



MOTAENGIL

A World of Inspiration

70
YEARS
MOTAENGIL
FOUNDED IN 1946

Earnings Release **1H2016**

30 August 2016



MOTAENGIL

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Key highlights



- Turnover reached €1,036 Mn, down 4% YoY, with Latin America accounting for 33% of the total
- EBITDA was up 3% YoY to €149 Mn with a resilient margin of 14% in line with 1H15
- Net profit of €73 Mn positively impacted by the net capital gain of the Logistics and Indaqua businesses
- Backlog ensures growth in coming years, reaching €4.6 Bn at June 2016
- Net debt down €234 Mn in 1H16 to €1,221 Mn
- Working capital evolution shows one of the management's key focus, v.g. Angola decreased c.€50 Mn in 1H16
- Assets sale execution according to plan, with the recent Ascendi deal expected to be concluded until year end

EBITDA up 3% YoY to €149 Mn



P&L (€ Mn)

	1H16	1H15	YoY	2Q16	YoY
Turnover	1,036	1,074	(4%)	526	(11%)
EBITDA	149	145	3%	80	1%
Margin	14%	14%	(0 p.p.)	15%	1 p.p.
EBIT	43	77	(44%)	22	(48%)
Margin	4%	7%	(3 p.p.)	4%	(3 p.p.)
Net financial income	47	(43)	n.m.	(2)	91%
Associates	1	9	(84%)	1	(81%)
EBT	91	42	116%	21	(10%)
Net income	79	29	177%	12	(43%)
Attributable to:					
Non-controlling interests	6	16	(60%)	3	(73%)
Group	73	13	n.m.	9	(7%)

- Turnover down 4% YoY to €1,036 Mn, with Latin America already accounting for 33% of the total
- EBITDA margin sustained at 14%, reflecting resilient profitability in all regions
- EBIT margin of 4% impacted by higher D&A, driven by EGF consolidation
- Net financial income benefited from the net capital gain of the Logistics and Indaquia businesses, amounting to €77 Mn

EBITDA margin of 14%



P&L breakdown (€ Mn)

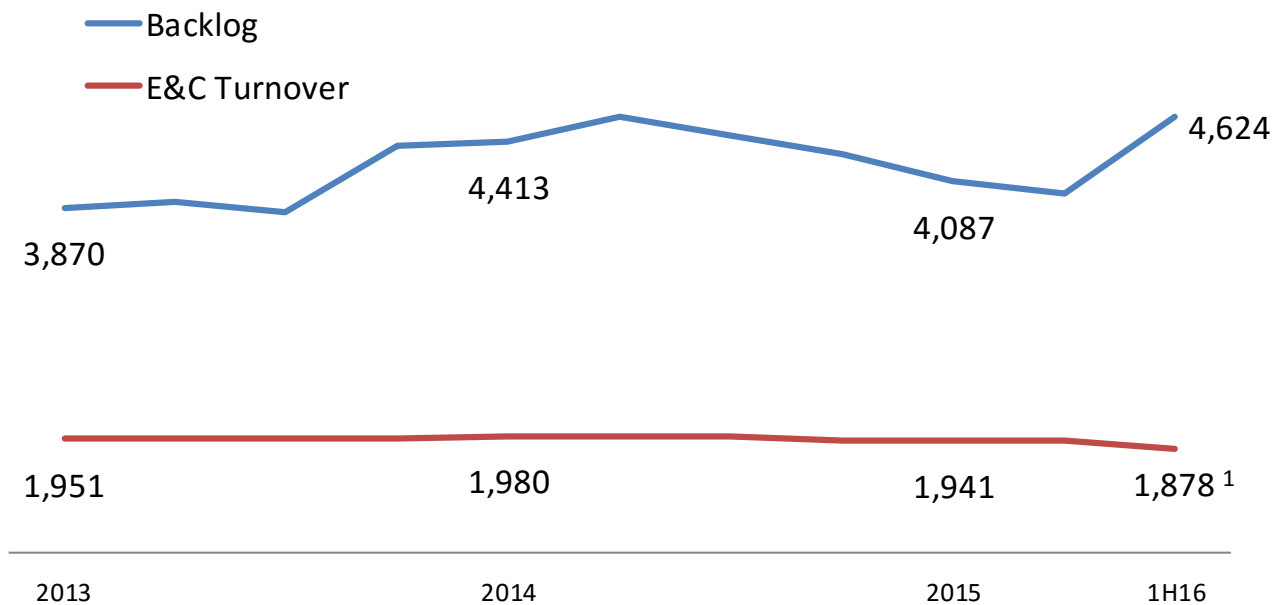
	1H16	1H15	YoY	2Q16	YoY
Turnover	1,036	1,074	(4%)	526	(11%)
Europe	410	454	(10%)	202	(21%)
Africa	335	379	(12%)	167	(13%)
Latin America	344	289	19%	186	12%
Other and interc.	(53)	(47)	(12%)	(30)	(24%)
EBITDA	149	145	3%	80	1%
Margin	14%	14%	(0 p.p.)	15%	1 p.p.
Europe	43	44	(2%)	21	(26%)
Margin	11%	10%	1 p.p.	11%	(2 p.p.)
Africa	78	71	9%	45	21%
Margin	23%	19%	4 p.p.	27%	8 p.p.
Latin America	27	26	5%	15	(2%)
Margin	8%	9%	(1 p.p.)	8%	(1 p.p.)
Other and interc.	1	4	(84%)	0	64%

