

MOTA-ENGIL, SGPS, S.A.

MANAGEMENT REPORT AND FINANCIAL INFORMATION  
AS OF THE FIRST HALF OF 2008



## Highlights

- Turnover growth of 34% to € 841 million
- EBITDA and EBIT margins of 15.6% and 9.6%
- Net Income of € 14.1 million
- Net debt of € 923 million plus € 942 million of non recourse debt
- Backlog reached € 2,025 million

	thousand euros						
	2008	% T	Δ	2007	% T	2007	% T
	(pro-forma)						
Turnover	841,101		33.6%	629,554		683,671	
EBITDA	131,435	15.6%	6.6%	123,316	19.6%	127,778	18.7%
EBIT	80,954	9.6%	6.9%	75,751	12.0%	78,417	11.5%
Capital gain with stake in Martifer				67,400		67,400	
Net financial income	(57,095)	(6.8%)	(0.9%)	(56,608)	(9.0%)	(52,207)	(7.6%)
Net income from equity method	4,419	0.5%	(52.1%)	9,226	1.5%	2,622	0.4%
Income before taxes	28,278	3.4%	(70.5%)	95,768	15.2%	96,232	14.1%
Net income	19,184	2.3%	(77.2%)	84,215	13.4%	84,215	12.3%
Attributable to:							
minority interests	5,045	0.6%	38.7%	3,638	0.6%	3,638	0.5%
Group	14,138	1.7%	(82.5%)	80,577	12.8%	80,577	11.8%
<b>Group (ex capital gain)</b>	<b>14,138</b>	<b>1.7%</b>	<b>7.3%</b>	<b>13,177</b>	<b>2.1%</b>	<b>13,177</b>	<b>1.9%</b>

Financial statements herein disclosed were not audited. Proforma data reflect the equity consolidation of MARTIFER.

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## Major Events

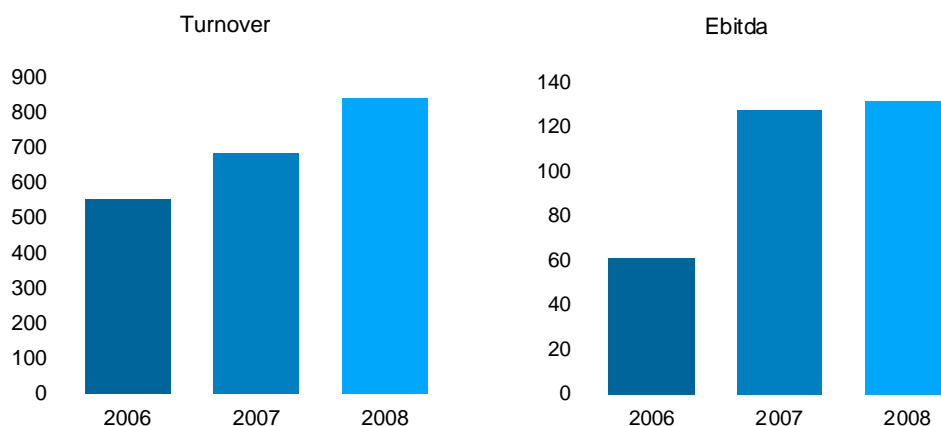
- The Shareholders General Meeting approves new board members composition that decided to create a Management Committee and appointed Mr. Jorge Coelho as Chief Executive Officer
- The Group disclosed its strategic goals:



