

## Trending upwards

**Ignitis stock has been trending upwards, supported by strong Q3 2024 results and an increase in adjusted EBITDA guidance for the year. As the actual 2024 results exceeded this guidance, we view the recent dip in the stock price as temporary and anticipate continued adjusted EBITDA growth in 2025.**

### Green Capacities offset retail business weakness

The Group Q4/24 adj. EBITDA decreased 6.1% y-on-y to EUR 131m but was still 10.9% above our estimate. The Customers & Solutions' (retail) adj. EBITDA y-on-y decrease of EUR 13.5m was offset by the Green Capacities' adj. EBITDA increase of EUR 13.3m. Weakness in the retail business is likely to continue this year but we believe it will be more than offset by growth in other segments.

### Conservative 2025 guidance

The 2025 adj. EBITDA guidance range of EUR 500-540m was announced in the Q4/24 report. At the mid-value (520m), this implies an adj. EBITDA increase of 6% to the 2024 guidance mid-value (490m) and 1% decline to 2024 reported adj. EBITDA (528m). We regard the guidance as conservative and estimate a 2025 adj. EBITDA of EUR 549m.

### New valuation method

We change our valuation method to SOTP (sum-of-the-parts), which indicates a Fair value of EUR 28.03/shr. (prev. 28.16). We forecast 2025E dividend of EUR 1.37/shr. indicating a yield of 6.7% (net 5.7%), inline with its policy to increase dividends by 3% per year.

### Key figures (MEUR)

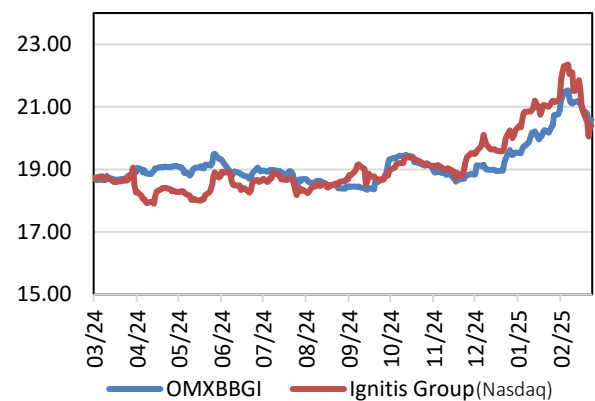
	2023	2024	2025E	2026E	2027E
Revenue	2,549	2,307	2,332	2,401	2,486
Revenue growth	-41.9%	-9.5%	1.1%	3.0%	3.5%
Adj. EBITDA	485	528	549	587	630
Adj. EBITDA margin	19.2%	22.9%	23.5%	24.5%	25.3%
EBIT	352	350	297	327	375
EBIT margin	13.8%	15.2%	12.7%	13.6%	15.1%
EV/Sales	1.1	1.3	1.5	1.6	1.6
EV/adj. EBITDA	5.8	5.7	6.3	6.4	6.3
EV/adj. EBIT	8.5	8.8	9.4	9.3	9.1
P/E adj.	4.6	5.3	6.8	6.0	5.1
P/BV	0.6	0.6	0.6	0.5	0.5
EPS	4.42	3.82	3.00	3.42	3.97
EPS growth	9.4%	-13.7%	-21.3%	13.8%	16.3%
Div. per share	1.29	1.33	1.37	1.41	1.45
Dividend yield*	6.9%	6.8%	6.7%	6.9%	7.1%

Source: Company data, Enlight Research estimates

\*Pre-tax yield on EUR 20.40

Fair value range (EUR)	
Bull	33.17
Base	28.03
Bear	24.88
Key Data	
Price (EUR)	20.40
Ticker	IGN1L
Country	Lithuania
Listed	Vilnius (Lithuania)
Market Cap (EURm)	1,477
Net debt (EURm)*	1,986
Shares (m)	72.4
Free float	25%

\*End of 2025 estimate



Price range	
52-week high	22.35
52-week low	17.90

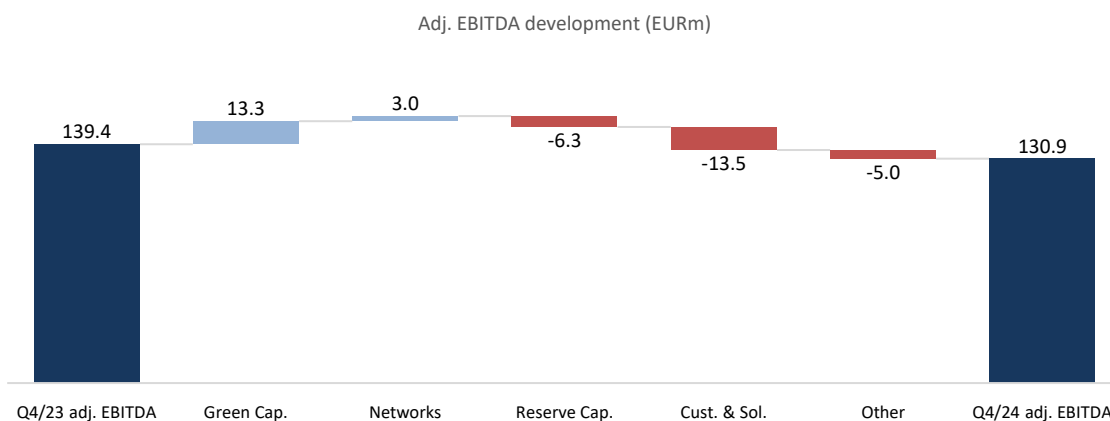
Analyst	
ResearchTeam@enlightresearch.net	

Coverage frequency	
4x per year	

## Key takeaways

### Core segments offset declines in other segments

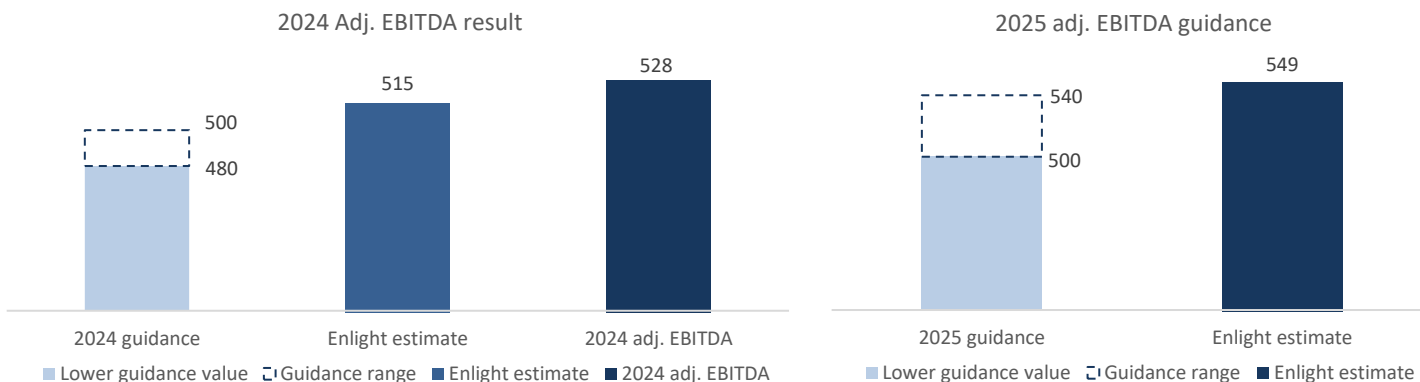
Compared to Q4/23, the core segments Green Capacities and Networks increased their Q4/24 adj. EBITDA by EUR 13.3m, and EUR 3.0m, respectively. During the same periods, the Customer & Solutions and the Reserve Capacities decreased their adj. EBITDA by EUR 6.3m, and EUR 13.5m, respectively (the impact of other activities and eliminations on adj. EBITDA was negative EUR 5.0m). This means the core segments offset EUR 16.3m of the EUR 24.8m adj. EBITDA declines from the other segments i.e., the Group adj. EBITDA declined by 6.1% or EUR 8.5m in Q4/24 vs. Q4/23. Although it is nice to have growth in all segments, we put more importance on the Green Capacities and the Networks segments. In 2025, we forecast the adj. EBITDA to grow for all segments except the Customer & Solutions segments. Worth noting is that the Group Q4/24 adj. EBITDA of EUR 131m was 11% or EUR 13m above our estimate of EUR 118m.