- Europe's turnover and profitability impacted by weak E&C activity, partially offset by the strong performance of the E&S segment
- Africa activity down in line with expectations, reflecting challenging context, but showing resilient profitability
- Latin America turnover up 19% YoY, despite negative forex evolution and EBITDA margin of 8%, slightly affected by some projects delays

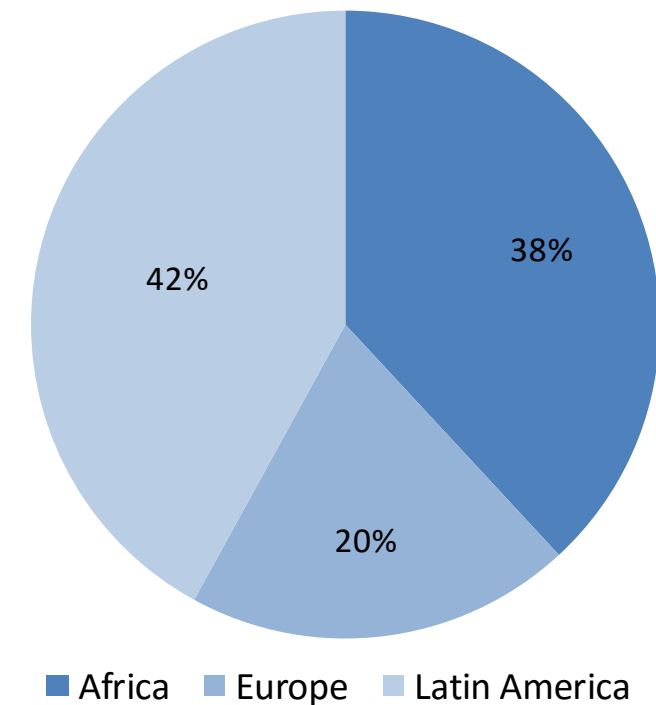
Total backlog of €4.6 Bn



Total backlog evolution (€ Mn)



Backlog by region



- Total backlog at 30 June 2016 stood at €4.6 Bn, including c.€400 Mn from a seven year waste collection and treatment contract in Angola, previously announced
- E&C backlog to sales² ratio healthy at 2.1x, ensuring resilient growth in coming years
- Contracts awarded in E&C during 2Q16 reached c.€650 Mn
- New orders exceeding c.€400 Mn awarded already during 3Q16, namely in Angola, Malawi and Colombia, and not included in June's backlog

¹E&C turnover of the last twelve months; ²This ratio is calculated as follows: E&C backlog/E&C turnover of the last twelve months.

