MOTA-ENGIL

EARNINGS RELEASE
First Half 2018

30 August 2018

Key highlights

- Turnover up 5% YoY to €1,251 mn
- EBITDA with a resilient margin of 14%
- Backlog remains strong, reaching €5.3 bn, of which 78% outside Europe
- Strong commercial environment boosting recent awards after June 2018 worth €340 mn, as well as other projects waiting formalisation worth €850 mn
- Flat net debt YoY at €1.0 bn, despite higher capex and working capital
- Net profit of €6 mn (€15 mn ex IAS 29 impact)

Turnover up 5% YoY

P&L (€ mn)

		Pro-forma		
	1H18	1H18 (*)	1H17	YoY
Turnover	**1,251**	**1,256**	**1,196**	***5%***
EBITDA	**176**	**180**	**186**	***(5%)***
Margin	*14%*	*14%*	*16%*	*(2 p.p.)*
EBIT	**90**	**95**	**97**	***(7%)***
Margin	*7%*	*8%*	*8%*	*(1 p.p.)*
Net financial results	(10)	(10)	(47)	*(79%)*
Associates	2	2	1	*63%*
Net monetary position[1]	(9)	-	-	*n.m.*
EBT	**73**	**88**	**51**	***41%***
Net income	**41**	**56**	**40**	***4%***
Attributable to:				
Non-controlling interests	35	41	35	*1%*
Group	**6**	**15**	**5**	***24%***

(*)Excluding IAS 29

- Turnover of €1,251 mn up 5% YoY reflects the transition phase between ending of some relevant projects, and the starting stages of other new projects in Latin America and Africa (mainly in new markets)
- EBITDA of €176 mn was mainly driven by Africa, which showed a strong profitability
- Net financial results impacted by forex net gains
- Increase of corporate tax mainly due to the end of the tax benefit granted to Mota-Engil Angola associated with the investment performed
- Non-controlling interests are mainly related to the E&S and E&C activities in Angola and in Mexico, including the electricity generation business
- IAS 29 accounting impacted negatively EBITDA by €4 mn and the Group's net income by c.€9 mn

[1]The caption "Net monetary position" reflects partially the accounting of Angola as a hyperinflationary economy (IAS 29).

