

**2019**

Consolidated  
Report  
& Accounts

**MOTA-ENGIL**

*A World of Inspiration*

**Building  
Today,**



**Imagining  
Tomorrow.**



# Building Today, Imagining Tomorrow.

For a multinational company like Mota-Engil growth starts today, molded by future ambitions. A long term mission that reflects on the operation, expanding to new territories and new business areas.

**Energy**  
Turnover  
197M€



**Others, eliminations  
and intra-group**  
Turnover  
15M€

**Environment**  
Turnover  
404M€  
Backlog  
782M€



**Construction**  
Turnover  
2,211M€  
Backlog  
4,583M€

## Mota-Engil Distinctions

**TOP 100 MUNDIAL**  
#71 Global Powers  
of Construccion 2018



**TOP 30 EUROPE**  
#28 in infrastructure  
sector 2018



**LEADER IN PORTUGAL**  
in infrastructure  
sector 2018



**INTERNATIONAL  
CORPORATION  
OF THE YEAR 2018**



**7<sup>TH</sup> LARGEST  
BUILDING COMPANY**  
in Latin America 2018



**10 MOST VALUABLE  
BRAND IN PORTUGAL**  
Brand Finance 2018



**MEXICO**  
Socially Responsible  
Company



**SUMA - TRUST  
BRAND**  
2018



# Highlights 2019

## €5.4 bn

Backlog worth €5.4 bn

## €2.8 bn

Unprecedented turnover of €2.8 bn, with an 1% increase YoY

## €417 mn

EBITDA of €417 mn, with a resilient margin of 15%

## €27 mn

Net income of €27 mn, with a 15% increase YoY

## €1,213 mn

Net debt of €1,213 mn, with a net debt ratio / EBITDA of 2.9x

## €262 mn

Capex of €262 mn

### TURNOVER

GROUP  
(million euros)



### EBITDA

GROUP  
(million euros)



■ Europe (\*) ■ Abroad (\*\*)

(\*) Includes the Europe region and others, eliminations and intra-group

(\*\*) Includes the Africa and Latin America regions

## TURNOVER

THOUSAND EUROS

	12M19	% T	Δ	12M18 (restated)	% T	2H19 (unaudited)	% T	Δ	2H18 restated (unaudited)	% T
Sales and services rendered (Turnover - T)	2,826,746	0.0%	0.9%	2,801,749	0.0%	1,482,417	0.0%	(4.4%)	1,550,894	0.0%
EBITDA(*)	417,071	14.8%	2.5%	407,077	14.5%	223,055	15.0%	(3.3%)	230,591	14.9%
Amortizations and depreciations, provisions and impairment losses	-229,337	(8.1%)	(10.9%)	-206,828	(7.4%)	-126,058	(8.5%)	(4.6%)	-120,541	(7.8%)
EBIT(**)	187,734	6.6%	(6.2%)	200,249	7.1%	96,997	6.5%	(11.9%)	110,050	7.1%
Net financial results (***)	-64,440	(2.3%)	(14.6%)	-56,250	(2.0%)	-12,580	(0.8%)	72.7%	-46,125	(3.0%)
Gains / (losses) in associates and jointly controlled companies	-5,407	(0.2%)	-	3,010	0.1%	-6,704	(0.5%)	(610.9%)	1,312	0.1%
Gains / (losses) on the disposal of subsidiaries, jointly controlled and associates companies	-7,986	(0.3%)	-	462	0.0%	-7,986	(0.5%)	(1827.9%)	462	0.0%
Net monetary position	1,746	0.1%	-	-12,263	(0.4%)	1,746	0.1%	-	-3,098	-
Income before taxes	111,647	3.9%	(17.4%)	135,209	4.8%	71,473	4.8%	14.2%	62,601	4.0%
<b>Consolidated net profit for the year</b>	<b>70,173</b>	<b>2.5%</b>	<b>(24.9%)</b>	<b>93,475</b>	<b>3.3%</b>	<b>44,652</b>	<b>3.0%</b>	<b>(14.8%)</b>	<b>52,393</b>	<b>3.4%</b>
Attributable to:	0	0.0%	0.0%	0	0.0%	0	0.0%	0.0%	0	0.0%
Non-controlling interests	43,445	1.5%	(38.1%)	70,169	2.5%	26,050	1.8%	(25.2%)	34,827	2.2%
<b>Group</b>	<b>26,728</b>	<b>0.9%</b>	<b>14.7%</b>	<b>23,306</b>	<b>0.8%</b>	<b>18,602</b>	<b>1.3%</b>	<b>5.9%</b>	<b>17,566</b>	<b>1.1%</b>

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

(\*) EBIT corresponds to the algebraic sum of EBITDA with the following captions of the consolidated income statement: "Amortizations and depreciations", "Provisions" and "Impairment losses"

(\*\*\*) Net financial results corresponds to the algebraic sum of the following captions 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

*“We shall prevail and become even stronger. MOTA-ENGIL has always been an example and a reference for the future and shall continue to be so once more in all the countries in which we operate.”*



António Mota  
Chairman of the Board  
of Directors

Dear Shareholders,

Another year has gone by, and at the General Assembly we will analyse the accounts concerning the financial year of 2019.

At that point, we will assess those figures, which I consider to have been extremely positive.

But today, as I write this text, I cannot help but consider the current conjuncture, wherefore I will transcribe the message I sent to all workers of MOTA-ENGIL.

*"My dear friends,*

*All of us and the company as a whole are experiencing very difficult times.*

*We must stand united. Humanity will prevail and MOTA-ENGIL will be an example.*

*We therefore must first and foremost ensure the safety of all our workers, following the rules that the national authorities in each Country determine. Nevertheless, at the same time, we must maintain production at the possible levels given the conjuncture of each Country.*

*We must show solidarity to one another, but we must support the Boards in their management of the situation in each Country.*

*This is undoubtedly the most difficult phase of my life, but I remember that I have said so in other situations on account of other reasons that I now recognise were of smaller scope.*

*"We shall prevail and become even stronger. MOTA-ENGIL has always been an example and a reference for the future and shall continue to be so once more in all the countries in which we operate."*

*Know that I, my Sisters, the whole Mota Family and the GROUP's Administration is sympathetic and aware of what we must do:*

*- To preserve the health of all workers.*

*- Keep the company on business if, when and however possible, without endangering safety.*

*As it is said in Africa and constitutes the motto of our GROUP "WE STAND TOGETHER!"*

*Best regards to everyone, be brave and comply with the rules.*

*António Mota"*

I would therefore like to extend this message to all shareholders, clients, partners, sub-contractors, suppliers and financial institutions which always have been and will keep on being of crucial importance to us.

I also cannot help but to express a word of gratitude to all health workers (doctors, nurses, caretakers, chemists and similar) for the effort and commitment they make on their daily lives.

I extend that word of gratitude to those who through their daily activity ensure the supply and to those who strive (wherever and however) so that the economy is maintained at the levels possible.

Lastly, I would like to express my support to the national authorities of each Country (President, Government, regional and municipal authorities, health authorities); we live difficult times, decisions must be taken and it is up to us to follow the implemented rules.

**We stand together!**

## Message from the Chief Executive Officer

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“In 2019 we continued to grow and to ensure the future, supported by a Backlog with historical levels and in highly specialized sectors thus enhancing the value chain of the Infrastructures.”



Gonçalo Moura Martins  
Chief Executive Officer

Dear Shareholders,

Now that the year of 2019 has reached its end, I once more address all of you to take stock of the activity of a year which proved to be intense, demanding and difficult but for which we were able to find solutions.

We are always guided by a common principle arising from our culture: a long-term Vision and a strong commitment to each project and each client.

“In 2019 we continued to grow and to ensure the future, supported by a Backlog with historical levels and in highly specialized sectors thus enhancing the value chain of the Infrastructures.”

We also proceeded to strengthen the diversification of our activity, growing in the Environment sector (with new contracts in Brazil), in the Energy sector (where we set out to introduce commercialisation in a more robust manner) and also in the Concessions sector where we nowadays have a portfolio of concession assets with road network (under construction or operating) of approximately 2500 km under management, which is proof of the GROUP's know-how and capacity in the area of concessions.

To that end, it was necessary to increase the levels of investment in the last two years because we trust in the capacity of the GROUP, as a whole, to obtain results out of the investments made, and for the opportunity that we feel there is to strengthen business areas in which we have a potential to grow.

Still with regard to the measures carried out in 2019, some of which will only be felt from 2020 onwards, I would like to underline the new plan of operational efficiency in course, which reflects the continuity of a work aimed at strengthening the procurement, planning and control technical areas, so that they can internally generate efficiency and operating cash flow.

The commitment and professionalism of all workers of the GROUP, as well as the trust placed by our Clients, Shareholders and remaining *Stakeholders*, to whom, on my behalf and on behalf of the Executive Committee, I express a just and heartfelt gratitude, were crucial to the achievement the objectives defined for 2019.

Following the closure of the financial year, the world has been confronted with a pandemic phenomenon never felt in the last one hundred years, a pandemic the intensity and gravity of which has overcome any capacity for prediction or historical experience, and which, day by day, keeps surprising us on account of the level of catastrophism and the challenges it embodies, even to the societies deemed most advanced and better prepared from a scientific perspective.

In this truly exceptionally moment we live, due to the outbreak of Covid-19, the MOTA-ENGIL GROUP has implemented a Contingency Plan in line with the best international practices defined by the health authorities, with an essential objective in mind:

- To protect the health and well-being of our Workers

For that purpose, we are creating conditions to safeguard all our Workers in all the markets with high asymmetrical exposure and public conditions of reaction to the pandemic, so as to prevent individual exposure to the contagion.

Although no one doubts the gravity of the economic impact of the phenomenon, it is impossible at this moment to have an accurate understanding of its reality and depth.

Therefore, we will face in 2020 unprecedented and added challenges as families, societies and economic stakeholders.

Despite the times of great uncertainty, the companies, as a fundamental cornerstone of the society, will have a crucial role in the economic and social dynamism to be pursued, provided there is a sentiment of mutual assistance among the Nations that does not go away after the pandemic is controlled and remains strong so as to promote, jointly and as iterative Societies in a common economic space, the necessary conditions for ensuring employment and value generation that are indispensable to economic growth.

At MOTA-ENGIL, we embrace that commitment and will make all efforts to achieve the return to normality that we all strive.



# 01

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Established in 1946, Mota-Engil Group distinguishes itself by a culture of entrepreneurship and innovation In the civil construction sector. Guided by values such as ambition, integrity, cohesion and team spirit, that allows the Group to strengthen its national and international market position.

# Ambition Today,



MOTA-ENGIL  
SGPS, S.A.

The background of the entire page is a photograph of an offshore oil platform at sea. The platform's complex structure of yellow and white metal beams and pipes is visible, with several bright lights illuminating it. In the foreground, the back of a person's head and shoulders is visible; they are wearing a bright orange safety vest with reflective silver stripes. The person is looking out towards the platform. The sky is a clear, light blue.

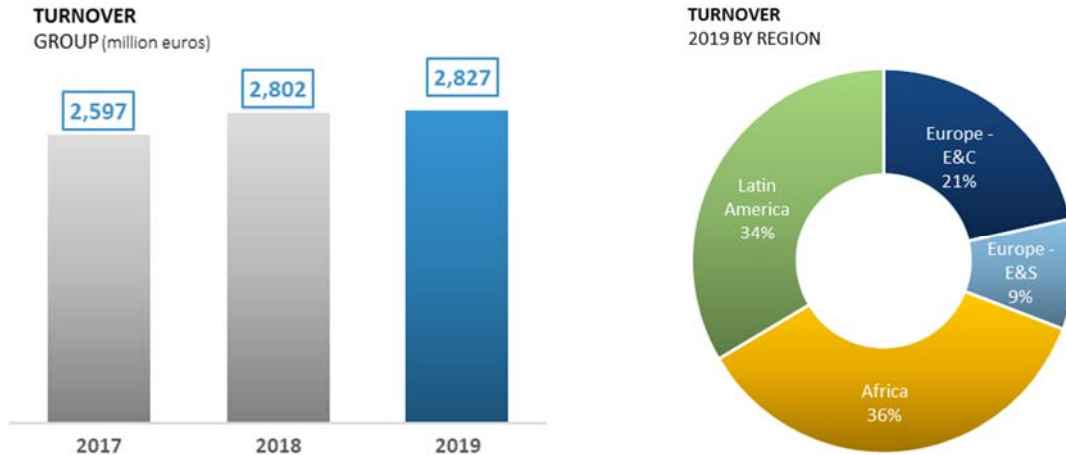
# 01

Consolidated  
Management  
Report

## Imagining Tomorrow.

**Construction**  
Brazil. Offshore  
platforms of Petrobrás

# 1. Analysis of financial performance

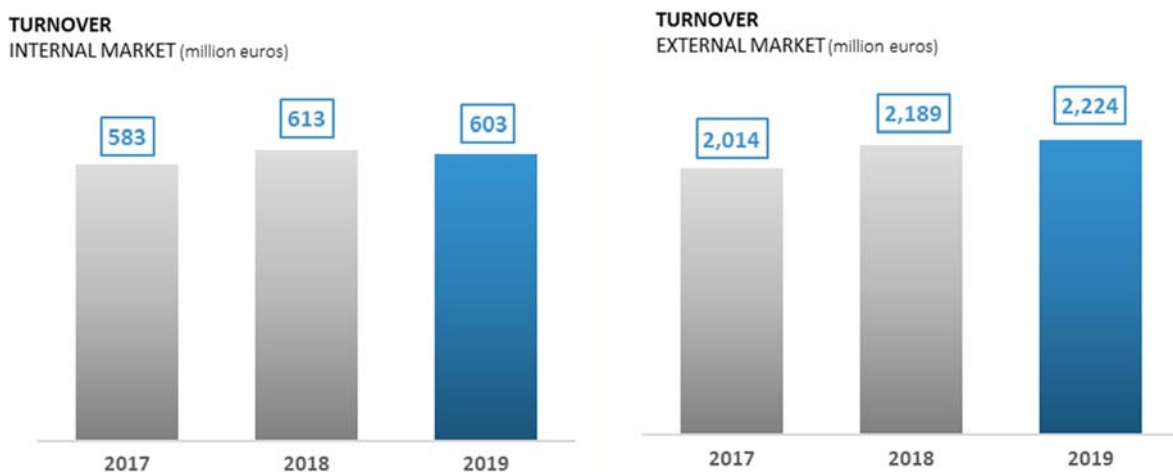


(\*) Includes others, eliminations and intra-group

Turnover (\*\*) in 2019 reached 2,827 million Euros, with a balanced contribution among the three regions, which represented an increase of about 1% over 2018, an unprecedented figure having been reached in the present year with regards to this indicator. The contribution to this performance was based on the growths of 11.3% and 3.1% of the Africa and Europe regions, respectively, which even allowed for offsetting the decrease of activity, occurred in the year in the Latin America region.

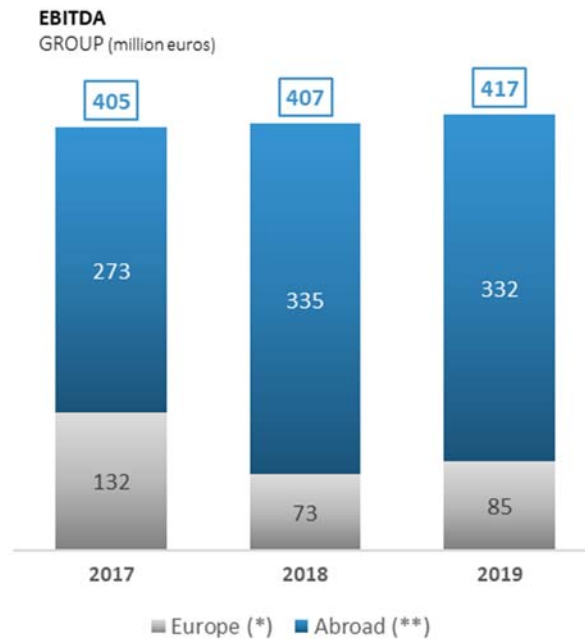
On the other hand, it should be highlighted that in 2019 the turnover generated in the business other than Engineering & Construction (E&C), namely in the Environment and Services (E&S) business and in the Energy business represented 21% of the total.

As it had happened in the two previous years, in 2019 the GROUP continued to increase its turnover in the external market (other countries than Portugal), which is proof of the balanced and sustained growth of its activity.



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





(\*) Includes the EBITDA generated in the Europe region and others, eliminations and intra-group

(\*\*) Includes the EBITDA generated in the Africa and Latin America regions

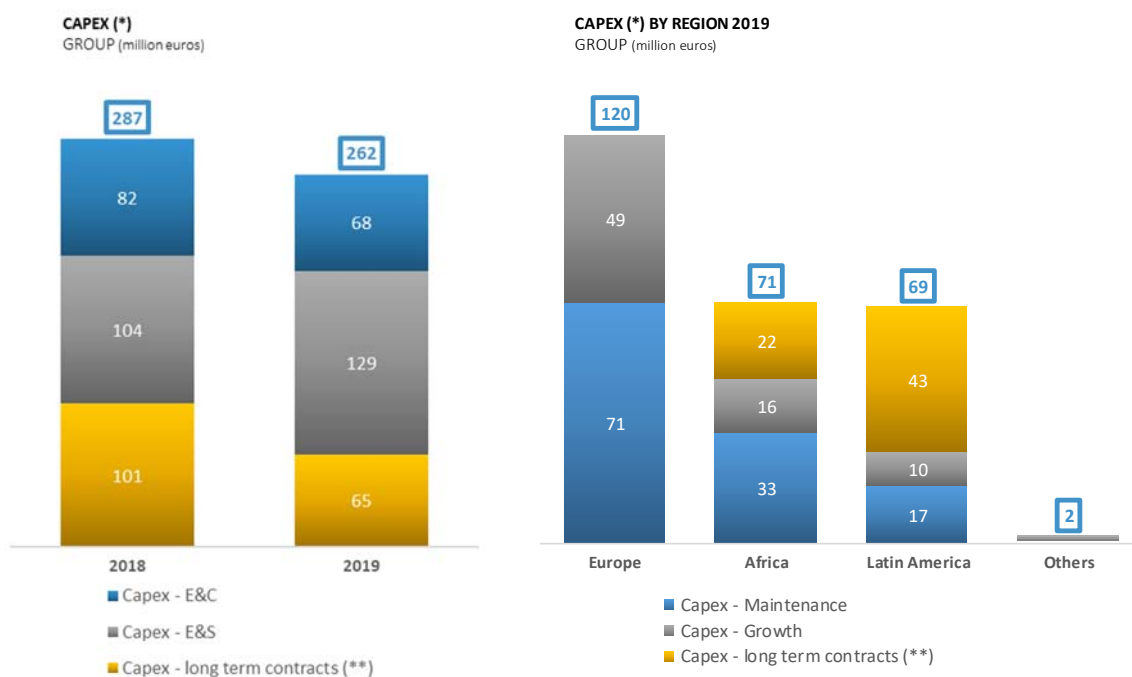
In 2019, the EBITDA reached 417 million Euros, an improvement of 10 million Euros over the value reached in 2018, with the respective EBITDA margin (EBITDA / Turnover) having reached 15% (15% in 2018). This positive performance with regards to EBITDA was essentially the result of the positive evolution that took place: (1) in Africa (with an increase of 21 million Euros), essentially explained by the increase in turnover; and (2) in Europe (with an increase of 23 million Euros), essentially explained by the solid performance of the E&C segment, both regarding the turnover and the improvement of the EBITDA margin (+7.0 p.p.) but also by the negative evolution felt in Latin America, essentially due to a reduction in turnover, especially in Mexico.

Still with regard to this indicator, it should be highlighted that, following the adoption of IFRS 16 – Leases, such indicator was positively influenced in 2019 in approximately 18 million Euros.

On the other hand, in 2019 the EBITDA generated in the businesses other than in the E&C segment, represented 26% of the total amount.

Like in previous years, the EBITDA margin once again reached the profitability levels projected in the GROUP's Strategic Plan, also remaining above many of the large companies of the sector.

In 2019 the EBIT rose to 188 million Euros, registering a decrease of approximately 13 million Euros against 2018. This performance was essentially due to the increase of amortisations, in part explained by the heavy capex made in 2018 and 2019.

