Ecorodovias (ECOR3) | 2Q25 Earnings: Expected, Yet Still Welcome

July 31, 2025

## A Quarter as Expected: Steady Growth with No Obstacles

Ecorodovias released its 2Q25 results on July 30th, after market close. The company reported consolidated net revenue (ex-construction) of R$1.8bn, up 17% YoY, in line with Genial Estimates. The robust top-line growth was driven by (i) an increase in traffic volume (+27% total, +3% comparable), (ii) toll rate adjustments, and (iii) the start of toll collection in three plazas of the Ecovias Noroeste Paulista concession (March 4th) and partial tolling in Ecovias Raposo Castello (March 30th). These effects resulted in an 18% YoY increase in revenue from toll road concessions. Additionally, Ecoporto Santos and Ecopátio Cubatão contributed R$130mn (+13% YoY) and R$20mn (+33% YoY), respectively, benefiting from spot contracts and renegotiations.

Reported revenue came in +1% vs. Genial Estimates and -0.4% vs. consensus. In our view, while there were no major surprises in collection this quarter, Ecorodovias reaffirmed the solid fundamentals of its portfolio. This quarter, the company posted traffic growth across all comparable concessions under its management. This reflects (i) the favorable positioning and diversification of its assets in capturing traffic, especially heavy vehicles (+4.2% YoY comparable), and (ii) resilience in light vehicle traffic (+2% YoY comparable). With the ramp-up of Ecovias Noroeste Paulista and Raposo Castello, total traffic reached 193.8mn paying vehicles (+27% YoY), marking a new level of operational scale. At the same time, the company's comparable average toll rate stood at R$10.31 (+2% YoY), supporting strong collection in a traffic-heavy quarter.

Cash costs reached R$419mn (+14% YoY), driven by (i) Third-Party Services (-R$183mn; +14% YoY), (ii) Personnel (-R$99mn; +31% YoY), and (iii) Insurance, Concession Fees, and Rentals (-R$39mn; +18% YoY). Excluding Ecovias Noroeste Paulista and Raposo Castello, costs would have grown 9% YoY. Cost increases were mainly explained by (i) collective bargaining agreements, medical assistance adjustments, and provisions related to the winding down of the Ecovias Sul concession, and (ii) third-party services tied to operational support, user assistance, and intercompany services due to traffic growth. Overall, cost increases were broadly in line with our estimate (+2%) and consensus (+1%), mitigating pressure even on a comparable basis — which also included the commented non-recurring effect at Ecovias Sul.

As a result, adjusted EBITDA reached R$1.4bn (+1% vs. Genial Est.; +3% vs. Cons.), with a 74.9% margin (+1.1p.p. YoY). Revenue growth from traffic, tariff hikes, and ramp-up of the new concessions more than offset the expected cost increases. Except for Ecoporto Santos (EBITDA R$21mn; -12% YoY), all business units posted nominal and margin growth in EBITDA.

**Ecorodovias (ECOR3 BZ Equity)**

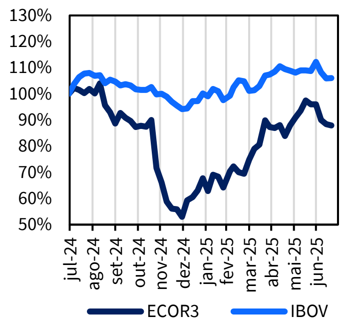
**Recomendation: BUY**

**Price Target 12M:**
**R$ 11.00**

Stock Price:
R$ 6.75

**Upside (Downside):**
**62.96%**

**Performance:**

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**Ecorodovias (ECOR3) – Income Statement – 2Q25 (R$mn)**