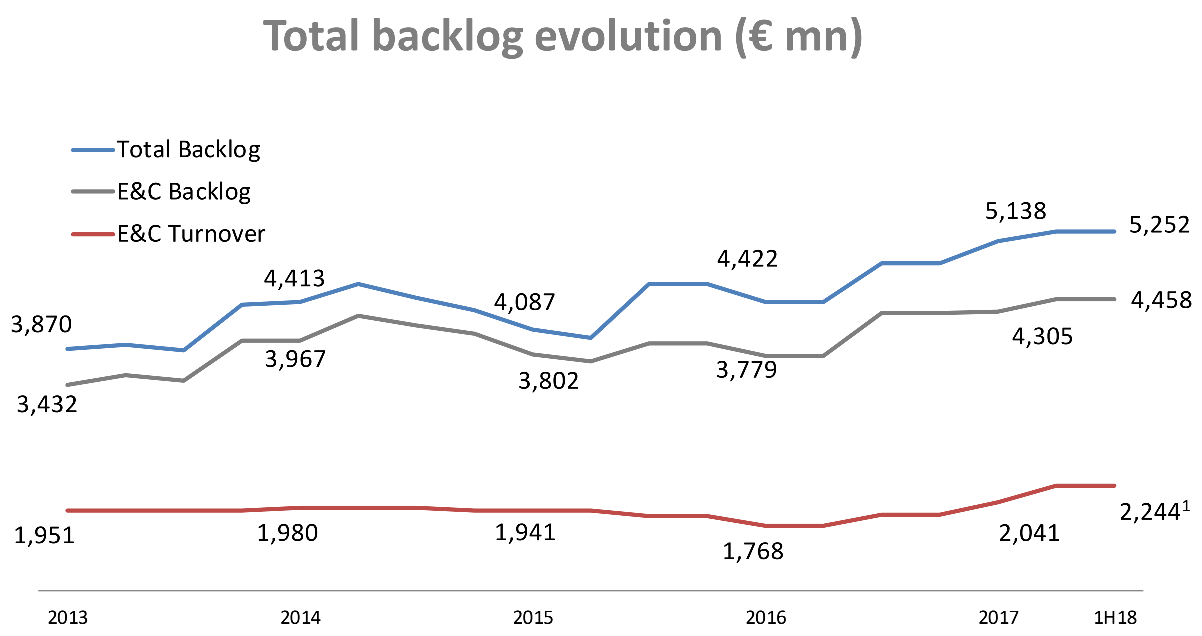
EBITDA margin of 14%

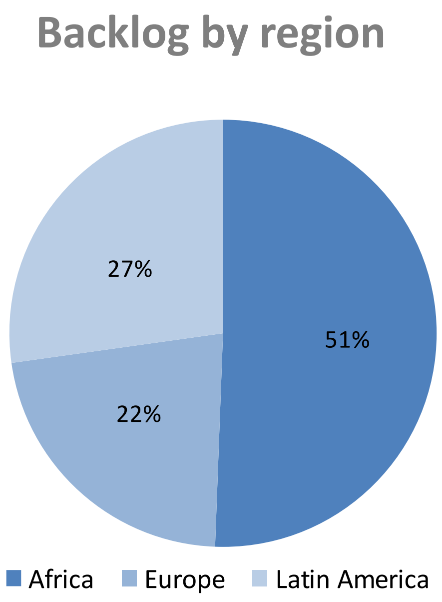
P&L breakdown (€ mn)

	1H18	1H17	YoY
Turnover	**1,251**	**1,196**	***5%***
Europe	406	380	*7%*
Africa	362	349	*4%*
Latin America	486	469	*4%*
Other and intercompany	(3)	(3)	*11%*
EBITDA	**176**	**186**	***(5%)***
Margin	*14%*	*16%*	*(2 p.p.)*
Europe	47	62	*(25%)*
Margin	*12%*	*16%*	*(4 p.p.)*
Africa	82	78	*6%*
Margin	*23%*	*22%*	*1 p.p.*
Latin America	42	38	*12%*
Margin	*9%*	*8%*	*1 p.p.*
Other and intercompany	5	8	*n.m.*

- Total turnover remained broadly balanced YoY and showed a similar growth
- EBITDA margin reached 14% backed by the strong contribution of Africa
- Stable margin in Latin America and challenging performance in the European E&C sector

Record backlog of €5.3 bn and growing after June





- Total backlog increased €114 mn from December 2017 to €5.3 bn
- E&C backlog to sales[2] ratio of 2.0x
- Recent awards worth €340 mn (€250 mn in Argentina and the remaining in several smaller projects, namely in Portugal)
- Very strong commercial prospects after June 2018 with projects waiting formalisation in several markets worth €850 mn

[1]E&C turnover of the last twelve months; [2]Ratio calculated as follows: E&C Backlog/E&C Turnover.

