

PannErgy

16. 10. 2025.

PannErgy produced 177,937 GJ energy in Q3, which is 9.1% higher YoY and also 9.1% above management's plan for the quarter. The weather was somewhat cooler compared to the base period. We note, that heat sales volumes are typically the lowest in Q3 compared to other periods due to seasonality, hence the impact of Q3 performance on the yearly target is somewhat limited. The company sold 1,159,836 GJ in Q1-Q3 this year, which is 5% higher than the management's plan for Q1-Q3, hence an above sales target achievement is likely in our view (we have already adjusted upwards our expectations previously and included it in our valuation). The management confirmed the expected fulfilment of the HUF 4-4.15bn EBITDA target range for the year. Our 2025 EBITDA forecast number is HUF 4.13bn, which is in line with management's guidance. We maintain our BUY recommendation with the same target price of HUF 2,322.

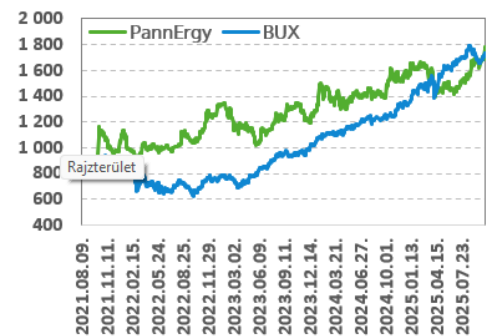
Recommendation: BUY

(prev. Buy)

12-month target price: 2 322 Ft

(prev. 2 322 Ft)

Upside potential: 33%



Performance	3 months	6 months	YTD	1 year
PannErgy	20%	22%	14%	14%
BUX	3%	18%	30%	38%

m HUF	2024	2025e	2026e
Heat revenue	7 941	8 601	8 844
EBITDA	3 921	4 134	4 235
EBIT	1 843	1 755	1 857
Net profit	1 405	1 316	1 437
EBITDA margin	49,4%	48,1%	47,9%
EBIT margin	23,2%	20,4%	21,0%
EPS (HUF)	93	98	107
DPS (HUF)	0	0	0
Payout ratio	0%	0%	0%
EV/EBITDA	9,6	9,1	8,9
P/E	18,8	17,8	16,3
Dividend yield	0,0%	0,0%	0,0%
Share price (16.10.2025):	1 745		
Number of shares (m):	16		
Market cap. (m HUF):	27 920		
Free float:	52,0%		
Daily turn. (m HUF):	17,75		

Source: PannErgy, BÉT, OTP Multi-Asset Strategies

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Main takeaways from the quarterly production report

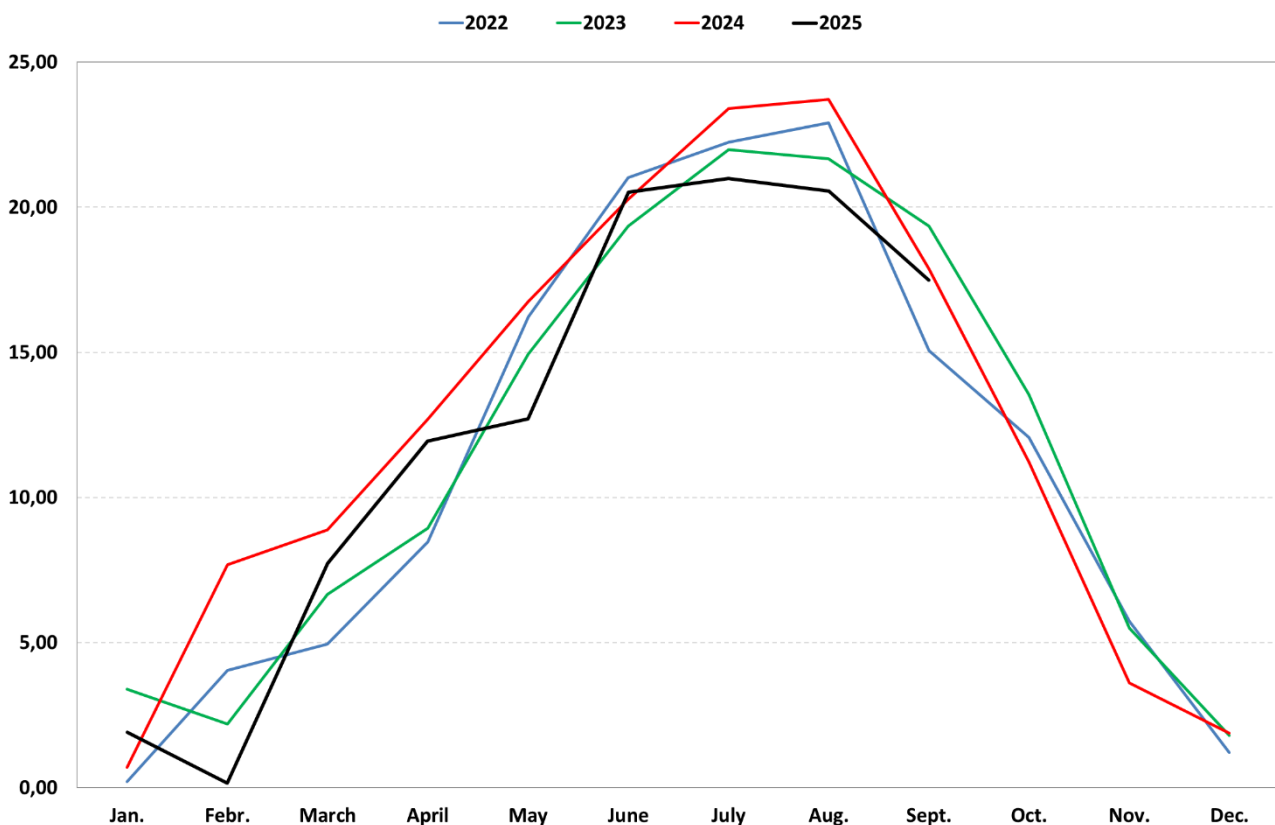
In the third quarter, PannErgy produced 177,937 GJ energy, which is 9.1% higher than a year earlier and also 9.1% higher than the management's plan was for this quarter (163,099 GJ). As noted by the company the weather was slightly colder in Q3 compared to the same period in 2024. We note, that heat sales volumes are typically the lowest in Q3 compared to other periods due to seasonality, hence the impact of Q3 performance on the yearly target is somewhat limited.

