Creditreform Corporate Issuer / Issue Rating

Ignitis Grupė UAB

Creditreform Rating

Rating object	Rating information	
Ignitis Grupė UAB	SME / Corporate Issuer Rating: BBB+ / positive	Type: Update Unsolicited Public rating
Creditreform ID: 400981259	LT LC Senior Unsecured Issues: BBB+ / positive	Short-term rating: L3
Incorporation: 2008		
Based in: Vilnius, Lithuania		
Main (Industry): Energy		
CEO: Darius Maikštėnas		

Rating date:	27 November 2023
Monitoring until:	withdrawal of the rating
Rating methodology:	CRA "Corporate Ratings" CRA "Non-Financial Corporate Issue Ratings" CRA "Corporate Short-Term Ratings" CRA "Government Related Companies" CRA "Rating Criteria and Definitions"
Rating history:	www.creditreform-rating.de

Rating objects:

Long- and short-term Corporate Issuer Rating: Ignitis Grupė UAB

Long-term Local Currency (LT LC) Senior Unsecured Issues

Content

Summary

Company

Ignitis Grupė UAB is the parent Company of the Ignitis Group, hereinafter also referred to as "Ignitis", or "the Group" and is a Lithuanian energy Group operating across the energy value chain. As a key player in the Baltic region. The Group engages in the generation, distribution, and supply of electricity and heat. It has a diversified energy portfolio, with a focus on renewable sources. Ignitis Group is also involved in energy trading, and strives to ensure a reliable and sustainable energy supply for its customers and is active in the Baltic States, Finland and Poland.

During the business year 2022 the Group generated revenues of EUR EUR 4,387 million (2021: EUR 1,899 million), EBITDA and EBIT of EUR 538 million (2021: EUR 342 million) and EUR 386 million (2021: EUR 160 million) respectively, and a net result of EUR 293 million (2021: EUR 160 million).

Rating result

The current unsolicited corporate issuer rating of Ignitis Grupė UAB of BBB+ attests a highly satisfactory level of creditworthiness, representing a low to medium default risk. Positive factors that contribute to the rating result are the Group's solid financial profile, its relatively high degree of regulated activities and its expanding segment of renewable electricity generation, aiding in its decarbonisation process. In addition, the shareholder structure, with the Lithuanian government holding approximately three-quarters of its share capital, also has a positive influence on the rating. Its shareholder structure, in combination with its systemic importance for Lithuania (CRA: Republic of Lithuania: A+ / stable as of 13.10.2023) leads to an uplift by one notch over its stand-alone rating.

These positive factors are partially offset by the Group's exposure to Baltic, Polish and Finnish energy market price developments, although the relatively high hedge ratio of the Group limits this short- to medium-term exposure. In addition, the increasing investment pressure and the expectation that investments will continue to remain high over the coming years is also currently a dampening factor for the rating.

Analysts

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The relevant rating factors (key drivers) mentioned in this section are predominantly based on internal analyses, evaluations from the rating process, the derived valuations of the analysts participating in the rating and, if applicable, other rating committee members. The fundamental external sources used are specified in the sections "Regulatory requirements" and "Rules on the presentation of credit ratings and rating outlooks".

Excerpts from the financial key figures analysis 2022:
+ Revenue, EBITDA, EBIT, EAT
+ Return on investment

- Equity Ratio
- Ratio of interest expenses to total debt

General rating factors summarize the key issues which – according to the analysts as of the date of the rating – have a significant or long-term impact on the rating, whether positive (+) or negative (-).

Current rating factors are the key factors which, in addition to the underlying rating factors, have an impact on the current rating.

Outlook

The outlook for the unsolicited corporate issuer rating is positive. Despite the planned increase in investments, we believe that the Group's credit metrics will continue to remain on a healthy level for the foreseeable future. Additionally, the operating development was very strong over the past years and we believe an upgrade would be in reach if the Group would continue its strong operating development in combination with its investment plan, without a deterioration in credit metrics.

