

## Ignitis Group

## INITIAL COMMENT

Key share data	
Sector	Integrated Utilities
Ticker - Nasdaq Vilnius	IGN1L
Ticker - London Stock Exchange	IGN
Market Cap (EURm)	1,384
Net Debt (EURm)	1,411
EV (EURm)	2,795
Net debt / Equity	60%
Issued shares, m	72.4
Share price (EUR)	19.12

Figures & Ratios (NOKm)			
	2023	2024E	2025E
Revenues	2,549	2,207	2,464
EBITDA	507	521	556
EBIT	352	339	331
Pre-tax profit	354	300	278
Net profit	320	262	237
EPS (EUR)	4.42	3.61	3.27
DPS (EUR)	1.29	1.33	1.37
Div. yield	6.8%	6.9%	7.1%
Net Debt	1,318	1,856	2,189
EV/Sales	1.1	1.5	1.4

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### Analysts

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### Again stronger results and raised EBITDA guidance

Ignitis Group released its 3Q24 results this morning, with revenues and adj. EBITDA coming in higher than our expectations. The Green Capacities segment achieved an adjusted EBITDA beat of 11%, driven by addition of new projects, while the Reserve Capacities segment was also better than estimated and YoY. Following the strong 3Q results, the midpoint of the 2024 adj. EBITDA guidance was increased by EUR 25m, although the investment guidance range was lowered by EUR 100m. Based on the stronger 3Q performance and the raised adj. EBITDA guidance, we are likely to revise our estimates upward.

#### Solid adj. EBITDA growth

Ignitis Group's 3Q revenues decreased by 6% YoY but still exceeded our estimate by 11%. Adj. EBITDA rose by 17% YoY, coming in 12% higher than our forecast, driven by stronger income from Reserve Capabilities and Green Capacities. Electricity generation for 3Q was 0.58 TWh, below our expected 0.69 TWh, yet an improvement compared to 0.44 TWh generated in 3Q23.

Overall, adj. EBITDA reached EUR 107m, surpassing our forecast of EUR 96m. The Green Capacities segment's adj. EBITDA was 10% higher than expected, coming in at EUR 46.4m for 3Q24 compared to our estimate of EUR 42.1m. This outperformance was driven by the launch of new assets, including Mažeikiai WF, Silesia WF I, and the Vilnius CHP biomass unit, as well as higher electricity prices captured. Furthermore, Reserve Capacities' adj. EBITDA was twice as strong as we had forecasted, benefiting from the utilized option to generate additional market returns beyond the regulated return.

Capex came in below our estimate at EUR 161m vs our awaited EUR 273m for 3Q, and FCF was negative at EUR 20m (our awaited EUR -189m).

3Q/24 results	3Q/23	2Q/24	3Q/24	3Q/24e	Deviation, %	YoY, %	Consensus**
EURm			Reported	Norne			
Revenues	561.1	441.5	528.8	476.4	11.0%	-5.8%	443
Adjusted EBITDA	91.5	108.1	107.2	96.2	11.5%	17.2%	93
Green Capacities*	45.3	57.4	46.4	42.1	10%	2%	41
Networks	40.0	50.2	49.9	48.3	3%	25%	48
Reserve Capacities	5.9	5.2	11.5	4.9	136%	95%	4
Customers & Solutions	-0.8	-5.6	-0.7	0.3	nm	nm	-
Other activities and eliminations	1.1	0.9	0.1	0.6	nm	nm	1
EBIT	69.1	60.4	60.6	46.1	31.6%	-12.3%	56
Net profit to shareholders	56.8	49.7	45.6	31.1	46.8%	-19.7%	39
EPS (EUR)	0.78	0.69	0.63	0.43	46.8%	-19.7%	0.55
Investments	231.1	209.5	161.4	273.3	-40.9%	-30.2%	-
Electricity Generated (net) TWh	0.44	0.55	0.58	0.69	-15.8%	31.8%	-

\*Green Capacities - previously Green Generation

\*\*Consensus collected by Ignitis Group

#### Adj. EBITDA guidance increased for the second time this year

Ignitis Group has raised its adj. EBITDA guidance for 2024 to EUR 480-500m, up from the previous range of EUR 450-480m, driven by stronger adj. EBITDA performance in the Green Capacities segment in 3Q. The YTD adj. EBITDA now stands at EUR 397m, and considering that 4Q23 was strong for Ignitis with EBITDA of EUR 139m, we see high probability that the guided range will be exceeded to >EUR 500m. Meanwhile, the investment guidance has been lowered to EUR 750-900m, down from EUR 850-1,000m, following lower Capex observed in 3Q.

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