Gülermak Ağır Sanayi İnşaat Taahhüt A.Ş.

Record Backlog, Growth in Europe

We initiate coverage on Gülermak Ağır Sanayi (GLRMK) with **Outperform** rating and a target price of **TRY 285.50** offering **63% upside potential**. Our investment thesis centers on growth in infrastructure investment across Central and Eastern Europe, reconstruction in the Balkans, low leverage, and a healthy cash flow.

Listed in early 2025, Gülermak is a long-established industrial company that undertakes transport-focused public infrastructure projects, primarily tunnel boring and metro contracting works, both in Turkiye and abroad. The company's backlog has reached EUR 4.9 billion, and this record could be renewed in the coming years on the back of accelerating infrastructure investment across the Balkans, mainly Serbia and Romania, and the CEE (Central and Eastern Europe) region.

Infrastructure Investment Needs: In the EU, modernizing railways and building new lines along the TEN-T corridors will require **~EUR 845 billion** of investment by 2040. On top of this, road congestion costs the EU around **EUR 230 billion** per year. As a rai and metro-focused contractor, Gülermak stands to benefit from this investment wave, which could present new business opportunities.

Aside from its Krakow public-private partnership (PPP) loans, the company carries no meaningful financial debt. In a net cash position, the company's ROE runs above 30%. Given its low leverage, the company is in strong shape on profitability.

Based on our valuation, Gülermak's EUR-based upside potential is ~35%, which translates into ~63.4% upside in TRY terms once converted to a TRY target price using the 1-year forward EUR/TRY rate.

Risks

- Cyclicality in the funding flowing into infrastructure investment; the risk of slow progress on public projects
- Currency risk arising from exposure to emerging-market currencies

Details and View

Bloomberg Ticker	**GLRMK TI**
View	**Outperform**
Share Price, TRY	174,70
Target Price	**285,50**
Upside Potential	63,42%
Market cap, TRY mln	56.358
Market cap, USD mln	1.223
BIST-100 Index Weight	0,34%
BIST All Shares Index Weight	0,24%

Source: Matriks, Finnet, PhillipCapital Research

Financial Forecasts (TRY mn)	2025	2026T	2027T
Revenue	45.533	57.834	70.242
EBITDA	6.099	7.981	9.974
EBITDA Margin	13,4%	13,8%	14,2%
Net Profit	4.282	6.103	8.900
Net Profit Margin	9,4%	10,6%	12,7%

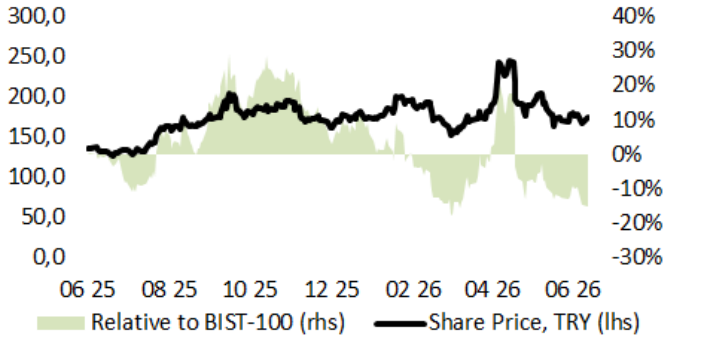
Market Ratios	2025	2026T	2027T
P/E	13,2	9,2	10,8
EV/EBITDA	8,0	6,4	5,1

Source: PhillipCapital Research

Shareholder Structure	Shares (mn)	%
Gülermak Emlak Yapı İnşaat Yatırım	149,2	46,3%
Gülermak Turizm İşletme Yatırım	70,4	21,8%
Other	85,2	26,4%
Pusula Asset Management PBH Fund	17,8	5,5%
Total	**322,6**	**100**

Source: Matriks

Share Price Performance



	1m	3m	6m	1y
Nominal	-5,5%	7,5%	-1,1%	32,3%
Relative	-6,0%	-2,6%	-21,6%	-14,7%
Avg. Trading Volume USD mln	18,39	43,7	24,9	17,8

