will be partly replaced with biomass. Balancing needs will be partly met via 725 MW pumped-storage and BESS capacities. The targets would add 6-7 TWh of production, which would mean production surplus of some 2 TWh by 2030 on local TSO demand outlook. We, however, see that Estonia is cautious in terms of offshore wind and rather focuses on more onshore and PV additions.

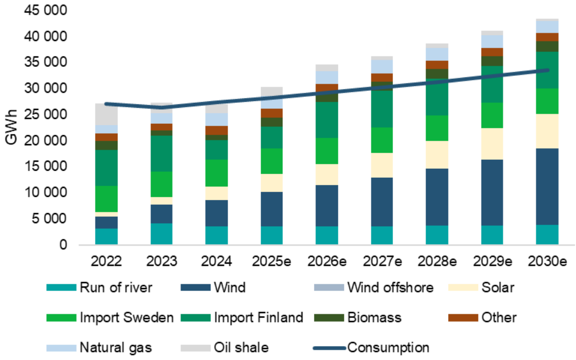
Latvia (6 TWh production vs. 7 TWh consumption) lags behind Lithuania and Estonia in terms of RES ambitions but has also increased its targets from 70% to 80% RES share. It plans 0.6 GW in onshore wind (+0.4 GW) and 0.5 GW offshore is targeted for 2033. The fastest growing RES is solar, where it targets 1.4 GW (+1.0 GW) by 2030. RES would be supported by 80 MW batteries.

In total, the Baltic states target over 3 GW onshore wind, 2.7 GW offshore wind and 3.8 GW PV additions by 2030. We show below scenario assuming full implementation of the targets, except for offshore wind, which is likely to be added only after 2030. Installed capacities would increase from 10.4 GW in 2024 to 17.5 GW by 2030, excluding storage and pumped-hydro.

Baltics: Stated policies capacities outlook



Baltics: Stated policies prod./cons. outlook



Source: Erste Group Research, ENTSO-E; capacities: Beginning of year

A calculation using an optimistic 3.5% consumption CAGR in 2024-30e indicates that the region could stay in virtual deficit until the end of the decade. Cheap imports from Sweden and Finland should, however, push local fossil fuel sources out of the market for most hours by 2026e. The market would turn to full self-sufficiency and would be a net exporter in the case of delivery of the 2.7 GW offshore capacities and all planned storage by 2030-35e.

Beyond 2030, there is vast development potential in all key RES technologies. Offshore wind potential of Baltics is estimated at 15.4 GW, providing approx. 60 TWh of electricity (2x current regional consumption). Lithuania sees potential 20 GW capacities (vs. 6.3 GW in YE24) by 2040, mainly through onshore wind and PV. Apart from RES, Lithuania also assumes 1.0 GW in nuclear SMRs. Estonia sees 7.0 GW and Latvia over 5.1 of RES by 2040. These plans largely rest on the development of EU hydrogen economy and necessarily on low prices of electricity in Baltics.

Prices similar to Germany

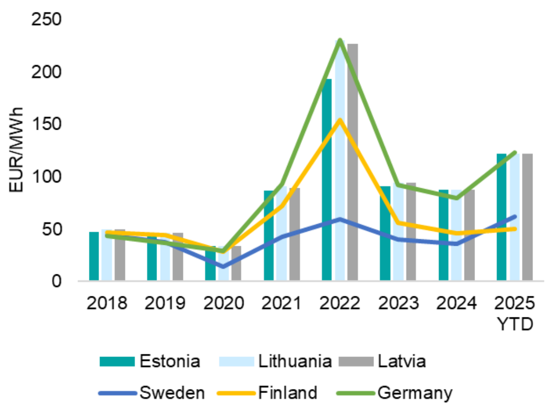
Electricity prices in the Baltics follow very similar development to Central Europe in the last decade. Average day-ahead prices jumped from around EUR 35/MWh in 2020 to as much as EUR ~230/MWh in 2022 and fell back to EUR 85-90/MWh in 2023/24. YTD average is around EUR 120/MWh in

2025, due to relatively cold winter and speculation on potential LNG supply shortage after the cut of RU/UKR flows. Lately, prices are declining due to seasonal patterns, but also due to cooling situation in the Middle East and due to the much softer approach of new US administration towards Russia.