Source: Company reports

### Guidance beat is expected to be repeated in 2025

The 2024 adj. EBITDA of EUR 528m beat the higher end of the 2024 guidance (480-500m) and the Enlight estimate (515m). For 2025 the Company issued an adj. EBITDA guidance of EUR 500-540m. Once again, we expect guidance will be exceeded and forecast an adj. EBITDA of EUR 549m. Our expected guidance beat is mainly due to new green generation capacity, and higher Networks segment’s RAB/WACC as well as additional earnings potential for the Reserve Capacities segment following the Baltic States electrical grid synchronization with continental Europe.

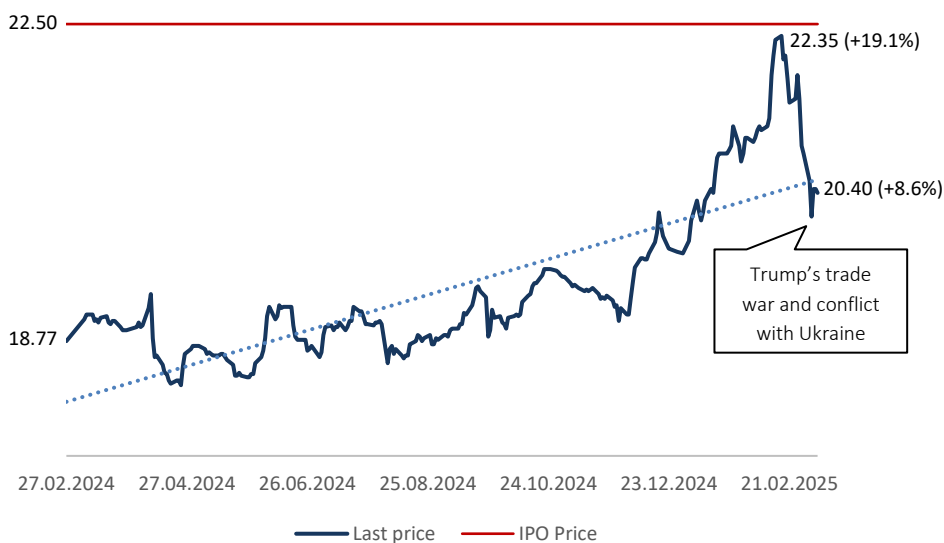


Source: Company reports (guidance), Enlight Research (estimate)

**Trending towards IPO price**

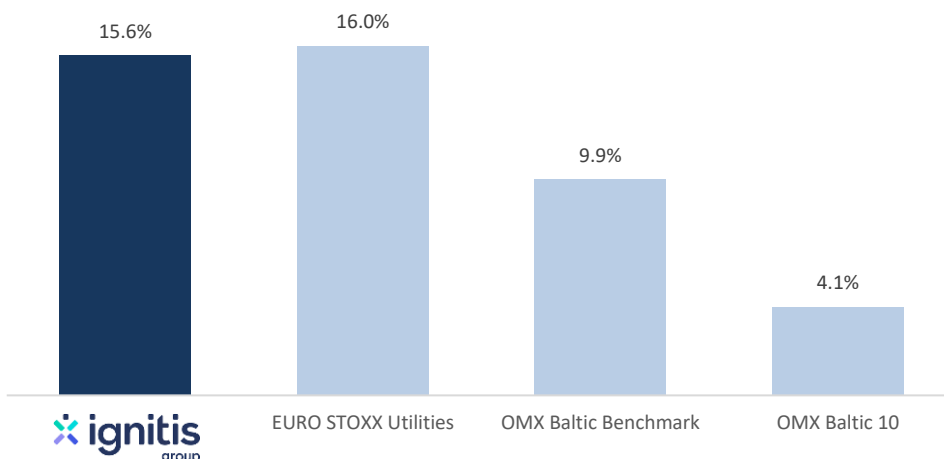
On 17 February 2025, Ignitis Group’s share price (IGN) closed at EUR 22.35, which was only EUR 0.15 shy of the EUR 22.50 IPO price. After this, the share fell to EUR 20.40 inline with the energy sector peers. However, the 1-year return is still 8.6% (15.6% including dividends). Furthermore, Ignitis Group’s 1-year total return is 6.3 percentage points higher than the OMX Baltic Benchmark return of 9.9% (also includes dividends) and roughly in-line with a 16% return of the EURO STOXX Utilities index that tracks the performance of the biggest European utilities.

Last 12 months IGN share price (EUR/shr)



