SACYR SA

A28013811 CORPORATE

BBB- ISSUER RATING
Long term

OUTLOOK
Stable

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Rating Action and Rationale

- EthiFinance Ratings affirms Sacyr's long-term rating at 'BBB-', maintaining its Stable outlook.
- Sacyr operates as an international infrastructure concessionaire, and offers complementary services in the engineering, water and construction sectors.
- The rating assigned reflects the favourable fundamentals of the infrastructure sector (including the outstanding levels of profitability, low volatility due to long-term contracts and high barriers to entry), Sacyr's strong global competitive position within its sector (public-private partnerships; P3), and our positive assessment of the company's governance (listed corporation with a diverse shareholder base strengthened by an experienced management team).
- On the other hand, the rating is constrained by its high financial leverage (adjusted NFD/EBITDA ~5x, adjusted FFO/ NFD ratio below 10% and an equity/Adjusted TFD ratio below 30%). It also has a particularly limited interest coverage (EBITDA/interest ratio ~2.0x).
- We maintain the credit outlook at Stable, as despite the improvement in the company's ESG score and a sector outlook that continues to offer growth opportunities, we expect credit metrics to remain broadly unchanged. It is worth noting that the potential partial sale of a minority stake in Voreantis (a vehicle expected to consolidate approximately 25 brownfield road assets) has not been factored into the projections due to limited visibility at this stage. If completed, this transaction could support value crystallisation of the concessions portfolio, accelerate growth through equity redeployment, and strengthen the group's financial profile by improving liquidity and reducing leverage. Should the transaction materialise, its impact will be reassessed accordingly.
- It is worth highlighting that the volatility table for infrastructure and concessions businesses has been used to assess the company's financial profile, as the group operates in an infrastructure-based industry that has a proven track record of stability over long economic cycles and benefits from long-term contracts and significant barriers to entry, which protects it from competitors and limit cash flow volatility.
- Under our methodology, the construction and infrastructure sectors have a medium ESG risk (sector heatmap score between 3 and 3.4) given their impact on the environment. This assessment results in a sector score that is not affected by ESG factors. The company's ESG policy is considered favourable (company ESG score between 0 and 1), resulting in one notch upgrade of the financial risk profile.
- **In assigning the rating, the financial projection, elaborated by EthiFinance Ratings considering the guidance provided by Sacyr, market valuations and the agency's own assumptions for 2025-2027, have been taken into account. The company considers this information to be internal and confidential and therefore it has not been reflected in the report.**

Company Description

Established in 1986 and headquartered in Madrid, Sacyr S.A. is a publicly listed Spanish multinational operating primarily in the concessionary infrastructure (construction and management). For FY24, Sacyr reported revenues of €4.57bn (-0.8% YoY) with EBITDA of €1.35bn (-11.2% YoY) resulting in an EBITDA margin of 29.6%. At year-end 2024, its adjusted NFD/EBITDA ratio stood at 5.3x (0.4x NFD/EBITDA with recourse). As of June 13, 2025, Sacyr had a market capitalization of €2.79bn.

As of the end of 2024, Sacyr's activities were structured into the following business lines:

- Concessions. Sacyr Concesiones is among the largest global infrastructure concession operators, active in 14 countries. By the end of 2024, it managed 60 concessions (up from 53 in 2023). These include 35 motorway and road concessions, 10 hospitals, 5 airports, 4 parking lots, 2 transport hubs, 1 railway, 1 navigable river channel, 1 university and 1 urban space , with an average remaining life of 28 years. Additionally, it is worth highlighting that at its Investor Day 2024, held in May 2024, the company valued its concessions business (taking also into account the water division) at €3.6bn, representing an increase of €740m compared to the €2,8bn valuation announced in October 2021. This figure also reflects an uplift of €311m over the growth forecast presented at Investor Day 2021, highlighting the solid execution and increased visibility of its concessional portfolio.

- Water. Sacyr Agua is a business line dedicated to the integrated water cycle. The company operates 16 end-to-end water management plants. It is one of the leading players in water treatment, desalination, purification, reuse, and the operation and maintenance of related infrastructure. It operates in two segments: O&M (Operation and Maintenance) contracts and BOT (Build-Operate-Transfer) concessions. As of 2024, Sacyr Agua has begun reporting as a standalone business line within the Sacyr group, separate from Sacyr Concesiones.

