MOTA-ENGIL

A World of Inspiration

1H2020

Earnings Release

27 August 2020

Table of Contents

1

Relevant Information

Strategic Partnership and Investment Agreement

MOTA-ENGIL is in the last stages of negotiation of a Partnership and Investment Agreement with one of the largest infrastructures groups in the world (top five), with significant activity worldwide, aiming the New Partner to become a relevant shareholder and a long-term partner of MOTA-ENGIL.

In the context of the envisaged Agreement, MGP, the controlling shareholder of MOTA-ENGIL, has accepted to sell a relevant stake in the share capital of MOTA-ENGIL at a price that reflects a valuation which is high above the current market price.

Also pursuant to the Agreement, if concluded successfully — which is expected to occur shortly —, and assuming that the regulatory clearances and several other conditions precedent will be met, the New Partner:

- **Will enter into a partnership and investment understanding with MOTA-ENGIL to jointly develop commercial opportunities;**
- **Will be committed to subscribe a relevant stake in a share capital increase of up to 100 million new shares that will be submitted for deliberation in a General Meeting, to be called shortly.**

Following such share capital increase:

- **MGP will have a stake of c. 40% of MOTA-ENGIL, showing a full commitment and alignment with its historical position in the Company;**
- **The New Partner will reach a stake slightly above 30%.**

This new configuration and the framework of this partnership, which is based on a Group´s valuation of circa €750 million, will enhance the financial, technical and commercial capabilities of MOTA-ENGIL in order to upscale its activities in all markets and will open new opportunities for further developments.

MOTA-ENGIL, as the leading Portuguese infrastructure multinational group, will strengthen its commitment, based on its 75-year culture and corporate values, towards its clients, employees, communities, environment and all other stakeholders.

1H20

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2

Key Highlights

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Key Highlights

BACKLOG

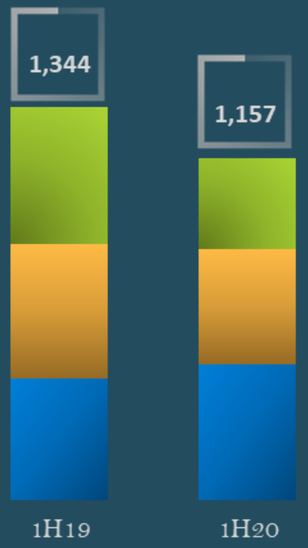
€ **5.5** bn

(record high)

TURNOVER

€ **1,157** mn

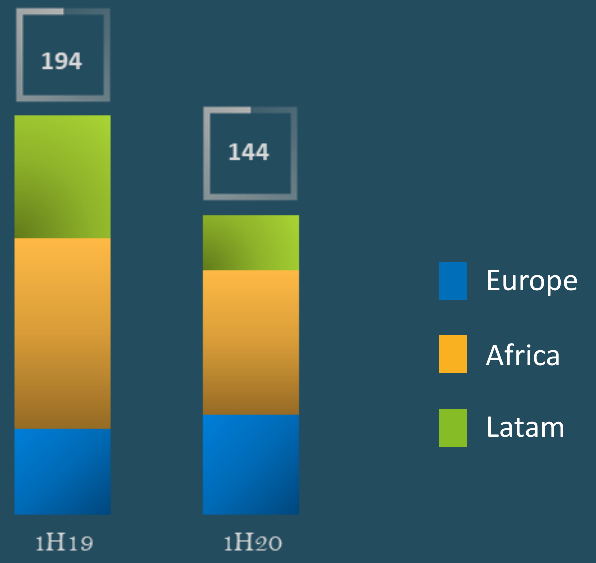
(-14% YoY)



EBITDA

€ **144** mn

(margin 12%)



NET LOSS

€ **5** mn

NET DEBT

€ **1,248** mn

(Net debt / EBITDA 3.4x)

CAPEX

€ **94** mn

(-13mn YoY)

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3

Results Overview

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EBITDA margin of 12%

P&L (€ mn)	1H20	1H19	YoY
Turnover	**1,157**	**1,344**	***(14%)***
EBITDA	**144**	**194**	***(26%)***
Margin	*12%*	*14%*	*(2 p.p.)*
EBIT	**33**	**91**	***(64%)***
Margin	*3%*	*7%*	*(4 p.p.)*
Net financial results	(39)	(52)	*26%*
Associates	3	1	*145%*
Net monetary position[1]	7	-	*n.m.*
EBT	**5**	**40**	***(88%)***
Net income	**10**	**26**	***(61%)***
Attributable to:			
Non-controlling interests	15	17	*(13%)*
Group	**(5)**	**8**	***n.m.***

[1]The caption "Net monetary position" reflects partially the accounting, as an hyperinflationary economy (IAS 29), of Zimbabwe in the 1H20,