| Ecorodovias (ECOR3) | 2Q25 | 2Q25E | Cons. | AxE | AxC | 2Q24 | YoY% | 1Q25 | QoQ% |
|---|---|---|---|---|---|---|---|---|---|
| **Net Revenues (ex-construction)** | **1.819** | **1.805** | **1.825** | ***1%*** | ***(0)%*** | **1.554** | ***17%*** | **1.669** | ***9%*** |
| COGS | (728) | (709) | (659) | *3%* | *10%* | (600) | *21%* | (655) | *11%* |
| Gross Income | 1.091 | 1.095 | 1.167 | *(0)%* | *(6)%* | 954 | *14%* | 1.013 | *8%* |
| *Gross Mg (%)* | *60,0%* | *60,7%* | *63,9%* | *(70)bps* | *(392)bps* | *61,4%* | *(138)bps* | *60,7%* | *(73)bps* |
| SG&A | (87) | (89) | (152) | *(2)%* | *(42)%* | (75) | *16%* | (84) | *4%* |
| EBIT | 1.004 | 1.006 | 1.015 | *(0)%* | *(1)%* | 878 | *14%* | 930 | *8%* |
| *EBIT Mg (%)* | *55,2%* | *55,8%* | *55,6%* | *(57)bps* | *(41)bps* | *56,5%* | *(132)bps* | *55,7%* | *(52)bps* |
| D&A, Provisions | (359) | (337) | (313) | *7%* | *15%* | (263) | *36%* | (324) | *11%* |
| **EBITDA (ex-construction)** | **1.363** | **1.344** | **1.328** | ***1%*** | ***3%*** | **1.141** | ***19%*** | **1.254** | ***9%*** |
| ***EBITDA Mg (%)*** | ***74,9%*** | ***74,4%*** | ***72,7%*** | ***50*** | ***221*** | ***73,5%*** | ***148bps*** | ***75,1%*** | ***(20)bps*** |
| Non-Recurring Items | - | - | - | - | - | 4 | - | 1 | - |
| **Adj. EBITDA** | **1.363** | **1.344** | **1.328** | ***1%*** | ***3%*** | **1.146** | ***19%*** | **1.255** | ***9%*** |
| ***Adj. EBITDA Mg (%)*** | ***74,9%*** | ***74,4%*** | ***72,7%*** | ***50*** | ***221*** | ***73,8%*** | ***120bps*** | ***75,2%*** | ***(25)bps*** |
| Net Financial Result | (614) | (688) | (592) | *(11)%* | *4%* | (402) | *53%* | (624) | *(2)%* |
| EBT | 390 | 319 | 423 | *22%* | *(8)%* | 476 | *(18)%* | 306 | *27%* |
| Taxes | (190) | (175) | (187) | *8%* | *1%* | (208) | *(9)%* | (170) | *11%* |
| Minority | (1) | (16) | (42) | *(96)%* | *(99)%* | 4 | *(113)%* | (10) | *(94)%* |
| **Net Income** | **199** | **127** | **194** | ***56%*** | ***3%*** | **273** | ***(27)%*** | **126** | ***58%*** |
| ***Net Mg (%)*** | ***11,0%*** | ***7,1%*** | ***10,6%*** | ***389*** | ***32*** | ***17,5%*** | ***(658)bps*** | ***7,5%*** | ***341bps*** |
| Non-Recurring Items | - | - | - | - | - | (0) | - | 11 | - |
| **Adj. Net Income** | **199** | **127** | **194** | ***56%*** | ***3%*** | **273** | ***(27)%*** | **137** | ***46%*** |
| ***Adj. Net Mg (%)*** | ***11,0%*** | ***7,1%*** | ***10,6%*** | ***389*** | ***32*** | ***17,5%*** | ***(658)bps*** | ***8,2%*** | ***276bps*** |

Source: Ecorodovias; Genial and Bloomberg

## Traffic: Heavy Vehicles Were the Quarter's Main Highlight

**Heavy Vehicles.** The quarter showed strong GDP elasticity (1.8x, according to our estimates for growth in this segment), driven by (i) high exposure to economically sensitive regions — particularly agribusiness and partially industry — and (ii) infrastructure expansion across two concessions. These dynamics supported a comparable traffic increase of +4% YoY. According to the company, the key drivers behind this growth included: (i) higher soybean exports (notably impacting Imigrantes, Minas-Goiás, and Cerrado concessions), (ii) increased industrial output and higher volumes at the São Sebastião Port (Leste Paulista), (iii) the pulp cycle in the region (Ecovias 101), (iv) induced demand from added capacity due to construction progress (Rio Minas and Norte Minas), and (v) a pickup in commercial vehicle traffic (Ponte). The regional diversification of the portfolio helped offset the traffic decline at Ecovias Sul, which was affected by a crop failure in the state. On a consolidated basis, heavy vehicle traffic reached a more robust level, growing +19% YoY, with approximately 113mn heavy vehicles (vs. 95mn in 2Q24).

