

Ignitis Group

INITIAL COMMENT

Key share data

Sector	Integrated Utilities
Ticker - Nasdaq Vilnius	IGN1L
Ticker - London Stock Exchange	IGN
Market Cap (EURm)	1,556
Net Debt (EURm)	1,783
EV (EURm)	3,339
Net debt / Equity	72%
Issued shares, m	72.4
Share price (EUR)	21.45

Figures & Ratios (NOKm)

	2024	2025	2026E
Revenues	2,307	2,498	2,651
EBITDA	533	482	533
EBIT	350	251	261
Pre-tax profit	308	190	214
Net profit	276	164	179
EPS (EUR)	3.82	2.26	2.47
DPS (EUR)	1.33	1.37	1.41
Div. yield	6.8%	6.4%	6.5%
Net Debt	1,612	1,912	2,388
EV/Sales	1.3	1.4	1.5
EV/EBITDA	4.4	5.3	5.7
EV/EBIT	6.1	7.6	8.7
P/E	4.7	4.3	5.1
P/B	0.65	0.60	0.58
ROE	14.7%	14.6%	11.8%
ROCE	13.1%	10.5%	9.2%

not updated

Slight positive surprise on adj. EBITDA

Ignitis Group reported its 1Q26 results this morning showing slightly positive expectation deviation on adj. EBITDA, also stronger YoY. Weaker than estimated results from Green Capacities were offset by stronger Reserve Capacities and Customers & Solutions performance. Further, 2026 adj. EBITDA guidance was maintained at EUR 550-600m, with less contributions now expected from Green Capacities. Investment indications were kept at EUR 590-690m.

Adjusted operating figures slightly better than expected on totals

Ignitis Group's 1Q26 adj. EBITDA landed at EUR 192m, which was slightly above our and consensus estimates, also 1.9% better YoY. Stronger-than-estimated result in Reserve Capacities and Customers & Solutions (EUR 15.2m vs awaited EUR 7.6m and EUR 13.1m vs EUR -9.3m) offset weaker Green Capacities segment (EUR 86.3m vs awaited EUR 110m). Worse Green Capacities segment was explained by lower realized prices. Net electricity generation across all segments was very slightly below our expectations at 1.02 TWh in 1Q vs our awaited 1.03 TWh and 1.21 TWh in 4Q25. Thus, YoY decrease and slightly negative surprise can be attributed to lower production at the Elektrėnai Complex. More positively, Reserve Capacities segment was stronger than our estimate, although still 13% down on YoY basis. Customers & Solutions segment results were much better than we feared, while expected to improve this year, segment turned positive already in 1Q. Both electricity and gas supply revenues recorded strong volume increases YoY due to colder winter. Electricity part also benefited from higher average electricity market prices in Lithuanian zone.

The company kept its dividend policy of $\geq 3\%$ growth by proposing to distribute a dividend of EUR 0.683/sh for 2H25. The FFO LTM/Net Debt ratio increased by 0.5 p.p. QoQ to 21.5%. Capex came in below our estimate at EUR 156.9m vs our estimated EUR 263.1m. With slight QoQ deterioration, FCF stayed negative this quarter at EUR -74m (EUR 17m 1Q25). Adj. ROE LTM was somewhat lower YoY at 8% vs 11.3% in 1Q25.

1Q/26 results	1Q/25	4Q/25	1Q/26	1Q/26e	Deviation	YoY %	Consensus*
EURm			Reported	Norne	%		
Revenues	772.8	699.0	939.0	902.5	4.0%	21.5%	887
Adjusted EBITDA	188.5	140.8	192.2	189.4	1.5%	1.9%	196
Green Capacities	109.3	76.1	86.3	110.0	-22%	-21%	116
Networks	74.1	70.6	80.7	81.7	-1%	9%	79
Reserve Capacities	17.4	3.0	15.2	7.6	100%	-13%	10
Customers & Solutions	-14.2	-5.7	13.1	-9.3	nm	nm	-9
Other activities and eliminations	1.9	-3.2	-3.1	-0.6	nm	nm	-
Adjusted EBIT	138.6	69.7	126.3	123.7	2.1%	-8.9%	-
Net profit to shareholders	83.9	31.1	72.8	85.4	-14.8%	-13.2%	92
EPS (EUR)	1.16	0.43	1.01	1.18	-14.8%	-13.2%	1.27
Investments	146.5	195.7	156.9	263.1	-40.4%	7.1%	-
Electricity Generated (net) TWh	1.21	0.95	1.02	1.03	-1.1%	-15.7%	-