Major construction projects currently in backlog

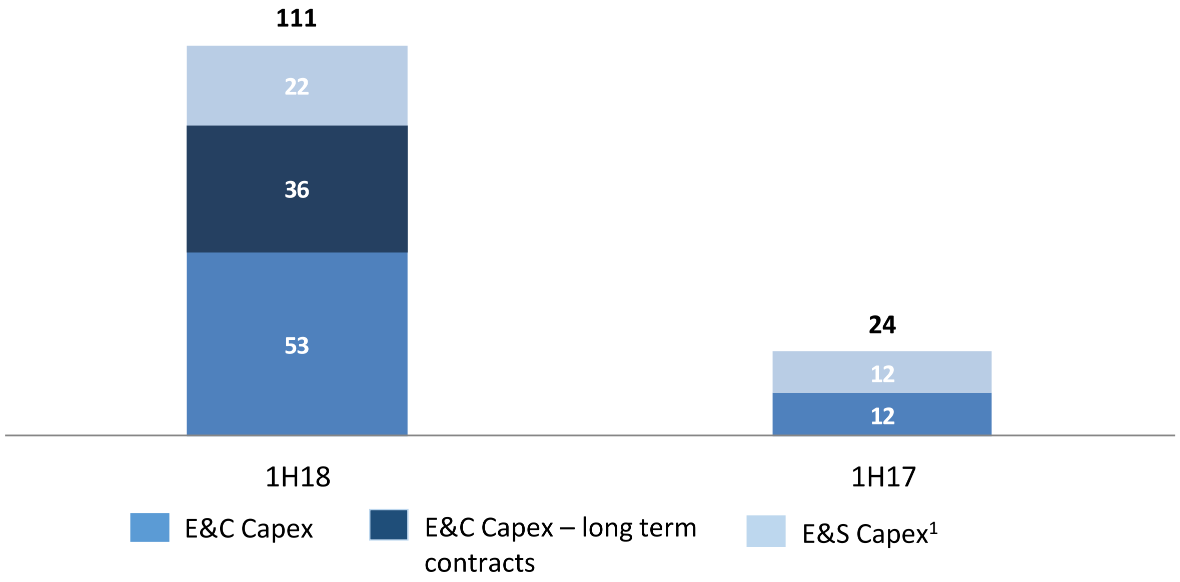
Project [1]	Range (€ Mn)	Country	Segment	Exp. Year of Completion
Vale Mining Moatize	> 250	Mozambique	Mining	2022
Classes: G1 Caribbean; G2 Eje Cafetero - Pacific; G3 Antioquia - Eje Cafetero - Pacific	> 250	Colombia	Civil Construction	2020
Gran Canal highway	> 250	Mexico	Roads	2019
Urban light rail Guadalajara – Tunnel	> 250	Mexico	Railway	2018
Dar Es Salaam	[200;250]	Tanzania	Railway	2019
Las Bambas dam	[200;250]	Peru	Power	2020
Cardel-Poza Rica highway	[200;250]	Mexico	Roads	2019
Tuxpan-Tampico highway	[200;250]	Mexico	Roads	2019
Siguiri gold mine	[150;200[	Guinea Conakry	Mining	2022
BR-381 highway dualisation	[150;200[	Brazil	Roads	2019
General Hospital of Cabinda	[100;150[	Angola	Civil Construction	2019
Fourways Mall Extensions, Fourways	[100;150[	South Africa	Civil Construction	2019
Capacity Improvement Kampala Northern Bypass	[100;150[	Uganda	Roads	2020

[1]Selection of E&C projects above €100 Mn with a stage of completion lower than 95%.

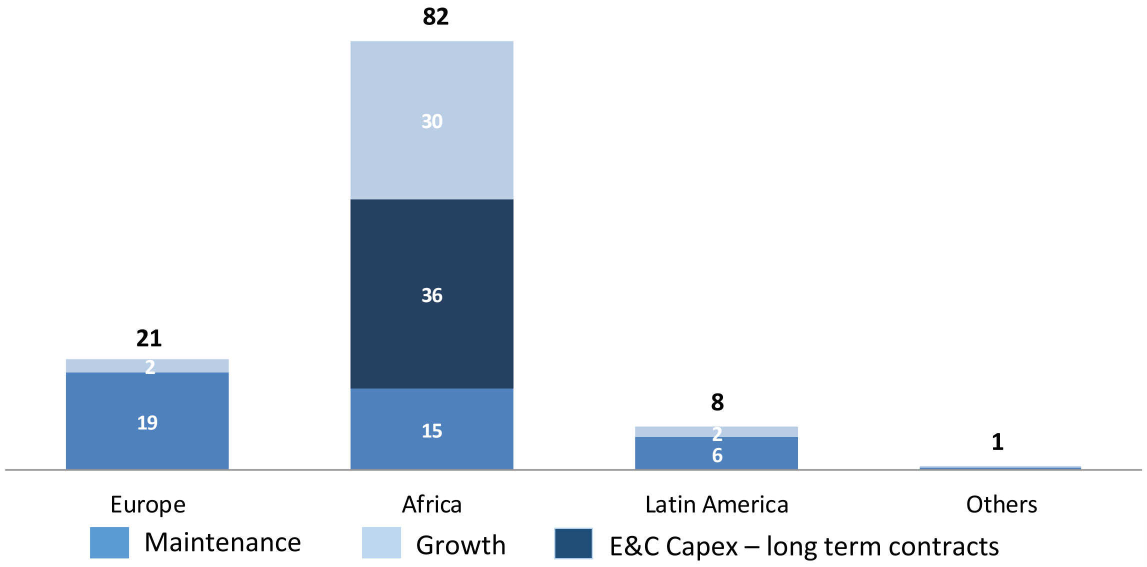
Total capex of €111 mn

- E&C capex reached €89 mn, mostly allocated to Africa's activities
- E&S capex reached €22 mn and was mainly channelled to Europe, namely EGF
- Africa accounted for €82 mn of the total capex, of which 44% was related to equipment associated with the mining works in Mozambique and in Guinea Conakry (long term contracts)

Net capex (€ mn)



Capex in 1H18 by region (€ mn)



[1]E&S includes the electricity generation business.