- Engineering and Infrastructure (E&I). This division focuses on the development, construction, and commissioning of diverse infrastructure and industrial projects globally, particularly in environment, water, electricity infrastructure, and oil and gas. Additionally, this area integrates the operation and maintenance (O&M) services for infrastructure assets. Notably, the Pedemontana-Veneta, A3 and A21 concessions are reported under the E&I division because Italian regulations require tender participants to demonstrate construction track records. Pedemontana-Veneta remains one of the most significant infrastructure projects in Italy and in 2024 contributed €295m in revenues and €258m in EBITDA to the E&I division. The final section of the project was fully operational as of December 2023. The A3 concession contributed €99m in revenues and €33m in EBITDA in 2024. The A21 concession contributed €26m in revenues and €13m in EBITDA in 2024.

Sacyr maintains a significant international presence, with primary revenue contributions from Spain, Chile, Colombia, Italy, Uruguay, Paraguay, Portugal, and the United States.

It is worth highlighting that, in 2022, seeing the market appetite for the services division and the decision to focus on concessions, Sacyr decided to divest from Valoriza Servicios Medioambientales SA (environmental services) and Sacyr Facilities SA (management of real estate assets). On October 31, 2023, the sale of 100% of Valoriza Servicios Medioambientales, S.A. and its subsidiaries (Grupo VSM) to a company owned by Morgan Stanley Infrastructure Partners, was formalized for €420m, after meeting the conditions of the Sale Purchase Agreement signed in June 2023. On December 1, 2023, the sale of 100% of Sacyr Facilities, S.A. and its subsidiaries (Grupo Facilities), except for previously transferred participations, to Serveo was formalized for €90m, after meeting the conditions of the Sale Purchase Agreement signed in July 2023.

Another recent relevant transaction worth highlighting is that, in June 2025, Sacyr announced the sale of three Colombian road concessions (Pamplona-Cúcuta , Rumichaca–Pasto, and Autopista al Mar 1) to Actis for €1.4bn. The assets comprise 327km of toll roads under availability payment schemes. The transaction includes the assumption of €1.1bn in project debt and will generate €279m in cash proceeds for Sacyr.

Fundamentals

Business Risk Profile

Industry Risk Assessment

- **A mature sector characterised by high profitability and barriers to entry, low volatility, and sustained growth in the coming years.**

The concession business is characterised by high margins (EBIT margin >20%) once the concession is put into operation. However, depending on the specific concession, performance may be affected by demand risk (Sacyr has no demand risk or mitigation mechanisms for 90% of its concessional assets). Despite this, the industry is generally considered to have limited volatility.

Additionally, the industry presents high barriers to entry, as it is capital-intensive and requires significant know-how and experience to access tenders. As a result, it is a sector dominated by major players with global reach and specialization wide range of infrastructure segments. In this global landscape, market shares tend to fluctuate depending on the region or country.

It worth to be highlighted that there is a clear correlation between the economic cycle and infrastructure tender volumes. Periods of GDP contraction coincide with sharp declines in public tendering. Conversely, the economic recoveries are reflected in significant rebounds in tender volumes, highlighting the sector's sensitivity to fiscal capacity and macroeconomic momentum.

In addition to its correlation with the economic cycle (the IMF forecasts global GDP growth of 3.3% in both 2026 and 2027) the global infrastructure and concessions sector is expected to experience sustained growth in the coming years. This is being driven by increased public and private investment to address critical needs in transport, energy, water, and social infrastructure. Governments around the world are prioritizing long-term infrastructure renewal and climate-resilient projects as part of post-pandemic recovery plans and green transition strategies. In this context, public-private partnerships (P3s) and concession models are gaining momentum, as they enable risk-sharing and attract private capital to help bridge infrastructure gaps. Technological innovation, ESG integration, and regulatory reforms are also reshaping the sector, making it more efficient, sustainable, and increasingly attractive to institutional investors.