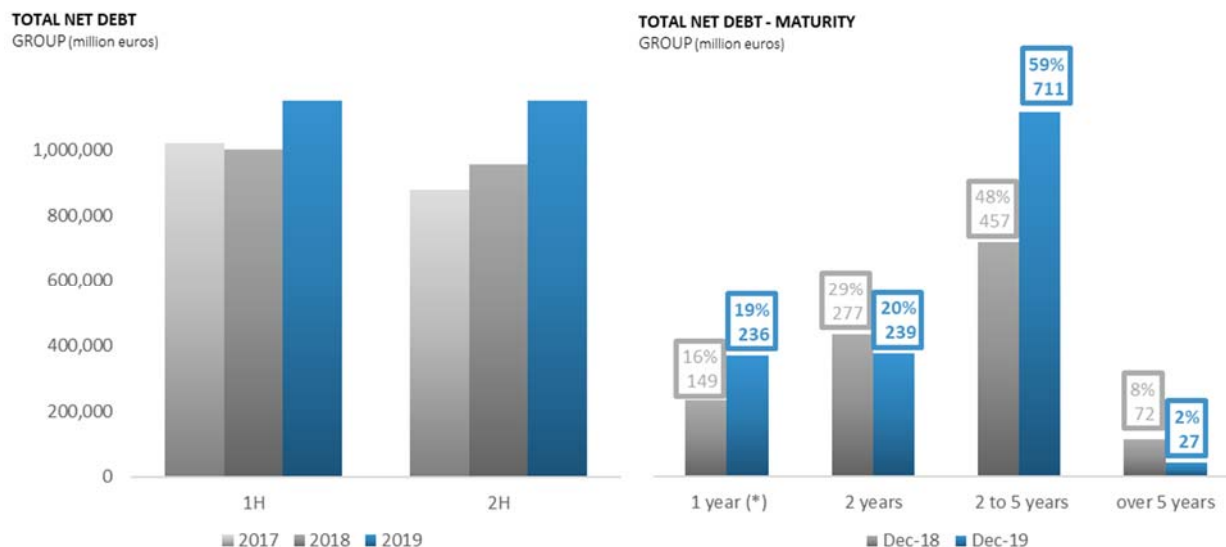


In 2019, the capex made by the GROUP rose to 262 million Euros, with 129 million Euros being allocated to the E&S business (of which 89 million Euros were carried out by the EGF concessionaires for the purposes of fulfilling the investment plan approved by the regulator), 68 million Euros being allocated to the E&C business and 65 million Euros being allocated to long-term contracts.

On the other hand, it should be highlighted that: (i) 54% of the investment made was channelled to long-term contracts and growth activities; (ii) the investment made in the E&C business (68 million Euros) corresponded to less than 3% of its turnover; and (iii) the maintenance investment amounted to 4% of the total turnover.

(\*) Capex corresponds to the algebraic sum of the increases and disposals of tangible assets, intangible assets and rights of use assets occurred in the year.

(\*\*) Long-term contracts correspond to the mining contracts in Africa and to the energy business in Latin America.



At 31 December 2019, the net debt (\*\*) rose to 1,213 million Euros, having said debt registered an increase in about 258 million Euros over 31 December 2018, essentially due to the high volume of capex carried out in the year, which even overshadowed a reduction in the working capital.

Moreover, at 31 December 2019, the lease operations contracted by the GROUP rose to 274 million Euros, an increase of 8 million Euros over the amount registered on 31 December 2018, in the meantime influenced by 31 million Euros following the first adoption of IFRS 16 – Leases.

At 31 December 2019, the ratio that compares the total net debt to the EBITDA in the last 12 months reached 2.9x (2.3x on 31 December 2018).

The gross debt (\*\*\*) at 31 December 2019 amounted to 1,869 million Euros, 48% being taken out at variable rate, with its average cost being 5.2%. On the other hand, at 31 December 2019, 80% of total gross debt was denominated in Euros and its average life was 2.5 years (2.3 years at 31 December 2018). With regard to this last indicator, it must be said that the positive evolution that it exhibited was in part explained by the successful issue of a bonds loan of 140 million Euros in October 2019.

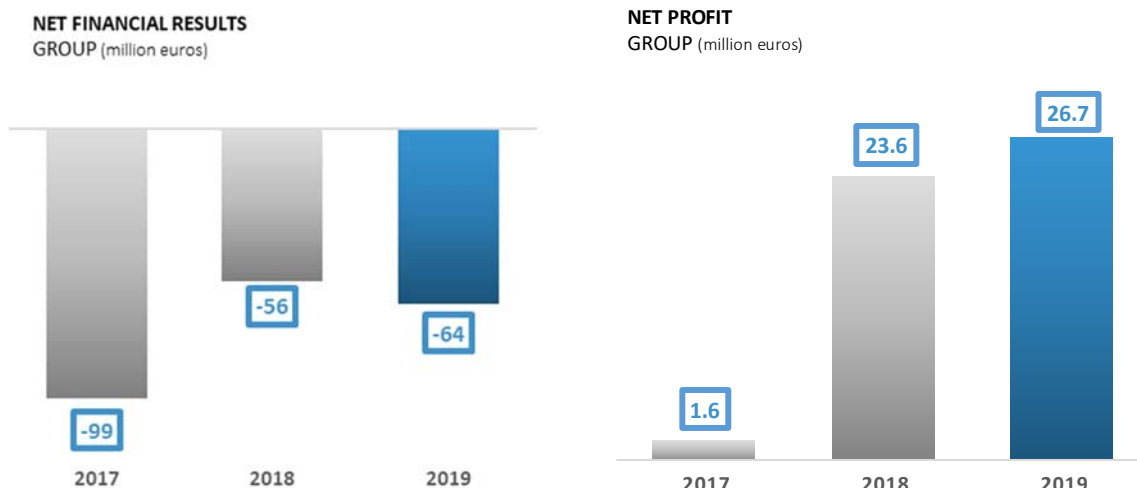
At 31 December 2019, the GROUP kept contracted but unused credit lines worth approximately 234 million Euros, resulting in a total liquidity position (\*\*\*\*) of 889 million Euros, corresponding to approximately 48% of total gross debt.

(\*) The 1-year net debt includes the government bonds of Angola and Ivory Coast (of Angola and Malawi in 2018) recorded under the caption "Other financial investments recorded at amortised cost" of the consolidated statement of the financial position.

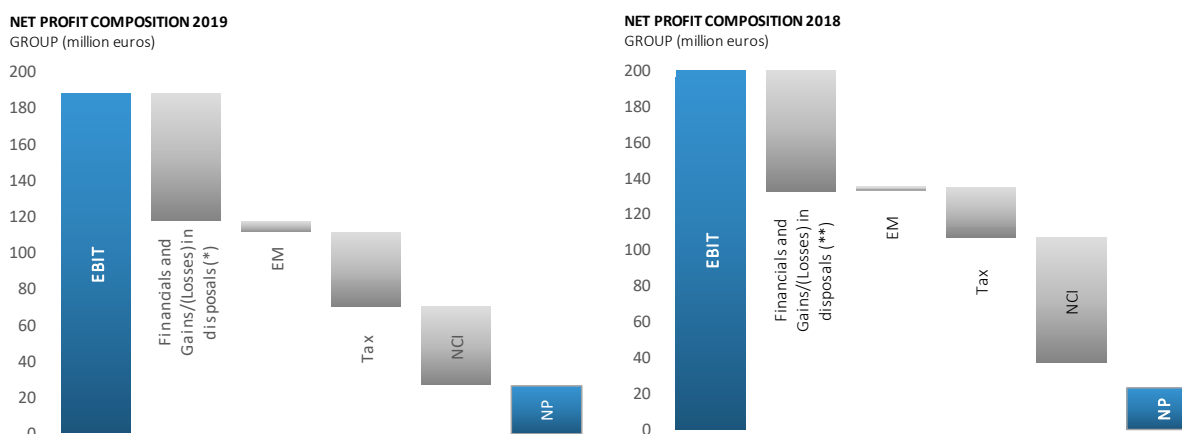
(\*\*) The net debt corresponds to the algebraic sum of the following captions of the consolidated statement of the financial position: "Cash and cash equivalents without recourse – Demand deposits"; "Cash and cash equivalents with recourse – Demand deposits"; "Cash and cash equivalents with recourse – Term deposits"; "Other financial investments recorded at amortised cost"; "Loans without recourse" and "Loans with recourse". It should be noted that leasing and factoring operations contracted by the GROUP were not recorded in the abovementioned captions.

(\*\*\*) The gross debt corresponds to the algebraic sum of the net debt with the balances of the captions of the consolidated statement of the 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" and "Other financial investments recorded at amortised cost".

(\*\*\*\*) Liquidity position corresponds to the algebraic sum of the captions of the consolidated statement of the 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" and the amount of credit lines contracted but unused by the GROUP.



In 2019, the net financial results reached a negative amount of 64 million Euros (a negative amount of 56 million Euros in 2018), which represented an increase of approximately 15%, although they were influenced, both in 2019 and 2018, by the heavy contribution of the favourable exchange rate differences. Regarding the net financial charges (interest income - interest expenses), in 2019 they reached approximately 102 million Euros, an amount similar to that reached in 2018 (approximately 103 million Euros).



(\*) Includes approximately 2 million Euros as part of the consequence of considering Zimbabwe as a hyperinflationary economy (IAS 29)

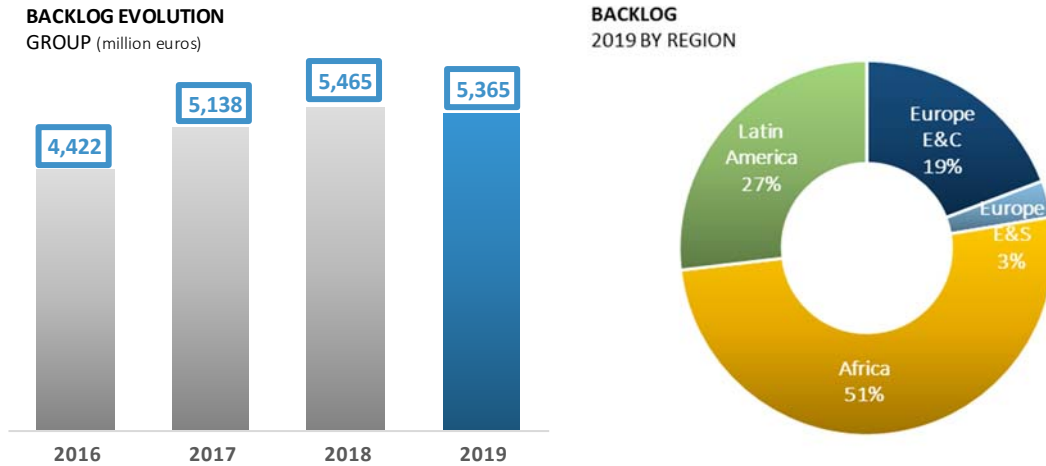
(\*\*) Includes approximately -12 million Euros as part of the consequence of considering Angola as a hyperinflationary economy (IAS 29)

In 2019, the caption Gains / (losses) in associated and jointly controlled companies (Equity method - EM) had a negative impact of 5 million Euros to the net profit (positively in 3 million Euros in 2018), among other reasons due to the performance of some road concessionaires and tourist development companies in Mexico which, at the launch stage of their operations, were still, as predicted, generating losses. On the other hand, in 2019 the caption Gains / (losses) on the disposal of subsidiaries, jointly controlled and associated companies (Gains / (Losses) in disposals) reached a negative amount of 8 million Euros, essentially influenced by the disposal of MOTA-ENGIL CONSTRUCTION SOUTH AFRICA.

With regards to the income tax (Tax), in 2019 they rose to 41 million Euros (42 million Euros in 2018), corresponding to an effective tax rate (Income Tax / Income before taxes) of 37%. For additional information on this matter, we recommend reading Note 12 of the Notes to the consolidated financial statements.

Lastly, as the non-controlled interests (NCI) are concerned, in 2019 they rose to 43 million Euros, a decrease of 27 million Euros against 2018, essentially due to an improved profitability of the businesses held by the GROUP without partners and the decline of the profitability of the waste treatment and recovery business in which the GROUP acts in partnership with several Portuguese municipalities.

As a consequence of the operating and financial performance described above, the net profit (NP) attributable to the GROUP at 31 December 2019 amounted to 27 million Euros (23 million Euros at 31 December 2018), which constituted an increase of 15%.



The backlog (\*) at 31 December 2019 reached 5,365 million Euros, with the Africa and Latin American regions contributing approximately 78% of the total amount. Furthermore, it merits mention that the backlog of the E&C business represents 85% of the total backlog and that the E&C backlog / turnover ratio reached 2.3x at 31 December 2019.

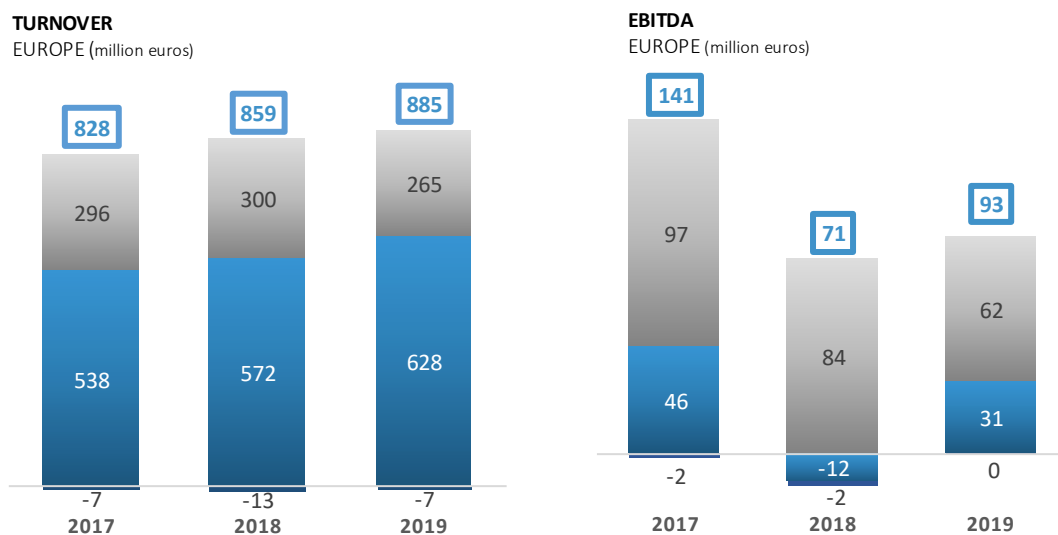
At 31 December 2019, the E&S business contributed with 782 million Euros to the GROUP's backlog, which proceeded to pursue a greater geographic diversification of its activity as a result of relevant awards of contracts, particularly in Brazil. It should be mentioned that such amount does not include the foreseeable revenue arising from the waste treatment and recovery contracts of the EGF concessionaires companies.

Finally, with regard to the composition of the backlog, attention must also be drawn to the long-term contracts, namely in the mining, oil & gas and energy sectors which, at 31 December 2019, already represented 35% of the total E&C business backlog (21% at 31 December 2018).

(\*) Contracts awarded to be executed at the exchange rate of 31 December 2019 (includes 103 million Euros of contracts awarded by the Group companies in the tourism business with partners).

## 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 the ones 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 activities (through EGF) are essentially developed.

The turnover in the Europe region in 2019 rose to 885 million Euros, an increase of 26 million Euros over 2018, essentially due to the increase of the E&C business.

As regards the operating profitability, EBITDA rose to 93 million Euros, a 32% improvement against the previous year, with an EBITDA margin of 11% having been reached.

Regarding the E&C business, in 2019 attention is drawn to the increase in turnover of about 28% in Portugal, which offers good prospects for 2020.

As regards the E&S business, excluding the fact that 2018 still takes into account the companies allocated to the Energy and Maintenance area, 2019 saw a slight increase in turnover in about 1%, which was essentially influenced by the waste collection activity.

With regard to the EBITDA of the E&C business, in 2019 it rose to 31 million Euros (an evolution of 43 million Euros against 2018), essentially due to the recovery occurred in Portugal.

As regards the EBITDA of the E&S business, in 2019 it arose to 62 million Euros (a 5p.p. decline in the margin against 2018), essentially due to the regulatory constraints that took place in the EGF concessionaires companies that seriously hindered its profitability.

## ENGINEERING AND CONSTRUCTION

### Portugal

In 2019, the Portuguese economy exhibited a growth of about 1.9% (2.4% in 2018), with an inflation of 0.9% (1.2% in 2018). On the other hand, as at 31 December 2019, the market interest rate reference (\*) reached 0.5% (1.7% as at 31 December 2018).

In 2019, MOTA-ENGIL maintained its leading position in the Portuguese construction market, benefitting from the recovery of the Portuguese economy, namely of the private sector, and its technical, human and organisational competences.

On account of the positive development of the private sector, MOTA-ENGIL carried out throughout 2019 various projects in that sector, among which the construction of important residential, commercial and hotel buildings (Edifício Castilho, Edifício Infiniti, Porto Office Park, W - Algarve, etc.) which demonstrates the trust the clients place on the company as well as the latter's technical capacity and innovation in execution.

Regarding the public sector, some reanimation in the launch and award of public contracts stands out, although more often than not with base values unrealistically low.

This sector also saw in 2019 the start of the works for construction of the railroad section "Freixo-Alandroal", an important work inserted in the Portuguese Rail Plan.

Lastly, considering the performance of 2019, the predicted positive development of the Portuguese economy in 2020 and the important infrastructure projects which are to be launched / awarded that year (construction of the Montijo Airport, construction of the Oriental Lisbon Hospital, expansion of the Porto and Lisbon underground systems, among others), the GROUP is still confident it will be awarded some of those projects, which will certainly boost its activity in the future.

### Poland

In 2019, the Polish economy exhibited a growth of about 4.0% (5.1% in 2018), with an inflation of 2.4% (1.6% in 2018). On the other hand, as at 31 December 2019, the market interest rate reference reached 2.1% (2.9% as at 31 December 2018).

Throughout 2019, MOTA-ENGIL reinforced its positioning as one of the largest construction companies operating in Poland thanks to an active presence in the market, its flexibility in a fast-changing environment, its proximity approach as well as the compliance with the best quality standards.

The Polish economy has modernised itself in the last 15 years, contributing to the progress of the country's development, which encompasses the expansion of the construction sector. In 2019, the economic conjuncture in Poland remained stable, in part due to one of the greatest growth rates occurred in the European Union. However, the increase of inflation has caused a substantial impact to the functioning of the construction sector. As such, the highest costs of the raw-materials, services and workforce constituted factors deemed critical by the sector in 2019, a demanding situation that is certain to still be felt in 2020.

On the other hand, 2019 witnessed an ongoing growth of investments made in the residential market, confirming the solid performance of this sector, which also provides good prospects for the development of the construction sector in the Polish market. Additionally, it was also possible to observe that one of the fundamental premises for the presence of the GROUP in the Polish market, i.e. the growth of the road sector, continues to take place. On that basis, in 2019 more than 4,000 km of expressways and motorways were inaugurated / made available to the public, which turned Poland into the fifth country among the European Union countries in terms of total length of expressways and motorways. Currently 1,100 km of expressways and motorways are being constructed and 350 km are in the bidding stage.

In 2019, MOTA-ENGIL kept its strategy of constant development and innovation in its main operations, increasing and diversifying its order book, which served to reinforce its reputation in the Polish market. As such, the GROUP focused its activity first and foremost onto the road sector and on the development of the construction market.

(\*) Corresponds to the interest rate of sovereign bond issuance at 10 years

After 2018 proved to be very active in commercial terms, with a significant number of awards of contracts in the infrastructure sector, 2019 was characterised by the execution of the contracts awarded and by the constant search of operational improvements. On the other hand, the ongoing construction of various projects of substantial importance to the development of the country has brought about new challenges to the GROUP that will enable it to reinforce its positioning as one of the market leaders. Among others, in 2019 MOTA-ENGIL started the construction of two relevant projects, the S7 expressway, near Cracow, and the S19 expressway, near Lublin. In addition to that, due to the turbulence witnessed in the Polish infrastructure market (increase of production costs), namely felt by some competitors of the GROUP, MOTA-ENGIL managed to assume the contract for construction of the S3 expressway in Polkowice, a clear sign of confidence on part of the market.

In terms of operational activity in 2019, it is also worth highlighting the conclusion by the GROUP of important projects, such as the S5 expressway connecting Wrocław to Poznań, the S17 expressway, near Lublin, an electromechanical project in Piaseczno and some projects in the construction sector, such as: Vermelo in Kracow, Arvore in Warsaw and Recanto in Łódź.

In the construction sector, MOTA-ENGIL continued to consolidate its strong positioning in the market by expanding its base of private clients and widening its project portfolio. In addition to that, it also proceeded to diversify its project portfolio in the main Polish cities: Warsaw, Krakow, Gdańsk, Katowice, Szczecin and Łódź. Furthermore, it also proceeded to diversify its project portfolio for such other segments as student residences, hotels, residential buildings, car parks and research and development centres.

It must also be underlined that one of the competitive edges of the GROUP in the Polish market has been the close cooperation between the construction (MECE) and real estate development (MEREM) areas. In that regard, MEREM is permanently working towards finding new opportunities of investment in new areas of business that might benefit both its real estate development activity and its construction activity. As a recognition of MEREM's action in the Polish market, the awards of the Construction National Programme received in 2019 merit attention – “Best Real Estate Promoter” and “Best real estate project” – attributed to the Yana and Arvore projects in Warsaw and Ilumino in Łódź.

The GROUP's performance in 2019 bodes well for the future, since the implemented strategy, the strong operational structure and the stable position in the Polish market will enable to meet the challenges that are expected in next years. MOTA-ENGIL is therefore committed to the increase and diversification of its backlog, focusing its attention on new opportunities of investment, on the development of its main operations and on the development of its human capital, which will enable to secure a prominent position in the market.

## Ireland

In 2019, the Irish economy exhibited a growth of about 4.3% (8.3% in 2018), with an inflation of 1.2% (0.7% in 2018). On the other hand, as at 31 December 2019, the market interest rate reference reached 0.1% (0.9% as at 31 December 2018).

As demonstrated above, 2019 was yet another year of economic growth for Ireland, boosted by the ongoing construction of buildings in Dublin and by the beginning of execution of some public projects awarded in previous years, namely in the road and airport sectors.

The year now closing was also a year of great growth in turnover in the operation held by the MOTA-ENGIL GROUP in Ireland. The commercial efforts made by MEIC and by GLAN AGUA in the last few years have been bearing fruits, and the reinforced capacity permitted to answer the various requests in the water and waste water supply and treatment sectors and in the road, school and housing sectors.

