



2018

Consolidated Report & Accounts



MOTAENGIL
SGPS, S.A.

A World
of Inspiration

The confidence of a Group in expansion

With a 72 year-old legacy, the Mota-Engil Group has asserted its Brand in the world in a competent, rigorous and ambitious way. Solid values, which define the culture of a multinational based on an ethically responsible posture and with a Vision towards the future rooted on a prosperous and sustainable development.



Highlights 2018

Europe

06 Countries **856** M€ Turnover **1,226** M€ Backlog

Africa

14 Countries **905** M€ Turnover **2,758** M€ Backlog

Latin America

08 Countries **1,069** M€ Turnover **1,481** M€ Backlog

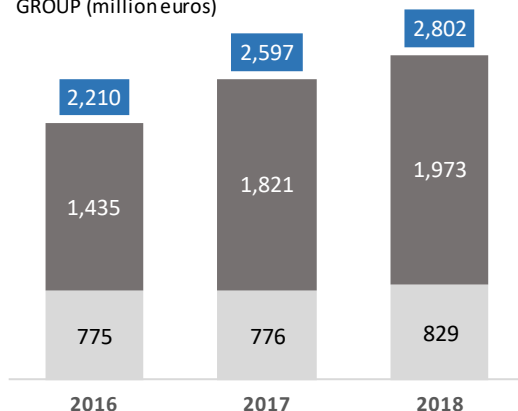
Mota-Engil Distinctions

<p>TOP 100 WORLD #71 Global Powers of Construction 2018</p>	<p>TOP 30 EUROPE #28 in infrastructure sector 2018</p>	<p>LEADER IN PORTUGAL in infrastructure sector 2018</p>	<p>INTERNATIONAL CORPORATION OF THE YEAR 2018</p>	<p>7th LARGEST BUILDING COMPANY in Latin America 2018</p>	<p>10 MOST VALUABLE BRAND IN PORTUGAL Brand Finance 2018</p>	<p>MÉXICO Socially Responsible Company</p>	<p>SUMA - TRUSTED BRAND 2018</p>
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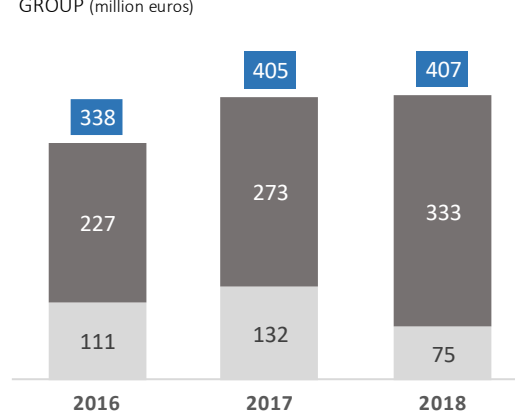
Highlights

- Record backlog of 5.5 billion Euro, of which 77% outside Europe
- Record turnover of 2.8 billion Euro, with an 8% increase yoy, supported by all regions
- EBITDA of 407 million Euro with a resilient margin of 15%
- Net income of 24 million Euro
- Net debt of 955 million Euro, with net debt / EBITDA ratio of 2.3x
- Capex of 287 million Euro

TURNOVER
GROUP (million euros)



EBITDA
GROUP (million euros)



■ Europe (*) ■ Abroad

(*) Includes others, eliminations and intra-group

	12M18	% T	Δ	12M17	% T	2H18 (unaudited)	% T	Δ	2H17 (unaudited)	% T
Turnover	2,801,749		7.9%	2,597,294		1,550,894		10.6%	1,401,648	
EBITDA (*)	407,077	14.5%	0.6%	404,738	15.6%	230,591	14.9%	5.6%	218,376	15.6%
Amortization, provisions and impairment losses	-206,828	(7.4%)	5.4%	-218,607	(8.4%)	-120,541	(7.8%)	7.1%	-129,688	(9.3%)
EBIT (**)	200,249	7.1%	7.6%	186,131	7.2%	110,050	7.1%	24.1%	88,687	6.3%
Net financial results (***)	-56,250	(2.0%)	43.3%	-99,206	(3.8%)	-46,125	(3.0%)	11.4%	-52,055	(3.7%)
Gains / (losses) in associates and jointly controlled companies	2,932	0.1%	4.4%	2,808	0.1%	1,234	0.1%	(30.2%)	1,768	0.1%
Gains / (losses) on the disposal of subsidiaries, jointly controlled and associates companies	462	0.0%	115.1%	-3,058	(0.1%)	462	0.0%	115.1%	-3,058	(0.2%)
Net monetary position	-12,263	(0.4%)	-	3,149	0.1%	-3,098	(0.2%)	-	3,149	0.2%
Income before taxes	135,131	4.8%	50.4%	89,824	3.5%	62,523	4.0%	62.4%	38,492	2.7%
Net income	93,397	3.3%	52.0%	61,441	2.4%	52,316	3.4%	138.7%	21,921	1.6%
Attributable to:										
Non-controlling interests	69,785	2.5%	16.6%	59,853	2.3%	34,443	2.2%	38.1%	24,947	1.8%
Group	23,612	0.8%	1386.9%	1,588	0.1%	17,872	1.2%	690.7%	-3,026	(0.2%)

(*) EBITDA corresponds to the algebraic sum of the following headings of the consolidated income statement: "Sales and services rendered"; "Cost of goods sold, materials consumed, Change in production and Subcontractors"; "Third-party supplies and services"; "Wages and salaries"; "Other operating income / (expenses)".

(**) EBIT corresponds to the algebraic sum of EBITDA and of the following headings of the consolidated income statement: "Amortisations and depreciations" and "Provisions and impairment losses".

(***) Net financial results correspond to the algebraic sum of the following headings of the consolidated income statement: "Financial income and gains" and "Financial costs and losses".

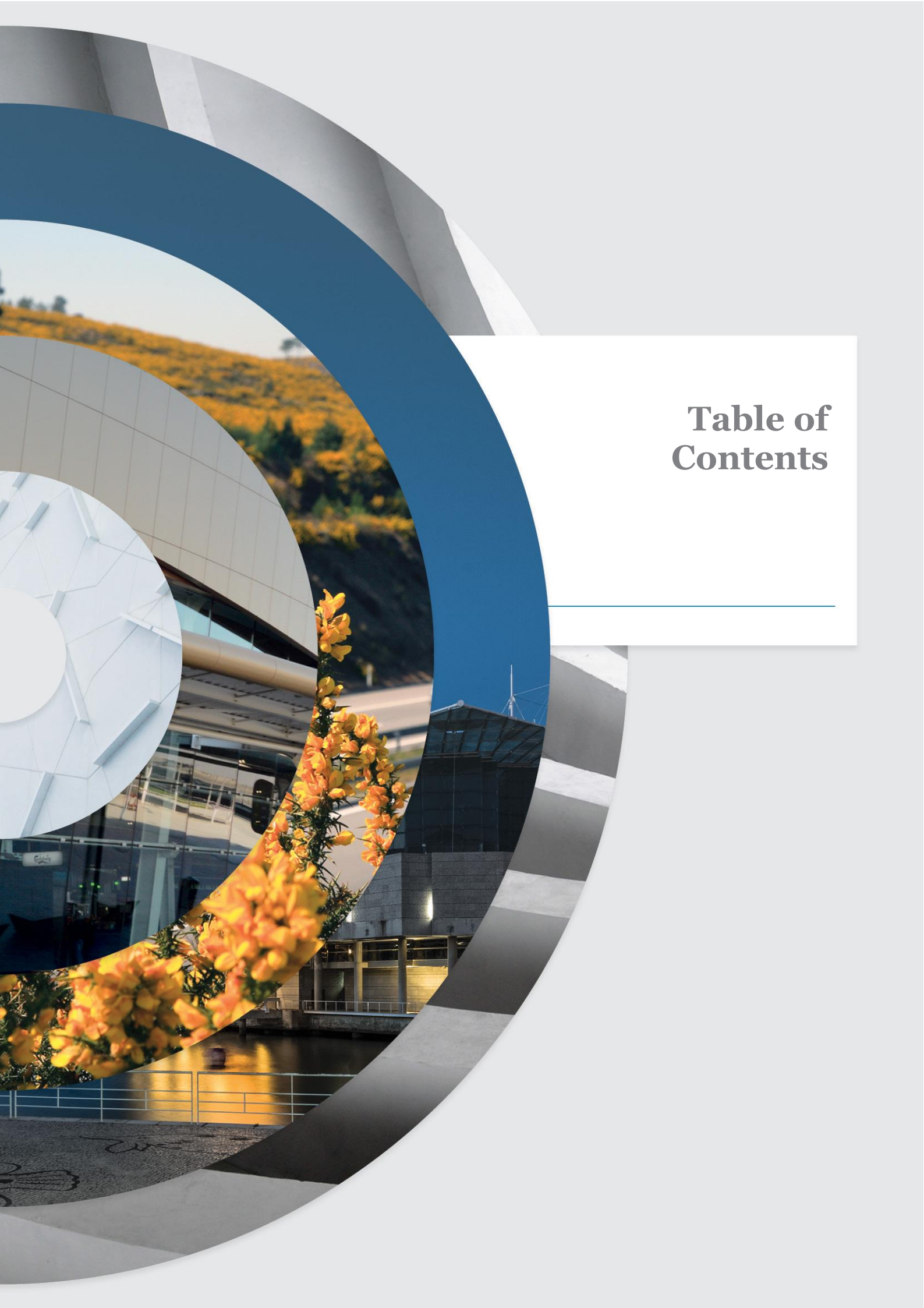


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Message from the Chairman of the Board of Directors

António Mota
**Chairman of the Board
of Directors**

Dear Shareholders,

Another year has gone by, and today we analyse the accounts concerning the financial year of 2018.

The year of 2018 was affected by innumerable conflicting signs of the Future regarding the Global strategic options, with a clear influence in many economic sectors and, naturally, also affecting our sector and company.

- 1 - The European cohesion
- 2 - The anti-migration policies
- 3 - The non-assumption that emerging economies must be supported in order to assure the Global balance
- 4 - A new political cycle beginning in many Countries where we operate

All of the above are factors were experienced in 2018 and are carried over to 2019.

But we must congratulate ourselves because, despite the difficulties of 2018, not only did we manage to resist, but we were also able to take a step forward in the GROUP's strategic path.

We believe that in 2019 we will progress along that path, mainly due to our identity of local company in all the Countries where we operate.

We will strengthen that concept, developing the Governance Model in order that we can be even more:

- African in Africa
- Latin-American in America

We will recover our position in Europe and Portugal and invest in a new cycle of diversification, keeping focused on improving profitability.

All this will only be achieved with the support of all the Shareholders, Executive Committee, Employees, Clients, Partners, Suppliers and Financial Institutions which were always crucial to our success to this date.



Message from the Chief Executive Officer

Gonçalo Moura Martins
Chief Executive Officer

Dear Shareholders,

Following the end of the financial year of 2018, the first year of a new mandate, I address the Shareholders once more.

The financial year now ended was very demanding and had conflicting, and sometimes even confusing, signs regarding the present moment and the future of the world economy and evolution of our sector.

We are still witnessing a huge volatility of markets and a unpredictability of politics and global policies, which leave us watching, in disbelief, to processes as disruptive as Brexit or the trade war, which constitute factors that strongly hinder our development and collective well-being.

In these times of change and uncertainty there are two corporate dimensions that must necessarily be reinforced and improved, something that the **MOTA-ENGIL GROUP** has been carrying out:

The business culture and the long-term sustainability.

The culture of an organisation is our common denominator, our benchmark, it is our sharing of a set of values, objectives, tradition, intangible assets that bestows us with the common resilience and capacity to face the volatility and the clashes of the world we live in. The culture of **MOTA-ENGIL** is the web bringing us together, the element of our cohesion.

Another dimension we care about and to which we devote our particular management focus is the sustainability of the **GROUP** and its long-term perpetuity.

That results in:

- An adequate human resources, training and talent retention policy;
- A flexibility, evolution and adaptation of the Group's business model to the reality of the economic context and the markets we operate in;

- Adequate governance and compliance policies that enable the strategy and stability to focus on the GROUP's future and that prepare it for a level of greater global demand with regards to the corporate policies and business ethics;
- Adequate innovation and productivity policies so as to create an atmosphere of ongoing improvement and profitability of the Company;
- Adequate policy of commitment to Stakeholders, Clients, Employees, Shareholders;
- Adequate policies of respect for the communities in which we are located and with which we interact and of protection of the environmental.

These are and must continue to be the principles that guide us and enable us to have a long-term and sustainable vision regarding the future of our GROUP.

I should not like to finish without giving, on my behalf and on behalf of the Executive Committee, a heartfelt word of appreciation to all our Colleagues from all markets, our Clients, which are the main pillar of our work, and to the Shareholders and remaining Stakeholders.



The ambition of a greater World

Ever since it was created, the Mota-Engil Group has projected itself under a strong and solid identity, characterised by a culture of entrepreneurship and innovation. It is this ambition that makes it possible for the Group to continuously consolidate its position in a increasingly larger geographic scope, but in line with the same standards of excellence and quality at the service of its clients and partners.

The trust in what we do.

01

Consolidated Management Report

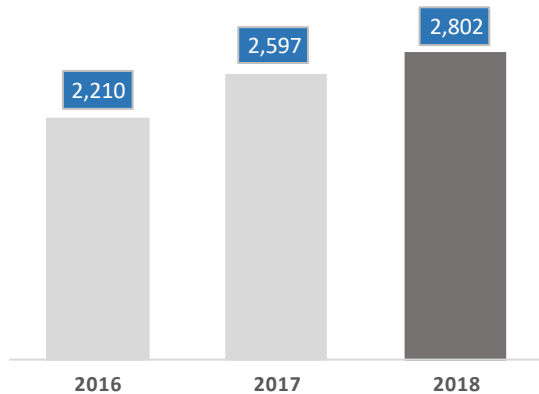


MOTAENGIL

1. Analysis of financial performance

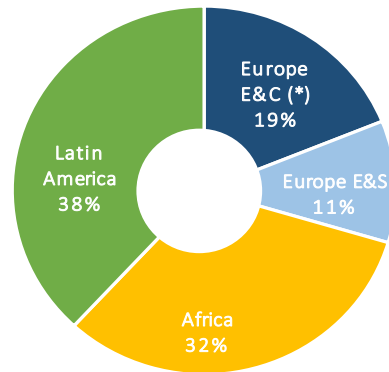
TURNOVER

GROUP (million euros)



TURNOVER

2018 BY REGION



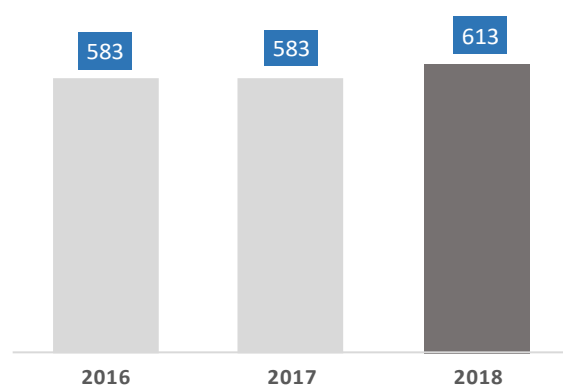
(*) Includes others, eliminations and intra-group

Turnover (**) in 2018 reached 2,802 million Euro, which represented an increase of about 8% compared with 2017, an unprecedented figure. The three regions contributed to this performance, with Latin American and Africa standing out, the former with a growth of 11% due to the high rate of implementation of its backlog, and the latter with a growth of 5%.

With regards to the Europe region, we witnessed a turnover growth of 6% in the Engineering and Construction (E&C) business, which was essentially due to the positive contribute of the Polish market, and a stagnation of the Environment and Services (E&S) business. On the other hand, it is also worth highlighting that the turnover generated outside Portugal registered in the year a growth of about 9%, having reached 2,189 million Euro.

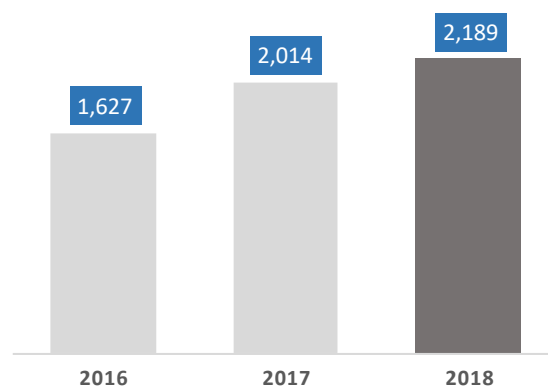
TURNOVER

INTERNAL MARKET (million euros)



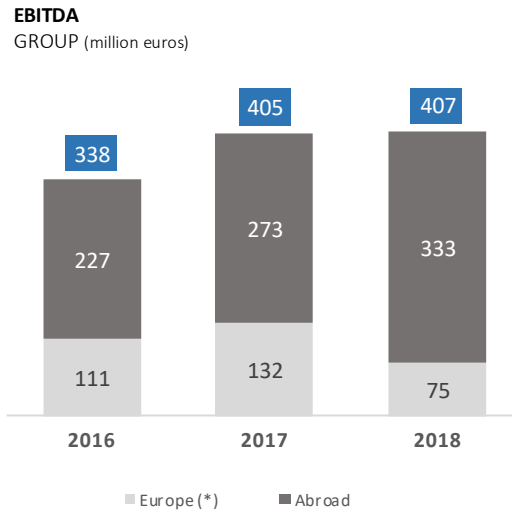
TURNOVER

EXTERNAL MARKET (million euros)



Lastly, as predicted in the GROUP's strategic plan, we must also highlight the balance of the turnover between regions, each contributing with at least 30%, which mitigates the risks of concentration.

(**) Turnover corresponds to the heading of "Sales and services rendered" of the consolidated income statement.



(*) Includes others, eliminations and intra-group

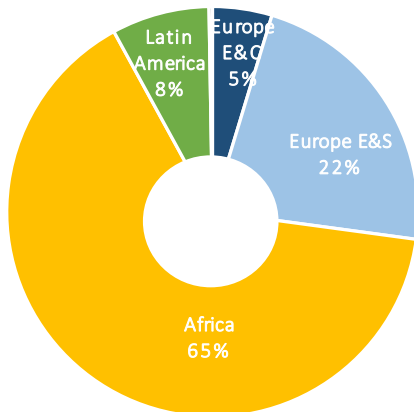
In 2018, the EBITDA reached 407 million Euro, an improvement of 2 million Euro over the value reached in 2017, with the EBITDA (EBITDA / Turnover) margin having reached 15% (16% in 2017). This positive performance with regards to EBITDA was essentially the result of the positive evolution that took place: (1) in Latin America (with an increase from 109 million Euro to 141 million Euro, with the EBITDA margin improving 1.7 percentage points), partially explained by the positive contribution of the electric power generation business and partially by the high execution pace of the backlog acquired; (2) in Africa (with an increase from 167 million Euro to 192 million Euro, with the EBITDA margin improving 1.8 percentage points), justified by the fact that the activity picked up, particularly in the second half of the year, but also (3) by the downward trend felt in Europe, both in the E&C and in the E&S businesses, namely in Portugal.

Where Africa is concerned, it must also worth highlighting that, due to Angola being considered a hyperinflationary economy (IAS 29), the EBITDA of 2018 was reduced in about 7 million Euro.

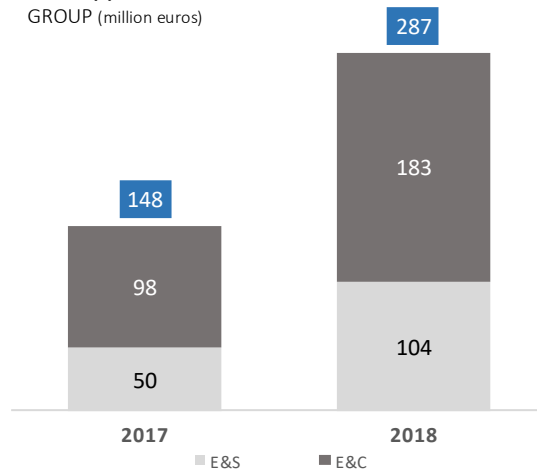
Just as in 2017, the EBITDA margin once again reached the profitability levels projected in the GROUP's Strategic Plan (Step Up 2020), also remaining above many of the large companies of the sector.

In 2018 the EBIT rose to 200 million Euro, registering an increase in 14 million Euro compared with 2017. This positive performance was essentially due to the reduction of amortisations and provisions and impairment losses in 12 million Euro, showing some improvements in the range of equipment management and in the credit risk policy.

CAPEX (*)
2018 BY REGION



CAPEX (*)
GROUP (million euros)

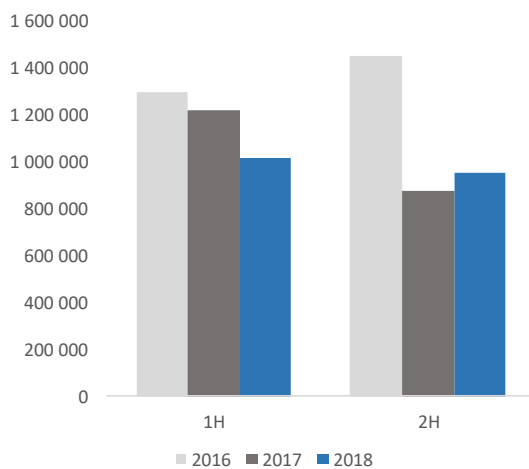


In 2018, Africa was responsible for 65% of the GROUP's capex (186 million Euro), of which 101 million Euro were allocated to medium- and long-term mining contracts. Moreover, the E&S business in 2018 invested about 104 million Euro, mainly channelled towards the EGF concessionaire companies, to VISTA WASTE (Angola) and to ECO EBURNIE (Ivory Coast).

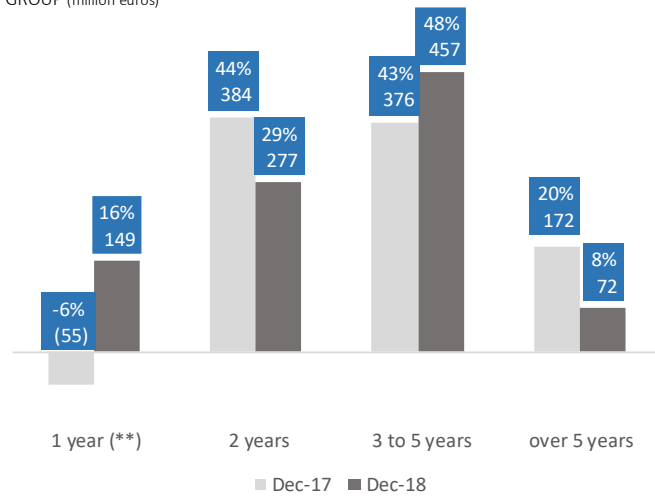
Additionally, it should be noted that approximately 140 million Euro of the aforementioned capex was funded through financial lease contracts.

Lastly, the maintenance capex reached 4% the turnover in 2018.

TOTAL NET DEBT
GROUP (million euros)



TOTAL NET DEBT- MATURITY
GROUP (million euros)



As at 31 December of 2018, the net debt (***) rose to 955 million Euro, having said debt registered an increase in about 78 million Euro over 31 December 2017, essentially due to the high volume of investment carried out in the year.

(*) Investment corresponds to the algebraic sum of acquisitions and disposals of tangible and intangible assets occurred in the year.

(**) The 1-year net debt includes all the government bonds of Angola and Malawi recorded under the heading "Other financial investments recorded at amortised cost" of the consolidated statement of the financial position.

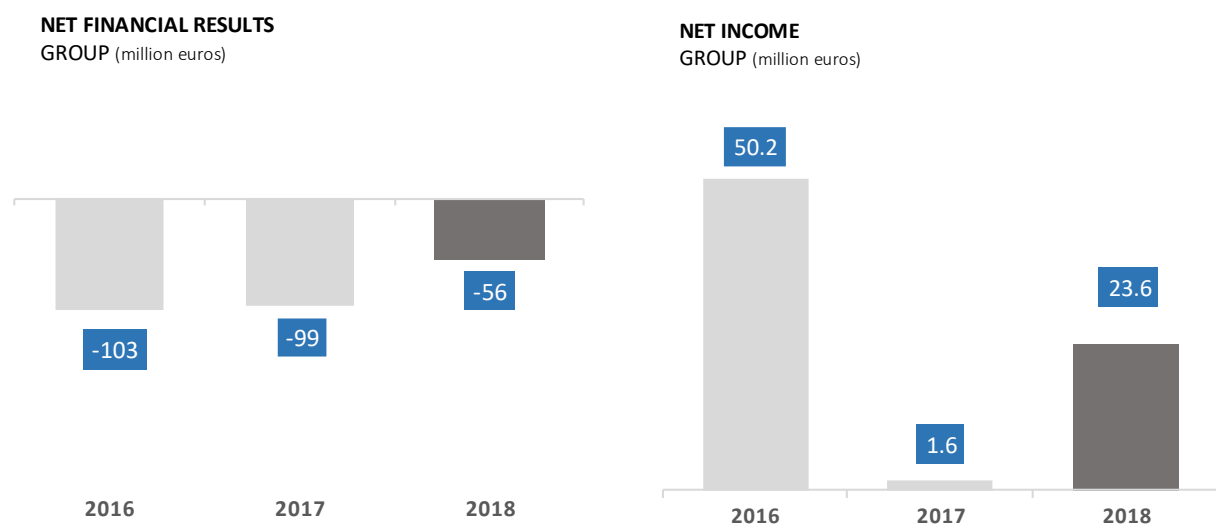
(***) The net debt corresponds to the algebraic sum of the following headings of the consolidated statement of financial position: "Cash and cash equivalents without recourse – Demand deposits"; "Cash and cash equivalents with recourse – Demand deposits"; "Cash and cash equivalents with recourse – Term deposits"; "Other financial investments recorded at amortised cost"; "Financial assets held to maturity" (only in 2017); "Loans without recourse" and "Loans with recourse". It should be mentioned that the financial leasings and factoring operations contracted by the GROUP and recorded under the heading "Other financial liabilities" of the consolidated statement of the financial position are not calculated in the above referred headings.

Moreover, as at 31 December 2018, the financial lease operations contracted by the GROUP rose to 266 million Euro, an increase in 101 million Euro over 31 December 2017, with a significant part of that increase (97 million Euro) being related to medium- and long-term mining contracts.

Also worth mentioning is the fact that the ratio comparing the total net debt with the EBITDA of the last 12 months reached 2.3x (2.2x on 31 December 2017) which confirms the GROUP's commitment to optimise its capital structure.

The gross debt (*) as at 31 December 2018 rose to 1,572 million Euro, 44% being taken out at variable rate, with the average cost of the debt having decreased from 5.6% in 2017 to 5.0% in 2018. On the other hand, on 31 December 2018, 82% of total gross debt was denominated in Euro and its average life was 2.3 years (2.4 years on 31 December 2017).

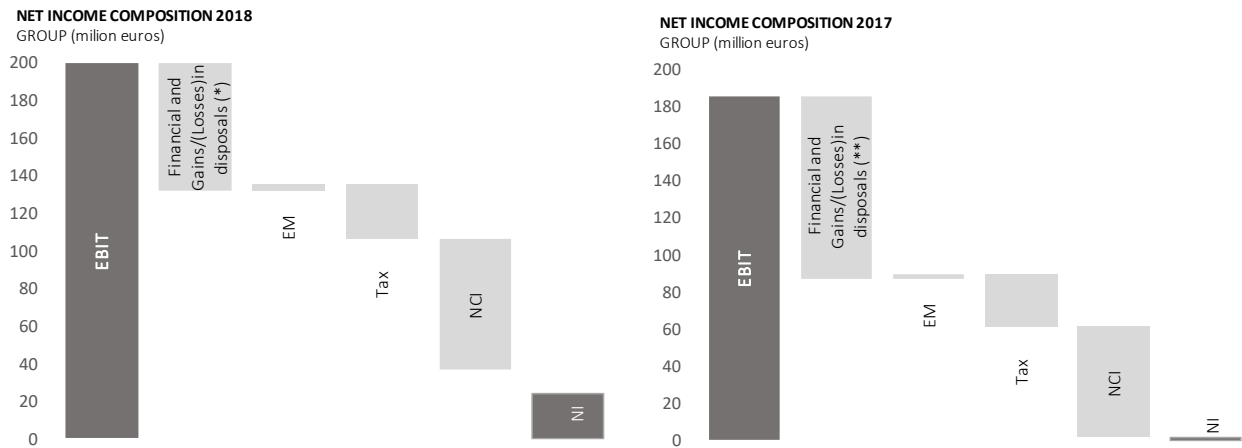
On 31 December 2018, the GROUP had unused credit lines worth approximately 190 million Euro, resulting in a total liquidity position (**) of 807 million Euro, corresponding to approximately 51% of total gross debt.



In 2018, the financial results reached a negative 56 million Euro (a negative 99 million Euro in 2017), which represented a reduction in about 43%, mainly due to the contribution of the positive exchange rate differences. It should be mentioned that the net financial charges (interest income – interest expenses) reached 103 million Euro in 2018, an increase in 51% over 2017.

(*) The gross debt corresponds to the algebraic sum of net debt with the balances of cash and cash equivalents presented in the consolidated statement of financial position and the Angola and Malawi government bonds recorded under the heading "Other financial investments recorded at amortised cost" and "Financial assets held to maturity" (only in 2017).

(**) Liquidity position corresponds to the algebraic sum of the consolidated statement of the financial position headings "Cash and cash equivalents without recourse – Demand deposits"; "Cash and cash equivalents with recourse – Demand deposits"; "Cash and cash equivalents with recourse – Term deposits"; "Other financial investments recorded at amortised cost" and "Financial assets held to maturity" (only in 2017) and the amount of contracted but unused credit lines.



(*) Includes approximately -12 million Euro as part of the effect of considering Angola as a hyperinflationary economy (IAS 29)

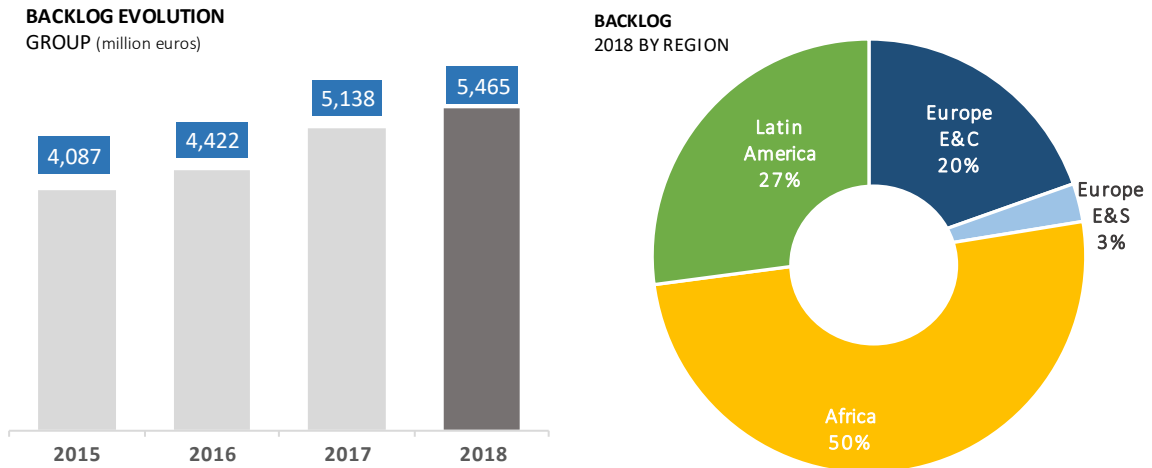
(**) Includes approximately 3 million Euro as part of the effect of considering Angola as a hyperinflationary economy (IAS 29)

In 2018 the heading Gains/ (losses) in associates and jointly controlled companies (Equity method – EM) positively contributed with 3 million Euro to the net income, matching the performance of 2017. Moreover, the financial year of 2018 saw a slight increase in the Gains / (losses) in the disposal of subsidiaries, jointly controlled companies and associates (Gains/ (Losses) in disposals) over 2017, which reached a negative of 0,5 million Euro.

With regards to the income tax (Tax), the financial year of 2018 witnessed its increase to 42 million Euro (28 million Euro as at 31 December 2017), corresponding to an effective tax rate (Income Tax / Income before taxes) of 31%. For additional information on this matter, we recommend reading Note 12 of the notes to the consolidated financial statement.

Lastly, the non-controlled interests (NCI) rose to 70 million Euro in 2018, an increase of 10 million Euro yoy, which was essentially due to the improvement of the profitability of business maintained with partners (particularly in Angola, in the construction and waste collection businesses, and in Mexico, in the construction and electric power generation businesses); nevertheless, the contribution of those interest to the total net income exhibited a decrease (98% in 2017; 75% in 2018) as a result of the improvement of the profitability of the business maintained by the GROUP without partners.

As a consequence of the operating and financial performance described above, the net income (NI) attributable to the GROUP rose to 24 million Euro (1.6 million Euro as at 31 December 2017), even though it was negatively influenced in 14 million Euro by the impact of the application of IAS 29.



The backlog (**) on 31 December 2018 increased in 327 million Euro, reaching the unprecedented figure of 5,465 million Euro, with the regions of Africa and South America contributing with about 77% of the total amount, corresponding to an E&C backlog to sales ratio of 2.1 years. On the other hand, it is worth mentioning that 87% of the backlog refers to the E&C activity.

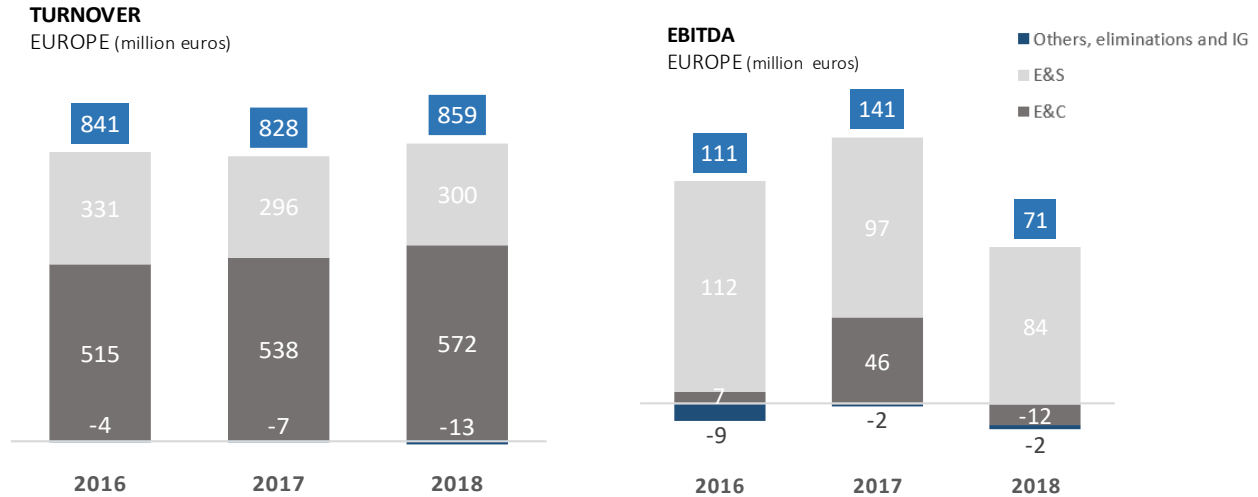
As at 31 December 2018, the E&S business contributed with 688 million Euro to the GROUP's backlog, having reached a greater geographic diversification of its activity as a result of recent awards of contracts in the African continent, particularly in Ivory Coast. It should be mentioned that such amount does not include the foreseeable revenue arising from the waste treatment contracts of the EGF companies.

Lastly, attention should be drawn to the favourable business prospects that the GROUP has for Portugal, Mozambique, Angola, Brazil and Colombia, which we believe will maintain in 2019 the backlog above 5 billion Euro.

(*) Contracts awarded to be executed at the exchange rate of 31 December 2018

2. Analysis by business area

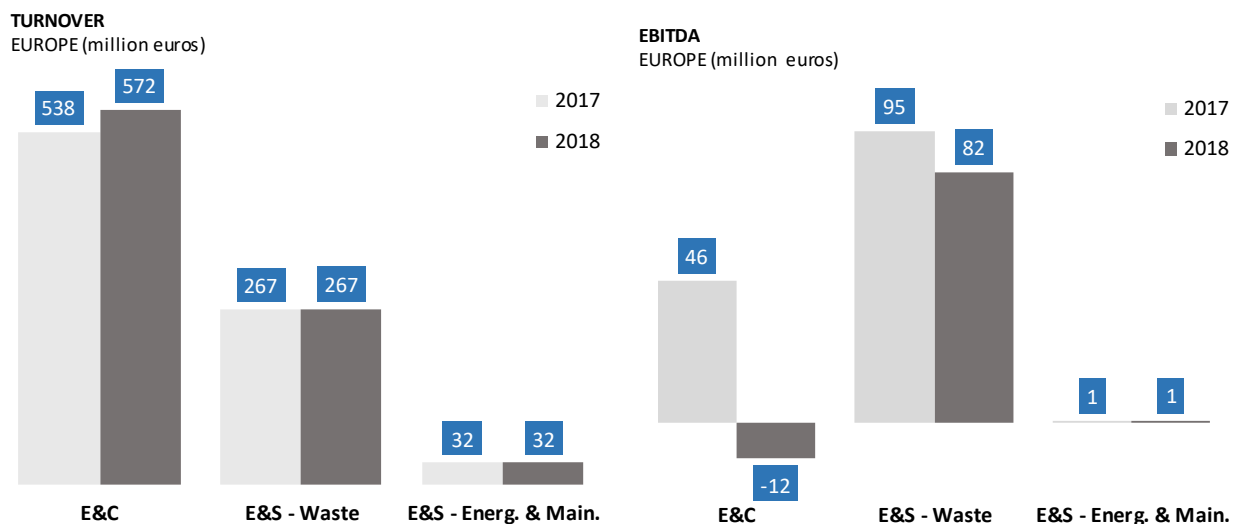
EUROPE



The European region manages the E&C and E&S activities and companies that the GROUP has in Portugal, Central Europe and Ireland, or that are managed by the management structure of this region. As for the E&S business, waste collection activities (through SUMA) and waste treatment and recovery (through EGF) are the main activities.

The turnover in Europe in 2018 rose to 859 million Euro, an increase in 31 million Euro compared with 2017, essentially due to the increase of the E&C business (34 million Euro), which starts to show signs of upturn both in Portugal and Poland.

In terms of operating profitability, the EBITDA achieved 71 million Euro, and the EBITDA margin decreased in 9 percentage points to 8% over 2017. This performance was mainly influenced by the E&C business, which in 2018 did not reproduce some high-value added services carried out in Africa nor could avoid the execution with low profit of some contracts awarded in a period of severe downturn of the sector.



However, it is worth mentioning that the E&C area in Portugal and Poland has already started, in the second half of the year, to exhibit an increase in turnover, which makes it possible to foresee an improvement for 2019, both regarding turnover and profitability.

On the other hand, 2018 witnessed a turnover stagnation in the E&S business – Waste, namely on account of delays in the approval / execution of investments in the EGF concessionaire companies and the growing competition that exists in the waste collection business.

The EBITDA of the E&C business rose, in 2018, to a negative of 12 million Euro, essentially due to the reasons mentioned at the beginning of this chapter, most of them associated with Portugal.

The EBITDA of the E&S – Waste business, in turn, rose in 2018 to 82 million Euro, with a decline of 6 percentage points over 2017, mainly due to the recognition of some negative tariff deviations ascertained in 2018 related to 2017 in the EGF concessionaire companies and to the longer-than expected stop of the waste-to-energy plant of VALORSUL.

Regarding the E&S – Waste business, attention is drawn to the approval during 2018 of the regulated assets base and of the profitability rate of the EGF concessionaire companies' assets for the period 2019-2021 at 319 million Euro and 5.29%, respectively (246 million Euro and 6.14% in the previous regulatory period), and an approved level of investment amounting to 195 million Euro.

In addition, we must highlight the Energy & Maintenance companies, with the almost exclusively contribution of MANVIA, with an turnover (32 million Euro) and EBITDA (1 million Euro) stagnation in the year over 2017.

Lastly, considering the backlog of the region of 1.2 billion Euro and the investment plan launched by the Portuguese government, with focus on the new Lisbon airport and the modernisation and expansion of the national railway network, 2019 is foreseen to show a positive development of the E&C business.

ENGINEERING AND CONSTRUCTION

The GROUP's activity in Europe has remained focused on the two main markets of Portugal and Poland, with the operations in Ireland and the UK registering a growth and the turnover of the remaining markets remaining stable.

Portugal

In Portugal, MOTA-ENGIL has been continuously maintaining, since the day it was created, its leadership status in the Engineering & Construction sector, having succeeded in resisting to the economic crisis felt in the last years, and showing a great capacity for adaptation through measures arising from the streamlining of its structure and the diversification of its backlog, but especially benefiting from the fact that, as an integral part of a GROUP operating in various geographic markets and in large number of business areas, it was able to carry out an interchange of resources, namely technical personnel and equipment, thus managing to balance the respective needs and surpluses in a harmonious fashion.

In the 2018 scenario, the construction market, boosted by the private sector, has maintained the recovery which started to be felt in the previous year, whereas, on the contrary, the public works market saw the continuation of investment restrictions, a circumstance which negatively influenced the GROUP's performance, which traditionally prefers the use of its own equipment and staff instead of subcontracting. However, 2018 started to witness the launch of some important public tender procedures, the execution of which will presumably start in 2019, with MOTA-ENGIL being confident it will be awarded some of the respective contracts.

On the operating level, 2018 saw the continuation of the execution of works at the Alto Tâmega dam as well as the beginning of the construction of various construction projects, with the Porto Office Park standing out.

Poland

The year of 2018 was a period of significant organisational changes, with the pursuance of the objective established in 2017 of operating with a more local approach. This strategy brought about a positive transformation which enabled MOTA-ENGIL to be present in various new areas, from the railway sector to infrastructure contracts for new clients as well as for regional entities in Poland.

After a strong year of 2017, with the prospect of acquiring new contracts in the infrastructures area, 2018 saw the construction sector taking on the role of main booster of the backlog's growth, being one of the most prosperous years with regards to new tenders won in this sector, for various new clients, which enables the GROUP to face 2019 as an unprecedented year in terms of construction projects volume. As a result of the positive business activity carried out in 2018, the GROUP has entered into a Public-Private Partnership (PPP) project with the city of Gdansk for the construction of four car parks which will allow to solve a growing problem in the city related to parking spaces. Since the first steps with this type of partnerships were made, MOTA-ENGIL CENTRAL EUROPE POLÓNIA (MECE) has blazed the trail in the PPP segment in the region and is nowadays recognised as one of the great companies in this attractive market.

In terms of execution, 2018 marked the conclusion of important and significant projects, such as the S5 road section, which opened a road connection to the city of Leszno, two S3 road sections and other local projects. That period also saw the beginning of the project stage of the design and build contracts awarded in 2017, which will make it possible to carry out a strong construction activity in the infrastructure sector in 2019.

In the civil construction sector, many new projects for private clients started enabling the GROUP to increase the portfolio of projects in the main cities of Poland, such as Krakow, Warsaw, Katowice, Gdansk and Lodz. Among those projects, attention should be drawn to a first-line business new office building in Krakow, representing the growth of the recognition of MOTA-ENGIL in this sector.

Additionally, with the synergy created within the GROUP between the real estate development (MEREM) and construction (MECE) areas, the GROUP exhibits a strong and growing competitive edge in the real estate market, which is shown by the growth of this sector as reflected by the development of various projects in the main cities of Poland: Warsaw, Krakow, Wroclaw and Lodz.

The solid performance indicators that MECE showed during 2018 allow the GROUP to strengthen the reputation and position in the region with the solid confidence that the changes brought about in 2017 are producing the expected results and enable the GROUP to seek out new business areas.

For the future, MECE is committed to renew the investments in the development of human capital present in the market and increase the backlog through a strategy of diversification, ongoing improvement and innovation of its main operation, which will guarantee the GROUP's position of leadership in the markets of Central Europe.

Ireland and United Kingdom

The year of 2018 in Ireland was yet another year of economic growth, with the rebound of the building construction activity in Dublin and the launch of some public tender procedures identified for some time in the list of priorities, namely in the road, port and airport sectors. Additionally, the investment in the clean, wastewater treatment, and supply sector went on exhibiting the growth initiated some years before.

Although 2018 registered a relative stability in the activity of the GROUP's companies operating in Ireland and in the United Kingdom, both in the traditional sector of water cycle management and in other infrastructure sectors, the reinforcement of capacity in both areas and the strong dynamics implemented in those two countries make it possible to predict a sustained growth of the operations in coming years.

In the framework described above, GLAN AGUA has consolidated its position as one of the main companies operating in the clean water and waste water supply and treatment industry in Ireland, having closed the year with significant backlog, to be executed until 2036. This way, GLAN AGUA is currently the leading company in the clean water treatment market and one of the major companies in the wastewater treatment market, operating in the Western coast and Central and Northern regions of the country.

MEIC, in turn, apart from the important business and production role it plays in providing support to GLAN AGUA, ensuring the execution of all aspects related to the construction of the projects where they are involved with, has initiated some important projects near Dublin in the road and school sectors.

Adding to that, the MOTA-ENGIL GROUP operates in the United Kingdom through the MEIC (UK) – MOTA-ENGIL INTERNATIONAL CONSTRUCTION (UK) AND GLAN AGUA (UK) companies.

The year of 2018 was once more marked by political upheaval in the United Kingdom, due to the post-Brexit negotiation procedure responsible for generating considerable uncertainty and distrust within the construction industry, delaying some decisions and dragging the launch opportunities contained in the pipeline of investments in structuring projects.

It was nonetheless another year of intense commercial activity, with a well-defined strategy for GLAN AGUA UK in the clean and wastewater treatment and distribution sector, aimed at the following 5 year period of investment, the procurement process of which was initiated in late 2017. On the other hand, the establishment of new partnerships with local players provided important qualifications which are expected to generate opportunities to increase the GLAN AGUA's backlog in this market.

Remaining markets

In the remaining markets, MOTA-ENGIL has kept its presence in specific niches of its portfolio of strengths, namely in the prefabrication area in France and in the foundations area in Spain.

ENVIRONMENT & SERVICES - WASTE

Suma

The long-term SUMA project finds itself before new challenges. To respond to those challenges, the company has carried out a structural reorganisation, investing in the reinforcement of the alignment of a cohesive and synergetic partnership within the MOTA-ENGIL GROUP – and in the areas of Development and Innovation and Environmental Awareness and Education.

The investment in the best practices cemented the publicly renowned trustworthiness of the organisation which, strengthening the recognition achieved in 2017, was once again regarded as the company that, due to its conduct, applies greater concern in the pursuance of the citizens' well-being, once more ranking first in the category "Trusted Brand Environment 2018 - Waste Treatment Companies", in the process promoted by *Seleções do Reader's Digest*.

National plan

With local municipalities remaining the main entities carrying out the waste collection and urban cleaning services on a national level, the growing tendency of return to the internationalisation of services and the split and highly competitive market, which has led companies to reduce prices to values impossible to sustain and to hinder the quality of the work – which, in those circumstances, hardly manages to meet the needs of the clients and populations involved – constitute part of the context of competition in which SUMA currently operates.

Even so, 2018 saw the conclusion of 121 contracts for the provision of services, which amounted to 50 million Euro in the award of new contracts and 14 million Euro in contract renewals.

The ambitious European Union goals and the tendencies for the universalisation of the PAYT and door-to-door systems require from the municipalities and providers of services a great technological investment and awareness of populations, which explains SUMA's commitment both to the Development and Innovation area – with a strong technological component, of which the fleet control and optimisation system, internally developed, that is used in the national market since 2014 and has also been imported for monitoring activities in the Sultanate of Oman, is a representative example –, and in the Environmental Awareness and Education. Such commitment is regarded not only as a organisational profile and differentiating strategy, but also as a core-business activity of SUMA and an opportunity to attract new clients.

Within this promising scope, SUMA initiated, in February 2018, the campaign "*Reciclar é dar + (recycling is giving)*" for the LIPOR client. That campaign, with a strategy of proactive door-to-door contact and making use of multimedia supports, reached 25 thousand dwellings, most of them in the residential sector, in seven of the municipalities of the area of influence of this Waste Management Intermunicipality Service of Greater Porto. New stages will follow, focusing on monitoring and studies of the assessment of impact of the action, but the data collected to date indicate a rate of adherence ranging between 50% and 65%, with an exponential rate of recoverable waste capititation growth ranging between 52% and 97% which is also extended to the introduction of routines of domestic organic waste screening, totalling on average 50 kg per inhabitant and per year. Directed towards the service sector, SUMA has also been carrying out campaigns of maximisation and operationalisation of door-to-door multi-material collection, particularly for ALGAR – in the municipality of Vila Real de Santo António – and for VALORSUL – in municipalities of Torres Vedras, Peniche and Alenquer. In such cases also, the results clearly vindicate the direct awareness interventions, with adherence rates ranging between 71.5% and 85%.

Among the new contracts awarded by local municipalities, some are worth mentioning, as is the case with the waste collection and transport and urban cleaning services attributed to SUMA, for a five year period, by the municipality of Coimbra and, for the same time period, the urban waste collection, equipment washing and urban cleaning services in the municipality of São João da Madeira and the urban solid waste collection, transport and disposal services of Montalegre.

Within the scope of the longer-term contracts, attention should be drawn to the municipality of Figueira da Foz which, for a period of eight years, hired the company for performing the services for the collection and transport of urban solid waste, cleaning and maintenance of containers in the municipality. The city hall of Mira also hired SUMA for the provision of services concerning the system of management of waste in the municipality for a three-year period. A similar duration is also attributed to the cleaning of platforms, mechanical cleaning of rails, chemical weeding and railway drainage of the Porto Light Rail System.

On the other hand, at the start of the year, the existence of requirements related to a greater environmental sustainability and a greater efficiency of the provision of its services led SUMA to invest more than 6.5 million Euro in the renewal of its fleet allocated to waste collection and urban cleaning, in contracts referring to different areas of the country. Broken down in different categories, the equipment follows standard Euro 6, also presenting low thin dust particles emissions, low CO₂ emission, diesel consumption and noise reduction, in compliance with the most recent European standards for the area and resulting in a greater comfort for workers and populations served.

In May 2018, SUMA achieved the goal of transition to standards NP EN ISO 9001:2015 and NP EN ISO 14001:2015, and the renewal of the certification OHSAS 18001:2007/NP 4397:2008, applied to its head office and to its service centre of Aveiro. No non-compliances having been detected, the audit report highlighted, as particular strengths, the competence of the organisation within the scope of the services provided, the implementation of various programs of work-related practical training, the volume of training hours, the good practices in terms of environmental protection, the investment in environmental education, the planning and control of activities in the service centre of Aveiro, as well as the tidying-up and cleaning of its facilities and of the facilities of the Ecocentro (recycling bin) of Ílhavo, and the involvement of the employees interviewed in the context of the management system, which results in a general effort on part of the organisation to ensure the ongoing improvement of the system.

In addition to that, the online presence of SUMA was reinforced by the updating/modernisation of its corporate *website*, which has become more dynamic and adapted to the various formats of access.

The Facebook page of Environmental Awareness kept on investing on continuity, with hundreds of new posts and the fulfilment of the 15 thousand followers target. This aspect of online action, which also includes the YouTube channel and the SUMAKids (www.suma.pt/esa), Animais da Cidade (www.suma.pt/animaisdacidade), Toca do Urso (<https://www.suma.pt/tocadourso/index.html>) and Edições SUMA (www.suma.pt/edicoessuma) interactive platforms, was complemented through the blog "Família Portuguesa", a zero waste challenge (<http://familiaportuguesa10.blogspot.pt>).

International plan

In 2018, the international project of SUMA was not geographically expanded but in turn its operations were consolidated in the five countries where the project is implemented.

CONSITA, a subsidiary for the Brazilian market, initiated in August a new provision of services in the municipality of Contagem, a city of the metropolitan area of Belo Horizonte, where the company is active for more than 40 years. This provision of services presents an annual turnover exceeding 25 million Reais (5.5 million Euro) and will cover a population composed of approximately 700 thousand inhabitants, with cleaning services performed on roads and other public spaces in the municipality, envisaging the execution of manual and mechanical sweeping activities, the supply, installation and maintenance of light waste containers, weed removal services, and transport of waste resulting from these activities to the municipal sanitary landfill.

ECOLIFE, on the other hand, operating in the Mozambican market, entered into a contract for the provision of services for the period of 12 months with Maputo Municipal Council, continuing the connection uniting these organisations in the last 5 years. The awarded service includes operations of waste container collection, door-to-door collection, washing and maintenance of the existing containers in the centre of Maputo as well as the transport of the urban and similar waste to the municipal waste disposal site of Hulene.

In the African continent, the organisation's activity is also carried on through ongoing operations in Angola and Cape Verde – with the subsidiaries VISTA WASTE and AGIR, respectively – as well as in Asia, in the Sultanate of Oman, with ECOVISION.

With the scope of continuing the investments made in Oman, and this time extending them to the environmental education area, SUMA received in late November the technical visit of Sheikh Mohammed Sulaiman Al-Harthy, executive vice-chairman and responsible for the strategic development of be'ah, who had the opportunity to witness the operation of two different environmental education projects, with the provision by SUMA of these services in that market being foreseeable in the near future.

EGF

Where the waste recovery and treatment sector is concerned, 2018 was a challenging year for the sector on many different levels, of which the following stand out:

- On the sector level:

Presentation in November of a version of "PERSU 2020+" with proposals for the revision of "PERSU 2020", whose public consultation occurred until 25 January 2019. The "PERSU 2020+" proposal outlined the alignment of the new Plan for the post-2020 period, with the Ministry for the Environment and Energetic Transition estimating the need for a huge amount of investment for the next 10 years in the urban waste sector in order to meet the requirements laid down by the European Union, and further highlighting the great needs for investment in the sector and the priorities of the government.

In this preview of "PERSU 2020+" it was also announced that Portugal has already managed a 5-year extension for the disposal of waste in landfill target, which means, in other words, that in 2035 Portugal will have to place just 10% of its waste at a landfill, which explains the strategy for reinforcing waste incineration.

As regards the recycling targets established for 2020, the version for public consultation of "PERSU 2020+" revealed a two-year postponement that is explained by the blockage of the use of EU funds for the sector as a result of a complaint lodged in Brussels by a group of private national companies, alleging lack of competition in the market.

- On a regulatory level:

During 2018, ERSAR released a revision of the regulatory framework (RTR), Regulation 52/2018 of 23 January, which, in light of the experience of the first regulatory period, tried to introduce some adjustments to RTR with a view to the simplification, flexibility and clarification of some of its provisions, establishing of a single regulation applicable to the whole sector, regardless of the system ownership.

Lastly, following the submission of the regulated accounts of 2017 concerning the investment plan of 2019-2021 and the regulated forward accounts for 2019-2021, the Regulator established in September 2018 the permitted earnings for the next regulatory period of 2019-2021.

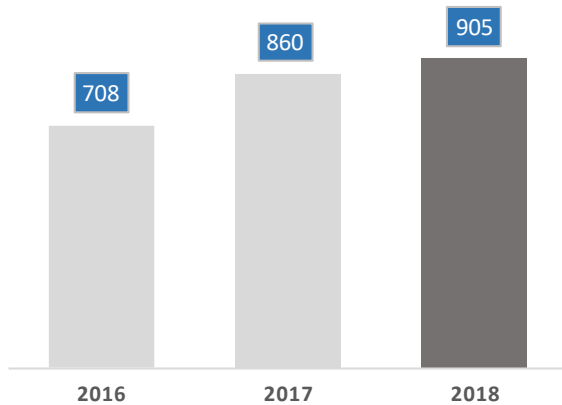
- On the current activity level:

During 2018, the activity of the EGF concessionaire companies focused on the execution of the approved investments, 56 million Euro, in an attempt to recover the two years lost due to the lack of approval of applications.

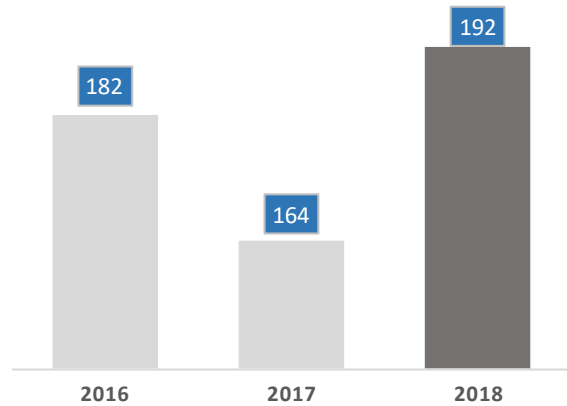
Moreover, it is worth highlighting in 2018 the SAP implementation project and other projects with the objectives of information and procedures harmonisation among the many concessionaires.

AFRICA

TURNOVER
AFRICA (million euros)



EBITDA
AFRICA (million euros)



In 2018, Africa reached a turnover of 905 million Euro, a 5% growth over 2017, which was negatively influenced by the first half of the year which saw the end of some relevant projects and the slow launch of others. In this regard, it must be mentioned that the turnover in the second half corresponded to 60% of the turnover in the year. Still regarding the turnover, attention must be drawn to the growth of the activity in Mozambique, Malawi and in the other non-traditional markets (Guinea, Ivory Coast and Rwanda) which allowed for partially offsetting the decrease in activity in Angola.

On the EBITDA level, it rose to 192 million Euro in 2018 (164 million Euro in 2017), with the respective margin reaching 21%, which once more places the region in a positive trajectory of activity and profitability that is expected to continue in 2019. It must also be mentioned that such margin is negatively influenced by the consequence of Angola being considered as a hyperinflationary economy (IAS 29). If such effect could be disregarded, the EBITDA of 2018 would have risen to 199 million Euro.

On the other hand, the improvement of the EBITDA margin in Angola and the contribution of Mozambique and other non-traditional markets to the increase of EBITDA also stand out.

Finally, taking into consideration the backlog of 2.8 billion Euro, the “cruising speed” of the waste collection and treatment contract in Ivory Coast and the favourable business prospects in Angola and Mozambique, 2019 is expected to bring about a positive evolution of the activity.

Angola

In Angola, 2018 was considered the year of the beginning of the macroeconomic stabilisation process, following a prolonged period of recession in the last years, with special focus on the last 2 years. The most recent projections point out to a gradual recovery of Angolan economy starting as soon as 2019, with a forecast of a growth of 3%.

The year of 2018 was still heavily marked by the devaluation of Kwanza, accumulating a depreciation in the year over 85%, even exceeding the barrier of the 350 Kwanza/Euro.

In the context of the normalisation of the exchange market, in the fourth quarter of the year, BNA announced that it would no longer carry out the direct sale of currency, wherefore the applications to purchase foreign currency could once again be solely placed by commercial banks authorised to that effect.

For the activity of the MOTA-ENGIL GROUP in Angola, 2018 was a year of major challenges. In the first quarter of the year, the country witnessed some changes deriving from the reorganisation of public institutions and the implementation of reforms and structural processes that ended up, directly or indirectly, causing some negative impact on the turnover, essentially on account of the delay in the launch of some public construction works. In the second quarter of the year, it was possible to speed up the pace of the main construction works and initiate the works in some new projects, which made it possible to place Angola at the top of the countries where the GROUP operates, both in terms of turnover and profitability.

In 2018, the Angolan economy was once again considered hyperinflationary, wherefore the application of the corresponding accounting standard (IAS 29) resulted in a negative impact, both in terms of turnover and net income for the financial year.

However, the prospects for next year are of recovery and growth, particularly on account of the Government's reformist agenda, in which the measures standing out are the fight against corruption, the strategies presented for fostering foreign investment and various measures for diversifying the economic activity.

Mozambique

Believing in the country's potential, the investment of the MOTA-ENGIL GROUP in Mozambique has been increasing, with the scope of contributing on a daily basis to the local development and to the achievement of its realisation as a territory of immense potential within the African continent.

Two years after the revelation of the hidden liabilities which brought about a significant economic crisis, Mozambique is starting to emerge from a period of high macroeconomic instability. The stability of Metical has, since mid 2017, helped to reduce the inflation from the peak 26% it had reached in November 2016 to little more than 6% at the end of 2018, whereas a quick increase in the exports of coal boosted the improvement of the trade balance and the recovery of the Central Bank's reserves. Moreover, in early 2018, Mozambique had already guaranteed the final decision of investment for the development of the Coral South project, one of two major natural gas fields exploration projects in the gas pipeline of the Rovuma basin.

This growing stability and the type of projects developed by the GROUP in this country allowed for registering excellent levels of turnover and profitability in 2018, a performance that is estimated to continue, due to a backlog worth about 500 million Euro. The portfolio of projects in the backlog is considerably diverse, encompassing construction works and construction of infrastructures, with the impact of the *mining* area standing out.

Malawi

In Malawi, in 2018, the macroeconomic performance and the devaluation of Kwacha against Euro did not create any conditions favourable to the strengthening of external investment, which limited the growth.

The MOTA-ENGIL GROUP has been continuously present in Malawi since 1990, and its performance in this market has been increasingly supported by private investment projects. In 2018, the aggregated turnover of the companies held in this market exhibited a growth of approximately 20% in comparison with 2017, supported in various projects, of which the construction and rehabilitation of infrastructures stands out.

As regards 2019, the performance is expected to be positive, mainly due to a backlog that kept a tendency of growth and that reached, in late 2018 an amount of approximately 150 million Euro.

Zambia

The year of 2018 saw the conclusion of all remaining works on Great East Road for the Road Development Agency of the Ministry of Housing and Infrastructures.

Moreover, 2018 also witnessed the growth of the country's public debt, which simultaneously resulted in a slowdown in the economy and in the reduction of public investment in infrastructures.

Nevertheless, the GROUP actively seeks out new opportunities in the mining, infrastructures and construction areas in the country.

Cameroon

The MOTA-ENGIL GROUP initiated its activity in Cameroon in 2017, having been awarded a project of rehabilitation and expansion of a football stadium, the construction of a training field and the construction of a 4 star hotel with 70 rooms, within the scope of the CAN 2019 hosting. The date for the conclusion of these projects was May 2019, however, the fact that Cameroon was stripped off hosting CAN 2019 brought about a reprogramming of the project.

Despite these special circumstances, the GROUP keeps on investing in a long-term presence in the country, and has submitted tenders for various projects of construction of roads and a bridge over the river Logone connecting to Chad.

Ivory Coast

The year of 2018 marked the launch of the GROUP's activity in Ivory Coast. This led to the beginning, in the construction area, of the design and construction of a sanitary landfill under the EPC scheme as well as the design and construction of two transfer centres, both also under the EPC scheme.

In addition to that, April 2018 saw the award of a contract for the construction of infrastructures in the context of CAN 2019, namely for the rehabilitation of a football stadium with an increase in capacity from 25,000 to 40,000 seats, the construction of a village for players and the rehabilitation of 12 training fields.

In the environmental area, through ECOBURNIE and following many months of preparation, the provision of urban waste collection, sweeping and cleaning services were finally initiated in Abidjan as at 1 August 2018.

On the other hand, the Kossehoun sanitary landfill operation began on 1 November 2018, with a duration of 7 years, with 4,000 tonnes of waste being expected to enter the landfill on a daily basis.

Regarding 2019, the start of the aforementioned operations and deeper knowledge of the market will bring about the conditions for boosting the GROUP various business in the country. Therefore, the backlog in this market is expected to be reinforced as of 2019.

Guinea

In 2018, the GROUP's activity in Guinea focused on the execution of the mining project of Siguri, belonging to AngloGold Ashanti.

Similarly, many business efforts are being made with the purpose of gaining new contracts in that country, namely in diversified areas such as the construction of infrastructures and urban waste management.

The MOTA-ENGL GROUP is therefore expected to be able to increase its turnover in Guinea in 2019.

Rwanda

The political stability and the safe atmosphere felt in Rwanda are still positively marking the country and supporting its economic growth. In 2018, some strategic sectors of the country stood out, with particular focus on the air transport sector, with the investment of the national airline RwandAir, on the opening of new trade routes and on the entering into external partnerships.

In 2018, the MOTA-ENGL GROUP, without disregarding its main project in the country, the "New Bugesera International Airport", an integral and crucial part of the regional strategy of the Country, made all efforts in order to gain a new portfolio and also to diversify its business areas.

Uganda

Uganda, a landlocked country in Eastern Africa, has been witnessing a solid economic growth in the last few years ranging between 4.8% and 5.9%.

Moreover, the country has made significant efforts within the scope of the development of its infrastructures and in its industrialisation, allocating a large portion of its annual budget to the construction of road and energy infrastructures, especially for oil development and exploration in the Western region of the country, which will boost the economy and the development of other important sectors, such as agriculture, as well as trade relations with neighbouring countries.

Regarding the GROUP's operating activity in 2018, it is worth mentioning the continuation of the execution of the work "Capacity Improvement of Kampala Northern Bypass", the contract of which almost doubled in value with the allocation of additional works. In addition to that, other works were carried out, such as the construction and rehabilitation of the "Ishaka to Katunguro" road, located in Western Uganda, which constitutes a route of crucial importance in the strategic plan of connection to Western Uganda and to the Democratic Republic of the Congo.

The year of 2019 saw the beginning of the works of two road sections of the "North East Road Asset Management" project, which encompasses rehabilitation, improvement, maintenance and operation services along 340 km of road.

South Africa

In 2018, the South-African economy entered into recession, partially explained by the political instability and uncertainty. On the other hand, the volatility of the local currency has also been contributing to constrain foreign investment in the market, which indirectly hindered the construction sector in this country.

During 2018, the GROUP focused its operating activity on the construction of one of the largest shopping centres of the country, "Fourways Mall", as well as on the construction of a residential and commercial estate, the "Acsiopólis".

In 2018, three new projects were also awarded, thus guaranteeing a stable turnover in 2019.

Tanzania

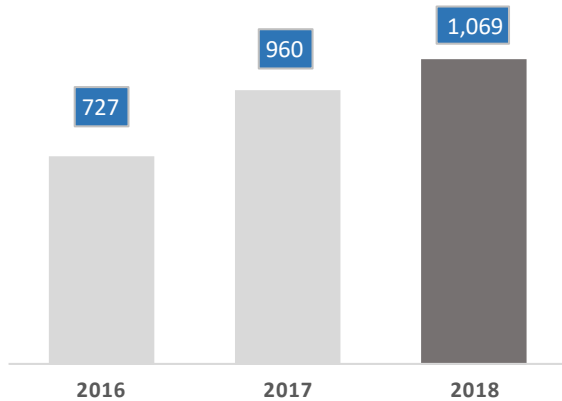
Tanzania exhibited a sustained economic growth in the last decade around 6%, with the State choosing to fight corruption and to increase public sector efficiency as matters of priority. In this last dimension, attention must be drawn to the launch of an ambitious public works program aimed at modernising the transport and energy infrastructure of the country.

The MOTA-ENGIL GROUP started its activity in Tanzania in 2017 by signing of the contract for the execution of the railway between Dar-Es-Salaam and Morogoro in a partnership with the Turkish company Yapi Merkezi, this project being responsible for the GROUP's activity in 2018 in that country.

LATIN AMERICA

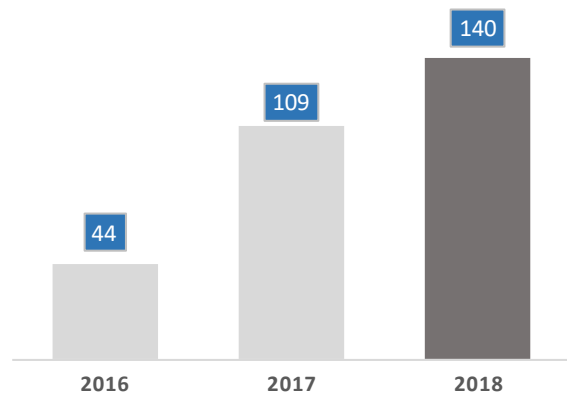
TURNOVER

LATIN AMERICA (million euros)



EBITDA

LATIN AMERICA (million euros)



The year of 2018 in Latin America was, as predicted, marked by the high backlog that the GROUP held and still holds in the region, resulting in a turnover increase of 11% to a value over a billion Euro (1,069).

Moreover, with the performance achieved, Latin America was the region that most contributed to the GROUP's turnover (38%).

Within Latin America, Mexico is nowadays the largest market both in terms of turnover and diversification, having increased its turnover in 22% in the year, representing 57% of the region's turnover. In this country, the GROUP currently operates in the field of infrastructure construction, road concessions management, electric power generation, tourism and environment.

With regards to Peru, where the GROUP has had a historical presence for more than 20 years and is one of the major players of the market, and to Brazil, where the GROUP operates in the construction and waste collection and treatment areas, the turnover of these two other traditional markets of the region rose to 153 million Euro (163 million Euro in 2017) and to 172 million Euro (211 million Euro in 2017), respectively, with both markets having been subject to uncertainty associated with the presidential elections in 2018 and the postponement of investment related to that uncertainty. However, the award of two important projects in Brazil for the client Petrobras in 2018 indicates a reversal of the trend.

In addition, it is also worth highlighting the turnover generated in Colombia, which in 2018 reached 102 million Euro (61 million Euro in 2017), essentially due to the execution of an important project of construction and refurbishment of education institutions, which in 2019 will likely rank the market as the second largest in the region and contribute to maintaining the level of activity of the region in the next year.

With regards to EBITDA, it rose in 2018 to 140 million Euro, a 28% increase over the previous year, positively influenced by the greater pace of execution of some road works in Mexico (namely Gran Canal) and by the increase of electric power produced and traded by GENERADORA FÉNIX and by other GROUP companies that operate in this area and by the sound performance of the Colombia and Aruba markets.

Mexico

In 2018, the Mexican economy exhibited a moderate growth of 2.2% (2.1% in 2017), with a inflation of 4.3% (6.8% in 2017). On the other hand, the market interest rate reference increased from 7.25% in late 2017 to 8.25% in 2018.

Mexican Peso has shown great volatility throughout the year on account of a series of factors which to date are mostly stabilised and absorbed by the market: the election of the new president and his taking office, the cancellation of the new airport of Mexico City, the new trade agreement USMCA between Mexico, the United States of America and Canada, the international politic instability, among others.

In the construction sector, there was a 2% growth despite the low investment in infrastructure projects by the public sector and/or Federal Government. In parallel, there was an increase in the prices of construction material in the last months of the year, in particular the prices of cement, concrete and metallurgical products.

The prospects for the sector's growth are still positive, in a time where investors and companies are waiting for the Infrastructure National Plan. Nevertheless, a set of key objectives and projects have already been established, pointing to a optimistic prospect (as is the case with "Trem Maya", the reconstruction of public infrastructures such as hospitals and schools, among others).

In 2018, MOTA-ENGIL MÉXICO stood out for having reinforced its backlog and for its higher production, especially in the Guadalajara light rail and in the road infrastructure projects of Gran Canal, Cardel Poza Rica e Tuxpan Tampico. Regarding the backlog, the GROUP acquired throughout the year new projects in different sectors, of which the following can be highlighted:

- Bordo Poniente Etapa IV – construction of a sanitary landfill with an area of approximately 350 acres;
- Rodovia Las Varas Puerto Vallarta – construction of more than 80 km of road infrastructure;
- Repowering of S.H. de Necaxa – development of engineering and energetic infrastructure works, namely the installation/replacement of power generating units;
- APP Tampico-Ciudad Victoria - 10-year contract for maintenance of five sections of federal roads, located in the State of Tamaulipas, with a length of 279.21 km.

Regarding the energy business area, particularly in the energy generation sector, in which the GROUP operates in Mexico through GENERADORA FÉNIX, 2018 was characterised by: (i) a generation of power above 1,000 GWh, leveraged in a rehabilitated power park capable of ensuring a stable and optimised operating performance; (ii) sale of most clean energy certificates (CEC) produced in 2018, either on account of short-term or long-term contracts; (iii) implementation of the plan for existing assets improvement and preparation of the investment plan for increasing the power generation capacity of the company.

On the other hand, in the energy trading sector, whose activity is carried out through SUMINISTRADORA FÉNIX, 2018 was characterised by the expansion of the portfolio of clients for the purchase and sale of products (power, output and CEC), both in number and volume of energy sold, which exceeded 675 GWh/year.

Regarding the tourism business area, emphasis is placed on the development of the project of construction of the Costa Canuva project, located in Riviera Nayarit, with 267 acres of land for the construction of 7 hotels with 1,150 rooms, 30 plots for condominiums with capacity for 1,290 units, 450 plots for detached houses of 550m², a marina with 260 slides, a 18-hole golf course designed by Lorena Ochoa and Greg Norman, among other tourist activities.

Lastly, it is worth mentioning the constitution of a trust issuer of *Certificados Bursátiles Fiduciarios de Proyectos de Inversión* ("CERPI"), which will be placed with international investors that will jointly invest with the MOTA-ENGIL GROUP directly or through investment vehicles in the infrastructure, energy and tourism sectors, in Mexico and in other countries of Latin America, which will give a strong boost as of 2019 to the GROUP's projects under development.

Peru

In 2018, the Peruvian economy exhibited a growth of about 4.1% (2.5% in 2017), with the inflation increasing to 2.4% (1.4% in 2017). On the other hand, the market interest rate reference decreased from 3.25% in late 2017 to 2.75% in 2018.

In addition to that, the Peruvian Sol exhibited some volatility throughout the year due to a set of external factors, although it remained more stable than most currencies of the other markets of the region on account of the sound macroeconomic fundamentals of the country. In parallel, President Pedro Pablo Kuczunski's resignation and the arrival of a new administration favoured a political stabilisation in the country and an increase in business confidence.

The construction sector registered a steep growth, especially in the second half of the year, due to the construction of infrastructures to celebrate the Pan American Games. For 2019, an even greater dynamic performance is expected in the sector, mainly justified by investments in the mining sector, by the Line 2 projects of the Lima underground system and the Chincheros Airport, among others.

In 2018, MOTA-ENGIL PERU had a stable performance, mainly due to the execution of the following projects: Presa de Relaves, Las Bambas, Puente Nanay, Hospital de Macusani - Puno e Conservacion Vial Vizcachane (Acay – Aizcachane).

On the other hand, the GROUP attracted new projects throughout the year in different sectors worth a total of 125 million Euro, of which the following stand out: construction of Presa Vizcachas and Bocatoma Tirire (Quellaveco); engineering works in the Terminal Portuário de Paracas; execution of Bulks Earthworks of the Sulphur Plant Platforms and construction of access routes; and maintenance and recovery of the road infrastructure of 5 Conococha package (interventions FEN-PQT5).

Brazil

In 2018, the Brazilian economy exhibited a moderate growth, in line with that of the previous year, of about 1.4% (1.0% in 2017), with the inflation reaching 4.2% (2.9% in 2017). On the other hand, the market interest rate reference decreased from 7.0% in late 2017 to 6.5% in 2018.

As regards the Brazilian Real, it suffered a sharp devaluation (more than 15%), although the main indicators of the Brazilian economy are relatively positive. Nevertheless, some factors contributed substantially to the volatility of the Brazilian currency, such as the judicial proceedings still under way and the presidential elections which, following the results of October 2018, helped to achieve a greater political certainty, which led the financial markets to react favourably, a good indicator for the economic growth expected in 2019.

In 2018 the construction sector was marked by some instability and by the preparation to a new government cycle, with a low growth of the investment in infrastructure projects by the public sector and/or Federal Government.

In that same year, in the construction sector, ECB successfully overcome a group of relevant challenges that it encountered, particularly the impact of climatic changes adverse to the execution of some works, the political instability felt throughout the year and its effects, the exchange rate volatility, the exceptional crisis in the sector, among others. Generally speaking, the performance of ECB was stable and its production reached the estimated levels.

On the other hand, the GROUP attracted throughout 2018 new projects characterised by a broad diversification, of which the following stand out:

- Construction of street layouts, road lighting, earth networks, special works of art, construction of drainage networks and sanitary sewer collecting networks of COMPERJ;
- Execution of the engineering works necessary for the construction of the Torto Dam;
- Provision of construction and industrial assembly services within the scope of UO – BC – Lot 3 and UO – Rio – Lot B; and
- Duplication of Motorways SP101 and SP 308 of the Concession “Rodovias do Tietê”.

Colombia

In 2018, the Colombian economy accelerated its growth to about 2.8% (1.8% in 2017), with the inflation decreasing to 3.1% (4.1% in 2017). On the other hand, the market interest rate reference decreased from 4.75% in late 2017 to 4.25% in 2018.

Despite the volatility of the Colombian Peso, in 2018 the local financial markets withstood the global conjuncture, supported by the higher oil prices. After the presidential elections, the political uproar and uncertainty diminished and gave way to stability and economic optimism.

From the second half of 2018, the construction sector stopped contributing negatively to the economic growth of the country, with a sharper acceleration of the engineering works component and a trend of gradual and moderate recovery of the buildings' component.

In 2018, MOTA-ENGIL COLÔMBIA showed a stable performance, its production having reached the estimated levels mainly in the Colégios projects and in the works located in the Northern Colombia and Northwestern Colombia.

On the other hand, the GROUP attracted throughout 2018 new projects characterised by a broad diversification, of which the following stand out:

- Project, technical studies and works for the execution of the educational infrastructure projects in the departments of Valle del Cauca, Nariño, Quindío and Risaralda (Group 2);
- Construction of a new road “Carrera 43” in Barranquilla; and
- Construction of the lifting unit of Canoas.

Other countries

In 2018, the MOTA-ENGIL GROUP went on executing the projects acquired outside the 4 main countries of the Region, with emphasis on the “Watty Vos Boulevard” project in Aruba (the conclusion of which is predicted for September 2019) and the real estate project in the city of Bosch in Dominican Republic.

In addition to that, in the latter country, the GROUP signed in 2018 the project for the construction/rehabilitation of “Puerto de Caucedo”, located in the city of Santo Domingo.

Lastly, during 2018, the GROUP followed up on its structural and rigorous expansion in the region with the award to a consortium 33% held by the GROUP of a contract of construction and concession of Corredor Sur in the Province of Buenos Aires, Argentina, with a length of 247 km.

3. Analysis of non-financial performance

3.1. VALUES AND MISSION OF THE GROUP

Our Vision

To be an international reference in the sector where it operates, aligned with the best market practices on a production level, with a permanent innovation, assuming thus a strong identity, recognized in technical skills by providing a service of excellence to its clients and to the community.

Our Mission

Create shareholder value respecting the community and the future, in a socially responsible way.

Our Values

Recognizing that the construction of a strong identity and culture is determinant to implement the challenges set, the MOTA-ENGIL GROUP shares with its stakeholders the following values:

- **Ambition** – Eagerness always renewed of doing more and better, facing the present and future with boldness and confidence and assuming, in a determined and committed way, new challenges that contribute to the growth of the GROUP.
- **Integrity** – Choose the path which reinforces the principles of honesty, truth, loyalty, righteousness and justice, in the daily conduct of everyone.
- **Cohesion** – Guarantee that the goals set, which are intended ambitious, are reached through the contribution of all business units and that the vitality of the GROUP results from combining wisdom and strength necessary to overcome new challenges.
- **Group Spirit** – Consolidate the sense of belonging, respect for the differences, loyalty and reciprocity in a global and culturally diverse context, maintaining pride in the past and strengthening the confidence in the future.

3.2. ETHICS AND INTEGRITY

Principal policies and aspects covered by the GROUP's Business Code of Ethics and Conduct:

Together...

The good name and reputation of the GROUP are the result of the dedication and hard work of everyone. Our goal does not consist solely of complying with the law, rules and regulations applicable to the business; we also work to meet the highest standards of business conduct.

Culture by example

The Board of Directors, higher management and operational managers provide the example, guide and support to their teams in the fulfilment of the Business Code of Ethics and Conduct.

Corporate governance

The MOTA-ENGIL GROUP is run with transparency and observation of the standards, guidelines and principles of good corporate governance in terms of the commitment to shareholders, partners, customers, suppliers, employees and the community.

Know Your Customer / Know Your Supplier

The MOTA-ENGIL GROUP observes the compliance with the national and international standards that are applicable to its business activities and therefore, fulfils analysis procedures and mechanisms for all counterparties with which it has a relation.

Anti-corruption and bribery policy

The GROUP has adopted a policy of zero tolerance in relation to bribery and corruption, which are prohibited in any form, whether directly or through third parties in any part of the world.

Tolerance and respect for the other

The MOTA-ENGIL GROUP respects human rights in all cultural, socio-economic and geographical contexts where it operates, recognising the respective traditions and cultures and promoting support for the local communities in accordance with the specificities of each region.

Communication channel for irregularities

Any stakeholder may at any time report alleged irregularities or infractions of the Business Code of Ethics and Conduct or the policies of the GROUP without fear of retaliation when made in good faith using the following e-mail address for the purpose etica@mota-engil.com, the following address Ética – Rua do Rego Lameiro, 38, 4300-454 Porto, Portugal, or the ombudsman channel available at <http://en.mota-engil.pt/Provedoria>.



3.3. GEOGRAPHICAL PRESENCE AND TYPE OF OPERATIONS DEVELOPED BY THE GROUP

(i) Markets where the GROUP operates and type of services provided

EUROPE

Portugal, Spain, Poland, Czech Republic, Ireland and United Kingdom.

MOTA-ENGIL has a prominent position in Europe, being currently among the 40 major European economic Groups in the construction sector.

In addition to its leadership position in Portugal, MOTA-ENGIL has positioned itself in other European markets as a trusted partner for the development of infrastructure projects, in particular in Central Europe where it has been present for some 20 years and now counts as one of the 10 largest construction companies in Poland. In Ireland, MOTA-ENGIL has a prominent position, through MEIC and GLAN AGUA, market leaders in the construction sector and water treatment plant and wastewater treatment plant management sectors, as well as having a growing position in the public works market, being also present in the United Kingdom.

In waste management, the GROUP operates through EGF and SUMA, ensuring all the value chain from urban cleaning to the collection, treatment and recovery of waste, with technology also developed in the production of energy (waste-to-energy).

Through MANVIA, the GROUP operates in the sector of the Industrial Maintenance, Buildings and Environment.

AFRICA

Angola, Mozambique, Malawi, South Africa, Cape Verde, São Tomé and Príncipe, Zambia, Zimbabwe, Uganda, Rwanda, Tanzania, Guinea, Cameroon and Ivory Coast.

Africa is a natural market for the MOTA-ENGIL GROUP for a long-standing and acknowledged experience in a path started in Angola in 1946.

With a unique position in Africa, ensured by an investment which is permanently renewed as for the capacity of mobilising resources for the execution of major projects, MOTA-ENGIL ÁFRICA has a long-term strategic perspective and a broaden horizon of action, trying to develop partnerships for the execution of projects of infrastructures in areas as diverse as Transports and Logistics, Energy, Oil & Gas, Mining and Environment.

With the recent expansion into new markets of the space of the SADC, MOTA-ENGIL ÁFRICA has technical and financial capacity to develop each project tailored to its customers in order to take the African continent to the dimension of its potentialities.

LATIN AMERICA

Mexico, Peru, Brazil, Colombia, Dominican Republic, Paraguay, Aruba, Chile and Argentina.

MOTA-ENGIL has been present in Latin America since 1998, having initiated its activity in Peru, a market where it is endowed with competences and resources to operate in all aspects of construction and where the company is one of the top 4 in the Engineering and Construction sector.

Confident in the potential of Latin America, the GROUP promoted the expansion of its presence into other markets including Mexico, Brazil and Colombia, carrying out benchmark construction projects while developing a portfolio of highway concessions covering a network of more than 1,000 km.

In Mexico MOTA-ENGIL is carrying out or has already carried out major infrastructure projects involving a range of technologies including the building of roads, the Guadalajara Underground system, hospitals and a range of other constructions in addition to a presence in the environmental sector through GISA and the generation of power through Generadora FÉNIX, the first private operator in this market.

In Brazil, and through ECB, based in Belo Horizonte, the GROUP is extending its activities into the fields of road and rail infrastructures, also carrying out Environmental activities through the company CONSITA.

In Colombia, MOTA-ENGIL, among other projects, is executing an important project of construction and rehabilitation of education institutions.

As a reference regional operator in infrastructures sector, MOTA-ENGIL extended its presence in 2016 to markets such as Chile, Dominican Republic, Paraguay and Aruba and in 2018 to Argentina.

(ii) Business Areas

MOTA-ENGIL carries out a wide range of activities associated with the design, construction, management and operation of infrastructures, and has a long and recognised experience associated with a technical know-how for the development of various areas, such as:

Engineering and Construction

Leader in Portugal and with a stand-out position in diverse markets in Europe, Africa and Latin America, the GROUP has developed construction projects in over 40 countries, confirming its technical leadership as demonstrated on every project and building a reputation for excellence in the technical areas of civil engineering and public works, acknowledged as benchmark in the construction of a range of infrastructure projects including motorways, roads, airports, maritime ports, dams, various buildings, railways, electro-mechanics, foundations and geo-technics.

Waste Management

With a majority holding in SUMA, a company formed in 1995 for the management and collection of waste in Portugal, Mota-Engil has also carved out a leadership position in this field with an increasing presence in Angola, Mozambique, Cape Verde, Mexico, Brazil, Oman and Ivory Coast.

On the other hand, through EGF, the MOTA-ENGIL GROUP is active in the treatment and processing of waste throughout the whole of the value chain, using leading edge technology in the environmental treatment and processing of waste along with the production of energy through the collection of bio-gas on landfill sites and the power generator plant.

Energy

The MOTA-ENGIL GROUP is the first private operator in the generation of energy sector in Mexico, and has a number of assets under exploration with a production capacity of 277 MW that can be extended to 2,000 MW.

In Portugal, it generated in 2018 approximately 465 GWH of power in the various facilities of EGF.

Multi-services

In order to complement the activity of construction and management of infrastructures, MOTA-ENGIL also carries out an activity in the area of maintenance through MANVIA, a reference company in Portugal and operating in Africa and in the North of Europe.

In the landscape architecture field, the GROUP has established its presence through VIBEIRAS, which is the leading company in Portugal with major contracts in Africa.

Concessions of Transport Infrastructures

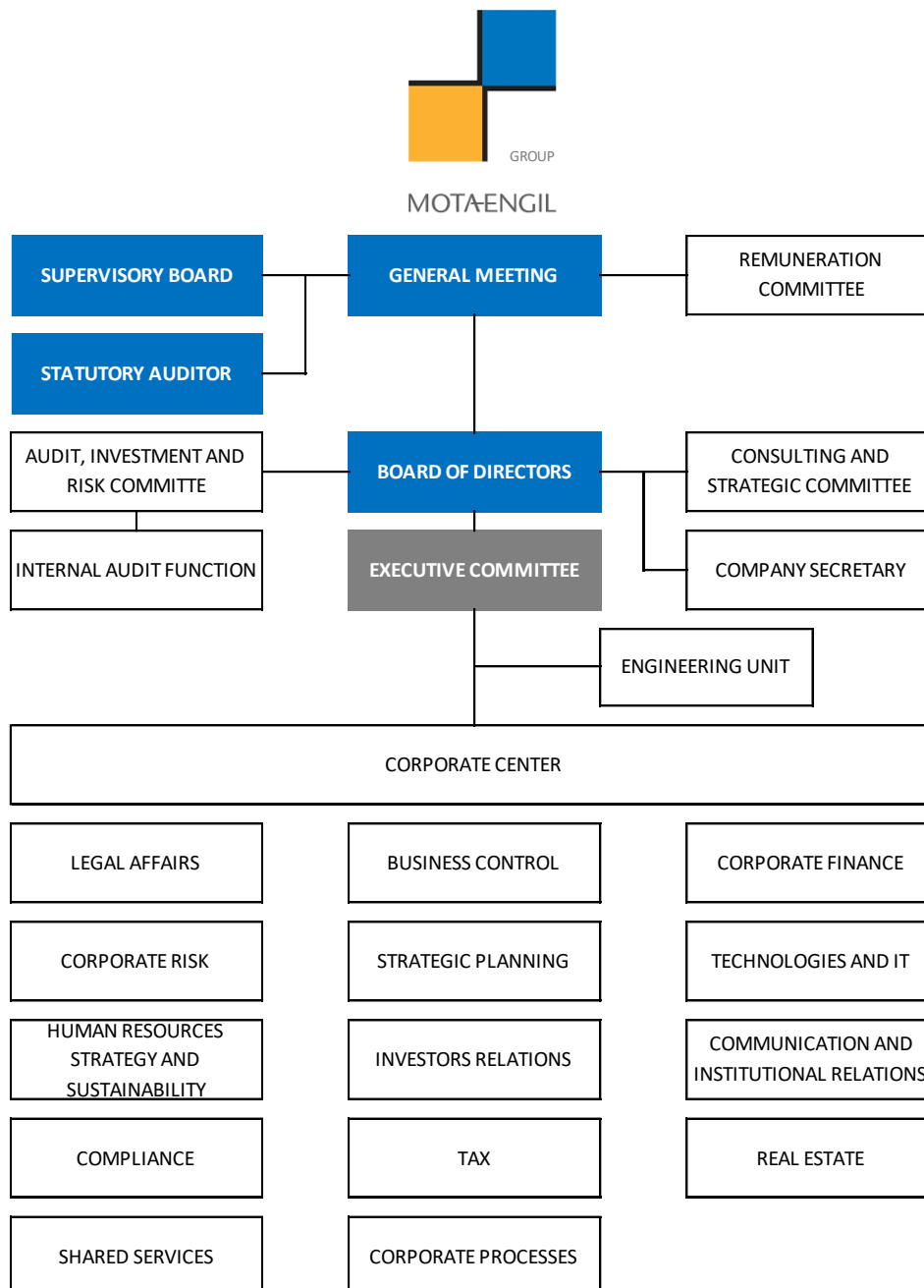
MOTA-ENGIL holds a major position in the management of road infrastructure concessions with activities in Portugal, Spain, Brazil, Mexico, Mozambique and Colombia.

Mining

In this area MOTA-ENGIL is developing projects in Africa and in Latin America, benefiting from the extensive experience gathered in the execution of construction and earthmoving projects for some of the largest mining companies in the world, with emphasis on the operations in Mozambique, Malawi, Guinea and Peru.

3.4. CORPORATE GOVERNANCE MODEL

The governance model of the GROUP adopted in 2018 can be outlined as follows:



Detailed information on the governance model of the GROUP may be found in the Report on Corporate Governance Practices integrating the 2018 Consolidated Report & Accounts.

3.5. RISK MANAGEMENT

The risk management process is an integral part of the internal control system which consists of the development of management policies and procedures with a view to ensuring the creation of value, protection of its assets, compliance of laws and regulations, and a controlled environment that ensures the fulfilment of the GROUP's ethical principles and the reliability of information reported.

Therefore, risk management at the MOTA-ENGIL GROUP is based on an integrated process that is transversal to the GROUP, intended to be evolutionary regarding the constant identification and monitoring of exposure to the different types of risks inherent to its business, considering the various regions and geographies in which it operates, with the promotion of study and implementation of strategies for the mitigation of the main risks.

In this chapter we present the structures responsible for the analysis and monitoring of the risk management process, also proceeding to identify the main risks to which the GROUP is exposed throughout the exercise of its activity.

Organisation

The overall risk management of the MOTA-ENGIL GROUP is the responsibility of the Executive Committee and of the Management and Supervisory Boards. At the level of the Executive Committee, the Corporate Risk Function area of responsibility is assigned to an Executive Director.

There is also a specialised Committee, the Audit, Investment and Risk Committee, which, reporting to the chairman of the Board of Directors, pursues the main tasks and responsibilities of approval of the Audit Annual Plan, the assessment and recommendation of investment policies and business and projects risk to the Board of Directors, the analysis and issuing of opinions on investment or disinvestment projects, the issuing of opinions on the admission or abandonment of new business areas, the monitoring of relevant financial and corporate operations, the issuing of an opinion on the Risk Matrix of MOTA-ENGIL GROUP, whenever it is updated or there are substantial changes to the risks of the external environment and/or the operational risks, the assessment of the risk management strategies defined in the context of the corporate level and the implementation of the cross-sectional risk management policies in the regions/business areas and the follow-up of the risks associated with selected projects. This Committee is normally composed of three permanent members, one of them being an independent director and the other a non-executive director, the independence from the Executive Committee thus being ensured.

The Internal Audit Corporate Function encompasses all areas, processes and activities of the companies that constitute the GROUP, and its main mission is to contribute to the pursuance of the strategic goals, assessing the compliance and ongoing improvement of the efficiency of the internal control of the GROUP's management processes, to assist in the prevention and mitigation of control risks that may result in a financial loss and to promote the observance by the GROUP and its employees of all the applicable regulations through an independent intervention, jointly with all the organic units of the GROUP.

The main mission of the Compliance Corporate Function is to ensure the application and universal respect by the whole GROUP of the compliance practices and rules, to guarantee that they are up-to-date and to act so as to prevent and mitigate (1) compliance risks that may result in legal or regulatory sanctions, due to non-compliance regulations, code of conduct and of good practices, (2) promote an atmosphere and culture of compliance with regulatory benchmarks and standards related to ethical principles and values across the GROUP.

In order to ensure constant strengthening of the internal control system, process integration and its compliance in terms of the three lines of defence, monthly meetings with the corporate areas of Internal Audit, Risk and Compliance are also held, aimed at a reflection on the level of exposure to risk of the GROUP and assessment of compliance with existing and applicable standards.

Therefore, the main risks that the GROUP is subject to, and which are covered below, are accompanied by the internal reporting of the heads of business areas and by the reports, opinions and guidelines by the aforesaid Committee, in conjunction with information compiled by those who are in positions of corporate responsibility.

Major Project Monitoring

In addition, for larger projects, the corporate process of Major Project Monitoring, whose duties were shared by the corporate departments of Engineering Unit, Business Control and Corporate Risk with the established concept of carrying out regular monitoring of projects with high impact on the GROUP'S performance, ensuring a 360-degree vision on the project's development concerning the Holding, reinforcing this way the visibility and control over potential risks and priority areas for action.

The promotion of the 360-degree vision is one of the essential aspects of the process, combining different monitoring types:

- Technical – regular analysis of technical and operating risks;
- Economic-financial – regular analysis of project's performance over that foreseen;
- Other risks – identification and monitoring of risks associated with the business and operating activity, as well as with the external context.

During the process development, the eligibility criteria were set for the projects to be monitored. That translate into regular and periodic project monitoring in the three main regions where the GROUP operates: Europe, Africa and Latin America.

The different areas involved in this process - Engineering Unit, Business Control and Corporate Risk - serve as a multidisciplinary team enabling the execution of a complementary and rigorous assessment concerning the main risks and opportunities inherent to projects, as well as providing a perspective on future risks.

This monitoring, promoted in a collaborative sense but rigorous and independent in the analysis, is aimed at contributing to the identification of potential risk events and supporting decision making for their mitigation and, if possible, improving the project's profitability.

Cross-sectional Risk Management

In the specific area of the cross-sectional risks to which the GROUP is exposed, it is for the Corporate Risk Function to ensure an independent analysis of the various risks, supported by an annually reviewed risk matrix approved by the Executive Committee, as well as monitoring through various risk parameters and models specifically produced the GROUP's performance profile.

The cross-sectional risk matrix of the MOTA-ENGL GROUP is a work tool for the systematic monitoring of the risk level that is implicit in the different dimensions of risks to which the GROUP is exposed. The matrix is therefore broken down in three aspects: Business, Operating and Economic/Financial. This way, several key steps defining the development and maintenance of the cross-sectional risk matrix of the GROUP were set, most notably:

- Identification of the key business risks with an impact on the profitability of the GROUP;
- Evaluation with the Corporate and Regions departments of the historic performance of each KPI selected;
- Definition of Risk Appetite;
- Definition of the Strategic Goal for each type of risk and;
- Assessment, Monitoring and Definition of mitigation measures and its results.

The risk management process, coordinated by the Corporate Risk function is characterized by the following main macro-activities:

- Collection of information on the KPI established: monitor the risks established as priorities;
- Risk assessment levels identified in the KPI: set priorities for action;
- Estimate of the associated impact and probabilities: deep analysis of the risks;
- Definition of the mitigation measures: minimise exposure to risk and;
- Report and discussion with the Executive Committee: report key risks and mitigation measures.

The Corporate Risk Function draws up Quarterly Reports for distributing to the Executive Committee, thus making it possible to analyse the main recommendations issued and decide on the actions deemed necessary for mitigating the risks identified, each reporting being shared with the Audit and Investment and Risk Committee.

The procedure of constant follow-up and quarterly reporting allow for the introduction and description in those reports of the levels of exposure to each of the main risks identified over the year, as well as for the implementation of mitigating measures.

Cyclical risks

The country's risk, measured on the different dimensions for each of the markets where the GROUP is present, is associated with changes or specific disturbances of a political, economic or financial nature and may prevent the achievement of strategic objectives undertaken by the GROUP.

With a diversified geographic exposure and depth of maturity in most markets, the GROUP has still sought, over the past few years, to promote an expansion in countries integrated in the regions where it operates, allocating to the Executive Committee and Board of Directors the ultimate responsibility for providing the necessary validation of any investment project in new markets, being on its own, although complemented with technical and economic and financial analysis, an organizational premise that promotes an effective internal control system, mitigating risks and promoting a strategic alignment at all levels of the GROUP.

With regard to Portugal, in 2018 the Portuguese economy continued to register a positive growth, albeit with a slowdown tendency, which enabled favourable development from a financial stability point of view. There was also a reduction in the vulnerability of the economy and the Portuguese banking system in comparison with the past. However, unlike other industries, there was a slowdown in the economic activity's growth in the construction sector.

The budgetary consolidation strategy, the stabilisation of the public debt to GDP ratio, together with the favourable financing conditions in the sovereign debt markets, allow for anticipating on the medium term a level and quality of public investment that may boost a sustainable growth of the economic activity in the construction sector.

The *Quantitative Easing* program, during its duration, provided the economies of the Eurozone with the stability and the benefit of the historically low interest rates in its refinancing operations and issuance of debt. Even with the decision of the end of the Program by the European Central Bank (ECB) in December 2018, the institution predicts that the current interest rate levels will remain at least during the summer of 2019, thus contributing to a framework favourable to the execution of public and private investment in the Eurozone countries.

In Africa, there was an improvement of the economies in 2018, which reinforced the situation occurred in the previous year, with those economies proving to be more resilient to adverse external conditions. The increase in the price of commodities has contributed to a real output growth in the economies of the Region in 2018 over 2017, as well as a reduction in the budget deficit registered in most economies.

On the other hand, Angola was subject to major changes arising from the modification of the political cycle, with a positive impact on the business atmosphere, of which it is worth highlighting the end of the double taxation for Portuguese companies and workers, changes to the legislation on foreign investment and the entry into force of free-floating exchange rates at the start of 2018 to approximate the Kwanza to its real market value. However, the budgetary consolidation effort carried out in 2017 and 2018 was reached by way of a heavy reduction in public investment which led to a relevant slowdown of the activity in the construction sector and to fewer infrastructure projects started.

The year of 2018 was a challenging year for Latin America, and, although there was a very positive growth of approximately 3.5% of GDP in the economies where the MOTA-ENGIL GROUP carries out its activity, the region is still exhibiting an important dependence on the export of commodities. On a positive note, some economies registered a recovery, namely Brazil, which is expected to maintain the gradual recovery that has been registering since the recession of 2015-2016. Lastly, 2018 was also marked by the presidential elections in Brazil, Mexico, Colombia and Paraguay.

Financial Risk management

The MOTA-ENGIL GROUP, due to its geographical diversification, operating in 3 Continents and 28 countries, is exposed to a variety of financial risks, with particular emphasis on risks associated with interest rates, exchange rates, liquidity and credit.

The GROUP's financial risk management policy aims at reducing impacts and adverse effects deriving from the uncertainty that characterizes the financial markets. This uncertainty, reflected in various facets, demands special attention and concrete and effective management measures.

The financial risk management activity is coordinated by the Corporate Finance Function, who coordinates and monitors the treasury and debt portfolio management, with the aid and support of the Business Control Function, and is carried out according to the guidelines approved by the Board of Directors, with the consultative interventions of the Audit, Investment and Risk Committee, without ever ceasing to be the responsibility of the Boards of Directors of each of the business units of the GROUP.

The GROUP's position as to the management of financial risks is cautious and conservative, using, when advisable, hedge instruments, always considering that these are related to the normal and current activity of the company, never taking positions in derivatives or other financial instruments of a speculative nature.

The different types of financial risk are inter-related and the different management measures are aimed at ensuring the pursuance of the same goal, that is, the protection of its assets and the reduction of cash-flow volatility and expected profitability.

Interest rate risk

The interest rate risk management policy aims at optimizing the cost of debt and obtaining a reduced level of volatility in financial charges, that is, it intends to control and mitigate the risk of losses deriving from variations in the interest rate that serves as index for the GROUP's financial debt, mainly denominated in Euro. It should be noted that the strategy of allocation of debt to local markets, close to cash flow generation, has contributed to a diversification of currency in terms of debt assumption, even though significantly contracted in currencies such as Euro and Dollar or currencies indexed to those.

As a consequence of the stagnation of the short-term and medium-term interest rates, which remained stabled and reached historic lows, new interest rate risk hedging operations have been carried out to a lesser extent. In cases where loan maturity is longer, the GROUP is, however, still conveniently analysing and assessing the contracting of hedging instruments that ensure possible future alterations to the interest rates, with the GROUP keeping an eye out for the inversion of that trend that will certainly accompany the recovery of economies or the change to the monetary policies in the coming years on part of the central banks.

Exchange rate risk

The MOTA-ENGIL GROUP operates its business internationally through different companies and in different jurisdictions, being therefore exposed to the exchange rate risk.

It should be noted that regarding the analysis of the exchange rate risk, there is a continuous and systematic monitoring of the variations to which the GROUP is subjected. This monitoring is made by the Corporate Finance and Business Control Functions, consolidating and reporting information from all companies operating in different geographies, in terms of cash flows, balances and debt.

The exposure of the MOTA-ENGIL GROUP to the exchange rate risk arises primarily from the presence of several of its subsidiaries in various markets, which brings new challenges, with exposure to new currencies.

The exchange rate risk management policy aims at reducing the volatility in investments and operations expressed in foreign currency (other than Euro), contributing to a smaller sensitivity to the exchange rate fluctuations.

The risk of exchange rate in the GROUP is summarized in two ways:

- Transaction risk - risk associated with cash flows and the values of the financial instruments recorded in the financial position statement, in which changes to exchange rates have an impact on the results and the cash flows.
- Translation risk - risk associated with fluctuations in the equity value invested in foreign GROUP companies, due to exchange rate changes.

In terms of exchange rate risk management, we seek, where possible or advisable, natural hedges to manage exposure by means of financial debt denominated in foreign currency in which the values at risk are expressed. Whenever such is not possible or advisable, the contracting or performance of operations based on derivative, structured instruments is promoted, aiming at reducing their cost, namely for covering risks in future exchange transactions, with a large level of certainty as to the amount and date of performance. On the other hand, a significant part of the contracts executed by the GROUP are denominated in Euro or Dollar, and the exchange rate is, whenever possible, indexed to the contract value recorded in national currency with a view to eliminating any volatility risk with value loss.