- **Industry with medium ESG risk.**

The construction and infrastructure sectors both have medium ESG risks under our methodology (sector heatmap score between 3 and 3.5). This results in a sector assessment which is not impacted by industry-related considerations. Regarding environmental factors, these industries have a medium impact on climate with limited direct emissions but scope 3 emissions that can be huge. The financial materiality is low because regulation is not applying to all the externalities to the industry, but this will probably change. The impact on biodiversity is medium despite land use which can be significant and problematic. However, the sector has a high impact on resources as a heavy user of raw materials (sand, etc), and on pollution by generating significant amounts of waste with limited recyclability as of today. The impact of the industry on the supply chain is limited as competition is strong and the financial dependence limited. In addition, consumers' daily lives are positively impacted by improvement of public works. Countries also benefit from the construction industry, which is a significant employer. However, it is highly unregulated, and some human rights and security issues exist.

Competitive Positioning

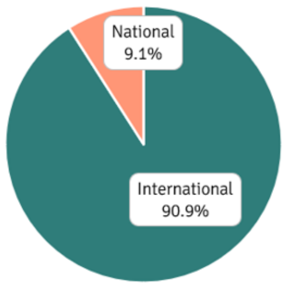
- **Strong global competitive position within the sector.**

Sacyr is one of the world's leading developers of public-private partnership (P3) infrastructure projects. The group has extensive expertise across the entire concession lifecycle, including design, construction, financing, operation, and maintenance, particularly for complex, large-scale projects on a global scale. Sacyr Concesiones focuses on greenfield and yellowfield assets with demand risk mitigation mechanisms, primarily in countries with mature regulatory and financial frameworks, with a preference for Europe, Latin America, and Anglo-Saxon countries. This core activity is complemented by engineering, procurement, and construction (EPC) services, as well as operations and maintenance (O&M) for third parties. Sacyr's vertically integrated business model enhances efficiency and control throughout the entire project lifecycle, from conception and execution to long-term operation.

The competitive strengths enable it to capitalize on opportunities and sustain growth in the dynamic infrastructure market. This is reflected in a project backlog that continues to grow. As of the end of 2024, the contracted backlog reached €63.6 billion, representing a 15% increase compared to 2023. The expanding backlog (equivalent to 13.9x the group's revenues in 2024) reinforces our view of a company with solid competitive fundamentals and ensures long-term business visibility.

Backlog Evolution. €m.

	FY23		FY24		24vs23
	Amount	%	Amount	%	
E&I	7,540	13.6%	10,606	19.1%	40.7%
- Civil	5,751	10.4%	8,697	15.7%	51.2%
- Building	1,705	3.1%	1,842	3.3%	8.0%
- Industrial	83	0.2%	67	0.1%	-19.8%
Concessions	42,513	76.7%	47,804	86.3%	12.4%
Water	4,980	9.0%	4,826	8.7%	-3.1%
Services	371	0.7%	336	0.6%	-9.4%
TOTAL	**55,403**		**63,573**		**14.7%**
Total coverage ratio	12.0x		13.9x		1.9x



Among the main contracts added and delivered in 2024, the following stand out:

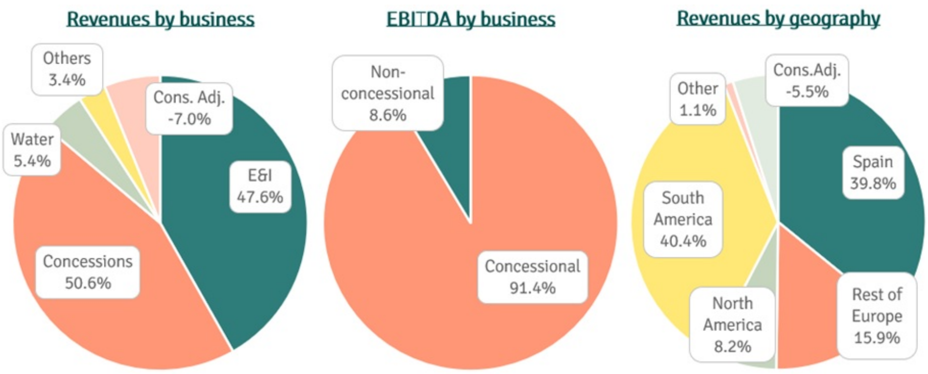
Concession			
Project	Country	Investment (€m)	Term (years)
Turin Hospital (Greenfield)	Italy	517	25
Anillo Vial Periférico (Lima)(Greenfield)	Peru	3,131	30
Ruta 68 (Yellowfield)	Chile	1,500	30
Ruta del Itata (Yellowfield)	Chile	516	18
Northern Chile Airport network (Yellowfield)	Chile	260	26
A-21 (Turin) (Yellowfield)	Italy	965	12
Project Commissioning			
Project	Country	Investment (€m)	Remaining life (years)
Pamplona - Cúcuta	Colombia	592	22
Ferrocarril Central	Uruguay	915	15

