

## Press Release

Athens, 26 September 2019

### **GEK TERNA – First Half 2019 Financial Results**

- **Significant increase in the Group's profitability**
- **Construction backlog standing at €1.8 billion**

The significant increase in the Group's profitability (earnings after taxes & minority interests amounted to €27.3 million), the high construction backlog maintained at the levels of €1.8 billion as well as the stronger contribution of the concessions and energy divisions were the main drivers in the financial results of GEK TERNA Group during the first half of 2019.

Specifically, during the first half of 2019, the adjusted consolidated earnings before interest, taxes, depreciation and amortization (adjusted EBITDA)<sup>1</sup> from continued activities posted a growth of 2.9% reaching €147.3 million versus €143.2 million in the corresponding period of 2018.

The earnings before taxes (EBT) of the Group increased by 63.1% to €52.2 million from €32.0 million in the first half 2018. The above increase was mainly due to the significant improvement of earnings before taxes in the divisions of Concessions and RES (Renewable Energy Sources) which counter-balanced the reduced pre-tax profitability of the constructions division.

Earnings after taxes and minority rights settled at €27.3 million versus €7.9 million in the first half of 2018.

The effect on the Equity that came from the earnings after taxes and minority rights as well as from valuation of cash flow hedging related derivatives settled at €6.6 million. The net cash flows from operating activities after working capital changes accounted for €93.4 million compared to negative operating cash flows of €62.8 million in the corresponding period of the previous year.

The Group's consolidated sales from continued activities decreased, as it was expected and mainly due to the construction division, by 17.1% in the first half of 2019 and settled at €566.4 million from €683.2 million in 2018 (excluding the intra-group sales).

Commenting on the financial results of the first half 2019, the Chairman and Chief Executive Officer of GEK TERNA Group, Mr. Georgios Peristeris, stated the following: "During the first half of the year we managed to significantly increase the profitability of our Group despite the contraction seen in revenues from the construction division, mainly due to the constantly stronger contribution coming from the divisions of concessions and electric energy production from RES. This development fully justifies our long-term strategy for continuous expansion of the Group's portfolio in the concessions and RES divisions in Greece as well as abroad, thus generating stable cash flows. Moreover it is worth noting that despite the significant difficulties the Greek construction sector has encountered so far, our Group has achieved to maintain a high construction backlog of €1.8 billion."

## INFORMATION PER DIVISION

### ▪ Concessions

The revenues from the concessions division increased by 1.5% in the first half 2019 to €85.9 million versus €84.6 million in the corresponding period of 2018. The adjusted consolidated earnings before interest, taxes, depreciation and amortization (adjusted EBITDA)<sup>1</sup> amounted to €44.2 million from €39.8 million in the comparative semi-annual period of 2018. Earnings before taxes settled at €19.1 million in the current period compared to €2.0 million in the same period of 2018.

The Group participates with 100% in the concession companies of Nea Odos (PATHE motorway and Ionia Odos) as well as of Kentriki Odos (Central Greece Motorway), whereas it maintains an equity stake of 17% in Olympia Odos.

The higher disposable income of consumers is expected to positively affect the traffic flows in the above concession projects. Moreover, the completion of construction of the south part of Central Greece Motorway (E65) which is expected to occur within 2021 and its connection with PATHE is anticipated to further boost traffic flows and as a result the respective revenues for the Group.

The Concession company "INTERNATIONAL AIRPORT OF HERAKLION CRETE SA" signed the concession agreement with the Greek State on 21/02/2019. The particular agreement has been already ratified and has become a state law. It is noted that after the concession's commencement date, the participation stakes will be set as follows: TERNA 32.46%, GMR Airports Limited 21.64% and Greek State 45.9%.

On March 27<sup>th</sup>, 2019, the Group via TERNA ENERGY commenced operation of the Urban Solid Waste Processing Plant of Epirus Region with an average annual capacity of 105,000 tons.