Source: BIST, Finnet

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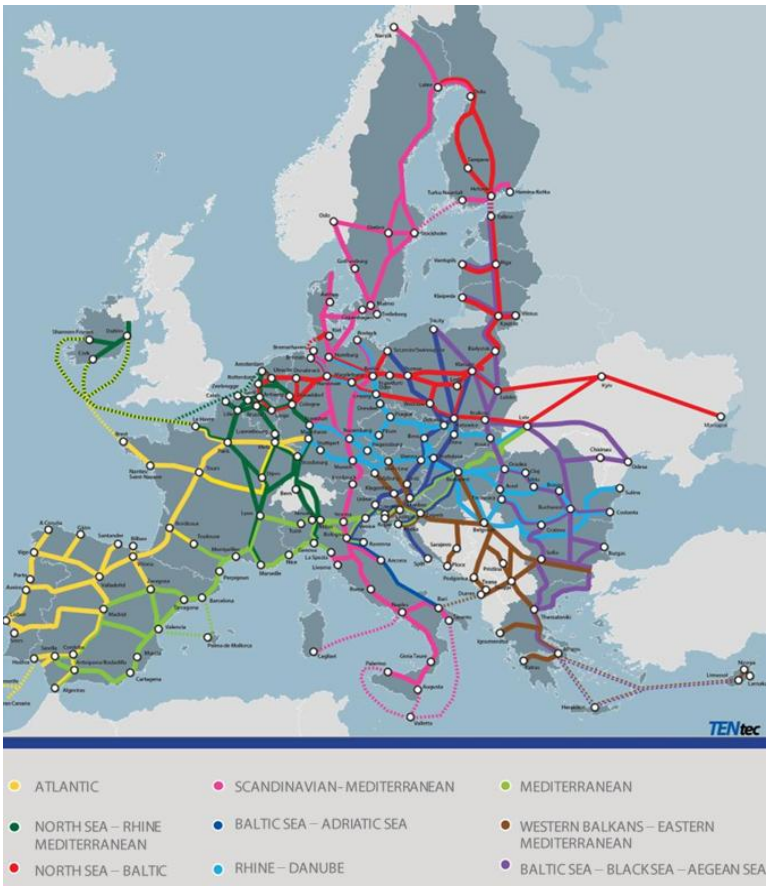
Infrastructure Sector Overview

The global rail infrastructure market reached USD 101 billion in 2025 and is projected to grow at a 4.6% compound annual growth rate (CAGR) to USD 126.5 billion by 2030. Europe's transport infrastructure construction market, meanwhile, is expected to expand from USD 312 billion in 2025 to USD 399 billion by 2031, at a 4.2% CAGR. *(Mordor Intelligence)*

The European Union Market[1]

Investment in transport systems is critically important for the EU economy, as it ensures reliable access to goods, services, and resources. In terms of sustainability, moreover, the sector's emission levels have yet to be reduced sufficiently relative to other sectors. EU firms capture one-third of global rail supply orders (~EUR 50 billion). The EU has been the world's largest net exporter since 2000 but still operates below its potential; investment in infrastructure could support additional growth. Completing the TEN-T network is projected to deliver an annual GDP gain of ~EUR 467 billion by 2050 relative to the baseline scenario.



Council of the European Union, 2024. The colored lines indicate the TEN-T corridors.

The TEN-T corridors require EUR 845 billion of investment by 2040, while access to private financing remains very limited.[2] Owing to the ageing TEN-T infrastructure, a sharp rise in maintenance costs is expected over the next decade. Road congestion, meanwhile, costs the EU around EUR 230 billion per year. *(Draghi, 2024)*

[1] Draghi, M. (2024). The future of European competitiveness, pp. 205–211.
[2] In this context, Gülermak's advantage lies in its positioning as a firm that undertakes publicly funded projects. We do not expect the scarcity of private financing to materially affect the company.

The CEE (Central and Eastern Europe) Market

CEE, the EU's most dynamic growth region, is gaining a strong project pipeline amid pressure to close its infrastructure gap, geopolitical shifts, and rising international investor interest (Amber Infrastructure, 2025). **This is Gülermak's core area of operation.** The main growth engine is the rail electrification and infrastructure-renewal programmes the EU mandates across nine principal corridors under its TEN-T corridor obligations (Mordor Intelligence).

According to the *WBIF project list*, transport investment in the Western Balkans is still in an intensive construction and preparation phase. The vast majority of projects are at "implementation" or "preparation" status; completed projects belong mainly to the 2012–2023 period, **which shows that the current pipeline is concentrated in 2025 and beyond**. While railways stand out predominantly in North Macedonia and Kosovo, Serbia is active in both the railway and motorway segments; Bosnia and Herzegovina, meanwhile, has motorway projects. A notable point is that the portfolios of **Albania and Montenegro remain largely at the "Preparation/Tendering" stage**. The overall picture suggests that accelerating TEN-T compliance investment will create strong construction demand in the Balkans.

The railway segment is the sector's fastest-growing arm: CAGRs of 4.9% are expected in Europe and 9.2% globally for high-speed rail. Construction activity is gaining momentum, led by cross-border tunnels and urban metro lines *(Mordor Intelligence).* Across the EU-27, total spending on railway infrastructure rose from EUR 38.7 billion in 2018 to EUR 50.8 billion in 2022. Half of this spending was allocated to maintenance and renewal, and the other half to upgrading existing infrastructure and new infrastructure investment *(European Commission).*

The Countries Where Gülermak Operates

Gülermak divides its operations into three groups: West, East, and Türkiye. The West operating group consists solely of Poland, while the East group covers all other countries abroad.[3] Its largest markets are Türkiye, Poland, and Romania, and **Serbia may join these markets in the period ahead.**

Turkiye

Turkiye devotes roughly 1–1.5% of GDP to transport infrastructure, sustaining a pace of investment above mature economies such as Germany and France (*International Transport Forum, 2025).* Geopolitically, too, Türkiye is moving into an increasingly critical position. As China–Europe rail freight traffic shifts toward the Middle Corridor (Kazakhstan–Caspian Sea–Azerbaijan–Türkiye), Türkiye is emerging as a strategic hub in intercontinental logistics. *(Amber Infrastructure, 2025)* Thanks to the projects it has completed, Gülermak holds an established market share in the Turkish market and ranks as the leader according to ENR data.