Regarding peer comparison, although Sacyr's turnover remains below that of larger global infrastructure groups, it consistently outperforms in terms of profitability, with EBITDA and EBIT margins well above the peer average. This is primarily due to its strategic focus on concessions, which generate stable, high-margin cash flows and carry lower demand and execution risk than traditional construction activities. As a result of this capital-intensive model, Sacyr operates with significantly higher financial leverage compared to peers whose business mix is more weighted toward construction and engineering.

Peer comparison. €m.										
Company	Sales	EBITDA	EBITDA Mg	EBIT	EBIT Mg	EBT	EBT Mg	Total Assets	NFD/ EBITDA	EBITDA/ Interest
Sacyr	4,571	1,352	29.6%	1,225	26.8%	429	9.4%	17,968	5.3x	1.8x
VINCI	72,459	12,589	17.4%	8,591	11.9%	7,148	9.9%	129,491	1.7x	9.0x
ACS	41,633	1,691	4.1%	824	2.0%	918	2.2%	42,522	1.1x	2.1x
Ferrovial	9,147	1,305	14.3%	864	9.4%	3,383	37.0%	28,999	5.1x	2.7x
FCC	9,071	1,374	15.2%	730	8.0%	571	6.3%	14,236	2.6x	6.0x
Metrovacesa	660	45	6.8%	48	7.3%	25	3.8%	2,414	4.6x	1.5x
Acciona	19,190	2,142	11.2%	1,021	5.3%	607	3.2%	34,620	3.9x	3.3x
Eiffage	24,017	3,877	16.1%	2,425	10.1%	2,085	8.7%	40,307	2.7x	8.4x
Average			**10.7%**		**6.8%**		**8.9%**		**3.4x**	**4.4x**
Median			**12.7%**		**7.7%**		**5.1%**		**3.3x**	**3.0x**

- **Concessional business model with favourable geographical diversification.**

Sacyr's strategic focus on concessions reinforce its ability to generate stable, long-term revenue streams, further supported by a diversified geographical presence.



Regarding the group's concessions business, which accounts for 91.4% of total EBITDA, it is worth noting that Sacyr currently manages 76 concessional assets (55 brownfield, 14 yellowfield, and 7 greenfield) across 12 countries, with an average remaining life of 28 years. These characteristics are assessed positively by EthiFinance Ratings.

Geographically, while there is a slight concentration in the domestic market, Southern Europe, and Latin America, the group's diversification is viewed favourably. Excluding Spain, no other country accounts for more than 20% of the group's revenues. This, combined with the fact that the majority of its client base is backed by public sector entities (including central governments, regional authorities, municipalities, and state-owned companies), helps mitigate potential risks.

Shareholder Structure and Governance

- **Listed company with a diversified shareholder structure.**

Sacyr is listed on the Madrid Stock Exchange, where it is already consolidated in the top-5 infrastructure groups. Sacyr returned to the Ibex 35 in June 2022. Its shareholding structure comprises a significant proportion of free-float shares, as well as a group of major shareholders.

As a listed company, the group's ownership is widely distributed, providing a solid foundation for raising additional funds if necessary. This was demonstrated in May 2024 when Sacyr carried out a 9.6% capital increase of €222m. The group undertook this operation to obtain additional resources to support its growth in the concessions business.

