

An aerial photograph of a long bridge spanning a wide river. The river is filled with green algae or aquatic plants. The surrounding landscape is lush green with some trees. The bridge has a dirt shoulder on the right side.

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A World of Inspiration

2019

Earnings Release

12 March 2020

Table of Contents

01 Key Highlights

Page 04

02 Results Overview

Page 06

03 Regional Segments

Page 16

3.1 Europe

3.2 Africa

3.3 Latin America

04 Final Remarks and Outlook

Page 22

05 Appendix

Page 25



2019

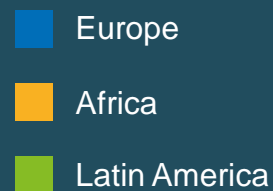
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1

Key
Highlights

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Key Highlights



BACKLOG

€ **5.4** bn



RECORD TURNOVER

€ **2,848** mn (+2% YoY)



EBITDA

€ **420** mn (margin 15%)



NET INCOME

€ **27** mn (+13% YoY)

NET DEBT

€ **1,185** mn

(Net debt / EBITDA 2.8x)

CAPEX

€ **262** mn

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2

Results Overview



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Net income up 13% YoY to €27 mn

	2019	2018	YoY	2H19	YoY
P&L (€ mn)					
Turnover	2,848	2,802	2%	1,503	(3%)
EBITDA	420	407	3%	226	(2%)
Margin	15%	15%	0 p.p.	15%	0 p.p.
EBIT	176	200	(12%)	85	(23%)
Margin	6%	7%	(1 p.p.)	6%	(1 p.p.)
Net financial results	(55)	(56)	2%	(3)	92%
Associates	(1)	3	n.m.	(2)	n.m.
Net monetary position ¹	2	(12)	n.m.	2	n.m.
EBT	121	135	(11%)	81	29%
Net income	80	93	(15%)	54	3%
Attributable to:					
Non-controlling interests	53	70	(24%)	36	3%
Group	27	24	13%	19	4%

¹The caption "Net monetary position" reflects the accounting, as hyperinflationary economies (IAS 29), of Angola and Zimbabwe in 2018 and 2019, respectively.

- Turnover of €2,848 mn, balanced between the regions and with the Non E&C businesses accounting for 19% of the total
- Resilient EBITDA margin at 15% with the Non-E&C businesses accounting for 24% of the total
- IFRS 16 impact in EBITDA was c.€18 mn
- Net financial results positively impacted by forex gains, whereas interest costs remained broadly stable
- Effective tax rate of 34%
- Decrease of non-controlling interests YoY

