

Results of the First Half of 2020

SACYR POSTS AN EBITDA OF €348 MILLION (+10%) BOOSTED BY THE STRENGTH OF ITS CONCESSION MODEL IN A GLOBAL ENVIRONMENT MADE CHALLENGING BY COVID-19

- The company's divisions—Concessions, Engineering and Infrastructure and Services—achieved profits of €108 million, compared to €47 million during the same period of 2019. This increase is in addition to a 100-basis-point rise in profitability to 16.7%.
- The company has begun operations in the new normal without any significant impact. This showcases the success of the business model of the multinational, which generates around 80% of its EBITDA through concession-related assets with low demand risk.
- The company's backlog of future revenue comes to €39.445 billion.
- Sacyr promotes sustainability as one of its key pillars and strategic objectives. To that end, its corporate governance is fortified with a Sustainability and Corporate Governance Committee, attached to the Board of Directors, and a Sustainability Committee.

Madrid, July 30th, 2020.- Sacyr increased its EBITDA by 10.4% to €348 million in the first half of 2020, a period marked by the global impact of the COVID-19 pandemic, thanks to the robustness of its business model, which is becoming increasingly oriented toward concessions. In fact, **77% of its EBITDA came from the concession activity** of its three major business areas: Concessions, Engineering and Infrastructure and Services.

Sacyr actively managed the situation in order, first and foremost, to **protect its more than 40,000 employees worldwide**. In addition, it **ensured the continuity of its operations**, some of which are considered essential or of public interest.

During the period, the **multinational embarked upon the new normal in almost all of its operations** without having recorded major impacts. Nevertheless, in March the

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Group made a precautionary **provision of €30 million** in the face of the uncertainty surrounding the evolution of the pandemic.

Revenues grew 3.5% between January and June, reaching €2.079 billion. This increase amounts to 8% relative to the size of the company, given the divestment of various assets during the last few months: Guadalcesa, generation and cogeneration plants, and various water-related assets in Portugal. The EBITDA posted (+10.4%) would increase by 19% if these asset disposals were discounted.

Improved profitability

The **net profit generated by the businesses** reflects the positive performance of the three divisions of Sacyr despite COVID-19. It stood at €108 million, compared to €47 million in the first half of 2019.

The group's **attributable net profit** was €70 million, less than the €80 million achieved in the same period last year. Net profit was **impacted by the profits and stock-market performance of Repsol, in which Sacyr owns a stake.** The oil company's contribution to Sacyr's profits was -€18 million. The book value of Repsol was €8.66/share as at June 30th, 2020.

Sacyr improved the **profitability of its businesses in the first half of the year**, thus delivering on one of the company's priority objectives. The EBITDA margin was up 100 basis points reaching 16.7%.

Operational performance

In the first half of the year, Sacyr saw the **EBITDA** of Engineering and Infrastructure increase by 21%, and it increased 5% for Concessions. Meanwhile, for Services, it fell by 8%.

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 **backlog of future revenue** stood at **€39.445 billion** at the close of the first half of the year, down 8% compared to June 2019.

The Group strengthened its presence in Latin America, with several projects in Chile; in the USA (specifically in Texas), with the construction of a bypass for the US59 highway; and in Europe, winning several projects in Portugal, to which a large number of projects in Spain can be added.

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Debt performance

The **group's net debt came to €4.528 billion** at the end of June, versus €4.315 billion at year-end 2019. The increase is due to **the company's investments in new concession projects**. In fact, **the company's recourse debt fell by €52 million (-5.8%)** to stand at €841 million at the close of the first half of the year. Reducing recourse debt is one of the company's strategic priorities.

The company pressed on with its **strategy of rotating mature assets** through the aforementioned divestment of 95% of its interest in the Guadalmedina toll road. The 47.5% for which the sale was still to be formalized was sold in June, with the company now owning just 5% of the company. The overall value of the sale of Guadalmedina is €455 million.

Sacyr maintains a **regular dividend policy**. In February, it paid out a scrip dividend of one new share for every 46 existing shares. **Shareholders representing over 94% of the share capital chose to collect the dividend in shares**, which demonstrates the confidence held in the share value.

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, thus covering maturities this year.