- Turnover of €1,157 mn, with the non-E&C businesses accounting for 26% of the total
- Covid-19 had an estimated negative impact of €280 mn in Turnover and of €45 mn in EBITDA, mostly affecting the emerging markets
- Tax was impacted by the lower EBT and by some investment tax credits
- EBITDA margin at 12% with the non-E&C businesses accounting for 45% of the total EBITDA
- EBIT impacted by €16 Mn of provisions and impairment losses, mainly related to Covid-19
- Net financial results positively impacted by forex gains
- Net loss of €5 mn, with the minorities mostly related to Angola and Mexico

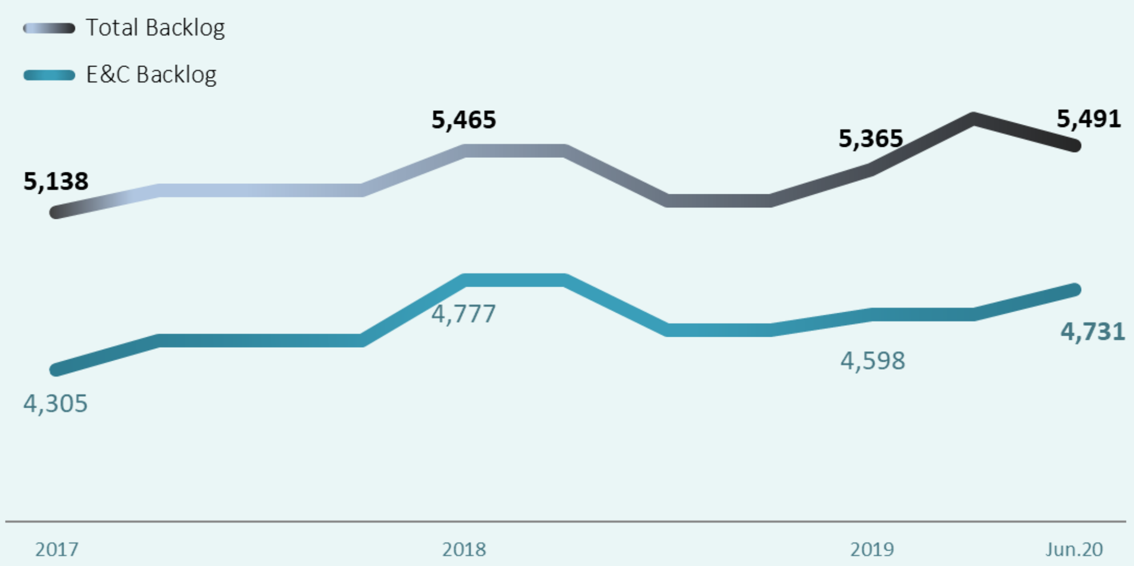
Europe was resilient within the Covid-19 context

P&L breakdown (€ mn)	1H20	1H19	YoY
Turnover	**1,157**	**1,344**	***(14%)***
Europe	455	407	*12%*
Africa	385	453	*(15%)*
Latin America	305	457	*(33%)*
Other and intercompany	11	28	*(60%)*
EBITDA	**144**	**194**	***(26%)***
Margin	*12%*	*14%*	*(2 p.p.)*
Europe	48	41	*16%*
Margin	*10%*	*10%*	*0 p.p.*
Africa	69	91	*(24%)*
Margin	*18%*	*20%*	*(2 p.p.)*
Latin America	27	59	*(55%)*
Margin	*9%*	*13%*	*(4 p.p.)*
Other and intercompany	-	3	*n.m.*

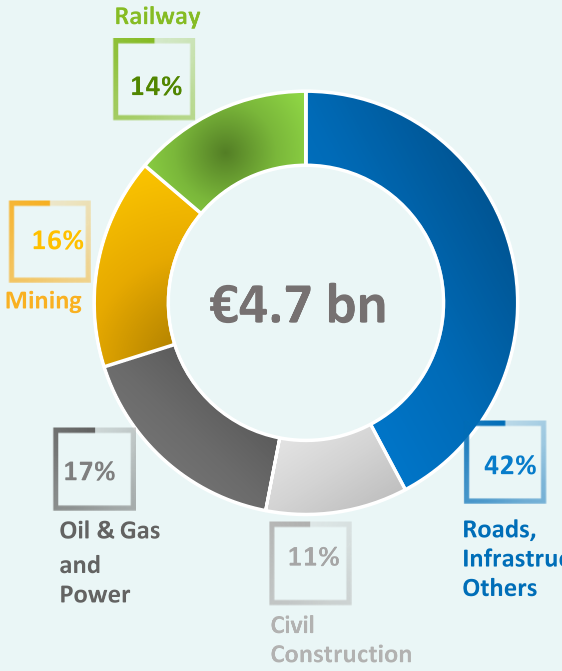
- Positive turnover evolution in Europe reflected a strong activity in the E&C business and a positive evolution in the E&S activity, partially offsetting the weaker performance of the other regions (higher Covid-19 impact)
- EBITDA in Europe was up 16% YoY, with higher margin both in E&C and E&S
- Africa's turnover was down 15% YoY to €385 mn as Covid-19 led to slower execution pace and stoppages in some markets, namely in Angola, Uganda and Mozambique
- EBITDA margin in Africa reached 18% with resilient contributions from the main markets
- In Latin America, turnover was the most impacted by Covid-19 (mainly Peru and Mexico) due to the imposed lockdowns and stoppages policies
- EBITDA margin in Latin America was 9% as the Covid-19 impacted the E&C operations

