Credit Rating Report
Sacyr, S.A.

Morningstar DBRS
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Contents

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Credit Rating

Issuer	Obligation	Credit Rating Action	Credit Rating	Trend
Sacyr, S.A.	Issuer Rating	New Rating	BBB (low)	Stable
Sacyr, S.A.	Short-Term Issuer Rating	New Rating	R-2 (low)	Stable

Credit Rating Drivers

Positive Credit Rating Drivers	Negative Credit Rating Drivers
We may consider a positive credit rating action if Sacyr, S.A. (Sacyr or the Company) continues to reduce its recourse debt to keep its adjusted debt-to-EBITDA ratio below 2.5 times (x) and cash flow-to-adjusted debt ratio above 30.0% on a sustainable basis for the recourse perimeter. The financial performance should be accompanied by consistency in the business strategy.	A negative credit rating action could be considered if Sacyr materially increases its recourse debt, leading to an adjusted debt-to-EBITDA ratio well above 3.0x and an adjusted cash flow-to-debt ratio considerably lower than 20.0% beyond the next two years. While leverage in terms of debt-to-EBITDA is somewhat elevated at the moment at around 3.0x, we expect it to decline to below 3.0x by 2027. A significant reduction in dividend distributions from the concessional assets or material operational failures, and construction delays will negatively affect the credit ratings.

Credit Rating Action

We assigned an Issuer Rating of BBB (low) and Short-Term Issuer Rating of R-2 (low) to Sacyr, S.A. (Sacyr or the Company). All trends are Stable.

Key Credit Rating Considerations

Sacyr is a leading player in the development of transport, social, and water concessional projects. The credit ratings reflect the Company's Comprehensive Business Risk Assessment (CBRA) of BBB, the Comprehensive Financial Risk Assessment (CFRA) of BBB, and other additional considerations. The Company's Long-Term Issuer Rating is BBB (low) and its Short-Term Issuer Rating is R-2 (low).

The Issuer Ratings are based on the recourse perimeter of Sacyr, which mainly comprises the construction business, integrated water cycle, and the operation and maintenance (O&M) contracts for water concessional assets and dividends received from the concessional assets in the nonrecourse perimeter. This perimeter excludes the project finance debt associated with the concessional assets.

The credit ratings consider the absence of cross guarantees or cross-default clauses between the concessional assets in the nonrecourse perimeter and the companies included in the recourse perimeter, which could potentially affect the creditworthiness of the assessed perimeter. In addition, there are no additional specific restrictions on the distribution of dividends ahead of the lock-up dividend ratio, which is in line with the project finance structures. The Company complies with the lock-up ratio in the majority of the projects.

Earnings Outlook

For the next two years, we expect the Company to continue increasing revenues and EBITDA thanks to the strong infrastructure backlog coupled with the higher activity from concessional assets. The higher earnings will partially mitigate the lower dividends expected in 2026 following the sale of the concessional assets in Colombia. We expect the Company to continue prioritising profitability over volume to keep an EBITDA margin in the construction business at around 5.2% and, for the assessed perimeter, above 15.0%.

Financial Outlook

The Company plans to invest around EUR 760 million in equity contributions between 2025 and 2028, which will be mainly funded through free cash flow and cash on hand. The Company expects capital expenditure (capex) to remain low, with no intensive growth capex needed due to the existing young machinery portfolio. We expect the Company to be able to manage its dividend payments and working capital needs to continue keeping its recourse debt-to-adjusted EBITDA ratio at 3.1x and cash flow-to-recourse debt ratio above 16% in the next two years.

Financial Information

Sacyr (Recourse Perimeter)	For the Year Ended 31 December	
	2024	2023
Recourse Revenue (EUR Millions)	2,579	2,547
Recourse EBITDA (Excl. Dividends) (EUR Millions)	182	249
Adjusted Recourse EBITDA (Incl. Dividends) (EUR Millions)	411	469
Debt-to-Adjusted Recourse EBITDA (x)	3.8	3.7
Cash Flow-to-Debt (%)	18.8	14.6
Adjusted Recourse EBITDA-to-Recourse Interest (x)	6.1	5.9
Adjusted Recourse EBITDA Margin (%)	15.9	18.4
Gross Debt (EUR Millions)	1,569	1,753

Source: Morningstar, Inc. and Company documents. The above financial information and metrics have been adjusted by Morningstar DBRS and may not match the Company's definition.