In contrast, but according to the government predictions for 2020, the construction sector's activity will reflect a slowdown, especially in public construction works.

On the other hand, the downturn of the last months of 2019, justified by budgetary constraints, has not made it possible to attract an order book liable to sustain growth in the coming year, wherefore a reduction in turnover is predicted for 2020 although with more significant margins due to the policy of price increase initiated in 2018.

## United Kingdom

In 2019, the economy of the United Kingdom exhibited a growth of about 1.2% (1.4% in 2018), with an inflation of 1.8% (2.5% in 2018). On the other hand, as at 31 December 2019, the market interest rate reference reached 0.8% (1.3% as at 31 December 2018).



As is commonly known, 2019 was once more marked by political upheaval in the United Kingdom, due to the post-Brexit negotiation procedure which continued to generate 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.

Despite the times of uncertainty, the MOTA-ENGIL GROUP ended 2019 with a rather interesting turnover in the United Kingdom, almost at the same level of the activity in Ireland in the water and waste water supply and treatment sector, but with extremely attractive margins.

Furthermore, it was yet another year of intense commercial activity, with a well-defined strategy for GLAN AGUA UK in the clean and waste water treatment and distribution sector, with the following 5-year period of investment in mind, such activity having already borne fruits with the qualification of two programmes promoted by two of the main entities created to generate that investment. In addition, the growing number of invitations to tenders on part of other entities of the same sector demonstrates that the GLAN AGUA name is starting to get recognition in the market as a renowned brand.

### 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

In the year that marked its 25th anniversary, SUMA continued treading its path of leadership, despite the new challenges identified which, at the end of last year, led to a reorganisation of its structure, to the reinforcement of a close and synergetic partnership with its main shareholder – the MOTA-ENGIL GROUP – and to an investment in the development and innovation and education and environmental awareness areas.

On the other hand, the celebration of the 25th anniversary of SUMA was complemented by the attribution of two important awards of business excellence. On an international level, the organisation was recognised as “Best Waste Management & Collection Company – Portugal” by the Business Excellence Awards, whose jury includes experts from the area and winners of prior editions of the event. On a national scope, SUMA was nominated for the third year in a row for “Trustworthy Brand – Environment” in the category “Waste Treatment Companies” which, as an accolade directly voted for by a significant sample of the Portuguese population, demonstrates the standards of quality employed in the operations and the trust placed in the partnerships SUMA is a part of.

Those awards, in addition to the prior accolades in the management, innovation and excellence of interventions areas, reinforce the recognition of the commitment and role assumed by SUMA in maintaining the populations’ standard of quality, as waste is concerned, and its approach of proximity to client residents and Municipalities which, in some cases, amount to as many years of partnership as the years of existence of SUMA.

### National plan

The local authorities, on a national level, remain the main contractors of the waste and urban cleaning collection services, and 2019 saw 178 proposals, representing the total 73 million Euros, being delivered, of which 20 proposals are still pending decision and will be awarded in 2020. The services rendered with duration of one year or more which were awarded to SUMA amounted to 32% of the total sum of awards to the organisation in 2019, representing 11.8 million Euros.

Among the new awards, the following are worth mentioning:

- ALGAR - provision of services for the collection and transportation of packaging urban waste with small businesses and services, for a period of one year, renewable up to three years;
- Almada Municipal Council - provision of services of urban cleaning for a period of two years;
- Benavente Municipal Council - provision of services of urban hygiene and public health conditions for a period of sixteen months;
- Condeixa-a-Nova Municipal Council - provision of services of urban cleaning and cooking oil collection for the period of one year, renewable up to three years;
- Lagoa Municipal Council - urban cleaning, for a period of three years;
- Lisbon Municipal Council - provision of services for washing and disinfection of underground containers for the period of three years;

- Oeiras Municipal Council - provision of washing services and services for sanitation of buried and semi-buried waste deposition equipment, in the form of ongoing supply, for the period of one year;
- Lusoponte - provision of mechanical and manual cleaning services on the Vasco da Gama Bridge and 25 de Abril Bridge, for the period of three years, renewable up to two more years.

Likewise, in the area of raising environmental awareness, SUMA was distinguished with the award of various contracts for the provision of occasional services, namely as regards the creation of specific campaigns aimed at meeting needs detected in the Coruche, Santiago do Cacém, Seia, Oliveira do Bairro, Nazaré, Vila Nova de Poiares, Mafra, Nazaré, Seia, Oeiras and Ílhavo municipalities, in the Carnide parish, in Lisbon, in the Vila Nova de Santo André parish, in Santiago do Cacém, as well as within the company Ferpinta, where an awareness initiative in the context of business was carried out.

Additionally, SUMA has been promoting awareness campaigns for supporting the door-to-door multi-material collection, in order to boost and operationalise the growing implementation of this system and face the challenges launched by the municipalities for the fulfilment of the specific targets of PERSU 2020. Apart from some municipalities served by ALGAR and VALORSUL, with signing-up rates that range between 71.5% and 85%, between February 2018 and September 2019, SUMA intervened in seven of the municipalities served by LIPOR through the campaign “Reciclar é Dar +” (“To Recycle is To Give More”), accounting for 25 thousand dwellings, 1,416 days of technical work of awareness, in a total of 38,280 attempted contacts. The results obtained enable to confirm SUMA’s intervention as a success largely demonstrated by a signing-up rate which reaches 97% (average value: 90%) and by a target accomplishment rate reaching 288% (average value: 174%). Given the highly optimistic prospect for the extension of these actions in geographic terms and of collection target flows, SUMA initiated in November 2019 a new campaign “To Recycle is To Give More”, with duration of 36 months, contemplating eight municipalities served by LIPOR and envisaging the coverage of 33 thousand dwellings.

Keeping safety as one of the main focus of its activity, at the end of 2019 SUMA was finishing a video aimed at alerting the operators of heavy equipment to the issues of safety related to the weather conditions of the fall and winter months and also addressed to pedestrians, especially children. Empathetic and appealing in nature, the message urges the teams to communicate among one another, to take extra care on the road and reinforce the adoption of safe behaviours and defensive driving. Presented by SUMA’s executive director, this audio-visual medium is proof of the organisation’s involvement in the goal of reduction of the services’ accident rate.

An example of the commitment to the environmental and financial sustainability principles and fight against waste in labour context can also be found in the distribution of recycled glass water bottles throughout all SUMA structures in national territory, an initiative that represented a new boost to the use of water supplied by the public network, in respect of the reduction of spending principles. The new reusables convey the sustainability values that are behind the option for this new format and which thus promote cross-sectional organisational good practices. The financial and energy savings, ease of access and the permanent control of water quality of the national public network are some of the arguments presented which turn the H<sub>2</sub>O used at SUMA’s head office and service centres into “H<sub>2</sub>Awesome”!

Lastly, SUMA’s environmental awareness Facebook page maintained the investment in consistency, with hundreds of new posts and approximately 18 thousand followers.

### **International plan**

In 2019, SUMA’s international project lost its intervention at Cidade da Praia, Cape Verde, although it did witness the consolidation and expansion of its operations in the remaining countries of implementation.

The demonstrated quality of services provided by the subsidiary ECOLIFE, operating in the Mozambican market since 2013, as well as the commercial investments that have been made with a view to widen its intervention have generated gains through the additional hiring of collection of urban solid waste services in the municipal district of KaMppfumu and respective markets, awarded by the municipal council of Maputo, for a period of five years.

With regard to CONSITA, a subsidiary in the Brazilian market, in 2019 it expanded its activity through the award of important contracts for the provision of urban cleaning and waste collection services in the Avaré, Itapevi and Itatiba municipalities and in the São Paulo municipality, State of São Paulo; in Conceição do Mato Dentro, in Santa Luzia and for Petrobras, at Ibitiré Reservoir, in the State of Minas Gerais; in Sarandi, State of Paraná; and in the Federal State of Brazilia.

In order to aggregate the equipment and the more than thousand workers allocated to this last contract (the duration of which reaches 60 months), a local centre of services designated Felipe Rezende Henriques was established, paying homage to the late founder of ECB, the other shareholder of CONSITA, who integrated this structure and contributed to its growth. On the whole, the contracts gained by CONSITA in 2019, some of which in partnership, amount to 75 million Real, approximately 220 million Euros.

In the Middle East, the subsidiary ECOVISION continued to regularly perform its activity and to make investments in the implementation of safety and health at work best practices, starting 2019 with the celebration of a new achievement in this field: two million hours of work without accidents.

Still in Oman, the recognition of the excellence of environmental literacy of SUMA as waste operator and the testimonial of the various follow-up visits to projects and awareness-raising campaigns in Portugal on part of be'ah, a client of ECOVISION, determined the hiring of additional technical consultancy services in this area of intervention. Intended to transpose the SUMA model, with the necessary cultural and social adaptations to the reality of an Arab country, the negotiated intervention provides for the introduction of policies of prevention of waste production with average capitation reduction targets, technical supervision and educational follow-up of the Environmental Education plan of the entity in charge of the national waste strategy of the respective country.

## **EGF**

Where the waste treatment and recovery sector is concerned, 2019 was a challenging year on many different levels, of which the following stand out:

### **- On the sector level:**

At the end of July the so-called "PERSU 2020+" was released, a document amending "PERSU 2020", although without revoking it, since the latter defines the environmental targets to be complied with by the various entities. The "PERSU 2020+" outlines the national strategic alignment for the post-2020 period, with the Ministry for the Environment and Climate Action 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 Ministry for said sector. The goal of "PERSU 2020+" for fulfilling the environmental requirements is to exponentially increment the selective multi-material collection, the implementation of selective organic waste collection in designated parishes and the beginning of other specific flows, such as that of textiles and small dangerous waste.

As regards the recycling targets established for 2020, it can surmised from "PERSU 2020+" that they will be assessed two years after its conclusion in light of the blockage of the use of Community funds for the sector generated by a complaint lodged in Brussels by a group of private national companies, alleging lack of competition in the market.

### **- On a regulatory level:**

The decision of ERSAR (Entidade Reguladora dos Serviços de Águas e Resíduos - Water and Waste Services Regulatory Entity) regarding the permitted gains and the tariffs for the regulatory period 2019-2021 was contested by the companies of the EGF GROUP, since the permitted gains defined and consequent tariffs do not reflect the companies' needs for their operational performance in compliance with the legal and contractual obligations to which they are subject.

Despite the Regulator's decision, in 2019 the companies kept their focus on the maintenance and improvement of quality and standards of service as well as on the fulfilment of the public service goals defined in the respective concession, meeting the needs of the municipal clients and populations served, which, in light of the tariffs approved, constitutes a permanent and ongoing challenge that the companies try to overcome.

During 2019, ERSAR also released a project for amendment of the 2nd complementary document to RTR, a document establishing the minimum requirements of information to provide to ERSAR within the scope of the annual reporting of real accounts. The companies contributed their thoughts at the public consultation stage, and they are now waiting on the Regulator's final decision.

Still in the present year, and following the delivery to ERSAR of the regulated real accounts referring to 2018, the Regulator established in October 2019 the adjustment referring to 2018 and reflected in the tariff to be invoiced in 2020.

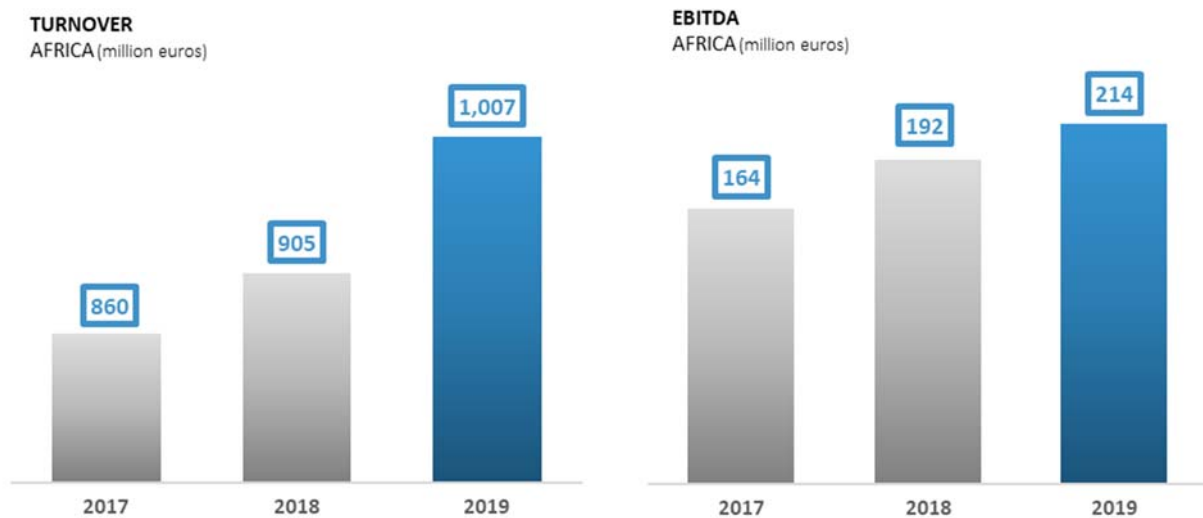
**- On the current activity level:**

During 2019, the EGF concessionaires focused on the execution of the envisaged ambitious investment plan, of approximately 90 million Euros, so as to meet the environmental targets and public service obligations arising from the concession contract. In compliance with the current and future environmental targets, a significant part of that investment was devoted to the growing focus on selective collection, namely through door-to-door projects and others of greater proximity, a heavy reinforcement of the fleet and replacement of obsolete pieces of equipment, the significant increase in Eco points and an unprecedented investment in the awareness-raising and communication campaigns. Apart from that, investments in technological improvements and in the increase of capacity of the main triage and packaging facilities were also made.

In 2019, also projects are worth of mention, such as the launch of the SAP implementation project and other company computerisation projects (for example: unified weighbridges), as well as the focus on the computer information harmonisation and processes between the various concessionaires. As regards human resources, a single assessment system was established for the 11 concessionaires with uniform procedures. Lastly, with a particular focus on efficiency, the centralised procurement processes were widened and the technical department of support to the operation of companies was formalised.

The implementation of all these actions, however, constituted a huge challenge to the management of companies in light of: (i) the strong economic and financial constraints resulting from the regulatory decision of ERSAR for the regulatory period of 2019-2021, (ii) the growing complexity of the application of the regulatory model; (iii) the instability of SIGRE given the conduct of the managing entities and; (iv) the uncertainty as to the object of the concession and the future environmental targets.

## AFRICA



In 2019, the Africa region reached a turnover of 1,007 million Euros, a growth of 11% against 2018, heavily supported by its two reference markets, Angola and Mozambique, which grew 34% and 59%, respectively.

As EBITDA is concerned, in 2019 it rose to 214 million Euros (192 million in 2018), with Angola and Mozambique contributing approximately with 65% to that amount.

Additionally, in 2019, the EBITDA margin rose to 21%, with a resilient contribution from the main markets in the region, maintaining the historical levels reached in the past.

### Angola

In 2019, the Angolan economy exhibited a decrease of about -0.3% (-1.2% in 2018), with an inflation of 17.2% (19.6% in 2018). On the other hand, as at 31 December 2019, the market interest rate reference reached 7.1% (9.2% as at 31 December 2018).

In Angola, 2019 proved to be a challenging year, in line with the economic and financial conjuncture that the country is experiencing. It was the fourth consecutive year of the economic crisis, with negative or near-zero growth, accompanied by a sharp exchange rate devaluation and the introduction of relevant changes in tax legislation, particularly the entry into force of the value added tax (VAT).

On the other hand, the implementation of the programme for the diversification of the economy has been showing very timid results, with the Angolan economy still remaining highly dependent upon oil revenues. There is, however, a set of measures which were taken in order to revert the current tendency of economic slowdown, among which a programme of extended funding in the amount of 3.7 billion USD entered into in December 2018 by the Angolan Government and the International Monetary Fund (IMF) and the implementation of reformist policies with the scope of restoring the external and budgetary sustainability of the country and reducing the economy's dependence on the oil industry.

This way, the reform of the banking industry, the stimuli to the private sector, the anti-corruption measures and the diversification of the economy will continue to be the focus of the Angolan Government in 2020. In addition, more restrictive financial and monetary policies and the gradual elimination of production bottlenecks are at the basis of the Angolan National Bank's goals of reducing in the short term inflation to one digit.

Similarly to what happened to the country, MOTA-ENGIL faced an equally challenging year in Angola in 2019. The economic contraction together with the ongoing reorganisation of the public institutions and the implementation of reforms and structuring processes caused delays in the launch of some relevant public works. Even so, due to a strategic foresight, based on the permanent attraction of structured contracts from the covered financing perspective and the introduction of risk mitigating mechanisms, the GROUP continues to have a relevant and resilient presence in the Angolan market, with the execution of construction works and infrastructures which are essential to the continued achievement of the country's national reconstruction and development programme. Angola thus remained at the top of the markets in which the GROUP operates in Africa, both in terms of turnover and profitability.

Given the quality and relevance of the current backlog as well as the predicted improvement of the economic and financial conditions of the country, 2020 is expected to constitute yet another year of consolidation and tendency of growth in the market for the GROUP.

### **Mozambique**

In 2019, the Mozambican economy exhibited a growth of about 1.8% (3.3% in 2018), with an inflation of 5.6% (3.9% in 2018). On the other hand, as at 31 December 2019, the market interest rate reference reached 5.8%.

The year of 2019 was essentially marked by a positive note on account of the peace accord established between the Mozambican Government and Renamo and by a negative note because of the Idai tropical cyclone.

The activity generated by the “Gás de Palma” project is still the main engine for economic growth of the country. Additionally, and associated with the LNG projects, in June 2019 the Concessionaire of Area 1, “Mozambique LNG”, announced the final investment decision (FID), which proved to be a boost and an important sign to the players of this market, and the Concessionaire of Area 4, “Rovuma LNG”, is also expected to announce its FID in April 2020. The ENI project, “Coral South”, on the other hand, is at a more advanced stage, since it had its FID in June 2017 and the construction of its logistics base of support in Pemba is expected to begin in 2020.

Given that the objective of the concessionaires is to start operating between 2022 and 2025, it is necessary to build all infrastructures of support to the operation by such date. Complementarily to this private investment, the Mozambican Government is also preparing a range of works aimed at improving the country’s infrastructures and which will be out to tender during 2020 and 2021, In this chapter, special emphasis is given to the Hydroelectrical projects to be developed in the Zambeze river, the electricity transmission lines (Temane – Xai-Xai and the connection to Malawi), the development and rehabilitation of the national rail network and the rehabilitation of the national road network.

In 2019, Mozambique witnessed a growth in turnover and profitability, heavily driven by the mining activity. As a consequence of the current backlog, such excellent economic and financial performance is expected to remain exchanged in 2020.

### **Malawi**

In 2019, the economy of Malawi exhibited a growth of about 4.5% (3.2% in 2018), with an inflation of 8.8% (9.2% in 2018).

The year of 2019 in Malawi was characterised by the tripartite elections (elections for President, National Assembly and local councillors) which took place in mid-second quarter. The typical uncertainty that is expected in the pre- and post-elections periods cooled down the atmosphere adequate to the regular development of the economic activities, having generated a heavy decrease in foreign and local investment. Even so, the shipments coming from NGOs and development banks, as well as those associated with the revenues from the sale of tobacco allowed the stabilisation of the Kwacha and its return to the levels it showed at the beginning of the year.

With the return to normality of the economic activity and investment following the elections period, there are good prospects for 2020, particularly in the construction sector, MOTA-ENGIL always being one of the companies to perform a relevant role in the execution of the investment packages related to this sector. In parallel, a number of new rehabilitation projects was launched, funded by the development and investment bank and involving some of the main access routes of the country, accompanied by the project for the hydroelectrically development of Mpatamanga, which is projected to generate 350 MW of power to the country.

Regarding 2020, Malawi is expected to have a stable performance, sustained by the backlog already contracted.

### **Ivory Coast**

In 2019, the economy of Ivory Coast exhibited a growth of about 7.5% (7.4% in 2018), with an inflation of 1.0% (0.4% in 2018). On the other hand, as at 31 December 2019, the market interest rate reference reached 5.5% (8.1% as at 31 December 2018).

The year of 2019 in Ivory Coast was essentially marked by the stabilisation of the activity carried out in the two concessions attributed to the GROUP in the E&S field.

That year was also marked, on an optimistic note, by the beginning of the execution of a contract for the rehabilitation of a football stadium for CAN 202, with an increase in capacity from 25,000 to 40,000 seats, the construction of a village for athletes and also the rehabilitation of 12 practice pitches, which consolidates the presence of the GROUP in the country in the infrastructures and construction field, which corresponds to its most traditional field of business.

In the E&S area, attention must be drawn to the performance of ECOBURNIE, associated with the urban waste collection, sweeping and cleaning services carried out in the city of Abidjan, in which the commissioning of the new and modern transfer centre of Youpougou played a crucial role in the performance attained, with a daily average of 2,300 collected tonnes/day and 2,000 swept km per month.

On the other hand, still within the E&S field, the activity carried out by the subsidiary CLEAN EBOURNIE, as waste treatment is concerned, is worth mentioning, with the sanitary landfill of Kossihouen reaching monthly averages of 120,000 tonnes/month of waste received.

Regarding 2020, the stabilisation of the aforementioned operations and an increasingly deeper knowledge of the market make it possible to predict the existence of appropriate conditions for the GROUP to consolidate even more its presence and take the most of the various business opportunities that a country like Ivory Coast can offer.