Operating cash flow impacted by seasonal working capital

Cash flow (€ mn)

	1H18	2017	1H17
Opening balance net debt	**877**	**1,159**	**1,159**
EBITDA	176	405	186
Change in working capital	(44)	190	19
Corporate tax	(32)	(28)	(12)
CFFO	**101**	**566**	**194**
Net financials	(19)	(102)	(47)
Maintenance capex	(40)	(62)	(19)
Growth capex	(71)	(86)	(5)
FCF	**(29)**	**315**	**123**
Dividends	(5)	(38)	(38)
FCF post-dividends	**(34)**	**277**	**84**
Líneas cash in	-	145	145
Other changes in m/l term & perimeter	(90)	(140)	(91)
Change in net debt	**124**	**(282)**	**(139)**
Closing balance net debt	**1,002**	**877**	**1,020**
Net debt/EBITDA	2.5x [1]	2.2x [1]	2.7x [1]

- As in previous first semesters, seasonality negatively impacted working capital
- The anticipated strong capex in Africa negatively impacted cash flow generation
- Dividends outflow is related to the minority shareholders of EGF and ECB

[1]Net debt considers Angola's sovereign bonds denominated in US$ and US$ linked as "cash and cash equivalents" which amounted to €150 mn in June 2018 and €156 mn in December 2017. EBITDA refers to the last twelves months.

Working capital maintains long term descending trend

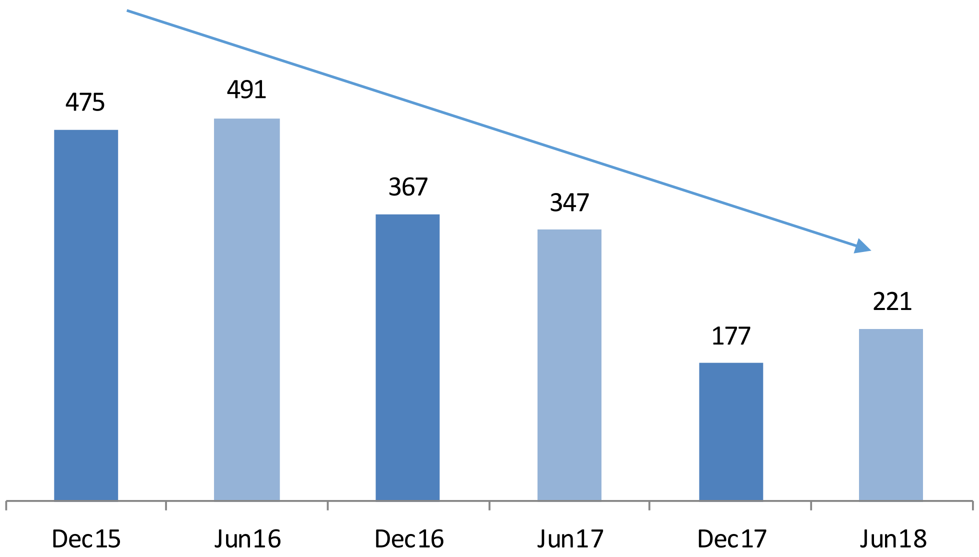
- Working capital was up €44 mn impacted by the seasonal business activity
- Equity impacted mainly by the foreign exchange losses arising from the devaluation of the kwanza
- Long-term payables include investment subsidies and regulatory liabilities related to EGF, amounting to c.€150 mn

Balance sheet (€ mn)

	Jun.18	Pro-forma Jun.18 (*)	Pro-forma Dec.17	Jun.18-Dec.17
Fixed assets	1,251	1,193	1,263	(12)
Financial investments	270	254	233	37
Long term receivables	121	121	140	(19)
Non-current assets held for sale	92	92	91	1
Working capital	221	237	177	44
	1,955	*1,897*	*1,905*	*50*
Equity	490	432	596	(106)
Provisions	95	95	96	(1)
Long term payables	369	369	335	33
Net debt [1]	1,002	1,002	877	124
	1,955	*1,897*	*1,905*	*50*

(*) Excluding IAS 29

Working capital evolution (€ mn)