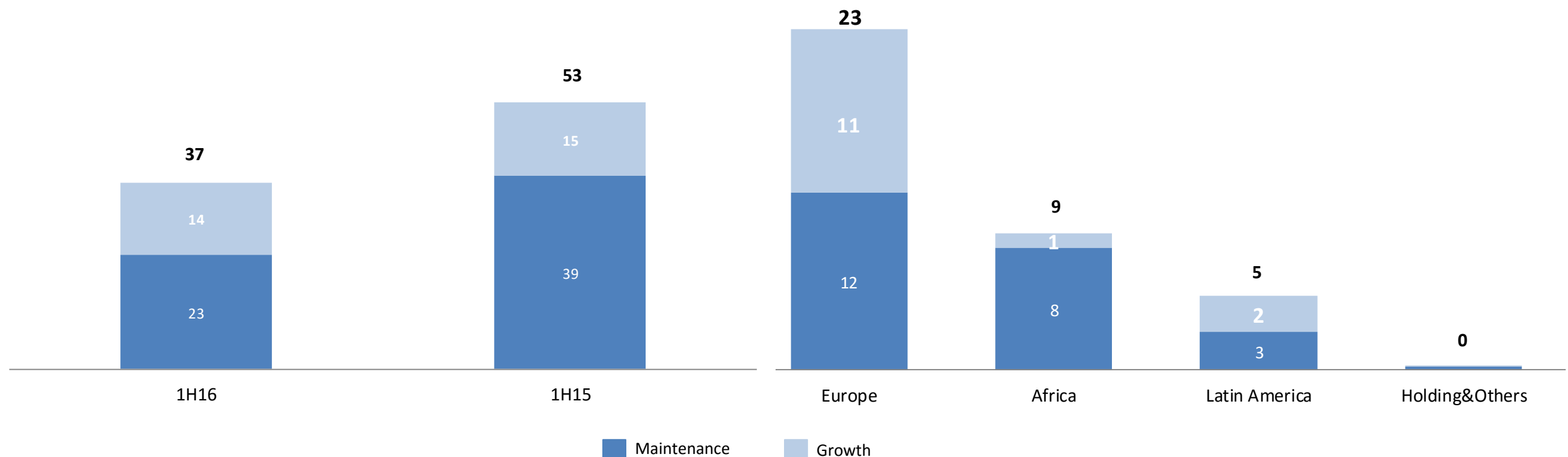
Net capex of €37 Mn



- Total net capex of €37 Mn, of which c.50% allocated to the E&S activity, namely EGF and the recent operations in Oman
- Africa capex of €9 Mn mainly related to maintenance activities
- In Latin America capex reached c.€5 Mn equally allocated between maintenance and growth activities
- Capex optimisation strategy will be maintained

Net capex (€ Mn)

Capex in 1H16 by region (€ Mn)



Free cash flow of €234 Mn in 1H16



Cash-flow (€ Mn)

	1H16	1H15
Net debt start Position	1,455	1,159
EBITDA	149	145
Change in working capital	(15)	(115)
Operating cash-flow	133	30
Maintenance capex	(23)	(39)
Net Financials	47	(43)
Corporate tax	(12)	(14)
Free cash-flow bf growth capex	145	(66)
Growth capex	(14)	(15)
Dividends	(17)	(31)
Changes in m/l term & perimeter	99	(29)
Financial assets	21	-
Change in debt position	(234)	139
Net debt end position	1,221	1,298
Net debt/EBITDA (LTM)	3.4x ¹	3.6x

- Working capital well controlled, mainly taking into account typical negative seasonality, deteriorating €15 Mn in 1H16 negatively impacted by Latin America in 2Q16
- In Africa working capital remained relatively stable in 1H16 and 2Q16, with Angola showing a decreasing trend in both periods
- Net capital gain of €77 Mn accounted in net financials
- Cash flow impacted by Mota-Engil's dividend payment in June
- Changes in m/l term & perimeter mainly reflect the sale of the Logistics and Ports and Indaqua businesses
- Financial assets inflow relates to Angolan's sovereign US\$ linked bonds

¹ Mota-Engil's last twelve months EBITDA, excluding the contribution of the Logistics and Ports business. Net debt 2016 deducted from the Angolan government securities.