## Cameroon

In 2019, the Cameroonian economy exhibited a growth of about 4.0% (4.1% in 2018), with an inflation of 2.1% (1.1% in 2018).

In 2019, the GROUP's activity in the Cameroon focused on the rehabilitation and extension of a football stadium in Garoua, including the construction of a practice pitch and a 4-star hotel with capacity for 70 rooms, a project that falls into the investment program with a view to the organisation of CAN 2021 that will take place in the country.

Taking into consideration the assessment of this first experience in the Cameroon, the GROUP has been invited to take part in other projects, namely for the construction of infrastructures, which might entail the prorogation of its presence in the country. In any case, from a long-term perspective, the GROUP's permanence in this market will largely depend upon the quality of the clients and of the projects which are actually awarded.

## Guinea

In 2019, the Guinean economy exhibited a growth of about 5.9% (5.8% in 2018), with an inflation of 8.9% (9.8% in 2018).

In 2019, the GROUP's activity in the Republic of Guinea focused on the continuity of the execution of the contract for the provision of mining services for the AngloGold Ashanti client, in Siguiri.

As a result of the renowned capacity of execution of contracts of this nature and also on account of the GROUP's reputation in the mining sector, at the end of 2019 it was awarded a new mining contract in the Republic of Guinea, also for a gold mine, owned by Société des Mines de Mandiana, in the total sum of 220 million Euro. The contract has a period of duration of 6 years and 9 months and will entail a significant number of technical and human resources.

In parallel, commercial initiatives boosting the GROUP's presence in the country are still being carried out, particularly in the construction and infrastructure field and in the urban waste collection and treatment field. This way, the GROUP is expected to be able in 2020 to increase its turnover in this country.

## Rwanda

In 2019, the Rwandan economy exhibited a growth of about 7.8% (8.6% in 2018), with an inflation of 3.5% (1.4% in 2018).

The year of 2019 confirm the path of development that has been pursued by Rwanda. The policies to stimulate investment, together with the political stability and safety that exist in the country suggest, for the present and near future, a line of continuity of growth in the main economic indicators. The Government's investment in key sectors such as tourism, renewable energies, services rendered and the airline industry has been bearing fruits and actually contributing to the solid performance of Rwanda, when compared to other countries in the region.

The GROUP's main project in this country, the New Bugesera International Airport, underwent significant development in the year, namely due to the high possibility of entry of a new strategic partner in the share capital of the concessionaire, the Bugesera Airport Company, Ltd., which led to a redefinition of the project. The important participation of the new strategic partner may definitely launch the project to new heights and lead to its establishment as the new airline hub of African, on account both of its representativeness in terms and potential of operability.

Considering the projected realisation of the aforementioned strategic partnership, the attraction of new businesses in other sectors and the economy's positive signals, 2020 is estimated to bring about an improvement to the activity to be carried out in this country.

## Uganda

In 2019, the Ugandan economy exhibited a growth of about 6.2% (6.1% in 2018), with an inflation of 3.2% (2.6% in 2018). On the other hand, as at 31 December 2019, the market interest rate reference reached 15.8% (17.0% as at 31 December 2018).

The economic growth of the country was driven by the increase of the investment in infrastructures, the direct foreign investment in the oil and mining sub-industries and the implementation of internal reforms toward the improvement and streamlining of the economic and financial private system.

As regards the GROUP's operational performance in this market, 2019 was characterised by a significant increase in production in the Kampala Northern Bypass project, with attention being drawn to the execution of 90% of two of the six overpasses and the placing of pavement in a considerable part of the global extent of the project. The Ishaka-Katunguru project also achieved considerably substantial levels of productions, with the expectation that the project might be concluded in the first semester of 2020. The works of the NERAMP (North East Road Asset Management) project, in turn, were undertaken in 2019 and are expected to proceed throughout 2020 according to the pace initially planned.

Therefore, with regard to 2020, there is an estimate, sustained by the backlog already contracted, of a turnover slightly above that reached in 2019.

## Kenya

In 2019, the Kenyan economy exhibited a growth of about 5.6% (6.3% in 2018), with an inflation of 5.6% (4.7% in 2018). On the other hand, as at 31 December 2019, the market interest rate reference reached 12.2% (12.6% as at 31 December 2018).

Kenya is the economic, financial and logistics centre of Eastern Africa and has a population of approximately 50 million inhabitants. Agriculture remains the backbone of the Kenyan economy, contributing to a third of the GDP. However, tourism also has a significant contribution, with more than 2 million tourists visiting the country in the last few years. On the other hand, the new technologies have also found a prominent place in Kenya, already known as Africa's Silicon Valle, ranking only behind South Africa in terms to innovation indicators in Sub-Saharan Africa, which undoubtedly constitutes a sign of modernity.

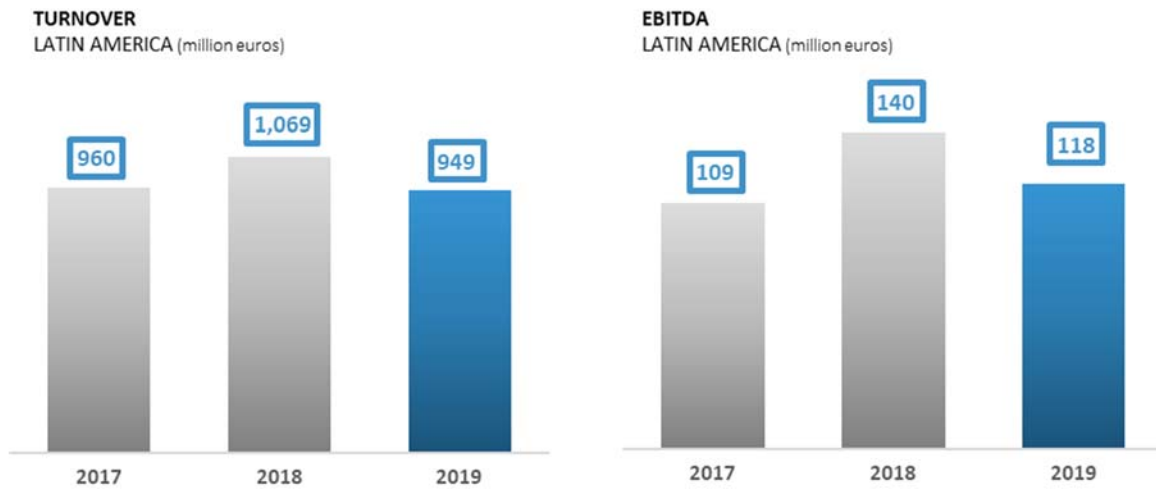
As infrastructures are concerned, the Kenyan authorities are aware of the need to substantially increase the investment, which should allow for leveraging the exports and improving of the country's respective economic indicators. Within that scope, the Government recently announced the emission of a "Infrastructure Bond" of 8 billion USD to attract direct investment of pension for the next four years, and help achieving the goal of intervention in 10,000 km of roads up to 2022.

In this context, and given the extended experience acquired in public-private partnerships, in 2019 the GROUP has structured and entered into two concession contracts which provide for the rehabilitation, to be executed in 2 years, of a set of roads, followed by a period of operation and maintenance with a duration of 8 years.

Consequently, the turnover for 2020 in this country might significantly increase.



## LATIN AMERICA



In 2019, the turnover in the Latin America region reached 949 million Euros, a decrease of 11% against 2018, explained, as predicted, by the slowdown of activity in Mexico (about 30%) but offset in part by the increase of activity in Peru (about 32%) and in Brazil (about 20%).

With regard to EBITDA, essentially due to the reduction of activity in Mexico, in 2019 it reached 118 million Euros, a decrease of 16% against 2018. However, it should be emphasised that EBITDA rose 45% and 33% in the Peruvian and Brazilian markets, respectively, against 2018.

### Mexico

In 2019, the Mexican economy exhibited a growth of 0.4% (2.0% in 2018), with an annual inflation of 3.8% (4.9% in 2018). On the other hand, as at 31 December 2019, the market interest rate reference reached 6.9% (8.7% as at 31 December 2018).

Furthermore, the Mexican Peso showed some stability throughout 2019, despite some risks such as the presentation of the new Programme of the Government (which was confirmed in office in December 2018), the risks inherent to the trade dispute with the United States of America and the uncertainty regarding the new trade agreement of North America "T-MEC".

This gave rise to some slowdown of the economic activity in the construction sector in 2019. However, the Government presented at the end of 2019 a set of infrastructures projects (largely backed by the new National Plan for Development 2019-2024), which gives good prospects for the sector in the coming years. Within that plan, the following projects stand out: Tren Maya, Development of the Tehuantepec Isthmus, Santa Lúcia International Airport, Construction of rural roads (Oaxaca and Guerrero municipalities), among others.

In 2019, MOTA-ENGIL MÉXICO stood out for the good pace of execution of its backlog and by its reinforcement for the coming years. In terms of execution, it is worth highlighting the road infrastructures projects, such as the Gran Canal, Cardel-Poza Rica and Tuxpan-Tampico, as well as other projects in the energy area (Jorge Luque – construction of a combined-cycle power plant of 110 MW), in the environment area (Bordo Poniente – construction of a sanitary landfill) and in the tourism area (Costa Canuva, with the construction of a tourist development located in Riviera Nayarit). The year of 2019 also saw the attraction of different projects, of which the Autopista Cuapixtla-Cuacnopalan motorway (construction of 37 km of road infrastructure) is worth mentioning.

Regarding the energy business area, particularly in the energy generation segment, in which the GROUP operates in Mexico through GENERADORA FÉNIX, 2019 was characterised by: (i) a generation of power above 800 GWh (negatively affected by extremely and historically low levels of rainfall in the regions where the company operates) leveraged in a rehabilitated power park capable of ensuring a stable and optimised operating performance; (ii) the sale of most clean energy certificates (CEC) produced in 2019, mainly on account of long-term contracts; (iii) the execution of the plan for existing assets improvement and preparation of the investment plan for increasing the power generation capacity. Additionally, GENERADORA FÉNIX initiated in 2019 the construction of the Jorge Luque project, a combined-cycle power plant of 110 MW, which will be developed in two stages and will have by the end of 2020 an installed capacity of up to 37 MW.

On the other hand, in the energy trading segment, whose activity is carried out through SUMINISTRADORA FÉNIX, 2019 was characterised by the expansion of the portfolio of clients for the purchase and sale of products (power, output and clean energy certificates), both in number and volume of energy sold, which exceeded 700 GWh/year.

Regarding the tourism business area, emphasis is placed on the development of the project of construction of the Costa Canuva enterprise, 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 550m<sup>2</sup>, a marina with 260 slides, a 18-hole golf course designed by Lorena Ochoa and Greg Norman, among other tourist activities. As regards 2020, the beginning of the construction of the tourist development's first hotel and the continuation of the construction of the various common infrastructures are expected to take place in that year.

## Peru

In 2019, the Peruvian economy exhibited a growth of about 2.6% (4.0% in 2018), with an inflation of 2.2% (1.3% in 2018). On the other hand, as at 31 December 2019, the market interest rate reference reached 4.2% (5.6% as at 31 December 2018).

Furthermore, the Peruvian Sol registered a moderate volatility throughout the year, sustained by a favourable interest rate differential, due to an increase in the trade surplus and by the entry of new foreign capital related to the mining investment.

The economic activity in Peru in 2019 showed some weakness during the first semester of the year, especially in terms of mining extraction, public and private investment, although there was a greater dynamism and recovery in the second semester, which was essentially due to the increase of mining production, the increase of internal demand and the growth of the public and private investment. These investments, together with the downward trend of the interest rates, constituted a positive drive in the construction sector. For 2020, the public investment is expected to be sped up and the reconstruction of the North of the country and the construction of the second line of Lima Underground System are projected to take place.

MOTA-ENGIL PERU, in light of the aforesaid, had a stable performance in 2019, namely through the execution of its main projects in backlog, of which the following stand out: Presa Vizcachas and Bocatoma Tirire, "Las Bambas", Paracas Port Terminal, among others. In addition, the GROUP guaranteed throughout the year new projects in various sectors, with emphasis on the repair of the Toquepala Dykes and the rise of the waste dam of Las Bambas.

## Brazil

In 2019, the Brazilian economy exhibited a growth of about 0.9% (1.1% in 2018), with an inflation of 3.8% (3.7% in 2018). On the other hand, as at 31 December 2019, the market interest rate reference reached 6.8% (9.3% as at 31 December 2018).

Furthermore, the Brazilian Real showed some volatility throughout 2019, which reflected both the international instability and the national uncertainties. Notwithstanding, despite some risks, the Real ended the year with only a slight devaluation against 2018.

In 2019 the economic activity in Brazil was negatively affected by the global conjuncture, by the slowdown of growth and by the high political and trade uncertainty, which translated into a weak performance of investment and exports. The year of 2020 is expected to witness a favourable development of the economy, leveraged by structural reforms carried out by the Government (social security reform, a greater trade openness, tax reform, privatisations), which include budgetary adjustments and support to the expansion of the private sector, with a positive impact on business confidence and on the consumer.

Even so, the construction sector registered a solid growth in 2019, which allowed ECB to successfully overcome a set of great challenges it had been faced with, such as the impact of adverse weather conditions on the execution of some works and the slowdown of public and private investment in the sector, among others. On the whole, the performance of ECB was stable and its production reached the estimated levels, which surpassed the numbers of the previous year.

In addition to that, in 2019 new projects were attracted by the market, of which the following stand out: the construction of containment structures in dams (Minas Mar Azul) and the construction of a bridge on the Rodovias do Tietê.

### Colombia

In 2019, the Colombian economy accelerated its growth to about 3.4% (2.6% in 2018), with the inflation increasing to 3.6% (3.2% in 2018). On the other hand, as at 31 December 2019, the market interest rate reference reached 6.1% (6.7% as at 31 December 2018).

The Colombian economy in 2019 showed a gradual recovery, supported by a speeding-up of the internal demand, as well as by the significant momentum occurred both in private consumption and in investment. In 2020, it is estimated that the consumption will keep on driving the recovery and that the speeding-up of the investment will remain above the GDP growth, essentially sustained by the construction of residential and non-residential buildings.

In 2019, MOTA-ENGIL COLÔMBIA had a performance below expected, essentially due to the unilateral rescission of a contract that it had been executing in that country on account of noncompliance on part of the respective client. However, the year of 2020 is expected to witness the construction of two important projects in that country, one in the energy sector and the other in the road infrastructures sector, which will enable to recover / surpass the activity maintained in previous years.

### Other countries

In 2019, MOTA-ENGIL GROUP continued developing the construction contracts attracted outside the 4 main countries in the Region, with emphasis on the Cidade Bosch real estate development and the construction/rehabilitation of the Puerto de Caucedo project, both in the Dominican Republic, and the construction of Stage 1 of the Free Zone of the Tocumen International Airport in Panama.

In the latter country, the GROUP furthermore attracted in 2018 an important contract associated with the extension of Line 1 of the Underground System located in Panama City, which is certain to boost a superior turnover in the future.

## 3. Analysis of non-financial performance

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### 3.1. VALUES AND MISSION OF THE GROUP

#### Our Vision

To be an international reference in the sectors in which we operate, in line with the best market practices with regards to productivity, showing permanent innovation and therefore assuming a solid identity, resonating in the technical competence through the provision of a service of excellence to our clients and to the community.

#### Our Mission

To create shareholder value in respect for the community and the future, in a socially responsible manner.

#### Our Values

Recognising that the construction of a solid identity and culture is crucial for overcoming the challenges it sets out, the MOTA-ENGIL GROUP with its stakeholders the following values:

- **Ambition** – constantly renewed eagerness to do more and better, facing the present and the future with boldness and trust and assuming, in a determined and committed fashion, new challenges that contribute to the growth of the GROUP.
- **Integrity** – an option for a path that reinforces the principles of honesty, truth, loyalty, rectitude and justice in the daily conduct of all involved.
- **Cohesion** – a guarantee that all targets established, intended to be ambitious, are met through the contribution of all business units and that the vitality of the GROUP derives from the congregation of wisdom and strength necessary for overcoming new challenges.
- **Group Spirit** – consolidation of a sense of belonging, respect for differences, loyalty and reciprocity in a global and culturally diverse context, being proud in the past but reinforcing trust in the future.

## 3.2. ETHICS AND INTEGRITY

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

#### Together...

The good name and reputation of the MOTA-ENGIL GROUP are the result of the dedication and hard work of all involved. Our objective is not only to comply with the laws, standards and regulations applicable to business; we also work towards meeting the high standards of business conduct.

#### Culture by example

The Board of Directors, the top managers and the operational managers set the example, guide and support their teams for the compliance with the Code of Ethics and Business Conduct.

#### Corporate governance

The MOTA-ENGIL GROUP is managed with transparency and in compliance with the rules, guidelines and principles of the good governance of the companies, in accordance with the commitment towards its shareholders, partners, customers, suppliers, employees and the community.



#### Know Your Client / Know Your Supplier

The MOTA-ENGIL GROUP follows the rules of national and international compliance applicable to its activity. For that purpose, it complies with procedures and mechanisms of analysis of all the counterparties with which it relates.

#### Anti-corruption and bribery policy

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.

#### Tolerance and respect for the other

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

#### Channel for the communication of irregularities

Any stakeholder can report, at any moment, alleged irregularities and/or violations of the Code of Ethics and Business Conduct or of the GROUP's policies, without fear of retaliation, if and to the extent that they do it in good faith, using for this purpose the email address [etica@mota-engil.com](mailto:etica@mota-engil.com), the address *Ética – Rua do Rego Lameiro, 38, 4300-454 Porto, Portugal*, or the ombudsman channel available at <http://www.mota-engil.com/en/ombudsman/>.

### 3.3. GEOGRAPHIC 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 25 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 countries, more specifically in Poland, where it has been operating for 20 years. In Ireland, MOTA-ENGIL has a prominent position, through MEIC and GLAN AGUA, market leaders in the construction sector and water treatment plant and waste water 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, Zimbabwe, Uganda, Rwanda, Guinea, Cameroon, Ivory Coast and Kenya.

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 Transporters 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 the 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 and Aruba.

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 the whole value chain of the construction sector, currently being the 5th largest Engineering and Construction Company in Latin America.

In Mexico, MOTA-ENGIL has been following a path of permanent investment in the last ten years, having executed some of the most relevant works of infrastructures of the country, being also present in the sector of the Environment through GISA, and in the sector of the energy production 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, as well as in the Oil & Gas segment, where it maintains off shore platforms for Petrobrás.

In Colombia, MOTA-ENGIL has been developing various projects in the infrastructures and construction sectors, and in 2020 it will begin the execution of a project in the energy sector (construction of a dam).

As a reference regional operator in the sector of infrastructures, MOTA-ENGIL extended its presence in 2016 to markets as Dominican Republic and Aruba.

## (ii) Business Areas

MOTA-ENGIL carries out a wide range of activities in the fields of 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 prominent position in various markets of Europe, Africa and Latin America, the GROUP has developed construction projects in more than 40 countries, showing technical competence in each project and building a reputation of excellence in the technical areas of construction and public works, standing out in the construction of various infrastructures, such as roads, motorways, airports, ports, dams, buildings, railways, electromechanics, foundations and geotechnics, among other specialities.

### Waste Management

With a majority of the share capital of SUMA, a company set up in 1995 for the management and urban collection of waste in Portugal, MOTA-ENGIL achieved the ambition of leading this sector, operating increasingly in Angola, Mozambique, Mexico, Brazil, Oman and Ivory Coast.

On the other hand, the MOTA-ENGIL operates, through EGF, in the treatment and recovery of waste, being able to perform the whole value chain in waste management, and possessing advanced technology for the treatment and organic recovery of waste, as well as for the production of energy through the collection of biogas in the landfill and through energy recovery plants.

### Energy

MOTA-ENGIL was the first private operator in the energy generation sector in Mexico, holding a set of operating assets through GENERADORA FÉNIX, with a production capacity of 285 MW, which, with the construction in course of a new combined-cycle power plant, may be raised to 110 MW.

In Portugal, it generated in 2019 approximately 434 GWH of power in the various facilities of the concessionaires of the EGF SUBGROUP.

