

Sacyr SA SCYR ★★★ Q 3 May 2024, 22:45 UTC

Economic Moat ^Q	Uncertainty ^Q	Price/Fair Value ^Q	ESG Risk Rating Assessment ¹	Trailing Dividend Yield %	Market Cap	Investment Style	Sector	Industry
None	High	0.9	1 May 2024 05:00, UTC	4.12	2.2371 Bil	Small Core	Industrials	Engineering & Construction

8	6	4	2	0.5
<div> <div></div> Overvalued <div></div> Fairly Valued <div></div> Undervalued </div>				

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD	Performance
Price/Fair Value ^Q	0.86	0.71	0.96	0.91	0.70	0.92	0.79	0.98	0.87	0.92	0.92	Price/Fair Value ^Q
Total Return %	-24.00	-30.89	22.38	9.48	-21.70	55.10	-19.15	17.92	18.22	28.70	10.81	Total Return %
+/- Index	-30.70	-25.82	19.35	-2.14	-10.14	39.84	-7.24	7.21	19.43	1.80	1.09	+/- Index

As of 3 May 2024 | Index: Morningstar Spain GR EUR. Fair Value data as of 3 May 2024, 22:45 UTC.

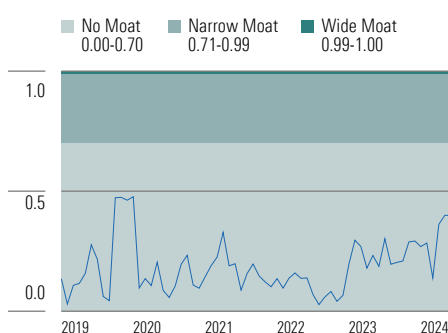
¹The ESG Risk Rating Assessment is a representation of Sustainalytics' ESG Risk Rating. Lee Davidson, Chief Analytics Officer for Morningstar, Inc, oversees the methodology that supports Quantitative Fair Value Estimates and Quantitative Star Ratings. Mr. Davidson is guided by the Morningstar, Inc. Code of Ethics in carrying out his responsibilities. For information regarding Conflicts of Interests, visit <http://global.morningstar.com/equitydisclosures>.

Key Metrics as of 2 May 2024

Metrics		Percentile in Sector
Earnings Yield (%)	6.2	67.0
Sales Yield (%)	252.3	81.0
Book Value Yield (%)	29.3	28.0
Return on Assets (%)*	0.8	28.0
Revenue(Bil)*	6.2	85.0
Market Value (Bil)	2.4	73.0
Enterprise Value (Bil)	11.7	87.0
EV/MV Ratio	4.9	97.0
Volatility TTM (%)	16.1	11.0
Drawdown TTM (%)	16.1	24.0
Volume (Mil)	2.0	80.0

*30 Jun 2023

Economic Moat^Q History as of 3 May 2024



Business Description

Sacyr SA develops complex infrastructure projects and provides construction services for various industrial markets. It constructs roads, buildings, water systems, plants, and equipment to enhance working environments within facilities. The company has four business divisions: construction (the majority of total revenue), concessions, services, and industrial. Its comprehensive range of services primarily relates to the maintenance of facilities, energy-efficient solutions, and environmental services geared toward water treatment and waste management. Concessions have been granted to Sacyr in various countries, as the company looks to build and maintain better transportation networks for the public. It operates on five continents, with Europe and South America both important regions.

Valuation^Q as of 3 May 2024

Morningstar maintains a 3-star quantitative star rating for Sacyr, derived from the firm's valuation and uncertainty scores.

The company's shares last closed at 3.31, below our quantitative fair value estimate of 3.60. These shares have traded between a 16.27% discount and 4.76% premium to their fair value estimate over the past year. In Morningstar's equity coverage universe for this methodology, the company's valuation rating lands at the 81st percentile; in the industrials sector, the firm's score lies at the 71st percentile (meaning the shares are more undervalued than 71% of stocks in the sector).

Furthermore, Sacyr maintains a quantitative valuation uncertainty rating of High.

The company has held this star rating since the previous rating of 4, which was last assigned on 03/06/2024. The uncertainty rating for Sacyr has remained High since the previous rating of Very High, which was last assigned on 04/01/2024.

The key factors behind these ratings are the company's earnings yield and volatility. The earnings yield is 6.16%, and its maximum annualized trailing 12-month volatility is 22.07%. The earnings yield falls at the 67th percentile in the industrials sector while the volatility is at the 11th percentile. Over the past year, the company's earnings yield has been between -10.79% and 7.79%; its volatility has ranged between 16.03% and 22.07%.