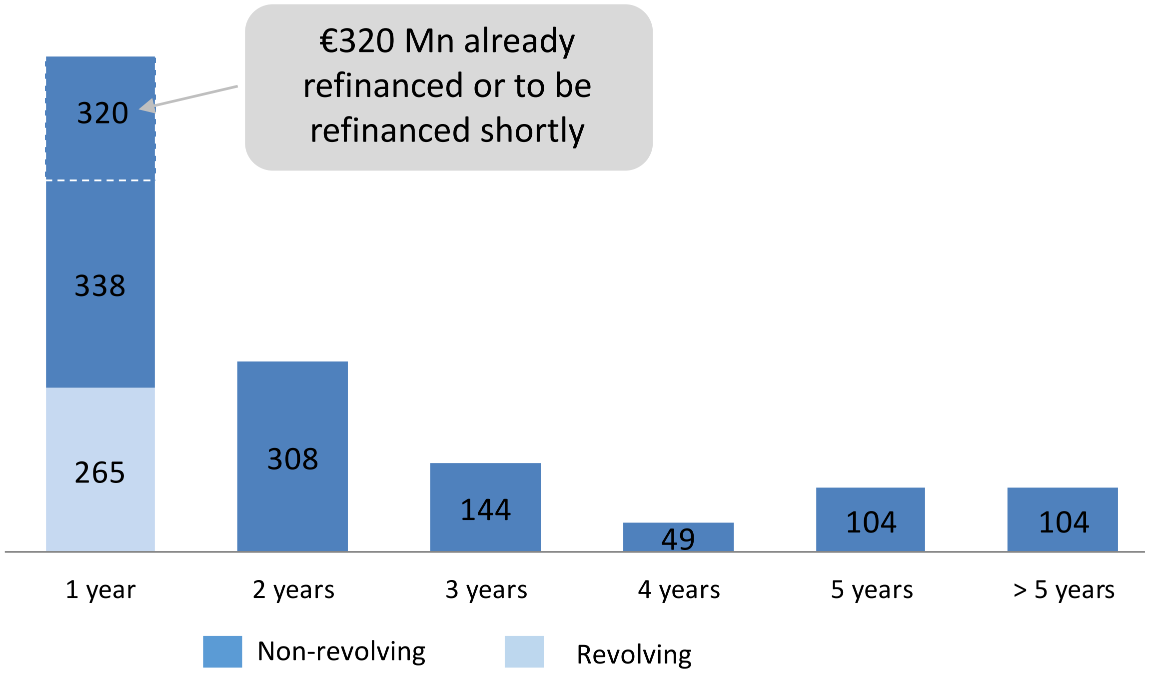


[1] Net debt considers Angola's sovereign bonds denominated in US$ and US$ linked as "cash and cash equivalents".

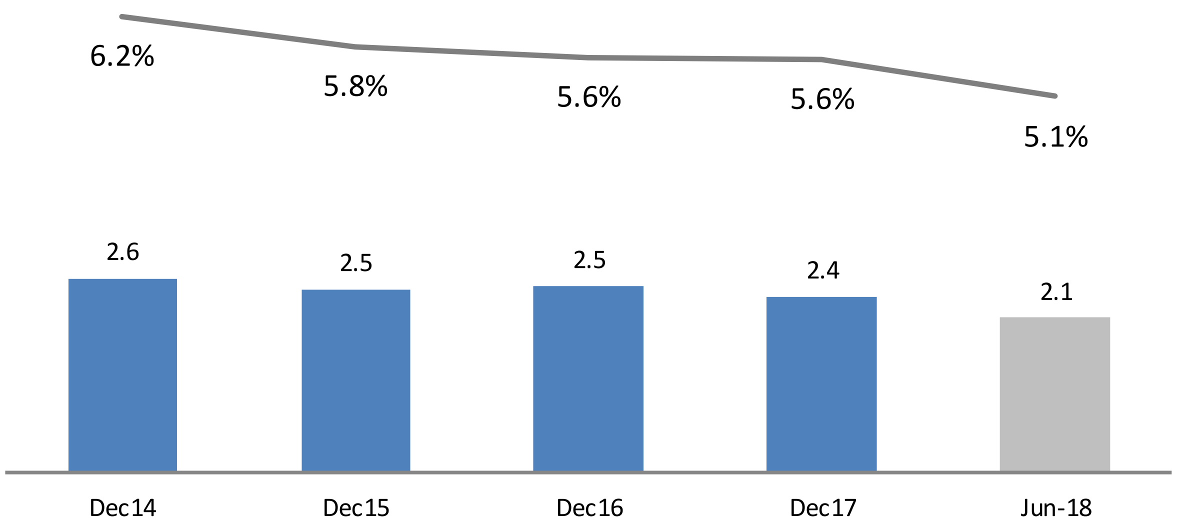
Average cost of debt down to 5.1%

- Net debt[1] amounted to €1,002 Mn
- Leasing amounted to €202 mn, up €37 mn in the 1H18, of which €33 Mn related to long term contracts
- Average cost of debt of 5.1%, down from 5.6% in December 2017

