

EARNINGS RELEASE

FY2017



6 April 2018



Key highlights

BACK TO GROWTH

Turnover up 18% YoY to €2,597 Mn, supported by all regions on a comparable basis

EBITDA up 19% YoY to €403 Mn with margin increasing 100 b.p.

Strong and diversified backlog that reached €5,138 Mn, of which 79% outside Europe

STRONGER CAPITAL STRUCTURE

Net debt down 24% YoY to €877 Mn

WORKING CAPITAL DOWN

Working capital down €190 Mn to €177 Mn

POSITIVE OUTLOOK

Growth to continue in 2018 supported by backlog and interesting commercial prospects

2017 a year of delivery

Guidance and strategic targets

Top line growth

Stable EBITDA

Capex c.€120 Mn-€150 Mn

Cash flow to equity generation

Working capital management focus

Capital structure strengthened

Debt maturities extension

Achievements 2017

Turnover up 18% YoY

EBITDA up 19% YoY

Capex €147 Mn, including €50 Mn from long term contracts

€189 Mn recurring free cash flow to equity generation

Working capital reduction of €190 Mn to €177 Mn

2.2x net debt /EBITDA (3.4x in 2016)

Average debt life 2.4 years (2.5 years in 2016)

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Higher operating margins

P&L (€ Mn)

	2017	2016	YoY	2H17	YoY
Turnover	2,597	2,210	18%	1,402	19%
EBITDA	403	338	19%	217	15%
<i>Margin</i>	16%	15%	1 p.p.	15%	(1 p.p.)
EBIT	185	81	129%	87	132%
<i>Margin</i>	7%	4%	3 p.p.	6%	2 p.p.
Net financial results ¹	(102)	(2)	n.m.	(55)	(13%)
Associates	3	(2)	n.m.	2	n.m.
Net monetary position ²	26	-	n.m.	26	n.m.
EBT	112	77	45%	60	n.m.
Net income	61	68	(9%)	22	n.m.
Attributable to:					
Non-controlling interests	60	17	n.m.	25	128%
Group	2	50	(97%)	(3)	n.m.

- Turnover reached €2,597 Mn, well balanced across the regions
- EBITDA margin of 16% reflecting resilient margins in Africa and positive evolution in both Europe and Latin America
- Non-controlling interests are mainly related to Waste Management, Angola and Mexico
- IAS 29 impacted negatively EBITDA (- c.€5 Mn) and Group's net income (- c.€12 Mn). Those impacts are non-cash items

¹2016 figure includes a capital gain of €101 Mn from the sale of the Ports and Logistics business and Indaqua; ²The caption "Net monetary position" reflects partially the accounting of Angola as a hyperinflationary economy (IAS 29).

EBITDA margin improvement in Europe and Latin America

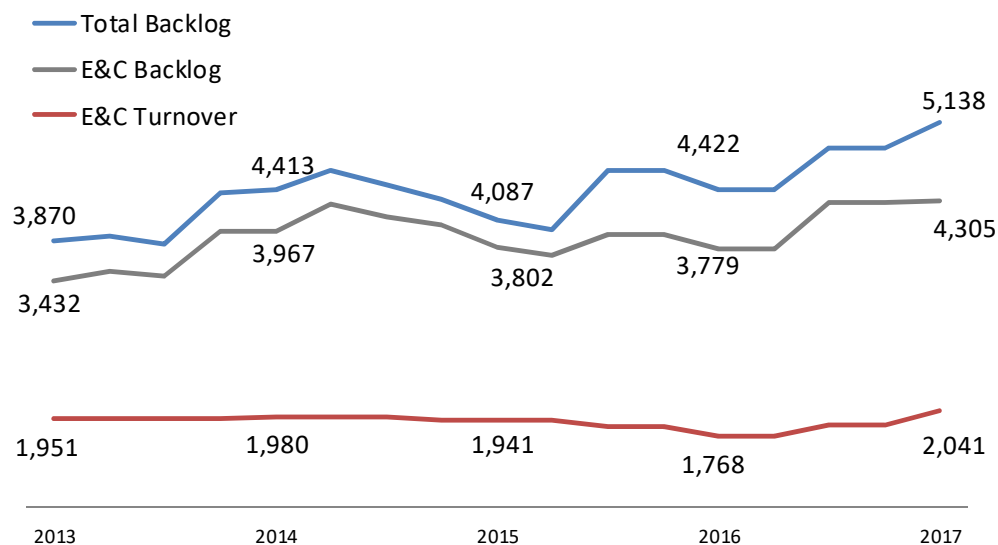
P&L breakdown (€ Mn)