Largest projects enhancing value creation

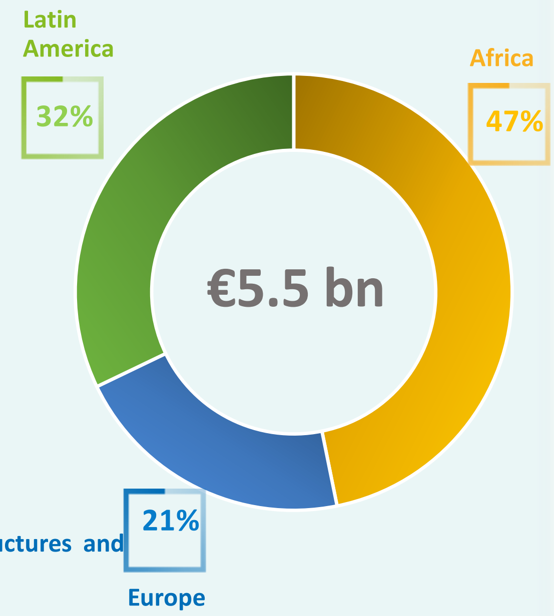
TOTAL BACKLOG EVOLUTION (€ mn)



E&C BACKLOG BY SEGMENT



BACKLOG BY REGION



- Record backlog level: €5,491 mn (E&C represents 86% of the total) with a backlog/sales ratio[1] in the E&C activity of 2.3
- There were no cancellations of projects due to Covid-19
- Largest contracts awarded in the 1H20 (> €200 Mn):
  - Mexico - First stretch of Tren Maya (Mota-Engil Mexico: 58% stake)
  - Mozambique - Construction of a pier bridge and an offloading facility for Mozambique LNG project (Mota-Engil: 50% stake)
  - Poland - S1 expressway Kosztowy – Bielsko-Biała - Section II (Mota-Engil: 50% stake)
  - Angola - Construction of infrastructures for the collection, treatment and distribution of water (Mota-Engil Angola: 40% stake)
  - Colombia - Construction of a Dam (Talasa) (Mota-Engil: 100% stake)

[1]Sales of the last 12 months

Major construction projects in backlog at June 30[1]

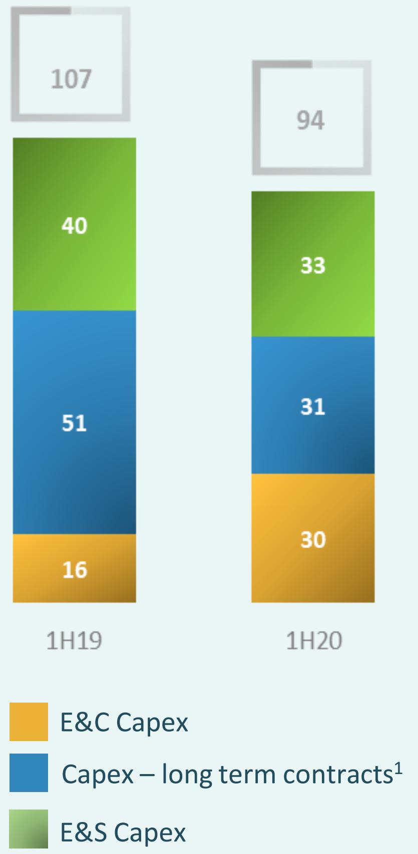
Project	Range (€ mn)	Country	Segment	Exp. Year of Completion
Tren Maya	> 250	Mexico	Railway infrastructures	2022
Vale Mining Moatize	> 250	Mozambique	Mining	2022
Gran Canal highway	> 250	Mexico	Roads	2020
BR-381 highway dualisation (section 3.1 and section 7)	> 250	Brazil	Roads	2021
Requalification of the Soyo Naval Base	> 250	Angola	Ports	2022
Las Bambas dam (phase 4 under execution)	> 250	Peru	Power	2021
Talasa hydroelectric facility	[200;250[	Colombia	Power	2024
Mandiana gold mine	[150;200[	Guinea Conakry	Mining	2027
Siguiri gold mine	[150;200[	Guinea Conakry	Mining	2022
Calacuve Dam	[150;200[	Angola	Power	2023
Calueque Dam - lifting system, irrigated perimeter and hybrid generation plant	[100;150[	Angola	Power	2023
General Hospital of Cabinda	[100;150[	Angola	Civil Construction	2021
Capacity Improvement Kampala Northern Bypass	[100;150[	Uganda	Roads	2021
BITA System - B1 (Construction of infrasctructures for the collection, treatment and distribution of water)	[100;150[	Angola	Urban infrastructures	2022
Bordo Poniente landfill	[100;150[	Mexico	Urban infrastructures	2022

