

Results – First Quarter 2020

SACYR POSTS EBITDA OF €166 MILLION (+16%) AND STRENGTHENS ITS POSITION IN THE WAKE OF COVID-19

- **Sacyr has made every possible effort to protect the health of its 40,000 employees worldwide and to ensure the continuity of its business activities, some of which are considered essential or of public interest.**
- **The current situation has not impaired the company's normal course of business, which has responded well to the rapidly changing landscape surrounding the COVID-19 crisis.**
- **Focusing on concessions: close to 80% of the company's EBITDA comes from concession-based assets carrying low-demand risk.**
- **Sacyr improves the profitability of its businesses, which now stands at 16.8%, 210 basis points higher than in the first quarter of 2019.**
- **The company's backlog of future revenue comes to €40.595 billion.**
- **Sacyr has fully hedged its exposure to the financial risk of Repsol's share price falling and continues to actively manage its stake in the oil company.**

Madrid, May 12, 2020.- Since the onset of the COVID-19 pandemic, Sacyr has made every possible effort to protect its 40,000-plus employees worldwide and to ensure the continuity of its business activities, some of which are considered essential or of public interest. In fact, Sacyr has doubled down and is now working tirelessly with government bodies and the authorities in fighting this disease, none more so than the Services division.

Sacyr is taking the necessary steps to resolve the situation and minimize its impact. According to the latest estimates, this situation has not impaired the company's normal course of business, although changes have been made to keep up with the rapidly changing landscape resulting from the crisis.

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Despite the impact of COVID-19, the first quarter results demonstrate the strength of Sacyr's business, which is now heavily focused on the concession business and assets carrying low traffic risk.

Sacyr posted **EBITDA of €166 million in the first quarter of 2020, up 16%** year on year. Around 80% of EBITDA now comes from concession assets distributed across the three business divisions. Revenues were up 1% between January and March reaching €985 million.

Net profit generated by the business units totaled €65 million, compared to €27 million in the first quarter of 2019. The group's **net attributable profit** came to €32 million (-16%).

Sacyr managed to improve the **profitability of its businesses in the first quarter**, thus delivering on one of the company's key objectives. The EBITDA margin was up 210 basis points reaching 16.8%.

Business growth

Sacyr recorded solid growth across its three business areas in the first quarter of the year. **EBITDA** at Engineering and Infrastructures grew by 35%, while Concessions saw 8% growth and Services 5%.

Sacyr has streamlined its corporate structure by integrating its two EPC divisions, namely Sacyr Engineering and Infrastructures, and Sacyr Industrial. This restructuring will unlock synergies across the group and provide enhanced integration for clients.

Revenue backlog

The revenue backlog closed the quarter at **€40.595 billion**. In Europe, 50%, in LATAM 46%, in North America 1% and in other countries 3%, thanks to the company's considerable success in securing important contracts.

Sacyr has strengthened its presence in Latin America, winning several projects in Chile, and in the United States, where it has secured a contract to build a bypass for the US59 road in Texas. In Spain, it has reported growth by winning contracts across all three business divisions.

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Debt performance

The group's net debt came to €4.438 billion at the end of March, versus €4.315 billion at year-end 2019. The increase is largely due to the company's investments in new concession projects.

The company pressed on with its **strategy of rotating mature assets** by selling 95% of its interest in the Guadalmedina toll road. Of this total percentage, 47.5% has already been completed while the remaining 47.5% is awaiting authorization. Both transactions are worth €455 million.

Sacyr pursues a **regular dividend policy**. In February, it paid out a scrip dividend of one new share for every 46 existing shares.

The Group's cash flow forecasts for 2020 show **comfortable levels of available liquidity**, since a significant portion of its financing matures in the long term. Available credit facilities have also been raised significantly so as to cover maturities this year.

Active management of the Repsol stake

Sacyr has **fully hedged its exposure to the financial risk of Repsol's share price falling** and continues to actively manage its stake in the oil company.

On March 13, Sacyr restructured the derivative on 72.7 million Repsol shares, canceling the Put for 25.4 million shares at €13.75 per share and replacing it with a Forward at €13.75 per share. A Call Spread was arranged at the same time to profit from the revaluation of the share from €8.5 per share in relation to this package of shares.