Liquidity Risk

The liquidity risk management involves the maintenance of an adequate level of cash as well as negotiating credit limits that ensure the funds needed to meet commitments when they become due.

The MOTA-ENGIL GROUP's policy of managing liquidity risk seeks to guarantee that there are funds available (balances and financial revenue flows) at every moment in the GROUP and its subsidiaries, sufficient for them to meet, in a timely manner, all the financial obligations assumed (financial expenditure flows).

Obtaining high levels of financial flexibility, fundamental for managing this risk, has been achieved by using the following management measures:

- Establishment of partnerships with financial entities, ensuring their financial support to the GROUP with a long-term vision, regardless of the context that may condition business;
- Contracting and maintaining short-term exceeding credit lines, created as liquidity reserves, available for use at any moment;
- Performing an accurate financial planning for the company by creating and periodically reviewing treasury budgets, allowing an anticipated forecast of future treasury excess and deficit, and optimization and integrated management of financial flows among GROUP affiliates;
- Financing of medium and long term investments, adapting debt maturity and payment plan deriving from financing to the ability to generate cash flows in each project or company;
- Starting the negotiation process for refinancing of medium and long term loans due for that year with at least one year of antecedence regarding relevant maturity;
- Procurement of medium-term and long-term financing so as to reduce its dependence on more volatile short-term funds and to create some immunisation against cyclical factors of the financial markets;
- Scaling financial debt maturity throughout time, seeking to extend average maturity of the debt to make it coincide with the level of permanence of some long-term assets held by the GROUP; and
- Searching for new financing sources and new financiers with the purpose of:
 - Geographical diversification – capturing resources in the different markets here the GROUP operates;
 - Diversification of debt instruments – capture of funds from alternative sources, strengthening the strategic objective of obtaining a greater banking disintermediation.

As for debt instruments, the GROUP broadened in 2018 the level of banking relationship with more financial entities in the most varied countries in which it operates, increasing its funding sources in commercial banking.

Lastly, more recently, MOTA-ENGIL, SGPS carried out a financing operation that involved the initial offer and exchange of bonds. That Public Offer enabled the MOTA-ENGIL GROUP to refinance its activity, intensify the diversification of its financing sources, optimise the average cost and extend the maturity of its debt.

Credit Risk

The credit risk management policy aims at ensuring that the GROUP's subsidiaries promote the effective collection and reception of its credits over third-parties in the defined and/or negotiated deadlines as applicable.

The GROUP's activity is subject to a credit risk of an operating nature and to a cash flow risk. This exposure to credit risk is attributable, above all, to the accounts receivable of its operating activity.

The reduction of this risk is achieved preventively, before exposure to risk, by resorting to information-providing bodies and credit risk profiles that provide a rationale for taking decisions on credit granting.

Afterwards, after the credit is granted, the maintenance of credit and collection control structures is promoted, being implemented in each market, and, in some special cases, the contracting of credit insurance from credible insurance companies is undertaken. These measures contribute for maintaining client credits within levels that are not susceptible of affecting the financial health of the GROUP's subsidiaries.

The significant development of the GROUP's activity in Africa and Latin America was in part promoted by the development of a close business strategy, focused on a large and growing number of customers, spread across various business areas and geographic poles, which mitigates risk.

Additionally, some of the largest projects that the GROUP has in progress are promoted by some of the largest private conglomerates in the world, which gives added security in terms of financial strength and credit coverage, with an increasing support of multilateral entities in Africa and Latin America as financiers of infrastructure projects that promote economic and social development in areas such as Environment, Energy and Logistics, which provides additional comfort to credit risk.

Despite the trend strengthened in recent years towards the development of larger projects, the GROUP has significantly widespread commercial relationships, often relying in these projects on the payment of advances that allow a significant reduction in credit risk.

Operating risks

These risks are mainly risks complementing core business and financial risks of the GROUP, in the various regions and markets where it operates, associated with physical assets, litigation, execution and fulfilment of processes, information systems, human resources, among others.

Risks concerning physical assets

Risks of incidents associated with physical assets can derive from external or internal causes and can result in value loss for the GROUP in the form of loss of profit or payment of compensation, threatening collaborators or third parties, equipment or the unavailability of other assets. The MOTA-ENGIL GROUP has several corporate and business areas that monitor these risks, managing and mitigating them through the implementation of the best practices policies of operation, inspection and prevention, as well as continuity plans for unexpected events, and also ensures the transfer of risk through insurance companies and other specialist operators in this market.

Legal Risks

Legal risks are those essentially resulting from the exercise of the GROUP's own activity, the assumption of legal obligations whose risk has not been adequately evaluated, and/or minimized, which can generate financial impacts or increased litigation, in addition to legal risks arising from the diversity of jurisdictions in which the GROUP operates, as well as exposure to high levels of litigation.

The legal risk management policy aims to ensure that the GROUP's companies, in the exercise of their activity, comply with applicable standards and regulations, and that the negotiations and contracting, and M & A transactions, are assessed by in-house or external lawyers, in order to make a preliminary assessment of the legal risk inherent to the operation in question, and also that admissible solutions to limit the risk to acceptable levels are found by the GROUP's management bodies.

The GROUP operates in several countries, with distinct legal systems and specific local characteristics, and thus the risk emerging from this legal diversity is mitigated by the concern about having the projects, negotiations and hiring procedures monitored by local lawyers with know-how and who are qualified in the legal systems in question, in order to fulfil all applicable standards and regulations.

The whole GROUP is monitored from a legal point of view and from the respective risk of labour, administrative, civil and tax-related litigation which may result in economic or reputational damage. Moreover, particular attention is given to the implementation of larger projects, with a higher technical and financial complexity and to the higher value or higher risk litigation, by having the markets and regions reporting on a quarterly basis information to the respective Corporate Function, which aims to keep the information at all times thorough and up-to-date and to identify in due time legal situations that require a closer monitoring and intervention in order to minimize their effects.

To minimize the risk of the GROUP achieving high levels of litigation, pre-litigation management of disputes is done in order to, whenever possible, obtain out of court settlement.

Regulatory Risks

Considering the presence in different markets, the GROUP ensures at technical and operational level that each company and each business unit fulfils the legal standards established in each market, ensuring their appropriate technical and legal requirements for the projects that are proposed within the scope of the negotiations of each project.

MOTA-ENGIL SGPS is listed on the Portuguese stock exchange, in the main index, PSI-20, so it is inherently under the supervision of the Portuguese Securities Market Commission (CMVM).

Still within the scope of the financial markets supervision, there are also MOTA-ENGIL SGPS's bonds which are listed on the Luxembourg Stock Exchange, the supervision of which is the responsibility of the *Commission de Surveillance du Sector Financier*.

The GROUP, through its subsidiaries, complies in its various business areas with its own standard and regulatory demands which are subject to an ongoing follow-up.

The Corporate Compliance Function has a leading role in the maintenance of compliance with the various regulations and rules which the GROUP has an obligation to fulfil.

The assessment of the compliance with policies and procedures and the effectiveness of internal controls and support in preventing and mitigating both control risk and compliance risks, implemented by the GROUP's management, are subject to verification, which results in an analysis of risk of legal or regulatory sanctions, financial loss or reputation as a consequence of the failure to comply with the applicable laws, regulations, codes of conduct and best practices.

In addition to the legal and regulatory compliance associated with the activities carried out in each market by of the GROUP's subsidiaries, there is also an effort to raise the awareness of each employee in order to adopt the standards established by the Code of Ethics and Business Conduct, which was last revised in January 2018 and is available on the company's website: www.mota-engil.com.

Lastly, it should be mentioned that, during 2018, the MOTA-ENGIL GROUP implemented the procedures necessary for ensuring the compliance with the General Data Protection Regulation and that it is continuously supervising its application.

Risk of Information Systems

Global companies such as the MOTA-ENGIL GROUP are significantly dependent on the field of information technology (IT) for the execution of their procedures and operations in the different business units and geographies where they operate, as well as for ensuring the due reliability in control and reporting processes. To that end, the GROUP continuously works towards the standardisation of platforms in order to increase the level of trust in IT use and across-the-board processes.

Given the increasing complexity of the technology infrastructure in the GROUP, present in different geographies, information security has become an essential function of the IT mission.

Information security governance has different characteristics and its own set of requirements. In this regard, the GROUP has defined its governance policy in terms of data management, access, identification of profiles, supervision policies and monitoring thereof, as a means of support to the internal control system, having also reinforced the quality of safety of its systems, aligning them with the best international practices.

To that effect, its Disaster Recovery Plan has been monitored so as to improve the capacity to respond to a potential event with impact on its IT infrastructures.

Environmental Risk

The environmental risk management is coordinated by the Quality and Environment areas of the various GROUP companies, which are committed to adopt sustainable and efficient practices in all aspects of the activity.

In that regard, MOTA-ENGIL has been reinforcing the actions developed within the scope of the promotion of responsible and proactive behaviours, distributing shared value to the business, environment and society, in areas considered to be a priority as is the case with Waste Management and Resource Conservation.

Workplace health and safety

The management of the workplace health and safety risk (WHS) is coordinated by the WHS areas of the different Companies of the GROUP, ensuring an efficient framework to prevent and minimise accidents and health problems, in a sector of activity where the occurrence of accidents is absolutely undeniable, this being the greatest concern of the MOTA-ENGIL GROUP.

The health and safety of the employees being in the heart of the action of MOTA-ENGIL GROUP, training and the preventive measures constitute the base of the action of the WHS areas. Moreover, the GROUP has proactive programmes of risk assessment that act in the implementation of measures of control, such as:

- Initial training on security at work, carried out in the phase of hosting and integration of new employees;
- Information to the employees on the risks existing at the workstations and on the preventive conduct to be adopted;
- Training on standards of management of the safety of the teams;
- Implementation of measures of self-protection;
- Maintenance of insurance policies against accidents at work;
- Carrying out of verification audits on the standards of security and health;
- Drawing-up of risks assessments;
- Investigation and analysis of accidents at work; and
- Conduction of health exams.

3.6. ANALYSIS OF THE ENVIRONMENTAL PERFORMANCE

Annex 10 to this report breaks down the GROUP's environmental GRI4 indicators associated with its performance in 2018.

Health and Public Safety

Health and Public Safety constituting a right of all citizens and a duty to be observed, this matter is of the utmost importance to the GROUP since it inherently affects the social well-being. With an intercontinental representation, MOTA-ENGIL actively participates in the promotion of measures of control of the health and safety of the communities where it operates, assuming its co-responsibility for the increase in comfort of the various communities involved.

Use of renewable and/or non-renewable energies

In a society that is marked by environmental concerns, the recourse to renewable energy has become a reference point for MOTA-ENGIL with a view to conserving the natural world. Due to their minimising of environmental impact provided along with long-term sustainability, renewable energy is the guarantee of a healthier environment. Fully aware of this, MOTA-ENGIL stands out in the field of renewable energy.

Greenhouse gas emissions

Over the years greenhouse gas emissions have been adulterating the chemical composition of the atmosphere leading to the retention of the radiation emitted by the earth's surface and affecting the thermal equilibrium of the planet.

In the light of such a pressing problem, the use of renewable energy is treated by MOTA-ENGIL as a factor that – over the long term – is able to minimise the climate change caused by air pollution, being a major factor in the control of the greenhouse effect and contributing decisively to the preservation of the natural world. In this sense and with the ethical and moral duty to focus its actions on the promotion of a more neutral environment, each year MOTA-ENGIL takes steps to reduce and dispel the greenhouse gas emissions in the activities of the various GROUP companies.

Water usage

Used for the widest variety of purposes, water is of prime importance to the activities of the GROUP which has adopted measures to combat the excessive consumption of water in all sectors of activity, promoting and incentivising the rationalisation of its use.

With its business spread over 3 continents, MOTA-ENGIL is renowned for its instructive actions to promote awareness with investments in some three dozen countries initiating and promoting behaviour that leads to the protection of the environment such as the use of thermal energy from their waste-powered Electricity Generators for the heating of their facilities and the rational use of water, the GROUP expressing an ongoing and assertive concern for the matter.

Air pollution

The climate change that is a result of a wide range of sources of air pollution represents one of the greatest threats to the equilibrium of the ecosystem. The result of inappropriate environmental policies without adequate regulation has resulted in the state of alert that we are living under.

With its range of transversal technical skills in the widest range of fields of business, MOTA-ENGIL has placed itself in the vanguard for respect for the medium in which it operates, promoting best environmental practice.

Aware of the importance of planning and applying means for the combat of air pollution, MOTA-ENGIL assumes a proactive attitude on the matter that reflects its concern for the local communities with a real impact on future generations.

Investments made in this area (training and others)

Assuming a major role in its sector of activity and being fully aware that environmental aspects may not be separable from life and human needs, MOTA-ENGIL regards the investment in training in this respect as essential, with the training goals being duly aligned with the strategic strategies of the GROUP.

3.7. ANALYSIS OF PERFORMANCE REGARDING SOCIAL ASPECTS AND WORKERS

Application of the main International Labour Organisation (ILO) Conventions

With its international presence and working with a labour market that is no longer restricted to national boundaries, MOTA-ENGIL takes into consideration ILO conventions and recommendations which cover all matters related with employment and in particular the protection of the rights of workers which are clear in all relations with local governments and with employer organisations.

In that context, MOTA-ENGIL in good faith keeps its commitment to respect, promote and comply with the principles related to the fundamental rights at work:

- There were no situations of discrimination within the GROUP's companies. On the other hand, the GROUP ensured fully the exercise of work-related associative rights, particularly freedom of association and collective bargaining, which corresponds to mandatory constitutional and legal aspects;
- The GROUP does not have any situations of child or forced labour. MOTA-ENGIL prohibits any situation that might involve or are related with child, forced or slave labour. In parallel and in the same mode, MOTA-ENGIL vetoes the contracting or partnership in business with companies that are involved in said practises and therefore, the GROUP makes provisions in contracts that provide for the same;
- Employees or subcontracted entities associated with security issues for facilities and protection of assets (the GROUP does not have any employees or subcontracted entities involved in personal security) comply, during interpersonal relationships, with legal rights related to each area where they work;
- Last but not least, the GROUP MOTA-ENGIL does not usually perform any activities in regions where the rights of populations or indigenous people are or may be jeopardized.

Working conditions

Acknowledging the real advantages inherent to the work – life balance, MOTA-ENGIL considers the incentivisation and encouragement of harmony and well-being that employees need to perform their functions to be fundamental. Faced with distinct realities and dependent on the various geographical areas where they are present, MOTA-ENGIL is shaping each of the communities in accordance with the values considered to be indispensable in the relation between the employer and the employee, taking the well-being of both employees and their families as their mission.

With growing concern for the highest standards of health and safety at work, MOTA-ENGIL seeks to promote organised and structured work-places that wherever necessary, the use of protection gear both individual and collective, both obligatory and advisable for the exercise of their posts. The GROUP also takes care to create working conditions that are a source of motivation as well as compensatory for employees through remuneration and incentive policies that favour excellence and merit.

Social dialogue

Many of the best labour practices today were achieved by social dialogue. This manner of promoting consensus between the government, representatives of labour and of employers over the years have led to great historical and social achievements that ensure labour peace and contribute to sustainable economic growth.

MOTA-ENGIL, open and receptive to social dialogue, subscribes to equality of opportunities and treatment in access to employment, in particular with regard to selection criteria and employment conditions along with professional training and recognition, including the acquisition of practical experience.

Respect for the workers' rights

In the course of exercising their functions, all employees enjoy the same rights, this being the basis for an employer – employee bipartite relationship, respect for this axiom promoting confidence in employment relations and gives back to society the equality that others achieved.

Over time and deeply marked by its international presence, MOTA-ENGIL brings to many communities where it is present, respect for the guarantee of the rights of its employees and the fundamental rights that are an integral part of the employment relationship:

- Compliance with employment legislation and the application of employment practices that are non-discriminatory;
- The attribution of fair and adequate, prompt payment of rewards;
- Treatment guided by respect and politeness;
- The promotion of the equality of opportunities in the course of career development;
- The provision of ongoing training with the aim of developing professional qualifications;
- Ensuring a safe working environment;
- Ensuring the right to occupy posts with structures representing employees;
- Ensuring good working conditions from the physical and moral point of view;
- Making a contribution towards increasing the productivity and employability of employees;
- The prevention of occupational risks and illnesses taking into account the protection of the health and safety of employees;
- Ensuring working conditions that favour the work – life balance.

Right to information and to consultation

The best employment relationship results to a great extent from open and reasoned dialogue and the exchanges of opinions. Therefore, the right to information and to be consulted provided to employees assures their legitimate knowledge of the activities of the company along with the progress of the post and preventive measures.

The predisposition of MOTA-ENGIL for dialogue with personnel provides the latter with the necessary information and responds when necessary to the problems that are raised.

Respective for trade union rights

As an integral part of human rights and a principle applicable to all personnel, trade-union rights above all represent the protection of the rights employees and a major force for social dialogue. With MOTA-ENGIL operating in a range of business sectors, the GROUP maintains itself open to dialogue with different trade-union representative to promote good labour relations.

Measures adopted with regards to health and safety at work

The employer entity is responsible for promoting good health and safety conditions at work, providing incentives and spurring the adoption of measures linked to the general principles of prevention and the legislation in force on the matter.

Through a wide variety of actions, MOTA-ENGIL complies with and ensures fulfilment of all legal provisions by providing employees with access to the highest standards of health and safety at work, holding frequent complementary training sessions on the subject as well as encouraging generalised awareness. The Collective and Individual Protective Equipment in turn is used to neutralise the action of environmental agents and to ensure that personnel are not exposed to occupational health issues that might compromise their ability to work and thus protecting their physical integrity and improving their occupational health.

Dialogue with local communities and/or actions carried out so as to ensure the protection and development of these communities

With a presence on three continents and bringing with it an unrivalled experience in institutional and personal relations, MOTA-ENGIL is pleased to have maintained an open and trusting dialogue with local communities while promoting their cultural and social development based on the creation of basic infrastructure and always being available to provide support in situations of the greatest fragility of the surrounding communities.

With an enormous amount of accumulated evidence in all of the regions where it has a presence, MOTA-ENGIL stands out for its local interaction and development.

Promotion of reconciliation of work and personal and family life of workers, as well as of the exercise of parenthood protection rights

The reconciliation of work and personal and family life, a need arising from the social and business transformations that have taken place throughout recent years, has intensified the social responsibility of companies in this regard, and it is vital that companies foster the conciliation of personal and family life of its workers in order to contribute to a greater productivity in the workplace and increasing the employees' personal and social well-being.

In this sense and as a GROUP with principles of sustainability, MOTA-ENGIL increasingly takes on the promotion of improving the work – life balance as part of its management policies and practices in this field. Providing direct benefits for personnel and their employees, the MOTA-ENGIL GROUP, through the Manuel Antonio Mota Foundation, provides support and financial consultancy services to personnel and their families in greatest need, ensures the sponsorship of health and well-being services including the promotion of sporting and cultural activities by establishing agreements with a variety of entities that provide services in the education, health and leisure fields with benefits that cover family members.

In parallel with this, the MOTA-ENGIL Advantage Club allows access to a broad range of partners to permit personnel access to preferential conditions with banks, insurance companies, fuel, hotels, gymnasiums, health care, pharmacies, opticians, shops, telecommunications and energy services and products.

Aspects related to non-discrimination and respect for human rights

In none of the GROUP companies were there any situations of discrimination, the practice of labour law rights of association including freedom of association and collective negotiation are fully guaranteed which corresponds to a constitutional and legal requirement.

All employees should show tolerance and respect for cultures, opinions and life-styles that are different to their own, always considering how their behaviour might affect others. The adoption of discriminatory conduct, of intimidation, of bullying or physical or psychological aggression at work is prohibited. Intimidation at the place of work is unacceptable conduct from an employee to any other with supervisors and managers having particular responsibility for promoting a work environment that encourages honesty, integrity, respect and trust.

MOTA-ENGIL is an employer that gives equal opportunities in employment and promotion practices, benefits and salaries and does not tolerate discrimination against any other person on the basis of race, religion, skin colour, gender, age, marital status, nationality, sexual orientation, citizenship or disability or any other grounds and prohibited by law in recruitment, employment, posting, promotion or any other employment condition. Everyone has the right to equality of opportunities and an equal treatment based on merit.

The Group's human capital management

GROUP human resources policy is a cornerstone in support of the development, diversification and international expansion of MOTA-ENGIL GROUP combined with the StepUp 2020 strategic plan, the Human Resources policy is structured along 4 axes:

- Culture of Merit: Ambition is a value at the core of the DNA of MOTA-ENGIL which encourages a philosophy based on the management and recognition of merit which drives people to seek out new challenges and to grow and overcome barriers;
- Strengthening of the Culture and Organizational Model: With the slogan “um só GRUPO, um só Projeto, uma só Estratégia” (a single GROUP, a single project, a single strategy), MOTA-ENGIL invests in the implementation of a uniform organisational model that applies throughout the GROUP and is an element in the facilitating of communication which increases the efficiency of processes and promotes mobility between markets and regions;
- Skills development and transversality: “Somos o que fazemos (We are what we do) - MOTA-ENGIL believes that the principle distinguishing factor is in the people, in their experience and accumulated skills, in diversity and in intelligence spread throughout the GROUP and therefore, takes action for the preparation, qualification and development of the competencies of its employees so as to ensure the cross-fertilisation of knowledge within MOTA-ENGIL;
- Global mobility of top professionals: The challenges of diversification and internationalisation of the GROUP has increasingly demanded the capability of transforming mobility into an unparalleled vector for the presence of the GROUP for Customers, Partners and Communities and a factor in the cohesion, exchange and growth of the individual.

This is the strength of MOTA-ENGIL: It is for the People and with the People that the GROUP will continue assuming its position in the World.

Characterisation of Mota-Engil's Workers

Distribution of the Employees by Region

	Number	%
Holding & others	326	1%
Europe	8,578	27%
Africa	14,592	46%
Latin America	8,496	27%
Mota-Engil Group	31,992	100%

Distribution of the Employees by Region and Gender

	Female		Male	
	Number	%	Number	%
Holding & others	169	4%	157	1%
Europe	1,229	31%	7,349	26%
Africa	1,652	41%	12,940	46%
Latin America	946	24%	7,550	27%
Mota-Engil Group	3,996	12%	27,996	88%

Distribution of the Employees by Region and Age Group

	18 to 29	30 to 39	40 to 49	≥ 50
	years	years	years	years
Holding & others	53	77	90	106
Europe	699	1,889	2,582	3,408
Africa	3,005	5,924	3,513	2,150
Latin America	1,789	2,938	2,350	1,419
Mota-Engil Group	5,546	10,828	8,535	7,083

Distribution of the Employees by Region and Seniority

	< 3 years	3 to 10 years	10 to 20 years	≥ 20 years
Holding & others	79	64	100	83
Europe	3,282	1,836	2,683	777
Africa	11,071	2,100	997	424
Latin America	7,201	1,153	91	51
Mota-Engil Group	21,633	5,153	3,871	1,335

Distribution of the Employees by Region and Level of Qualifications

	Basic	Secondary	Higher Education
Holding & others	53	87	186
Europe	5,176	1,648	1,754
Africa	9,978	3,550	1,064
Latin America	4,417	2,525	1,554
Mota-Engil Group	19,624	7,810	4,558

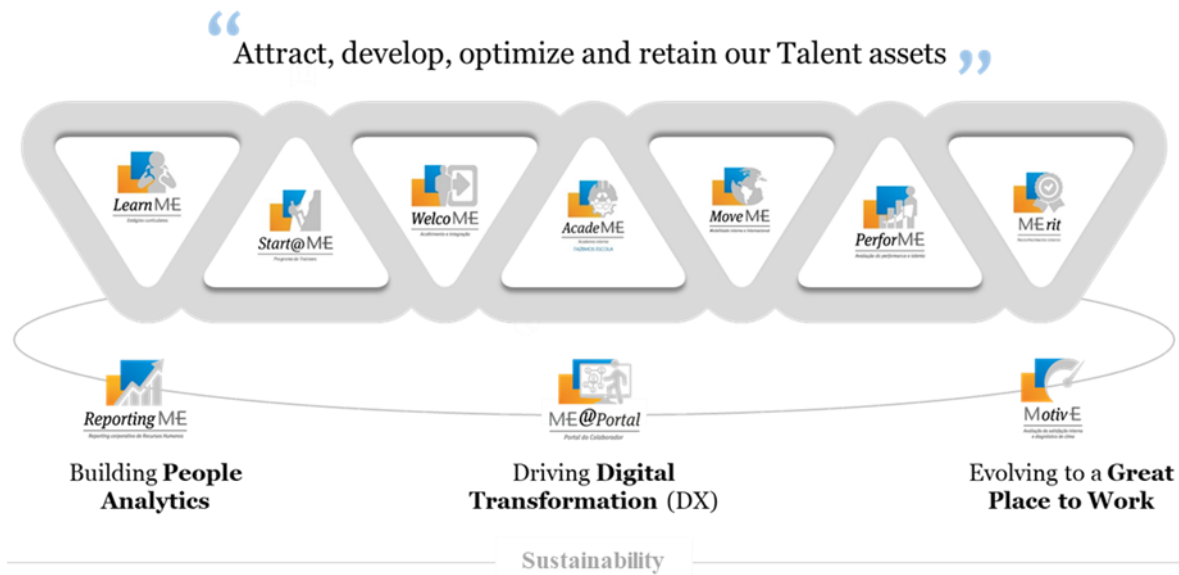
Distribution of Employees by type of employment contract

	Fixed-term contracts	Permanent contracts
Holding & others	68	258
Europe	2,961	5,617
Africa	11,854	2,738
Latin America	5,744	2,752
Mota-Engil Group	20,627	11,365

Distribution of the Displaced Employees by Region

	Female		Male		Total	
	Number	%	Number	%	Number	%
Europe	4	5%	46	4%	50	4%
Africa	59	75%	1,063	82%	1,122	82%
Latin America	16	20%	187	14%	203	15%
Mota-Engil Group	79	100%	1,296	100%	1,375	100%

Investing in a talent management capable of covering the life cycle of the Employee, the HR Corporate Roadmap assumes a critical position in the management and development of the Human Capital of the Group, ensuring the continuous development of the company and of its people.



LearnME

In the context of the attraction and recruitment of young talent, the corporate program Learn@ME aims not only to attract students interested in making an academic or Summer internship at one of the companies of the GROUP, actively contributing to the projects and challenges proposed, but also to host groups of students willing to know MOTA-ENGIL, thus providing them an opportunity of contact and approach to the labour market.

Following up on the investment made in this regard, it was possible in 2018 to take the program into a more international direction, with the conclusion of traineeship protocols with students from the Universities of Princeton, Pennsylvania and the Ashinaga Organisation, in such diverse markets of the GROUP as England, Ireland, Poland, Portugal and Rwanda.

Through this initiative, MOTA-ENGIL assumes a clear commitment in the attraction of future professionals with high potential for its markets, also reinforcing its employer brand with a wide network of highly renowned universities worldwide.

Start@ME

With the purpose of responding to sustained growth of the GROUP, the Start@ME program is aimed at attracting and integrating young talent at the beginning of their professional career. As a way to promote its alignment with the Culture and Values of the GROUP and its integration in the various markets and different business units, this program offers young people the opportunity to embrace new and decisive challenges to their professional future.

This program aims to promote individual development and to offer a wide range of experiences and learning processes (through the contact with the different businesses), the knowledge of innovative methodologies and solutions, a broad networking system, as well as the development of critical competences in the international context, essential for their process of personal and professional growth.

The edition of the Start@ME 2017-2018 program had a global satisfaction rating of 84% and an incorporation of young people into the GROUP rate of 85%, which shows the strong commitment and dedication of all parties involved.

In 2018 the GROUP launched a new edition of the Start@ME program, integrating 120 young people from various fields of study and nationalities, in all geographies where the GROUP operates: Africa, Latin America and Europe.

PerforME

The Corporate Performance Programme has the mission of supporting the management and development of its employees to assure the alignment of the strategic priorities of the business with the Human Resources Management policies and practices.

Taking on the active role of the employee in their own career development, this approach encourages a close interaction between the employee and line management with a view to ensuring the pursuit of the goals established as well as the monitoring and optimisation of the performance of the employee throughout the year.

With a view to the decentralised management of talent that is transparent and on the basis of meritocracy, the MOTA-ENGIL GROUP extends its Performance Management and Assessment process to the different businesses and geographical areas where it has a presence using the Success Factors platform.

This tool, which is attached to the Driving Digital Performance axis on the corporate roadmap, is an integrated solution and market leader in the field of talent management and development, covering the various stages of the employee's career, from their recruitment to their career management and internal recognition.

With this platform MOTA-ENGIL aims to promote a collaborative network between the various companies and markets, encouraging group spirit, maximising synergies and interchange between the employees of GROUP companies.

Training

MOTA-ENGIL is convinced that the creation of value is accomplished, to a great extent, through the recovery of its Human Capital, that's way it continues to favour the diversity of the profiles and the exchange of experiences and knowledge within the GROUP and, in this regard, it promotes the preparation, empowerment and personal and professional development of its employees, with a mainstreaming action in terms of know-how and internal competences capable of adding value to the business.

Solidly focused on the needs of the GROUP, AcadeME was created, an initiative with a clear strategic positioning – in the value added to the business, as well as in the involvement and empowerment of the various teams covered –, ensuring this way the sustainable growth of the Organisation. As this is an internal academy, AcadeME intends to disseminate the knowledge existing in the GROUP, reinforcing certain areas and themes that are critical for the business, with the purpose of developing core competences in the future managers of the GROUP.

Within that scope, the GROUP initiated in 2018 an organisational transformation journey towards a work planning and program culture, with the implementation of the *Last Planner System* (LPS) methodology, aimed at improving, systematising and streamlining the planning of the construction works, in an approach of greater collaboration and commitment from all intervening parties. This journey was launched with a set of sessions aimed at raising awareness for the topic in which more than 300 members of staff, 22 markets and 3 *core* areas of construction were involved: Production, Planning and Business. The sessions carried out had as purpose a deep reflection on the best practices and solutions of the market, the sharing of experiences, as well as the acquisition and development of know-how and of competences considered to be critical for the activity. The success of this initiative lead to a pilot project for the implementation of this methodology in various constructions sites of the GROUP in order to ensure to the ongoing improvement of the processes, this way strengthening the competitive edge of MOTA-ENGIL in its various sectors of activity.

Besides the development of technical competences, MOTA-ENGIL also promotes a number of training actions in connection with the soft skills, which are transversal competences essential for the relationship of the employee with all those surrounding them.

In this way, the investment in training made in 2018 accomplished the double objective of enhancing and encouraging the development of its employees and, therefore, of contributing to the sustainable growth of the GROUP, reinforcing its leading position in the various sectors where it operates.

3.8. FUNDAÇÃO MANUEL ANTÓNIO DA MOTA (“FOUNDATION”)

General Framework

The Foundation is an important instrument in the social responsibility policy of the MOTA-ENGIL GROUP as an organised and systematised expression of an ethically and socially committed management in the name of an active and participative business world.

Founded by the MOTA-ENGIL GROUP and the Mota family who are its main shareholders, the Foundation, following its business origins, seeks to find a strategic vision that generates long-term value based on the broadest principles of sustainable development through a socially coherent and structured social responsibility of which it is the preferred vehicle.

Headquartered in the city of Porto, the Foundation aims to promote, develop and support initiatives of a social nature in the fields of social beneficence and solidarity and of a cultural nature in the fields of education, health, the environment, organisation and support of artistic activities, undertaking actions all over the country and the countries where the MOTA-ENGIL GROUP has a presence. The Foundation also holds the annual “Manuel Antonio da Mota Award”.

The Foundation is managed by a Board of Directors and an Executive Committee in addition to the statutory Board of Curators, the Fiscal Council and the Consultative Council. The Foundation enjoys the material and financial resources needed to assure its future sustainability in pursuit of its statutory ends.

In pursuance of its statutory goals, the Foundation establishes, as strategic objectives, social development, the annual Manuel António da Mota Award, the support to education and training and the promotion of culture and of access to cultural assets.

Activities carried out by the Foundation

The main activities and projects developed by the Foundation are described in accordance with its strategic objectives.

- Social Development:

Given its business matrix and its nature as a privileged vehicle of the GROUP's social responsibility, the Foundation seeks to contribute to the social development of national and international communities where MOTA-ENGIL carries out its activity.

The strategic social investment in the community gives priority to the action in favour of the vulnerable and more deprived social groups and a particular sensitivity to emerging situations, which tries through its solidarity effort to fight against poverty and exclusion and to promote a social insertion and full citizenship.

Through the assistance given in the areas of social solidarity, deficiency, health, housing, sports, among others, the Foundation thereby seeks to contribute to the strengthening and sustainability of the third sector, supporting projects of renowned social relevance and impact.

Faithful to its business inception, the Foundation is equally aware of its responsibility to the MOTA-ENGIL's universe of employees. As such, the social and family support to employees and the promotion of voluntary work are at the forefront of the concerns of the Foundation, which thus seeks to value the human capital of the MOTA-ENGIL community, responding to its problems, giving a voice to its aspirations and promoting an active and involved citizenship through the independent and selfless contribution in voluntary work actions.

In this sense, during 2018, the Foundation developed new projects and continued with other promotions, either individually or in partnership with other public and private entities:

- Once the "A job, a project" program was created in 2017, contemplating a set of initiatives of a social character in large enterprises where the MOTA-ENGIL GROUP is involved, in 2018 work was carried out on the rehabilitation of housing for poor families in the municipality of Vila Pouca de Aguiar, and a collaboration protocol was established between the FMAM, Vila Pouca de Aguiar Municipal Council and Just a Change, rehabilitating four housing units of needy families, benefiting thirteen people and involving the participation of twenty-nine volunteers;
- The project "Cercar-te E6G", consisting of a consortium that integrates the Group of Schools of "Cercos do Porto", the Commission for the Protection of Children and Youth - Eastern Porto, the North Regional Directorate of the Portuguese Institute of Sport and Youth, t - Association for the Support of Social and Community Integration, the Youth Foundation, the Serralves Foundation, the Campanhã Parish Council and the FMAM, consists of five measures, with five centers: Information Center and Referral to Educational Responses, Youth Professional Referral Center, Local Artistic Center, Digital Inclusion Center and Youth Entrepreneurship Center. The project also includes the "Rugby School Cercar-te", whose main objective is to enable children and young people to learn and practice rugby;
- The "Alta-Mente.e6g" project, consisting of a consortium that integrates the collaboration of the CPCJ - Eastern Porto, the Campanhã Parish Council, the Cercos School Group, the Alexandre Herculano School Group, the Dramatic Group Monte Aventino, of several companies of the city of Porto and of the Manuel António da Mota Foundation, aims to reduce youth unemployment, namely through the social, formative and professional integration of young people aged 16 to 30 from the parish of Campanhã (Porto). In order to minimize asymmetries, inequalities and social discrimination, a work is carried out to promote personal, social and professional skills that contribute to the development of the employability profile of the young people who are part of the project. With the support of the Manuel António da Mota Vocational Training Center, a session entitled "A High-Mind Project" was held, demonstrating the interest shown by project technicians in developing actions to promote the employability of the students of the Training Center;

- In parallel, FMAM also provided support to B4H - Building 4Humanity, which, together with CIAUD - Center for Research in Architecture, Urbanism and Design of the Faculty of Architecture of the University of Lisbon and the Center for Social Studies of the University of Coimbra, organized the 8th edition of the International Conference on Building Resilience in Portugal in November 2018. Parallel events associated with this conference, which brought together hundreds of participants from around the world, included an international competition for architectural projects, called "Building 4Humanity Design Competition". The competition was dedicated to disaster risk mitigation and tailored post-disaster reconstruction processes. The Foundation has partnered with B4H and this event by sponsoring the 1st prize of the "Best Resilient Building Project - already built";
- In order to protect employees from the risks of UV radiation, by adopting preventive measures in a labor context, the FMAM carried out the campaign "Adding + Protection to my Safety", in the work "Deforestation of the Açude-Coimbra bridge" in charge of MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO, in collaboration with the Portuguese Association of Cutaneous Cancer (APCC), in the field of cutaneous cancer prevention. Based on employees' awareness of healthy sun exposure habits, both in the workplace and during leisure time, the campaign aimed to encourage screening, showing the main signs of oncological diseases of the skin;
- The activities of the Portuguese Red Cross are also supported by the FMAM, such as support to its delegations in Porto and Amarante, renewing financial support for its activities in 2018;
- In the area of intervention for children and youth, the FMAM sponsored and supported Ajudaris, the Bagos D'Ouro Association, the IPSS Nomeiodonada Association, Vida Norte - the Association for the Promotion and Defense of Life and the Family, the 6th May Social Center and the Terra dos Sonhos;
- In the area of disability intervention, under the collaboration protocol between the FMAM, the Montepio Foundation and the Positive Mobility company, several situations of disabled or temporarily disabled citizens were identified and supported and in economic need. Through this protocol, the intervening entities intend to respond to requests for support received regularly from citizens in these conditions, helping to finance part or all of the purchase of technical aids / support products, including intervention in the housing sphere of beneficiaries to ensure the indispensable conditions of mobility. In 2018 seven cases were supported with the assignment of four adapted wheelchairs, two lifting chairs and one bath chair;
- The Foundation also signed a protocol with the Municipality of Oeiras, providing for intervention in the housing of citizens of the municipality of Oeiras, with special mobility needs and in a situation of economic deficiency, improving accessibility in its housing sphere. Under this protocol, several situations were identified that could be intervened, and one intervention was carried out and several others were in progress;
- In addition, in the course of 2018, the FMAM supported AIJA - Association for the Inclusion of Youth and Adults with the creation of a holiday colony for the benefit of people with disabilities; the Oporto Deaf Association, particularly with regard to trips to participate in sporting events in the deaf community; the Crinabel, Cooperative of Social Solidarity and Special Education, with the realization of the holiday colony of the institution; the NeuroSentidos - Development and Rehabilitation Center, financing the treatments of a multideficient young woman;
- In the area of sports intervention, the FMAM renewed its support for ADADA - Adapted Sport Association of Porto; financed the acquisition of materials and equipment for the clinical services of Amarante Futebol Clube; renewed its support to the "Escola Académica de Futebol" Sports Club, helping to finance the payment of the technicians in the actions of sensitization and development in the area of expression and physical-motor education of the pre-school in the public education of the municipality of Caldas da Rainha and supported the União Sport Clube Paredes in the acquisition of equipment for their training levels, thus enhancing the accomplishment of the mission of the club to the service of youth and sport in this municipality in the north of Portugal;
- As housing was one of its priorities for intervention, the FMAM renewed its support for Habitat for Humanity International, in the municipality of Amarante, Celorico de Basto and Baião, in order to make feasible the construction or rehabilitation of homes of needy families. Habitat for Humanity Portugal has as a fundamental principle to promote initiatives in the field of social solidarity, aiming to contribute to eliminate housing degradation and support families in need of adequate and decent housing. The mobilization of volunteers from the MOTA-ENGIL GROUP to participate in the reconstruction work and the supply of construction materials were some of the support modalities;
- In order to promote urban social cohesion and the promotion of decent housing conditions in favor of the elderly, the FMAM and the Porto City Council celebrated in 2011 a protocol called "Porto Amigo", which aims to carry out adaptation and improving the living conditions of the elderly population dependent on the city of Porto, living in poverty and residing in own or leased housing. In 2018 4 more homes for the elderly were rehabilitated;

- In the area of health, the FMAM maintained in force the protocol signed in 2011 with the Portuguese Institute of Oncology of Porto and the Northern Regional Nucleus of the Portuguese League Against Cancer (LPCC), with a view to creating social support lines in particular those resulting from situations of socio-economic and psychosocial deprivation that may aggravate well-being and quality of life, jeopardize the efficiency of clinical follow-up or contribute to isolation or social exclusion;
- In parallel, based on the same objectives, the FMAM also maintained the protocol signed in 2015 with the Portuguese Institute of Oncology of Coimbra Francisco Gentil (IPOCFG), the Regional Center of the Portuguese League Against Cancer and the Hospital and University Center of Coimbra (CHUC);
- Created in 2018 (to be effective as of January 2019), the FMAM established a protocol with the Southern Regional Nucleus of the Portuguese League Against Cancer, with a view to guaranteeing social support lines for cancer patients accompanied by the Nucleus based in the facilities in particular those resulting from situations of socio-economic and psychosocial deprivation that may aggravate well-being and quality of life, jeopardize the effectiveness of clinical follow-up or contribute to isolation or social exclusion. With the conclusion of this protocol, the Foundation guarantees the coverage of the entire territory of continental Portugal in the support to the oncological patient, making it through the entities most representative of their interests such as the regional delegations of the LPCC;
- In this area, FMAM renewed its support to Acreditar - Association of Parents and Friends of Children with Cancer, the Cura + Association and the IPSS Recovery Association; also sponsored the edition of the book BEST LIFE - National Association for Cancer Patients (a digital book that will be a space for sharing the stories of cancer patients and direct relatives, serving as a motivational factor for those who are living the disease); and renewed its support to the Portuguese Institute of Oncology of Porto (IPO-Porto) through a donation at the 4th Solidarity Gala of the IPO-Porto, thus associating itself with the institute's efforts to raise funds to strengthen its work in the field of research and the fight against cancer;
- In addition, in 2018, FMAM maintained the following programs:
 - Scholarships, granting scholarships worth 3,000 euros per year per beneficiary to students of higher education, children of collaborators of the GROUP with lower economic resources and who have achieved good school performance. This program aims to promote a policy of equal opportunities, which contributes to raising the qualification levels of young people and stimulates their academic performance. In the academic year 2017/2018, 38 scholarships were awarded to employees of the MOTA-ENGL GROUP;
 - Financial Office, a program that provides a free advice and support service to employees in situations of over-indebtedness or at risk of financial imbalance, through a financial diagnosis or support in financial recovery; and
 - Social Support Fund, which is an instrument of economic support to the GROUP's employees and to members of its household, which is intended especially to deal with personal or family circumstances that may result in unexpected income deprivation or increase of expenditure likely to jeopardize their economic security and stability. Financial support may be occasional or continuous, depending on the characteristics of the eventuality that gives rise to the application, reserved for the employees of the MOTA-ENGL GROUP, with more than five years of seniority. Under this program, during 2018, 10 employees of the MOTA-ENGL GROUP were supported.
- In addition, in 2018, the FMAM continued the "Early Childhood" program, which consists in adopting two measures to support GROUP employees: a measure to facilitate the attendance of day care centers, through scholarships, to employees of minors economic resources, with children between four months and three years of age (in the 2017/2018 school year, nineteen grants were awarded to employees of the MOTA-ENGL GROUP) and a second measure for the provision of a "baby kit" , consisting of a set of essential goods for the first care in childhood and the offer of a "check-pharmacy", to employees who are parents regardless of their economic condition. This second measure gave rise to the offer of 132 "Baby Kits" in 2018 as a way to welcome their newborn children;
- In 2018, Fund 1 + 2, a permanent fund-raising instrument, was created to generate a network of internal solidarity within the MOTA-ENGL GROUP to provide economic support to the GROUP's employees and members of its household. In order to respond to emergency situations that involve urgent expenses for which the employee has no financial capacity and put at risk his human dignity, this fund acts in addition to the Social Support Fund. The Fund 1 + 2, which in 2018 essentially supported situations of collaborators with cancer diseases, is managed by the FMAM, in an account created exclusively for this purpose, based on the donations granted by the GROUP's employees, plus twice as many donations granted by MOTA-ENGL, thus tripling the overall amount of aid;

- In the context of volunteering, the FMAM has promoted initiatives in partnership with other entities, inviting the participation of MOTA-ENGIL employees. In 2018, the Foundation again had the participation of several volunteers from the GROUP under the Habitat project - with the participation of fifteen volunteers from the various companies of the GROUP in the reconstruction of homes of needy families - and the Porto de Futuro project - in the implementation of Junior Achievement Portugal programs, with the participation of five GROUP employees as volunteers; and

- At the international level, in 2018, at the initiative of the FMAM and the MOTA-ENGIL GROUP, a program called "Mota-Engil African Initiatives" was created under which all projects in the field of social responsibility to be carried out in Africa. The projects will be financed by MOTA-ENGIL AFRICA, with the support of the FMAM, and may also involve a specific allocation to be made to the Foundation, depending on the costs incurred by the program. The organization and conduction of this new line of intervention and the set of activities that comprise it will be carried out by a committee, called "Comité África", which will be responsible for the planning of activities and its budgeting, for the creation and implementation of the program "Mota-Engil Africa Social Grants", aimed at supporting social projects that prove to be of great quality and effectiveness in improving the quality of life of the poor, by developing social responsibility actions that accompany works by the MOTA-ENGIL GROUP in Africa ("One job, one project"), and all major projects should be accompanied by a social project of reference, self-promotion, or in partnership with other non-governmental organizations, representing FMAM among governments and local entities. Among the initiatives carried out in 2018 under the "Mota-Engil African Initiatives" program are the actions carried out in Angola (in the Schools of Simendele and Calueque), in Ivory Coast (donation of 10,000 vaccines for typhoid fever and deprived substance to be administered to children without access to these medical resources) and in Mozambique (CERCI Maputo institution, Makobo Platform project, Gorongosa National Park and Health4Moz, aiming to send a Portuguese medical team to Mozambique to assist in the training and screening of kidney disease addressed to Mozambican health professionals).

- Manuel António da Mota Award:

The instituting of the Manuel Antonio da Mota Award is a statutory imperative for the Foundation and is intended to honour the MOTA-ENGIL's founder by distinguishing organisations that are outstanding in various domains within the activities of the Foundation.

In the eight previous editions, the Manuel António da Mota Award focused on the following topics: fight against poverty and social exclusion in its first edition, in 2010; voluntary work, in 2011; active ageing and solidarity between generations, in 2012; European citizenship, in 2013; valorisation, protection and support of families, in 2014; social innovation, in 2015; education, employment and fight against poverty and social exclusion, in 2016; and education and employment, in 2017.

In turn, the eCO2blocks project, from the University of Beira Interior, secured the first place in the 9th edition of the Manuel António da Mota Award, in 2018, which was delivered by the President of the Republic of Portugal, Marcelo Rebelo de Sousa, at the end of the Sustainable Portugal Conference, held at Centro de Congressos da Alfândega of Porto. The eCO2blocks project consists in the development of construction products, mainly composed of industrial waste rich in calcium and magnesium, which harden with the abortion of carbon dioxide under constant conditions of dampness, temperature and pressure, and is aimed at replacing, partially or in full, the use of *portland* cement and reducing or eliminating the use of potable water and mineral natural resources in the production of construction materials.

- Education and Training:

Achieving one of its strategic objectives, the Foundation maintained its support to the education, training and qualification of young people and adults, particularly with the more disadvantaged, valuing human potential and promoting social and professional insertion.

The Foundation, through its Manuel António da Mota Professional Training Centre, acts within the scope of the Dual Apprenticeship system, a training scheme aimed at young people above the age of 25 who have completed the second stage of basic education which permits the dual academic and professional certificate and simultaneously privileges integration in the labour market and continuation of studies. This Centre kept the training activity according to the qualifications that are included in the certification obtained from the Portuguese Employment and Labour Relations Board as well as in the agreement signed with the Portuguese Professional Training and Employment Institute.

- Culture:

The valuation of culture and the promotion of access to cultural assets constitute an important goal of the Foundation, which seeks to support institutions and initiatives that bring citizens and culture closer through the disclosure and support of young artists' work and the launching of projects of its own that enrich the national cultural scene, in a framework transversal to the remaining strategic objectives of the Foundation, in which social development, education, training and culture prove to be interconnected and mutually independent.

Through a diverse programming including visual arts, music (with emphasis on the creation of a senior choir), cinema, educational projects and workshops, the Foundation sought to establish a dialogue between the local community and the national and foreign artists musicians, film-makers and performers, so as to reflect new forms of artistic expression and facilitating the access to arts within a framework of dialogue with the community.

The strategy of the Foundation in cultural matters also includes the use of its spaces and the areas surrounding its location as ideal spaces for the carrying out of cultural initiatives that allow for providing the cultural agents with the conditions necessary to the realisation of their artistic work.

The Foundation also provides supports to the cultural agents of the various areas based on the convergence between the objectives of said agents and the strategic purpose of the Foundation in this area.

- Openness to the community:

The Foundation continued to pursue a policy of use of its facilities characterised by the spirit of service and openness to the community. Apart from the activity it carries out in the fulfilment of its strategic objectives, the Foundation regularly hosts in its facilities the organisations of the civil society and of the third sector which, due to insufficient material or financial resources, express the wish to hold therein their meetings, working sessions, training actions or other activities, which they can do freely, with full privacy and comfort and free of charge.

Making the most of its spaces, the Foundation maintained in 2018 an outstanding cultural offer in the city of Porto with a program of free-entrance exhibitions.

3.9. POLICY AND ASPECTS RELATED TO GENDER EQUALITY

Description of the diversity policy adopted regarding the members of managing and supervisory bodies, particularly in terms of age, gender, professional qualifications

All the members making up the Board of Directors of MOTA-ENGIL, SGPS possess a university degree and have an average age of 58. With 76% of men in its composition, and in an activity sector still predominantly male, MOTA-ENGIL, SGPS is bound to the values upheld in Law no. 62/2017 of 1 August, which establishes the scheme of balanced representation between men and women in the managing and supervisory bodies of the business public sector entities and companies listed on the stock exchange, as is the case of MOTA-ENGIL, SGPS.

Goals of the diversity policy and its application in the GROUP MOTA-ENGIL

Pursuing a consolidation of a business culture guided by equality values, MOTA-Engil formally created in 2018 the Committee for the Equality between Men and Woman, which will trigger a set of procedures and measures throughout 2019 aimed at contributing to an equality-rooted socially responsible management.

In this regard, and based on the Equality Plan carried out in 2018, MOTA-ENGIL, throughout 2019, will raise the awareness of all workers for the implementation of the company's strategy for the equality between men and woman and will integrate, in the regular training practices, contents on equality, in particular: stereotypes of gender; inclusive language and relation between the professional, familiar and personal life. With the purpose of promoting an organisational environment based on respect for integrity and personal dignity, information concerning the relevant rights and duties on equality and non-discrimination according the gender will also be disseminated, at an appropriate place, with the sharing of good practices with other companies being likewise encouraged with a view to the improvement of the organisational environment and the increment of the motivation and satisfaction of the employees. Similarly, and in line with this purpose, MOTA-ENGIL will now guarantee that the relevant information, in most of its means of communication, in particular, in the diagnosis and reports, is disaggregated by gender.

With regards to recruitment and selection, it should be mentioned that the persons responsible for the respective procedures are aware of the need to eliminate gender biases and organise the training actions so as to ensure equal access and participation to men and women.

The current procedures regarding the remuneration and bonuses system guarantee the respect of the principle of equal pay for work of equal value which, in turn, is based on an objective model of performance assessment (explained in the precedent pages) impartial to any gender biases and refraining from applying penalties to employees for the exercise of their family responsibilities.

Results in the reference period

On average, the wages of the women integrating the Board of Directors correspond to 68% of the average remuneration granted to male members.

3.10. ASPECTS RELATED TO THE RESPECT FOR HUMAN RIGHTS

Measures adopted for prevention of human rights abuses

The MOTA-ENGIL GROUP respects and promotes human rights in all cultural, socioeconomic and geographic contexts in which it operates, respecting the traditions and cultures and promoting the support to local economies according to the specific interests of each region, and repudiates any attitude against human dignity. This conduct naturally extends to the practices of the GROUP in terms of investment policy and of supply chain management, with the purpose of applying to its suppliers the principles which guide the GROUP in the direct activities it performs, namely as regards occupational safety and health.

3.11. ASPECTS RELATED TO THE FIGHT AGAINST CORRUPTION AND ATTEMPTED BRIBERY

The GROUP is committed to carry out all businesses and partnerships with integrity, professionalism, fairness and honesty, complying with all applicable legislation (see the provisions in chapter 3.2 on legal and regulatory risks).

The GROUP has adopted a zero tolerance policy toward corruption and bribery, forbidding them in any form, be it directly or through third parties, in any part of the world. The offer or acceptance of bribery of any kind is intolerable in any place GROUP operates. MOTA-ENGIL believes its reputation in terms of integrity is one of the most valued assets and that corruption constitutes a threat to the business and values of the GROUP.

The goal of the aforementioned policy is as follows:

- To define the responsibilities of the GROUP and its employees in the observation and defence of MOTA-ENGIL's stance against corruption and bribery;
- To guarantee the fulfilment of laws, standards and regulations against corruption and bribery in any country where the GROUP may carry out business; and
- To offer information and guidance on how to recognise and deal with matters of corruption and bribery.

This policy reflects the ongoing commitment to the fight against corruption and the GROUP's responsibility towards the markets where it operates.

In some jurisdictions, if it were proven that the GROUP had taken part in situations of corruption, it could be subject to significant fines, be excluded from public or private tender procedures and suffer damages to reputation. The employees could also be subject to judicial proceedings and receive prison sentences. In addition to that, the GROUP frequently works in projects sponsored by international development banks, such as World Bank and other similar entities. These institutions have anti-corruption and bribery directives and require the companies they work with to respect such business ethical guidelines and practices. The companies involved in situations of corruption may be excluded or placed in a black list by the World Bank and other similar entities for many years, with the consequence that the GROUP would no longer be able to work or to execute contracts with projects sponsored by the World Bank or other similar entities.

Instruments used in the fight against corruption and bribery (communication and training)

In order that the Integrity and Compliance Program becomes effective at MOTA-ENGIL, the communication and training aspects are crucial. The values and general guidelines on the main Integrity and Compliance Policies adopted at MOTA-ENGIL are available for access and are broadly disseminated.

This policy, as well as the Code of Ethics and Business Conduct and the compliance procedures may be consulted on the GROUP's website by all MOTA-ENGIL's employees, shareholders, stakeholders and the general society.

In addition to that, the respective contents are periodically passed on in abridged versions so as to foster full communication of this policy and guaranteeing:

- To MOTA-ENGIL managers a full understanding of this policy so they can be able to act as educators of their teams;
- To employees with specific responsibilities that require the specialised knowledge on certain topics of the policy; and
- To all employees in a way to ensure knowledge and promote the commitment to act in MOTA-ENGIL's business in a ethical, upright and transparent manner.

Communication

Some initiatives associated to the disclosure of the compliance policies at MOTA-ENGIL's units are described below:

- Dispatch of Service Regulation on the topic. The Service Regulation is a formal means of communication of MOTA-ENGIL, sent to all employees and always signed by a member of the Board of Directors. Normally it conveys the implementation of a directive;
- Disclosure of the topic by email and posters/flyers indicating the channels for reporting and submitting questions on *compliance*;
- At trainings, as described under the section "Training";
- At the Board meetings for following up the implementation *status* of the Integrity and *Compliance* Program.

Training

MOTA-ENGIL has a learning plan that comprehends training on compliance, aimed at training the employees on the contents and practical aspects of the Integrity and Compliance Program.

Training sections take place:

- At the moment the employee enters the GROUP;
- At the revision of policies and procedures of the Integrity and Compliance Program;
- On a periodic basis, through information, meetings, etc.;
- At annual retraining courses, based on an online digital training platform.

The mandatory training for all employees encompasses the following matters:

Contents	
Ethics and Business Conduct	Presentation of the Code of Ethics: What is the Code of Ethics, Vision, Mission and Values of MOTA-ENGIL, Responsibilities at work, Protection of the company's resources and information, Loyal practices, Work relations, Infringements of the Code of Ethics, etc.
Integrity and Compliance Policy	GROUP's Policy against corruption and bribery (zero tolerance policy) Guidelines on how to recognise and deal with matters of corruption and bribery, etc..
Whistleblowing	How to report a irregularity (channels and forms of communication). Investigation and processing of reports and non retaliation.

All the contents of trainings are transmitted to employees, not only in a theoretical manner but also with practical examples in order to promote the resolution of potential dilemmas. All trainings generate an attendance list that is filed at the business unit.

Apart from the trainings described above, in accordance with their duties at the GROUP, some employees receive training on procedures against corruption and bribery, with emphasis on the following:

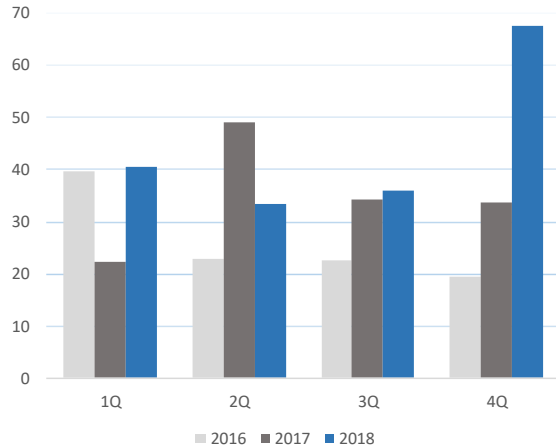
- Procedures of offers and per diem allowances and royalty fees;
- Procedures of corporate social responsibility and donations;
- Cash procedures, among others;
- Third party procedure.

Lastly, the Global Training Program - Compliance Online was created with the purpose of ensuring the knowledge and commitment to the topic from all employees.

4. Mota-Engil in Stock Market

The evolution of performance of the share price in 2018 is shown in the following charts:

EVOLUTION OF LIQUIDITY OF SHARES BY QUARTERS
(million shares)



PERFORMANCE OF SHARE PRICE
2018



On 31 December 2018, the share capital of MOTA-ENGIL comprised 237,505,141 shares, with a nominal value of one Euro each, all traded at Euronext Lisbon. On that same date, MOTA-ENGIL held 6,091,581 own shares corresponding to 2.56% of its share capital.

The share price of MOTA-ENGIL as at 31 December 2018 was 1.610 Euro, corresponding to a market capitalisation of about 382 million Euro. During 2018, the share devalued 56%, such devaluation having been more significant in the second half of the year. The European stock market indices were also negative at the end of 2018, with the Portuguese stock market index, PSI 20, devaluing 12% and the European sectoral index, SXOP, devaluing 19%.

During 2018, MOTA-ENGIL's share reached a peak of 4.065 Euro, a price that had been recorded in January, and a low of 1.494 Euro, which had been reached in November. In 2018, a total of 178 million shares of MOTA-ENGIL were traded at Euronext Lisbon, corresponding to an average daily volume of 697 thousand shares.

The MOTA-ENGIL Annual General Assembly of 2018 was held on 11 May 2018, with the approval of all points of the agenda appreciated therein. During 2018, MOTA-ENGIL carried out no dividend distribution.

The Board of Directors of MOTA-ENGIL presents, in this report, a proposal for the appropriation of profits, containing the distribution of a dividend of 7.4 cents (0.074 Euro) per share, which corresponds to a payout of 74%, in line with MOTA-ENGIL's existing dividend distribution policy.

5. Activity developed by the non-executive members of the Board of Directors

During the year, non-executive directors participated regularly in the meetings of the Board of Directors, and discussed matters under analysis and expressed their opinion on strategic guidelines and specific business areas. Whenever necessary, they kept in touch with the teams of the Corporate Centre and the Shared Services Centre and with the business managers. As laid down in the report on the Corporate Governance practices, some non-executive directors took part in the meetings and other activities of the committees of the GROUP.

6. Proposal for the application of profits

The standalone Management Report presents the following proposal: The Board of Directors proposes to the annual General Shareholders Meeting the following application of the net profit of the year, in the sum of 444,782,583.42 Euros, which already includes the amounts of 500,000 Euros and 250,000 Euros assign to the distribution of profits, respectively, to the Board of Directors, under the terms of article 27, paragraph 3 of the Articles of Association, and to the employees:

- a) To compensate the negative retained earnings in an amount of 261,560,020 Euros and 18 cents;
- b) For legal reserve, 2,566,764 Euros and 59 cents, in order that this reserve reaches the maximum legal amount of 20% of share capital;
- c) For distribution to the shareholders, 7.4 cents per share, subject to tax, in a total amount of 17,575,380 Euros and 43 cents; and
- d) For free reserves, the remaining, in an amount of 163,080,418 Euros and 22 cents.

7. Outlook for 2019

MOTA-ENGIL GROUP'S outlook for 2019 follows the main guidelines of StepUp 2020 Strategic Plan and has the detail presented below:

1. Keep the focus on cash generation, based on the solid Backlog and increasing weigh of long term contracts;
2. In Europe, ensure growth in turnover by leveraging business opportunities in the E&C, especially in the Portuguese market;
3. In Africa, boost growth in turnover and generate stable margins, in line with the historical records of the different markets where we operate;
4. In Latin America, improve turnover distribution in terms of geographical exposure among the different countries where we are present, maintaining operating margins;
5. Focus on debt reduction and diversification of funding sources;
6. Environment and Services, with particular emphasis on EGF and the urban waste collection and treatment project in Ivory Coast, will represent the largest share of the investment of some € 165 million;
7. Order book above € 5,000 million, based on international activity.

It should be noted that these prospects do not correspond to an engagement regarding the future performance of the GROUP, but merely the greater capacity of prediction, on this date, regarding the activity of its companies. Therefore, the performance that will be effectively achieved in 2019 could differ significantly from these forecasts. Moreover, MOTA-ENGIL does not undertake to update or correct this information due to the modification of any endogenous or exogenous factor that could change the performance of the GROUP.

8. Subsequent events

In 2019, up to the date of issue of this report, we highlight the following relevant fact, whose detail was properly released as privileged information on MOTA-ENGIL and CMVM websites:

14 January 2019

“MOTA-ENGIL INFORMS ABOUT EGF NEW REGULATED TARIFFS FOR THE REGULATORY PERIOD 2019-2021

MOTA-ENGIL informs that the Water and Waste Services Regulatory Authority ("ERSAR") has defined the "regulated tariffs for the 2019-2021 regulatory period" in force in Portugal for that period and has notified MOTA-ENGIL's affiliates owned by EMPRESA GERAL DE FOMENTO, S.A. ("EGF") of the respective decision.

The average RAB (Regulated Asset Base) for the new regulatory period for the affiliates amounts to an average of €319 million, which will be subject to a ROA (Return on Assets rate), also set by ERSAR between 5.05% and 5.77%.

It should also be noted that in the previous regulatory period, the RAB and the ROA for all 11 multi-municipal systems managed by EGF was €246 million and 6.14%, respectively.”

9. Final remarks

We can only thank the personal and professional commitment of all collaborators of MOTA-ENGIL GROUP, the members of governing bodies, clients and of whoever came into contact with its various companies.

Porto, March 11, 2019

António Manuel Queirós Vasconcelos da Mota
Chairman of the Board of Directors

Gonçalo Nuno Gomes de Andrade Moura Martins
Deputy-chairman of the Board of Directors and
Chief Executive Officer

Arnaldo José Nunes da Costa Figueiredo
Deputy-chairman of the Board of Directors

Jorge Paulo Sacadura Almeida Coelho
Non-executive and independent Deputy-Chair of the
Board of Directors

Maria Manuela Queirós Vasconcelos Mota dos Santos
Member of the Board of Directors

Maria Teresa Queirós Vasconcelos Mota Neves da Costa
Member of the Board of Directors

Maria Paula Queirós Vasconcelos Mota de Meireles
Member of the Board of Directors

Carlos António Vasconcelos Mota dos Santos
Member of the Board of Directors and
Member of the Executive Committee

Ismael Antunes Hernandez Gaspar
Member of the Board of Directors and
Member of the Executive Committee

José Pedro Matos Marques Sampaio de Freitas
Member of the Board of Directors and
Member of the Executive Committee (Chief Financial Officer)

Manuel António da Fonseca Vasconcelos da Mota
Member of the Board of Directors and
Member of the Executive Committee

João Pedro dos Santos Dinis Parreira
Member of the Board of Directors and
Member of the Executive Committee

Eduardo João Frade Sobral Pimentel
Member of the Board of Directors and
Member of the Executive Committee

Luís Filipe Cardoso da Silva
Member of the Board of Directors and
Member of the Executive Committee

António Martinho Ferreira de Oliveira
Member of the Board of Directors

Luís Valente de Oliveira
Non-executive and independent member of the
Board of Directors

António Bernardo Aranha da Gama Lobo Xavier
Non-executive and independent member of the
Board of Directors

António Manuel da Silva Vila Cova
Non-executive and independent member of the
Board of Directors

Francisco Manuel Seixas da Costa
Non-executive and independent member of the
Board of Directors

Helena Sofia Salgado Cerveira Pinto
Non-executive and independent member of the
Board of Directors

Ana Paula Chaves e Sá Ribeiro
Non-executive and independent member of the
Board of Directors



Respect for values and people

The human dimension of organizations is something that is present in Mota-Engil management, based on a unique and transversal strategy, built on values that pass from generation to generation and that allow it today to be seen as an international reference company, recognized for the quality and permanence of its investment in each market.

Confidence in what we do.



02

Consolidated Financial Information



MOTAENGIL

CONSOLIDATED INCOME STATEMENTS BY NATURE
FOR THE YEARS AND SEMESTERS ENDED AT 31 DECEMBER 2018 AND 2017

(Amounts in thousands Euros)

Notes	Year		2 nd Semester		
	2018 € '000	2017 € '000	2018 € '000	2017 € '000	
			(unaudited)	(unaudited)	
Sales and services rendered	2	2,801,749	2,597,294	1,550,894	1,401,648
Cost of goods sold, mat. cons., changes in production and subcontractors	3	(1,301,551)	(1,092,907)	(814,387)	(626,787)
Third-party supplies and services	4	(589,822)	(540,070)	(252,686)	(241,767)
Wages and salaries	5	(542,154)	(537,266)	(283,073)	(283,453)
Other operating income / (expenses)	6	38,854	(22,313)	29,843	(31,265)
Amortisations and depreciations	7, 15 and 16	(182,800)	(180,585)	(99,160)	(89,718)
Provisions and impairment losses	8	(24,027)	(38,022)	(21,381)	(39,971)
Financial income and gains	9	202,650	69,382	72,594	56,892
Financial costs and losses	9	(258,900)	(168,588)	(118,719)	(108,946)
Gains / (losses) in associates and jointly controlled companies	10	2,932	2,808	1,234	1,768
Gains / (losses) on the disposal of subsidiaries, jointly controlled and associated companies	11	462	(3,058)	462	(3,058)
Net monetary position	47	(12,263)	3,149	(3,098)	3,149
Income before taxes	12	135,131	89,824	62,523	38,492
Income tax	12	(41,734)	(28,383)	(10,208)	(16,571)
Consolidated net profit of the year		93,397	61,441	52,316	21,921
Attributable:					
to non-controlling interests	39	69,785	59,853	34,443	24,947
to the Group	13	23,612	1,588	17,872	(3,026)
Earnings per share:					
basic	13	0.10 €	0.01 €	0.08 €	-0.01 €
diluted	13	0.10 €	0.01 €	0.08 €	-0.01 €

To be read with the Notes to the Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE YEARS AND SEMESTERS ENDED AT 31 DECEMBER 2018 AND 2017

(Amounts in thousands Euros)

	Year		2 nd Semester	
	2018 € '000	2017 € '000	2018 € '000	2017 € '000
			(unaudited)	(unaudited)
Consolidated net profit of the year	93,397	61,441	52,316	21,921
Items of other comprehensive income that may be reclassified to the income statement:				
Companies consolidated by the full consolidation method				
Exchange differences arising from the conversion of financial statements expressed in foreign currencies				
Of which, associated with the impact of hyperinflation in Angola in previous years	(29,442)	-	(7,197)	-
Others	(176,666)	(51,195)	(91,368)	(31,541)
Variation, net of taxes, in the fair value of derivative financial instruments of cash flow hedges	(480)	(616)	(109)	(653)
Impact of hyperinflation in Angola	35,123	84,933	37,768	84,933
Other comprehensive income of companies consolidated by the full consolidation method	-	(189)	-	(2,142)
Companies consolidated by the equity method				
Exchange differences arising from the conversion of financial statements expressed in foreign currencies	(510)	(422)	(655)	(326)
Variation, net of taxes, in the fair value of derivative financial instruments of cash flow hedges	283	1,416	178	634
Other comprehensive income of companies consolidated by the equity method	-	12	-	211
Items of other comprehensive income that will not be reclassified to the income statement:				
Companies consolidated by the full consolidation method				
Variation, net of tax, of the tangible assets revaluation surplus	(48)	(2,233)	(48)	2,074
Actuarial deviations, net of taxes	903	(1,475)	903	(1,475)
Variation, net of taxes, in the fair value of other financial investments recorded at fair value through other comprehensive income	(11,249)	-	(10,696)	-
Total of other comprehensive income	(182,084)	30,232	(71,225)	51,716
Total comprehensive income of the year	(88,687)	91,673	(18,909)	73,637
Attributable:				
to non-controlling interests	7,630	78,431	18,583	42,945
to the Group	(96,317)	13,242	(37,492)	30,692

To be read with the Notes to the Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018 AND 2017
(Amounts in thousands Euros)

	Notes	2018 € '000	2017 € '000
Assets			
Non-current			
Goodwill	14	33,741	37,870
Intangible assets	15	521,494	512,658
Tangible assets	16	740,448	712,273
Financial investments in associated companies	17	90,416	81,086
Financial investments in jointly controlled companies	18	6,696	7,840
Financial assets available for sale	19	-	68,916
Financial assets held to maturity	20	-	154,954
Other financial investments recorded at amortised cost	21	144,963	-
Other financial investments recorded at fair value through other comprehensive income	21	59,224	-
Investment properties	22	133,685	76,676
Customers and other debtors	24	109,459	130,965
Other non-current assets	26	7,836	8,903
Derivative financial instruments	33	85	98
Deferred tax assets	12	184,318	178,313
Total of non-current assets		2,032,366	1,970,552
Current			
Inventories	23	334,167	344,996
Customers and other debtors	24	1,002,852	1,057,403
Contract assets	25	551,707	-
Other current assets	26	65,335	424,278
Derivative financial instruments	33	180	-
Corporate income tax	27	20,230	23,479
Other financial investments recorded at amortised cost	21	21,399	-
Cash and cash equivalents with recourse – Term deposits	28	97,449	34,663
Cash and cash equivalents without recourse – Demand deposits	28	61,749	154,198
Cash and cash equivalents with recourse – Demand deposits	28	291,103	455,439
Non-current assets held for sale	29	206,187	149,082
Total of current assets		2,652,358	2,643,538
Total Assets		4,684,724	4,614,090
Liabilities			
Non-current			
Loans without recourse	31	108,505	215,346
Loans with recourse	31	697,765	716,667
Other financial liabilities	32	203,131	122,934
Derivative financial instruments	33	597	547
Suppliers and sundry creditors	34	51,681	50,862
Contract liabilities	35	62,777	-
Other non-current liabilities	36	168,072	161,625
Provisions	38	103,998	96,098
Deferred tax liabilities	12	148,075	153,950
Total of non-current liabilities		1,544,601	1,518,030
Current			
Loans without recourse	31	33,874	30,580
Loans with recourse	31	731,663	715,121
Other financial liabilities	32	210,663	283,569
Derivative financial instruments	33	-	22
Suppliers and sundry creditors	34	801,652	939,734
Contract liabilities	35	319,626	-
Other current liabilities	36	462,894	445,175
Corporate income tax	37	17,215	28,419
Non-current liabilities held for sale	29	115,990	57,703
Total of current liabilities		2,693,577	2,500,322
Total Liabilities		4,238,178	4,018,353
Shareholders' equity			
Share capital	30	237,505	237,505
Own shares	30	(10,232)	(5,788)
Reserves, retained earnings and share premiums	30	(73,377)	73,829
Consolidated net profit of the year		23,612	1,588
Own funds attributable to the Group		177,509	307,135
Non-controlling interests	39	269,037	288,603
Total shareholders' equity		446,546	595,737
Total shareholders' equity and liabilities		4,684,724	4,614,090

To be read with the Notes to the Consolidated Financial Statements

**CONSOLIDATED STATEMENTS
FOR THE YEARS ENDED AT**
(Amounts in

	Fair value reserves					
	Share capital	Own shares	Share premiums	Financial investments	Tangible assets	Derivatives
Balance as at 1 January 2017	237,505	(5,788)	92,584	27,702	3,581	(539)
Movements with equity holders						
Dividend distribution	-	-	-	-	-	-
Other movements						
Consolidated comprehensive income of the year	-	-	-	-	(3,108)	800
Consolidated net profit of the year	-	-	-	-	-	-
Transfers to other reserves	-	-	-	-	-	-
Others	-	-	-	-	-	-
Changes in the consolidation perimeter and in the ownership interest in subsidiaries:						
- Acquisition of non-controlling interests in EGF Group	-	-	-	-	-	-
- Other acquisitions / disposals of non-controlling interests	-	-	-	-	-	-
Balance as at 31 December 2017	237,505	(5,788)	92,584	27,702	473	262
Balance as at 31 December 2017	237,505	(5,788)	92,584	27,702	473	262
Adjustment arising from the adoption of IFRS 9 (net of tax)	-	-	-	-	-	-
Adjustment arising from the adoption of IFRS 15 (net of tax)	-	-	-	-	-	-
Balance as at 1 January 2018	237,505	(5,788)	92,584	27,702	473	262
Balance as at 1 January 2018	237,505	(5,788)	92,584	27,702	473	262
Movements with equity holders						
Dividend distribution	-	-	-	-	-	-
Acquisition of own shares	-	(4,444)	-	-	-	-
Other movements						
Total comprehensive income of the year	-	-	-	-	217	(196)
Consolidated net profit of the year	-	-	-	-	-	-
Transfers to other reserves	-	-	-	-	-	-
Others transfers	-	-	-	-	-	-
Others	-	-	-	-	-	-
Changes in the consolidation perimeter and in the ownership interest in subsidiaries:						
- Other acquisitions / disposals of non-controlling interests	-	-	-	-	-	-
Balance as at 31 December 2018	237,505	(10,232)	92,584	27,702	690	65

To be read with the Notes to the Consolidated Financial Statements

OF CHANGES IN EQUITY 31 DECEMBER 2018 AND 2017

(in thousands Euros)

Currency translation reserve	Legal reserves	Other reserves and retained earnings	Net Profit	Own funds attributable to the Group	Own funds attributable to non-controlling interests	Total shareholders' equity
(96,922)	44,407	(22,989)	50,157	329,700	240,891	570,590
-	-	(30,402)	-	(30,402)	(21,878)	(52,280)
15,437	-	(1,475)	-	11,654	18,578	30,232
-	-	-	1,588	1,588	59,853	61,441
-	3,231	46,926	(50,157)	-	-	-
-	-	(6,976)	-	(6,976)	(555)	(7,531)
-	-	3,127	-	3,127	(9,916)	(6,789)
-	-	(1,556)	-	(1,556)	1,631	75
(81,485)	47,638	(13,346)	1,588	307,135	288,603	595,737
(81,485)	47,638	(13,346)	1,588	307,135	288,603	595,737
-	-	(19,212)	-	(19,212)	(5,709)	(24,921)
-	-	(5,065)	-	(5,065)	(1,850)	(6,915)
(81,485)	47,638	(37,623)	1,588	282,858	281,044	563,901
(81,485)	47,638	(37,623)	1,588	282,858	281,044	563,901
-	-	-	-	-	(24,906)	(24,906)
-	-	-	-	(4,444)	-	(4,444)
(130,608)	-	10,658	-	(119,929)	(62,155)	(182,084)
-	-	-	23,612	23,612	69,785	93,397
-	-	1,588	(1,588)	-	-	-
-	7,528	(7,528)	-	-	-	-
-	-	(3,923)	-	(3,923)	1,428	(2,495)
-	-	(663)	-	(663)	3,840	3,177
(212,093)	55,166	(37,491)	23,612	177,509	269,037	446,546

CONSOLIDATED STATEMENTS OF CASH-FLOWS FOR THE YEARS ENDED AT 31 DECEMBER 2018 AND 2017

(Amounts in thousands Euros)

Notes	2018 € '000	2017 € '000
Operating activities		
Cash receipts from customers	2,649,054	2,631,486
Cash paid to suppliers	(1,818,191)	(1,659,161)
Cash paid to employees	(536,597)	(535,765)
Cash generated from operating activities	294,265	436,560
Income tax (paid)/received	(48,266)	(38,494)
Other receipts/(payments) generated by operating activities	30,939	(23,065)
Net cash-flows from operating activities (1)	276,937	375,001
Investment activities		
Cash receipts from:		
Financial investments 44	7,362	101,225
Tangible assets	14,278	5,120
Investment grants	16,519	1,200
Interest and similar income	30,624	32,899
Dividends 44	4,686	44,363
	73,470	184,806
Cash paid in respect of:		
Financial investments 44	(87,218)	(20,770)
Loans granted	(1,976)	(30,675)
Other treasury applications	(62,786)	(21,541)
Intangible assets	(65,825)	(44,975)
Tangible assets	(235,135)	(91,054)
Investment properties	(5,450)	-
	(458,391)	(209,015)
Net cash-flows from investment activities (2)	(384,922)	(24,209)
Financing activities		
Cash receipts from:		
Loans obtained 31	1,594,259	1,857,297
Leasings 32	153,018	79,706
	1,747,277	1,937,003
Cash paid in respect of:		
Loans obtained 31	(1,567,472)	(1,799,965)
Loans obtained - impact of hyperinflation	(11,770)	(33,119)
Leasings 32	(49,275)	(37,412)
Interest and similar expense	(191,047)	(165,845)
Dividends 44	(26,553)	(41,661)
Acquisition of own shares	(4,444)	-
Impact of hyperinflation in financing activities	12,207	32,757
	(1,838,355)	(2,045,246)
Net cash-flows from financing activities (3)	(91,077)	(108,242)
Variation of cash and cash equivalents (4)=(1)+(2)+(3)	(199,062)	239,082
Impact of hyperinflation on cash and cash equivalents	(27,240)	(44,983)
Exchange rate effect	(48,459)	(8,915)
Impact of hyperinflation on initial balance of cash and cash equivalents	17,976	-
Cash and cash equivalents at the beginning of the year 28	609,637	424,452
Cash and cash equivalents at the end of the year 28	352,852	609,637

To be read with the Notes to the Consolidated Financial Statements

O. Introduction

The core business of MOTA-ENGIL, SGPS, SA, with head office at Edifício Mota, Rua do Rêgo Lameiro, 38, 4300-454 Porto (MOTA-ENGIL SGPS OR Company), and its subsidiaries (GROUP or MOTA-ENGIL GROUP) is public and private construction works and related activities, as well as waste collection and treatment. The GROUP's business is mostly developed in three regions: Europe, Africa and Latin America. Lastly, the shares of MOTA-ENGIL, SGPS are listed at Euronext Lisbon.

These financial statements are included in the consolidated financial statements of Mota Gestão e Participações, SGPS, SA (direct shareholder of the COMPANY – MGP) and of FM – Sociedade de Controlo, SGPS, SA (holder of 100% of the share capital of MGP and ultimate shareholder of the COMPANY (final controlling entity)).

All the amounts presented in this annex are presented in thousand Euros, rounded off to the unit, unless explicitly stated otherwise.

1. Basis of presentation, consolidation and main accounting policies

1.1. BASIS OF PRESENTATION

The consolidated financial statements of the MOTA-ENGIL GROUP were prepared on a going concern basis from the books and accounting records of the companies comprising the GROUP adjusted in the consolidation process. The Board of Directors assessed the capacity of the GROUP regarding its going concern, based on all relevant information, facts and circumstances of financial, commercial or other nature, including events occurred after the reference date of the financial statements, available on the future. As a result of the assessment made, the Board of Directors concluded that the GROUP has appropriate resources to keep its business and has no intention to cease it in the short term. Therefore, it found appropriate the use of the going concern assumption in the preparation of the attached consolidated financial statements.

These consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and according to the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standards Interpretations Committee (SIC), as adopted by the European Union as of 1 January 2018. Regarding GROUP companies which use different accounting standards, said financial statements were subject to conversion adjustments to IFRS.

The attached consolidated financial statements were prepared based on the historical cost, except for certain classes of real estate assets, for investment properties, for some equity investments and for derivative financial instruments which were recorded at their revalued cost or at their fair value at the end of each reporting period, as described in the accounting policies below.

The fair value is the amount by which an asset can be exchanged or a liability settled, among parties with know-how and willing to do so, in a transaction in which there is no connection between them, regardless of the fact that said price can be directly verified or estimated using other valuation techniques. By estimating the fair value of an asset or liability, the GROUP takes into account the characteristics that the market players would also take into account when they valued the asset or liability on the measuring date. The fair value for measuring and disclosure purposes in these financial statements is determined on the basis described above, except for leases that are treated under IAS 17, and measurements with similarities to the fair value, but which do not correspond to the fair value, such as the net realisable value prescribed in IAS 2 or the value in use prescribed in IAS 36.

In addition, for financial reporting purposes, measurement at fair value is ranked according to a three-tiered system (level 1, 2 and 3) which takes into consideration, namely, whether the data used can be observed in an active market and its relevance in the valuation of the assets / liabilities or at their disclosure.

The aforesaid tiered system is comprised by:

- Level 1 – the fair value is set based on prices of an active market for identical assets / liabilities;
- Level 2 – the fair value is set based on data other than the market prices identified in Level 1, but which can be observed in the market; and
- Level 3 – the fair value is set based on valuation models whose main data cannot be observed in the market.

1.1.1. STANDARDS, INTERPRETATIONS, AMENDMENTS AND REVISIONS WHICH CAME INTO FORCE DURING THE YEAR

During the year ended at 31 December 2018 the following standards, interpretations, amendments and revisions endorsed by the European Union were adopted:

Standard / Interpretation	Applicable in the European Union in the financial years beginning in or after	Contents
Improvements to standards 2014 - 2016	1/jan/18	This series of changes affects the following standards: IFRS 1 (this change removes the temporary exemptions for IFRS 7, IFRS 10 and IAS 19, due to their already being applicable), IFRS 12 (this change has the purpose of clarifying that its scope includes investments classified under the scope of IFRS 5 and that the sole exemption refers to the disclosure of the summary of the financial information for said entities) and IAS 28 (this change clarifies that investments in associated companies or joint ventures held by a venture capital company may be recognised at their fair value in accordance with IFRS 9, individually, and also clarifies that an entity that is not an investment entity while holding investments in associated companies and joint ventures, which are investment entities, may maintain the recognition at fair value of the holding in the associated company or joint venture in its own subsidiaries).
IAS 40 - Investment properties (transfer of investment properties)	1/jan/18	This change clarifies that the assets may only be transferred to and from the category of investment properties where there is evidence of a change of use. The mere change of management intention is not sufficient to make the transfer.
IFRS 2 – Share based payments (classification and quantification of share based payments)	1/jan/18	This change clarifies the measuring basis for the payment transactions based on shares settled with cash and the calculation of changes to a payment plan based on shares, which changes its classification from cash-settled to equity-settled. Furthermore, an exception is introduced to the principles of IFRS 2, which now requires that a payment plan based on shares be treated as if it were equity-settled in full where the employer is required to deduct an amount of tax from an employee and to pay that amount to the tax authorities.
IFRS 4 – Insurance contracts (application of IFRS 4 with IFRS 9)	1/jan/18	This change gives entities which trade insurance contracts the option to record the volatility, which may result from the application of IFRS 9, prior to the new standard on insurance contracts being published, in the other comprehensive income. Additionally, a temporary exemption is granted until 2021 to the application of IFRS 9 to entities whose predominant activity focuses on insurance. The exemption in question is optional and is not applicable to the consolidated financial statements that include an insurance entity.
IFRS 9 – Financial instruments	1/Jan/18	IFRS 9 replaces the requirements of IAS 39 relating to: (i) the classification and measurement of financial assets and liabilities; (ii) to the recording of impairments on accounts receivable (by means of the expected loss model); and (iii) to the requirements for the recording and classification of hedge accounting.
IFRS 15 – Revenue from contracts with customers	1/jan/18	This new standard is only applied to contracts for the delivery of products or the provision of services and requires that the entity record the revenue when the performance obligation to deliver goods or to provide services is met and for the sum that reflects the consideration to which the entity has the right, as provided for in “the 5 stages methodology”.
Amendment to IFRS 15 – Revenue from contracts with customers	1/jan/18	This amendment includes the additional guidelines to be followed in order to establish the performance obligations of a contract at the time of the recording of the revenue from intellectual property rights, to the revision of the indicators for the classification of a principal as opposed to an agent relationship and to the new rules for the simplification of the transition process.
IFRIC 22 – Transactions in foreign currency and consideration advanced	1/jan/18	This is an interpretation of IAS 21 “The effects of changes in exchange rates” and refers to the establishing of the “date of the transaction” where an entity receives or makes early payments of the consideration for contracts denominated in foreign currency. The ‘transaction date’ determines the exchange rate to be used for conversion of the transactions in foreign currency.

The impacts of the adoption of IFRS 9 and IFRS 15 are disclosed in Note 1.2.

The remaining changes above referred were not applicable to the GROUP or their impacts were not considered material.

1.1.2. STANDARDS, INTERPRETATIONS, AMENDMENTS AND REVISIONS WHICH WILL COME INTO FORCE IN FUTURE YEARS

The following standards, interpretations, amendments and revisions, mandatory for future years, were, as at 31 December 2018, endorsed by the European Union:

Standard / Interpretation	Applicable in the European Union in the financial years beginning in or after	Contents
IFRS 16 – Leases	1/jan/19	This new standard replaces IAS 17, with a significant impact on the accounting of the lessees who are now obliged to record a leased liability equivalent to future lease payments and a "right to use" asset for all leasing contracts except certain short term leases and low value assets. The definition of a lease contract was also changed to be based on the "right to control the use of an identified asset".
IFRIC 23 – Uncertainties on the Income tax treatment	1/jan/19	This is an interpretation of IAS 12 – 'Income taxes' referring to the quantification and recording requirements to be applied where there are doubts about the acceptance of a particular tax treatment by the Tax Authorities relating to income tax. In case of doubts about the position of the Tax Authorities on a specific transaction the entity should make a best estimate and record the assets or liabilities for income tax in light of IAS 12, rather than IAS 37 – "Provisions, contingent liabilities and assets" based on the expected value or that most likely. The application of IFRIC 23 may be retrospective or modified retrospectively.
Change to IFRS 9 – Pre-payment elements with negative compensation	1/jan/19	This change introduces the potential for classifying financial assets with pre-payment conditions with negative compensation at their amortised cost providing that specific conditions are met rather than being classified at fair value through profit and loss.

As of this date, besides the estimated impacts arising from the adoption of IFRS 16, no significant impacts are estimated as a result of the adoption of the aforementioned standards, amendments and interpretations.

As a result of the adoption of IFRS 16, using the modified retrospective model with the initial cumulative effect recognised in retained earnings as at 1 January 2019 and considering, on that date, the leasing liability equal to the right of use, the provisionally estimated increase in assets and liabilities as at 1 January 2019 arise to circa 50,000 thousand Euros.

Additionally, in the calculation mentioned above, the GROUP only considered the contracts whose residual term was higher than 12 months (counted after 31 December 2018) and individual assets higher than 5,000 Euros.

1.1.3. STANDARDS, INTERPRETATIONS, AMENDMENTS AND REVISIONS NOT YET ENDORSED BY THE EUROPEAN UNION

The following standards, interpretations, amendments and revisions, mandatory for future years, were not, as at 31 December 2018, endorsed by the European Union:

Standard / Interpretation	Applicable in the European Union in the financial years beginning in or after	Contents
Improvements to standards 2015 – 2017	1/jan/19	This series of changes affects the following standards: IAS 23 (this improvement clarifies that the specific loans obtained that remain open, after the qualifying assets to which they refer are suitable for sale or use, should be added to the generic loans for the calculation of the average capitalisation rate of interest on other qualifying assets), IAS 12 (this improvement clarifies that the tax impacts inherent to the dividends are recorded at the date when the entity records liability for the payment of dividends which are recorded in the profit for the year in other comprehensive income or in equity in accordance with the transaction or event that gave rise to the dividends) and IFRS 3 and IFRS 11 (these improvements clarify that: i) in obtaining control of a business that is a joint operation, the interests held previously by the investor are remeasured at their fair value; and ii) when an investor in a joint operation, which does not exercise joint control, obtains control in an operation that is business, the interest previously held is not remeasured).
IAS 19 – Changes, reductions and settlements of plans of defined benefits	1/jan/19	This change requires that an entity: i) uses updated assumptions in order to determine the current cost of the service and the net interest for the remaining period following the change, reduction or settlement of the plan; and ii) recognises, in the profit for the year, as part of the cost with past services, or as a gain or loss on settlement, and in the other comprehensive income, any reduction to the hedging excess, even if the hedging excess has not been previously recognised due to the impact of the asset ceiling.
Change to IAS 28 – Long-term investments in associates and in joint ventures	1/jan/19	This change clarifies that long-term investments in associated companies and in joint ventures (elements of the net investment of an entity in associated companies and joint ventures) which are not being measured using the equity method should be accounted for according to IFRS 9, being subject to the impairment of estimated losses model prior to any impairment test to the investment as a whole.
Conceptual structure – Changes in the reference to other IFRS	1/jan/20	As a result of the publication of the new conceptual structure, the IASB has introduced changes to the text of the various standards and interpretations, so as to clarify the application of the new definitions of asset / liability and of cost / income, in addition to some of the financial information characteristics. These changes are to be applied retrospectively, except if unpracticable.
IFRS 3 (amendment) - Definition of a business	1/jan/20	This amendment revises the definition of a business in order to account for business combinations. The new definition requires that an acquisition include an input, as well as a substantial process that jointly generate outputs. Outputs are now defined as goods and services rendered to customers, that generate investment income and other income, and exclude returns as lower costs and other economic benefits for shareholders. Optional 'concentration tests' for the assessment if one transaction is the acquisition of an asset or a business combination, are allowed.
IFRS 17 – Insurance contracts	1/jan/21	This new rule substitutes IFRS 4 and is applicable to all entities that issue insurance contracts, reinsurance contracts and investment contracts with discretionary participation characteristics. IFRS 17 is based on the current quantification of the technical liabilities at each reporting date. The current quantification may be based on the building block approach or the simplified premium allocation approach. The recording of the technical margin is different according to its being positive or negative. The IFRS 17 is of retrospective application.
IAS 1 and IAS 8 (amendment) - Definition of material	1/jan/20	This amendment revises the concept of material and includes clarifications as to obscured information, its effect being similar to the omission or distortion of information; and also clarifications as to the term 'primary users of general purpose financial statements', defined as 'existing or potential investors, lenders and other creditors' that rely on general purpose financial statements to obtain a significant part of the information that they need.

The above mentioned standards were not yet endorsed by the European Union and, therefore, they were not adopted by the GROUP in the year ended at 31 December 2018. However, no material impacts resulting from that adoption are expected.

The attached consolidated financial statements are presented in Euros (thousands) since this is the main currency of the GROUP's operations. The financial statements of subsidiaries expressed in foreign currency were translated into Euros in accordance with the accounting policies described in subparagraph xiv) of Note 1.4. of this Annex.

In preparing the attached consolidated financial statements in accordance with the IFRS, the GROUP's Board of Directors adopted certain assumptions and estimates which affected the reported amounts of assets and liabilities, as well as the respective income and expenses incurred, part of which are described in subparagraph xxii) of Note 1.4. of this Annex.

All estimates and assumptions made by the Board of Directors were based on its knowledge of the events and transactions in progress as at the date of approval of the consolidated financial statements.

1.2. COMPARABILITY OF INFORMATION

The consolidated financial statements of the MOTA-ENGL GROUP as at 31 December 2018 were prepared according to accounting policies and calculation methods similar to those disclosed in the Consolidated Report & Accounts of 2017, with the exception of the effects arising from the adoption of IFRS 9 and IFRS 15.

Regarding the new standards, which came into force in the year started on 1 January 2018, the main comments regarding their adoption as well as the respective impacts in the attached consolidated financial statements are presented below.

I – IFRS 15 – Revenue from contracts with customers

IFRS 15 is based on the principle that revenue is recognised at the date of the transfer of control to the customer, being the value of the transaction allocated to the different performance obligations assumed before the customer, which are subject to measurement adjustments whenever the consideration is variable or subject to a significant financial component.

Under that standard, the GROUP proceeded to the identification of the main transactions, which generate the recognition of revenue, having also identified the following main streams of revenue:

- Construction contracts;
- Mining contracts;
- Operation and maintenance contracts;
- Waste collection contracts;
- Waste treatment and recovery contracts; and
- Energy sale contracts.

Subsequently, the GROUP proceeded to the analysis of the existing contracts, either in terms of identification of the performance obligations, either in terms of the moment of recognition of the respective revenue, having reached the following conclusions:

- i) The construction contracts executed by the GROUP correspond in general to one single performance obligation and therefore the respective revenue shall be recognised over time (a similar approach to the one defined in IAS 11);
- ii) The operation and maintenance contracts executed by the GROUP (related to motorways, buildings, gardens, etc.) encompass a broad set of services and processes. However, since those services and processes are highly correlated, they were treated as one single performance obligation and are being recognised over time. Therefore, no material differences arise in comparison with the accounting treatment established in IAS 18;
- iii) Regarding the revenue associated with bundle contracts (contracts which include several performance obligations), the GROUP proceeded to the allocation of the transaction price to the different performance obligations, having not identified any material differences (considering the amount and value of the respective contracts) from the allocation carried out within the scope of the application of IAS 11 and IAS 18 since the majority of the performance obligations had already been identified and exhibited a determinable sale price;
- iv) Regarding the contractual modifications / changes made to some contracts, no situations were identified that generate material differences (considering the amount and value of the respective contracts) between the accounting treatment carried out within the scope of IAS 11 and IAS 18 and the one prescribed in IFRS 15;
- v) Regarding the variable price components associated, particularly, with the construction contracts (such as: bonuses, price revisions, claims, cost recovery requests, etc.), which, in accordance with IFRS 15, must be recognised when exists a high probability of them to transform into revenue (and not when it is just probable - accounting treatment prescribed by IAS 11), some situations were identified which were subject to adjustment;
- vi) Regarding the existence of contracts with a significant financial component, some significant advances received from customers were identified, having those been treated as including a financial component, which were considered as an autonomous performance obligation; and
- vii) No material costs with the acquisition of contracts were identified that should have been capitalised.

Finally, in the adoption process of IFRS 15, the GROUP used the transitional rules established in that standard, i.e., it proceeded to the retrospective application with the initial accumulated effect recognised in retained earnings as at 1 January 2018, with recourse to the following practical expedients:

- Sole application for contracts not yet completed by 1 January 2018; and
- Non restatement of the modified contracts before 1 January 2017.

As a result of the adoption of IFRS 15, the GROUP's equity as at 1 January 2018 decreased circa of 5 million Euros.

The impacts arising from the adoption of IFRS 15 on the date of initial application (1 January 2018) can be analysed as follows:

	Balance as at 31 December 2017	Reclassifications	Remeasurements	Balance as at 1 January 2018
Assets				
Non-current				
Goodwill	37,870	-	-	37,870
Intangible assets	512,658	-	-	512,658
Tangible assets	712,273	-	-	712,273
Financial investments in associated companies	81,086	-	-	81,086
Financial investments in jointly controlled companies	7,840	-	-	7,840
Financial assets available for sale	68,916	-	-	68,916
Financial assets held to maturity	154,954	-	-	154,954
Investment properties	76,676	-	-	76,676
Customers and other debtors	130,965	-	-	130,965
Other non-current assets	8,903	-	-	8,903
Derivative financial instruments	98	-	-	98
Deferred tax assets	178,313	-	1,459	179,772
	1,970,552	-	1,459	1,972,011
Current				
Inventories	344,996	-	-	344,996
Customers and other debtors	1,057,403	-	-	1,057,403
Contract assets	-	372,000	(3,533)	368,467
Other current assets	424,278	(372,000)	-	52,278
Corporate income tax	23,479	-	-	23,479
Cash and cash equivalents with recourse – Term deposits	34,663	-	-	34,663
Cash and cash equivalents without recourse – Demand deposits	154,198	-	-	154,198
Cash and cash equivalents with recourse – Demand deposits	455,439	-	-	455,439
	2,494,457	-	(3,533)	2,490,924
Non-current assets held for sale	149,082	-	-	149,082
Total Assets	4,614,090	-	(2,074)	4,612,016
Liabilities				
Non-current				
Loans without recourse	215,346	-	-	215,346
Loans with recourse	716,667	-	-	716,667
Other financial liabilities	122,934	-	-	122,934
Derivative financial instruments	547	-	-	547
Suppliers and sundry creditors	50,862	-	-	50,862
Other non-current liabilities	161,625	-	-	161,625
Provisions	96,098	-	-	96,098
Deferred tax liabilities	153,950	-	-	153,950
	1,518,030	-	-	1,518,030
Current				
Loans without recourse	30,580	-	-	30,580
Loans with recourse	715,121	-	-	715,121
Other financial liabilities	283,569	-	-	283,569
Derivative financial instruments	22	-	-	22
Suppliers and sundry creditors	939,734	-	-	939,734
Contract liabilities	-	321,556	4,841	326,397
Other current liabilities	445,175	(321,556)	-	123,619
Corporate income tax	28,419	-	-	28,419
	2,442,619	-	4,841	2,447,460
Non-current liabilities held for sale	57,703	-	-	57,703
Total Liabilities	4,018,353	-	4,841	4,023,193
Shareholders' equity				
Share capital	237,505	-	-	237,505
Own shares	(5,788)	-	-	(5,788)
Reserves, retained earnings and share premiums	73,829	-	(5,065)	68,764
Consolidated net profit of the year	1,588	-	-	1,588
Own funds attributable to the Group	307,135	-	(5,065)	302,069
Non-controlling interests	288,603	-	(1,850)	286,753
Total shareholders' equity	595,737	-	(6,915)	588,822
Total shareholders' equity and liabilities	4,614,090	-	(2,074)	4,612,016

The impact in total shareholder's equity arising from the adoption of IFRS 15 as at 1 January 2018 can be analysed as follows:

	Balance as at 1 January 2018
Total of shareholders's equity	595,737
Balance IAS 18	595,737
Financial component in advances	(4,309)
Derecognition of variable price components	(1,589)
Impact of identifying new performance obligations	(1,017)
Adjustments arising from the adoption of IFRS 15	(6,915)
Balance IFRS 15	588,822

As at 31 December 2018, if the GROUP still has applied IAS 18, the following differences would arise in the consolidated statement of financial position and in the consolidated income statement:

	Balance as at 31 December 2018		Differences
	IAS 18	IFRS 15	
Assets			
Non-current			
Goodwill	33,741	33,741	-
Intangible assets	521,494	521,494	-
Tangible assets	740,448	740,448	-
Financial investments in associated companies	90,416	90,416	-
Financial investments in jointly controlled companies	6,696	6,696	-
Other financial investments recorded at amortised cost	144,963	144,963	-
Other financial investments recorded at fair value through other comprehensive income	59,224	59,224	-
Investment properties	133,685	133,685	-
Customers and other debtors	109,459	109,459	-
Other non-current assets	7,836	7,836	-
Derivative financial instruments	85	85	-
Deferred tax assets	182,028	184,318	(2,290)
	2,030,076	2,032,366	(2,290)
Current			
Inventories	334,167	334,167	-
Customers and other debtors	1,002,852	1,002,852	-
Contract assets	555,240	551,707	3,533
Other current assets	65,335	65,335	-
Derivative financial instruments	180	180	-
Corporate income tax	20,230	20,230	-
Other financial investments recorded at amortised cost	21,399	21,399	-
Cash and cash equivalents with recourse – Term deposits	97,449	97,449	-
Cash and cash equivalents without recourse – Demand deposits	61,749	61,749	-
Cash and cash equivalents with recourse – Demand deposits	291,103	291,103	-
	2,449,704	2,446,171	3,533
Non-current assets held for sale	206,187	206,187	-
Total Assets	4,685,967	4,684,724	1,243
Liabilities			
Non-current			
Loans without recourse	108,505	108,505	-
Loans with recourse	697,765	697,765	-
Other financial liabilities	203,131	203,131	-
Derivative financial instruments	597	597	-
Suppliers and sundry creditors	51,681	51,681	-
Contract liabilities	62,777	62,777	-
Other non-current liabilities	168,072	168,072	-
Provisions	103,998	103,998	-
Deferred tax liabilities	148,075	148,075	-
	1,544,601	1,544,601	-
Current			
Loans without recourse	33,874	33,874	-
Loans with recourse	731,663	731,663	-
Other financial liabilities	210,663	210,663	-
Suppliers and sundry creditors	801,652	801,652	-
Contract liabilities	313,162	319,626	(6,464)
Other current liabilities	462,894	462,894	-
Corporate income tax	17,215	17,215	-
	2,571,123	2,577,587	(6,464)
Non-current liabilities held for sale	115,990	115,990	-
Total Liabilities	4,231,714	4,238,178	(6,464)
Shareholders' equity			
Share capital	237,505	237,505	-
Own shares	(10,232)	(10,232)	-
Reserves, retained earnings and share premiums	(68,311)	(73,377)	5,065
Consolidated net profit of the year	24,531	23,612	919
Own funds attributable to the Group	183,493	177,509	5,984
Non-controlling interests	270,761	269,037	1,723
Total shareholders' equity	454,254	446,546	7,708
Total shareholders' equity and liabilities	4,685,967	4,684,724	1,243

	Balance as at 31 December 2018		Differences
	IAS 18	IFRS 15	
Sales and services rendered	2,793,410	2,801,749	(8,339)
Cost of goods sold, mat. cons., changes in production and subcontractors	(1,301,551)	(1,301,551)	-
Third-party supplies and services	(589,822)	(589,822)	-
Wages and salaries	(542,154)	(542,154)	-
Other operating income / (expenses)	38,854	38,854	-
Amortisations and depreciations	(182,800)	(182,800)	-
Provisions and impairment losses	(24,027)	(24,027)	-
Financial income and gains	202,650	202,650	-
Financial costs and losses	(248,937)	(258,900)	9,963
Gains / (losses) in associates and jointly controlled companies	2,932	2,932	-
Gains / (losses) on the disposal of subsidiaries, jointly controlled and associated companies	462	462	-
Net monetary position	(12,263)	(12,263)	-
Income before taxes	136,755	135,131	1,624
Income tax	(42,565)	(41,734)	(831)
Consolidated net profit of the year	94,190	93,397	793
Attributable:			
to non-controlling interests	69,659	69,785	(126)
to the Group	24,531	23,612	919

II – IFRS 9 – Financial instruments

IFRS 9 has defined new criteria for classification, measuring and derecognition of financial instruments, also bringing changes in terms of: i) classification of financial assets; ii) calculation of impairment for financial assets; and iii) in the designation of hedging relationships.