	2017	2016	YoY	2H17	YoY
Turnover	2,597	2,210	18%	1,402	19%
Europe	828	841	(2%)	447	4%
Africa	860	708	22%	511	37%
Latin America	960	727	32%	491	28%
Other and interc.	(51)	(65)	22%	(48)	<i>n.m.</i>
EBITDA	403	338	19%	217	15%
<i>Margin</i>	<i>16%</i>	<i>15%</i>	<i>1 p.p.</i>	<i>15%</i>	<i>(1 p.p.)</i>
Europe	141	111	28%	79	17%
<i>Margin</i>	<i>17%</i>	<i>13%</i>	<i>4 p.p.</i>	<i>18%</i>	<i>2 p.p.</i>
Africa	162	182	(11%)	84	(19%)
<i>Margin</i>	<i>19%</i>	<i>26%</i>	<i>(7 p.p.)</i>	<i>17%</i>	<i>(11 p.p.)</i>
Latin America	109	44	146%	71	<i>n.m.</i>
<i>Margin</i>	<i>11%</i>	<i>6%</i>	<i>5 p.p.</i>	<i>15%</i>	<i>9 p.p.</i>
Other and interc.	(10)	1	<i>n.m.</i>	(18)	<i>n.m.</i>

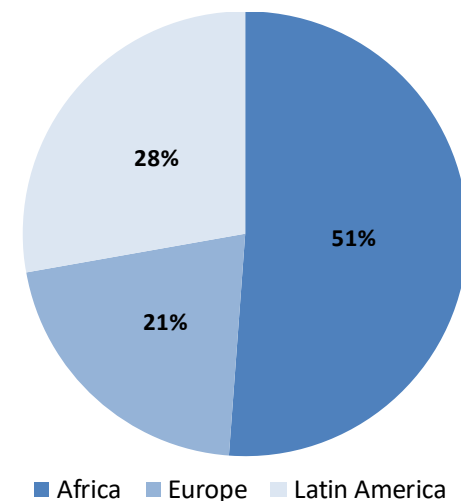
- Europe's turnover would have increased 2% YoY excluding the impact of 1Q16 sales of the Ports and Logistics business (c.€28 Mn) deconsolidated since March 2016
- Turnover evolution reflects the strong growth in Africa and Latin America
- EBITDA margin remained robust in all regions and in both E&C and E&S activities
- Excluding the impact of IAS 29, Africa EBITDA margin would have reached 21%

Record backlog of €5.1 Bn

Total backlog evolution (€ Mn)



Backlog by region



- E&C order intake of €2.5 Bn, contributing to a E&C backlog increase of €526 Mn from December 2016 (€714 Mn in total, with Africa now accounting for 51%). Backlog outside Europe accounted for 79% of the total
- E&C backlog to sales¹ ratio of 2.1x
- Recent contract awards worth c.€500 Mn, not included in backlog
- Backlog and commercial prospects offer support for expected activity growth going forward

¹Ratio calculated as follows: E&C Backlog/E&C Turnover.

Major construction projects currently in backlog

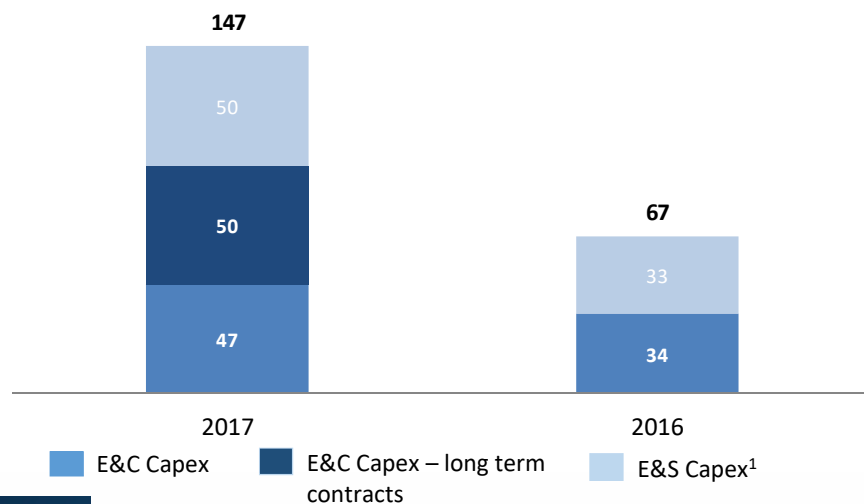
Project ¹	Range (€ Mn)	Country	Segment	Exp. Year of Completion
Vale Mining Moatize	> 250	Mozambique	Mining	2022
Gran Canal highway	> 250	Mexico	Roads	2018
Dar Es Salaam railway	[200;250]	Tanzania	Railway	2021
Urban light rail Guadalajara – Tunnel	[200;250]	Mexico	Railway	2018
Las Bambas dam	[200;250]	Peru	Power	2020
Tuxpan-Tampico highway	[200;250]	Mexico	Roads	2018
Cardel-Poza Rica highway	[200;250]	Mexico	Roads	2018
BR-381 highway dualisation	[150;200[	Brazil	Roads	2019
Camama road	[150;200[	Angola	Roads	2018
Siguiri gold mine	[150;200[	Guinea Conakry	Mining	2022
Urban light rail Guadalajara – Viaduct	[150;200[	Mexico	Railway	2018
Classes: G1 Caribbean and G3 Antioquia - Eje Cafetero - Pacific	[150;200[	Colombia	Civil Construction	2019
BR-381 highway dualisation - 3.1	[100;150[	Brazil	Roads	2019
Fourways Mall Extensions	[100;150[	South Africa	Civil Construction	2018
First stage of the General Hospital of Cabinda	[100;150[	Angola	Civil Construction	2019