EBITDA margin of 15%

2019	2018	YoY	2H19	YoY
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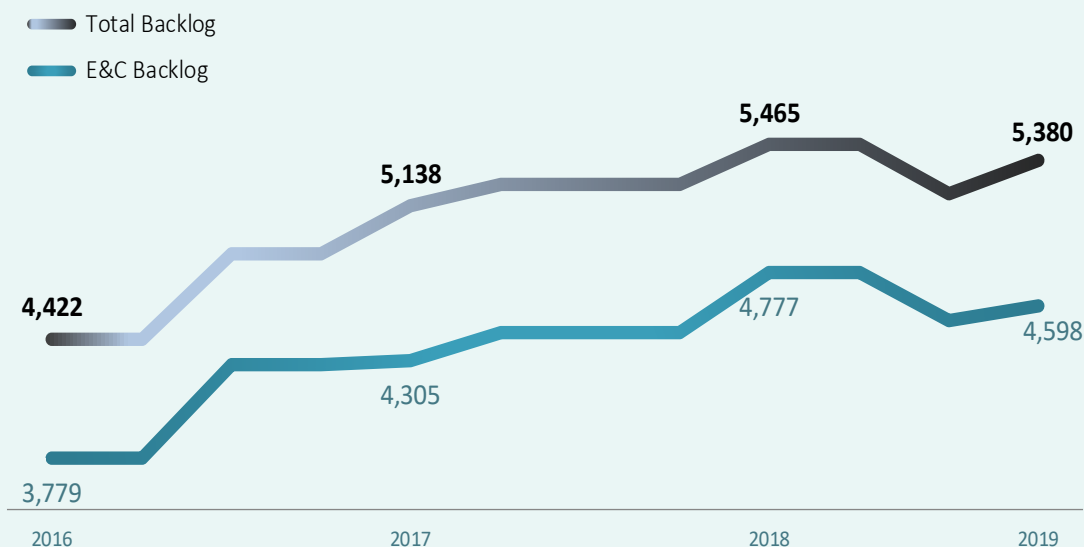
P&L breakdown (€ mn)					
Turnover	2,848	2,802	2%	1,503	(3%)
Europe	880	859	2%	473	4%
Africa	1,007	905	11%	559	3%
Latin America	950	1,069	(11%)	492	(15%)
Other and intercompany	11 ¹	(30)	n.m.	(22)	n.m.
EBITDA	420	407	3%	226	(2%)
<i>Margin</i>	<i>15%</i>	<i>15%</i>	<i>0 p.p.</i>	<i>15%</i>	<i>0 p.p.</i>
Europe	87	71	23%	46	95%
<i>Margin</i>	<i>10%</i>	<i>8%</i>	<i>2 p.p.</i>	<i>10%</i>	<i>5 p.p.</i>
Africa	218	192	13%	126	15%
<i>Margin</i>	<i>22%</i>	<i>21%</i>	<i>1 p.p.</i>	<i>23%</i>	<i>2 p.p.</i>
Latin America	123	140	(12%)	64	(35%)
<i>Margin</i>	<i>13%</i>	<i>13%</i>	<i>0 p.p.</i>	<i>13%</i>	<i>(4 p.p.)</i>
Other and intercompany	(8)	4	n.m.	(10)	n.m.

¹Of which €57 mn related to companies that in 2018 were accounted in Europe's region.

- Turnover evolution in Europe reflected: (i) a stronger activity in the E&C business in Portugal in the 2H19 and (ii) a stable E&S activity
- EBITDA increased 23% YoY in Europe benefiting from improved profitability in the E&C
- Africa's turnover was up 11% YoY to €1 bn
- EBITDA margin in Africa reached 22% with resilient contributions from the main markets
- In Latin America, Brazil and Peru project execution showed a double digit growth
- EBITDA margin in Latin America was stable at 13%

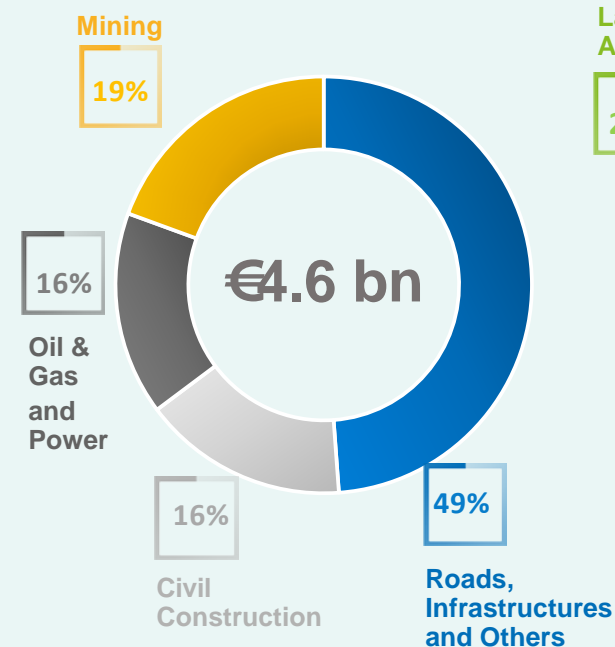
Significant growth in Mining, Oil & Gas and Power

TOTAL BACKLOG EVOLUTION (€ mn)