So far PannErgy sold 1,159,836 GJ in Q1-Q3 this year, which is 5% higher than the management's Q1-Q3 plan (1,104,353 GJ) and 6.4% higher YoY (1,089,911 GJ). This means that even if Q4 heat sales volumes will be in line with the Q4 target (666,246 GJ), the annual production would be 1,826,082 GJ, roughly 3.1% higher vs. management target.

Regarding the performance of individual sites, Miskolc produced 72,350 GJ in Q3, an 18.4% increase YoY (61,101 GJ). At the same time, production in Győr was 103,982 GJ in Q3, a 3.4% increase compared to the previous year (100,583 GJ). Overall, the Győr project accounted for ~58.4% of heat sales volume in Q3, while the Miskolc project for ~40.7% (in Q3 2024 the ratios were ~61.7% and ~37.5%, respectively).

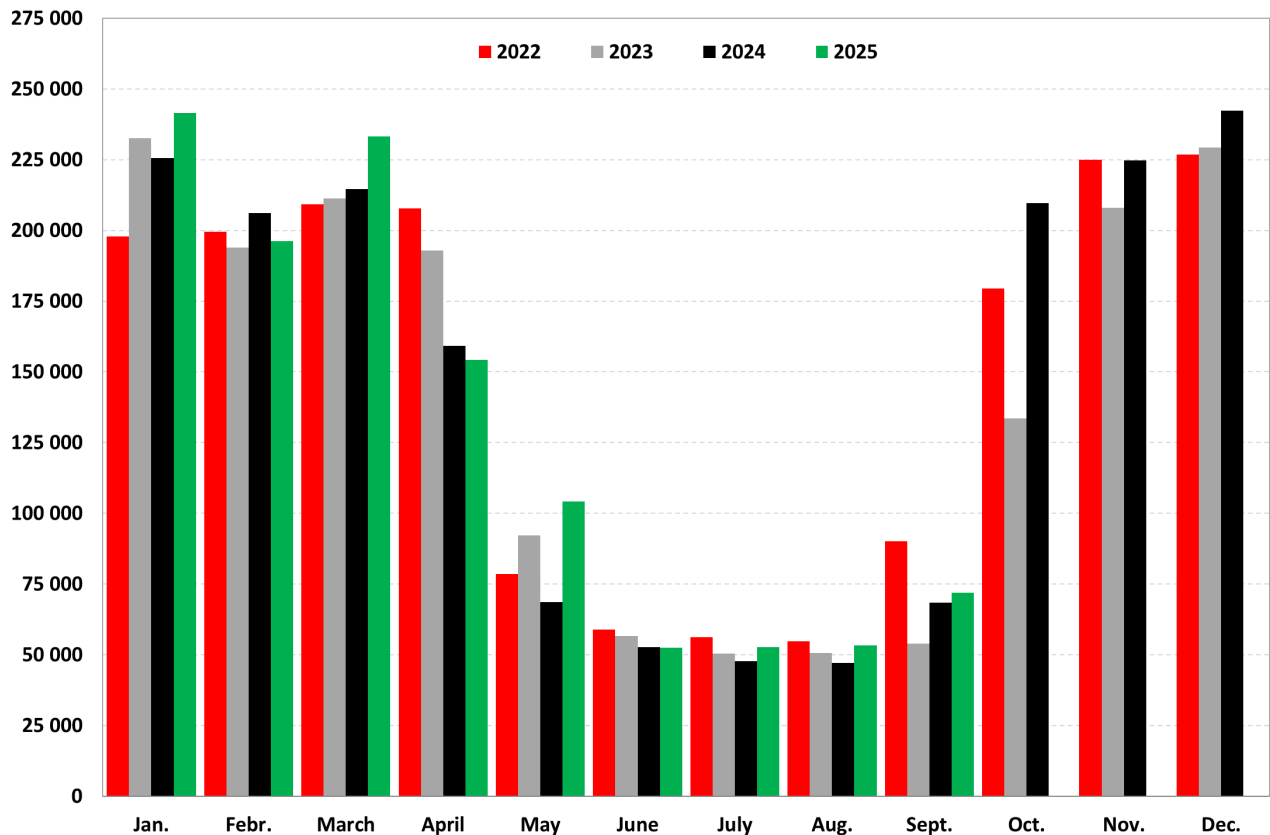
The management confirmed the expected fulfilment of the 2025 EBITDA target range of HUF 4-4.15bn that was published previously. Our current 2025 EBITDA estimate is HUF 4.13bn, which is in line with management's guidance.