¹Selection of E&C projects above €100 Mn.

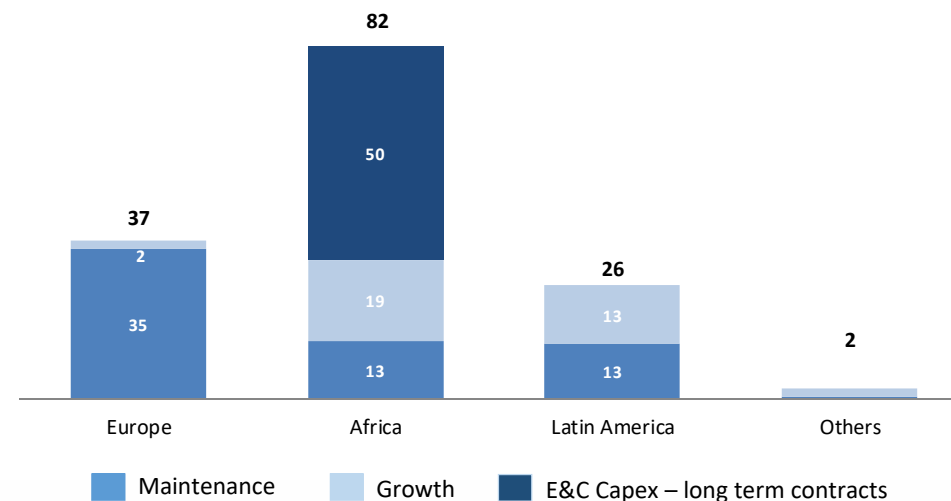
Total capex of €147 Mn

- Africa accounted for 56% of the total capex, including c.€50 Mn of equipment associated with a long term contract – a 5 year mining project in Guinea Conakry – with equipment to be fully amortized during the period of the contract, which will generate turnover and cash flow from 2018 onwards
- E&S capex of €50 Mn was channelled to EGF, Vista Waste and Fénix
- Subcontracting policy in Europe and Latin America will allow for a stable capex in these regions, while EGF and Africa capex are expected to accelerate, notwithstanding the established asset optimisation policy

Net capex (€ Mn)



Capex in 2017 by region (€ Mn)



¹E&S includes the energy generation business.

Net debt reduction of €282 Mn

Cash flow (€ Mn)