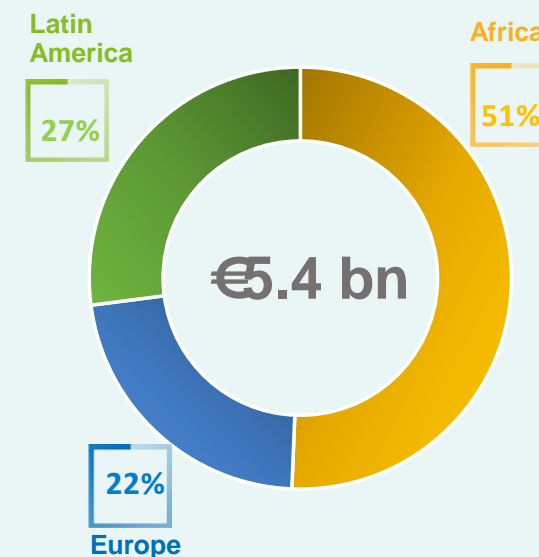


- The E&C activity represents 85% of the total backlog with a backlog to sales ratio of 2.3x
- Significant growth in segments with Long-Term Contracts: Mining, Oil&Gas and Energy (35% of the total vs. 21% in FY2018)
- Recent contract in Colombia (€270 mn) not included in backlog

E&C BACKLOG BY SEGMENT



BACKLOG BY REGION



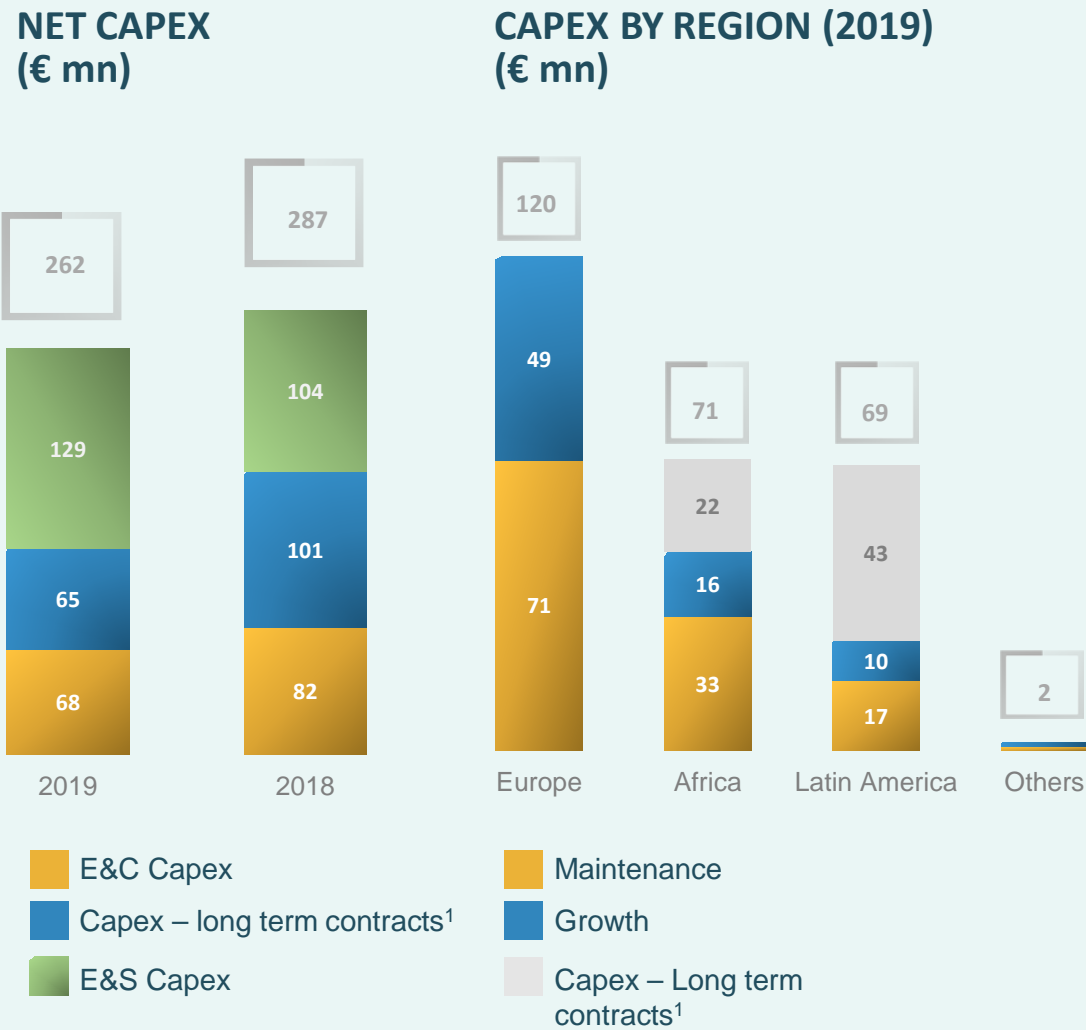
Major construction projects in backlog at December 31¹