IFRS 9 prescribed a new approach to the classification and measuring of financial assets which reflects the business model used in its management and the characteristics of the contractual cash flows. Therefore, IFRS 9 thus established three new categories of classification of financial assets: (i) measured at amortised cost; (ii) at fair value through other comprehensive income; and (iii) at fair value through profit and loss and eliminated the categories of: (i) loans and accounts receivable, (ii) held to maturity; and (iii) available for sale prescribed in IAS 39.

Under the adoption process of IFRS 9, the GROUP assessed the nature and purpose of the financial instruments recognised in its consolidated financial statements in order to identify possible classification and measurement gaps. As at 31 December 2017, the financial assets recognised by the GROUP referred, essentially, to the following categories:

- i) Loans and accounts receivable;
- ii) Financial assets available for sale;
- iii) Financial assets held to maturity; and
- iv) Derivative financial instruments.

From the analysis carried out, it was concluded that the financial assets included in the category of loans and accounts receivable (headings of customers and other debtors) and those related to financial assets held to maturity should be allocated to the category “hold to collect” and that they should be recorded at amortised cost. From this reclassification, no impact arise to the GROUP’s equity.

Regarding the financial assets available for sale, those started to be recorded at fair value and allocated to the category of “at fair value through other comprehensive income”. From this reclassification, no impact arise to the GROUP’s equity.

The main reclassifications carried out in terms of financial assets as at 1 January 2018 can be resumed as follows:

Type of financial assets	Classification according IAS 39	Classification according IFRS 9	Book value according to IAS 39	Book value according to IFRS 9
Financial investments in stocks	Financial assets available for sale	Fair value through other comprehensive income	68,811	68,811
Advances for financial investments	Financial assets available for sale	Fair value through other comprehensive income	104	104
Angolan sovereign bonds	Financial assets held to maturity	Amortised cost	154,954	154,954

Regarding the remaining financial assets and liabilities, with the exception of the derivative financial instruments, they remained measured at amortised cost.

Regarding the impairment calculation (and the change from the incurred loss model to the expected loss model), the GROUP opted by the usage of a uncollectibility historical matrix (simplified model) for the determination of the new impairment over its accounts receivable (including the ones arising from the adoption of IFRS 15), recognising the estimated impairment losses for the whole life of the credits.

Therefore, the expected impairment losses were determined based on the historical losses occurred throughout a period deemed to be relevant for statistical purposes, having also been estimated loss rates by company and by type of customers (public, private, etc.).

As a result of the adoption of IFRS 9 in terms of impairment, the GROUP’s equity as at 1 January 2018 decreased circa of 19,2 million Euros. That impact was essentially generated by the Engineering and Construction area.

On the other hand, regarding hedge accounting, the GROUP concluded that all hedging relationships considered under IAS 39 were still applicable under IFRS 9, and therefore the application of the hedging requirements of this new standard did not cause any impact in the GROUP’s equity.

Finally, in the adoption process of IFRS 9, the GROUP decided to use the transitional rules established on that standard, i.e., the retrospective application with the initial accumulated effect recognised in retained earnings as at 1 January 2018.

The impacts arising from the adoption of IFRS 9 on the date of initial application (1 January 2018) can be analysed as follows:

	Balance as at 31 December 2017	Reclassifications	Remeasurements	Balance as at 1 January 2018
Assets				
Non-current				
Goodwill	37,870	-	-	37,870
Intangible assets	512,658	-	-	512,658
Tangible assets	712,273	-	-	712,273
Financial investments in associated companies	81,086	-	-	81,086
Financial investments in jointly controlled companies	7,840	-	-	7,840
Financial assets available for sale	68,916	(68,916)	-	-
Financial assets held to maturity	154,954	(154,954)	-	-
Other financial investments recorded at amortised cost	-	154,954	-	154,954
Other financial investments recorded at fair value through other comprehensive income	-	68,916	-	68,916
Investment properties	76,676	-	-	76,676
Customers and other debtors	130,965	-	-	130,965
Other non-current assets	8,903	-	-	8,903
Derivative financial instruments	98	-	-	98
Deferred tax assets	178,313	-	9,151	187,464
	1,970,552	-	9,151	1,979,703
Current				
Inventories	344,996	-	-	344,996
Customers and other debtors	1,057,403	-	(34,072)	1,023,331
Other current assets	424,278	-	-	424,278
Corporate income tax	23,479	-	-	23,479
Cash and cash equivalents with recourse – Term deposits	34,663	-	-	34,663
Cash and cash equivalents without recourse – Demand deposits	154,198	-	-	154,198
Cash and cash equivalents with recourse – Demand deposits	455,439	-	-	455,439
	2,494,457	-	(34,072)	2,460,385
Non-current assets held for sale	149,082	-	-	149,082
Total Assets	4,614,090	-	(24,921)	4,589,169
Liabilities				
Non-current				
Loans without recourse	215,346	-	-	215,346
Loans with recourse	716,667	-	-	716,667
Other financial liabilities	122,934	-	-	122,934
Derivative financial instruments	547	-	-	547
Suppliers and sundry creditors	50,862	-	-	50,862
Other non-current liabilities	161,625	-	-	161,625
Provisions	96,098	-	-	96,098
Deferred tax liabilities	153,950	-	-	153,950
	1,518,030	-	-	1,518,030
Current				
Loans without recourse	30,580	-	-	30,580
Loans with recourse	715,121	-	-	715,121
Other financial liabilities	283,569	-	-	283,569
Derivative financial instruments	22	-	-	22
Suppliers and sundry creditors	939,734	-	-	939,734
Other current liabilities	445,175	-	-	445,175
Corporate income tax	28,419	-	-	28,419
	2,442,619	-	-	2,442,619
Non-current liabilities held for sale	57,703	-	-	57,703
Total Liabilities	4,018,353	-	-	4,018,353
Shareholders' equity				
Share capital	237,505	-	-	237,505
Own shares	(5,788)	-	-	(5,788)
Reserves, retained earnings and share premiums	73,829	-	(19,212)	54,618
Consolidated net profit of the year	1,588	-	-	1,588
Own funds attributable to the Group	307,135	-	(19,212)	287,923
Non-controlling interests	288,603	-	(5,709)	282,893
Total shareholders' equity	595,737	-	(24,921)	570,816
Total shareholders' equity and liabilities	4,614,090	-	(24,921)	4,589,169

The impact in total shareholder's equity arising from the adoption of IFRS 9 as at 1 January 2018 can be analysed as follows:

	Balance as at 1 January 2018
Total of shareholder's equity	595,737
Balance IAS 39	595,737
Recording of impairment losses for expected losses	(24,921)
Adjustments arising from the adoption of IFRS 9	(24,921)
Balance IFRS 9	570,816

1.3. BASIS OF CONSOLIDATION

a) Controlled companies

The consolidated financial statements include the financial statements of the COMPANY and of the entities controlled by it, as well as those controlled by its subsidiaries. There is control when the entity: (i) has power over the affiliate; (ii) is exposed and/or is entitled to variable returns as a result of its involvement with the affiliate; (iii) has the capacity to use the above mentioned power to influence the affiliate's returns. Therefore, some affiliates whose effective holding percentage held by the GROUP is below 50% were considered to be controlled by the latter. Most of these situations occur when the GROUP holds a majority financial holding in an affiliate that, in turn, holds another majority financial holding in an affiliated company. On the other hand, some affiliates whose effective holding percentage held by the GROUP is over 50% were not considered to be controlled, given the existence of agreements with third parties through which shared control over those affiliates was established. Whenever any of the three elements above referred change regarding an affiliate, the GROUP reassesses the existence of control over it.

The GROUP controls an affiliate even if it does not hold the majority of the voting rights when, by virtue of the voting rights held and/or eventual agreements entered into, it has the practical ability to unilaterally manage the affiliate's relevant activities and is exposed to variable returns.

The financial statements of controlled companies (including structured entities or SPV) are included in the consolidated financial statements through the full consolidation method from the moment the GROUP acquires control. Consequently, the results of the companies whose control was acquired or lost during the year are included in the income statement, respectively, from the date control was taken or up to the date it was lost.

The net profit and further items of other comprehensive income and equity of controlled companies that correspond to third party holdings in those entities (non-controlling interests) are presented in the consolidated statement of financial position and in the consolidated statement of the other comprehensive income under specific headings of "Non-controlling interests".

The other comprehensive income of controlled companies is assigned to the GROUP and to non-controlling interests even if this results in the latter ones having a deficit balance.

When necessary, the financial statements of controlled companies are adjusted in order to assure that their accounting policies are consistent with those of the GROUP. The transactions and balances kept between GROUP companies are eliminated in the consolidation process.

On the years ended at 31 December 2018 and 2017, the main transactions performed between GROUP companies can be summarised as follows:

- (i) Purchases and sales of inventories;
- (ii) Rendering of construction services;
- (iii) Rendering of administrative services;
- (iv) Concession and obtainment of loans; and
- (v) Dividend distributions.

Controlled companies (included in the consolidated financial statements through the full consolidation method) are listed in Appendix A to this Annex.

b) Associated companies

Financial investments in associated companies are recorded using the equity method and are included in the consolidated statement of financial position under the heading "Financial investments in associated companies".

Financial investments in associated companies are investments in which the GROUP exerts a significant influence. The significant influence (assumed when voting rights exceed 20%) is the power to participate in the financial and operational decisions of an entity, without exercising control or joint control over it. In addition, in some entities whose effective holding percentage held by the GROUP is below 20% the GROUP exercises a significant influence over them. Most of these situations occur when the GROUP holds a majority financial holding in an affiliate that, in turn, controls or exercises a significant influence in an affiliated company. On the other hand, some subsidiaries (whose weight is immaterial) are consolidated through the equity method given the lack of timely provision of the financial elements required for the preparation of this Annex to the consolidated financial statements. The financial investments in associated companies for which the GROUP was unable to obtain in due time the respective financial statements (whose weight is immaterial) were recorded at their acquisition cost, net of impairments.

In accordance with the equity method, financial investments are initially recorded at their acquisition cost, which is subsequently adjusted:

- By an amount corresponding to the GROUP's holding in the comprehensive income (including the net profit of the year) of the associates - against other comprehensive income of the GROUP or gains or losses of the year, as applicable;
- By the dividends received – against an account receivable or cash; and
- By potential gains or losses generated in operations with other GROUP companies that affect the valuation of the GROUP's assets.

On the years ended at 31 December 2018 and 2017, the main transactions performed between GROUP companies and associated companies can be summarised as follows:

- (i) Rendering of construction services;
- (ii) Rendering of administrative services;
- (iii) Concession and obtaining of loans; and
- (iv) Dividend distributions.

An impairment analysis is performed to the financial investments in associated companies whenever there is an indication that the asset may be impaired, with a loss being recorded in the income statement whenever that is confirmed. The recoverable amount of the financial investments in associated companies is, for this purpose, determined in accordance with the provisions of IAS 36. When impairment losses recognised in prior periods no longer exist, they are subject to reversal through the recording of the corresponding gain in the income statement. Impairment losses are recorded as a deduction to the carrying amount of the financial investments.

When the GROUP's proportion in the accumulated losses of the associate exceeds the amount at which the financial investment is recorded, the investment is recorded by zero until the equity of the associate becomes positive, unless the GROUP has assumed commitments towards the associated company, recording in that situation a provision to cope with commitments.

Unrealised gains on transactions with associated companies are eliminated in proportion to the GROUP's interest in the associate against the heading "Financial investments in associated companies". Unrealised losses are likewise eliminated, but only up to the point at which the loss does not evidence that the transferred asset is in an impairment situation.

Whenever necessary, the financial statements of the associated companies are adjusted in order to assure their consistency with the accounting policies adopted by the GROUP.

Financial investments in associated companies are listed in Appendix A to this Annex.

c) Joint ventures

Joint ventures are agreements in which the parties who hold joint control of the agreement have rights over their net assets. Joint control is the contractually agreed share of control which exists only when the decisions on relevant activities require the unanimous consent of the parties who share control. Financial investments in joint ventures are recorded in the consolidated financial statements under the heading "Financial investments in jointly controlled companies" through the equity method as described in subparagraph b) above. Financial investments in joint ventures are listed in Appendix A.

d) Joint operations

Joint operations are agreements in which the parties who hold joint control have rights over the assets and obligations towards the liabilities of the agreement. Joint control is the contractually agreed share of control which exists only when the decisions on relevant activities require the unanimous consent of the parties who share control. When a company of the GROUP develops its activity within the scope of a joint operation, the GROUP, as a joint operator, recognises, in relation to its interest in a joint operation, the following elements:

- Its assets, including its share of any jointly held assets;
- Its liabilities, including its share of any jointly incurred liabilities;
- Its share of revenues resulting from the sale of joint production; and
- Its costs, including its share of any jointly incurred costs.

e) Business combinations

Business combinations are recorded in accordance with the purchase method. Business combination cost is determined at fair value, consisting in the sum, as at the date of acquisition of control, of: (i) fair value of the assets transferred by the GROUP; (ii) fair value of the liabilities incurred by the GROUP as a result of acquisition of control; and (iii) fair value of the equity instruments issued by the GROUP in exchange for acquisition of control. Expenses associated with business combinations are recorded in the income statement when incurred.

On the acquisition control date, the identifiable assets and liabilities acquired are measured at their fair value although their measurement may be concluded within twelve months of that date. For fair value measurement purposes, the GROUP uses the market prices in force for similar assets and liabilities or, in the absence thereof, universally accepted valuation techniques (comparable prices, discounted cash-flows, among others). The excess of the cost of the combination plus the fair value of potential interests previously held in the acquired entity and the value attributed to non-controlling interests in relation to the fair value of identifiable assets and liabilities is recognised as goodwill. If the above mentioned difference is negative, it is recognised as an income of the year under the heading "Other operating income / (expenses)", after reconfirmation of the fair value attributed to the identifiable assets and liabilities acquired. The GROUP chooses, on a case-by-case basis, the valuation of the non-controlling interests: (i) according to its proportion in the fair value of the acquired assets, liabilities and contingent liabilities, or (ii) by its fair value. Up to 1 January 2012, non-controlling interests were exclusively valued in accordance with the corresponding proportion in the fair value of acquired assets and liabilities.

Future contingent payments, if applicable, are recognised as a liability at the time of acquisition at its fair value, with any change in the initially recorded amount being accounted against the carrying amount of goodwill, but only if this occurs within the remeasurement period (12 months after the acquisition date), and if it is related to events prior to the acquisition date. Otherwise, it should be recorded against the income statement.

When a business combination is achieved in stages, the interest previously held by the GROUP in the acquired company is remeasured at fair value on the acquisition date and the gain or loss arising therefrom, if any, is recognised in the income statement. On the other hand, amounts arising from interests in the acquired company before the acquisition date which had been recognised in other comprehensive income are reclassified for the income statement, provided that it was the proper treatment if that interest had been disposed of.

Furthermore, the acquisition of financial investments in associated companies is recorded through the purchase method.

Therefore, any surplus/shortfall of the acquisition cost in relation to the fair value of the identifiable assets and liabilities acquired of the associated companies, as at the acquisition date, is recognised, respectively, as goodwill (added to the carrying amount of the financial investment), or as income in the income statement of the year under the heading "Gains / (losses) in associates and jointly controlled companies" (in the latter case, after the proper reconfirmation of the fair value of the identifiable assets, liabilities and contingent liabilities).

f) Other changes in interests in controlled entities

The acquisition of interests in companies that are already controlled is treated as a transaction between equity holders and, consequently, does not produce any recognition of goodwill or income. Therefore, any difference between the respective cost and the book value of the corresponding non-controlling interests acquired is recorded directly in equity. Furthermore, when the disposal of interests in controlled companies does not result in loss of control, the potential differences between the amount transferred to non-controlling interests and the price of the transaction are recorded directly in equity.

When the disposal of interests in a former controlled company results in loss of control by the GROUP, a gain or loss is recognised in the income statement corresponding to the difference between: (i) the fair value of the assets received by the GROUP plus the fair value of potential interests kept in that company and (ii) the carrying amount of the company's assets and liabilities in the GROUP's consolidated financial statements and any related potential non-controlling interests.

g) Goodwill

Goodwill is recorded at cost (calculated in accordance with the prescribed at subparagraph e) of this Note) minus accumulated impairment losses. Up to 1 January 2004, goodwill was amortised during the estimated recovery period of the corresponding investment with amortisations being recorded in the income statement under the heading "Amortisations and depreciations". As at 1 January 2004, the GROUP suspended the amortisation of goodwill, subjecting it to annual impairment tests or whenever there is evidence of impairment.

Regarding the goodwill generated before the IFRS transition date, the respective cost corresponded to its net book value calculated in accordance with the accounting principles generally accepted in Portugal on that date, having it been subject to impairment tests at the transition date. Moreover, and in accordance with the alternative established in IFRS 1 – First-time Adoption of the International Financial Reporting Standards, MOTA-ENGIL SGPS did not retrospectively apply the provisions of IAS 21 – The effects of changes in foreign exchange rates to the goodwill generated before the IFRS transition date.

The goodwill generated in the acquisition of affiliate companies based abroad whose functional currency is not the Euros is recorded in the functional currency of those subsidiaries translated into the GROUP's functional and reporting currency (Euros) at the exchange rate in force on the reference date of the consolidated statement of financial position. Any currency translation differences arising from that conversion are recorded in equity under the heading "Currency translation reserve".

On an annual basis and with reference to the date of the consolidated statement of the financial position, the GROUP prepares impairment tests on goodwill. Whenever the amount at which goodwill is recorded is higher than its recoverable amount, an impairment loss is recognised in the income statement under the heading "Provisions and impairment losses". The recoverable amount is the highest value between the fair value less costs to sell and the value in use. The fair value is the amount which would be obtained with the disposal of the asset in a transaction within independent parties. The value in use is the present value of the estimated future cash flows that are expected to arise from the continued use of the asset and from its disposal at the end of its service life. For goodwill, the recoverable amount is always estimated for the cash generating unit (CGU) to which it belongs.

Generally, CGU's correspond to the acquired companies, except for EGF waste collection and treatment companies, whose CGU's correspond to the group of companies acquired.

Impairment losses recorded in goodwill cannot be reversed.

h) Conversion of companies' financial statements with a functional currency other than Euros.

The assets and liabilities recorded in the financial statements of foreign companies (companies that do not use Euros as a functional currency) are translated to Euros using the exchange rates in force on the reference date of the consolidated statement of the financial position. The income and expenses, as well as cash flows, are translated to Euros using the average exchange rates for the year, except for foreign companies with a functional currency considered as hyperinflationary, where the exchange rates in force as at the reference date of the consolidated statement of the financial position are used. The resulting exchange differences, generated after 1 January 2004, are recorded in equity under the heading "Currency translation reserve". Exchange differences generated up to 1 January 2004 (IFRS transition date) were transferred to the heading "Other reserves and retained earnings".

Goodwill and fair value adjustments resulting from the acquisition of foreign companies are treated as assets and liabilities of those companies and translated to Euros in accordance with the exchange rates in force at the end of the year.

Whenever a foreign company is disposed of, the corresponding amount of accumulated exchange difference is recognised in the income statement as a gain or a loss of disposal, if there is loss of control, or transferred to non-controlling interests if no loss of control occurs.

As at 31 December 2018 and 2017, the functional currencies adopted by the major subsidiaries of the GROUP in the preparation of its financial information were the following:

Subsidiary	2018			2017		
	Business segment	Local currency	Functional currency	Business segment	Local currency	Functional currency
Mota-Engil SGPS	Holding	Euro (EUR)	Euro (EUR)	Holding	Euro (EUR)	Euro (EUR)
Companies of Group EGF	Europe	Euro (EUR)	Euro (EUR)	Europe	Euro (EUR)	Euro (EUR)
Glan Agua (Ireland)	Europe	Euro (EUR)	Euro (EUR)	Europe	Euro (EUR)	Euro (EUR)
Mota-Engil Europa	Europe	Euro (EUR)	Euro (EUR)	Europe	Euro (EUR)	Euro (EUR)
Mota-Engil Ambiente e Serviços	Europe	Euro (EUR)	Euro (EUR)	Europe	Euro (EUR)	Euro (EUR)
Mota-Engil Engenharia (MEEC)	Europe	Euro (EUR)	Euro (EUR)	Europe	Euro (EUR)	Euro (EUR)
Mota-Engil Real Estate SGPS	Europe	Euro (EUR)	Euro (EUR)	Europe	Euro (EUR)	Euro (EUR)
Mota-Engil Central Europe Poland	Europe	Zloty (PLN)	Zloty (PLN)	Europe	Zloty (PLN)	Zloty (PLN)
Suma	Europe	Euro (EUR)	Euro (EUR)	Europe	Euro (EUR)	Euro (EUR)
ME Africa NV	Africa	Euro (EUR)	Euro (EUR)	Africa	Euro (EUR)	Euro (EUR)
Mota-Engil Engenharia e Construção África	Africa	Euro (EUR)	Euro (EUR)	Africa	Euro (EUR)	Euro (EUR)
Mota-Engil Angola	Africa	Kwanza (ADA)	Kwanza (ADA)	Africa	Kwanza (ADA)	Kwanza (ADA)
Mota-Engil África - Angola Branch	Africa	Kwanza (ADA)	Kwanza (ADA)	Africa	Kwanza (ADA)	Kwanza (ADA)
Mota-Engil África - Malawi Branch	Africa	Malawian Kwacha (MWK)	Malawian Kwacha (MWK)	Africa	Malawian Kwacha (MWK)	Malawian Kwacha (MWK)
Mota-Engil África - Moçambique Branch	Africa	Metical (MZN)	Metical (MZN)	Africa	Metical (MZN)	Metical (MZN)
Mota-Engil África - Rwanda Branch	Africa	Rwandian Franc (RWF)	Euro (EUR)	Africa	Rwandian Franc (RWF)	Euro (EUR)
Mota-Engil Construction South Africa	Africa	South African Rand (ZAR)	South African Rand (ZAR)	Africa	South African Rand (ZAR)	South African Rand (ZAR)
Vista Waste	Africa	Kwanza (ADA)	Kwanza (ADA)	Africa	Kwanza (ADA)	Kwanza (ADA)
Consortio GDL Tunnel	Latin America	Mexican Peso (MXN)	Mexican Peso (MXN)	Latin America	Mexican Peso (MXN)	Mexican Peso (MXN)
Consortio GDL Viaducto	Latin America	Mexican Peso (MXN)	Mexican Peso (MXN)	Latin America	Mexican Peso (MXN)	Mexican Peso (MXN)
Construtora Cardel Poza Rico	Latin America	Mexican Peso (MXN)	Mexican Peso (MXN)	Latin America	Mexican Peso (MXN)	Mexican Peso (MXN)
Construtora Tuxpan Tampico	Latin America	Mexican Peso (MXN)	Mexican Peso (MXN)	Latin America	Mexican Peso (MXN)	Mexican Peso (MXN)
Empresa Construtora Brasil	Latin America	Real (BRL)	Real (BRL)	Latin America	Real (BRL)	Real (BRL)
Geradora Fenix	Latin America	Mexican Peso (MXN)	Mexican Peso (MXN)	Latin America	Mexican Peso (MXN)	Mexican Peso (MXN)
ME Latin America	Latin America	Euro (EUR)	Euro (EUR)	Latin America	Euro (EUR)	Euro (EUR)
Mota-Engil Colombia	Latin America	Colombian Peso (COP)	Colombian Peso (COP)	Latin America	Colombian Peso (COP)	Colombian Peso (COP)
Mota-Engil México	Latin America	Mexican Peso (MXN)	Mexican Peso (MXN)	Latin America	Mexican Peso (MXN)	Mexican Peso (MXN)
Mota-Engil Peru	Latin America	Peruvian Nuevo Sol (PEN)	Peruvian Nuevo Sol (PEN)	Latin America	Peruvian Nuevo Sol (PEN)	Peruvian Nuevo Sol (PEN)

The (closing and average) exchange rates used as at 31 December 2018 and 2017 for the translation to Euros of the financial statements of the main subsidiaries, jointly controlled and foreign associated companies (entities that do not use Euros as a functional currency) were as follows:

Currency		Closing exchange rates		Average exchange rates	
		2018	2017	2018	2017
US Dollar (USD)	EUR / USD	1.15	1.20	1.18	1.14
CFA Franc	EUR / XOF	655.96	655.96	655.96	655.96
Angolan Kwanza	EUR / AOA	353.02	185.40	303.82	185.32
Malawian Kwacha	EUR / MWK	837.50	868.61	855.10	824.34
Mozambican Metical	EUR / MZN	70.51	70.66	71.49	71.63
Peruvian Nuevo Sol	EUR / PEN	3.90	3.92	3.98	3.77
Colombian Peso	EUR / COP	3,721.81	3,580.19	3,506.72	3,368.02
Mexican Peso	EUR / MXN	22.49	23.66	22.62	21.43
South African Rand	EUR / ZAR	16.46	14.81	15.61	15.06
Brazilian Real	EUR / BRL	4.44	3.97	4.32	3.64
Polish Zloty	EUR / PLN	4.30	4.18	4.27	4.24

i) Companies in hyperinflationary economies

According to IAS 29 – “Financial reporting in hyperinflationary economies”, financial statements of entities / companies whose functional currency is the currency of a hyperinflationary economy have to be expressed in terms of the current measuring unit at the reference date of the statement of the financial position being the gain or loss in the net monetary position included in the net profit or loss of the year.

Hyperinflationary economies are defined by the GROUP as those where some of the following situations occur:

- i) The general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency. The amounts of local currency held are immediately invested so as to maintain purchasing power;
- ii) The general population regards monetary amounts not in terms of the local currency but in terms of a stable foreign currency. The prices may be expressed in that currency;
- iii) The credit sales and purchases take place at prices that offset the expected loss of purchasing power during the credit period, even in case of a short period;
- iv) The interest rates, the wages and prices are linked to a price index; and
- v) The cumulative inflation rate of the last three years is near, or exceeds, 100%.

Therefore, and considering that some of the situations outlined above occur, Angola was considered in the years of 2018 and 2017 as a hyperinflationary economy.

Thus, according to IAS 29, the restatement of the financial statements of the entities which have the Kwanza as functional currency to the current measuring unit was carried out as follows:

Statement of financial position

- The amounts of the statement of financial position not yet expressed in terms of current measuring unit at the reference date of that statement were restated by the application of a general price index.
- The monetary items were not restated because they were already expressed in terms of the current measuring unit at the reference date of the statement of financial position. The monetary items represent money held and items to be received or paid in cash.
- Assets and liabilities linked by agreement to changes in prices, such as index linked bonds and loans, were adjusted in accordance with the agreement in order to establish the amount outstanding at the reference date of the statement of financial position.
- All other assets and liabilities were considered as non-monetary. However, some non-monetary items were recorded at their current amounts at the date of the statement of financial position, as the net realisable value and fair value, and so they were not restated. All other non-monetary assets and liabilities were restated.
- The majority of non-monetary items were recorded at cost or at cost less depreciations and accumulated impairment losses, and so they were expressed at their current amounts at their acquisition dates. The restated cost of each item was determined by their application to its historical cost and its depreciation / accumulated impairment loss of the change occurred in a general price index from the date of their acquisition (or date of functional currency change) to the reference date of the statement of financial position. Therefore, the tangible and intangible assets, the financial investments, the inventories and goodwill were restated from the dates of their acquisition or the dates of the functional currency change.
- Where applicable, the restated amount of the non-monetary items was reduced to its recoverable amount taking in consideration the estimated future use of the item or its disposal. Therefore, in certain situations, the restated amounts of tangible assets were reduced to their recoverable amounts, the restated amounts of the inventories were reduced to their net realisable value and the restated amounts of the financial investments were reduced to their fair value.
- Items expressed by its current cost (fair value) were not restated because they were already expressed in terms of the current measuring unit at the date of the statement of financial position.
- The equity headings, except those of retained earnings and those of revaluations surplus, were restated through the application of a general price index from the dates in which the respective amounts were generated. On the other hand, any revaluations surplus which had been generated in previous years were eliminated. Finally, the restated retained earnings were determined from all the other restated amounts of the statement of financial position.

Income statement

- The income statement, before restatement, generally reports the current expenses and income in the moment in which the transactions occur or the underlying events took place. Therefore, the cost of sales and the amortisation of fixed assets are recorded at their current costs in the moment of their consumption; and the income and other current expenses are recorded at their current amounts at the moment in which they were generated / incurred.
- All items of the income statement were restated in terms of current measuring unit at the reference date of the statement of financial position. Thus, all amounts were restated from the dates in which the items of income and expenses were initially recorded in the income statement through the application of the respective general price index.
- The restatement of the financial statements in accordance with IAS 29 generated differences between the taxable profit and the accounting one. Those differences were accounted for in accordance with IAS 12.

Net monetary position

In a period of inflation, a company that holds an excess of monetary assets over monetary liabilities (debtor net monetary position) loses purchasing power and, consequently, generates a loss; on the other hand, a company that holds an excess of monetary liabilities over monetary assets (creditor net monetary position) gains purchasing power and, consequently, generates a gain.

The gain or loss in the net monetary position was included in the net profit of the year.

In order to determine the above mentioned general price index, the GROUP used the information disclosed by Banco Nacional de Angola regarding the inflation levels occurred in Angola in the last years. Those indices can be summarised as follows:

Price index in Angola	
Date	Price index
31.12.2014	242.11
31.03.2015	237.07
30.06.2015	229.40
30.09.2015	221.07
31.12.2015	211.87
31.03.2016	191.76
30.06.2016	174.02
30.09.2016	158.52
31.12.2016	149.25
31.03.2017	139.11
30.06.2017	131.94
30.09.2017	124.37
31.12.2017	118.21
31.03.2018	113.73
30.06.2018	109.82
30.09.2018	104.33
31.12.2018	100.00

As at 1 January 2017, the impact of the restatement of the financial statements of the entities / companies which functional currency was the Kwanza to the current measuring unit was recorded under the heading “Impact of hyperinflation in Angola” of the consolidated statement of other comprehensive income.

Detailed information regarding the impact of the aforementioned restatement can be found in Note 47.

1.4. MAIN ACCOUNTING POLICIES

The main accounting policies adopted in the preparation of the consolidated financial statements of the GROUP were the following:

i) Intangible assets

Intangible assets are recorded at acquisition or production cost, minus amortisations and any accumulated impairment losses and are recognised only if they are likely to generate future economic benefits for the GROUP, if their cost can be reasonably measured and if the GROUP has control over them.

Intangible assets are basically comprised by concession operating rights (arising from the adoption of IFRIC 12), intangible assets recognised within the allocation process of fair value to assets and liabilities acquired in business combinations, and software.

IFRIC 12 applies to concession contracts of public service under which the concession owner controls (regulates):

- services to be provided by the concessionaire company (by means of use of the infrastructure), to whom and at what price; and
- any residual interest on the infrastructure at the end of the contract.

IFRIC 12 applies to infrastructures:

- that were built or purchased by the operator from third parties; and
- that already exist and to which the operator is granted access.

Therefore, the concessions held by the GROUP, mainly assigned to the waste treatment and recovery business (EGF SUBGROUP), are covered by that IFRIC due to the following reasons:

- The GROUP has concession contracts of public service established with the State (“Concession owner”) during a pre-set period;
- The GROUP provides public services through the usage of infrastructures;

- The Concession owner controls the services provided and the conditions in which they are provided (as regards concessions in the waste treatment and recovery business namely, through ERSAR the regulating body); and
- The several assets used for the provision of services fall to the Concession owner at the end of the concession contracts.

On the other hand, IFRIC 12 also establishes the generic principles of recognition and measurement of rights and obligations associated with in concession contracts with the above mentioned characteristics and defines the following recognition models:

- i) Financial asset model – applicable when the operator has an unconditional contractual right to receive cash or another financial asset from the Concession owner corresponding to a specific or a determinable amount. In these situations, the operator must record a financial asset (account receivable). In this model, the Concession owner has few or no discretionary power to avoid the payment since the agreement is generally binding;
- ii) Intangible asset model – applicable when the operator receives from the Concession owner the right to charge a fee according to the infrastructure use. In these situations, the operator must record an intangible asset; and
- iii) Mixed model – applicable when the concession contract simultaneously includes guaranteed remuneration ensured by the Concession owner and remuneration dependent on the level of use of the licensed infrastructure.

Considering the terms of the concession contracts entered into by the concessionaires companies of EGF, namely its remuneration model, the operations of those concessionaires were considered to be covered by the intangible asset model, mainly due to the fact that the concessionaires have the right to charge a fee to the users and since they assume the operational, investment and financing risks of the concessions.

In order to amortize the assets assigned to the concessions, the method that best reflected the model by which future economic benefits of the assets are expected to be consumed by the concessionaires was taken into account. Therefore, the GROUP is using the useful lives defined and approved by the regulator (ERSAR), since those are the basis of its annual income, i.e., the concession assets are amortised on a straight line basis in accordance with the remuneration model underlying the tariff regulation.

The useful lives defined and approved by ERSAR for the main infrastructures allocated to the waste treatment and recovery business are as follows:

Classes	Years
Landfill	Depletion method
Landfill sealing	Concession period
Buildings and other constructions	10 - 36
Basic equipment	3 - 10
Transport equipment	3 - 12
Administrative equipment	3 - 10
Other tangible assets	2 - 12

The amortisations of intangible assets are recorded by twelfths under the heading “Amortisations and depreciations” of the consolidated income statement. Any changes to the estimated useful life of the intangible assets are carried out prospectively.

Furthermore, it should be highlighted that the right granted within the scope of the concession contracts corresponds to the possibility of the concessionaires to charge tariffs according to the costs incurred with the infrastructures. Thus, taking in consideration the tariff calculation methodology, the remuneration is calculated based on each specific concession asset, which implies the need to have a component-based right. Therefore, the right can be divided into several components as the different remunerations basis are fulfilled. Thus, intangible assets increase as the several infrastructures related to the concession are being implemented, and are recorded at its acquisition / construction cost and decreases as future economic benefits are being consumed.

Regarding the investment subsidies allocated to the concession assets, they are recognised in the consolidated income statement in the same rhythm of the amortisation of the underlying assets.

Lastly, within the scope of the existing concession contracts, the construction activity is subcontracted to external specialised entities. Therefore, EGF concessionaires earn no margin in the construction of the assets allocated to the concessions and so the revenue and the expenses with the construction of those assets present an equal amount and are recorded under the subheadings of “Other operating income / (expenses)”.

ii) Real estate assets for own use

Real estate assets (land and buildings) for own use are initially recorded at the acquisition or production cost. However, the GROUP adopted the revaluation method (revalued amount minus accumulated amortisations) as an accounting policy for the subsequent measurement of these real estate assets. The respective revalued amount corresponds to its fair value as at the revaluation date. The revaluations are carried out regularly (in a time frame which does not exceed three years) by independent real estate appraisers in order that the revalued amount does not differ materially from the fair value of the respective asset. Fair value is determined basically through the comparative market method or through the income method.

The comparative market method uses as relevant inputs the acquisition, construction or lease cost per square meter of real estate assets with similar characteristics, whereas the income method uses as relevant inputs lease rents in force, future lease rents after the term of the current contracts and a discount rate that better reflects the risks inherent to the real estate assets. Whenever the fair value determined in the appraisal is slightly higher than the carrying amount of the asset in the consolidated statement of financial position, the GROUP, for prudence reasons, does not update the valuation of the asset to its fair value.

Adjustments arising from revaluations of real estate assets for own use are recorded against equity. When a land / building which had been revalued positively in previous years is subsequently revalued negatively, the adjustment is recorded against equity up to the amount corresponding to the increased equity arising from the previous revaluation, minus the amount realised through depreciation, with its excess being recorded as a cost of the year in the income statement.

Depreciation is allocation on a systematic basis using the straight line method during the estimated useful life of the buildings, which varies between 20 and 50 years. Land is not depreciated.

The depreciation of real estate assets for own use is recorded by twelfths under the heading “Amortisations and depreciations” of the consolidated income statement. Any changes to the estimated useful life of real estate assets for own use are carried out prospectively.

iii) Land assigned to quarry operations

The land assigned to quarry operations is recorded at acquisition cost, minus accumulated depreciation and impairment losses. The depreciation of these assets is carried out according to the depletion method, i.e., considering the ratio between the amounts of aggregates annually extracted and the estimated total reserves of existing aggregates, which are assessed at each reporting period.

iv) Other tangible assets

Other tangible assets are recorded at acquisition cost minus accumulated depreciation and impairment losses.

Tangible assets in progress represent assets still under construction / development and are recorded at acquisition cost, minus any accumulated impairment losses.

Depreciations are calculated after the assets are in condition to be used, that is, when the assets are available for use and in the necessary conditions, in terms of quality and technical reliability, to operate as intended by the GROUP’s Board of Directors, and are imputed systematically using the straight line method during its useful life, which is determined based on the asset’s expected use by the GROUP, its expected natural wear, its predictable technical obsolescence and the possible residual value attributable to the asset.

The depreciation rates used correspond to the estimated useful lives (in years) which can be analysed as follows:

Equipment	Years
Basic equipment (excluding the one related to concessions)	3 - 10
Administrative equipment	4 - 10
Transport equipment	3 - 10
Tools and utensils	3 - 6
Other tangible assets	3 - 10

The depreciations of other tangible assets are recorded by twelfths under the heading “Amortisations and depreciations” of the consolidated income statement. Any changes to the estimated useful life of other tangible assets are carried out prospectively. Subsequent costs incurred by the GROUP associated with the replacement of tangible assets’ components are added to the respective assets, with the net value of the replaced components being written off and recorded as a cost under the heading “Other operating income / (expenses)”.

Maintenance and repairment expenses that neither increase the useful life nor give rise to significant improvements in the items of tangible assets are recorded as a cost of the year when they occur.

Gains or losses arising from the disposal or write-off of tangible assets are determined through the difference between the sale price and the net book value on the disposal / write-off date and are recorded in the income statement under the heading “Other operating income / (expenses)”.

v) Impairment of tangible and intangible assets

At each reporting date the carrying amounts of the GROUP’s tangible and intangible assets is revised to determine if there is evidence that those assets are impaired. In case there is such evidence, the recoverable amount of those assets (or of the CGU) is estimated, in order to determine the extent of the impairment loss (if any).

The recoverable amount of the asset or of the CGU is the highest between: (i) the fair value less costs to sell or (ii) the value in use. In determining the value in use, the estimated future cash flows are discounted using a discount rate which reflects market expectations regarding the time value of money and the specific risks of the asset or CGU in relation to which the estimated future cash flows were not adjusted.

Whenever the carrying amount of the asset (or of the CGU) is higher than its recoverable amount an impairment loss is recorded. An impairment loss is immediately recorded in the income statement under the heading “Provisions and impairment losses” unless that loss compensates a revaluation excess recorded in equity. In this case, that loss will be treated as a revaluation decrease.

Impairment losses are assigned to the carrying amount of the CGU's assets as follows: first to the goodwill allocated to the CGU (if any) and then to the other assets of the CGU on a pro rata basis taking in consideration the respective carrying amount.

The reversal of impairment losses recorded in previous years only occurs when there is evidence that the impairment losses no longer exist or decreased. The reversal of impairment losses is recorded in the income statement under the heading “Provisions and impairment losses”. The reversal of impairment losses is recognised up to the limit of the amount that would have been recorded (net of depreciation), if the previous impairment losses had not been accounted.

vi) Leases

Leasing contracts are classified as: (i) financial leases when they substantially transfer all the risks and rewards inherent to the possession of the leased asset; and as (ii) operating leases when they do not substantially transfer all the risks and rewards inherent to the possession of the leased asset.

The classification of leasings between financial or operating is undertaken based on the substance and not the form of the contract.

a) Leases where the GROUP acts as lessee

Tangible and intangible assets acquired under financial lease contracts, as well as the corresponding liabilities, are recorded through the financial method, recognising the assets and their corresponding accumulated depreciation as mentioned in subparagraphs ii) and iv) above and any outstanding debts pending settlement in accordance with the contractual financial plan. Furthermore, the interest included in the lease rents and the depreciation of the assets are recognised as expenses in the income statement of the year they refer to.

In leases classified as operating, the lease rents owed are recognised as an expense in the income statement on a straightline basis during the period of the lease.

b) Leases where the GROUP acts as lessor

In leases where the GROUP acts as lessor under operating leasing contracts, the amount of the assets is kept in the statement of the financial position and the respective income earned is recognised in a straightline basis during the corresponding period of the lease.

The responsibilities associated with financial leasing contracts are recorded in the consolidated statement of the financial position under the headings of “Other financial liabilities”.

vii) Investment properties

Investment properties comprise land and buildings held with the aim of obtaining rents and / or the appreciation of the invested capital, and not for the use in the production or supply of products or services, or for administrative purposes (cases in which they are classified as tangible assets), or for sale during the ordinary course of business (cases in which they are classified as inventories). The classification of certain land and buildings as investment properties instead of inventories and / or tangible assets is basically due to the use that the GROUP’s Board of Directors defines for those real estate assets taking in consideration namely the maximization of their return.

Investment properties, including those under construction, are recorded at their fair value, set on an annual basis by specialised external appraisers.

Changes in the fair value of investment properties are recorded directly in the income statement of the year under the heading “Other operating income / (expenses) – Changes in fair value in investment properties”.

Costs incurred with investment properties in use, namely maintenances, repairs, insurances and property taxes (Municipal Property Tax), are recognised in the consolidated income statement of the year to which they refer.

viii) Non-current assets held for sale

Non-current assets are classified as held for sale if its carrying amount is expected to be recovered essentially through a disposal or through a distribution to the shareholders instead its continued use. In order to be classified as such, those assets must be available for immediate sale under their current conditions, the sale must be highly probable, the Board of Directors must be committed to execute the sale and the disposal should occur within a 12 months period.

Non-current assets held for sale may include a separate asset, a group of assets or a financial investment.

Non-current assets classified as held for sale are recorded at the lowest amount between its carrying amount and its fair value less the estimated costs with the sale. Its amortisation ceases at the time of classification as non-current assets held for sale.

In order to determine the fair value of the non-current assets held for sale, binding offers for the assets to be dispose of and valuations performed by external entities were taken into account.

Due to a change in circumstances, the non-current assets may cease to be classified as held for sale. If such happens, those assets shall be reclassified according to its underlying nature.

ix) Financial assets and liabilities

The GROUP adopted in 2018 IFRS 9 with the cumulative effect of its initial application being recorded as an adjustment to the opening balance of the heading “Retained earnings” in the consolidated statement of the financial position as at 1 January 2018. Therefore, the comparative information regarding 2017 was not restated and is presented according to IAS 39.

Accounting policy adopted by the GROUP in 2018 regarding financial assets and liabilities (under IFRS 9)

Financial assets and liabilities

Financial assets and liabilities are recognised in the consolidated statement of the financial position of the GROUP when it becomes a contracting party of the financial instrument.

Financial assets and liabilities are initially recorded at their fair value. Transaction costs directly attributable to the acquisition or issue of financial assets and liabilities (except for financial assets and liabilities measured at fair value through the income statement) are added or deducted to the fair value of the financial asset or liability, as the case may be, in the initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or liabilities recognised at fair value through the income statement are immediately recorded in the consolidated income statement.

Financial assets

All purchases and sales of financial assets are recognised on the date the respective purchase and sale agreements are signed, regardless of the financial settlement date.

All financial assets recognised are subsequently measured at amortised cost, or at fair value, depending on the business model adopted by the GROUP and the characteristics of its contractual cash flows.

Classification of financial assets

a) Debt instruments and accounts receivable

The fixed income debt instruments and the accounts receivable that meet the following requirements are subsequently measured at amortised cost:

- (i) the financial asset is held taking in consideration a business model whose purpose is to keep the asset in order to receive its contractual cash flows; and
- (ii) the contract terms of the financial asset give rise, on specific dates, to cash flows which are just payments of capital and interest over the outstanding principal amount.

The effective interest rate method is a method for calculating the amortised cost of a financial instrument and to allocate the respective interest during its term.

For financial assets which were not acquired or originated with impairment (i.e., impaired assets in the initial recognition), the effective interest rate is the rate which discounts exactly the estimated future cash flows (including fees and commissions paid or received that constitute an integral part of the effective interest rate, transaction costs and other premiums or discounts) during the expected life of the instrument in its gross carrying amount on the date of its initial recognition.

The amortised cost of a financial asset is the amount by which it is measured in the initial recognition minus the repayments of capital, plus the accumulated amortisation, using the effective interest rate method, of any difference between that initial amount and the amount of its repayment, adjusted by potential impairment losses.

The revenue associated with interest is recorded in the consolidated income statement under the heading "Financial income and gains", through the effective interest rate method, for financial assets subsequently recorded at amortised cost or at fair value through income statement. The interest revenue is calculated by applying the effective interest rate to the gross carrying amount of the financial asset.

The debt instruments and the accounts receivable which meet the following requirements are subsequently measured at fair value through other comprehensive income:

- (i) the financial asset is held taking in consideration a business model whose purpose allows both the receipt of its contractual cash flows and its disposal; and
- (ii) the contract terms of the financial asset give rise, on specific dates, to cash flows which are just payments of capital and interest over the outstanding principal amount.

b) Equity instruments designated at fair value through other comprehensive income

In the initial recognition, the GROUP may irrevocably choose (financial instrument to financial instrument) to designate certain investments in equity instruments (shares) at fair value through other comprehensive income.

The designation at fair value through other comprehensive income is not allowed if the investment is held for trading purposes or if it results from a contingent consideration recognised within the scope of a business combination.

An equity instrument is held for trading if:

- i) it is acquired essentially for purposes of short-term disposal;
- ii) in the initial recognition, is part of a portfolio of identified financial instruments that the GROUP jointly manages and in which there is evidence of a recent real pattern of short-term profit generation; and

- iii) if it is a derivative financial instrument (unless it is assigned to a hedging operation).

The investments in equity instruments recorded at fair value through other comprehensive income are initially measured at their fair value plus transaction costs. Subsequently, they are measured at fair value with the gains and losses resulting from its change recognised in other comprehensive income. At the moment of their disposal, the accumulated gain or loss generated by these financial instruments is not reclassified to the consolidated income statement but instead it is transferred to the heading of "Retained earnings".

The dividends associated with investments in equity instruments are recorded in the consolidated income statement in the moment they are attributed / declared, unless they clearly represent a recovery of part of the investment cost. The dividends are recorded in the consolidated income statement under the heading "Financial income and gains".

In the first application of IFRS 9, the GROUP designated the investments in equity instruments which were not kept for trading purposes as recorded at fair value through other comprehensive income.

- c) Financial assets at fair value through income statement.

Financial assets which do not meet the criteria for being measured at amortised cost or at fair value through other comprehensive income are measured at fair value through income statement.

Financial assets recorded at fair value through income statement are measured at fair value determined at the end of each reporting period, being the respective gains or losses recognised in the consolidated income statement, unless they are assigned to a hedging relationship.

Impairment of financial assets

The GROUP recognizes expected impairment losses for debt instruments measured at amortised cost or at fair value through other comprehensive income, as well as, for accounts receivable from customers, from other debtors and for contract assets.

The amount of expected impairment losses for the financial assets above referred is updated on each reporting date in order to reflect the changes in the credit risk occurred since the initial recognition of the respective financial assets.

The expected impairment losses for credit guaranteed (accounts receivable from customers and other debtors and contract assets) are estimated using an uncollectability matrix based on the credit history of the GROUP's debtors over the last four years (three years for the year 2017), adjusted by specific factors attributable to the debtors, as well as, by the forecasted macroeconomic conditions for the future. Therefore, the balances of customers and other debtors were segmented taking in consideration similar types of credit risk (by country, by business unit, by type of debtor-public or private, etc.) and by aging.

The GROUP recognises the expected impairment losses for credit granted for the whole life of the accounts receivable from customers and other debtors, as well as, for contract assets.

Regarding accounts receivable from jointly controlled and associated companies, which are not part of the net investment in these companies, the credit impairment is assessed in accordance with the following criteria: i) if the account receivable is immediately payable ("on demand"); ii) if the account receivable risk is low; (iii) if the account receivable term is lower than 12 months.

In cases where the account receivable is immediately payable and the affiliated company has the ability to pay it, the probability of default was considered close to 0% and therefore the impairment was considered equal to zero. In cases where the account receivable is not immediately payable, it was assessed the credit risk of the affiliated company and if it is "low" or if its term is lower than 12 months, the GROUP only assesses the probability of a default occurring for the cash-flows that will expire in the next 12 months.

For all other situations and natures of accounts receivable, the GROUP applies the general approach of the impairment model assessing in each reporting date if there was a significant increase in credit risk since the initial date of recognition of the assets. If the credit risk has not increase, the GROUP calculates an impairment loss corresponding to the amount of the expected losses in a 12 months period. If there has been an increase in the credit risk, the GROUP calculates an impairment loss corresponding to the expected losses for all contractual cash flows until the maturity of the asset. The credit risk assessment is performed in accordance with the criteria disclosed in the credit risk policies included in the Management Report.

Write-off policy

The GROUP writes off a financial asset when there is sufficient information proving that the debtor is in a very weak financial situation, namely if it is involved in winding-up or insolvency proceedings, and when there are no realistic perspectives regarding the credit recovery. However, the written-off financial assets may still be subject to recovery proceedings by the GROUP. Any subsequent recoveries shall be recorded in the consolidated income statement.

Derecognition of financial assets

The GROUP only derecognises a financial asset when the contractual rights to the asset's cash flows expire or when it transfers the financial asset together with all substantial risks and rewards associated with the respective ownership to other entity. If the GROUP neither transfer, neither retain, substantially all the risks and rewards associated with the ownership of a financial asset but still carries on controlling that asset, the GROUP recognises its interest in the asset retained and a liability equivalent to the amount that it must return. If the GROUP substantially retains all risks and rewards associated with the ownership of a financial asset transferred, it continues to recognise it and recognises in addition a loan for the amount received.

In the derecognition of a financial asset measured at amortised cost the difference between its carrying amount and the sum of the consideration received or receivable is recognised in the consolidated income statement.

Moreover, in the derecognition of a financial asset represented by an equity instrument recorded at fair value through other comprehensive income, the gain or loss accumulated in the revaluation reserve is reclassified to the consolidated income statement.

However, in the derecognition of a financial asset represented by an equity instrument irrevocably designated in the initial recognition as recorded at fair value through other comprehensive income, the gain or loss accumulated in the revaluation reserve is not reclassified to the consolidated income statement being instead transferred to the heading of "Retained earnings".

Financial liabilities and equity instruments

Classification as financial liability or as equity instrument

Financial liabilities and equity instruments are classified as liability or as equity instrument according to the contractual substance of the transaction.

Equity

The GROUP defines equity instruments as those where the underlying contract of the transaction evidences that the GROUP holds a residual interest in a set of assets after deduction of a set of liabilities.

The equity instruments issued by the GROUP are recognised by the amount received, net of the costs directly attributable to its issue.

The repurchase of equity instruments issued by the GROUP (own shares) is recorded at its acquisition cost as a deduction of equity. Gains or losses arising from the disposal of own shares are recorded under the heading "Other reserves and retained earnings".

Financial liabilities

Following the initial recognition, all financial liabilities are subsequently measured at amortised cost, using the effective interest rate method, or at fair value through income statement.

Financial liabilities are recorded at fair value through income statement when:

- (i) the financial liability results from a contingent consideration arising from a business combination;
- (ii) when the liability is held for trading; or
- (iii) when the liability is designated for being recorded at fair value through income statement.

A financial liability is classified as being held for trading if:

- (i) it is acquired mainly for purposes of short-term disposal;

- (ii) in the initial recognition, it is part of a portfolio of identified financial instruments that the GROUP jointly manages and in which there is evidence of a recent real pattern of short-term profit generation; and
- (iii) if it is a derivative financial instrument (unless it is assigned to a hedging operation).

Financial liabilities recorded at fair value through the consolidated income statement are measured at fair value with the respective gains or losses resulting from its change being recognised in the consolidated income statement, unless they are assigned to hedging operations.

Financial liabilities subsequently measured at amortised cost

Financial liabilities which are not designated to be recorded at fair value through income statement are subsequently measured at amortised cost, using the effective interest rate method.

The effective interest rate method is a method for calculating the amortised cost of a financial instrument and to allocate the respective interest during its term.

The effective interest rate is the rate which discounts exactly the estimated future cash flows (including fees and commissions paid or received that constitute an integral part of the effective interest rate, transaction costs and other premiums or discounts) during the expected life of the financial instrument in its carrying amount at the date of its initial recognition.

Types of financial liabilities

Commercial paper issues are classified as non-current liabilities when they are guaranteed to be placed for more than a year, and the GROUP's Board of Directors intends to use that financing source also for more than a year.

Non-recourse loans correspond to loans in which only the assets of the financed companies secure the payment of the debt (*Project finances*). In recourse loans, the debt's settlement is always ensured by the GROUP.

Other financial liabilities refer essentially to factoring and financial leasing operations, which are initially recorded at fair value. These financial liabilities are, after their initial recognition, measured at the amortised cost using the effective interest rate method.

Derecognition of financial liabilities

The GROUP derecognises financial liabilities solely when its obligations are settled, cancelled or expired.

The difference between the carrying amount of the derecognised financial liability and the consideration paid or payable is recognised in the consolidated income statement.

When the GROUP exchanges with a given creditor a debt instrument by another with substantially different terms that exchange is recorded as an extinguishment of the original financial liability and the recognition of a new financial liability.

Similarly, the GROUP records the substantial changes to the terms of an existing liability, or part thereof, as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are assumed to be substantially different if the present value of the cash flows of the renegotiated financial liability, including any commissions paid net of any commissions received, discounted using the original effective interest rate is at least 10 percent different from the present value of the remaining cash flows of the original financial liability.

In case the change is not substantial, the difference between: (i) the carrying amount of the liability prior to the change; and (ii) the present value of the future cash flows following the change is recognised in the consolidated income statement as a gain or loss of the change.

Derivative financial instruments

The GROUP uses a set of derivative financial instruments (*forwards, swaps* and options) to manage its exposure to the interest rate risk and to the exchange rate risk but never uses derivative financial instruments for trading purposes. The use of derivative financial instruments is duly regulated by the GROUP.

Derivative financial instruments are initially recorded at their fair value on the date they are established and are subsequently are remeasured at their fair value on each reporting date. The gain or loss arising therefrom is immediately recognised in the income statement unless the derivative financial instrument is designated as a hedging instrument, in which case the recognition in the income statement depends upon the nature of the hedging relationship.

As referred above, the derivative financial instruments used by the GROUP refer essentially to interest rate and exchange rate hedge instruments mainly associated with loans obtained. The amount of the loans, the interest payment dates and the reimbursement plans are similar to the conditions established for the interest rate and for the exchange rate hedge instruments, and therefore the hedging is highly effective.

In the initial recognition the following criteria are used by the GROUP to classify derivative financial instruments as cash flows hedge instruments:

- a) The hedging relationship is solely comprised by eligible hedging instruments and eligible hedged items;
- b) At the beginning of the hedging relationship, there is a designation and formal documentation concerning the hedging relationship and the entity's risk management goals and strategy to carry out the hedging;
- c) The hedging relationship meets the following hedging effectiveness requirements:
 - i) There is an economic relationship between the hedged item and the hedging instrument;
 - ii) The effect of the credit risk does not control the changes in value resulting from that economic relationship; and
 - iii) The hedge ratio of the hedging relationship is the same which results from the quantity of the hedged item that an entity effectively hedges and the quantity of the hedging instrument that the entity effectively uses to hedge that quantity of the hedged item.

Interest rate and exchange rate hedge derivative financial instruments are initially recorded at their fair value. Subsequent changes in the fair value of the derivative financial instruments assign to cash flows hedges, associated to the part that is effectively hedged, are recognised in the consolidated statement of other comprehensive income under the heading "Variation, net of taxes, in the fair value of derivative financial instruments of cash flow hedges", and are transferred to the net profit of the year in the same period when the hedged instrument affects net profit.

The potential existing hedge inefficiency is recorded under the headings "Financial income and gains" and "Financial costs and losses" of the consolidated income statement of the year.

The cash-flow hedge accounting must be discontinued if the hedging instrument matures or terminates earlier, if the hedge is no longer efficient or if a decision is taken to terminate the designation of the hedging relationship. In those situations, the gain or loss resulting from the hedging instrument must remain recognised separately in equity, being reflected in profit or loss of the same time period of the recognition in profit or loss of the gains or losses in the hedged item.

A derivative financial instrument with positive fair value is recognised as a financial asset, whereas a derivative financial instrument with negative fair value is recognised as a financial liability.

The derivative financial instruments are not offset in the consolidated financial statements unless the GROUP is legally entitled and intends to offset them.

A derivative financial instrument is presented as a non-current asset or non-current liability if its residual term exceeds 12 months counting from the reporting date and if it is not expected to be realised or settled within 12 months from the aforementioned date. The remaining derivative financial instruments are presented as current assets or current liabilities.

Accounting policy adopted by the GROUP up to 31 December 2017 regarding financial assets and liabilities (under IAS 39)

Financial assets and liabilities are recognised in the consolidated statement of the financial position when the GROUP becomes a party to the corresponding contract.

a) Financial assets

Financial assets are classified into the following categories: "Financial assets recorded at fair value through profit and loss", "Loans and accounts receivable", "Financial assets held to maturity" and "Financial assets available for sale". The classification, defined at the initial recognition, depends on the intention underlying the acquisition of the asset and on the characteristics of the financial instruments.

- Financial assets recorded at fair value through profit and loss: this category comprises two subcategories: “Financial assets held for trading” and “Financial assets recorded at fair value through profit and loss”. A financial asset is classified into this category, particularly, when acquired for the purpose of its sale in the short term, or if the adoption of the valuation at fair value eliminates or significantly reduces an accounting mismatch. Derivative financial instruments are also classified as Financial assets held for trading, unless they are designated as hedging instruments within the scope of the application of the hedge accounting rules of IAS 39. Assets recorded in this category are classified as current assets if they are held for trading or are expected to be realised within 12 months of the date of the consolidated statement of the financial position.

- Loans and accounts receivable: This category includes non-derivative financial assets, with fixed or variable repayment terms, with a defined maturity date or repayable on demand which are not listed in active/liquid markets. These financial assets arise when the GROUP provides cash, products or services directly to a debtor with no intention to negotiate the debt.

Loans and accounts receivable are classified as current assets, except if their maturity is higher than 12 months after the date of the consolidated statement of financial position, in which case they are classified as non-current assets and their present value is estimated. In both cases, this type of financial assets is recorded in the consolidated statement of the financial position under the heading “Customers and other debtors”.

- Financial assets held to maturity: This category includes non-derivative financial assets, with fixed or variable repayment terms and defined maturity, which the GROUP intends to hold to maturity (and has the capacity to do so). These assets are classified as current assets, except if their maturity is higher than 12 months from the date of the consolidated statement of financial position, in which case they are classified as non-current assets.

- Financial assets available for sale: This category includes non-derivative financial assets, which are designated as available for sale, or those that do not fall under the previous categories. This category is included under non-current assets unless the Board of Directors intends to sell the financial instrument within 12 months of the date of the consolidated statement of financial position.

All purchases and sales of these financial assets are recognised on the date the respective purchase and sale agreements are signed, regardless of the financial settlement date.

These financial assets are initially recorded at their fair value (which is usually the amount paid on the acquisition date), plus the transaction costs (except for those recorded at fair value through profit and loss when the corresponding transaction costs are recorded as an expense of the year).

After initial recognition, financial assets recorded at fair value through profit and loss and financial assets available for sale are measured at their fair value, with no deduction associated with any transaction costs which might occur up to their sale.

Gains or losses arising from a change in the fair value of financial assets available for sale are recorded in the consolidated statement of other comprehensive income under the heading “Fair value reserves – Financial investments” until the asset is sold, received or the incurred loss is considered an impairment loss, being at that time the accumulated gain or loss recorded separately in the consolidated income statement.

Gains or losses arising from a change in the fair value of financial assets held for trading or of financial assets recorded at fair value through profit and loss are recorded in the consolidated statement of income of the year.

All unlisted investments in equity instruments (shares) classified as financial assets available for sale are recorded at their acquisition cost (fair value on the date of initial recognition), always considering impairment losses in case there is objective evidence of such. The GROUP’s Board of Directors believes that the fair value of these investments do not differ significantly from their acquisition cost, net of impairment.

Dividends received from equity instruments classified as financial assets available for sale are recognised in the consolidated income statement of the year when the right to receive them was established.

Financial assets classified in the categories of Loans and accounts receivable and Financial assets held to maturity are, after their initial recognition, measured at amortised cost using the effective interest rate method.

Financial assets (except those measured at fair value through profit and loss) are subject to impairment analysis on the date of each consolidated statement of the financial position. Financial assets corresponding to investments in equity instruments, or assets which are individually significant are subject to an individual impairment analysis.

For equity instruments classified as financial assets available for sale, a significant (over 50%) or prolonged decline (over two years) of their fair value towards their acquisition cost indicates that the asset is impaired. For the remaining assets, the GROUP considers relevant evidences of impairment the following:

- Significant financial difficulties of the counterparty in settling its debts;
- Failure to meet payments in due time by the counterpart regarding credits granted by the GROUP; and
- High probability that the counterparty might enter into bankruptcy or debt restructuring proceedings.

For financial assets recorded at amortised cost, the amount of the impairment is determined as the difference between their carrying amount and the present value of their future cash flows discounted at the initial effective interest rate, which is considered null whenever it is expected that the receipts occur within less than one year, due to the fact that the discount effect is considered immaterial.

The carrying amount of the financial assets presented in the consolidated statement of the financial position is directly reduced by any impairment losses calculated. When an account receivable from customers and other debtors is considered uncollectible, it is (along with the potential impairment losses associated) written-off against the income statement. Subsequent receipts related to written-off accounts receivable from customers and other debtors are recorded as income in the consolidated income statement of the year. Changes to impairment losses are recorded in the consolidated income statement of the year.

With the exception of investments in equity instruments classified as financial assets available for sale, subsequent decreases in accumulated impairment losses, which objectively result from an event subsequent to the impairment recognition date, are recorded in the consolidated income statement of the year up to the limit of the existing accumulated impairment losses. Impairment losses associated with investments in equity instruments classified as financial assets available for sale are not reversed.

b) Loans obtained

Loans obtained are initially recorded as liabilities at their fair value. Any costs incurred with the issue of these loans are recorded as a deduction to the liability and recognised, over the maturity of these loans, in accordance with the effective interest rate method.

Loans obtained are subsequently measured at amortised cost using the effective interest rate method.

Commercial paper issues are classified as non-current liabilities when they are guaranteed to be placed for more than a year and the GROUP's Board of Directors intends to use that financing source also for more than a year.

Non-recourse loans correspond to loans in which only the assets of the financed companies secure the payment of the debt (*Project finances*). In recourse loans, the debt's settlement is always ensured by the GROUP.

c) Suppliers and sundry creditors

Financial liabilities included under the heading "Suppliers and sundry creditors" are initially recorded at their fair value. These financial liabilities are, after their initial recognition, measured at amortised cost using the effective interest rate method.

d) Other financial liabilities

Other financial liabilities refer essentially to factoring and financial leasing operations and are initially recorded at fair value. These financial liabilities are, after their initial recognition, measured at amortised cost using the effective interest rate method.

e) Distinction between financial liabilities and equity instruments

Financial liabilities and equity instruments are classified in accordance with the contractual substance of the transaction. The GROUP defines equity instruments as those where the underlying contract of the transaction evidences that the GROUP holds a residual interest in a set of assets after deduction of a set of liabilities.

f) Derivative financial instruments

The GROUP uses derivative financial instruments to manage its financial risks solely to ensure the hedging of those risks but never uses derivative financial instruments for trading purposes. The use of derivative financial instruments is duly regulated by the GROUP.

Derivative financial instruments used by the GROUP refer essentially to interest rate and exchange rate hedge instruments associated with loans obtained. The amount of the loans, the interest payment dates and the repayment plans are similar to the conditions established for the interest rate and the exchange rate hedge instruments, and therefore the hedging is highly effective.

The following criterion is used by the GROUP to classify derivative financial instruments as cash flow hedge instruments:

- The hedge is expected to be highly effective in offsetting changes in cash flows attributable to the hedged risk;
- The effectiveness of the hedge can be measured reliably;
- There is sufficient documentation on the transaction at the inception of the hedge operation; and
- The hedged transaction is highly probable.

Interest rate and exchange rate hedge derivative financial instruments are initially recorded at their fair value. Subsequent changes to the fair value of those instruments, associated to the part that is effectively hedged, are recognised in the consolidated statement of other comprehensive income under the heading “Variation, net of taxes, in the fair value of derivative financial instruments of cash flow hedges”, and are transferred to the net profit of the year in the same period when the hedged instrument affects the net profit. The potential existing hedge inefficiency is recorded under the headings “Financial income and gains” and “Financial costs and losses” of the consolidated income statement of the year.

The cash-flow hedge accounting must be discontinued if the hedging instrument matures or terminates earlier, if the hedging is no longer effective or if a decision is taken to terminate the designation of the hedging relationship. In those situations, the gain or loss arising from the hedging instrument must remain recognised separately in equity, being reflected in profit or loss in the same time of the recognition in profit or loss of the gain or loss in the hedged item.

g) Own shares

Own shares are recorded at their acquisition cost as a deduction to equity. Gains or losses arising from the disposal of own shares are recorded under the heading “Other reserves and retained earnings”.

h) Derecognition of financial assets and liabilities

Financial assets are derecognised when: (i) the contractual rights of the GROUP to the receipt of its future cash flows expire; (ii) the GROUP has substantially transferred all risks and rewards associated with its detention or; (iii) even though it retains part, but not substantially, of the risks and rewards associated with its detention, the GROUP has transferred the control over the assets.

Consequently, customer balances secured by discounted bills that have not yet fallen due and accounts receivable transferred in recourse factoring as at each date of the consolidated statement of the financial position are recognised in the GROUP’s consolidated financial statements against an entry in the heading “Other financial liabilities” until they are received.

Financial liabilities are derecognised when the Group: (i) settles the liability paying the amount due to the creditor or; (ii) is legally released from the primary responsibility of paying it, by law or by the creditor.

x) Cash and cash equivalents

a) Cash and cash equivalents – Demand deposits

The amounts included under the headings “Cash and cash equivalents with/without recourse - Demand deposits” correspond to cash, demand and term bank deposits and other treasury applications falling due within less than three months which can be repayable on demand and have an insignificant risk of change in value.

b) Cash and cash equivalents – Term deposits

The amounts included under the heading “Cash and cash equivalents with resource - Term deposits” correspond to cash, demand and term bank deposits and other treasury applications that are not immediately available, since they have been pledged as a guarantee or blocked.

The amounts of Cash and cash equivalents without recourse correspond to the available funds of the companies financed under a *project finance* regime, namely the ones of the EGF SUBGROUP.

xi) Inventories

Merchandise and raw materials, subsidiaries and consumables are recorded at the lowest of their average acquisition cost and their net realisable value (estimate of its sales price less the costs to be incurred with the disposal).

Finished and semi-finished products, by-products, and work in progress are recorded at production cost, which is lower than its market value. Production cost includes the cost of the incorporated raw material, direct labour and other direct production general costs.

Adjustments are recorded to reflect the difference between the inventories carrying amount and the corresponding net realisable value, whenever the last one is lower on the reporting date.

Concerning inventories, adjustments to their net realisable value are determined based on market values and several rotation indicators.

The costing of goods sold and materials consumed is determined by the following rules:

- Properties – specific cost
- Materials and remaining inventories – average cost

xii) Revenue

The GROUP adopted in 2018 IFRS 15 with the cumulative effect of its initial application being recognised as an adjustment to the opening balance of the heading “Retained earnings” in the consolidated statement of the financial position at 1 January 2018. Therefore, the comparative information regarding the year of 2017 was not restated and is presented according to IAS 11 and IAS 18.

The revenue in 2018 started being measured according to the specific consideration established in the contracts entered into with the customers and excludes any amount received on behalf of third parties. Thus, the GROUP started to recognised revenue when it transfers to the customer the control of a given good or service.

In the comparative period, revenue was measured at fair value of the consideration received or receivable and was recognised namely when the significant risks and rewards associated with the ownership of the assets sold were transferred to the purchaser.

The main business areas / sources of revenue of the GROUP in the years of 2017 and 2018 can be detailed as follows:

- (i) Engineering and Construction – In this area, the GROUP develops, in the three regions where it operates, projects of civil construction and public works, namely the construction of several infrastructures, such as roads, motorways, airports, ports, dams, railways, residential and commercial buildings, etc. This area also comprises the services provided by the GROUP in the mining sector (extraction and transport of ore), as well as, in the operation and maintenance sector.
- (ii) Environment and Services – In this area, the GROUP develops the following activities:
 - a. Collection, treatment and recovery of waste – In this subarea, the GROUP develops, in the three regions where it operates, waste urban collection services, as well as, the treatment and recovery of said waste. In the waste treatment and recovery component, it should be highlighted the organic recovery of waste, as well as the production of energy through biogas and through the energy recovery plants.
 - b. Energy – This subarea comprises essentially the activity of generation and trading of electric energy in Mexico.

Accounting policy adopted by the GROUP in 2018 regarding revenue recognition (under IFRS 15)

Nature, performance obligations and timing of revenue recognition

- (i) Engineering and Construction – In this business area, the GROUP established with several public and private entities contracts for the provision of construction services which include several components / tasks. Although in the vast majority of the contracts the costumers may benefit from the several components / tasks separately, since they are negotiated jointly, the promise of transfer of each of them may not be separate from the others. Furthermore, since the aforementioned components / tasks are generally highly correlated and dependent upon each other, the GROUP considers that they must be treated as a single performance obligation. Thus, each construction contract is generally treated as a single performance obligation. On the other hand, since the customers are able to control the usage of the asset as the asset is being built and are able to substantially obtain all remaining economic benefits therefrom, the GROUP’s performance obligation in these situations is fulfilled throughout time, with the revenue being recognized according to the cost-to-cost method (described below).

Therefore, the GROUP recognizes the revenue of each construction contract in accordance with the cost-to-cost method (also called percentage-of-completion method), which is defined as the ratio between the costs incurred in each contract up to a given date and the sum of these costs with the costs estimated to complete it. The differences obtained between the amounts arising from the application of the percentage-of-completion to the total estimated revenue and the amounts already invoiced are recorded under the headings of contract assets / contract liabilities. Additionally, the GROUP's Board of Directors considers that the cost-to-cost method is the most appropriate method to measure the degree of fulfilment of the performance obligations in the construction contracts.

In order to apply the cost-to-cost method, costs with training, budgeting, displacement, etc., are not considered since they do not reflect the progress and transfer of control over to the customer.

In order to deal with the costs to be incurred during the warranty period of the construction contracts, the GROUP recognizes a liability to cope with such legal obligation, which is calculated taking in consideration the historic levels of production and of incurred costs with the contracts during the warranty period. Due to the fact that the quality warranties provided by the GROUP arise solely from a legal obligation (both in its scope and in its term), they were not treated as autonomous performance obligations.

In the situations in which the GROUP is able to control the usage of the asset as the asset is being built and is able to obtain substantially all remaining economic benefits therefrom (namely in the real estate activity), the revenue is recognized when the GROUP transfers to the customer the control of the asset (normally when the public deed of purchase of the asset occurs).

Regarding the mining and operation and maintenance services, since the customers simultaneously receive and consume the economic benefits arising from the GROUP's performance as it carries out its activity (extraction and transportation of ore or operation and maintenance of the infrastructure) the GROUP's performance obligation in these situations is satisfied throughout time, being the revenue recognized when the GROUP is entitled to invoice the services rendered.

(ii) Environment and Services

- a. Collection, treatment and recovery of waste – In this business subarea, the GROUP enters into several contracts for the collection, treatment and recovery of waste essentially with public entities. Since in the majority of the cases the customers may benefit from the aforementioned services separately, each one of them is regarded as an autonomous performance obligation. On the other hand, since that the costumers simultaneously receive and consume the economic benefits arising from the GROUP's performance as it carries out its activity (collection, treatment and recovery of waste), the GROUP's performance obligation in these situations is satisfied throughout time, being the revenue recognized when the GROUP is entitled to invoice the services rendered.

Moreover, the revenue arising from the regulated activities carried out by the companies of the EGF SUBGROUP (treatment and recovery of waste) is determined based on the tariff approved by the regulator (ERSAR), considering the allowed revenues and the quantities of waste arising from the undifferentiated collection.

The aim of the tariff is to recover:

- i) The amortisation of the concession assets associated with the regulated activity;
- ii) The return of the average net book value of the assets associated with the regulated activity, according to the rates defined by the regulator; and
- iii) The operational costs associated with the regulated activity.

Tariff deviations

The tariff regulation, issued by ERSAR, defines the formula for the calculation of the allowed revenues for the regulated activities, as well as, the formula for the quantification of the tariff deviations which must be recovered until the second year after the date in which they were generated.

Therefore, in each reporting date, the GROUP determines, according to the criteria defined in the tariff regulation, the tariff deviations that exist between the allowed revenues recalculated based on the real amounts and the invoiced revenues.

Taking in consideration the regulatory framework described above, the tariff deviations determined by the GROUP in each year meet a set of requirements (reliability of measurement, right to its recovery, possibility of transfer and interest rate incidence) which support their recognition as revenue, and as an asset, in the year in which they are determined. Such rationale is also applicable when tariff deviations to be delivered (payable) are determined, which are regarded as liabilities and less revenue.

- b. Energy – In this business subarea, under the contracts entered into, the GROUP sells, namely to energy managing network companies, the energy it produces. Thus, each energy sale contract is considered an autonomous performance obligation. On the other hand, since the customer simultaneously receive and consume the economic benefits arising from the GROUP's performance as it carries out its activity (production of energy), the GROUP's performance obligation in these situations is satisfied throughout time, being the revenue recognised when the GROUP is entitled to invoice it.

Generally, and due to the type of services rendered by the GROUP, the allocation of the price to the different performance obligations is already defined in the contracts established with the customers.

Significant financing components

Whenever there is a significant time lag (more than 12 months) between the moment in which a good or service becomes available to the customer and the moment in which it is received, the GROUP assesses the existence of a significant financing component in the contract. If such component exists, it is considered as an autonomous performance obligation, being the respective interest recognised as income throughout the estimated financing period.

Additionally, the GROUP also assesses the existence of a significant financing component in the advances received from customers. If such component exists, it is considered as an autonomous performance obligation, being the respective interest recognised as an expense throughout the estimated financing period.

Variable revenue components

In order to determine the total amount of revenue of the contract, the GROUP takes into consideration all variable components of said contract namely, discounts, bonus, price revisions, penalties, costs recovery requests, etc. Nevertheless, the GROUP only recognises revenue associated with variable components when it is highly probable that a reversal of said revenue will not occur in the future. Therefore, in what concerns price revisions, since the calculation formula inherent to its quantification generally includes some indices of difficult estimation, the revenue associated is only recognised when it can be reliably determined. Similarly, since historically the GROUP has not been subject to penalties applied by its customers, those are only recognised when their occurrence is highly probable to occur. Lastly, the costs recovery requests (which include claims, among others) are only recognised as revenue when it is highly probable that the customers accepts such request and the respective amount will not be reversed in the future.

Contract assets

Contract assets correspond to performance obligations already fulfilled by the GROUP under the contracts established with customers for which the respective invoicing was not yet been issued (essentially production executed under construction contracts recognised by the cost-to-cost method). When the respective invoicing is issued and the right to its receipt is unconditional, the balance of this heading is transferred to the heading "Clients and other debtors".

Contract liabilities

Contract liabilities correspond to advances received from customers associated with performance obligations to be fulfilled by the GROUP in the future or to deferred income arising from the adoption of the cost-to-cost method, namely, in construction contracts in progress.

Costs associated with the fulfillment of a contract

The costs associated with the fulfillment of a contract are recognised in the consolidated statement of the financial position when:

- (i) They are related with an already existing contract or with a specific future contract;
- (ii) They create resources that will be used for fulfilling one or more performance obligations in the future;

- (iii) Their recovery is expectable; and
- (iv) They are not yet covered by another IFRS standard, such as, for example, inventories, tangible assets or intangible assets.

Therefore, the costs with direct labour, materials and other indirect costs or other specific costs with the set-up, mobilisation and demobilisation of construction sites associated with construction contracts are recognised under this heading.

The costs associated with the fulfilment of a contract for a customer are recognised throughout the period of the construction contract under operating expenses headings.

When it is probable that the total costs foreseen for completing a construction contract exceed the revenue defined therein, the expected loss is recognised immediately in the consolidated income statement of the year.

Accounting policy adopted by the GROUP as at 31 December 2017 regarding revenue recognition (under IAS 11 and IAS 18)

Revenue is recorded at the fair value of the assets received or receivable, net of discounts and expected returns.

a) Construction contracts

The GROUP recognises the revenue of each construction contract in accordance with the percentage-of-completion method, which is defined as the ratio between the costs incurred in each contract up to a given date and the sum of these costs with the costs estimated to complete it. The differences obtained between the amounts arising from the application of the percentage-of-completion to the total estimated revenue and the amounts already invoiced are recorded under the subheadings "Production and services rendered not invoiced (Construction)" or "Advance billing", included under the headings "Other current assets" and "Other current liabilities".

Whenever, due to uncertainties in the construction plan, the future revenue the contract cannot be determined reliably, the construction contract is recognised by the amount of the costs incurred ("zero profit margin contracts").

Variations in the revenue agreed in the contract are only recognised in the profit of the year when it is probable that the customer will approve the amount of revenue arising from said variation and it can be reliably measured.

Claims for the reimbursement of costs not included in the contract price are included as revenue of the contract when the negotiations reach an advanced stage indicating that it is probable that the customer will accept the claim and it can be reliably measured.

In order to deal with the costs to be incurred during the warranty period of the construction contracts, the GROUP recognises a liability in order to cope with such legal obligation, which is calculated taking in consideration the historic levels of production and of incurred costs with the contracts during the warranty period.

When it is probable that the total costs foreseen for completing a construction contract exceed the revenue defined therein, the expected loss is recognised immediately in the consolidated income statement for the year.

Costs incurred with the preparation of proposals for submission in tenders are recognised in the consolidated income statement of the year in which they are incurred, as the outcome of those tenders cannot be controlled.

b) Real estate business

Capitalized costs on real estate projects developed by the GROUP are determined taking in consideration the direct construction costs, as well as, all the costs related to the preparation of the project and its licensing. Costs attributable to the financing, supervision and auditing of the project are also capitalised, provided that they are underway.

In order to capitalize financial costs and costs related with the supervision and auditing of the project, it is considered that it is underway if it is awaiting a decision of competent authorities or if it is under construction. If the project it is not in any of these stages, it is considered stopped and the capitalisation referred above is suspended.

Pursuant to IFRIC 15, the revenue generated by the real estate business is recognised when all the risks and rewards associated to the asset are substantially transferred to the buyer (that is, when the public deed of the purchase of the asset occurs).

c) Waste treatment and recovery activity

The revenue generated from the sale of energy and valuable products is recognised when all the following conditions are met:

- All the risks and rewards associated with the ownership of the goods were transferred to the buyer;
- The GROUP has no control over the goods sold;
- The amount of the revenue can be reliably measured;
- It is probable that the GROUP will receive future economic benefits associated to the transaction; and
- The expenses incurred or to be incurred with the transaction can be reliably measured.

Revenue arising from the provision of services of municipal waste treatment and recovery is recognised based on the amount of waste treated, provided that all the following conditions are met:

- The amount of the revenue can be reliably measured;
- It is probable that the GROUP will receive future economic benefits associated to the transaction;
- The expenses incurred or to be incurred with the transaction can be reliably measured; and
- The completion stage of the service can be reliably measured.

The revenue arising from the regulated activities carried out by the EGF SUBGROUP companies is recognised based on the tariff approved by the regulator (ERSAR), considering the allowed revenues and the quantities collected of undifferentiated waste.

The aim of the tariff is to recover:

- i) The amortisation of the concession assets associated with the regulated activity;
- ii) The return of the average net book value of the assets associated with the regulated activity, according to the rates defined by the regulator; and
- iii) The operational costs associated with the regulated activity.

Tariff deviations

The tariff regulation, issued by ERSAR, defines the formula for the calculation of the allowed revenues for the regulated activities, as well as, the formula for the quantification of the tariff deviations which must be recovered until the second year after the date in which they were generated.

Taking in consideration the regulatory framework described above, the tariff deviations determined by the GROUP in each year meet a set of requirements (reliability of measurement, right to its recovery, possibility of transfer and interest rate incidence) which support their recognition as revenue, and as an asset, in the year in which they are determined. Such rationale is also applicable valid when tariff deviations to be delivered (payable) are determined, which are regarded as liabilities and less revenue.

xiii) Accruals basis

The GROUP adopts the accrual basis of accounting for the majority of the headings in the financial statements. Therefore, expenses and income are recorded as they are generated, regardless of when they are paid or receipt.

xiv) Assets, liabilities and transactions in foreign currency

At initial recognition, all transactions in foreign currency are recorded in the functional currency of the respective entity through the application to the amount in foreign currency of the spot exchange rate between the functional currency and the foreign currency as at the transaction date.

At the end of each reporting period: a) monetary items in foreign currency are translated at the closing exchange rate; b) non-monetary items which are measured in terms of historical cost in a foreign currency are translated at the exchange rate at the transaction date; and c) non-monetary items measured at fair value in a foreign currency are translated at the exchange rate at the date when the fair value was determined.

Exchange differences arising from the settlement of monetary items or from the translation of monetary items at rates which are different from those used to translate them in the initial recognition or in previous financial statements are recognised in the income statement of the year, unless they arise from monetary items that comprise the net investment in a foreign operating unit. In that case, the exchange differences are initially recognised in other comprehensive income and are reclassified from equity to the net profit of the year when occurs the full or partial disposal of that operating unit.

Exchange differences related to investment / financing (financial) transactions are recorded under the sub-headings "Financial income and gains" and "Financial costs and losses".

Exchange differences related to operating transactions are recorded under a subheading of "Other operating income / (expenses)".

Intragroup balances differences arising from the conversion process of financial statements from entities / companies with a functional currency other than Euros, arising from inefficiencies between the several exchange rates involved, are maintained in the statement of financial position until the settlement of the underlying transactions.

In the preparation process of the attached consolidated financial statements, the results, the cash-flows and the financial position of the entities included in the consolidation perimeter, whose functional currencies are not the ones of a hyperinflationary economy, have been translated to Euros at the exchange rates detailed in paragraph h) of Note 1.3..

xv) Income tax

Income tax for the year is calculated based on the taxable profit or loss of the companies included in the consolidation (in accordance with the tax rules in force in the country where they operate) and considers deferred taxes.

Deferred taxes are calculated based on the balance sheet liability method and refer to temporary differences between the amounts of the assets and liabilities reported for accounting purposes and their respective amounts for tax purposes.

Deferred tax assets and liabilities are calculated and assessed annually using the tax rates in force, or announced to be in force, as at the date of the reversal of the temporary differences.

Deferred tax assets are recorded only if there are reasonable expectations about the existence of sufficient future tax profits to use them. At each statement of financial position date a reassessment is made regarding the temporary regarding differences underlying the deferred tax assets in order to recognise deferred tax assets not recorded previously since they did not meet the requirements for their recording and/or to reduce the amount of said assets according to the current expectations of their future recovery. More specifically, in what concerns the recognition of deferred tax assets associated with tax losses carried forward, these ones are only recorded if the business plans of the respective companies support their full recovery during the legal deadlines set.

The amount of tax to be recognised, both in current tax and deferred tax, arising from transactions or events recognised under headings of other comprehensive income is recorded directly under these same headings, and does not affect the net profit of the year.

xvi) Financial costs with loans obtained

Financial costs associated with loans obtained for the acquisition, construction or manufacturing of qualifying assets are capitalized and are a part of the asset cost. The capitalisation of these costs begins with the preparation of the construction or development activities of the asset and is interrupted after the beginning of its use, at the end of the construction of the asset, or when the construction of the asset is suspended.

The remaining financial costs associated with loans obtained are recognised as a cost in the year in which they were incurred.

xvii) Provisions

Provisions are recognised if, and only if, the GROUP has a present obligation (legal or implicit) arising from a past event, it is probable that an outflow of resources will occur to settle that obligation and the amount of the obligation can be reasonably estimated. Provisions are reviewed on each consolidated statement of financial position date and are adjusted to reflect the best estimate on that date (expected amount of the outflow to incur), taking in consideration the risks and uncertainties inherent to such estimates. When a provision is determined taking in consideration the future cash flows required to settle the obligation, those cash flows are subject to a financial discount. The discount rate used in the abovementioned financial discount corresponds to the average rate of financing of the respective company at the reporting date.

Provisions for onerous contracts - The present obligations arising from onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist when the GROUP is in a situation in which the inevitable costs to fulfill the contractual obligations exceed the economic benefits expected to be received under said contract.

Provisions for work warranties - Provisions to deal with the costs to be incurred during the warranty period of the construction contracts are recorded as the construction revenue is recognised, according to the best estimate of the Board of Directors regarding the outflows required to fulfill said obligation.

Provisions for legal proceedings - The provisions for legal proceedings are recorded when the occurrence of an outflow of resources by the GROUP is probable, being those be reassessed on an annual basis taking in consideration the opinion of the respective lawyers / legal consultants in charge of the processes.

Provisions for restructuring are only recognised by the GROUP when there is a formal and detailed restructuring plan and it has been disclosed to the parties involved.

xviii) Employee benefits

a) Benefits granted to employees – current and non-current

A liability is recognised to deal with the benefits granted to employees associated with wages, vacations and holiday pay in the period in which employees provide the services, and it is recognised by the amount of benefits expected to be paid.

Recognised liabilities concerning current benefits granted to employees are measured at the undiscounted amount of the benefits expected to be paid in exchange for the services provided.

Recognised liabilities concerning non-current benefits granted to employees are measured at the present value of future expected payments regarding the services provided by the employees up to the reporting date.

b) Pensions

Liabilities related to the defined benefit pension plan, attributed to some former employees and to some current directors of the GROUP, are calculated in accordance with the Projected Unit Credit Method, using the actuarial and financial assumptions more adequate to the established plan, with the respective actuarial appraisals conducted on each reporting date. The discount rate is determined based on the market rates of bonds issued by companies with a good credit risk and with a duration similar to the one of the settlement of the liabilities.

After 1 January 2013, following the review of IAS 19, the GROUP started to record the following items related to the abovementioned pension plan under the heading “Wages and salaries” of the consolidated income statement:

- Cost of current services;
- Net cost of interest with the pension plan; and
- Gains and losses arising from the change of plan conditions.

The net cost of interest with the pension plan is calculated by the GROUP by multiplying the net liability with retirement pensions by the discount rate used in order to determine the corresponding liabilities. As at 31 December 2018 and 2017, the GROUP’s liabilities with retirement pensions were solely secured by the recognition of a provision in the consolidated statement of the financial position under the heading “Provisions” without the existence of an autonomous Fund.

Actuarial gains and losses arising from differences between actuarial assumptions used and the amounts effectively verified (gains and losses from experience), as well as gains and losses arising from changes in actuarial assumptions are recognised against the statement of other comprehensive income.

xix) Government grants

Grants attributed to fund staff training actions are recognised as income during the period on which the GROUP incurred the respective training costs and are presented in the consolidated income statement as a deduction to those costs.

Grants attributed to fund investments in tangible or intangible assets are deferred and recorded as liabilities. Investments grants are recognised in the consolidated income statement during the estimated useful life of the corresponding assets under the heading “Other operating income / (expenses)”.

xx) Contingent assets and liabilities

Contingent assets are not recognised in the consolidated financial statements but they are disclosed in the Annex whenever it is probable that there will be a future economic benefit.

Contingent liabilities are not recognised in the consolidated financial statements but are disclosed in the Annex, unless the possibility of an outflow of funds affecting future economic benefits is remote.

xxi) Subsequent events

Events occurring between the consolidated statement of the financial position date and the date of issue of the consolidated financial statements that provide additional information on conditions which occurred as at the consolidated statement of the financial position date (adjusting events) are reflected in the consolidated financial statements. Events occurring between the consolidated statement of the financial position date and the date of issue of the consolidated financial statements that provide additional information on conditions which occur after the consolidated statement of the financial position date (non-adjusting events), if material, are disclosed in the Annex to the consolidated financial statements.

xxii) Judgments and estimates

In preparing the consolidated financial statement, the GROUP's Board of Directors used its best knowledge and experience of past and / or current events, considering certain assumptions regarding future events.

The most significant accounting estimates reflected in the consolidated financial statements for the years ended at 31 December 2018 and 2017 (and corresponding sources of uncertainty) include:

- a) Fair value of tangible assets and of investment properties and determination of the net realisable value of real-estate assets recorded in inventories

Some of the GROUP's real estate assets (namely land and buildings) are measured through the revaluation model, or the fair value model, namely the investment properties, which imply the calculation of the respective fair value. Furthermore, the real state assets which present evidence of impairment are subject to impairment tests which are based on the calculation of the net realisable value of said assets. The fair value and the net realisable value of those assets are often calculated through appraisals, which inevitably have underlying uncertainties associated with several factors, such as market prices, yields, demand, among others. To mitigate the effect of said uncertainties the Board of Directors resorts, whenever possible, to qualified and independent appraisers to conduct the appraisals.

When the appraisals are conducted by in-house technicians, those must always use as much observable market data as possible.

The information regarding the most relevant assumptions used in the determination of fair value or net realisable value for the main real estate assets held by the GROUP, as well as, the sensitivity of the results to some changes in the assumptions is disclosed in Notes 16, 22 and 23.

- b) Useful lives of tangible and intangible assets

The GROUP revises the estimated useful lives of its tangible and intangible assets on each reporting date. The assets useful lives depend upon several related factors, such as their use, the GROUP's strategic decisions, as well as, the economic environment of the several companies included in the consolidation perimeter. Therefore, the GROUP implemented a revision process of the estimated useful lives, which takes in consideration the above mentioned factors, as well as, other factors considered to be relevant for such purpose.

- c) Impairment analyses of goodwill, of investments in associated and jointly controlled companies, of tangible and intangible assets

Impairment analyses require the calculation of the fair value and / or the value in use of the respective assets (or of some CGU's). This process requires a high number of assumptions, namely the estimation of future cash flows associated to the assets or the respective CGU's, and the determination of an appropriate discount rate for the calculation of the present value of those cash flows. Therefore, once again, the GROUP established as a requirement the usage of as much observable market data as possible. Furthermore, the GROUP also established monitoring mechanisms over the calculations based on the critical challenge of the assumptions used, on its coherence and consistency (in similar situations).

The information regarding the most relevant assumptions used in the impairment analyses, as well as, the sensitivity of the results to some changes in the assumptions is disclosed in Notes 14, 15 and 16.

d) Calculation of impairment losses in accounts receivable

Impairment losses in accounts receivable are calculated in accordance with paragraph ix of Note 1.4.. Therefore, the calculation of impairment through individual analysis corresponds to the GROUP's judgment on the economic and financial situation of its customers and its estimate of the value attributed to potential existing guarantees, with the consequent impact on expected future cash flows. On the other hand, the expected impairment losses in the credit granted are determined taking in consideration a set of historical information and assumptions, which may not be representative of the future uncollectability of the GROUP's debtors.

The information regarding the most relevant assumptions used in the determination of the impairment losses in accounts receivable is disclosed in Note 24.

e) Revenue recognition in construction contracts in progress

The revenue of construction contracts in progress is recognised based on the cost-to-cost method, i.e., according to the stage of completion of the contract. The determination of the stage of completion is a very relevant estimate based on the projections of costs to be incurred until the conclusion of the contracts. This process is based, essentially, in the inputs received from the technicians involved in the works, due to their detailed knowledge of said works, their experience and their technical skills.

f) Valuation of financial instruments not traded in active markets

In the valuation of financial instruments not traded in active markets (such as derivative financial instruments established by the GROUP: forward exchange rates and interest rate swaps and the shares of Banco Angolano de Investimento, S.A. – BAI), valuation techniques based on discounted cash flows and market multiples were used. The determination of the fair value of the derivative financial instruments is generally performed by the entities before which those instruments were contracted (counterparties). The GROUP's Board of Directors recognises competence and objectivity to the counterparties. Moreover, the GROUP has also access to the main assumptions and methodologies used to determine the fair value of those instruments, and those assumptions and methodologies were considered appropriate.

The determination of the fair value of the shares of BAI was performed taking in consideration the public information available regarding market transactions at Reuters / Bloomberg or other credible source of financial data.

The information regarding the most relevant assumptions used in the valuation of financial instruments not traded in active markets is disclosed in Notes 21 and 33.

g) Determination of the outcome of legal proceedings in progress

The outcome of the legal proceedings in progress, as well as, the respective need for provisions, is estimated based on the opinion of the GROUP's lawyers / legal consultants. The GROUP's lawyers / legal consultants have the technical skills and the detailed knowledge of the proceedings necessary to deal with the uncertainty inherent to the outcome of such proceedings.

h) Measurement and recognition of deferred tax

The recognition of deferred tax assets is dependent upon the existence of future positive results and tax basis. Furthermore, deferred tax assets and liabilities are calculated based on the interpretation of the tax legislation in force in the several jurisdictions in which the GROUP operates. Therefore, changes in the tax legislation or in its interpretation by the competent authorities may have an impact in the amount of the recognized deferred taxes. Lastly, the recovery of deferred tax assets also depends upon the performance of the several entities included in the consolidation perimeter, situation which the GROUP does not fully control. In order to mitigate the degree of uncertainty associated to these estimates, particularly the one regarding the interpretation of the applicable tax legislation, the GROUP and the several companies included in its consolidation perimeter resort to specialised external tax consultants.

i) Post-employment benefits

Liabilities for retirement pensions are estimated based on actuarial appraisals conducted by external experts certified by the Supervisory Authority for Insurance and Pension Funds. Those appraisals include a set of financial and actuarial assumptions, namely the discount rate, the mortality and invalidity tables, the pensions and salaries growth, among others. The assumptions adopted in the determination of the retirement pensions correspond to the best estimate of the GROUP's Board of Directors about the future behavior of the above mentioned variables.

The information regarding the most relevant assumptions used in the determination of the retirement pension's liabilities, as well as, the sensitivity of the results to some changes in the assumptions is disclosed in Note 40.

The several aforementioned estimates were determined based on the best available historical information as at the date of preparation of the attached consolidated financial statements. The underlying judgments to those estimates took in consideration the overall economic environment of the sector and of the geography in which the several companies included in the consolidation perimeter operate, as well as, their expected future developments. Due to its nature, those judgments are subject to a reasonable degree of uncertainty. Therefore, in subsequent periods, there may be situations which, due to their unforeseeable nature, were not taken in consideration in the estimates and which may produce an outcome different from the one expected. Changes in estimates occurred after the date of issue of the attached consolidated financial statements will be corrected in results prospectively, pursuant to IAS 8.

As at the preparation date of these consolidated financial statements no relevant changes in the estimates produced are foreseen and, therefore, no material changes in the recognised assets and liabilities based on those estimates are expected.

xxiii) Cash flow statement

The consolidated cash flow statement is prepared in accordance with IAS 7, through the direct method. The GROUP classifies under the heading "Cash and cash equivalents" investments falling due in less than three months and for which the risk of change in value is insignificant, excluding blocked sums of term deposits of concessionaire companies assigned to the debt service, as well as, deposits given in guarantee under contractual clauses.

The consolidated cash flow statement is classified into operating, investment and financing activities.

Operating activities comprise receipts from customers, payments to suppliers, payments to employees, and others related to operating activities. The cash flows related to investment activities include, in particular, acquisitions and disposals of investments in subsidiaries and payments and receipts arising from the purchase and sale of fixed assets. The cash flows related to financing activities include, namely, the payments and receipts related to loans obtained and finance leasing, as well as, the payment of dividends.

2. Sales and services rendered

Sales and services rendered in the years ended at 31 December 2018 and 2017 can be analysed as follows:

	2018	2017
Sales		
Energy	149,030	120,386
Recyclable materials	58,115	55,627
Real estate	57,028	14,434
Inert materials	15,233	20,970
Others	52,622	40,646
Services rendered		
Construction contracts	2,053,347	1,896,731
Waste - collection	129,188	161,609
Waste - treatment	78,768	78,561
Others	208,419	208,331
	2,801,749	2,597,294

The increase in 2018 under the heading "Sales – real estate" is justify essentially by the increase of sales of apartments in Poland.

The breakdown of sales and services rendered by operating segment during the years ended at 31 December 2018 and 2017 is as follows:

	2018	2017
Europe - Engineering and Construction	572,057	538,472
Europe - Environment and Services	299,575	296,223
Africa	904,568	860,273
Latin America	1,068,521	960,447
Others and eliminations	(42,972)	(58,122)
	2,801,749	2,597,294

In the years ended at 31 December 2018 and 2017 no customer represented more than 10% of the total amount of the heading "Sales and services rendered".

In the years ended at 31 December 2018 and 2017, the heading "Others and eliminations" included essentially sales and services rendered from subsidiaries of the Europe - Engineering and Construction segment to the Africa segment.

In the years ended at 31 December 2018 and 2017, no significant discontinuation in the business activities of the GROUP occurs.

As at 31 December 2018, the future revenue component allocated to performance obligations not yet fulfilled, or partially fulfilled, can be analysed as follows:

Segment	2019	2020 and subsequent	Total
Europe - Engineering and Construction	587,339	483,431	1,070,770
Europe - Environment and Services	49,143	106,444	155,587
Europe - Total	636,481	589,875	1,226,357
Africa - Engineering and Construction	1,307,346	930,210	2,237,555
Africa - Environment and Services	92,085	428,450	520,535
Africa - Total	1,399,430	1,358,660	2,758,090
Latin America - Engineering and Construction	857,389	611,676	1,469,065
Latin America - Environment and Services	10,158	1,304	11,462
Latin America - Total	867,547	612,980	1,480,527
Group - Engineering and Construction	2,752,073	2,025,317	4,777,390
Group - Environment and Services	151,385	536,198	687,584
Group - Total	2,903,458	2,561,514	5,464,973

3. Cost of goods sold, materials consumed, changes in production and Subcontractors

The cost of goods sold, materials consumed, changes in production and subcontractors for the years ended at 31 December 2018 and 2017 can be analysed as follows:

2018	Merchandise	Raw and Subsidiary materials and consumables	Total
Opening balance	96,861	84,915	181,777
Exchange differences and other movements	17,761	(953)	16,808
Transfers	(26,949)	-	(26,949)
Impact of hyperinflation in Angola	(159)	(173)	(332)
Changes in the perimeter	2,622	1,387	4,009
Purchases	16,108	585,949	602,057
Closing balance (Note 23)	(84,697)	(121,236)	(205,933)
	21,548	549,889	571,437
Changes in production			16,643
Changes in production - Impact of hyperinflation in Angola			521
Subcontractors			723,776
Subcontractors - Impact of hyperinflation in Angola			(10,827)
Cost of goods sold, materials consumed, changes in production and subcontractors			1,301,551
2017	Merchandise	Raw and Subsidiary materials and consumables	Total
Opening balance	64,503	77,440	141,944
Exchange differences and other movements	7,814	(4,707)	3,108
Transfers	61,487	-	61,487
Impact of hyperinflation in Angola	27	25,432	25,459
Changes in the perimeter	(33,923)	(342)	(34,264)
Purchases	13,189	548,588	561,777
Closing balance (Note 23)	(96,861)	(84,915)	(181,777)
	16,236	561,496	577,732
Changes in production			50,150
Changes in production - Impact of hyperinflation in Angola			1,580
Subcontractors			439,947
Subcontractors - Impact of hyperinflation in Angola			23,498
Cost of goods sold, materials consumed, changes in production and subcontractors			1,092,907

In the year ended at 31 December 2018, the GROUP transferred a real estate property located in Angola in an amount of approximately 26,000 thousand Euros from the heading "Merchandise" to the heading "Investment properties".

In the year ended at 31 December 2017, the heading "Transfers – Merchandise" included a land received from a customer for settling a commercial debt that it held to the GROUP in the amount of 29,200 thousand Euros (Note 23), as well as, a transfer of a real estate property recorded under the heading "Products and work in progress" in an amount of 32,300 thousand Euros.

In the year ended at 31 December 2017, the amount recorded under the heading "Changes in the perimeter" referred, essentially, to the change in the consolidation method of the FIDEICOMISO EL CAPOMO (from the full consolidation method to the equity method).

Amounts included under the heading "Changes in production" correspond essentially to the cost of the apartments built and sold by the GROUP.

4. Third-party supplies and services

Third-party supplies and services for the years ended at 31 December 2018 and 2017 can be analysed as follows:

	2018	2017
Leases and rents	155,388	125,329
Specialised works	88,668	89,580
Transport, travel and lodging	62,265	53,183
Conservation and repairs	52,280	53,402
Transport of goods	44,778	44,154
Fuel	43,059	37,885
Insurance	22,331	21,296
Utensils, other materials and office equipment	17,963	16,657
Water and electricity	16,432	16,855
Vigilance and security	14,747	14,729
Commissions and fees	13,190	14,524
Communications	6,212	5,681
Cleaning	3,348	3,351
Advertising and publicity	3,183	2,152
Other supplies and services	45,979	41,291
	589,822	540,070

In the years ended at 31 December 2018 and 2017, the heading "Leases and rents" refers, essentially, to the expenses incurred with the lease of equipment, machines, vehicles and premises, most of which of short term.

As at 31 December 2018 and 2017, the rents to be paid associated with operating lease contracts entered into by the GROUP with financial / credit institutions can be analysed as follows:

Year of reimbursement	2018	2017
1 year	8,995	5,565
Between 2 and 5 years	5,923	7,536
more than 5 years	220	413
	15,138	13,514

The main operating lease contracts referred above are related essentially with the lease of vehicles and equipment. The leases of equipment are associated, essentially, with the execution of the construction contracts awarded to the GROUP.

In the years ended at 31 December 2018 and 2017, the heading "Specialised works" included, among others, technical assistance works, outsourcing and consulting.

5. Wages and salaries

Wages and salaries for the years ended at 31 December 2018 and 2017 can be analysed as follows:

	2018	2017
Payroll	429,189	420,623
Social security charges:		
Pensions (defined benefit plan)	463	439
Others	112,502	116,204
	542,154	537,266

The liabilities related to pension plans are detailed in Note 40.

In the years ended at 31 December 2018 and 2017, the heading "Others" included essentially the costs incurred with Social Security and other similar contribution systems abroad, meals and sickness allowances and insurances and indemnities.

