PannErgy

24. 09. 2026.

PannErgy delivered a strong H1 performance with revenue from geothermal heat sales up 6.1% YoY, while total volume reached over 1 million GJ (+2% YoY), which is basically in line with the management's plan. However, direct costs increased as well by 5.1% YoY mainly due to higher electricity costs and administrative and overhead costs were also up. Nonetheless, H1 EBIT was HUF 517m (+6.2% YoY), while EBITDA remained roughly flat at HUF 1.661bn. Furthermore, the company reported a net financial profit of HUF 145m as opposed to a net financial loss of HUF 134m last year. This is primarily the result of positive FX revaluations due to HUF strengthening against the EUR, while net interest expense was also lower. Overall, the company reported HUF 619m net income after tax (HUF 46 EPS), which is 75.4% higher YoY.

Looking ahead, the management confirmed that the HUF 1.661bn H1 EBITDA is an adequate basis for the HUF 4.3-4.45bn EBITDA plan in 2026. This is in line with our EBITDA forecast of HUF 4.38bn this year. We also note that the company will pay the first tranche of its dividends on 15 October 2026 (HUF 63.4 per share; ~2.2% DIV yield), while the second tranche will be paid on 8 March 2027 (HUF 74.6 per share; ~2.5% DIV yield). The last trading day on which it is still possible to trade the shares with the right to receive dividends is 28 September 2026 for both instalments.

For now, we maintain our BUY recommendation and the 12M target price of HUF 3,057. We expect to update our valuation once the new heat tariffs are announced in the coming weeks, which will include the impact of the updated tariffs and H1 financial results.

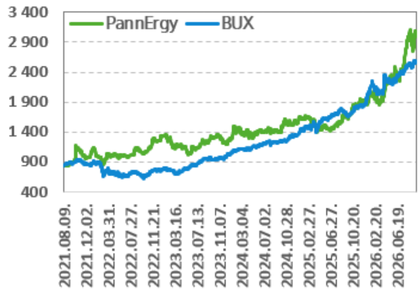
Recommendation: BUY

(prev. Buy)

12-month target price: 3 057Ft

(prev. 3 057 Ft)

Upside potential: 4%



Performance	3 months	6 months	YTD	1 year
PannErgy	26%	43%	57%	82%
BUX	9%	24%	37%	54%

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	63,4	74,6
Payout ratio	0%	54%	59%
EV/EBITDA	13,1	12,5	12,3
P/E	24,4	25,2	23,4
Dividend yield	0,0%	2,2%	2,5%
Share price (24.09.2026):			2 950
Number of shares (m):			16
Market cap. (m HUF):			47 200
Free float:			52,0%
Daily turn. (m HUF):			17,61

Source: PannErgy,BÉT,OTP Multi-Asset Strategies

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Main takeaways from the H1 report

Revenue for H1 2026 was HUF 4.375bn (+6% YoY), while revenue from geothermal heat sales amounted to HUF 4.277bn (+6.1% YoY). Over the first half of the year, heat sales reached over 1 million GJ, which is ~2% higher than the amount the company sold in H1 2025 (981,899 GJ), and roughly in-line with the management's plan of 1,000,694 GJ. In Q1 2026 the company sold 679,736 GJ, which was 1.4% lower than the target amount, but 1.3% higher YoY. In Q2 2026 PannErgy sold 321,672 GJ, which was 3.4% above management's plan and also 3.4% higher YoY.

The Győr project accounted for ~54% of heat sales in H1, while the Miskolc project for ~45% (the ratios were ~51% and ~48%, respectively a year ago). The Győr unit performed better YoY in terms of heat sales (+7.3%) due to weaker base period in Q1 2025 and strong sales in Q2 2026. At the same time, the Miskolc unit had a slightly weaker YoY performance (-3.9%) as weather conditions were less favorable in both quarters.

