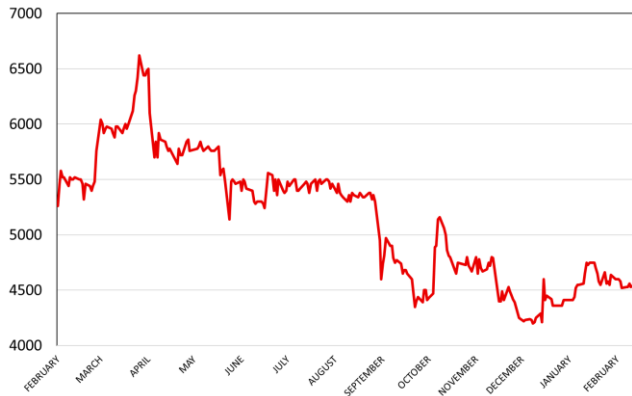


## ALTEO

One year target price: HUF 5521, BUY



mln HUF	2024	2025	Change (yoy)
Revenue	105607	125423	19%
EBITDA	19048	16442	-14%
EBIT	13506	8035	-41%
Net profit	9624	3044	-68%
EBITDA margin	18,0%	13,1%	-0,049
EBIT margin	12,8%	6,4%	-0,064
Profit margin	9,1%	2,4%	-0,067

Price (19.02.2026)	HUF 4600	Net profit (2025, mln HUF)	HUF 3044
Shares outstanding (mln)	19.9	Bloomberg ticker	ALTEO HB Equity
Free float	26.2%	BÉT ticker	ALTEO
Market capitalization (mrd HUF/mln EUR)	90,7/239	52 week min./max.	HUF 4130–6880

Source: BÉT, Bloomberg

## Summary

On 16 February 2026 ALTEO (the “Company”) announced financial results for its fourth quarter of 2025. While the Company’s **revenue increased by 19%**, **EBITDA decreased by 14%** over the twelve-month period.

The main **drivers behind the higher revenue** were the implementation of the new solar power plant near Tereske, which means **higher sales volume** in the Renewables-based electricity production segment and the **higher revenue of the schedule services and the expansion of the retail energy portfolio**. At the same time weather conditions, such as less windy days, negatively affected sales revenue. **The Group’s EBITDA decreased by 14% because of the fierce competition** in the balancing market. **The spark spread** (the price difference between the produced electricity and the input costs, like the price of natural gas) **deteriorated** because the material costs have risen. Moreover, **stock-based compensation, the increased number of employees (due to the acquisition of ELTEX Ltd.) and wage pressure have a negative effect on staff costs**. Following the consolidation of ELTEX Ltd. (now Alteo Circular Ltd.) the depreciation cost increased significantly (from approx. HUF 5.5 billion to approx. HUF 8.4 billion).

The energy chaos of 2022/2023 and the acquisitions have had a crucial impact on the revenue in the last several years. If you would like to find more, please read our previous flash notes on the website of the Budapest Stock Exchange<sup>1</sup>.

**On 09 January 2025 the Company presented a new strategy plan**. According to the presentation in the next five years the Company will focus on:

<sup>1</sup> [Alteo elemzések - Bet site](#)

- the regional expansion, mainly in Slovakia, Croatia and Serbia, and secondly in Romania, Czech Republic, Poland and others in the region,
- the upgrade of the renewable power plant portfolio (like significant growth in the capacity of wind, solar and/or other renewable power plants),
- the waste management segment, which could be a major segment from 2025/26 onwards,
- the schedule management (includes balancing activity and energy-storage), which is partly a technology intense area.

