

## Results January-September 2020

# SACYR INCREASES EBITDA BY 7.2% AND ACHIEVES NET PROFITS DESPITE HAVING TO CREATE EUR 85 MILLION IN PROVISIONS FOR THE PANAMA CANAL RULING

- Amid the complex global scenario caused by the Covid-19 pandemic, Sacyr's businesses have improved turnover, EBITDA, and profitability. This shows the strength of the multinational's strategy, focusing on concession assets.
- Sacyr has covered the cost of the recent Panama Canal ruling regarding the basalt and concrete formula. Its strong financial situation allows it to pay the amount stipulated in the ruling using its own cash reserves, without compromising current projects or growth plans.
- The Board of Directors has approved the distribution of a scrip dividend of one share for every 33 securities. In 2020, the dividend yield is above 4%.

**Madrid, November 5, 2020.** - In an extremely demanding context due to the global crisis caused by Covid-19, Sacyr **increased EBITDA between January and September by 7.2%** to 527 million euros.

This increase reflects the strength of the multinational's business model, which focuses on the concession business, with low demand risk. Thanks to this, the company did not suffer any major impacts resulting from the pandemic during the third quarter of the year. **78% of EBITDA has come from concessions businesses** in its three major business areas: Concessions, Engineering, and Infrastructure and Services.

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The company has implemented **preventive measures against COVID-19** in all its workplaces and has helped to **alleviate the effects of the pandemic among vulnerable groups** in Spain, Colombia, Mexico, Peru, and Chile. In addition, within its hospital construction and management activity, it has undertaken actions to expand the capacity of its hospitals and create new facilities ready to cope with the pandemic.

**In this difficult economic context, turnover grew by 5.6% between January and September, to 3,203 million.**

### **Panama Ruling**

The group registered **net profits** of €47 million, 61% less than in the same period of the previous year, despite having to make **provisions of 85 million euros** to cover the amount it must repay the Panama Canal Authority (ACP) following the recent ruling of the International Chamber of Commerce (ICC).

The ruling has, however, awarded the GUPC consortium \$25 million in additional laboratory costs and for failures not detected on the ground.

**Sacyr's strong financial situation** allows it to pay the amount stipulated in the ruling with its own cash reserves, **without compromising current projects or growth plans.**

This claim **accounts for just 8.8% of the total of number filed by GUPC**, the building consortium, and its members. Sacyr and GUPC will continue to put forward their cases in the ICC regarding the reasonable claims they are filing with ACP. Furthermore, the investment arbitration proceedings against the State of Panama are moving forward in the UNCITRAL, since Sacyr believes it has been damaged by successfully providing a project with perfect structural, functional and environmental performance.

### **Improved profitability**

Sacyr improved **business profitability in the first nine months of the year over the same period last year**, and the EBITDA margin was 16.5%.

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**The fall in Repsol's share price did not have an impact on the Group's cash flow** during the third quarter of 2020, as Sacyr's position is fully covered by financial derivatives.

The company has prudentially **adjusted the book value of its stake** to 6.72 euros per share. With the latest optimisations made within the derivatives structures, Sacyr will be able to benefit from the increase in the share price upwards of 8.5 euros per share for more than 25 million shares.

### **Evolution of activities**

In the first nine months of the year, EBITDA increased by 12% for Sacyr Concessions, 11% for Engineering and Infrastructure, whilst falling 23% for Services following the company's strategic reorganisation, which transferred water businesses to Sacyr Concessions.

Sacyr has streamlined its corporate structure by integrating its two EPC areas, Sacyr Engineering and Infrastructures, and Sacyr Industrial. This operation facilitates the group's synergies and improves integration for clients.

**The futures income portfolio** closed September at **€38,671 million**, 10% lower than in the third quarter of 2019 due to divestments made during 2020 and the slowdown in global contract awards processes caused by Covid-19.

### **Evolution of debt**

**The group's net debt stood at €4,788 million** at the end of September, compared to €4,315 million at the end of 2019. This increase is due **to the company's investment activity in new concessions projects**. Secured debt stood at 870 million euros.

The company continued **its strategy of rotating mature assets** by divesting 95% of the Autovia del Guadalmedina highway, selling off nine power plants in Spain, and several water assets in Portugal.

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**At its last meeting, Sacyr's Board of Directors approved the distribution of a scrip dividend** of one share for every 33 securities, which is added to the dividend paid out in February of one new security for every 46 shares. As a prudential measure in the current macroeconomic setting, the board has decided to pay out half of the estimated additional dividend at the start of the year. The company's dividend yield stands at 4%.

