Transcript.

Investor presentation: 6M 2026 results

12 August 2026, 1 pm Vilnius / 11 am London

Earnings call transcript

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Corporate participants

Darius Maikštėnas, Chair of the Management Board, CEO
Jonas Rimavičius, Member of the Management Board, CFO
Ainė Riffel-Grinkevičienė, Chief of Staff to CFO and Head of Investor Relations

Presentation

Ainė Riffel-Grinkevičienė, Chief of Staff to CFO and Head of Investor Relations

[Slide No 1]

Good afternoon and welcome to the presentation of Ignitis Group's results for the first half of 2026. Thank you for joining us today. During today's call, Ignitis Group's CEO and CFO will first present the Group's strategic and financial highlights for the period. This will be followed by a Q&A session.

Before we begin, I would like to remind you that today's presentation contains forward-looking statements that are subject to risks and uncertainties. These statements are based on the management's current beliefs, expectations and assumptions, and actual results may differ materially from those expressed or implied.

With that, I will now hand over to Darius to walk you through the key strategic highlights.

Darius Maikštėnas, Chair of the Management Board, CEO

[Slide No 5]

Good afternoon, all, and thank you for joining our results call. Over the first six months of 2026, we sustained strategic progress and consistent financial performance, with key highlights as follows:

First, our Adjusted EBITDA reached EUR 307 million, representing a 2% YoY increase. Second, we continued our disciplined Green Capacities portfolio delivery, with 2.1 GW of Installed Capacity and 0.6 GW of assets Under Construction. Additionally, after the reporting period, we added further 0.1 GW to our portfolio Under Construction, as we made a Final Investment Decision for Tume BESS (107 MW and 215 MWh) in Latvia. Third, we preserved a stable balance sheet, with Net Debt/Adjusted EBITDA at 3.5 times, and reaffirmed 'BBB+' credit rating from S&P with stable outlook. Lastly, in line with our Dividend Policy, for the first half of 2026, we intend to distribute a dividend of 70.4 euro cents per share, representing a 3.1% increase YoY. Now, let me take go through the strategic progress over the reporting period.

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First, the progress of our Green Capacities projects Under Construction:

Currently, we have 6 projects Under Construction, with a total capacity of 0.7 GW and Investments of EUR 422 million. The portfolio includes one solar farm, one hydro expansion project and four BESS projects.

To start with 174 MW Tume SF in Latvia, we have already invested EUR 87 million out of total EUR 106 million. The project is progressing on track, with 134 MW of solar panels already installed. Once completed, the project will be capable of supplying green electricity to up to 85 thousand households annually.

Next, 110 MW Kruonis Pumped Storage Hydroelectric Power Plant expansion project, we have already invested EUR 109 million out of total EUR 150 million. The project currently is 82% completed. All penstock segments have been manufactured and delivered to the construction site. At the power plant, the main components, including distributor, stator and rotor, have been preassembled and their tests successfully completed. Concreting works in the site are near completion, after which the preassembled components will be installed in their place. The project will increase the plant's total capacity to 1.1 GW and significantly improve the flexibility and reliability of the Baltic energy grid.

Now, our four BESS projects Under Construction:

Starting with 147 MW and 295 MWh Kelmė BESS project, we have invested EUR 18 million out of a total EUR 63 million, supported by a EUR 7.5 million CAPEX subsidy for the project. During the second quarter, deliveries of all battery units were completed. The project is co-located with 314 MW Kelmė WF, allowing it to benefit from shared high-voltage infrastructure.

Moving on, in the 99 MW and 199 MWh capacity Kruonis BESS project we have invested EUR 13 million out of total EUR 47 million, supported by a EUR 5 million CAPEX subsidy. During Q2, deliveries of all battery units were completed. As a stand-alone project, it will unlock up to 1.1 GW of flexibility through operational synergies with the Kruonis Pumped Storage Hydroelectric Power Plant.

