

COMPANY UPDATE

Ignitis

Buy

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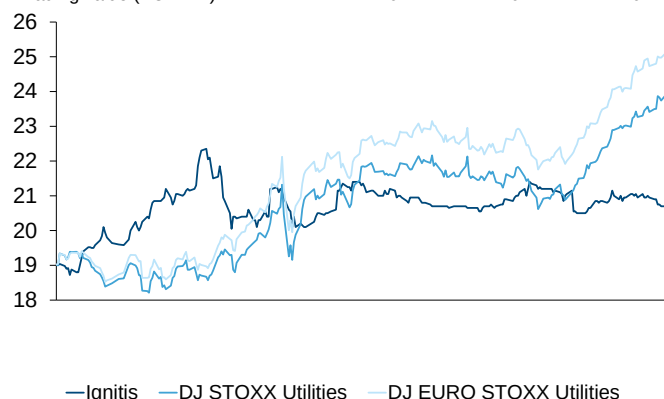
Share price (EUR) close as of 20/11/2025	20.7	Reuters	IGN1L.VL	Free float	25.0%
Number of shares (mn)	72.4	Bloomberg	IGN1L LH	Shareholders	
Market capitalization (EUR mn)	1 494.8	Div. Ex-date	23/09/25	Republic of Lithuania (75%)	
Enterprise value (EUR mn)	3 538.7	Target price	28.3	Homepage:	ignitisgrupe.lt

Key figures Overview

EUR mn	2024	2025e	2026e	2027e
Net sales	2 307.0	2 497.6	2 402.6	2 389.4
EBITDA	532.7	487.0	560.2	580.8
EBIT	350.0	268.8	324.9	327.4
EBT	308.3	200.5	265.1	253.2
Net profit	276.2	178.5	230.7	217.7
EPS (EUR)	3.82	2.47	3.19	3.01
CEPS (EUR)	6.86	5.37	6.28	6.37
BVPS (EUR)	33.66	34.78	36.58	38.16
Dividend/Share (EUR)	1.33	1.37	1.41	1.45
EV/EBITDA (x)	5.69	7.27	6.92	7.22
P/E (x)	5.13	8.38	6.48	6.87
P/CE (x)	2.85	3.84	3.29	3.24
Dividend yield (%)	6.77	6.61	6.81	7.02
EBITDA margin (%)	23.09	19.50	23.32	24.31
Operating margin (%)	15.17	10.76	13.52	13.70
Net profit margin (%)	11.97	7.15	9.60	9.11

Trading data & Statistics

Daily averages	5 days	30 days	last year
Volume	10 803	11 246	19 969
Trading value (EUR mn)	0.2	0.2	0.4



Price performance:	1M	3M	6M	12M
in EUR	-1.2%	-1.7%	-3.1%	8.6%

Financial Strength

	2024	2025e	2026e	2027e
ROE (%)	11.75	7.20	8.93	8.05
ROCE (%)	6.72	4.70	5.10	4.71
Equity ratio (%)	42.71	41.26	40.27	39.93
Net debt (EUR mn)	1 612.30	2 043.90	2 383.08	2 697.55
Gearing (%)	66.16	81.18	89.99	97.65

3Q25 as expected, outlook for improved regulation

We confirm our Buy recommendation for Ignitis shares after the 3Q25 results and keep the twelve-month target price of EUR 28.3/share unchanged, after minor changes in our model.

While the 3Q25 EBITDA was slightly lower due to losses in the supply segment related to currently valid and unfavorable prosumer regulations, work on legislative changes started with potential implementation from 4/2026. Ignitis has increased the low end of its EBITDA guidance for 2025, which we see as confirmation of the positive trends in the core Green Capacities and Networks segments. Ignitis finished 0.7 GW RES projects in 9M25 and 0.6 GW is still under construction, with no new projects added in 3Q25. We keep our forecast for 3.4 GW capacities by 2029e, which is supported by the recent refinancing of finished projects.

The regulator announced parameters for the Network segment for 2026, with RAB growth of 5% y/y. Overall, slightly positive compared to our original estimate.