[3] **Current East group countries:** N. Macedonia, Romania, Serbia, India, the Philippines.

Poland

As CEE's most advanced economy, Poland serves as the gateway to Western European markets and the engine of regional integration. The expansion of the TEN-T corridors, rising demand from Ukraine, and public-transport investment in major cities, Warsaw above all, are creating a strong project pipeline in Poland in the period ahead *(Amber Infrastructure, 2025).* Indeed, Gülermak has won various tenders in Poland and continues its diverse activities in this growing market, spanning motorways, trams, metros, and railways. Together with Türkiye, Poland is the country where Gülermak operates most intensively.

Romania

Romania is among the countries receiving investment under the TEN-T corridors and benefits from EU cohesion funds. Following the war in Ukraine, freight traffic across the country's border crossings has risen significantly, and Romania's weight in regional logistics is increasing. In Romania, one of CEE's standout countries, public-transport investment is accelerating in major cities to close the infrastructure gap, with metro and tram projects being implemented *(Amber Infrastructure, 2025).* Although Gülermak has relatively few projects in Romania, the country accounts for 43.4% of total backlog, and a large part of this share comes from metro tenders there.

Serbia

Serbia, a market Gülermak has newly entered, has recorded Europe's largest increase in transport investment over the past decade. After a long period of inadequate infrastructure investment, the ratio of this spending to GDP rose from 0.9% in 2011–2013 to 2.5% in 2021–2023.[4] At the root of this jump lie the Pan-European Corridors and the National Investment Plan announced in 2019. Motorway and railway projects carry the potential to transform the country's regional connectivity. Serbia also needs broad infrastructure modernization, and in the coming periods it could become one of the markets driving growth for Gülermak. **In our view, growth in this market may be one of the most important findings in our research report.**

Other Markets

Although Gülermak also operates in a few other countries such as the Philippines and India, in these markets it still progresses on a periodic, project-by-project basis compared with its core markets. As we noted above, the **Balkans and Eastern Europe appear to be the regions with the highest growth potential**. The company already operates in North Macedonia and Serbia in this region, and entry into new markets there can be expected.

[4] International Transport Forum, "Spending on Transport Infrastructure", p. 8.

Infrastructure Loans

We include *loans provided by the EBRD and EIB* in the report as a proxy for growth in infrastructure investment. The EBRD's total investment in GLRMK's countries reached record levels in 2024: Poland EUR 1.4 billion, Romania EUR 707 million, Serbia EUR 807 million, Türkiye EUR 2.6 billion. Six transport projects in Serbia and five in Türkiye are at the active disbursement stage; in North Macedonia, Corridor VIII projects are ongoing. The EBRD data cover all sectors, and no specific breakdown for transport is available.

On the EIB side, Poland has received EUR 1.2–2.5 billion of transport loans annually, without interruption, for a decade. In Romania, a total of EUR 2.5 billion was signed over the 2023–2025 period; total lending is growing year on year, and its scope is broadening from motorways to railways. In Serbia, a EUR 1.2 billion Corridor X loan came on stream over the same period. Türkiye, by contrast, has not received an EIB transport loan since 2018. Loan flows are cyclical; in some years, lending to certain countries is zero. Still, the increase in loans extended to Poland and Romania after the pandemic is notable.

Government Spending During Election Periods

Because Gülermak undertakes public projects, this is an interesting area of research. In the literature, the tendency of governments to lean toward fiscal expansion as elections approach has been studied extensively under political budget cycle theory (Nordhaus, 1975; Rogoff, 1990).

For emerging markets specifically, the literature diverges along two axes: one group of studies finds that the composition of spending shifts while the total level stays unchanged, with current spending rising and capital investment declining (Vergne, 2009), while the other argues that total spending and the budget deficit rise before elections (Shi and Svensson, 2006; Nguyen and Tran, 2023). The findings vary according to the date and methodology of each study, so we cannot draw a clear conclusion.