Source: Nasdaq Baltic

Last 12 months return including dividends

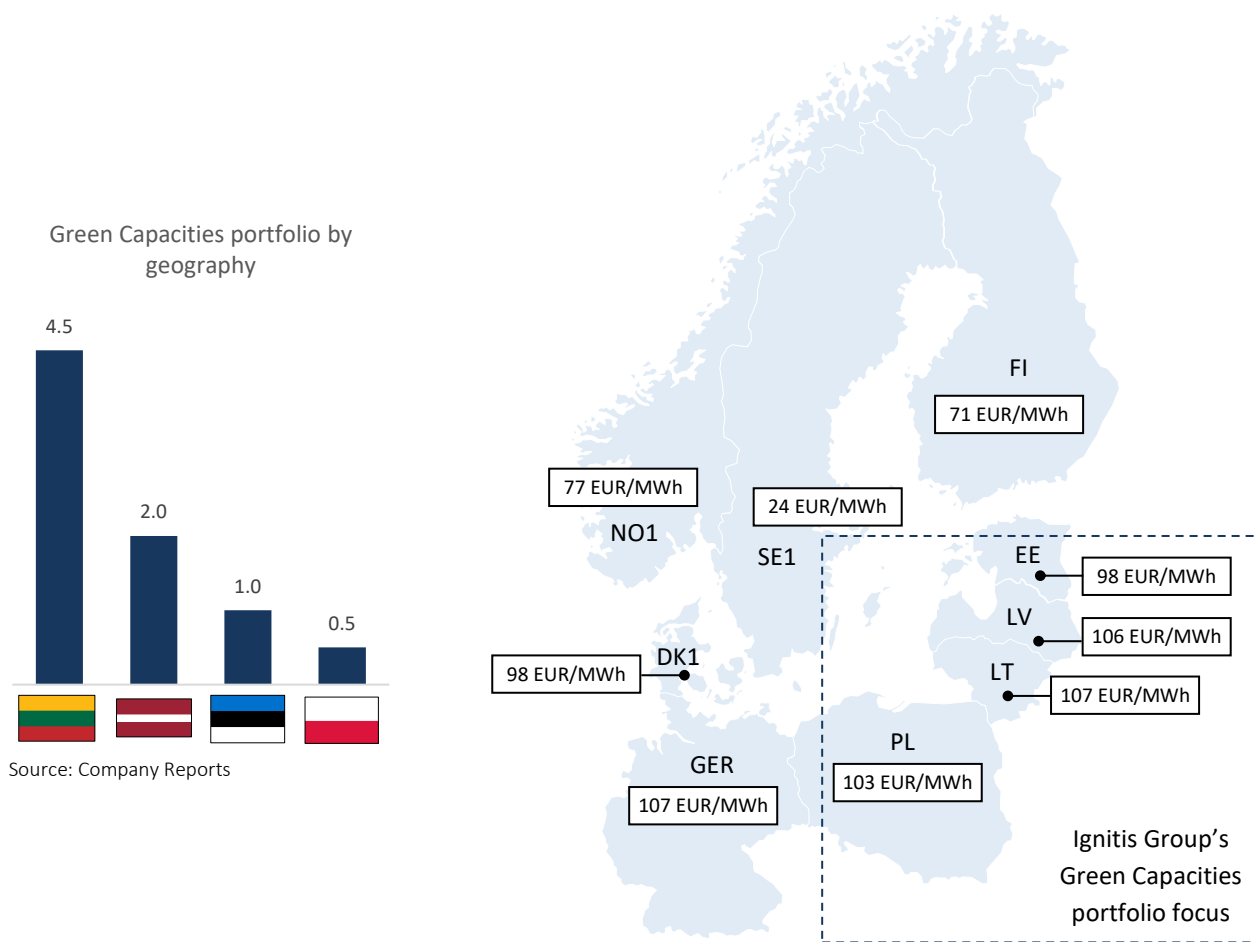


Source: Nasdaq Baltic, STOXX

### Strategically selected Green Capacities locations

The current Green Capacities asset portfolio consists of 8.0 GW of total capacity (1.4 GW installed, 1.0 GW under construction, and 5.6 GW in the development) out of which 4.5 GW are planned to be located in Lithuania, 2.0 GW in Latvia, 1.0 GW in Estonia, and 0.5 GW in Poland. Based on wholesale electricity price data from the European power exchange operator Nord Pool, the Baltic countries and Poland have higher electricity prices than most neighbouring countries. In the Baltics and Poland, the average annual wholesale electricity price over the last five years (2020-2024) was 104 EUR/MWh and 103 EUR/MWh, respectively. This is 46% higher than Finland (71 EUR/MWh) and 333% higher than Sweden (24 EUR/MWh). Ignitis Grupe’s Green Capacities portfolio is located in the aforementioned countries with higher electricity price, which in our view, presents better profit opportunities.

2020-2024 average annual electricity price per region



Source: Nord Pool

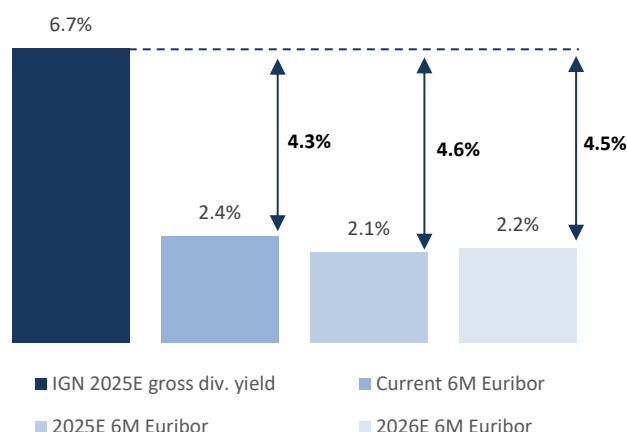
### Solid dividends in a changing environment

Ignitis Group continues to follow its dividend policy (min. 3% annual dividend growth paid semi-annually) and proposed a dividend of EUR 0.663 per share for H2/24. The proposed dividend implies a full-year 2024 dividend of EUR 1.33 per share (roughly inline with our forecast of EUR 1.32), which is equal to a 6.5% pre-tax dividend yield (5.5% post-tax) based on the share price of EUR 20.40. We believe the company will continue to live up to its dividend policy in the forecast period 2025-2027, indicating dividend yields of 6.7% (5.7% net) in 2025E, 6.9% (5.9% net) in 2026E, and 7.1% (6.1% net) in 2027E. In our opinion, Ignitis Group’s steadily growing dividends become increasingly attractive as the Euribor decline. The estimated 2025 gross dividend yield of 6.7% is 4.3 percentage points higher than the current 2024 6M Euribor rate of 2.4% and 4.6 percentage points higher than the expected 2025 6M Euribor rate of 2.1% (Chatham Euribor forward curve). We regard Ignitis Group as a stable long-term Baltic dividend stock, backed by a solid growth outlook.

Dividend & yield	2024	2025E	2026E	2027E
H1 dividend (EURm)	47.9	49.4	50.9	52.4
Growth y-on-y	2.9%	3.2%	3.0%	3.0%
H2 dividend (EURm)	47.9	49.4	50.9	52.4
Growth y-on-y	2.9%	3.2%	3.0%	3.0%
<b>Total dividend paid (EURm)</b>	<b>95.8</b>	<b>98.9</b>	<b>101.8</b>	<b>104.9</b>
<b>Growth y-on-y</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>
H1 dividend per share (EUR)	0.66	0.68	0.70	0.72
H2 dividend per share (EURm)	0.66	0.68	0.70	0.72
<b>Total dividend per share (EUR)</b>	<b>1.33</b>	<b>1.37</b>	<b>1.41</b>	<b>1.45</b>
Dividend growth	3.1%	3.0%	3.0%	3.0%
Pre-tax dividend yield	6.5%	6.7%	6.9%	7.1%
Post-tax dividend yield	5.5%	5.7%	5.9%	6.1%
Share price (EUR)	20.40	20.40	20.40	20.40

Source: Company (historic), Enlight Research (estimates)

IGN 2025E div. yield vs 6m Euribor



Source: Chatham (6M Euribor), Enlight Research (estimates)

## Valuation

### New valuation method indicates Base case FV of EUR 28.03

Given that the Green Capacities segment has reached critical mass and achieved a solid track record, we change our valuation method from a Dividend Discount based model to a sum-of-the-parts model (SOTP). For Green Capacities, we use our renewable peer group EV/EBITDA average multiple while we use the integrated utilities peer group EV/EBITDA average multiple for Reserve Capacities and Customer & Solutions. For the Networks, we use the 2025 RAB value. Multiplying the average peer EV/EBITDA multiples by our estimated 2025 EBITDA (except for the Networks segment) implies an EV of EUR 4,387m. Worth noting is that we put an EV value of zero to Customers & Solutions segment as we forecast a loss in 2025. By deducting the estimated 2025 Net debt of EUR 1,986m, we get an equity value of EUR 2,401m or EUR 33.17 per share. Finally, we apply a Baltic discount (most peers are Western European) to get our Fair values. Our Base case applies a discount of 15% resulting in a Fair value per share of EUR 28.03 (prev. 28.16). Our Bear case assumes a discount of 25% and indicates a Fair value per share of EUR 24.88 (prev. 24.13), while our Bull case assumes a discount of 0% which indicates a Fair value per share of EUR 33.17 (prev. 33.79).