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

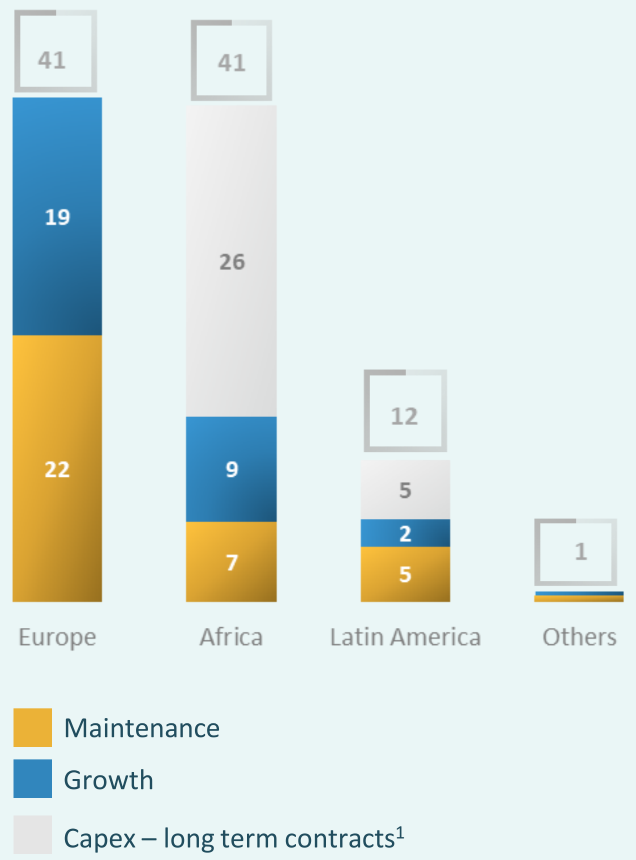
Growth and long-term capex accounted for 65%

- Capex reached €94 mn, mostly related to growth and long-term projects
- Capex decreased €13 mn YoY mainly due to delays in the execution of some long-term projects, whose investment is expected to accelerate in 2021
- E&C Capex of €30 mn reached c.3% of the E&C Turnover
- E&S capex of €33 mn was mainly channeled to EGF in order to comply with the regulator's approved investment for the current regulatory period
- Maintenance capex reached 2.9% of the total turnover (FY2019: 4%) benefiting from planning, procurement and logistics efficiencies

NET CAPEX (€ mn)



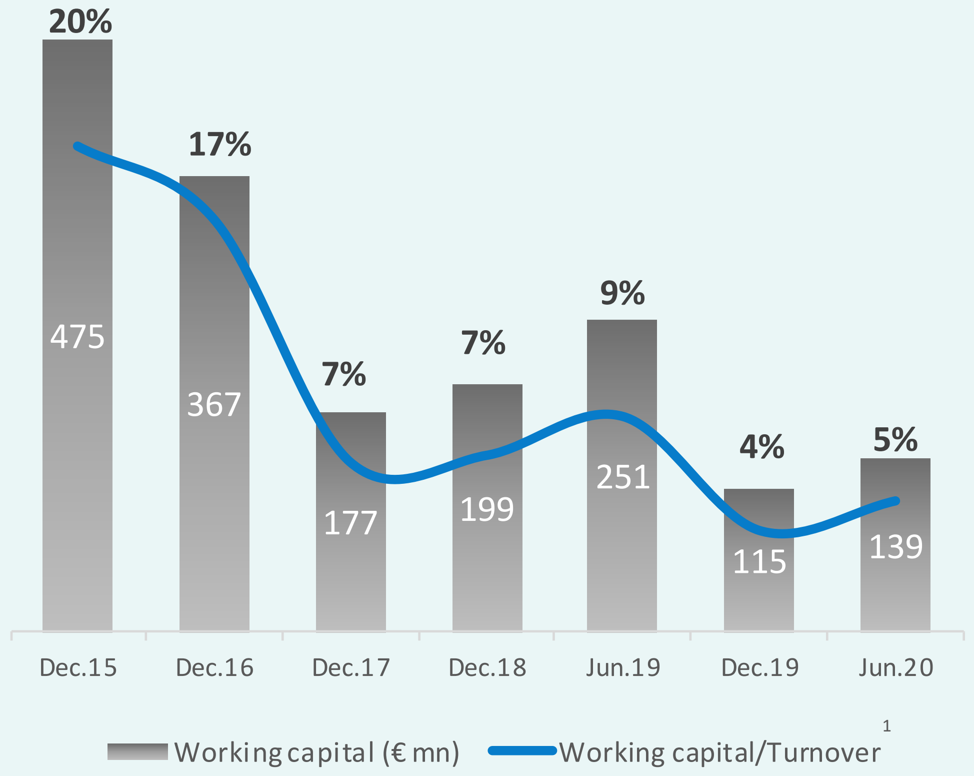
CAPEX BY REGION (1H2020) (€ mn)