Issuer Description

Sacyr is one of the world's leading developers of greenfield concessional projects for the infrastructure, health, and water sectors. Sacyr currently operates 77 concessional assets[1] with an investment of EUR 26 billion. With 15,000 employees, the Company is positioned as the third-largest developer and the fourth-largest contractor for highway projects worldwide. Sacyr benefits from the vertical integration of the construction and concession businesses, a key competitive lever facilitating the award of greenfield projects and the management of all aspects during the project lifecycle (optimizing design, limiting delays in construction execution, keeping profitability, etc.). At the end of H1 2025, 70% of the construction backlog was related to the Company's own concessional business, ensuring asset quality and timely project delivery.

1. Including three concessional assets in Colombia under a sale process, with a sales and purchase agreement signed.

Comprehensive Business Risk Assessment: BBB

Sacyr started operating in Spain as a pure construction company 40 years ago and was awarded its first concessional project in 1996. In 2015, the Company's strategic plan shifted towards a primarily concessionary business model, characterised by its high barriers to entry given the required capital investment and technical expertise.

The Company's business risk profile benefits from earnings stability coming from the operation of concessional assets with low or no demand risk. The majority of the assets are included in the nonrecourse perimeter as they are funded through project finance debt, which affects the recourse perimeter through dividend payments. However, the recourse perimeter includes some minor assets funded with recourse debt, mainly related to water projects.

At the end of 2024, Sacyr had 60 transport and social assets widely diversified both geographically and by asset type, including roads, hospitals, universities, parking, airports, railways, and transportation hubs, among others. The portfolio has 28 years of average remaining life and relies on well-established public-private partnership frameworks in investment-grade countries (with 94% of revenues coming from countries rated BBB (low) or higher such as Chile, the U.S., Canada, Portugal, Italy, Australia, and the UK). The target market remains the same, namely well-known countries with political and social stability, although Sacyr is increasing its presence in English-speaking countries.

In addition, the Company operates a young portfolio of 17 water assets consisting of long-term contracts indexed to inflation (+98% of backlog at the end of 2024), focusing on regions critically affected by water stress (e.g., the Mediterranean area, the Middle East, Australia, and northern Chile).

The fact that 90% of the Company's concessional portfolio has low or no demand risk reinforces its business risk profile, as evidenced during the COVID-19 pandemic in 2020 when Sacyr improved its EBITDA by 5% while its main peers that had assets with greater demand risk suffered high EBITDA deterioration (-36% year over year). We are aware that the lower demand risk can cause lower profitability and, although it expects some improvement coming from a larger portfolio, we also note that low profitability will be partially offset by higher earning stability.

The vertical integration between the construction activity and the concessional business is another key consideration for the credit rating. With around 70% of construction backlog concentrated in its own portfolio as of June 2025, Sacyr is not only limiting third-party risk but is also enhancing project quality and reducing delays in asset development.

We consider the management team to be highly experienced with a strong track record in the industry. Reinforced governance standards with the segregation of executive functions between the chair (focusing on financial and corporate strategies) and the chief executive officer (focusing on business areas) in 2025 is also well received. However, although the Company has been committed to the concession business for the last 10 years, the different investment decisions made in noncore businesses between 2000 and 2008 have partially undermined Sacyr's main strategy, worsening its financial leverage. We expect Sacyr to maintain its current strategy to expand its low-risk concession portfolio and improve its track record while reducing recourse debt.