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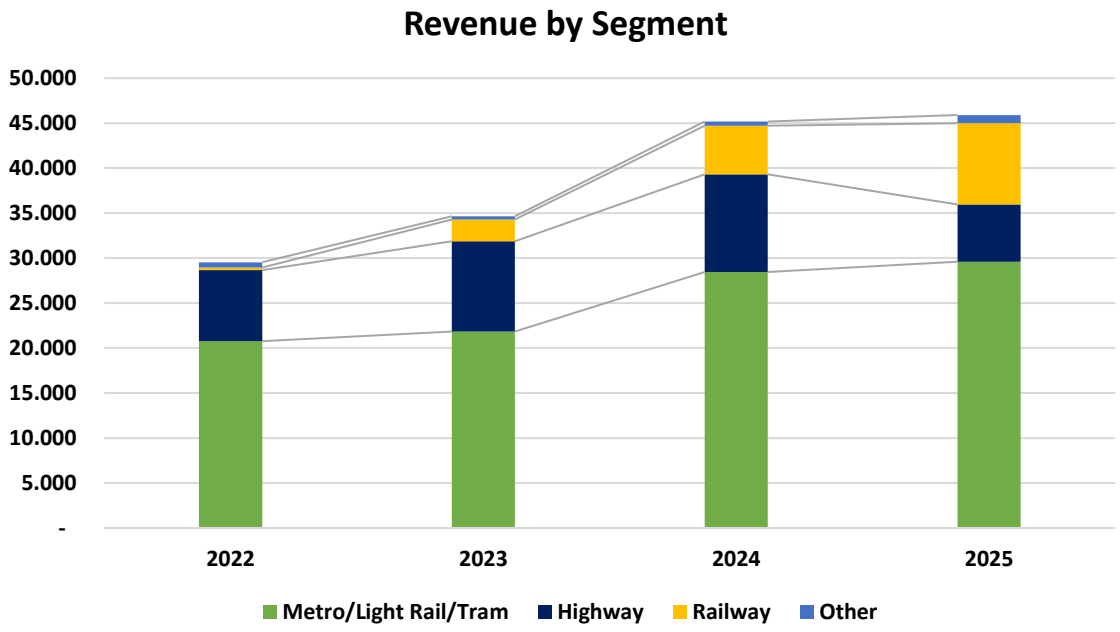
Gülermak Overview

Gülermak Ağır Sanayi İnşaat ve Taahhüt A.Ş. is a Turkish infrastructure and construction contractor founded on steel-structure manufacturing operations. The company took its current name in 1984, focusing on heavy industrial construction and contracting; from the early 2000s onward, it shifted its center of gravity toward rail systems and public-transport infrastructure. As of January 2025, it began trading on the Star Market (Yıldız Pazar). According to ENR's (Engineering News-Record) Top International Contractors 2025 ranking, Gülermak ranks 9th in the world, 5th in Europe, and 1st in Türkiye in the "Mass Transit and Rail" category.

Lines of Business

The company's main operating segment is the construction of metros, light rail systems, and trams. In addition, railway (conventional and high-speed rail) and motorway projects form an important part of the portfolio. Although revenue breakdown ratios vary depending on project progress, the main headings are clear. Four main categories stand out:

- **Metro, Light Rail Systems, and Trams:** This makes up by far the largest share of revenue. It is the company's area of expertise, spanning a broad scope from underground tunnel boring (TBM operations) to station construction, electromechanical works, and track-laying.
- **Railway Projects:** This covers high-speed rail route construction and conventional line works, including signaling and telecommunications. It has been on a growth trend within revenue year on year and ranks second in revenue. Its backlog, meanwhile, is larger than that of motorway projects.
- **Motorway Projects:** This is the third-largest revenue item. The motorway projects in Poland form the backbone of this category**.**
- **Other (approx. 2%):** Consists of irrigation, dam, and similar projects.



Projects by Country

Projects Won in 2025				
COUNTRY	**PROJECT NAME**	**CATEGORY**	**SHARE**	**CONTRACT VALUE**
Turkiye	Ankara Natoyolu–Dikimevi LRT Metro	Light Rail System	100%	**TRY 14.084 mn**
	Gebze–Köseköy Railway	Railway	100%	**TRY 1.875 mn**
Poland	Szczyrzyc–Tymbark Railway	Railway	50%	**PLN 2.083 mn**
	Warsaw Metro Line 1 Radio Modernization	Metro	100%	**PLN 29,8 mn**
	C1 Tymbark–Limanowa Railway	Railway	65%	**PLN 1.637 mn**
	A1 Kabaty Metro Station Line Extension	Metro	100%	**PLN 34 mn**
Serbia	Belgrade–Niš, Stalać–Đunis Railway	Railway	50%	**EUR 349 mn**

Ongoing Projects		
COUNTRY	**PROJECT NAME**	**CATEGORY**
Turkiye	Buca Metro	Metro
	Ümraniye–Ataşehir–Göztepe Metro	Metro
	Mezitli–3 Ocak Metro	Metro
	Halkalı–Ispartakule Railway	Railway
	Çerkezköy–Ispartakule Railway	Railway
	Sincan - Ankara - Kayaş LRT	LRT
	Ankara Natoyolu - Dikimevi Metro	Metro
	Gebze - Köseköy Railway	Railway
	İzmir LRT Vehicle Depot Construction	Other
	Alaşehir Irrigation Renewal Completion	Other
	Hamzadere Dam Irrigation	Other
Poland	Warsaw Metro Mory	Metro
	Krakow High-Speed Tram Operation	Tram (PPP)
	Krakow S-52 Motorway	Motorway
	Krakow S-7 Motorway	Motorway
	Limanowa–Klęczany Railway	Railway
	C1 Tymbark–Limanowa Railway	Railway
	S19 Motorway	Motorway
	A1 Kabaty Metro Station Line Extension	Metro
	Szczyrzyc–Tymbark Railway	Railway
Romania	Cluj Metro	Metro
	Bucharest Metro M6 Lot 1.2	Metro
	Cluj Lot 3 Railway	Railway
India	Kanpur Metro	Metro
	Pune Metro	Metro
	Surat Metro	Metro
Philippines	Paket S-07 Railway	Railway
Serbia	Stalac - Djunis Railway	Railway
N. Macedonia	Beljakovce Railway Corridor	Railway
		Total: 29