Strong focus on working capital management



Balance sheet (€ Mn)

	Jun.16	Mar.16	Dec.15	Jun.16-Dec.15
Fixed assets	1,389	1,446	1,490	(101)
Financial investments	198	193	181	17
Long term receivables	83	86	87	(5)
Non-current Assets held for sale (net)	316	354	580	(263)
Working capital	491	453	475	15
	2,477	2,532	2,814	(336)
Equity	575	621	693	(118)
Provisions	112	125	123	(11)
Long term payables	570	542	543	27
Net debt ¹	1,221	1,244	1,455	(234)
	2,477	2,532	2,814	(336)
Invested Capital	1,795	1,865	2,148	(352)

- Equity impacted by dividend distribution and forex
- Long-term payables mainly related to EGF, namely investment subsidies and regulatory liabilities, amounting to €382 Mn
- Ascendi accounted as “Non-Current Assets held for sale” at June 2016

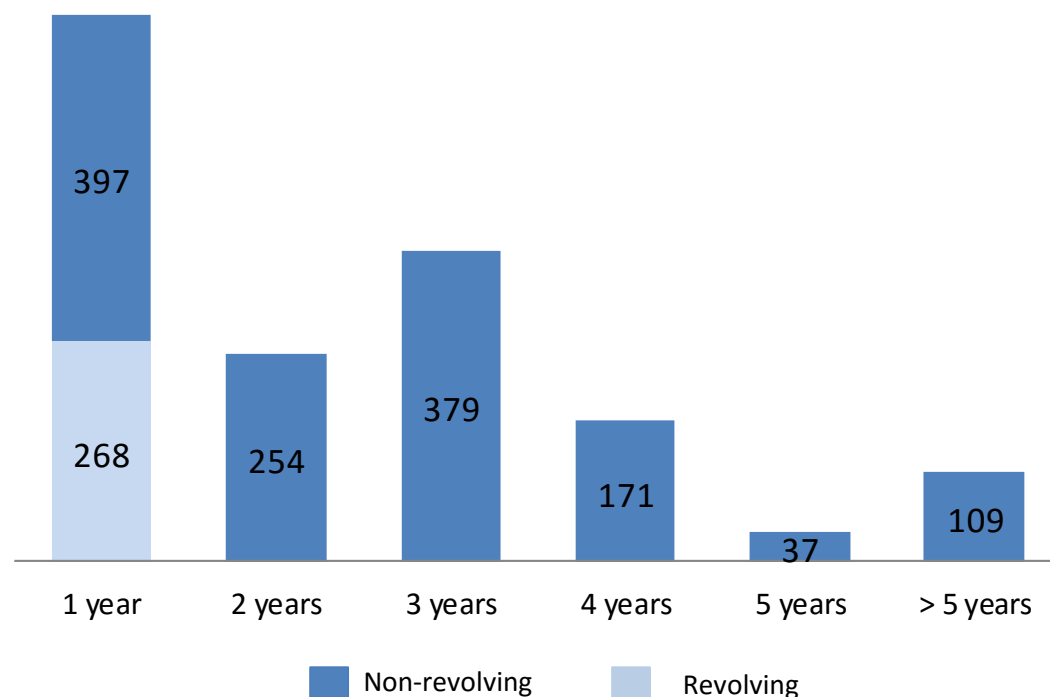
¹Net debt 2016 deducted from the financial assets held by Africa.