Next, in the 45 MW and 90 MWh Mažeikiai BESS project we have invested EUR 6 million out of total EUR 21 million, supported by a EUR 2 million CAPEX subsidy for the project. During Q2, deliveries of all battery units were completed, and, after the reporting period, deliveries of all inverter units were also completed. The project is co-located with the 63 MW Mažeikiai WF, allowing it to benefit from shared high-voltage infrastructure.

Finally, 107 MW and 215 MWh Tume BESS project. After the reporting period we made a Final Investment Decision for it. By co-locating Tume BESS with our 174 MW Tume SF, which is also currently Under Construction, we are maximising the projects' efficiency through shared grid infrastructure and unified connections.

Together, these assets will deliver the flexibility and stability required to power a resilient, renewable future across the Baltics. As of now, all projects are being implemented on time and within budget.

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Turning to our sustainability performance, over 6M 2026, our Green Share of Generation (net) increased by 20 pp to 84%. However, our Electricity Generated decreased by 23% to 1.7 TWh. The decrease was driven by lower generation at Elektrėnai Complex, as the volume of balancing capacity services provided in 6M 2026 was lower compared to 6M 2025.

Looking at carbon intensity, our Scope 1 & 2 decreased by 21% as a result of lower electricity generation from natural gas at Elektrėnai Complex.

Next, our GHG emissions, they amounted to 2.7 million t CO2-eq, representing a 4% increase YoY. This increase was driven by higher Scope 3 emissions, mainly due to increased natural gas sales, and higher Scope 2 emissions, resulting from cold weather and higher grid losses. They were partly offset by lower electricity generation at Elektrėnai Complex due to lower need of balancing capacity services.

Lastly, on our safety, safeguarding the health and safety of our employees and contractors is among the Group's highest priorities. However, during the reporting period, we had one fatal contractor incident. We are committed to take every possible measure to prevent such tragedies in the future. Our employee TRIR has improved and amounted to 0.48 while contractor's TRIR increased to 1.

With the strategic overview complete, I will now hand over to Jonas for the financial update.

Jonas Rimavičius, Member of the Management Board, CFO

[Slide No 9]

Thank you, Darius. Let me start with our financial highlights of 6M 2026.

Adjusted EBITDA grew by 2% YoY and reached EUR 306 million, driven by stronger performance in Networks and Customers & Solutions. Adjusted Net Profit decreased by 21% and amounted to EUR 116 million, mainly due to higher depreciation and amortisation and lower financial activity results, which offset the Adjusted EBITDA growth.

Our Investments decreased by 11% YoY and amounted to EUR 306 million, with 68% allocated to Networks, and 26% directed to Green Capacities. Return on Capital Employed decreased by 1.9 pp, mainly due to the lower Adjusted EBIT in Green Capacities.

Our Net Debt amounted to EUR 1.9 billion, remaining largely unchanged, supported by proceeds from the sale of 49% stake of Vilnius CHP. As a result, Net debt/Adjusted EBITDA remained stable at 3.5x, and our FFO/Net Debt improved to 22.2%. Additionally, after the reporting period, S&P Global Ratings reaffirmed our 'BBB+' credit rating with stable outlook, confirming our strong financial position.

Finally, in line with our Dividend Policy, for H1 2026, we intend to distribute a dividend of 70.4 euro cents per share, which is 3.1% higher than last year.

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Let us now review our key performance indicators, starting with Adjusted EBITDA:

Firstly, Green Capacities' decreased by 10% to EUR 149 million, driven by lower captured price and volume. Secondly, Networks' grew by 15% and amounted EUR 147 million, mainly due to higher RAB as a result of continued Investments into our electricity network. Thirdly, Reserve Capacities' decreased by 11% to EUR 18 million, mainly due to lower result of balancing capacity services. Finally, our Customers & Solutions' EBITDA amounted EUR 0.2 million. The growth was mainly supported by higher volumes sold, lower imbalance costs and profitable one-off natural gas wholesale transactions.