Economic Moat^Q as of 3 May 2024

With a Morningstar quantitative moat rating of None, the quantitative moat score for Sacyr falls at the 23rd percentile in the industrials sector and at the 29th in the equity coverage universe. The company has maintained its None quantitative moat rating for the last year.


We also assign a Moderate quantitative financial health rating to Sacyr. The company's raw score on this metric, termed Distance to Default, ranks at the 45th percentile overall and in the industrials sector. Furthermore, this financial health rating has stayed Moderate over the last year.

Supporting these ratings are the company's sales yield and enterprise value-to-market value ratio. The sales yield of 252.29%, ranks at the 86th percentile in the covered equity universe and at the 81st percentile among its peers. Meanwhile, its enterprise value-to-market value ratio of 4.88, falls at the 95th percentile in both the universe and the industrials sector.

Fundamentals as of 3 May 2024

Sacyr maintains earnings per share of 0.21. The company further earns a return on invested capital of 4.83%. The shares offer a dividend yield of 4.28%. These values are calculated over a trailing 12-month period.

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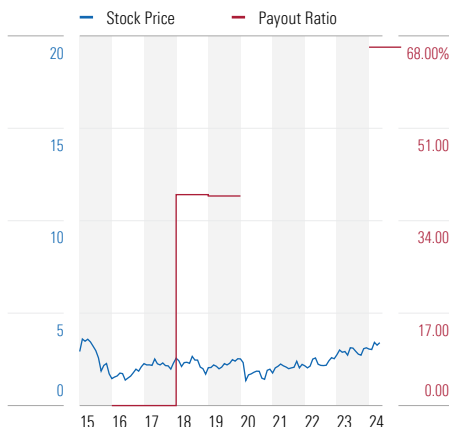
Economic Moat ^Q	Uncertainty ^Q	Price/Fair Value ^Q	ESG Risk Rating Assessment ¹	Trailing Dividend Yield %	Market Cap	Investment Style	Sector	Industry
None	High	0.9		4.12	2.2371 Bil	Small Core	Industrials	Engineering & Construction

Earnings as of 2 May 2024

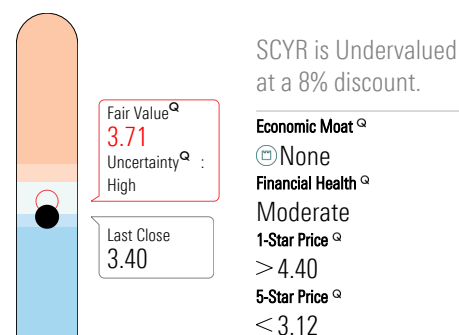
Earnings	%	Percentile in Sector
Dividend Yield*	4.3	77.0
Payout Ratio*	65.9	79.0
Price to Earnings	16.2	45.0
Price to Cash Flow	3.4	8.0
ROIC**	4.8	41.0

*30 Apr 2024
**30 Jun 2023

Dividends as of 3 May 2024



Valuation^Q as of 3 May 2024



As of last market close, Sacyr has a price-to-earnings ratio of 16.24, falling below the 45th percentile in its sector (where a lower percentile means a lower ratio) and ranging between 12.84 and 18.07 over the past year. The company's price-to-free cash flow ratio is 3.39, falling at the 8th percentile in its sector and ranging between 2.68 and 16.32 over the past year.

Contact

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<https://www.sacyr.com>

Financials as of 3 May 2024 (Fiscal Year End 31 Dec 2023)

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD	Fiscal
2,718	2,949	2,860	3,093	3,796	4,169	4,548	4,675	5,852	—	2,164	Revenue (Mil)
194	39	204	275	305	509	467	731	1,303	—	579	Operating Income (Mil)
7.14	1.34	7.13	8.91	8.03	12.2	10.28	15.63	22.27	—	26.75	Operating Margin (%)
33	370	120	131	150	-298	36	-189	111	—	64	Net Income (Mil)
0.07	0.66	0.23	0.24	0.27	-0.52	0.06	-0.30	0.18	—	0.10	Diluted Earnings/Share
43	160	156	292	405	510	545	629	738	—	360	Operating Cash Flow (Mil)
-113	-84	-89	-132	-171	-203	-135	-201	-602	—	-79	Capital Spending (Mil)
-70	77	68	160	234	307	410	428	135	—	281	Free Cash Flow (Mil)
575	614	578	583	605	631	640	690	697	—	696	Avg Shares Outstand(Mil)