Net debt down €238 Mn in the 1H16

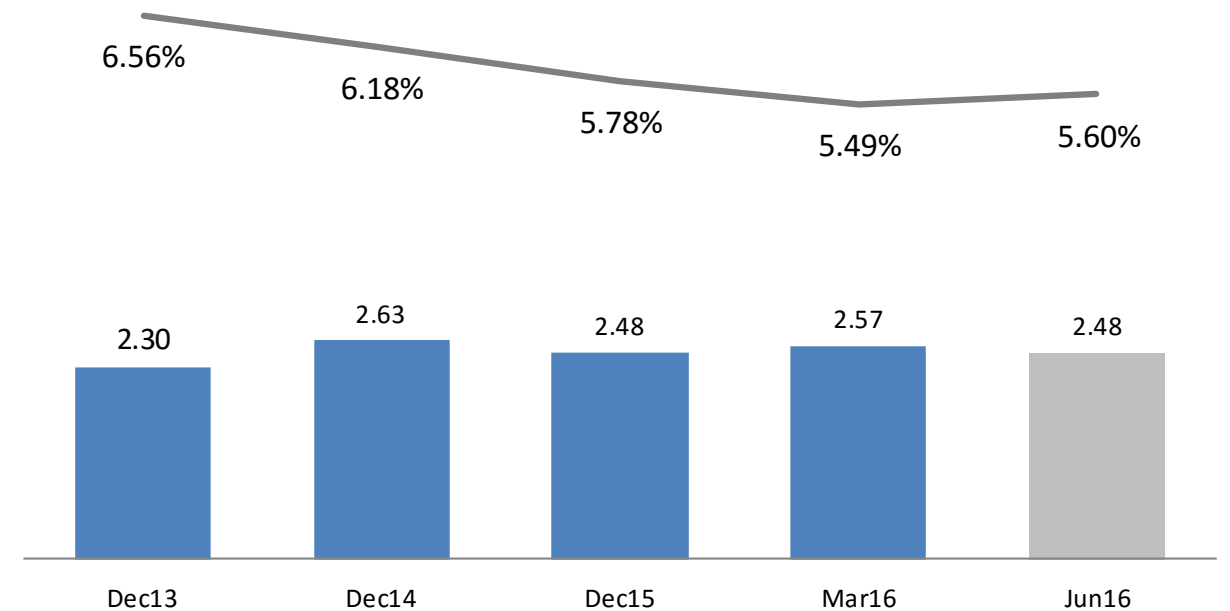


- Net debt, including leasing and factoring, amounted to €1,432 Mn, down €238 Mn in the 1H16, benefiting from asset sales and balance sheet focus
- Non-recourse net debt of €107 Mn totally related to EGF
- Leasing and factoring of €212 Mn, of which €140 Mn is related to leasing
- Average cost of debt of 5.6%, down year to date, but in the short term slightly impacted by the regional mix
- Average debt life at 2.48 years

Gross debt maturity¹, June 2016 (€ Mn)



Average cost of debt and average debt life (years)