Gross debt maturity[2], June 2018 (€ mn)

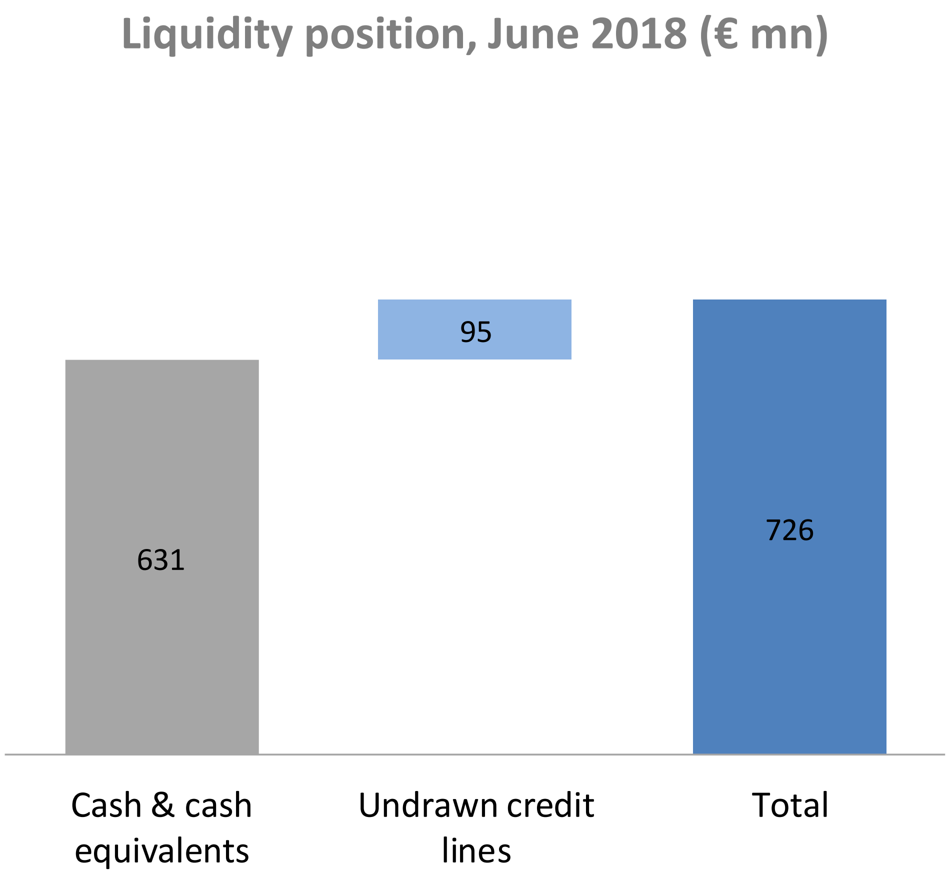


Average cost of debt and average debt life (years)



[1]Excluding leasing, factoring and the sale of receivables covered by the Cosec Portugal/Angola credit line amounting to €202 mn, €82 mn and €150 mn, respectively, and including €150 mn of Angolan sovereign bonds; [2]Excluding leasing and factoring.

Total liquidity position of €726 mn



- Total liquidity position corresponding to c.44% of total gross debt, and to c.1.1x of the non-revolving financing needs with one year maturity
- Cash & cash equivalents include Angola's sovereign bonds amounting to €150 mn
- Organic cash flow generation and disposal of non-core assets will continue to contribute to maintain a strong balance sheet

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EUROPE

€406 Mn	€47 Mn/12%	€1,166 Mn
TURNOVER	EBITDA / EBITDA mg	BACKLOG

Turnover up 7% YoY

Key financials (€ mn)

	1H18	1H17	YoY
Turnover	**406**	**380**	*7%*
E&C	266	230	*16%*
E&S	145	153	*(5%)*
Other, elim. and interc.	(5)	(2)	*(113%)*
EBITDA	**47**	**62**	***(25%)***
Margin	***12%***	***16%***	***(4 p.p.)***
E&C	1	7	*(87%)*
Margin	*0%*	*3%*	*(3 p.p.)*
E&S	46	56	*(17%)*
Margin	*32%*	*36%*	*(4 p.p.)*
Other, elim. and interc.	-	-	*n.m.*