Relevant rating factors

Table 1: Financials I Source: Ignitis Grupė UAB Annual Report 2022, standardized by CRA

Ignitis Grupė UAB Selected key figures of the financial statement analysis Basis: Annual accounts and report of 31.12. (IFRS, etc.)	CRA standardized figures[1]	
	2021	**2022**
Sales (million EUR)	1,877	4,831
EBITDA (million EUR)	342	538
EBIT (million EUR)	200	386
EAT (million EUR)	160	293
EAT after transfer (million EUR)	160	293
Total assets (million EUR)	4,126	5,040
Equity ratio (%)	49.69	44.56%
Capital lock-up period (days)	19.48	14.76
Short-term capital lock-up (%)	21.53	12.65
Net total debt / EBITDA adj. (Factor)	4.75	3.88
Ratio of interest expenses to total debt (%)	1.62	1.94
Return on investment (%)	4.24	6.80

General rating factors

+ Strategic importance for Lithuania
+ Majority owned by the government of Lithuania
+ Relatively high share of EBITDA from regulated activities
+ Transparent and supportive regulatory framework
+ Good access to capital markets

– Slowly diminishing share of regulated activities
– Exposure to market demand and market price developments
– High ongoing investments required for the energy transition

Current rating factors

+ Green Generation segment benefited from the high price environment in Europe
+ Increasing share of renewables in electricity generation
+ Relatively high hedge rate for electricity generation

[1] For analytical purposes, CRA adjusted the original values in the financial statements in the context of its financial ratio analysis. For example, when calculating the analytical equity ratio, deferred tax assets, goodwill (entirely or partly), and internally generated intangible assets are subtracted from the original equity, whilst deferred tax liabilities are added. Net total debt considers all balance sheet liabilities. Therefore, the key financial figures shown often deviate from the original values of the company.

+ Growing RAB in the regulatory segment
– Negative free cash flow generation following increasing investments
– NERC lowered ESO's income level for 2024 for electricity distribution

Prospective rating factors are factors and possible events which – according to the analysts as of the date of the rating – would most likely have a stabilizing or positive effect (+), or a weakening or negative effect (-) on future ratings if they occurred. This is not an exhaustive list of possible future events with potential relevance for future ratings. Circumstances can arise that are not included in the list of prospective factors, whose effects are impossible to assess at the time of the rating, either because these effects are uncertain or because the underlying events are deemed unlikely to occur.

ESG factors are factors related to environment, social issues and governance. For more information, please see the section "Regulatory requirements". CRA generally takes ESG relevant factors into account when assessing the rating object and discloses them when they have a significant influence on the creditworthiness of the rating object, leading to a change in the rating result or the outlook.

Please note:

The scenarios are based on information available at the time of the rating. Within the forecast horizon, circumstances may occur that could lead to a change of the rating out of the indicated range.

Prospective rating factors

+ Upgrade in the sovereign rating of the republic of Lithuania
+ Increasing RAB and green generation portfolio without deterioration of credit metrics
+ Further geographical diversification

– Downgrade in the sovereign rating of the republic of Lithuania
– Long-lasting negative electricity trends in the energy markets
– Negative developments with regard to the regulatory frameworks

ESG-factors

CRA generally takes ESG factors (environment, social and governance) into account within its rating decisions. In the case of Ignites Grupė we have not identified any ESG factors with significant influence.

As a distribution system operator and renewables-focused integrated utility the Group plays an important role in the energy transition and decarbonization of Lithuania as well as the other countries where it has a presence. As of the end of September 2023 the Group managed a renewable portfolio of 6.3 GW, of which 1.3 GW was installed and a pipeline of 4.0 GW. The current goal for the Group is to have installed renewable generation capacity of 4 to 5 GW by 2030 and to reach net zero emissions between 2040 and 2050.

A general valid description of Creditreform Rating AG, as well as a valid description of corporate ratings for understanding and assessing ESG factors in the context of the credit rating process, can be found here.