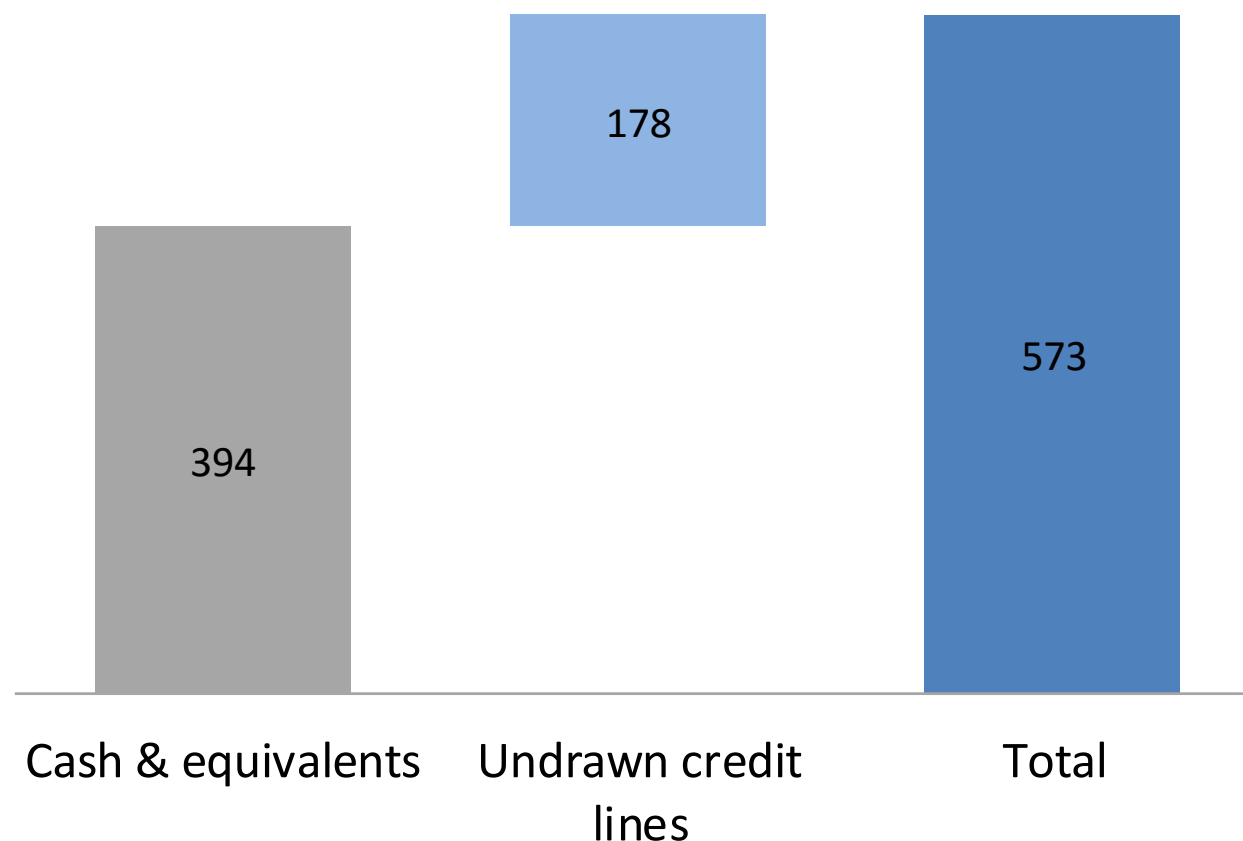


¹ Excluding leasing and factoring

Maintaining high level of liquidity



Liquidity position, June 2016 (€ Mn)



- Total liquidity position of €573 Mn, corresponding to c.30% of total gross debt, including leasing and factoring
- Invested capital optimisation, namely in working capital should contribute to further improvement
- Recent Ascendi's transaction completion and remaining Ascendi's assets sale will further strengthen the capital structure

Assets sale delivery according to plan



Tertir



- Sale transaction completed in February 2016
- Cash in of €245 Mn in February

Indaqua



- Deal closed in June 2016
- Cash in of €60 Mn

Ascendi



- Ascendi's assets sale to date amounted to c.€1 Bn, with shareholders receiving a significant dividend, following the completion of the recent deal, expected for year end
- Negotiations for the sale of the remaining assets ongoing



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Europe

TURNOVER
€410 MILLION

EBITDA
€43 MILLION

BACKLOG
€911 MILLION

EBITDA MG
11%

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EBITDA of €43 Mn



Key financials (€ Mn)