- E&C turnover was up 16% YoY, mainly backed by the positive evolution of Poland that showed an increase in activity of 28% YoY, but also Portugal that accounted for c.50% of the segment's turnover
- Profitability in E&C was negatively impacted by the execution of some projects awarded in a challenging context
- Turnover in E&S reached €145 mn, of which €87 mn from EGF
- E&S EBITDA margin remained strong at 32%

E&C activity expected to rebound with larger projects

Rockbuilding, Portugal (E&C)

- Positive outlook for the Portuguese construction sector, with expected impact in 2019/2020
- Backlog in Poland of €511 Mn, mainly related to road contracts, while studying commercial opportunities in the road, civil construction and railway segments to be tendered until year end
- Outlook for 2018: flat top-line and positive EBITDA

EGF's plant, Portugal

- EGF's capex program in execution and in accordance with the regulatory framework in place
- Parameters for the next regulatory period should be announced in the 4Q18
- Outlook for 2018: slightly decrease of top-line and EBITDA

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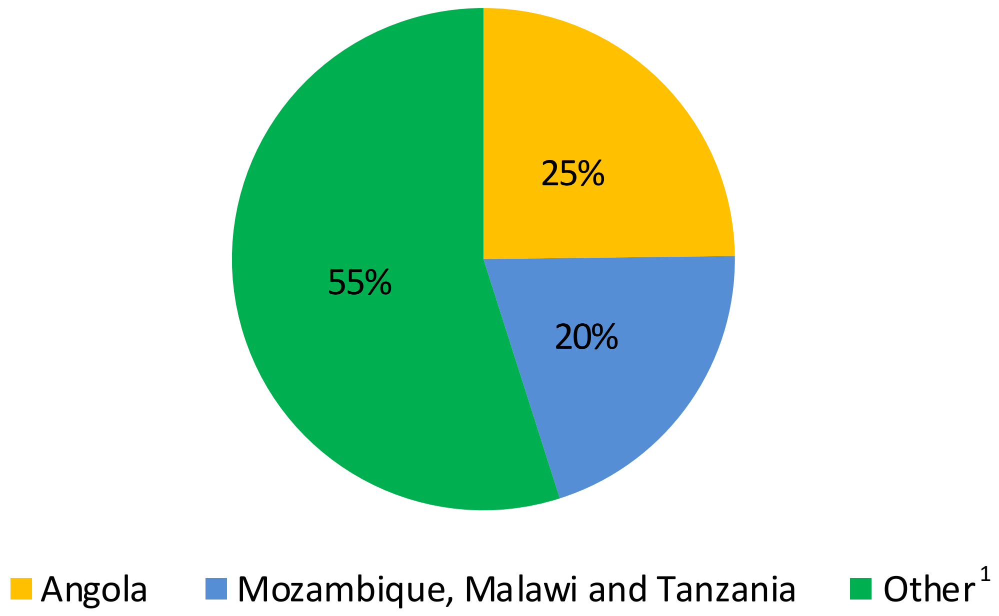
AFRICA

€362 Mn	€82 Mn/23%	€2,657 Mn
TURNOVER	EBITDA / EBITDA mg	BACKLOG

Turnover of €362 mn

Backlog by sub-region



- Turnover growth decelerated to 4% YoY since the conclusion of some works was not fully compensated by the starting process of recently awarded projects, mainly in new markets
- EBITDA margin of 23% reflected strong profitability in all markets, but mainly in Angola
- Backlog up c.€50 mn in the 1H18 driven by contract awards in Ivory Coast and in Uganda

[1]Namely Guinea Conakry, Ivory Coast and Uganda.