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

Working capital to Turnover ratio of 5%

Working capital evolution



[1]Turnover of the last twelve months.

- Working capital/Turnover ratio stood at 5%, confirming the downward trend in recent years notwithstanding the challenging context
- Downward trend follows (i) reinforcement of cooperation with multilaterals, ECA´s, and (ii) higher exposure to private clients, namely in the mining sector and to projects financed by the client
- Alignment of the commercial strategy with strict financial targets and structuring the contracts with the aim of minimizing the receivables payment period and the credit risk exposure with down payment clauses in the largest contracts

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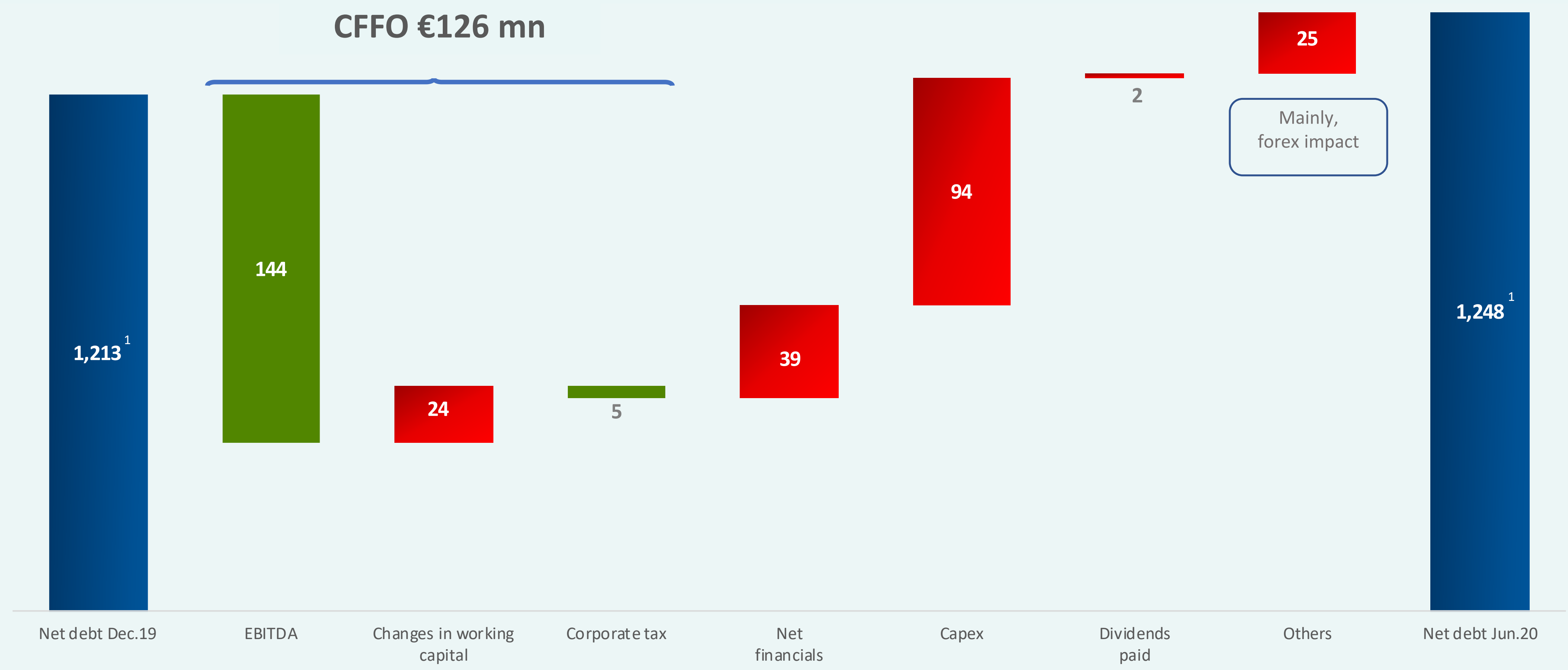
Resilient CFFO of €126 mn

(€127 mn in 1H19)

FREE CASH-FLOW
(€ mn)



[1]Net debt considers Angola's sovereign bonds denominated in US$, US$ linked and kwanzas as "cash and cash equivalents" which amounted to €186 mn (€203 mn nominal value) in June 2020 (€210 mn Angola's sovereign bonds and €13 mn Ivory Coast's sovereign bonds in December 2019).