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Turning to segment-level EBITDA performance and starting with Green Capacities, the main drivers behind 10% YoY decrease, were: firstly, lower price captured by our green generation assets, especially on the hedged part, where, as expected, our hedge price decreased from EUR 130 last year to EUR 82 this year; secondly, due to a very cold winter, we have had very low wind speeds in 6M 2026, which resulted in much weaker generation in our wind farms. However, the decrease was partly offset by lower OPEX due to higher spending on development projects in 2025.

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Now, the Networks segment, 11% growth in Networks' EBITDA was mainly supported by a higher RAB, which increased from EUR 1.8 billion to EUR 1.9 billion, driven by continued Investments into electricity network. WACC remains stable at 5.74%

[Slide No 13]

Next, Reserve Capacities segment, the segment posted 38% YoY decrease, which was mainly driven by lower results of balancing capacity services, as the market matures, and planned major overhaul of Unit 7 at Elektrėnai Complex.

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And finally, Customers & Solutions' Adjusted EBITDA amounted to EUR 0.2 million, driven by both better results of electricity and natural gas. On the electricity side, results were better due to higher sales volumes and reduced imbalance costs, and on the natural gas side – due to higher volumes sold and profitable wholesale transactions.

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Having reviewed the segments' results, let us now turn to our Investment activities. In the first six months of this year, our Investments amounted to EUR 306 million and were 11% lower than last year. The reason behind this decrease was lower Investments in Green Capacities segment, as 6 projects reached COD in 2025. However, the decrease in investments in Green Capacities was offset by higher Investments in Networks, where we invested more in the electricity distribution maintenance and expansion.

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Turning to FCF. It amounted to EUR +5 million as Adjusted EBITDA fully covered our Investments. Also, it is worth to mention, that asset rotation result is not included in the FCF calculation.

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Let us now review our leverage metrics. At the end of H1 2026, our Net Debt amounted to EUR 1.9 billion, remaining largely unchanged. At the same time, our main credit rating metric, FFO/Net Debt, improved to 22.2%, supported by an increase in FFO. Net Debt/Adjusted EBITDA remained stable at 3.5 times.

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Finally, let us now look at our guidance for full-year 2026. Following our 6M 2026 performance, which was in line with our expectations, we reiterate our full-year 2026 Adjusted EBITDA guidance of EUR 550–600 million and Investments guidance of EUR 590–690 million.

With that, I will hand over to Darius for the concluding remarks.

Darius Maikštėnas, Chair of the Management Board, CEO

[Slide No 20]

Thank you, Jonas. Let me briefly summarise Ignitis Group's performance during 6M 2026.

Over H1 2026, we marked a sustained strategic progress and consistent financial performance, with key highlights as follows:

First, our Adjusted EBITDA reached EUR 306 million, representing a 2% YoY increase. Second, we continued disciplined Green Capacities portfolio delivery, with 2.1 GW of Installed Capacity and 0.6 GW of assets Under Construction. Additionally, adding 0.1 GW to assets Under Construction as we made Final Investment Decision for Tume BESS of 107 MW and 215 MWh after the reporting period. Third, we preserved a stable balance sheet, with Net Debt/Adjusted EBITDA at 3.5 times, and reaffirmed 'BBB+' credit rating from S&P after the reporting period. Fourth, in line with our Dividend Policy, for H1 2026, we intend to distribute a dividend of 70.4 euro cents per share, representing a 3.1% increase YoY. And lastly, we reiterate our full-year guidance for 2026. We expect Adjusted EBITDA to be in the range of EUR 550–600 million and Investments between EUR 590–690 million.

With that, thank you for joining today's call. We appreciate your time and continued interest in Ignitis Group.

Ainė Riffel-Grinkevičienė, Chief of Staff to CFO and Head of Investor Relations

[Slide No 21]

Thank you to our speakers. We will now open the floor for questions. Our first question is: "Could you please provide a bit more colour on the sharp drop in balancing capacity service volumes in Reserve Capacities in Q2? Was it due to increased competition, unfavourable spark spread or else?"

