

PannErgy

17. 04. 2026.

In the first quarter, PannErgy produced 679,736 GJ energy, which is 1.3% higher than a year ago, but it is 1.4% lower than the management's plan was for this quarter (689,577 GJ). Nonetheless, the company achieved record high Q1 heat sales.

Regarding the performance of individual sites, Miskolc produced 315,804 GJ in Q1, a 3.7% decrease YoY (328,026 GJ). This can be primarily attributed to the unusually cold weather compared to the base month of January. At the same time, production in Győr was 353,797 GJ in Q1, a 6.3% increase YoY (332,706 GJ), mainly due to weaker performance in the base period due to temporary technical issues. Overall, the Győr project accounted for ~52% of heat sales volumes in Q1, while the Miskolc project for ~46.5% (in the base period Győr accounted for ~49.6% of heat sales and Miskolc for ~48.9%).

The management maintains the 2026 EBITDA target range of HUF 4.3-4.45bn that was published previously. Our current 2026 EBITDA estimate is HUF 4.38bn, which is in line with management's guidance.

We also note that PannErgy has decided to establish a long-term dividend policy and the company may distribute a payment up to an amount equal to 50% of the consolidated EBITDA. Management has proposed recently a dividend payment of HUF 1.85bn, which would represent a per share amount of approximately HUF 138 (~6.3% dividend yield). However, this would be paid on 8th March, 2027. At the same time, the management did not propose a new share repurchase program (the previous one expired on 10th April, 2026).

We maintain our BUY recommendation and our recently increased 12M target price of HUF 2,546.

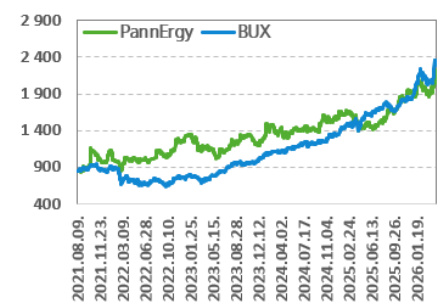
Recommendation: BUY

(prev. Buy)

12-month target price: 2 546Ft

(prev. 2 546 Ft)

Upside potential: 16%



Performance	3 months	6 months	YTD	1 year
PannErgy	13%	27%	17%	53%
BUX	11%	32%	23%	56%

m HUF	2025	2026e	2027e
Heat revenue	8 547	8 964	9 105
EBITDA	4 182	4 384	4 466
EBIT	1 859	2 003	2 085
Net profit	1 707	1 572	1 692
EBITDA margin	48,9%	48,9%	49,0%
EBIT margin	21,8%	22,3%	22,9%
EPS (HUF)	121	117	126
DPS (HUF)	0	0	138
Payout ratio	0%	0%	114%
EV/EBITDA	10,4	10,0	9,8
P/E	18,2	18,8	17,4
Dividend yield	0,0%	0,0%	6,3%
Share price (17.04.2026):	2 200		
Number of shares (m):	16		
Market cap. (m HUF):	35 200		
Free float:	52,0%		
Daily turn. (m HUF):	17,65		