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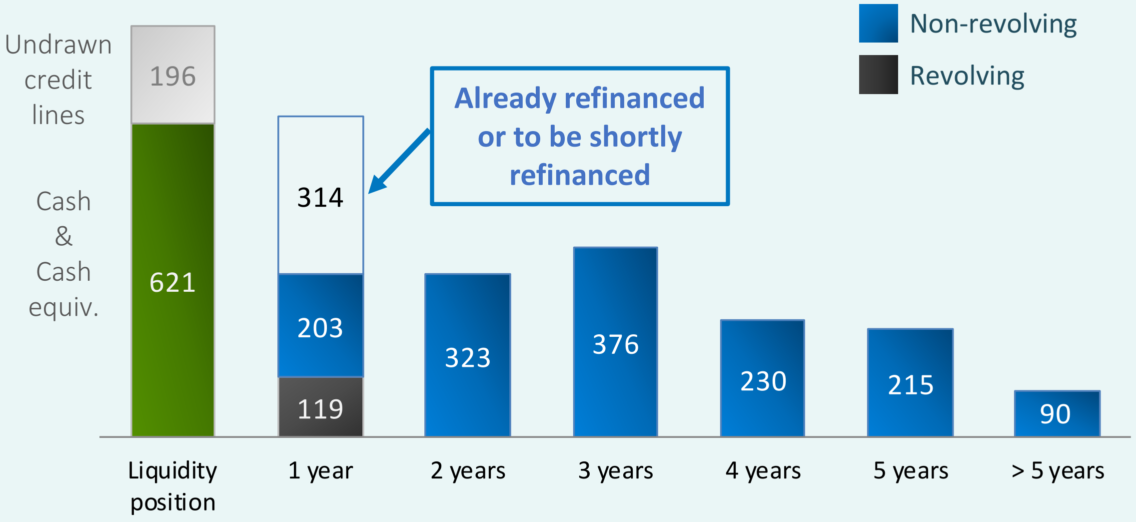
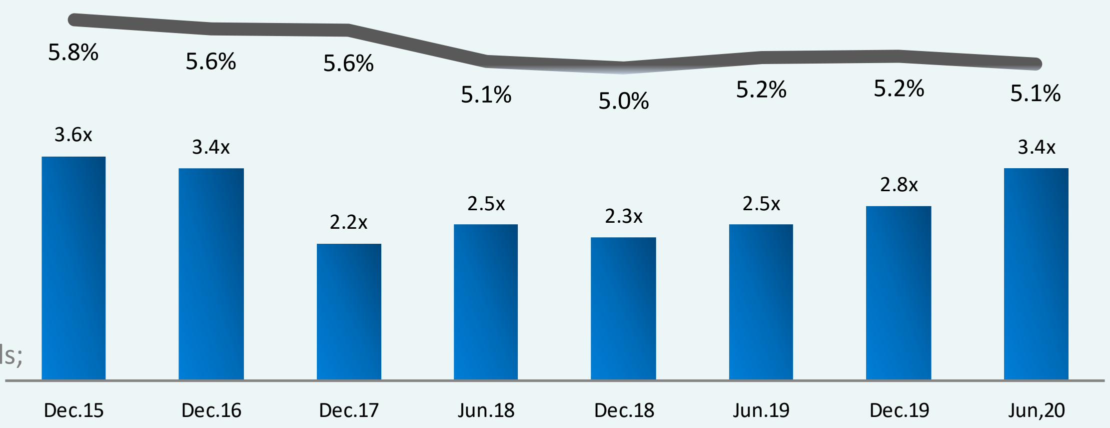
Comfortable liquidity position of €817 Mn

- Net debt[1] of €1,248 mn, up €34 mn YTD
- Liquidity position corresponds to 1.6x of non-revolving financing needs with maturity less than one year
- Leasing & Factoring amounted to €403 mn (of which €292 mn Leasing), down €79 mn from December 2019
- Average debt maturity of 2.6 years up from 2.5 in December 19
- Cost of debt of 5.1%, slightly down from 2019
- Net debt / Ebitda of 3.4x, within a difficult context due to Covid-19, but committed to strengthen the capital structure
- Sale and reimbursement during the 1H20 of €35 Mn of Angolan and Ivory Coast sovereign bonds