In the years ended at 31 December 2018 and 2017 the wages and salaries by operating segment can be analysed as follows:

	2018	2017
Europe - Engineering and Construction	110,463	104,384
Europe - Environment and Services	102,936	102,709
Africa	129,388	121,347
Latin America	178,505	187,979
Others and eliminations	20,862	20,847
	542,154	537,266

Number of employees

As at 31 December 2018 and 2017, the number of employees working in the GROUP (taking in consideration the region in which said employees were effectively carrying out its activity) can be analysed as follows:

	2018	2017
Directors and board members	123	140
Employees	20,504	12,647
Workers	11,365	17,073
	31,992	29,860
Europe	8,578	8,713
Africa	14,592	11,824
Latin America	8,496	8,791
Holding and others	326	532
	31,992	29,860

6. Other operating income / (expenses)

Other operating income / (expenses) for the years ended at 31 December 2018 and 2017 can be analysed as follows:

	2018	2017
Operating gains and income		
Favourable exchange differences	532,290	981,384
Income associated with the construction of regulated assets	56,200	17,919
Changes in fair value in investment properties - Increases (Note 22)	21,366	3,716
Investment subsidies (Note 36)	21,061	26,349
Gains on the sale of tangible assets	8,804	10,739
Own work capitalised	1,311	1,136
Other income	4,781	15,825
	645,812	1,057,069
Operating losses and expenses		
Unfavorable exchange differences	460,572	1,000,470
Expenses associated with the construction of regulated assets	56,200	17,919
Taxes	33,409	30,611
Losses on the sale of tangible assets	5,474	5,619
Donations	1,626	2,187
Changes in fair value in investment properties - Decreases (Note 22)	813	-
Other expenses	48,863	22,575
	606,958	1,079,382
	38,854	(22,313)

In the years ended at 31 December 2018 and 2017, the exchange differences arose essentially in the Africa region, being Angola in 2018 the market that most contributed to that performance.

In the years ended at 31 December 2018 and 2017, the heading "Investment subsidies" referred essentially to the recognition of investment subsidies by the EGF SUBGROUP companies.

In the years ended at 31 December 2018 and 2017, the heading "Taxes" included several taxes borne by the different companies of the GROUP, with emphasis to those located in Angola and Colombia.

Within the scope of the existing concession contracts awarded to the companies of the EGF SUBGROUP, the construction activity is subcontracted to external specialised entities. Therefore, the companies of the EGF SUBGROUP earn no margin in the construction of the regulated assets and so revenue and expenses associated with the construction of those regulated assets present an equal amount.

7. Amortisations and depreciations

Amortisations and depreciations for the years ended at 31 December 2018 and 2017 can be analysed as follows:

	2018	2017
Amortisations of intangible assets for the year (Note 15):		
Development costs	2,362	1,684
Software and other rights	1,231	1,076
Concession operation rights	57,048	65,568
Other intangible assets	55	56
	60,696	68,384
Depreciations of tangible assets for the year (Note 16):		
Land and Buildings	11,506	15,021
Equipments		
Europe Engineering and Construction	14,711	17,149
Europe Environment and Services	6,674	6,695
Africa	73,253	56,883
Latin America	12,878	13,850
Others and eliminations	727	374
Other tangible assets	2,356	2,229
	122,105	112,201
	182,800	180,585

During the year of 2017, following a revision made to the useful life of the equipment's held by the GROUP, namely those located in some African countries and in Poland, the useful life of some of them was revised. As a result of such review, the depreciations for the year were lower approximately 6,500 thousand Euros than those recorded in 2016.

8. Provisions and impairment losses

Provisions and impairment losses for the years ended at 31 December 2018 and 2017 can be analysed as follows:

	2018			2017		
	Increases	Decreases	Net	Increases	Decreases	Net
Provisions (Note 38)	35,758	(12,549)	23,209	23,640	(19,904)	3,737
Adjustments and Impairment losses:						
In inventories (Note 23)	3,668	(7,845)	(4,178)	1,664	(6,623)	(4,959)
In goodwill (Note 14)	577	-	577	572	-	572
In tangible assets (Note 16)	3,685	(2,281)	1,404	13,284	(2,200)	11,084
In customers and other debtors (Note 24)	24,038	(21,023)	3,015	33,400	(5,812)	27,588
Total of provisions and impairment losses	67,725	(43,698)	24,027	72,560	(34,539)	38,022
Of which associated with the adoption of IFRS - 9	7,647	(3,724)	3,923	-	-	-

The net increase in the year ended at 31 December 2018 under the heading "Provisions and impairment losses" was due essentially, in terms of increases, to the recognition of provisions for work warranties in the Africa region and for several contingences at MOTA-ENGL SGPS and in the Africa region, and, in terms of decreases, by the appreciation of some real estate properties held by the GROUP in Portugal (recorded under the headings of inventories and tangible assets) which allowed the partial reversal of impairment losses recorded in previous years.

The net increase in the year ended at 31 December 2017 under the heading "Provisions and impairment losses" was due essentially to the constitution of impairment losses to cope with the effect of delayed receipts (time value of money) of some accounts receivable on the medium term by customers of the Africa region, to the constitution of provisions to deal with onerous construction contracts, namely in the Europe – Engineering and Construction segment (Czech Republic market) and to the constitution of impairment losses to address the deterioration of some tangible assets in Malawi.

9. Financial income and gains and financial costs and losses

Financial income and gains and financial costs and losses (financial results) for the years ended at 31 December 2018 and 2017 can be analysed as follows:

	2018	2017
Financial income and gains		
Financial assets recorded at amortised cost / loans and accounts receivables:		
Interest income	21,328	25,539
Payments discounts received	539	1,006
Favourable exchange differences	170,010	28,959
Other financial assets:		
Interest income - Other financial investments recorded at amortised cost / financial assets held to maturity	7,773	8,466
Income from equity investments - Other financial investments recorded at fair value through other comprehensive income / financial assets available for sale	2,759	3,173
Fair value gains - Derivative financial instruments	109	234
Other financial income and gains	133	2,239
	202,650	69,382
Financial costs and losses		
Financial liabilities recorded at amortized cost / loans and accounts payable:		
Interest expenses	131,778	101,780
Payments discount granted	820	1,834
Unfavourable exchange differences	72,254	26,631
Other financial liabilities:		
Other financial costs and losses	54,048	38,343
	258,900	168,588
	(56,250)	(99,206)

In the year ended at 31 December 2018, exchange differences arose essentially in the Africa region, namely in Angola.

Dividends are recognised when the GROUP's right to receive the corresponding amount is established. In the years ended at 31 December 2018 and 2017, the heading "Income from equity investments", referred essentially to dividends received from BAI – Banco Angolano de Investimentos (2,531 thousand Euros in 2018 and 2,691 thousand Euros in 2017).

In the years ended at 31 December 2018 and 2017, the financial costs capitalised to assets under construction / development can be analysed as follows:

	2018	2017
Inventories	1,452	1,855
	1,452	1,855

In the years ended at 31 December 2018 and 2017, in order to capitalise financial costs to the assets under construction / development above referred, an average interest rate of 3.81 % and 3.79% was used, respectively.

In the years ended at 31 December 2018 and 2017, the heading "Other financial costs and losses" included essentially costs with guarantees and with the origination of loans, as well as, several commissions and costs charged by financial institutions, part of which are being recognised through the effective interest rate method.

In the year ended at 31 December 2018, the aforementioned heading also included the amount of circa 3,300 thousand Euros associated with the effect of the non-substantial modifications performed to some loans obtained by the GROUP (Note 1.4.ix).

10. Gains / (losses) in associates and jointly controlled companies

Gains in associates and in jointly controlled companies for the years ended at 31 December 2018 and 2017 can be analysed as follows:

Gains in associates and jointly controlled companies	2018	2017
"Agrupamentos Complementares de Empresas (ACE's)" held by Mota-Engil Engenharia e Construção (segment Europe - Engineering and Construction)	2,087	1,521
HL - Sociedade Gestora do Edifício (segment Europe - Environment and Services)	816	774
Construtora Gran Canal (segment Latin America)	758	239
Sistemas Electricos Metropolitanos (segment Latin America)	706	-
Estradas do Zambéze and associate (segment Africa)	511	773
Others	1,265	1,872
	6,143	5,179

Losses in associates and in jointly controlled companies for the years ended at 31 December 2018 and 2017 can be analysed as follows:

Losses in associates and jointly controlled companies	2018	2017
Fideicomiso el Capomo (segment Latin America)	1,227	650
Logz (segment Europe - Environment and Services)	659	371
Others	1,325	1,350
	3,211	2,370
Gains/(Losses) in associates and jointly controlled companies	2,932	2,808

11. Gains / (losses) on the disposal of subsidiaries, jointly controlled and associated companies

Gains / (losses) on the disposal of subsidiaries, jointly controlled and associated companies in the years ended at 31 December 2018 and 2017 can be analysed as follows:

Gains on the disposal of subsidiaries, jointly controlled and associated companies	2018	2017
SPE ECB ME Energia (affiliated company of Empresa Construtora Brasil not consolidated in 2017)	2,794	-
Prometro (affiliated company of Manvia not consolidated in 2017)	215	-
Bohdalecká Project	-	254
Others	17	104
	3,026	358
Losses on the disposal of subsidiaries, jointly controlled and associated companies	2018	2017
Vista Water, Lda. (Note 43)	2,059	-
Ecodetra (affiliated company of Mota-Engil Ambiente e Serviços not consolidated in 2017)	332	-
Devonská Project Development AS	160	-
RTA	-	3,219
Others	13	197
	2,564	3,416
Gains / (losses) on the disposal of subsidiaries, jointly controlled and associated companies	462	(3,058)

12. Income tax

Income tax for the years ended at 31 December 2018 and 2017 can be analysed as follows:

	2018	2017
Current tax	57,487	58,259
Deferred tax - Impact of hyperinflation in Angola	2,275	(2,292)
Deferred tax	(18,028)	(27,583)
	41,734	28,383

The detail and the movement of deferred tax assets and liabilities as at 31 December 2018 and 2017, in accordance with the temporary differences that gave rise to them, can be analysed as follows:

Deferred Tax Assets 2018	2017	Changes in the perimeter	Effect in results	Effect in reserves	Transfers	2018
Provisions and impairment losses not accepted for tax purposes	40,845	-	7,128	3,358	2,012	53,343
Accrued costs not accepted for tax purposes	57,813	-	10,766	(13,681)	(12,849)	42,049
Tax losses carried forward	30,816	-	8,215	(1,036)	180	38,175
Exchange differences not accepted for tax purposes	3,599	-	-	(1,709)	-	1,890
Accrued expenses associated with investment to be performed not accepted for tax purposes	33,199	-	(6,928)	-	(2,894)	23,376
Temporary differences in the liquidation of subsidiaries	8,922	-	268	-	-	9,189
Other	3,119	-	3,377	(966)	10,765	16,295
	178,313	-	22,825	(14,033)	(2,787)	184,318
Deferred Tax Assets 2017	2016	Changes in the perimeter	Effect in results	Effect in reserves	Transfers	2017
Provisions and impairment losses not accepted for tax purposes	32,256	-	6,345	(1,314)	3,559	40,845
Accrued costs not accepted for tax purposes	24,406	-	31,240	3,204	(1,038)	57,813
Tax losses carried forward	34,663	-	(3,201)	(647)	0	30,816
Exchange differences not accepted for tax purposes	-	-	3,599	-	-	3,599
Accrued expenses associated with investment to be performed not accepted for tax purposes	28,899	-	7,955	-	(3,656)	33,199
Temporary differences in the liquidation of subsidiaries	5,460	-	3,462	-	-	8,922
Other	10,050	(150)	1,798	(7,079)	(1,500)	3,119
	135,735	(150)	51,198	(5,835)	(2,635)	178,313
Deferred Tax Liabilities 2018	2017	Changes in the perimeter	Effect in results	Effect in reserves	Transfers	2018
Revaluation of fixed assets and impacts arising from the change of functional currency	21,513	-	7,049	(2,362)	(88)	26,112
Amortisations associated with future investments to be performed not accepted for tax purposes	31,814	-	(6,582)	-	-	25,233
Deferred tax capital gains	2,287	-	(0)	-	-	2,287
Amortisations not accepted for tax purposes	9,125	-	(160)	(17)	-	8,948
Fair value allocation in business combinations	31,513	-	(996)	-	-	30,517
Untaxed accrued income	8,810	-	9,969	665	(2,648)	16,797
Exchange differences not accepted for tax purposes	14,283	-	(178)	305	-	14,411
Impact of hyperinflation in Angola	23,712	-	(1,714)	(5,572)	-	16,427
Other	10,891	-	(2,592)	(2,099)	1,144	7,344
	153,950	-	4,797	(9,080)	(1,591)	148,075
Deferred Tax Liabilities 2017	2016	Changes in the perimeter	Effect in results	Effect in reserves	Transfers	2017
Revaluation of fixed assets and impacts arising from the change of functional currency	15,099	(239)	6,277	377	-	21,513
Amortisations associated with future investments to be performed not accepted for tax purposes	31,858	-	(44)	-	0	31,814
Deferred tax capital gains	2,863	-	(579)	3	0	2,287
Amortisations not accepted for tax purposes	7,341	-	(4,433)	(4,126)	10,343	9,125
Fair value allocation in business combinations	40,795	-	(3,370)	-	(5,912)	31,513
Untaxed accrued income	17,517	-	3,270	2,029	(14,006)	8,810
Exchange differences not accepted for tax purposes	4,266	-	10,038	(21)	-	14,283
Impact of hyperinflation in Angola	-	-	10,345	13,367	-	23,712
Other	9,026	-	2,111	211	(457)	10,891
	128,765	(239)	23,615	11,841	(10,032)	153,950

In the years ended at 31 December 2018 and 2017, the heading “Effect in reserves” included essentially the exchange differences arising from the translation of the financial statements of affiliated companies expressed in a foreign currency, namely, in 2018 of the ones located in Angola.

In the years ended at 31 December 2018 and 2017, the headings “Accrued costs not accepted for tax purpose” and “Untaxed accrued income” included essentially the effect of the existing differences between the tax and accounting treatment of the construction contracts.

In the year ended at 31 December 2017, circa of 9,500 thousand Euros of transfers of deferred tax assets and liabilities were recorded against an entry in the headings of other current / non-current liabilities and were justified by movements performed by the concessionaires of the EGF SUBGROUP.

As at 31 December 2018 and 2017, according to the tax returns of the companies which recorded deferred tax assets arising from tax losses and tax credits, the said deferred tax assets are carried forward as follows:

2018	Tax credits and losses	Deferred tax assets
Year of recording:		
Up to and including 2014	3,707	913
2015	2,495	523
2016	17,811	4,866
2017	12,282	3,086
2018	135,846	28,788
	172,141	38,175
2018	Tax credits and losses	Deferred tax assets
Time limit:		
2019	376	59
2020	2,361	296
2021	4,017	418
2022	2,940	374
after 2022	162,447	37,027
	172,141	38,175

2017	Tax credits and losses	Deferred tax assets
Year of recording:		
Up to and including 2013	2,610	612
2014	1,398	300
2015	13,987	3,210
2016	54,018	13,567
2017	58,140	13,127
	130,153	30,816

2017	Tax credits and losses	Deferred tax assets
Time limit:		
2018	1,638	339
2019	3,547	1,016
2020	24,389	5,196
2021	31,454	7,530
after 2021	69,125	16,735
	130,153	30,816

As at 31 December 2018 and 2017, an assessment was performed regarding the deferred tax assets recognised arising from taxes losses carried forward and other temporary deductible differences. As a result, those were only recorded when it was considered probable, according to the information provided below, that there would be taxable profits in the future and those could be used to recover the tax losses or to offset existing temporary taxable differences. That assessment was based essentially on the business plans of the several companies of the GROUP, which are periodically reviewed and updated.

Likewise, in order to assess the recovery of the deferred tax assets generated in the tax consolidation regime of MOTA-ENIGL SGPS, the business plans of the companies which comprise it were used, namely the ones of MOTA-ENIGL ENGENHARIA E CONSTRUÇÃO, whose main assumptions is described in Note 16, and the one of MOTA-ENIGL ENGENHARIA E CONSTRUÇÃO AFRICA.

The deadline for using tax losses carried forward in Portugal is 12 years for those generated in the year of 2016 and 5 years for those generated in the years of 2017 and 2018, being its deduction per year limited to 70% of the taxable profit.

As at 31 December 2018 and 2017, deferred tax assets associated with tax losses carried forward of 66,719 thousand Euros and 57,343 thousand Euros, respectively, were not recorded, due to some prudence and uncertainty regarding its recovery.

2017	Tax losses	Deferred tax assets
Year of origination:		
Up to and including 2013	14,773	1,945
2014	1,985	392
2015	8,094	971
2016	17,256	3,142
2017	15,234	3,221
	57,343	9,671

2017	Tax losses	Deferred tax assets
Time limit:		
2018	637	126
2019	394	75
2020	7,873	930
2021	16,729	2,972
after 2021	31,710	5,568
	57,343	9,671

2018	Tax losses	Deferred tax assets
Year of origination:		
Up to and including 2014	13,730	1,940
2015	8,612	1,142
2016	17,708	3,387
2017	18,295	3,553
2018	8,375	1,623
	66,719	11,646

2018	Tax losses	Deferred tax assets
Time limit:		
2019	334	34
2020	8,546	436
2021	17,732	2,799
2022	15,276	5,702
after 2022	24,831	2,675
	66,719	11,646

MOTA-ENIGL SGPS is covered since January 2010 by the Special Tax Regime for Groups of Companies (Regime Especial de Tributação dos Grupos de Sociedades - RETGS), and therefore current tax is calculated based on the taxable profit or loss of the companies included in the consolidation and in that special regime according to its rules.

RETGS covers all the subsidiaries held, directly or indirectly, at least by 75% resident in Portugal and subject to the general regime of taxation established in the Corporate Income Tax (CIT).

For the companies not subject to that special tax regime, current tax is calculated based on the respective taxable profit or loss determine in accordance with the tax rules in force at the location of the head office of each affiliated company.

After 1 January 2007, municipalities began to be entitled to charge an annual municipal surcharge up to the maximum limit of 1.5% of taxable profit subject to and not exempt from CIT. Therefore, in the years ended at 31 December 2018 and 2017, MOTA-ENGIL SGPS and its subsidiaries located in Portugal were subject to a CIT rate of 21%, plus a municipal surcharge at a maximum rate of 1.5% applicable to the taxable profit, reaching a maximum aggregate tax rate of circa 22.5%.

Furthermore, in the years ended at 31 December 2018 and 2017, the taxable profits of affiliated companies that exceeded 1,500,000 Euros were subject to a state surcharge determined in accordance with article 87-A of the Portuguese Code of CIT, at the following rates:

- 3% for taxable profits between 1,500,000 Euros and 7,500,000 Euros;
- 5% for taxable profits between 7,500,000 Euros and 35,000,000 Euros; and
- 9% (7% in 2017) for taxable profits over 35,000,000 Euros.

On the other hand, in the years ended at 31 December 2018 and 2017, the deduction of net financing costs in the determination of taxable profit became conditional upon the higher of the following thresholds:

- 1,000,000 Euros; and
- 30% of earnings before depreciation, net financing costs and taxes.

Lastly, in accordance with article 88 of the Portuguese Code of CIT, affiliated companies located in Portugal are additionally subject to an autonomous taxation over a series of costs at the rates provided for in the aforesaid article.

Therefore, in order to determine deferred tax assets / liabilities the rates of 21% (for tax losses and tax credits carried forward) and 22.5% (for the other temporary differences) were used in Portugal since those rates are estimated to be the ones in force at the date of the reversal of the respective temporary differences.

In the years ended at 31 December 2018 and 2017, the reconciliation between the nominal and effective income tax rates can be analysed as follows:

2018	Rate	Tax basis	Tax
Tax rate and nominal tax on income	22.5%	135,131	30,404
Results of associates using the equity method	-0.5%	(2,932)	(660)
Tax losses of the year for which no deferred tax assets were recognised	2.6%	15,741	3,542
Use of tax losses in the year for which deferred tax assets had not been recognised	-3.0%	-	(4,108)
Differentiated nominal tax rates	11.0%	-	14,850
Differences between tax and accounting capital gains	-11.5%	(68,955)	(15,515)
Autonomous taxation	1.6%	-	2,142
Financial costs not deductible	5.1%	30,843	6,940
Impact of hyperinflation in Angola	3.2%	-	4,376
Tax credits generated and consumed in the year	-3.6%	-	(4,921)
Prior year corrections	2.4%	-	3,295
Other effects	1.0%	6,214	1,388
Effective rate and income tax	30.9%		41,734
2017	Rate	Tax basis	Tax
Tax rate and nominal tax on income	22.5%	89,824	20,210
Results of associates using the equity method	-0.6%	(2,808)	(632)
Exempt companies	-8.6%	(42,462)	(9,554)
Tax losses of the year for which no deferred tax assets were recognised	8.7%	43,290	9,740
Differentiated nominal tax rates	11.5%	-	12,801
Differences between tax and accounting capital gains	-0.5%	(2,724)	(613)
Autonomous taxation	1.5%	-	1,636
Financial costs not deductible	5.4%	26,574	5,979
Temporary differences from exempt companies until 31.12.2017 that have generated the recognition of deferred tax assets/liabilities	-16.8%	-	(18,783)
Impact of hyperinflation in Angola	12.1%	-	10,907
Other effects	-3.0%	(14,703)	(3,308)
Effective rate and income tax	31.6%		28,383

The amounts included under the headings “Exempt companies” and “Differentiated nominal tax rates” are justified essentially by the fact that MOTA-ENGIL ANGOLA has benefited from a tax payment exemption (exemption for a period of 8 years beginning in the fiscal year of 2010 and ending in 2017) and by the fact that companies located outside Portugal have tax rates different from 22.5%.

As at 31 December 2018 and 2017, the nominal tax rates in force in the main countries in which the GROUP operates, which were also the basis for the quantification of deferred tax assets and liabilities, since those rates are estimated to be the ones in force at the date of the reversal of the respective temporary differences, were follows:

Country	Rate	
	2018	2017
South Africa	28%	28%
Angola	30%	30%
Brazil	34%	34%
Colombia	37%	40%
Malawi	35%	35%
Mexico	30%	30%
Mozambique	32%	32%
Peru	29.5%	29.5%
Poland	19%	19%

Pursuant to the national legislation in force, tax returns are subject to review and correction by the tax authorities during a period of four years (five years for Social Security), unless tax losses have occurred, tax benefits have been granted or inspections, claims or objections are under way, situations in which, depending on the circumstances, those periods are extended or suspended. Therefore, the tax returns of the GROUP companies located in Portugal, for the years from 2015 to 2018, may still be subject to review and correction. Nevertheless, the GROUP'S Board of Directors is of the opinion that any corrections arising from different interpretations of the legislation in force by the tax authorities will not have a significant effect on the attached consolidated financial statements.

On the other hand, it is the GROUP'S Board of Directors belief, supported by its lawyers and tax consultants, believes that there are no material liabilities associated with tax contingencies that should give rise to the recording of provisions or the need to disclose them in the attached consolidated financial statements.

13. Earnings per share

MOTA-ENIGL, SGPS has only issued ordinary shares and so there are no special rights to dividends or voting rights.

There is no situation in the GROUP which might lead to a reduction of earnings per share as a result of options, warrants, convertible bonds or other rights associated with ordinary shares. Therefore, there is no dissimilarity between the calculation of basic earnings per share and the calculation of diluted earnings per share.

As at 31 December 2018 and 2017, the share capital of MOTA-ENIGL, SGPS, fully subscribed and paid, was represented by 237,505,141 ordinary shares with the nominal value of 1 Euro each.

Therefore, in the years ended at 31 December 2018 and 2017, the calculation of the earnings per share may be analysed as follows:

		2018	2017
Consolidated net profit of the year attributable to the Group:	(I)	23,612	1,588
Number of ordinary shares	(II)	237,505,141	237,505,141
Number of own shares at the year-end	(III)	6,091,581	3,639,812
Weighted average number of ordinary shares	(IV)	237,505,141	237,505,141
Weighted average number of own shares	(V)	4,194,351	3,639,812
Average number of shares outstanding	(IV - V)	233,271,072	233,865,329
Earnings per share:			
basic	(I) / (IV - V)	0.10 €	0.01 €
diluted	(I) / (IV - V)	0.10 €	0.01 €

14. Goodwill

Information regarding goodwill for the years ended at 31 December 2018 and 2017 can be analysed as follows:

	2018			2017		
	Gross Goodwill	Accumulated impairment losses	Net Goodwill	Gross Goodwill	Accumulated impairment losses	Net Goodwill
Europe Engineering and Construction						
Mota-Engil Central Europe Poland	8,543	(2,313)	6,231	8,797	(2,106)	6,691
Mota-Engil Central Europe Czech Rep.	1,147	(1,147)	-	1,147	(1,147)	-
Others	1,726	(1,726)	-	1,829	(1,767)	62
	11,416	(5,185)	6,231	11,772	(5,020)	6,752
Europe Environment and Services						
Suma Group	13,609	(4,229)	9,380	13,784	(4,229)	9,555
Others	1,139	(116)	1,023	862	(75)	787
	14,748	(4,345)	10,403	14,646	(4,304)	10,342
Africa						
ME Construction South Africa	10,983	-	10,983	12,210	-	12,210
Others	1,145	-	1,145	2,984	-	2,984
	12,128	-	12,128	15,194	-	15,194
Latin America						
Empresa Construtora Brasil	4,501	-	4,501	5,045	-	5,045
Consita	478	-	478	536	-	536
	4,979	-	4,979	5,581	-	5,581
	43,272	(9,530)	33,741	47,193	(9,324)	37,870

The movements occurred in goodwill in the years ended at 31 December 2018 and 2017 can be analysed as follows:

	2018	2017
Goodwill at the beginning of the year	37,870	39,830
Impairment losses in Goodwill (Note 8)		
Mota-Engil Central Europe Poland	(577)	(572)
	(577)	(572)
Changes in Goodwill due to changes in the perimeter (disposal)		
Vista Water	(1,841)	-
	(1,841)	-
Changes in Goodwill due to exchange differences		
Mota-Engil Central Europe Poland	119	216
Empresa Construtora Brasil	(544)	(786)
ME Construction South Africa	(1,227)	(294)
Others	(58)	(524)
	(1,710)	(1,389)
Goodwill at the end of the year	33,741	37,870

In the years ended at 31 December 2018 and 2017, the impairment losses recorded in goodwill were justified by the partial reduction of the goodwill allocated to the electromechanical business in Poland.

As at 31 December 2018 and 2017, the methods and the main assumptions used in the assessment over the existence, or not, of impairment for the most significant amounts of goodwill recorded in the attached consolidated financial statements were as follows:

2018				
Assumptions	ECB*	Mota-Engil Central Europe Poland	Suma Group (except EGF)	ME Construction South Africa*
Method used	Value in use	Value in use	Value in use	Value in use
Basis used	Forecasts	Forecasts	Forecasts	Forecasts
Period used	5 years	5 years	5 years	5 years
Growth rate of sales				
Year n+1	19%	11%	2%	41%
Year n+3	4%	-13%	2%	7%
Perpetuity	4%	3%	2%	6%
Discount rate used in perpetuity	13.0%	8.5%	6.4%	9.5%**
* Valuations expressed in local currency - Brazilian Real and South African Rand, respectively				
**In the valuation of ME Construction South Africa differentiated discount rates were used in each projection period in order to incorporate the estimated inflation level in South Africa (between 9.5% and 10%).				
2017				
Assumptions	ECB*	Mota-Engil Central Europe Poland	Suma Group (except EGF)	ME Construction South Africa*
Method used	Value in use	Value in use	Value in use	Value in use
Basis used	Forecasts	Forecasts	Forecasts	Forecasts
Period used	5 years	5 years	5 years	5 years
Growth rate of sales				
Year n+1	6%	14%	5%	-1%
Year n+3	4%	13%	1%	2%
Perpetuity	4%	1%	1%	6%
Discount rate used in perpetuity	12.8%	5.7%	5.3%	10.04%**
* Valuations expressed in local currency - Brazilian Real and South African Rand, respectively				
**In the valuation of ME Construction South Africa differentiated discount rates were used in each projection period in order to incorporate the estimated inflation level in South Africa (between 10.5% and 11.2%).				

As at 31 December 2018 and 2017, the sensitivity of the results of the impairment tests performed to goodwill to the major key assumptions, namely to the discount rate, to the growth rate in perpetuity and to the projected cash-flows was as follows (impact on the recoverable amount of the net assets to which the goodwill was assigned):

in million Euros

2018	Sensitivity to key assumptions					
	Discount rate		Growth rate in perpetuity		Projected cash-flows	
	0.5%	-0.5%	0.5%	-0.5%	5.0%	-5.0%
ECB	(5)	5	4	(3)	2	(2)
Suma	(11)	13	11	(9)	4	(4)
Mota-Engil Central Europe Poland	(8)	9	7	(6)	4	(4)
ME Construction South Africa	(5)	6	13	(10)	8	(8)
2017	Sensitivity to key assumptions					
	Discount rate		Growth rate in perpetuity		Projected cash-flows	
	0.5%	-0.5%	0.5%	-0.5%	5.0%	-5.0%
ECB	(4)	4	3	(3)	4	(4)
Suma	(12)	15	12	(10)	7	(7)
Mota-Engil Central Europe Poland	(15)	19	15	(12)	7	(7)
ME Construction South Africa	(1)	2	1	(1)	1	(1)

As at 31 December 2018 and 2017, if a discount rate higher in 0.5% or a growth rate in perpetuity lower in 0.5% or projected cash-flows lower in 5% had been used, the results of the abovementioned tests would not lead to the recognition of additional impairment losses.

The value in use corresponds to the estimation of the present value of future cash flows, calculated based on budgets and business plans duly approved by the GROUP'S Board of Directors, which cover, on average, a period of five years.

Overall, the assumptions used in the calculation of the value in use included: (i) the cash flows were project based on historical business knowledge, in market analyses, both in terms of growth and market share, in the backlog already awarded and in the prospects of obtaining new contracts in the future, based on historical probabilities of success; (ii) the operating margin was projected based on historical data and management experience and knowledge; (iii) cash flows after the projection period were extrapolated using a perpetual growth rate similar to the inflation rate expected for the market where the affiliate operates; (iv) estimated cash flows before taxes were discounted at their present value using a pre-tax weighted average cost of capital rate.

Between 31 December 2018 and the date of approval of these consolidated financial statements, the GROUP did not acquire any material financial investment that generated goodwill.

15. Intangible assets

The information regarding the net book value of intangible assets by operating segment, as at 31 December 2018 and 2017, can be analysed as follows:

	Europe Engineering and Construction	Europe Environment and Services	Africa	Latin America	Other, eliminations and Intragroup	Mota-Engil Group
2018						
Development costs	5	5,939	6	3,516	(0)	9,466
Software and other rights	553	335	1,419	2,221	1,932	6,460
Concessions operation rights	4,468	459,609	6,709	-	(0)	470,786
Assets in progress	254	12,039	109	9,223	21	21,645
Other intangible assets	101	1	407	12,629	-	13,138
	5,381	477,922	8,649	27,590	1,952	521,494
2017						
Development costs	2	3,755	37	3,941	-	7,735
Software and other rights	640	282	1,470	2,347	18	4,756
Concessions operation rights	4,751	463,020	1,483	-	-	469,253
Assets in progress	288	10,018	176	8,363	1,886	20,731
Other intangible assets	42	8	583	9,550	-	10,183
	5,723	477,082	3,748	24,201	1,903	512,658

The information regarding the gross amount of intangible assets as at 31 December 2018 and 2017 can be analysed as follows:

	Development costs	Software and other rights	Concessions operation rights	Assets in progress	Other intangible assets	Total
2018						
Opening balance	12,676	22,147	1,300,878	20,731	11,350	1,367,782
Increases	4,155	2,747	39,480	19,298	82	65,762
Disposals	(32)	(671)	(3,592)	-	-	(4,295)
Write-offs	(5)	(327)	(10,729)	(92)	(18)	(11,171)
Impact of hyperinflation in Angola	-	54	2,990	58	46	3,147
Exchange differences	(639)	(363)	(710)	349	259	(1,104)
Transfers and other movements	538	181	16,846	(18,698)	3,452	2,318
	16,693	23,769	1,345,162	21,645	15,170	1,422,439
2017						
Opening balance	8,018	22,957	1,293,594	13,505	1,345	1,339,419
Increases	3,256	469	11,545	13,046	2	28,318
Disposals	-	(733)	(1,276)	(12)	-	(2,021)
Write-offs	(4)	(684)	(7,939)	-	-	(8,626)
Impact of hyperinflation in Angola	53	282	698	78	226	1,337
Exchange differences	(504)	(270)	(109)	(24)	(35)	(943)
Transfers and other movements	1,858	127	4,365	(5,863)	9,811	10,299
	12,676	22,147	1,300,878	20,731	11,350	1,367,782

As at 31 December 2018 and 2017, the heading “Concessions operation rights” referred essentially to the operation concessions rights assigned to the EGF SUBGROUP companies.

In the years ended at 31 December 2018 and 2017, the main increases / disposals / write-offs in intangible assets were associated with the execution of the investment plan of the EGF SUBGROUP companies.

In the year ended at 31 December 2017, the transfers and other movements are justified essentially from transfers of tangible assets by FENIX (circa 9,000 thousand Euros).

The information regarding the accumulated amortisations amount of intangible assets and the respective net values as at 31 December 2018 and 2017 can be analysed as follows:

	Development costs	Software and other rights	Concessions operation rights	Assets in progress	Other intangible assets	Total
2018						
Opening balance	(4,941)	(17,392)	(831,625)	-	(1,166)	(855,124)
Increases (Note 7)	(2,362)	(1,231)	(57,048)	-	(55)	(60,696)
Disposals	-	651	3,571	-	-	4,221
Write-offs	-	327	10,125	-	18	10,470
Impact of hyperinflation in Angola	-	(177)	(64)	-	(41)	(282)
Exchange differences	77	277	42	-	62	458
Transfers and other movements	(1)	236	622	-	(850)	7
	(7,228)	(17,309)	(874,377)	-	(2,032)	(900,945)
2017						
Opening balance	(2,553)	(18,010)	(776,231)	-	(987)	(797,781)
Increases (Note 7)	(1,681)	(1,061)	(65,566)	-	(53)	(68,359)
Increases - Impact of hyperinflation in Angola	(3)	(16)	(3)	-	(4)	(25)
Disposals	-	670	1,273	-	-	1,943
Write-offs	4	73	7,936	-	-	8,012
Impact of hyperinflation in Angola	(50)	(247)	(40)	-	(60)	(397)
Exchange differences	(26)	69	8	-	10	61
Transfers and other movements	(632)	1,130	998	-	(73)	1,422
	(4,941)	(17,392)	(831,625)	-	(1,166)	(855,124)
Net book value						
2018	9,466	6,460	470,786	21,645	13,138	521,494
2017	7,735	4,756	469,253	20,731	10,183	512,658

As at 31 December 2018 and 2017, the heading “Concessions operation rights” can be detailed as follows:

	2018	2017
Concessions granted to EGF Subgroup	459,609	463,020
Others	11,177	6,234
	470,786	469,253

At the end of 2014, a decision was announced which declared Suma the winner of the public tender for the privatisation of 95% of the share capital of EGF, the entity which manages concession operators of multi-municipal systems for the treatment and energy recovery of municipal solid waste in Portugal. After obtaining a no-objection statement from the Competition Authority, the privatisation process was completed by the end of the first half of 2015, and EGF and their subsidiaries were consolidated in Mota-Engil Group after July 1, 2015.

Concessions granted on an exclusive basis for 19 years to the companies of the EGF SUBGROUP (ALGAR, AMARSUL, ERSUC, RESIESTRELA, RESINORTE, RESULIMA, SULDOURO, VALNOR, VALORLIS, VALORMINHO and VALORSUL) will end on 2034.

As at December 31, 2018 and 2017, circa of 71% and 63%, respectively, of the amount of concessions operation rights was justified by 5 concessionaries (VALORSUL, ERSUC, RESINORTE, ALGAR and AMARSUL).

The activity covered by concessions encompasses the handling of municipal waste produced in the areas of the user municipalities, including their recovery and the provision of by-products, as well as selective collection of municipal waste. Municipalities are required to provide concessionaries with all municipal waste whose management is under their responsibility.

The supervision of the concessions is the responsibility of ERSAR, which is empowered to set the tariffs to be applied, as well as to approve regulated accounts and investment plans of the concessionaries.

The operation and management of the concessions also includes the design, construction, acquisition, extension, repair, renewal, maintenance and optimisation of the works and equipment's needed for the execution of the business of the concessionaries.

The concession basis determine that concessionaries will have as its main activity the operation and management of the multimunicipal system of urban waste, including the treatment of urban waste arising from the undifferentiated collection and the selective collection of urban waste, including its sorting, and as complementary activities they will perform those that, although not being part of the main activity, use assets related thereto, enabling the optimisation of the corresponding profitability. The performance of complementary activities depends upon the authorisation from the concession owner, after the opinions of the Competition Authority and of ERSAR.

Assets assign to the concession are as follows:

- Infrastructures related to the treatment and recovery of undifferentiated and selective urban waste, as well as assets used in the selective collection of urban waste: transfer stations, eco-centres, plants for processing, sorting and recovery and corresponding points of access, related infrastructures, landfills, ecopoints and waste transport means;
- Equipment required to operate infrastructures and to monitor and control its use;
- All works, machines and apparatuses and corresponding accessories used to collect and treat waste and to maintain equipment and manage the multimunicipal system that were not mentioned above;
- Equipment, machines, vehicles, apparatuses and corresponding accessories used to collect urban waste selectively.

In addition, the following assets are also considered to be related to the concession:

- Property purchased using the private right or by means of expropriation to set infrastructures;
- Exclusive rights of intellectual and industrial property the concession companies hold;
- Other assets and rights related to the continuity of the operations of the concessions, such as the ones related to labour, construction, lease and provision of services.

Concessionaire should prepare and keep the inventory of assets and rights related to concessions - sending to ERSAR detailed information thereon on a yearly basis -, as well as of the write-offs carried out.

During the validity period of the concessions, the companies have the obligation to keep the assets in proper conditions of operation, conservation and safety, performing all repairs, renewals and adjustments necessary to keep assets in the required technical conditions.

The concessionaries keep the right to use assets related to concessions until they are dissolved. Assets assign to the concession can only be used for the purpose foreseen in concessions. The day concessions end, assets assigned thereto are reverted to an inter-municipal entity, to the Association of Municipalities, to the set of using municipalities, or to the State, through the exercise of the corresponding option right and the payment to the concessionaries of a compensation that corresponds to the net book value of those assets, net of grants.

Concessionaries are liable for risks inherent to the concessions under the applicable law, taking on the corresponding operating risks. On the other hand, concessionaries are liable for the obtainment of financing required for the development of the concession object, in order to meet all obligations taken under concession contracts in due time, taking on the corresponding investment and financing risks.

The remuneration system of concessions is based on the recognition of allowed revenues to concessionaries that should be reflected in the tariffs to apply to the system's users.

Revenues allowed to concessionaries each year within the scope of the regulated activity are set by ERSAR for a period of three to five years ("Regulatory period"). The regulatory model is set by ERSAR and is based on the following assumptions, among others:

- Eligibility of operation costs, for the purposes of determination of allowed revenues, by reference to a context of production efficiency of operation and management of the multimunicipal system;
- Return on capital based on the weighted average cost, with parameters set by reference to market values and to the performance of comparable representative entities;
- Definition of an asset basis composed by the assets allocated to concessions as an incidence of return on capital;
- Adoption of mechanisms to promote efficiency; and
- Suitable impact on allowed revenues of differences recorded between expected amounts and the amounts of urban waste delivered to concessionaries.

In addition, the definition of the operation cost basis must take into account its effective control by the concessionaries, the technologies and capacity installed, as well as demand swings.

Therefore, tariffs to be applied to users must provide concessionaries with allowed revenues under the terms of the previous basis and correspond to the result of the division of revenues allowed each year to concessionaries by the expected consumption amounts for the year.

Concession contracts can be terminated by the concession owner if one of the following situations occurs, with a significant impact on the concession operations: deviation from the purpose of the concession; long-lasting interruption of operation due to a fact attributable to the concessionaries; repeated objection to supervision or repeated non-compliance of the stipulations of the concession owner, or if laws and regulations that apply to operation are not complied with regularly; refusal to carry out proper conservation and repair of infrastructures; repeated collection of amounts that exceed those set in the concession contracts and in the contracts entered into with users; dissolution or insolvency of the concessionaries; unauthorised transfer of the concession or sub concession; unauthorised disposal of shares in the share capital of concessionaries; encumbrance of shares in the share capital of companies that breach provisions in concession contracts; unauthorised increase or reduction, if any, in the share capital of the concessionaries; lack of provision of guarantees or its renewal under the terms and deadlines foreseen; and concessionaries refusal or impossibility to resume concessions.

In addition, the concession owner can bail out the concessions, assuming the direct management of the granted public service, whenever this is accounted for public interest and after at least two thirds of the contract term, with at least one year in advance in relation to the date the bailout takes effect.

As a result of the bailout, concessionaries are entitled to a compensation that must take in consideration the book value on the bailout date of the regulated assets, net of grants, the amount of existing credits, as well as, the amount of future non realized profits, considering the remaining number of years until the term of the concession.

As at 31 December 2018 and 2017, the most significant amounts included under the heading "Assets in progress" refer to the following projects:

Description	2018
UCPT - Studies and land (Resulima)	4,570
Nova Fenix Project (Generadora Fenix)	4,484
Analysis and development of Jorge Luque Project (Generadora Fenix)	3,422
Construction of section D of Western Algarve landfill (Algar)	1,577
	14,053

Description	2017
Nova Fenix Project (Generadora Fenix)	3,503
Analysis and development of Jorge Luque Project (Generadora Fenix)	3,073
UCPT - Studies and land (Resulima)	2,451
Organic Recovery Centre - third digester (Amarsul)	2,426
Licensing SAP (MESP)	1,869
Construction of section C of Eastern Algarve landfill (Algar)	1,380
Organic recover centre - WNTF (Amarsul)	706
	15,408

As at 31 December 2018 and 2017, regarding the assets assigned to the "Concessions operation rights", those may not be traded without the previous approval of the Grantor and of the Regulator. On the other hand, apart from the investment commitments of the EGF SUBGROUP companies, to be set / approved by ERSAR, there are no other contractual commitments for the acquisition of other intangible assets.

The assessment over the existence of impairment indicators in intangible assets and the execution of the corresponding tests, if applicable, were performed on an annual basis as referred to in Note 1.4, paragraph v).

In order to assess the existence of impairment indicators in intangible assets, the following topics were considered by the GROUP:

- Physical / technical obsolescence of the asset;
- Asset / EBITDA ratio above a given parameter (according to the type and location of the asset);
- Changes in interest rates and in return on capital rates; and
- Generation of negative cash flows.

As at 31 December 2018, the methods and assumptions used in the preparation of the impairment tests regarding the GROUP's main intangible assets which showed indicators of impairment were the following:

Assumption	2018
	EGF Subgroup (a)
Method used	Value in use
Basis used	Forecasts
Period used	16 years (Remaining period of the concessions)
Regulated average assets base approved for 2019	292,992
Regulated average assets base approved for 2019 - 2021	319,279
Regulated assets base estimated for 2034 (excluding the inflation effect)	292,472
Average discount rate used in the period 2019 - 2034	5.14%
Net amount of the CGU	239,569

(a) Net assets allocated to the treatment and recovery of waste activity carried out by the concessionaires of the EGF Subgroup.

As at 31 December 2018, if a discount rate higher in 0.25% or a regulated assets base (RAB) lower in 10% had been used, the results of the abovementioned test would not lead to the recognition of an impairment loss.

16. Tangible assets

The information regarding the net book value of tangible assets by operating segment, as at 31 December 2018 and 2017, can be analysed as follows:

	Europe Engineering and Construction	Europe Environment and Services	Africa	Latin America	Others, eliminations and Intragroup	Mota-Engil Group
2018						
Land and buildings	93,296	14,822	83,821	25,032	1,128	218,099
Equipment	91,333	30,520	296,780	48,323	(2,777)	464,179
Tangible assets in progress	3,457	2,736	32,417	8,339	629	47,577
Other tangible assets	75	639	7,014	2,865	0	10,594
	188,161	48,716	420,032	84,560	(1,021)	740,448
2017						
Land and buildings	106,766	14,905	122,705	24,065	1,175	269,617
Equipment	98,165	34,188	207,822	47,051	(2,937)	384,289
Tangible assets in progress	2,074	3,658	31,665	8,299	426	46,122
Other tangible assets	75	772	4,338	7,061	-	12,246
	207,080	53,524	366,530	86,476	(1,337)	712,273

The information regarding the gross amount of tangible assets as at 31 December 2018 and 2017 can be analysed as follows:

	Land and Buildings	Equipment	Tangible assets in progress	Other tangible assets	Total
2018					
Opening balance	428,377	1,724,890	46,122	32,272	2,231,661
Increases	7,903	201,646	14,158	6,328	230,035
Disposals	(995)	(34,545)	(686)	(1,372)	(37,598)
Write-offs	(2,492)	(14,063)	(121)	(1,748)	(18,425)
Impact of hyperinflation in Angola	14,542	6,922	1,726	282	23,472
Revaluation	85	-	-	-	85
Exchange differences	(84,348)	(64,324)	(1,748)	(2,208)	(152,629)
Changes in the perimeter	(0)	52	-	(1,944)	(1,891)
Transfers and other movements	(13,102)	8,978	(11,873)	(4,259)	(20,255)
	349,970	1,829,556	47,577	27,353	2,254,456
2017					
Opening balance	384,253	1,167,417	45,544	32,463	1,629,677
Increases	3,889	111,201	11,372	1,018	127,481
Disposals	(76)	(44,770)	-	-	(44,846)
Write-offs	(731)	(19,479)	(113)	(893)	(21,216)
Impact of hyperinflation in Angola	66,960	532,836	5,928	1,899	607,623
Revaluation	(3,959)	-	-	-	(3,959)
Exchange differences	(6,587)	(17,576)	(3,462)	(1,608)	(29,234)
Changes in the perimeter	(21,329)	(6,542)	(1,748)	(1)	(29,619)
Transfers and other movements	5,957	1,803	(11,400)	(606)	(4,246)
	428,377	1,724,890	46,122	32,272	2,231,661

In the year ended at 31 December 2018, the increase occurred in tangible assets was due essentially to the investments performed in Mozambique and Guinea associated with the execution of medium and long-term mining contracts, as well as, to the investments performed in Ivory Coast and Angola associated with the waste collection and treatment segment.

In the year ended at 31 December 2017, the increase occurred in tangible assets was due essentially to the realization of new investments assigned to the execution of new contracts awarded in the year, namely in Guinea, Rwanda and Mozambique and to the renewal / expansion of the current park of tangible assets in several markets, namely in Angola, Mexico, Brazil, Portugal and Peru.

In the year ended at 31 December 2018, the disposals of equipment were justified essentially by MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO, MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO ÁFRICA, MOTA-ENGIL CENTRAL EUROPE and by ZAMBIAN BRANCH of MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO ÁFRICA.

In the year ended at 31 December 2017, the disposals of equipment were justified essentially by MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO and for the ZAMBIAN BRANCH of MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO ÁFRICA.

In the year ended at 31 December 2017, the transfers and other movements arise essentially from transfers to the heading of intangible assets by FENIX (circa of 9,000 thousand Euros).

The information regarding the accumulated amortisations and impairment losses of tangible assets and their respective net amounts, as at 31 December 2018 and 2017, can be analysed as follows:

	Land and Buildings	Equipment	Tangible assets in progress	Other tangible assets	Total
2018					
Opening balance	(158,760)	(1,340,602)	-	(20,026)	(1,519,388)
Increases (Note 7)	(10,333)	(105,953)	-	(2,273)	(118,560)
Increases - Impact of hyperinflation in Angola (Note 8)	(1,172)	(2,290)	-	(83)	(3,545)
Impairment losses (Note 8)	(147)	-	-	-	(147)
Impairment losses - Impact of hyperinflation in Angola	(1,257)	-	-	-	(1,257)
Disposals	377	27,333	-	812	28,523
Write-offs	1,342	11,778	-	1,443	14,562
Impact of hyperinflation in Angola	(2,266)	(6,880)	-	(249)	(9,394)
Revaluation	(291)	-	-	-	(291)
Exchange differences	23,516	49,008	-	483	73,006
Changes in the perimeter	-	(285)	-	(9)	(294)
Transfers and other movements	17,119	2,513	-	3,143	22,775
	(131,872)	(1,365,377)	-	(16,759)	(1,514,008)
2017					
Opening balance	(125,383)	(792,198)	-	(19,238)	(936,819)
Increases (Note 7)	(13,259)	(91,498)	-	(31)	(104,788)
Increases - Impact of hyperinflation in Angola (Note 7)	(1,762)	(3,453)	-	(2,198)	(7,413)
Impairment losses	(7,047)	-	-	-	(7,047)
Impairment losses - Impact of hyperinflation in Angola	(3,541)	-	-	-	(3,541)
Disposals	57	37,474	-	-	37,531
Write-offs	571	14,713	-	548	15,831
Impact of hyperinflation in Angola	(18,638)	(519,167)	-	(530)	(538,335)
Revaluation	217	-	-	-	217
Exchange differences	2,814	7,453	-	912	11,179
Changes in the perimeter	10,482	4,673	-	0	15,155
Transfers and other movements	(3,270)	1,402	-	511	(1,357)
	(158,760)	(1,340,602)	-	(20,026)	(1,519,388)
Net amount					
2018	218,099	464,179	47,577	10,594	740,448
2017	269,617	384,289	46,122	12,246	712,273

In the year ended at 31 December 2018, the exchange differences were justified essentially by the depreciation of the Angolan Kwanza.

As at 31 December 2018 and 2017, the most significant amounts included under the heading “Tangible assets in progress” refer to the following projects:

Description	2018
Dry Port Liwonde land (MEECA - Malawi Branch)	12,964
Yopougon Project (Eco Eburnie)	7,571
Lands (Citrave)	1,662
EQSTRA Equipment (MEECA - Mozambique Branch)	1,392
Biske Plaza land (ME Real Estate Hungary)	1,327
	24,916

Description	2017
Dry Port Liwonde land (MEECA - Malawi Branch)	9,497
Hydropower plant (Tarucani)	5,089
Cociga land (Vista Waste)	4,579
Lands (Citrave)	1,662
EQSTRA Equipment (MEECA - Mozambique Branch)	1,389
Biske Plaza land (ME Real Estate Hungary)	1,327
Office refurbishment works (Mota-Engil Mexico)	948
	24,491

The assessment over of the existence of impairment indicators in tangible assets and the execution of the corresponding tests, if applicable, were performed on an annual basis as referred to in Note 1.4. paragraph v).

In order to assess the existence of impairment indicators in tangible assets, the following topics were considered by the GROUP:

- Physical / technical obsolescence of the asset;
- Asset / EBITDA ratio above a given parameter (according to the type and location of the asset);
- Changes in interest rates and in return on capital rates; and
- Generation of negative cash flows.

As at 31 December 2018 and 2017, the methods and assumptions used in the preparation of the impairment tests regarding the GROUP's main tangible assets which showed indicators of impairment can be analysed as follows:

Assumption	2018		
	MEEC (a)	Takargo (b)	Novicer (c)
Method used	Value in use	Value in use	Value in use
Basis used	projections with perpetuity	projections for the estimated useful life of the asset	projections with perpetuity
Period used	5 years	20 years	5 years
Growth rate of sales			
Year n+1	35.00%	6.40%	20.80%
Year n+3	1.50%	-	13.90%
Discount rate used in perpetuity	6.84%	-	16.50%
Net amount of the CGU⁽¹⁾	77,315	29,701	5,267

⁽¹⁾ Net fixed assets

(a) Net assets allocated to the construction business of MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO, excluding the quarry operations and the apartment's sale activity.

(b) Net assets allocated to the railway transportation business.

(c) Net assets allocated to the manufacture of clay materials activity in Angola.

Assumption	2018	
	Malawi Gateway Project (logistic business)	Malawi Gateway Project (port business)
Method used	Value in use	Value in use
Basis used	projections for the estimated useful life of the assets	projections for the estimated useful life of the assets
Period used	32 years	30 years
Average growth rate of sales	2.53%	0.53%
Discount rate used	14.00%	14.00%
Net amount of the CGU	21,821	2,779

Assumption	2017		
	MEEC (a)	Takargo (b)	Novicer (c)
Method used	Value in use	Value in use	Value in use
Basis used	Forecasts	Forecasts	Forecasts
Period used	5 years	21 years	5 years
Growth rate of sales:			
Year n+1	5.30%	6.40%	30.00%
Year n+3	6.17%	1.20%	33.60%
In perpetuity	1.20%	1.20%	9.00%
Discount rate used in perpetuity	6.77%	3.50%	18.34%
Net amount of the CGU	113,053	30,696	10,768

(a) Net assets allocated to the construction business of MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO, excluding the quarry operations and the apartment's sale activity.

(b) Net assets allocated to the railway transportation business.

(a) Net assets allocated to the manufacture of clay materials activity in Angola.

Assumption	2017
	Malawi Gateway Project (port business)
Method used	Value in use
Basis used	Forecasts
Period used	32 years
Growth rate of sales:	
Average growth rate of turnover	8.40%
Discount rate used	14.24%
Net amount of the CGU after impairment losses	3,250

Regarding the impairment test carried out to the assets assigned to MALAWI GATEWAY PROJECT (logistic and port activity in Malawi), the one performed in 2017 took in consideration an acquisition proposal received for the logistic component (Level 2 of IFRS 13), whose respective CGU amount arise to approximately 17,500 thousand Euros, and the existing business plan for the port component (value in use determined according to the assumptions referred to above).

As at 31 December 2018 and 2017, the sensitivity of the results of the impairment tests performed to the main key assumptions, namely the discount rate, the growth rate in perpetuity and the projected cash-flows was as follows:

(values in million Euros)

2018	Sensitivity to key assumptions								
	Discount rate			Growth rate in perpetuity			Projected cash-flows		
	0.5%	-0.5%		0.5%	-0.5%		5.0%	-5.0%	
MEEC	(14)	17		13	(11)		7	(7)	
Takargo	(1)	1	n.a.	n.a.			1	(1)	
Novicer	(0)	0		0	(0)		0	(0)	
2017	Sensitivity to key assumptions								
	Discount rate			Growth rate in perpetuity			Projected cash-flows		
	0.5%	-0.5%		0.5%	-0.5%		5.0%	-5.0%	
MEEC	(11)	14		11	(9)		5	(5)	
Takargo	(5)	7	n.a.	n.a.			2	(2)	
Novicer	(1)	1		1	(0)		0	(0)	

As at 31 December 2018 and 2017, if a discount rate higher in 0.5% or a growth rate in perpetuity lower in 0.5% or projected cash-flows lower in 5% had been used, the results of the abovementioned tests would not lead to the recognition of material additional impairment losses.

Overall, the assumptions used in the calculation of the value in use included: (i) the cash flows were project based on historical business knowledge, in market analyses, both in terms of growth and market share, in the backlog already awarded and in the prospects of obtaining new contracts in the future, based on historical probabilities of success; (ii) the operating margin was projected based on historical data and management experience and knowledge; (iii) cash flows after the projection period were extrapolated using a perpetual growth rate similar to the inflation rate expected for the market where the affiliate operates; (iv) estimated cash flows before taxes were discounted at their present value using a pre-tax weighted average cost of capital rate.

In the year ended at 31 December 2018, as a result of the impairment tests carried out, the GROUP recorded net impairment losses of 1,404 thousand Euros, justified essentially by NOVICER. The impairment losses recorded by NOVICER were exclusively due to the positive impact of the restatement of its tangible assets to the current measuring unit (impact of hyperinflation in Angola) which subsequently was subject to a full provision.

In the year ended at 31 December 2017, as a result of the proposals received and the impairment tests carried out, the GROUP recorded impairment losses of circa of 9,250 thousand Euros for the MALAWI GATEWAY PROJECT and circa of 3,500 thousand Euros for NOVICER. The impairment losses recorded by NOVICER were exclusively due to the positive impact of the restatement of its tangible assets to the current measuring unit (impact of hyperinflation in Angola) which subsequently was subject to a full provision.

GROUP's land and buildings are recorded at their revalued cost, having part of them been subject to revaluation in 2018. According to the GROUP's policy, the real estate properties recorded under the heading of tangible assets must be revalued at least every three years.

Land and buildings appraisals were carried out in accordance with one of the following methods, used according to the specific situation of each property:

a) Market method

The criterion for market comparison is based on transaction values of similar real estate properties that can be compared to the property under examination obtained through market research in the area where the property is located.

b) Income method

This method consists in estimate the value of the property from the capitalisation of its net rent, discounted to the present time, using the discounted cash flows method.

c) Cost method

The cost method consists in the determination of the replacement value of the property under analysis taking in consideration the construction cost another property with similar functions deducted from the amount related to functional, physical and economic depreciation / obsolescence observed.

The majority of the appraisals performed were carried out by external and specialised entities, accredited by the *Comissão dos Mercados dos Valores Mobiliários* (CMVM).

The most significant inputs used in the appraisals of the aforesaid properties were as follows:

- Land cost per square meter;
- Construction cost per square meter;
- Sale price per square meter;
- Rent per square meter; and
- Capitalisation / discount rate.

The most relevant information regarding the appraisals performed in 2018 and 2017 to the main real estate properties held by the GROUP can be summarised as follows:

2018				Key assumptions	
Property	Company	Valuation method	Valuation amount	Rent per square metre / month	Discount rate
Property in Amarante	MERE	Discounted cash-flows method	4,973	140.00 €	9.5%
Building in Porto	MEEC	Income method	10,476	9.48 €	7.0%
2017				Key assumptions	
Property	Company	Valuation method	Valuation amount	Rent per square metre / month	Discount rate
Building in Lisboa	MEEC	Income method	20,256	11.00 €	7.0%
Building in Porto	MEEC	Income method	8,700	9.00 €	8.5%
Shipyards in Sintra	MEEC	Income method	2,701	3.30 €	7.7%

The sensitivity of the results of the appraisals performed to the real estate properties mentioned above to the main key assumptions, namely to the discount rate and to the rent per square meter/month, can be analysed as follows:

2018				Sensitivity to key assumptions			
Property	Company	Valuation method	Discount rate		Rent per square metre/month		
			0.5%	-0.5%	5.0%	-5.0%	
Property in Amarante	MERE	Discounted cash-flows method	(144)	150	128	(128)	
Building in Porto	MEEC	Income method	(708)	817	531	(531)	
2017				Sensitivity to key assumptions			
Property	Company	Valuation method	Discount rate		Rent per square metre/month		
			0.5%	-0.5%	5.0%	-5.0%	
Building in Lisboa	MEEC	Income method	(1,350)	1,558	900	(900)	
Building in Porto	MEEC	Income method	(483)	544	415	(415)	
Shipyards in Sintra	MEEC	Income method	(188)	220	74	(74)	

If an increase occur in the cost of the lands or in the rent per square metre or a decrease occur in the capitalization / discount rate, the fair value of the real estate properties will increase. On the other hand, if a decrease occur in the cost of the lands and on the rents by square metre or an increase occur in the capitalization / discount rate, the fair value of the real estate proprieties will decrease.

Although the above mentioned appraisals were carried out based on market data and transactions (essentially released by real estate agencies), their reduced liquidity and the different characteristics of each property do not allow to qualify the market as active. Therefore, the determination of the fair value of the GROUP'S real estate properties falls under the level 3 of IFRS 13.

In the year ended at 31 December 2018, as a result of the impairment tests carried out (real estate appraisals), the GROUP recorded net impairment losses of 147 thousand Euros.

The carrying amount which would have been recognised if tangible assets had been recorded pursuant to the cost model is as follows:

	Historical costs	Revaluation	Total
2018			
Land and buildings	195,872	22,227	218,099
Equipment	463,617	562	464,179
Tangible assets in progress	47,577	-	47,577
Other tangible assets	10,591	3	10,594
	717,658	22,791	740,448
2017			
Land and buildings	246,728	22,889	269,617
Equipment	383,716	573	384,289
Tangible assets in progress	46,122	-	46,122
Other tangible assets	12,243	3	12,246
	688,808	23,465	712,273

As at 31 December 2018 and 2017, the GROUP'S main assets and liabilities assigned to quarries exploration are as follows:

	2018	2017
Fixed assets:		
Land under exploitation	27,460	27,375
Buildings assigned to the operations	1,268	820
Equipments assigned to the operations	6,405	4,063
Inventory:		
Ore stock	4,345	4,523
Accounts receivables	8,579	7,805
Accounts payables	5,735	5,447
	42,321	39,139

In order to perform impairment tests over the carrying amount of the net assets assigned to quarries exploration, its fair value (determined taking in consideration the value in use) was determined using the income method through a discounted cash-flows model. The income method used as relevant inputs the amounts of aggregates to be extracted in the following years, taking in consideration the licensed area and its availability, the respective sale prices, the costs to be incurred with the restoration of the quarries' landscape, the value of the underlying lands, and the following financial assumptions:

Assumptions	2018	2017
Method used	Value in use	Value in use
Basis used	Forecasts	Forecasts
Period used	Estimated period of exploitation of the quarries	Estimated period of exploitation of the quarries
Growth rate of sales:		
Year n+1	Between 1.5% and 20%	Between 1.5% and 20%
Year n+3	1.50%	1.98%
Yearly average growth rate after n+3	1.50%	2.00%
Discount rate used	6.80%	6.77%

17. Financial investments in associated companies

As at 31 December 2018 and 2017, the breakdown of the financial investments in associated companies was as follows:

	2018	2017
Concesionária Autopista Cardel (Latin America segment)	26,867	22,103
Autopista Urbana Siervo de la Nación (Latin America segment)	25,347	23,772
Concesionária Autopista Tuxpan-Tampico (Latin America segment)	21,502	15,825
Estradas do Zambêze and associated company (Africa segment)	4,721	4,326
SPRI (Africa segment)	3,798	7,320
Associated companies of Suma Group (Europe - Environment and Services segment)	2,902	2,902
Constructora Gran Canal (Latin America segment)	1,696	899
Others	3,584	3,939
	90,416	81,086

As at 31 December 2018, the book value of the main financial investments in associated companies can be detailed as follows:

2018	Associates equity ⁽¹⁾	% held	Goodwill	Loans equivalent to net investment	Book value
Concesionária Autopista Cardel Poza Rica (Latin America segment)	(435)	29%	-	27,302	26,867
Autopista Urbana Siervo de la Nación (Latin America segment)	(392)	17%	-	25,739	25,347
Concesionária Autopista Tuxpan-Tampico (Latin America segment)	(320)	26%	-	21,821	21,502

⁽¹⁾ Supplementary payments and capital inflow excluded.

In the years ended at 31 December 2018 and 2017, the following movements occurred in financial investments in associated companies:

2018	Opening Balance	Effect on profit and loss	Effect on reserves ⁽¹⁾	Transfers and changes in the perimeter	Other increases and decreases	Impact of hyperinflation in Angola	Closing Balance
Concessionária Autopista Cardel Poza Rica	22,103	(171)	1,157	-	3,778	-	26,867
Autopista Urbana Siervo de la Nación	23,772	(92)	1,598	-	69	-	25,347
Concessionária Autopista Tuxpan-Tampico	15,825	(257)	874	-	5,060	-	21,502
Estradas do Zambeze and associated company	4,326	511	(116)	-	-	-	4,721
SPRI	7,320	(56)	(3,466)	-	-	-	3,798
Associated companies of Suma Group	2,902	91	(91)	-	-	-	2,902
Constructora Gran Canal	899	758	39	-	-	-	1,696
Others	3,939	1,100	(512)	81	(1,025)	-	3,584
	81,086	1,884	(517)	81	7,882	-	90,416

⁽¹⁾ Includes essentially exchange differences and changes in the fair value of derivative financial instruments.

2017	Opening Balance	Effect on profit and loss	Effect on reserves ⁽¹⁾	Transfers and changes in the perimeter	Other increases and decreases	Impact of hyperinflation in Angola	Closing Balance
Autopista Urbana Siervo de la Nación	74,353	(36)	(1,637)	-	(48,908)	-	23,772
Concessionária Autopista Cardel Poza Rica	12,532	(90)	(29)	-	9,689	-	22,103
Concessionária Autopista Tuxpan-Tampico	14,650	(61)	37	-	1,199	-	15,825
SPRI	7,576	(218)	(38)	-	-	-	7,320
Estradas do Zambeze and associated company	-	773	-	3,553	-	-	4,326
Associated companies of Suma Group	2,867	140	(105)	-	-	-	2,902
Others	4,347	1,202	(784)	362	(279)	(10)	4,838
	116,325	1,711	(2,555)	3,915	(38,299)	(10)	81,086

⁽¹⁾ Includes essentially exchange differences and changes in the fair value of derivative financial instruments.

In the years ended at 31 December 2018 and 2017, the main movements occurred under the heading "Other increases and decreases" were due essentially to the increases and decreases (reclassifications to the heading of Customers and other debtors - noncurrent in 2017) of supplementary capital in the Mexican motorways concessionaires (AUTOPISTA URBANA SIERVO DE LA NACION, CONCESSIONÁRIA AUTOPISTA CARDEL POZA RICA and CONCESSIONARIA AUTOPISTA TUXPAN- TAMPICO).

As at 31 December 2018 and 2017, the summarised information regarding the main financial investments in associated companies extracted from their individual financial statements can be analysed as follows:

2018	% held	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Equity	Sales and services rendered	Net profit
Autopista Urbana Siervo de la Nación	17%	318,938	45,078	62,066	257,883	44,066	171,297	(524)
Concessionária Autopista Cardel Poza Rica	29%	245,976	42,641	9,880	226,960	51,778	100,814	(595)
Concessionária Autopista Tuxpan-Tampico	26%	213,496	56,582	14,695	212,273	33,110	109,400	(994)

2017	% held	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Equity	Sales and services rendered	Net profit
Autopista Urbana Siervo de la Nación	17%	152,896	61,320	40,224	127,880	46,112	79,609	(203)
Concessionária Autopista Cardel Poza Rica	29%	144,681	56,620	22,352	151,365	27,584	90,386	(313)
Concessionária Autopista Tuxpan-Tampico	26%	103,844	69,904	8,058	141,520	24,169	67,726	(237)

In the year ended at 31 December 2015, the GROUP and a Mexican entity entered into an agreement for the disposal of two motorways concessionaires in Mexico (CONCESSIONÁRIA AUTOPISTA CARDEL – POZA RICA AND CONCESSIONÁRIA AUTOPISTA TUXPAN TAMPICO). Following that agreement, the GROUP granted a call option to the counterparty that could be exercised in the three years period after the inauguration of the respective motorways and the latter attributed to the GROUP a put option of those investments to be exercised in a two years period after the date on which its call options expire. The exercise of those put options by the GROUP depend upon the level of revenue generated by the motorways and, if they are exercised, the GROUP will dispose the corresponding financial investments at their book value on that date plus a variable amount calculated taking in consideration the time elapsed between the signature date of the aforementioned agreement and the date the options are exercised. Additionally, since those options have as underlying asset shares of non-listed entities and since there are no sufficient and trustworthy elements for determine its fair value, this one was not recorded nor disclosed in the attached consolidated financial statements.

On the other hand, as at 31 December 2018 and 2017, the GROUP had approximately 36,000 thousand Euros and 28,000 thousand Euros, respectively, recorded under the heading "Customer prepayments on account of sales", received from the potential buyer associated with the transactions referred to above (Note 34).

As at 31 December 2018 and 2017, the summarised information regarding the *Agrupamentos Complementares de Empresas - ACE* in which the GROUP holds a financial interest, extracted from their individual financial statements, can be analysed as follows:

2018	Country	% held	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity	Sales and services rendered	Net profit
Agrupamentos Complementares de Empresas									
APROVEITAMENTO HIDROELÉCTRICO DE FOZ TUA	Portugal	33%	-	3,887	1,763	2,041	83	7,516	1,564
MOTA-ENGL/ACCIONA/EDIVISA-OBRAS APROVEIT. HIDROEL ALTO TÁMEGA, ACE	Portugal	43%	9,000	12,755	356	20,901	498	22,599	498
PINHAL, ACE	Portugal	54%	-	4,517	1,281	2,765	470	1,382	224
PORTUSCALE, CONTRUTORAS DAS AUTO-ESTRADAS DO GRANDE PORTO, ACE	Portugal	40%	-	3,027	1,331	1,696	-	199	-
VENDA NOVA III, ACE	Portugal	28%	-	2,151	1,248	504	398	34	214
VRCLECL, ACE	Portugal	36%	-	2,899	652	2,179	68	208	68

2017	Country	% held	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity	Sales and services rendered	Net profit
Agrupamentos Complementares de Empresas									
APROVEITAMENTO HIDROELÉCTRICO DE FOZ TUA	Portugal	33%	-	11,328	1,476	4,643	5,209	15,481	240
MOTA-ENGL/ACCIONA/EDIVISA-OBRAS APROVEIT. HIDROEL ALTO TÁMEGA, ACE	Portugal	43%	622	8,909	-	9,533	(2)	4,878	(2)
VRCLECL, ACE	Portugal	36%	-	2,752	652	1,199	900	7,439	2,738
VENDA NOVA III, ACE	Portugal	28%	-	2,514	1,383	757	374	1,336	228
GLEX, ACE	Portugal	42%	637	1,703	272	2,068	-	123	-
LGC - Linha de Gondomar, ACE	Portugal	30%	-	1,692	222	111	1,360	52	2

The list of ACE's in which the GROUP holds financial interests is exhibited in Appendix A to this Annex.

18. Financial investments in jointly controlled companies

As at 31 December 2018 and 2017 the breakdown of the financial investments in jointly controlled companies was as follows:

	2018	2017
HL - Sociedade Gestora do Edifício (Europe - Environment and Services segment)	2,675	1,706
Manvia II Conduatas (Europe - Environment and Services)	1,143	970
GISA (Latin America segment)	999	897
Automatriz (Africa segment)	676	3,675
Others	1,203	591
	6,696	7,840

In the years ended at 31 December 2018 and 2017, the following movements occurred in financial investments in jointly controlled companies:

2018	Opening Balance	Effect on profit and loss	Effect on reserves ⁽¹⁾	Transfers and changes in the perimeter	Other increases and decreases	Impact of hyperinflation in Angola	Closing Balance
HL - Sociedade Gestora do Edifício	1,706	816	152	-	-	-	2,675
Manvia II Conduatas	970	156	16	-	-	-	1,143
GISA	897	(75)	200	(22)	-	-	999
Automatriz	3,675	(451)	(1,170)	-	(1,379)	-	676
Others	591	601	(4)	-	15	-	1,203
	7,840	1,048	(806)	(22)	(1,363)	-	6,696

⁽¹⁾ Includes essentially exchange differences and changes in the fair value of derivative financial instruments.

2017	Opening Balance	Effect on profit and loss	Effect on reserves ⁽¹⁾	Transfers and changes in the perimeter	Other increases and decreases	Impact of hyperinflation in Angola	Closing Balance
Automatriz	2,384	204	(2)	-	1,090	-	3,675
HL - Sociedade Gestora do Edifício	989	774	394	-	(450)	-	1,706
Manvia II Conduatas	972	12	(14)	-	-	-	970
GISA	973	(1)	(76)	-	-	-	897
Others	726	109	810	10	(1,064)	-	591
	6,044	1,097	1,112	10	(424)	-	7,840

⁽¹⁾ Includes essentially exchange differences and changes in the fair value of derivative financial instruments.

As at 31 December 2018 and 2017, the summarised information regarding the main financial investments in jointly controlled companies, extracted from their individual financial statements, can be analysed as follows:

2018	% held	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Equity	Sales and services rendered	Net profit
HL - Sociedade Gestora do Edifício	50%	3,866	85,833	67,673	16,676	5,351	2,958	1,633
Automatriz	25%	1,212	8,644	67	8,540	1,250	8,685	(1,767)
Manvia II Conduatas	45%	714	6,284	568	4,313	2,116	5,356	347
GISA	26%	3,689	1,393	331	778	3,973	4,858	(285)

2017	% held	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Equity	Sales and services rendered	Net profit
HL - Sociedade Gestora do Edifício	50%	3,962	86,844	71,140	16,253	3,413	2,999	1,547
Automatriz	25%	2,300	11,041	549	7,436	5,356	14,226	801
Manvia II Conduatas	45%	863	6,779	649	5,180	1,813	6,395	28
GISA	26%	2,972	1,195	537	135	3,496	3,620	(4)

On the other hand, in the years ended at 31 December 2018 and 2017, the GROUP developed several joint operations with partners, namely through consortiums (Note 1.3. paragraph d), which are listed in Appendix A to this Annex.

As at 31 December 2018 and 2017, the summarised information regarding the main joint operations carried out by the GROUP, integrated in the attached consolidated financial statements by the proportional consolidation method, extracted from their individual financial statements, was as follows:

2018	Country	% held	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity	Sales and services rendered	Net profit
Consortiums									
Consortium Puentes de Loreto	Peru	34%	1,122	34,831	-	32,571	3,382	29,941	3,231
CCPSM-Consortium Constructor Del Puert o de San Martin	Peru	33%	1,911	17,322	-	17,318	1,914	21,997	1,875
Consortium Conservacion Vial Santa Rosa	Peru	50%	734	5,145	32	2,927	2,919	2,285	(650)
Consortium Vial Tambillo	Peru	50%	19	4,547	179	3,557	829	5,146	694

2017	Country	% held	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity	Sales and services rendered	Net profit
Consortiums									
Consortium Vial Vizcachane	Peru	50%	21,362	595	12,404	1,184	8,368	41,059	8,306
Consortium Conservacion Vial Santa Rosa	Peru	50%	9,859	3,214	8,415	18	4,640	36,873	7,827
Consortium Vial Jaylli	Peru	42%	3,659	1,349	6,671	526	(2,189)	16,689	(3,087)
Consortium Mota-Engil TR	Peru	50%	5,238	528	4,916	-	850	3,764	(1,073)
Consortium Vial Acobamba	Peru	50%	1,556	1,084	925	417	1,298	4,661	3,040
Consortium ME Colombia	Colombia	38%	5,463	29	1,395	-	4,097	861	743

19. Financial assets available for sale

As at 31 December 2017, the breakdown of the financial assets available for sale was as follows:

	2017
Financial assets available for sale	
BAI-Banco Angolano de Investimentos	57,256
Auto - Sueco Angola	2,724
Rutas Del Este	1,546
STI	1,531
Ecodetra	1,153
Tirtife	107
Others	4,494
	68,811
Advances for financial assets available for sale	
Others	104
	104
Financial assets available for sale	68,916

As a result of the adoption of IFRS 9 as at 1 January 2018, the amounts included under this heading were reclassified to the headings "Other financial investments recorded at amortised cost" and "Other financial investments recorded at fair value through other comprehensive income" (Note 1.2).

In the year ended at 31 December 2017 the movement occurred in financial assets available for sale was as follows:

	2017
Opening balance on January 1, 2017	45,188
Acquisitions and advances during the year	1,546
Impact of hyperinflation in Angola	25,545
Exchange differences	(69)
Transfers and changes in the perimeter (Estradas do Zambêze)	(3,384)
Other changes	89
	68,916

20. Financial assets held to maturity

As at 31 December 2017, the breakdown of the financial assets held to maturity was as follows:

	2017
Angolan sovereign bonds	154,954
	154,954

In the year ended at 31 December 2017, following debt settlement agreements entered into with the Angolan state, the GROUP received circa of 70,000 thousand Euros of Angolan sovereign bonds.

The Angolan sovereign bonds are not traded in an active market and as at 31 December 2017 exhibited the following characteristics:

2017	Nominal value	Interest rate	Maturity			
			1 year	1 - 3 years	3 - 5 years	> 5 years
Angolan sovereign bonds in Kwanzas linked to USD	99,385	5%	975	13,598	15,306	69,506
Angolan sovereign bonds in USD	70,458	5%	-	-	-	70,458
	169,843		975	13,598	15,306	139,964
Difference between nominal value and amortised cost	(14,889)					
Carrying amount	154,954					

Payment of interest and capital reimbursement of the bonds issued in Kwanza will be performed in that currency, but linked to USD exchange rate in force on the settlement date.

Moreover, as at 31 December 2017, part of the aforementioned bonds, in the amount of circa 78,000 thousand Euros, were used as collateral to bank loans obtained in Angola.

Lastly, in the year ended at 31 December 2017, due to the debt settlement agreements entered into with the Angolan State and the differential between the interest rate of the bonds received and the financing interest rate attributable to that State, the GROUP, at the initial recognition of those bonds, recorded them by its fair value (against an impairment on accounts receivable), which was below its nominal value in an amount of circa of 9,000 thousand Euros.

Due to the characteristics of the aforesaid bonds and the GROUP's Board of Directors intention to keep them in its portfolio, those ones were recorded as Financial assets held to maturity.

As a result of the adoption of IFRS 9 as at 1 January 2018 the amounts included under this heading were reclassified to the heading "Other financial investments recorded at amortised cost (Note 1.2.).

21. Other financial investments

As at 31 December 2018, the breakdown of the other financial investments was as follows:

	2018
Other financial investments recorded at amortised cost	
Non-current	
Angolan sovereign bonds	144,963
	<u>144,963</u>
Current	
Angolan sovereign bonds	7,071
Malawi sovereign bonds	14,328
	<u>21,399</u>
	<u>166,363</u>
Other financial investments recorded at fair value through other comprehensive income	
BAI-Banco Angolano de Investimentos	46,976
STI	4,140
Auto - Sueco Angola	2,724
Rutas Del Este	1,546
Tirtife	104
Others	3,733
	<u>59,224</u>

Following the adoption of IFRS 9, and as more detailed described in Note 1.2., from 1 January 2018 the GROUP started to record the financial assets held to maturity and the financial assets available for sale under the headings "Other financial investments recorded at amortised cost" and "Other financial investments recorded at fair value through other comprehensive income".

Other financial investments recorded at amortised cost

The Angolan sovereign bonds are not traded in an active market and as at 31 December 2018 exhibited the following characteristics:

2018	Nominal value	Interest rate	Maturity			
			1 year	1 - 3 years	3 - 5 years	> 5 years
Angolan sovereign bonds in Kwanzas linked to USD	94,157	5%	7,071	6,267	80,818	-
Angolan sovereign bonds in USD	73,799	5%	-	-	-	73,799
	<u>167,956</u>		<u>7,071</u>	<u>6,267</u>	<u>80,818</u>	<u>73,799</u>
Difference between nominal value and amortised cost	<u>(15,922)</u>					
Carrying amount	<u>152,034</u>					

Payment of interest and capital reimbursement of the bonds issued in Kwanza will be performed in that currency, but linked to USD exchange rate in force on the settlement date.

Moreover, as at 31 December 2018, part of the aforementioned bonds, in an amount of circa of 100,000 thousand Euros, were used as collateral to bank loans obtained in Angola.

As at 31 December 2018, Malawi sovereign bonds were not traded in an active market but on the date of approval of these consolidated financial statements its majority has been disposed of.

Other financial investments recorded at fair value through other comprehensive income

In previous years, the GROUP purchased a financial investment of 3% in BAI – Banco Angolano de Investimentos, S.A.. as at 31 December 2018, the GROUP determined the fair value of that financial investment through market transaction Multiples verified in the last three years in Angola and in the African continent (*Price-to-Book Value* and *Price to Earnings*), using a sample of 16 transactions occurred in markets with foreign capital flow restrictions. The final fair value corresponded to the simple average of the two multiples mentioned above.

As a result of the aforementioned calculations, the GROUP, in the year of 2018, reduced the fair value of that financial investment in approximately 10,000 thousand Euros. This asset has been given in guarantee in a bank loan.

As at 31 December 2018, if the average of *Price-to-Book Value* and *Price to Earnings* was higher or lower than 10%, the fair value of the financial investment in BAI would be increased or decreased in 4,680 thousand Euros and 4,690 thousand Euros, respectively.

Additionally, for the remaining financial assets above referred (shares in non-listed companies), the GROUP'S Board of Directors considered that its acquisition cost, minus, when applicable, the respective impairment losses identified, corresponded to the best estimate of its fair value as at 31 December 2018.

As at 31 December 2018, the amount regarding AUTO-SUECO ANGOLA refers to the portion that the GROUP did not dispose of (5.13%) in the sale process occurred in 2013. The disposal of the remaining portion awaits authorisation from Banco Nacional de Angola to be accomplished.

In the year ended at 31 December 2018 the movement occurred in other financial investments was as follows:

	2018	
	At amortised cost	At fair value
Balance at January 1, 2018	154,954	68,916
Increases	14,328	2,609
Reimbursements	(975)	-
Change in fair value	-	(10,280)
Exchange differences	-	221
Liquidations (Ecodetra)	-	(1,153)
Other changes	(1,944)	(1,089)
	166,363	59,224

22. Investment properties

The information regarding the GROUP'S investment properties as at 31 December 2018 and 2017 can be analysed as follows:

	2018	2017
Europe - Engineering and Construction	61,331	53,018
Europe - Environment and Services	2,815	2,816
Africa	29,498	2,925
Latin America	40,040	17,917
	133,685	76,676

In the years ended at 31 December 2018 and 2017 the movement occurred in investment properties can be analysed as follows:

	2018	2017
Opening balance	76,676	75,789
Increases	7,000	387
Changes in fair value (Note 6)	20,553	3,716
Disposals	(13)	(893)
Exchange differences	587	(2,313)
Transfers and other movements	28,882	(10)
	133,685	76,676

In the year ended at 31 December 2018, the increases occurred in investment properties were due essentially to the acquisition of a set of lands in Mexico, whose purchase conditions, despite having been already established in previous years, only became effective in 2018.

The changes in fair value occurred in the year 2018 were justified essentially by the appreciation of a set of lands in Mexico and of some real estate properties in Portugal.

The changes in fair value occurred in the year 2017 were justified essentially by the appreciation of some real estate properties located in Portugal, namely due to the increase of its occupancy, of its rents, as well as, to the decrease in the discount rates.

In the year ended at 31 December 2018, the GROUP transferred a real estate property located in Angola in an amount of approximately 26,000 thousand Euros from the heading "Merchandise" to the heading "Investment properties".

Investment properties comprise land and buildings held with the aim of obtaining rents and / or the appreciation of the invested capital, and not for the use in the production or supply of products or services, or for administrative purposes (cases in which they are classified as tangible assets), or for sale during the ordinary course of business (cases in which they are classified as inventories). The classification of certain land and buildings as investment properties instead of inventories and / or tangible assets is basically due to the use that the GROUP'S Board of Directors defines for those real estate assets taking in consideration namely the maximization of their return.

Investment properties, including those that are under construction, are recorded at their fair value determined annually with reference to the date of the financial statements by independent appraisers.

The income generated with investment properties in the years ended at 31 December 2018 and 2017 can be analysed as follows:

	2018		
	Assets value	Rental income	Gains / losses due to changes in fair value (Note 6)
In Portugal			
Building in Matosinhos	32,830	1,352	1,200
Bom Sucesso Market	16,311	1,106	2,736
Mota Galiza	8,655	271	-
Others	6,351	421	2,290
	64,147	3,149	6,226
Outside Portugal			
Building in Luanda	26,970	-	-
Land in Mexico	18,420	-	15,139
Land in Peru	16,740	-	(813)
Others	7,408	-	-
	69,538	-	14,326
Total	133,685	3,149	20,553
	2017		
	Assets value	Rental income	Gains / losses due to changes in fair value (Note 6)
In Portugal			
Building in Matosinhos	31,630	1,563	2,455
Bom Sucesso Market	13,575	896	752
Motadomus	2,819	110	258
Others	3,912	450	-
	55,834	3,147	3,464
Outside Portugal			
Land in Peru	16,781	-	251
Building in Brazil	1,136	-	-
Others	2,925	-	-
	20,842	-	251
Total	76,676	3,147	3,716

The appraisals of investment properties were carried out in accordance with one of the following methods, used according to the specific situation of each property:

a) Market method

The criterion for market comparison is based on transaction values of similar real estate properties that can be compared to the property under examination obtained through market research in the area where the property is located.

b) Income method

This method consists in estimate the value of the property from the capitalisation of its net rent, discounted to the present time, using the discounted cash flows method.

The appraisals performed to the aforementioned properties were carried out by independent and specialised entities that, as regards properties located in Portugal, are accredited by the *Comissão dos Mercados dos Valores Mobiliários* (CMVM).

For the main investment properties held by the GROUP, their fair value was determined taking in consideration the following relevant inputs:

- Vacancy rate;
- Land cost per square meter;
- Construction cost per square meter;
- Sale price per square meter;
- Rent per square meter; and
- Capitalisation / discount rate.

The most relevant information regarding the appraisals performed in 2018 and 2017 to the main investment properties held by the GROUP can be summarised as follows:

2018	Property	Company	Valuation method	Valuation	Key assumptions		
					Sale price per square metre	Rent per square metre / month	Discount rate
	Building in Matosinhos	MERE	Income method	32,830	n.a.	1.63 €	7.0%
	Mota Galiza	MERE	Income method	8,655	n.a.	3.21 €	7.2%
		Promotora e					
	Land in Peru	Inmobiliaria Santa Clara	Market method	16,740	158.59 €	n.a.	n.a.
	Bom Sucesso Market	Mercado Urbano	Income method	16,311	n.a.	8.19 €	6.8%
	Land in Luanda	MEA	Market method	26,970	453.44 €	n.a.	n.a.
	Lands in Mexico	ME Turismo	Market method	18,420	300.00 €	n.a.	n.a.

2017	Property	Company	Valuation method	Valuation	Key assumptions		
					Sale price per square metre	Rent per square metre / month	Discount rate
	Building in Matosinhos	MERE	Income method	31,630	n.a.	1.66 €	7.6%
	Offices and commercial building in Oporto	Motadomus Promotora e Imobiliária Santa Clara	Income method	2,819	n.a.	7.50 €	7.2%
	Land in Peru	Imobiliária Santa Clara	Market method	16,781	158.98 €	n.a.	n.a.
	Bom Sucesso Market	Mercado Urbano	Income method	13,575	n.a.	7.85 €	7.0%

The sensitivity of the results of the appraisals performed to the investment properties to the main key assumptions, namely to the discount rate, the sale price per square meter and the rents per square meter was as follows (impact on the fair value of the real estate properties):

2018	Property	Company	Valuation method	Sensitivity to key assumptions					
				Discount rate		Sale price / per square metre		Rent per square metre/month	
				0.5%	-0.5%	5.0%	-5.0%	5.0%	-5.0%
	Building in Matosinhos	MERE	Income method	(2,207)	2,552	n.a.	n.a.	1,642	(1,642)
	Mota Galiza	MERE	Income method	(568)	657	n.a.	n.a.	428	(428)
	Land in Peru	Promotora e Imobiliária Santa Clara	Market method	n.a.	n.a.	(837)	837	n.a.	n.a.
	Bom Sucesso Market	Mercado Urbano	Income method	(1,125)	1,305	n.a.	n.a.	816	(816)
	Land in Luanda	MEA	Market method	n.a.	n.a.	(1,474)	1,474	n.a.	n.a.
	Land in México	ME Turismo	Market method	n.a.	n.a.	(832)	832	n.a.	n.a.

2017	Property	Company	Valuation method	Sensitivity to key assumptions					
				Discount rate		Sale price / per square metre		Rent per square metre/month	
				0.5%	-0.5%	5.0%	-5.0%	5.0%	-5.0%
	Building in Matosinhos	MERE	Income method	(2,023)	2,319	n.a.	n.a.	318	(318)
	Offices and commercial building in Oporto	Motadomus	Income method	(15)	16	n.a.	n.a.	111	(110)
	Land in Peru	Promotora e Imobiliária Santa Clara	Market method	n.a.	n.a.	(671)	671	n.a.	n.a.
	Bom Sucesso Market	Mercado Urbano	Income method	(996)	1,149	n.a.	n.a.	747	(747)

If an increase occurs in the cost of land, in the sales price, in the rent per square metre or a decrease occurs in the capitalization / discount rate, the fair value of the investment properties will increase. On the other hand, if a decrease occurs in the cost of land, in the sales price, in the rents per square metre or an increase occurs in the capitalization / discount rate, the fair value of the investment properties will decrease.

Although the above referred appraisals were carried out based on market data and transactions (essentially released by real estate agencies), their reduced liquidity and the different characteristics of each property do not allow to qualify the market as active. Therefore, the determination of the fair value of the GROUP's investment properties falls under level 3 of IFRS 13.

23. Inventories

The information regarding inventories as at 31 December 2018 and 2017 can be analysed as follows:

	2018	2017
Gross amount:		
Raw and subsidiary materials and consumables	121,236	84,915
Products and work in progress	138,383	156,430
Finished goods	15,124	22,589
Merchandise	84,697	96,861
Advances on purchases	6,318	16,502
	365,758	377,297
Inventories adjustments:		
Raw and subsidiary materials and consumables	(4,257)	(5,033)
Products and work in progress	(14,319)	(15,241)
Finished goods	(2,262)	(2,293)
Merchandise	(10,754)	(9,733)
	(31,592)	(32,300)
	334,167	344,996

As at 31 December 2018 and 2017, the amount under the heading "Raw and subsidiary materials and consumables" included essentially construction materials located in Africa (circa of 87,000 thousand Euros and 54,000 thousand Euros, respectively), in Portugal (circa of 8,000 thousand Euros in each year) and in Poland (circa of 6,000 thousand Euros and 9,000 thousand Euros, respectively).

As at 31 December 2018 and 2017, the balance of the heading "Products and work in progress" referred essentially to real estate projects under way in Poland and to real estate projects to be developed in Portugal.

In the year ended at 31 December 2018, the movement occurred in the heading "Products and work in progress" was due essentially to the conclusion and sale of some real estate projects in Poland.

As at 31 December 2018 and 2017, the balance of the heading "Finished goods" referred essentially to apartments for sale in real estate projects concluded in Portugal and in Angola.

As at 31 December 2018 and 2017, the balance of the heading "Merchandise" referred essentially to real estate projects located in Portugal and Angola which aim it is their sale.

On the other hand, in the year ended at 31 December 2018, the decrease occurred in the heading "Merchandise" was due essentially to the transfer of a real estate property located in Angola to the heading "Investment properties" (circa of 26,000 thousand Euros).

Lastly, as at 31 December 2018 and 2017, the inventories heading included circa of 187,000 thousand Euros and 200,000 thousand Euros, respectively, associated with real estate projects.

In the years ended at 31 December 2018 and 2017 the movement occurred in inventories adjustments can be analysed as follows:

	2018	2017
Opening balance	32,300	36,959
Increase (Note 8)	3,668	1,664
Reduction	(7,845)	(6,623)
Utilization	(2)	(1,247)
Transfers, exchange differences and changes in the perimeter	3,471	1,547
	31,592	32,300

In the year ended at 31 December 2018, the decrease occurred in inventories adjustments were explained essentially by the appreciation of some real estate properties in Portugal.

With the exception of some inventories related to real estate projects in Poland and in Portugal, the GROUP has no other inventories given as guarantee for loans obtained.

In order to determine the net realisable value of the inventories, namely the real estate properties, the appraisals methods described in Note 16 were used.

As at 31 December 2018 and 2017, the most relevant information regarding the appraisals (impairment analyses) performed to the main real estate properties (classified in inventories) held by the GROUP can be summarised as follows:

2018					Key assumptions			
Property	Company	Valuation method	Valuation	Construction cost / per square metre	Sale price per square metre	Rent per square metre / month	Discount rate	
Real estate project - Portugal	MERE	Discounted cash-flow method	36,878	608.00 €	1,498.00 €	n.a.	7.5%	
Real estate project - Poland	MECE	Discounted cash-flow method	16,287	824.63 €	1,510.22 €	n.a.	6.1%	
Real estate project - Poland	MECE	Discounted cash-flow method	16,163	445.79 €	973.63 €	n.a.	6.4%	
Real estate project - Poland	MECE	Discounted cash-flow method	17,290	302.22 €	607.53 €	n.a.	6.3%	
Real estate project - Poland	MECE	Discounted cash-flow method	25,539	464.46 €	974.94 €	n.a.	6.3%	

2017					Key assumptions			
Property	Company	Valuation method	Valuation	Construction cost / per square metre	Sale price per square metre	Rent per square metre / month	Discount rate	
Real estate project - Portugal	MERE	Discounted cash-flow method	34,446	590.00 €	2,222.00 €	n.a.	9.0%	
Real estate project - Poland	MECE	Discounted cash-flow method	18,823	785.67 €	2,000.08 €	n.a.	6.3%	
Real estate project - Poland	MECE	Discounted cash-flow method	18,347	310.44 €	1,323.73 €	n.a.	6.5%	
Real estate project - Poland	MECE	Discounted cash-flow method	17,448	842.94 €	1,691.70 €	n.a.	6.3%	
Real estate project - Poland	MECE	Discounted cash-flow method	12,538	453.44 €	1,608.09 €	n.a.	6.3%	

The sensitivity of the results of the appraisals performed to the inventories to the main key assumptions, namely to the discount rate, the construction cost per square meter and the sale price per square meter was as follows:

2018				Sensitivity to key assumptions						
Property	Company	Valuation method	Valuation	Discount rate		Construction cost / per square metre		Sale price per square metre / month		
				0.5%	-0.5%	5.0%	-5.0%	5.0%	-5.0%	
Real estate project - Portugal	MERE	Discounted cash-flow method	(740)		756	(1,995)		1,987	4,257	(4,271)
Real estate project - Poland	MECE	Discounted cash-flow method	(211)		122	(155)		155	992	(992)
Real estate project - Poland	MECE	Discounted cash-flow method	(42)		43	(7)		7	901	(901)
Real estate project - Poland	MECE	Discounted cash-flow method	(104)		104	(138)		138	1,376	(1,466)
Real estate project - Poland	MECE	Discounted cash-flow method	(164)		165	(457)		845	1,350	(1,350)
Real estate project - Poland	MECE	Discounted cash-flow method	(57)		57	(196)		196	779	(779)

2017				Sensitivity to key assumptions						
Property	Company	Valuation method	Valuation	Discount rate		Construction cost / per square metre		Sale price per square metre / month		
				0.5%	-0.5%	5.0%	-5.0%	5.0%	-5.0%	
Real estate project - Portugal	MERE	Discounted cash-flow method	(771)		793	(930)		930	2,534	(2,534)
Real estate project - Poland	MECE	Discounted cash-flow method	(71)		72	(163)		163	1,314	(1,314)
Real estate project - Poland	MECE	Discounted cash-flow method	(62)		62	(3)		3	938	(938)
Real estate project - Poland	MECE	Discounted cash-flow method	(125)		126	(280)		280	1,257	(1,257)
Real estate project - Poland	MECE	Discounted cash-flow method	(103)		103	(496)		496	1,212	(1,212)

24. Customers and other debtors

The information regarding customers and other debtors as at 31 December 2018 and 2017 can be analysed as follows:

	Non-current		Current	
	2018	2017	2018	2017
Customers, current account				
Gross amount:				
Europe Engineering and Construction	1,270	4,191	169,554	189,326
Europe Environment and Services	1,939	679	85,722	93,684
Africa	3,330	1,327	539,409	706,640
Latin America	63	1	183,024	160,263
Other, eliminations and intragroup	(1)	(23)	(54,344)	(77,868)
	6,600	6,175	923,364	1,072,045
Accumulated impairment losses	(75)	(87)	(187,185)	(206,034)
	6,526	6,088	736,178	866,012
Secured receivables	-	-	181	705
Total customers	6,526	6,088	736,359	866,716
Associates and related companies				
Gross amount	53,617	71,808	6,162	111
Accumulated impairment losses	(3,517)	(3,444)	-	-
	50,101	68,364	6,162	111
Advances to suppliers	-	-	54,707	45,625
State and other public entities (except Corporate income tax)	6,187	3,727	15,616	14,110
Other				
Gross amount				
Europe Engineering and Construction	3,988	4,334	289,668	153,104
Europe Environment and Services	4,263	1,517	74,736	70,672
Africa	177	78	197,358	90,835
Latin America	41,403	50,922	51,137	30,439
Other, eliminations and intragroup	26	-	(388,097)	(189,283)
	49,857	56,852	224,802	155,767
Accumulated impairment losses	(3,211)	(4,066)	(34,794)	(24,927)
	46,646	52,786	190,008	130,840
Other debtors	102,933	124,877	266,493	190,686
Total customers and other debtors	109,459	130,965	1,002,852	1,057,403

In the year ended at 31 December 2018, the decrease occurred in the heading of "Customers" was due essentially to the region of Africa, namely to Angola.

In the year ended at 31 December 2018, the decrease occurred in the heading of "Associates and related companies" was due essentially to the repayment of loans by AUTOPISTA URBANA SIERVO DE LA NACIÓN.

As at 31 December 2018, the balance of the heading "Other – non-current" included essentially accounts receivable from other GROUP partners in Latin America.

As at 31 December 2017, the balance of the heading "Other – non-current" in Latin America included the amount of approximately 21,000 thousand Euros related to APP COATZACOALCOS-VILLAHERMOSA concession. That concession corresponds essentially to a multiannual contract entered into with the Mexican State for the provision of services divided in two categories: (i) one category related to the rehabilitation of 134.2 km of road and (ii) the other one related to the maintenance of that road for a 10-year period. Lastly, as prescribed in IFRIC 12, since the GROUP has no demand risk in that concession, the investment carried out in infrastructures was recorded as an account receivable from the Grantor. During the year of 2018, the balances related to that concession were transferred to the heading of "Non-current assets held for sale".

As at 31 December 2018, the GROUP's exposure to current balances aged over one year, net of accumulated impairment losses and creditor balances kept with the respective third parties, resulted essentially from confirmed debts of public entities (State and public institutions of Angola, Mozambique and Malawi), from balances of customers with debt settlement agreements, from the partners of MOTA-ENGIL ANGOLA and MOTA-ENGIL MÉXICO and from retentions provided to customers.

At 5 February 2017, a Presidential Decree was published establishing an agreement between the Angolan State and Luanda Waterfront Corporation (major shareholder of Sociedade Baía de Luanda) regarding the review and bail-out of the project for the rehabilitation of the Luanda bay. As a compensation for the abovementioned bail-out, the Angolan State authorised the issue of public debt amounting to 379 million US dollars to compensate the participants in that project.

Thus, following the agreement above referred, the GROUP received in the first quarter of 2017 in lieu of payment circa of 82,000 thousand dollars of Angolan sovereign bonds with a seven-year maturity. Furthermore, within the scope of that agreement, the GROUP also agreed to receive a plot of land of approximately 64,000 square metres owned by that debtor.

In the years ended at 31 December 2018 and 2017 the movement occurred in impairment losses of customers and other debtors can be analysed as follows:

	2018	2017
Customers and others debtors:		
Opening balance	238,558	184,046
Increase (Note 8)	24,038	33,400
Adoption of IFRS 9 (Note 1.2)	34,072	-
Reduction (Note 8)	(21,023)	(5,812)
Utilization	38	(3,593)
Transfers, exchange differences and changes in the perimeter	(46,900)	30,516
	228,782	238,558

In the year ended at 31 December 2018, the heading of "Transfers, exchange differences and changes in the perimeter" is justified essentially by exchange differences generated essentially by affiliate companies located in Angola.

In the year ended at 31 December 2017, circa of 28,000 thousand Euros of transfers were recorded against the heading of Customers – Gross amount.

Adjustments to accounts receivable due to impairment losses are recorded when there is objective evidence that the GROUP will not receive the full amounts to which it was entitled pursuant to the original terms of the established contracts. The adjustments are determined considering the age of the accounts receivable, the risk profile of the debtor and its economic-financial conditions. On the other hand, for the accounts receivable whose expected time of collection exceeds one year, the GROUP proceeds to the discount of those balances (considering an additional time between one and two years to recover the credit) and discount rates between 7% and 21% in the Africa segment (7.5% and 13.5% in the year of 2017) and between 7.5% and 9.5% in the Latin America segment (9% in the year of 2017). Additionally, after 1 January 2018, with the adoption of IFRS 9, the GROUP started to quantify expected impairment losses for its accounts receivable in accordance with the criteria established in Note 1.4, paragraph ix).

The exposure of the GROUP to credit risk is attributable, above all, to the accounts receivable of its operating activity.

It is the GROUP's Board of Directors belief that the amount at which these assets are recorded in the consolidated statement of financial position is close to their fair value.

The GROUP does not charge any interest provided that the collection terms established with their customers are observed (usually less than 1 year). Once those terms are not accomplished, interest is charged as defined contractually, pursuant to the law in force and applicable to each situation.

25. Contract assets

The information regarding contract assets by operating segment as at 31 December 2018 can be analysed as follows:

	2018	
	Non-current	Current
Europe Engineering and Construction	-	56,996
Europe Environment and Services	-	7,927
Africa	-	234,345
Latin America	-	252,375
Others	-	64
	-	551,707

The movement occurred in the year of 2018 in contact assets and liabilities, excluding the advances component, can be analysed as follows:

Balance as at 1 January 2018	305,560
Transfers to customers and other debtors	(299,596)
Increases due to the accomplishment of new performance obligations not yet invoiced	441,291
Changes to the estimates performed in previous years	(1,968)
Exchange differences, changes in the perimeter and others	23,653
Balance as at 31 December 2018	468,939
Contract assets	551,707
Contract liabilities (Note 35)	(82,769)
	468,939

26. Other assets

The information regarding other assets as at 31 December 2018 and 2017 can be analysed as follows:

	Non-current		Current	
	2018	2017	2018	2017
Accrued income				
Production and services rendered not invoiced (Construction)	-	-	-	339,039
Production and services rendered not invoiced (Others)	-	-	-	4,236
Interest receivable	-	-	6,616	7,175
Other accrued income	-	4,455	-	28,725
	-	4,455	6,616	379,175
Deferred costs				
Insurance	298	160	9,466	9,545
Costs associated with the fulfilment of a contract	-	-	27,752	-
Other deferred costs (Construction)	-	-	-	21,661
Other deferred costs (Others)	7,538	4,288	21,501	13,897
	7,836	4,448	58,719	45,104
	7,836	8,903	65,335	424,278

As at 31 December 2018 and 2017, the headings "Costs associated with the fulfilment of a contract" and "Other deferred costs" included essentially deferred costs associated with the production carried out in the Africa and Latin America regions, namely assigned to the mobilisation / demobilisation of equipment and construction sites.

27. Corporate income tax

The information regarding the corporate income tax by operating segment as at 31 December 2018 and 2017 can be analysed as follows:

	2018	2017
Europe - Engineering and Construction	2,451	351
Europe - Environment and Services	1,087	1,375
Africa	12,671	16,349
Latin America	3,820	5,202
Others, eliminations and intragroup	201	201
	20,230	23,479

28. Cash

The information regarding the headings "Cash and cash equivalents with recourse - demand and term deposits" as at 31 December 2018 and 2017 can be analysed as follows:

	Demand deposits		Term deposits		Total	
	2018	2017	2018	2017	2018	2017
Other treasury applications	1,109	394	-	-	1,109	394
Bank deposits and cash in hand						
Bank deposits	287,664	452,195	97,449	34,663	385,113	486,858
Cash in hand	2,329	2,850	-	-	2,329	2,850
	291,103	455,439	97,449	34,663	388,552	490,102

The information regarding the heading "Cash and cash equivalents without recourse - demand deposits" as at 31 December 2018 and 2017 can be analysed as follows:

	Demand deposits	
	2018	2017
Bank deposits and cash in hand		
Bank deposits	61,726	154,180
Cash in hand	23	18
	61,749	154,198

The amounts of "Cash and cash equivalents without recourse - demand deposits" are associated with the EGF SUBGROUP companies and to APP COATZACOALCOS VILLAHERMOSA (as at 31 December 2017).