Segment	2025E adj. EBITDA	Applied peer 2025 EV/EBITDA multiple	EV (EURm)
Green Capacities	270	8.6	2,315
Networks*	1,795*	1.0	1,795
Reserve Capacities	44	6.3	276
Customer & Solutions	-21	6.3	0
<b>Total EV</b>			<b>4,387</b>
Net debt (EURm)**			1,986**
Equity value (EURm)			2,401
Number of shares (m)			72.4
<b>Value per share (EUR)</b>			<b>33.17</b>

\* For the Networks segment's valuation, the 2025 RAB value is used

\*\* End of 2025 estimate

Source: Enlight Research

	Bear case	Base case	Bull case
Value per share (EUR)	33.17	33.17	33.17
Motivated discount	25%	15%	0%
<b>Motivated fair value (EUR)</b>	<b>24.88</b>	<b>28.03</b>	<b>33.17</b>
Current share price (EUR)	20.40	20.40	20.40
Potential upside	22%	37%	63%

Source: Enlight Research

### Peer valuation

Based on 2025E EV/EBITDA, Ignitis Grupe is trading inline with the Integrated utilities peer group (6.3x vs. 6.3x for peers), despite having an above average estimated yield (6.7% vs. 5.8% for peers). Given Ignitis Group’s strong focus on renewable energy (Green Capacities typically make up around 50% of the Group’s total adjusted EBITDA), one could argue that Ignitis Group should trade more towards the Renewables peer group EV/EBITDA average of 8.6x. Compared to the regulated and renewable peer groups, Ignitis Group is trading at a discount of around 49%, and 36%, respectively, based on estimated EV/EBITDA 2025. We believe these discounts are too high given Ignitis Group’s high share of renewable and regulated operations in terms of group adj. EBITDA.

Peer valuation										Div.	Div.	Div.	Div.
	Ticker	Ccy	Price (last)	Mcap (m) (last)	EV (m) (last)	EV/EBITDA 2023	EV/EBITDA 2024	EV/EBITDA 2025E	EV/EBITDA 2026E	yield 2023	yield 2024E	yield 2025E	yield 2026E
Ignitis Group	IGN1L	EUR	20.40	1,477	3,089	5.8	5.7	6.3	6.4	6.9%	6.8%	6.7%	6.9%
Integrated										Div.	Div.	Div.	Div.
Company	Ticker	Ccy	Price (last)	Mcap (m) (last)	EV (m) (last)	EV/EBITDA 2023	EV/EBITDA 2024	EV/EBITDA 2025E	EV/EBITDA 2026E	yield 2023	yield 2024E	yield 2025E	yield 2026E
EDP	EDP	EUR	2.97	12,435	27,754	5.5	5.6	5.8	6.4	6.6%	6.7%	6.8%	6.8%
Endesa	ELE	EUR	20.96	22,191	33,039	8.7	6.2	6.1	5.9	4.8%	6.3%	6.2%	6.4%
Enel	ENEL	EUR	6.65	67,619	127,782	5.8	5.6	5.6	5.4	6.5%	6.9%	7.1%	7.3%
Engie	ENGI	EUR	16.78	40,864	70,357	4.7	4.5	4.9	5.0	8.5%	8.8%	8.0%	7.2%
E.ON	EOAN	EUR	12.54	33,122	74,189	7.9	8.2	7.9	7.8	4.2%	4.4%	4.6%	4.8%
Iberdrola	IBE	EUR	13.38	86,622	124,395	8.6	7.4	7.6	7.2	3.7%	4.2%	4.9%	5.1%
RWE	RWE	EUR	31.00	23,059	25,446	3.0	4.6	5.1	4.6	3.2%	3.5%	3.8%	4.1%
SSE	SSE	GBP	14.64	16,151	25,587	7.8	7.6	7.1	6.1	4.1%	4.4%	4.7%	5.0%
<b>Average</b>						<b>6.5</b>	<b>6.2</b>	<b>6.3</b>	<b>6.0</b>	<b>5.2%</b>	<b>5.7%</b>	<b>5.8%</b>	<b>5.8%</b>
Renewables										Div.	Div.	Div.	Div.
Company	Ticker	Ccy	Price (last)	Mcap (m) (last)	EV (m) (last)	EV/EBITDA 2023	EV/EBITDA 2024	EV/EBITDA 2025E	EV/EBITDA 2026E	yield 2023	yield 2024E	yield 2025E	yield 2026E
EDP Renewables	EDPR	EUR	7.95	8,262	16,557	9.0	9.8	8.4	7.6	2.5%	2.0%	2.6%	2.7%
Neoen	NEOEN	EUR	39.85	6,091	9,106	19.2	17.4	12.5	10.7	0.4%	0.4%	0.5%	0.6%
Orsted	ORSTED	DKK	316	132,630	180,009	9.6	5.6	5.9	5.4	0.0%	0.0%	0.0%	2.8%
Enefit Green	EGR1T	EUR	2.64	699	1,116	10.5	9.7	8.5	6.8	4.0%	4.6%	4.5%	4.5%
Hidroelectrica	H2O	RON	120.40	54,156	49,859	6.1	8.3	7.7	7.8	8.0%	9.3%	8.3%	8.4%
<b>Average</b>						<b>10.9</b>	<b>10.2</b>	<b>8.6</b>	<b>7.6</b>	<b>3.0%</b>	<b>3.3%</b>	<b>3.2%</b>	<b>3.8%</b>
Regulated										Div.	Div.	Div.	Div.
Company	Ticker	Ccy	Price (last)	Mcap (m) (last)	EV (m) (last)	EV/EBITDA 2023	EV/EBITDA 2024	EV/EBITDA 2025E	EV/EBITDA 2026E	yield 2023	yield 2024E	yield 2025E	yield 2026E
National grid	NG	GBP	9.20	36,503	80,110	10.6	10.7	9.8	8.7	6.4%	5.0%	5.2%	5.3%
Redeia Corp.	RED	EUR	16.91	9,150	14,125	9.4	11.7	10.9	9.5	5.9%	4.8%	4.8%	5.1%
REN	RENE	EUR	2.50	1,668	4,417	8.6	8.7	8.6	8.3	6.2%	6.1%	6.3%	6.3%
Italgas	IG	EUR	5.98	4,848	11,611	9.8	8.6	7.6	6.7	5.9%	6.8%	7.0%	7.6%
Terna	TRN	EUR	7.62	15,320	25,685	11.8	10.3	10.0	9.1	4.5%	5.0%	4.9%	5.2%
<b>Average</b>						<b>10.1</b>	<b>10.0</b>	<b>9.4</b>	<b>8.5</b>	<b>5.8%</b>	<b>5.6%</b>	<b>5.6%</b>	<b>5.9%</b>

Source: MarketScreener (consensus), Enlight Research (Ignitis Group)  
Based on share prices on 7 March 2025

## Estimate deviations

The most important reported line is the adjusted EBITDA as this is the main indicator for the dividends in our model. This is also the line where guidance is given. The Q4/24 Group adj. EBITDA of EUR 130.9m was 10.9% or EUR 12.9m above our forecast due to the Green Capacities and Networks segments. The Green Capacities segment Q4/24 adj. EBITDA was 30.6% or EUR 19.1m above forecast (on new capacity and higher captured electricity prices), while the Networks segment Q4/24 adj. EBITDA was 6.1% or EUR 3.1m above. The Customers & Solutions segment adj. EBITDA was EUR 1.6m below estimate (weaker than expected B2B gas operations) while the Reserve Capacities segment was EUR 1.7m below estimate (less favourable electricity production sales price).