Jonas Rimavičius, Member of the Management Board, CFO

So, in Reserve Capacities, we indeed had a worse quarter than a year ago, but we need to remember that last year we have had just completed the synchronisation with Continental Europe. So, naturally, there was more volatility in the balancing capacity market, hence, the results of these facilities were better. This year the market has already normalised due to both more market participants entering the market and also existing participants getting more familiar with how the market operates. That being said, just as a reminder, Reserve Capacities is essentially a downside-protected option to benefit from the volatility in the market. So, one quarter doesn't mean that the results will continue in the lower level, but yes, we need to acknowledge that the balancing market is becoming more competitive and we cannot and we did not expect the prices to remain at last year's levels.

Ainė Riffel-Grinkevičienė, Chief of Staff to CFO and Head of Investor Relations

The second question received is as following: "Could you please give us your take on the legislation changes related to the prosumer regulation model, the net-metering seemingly winning against the net-billing model? How much does the new regime change the expectations that losses in that part of Customers & Solutions business segment will be dramatically cut?"

Jonas Rimavičius, Member of the Management Board, CFO

Indeed, the decision was to keep the net-metering model in place and, at the same time, introduce additional fees for both prosumers and regular customers to cover the negative impact that prosumers are having. In terms of our expectations, we think that the legislation, which has been already passed, will cover around 60–70% of the losses which we are currently suffering. So, there will still remain some part, which we will try to address through pricing decisions on our side, but, at the bottom line, we expect around 60–70% of losses to be covered by the change in the legislation.

Ainė Riffel-Grinkevičienė, Chief of Staff to CFO and Head of Investor Relations

The next question we have is: "Could you please elaborate on the relatively muted EBITDA improvement in the Customers & Solutions segment during the Q2, despite visibly higher revenues? It would be great to get an approximate EBITDA breakdown between the gas and electricity businesses within this segment."

Jonas Rimavičius, Member of the Management Board, CFO

So, in Q2, we are starting to see the negative impact of prosumers, because that's when the bigger solar generation starts. That happens every year, and in 2026 it's not an exception. The prosumer impact is still at 100%, because we are not yet accounting for the positive impact from the legislation, which we just discussed. So, in short, prosumers are the main driver of muted EBITDA improvement.

Ainė Riffel-Grinkevičienė, Chief of Staff to CFO and Head of Investor Relations

Next question: "Green Capacities saw the Adjusted EBITDA increase by 9.8% YoY to EUR 62.9 million in Q2, despite lower revenues. The increase was mainly related to lower development expenses for new development projects. I wonder if this new run rate, mostly hidden under other expenses in the segment, is something we can extrapolate going forward?"

Jonas Rimavičius, Member of the Management Board, CFO

We are already starting to see the first results of our operational efficiency programme, where we are trying to focus on the best projects that we have and limit our development expenses on less promising projects. And, indeed, going forward, the current run rate is more accurate than what we've seen last year.

Ainė Riffel-Grinkevičienė, Chief of Staff to CFO and Head of Investor Relations

The following question: “Could you please give us a hint about when one can reasonably expect some kind of clarity on the Curonian Nord offshore wind farm?”

Jonas Rimavičius, Member of the Management Board, CFO

So, on Curonian Nord, we are working towards obtaining the construction permit in 2027, and further decisions would be expected after that.

Ainė Riffel-Grinkevičienė, Chief of Staff to CFO and Head of Investor Relations

Next question: “What were the factors driving low production from wind apart from lower wind speeds in Q1 and Q2?”

Jonas Rimavičius, Member of the Management Board, CFO

In terms of other factors, I mean, the wind speeds are the main one. We did have some longer maintenance periods for one of our wind farms in Mažeikiai, but the main driver by far is lower wind speeds.

Ainė Riffel-Grinkevičienė, Chief of Staff to CFO and Head of Investor Relations

Next question: “What was the cost of electricity purchases to cover lower production from wind in Q1 and in Q2?”

Jonas Rimavičius, Member of the Management Board, CFO

I think, on this one, I don’t have the details in front of me. We can follow up directly after the call with our Investor Relations team.