As at 31 December 2018 and 2017, the heading “Cash and cash equivalents” - for the purposes of preparation of the cash flows statement – have the following breakdown:

	Total	
	2018	2017
With recourse	388,552	490,102
Without recourse	61,749	154,198
Amounts blocked or pledged	(97,449)	(34,663)
	352,852	609,637

As at 31 December 2018 and 2017, there were 97,449 thousand Euros and 34,663 thousand Euros, respectively, recorded under the heading of “Cash and cash equivalents” not immediately available since they have been granted as a guarantee or being blocked, pursuant to financing contracts established with third parties.

As at 31 December 2018 and 2017, the amounts included under the headings “Cash and cash equivalents” presented the following geographic inception:

	2018	2017
Portugal	201,678	307,056
Angola	46,317	40,234
Poland	42,998	27,607
Mexico	33,994	102,581
Ivory Coast	26,779	-
Peru	26,417	20,344
Brazil	14,526	29,425
Zimbabwe	14,523	19,693
Mauritius	11,729	8,415
Malawi	9,867	31,230
Mozambique	8,132	14,510
Tanzania	1,432	15,388
Others	11,910	27,818
	450,301	644,300

Furthermore, regarding Angola, it should be highlighted the existence, as at 31 December 2018 and 2017, of loans obtained in local currency of approximately 70,000 thousand Euros and 122,000 thousand Euros, respectively.

29. Non-current assets and liabilities held for sale

The information regarding non-current assets and liabilities held for sale as at 31 December 2018 and 2017 can be analysed as follows:

	2018	2017
Assets of APP Coatzacoalcos Villahermosa (Latin America segment)	115,290	-
Financial investment in Lineas subgroup (Others, eliminations and intragroup segment)	89,396	147,599
Others	1,500	1,483
Non-current assets held for sale	206,187	149,082

	2018	2017
Liabilities of APP Coatzacoalcos Villahermosa (Latin America segment)	115,990	-
Lineas subgroup liabilities (Other, elimination and intragroup segment)	-	57,703
Non-current liabilities held for sale	115,990	57,703

In the last quarter of 2015, the GROUP's Board of Directors decided to carry out with the disposal of the financial investment held in the LINEAS SUBGROUP. Therefore, the assets and liabilities related to that SUBGROUP were reclassified for the headings “Non-current assets / liabilities held for sale”.

Additionally, in accordance with IFRS 5, the application of the equity method to the financial investment held in the LINEAS SUBGROUP was suspended as of 30 September 2015.

Following the aforesaid, and in order to execute the disposal of that SUBGROUP, an agreement was entered into with Ardian Infrastructure in February 2016 for the disposal of the financial investments of LINEAS in ASCENDI PT and in ASCENDI PT II, companies which directly or indirectly held the financial investments in the concessionaires and operators ASCENDI NORTE, ASCENDI BEIRAS LITORAL E ALTA, ASCENDI COSTA DE PRATA, ASCENDI GRANDE PORTO and ASCENDI GRANDE LISBOA. The abovementioned agreement also included the sale of the assets directly or indirectly held by LINEAS in the sub concessionaires and operators ASCENDI PINHAL INTERIOR and ASCENDI DOURO INTERIOR, in AUVISA, VIA VERDE PORTUGAL, ASCENDI O&M, ASCENDI IGI and ASCENDI SERVIÇOS, for an amount of approximately 600 million Euros, to which 53 million Euros can be added through of a floating price mechanism.

The first stage of the agreement was completed by the end of December 2016 with the disposal of ASCENDI PT and of ASCENDI PT II, being complemented in January 2017 with the disposal of VIA VERDE PORTUGAL and the disposal of 75% of ASCENDI SERVIÇOS. Furthermore, in July 2017 and in February 2018, the disposal of AUVISA and of ASCENDI PINHAL Interior took place. The full implementation of the agreement will occur with the transfer of the assets still held in the sub concessionaire and operator ASCENDI DOURO INTERIOR and ASCENDI SERVIÇOS (25%), which will take place when certain conditions foreseen in the agreement are met, particularly authorisations from the Grantor and from the financial entities. According to the Board of Directors, based on its experience in similar transactions, those requirements will be accomplished.

On the other hand, in the year of 2017, the GROUP also completed the disposal of SCUTVIAS and VIA LITORAL, and therefore, as of this date, only the disposal of LINEAS, LUSOPONTE, CRT and COPEXA remains to be concluded; nevertheless the GROUP have already received proposals for their disposal which are being operationalised / optimised. However, it is the Board of Directors' intention to conclude the disposal process of this SUBGROUP in the short term, always dependent upon the authorisations of the Grantors and from financing entities.

Taking in consideration the proposals received for the disposal of the remaining assets of LINEAS and its financial debt, the fair value of the financial investment held at that SUBGROUP, less the estimated costs with its sale, exceeds its book value.

In the years ended at 31 December 2018 and 2017, as a result of the application of the equity method has been suspended, the GROUP recorded no results associated with the LINEAS SUBGROUP in those years. As at 31 December 2018 and 2017, non-current assets and liabilities held for sale associated with the LINEAS SUBGROUP have the following breakdown:

	2018	2017
Financial investments in associated companies	89,396	147,599
Sundry creditors - Advances on sales	-	(57,703)
	89,396	89,896

In the year ended at 31 December 2018, due to the disposal of ASCENDI PINHAL INTERIOR, the financial investment and the advance of sales recorded at MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO were derecognised.

Furthermore, in the year of 2018, the GROUP's Board of Directors decided to proceed with the partial disposal of the financial investment it holds in APP COATZACOALCOS-VILLAHERMOSA (Latin America segment), which will lead, at the settlement date of the operation (schedule for 2019), that the GROUP will no longer control that entity.

As at 31 December 2018, the detail of the non-current assets and liabilities held for sale associated with APP COATZACOALCOS-VILLAHERMOSA was as follows:

	2018
Assets	
Non-current	
Tangible assets	24
Customers and other debtors	69,459
Deferred tax assets	177
	69,661
Current	
Inventories	1,355
Customers and other debtors	6,707
Other current assets	1,519
Cash and cash equivalents without recourse – Demand deposits	36,049
	45,630
Total Assets	115,290
Liabilities	
Non-current	
Loans without recourse	82,791
Suppliers and sundry creditors	8,606
	91,397
Current	
Loans without recourse	5,500
Suppliers and sundry creditors	14,374
Other current liabilities	4,718
	24,593
Total Liabilities	115,990

30. Share capital and reserves

Share capital

The share capital of MOTA-ENGL SGPS, as at 31 December 2018 and 2017, fully subscribed and paid up, reached 237,505,141 Euros and was represented by 237,505,141 shares with a nominal value of 1 Euro each.

In the years ended at 31 December 2018 and 2017, the GROUP fulfilled the capital requirements set in the Portuguese commercial law, namely the ones provided for in article 35 of the Portuguese Commercial Companies Code.

Own shares

In the year ended at 31 December 2018, following the decision of the General Shareholders Meetings held on 11 May 2018, the GROUP acquired several own shares with the following breakdown:

2018	Quantity	Average cost	Amount
Opening balance	3,639,812	1.59 €	5,788
Increases			
September	435,550	2.17 €	944
October	909,835	1.87 €	1,699
November	1,076,384	1.63 €	1,755
December	30,000	1.57 €	47
	2,451,769	1.81 €	4,444
Closing balance	6,091,581	1.68 €	10,232

In the year of 2017, the GROUP did not perform any acquisition or disposal of own shares.

Shares premiums

Shares premiums correspond to premiums arising from the issue or increase of share capital. Pursuant to the Portuguese commercial legislation, the amounts included under this heading follow the procedures established for the "Legal reserves", that is, the amounts are not distributable except in the event of liquidation, but may be used to absorb losses, after all other reserves have been depleted, and for incorporation in the share capital.

Fair value reserve – Financial investments

The "Fair value reserve – Financial investments" reflects the changes in the fair value of financial assets recorded at fair value through other comprehensive income and cannot be distributed or used to absorb losses.

Fair value reserve – Tangible assets

The "Fair value reserve – Tangible assets" cannot be distributed to shareholders, unless it has been fully amortised or if the respective revalued assets have been disposed of.

Fair value reserve – Derivatives

The "Fair value reserve – Derivatives" reflects the changes in the fair value of cash flow hedge derivative financial instruments which are considered effective and cannot be distributed to shareholders or used to absorb losses.

Currency translation reserve

The "Currency translation reserve" reflects the exchange differences arising from the conversion of financial statements of affiliates expressed in a currency other than Euro and cannot be distributed to shareholders or used to absorb losses.

Legal reserves

The Portuguese commercial legislation establishes that at least 5% of the annual net profit must be assigned to increasing the legal reserve until it represents at least 20% of the share capital. This reserve is not distributable except in the event of liquidation, but may be used to absorb losses, after all other reserves have been depleted, and for incorporation in the share capital.

Under the terms of the Portuguese legislation, the amount of distributable reserves is determined in accordance with the standalone financial statements of MOTA-ENGL SGPS, prepared in accordance with the International Financial Reporting Standards (IFRS).

Capital management policy

The capital structure of MOTA-ENGIL GROUP, determined by the proportion between equity and net debt, is managed in order to ensure the continuity and the development of its operating activities, the maximization of the return of the shareholders and the optimisation of its financing costs.

MOTA-ENGIL GROUP periodically monitors its capital structure, identifying risks, opportunities and the necessary adjustment measures in order to achieve the above referred goals.

As at 31 December 2018 and 2017, MOTA-ENGIL GROUP presents an accounting Gearing of 46% and 68%, respectively.

Gearing = equity / net debt, corresponding net debt to the algebraic sum of the following headings of the statement of financial position: loans with recourse; loans without recourse; cash and cash equivalents with recourse - demand and term deposits; cash and cash equivalents without recourse - demand deposits; financial assets held to maturity (in 2017) and other financial investments recorded at amortised cost (in 2018).

Dividends

The standalone Management Report presents the following proposal:

The Board of Directors proposes to the annual General Shareholders Meeting the following application of the net profit of the year, in the sum of 444,782,583 Euros and 42 cents, which already includes the amounts of 500,000 Euros and 250,000 Euros assign to the distribution of profits, respectively, to the Board of Directors, under the terms of article 27, paragraph 3 of the Articles of Association, and to the employees:

- To compensate the negative retained earnings in an amount of 261,560,020 Euros and 18 cents;
- For legal reserve, 2,566,764 Euros and 59 cents, in order that this reserve reaches the maximum legal amount of 20% of share capital;
- For distribution to the shareholders, 7.4 cents per share, subject to tax, in a total amount of 17,575,380 Euros and 43 cents; and
- For free reserves, the remaining, in an amount of 163,080,418 Euros and 22 cents.

31. Loans

The amounts regarding loans with recourse as at 31 December 2018 and 2017 can be analysed as follows:

	Current (until 1 year)	between 1 and 2 years	between 2 and 5 years	more than 5 years	Non-current	Total
2018						
Non-convertible bond loans	95,643	75,113	198,824	-	273,937	369,580
Amounts owe to credit institutions:						
Bank loans	293,787	168,609	185,033	27,189	380,831	674,619
Overdraft facilities	78,600	-	-	-	-	78,600
Revolving facilities	108,593	-	-	-	-	108,593
Other loans obtained:						
Commercial paper issues	152,758	7,500	35,250	-	42,750	195,508
Others	2,281	164	82	-	247	2,528
	731,663	251,386	419,189	27,189	697,765	1,429,428
2017						
Non-convertible bond loans	47,639	151,167	122,500	9,167	282,833	330,472
Amounts owe to credit institutions:						
Bank loans	312,251	160,916	160,745	54,747	376,408	688,658
Overdraft facilities	96,269	-	-	-	-	96,269
Revolving facilities	140,935	-	-	-	-	140,935
Other loans obtained:						
Commercial paper issues	116,725	44,110	11,064	-	55,174	171,899
Others	1,303	2,006	247	-	2,252	3,556
	715,121	358,198	294,555	63,913	716,667	1,431,789

Although the commercial paper issues fall due in one year or less, generally they are covered by medium and long term programmes which ensure their automatic renewal over time. Under these circumstances, and since the GROUP's Board of Directors intends to pursue the use of those programmes while they are in force, it recorded those commercial paper issues as due in the medium and long term.

As at 31 December 2018, there were financing operations with commitments of maintaining covenants related to levels of gearing and debt ratios based on the consolidated financial statements of the GROUP and of its sub holdings, whose conditions were negotiated in accordance with normal market practices.

As at 31 December 2018, according to the available information, except for a loan of approximately 5 million Euros, no creditor could demand an early repayment of any loan granted to the GROUP as a result of the non-compliance of any of the abovementioned covenants.

The amounts regarding loans without recourse as at 31 December 2018 and 2017 can be analysed as follows:

	Current (until 1 year)	between 1 and 2 years	between 2 and 5 years	more than 5 years	Non-current	Total
2018						
Amounts owed to credit institutions:						
Bank loans	26,723	23,043	30,602	41,185	94,830	121,552
Revolving facilities	4,651	-	-	-	-	4,651
Other loans obtained:						
Commercial paper issues	2,500	2,500	7,425	3,750	13,675	16,175
	33,874	25,543	38,027	44,935	108,505	142,379
2017						
Non-convertible bonds	-	3,132	24,724	54,558	82,413	82,413
Amounts owed to credit institutions:						
Bank loans	25,220	20,535	48,924	47,312	116,771	141,990
Revolving facilities	2,860	-	-	-	-	2,860
Other loans obtained:						
Commercial paper issues	2,500	2,500	7,500	6,162	16,162	18,662
	30,580	26,167	81,148	108,031	215,346	245,925

As at 31 December 2018 and 2017, the amounts of loans without recourse are associated with the companies of the EGF SUBGROUP and to the company used to finance its acquisition (SUMA TRATAMIENTO), as well as, to APP COATZACOALCOS VILLAHERMOSA (only as at 31 December 2017).

Additionally, as at 31 December 2018 and 2017, the average maturity of the debt (with and without recourse) was 2.3 and 2.4 years, respectively.

As at 31 December 2018 and 2017, the movement occurred in debt was as follows:

2018	Non-convertible bond loans	Bank loans	Overdrafts facilities	Revolving facilities	Commercial paper issues	Other	Total
Opening balance	412,885	830,648	96,269	143,796	190,561	3,556	1,677,714
Transactions with impact in cash-flow:							
Loans receipts	174,726	578,901	25,829	378,171	434,931	1,700	1,594,259
Amortisations and repayments of loans	(133,898)	(590,047)	(41,754)	(385,252)	(413,812)	(2,708)	(1,567,472)
	40,828	(11,146)	(15,925)	(7,081)	21,118	(1,008)	26,787
Transactions with no impact in cash-flow:							
Exchange differences	-	(14,375)	(1,743)	(23,471)	-	(20)	(39,608)
Merges	-	(177)	-	-	-	-	(177)
Recognition of amortised cost	(2,433)	(5,715)	-	-	4	-	(8,144)
Changes in the perimeter	(81,699)	(3,065)	-	-	-	-	(84,765)
Closing balance	369,580	796,171	78,600	113,244	211,683	2,528	1,571,806
2017	Non-convertible bond loans	Bank loans	Overdrafts facilities	Revolving facilities	Commercial paper issues	Other	Total
Opening balance	362,726	909,842	93,758	144,782	125,539	4,602	1,641,249
Transactions with impact in cash-flow:							
Loans receipts	279,521	330,662	492,668	171,239	583,206	-	1,857,297
Amortisations and repayments of loans	(227,340)	(393,924)	(489,646)	(170,119)	(518,015)	(651)	(1,799,695)
	52,181	(63,261)	3,022	1,121	65,191	(651)	57,602
Transactions with no impact in cash-flow:							
Exchange differences	(2,864)	(12,547)	51	(1,020)	-	-	(16,381)
Merges	-	-	(152)	-	-	-	(152)
Recognition of amortised cost	842	(3,385)	-	59	(170)	-	(2,654)
Changes in the perimeter	-	-	(409)	(1,146)	-	(395)	(1,950)
Closing balance	412,885	830,648	96,269	143,796	190,561	3,556	1,677,714

As at 31 December 2018 and 2017, the main bonds issued and commercial paper programmes obtained by the GROUP in force on those dates were as follows:

2018						
Type of issue / Issuer	Date of issue	Date of reimbursement	Indexation	Reimbursement conditions	Current nominal amount	Maturity
Bond loans:						
Mota-Engil Engenharia e Construção África	Dec-17	Dec-23	Euribor 6M + 6.50%	i)	33,333	
Mota-Engil SGPS	Apr-14	Apr-19	Fixed rate 5.5%	ii)	55,650	
Mota-Engil SGPS	Jul-15	Feb-20	Fixed rate 3.90%	ii)	65,947	
Mota-Engil SGPS	Apr-16	Apr-19	Euribor 6 M + 4.75%	ii)	32,000	
Mota-Engil SGPS	Jan-18	Jan-23	Fixed rate 4%	ii)	60,510	
Mota-Engil SGPS	Nov-18	Nov-22	Fixed rate 4.5%	ii)	110,000	
Mota-Engil SGPS	Jun-18	Jun-21	Euribor 3M + 3.5%	ii)	25,000	
Mota-Engil Latin America BV	Dec-17	Dec-23	Euribor 6M + 5%	iii)	12,500	
Commercial paper programmes:						
Mota-Engil SGPS	Oct-17	Oct-22	Euribor 3M + 4%		15,096	90 days
Mota-Engil SGPS	Aug-18	Feb-19	Fixed rate 3.5% (13,550M€); 3% (16,45M€)		29,517	6 months
Mota-Engil SGPS	Feb-18	Jan-19	Euribor of the period + 3%		5,000	7 to 365 days
Mota-Engil SGPS	Dec-13	Feb-22	Maximum rate indicated by the issuer		23,350	7 to 397 days
Mota-Engil SGPS	Dec-18	Dec-19	Fixed rate 4%		52,817	364 days
Mota-Engil Europa	Dec-15	Jun-19	Euribor of the period + 4.70%		25,000	Direct placement: from 7 days to 6 months
Mota-Engil Europa	Dec-18	Nov-21	Euribor 1M + 1.5%		5,000	Direct placement: from 7 days to 6 months
Mota-Engil SGPS and Mota-Engil Ambiente e Serviços	Jan-07	Jan-19	Euribor of the period + 1.5%		15,400	From 1, 3, 6 to 12 months
Resinorte	Aug-16	Feb-24	Euribor 6M + 2.5%		16,175	104 months
Suma	Dec-18	Dec-21	Euribor 12M + 1.5%		6,500	36 months
Suma	Dec-18	Dec-21	Euribor 12M + 2%		10,000	36 months
Suma	Dec-18	Dec-23	Euribor 6M + 1.7%		10,000	60 months

i) Interest and repayment in 10 half-yearly instalments.

ii) Interest paid in half-yearly instalments and single repayment upon the maturity of the loan.

iii) Interest and repayment in 6 half-yearly instalments.

As at 31 December 2018 and 2017, the debt obtained through other loan contracts higher than 10,000 thousand Euros can be analysed as follows:

2018		
Issuer	Type of loan	Amount in debt
Other operations:		
Mota-Engil, SGPS	Medium and long term loan	124,941
Mota-Engil, SGPS	Revolving facilities	25,690
Mota-Engil Engenharia e Construção	Medium and long term loan	30,000
Mota-Engil Engenharia e Construção	Revolving facilities	23,038
Mota-Engil Engenharia e Construção	Overdraft facilities	3,652
Mota-Engil Europa	Medium and long term loan	28,600
Mota-Engil Real Estate Portugal	Medium and long term loan	21,000
Mota-Engil Angola	Medium and long term loan	15,084
Mota-Engil Angola	Revolving facilities	10,148
Mota-Engil Engenharia e Construção África	Medium and long term loan	93,904
Mota-Engil Engenharia e Construção África	Short term loan	30,000
Mota-Engil Engenharia e Construção África	Overdraft facilities	34,171
Mota-Engil Latin America BV	Medium and long term loan	14,000
Mota-Engil Latin America BV	Medium and long term loan	20,667
Mota-Engil Peru	Medium and long term loan	22,707
Suma Tratamento	Medium and long term loan	56,130
Mota-Engil México	Medium and long term loan	15,000
Kilinskięo Property Investment	Short term loan	10,626

2017		
Issuer	Type of loan	Amount in debt
Other operations:		
Mota-Engil, SGPS	Medium and long term loan	107,195
Mota-Engil, SGPS	Revolving facilities	17,000
Mota-Engil Engenharia e Construção	Revolving facilities	19,915
Mota-Engil Europa	Medium and long term loan	18,400
Mota-Engil Real Estate Portugal	Medium and long term loan	24,000
Mota-Engil Angola	Medium and long term loan	13,096
Mota-Engil Angola	Revolving facilities	36,181
Mota-Engil Engenharia e Construção África	Medium and long term loan	84,210
Mota-Engil Engenharia e Construção África	Short term loan	49,750
Mota-Engil Engenharia e Construção África	Overdraft facilities	39,723
Mota-Engil Latin America BV	Medium and long term loan	13,333
Mota-Engil Peru	Medium and long term loan	32,311
Suma Tratamento	Medium and long term loan	60,342
Suma	Medium and long term loan	43,556
Mota-Engil Colômbia branch	Short term loan	13,341
Mota-Engil México	Medium and long term loan	10,522
Vermelo	Medium and long term loan	10,366

The amounts included under the heading "Other" refer essentially to loans obtained from the Portuguese Agency for Investment (Agência Portuguesa para o Investimento - AICEP) and from the Institute of Support to Small and Medium-sized Companies and to Investment (Instituto de Apoio às Pequenas e Médias Empresas e ao Investimento - IAPMEI) as support to investment which earn no interest, having been measured at fair value on the date of initial recognition being the differential to the received amount treated as a subsidy.

32. Other financial liabilities

The information regarding other financial liabilities as at 31 December 2018 and 2017 can be analysed as follows:

	Non-current		Current	
	2018	2017	2018	2017
Leasing	203,131	122,934	62,735	42,238
Factoring	-	-	119,928	91,276
Credit sales	-	-	28,000	150,055
	203,131	122,934	210,663	283,569

As at 31 December 2017, the amount of approximately 150,000 thousand Euros from the credit sales represented the receipt in Portugal, in Euros, of a construction contract carried out under the COSEC line established between the Portuguese State and the Angolan State. As soon as all administrative procedures associated with the transfer of such credit to the Portuguese State were accomplished (which occurred during the year of 2018), that amount was derecognised from liabilities against an account receivable of equal amount.

As at 31 December 2018 and 2017, the movement occurred in the other financial liabilities was as follows:

2018	Leasing	Factoring	Credit sales	Total
Opening balance	165,172	91,276	150,055	406,503
Transactions with impact in cash:				
Loans receipts	153,018	34,255	28,000	215,273
Amortization and reimbursement of loans	(49,275)	(5,603)	(150,055)	(204,933)
	103,742	28,652	(122,055)	10,339
Transactions without impact in cash:				
Exchange differences	(3,048)	-	-	(3,048)
Closing balance	265,866	119,928	28,000	413,794
2017	Leasing	Factoring	Credit sales	Total
Opening balance	127,448	54,001	-	181,449
Transactions with impact in cash:				
Loans receipts	79,610	437,488	150,055	667,153
Amortization and reimbursement of loans	(37,412)	(400,587)	-	(437,999)
	42,198	36,901	150,055	229,154
Transactions without impact in cash:				
Exchange differences	(4,474)	374	-	(4,100)
Closing balance	165,172	91,276	150,055	406,503

As at 31 December 2018 and 2017, the net book value of the assets financed under finance lease contracts was as follows:

	2018	2017
Land and Buildings	1,088	1,854
Basic equipment	237,004	160,930
Transport equipment	20,673	18,124
Administrative equipment	89	120
Other assets	11,088	1,543
	269,943	182,569

As at 31 December 2018 and 2017, the most significant finance lease contracts entered into by the GROUP were as follows:

2018				
Contracting party	Amount	Asset	Lease period	Purchase option
Algar	2,448	Sundry equipment	8 years	-
Correia & Correia	1,278	Building	20 years	26
Empresa Construtora Brasil	1,276	Sundry equipment	10 years	-
ME-Central Europe Polónia	1,035	Sundry equipment	6 years	52
ME- Engenharia (sede)	29,481	Sundry equipment	4 years	589
ME- Engenharia (sede)	12,357	Sundry equipment	5 years	247
Mota-Engil Engenharia e Construção África and Branches	84,577	Sundry equipment	6 years	4,286
Mota-Engil Engenharia e Construção África and Branches	67,211	Sundry equipment	5 years	3,263
Mota-Engil Engenharia e Construção África and Branches	36,027	Sundry equipment	4 years	1,201
Mota-Engil México	3,966	Machinery	3 years	-
Mota-Engil México	1,951	Machinery	4 years	480
PTT	3,582	Land	10 years	72
Suma	2,654	Sundry equipment	1 year	-
Takargo	24,140	Railway locomotives	25 years	121
Takargo	11,944	Railway wagons	25 years	60

2017				
Contracting party	Amount	Asset	Lease period	Purchase option
Correia & Correia	1,278	Building	20 years	26
Empresa Construtora Brasil	1,069	Sundry equipment	5 years	-
Empresa Construtora Brasil	1,430	Sundry equipment	10 years	-
Empresa Construtora Brasil	1,032	Sundry equipment	4 years	21
ME- Engenharia (sede)	32,538	Sundry equipment	4 years	650
ME- Engenharia (sede)	10,779	Sundry equipment	5 years	216
ME-Central Europe Polónia	1,512	Sundry equipment	7 years	21
ME-Central Europe Polónia	1,077	Sundry equipment	6 years	108
Mota-Engil Angola	5,314	Sundry equipment	4 years	-
Mota-Engil Engenharia e Construção África and Branches	18,991	Sundry equipment	5 years	379
Mota-Engil Engenharia e Construção África and Branches	37,787	Sundry equipment	4 years	946
Mota-Engil México	3,770	Machinery	3 years	-
Mota-Engil México	1,855	Machinery	4 years	480
PTT	3,582	Land	10 years	72
Takargo	24,140	Railway locomotives	25 years	121
Takargo	11,944	Railway wagons	25 years	60

As at 31 December 2018 and 2017, the GROUP had responsibilities as lessee recorded under the heading “Other financial liabilities”, relative to contract lease payments with the following maturity periods:

Lease contracts	Outstanding rents on lease contracts		Present value of lease contracts	
	2018	2017	2018	2017
1 year	65,664	46,285	62,735	42,238
2 year	50,762	35,299	48,596	32,400
3 year	47,449	27,144	45,947	25,071
4 or more years	110,788	68,656	108,587	65,463
	274,663	177,384	265,866	165,172
Interest included in the rents	(8,798)	(12,212)	-	-
Present value of the lease contract rents	265,866	165,172	265,866	165,172

33. Derivative financial instruments

The information regarding the derivative financial instruments entered into by the GROUP as at 31 December 2018 and 2017 can be analysed as follows:

Hedging of cash-flows							Fair value	
Affiliates	Type	Counterpart	Beginning	Notional	Contracted rates	Due date	2018	2017
Empresa Construtora Brasil	Currency Swap	Bradesco	Jul-17	830	-	Jul-19	180	93
							180	93
Mota-Engil, SGPS	Swap	JP Morgan	Sep-17	56,250	Swap Euribor 6M for fixed rate -0.02%	Jun-21	(139)	5
Mota-Engil, SGPS	Swap	Bank of China	Jun-18	45,837	Swap Euribor 6M for fixed rate -0.40%	Dec-22	85	-
Mota-Engil, SGPS	Swap	JP Morgan	Jun-18	3,556	Swap Euribor 6M for fixed rate -0.09%	Dec-20	(2)	-
Mota-Engil, SGPS	Swap	JP Morgan	Jun-18	21,000	Swap Euribor 3M for fixed rate -0.03%	Dec-21	(54)	-
Mota-Engil, SGPS	Swap	JP Morgan	Jun-18	17,968	Swap Euribor 12M for fixed rate -0.05%	Jan-20	(6)	-
Mota-Engil, SGPS	Swap	JP Morgan	Jun-18	13,600	Swap Euribor 6M for fixed rate -0.01%	Aug-21	(28)	-
Mota-Engil, SGPS	Swap	JP Morgan	Jun-18	15,250	Swap Euribor 3M for fixed rate -0.03%	Oct-22	(41)	-
Mota-Engil, SGPS	Swap	JP Morgan	Jun-18	17,968	Swap Euribor 12M for fixed rate -0.05%	Jan-20	(6)	-
Mota-Engil Engenharia e Construção África	Swap	CAIXA BI	Jun-18	18,333	Fixed rate 0.54%	Dec-23	(193)	-
Mota-Engil Latin America BV	Swap	CAIXABI	Mar-18	12,500	Swap Euribor 6M for fixed rate -0.381%	Dec-23	(128)	-
ME Peru	Swap	Citibank	Dec-15	8,289	Swap Libor 3M +1.70% for fixed rate 4.35%	Dec-20	-	(323)
ME Peru	Currency Option	Citibank	Aug-16	8,289	Currency swap USD/PEN between [3.413 - 3.80 PEN]	Dec-20	-	(224)
Mota-Engil Engenharia e Construção	Swap	Santander Totta	Aug-14	25,000	Swap Euribor 3M for fixed rate 0.41%	Aug-18	-	(22)
							(512)	(564)

The calculation of the fair value of the derivative financial instruments entered into by the GROUP was carried out by the respective counterparties, which are considered to be respectable / independent financial entities of recognised merit. The valuation models employed were based on the discounted cash flow method, using par rates of swaps, listed on the interbank market and available on Reuters and Bloomberg pages for the relevant periods, being calculated the respective forward rates and discount factors which were used to discount the fixed cash flows (fixed leg) and variable cash flows (floating leg). The sum of the two legs is equivalent to the Net Present Value (NPV). Regarding options, the Black-Scholes model and the volatility values available on Reuters and Bloomberg pages were used.

Following the aforesaid, the fair value of the derivative financial instruments entered into by the GROUP was determined based on valuation techniques whose main inputs can be observed in the market, and so it can be included in level 2 of IFRS 13.

34. Suppliers and sundry creditors

The information regarding suppliers and sundry creditors as at 31 December 2018 and 2017 can be analysed as follows:

	Non-current		Current	
	2018	2017	2018	2017
Suppliers				
Europe Engineering and Construction	13,702	10,253	214,500	196,739
Europe Environment and Services	-	2	36,170	31,465
Africa	1,488	189	258,402	269,074
Latin America	2,351	301	182,956	144,255
Others, eliminations and intragroup	0	0	(119,217)	(151,705)
	17,541	10,744	572,811	489,828
Suppliers of fixed assets	336	-	32,641	28,461
Associates and other shareholders	488	1,718	22,374	33,441
Advances on sales	-	30,799	35,791	260,690
State and other public entities (except Corporate income tax)	-	-	51,607	47,884
Other creditors	33,316	7,601	86,428	79,430
	34,140	40,118	228,841	449,906
	51,681	50,862	801,652	939,734

As at 31 December 2018 and 2017, the heading "Suppliers" included the amounts of approximately 29,200 Euros and 40,500 Euros, respectively, related to confirming contracts. These amounts concern essentially to accounts payables arising from the subcontracting to third parties of construction contracts awarded to the GROUP.

As at 31 December 2018 and 2017, the heading "Others, eliminations and intragroup" included essentially balances between the companies from the Africa segment and from the Europe Engineering and Construction segment.

As at 31 December 2018 and 2017, the heading "Associated companies and other shareholders" included essentially the balances due to GROUP partners, namely the ones of MOTA-ENGIL ANGOLA and of the SUMA and EGF SUBGROUP companies.

As at 31 December 2017, the heading "Advances on sales" included the amount of 26,864 thousand Euros classified as non-current and 697 thousand Euros classified as current associated with the regulatory liabilities of the EGF SUBGROUP companies, as well as, approximately, 28.000 thousand Euros associated with the future disposal of two motorway concessionaires in Mexico (36,000 thousand Euros as at 31 December 2018 - Note 17).

It is the GROUP's Board of Directors belief that the amount at which the abovementioned financial liabilities are recorded in the consolidated statement of financial position is close to their fair value.

35. Contract liabilities

The information regarding contract liabilities by operating segment as at 31 December 2018 can be analysed as follows:

	2018	
	Non-current	Current
Advances received from customers:		
Europe - Engineering and Construction	10,450	26,132
Europe - Environment and Services	19,071	6,612
Africa	33,256	94,670
Latin America	-	109,443
	62,777	236,858
Deferred income:		
Europe - Engineering and Construction	-	14,991
Africa	-	44,945
Latin America	-	22,833
	-	82,769
	62,777	319,626

The movement occurred in 2018 in advances received from customers can be analysed as follows:

Balance as at 1 January 2018	263,490
Revenue recognized in the year associated with liabilities recorded in previous years	(82,718)
Advances received in the year, net of revenue recognized in the same year	134,310
Exchange differences, changes in the perimeter and others	(15,447)
Balance as at 31 December 2018	299,635

36. Other liabilities

The information regarding to other non-current financial liabilities as at 31 December 2018 and 2017 can be analysed as follows:

Other non-current liabilities	2018	2017
Investment subsidies	154,628	151,667
Ongoing works not billed by suppliers	4,118	4,168
Others	9,326	5,790
	168,072	161,625

As at 31 December 2018 and 2017, the heading "Investment subsidies" referred essentially to companies of the EFG SUBGROUP.

The information regarding other non-current liabilities as at 31 December 2018 and 2017 can be analysed as follows:

Other current liabilities	2018	2017
Accrued costs		
Holiday pay and holiday bonus	37,442	38,869
Interest payable	12,502	15,483
Ongoing works in progress not billed by suppliers	348,698	260,799
Other accrued costs	26,455	20,840
	425,096	335,990
Deferred income		
Advance billing	-	58,067
Investment subsidies	18,749	26,251
Other deferred income	19,049	24,867
	37,798	109,185
	462,894	445,175

As at 31 December 2018, the heading "Ongoing works in progress not billed by suppliers" presented the following breakdown by business segment: 198,710 thousand Euros in the Africa segment (127,750 thousand Euros in 2017), 141,500 thousand Euros in the Latin America segment (90,450 thousand Euros in 2017) and 51,400 thousand Euros in the Europe Engineering and Construction segment (44,590 thousand Euros in 2017).

As at 31 December 2018 and 2017, the heading "Other deferred income" included the amounts of 9,700 thousand Euros and 6.700 thousand Euros, respectively, related to interest in arrears charged to customers which were deferred until the moment of their receipt and 4,300 thousand Euros and 9,100 thousand Euros, respectively, related to tariff deviations from the companies of the EGF SUBGROUP.

The main information regarding investment subsidies awarded to the GROUP is as follows:

Beneficiary company	Revenue recognition			
	Asset value	Deferred income	Revenue recognised in 2018	Revenue recognised in 2017
Correia & Correia	3,158	99	12	16
Enviroil II	4,187	590	37	-
Mota-Engil Engenharia e Construção	-	-	-	158
RTA	-	-	-	99
Capsfil	1,137	-	105	-
Mota-Engil Real Estate Portugal	1,331	671	15	-
Ersuc	161,449	38,821	6,698	6,506
Algar	76,188	11,073	1,065	1,065
Amarsul	67,735	15,254	1,302	1,378
Resiestrela	32,156	11,326	986	1,663
Resinorte	130,510	44,803	3,113	5,993
Resulima	11,317	2,329	213	324
Suldouro	46,430	5,620	764	862
Valnor	47,444	12,918	1,273	2,152
Valoris	34,739	6,183	828	974
Valorminho	6,007	1,653	74	73
Valorsul	188,675	22,017	4,561	5,085
Vibeiras	35	2	2	1
Triu	1,139	17	14	-
		173,377	21,061	26,349

37. Corporate income tax

The information regarding corporate income tax by operating segment as at 31 December 2018 and 2017 can be analysed as follows:

	2018	2017
Europe Engineering and Construction	1,260	4,227
Europe Environment and Services	598	389
Africa	18,092	13,945
Latin America	1,985	10,019
Others, eliminations and intragroup	(4,719)	(161)
	17,215	28,419

38. Provisions

The information regarding provisions as at 31 December 2018 and 2017 can be analysed as follows:

	2018	2017
Provisions for investments accounted by the equity method	9,259	6,420
	9,259	6,420
Sundry provisions:		
Provisions for construction warranties	42,773	51,243
Liabilities arising from defined benefit pension plans (Note 40)	12,737	13,548
Legal proceedings	6,263	6,607
Sealing and monitoring of landfills	5,147	4,669
Other contingencies	27,819	13,610
	94,739	89,678
	103,998	96,098

Provisions for construction warranties arise from construction contracts carried out by the GROUP and refer essentially to MOTA-ENGIL ANGOLA and to MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO.

The provisions for the sealing and monitoring of landfills refer essentially to the companies of the SUMA SUBGROUP.

The provisions for other contingencies include estimated costs with several contingencies of legal, tax-related and judicial nature.

In the years ended at 31 December 2018 and 2017 the information regarding the movement occurred in provisions is as follows:

	2018	2017
Provisions for investments accounted under the equity method		
Opening balance	6,420	4,725
Increase	3,296	763
Reduction	(525)	(1,091)
Transfers, exchange differences and changes in the perimeter	68	2,023
	9,259	6,420
Sundry provisions		
Opening balance	89,678	97,360
Increase (Note 8)	35,758	23,640
Reduction (Note 8)	(12,549)	(19,904)
Utilization	(5,094)	(3,974)
Transfers, exchange differences and changes in the perimeter	(13,054)	(7,445)
	94,739	89,678

In the year ended at 31 December 2018, the heading of "Transfers, exchange difference and changes in the perimeter" is justified by exchange differences generated essentially by affiliate companies located in Angola.

As at 31 December 2018 and 2017, the provisions for investments accounted under the equity method referred essentially to the associate LOGZ.

As at 31 December 2018 and 2017, with the exception of the provisions recorded for the sealing and monitoring of landfills and for liabilities arising from defined benefit pension plan, the date of use of the remaining ones cannot be estimated for and, therefore, those provisions were not subject to a financial discount.

Likewise, due to the uncertainty regarding the moment on which the aforesaid provisions will be converted into liabilities, it was not possible to disclose the expected moments for the respective future outflows of resources and so those provisions have been classified as non-current.

39. Non-controlling interests

As at 31 December 2018 and 2017, the subsidiaries controlled by the GROUP which present more significant non-controlling interests were as follows:

2018	Percentage of detention held by non-controlling interests	Net profit attributable to non-controlling interests	Accumulated non-controlling interests	Major shareholders
Mota-Engil Angola	49.00%	19,349	72,207	Sonangol (20%) BPA (5%) Fincapital (15%) Globalpactum (9%)
Generadora Fénix	73.73% (b)	25,228	36,634	Sindicato Mexicano de Electricistas (40%) LF del Centro S.C. (9%) Other investors (25.22%)
Valorsul	68.67%	7,226	35,092	Municipality of Lisboa (20.00%) Municipality of Loures (11.51%) Municipality of Amadora (5.16%) Municipality of Vila Franca de Xira (4.61%) Municipality of Odivelas (0.54%) Other municipalities (5.25%); (a)
Vista Waste	43.86%	7,303	18,349	Vista Energy (41%) Mota-Engil Angola (10%); (a)
Mota-Engil México	49.00%	(436)	17,654	Prodi (49%)
Empresa Construtora Brasil	50.00%	1,564	14,954	Bonsucesso (50%)
Others		9,551	74,147	
		69,785	269,037	

(a) This company is also directly or indirectly held by SUMA (entity held by MOTA-ENGIL GROUP in 61.5% and by Urbaser Group in 38.5%).

(b) 89.83% of the hydro-electric power generation business and 73.73% of the energy generation business through combined-cycle powers.

2017	Percentage of detention held by non-controlling interests	Net profit attributable to non-controlling interests	Accumulated non-controlling interests	Major shareholders
Mota-Engil Angola	49.15%	17,263	107,841	Sonangol (20%) BPA (5%) Fincapital (15%) Globalpactum (9%)
Valorsul	68.67%	6,812	31,297	Municipality of Lisboa (20.00%) Municipality of Loures (11.51%) Municipality of Amadora (5.16%) Municipality of Vila Franca de Xira (4.61%) Municipality of Odivelas (0.54%) Others municipalities (5.25%); (a)
Empresa Construtora Brasil	50.00%	2,430	15,947	Bonsucesso (50%)
Mota-Engil México	49.00%	8,364	17,985	Prodi (49%)
Vista Waste	43.93%	3,507	18,331	Vista Energy (41%) Mota-Engil Angola (10%); (a)
Generadora Fénix	73.73% (b)	17,147	16,396	Sindicato Mexicano de Electricistas (40%) LF del Centro S.C. (9%) Other investors (25.22%)
Others		4,331	80,805	
		59,853	288,603	

(a) This company is also directly or indirectly held by SUMA (entity held by MOTA-ENGI GROUP in 61.5% and by Urbaser Group in 38.5%).

(b) 88.16% of the hydro-electric power generation business and 73.73% of the energy generation business through combined-cycle powers.

The amount included under the heading “Others – accumulated non-controlling interests” refers essentially to SUMA TRATAMENTO, EGF and its remaining subsidiaries (40,626 thousand Euros and 48,257 thousand Euros as at 31 December 2018 and 2017, respectively), companies which are held in partnership with the URBASER GROUP and with several Portuguese municipalities.

As at 31 December 2018 and 2017, and during the years ended on those dates, the summarised financial information (contributions) of the major subsidiaries controlled by the GROUP with non-controlling interests was as follows:

2018	Mota-Engil Angola	Generadora Fénix	Valorsul	Vista Waste	Mota-Engil México	Empresa Construtora Brasil
Financial Position						
Current assets	199,606	29,933	26,046	39,057	153,501	65,850
Non-current assets	223,800	25,289	92,915	46,862	150,802	30,937
Current liabilities	238,443	11,505	33,705	32,228	215,391	48,261
Non-current liabilities	72,665	168	34,152	11,850	52,882	20,858
Equity attributable to shareholders	40,091	6,915	16,011	23,491	18,375	12,715
Non-controlling interests	72,207	36,634	35,092	18,349	17,654	14,954
	112,298	43,549	51,104	41,840	36,029	27,669
Income Statement						
Income	216,929	79,075	60,229	55,702	129,657	152,605
Expenses	177,071	50,996	49,705	39,049	130,547	149,477
Net profit	39,858	28,079	10,524	16,653	(890)	3,128
attributable to:						
shareholders	20,509	2,851	3,297	9,350	(454)	1,564
non-controlling interests	19,349	25,228	7,226	7,303	(436)	1,564
2017						
Financial Position						
Current assets	378,212	17,168	26,229	31,608	80,335	65,245
Non-current assets	166,387	23,411	99,709	54,092	140,961	33,791
Current liabilities	290,470	12,710	35,678	18,095	162,244	41,241
Non-current liabilities	69,862	5,631	44,682	25,879	22,348	25,900
Equity attributable to shareholders	76,427	5,842	14,280	23,394	18,719	15,947
Non-controlling interests	107,841	16,396	31,297	18,331	17,985	15,947
	184,268	22,238	45,577	41,725	36,704	31,895
Income Statement						
Income	175,125	65,744	63,864	75,464	106,129	187,924
Expenses	140,005	42,487	53,944	67,482	89,059	183,064
Net profit	35,121	23,257	9,920	7,982	17,070	4,860
attributable to:						
shareholders	17,858	6,110	3,108	4,475	8,705	2,430
non-controlling interests	17,263	17,147	6,812	3,507	8,364	2,430

In the years ended at 31 December 2018 and 2017 the movement occurred in non-controlling interests can be analysed as follows:

	2018
Balance as at 31 December 2017	288,603
Adjustments arising from the adoption of IFRS 9 (net of tax)	(5,709)
Adjustments arising from the adoption of IFRS 15 (net of tax)	(1,850)
Balance as at 1 January 2018	<u>281,044</u>
Net profit attributable to non-controlling interests	69,785
Items of other comprehensive income that may be reclassified to the income statement:	
Exchange differences arising from the conversion of financial statements expressed in foreign currencies	(74,417)
Impact of hyperinflation in Angola	12,527
Other comprehensive income	(265)
Dividend distribution	(24,906)
Changes in the consolidation perimeter and in the non-controlling interests	3,840
Others	1,429
	<u>269,037</u>

	2017
Opening balance	240,891
Net profit attributable to non-controlling interests	59,853
Items of other comprehensive income that may be reclassified to the income statement:	
Exchange differences arising from the conversion of financial statements expressed in foreign currencies	(9,236)
Impact of hyperinflation in Angola	27,269
Other comprehensive income	545
Dividend distribution	(21,878)
Changes in the consolidation perimeter and in the non-controlling interests:	
Acquisition of 4.99% of the EGF Group	(9,916)
Others	1,631
Others	(555)
	<u>288,603</u>

40. Retirement plans with defined benefits

As at 31 December 2018 and 2017, the GROUP had assumed responsibilities related to retirement plans with defined benefits towards some former employees and towards the founding shareholders directors. These last ones are beneficiaries of a retirement plan with defined benefits which broadly allow them to receive a pension equivalent to 80% of their salary on their retirement date.

As at 31 December 2018 and 2017, the information regarding the responsibilities with the pensioners and the founding shareholders directors, as well as, the respective coverage, can be analysed as follows:

	2018	2017
Responsibilities to pensioners	1,520	1,417
Responsibilities to founding shareholders directors	11,217	12,132
Provisions	12,737	13,548
% of coverage	100%	100%

The information regarding the movement in the liabilities with retirement plans in the years ended at 31 December 2018 and 2017, can be analysed as follows:

	2018	2017
Liabilities at beginning of the year	13,548	11,262
Benefits paid	(85)	(94)
Current service cost	258	213
Interest cost	205	226
Actuarial Losses / (Gains)	(1,189)	1,940
Liabilities at year end	12,737	13,548

In the years ended at 31 December 2018 and 2017, the amounts recognised through the consolidate income statement regarding retirement plans with defined benefits amounted to 463 thousand Euros and 439 thousand Euros, respectively. In addition, in those years, the amounts of 1,189 thousand Euros and -1,940 thousand Euros, respectively, referring to positive and negative actuarial and financial deviations verified, were recognised in the consolidated statement of other comprehensive income.

As at 31 December 2018 and 2017, the actuarial valuations prepared to quantify the responsibilities with the retirement plans were drawn up by an independent actuary expert accredited by the Supervisory Authority for Insurance and Pension Funds (Autoridade de Supervisão de Seguros e Fundos de Pensões - ASF) and assumed the following assumptions:

	2018	2017
Mortality table	TV 73/77	TV 73/77
Invalidity table	EKV80	EKV80
Discount rate	1.5%	1.5%
Expected salary increase rate	1.0%	1.0%
Pensions discount rate	1.5%	1.5%
Pensions growth rate	0%/1.5%	0%/0.5%
Number of payments of the benefit	13/14	13/14

The liabilities arising from retirement plans with defined benefits were calculated in accordance with the Projected Unit Credit Method, based on the most suitable actuarial and financial assumptions for the established plan.

The discount rate used for the calculation of the liabilities was determined by reference to market rates issued by companies with low risk and with a duration similar to the one of the settlement of the liabilities.

Based on the actuarial valuation carried out as at 31 December 2018, the best estimate for the contributions to be paid in 2019 amount to 303 thousand Euros.

The retirement plans with defined benefits expose the GROUP to the following risks:

- Interest rate risk – the present value of the liabilities is calculated using a discount rate determined with reference to the interest rates of bonds denominated in Euros with high quality in terms of credit risk; if the discount rate decreases, liabilities increase.

- Longevity risk – the present value of the liabilities is calculated assuming the best estimate of the expected date of death of the participants before and after the retirement date. An increase in the life expectancy of the participants of the plan will increase the liabilities with retirement plans.

- Salary / pension risk - the present value of the liabilities is calculated assuming the estimated future salaries / pensions of the participants. Therefore, an increase in the participants' salaries / pensions will increase the liabilities with retirement plans.

As at 31 December 2018, if the salaries growth rate increased 0.5%, the present value of the liabilities would be increased circa of 155 thousand Euros.

As at 31 December 2018, if the discount rate was higher or lower 0.5%, the present value of the liabilities would be decreased and increased circa of 701 and 766 thousand Euros, respectively.

As at 31 December 2018, the duration of the responsibilities arises to 11 years.

41. Contingent Assets and Liabilities

As at 31 December 2018 and 2017, the guarantees provided by the GROUP to third parties in the form of bank guarantees and surety insurances, namely to customers whose construction contracts are undertaken by the several GROUP companies, detailed per currency, are as follows:

	2018	2017
Czech Crown	9,468	6,601
US Dollar	183,493	183,832
Cape Verdean Escudo	243	886
Euros	320,747	367,891
Hungarian Forint	1,267	655
Angolan Kwanza	32,905	54,919
Malawian Kwacha	28,132	18,025
Mozambican Metical	13,733	7,277
Peruvian Nuevo Sol	64,337	71,141
Colombian Peso	212,977	221,401
Mexican Peso	275,578	294,707
South African Rand	47,402	39,701
Brazilian Real	101,949	110,093
Polish Zloty	114,875	143,560
Others	95,073	32,331
	1,502,177	1,553,021

As at 31 December 2018 and 2017, the detail of the guarantees provided by GROUP company is as follows:

	2018	2017
Área golfe	183	554
Emocil	27	529
Empresa Construtora Brasil	97,828	89,144
Geradora Fenix	1,922	1,826
Suma/EGF Group	81,600	98,846
Marvia	4,014	3,758
ME- Central Europe Czech Republic	6,980	6,403
MEEC- África	84,691	80,791
Mota-Engil Angola	33,783	57,658
Mota-Engil Central Europe Poland	121,966	139,038
Mota-Engil Engenharia	158,964	182,896
Mota-Engil México	86,786	81,230
Mota-Engil Peru	106,315	106,247
Mota-Engil Serviços Partilhados	225	225
Mota-Engil Engenharia e Construção - Colombia Branch / Mota-Engil Colômbia	122,011	126,837
Mota-Engil Engenharia e Construção África - Ivory Coast Branch	39,247	-
Mota-Engil Engenharia e Construção África - Malawi Branch	57,983	60,851
Mota-Engil Engenharia e Construção África - Mozambique Branch	52,437	35,233
Mota-Engil Engenharia e Construção África - Zambia Branch	-	20,327
Vibeiras	7,141	7,461
Others	438,013	453,166
	1,502,177	1,553,021

As at 31 December 2018 and 2017, the amount of guarantees provided by the GROUP to the Portuguese tax authorities, associated with tax proceedings, amounted to 59,222 thousand Euros (59,222 thousand Euros in 2017) with the following breakdown: 50,815 thousand Euros through insurances (50,815 thousand Euros in 2017); 848 thousand Euros through guarantees (848 thousand Euros in 2017); 4,913 thousand Euros through bank guarantees (4,913 million Euros in 2017) and 2,646 thousand Euros through the pledge of shares (2,646 thousand Euros in 2017). Up to the date of approval of these consolidated financial statements, the GROUP received an additional tax assessment for which has delivered an insurance in favour of the Portuguese tax authorities in an amount of 21,301 thousand Euros. Nevertheless, the GROUP challenged in courts the respective tax assessments, and the Board of Directors believes, based on the opinion of its legal tax / advisers, that those challenges will be in its favour and so no provisions were recorded in the attached consolidated financial statements.

On the other hand, as at 31 December 2018, the GROUP was involved in several legal proceedings, both as defendant and claimant, which considering only the proceedings over 500 thousand Euros arise to approximately 99,000 thousand Euros in the quality of defendant (66,000 thousand Euros as at 31 December 2017). In this regard, it should be highlighted that out of the above mentioned amount 51,000 thousand Euros are concentrated on two proceedings (one in Portugal and other in Slovakia) which have more than ten years.

Regarding the first of those proceedings, the fact that the counterpart did not manage to prove in court over the course of the last 13 years the subject on which the legal action pertain (and for which the counterpart demands a compensation arising to circa of 36,000 thousand Euros) supports the belief of the Board of Directors that the outcome of that proceeding will be favourable to the GROUP.

Regarding the second of those proceedings, although it was expected that the Constitutional Court of Slovakia would confirm the favourable judgment given in the past, regarding facts occurred in 2004, it changed its position, despite of the facts and the legal framework being the same. However, and without prejudice to the right to appeal, namely within the scope of the European jurisdiction and institutions, the Board of Directors considers, based on the opinion of reputed legal advisers, that, taking in consideration a very peculiar procedural framework and distorted assumptions the basis of the administrative decision underlying the referred proceeding, namely the respective (pecuniary) penalty, shall always lack implementation, due to the remote probability of its enforceability.

On the other hand, in 2018, a former employee of MOTA-ENGL GROUP is under investigation by the Peruvian Public Ministry following the employee's alleged involvement in a set of practices carried out by some construction companies operating in Peru which were not deemed to be in full compliance with the legislation in force. In addition, following such investigation, MOTA-ENGL PERU was involved in that proceeding, although not in the quality of defendant, having immediately appealed from such decision since has considered it unfounded. However, as at the date of this report, since the proceeding mentioned above is still in its preparatory investigation stage (which will last until January 2021), potential contingencies associated with the evolution of that investigation cannot be currently determined and quantified.

Lastly, in the year 2018, MOTA-ENGL GROUP, through three of its affiliates, namely MOTA-ENGL ENGENHARIA E CONSTRUÇÃO, S.A., received from the Portuguese Competition Authority a notice of alleged non-compliance practices following an investigation carried out by that regulatory entity regarding a public tender in which those entities took part in previous years. At the date of this report, the GROUP is preparing its reply to the notice mentioned above. However, the GROUP's Board of Directors does not estimate any material impact to the attached consolidated financial statements as a result of the outcome of that proceeding.

42. Related parties

As at 31 December 2018 and 2017, as well as in the years ended on those dates, the balances and transactions maintained with related parties, corresponding to associated and jointly controlled companies (recorded under the equity method), GROUP's shareholders with qualifying holdings or with other companies held by those shareholders are as follows:

2018	Accounts receivable	Accounts payable	Loans granted	Loans obtained
Associated companies	54,997	140,840	56,263	22,862
Companies with common shareholders to the Group	613	1,033	-	-

2017	Accounts receivable	Accounts payable	Loans granted	Loans obtained
Associated companies	27,752	133,330	41,267	7
Companies with common shareholders to the Group	614	1,014	-	-

2018	Sales and services rendered	Cost of goods sold, mat. cons. and Subcontractors	Interest income	Interest expense
Associated companies	361,511	12,221	2,987	-
Companies with common shareholders to the Group	99	8	-	-

2017	Sales and services rendered	Cost of goods sold, mat. cons. and Subcontractors	Interest income	Interest expense
Associated companies	217,615	17,922	4,327	36
Companies with common shareholders to the Group	79	8	-	4

As at 31 December 2018 and 2017, the GROUP's shareholders with qualifying holdings and respective directors and key office holders were as follows:

António Manuel Queirós Vasconcelos da Mota
Maria Manuela Queirós Vasconcelos Mota dos Santos
Maria Teresa Queirós Vasconcelos Mota Neves da Costa
Maria Paula Queirós Vasconcelos Mota de Meireles
Maria Silvia Fonseca Vasconcelos Mota
Carlos António Vasconcelos Mota dos Santos
Manuel António da Fonseca Vasconcelos da Mota
José Pedro Matos Marques Sampaio de Freitas
José Manuel Mota Neves da Costa
António Lago Cerqueira, S.A.
Mota Gestão e Participações, SGPS, S.A.
F.M. - Sociedade de Controlo, SGPS, S.A.
Azvalor Asset Management, S.G.I.I.C., S.A.
Cobas Asset Management, SGIIC, S.A.
Norges Bank
Mutima Capital Management, LLC

As at 31 December 2018 and 2017, the companies with common shareholders with the GROUP were as follows:

Cogera - Sociedade de Produção de Energia por Cogeração, Lda
Covelas - Energia, Lda

As at 31 December 2018 and 2017, the directors of MOTA-ENGIL SGPS that can be considered as key management personnel were as follows:

António Manuel Queirós Vasconcelos da Mota
Gonçalo Nuno Gomes de Andrade Moura Martins
Arnaldo José Nunes da Costa Figueiredo
Jorge Paulo Sacadura Almeida Coelho
Maria Manuela Queirós Vasconcelos Mota dos Santos
Maria Teresa Queirós Vasconcelos Mota Neves da Costa
Maria Paula Queirós Vasconcelos Mota de Meireles
Ismael Antunes Hernandez Gaspar
Carlos António Vasconcelos Mota dos Santos
José Pedro Matos Marques Sampaio de Freitas
António Martinho Ferreira de Oliveira
João Pedro dos Santos Dinis Parreira
Manuel António da Fonseca Vasconcelos da Mota
Eduardo João Frade Sobral Pimentel
Luis Filipe Cardoso da Silva
Luis Valente de Oliveira
António Bernardo A. da Gama Lobo Xavier
António Manuel da Silva Vila Cova
Francisco Manuel Seixas da Costa
Helena Sofia Salgado Cerveira Pinto
Ana Paula Chaves e Sá Ribeiro

The remuneration attributed to the members of the Board of Directors during the years ended at 31 December 2018 and 2017 arise to 4,600 thousand Euros (of which 4,226 thousand Euros as fixed remuneration, 100 thousand Euros as variable remuneration and 274 thousand Euros as attendance fees) and 5,563 thousand Euros (of which 4,168 thousand Euros as fixed remuneration, 1,250 thousand Euros as variable remuneration and 145 thousand Euros as attendance fees), respectively.

The abovementioned remuneration was determined by the Remuneration Committee, taking in consideration the individual performance of each director and the evolution of this type of labour market.

The following founding shareholders directors are also beneficiaries of a retirement plan with defined benefits which will allow them to receive a pension equivalent to 80% of their salaries at their retirement dates:

- António Manuel Queirós Vasconcelos da Mota
- Maria Manuela Queirós Vasconcelos Mota dos Santos
- Maria Teresa Queirós Vasconcelos Mota Neves da Costa
- Maria Paula Queirós Vasconcelos Mota de Meireles

As at 31 December 2018 and 2017, information regarding the abovementioned retirement plan is disclosed in Note 40, and the liability of the GROUP towards the abovementioned directors amounted to 11,217 thousand Euros and 12,132 thousand Euros, respectively.

In the years ended at 31 December 2018 and 2017, there were no transactions maintained with directors of MOTA-ENGL SGPS neither outstanding balances with them at the end of those years.

43. Consolidation perimeter

As at 31 December 2018, the companies / entities included in the consolidation, respective consolidation methods, head offices, effective holding percentages, business, dates of incorporation and dates of acquisition are presented in Appendix A.

Changes in the consolidation perimeter for the years ended at 31 December 2018 and 2017 were as follows:

Acquisition of companies and increase in holding percentage

2018:

Business Area - Europe Engineering and Construction
Áreagolfe - Gestão, Construção e Manutenção de Campos de Golfe, S.A. (Company already controlled)
VBT - Projectos e Obras de Arquitectura Paisagística, Lda. (Company already controlled)
Vibeiras - Sociedade Comercial de Plantas, S.A. (Company already controlled)

In the year 2018, the GROUP acquired additional 2.22% of the share capital of Vibeiras and its subsidiaries.

Business Area - Latin America
Sistemas Electricos Metropolitanos, SAPI de CV

In the year 2018, the GROUP acquired, through MOTA-ENGL MÉXICO, 50% of the share capital of this entity.

2017:

Business Area - Europe Engineering and Construction
Áreagolfe - Gestão, Construção e Manutenção de Campos de Golfe, S.A. (Company already controlled)
VBT - Projectos e Obras de Arquitectura Paisagística, Lda. (Company already controlled)
Vibeiras - Sociedade Comercial de Plantas, S.A. (Company already controlled)

In the year 2017, the GROUP acquired additional 2.22% of the share capital of Vibeiras and its subsidiaries.

Business Area - Europe - Environment and Services
Algar - Valorização e Tratamento de Resíduos Sólidos, S.A. (Company already controlled)
Amarsul - Valorização e Tratamento de Resíduos Sólidos, S.A. (Company already controlled)
Empresa Geral de Fomento, S.A. (Company already controlled)
Ersuc - Resíduos Sólidos do Centro, S.A. (Company already controlled)
Resiestrela - Valorização e Tratamento de Resíduos Sólidos, S.A. (Company already controlled)
Resinorte - Valorização e Tratamento de Resíduos Sólidos, S.A. (Company already controlled)
Resulima - Valorização e Tratamento de Resíduos Sólidos, S.A. (Company already controlled)
Suldouro - Valorização e Tratamento de Resíduos Sólidos, S.A. (Company already controlled)
Valorlis - Valorização e Tratamento de Resíduos Sólidos, S.A. (Company already controlled)
Valorminho - Valorização e Tratamento de Resíduos Sólidos, S.A. (Company already controlled)
Valorsul - Valorização e Tratamento de Resíduos Sólidos das Regiões de Lisboa e do Oeste, S.A. (Company already controlled)
Valnor - Valorização e Tratamento de Resíduos Sólidos, S.A. (Company already controlled)

Following the resolution no. 87/2017 of 19 June of the Ministers Council, and as provided for in the respective privatisation process, the Public Offering of Shares of EMPRESA GERAL DE FOMENTO, S.A. representing 5% of its share capital still held by ADP - Águas de Portugal, SGPS, S.A. and reserved for its employees took place between 17 July and 4 August 2017. As a result of that Public Offering of Shares, the employees of the EGF SUBGROUP acquired 1,300 shares for an amount of approximately 18,000 Euros. The remaining 558,700 shares were acquired by SUMA TRATAMENTO for an amount of approximately 8,000 thousand Euros.

Since MOTA-ENGIL GROUP already controlled EGF SUBGROUP, the acquisition of the above referred shares was accounted as a transaction with equity holders (only with impact on equity), not generating any goodwill or result.

The impact of the above referred transaction in the attached consolidated financial statements may be summarised as follows:

Book value of the non-controlling interests acquired	11,298
Amount paid to the non-controlling interests	8,172
Excess amount paid over the book value (recognised in the consolidated statement of changes in equity)	<u>3,127</u>
Business Area - Africa	
Akwangola, S.A. (Company already controlled)	
Business Area - Latin America	
Tracevia do Brasil - Sistemas de Telemática Rodoviária Lda. (Company already controlled)	

Companies consolidated for the first time in the year

2018:

Business Area - Europe Engineering and Construction	
Mota-Engil Central Europe Management, SGPS, S.A.	
Business Area - Africa	
Clean Eburnie, SARL	
Eco Eburnie, SA	

2017:

Business Area - Africa	
Estradas do Zambeze, S.A.	
Operadora Estradas do Zambeze, S.A.	
Business Area - Latin America	
Consórcio MEC Arroyo Carrera	
Consórcio MEC - Av.Malecon-UF2	

Incorporation of companies

2018:

Holding and connected activities	
Mota-Engil Capital, S.A.	
Mota-Engil Railway Engineering, S.A.	
Business Area - Europe Engineering and Construction	
Hygeia – Edifícios Hospitalares, SGPS, S.A.	
Oriental Hub, S.A.	
Business Area - Africa	
Mota-Engil Côte D'Ivoire, SARL	
Business Area - Latin America	
Consortio ME Carrera 43	
Constructora Tampico Ciudad Victoria	
Desarrollos DOT México, SA de CV	
Mota-Engil Argentina	
Mota-Engil O&M México SAPI	
Operadora Tampico Ciudad Victoria	

2017:

Business Area - Africa	
Busegera Airport Company Lda	
Mota-Engil Guinée Conakry SARL	
Business Area - Latin America	
Consórcio Puentes de Loreto	
Constructora APP Tabasvera S.A. de C.V.	
FSE Comercializadora Fenix SAPI de C.V.	
FSE Suministradora Fenix SAPI de C.V.	
Mota-Engil Latam Colombia SAS	
Operadora APP Coatzacoalcos Villahermosa SAPI de C.V.	
Tracevia Mexico S.A. de C.V.	

Merger of companies and corporate reorganisations

2018:

Holding and connected activities
Aurimove, S.A. (merged into Mota-Engil Real Estate Portugal)
Calçadas do Douro, Lda. (merged into Mota-Engil Real Estate Portugal)
Edipainel, Lda. (merged into Mota-Engil Real Estate Portugal)
Mota Viso, Lda. (merged into Mota-Engil Real Estate Portugal)
Motadomus, Lda. (merged into Mota-Engil Real Estate Portugal)
Nortedomus, S.A. (merged into Mota-Engil Real Estate Portugal)
Sedengil, S.A. (merged into Mota-Engil Real Estate Portugal)
Tratofoz, S.A. (merged into Mota-Engil Real Estate Portugal)

Business Area - Europe Engineering and Construction
MECE Business Support Center (merged into Mota-Engil Central Europe S.A.)

Exit of companies

2018:

Holding and connected activities
Mota-Engil Finance, B.V. (liquidated)
SMGT Angola, SGPS, S.A. (liquidated)
Vitropor Moçambique, SGPS, S.A. (liquidated)

Business Area - Europe Engineering and Construction
Bohdalecká Project (liquidated)
Devonská Project Development AS (liquidated)
Engber (liquidated)
Obol Bay 6.3 (liquidated)
Obol Bay Office (liquidated)
Obol Bay Tower (liquidated)
Obol Bay Wellness (liquidated)
Tetényi (liquidated)

Business Area - Africa
ME África Finance BV (liquidated)
ME Mining Management (liquidated)
Vista Water, Lda. (sold)

Business Area - Latin America
Construcciones dos Puertos (liquidated)
Consórcio Los Faisanes (liquidado)
Mota-Engil Prodi S.A.P.I. de C.V. (liquidated)

In the year ended at 31 December 2018, the GROUP sold its financial investment in Vista Water, being the contribution of that subsidiary to the consolidated income statement immaterial. The impact in the consolidated income statement of the disposal of such subsidiary may be summarised as follows:

	2018
Book value of the net assets sold	(2,060)
Amount received	1
Loss recognized (recorded in Gains / (losses) on the disposal of subsidiaries, jointly controlled and associated companies)	(2,059)

2017:

Holding and connected activities
RTA - Rio Tâmega, Turismo e Recreio, S.A. (sold)
SGA - Sociedade do Golfe de Amarante, S.A. (sold)

Business Area - Europe Engineering and Construction
Mota-Engil Central Europe Hungary Beruházási és Építőipari Kft. (liquidated)
Mota-Engil Central Europe Slovenská Republika, AS (liquidated)

In the year 2017, the GROUP sold its financial investment in RTA and in its subsidiary SGA.

In the year ended at 31 December 2017, the contribution of the RTA SUBGROUP to the consolidated income statement was immaterial.

The impact of the above referred transaction in the attached consolidated financial statements may be summarised as follows:

	2017
Book value of the net assets of the disposed companies [of which 13,347 thousand Euros of tangible assets]	(8,933)
Amount received	5,713
Loss recognised (recorded under the heading "Gains/(losses) on the disposal of subsidiaries, jointly controlled and associated companies")	(3,219)

Decreases in holding percentages

2018:

Business Area - Latin America
Consórcio MEC Arroyo
Consórcio MEC-Av.Malecon-UF1
Consórcio MEC-Av.Malecon-UF2

2017:

Business Area - Latin America
Consórcio MEC-Av.Malecon-UF1 (Company already controlled)

Changes in the consolidation method

2017:

Changes in the consolidation method from the equity method to the full consolidation method in Europe - Engineering and Construction:
GESAR ACE Manvia (Acquisition of control)
Changes in the consolidation method from the equity method to the full consolidation method in Latin America
Construtora Autopista Cardel - Poza Rica, SA de CV (Acquisition of control)
Construtora Tuxpan Tampico SA de CV (Acquisition of control)
Changes in the consolidation method from full consolidation method to equity method in Latin America:
Fideicomiso el Capomo (Shared control)
Consórcio Mota-Engil Colômbia (Shared control)

44. Annex to the Consolidated Cash-Flows Statement

In the years ended at 31 December 2018 and 2017, the amounts paid related with the acquisition of financial investments are detailed as follows:

	2018	2017
Effect of the reclassification of APP Coatzacoalcos - Villahermosa to "Non-current assets held for sale" (Note 29)	69,095	-
Capital calls and share capital increases in Concessionária Autopista Cardel and Concessionária Autopista Tuxpan-Tampico (Latin America segment)	8,837	10,888
Loans to Fideicomiso el Capomo (Latin America segment)	7,707	-
Capital calls in APP Tamaulipas (Latin America segment)	982	-
Additional acquisition of EGF (Europe Environment and Services segment)	-	8,172
Additional acquisition of ME Africa NV (segment Africa)	-	1,600
Others	597	110
	87,218	20,770

In the years ended at 31 December 2018 and 2017, the amounts received related with the disposal of financial investments are detailed as follows:

	2018	2017
Sale of the financial investment held in ECB ME Energia (Latin America segment)	3,719	-
Reimbursement of supplementary capital and other loans by Lineas (Others, eliminations and intragroup segment)	3,032	95,062
Sale of the financial investment held in Prometro (Europe Environment and Services segment)	612	-
Sale of the financial investment held in RTA (Others, eliminations and intragroup segment)	-	5,713
Others	-	450
	7,362	101,225

In the years ended at 31 December 2018 and 2017, the amounts paid related with dividends can be detailed as follows:

	2018	2017
Shareholders of Generadora Fenix	18,064	-
Shareholders of EGF's affiliates	4,879	9,336
Shareholders of Consortiums in Colombia	2,139	-
Shareholders of Empresa Construtora Brasil	463	1,648
Shareholders of Mota-Engil SGPS	-	30,402
Others	1,008	275
	26,553	41,661

In the years ended at 31 December 2018 and 2017, the amounts received related with dividends can be detailed as follows:

	2018	2017
BAI	2,531	2,691
ACE's MEEC	1,436	-
Lineas	252	41,060
Others	466	613
	4,686	44,363

45. Business segments

The GROUP uses its internal organisation for management purposes as a basis for its reporting of information by operating segments.

The Group is organised according to geographical areas: EUROPE ENGINEERING AND CONSTRUCTION, EUROPE ENVIRONMENT AND SERVICES, AFRICA AND LATIN AMERICA.

The amounts related to MOTA-ENGIL, SGPS and to MOTA-ENGIL CAPITAL and its subsidiaries (holding incorporated during 2018) were included under the heading "Other, eliminations and intra-group", which also includes the amounts related to the transactions and balances maintained between the companies of the different operating segments.

The accounting policies used in the preparation of the financial information by segments were the same as those described in Note 1.4.

The consolidated income statement by operating segment can be analysed as follows:

2018	Europe Engineering and Construction	Europe Environment and Services	Africa	Latin America	Other, eliminations and intra-group	Mota-Engil Group
Sales and services rendered (a)	572,057	297,779	908,254	1,068,521	(44,862)	2,801,749
Cost of goods sold, mat. cons., changes in production and Subcontractors (b)	(350,976)	(30,637)	(452,738)	(496,294)	29,094	(1,301,551)
Gross margin (c) = (a) + (b)	221,082	268,939	451,829	572,227	(13,878)	1,500,199
Third-party supplies and services (d)	(122,794)	(102,291)	(174,228)	(241,777)	51,268	(589,822)
Wages and salaries (e)	(110,463)	(102,936)	(129,388)	(178,505)	(20,862)	(542,154)
Other operating income / (expenses) (f)	607	20,117	43,832	(11,474)	(14,228)	38,854
EBITDA (g) = (c) + (d) + (e) + (f)	(11,503)	83,828	188,896	140,471	5,385	407,077
Amortisations and depreciations (h)	(18,216)	(67,112)	(80,623)	(16,435)	(414)	(182,800)
Provisions and impairment losses (i)	12,025	(2,362)	(21,645)	(4,653)	(7,392)	(24,027)
[of which, Impairment for non-current assets]	721	-	1,147	-	113	1,981
EBIT (j) = (g) + (h) + (i)	(17,759)	14,354	89,776	119,383	(5,505)	200,249
Financial income and gains	10,264	6,508	171,350	24,002	(9,475)	202,650
Financial costs and losses	(19,167)	(15,996)	(130,686)	(45,994)	(47,057)	(258,900)
Gains/(losses) in associates and jointly controlled companies	3,158	5,797	271	(86)	(6,207)	2,932
Gains/(losses) on the disposal of subsidiaries, jointly controlled and associated companies	(125)	(151)	(2,059)	2,792	6	462

2017	Europe Engineering and Construction	Europe Environment and Services	Africa	Latin America	Other, eliminations and intra-group	Mota-Engil Group
Sales and services rendered (a)	538,472	296,223	860,273	960,447	(58,122)	2,597,294
Cost of goods sold, mat. cons., changes in production and Subcontractors (b)	(272,775)	(38,120)	(402,393)	(431,420)	51,801	(1,092,907)
Gross margin (c) = (a) + (b)	265,697	258,104	457,879	529,028	(6,321)	1,504,386
Third-party supplies and services (d)	(120,070)	(85,943)	(129,936)	(231,816)	27,696	(540,070)
Wages and salaries (e)	(104,384)	(102,709)	(121,347)	(187,979)	(20,847)	(537,266)
Other operating income / (expenses) (f)	5,133	27,346	(43,064)	185	(11,913)	(22,313)
EBITDA (g) = (c) + (d) + (e) + (f)	46,376	96,797	163,532	109,418	(11,385)	404,738
Amortisations and depreciations (h)	(22,370)	(75,223)	(65,928)	(16,204)	(859)	(180,585)
Provisions and impairment losses (i)	(1,903)	2,212	(23,831)	(10,808)	(3,693)	(38,022)
[of which, Impairment for non-current assets]	1,628	-	(13,284)	-	(0)	(11,655)
EBIT (j) = (g) + (h) + (i)	22,102	23,787	73,774	82,407	(15,937)	186,131
Financial income and gains	5,116	6,119	32,968	22,330	2,848	69,382
Financial costs and losses	(12,151)	(16,113)	(72,757)	(38,150)	(29,418)	(168,588)
Gains/(losses) in associates and jointly controlled companies	1,787	4,907	208	(367)	(3,727)	2,808
Gains/(losses) on the disposal of subsidiaries, jointly controlled and associated companies	161	0	-	-	(3,219)	(3,058)

In the years ended at 31 December 2018 and 2017, the sales and services rendered performed between business segments were presented under the heading "Other, eliminations and intra-group".

In the years ended at 31 December 2018 and 2017, the intra-group sales and services rendered were carried out at prices similar to those practised for sales and services rendered to external customers.

As at 31 December 2018 and 2017, the consolidated statement of financial position by operating segment can be analysed as follows:

	Total assets		Total liabilities	
	2018	2017	2018	2017
Europe - Engineering and Construction	1,122,051	1,033,239	810,588	769,187
Europe - Environment and Services	937,078	944,302	721,051	735,914
Africa	1,959,069	1,882,478	1,141,883	1,418,422
Latin America	1,002,271	936,821	1,043,170	821,906
Other, eliminations and intragroup	(335,745)	(182,749)	521,485	272,924
Mota-Engil Group	4,684,724	4,614,090	4,238,178	4,018,353

As at 31 December 2018 and 2017, the investment, the amortisations and the financial investments in associated and jointly controlled companies by operating segment can be analysed as follows:

	Investment (a)		Amortisations		Investments in associated and jointly controlled companies	
	2018	2017	2018	2017	2018	2017
Europe - Engineering and Construction	13,388	9,439	18,216	22,370	-	-
Europe - Environment and Services	64,653	28,020	67,112	75,223	7,564	6,936
Africa	185,859	82,372	80,623	65,928	9,429	15,365
Latin America	22,013	26,359	16,435	16,204	80,173	66,041
Other eliminations and intra-group	769	2,244	414	859	(54)	585
Mota-Engil Group	286,683	148,433	182,800	180,585	97,112	88,926

46. Financial instruments

Financial instruments, in accordance with the accounting policies described in Note 1.4 ix), were classified as follows:

	2018	2017
Financial assets		
Cash and bank deposits		
Cash and cash equivalents - Term and demand deposits	450,301	644,300
	450,301	644,300
Financial assets recorded at amortised cost / Loans and accounts receivable		
Customers - current	736,359	866,716
Other debtors - others - current	190,008	130,840
Customers - non-current	6,526	6,088
Other debtors - others - non-current	46,646	52,786
Associates and related companies - current	6,162	111
Associates and related companies - non-current	50,101	68,364
State and other public entities (except corporate income tax)	21,803	17,837
	1,057,604	1,142,743
Financial assets available for sale		
Shares	-	68,811
Advances	-	104
	-	68,916
Other financial investments recorded at fair value through other comprehensive income	59,224	-
Financial assets held to maturity	-	154,954
Other financial investments recorded at amortised cost - current	21,399	-
Other financial investments recorded at amortised cost - non-current	144,963	-
Derivative financial instruments	265	98
Carrying amount of financial assets	1,733,757	2,011,010

	2018	2017
Financial liabilities		
Derivative financial instruments	597	569
	597	569
Financial liabilities recorded at amortised cost / Loans and accounts payable		
Loans with and without recourse - non-current	765,537	745,701
Loans with and without recourse - current	806,270	932,013
Other financial liabilities - current	210,663	283,569
Other financial liabilities - non-current	203,131	122,934
Suppliers and sundry creditors - current	801,652	939,734
Suppliers and sundry creditors - non-current	51,681	50,862
	2,838,933	3,074,814
Carrying amount of financial liabilities	2,839,530	3,075,383

The impact on the consolidated statement of comprehensive income arising from the above mentioned financial instruments can be summarised as follows:

	2018			2017		
	Income statement		Other comprehensive income	Income statement		Other comprehensive income
	Financial expenses (Note 9)	Financial income (Note 9)	Fair value reserve	Financial expenses (Note 9)	Financial income (Note 9)	Fair value reserve
Financial assets						
At amortised cost	-	29,100	-	-	34,005	-
At cost	-	-	-	-	3,173	-
At fair value	-	2,759	-	-	-	-
	-	31,860	-	-	37,178	-
Financial liabilities						
At fair value	-	-	(615)	-	-	(790)
At amortised cost	131,778	-	-	101,780	-	-
	131,778	-	(615)	101,780	-	(790)

MOTA-ENGIL GROUP is exposed to a variety of financial risks, with special focus given to the interest rate, exchange rate for transactions, liquidity and credit risks.

Detailed information regarding the financial risk management policy can be consulted in the Management Report or in the Individual Report and Accounts of MOTA-ENGIL SGPS as at 31 December 2018.

Interest rate risk

In the years ended at 31 December 2018 and 2017, the GROUP's sensitivity to changes in the interest rate index used in the loans obtained can be analysed as follows:

	Estimated Impact	
	2018	2017
Change in the interest expenses due to a 1 p.p. change in the interest rate applied to the average gross debt of the year (excluding leasing and factoring)	16,250	16,595
Fixed-rate coverage	(6,589)	(5,980)
Interest-rate derivative financial instruments coverage	(2,556)	(1,088)
Sensitivity of the financial results to interest rate changes	7,105	9,528

The average interest rates supported in the main loans obtained by the GROUP in the years ended at 31 December 2018 and 2017 were as follows:

	2018		2017	
	Average rates (%)	Rates range (%)	Average rates (%)	Rates range (%)
Non-convertible bond loans	5.21	[3.86 ; 7.49]	5.41	[3.62 ; 8.9]
Amounts owed to credit institutions:				
Bank loans	5.46	[0.07 ; 26.67]	6.07	[0.04 ; 28.75]
Revolving facilities	6.42	[1.41 ; 20]	4.86	[1.35 ; 20.15]
Overdraft facilities	8.43	[2 ; 24.85]	9.46	[1.82 ; 30]
Commercial paper issues	3.83	[1.5 ; 6.05]	3.83	[2.49 ; 6.05]

As at 31 December 2018 and 2017, 44% and 64% of gross debt (including the effect of derivative financial instruments obtained) was contracted at a variable rate and its average cost amounted to 5.0% and 5.6%, respectively.

Exchange rate risk

As at 31 December 2018 and 2017, the assets and liabilities of the GROUP, presented in accordance with the functional currency of the country in which each affiliate operates, were as follows:

Currency	2018		2017	
	Assets	Liabilities	Assets	Liabilities
Euro (EUR)	2,580,681	2,603,903	2,306,046	2,469,792
Mexican Peso (MXN)	607,210	522,245	467,872	414,539
Angolan Kwanza (AOK)	520,128	333,748	752,854	445,534
Polish Zloty (PLN)	219,656	187,580	260,120	203,899
Peruvian Novo Sol (PEN)	191,157	145,315	177,657	128,430
Mozambican Metical (MZM)	150,363	69,297	99,426	40,914
Brazilian Real (BRL)	113,979	85,428	123,267	91,960
Malawian Kwacha (MWK)	108,479	44,601	99,916	39,786
Colombian Peso (COP)	64,024	54,636	48,694	50,823
CFA Franc (Western Africa)	53,454	49,799	-	-
US Dollar (USD)	50,519	62,571	205,602	39,459
Cape Verdean Escudo (CVE)	9,626	7,253	9,578	5,518
South African Rand (ZAR)	9,510	22,085	19,068	25,291
Algerian Dinar (DZD)	1,520	346	1,517	360
Others	4,418	49,370	42,473	62,047
	4,684,724	4,238,178	4,614,090	4,018,353

In the years ended at 31 December 2018 and 2017, the GROUP's net profit and equity sensitivity to exchange rate changes in the major currencies to which it is exposed can be analysed as follows:

2018	Net profit	Equity
Estimated impact of the appreciation by 1%		
of US Dollar (USD) to Euro (EUR)	11	(146)
of Polish Zloty (PLN) to Euro (EUR)	(108)	448
of Mozambican Metical (MZM) to Euro (EUR)	198	621
of Mexican Peso (MXN) to Euro (EUR)	101	220
of Brazilian Real (BRL) to Euro (EUR)	17	118
of Peruvian Novo Sol (PEN) to Euro (EUR)	43	437
of Angolan Kwanza (AOK) to Euro (EUR)	137	828
of Malawian Kwacha (MWK) to Euro (EUR)	59	587
2017	Net profit	Equity
Estimated impact of the appreciation by 1%		
of US Dollar (USD) to Euro (EUR)	(101)	1,719
of Polish Zloty (PLN) to Euro (EUR)	(45)	628
of Mozambican Metical (MZM) to Euro (EUR)	90	499
of Mexican Peso (MXN) to Euro (EUR)	71	173
of Brazilian Real (BRL) to Euro (EUR)	18	134
of Peruvian Novo Sol (PEN) to Euro (EUR)	68	429
of Angolan Kwanza (AOK) to Euro (EUR)	431	1,421
of Malawian Kwacha (MWK) to Euro (EUR)	(91)	697

Regarding the above mentioned analysis, the impact of +1% exchange rate variation was taken into consideration in the conversion of the financial statements of the affiliates with a functional currency other than Euro to Euro in the net profit and in the equity of the GROUP.

As at 31 December 2018 and 2017, the loans obtained by the GROUP were denominated in the following currencies:

	Non-convertible bond loans	Amounts owed to credit institutions	Commercial paper issues	Other loans	Total
2018					
CFA Franc	-	11,147	-	-	11,147
US Dollar	-	96,580	-	-	96,580
Euros	369,580	697,309	211,683	2,528	1,281,099
Omani Rial	-	4,751	-	-	4,751
Angolan Kwanza	-	68,412	-	-	68,412
Peruvian Nuevo Sol	-	11,165	-	-	11,165
Colombian Peso	-	537	-	-	537
Mexican Peso	-	10,774	-	-	10,774
South African Rand	-	5,994	-	-	5,994
Brazilian Real	-	31,353	-	-	31,353
Polish Zloty	-	48,914	-	-	48,914
Others	-	1,080	-	-	1,080
	369,580	988,016	211,683	2,528	1,571,806
2017					
US Dollar	20,845	93,567	-	-	114,413
Euros	309,627	720,953	190,561	3,556	1,224,696
Omani Rial	-	6,030	-	-	6,030
Angolan Kwanza	-	121,960	-	-	121,960
Peruvian Nuevo Sol	-	4,327	-	-	4,327
Colombian Peso	-	5,439	-	-	5,439
Mexican Peso	82,413	24,578	-	-	106,991
South African Rand	-	6,163	-	-	6,163
Brazilian Real	-	25,891	-	-	25,891
Polish Zloty	-	61,804	-	-	61,804
	412,885	1,070,713	190,561	3,556	1,677,714

Liquidity risk

As at 31 December 2018 and 2017, the liquidity position of the GROUP is detailed as follows:

	2018				Total
	< 1 year	Between 1 and 2 years	More than 2 years	Undetermined	
Financial assets					
Cash and bank deposits					
Cash and cash equivalents - Term and demand deposits	450,301	-	-	-	450,301
Financial assets recorded at amortised cost					
Customers	636,564	106,321	-	-	742,885
Other debtors - others	190,008	46,646	-	-	236,653
Associates and related companies	6,162	50,101	-	-	56,263
State and other public entities (except corporate income tax)	15,616	6,187	-	-	21,803
Other financial investments recorded at fair value through other comprehensive income	-	-	-	59,224	59,224
Other financial investments recorded at amortised cost	21,399	6,267	138,697	-	166,363
Derivative financial instruments	180	-	85	-	265
	1,320,230	215,521	138,782	59,224	1,733,757
Financial liabilities					
Derivative financial instruments	-	13	583	-	597
Financial liabilities recorded at amortised cost					
Loans with and without recourse	765,537	276,929	529,341	-	1,571,806
Other financial liabilities	210,663	48,596	154,534	-	413,793
Suppliers and sundry creditors	801,652	30,966	20,715	-	853,333
	1,777,851	356,505	705,173	-	2,839,529
	(457,621)	(140,984)	(566,391)	59,224	(1,105,772)

	2017				Total
	< 1 year	Between 1 and 2 years	More than 2 years	Undetermined	
Financial assets					
Cash and bank deposits					
Cash and cash equivalents - Term and demand deposits	644,300	-	-	-	644,300
Loans and accounts receivable					
Customers	789,211	83,593	-	-	872,805
Other debtors - others	130,840	52,786	-	-	183,626
Associates and related companies	111	68,364	-	-	68,476
State and other public entities (except corporate income tax)	14,110	3,727	-	-	17,837
Financial assets available for sale					
Shares	-	-	-	68,811	68,811
Advances	-	-	-	104	104
Financial assets held to maturity	975	7,209	146,770	-	154,954
Derivative financial instruments	-	93	5	-	98
	1,579,548	215,772	146,775	68,916	2,011,010
Financial liabilities					
Derivative financial instruments	22	547	-	-	569
Loans with and without resource	745,701	384,365	547,648	-	1,677,714
Other financial liabilities	283,569	32,400	90,534	-	406,503
Suppliers and sundry creditors	909,474	49,966	31,157	-	990,597
	1,938,766	467,278	669,339	-	3,075,383
	(359,218)	(251,506)	(522,563)	68,916	(1,064,372)

Additionally, as at 31 December 2018, the GROUP has unused credit lines of circa of 190,400 thousand Euros (190,000 thousand Euros as at 31 December 2017) and at the date of approval of these consolidated financial statements it has already refinanced or is in a refinancing process of approximately 373,000 thousand Euros.

Credit risk

As at 31 December 2018 and 2017, the GROUP's exposure to credit risk was as follows:

	2018	2017
Financial assets		
Cash and bank deposits		
Cash and cash equivalents - Term and demand deposits	450,301	644,300
	450,301	644,300
Financial assets recorded at amortised cost / Loans and accounts receivable:		
Customers - current	736,359	866,716
Other debtors - others - current	190,008	130,840
Customers - non-current	6,526	6,088
Other debtors - others - non-current	46,646	52,786
Contract assets	551,707	-
Associates and related companies - current	6,162	111
Associates and related companies - non-current	50,101	68,364
State and other public entities (except corporate income tax)	21,803	17,837
	1,609,311	1,142,743
Financial assets held to maturity	-	154,954
Other financial investments recorded at amortised cost - current	21,399	-
Other financial investments recorded at amortised cost - non-current	144,963	-
Derivative financial instruments	265	98
Carrying amount of financial assets	2,226,239	1,942,095

As at 31 December 2018 and 2017, the quality of the GROUP's credit risk was as follows:

2018	Customers and other debtors - others	Cash and bank deposits
Aaa; Aa1; Aa2; Aa3	-	300
A3; A2; A3	96,741	9,679
Baa1; Baa2; Baa3	21,499	23,101
Ba1; Ba2; Ba3	21,954	131,690
B1; B2; B3	282,566	3,378
Caa2; Caa3	63,415	32,321
Without rating or information	493,363	249,832
Total	979,538	450,301
2017	Customers and other debtors - others	Cash and bank deposits
Aaa	1,982	72,337
A3; A2; A3	48,680	20,803
Baa1; Baa2; Baa3	17,210	71,151
Ba1; Ba2; Ba3	12,630	200,367
B1; B2; B3	315,808	9,972
Caa2; Caa3	42,587	390
Without rating or information	617,534	269,281
Total	1,056,430	644,300

As at 31 December 2018 and 2017, the aging of the accounts receivable associated with customers and other debtors - others that were not impaired was as follows:

Aging in the balance sheet 2018	Customers and other debtors - others
Overdue amounts	
] 0 ; 3] months	270,143
] 3 ; 12] months	155,217
] 1 ; 3] years	125,822
Over 3 years	70,791
	621,972
Non overdue amounts	357,566
Total	979,538

Aging in the balance sheet 2017	Customers and other debtors - others
Overdue amounts	
] 0 ; 3] months	158,676
] 3 ; 12] months	259,890
] 1 ; 3] years	200,858
Over 3 years	110,298
	729,722
Non overdue amounts	326,708
Total	1,056,430

The GROUP's credit risk arise essentially from: i) the risk of recovery of the monetary sums delivered to the custody of third parties, and ii) the risk of recovery of the credit granted to entities outside the GROUP. The credit risk is assessed in its initial recognition and throughout time, in order that its evolution can be followed up.

A significant part of the accounts receivable from customers and other debtors is widespread among a high number of entities which contributes to the reduction of the credit risk concentration. Generally, a significant part of the GROUP's customers have not a credit rating attributed.

For financial assets other than those recorded under the headings "Customers and other debtors" and "Contract assets ", the GROUP considers the probability of default at the initial recognition of the asset and depending upon the occurrence of a significant increase in the credit risk on each reporting period.

In order to assess whether there was a significant increase in the credit risk, the GROUP takes in consideration, among others, the following indicators:

- Internal credit risk;
- External credit risk (if available);
- Current or expectable adverse changes regarding the debtor's operating results;
- Significant increases in the credit risk of other financial instruments issued by the debtors;
- Significant changes in the value of the collaterals or in the quality of third parties' guarantees; and
- Significant changes in the performance and in the expectable behaviour of the debtor, including changes in the debtor's payment conditions regarding the group to which it belongs, as well as, others that affect its operating results.

Regardless the analysis above, a significant increase in the credit risk is presumed if a debtor delays its payments more than 90 days counted from the payment date established in the respective contract.

For financial assets recorded under the headings "Customers and other debtors" and "Contract assets ", the GROUP applies the simplified approach in order to determine and record the expected credit losses required by IFRS 9 (Note 1.4, subparagraph ix)).

Fair value

As at 31 December 2018 and 2017, the GROUP's financial instruments recorded at fair value were the following ones:

	2018				Cost	Total	Fair value hierarchy
	Amortised cost	Fair value through profit and loss	Fair value through other comprehensive income	Fair value through other comprehensive income designated at initial recognition			
Financial assets							
Cash and bank deposits							
Cash and cash equivalents - term and demand deposits	-	-	-	-	450,301	450,301	
Assets recorded at amortised cost							
Customers - current	736,359	-	-	-	-	736,359	
Other debtors - others - current	190,008	-	-	-	-	190,008	
Customers - non-current	6,526	-	-	-	-	6,526	
Other debtors - others - non-current	46,646	-	-	-	-	46,646	
Associated and related companies - current	6,162	-	-	-	-	6,162	
Associated and related companies - non-current	50,101	-	-	-	-	50,101	
State and other public entities (except corporate income tax)	21,803	-	-	-	-	21,803	
Other financial investments recorded at fair value through other comprehensive income	-	-	-	59,224	-	59,224	Level 3
Other financial investments recorded at amortised cost - current	21,399	-	-	-	-	21,399	
Other financial investments recorded at amortised cost - non-current	144,963	-	-	-	-	144,963	Level 2
Derivative financial instruments	-	-	265	-	-	265	
Carrying amount of financial assets	1,223,966	-	265	59,224	450,301	1,733,757	

	2018			Total	Fair value hierarchy
	Amortised cost	Fair value through other comprehensive income	Cost		
Financial liabilities					
Derivative financial instruments	-	597	-	597	Level 2
Financial liabilities recorded at amortised cost					
Loans with and without recourse - current	765,537	-	-	765,537	
Loans with and without recourse - non-current	806,270	-	-	806,270	
Other financial liabilities - current	210,663	-	-	210,663	
Other financial liabilities - non-current	203,131	-	-	203,131	
Suppliers and sundry creditors - current	801,652	-	-	801,652	
Suppliers and sundry creditors - non-current	51,681	-	-	51,681	
Carrying amount of financial liabilities	2,838,933	597	-	2,839,530	

	2017				Fair value hierarchy
	Amortised cost	Fair value	Cost	Total	
Financial assets					
Cash and bank deposits					
Cash and cash equivalents - Demand deposits	-	-	609,637	609,637	
Cash and cash equivalents - Term deposits	-	-	34,663	34,663	
Loans and accounts receivable					
Customers - current	866,716	-	-	866,716	
Other debtors- current	130,840	-	-	130,840	
Customers and other debtors - non-current	58,874	-	-	58,874	
Associated and related companies	68,476	-	-	68,476	
Advances to suppliers	45,625	-	-	45,625	
State and other public entities (except corporate income tax)	17,837	-	-	17,837	
Financial assets available for sale					
Shares	-	-	68,811	68,811	
Advances	-	-	104	104	
Financial assets held to maturity	154,954	-	-	154,954	
Derivative financial instruments	-	98	-	98	Level 2
Carrying amount of financial assets	1,343,322	98	713,216	2,056,635	

	2017				Fair value hierarchy
	Amortised cost	Fair value	Cost	Total	
Financial liabilities					
Derivative financial instruments	-	569	-	569	Level 2
Loans and accounts payable					
Loans with and without recourse - current	745,701	-	-	745,701	
Loans with and without recourse - non-current	932,013	-	-	932,013	
Suppliers and sundry creditors - non-current	50,862	-	-	50,862	
Other financial liabilities - non-current	122,934	-	-	122,934	
Suppliers - current	489,828	-	-	489,828	
Sundry creditors - current	449,906	-	-	449,906	
Other current liabilities	283,569	-	-	283,569	
Carrying amount of financial liabilities	3,074,814	569	-	3,075,383	

47. Impact of Hyperinflation in Angola

As referred to in Note 1.3, paragraph i), from the year 2017 the Angolan economy was considered as a hyperinflationary economy. Therefore, the GROUP's entities / companies whose functional currency was the Kwanza carried out the restatement of their financial statements to the current measuring unit. The companies / entities that restated their financial statements were as follows:

- MOTA-ENIGL ANGOLA;
- ANGOLAN BRANCH OF MOTA-ENIGL ENGENHARIA E CONSTRUÇÃO ÁFRICA;
- VISTA WASTE;
- NOVICER;
- SONAUTA;
- VISTA POWER; and
- MEBISA.

As at 31 December 2018 and 2017 and in the years ended on those dates, the impact of considering the Angolan economy as a hyperinflationary economy on the attached consolidated financial statements can be summarised as follows:

2018	Before the application of IAS 29	Impact of IAS 29	After the application of IAS 29
Sales and services rendered	2,827,353	(25,604)	2,801,749
Cost of goods sold, mat. cons., changes in production and Subcontractors	(1,312,125)	10,575	(1,301,551)
Third-party supplies and services	(595,854)	6,031	(589,822)
Wages and salaries	(544,234)	2,080	(542,154)
Other operating income / (expenses)	39,279	(425)	38,854
Amortisations and depreciations	(179,256)	(3,545)	(182,800)
Provisions and impairment losses	(24,874)	846	(24,027)
Financial income and gains	202,650	-	202,650
Financial costs and losses	(258,484)	(416)	(258,900)
Gains / (losses) in associates and jointly controlled companies	2,887	45	2,932
Gains / (losses) on the disposal of subsidiaries, jointly controlled and associated companies	462	-	462
Net monetary position	-	(12,263)	(12,263)
Income before taxes	157,805	(22,674)	135,131
Income tax	(40,013)	(1,721)	(41,734)
Consolidated net profit of the year	117,791	(24,394)	93,397
Attributable:			
to non-controlling interests	79,916	(10,131)	69,785
to the Group	37,876	(14,263)	23,612

2017	Before the application of IAS 29	Impact of IAS 29	After the application of IAS 29
Sales and services rendered	2,539,113	58,181	2,597,294
Cost of goods sold, mat. cons., changes in production and Subcontractors	(1,042,370)	(50,537)	(1,092,907)
Third-party supplies and services	(533,284)	(6,786)	(540,070)
Wages and salaries	(532,216)	(5,050)	(537,266)
Other operating income / (expenses)	(21,063)	(1,250)	(22,313)
Amortisations and depreciations	(173,147)	(7,438)	(180,585)
Provisions and impairment losses	(33,971)	(4,051)	(38,022)
Financial income and gains	68,223	1,159	69,382
Financial costs and losses	(166,245)	(2,343)	(168,588)
Gains / (losses) in associates and jointly controlled companies	2,818	(10)	2,808
Gains / (losses) on the disposal of subsidiaries, jointly controlled and associated companies	(3,058)	-	(3,058)
Net monetary position	0	3,149	3,149
Income before taxes	104,799	(14,975)	89,824
Income tax	(20,320)	(8,063)	(28,383)
Consolidated net profit of the year	84,479	(23,038)	61,441
Attributable:			
to non-controlling interests	70,800	(10,947)	59,853
to the Group	13,679	(12,091)	1,588

2018	Before the application of IAS 29	Impact of IAS 29	After the application of IAS 29
Assets			
Non-current			
Goodwill	33,741	-	33,741
Intangible assets	518,392	3,102	521,494
Tangible assets	698,373	42,075	740,448
Financial investments in associated companies	90,416	-	90,416
Financial investments in jointly controlled companies	6,696	-	6,696
Other financial investments recorded at amortised cost	144,963	-	144,963
Other financial investments recorded at fair value through other comprehensive income	59,224	-	59,224
Investment properties	133,685	-	133,685
Customers and other debtors	109,459	-	109,459
Other non-current assets	7,836	-	7,836
Derivative financial instruments	85	-	85
Deferred tax assets	184,318	-	184,318
	1,987,189	45,178	2,032,366
Current			
Inventories	332,809	1,357	334,167
Customers and other debtors	1,001,307	1,545	1,002,852
Contract assets	551,707	-	551,707
Other current assets	65,254	81	65,335
Derivative financial instruments	180	-	180
Corporate income tax	20,230	-	20,230
Other financial investments recorded at amortised cost	21,399	-	21,399
Cash and cash equivalents with recourse – Term deposits	97,449	-	97,449
Cash and cash equivalents without recourse – Demand deposits	61,749	-	61,749
Cash and cash equivalents with recourse – Demand deposits	291,103	-	291,103
	2,443,188	2,983	2,446,171
Non-current assets held for sale	206,187	-	206,187
Total Assets	4,636,564	48,160	4,684,724
Liabilities			
Non-current			
Loans without recourse	108,505	-	108,505
Loans with recourse	697,765	-	697,765
Other financial liabilities	203,131	-	203,131
Derivative financial instruments	597	-	597
Suppliers and sundry creditors	51,681	-	51,681
Contract liabilities	62,777	-	62,777
Other non-current liabilities	168,072	-	168,072
Provisions	103,998	-	103,998
Deferred tax liabilities	131,648	16,427	148,075
	1,528,174	16,427	1,544,601
Current			
Loans without recourse	33,874	-	33,874
Loans with recourse	731,663	-	731,663
Other financial liabilities	210,663	-	210,663
Derivative financial instruments	-	-	-
Suppliers and sundry creditors	800,913	739	801,652
	-	-	-
Contract liabilities	319,626	-	319,626
Other current liabilities	462,184	710	462,894
Corporate income tax	17,215	-	17,215
	2,576,138	1,449	2,577,587
Non-current liabilities held for sale	115,990	-	115,990
Total Liabilities	4,220,302	17,876	4,238,178
Shareholders' equity			
Share capital	237,505	-	237,505
Own shares	(10,232)	-	(10,232)
Reserves, retained earnings and share premiums	(105,478)	32,101	(73,377)
Consolidated net profit of the year	37,876	(14,263)	23,612
Own funds attributable to the Group	159,671	17,837	177,509
Non-controlling interests	256,590	12,447	269,037
Total shareholders' equity	416,262	30,284	446,546
Total shareholders' equity and liabilities	4,636,564	48,160	4,684,724

2017	Before the application of IAS 29	Impact of IAS 29	After the application of IAS 29
Assets			
Non-current			
Goodwill	37,870	-	37,870
Intangible assets	511,744	914	512,658
Tangible assets	653,939	58,334	712,273
Financial investments in associates and jointly controlled companies	88,936	(10)	88,926
Financial assets available for sale	43,371	25,545	68,916
Financial assets held to maturity	154,954	-	154,954
Investment properties	76,676	-	76,676
Customers, other debtors and other non-current assets	139,868	-	139,868
Derivative financial instruments	98	-	98
Deferred tax assets	178,313	-	178,313
	1,885,768	84,784	1,970,552
Current			
Inventories	343,343	1,653	344,996
Customers	866,716	-	866,716
Other debtors	190,686	-	190,686
Corporate income tax	23,479	-	23,479
Other current assets	424,148	130	424,278
Cash and cash equivalents	644,300	-	644,300
	2,492,673	1,783	2,494,457
Non-current assets held for sale	149,082	-	149,082
Total Assets	4,527,523	86,567	4,614,090
Liabilities			
Non-current			
Loans	932,013	-	932,013
Other financial liabilities	122,934	-	122,934
Suppliers and sundry creditors	50,862	-	50,862
Derivative financial instruments	547	-	547
Provisions	95,951	147	96,098
Other non-current liabilities	161,625	-	161,625
Deferred tax liabilities	130,237	23,712	153,950
	1,494,171	23,860	1,518,030
Current			
Loans	745,701	-	745,701
Other financial liabilities	283,569	-	283,569
Suppliers	489,828	-	489,828
Sundry creditors	449,906	-	449,906
Derivative financial instruments	22	-	22
Corporate income tax	28,419	-	28,419
Other current liabilities	444,362	813	445,175
	2,441,807	813	2,442,619
Non-current liabilities held for sale	57,703	-	57,703
Total Liabilities	3,993,680	24,672	4,018,353
Shareholders' equity			
Share capital	237,505	-	237,505
Own shares	(5,788)	-	(5,788)
Reserves, retained earnings and share premiums	16,008	57,822	73,829
Consolidated net profit of the year	13,679	(12,091)	1,588
Own funds attributable to the Group	261,404	45,731	307,135
Non-controlling interests	272,438	16,164	288,603
Total shareholders' equity	533,843	61,895	595,737
Total shareholders' equity and liabilities	4,527,523	86,567	4,614,090

48. Subsequent events

In 2019, up to the date of issue of this report, we highlight the following relevant fact, whose details are properly released as privileged information on the MOTA-ENGIL and CMVM websites:

14 January 2019

"MOTA-ENGIL INFORMS ABOUT EGF NEW REGULATED TARIFFS FOR THE REGULATORY PERIOD 2019-2021

MOTA-ENGIL informs that the Water and Waste Services Regulatory Authority ("ERSAR") has defined the "regulated tariffs for the 2019-2021 regulatory period" in force in Portugal for that period and has notified MOTA-ENGIL's affiliates owned by EMPRESA GERAL DE FOMENTO, S.A. ("EGF") of the respective decision. The average RAB (Regulated Assets Base) for the new regulatory period for the affiliates amounts to an average of €319 million, which will be subject to a ROA (Return on Assets rate), also set by ERSAR between 5.05% and 5.77%. It should also be noted that in the previous regulatory period, the RAB and the ROA for all 11 multi-municipal systems managed by EGF was €246 million and 6.14%, respectively."