We continue to see Ignitis as a beneficiary of growing intraday electricity price volatility via its pump hydro and natural gas-fired sources. The stock provides a high dividend yield of 6.6-7.0% for 2025-27e and an undemanding valuation (at 6.2x adj. P/E 2026e). This is partly due to its growing leverage and temporary pressure on EPS, caused mainly by RES D&A timing.

3Q25 results review

3Q25 adjusted EBITDA reached EUR 104.5mn (-3% y/y), 2% above our estimate. The Networks and Green capacities segments showed solid growth, which was outweighed by a weak supply margin, due to the net metering scheme in the prosumer segment (EUR 16.3mn loss in 3Q25) and normalizing commercial unit margin (CSS) in Reserve Capacities from a high last year level. Networks benefited from 13% y/y higher RAB, 71bp higher WACC and growing volumes, as expected. Ignitis officially commissioned 0.7 GW (+50% y/y) new RES capacities in 9M25, while production grew by 21% y/y. Production was below our estimate, due to unfavorable wind conditions and lower pump-hydro volumes. The hedged price for 9M25 declined by 15% y/y, slightly below our estimate. DAH market prices declined by 27% y/y in Lithuania. These lower prices were offset by revenues from flexibility and ancillary services, according to our calculation.

Adjusted net profit reached EUR 31mn (-36% y/y), in line with our estimates. There is a time discrepancy between D&A and the launch of new assets below the EBITDA line, which caused declining net profit in 2025. Financial costs grew in line with higher indebtedness related to the expansion in RES.

Ignitis increased FY25 adj. EBITDA guidance to EUR 510-540mn, from EUR 500-540mn (approx. stable y/y in the mid-point), and lowered its CAPEX guidance to EUR 0.7-0.8bn, from EUR 0.7-0.9bn.

Ignitis announced that the Ministry of Energy has initiated consultation on **updates to prosumer regulations**, which are expected to take place from 2Q26, depending on the approval of state aid by the EC. The changes are expected to improve Ignitis' loss-making prosumer supply. Ignitis has submitted multiple comments on the Ministry's proposals.

P&L (EURmn)	3Q25e			3Q vs.	
	3Q25	3Q24	y/y	Erste	Cons.
Total revenue	500.7	528.8	-5%	482.4	532
EBITDA	92.0	103.6	-11%	92.4	
Adjustments	12.3	3.6	242%	10.3	
Adjusted EBITDA	104.3	107.2	-3%	102.6	102
Green Capacities	48.8	46.4	5%	48.1	
Networks	60.2	49.9	21%	58.8	
Reserve Capacities	5.6	11.5	-51%	6.5	
Customers & Solutions	-15.3	-0.7	n.m.	-10.9	
Adj. D&A and impairments	58	47	24%	56	
EBIT	34	57	-40%	37	
Adjusted EBIT	47	61	-23%	47	46
Net profit	21	46	-54%	23	
Adjustments	10	3	235%	9	
Adjusted net profit	31	49	-36%	31	31
BS&CF (EURmn)					
Investments	187	161	16%	163	
FCF	-187	-20	n.m.	-123	
Net debt	1 783	1 449	23%	1 733	
Net debt / adjusted EBITDA LTM (x)	3.3	2.7	23%	3.2	
Operating data (GW, TWh)					
Installed green capacities	2.1	1.4	50%	2.1	
Electricity production	0.79	0.58	36%	0.84	
Green Capacities	0.57	0.47	21%	0.64	
Reserve Capacities	0.22	0.11	100%	0.20	
Heat production	0.29	0.24	21%	0.35	
Electricity sales	1.85	1.63	13%	1.74	
Electricity distribution	2.34	2.30	2%	2.26	
Natural gas sales	1.23	1.83	-33%	2.13	
Natural gas distribution	0.94	0.89	6%	0.94	

Source: Ignitis, Erste Group Research, cons.: LSEG

Parameters of Networks remuneration for 2026

The Lithuanian energy regulator recently published regulatory parameters for energy networks for 2026. The announced parameters were broadly in line with our expectation, as Ignitis' Networks RAB will grow by 5% y/y to EUR 1.91bn, while WACC will decrease by 5bp to 5.74%. Both parameters are marginally below our previous estimates, but are outweighed by the so-called additional tariff component, which will grow by 38%.