Best-case scenario: A-

In our best-case scenario for one year, we assume a corporate issuer rating of A-. In this assessment we assume that Ignitis is able to maintain its current level of strong operating performance and that the realized energy price, although slightly lower than in 2022, continues to be on a relatively high level. Furthermore, Ignitis is able to keep leverage stable despite the increase in investments.

Worst-case scenario: BBB

In our worst-case scenario for one year, we assume a corporate issuer rating of BBB. In this scenario we assume a further decline in electricity market prices, leading to lower operating cash flows. At the same time will the Group's cash-outflows in relation to its planned investments continue to be on a high level, which in turn will lead to increasing indebtedness and a deterioration of credit metrics.

Business development and outlook

Driven by significantly higher energy prices, revenues soared by 131% to EUR 4,387 million (2021: EUR 1,899 million) during the business year 2022. With the Customers & Solutions and the Green Generation segment in particular affected by the increase. Despite the extraordinarily high energy prices, EBITDA only increased to EUR 538 million (2021: EUR 342 million). The growth was large attributable to the Green Generation segment. The realized electricity price in the Green Generation segment came in at EUR 149.8/MWh, while the average electricity market price in Lithuania stood at EUR 230/MWh. Due to its relatively high hedge ratio, the Group could only partly benefit from the higher electricity prices.

The adjusted EBITDA deviates from our EBITDA, the difference being largely due to various eliminations and add backs. The adjustments made predominantly affected the customers & solutions segment and the Networks segment and were mainly of a regulatory nature. In addition to the Generation Segment, which benefited from the higher price environment, the Networks segment also contributed to adjusted EBITDA growth. This was mainly driven by an increasing RAB and the introduction of an additional tariff component in its regulatory framework. The (adjusted) EBITDA margin deteriorated to 10.9% (2021: 17.6%) but was attributable to the significant increase by electricity sales in the Customers & Solutions segment. The higher operating profit also led to a significantly higher net profit of EUR 293 million (2021: EUR 160 million).

Table 2: Adjusted EBITDA per segment in 2022

Adjusted EBITDA per segment in 2022		
in Mio. EUR	**2021**	**2022**
Green Generation	107.5	252.4
Networks	145.4	164.5
Flexible Generation	37.2	34.6
Customers & Solutions	40.6	15.6
Other	2.0	2.2
Adjusted EBITDA	332.7	469.3

During the 2022 business year, approximately 34.7% (2021: 56.4%) of EBITDA came from regulated activities. These activities include the electricity and natural gas distribution, the reserve and ancillary services provided to the transmission system operator, the public supply of electricity, electricity supply of last resort, natural gas supply to residents of Lithuania and the designated LNG supplier services. The share of regulated activities was reduced in comparison to the prior year due to the higher energy prices.

The first 9 months of the 2023 business year were characterized by a decrease in revenues to EUR 1,842 million (9M 2022: EUR 3,028 million), which was largely as a result of the normalization of energy prices on the European markets. In particular, the Customers & Solutions segment showed a significant reduction in revenues (EUR -932 million). But, also the Green Generation segment showed a reduction, as the average realized power price was lower in comparison to the prior period. Despite the sharp reduction in revenues, adjusted EBITDA and EBIT were only slightly lower than the prior period last year. Despite the Group's relatively high hedge ratio, the average realized power price in the Green Generation segment fell and led to lower operating results. Also the Customers & Solution segment showed a reduced result due to lower supply volumes driven by reduced consumption. This was however, offset by the Networks segment to a considerable extent, which increased its operating results due to a growing regulatory asset base and higher operating profit in the Reserve capacities segment driven by a utilized option to earn additional return in the market on top of the regulated return by fixing a positive forward Clean Spark spread. The adjusted operating profit also reduced slightly, also primarily due to lower operating results.

