



ISSUER RATING

Long-term Rating

Outlook: Stable

First rating date: 12/02/2019

Review date: 17/12/2019

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Executive Summary

The following is an Executive Summary on the rating allocated by **Axesor Rating** to **Sampol Grupo Corporativo, S.L.** Under the terms of the formalized issue, the rating of **Sampol Ingeniería y Obras, S.A.** (issuer entity) is the same as that of **Sampol Grupo Corporativo, S.L.**

Fundamentals

Business profile

► **Company with a broad track record and adequate competitive positioning.**

With more than 85 years of experience, Sampol Group identifies itself as a company specialised in the development and implementation of applied engineering projects in the fields of energy, electromechanical installations, telecommunications and automation and systems integration. The group is positioned in the international market as a medium-sized, benchmark player in certain business niches and markets where it has steady, recurrent business.

► **Continuity in an adequate diversification in its business model with noteworthy influence of its Spain-Caribbean axis and activity for the hotel, airport and power generation sectors.**

The company is positioned as the prime contractor for the complete cycle of: engineering, commissioning, and the operation and maintenance of infrastructures and systems. Its historical positioning in Spain and the Caribbean (80% of EBITDA in 2018), around the airport and hotel sectors, and the activity in energy plants (EPC and energy sale) define its business strategy and make up the majority of the business.

► **Positive contracting evolution including project execution's following the implemented strategic criteria.**

The group bears the characteristics of a family business, in terms of stability and concentration of shareholders, an aspect that also allows for solid strategic bases to be implemented. In 2019 the company is exceeding contracting for € 130 MM (€ 106 MM in 2018), surpassing forecasts and making progress in the group's growth for the coming years. The evolution to October 2019 sets the portfolio pending for execution at € 150 MM, with € 165 MM planned to be completed.

Financial profile

► **Maintains a positive financial situation during the execution of the planned growth and investment programme.**

Latest economic figures confirm the achievement and maintenance of a positive financial situation. The increase in business activity and a low level of indebtedness positively supported the generation of cash and liquidity of the group. At the close of 2018, the company had a positive net cash position (€1.1 million), an aspect that favours continuity of the business and the fulfilment of financial objectives.

► **Achievement of the group's funding objectives and a review of its business plan which includes higher growth expectations.**

The company is making good progress in its objectives, and the financial projections are currently being updated to reflect the expected improvement in turnover, profitability and cash flow levels that will enable the fulfilment of its financial commitments.

In February 2019, the planned issuance of senior unsecured bonds for €25 million/5 years was formalised, mainly for investment in 4 energy plants. The company currently has three plants under contract (and a fourth under advanced negotiation), one of which is practically completed.

Main financial figures

Main financial figures					
€ thousands	Audited	Audited	Estimated	Variation	
Auditor: KPMG	2017	2018	2019E	2018-17	2019E-2018
Revenues	142,836	175,933	180,331	23.17%	2.50%
EBITDA	20,782	21,972	19,813	5.73%	-9.82%
% on revenues	14.55%	12.49%	10.99%	-2.06pp	-1.50pp
Net result	13,501	9,673	7,328	-28.35%	-24.24%
Balance	164,452	179,429	204,927	9.11%	14.21%
Equity	59,574	67,458	74,556	13.23%	10.52%
% on financial debt	167.65%	228.92%	165.83%	61.27pp	-63.09pp
Net Financial debt (NFD)	26,791	-1,186	246	-104.43%	120.71%
NFD / EBITDA	1.29x	-0.05x	0.01x	-1.34x	0.07x
Interest coverage	11.15x	10.20x	7.51x	-0.94x	-2.69x
Cash-flow from operations (CFO)	14,679	24,479	17,478	66.76%	-28.60%
% s/NFD	54.79%	-2,064.70%	7,117.55%	-2,119.49pp	9,182.26pp
Free cash flow	10,202	28,206	4,206	176.47%	-85.09%
Cash and cash equivalents	8,744	30,654	44,714	250.56%	45.87%

Outlook

The rating granted has a **stable** outlook. Our review determined that the given rating reflects the current situation and future prospects expected in the credit quality of the Issuer.

Currently, the company continues achieving its strategic objectives under controlled indebtedness and keeping a positive situation for the fulfillment of financial commitments. Difficulties in the maintenance of liquidity or the compliance with financing terms could lead the rating to be classified with a negative outlook.

Regulatory information

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, Axesor Rating 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, and in accordance with the Corporate Rating Methodology and Outlook Methodology that can be consulted on www.axesor-rating.com/en/about-axesor/methodology and according to the Long-term Corporate Rating scale available at www.axesor-rating.com/en/about-axesor/rating-scale.
- Axesor 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 axesor 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.

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