Project	Range (€ mn)	Country	Segment	Exp. Year of Completion
Vale Mining Moatize	> 250	Mozambique	Mining	2022
Gran Canal highway	> 250	Mexico	Roads	2020
Requalification of the Soyo Naval Base	> 250	Angola	Ports	2021
BR-381 highway dualisation (section 3.1 and section 7)	> 250	Brazil	Roads	2020
Las Bambas dam (phase 4 under execution)	> 250	Peru	Power	2020
Cardel-Poza Rica highway	[200;250]	Mexico	Roads	2020
Tuxpan-Tampico highway	[200;250]	Mexico	Roads	2020
Mandiana gold mine	[150;200[	Guinea Conakry	Mining	2027
Siguiri gold mine	[150;200[	Guinea Conakry	Mining	2022
El Tornillito hydroelectric facility	[150;200[	Honduras	Power	2023
Cuapixtla-Cuacnopalan road	[100;150[	Mexico	Roads	2022
Calueque Dam - lifting system, irrigated perimeter and hybrid generation plant	[100;150[	Angola	Power	2023
General Hospital of Cabinda	[100;150[	Angola	Civil Construction	2020
Capacity Improvement Kampala Northern Bypass	[100;150[	Uganda	Roads	2021
Offshore platform - operational unit Rio Section B	[100;150[	Brazil	Oil&Gas	2022
Bordo Poniente landfill	[100;150[	Mexico	Urban infrastruct.	2022
Fairmont Hotel	[100;150[	Mexico	Civil Construction	2022