Selected Ongoing Projects

Ümraniye – Ataşehir – Göztepe Metro

Krakow High-Speed Tram Operation

İzmir Buca Metro

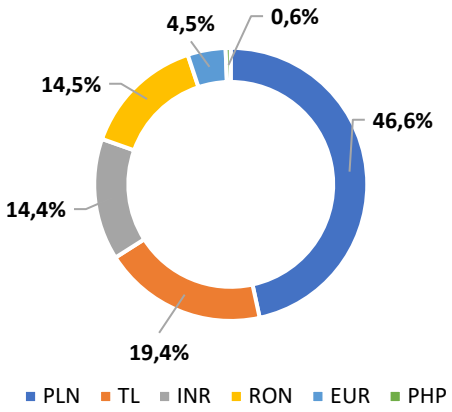
Beljakovce–Kriva Palanka Railway

Source of images: Gülermak website.

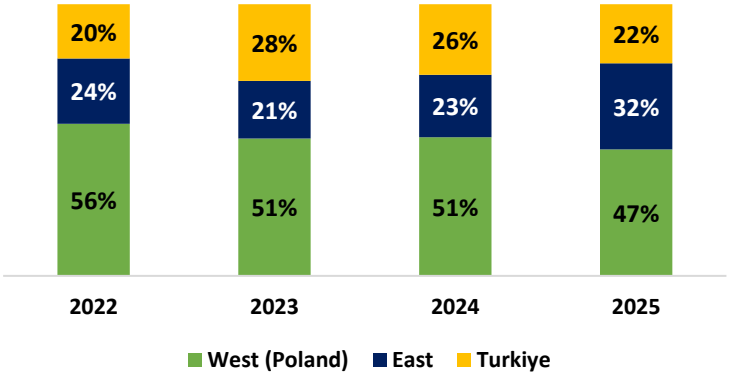
Financial Analysis of the Company

The currency breakdown of total revenue is as shown in this table. The functional currency is TRY, and the valuation was carried out by converting these currencies into EUR. Contracts in the company's foreign markets are generally denominated in the local currency.

Revenue by Currency (2025)



Geography - Revenue Breakdown (%)

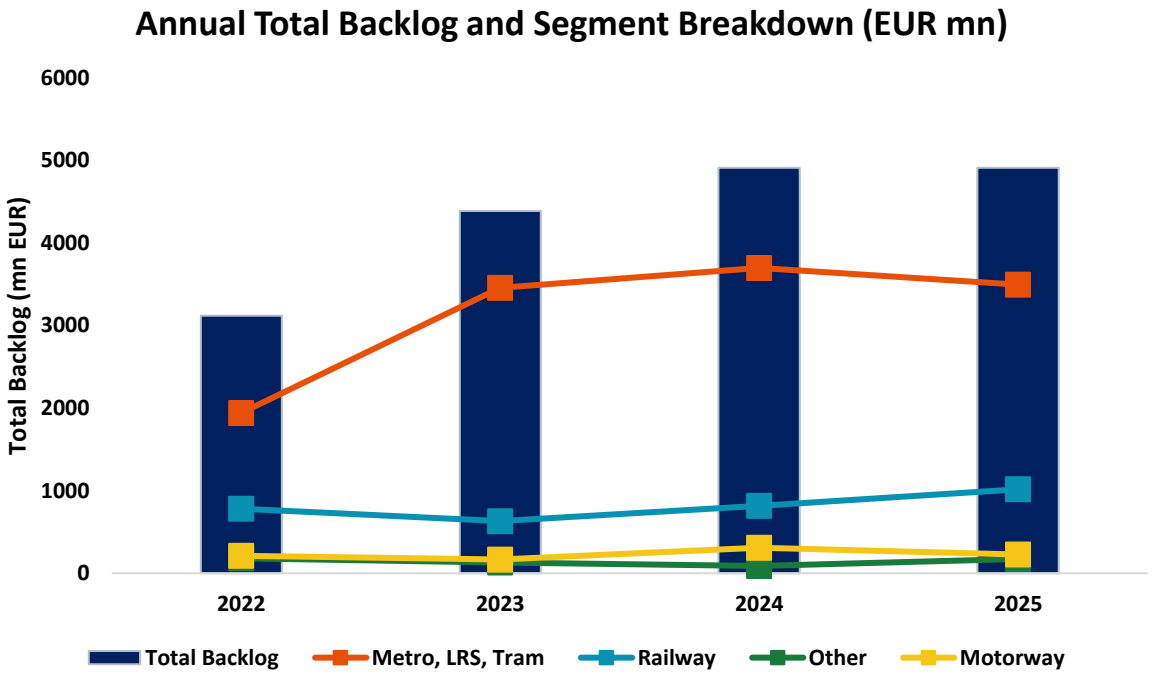


Source: Q1 2026 Investor Presentation

Across the three segments into which the company divides its operations, the largest revenue share currently comes from Poland. As the substantial backlogs in Romania and Türkiye convert into revenue, the three countries' revenue contributions appear set to even out at similar levels.