### 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

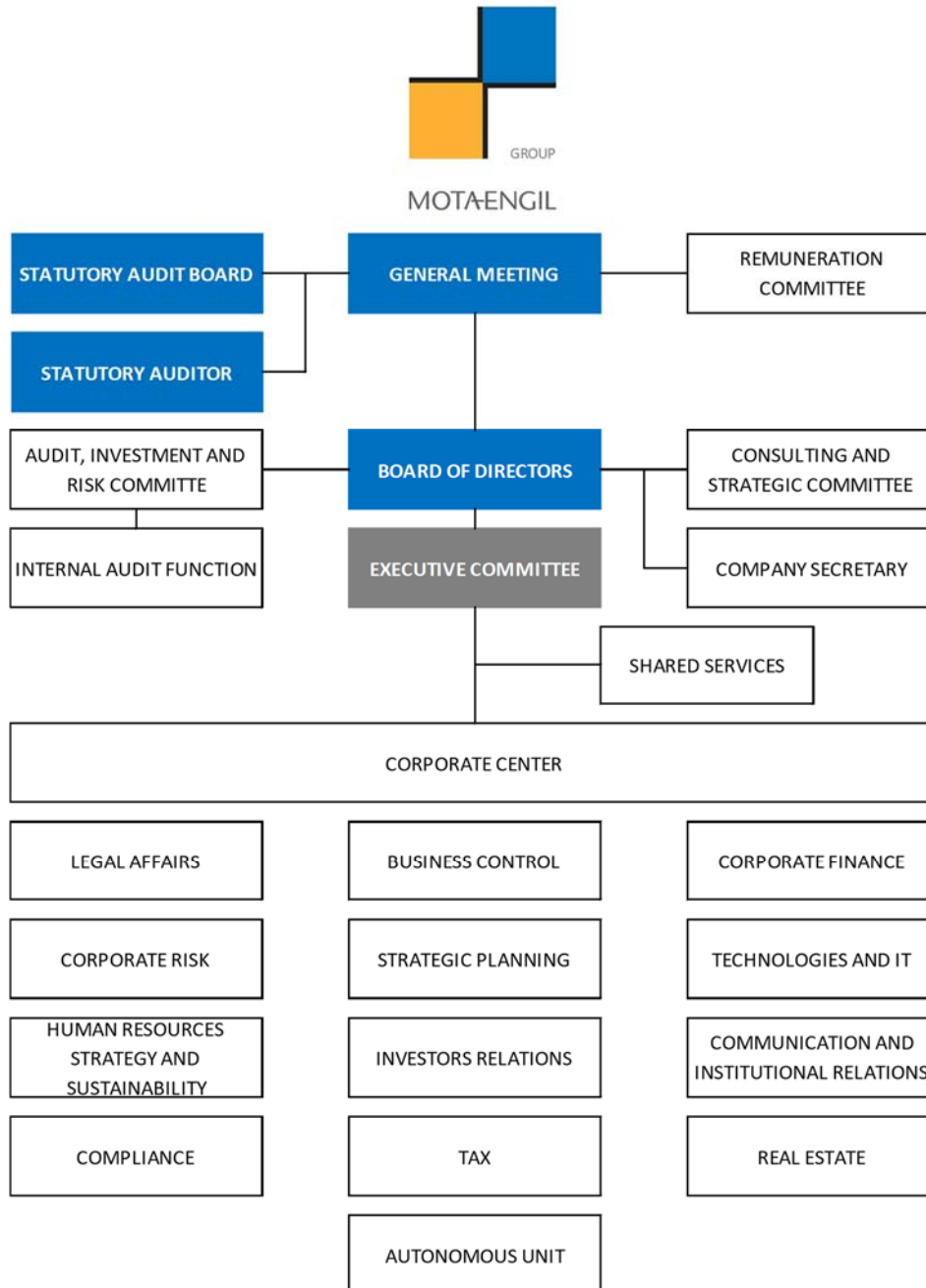
MOTA-ENGIL assumes an important position in the management of a road infrastructure franchise operator with business in Portugal, Spain, Brazil, Mexico, Mozambique and Colombia.

### 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. GOVERNANCE MODEL OF THE GROUP

The governance model of the Group adopted in 2019 can be outlined as follows:



Detailed information on the governance model of the Group may be found in the report on the Corporate Governance practices integrating the report and consolidated accounts of 2019.



### 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, identifying 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 of MOTA-ENGIL SGPS and of the Management and Supervisory Boards of the companies integrating the Group. At the level of the Executive Committee, the Corporate Risk Function area of responsibility is assigned to an Executive Director.

Additionally, 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 or markets, the monitoring of relevant financial and corporate operations, the issuing of an opinion on the Risk Matrix of the 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 (3) three permanent members, 2 (two) of whom being non-executive directors and the other being an independent executive director, the independence of the dependent management bodies of 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 'management processes, to assist in the prevention and mitigation of control risks that result in a financial loss risk 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 compliance risks that result in a risk of legal or regulatory sanctions, regulations, code of conduct and of good practices, promoting 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.

## Across-the-board Risk Management

In the specific area of the across-the-board 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, and to monitor risks through various risk parameters and models specifically produced for the GROUP's performance profile.

The across-the-board risk matrix of the MOTA-ENGIL GROUP is a work tool for purposes of 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. Additionally, several key steps defining the development and maintenance of the across-the-board risk matrix of the GROUP were set, most notably:

- Identification of the main business risks with an impact on the GROUP's profitability;
- Assessment with the corporate areas and with the regions of the performance history of each KPI selected;
- Definition of Risk Appetite;
- Definition of the strategic objective for each type of risk; and
- Assessment, Monitoring and Definition of mitigation measures and their results.

The risk management process, coordinated by the Corporate Risk Function, is characterised by the following macro activities:

- Gathering of information on the KPI defined: monitoring the risks defined as a priority;
- Assessment of the risk levels identified in the KPI: defining the priority of action;
- Estimate of impacts and probabilities associated: furthering the risk analysis;
- Definition of mitigation measures: minimising risk exposure; and
- Reporting and discussion at the Executive Committee: reporting main risks and mitigating measures.

The Corporate Risk Function draws up quarterly reports which are analysed by 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 report also being shared with the Audit and Investment and Risk Committee.

The procedures 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, which may the achievement of strategic objectives undertaken by the GROUP.

With a diversified geographic exposure and depth of maturity in most representative markets, the GROUP has nevertheless sought, over the past few years, to promote the 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.

The Portuguese economy continued to expand in 2019, although at a slower pace than that of 2018, influenced by the external framework, which became less favourable in light of the various announcements and adoption of protective measures, the prevalence of high levels of political uncertainty and geopolitical tensions, together with the context of maturing of the global economic cycle, with a consequent impact on investment and industrial activity.

The level of investment in Portugal in 2019 registered a solid growth on the whole, namely associated with the construction component, which was influenced by the execution of large-sized infrastructure projects, in some cases associated with public investment with European financing and with the dynamism of the residential construction.

Regarding 2020, it is expected that the development of the public investment accompanies the expected profile for the receipts of EU funds and that such profile speeds up. Those funds must co-fund the construction of some relevant public infrastructures, namely those related to rail and road transport.

As the Euro is concerned, the economic activity in 2019 was first and foremost supported by private consumption, which continued to increase of the contribution of internal demand to growth. The external sector, in turn, continued to negatively affect the growth of the Eurozone.

Regarding the future, the real GDP's growth is expected to remain dynamic in the Central and Eastern European countries in next two years. On the other hand, the economic activity will continue to be supported by solid consumption spending, sustained by restrictive labour markets, while the investment in these countries is expected to continue to develop favourably against the background of the current stage of the European Union's round of funds.

In addition to that, it is expected that the aggregate budgetary stance of Euro remains slightly expansionary in 2020, thus supporting the economic activity, mainly on part of the countries of the Eurozone with budgetary room for manoeuvre, which must be able to act in an efficient and timely manner before the economic prospects weaken.

Lastly, the short-term interest rates of the Eurozone remained at unprecedented low levels throughout 2019 in a context of postponement of the market's expectations as to an increase of the key interest rates of the European Central Bank (ECB). The Governing Council of the ECB has been reaffirming the need that the monetary policy remains strongly accommodative during an extended period, so as to support the pressure on the underlying inflation and the development of the global inflation in the medium term.

The economy in the African region continues to consolidate itself, with an estimated growth of 4% in 2019 and 4.1% in 2020. Where Eastern Africa is concerned, the sub-region which has grown the fastest, it is expected to reach a 5.9% growth in 2019 and 6.1% growth in 2020, sustained by a recovery of commodities' prices and a greater agricultural production. On the other hand, the growth of southern Africa remained moderate in 2019, with the same expected to occur in 2020, which was mostly affected by the weak performance of South Africa that affected the neighbouring countries.

In Angola and South Africa the recovery has been slow, with the oil industry in Angola remaining weak and the investment in South Africa exhibiting low levels. In the remaining countries, the economic growth has been robust but slow. Of the economies that grew the most and in which the MOTA-ENGIL GROUP operates, Cote d'Ivoire and Rwanda stand out.

The GDP recovery in Africa suggests resilience but also a vulnerability to the regional and global shocks. The positive prospects for growth are overshadowed by the risks of slowdown. Externally, the uncertainties caused by the growing world trade tensions, the standardisation of the interest rate in the advanced economies and the uncertainty regarding the global prices of some commodities may slow down growth. Internally, the risks arising from the growing vulnerability to the over-indebtedness in some countries, the concerns with security and migration and the uncertainties associated with elections or political transitions may influence growth.

In Latin America, 2019 proved once again to be challenging in that the economies of this region showed once more a decrease in their growth, essentially influenced by the international context of trade tensions and the uncertainties experienced in the political environment and the economic policies of the region.

This region has registered an economic growth of approximately 0.1% in 2019, mainly due to the impact of the external conditions (trade tensions, slower global growth and fall in trade) but also due to the idiosyncratic conflicts especially linked to political and social events. However, in 2020 the region's economy is believed to achieve a 1.5% growth.

Regarding the markets in which the GROUP operates, attention should be drawn to the growths registered in the economies of Colombia and Peru. Brazil and Mexico, on the other hand, registered a smaller growth. As regards the Brazilian economy, it gained momentum at the end of 2019, with the economic growth being expected to speed up to 2.4% in 2020. With regard to the Mexican economy, it registered a 0.1% growth in 2019, on account of the negative effects of the trade tensions and the consolidation process implemented. However, the prospects for 2020 point to a 1.1% growth.

### Specific risks of the sectors and markets in which the MOTA-ENGIL GROUP operates

MOTA-ENGIL, in its capacity as holding company (Sociedade Gestora de Participações Sociais - SGPS), directly and indirectly carries out management activities in its subsidiaries, with operations in various areas of business, including engineering and construction, waste collection and treatment, energy generation and trading, management of transport infrastructures and mining concessions, and operates in various markets and regions (Europe, Africa, Latin America).

The fulfilment of the obligations assumed by MOTA-ENGIL depends on the funds made available by the activities it holds and through which it indirectly carries out activities, particularly regarding dividend distribution, payment of interest, repayment of loans granted or other payments.

The capacity of those subsidiaries to provide such funds to MOTA-ENGIL will largely depend on their capacity to generate positive cash-flows within the scope of their operating activities, which are particularly subject to specific risks, to be detailed below, of the sectors and markets in which they operate.

A significant part of the MOTA-ENGIL GROUP's companies devoted to the engineering and construction industry depend, as the formation of their cost structure is concerned, on the development of the international prices of some commodities, including, but not limited to, oil, steel and cement, and on the development of the local prices, namely labour. The negative variation in prices produces a negative impact on the GROUP. On the other hand, those companies are subject to risks of a contractual nature, given that they provide a large part of their services under specific contracts covered by sectoral legislation and regulations which, in turn, depend on the attainment of general permit and specific licences for certain activities / tasks. The occurrence of situations of default or contractual noncompliance may produce relevant negative effects to the contractual management and to the fulfilment of the subject matter of each concluded contract.

Furthermore, the MOTA-ENGIL GROUP is exposed to risks associated with the supply and logistics chain in the markets in which it is presence (especially in Africa and Latin America). These risks are particularly relevant in Africa, as the logistics component of transport of persons, equipment, parts and materials (diesel, iron, cement and others) constitutes a relevant challenge in large works, insofar it is necessary to predict as reliably as possible their cost and period of execution in the budgets and time limits to provide to clients. The suspension or delay in the supply chain may produce a negative impact on the development of the works and provision of services in these markets.

On the other hand, in Latin America, due to the type of terrain, the activities carried out by the MOTA-ENGIL GROUP pose added risks of execution, and mining or infrastructure construction and maintenance works are often executed above 2000 or even 5000 metres, which hinders the transportation of the respective means of production and has consequences on the productivity level.

Therefore, the economic profitability goals established by the MOTA-ENGIL GROUP regarding the engineering and construction projects differ according to the region, depending on the specific circumstances and contexts, and are more demanding for regions which require a greater intensity of their own means of production and capital for executing such projects.

### Risks related to commercial operations of the MOTA-ENGIL GROUP

The demand for engineering and construction activity in the markets in which the MOTA-ENGIL GROUP operates depends upon the levels of public and private investment of each market.

The public investment in new infrastructure projects depends upon the political cycles of each market, the respective budgetary policies in force at each given moment as well as the macroeconomic context, factors that are not controlled and cannot be conditioned by the MOTA-ENGIL GROUP. The investment in public-private partnerships is also dependent upon the public investment strategy of each market and upon the conditions of the national and international financial markets.

The private investment in infrastructures depends, among other factors, on the development of the international prices of some commodities, particularly the price of oil, gas and overall minerals, the performance of which is not controlled or conditioned by the MOTA-ENGIL GROUP.

Adding to that, the companies of the MOTA-ENGIL GROUP that are devoted to the engineering and construction sector are exposed to a considerable competition. The size of many of the projects developed in the Africa and Latin America regions attracts various global companies of the sector, which ends up increasing the competitive environment in those markets and has a negative impact on the MOTA-ENGIL GROUP's chances of being awarded the contract for the execution of engineering and construction works.

In Central Europe, the potential for growth of the number and value of the infrastructure projects to be carried out in the region, namely in Poland, which constitutes the market within the European Union with a greater expected flow of EU funds, led to the establishment of a great number of large European constructors in the market, with effects felt on a competitive level.

A greater competitive environment exerts more pressure on the prices of the market and, as a result, on the margins achieved, which might be more or less prolonged in time depending on the size and maturity of the market, the actual growth and the expectations and behaviours of the economic agents intervening in the sector.

Notwithstanding, the MOTA-ENGIL GROUP's companies have been proving to be able to maintain a market positioning which does not resort to strategies based on price, boosting their experience and technical and human capacity as well as high standards of quality, environmental practices, safety and compliance. In addition, those differentiating factors have been making it possible to strengthen on an ongoing and sustainable basis the trust and fidelity of their clients, which results not only into a stable and growing basis of clients and the recurrence of business with the current clients but also into the replication of business undertaken with multinational clients in areas of the world where those clients and the MOTA-ENGIL GROUP are present.

### **Risks related to financial operations of the MOTA-ENGIL GROUP**

The MOTA-ENGIL GROUP, due to its geographical diversification, operating in 3 continents and 22 countries, is exposed to a variety of financial risks, with particular emphasis on risks associated with interest rates, exchange rates, liquidity and credit. These financial risks derive from the development of the activities of the MOTA-ENGIL GROUP and create uncertainty as to the ability to generate cash flows and proper returns for the payment of equity.

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 Corporate Management 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 financial debt of the MOTA-ENGIL GROUP, largely denominated in Euros, is related to interest rates the variation of which may result in losses.

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 Euros. 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 US Dollar or to those currencies indexed.

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

Considering its geographical diversity, the MOTA-ENGIL GROUP operationalises its business on an international level through various companies and jurisdictions, a positioning that originates the MOTA-ENGIL GROUP's exposure to different currencies and, as a result of that, 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 Departments, consolidating and reporting information from all companies operating in different geographies, in terms of cash flows, balances and debt.

The main currencies other than Euro to which the MOTA-ENGIL GROUP is exposed are the US Dollar, the Angolan Kwanza, the Peruvian Nuevo Sol, the Brazilian Real, the Polish Zloty, the Mozambican Metical, the Malawian Kwacha and the Colombian Peso.

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 MOTA-ENGIL 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 the in value of equity invested in foreign GROUP companies, due to exchange rate changes.

Contracts with clients, financial debt, labour costs, subcontracts, overall purchase of equipment and supplies constitute commitments which, when made in a currency other than Euro, are associated with an exchange rate risk. Consequently, various fluctuations of the exchange rates might give rise to a change in the relative value of net assets the payment currency of which is different from the MOTA-ENGIL GROUP's functional currency (Euro).

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 US 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 is defined as the risk of the lack of capacity on part of the MOTA-ENGIL GROUP's companies to settle or comply with their obligations in the stipulated time limit. In that regard, 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 companies devoted to the engineering and construction industry have more important liquidity needs, given the payment deadlines of the industry from the moment the works are executed to the conversion into cash.

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 medium and 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;
- 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 circumstantial 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;
- Search 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 continued in 2019 to broad the level of banking relationship with financial entities in the most varied countries in which it operates, increasing its funding sources in commercial banking.

Additionally, the MOTA-ENGIL GROUP carried out in 2019 a new financing operation which involved offers for the exchange and issue of Bonds. This Public Offer enabled the MOTA-ENGIL GROUP to refinance its activity, intensity the diversification of the financing sources, optimise the average cost and maintain an adequate maturity of its debt.

### **Credit Risk**

Due to the nature of its activities, the MOTA-ENGIL GROUP is exposed to credit risk, i.e., the risk of not receiving, or not receiving entirely, its credits on third parties within the deadlines established and/or negotiated to that effect.

The credit risk to which MOTA-ENGIL companies are subject is of an operational and treasury nature and is primarily connected with the accounts receivable arising from the regular development of its various activities, with emphasis on the activities for the provision of services in the Africa region, particularly in the Angola market.

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 allowed mitigate the risk.

Furthermore, it should be noted that 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. The growing number of infrastructure projects in the Africa and Latin America regions, supported by multi-lateral entities acting as project financiers that promote the economic and social development and along with the resort to hiring credit insurance with reputed specialised insurance companies ensure added comfort where credit risk is regarded.

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 receipt of advances that allow a significant reduction in credit risk.

### Risks regarding health and safety at work

In the activity sector in which the MOTA-ENGIL GROUP operates, the accident rate at work assumes an absolutely indispensable importance, with the GROUP being subject to legal provisions regarding health and safety at work and labour risks.

The management of the safety and health at work ("SHW") is coordinated by the SHW areas of the various companies of the GROUP, thus ensuring an efficient framework for preventing and minimising accidents and health problems.

So as to face the challenges associated, on the one hand, with the relevance of the incidence of labour risks in the various areas of business and markets in which the MOTA-ENGIL GROUP operates and, on the other hand, with the legal requirements related to health and safety at work, the GROUP has been implementing in those areas a uniform methodology for identifying the dangers and assess the risks, in order to establish a hierarchy and define adequate measures of control.

The starting point of this methodology is the analysis of the activities and operations to be carried out, considering the human resources to be employed, the equipment to be used, the materials to be integrated and the surrounding limitations, with a view to the identification of the dangers and risks associated. Once identified, the risks are assessed based on a matrix that associates the probability of occurrence of risk with its gravity.

In line with the best international practices and regulatory guidelines (for example, ISO 45001:2018), the GROUP has proactive programmes of risk assessment that act in the implementation of measures of control, such as:

- Initial training on occupational safety, carried out during the stage of welcoming 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 self-protection measures;
- Maintenance of insurance policies against occupational accidents;
- 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.

Following their implementation, the measures are monitored so as to guarantee their continuity, potential improvement and/or correction of potential deviations.

### Legal, regulatory and compliance 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 MOTA-ENGIL 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 and thus avoiding adverse financial impacts or an increase in litigation.

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 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. Notwithstanding, the MOTA-ENGIL GROUP, whenever it deems convenient, namely following the legal opinion of its lawyers, has been challenging the claims filed against it, wherefore recently the number of court sentences has been low and the amounts actually spent in litigation have not been substantial.

The MOTA-ENGIL GROUP is present in 22 countries spread across three continents – Europe, Africa and Latin America –, thus being subject to a variety of regulatory demands and specific regulations, both on a state level and on a sectoral level (business).

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 execution of the projects that are proposed within the scope of the negotiations of each project.

However, the MOTA-ENGIL GROUP does not control the flow of changes / reinforcement of obligations and /or other regulatory definitions it is subject to, or potential changes of interpretation of said obligations and / or regulatory definitions.

The companies of the MOTA-ENGIL GROUP of the urban waste selective treatment and collection segment, held by EGF, are subject to a regulated fee and to the approval of the regulated assets' value (BRA – Basis of Regulated Assets) to which the ROA (Return on Assets Rate) is applied by ERSAR.

On the other hand, 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' 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 Corporate Compliance Function has a leading role in the monitoring of the compliance with the various regulations and rules which the GROUP has an obligation to fulfil, thus mitigating the compliance risks.

Conformity assessment of policies and procedures, 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 result of failure to comply with the applicable laws, regulations and code of conducts and good practice.

Besides the code of ethics and business conduct, the MOTA-ENGIL GROUP is governed by the following internal standards:

- Policy for the Reporting of Irregularities;
- Anti-Corruption and Bribery Policy, Money-Laundering and Financing of Terrorism Prevention;
- Procedures of Third Parties;
- Procedures of Offers and Per Diem Allowances;
- Procedures of Donations;
- Cash Procedures.

In addition to the legal and regulatory compliance associated with the activities carried out in each market on part of the GROUP's subsidiaries, there is also an effort to raise the awareness of each employee in order to practise the standards established by the code of ethics and business conduct, which was last revised in October 2018 and is available on the company's website: [www.mota-engil.com](http://www.mota-engil.com).

It should also be highlighted that the MOTA-ENGIL GROUP implemented the procedures necessary for complying with the Data Protection General Regulation and follows up such compliance on a permanent basis.

## Environmental risks

The development of MOTA-ENGIL's activity is exposed to environmental risks, related to the abstraction and utilisation of water, remaining materials not integrated into the works carried out, impact on biodiversity, direct and indirect emissions of greenhouse gas or other, effluents and residues and other environmental impacts resulting from the products and services rendered.

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

In that regard, MOTA-ENGIL GROUP 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.

Notwithstanding this approach relative to this type of risks, the MOTA-ENGIL GROUP may not exclude the possibility of their occurrence and, in case they occur, of the circumstance that such risks may negatively affect its business or the business resulting from its activities.

The environmental risks to which the companies of the MOTA-ENGIL GROUP are exposed may give rise to fines and sanctions to be applied by governmental entities, negative effects on reputation, penalties provided for in contracts with clients and costs of correction of the environmental impacts originated.