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

Growth and long-term capex accounted for 54%

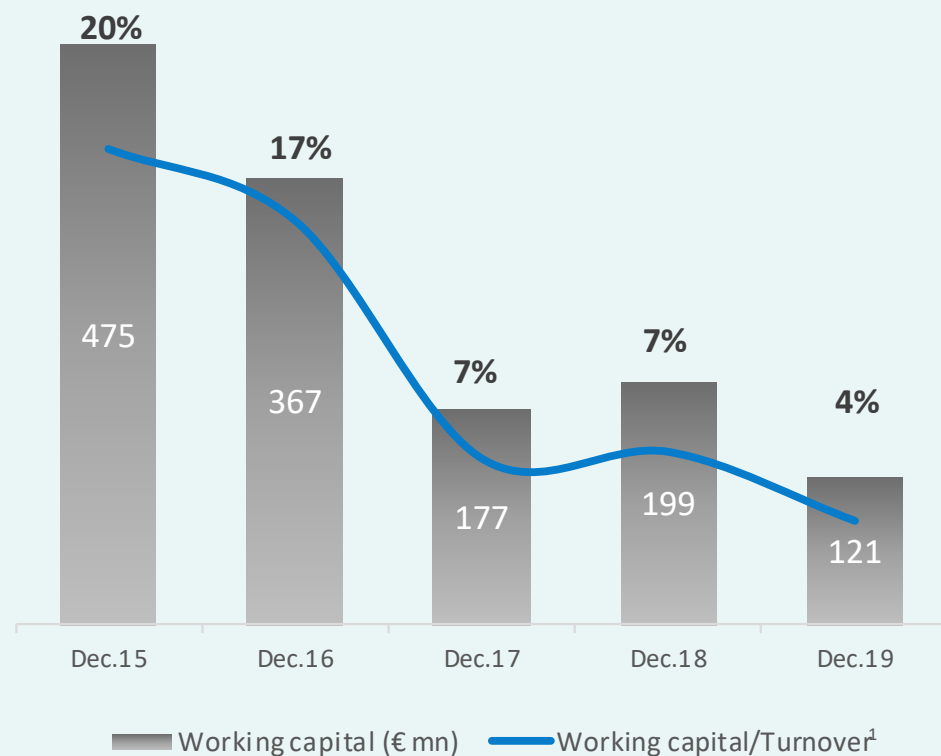
- Capex of €262 mn
- E&S capex of €129 mn was mainly channelled to EGF (€89 mn) in order to comply with the regulators’ approved investment for the current regulatory period
- E&C CAPEX (€68mn) < 3% E&C Turnover
- Maintenance capex c.4% of turnover due to the optimization of planning, procurement and logistics



¹Includes mining contracts in Africa and the Energy business in Latin America.

Working capital to Turnover ratio of 4%

Working capital
evolution



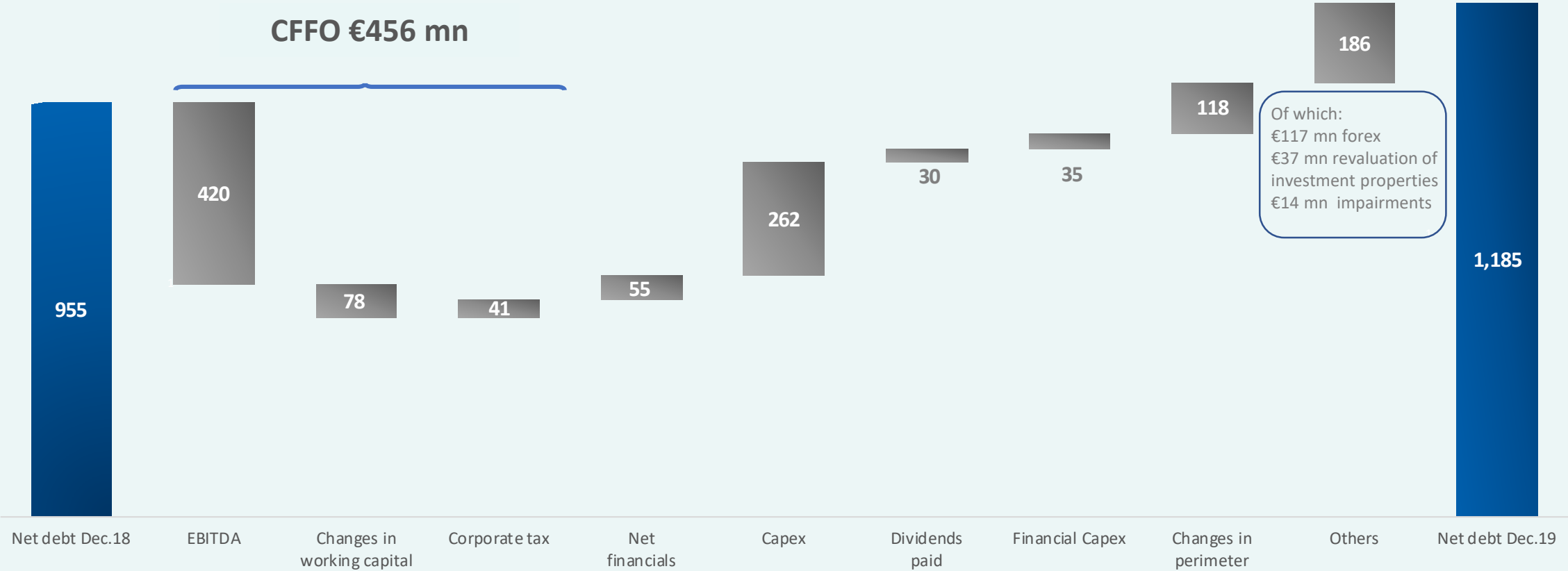
¹Turnover of the last twelve months.