This provides a good segment outlook for the next year, and we have increased our Networks adj. EBITDA estimate by 2% to EUR 291mn (+12% y/y).

Key regulatory parameters in distribution segment

		2026 ¹	2025 ¹	2024 ¹
Total				
RAB ³	EURm	1,906	1,795	1,584
WACC (weighted average)	%	5.74	5.79	5.08
D&A (regulatory)	EURm	109.5	99.5	79.3
Additional tariff component	EURm	51.8	37.5	40
Deferred part of investments covered by clients and electricity equipment transfer ²	EURm	n/a	17.7	16.0

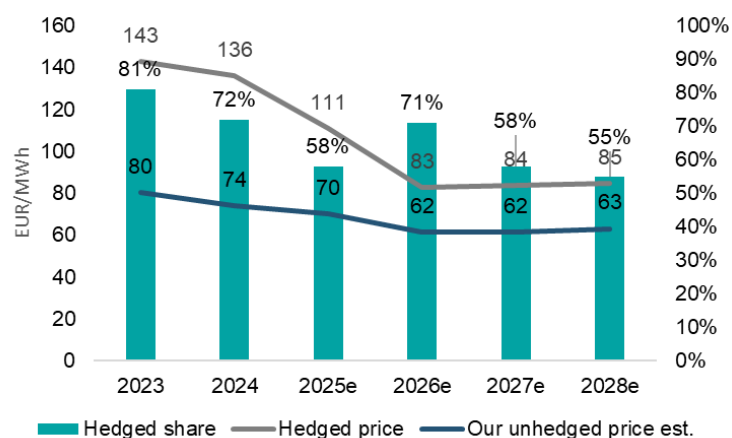
Source: Ignitis

Hedged electricity prices

Ignitis reported sequentially almost unchanged hedged prices for Green Capacities: The price for 2025 is hedged at EUR 111/MWh for 58% of production (vs. EUR 112 for 53% reported in 2Q25). Prices hedged for 2026-28 are sequentially some EUR 1/MWh lower to EUR 83-85/MWh, while hedged volumes grew to 55-71%, from 55-61% in 2Q25.

We appreciate that the company made progress in hedging volumes for 2026, while prices are basically stable at solid levels, though below the still high hedged level for 2025. The change in the hedged percentage for 2025 is probably only a result of lower-than-expected 3Q25 volumes, i.e. irrelevant for our 2025 estimates.

RES hedged prices and our SPOT price forecast



Source: Ignitis, Erste Group Research

Changes in short-term estimates

We only fine-tuned our estimates after the 3Q25 results, as seen in the table below. We have slightly higher estimates for Networks, following the updated regulatory parameters for 2026.

Another minor change concerns the lower-than-expected wind and pump-hydro volumes in 3Q25, offset partly with higher volumes in Reserve Capacities and with YTD slightly higher than expected DAH prices in both the Baltics and CE region. We have also fine-tuned the volumes and EBITDA in the supply segment, but in general keep the expectation that the net metering prosumer scheme will be improved and that Ignitis will see better margins on natural gas from 2026e.

Our somewhat lower net profit estimates in 2025e and 2027e reflect slight adjustments to financial costs (revaluations, etc.) and mainly updated estimates for D&A.

Ignitis did not start new RES projects in 3Q25 and its under-construction pipeline currently comprises 0.3 GW batteries, 0.1 GW pump-hydro and 0.2 GW PV. The highest share of CAPEX currently goes to the grid segment and the company has also invested in an EV charging network (in the supply segment). Ignitis reports its long-term 0.7 GW Cruonis Nord offshore project in the Secured pipeline.