Shareholder Structure. % of total.	
Disa Corporación Petrolifera S.A.	14.6%
Prilou S.L.	6.8%
Grupo Corporativo Fuertes SL	5.9%
Nerifan SL	5.1%
Rubric Capital Management LP	4.4%
Norges Bank	3.0%
Other	60.2%

- **Experienced management team pursuing growth and diversification under a financial policy that will preserve current fundamentals.**

After achieving most of the key milestones for its 2021-2025 business plan in 2022-2023, Sacyr has presented its new strategic plan for 2024-2027, with a focus on accelerating growth with a target of managing €30bn in concessional investments by 2027 while maintaining strict financial discipline. The group intends to keep recourse net financial debt below 1x recourse EBITDA (in 2024 this ratio stood at 0.4x). EthiFinance Ratings expects adjusted NFD/EBITDA to remain around 5x, assessing the company's financial policy as consistent with its credit profile.

In this context, Sacyr's strategic focus remains centred on the rotation of brownfield assets and reinvestment in higher-growth concessions, particularly in OECD markets. The recent divestment of its Colombian assets and the anticipated sale of a minority stake in Voreantis underscore its commitment to crystallising value and recycling capital efficiently. These initiatives are aligned with the group's goal to strengthen its balance sheet and consolidate its positioning in North America and other core markets. The strategy foresees a balanced geographical distribution of investments—one third in Europe, one third in Latin America, and one third in other regions, primarily the United States, Canada, and Australia.

- **Positive ESG Policy.**

Based on the ESG data analysed, EthiFinance Ratings assesses Sacyr's ESG policies as positive, assigning the group an ESG score between 0 and 1. As a result, the group's financial risk profile is upgraded by a notch. This year's ESG valuation improved compared to the previous period, primarily due to the separation of the roles of CEO and Chair of the Board (although formally implemented in 2025), it has already been factored into our assessment. This governance enhancement offset the lower environmental score observed.

With regard to governance practices, these are assessed as excellent, supported by a high proportion of independent members on the Board of Directors, a clear prioritisation of ESG considerations (Sustainability Framework Policies, ESG ratings, etc.), a non-concentrated shareholder structure, and the aforementioned separation of executive and oversight roles.

On the social front, Sacyr's performance is considered strong, underpinned by low staff turnover, absenteeism, and accident rates, broad certification coverage, and a notable representation of women throughout the workforce, including in managerial roles.

Finally, from an environmental standpoint, the company's score declined due to the increased intensity of its construction activities and the acceleration of investment efforts, which led to higher energy consumption.

Financial Risk Profile

Sales and Profitability

- **Solid business volumes accompanied by appropriate profitability levels.**

Profitability. €m.	FY22	FY23	FY24	24vs23
Turnover	4,977	4,609	4,571	-0.8%
Gross Mg	71.7%	75.4%	74.2%	-1.2pp
EBITDA	1,428	1,523	1,352	-11.2%
EBITDA Mg	28.7%	33.0%	29.6%	-3.5pp
EBIT	1,274	1,251	1,225	-2.0%
EBIT Mg	25.6%	27.1%	26.8%	-0.3pp
Financial expenses	-537	-804	-749	6.8%
EBT	495	469	429	-8.5%

At year-end 2024, Sacyr reported total revenues of €4.6bn, reflecting a slight year-on-year decrease of 0.8%. Breaking down performance by business line (excluding consolidation adjustments and the 'Others' segment), the concessions division (excluding Pedemontana, A3 and A21) recorded a 9.4% decline in revenues, down to €1.75bn. This contraction is primarily explained by the reduction in construction-related revenues following the completion and full commissioning of three major projects: Rutas del Este (Paraguay), Ferrocarril Central (Uruguay), and Pamplona–Cúcuta (Colombia). Conversely, the Engineering & Infrastructure (E&I) segment (including Pedemontana and A3) remained broadly in line with 2023, reaching €2.75bn in revenues (+0.3% YoY), supported by the achievement of key project milestones. The Water division delivered the strongest performance, with revenues increasing to €245m (+7.8% YoY), driven by new contract wins and the solid execution of ongoing projects.