## Risks of the technological systems and of information systems' safety

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.

Potential failures of the technological systems and information systems' safety might make the companies of the MOTA-ENGIL GROUP vulnerable to risks of cybernetic attacks which may compromise the personal data held by the companies, the accounting and financial data and strategic information. Potential failures of the technological systems and information systems' safety might expose the companies of the MOTA-ENGIL GROUP to fines and sanctions to be applied by the regulators, costs of information recovery, disruption in the areas of support and in operating activities.

However, the MOTA-ENGIL GROUP has implemented a Governance Model for Data Protection, having established regular audits for ascertaining the levels of safety and compliance with its technological platforms, thus allowing for a definition of safety measures on a technical and organisational level so as to minimise the risks of data infringement.

On the other hand, up to now there has been no type of warning, fine or sanction on part of any governmental entity or regulator where this area is concerned.

### 3.6. ANALYSIS OF THE ENVIRONMENTAL PERFORMANCE

#### 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, the MOTA-ENGIL GROUP 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 communicates involved.

#### Utilisation of renewable and / or non-renewable energies

In a society utterly filled with environmental concerns, the recourse to renewable energies has become a reference benchmark for MOTA-ENGIL GROUP in the context of nature and environment conservation. Given the minimisation of the environmental impact they cause, as well as their long-term sustainability, renewable energies guarantee a healthier environment. Aware of that reality, the MOTA-ENGIL GROUP stands out where renewable energies are concerned.

Paragraph 9 of Annex 4 to this report breaks down the environmental *Energy - GRI Standards* of the MOTA-ENGIL GROUP associated with its performance in 2019.

#### Greenhouse gas emissions

Throughout the years, the greenhouse gas emissions have been tampering with the chemical composition of the atmosphere, allowing for the intensification of the abortion of the radiations issued by Earth's surface and gradually hindering the thermal balance of the planet.

In face of such a current problem, the use of renewable energies is regarded by the MOTA-ENGIL GROUP as a factor capable of minimising on the long term the climate changes caused by air pollution, constituting an important means of control of the greenhouse effect and decisively contributing to the conservation of nature. In this regard, and under the ethical and moral duty to focus its actions on the promotion of a more neutral environment, the MOTA-ENGIL GROUP makes an effort, every year, to reduce and to solve the greenhouse gas emissions in the activity of the various GROUP companies.

#### Use of water

Used for the most diverse purposes, water assumes a crucial role in the Group's activity, with the GROUP adopting frequent measures against excessive consumption in all its activity sectors, promoting and encouraging its rationalised use.

With its business spread out over three continents, the MOTA-ENGIL GROUP stands out with a set of awareness campaigns, carrying out investments in almost thirty countries. By triggering and promoting behaviours in line with environmental protection, such as the recovery of thermal energy of the Energy Recovery Plants for heating of the facilities and the rational use of water, the GROUP deals with a permanent and incisive concern regarding this matter.

#### Air pollution

The climate changes arising from the various sources of atmosphere contamination represent one of the greatest threats to the balance of our ecosystems. The consequence of inappropriate environmental policies without adequate regulation has brought about the state of alert we are experiencing today.

In possession of strengths and know-how across the most diverse sectors of activity, the MOTA-ENGIL GROUP is at the forefront where respect for the environment is concerned, and promotes the best environmental practices.

Aware of the importance behind the planning and execution of measures against air pollution, the MOTA-ENGIL GROUP assumes a proactive stance in this regard, expressing its concerns to the involving communities, thus effectively influencing future generations.

### Investments made in this area in the execution (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, the MOTA-ENGIL GROUP 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 a heavy international presence and leading with a labour market which is no longer limited by national borders, the MOTA-ENGIL GROUP takes into account the conventions and recommendations of ILO which cover all matters related to labour, namely in the defence of the workers' rights, and are evident in all relationships with local Governments and employers organisations.

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

- There were no situations of discrimination within the GROUP's companies; moreover, the exercise of work-related associative rights, particularly the freedom of association and collective bargaining, which correspond to a mandatory constitutional and legal imperative, is fully ensured.
- Within the GROUP there are no situations of child labour or forced labour: the MOTA-ENGIL GROUP forbids any situations involving or related to child labour or forced labour. Moreover, and similarly, the MOTA-ENGIL GROUP refuses to hire or enter into business partnerships with companies which employ such practices. In that regard, in order to ensure the provision above, the GROUP has clauses in its contracts establishing such prohibitions.
- The workers or subcontractors involved in questions of security of installations and safeguards of their assets (The GROUP has no workers or subcontractors involved in missions of personal security) observe, in their personal interactions, the legally established rights in each geographical space where they carry out their functions.
- Finally it should be mentioned that the MOTA-ENGIL GROUP does not usually carry out activities in any territory where rights of the populations or indigenous people are or may be undermined.

### Working conditions

Recognising the real advantages inherent to a work-life balance, the MOTA-ENGIL GROUP regards as fundamental to encourage and ensure the harmony and well-being that the worker needs in order to perform their duties. In face of different realities, depending on the diverse geographies in which it operates, the MOTA-ENGIL GROUP shapes each of the communities according to the values it considers indispensable in the relationship between employer and worker, taking on the mission the promotion of the well-being of its workers and their relatives.

Showing increasing concern with the highest standards of health and safety at work, the MOTA-ENGIL GROUP seeks to promote organised and well-structured labour spaces, always reinforcing, where necessary, the use of collective and individual protection equipment, if advisable or mandatory for the performance of duties. In another approach, the GROUP is concerned with creating encouraging and rewarding conditions for its employees through excellence and merit-fostering remuneration and incentive policies.

### Social dialogue

Many of the good labour practices we know today were implemented on account of social dialogue. This form of promoting consensus between the Government, the workers' representatives and the employees has been achieving, throughout the years, major historic and social accomplishments, constituting a guarantee of labour peace and contributing toward a sustainable economic growth.

The MOTA-ENGIL GROUP is open and receptive to social dialogue, and adopts equal opportunities and equal treatment in access to work, namely with regards to selection criteria, hiring conditions, professional training, vocational retraining and gathering of practical experience.

### **Respect for the workers' rights**

In the performance of their duties, all workers have the same rights, this being the basis of the bipartite relation, employer vs worker. The respect for this principle promotes trust in labour relations and strengthens the equality that others have fought for in society.

Throughout time, the MOTA-ENGIL GROUP, heavily marked by its international presence, applies in the several communities where it operates the faithful respect for the guarantee of its workers' rights, particularly ensuring the fundamental rights existing in the employment relation:

- Compliance with labour legislation and adoption of non-discriminatory practices;
- Attribution of just and adequate remuneration, to be punctually paid;
- Treatment based on respect and good manners;
- Promotion of equal opportunities in career advancement;
- Provision of ongoing training, so as to develop professional qualifications;
- Guarantee of a safe work environment;
- Guarantee of the right to hold positions within workers' representation structures;
- Guarantee of good working conditions from a physical and moral perspective;
- Contribution to the increase in the worker's productivity and employability;
- Prevention of occupational risks and diseases, taking into account the protection of the worker's safety and health; and
- Guarantee of working conditions that foster the reconciliation of family and personal life and work.

### **Right to information and to consultation**

A good labour relationship is due in large part to open dialogues and exchange of fundamental opinions. Therefore, the right of information and to consultation that is granted to workers ensures them proper knowledge on the economic activity of the MOTA-ENGIL GROUP, as well as on the evolution of employment and preventive measures.

Expressing full availability to engage in a dialogue with its workers, the MOTA-ENGIL GROUP provides them with all necessary information and responds, whenever requested, to problems which are raised to it.

### **Respective for trade union rights**

Constituting an integral part of human rights and a principle applicable to all workers, the trade union right is above all focused on the protection of workers and its greatest strength is social dialogue. With the MOTA-ENGIL GROUP operating in various business areas, it maintains full availability to dialogue with the many trade union representatives, thus fostering good labour relations.

### **Measures adopted with regards to health and safety at work**

It is up to the employer to ensure and promote good health and safety at work conditions, encouraging and triggering the adoption of measures in this regard, in full respect for the general principles of prevention and legislation in force.

Through various actions, the MOTA-ENGIL GROUP executes and enforces all legal provisions, granting all workers access to the highest health and safety at work standards and frequently promoting complementary training with regards to this matter as well as actions for raising awareness for this topic. On its turn, the collective and individual protection equipment is used to neutralise the action of the environmental agents and to guarantee that the employees will not be exposed to occupational diseases that can compromise their capacity of work and of life, this way protecting their physical integrity and incrementing their occupational health.

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

Present in three continents, and carrying an unmatched experience in institutional and personal relations, MOTA-ENGIL happily maintains an open and trustworthy dialogue with local communities, promoting cultural and social development, supported by the creation of basic infrastructures and always being available to assist in the most fragile situations to the surrounding communities.

Having largely proven itself in all regions where it operates, the MOTA-ENGIL GROUP stands out with a very solid local interaction and development component.

### **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 that respect, and as a Group with sustainability principles, the MOTA-ENGIL GROUP increasingly assumes a role of promoting the conciliation of work, personal and family life, integrating policies and practices related to this matter in its management. Providing direct benefits to employees and relatives, the MOTA-ENGIL GROUP, thorough the Manuel António da Mota Foundation, grants supports and financial consultancy services to the most disadvantaged employees and families, ensures the fostering of health and well-being services (such as the promotion of sports and cultural activities through companies and the Manuel António da Mota Foundation), and establishes with renowned entities protocols of a diverse nature in the areas of education, health and recreation with benefits extending to the family household.

In parallel, the MOTA-ENGIL Benefits Club gives access to a broad network of privileged partners, permitting the employees to easily access preferential conditions in banking, insurance and fuel institutions, hotels, fitness centres, healthcare, pharmacies, spectacles, stores, telecommunications, energy, among other services and products.

### **Aspects regarding non-discrimination**

No situations of discrimination were registered within any of the GROUP's companies; moreover, the exercise of work-related associative rights, particularly the freedom of association and collective bargaining, which correspond to a mandatory constitutional and legal imperative, is fully ensured.

The workers or subcontractors involved in questions of security of installations and safeguards of assets (The GROUP has no workers or subcontractors involved in missions of personal security) observe, in their personal interactions, the legally established rights in each geographical space where they carry out their functions.

### **Management of the Group's Human Capital**

The human resources policy is an essential pillar in the support to the international development, diversification and expansion of the MOTA-ENGIL GROUP. In line with the strategic plan, the human resources policy is structured around 4 main objectives:

- Culture of merit: Ambition is an intrinsic value of the MOTA-ENGIL GROUP's DNA and, in this regard, a philosophy based on the management and acknowledgement of merit is promoted, encouraging its People to search for new challenges, to grow and to overcome barriers.
- Strengthening the organisational culture and model: Under the slogan "one Group, one Project, one Strategy", the MOTA-ENGIL GROUP invests in the application of a uniform and transversal organizational model in the GROUP that is a means of facilitating communication, that increases the efficiency of processes and that gives incentives to mobility between markets and regions.
- Skills development and transversality; "We are what we do" - The MOTA-ENGIL GROUP believes that the main distinctive factor lies in the People, in the accumulated experience and know-how in the diversity and in the intelligence distributed within the Group and, in this regard, it promotes the preparation, empowerment and development of the competences of its employees in order to guarantee the mainstreaming of the knowledge within the GROUP.

Global staff mobility - The challenges of the diversification and internationalisation of the GROUP are increasingly requiring the capacity to transform mobility in a unique factor for the presence of the GROUP with the Customers, Partners and Communities and a factor of cohesion, exchange and growth of its People.

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	%
Africa	18,229	44%
Latin America	13,423	32%
Europe	8,440	20%
Capital	870	2%
Holding & others	344	1%
<b>Mota-Engil Group</b>	<b>41,306</b>	<b>100%</b>

### Distribution of the Employees by Region and Gender

	Female		Male	
	Number	%	Number	%
Africa	2,009	11%	16,220	89%
Latin America	1,838	14%	11,585	86%
Europe	1,323	16%	7,117	84%
Capital	79	9%	791	91%
Holding & others	184	53%	160	47%
<b>Mota-Engil Group</b>	<b>5,433</b>	<b>13%</b>	<b>35,873</b>	<b>87%</b>

### Distribution of the Employees by Region and Age Group

	18 to 29 years		30 to 39 years		40 to 49 years		≥ 50 years	
	Number	%	Number	%	Number	%	Number	%
Africa	3,757	21%	7,436	41%	4,593	25%	2,443	13%
Latin America	2,320	17%	4,474	33%	3,852	29%	2,777	21%
Europe	750	9%	1,826	22%	2,512	30%	3,352	40%
Capital	86	10%	248	29%	300	34%	236	27%
Holding & others	75	22%	75	22%	98	28%	96	28%
<b>Mota-Engil Group</b>	<b>6,988</b>	<b>17%</b>	<b>14,059</b>	<b>34%</b>	<b>11,355</b>	<b>27%</b>	<b>8,904</b>	<b>22%</b>

### Distribution of the Employees by Region and Seniority

	< 3 years		3 to 10 years		11 to 20 anos		≥ 20 years	
	Number	%	Number	%	Number	%	Number	%
Africa	11,340	62%	5,389	30%	1,026	6%	474	3%
Latin America	10,797	80%	2,268	17%	122	1%	236	2%
Europe	2,517	30%	2,392	28%	2,399	28%	1,132	13%
Capital	395	45%	359	41%	94	11%	22	3%
Holding & others	98	28%	77	22%	86	25%	83	24%
<b>Mota-Engil Group</b>	<b>25,147</b>	<b>61%</b>	<b>10,485</b>	<b>25%</b>	<b>3,727</b>	<b>9%</b>	<b>1,947</b>	<b>5%</b>

### Distribution of the Employees by Region and Level of Qualifications

	Basic		Secondary		Higher education	
	Number	%	Number	%	Number	%
Africa	12,816	70%	4,087	22%	1,326	7%
Latin America	7,182	54%	4,725	35%	1,516	11%
Europe	5,181	61%	1,539	18%	1,720	20%
Capital	358	41%	339	39%	173	20%
Holding & others	57	17%	86	25%	201	58%
<b>Mota-Engil Group</b>	<b>25,594</b>	<b>62%</b>	<b>10,776</b>	<b>26%</b>	<b>4,936</b>	<b>12%</b>

### Distribution of the Employees by type of labour contract

	Fixed-term contracts		Permanent contracts		Total
	Number	%	Number	%	Number
Africa	15,189	83%	3,040	17%	18,229
Latin America	7,817	58%	5,606	42%	13,423
Europe	2,810	33%	5,630	67%	8,440
Capital	518	60%	352	40%	870
Holding & others	77	22%	267	78%	344
<b>Mota-Engil Group</b>	<b>26,411</b>	<b>64%</b>	<b>14,895</b>	<b>36%</b>	<b>41,306</b>

### Distribution of the Displaced Employees by Region

	Total	
	Number	%
Africa	1,165	81%
Latin America	198	14%
Europe	64	4%
Capital	3	0%
Holding & others	3	0%
<b>Mota-Engil Group</b>	<b>1,433</b>	<b>100%</b>

### Distribution of the Displaced Employees by Gender

	Female		Male	
	Number	%	Number	%
Africa	54	5%	1,111	95%
Latin America	12	6%	186	94%
Europe	9	14%	55	86%
Capital	0	0%	3	100%
Holding & others	1	33%	2	67%
<b>Mota-Engil Group</b>	<b>76</b>	<b>5%</b>	<b>1,357</b>	<b>95%</b>



## Human Resources Corporate roadmap

The MOTA-ENGIL GROUP focuses on a type of management to attract, develop and retain its employees, ensuring an even vision cross-cutting all GROUP's realities and businesses.

Therefore, the human resources policy, based on the Human Resources Corporate Roadmap, aims at contributing to talent development and enrichment at the Organisation, ensuring, at the same time, business needs and goals, in order to guarantee alignment with the GROUP's strategic plan.

## Boost Talent Attraction

The MOTA-ENGIL GROUP invests in the attraction and development of young people with high potential, through a set of talent programmes aimed at identifying and attracting future professionals for its markets, by providing a first challenging contact with the labour market.

## Learn@ME

The programme Learn@ME, directed at young students, promotes labour market proximity, and fosters early identification of young people with high potential. To this end, it covers the following vectors:

- Collaborating in academic and research projects fostering know-how and experience sharing;
- Hosting groups of students wanting to get to know the MOTA-ENGIL GROUP;
- Attracting graduate and post-graduate students interested in a curricular or summer internship.

Within this scope the partnership with the Ashinaga Organisation and Princeton University allowed the programme to continue at an international scale, providing students with a summer internship in one of the GROUP's market.

## Start@ME

Start@ME aims at attracting and integrating talented young people, starting off their careers, for a professional internship with the GROUP, for a period of one year.

This programme intends to boost individual development and offer a wide range of experiences and learning processes, through contact with 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.

The edition of the Start@ME 2018-2019 programme had a global satisfaction rating of 83% and an incorporation of young people into the GROUP rate of 75%, which shows the strong commitment and dedication of all parties involved.

## Developing Our People

The MOTA-ENGIL GROUP contributes to the personal and professional preparation, empowerment and development of its employees through its training academy – AcadeME – which ensures the dissemination of knowledge existing within the GROUP, while strengthening core areas and critical business issues.

In 2019, with a view to competitiveness and profitability improvement in project execution, the MOTA-ENGIL GROUP started a transformation process for a new work planning culture, with a more collaborative approach and greater commitment on part of all players.

This conference was launched with a set of sessions aimed at raising awareness for the topic in which more than 300 members of staff of the GROUP, 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 result obtained prompted the implementation of a common methodology in the work physical programme – Last Planner System – at the GROUP's E&C projects. This main purpose of this implementation is to achieve the following goals:

- Developing a set of tools, systems and processes to transparently measure and report site performance;
- Increasing compliance with the site's work plan, ensuring a constant work flow;
- Implementing a training academy in order to empower employees and develop their planning practices and tools, as well as cross-cutting skills necessary for task performance.

Besides the development of technical competences, the MOTA-ENGIL GROUP 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 2019 accomplishes the double objective of enhancing and encouraging the development of its employees and, therefore, of contributing to the sustainable growth of the organisation, reinforcing its leading position in the various sectors where it operates.

### ***Digital Transformation***

Anchored by “Driving Digital Transformation” of the corporate roadmap, the MOTA-ENGIL GROUP has been investing in the digitalisation of the human resources function, having chosen to that end the SAP Success Factors cloud platform as the main talent management and development tool, covering the various stages of the worker's life-cycle, from their attraction and recruitment to their career management and internal recognition.

Through this platform, the MOTA-ENGIL GROUP guarantees the implementation of its performance management model – PerformME – based on the principles of transparency and meritocracy, ensuring decentralisation for the several GROUP businesses and geographies.

The performance management model's mission is to support employee development, ensuring continuous follow-up and feedback on part of the leadership, as well as guaranteeing the pursuit of objectives in line with the GROUP's strategic priorities.

In 2018, the GROUP decided to also digitise the entire recruitment process, from need identification to the on-boarding of a new employee. As a result, with the streamlining of the recruitment process, it became possible to provide to the potential candidates a better understanding of the experience, a potential of learning and progress within the company, reinforcing the Group's employer branding and social networking.

With this platform, the MOTA-ENGIL GROUP promotes a collaborative network between the different companies/markets, encouraging the spirit of GROUP and maximising the synergies and the exchange between the various employees of the GROUP's companies.

## **3.8. FUNDAÇÃO MANUEL ANTÓNIO DA MOTA (“FOUNDATION” OR “FMAM”)**

### **General Framework**

The Manuel António da Mota Foundation is the contemporary and natural corollary of the philanthropic history and tradition of the MOTA-ENGIL GROUP following the path inherited from its founder - Manuel António da Mota.

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

Instituted by the MOTA-ENGIL GROUP and the Mota family, who represents the Group's major shareholding, the Foundation, never overlooking its corporate matrix, is in search of a strategic vision that generates long-term value in line with its business pattern based on the broadest principles of sustainable development achieved by means of a policy of coherent and structured social responsibility of which the Foundation is the preferred vehicle.

Based in the city of Porto, the Foundation has the aim of promoting, developing and supporting charitable and socially aware social initiatives of a cultural nature in the worlds of education, health, the environment, organization and support for artistic activities, exercising its action across national territory and in the countries where the MOTA-ENGIL GROUP is present. 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 the MOTA-ENGIL GROUP 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 GROUP’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.