Ignitis has a four year investment plan (2023 – 2026) that emphasizes sustainable growth in its two core segments; Networks and Green Generation. In the period 2023 – 2026 the Group expects to invest between EUR 2.2 billion and EUR 2.8 billion, of which approximately 55% is to be allocated towards the development of capacity expansion in the Green Generation segment and approximately 40% to be allocated towards the Networks segment. The residual 5% is to be allocated towards the other segments. During the first 9 months of 2023 the Group ramped up investments to EUR 634 million (9M 2022: EUR 368 million). Approximately EUR 362 million was allocated towards the Green Generation segment, particularly towards onshore wind farms in Lithuania and Poland. In the Networks segment EUR 247 million was predominantly invested in the expansion of the electricity distribution network, as well as investments in smart meters. As of the end of September 2023 the Green Generation portfolio of Ignitis increased to 6.3 GW (2022: 5.1 GW), of which 1.3 GW installed capacity. Approximately 1.0 GW is currently under construction. The remaining capacity is in the development pipeline. Currently the majority of the green generation capacity consists out of hydro, but Ignitis is working on reducing the dependency.

The Group developed well despite being in a very volatile market environment. The relatively high hedge ratio protects itself from short-term market volatilities, but also limited the degree to which it might benefit from the higher electricity prices in the Green Generation segment. For the full year 2023, Ignitis expects adjusted EBITDA in the range of EUR 430 million to EUR 480 million and with its strategic plan the Group targets to have installed capacity of 2.2 – 2.4 GW by 2026 and expects to grow its adjusted EBITDA to EUR 470 – 550 million.

Structural risk

Ignitis grupė UAB is the parent company of the Ignitis Group and its primary functions are to own, manage and coordinate the operating activities of the Group. The activities of the Group include generation and development of green and flexibly energy, energy distribution and supply, development of energy-smart solutions and other related activities. As of the end of 2022. the Group structure consisted of 36 fully consolidated subsidiaries and divides its activities in the following segments; Networks, Green Generation, Customers and Solution, Flexible Generation and Other.

The Company implemented its first IPO in October 2020 offering 26.92% of its shares and GDRs to the public. This was reduced to 25.01% in free float after a reduction in the share capital in 2022. Due to these changes the Ministry of Finance of the Republic of Lithuania now holds 74.99% of the share capital and continues to be the majority owner. Additionally, following the distribution of shares, a Government resolution on 18 March 2020 requires that the Republic of Lithuania shall not own less than two thirds of the shares and shall not represent less than two thirds of the voting power at the Company's General Meeting of Shareholders. With this, despite the IPO, the Company remains under the control of the Lithuanian government. This factor, in combination with the Group's systemic importance for Lithuania (CRA: Republic of Lithuania: A+ / stable on 13.10.2023) leads to an uplift over its stand-alone rating by one notch. The unsolicited corporate issuer rating is constrained by the sovereign Rating of Lithuania.

The Group employs a corporate governance model with a two-tier board system, consisting of a Management Board and a Supervisory Board. The model is based on the guidelines for the corporate governance of state-owned energy groups, and is approved by the Lithuanian Ministry of Finance. At least every four year the majority shareholder submits a letter of expectations to the parent company, which was approved by the Order of the Minister of Finance on 13 April 2018, and the latest amendment supporting the Group's strategy have been issued in 2021. In the letter, the shareholder indicated the expectations that it expects an increase in renewable generation, to ensure an increasing reliability and development of the distribution network, increase sustainable development of the activities of the Group and ensure a reliable and flexibly Lithuanian energy system.

We believe the structural risk of the Group to be low. Its corporate governance structures are well developed and the high systemic relevance for Lithuania coupled with its shareholder structure further reduces the structural risks in our opinion, as we see it as likely that the Republic of Lithuania would offer extraordinary financial support in extraordinary events if necessary.

Business risk

The Group's focus lies on the distribution of electricity and gas, and electricity generation from renewable resources, as well as the management and development of a green generation portfolio. In addition, Ignitis also manages the Elektrėnai complex and has activities in the supply and wholesale trading and balancing of electricity and gas. The core business of the Group, however, consists in its Networks and Green Generation segment.