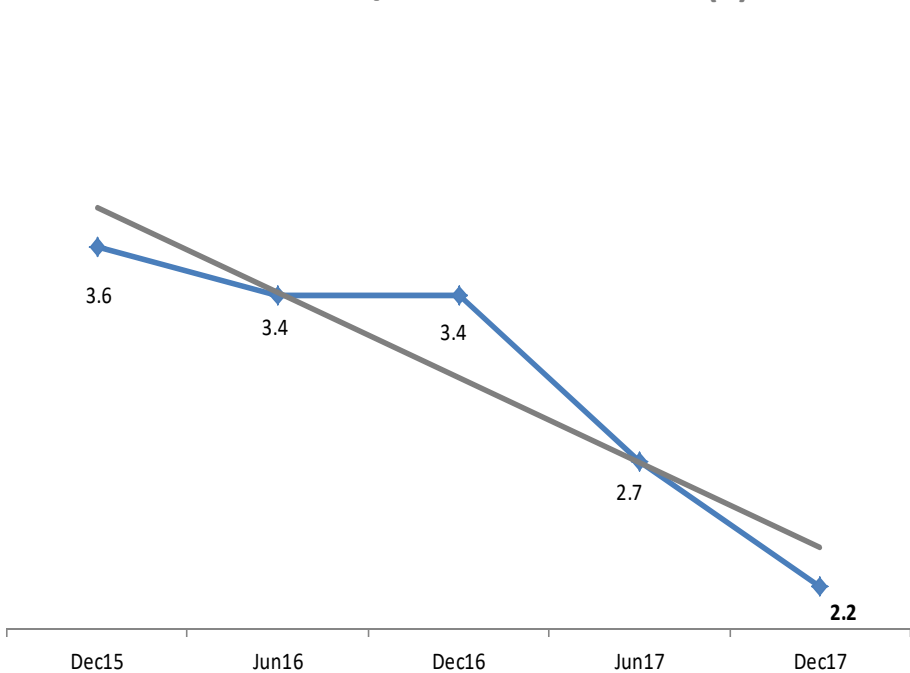
	2017	2016
Opening balance net debt	1,159	1,455
EBITDA	403	338
Change in working capital	190	109
Operating cash flow	593	447
Maintenance capex	(62)	(47)
Net financials	(102)	(2)
Corporate tax	(50)	(9)
Free cash flow bf growth capex	378	388
Growth capex	(86)	(20)
Dividends	(38)	(17)
Lineas cash in	145	-
Other changes in m/l term & perimeter	(117)	(56)
Change in net debt	(282)	(296)
Closing balance net debt	877	1,159
Net debt/EBITDA	2.2x ¹	3.4x ¹

- Operating cash flow helped by significant working capital improvement of €190 Mn
- Dividend outflow includes Mota-Engil SGPS dividend payment in June of €30 Mn
- Capex includes c.€50 Mn associated with long term contracts
- Cash flow benefited by Lineas cash in received in the 1H17
- €70 Mn of Angola's sovereign US\$ bonds received in the 1H17

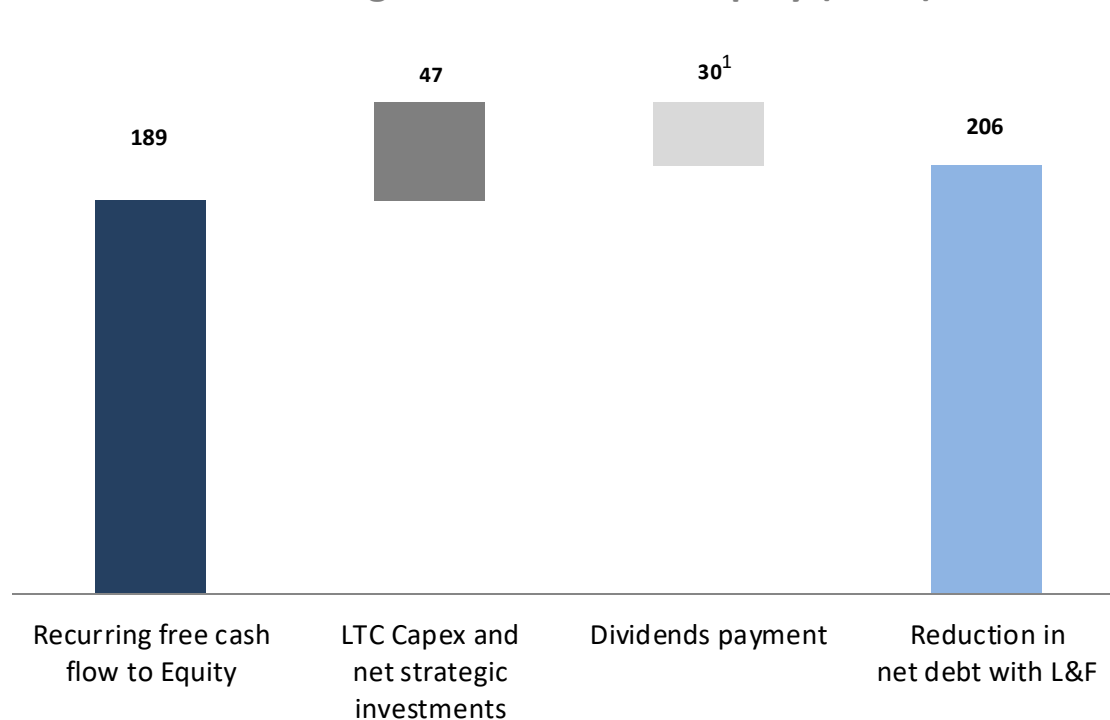
¹Net debt considers Angola's sovereign bonds denominated in US\$ and US\$ linked as "cash and cash equivalents" which amounted to €156 Mn in December 2017 and €86 Mn in December 2016.