Therefore, throughout 2019, the Foundation developed new projects and continued to support those already underway, either individually or in partnership with other public and private entities:

- With regard to Community support, the programme “One work, one project” is worth mentioning as it was created with the purpose of carrying out a set of initiatives of a social nature in great undertakings in which the MOTA-ENGIL GROUP is involved, taking into consideration their economic, social and environmental impact. Following upon the work, begun in 2017, of rehabilitation of housings units for disadvantaged families in the Vila Pouca de Aguiar municipality, 2019 saw the implementation, for the second consecutive year, the collaboration protocol established between the Foundation, the Vila Pouca de Aguiar Municipal Council and “Just a Change”, an association dedicated to the rehabilitation of disadvantaged persons through volunteer work. In 2019, within the scope of this protocol, 5 housing units of disadvantaged families of that municipality were rehabilitated, benefitting 17 persons and involving the participation of 45 volunteer, all university students who devoted part of their summer holidays to help others;
- The “ALTA-MENTE.E6G”project – “Escolhas” (Choices) programme, also incorporated into the intervention with the community, is promoted by the cooperative society “FISOOT - Formação, Integração Social e Ofertas de Oportunidades de Trabalho” with a view to the diminution of youth disengagement, namely through social, training and professional integration of young people between 16 and 30 years old from the parish of Campanhã, city of Porto. This led to a work of promotion of personal, social and professional skills contributing to the development of the employability profile of the young people integrating the project. The project consortium includes the collaboration of the Portuguese Children and Young People Protection Commission (Comissão de Protecção de Crianças e Jovens) – Porto Oriental, the Grouping of Schools of Cerco, the Grouping of Schools Alexandro Herculano, the Group Dramático Monte Aventino, various companies from the city of Porto and the Manuel António da Mota Foundation;

- Aimed at protecting employees from the hazards of UV radiation by adopting preventive measures in the workplace, the Foundation organised the “I add + Protection for my Safety” campaign at site of the “Desanding of the Dam of the Açude Bridge of Coimbra”, awarded to MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO, in collaboration with the Portuguese Association of Skin Cancer (APCC) and within the scope of skin cancer prevention. Based on awareness the raising of healthy sun exposure habits among the employees, both in labour and leisure contexts, the campaign aimed at fostering screenings and disseminating the main signs of skin cancer;
- Within the area of intervention of children and young people, FMAM sponsored and supported Adjudaris, Associação Bagos D’Ouro, Associação Novo Futuro, 6 de Maio Social Centre and Vida Norte;
- Regarding disability intervention, and within the scope of the cooperation protocol between the Manuel António da Mota Foundation, the Montepio Foundation and the company Mobilidade Positiva, several cases of citizens with permanent or temporary disability and facing economic hardship were identified and supported. Through this protocol the participating entities intend to meet requests for support that they regularly receive from citizens in those conditions, helping to partially or fully finance the acquisition of technical aids/support products, including the action in the housing conditions of the beneficiaries in order to ensure indispensable mobility conditions. In 2019 assistance was granted to nine cases by way of the allocation of adapted wheelchairs, installation of climbing chairs, placing of bridge ramps, wc adaptations and housing repairs;
- Still within the scope of disabling intervention, the Foundation entered into a protocol with Oeiras Municipal Council with a view to with the intervention in housing units belonging to citizens of the Oeiras municipality with special mobility needs and in a situation of financial need, thus improving accessibility in their home. Under the terms of that protocol, various situations susceptible of intervention were signalled, after which an intervention has already been carried out and many other currently are still in progress;
- In addition, throughout 2019, FMAM supported Crinabel, Cooperativa de Solidariedade Social e Ensino Especial (Social Solidarity and Special Education Cooperative Society) with the realisation of the institution’s Holiday Camp; and NeuroSentidos – Centro de Desenvolvimento e Reabilitação (Centre for Development and Rehabilitation) by funding the treatments of a young girl with multiple disabilities;
- In the sports intervention area, FMAM renewed its support to ADADA - Associação de Desporto Adaptado do Porto (Adaptive Sports Association of Porto), funded the purchase of materials and equipment aimed at the medical services of Amarante Futebol Clube, renewed the support to the Clube Desportivo “Escola Académica de Futebol”, helping to finance the wages of the technicians in the awareness-raising and development actions in the physical-motor expression of the pre-school public education in the Caldas da Rainha Municipality and supported União Sport Clube Paredes with the purchase of equipment to its youth levels, thus promoting the fulfilment of the club’s mission at the service of youth and sports in this Northern Portugal municipality;
- With housing as one of its intervention priorities, FMAM renewed its support to Habitat for Humanity International, in the Amarante, Celorico de Basto and Baião municipalities, with a view to enable the construction or rehabilitation of housing units belonging to disadvantaged families. Habitat for Humanity Portugal pursues the fundamental objective of promoting initiatives within the scope of social solidarity, thus contributing to eliminate housing degradation and to sustain disadvantaged families in obtaining proper and respectable housing units. The commitment of the Foundation to this protocol takes mainly the form of an annual subsidy that is aimed at supporting the structural costs of the institution in the municipality of Amarante, also financing, in some cases, the costs of reconstruction of the houses. The mobilisation of volunteers of the MOTA-ENGIL GROUP to participate in the works of reconstruction and the offer of construction materials, are also included in the support mechanisms;
- With a view to social urban cohesion and the promotion of decent housing conditions for the elderly, FMAM and the Municipality of Porto signed in 2011 a protocol called “Porto Amigo” (Porto Friend) to conduct housing renewal and retrofitting works for the elderly who depend on the municipality, living in poverty and residing in owner-occupied or rented housing;
- With regard to the health area, FMAM kept in force the protocol entered into with the Oncology Portuguese Institute of Porto (Instituto Português de Oncologia do Porto) and the Northern Regional Centre of the Portuguese League Against Cancer (Núcleo Regional do Norte da Liga Portuguesa Contra o Cancro - LPCC), aimed at creating social support lines to patients with cancer, in particular in case of socio-economic and psychosocial need which are likely to worsen their wellness and quality of life, put the efficiency of the clinical follow-up in danger or contribute to isolation or social exclusion;
- At the same time, and based on the same objectives, FMAM also kept the agreement entered into in 2015 with the Coimbra Francisco Gentil Portuguese Oncology Institute (Instituto Português de Oncologia de Coimbra Francisco Gentil - IPOCFG), the Portuguese Campaign against Cancer Central Region Group and the Coimbra Hospital and University Centre (CHUC);

- Additionally, FMAM signed a protocol with the South Section of the Portuguese League against Cancer, created in 2018, to guarantee social support for cancer patients followed up by the Section at the Portuguese Oncology Institute of Lisbon. With the conclusion of this protocol, the Foundation ensures full coverage of Continental Portugal's territory as to the support to the oncological patients, doing so through the entities most representatives of their interests, as is the case of the LPCC regional delegations; and
- Still within this area, FMAM renewed the support to Acreditar - Associação de Pais e Amigos de Crianças com Cancro (Association of Parents and Friends of Children with Cancer), to Associação Cura+, to Associação Dignidade and to Associação Recovery IPSS; it furthermore sponsored the initiative "Jornadas Humanizar+" (Humanise+ Days) of the Tâmega e Sousa Hospital Centre, integrating various actions aimed at ill people, family and health professionals, to the association Mundo a Sorrir – Associação de Médicos Dentistas Solidários Portugueses (Smiling Word - Portuguese Supportive Dentists Association) and to Pulmonale - Associação Portuguesa de Luta Contra o Cancro do Pulmão (Fight Against Lung Cancer Portuguese Association), within the scope of the early detection and screening of lung cancer.

Adding to that, FMAM maintained in 2019 the following programmes:

- The scholarships, amounting to 3,000 Euros per year per beneficiary, are awarded to higher education students, children of employees of the GROUP with less economic resources, and students who have good academic performance. In the school year of 2018/2019, 54 scholarships were awarded to children of GROUP MOTA-ENGIL employees;
- Financial Consultancy is a programme which offers free consulting and support to employees in a situation of over-indebtedness or risk of financial unbalance, through financial assessment or support for financial recovery;
- The Social Support Fund is an economic support instrument for GROUP employees and their household members specially aimed at helping with personal or family contingencies, which may result in an unexpected income hardship or increased expenses, susceptible of jeopardising economic security and stability. In 2019, within the scope of this programme, 13 MOTA-ENGIL GROUP employees were supported;
- "First Childhood", which consists of the implementation of two measures to support GROUP employees: one measure aimed at facilitating the attendance in kindergartens through grants for low-income employees (in the 2018/2019 school year, eight support grants were awarded to GROUP workers) and a second measure which consists of the offer of a baby kit, composed of essential products for childhood care, and of a pharmacy cheque, to parent employees, with 149 "Baby Kits" having been awarded in 2019;
- 1+2 Fund, a fund-raising permanent instrument aimed at creating an internal solidarity network within the GROUP to give financial assistance to the GROUP's workers and dependent family members. With the purpose of responding to situations of emergency that entail urgent expenditure for which the worker has no financial capacity and which endanger the worker's human dignity, this fund acts as a complement to the Social Support Fund. In 2019 this programme was extended to the whole GROUP on an international level, which resulted in 4 workers having received assistance, including a worker from MOTA-ENGIL MALAWI.

On an international level, the "Mota-Engil African Initiatives" programme was created, under which all social responsibility projects in Africa are designed and executed.

The projects will be financed by MOTA-ENGIL ÁFRICA, with the support of the Foundation, and specific funds may be allocated to the Foundation, depending on the costs incurred in during the execution of the "Mota-Engil African Initiatives" programme.

The organisation and steering of this new pattern of intervention and of the set of activities it envisages is the responsibility of a committee named "Africa Committee", composed of two members of the Foundation's Board of Directors, an officer in charge of the liaison between the Foundation and the Administration of MOTA-ENGIL ÁFRICA, a representative of MOTA-ENGIL ÁFRICA who will be in charge of the connection to each specific project, through representatives of MOTA-ENGIL ÁFRICA, designated focal points of contact, who in each country are responsible for following up and supporting the projects.

The "Africa Committee", in charge of the organisation and steering of this programme, is tasked with the planning of the activities and their budgeting, the creation and implementation of the supporting line "Mota-Engil Africa Social Grants", meant to support high quality and efficacy social projects for the improvement of the quality of life of disadvantaged populations, and the development of social responsibility initiatives that follow up the MOTA-ENGIL GROUP's works in Africa ("One Work - One project"), where all major undertakings should include a reference social project, promoted solely by the Group or in partnership with other NGOs, also representing the Group with governments and local entities.

### - 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 GROUP'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 2014; social innovation, in 2015; education, employment and fight against poverty and social exclusion, in 2016; education and employment, in 2017; and the eCO2blocks project of the Universidade da Beira Interior, in 2018.

In its 10th edition, taken place in 2019, the Manuel António da Mota Foundation, bringing back the topic of the 9th edition, addressed the subject of the Sustainable Development Objectives (SDO) and the importance of this agenda to Portugal's economic, social and environmental development, distinguishing the institutions that contribute with their projects to the Sustainable Development Objectives (SDO).

The winner was Fundação do Gil with the project "Paediatric Home-Based Care". This project, beyond its original implementation in the region of Lisbon, operates since 2017 in two hospitals of Porto (São João Hospital and the Northern Maternal and Paediatric Centre), covering 7 districts and 33 municipalities, with more than 550 home visits to more than 280 children and their families having been made since them. The purpose of the project is the children's physical, psychological and spiritual well-being, as well as the necessary assistance to the main caretaker and remaining family.

### - 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.

Therefore, throughout 2019, the Foundation developed new projects and continued to support those already underway, either individually or in partnership with other public and private entities:

- Protocols established with higher and polytechnic education institutions, with the award of scholarships, as well as individual supports to students from the higher education acknowledged for their merit and / or difficulties to remain in the levels of study;
- The "Study Corner" ("Cantinho do Estudo") programme is aimed at promoting social equity, educational success, prevention of early school leaving and the creation of conditions for achieving a policy of equal opportunities for everyone. "Cantinho of the Estudo", with an initial duration of four years and an annual funding of 30.000 Euros has as purpose the execution of works necessary for the creation or improvement of the conditions of study of the children and student of families with lower socio-economic resources who attend pre-school, basic education and secondary education establishments, intervening in the housing conditions of the children and families benefiting from the programme;
- The "More Health, Better Future" project, resulting from the protocol concluded in 2016 between the Foundation and the Group Editorial Santillana, is aimed at promoting literacy on health, promoting attitudes and values that support healthy behaviours, with a special focus on prevention, contributing to the inclusion of children and young people with health special needs, creating dynamics with favour the prevention of health at schools, fighting disinformation on this theme through various means and contributing to a safer and healthier school environment;
- Within the scope of Porto For the Future, the purpose of the "Aprender a Empreender – Junior Achievement Portugal" programme is to raise the awareness of young people for the importance of "Learning to be an Entrepreneur", an enriching attitude to be permanently pursued throughout life addressing dimensions/areas such as citizenship, active consciousness, ethics, financial literacy and development of the professional life. As in previous years, in 2019 FMAM had the participation of volunteers of the MOTA-ENGIL GROUP in the implementation of this programme;
- "Right Arm" ("Braço Direito") is an initiative in which students follow up a worker during a day in the latter's working environment. Throughout the day, the worker shares experience and knowledge with a student following them up, allowing the latter to be in contact with the daily activities of the former and take part in them; this experience intends that young people get to know the organisational structure, the culture, work ethics of a company and the various available career options and understand the demands and opportunities connect to a specific professional area; and

- Still in this area, FMAM during 2019 granted financial assistance to the following projects and institutions: “Jovens Empreendedores - Construir o Futuro” (“Young Entrepreneurs - Building the Future”) initiative, promoted by Associação Empresarial de Amarante (AEA) (Business Association of Amarante); the event of the 2nd Bienal Internacional de Ilustração Solidária (BIISA) (International Biannual Event for Solidarity Illustration), by social solidarity private institution “Ajudaris” and Amarante Municipal Council; the initiatives promoting a quality education by “AE2O - Associação para a Educação de Segunda Oportunidade” (Association for Second Opportunity Education), the “Dança/Integração” (Dance/Integration) project by the Centro Cultural de Amarante (Amarante Cultural Centre); o Grouping of Figueiró dos Vinhos Schools, field trip to the education fair “Futurália”; Grouping of Escolas do Cerco Schools, with regard to the improvement of musical education; Passos Manuel Elementary and Secondary School, with the “EsPassos” project; and finally the Parent’s Association of Bom Sucesso School Centre, with the potentiation of the “Brincar na mesa” (Play at the Table) project.

#### - Culture:

The valuation of culture and the promotion of access to cultural assets constitute an important objective to 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 dependent.

Through a diverse programming including visual arts, music, 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.

As an example in this area, FMAM supported various initiatives and projects promoting cultural development, among which the “TODOS – Caminhada de Culturas” (“EVERYONE - Hiking of Letters”) festival by the Lisbon Municipal Council, the “Cultura em Expansão” (“Expanding Culture”) project by the Porto Municipal Council, the CINANIMA – Festival Internacional de Cinema de Animação de Espinho (“International Animated Cinema Festival of Espinho”) by Cooperativa de Ação Cultural, C.R.L. together with the Espinho Municipal Council, the Concurso Internacional (“International Contest”) de Santa Cecília, the exhibition “Mechane - Homens, Máquinas e Grandes Pedras” (“Machane - Men, Machines and Large Stones”), the “Pontes de Vista” (“Bridges of View”) magazine by the Faculty of Letters of the University of Porto.

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:

FMAM follows a policy of use of its spaces 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 it freely, with full privacy and comfort and free of charge.

Making the most of its spaces, the Foundation maintained in 2019 an outstanding cultural offer in the city of Porto with a programme 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 59. 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 Statute 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.

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

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 in the 2019-2020 biennium aimed at contributing to a equality-rooted socially responsible management.

The Equality Plan of the MOTA-ENGIL GROUP is aimed at raising the awareness of all workers for the implementation of the company's strategy for the equality between woman and men and integrates, 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 to the gender will 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, the MOTA-ENGIL GROUP provides the relevant information, in most of its means of communication (in particular, in the diagnosis and reports), is broken down 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 workers 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 67% 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, also respecting the respective 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.

Since the release of the Main Guidelines of the United Nations on Companies and Human Rights, the growing concern of business managers with the respect for Human Rights has become evident. To that end, and publicly asserting its commitment within the scope of the promotion of the Human Rights protection and of the improvement of people's standard of life conditions, the MOTA-ENGIL GROUP undersigned in 2019 the CEO Guide on Human Rights of BCSD Portugal (Conselho Empresarial para o Desenvolvimento Sustentável - Business Council for Sustainable Development), confirming the GROUP's corporate responsibility in this regard, and undertaking to innovate in practises aimed at improving standard of life conditions both of its workers and of the communities affected by the GROUP's activity.

In his capacity as CEO of the MOTA-ENGIL GROUP, Gonçalo Moura Martins joined in 2019 to this international challenge, undersigning, on behalf of the GROUP, this document and making all efforts to guarantee, at the highest level, Human Rights in the various contexts and territories in which the GROUP is present, thus strengthening the incorporation of the respect for Human Rights in the MOTA-ENGIL GROUP's operations and business relations.



### 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 3.5 on legal, regulatory and compliance 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 of acceptance of bribery of any kind is intolerable in any place GROUP operates. The MOTA-ENGIL GROUP 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 objective 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 Programme becomes effective at the MOTA-ENGIL GROUP, the communication and training aspects are crucial. The values and general guidelines on the main integrity and compliance policies adopted at the MOTA-ENGIL GROUP 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 from all the MOTA-ENGIL GROUP'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 the MOTA-ENGIL GROUP 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 the MOTA-ENGIL GROUP's business in an ethical, upright and transparent manner.

#### **Communication**

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

- Dispatch of Service Regulation on the topic. The Service Regulation is a formal means of communication of the MOTA-ENGIL GROUP, 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"; and
- At the Board meetings for following up the implementation status of the Integrity and Compliance Programme.

## Training

The MOTA-ENGL GROUP 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 Programme.

Training sections take place:

- At the moment the employee enters the GROUP;
- At the revision of policies and procedures of the Integrity and Compliance Programme;
- On a periodic basis, through information, meetings, etc.; and
- 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-ENGL, Responsibilities at work, Protection of the company's resources and information, Loyal practices, Infringements of the Code of Ethics, etc.
Integrity and Compliance Policy	The GROUP's stance against corruption and bribery (zero tolerance policy) Guidelines on how to recognise and deal with matters of corruption and bribery.
Reporting of Irregularities	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 is subsequently 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:

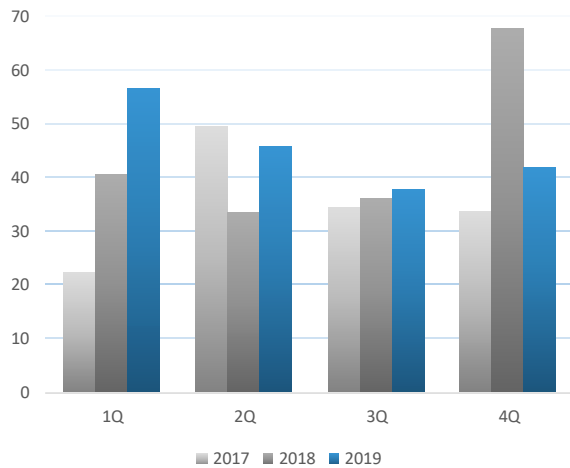
- Procedures of offers and per diem allowances and Royalty Fees;
- Procedures of corporate social responsibility and donations;
- Cash procedures, among others; and
- Third party procedures.

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

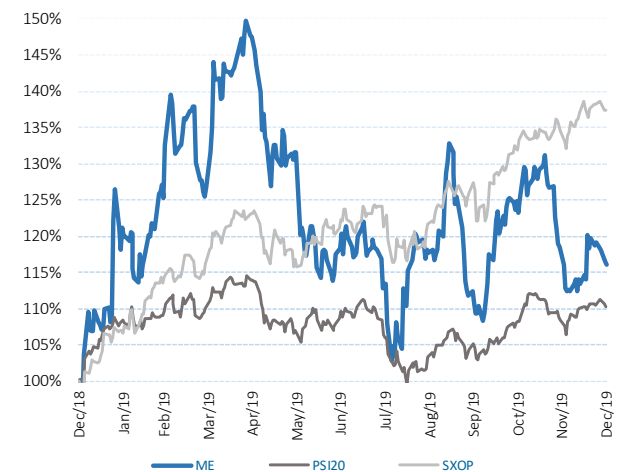
## 4. Mota-Engil in Stock Market

The evolution of performance of the MOTA-ENGIL share price in 2019 is shown in the following charts:

**AMOUNT OF SHARES TRADED BY QUARTERS**  
(million shares)



**PERFORMANCE OF SHARE 2019**



At 31 December 2019, the share capital of MOTA-ENGIL is comprised of 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 at 31 December 2019 was 1.870 Euros, corresponding to a market capitalisation of about 444 million Euros. During 2019, the share price appreciated 16.15%, with emphasis on the performance exhibited during the first semester of the year, a period in which the share reached its maximum price of 2.410 Euros, a value registered in April. In 2019, the share registered a minimum price of 1.558 Euros, reached in early January.

The favourable performance that characterised 2019 was also reflected in the overall European stock market indices, namely in the Portuguese stock market index, the PSI 20, which exhibited a favourable performance of 10.20%, and in the European "Construction & Materials" sectoral index, the SXOP, which valued 37.33%.

In 2019, a total of 182 million shares of MOTA-ENGIL were traded at Euronext Lisbon, corresponding to an average daily volume of 712 thousand shares.

The MOTA-ENGIL's Annual General Meeting of Shareholders was held on 2 May 2019, and all items were approved, with emphasis on the distribution of gross dividends per share in the amount of 7.4 Euro cents (0.074 Euro).

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

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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 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

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The standalone Management Report presents the following proposal:

“In light of the complex moment we are experiencing, motivated by the pandemic called COVID-19, which has real and not yet fully estimated impacts in terms of value and time in the world economy, the Board of Directors proposes to the General Shareholders Meeting the transfer of the net income of the year, amounting to 1,323,125 euros and 74 cents, to free reserves.

During the current year, and if the economic and financial conditions improve, the Board of Directors may reassess this matter and present to the shareholders a proposal for the distribution of reserves.”