From a profitability standpoint, the group reported EBITDA of €1.35bn (-11.2% YoY), corresponding to an EBITDA margin of 29.6%. EthiFinance Ratings views this margin as strong, given that each division operates at or above typical sector benchmarks (with EBITDA margins of c.50% in concessions vs c.5% in E&I), illustrating the group's solid operational execution.

It is also worth highlighting that 91.4% of total EBITDA originated from concessional businesses (including concessions, Pedemontana, A3, A21, and the water segment). The majority of these assets are not exposed to demand risk and benefit from availability-based remuneration schemes or fixed revenue floors, classifying them as long-term financial assets. Additionally, most contracts incorporate inflation-linked revenue structures, further supporting earnings visibility.

On the financial expense side, net financial costs declined by 16.4%, reaching €749m. This reduction reflects a more stable interest rate environment and a particularly atypical 2023, during which the company executed several new financing transactions generating up-front fees, as well as the early redemption of convertible bonds, which involved a premium payment given their in-the-money status. Nonetheless, it is important to note that Sacyr's average cost of debt remains elevated. This is considered reasonable given the nature of its business model, which relies on substantial leverage, operates a large number of project-financed assets in emerging markets (higher interest rates), and includes a number of greenfield projects still in the ramp-up phase. As a result of the aforementioned factors, the group reported EBT of €429m for the year.

Looking ahead, EthiFinance Ratings expects Sacyr to maintain a solid and gradually growing revenue base, in line with its expanding contracted backlog (€63.6bn; +14.7% YoY), which underpins business visibility over the coming years. This anticipated positive trajectory has already been confirmed by the 1Q25 results, with the group reporting revenues of €1.06bn (+6.5% YoY). From a profitability perspective, we expect the group to sustain robust EBITDA margins in the range of 30–31%.

Leverage and Coverage

- **Controlled leverage levels which mitigated the modest interest coverage.**

NFD/EBITDA. €m.	FY22	FY23	FY24
Loans /Credits	959	800	579
Mortgage loans	2	2	2
Concession project financing	4,431	3,605	4,268
Concession project financing with bonds and marketable securities	3,022	3,057	2,969
Bonds and marketable securities	879	716	793
Financial and operating leases	198	165	125
Derivatives	121	53	29
Accounting TFD	**9,612**	**8,397**	**8,764**
Other adjustments EthiFinance Ratings (+)	36	33	90
Derivatives (-)	-121	-53	-29
Adjusted TFD	**9,526**	**8,377**	**8,825**
Cash	1,728	1,680	1,621
ST Liquid financial assets	38	38	46
Adjusted NFD	**7,760**	**6,659**	**7,158**
EBITDA	1,428	1,523	1,352
Adj. NFD/EBITDA	**5.4x**	**4.4x**	**5.3x**

During 2024, Sacyr's total financial debt increased to €8.8bn, primarily driven by the continued expansion of its concessions portfolio, including a number of projects still in the development or early operational phase that have yet to generate stable cash flows. In terms of debt profile, the group maintains a diversified funding base, predominantly long-term in nature, comprising project finance structures, debt issued in capital markets, bank loans, and, to a lesser extent, leasing and others.

Adjusted net financial debt amounted to €7.16bn, resulting in an adjusted NFD/EBITDA ratio of 5.3x at year-end. This level of indebtedness is considered manageable. The structure reflects Sacyr's asset-heavy, cash flow-backed concessions model, in which financial leverage is structurally higher but generally supported by predictable and contractually secured cash flows. Furthermore, the company maintains a clear financial policy commitment to keeping recourse net debt below 1.0x recourse EBITDA, a target it consistently meets (NFD/EBITDA with recourse stood at 0.4x in 2024).

Sacyr's interest coverage ratio stood at 1.8x in 2024, reflecting a structurally low level. This is largely attributable to the group's capital-intensive business model, which relies heavily on project finance structures. This low interest coverage is viewed as consistent with Sacyr's business model, though it underscores the importance of maintaining strict control over funding costs and project execution timelines.