**Light Vehicles.** Comparable traffic in this segment grew +2% YoY. The quarter benefited from favorable weekend and holiday weather conditions, supporting performance across most concessions. However, Imigrantes and Leste Paulista were partially penalized by rainfall and colder temperatures in São Paulo state, according to management. Looking ahead, the light vehicle traffic base is set to grow nominally, mainly due to: (i) the new Raposo Castello operation (+33mn vehicles), and (ii) the ramp-up of Noroeste Paulista (+4mn vehicles). As such, consolidated light vehicle traffic grew a notable +41% YoY, reaching approximately 80mn vehicles (vs. 57 million in 2Q24).

### Ecorodovias (ECOR3) – Operational Figures – 2Q25

| Traffic Volume (thousand veh.) - Consolidated | 2Q25 | 2Q24 | YoY% | GDP Elast. |
|---|---|---|---|---|
| Ecovias Imigrantes | 17.340 | 17.257 | 0,5% | 0,2x |
| Ecovias Leste Paulista | 26.382 | 25.713 | 2,6% | 1,1x |
| Ecovias Sul | 6.794 | 6.723 | 1,1% | 0,4x |
| Ecovias 101 | 15.940 | 15.218 | 4,7% | 2,0x |
| Ecovias Ponte | 7.198 | 7.150 | 0,7% | 0,3x |
| Ecovias Norte Minas | 11.239 | 10.043 | 11,9% | 5,1x |
| Ecovias Minas Goiás | 15.846 | 15.084 | 5,1% | 2,1x |
| Ecovias Cerrado | 9.671 | 9.339 | 3,6% | 1,5x |
| Ecovias Rio Minas | 18.918 | 18.367 | 3,0% | 1,3x |
| Ecovias Araguaia | 12.979 | 12.934 | 0,3% | 0,1x |
| **Comparable total** | **142.308** | **137.828** | **3,3%** | **1,4x** |
| Ecovias Noroeste Paulista | 18.209 | 14.544 | 25,2% | – |
| Ecovias Raposo Castello | 33.293 | – | – | – |
| **Consolidated volume** | **193.810** | **152.372** | **27,2%** | |
| **PIB – Genial Estimates (YoY%)** | **2,35%** | **1,40%** | **950bps** | |

| Traffic Volume (thousand veh.) - Heavy | 2Q25 | 2Q24 | YoY% | GDP Elast. |
|---|---|---|---|---|
| Ecovias Imigrantes | 9.084 | 8.727 | 4,1% | 1,7x |
| Ecovias Leste Paulista | 10.071 | 9.330 | 7,9% | 3,4x |
| Ecovias Sul | 5.033 | 5.349 | -5,9% | -2,5x |
| Ecovias 101 | 11.194 | 10.874 | 2,9% | 1,3x |
| Ecovias Ponte | 1.094 | 1.076 | 1,7% | 0,7x |
| Ecovias Norte Minas | 9.348 | 8.236 | 13,5% | 5,7x |
| Ecovias Minas Goiás | 12.005 | 11.374 | 5,5% | 2,4x |
| Ecovias Cerrado | 7.561 | 7.297 | 3,6% | 1,5x |
| Ecovias Rio Minas | 12.596 | 12.126 | 3,9% | 1,6x |
| Ecovias Araguaia | 10.722 | 10.714 | 0,1% | 0,0x |
| **Comparable total** | **88.709** | **85.103** | **4,2%** | **1,8x** |
| Ecovias Noroeste Paulista | 12.365 | 10.111 | 22,3% | – |
| Ecovias Raposo Castello | 12.299 | – | – | – |
| **Consolidated volume** | **113.373** | **95.214** | **19,1%** | |
| **PIB – Genial Estimates (YoY%)** | **2,35%** | **1,40%** | **950bps** | |