The Networks segment is responsible for the distribution of electricity and gas in Lithuania, as well as the maintenance and development of the electricity and gas grid. This segment is solely active in Lithuania and is responsible for the country-wide electricity and natural gas distribution. The activities are performed through its subsidiary, ESO, which operates under a natural monopoly position and its activities are regulated by NERC (national Energy Regulatory Council). The electricity and gas distribution are subject to different regulatory frameworks, which are based on multiple year periods. The methodology is based on the Group's cost structure, allowed depreciation and the return on investment, which is based on the Group's regulatory asset base (RAB) and the set weighted average cost of capital. The Group has very low economic exposure as the methodology allows for adjustments that are based on the macro-economic situation and changes in the financial markets. The regulator updated the methodology for both electricity and natural gas and the amendments will enter into force in 2024. Especially the principle for calculating the risk-free-rate has been changed and the methodologies now entail that the WACC will be recalculated annually. For the business year of 2024 the regulator set the WACC for electricity to 5.09% (2023: 4.17%) and for gas to 5.03% (2023: 3.99%). Additionally, the regulator set the income level for electricity distribution services in 2024 at EUR 318 million, which is approximately 20% lower compared to the income level set for 2023 due to the lower electricity technological expenses.

Ignitis Group manages and develops renewable resources and focuses on the generation of renewable electricity. As of 9M 2023 the Group had an installed generation portfolio of 1,3 GW, and a pipeline of 5.0 GW. Approximately 54% of the installed capacity is based on renewable electricity generation. As the strategic focus of the Group continues to lie on the further sustainable growth and decarbonization, Ignitis targets to grow its installed renewable generation portfolio to 4 – 5 GW by 2030. In order to reduce exposure to market price fluctuations the majority of electricity sales are hedged. Hedge levels stand at 73% for the remainder of 2023 at EUR 140/MWh,and 64% for 2024 at EUR 135/MWh, with slightly lower hedge ratios for the years 2025 and 2026. The hedging strategy of the Group reduces exposure to short-term changes in electricity market prices. However, severe short-term price fluctuations could still have a detrimental impact on the Group's income. In addition, long-term downturns of market prices could have a detrimental effect as well.

Additionally, the Group operates the Elektrėnai complex in the Flexible Generation segment, with a total installed capacity of 1.1 GW and contains two gas-fired reserve power units, as well as the combined cycle gas turbine unit (CCGT). The reserve power units have an installed capacity of 300 MW each, while the CCGT units has an installed capacity of 455 MW. These assets are predominantly used to provide power reserve and ancillary services to the transmission system operator Litgrid and the main goal of these services is to ensure the stability and flexibility of the energy system, help to prevent and respond to system emergencies and maintain the required power reserve in line with the established requirements. The revenue generated is mostly regulated and based on a methodology.

We believe the Group's business risk profile to be moderate. A solid part of its EBITDA is generated by regulated activities with relatively stable and predictable cash-flows, with the main risk being regulatory risks. Changes to the regulatory framework could have a significant impact to the Group's operating performance. The electricity generated in the green segment is largely covered by PPA's and generally has high hedge levels, which protect the Group against market price fluctuations over the short- and medium-term. The relatively high exposure to long-term declining energy trends continues to be a risk. Additionally, fluctuations in demand, and exogenous factors such as hydrology and general climatic conditions might lead to significant fluctuations in electricity generation. With its investment program, Ignitis is trying to reduce its potential volatility by reducing its dependence on a single energy source.

Financial risk

For analytical purposes, CRA adjusted the original values in the financial statements in the context of its financial ratio analysis. Contrary to our normal practice, we deducted the goodwill shown on the balance sheet from equity only by 50%, suggesting a certain recoverability of goodwill. The following descriptions and indicators are based primarily on these adjustments.