- MOTA-ENGIL announced a partnership with Espírito Santo Concessões, ASCENDI: with approximately € 700 million of assets under management (c. 85% of road concessions in Portugal), more than 1.200 Kms of motorways, of which, more than 1.100 kms in operation, 14 Concessionaires, ongoing projects in 9 countries and sustained activities in 3 countries – Portugal, Spain and Mexico and a capital expenditure plan of € 500 million
- MOTA-ENGIL announced a plan to extend Alcântara Containers Terminal, in Lisbon, a project that has an estimated capital expenditure of € 226 million to be spent by its subsidiary LISCONT (Terminal concessionaire) and an extension of the life time of the concession of 27.5 years
- MOTA-ENGIL AMBIENTE E SERVIÇOS (the subsidiary for the Environment & Services businesses) and Banco Privado do Atlântico agreed on a partnership to operate in the Angolan market
- MOTA-ENGIL signed a Memorandum of Understanding with the Government of Malawi for several projects, namely the modernization of the Nsanje port and construction of two hydro plants. It announced awards in excess of € 100 million in the country
- TAKARGO, a subsidiary of MOTA-ENGIL, and Comsa Rail Transport made an agreement to jointly operate cargo railway transportation in the Iberian Peninsula
- MOTA-ENGIL is part of a pre-qualified consortium for the concession of the Ennore port in India, a project that will require an estimated capital expenditure of US\$ 600 million and in another consortium that will be involved in the modernization of the La Guaira port in Venezuela (capital expenditure could reach US\$ 658 million).

## Management Report

## Financial Analysis



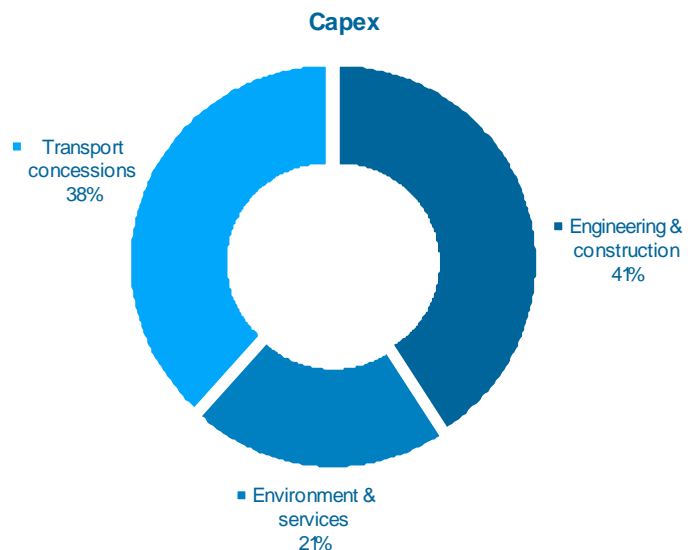
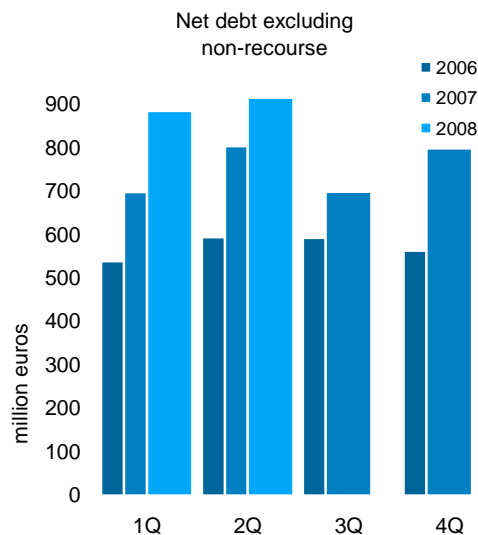
Net Income of MOTA-ENGIL reached €19.2 million in the first half of 2008, of which €14.1 million attributable to the GROUP, an improvement of approximately €1 million as compared to the same period of the previous year (2007: €13.1 million).

It is important to note that the financial statements were produced in accordance with the change in the consolidation method of Martifer, from proportional consolidation to the equity method following the latter's Initial Public Offering of last year. As a result, the financial figures herein mentioned are proforma figures, considering the same consolidation method in both years.

Turnover increased by 33.6% to €841.1 million in the first half of 2008 (2007: €629.6 million).

As was already the case in the first quarter of the year, all divisions grew significantly although at a slower pace than in the first quarter of the year. It is worth mentioning that Turnover in Construction grew 39% and Environment & Services 17%, year-on-year, although in the latter's case influenced by the inclusion of new companies and businesses. As far as the Transport Concessions division is concerned, Turnover increased by 11% despite the strong pressure on traffic created by higher fuel prices.

