

MOTA-ENGIL
SGPS, S.A.

2015

Earnings Release FY2015

4 April 2015

Mota-Engil. A World of Inspiration



MOTAENGIL

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Key highlights



- Turnover up 3% YoY to €2,434 Mn, mainly driven by Latin America and Europe
- EBITDA margin of 15%, with all regions showing resilient performance
- Backlog in December 2015 of €4.1 Bn, reflecting a E&C backlog to sales ratio of 2.0 years
- New project awards amounting to c.€400 Mn, which are not included in December's backlog
- Net debt of €1,455 Mn, down 6.5% QoQ benefiting from a decrease in working capital in 4Q15
- Cash in of the ports and logistics business in February 2016 and agreement to sell Indaqua already established

Turnover up 3% YoY



P&L (€ Mn)

	2015	2014	YoY	4Q15	YoY
Turnover	2,434	2,368	3%	640	11%
EBITDA	367	409	(10%)	115	20%
Margin	15%	17%	(2 p.p.)	18%	0 p.p.
EBIT	168	273	(38%)	56	(27%)
Margin	7%	12%	(5 p.p.)	9%	(5 p.p.)
Net financial income	(135)	(131)	(3%)	(56)	(20%)
Associates	67	(19)	n.m.	32	n.m.
EBT	100	123	(18%)	32	35%
Net income	54	83	(35%)	17	62%
Attributable to:					
Non-controlling interests	35	33	7%	14	44%
Group	19	51	(62%)	3	272%

- Turnover of €2,434 Mn, from which 63% outside Europe
- EBITDA margin resilient at 15%
- EBIT reflect higher non-cash costs mainly driven by EGF consolidation with an impact of c.€25 Mn and the recording of provisions for African assets of c.€32 Mn
- Net financial income mainly impacted by capital losses of €45 Mn related to disposals of real estate assets in Central Europe
- Associates include a €48 Mn gain following the Ardian deal established by Ascendi
- Net income negatively impacted by higher marginal tax

EBITDA of €367 Mn



P&L breakdown (€ Mn)

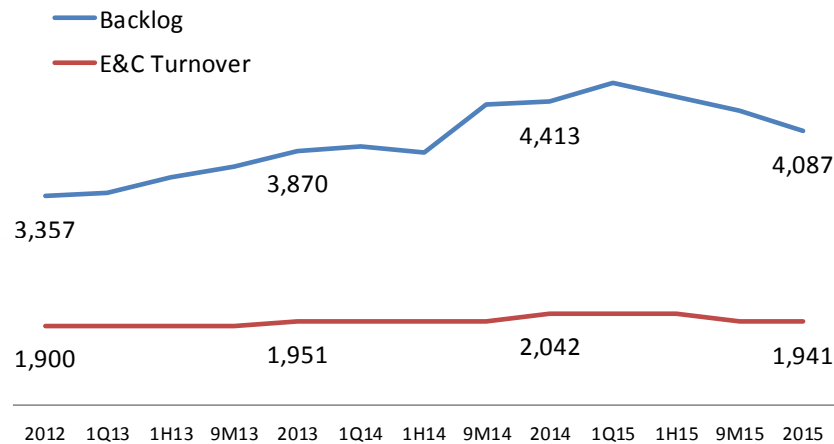
	2015	2014	YoY	4Q15	YoY
Turnover	2,434	2,368	3%	640	11%
Europe	994	931	7%	238	(16%)
Africa	835	1062	(21%)	242	9%
Latin America	700	537	30%	193	19%
Other and interc.	(95)	(162)	41%	(32)	63%
EBITDA	367	409	(10%)	115	20%
Margin	15%	17%	(2 p.p.)	18%	0 p.p.
Europe	121	97	25%	38	38%
Margin	12%	10%	2 p.p.	16%	5 p.p.
Africa	176	275	(36%)	57	(1%)
Margin	21%	26%	(5 p.p.)	23%	(2 p.p.)
Latin America	76	37	107%	28	n.m.
Margin	11%	7%	4 p.p.	14%	13 p.p.
Other and interc.	(6)	1	n.m.	(8)	198%

- Europe's activity in 4Q15 impacted by the reduction of the E&C activity in Portugal, but with well supported margins in all segments
- Despite the challenging environment in Africa, turnover was up 9% YoY in 4Q15 with margins in line with guidance
- Latin America turnover up 19% YoY in 4Q15, influenced by Mexico and strong EBITDA margin across all countries