The management will likely identify **new projects in the amount of approximately EUR 2000-2500 million in the next five years**. This is a significant increase compared to the last five years. We believe the optimal ratio of the capital structure will not change so the equity/debt ratio could be around 30%/70%. It is worth noting that **the capital expenditure mentioned above can be achieved with additional capital, like debt and/or share issuance**, so a secondary public offering is highly probable. At the same time, it is not yet possible to determine the timing of the expected projects and/or the capital raising. The capital expenditure mentioned above (EUR 2000-2500 million, which is approximately HUF 870 billion at an EUR/HUF exchange rate of 385) is 10-12 times greater than the shareholder's equity projected for 2030. 30 percent of the capex guided by the management is cca. HUF 260 billion which means that the Company should raise approximately HUF 175-185 billion capital (approximately 2-2.5 times the shareholder's equity calculated by 2030). Based on the new guidance by the Company EBITDA could be about EUR 300 million by 2030. To put it in context, Alteo made HUF 16.4 billion EBITDA (approx. EUR 43.4 million) in 2025.

## Results by segments

Non-renewables-based heat and electricity production and management: the segment's revenue increased by 7% and EBITDA decreased by 33% yoy. The main catalysts behind the higher revenue are the **expansion of the scheduling service portfolio and the price volatility of the electricity**. The electricity **balancing service** is a high margin segment, but it has become **less favorable in recent months because the competition is increasing**, which means the margins are under pressure. According to the management's guidance the **current trends will certainly persist until the end of this year, maybe next year**.

Renewables-based electricity production: revenue increased by 16% while EBITDA increased by 4% through Q4 of 2025. **The better result is the consequence of more electricity production because of the newly implemented power plants**, but due to **poor weather conditions**, such as less windy days, the wind power plants have produced the least electricity compared to the past five years. It is worth noting, that subsidy prices (old KÁT) were growing with inflation till 2025, but from this year onwards, inflation adjustment was abolished.

Energy services: revenue increased by 86% and EBITDA decreased by 25% through Q4 2025. In the future the main theme could be the strategic partnership with MOL, which could even significantly contribute to the division's results.

Waste management: From 2023 the Waste management segment has been presented as a standalone division. Revenue grew by 254%, and EBITDA increased by 127% on a year over year basis. **We believe after the proper integration of this division EBITDA margin could reach approximately 15-25 percent**, which means the Waste management could become the second most profitable segment. In the next 35 years MOL will be managing the collection and treatment of the municipal waste, and ALTEO participates as a subcontractor in this process for 2 (+2 optionality) years. At the end of last year Alteo has bought ÉLTEX Ltd. (now Alteo Circular Ltd.). The acquired company

is operating in the waste management industry with revenue from HUF 10 billion to HUF 40 billion and EBITDA from HUF 600 million to HUF 3.7 billion in the past five years (2019-2023).