Reassuring this strong growth dynamic, at this date we are already able to say that during the month of July the GROUP reached €1,000 million of turnover.



EBITDA reached € 131.4 million (2007: € 123.3 million) therefore leading to a lower EBITDA margin of 15.6 % (2007: 19.6%).

The aforementioned margin contraction was due to the contribution of the Construction division where the margin was lower and its higher share in total Turnover as compared to the previous year. These effects were not totally compensated by the margin improvement in the other two divisions.

Total capital expenditure was of € 130.5 million in the period (2007: € 93.3 million), of which € 92.8 million in tangible fixed assets (2007: € 61.7 million) and € 37.6 million in financial investments (2007: € 31.5 million).

The Construction division absorbed 41% of total capital expenditure namely because of the acquisition of equipment and machinery and capital allocation to real estate projects. It is also worth mentioning that a significant portion of the above mentioned capital expenditure was done in foreign markets as a result of the growing business in Central Europe and Africa.

In the Transport Concessions division, the Group has been investing in LusoLisboa concession and in the Perote-Xalapa concession, in Mexico. As far as the former concession is concerned, construction is in progress in accordance with the concession contract whereas in the case of the latter concession, following the initial investment required to capitalize the concessionaire, the construction of the 60 Kms of the motorway started and will last 24 months.

Capital Expenditure in Environment & Services division was mainly due to the expansion of the Aveiro port, the construction of a cereals terminal and the water and sewage concessionaires of Feira and Matosinhos.

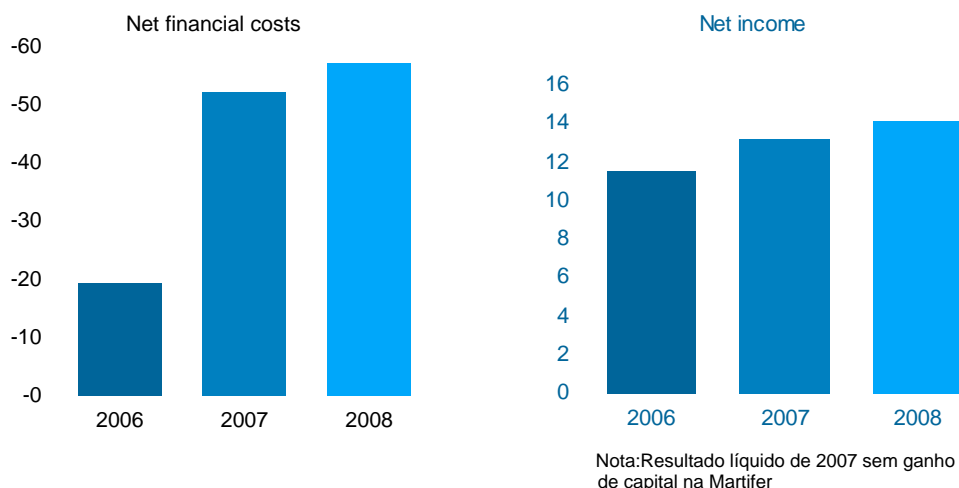
Total net debt reached € 1.87 million, of which € 942 million are non-recourse. Non-recourse debt in Transport Concessions division was of € 904 million and in Environment & Services € 38 million.