Country – Backlog Breakdown (EUR bn)				
Country	**2022**	**2023**	**2024**	**2025**
Turkiye	1.387	1.013	1.467	1.631
Poland	856	702	883	733
Romania	192	2.257	2.234	2.132
India	214	117	89	45
UAE	17	17	18	0
N. Macedonia	155	149	129	120
Sweden	207	47	0	0
Serbia				174
Philippines	90	87	94	75
Total	**3.119**	**4.389**	**4.913**	**4.912**

Source: Company Data.



As we noted earlier, the company earns its revenue predominantly from public-transport projects. In both the revenue and backlog breakdowns, public transport ranks first, with the railway and motorway segments following behind it. We expect the infrastructure developments in Europe to keep this total backlog above EUR 5 billion. Gains in newly entered markets such as Serbia, meanwhile, could have a positive effect on the growth portion of the backlog.

Revenue Model

Gülermak operates on a project-based contracting model. Revenue is recognized on the basis of the completed work progress (the percentage-of-completion method). During the tender process, the company can bid as a sole contractor or as a joint venture (JV). Contracts are signed predominantly with public clients (municipalities, state railway authorities, ministries of transport). Its ability to work on projects financed by the EBRD and the World Bank stands out as a significant competitive advantage for the company.

A small portion of revenue consists of profits from the sale of residual goods, such as raw materials left over after a project is completed.[5] The **backlog** is critically important for the company's revenue visibility. As of year-end 2025, total backlog stood at EUR 4.9 billion, having grown at a 26% EUR-based CAGR over the 2021–2025 period. The company's backlog target is, for the sake of sustainability,[6] above EUR 5 billion in the short term. In the long term, we do not expect it to fall below this level. The average bid success rate (hit ratio) is around 25%

Another future revenue source is the cash flows that will come from the Krakow High-Speed Tram Operation (PPP) in Poland; these revenues will be used to repay the loans taken out for

[5] See "Construction-related sales".
[6] The fact that the company cannot scale easily can be viewed as partly negative. As a result of aggressive growth, there is a possibility of encountering low growth in a subsequent period.

that project. Because the "financial debt" in our valuation excludes the loans arising from this project, we do not include this project's cash flows in the valuation, for consistency.

Cost Structure

Cost of sales (COGS) captures the main cost items: material, subcontractor, and equipment expenses, along with labor costs. Cost of sales corresponded to 87.4% of revenue in 2025. The cost structure consists of construction costs (49%), direct material costs (33%), personnel expenses (8%), depreciation (3%), rental expenses (1%), and other items (6%). The company's ownership of its own equipment fleet (including TBMs) limits rental costs on large-scale projects. General and administrative expenses and depreciation are relatively small and fixed components.

Balance Sheet Structure, Leverage, and Cash Position

Gülermak's balance sheet reflects the typical characteristics of the construction-contracting sector. On the asset side, cash and cash equivalents, together with contract receivables arising from ongoing construction and contracting work, make up the dominant items. Property, plant and equipment consists mainly of TBMs and heavy machinery, but occupies a small place on the balance sheet. This structure indicates that the company has a project-based business model that does not require intensive capital investment (CapEx). As noted above, the company recognizes its principal expenses in aggregate under cost of sales.

On the liabilities side, the cash advances the company receives from its clients at the start of a project appear on the balance sheet as deferred revenue. These advances both provide a working-capital advantage and keep the cash position strong. Two important items stand out within financial debt: the secured project loan taken out under the Krakow PPP project, and lease liabilities arising from equipment rentals. Neither is operational in nature; they arise, respectively, from the project's own revenue stream and from project-based equipment use. Financial debt is denominated in various currencies. As a result of all these adjustments, the company's net cash position as of March 2026 is calculated at TRY 5.5 billion, and it is clear that Gülermak does not carry a significant financial debt burden.

Financial Ratios	2023	2024	2025
Profitability			
Gross Profit Margin	10,5%	11,6%	12,6%
EBITDA Margin	13,1%	12,9%	13,4%
Net Profit Margin	6,2%	10,3%	9,4%
Return			
ROE	32,0%	52,4%	30,0%
ROIC	28,4%	24,3%	15,6%
Liquidity			
Current Ratio (x)	1,5x	1,8x	2,2x
Interest			
Interest Coverage (x)	N/A	23,5x	13,1x

The selected financial ratios in the adjacent table show that the company is in quite a healthy financial position.

Despite its low-leverage operations, an ROE running above 30%, a high current ratio, and an adequate interest coverage ratio stand out.

The EBITDA margin is on an upward trend, and we expect an EBITDA margin above 14%.

The Krakow PPP project loans put pressure on ROIC.