49. Fees paid to the auditor / statutory auditor

In the year ended at 31 December 2018, the amount of fees paid to the auditor / statutory auditor was as follows:

Nature of the service	By the company	By other company/entity	Total
	Amount (Euros)	Amount (Euros)	Amount (Euros)
Audit and statutory audit	93,622	1,247,041	1,340,663
Other assurance services	73,500	106,900	180,400
Tax consultancy	-	1,800	1,800
Total	167,122	1,355,741	1,522,863

Non audit services provided by the External Auditor and the Statutory Auditor during the year 2018 are detailed below:

- Provision of a license to access the Inforfisco database, which consists in a repository of tax nature from public sources (ranging from legislation to jurisprudence);
- Limited reviews to the financial statements of some affiliates, in accordance with the International Standard on Review Engagements ISRE 2410;
- Issuance of the Statutory Auditor's Report regarding the validation of the information contained in the informative memo regarding the issue of commercial paper;
- Issuance of an agreed upon procedures report associated with the issuance bonds, as well as, with the analysis to the contents of the financial information included in the respective prospectus;
- Issuance of audit reports regarding the regulated accounts of some concessionaire companies to be submitted to the regulatory body (ERSAR);
- Issuance of agreed upon procedures reports associated with the recovery of Value-Added Tax (VAT) in doubtful accounts receivables;
- Issuance of agreed upon procedures reports regarding the validation of financial ratios associated with loans obtained and commercial tenders in which the GROUP companies took part.

50. Approval of financial statements

These consolidated financial statements were approved by the GROUP's Board of Directors at 11 March 2019. However, those are still pending approval by the General Shareholders Meeting, although the GROUP's Board of Directors believes that they will be approved without changes.

Appendix A

COMPANIES INCLUDED IN THE CONSOLIDATION BY THE FULL CONSOLIDATION METHOD

Companies included in the consolidation by the full consolidation method, their headquarters, effective holding percentage, activity, set up / acquisition date as at 31 December, 2018, were as follows:

Designation	Headquarters	Effective holding percentage	Activity	Set up date	Acquisition date
Parent Company of the Group and Related Activities					
Mota-Engil, SGPS, S.A., Sociedade Aberta ("Mota-Engil SGPS")	Portugal (Porto)	-	Management of financial holdings	Aug-90	-
Largo do Paço – Investimentos Turísticos e Imobiliários, Lda. ("Largo do Paço")	Portugal (Amarante)	100.00	Real estate development	-	Oct-01
Through Mota-Engil SGPS		100.00			
ME 3I, SGPS, S.A. ("ME 3I SGPS")	Portugal (Linda-a-Velha)	61.20	Management of financial holdings	Oct-11	-
Through Mota-Engil Indústria e Inovação		61.20			
Mota-Engil Capital, S.A. ("Mota-Engil Capital")	Portugal (Porto)	100.00	Management of financial holdings	Feb-18	-
Through Mota-Engil SGPS		100.00			
MESP - Mota Engil, Serviços Partilhados, Administrativos e de Gestão, S.A. ("Mota-Engil Serviços Partilhados")	Portugal (Porto)	100.00	Administrative Services	Dec-02	-
Through Mota-Engil SGPS		100.00			
Mota-Engil Indústria e Inovação, SGPS, S.A. ("Mota-Engil Indústria e Inovação")	Portugal (Linda-a-Velha)	100.00	Management of financial holdings	Nov-10	-
Through Mota-Engil SGPS		100.00			
MK Contractors, LLC ("MKC")	USA (Miami)	100.00	Real estate development	Mar-02	-
Through Mota-Engil Engenharia e Construção		100.00			
Mota-Engil Minerals & Mining (Malawi) Limited ("ME Minerals & Mining Malawi")	Malawi (Lilongwe)	100.00	Prospecting, exploitation and processing of minerals	Mar-11	-
Through Mota-Engil Minerals Mining Investment B.V.		100.00			
Mota-Engil Minerals & Mining (Zimbabwe) (Private) Limited ("ME Minerals & Mining Zimbabwe")	Zimbabwe (Harare)	100.00	Prospecting, exploitation and processing of minerals	May-11	-
Through Mota-Engil Minerals Mining Investment B.V.		100.00			
Mota-Engil Minerals Mining Investment B.V. ("ME Minerals Mining Investment BV")	Netherlands (Amsterdam)	100.00	Management of other companies	Oct-10	-
Through Mota-Engil SGPS		100.00			
Mota-Engil Renewing, S.A. ("ME Renewing")	Portugal (Porto)	100.00	Energy, Sustainable Mobility, Recycling and Reuse and Resource Utilization	Aug-18	-
Through Mota-Engil Capital		100.00			
Mota-Engil Railway Engineering, S.A. ("ME Railway Engineering")	Portugal (Porto)	100.00	Studies, projects, execution of works and representation of materials and equipment related to railway works	Jun-18	-
Through Mota-Engil Engenharia e Construção		96.15			
Through MEEC África		1.92			
Through Mota-Engil Latin America BV		1.92			
Europe					
Engineering and Construction					
Mota-Engil Europa, S.A. ("Mota-Engil Europa")	Portugal (Linda-a-Velha)	100.00	Management of financial holdings	Jun-10	-
Through Mota-Engil SGPS		100.00			
Áreagolfe - Gestão, Construção e Manutenção de Campos de Golfe, S.A. ("Áreagolfe")	Portugal (Torres Novas)	71.11	Golf courses construction, management and maintenance	-	Jul-07
Through Vibeiras		71.11			
Balice Project Development Sp. z o.o. ("Balice")	Poland (Krakow)	100.00	Real estate development	Oct-12	-
Through Mota-Engil Real Estate Management		100.00			
Bay-Park Korlátolt Felelősségű Társaság Kft. ("Bay Park")	Hungary (Budapest)	76.73	Real estate development	-	Dec-08
Through Obol Invest		76.73			
Bukowinska Project Development ("Bukowinska Project Development")	Poland (Krakow)	100.00	Design and construction of social housing	Mar-15	-
Through Mota-Engil Central Europe Poland		100.00			
Carlos Augusto Pinto dos Santos & Filhos S.A. ("Capsfil")	Portugal (Vila Flor)	100.00	Extraction of gravel, sand and crushed stone	Mar-77	Oct-09
Through Mota-Engil Engenharia e Construção		100.00			
Corgimobil - Empresa Imobiliária das Corgas, Lda. ("Corgimobil")	Portugal (Cascais)	97.25	Construction works, studies and real estate	-	Nov-00
Through Mota-Engil Engenharia e Construção		71.79			
Through Mota-Engil Real Estate Portugal		25.46			
Diace - Construtoras das Estradas do Douro Interior A.C.E. ("Diace ACE MEEC")	Portugal (Porto)	53.10	Realization of construction works and services and providing design	Nov-08	Dec-15
Through Mota-Engil Engenharia e Construção		53.10			
Dmowski Project Development, Sp. z.o.o. ("Dmowski")	Poland (Krakow)	100.00	Real estate development	Aug-07	-
Through Mota-Engil Real Estate, SGPS		100.00			
Dzieci Warszawy Project Development Sp. z.o.o. ("Dzieci")	Poland (Krakow)	100.00	Real estate development	Nov-15	-
Through Mota-Engil Real Estate, SGPS		100.00			
Ekosrodowisko z.o.o. In Liquidation ("Ekosrodowisko")	Poland (Bytom)	61.50	Urban solid waste	Feb-05	Dec-05
Through SUMA		61.50			
Glac - Construtoras das Auto-estradas da Grande Lisboa A.C.E. ("Glac ACE MEEC")	Portugal (Porto)	52.87	Realization of construction works and services and providing design	Dec-06	Dec-15
Through Mota-Engil Engenharia e Construção		52.87			
Glan Agua, Ltd ("Glanagua")	Ireland (Ballinasloe)	70.00	Treatment of waste, exploitation and management of water systems	Jan-08	-
Through MEIS		70.00			
Glan Agua (UK), Ltd ("Glan Agua UK")	United Kingdom (St Albans)	70.00	Treatment of waste, exploitation and management of water systems	Jul-15	-
Through MEIS		70.00			
Grodowska Project Development Sp. z.o.o. ("Grodowska")	Poland (Krakow)	100.00	Design and construction of social housing	Mar-14	-
Through Mota-Engil Real Estate Management		100.00			
Grota-Roweckiego Project Development Sp. z.o.o. ("Grota")	Poland (Krakow)	100.00	Real estate development	Oct-12	-
Through Mota-Engil Central Europe Poland		100.00			
Hungária Hotel Ingatlanforgalmazó, Kereskedelmi, és Szolgáltató Kft. ("Hotel Achat Hungary")	Hungary (Budapest)	100.00	Real estate development	Jun-08	-
Through Mota-Engil Real Estate, SGPS		100.00			
Hygeia – Edifícios Hospitalares, SGPS, S.A. ("Hygeia")	Portugal (Lisbon)	99.18	Management of financial holdings of other companies as a form of indirect operation in economic activities	Dec-18	-
Through Mota-Engil Engenharia e Construção		98.99			
Through Manvia		0.18			
Through Mota-Engil Capital		0.00			
Through Mota-Engil Europa		0.00			

Designation	Headquarters	Effective holding percentage	Activity	Set up date	Acquisition date
Immo Park Gdańsk, Sp. z o.o. ("Immo Park Gdańsk") Through Mota-Engil Central Europe Poland	Poland (Krakow)	100.00 100.00	Design, construction, management and exploitation of parking lots	Mar-13	-
Immo Park Warszawa, Sp. z o.o. ("Immo Park Warszawa") Through Mota-Engil Central Europe Poland	Poland (Krakow)	100.00 100.00	Design, construction, management and exploitation of parking lots	Oct-12	-
Immo Park, Sp. z o.o. ("Immo Park") Through Mota-Engil Central Europe Poland	Poland (Krakow)	100.00 100.00	Design, construction, management and exploitation of parking lots	Jan-08	Mar-11
Kilńskiego Project Development Sp. z o.o. ("Kilńskiego") Through Mota-Engil Real Estate Management	Poland (Krakow)	100.00 100.00	Real estate development	Aug-07	-
Kilńskiego Property Investment Sp. z o.o. ("Kilńskiego PI") Through Kilńskiego Project Development Sp. z o.o. Through Mota-Engil Real Estate, SGPS	Poland (Krakow)	100.00 99.99 0.01	Real estate development	Sep-11	-
Kordylewskiego Project Development W Likwidacji Sp. z o.o. ("Kordylewskiego") Through Mota-Engil Real Estate, SGPS	Poland (Krakow)	100.00 100.00	Real estate development	Feb-05	-
Listopada Project Development ("Listopada Project Development") Through Mota-Engil Real Estate Management	Poland (Krakow)	100.00 100.00	Real estate development	Nov-15	-
Lusitânia - Construtoras das Auto-estradas das Beiras Litoral e Alta A.C.E. ("Lusitânia ACE MEEC") Through Mota-Engil Engenharia e Construção	Portugal (Porto)	83.95 83.95	Realization of construction works and services and providing design	Apr-01	Dec-15
Mercado Urbano - Gestão Imobiliária, S.A. ("Mercado Urbano") Through Mota-Engil Real Estate Portugal	Portugal (Porto)	100.00 100.00	Real estate development	Jul-09	Mar-11
Mota-Engil Real Estate Portugal, S.A. ("Mota-Engil Real Estate Portugal") Through Mota-Engil Real Estate, SGPS	Portugal (Porto)	100.00 100.00	Real estate development	Sep-01	-
ME Investitii AV s.r.l. ("Mota-Engil Investitii") Through Mota-Engil Real Estate, SGPS	Romania (Bucharest)	100.00 100.00	Real estate development	-	Sep-07
MES, Mota-Engil Srodowisko, Sp. z o.o. ("MES") Through Suma	Poland (Krakow)	61.50 61.50	Urban solid waste	Dec-05	-
Metró Építőipari Gépészeti és szállítási, Zrt ("Metroepszolg") Through Mota-Engil Magyarország	Hungary (Budapest)	100.00 100.00	Public works	Dec-00	-
Mota-Engil International Construction (UK) Ltd ("Mota-Engil UK") Through Mota-Engil Engenharia e Construção	United Kingdom (St. Albans)	60.00 60.00	Construction works	Jul-15	-
Mota-Engil Ireland Construction Limited ("Mota-Engil Irlanda") Through Mota-Engil Engenharia e Construção	Ireland (Dublin)	60.00 60.00	Construction works	Oct-07	-
Mota-Engil Engenharia e Construção, S.A. ("Mota-Engil Engenharia e Construção") Through Mota-Engil Europa	Portugal (Amarante)	100.00 100.00	Construction works, and purchase and sale of real estate	-	Dec-00
Mota-Engil Real Estate, SGPS, S.A. ("Mota-Engil Real Estate SGPS") (a) Through Mota-Engil Capital	Portugal (Porto)	100.00 100.00	Management of financial holdings	Dec-02	-
Mota-Engil Central Europe, S.A. ("ME Central Europe Poland") Through Mota-Engil Central Europe Management	Poland (Krakow)	100.00 100.00	Construction works	Feb-53	Mar-99
Mota-Engil Central Europe Ceska Republika, AS ("Mota-Engil Central Europe República Checa") Through Mota-Engil Europa	Rep. Checa (Praga)	100.00 100.00	Construction and public works	Jan-97	-
Mota-Engil Central Europe Management, SGPS, SA ("Mota-Engil Central Europe Management") Through Mota-Engil Europa	Portugal (Porto)	100.00 100.00	Management of financial holdings	Aug-17	-
Mota-Engil Ireland Services Ltd. ("MEIS") Through Mota-Engil Engenharia e Construção	Ireland (Dublin)	70.00 70.00	Treatment of waste, exploitation and management of water systems	Jan-08	-
Mota-Engil Magyarország Beruházási és Építőipari Zrt. ("Mota-Engil Magyarország") Through Mota-Engil Europa	Hungary (Budapest)	100.00 100.00	Construction works	Jan-96	-
Mota-Engil Vermelo Sp. z o.o. ("ME Vermelo") Through Mota-Engil Real Estate Management	Poland (Krakow)	100.00 100.00	Real estate development	Mar-12	-
Mota-Engil Central Europe PPP Sp. z o.o. ("ME Central Europe PPP") Through Mota-Engil Central Europe Poland	Poland (Krakow)	100.00 100.00	Design, construction, management and exploitation of parking lots	Mar-12	-
Mota-Engil Central Europe PPP 2 Sp. z o.o. ("ME Central Europe PPP 2") Through Mota-Engil Central Europe Poland	Poland (Krakow)	100.00 100.00	Design, construction, management and exploitation of parking lots	Dec-13	-
Mota-Engil Central Europe PPP Road Sp. z o.o. ("ME Central Europe PPP Road") Through Mota-Engil Central Europe Poland	Poland (Krakow)	100.00 100.00	Design, construction, management and exploitation of parking lots	-	Nov-13
Mota-Engil Central Europe PPP 3 Sp. z o.o. ("ME Central Europe PPP 3") Through Mota-Engil Central Europe Poland	Poland (Krakow)	100.00 100.00	Design, construction, management and exploitation of parking lots	Apr-14	-
Mota-Engil Real Estate Hungary Ingatlanforgalmazó, Kereskedelmi és Szolgáltató Kft. ("Mota-Engil Real Estate Hungary") Through Mota-Engil Real Estate, SGPS	Hungary (Budapest)	100.00 100.00	Real estate development	Jul-05	-
Mota-Engil Real Estate Management, sp. z o.o. ("Mota-Engil Real Estate Management") Through Mota-Engil Central Europe Poland	Poland (Krakow)	100.00 100.00	Real estate development	Jun-05	-
Nádor-Öböl Ingatlanforgalmazó és Beruházó Korlátolt Felelősségű Társaság Kft. ("Nádor Öbol") Through Öbol XI	Hungary (Budapest)	76.73 76.73	Real estate development	-	Oct-06
Norace - Construtoras das Auto-estradas do Norte A.C.E. ("Norace ACE MEEC") Through Mota-Engil Engenharia e Construção	Portugal (Porto)	82.87 82.87	Realization of construction works and services and providing design	Jun-99	Dec-15
Oriental Hub, S.A. ("Oriental Hub") Through Mota-Engil Engenharia e Construção	Portugal (Porto)	100.00 100.00	Design, construction, rehabilitation and exploitation of the former "Matadouro Industrial do Porto"	Nov-18	-
Öböl Invest Befektetési és Üzletviteli Tanácsadó Korlátolt Felelősségű Társaság Kft. ("Öbol Invest") Through Mota-Engil Real Estate, SGPS	Hungary (Budapest)	77.50 77.50	Real estate development	-	May-05
Öböl XI. Ingatlanhasznosítási Beruházó és Szolgáltató Korlátolt Felelősségű Társaság Kft. ("Öbol XI") Through Öbol Invest	Hungary (Budapest)	76.73 76.73	Real estate development	-	Dec-03
Pinhal - Construtoras das Auto-estradas do Pinhal Interior A.C.E. ("Pinhal ACE MEEC") Through Mota-Engil Engenharia e Construção	Portugal (Porto)	53.52 53.52	Realization of construction works and services and providing design	Apr-10	Dec-15

(a) This company and its subsidiaries were sold in December 2018 by MOTA-ENGINL EUROPA to MOTA-ENGINL CAPITAL. For purposes of reporting segment, in 2018, those companies were allocated to the Europe region.

Designation	Headquarters	Effective holding percentage	Activity	Set up date	Acquisition date
Proempar - Promoção e Gestão de Parques Empresariais e Tecnológicos, S.A. ("Proempar")	Portugal (Porto)	100.00	Marketing, management and exploitation of technological and industrial business parks	Oct-06	-
Through Mota-Engil Real Estate Portugal		100.00			
Project Development 1 Sp. Z.o.o. ("Project Development 1")	Poland (Krakow)	100.00	Real estate development	Nov-15	-
Through Mota-Engil Real Estate Management		100.00			
Project Development 2 Sp. Z.o.o. ("Project Development 2")	Poland (Krakow)	100.00	Real estate development	Nov-15	-
Through Mota-Engil Real Estate Management		100.00			
Portuscale - Construtoras das Auto-estradas do Grande Porto A.C.E. ("Portuscale ACE MEEC")	Portugal (Porto)	83.95	Realization of construction works and services and providing design	Jul-02	Dec-15
Through Mota-Engil Engenharia e Construção		83.95			
Sampaio Üzletviteli Tanácsadó Kórlátolt Felelősségű Társaság Kft. ("Sampaio")	Hungary (Budapest)	76.73	Real estate development	-	Jan-03
Through Obol XI		76.73			
Senatorska Project Development Sp. z.o.o. ("Senatorska")	Poland (Krakow)	100.00	Real estate development	Nov-15	-
Through Mota-Engil Real Estate Management		100.00			
Sikorki Project Development Sp. z.o.o. ("Sikorki")	Poland (Krakow)	100.00	Real estate development	Oct-12	-
Through Mota-Engil Central Europe Poland		100.00			
Soltysowska Project Development Sp. z.o.o. ("Soltysowska")	Poland (Krakow)	100.00	Real estate development	Nov-05	-
Through Mota-Engil Real Estate, SGPS		100.00			
Turalgo-Sociedade de Real estate desenvolvimento Turística do Algarve, S.A. ("Turalgo")	Portugal (Oeiras)	51.00	Real estate development	May-92	-
Through Mota-Engil Real Estate Portugal		51.00			
VBT - Projectos e Obras de Arquitectura Paisagística, Lda ("VBT")	Angola (Luanda)	45.56	Landscape gardening and maintenance activities	Sep-08	-
Through Vibeiras		35.56			
Through Mota-Engil Ambiente e Serviços		10.00			
Vianor - Construtoras das Auto-estradas da Costa de Prata A.C.E. ("Vianor ACE MEEC")	Portugal (Porto)	83.95	Realization of construction works and services and providing design	Apr-00	Dec-15
Through Mota-Engil Engenharia e Construção		83.95			
Vibeiras - Sociedade Comercial de Plantas, S.A. ("Vibeiras")	Portugal (Torres Novas)	71.11	Landscape gardening and maintenance activities	Jul-88	Oct-98
Through Mota-Engil Engenharia e Construção		71.11			
Wilanow Project Development SP. z.o.o. ("Wilanow")	Poland (Krakow)	100.00	Real estate development	Jun-07	-
Through Mota-Engil Real Estate, SGPS		100.00			
Wilenska Project Development Sp. z.o.o. w likwidacji ("Wilenska")	Poland (Krakow)	100.00	Real estate development	Jan-05	-
Through Mota-Engil Real Estate, SGPS		100.00			
Designation	Headquarters	Effective holding percentage	Activity	Set up date	Acquisition date
Environment and Services					
AGIR - Ambiente e Gestão Integrada de Resíduos, Lda. ("Agir")	Cape Verde (Praia)	80.75	Collection of urban solid waste	Dec-07	-
Through Mota-Engil Ambiente e Serviços		50.00			
Through Suma		30.75			
Algar - Valorização e Tratamento de Resíduos Sólidos, S.A. ("Algar")	Portugal (Loulé)	33.15	Treatment and recovery of urban solid waste	-	Jun-15
Through EGF		33.15			
Amarsul - Valorização e Tratamento de Resíduos Sólidos, S.A. ("Amarsul")	Portugal (Setúbal)	30.19	Treatment and recovery of urban solid waste	-	Jun-15
Through EGF		30.19			
CH&P - Combined Heat & Power Anadia, Sociedade Unipessoal, Lda ("CH&P Anadia")	Portugal (Linda-a-Velha)	90.00	Exploitation of a co-generation plant for the production of electric and thermal energy	May-11	-
Through Manvia		90.00			
CH&P - Combined Heat & Power Coja, Unipessoal, Lda ("CH&P Coja")	Portugal (Linda-a-Velha)	90.00	Exploitation of a co-generation plant for the production of electric and thermal energy	May-11	-
Through Manvia		90.00			
Citrave - Centro Integrado de Tratamento de Resíduos de Aveiro, S.A. ("Citrave")	Portugal (Lisbon)	61.50	Treatment and disposal of non-hazardous waste	Dec-87	Oct-06
Through Suma		61.41			
Through Novaflex		0.05			
Through Suma Esposende		0.05			
Correia & Correia, Lda. ("Correia & Correia")	Portugal (Sertão)	48.19	Trade and collection of used oils	Sep-88	Feb-00
Through Enviroil		48.19			
Enviroil SGPS, Lda. ("Enviroil")	Portugal (Torres Novas)	48.19	Management of financial holdings	Nov-97	-
Through Suma		48.19			
Enviroil II - Reciclagem de Óleos Usados, Lda. ("Enviroil II")	Portugal (Torres Novas)	43.37	Oil recycling, electricity production and bulk trade of fuels and related products	Apr-11	-
Through Enviroil		43.37			
Ersuc - Resíduos Sólidos do Centro, S.A. ("Ersuc")	Portugal (Coimbra)	34.14	Treatment and recovery of urban solid waste	-	Jun-15
Through EGF		30.46			
Through Suma		3.68			
Empresa Geral de Fomento, S.A. ("EGF")	Portugal (Lisbon)	59.19	Treatment and recovery of urban solid waste	-	Jun-15
Through Suma Tratamento		59.19			
Eco Vision LLC ("Eco Vision")	Oman (Muscat)	31.37	Treatment and recovery of urban solid waste	Jul-15	-
Through Suma		31.37			
Gesar - Gestão de Águas Residuais do Algarve ("GESAR ACE Manvia")	Portugal (Linda-a-Velha)	54.00	Wastewater treatment	Apr-15	-
Through Manvia		54.00			
InvestAmbiente - Recolha de Resíduos e Gestão de Sistemas de Saneamento Básico, S.A. ("Investambiente")	Portugal (Lisbon)	31.98	Treatment and disposal of non-hazardous waste	Feb-00	Dec-07
Through Novaflex		31.98			
Manvia - Manutenção e Exploração de Instalações e Construção, S.A. ("Manvia")	Portugal (Linda-a-Velha)	90.00	Maintenance and operation of facilities	Jul-94	Jun-98
Through Mota-Engil Ambiente e Serviços		90.00			
Mota-Engil, Ambiente e Serviços, SGPS, S.A. ("Mota-Engil Ambiente e Serviços")	Portugal (Porto)	100.00	Management of financial holdings	Jun-97	-
Through Mota-Engil Europa		100.00			

Designação	Sede	Proporção do capital detido	Atividade	Data de constituição	Data de aquisição
Nova Beira - Gestão de Resíduos, S.A. ("Nova Beira") Through Novaflex Through Investambiente	Portugal (Lisbon)	30.85 20.30 10.55	Treatment and disposal of non-hazardous waste	-	Dec-07
Novaflex - Técnicas do Ambiente, S.A. ("Novaflex") Through Suma	Portugal (Lisbon)	61.50 61.50	Collection of other non-hazardous waste	-	Dec-07
PTT - Parque Tecnológico do Tâmega, S.A. ("PTT") Through Mota-Engil Real Estate Portugal	Portugal (Felgueiras)	90.00 90.00	Marketing, management and exploitation of technological and industrial business parks	Dec-06	-
Real Verde - Técnicas de Ambiente, S.A. ("Real Verde") Through Novaflex	Portugal (Vila Real)	61.50 61.50	Treatment and disposal of non-hazardous waste	Dec-07	-
Resiges - Gestão de Resíduos Hospitalares, Lda. ("Resiges") Through Novaflex	Portugal (Setúbal)	30.75 30.75	Collection of hazardous waste	May-98	Dec-07
Resiestrela - Valorização e Tratamento de Resíduos Sólidos, S.A. ("Resiestrela") Through EGF	Portugal (Castelo Branco)	37.26 37.26	Treatment and recovery of urban solid waste	-	Jun-15
Resilei - Tratamento de Resíduos Industriais, S.A. ("Resilei") Through Suma	Portugal (Leiria)	30.75 30.75	Treatment and disposal of non-hazardous waste	-	Jun-03
Resinorte - Valorização e Tratamento de Resíduos Sólidos, S.A. ("Resinorte") Through EGF	Portugal (Braga)	44.46 44.46	Treatment and recovery of urban solid waste	-	Jun-15
Resulima - Valorização e Tratamento de Resíduos Sólidos, S.A. ("Resulima") Through EGF	Portugal (Viana do Castelo)	30.19 30.19	Treatment and recovery of urban solid waste	-	Jun-15
Rima - Resíduos Industriais e Meio Ambiente, S.A. ("Rima") Through Suma	Portugal (Lourosa)	59.12 59.12	Treatment of industrial waste	Aug-01	-
SIGA - Sistema Integrado de Gestão Ambiental, S.A. ("Siga") Through Suma	Portugal (Ponta Delgada)	43.05 43.05	Treatment and disposal of non-hazardous waste	Oct-08	-
SIGAMB - Sistemas de Gestão Ambiental, Lda. (Angola) ("SIGAMB") Through Novaflex	Angola (Luanda)	61.44 61.44	Technical studies, consulting and environmental training	Feb-14	-
SRI - Gestão de Resíduos, Lda ("SRI") Through Correia & Correia	Portugal (Sertã)	48.19 48.19	Collection of hazardous waste	Jul-08	-
Suldouro - Valorização e Tratamento de Resíduos Sólidos, S.A. ("Suldouro") Through EGF	Portugal (Vila Nova de Gaia)	35.52 35.52	Treatment and recovery of urban solid waste	-	Jun-15
Suma (Douro) - Serviços Urbanos e Meio Ambiente, Lda. ("Suma Douro") Through Suma	Portugal (Murça)	61.50 61.50	Collection of urban solid waste	Jul-00	-
Suma (Esposende) - Serviços Urbanos e Meio Ambiente, Lda. ("Suma Esposende") Through Suma	Portugal (Esposende)	61.50 61.50	Collection of urban solid waste	Dec-99	-
Suma (Macau), Lda. ("Suma Macau") Through Suma	China (Macau)	60.89 60.89	Collection of urban solid waste	-	Dec-13
Suma (Matosinhos) - Serviços Urbanos e Meio Ambiente, S.A. ("Suma Matosinhos") Through Suma	Portugal (Matosinhos)	61.50 61.50	Collection of urban solid waste	Dec-00	-
Suma (Porto) - Serviços Urbanos e Meio Ambiente, S.A. ("Suma Porto") Through Suma	Portugal (Porto)	61.50 61.50	Collection of urban solid waste	Nov-08	-
Suma Tratamento, S.A. ("Suma Tratamento") Through Suma Through Suma Esposende Through Novaflex Through Mota-Engil Ambiente e Serviços	Portugal (Lisbon)	59.20 49.19 0.01 0.01 10.00	Collection of urban solid waste	Oct-14	-
Suma - Serviços Urbanos e Meio Ambiente, S.A. ("Suma") Through Mota-Engil Ambiente e Serviços	Portugal (Lisbon)	61.50 61.50	Collection of urban solid waste	Jun-94	-
Takargo - Transportes de Mercadorias, S.A. ("Takargo") Through Mota-Engil Ambiente e Serviços	Portugal (Linda-a-Velha)	100.00 100.00	Rail transport of goods	Oct-06	-
Triu - Técnicas de Resíduos Industriais e Urbanos, S.A. ("Triu") Through Enviroil	Portugal (Loures)	48.19 48.19	Collection of non-hazardous waste	Apr-91	Sep-08
Triaza - Tratamento de Resíduos Industriais da Azambuja, S.A. ("Triaza") Through Suma	Portugal (Azambuja)	61.50 61.50	Collection of urban solid waste	Nov-15	Sep-08
Valnor - Valorização e Tratamento de Resíduos Sólidos, S.A. ("Valnor") Through EGF	Portugal (Portalegre)	31.57 31.57	Treatment and recovery of urban solid waste	-	Jun-15
Valorlis - Valorização e Tratamento de Resíduos Sólidos, S.A. ("Valorlis") Through EGF	Portugal (Leiria)	30.19 30.19	Treatment and recovery of urban solid waste	-	Jun-15
Valorminho - Valorização e Tratamento de Resíduos Sólidos, S.A. ("Valorminho") Through EGF	Portugal (Valença)	30.19 30.19	Treatment and recovery of urban solid waste	-	Jun-15
Valorsul - Valorização e Tratamento de Resíduos Sólidos das Regiões de Lisboa e do Oeste, S.A. ("Valorsul") Through EGF	Portugal (Loures)	31.33 31.33	Treatment and recovery of urban solid waste	-	Jun-15

Designation	Headquarters	Effective holding percentage	Activity	Set up date	Acquisition date
Africa					
Akwangola, S.A. ("Akwangola") Through Mota-Engil Angola	Angola (Luanda)	51.00 51.00	Exploitation of water market	Dec-10	Dec-13
Cecot - Centro de Estudos e Consultas Técnicas, Lda. ("Cecot") Through MEEC África	Mozambique (Maputo)	100.00 100.00	Construction works' projects and inspection	Sep-98	Apr-11
Cosamo (Proprietary) Limited ("Cosamo") Through Mota Internacional	South Africa (Johannesburg)	100.00 100.00	Trading	Dec-76	-
Eco Eburnie, SA ("Eco Eburnie") Through MEEC África	Ivory Coast (Abidjan)	100.00 100.00	Treatment and recovery of urban solid waste, and cleaning and maintenance of public streets	Oct-17	-
Ecolife, S.A. ("Ecolife") Through Mota-Internacional Through Suma	Mozambique (Maputo)	58.45 40.00 18.45	Collection of urban solid waste	Dec-13	-
Fatra - Fábrica de Trefilaria de Angola, S.A. ("Fatra") Through Mota Internacional	Angola (Luanda)	70.00 70.00	Manufacturing of iron-derived products	-	Nov-10
Fibreglass Sundlete (Mozambique), Lda. ("Fibreglass") Through ME Maurícias	Mozambique (Maputo)	100.00 100.00	Furniture and decoration	Aug-62	Mar-99
Indimo, Lda. ("Indimo") Through Cecot Through MEEC África	Mozambique (Maputo)	100.00 50.00 50.00	Real estate development	-	Oct-04
Liwonde Logistics Platform Limited ("Liwonde") Through ME Investments Malawi Through MEEC África - Malawi branch	Malawi (Lilongwe)	100.00 51.00 49.00	Management of other companies	Jun-15	-
Mota-Engil Engenharia e Construção África, S.A. ("MEEC África") Through ME Africa PTY Through Mota-Engil SGPS	Portugal (Porto)	100.00 0.00 100.00	Construction works	Aug-12	-
Mota-Engil África, N.V. ("ME África NV") Through Mota-Engil SGPS	Netherlands (Amsterdam)	100.00 100.00	Management of other companies	Oct-12	-
Mota-Engil África, SGPS, S.A. ("Mota-Engil África") Through MEEC África	Portugal (Porto)	100.00 100.00	Management of financial holdings	May-10	-
Mota-Engil África Global Technical Services B.V. ("ME África GTS BV") Through Mota-Engil África N.V.	Netherlands (Amsterdam)	100.00 100.00	Management of other companies	May-14	-
Mota Internacional - Comércio e Consultadoria Económica, Lda. ("Mota Internacional") Through Mota-Engil África	Portugal (Funchal)	100.00 100.00	Trade and management of international holdings	Sep-97	Dec-98
Mota-Engil Mozambique, Lda. ("Emodil") Through MEEC África Through Indimo	Mozambique (Maputo)	100.00 50.00 50.00	Real estate development	Jul-94	-
Mota-Engil Angola, S.A. ("Mota-Engil Angola") Through Mota Internacional	Angola (Luanda)	51.00 51.00	Construction works and public and private works	May-10	-
Mota-Engil Côte D'Ivoire, SARL ("Mota-Engil Costa de Marfim") Through MEEC África	Ivory Coast (Abidjan)	100.00 100.00	Construction works and public and private works	Apr-18	-
Malawi Ports Company Limited ("Malawi Ports Company") Through MEEC África Through ME Malawi	Malawi (Lilongwe)	100.00 88.00 12.00	Shipping	Nov-10	-
Malawi Shipping Company Limited ("Malawi Shipping Company") Through ME Malawi	Malawi (Lilongwe)	100.00 100.00	Shipping	Nov-10	-
Martinox, SA ("Martinox") Through Mota-Engil Angola	Angola (Benguela)	51.00 51.00	Stainless steel works	Feb-08	Dec-11
Mota & Companhia Maurícias, Lda. ("ME Maurícias") Through MEEC África	Mauritius (Ebene)	100.00 100.00	Construction works	May-10	-
Mota-Engil África (PTY) Limited ("ME Africa PTY") Through Mota-Engil África N.V. Through MEEC África	South Africa (Johannesburg)	100.00 95.00 5.00	Management of other companies	Nov-15	-
Mota-Engil Construction South Africa, Pty Ltd ("ME Construction South Africa") Through Mota-Engil Investments South Africa	South Africa (Johannesburg)	51.00 51.00	Public works and /or construction works contractor	Mar-14	-
Mota-Engil (Malawi) Limited ("ME Malawi") Through MEEC África	Malawi (Lilongwe)	100.00 100.00	Public works and /or construction works contractor	Jul-11	-
Mota-Engil Investments (Malawi) Limited ("ME Investments Malawi") Through Mota-Engil África	Malawi (Lilongwe)	100.00 100.00	Public works and /or construction works contractor	Mar-11	-
Mota-Engil Investments South Africa, Pty Ltd ("Mota-Engil Investments South Africa") Through Mota Internacional	South Africa (Johannesburg)	51.00 51.00	Management of financial holdings	-	Mar-14
Mota-Engil S. Tomé e Príncipe, Lda. ("Mota-Engil S. Tomé") Through Mota Internacional Through MEEC África	S. Tomé e Príncipe (S. Tomé)	100.00 95.00 5.00	Public works and /or construction works contractor	Dec-04	-
Mota-Engil Guinée Conakry, SARL ("Mota-Engil Guiné") Through MEEC África - Guinea Conakry branch	Guinea Conakry (Conakry)	100.00 100.00	Construction works and public and private works	-	Aug-17
Novicer-Cerâmicas de Angola,(SU) Limitada. ("Novicer") Through Mota-Engil Angola	Angola (Luanda)	51.00 51.00	Manufacturing and trade in clay goods	Sep-07	-
Prefal - Préfabricados de Luanda, Lda. ("Prefal") Through Mota-Engil Angola	Angola (Luanda)	45.90 45.90	Manufacturing of prestressed goods	Dec-93	-
Penta - Engenharia e Construção, Lda. ("Penta") Through MEEC África Through Mota Internacional	Cape Verde (Praia)	100.00 96.00 4.00	Construction works and public and private works	Apr-07	-
Rentaco Angola - Equipamentos e Transportes, (SU) Limitada. ("Rentaco Angola") Through Mota-Engil Angola	Angola (Luanda)	51.00 51.00	Rental of construction equipment	Jan-08	-
Sonauta - Sociedade de Navegação, Lda. ("Sonauta") Through Mota Internacional	(Luanda)	100.00 100.00	Shipping excluding coastal	Nov-94	-
Tracevia Angola - Sinalização, Segurança e Gestão de Tráfego, Lda. ("Tracevia Angola") Through Mota-Engil Angola	Angola (Luanda)	51.00 51.00	Road signs	-	Sep-07
Vista Energy Environment & Services, S.A. ("Vista SA") Through Mota-Engil Angola	Angola (Luanda)	51.00 51.00	Management of financial holdings	Jul-08	Dec-13
Vista Multi Services, Lda. ("Vista Multi Services") Through Vista SA Through Mota-Engil Angola	Angola (Luanda)	51.00 40.80 10.20	Urban services	May-09	Dec-13
Vista Waste Management, Lda. ("Vista Waste") Through Mota-Engil Angola Through Vista SA Through Suma	Angola (Luanda)	56.15 5.10 20.91 30.14	Collection of waste	Dec-09	Dec-13

Designation	Headquarters	Effective holding percentage	Activity	Set up date	Acquisition date
Latin America					
APP Coatzacoalcos Villahermosa S.A.P.I. de C.V. ("APP Coatzacoalcos Villahermosa")	Mexico (Mexico City)	37.74 37.74	Construction and public works	Oct-16	-
Through Mota-Engil Mexico					
Consita Tratamento de Resíduos, S.A. ("Consita")	Brazil (Belo Horizonte)	54.93 54.93	Waste treatment	-	Dec-14
Through Geres Participações					
Consórcio Los Castños ("Consórcio Los Castños")	Peru (Lima)	100.00 100.00	Real estate development	Dec-11	-
Through Mota-Engil Peru					
Consórcio Fanning ("Consórcio Fanning")	Peru (Lima)	100.00 100.00	Real estate development	Dec-11	-
Through Mota-Engil Peru					
Consórcio GDL Viaduto, S.A.P.I de CV ("Consórcio GDL Viaduto")	Mexico (Mexico City)	21.88 21.88	Construction and public works	Jun-14	-
Through Mota-Engil Mexico					
Consórcio Mota-Engil Ojeda & Iju Paracas ("Consórcio ME Ojeda & Iju")	Peru (Lima)	100.00 100.00	Real estate development	Dec-11	-
Through Mota-Engil Peru					
Consórcio La Ponciana ("Consórcio La Ponciana")	Peru (Lima)	100.00 100.00	Real estate development	Dec-11	-
Through Mota-Engil Peru					
Consórcio Porta ("Consórcio Porta")	Peru (Lima)	100.00 100.00	Real estate development	Dec-11	-
Through Mota-Engil Peru					
Consórcio Túnel Guadalajara, SAPI de CV ("Consórcio GDL Túnel")	Mexico (Mexico City)	21.88 21.88	Construction and public works	Jul-14	-
Through Mota-Engil Mexico					
Consórcio ME-Contrato Colegios ("Consórcio ME Colegios")	Colombia (Buenaventura)	100.00 75.00 25.00	Construction works	May-16	-
Through Mota-Engil Engenharia e Construção - Colombia branch					
Through Mota-Engil Peru					
Consórcio MEC Arroyo Carrera 65 ("Consórcio MEC Arroyo Carrera")	Colombia (Bogotá)	50.36 0.01 50.35	Construction and public works	Sep-16	-
Through Mota-Engil Engenharia e Construção - Colombia branch					
Through Mota-Engil Colombia					
Consórcio MEC-Av.Malecon-UF1 ("Consórcio MEC-Av.Malecon-UF1")	Colombia (Buenaventura)	50.36 0.01 50.35	Construction and public works	May-16	-
Through Mota-Engil Engenharia e Construção - Colombia branch					
Through Mota-Engil Colombia					
Consórcio MEC-Av.Malecon-UF2 ("Consórcio MEC-Av.Malecon-UF2")	Colombia (Bogotá)	50.36 0.01 50.35	Construction and public works	Nov-16	-
Through Mota-Engil Engenharia e Construção - Colombia branch					
Through Mota-Engil Colombia					
Consórcio Mepax Ltd ("Consórcio Mepax Limitada")	Chile (Santiago)	49.90 49.90	Construction and public works	Feb-16	-
Through Mota-Engil Chile					
Consórcio ME Carrera 43 ("Consórcio ME Carrera 43")	Colombia (Bogotá)	100.00 100.00	Construction and public works	Feb-18	-
Through Mota-Engil Latam Colombia SAS					
Constructora APP Tabasvera S.A. de C.V. ("Constructora APP Tabasvera")	Mexico (Mexico City)	38.25 38.25	Construction and public works	Jul-16	-
Through Mota-Engil Mexico					
Constructora Autopista Cardel-Poza Rica, S.A. de CV ("Constructora Cardel-Poza Rica")	Mexico (Mexico City)	40.80 40.80	Construction and public works	-	Nov-17
Through Mota-Engil Mexico					
Constructora Tuxpan Tampico ("Constructora Tuxpan Tampico")	Mexico (Mexico City)	51.00 50.99 0.01	Construction and public works	-	Nov-17
Through Mota-Engil Mexico					
Through Mota-Engil América Latina SAPI					
Desarrollos DOT Mexico, SA de CV ("Desarrollos DOT Mexico")	Mexico (Mexico City)	43.35 43.35	Construction and public works	Apr-18	-
Through Mota-Engil Mexico					
Empresa Construtora Brazil, S.A. ("Empresa Construtora Brazil")	Brazil (Belo Horizonte)	50.00 50.00	Construction and public works	Nov-12	-
Through Mota-Engil Brazil Participações, Ltda					
Geres Participações, SA ("Geres Participações")	Brazil (Belo Horizonte)	54.93 28.58 26.35	Management of financial holdings	Dec-14	-
Through Tracevia Mexico					
Through Suma					
Flame Investments, B.V. ("Flame Investments")	Netherlands (Amsterdam)	51.96 51.96	Management of financial holdings	Mar-15	-
Through Mota-Engil Latin America BV					
FCE Comercializadora Fenix SAPI de C.V. ("FCE Comercializadora Fenix")	Mexico (Mexico City)	28.87 0.00 28.87	Energy trading	Sep-16	-
Through Mota-Engil America Latina SAPI					
Through ME Energia operacional					
FSE Suministradora Fenix SAPI de C.V. ("FSE Suministradora Fenix")	Mexico (Mexico City)	28.87 0.00 28.87	Energy distribution	Aug-16	-
Through Mota-Engil America Latina SAPI					
Through ME Energia operacional					
Generadora Fenix ("Generadora Fenix")	Mexico (Mexico City)	26.27 26.27	Energy production	Sep-15	-
Through ME Energia operacional					
Global Technical Services Latam BV ("GTS Latam BV")	Netherlands (Amsterdam)	100.00 100.00	Management of other companies	Jul-16	-
Through Mota-Engil Latin America BV					
MEBR Construções, Consultoria e Participações, S.A. ("MEBR")	Brazil (São Paulo)	100.00 57.69 42.31	Construction and public works	Mar-11	-
Through Mota-Engil Latin America BV					
Through Mota-Engil Latam Peru					
Mota-Engil Argentina, SAU ("Mota-Engil Argentina")	Argentina (Buenos Aires)	100.00 100.00	Construction and public works	Apr-18	-
Through Mota-Engil Latin America BV					
Mota-Engil O&M Mexico, SAPI de CV ("Mota-Engil O&M Mexico SAPI")	Mexico (Mexico City)	51.00 51.00	Construction and public works	Sep-17	-
Through Mota-Engil Mexico					
Mota-Engil Latam Colombia SAS ("ME Latam Colombia SAS")	Colombia (Bogotá)	100.00 49.00 51.00	Construction and public works	Dec-16	-
Through Mota-Engil Engenharia e Construção					
Through Mota-Engil Latin America BV					
Mota-Engil Energy B.V. ("Mota-Engil Energy BV")	Netherlands (Amsterdam)	28.86 28.86	Finance and consulting	Sep-15	-
Through Flame Investments					

Designation	Headquarters	Effective holding percentage	Activity	Set up date	Acquisition date
ME Energy Holding ("ME Energy Holding ")		28.87			
Through Mota-Engil Mexico	Netherlands (Amsterdam)	0.01	Management of financial holdings	Nov-15	-
Through Mota-Engil Energy BV		28.86			
Mota-Engil Dominicana S.A.S. ("Mota-Engil Dominicana")		60.00			
Through Mota-Engil Latin America BV	Dominican Rep. (Santo Domingo)	60.00	Construction and public works	Nov-14	-
Mota-Engil Latin America BV ("ME Latin America")		100.00			
Through Mota-Engil Latam Portugal	Netherlands (Amsterdam)	100.00	Management of financial holdings	Nov-15	-
Mota-Engil Latam Peru ("Mota-Engil Latam Peru")		100.00			
Through Mota-Engil Latin America BV	Peru (Lima)	99.90	Management of financial holdings	Dec-15	-
Through Mota-Engil Engenharia e Construção		0.10			
Mota-Engil Peru- Ambiente, S.A. ("Mota-Engil Peru Ambiente")		100.00			
Through Mota-Engil Engenharia e Construção	Peru (Lima)	0.00	Exploitation of terminals	-	-
Through Mota-Engil Peru		100.00			
Mota-Engil América Latina S.A.P.I. de C.V. ("Mota-Engil América Latina")		100.00			
Through Mota-Engil SGPS	Mexico (Mexico City)	0.02	Management of financial holdings	Nov-13	May-14
Through Mota-Engil Latin America BV		99.98			
Mota-Engil Chile S.A. ("Mota-Engil Chile")		100.00			
Through Mota-Engil Latam Portugal	Chile (Santiago)	99.00	Construction and public works	Feb-13	-
Through Mota-Engil Engenharia e Construção		1.00			
Mota-Engil Colombia, S.A.S ("Mota-Engil Colombia")		100.00			
Through Mota-Engil Latam Peru	Colombia (Bogotá)	100.00	Construction and public works	Feb-11	-
Mota-Engil Latam Col, S.A.S ("Mota-Engil Latam Col")		100.00			
Through Mota-Engil Colombia	Colombia (Bogotá)	99.00	Construction and public works	Feb-11	-
Through Mota-Engil Engenharia e Construção		1.00			
ME Energia Operacional ("ME Energia operacional")		28.87			
Through Mota-Engil Energy Holding	Mexico (Mexico City)	28.87	Development and energy production operation	Sep-15	-
Through Mota-Engil América Latina SAPI de CV		0.00			
Mota-Engil Latam Portugal, S.A. ("Mota-Engil Latam Portugal")		100.00			
Through Mota-Engil SGPS	Portugal (Porto)	100.00	Management of financial holdings	Jul-15	-
Mota-Engil Energia Peru S.A. ("Mota-Engil Energia Peru")		100.00			
Through Mota-Engil Peru	Peru (Lima)	99.98	Other business activities	May-11	-
Through Mota-Engil Engenharia e Construção		0.02			
Mota-Engil Tourism, B.V. ("Mota-Engil Tourism BV")		43.13			
Through Mota-Engil Latin America BV	Netherlands (Amsterdam)	9.17	Management of financial holdings	Sep-15	-
Through Flame Investments		33.96			
Mota-Engil Mexico, S.A. de C.V. ("Mota-Engil Mexico")		51.00			
Through Mota-Engil Latin America BV	Mexico (Mexico City)	19.18	Construction and public works	Jan-10	-
Through Mota-Engil América Latina SAPI		31.82			
Through Mota Internacional		0.00			
Mota-Engil Turismo, S.A. de CV ("Mota-Engil Turismo operacional")		43.13			
Through Mota-Engil América Latina SAPI	Mexico (Mexico City)	0.00	Real Estate and Tourism	Feb-15	-
Through Mota-Engil Turismo Holding		43.13			
Mota-Engil Turismo Holding, S.A.P.I. de C.V. ("Mota-Engil Turismo Holding")		43.13			
Through Mota-Engil Mexico	Mexico (Mexico City)	0.01	Management of financial holdings	Jun-15	-
Through Mota-Engil Tourism BV		43.13			
Mota-Engil Peru, S.A. ("Mota-Engil Peru")		100.00			
Through Mota-Engil Latin America BV	Peru (Lima)	99.90	Construction and public works	Sep-86	-
Through Mota-Engil Engenharia e Construção		0.10			
Mota-Engil Aruba Holding Company VBA ("Mota-Engil Aruba Holding")		100.00			
Through Mota-Engil Latin America BV	Aruba (Oranjestad)	100.00	Management of financial holdings	Dec-15	-
Operadora APP Coatzacoalcos Villahermosa SAPI de C.V. ("Operadora APP Coatzacoalcos Villahermosa")		38.25			
Through Mota-Engil Mexico	Mexico (Mexico City)	38.25	Road concession and maintenance	Apr-17	-
Promotora Inmobiliaria Santa Clara, S.A. ("Santa Clara")		100.00			
Through Mota-Engil Peru	Peru (Lima)	100.00	Real estate developmentservices	May-12	-
Puente Boca del Rio S.A. De C.V. ("Puente Boca del Rio")		58.35			
Through Mota-Engil Mexico	Mexico (Mexico City)	43.35	Construction and public works	May-16	-
Through Mota-Engil Engenharia e Construção		15.00			
Red Rainbow Company N.V. ("Red Rainbow")		100.00			
Through Mota-Engil Aruba Holding Company VBA	Aruba (Oranjestad)	100.00	Construction and public works	Jan-12	Apr-16
Tarucani Generating Company, S.A. ("Tarucani")		100.00			
Through Mota-Engil Energia Peru	Peru (Lima)	99.98	Generation and distribution of electric energy	Apr-00	-
Through Mota-Engil Peru		0.02			
Tracevia Mexico S.A. de C.V. ("Tracevia Mexico")		50.00			
Through Tracevia Brazil	Mexico (Mexico City)	50.00	Design, installation, development and maintenance of ITS	Jun-17	-
Tracevia do Brazil -Sistemas de Telemática Rodoviaria Ltda. ("Tracevia Brazil")		50.00			
Through MEBR	Brazil (São Paulo)	50.00	Design, installation, development and maintenance of ITS	Mar-11	-

COMPANIES / ENTITIES INCLUDED IN THE CONSOLIDATION UNDER THE EQUITY METHOD

Companies / entities included in the consolidation under the equity method, their headquarters and effective holding percentage as at 31 December 2018, were as follows:

Designation	Headquarters	Effective holding percentage
Parent Company of the Group and related activities		
Nortenha Angola, SGPS, S.A. ("Nortenha")	Portugal	29.99
Riscos e Diâmetros Angola, SGPS, S.A. ("Riscos e Diâmetros Angola")	Portugal	29.99
Sangobiar Peru, S.A. ("Sangobiar")	Peru	29.99
Sunviauto Internacional, SGPS, S.A. ("Sunviauto Internacional")	Portugal	29.99
Europe - Engineering and Construction		
Ibercargo Rail, S.A. ("Ibercargo")	Spain	50.00
Europe - Environment and Services		
Ambilital – Investimentos Ambientais no Alentejo, EIM. ("Ambilital")	Portugal	30.14
Citrup – Centro Integrado de Resíduos, Lda. ("Citrup")	Portugal	18.45
Ecolezíria - Empresa Intermunicipal para Tratamento de Resíduos Sólidos, E. I. M. ("Ecolezíria")	Portugal	15.07
Haçor, Conc. Edifício do Hospital da Ilha Terceira, S.A. ("Haçor")	Portugal	40.00
HL - Sociedade Gestora do Edifício, S.A. ("HL - Sociedade Gestora do Edifício")	Portugal	50.00
Logz - Atlantic Hub, S.A. ("Logz")	Portugal	30.00
Manvia II Condutas, Lda. ("Manvia II Condutas")	Portugal	45.00
Manvia Condutas Mozambique, Lda. ("Manvia Condutas Mozambique")	Mozambique	47.25
África		
Automatriz, S.A. ("Automatriz")	Angola	25.50
Busegera Airport Company Lda ("Busegera")	Rwanda	75.00
Clean Eburnie, SARL ("Clean Eburnie")	Ivory Coast	60.00
Estradas do Zambêze, S.A. ("Estradas do Zambêze")	Mozambique	40.00
Icer – Indústria de Cerâmica, Lda. ("Icer")	Angola	25.50
Mebisa - Minerais e Britagens, S.A. ("Mebisa")	Angola	15.30
Operadora Estradas do Zambêze, S.A. ("Operadora Estradas do Zambêze")	Mozambique	40.00
SPRI - Sociedade Portuguesa de Realizações Industriais e Assistência Técnica, S.A. ("SPRI")	Angola	40.00
STM - Sociedade de Terminais de Mozambique, Lda ("STM")	Mozambique	50.00
Vista Power, Lda. ("Vista Power")	Angola	25.50
Latin America		
Autopista Urbana Siervo de la Nacion, SAPI de CV ("Autopista Siervo de la Nacion")	Mexico	17.49
APP Tamaulipas, S.A.P.I. de C.V. ("APP Tamaulipas")	Mexico	23.97
Concessionária Autopista Cardel-Poza Rica SA de CV ("Concessionária Autopista Cardel")	Mexico	28.73
Concessionária Autopista Tuxpan-Tampico SA de CV ("Concessionária Autopista Tuxpan-Tampico")	Mexico	25.85
Constructora Autopista Perote Xalapa, SA de CV ("Constructora Perote Xalapa")	Mexico	25.50
Constructora Gran Canal SAPI de CV ("Constructora Gran Canal")	Mexico	17.03
Constructora M&R, S.A. de C.V. ("Constructora M&R")	Mexico	10.20
Constructora Tampico Ciudad Victoria, S.A.P.I. de C.V. ("Constructora Tampico Ciudad Victoria")	Mexico	20.40
Eco Innovacion Ambiental SAPI de CV ("Eco Innovacion")	Mexico	17.85
Fideicomiso el Capomo ("Fideicomiso el Capomo")	Mexico	43.13
Gestion e Innovacion en Servicios Ambientales SA de CV ("GISA")	Mexico	25.50
Operadora Tampico Ciudad Victoria, S.A.P.I. de C.V. ("Operadora Tampico Ciudad Victoria")	Mexico	24.23
M&R de Occidente SAPI de CV ("Concessionária M&R")	Mexico	20.00
Sistemas Electricos Metropolitanos, SAPI de CV ("Sistemas Electricos Metropolitanos")	Mexico	50.00
Martifer Group	Portugal	37.50

The "Agrupamentos Complementares de Empresas" (ACE) included in the consolidation under the equity method and their effective holding percentage as at 31 December 2018, were as follows:

"Agrupamentos Complementares de Empresas"	Effective holding percentage
In activity	
Manvia - Serviço de Manutenção do Tejo Atlântico, ACE	45.00%
Mota-Engil/Acciona/Edivisa - Obras do Aproveitamento Hidroelétrico de Alto Tâmega, ACE	42.50%
SOMAGUE/MOTA-ENGIL - COTA 500, ACE	36.42%
In warranty period	
AVIAS, ACE	23.50%
Barragem de Foz Tua ACE	33.34%
DIEXP - Expropriações do Douro Interior, ACE	37.08%
Engil e OPCA em ACE	50.00%
EXPI - Expropriações do Pinhal Interior, ACE	37.08%
GACE - Gondomar ACE	24.00%
GCVC, ACE (Grupo Construtor de Vila do Conde)	42.86%
GLEX - Expropriações da Grande Lisboa, ACE	42.08%
Grupo Construtor do Edifício Gil Eanes, ACE	50.00%
Haçor C - Construção do Edifício do Hospital da Ilha Terceira, ACE	43.25%
HL Construção, ACE	65.00%
LGC - Linha Gondomar, Construtores, ACE	30.00%
Metroligeiro - Construtora de Infra - Estruturas, ACE	53.20%
Mota-Engil, Soares da Costa, Monteadriano - Matosinhos, ACE	42.86%
Reforço de Potência da Barragem de Venda Nova III, ACE	28.33%
Somague, BCP, Mota-Engil, SPIE - Linha Vermelha do Metropolitano em ACE	23.68%
Via Rápida Câmara Lobos ECL, ACE	36.42%
VIAS E OBRAS, ACE	50.00%

JOINT OPERATIONS – CONSORTIUMS

Consortiums included in the consolidation by the proportional consolidation method, their headquarters and effective holding percentage as at 31 December 2018, were as follows:

Designation	Headquarters	Effective holding percentage	Activity	Set up date
Latin America				
Consórcio Conservacion Vial Santa Rosa ("Consórcio Conservacion Vial Santa Rosa")	Peru	50.00	Construction and public works	Dec-15
Through Mota-Engil Peru	(Lima)	50.00		
Consórcio Constructor Del Puerto de San Martin ("CCPSM - Consorcio Constructor Del Puerto de San Martin")	Peru	33.30	Construction and public works	Jul-17
Through Mota-Engil Peru	(Lima)	33.30		
Consórcio Ibagué-Honda-Cambao-Manizales ("Consórcio Ibagué")	Colombia	25.00	Construction and public works	Sep-15
Through Mota-Engil Engenharia e Construção - Colombia branch	(Bogotá)	25.00		
Consórcio Inframe ("Consórcio Inframe")	Colombia	60.00	Construction and public works	Jul-13
Through Mota-Engil Engenharia e Construção - Colombia branch	(Medellín)	60.00		
Consórcio Mota-Engil Dominicana SAS/IEMCA ("Consórcio Mota-Engil Dominicana")	Dominican Rep.	42.00	Construction and public works	May-16
Through Mota-Engil Dominicana	(Santo Domingo)	42.00		
Consórcio Mota-Engil Peru HL Paíta ("Consórcio Mota-Engil Peru HL Paíta")	Peru	50.00	Construction and public works	Aug-13
Through Mota-Engil Peru	(Lima)	50.00		
Consórcio Mota-Engil TR ("Consórcio Mota-Engil TR")	Peru	50.00	Construction and public works	Nov-14
Through Mota-Engil Peru	(Lima)	50.00		
Consórcio Puertos de Loreto ("Consórcio Puertos Loreto")	Peru	34.00	Construction and public works	Sep-17
Through Mota-Engil Peru	(Lima)	34.00		
Consórcio Vial Acobamba ("Consórcio Vial Acobamba")	Peru	50.00	Construction and public works	Jun-13
Through Mota-Engil Peru	(Lima)	50.00		
Consórcio Vial el Descanso-Langui ("Consórcio Vial el Descanso-Langui")	Peru	50.00	Construction and public works	Oct-10
Through Mota-Engil Peru	(Lima)	50.00		
Consórcio Vial Jaylli ("Consórcio Vial Jaylli")	Peru	42.00	Construction and public works	Dec-14
Through Mota-Engil Peru	(Lima)	42.00		
Consórcio Vial Sur del Peru ("Consórcio Vial Sur del Peru")	Peru	50.00	Construction and public works	Nov-10
Through Mota-Engil Peru	(Lima)	50.00		
Consórcio Vial Tambillo ("Consórcio Vial Tambillo")	Peru	50.00	Construction and public works	Jan-13
Through Mota-Engil Peru	(Lima)	50.00		
Consórcio Vial Vizcachane ("Consórcio Vial Vizcachane")	Peru	50.00	Construction and public works	Dec-15
Through Mota-Engil Peru	(Lima)	50.00		
Consórcio Vial Valle Sagrado ("Consórcio Vial Valle Sagrado")	Peru	50.00	Construction and public works	Jun-10
Through Mota-Engil Peru	(Lima)	50.00		
Stracon Translei Joint Venture ("Stracon Translei Joint Venture")	Peru	50.00	Construction and public works	Apr-10
Through Mota-Engil Peru	(Lima)	50.00		
Translei Consórcio Cosapi ("Translei Consórcio Cosapi")	Peru	50.00	Construction and public works	Jan-03
Through Mota-Engil Peru	(Lima)	50.00		
Translei Consórcio Cusco-Quillabamba ("Translei Consórcio Cusco-Quillabamba")	Peru	50.00	Construction and public works	Mar-10
Through Mota-Engil Peru	(Lima)	50.00		



Partnerships for Life

With a growth supported by the Internationalisation and Diversification of its portfolio, the establishment of strong and long-lasting relationships has constituted a relevant pillar and a joint and long-term Vision.

The trust in what we do.



03

Report on Corporate Governance Practices



MOTAENGIL

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PART I – INFORMATION ON SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE

A. SHAREHOLDER STRUCTURE

I. Capital structure

1. Capital structure (share capital, number of shares, distribution of capital to shareholders, etc.) including listing of shares not admitted for trading, different categories of shares, rights and duties inherent to them and the percentage of capital that each category represents (article 245-A, paragraph 1, subparagraph a).

The share capital of MOTA-ENGIL, SGPS, SA (“MOTA-ENGIL” or “Company”) amounts to 237.505.141 Euros and is represented by 237,505,141 ordinary and registered shares with a nominal value of one euro per share. All shares are listed in Euronext Lisbon.

Distribution of share capital among shareholders on 31 December 2018:

Shareholders	No. of shares	% Capital	% Voting rights
Own shares:	6,091,581	2.56%	-
Qualified holdings:			
FM – Sociedade de Controlo, SGPS, SA	153,626,596	64.68%	66.39%
Mutima Capital Management, LLC	7,114,753	3.00%	3.07%
Norges Bank	8,967,158	3.78%	3.87%
Azvalor Asset Management, SGIC, SAU	6,043,953	2.54%	2.61%
Cobas Asset Management, SGIC, SA	5,075,569	2.14%	2.19%
Freefloat	50,585,531	21.30%	21.86%
	237,505,141	100.00%	100.00%

2. Restrictions to the transferability of shares, such as consent for alienation clauses, or limitations to share ownership (article 245-A, paragraph 1, subparagraph b).

There are no restrictions on the transfer of shares.

3. Number of own shares, corresponding percentage of share capital and percentage of voting rights that would correspond to the own shares (Art. 245-A, paragraph 1, subparagraph a).

On 31 December 2018, MOTA-ENGIL held 6,091,581 own shares corresponding to 2.56% of its share capital, which grant no voting rights.

4. Significant agreements in which the Company is a party and that shall come into force, be modified or terminated upon a change in the Company's control, as a result of a public offer of acquisition, as well as their effects, unless if, due to its nature, their disclosure is prejudicial to the Company, except if the Company is obliged to disclose such information under other legal imperatives (article 245-A, paragraph 1, subparagraph j).

There are no significant agreements in which the Company is a party or that shall come into force, be modified or terminated in case of change in the Company's control.

5. System of renewal or revoking of defensive measures, especially those that stipulate the limitations of the number of votes susceptible of being held, or exercised, by a single shareholder individually or in coordination with other shareholders.

No defensive measures were adopted and there are no statutory limitations on the number of votes that may be exercised by a single shareholder.

6. Shareholder agreements that may be known to the Company and may lead to restrictions in the transmission of securities or voting rights (article 245-A, paragraph 1, subparagraph g).

The Company has no knowledge of any shareholder agreements that may result in restrictions in the transmission of securities or voting rights.

II. Participations and securities held

7. Identification of individuals or legal persons which, directly or indirectly, hold qualified holdings (article 245-A, paragraph. 1, subparagraph c) and d), and article 16), with detailed indication of the percentage of capital and of attributable votes, source and causes of attribution.

On 31 December 2018, and according to the notices received by the Company, the shareholders who, as per article 20 of the Portuguese Securities Code, hold a qualified holding representing at least 2% of the share capital of MOTA-ENGIL are as follows:

Shareholders	No. of shares	% Voting Capital	% Voting rights
Mota Gestão e Participações, SGPS, SA (*)	133,466,687	56.20%	57.67%
Maria Paula Queirós Vasconcelos Mota de Meireles (**) (a)	4,494,211	1.89%	1.94%
António Manuel Queirós Vasconcelos da Mota (**) (a)	4,210,020	1.77%	1.82%
Maria Teresa Queirós Vasconcelos Mota Neves da Costa (**) (a)	3,676,836	1.55%	1.59%
Maria Manuela Queirós Vasconcelos Mota dos Santos (**) (a)	3,375,066	1.42%	1.46%
António Lago Cerqueira, S.A. (***)	3,091,577	1.30%	1.34%
Manuel António da Fonseca Vasconcelos da Mota (**)	440,000	0.19%	0.19%
Maria Sílvia Fonseca Vasconcelos Mota (****)	437,061	0.18%	0.19%
Carlos António Vasconcelos Mota dos Santos (**)	380,000	0.16%	0.16%
José Manuel Mota Neves da Costa (****)	35,000	0.01%	0.02%
José Pedro Matos Marques Sampaio de Freitas (**)	20,138	0.01%	0.01%
Attributable to FM – Sociedade de Controlo, SGPS, SA	153,626,596	64.68%	66.39%
Attributable to Norges Bank (*)	8,967,158	3.78%	3.87%
Gothic Corp Mutima Capital (*)	3,604,893	1.52%	1.56%
Gothic HSP Corp Mutima Capital (*)	1,399,289	0.59%	0.60%
Gothic JBD LLC Mutima Capital (*)	1,312,787	0.55%	0.57%
Gothic ERP LLC Mutima (*)	479,600	0.20%	0.21%
The Mutima Africa Fund LP (*)	318,184	0.13%	0.14%
Attributable to Mutima Capital Management, LLC	7,114,753	3.00%	3.07%
Azvalor Iberia FI (*)	3,370,311	1.42%	1.46%
Azvalor International Luxembourg (*)	2,303,440	0.97%	1.00%
Azvalor Value Selection SICAV (*)	303,911	0.13%	0.13%
Salus - Aspen TrustServices - Portefólio under management (*)	33,197	0.01%	0.01%
Omega - Aspen TrustServices - Portefólio under management (*)	33,094	0.01%	0.01%
Attributable to Azvalor Asset Management, SGIC, SAU	6,043,953	2.54%	2.61%
Cobas Selección, F.I. (*)	2,697,799	1.14%	1.17%
Cobas Iberia, F.I. (*)	1,642,247	0.69%	0.71%
Cobas Lux Sicav. Subfund Cobas Global Fund (*)	347,733	0.15%	0.15%
AZ Multi Asset - Bestvalue (*)	212,751	0.09%	0.09%
Cobas Global, F.P. (*)	143,321	0.06%	0.06%
Inversión Global 2001, Sicav (*)	22,402	0.01%	0.01%
Cobas Mixto Global, F.P. (*)	9,316	0.00%	0.00%
Attributable to Cobas Asset Management, SGIC, SA	5,075,569	2.14%	2.19%
Own shares	6,091,581	2.56%	-
Freefloat	50,585,531	21.30%	21.86%
TOTAL	237,505,141	100.00%	100.00%

(*) Direct Shareholder of the Company

(**) Member of the Board of Directors and Senior Member of the Company

(***) 51% of this company is held by Mota Gestão e Participações, SGPS, SA

(****) Manager of the Company

On 31 December 2018, Mota Gestão e Participações, SGPS, SA is 100% held by FM – Sociedade de Controlo, SGPS, S.A., which is 100% held by the members of the Board of Directors mentioned above under (a).

As at this report date, 153,626,596 shares corresponding to 64.68% of the share capital of MOTA-ENGIL, granting 66.39% of voting rights were attributable to FM – Sociedade de Controlo, SGPS, SA.

There are no shareholders, or categories of shareholders, holding special rights.

8. Indication of the number of shares and bonds held by management members and supervisory bodies. [NOTE: the information shall be provided in compliance with article 447, paragraph 5 of the Portuguese Commercial Companies Code]

Shares and bonds held by management members and supervisory bodies of the Company are disclosed and attached to the annual management report under the terms of article 447 of the Portuguese Commercial Companies Code.

9. Special powers of the management body, namely regarding the decision to increase capital (article 245-A, paragraph 1, subparagraph i)), with indication of the date on which such powers were granted, term to which they may be exercised, maximum quantitative limit of the increase in social capital, amount already issued under the powers granted and form of realisation of the powers granted.

As defined in article 6, paragraph 7, of the Articles of Association of the Company, the Board of Directors of MOTA-ENGIL may deliberate on the increase in share capital of the Company, by way of cash inflow, one or more times, in the maximum amount of 80 million Euros, with the sole purpose of providing new shares to holders which have requested the conversion of convertible bonds into ordinary shares of the Company. On 31 December 2018, the Company had not issued any convertible bonds.

10. Information on the existence of significant relations of commercial nature between the holders of qualifying holdings and the Company.

There are no significant relations of commercial nature between the holders of qualifying holdings and the Company.

B. COMPANY BODIES AND COMMITTEES

I. General Meeting

11. Identification and duties of members of the Board of the Annual General Meeting and respective terms of office (beginning and end)

On December 31, 2016, the Board of the Annual General Meeting was composed of the following members mandated for the period 2014-2017:

Chairman: António Cândido Lopes Natário

Secretary: Rui Jorge Teixeira de Carvalho Pedroto

12. Potential restrictions to the right to vote, such as limitations to vote dependent on the ownership of a number or percentage of shares, deadlines set for the exercise of voting rights or systems that highlight ownership rights (article 245-A, paragraph 1, subparagraph f))

According to the articles of association of MOTA-ENGIL, each share corresponds to one vote, thus ensuring the necessary proportionality between the holding of capital and the right to vote.

Even though the articles of association of MOTA-ENGIL provide for the possibility of the Company issuing preferred non-voting shares, this class of shares does not currently exist.

According to article 24 of the Company's articles of association, in order for the general meeting to gather and deliberate at first call, shareholders who hold shares corresponding to more than 50% of the share capital must be present or represented.

The statutory rules on the exercise of voting rights by correspondence are stipulated in article 23 of the Company's articles of association. In accordance with this article, shareholders may vote by correspondence on each and every matter, there being no restriction in this regard.

The Company provides a form for the exercise of voting rights by correspondence. This form may be obtained through the services of the Investors Relations Function (Pedro Arrais – *e-mail*: pedro.arrais@mota-engil.pt).

The votes by correspondence shall only be considered if the explanations of vote by correspondence are received at the Company's head office with at least three days before the date of the General Meeting.

It is not yet possible to exercise the voting right by electronic or telematic means. The Company has not received to date a request or expression of interest on part of the shareholders or investors regarding the provision of said features.

The shareholders of the Company may access, on the website (www.mota-engil.pt), the extracts of the General Meeting's minutes, which must be disclosed within five days following the realisation of the respective meetings.

The Company provides, on its website (www.mota-engil.pt), information concerning the resolutions made in the Company's General Meetings focusing on, at least, the latest three financial years, as well on as the share capital represented and the results of the voting.

The Company has not adopted any mechanism that causes the mismatch between the right to receive dividends or subscription of new securities and the voting rights of each share.

13. Indication of the maximum percentage of voting rights which may be exercised by a sole shareholder or shareholders who find themselves in one of the relationships covered by article 20, paragraph 1

The articles of association of the Company do not provide for a limitation to the votes able to be held or exercised by a sole shareholder individually or jointly with other shareholders.

14. Identification of the shareholder decisions which, by requirement of the articles of association, can only be taken with a qualified majority, in addition to those provided for under the law, and indication of said majorities

In accordance with the provisions of the articles of association of the Company, the decisions of the Annual General Meeting should be taken by a simple majority except where the law requires differently.

II. Administration and Supervision

15. Identification of the governance model adopted

MOTA-ENGIL adopts a Latin/classic model of governance comprising of a Board of Directors, a Statutory Audit Board and a Statutory Auditor who is not a member of the Statutory Audit Board. The Board of Directors is the body responsible for undertaking all of the administrative actions relating to the company business, deciding on the strategic direction and the designation and general supervision of the Executive Committee and the expert committees it forms. The other two bodies have the responsibility of supervision and monitoring.

The details of the structure adopted, the bodies of which it is composed and their corresponding functions and responsibilities are set out below.

16. Regulations in the articles of association regarding procedural and material requirements applicable to the nomination and substitution of members where applicable for the Board of Directors, the Executive Administration Board and the General and Supervisory Board (art. 245-A, paragraph 1, subparagraph h))

The members of the Board of Directors are elected in accordance with the law and the articles of association under the terms of the proposal approved at the Annual General Meeting. In addition and as provided for by the law and the articles of association, the Board of Directors elected an Executive Committee. The articles of association do not provide for any specific regime relative to the substitution of members of the Board of Directors and therefore this takes place under the provisions of article 393, paragraph 3, of the Portuguese Companies Code.

As specified in paragraph 21, the Remuneration Committee also assumes performance assessment duties, as well as duties of follow-up and support to the process of nomination of the members of the Board of Directors.

17. Composition as applicable of the Board of Directors, the Executive Administration Board and the General Supervisory Board with indication of the statutory minimum and maximum number of members, the statutory duration of the mandate, number of full members, date of the first nomination and date of end of office of each member

In accordance with the articles of association of the Company, the Board of Directors is composed of a minimum of three members and a maximum of 21 who may or may not be shareholders, elected at an Annual General Meeting. The mandate of the Board of Directors is four years with their re-election being permitted in legal terms. The present mandate of the Board of Directors corresponds to the four year period from 2018-2021. The Annual General meeting designates the Chairman and up to three deputy-chairmen from the Directors elected.

On 31 December 2018, MOTA-ENGIL had a Board of Directors made up of 21 members: one chairman, three deputy-chairmen and seventeen members. On that same date, nine of its members performed executive functions and formed an Executive Committee, while the remaining twelve performed non-executive functions.

Director	First appointment	Current term of office
António Manuel Queirós Vasconcelos da Mota	31 March 2000	31 December 2021
Gonçalo Nuno Gomes de A. Moura Martins	28 March 2008	31 December 2021
Arnaldo José Nunes da Costa Figueiredo	26 May 2008	31 December 2021
Jorge Paulo Sacadura Almeida Coelho	11 May 2018	31 December 2021
Maria Manuela Queirós V. Mota dos Santos	31 March 2000	31 December 2021
Maria Teresa Queirós V. Mota Neves da Costa	31 March 2000	31 December 2021
Maria Paula Queirós V. Mota de Meireles	31 March 2000	31 December 2021
Carlos António Vasconcelos Mota dos Santos	17 April 2012	31 December 2021
Ismael Antunes Hernandez Gaspar	28 March 2008	31 December 2021
José Pedro Matos Marques Sampaio de Freitas	7 January 2013 ⁽¹⁾ 24 April 2013 ⁽²⁾	31 December 2021
António Martinho Ferreira de Oliveira	30 April 2014	31 December 2021
Manuel António da Fonseca Vasconcelos da Mota	25 May 2016	31 December 2021
João Pedro dos Santos Dinis Parreira	30 April 2014	31 December 2021
Eduardo João Frade Sobral Pimentel	25 May 2016	31 December 2021
Luís Filipe Cardoso da Silva	31 March 2010	31 December 2021
Luís Valente de Oliveira	31 March 2006	31 December 2021
António Bernardo A. da Gama Lobo Xavier	31 March 2006	31 December 2021
António Manuel da Silva Vila Cova	15 April 2009	31 December 2021
Francisco Manuel Seixas da Costa	11 May 2018	31 December 2021
Helena Sofia Salgado Cerveira Pinto	11 May 2018	31 December 2021
Ana Paula Chaves e Sá Ribeiro	11 May 2018	31 December 2021

(1) Co-optation by the Board of Directors

(2) Ratification of the co-optation in the annual general meeting

18. Distinction between executive and non-executive members of the Board of Directors and, regarding the non-executive members, identification of the members who could be considered independent or, where applicable, identification of the independent members of the General and Supervisory Board

Director	Executive / Non-executive ⁽¹⁾	Independent / Non-independent ⁽²⁾
António Manuel Queirós Vasconcelos da Mota	Non-executive	Non-independent
Gonçalo Nuno Gomes de A. Moura Martins	Executive	Non-independent
Arnaldo José Nunes da Costa Figueiredo	Non-executive	Non-independent
Jorge Paulo Sacadura Almeida Coelho	Non-executive	Independent
Maria Manuela Queirós V. Mota dos Santos	Non-executive	Non-independent
Maria Teresa Queirós V. Mota Neves da Costa	Non-executive	Non-independent
Maria Paula Queirós V. Mota de Meireles	Non-executive	Non-independent
Carlos António Vasconcelos Mota dos Santos	Executive	Non-independent
Ismael Antunes Hernandez Gaspar	Executive	Non-independent
José Pedro Matos Marques Sampaio de Freitas	Executive	Non-independent
António Martinho Ferreira de Oliveira	Executive	Non-independent
Manuel António da Fonseca Vasconcelos da Mota	Executive	Non-independent
João Pedro dos Santos Dinis Parreira	Executive	Non-independent
Eduardo João Frade Sobral Pimentel	Executive	Non-independent
Luís Filipe Cardoso da Silva	Executive	Non-independent
Luís Valente de Oliveira	Non-executive	Independent
António Bernardo A. Da Gama Lobo Xavier	Non-executive	Independent
António Manuel da Silva Vila Cova	Non-executive	Independent
Francisco Manuel Seixas da Costa	Non-executive	Independent
Helena Sofia Salgado Cerveira Pinto	Non-executive	Independent
Ana Paula Chaves e Sá Ribeiro	Non-executive	Independent

(1) Executive: Member of the Executive Committee; Non-executive: non-member of the Executive Committee;

(2) Considered independent under the independence criteria set out in paragraph 18.1 of Annex I to Regulation No. 4/2013 of CMVM and the recommendation III.4 of the Corporate Governance Portuguese Institute (IPCG) (2018), under and subject to the aforementioned provisions.

Taking into account the respective career paths and the reasons listed below, the directors Luís Valente de Oliveira, António Lobo Xavier and António Vila Cova remain as non-executive independent directors, even though they started in 2018 the fourth mandate in the Company's board of directors. In this regard, it should be highlighted that, during their participation on the Board of Directors, the referred to members contributed, due to their experience in other institutions and due to their participation in civil society, with values, opinions and advices of an independent nature which have been endowing that body with a valuable, heterogeneous and sustained set of opinions and perspectives which, as far as the Company is concerned, meet the spirit of recommendation of the IPCG regarding the requirements for independent members from among the non-executive directors. Likewise, the fact that the referred directors are persons dissociated from any specific interest groups in the Company and keep on acting and expressing their analyses or decisions under a principle of full impartiality only serves to further strengthen their status of independence. Thus, jointly with the other four independent members, it can be observed that the directors Luís Valente de Oliveira, António Lobo Xavier and António Vila Cova adequately contribute to the intended balance between those 7 elements and the remaining non-executive members of the Board of Directors (predominantly representatives of the majority shareholder).

Additionally, it is understood that the annual remuneration (disclosed in paragraph 77) of directors Jorge Paulo Coelho, Luís Valente de Oliveira, António Lobo Xavier, António Vila Cova, Francisco Seixas da Costa, Sofia Salgado and Ana Sá Ribeiro does not deprive them of their independence.

As there are seven independent directors according to the above referred criteria, from a total of twelve non-executive directors, it is deemed that a proper ratio of independent directors exists among the non-executive directors.

19. Professional qualifications and other curricular elements of interest of each member, where applicable, of the Board of Directors, the General and Supervisory Board and the Executive Administration Board.

António Manuel Queirós Vasconcelos da Mota (Chairman)

Professional qualifications

- Degree in Civil Engineering (transport routes) by the Faculdade de Engenharia Civil da Universidade do Porto

Professional career in the last five years

- Currently, and at least for five years, besides being Chairman of the Board of Directors and Remuneration Committee of Mota-Engil, SGPS, SA, works/worked in several corporate bodies of companies within and outside the Group

Gonçalo Nuno Gomes de Andrade Moura Martins (Deputy-chairman)

Professional qualifications

- Degree in Law by Faculdade de Direito da Universidade de Lisboa

- Post graduation in Management by Instituto Superior de Gestão

Professional career in the last five years

- Currently, and at least for five years, besides being Deputy-chairman of the Board of Directors and Chairman of the Executive Committee of Mota-Engil, SGPS, SA, works/worked in several corporate bodies of companies within the Group

Arnaldo José Nunes da Costa Figueiredo (Deputy-chairman)

Professional qualifications

- Degree in Civil Engineering by the Faculdade de Engenharia da Universidade do Porto

Professional career in the last five years

- Currently, and at least for five years, besides being Deputy-chairman of the Board of Directors of Mota-Engil, SGPS, SA, works/worked in several corporate bodies of companies within and outside the Group

Jorge Paulo Sacadura Almeida Coelho (Independent Deputy-chairman)

Professional qualifications

- Degree in Business Organisation and Management by the Instituto Superior de Economia e Gestão da Universidade Técnica de Lisboa

Professional career in the last five years

- Besides being Deputy-chairman of the Board of Directors and Chairman of the Strategic Advisory Council of Mota-Engil, SGPS, SA, works/worked in the last five years in several corporate bodies of companies outside the Group

Maria Manuela Queirós Vasconcelos Mota dos Santos (Member)

Professional qualifications

- Degree in Economics by the Faculdade de Economia da Universidade do Porto

Professional career in the last five years

- Currently, and at least for five years, besides being a member of the Board of Directors of Mota-Engil, SGPS, SA, works/worked in several corporate bodies of companies within and outside the Group

Maria Teresa Queirós Vasconcelos Mota Neves da Costa (Member)

Professional qualifications

- Degree in Economics by the Faculdade de Economia da Universidade do Porto

Professional career in the last five years

- Currently, and at least for five years, besides being a member of the Board of Directors and Remuneration Committee of Mota-Engil, SGPS, SA, works/worked in several corporate bodies of companies within and outside the Group

Maria Paula Queirós Vasconcelos Mota de Meireles (Member)

Professional qualifications

- Degree in Civil Engineering by the Faculdade de Engenharia da Universidade do Porto

Professional career in the last five years

- Currently, and at least for five years, besides being a member of the Board of Directors of Mota-Engil, SGPS, SA, works/worked in several corporate bodies of companies within and outside the Group

Carlos António Vasconcelos Mota dos Santos (Member)

Professional qualifications

- Degree in Civil Engineering by the Faculdade de Engenharia da Universidade do Porto
- Master in Business Administration by the Universidade do Porto

Professional career in the last five years

- Currently, and at least for five years, besides being member of the Board of Directors and of the Executive Committee of Mota-Engil, SGPS, SA, works/worked in several corporate bodies of companies within and outside the Group

Ismael Antunes Hernandez Gaspar (Member)

Professional qualifications

- Degree in Civil Engineering by the Instituto Superior de Engenharia de Lisboa

Professional career in the last five years

- Currently, and at least for five years, besides being member of the Board of Directors and of the Executive Committee of Mota-Engil, SGPS, SA, works/worked in several corporate bodies of companies within the Group

José Pedro Matos Marques Sampaio de Freitas (Member)

Professional qualifications

- Degree in Economics by the Universidade Católica Portuguesa – Porto

Professional career in the last five years

- Currently, and at least for five years, besides being member of the Board of Directors and of the Executive Committee of Mota-Engil, SGPS, SA (CFO), works/worked in several corporate bodies of companies within and outside the Group

António Martinho Ferreira de Oliveira (Member)

Professional qualifications

- Bachelor's degree in Civil Engineering by the Instituto Superior de Engenharia de Coimbra
- Post Graduation in Management by the Universidade Nova de Lisboa

Professional career in the last five years

- Currently, and at least for five years, besides being member of the Board of Directors and of the Executive Committee of Mota-Engil, SGPS, SA, works/worked in several corporate bodies of companies within the Group

Manuel António da Fonseca Vasconcelos da Mota (Member)

Professional qualifications

- Master's Degree in Civil Engineering by the University College of London

Professional career in the last five years

- Besides being a member of the Board of Directors and of the Executive Committee of Mota-Engil, SGPS, SA, works/worked in several corporate bodies of companies within an outside the Group

João Pedro dos Santos Dinis Parreira (Member)

Professional qualifications

- Degree in Law by the Faculdade de Direito da Universidade de Coimbra
- Post Graduation in Management by the Universidade Católica Portuguesa

Professional career in the last five years

- Currently, and at least for five years, besides being member of the Board of Directors and of the Executive Committee of Mota-Engil, SGPS, SA, works/worked in several corporate bodies of companies within the Group

Eduardo João Frade Sobral Pimentel (Member)**Professional qualifications**

- Degree in Civil Engineering by the Instituto Superior Técnico de Lisboa

Professional career in the last five years

- Besides being a member of the Board of Directors and of the Executive Committee of Mota-Engil, SGPS, SA, works/worked in several corporate bodies of companies within the Group

Luís Filipe Cardoso da Silva (Member)**Professional qualifications**

- Degree in Economics by the Faculdade de Economia da Universidade do Porto

Professional career in the last five years

- Currently, and at least for five years, besides being member of the Board of Directors and of the Executive Committee of Mota-Engil, SGPS, SA, works/worked in several corporate bodies of companies within the Group

Luís Valente de Oliveira (Independent member)**Professional qualifications**

- Degree in Civil Engineering by the Faculdade de Engenharia da Universidade do Porto
- PhD in Civil Engineering by the Faculdade de Engenharia da Universidade do Porto
- Retired University Professor at Faculdade de Engenharia da Universidade do Porto

Professional career in the last five years

- Currently, and at least for five years, besides being an independent non-executive member of the Board of Directors of Mota-Engil, SGPS, SA, works/worked in several corporate bodies of companies outside the Group

António Bernardo Aranha da Gama Lobo Xavier (Independent member)**Professional qualifications**

- Degree in Law by the Faculdade de Direito da Universidade de Coimbra
- Master in Economics and Tax Law by the Faculdade de Direito da Universidade de Coimbra

Professional career in the last five years

- Currently, and at least for five years, besides being an independent non-executive member of the Board of Directors of Mota-Engil, SGPS, SA, works/worked in several corporate bodies of companies outside the Group

António Manuel da Silva Vila Cova (Independent member)**Professional qualifications**

- Degree in Economics by the Faculdade de Economia da Universidade do Porto

Professional career in the last five years

- Currently, and at least for five years, besides being an independent non-executive member of the Board of Directors of Mota-Engil, SGPS, SA, works/worked in several corporate bodies of companies outside the Group

Francisco Manuel Seixas da Costa (Independent member)**Professional qualifications**

- Degree in Social and Political Sciences by the Universidade de Lisboa

Professional career in the last five years

- Besides being an independent non-executive member of the Board of Directors and member of the Strategic Advisory Council of Mota-Engil, SGPS, SA, works/worked in the last five years in several corporate bodies of companies outside the Group

Helena Sofia Salgado Cerveira Pinto (Independent member)

Professional qualifications

- Degree in Business Administration and Management by the Universidade Católica Portuguesa
 - Master in Business Operations Management by the Universidade Católica - Porto Business School
 - PhD in Business Studies by the Warwick Business School
-

Professional career in the last five years

- Besides being an independent non-executive member of the Board of Directors of Mota-Engil, SGPS, SA, works/worked in the last five years in several corporate bodies of companies outside the Group
-

Ana Paula Chaves e Sá Ribeiro (Independent member)

Professional qualifications

- Degree in Business Administration and Management by the Universidade Católica Portuguesa
-

Professional career in the last five years

- Besides being an independent non-executive member of the Board of Directors of Mota-Engil, SGPS, SA, works/worked in the last five years in several corporate bodies of companies outside the Group
-

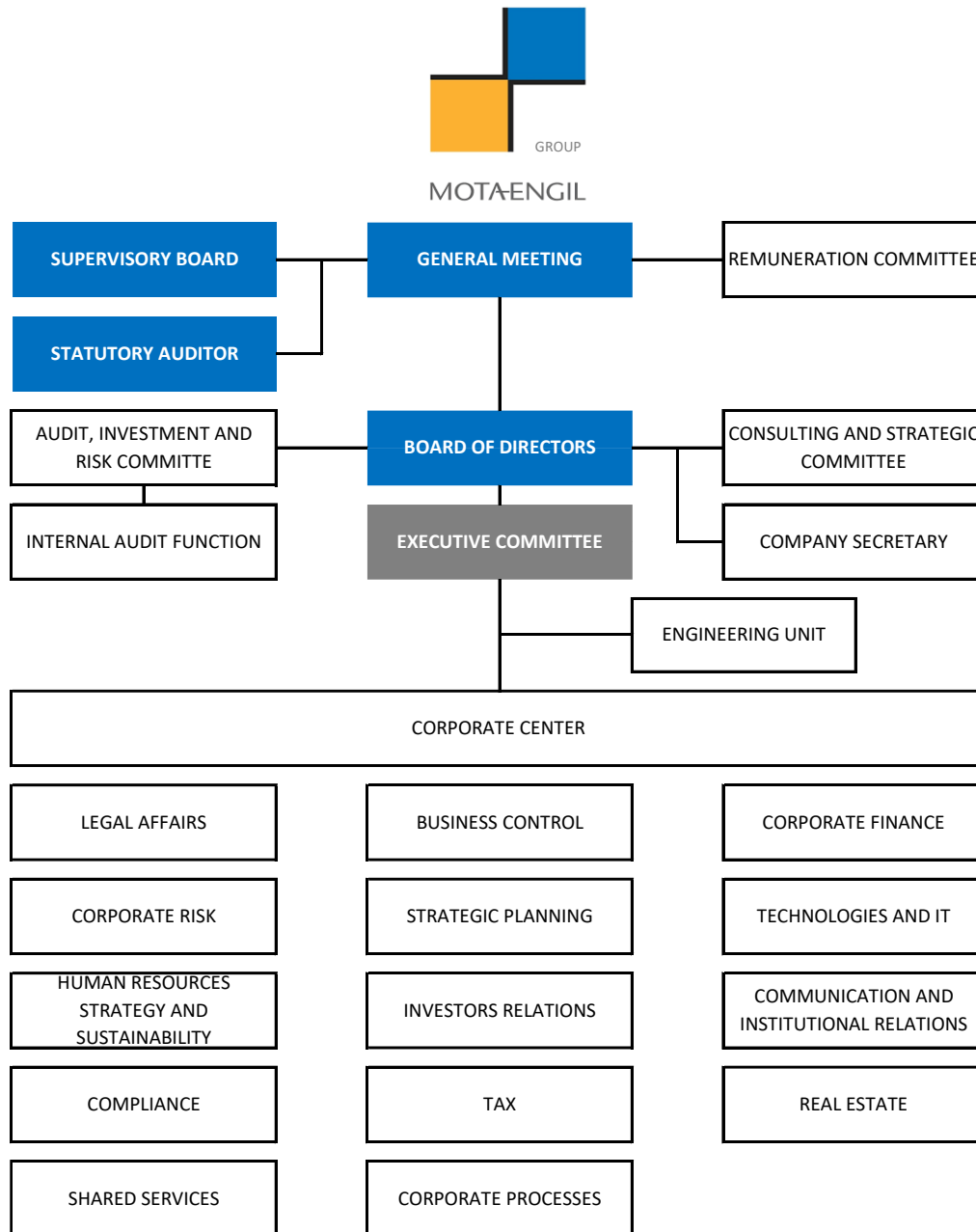
Annex 4 – paragraph 9 of the present report contains a list of positions held by the members of the Board of Directors of MOTA-ENGIL, SGPS, SA in other companies of the GROUP and outside the GROUP.

20. Family, professional or commercial relationships which are ongoing and significant of the members, where applicable, of the Board of Directors, the General and Supervisory Board and the Executive Administration Board with shareholders to whom qualified holding greater than 2% of voting is attributable.

The members of the Board of Directors António Manuel Queirós Vasconcelos da Mota, Maria Manuela Queirós Vasconcelos Mota dos Santos, Maria Teresa Queirós Vasconcelos Mota Neves da Costa and Maria Paula Queirós Vasconcelos Mota de Meireles are siblings and holders of 100% of the share capital of FM – Sociedade de Controlo, SGPS, SA, to which dominance of MOTA-ENGIL share capital and the respective voting rights are attributed.

Board of Directors member Carlos António Vasconcelos Mota dos Santos is the son of Maria Manuela Queirós Vasconcelos Mota dos Santos while the member Manuel António da Fonseca Vasconcelos da Mota is the son of António Manuel Queirós Vasconcelos da Mota, and José Pedro Matos Marques Sampaio de Freitas is the son-in-law of Maria Paula Queirós Vasconcelos Mota de Meireles.

21. Organizational charts or tables of duties related to the division of responsibilities between the various corporate bodies, committees and/or departments of the Company, including information regarding the scope of the delegation of responsibilities, in particular as it relates to the delegation of the day-to-day management of the Company.



Management bodies

On 31 December 2018, MOTA-ENGIL had a Board of Directors made up of 21 members: one chairman, three deputy-chairmen and seventeen members. On that same date, nine of its members performed executive functions and formed an Executive Committee, while the remaining twelve performed non-executive functions.

The Executive Committee was elected by the Board of Directors, having been delegated all the powers related to the management of activities at the Company and all its subsidiaries, in its strictest interpretation of making tactical options and controlling concrete lines of development in the various activities, assuming the responsibilities of executive management of the GROUP's business in line with the guidelines and policies defined by the Board of Directors. The Executive Committee can discuss all the matters that are the responsibility of the Board of Directors, without prejudice to only being able to deliberate on the matters delegated to them. All matters dealt with by the Executive Committee, even if included in its delegated responsibilities, are made known to the non-executive directors, who have access to the corresponding minutes and support documents.

The Executive Committee meetings are usually held every three weeks, and at the beginning of the fiscal year all meetings to be held during the year are scheduled. The Chairman of the Executive Committee, through the Communication and Institutional Relations Function, submits the notices and the minutes of the respective meetings in a timely fashion to the Chairman of the Board of Directors. The executive directors provide to non-executive directors as well as the other Board members all necessary explanations for the exercise of these powers, either on their own initiative or at the request of said Board members.

In addition to the functions that are attributed to it by law, the Board of Directors is essentially committed to defining and controlling the strategic development of the GROUP and each of its business and to the decision-making on matters of greater importance. In this context, no responsibilities were delegated concerning the strategy and general policies of the Company, corporate structure of the GROUP and decisions that must be considered strategic due to the amounts, risk and particular characteristics.

The Chairman of the Board of Directors has the responsibilities entrusted to him by law and by the articles of association.

On 31 December 2018, with regard to the assignment of posts to the members of the Board of Directors, particularly within the scope of the Executive Committee, the following are underscored:

- Gonçalo Nuno Gomes de Andrade Moura Martins
 - Coordination of the Executive Committee
 - Legal Affairs
 - Communication and institutional relations
 - Investors Relations
 - *Chairman* of MOTA-ENGIL ÁFRICA

- Carlos António Vasconcelos Mota dos Santos
 - *Chairman* of MOTA-ENGIL EUROPA
 - *Chairman* of MOTA-ENGIL AMÉRICA LATINA
 - *Chairman* of MOTA-ENGIL AMBIENTE E SERVIÇOS

- Ismael Antunes Hernandez Gaspar
 - Engineering Unit
 - Real Estate
 - CEO of MOTA-ENGIL CAPITAL

- José Pedro Matos Marques Sampaio de Freitas
 - Chief Financial Officer (CFO)
 - Business Control
 - Corporate Finance
 - Corporate Risk
 - Investors Relations
 - Shared Services

- António Martinho Ferreira de Oliveira
 - CEO of MOTA-ENGIL EUROPA (engineering and construction)

- Manuel António da Fonseca Vasconcelos da Mota
 - CEO of MOTA-ENGIL ÁFRICA

- João Pedro dos Santos Dinis Parreira
 - CEO of MOTA-ENGIL AMÉRICA LATINA

- Eduardo João Frade Sobral Pimentel
 - Human Resources Strategy and Sustainability
 - Technologies and IT
 - Corporate Processes
 - CEO of MOTA-ENGIL AMBIENTE E SERVIÇOS

- Luís Filipe Cardoso da Silva
 - Strategic Planning
 - Business Control
 - Tax
 - Compliance

On 31 December 2018, Gonçalo Nuno Gomes de Andrade Moura Martins, in the capacity of Chairman of the Executive Committee, was considered the Chief Executive Officer (CEO) of the Company and José Pedro Matos Marques Sampaio de Freitas, in the capacity of officer responsible for the financial areas of the Company, was considered the Chief Financial Officer (CFO).

Non-executive directors monitored the Company's business, thus guaranteeing their effectiveness to supervise, inspect and assess the business, specifically through periodic meetings of the Board of Directors, without prejudice to the access to any information or documentation as may be requested at any time. In exercising their non-executive duties, the directors were not faced with any constraints in the financial year of 2018. The annual management report includes a description of the activity of the non-executive directors.

The Board of Directors meets at least six times per year, or whenever convened by its Chairman, with the schedule for the meetings of each year being drawn up by the Chairman of the Board of Directors and communicated to all members no later than 15 December of the previous year.

Prior to the date of the meeting, the Chairman shall order the distribution of the agenda and respective support documentation.

The Executive Committee meets at least six times per year, or whenever convened by its CEO, with the calendar for the meetings of each year being drawn up by the CEO and communicated to all members no later than 15 December of the previous year.

No later than three days before the date of the meeting, the CEO shall order the distribution of the agenda and respective necessary information for supporting the discussion and decision-making process of the matters on the agenda.

Jorge Paulo Coelho, in the quality of deputy-chairman, from among the independent members of the Board of Directors, performs the duties of Lead Independent Director. Within the scope of those duties, supplementary to his position as independent director: (A) he acts, when proven necessary, as an interlocutor with the chairman of the Board of Directors, with the chairman of the Executive Committee and with the remaining directors; (b) ensures that the remaining non-executive directors, particularly the independent ones, have access to all necessary information and have the conditions and means necessary to the performance of their duties; and (c) organises and supports the assessment of the performance of the Board of Directors and its committees, with a view to support the Remuneration Committee in the respective annual assessment formal process.

Supervisory bodies

Supervision of the Company is performed by a Statutory Audit Board and by a Statutory Auditor (auditing firm), performing the duties called for by law and by the articles of association.

The General meeting shall elect the Statutory Audit Board and designate, at the proposal of the Statutory Audit Board, the Statutory Auditor or auditing firm.

The Company's Statutory Audit Board is made up of four members, a chairman, two full members and an alternate member.

The Statutory Audit Board meets on at least a quarterly basis, and the notice of meeting must be sent at least five working days before the date of the intended meeting.

The agenda is determined by the Chairman of the Statutory Audit Board and the support documents concerning the various items of said agenda must be distributed among all members of the Board at least five days before the date of the meeting.

Specialised committees

Remuneration Committee

In accordance with the articles of association, the duties of the Remuneration Committee, elected by the shareholders at a general meeting, are to define the policy for the remuneration of the corporate officers, setting the applicable remuneration taking into account the duties performed, their performance and the Company's economic situation. In this connection, the Remuneration Committee constantly monitors and assesses the performance of the directors, verifying the extent to which the proposed objectives have been accomplished and meets as and when necessary. The directors' remuneration includes a performance-based component.

Likewise, the scope of action of the Remuneration Committee also encompasses the follow-up and support within the process of nomination of the senior managers.

The Remuneration Committee elected for the four-year period 2018-2021 is composed of the following members: António Manuel Queirós Vasconcelos da Mota, Maria Teresa Queirós Vasconcelos Mota Neves da Costa, both of whom are members of the Board of Directors, and Manuel Teixeira Mendes. Minutes are drawn up of all meetings held.

Audit, Investment and Risk Committee

The Audit, Investment and Risk Committee is normally composed of three full members (three directors, two of whom are non-executive, one being an independent director), and may also invite other officers of the GROUP related to the projects under assessment. That Committee has the following duties and responsibilities: (i) to approve the Audit Annual Plan, carry out the respective follow-up and speak on the reports of said audits; (ii) to assess and suggest business investment and risk policies and projects to the Board of Directors, (iii) to examine and issue opinions on investment or divestment projects, (iv) to issue an opinion on the entering into and leaving new areas of business, (v) to monitor relevant financial and corporate operations, (vi) to issue an opinion on the Risk Matrix of the GROUP, whenever it is updated or there are substantial changes to the risks of the external environment and/or the operational risks, (vii) to assess the risk management strategies defined in the context of the corporate level and the implementation of the cross-sectional risk management policies defined in the regions/areas of business and (viii) to follow up and monitor the risks associated with selected projects. Minutes are drawn up of all meetings held. On 31 December 2018, the following were members of this committee: Maria Teresa Queirós Vasconcelos Mota Neves da Costa, Luís Filipe Cardoso da Silva and António Manuel da Silva Vila Cova, the last one being an independent non-executive director.

No other committees were created within the Board of Directors, including the committees for reflection on the system, structure and governance practices adopted, since it has not proven necessary.

The Audit, Investment and Risk Committee meets on at least a monthly basis, or whenever convened by its Chairman, with the calendar for the meetings of each year being drawn up by said Chairman and communicated to all members no later than 15 December of the previous year.

The agenda of each meeting is defined by the Chairman and must be distributed by the day that immediately precedes the day of the meeting. The Chairman shall arrange for the preparation of the information necessary for supporting the discussion and decision-making process of the matters on the agenda.

Strategic Consultant Council

The Strategic Consultant Council is a consultative body, resulting from the nomination on part of the Board of Directors of MOTA-ENGIL and upon proposal by its chairman, performing the duties of deciding, without a binding nature, on the matters set out within the scope of its regulation and other which are mandated by the Board of Directors for their analysis and possible issuance of opinions and recommendations, even though not being in any way binding to the Company.