## MANAGEMENT REPORT AND FINANCIAL INFORMATION

AS OF THE FIRST HALF OF 2008

AUGUST 29<sup>TH</sup>, 2008

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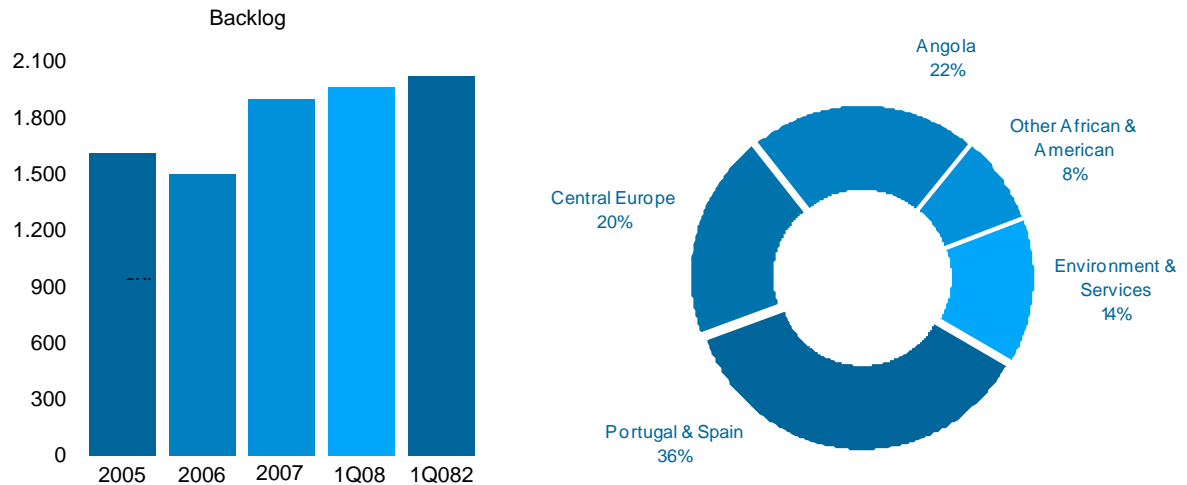
The higher level of recourse debt came as a result of the capital expenditure that occurred in the period, mainly in the Construction division. In fact, the GROUP has been able to attract funding for the projects, mainly in foreign markets, that show a high potential, according to the strategy that has been set.

Despite the strong increase in interest rates and despite the higher level of debt, net financial expenses only increased in half a million euro (2008: € 57,1 million; 2007: € 56.6 million) although gross financial expenses increased to € 55.2 million (first half of 2007: € 46.9 million, second half of 2007: € 51.0 million).

Income from equity consolidated companies was of € 4.4 million as compared to € 9.2 million in 2007 as a result of Martifer's lower contribution (Martifer booked a non-recurring income in 2007).

The corporate tax charge was of € 9.1 million, net income € 19.2 million, of which € 14.1 million attributable to the GROUP, € 1 million higher than the figure reported in the first half of the previous year (2007: € 13.1 million).



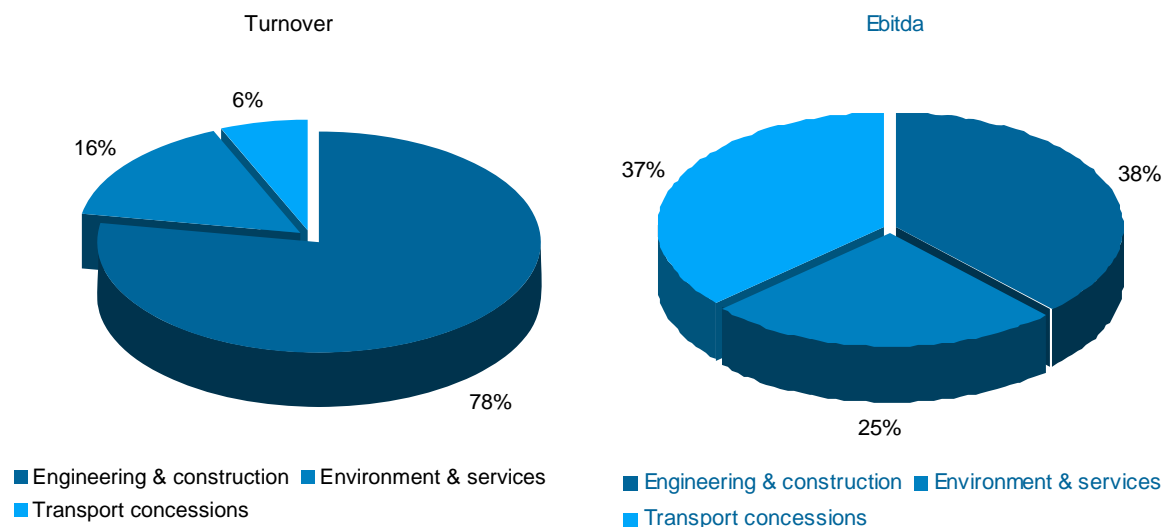


Backlog at the end of the first quarter was of approximately €2 billion, an increase of some €150 million as compared to the figure as of December of 2007 mainly due to foreign markets' contribution and Environment & Services division's.

