PRESS RELEASE

Scope Ratings affirms the BB- Corporate Issuer-Credit Rating of Ortiz Construcciones y Proyectos S.A.U. and changes the Outlook from Stable to Positive

Scope Ratings today affirms the BB- rating of the Spanish-based Ortiz Construcciones y Proyectos S.A.U. (henceforth 'Ortiz' or 'company'). The rating Outlook has been changed to Positive.

The Outlook revision reflects Ortiz's improved financial risk profile, with a reduction of its leverage, as well as a positive development in its business risk profile resulting from higher geographical diversification than expected evident in the company's current backlog.

The rating reflects Ortiz's 2014 financial year results. Revenues and EBITDA 2014 are in line with Scope's forecast. The group's revenues have been supported mainly by the positive development of its activities in the energy sector outside Spain, as well as the effective integration of its Latin American operations. The rating is also driven by the group's well established position in the Spanish construction market, and its diverse revenue mix in sectors covering construction, services, energy, concessions and real estate. Finally, the diversified backlog of construction projects (approx. EUR1.5bn excluding not fully consolidated concessions) as of December 2014, provides high revenue visibility for the next three years (3.6x the revenues of 2014).

As outlined below, the group's financial risk profile is driven by credit metrics consistent with a BB-rated company: an adequate Gross Financial Debt/EBITDA of 3.2x in 2014 (Net Financial Debt/EBITDA 2.1x), solid cash flow generation (as measured by FFO), and adequate liquidity ratios supported by undrawn committed available credit facilities.

However, Ortiz's rating is constrained by its limited, albeit improving geographical diversification, and the slower recovery of its business in the Spanish market that constitutes Ortiz's core market. With total revenues of EUR412m in 2014, the company is exposed to a strong competitive pressure on margins exercised by much larger players. Furthermore, last year's net profit was impacted negatively by the financial results, with extraordinary losses of EUR21.2m.

KEY RATING DRIVERS

Well established mid-size company in the Spanish construction market: although the group has a limited size and is smaller than most of its peers, with revenues of EUR 412m in 2014 (excl. non-fully consolidated concessions), the company profits from a long track record and an established position in its core market Spain.

Diverse revenue mix through sectors and end-markets served: Ortiz's activities encompass a number of sectors, among them construction and energy, providing 52.4% and 29.4% of revenues in 2014, while Services, Concessions and Real Estate accounted for 18.2%. This revenue mix helps the company compensate the strong contraction in demand in its domestic market, while benefiting from higher growth dynamics in the international energy market.

Improving geographical diversification: in 2014, 56% of Ortiz's total revenues were generated in Spain. Nevertheless, Scope acknowledges that the group's efforts to diversify into other markets such us Latin America have been effective, with a sustained increase of revenues to 44% in 2014 from 10%

in 2011. The positive development of its internationalisation process mitigates the slower than expected revenue generation in Spain.

Diversified backlog: the group has an order backlog of approx. EUR1.5bn (excluding not fully consolidated concessions) as of December 2014 that provides high revenue visibility for the next three years (3.6x the revenues of 2014). Scope regards the backlog as well diversified across sectors and geographies, with 28% coming from domestic construction, 28% from international construction and 35% from energy projects. Geographically, projects from Spanish customers represent around 43% of the order backlog, signaling that Ortiz can be expected to reduce its future geographical exposure.

Improved credit metrics in 2014, expected to remain stable in 2015: the group's Gross Financial Debt/EBITDA stood at 3.2x (Net Financial Debt/EBITDA 2.1x; Lease adjusted debt/EBITDAR 4.2x) as of December 2014, while Ortiz's EBITDAR fixed charge cover stood at 2.8x. These metrics are expected to remain at similar levels in 2015, i.e. at 3.1x and 2.9x respectively, thus staying at adequate levels for the company's current rating.

Positive cash flow generation: Ortiz showed solid cash flow generation with EUR24.7m of FFO in 2014, expected to reach EUR30.8m in 2015. This cash flow allows the company to cover its CAPEX requirements.

Profitability impacted for one-offs: Ortiz has slightly improved the EBITDA margin ((12.0% in 2013 and 12.7% in 2014), despite the construction business' inherent vulnerability to the economic cycle and competitive pressures from larger competitors. Losses coming from sales of financial instruments (EUR11.7m), receivables impairments (EUR3.6m), and higher interest expenses (EUR18.6m in 2014, EUR16.5m in 2013) impacted Ortiz's net profits and resulted in a net yearly loss of EUR6.7m. As most of the above mentioned events are one-offs, Scope expects net profits to return to a positive balance in 2015.

Improved liquidity ratios: in Scope's view, the group's operating cash flow (EUR14.8m) together with its unrestricted cash position of approx. EUR42m and the group's undrawn committed credit lines of more than EUR40m as of December 2014, puts Ortiz in a comfortable position to redeem its financial obligations of EUR70m (EUR7.8m project debt) in the short term.

OUTLOOK

The Positive Outlook reflects Scope's expectation that: i) the group's ratio Gross Financial Debt/EBITDA will remain below 3.2x over the next 12 months;: ii) the further improvement of the geographical diversification evidenced by the company's current backlog; and iii) net profits to return to positive balances, with no further one-offs. Scope closely monitors the pace of Ortiz's expansion in Latin America and the development of its revenue mix and profitability. However, lower than expected EBITDA margin and slower recovery on the net profits as well as a Gross Financial Debt /EBITDA ratio exceeding 3.5x, could negatively affect the rating over the medium term.