The group's cash forecasts for 2020 show the **availability of liquidity without tension**, given that much of the finance has been arranged with long repayment terms. Together with the group's liquid assets, Sacyr has €300 million in credit lines.

In July of this year, the company signed a derivatives contract on ten million own shares in Sacyr. Five million with an initial strike price of €1.80/share and average maturity of one year. And another five million with an initial strike price of €1.80/share and average maturity of two years. With this operation, the company **demonstrates its full confidence in its value and future evolution**.

#### **Evolution by business area**

**Concessions**.- Sacyr Concessions obtained turnover of 850 million euros (+21%). Most of its assets are free of demand risk and their remuneration is based primarily on availability criteria.

Of the total figure for turnover, €494 million was from concessions revenues, which increased 34% due to the operational growth of assets. Construction revenues have risen 7% to 356 million.

EBITDA reached 263 million euros, up 12%.

The futures revenue portfolio, which stands at EUR 29,685 million, does not yet include the Napoli-Salerno A3 highway contract awarded (Italy), or the energy management contract awarded recently by the University of Idaho (USA) for 50 years, Sacyr's first concession deal in this country.

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Over the course of 2020, Sacyr Concessions has commissioned several assets: the Pirámides-Tulancingo-Pachuca highway (Mexico); the second stretch of the Pedemontana-Veneta highway (Italy); the Hospital de Tláhuac (Mexico), which will become operational over the coming months; as well as several sections of 4G highways in Colombia and Rutas del Este in Paraguay.

**Engineering and Infrastructures.**- The turnover for this division reached 1,905 million euros, 9% more than January-September 2019.

EBITDA grew 11% to €209 million, and the EBITDA margin improved to 11%, compared to 10.8% in the same period last year.

The results reflect the integration of Sacyr Industrial into Sacyr Engineering and Infrastructures. This new streamlined structure will lead to greater synergies.

The portfolio of this division reached 6,196 million euros, representing 29 months of activity. About 50% of this corresponds to works for Sacyr Concessions.

After the period-end, the deal to sell construction activities in Africa was also closed, reducing construction risk in non-strategic countries, in order to continue focusing on home market countries and target countries for concessions.

**Services.**- The turnover of this division shrunk by 12%, to 745 million euros, due to the transfer of the water division to Sacyr Concessions. EBITDA reached 65 million euros (-23%) and EBITDA margin remains at 8.8%.

**At the end of the semester, the Services portfolio stood at 2,790 million euros**, with the addition of more than 190 new contracts. The company operates in five strategic markets.

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CUENTA DE RESULTADOS CONSOLIDADA (Miles de Euros)	9M 2020	9M 2019	Variación % 20/19
<b>Importe Neto de la Cifra de Negocios</b>	<b>3.203.326</b>	3.032.130	5,6%
Otros Ingresos	219.215	239.333	-8,4%
<b>Total Ingresos de explotación</b>	<b>3.422.541</b>	3.271.463	4,6%
Gastos Externos y de Explotación	-2.895.128	-2.779.441	4,2%
<b>EBITDA</b>	<b>527.413</b>	492.022	7,2%
Amortización Inmovilizado	-134.328	-132.970	1,0%
Provisiones y otros gastos no recurrentes	-6.887	-2.211	211,5%
<b>EBIT</b>	<b>386.198</b>	356.841	8,2%
Resultados Financieros	-215.956	-221.865	-2,7%
Resultados por diferencias en cambio	-89.796	-7.728	
Resultado Sociedades puesta en Participación	-713.629	124.706	n.a.
Provisiones de Inversiones Financieras	-87.445	-1.735	n.a.
Rdo. Variación Valor Instrumentos Financ.a Valor Razonable	745.164	-51.679	n.a.
Rdo. Enajenación de Activos no Corrientes	93.657	4.857	n.a.
<b>Resultado antes de Impuestos</b>	<b>118.193</b>	203.397	-41,9%
Impuesto de Sociedades	-29.553	-38.156	-22,5%
<b>RESULTADO ACTIVIDADES CONTINUADAS</b>	<b>88.640</b>	165.241	-46,4%
RESULTADO ACTIVIDADES INTERRUMPIDAS	0	0	n.a.
<b>RESULTADO CONSOLIDADO</b>	<b>88.640</b>	165.241	-46,4%
Atribuible a Minoritarios	-41.499	-43.161	-3,9%
<b>BENEFICIO NETO ATRIBUIBLE</b>	<b>47.141</b>	122.080	-61,4%
<b>Margen bruto</b>	<b>16,5%</b>	16,2%	

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