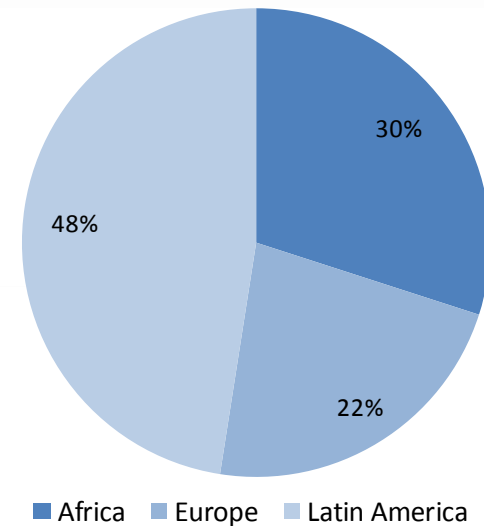
Total backlog of €4.1 Bn



Total backlog evolution (€ Mn)



Total backlog by region



- Total backlog at 31 December 2015 reached €4.1 Bn
- New awards in 2016 amounting to approximately €400 Mn, from which 50% in Europe, 35% in Africa and 15% in Latin America
- Backlog to sales¹ ratio healthy at 2.0x

¹ This ratio is calculated as follows: E&C backlog/E&C turnover of the last twelve months.

Major projects ongoing



Project ¹	Range (€ Mn)	Country	Segment
Gran Canal highway	> 250	Mexico	Roads
Urban light rail Guadalajara – Tunnel	> 250	Mexico	Railway
Hwange Coalliery Mining Contract	[200;250]	Zimbabwe	Mining
Cardel-Poza Rica highway	[200;250]	Mexico	Roads
Calueque Dam	[200;250]	Angola	Power
Tuxpan-Tampico highway	[150;200[	Mexico	Roads
BR-381 highway dualisation	[150;200[	Brazil	Roads
Urban light rail Guadalajara – Viaducto 1	[150;200[	Mexico	Railway
Sena II line rehabilitation	[150;200[	Mozambique	Railway
Great East road rehabilitation	[100;150[	Zambia	Roads
Relaves dam, Las Bambas	[100;150[	Peru	Power

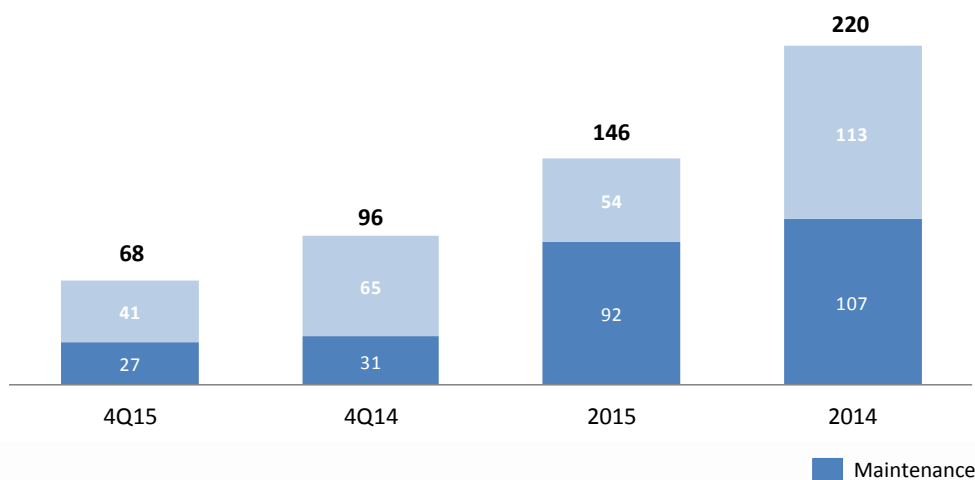
¹ Selection of projects above €100 Mn.