Finally, we consider the asset rotation as a lever for the Company to continue its growth strategy while maintaining controlled financial leverage and increasing the portfolio valuation. In turn, divestment in certain countries would help rebalance Sacyr's geographical footprint. However, we are cautious following the establishment of Voreantis, a new company wholly owned by Sacyr but with the intention of selling up to 49% stake to a solid partner as the transfer or sale of brownfield and yellowfield assets. Although this strategy will raise cash, which can be invested in new concessional projects with higher profitability and in strategic markets, it will also cause high dividend dilution from part of the existing concessional portfolio, which may negatively affect the Company's overall risk profile. We note that Sacyr plans to execute this strategy in the medium term as this approach is not needed to ensure compliance with equity commitments and that no exceptional dividends are expected to be paid from this transaction. We expect Sacyr to be prudent with divestments to protect recurrent cash flow generation.

Comprehensive Financial Risk Assessment: BBB

Overall, Sacyr's F2024 results remained strong despite the slight decrease in recourse revenue and EBITDA because of the completion of construction work and total commissioning of the Rutas del Este (Paraguay) and Ferrocarril Central (Uruguay and Pamplona Cúcuta (Colombia)) projects. The higher dividends received in 2024 partially mitigated the weaker results, with the adjusted recourse EBITDA at EUR 411 million (EUR 469 million in 2023). Adjusted EBITDA margins for the recourse perimeter stood at 15%. Cash flow from operations benefitted from lower interest expenses and other adjustments and was broadly sufficient to cover capex and dividend payments, leading to strong free cash flow.

Despite the strong performance, the CFRA reflects the perimeter’s financial leverage and justifies the BBB (low) credit rating, with the expected adjusted debt-to-EBITDA ratio slightly above 3.0x and the cash flow-to-adjusted debt ratio at 18.0% on average over the next two years. We expect material improvements after 2027 because of the higher dividends coming from the concession business. The CFRA also reflects the strong interest coverage and the relatively high EBITDA margin. However, the CFRA includes a negative adjustment to reflect the execution risk during the construction phase.

We consider the Company's liquidity to be adequate, with EUR 1,379 million in cash in balance and EUR 300 million in committed undrawn credit facilities that, coupled with the recurring cash flow generation, will amply cover any working capital requirements and debt maturities while continuing to support Sacyr's growth plan. Sacyr benefits from diversified access to capital markets through commercial paper, bonds, and bank facilities. The well-spread debt maturities and the diversified access to capital markets also enhance flexibility to optimise the capital structure. The Company uses derivatives to manage risks associated with interest rates and foreign exchange rates, providing additional support to prevent liquidity risk.

Intrinsic Assessment: BBB

The IA is based on the aforementioned CFRA and CBRA. We place the IA in the middle of the Intrinsic Assessment Range.

Additional Considerations

The Issuer Rating includes a negative adjustment because of the structural subordination of the recourse perimeter related to the project finance debt. This reflects the potential impact of dividend payments from the nonrecourse perimeter, which would affect the result in the recourse perimeter as, in the next two years, around 68% of the cash flow generation is expected to come from these dividend payments.