	1H16	1H15	YoY	2Q16	YoY
Turnover	410	454	<i>(10%)</i>	202	<i>(21%)</i>
E&C	242	304	<i>(20%)</i>	129	<i>(28%)</i>
E&S	169	152	<i>11%</i>	74	<i>(5%)</i>
Waste	129	39	<i>232%</i>	67	<i>221%</i>
Logistics	28	104	<i>(73%)</i>	0	<i>(100%)</i>
Energy & Maintenance	12	9	<i>28%</i>	6	<i>43%</i>
Other, elim. and interc.	(1)	(2)	<i>24%</i>	0	<i>68%</i>
EBITDA	43	44	<i>(2%)</i>	21	<i>(26%)</i>
Margin	11%	10%	<i>1 p.p.</i>	11%	<i>(2 p.p.)</i>
E&C	(6)	23	<i>(128%)</i>	(3)	<i>n.m.</i>
Margin	<i>(3%)</i>	<i>8%</i>	<i>(10 p.p.)</i>	<i>(2%)</i>	<i>(14 p.p.)</i>
E&S	50	21	<i>142%</i>	25	<i>143%</i>
Margin	<i>30%</i>	<i>14%</i>	<i>16 p.p.</i>	<i>34%</i>	<i>21 p.p.</i>
Waste	48	8	<i>n.m.</i>	26	<i>n.m.</i>
Margin	<i>38%</i>	<i>21%</i>	<i>16 p.p.</i>	<i>39%</i>	<i>19 p.p.</i>
Logistics	2	12	<i>(80%)</i>	n.a.	<i>n.a.</i>
Margin	<i>9%</i>	<i>12%</i>	<i>(3 p.p.)</i>	<i>n.a.</i>	<i>n.a.</i>
Energy & Maintenance	1	1	<i>25%</i>	0	<i>n.m.</i>
Margin	<i>7%</i>	<i>8%</i>	<i>(0 p.p.)</i>	<i>7%</i>	<i>4 p.p.</i>
Other, elim. and interc.	(1)	0	<i>n.m.</i>	(1)	<i>n.m.</i>

- Turnover in E&C, although improving QoQ, reflects depressed activity in Portugal and weaker execution pace in Central Europe
- E&C EBITDA margin dragged by a road project in Czech Republic and challenging environment in Portugal and Poland
- E&S turnover up 11% YoY, with EGF contributing €89 Mn in 1H16, while the Logistics and Ports business was only consolidated until February 2016
- Margin in E&S reached 30%, reflecting EGF's strong profitability

E&S to sustain profitability



Energy recovery plant, EGF



Warsaw library, Poland



- E&S turnover and profitability expected to continue resilient going forward
- EGF's regulatory framework to be concluded in coming months with no major impact anticipated

- Activity in E&C in Portugal with no signs of recovery in the short term
- Backlog in Central Europe amounting to €398 Mn and expected new contracts in Poland to sustain future activity