Ainė Riffel-Grinkevičienė, Chief of Staff to CFO and Head of Investor Relations

One more question: “What is the situation in the balancing capacity market? Can you share YoY profit development in the market?”

Jonas Rimavičius, Member of the Management Board, CFO

On the balancing capacity market, I think we covered that on the Reserved Capacities part. Just to recap, we do see a decrease in profit from balancing capacities because the prices for the services are lower due to new assets participating in the services and the existing participants being more accurate and more capable to provide their bids. That being said, we are also benefiting from this situation because, on the Customers & Solutions side, we are suffering lower imbalance costs, and also on the renewables side, we are also suffering lower balancing costs. So, all in all, it’s still a negative for us, the decrease in market prices, but we do have some positives. Also, this decrease is not unexpected for us. That was foreseen when we provided the guidance for the year.

Ainė Riffel-Grinkevičienė, Chief of Staff to CFO and Head of Investor Relations

The following question: “In your factsheet, Mažeikiai WF generated 9.4 GWh in Q2 2026 vs 33.3 GWh a year earlier, a load factor 6.9% against 14–15% at your Kelmė wind farms in the same market and quarter, and a 28% historical average for Mažeikiai WF itself. Wind resource alone doesn't explain the gap. Was there an outage or curtailment issue, or something else, and is it resolved?"

Jonas Rimavičius, Member of the Management Board, CFO

Indeed, when I mentioned this longer maintenance period in one of the wind farms, that was indeed Mažeikiai. In that particular wind farm, due to reoccurring cable faults, we have decided to undergo a more substantial maintenance for the cables, replacing parts of them. We decided to do it during the low-wind season and expect it to fully complete it by the start of high-wind season, so, essentially, in Q3.

Ainė Riffel-Grinkevičienė, Chief of Staff to CFO and Head of Investor Relations

One more question: "Adjusted ROCE is 6.7%, down by 1.9 pp, and the ownership expectations letter sets a floor of 6.5%. Your own 2026–2029 target is an average of 6.5–7.5%. What gets you back above the midpoint and when?"

Jonas Rimavičius, Member of the Management Board, CFO

In terms of Adjusted ROCE declining, it is of course not ideal, but what I can say is that we do intend to stay within our target range of 6.5–7.5%.

Ainė Riffel-Grinkevičienė, Chief of Staff to CFO and Head of Investor Relations

One more question: "Would it be possible in the future to report separately power and natural gas results within the Customers & Solutions business segment?"

Jonas Rimavičius, Member of the Management Board, CFO

Thank you for the remark, we will take that into consideration. We'll consider this decision.

Ainė Riffel-Grinkevičienė, Chief of Staff to CFO and Head of Investor Relations

The following question: "Could you give us some colour on refinancing efforts of 2026–2027 bonds. When could investors expect more news and does the company consider hybrid bond issuance?"

Jonas Rimavičius, Member of the Management Board, CFO

You are right, we do have EUR 300 million bonds maturing in the middle of 2027. I will not comment on the precise plans in terms of specific transactions, but, naturally, we do intend to refinance these bonds, ahead of their maturity.

Ainė Riffel-Grinkevičienė, Chief of Staff to CFO and Head of Investor Relations

One more question: "What loss in prosumers do you expect in 2026? What YoY impact do you expect from the updated prosumer regulations in 2027?"

Jonas Rimavičius, Member of the Management Board, CFO

In terms of 2026 prosumer impact, last year we had close to EUR 30 million of negative EBITDA from prosumers. This year, naturally, because the number of prosumers has increased, we would expect somewhat higher negative impact from them. In terms of going forward, as I mentioned before, we do expect, due to the new legislation, around 60–70% of that amount to be covered.

Ainė Riffel-Grinkevičienė, Chief of Staff to CFO and Head of Investor Relations

We have no further questions. Thank you for joining today’s call. Our Investor Relations remains available for any follow-up questions. We look forward to speaking to you again next quarter. Have a great day.