Valuation

1. Relative Valuation

Company	EV/EBITDA	Description	Ticker
Budimex	13,53x	A Polish infrastructure giant and the contractor of the country's vast rail-system investments. Operationally, it is a very close peer in similar markets.	WSE: BDX
Enka İnşaat	11,16x	It carries out industrial facility and superstructure contracting. Although its business model and scale are quite different from Gülermak's, it is the **domestic reference** for the BIST contracting sector.	IST: ENKAI
Salcef Group	10,10x	A company focused on railway infrastructure, tunnel superstructure, and electrification. Because it was taken private with a control premium paid by Morgan Stanley, it serves as a **transaction-based** (precedent transaction) **reference.**	M&A Deal
Balfour Beatty	9,07x	UK- and US-focused, it operates in tunnels, large-scale transport, and rail-system electrification infrastructure. With its balance sheet structure and operational similarities, it is one of the rational comparables for Gülermak.	LON: BBY
Webuild SPA	2,83x	Undertakes massive dams and mega-infrastructure projects on a global scale. Although its contracting portfolio is partly similar, it trades at a discount relative to its peers.	BIT: WBD
STRABAG	3,95x	Carries out vertically integrated road and building construction across Europe. Owing to its Russian ownership structure and the accompanying international sanctions and legal crises, it trades at a **geopolitical discount** in the market.	VIE: STR

Source: Bloomberg. Current multiples may vary..

Gülermak's current EV/EBITDA multiple of **~9x** looks partly discounted relative to the reference companies in the table **(Median: 9.58x).** In line with these companies' scale, operational differences, and market conditions, we have set the relative EV/EBITDA multiple for Gülermak at 9.0x.

Relative Valuation Summary (EUR mn)	
EBITDA	136
EV/EBITDA	9,0
Enterprise Value	1220
Net Cash	103
Equity Value	**1323**

The net cash in the table is the adjusted balance as of the end of Q1 2026. EBITDA, meanwhile, is the year-end 2026 estimate.

2. DCF Model

Simulation Variables[7]	Lower/Upper Bound
Closing Backlog CAGR	[5% - 15%]
WACC	[8,5% - 10,5%]
Terminal growth	[1,5% - 3,5%]
Backlog Erosion Rate	[18% - 22%]

The closing backlog CAGR used in the model is above the global rail-system market CAGR expectation we cited in the earlier pages (4.6%) and is consistent with the company's tender strategies. Higher market growth can be expected in emerging markets.

Expected Real GDP Growth (Annual, %)

Country	2025	2026E	2027E	2028E	2029E	2030E
Turkiye	3,6	↓ 3,4	↑ 3,5	↑ 3,8	↑ 4,0	→ 4,0
Poland	3,6	↓ 3,3	↓ 2,4	↑ 2,6	→ 2,6	↓ 2,5
Romania	0,7	→ 0,7	↑ 2,5	↑ 2,7	↑ 2,9	↑ 3,1
Serbia	2,0	↑ 2,8	↑ 3,5	→ 3,5	→ 3,5	→ 3,5
N. Macedonia	3,5	↓ 3,1	↓ 3,0	→ 3,0	→ 3,0	→ 3,0
Emerging Markets	4,4	↓ 3,9	↑ 4,2	→ 4,2	↓ 4,1	↓ 4,0

Source: IMF World Economic Outlook, 2026

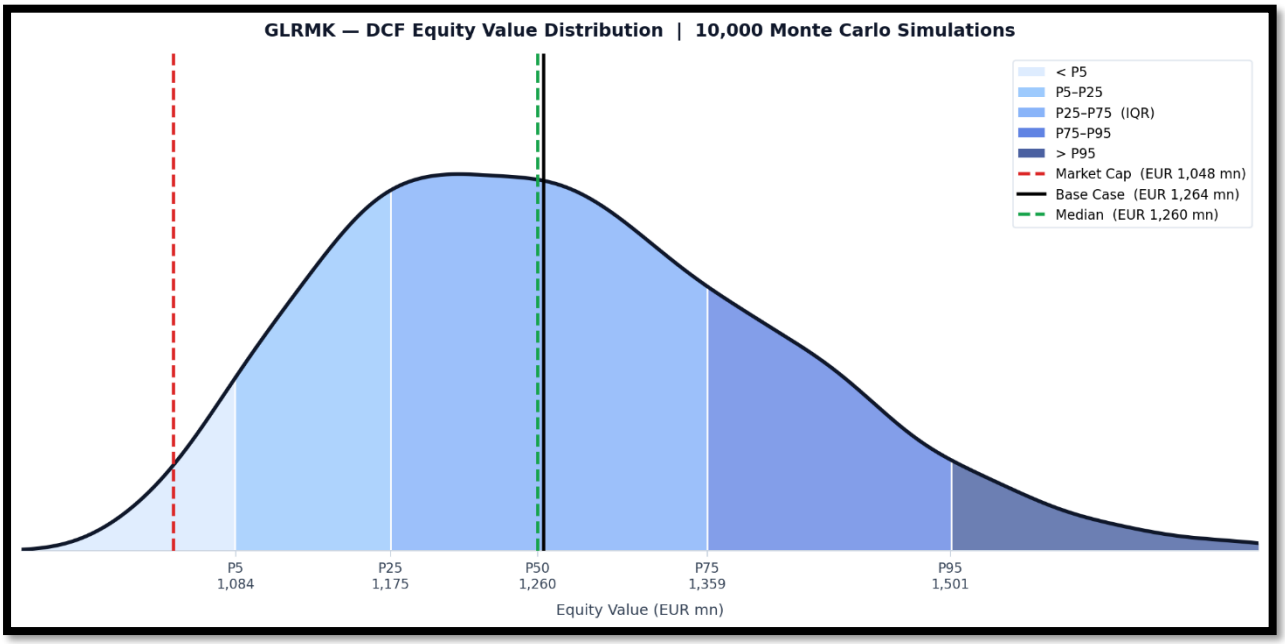
The sum of the long-term weighted real GDP growth of Gülermak's operating geographies (~3.0%) and the ECB's long-term inflation target gives ~5.0% nominal growth, which is the theoretical ceiling. Owing to maturing backlog dynamics, tender-cycle risk, and **model sensitivity,** we take a conservative stance on terminal growth. For the base case, a rate of 2.5%, slightly above the long-term EUR inflation target, has been adopted; in the sensitivity analysis, a range of 1.5%–3.5% was tested.