Activity in the 2H18 will increase

Vale's mining works, Mozambique

- Activity expected to increase (YoY), but the starting phase of execution of some new projects will reduce the production impact throughout this year
- Capex should be lower in the 2H18, with no expected further spikes related to existing contracts
- Outlook 2018: double-digit top-line increase and EBITDA in line with guidance of c.20%

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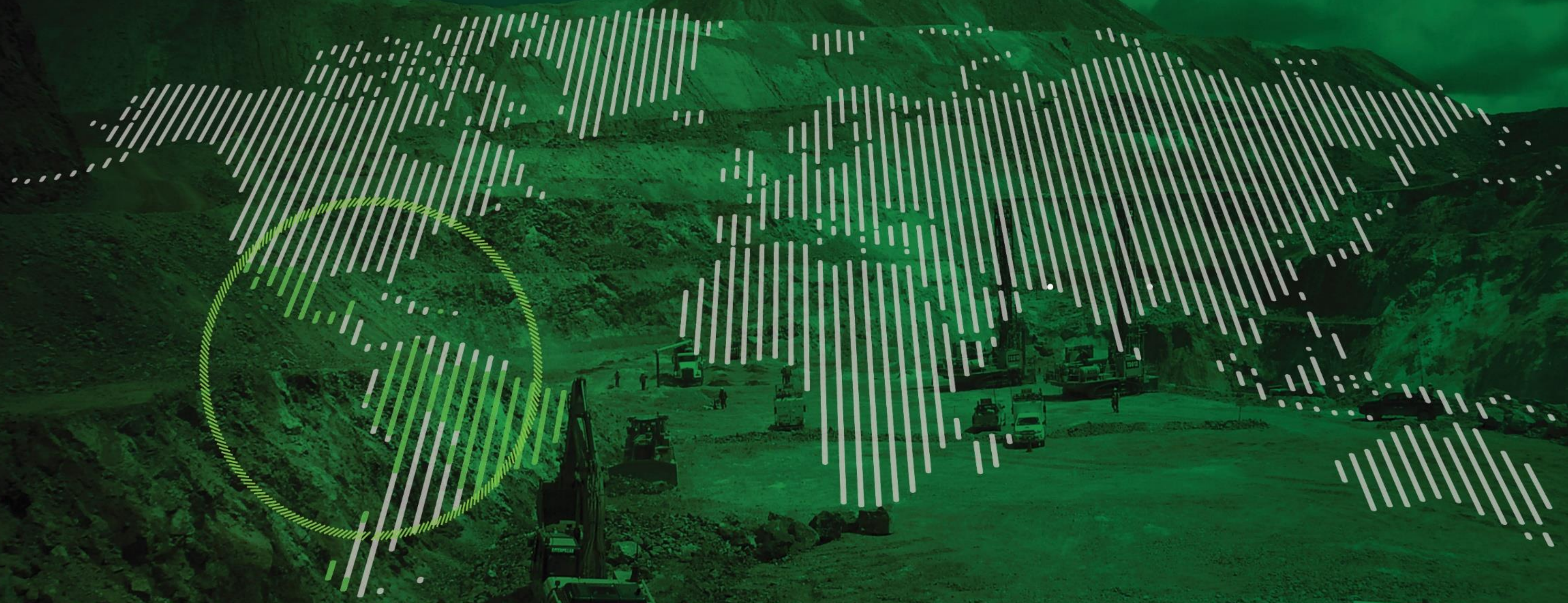
LATIN AMERICA

€486 Mn	€42 Mn/9%	€1,430 Mn
TURNOVER	EBITDA / EBITDA mg	BACKLOG



EBITDA margin of 9%

- Turnover in Latin America up 4% YoY to €486 mn, accounting for 39% of the Company's total turnover
- Mexico represented 58% of the region's turnover with a significant increase in activity, that was partially offset by less works in Peru and Brazil as some projects reached completion
- EBITDA of €42 Mn, up 12% YoY driven by operations in Mexico
- Electricity generation business with revenues of €36 mn with c.50% EBITDA margin
- Backlog of €1.4 bn, with the main markets (Mexico, Colombia, Peru, Brazil) representing 95% of the total and not including the recent awarded road contract in Argentina

Execution of key projects ongoing

Cardel-Poza Rica section II, 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
- Intense commercial activity with good perspectives in main and new markets
- Outlook 2018: slight top-line increase and flat EBITDA margin

FINAL REMARKS

Final remarks

- Strong capex and seasonal working capital had relevant effect on 1H18 performance
- Efficient working capital management remains as a critical goal
- 2018 capex guidance revised downwards to €150 mn - €200 mn, but will pressure the cash flow generation for the remaining of the year
- Funding sources diversification and debt maturities extension programs will continue to be executed
- Strong commercial activity led to a high backlog at June 2018 and to new relevant awards/intentions of awards
- Dividend payment regarding the net income of 2018 expected to resume in 2019

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