



ISSUER RATING

Long-term Rating

Outlook: Stable

First rating date: 13/11/2018

Review date: 24/12/2020

Analysts

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Executive Summary

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

Grupo Sampol is an engineering company with more than 85 years of experience. Its historical positioning in Spain and the Caribbean (88% of EBITDA in 2019) around both airport and hotel sectors, besides the activity in energy plants (EPC and energy sale), make up the majority of the business. During 2019, the group reached a turnover figure of €184,8M (+5% from 2018) with a positive net cash position of €12,6M, enabling the maintenance of its favourable financial status.

Fundamentals

Qualitative profile

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

Grupo Sampol is identified as a company with a long history, specialised in the development and implementation of applied engineering projects in the fields of energy, electromechanical installations and telecommunications, besides systems automation and integration. The group is positioned in the international market as a medium-sized benchmark player in certain business niches and markets where it develops steady and recurrent business.

► **Continuity of an adequate diversification in its business model, with a notable influence of the Spain-Caribbean axis in terms of its activity in the hotel, airport and energy generation sectors.**

The company is positioned as the prime contractor for the complete cycle of: engineering, commissioning, operation and maintenance of infrastructures and systems. Its historical positioning in Spain and the Caribbean (88% of EBITDA in 2019), around the airport and hotel sectors, plus the activity in energy plants (EPC and energy sale) define its business strategy and make up the majority of the business.

The sale of energy through plants for third parties accounted for 41,7% of its EBITDA in 2019 (41,7% also in 2018), an aspect that characterizes its business model and largely justifies its financial needs.

► **Positive evolution of the contracting and execution of projects under the implemented strategic criteria.**

In 2019, the company confirmed the positive contracting data with a figure of €130M (€106M in 2018). The advance to October 2020 reflects the difficulties of the year, with a contracting figure of €65M and a portfolio of €152M (€155M in 2019). The improved performance of national contracting, unlike in the Caribbean, has reduced the impact of the coronavirus on contracting, estimating its annual figure within the strategic objectives at more than €80M.

To date, the company has implemented two of the four cogeneration plants associated with energy sales and O&M foreseen in the Strategic Plan, with the third one in an advanced stage of construction. The fourth plant, signed in 2020 to replace another project that was not finally formalised, is expected to be completed in 2022.

Financial profile

► **Positive financial situation within the monitoring of the growth and investment plan.**

The improvement in liquidity achieved in 2019 allowed the obtainance of a positive net cash flow, higher than expected (€12,7M). This greater liquidity will allow, together with the reduction of costs and the raising of new debt during 2020, to reduce the negative impact of COVID-19 this year. Thus, the lower income derived from the slowdown in operations and the worse performance of the 'working capital' during 2020 have been favorably compensated. Forecasts for 2020 estimate an EBITDA margin of 10,2% (11,2% in 2019), allowing continuity in the generation of profits in the activity.

► **Positive financial outlook within an estimate of lower results and profitability during the 2021-22 period.**

The issuance of a programme of promissory notes of up to €50M and long-term 'ICO loans' of up to €25M allows the strengthening of liquidity and the securing of ongoing investments in the context of current economic uncertainty. The conservative estimate for the end of 2020 places net cash in very positive terms (€0,5M) given the cash position reached (€62M). The revision of the Strategic Plan includes the investment in an additional energy plant with respect to the previous plan (negotiation in progress), under a scenario of lower profitability and cash generation until 2023, an aspect duly supported in terms of cash with the funds collected in 2020 and the group's own generation of activity.

Main figures

Main consolidated figures

€thousands	2018	2019	2020f	2019-18	2020f-2019
Revenues	175,933	184,846	135,202	5.07%	-26.86%
EBITDA	21,972	20,757	13,758	-5.53%	-33.72%
% o/Revenues	12.49%	11.23%	10.18%	-1.26pp	-1.05pp
Financial Expenses (FE)	-2,153	-2,909	-2,955	-35.10%	-1.58%
EBITDA/FE	10.20x	7.13x	4.66x	-3.07x	-2.48x
Financial Debt	29,468	55,231	62,506	87.43%	13.17%
Equity	67,458	65,686	69,243	-2.63%	5.42%
% o/Financial Debt	228.92%	118.93%	110.78%	-109.99pp	-8.15pp
Net Financial Debt (NFD)	-1,186	-12,673	429	-968.91%	103.39%
NFD/EBITDA	-0.05x	-0.61x	0.03x	-0.56x	0.64x
Funds from Operations (FFO)	24,479	18,348	14,956	-25.05%	-18.49%
FFO/NFD	-2064.70%	-144.78%	3484.25%	1919.92pp	3629.03pp
Cash	30,654	67,904	62,076	121.52%	-8.58%

Rating and outlook

Axesor Rating assigns a credit rating of **BBB-** to Grupo Sampil, with a **stable outlook**. Our opinion determines that the rating granted reflects the current situation, as well as the expected future perspective on the company's credit quality.

Sensitivity analysis

Factors that could (individually or collectively) impact the rating:

► **Positive factors (↑).**

A significant advance in the objectives of the business plan under a sustainable scenario of recovery in results and profitability and debt containment.

► **Negative factors (↓).**

A substantial deviation from the objectives of the strategic plan, with a negative impact on the company's liquidity in order to meet its financial commitments.

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-US/about-axesor/methodology and according to the Long-term Corporate Rating scale available at www.axesor-rating.com/en-US/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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