GROSS DEBT MATURITY[2], JUNE 2020 (€ mn)



COST OF DEBT AND NET DEBT / EBITDA



[1]Excluding leasing and factoring and including €186 mn (€203 mn nominal value) of Angolan sovereign bonds;

[2]Excluding leasing and factoring;

4

Regional Segments

1H20

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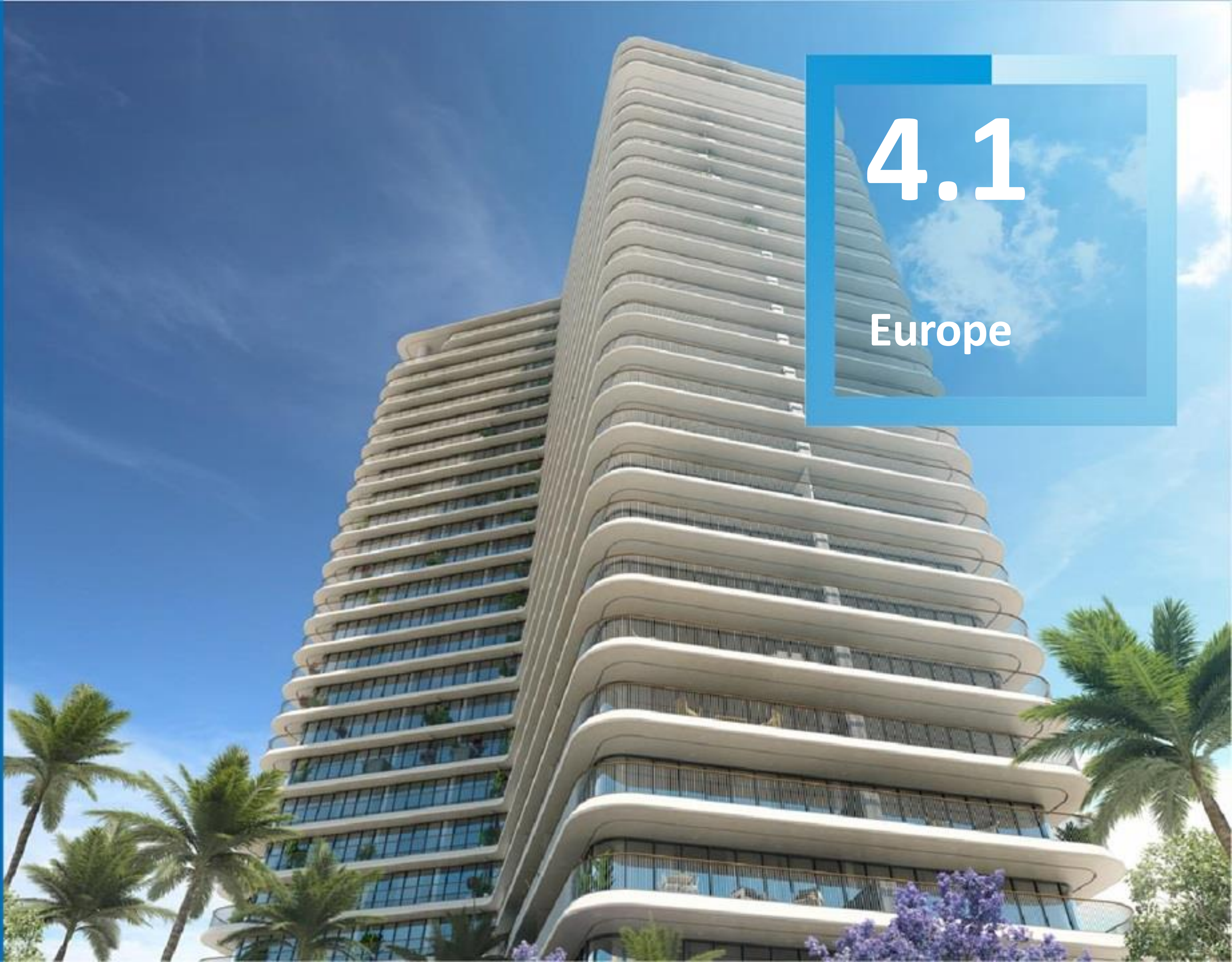
4.1 Europe

Highlights 1H20

05	€455mn	€1,156mn
Countries	Turnover	Backlog

Portugal
Spain
Poland
Ireland
United Kingdom



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Positive outlook in the E&C in Portugal

- Activity in the E&C business in Portugal was flat YoY, mainly supported by private projects
- Public tenders in Portugal were up 35% YoY to €2.7 bn in 1H20, thus opening new opportunities for larger projects awards in 2020 and 2021
- The recently agreed European Recovery Plan[1] with €15 bn non-refundable funds channelled to Portugal, will include a relevant share allocated to infrastructure projects that is expected to start to be invested in mid-2021
- Poland showed a relevant growth (+62% YoY), reflecting the execution of projects awarded in 2019

[1] €15.3 bn in non-refundable funds and approximately €15.8 bn in loans at favorable interest rates, to be executed (invested or committed) in three years until the end of 2023. In addition, Portugal will have: (i) c.€30 bn of the Multiannual Financial framework to be implemented in seven years until the end of 2029 and (ii) c.€12 bn of the Portugal 2020 framework, still to be implemented.