Recurring free cash flow generation leading to improved capital structure

Net debt/EBITDA evolution (x)



Recurring free cash flow to equity (€ Mn)



¹Dividend payment to Mota-Engil SGPS shareholders.

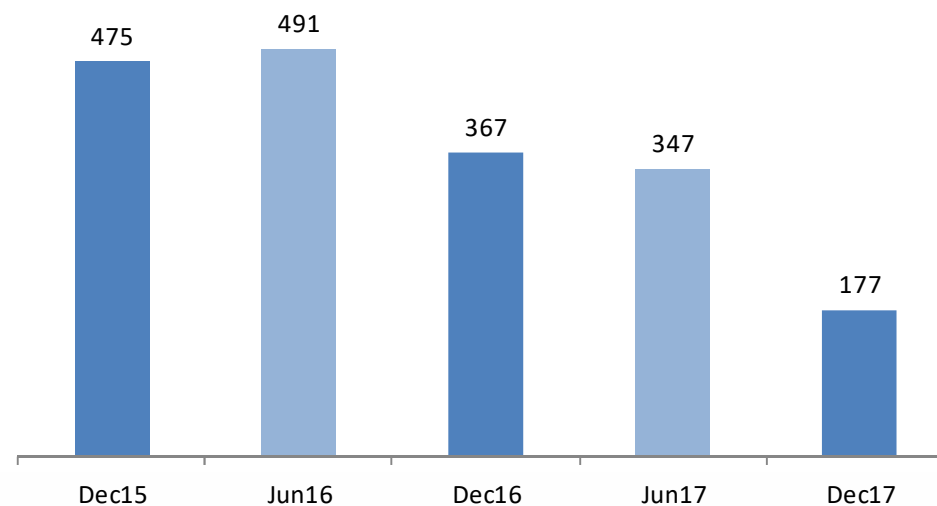
Working capital improvement

- Non-current assets held for sale evolution reflects Lineas dividend payment in January 2017
- Continued working capital declining trend, reflecting the success of initiatives in place and strong project cash flow focus
- Long-term payables include investment subsidies and regulatory liabilities related to EGF, amounting to c.€150 Mn
- Working capital focus showing results and commitment remains strong particularly as activity rebounds with long term contracts

Balance sheet (€ Mn)

	Dec.17	Jun.17	Dec.16	Dec.17- Dec.16
Fixed assets	1,263	1,192	1,274	(12)
Financial investments	233	251	243	(10)
Long term receivables	140	74	65	75
Non-current Assets held for sale (net)	91	91	229	(137)
Working capital	177	347	367	(190)
	1,904	1,955	2,178	(274)
Equity	596	550	571	25
Provisions	96	94	102	(6)
Long term payables	335	292	347	(11)
Net debt ¹	877	1,020	1,159	(282)
	1,904	1,955	2,178	(274)

Working capital evolution (€ Mn)

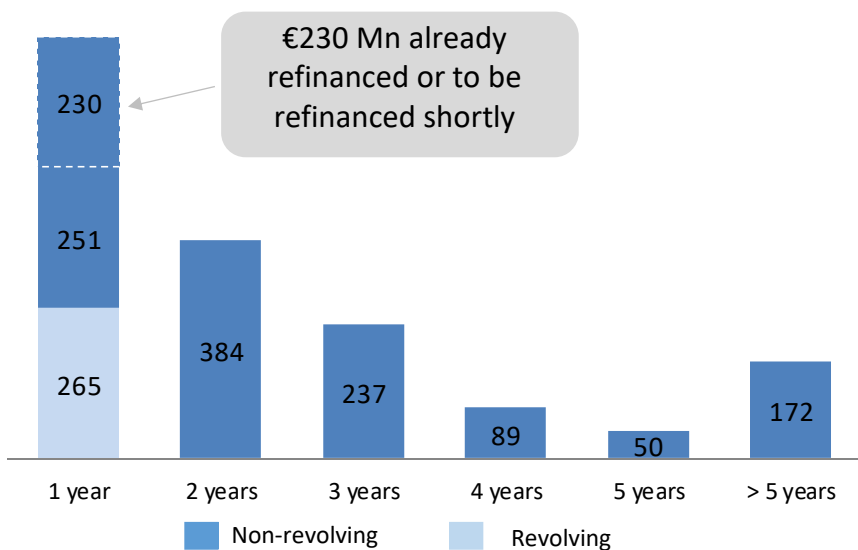


¹Net debt considers Angola's sovereign bonds denominated in US\$ and US\$ linked as "cash and cash equivalents".