- Working capital/Turnover ratio decreased to 4%
- For 2020, focus on structuring the contracts with the aim of minimizing the receivables payment period and credit risk exposure
- Downward trend follows (i) reinforcement of cooperation with multilaterals, ECA's, (ii) higher exposure to private clients, namely in mining and oil&gas sectors and to projects financed by the client and (iii) settlement of receivables mainly from Angola's Government

Solid CFFO of €456 mn

(+32% YoY: FY18 was €346 mn)

FREE CASH-FLOW
(€ mn)



¹Net debt considers Angola’s sovereign bonds denominated in US\$, US\$ linked and kwanzas as “cash and cash equivalents” which amounted to €210 mn (€224 mn nominal value) in December 2019 (€152 mn in December 2018) and Ivory Coast’s sovereign bonds that amounted to €13 mn in December 2019.

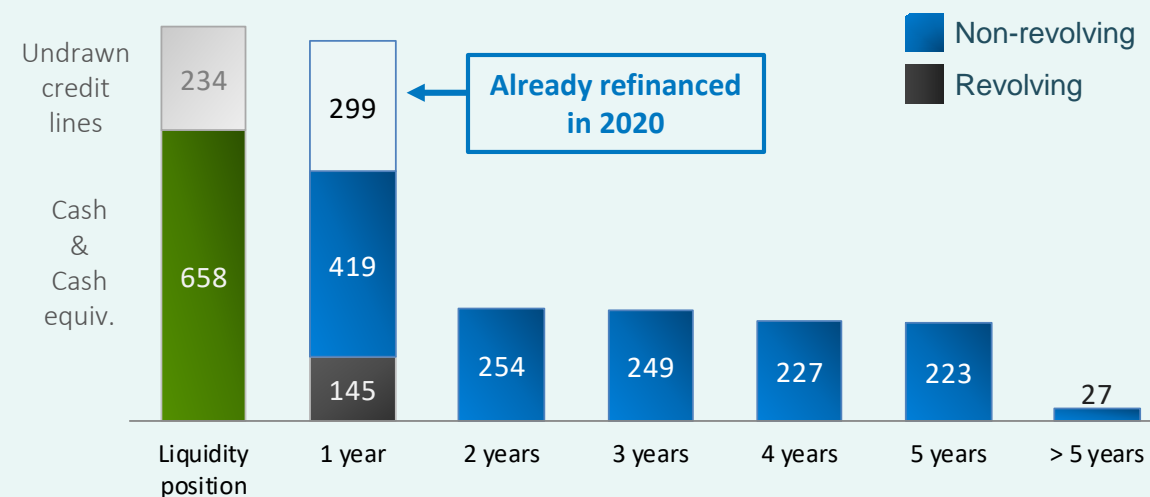
Net debt¹ of €1,185 mn with a Net debt / Ebitda at 2.8x

- Leasing operations (IFRS 16 impact of €31 mn), amounted to €266 mn
- Average debt maturity of 2.5 years up from from 2.3 a year ago, helped by the successful bond issue in October (€140 mn)
- Average cost of debt of 5.2%
- Liquidity position corresponds to 1,2x of non-revolving financing needs with maturity less than one year
- Cash-in of c.€20 mn from the monetization of Africa's sovereign bonds