Valuation as of 3 May 2024

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Current	Calendar
0.86	0.71	0.96	0.91	0.70	0.92	0.79	0.98	0.87	0.92	0.92	Price/Fair Value ^Q
0.47	0.29	0.38	0.42	0.27	0.36	0.27	0.30	0.30	0.37	0.41	Price/Sales
—	—	—	9.72	6.57	9.55	—	29.79	—	15.32	16.67	Price/Earnings
0.90	2.40	16.04	4.32	3.29	3.14	2.14	2.30	2.63	2.61	2.84	Price/Cash Flow
1.15	0.52	0.68	0.76	0.72	1.27	1.91	2.11	2.63	3.16	3.50	Price/Book

Operating Performance as of 3 May 2024 (Fiscal Year End 31 Dec 2023)

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Q3	Fiscal (%)
0.26	3.33	1.14	1.08	1.1	-2.15	0.25	-1.29	0.68	—	0.25	Return on Assets
3.08	25.86	6.98	7.59	10.75	-30.21	5.16	-39.14	23.39	—	7.37	Return on Equity
4.2	10.22	4.84	4.68	5.56	-0.87	3.74	1.2	4.9	—	0.42	Rtn on Invested Capital

Dividends as of 3 May 2024

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Current	Calendar (%)
—	0.05	—	—	0.10	0.10	0.08	0.09	0.11	0.13	0.14	Dividend Per Share
—	2.76	—	—	5.91	4.04	4.06	—	4.42	—	4.12	Trailing Dividend Yield
—	0.12	—	—	0.05	—	—	—	0.67	—	0.59	Buyback Yield

Appendix

Economic Moat [®] History as of 3 May 2024 (No Moat: 0.00-0.70, Narrow Moat: 0.70-0.99, Wide Moat: 0.99-1.00)												
Year	January	February	March	April	May	June	July	August	September	October	November	December
2024	0.27	0.28	0.14	0.36	0.40	—	—	—	—	—	—	—
2023	0.20	0.30	0.27	0.18	0.23	0.19	0.30	0.20	0.20	0.21	0.29	0.29
2022	0.14	0.10	0.14	0.16	0.14	0.14	0.07	0.03	0.06	0.08	0.04	0.07
2021	0.14	0.19	0.23	0.33	0.19	0.20	0.09	0.16	0.20	0.15	0.12	0.10
2020	0.48	0.10	0.14	0.11	0.20	0.09	0.06	0.11	0.20	0.23	0.11	0.10
2019	0.13	0.03	0.11	0.12	0.16	0.28	0.22	0.06	0.04	0.47	0.47	0.46

Quantitative Equity Report Overview

The quantitative report on equities consists of data, statistics and quantitative equity ratings on equity securities. Morningstar, Inc.'s quantitative equity ratings are forward looking and are generated by a statistical model that is based on Morningstar Inc.'s analyst-driven equity ratings and quantitative statistics. Given the nature of the quantitative report and the quantitative ratings, there is no one analyst in which a given report is attributed to; however, Mr. Lee Davidson, Head of Quantitative Research for Morningstar, Inc., is responsible for overseeing the methodology that supports the quantitative equity ratings used in this report. As an employee of Morningstar, Inc., Mr. Davidson is guided by Morningstar, Inc.'s Code of Ethics and Personal Securities Trading Policy in carrying out his responsibilities.

Quantitative Equity Ratings

Morningstar's quantitative equity ratings consist of: (i) Quantitative Fair Value Estimate, (ii) Quantitative Star Rating, (iii) Quantitative Uncertainty, (iv) Quantitative Economic Moat, and (v) Quantitative Financial Health (collectively the "Quantitative Ratings").

The Quantitative Ratings are calculated daily and derived from the analyst-driven ratings of a company's peers as determined by statistical algorithms. Morningstar, Inc. ("Morningstar", "we", "our") calculates Quantitative Ratings for companies whether or not it already provides analyst ratings and qualitative coverage. In some cases, the Quantitative Ratings may differ from the analyst ratings because a company's analyst-driven ratings can significantly differ from other companies in its peer group.

i. **Quantitative Fair Value Estimate:** Intended to represent Morningstar's estimate of the per share dollar amount that a company's equity is worth today. Morningstar calculates the Quantitative Fair Value Estimate using a statistical model derived from the Fair Value Estimate Morningstar's equity analysts assign to companies. Please go to <http://global.morningstar.com/equitydisclosures> for information about Fair Value Estimate Morningstar's equity analysts assign to companies.

ii. **Quantitative Economic Moat:** Intended to describe the strength of a firm's competitive position. It is calculated using an algorithm designed to predict the Economic Moat rating a Morningstar analyst would assign to the stock. The rating is expressed as Narrow, Wide, or None.

