GEK TERNA

Construction & Concessions / Greece

Reuters/Bloomberg: HRMr.AT / GEKTERNA:GA

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GEK TERNA: 1Q25 Earnings Review

GEK TERNA released a robust set of 1Q25 results, that settled at the high end of market expectations. Performance was driven by increased profitability from concessions (as Attiki Odos was consolidated for the first time in 1Q numbers) and strong profits from construction as the company benefits from the high backlog (EUR 6.7bn) and the mix of the construction projects (c. 52% own projects) that allow the division to report record margins (13.5% EBITDA margin, increased by c. 230bps y-o-y).

Group 1Q25 revenues posted a 49.0% increase y-o-y (continuing operations) to EUR 989.4m, with adj. EBITDA rising to EUR 135.5m (+55.1% y-o-y) and net income (excl. non-operating items) at EUR 26.0m vs. EUR 27.1m in 1Q24 as bottom line was impacted by increased depreciation charges and higher financial expenses.

Group recourse net debt settled at EUR 169m, vs. EUR 153m at the end-2024, while the group's total adjusted net debt (including project finance contracts) slightly increased to EUR 3,287m vs. EUR 3,259m at end-2024.

We will review the 1Q25 results and revert with updated estimates. In any case, apart from the good quarterly performance, we note the **important catalysts for the group in the coming periods** that include: i) the handover of Egnatia Odos that should take place by the end of 2025 / early 2026 (we had accounted the handover on July 1, 2025 in our latest report), ii) the full commercial operation of the 887MW CCGT in Komotini, iii) the discussions for collaboration with Motor Oil related to the conventional energy division, and iv) the put option of Masdar to sell 50% of Amfilochia project (730MW pump storage unit) to GEK TERNA.

We have a Buy recommendation for GEK TERNA with a Target Price of EUR 27.40 per share.

Taking a look at the 1Q25 performance in terms of divisions:

In the **construction segment**, revenues amounted to EUR 346.2m vs. EUR 296.6m in 1Q24 (+16.7% y-o-y), while adj. EBITDA rose by 41.3% y-o-y to EUR 46.9m, supported by acceleration of project implementation and favorable weather conditions. The backlog of the group remains close to record high levels, standing at EUR 6.7bn (of which more than 50% relating to the group's own investments), providing support for margins that saw an increase of c. 230bps y-o-y, from 11.2% to 13.5%.

In the **concessions segment**, revenues almost doubled (+94.0% y-o-y) from EUR 61.1m to EUR 118.6m, primarily as a result of the first time inclusion for 1Q of Attiki Odos, as well as the organic growth in vehicle traffic of the entire motorway network of the group (for the quarter, Nea and Kentriki Odos traffic increased by 9.0% y-o-y, Attiki Odos traffic by 5.1% y-o-y, and Olympia Odos by 4.1% y-o-y). Therefore, on the back of higher topline and a slight improvement in margin (from 62.4% to 63.1%), adj. EBITDA increased to EUR 74.9m, up 96.2% y-o-y. Note that, as a result of the better-than-expected operating performance and cash flow of the project, GEK TERNA expects a cash distribution to the tune of EUR 60m from Attiki Odos within 2025.

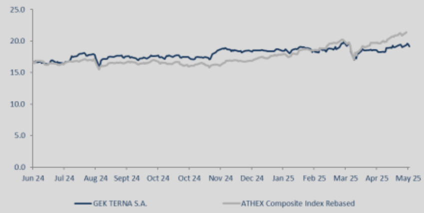
Rating	BUY
Target Price	**27.40**
Current Share Price* (EUR)	19.09

*02/06/2025

Stock Data	
Market Cap (EUR m)	1,910.7
Free Float	68.7%
EV (EUR m)	5,260.1
Num. of Shares (m)	100.1

Performance	1m	3m	12m
Absolute (%)	4.4	4.1	13.9
ASE (%)	5.6	13.3	27.2

ADV – 12m (k)	138.74
Price high-12 m (EUR)	19.98
Price low-12m (EUR)	15.70



Company Description

Gek Terna S.A., together with its subsidiaries, engages in the construction, energy, industry, real estate, and concession businesses in Greece, the Balkans, the Middle East, Eastern Europe, the United States, and internationally. The company is involved in the construction of public and private projects, including road and railway networks, building, hospitals, museums, industrial facilities, hydroelectric projects, dams, power plants, etc.; financing, construction, maintenance, and operation of concession projects, such as motorways, airports, parking stations, unified automatic collection system, and municipal waste treatment plant. The company was founded in 1959 and is headquartered in Athens, Greece.

Shareholding structure

Georgios Peristeris: 31.3% | Free Float: 68.7%

Constantinos Zouzoulas
constantinos.zouzoulas@axiavg.com
+30 210 741 4460

Alexis Chaidopoulos
alexis.chaidopoulos@axiavg.com
+30 210 741 4481

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In the **conventional energy generation and supply segment**, revenues posted an anticipated increase to EUR 528.9m vs. EUR 374.1m (+41.4% y-o-y), as a result of the escalation of energy prices (average price in wholesale market increased by 69% y-o-y on the back of the increase in nat gas prices), while adj. EBITDA grew by 10.1% y-o-y to EUR 21.4m, primarily due to the vertically integrated structure of the segment, that more than offset the increased competition in the supply sector. HERON ENERGY managed to increase its electricity generation volume by 28.3% y-o-y, while sales volume remained approximately flat at 1.4TWh, slightly increasing its market share from 11.4% at end-2024 to 12% at end-Mar'25.