Environmental, Social, and Governance (ESG) Checklist

ESG Factor		ESG Credit Consideration Applicable to the Credit Analysis: Y/N		Extent of the Effect on the ESG Factor on the Credit Analysis: Relevant (R) or Significant (S)*
Environmental		**Overall:**	N	N
	Emissions, Effluents, and Waste	Do we consider that the costs or risks for the issuer or its clients result, or could result, in changes to an issuer's financial, operational, and/or reputational standing?	N	N
	Carbon and GHG Costs	Does the issuer face increased regulatory pressure relating to the carbon impact of its or its clients' operations resulting in additional costs and/or will such costs increase over time affecting the long-term credit profile?	N	N
	Resource and Energy Management	Does the scarcity of sourcing key resources hinder the production or operations of the issuer, resulting in lower productivity and therefore revenues?	N	N
	Land Impact and Biodiversity	Is there a financial risk to the issuer due to the loss of biodiversity and/or the mitigation of such loss, including land conversion and rehabilitation?	N	N
	Climate and Weather Risks	In the near term, will climate change and adverse weather events potentially disrupt issuer or client operations, causing a negative financial impact?	N	N
		In the long term, will the issuer's or client's business activities and infrastructure be materially affected financially by physical and/or transition risks under key IPCC climate scenarios?	N	N
		Climate and Weather Risks	N	N
	Passed-through Environmental credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by environmental factors (see respective ESG checklist for such issuer)?	N	N
Social		**Overall:**	N	N
	Social Impact of Products and Services	Do we consider that the social impact of the issuer's products and services pose a financial or regulatory risk to the issuer?	N	N
		Do changes in consumer behaviour or secular social trends pose a financial or regulatory risk to the issuer?	N	N
		Social Impact of Products and Services	N	N
	Human Capital and Human Rights	Is the issuer exposed to staffing risks, such as the scarcity of skilled labour, uncompetitive wages, or frequent labour relations conflicts, that could result in a material financial or operational impact?	N	N
		Do violations of rights create a potential liability that can negatively affect the issuer's financial wellbeing or reputation?	N	N
		Human Capital and Human Rights	N	N
	Product Governance	Does failure in delivering quality products and services cause damage to customers and expose the issuer to financial and legal liability?	N	N
	Data Privacy and Security	Has misuse or negligence in maintaining private client or stakeholder data resulted, or could it result, in financial penalties or client attrition to the issuer?	N	N
	Occupational Health and Safety	Would the failure to address workplace hazards have a negative financial impact on the issuer?	N	N
	Community Relations	Does engagement, or lack of engagement, with local communities pose a financial or reputational risk to the issuer?	N	N
	Access to Basic Services	Does a failure to provide or protect with respect to essential products or services have the potential to result in any significant negative financial impact on the issuer?	N	N
	Passed-through Social credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by social factors (see respective ESG checklist for such issuer)?	N	N
Governance		**Overall:**	N	N
	Bribery, Corruption, and Political Risks	Do alleged or actual illicit payments pose a financial or reputational risk to the issuer?	N	N
		Are there any political risks that could affect the issuer's financial position or its reputation?	N	N
		Bribery, Corruption, and Political Risks	N	N
	Business Ethics	Do general professional ethics pose a financial or reputational risk to the issuer?	N	N
	Corporate / Transaction Governance	Does the issuer's corporate structure allow for appropriate board and audit independence?	N	N
		Have there been significant governance failures that could negatively affect the issuer's financial wellbeing or reputation?	N	N
		Does the board and/or management lack a formal framework to assess climate related financial risks to the issuer?	N	N
		Corporate / Transaction Governance	N	N
	Passed-through Governance credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by governance factors (see respective ESG checklist for such issuer)?	N	N
		Consolidated ESG Criteria Output:	N	N

* A Relevant Effect means that the impact of the applicable ESG Factors has not changed the rating or rating trend on the issuer.
A Significant Effect means that the impact of the applicable ESG Factors has changed the rating or trend on the issuer.

ESG Considerations

Environmental

There were no environmental factors that had a relevant or significant effect on the credit analysis. Given the nature of the business and its environmental footprint, the Company has in place its 2024-2027 Strategic Plan to achieve the European transitional environmental targets, which includes a 42% reduction in scope 1 and scope 2 emissions and 25% reduction in scope 3 emissions by 2030, to achieve net zero by 2050. These new targets were established after the Company exceeded, in 2021, the targets set for 2025 (reducing scope 1 and scope 2 emissions by 32% from those in 2016). In 2024, Sacyr achieved an 18.0% reduction in scope 1 and scope 2 emissions (surpassing its target for the same year by 1.2%) as well as a 52.0% reduction in scope 3 emissions (exceeding its target by 42.0%). In addition, 36% of the Company's energy consumption in 2024 came from renewable sources (compared with 27% in 2023).