Over the past years, the Group has shown significant increases in its balance sheet total. Also in 2022 showed a significant increase to EUR 5,040 million (2021: EUR 4,126 million), which was driven by both its investment programme and increasing working capital. The higher working capital during the business year is mainly characterized by the higher energy prices, translating to higher inventories and trade receivables. This development is also reflected on the liabilities side of the balance sheet, which also shows higher amounts tied up in working capital.

The adjusted equity at the end of 2022 stood at EUR 2,246 million (2021: EUR 2,050 million) and recorded slight growth, driven by the retention of the Group's annual total comprehensive income. However, the equity ratio fell to 44.56% (2021: 49.69%) driven by the balance sheet growth. Indebtedness increased to EUR 1,632 (2021: EUR 1,355 million), and was mainly driven by financing needs with regard to the increase in net working capital as well as the investment programme. The maturity schedule of the Group is well distributed . A part of the Group's indebtedness contains both financial and non-financial covenants. As of 9M 2023 the Ignitis Group complied with all of the covenants in its financial agreements.

With the energy transition, investments have increased significantly over the past few years, inevitably leading to more negative pressure on cash flow generation. However, during the business year of 2022 the Group managed to maintain a positive cash flow after investments with EUR 109 million (2021: EUR -129 million), which was driven by the strong annual net result and Ignitis managed to maintain strong FCF despite a significant increase in investments. This however changed during the first three quarters of 2023 when FCF was negative at EUR -100 driven by higher investments. The new investment programme, which targets investments between EUR 2.2 billion and EUR 2.8 billion; will approximately lead to annual investments of EUR 730 million to EUR 930 million up to the period 2026 and will inevitably lead to significantly higher negative cash flows, increasing the demand for additional capital as evidenced with the increase of net debt as of 9M 2023 to EUR 1,114 million (2022: EUR 987 million). Ignitis announced that, in order to limit debt increases, that it will source for additional capital by selling minority shares of its projects.

As of 9M 2023 the liquidity was good, with cash and cash equivalents of EUR 453 (2022: EUR 694 million). Additionally, Ignitis had 5 different credit facilities with a total limit of EUR 574 million, of which EUR 75 million drawn down. Ignitis has relatively low maturites in the coming years, with EUR 11.9 million in the remainder of 2023 and EUR 48 million in 2024 of its financial liabilities. Other than the increase in working capital over the past years, we believe that the Group's liquidity is strong.

We believe the financial risk to be low to intermediate. The financing structure of the Group is strong with a high equity ratio and a well distributed maturity profile for its indebtedness. In addition, the liquidity position of the Group is strong with good capital market access. However, we believe that the intensification of its investment programme may lead to increasing indebtedness, which in turn may deteriorate its credit profile, despite the fact that the Group also expects an increase in EBITDA generation. As a countermeasure, in order to keep credit metrics stable, Ignitis announced that it would like to sell minority shares of projects in order to partially finance these investments. In addition, it remains to be noted that with its relatively strong financial profile with strong key metrics that the Group has some headroom for debt expansion to maintain its current rating.

Further ratings

Based on the long-term issuer rating and taking into account our liquidity analysis, the unsolicited short-term rating of Ignitis Grupė UAB. was set at L3 (standard mapping), which corresponds to an adequate level of liquidity assessment for one year.

The rating objects of the issue rating are exclusively long-term senior unsecured issues, denominated in euro, issued by Ignitis Grupė UAB, which are included in the list of ECB-eligible marketable assets. The issues have been issued under the terms of the Euro Medium Term Note Program (EMTN), with the last base prospectus dating from 11 May 2020.