Combined average monthly temperatures (°C) in Miskolc and Győr



Source: AccuWeather, OTP Multi-Asset Strategies

Consolidated heat sales (GJ)



Source: PannErgy, OTP Multi-Asset Strategies

Risks surrounding PannErgy's economic activity

Price risk: The administered price is set at a level that takes into account the cost of doing business and providing a fair profit. However, the administered price setting has inherent risks related to the administrative authority.

Moreover, at the moment PannErgy provides heat at a lower cost than its peers (natural gas). However, if natural gas prices fall significantly, then consumers who do not have mandatory purchase agreement with PannErgy could switch to other sources of heat.

Environmental risks: Extreme weather conditions during the heating season could harm the company's profit target. If the winter season is too short or too cold – due to global warming or other extreme weather conditions – the costs are higher, as the output from the drilling wells drops.

Operational risks: Maintenance costs increased significantly at the Győr Project in 2016 due to scaling issues concerning the tubing and pumps, and this has reduced production. Although the problem was dealt with, we identify it as a source of risk in the future as well. This could be a risk to our depreciation forecast as well.

Improving energy efficiency risk: It is not necessarily a PannErgy-specific risk, but in the long term, the building of passive houses and the coming investment – which increases the energy efficiency of houses and flats – could decrease demand for heat.

Notes

[The initiation report, which contains the assumptions of the models used, is available here.](#)

[The valuation methodology used in this present equity research note to determine our price targets and recommendations is available here. \(Also available in Hungarian\)](#)

This investment recommendation has not used proprietary models.

The risk warning, which includes the adequate explanations of the length of time of the investment to which the recommendation relates as well as a sensitivity analysis of the assumptions, is indicated in the part of this recommendation where the length of time and the risks of the investment are presented.

Any information relating to the date and time for the price mentioned in this recommendation is revealed in the part of the recommendation where the given price is indicated. OTP Bank Plc's recommendations and price targets history for PannErgy in the past twelve months:

Date	Recommendation	Target Price	Publication
04.10.2024	Buy	HUF 2,072	Equity note
16.10.2024	Buy	HUF 2,072	Equity note
17.01.2025	Buy	HUF 2,072	Equity note
24.03.2025	Buy	HUF 2,119	Equity note
17.04.2025	Buy	HUF 2,161	Equity note
17.07.2025	Buy	HUF 2,161	Equity note
25.09.2025	Buy	HUF 2,161	Equity note
06.10.2025	Buy	HUF 2,322	Equity note

Period	Recommendation	Percent of recommendation
2024Q4	BUY	100%
	HOLD	0%
	SELL	0%
2025Q1	BUY	100%
	HOLD	0%
	SELL	0%
2025Q2	BUY	100%
	HOLD	0%
	SELL	0%
2025Q3	BUY	100%
	HOLD	0%
	SELL	0%
2025Q4	BUY	100%
	HOLD	0%
	SELL	0%

[The list of all recommendations made in the past 12 months is available here.](#)

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