Below the adj. EBITDA line, we point to the sharp increase in depreciation charges (EUR 50m vs. EUR 22.7m in 1Q24) as a result of the consolidation of Attiki Odos, while net financial expenses also increased (EUR 36.4m vs. EUR 18.7m in 1Q24) also because of the acquisition of Attiki Odos. These two drivers let EBT almost flattish y-o-y, while higher taxation led net income (attributable to shareholders - excl. non-operating items), 4.1% lower y-o-y to EUR 26m.

Regarding **the debt levels**, group adj. net debt slightly increased vs. end-2024 at c. EUR 3.29bn with Attiki Odos alone representing EUR 2.5bn of the total. The recourse (parent level) adj. net debt stood at EUR 169m vs. EUR 153m at end-2024.

All in all, GEK TERNA released a satisfactory set of results. We point to the significant increase of revenues and profitability of the construction division, a trend that we view will continue for the coming periods given the record backlog of the company (that if we add also the Romanian project and the Northern Crete highway (VOAK) settles closer to EUR 9.0bn). In parallel, the 13.5% EBITDA margin in construction is among the highest we have seen in the sector, and we view that the segment, supported by the ***favorable mix skewed towards own-projects, should allow margins to remain elevated over the medium term***.

Regarding the concessions division, the impact of Attiki Odos is obvious, boosting the revenues and profitability. We point to the increase in traffic and also to the fact that 1Q is the seasonally weakest quarter for traffic on these highways, ***therefore, we expect stronger performance in the coming quarters.***
Regarding Attiki Odos we stress that traffic has yet to reach the record levels recorded before the Greek crisis, in 2008.

Finally, we are pleased with the performance of the conventional energy generation & supply segment, as despite the increased competition in the supply business (aggressive pricing by some participants), the company reported higher operating profitability assisted by its vertical integration. Going forward the commercial operation of the Komotini CCGT will be key for the division, although we note that this unit will by consolidated under the equity method (50%-50% with Motor Oil).

EUR m	1Q24	1Q25	y-o-y
Total Group revenues	**663.9**	**989.3**	**49.0%**
Construction	296.6	346.2	16.7%
Concessions	61.1	118.6	94.0%
Conventional energy	374.1	528.9	41.4%
Total Group Adj. EBITDA	**87.4**	**135.5**	**55.1%**
Construction	33.2	46.9	41.3%
Concessions	38.2	74.9	96.2%
Conventional energy	19.5	21.4	10.1%
EBIT	51.2	64.2	25.6%
Net Profit	**23.3**	**20.9**	**(10.1%)**
Net profit excl. non-operating items	**27.1**	**26.0**	**(4.1%)**

Source: The Company, AXIA Research

Disclosures

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* Exceptions to the bands may be granted by the Investment Review Committee of AXIA taking into account specific characteristics of the Subject Company
**Total return: % price appreciation equals percentage change in share price from current price to projected target price plus projected dividend yield

Rating history for GEK TERNA S.A.

Date	Rating	Share Price (EUR)	Target Price (EUR)
11/03/2014	Buy	3.84	7.00
18/06/2015	Buy	1.46	3.80
19/04/2016	Buy	1.71	3.40
12/05/2017	Buy	3.35	4.70
26/10/2017	Buy	3.94	5.50
02/07/2018	Buy	5.14	6.10
25/02/2019	Buy	4.97	6.70
16/10/2019	Buy	6.6	8.80
16/02/2021	Buy	8.22	10.90
18/03/2021	Buy	9.29	10.90
03/07/2023	Buy	14.20	21.20
04/03/2024	Buy	14.34	24.80
05/07/2024	Buy	16.68	27.40
22/01/2025	Buy	18.52*	27.40

*share price close as of 21/01/2025

AXIA Ventures Group Limited Rating Distribution as of today

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Sell					
Restricted					
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AXIA Ventures Group

10 G. Kranidioti Street, Suite 102 1065 Nicosia, Cyprus Tel: +357 2274 2000	4, Vas. Sofias Avenue, 3rd Floor 10674 Athens, Greece Tel: +30 210 741 4400	555 Madison Avenue, Suite 11A NY 10022, New York, USA Tel: +1 212 792 0253	26 Corso Venezia, 1st floor 20121 Milan, Italy Tel: +39 348 080 1411

www.axiavg.com

Research Division

Constantinos Zouzoulas	constantinos.zouzoulas@axiavg.com	+30 210 741 4460
Stathis Kaparis	stathis.kaparis@axiavg.com	+30 210 741 4459
Eleni Ismailou	eleni.ismailou@axiavg.com	+30 210 741 4462
Christiana Tsoukala	christiana.tsoukala@axiavg.com	+30 210 741 4467
Alexis Chaidopoulos	alexis.chaidopoulos@axiavg.com	+30 210 741 4481

Capital Markets Division

Thanos Adamantopoulos	thanos.adamantopoulos@axiavg.com	+44 207 987 6033
Maria Mitsouli	maria.mitsouli@axiavg.com	+30 210 741 4424
Vaia Dotsia	vaia.dotsia@axiavg.com	+30 210 741 4430
Markella Lampraki	markella.lampraki@axiavg.com	+30 210 741 4458