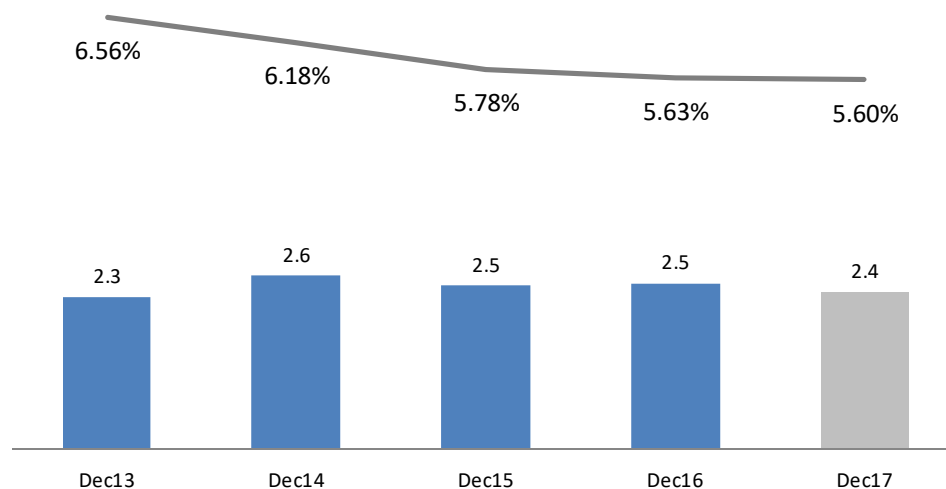
Net debt of €877 Mn

- Net debt¹ amounted to €877 Mn, down €282 Mn in 2017
- Average cost of debt of 5.60% impacted by higher share of debt in Africa and Latin America regions in local currencies
- Funding diversification increases with the weight of the Portuguese banks reduced to 39% (47% at 2016)

Gross debt maturity², December 2017 (€ Mn)



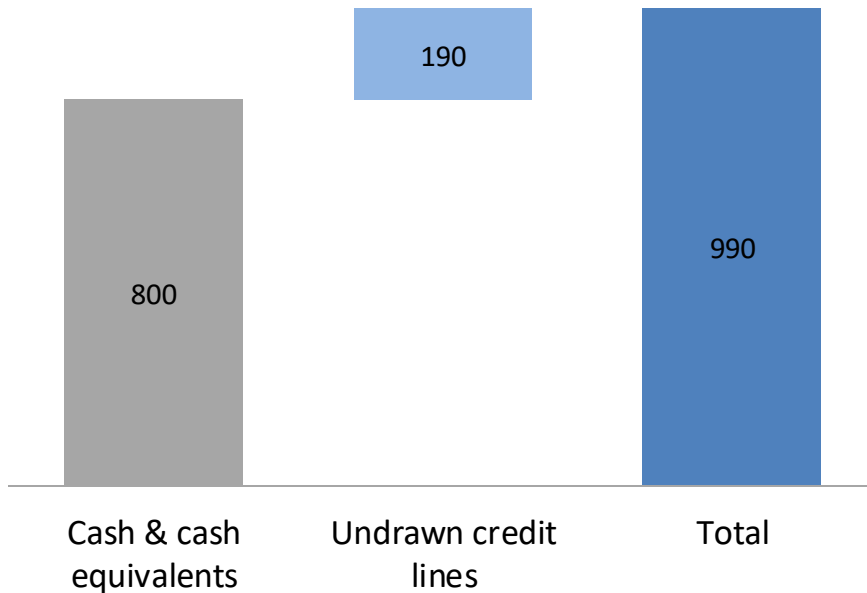
Average cost of debt and average debt life (years)



¹Excluding leasing and factoring amounting to €165 Mn and €92 Mn, respectively, and including €156 Mn of Angolan sovereign bonds and €150 Mn of sale of receivables covered by the Cossec Portugal/Angola credit line; ²Excluding leasing and factoring.

Total liquidity position of €990Mn

Liquidity position, December 2017 (€ Mn)



- Total liquidity position corresponding to c.60% of total gross debt, and to c.2x of the non-revolving financing needs with one year maturity
- Cash & cash equivalents include Angola's sovereign bonds amounting to €156 Mn
- Organic cash flow generation and remaining non-core assets sale will contribute to maintain a strong balance sheet

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EUROPE

€828 Mn

TURNOVER

€141 Mn/17%

EBITDA / EBITDA mg

€1,068 Mn

BACKLOG



EBITDA margin increased to 17%

Key financials (€ Mn)