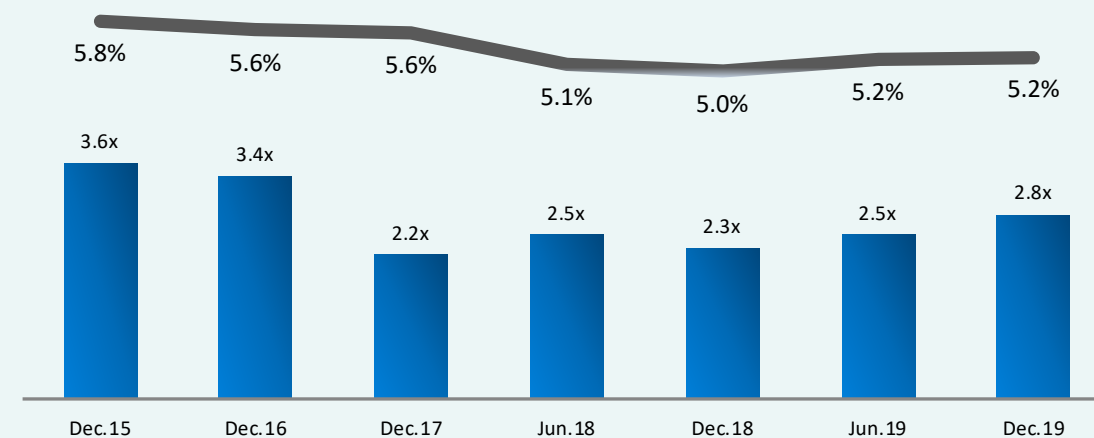
¹Excluding leasing and factoring and including €210 mn (€224 mn nominal value) of Angolan sovereign bonds and €13 mn of Ivory Coast sovereign bonds;

²Excluding leasing and factoring;

GROSS DEBT MATURITY², DECEMBER 2019 (€ mn)



COST OF DEBT AND NET DEBT / EBITDA





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Regional
Segments

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Highlights 2019

05 **€880_{mn}** **€1,206_{mn}**

Countries

Turnover

Backlog

Portugal
Spain
Poland
Ireland
United Kingdom

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3.1

Europe

Positive trend in the E&C in Portugal

- Public tenders in Portugal up 50% YoY to €4 bn in 2019 opening new opportunities for larger projects awards in 2020
- Well positioned to benefit from large project awards in Portugal in the transport and healthcare (hospitals), segments with European Union funds committed
- E&S activity to benefit from the higher RAB driven by significant investments
- Guidance FY2020: Turnover up mid single digit with stable profitability



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Highlights 2019

11 €1,007_{mn} €2,711_{mn}

Countries Turnover

Backlog

Angola
Mozambique
Malawi
South Africa
Zimbabwe
Uganda

Rwanda
Guinea Conakry
Cameroon
Ivory Coast
Kenya

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3.2

Africa



Africa with positive outlook for the long-term

- Mozambique expected to be the main driver of growth for the next years due to existing contracts (with Vale) and to potential new contract awards, while maintaining a strong operation in other main markets
- 2019 is the first full year of activity of the waste contract operation in Ivory Coast, which had a positive contribution for turnover and EBITDA
- Good perspectives to reinforce the relationship with ECA's and multilaterals (e.g. Afreximbank) to finance new projects, reinforcing the footprint in long-term projects denominated in hard currency and with higher profitability
- Guidance FY2020: high single digit turnover growth with EBITDA margin of c.20%



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Highlights 2019

06

Countries

€950_{mn}

Turnover

€1,463_{mn}

Backlog

Mexico

Peru

Brazil

Colombia

Dominican Republic

Aruba

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3.3

Latin America



Increased commercial dynamism

- Strengthening the presence in the E&S business in Brazil, together with the oil&gas maintenance activity in order to increase cash-flow stability and visibility
- Recent project award by CTG and CCCC in Colombia (Talasa dam) opens new partnership opportunities for the upcoming years
- Positive perspectives to revamp the commercial dynamism with a balanced contribution from the main markets
- Mexico positive outlook driven by the new infrastructure plan (2020-2024) amounting to US\$44 bn (including PPP) and by the Train Maya project and with the initial phase of Costa Canuva
- Guidance FY2020: high single digit growth with stable margin



An aerial photograph of a large dam and reservoir in a mountainous region. The dam is a long, straight concrete structure extending across a valley. The reservoir is a large body of water to the left of the dam. In the foreground, there are rocky, snow-dusted slopes and a dirt road with two yellow construction vehicles. In the background, there are snow-capped mountains under a blue sky with clouds.