Limitations of the Model

In our simulation, the variables were sampled independently of one another. We sought to compensate for this by bringing the variables' lower and upper bounds closer together. Another limitation is the weight of the terminal value in the total value. The company's short-term growth targets and the limited growth in its backlog reduce the weight of the cash flows in the total value.[8] For this reason, backlog growth or the EBITDA margin has a relatively small effect on the valuation result. **Despite these limitations, we want to point out that the current market value remains low relative to the simulation results below.**

[7] The figures used in the base case are the midpoints of these bounds.
[8] In a classic DCF model, after a multi-year growth story there is a terminal value that tends to normalize, so the weight of the terminal value is lower. Here, the opposite scenario holds.

Simulation Results



Comment: According to the result of the 10,000-scenario Monte Carlo simulation we ran for the DCF model, the intrinsic value obtained from the base case (black) and the simulation median (green) came out very close to each other. Both are at the ~EUR 1.26 billion level.

What Is the Market Pricing In?

The worst 5% slice of the value distribution (P5) corresponds to below EUR 1,084 mn; the variables entered for this scenario describe a contraction scenario in which the company fails to win enough new work and delivers its existing projects slowly, and there are also quite conservative bounds for the discount rate and the terminal growth rate. The current market value of EUR 1,048 mn sits below this threshold, which therefore indicates that the market is currently pricing in Gülermak's contraction scenario.

At the optimistic end of the distribution, the 95th percentile threshold (P95) corresponds to EUR 1,501 mn, and we take this value, rather than the theoretical simulation ceiling, as our reference for the optimistic scenario. This value corresponds to a scenario in which the company has partly high growth momentum, the burn rate runs at normal levels, and backlog growth is partly optimistic. For the company's valuation, we use the midpoints noted above.

In summary:

- Bear Case: EUR 1,084 mn
- Base Case: EUR 1,264 mn
- Bull Case: EUR 1,501 mn

and the market is pricing in the bear case for Gülermak.

The tables below are the results of the base case.

Backlog Bridge (EUR mn)	2025	2026E	2027E	2028E	2029E	2030E
Opening Backlog	**4.913**	**4.912**	**5.403**	**5.944**	**6.538**	**7.192**
Erosion (Revenue)	903	982	1.081	1.189	1.308	1.438
New Order Intake	904	1.474	1.621	1.783	1.961	2.157
Closing Backlog	**4.912**	**5.403**	**5.944**	**6.538**	**7.192**	**7.911**

DCF model (mn EUR)	2025	2026E	2027E	2028E	2029E	2030E
Revenue	903	982	1.081	1.189	1.308	1.438
EBITDA	121	136	153	172	190	209
EBITDA margin	13,4%	13,8%	14,2%	14,5%	14,5%	14,5%
FCFF	45	67	65	74	81	89

3. Conclusion

Present Value	
Base Case DCF Value	1.264
Relative Value	1.323
Intrinsic Value, Average (EUR mn)	**1.293**

12-Month Target Price	
Intrinsic Value (1 Year Forward)	1.416
Forward EUR/TRY	65,06
12-Month Target Price (TRY)	**285,50**
Upside Potential	**%63,42**

It is noteworthy that the DCF value and the relative value are close to each other. Based on the EUR target price, Gülermak offers ~35% upside potential. Converting this into a TRY-based target price:

- Our 12-month target price for Gülermak is **TRY 285.50.**
- As of the current share price of TRY 174.70, the upside potential is **63.4%.**
- In line with these results, we issue an **Outperform recommendation for GLRMK.**

Report Methodology
The target value of a stock represents the value the analyst expects it to reach at the end of our 12-month performance horizon. Outperform (OP) Where this rating is assigned, it indicates that the stock is expected to deliver superior returns relative to the index over the medium to long term. This rating does not, of course, guarantee that the stock will appreciate or outperform the index. Any change in market conditions, macroeconomic developments, global economic trends, or company-specific news following the publication of this report may cause us to revise this rating.

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