The backlog of the latter division only includes contracts in waste management. The GROUP excludes from the backlog the estimated income from water & sewage concessions, ports management and road concessions.

Despite the strong increase in Turnover, our expectation is that the backlog will continue to improve as was the case in the last quarters, due to the strong demand seen in some of the markets where the Group operates and where it aims at diversifying its activities, replicating, whenever possible, the business model it has in Portugal.

## Business Analysis



The GROUP's turnover had the following breakdown: Construction, €653.6 million (2007: €469.6 million), Environment & Services, €134.1 million (2007: €114.4 million) and Transport Concessions €53.2 million (2007: €48.1 million).

Unlike in 2007, the contribution of the Construction division (78%) increased in the aforementioned period due to the very strong increase in Turnover (+ 39%) that exceeded significantly Turnover growth of the Environment & Services (+ 17%) and Transport Concessions (+ 11%) divisions.

As far as EBITDA is concerned the performance was the opposite. Construction was diluted to 38% of the reported consolidated figure, while the Environment & Services division's share in consolidated Earnings Before Interest, Depreciation and Amortization increased to 25% (although positively affected by the sale of a land plot not assigned to the operating activity). The share of Transport Concessions division in EBITDA was similar to Construction's (37%).

In the following sections we provide a detailed analysis of the performance of each division of the GROUP in the first half of 2008.

## Construction



Turnover of the Construction division reached €653.6 million in the first half of 2008 (2007: €469.6 million), a 39% increase as compared to the first half of 2007. The second quarter of the current year therefore confirmed the increase in activity that occurred in the first quarter.

All segments contributed to this positive performance although it is worth noting that in Central Europe and in Angola turnover more than doubled year on year.

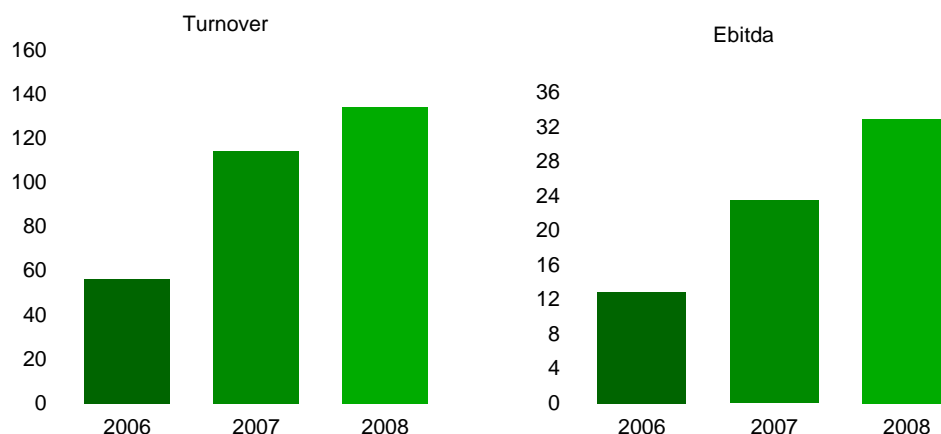
In Portugal the activity level in the second quarter was similar to the first one and led Turnover to increase 12%, from €283.8 million in the first half of 2007 to €317.6 million in the same period of the current year.

Angola continues to grow fast. In the first half of the year, Turnover climbed 113% to €114.1 million (2007: €53.5 million).

In Central Europe the favourable conditions of the first quarter remained in the second quarter, leading Turnover to soar 106% to €195.8 million (2007: €95.2 million).

In terms of operating performance there was an EBITDA margin contraction when compared to the first half of 2007 not only because of a non-recurring income related to the payment of debt from the Angolan State that was booked last year but also due to the tough conditions mainly in the Portuguese market.