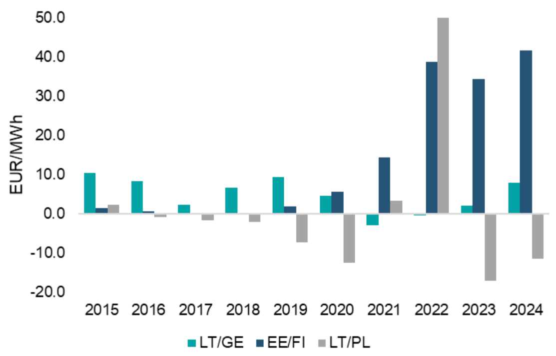
Looking at price spreads, Baltics in the last two years trade at a premium of EUR 2-8/MWh to Germany. The region is historically at significant premium to Nordic markets due to insufficient import capacities. Potential future export opportunity to Poland is visible from high EUR 11-17/MWh discounts. Baltic price premium to Germany increased after its desynchronization from Russia/Belarus. Local experts, however, see a reason for the premium rather in low production from wind combined with the damaged EE-FI connector.

Electricity prices within the Baltic region are very well correlated and spreads occur only in extraordinary situations. For example, Estonia somehow benefitted from relatively lower production costs from oil shale vs. natural gas at the peak of the gas crisis in 2022.

Day-ahead electricity prices



Baltic DAH spreads vs. GE, FI, PL

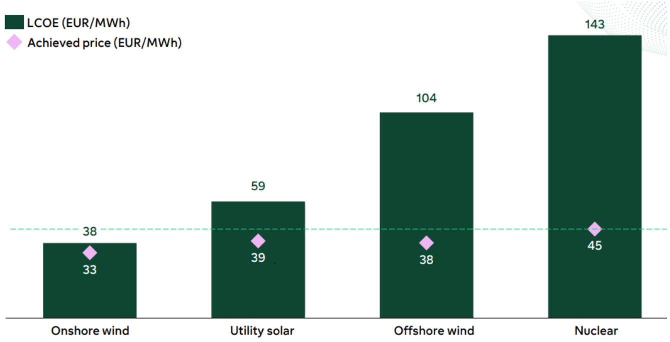


Source: Erste Group Research, energy-charts.info

Baltic markets are clearly driven by the same fundamentals as Germany, with natural gas fired CCGTs (Ignitis's, Riga CHP) being usual marginal sources. Slight premiums to Germany are driven by the outages in EE-FI link (until 2Q25) and by the still lower local share of RES. The share of RES will be, however, growing and we assume that imports from Finland should gradually impact prices in Baltics after 2026e.

We model gradual switch of average Baltic DAH prices to a slight discount to the costs of natural gas CCGT. With the recent cooling of the situation on the global gas market and expected commissioning of significant new LNG export capacities during 2026, **we estimate mid-term average price in Baltics around EUR 75/MWh. In the long-run, we conservatively apply a EUR 65/MWh average in our model.** Such level roughly equals tot the break-even price for a mix of new RES sources.

Fortum: Estimated Nordic LCOEs



Source: Fortum investor presentation, February 2025. Onshore wind and solar achieved prices calculated by assuming the year 2023 profile realization in Finland, while offshore wind profile discount assumed to be half of onshore wind. Nuclear assumed to run on baseload profile. Costs do not include imbalance charges. Figures are indicative and for schematic purposes only.

Income Statement	2022	2023	2024	2025e	2026e	2027e
(IAS, EUR mn, 31/12)	31/12/2022	31/12/2023	31/12/2024	31/12/2025	31/12/2026	31/12/2027
Net sales	**4 386.90**	**2 549.10**	**2 307.00**	**2 499.79**	**2 402.13**	**2 370.88**
Invent. changes + capitalized costs	0.00	0.00	0.00	0.00	0.00	0.00
Total revenues	**4 386.90**	**2 549.10**	**2 307.00**	**2 499.79**	**2 402.13**	**2 370.88**
Other operating revenues	0.00	0.00	0.00	0.00	0.00	0.00
Material costs	-3 608.70	-1 757.70	-1 444.70	-1 340.26	-1 167.84	-1 074.56
Personnel costs	-115.80	-136.70	-163.10	-180.34	-189.53	-197.52
Other operating expenses	-122.70	-147.30	-166.50	-492.78	-501.95	-517.74
EBITDA	**539.70**	**507.40**	**532.70**	**486.42**	**542.81**	**581.07**
Depreciation/amortization	-151.90	-155.20	-182.70	-209.79	-230.39	-247.21
EBIT	**387.80**	**352.20**	**350.00**	**276.63**	**312.42**	**333.86**
Financial result	-50.50	1.70	-41.70	-64.25	-73.53	-83.84
Extraordinary result	0.00	0.00	0.00	0.00	0.00	0.00
EBT	**337.30**	**353.90**	**308.30**	**212.38**	**238.89**	**250.02**
Income taxes	-43.90	-33.70	-32.10	-23.36	-28.67	-32.50
Result from discontinued operations	0.00	0.00	0.00	0.00	0.00	0.00
Minorities and cost of hybrid capital	0.00	0.00	0.00	0.00	0.00	0.00
Net result after minorities	**293.40**	**320.20**	**276.20**	**189.02**	**210.22**	**217.51**