### Forecast deviation table by Segment

Revenue by Segment (EURm)	Q4/24	Q4/24	Deviation	
	Estimate	Outcome	EURm	%
Green Capacities	122.8	138.8	16.0	13.0%
Networks	158.1	189.1	31.0	19.6%
Reserve Capacities	51.1	53.4	2.3	4.5%
Customers and Solutions	396.2	366.2	-30.0	-7.6%
<b>Revenue bef. Other segm./eliminations</b>	<b>728.2</b>	<b>747.5</b>	<b>19.3</b>	<b>2.7%</b>
Other segments/eliminations	-7.0	-61.6	-54.6	780.0%
<b>Revenue after Other segm./eliminations</b>	<b>721.2</b>	<b>685.9</b>	<b>-35.3</b>	<b>-4.9%</b>

Revenue growth	Q4/24	Q4/24	Deviation	
	Estimate	Outcome	EURm	%-pts
Green Capacities	16.6%	31.8%	nm	15.2
Networks	-5.1%	13.5%	nm	18.6
Reserve Capacities	19.1%	24.5%	nm	5.4
Customers and Solutions	-10.4%	-17.2%	nm	-6.8
Revenue bef. Other segm./eliminations	-3.8%	-1.3%	nm	2.6
<b>Revenue after Other segm./eliminations</b>	<b>1.9%</b>	<b>-3.1%</b>	<b>nm</b>	<b>-5.0</b>

Adjusted EBITDA by Segment	Q4/24	Q4/24	Deviation	
	Estimate	Outcome	EURm	%
Green Capacities	62.4	81.5	19.1	30.6%
Networks	51.2	54.3	3.1	6.1%
Reserve Capacities	7.0	5.3	-1.7	-24.3%
Customers and Solutions	-2.4	-4.0	-1.6	65.4%
<b>Total adj. EBITDA bef. Other/eliminations</b>	<b>118.1</b>	<b>137.1</b>	<b>19.0</b>	<b>16.0%</b>
Other segments/eliminations	-0.1	-6.2	-6.1	6100.0%
<b>Total adjusted EBITDA after Other/eliminations</b>	<b>118.0</b>	<b>130.9</b>	<b>12.9</b>	<b>10.9%</b>

Adjusted EBITDA margin by Segment*	Q4/24	Q4/24	Deviation	
	Estimate	Outcome	EURm	%-pts
Green Capacities	50.8%	63.7%	nm	na
Networks	37.1%	29.1%	nm	-7.9
Reserve Capacities	13.7%	10.0%	nm	-3.7
Customers and Solutions	-0.6%	-1.1%	nm	-0.4
<b>Total adjusted EBITDA</b>	<b>16.8%</b>	<b>18.4%</b>	<b>nm</b>	<b>1.7</b>
<b>Total adjusted EBITDA after Other/eliminations</b>	<b>16.9%</b>	<b>19.2%</b>	<b>nm</b>	<b>2.3</b>

Source: Company reports (historical), Enlight Research (estimates)

\*Adjusted EBITDA divided by Adjusted Revenues (might differ from company reported Adjusted EBITDA margin calculated due to different calculation method used)



## Estimate changes

Our 2025 Group adj. EBITDA estimate is decreased by 2.2% to EUR 549m (prev. 561m), which is 1.6% above the high-end of EUR 500-540m guidance. The decrease is mainly due to the Customer & Solutions segment (adj. EBITDA is lowered by EUR 35m to negative EUR 21m) where we expect losses caused by prosumers and elevated costs for the expansion of the EV charging network. Our 2026 Group adj. EBITDA is lowered by 1.4% or EUR 8m for the same reasons as the 2025 adjustment. Our Networks estimates are unchanged, while Green Capacities adj. EBITDA is raised by 8.6% in 2025 and 3.3% in 2026 mainly due to higher expected generation capacity. Reserve Capacities adj. EBITDA is raised by 19.5% this year and 28.4% in 2026, driven by expected additional generation opportunities created by the Baltic States electricity grid synchronization with Continental Europe (switched from Russian grid).

<b>Green Capacities</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
Old estimate	248	280	na
New estimate	270	289	314
Change	21	9	na
Change (pct)	8.6%	3.3%	na
<b>Networks</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
Old estimate	259	263	na
New estimate	259	263	272
Change	0	0	na
Change (pct)	0.0%	0.0%	na
<b>Reserve Capacities</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
Old estimate	37	35	na
New estimate	44	45	45
Change	7	10	na
Change (pct)	19.5%	28.4%	na
<b>Customers &amp; Solutions</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
Old estimate	15	16	na
New estimate	-21	-6	2
Change	-35	-21	na
Change (pct)	-242.3%	-136.0%	na
<b>Group Adjusted EBITDA</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
Old estimate	561	595	na
New estimate	549	587	630
Change	-12	-8	na
Change (pct)	-2.2%	-1.4%	na
<b>Adj. EBITDA Guidance</b>	<b>2025E</b>		
Adj. EBITDA high	540		
Adj. EBITDA mid	520		
Adj. EBITDA low	500		
Forecast	549		
Diff to high	1.6%		
Diff to mid	5.5%		
Diff to low	9.7%		

Source: Company (Guidance), Enlight Research (Forecast)

## Forecast

Revenue per segment (IFRS reported)	Q1/24	Q2/24	Q3/24	Q4/24	Q1/25E	Q2/25E	Q3/25E	Q4/25E	2024	2025E	2026E	2027E
Green Capacities	114	87	84	139	116	88	84	145	424	432	465	508
Networks	199	156	157	189	198	155	158	173	701	684	712	745
Reserve Capacities	45	19	33	53	40	19	33	60	150	152	153	153
Customers and Solutions	353	219	289	366	348	247	278	384	1,227	1,258	1,266	1,274
<b>Total Revenues bef. Other/elimin.</b>	<b>710</b>	<b>481</b>	<b>563</b>	<b>748</b>	<b>702</b>	<b>509</b>	<b>554</b>	<b>762</b>	<b>2,502</b>	<b>2,526</b>	<b>2,595</b>	<b>2,680</b>
Other segments/eliminations	-57	-42	-35	-62	-60	-50	-45	-40	-195	-195	-195	-195
<b>Revenue after Other segm./eliminations</b>	<b>654</b>	<b>439</b>	<b>529</b>	<b>686</b>	<b>642</b>	<b>459</b>	<b>509</b>	<b>723</b>	<b>2,307</b>	<b>2,332</b>	<b>2,401</b>	<b>2,486</b>