Social

There were no social factors that had a relevant or significant effect on the credit analysis. Sacyr is exposed to regulation risks, labour disputes, and safety failures that could significantly affect its reputational and financial performance, although we do not expect a potential impact on the credit arising from the social factor. We note that, in 2024, for Sacyr's own employees, the recordable injury frequency rate decreased to 7.17 from 8.81 in 2023, and the lost-time injury severity rate decreased to 0.18 from 0.26 in 2023. There has not been cyberattacks reports or data breaches that had affected Sacyr's performance.

Governance

There were no governance factors that had a relevant or significant effect on the credit analysis. Sacyr is a publicly traded company incorporated under Spanish law, listed on the IBEX 35, but also subject to the different mandatory regulations of each region where it operates. The Company's board of directors has 14 members, including two executive directors (chair and CEO), four proprietary non-executive directors, seven non-executive independent directors, and one additional external director. The board is ultimately responsible for ESG aspects and maintains oversight of all climate-related issues through the Audit and Sustainability Committee (composed of four independent non-executive directors, including the chair). In June 2025, Pedro Sigüenza was appointed as the new CEO, replacing Manuel Manrique Cecilia, previous CEO and current Chairman, fulfilling its announced commitment of separating the executive duties. Additionally, during H1 2025, the Company reached 43% female representation on the board.

Intrinsic Assessment Framework

Sacyr SA

Industry Construction Services

(1) Comprehensive BRA	Description	Assessment	Weight
	Risk Management	BBB	16.7%
	Project Control	BBB	16.7%
	Project Complexity and Contractor Expertise	BBB	16.7%
	Size and Market Position	BBB	16.7%
	Nature of Contracts	BBBH/BBB	16.7%
	Diversification	BBB	16.7%
	BRA	**BBB**	
	BRA Adjustment	0.0	
	Comprehensive BRA	**BBB**	

(2) Comprehensive FRA	Metric	Assessment	Weight
	Cash flow-to-debt (%)	BB/BBL	25.0%
	Debt-to-EBITDA (x)	BBH	25.0%
	EBITDA-to-interest (x)	BBBH	25.0%
	EBITDA margin (%)	AAA	25.0%
	FRA	**BBBH**	
	FRA Adjustment - Other Financial Considerations	-1.0	
	FRA Adjustment - Liquidity Considerations	0.0	
	Comprehensive FRA	**BBB**	

(3) IA	Component		Assessment	Weight
	(1) Comprehensive BRA		BBB	62.5%
	(2) Comprehensive FRA		BBB	37.5%
	Intrinsic Assessment Range (IAR)	**High**	**Mid**	**Low**
		BBBH	BBB	BBBL
	Intrinsic Assessment (IA)		**BBB**	