We have provided the long-term local currency senior unsecured notes issued by Ignitis Grupė UAB. with an unsolicited rating of BBB+ / positive. The rating is based on the respective corporate issuer rating. Long-term local currency senior unsecured notes issued by the above-mentioned subsidiary, which have similar conditions to the current EMTN programme, denominated in Euro and included in the list of ECB-eligible marketable assets, generally receive the same ratings as the current LT LC senior unsecured notes issued under the EMTN programme. Notes issued in any currency other than euro, or other types of debt instruments, have not yet been rated by CRA. For a list of all currently valid ratings and additional information, please consult the website of Creditreform Rating AG.

Overview

Table 3: Overview of CRA Ratings I Source: CRA

Rating Category	Details	
	Date of rating committee	Rating
Ignitis Gruppe UAB	27.11.2023	BBB+ / positive / L3
Long-Term, Local Currency, Senior Unsecured Issues, Issued by Ignitis Grupė UAB	27.11.2023	BBB+ / positive

All future LT LC senior unsecured Notes that will be issued by Ignitis Grupė and that have similar conditions to the current EMTN programme, denominated in Euro and included in the list of ECB-eligible marketable assets will, until further notice, receive the same ratings as the current LT LC senior unscured Notes issued under the EMTN programme. Notes issued under the programme in any currency other than euro, or other types of debt instruments, have not yet been rated by CRA. For a list of all currently valid ratings and additional information, please consult the website of Creditreform Rating AG. For the time being, other emission classes or programmes (such as the Commercial Paper Programme) and issues that do not denominate in euro will not be assessed.

Financial ratio analysis

Table 4: Financial key ratios |Source: Ignitis Grupė UAB annual report 2022, structured by CRA

Asset Structure	2019	2020	2021	2022
Fixed asset intensity (%)	80.31	68.58	66.42	60.81
Asset turnover	0.38	0.36	0.47	0.96
Asset coverage ratio (%)	91.79	120.76	113.33	102.24
Liquid funds to total assets (%)	4.34	17.38	10.88	13.77
Capital Structure				
Equity ratio (%)	49.17	52.91	49.69	44.56
Short-term-debt ratio (%)	21.44	12.36	21.35	25.54
Long-term-debt ratio (%)	24.55	29.90	25.58	17.61
Capital lock-up period (in days)	26.72	15.52	19.48	14.76
Trade-accounts-payable ratio (%)	2.61	1.36	2.43	3.52
Short-term capital lock-up (%)	29.57	12.97	21.53	12.65
Gearing	0.95	0.56	0.79	0.94
Leverage	2.00	1.95	1.95	2.13
Financial Stability				
Cash flow margin (%)	15.94	24.23	16.00	9.87
Cash flow ROI (%)	5.67	7.77	7.28	8.58
Total debt / EBITDA adj.	7.87	5.23	6.06	5.17
Net total debt / EBITDA adj.	7.20	3.30	4.75	3.88
ROCE (%)	3.03	8.31	6.78	12.15
Total debt repayment period	6.25	7.39	19.62	5.17
Profitability				
Gross profit margin (%)	32.75	41.93	26.44	17.63
EBIT interest coverage	4.44	10.22	5.93	7.14
EBITDA interest coverage	11.06	16.10	10.14	9.95
Ratio of personnel costs to total costs (%)	8.05	7.64	5.18	2.64
Ratio of material costs to total costs (%)	67.25	58.07	73.56	82.37
Cost income ratio (%)	92.46	82.70	89.46	91.19
Ratio of interest expenses to total debt (%)	1.21	1.17	1.62	1.94
Return on investment (%)	2.49	4.99	4.24	6.80
Return on equity (%)	4.13	9.75	7.90	13.66
Net profit margin (%)	5.46	14.04	8.53	6.70
Operating margin (%)	7.67	17.54	10.65	8.82
Liquidity				
Cash ratio (%)	20.25	140.66	50.98	53.92
Quick ratio (%)	58.52	206.80	124.88	104.96
Current ratio (%)	91.82	254.29	157.28	153.44

Creditreform Rating

Appendix

Rating history

The rating history is available under https://www.creditreform-rating.de/en/ratings/published-ratings.html.