Balance Sheet	2022	2023	2024	2025e	2026e	2027e
(IAS, EUR mn, 31/12)						
Intangible assets	196.90	365.30	383.40	426.10	454.00	468.60
Tangible assets	2 810.90	3 362.50	4 027.40	4 463.21	5 021.82	5 359.03
Financial assets	241.70	489.10	341.20	386.28	311.81	322.37
Total fixed assets	**3 249.50**	**4 216.90**	**4 752.00**	**5 275.60**	**5 787.63**	**6 149.99**
Inventories	570.40	274.80	247.70	268.40	257.91	254.56
Receivables and other current assets	757.60	547.40	471.80	452.44	490.03	484.50
Other assets	0.00	0.00	0.00	0.00	0.00	0.00
Cash and cash equivalents	694.10	205.30	234.50	282.97	316.19	173.27
Total current assets	**2 022.10**	**1 027.50**	**954.00**	**1 003.81**	**1 064.13**	**912.33**
TOTAL ASSETS	**5 271.60**	**5 244.40**	**5 706.00**	**6 279.40**	**6 851.77**	**7 062.32**
Shareholders'equity	**2 125.60**	**2 263.40**	**2 436.80**	**2 528.39**	**2 638.26**	**2 752.42**
Minorities	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Hybrid capital and other reserves	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Pension and other LT personnel accruals	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
LT provisions	**55.60**	**88.30**	**129.00**	**121.33**	**110.08**	**99.64**
Interest-bearing LT debts	1 423.30	1 521.20	1 711.60	2 018.44	2 353.93	2 424.30
Other LT liabilities	578.20	695.70	680.30	611.24	588.80	581.17
Total long-term liabilities	**2 001.50**	**2 216.90**	**2 391.90**	**2 629.67**	**2 942.73**	**3 005.48**
Interest-bearing ST debts	257.70	112.00	135.20	443.79	630.73	684.78
Other ST liabilities	831.20	563.80	613.10	556.22	529.97	520.01
Total short-term liabilities	**1 088.90**	**675.80**	**748.30**	**1 000.01**	**1 160.70**	**1 204.79**
TOTAL LIAB. , EQUITY	**5 271.60**	**5 244.40**	**5 706.00**	**6 279.40**	**6 851.77**	**7 062.32**

Cash Flow Statement	2022	2023	2024	2025e	2026e	2027e
(IAS,EUR mn, 31/12)						
Cash flow from operating activities	563.90	800.80	661.20	347.52	553.73	558.53
Cash flow from investing activities	-455.70	-1 081.10	-654.30	-704.49	-832.17	-613.43
Cash flow from financing activities	136.80	-208.50	22.30	405.44	311.67	-88.02
CHANGE IN CASH , CASH EQU.	**245.00**	**-488.80**	**29.20**	**48.47**	**33.22**	**-142.92**

Margins & Ratios	2022	2023	2024	2025e	2026e	2027e
Sales growth	131.0%	-41.9%	-9.5%	8.4%	-3.9%	-1.3%
EBITDA margin	12.3%	19.9%	23.1%	19.5%	22.6%	24.5%
EBIT margin	8.8%	13.8%	15.2%	11.1%	13.0%	14.1%
Net profit margin	6.7%	12.6%	12.0%	7.6%	8.8%	9.2%
ROE	14.7%	14.6%	11.8%	7.6%	8.1%	8.1%
ROCE	9.4%	7.8%	6.7%	4.8%	4.8%	4.7%
Equity ratio	40.3%	43.2%	42.7%	40.3%	38.5%	39.0%
Net debt	986.9	1 427.9	1 612.3	2 179.3	2 668.5	2 935.8
Working capital	496.8	258.4	106.4	164.6	218.0	219.0
Capital employed	3 746.3	4 475.3	4 858.4	5 440.2	6 005.6	6 369.0
Inventory turnover	9.5	4.2	5.5	5.2	4.4	4.2

Source: Company data, Erste Group estimates

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Company description

Ignitis is a Lithuanian renewable focused integrated utility active in Baltics, Poland and Finland with the aim to create a 100% green and secure energy ecosystem. The company focuses on green generation and green flexibility technologies, such as wind, batteries, pumped-storage hydro and power-to-X. Ignitis has 0.9 GW pump-storage, 0.5 GW RES and 1.1 GW natural gas fired capacities and a sizeable 6.6 GW pipeline of RES and storage development projects. Ignitis in also dominant Lithuanian electricity and natural gas distributor with EUR 1.8bn RAB as of 2025 and biggest regional energy supplier.

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