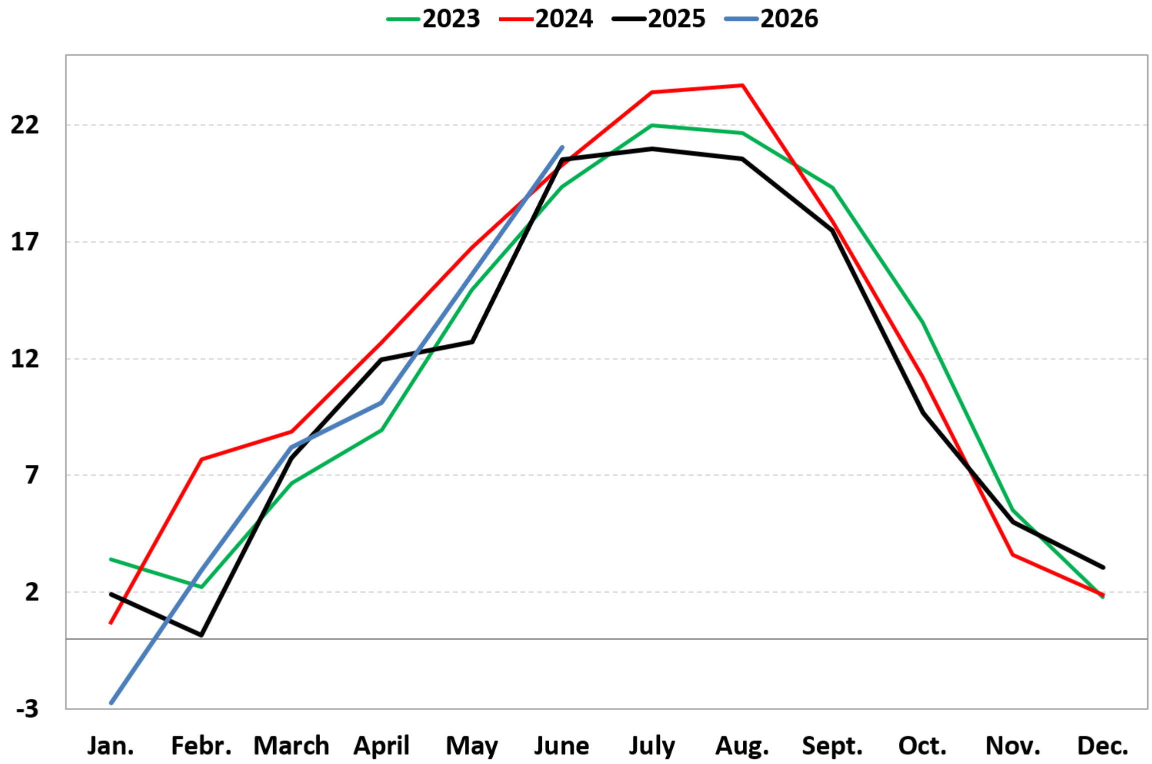
In terms of sales revenue by project, Győr contributed HUF 2.515bn to the sales revenue in H1 2026 (+2% YoY), which is ~59% of heat sales related revenues (~54% of H1 volume). Out of this, sales to Győr-Szol (city district heating supplier) amounted to HUF 1.445bn (+9.1% YoY and ~57% share of Győr sales), while HUF 1.068bn (-6.5% YoY and ~42% share of Győr sales) is related to the company's automotive industry customer. In the latter case, the primary reason for the drop in revenues is related to the HUF strengthening over the reporting period (settlement in EUR). Sales from the Miskolc project amounted to HUF 1.71bn (+13% YoY), which is ~40% of heat sales related revenues (~45% of H1 volume). Most of the heat was sold to MIHŐ Miskolci Hőszolgáltató Ltd. (HUF 1.675bn). The two smaller projects, Szentlőrinc and Berekfürdő, contributed to sales by HUF 48m and HUF 58m (out of which HUF 54m is electricity sales).

Direct costs amounted to HUF 3.439bn, up by 5.1% YoY. The main reason for this is that electricity costs increased by 12.7% to HUF 985m, mostly due to a rise in market pricing levels, but the company's electricity consumption was somewhat higher as well. Direct depreciation was slightly lower YoY (-3,1%), while maintenance, operating and facility related costs were moderately up by 7.8% YoY. As revenue growth slightly outpaced the increase in direct costs gross profit margin improved to 21.4% from 20.8%. Overall, gross profit was 936m (+9.2% YoY). The Group's administrative and overhead costs moderately increased to HUF 442m (+8.6% YoY). At the same time, other revenues dropped by 19.2% to HUF 160m, while other expenditures amounted to HUF 137m (-14.9% YoY).

This brings EBIT to HUF 517m (+6.2% YoY) and EBITDA to HUF 1.661bn (-0.7% YoY), while EBITDA ratio decreased to 38% from 40.5% (while revenues and operating profit was up, depreciation was down). The company reported a net financial profit of HUF 145m in H1 as opposed to a net financial loss of HUF 134m last year (the difference is mainly the result of positive FX revaluations due to HUF strengthening vs. EUR and net interest expense was also lower).