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EBITDA
€78 MILLION

TURNOVER
€335 MILLION

BACKLOG
€1,791 MILLION

Africa

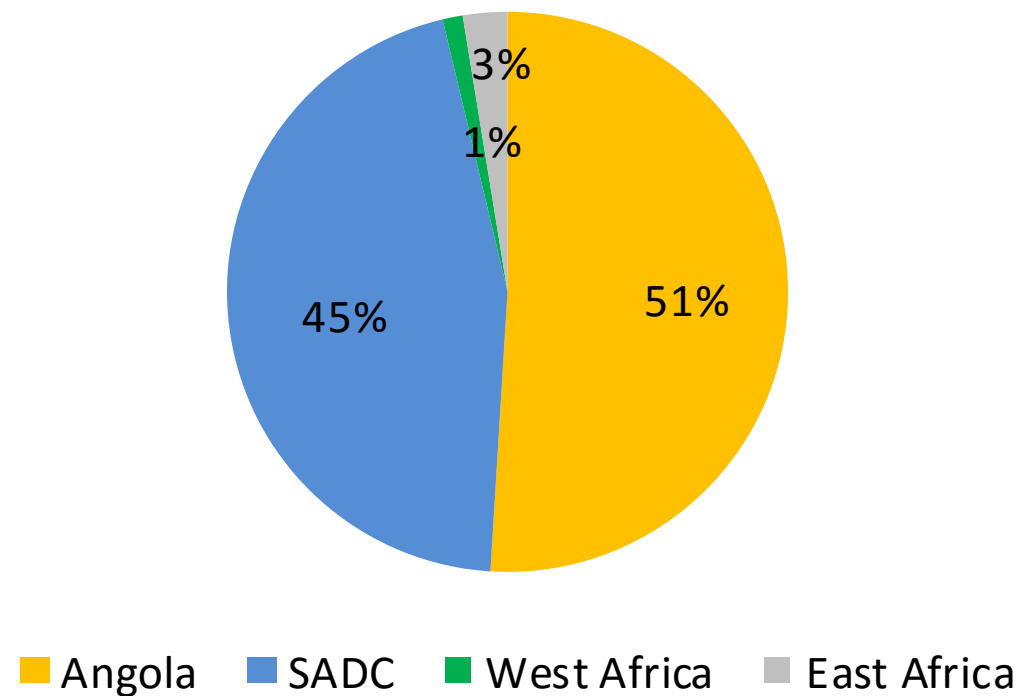
EBITDA MG
23%

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Backlog of €1.8 Bn



Backlog by sub-region



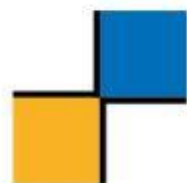
- Decrease in turnover of 12% YoY to €335 Mn mainly due to Angola, although in line with expectations, reflecting the challenging macro context and cautious works execution policy
- EBITDA margin of 23% reflects resilient profitability in Angola and Mozambique
- Backlog of €1.8 Bn, includes the €400 Mn waste contract in Angola, but excludes the €130 Mn of new orders awarded in July in Angola and Malawi

Managing challenging context

Luanda's paved road sections, Angola



- Despite challenging context, commercial activity outlook was fairly positive
- Recent projects won in Angola, namely the Camama road, have guaranteed financing
- Commitment to continuing prioritising receivables' collection
- Expected total savings from cost cutting program in Africa of at least €30 Mn
- Revenues expected to decrease low double digit and EBITDA margin around 20%



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BACKLOG
€1,923 MILLION

EBITDA MG
8%

*Latin
America*

TURNOVER
€344 MILLION

EBITDA
€27 MILLION

Turnover up 19% YoY



- Turnover reached €344 Mn, despite negative impact from local currencies devaluation
- Activity growth was driven by all countries, mainly Peru and Brazil
- Mexico is the country with the highest turnover, but growth was impacted by slower execution of some projects, namely the Guadalajara's light train and a road concession project
- EBITDA up 5% YoY to €27 Mn, with margin at 8%
- In 1H16 the electricity business contributed with €18 Mn in turnover, showing the ramp up of Mexico's promising liberalised electricity market
- Backlog of €1.9 Bn, spread among seven countries with Mexico accounting for 53% of the total
- Recent contract award amounting to €280 Mn in Colombia not included in June's backlog

Backlog execution to accelerate

Guadalajara light train tunnel works, Mexico



- Activity will accelerate in 2H16 in Mexico
- Intense commercial activity with positive short term visibility
- Electricity generation business in Mexico ramping up in line with expectations with the CCGT Power Purchase Agreement discussions still ongoing
- For full year revenue growth is expected to be higher than 20%



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- Operating performance constrained by a very challenging environment in some countries
- Notwithstanding the macro outlook in some markets, in Latin America the outlook continues positive, thus confirming the successful regional diversification strategy
- An intense commercial activity led to a stronger backlog and to a good tenders' visibility in the pipeline, which ensures an improvement in future activity
- Proceeds from asset sales, that should exceed €500 Mn, including Ascendi's remaining assets, to be allocated to debt reduction
- Cash flow generation on a recurrent and operational basis is one of management's key focus
- Strategy Plan - Step Up 2020 to be announced in the short term

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The financial information presented in this document is non-audited.



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