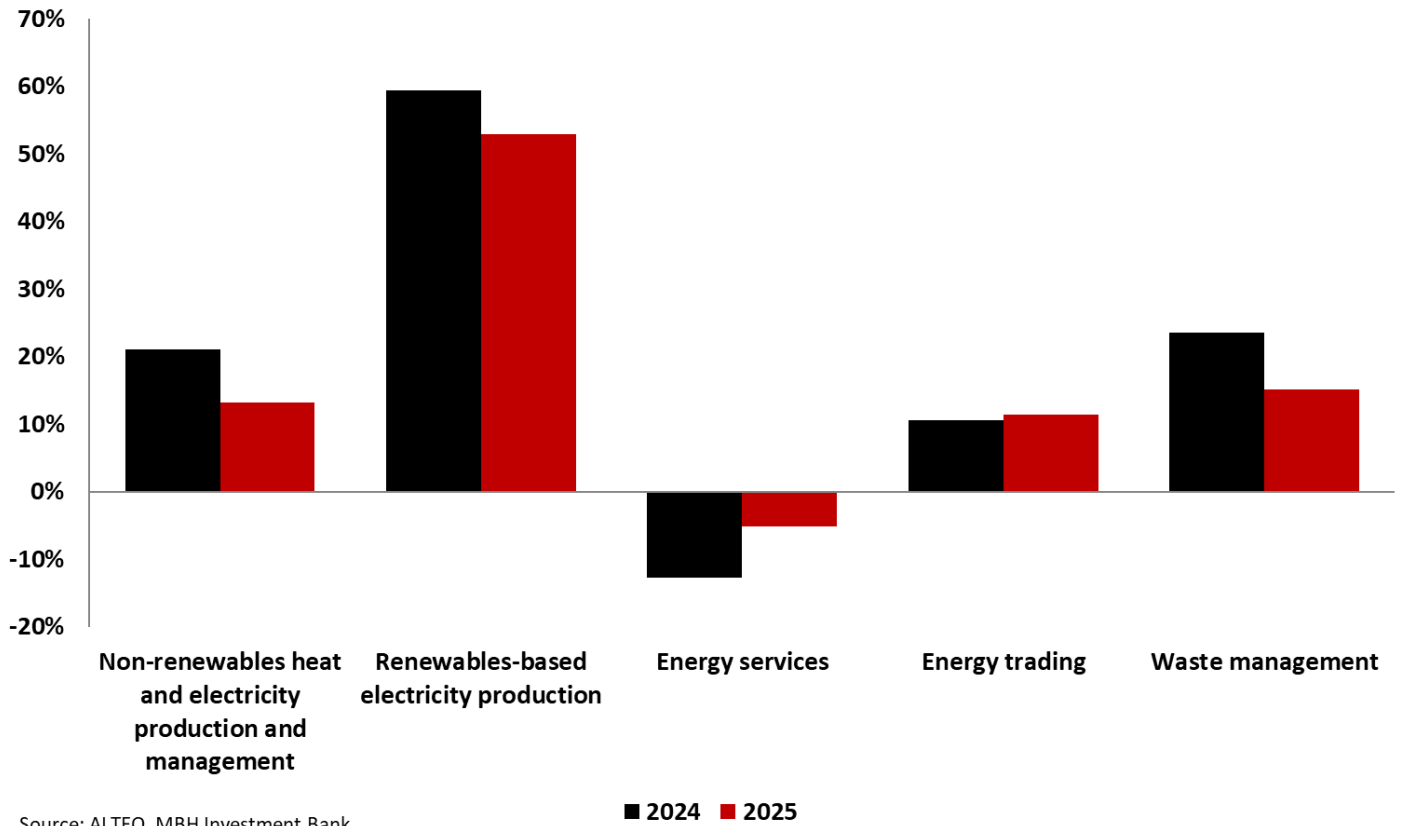
Energy trading: revenue increased by 1% and EBITDA increased by 10% through Q4 2025. After the years of energy chaos, competition is increasing among energy traders, putting pressure on profitability. But on the other hand, **Alteo's energy portfolio has grown, which contributed to higher revenue.**

## Results by segments

million HUF	2024	2025	Δ
<b>Non-renewables heat and electricity production and management</b>	62412	67042	7%
<b>Renewables-based electricity production</b>	7283	8460	16%
<b>Energy services</b>	6157	11422	86%
<b>Energy trading</b>	37827	38299	1%
<b>Waste management</b>	4909	17360	254%
<b>Other</b>	0	1	NA
<b>Revenue</b>	<b>105607</b>	<b>125423</b>	<b>19%</b>
<b>Non-renewables heat and electricity production and management</b>	13143	8831	-33%
<b>Renewables-based electricity production</b>	4323	4481	4%
<b>Energy services</b>	-782	-586	-25%
<b>Energy trading</b>	3999	4394	10%
<b>Waste management</b>	1155	2625	127%
<b>Other</b>	-2790	-3304	18%
<b>EBITDA</b>	<b>19048</b>	<b>16442</b>	<b>-14%</b>
<b>EBITDA margin</b>			
<b>Non-renewables heat and electricity production and management</b>	21,1%	13,2%	-7,9%
<b>Renewables-based electricity production</b>	59,4%	53,0%	-6,4%
<b>Energy services</b>	-12,7%	-5,1%	7,6%
<b>Energy trading</b>	10,6%	11,5%	0,9%
<b>Waste management</b>	23,5%	15,1%	-8,4%

Source: ALTEO, MBH Investment Bank

### Segments' EBITDA margin



### Conclusion

The 2025 financial results are in line with our previous forecast, and there are no economic and market conditions that would justify a model update. Our one-year target price is HUF 5,520 and our recommendation is Buy.