Performance by business area

Concessions. Sacyr Concessions reported revenues of €246 million (+13%). The COVID-19 crisis had little impact on this division in the first quarter, as most of its assets are not exposed to demand risk and their remuneration is based largely on availability criteria.

Of total revenues, €126 million corresponded to concession-based revenues, which were up 8% thanks to operational growth of the assets and the operational start-up of Chacalluta Airport (Chile).

Construction revenues were up 19% reaching €120 million. This sharp growth is down to the projects secured in Colombia, Mexico, Paraguay and Chile.

EBITDA totaled €81 million, up 8%.

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The backlog of future revenue amounted to €28.124 billion, marking an increase of 3% year on year. Of this figure, 47% is located in Europe and 53% in LATAM.

During the quarter, Sacyr Concessions secured a total of €474 million in financing for the Pamplona-Cúcuta highway (Colombia). With this latest operation, it has arranged a total of €1.82 billion in financing for its four 4G projects in Colombia.

Engineering and Infrastructures. Revenues at this division amounted to €563 million, on a par with the first quarter of 2019.

EBITDA gained 35% to reach €66 million, while the EBITDA margin improved reaching 11.6%, compared to 8.6% in the same period of 2019.

The first quarter results already show the integration of Sacyr Industrial into Sacyr Engineering and Infrastructures. This streamlining will also unlock further synergies between the three areas, while generating increased profits due to economies of scale and therefore enhanced efficiency.

As regards the **COVID-19 pandemic**, the division is currently operating with **relative normality across all countries in which it is present**. In Spain, the various projects remain on track now that business has resumed within the sector following a two-week stoppage. Further afield, activity in Italy has now fully resumed following a two-week shutdown as in Spain, while in Latin America the impact has been negligible as we are dealing with public infrastructure.

The division's portfolio totaled €7.358 billion, of which Europe accounted for 45%, LATAM 46%, North America 6% and Rest of the World 3%, while 51% relates to work for Sacyr Concessions.

Services.- The turnover of this division grew by 7%, to €284 million. EBITDA came to €25 million (+5%) and the EBITDA margin dipped slightly to 8.8%.

Business at the Services division has intensified in the wake of COVID-19. The group continues to provide water distribution services so as to guarantee the supply to all of our clients. Meanwhile, the cleaning and waste collection and treatment business has continued as normal and is considered an essential activity. Moving to the multi-service business, certain activities have been suspended, such as catering, which the Spanish government has closed down by issuing a Decree on the State of Alarm. Other services, however, have not been interrupted because they qualify as essential activities. Examples here include infrastructure maintenance, hospital facilities and care services.

The **Services portfolio amounted to €5.113 billion at the end of the quarter**, having successfully secured 140 new contracts and with the company operating in 10 different countries.

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CONSOLIDATED INCOME STATEMENT			
(Thousand of Euros)	1Q 2020	1Q 2019	% Chg 2020 / 2019
Revenue	985,385	972,381	1.3%
Other income	53,527	70,706	-24.3%
Total operating income	1,038,912	1,043,087	-0.4%
External and Operating Expenses	-873,256	-900,011	-3.0%
EBITDA	165,656	143,076	15.8%
Depreciation and amortisation expense	-44,338	-41,406	7.1%
Trade Provisions and non recurring items	11,684	1,998	484.8%
NET OPERATING PROFIT	133,002	103,668	28.3%
Financial results	-81,077	-57,514	41.0%
Forex results	-100,596	272	n.a.
Results from equity accounted subsidiaries	-540,925	52,734	n.a.
Provisions for financial investments	-30,662	-414	n.a.
Change in value on financial instruments	564,347	-29,803	n.a.
Results from sales of non current assets	80,478	-1,501	n.a.
PROFIT BEFORE TAX	24,567	67,441	-63.6%
Corporate Tax	9,591	-15,701	-161.1%
RESULT FROM CONTINUING OPERATIONS	34,158	51,740	-34.0%
RESULT FROM COMPANIES WITH DISCONTINUED OPERATIONS	0	0	n.a.
CONSOLIDATED RESULT	34,158	51,740	-34.0%
Minorities	-1,991	-13,292	-85.0%
NET ATTRIBUTABLE PROFIT	32,167	38,448	-16.3%
Gross margin	16.8%	14.7%	

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