Segment revenue growth (IFRS reported)	Q1/24	Q2/24	Q3/24	Q4/24	Q1/25E	Q2/25E	Q3/25E	Q4/25E	2024	2025E	2026E	2027E
Green Capacities	14.6%	36.1%	13.7%	31.8%	1.3%	0.8%	0.3%	4.5%	23.7%	2.1%	7.6%	9.2%
Networks	19.9%	20.0%	21.1%	13.5%	-0.3%	-0.6%	0.8%	-8.5%	18.4%	-2.4%	4.0%	4.7%
Reserve Capacities	207.6%	-58.8%	34.3%	24.5%	-10.4%	0.6%	-0.3%	12.4%	16.8%	1.3%	0.4%	0.4%
Customers and Solutions	-48.2%	-13.2%	6.8%	-17.2%	-1.4%	13.0%	-3.9%	4.9%	-25.5%	2.5%	0.6%	0.6%
<b>Total Revenues bef. Other/elimin.</b>	<b>-26.1%</b>	<b>-2.4%</b>	<b>12.9%</b>	<b>-1.3%</b>	<b>-1.2%</b>	<b>5.9%</b>	<b>-1.7%</b>	<b>2.0%</b>	<b>-7.7%</b>	<b>1.0%</b>	<b>2.7%</b>	<b>3.3%</b>
<b>Revenue after Other segm./eliminations</b>	<b>-29.6%</b>	<b>-0.7%</b>	<b>12.2%</b>	<b>-3.1%</b>	<b>-1.8%</b>	<b>4.6%</b>	<b>-3.8%</b>	<b>5.4%</b>	<b>-9.5%</b>	<b>1.1%</b>	<b>3.0%</b>	<b>3.5%</b>

Adjusted EBITDA by Segment	Q1/24	Q2/24	Q3/24	Q4/24	Q1/25E	Q2/25E	Q3/25E	Q4/25E	2024	2025E	2026E	2027E
Green Capacities	77	58	46	82	78	58	47	87	262	270	289	314
Networks	66	50	50	54	77	59	59	64	220	259	263	272
Reserve Capacities	20	5	12	5	15	5	11	12	42	44	45	45
Customers and Solutions	17	-6	-1	-4	-6	-6	-5	-4	7	-21	-6	2
<b>Total adjusted EBITDA bef. Other/eliminations</b>	<b>180</b>	<b>108</b>	<b>107</b>	<b>137</b>	<b>164</b>	<b>116</b>	<b>112</b>	<b>159</b>	<b>531</b>	<b>552</b>	<b>591</b>	<b>634</b>
Other segments/eliminations	2	0	0	-6	2	1	0	-6	-4	-4	-4	-4
<b>Total adjusted EBITDA after Other/eliminations</b>	<b>182</b>	<b>108</b>	<b>107</b>	<b>131</b>	<b>166</b>	<b>117</b>	<b>112</b>	<b>153</b>	<b>528</b>	<b>549</b>	<b>587</b>	<b>630</b>

Adjusted EBITDA margin by Segment	Q1/24	Q2/24	Q3/24	Q4/24	Q1/25E	Q2/25E	Q3/25E	Q4/25E	2024	2025E	2026E	2027E
Green Capacities	67.6%	66.2%	55.2%	63.7%	67.6%	66.1%	55.2%	60.0%	63.6%	62.3%	62.1%	61.8%
Networks	31.7%	31.2%	30.3%	29.1%	39.0%	38.2%	37.1%	37.0%	30.6%	37.9%	36.9%	36.5%
Reserve Capacities	44.8%	27.6%	35.0%	10.0%	38.4%	27.5%	34.7%	20.2%	28.0%	29.1%	29.3%	29.4%
Customers and Solutions	5.1%	-2.5%	-0.2%	-1.1%	-1.8%	-2.4%	-1.7%	-0.9%	0.6%	-1.6%	-0.4%	0.2%
<b>Total adjusted EBITDA</b>	<b>25.6%</b>	<b>22.2%</b>	<b>18.9%</b>	<b>18.4%</b>	<b>23.4%</b>	<b>22.9%</b>	<b>20.2%</b>	<b>20.9%</b>	<b>21.3%</b>	<b>21.9%</b>	<b>22.8%</b>	<b>23.6%</b>
<b>Total adjusted EBITDA after Other/eliminations</b>	<b>28.1%</b>	<b>24.5%</b>	<b>20.1%</b>	<b>19.2%</b>	<b>25.9%</b>	<b>25.5%</b>	<b>22.1%</b>	<b>21.2%</b>	<b>22.9%</b>	<b>23.5%</b>	<b>24.5%</b>	<b>25.3%</b>

Income statement (EURm)	Q1/24	Q2/24	Q3/24	Q4/24	Q1/25E	Q2/25E	Q3/25E	Q4/25E	2024	2025E	2026E	2027E
Total Revenue & Other income	654	439	529	686	642	459	509	723	2,307	2,332	2,401	2,486
Purchase of electricity, gas for trade	-393	-253	-337	-462	-386	-265	-324	-495	-1,445	-1,469	-1,512	-1,566
Salaries and related expenses	-38	-42	-40	-43	-37	-44	-39	-50	-163	-170	-175	-181
Repair and maintenance expenses	-14	-17	-23	-12	-14	-18	-22	-14	-67	-68	-72	-75
Other expenses	-19	-22	-25	-34	-38	-28	-31	-43	-100	-140	-96	-50
<b>Total expenses</b>	<b>-465</b>	<b>-334</b>	<b>-425</b>	<b>-551</b>	<b>-476</b>	<b>-353</b>	<b>-416</b>	<b>-602</b>	<b>-1,774</b>	<b>-1,846</b>	<b>-1,856</b>	<b>-1,872</b>
<b>EBITDA</b>	<b>189</b>	<b>105</b>	<b>104</b>	<b>135</b>	<b>166</b>	<b>106</b>	<b>93</b>	<b>121</b>	<b>533</b>	<b>485</b>	<b>545</b>	<b>614</b>
<b>Adj. EBITDA</b>	<b>182</b>	<b>108</b>	<b>107</b>	<b>131</b>	<b>166</b>	<b>117</b>	<b>112</b>	<b>153</b>	<b>528</b>	<b>549</b>	<b>587</b>	<b>630</b>
Depreciation and amortization	-41	-45	-47	-46	-47	-47	-47	-47	-178	-186	-223	-250
Write-offs, revaluations PP&E, Intang.	-1	0	0	-3	-1	-1	-1	-1	-4	-2	-2	-3
<b>EBIT</b>	<b>148</b>	<b>60</b>	<b>57</b>	<b>85</b>	<b>119</b>	<b>59</b>	<b>46</b>	<b>74</b>	<b>350</b>	<b>297</b>	<b>320</b>	<b>361</b>
<i>Financial net</i>	-8	-9	-9	-16	-12	-12	-12	-12	-42	-49	-57	-66
<b>Pre-tax profit</b>	<b>139</b>	<b>52</b>	<b>48</b>	<b>70</b>	<b>106</b>	<b>46</b>	<b>33</b>	<b>61</b>	<b>308</b>	<b>247</b>	<b>263</b>	<b>295</b>
Current year income tax (expenses)/benefit	-21	-2	-2	-7	-13	-6	-4	-7	-32	-30	-27	-30
<b>Net profit (loss)</b>	<b>119</b>	<b>50</b>	<b>46</b>	<b>62</b>	<b>94</b>	<b>41</b>	<b>29</b>	<b>54</b>	<b>276</b>	<b>217</b>	<b>236</b>	<b>265</b>