Table 5: Corporate Issuer Rating of Ignitis Grupė UAB

Event	Rating created	Publication date	Monitoring until	Result
Initial rating	20.08.2019	26.08.2019	17.12.2020	BBB+ / stable

Table 6: LT LC Senior Unsecured Issues issued by Ignitis Grupė UAB

Event	Rating created	Publication date	Monitoring until	Result
Initial rating	20.08.2019	26.08.2019	17.12.2020	BBB+ / stable

Regulatory requirements

The rating[2] was not endorsed by Creditreform Rating AG (Article 4 (3) of the CRA-Regulation).

The present rating is, in the regulatory sense, an unsolicited rating, that is public. The analysis was carried out on a voluntary basis by Creditreform Rating AG, which was not commissioned by the Issuer or any other third party to prepare the present rating.

The rating is based on the analysis of published information and on internal evaluation methods for the assessment of companies and issues. The rating object was informed of the intention of creating or updating an unsolicited rating before the rating was determined.

The rating object participated in the creation of the rating as follows:

Unsolicited Corporate Issuer / Issue Rating	
With rated entity or related third party participation	No
With access to internal documents	No
With access to management	No

A management meeting did not take place within the framework of the rating process.

The documents and information gathered were sufficient to meet the requirements of Creditreform Rating AG's rating methodologies.

The rating was conducted based on the following rating methodologies and the basic document.

Rating methodology	Version number	Date
Corporate Ratings	2.4	July 2022
Corporate Short-Term Ratings	1.0	June 2023
Government-related Companies	1.1	May 2023
Non-financial Corporate Issue Ratings	1.0	October 2016
Rating Criteria and Definitions	1.3	January 2018

The documents contain a description of the rating categories and a definition of default.

[2] In these regulatory requirements the term "rating" is used in relation to all ratings issued by Creditreform Rating AG in connection to this report. This may concern several companies and their various issues.

The rating was carried out by the following analysts:

Name	Function	Mail-Address
Rudger van Mook	Lead-analyst	R.vanMook@creditreform-rating.de
Natallia Berthold	Analyst	N.Berthold@creditreform-rating.de

The rating was approved by the following person (person approving credit ratings, PAC):

Name	Function	Mail-Address
Stephan Giebler	PAC	S.Giebler@creditreform-rating-de

On 27 November 2023, the analysts presented the rating to the rating committee and the rating was determined. The rating result was communicated to the company on 28 November 2023. There has not been a subsequent change to the rating.

The rating will be monitored until Creditreform Rating AG withdraws the rating. The rating can be adjusted as part of the monitoring, if crucial assessment parameters change.

In 2011, Creditreform Rating AG was registered within the European Union according to EU Regulation 1060/2009 (CRA-Regulation). Based on this registration, Creditreform Rating AG is allowed to issue credit ratings within the EU and is bound to comply with the provisions of the CRA-Regulation.

ESG-factors

You can find out whether ESG factors were relevant to the rating in the upper section of this rating report "Relevant rating factors".

A general valid description for Creditreform Rating AG, as well as a valid description of corporate ratings for understanding and assessing ESG factors in the context of the credit rating process, can be found here.

Conflict of interests

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<u>Corporate issuer rating:</u>

1. Annual report

2. Website

3. Internet research

<u>Corporate issue rating:</u>

1. Corporate issuer rating incl. information used for the corporate issuer rating

2. Documents on issues / instruments

There are no other attributes and limitations of the credit rating or rating outlook other than those displayed on the Creditreform Rating AG website. Furthermore, Creditreform Rating AG considers as satisfactory the quality and extent of information available on the rated entity. With respect to the rated entity, Creditreform Rating AG regarded available historical data as sufficient.

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The meaning of each rating category, the definition of default or recovery and any appropriate risk warning, including a sensitivity analysis of the relevant key rating assumptions such as mathematical or correlation assumptions, accompanied by worst-case scenario credit ratings and best-case scenario credit ratings are explained.

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Creditreform Rating

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