Net capex of €146 Mn

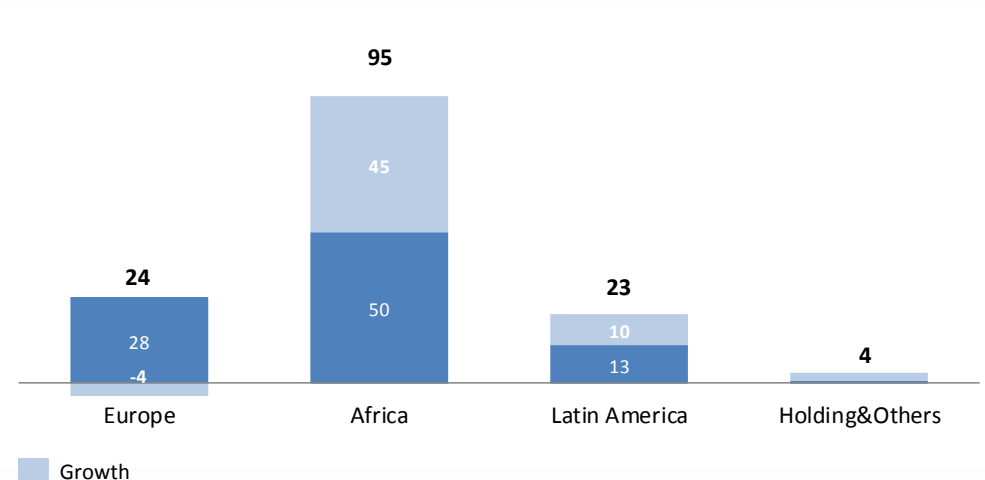


- Total net capex reached €146 Mn, down €74 Mn from 2014, reflecting a decrease in capex in all regions
- Africa still accounts for the majority of capex with 65% of the total, while Latin America accounted for 16%
- Net capex of €68 in 4Q15, mainly driven by Europe partially due to the EGF operations, and by Africa namely due to equipment acquisition required to execute works in Mozambique, Rwanda and Zambia and to major equipment repair works
- Ongoing strategy of optimising existent fixed asset resources by re-allocating equipment within regions/countries and managing equipment purchase on an centralized basis

Net capex (€ Mn)



Capex in 2015 by region (€ Mn)



Working capital improvement in 4Q15



Cash-flow (€ Mn)

	2015	2014
Net debt start Position	1,159	972
EBITDA	367	409
Change in working capital	(28)	(172)
Operating cash-flow	339	237
Maintenance capex	(92)	(107)
Net Financials	(135)	(131)
Corporate tax	(46)	(40)
Free cash-flow bf growth capex	65	(41)
Growth capex	(54)	(113)
Dividends	(38)	(48)
Changes in m/l term & perimeter	(298)	15
Financial assets	29	-
Change in debt position	296	187
Net debt end position	1,455	1,159
Net debt/EBITDA ¹	3.6x	2.8x
Net debt/EBITDA ²	3.2x	-

- Efficient working capital management, which decreased €184 Mn in 4Q15
- Africa contributed to a decrease in working capital of €56 Mn in 4Q15
- M/L term & perimeter impacted by the acquisition of EGF and the reclassification of the assets and liabilities of Tertir
- Asset disposals in Central Europe with a cash in (reduction of net debt) of c.€39 Mn in 2015
- Net debt/EBITDA¹ of 3.6x, or 3.2x including the cash in of the ports and logistics businesses (EBITDA adjusted), and committed to reach the 3.0x threshold

¹ Mota-Engil's last twelve months EBITDA, including EGF annualized EBITDA (2H15 EBITDA x 2) and net debt 2015 deducted from the financial assets held by Africa; ² Considering the cash in of the ports and logistics businesses, received in February 2016

Net debt down €100 Mn in 4Q15



Balance sheet (€ Mn)

	Dec.15	Sep.15	Dec.14	Dec.-Dec.	Dec.-Sep.
Fixed assets	1,490	1,292	1,036	454	198
Financial investments	179	341	282	(103)	(162)
Long term receivables	199	260	228	(29)	(60)
Non-current Assets held for sale (net)	468	216	30	438	252
Working capital	475	659	448	28	(183)
	2,812	2,768	2,024	788	44
Equity	692	680	578	114	13
Provisions	122	128	125	(3)	(6)
Long term payables	543	405	162	381	138
Net debt ¹	1,455	1,555	1,159	296	(101)
	2,812	2,768	2,024	788	44
Invested Capital	2,147	2,235	1,736	410	(88)