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4

**Final
Remarks
and Outlook**

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Final Remarks



- Healthy turnover with focus on profitability (EBITDA margin of 15%)
- Backlog's attractive projects in several markets with positive commercial perspectives for 2020
- Significant capex will contribute to stable cash-flow generation from long-term projects and with higher profitability (Mining, Environment, Energy and Concessions)
- Comfortable liquid position and debt with longer maturities (average 2.5 years)

Outlook



- Turnover expected to grow with the E&C in Europe, Africa and Latin America accelerating its pace
- EBITDA margin to remain in line with historical levels
- Backlog to stand above €5 bn
- Capex: €200 mn-€250 mn (partially financed by pre-payments) focused in low cyclical businesses with resilient cash-flow generation (non-E&C)
- Focus on organic cash-flow generation

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5

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Balance sheet

	Dec. 19	Jun. 19	Dec. 18	YoY
Balance sheet (€ mn)				
Fixed assets	1,338	1,300	1,296	43
Financial investments	353	300	290	63
Long term receivables	181	122	117	63
Non-current Assets held for sale (net)	145	85	90	55
Working capital	121	251	199	(78)
	2,138	2,057	1,992	146
Equity	343	418	447	-103
Provisions	107	98	104	3
Long term payables	502	474	486	16
Net debt	1,185	1,067	955	230
	2,138	2,057	1,992	146

Europe performance breakdown

	2019	2018	YoY	2H19	YoY
P&L breakdown (€ mn)					
Turnover	880	859	2%	473	4%
E&C	623	572	9%	340	11%
E&S	264	300	(12%)	138	(11%)
Other, elim. and interc.	(7)	(13)	41%	(4)	51%
EBITDA	87	71	23%	46	95%
<i>Margin</i>	<i>10%</i>	<i>8%</i>	<i>2 p.p.</i>	<i>10%</i>	<i>5 p.p.</i>
E&C	26	(12)	<i>n.m.</i>	15	<i>n.m.</i>
<i>Margin</i>	<i>4%</i>	<i>(2%)</i>	<i>5 p.p.</i>	<i>5%</i>	<i>9 p.p.</i>
E&S	61	84	(27%)	32	(15%)
<i>Margin</i>	<i>23%</i>	<i>28%</i>	<i>(5 p.p.)</i>	<i>23%</i>	<i>(1 p.p.)</i>
Other, elim. and interc.	-	(2)	<i>n.m.</i>	(1)	<i>n.m.</i>

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TURNOVER: corresponds to the caption "Sales and services rendered".


EBITDA MARGIN: corresponds to the division between the algebraic sum of the following captions of the consolidated income statement "Sales and services rendered"; "Cost of goods sold, mat. cons., Changes in production and Subcontractors"; "Third-party supplies and services"; "Wages and salaries"; "Other operating income / (expenses)" and the TURNOVER.

CAPEX: acquisitions less disposals of tangible and intangible assets.

NET DEBT: corresponds to the algebraic sum of the following captions of the consolidated statement of financial position: "Cash and cash equivalents without recourse - demand deposits"; "Cash and cash equivalents with recourse - demand deposits"; "Cash and cash equivalents with recourse - term deposits" "Loans without recourse"; "Loans with recourse" and "Other financial investments recorded at amortised cost". Leasing and factoring operations established by the Group are not recorded in the captions aforementioned.

BACKLOG: turnover to be recognised in the future related to projects for which contracts have been signed or awarded.





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