* Consensus collected by Ignitis Group

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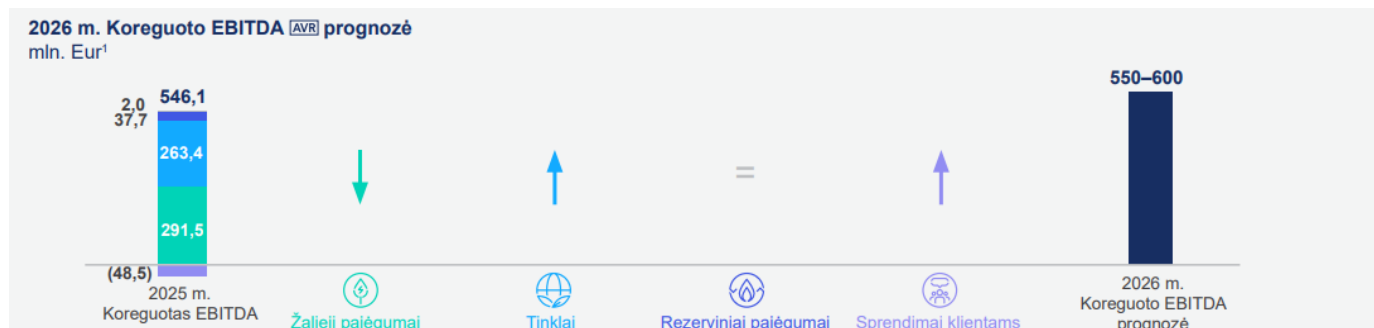
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Adjusted forecast for Green Capacities

For 2026 Ignitis still expects to deliver adjusted EBITDA in the range of EUR 550-600m (our estimate EUR 575m), with midpoint 5% above the actual result for 2025 (EUR 546.1m). However, slight changes were made in segmental prognosis, with Green Capacities now expected to decline YoY. Directional expectations for other segments stayed unchanged. This should be achieved with lower investments as company still guides investments between EUR 590-690m (EUR 720.3 spent in 2025) for 2026.



Source: Ignitis Group quarterly report for 1Q26

Updated strategic plan announced

Ignitis Group still expects 4-5 GW from Green Capacities long-term; 2.8-3.2 GW are planned to be already achieved in 2029. Networks regulated asset base is expected to increase from EUR 1.9bn in 2026 to 2.4bn in 2029, showing around 7% CAGR over the period and EUR 1.4-1.6 bn investments planned. 50% of these investments should go to expansion and 46% to maintenance work. Data centers are also a key part of new Ignitis Group's strategy with 2.9x growth in data centers capacities (GW) expected between 2024 and 2035. The areas where Ignitis expects to contribute the most relate to land area, grid connections and electricity supply.

Total investments over 2026-2029 are estimated to be around EUR 2.5-3bn, down from EUR 3-5bn in the last strategy update. Expected adj. ROCE is still at 6.5-7.5%, stable from 2025 level (7.5%). Besides optimizing CAPEX, company also intends to optimize OPEX with a 10% combined cost decline forecasted between 2025 and 2029.

Adj. EBITDA target for 2029 was set to EUR 640-700m (old target for 2028 was at EUR 600-680m) with Green capacities and Networks contributing the most to the result. Commitment to increase dividends at $\geq 3\%$ was maintained. To summarize, Ignitis Group's high growth phase seems to be gradually replaced by operational optimization and a search for more niche growth opportunities.

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