Source: PannErgy, BÉT, OTP Multi-Asset Strategies

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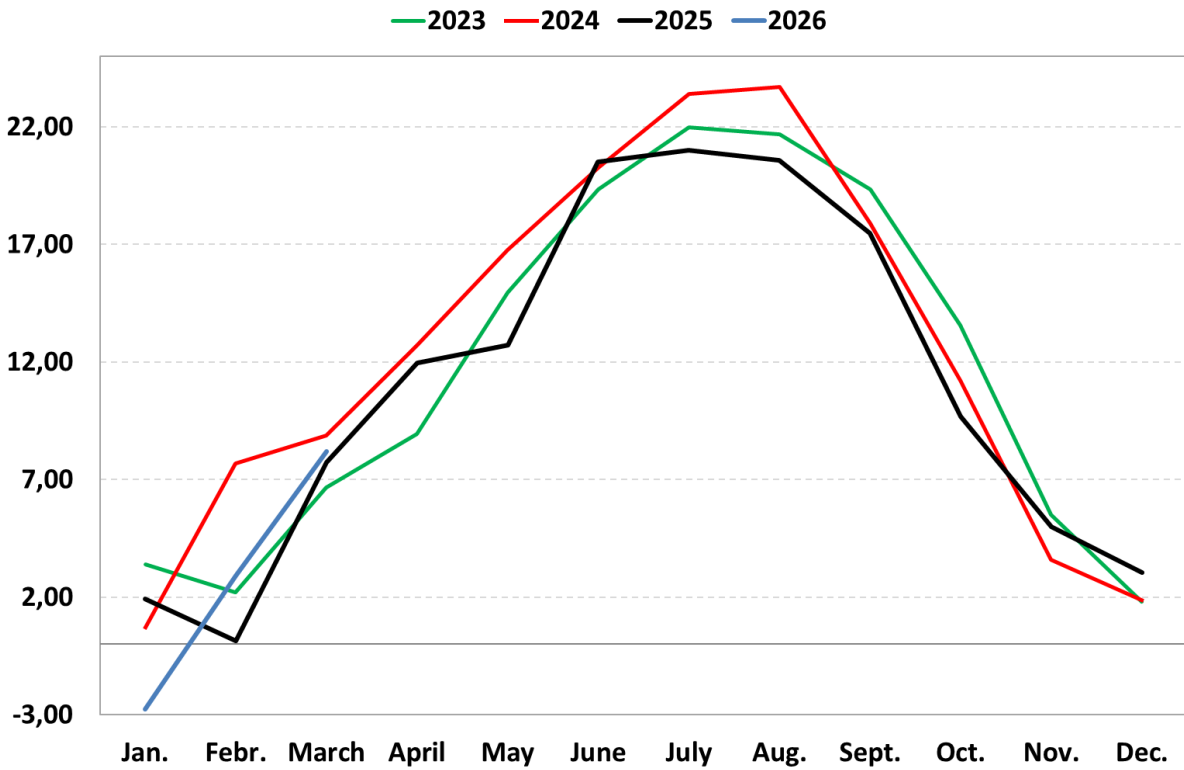
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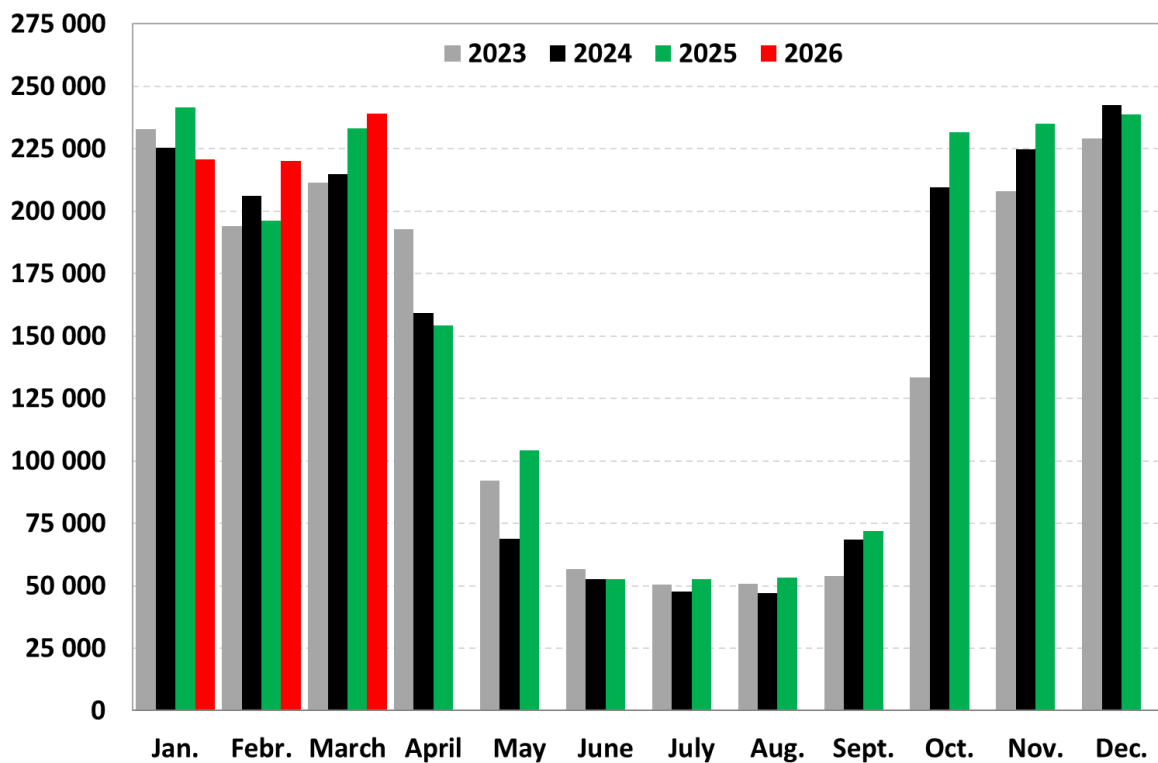
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Combined average monthly temperatures (°C) in Miskolc and Győr



Source: AccuWeather, OTP Multi-Asset Strategies

Consolidated heat sales (GJ)



Source: PannErgy, OTP Multi-Asset Strategies

Other notable events

On April 14th the company announced that it has decided to establish a long-term dividend policy. The purpose of the new policy is to provide a predictable and sustainable dividend payment for shareholders, while remaining consistent with stable operations and prudent financial management. As a result, **the company may distribute a dividend payment up to an amount equal to 50% of the consolidated EBITDA** under EU IFRS (last closed financial year).

We note that the management has previously proposed a dividend payment of HUF 1.85bn, which would represent a per share amount of approximately HUF 138 (~6.3% dividend yield). However, this would be paid only on 8th March 2027. The reasoning is that the company aims to maintain a high and flexible level of financial and operational stability considering the global war and crisis environment, as well as financing requirements and planned investments in 2026.

On April 17th PannErgy announced that its General Meeting repeated for the lack of quorum will be held at 9am on 30th (Thursday) April, 2026.

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
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
16.10.2025	Buy	HUF 2,322	Equity note
20.01.2026	Buy	HUF 2,521	Equity note
01.04.2026	Buy	HUF 2,546	Equity note

Period	Recommendation	Percent of recommendation
2025Q2	BUY	100%
	HOLD	0%
	SELL	0%
2025Q3	BUY	100%
	HOLD	0%
	SELL	0%
2025Q4	BUY	100%
	HOLD	0%
	SELL	0%
2026Q1	BUY	100%
	HOLD	0%
	SELL	0%
2026Q2	BUY	100%
	HOLD	0%
	SELL	0%

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

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