Narrow – assigned when the probability of a stock receiving a "Wide Moat" rating by an analyst is greater than 70% but less than 99%.

Wide – assigned when the probability of a stock receiving a "Wide Moat" rating by an analyst is greater than 99%.

None – assigned when the probability of an analyst receiving a "Wide Moat" rating by an analyst is less than 70%.

iii. **Quantitative Star Rating:** Intended to be the summary rating based on the combination of our Quantitative Fair Value Estimate, current market price, Quantitative Uncertainty Rating, and momentum. The rating is expressed as One-Star, Two-Star, Three-Star, Four-Star, and Five-Star.

★ – the stock is overvalued with a reasonable margin of safety.

*Log (Quant FVE/Price) < -1*Quantitative Uncertainty*

*Micro-Caps: Log (Quant FVE/Price) < -1.5*Quantitative Uncertainty*

★★ – the stock is somewhat overvalued.

*Log (Quant FVE/Price) between (-1*Quantitative Uncertainty, -0.5*Quantitative Uncertainty)*

*Micro-Caps: Log (Quant FVE/Price) between (-1.5*Quantitative Uncertainty, -0.75*Quantitative Uncertainty)*

★★★ – the stock is approximately fairly valued.

*Log (Quant FVE/Price) between (-0.5*Quantitative Uncertainty, 0.5*Quantitative Uncertainty)*

*Micro-Caps: Log (Quant FVE/Price) between (-0.75*Quantitative Uncertainty, 0.75*Quantitative Uncertainty)*

★★★★ – the stock is somewhat undervalued.

*Log (Quant FVE/Price) between (0.5*Quantitative Uncertainty, 1*Quantitative*

Uncertainty)

*Micro-Caps: Log (Quant FVE/Price) between (0.75*Quantitative Uncertainty, 1.5*Quantitative Uncertainty)*

★★★★★ – the stock is undervalued with a reasonable margin of safety.

*Log (Quant FVE/Price) > 1*Quantitative Uncertainty*

*Micro-Caps: Log (Quant FVE/Price) > 1.5*Quantitative Uncertainty*

After the initial calculation for the star rating, there is a final filtering step based on the momentum of the company. We rank the companies based on their 12-1 month momentum, then restrict those below the 30th percentile to a maximum of 3 stars.

iv. **Quantitative Uncertainty:** Intended to represent Morningstar's level of uncertainty about the accuracy of the Quantitative Fair Value Estimate. Generally, the lower the Quantitative Uncertainty, the narrower the potential range of outcomes for that particular company. The rating is expressed as Low, Medium, High, Very High, and Extreme.

Low – the interquartile range for possible fair values is less than 10%

Medium – the interquartile range for possible fair values is less than 15% but greater than 10%

High – the interquartile range for possible fair values is less than 35% but greater than 15%

Very High – the interquartile range for possible fair values is less than 80% but greater than 35%

Extreme – the interquartile range for possible fair values is greater than 80%

v. **Quantitative Financial Health:** Intended to reflect the probability that a firm will face financial distress in the near future. The calculation uses a predictive model designed to anticipate when a company may default on its financial obligations. The rating is expressed as Weak, Moderate, and Strong.

Weak – assigned when Quantitative Financial Health < 0.2

Moderate – assigned when Quantitative Financial Health is between 0.2 and 0.7

Strong – assigned when Quantitative Financial Health > 0.7

Other Definitions

i. **Last Close** – Price of the stock as of the close of the market of the last trading day before date of the report.

ii. **Quantitative Valuation** – Using the below terms, intended to denote the relationship between the security's **Last Price** and Morningstar's quantitative fair value estimate for that security.

Undervalued – Last Price is below Morningstar's quantitative fair value estimate.

Fairly Valued – Last Price is in line with Morningstar's quantitative fair value estimate.

Fairly Valued – Last Price is in line with Morningstar's quantitative fair value estimate.

Overvalued – Last Price is above Morningstar's quantitative fair value estimate.

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Based on their quantitative scores, companies are grouped into one of five Risk Categories (negligible, low, medium, high, severe). These risk categories are absolute, meaning that a 'high risk' assessment reflects a comparable degree

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The ESG Risk Rating Assessment is a visual representation of Sustainalytics ESG Risk Categories on a 1 to 5 scale. Companies with Negligible Risk = 5 Globes, Low Risk = 4, Medium Risk = 3 Globes, High Risk = 2 Globes, Severe Risk = 1 Globe. For more information, please visit sustainalytics.com/esg-ratings/

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