PannErgy

16. 10. 2026.

PannErgy produced 161,935 GJ energy in Q3, which is 9% lower YoY and 9.2% below management's plan for the quarter. The company noted that weather conditions were relatively unfavorable and there was also an increased use of fossil fuel-based heat within the Miskolc district heating system. 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 1,163,342 GJ in Q1-Q3 this year, which is 1.3% lower than the management's plan for Q1-Q3, but roughly flat YoY. In our view the yearly target still seems achievable. The management also confirmed the expected fulfilment of the HUF 4.3-4.45bn EBITDA target range for the year. Our 2026 EBITDA forecast number is HUF 4.37bn, which is in line with management's guidance. We maintain our BUY recommendation with the same target price of HUF 3,107.

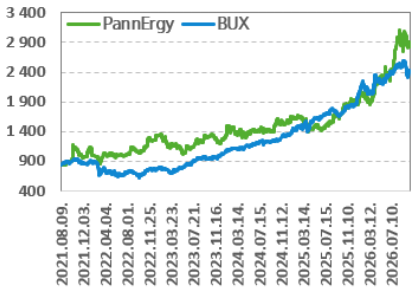
Recommendation: BUY

(prev. Buy)

12-month target price: 3 107Ft

(prev. 3 107 Ft)

Upside potential: 10%



Performance	3 months	6 months	YTD	1 year
PannErgy	19%	28%	49%	60%
BUX	3%	4%	30%	40%

m HUF	2025	2026e	2027e
Heat revenue	8 547	9 037	9 238
EBITDA	4 182	4 373	4 454
EBIT	1 859	1 992	2 073
Net profit	1 707	1 587	1 699
EBITDA margin	48,9%	48,4%	48,2%
EBIT margin	21,8%	22,0%	22,4%
EPS (HUF)	121	118	127
DPS (HUF)	0	63,4	74,6
Payout ratio	0%	54%	59%
EV/EBITDA	13,1	12,5	12,3
P/E	23,3	23,8	22,2
Dividend yield	0,0%	2,3%	2,7%
Share price (16.10.2026):			2 820
Number of shares (m):			16
Market cap. (m HUF):			45 120
Free float:			52,0%
Daily turn. (m HUF):			17,59

Source: PannErgy,BÉT,OTP Multi-Asset Strategies

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Main takeaways from the quarterly production report

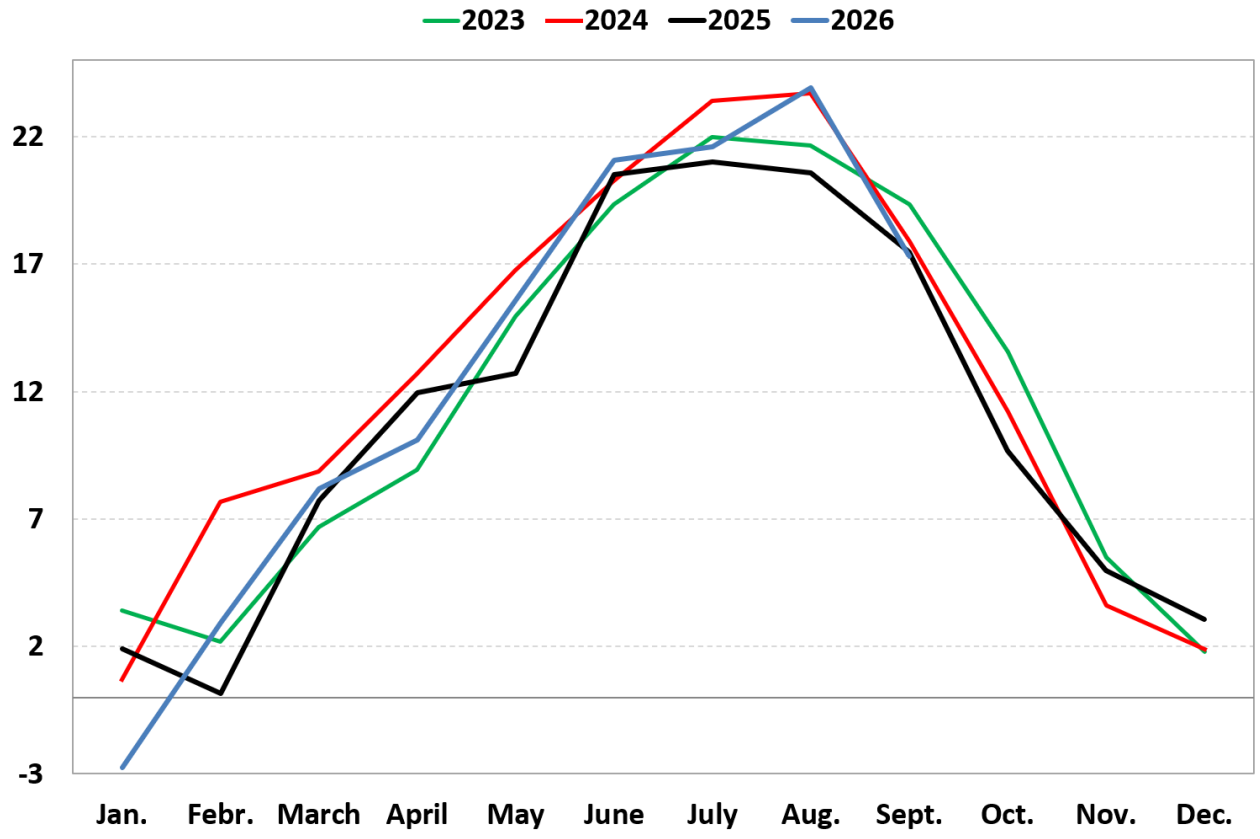
In the third quarter, PannErgy produced 161,935 GJ energy, which is 9% lower than a year earlier and 9.2% lower than the management's plan was for this quarter (178,313 GJ). The company noted that weather conditions were relatively unfavorable during the Q3 period and there was also an increased use of fossil fuel-based heat within the Miskolc district heating system. 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 1,163,342 GJ in Q1-Q3 this year, which is 1.3% lower than the management's Q1-Q3 plan (1,179,007 GJ) and roughly flat YoY (1,159,836 GJ). This means that if Q4 heat sales volumes will be in line with the Q4 target (692,127 GJ), then the annual production would be 1,855,469 GJ, roughly 0.8% lower vs. management target.