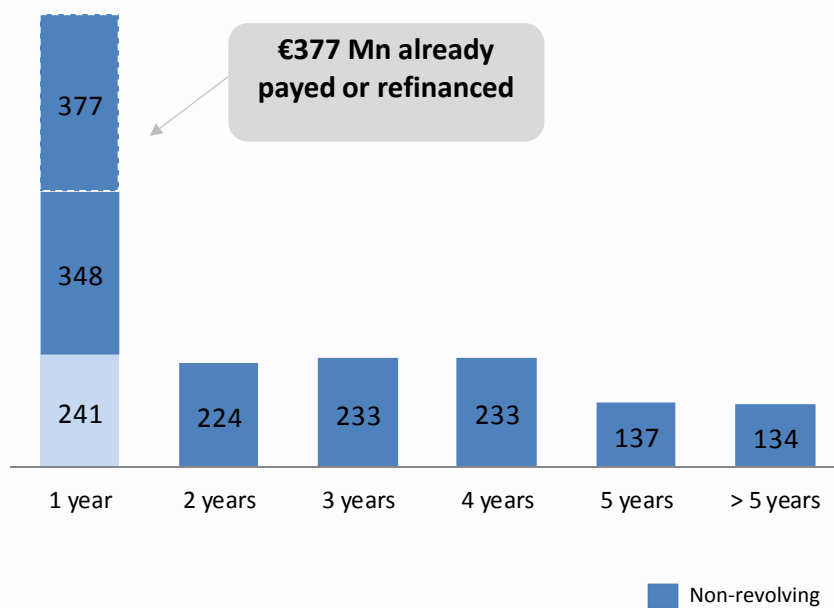
- Tertir (at 3Q15), Indaqua and Ascendi (at 4Q15) reclassified as Non-Current Assets held for sale (net of liabilities)
- Working capital decrease in 4Q15 mainly reflects decrease in receivables
- Long-term payables mainly related to EGF, namely investment subsidies and regulatory liabilities

¹Net debt 2015 deducted from the financial assets held by Africa.

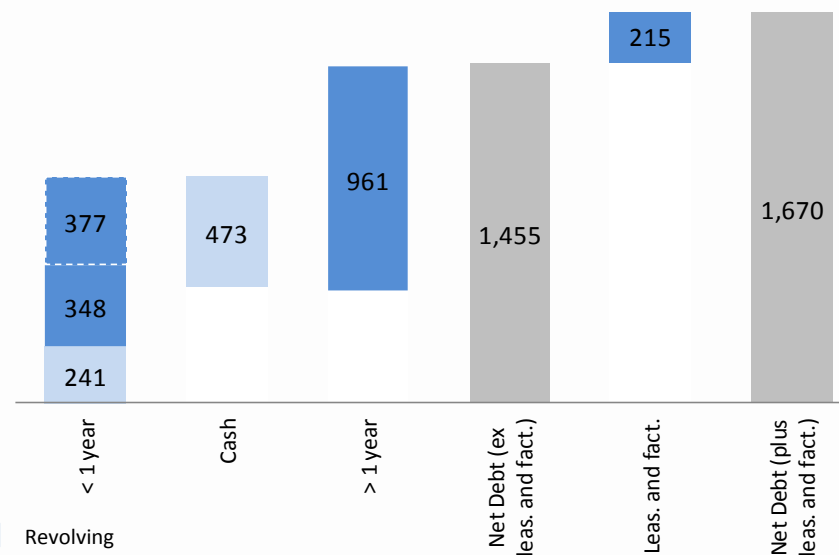
Recourse debt of €1.3 Bn

- Net debt, plus leasing and factoring, amounted to €1,670 Mn, down €119 Mn QoQ
- Non-recourse net debt of €141 Mn mainly related to EGF acquisition
- Leasing and factoring of €215 Mn, of which €149 Mn is leasing
- Currently, debt already paid or refinanced amounts to €377 Mn
- Average cost of debt of 5.78% and average debt life extended to 2.48 years (6.5% in December 2014), or 5.63% if adjusted for the redemption of March 2016 retail bonds, which amounted to €154 Mn

Gross debt maturity, December 2015 (€ Mn)



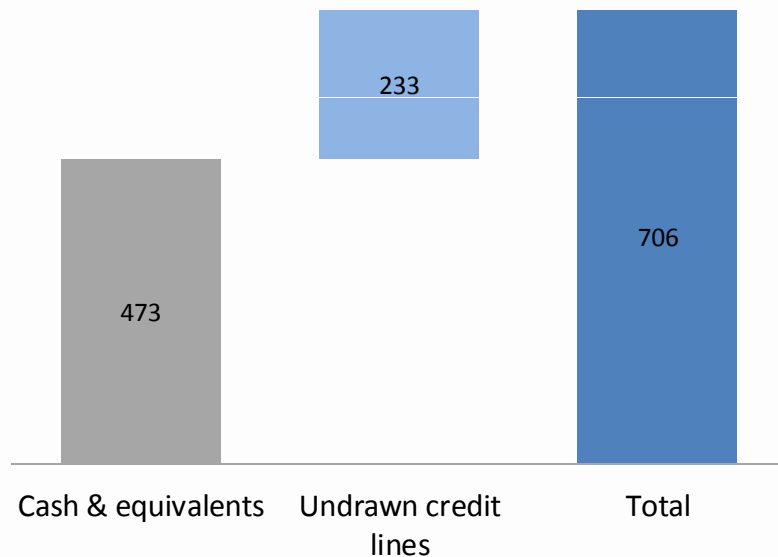
Net debt, December 2015 (€ Mn)