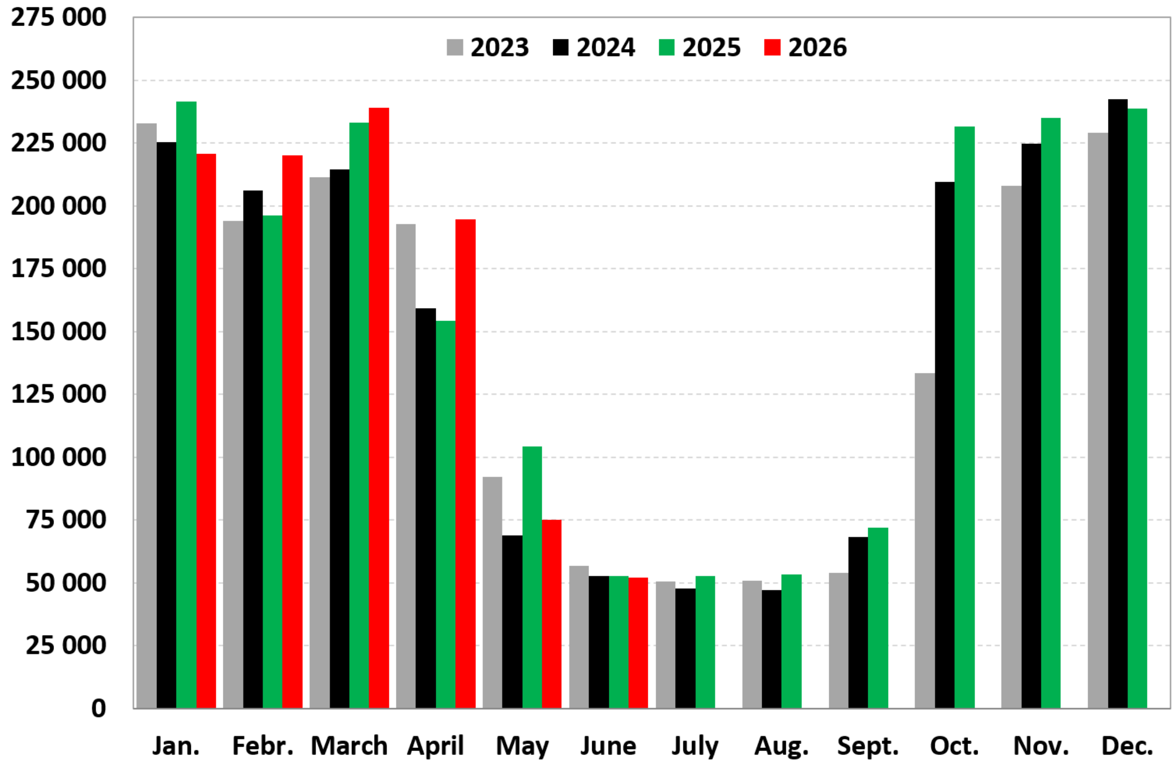
Overall, the company reported HUF 619m net income after tax, which is 75.4% higher YoY (HUF 46 EPS vs. HUF 25 EPS a year ago). Looking ahead, the company confirms that the HUF 1.661bn H1 EBITDA is an adequate basis for the previously published HUF 4.3-4.45bn EBITDA plan for 2026. This is in line with our EBITDA forecast of HUF 4.38bn this year.

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 highlights

Dividend payment: the company published its dividend payment order on 24th August 2026. The total amount of dividends is HUF 1.85bn, which will be paid in two instalments. The first tranche of HUF 850m (HUF 63.4 per share) will be paid on 15 October 2026, while the second tranche of HUF 1bn (HUF 74.59 per share) will be paid on 8 March 2027. The last trading day on which it is still possible to trade the shares with the right to receive dividends is 28 September 2026 (for both instalments) and record date is 30 September 2026.

P/L Table consolidated (million HUF)	2026H1	2025H1	2024H1	2023H1	2022H1	2021H1
Revenue	4 375	4 129	4 129	6 051	3 686	3 444
Net other revenue	23	37	427	-322	218	42
OPEX	3 881	3 679	3 664	4 430	2 976	2 674
From which:						
* SGA	442	407	378	370	273	258
* Depreciation	1 144	1 181	1 013	965	807	748
EBITDA	1 661	1 672	1 905	2 265	1 735	1 560
EBIT	517	487	892	1 299	928	812
EBT	662	353	737	1 201	734	727
Income Taxes	43	0	39	42	2	63
Net income	619	353	698	1 159	732	664
EPS (HUF)	46,00	25,00	46,00	74,00	45,10	39,82

	2026H1	2025H1	2024H1	2023H1	2022H1	2021H1
EPS (HUF)	46,00	25,00	46,00	74,00	45,10	39,82
EBITDA (HUFm)	1 661	1 672	1 905	2 265	1 735	1 560
Gross profit rate (%)	21,4%	20,8%	20,4%	32,9%	26,7%	29,9%
EBIT rate (%)	11,8%	11,8%	21,6%	21,5%	25,2%	23,6%
EBITDA rate (%)	38,0%	40,5%	46,1%	37,4%	47,1%	45,3%
ROE (%)	5,9%	3,1%	5,9%	10,2%	7,1%	6,7%
ROA (%)	2,5%	1,3%	2,7%	4,3%	2,8%	2,6%
ROS (%)	14,1%	8,5%	16,9%	19,2%	19,9%	19,3%

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
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
17.04.2026	Buy	HUF 2,546	Equity note
20.07.2026	Buy	HUF 3,057	Equity note

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

The list of all recommendations made in the past 12 months is available here.

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