Segment revenue growth (IFRS reported)	Q1/24	Q2/24	Q3/24	Q4/24	Q1/25E	Q2/25E	Q3/25E	Q4/25E	2024	2025E	2026E	2027E
y-on-y	-29.6%	-0.7%	12.2%	-3.1%	-1.8%	4.6%	-3.8%	5.4%	-9.5%	1.1%	3.0%	3.5%

Margins	Q1/24	Q2/24	Q3/24	Q4/24	Q1/25E	Q2/25E	Q3/25E	Q4/25E	2024	2025E	2026E	2027E
EBITDA	28.9%	24.0%	19.6%	19.7%	25.9%	23.0%	18.3%	16.7%	23.1%	20.8%	22.7%	24.7%
EBIT	22.6%	13.8%	10.8%	12.4%	18.5%	12.8%	9.0%	10.2%	15.2%	12.7%	13.3%	14.5%
Pre-tax profit	21.3%	11.8%	9.0%	10.1%	16.6%	10.1%	6.6%	8.5%	13.4%	10.6%	10.9%	11.9%
Net profit	18.2%	11.3%	8.6%	9.1%	14.6%	8.8%	5.8%	7.5%	12.0%	9.3%	9.8%	10.7%

Source: Company reports (historical), Enlight Research (estimates)

## Risk factors

Below is a list of risk factors that we have chosen to highlight. It should not be regarded as an extensive list of all risk factors. For more risk factors, we recommend reading the Ignitis Group IPO prospectus, and annual/interim reports.

### Regulatory risk

Tariffs for electricity and gas distribution that form one of Ignitis Group's core business areas are set by the Lithuanian regulator, NERC, based on regulated assets and reasonable rate of return (WACC). The regulated assets base (RAB) depends on approved investments while the allowed rate of return (WACC) depends on the approved calculation method. Both values are reconsidered on an annual basis.

### Expansion risk

The group plans to expand its renewable generation capacity substantially in the coming years. The expansion projects are large in terms of capital expenditure which means delays or lower than planned generation could affect our forecast negatively.

### Financing risk

To execute expansion plans the Company is using external financing sources such as bonds and bank loans. Changes in the financing environment (base interest rate or finance rating) could negatively impact the Company's financial performance.

### Operational risk

Ignitis Group is operating complex energy generation and distribution assets that can be affected by various external forces (e.g. weather conditions). Disturbed assets could result in unplanned downtime or additional expenses.

### Commodities price risk

The Green Capacities, Reserve Capacities, and Customers & Solutions segments are exposed to the electricity market price volatility. In addition, the Reserve Capacities and Customers & Solutions segments are exposed to the natural gas market price volatility. Changes in electricity and natural gas market prices can significantly impact the financial performance of the mentioned business segments.

### Dividend risk

If for whatever reason (large investments, weak financial performance, regulatory changes), the dividend growth is below our forecast, the forecast dividend yield will most likely change compared to our forecast.

### Political risk

Lithuania Ministry of Finance is the main Ignitis Group's shareholder (~75%). Changes in Lithuania's long-term energy strategy can potentially influence Ignitis Group's short-term and long-term financials.

<b>Income Statement (EURm)</b>	<b>2023</b>	<b>2024</b>	<b>2025e</b>	<b>2026e</b>	<b>2027e</b>
Total revenues	2,549	2,307	2,332	2,401	2,486
Total operating costs	-2,042	-1,774	-1,846	-1,856	-1,872
<b>EBITDA</b>	<b>507</b>	<b>533</b>	<b>485</b>	<b>545</b>	<b>614</b>
Depreciation	-153	-178	-186	-216	-236
Amortizations	0	0	0	0	0
Impairment charges	-2	-4	-2	-2	-3
<b>EBIT</b>	<b>352</b>	<b>350</b>	<b>297</b>	<b>327</b>	<b>375</b>
Associated companies'	0	0	0	0	0
Net financial items	2	-42	-49	-52	-55
Exchange rate differences	0	0	0	0	0
<b>Pre-tax profit (PTP)</b>	<b>354</b>	<b>308</b>	<b>247</b>	<b>275</b>	<b>320</b>
<b>Net earnings</b>	<b>320</b>	<b>276</b>	<b>217</b>	<b>247</b>	<b>288</b>
<b>Balance Sheet</b>	<b>2023</b>	<b>2024</b>	<b>2025e</b>	<b>2026e</b>	<b>2027e</b>
<b>Assets (EURm)</b>					
Cash and cash equivalent	205	235	237	244	253
Receivables	266	294	233	240	249
Inventories	275	248	250	258	267
Other current assets	282	178	178	178	178
<b>Total current assets</b>	<b>1,028</b>	<b>954</b>	<b>898</b>	<b>920</b>	<b>946</b>
Tangible assets	3,363	4,027	4,491	4,925	5,339
Goodwill & Other Intangibles	315	306	304	301	299
Long-term investments	6	7	7	7	7
Associated Companies	0	0	0	0	0
Other non-current assets	477	380	366	370	372
<b>Total fixed assets</b>	<b>4,160</b>	<b>4,720</b>	<b>5,167</b>	<b>5,603</b>	<b>6,017</b>
Deferred tax assets	57	32	32	32	32
<b>Total assets</b>	<b>5,244</b>	<b>5,706</b>	<b>6,097</b>	<b>6,555</b>	<b>6,994</b>
<b>Liabilities</b>					
Non-ib current liabilities	177	246	140	168	174
Short-term debt	70	67	81	92	101
Other current liabilities	414	396	396	396	396
<b>Total current liabilities</b>	<b>661</b>	<b>709</b>	<b>617</b>	<b>655</b>	<b>671</b>
Long-term IB debt	1,521	1,712	2,073	2,344	2,582
Convertibles & Lease liabilities	42	68	68	68	68
Other long-term liabilities	608	596	596	596	596
<b>Total long-term liabilities</b>	<b>2,172</b>	<b>2,375</b>	<b>2,737</b>	<b>3,007</b>	<b>3,246</b>
<b>Total (liabilities)</b>	<b>2,981</b>	<b>3,269</b>	<b>3,539</b>	<b>3,848</b>	<b>4,102</b>
Deferred tax liabilities	87	85	85	85	85
Provisions	61	101	101	101	101
Shareholders' equity	2,263	2,437	2,558	2,707	2,892
Minority interest (BS)	0	0	0	0	0
Total shareholders equity	2,263	2,437	2,558	2,707	2,892
<b>Total equity &amp; liabilities</b>	<b>5,244</b>	<b>5,706</b>	<b>6,097</b>	<b>6,555</b>	<b>6,994</b>
<b>DCF valuation</b>	<b>Cash flow (EURm)</b>				
WACC (%)	5.95%	NPV FCF (2023-2025)			-237
		NPV FCF (2026-2032)			440
Assumptions 2022-2028 (%)		NPV FCF (2032-)			180
CAGR Sales growth	-8.6%	Non-operating assets			3,279
Average EBIT margin	13.4%	Interest-bearing debt			-1,633
		Fair value estimate			2,029
		Fair value per share (EUR)			28.03
		Share price (EUR)			20.40