DCF, million HUF	2026	2027	2028	2029	2030
<b>Revenue</b>	<b>139 773</b>	<b>145 957</b>	<b>148 015</b>	<b>152 886</b>	<b>152 315</b>
<i>market based, VPP, trading</i>	86 214	87 817	87 358	89 585	86 247
<i>subsidy</i>	3 604	3 590	3 579	3 569	3 551
<i>waste management</i>	45 955	50 550	53 078	55 732	58 518
<i>services</i>	4 000	4 000	4 000	4 000	4 000
<b>EBITDA</b>	<b>23 592</b>	<b>24 567</b>	<b>24 415</b>	<b>24 651</b>	<b>24 398</b>
<i>market based, VPP, trading</i>	17 383	17 718	17 016	16 727	16 192
<i>subsidy</i>	3 234	3 223	3 214	3 206	3 192
<i>waste management</i>	4 595	5 055	5 308	5 573	5 852
<i>services</i>	1 000	1 000	1 000	1 000	1 000
<i>HQ Ebitda</i>	2 621	2 430	2 123	1 855	1 836
<b>D&amp;A</b>	<b>7 829</b>	<b>8 072</b>	<b>8 288</b>	<b>8 523</b>	<b>8 780</b>
<b>Capex</b>	<b>15 046</b>	<b>13 265</b>	<b>12 459</b>	<b>12 671</b>	<b>11 502</b>
<b>FCFF</b>	<b>673</b>	<b>6 603</b>	<b>7 944</b>	<b>7 558</b>	<b>9 385</b>

Source: ALTEO, Bloomberg, MBH Investment Bank

		Equity Value		
		Long term growth rate		
		2,7%	3,7%	4,7%
Discount	8,6%	68 748	91 941	126 976
Rate	10,1%	41 240	54 660	73 035
(WACC)	12,1%	18 737	26 236	35 756
		One Year Target Price		
		Long term growth rate		
		2,7%	3,7%	4,7%
Discount	8,6%	4 128	5 521	7 625
Rate	10,1%	2 492	3 303	4 413
(WACC)	12,1%	1 135	1 589	2 165

Source: ALTEO, Bloomberg, MBH Investment Bank

Balance Sheet, million HUF	2026	2027	2028	2029	2030
<b>Non-current assets</b>	83 750	87 469	88 711	91 639	91 308
<i>Property, plant and equipment</i>	50 250	52 481	53 226	54 984	54 785
<b>Current assets</b>	67 000	69 975	70 969	73 312	73 047
<i>Cash and equivalents</i>	17 376	18 674	21 634	24 124	28 908
<b>Total assets</b>	<b>150 750</b>	<b>157 444</b>	<b>159 679</b>	<b>164 951</b>	<b>164 355</b>
<b>Shareholders' equity</b>	51 619	58 953	66 287	73 007	79 515
<i>Retained earnings</i>	50 587	57 185	63 635	70 087	76 334
<b>Non-current liabilities</b>	40 495	45 310	49 833	54 432	58 608
<i>Long-term debt</i>	23 892	26 733	29 401	32 115	34 578
<i>Bonds payable</i>	13 363	14 952	16 445	17 963	19 340
<b>Current liabilities</b>	58 636	53 181	43 560	37 512	26 233
<i>Short-term debt</i>	5 864	5 318	8 712	7 502	5 247
<b>Total liabilities and equity</b>	<b>150 750</b>	<b>157 444</b>	<b>159 679</b>	<b>164 951</b>	<b>164 355</b>

Source: ALTEO, Bloomberg, MBH Investment Bank

Close date of the research: 18 February 2026, 17:00

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- **Underweight:** A rating of underweight means the stock's return is expected to be below the average return of the overall industry, or the index benchmark over the next 12 months.
- **Equal-weight:** A rating of equal-weight means the stock's return is expected to be in line with the average return of the overall industry, or the index benchmark over the next 12 months.