Strong liquidity position



Liquidity position, December 2015 (€ Mn)



- Total liquidity position of €706 Mn
- Improvement of receivables collection
- Cash in of €245 Mn from the sale of Tertir accounted in February 2016 (not included)
- Further asset sales, namely Indaqua and Ascendi in the pipeline that will further strengthen the Group's balance sheet
- Asset sales in Central Europe already contributed to €39 Mn in 2015

Successful operations of new business

EGF



- Fully consolidated since 3Q15
- Contribution of €89 Mn and €35 Mn to sales and EBITDA, respectively, in 2H15
- Integration process already completed
- New regulatory model under negotiation

Electricity business



- Generation of electricity from existing hydro plants since 4Q15
- CCGT Purchasing Power Agreement still under discussion with the Government
- Mexico's electricity wholesale market already opened

Asset sales ongoing according to plan

Tertir



- Sale transaction completed in February 2016
- Cash in of €245 Mn in February
- Accounted as “Non-current Assets held for sale” in the Balance sheet as of 31 December 2015

Indaqua



- Agreement to sell Indaqua to Miya Group for €60 Mn (equity)
- Deal expected to close until end of 1H16, following relevant entities authorisations, namely financial institutions
- Accounted as “Non-current Assets held for sale” in the Balance sheet as of 31 December 2015

Ascendi



- Disposal ongoing
- Accounted as “Non-current Assets held for sale” in the Balance sheet as of 31 December 2015



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Europe

TURNOVER
€994 MILLION

EBITDA
€121 MILLION

BACKLOG
€919 MILLION

EBITDA MG
12%

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EBITDA up 25% YoY



Key financials (€ Mn)

	2015	2014	YoY	4Q15	YoY
Turnover	994	931	7%	238	(16%)
E&C	602	599	1%	122	(35%)
E&S	396	338	17%	118	23%
Waste	173	82	111%	64	174%
Logistics	205	207	(1%)	48	(16%)
Energy & Maintenance	19	48	(61%)	5	(65%)
Other, elim. and interc.	(5)	(5)	3%	(1)	11%
EBITDA	121	97	25%	38	38%
Margin	12%	10%	2 p.p.	16%	5 p.p.
E&C	40	38	5%	10	n.m.
Margin	7%	6%	0 p.p.	8%	3 p.p.
E&S	81	59	38%	29	42%
Margin	20%	17%	3 p.p.	24%	3 p.p.
Waste	55	21	161%	22	173%
Margin	32%	26%	6 p.p.	35%	(0 p.p.)
Logistics	25	33	(24%)	6	(42%)
Margin	12%	16%	(4 p.p.)	13%	(6 p.p.)
Energy & Maintenance	1	4	(62%)	0	(68%)
Margin	8%	8%	(0 p.p.)	7%	(2 p.p.)
Other, elim. and interc.	0	0	n.m.	0	n.m.

- E&C turnover negatively impacted by the reduction of activity in Portugal, mainly in 4Q15
- Central Europe accounted for c.43% of total E&C turnover, mainly driven by Poland
- E&S turnover benefited from €89 Mn from EGF (fully consolidated since 3Q15)
- E&C EBITDA margin reflected improved profitability in Central Europe
- Increase in E&S EBITDA margin also helped by EGF operations

Profitability expected to continue sustained



Valorsul plant, EGF



EDP new headquarters, Portugal



- E&S profitability expected to continue to be resilient and positively impacted by EGF operations
- Ports and logistics business will still be fully consolidated in the P&L until February 2016
- Backlog in E&C of €714 Mn, of which 50% in Central Europe
- New contract awards in 2016 amounting to c.€200 Mn in Poland, Ireland and Portugal