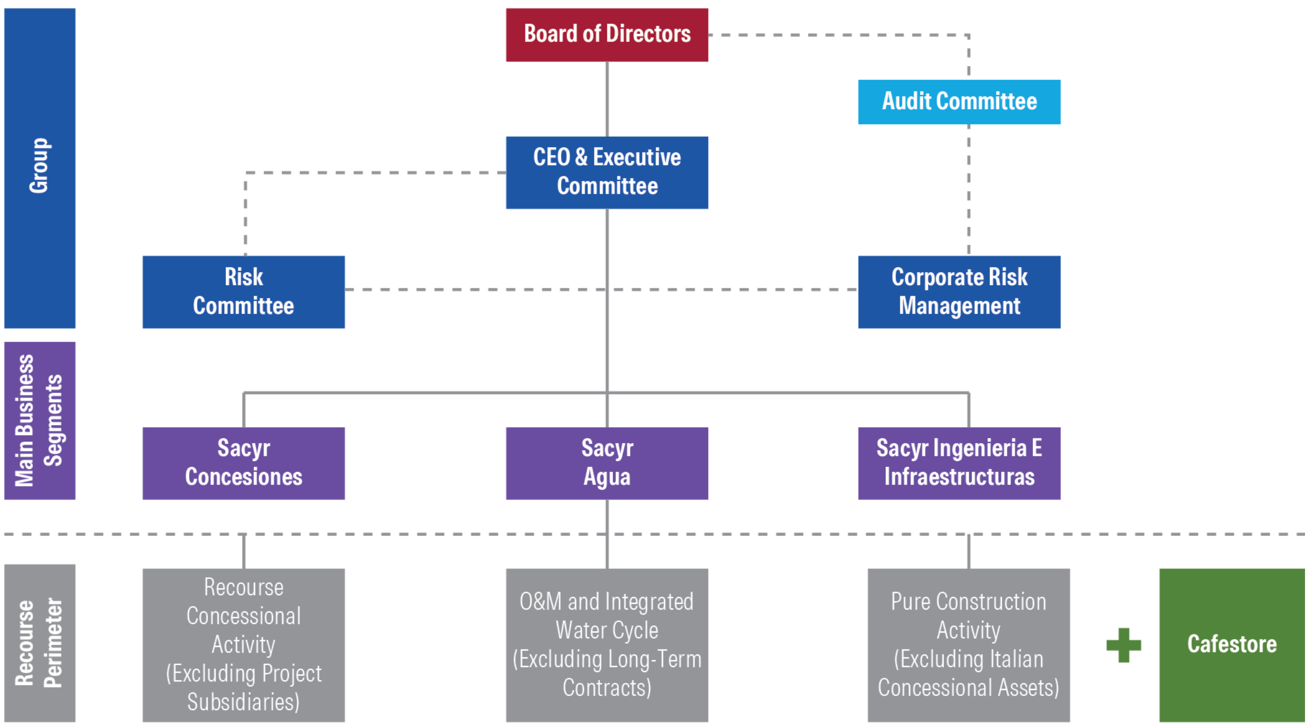
(4) Issuer Rating	Additional Considerations	Assessment
	Parent-Subsidiary Relationships	-1.0
	Third Party Support	0.0
	Sovereign Constraint	0.0
	Issuer Rating	**BBB (low)**
	Trend	**Stable**

Notes:
All figures are in euros unless otherwise noted.

For the definition of Issuer Rating, please refer to Rating Definitions under Rating Policy on dbrs.morningstar.com.

Generally, Issuer Ratings apply to all senior unsecured obligations of an applicable issuer, except when an issuer has a significant or unique level of secured debt.

Appendix I: Organizational Chart



Appendix II: Debt Profile and Liquidity

Sacyr SA

Instrument	Amount (EUR Millions)	Debt Type	Cross-guarantees	Cross Default
Pagarés	196	Unsecured	No	No
Bonos	570	Unsecured	No	Yes
Syndicate	300	Unsecured	Yes	Yes
Other Corporate Loans / RCF	141	Unsecured	No	Yes
Total	**1,207**			

Sacyr Concesiones

Instrument	Amount (EUR Millions)	Debt Type	Cross-guarantees	Cross Default
Bridge Loans	118	Unsecured	Yes	Yes

SPVs

Instrument	Amount (EUR Millions)	Debt Type	Cross-guarantees	Cross Default
Project Financing	3,808	Secured	No	No
PF with bonds	997	Secured	No	No

Sacyr Construcción SA

Instrument	Amount (EUR Millions)	Debt Type	Cross-guarantees	Cross Default
Working Capital Facilities	42	Unsecured	No	Yes
Mortgage Loans	2	Secured	No	No

SPVs

Instrument	Amount (EUR Millions)	Debt Type	Cross-guarantees	Cross Default
Project Financing	230	Secured	No	No
PF with bonds	1,971	Secured	No	No

Sacyr Agua SL

SPVs

Instrument	Amount (EUR Millions)	Debt Type	Cross-guarantees	Cross Default
Project Financing	231	Secured	No	No

Project Finance Debt Recourse Debt

- Debt for the recourse perimeter is EUR 1.5 billion, mainly composed of bonds that were refinanced in May 2025 to extend maturities and infuse EUR 130 million of new money (allocated to partially reduce bank loans).
- Recourse net leverage closed at 0.4x in 2024, complying with Sacyr's commitment to maintaining a maximum leverage of 1.0x.

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