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Highlights 1H20

10 Countries | **€385**mn Turnover | **€2,571**mn Backlog

Angola
Mozambique
Malawi
Zimbabwe
Uganda
Rwanda
Guinea Conakry
Cameroon
Ivory Coast
Kenya

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4.2 Africa

Africa with positive outlook for the long-term

- Covid-19 led to relevant logistics constraints related to equipment and materials sourcing, thus negatively impacting the normal execution of some works
- Mozambique is expected to be the main driver of growth for the next years due to existing large contracts (Vale and LNG Project)
- Positive outlook with potential contracts to be awarded in new markets (Ghana, Nigeria) and in main markets markets such as, Mozambique
- Continuing reinforcing (i) the relations with different ECA's and multilaterals to finance projects and (ii) the footprint in long-term projects denominated in hard currency and with higher profitability

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Highlights 1H20

06 Countries

€305mn Turnover

€1,764mn Backlog

Mexico
Peru
Brazil
Colombia
Dominican Republic
Aruba

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4.3 Latin America

Strong impact of Covid-19

- Performance was impacted by the lockdown in Peru in the 2Q20 and stoppages of works, namely in Mexico
- Positive outcome from the commercial activity with main achievements: (i) in Mexico, the largest contract awarded to Mota-Engil in Latam (Tren Maya) in a consortium with CCCC and local companies; (ii) in Colombia, the award in the 1Q20 by CTG and CCCC of the Talasa dam that opened a wide range of new partnership opportunities
- Positive outlook to revamp the commercial and activity dynamism, namely in Mexico
- Diversification strategy ongoing with growing footprint in the Energy and E&S activities

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5

Outlook and Final Remarks

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Outlook

- Total turnover is expected to decrease due to Africa and Latin America, notwithstanding an expected increase in activity in Europe
- EBITDA margin to remain below 2019
- Backlog to stand above €5 bn
- Capex below €200 mn (partially financed by down payments), down from an initial estimate of €200 mn-€250 mn
- Focus on organic cash-flow generation in order to help strengthening the capital structure

Final Remarks

- Activity was impacted by Covid-19, with a resilient profitability
- Strong commercial performance that led to a record and comfortable Backlog (€5.5 Bn), which paves the way for a strong recovery in turnover when the economic recovery begins
- Capex was adjusted to the current context and to projects with high profitability and stable cash-flow stream
- Net debt level was up €34 mn YTD in a challenging environment, while maintaining a comfortable liquidity position
- Working capital was under control at 5% of turnover, reflecting the efficiency measures in place

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6
Appendix

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Balance sheet

Balance sheet (€ mn)	Jun. 20	Dec. 19	YoY
Fixed assets	1,356	1,358	(2)
Financial investments	346	340	7
Long term receivables	161	190	(29)
Non-current Assets held for sale (net)	101	145	(44)
Working capital	139	115	24
	2,101	*2,148*	*(47)*
Equity	235	328	(93)
Provisions	110	107	4
Long term payables	510	500	11
Net debt	1,248	1,213	34
	2,101	*2,148*	*(47)*

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Europe performance breakdown

P&L breakdown (€ mn)	1H20	1H19	YoY
Turnover	**455**	**407**	***12%***
E&C	322	284	*14%*
E&S	137	127	*8%*
Other, elim. and interc.	(4)	(4)	*(17%)*
EBITDA	**48**	**41**	***16%***
Margin	*10%*	*10%*	*0 p.p.*
E&C	13	10	*23%*
Margin	*4%*	*4%*	*0 p.p.*
E&S	35	29	*19%*
Margin	*25%*	*23%*	*2 p.p.*
Other, elim. and interc.	-	1	*n.m.*

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It also contains forward looking information that expresses management’s best assessments but might prove inaccurate.

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This presentation does not constitute an offer or invitation to purchase securities of Mota-Engil nor any of its subsidiaries.

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

TURNOVER: corresponds to the consolidated income statement 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 suppliers and services”; “Wages and salaries”; “Other operating income / (expenses)” and the TURNOVER.
CAPEX: acquisitions less disposals of tangible, intangible assets and rights of use 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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