- **Buy:** total return is expected to exceed 10% in the next 12 months.
- **Neutral:** Total return is expected to be in the range of -10 - +10% In the next 12 months.
- **Sell:** Total return is expected to be below -10% in the next 12 months.
- **Under review:** If new information comes to light, which is expected to change the valuation significantly.

#### 7. Change from the prior research

Our first research was published on 15. December 2017. In the Initial Coverage our price target was HUF 823. The changes in fundamental factors and the operation in the Company required regular updates of our model and so the target price. Our one year price target is HUF 5521 which is the same as the previous PT (05.12.2025).

#### Prior researches

MBH Bank wrote an initiation report on 15 December 2017. The research is available on the web page of the BSE (Budapest Stock Exchange): <https://bet.hu/pfile/file?path=/site/Magyar/Dokumentumok/Tozsdetagoknak/Tozsdetagok-elemzesei/MKB-Bank-Alteo-initiation-report-20171215.pdf>

The flash notes are available on the web page of the BSE (Budapest Stock Exchange):

<https://bet.hu/Kibocsatok/BET-elemzesek/elemzesek/alteo-elemzesek>

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14. The valuation procedures used:

#### Discounted cash flow valuation

The discounted cash flow valuation is a method of valuing a company (or project, assets, business, etc.) with the time value of the money. The model forecasts the company's free cash flow (free cash flow to firm) and discounts it with the average cost of capital (WACC). The cash flow is simply the cash that is generated by a business and which can be distributed to investors. The free cash flow represents economic value, while accounting metric like net earning doesn't. The WACC represents the required rate of return by the investors. If a business is risky the required rate of return, the WACC will be higher.

**Discounted cash flow model (DCF):** We analyze the companies using five-year forecast period and set a terminal value based on the entity's long-term growth or on different exit multiples like EV/EBITDA or EV/EBIT. In certain cases the forecast period may differ from five years. In this case the analysts must define the reason for difference. The cash flows are discounted by the company's WACC unless otherwise specified.

In the first step we forecast the company's cash flow. The free cash flow to firm (FCFF) is based on the earnings before interest and taxes (EBIT), the tax rate, depreciation and amortization (D&A), net change in working capital (which is based on the current assets and current liabilities) and the capital expenditures (CAPEX). The model requires a terminal value which can be based on the long-term growth or on an exit multiple like EV/EBITDA, or EV/EBIT. Forecasting the terminal value is a crucial point because in most cases it makes up more than 50% of the net present value.

**The discount rate (WACC):** The average cost of capital of the company is dependent on the industry, the risk-free rate, tax, the cost of debt and the equity risk premium. The cost of equity is calculated by the CAPM model, where the independent variables are the risk-free rate, the industry specific levered beta, and the equity risk premium. The WACC is dependent on the capital structure, so the forecast of the equity/debt mix is crucial.

At the end we get the enterprise value (EV). The EV is the market capitalization plus the total debt and preferred equity and minority interest, minus the company's cash. In the last step we reduce the EV with the net debt. This figure divided by the shares outstanding we arrive at the target share price.

The discounted cash flow model includes sensitivity analysis which takes the effects of the change in the WACC, the long-term growth or the used exit multiples on which the terminal value is based.

Our target price is based on a 12-month basis, ex-dividend unless stated otherwise.

**Peer group valuation:** For comparison we use peer group valuation. The analysis based on important indicators and multiples like P/E, EV/EBITDA, EV/EBIT, market capitalization, P/S, EBITDA margin, net debt to EBITDA, EBITDA growth, dividend yield and ROIC. If the industry justifies we may use other multiples. The peer group is compiled according to the companies' main business, with respect to the region (DM or EM market).

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