## Environment & Services



The performance of the Environment & Services division in the first half of 2008 was once again positive with Turnover attaining € 134.1 million as compared to € 114.4 million in the first half of 2007 (+ 17%).

The logistics segment remained the bigger within the division. Turnover grew 8% year on year to € 68.7 million. The decision to enter this segment has proven to be very successful and offers good perspectives to continue to grow in businesses related to the logistics value chain.

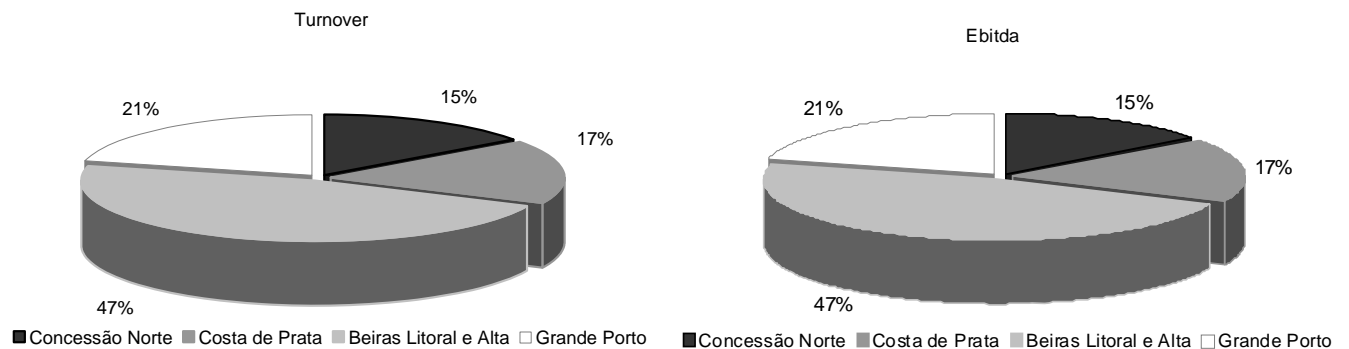
All the other segments of the division had double digit Turnover growth rates, also taking advantage from the incorporation of new companies.

In the waste management segment, the integration of the Novaflex Group reinforced SUMA's GROUP leadership. The Competition Authority stated its non-opposition to the acquisition of Triu by SUMA GROUP. Following the latter acquisition the GROUP strengthened its position in the industrial waste segment.

In the water and sewage segment, the main event was that the Matosinhos concession started. Because of the size of this concession, the water and sewage segment will become more relevant within the division.

The operating performance was quite impressive. EBITDA was of € 32.9 million (2007: € 23.5 million) corresponding to an EBITDA margin of 24.5%, an improvement of approximately 400 basis points when compared to 2007 (20.5%).

## Transport Concessions



The Turnover of the Transport Concessions division reached €53.2 million, EBITDA €47.7 million, corresponding to an EBITDA margin of 89.7%.

In the first half of the current year, traffic grew in all concessions as compared to the same period of last year, reflecting that the learning phase curve effect was stronger than the contraction effect from unfavourable macro/economic frame and higher fuel prices.

BEIRAS LITORAL E ALTA concession remained the one that most contributed to the division's figures. Turnover was of €69.2 million in the first half of 2008, a 5% increase, year-on-year.