	2017	2016	YoY	2H17	YoY
Turnover	828	841	(2%)	447	4%
E&C	538	514	5%	309	14%
E&S	296	331	(10%)	143	(11%)
Waste	267	277	(4%)	128	(14%)
Logistics	0	28	<i>n.m.</i>	0	<i>n.m.</i>
Energy & Maintenance	32	26	24%	17	26%
Other, elim. and interc.	(7)	(4)	(73%)	(5)	81%
EBITDA	141	111	28%	79	17%
Margin	17%	13%	4 p.p.	18%	2 p.p.
E&C	46	7	<i>n.m.</i>	39	(192%)
Margin	9%	1%	8 p.p.	13%	8 p.p.
E&S	97	112	(14%)	41	(34%)
Margin	33%	34%	(1 p.p.)	29%	(9 p.p.)
Waste	95	110	(14%)	40	(35%)
Margin	36%	40%	(4 p.p.)	32%	(10 p.p.)
Logistics	<i>n.a.</i>	2	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>
Margin	<i>n.a.</i>	9%	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>
Energy & Maintenance	1	2	<i>n.m.</i>	1	<i>n.m.</i>
Margin	3%	6%	(3 p.p.)	3%	(3 p.p.)
Other, elim. and interc.	(2)	(9)	(81%)	(1)	(83%)

- Were it not for the disposal of the Ports and Logistics business, turnover would have increased 2% YoY
- E&C turnover resumed growth in Portugal in 2H17, while Poland continued to grow at mid-single digit
- Profitability in E&C improved due to specialized engineering divisions, providing services to all regions and improved activity in Portugal, supporting the growth in EBITDA margin
- Stable E&S turnover with EGF accounting for c.€173 Mn
- EBITDA margin in E&S was 33%, confirming EGF resilient contribution, despite negative impact in 2H17 from tariff revision set by the regulator for the period 2016-2018

Portuguese E&C market expected to rebound

Nysa bypass, Poland



- E&C backlog in Portugal slightly increased and represented 42% of the regions backlog
- Positive outlook for the Portuguese construction sector, mainly public infrastructure, paving the way for attractive growth and profitability prospects in 2019
- Backlog in Poland up €240 Mn to €539 Mn driven by recent road contract awards with the country presenting interesting growth prospects
- Several opportunities in the road, civil construction and railway segments for 2018 that are expected to sustain the backlog and the activity in Poland
- Outlook for 2018: stable top-line and positive EBITDA

E&S activity provide a stable operating cash flow

EGF's landfill, Portugal



- Waste collection and treatment activities contribute to smooth the E&C cash flow cyclical profile
- International expansion already started in Africa in 2017 and will continue going forward in Latin America
- EGF's capex will increase in the period 2019-2021 in order to comply with EU's urban waste treatment goals for 2020, set for Portugal