EthiFinance Ratings expects the company's leverage ratio to gradually decline, although it is likely to remain around the 5x level. The evolution of this metric will largely depend on the pace of investment and the execution of potential asset rotations, such as the one completed in 2025 with the sale of three Colombian assets. Meanwhile, the EBITDA-to-interest expense ratio is projected to improve slightly. Despite 76% of the debt being fixed-rate, the anticipated interest rate cuts are expected to have a favourable effect on overall financing costs over time.

Cash Flow Analysis

- **Strong operational cash flow offset by investment outflows.**

Cash Flow. €m.	FY22	FY23	FY24
Operational Cash Flow	**243**	**173**	**664**
Net Investment Cash Flow	-1,525	-434	-836
Lease repayment adjustment	-28	-11	-11
Free Cash Flow	**-1,311**	**-271**	**-183**
+/- changes in capital	7	-37	212
- Dividends	-39	-37	-42
Cash flow Generated Internally	**-1,343**	**-346**	**-13**
+/- debt variation	1,466	312	41
+/- changes in exchange rates	-14	88	-83
Reclassification of balances of assets held for sale	0	-101	-5
Cash variation	**108**	**-48**	**-60**
Cash at the beginning of the year	1,620	1,728	1,680
Cash at the end of the year	**1,728**	**1,680**	**1,621**

In 2024, Sacyr reported a significant improvement in operational cash flow, which rose to €664m, nearly quadrupling the level reported in 2023. Despite this improvement, the company generated a slightly negative internal cash flow of -€13m, mainly due to the active investment activities. A positive contribution of €212m from changes in capital partially offset the impact of capital outflows, while lease repayments remained stable at -€11m. Currency effects also had a negative impact of -€83m. As a result, total cash decreased by €60m over the year, bringing the year-end cash balance to €1,621m, down from €1,680m in 2023.

Capitalisation

- **Slightly improvement in capitalisation, though the ratio remains in low levels.**

In 2024, Sacyr's assets totalled €17.97bn, with a distribution of 62% long-term and 38% short-term. The company's asset composition reflects its strategic focus on infrastructure concessions. Consistent with IFRIC 12, concession receivables represented the most significant component at €8.76bn (48.7% of total assets), while concession project assets accounted for €1.65bn (9.2% of total assets), clearly illustrating the group's substantial investment and operational emphasis within its concessions segment.

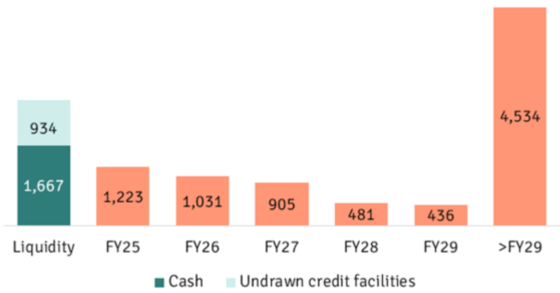
This business model continues to rely significantly on debt financing relative to equity. Although the company carried out a substantial capital increase of €222m in May 2024, the rise in investment driven by an expanding concession portfolio and the related funding requirements, which increased total financial debt, largely offset the impact of the capital raise. Nevertheless, it should be noted that the Equity/Adjusted TFD ratio increased by 2.5pp, reaching 23.4%. This ratio continues to be considered low. It is worth highlighting, however, that the company's concession portfolio was valued at around €3.55bn, which is considered a strength that reinforces the company's solvency.

Liquidity

- **Good level of liquidity.**

Liquidity remains adequate, supported by robust operating cash flow generation (estimated to remain around €600m), continued asset rotation initiatives (such as the sale of three concession assets in Colombia, which will contribute a €279m cash inflow) and available undrawn credit facilities. These sources are expected to be sufficient to cover upcoming debt maturities and the distribution of announced dividends.

Liquidity vs debt schedule. €m.(1)



(1)Excludes leases and factoring.

In addition, the company maintains a satisfactory refinancing profile, as evidenced by recent transactions, including the refinancing of €369m of corporate debt under improved conditions, reducing the interest rate by 1.5 percentage points and extending maturities by four years.

In conclusion, EthiFinance Ratings does not anticipate any difficulties for the company in meeting its financial obligations or investment commitments.