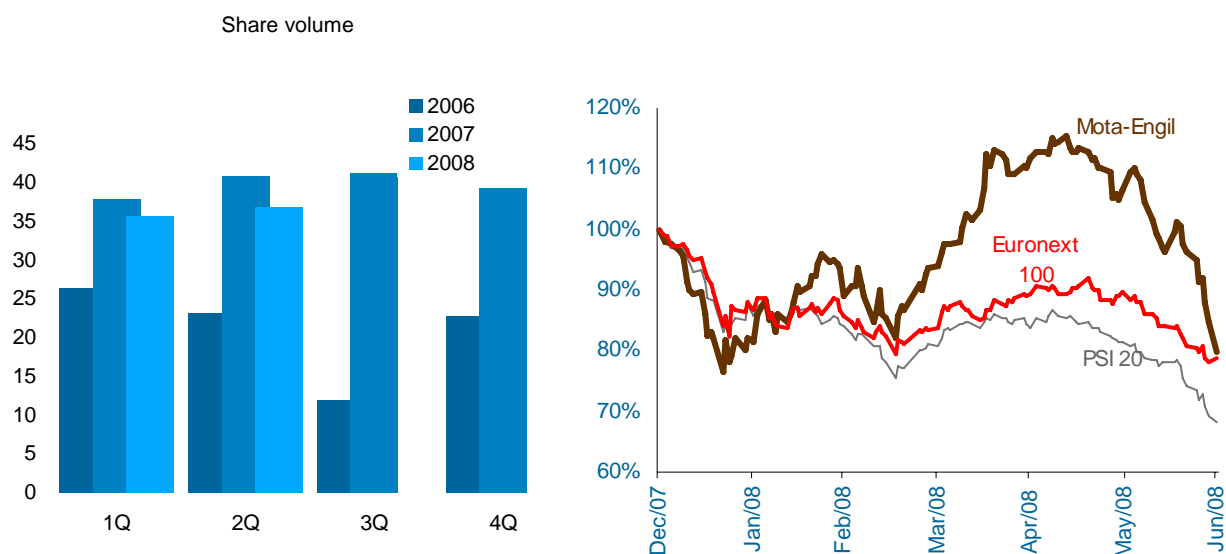
The traffic level of COSTA DE PRATA concession was roughly stable (it only grew 1%) and in line with the GROUP's expectations allowed a turnover of €25 million. The completion of the network that will occur with the construction of the "4th stretch" in 2009 and the A17 link will be of paramount importance to further improve the concession's traffic.

As expected, traffic recovered in CONCESSÃO DO NORTE with a 7% increase as compared to the first half of 2007. Turnover was of €22 million

In CONCESSÃO DO GRANDE PORTO turnover was of €31 million in the first half of 2008, a 30% increase, year-on-year (in 2007 only February to June).

During the first half of the current year, as a result of the partnership between MOTA-ENGIL and Espírito Santo Group, the financial stakes both groups had in this area started to be transferred to ASCENDI.

## Stock price performance and dividends



Mota-Engil's stock continued to outperform the main stock indices and the volume of stock traded remained relatively high.

The General Shareholders' Meeting held in March 28th, 2008 decided, according to the Board of Directors proposal, to pay a dividend per share of € cents 11, payable from April 28th.

## Disclaimer

According to the article 245º, number 1 c) of the Portuguese Securities Code, the members of the Board of Directors state that, according to their awareness, the information herein contained was produced in line with the applicable accounting rules and depicts a true and appropriate view of the assets and liabilities, financial statements, and profit & loss accounts of MOTA-ENGIL, SGPS, S.A. as well as of the companies within its consolidation scope. It further states that this Management Report fairly discloses the evolution of the businesses the company is involved in, the performance and the position of MOTA-ENGIL, SGPS, S.A. and the companies included in the consolidation perimeter and includes a description of the main risks and uncertainties that it might face.

Porto, August 29th 2008

Jorge Paulo Sacadura Almeida Coelho  
*Chief Executive Officer*

Eduardo Jorge de Almeida Rocha  
*Chief Financial Officer*

## Interim Consolidated Financial Information



MANAGEMENT REPORT AND FINANCIAL INFORMATION  
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AUGUST 29<sup>TH</sup>, 2008