Change in short-term estimates

Consolidated, IFRS (EUR, mn)	2025e			2026e			2027e		
	Now	Before	Change	Now	Before	Change	Now	Before	Change
Total revenues	2498	2468	1%	2403	2405	0%	2389	2414	-1%
Adj. EBITDA	560	553	1%	612	606	1%	605	618	-2%
EBITDA	487	480	1%	560	568	-1%	581	594	-2%
EBIT	269	268	0%	325	337	-4%	327	345	-5%
Adj. net income	242	252	-4%	274	268	2%	238	250	-5%
Net income	178	190	-6%	231	237	-3%	218	230	-5%
DPS* (EUR)	1.37	1.37	0%	1.41	1.41	0%	1.45	1.45	0%
CAPEX net	722	706	2%	690	699	-1%	681	681	0%
Green Capacities production* (TWh)	3.1	3.1	-2%	3.9	3.9	0%	4.0	4.0	0%
Reserve Capacities production (TWh)	1.5	1.4	6%	1.0	1.0	0%	1.0	1.0	0%
Adj. EBITDA margin	22.4%	22.4%	0%	25.5%	25.2%	1%	25.3%	25.6%	-1%
Adj. Net margin	9.7%	10.2%	-5%	11.4%	11.1%	2%	9.9%	10.4%	-4%

Source: Erste Group Research; *excluding BESS

Valuation

We did not make any major changes in our DCF-FCFF model, which is our main valuation tool for Ignitis. The model reflects the estimated contribution from existing and under-construction assets and advanced development pipeline. The long-term RES pipeline (including 0.7 GW offshore project) is not included in our forecast.

Our DCF provides an unchanged EUR 28.3 per share twelve-month target price and we confirm our Buy recommendation for Ignitis shares. 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 15-20%, while sensitivity to the terminal growth rate assumption is similar.

WACC calculation

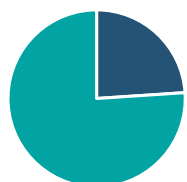
	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	2036e (TV)
Risk free rate	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.0%
Equity risk premium	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.1%
Beta	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.0
Cost of equity	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	9.1%
Cost of debt	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%	3.5%
Effective tax rate	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	21.0%
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 weight	46%	43%	41%	41%	41%	42%	42%	43%	45%	47%	60%
WACC	7.0%	6.8%	6.6%	6.6%	6.6%	6.6%	6.7%	6.7%	6.9%	7.0%	6.6%

DCF valuation

(EUR mn)	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	2036e (TV)
Sales growth	-3.8%	-0.5%	6.5%	4.6%	4.3%	-1.9%	2.5%	3.4%	2.3%	2.6%	2.0%
EBIT	325	327	370	380	399	374	380	390	375	357	365
EBIT margin	13.5%	13.7%	14.6%	14.3%	14.4%	13.7%	13.6%	13.5%	12.7%	11.8%	11.8%
Tax rate	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	21.0%
Taxes on EBIT	-55	-56	-63	-65	-68	-64	-65	-66	-64	-61	-77
NOPLAT	270	272	307	316	331	310	315	324	311	297	288
+ Depreciation	235	253	269	281	288	292	297	300	299	295	300
Capital expenditures / Depreciation	293%	269%	260%	172%	125%	123%	119%	119%	68%	70%	102%
+/- Change in working capital	2.1	17.1	89.5	57.6	-16.7	5.7	0.6	49.0	2.6	2.9	-10.2
Chg. working capital / chg. Sales	-2.2%	-129.5%	57.5%	49.5%	-14.6%	-10.7%	0.8%	51.0%	3.9%	3.7%	-5.0%
- Capital expenditures	-690	-681	-699	-484	-360	-359	-353	-359	-204	-206	-306
Free cash flow to the firm	-183	-139	-34	170	242	249	260	314	409	388	272
Terminal value growth											2.0%
Terminal value											6 091
Discounted free cash flow - Dec 31 2025e	-171	-122	-28	131	175	169	165	187	228	202	2 973
Enterprise value - Dec 31 2025e	3 910										
Minorities - Dec 31 2025e	0										
Non-operating assets - Dec 31 2025e	0										
Net debt and leases - Dec 31 2025e	2 044										
Equity value - Dec 31 2025e	1 866										
Number of shares outstanding (mn)	72.4										
Cost of equity	11.2%										
12m target price per share	28.3										
Current share price (EUR)	20.7										
Up/Downside	37%										