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AFRICA

€860 Mn

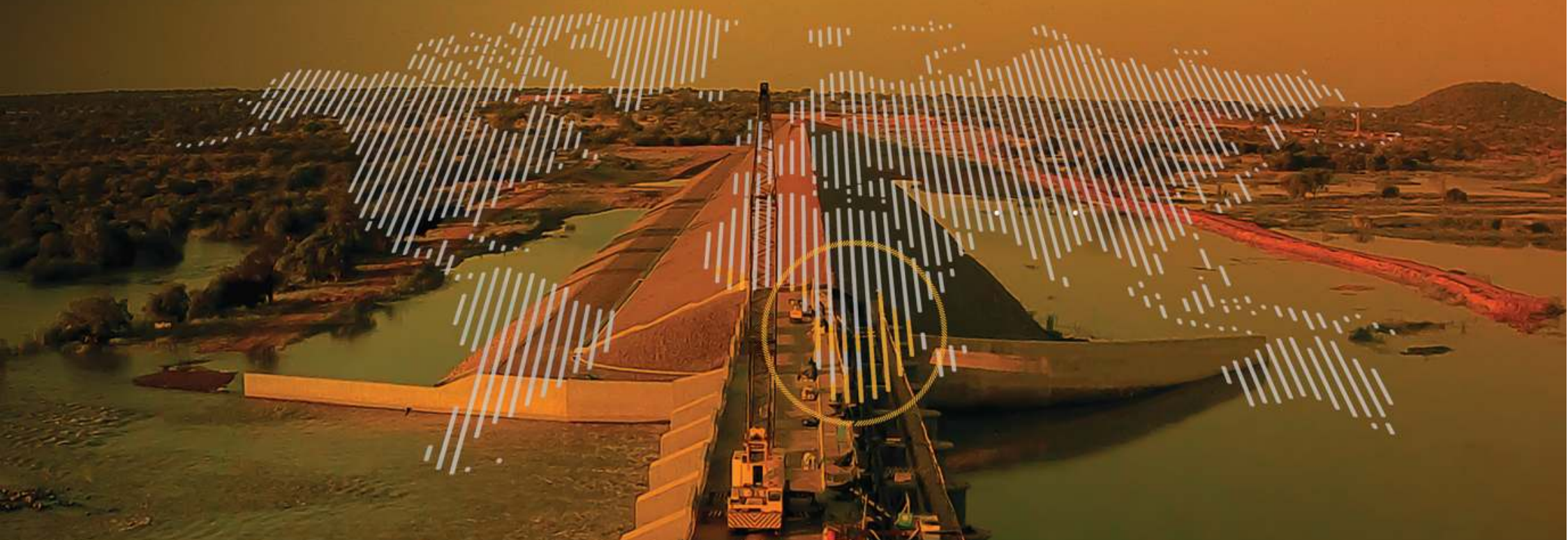
€162 Mn/19%

€2,604 Mn

TURNOVER

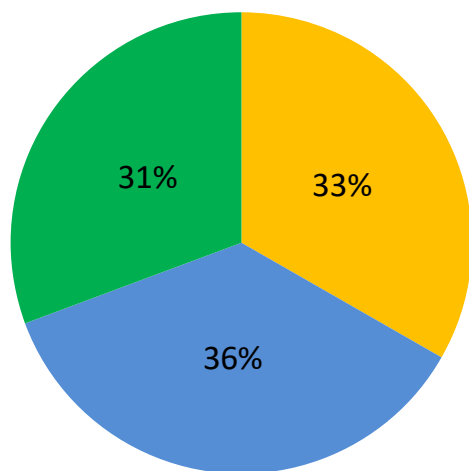
EBITDA / EBITDA mg

BACKLOG



Turnover up 22% YoY

Backlog by sub-region



■ Angola ■ Mozambique, Malawi and Tanzania ■ Other¹

- Activity acceleration in the 2H17, in line with guidance, leading to a turnover of €860 Mn
- EBITDA margin reached 19% or 21% excluding the IAS 29 impact, evenly spread across main countries
- Backlog up c.€900 Mn YoY to €2.6 Bn in December 2017, mainly driven by Mozambique, Tanzania, Ivory Coast and Guinea Conakry, contributing to a more geographically diversified profile

¹Namely Guinea Conakry, Ivory Coast and South Africa.

Long term contracts resuming in 2018

Scale model of Bugesera airport project, Rwanda



- Activity in 2018 will benefit from long term contracts both in E&C and E&S segments
- Several projects in the pipeline with tenders expected for 2018 in segments such as mining, hydro and roads, that will support sustainable backlog growth
- Capex is expected to accelerate in 2018 due to machinery and equipment requirements for the execution of long term contracts in Mozambique and Ivory Coast
- Outlook 2018: top-line increase and EBITDA in line with guidance of c.20%

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LATIN AMERICA

€960 Mn €109 Mn/11% €1,465 Mn

TURNOVER

EBITDA / EBITDA mg

BACKLOG



Turnover up 32% YoY to €960 Mn

- Turnover in Latin America accounted for 37% of the Company's total turnover
- Mexico accounted for the majority of the region, showing a 55% increase in turnover, confirming healthy backlog execution
- Peru was the only market showing a decrease in revenues, notwithstanding the backlog in the country increased c.€58 Mn in 2017 and c.€142Mn in 2018 (not yet accounted in the backlog as of December 2017)
- EBITDA of €109 Mn, up 146% YoY in 2017, reflected a strong 2H17, as the construction pace of the highway project Gran Canal reached full speed
- Margin in 2017 was up to 11% from 6% in 2016, broadly alike in the main markets
- Backlog of €1.5 Bn spread among seven countries and with Mexico representing 42% of the total

Good execution progress

Tuxpan-Tampico highway, Mexico



- Several large projects being executed with strong impact in 2018, such as the Gran Canal, Cardel-Poza Rica and Tuxpan-Tampico highways and the Las Bambas dam
- The pipeline is big and tenders are expected to start in 1H18
- Asset rotation continues to be the strategy for the concessions segment
- Outlook 2018: slight top-line increase and flat EBITDA



FINAL REMARKS

Final remarks

- Keep growth pace in both activities (E&C and E&S)
- Continued focus on cash flow generation, based on:
 - working capital management
 - solid backlog with increased weight of medium and long term contracts
 - emphasis on project risk management
- Goal to extend debt maturities and funding diversification
- EGF and new long term contracts in Africa accounting for the majority of expected capex of c.€250 Mn in 2018
- Guidance of backlog above €5 Bn for 2018

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