Modifiers

Controversies

- **No controversies have been identified as of the date of issuance of this document that could affect the rating.**

Country Risk

- **There is no conditioning country risk given the diversification of the group's business.**

Main Financial Figures

Main financial figures. €m.	FY22	FY23	FY24	24vs23
Turnover	4,977	4,609	4,571	-0.8%
EBITDA	1,428	1,523	1,352	-11.2%
EBITDA Margin	28.7%	33.0%	29.6%	-3.5pp
EBIT	1,274	1,251	1,225	-2.0%
EBIT Margin	25.6%	27.1%	26.8%	-0.3pp
EBT	495	469	429	-8.5%
Total Assets	17,555	17,309	17,968	3.8%
Equity	1,358	1,750	2,063	17.9%
Adj. Total Financial Debt	9,526	8,377	8,825	5.3%
Adj. Net Financial Debt	7,760	6,659	7,158	7.5%
Equity/Adj.TFD	14.3%	20.9%	23.4%	2.5pp
Adj. NFD/EBITDA	5.4x	4.4x	5.3x	0.9x
NFD/EBITDA with recourse	1.7x	0.8x	0.4x	-0.4x
Adj. FFO(1)	243	173	664	282.8%
Adj. FFO/NFD	3.1%	2.6%	9.3%	6.7pp
EBITDA/Interests	2.7x	1.9x	1.8x	-0.1x

(1)Adjusted not including working capital variations. Under IFRIC 12, the group annually generates receivables from concession assets under construction and collects outstanding receivables from operating assets. These flows, which reflect the economic reality of the business model, are captured

Credit Rating

Credit Rating	
Business Risk Profile	**BBB+**
Industry risk assessment	*A+*
Industry's ESG	*Neutral*
Competitive Positioning	*BBB*
Governance	*BBB-*
Financial Risk Profile	**BB**
Cash flow and leverage	*BB*
Capitalisation	*CCC+*
Company's ESG	Positive
Anchor Rating	**BBB-**
Modifiers	*No*
Rating	**BBB-**

Rating Sensitivity

- **Long-term rating positive factors (↑)**

A rating upgrade could come if the company improve its leverage (adjusted NFD/EBITDA <4.8x historical average + projections and/or adjusted FFO/NFD >10%), interest coverage (EBITDA/interest >2.2x) and/or capitalisation (Equity/Adj.TFD > 30%).

- **Long-term rating negative factors (↓)**

A downgrade could occur under a scenario of increased leverage (adjusted NFD/EBITDA >6x), weaker interest coverage (EBITDA/interest <1.5x), and/or negative earnings exerting downward pressure on capitalisation (Equity/Adjusted TFD <20%). Additionally, a deterioration in the company's ESG score (from the current range of 0–1 to between 1 and 1.5) could also lead to a downgrade, as it would reduce the positive adjustment currently applied to the financial profile from a full notch to a half-notch improvement.

Sources of information

The credit rating assigned in this report has been requested by the rated entity, which has also taken part in the process. It is based on private information as well as public information. The main sources of information are:

1. Annual Audit Reports.
2. Corporate Website.
3. Information published in the Official Bulletins.
4. Rating book provided by the Company.

The information was thoroughly reviewed to ensure that it is valid and consistent, and is considered satisfactory. Nevertheless, EthiFinance Ratings assumes no responsibility for the accuracy of the information and the conclusions drawn from it.

Additional information

- The rating was carried out in accordance with Regulation (EC) N°1060/2009 of the European Parliament and the Council of 16 September 2009, on credit rating agencies. Principal methodology used in this research are :
    - Corporate Rating Methodology - General : https://www.ethifinance.com/download/corporate-rating-methodology-general/?wpdmdl=35203
- The rating scale used in this report is available at https://www.ethifinance.com/en/ratings/ratingScale.
- EthiFinance Ratings publishes data on the historical default rates of the rating categories, which are located in the central statistics repository CEREP, of the European Securities and Markets Authority (ESMA).
- In accordance with Article 6 (2), in conjunction with Annex I, section B (4) of the Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009, it is reported that during the last 12 months EthiFinance Ratings has not provided ancillary services to the rated entity or its related third parties.
- The issued credit rating has been notified to the rated entity, and has not been modified since.