It is up to the Strategic Consultant Council to follow up and, on its own initiative, issue recommendations aimed at the Board of Directors on the following matters: design and implementation of the strategic plan; GROUP's strategy for each geographic area and its implementation; social and political context in Portugal and geopolitical international context, national and global macroeconomic development and interaction with the GROUP's strategy; and benchmarking of the GROUP's activities, as well as of the global tendencies.

The Strategic Consultant Council meets on a bimonthly basis and, in addition to that, whenever it is convened by its Chairman, with the calendar of the meetings being defined at the beginning of the year with the Chairman of the Board of Directors.

The Board of Directors and the members of the Strategic Consultant Council may point out to the Chairman of the Strategic Consultant Council any matters they deem worthy of being subject to a reflection on part of that Council.

22. Existence and site where the functional regulations, where applicable, for the Board of Directors, the General and Supervisory Board and Executive Administrative Board may be consulted.

The management and supervisory bodies of the Company have internal regulations for their functioning which are not released on the Company's website and are not available for consultation. MOTA-ENGIL considers that the regulations go beyond aspects of mere operation of the bodies and contain a confidential content, which is why it does not release them to the public. However, the main functions and responsibilities of those bodies are specified throughout this report; see for example paragraphs 21 and 38.

23. Number of meetings held and the level of attendance, where applicable, of each member of the Board of Directors, the General and Supervisory Board and the Executive Administrative Board to those meetings.

During 2018, 53 meetings of the Board of Directors and 17 meetings of the Executive Committee were held, with the following attendance:

Director	Board of Directors	Executive Committee
António Manuel Queirós Vasconcelos da Mota	100%	n/a
Gonçalo Nuno Gomes de A. Moura Martins	100%	100%
Arnaldo José Nunes da Costa Figueiredo	98%	n/a
Jorge Paulo Sacadura Almeida Coelho	100%	n/a
Maria Manuela Queirós V. Mota dos Santos	100%	n/a
Maria Teresa Queirós V. Mota Neves da Costa	85%	n/a
Maria Paula Queirós V. Mota de Meireles	100%	n/a
Carlos António Vasconcelos Mota dos Santos	98%	100%
Ismael Antunes Hernandez Gaspar	94%	100%
José Pedro Matos Marques Sampaio de Freitas	100%	100%
António Martinho Ferreira de Oliveira	96%	88%
Manuel António da Fonseca Vasconcelos da Mota	100%	94%
João Pedro dos Santos Dinis Parreira	100%	94%
Eduardo João Frade Sobral Pimentel	98%	88%
Luís Filipe Cardoso da Silva	100%	100%
Luís Valente de Oliveira	100%	n/a
António Bernardo A. da Gama Lobo Xavier	98%	n/a
António Manuel da Silva Vila Cova	96%	n/a
Francisco Manuel Seixas da Costa	97%	n/a
Helena Sofia Salgado Cerveira Pinto	94%	n/a
Ana Paula Chaves e Sá Ribeiro	74%	n/a

24. Indication of the Company bodies responsible for assessing the performance of executive directors.

The Remuneration Committee is the body responsible for assessing the performance and approving the remuneration of the members of the Board of Directors as representative of shareholders in accordance with the remuneration policy approved by the annual general meeting.

25. Predetermined criteria for the assessment of performance of executive directors.

A quantitative component of the assessment of the executive directors' performance encompasses a set of Key-Performance Indicators (KPI), indexed to the GROUP's Strategic Plan.

The quantitative assessment is subsequently weighted with the individual qualitative assessment of a discretionary nature, and it may result in a *payout* value which ranges between a minimum and a maximum predefined percentage.

26. Availability of each of the members, as applicable, of the Board of Directors, the General and Supervisory Board the and Executive Administrative Board, with indication of the positions simultaneously held in other companies, within and outside the GROUP, and other relevant activities performed by members of those bodies during the period said positions were held.

The positions held by the directors of MOTA-ENGIL in other companies (predominantly in companies of the GROUP or in representation of the GROUP) and other relevant activities of said directors are broken down in Annex 9 “List of offices held by directors”, from which the availability of each member for the performance of their duties can be made clear, not only due the positions they held, but also due to the attendance and active participation of directors both in the Executive Committee’s meetings, in the case of the executive directors, and in the Board of Directors’ meetings, with regards to all its members (in accordance with paragraph 23 above).

Additionally, it is provided for in the regulation for the functioning of the Executive Committee that the performance of duties on part of executive directors in entities outside the GROUP must be previously validated by that body and correspond to minor situations and situations of reduced involvement of said directors.

Each of these members is responsible for acting in the best interests of the Company and must refrain from acting in a manner that goes against that responsibility, complying with the provisions of chapter 3 of the Code of Ethics and Business Conduct of the MOTA-ENGIL GROUP concerning conflicts of interest. Whenever necessary, the separation of duties within the governing bodies shall be promoted, thus ensuring that the possible member in conflict does not interfere in the decision-making process.

27. Identification of the committees created, where applicable, in the Board of Directors, the General and Supervisory Board and the Executive Administration Board and the site where the regulations for their functioning may be consulted.

In addition to the Executive Committee, the Board of Directors created the Investment, Audit and Risk Committee (according to 21 above). The respective internal regulations are not available for consultation, although the main functions and duties of that Committee are described in the paragraph mentioned above.

28. Composition, where applicable, of the executive Committee and/or the identification of director(s).

On 31 December, the composition of the Executive Committee was as follows:

Director	Function
Gonçalo Nuno Gomes de A. Moura Martins	Deputy-chairman of the Board of Directors and Chief Executive Officer (CEO)
Carlos António Vasconcelos Mota dos Santos	Member
Ismael Antunes Hernandez Gaspar	Member
José Pedro Matos Marques Sampaio de Freitas	Member and Chief Financial Officer (CFO)
António Martinho Ferreira de Oliveira	Member
Manuel António da Fonseca Vasconcelos da Mota	Member
João Pedro dos Santos Dinis Parreira	Member
Eduardo João Frade Sobral Pimentel	Member
Luís Filipe Cardoso da Silva	Member

29. Indication of the responsibilities of each of the committees created and synthesis of the activities carried on in their exercise.

On this matter reference is made to 21 and 27 above.

III. Supervision

30. Identification of the supervisory body (Statutory Audit Board, Audit Committee or General and Supervisory Board) corresponding to the model adopted.

The Statutory Audit Board and the Auditing Firm are the Company's supervisory bodies under the governance model adopted.

31. Composition, where applicable, of the Statutory Audit Board, the Audit Committee, the General and Supervisory Board or the Committee for Financial Matters with an indication of the statutory minimum and maximum number of members, statutory duration of their mandate, the number of effective members, the date of nomination and the termination date for each member with reference to the point in the report where this information appears under the provisions of paragraph 18.

In accordance with the Company's articles of association, the Statutory Audit Board should be composed of a minimum of three effective members, this number being set by the annual general meeting. The Statutory Audit Board also will have one or two alternate members if constituted with three or more effective members respectively. The Statutory Audit Board nominates its chairperson when the annual general meeting fails to do so. The mandate for members of the Statutory Audit Board has duration of four years.

The members nominated for the current mandate (four-year period 2015-2018) and currently in post are:

Member	Function	First nomination	Current term of office
Alberto João Coraceiro de Castro	Chairman	30 March 2007	31 December 2018
José Rodrigues de Jesus	Full member	30 March 2007	31 December 2018
Horácio Fernando Reis e Sá	Full member	14 April 2011	31 December 2018
Pedro Manuel Seara Cardoso Perez	Alternate member	30 March 2007	31 December 2018

32. Identification, where applicable, of the members of the Statutory Audit Board, the General Board and the Committee for Financial Matters who are considered to be independent under the terms of art. 414, paragraph 5, of the Portuguese Commercial Companies Code, referring to the point in the report where this information appears under the provisions of paragraph 19.

All the members of the Statutory Audit Board, both full and alternate, comply with the independence criteria provided for under no. 5 of article 414, along with the incompatibility regulations provided for under no. 1 of article 414-A and those of the Companies Code.

33. Professional qualifications, where applicable, of each member of the Statutory Audit Board, the Audit Committee, the General and Supervisory Board or the Committee for Financial Matters and other relevant curricular matters referring to the point in the report where this information appears under the provisions of paragraph 21.

Alberto João Coraceiro de Castro (Chairman)

Professional qualifications

- Degree in Economics by the Faculdade de Economia da Universidade do Porto
 - PhD in Economics by the University of South Carolina
-

Professional career in the last five years

- University Professor
 - Chairman of the Board of Directors of Instituição Financeira de Desenvolvimento, SA
 - Member of the Board of Directors of Mystic Invest, SA
 - Chairman of the Supervisory Audit Board of Super Bock Group, SA
 - Chairman of the Supervisory Audit Board of Fundação AEP
 - Chairman of the Supervisory Audit Board of Cruz Vermelha Portuguesa
 - Deputy-chairman of the Board of Associação para o Museu dos Transportes
 - Deputy-chairman of the Shareholders' Meeting of Metro do Porto, SA
 - Member of the Supervisory Audit Board of Associação Empresarial de Portugal
-

José Rodrigues de Jesus (Effective member)

Professional qualifications

- Degree in Economics by the Faculdade de Economia da Universidade do Porto
-

Professional career in the last five years

- University Professor
 - Member of the Supervisory Audit Board of several companies outside the Group
 - Sole supervisor of several companies outside the Group
 - Member of the Supervisory Audit Board of Mota-Engil, SGPS, SA
-

Horácio Fernando Reis e Sá (Effective member)

Professional qualifications

- Degree in Law by the Faculdade de Direito da Universidade de Coimbra
-

Professional career in the last five years

- Lawyer
 - Member of the Supervisory Audit Board of Mota-Engil, SGPS, SA
-

34. Existence and site where the functional regulations, where applicable, for the Statutory Audit Board, the Audit Committee, the General and Supervisory Board and the Committee for Financial Matters may be consulted, referring to the point in the report where this information appears under the provisions of paragraph 24.

The Statutory Audit Board of MOTA-ENGIL has internal regulations for their functioning. However, they are not published on the Company website and are not available for consultation. Mota-Engil considers that the regulations go beyond aspects of mere operation of the bodies and contain a confidential content, which is why it does not release them to the public.

However, the main duties and responsibilities of that Committee are described in the various sections of this chapter III (chapters 30 to 38).

35. Number of meetings held and the level of attendance, where applicable, of each member of the Statutory Audit Board, the Audit Committee, the General and Supervisory Board and the Committee for Financial Matters to those meetings, referring to the point in the report where this information appears under the provisions of paragraph 25.

During 2018, 6 meetings of the Statutory Audit Board were held, with the presence of all of its members in office.

36. Availability of each of the members, as applicable, of the Statutory Audit Board, the Audit Committee, the General and Supervisory Board and the Committee for Financial Matters, with indication of the positions simultaneously held in other companies, within and outside the GROUP, and other relevant activities performed by members of those bodies during the period said positions were held, referring to the point in the report where this information appears under the provisions of paragraph 26.

Alberto João Coraceiro de Castro (Chairman)

Duties in other companies of Mota-Engil Group on December 31, 2018

- Does not perform duties in other companies of Mota-Engil Group
-

Duties in other companies outside Mota-Engil Group on December 31, 2018

- University Professor
 - Chairman of the Board of Directors of Instituição Financeira de Desenvolvimento, SA
 - Member of the Board of Directors of Mystic Invest, SA
 - Chairman of the Supervisory Audit Board of Super Bock Group, SA
 - Chairman of the Supervisory Audit Board of Fundação AEP
 - Chairman of the Supervisory Audit Board of Cruz Vermelha Portuguesa
 - Deputy-chairman of the Board of Associação para o Museu dos Transportes
 - Deputy-chairman of the Shareholders' Meeting of Metro do Porto, SA
 - Member of the Supervisory Audit Board of Associação Empresarial de Portugal
-

José Rodrigues de Jesus (Effective member)

Duties in other companies of Mota-Engil Group on December 31, 2018

- Does not perform duties in other companies of Mota-Engil Group

Duties in other companies outside Mota-Engil Group on December 31, 2018

- Chairman of the Monitoring Committee of Novo Banco, SA
- Sole Supervisor at the following companies:
 - Calfor – Indústrias Metálicas, SA
 - Edemi Gardens – Promoção Imobiliária, SA
 - Arsopi – Holding, Sociedade Gestora de Participações Sociais, SA
 - Arsopi – Indústrias Metalúrgicas Arlindo S. Pinho, SA
 - Arsopi – Thermal Equipamentos Térmicos, SA
 - Arlindo Soares de Pinho, Lda
 - Imoágueda, SA
 - Camilo dos Santos Mota, SA
 - Oliveira Dias, SA
 - AGA - Álcool e Genéricos Alimentares, SA
 - TECNOCON – Tecnologia e Sistemas de Controle, SA
 - SAR - Sociedade de Participações Financeiras, SA
 - SARCOL - Gestão de Investimentos Imobiliários, SA
- President of the Ordem dos Revisores Oficiais de Contas and Manager of Serviços Regionais do Norte
- Member of the representative meeting of Ordem dos Economistas
- Arbitrator of the Câmara de Comércio e Indústria do Porto, Associação Comercial do Porto
- Chairman of the Supervisory Audit Board of Associação dos Antigos Alunos da Faculdade de Economia da Universidade do Porto
- Chairman of the Supervisory Audit Board and Member of the General Board of APAF - Associação Portuguesa de Analistas Financeiros

Horácio Fernando Reis e Sá (Effective member)

Duties in other companies of Mota-Engil Group on December 31, 2018

- Does not perform duties in other companies of Mota-Engil Group

Duties in other companies outside Mota-Engil Group on December 31, 2018

- Does not perform duties in other companies outside the Mota-Engil Group

37. Description of the procedures and criteria applicable to the activities of the supervisory body for the purposes of contracting additional services to the external auditor.

In accordance with article 77, paragraph 11, of the new Regulations of the Association of Statutory Auditors, approved by law no. 140/2015 of 7 September (hereinafter referred to as NEOROC), the Statutory Audit Board of MOTA-ENGIL is responsible for properly assessing threats to the independence of the statutory auditor and auditor arising from the provision of services other than those of audit. These services, which are not forbidden under paragraph 8, must still be subject to preliminary opinion, duly justified.

This being the case, the possibility of provision of any service other than that of audit by the statutory auditor or auditor of MOTA-ENGIL was subject to the assessment of the Statutory Audit Board. Therefore, a duly justified opinion on its execution was issued for each service provision request.

Moreover, the Statutory Audit Board also receives, on a annual basis, the statement of the independence of the auditor under the terms of article 62-B of Decree Law 487/99 of 16 November (amended by Decree Law 224/2008 of 20 November), which describes the services provided by the auditor and other entities in the same network, the respective fees paid, any threats to their independence and the measures for its safeguarding. All threats to the independence of the statutory auditor / auditor were assessed and discussed with the statutory auditor / auditor together with the respective safeguarding measures.

38. Other functions of the supervisory bodies and, where applicable, the Committee for Financial Matters.

The Statutory Audit Board is responsible for the following, under the terms of the law and the respective functional regulation:

- Verify the observance of the law and regulations, the statutes and the regulations issued by the supervisory authorities together with the general policies, regulations and practices instituted within the GROUP;
- Verify the prosecution of the fundamental objectives regarding internal control and management of risks set by the Portuguese Securities Market Commission in the companies of the GROUP subject to supervision on the basis of consolidation;
- Assess the reliability of the reports concerning the GROUP and companies of the GROUP subject to this obligation;
- Verify the suitability and supervise the fulfilment of the policies, criteria and accounting practices adopted and the documents on which they are based;
- Verify the books, accounting records and documents on which they are based;
- Verify the extent of cash and stocks of any type of goods or securities belonging to the company or received as guarantee, deposit or other basis whenever judged to be necessary and in the manner felt to be appropriate;
- Call the annual general meeting where the chair fails to do so;
- Verify the accuracy of the accounting documents;
- Provide an opinion on the report, the accounts and the proposals submitted by the Board of Directors attesting to whether or not the report on the structure and practices of corporate governance published includes the elements referred to in article 245-A of the Portuguese Securities Code;
- Elaborate an annual report on its supervisory activity;
- Supervise the process of preparation and publication of financial information by the Company;
- Learn of the communication of any irregularities detected by employees, shareholders or others;
- Contract the provision of specialist services which support one or more of its members in the exercise of their functions, the contracting and the remuneration of the specialists taking into account the importance of the matters in question and the financial situation of the Company;
- As regards the Statutory Auditor: propose the nomination of the Statutory Auditor to the Annual General meeting; supervise the audit of the accounts and documents for the provision of accounts to the Company; supervise the independence of the auditor and study and decide on the provision of additional services (other than audit) by the auditor to the Company or subsidiaries, together with the respective conditions;
- As regards the External Auditor: submit to the Executive Committee a proposal relating to the External Auditor to be contracted by the Company including not only the proposal of who should provide these services but also their proposed remuneration; represent the Company to all intents and purposes together with the External Auditor serving as the primary spokesman for the Company and recipient of the respective reports; ensure that adequate conditions are provided for the provision of their services by the Company; supervise the independence of the external auditor and study and issue an opinion on the provision of additional services (other than audit) and the respective conditions by the external auditor to the Company or subsidiaries; provide an opinion on maintaining the External Auditor beyond a period of eight years studying the conditions of independence and the advantages and costs of the replacement;
- Oversee the official activities of the CMVM, the General Taxation Board and the General Financial Inspectorate at companies of the GROUP;
- Ensure the effectiveness of the systems of internal control, internal auditing and management of risks; and

- Provide a report on the transactions realised with qualified shareholders or entities related with them under the terms of article 20 of the Portuguese Securities Code or the respective renovations where the added value per entity is greater than 500,000 Euros per year.

The Statutory Audit Board is also responsible for following up the performance of duties by the corporate areas of Compliance and Risk. In addition, and with respect to the relevant supervisory function, the Statutory Audit Board monitors the work plans and resources allocated to the Internal Audit Function of the Company, being the receiver of periodical reports issued by that function, as well as of information on matters related to accounting, identification or settlement of conflicts of interest and detection of possible illegalities.

Likewise, the Statutory Audit Board performs a supervisory function in relation to the Board of Directors of the Company, namely through the periodic analysis of the degree of compliance with the Strategic Plan of the GROUP and the various planning documents drawn up.

IV. Statutory Auditor

39. Identification of the Statutory Auditor and the engagement partner.

The post of Statutory Auditor of the Company is performed by the Audit Firm PricewaterhouseCoopers & Associados – SROC Lda, represented by António Joaquim Brochado Correia.

40. Indication of the number of consecutive years during which the statutory auditor performs the respective duties with the Company and/or GROUP.

The post of Statutory Auditor is exercised since 2017 (two years) by PricewaterhouseCoopers & Associados – SROC, Lda.

41. Description of other services provided by the Statutory Auditor to the company.

See response in paragraph 46 below.

V. External Auditor

42. Identification of the external auditor nominated for the purposes of article 8 and the respective chartered accountant for the fulfilment of these functions together with the respective CMVM registration number.

The External Auditor of the Company is PricewaterhouseCoopers & Associados – SROC, Lda, represented by António Joaquim Brochado Correia and is registered with CMVM under number 20161485.

43. Indication of the consecutive years during which the external auditor and the respective chartered account for the fulfilment of these functions perform their duties with the Company and/or the GROUP.

PricewaterhouseCoopers & Associados – SROC, Lda and its representative initiated the provision of their external audit services to the Company in 2017 (two years ago).

44. Policy and frequency of rotation of the external auditor and the respective chartered accountant representing the former in the fulfilment of said functions.

The Company's policy in terms of rotation of the External Auditor is to carry out a consultation process regularly to select the External Auditor each four years. However, in 2016, as part of the legal requirement on the need of rotation of the auditors, the Statutory Audit Board of the Company promoted the launch of a new consultation process for the period between 2017 and 2022 and invited three out of the four large audit firms of international repute to submit a proposal for the provision of audit services to the MOTA-ENGIL GROUP. As a result of said consultation process, the Statutory Audit Board of the Company issued a favourable opinion on the appointment of PricewaterhouseCoopers & Associados, SROC, Lda. In addition, the policy of the Company and of the External Auditor regarding the frequency of rotation of the Statutory Auditor representing it in the exercise of their functions is in accordance with applicable legal requirements, i.e. two or three terms of office, depending on whether it is four or three years, respectively.

45. Indication of the body responsible for the assessment of the external auditor and frequency of said assessment.

The Statutory Audit Board annually assesses the External Auditor, assuming the responsibility for supervising its qualifications and independence, as well as ensuring that the appropriate conditions for the provision of its services are provided within the Company, being the Company's point of contact and the first recipient of the reports of the External Auditor.

Although not a specific or exclusive competence of the General Meeting, nothing prevents it to be called upon to decide, in case of questioning by the Statutory Audit Board, on the removal of the External Auditor, where there is just cause for the effect. In any case, and to date, the Statutory Audit Board of MOTA-ENGIL found no reason to consider taking steps towards removing for just cause an entity that has played the role of External Auditor of the Company.

46. Identification of the tasks other than auditing carried out by the external auditor for the Company and/or for companies which it controls as well as indication of the internal procedures for the purposes of approval of the contracting of said services and the reasons for doing so.

Works other than audit provided by the External Auditor and the Statutory Auditor during the financial year of 2018 are detailed below:

- Provision of a license to access the Inforfisco database, which consists in a repository of tax nature from public sources (ranging from legislation to jurisprudence);
- Limited reviews to the financial statements of some affiliates, in accordance with the International Standard on Review Engagements ISRE 2410;
- Issuance of the Statutory Auditor's Report regarding the validation of the information contained in the informative memo regarding the issue of commercial paper;
- Issuance of an agreed upon procedures report associated with the issuance of bonds, as well as, with the analysis to the contents of the financial information included in the respective prospectus;
- Issuance of audit reports regarding the regulated accounts of some concessionaire companies to be submitted to the regulatory body (ERSAR);
- Issuance of agreed upon procedures reports associated with the recovery of Value-Added Tax (VAT) in doubtful accounts receivables;

- Issuance of agreed upon procedures reports regarding the validation of financial ratios associated with loans obtained and for commercial tenders in which the GROUP companies took part.

As mentioned in paragraph 38, it is up to the Statutory Audit Board to inspect the independence of the Statutory Audit and, within that scope, assess and issue an opinion on the provision by the External Auditor of additional services to the Company (other than audit) or to companies that the Company controls. Therefore, a duly justified opinion on its execution was issued for each service provision request.

All threats to the independence of the auditor were assessed and discussed with the Statutory Auditor / Auditor together with the respective safeguarding measures. Therefore, on account of the fact: (i) that the services referred to above are prohibited; (ii) that a significant part of those correspond to assurance services; (iii) that a part of the services should be, preferably (for time efficiency reasons) or mandatorily (due to legal requirement), executed by the statutory auditor / external auditor of the Company and (iv) that, on the whole, the global fees for services other than audit or assurance services are little significant, the Statutory Audit Board considered that the independence of the External Auditor was not affected by the provision of such services.

In addition to that, within the scope of its work, the External Auditor checks the application of the remuneration policies and systems as well as the efficiency and operation of the internal control mechanisms. In case any deficiency or irregularity arises, it is reported to the Statutory Audit Board.

47. Indication of the annual amount paid by the Company and/or legal persons which it controls or are part of the group to the auditor and to other individuals or legal persons belonging to the same network, as well as the percentage for the following services (for the purposes of this information, the concept of “network” is that deriving from the recommendation of the European Commission no. C (2002) 1873, of 16 May)

During 2018, the annual remuneration borne by the Company and by other companies which it controlled or were part of the GROUP with the Company’s external auditors (PricewaterhouseCoopers & Associados – SROC, Lda), including other entities forming part of the same network, was of 1,522,863 Euros, which was shared by the following services:

Service nature	By the Company		By other Group Entities		TOTAL	
	Amount (Euros)	%	Amount (Euros)	%	Amount (Euros)	%
Audit and statutory audit	93,622	56%	1,247,041	92%	1,340,663	88%
Other reliability guarantee services	73,500	44%	106,900	8%	180,400	12%
Tax consultancy	-	0%	1,800	0%	1,800	0%
TOTAL	167,122	100%	1,355,741	100%	1,522,863	100%

C. INTERNAL ORGANISATION

I. Articles of association

48. Regulations applicable to the amendment of the articles of association of the Company (art. 245-A, paragraph 1, subparagraph h)).

Amendments to the articles of association obey the terms of the Portuguese Commercial Companies Code and require a two-third majority of votes issued for approval of this decision.

II. Reporting of irregularities

49. Means and policies for the reporting of irregularities which occur in the Company.

The Company has in place a procedure which defines the mechanisms to adopt for reporting irregularities. The procedure considers that 'irregularities' are all acts or omissions, wilful or negligent, practised by collaborators of the Company during the exercise of their duties, which breach: i) the law, standards or regulations in force; ii) the "Code of Ethics and Business Conduct"; and iii) best management practices; in all cases, this regards accounting, internal accounting controls, audit, fight against corruption and financial crimes. Reports received which fall beyond this scope will not be handled by the referred to procedure.

This procedure covers the following aspects:

- (i) handling purpose;
- (ii) voluntary nature of the reporting;
- (iii) rights of the reported individual, particularly of access to information;
- (iv) rights of the whistleblower of non retaliation, bullying or discrimination;
- (v) non misuse or in use in bad faith, under penalty of the opening of disciplinary or legal proceedings;
- (vi) confidentiality of reporting, as well as of the whistleblower, ensuring the appropriate safety measures.

Irregularity reporting must be performed in writing, via email or letter, to at least one of the following addresses:

- etica@mota-engil.com
- Auditoria Interna – Rua do Rego Lameiro, nº 38, 4300 – 454 Porto
- www.mota-engil.pt/Provedoria

By delegation of the Statutory Audit Board, in charge of the reception of whistleblowing under the Portuguese Commercial Companies Code, reception and forwarding of reports of concerns or infringements is the responsibility of the Audit & Compliance Function. Some cases, due to their nature, may be forwarded to the corresponding corporate functional areas of the company.

The stages in the whistleblowing process include: receipt and registration; preliminary examination and confirmation of the alleged information; notice; investigation; and final report, with corrective measures and conclusion/opinion on the reported situation, transmitted to the Statutory Audit Board and the Board of Directors.

A yearly report is made summarising the most frequent situations and the relevant indicators of the findings over the year. This report, among others, is aimed at helping to detect potential weaknesses or opportunities for improving process control and contributes to a proposal of review thereof and/or review of the whistleblowing mechanism.

III. Internal control and risk management

50. People, bodies or committees responsible for internal audit and/or implementation of internal control systems.

As top and independent body to safeguard the compliance of processes and procedures, and reporting to the Board of Directors, the Audit, Investment and Risk Committee, aims to support the management of the MOTA-ENGIL GROUP, strengthening the means and methods of operation to the internal control and business risk monitoring level. It is also up to this Committee to follow-up the development of the global levels of risk and assess, jointly with the Executive Committee, the risk monitoring and control measures.

The Audit, Investment and Risk Committee has under its hierarchical dependence the Audit and Compliance Office, whose mission is to support the achievement of strategic objectives, evaluation, compliance and continuous improvement of effectiveness and internal control management processes of the GROUP.

The Audit and Compliance Office has a structure of resources specifically allocated to perform the following functions:

- Perform management, financial operational and technological audits in the different Regions and companies of the GROUP;
- Audit proper operation of processes, good practises and policies defined;
- Verify the compliance with the internal procedures, laws, regulations and contracts;
- Verify compliance with internal control procedures related to recommendations from market regulating bodies as well as applicable legislation in the different regions where the GROUP operates;
- Ensure proper follow-up of recommendations issued by the Audit, Investment and Risk Committee;
- Provide previous opinion to the Audit, Investment and Risk Committee on purchase or sale initiatives defined by the MOTA-ENGIL GROUP;
- Assess the reporting process and compliance with the GROUP's code of conduct; and
- Support the Board of Directors, the Statutory Audit Board and the Audit, Investment and Risk Committee in the areas related to the relevant management processes and procedures.

The Statutory Audit Board is responsible, among others, for assessing the functioning of the internal control system and to propose the respective adjustment to the GROUP's needs. On this point, it should also be noted that, as stipulated in Article 420, paragraph 1, subparagraph i) of the Portuguese Commercial Companies Code, is the responsibility of the Statutory Audit Board to verify the effectiveness of the risk management system, the internal control system and the practice of internal audit.

The Statutory Audit Board accesses the reports and opinions issued by the Investment, Audit and Risk Committee, supervises the adoption of the principles and policies applied to the identification and management of the main financial and operating risks, and oversees the measures aimed at risk monitoring, controlling and dissemination.

The Board of Directors and the Statutory Audit Board recognise the importance that the risk management and internal control systems have in the organisation, encouraging the human and technological conditions susceptible of providing an environment of control that is proportionate and suited to the risks of the activity.

The Executive Committee is responsible for ensuring the creation and operation of internal control and risk management systems.

With the significant growth of the international activity of the GROUP and its consequent geographic and business diversification, the GROUP's organizational structure now has a higher and more complex dimension.

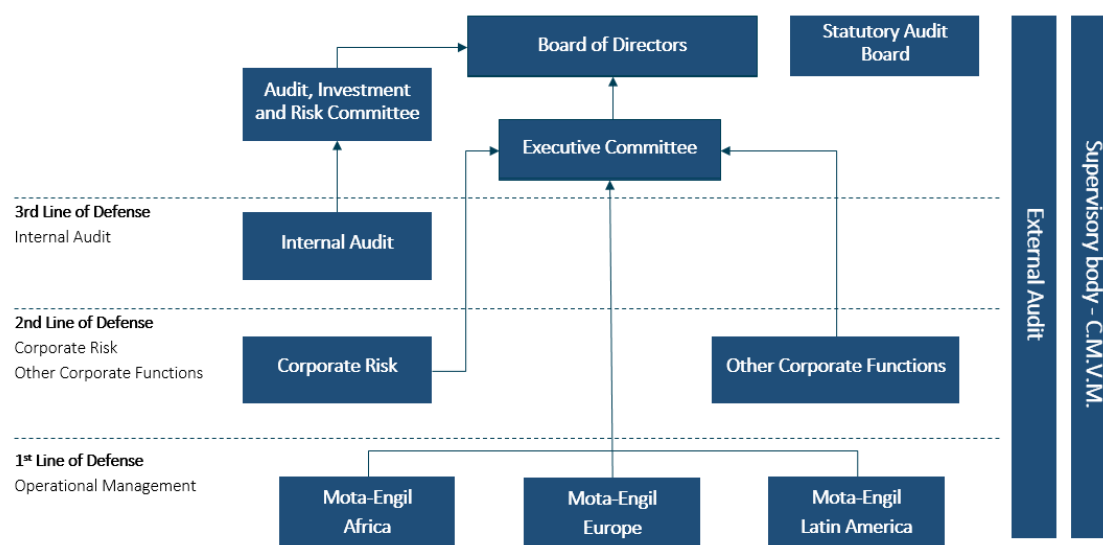
Ensuring the proper operational autonomy to business, the MOTA-ENGIL, with its strategic and financial aspect, has a governance model which includes a structure named Corporate Centre, where all corporate functions supporting the Executive Committee are present, with control instruments for business performance and a more robust and structured risk management, according to the GROUP's policies, procedures and strategic vision.

The risk management activity and its focus on a specific area, the Corporate Risk Function, is under the responsibility of an executive director, in an attempt to reinforce risk assessment in a more systematic and efficient manner with the due communication interface with the various business areas in different regions/markets.

The risk management process is an integral part of the internal control system which consists of the development of management policies and procedures with a view to ensuring the creation of value, protection of its assets, compliance of laws and regulations, and a controlled environment that ensures the fulfilment of the MOTA-ENGIL 's ethical principles and the reliability of information reported.

51. Explanation, even if through the inclusion of an organisational chart, of the hierarchical and/or functional dependence relations regarding other bodies or committees of the Company.

The organisation and governance model of MOTA-ENGIL are based on the implementation of the best international practices regarding Corporate Governance, which ensures a full transparency of processes and procedures and an autonomy and independence of action set out in the “three lines of defence” model, as shown in the organisational chart below, fulfilling the guidelines of declaration of positioning of the “Institute of Internal Auditors” for an efficient risk management and controls of an organisation.



- The first line of defence consists of the business management units, which are responsible for performing their operational activities integrated in the strategic guidelines defined by the Board of Directors, ensuring compliance with the rules and procedures of the GROUP, which aim to ensure a mainstreaming of action in accordance with its own cultural identity, based on ethical principles and conduct embodied in the following cross-sectional policies.

The business management units are responsible for the identification, assessment, reporting and mitigation of risks, in order to facilitate, standardize and make more effective the risk management process. In operational management are defined risk managers, called Risk Owners, who are responsible for identifying risks in their business area and act as focal points in the relationship with the Corporate Risk Corporate Function.

- The second line of defence is represented by the functions of the Corporate Centre, which report to the Executive Committee and among which we highlight: the Business Control; Strategic Planning; Corporate Finance; Corporate Tax; Corporate Risk; Human Resources and Sustainability Strategy; Investor Relations; Legal Matters; Compliance and Technologies and SI. All these areas contribute, in their functional areas and in a complementary way, to the spread of the cross-sectional risk policies, provided that with the due consent/approval from the Executive Committee.
- The third line of defence is represented by Internal Audit Function, whose main function is to independently and systematically verify the activities carried out by the first and second lines in accordance with the rules and regulations established.

The Audit Office reports hierarchically to the Audit, Investment and Risk Committee, which in turn reports directly to the Board of Directors and is composed of three permanent members. Of the three members, two are non-executive directors, one director being independent. With the presence of a non-executive independent director in this collegiate body, the independence of the Commission from the executive administration body (see paragraphs 21 and 50) is deemed to be guaranteed.

The external auditors, CMVM, and the Statutory Audit Board are outside the Company's structure, but play an important role in the overall structure of governance and control, as follows:

- The external auditors, the regulating body and the Statutory Audit Board can be considered as additional lines of defence, which provide assessments to the Company's stakeholders, including to the governance bodies and the Board of Directors;
- The regulating bodies established requirements with the intention of strengthening controls and have an independent and objective function, to evaluate the whole or part of the first, second or third line of defence with respect to these requirements, seeking to operate in a cooperative spirit and in permanent dialogue with the company.

52. Existence of other functional areas with risk control competences.

Risk management of the Company and subsidiaries is an integrating element of all organisational and decision processes within the Company rather than an isolated activity apart from the GROUP's main activities.

Management and risk control are monitored by the Board of Directors, the heads of the business areas and the Company's Corporate functions, highlighting the following: Business Control; Strategic Planning; Corporate Finance; Tax; Corporate Risk; Human Resources and Sustainability Strategy; Investor Relations; Legal Matters, Compliance and Technologies and SI.

The Corporate Risk Function aims to promote the establishment and implementation of a risk management policy, identify and analyse, by previously established parameters, the risks that may affect the sustainability of the business/market and value creation.

It also assumes the responsibility of drawing up quarterly reports detailing the levels of exposure to each of the main risks through Key Performance Indicator (KPI), identified throughout the year, as well as the mitigating measures proposed/implemented. These reports are analysed by the Executive Committee, which enables the analysis of the main recommendation and a decision regarding the measures necessary for mitigating the signalled risks, and are shared with the Audit, Investment, Audit and Risk Committee.

This Function reports directly to the Executive Committee and has autonomy in the identification, assessment, monitoring and mitigation of risks.

Corporate Risk has defined within its scope of action the following main activities:

- Mapping transversal risks based on a risk matrix (reviewed on an annual basis) supported by a gathering of information on certain KPI;
- Checking risk levels by collecting and assessing critical information for monitoring transversal risks;
- Defining models and lines of actions for mitigating transversal risks;
- Developing and implementing risk action plans and relevant integration in the business management;
- Monitoring and reporting risk evolution and relevant compliance with actions carried out for their mitigation;
- Promoting the dynamisation and implementation of cross-sectional risk policies in the regions/business areas, properly customised for the relevant markets;
- Systematising the risk management policies and systems to be integrated in the GROUP's Reports and Accounts;
- Collaborating, as an integral part, with the team for Major Project Monitoring.
- Reporting and discussion at the Executive Committee: reporting main risks and mitigating measures.

There is also a specialist committee, the Audit, Investment and Risk Committee, which reports to the Board of Directors, whose main functions and responsibilities are described in paragraph 21 above.

53. Identification and description of the main economic, financial and legal risks that the Company is exposed to in the course of its activities.

Risk management in the MOTA-ENGIL GROUP is based on the permanent identification and analysis of the different types of risks inherent to its activity, in the various countries where it operates, and that cut across the entire Company – cyclical risks, financial risks, interest rate risks, exchange rate risks, liquidity risks, credit risks, operational risks, legal risks, regulatory risks, among others – and the adoption of profitability maximization strategies.

In a separate chapter of the Management Report, which is considered an integral part of this report by reference, are described in detail the main risks to which the GROUP is exposed to in its business (chapter 3.5 of the Management Report).

54. Description of the process of risk identification, assessment, monitoring, control and management.

Risk management is embedded throughout the organization and the main objective is to identify, assess and manage the opportunities and threats that the different businesses in different locations face in the pursuit of value creation objectives.

MOTA-ENGIL GROUP applies the best practices defined for Internal Control and Risk Management and, as such, its management incorporates an internal control system based on COSO's international guidelines (The Committee of Sponsoring Organizations of the Treadway Commission), more specifically in what concerns the assessment and attribution of degrees of criticalness and priority to risks according to their impact on business objectives and with regards to the probability of occurrence.

Risk management is an across-the-board responsibility, particularly of business management units, the different corporate functions, with a special emphasis on the Corporate Risk Function - which coordinates the different risk information and monitors based on an overall perspective and for the Internal Audit Function.

Hereunder the cyclical and consecutive cluster of risk identification stages of the GROUP is described:

- Risk identification - determination of the risks to which the organisation is exposed to and the level of tolerance of exposure to those risks;
- Risk measurement - quantification of risk exposure and production of decision support reports;
- Risk control and management - definition of actions to be taken to cope with risk;
- Implementation of the risk management measures defined - systematic aggregation of risk information and relevant reporting to the Executive Committee; and
- Monitoring - evaluation of the risk management process and, if necessary, realignment and redefinition of strategies.

Each year, according to a plan defined and approved by the Audit, Investment and Risk Committee, operational compliance and financial audits are carried out aimed at testing the effectiveness of the internal controls implemented by the GROUP.

All investments and new businesses are analysed for risks by the various corporate areas and subject to a prior opinion of the Audit, Investment and Risk Committee before being submitted for approval by the Board of Directors.

The Corporate Risk Function ensures the effective implementation of risk management through continuous monitoring of the respective adequacy and effectiveness, monitoring of any mitigation measures regarding deficiencies in internal control and permanent monitoring of risk levels and implementation of control measures.

The evaluation of the internal control and risk management system allows the assessment of its efficacy, notwithstanding the reference of improvement measures to be implemented in the short and medium term, within a process that intends to achieve an evolution and continuous improvement, as adequate to the development of the company organization and its strategic challenges.

55. Main elements of the internal control and risk management systems implemented in the Company regarding the process of financial information dissemination (article 245-A, paragraph 1, subparagraph m)).

The existence of an effective internal control environment, particularly in the financial reporting process, is a commitment of the Management and supervisory bodies, as well as different business units and the corporate centre responsible for producing financial information.

The Board of Directors is continually committed to ensuring that appropriate policies are implemented, ensuring that the financial statements are reported in accordance with the accounting principles adopted.

The financial information documents to be presented to the market are prepared by the heads of the Business Control and Investor Relations Function, based on information provided by the business units, and presented to the capital market by the representative for Market Relations.

All financial information documents to be submitted to the market are sent to the management and supervisory bodies and are only released after being analysed and approved by them.

The financial reporting process involves a limited number of MOTA-ENGIL's employees, encompassing only those who are directly involved in the process of preparation and development of that information.

To this end and in accordance with provisions in Regulation (EU) no. 596/2014 of the European Parliament and Council, MOTA-ENGIL drafted a list - constantly updated - of the collaborators, employed or not by the Company, who have access, either regularly or occasionally, to privileged information. Each collaborator was informed of their inclusion in the corresponding list and provided with an explanation on: (i) the reasons that led to his/her inclusion in such list; (ii) the rights and obligations set forth in the law; (iii) the consequences resulting from the dissemination or abusive disclosure or use of privileged information; and the respective collaborators confirmed they were made aware of their inclusion in said list and of their obligations arising therefrom.

Moreover, the External Auditor / Statutory Auditor, within the scope of their work, issues an opinion in the respective audit report on the inclusion of elements required of the Company under article 245-A of the Portuguese Securities Code regarding the Report on Corporate Governance Practices. In this sense, and in view of subparagraph m) of that article, there is compliance with the key elements regarding the internal control and risk management systems within the Company in relation to the financial reporting process.

IV. Investor support

56. Service responsible for investor support, its composition, functions, information provided by such service and contacts.

The Company maintains ongoing contact with investors and analysts through the Investors Relations Function which makes up-to-date, relevant and reliable information available, as well as providing clarifications regarding the business of the GROUP, with a view to improving their awareness and understanding of the GROUP.

The Investors Relations Function, jointly with the Strategic Planning Function and the Business Control Function, regularly prepares presentations for the financial community, reports with six-monthly and annual results, as well as market-relevant communications whenever this proves necessary for divulging or clarifying any event which might influence the share price of MOTA-ENGIL. In addition and when requested, clarifications are provided about the GROUP's activities in response to questions raised by email or telephone.

All information divulged is made available on the CMVM webpage (www.cmvm.pt) and that of MOTA-ENGIL (www.mota-engil.pt).

The head of the Investor Relations is Pedro Manuel Ramos Arrais, whose details are:

Pedro Arrais
Rua Mário Dionísio, 2
2796-957 Linda-a-Velha
Tel.: 351 214 158 200
Fax: +351 214 158 688
Email: pedro.arrais@mota-engil.pt

57. Representative for market relations.

The representative for market relations is Luís Filipe Cardoso da Silva:

Luís Silva
Edifício Mota
Rua do Rego Lameiro, 38
4300-454 Porto
Tel.: +351 225 190 300
Fax: +351 225 190 303
E-mail: investor.relations@mota-engil.pt

58. Information on the proportion and the period for responses to requests for information received in the current year or outstanding from previous years.

As already mentioned, the Company maintains permanent contact, through the Investors Relations Function, with its shareholders and analysts by providing constantly updated information. When requested, it provides clarification on the relevant facts of the activities of the GROUP, which are made available under the law. All requested information is analysed and answered in a period not exceeding five working days. Therefore, there are no pending requests from the previous year. The Company believes that its Investors Relations Function ensures permanent contact with investors, keeping a register of applications requested and the respective treatment that was given.

V. Website

59. Address(es).

The institutional website of the Company is made available in Portuguese, Spanish and English and may be accessed on the following address www.mota-engil.pt. In the area for investors information is provided that enables knowledge about the evolution of the Company and its current reality in economic, financial and governance terms.

60. Web address providing information on the company, its status as an open capital company, registered office and other elements referred to in article 171 of the Portuguese Commercial Companies Code.

<http://en.mota-engil.pt/Investors/Corporate-Profile>

61. Web address for the articles of association and the regulations for the function of its bodies and/or committees.

<http://en.mota-engil.pt/Investors/Corporate-Profile>

62. Web address where information on the identity of the holders of offices on company bodies, the representative for market relations, the Investor Support Office or equivalent structure and their respective functions and means of access may be found.

<http://en.mota-engil.pt/Institutional/Corporate-Offices>

<http://en.mota-engil.pt/Investors/Investor-Support>

63. Web address where documents providing accounts can be found and which should be available for at least five years together with a six-monthly calendar of corporate events published at the beginning of each period including annual general meetings, the publication of annual, six-monthly and, where applicable, quarterly accounts.

<http://en.mota-engil.pt/Investors/Financial-Information>

<http://en.mota-engil.pt/Investors/Investor-Calendar>

<http://en.mota-engil.pt/Investors/General-Meetings>

64. Web address where the notice of the annual general meeting is published together with all of the related preparatory and subsequent information.

<http://en.mota-engil.pt/Investors/General-Meetings>

65. Web address where the company archives are made available including decisions taken at annual general meetings for the Company, the share capital represented and the results of votes for the previous 3 years.

<http://en.mota-engil.pt/Investors/General-Meetings>

D. REMUNERATION

I. Responsibility for determination

66. Indication of the responsibility for determining the remuneration of corporate bodies, the members of the Executive Committee or the managing director and Company directors.

In accordance with the articles of association, the duties of the Remuneration Committee, elected by the shareholders at a general meeting, are to define the policy for the remuneration of the corporate officers, setting the applicable remuneration taking into account the duties performed, their performance and the Company's economic situation.

The remuneration of officers of the Company is determined by the respective administration body observing the principles of the remuneration policy submitted by the Remuneration Committee for study by the Annual General Meeting as established under article 2 of Statute 28/2009 of 19 June.

On the other hand, it is also up to this Committee to annually confirm the correct implementation of the (fixed and variable) remuneration policy which was approved for the managing bodies' members and for the members of the Company's committees.

II. Remuneration Committee

67. Composition of the remuneration committee including the identification of the persons or companies hired to provide support and declare on the independence of each of its members and advisers.

The committee elected for the four-year period 2018-2021 is composed of the following members: António Manuel Queirós Vasconcelos da Mota, Maria Teresa Queirós Vasconcelos Mota Neves da Costa, both of whom are members of the management body, and Manuel Teixeira Mendes (independent member).

António Manuel Queirós Vasconcelos da Mota (Chairman, non-executive member of the Board of Directors and relative of two executive members) and Maria Teresa Queirós Vasconcelos Mota Neves da Costa (non-executive member of the Board of Directors and relative of two executive members) form the Remuneration Committee, having been elected for these duties by the General Meeting, under a proposal from the majority shareholder Mota Gestão e Participações, SGPS, SA. Their participation on the Remuneration Committee is limited exclusively to the representation of the shareholder interest, intervening there in that capacity and not as members of the management body. To ensure their independence in the performance of these duties, these members do not take part in any discussion or deliberation in which there is or there may be a conflict of interest, specifically when it comes to the setting of their relatives' remunerations as members of the management body. Additionally, it is generally believed, namely by the Annual General Meeting that elected them to their respective positions, that the members of the Remuneration Committee accumulate an experience, a weight and an ethic that allows them to fully protect the interests conferred upon them.

The Company did not hire any natural person or firm to support the Remuneration Committee in its functions.

68. Knowledge and experience of the members of the remuneration committee on remuneration policy.

It is considered that, by virtue of their respective curricula and/or career paths (see Annex 9 "List of offices held by directors"), the three members of the Remuneration Committee have knowledge and experience in matters of remuneration policy. Additionally and when necessary, the Remuneration Committee is assisted by specialized internal or external resources to support their decisions regarding the remuneration policy.

III. Structure of the remuneration

69. Description of the remuneration policy for the management and supervisory bodies referred to in article 2 of Statute 28/2009 of 19 June.

As stipulated by Law 28/2009, of June 19, a declaration on the remuneration policy of the management and supervisory bodies is submitted annually for study to the Annual General Meeting.

The general principles to be observed in the setting of remuneration are the following:

A) Functions performed

The functions performed by each member should be taken into account in the broadest sense of the activity effectively exercised and the associated responsibilities and not solely in a formal sense. All of the directors, executive directors or the members of the Statutory Audit Board will not be in the same position. Consideration of the functions should be made in the broadest sense with the requirement that criteria such as responsibility, the time spent or the value added for the GROUP, which results from a specific type of activity or institutional representation. Such consideration should be taken into account not discounting any functions performed at other companies controlled, which implies an increase in responsibility as well as a cumulative source of income.

In line with the principle enunciated, the GROUP has established a remuneration policy, the coverage of which is extended by segments to members of management and employees based on the international Korn Ferry/HayGroup model for the marking of functions.

In accordance with the current methodology, functions are assessed on the basis of knowledge, complexity and responsibility/autonomy required and fitting subsequently into predefined functional groups, which constitutes the benchmark vector for the determining of conditions in matters of remuneration.

B) Financial situation of the Company

The financial situation of the Company should be taken into consideration together with its interests from a longer term perspective and its growth and the creation of shareholder value.

Within this scope, the GROUP has built its development by means of a short- and medium-term plan (GROUP's Strategic Plan), setting goals and preparing initiatives, the execution of which is subject to periodic assessment through a series of KPI which guide performance along four dimensions: cash-flow generation, internal control/controlled risk, sustainable growth and organizational strengthening.

As the GROUP's Strategic Plan is the instrument which strategically guides the Group, the KPI comprise one of the key components for the assessment of members of the GROUP's management and for the determination of their respective remuneration, driving the incentive mechanisms toward the effective creation of value with a long-term horizon.

C) General market conditions for equivalent situations

The establishment of any remuneration cannot avoid the laws of supply and demand and the members of Company bodies are no exception. Respect for market practises allows professionals to be maintained with a level of performance which is adequate to the complexity of their functions and their responsibilities. It is important that the remuneration should be in line with the market and stimulating as a means for achieving a high level of individual and collective performance assuring not only their own interests but essentially those of the Company and the creation of shareholder value.

Taking into account the above mentioned principle, the periodic auditing of compensation practice as well as their comparison with the market falls within the remuneration policy for the GROUP. To this end the international Korn Ferry/HayGroup methodology for the marking of functions is adopted along with Korn Ferry/HayGroup salary studies aimed at the comparative functional group thus ensuring competitive rationales of adjustments to the strategy for the development of human capital and the evolution of the salary market.

The specific remuneration policy options submitted and approved were the following:

1. The remuneration of executive members of the Board of Directors along with non-executive directors which are not independent will be composed of fixed and variable components.

The remuneration policy embodies two fundamental aspects in the compensation of all members of the GROUP's management and employees: first, the equity/competitiveness of salaries, which is safeguarded by internal analysis and external comparison of the proportion of fixed payments in relation to the function exercised by the post holders (using the Korn Ferry/HayGroup methodology as support); secondly, meritocracy, complementing the fixed salary with a variable component dependent on assessment of performance.

2. The remuneration of non-executive independent members of the Board of Directors, the members of the Statutory Audit Board and the members of the Annual General Meeting Board is composed solely of a fixed component.
3. The fixed component of the remuneration of members of the Board of Directors with executive functions along with the non-executive members who are not independent will consist of a monthly sum payable 14 times per year.
4. The setting of the monthly amount of the fixed component of the remuneration of Board members will be made for all of those who are members of the Executive Committee and for those which, although not part of this committee, are not considered to be independent.
5. The setting of a predetermined sum for each participation in meetings of the members of the Board of Directors will be made for those considered to be independent and have essentially non-executive functions.
6. The fixed remuneration of the members of the Statutory Audit Board and the Board of the Annual General meeting will consist of a fixed amount payable 12 times per year.
7. The process of attribution of variable remuneration to executive members, as well as to non-executive non-independent members, of the Board of Directors should obey the criteria proposed by the Remuneration Committee on the basis of the assessment of the performance carried out, of their rank in the hierarchy, long-term Company performance criteria and its real growth and the performance variable selected.

Under the remuneration policy defined for the GROUP, the variable remuneration is dependent on the assessment of performance, the general principles of which and respective mode of application are to be found in the Corporate Performance Management Model.

The assessment of performance in the GROUP covers two components: quantitative evaluation, measured through the fulfilment of the KPIs indexed to the GROUP's strategic plan and expressed in annual targets, which are set at the beginning of each evaluation cycle; and qualitative evaluation which results from an individual assessment covering key skills for the GROUP (corporate, management and personal skills).

The determination of variable remuneration within the GROUP presupposes the observance of two cumulative conditions: achievement of barrier-targets, defined at the beginning of each annual evaluation cycle and drawn from the GROUP's Strategic Plan; and the satisfactory average achievement of the quantitative targets, weighed with individual qualitative evaluation, which can result in a pay-out amount that varies between predefined minimum and maximum percentages.

In addition, preventive mechanisms are established which inhibit the payment of variable remuneration so as to minimise the incentive for unaligned results with a perspective of the creation of sustainable value with a long-term horizon.

Therefore, no variable remuneration will be allocated were any of the following conditions is found:

- a. One of the barrier-targets (which corresponds to the minimum to be attained in each KPI so that the payment of variable remuneration is eligible) not being attained in accordance with the parameters set at the start of the annual assessment cycle;

- b. The attainment on average of the targets defined by KPI weighted with the individual qualitative assessment being unsatisfactory.
8. In the setting of all remuneration and the specific distribution of the total sum for variable remuneration of the Board members, the general principles quoted above will be observed: functions performed, financial situation of the Company and market criteria.

The GROUP's remuneration policy is extended to cover management and employees and is segmented into predefined functional groups (members of the Board of Directors being included in Top Executives), using the international Korn Ferry/HayGroup model for the marking of functions. Under the GROUP's remuneration policy it is ensured that the fixed remuneration for each functional group (for both the fixed and the variable components) has as its rationale internal equity and salary benchmarking for the market produced periodically.

The policy and remuneration practices of the groups of companies taken as comparative elements for the setting of remuneration, all Portuguese companies of an equivalent size are taken into account by the Remuneration Committee within the limits of accessible information and specifically the PSI-20 as well as companies on other international markets with characteristics equivalent to those of the GROUP.

No agreements for payments by the GROUP are set by the Remuneration Committee for the relief or termination of the functions of directors by agreement.

As already mentioned, the remuneration of non-executive and non-independent members of the management body includes one variable component. The Company believes that, besides having the duty to reward the long-term strategy carried out by the entire Board of Directors, including the non-executive and non-independent directors, this does not pervert their non-executive function.

Besides the articles of association determining that, in overall terms, the variable salary of the Board of Directors cannot exceed 5% of the profits for the financial year, there are mechanisms in the compensation policy in force that aim, on the one hand, to reward the effective creation of value in a long-range perspective, whilst on the other hand, they see to discourage the assumption of excessive risks and behaviours that are out of line with the strategy outlined for the GROUP.

In this way, the fixed and variable compensation is delimited by compensation place holders that have as their rationale the function, the corresponding functional group and the benchmarking in the market of reference. The fixed compensation has an underlying predefined minimum and maximum value by functional group and the variable compensation is dependent on the performance evaluation, which can result in a pay-out amount that varies between predefined minimum and maximum percentages. In aggregate terms, the mix of fixed and variable compensations is balanced, due to the setting of minimum and maximum limits, provided in the scope of the compensation policy.

The Remuneration Committee considers that the way directors compensation is structured is appropriate and this committee deems unnecessary to fix possible maximum, aggregate and/or individual limits regarding the remuneration payable to the members of the board of directors, especially considering that the remuneration policy adopted is in line with the remuneration practices of most of the similar companies included in the PSI-20, when considering the characteristics of the Company.

The members of the Board of Directors did not conclude any contracts with the Company or third parties that will have the effect of mitigating the risk inherent in the variability of their remuneration as fixed by the Company.

70. Information on the mode by which remuneration is structured so as to permit the alignment of the interests of members of the management board with the long term interests of the company together with the mode by which assessment of performance is based while acting as a disincentive to the excessive assumption of risk.

The GROUP's current remuneration policy as approved by the General Meeting seeks to promote the alignment of the interests of the directors and other Company bodies and managers with the interests of the Company in the medium and long term and is based on a fixed basis with a variable component (where applicable) on the basis of the results of the activities carried out and the economic and financial situation of the Company.

As described in paragraph 69, the GROUP's remuneration policy has underlying variable remuneration instruments structured so as to promote the alignment of the interests of the Board of Directors with the longer term interests of the Company which acts as a disincentive to the assumption of excessive risk, particularly by monitoring KPIs associated with the "internal control/controlled risk" dimension.

To this end, indexation mechanisms are defined for variable remuneration based on the assessment of performance which, in turn, is based on KPI set by the GROUP's Strategic Plan, which was defined for a long-term horizon.

Under the quantitative component of the assessment of performance, at the start of each assessment cycle, targets are defined for each KPI.

The determination of the variable remuneration in the GROUP's requires an average satisfactory attainment of the targets set, weighted by the individual qualitative assessment (which may result in a pay-out sum which varies between a preset minimum and maximum percentage).

In addition, preventive mechanisms for the inhibition of the payment of the variable remuneration are established should any of the following conditions be found:

- One of the barrier-targets (which corresponds to the minimum to be attained in each KPI so that the payment of variable remuneration is eligible) not being attained in accordance with the parameters set at the start of the annual assessment cycle;
- The attainment on average of the targets defined by KPI weighted with the individual qualitative assessment being unsatisfactory.

71. Reference, if applicable, to the existence of a variable component of remuneration and information regarding the way this component depends on the performance evaluation.

The remuneration and compensation policy for executive members of the Company's Board of Directors, as well as for non-executive and non-independent members, abides by a plan comprised of: (i) a fixed component defined in accordance with the function, the corresponding position within the functional groups predefined for the GROUP and market benchmarking (supported by the Korn Ferry/HayGroup international methodology for the marking of functions), which includes the base gross remuneration paid in reference to the period of one year; and (ii) a variable component paid as performance bonus, taking into consideration performance, based upon criteria defined and revised annually by the Remuneration Committee.

The criteria for allocating variable compensation to members of the GROUP's management bodies are indexed to the performance evaluation, which falls under the responsibility of the Remuneration Committee.

Performance evaluation comprises two components: quantitative evaluation, measured through the fulfilment of the KPI indexed to the GROUP's Strategic Plan and expressed in annual targets, which are set at the beginning of each evaluation cycle; and qualitative evaluation that results from a discretionary individual evaluation.

The payment of the variable remuneration applicable to key office-holders within the GROUP presupposes the observance of two cumulative conditions: achievement of barrier-targets, defined at the beginning of each annual evaluation cycle, and drawn from the GROUP's Strategic Plan; and the satisfactory average achievement of the quantitative targets, weighed with individual qualitative evaluation, which can result in a pay-out amount that varies between predefined minimum and maximum percentages.

72. Deferral in the payment of the variable component of the remuneration, with mention to the deferment period.

There is no deferral in the payment of the aforesaid variable remunerations mentioned. Nevertheless, the remuneration Committee structures the remuneration of the members of the management body in a way that allows for long-term continuous positive performance of the Company. Ex ante monitoring of positive performance is carried out through the periodic assessment of KPIs drawn from the GROUP's Strategic Plan, enabling monitoring the Company's performance evolution. Ex post, there are mechanisms defined in the remuneration policy that aim to inhibit the payment of the variable remuneration when one of the following conditions is not met:

- One of the barrier-targets (which corresponds to the minimum to be attained in each KPI so that the payment of variable remuneration is eligible) not being attained in accordance with the parameters set at the start of the annual assessment cycle;
- The attainment on average of the targets defined by KPI weighted with the individual qualitative assessment being unsatisfactory.

The Remuneration Committee considers that the way the directors' compensation is structured, particularly the lack of any deferment mechanism for the variable component, is appropriate and allows the alignment of their interests with the interests of the Company in the long run. For the same reason, the Remuneration Committee deems unnecessary to set any possible maximum, aggregate and/or individual limits for the remuneration payable to the members of the governing bodies, especially considering that the adopted remuneration policy is in line with the remuneration practices of most of the similar companies included in the PSI-20, considering the characteristics of the Company.

73. Criteria on which the allocation of variable remuneration in shares is based, as well as regarding the maintenance, by executive directors, of such shares, criteria for the potential conclusion of contracts related to those shares, specifically hedging or risk transfer contracts, their respective limits and relation with the value of total annual remuneration.

The Company does not have, nor plans to have, any remuneration measure in effect that includes the allocation of shares and/or any other incentive system with shares.

74. Criteria for the attribution of variable remuneration in options and indication of the period of deferral and the price of exercise.

The Company presently does not have any means of remuneration which includes the awarding of the rights to acquire stock options.

75. Main parameters and grounds of any annual bonus system or any other non-monetary benefits.

The Company does not have an annual bonus system or other non-monetary benefits.

76. Main characteristics of the complementary pension or early retirement regimes for directors and date on which they were approved individually in a General Meeting.

With the exception of founding directors who are shareholders, the Company does not currently have complementary pension regimes or early retirement for directors. The shareholder directors are also beneficiaries of a retirement plan with defined benefits, which will largely allow them to receive a pension equivalent to 80% of the salary on the date of retirement: This plan was already in effect prior to MOTA-ENGIL's admission to stock exchange.

On 31 December of 2018 and 2017, the accrued amounts of liabilities related to retirement plan benefits set for the above mentioned Board members were as follows:

Members	Value in Euros		
	2018	2017	Variation
António Manuel Queirós V. da Mota	4,799,224	4,785,501	13,723
Maria Manuela Q. V. Mota dos Santos	2,183,927	2,855,574	(671,647)
Maria Teresa Q. V. Mota Neves da Costa	2,070,093	2,247,151	(177,058)
Maria Paula Queirós V. Mota de Meireles	2,163,790	2,243,406	(79,616)
	11,217,034	12,131,632	(914,598)

The variation taken place in 2018 in the accrued liabilities was essentially due to the increase in the retirement age of one of the Board members and to the decrease in the estimated rate of growth of wages.

IV. Publication of remuneration

77. Indication of the annual sum of the remuneration received from the company, in aggregate and individually by the members of the company's management bodies, including fixed and variable remuneration and, regarding the latter, reference to the various components which gave rise to it.

Members	Value in Euros			
	Fixed Component	Variable Component	Attendance Fees	Total
Executive directors				
Gonçalo Nuno Gomes de Andrade Moura Martins	421,507			421,507
Manuel António Fonseca Vasconcelos da Mota	285,000	100,000		385,000
João Pedro Santos Dinis Parreira	301,142			301,142
António Martinho Ferreira Oliveira	291,021			291,021
Ismael Antunes Hernandez Gaspar	288,171			288,171
Carlos António Vasconcelos Mota dos Santos	277,460			277,460
Eduardo João Frade Sobral Pimentel	256,087			256,087
Luís Filipe Cardoso da Silva	241,754			241,754
José Pedro Matos Marques Sampaio de Freitas	217,254			217,254
Non-executive non-independent directors				
António Manuel Queirós Vasconcelos da Mota	476,000			476,000
Arnaldo José Nunes da Costa Figueiredo	411,000			411,000
Maria Paula Queirós Vasconcelos Mota de Meireles	257,107			257,107
Maria Manuela Queirós Vasconcelos Mota dos Santos	251,000			251,000
Maria Teresa Queirós Vasconcelos Mota Neves da Costa	251,000			251,000
Independent non-executive directors				
Luís Valente de Oliveira			60,000	60,000
António Bernardo Aranha da Gama Lobo Xavier			50,000	50,000
António Manuel da Silva Vila Cova			44,500	44,500
Francisco Manuel Seixas da Costa			40,000	40,000
Jorge Paulo Sacadura Almeida Coelho			35,000	35,000
Helena Sofia Salgado Cerveira Pinto			25,000	25,000
Ana Paula Chaves e Sá Ribeiro			20,000	20,000
				4,600,002

There are no plans for allocation of shares or rights to acquire options on shares or any other incentive system with shares, since the criteria related to the variable components of the management bodies' remuneration are those listed in the remuneration policy described in paragraph 69.

Information regarding the connection between remuneration and the performance of management bodies is that which is stated in the remuneration policy described in paragraph 69.

Information regarding the main parameters and the grounds for any system of annual premiums is that which is stated in the remuneration policy described in paragraph 69.

There are no other amounts to be paid for any reason to other companies in a control or group relationship.

78. Amounts paid for any reason by other companies in a control or GROUP relationship or subject to a common control.

The sums paid by other GROUP companies are set out in the table of the paragraph above.

79. Remuneration paid as a form of share of profits and/or payment of bonuses and the reasons for said bonuses and/or the profit share granted.

The variable component of the Board of Directors members' remuneration corresponds to a performance bonus and depends on performance assessment, whose general principles and application method are provided for in the Performance Management Corporate Model, as previously explained in paragraph 69.

The amounts paid to the non-independent executive directors and to the non-executive directors as a form of share of profits and/or payment of bonuses are explained in the table contained in paragraph 77.

80. Compensation paid or owed to former executive directors relating to the termination of their functions during the period.

No compensation was paid to former executive directors relating to the termination of their functions during the period.

81. Indication of the annual remuneration received, in aggregate and individually, by members of the Company's supervisory bodies for the purposes of Statute no. 28/2009, of 19 June.

		Value in Euros
Members	Company	Total
Alberto João Coraceiro de Castro	Mota-Engil SGPS	30,000
José Rodrigues de Jesus	Mota-Engil SGPS	30,000
Horácio Fernando Reis Sá	Mota-Engil SGPS	8,000
		68,000

Additionally, the Auditing Firm PricewaterhouseCoopers & Associados – SROC, Lda received, in the Company and in companies in a control or GROUP relationship, the amount of 1,522,863 Euros during 2018 (see paragraphs 46 and 47).

82. Indication of the remuneration of the chairperson of the annual general meeting for the period.

During 2018, the current chair of the Annual General Meeting received 3,839 Euros.

V. Agreements with remunerative implications

83. Contractual limitations for the compensation to be paid for undue termination of a director and its relationship with the variable component of the remuneration.

No limits are contractually set for the compensation to be paid for undue termination of a director other than that provided for in law. The Company will resort to the legal instruments available in law adequate for this situation, particularly if the performance of the director is inadequate. On the other hand, there is no legal instrument entered into with directors requiring the Company in cases provided for in recommendation III.8, the payment of any damages or compensation beyond what is legally required.

84. Reference to the existence and description with indication of the amounts involved in agreements between the company and officers on the board and managers in the context of article 248-B, paragraph 3 of the Portuguese Securities Code which provides for compensation in case of dismissal, termination without due cause or termination of the employment relationship following a change in control of the Company. (Article 245-A, paragraph 1, subparagraph I)).

No agreements were entered into between the Company and directors and managers which provide for compensation in case of dismissal, termination without due cause or termination of the employment relationship following a change in control of the Company.

VI. Plans for the awarding of shares or stock options

85. Identification of the plan and the respective awardees.

The Company presently does not have any means of remuneration which includes the awarding of the rights to acquire stock options.

86. Characterisation of the plan (conditions for the awarding, clauses prohibiting the disposal of shares, criteria relating to the price of the shares and the price for the exercise of options, the period during which the options may be exercised, characteristics of the shares or options to be awarded, the existence of incentives for the acquisition of shares and/or the exercise of options).

The Company presently does not have any means of remuneration which includes the awarding of the rights to acquire stock options.

87. Option rights awarded for the acquisition of shares (stock options) of which employees and collaborators of the company are beneficiaries.

The Company presently does not have any means of remuneration which includes the awarding of the rights to acquire stock options.

88. Mechanisms of control provided for in any system of employee participation in the company capital where the rights to vote are not exercised directly by the latter (art. 245-A, paragraph 1, subparagraph e)).

The Company presently does not have any means of remuneration which includes the awarding of the rights to acquire stock options.

E. TRANSACTIONS WITH RELATED PARTIES

I. Mechanisms and control procedures

89. Mechanisms implemented by the Company for the purposes of the control of transactions with related parties.

All business carried out between the Company and related parties respects the interests of the Company and its subsidiaries and is undertaken in the normal conditions of the market. The mechanisms implemented for the control of transactions go through specific administrative procedures which derive from regulatory requirements including those relating to transfer pricing regulations and the obligation of prior appraisal by the Statutory Audit Board of the transactions realised with the holders of qualified shares or entities related with them, under the terms of article 20 of the Portuguese Securities Code, or its respective renewals, the aggregate value of which per entity is not greater than 500,000 Euros per year.

90. Indication of the transactions which were subject to control in the period in question.

During 2018 there were no transactions that required submission to control on the part of the Statutory Audit Board.

91. Description of the procedures and criteria applicable to the actions of the supervisory body for the purposes of the prior assessment of the transactions to be carried out between the company and the holders of qualified shares or entities with which there is a relationship under the terms of article 20 of the Portuguese Securities Code.

As provided for by the regulations for the functioning of the Statutory Audit Board, the body is responsible for the prior study of transactions entered into with the holders of qualified shares or related entities, under the terms of article 20 of the Portuguese Securities Code, or the respective renewals, the added value of which per entity is greater than 500,000 Euros per year.

II. Elements relative to the business

92. Indication of the site of accounting documents where information is available on business with related parties in accordance with IAS 24 or, alternately, the reproduction of this information.

The information on business carried out with related parties is described in Note 42 to the consolidated financial accounts in the Consolidated Report & Accounts 2018.

PART II – ASSESSMENT OF CORPORATE GOVERNANCE

1. IDENTIFICATION OF THE CORPORATE GOVERNANCE CODE ADOPTED

The present report is in line with the model contained in the annex to the CMVM Regulation no. 4/2013, of 1 August, and is based on Corporate Governance Code of the Instituto Português de Corporate Governance (2018) available on its webpage www.cgov.pt.

2. ANALYSIS OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE ADOPTED

Breakdown of the recommendations included in the Corporate Governance Code of the *Corporate Governance* Portuguese Institute adopted and not adopted by MOTA-ENGL:

Recommendation/chapter	Fulfilment	Report
I. GENERAL SECTION		
I.1. Relations of the Company with investors and information		
I.1.1. The Company must set up mechanisms that ensure, in an adequate and thorough manner, the production, processing and timely disclosure of information to its governing bodies, to the shareholders, to the investors and remaining stakeholders, to the financial analysts and to the overall market.	In compliance	21, 56 and 58
I.2. Diversity in the composition and operation of the Company's bodies		
I.2.1. The Companies must establish criteria and requirements regarding the profile of the Company bodies' new members that are adequate to the duties to be performed and which must take into consideration not only individual qualities (such as competence, independence, integrity, availability and experience) but also diversity-related requirements, with special focus on the gender, which may contribute to improving the performance of the relevant body and the balance in the respective composition.	In compliance	21
I.2.2. The managing and supervisory bodies and their internal committees must have internal regulations — particularly concerning the fulfilment of the respective responsibilities, chairman duties, frequency of meetings, operation and framework of their members' duties — with detailed minutes being drawn up from the respective meetings.	In compliance	21
I.2.3. The internal regulations of the managing and supervisory bodies and their internal committees must be fully disclosed on the website.	Not in compliance	22 and 34
I.2.4. The composition and the number of annual meetings of the managing and supervisory bodies and their internal committees must be disclosed on the Company's website.	In compliance	17, 21, 23 and 35
I.2.5. The internal regulations of the Company must provide for the existence and ensure the operation of mechanisms of detection and prevention of irregularities, as well as the adoption of a whistleblowing policy, that guarantees the adequate means for communicating and processing the irregularities of said irregularities while safeguarding the confidentiality of the information transmitted and the identity of the notifier, whenever such identity is requested.	In compliance	49
I.3. Relations between Company's bodies		
I.3.1. The articles of association or other equivalent channels adopted by the Company must set out mechanisms so as to guarantee that, within the limits of the applicable legislation, the managing and supervisory bodies' members are permanently granted access to all information and workers of the Company for purposes of assessment of the performance, situation and development of prospects of the Company, including, but not limited to, the minutes, the documentation supporting the decisions taken and the notices and filing of the executive administration body meetings, without prejudice to access to any other documents or persons from whom clarifications may be requested.	In compliance	21
I.3.2. Each body and committee of the Company must ensure, in a timely and adequate manner, the flow of information, starting with the respective notices and minutes, that is necessary to the exercise by each of the remaining bodies and committees of the powers laid down under legislation and in the articles of association.	In compliance	21
I.4. Conflicts of Interest		
I.4.1. The company bodies and committees' members must assume the obligation of occasionally informing the respective body or committee on facts that might constitute or give rise to a conflict between their interests and the social interest.	In compliance	26
I.4.2. Procedures preventing the member in a situation of conflict of interest from interfering in the decision-taking process, without prejudice to the duty to provide information and clarifications that the body, the committee or the respective members may request to said member, must also be adopted.	In compliance	26 and 67
I.5. Transactions with related parties		
I.5.1. The managing body must set out, following the supervisory body's prior and binding opinion, the type, scope and the minimum, individual or aggregate value of the business to be developed with related parties that: (i) requires the prior approval of the managing body (ii) and the business that, on account of its high value, requires a further prior favourable opinion from the supervisory body.	In compliance	89
I.5.2. The managing body must, at least every six months, report to the supervisory body all business covered by Recommendation I.5.1.	Not applicable	

Recommendation/chapter	Fulfillment	Report
II. SHAREHOLDERS AND GENERAL MEETING		
II.1. The Company must not establish an excessively high number of shares necessary for granting the right to one vote, and must clarify in the governance report its option whenever it implies a deviation from the principle that each share corresponds to one vote.	In compliance	12
II.2. The Company shall not adopt mechanisms that hinder the passing of resolutions by shareholders, including fixing a quorum for resolutions greater than that provided for by law.	In compliance	14
II.3. The Company must implement the means adequate for exercising the voting right by correspondence, including by electronic means.	In compliance	12
II.4. The Company must implement the means that enable the shareholders' participation in the general meeting by telematic means.	In compliance	12
II.5. The Company's articles of association that provide for the restriction of the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders, shall also foresee for a resolution by the general meeting, at least every five years, on whether that statutory provision is to be amended or prevails – without higher quorum requirement than that legally in force – and that in said resolution all votes issued be counted, without applying said restriction.	Not applicable	
II.6. Measures that determine payments or assumption of fees by the Company in the event of change of control or change in the composition of the managing body and which appear likely to impair the economic interest in the transfer of shares and the free assessment by shareholders of the performance of the board members shall not be adopted.	In compliance	4

III. NON-EXECUTIVE MANAGEMENT AND SUPERVISION		
III.1. Without prejudice to the legal responsibilities of the chairman of the Board of Directors, if said chairman is not independent, the independent board members must nominate a coordinator from among themselves (a <i>lead independent director</i>), particularly for (i) acting, whenever necessary, as an interlocutor, with the chairman of the Board of Directors and with the remaining board members, (ii) arranging that said chairman and directors have a set of conditions and means necessary to the performance of their duties; and (iii) coordinating them in the assessment of the managing body's assessment provided for in recommendation V.1.1.	In compliance	21
III.2. The number of non-executive members of the managing body, as well as the number of members of the supervisory body and the number of members of the committee for financial matters must be suitable to the size of the Company and to the complexity of the risks inherent to its activity, but sufficient for efficiently ensuring the duties allocated to it.	In compliance	17 and 31
III.3. In any case, the number of non-executive board members must be higher than that of executive board members.	In compliance	17 and 18
III.4. Each Company must include a number not less than one third, but always plural, of non-executive board members who meet the independence requirements. For purposes of this recommendation, an independent person is regarded as a person who is in no way associated with any specific group of interests in the Company nor is in any circumstance liable to affect their unbiased analysis of decision-taking, namely due to: <ul style="list-style-type: none"> (i) Having performed, for more than twelve years, in an ongoing or interspersed manner, duties in any body of the Company; (ii) Having been a worker of the Company or of company in a control or group relationship with the former in the last three years; (iii) Having, in the last three years, provided services or established a significant business relation with the Company or with Company in a control or group relationship with the former, directly or as a partner, director, manager or officer of a legal person; (iv) Being the recipient of a remuneration paid by the Company or by company in a control or group relationship with the former apart from the remuneration resulting from the performance of director duties; (v) Being the unmarried partner or spouse, lineal and collateral relative up to the third degree of consanguinity or affinity of Company board members, of directors of a legal person with a qualified holding in the Company or of individuals directly or indirectly holding a qualified holding; (vi) Having a qualified holding or representing a shareholder holding qualified holdings. 	In compliance	18
III.5. The provisions in subparagraph (i) of Recommendation III.4 do not prevent a new director from being deemed as independent provided that at least three years have elapsed (cooling-off period), between the termination of their term of office in any body of the Company and their new nomination.	Not applicable	
III.6. The non-executive Board members must take part in the definition by the managing body of the strategy, main policies, corporate structure and decisions that should be considered of strategic essence to the Company due to its amount or risk, as well as in the assessment of the their execution.	In compliance	21
III.7. The general and supervisory board must, within the framework of its powers under the law and articles of association, collaborate with the executive administration board with regards to the definition of the strategy, main policies, corporate structure and decisions that should be deemed of strategic importance to the Company, due to their amount or risk, as well as the assessment of the compliance of said strategy, policies and decisions.	Not applicable	
III.8. In observance of the its powers conferred by law, the supervisory body must particularly follow up, assess and give its opinion on the strategic lines and risk policy defined by the managing body and give its opinion on it.	Partially in compliance	21 and 38
III.9. The companies must set out specialised internal committees adequate to its size and complexity that cover, separately or cumulatively, matters related to corporate governance, remunerations, performance assessment and nominations.	In compliance	21
III.10. The structure of the risk, internal control and internal audit management systems must be adequate to the size of the Company and to the complexity of the risks inherent to its activity.	In compliance	50, 54 and 55
III.11. The supervisory body and the committee for financial matters must assume the responsibility of inspecting the efficiency of the risk, internal control and internal audit management systems and propose any adjustments that prove necessary.	In compliance	50 and 51
III.12. The supervisory body must decide on the work plans and resources allocated to the internal control services, including control over the compliance with the standards applied to the Company and internal audit services, and must receive the reports drawn up by those services, at least when associated with matters related to accountability, identification or resolution of conflicts of interest and the detection of potential irregularities.	In compliance	38, 49 and 50

IV. EXECUTIVE BOARD		
IV.1. The managing body must approve, through internal regulations or equivalent form, the scheme for the executive board members' action and the performance of their executive duties in entities outside the group.	In compliance	21 and 26
IV.2. The managing body must ensure that the Company acts in accordance with its objectives and may not delegate its responsibilities namely as regards the following: i) definition of the strategy and general policies of the Company; ii) organisation and coordination of the corporate structure; iii) matters that should be considered strategic due to the amount, risk and particular characteristics involved.	In compliance	21
IV.3. The managing body must establish goals regarding the assumption of risks and ensure those goals are achieved.	In compliance	50 to 55
IV.4. The supervisory body must be internally organised, by implementing periodic mechanisms and control procedures with the scope of ensuring that the risks actually incurred by the Company are in line with the objectives established by the managing body.	In compliance	50

Recommendation/chapter	Fulfilment	Report
V. PERFORMANCE ASSESSMENT, REMUNERATIONS AND NOMINATIONS		
V.1 Performance Annual Assessment		
V.1.1. The managing body must assess, on an annual basis, its assessment as well as the assessment of its committees and delegate board members, considering the fulfilment of the Company's strategic plan and the budget, the risk management, its internal operation and the contribution of each member to that effect, and the relation between bodies and committees of the Company.	In compliance	21 and 24
V.1.2. The supervisory body must inspect the Company and particularly assess, on an annual basis, the fulfilment of the strategic plan and the budget of the Company, the risk management, the internal operation of the managing body and its committees as well as the relations between bodies and committees of the Company.	In compliance	38 and 50
V.2 Remunerations		
V.2.1. Remunerations are to be established by a committee the composition of which ensures its independence from the managing body.	In compliance	67 and 69
V.2.2. The remuneration committee must approve, at the start of each mandate, and enforce and confirm, on an annual basis, the remuneration policy of the members of the Company's bodies and committees, within the scope of which the fixed remuneration components are established, and, with regards to executive board members or board members occasionally invested with executive tasks, in case there is a variable remuneration component, the respective criteria of award and measurement, limitation mechanisms, the deferment of payment of remuneration mechanisms and the remuneration mechanisms based on stock options or shares of the Company itself.	In compliance	66
V.2.3. A statement on the remuneration policy of the management and supervisory bodies referred to in article 2 of Statute 28/2009 of 19 June, shall also contain the following: (i) The total remuneration broken down per the various components, the relative proportion of the fixed remuneration and variable remuneration, an explanation for the manner in which the total remuneration complies with the remuneration policy adopted, including the manner in which it contributes to the performance of the Company on the long term, and information on the manner in which the award criteria were applied; (ii) The remuneration derived from Companies belonging to the same group; (iii) The number of shares and stock options granted or offered, and the main conditions for exercising the rights, including the price and date of that exercise and any amendment to those conditions; (iv) Information on the possibility of requesting the refund of a variable remuneration; (v) Information on the removal of the procedure for applying the remuneration policy approved, including an explanation over the nature of the exceptional circumstances and indication of the specific elements which are subject to an exemption; (vi) information regarding the enforceability or unenforceability of payments for the termination of appointment of board members.	In compliance	69 to 81
V.2.4. For each mandate, the remuneration committee must also approve the directors' pension regimes, of the articles of association so permit, and the maximum amount of all compensations to be paid to the member of any body or committee of the Company on account of the respective termination of appointment.	In compliance	76
V.2.5. In order to provide information or clarifications to the shareholders, the chairman or, if the chairman is absent, another member of the remuneration committee, must attend the annual general meeting or any other meetings if the respective agenda includes a matter related to the remuneration of the members of bodies and committees of the Company or if such attendance is required by the shareholders.	In compliance	21
V.2.6. Within the budgetary constraints of the Company, the remuneration committee must be able to freely decide on the contracting by the Company of the consultancy services deemed necessary or convenient for the exercise of the committee's duties. The Remuneration Committee must ensure that the services are provided independently and that the respective providers have not been contracted for providing any other services to the Company or to other companies in a control or group relationship with the former without the Committee's express authorisation.	In compliance	67
V.3 Remuneration of Board members		
V.3.1. Considering the alignment of interests between the Company and the executive board members, a part of the those members' remuneration must be of a variable nature so as to reflect the sustained performance of the Company and in order not to encourage the assumption of excessive risks.	In compliance	69
V.3.2. A significant part of the variable component must be partially deferred in time for a period of not less than three years, so as to associate it with the sustained performance, under the terms defined in internal regulation of the Company.	Not in compliance	72
V.3.4. When the variable remuneration includes the allocation of options or other instruments directly or indirectly dependant on the value of shares, the beginning of the exercise period shall be deferred for a period of not less than three years.	Not applicable	73
V.3.5. The remuneration of non-executive board members shall not include any component the value of which depends on the performance of the company or its value.	In compliance	69
V.3.6. The Company must have appropriate legal instruments in force that prevent a termination of an appointment before the end of the mandate from giving rise, directly or indirectly, to the payment to the board member of any amounts beyond those already provided for under the law, and must explain the legal instruments adopted in the Company's governance report.	In compliance	69
V.4. Nominations		
V.4.1. The Company must, in the manner which it deems most appropriate, but in a way that can be demonstrable, arrange for the proposals for the election of the corporate bodies' members to be accompanied by a statement of grounds with regards to the adequacy of the profile, knowledge and resume to the duties to be performed by each candidate.	In compliance	21
V.4.2. Unless the size of the Company does not call for it, the function of follow-up and support to the nominations of the senior managers must be attributed to a nominations committee.	In compliance	16 and 21
V.4.3. That committee includes a majority of non-executive independent members.	Not in compliance	21 and 67
V.4.4. The nominations committee must provide its terms of reference and encourage, within the limits of its powers, transparent selection processes that include effective mechanisms for the identification of potential candidates, and arrange that the candidates who prove to be of worth, who are better meet the requirements of the relevant function and who represent, within the organisation, an appropriate diversity, namely of gender, are taken into consideration.	In compliance	21

Recommendation/chapter	Fulfilment	Report
VI. RISK MANAGEMENT		
VI.1. The Managing body must debate and approve the strategic plan and the risk policy of the Company, including the definition of the levels of risk deemed acceptable.	In compliance	50 to 55
VI.2. Based on its risk policy, the Company must implement a risk management system, identifying (i) the main risks to which it is subject in the course of its activity, (ii) the probability of occurrence of said risks and the respective impact, (iii) the instruments and measures to be adopted with a view to the respective mitigation, (iv) the monitoring procedures so that they may be followed up and (v) the system inspection, periodic assessment and adjustment procedure.	In compliance	53 and 54
VI.3. The Company must assess, on an annual basis, the degree of internal compliance and the performance of the risk management system, as well as the prospect of change to the risk framework referred to above.	In compliance	54
VII. FINANCIAL INFORMATION		
VII.1 Financial Information		
VII.1.1. The internal regulation of the supervisory body must determine that this body inspects the adequacy of the process of preparation and disclosure by the managing body of financial information, including the adequacy of the relevant accounting policies, estimates, judgements, disclosures and their consistent application between financial years, in a duly documented and disclosed fashion.	In compliance	38
VII.2 Statutory audit and Supervision		
VII.2.1. It is up to the supervisory body, by way of internal regulation, to define: (i) The criteria and the process of selection of the statutory auditor; (ii) The methodology of communication between the Company and the statutory auditor; (iii) The inspection procedures aimed at ensuring the statutory auditor's independence; (iv) The services other than audit which may not be provided by the statutory auditor.	In compliance	37 and 38
VII.2.2. The supervisory body must be the main representative of the statutory auditor in the Company and the first recipient of the relevant reports, and is responsible, inter alia, for proposing the relevant remuneration and ensuring that the proper conditions for the provision of services are provided within the Company.	In compliance	38
VII.2.3. The supervisory board must assess the statutory auditor on an annual basis, the respective independence and adequacy to the performance of their duties and propose to the competent body their dismissal or termination of the contract as to the provision of their services when there is a valid basis for said dismissal.	In compliance	37 and 38
VII.2.4. The statutory auditor must, within the scope of the respective duties, verify the implementation of remuneration policies and systems of the corporate bodies as well as the efficiency and effectiveness of the internal control mechanisms and report any shortcomings to the supervisory body.	In compliance	38 and 50
VII.2.5. The statutory auditor must collaborate with the supervisory body, promptly reporting any information on irregularities relevant to the performance of the supervisory body's duties that the auditor may have detected as well as any difficulties encountered in the performance of the auditor's duties.	In compliance	38 and 50

3. OTHER INFORMATION

There are no recommendations of which the failure to observe or to apply require subsequent justification.





04

Annexes



MOTAENGIL

1 - DECLARATION UNDER THE TERMS OF ARTICLE 245, PARAGRAPH 1, SUBPARAGRAPH C) OF CVM (SECURITIES CODE)

Under the terms of article 245, paragraph 1, subparagraph c) of the Securities Code, the members of the Board of Directors declare that, to the best of their knowledge, the financial information contained in this report and accounts has been drawn up according to the International Financial Reporting Standards (IFRS) as adopted by the European Union, providing a true and appropriate image of assets and liabilities, the financial situation and the results of MOTA-ENGIL and companies included in the consolidation perimeter, and that this management report faithfully expresses the progression of the business, the performance and the position of MOTA-ENGIL and the companies included in the consolidation perimeter, and contains a description of the main risks and uncertainties with which they are confronted.

Porto, 11 March 2019

António Manuel Queirós Vasconcelos da Mota
Chairman of the Board of Directors

Gonçalo Nuno Gomes de Andrade Moura Martins
Deputy-chairman of the Board of Directors and
Chief Executive Officer

Arnaldo José Nunes da Costa Figueiredo
Deputy-chairman of the Board of Directors

Jorge Paulo Sacadura Almeida Coelho
Non-executive and independent Deputy-Chair of the
Board of Directors

Maria Manuela Queirós Vasconcelos Mota dos Santos
Member of the Board of Directors

Maria Teresa Queirós Vasconcelos Mota Neves da Costa
Member of the Board of Directors

Maria Paula Queirós Vasconcelos Mota de Meireles
Member of the Board of Directors

Carlos António Vasconcelos Mota dos Santos
Member of the Board of Directors and
Member of the Executive Committee

Ismael Antunes Hernandez Gaspar
Member of the Board of Directors and
Member of the Executive Committee

José Pedro Matos Marques Sampaio de Freitas
Member of the Board of Directors and
Member of the Executive Committee (Chief Financial Officer)

Manuel António da Fonseca Vasconcelos da Mota
Member of the Board of Directors and
Member of the Executive Committee

João Pedro dos Santos Dinis Parreira
Member of the Board of Directors and
Member of the Executive Committee

Eduardo João Frade Sobral Pimentel
Member of the Board of Directors and
Member of the Executive Committee

Luís Filipe Cardoso da Silva
Member of the Board of Directors and
Member of the Executive Committee

António Martinho Ferreira de Oliveira
Member of the Board of Directors

Luís Valente de Oliveira
Non-executive and independent member of the
Board of Directors

António Bernardo Aranha da Gama Lobo Xavier
Non-executive and independent member of the
Board of Directors

António Manuel da Silva Vila Cova
Non-executive and independent member of the
Board of Directors

Francisco Manuel Seixas da Costa
Non-executive and independent member of the
Board of Directors

Helena Sofia Salgado Cerveira Pinto
Non-executive and independent member of the
Board of Directors

Ana Paula Chaves e Sá Ribeiro
Non-executive and independent member of the
Board of Directors

2 - ARTICLES 324, PARAGRAPH 2 AND ARTICLE 66, PARAGRAPH 5, SUBPARAGRAPH D) OF THE PORTUGUESE COMMERCIAL COMPANIES CODE

During the financial year of 2018, for considering that the listed value of the share did not reflect its fair value, MOTA-ENGIL purchased 2,451,769 own shares (representing 1.03% of its share capital), broken down as follows:

Date	Buy / Sell	Inside / Outside market	Price	No. of shares	Total cost incurred
11/09/2018	Buy	Inside	2.150 €	5,000	10,750
11/09/2018	Buy	Inside	2.155 €	55,000	118,525
12/09/2018	Buy	Inside	2.175 €	20,000	43,500
12/09/2018	Buy	Inside	2.200 €	20,000	44,000
12/09/2018	Buy	Inside	2.205 €	7,853	17,316
12/09/2018	Buy	Inside	2.210 €	2,147	4,745
12/09/2018	Buy	Inside	2.215 €	20,000	44,300
13/09/2018	Buy	Inside	2.170 €	21,480	46,612
13/09/2018	Buy	Inside	2.180 €	80,000	174,400
13/09/2018	Buy	Inside	2.185 €	5,000	10,925
13/09/2018	Buy	Inside	2.210 €	10,000	22,100
13/09/2018	Buy	Inside	2.215 €	10,000	22,150
18/09/2018	Buy	Inside	2.155 €	10,883	23,453
18/09/2018	Buy	Inside	2.160 €	17,029	36,783
18/09/2018	Buy	Inside	2.165 €	44,588	96,533
18/09/2018	Buy	Inside	2.170 €	10,000	21,700
18/09/2018	Buy	Inside	2.180 €	2,500	5,450
19/09/2018	Buy	Inside	2.150 €	7,609	16,359
19/09/2018	Buy	Inside	2.170 €	11,461	24,870
21/09/2018	Buy	Inside	2.115 €	15,000	31,725
21/09/2018	Buy	Inside	2.120 €	45,000	95,400
21/09/2018	Buy	Inside	2.135 €	15,000	32,025
05/10/2018	Buy	Inside	1.946 €	6,939	13,503
05/10/2018	Buy	Inside	1.948 €	5,991	11,670
05/10/2018	Buy	Inside	1.950 €	163,806	319,422
08/10/2018	Buy	Inside	1.910 €	16,432	31,385
08/10/2018	Buy	Inside	1.912 €	13,568	25,942
08/10/2018	Buy	Inside	1.916 €	4,106	7,867
08/10/2018	Buy	Inside	1.918 €	1,386	2,658
08/10/2018	Buy	Inside	1.920 €	14,508	27,855
09/10/2018	Buy	Inside	1.828 €	10,000	18,280
09/10/2018	Buy	Inside	1.830 €	25,000	45,750
09/10/2018	Buy	Inside	1.834 €	5,000	9,170
09/10/2018	Buy	Inside	1.836 €	2,000	3,672
09/10/2018	Buy	Inside	1.838 €	2,785	5,119
09/10/2018	Buy	Inside	1.840 €	50,215	92,396
09/10/2018	Buy	Inside	1.860 €	15,856	29,492
10/10/2018	Buy	Inside	1.790 €	1,142	2,044
10/10/2018	Buy	Inside	1.820 €	50,000	91,000
10/10/2018	Buy	Inside	1.830 €	50,000	91,500
10/10/2018	Buy	Inside	1.840 €	50,000	92,000
10/10/2018	Buy	Inside	1.844 €	3,064	5,650
10/10/2018	Buy	Inside	1.860 €	10,000	18,600
10/10/2018	Buy	Inside	1.866 €	10,000	18,660
10/10/2018	Buy	Inside	1.870 €	10,000	18,700
17/10/2018	Buy	Inside	1.860 €	20,000	37,200
17/10/2018	Buy	Inside	1.868 €	5,299	9,899
17/10/2018	Buy	Inside	1.870 €	54,528	101,967
17/10/2018	Buy	Inside	1.874 €	11,719	21,961

Date	Buy / Sell	Inside / Outside market	Price	No. of shares	Total cost incurred
17/10/2018	Buy	Inside	1.876 €	10,000	18,760
17/10/2018	Buy	Inside	1.878 €	11,648	21,875
17/10/2018	Buy	Inside	1.880 €	191,186	359,430
18/10/2018	Buy	Inside	1.840 €	20,000	36,800
23/10/2018	Buy	Inside	1.690 €	20,000	33,800
23/10/2018	Buy	Inside	1.700 €	10,000	17,000
23/10/2018	Buy	Inside	1.702 €	2,000	3,404
23/10/2018	Buy	Inside	1.704 €	2,000	3,408
23/10/2018	Buy	Inside	1.706 €	2,000	3,412
26/10/2018	Buy	Inside	1.700 €	17,657	30,017
31/10/2018	Buy	Inside	1.748 €	2,000	3,496
31/10/2018	Buy	Inside	1.750 €	2,000	3,500
31/10/2018	Buy	Inside	1.752 €	2,000	3,504
31/10/2018	Buy	Inside	1.754 €	2,000	3,508
31/10/2018	Buy	Inside	1.756 €	2,000	3,512
06/11/2018	Buy	Inside	1.690 €	4,134	6,986
06/11/2018	Buy	Inside	1.696 €	21,981	37,280
06/11/2018	Buy	Inside	1.698 €	20,000	33,960
06/11/2018	Buy	Inside	1.700 €	3,000	5,100
06/11/2018	Buy	Inside	1.710 €	51,700	88,407
06/11/2018	Buy	Inside	1.712 €	3,000	5,136
06/11/2018	Buy	Inside	1.718 €	2,500	4,295
07/11/2018	Buy	Inside	1.730 €	17,043	29,484
08/11/2018	Buy	Inside	1.760 €	50,000	88,000
08/11/2018	Buy	Inside	1.770 €	32,957	58,334
13/11/2018	Buy	Inside	1.680 €	2,000	3,360
13/11/2018	Buy	Inside	1.690 €	50,000	84,500
14/11/2018	Buy	Inside	1.630 €	136,380	222,299
14/11/2018	Buy	Inside	1.632 €	20,000	32,640
14/11/2018	Buy	Inside	1.634 €	20,000	32,680
14/11/2018	Buy	Inside	1.636 €	20,000	32,720
14/11/2018	Buy	Inside	1.638 €	20,000	32,760
14/11/2018	Buy	Inside	1.640 €	70,000	114,800
14/11/2018	Buy	Inside	1.650 €	50,000	82,500
15/11/2018	Buy	Inside	1.590 €	35,731	56,812
15/11/2018	Buy	Inside	1.600 €	25,000	40,000
15/11/2018	Buy	Inside	1.610 €	66,243	106,651
15/11/2018	Buy	Inside	1.620 €	58,757	95,186
15/11/2018	Buy	Inside	1.630 €	63,620	103,701
15/11/2018	Buy	Inside	1.640 €	50,000	82,000
19/11/2018	Buy	Inside	1.578 €	10,000	15,780
19/11/2018	Buy	Inside	1.580 €	5,000	7,900
20/11/2018	Buy	Inside	1.508 €	7,338	11,066
20/11/2018	Buy	Inside	1.510 €	20,000	30,200
21/11/2018	Buy	Inside	1.502 €	5,000	7,510
21/11/2018	Buy	Inside	1.504 €	5,000	7,520
21/11/2018	Buy	Inside	1.506 €	29,286	44,105
21/11/2018	Buy	Inside	1.508 €	714	1,077
22/11/2018	Buy	Inside	1.498 €	50,000	74,900
22/11/2018	Buy	Inside	1.500 €	50,000	75,000
12/12/2018	Buy	Inside	1.564 €	5,000	7,820
12/12/2018	Buy	Inside	1.566 €	25,000	39,150
TOTAL				2,451,769	4,444,029

On 31 December 2018, MOTA-ENGIL held 6,091,581 own shares corresponding to 2.56% of its share capital, grant no voting rights.

3 - ARTICLE 447 OF THE PORTUGUESE COMMERCIAL COMPANIES CODE

Disclosure of shares and other securities held by members of the Board of Directors and by key office-holders, as well as people closely related to them, under the terms of article 248-B of the Portuguese Securities Code, and of transactions thereon made over the course of the financial year.

Annex to which Article 477 of the Portuguese Commercial Companies Code refers:

Directors	Date	Holding shares of									
		MOTA-ENGIL, SGPS, SA					MGP, SGPS, SA		FM, SGPS, SA		
		Qt.	Price	Buy / Sell	Inside/ Outside market	%	Qt.	%	Qt.	%	
António Manuel Queirós Vasconcelos da Mota	Opening balance	5,550,020				2.34%	0	0.0%	28,701	34.48%	
	03 September 2018	-1,400,000		Donation							
	09 October 2018	10,000	1.836	Buy	Inside						
	22 November 2018	50,000	1.513	Buy	Inside						
	Closing balance	4,210,020				1.77%	0	0.0%	28,701	34.48%	
Maria Manuela Queirós Vasconcelos Mota dos Santos	Opening balance	3,675,066				1.55%		0.0%	17,902	21.51%	
	28 May 2018	-300,000		Donation							
	Closing balance	3,375,066				1.42%	0	0.0%	17,902	21.51%	
Maria Teresa Queirós Vasconcelos Mota Neves da Costa	Closing balance	3,676,836				1.55%	0	0.0%	17,902	21.51%	
Maria Paula Queirós Vasconcelos Mota de Meireles	Closing balance	4,494,211				1.89%	0	0.0%	17,902	21.51%	
Carlos António Vasconcelos Mota dos Santos	Opening balance	80,000				0.03%					
	28 May 2018	300,000		Donation							
	Closing balance	380,000				0.16%					
Maria Sílvia Fonseca Vasconcelos Mota	Opening balance	87,061				0.04%					
	03 September 2018	350,000		Donation							
	Closing balance	437,061				0.18%					
José Manuel Mota Neves da Costa	Closing balance	35,000				0.01%					
Manuel António da Fonseca Vasconcelos da Mota	Opening balance	90,000				0.04%					
	03 September 2018	350,000		Donation							
	Closing balance	440,000				0.19%					
Luís Filipe Cardoso da Silva	Closing balance	12,500				0.01%					
Gonçalo Nuno Gomes de Andrade Moura Martins	Closing balance	12,435				0.01%					
Ismael Antunes Hernandez Gaspar	Closing balance	1,000				0.00%					
José Pedro Matos Marques Sampaio de Freitas	Closing balance	20,138				0.01%					
Alberto João Coraceiro de Castro	Closing balance	2,200				0.00%					
António Lago Cerqueira, S.A.	Closing balance	3,091,577				1.30%					
António Cândido Lopes Natário	Closing balance ⁽¹⁾	10,000				0.00%					
Rui Jorge Teixeira de Carvalho Pedroto	Closing balance ⁽¹⁾	2,000				0.00%					
F.M. - Sociedade de Controlo, SGPS, SA	Closing balance	-				-	6,337,640	100.0%			

(1) Position on 31 December of 2018 and on the date of its appointment for the Company bodies of Mota-Engil SGPS.

Directors	Date	Holding shares of								
		MOTA-ENGL, SGPS, SA					MGP, SGPS, SA		FM, SGPS, SA	
		Qt.	Price	Buy / Sell	Inside/ Outside market	%	Qt.	%	Qt.	%
Mota Gestão e Participações, SGPS, SA	Opening balance	132,803,739				55.92%				
	06 February 2018	488	3.585	Buy	Inside					
	06 February 2018	3,997	3.590	Buy	Inside					
	06 February 2018	1,000	3.595	Buy	Inside					
	06 February 2018	4,515	3.600	Buy	Inside					
	09 February 2018	100,000	3.540	Buy	Inside					
	14 February 2018	40,000	3.460	Buy	Inside					
	06 September 2018	17,948	2.200	Buy	Inside					
	20 November 2018	225,000	1.518	Buy	Inside					
	22 November 2018	100,000	1.500	Buy	Inside					
	28 November 2018	3,399	1.678	Buy	Inside					
	28 November 2018	1,500	1.678	Buy	Inside					
	28 November 2018	1,498	1.678	Buy	Inside					
	28 November 2018	3,603	1.678	Buy	Inside					
	28 November 2018	7,197	1.678	Buy	Inside					
	28 November 2018	2,803	1.678	Buy	Inside					
	28 November 2018	1,036	1.678	Buy	Inside					
	28 November 2018	7,600	1.678	Buy	Inside					
	28 November 2018	1,322	1.678	Buy	Inside					
	28 November 2018	42	1.678	Buy	Inside					
	28 November 2018	2,485	1.686	Buy	Inside					
	28 November 2018	4,500	1.686	Buy	Inside					
	28 November 2018	3,015	1.686	Buy	Inside					
	28 November 2018	2,450	1.686	Buy	Inside					
	28 November 2018	1,757	1.686	Buy	Inside					
	28 November 2018	5,793	1.686	Buy	Inside					
	28 November 2018	5,000	1.678	Buy	Inside					
	28 November 2018	7	1.686	Buy	Inside					
	28 November 2018	60	1.686	Buy	Inside					
	28 November 2018	1,683	1.686	Buy	Inside					
	28 November 2018	3,192	1.686	Buy	Inside					
	28 November 2018	286	1.686	Buy	Inside					
	28 November 2018	768	1.686	Buy	Inside					
	28 November 2018	2,717	1.686	Buy	Inside					
	28 November 2018	1,287	1.686	Buy	Inside					
	28 November 2018	583	1.680	Buy	Inside					
	28 November 2018	5,444	1.680	Buy	Inside					
	28 November 2018	8,378	1.680	Buy	Inside					
	28 November 2018	35,595	1.680	Buy	Inside					
	28 November 2018	1,844	1.674	Buy	Inside					
	28 November 2018	2,178	1.674	Buy	Inside					
	28 November 2018	912	1.674	Buy	Inside					
	28 November 2018	66	1.674	Buy	Inside					
	28 November 2018	10,845	1.670	Buy	Inside					
	28 November 2018	1,640	1.670	Buy	Inside					
	28 November 2018	12,897	1.670	Buy	Inside					
	28 November 2018	2,716	1.670	Buy	Inside					
	28 November 2018	241	1.670	Buy	Inside					
	28 November 2018	1,559	1.670	Buy	Inside					
	28 November 2018	1,987	1.670	Buy	Inside					
	28 November 2018	2,716	1.670	Buy	Inside					
	28 November 2018	9,067	1.670	Buy	Inside					
	28 November 2018	2,762	1.670	Buy	Inside					
	28 November 2018	933	1.670	Buy	Inside					
	28 November 2018	2,637	1.670	Buy	Inside					
	Closing balance	133,466,687				56.20%				

The bonds held by the members of the Board of Directors, key office-holders and members of the supervisory bodies of the Company as at 31 December 2018 were as follows:

Name	No. of bonds	Bonds ME 2014/2019 (NV* - 10.000€)	Bonds ME 2015/2020 (NV* - 500€)	Bonds ME 2018/2022 (NV* - 500€)
António Manuel Queirós Vasconcelos da Mota	376	-	-	376
Maria Manuela Queirós Vasconcelos Mota dos Santos	140	-	-	140
Maria Teresa Queirós Vasconcelos Mota Neves da Costa	28	16	12	-
Maria Paula Queirós Vasconcelos Mota de Meireles	40	-	-	40
Carlos António Vasconcelos Mota dos Santos	224	-	-	224
José Pedro Matos Marques Sampaio de Freitas	340	-	-	340
Manuel António da Fonseca Vasconcelos da Mota	46	-	-	46
Eduardo João Frade Sobral Pimentel	56	-	-	56
Luís Filipe Cardoso da Silva	36	-	-	36
Luís Valente de Oliveira	212	-	104	108
António Manuel da Silva Vila Cova	300	-	-	300
Ana Paula Chaves e Sá Ribeiro	40	-	-	40
Alberto João Coraceiro de Castro	76	-	9	67
António Cândido Lopes Natário	89	-	85	4
José Manuel Mota Neves da Costa	4	-	-	4

*NV – nominal value

4 - ARTICLE 448 OF THE PORTUGUESE COMMERCIAL COMPANIES CODE

In addition, the list of the shareholders who, as at 31 December 2018, held at least 10%, 33% or 50% of the share capital of MOTA-ENGIL is presented below:

Shareholder	2018		2017	
	No. of shares	% capital	No. of shares	% capital
Mota Gestão e Participações, SGPS, SA (Direct and indirect through António Largo Cerqueira, S.A.)	136,558,264	57.50%	135,895,316	57.22%

5 - DECREE-LAW NO. 411/91, OF 17 OCTOBER

Under the terms and for the purposes of article 21 of Decree-Law no. 411/91 of 17 October, we hereby declare that the companies belonging to the MOTA-ENGIL GROUP have no past-due debt to Social Security.