<b>Free Cash Flow (EURm)</b>	<b>2023</b>	<b>2024</b>	<b>2025e</b>	<b>2026e</b>	<b>2027e</b>
Operating profit	320	276	297	327	375
Depreciation	153	178	189	218	239
Change in wc	420	105	-48	14	-12
Other oper. CF items	-93	102	-36	-33	-38
<b>Operating CF</b>	<b>801</b>	<b>661</b>	<b>402</b>	<b>526</b>	<b>565</b>
CF from Investments	-1081	-654	-650	-650	-650
Other CF items	-209	22	0	0	0
<b>Free Cash Flow</b>	<b>-212</b>	<b>-194</b>	<b>-248</b>	<b>-124</b>	<b>-85</b>

<b>Capital structure</b>	<b>2023</b>	<b>2024</b>	<b>2025e</b>	<b>2026e</b>	<b>2027e</b>
Equity ratio	43%	43%	42%	41%	41%
Debt/Equity	72%	76%	87%	93%	95%
Capital invested (EURm)	3,897	4,284	4,781	5,210	5,644

<b>Profitability</b>	<b>2023</b>	<b>2024</b>	<b>2025e</b>	<b>2026e</b>	<b>2027e</b>
ROE %	14.6%	11.8%	8.7%	9.4%	10.3%
EBITDA %	19.9%	23.1%	20.8%	22.7%	24.7%
EBIT %	13.8%	15.2%	12.7%	13.6%	15.1%
Net Margin	12.6%	12.0%	9.3%	10.3%	11.6%

<b>Valuation (x)</b>	<b>2023</b>	<b>2024</b>	<b>2025e</b>	<b>2026e</b>	<b>2027e</b>
P/E	4.6	5.3	6.8	6.0	5.1
P/E adjusted	4.6	5.3	6.8	6.0	5.1
P/Sales	0.5	0.6	0.6	0.6	0.6
EV/Sales	1.1	1.3	1.5	1.6	1.6
EV/EBITDA*	5.8	5.7	6.3	6.4	6.3
EV/EBIT*	8.5	8.8	9.4	9.3	9.1
P/BV	0.6	0.6	0.6	0.5	0.5

\*Calculated using adj. EBITDA and adj. EBIT figures

<b>Per share measures</b>	<b>2023</b>	<b>2024</b>	<b>2025e</b>	<b>2026e</b>	<b>2027e</b>
EPS	4.42	3.82	3.00	3.42	3.97
EPS adjusted	4.42	3.82	3.00	3.42	3.97
CEPS	11.06	9.13	5.55	7.26	7.80
EBITDA/share	7.01	7.36	6.71	7.53	8.48
Capital empl./share	53.8	59.2	66.0	72.0	78.0
Div. per share	1.29	1.33	1.37	1.41	1.45
Payout ratio	29%	35%	45%	41%	36%
Dividend yield (%)	6.9%	6.8%	6.7%	6.9%	7.1%

<b>Shareholders</b>		
Ministry of Finance		74.99%
Institutional investors - other		15.06%
Retail investors		9.95%

<b>Key people</b>		
Chair, CEO		Darius Maikštēnas
Member, CFO		Jonas Rimavičius
Member, Chief Organisational Development Officer		Dr. Živilė Skibarkienė
Member, Chief Commercial Officer		Vidmantas Saliotis
Member, Head of Group Regulated Activities		Mantas Mikalajūnas

<b>P/E</b>	$\frac{\text{Price per share}}{\text{Earnings per share}}$	<b>EPS</b>	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
<b>P/Sales</b>	$\frac{\text{Market cap}}{\text{Sales}}$	<b>DPS</b>	Dividend for financial period per share
<b>P/BV</b>	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	<b>CEPS</b>	$\frac{\text{Gross cash flow from operations}}{\text{Number of shares}}$
<b>P/CF</b>	$\frac{\text{Price per share}}{\text{Operating cash flow per share}}$	<b>EV/Share</b>	$\frac{\text{Enterprise value}}{\text{Number of shares}}$
<b>EV (Enterprise value)</b>	Market cap + Net debt + Minority interest at market value – share of associated companies at market value	<b>Sales/Share</b>	$\frac{\text{Sales}}{\text{Number of shares}}$
<b>Net debt</b>	Interest-bearing debt – financial assets	<b>EBITDA/Share</b>	$\frac{\text{Earnings before interest, tax, depreciation and amortization}}{\text{Number of shares}}$
<b>EV/Sales</b>	$\frac{\text{Enterprise value}}{\text{Sales}}$	<b>EBIT/Share</b>	$\frac{\text{Operating profit}}{\text{Number of shares}}$
<b>EV/EBITDA</b>	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	<b>EAFF/Share</b>	$\frac{\text{Pre-tax profit}}{\text{Number of shares}}$
<b>EV/EBIT</b>	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	<b>Capital employed/Share</b>	$\frac{\text{Total assets} - \text{non-interest-bearing debt}}{\text{Number of shares}}$
<b>Div yield, %</b>	$\frac{\text{Dividend per share}}{\text{Price per share}}$	<b>Total assets</b>	Balance sheet total
<b>Payout ratio, %</b>	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	<b>Interest coverage (x)</b>	$\frac{\text{Operating profit}}{\text{Financial items}}$
<b>Net cash/Share</b>	$\frac{\text{Financial assets} - \text{interest-bearing debt}}{\text{Number of shares}}$	<b>Asset turnover (x)</b>	$\frac{\text{Turnover}}{\text{Balance sheet total (average)}}$
<b>ROA, %</b>	$\frac{\text{Operating profit} + \text{financial income} + \text{extraordinary items}}{\text{Balance sheet total} - \text{interest-free short-term debt} - \text{long-term advances received and accounts payable (average)}}$	<b>Debt/Equity, %</b>	$\frac{\text{Interest-bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
<b>ROCE, %</b>	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest-bearing debt (average)}}$	<b>Equity ratio, %</b>	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
<b>ROE, %</b>	$\frac{\text{Profit before extraordinary items} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions (average)}}$	<b>CAGR, %</b>	Cumulative annual growth rate = Average growth rate per year

## Disclaimer

Enlight Research OÜ's main valuation methods are discounted cash flow valuation and peer valuation with common multiples such as Price to Earnings, Enterprise Value to EBITDA, dividend yield etc. Aforementioned methods are used to estimate a company's fair value according to the following three scenarios: Bull (positive), Base (main scenario), and Bear (negative).

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Contact information

[ResearchTeam@EnlightResearch.net](mailto:ResearchTeam@EnlightResearch.net)