Enterprise value breakdown

Sensitivity (per share)



- PV of detailed period
- PV of terminal value

Source: Erste Group Research

		Terminal EBIT margin				
		9.8%	10.8%	11.8%	12.8%	13.8%
WACC	5.6%	31.1	36.3	41.6	46.8	52.1
	6.1%	25.0	29.6	34.1	38.7	43.3
	6.6%	20.2	24.3	28.3	32.4	36.4
	7.1%	16.4	20.0	23.7	27.3	30.9
	7.6%	13.3	16.6	19.9	23.1	26.4
		Terminal value growth				
		1.0%	1.5%	2.0%	2.5%	3.0%
WACC	5.6%	28.3	34.1	41.6	51.5	65.2
	6.1%	23.7	28.3	34.1	41.6	51.5
	6.6%	19.8	23.7	28.3	34.1	41.6
	7.1%	16.7	19.8	23.7	28.3	34.2
	7.6%	14.0	16.7	19.9	23.7	28.3

Disclosure of particular interests or indications of conflicts of interest according to delegated Regulation (EU) 958/2016 supplementing Article 20 of Regulation (EU) 596/2014 (MAR):

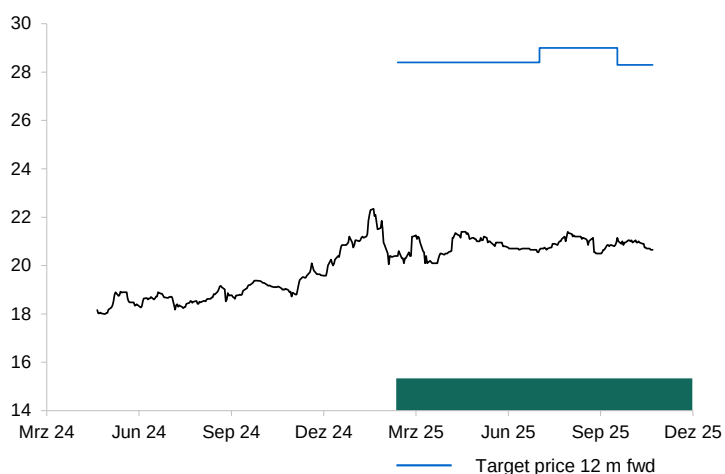
Company	ISIN	1 EGB/affiliates holdings exceed 5% of the share capital of issuer or vice versa	2 market maker or liquidity provider for issuer/instrumen ts	3 agreement for the provision of services of investment firms over the previous 12 months	4a Agreement with the covered company about the production of analyses	4b Agreement with a third party about the production of analyses	5 Managed or co- managed a public offering over the previous 12 months	6 Draft of report disclosed to issuer prior its publication	7 Analyst has a position in the issued share capital of the issuer
Ignitis	LT0000115768				Y				

The above specific disclosures (marked with “Y” if applicable), are valid at the time of publication of this report.
November 24 2025

For a more detailed and an up-to-date overview of conflicts of interests for all analysed companies and/or financial instruments by Erste Group, which are updated regularly upon changes, please follow below link:

[Disclosure | Erste Group Bank AG](#)

Ignitis



Rating history

Date	Rating	Price	Target Price	Action
31. Jul 25	Buy	20.65	29.00	
13. Mar 25	Buy	20.40	28.40	

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, 1.2 GW RES and 1.1 GW natural gas fired capacities and a sizeable pipeline of RES and storage development projects. Ignitis is also dominant Lithuanian electricity and natural gas distributor with EUR 1.8bn RAB as of 2025 and biggest regional energy supplier.

A history of all recommendations for covered issuers/financial instruments within the last 12 months is provided under the following link:
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