6 - ARTICLE 66, PARAGRAPH 5, SUBPARAGRAPH D) OF THE PORTUGUESE COMMERCIAL COMPANIES CODE

As at 31 December 2018, the companies belonging to the MOTA-ENIGL GROUP held branches in the following countries:

Company	Country
Mota-Engil, Engenharia e Construção, SA	Algeria
	Brazil
	Cape Verde
	Colombia
	Spain
	USA
	France
	Hungary
	Ireland
	Morocco
	Panama
	Peru
	Paraguay
	Poland
United Kingdom	
Romania	
Mota-Engil, Engenharia e Construção África, SA	Angola
	Cape Verde
	Cameroon
	Ivory Coast
	Gabon
	Ghana
	Malawi
	Mozambique
	Kenya
	Rwanda
	Swaziland
	Tanzania
	Uganda
	Zambia
Zimbabwe	
Manvia – Manutenção e Exploração de Instalações e Construção, SA	Spain
	France
Manvia II Condutas, Lda.	Angola
Mota-Engil Africa, NV	Uganda
Mota-Engil Central Europe, SA	Czech Republic
Mota-Engil Peru, SA	Colombia
Vibeiras – Sociedade Comercial de Plantas, SA	Morocco
SUMA - Serviços Urbanos e Meio Ambiente, Lda.	Oman

7 - QUALIFIED HOLDINGS

In compliance with the provision of article 2, paragraph 4 of CMVM regulation no. 7/2018, hereunder is the list of the holders of qualifying holdings as at 31 December 2018, giving the number of shares held and the corresponding percentage of rights to vote, under the terms of article 20 of the Portuguese Securities Code.

Shareholders	No. of shares	% Voting Capital	% Voting rights
Mota Gestão e Participações, SGPS, SA (*)	133,466,687	56.20%	57.67%
Maria Paula Queirós Vasconcelos Mota de Meireles (**) (a)	4,494,211	1.89%	1.94%
António Manuel Queirós Vasconcelos da Mota (**) (a)	4,210,020	1.77%	1.82%
Maria Teresa Queirós Vasconcelos Mota Neves da Costa (**) (a)	3,676,836	1.55%	1.59%
Maria Manuela Queirós Vasconcelos Mota dos Santos (**) (a)	3,375,066	1.42%	1.46%
António Lago Cerqueira, S.A. (***)	3,091,577	1.30%	1.34%
Manuel António da Fonseca Vasconcelos da Mota (**)	440,000	0.19%	0.19%
Maria Sílvia Fonseca Vasconcelos Mota (****)	437,061	0.18%	0.19%
Carlos António Vasconcelos Mota dos Santos (**)	380,000	0.16%	0.16%
José Manuel Mota Neves da Costa (****)	35,000	0.01%	0.02%
José Pedro Matos Marques Sampaio de Freitas (**)	20,138	0.01%	0.01%
Attributable to FM – Sociedade de Controlo, SGPS, SA	153,626,596	64.68%	66.39%
Attributable to Norges Bank (*)	8,967,158	3.78%	3.87%
Gothic Corp Mutima Capital (*)	3,604,893	1.52%	1.56%
Gothic HSP Corp Mutima Capital (*)	1,399,289	0.59%	0.60%
Gothic JBD LLC Mutima Capital (*)	1,312,787	0.55%	0.57%
Gothic ERP LLC Mutima (*)	479,600	0.20%	0.21%
The Mutima Africa Fund LP (*)	318,184	0.13%	0.14%
Attributable to Mutima Capital Management, LLC	7,114,753	3.00%	3.07%
Azvalor Iberia FI (*)	3,370,311	1.42%	1.46%
Azvalor International Luxembourg (*)	2,303,440	0.97%	1.00%
Azvalor Value Selection SICAV (*)	303,911	0.13%	0.13%
Salus - Aspen TrustServices - Portefólio under management (*)	33,197	0.01%	0.01%
Omega - Aspen TrustServices - Portefólio under management (*)	33,094	0.01%	0.01%
Attributable to Azvalor Asset Management, SGIIC, SAU	6,043,953	2.54%	2.61%
Cobas Selección, F.I. (*)	2,697,799	1.14%	1.17%
Cobas Iberia, F.I. (*)	1,642,247	0.69%	0.71%
Cobas Lux Sicav. Subfund Cobas Global Fund (*)	347,733	0.15%	0.15%
AZ Multi Asset - Bestvalue (*)	212,751	0.09%	0.09%
Cobas Global, F.P. (*)	143,321	0.06%	0.06%
Inversión Global 2001, Sicav (*)	22,402	0.01%	0.01%
Cobas Mixto Global, F.P. (*)	9,316	0.00%	0.00%
Attributable to Cobas Asset Management, SGIIC, SA	5,075,569	2.14%	2.19%
Own shares	6,091,581	2.56%	-
Freefloat	50,585,531	21.30%	21.86%
TOTAL	237,505,141	100.00%	100.00%

(*) Direct Shareholder of the Company

(**) Member of the Board of Directors and Senior Member of the Company

(***) 51% of this company is held by Mota Gestão e Participações, SGPS, SA

(****) Manager of the Company

On 31 December 2018, Mota Gestão e Participações, SGPS, SA is 100% held by FM – Sociedade de Controlo, SGPS, S.A., which is 100% held by the members of the Board of Directors mentioned above under (a).

As at this report date, 153,626,596 shares corresponding to 64.68% of the share capital of MOTA-ENGL, granting 66.39% of voting rights were attributable to FM – Sociedade de Controlo, SGPS, SA.

8 - STATEMENT OF THE BOARD OF DIRECTORS ON THE REMUNERATION POLICIES APPLICABLE TO THE KEY OFFICE-HOLDERS OF MOTA-ENGIL GROUP WITHIN THE MEANING OF ARTICLE 248-B, PARAGRAPH 3 OF THE PORTUGUESE SECURITIES CODE

1. INTRODUCTION

In line with the recommendations made by CMVM regarding the importance of the remuneration policy covering key office-holders, as described in article 248-B, paragraph 3, of the Portuguese Securities Code, hereunder we present the principles and general options in force, that are extended to collaborators of MOTA-ENGIL GROUP, including other staff whose professional activity may have relevant impact on the company's risk profile and whose remuneration contains an important variable component. Regarding the remuneration options applicable to members of the management and supervisory body, which are mandated in Statute no. 28/2009, of June 19, please see the declaration made by the Remuneration Committee for the concrete options in this matter.

2. GENERAL PRINCIPLES

The MOTA-ENGIL GROUP's remuneration policy comprises a set of operative principles that aim to guarantee their contribution to the pursuit of the strategic vision and culture outlined for the GROUP, as well as the alignment of the interests of the key office-holders with the GROUP's long-term interests.

– Ability to capture and retain:

MOTA-ENGIL GROUP, through its remuneration policy, seeks to guarantee the attraction and retaining of talent, adopting a competitive positioning in the market, taking into account the level of responsibility and contribution of the collaborators for the creation of value.

– Alignment of remuneration practices with short and long-term performance:

MOTA-ENGIL GROUP's remuneration policy and corresponding rules of application are indexed to the performance evaluation model in effect, which, in turn, encompasses the evaluation of indicators and performance targets taken from the GROUP's strategic plan defined for the long-term.

– Equity/competitiveness:

The remuneration policy is segmented into functional groups formed as a result from an evaluation of function, allowing, on one hand, an internal levelling of the compensation practices according to criteria of responsibility, complexity and autonomy whilst, on the other hand, guarantees its competitiveness with the practices in the reference market.

– Meritocracy:

The criteria that establish the increase of the remuneration components are underlain by the success achieved by the MOTA-ENGIL GROUP and its business, as well as the individual evaluation of collaborators, in order to recognise and reward merit and excellence.

– Transversality/verticality:

MOTA-ENGIL GROUP aims to associate its management model to a common policy for executive and management positions, promoting transversal alignment and convergence toward the strategy, culture and objectives of the GROUP.

In order to safeguard the specificity of the different business areas, the remuneration policy also embodies rules of vertical application, company by company, in order to adjust its practices to the respective sector of activity and reference market.

The MOTA-ENGIL GROUP's remuneration policy is divided in functional groups which aggregate positions according to parameters, such as level of knowledge, complexity or responsibility/autonomy required, periodically assessed through the Korn Ferry/HayGroup international methodology, and are structured as follows:

- Top Executives
- Executives
- Top Management
- Management
- Technicians
- Administrative and Operational

The functional groups listed comprise the essential basis for the definition of human resources policies, namely the remuneration policy, which establishes, for each functional group, the remuneration components and conditions, whether they be of a fixed, variable and/or in benefits nature, taking into account the positioning strategy envisioned and the salary practices of specific reference markets.

Key office-holders at MOTA-ENGIL GROUP fall into the functional groups of Top Executives, Executives and Top Management.

3. SPECIFIC OPTIONS

3.1 Overall architecture of the GROUP's remuneration policy

The MOTA-ENGIL GROUP's remuneration policy comprises three remuneration components, which are defined considering the position held, the alignment with salary practices of the market and the performance of the collaborators:

- Fixed remuneration, which consists of the gross base remuneration with reference to a one-year period. Each functional group has an associated salary band that establishes the minimum, medium and maximum values, considering the position held level of experience, and performance of the employee, and salary practices of the reference market and MOTA-ENGIL.
- Variable remuneration, which includes a short-term bonus, paid according to the achievement of defined performance targets and, in functional groups with greater responsibility, includes a higher weighting of KPI indexed to the GROUP's Strategic Plan. Each functional group establishes a set of target pays based upon salary practices in the reference market for positions with equivalent levels of responsibility, according to the level of performance achieved by the GROUP and the employee.
- Benefits, for which there is an established portfolio of applicable benefits, in accordance with the position and corresponding functional group.

3.2 Indexation of the remuneration policy to MOTA-ENGIL GROUP's performance

Aiming to promote the alignment of short- and long-term interests of MOTA-Engil and preventing excessive risk-taking, the payment of the variable component is indexed to the performance evaluation, whose general principles and corresponding application method are provided for in the Corporate Performance Management Model.

The GROUP's performance evaluation consists of two components:

- Quantitative assessment, encompassing a set of KPI, indexed to the GROUP's Strategic Plan.
- Qualitative assessment, which results from an individual assessment covering key skills for the GROUP.

There have also been established preventive mechanisms aiming to promote restraint in risk-taking that may be prejudicial to the Company's interests and prevent the payment of the variable remuneration, in order to minimise the incentive of results not in line with a perspective of creating sustainable value in the long-term. Therefore, in performance evaluation criteria such as risks taken by the key office-holders in the decision-making process, as well as compliance with the standards applicable to the Company's activity, are taken into consideration.

3.3 Plans for the attribution of shares or options on the acquisition of shares

There are no plans for the attribution of shares or options on the acquisition of shares regarding key office-holders within the meaning of article 248-B, paragraph 3 of the CVM (Securities Code).

9 - LIST OF OFFICES HELD BY DIRECTORS

António Manuel Queirós Vasconcelos da Mota (Chairman)

Duties in other companies of Mota-Engil Group on December 31, 2018

- Chairman of the Board of Directors of Valorsul – Valorização e Tratamento de Resíduos Sólidos das Regiões de Lisboa e do Oeste, SA
- Chairman at the shareholder’s meeting of Mota-Engil, Engenharia e Construção, SA
- Chairman at the shareholder’s meeting of Mota-Engil, Ambiente e Serviços, SGPS, SA
- Chairman at the shareholder’s meeting of Mota-Engil Angola, SA
- Member of the Remuneration Committee of ÁreaGolfe – Gestão, Construção e Manutenção de Campos de Golfe, SA
- Member of the Remuneration Committee of Manvia – Manutenção e Exploração de Instalações e Construções, SA
- Member of the Remuneration Committee of Martifer, SGPS, SA
- Member of the Remuneration Committee of Mota-Engil Real Estate Portugal, SA
- Member of the Remuneration Committee of MESP – Mota-Engil, Serviços Partilhados, Administrativos e de Gestão, SA
- Member of the Remuneration Committee of Mota-Engil, Ambiente e Serviços, SGPS, SA
- Member of the Remuneration Committee of Mota-Engil, Europa, SA
- Member of the Remuneration Committee of Mota-Engil, Engenharia e Construção, SA
- Member of the Remuneration Committee of Mota-Engil Renewing, SA
- Member of the Remuneration Committee of Mota-Engil Central Europe Management, SGPS, SA
- Member of the Remuneration Committee of Mota-Engil Capital, SA
- Member of the Remuneration Committee of Mota-Engil Railway Engineering, SA
- Member of the Remuneration Committee of Suma Tratamento, SA
- Member of the Remuneration Committee of Takargo – Transporte de Mercadorias, SA
- Member of the Remuneration Committee of Oriental Hub – Reconversão e Exploração do Antigo Matadouro Industrial do Porto, SA
- Member of the Remuneration Committee of Largo do Paço – Investimentos Turísticos e Imobiliários, SA
- Member of the Remuneration Committee of Vibeiras – Sociedade Comercial de Plantas, SA
- Member of the Remuneration Committee of Mota-Engil, Angola, SA
- Member of the Remuneration Committee of Mota-Engil, Engenharia e Construção África, SA
- Member of the Remuneration Committee of Mota-Engil, Indústria e Inovação, SGPS, SA
- Member of the Remuneration Committee of Suma – Serviços Urbanos e Meio Ambiente, SA
- Member of the Remuneration Committee of Empresa Geral do Fomento, SA
- Member of the Senior and Supervisory Board of Mota-Engil, Angola, SA

Duties in other companies outside Mota-Engil Group on December 31, 2018

- Chairman of the Board of Directors of FM – Sociedade de Controlo, SGPS, SA
- Chairman of the Board of Directors of Mota Gestão e Participações, SGPS, SA
- Manager of Sociedade Agrícola Moura Basto, Lda
- Member of the Remuneration Committee of António do Lago Cerqueira, SA
- Member of the Board of Curators and Advisory Council of Fundação Manuel António da Mota
- Member of the General Board of AEP, in representation of Mota-Engil, SGPS, SA
- Member of the Board of Curators of Fundação AEP, in representation of Mota-Engil, SGPS, SA
- Member of the Conselho Municipal de Economia do Porto – “Casa dos 24”
- Member of the Strategic Council of Portugal-Colômbia

Gonçalo Nuno Gomes de Andrade Moura Martins (Deputy-chairman)

Duties in other companies of Mota-Engil Group on December 31, 2018

- Chairman of the Board of Directors of Mota-Engil África, SGPS, SA
- Chairman of the Board of Directors of Mota-Engil Engenharia e Construção África, SA
- Chairman of the Board of Directors of Lineas – Concessões de Transportes, SGPS, SA
- Chairman of the Board of Directors of Ascendi Douro - Estradas do Douro Interior, SA
- Chairman of the Board of Directors of Ascendi Operadora DI, Operação e Manutenção Rodoviária, SA
- Chairman of the Board of Directors of Ascendi Mexico SA de CV
- Manager of Lineas – Serviços de Administração e Gestão, Lda.
- Member of the Board of Directors of Copexa - Concessionária Autopista Perote-Xalapa, SA de CV
- Member of the Board of Directors of Lusoponte – Concessionária para a Travessia do Tejo SA
- Member of the Board of Directors of Ascendi – Serviços de Assessoria, Gestão e Operação, SA
- Sole Director of Mota-Engil, África, NV
- Member of the Remuneration Committee of Takargo – Transporte de Mercadorias, SA
- Member of the Remuneration Committee of Ascendi Douro – Estradas do Douro Interior, SA
- Member of the Remuneration Committee of Ascendi Operadora DI, Operação e Manutenção Rodoviária, SA
- Member of the Remuneration Committee of Lusoponte – Concessionária para a Travessia do Tejo SA, in representation of Lineas – Concessões de Transportes, SGPS, SA
- Member of the Remuneration Committee of Mota- Engil, Ambiente e Serviços, SGPS, SA
- Member of the Remuneration Committee of Mota- Engil Capital, SA
- Member of the Remuneration Committee of Mota- Engil Railway Engineering, SA
- Member of the Remuneration Committee of Largo do Paço - Investimentos Turísticos e Imobiliários, SA
- Member of the Senior and Supervisory Board of Mota-Engil, Angola, SA

Duties in other companies outside Mota-Engil Group on December 31, 2018

- Member of the Board of Curators of Fundação Manuel António da Mota
 - Member of the International Advisory Board of Católica Lisbon School of Business and Economics
-

Arnaldo José Nunes da Costa Figueiredo (Deputy-chairman)

Duties in other companies of Mota-Engil Group on December 31, 2018

- Chairman of the Board of Directors of Martifer Metallic Constructions, SGPS, SA
- Chairman of the Board of Directors of Mota-Engil, Indústria e Inovação, SGPS, SA
- Member of the Board of Directors of Vetor Diálogo, SGPS, SA
- Deputy-chairman of the Board of Directors of Martifer, SGPS, SA
- Chairman of the Strategic Coordination Council of Martifer, SGPS, SA
- Member of the Board of Directors of Duelobrigatório, SA
- Chairman at the shareholder's meeting of Mercado Urbano – Gestão Imobiliária, SA

Duties in other companies outside Mota-Engil Group on December 31, 2018

- Member of the General Board of AEM – Associação de Empresas Emitentes de Valores Cotados em Mercado
 - Director of PROFORUM - Associação para o Desenvolvimento da Engenharia
 - Deputy-chairman of Conselho Estratégico para a Cooperação, Desenvolvimento e Lusofonia Económica
-

Jorge Paulo Sacadura Almeida Coelho (Independent Deputy-chairman)**Duties in other companies of Mota-Engil Group on December 31, 2018**

- Chairman at the shareholder's meeting of Mota-Engil, Indústria e Inovação, SGPS, SA
- Member of the Supervisory Board of Mota-Engil, Angola, SA

Duties in other companies outside Mota-Engil Group on December 31, 2018

- Member of the Board of Directors of VAA - Vista Alegre Atlantis, S.G.P.S., SA
- Managing Partner of Horizone, Lda
- Managing Partner of Green Horizone, Lda
- Managing Partner of Soc. Agro-Industrial Terras de Azurara, Lda
- Member of the Advisory Council of Banco de Investimento Global (BIG)
- Chairman at the shareholder's meeting of AIRV (Associação Empresarial da Região de Viseu)
- Member of the Senior Board of Vissaium XXI - Associação para o Desenvolvimento de Viseu
- Chairman of the Strategic Business Council of Sintra
- Deputy-chairman of the General Board of Universidade Nova de Lisboa

Maria Manuela Queirós Vasconcelos Mota dos Santos (Member)**Duties in other companies of Mota-Engil Group on December 31, 2018**

- Manager of Edifícios Galiza – Sociedade Imobiliária, Lda
- Member of the Remuneration Committee of Manvia - Manutenção e Exploração de Instalações e Construções, SA
- Member of the Remuneration Committee of Martifer, SGPS, SA
- Member of the Remuneration Committee of Mota-Engil, Serviços Partilhados, Administrativos e de Gestão, SA
- Member of the Remuneration Committee of Mota-Engil Renewing, SA
- Member of the Remuneration Committee of Takargo – Transporte de Mercadorias, SA
- Member of the Remuneration Committee of Áreagolfe – Gestão, Construção e Manutenção de Campos de Golfe, SA
- Member of the Remuneration Committee of Largo do Paço - Investimentos Turísticos e Imobiliários, SA
- Member of the Remuneration Committee of Mota-Engil, Europa, SA
- Member of the Remuneration Committee of Mota-Engil, Indústria e Inovação, SGPS, SA
- Member of the Remuneration Committee of Vibeiras – Sociedade Comercial de Plantas, SA
- Member of the Remuneration Committee of Mota-Engil Central Europe Management, SGPS, SA
- Member of the Board of Directors of Empresa Agrícola Florestal Portuguesa, SA

Duties in other companies outside Mota-Engil Group on December 31, 2018

- Manager of Casal Agrícola de Parada, Lda
- Manager of Sociedade Agrícola Moura Basto, Lda
- Manager of Mineira do Jarmelo, Lda
- Manager of Mineira de Pensalvos, Lda
- Manager of Serra Lisa, Sociedade de Empreendimentos Imobiliários, Lda
- Member of the Board of Directors of FM – Sociedade de Controlo, SGPS, SA
- Deputy-chairman of the Board of Directors of Mota Gestão e Participações, SGPS, SA
- Member of the Remuneration Committee of António do Lago Cerqueira, SA
- Chairman of the Board of Directors and Member of the Board of Curators of Fundação Manuel António da Mota

Maria Teresa Queirós Vasconcelos Mota Neves da Costa (Member)

Duties in other companies of Mota-Engil Group on December 31, 2018

- Member of the Remuneration Committee of Mota-Engil, Serviços Partilhados, Administrativos e de Gestão, SA
- Member of the Remuneration Committee of Mota-Engil, Engenharia e Construção, SA
- Member of the Remuneration Committee of Mota-Engil, Engenharia e Construção África, SA
- Member of the Remuneration Committee of Mota-Engil Railway Engineering, SA
- Member of the Remuneration Committee of Oriental Hub, Reconversão e Exploração do Antigo Matadouro Industrial do Porto, SA
- Manager of Edifícios Galiza – Sociedade Imobiliária, Lda

Duties in other companies outside Mota-Engil Group on December 31, 2018

- Deputy-chairman of the Board of Directors of FM – Sociedade de Controlo, SGPS, SA
- Member of the Board of Directors of Mota Gestão e Participações, SGPS, SA
- Manager of Navarras Supermercados, Lda
- Manager of Imobiliária Toca do Lobo, Lda
- Manager of Sociedade Agrícola Moura Basto, Lda
- Manager of Casal Agrícola de Parada, Lda
- Manager of Mineira de Pensalvos, Lda
- Manager of Mineira do Jarmelo, Lda
- Member of the Board of Curators of Fundação Manuel António da Mota

Maria Paula Queirós Vasconcelos Mota de Meireles (Member)

Duties in other companies of Mota-Engil Group on December 31, 2018

- Manager of Edifícios Galiza – Sociedade Imobiliária, Lda
- Chairman of the Board of Directors of Largo do Paço – Investimentos Turísticos e Imobiliários, Lda
- Member of the Remuneration Committee of Mota-Engil Renewing , SA
- Member of the Supervisory Board of Mota-Engil Angola, SA

Duties in other companies outside Mota-Engil Group on December 31, 2018

- Member of the Board of Directors of FM – Sociedade de Controlo, SGPS, SA
 - Member of the Board of Directors of Mota Gestão e Participações, SGPS, SA
 - Manager of Casal Agrícola de Parada, Lda
 - Manager of Mineira de Pensalvos, Lda
 - Manager of Mineira do Jarmelo, Lda
 - Manager of Sociedade Agrícola Moura Basto, Lda
 - Manager of Verotâmega – Sociedade Imobiliária, Lda
 - Member of the Remuneration Committee of António do Lago Cerqueira, SA
 - Member of the Board of Curators of Fundação Manuel António da Mota
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Carlos António Vasconcelos Mota dos Santos (Member)

Duties in other companies of Mota-Engil Group on December 31, 2018

- Chairman of the Board of Directors of Mota-Engil, Ambiente e Serviços, SGPS, SA
- Chairman of the Board of Directors of Mota-Engil Real Estate, SGPS, SA
- Chairman of the Board of Directors of Mota-Engil America Latina, SAPI de CV
- Chairman of the Board of Directors of Mota-Engil, Europa, SA
- Chairman of the Board of Directors of Empresa Construtora do Brasil, SA
- Chairman of the Board of Directors of Mota-Engil Renewing, SA
- Chairman of the Board of Directors of Mota-Engil, Latam Portugal, SA
- Chairman of the Board of Directors of Mota-Engil Central Europe Management, SGPS, SA
- Chairman of the Board of Directors of Mota-Engil Railway Engineering, SA
- Member of the Board of Directors of Valorsul - Valorização e Tratamento de Resíduos Sólidos das Regiões de Lisboa e do Oeste, SA
- Member of the Supervisory Board of Mota-Engil Central Europe Česká Republika, A.S.
- Member of the Supervisory Board of Mota-Engil Magyarország Beruházási És Építőipari Zrt
- Member of the Supervisory Board of Mota-Engil Central Europe, SA
- Member of the Remuneration Committee of Mota-Engil, Real Estate Portugal, SA
- Member of the Remuneration Committee of Mota-Engil, Ambiente e Serviços, SGPS, SA
- Member of the Remuneration Committee of Mota-Engil Capital, SA
- Member of the Remuneration Committee of Hygeia - Edifícios Hospitalares, SGPS, SA
- Member of the Remuneration Committee of Oriental Hub, Reconversão e Exploração do Antigo Matadouro Industrial do Porto, SA
- Director of Mota-Engil, Latin America, BV
- Director of Mota-Engil Energy, BV
- Director of Mota-Engil Tourism, BV
- Director of Flame Investments, BV
- Director of Global Technical Services Latam, BV
- Chairman of the Senior Board of Suma - Serviços Urbanos e Meio Ambiente, SA
- Chairman of the Senior Board of Suma Tratamento, SA

Duties in other companies outside Mota-Engil Group on December 31, 2018

- Member of the Board of Directors of Mota Gestão e Participações, SGPS, SA
 - Member of the Board of Directors of António do Lago Cerqueira, SA
 - Member of the Board of Directors of Mota Global - Planeamento, SA
 - Manager of Kepler, SGPS, Lda.
-

Ismael Antunes Hernandez Gaspar (Member)

Duties in other companies of Mota-Engil Group on December 31, 2018

- Chairman of the Board of Directors of Manvia – Manutenção e Exploração de Instalações e Construção, SA
- Chairman of the Board of Directors of Mota-Engil Capital, SA
- Chairman of the Board of Directors of Mota-Engil Real Estate, SA
- Chairman of the Board of Directors of Hygeia - Edifícios Hospitalares, SGPS, SA
- Member of the Board of Directors of Mota-Engil, Europa SA
- Member of the Board of Directors of Mota-Engil Renewing, SA
- Member of the Board of Directors of Mota-Engil Real Estate, SGPS, SA
- Member of the Board of Directors of PTT - Parque Tecnológico do Tâmega, SA
- Member of the Board of Directors of Takargo - Transporte de Mercadorias, SA
- Member of the Board of Directors of Largo do Paço - Investimentos Turísticos e Imobiliários, SA
- Member of the Supervisory Board of Mota-Engil Angola, SA
- Manager of Corgimobil - Empresa Imobiliária das Corgas, SA

Duties in other companies outside Mota-Engil Group on December 31, 2018

- Member of the Supervisory Audit Board of FUNDIC - Fundo para Desenvolvimento das Ciências da Construção
-

José Pedro Matos Marques Sampaio de Freitas (Member)

Duties in other companies of Mota-Engil Group on December 31, 2018

- Chairman of the Board of Directors of Sunviauto México, SA de CV
- Chairman of the Board of Directors of Mota-Engil, Serviços Partilhados Administrativos e de Gestão SA
- Member of the Board of Directors of Administração da Lineas – Concessões de Transportes, SGPS, SA
- Member of the Board of Directors of Mota-Engil Capital, SA
- Member of the Board of Directors of Largo do Paço – Investimentos Turísticos e Imobiliários, Lda
- Manager of Lineas – Serviços de Administração e Gestão, Lda

Duties in other companies outside Mota-Engil Group on December 31, 2018

- Member of the Board of Directors of Mota Gestão e Participações, SGPS, SA
 - Member of the Board of Directors of António do Lago Cerqueira, SA
 - Member of the Board of Directors of Mota Global – Planeamento, SA
 - Manager of Kepler, SGPS, Lda
 - Deputy-chairman of Direcção Nacional da ANJE - Associação Nacional de Jovens Empresários
 - Chairman at the shareholder's meeting of IET - Instituto Empresarial do Tâmega
 - Director of AEP - Associação Empresarial de Portugal
 - Member of the Board of EIC - European International Contractors
-

António Martinho Ferreira de Oliveira (Member)**Duties in other companies of Mota-Engil Group on December 31, 2018**

- Chairman of the Board of Directors of Turalgo - Sociedade de Promoção Imobiliária e Turística do Algarve, SA
- Chairman of the Board of Directors of Mercado Urbano - Gestão Imobiliária, SA
- Chairman of the Board of Directors of Mota-Engil, Engenharia e Construção, SA
- Chairman of the Board of Directors of Haçor – Concessionário do Edifício da Ilha Terceira, SA
- Chairman of the Board of Directors of HL – Sociedade Gestora do Edifício, SA
- Chairman of the Board of Directors of Mota-Engil Central Europe Česká Republika, AS
- Chairman of the Board of Directors of Mota-Engil Magyarország Beruházási És Építőipari Zrt
- Chairman of the Board of Directors of Oriental Hub, Reconversão e Exploração do Antigo Matadouro Industrial do Porto, SA
- Member of the Board of Directors of Mota-Engil Central Europe Management, SGPS, SA
- Member of the Board of Directors of Mota-Engil Railway Engineering, SA
- Member of the Board of Directors of Mota-Engil, Europa, SA
- Member of the Board of Directors of Hygeia - Edifícios Hospitalares, SGPS, SA
- Manager of Haçor Domus – Compra e Venda de Imóveis, Lda
- Member of the Supervisory Board of Obol Invest Befektetési És Uzletviteli Tanácsadó KFT
- Member of the Supervisory Board of Obol XI Ingatlanhasznosítási Beruházó És Szolgáltató KFT
- Member of the Supervisory Board of Metró Építőipari Gépészeti és szállítási ZRT
- Member of the Supervisory Board of Mota-Engil Central Europe, SA

Duties in other companies outside Mota-Engil Group on December 31, 2018

- Does not perform duties in other companies outside the Mota-Engil Group

Manuel António da Fonseca Vasconcelos da Mota (Member)**Duties in other companies of Mota-Engil Group on December 31, 2018**

- Chairman of the Board of Directors of Mota-Engil Angola, SA
- Chairman of the Board of Directors of Empresa Agrícola Florestal Portuguesa, SA
- Member of the Board of Directors of Mota-Engil África, SGPS, SA
- Member of the Board of Directors of Mota-Engil Engenharia e Construção África, SA
- Member of the Board of Directors of Mota-Engil África (PTY), Ltd
- Member of the Board of Directors of Mota-Engil Engenharia e Construção África (PTY), Ltd
- Member of the Board of Directors of Mota-Engil, Minerals & Mining (Zimbabwe) (Private), Ltd
- Member of the Board of Directors of Cosamo (PTY), Ltd
- Member of the Board of Directors of Bugesera Airport Company, Ltd
- Member of the Board of Directors of Mota-Engil Railway Engineering, SA
- Manager of Mota Internacional, Comércio e Consultadoria Económica, Lda
- Non-executive member of the Board of Directors of Mota-Engil Construction South Africa (PTY), Ltd
- Non-executive member of the Board of Directors of Mota-Engil Investments South Africa (PTY), Ltd
- Member of the Supervisory Board of Mota-Engil Angola, SA
- Member of the Supervisory Board of Mota-Engil Central Europe Ceska Republika, AS

Duties in other companies outside Mota-Engil Group on December 31, 2018

- Manager of Kepler, SGPS, Lda.

João Pedro dos Santos Dinis Parreira (Member)

Duties in other companies of Mota-Engil Group on December 31, 2018

- Chairman of the Board of Directors of Autopista Urbana Siervo de La Nación, SAPI de CV
- Chairman of the Board of Directors of Administradora para el Desarrollo – MEM, SA de CV
- Chairman of the Board of Directors of Constructora Gran Canal, SAPI de CV
- Chairman of the Board of Directors of Mota-Engil Turismo, SA de CV
- Chairman of the Board of Directors of Mota-Engil Energy Holdings Mexico, SAPI de CV
- Chairman of the Board of Directors of Mota-Engil Turismo Holding, SAPI de CV
- Chairman of the Board of Directors of Generadora Fénix SAPI de CV
- Chairman of the Board of Directors of Mota-Engil Energia SA de CV
- Chairman of the Board of Directors of Mota-Engil Peru SA
- Chairman of the Board of Directors of Mota-Engil Latam Peru SA
- Chairman of the Board of Directors of Mota-Engil Dominicana, SAS
- Chairman of the Board of Directors of Desarrollos Dot Mexico, SA de CV
- Chairman of the Board of Directors of Puente Boca del Río, SA de CV
- Chairman of the Board of Directors of Mota-Engil Energia Peru, SA
- Chairman of the Board of Directors of Mota-Engil Peru Ambiente, SA
- Chairman of the Board of Directors of Promotora e Inmobiliaria Santa Clara, SA
- Chairman of the Board of Directors of Turucani Generating Company, SA
- Deputy-chairman of the Board of Directors of Mota-Engil América Latina SAPI de CV
- Member of the Board of Directors of Mota-Engil Mexico, SAPI de CV
- Member of the Board of Directors of Ascendi Mexico, S.A. de CV
- Member of the Board of Directors of Mota-Engil Latam Portugal, SA
- Member of the Board of Directors of Concessionária Autopista Perote-Xalapa, SA de CV
- Member of the Board of Directors of Gestión e Innovación en Servicios Ambientales, SA de CV
- Member of the Board of Directors of Operadora Autopista Perote-Xalapa, S.A. de CV
- Member of the Board of Directors of Empresa Construtora do Brasil, SA
- Member of the Board of Directors of Mota-Engil Chile, S.A.
- Member of the Board of Directors of Mota-Engil Railway Engineering, SA
- Member of the Board of Directors of Concesionaria Urbana Arco Oriente, SA de CV
- Member of the Board of Directors of Sistemas Eléctricos Metropolitanos, SAPI de CV
- Member of the Board of Directors of Mota-Engil Canada, Inc
- Alternate member of the Board of Directors of Concessionária Autopista Cardel-Poza Rica, SA de CV
- Alternate member of the Board of Directors of Concessionária Autopista Tuxpan-Tampico, SA de CV
- Alternate member of the Board of Directors of Constructora Autopista Cardel-Poza Rica, SA de CV
- Alternate member of the Board of Directors of Tuxpan - Tampico Construcciones, SA de CV
- Secretary of the Board of Directors of M&R Occidente, SAPI de CV
- Secretary of the Board of Directors of Constructora M&R, SA de CV
- General Manager of Ascendi Mexico, SA de CV

Duties in other companies outside Mota-Engil Group on December 31, 2018

- Does not perform duties in other companies outside the Mota-Engil Group
-

Eduardo João Frade Sobral Pimentel (Member)**Duties in other companies of Mota-Engil Group on December 31, 2018**

- Chairman of the Board of Directors of Suma – Serviços Urbanos e Meio Ambiente, SA
- Chairman of the Board of Directors of Suma Tratamento, SA
- Deputy-chairman of the Board of Directors of Mota-Engil, Ambiente e Serviços, SGPS, SA
- Member of the Board of Directors of Mota-Engil Capital, SA
- Member of the Board of Directors of Valorsul – Valorização e Tratamento de Resíduos Sólidos das Regiões de Lisboa e do Oeste, SA
- Member of the Remuneration Committee of Algar – Valorização de Tratamento de Resíduos Sólidos, SA
- Member of the Remuneration Committee of Amarsul – Valorização e Tratamento de Resíduos, SA
- Member of the Remuneration Committee of Ersuc – Resíduos Sólidos do Centro, SA
- Member of the Remuneration Committee of Resisestrela - Valorização e Tratamento de Resíduos Sólidos, SA
- Member of the Remuneration Committee of Resinorte – Valorização e Tratamento de Resíduos Sólidos, SA
- Member of the Remuneration Committee of Suldouro – Valorização e Tratamento de Resíduos Sólidos Urbanos, SA
- Member of the Remuneration Committee of Valnor – Valorização e Tratamento de Resíduos Sólidos, SA
- Member of the Remuneration Committee of Valorlis – Valorização e Tratamento de Resíduos Sólidos, SA
- Member of the Remuneration Committee of Valorminho – Valorização e Tratamento de Resíduos Sólidos, SA
- Member of the Senior Board of Suma – Serviços Urbanos e Meio Ambiente, SA
- Member of the Senior Board of Suma Tratamento, SA

Duties in other companies outside Mota-Engil Group on December 31, 2018

- Does not perform duties in other companies outside the Mota-Engil Group

Luís Filipe Cardoso da Silva (Member)**Duties in other companies of Mota-Engil Group on December 31, 2018**

- Member of the Board of Directors of Empresa Geral do Fomento, SA
- Member of the Board of Directors of Mota-Engil, Serviços Partilhados Administrativos e de Gestão, SA
- Member of the Remuneration Committee of Resinorte - Valorização de Tratamento de Resíduos Sólidos, SA

Duties in other companies outside Mota-Engil Group on December 31, 2018

- Does not perform duties in other companies outside the Mota-Engil Group

Luís Valente de Oliveira (Independent member)**Duties in other companies of Mota-Engil Group on December 31, 2018**

- Does not perform duties in other companies of Mota-Engil Group

Duties in other companies outside Mota-Engil Group on December 31, 2018

- Chairman of the Board of Founders of Casa da Música
- Chairman of the General Board of Universidade do Minho

António Bernardo Aranha da Gama Lobo Xavier (Independent member)**Duties in other companies of Mota-Engil Group on December 31, 2018**

- Does not perform duties in other companies of Mota-Engil Group

Duties in other companies outside Mota-Engil Group on December 31, 2018

- Partner and Member of the Board of Directors of Morais Leitão, Galvão Teles, Soares da Silva & Associados
- Non-executive member of the Board of Directors of NOS, SGPS, SA
- Non-executive member of the Board of Directors of Riopele, SA
- Non-executive member of the Board of Directors of Vallis Capital Partners
- Non-executive member of the Board of Directors of Fundação Casa da Música
- Non-executive member of Fundação Francisco Manuel dos Santos
- Member of the Board of Directors of Sonaecom, SGPS, SA
- Deputy-chairman of the Board of Directors of Banco BPI, SGPS, SA
- Chairman at the shareholder's meeting of Ascendum SA
- Chairman at the shareholder's meeting of Têxtil Manuel Gonçalves, SA
- Chairman at the shareholder's meeting of AEM - Associação de Empresas Emitentes de Valores Cotados em Mercado
- Chairman at the shareholder's meeting of CMG - Grupo Manuel Gonçalves, SGPS, SA
- Chairman at the shareholder's meeting of TMG Capital SGPS, SA
- Chairman at the shareholder's meeting of BERD - Bridge Engineering Research & Design
- Chairman at the shareholder's meeting of Associação para o Desenvolvimento da Figueira
- Council State Adviser
- Member of the Board of Curators of Fundação Belmiro de Azevedo

António Manuel da Silva Vila Cova (Independent member)**Duties in other companies of Mota-Engil Group on December 31, 2018**

- Does not perform duties in other companies of Mota-Engil Group

Duties in other companies outside Mota-Engil Group on December 31, 2018

- Member of the Board of Directors of Liga dos Amigos do Hospital de S. João
- Chairman of the non-executive Board of Directors of Banco Finantia

Francisco Manuel Seixas da Costa (Independent member)**Duties in other companies of Mota-Engil Group on December 31, 2018**

- Independent member of the Board of Directors of Mota-Engil Engenharia e Construção Africa, SA

Duties in other companies outside Mota-Engil Group on December 31, 2018

- Non-executive member of the Board of Directors of Jerónimo Martins, SGPS, SA
- Independent member of the Board of Directors of EDP Renováveis, SA
- Chairman of the International Strategic Council of Fundação Calouste Gulbenkian
- Chairman of the Supervisory Audit Board of Tabaqueira PMM SGPS, SA
- Member of Business Advisory Board da A.T.KEARNEY
- Member of the General Board of Independente da RTP, SA
- Member of the Advisory Council of Faculdade de Economia, Universidade de Coimbra
- Director of "Clube de Lisboa"
- Member of the Board of Conselho das Ordens de Mérito Civil, Presidência da República
- Member of the Study Group about Strategic Security
- Chairman of "Conferências de Lisboa"
- Member of the Commission for Portuguese participation in Expo 2020 Dubai

Helena Sofia Salgado Cerveira Pinto (Independent member)

Duties in other companies of Mota-Engil Group on December 31, 2018

- Does not perform duties in other companies of Mota-Engil Group
-

Duties in other companies outside Mota-Engil Group on December 31, 2018

- Dean at Católica Porto Business School - Universidade Católica Portuguesa
 - Chairman of the Board of AEGE – Associação para a Escola de Gestão Empresarial
 - Member of the Board of EBRI European Bioproducts Research Institute
-

Ana Paula Chaves e Sá Ribeiro (Independent member)

Duties in other companies of Mota-Engil Group on December 31, 2018

- Does not perform duties in other companies of Mota-Engil Group
-

Duties in other companies outside Mota-Engil Group on December 31, 2018

- Member of the Board of Directors of Vila Avenida Hotel, SA
 - Member of the Board of Directors of Hotel Vista da Ponte, SA
 - Manager of Sítio Valverde - Restauração e Eventos Sociedade Unipessoal, Lda
-

10 - GRI 4 INDICATORS OF ENVIRONMENTAL PERFORMANCE

EN1 - Materials

MATERIALS USED AND BROKEN DOWN BY WEIGHT OR VOLUME

EUROPE

CAPSFIL

Materials	2018
Steel	36 t
Concrete	1,192 m ³
Aggregates	100,782 t
Bitumen and emulsion	26 t
Cement	51 t
Plastic	60 t

Mota-Engil Engenharia e Construção

Materials	2018
Steel	6,817 t
Concrete	116,019 m ³
Aggregates	1,807,957 t
Mix Asphalt	12,224 t
Bitumen and emulsion	9,560 t
Cement	3,465 t
Paints/varnish/glaze/solvents	104,583 L
Plastic	529 t

SUMA

Materials	2018
Paints/varnish/glaze/solvents	1,978 L
Accumulators	5 t
Plastic bags	149 t
New tyres (heavy and light)	72 t
Retread tyres (heavy and light)	75 t
Lubricants/paste	183,026 L
Chemical products (herbicides, disinfectants, detergents, bleach)	30,557 L
Other chemical products for vehicle maintenance	9,933 L
Paper	752 t
Ink cartridges	37 un
Toners	41 un
Professional garbs: uniforms	144,459 un
Professional garbs: shoes	3,263 un

EGF

Materials	2018
Cement	2 t
Paints/varnish/glaze/solvents	2,532 L
Accumulators	8 t
Plastic bags	44 t
New tyres	68 t
Retread tyres	80 t
Lubricants/paste	256,943 L
Chemical products (herbicides, disinfectants, detergents, bleach)	254,118 L
Other chemical products for vehicle maintenance	44,850 L
Paper	46 t
Ink cartridges	62 un
Toners	1,217 un
Artificial aggregate resulting from Municipal Waste Incineration Slags	10,926 t

Vibeiras

Materials	2018
Steel	62 t
Concrete	1,900 m ³
Aggregates	49,937 t
Bitumen and emulsion	2 t
Cement	504 t
Paints/varnish/glaze/solvents	4,200 L

Poland market

Materials	2018
Steel	15,331 t
Aggregates	2,162,596 t
Cement	50,376 t
Bitumen and emulsion	29,830 t

Takargo

Materials	2018
Railway sand	74 t
Synthetic blocks - composite materials	6 t

AFRICA

South Africa market

Materials	2018
Steel	179 t
Concrete	28,251 m ³
Aggregates	42,134 t
Cement	1,404 t
Paints/varnish/glaze/solvents	14,175 L

Angola market

Materials	2018
Steel	5,584 t
Aggregates	450,878 t
Bitumen and emulsion	3,736 t
Cement	26,520 t
Paints/varnish/glaze/solvents	28,241 L

Guinea Conacry market

Materials	2018
Paints/varnish/glaze/solvents	733 L
Plastic	4 t

Malawi market

Materials	2018
Steel	2,212 t
Concrete	6,475 m ³
Aggregates	795,527 t
Bitumen and emulsion	8,917 t
Cement	11,990 t
Paints/varnish/glaze/solvents	114,600 L
Plastic	165 t

Rwanda market

Materials	2018
Steel	2,098 t
Aggregates	37,275 t
Bitumen and emulsion	235 t
Cement	6,919 t
Concrete additives	43 m ³

Uganda market

Materials	2018
Steel	601 t
Aggregates	453,088 t
Bitumen and emulsion	2,049 t
Cement	4,648 t
Paints/varnish/glaze/solvents	5,880 L
Plastic	1 t

Ivory Coast market

Materials	2018
Steel	1,277 t
Concrete	7,353 m ³
Aggregates	156,599 t
Bitumen and emulsion	887 t
Cement	3,048 t
Paints/varnish/glaze/solvents	400 L
Plastic	274 t

Mozambique market

Materials	2018
Steel	2,758 t
Concrete	6,587 m ³
Aggregates	63,350 t
Bitumen and emulsion	1,080 t
Cement	12,392 t
Paints/varnish/glaze/solvents	6,110 L

Cameroon market

Materials	2018
Steel	2,402 t
Concrete	16,041 m ³
Aggregates	77,146 t
Cement	8,338 t

Zimbabwe market

Materials	2018
Aggregates	121 t
Cement	14 t

LATIN AMERICA

Aruba market

Materials	2018
Steel	25 t
Concrete	497 m ³
Aggregates	12,126 t
Bitumen and emulsion	732 t
Cement	548 t
Paints/varnish/glaze/solvents	100 L

Brasil market - ECB

Materials	2018
Steel	563 t
Concrete	9,877 m ³
Aggregates	608,185 t
Mix Asphalt	29,711 t
Bitumen and emulsion	14,939 t
Cement	41,726 t
Paints/varnish/glaze/solvents	8,304 L

Dominican Republic market

Materials	2018
Steel	253 t
Concrete	7,985 m ³
Aggregates	57 t
Cement	162 t
Paints/varnish/glaze/solvents	5,000 L

Colombia market

Materials	2018
Steel	2,548 t
Concrete	1,644 m ³
Aggregates	10 t
Bitumen and emulsion	1 t
Cement	592 t
Paints/varnish/glaze/solvents	6,500 L
Plastic	44 t

Peru market

Materials	2018
Steel	846 t
Concrete	83,211 m ³
Aggregates	906,914 t
Bitumen and emulsion	77 t
Cement	18,228 t
Paints/varnish/glaze/solvents	18,453 L
Plastic	20 t

Mexico market - GISA

Materials	2018
Steel	3 t
Cement	2 t
Concrete	9 m ³
Aggregates	12,299 t

EN2 - Materials MATERIALS - PERCENTAGE OF MATERIALS USED DERIVED FROM RECYCLING

EUROPE

Mota-Engil Engenharia e Construção	2018
Retread tyres	5 %

EGF	2018
Retread tyres	54 %
Paper recycled	34 %
Toners	23 %
PE recycling industry used in the maintenance of the bed as replacement for shale (Amarsul)	92 %
Artificial aggregate resulting from Municipal Waste Incineration Slags	100 %

SUMA	2018
Retread tyres	51 %

CAPFIL	2018
Retread tyres	10 %

Vibeiras	2018
Toners	20 %

Poland market	2018
Paper recycled	15 %
Toners	30 %
Recycled material from demolition waste	10 %

AFRICA

South Africa market	2018
Paper recycled	100 %
Toners	100 %

Uganda market	2018
Retread tyres	41 %
Tyres used in retaining walls	20 %

LATIN AMERICA

Aruba market	2018
Paper recycled	20 %

Brazil market - ECB	2018
Retread tyres	50 %

Mexico market - Mota-Engil México	2018
Paper recycled	5 %
Toners	5 %

Peru market	2018
Retread tyres	7 %
Paper recycled	8 %

EN3 - Energy ENERGY CONSUMPTION WITHIN THE ORGANISATION

EUROPE

Mota-Engil Engenharia e Construção	2018
Diesel	317,049 GJ
Petrol	265 GJ
Butane	1,599 GJ
Fuel oil	44,990 GJ

EGF	2018
Diesel	366,404 GJ
Petrol	58 GJ
Propane	215 GJ
Natural Gas	62,758 GJ
GPL	0 GJ

Poland market	2018
Natural Gas	26,486 GJ
Petrol	4,970 GJ
Diesel	169,359 GJ
Coal	66,935 GJ
Fuel oil	7,056 GJ

SUMA	2018
Diesel	204,309 GJ
Petrol	1,360 GJ
Natural Gas	135 GJ
GPL	178 GJ
Diesel heater	104 GJ

Ireland market	2018
Petrol	96 GJ
Diesel	21,186 GJ

Manvia *	2018
Diesel	18,855 GJ
Petrol	277 GJ

* Manvia S.A., Manvia Conduatas and Spanish branch fleet

Vibeiras	2018
Diesel	15,965 GJ
Petrol	2,051 GJ

CAPFIL	2018
Diesel	8,984 GJ

Takargo	2018
Diesel	273,548 GJ

AFRICA

Angola market	2018
Diesel	262,999 GJ
Petrol	6,086 GJ
Butane	1,712 GJ

Cameroon market	2018
Diesel	27,941 GJ
Petrol	313 GJ

Ivory Coast market	2018
Diesel	79,337 GJ
Petrol	11 GJ

Mozambique market	2018
Diesel	172,094 GJ
Butane	194 GJ

Uganda market	2018
Diesel	201,551 GJ
Petrol	44 GJ
Butane	5 GJ

South Africa market	2018
Petrol	21,765 GJ
Diesel	7,495 GJ

Malawi market	2018
Diesel	650,366 GJ
Petrol	438 GJ
Butane	579 GJ

Guinea Conakry market	2018
Diesel	446,332 GJ
Propane	2,400 GJ

Rwanda market	2018
Diesel	208,046 GJ
Petrol	29 GJ

Zimbabwe market	2018
Diesel	144,449 GJ
Fuel oil	7,148 GJ

LATIN AMERICA

Brazil market	2018
Consita	
Diesel	44,924 GJ
Petrol	2,586 GJ
Ethanol	49 GJ

ECB	2018
Diesel	524,664 GJ
Petrol	23,237 GJ
Fuel oil	69,560 GJ
Ethanol	747 GJ

Colombia market	2018
Petrol	600 GJ
Diesel	24,000 GJ

Dominican Republic market	2018
Diesel	492 GJ

Mexico market	2018
GISA	
Petrol	1,905 GJ
Diesel	42,667 GJ

Mota-Engil México	2018
Petrol	17,981 GJ
Diesel	255,033 GJ
GPL	1,549 GJ

Aruba market	2018
Diesel	15,390 GJ
Petrol	746 GJ

Peru market	2018
Petrol	1,417 GJ
Diesel	822,558 GJ

EN4 - Energy

ENERGY CONSUMPTION OUTSIDE THE ORGANISATION

EUROPE

Mota-Engil Engenharia e Construção	2018
Electricity	33,491 GJ

CAPSFIL	2018
Electricity	720 GJ

Vibeiras	2018
Electricity	322 GJ

Ireland market	2018
Electricity	35,172 GJ

Poland market	2018
Electricity	26,352 GJ

EGF	2018
Electricity	174,559 GJ
Heating and Cooling	34,008 GJ
Solar	438 GJ

SUMA	2018
Electricity	3,250 GJ

Manvia *	2018
Electricity	642 GJ

* Manvia fractions in buildings in Linda-a-Velha (offices), Freixoira (offices and warehouse), Alverca (offices and workshop / warehouse) and Spain

AFRICA

South Africa market		2018
Electricity		1,968 GJ

Angola market		2018
Electricity		3,469 GJ

Mozambique market		2018
Electricity		2,769 GJ

Rwanda market		2018
Electricity		74 GJ

Cameroon market		2018
Electricity		763 GJ

Malawi market		2018
Electricity		2,640 GJ

Uganda market		2018
Electricity		2,060 GJ

LATIN AMERICA

Brazil market		2018
Consita		
Electricity		257 GJ

ECB		2018
Electricity		4,031 GJ

Peru market		2018
Electricity		5,995 GJ

Mexico market		2018
GISA		
Electricity		205 GJ

Mota-Engil México		2018
Electricity		1,862 GJ

Dominican Republic market		2018
Electricity		19 GJ

EN8 - Water

TOTAL WATER WITHDRAWAL BY SOURCE

EUROPE

Mota-Engil Engenharia e Construção		2018
Surface water capture		32,189 m ³
Underground water capture		123,304 m ³
Capture of municipal water supply or from other suppliers of water		45,857 m ³

CAPSFIL		2018
Surface water capture		542 m ³
Underground water capture		1,378 m ³

Poland market		2018
Underground water capture		10 m ³

EGF		2018
Underground water capture		350,749 m ³
Capture of municipal water supply or from other suppliers of water		214,313 m ³
Capture of rainwater directly collected and stored by the organisation		3,378 m ³
Reuse of treated effluent		24,298 m ³

SUMA		2018
Underground water capture		33,041 m ³
Capture of municipal water supply or from other suppliers of water		24,045 m ³

Manvia *		2018
Capture of municipal water supply or from other suppliers of water		1,135 m ³

* Manvia, S.A. and Spanish branch

AFRICA

South Africa market		2018
Capture of municipal water supply or from other suppliers of water		7,175 m ³

Guinea Conakry market		2018
Surface water capture		479,085 m ³

Malawi market		2018
Surface water capture		250,000 m ³
Underground water capture		114,685 m ³
Capture of municipal water supply or from other suppliers of water		97,425 m ³

Uganda market		2018
Surface water capture		49,660 m ³
Capture of municipal water supply or from other suppliers of water		23,376 m ³

Angola market		2018
Capture of municipal water supply or from other suppliers of water		57,811 m ³

Ivory Coast market		2018
Underground water capture		8,000 m ³

Mozambique market		2018
Capture of municipal water supply or from other suppliers of water		25,261 m ³

Rwanda market		2018
Surface water capture		119,412 m ³
Capture of municipal water supply or from other suppliers of water		8,135 m ³

LATIN AMERICA

Brazil market

Consita	2018
Underground water capture	434 m ³
Capture of municipal water supply or from other suppliers of water	716 m ³
Capture of rainwater directly collected and stored by the organisation	320 m ³

ECB	2018
Surface water capture	156,027 m ³
Underground water capture	138,710 m ³
Capture of municipal water supply or from other suppliers of water	6,910 m ³

Peru market	2018
Surface water capture	2,587,180 m ³
Capture of municipal water supply or from other suppliers of water	6,838 m ³

Colombia market	2018
Capture of municipal water supply or from other suppliers of water	3,960 m ³

Mexico market

GISA	2018
Capture of municipal water supply or from other suppliers of water	1,754 m ³

Mota-Engil México	2018
Underground water capture	349 m ³
Capture of municipal water supply or from other suppliers of water	214,710 m ³
Capture of rainwater directly collected and stored by the organisation	36 m ³

Dominican Republic market	2018
Underground water capture	825 m ³

EN11 - Biodiversity

OPERATIONAL UNITS PART OF THE GROUP, HIRED OR ADMINISTERED WITHIN OR ADJACENT TO THE PROTECTED AREAS OR AREAS WITH A HIGH DEGREE OF BIODIVERSITY LOCATED OUTSIDE OF THE PROTECTED AREAS

EUROPE

EGF	2018
Where?	Serra da Estrela Natural Park Transfer station (Resiestrela)
Size?	0.0036 km ²
Where?	REN Partial area of the Sotavento landfill (Algar)
Size?	0.132 km ²
Where?	REN Partial area of the Barriavento landfill (Algar)
Size?	0.54 km ²
Where?	Natural reserve of the Tejo estuary (RNET) Adjacent to CTRSU (Valorsul)
Size?	0.04 km ²

AFRICA

Uganda market	2018
Where?	Queen Elizabeth National Park
Size?	11 line km
Zimbabwe market	2018
Where?	Hwange Chaba Project Area
Size?	307 ha

LATIN AMERICA

Peru market	2018
Where?	Project "Suministro de Agua - Construcción de Presa de Vizcachas - Bocatoma Títire - Alta Montaña" Quellaveco. Located in the region of Moquegua
Size?	805,6 m ²

EN12 - Biodiversity

DESCRIPTION OF THE SIGNIFICANT IMPACT OF ACTIVITIES, PRODUCTS AND SERVICES ON THE BIODIVERSITY IN PROTECTED AREAS AND AREAS WITH A HIGH LEVEL OF BIODIVERSITY LOCATED OUTSIDE OF PROTECTED AREAS

AFRICA

Uganda market	2018
Which are the species affected?	Flora and fauna autochthonous
What is the extent of the areas undergoing the impact?	11 km
What is the duration of the impact?	3.5 years
To what degree is the impact reversible?	Self-regeneration of species
Zimbabwe market	2018
Which are the species affected?	Colophospermum commonly called Mopane and Acacia
What is the extent of the areas undergoing the impact?	5.3 ha
What is the duration of the impact?	Ongoing
To what degree is the impact reversible?	Reversible impact

LATIN AMERICA

Mexico market

Mota-Engil México		2018
Which are the species affected?	Flora and fauna	
What is the extent of the areas undergoing the impact?	419.75 ha	
What is the duration of the impact?	Ongoing	
To what degree is the impact reversible?	Reversible impact	

Peru market

Peru market		2018
Which are the species affected?	Flora: Bofedales (Flora Azorella and Parastrephia species) Fauna: Reptile (Liolaemus cf. signifer and Liolaemus tacna), amphibious frogs "Pleurodema marmoratum", fishes (Trichomycterus sp. and Orestias s.); mammals (Leopardus colocolo, Hippocamelus antisensis, Ctenomys opimus and Vicugna vicugna); two birds (Vultur gryphus and Rhea tarapacensis) and one amphibious (Telmatobius jelskii)	
What is the extent of the areas undergoing the impact?	805.6 m ²	
What is the duration of the impact?	2 years	
To what degree is the impact reversible?	A rehabilitation and restoration plan is underway	

EN15 - Emissions

DIRECT EMISSIONS OF GREENHOUSE GASES (GEE)

EUROPE

Mota-Engil Engenharia e Construção	2018
Total	27,282 ton CO ₂

EGF	2018
Total	1,247,091 ton CO ₂

CAPSFIL	2018
Total	669 ton CO ₂

SUMA	2018
Total	15,233 ton CO ₂

Vibeiras	2018
Total	1,378 ton CO ₂

Manvia	2018
Total	965 ton CO ₂

Ireland market	2018
Total	1,586 ton CO ₂

Takargo	2018
Total	20,270 ton CO ₂

Poland market	2018
Total	14,601 ton CO ₂

AFRICA

South Africa market	2018
Total	2,569 ton CO ₂

Cameroon market	2018
Total	2,109 ton CO ₂

Angola market	2018
Total	20,326 ton CO ₂

Ivory Coast market	2018
Total	5,907 ton CO ₂

Guinea Conakry market	2018
Total	33,513 ton CO ₂

Rwanda market	2018
Total	18,164 ton CO ₂

Malawi market	2018
Total	48,519 ton CO ₂

Uganda market	2018
Total	15,009 ton CO ₂

Mozambique market	2018
Total	12,832 ton CO ₂

Zimbabwe market	2018
Total	11,307 ton CO ₂

LATIN AMERICA

Brazil market

Consita	2018
Total	3,923 ton CO ₂

Aruba market	2018
Total	1,215 ton CO ₂

ECB	2018
Total	42,099 ton CO ₂

Colombia market	2018
Total	1,842 ton CO ₂

Mexico market

GISA	2018
Total	3,104 ton CO ₂

Peru market	2018
Total	61,366 ton CO ₂

Mota-Engil México	2018
Total	21,251 ton CO ₂

Dominican Republic market	2018
Total	37 ton CO ₂

EN16 - Emissions

INDIRECT EMISSIONS OF GREENHOUSE GASES (GEE) DERIVING FROM THE ACQUISITION OF ENERGY

EUROPE

Mota-Engil Engenharia e Construção	2018
Total	4,433 ton CO₂
Ireland market	2018
Total	4,494 ton CO₂
Poland market	2018
Total	5,710 ton CO₂
CAPSFIL	2018
Total	112 ton CO₂

EGF	2018
Total	23,295 ton CO₂
SUMA	2018
Total	432 ton CO₂
Manvia	2018
Total	84 ton CO₂
Vibeiras	2018
Total	75 ton CO₂

AFRICA

South Africa market	2018
Total	508 ton CO₂
Angola market	2018
Total	424 ton CO₂
Cameroon market	2018
Total	45 ton CO₂
Malawi market	2018
Total	352 ton CO₂

Mozambique market	2018
Total	369 ton CO₂
Rwanda market	2018
Total	10 ton CO₂
Uganda market	2018
Total	275 ton CO₂

LATIN AMERICA

Brazil market	2018
Consita	2018
Total	8 ton CO₂
ECB	2018
Total	105 ton CO₂
Peru market	2018
Total	483 ton CO₂

Mexico market	2018
GISA	2018
Total	21 ton CO₂
Mota-Engil México	2018
Total	301 ton CO₂
Dominican Republic market	2018
Total	3 ton CO₂

EN17 - Emissions

OTHER INDIRECT EMISSIONS OF GREENHOUSE GASES (GEE)

EUROPE

EGF	2018
Total	1,160 ton CO₂

LATIN AMERICA

Brazil market	2018
ECB	2018
Total	108 ton CO₂

EN21 - Emissions EMISSIONS OF NOx, SOx AND OTHER SIGNIFICANT EMISSIONS

EUROPE

EGF	2018
NOx	1,242,753 kg
SOx	60,058 kg
Volatile organic compounds (VOC)	96,371 kg
Particulate matter (PM)	5,637 kg
Inorganic fluoride compounds expressed in F-	519 kg
H2S	1,276 kg
HCl	43,910 kg
NMOC	73,551 kg
CO	583,029 kg
Total	2,107,106 kg

Poland market	2018
NOx	26,864 kg
SOx	36,633 kg
Persistent organic pollutants (POP)	111 kg
Particulate matter (PM)	9,888 kg
CO	60,855 kg
Dust	13,182 kg

LATIN AMERICA

Mexico market

GISA	2018
NOx	178 kg

Mota-Engil México	2018
NOx	79 kg
SOx	27 µmol/mol
Material particulado - PM	227 µg/m ³

Brazil market

ECB	2018
NOx	1,219 kg
SOx	1,067 kg
Particulate matter (PM)	1,727 kg
CO	2,093 kg

EN22 - Effluents and Waste TOTAL DISCHARGE OF WATER, BROKEN DOWN BY QUALIFY AND FINAL DESTINATION

EUROPE

EGF	2018
quality: Biochemical absence of oxygen (CBO)	541,767 kg
quality: Chemical absence of oxygen (CQO)	2,857,402 kg
quality: Total solid suspensions (SST)	230,639 kg
final destination: discharge collector	809,071 m³
quality: Biochemical absence of oxygen (CBO)	9,396 kg
quality: Chemical absence of oxygen (CQO)	1,296 kg
quality: Total solid suspensions (SST)	123 kg
final destination: water line	22,599 m³
quality: Biochemical absence of oxygen (CBO)	568 kg
quality: Chemical absence of oxygen (CQO)	736 kg
quality: Total solid suspensions (SST)	238 kg
final destination: reuse	19,005 m³
quality: Biochemical absence of oxygen (CBO)	65,962 kg
quality: Chemical absence of oxygen (CQO)	576,840 kg
quality: Total solid suspensions (SST)	34,736 kg
final destination: industrial plant WWTP	144,342 m³

CAPSFIL	2018
quality: Biochemical absence of oxygen (CBO)	<1.0 (L.Q.) m ³
quality: Chemical absence of oxygen (CQO)	<5.0 (L.Q.) m ³
quality: Total solid suspensions (SST)	<3.0 (L.Q.) m ³

Vibeiras	2018
quality: Biochemical absence of oxygen (CBO)	12 m ³
quality: Chemical absence of oxygen (CQO)	42 m ³
quality: Total solid suspensions (SST)	8 m ³
quality: Total heavy metals	<0,4 m ³

Poland market	2018
quality: Total solid suspensions (SST)	5,776 m ³

AFRICA

Guinea Conakry market	2018
quality: Biochemical absence of oxygen (CBO)	278 m ³
quality: Chemical absence of oxygen (CQO)	928 m ³
quality: Total solid suspensions (SST)	371 m ³

LATIN AMERICA

Brazil market

ECB	2018
quality: Biochemical absence of oxygen (CBO)	423 m ³
quality: Chemical absence of oxygen (CQO)	1,407 m ³
quality: Total solid suspensions (SST)	426 m ³

Mexico market

Mota-Engil México	2018
Total wastewater	2,107 m ³
Wastewater sent to treatment	2,107 m ³

EN23 - Effluents and Waste TOTAL WEIGHT OF WASTE, BROKEN DOWN INTO TYPE AND METHOD OF DISPOSAL

EUROPE

Mota-Engil Engenharia e Construção	2018
Hazardous waste	1,174 t
Non-Hazardous waste	28,041 t
Waste sent for recycling	27,423 t
Waste sent for disposal	1,792 t

EGF	2018
Hazardous waste	478 t
Non-Hazardous waste	4,634 t
Waste sent for recycling	1,054 t
Waste sent for disposal	4,058 t

CAPSFIL	2018
Hazardous waste	5 t
Non-Hazardous waste	36 t
Waste sent for recycling	33 t
Waste sent for disposal	3 t

Vibeiras	2018
Hazardous waste	14 t
Non-Hazardous waste	841 t
Waste sent for recycling	832 t
Waste sent for disposal	22 t

Takargo	2018
Non-Hazardous waste	280 t
Waste sent for recycling	280 t

Manvia *	2018
Hazardous waste	23 t
Non-Hazardous waste	690 t
Waste sent for recycling	674 t
Waste sent for disposal	39 t

* Manvia, S.A., Manvia Conduatas, Spanish Branch and CH&P Anadia e Coja

Poland market	2018
Hazardous waste	23 t
Non-Hazardous waste	79,970 t
Waste sent for disposal	79,993 t

AFRICA

South Africa market	2018
Non-Hazardous waste	16,707 t
Waste sent for disposal	16,707 t

Angola market	2018
Non-Hazardous waste	25,104 t
Waste sent for disposal	25,104 t

Cameroon market	2018
Non-Hazardous waste	89 t
Waste sent for recycling	89 t

Guinea Conakry market	2018
Hazardous waste	101 t
Non-Hazardous waste	28 t
Waste sent for disposal	129 t

Zimbabwe market	2018
Hazardous waste	36 t
Waste sent for recycling	32 t

Malawi market	2018
Hazardous waste	295 t
Non-Hazardous waste	340 t
Waste sent for disposal	635 t

Rwanda market	2018
Hazardous waste	13 t
Non-Hazardous waste	74 t
Waste sent for recycling	23 t
Waste sent for disposal	64 t

Uganda market	2018
Hazardous waste	12 t
Non-Hazardous waste	72 t
Waste sent for recycling	71 t
Waste sent for disposal	37 t

LATIN AMERICA

Brazil market

Consita	2018
Hazardous waste	1 t
Non-Hazardous waste	9,705 t
Waste sent for recycling	5,672 t
Waste sent for landfill	4,034 t

ECB	2018
Hazardous waste	71 t
Non-Hazardous waste	8,445 t
Waste sent for recycling	3,660 t
Waste sent for disposal	4,856 t

Peru market	2018
Hazardous waste	250 t
Non-Hazardous waste	682 t
Waste sent for recycling	601 t
Waste sent for disposal	331 t

Mexico market

GISA	2018
Hazardous waste	7 t
Non-Hazardous waste	17 t
Waste sent for recycling	12 t
Waste sent for disposal	4 t

Mota-Engil México	2018
Hazardous waste	52 t
Non-Hazardous waste	1,517 t
Waste sent for recycling	381 t
Waste sent for disposal	1,188 t

Colombia market	2018
Hazardous waste	0.3 t
Non-Hazardous waste	0.8 t
Waste sent for disposal	1.1 t

EN24 - Effluents and Waste	TOTAL NUMBER AND VOLUME OF SIGNIFICANT SPILLS
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EUROPE

EGF

2018

How many spills took place?	Algar: 4 Ersuc: 1
What was the location of the spill?	Algar: 2 spills on the premises and 1 on the public road Ersuc: Wastewater Treatment Plant - Eiról
What was the volume of the spill?	Algar: On the premises - c.200 m ³ of leachates and 700 L of sulfuric acid; on the public road - 210 L of hydraulic oil/adblue/Diesel Ersuc: 3 m ³
What was the material spilled?	Algar: Leachates, sulfuric acid and hydraulic oil/adblue/Diesel Ersuc: Leachates
What was the impact?	Algar: Non-existent due to the actions developed - Leaching due to the high dilution factor induced by the strong precipitation that was felt at the time, and the immediate construction of a containment dam for retention of the leaching, which prevented the continuity of its runoff to the line water, no environmental damage was considered, a situation corroborated by the results of the analyzes carried out at the time. - Sulfuric acid: leakage confined to the UW Pavilion, waterproofed floor, properly restrained, successful cleaning of the site. Ersuc: low

AFRICA

Zimbabwe market

2018

How many spills took place?	1
What was the location of the spill?	Fuel Storage Compartment
What was the volume of the spill?	600 L
What was the material spilled?	Diesel
What was the impact?	Soil contamination

LATIN AMERICA

Brazil market

ECB - 1º

2018

How many spills took place?	1 of 5
What was the location of the spill?	Pouso Alegre/MG - Obra 229 - Rodovia Fernão Dias (BR 381)
What was the volume of the spill?	3 L
What was the material spilled?	Bituminous emulsion
What was the impact?	Alteration of soil quality

ECB - 2º

2018

How many spills took place?	2 of 5
What was the location of the spill?	Pouso Alegre/MG - Obra 229 - Rodovia Fernão Dias (BR 381)
What was the volume of the spill?	40 L
What was the material spilled?	Bituminous emulsion
What was the impact?	Alteration of soil and water quality

ECB - 3º

2018

How many spills took place?	3 of 5
What was the location of the spill?	Itaboraí/RJ - Obra 231 - COMPERJ - Complexo Petroquímico do Rio de Janeiro
What was the volume of the spill?	2 L
What was the material spilled?	Hydraulic oil
What was the impact?	Alteration of soil quality

ECB - 4º

2018

How many spills took place?	4 of 5
What was the location of the spill?	Itaboraí/RJ - Obra 231 - COMPERJ - Complexo Petroquímico do Rio de Janeiro
What was the volume of the spill?	5 L
What was the material spilled?	Hydraulic oil
What was the impact?	Alteration of soil quality

ECB - 5º

2018

How many spills took place?	5 of 5
What was the location of the spill?	Itaboraí/RJ - Obra 231 - COMPERJ - Complexo Petroquímico do Rio de Janeiro
What was the volume of the spill?	20 L
What was the material spilled?	Hydraulic oil
What was the impact?	Alteration of soil quality

Mexico market

Mota-Engil México

2018

How many spills took place?	11
What was the location of the spill?	Several areas
What was the volume of the spill?	651 L
What was the material spilled?	Hydrocarbons
What was the impact?	Reversible Impact

Peru market

2018

How many spills took place?	3
What was the location of the spill?	Several projects under execution - Mota-Engil Peru
What was the volume of the spill?	23 L
What was the material spilled?	Fuel
What was the impact?	Soil

EN27 - Products and Services

EXTENT OF THE MITIGATION OF THE ENVIRONMENTAL IMPACT OF PRODUCTS AND SERVICES

EUROPE

EGF

Which?	Up to what point was the impact mitigated?	Concession
<p>1) In 2018 it was decided to purchase some types of office paper that meet ecological criteria (eg TCF and 100% recycled Fibers Blue Angel), namely reams of paper, envelopes and letter paper;</p> <p>2) In 2018, cleaning detergents classified as hazardous to the environment (used by Algar's external cleaning company) were replaced with similar ecological detergents;</p> <p>3) Under the plan to rationalize energy consumption at the level of the fleet, training was given to drivers in economic driving, heavy vehicles (transfer and collection) were replaced in accordance with the investment plan and the analysis and management of collection information (mobility);</p> <p>4) Implementation of the complementary stage of degassing at the ASB WWTP was started, with a view to reducing the concentrations of ammoniacal and total nitrogen.</p>	<p>1) Taking into account that of the total Office Paper purchased in 2018, about 60% corresponds to recycled paper, part of the impact could be considered to have been mitigated.</p> <p>2) Considering that all the cleaning detergents used by the external company were not classified as hazardous for the environment, it is considered that the impact was mitigated in this area.</p> <p>3) Although the defined measures were implemented, they were not enough to reach the target defined in the Energy Consumption Rationalization Plan at the fleet level.</p> <p>4) It will not be possible to verify for now the effectiveness of this action in terms of mitigation of the impacts, due to the fact that it is still in the testing phase.</p>	Algar
Mitigation of energy consumption (training in eco-driving; replacement of piston air compressors by screw; improvement of the washer system; application of variation of ventilation speed; replacement of translucent tiles).	Amarsul was awarded with a diploma of recognition with regard to the best result in the reduction of the specific energy consumption, issued by the DGEG.	Amarsul
Reduction of electricity consumption and water in all plants.	Awareness.	Ersuc
Landfill cover, odor spread control.	Although mitigation has been effective, there have been some complaints of odors by the population of Gestal.	Valnor
Elaboration of energy audit and preparation of an audit to the fleet to elaborate the PREN to be approved by ADENE and DGEG in the context of energy intensive consumers.	Reduction of energy consumption (Electricity and Diesel).	Valorlis
<p>1) Training employees;</p> <p>2) Visual aids placed in strategic locations (flushing cisterns, faucets, switches), which alert to the saving of resources;</p> <p>3) Use of recycled paper throughout the company's documentation;</p> <p>4) Reuse of waste oils for lubrication of conveyors;</p> <p>5) Rainwater storage tank in the Organic Valuation Center and reuse of rainwater in the process;</p> <p>6) Distribution of spill containment material in all vehicles and installations;</p> <p>7) Operation of the continuously connected deodorization system;</p> <p>8) Service of birdwatching throughout the year.</p>	No occurrences of environmental damage.	Valorminho

Manvia

2018

Which?	Up to what point was the impact mitigated?
Energy Management Program "PG OE.06-M3 Optimize energy management (Manvia vehicles and installations)"	Since the beginning of the program (2016-2018), 9.8% have been reduced in relation to consumption in 2015, regarding the energy indicator fleet (l / 100 km)

Takargo

2018

Which?	Up to what point was the impact mitigated?
Fleet Energy Rationalization Plan 2016 - 2018 (PREN), monthly performance monitoring and quarterly reports (PREN monitoring) by recognized entity	At the end of the third quarter of 2018 there was an improvement in the performance associated with the fuel consumption of the locomotives, representing an amount about 42% lower than in the same period of the reference year (2015)

SUMA

2018

Which?	Up to what point was the impact mitigated?
Energy audit with associated reduction targets	Results are still pending

Ireland market

2018

Which?	Up to what point was the impact mitigated?
Chemicals	No major incident in 2018

AFRICA

Rwanda market

2018

Which?	Up to what point was the impact mitigated?
Allocation of resources to decrease dust collection by vehicle circulation, within the project and access roads	Acceptable

Zimbabwe market

2018

Which?	Up to what point was the impact mitigated?
Spills of hydrocarbons into the environment	1

LATIN AMERICA

Aruba market

2018

Which?	Up to what point was the impact mitigated?
Placement of plastic sleeve for the containment of bituminous emulsion spills	Restriction of contamination area

Brazil market

ECB

2018

Which?	Up to what point was the impact mitigated?
Control of the emission of environmental noise from the asphalt concrete plants	Reduction of environmental noise emitted to surrounding community. Reduction of discomfort felt by the surrounding community.

Mexico market

Mota-Engil México		2018
Which?	Up to what point was the impact mitigated?	
1) Prepare the service life cycle matrix; 2) Training of employees; 3) Activities carried out with interested parties, celebrating world environmental days; 4) Environmental monitoring; 5) Organizing and cleaning campaigns; 6) Monitoring the consumption of resources; 7) Environmental simulations; 8) Waste recovery; 9) Placement of environmental signs.	High	

Peru market

		2018
Which?	Up to what point was the impact mitigated?	
Dust control: Waterway irrigation with water tank, speed control and dust control procedure; Spill control: spill management procedure, anti-spill kit and containment trays, training and awareness on spill control, monitoring of equipment maintenance programs compliance; Solid waste control: solid waste management procedure, adequate segregation points for solid waste, inspection, training and awareness in solid waste management, use of metal utensils to reduce the production of plastic and technopor waste; Emission of combustion gases: monitoring of maintenance programs of equipment, certification of opacity of equipment; Energy, fuel and water consumption: consumption control and eco-efficiency lectures; Erosion and sediment control: implantation of coronation channels, gutters, silt fence, cheek dams, sedimentation ponds, among others.	Environmental Incident Frequency Index = 0,07 (below the target of 0.3)	

EN28 - Products and Services

PERCENTAGE OF PRODUCTS AND THEIR RECOVERED PACKAGING IN RELATION TO THE TOTAL OF PRODUCTS SOLD, DISCRIMINATED BY CATEGORY OF PRODUCTS

EUROPE

EGF	2018
Products and their packaging materials reclaimed (tons)	310,954
Total Products sold (ton)	293,559
	106%

EN29 - Compliance

MONETARY VALUE OF SIGNIFICANT FINES AND TOTAL NUMBER OF NON-MONETARY PENALTIES APPLIED DUE TO NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS

EUROPE

EGF	2018
Total number of non-monetary sanctions for non-compliance with environmental laws and regulations?	1

An aerial photograph of a dam and reservoir, framed by several overlapping circular cutouts. The cutouts reveal different parts of the site: a road on a forested hillside, a stone-lined spillway, a concrete dam structure, a reservoir with a person in a blue kayak, and a modern building with a white facade. The overall scene is bright and clear, suggesting a well-maintained and modern infrastructure project.

Forward-looking approach

On account of its dynamics, Mota-Engil has been blazing a trail in the Investment in new areas of business and innovative areas, setting new challenges with the scope of attracting new markets and foreseeing and preparing for its own future in an increasingly capable fashion.

The trust in what we do.

05

Fiscalization Reports



MOTAENGIL



Statutory Audit Report and Auditors' Report

(Free translation from the original in Portuguese)

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Mota-Engil, S.G.P.S., S.A. (the Group), which comprise the consolidated statement of financial position as at 31 December 2018 (which shows total assets of Euros 4,684,724 thousand and total shareholders' equity of Euros 446,546 thousand including a net profit of Euros 23,612 thousand), the consolidated income statement by nature, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of Mota-Engil, S.G.P.S., S.A. as at 31 December 2018, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section below. In accordance with the law we are independent of the entities that are included in the Group and we have fulfilled our other ethical responsibilities in accordance with the ethics code of the Institute of Statutory Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Construction contracts revenue recognition

Disclosures related to construction contracts revenue presented in notes 1.4 xii), 1.4 xvii), 1.4 xxii), 2, 8, 25, 35 and 38 to the consolidated financial statements.

The Group operates part of its activities in the construction industry, which is characterized by the existence of pluriennial contracts. Construction contracts revenue at 31 December 2018 amounts to Euros 2,053,347 thousand.

The Group recognizes revenue according to the guidelines introduced by the adoption of IFRS 15 - Revenue from contracts with customers. In accordance to IFRS 15, revenue and margins related to ongoing construction contracts are recognized in accordance with the percentage of completion method, which corresponds to the proportion of incurred costs to the total estimated contract costs.

Determining the percentage of completion of the contracts requires significant estimates and judgements, namely the total contract income, expenditure to incur until completion and the impact of work to be performed differently from the agreed work, delays in execution and existent or future claims. Additional revenue amounts are estimated when established as contractual rights and assessed as highly probable. These estimates are reviewed in each reporting period, based on management's best knowledge, and material changes in recognized revenue and margins can arise from that review.

The work performed over pluriennial construction contracts revenue recognition included the following procedures:

- understanding and evaluating the control activities related to revenue recognition of construction contracts, and testing control effectiveness, when relevant;
- obtaining construction contract reports that support revenue recognition of pluriennial construction contracts, and its reconciliation with the accounting records;
- confirmation of total estimated income as stated in the reports with contracts agreed with clients and other terms and conditions, and of the total estimated costs with production budgets, for a sample of contracts;
- obtaining and analysing the incurred costs supporting information and measurement reports of work performed, for a sample of contracts;
- reasonableness tests to the percentage of completion, considering the underlying assumptions;
- analysis of the estimates and judgements of management, concerning the recognized margin, through: (i) analysis of the reliability of historical estimates; (ii) inquiring of changes in total income and total estimated costs, as well as in incurred costs in comparison with budgeted costs; and (iii) evaluating the sufficiency and strength of the supporting evidence for additional revenue values that result from contractual rights but whose amount is not yet approved by the client; and

Key Audit Matter

Due to the magnitude of the amounts and uncertainty and complexity of the judgements involved in the estimates, we consider this issue as a key audit matter.

Summary of the Audit Approach

- analysis of the need to recognize provisions for expected losses in contracts, through key personnel inquiry, as well as through examination of significant contracts and management minutes, external known factors, litigation and disputes with the counterparties or the outcomes of events after the reporting period.

With regard to the adoption of IFRS 15, we assessed the differences in the accounting treatment for contracts identified by the Group, namely in those related to the identification of the existence or not of a significant financial component in the price of contracts and different performance obligations, as disclosed in note 1.2 I.

We have verified the adequacy of the disclosures related to construction contracts presented in the consolidated financial statements.

Non-current assets impairment and valuation

Disclosures related to non-current assets impairment and valuation presented in notes 1.4 v), 1.4 ix), 1.4 xxii), 8, 15, 16 and 21 to the consolidated financial statements.

At 31 December 2018 the Group holds non-current assets allocated to the following cash generating units (CGU), and for which impairment indicators were identified:

- waste treatment and recovery, in the amount of Euros 239,569 thousand;
- construction of Mota-Engil Engenharia, amounting to Euros 77,315 thousand;
- railway transportation, amounting to Euros 29,701 thousand;
- logistics operation to develop in Malawi, amounting to Euros 21,821 thousand;
- quarry exploration, amounting to Euros 42,321 thousand.

The analysis of the evaluation of these assets impairment losses and equity instrument's fair value consisted of:

- evaluate the underlying criteria to identify the cash generating units (CGU);
- obtain the models made to determine the recoverable amount of the CGU and fair value of the equity investment, in order to determine its accordance with the accounting standards;
- reexecute the models calculations;
- critically evaluate, and whenever possible in a corroborative manner, the assumptions used in the models, namely the projection periods used, estimated cash flows, cash flows growth rates in projection period and

Key Audit Matter

The Group also holds an equity instrument in an entity not listed in a regulated market amounting to Euros 46,976 thousand.

As mentioned in the Group's accounting policies, in each reporting period an evaluation is made to determine if there are indicators that its assets might be impaired, and tests are performed in order to estimate its recoverable amount. With respect to the equity instrument, it is valued at its fair value through other comprehensive income.

As mentioned, for the CGU above mentioned, impairment indicators were identified, triggering the need to perform impairment tests. The realization of these tests, as well as the determination of the fair value of the also mentioned equity instrument, involves significant uncertainties and judgements, namely predictions of future profitability and investment amounts, growth rates, obtaining market benchmarks and discount rates, as well as analysis of the documentation related to assets future use.

Regarding the equity instrument, a negative fair value change amounting to approximately Euros 10,000 thousand was recognized in the consolidated statement of other comprehensive income.

The analysis of the evaluation of these assets impairment losses and fair value was considered a key audit matter due to its complexity and judgement involved in management's estimation of the recoverable amount.

Summary of the Audit Approach

perpetuity, discount rates, multiples and comparable transactions considered;

- ensure that recoverable amounts based intentions for future use match the assets/CGU present condition, as well as the viability and consistency with all available information known to date; and
- review the sensitivity analysis to the models most significant assumptions, whenever the value in use or market value obtained is close to the carrying amount.

We have also verified the adequacy of disclosures related to non-current assets impairment and fair value presented in the consolidated financial statements.

Key Audit Matter**Summary of the Audit Approach**

Accounts receivable valuation and impairment recognition

Disclosures related to Accounts receivable presented in the notes 1.4 ix), 1.4 xxii), 8 and 24 to the consolidated financial statements.

At 31 December 2018 the Group presents accounts receivable from Customers and Other Debtors amounting to Euros 1,112,311 thousand, (net of cumulative impairment losses of Euros 228,782 thousand, of which Euros 3,015 thousand were recognized, net of reversals, in the consolidated income statement and Euros 24,921 thousand in the consolidated statement of changes in equity, resulting from the adoption of IFRS 9).

The Group assesses, in each reporting period, the amount of impairment losses to be recognized under IFRS 9 - Financial instruments. For this purpose, impairment losses are recognized for the estimated non recoverable amount of aged receivables or receivables for which other impairment indicators exist (incurred losses), as well as potential expected impairment losses, using an uncollectibility matrix based on the credit history of the Group's debtors, as explained in note 1.4 ix).

The identification of impaired accounts receivable, and determining its recoverable amount, and the modelling of matrices for determination of potential impairment losses by type of customer, industry / sector or country, involve significant management judgement, namely in regards to (i) the debtors ability to settle the debt, probability of default of agreed conditions and collection prospects; and (ii) the segmentation of the portfolio of customers and other debtors in different groups of credit risk profiles and subsequent determination of estimated impairment loss rates. The existence, in the many geographies the Group operates in, of significant accounts receivable from government entities, state or entities considered

Work performed over recognition and measurement of accounts receivable impairment included the following procedures:

- understanding and evaluating control activities related to recognition and measurement of accounts receivable impairment, and tests to the effectiveness of controls, when relevant;
- obtaining the detail list and calculation of accounts receivable impairment recognized in the year, and in the opening financial position, arising from the adoption of IFRS 9, and reconciling with accounting records
- obtaining the calculation of matrices of expected impairment loss rates by country, industry and customer segments at the reporting date and at the date of adoption of IFRS 9;
- discussion with the management of the main assumptions used in determining expected impairment losses, namely segmentation of matrices by different groups of credit risk profile, selection of historical periods and base information, as well as expectations of future credit risk changes;
- obtaining ageing accounts receivable reports and reconciling with recognized impairment losses;
- discussing with management the assumptions used to determine accounts receivable incurred impairment losses, namely for significant amounts outstanding for long time periods;
- obtain and analyze available supporting information, used by management in the assessment performed;
- verify receipts after the closing date; and

Key Audit Matter

as public entities, raises an additional level of subjectivity and uncertainty to those judgements.

Moreover, and in accordance with the Group accounting policies, the normal cycle of the accounts receivable recoverability is 12 months. However, there are amounts for which the period between the rendering of services and the payment exceeds the normal operational cycle.

In accordance with IFRS 9 - Financial instruments, and as reported in 1.4 ix) a), the Group estimates the present value of accounts receivable whenever it is expected that payment exceeds the normal operational cycle. In this case, the estimates made by management require judgement, namely concerning the settlement date and the discount rate to use.

Estimates of accounts receivable impairment and present value are a key audit matter because they require a high level of judgement by management.

Summary of the Audit Approach

- in the particular case of significant long time past due accounts receivable of government entities, state or entities considered as public entities, external confirmations, formal correspondence documentation with those entities, measurement reports or other evidence supporting the sale/service rendered were attested, in order to assess if the evidence is consistent with the recognized impairment losses.

Our procedures concerning the valuation of accounts receivable past due beyond the normal operational cycle, were mainly as follows:

- understanding and evaluation of control activities related to measurement of accounts receivable past due over one year and tests of the controls effectiveness, when relevant;
- assessment of the completeness of accounts receivable with settlement conditions beyond normal terms considered by management for recognition at present value; and
- test of the calculation of present value measurement impacts and assessment of the management's assumptions reasonableness, concerning the expected settlement date and discount rate used.

We have also verified the adequacy of disclosures related to the valuation and impairment of accounts receivable presented in the consolidated financial statements.

Real estate inventory and investment properties valuation

Disclosures related to real estate inventory and investment property presented in 1.4 vii), 1.4 xi), 1.4 xxii), 6, 8, 22, 23 to the consolidated financial statements.

At 31 December 2018, the Group holds real estate inventory ready for sale or for real estate development and future sale, amounting to Euros 187,000 thousand, measured at the lower of acquisition or production cost and net realizable value. The Group also holds investment property at fair value, amounting to Euros 133,685 thousand, with a net positive impact in the 2018 consolidated income statement of Euros 20,553 thousand. Real estate inventory and investment property include some projects for which there are no prospects for immediate development or whose sale has been delayed.

Determination of the net realizable value or fair value of these assets requires estimations involving the use of management assumptions, namely market benchmarks, future cash flow projections (sales prices and construction costs to be incurred until completion of the asset), market rents and discount rates.

The high level of judgement embedded in the assumptions used in the net realizable value and fair value estimates, and the related uncertainty, justifies this issue as a key audit matter.

Audit procedures performed, concerning inventory and investment property valuation included:

- assessment of the inventory and investment property presentation reasonableness, considering the expected way of realization, based on meetings with management;
- independence and competence assessment of the external appraisers appointed by management, and of the competence of the internal and external experts to perform/analyze the appraisals;
- review of real estate valuation, namely through the following procedures: (i) meeting with the Group's real estate managers and, when necessary, with the Group's internal and external experts, in order to analyze and discuss the evidence presented and conclusions withdrawn; (ii) analysis of the reasonableness of the underlying data used in appraisals, considering our knowledge and experience, including the comparison with industry and transaction benchmarks, involving in this exercise, whenever necessary, our internal experts.

We have also verified the adequacy of the disclosures related to real estate inventory and to investment property presented in the consolidated financial statements.

Provisions and contingencies

Disclosures related to provisions and contingencies presented in 1.4 xvii), 1.4 xxii), 8, 12, 38 and 41 to the consolidated financial statements.

The Group recognizes provisions for contingencies, namely claims and other liabilities related to construction contracts, including construction guarantees. At 31 December 2018 provisions and other contingencies presented in the consolidated financial statements amount to Euros 94,739 thousand, of which Euros 23,209 thousand were recognized in the 2018 consolidated income statement, net of reversals.

Moreover, due to the dimension, structure and geographical dispersion of its operations, the Group is exposed to different tax and legal frameworks, which originate an increased complexity of the procedures of tax and legal nature. Consequently, the Group has a variety of open tax issues and ongoing legal proceedings, for which no provisions were accounted for and that are contingent liabilities.

According to note 41 to the consolidated financial statements, contingent liabilities related to tax proceedings amount to Euros 80,523 thousand, and related to legal proceedings over Euros 500 thousand, individually, amount to Euros 99,000 thousand, approximately. In the same note, the following litigations are also mentioned: (i) investigation raised by the Government Agency for Law Enforcement and Prosecution of Peru, over a set of construction companies operating on that country, where the Group is referred to, but in relation to which it was not yet formally accused, neither it is possible to assess and quantify the possible impacts arising from this matter; and (ii) an investigation initiated by the Portuguese Competition Authority regarding the participation of the Group in a public tender in previous periods.

Concerning the provisions and contingent liabilities for obligations regarding construction contracts, the procedures we performed included, among others:

- understanding and evaluation of control activities related to identification and measurement of provisions for obligations arising from construction contracts, and tests to controls effectiveness, when relevant;
- validation of the listing of recognized provisions for obligations arising from construction contracts, considering our knowledge of the business, management inquiries, minutes of meetings and other documents and events after the closing date;
- assessment of the reasonableness of management's assumptions for provisions measurement, namely by comparing previous periods estimates with actual incurred costs; and
- analysis of the calculation of provisions and the supporting documentation.

Concerning the provisions and contingent liabilities for obligations arising from tax and legal litigation, we have performed, among others, the following procedures:

- understanding the procedures to assess contingencies and tax and legal litigation made by management;
- obtaining and analysis of the listings of tax and legal litigation involving the Group;
- obtaining and analysis of the confirmations received from internal and external lawyers, regarding the proceedings of which they are in charge;

Key Audit Matter

In accordance with IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, and presented in note 35, the Group recognizes provisions whenever an unfavorable outcome is expected for the regarded contingency. The assessment of the outcome probability is based on management's judgement about those matters, as well as in Group's tax and legal advisors opinion.

Considering the high level of judgement involved in the assessment of contingent liabilities and estimation of outflows amounts to settle the present obligation, and the high degree of uncertainty of the outcome of the proceedings, we consider this issue as a key audit matter.

Summary of the Audit Approach

- analysis of correspondence exchange with tax authorities and external lawyers, namely regarding claims and appeals by the Group; and
- inquiry to management and to key personnel of tax and legal departments, with the support of our specialists, regarding the most significant estimates and judgements, aiming, whenever possible, to corroborate the assumptions in the classification and measurement of provisions amount.

We have also verified the adequacy of the disclosures related to provisions and contingencies presented in the consolidated financial statements.

Impact in the financial statements of considering Angola as a hyper-inflationary economy

Disclosures related to classification of Angola as a hyper-inflationary economy presented in notes 1.3 i) e 47 to the consolidated financial statements.

Because of the high levels of inflation in the 3 last years, which are cumulatively close to 100%, and considering other qualitative aspects, Angola was considered a hyper-inflationary economy in 2017 and 2018.

The entities which functional currency is the Angolan currency must apply IAS 29 - "Financial Reporting in Hyper-inflationary Economies" to the financial statements as of 1 January 2017. According to the standard, the financial statements of an entity which functional currency is the currency of a hyper-inflationary economy, either based on historical cost or current cost, must be expressed in terms of current measurement unit at the closing date. The gain or loss in the net monetary position must be included in profit and loss and disclosed separately.

The audit procedures performed in relation to the impacts of the Angolan entities financial statements restatement consisted of:

- validate the adjustments arising from the application of IAS 29 to the financial statements of the main Angolan entities, as well as verifying the supporting documentation, in order to ensure that management:
 - used an appropriate inflation index;
 - identified accurately the monetary and non monetary items;
 - adequately applied the restatement methodology in accordance with IAS 29 for the non monetary items, equity items, statement of income items and other comprehensive income items, considering separately the restatement impacts recognized in the income statement and in retained earnings;

Key Audit Matter

The financial statements of the Group subsidiaries and associated companies which functional currency is the Angolan currency were restated by applying a general price index of Angola. The restated financial statements were transposed at closing date exchange rate, to be included in the consolidated financial statements.

The restatement impacts of the financial statements of the Angolan subsidiaries and associated companies in the consolidated financial statements were an increase in Euros 35,123 thousand of the results presented in the consolidated statement of other comprehensive income, and a decrease of Euros 24,394 thousand in the results presented in the consolidated income statement.

Due to the magnitude of the impacts in the consolidated financial statements, we have considered the classification of Angola as a hyper-inflationary economy, and the consequent accounting repercussions, as a key audit matter.

Summary of the Audit Approach

- adopted reasonable and consistent assumptions, whenever it was impracticable to identify the effective date of each transaction to apply the respective inflation index;
- presented adequately the restatement impacts in the income statement, through a separate line of "Net monetary position"; and
- also updated the statement of cash flows items.
- review the accuracy of the transposition of the restated financial statements of the main Angolan entities to the Group's reporting currency, assessing the adequacy of the related consolidation adjustments and respective judgements involved;
- assess the adequacy of the presentation of the restatement impacts in the consolidated statement of other comprehensive income, in accordance with the accounting policies;
- verify the consistency of the results presented in the consolidated income statement, including the caption "Net monetary position", with the statements of financial position of the Angolan entities.

We have also verified the adequacy of the disclosures related to the restatement impact due to hyper-inflation of Angolan entities.

Responsibilities of management and supervisory board for the consolidated financial statements

Management is responsible for:

- a) the preparation of the consolidated financial statements, which present fairly the financial position, the financial performance and the cash flows of the Group in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union;
- b) the preparation of the Management's Report, including the Report on Corporate governance practices, in accordance with the applicable law and regulations;
- c) the creation and maintenance of an appropriate system of internal control to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- d) the adoption of appropriate accounting policies and criteria; and
- e) the assessment of the Group's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Group's ability to continue its activities.

The supervisory board is responsible for overseeing the process of preparation and disclosure of the Group's financial information.

Auditor's responsibilities for the audit of the consolidated financial statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- a) identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- e) evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- f) obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion;
- g) communicate with those charged with governance, including the supervisory board, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- h) of the matters we have communicated to those charged with governance, including the supervisory board, we determine which one's were the most important in the audit of the consolidated financial statements of the current year, these being the key audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure; and
- i) confirm to the supervisory board that we comply with the relevant ethical requirements regarding independence and communicate all relationships and other matters that may be perceived as threats to our independence and, where applicable, the respective safeguards.

Our responsibility also includes verifying that the information included in the Management's report is consistent with the consolidated financial statements, and the verification set forth in paragraphs 4 and 5 of article No. 451 of the Portuguese Company Law, and verifying that the non-financial information was presented.

Report on other legal and regulatory requirements

Director's report

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our opinion that the Management's report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Management's report is consistent with the audited consolidated financial statements and, taking into account the knowledge and assessment about the Group, no material misstatements were identified. As set forth in paragraph 7 of article No. 451 of the Portuguese Company Law, this opinion is not applicable to the non-financial statement included in the Management's report.

Non-financial statement set forth in article No. 508-G of the Portuguese Company Law

In compliance with paragraph 6 of article No. 451 of the Portuguese Company Law, we hereby inform that the entity included in its Management's report the non-financial statement set forth in article No. 508-G of the Portuguese Company Law.

Corporate governance report

In compliance with paragraph 4 of article No. 451 of the Portuguese Company Law, it is our understanding that the Report on Corporate governance practices includes the information required under article No. 245-A of the Portuguese Securities Market Code, that no material misstatements were identified in the information disclosed in this report and that it complies with paragraphs c), d), f), h), i) and m) of that article.

Additional information required in article No. 10 of the Regulation (EU) 537/2014

In accordance with article No. 10 of Regulation (EU) 537/2014 of the European Parliament and of the Council, of April 16, 2014, and in addition to the key audit matters referred to above, we also provide the following information:

- a) We were first appointed auditors of Mota-Engil, S.G.P.S., S.A. in the Shareholders' General Meeting of 24 May 2017 for the remaining period from 2015 to 2018.
- b) The management has confirmed to us it has no knowledge of any allegation of fraud or suspicions of fraud with material effect in the financial statements. We have maintained professional scepticism throughout the audit and determined overall responses to address the risk of material misstatement due to fraud in the consolidated financial statements. Based on the work performed, we have not identified any material misstatement in the consolidated financial statements due to fraud.
- c) We confirm that our audit opinion is consistent with the additional report that was prepared by us and issued to the Group's supervisory board as of 25 March 2019.
- d) We declare that we did not provide any prohibited non-audit services referred to in paragraph 8 of article No. 77 of the by-laws of the Institute of Statutory Auditors ("Estatutos da Ordem dos Revisores Oficiais de Contas") and that we remain independent of the Group in conducting our audit.

25 March 2019

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

António Joaquim Brochado Correia, R.O.C.

REPORT AND OPINION OF THE STATUTORY AUDIT BOARD

(Translation of a report originally issued in Portuguese)

To the Shareholders of MOTA-ENGIL, SGPS, S.A.

In compliance with legal and statutory requirements, the Statutory Audit Board of MOTA-ENGIL, SGPS, S.A., presents the report of its activities during 2018, as well as its opinion on the documents comprising the consolidated financial report, which include the Management Report and the Consolidated Financial Statements prepared by the Company's Board of Directors for that year.

As usual, the Statutory Audit Board met regularly and accompanied the progress of the Company, particularly through contacts with the Board of Directors and its members and with the main persons responsible for the Group's services, who provided all the information and justifications requested.

The Statutory Audit Board also accompanied the activity of the Statutory Auditor / External Auditor, and therefore obtained elements that were useful in the performance of its supervisory responsibilities. It also supervised the activity of the Statutory Auditor / External Auditor, including its independence and exemption.

The Statutory Audit Board analyzed the aforesaid documents of the consolidated financial report, the Consolidated Legal Certification of Accounts / Audit Report, issued by the Statutory Auditor / External Auditor, who is registered in the CMVM (Portuguese Market Securities Commission), as well as the additional reports addressed to it received from the Statutory Auditor / External Auditor.

Pursuant to the terms of Art. 245(1)(c) of the Securities Market Code, the members of the Statutory Audit Board hereby declare that, to the best of our knowledge, the information contained in the Consolidated Report and Accounts for 2018 was drawn up in accordance with the applicable accounting principles and gives a true and fair view of the assets and liabilities, the financial position and the results of MOTA-ENGIL, SGPS, S.A. and the companies included in its consolidation perimeter, and that the Management Report faithfully describes the progress of the business, the financial and non-financial performance and the position of MOTA-ENGIL, SGPS, S.A., and the companies included in its consolidation perimeter, including a description of the main risks and uncertainties they face.

In light of the foregoing, the Statutory Audit Board is of the opinion that the aforementioned documents of the consolidated financial report presented by the Board of Directors should be approved.

Porto, March 25, 2019



MOTA-ENGIL

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