### ▪ Constructions Division

Revenues from the constructions division settled at €343.6 million in the first half of 2019 versus €480.5 in the corresponding period of 2018. The adjusted consolidated earnings before interest, taxes, depreciation and amortization (adjusted EBITDA)<sup>1</sup> amounted to €18.0 million versus €26.5 million in the corresponding period of year 2018. Earnings before taxes amounted to €3.9 million in the first half of 2019 versus €19.6 million in the corresponding period of 2018.

The Group's knowhow and experience in implementing large-scale and demanding construction projects as well as the new contracts signed within the first half of 2019 for construction projects amounting to €661 million, support the case of further improvement in the financial results of the particular division.

### ▪ Electric Energy from RES

The revenues from electric energy production from renewable energy sources amounted to €111.9 million in the first half of 2019 versus €104.3 million in the corresponding period of 2018, posting an increase of 7.3%. The adjusted consolidated earnings before interest, taxes, depreciation and amortization (adjusted EBITDA)<sup>1</sup> amounted to €86.9 million versus €77.8 million in 2018, posting an increase of 11.7%. Earnings before taxes rose by 62.2% to €36.3 million from €22.4 million in the corresponding period of year 2018. The particular increases in revenues and profitability are mainly due to the operation of new wind parks. It is noted that the above results do not include revenues from the wind park Gopher Creek (Fluvanna 2) as well as from the wind park Bearkat, Texas, the installed capacities of which stand at 158MW and 200MW respectively.

The Group via its strategic participation in TERNA ENERGY continues to invest in the renewable energy sources possessing an installed capacity of 1,032 MW (as of 30/06/2019) in Greece, USA, Poland and Bulgaria (without accounting for installed capacities of 358 MW set in operation after 30/06/2019).

The strong investment activity of the Group in the RES division creates the conditions for higher cash flows and profitability on a stable long-term basis in line with the maturity of the above investments.

▪ **Electricity from Thermal Sources and Electric Energy Trading**

The Group participates in HERON THERMOELECTRIC (by 50%) as well as in HERON II (by 25%). Both companies are being consolidated according to the equity method.

At the same time, it also maintains separate commercial electricity business the revenues of which amounted to €18.6 million versus €3.8 million in the comparative semi-annual period of 2018. The adjusted consolidated earnings before interest, taxes, depreciation and amortization (adjusted EBITDA)<sup>1</sup> amounted to €1.8 million versus zero EBITDA in the same period of 2018.

▪ **Real Estate**

Turnover in the real estate division settled at €1.5 million versus €5.0 million in the corresponding period of year 2018. The adjusted consolidated earnings before interest, taxes, depreciation and amortization (adjusted EBITDA)<sup>1</sup> amounted to €0.3 million in the current period versus €2.7 million in the comparative period of 2018. The drop in revenues and EBITDA of the particular division was mainly due to the sale of Telus Tower in December 2018. The Group has decided to divest from particular real estate assets and at the same time, it reviews alternative scenarios regarding the utilization of its investment property.

▪ **Quarries / Industrial Division**

The Group is also active in the magnesite industry, via the subsidiary TERNA MAG SA. The turnover of the particular division settled at €4.7 million in the current period versus €4.8 million in the corresponding period of 2018. The adjusted consolidated earnings before interest, taxes, depreciation and amortization (adjusted EBITDA)<sup>1</sup> settled at the same amount as the respective semi-annual period of 2018, at -€1.2 million.

▪ **Investments and Financing**

The net debt<sup>1</sup> of the Group at the end of the first half of 2019 settled at €1,437 million versus €1,327 million (31.12.2018), increased by €110 million. It is noted that the above increase was due to the higher investments implemented by the Group. Specifically in the area of RES (Renewable Energy Sources), the investments amounted to €112.5 million. Furthermore, total investments settled at €121.0 million during the period under consideration.

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<sup>1</sup> The definition and calculation of the Alternative Performance Measures (APM) is available in the section 6 of the Semi-Annual Management Report of the Board of Directors in the interim financial statements of the period ended on 30/06/2019.