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EBITDA
€176 MILLION

Africa

TURNOVER
€835 MILLION

BACKLOG
€1,225 MILLION

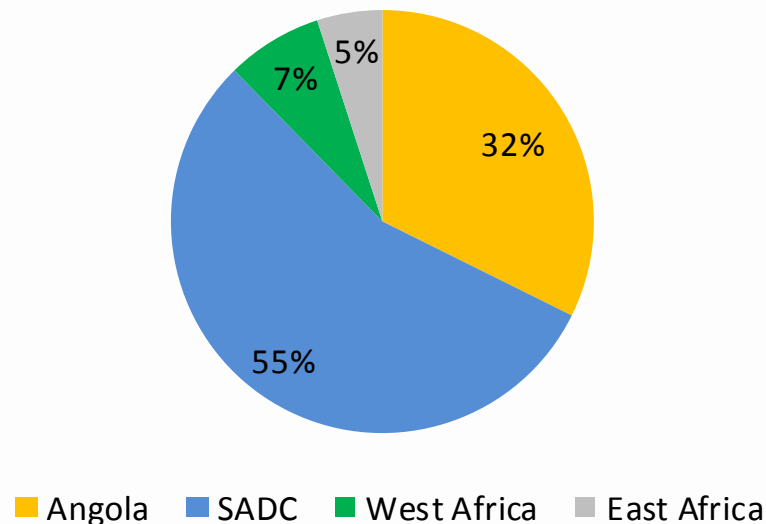
EBITDA MG
21%

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Turnover in 4Q15 up 9% YoY



Backlog by sub-region



- Turnover of €835 Mn, from which 53% and 41% in SADC and Angola, respectively
- Mozambique activity up 53% YoY
- EBITDA margin of 21% in 2015 and 23% in 4Q15, in line with guidance and reflecting strong profitability in main markets
- Backlog of €1.2 Bn, with Angola and Mozambique representing 48% of the total

New project awards in 2016 amounting to €150 Mn



Chimoio-Espungabera road, Mozambique



- Challenging environment, mainly in Angola, yet there are opportunities ahead
- Major ongoing projects include Calueque dam and Sena II line rehabilitation
- Management will continue to focus on working capital in the region, key to cash flow generation
- Cost reduction plan ongoing, namely related to overheads and logistics
- More narrow approach in terms of pipeline, i.e., more focused and selective in terms of cash flow generation



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BACKLOG
€1,942 MILLION

*Latin
America*

EBITDA MG
11%

TURNOVER
€700 MILLION

EBITDA
€76 MILLION

2015 was a year of project execution



- Turnover growth of 30% YoY to €700 Mn, although impacted by slower execution pace in Mexico in 4Q15
- Mexico and Brazil showed the highest turnover growth of 53% and 35% to €281 Mn and €153 Mn, respectively
- EBITDA more than doubled to €76 Mn, with margin improving 4 p.p. to 11%, benefiting from a strong profitability in 4Q15 due to margin improvement in Mexico and recently started works in Brazil
- Mexico accounted to 61% of the total backlog, which amounted to €1.9 Bn in 31 December 2015
- Project award in 2016 related to mining works in Peru will add c.€78 Mn to the region's backlog
- Financial closing of the concession Cardel-Poza Rica achieved in 4Q15

Profitability expected to continue sustained

Guadalajara light rail works, Mexico



- Major projects ongoing include Guadalajara's light train project in Mexico and Vale's railway Ferro de Carajás project in Brazil
- 2016 will be a year of significant project execution in Mexico

Necaxa hydro plant, Mexico



- Operations ongoing with hydro plants already operating in the wholesale market
- CCGT Purchasing Power Agreement still under discussion with the Government

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- Turnover expected to slightly increase [low single digit], with Latin America expected to show strong growth, while Europe and Africa should remain flat
- EBITDA margin is expected to decrease on regional activity mix, as Latin America increases weight in total activity, despite the margin increase in Europe
- Expected capex between €125 Mn to €150 Mn, from which c.€80 Mn related to EGF
- Financial strategy will continue to be focused on de-leveraging and diversification of funding sources
- Continuous strong focus on working capital and free cash flow generation
- Completion of Indaqua sale until end of 1H16

Final remarks



- Notwithstanding a difficult context in 2015, the Company's activity and profitability was reasonably sustained
- Successful EGF integration process with very positive contribution to turnover and profitability in Europe
- Despite commodity prices evolution, activity in Africa continued to progress with sustained profitability throughout the year
- Latin America showed a significant backlog execution aligned with profitability improvement
- Key focus on cash flow generation, namely working capital management
- Planned asset sales ongoing will also support de-leverage of the Company
- Committed to continue extending debt maturities and diversifying funding sources

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