The company has signed a derivative contract for 10 million Sacyr shares: 5 million with an initial strike price of €1.80/share, with an average maturity of one year; and 5 million also with an initial strike price of €1.80/share, but with an average maturity of two years. This operation **demonstrates the company's total confidence in its share price and how that price will change in the future**.

Driving sustainability

Sacyr promotes sustainability as one of its key pillars and strategic objectives. To that end, it fortified its corporate governance with a Sustainability and Corporate Governance Committee, attached to the Board of Directors, and a Sustainability Committee.

The company is committed to ethical, transparent and responsible management that contributes to resolving the planet's sustainability challenges through ambitious environmental, social and corporate governance policies: Agreement for the Circular Economy, participation in the Carbon Disclosure Project, Diversity and Social Equality Plan, tax contribution, etc.

In June 2020, Sacyr approved seven corporate policies that boost its commitment to sustainability and strengthen its collaboration with all its stakeholders.

Active management of the Repsol stake

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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.

Furthermore, and taking a prudent approach, the group reduced Repsol's book value from €9.66 per share to €8.66 per share.

Performance by business area

Concessions.- Sacyr Concessions reported turnover of €501 million (+13%). The COVID-19 crisis had little impact on this division in the first half of the year, as most of its assets are not exposed to demand risk and its remuneration is based largely on availability criteria.

Of its turnover, €261 million came from concession revenues, which grew by 10% due to the operational growth of assets. Construction revenues were up 16%, reaching €239 million. This sharp growth is down to the projects implemented in Colombia, Mexico, Paraguay, Spain and Chile.

EBITDA totaled €158 million, up 5%.

The company's backlog of future revenue came to €27.614 billion. The recent award of the A3 highway from Naples–Salerno (Italy) is not included in the backlog.

Engineering and Infrastructures.- Turnover for this division amounted to €1.218 billion, 4% higher than the first half of 2019.

EBITDA grew 21% to reach €145 million, while the EBITDA margin improved, reaching 11.9%, compared to 10.2% in the same period last year.

The results reflect the integration of Sacyr Industrial into Sacyr Engineering and Infrastructures. This simplification of the structure will bring greater synergies.

The backlog for this division reached €6.888 billion, representing 34 months of activity. Around 50% of this relates to work for Sacyr Concessions.

Services.- Turnover for this division was up 1%, rising to €557 million. EBITDA came to €51 million (-8%) and the EBITDA margin dipped slightly to 8.8%.

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EBITDA was impacted by the rotation of Water assets, the impact of the coronavirus on some operations, such as Cafestore, and the increased expenditure on PPE for the workforce.

The **Services backlog amounted to €4.943 billion at the end of the first half of the year**, thanks to the securing of 155 new contracts. The company is present in seven countries.

CONSOLIDATED INCOME STATEMENT (Thousand of Euros)	1H 2020	1H 2019	% Chg 2020 / 2019
Revenue	2.079.135	2.009.190	3,5%
Other income	146.300	158.756	-7,8%
Total operating income	2.225.435	2.167.946	2,7%
External and Operating Expenses	-1.877.530	-1.852.783	1,3%
EBITDA	347.905	315.163	10,4%
Depreciation and amortisation expense	-95.093	-87.285	8,9%
Trade Provisions and non recurring items	-9.980	-946	954,4%
NET OPERATING PROFIT	242.832	226.931	7,0%
Financial results	-158.025	-138.787	13,9%
Forex results	-51.933	2.062	n.a.
Results from equity accounted subsidiaries	-535.906	70.267	n.a.
Provisions for financial investments	-30.624	-1.109	n.a.
Change in value on financial instruments	532.319	-30.567	n.a.
Results from sales of non current assets	92.465	-1.608	n.a.
PROFIT BEFORE TAX	91.128	127.190	-28,4%
Corporate Tax	-4.993	-15.880	-68,6%
RESULT FROM CONTINUING OPERATIONS	86.135	111.310	-22,6%
RESULT FROM COMPANIES WITH DISCONTINUED OPERATIONS	0	0	n.a.
CONSOLIDATED RESULT	86.135	111.310	-22,6%
Minorities	-16.008	-30.814	-48,0%
NET ATTRIBUTABLE PROFIT	70.127	80.496	-12,9%
Gross margin	16,7%	15,7%	

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