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**MOTA-ENGIL, SGPS, S.A.**

**Consolidated Balance Sheets as at June 30, 2008 & December 31, 2007**

	<b>2008 Euro</b>	<b>2007 Euro</b>
<b>Assets</b>		
<b>Non current</b>		
Goodwill	183,026,008	157,753,345
Intangible fixed assets	45,762,312	46,971,911
Concessions fixed assets	1,142,461,085	1,125,676,030
Tangible fixed assets	435,339,696	408,688,333
Financial investments under the equity method	118,929,857	154,080,552
Financial investments available for sale	120,485,196	71,161,541
Investment properties	24,443,334	31,338,255
Customers & other debtors	79,769,013	88,865,479
Deferred tax assets	32,640,488	29,987,157
	<u>2,182,856,989</u>	<u>2,114,522,603</u>
<b>Current</b>		
Stocks	192,332,569	167,611,927
Customers	635,325,182	539,343,275
Other debtors	182,870,435	129,520,197
Other current assets	262,898,235	258,470,870
Derivatives	5,118,856	3,582,495
Cash & cash equivalents non recourse	120,130,658	108,636,558
Cash & cash equivalents with recourse	71,022,494	64,637,726
	<u>1,469,698,429</u>	<u>1,271,803,048</u>
<b>Total Assets</b>	<u><u>3,652,555,418</u></u>	<u><u>3,386,325,651</u></u>
<b>Liabilities</b>		
<b>Non current</b>		
Non recourse debt	931,457,136	1,010,984,888
Recourse debt	601,775,143	616,899,892
Sundry Creditors	164,319,978	154,103,037
Provisions	36,909,189	31,726,903
Other non-current liabilities	59,138,564	61,523,686
Deferred tax liabilities	26,328,312	28,440,239
	<u>1,819,928,322</u>	<u>1,903,678,645</u>
<b>Current</b>		
Non recourse debt	131,135,129	40,170,771
Recourse debt	392,177,903	247,519,001
Suppliers	380,924,497	326,289,497
Sundry Creditors	312,644,665	277,179,429
Other current liabilities	244,693,613	204,562,101
	<u>1,461,575,807</u>	<u>1,095,720,799</u>
<b>Total liabilities</b>	<u><u>3,281,504,129</u></u>	<u><u>2,999,399,444</u></u>
<b>Equity</b>		
Share capital	204,635,695	204,635,695
Reserves	101,201,255	38,371,994
Consolidated net profit for the period	14,138,444	97,538,375
	<u>319,975,394</u>	<u>340,546,064</u>
<b>Equity attributable to the Group</b>	<u><u>319,975,394</u></u>	<u><u>340,546,064</u></u>
Minority interests	51,075,895	46,380,143
	<u>371,051,289</u>	<u>386,926,207</u>
<b>Total equity</b>	<u><u>3,652,555,418</u></u>	<u><u>3,386,325,651</u></u>

To be read in conjunction with the Notes to the Consolidated Financial Statements

**MOTA-ENGIL, SGPS, S.A.**

**Consolidated Profit & Loss Account  
for the period ended June 30, 2008 & 2007**

	<b>2008 Euro</b>	<b>2007 Euro</b>
Sales & provision of services	841,101,188	683,671,249
Other income	56,073,317	63,293,733
Cost of merchandise and of subcontracts	(464,094,628)	(382,729,121)
Gross profit	433,079,877	364,235,861
Third-party supplies & services	(153,326,417)	(110,920,323)
Staff costs	(147,319,508)	(129,374,912)
Other operating income /(costs)	(998,649)	3,836,894
	131,435,303	127,777,520
Depreciation	(49,665,749)	(46,164,927)
Provisions and impairment losses	(815,371)	(3,195,984)
Operating profit	80,954,183	78,416,609
Capital gain with Martifer stake	-	67,433,474
Financial profit/(loss)	(57,095,427)	(52,207,319)
Gains / (losses) on associate companies	4,419,066	2,622,234
Income tax	(9,094,232)	(12,050,176)
Consolidated net profit for the period	19,183,590	84,214,822
Attributable:		
to minority interests	5,045,146	3,638,044
to the Group	14,138,444	80,576,778
Earnings per share:	0.0725	0.4100

To be read in conjunction with the Notes to the Consolidated Financial Statements

MOTA-ENGIL, SGPS, S.A.  
SOCIEDADE ABERTA  
CAPITAL SOCIAL: 204 635 695 EUROS  
MATRICULADA NA CONSERVATÓRIA DO REGISTO  
COMERCIAL DO PORTO COM O N.º 502 399 694  
NIPC: 502 399 694

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