| Traffic Volume (thousand veh.) - Light | 2Q25 | 2Q24 | YoY% | GDP Elast. |
|---|---|---|---|---|
| Ecovias Imigrantes | 8.256 | 8.530 | -3,2% | -1,4x |
| Ecovias Leste Paulista | 16.311 | 16.383 | -0,4% | -0,2x |
| Ecovias Sul | 1.761 | 1.374 | 28,2% | 12,0x |
| Ecovias 101 | 4.746 | 4.344 | 9,3% | 3,9x |
| Ecovias Ponte | 6.104 | 6.074 | 0,5% | 0,2x |
| Ecovias Norte Minas | 1.892 | 1.807 | 4,7% | 2,0x |
| Ecovias Minas Goiás | 3.841 | 3.710 | 3,5% | 1,5x |
| Ecovias Cerrado | 2.110 | 2.042 | 3,3% | 1,4x |
| Ecovias Rio Minas | 6.322 | 6.241 | 1,3% | 0,6x |
| Ecovias Araguaia | 2.258 | 2.220 | 1,7% | 0,7x |
| **Comparable total** | **53.602** | **52.725** | **1,7%** | **0,7x** |
| Ecovias Noroeste Paulista | 5.844 | 4.434 | 31,8% | – |
| Ecovias Raposo Castello | 20.994 | – | – | – |
| **Consolidated volume** | **80.440** | **57.159** | **40,7%** | |
| **PIB – Genial Estimates (YoY%)** | **2,35%** | **1,40%** | **950bps** | |

Source: Ecorodovias; Genial and Bloomberg. Note: GDP Estimates for 2Q25 from Genial Macro Team.

**Leveraged Capital Structure, Contracted and Distributed Growth (Dividend Yield ~5%)**

The company reported a Net Debt / Adjusted EBITDA ratio of 3.9x, flat versus the previous quarter. On a normalized (pro forma) basis — considering the annualized adjusted EBITDA from Raposo Castello — leverage would decrease to 3.6x. Despite the expected natural pressure on financial results, we believe the company has two mitigating fronts that should help offset these effects: (i) continued consolidated adjusted EBITDA growth (+19% YoY, in line with our estimates and consensus), supported by the ramp-up of new concessions and a resilient existing portfolio; and (ii) a solid debt structure, with 70% of debt indexed to IPCA/TLP, and further progress in liability management — namely, the allocation of net debt to specific concession-level vehicles, reaching 71% this quarter (+500bps YoY).

In 2Q25, the company posted a financial result of -R$614 million (+53% YoY), which came in 11% better than Genial Est. and 4% below consensus. We believe that even with this pressure, the company maintains a healthy cash profile, supporting shareholder remuneration. In April 2025, the company announced R$0.30/share in dividends, to be paid in 3Q25 (ex-date: August 5th), implying a ~5% yield on company current market prices.

**Sustainable Growth and Returns Showing Clear Signs of Value Creation. TOP PICK REITERATED; BUY**

ECOR3 delivered in-line results that nonetheless reinforce the company's solid operational and financial footing—even during a growth phase. We highlight: (i) the portfolio's regional diversification across mature concessions, alongside visible ramp-up in Noroeste Paulista and Raposo Castello, and (ii) high economic correlation through GDP elasticity (1.4x overall; 1.8x for heavy vehicles), supported by a still-favorable macro backdrop. These fundamentals should support a 2024–2027E CAGR of ~9%, underpinned by disciplined liability management—70% of the debt indexed to IPCA/TLP and 71% of net debt already allocated in concessionaires. Altogether, these elements reinforce our conviction in ECOR3 as a **Top Pick in the sector**. On our estimates, the stock trades at a ~15% real IRR and ~5.0x EV/EBITDA on 2025E–2026E.

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