Regarding the performance of individual sites, Miskolc produced 64,254 GJ in Q3, an 11.2% decrease YoY (72,350 GJ). At the same time, production in Győr was 95,938 GJ in Q3, a 7.7% decrease compared to the previous year (103,982 GJ). Overall, the Győr project accounted for ~59.2% of heat sales volume in Q3, while the Miskolc project for ~39.7% (in Q3 2025 the ratios were ~58.4% and ~40.7% respectively).

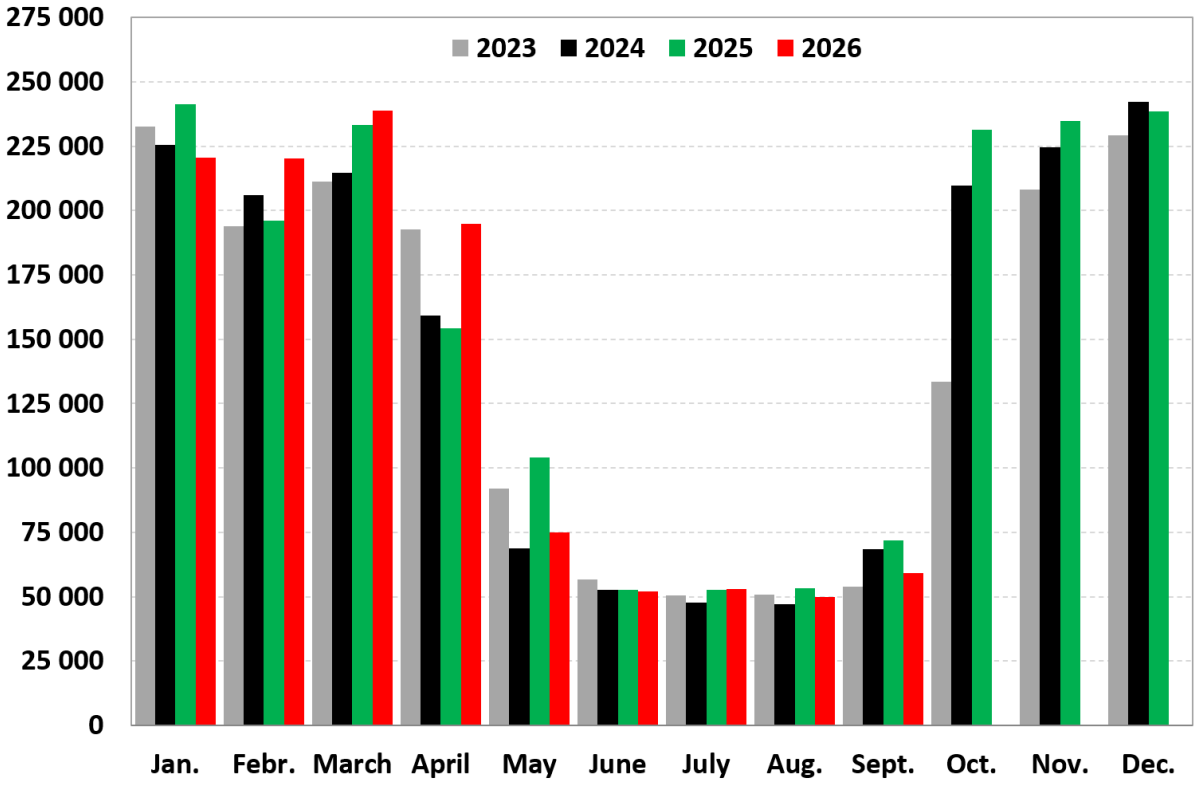
The management confirmed the expected fulfilment of the 2026 EBITDA target range of HUF 4.3-4.45bn that was published previously. Our current 2026 EBITDA estimate is HUF 4.37bn, which is in line with management's guidance.

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
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
24.09.2026	Buy	HUF 3,057	Equity note
07.10.2026	Buy	HUF 3,107	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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