## 7. Outlook for 2020

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The MOTA-ENGIL GROUP's outlook for 2020, supported by its Strategic Plan is as follows:

1. Emphasis on the streamlining of processes, synergies and mitigation of the risks associated with some markets and businesses;
2. In Europe, to seek a growth in turnover and an improvement of the profitability in the engineering and waste collection and treatment business;
3. In Africa, to reinforce the investment in projects of greater maturity and greater profitability guarantee that ensure a pace of growth in turnover in the medium term;
4. In Latin America, resume the commercial dynamism balancing the contribution of the various countries in which the GROUP operates, supporting margins based on the business mix;
5. Keeping focus on resource management, namely streamlining the capital structure, diversifying the financing sources and increasing maturities;
6. Where investment is concerned, concentrating efforts on businesses with lower cyclicity and greater predictability of cash-flow with the environment and energy; and
7. Backlog above 5,000 million Euros, 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 to the greater capacity of prediction, on this date, regarding the activity of its companies. Therefore, the performance that will be effectively achieved in 2020 could differ significantly from these forecasts. Moreover, the MOTA-ENGIL GROUP 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 2020, up to the date of issue of this report, we highlight the following relevant fact, which was properly disclosed as privileged information on MOTA-ENGIL and CMVM websites;

### 17 February 2020

“MOTA-ENGIL INFORMS ABOUT CONTRACT FOR HYDROELECTRIC PROJECT IN COLOMBIA WORTH € 270 MILLION

MOTA-ENGIL informs about the signing, by its local subsidiary, of a construction contract in Colombia.

The contract with a global construction amount of around € 270 million, will have an estimated duration of 46 months and contemplates the construction of a power generation plant for Talasa ProjectCo SAS an SPV with a majority of chinese investors amongst which the China Communications Construction Company (CCCC) and the China Three Gorges Corporation (CTG).

We highlight also the recent signing of a contract for the construction in 540 days of a new 24km stretch of a road (Barranca Larga-Ventanilla) in Mexico, worth around € 45 million.”

### COVID-19

In addition, after 31 December 2019, the large majority of countries were plagued by a previously unknown virus designated “SARS-CoV-2”, which rapidly became a pandemic on a global scale.

Although as of today the effects caused by such virus have produced an already significant impact in the economy, in the employment and in the companies, to which the GROUP, even though not operating in the most affected sectors, is not indifferent, if it lasts an extended period of time, more interruptions / stopovers in production might occur, with negative consequences as regards its profitability and future liquidity.

On the other hand, the negative effects of that virus will probably produce a higher impact in the Engineering and Construction business since the other activities carried out by the GROUP in the Environment and Services business (waste, treatment and recovery and energy production and trading) constitute services of essential and strategic importance to the regular functioning of the communities in these troubled times.

Finally, the GROUP is monitoring, on a daily basis, the evolution of this topic, fulfilling and disseminating the recommendations of the World Health Organisation and of the Local Authorities and is acting in order to minimise the effects of the virus on its workers, in the communities where it is present and in its assets.

More specifically, to give a coordinated and organised response to the current crisis, the GROUP has created a permanent follow-up committee (“Covid Committee”) embodied into a support network with several features that includes the persons in charge of the markets and a central devoted team. This network is centrally coordinated by the Executive Committee, which meets at least twice a week to take note of the actual situation as to the impact of the current crisis: (1) in people, (2) in the current activity (in the economic and financial aspects), (3) in the business plan for 2020 and (4) in the medium-term strategy.



As for the impact in people, the first decisions taken, even anticipating the restrictions enacted by the several Local Authorities, were materialized in the definition of contingency plans to be applied to all places where the GROUP operates, like the different central offices, shipyards, work fronts, industrial units, etc.

In general, the GROUP has implemented teleworking for all functions where this has proved to be feasible and in its operations has implemented enhanced safety and hygiene measures, reinforcing individual protection means, and is monitoring the compliance of those measures by all people, whether they are employees of GROUP companies, whether they are subcontractors, suppliers, customers, supervisory teams, etc.

In relation to expatriate employees, the GROUP ensured a reinforcement of its security hiring a global rescue company with capacity to provide support both in terms of access to local health care, as well as, regards to potential return trips needed to the respective origin country.

Additionally, to support the families of the expatriates or other displaced persons, a volunteer platform was created with the support of the Manuel António da Mota Foundation ("FMAM").

Regarding the current activity, at the date of this report, globally, the reduction in turnover in 2020, compared with the same period in 2019, is perceptible and we consider as very probable that new impacts may arise namely as a consequence of the production replanning in some markets.

Specifically in the Engineering and Construction activity in Europe, there were some negative impacts arising from the measures enacted by the Local Authorities and the decisions taken by some of our customers, namely in projects that were taking place in Portugal and in Ireland. In Portugal, there were some difficulties in the performance of some subcontractors which, together with the security measures implemented, have allowed to resume the operations even at levels below normal. On the other hand, as of the date of this report, there have been no significant problems in the supply chain and the number of projects whose production has been interrupted for that reason has been reduced.

Still in the Engineering and Construction activity, but in Africa, there were also some negative impacts arising from the measures enacted by the Local Authorities and the decisions taken by some of our customers. Thus, there were interruptions in the majority of the projects developed in Angola and in Rwanda, with interruptions also in Mozambique. In the other markets, at the date of this report, there is a reduction in the pace of work as a result of the logistical limitations imposed that are restricting the movement of materials and people.

In Latin America, there were also some negative impacts arising from the measures enacted by the Local Authorities in the different countries, with a special impact in Peru and in Brazil. In this region, the market that first felt the effects of this situation was precisely Peru, with the establishment of the State of Emergency and the Partial Compulsory Recollection. However, we believe that in the coming weeks some measures may be progressively lifted in order to allow the resume of the economic activity.

In the remaining activities, whether in the collection and treatment of waste, whether in the energy production and sale, the activity has maintained a relatively normal level. Despite the production levels achieved and the stability in the collection and treatment of domestic waste, a reduction in industrial waste is evident due to the strong decrease of the economic activity.

Additionally, it is important to highlight that in all projects, even those in which there was an interruption by indication of the Local Authorities or by our customers, there has been a dialogue with the latter ones in order to safeguard the financial balance of the contracts.

Although the interruption period of the Engineering and Construction projects referred to in the previous paragraphs is not yet long, the GROUP is, through its financial department and its several action teams coordinated by its CFO and the corporate team, developing a set of measures to ensure the management of the business liquidity. Accordingly, in Portugal, the GROUP recently formalized its access to the moratorium process with the major banks with which it operates and is finalizing that process with the rest, in an operation that will involve circa of 215 million Euros (capital and interest). Furthermore, it is also negotiating additional liquidity lines with Portuguese banks and with local banks in the main countries where it operates in Africa and in Latin America.

Likewise, the GROUP is accelerating a set of efficiency measures that were already underway through a multidisciplinary team with the central coordination of the Executive Committee.

Finally, despite the effects of the pandemic and the abovementioned moratoriums, the GROUP at 31 December 2019 had circa of 234 million Euros of credit lines available but not used, and, during the first months of the year it already had been able to refinance or is in the refinancing process of circa of 260 million Euros, which allow it to overcome the liquidity gap (current assets - current liabilities) evidenced in the consolidated financial statements at 31 December 2019.

Regarding the accomplishment of the business plan for 2020, following the description made in the previous paragraphs, the expectation points to a resilient activity with variations in turnover and in operating profitability different from country to country, considering in the medium scenario a recovery of the most affected economies only after the second quarter of the year.

Thus, in Europe, the first months of the year confirmed a growing trend in the Engineering and Construction activity and we predict no significant changes in the remaining activities until the end of the year.

In Africa, in the ongoing projects, it is our expectation that it will be possible to recover the delays in the most recent weeks, being the commercial activity performing with great dynamism and normality.

Finally, in Latin America, there was a significant reduction in the activity of Engineering and Construction, and so our expectations for the year 2020 are more conservative, as reflected in the chapter Outlook for 2020 in the Management Report.

Therefore, at the present date, no significant change is expected in the production pace and in the profitability that could affect the liquidity level of the operations in the several markets and in the GROUP as a whole. However, several actions to safeguard that level of liquidity have been, are and will continue to be implemented in the several companies, businesses and markets of the GROUP.

Finally, regarding the medium-term strategy, the GROUP has already started a reflection on the “new normal” through a methodology based on 5 steps: (1) assessment and understanding of the situation in all its aspects and in all businesses / companies; (2) strengthening the resilience, ensuring the protection of its assets; (3) case by case planning of the necessary recovery; (4) simulation of new scenarios for the future; (5) adapting the organization to the new regulatory and competitive environment (the “new normal”).

Taking in consideration the above referred, at the date of this report, the GROUP’S Board of Directors maintains the understanding that it has adequate resources to maintain its activities and that the use of the going concern assumption in the preparation of the attached consolidated financial statements remains adequate.



## 9. Final remarks

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

Porto, 09 April 2020

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

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

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

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)

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

Manuel António da Fonseca Vasconcelos da Mota  
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

Emídio José Bebiano e Moura da Costa Pinheiro  
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

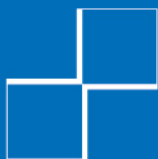
Francisco Manuel Seixas da Costa  
Non-executive and independent member of the  
Board of Directors

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

From civil construction to energy, concessions and environment, Mota-Engil Group invested in new business sectors. Conquering new markets with the strength of a united Group, where team spirit is the main motor for building a future of continuous growth.

# Union Today,



MOTAENGIL  
SGPS, S.A.



# 02

Consolidated  
Financial  
Information

## Imagining Tomorrow.

**Energy**

Mexico. Investment on a power  
station with Generadora Fénix.

**Building  
Today,  
|  
Imagining  
Tomorrow.**



**MOTAENGIL**  
SGPS, S.A.

## CONSOLIDATED INCOME STATEMENTS BY NATURE FOR THE YEARS AND SEMESTERS ENDED 31 DECEMBER 2019 AND 2018

(Amounts in thousands Euros)

	Notes	Year		2 <sup>nd</sup> Semester	
		2019 € '000	2018 € '000 (restated)	2019 € '000 (unaudited)	2018 € '000 (restated) (unaudited)
Sales and services rendered	2	2,826,746	2,801,749	1,482,417	1,550,894
Cost of goods sold, mat. cons., changes in production and subcontractors	3	(1,222,564)	(1,301,551)	(609,226)	(814,387)
Third-party supplies and services	4	(598,095)	(589,822)	(330,318)	(252,686)
Wages and salaries	5	(587,229)	(542,154)	(300,540)	(283,073)
Other operating income / (expenses)	6	(1,788)	38,854	(19,278)	29,843
Amortizations and depreciations	7, 15, 16 and 17	(206,542)	(182,800)	(104,499)	(99,160)
Impairment losses	8	(6,147)	(818)	(5,351)	7,333
Provisions	8	(16,648)	(23,209)	(16,208)	(28,714)
Financial income and gains	9	209,865	202,650	165,932	72,594
Financial costs and losses	9	(274,305)	(258,900)	(178,511)	(118,719)
Gains / (losses) in associates and jointly controlled companies	10	(5,407)	3,010	(6,704)	1,312
Gains / (losses) on the disposal of subsidiaries, jointly controlled and associated companies	11	(7,986)	462	(7,986)	462
Net monetary position	46	1,746	(12,263)	1,746	(3,098)
<b>Income before taxes</b>	12	<b>111,647</b>	<b>135,209</b>	<b>71,473</b>	<b>62,601</b>
Income tax	12	(41,474)	(41,734)	(26,821)	(10,208)
<b>Consolidated net profit of the year</b>		<b>70,173</b>	<b>93,475</b>	<b>44,652</b>	<b>52,393</b>
Attributable:					
to non-controlling interests	38	43,445	70,169	26,050	34,827
<b>to the Group</b>	13	<b>26,728</b>	<b>23,306</b>	<b>18,602</b>	<b>17,566</b>
Earnings per share:					
basic	13	0.12 €	0.10 €	0.08 €	0.08 €
diluted	13	0.12 €	0.10 €	0.08 €	0.08 €

To be read with the Notes to the Consolidated Financial Statements

## CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE YEARS AND SEMESTERS ENDED 31 DECEMBER 2019 AND 2018

(Amounts in thousands Euros)

	Notes	Year		2 <sup>nd</sup> Semester	
		2019 € '000	2018 € '000 restated	2019 € '000 (unaudited)	2018 € '000 restated (unaudited)
<b>Consolidated net profit of the year</b>		70 173	93 475	44 652	52 393
<b>Items of other comprehensive income that may be reclassified to the income statement:</b>					
<b>Companies consolidated by the full consolidation method</b>					
Exchange differences arising from the translation of financial statements expressed in foreign currencies					
Of which, associated with the impact of hyperinflation in Angola in previous years		(10 486)	(29 442)	(7 800)	(7 197)
Others		(128 279)	(176 666)	(107 008)	(91 368)
Changes in the fair value of derivative financial instruments of cash flow hedges		180	(619)	825	(141)
Deferred taxes related to the changes in the fair value of derivative financial instruments of cash flow hedges		(41)	139	(153)	56
Impact of hyperinflation in Angola		-	35 123	-	37 768
Impact of hyperinflation in Zimbabwe	46	(17 656)	-	(17 656)	-
<b>Companies consolidated by the equity method</b>					
Exchange differences arising from the translation of financial statements expressed in foreign currencies		(43)	(510)	(51)	(655)
Changes in the fair value of derivative financial instruments of cash flow hedges		(854)	283	245	178
Other comprehensive income of companies consolidated by the equity method		287	-	(30)	-
<b>Items of other comprehensive income that will not be reclassified to the income statement:</b>					
<b>Companies consolidated by the full consolidation method</b>					
Changes in the tangible assets revaluation surplus	16	33 029	(62)	33 109	(62)
Deferred taxes related to the changes in the tangible assets revaluation surplus		(9 203)	14	(9 221)	14
Actuarial deviations	39	(659)	1 189	(659)	1 189
Deferred taxes related to actuarial deviations		137	(285)	137	(285)
Changes in the fair value of other financial investments recorded at fair value through other comprehensive income	20	(6 200)	(14 515)	(6 200)	(13 802)
Deferred taxes related to the changes in the fair value of other financial investments recorded at fair value through other comprehensive income		1 375	3 266	1 375	3 105
<b>Total of other comprehensive income</b>		<b>(138 412)</b>	<b>(182 084)</b>	<b>(113 085)</b>	<b>(71 201)</b>
<b>Total comprehensive income of the year</b>		<b>(68 239)</b>	<b>(88 609)</b>	<b>(68 433)</b>	<b>(18 807)</b>
Attributable:					
to non-controlling interests		(950)	8 014	(7 883)	18 967
to the Group		<b>(67 289)</b>	<b>(96 623)</b>	<b>(60 550)</b>	<b>(37 774)</b>

To be read with the Notes to the Consolidated Financial Statements



**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AT 31 DECEMBER 2019 AND 2018**  
(Amounts in thousands Euros)

	Notes	2019 € '000	2018 € '000 (restated)
<b>Assets</b>			
<b>Non-current</b>			
Goodwill	14	22 233	33 741
Intangible assets	15	629 811	521 494
Tangible assets	16	460 028	740 448
Rights of use assets	17	246 411	-
Financial investments in associated companies	18	103 908	90 416
Financial investments in jointly controlled companies	19	19 902	14 981
Other financial investments recorded at amortised cost	20	212 078	144 963
Other financial investments recorded at fair value through other comprehensive income	20	54 088	59 224
Investment properties	21	161 753	133 685
Customers and other debtors	23	184 433	109 459
Other non-current assets	25	5 427	7 836
Derivative financial instruments	32	4	85
Deferred tax assets	12	186 296	184 318
<b>Total of non-current assets</b>		<b>2 286 371</b>	<b>2 040 650</b>
<b>Current</b>			
Inventories	22	332 599	334 167
Customers and other debtors	23	1 059 462	1 002 852
Contract assets	24	568 360	551 707
Other current assets	25	54 799	65 335
Derivative financial instruments	32	-	180
Corporate income tax	26	35 146	20 230
Other financial investments recorded at amortised cost	20	10 568	21 399
Cash and cash equivalents with recourse – Term deposits	27	98 303	97 449
Cash and cash equivalents without recourse – Demand deposits	27	34 593	61 749
Cash and cash equivalents with recourse – Demand deposits	27	299 957	291 103
Non-current assets held for sale	28	274 407	206 187
<b>Total of current assets</b>		<b>2 768 193</b>	<b>2 652 358</b>
<b>Total Assets</b>		<b>5 054 564</b>	<b>4 693 008</b>
<b>Liabilities</b>			
<b>Non-current</b>			
Loans without recourse	30	110 425	108 505
Loans with recourse	30	866 760	697 765
Other financial liabilities	31	-	203 131
Lease liabilities	17	203 883	-
Derivative financial instruments	32	688	597
Suppliers and sundry creditors	33	93 943	60 121
Contract liabilities	34	44 247	62 777
Other non-current liabilities	35	157 746	168 072
Provisions	37	106 587	103 998
Deferred tax liabilities	12	161 984	148 075
<b>Total of non-current liabilities</b>		<b>1 746 263</b>	<b>1 553 041</b>
<b>Current</b>			
Loans without recourse	30	50 148	33 874
Loans with recourse	30	841 592	731 663
Other financial liabilities	31	208 156	210 663
Lease liabilities	17	69 999	-
Derivative financial instruments	32	9	-
Suppliers and sundry creditors	33	885 832	802 173
Contract liabilities	34	233 639	319 626
Other current liabilities	35	530 905	462 894
Corporate income tax	36	30 395	17 215
Non-current liabilities held for sale	28	129 600	115 990
<b>Total of current liabilities</b>		<b>2 980 272</b>	<b>2 694 098</b>
<b>Total Liabilities</b>		<b>4 726 535</b>	<b>4 247 139</b>
<b>Shareholders' equity</b>			
Share capital	29	237 505	237 505
Own shares	29	(10 232)	(10 232)
Reserves, retained earnings and share premiums	29	(177 674)	(73 708)
Consolidated net profit of the year		26 728	23 306
<b>Own funds attributable to the Group</b>		<b>76 327</b>	<b>176 872</b>
Non-controlling interests	38	251 703	268 998
<b>Total shareholders' equity</b>		<b>328 030</b>	<b>445 869</b>
<b>Total shareholders' equity and liabilities</b>		<b>5 054 564</b>	<b>4 693 008</b>

To be read with the Notes to the Consolidated Financial Statements

## CONSOLIDATED STATEMENTS FOR THE YEARS ENDED

(Amounts in

	Notes	Fair value reserves					
		Share capital	Own shares	Share premiums	Financial investments	Tangible assets	Derivatives
<b>Balance at 31 December 2017 (audited)</b>		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)		-	-	-	-	-	-
<b>Balance at 1 January 2018 (unaudited)</b>		237 505	(5 788)	92 584	27 702	473	262
<b>Movements with equity holders</b>							
Dividend distribution		-	-	-	-	-	-
Acquisition of own shares	29	-	(4 444)	-	-	-	-
<b>Other movements</b>							
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		-	-	-	-	-	-
<b>Balance at 31 December 2018 (restated)</b>		237 505	(10 232)	92 584	27 702	690	65
<b>Balance at 1 January 2019</b>		237 505	(10 232)	92 584	27 702	690	65
<b>Movements with equity holders</b>							
Dividend distribution	29	-	-	-	-	-	-
Other changes		-	-	-	-	-	-
<b>Other movements</b>							
Total comprehensive income of the year		-	-	-	-	16 571	(714)
Consolidated net profit of the year		-	-	-	-	-	-
Transfers to other reserves		-	-	-	-	-	-
Others		-	-	-	-	-	-
Changes in the consolidation perimeter and in the ownership interest in subsidiaries:							
- Other acquisitions / disposals of non-controlling interests		-	-	-	-	-	-
<b>Balance at 31 December 2019</b>		237 505	(10 232)	92 584	27 702	17 261	(649)

To be read with the Notes to the Consolidated Financial Statements

## OF CHANGES IN EQUITY 31 DECEMBER 2019 AND 2018

in thousands Euros)

Currency translation reserve	Legal reserves	Other reserves and retained earnings	Net profit of the year	Own funds attributable to the Group	Own funds attributable to non-controlling interests	Total shareholders' equity
(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
-	-	-	-	-	(24 906)	(24 906)
-	-	-	-	(4 444)	-	(4 444)
(130 608)	-	10 658	-	(119 929)	(62 155)	(182 084)
-	-	-	23 306	23 306	70 169	93 475
-	-	1 588	(1 588)	-	-	-
-	7 528	(7 528)	-	-	-	-
-	-	(3 923)	-	(3 923)	1 428	(2 495)
-	-	(995)	-	(995)	3 418	2 423
(212 093)	55 166	(37 823)	23 306	176 872	268 998	445 869
(212 093)	55 166	(37 823)	23 306	176 872	268 998	445 869
-	-	(17 125)	-	(17 125)	(12 972)	(30 096)
-	-	-	-	-	(14 908)	(14 908)
(80 659)	-	(29 215)	-	(94 017)	(44 395)	(138 412)
-	-	-	26 728	26 728	43 445	70 173
-	2 567	20 739	(23 306)	-	-	-
-	-	(9 265)	-	(9 265)	(5 319)	(14 584)
-	-	(6 866)	-	(6 866)	16 854	9 988
(292 751)	57 733	(79 555)	26 728	76 327	251 703	328 030

## CONSOLIDATED STATEMENTS OF CASH-FLOWS FOR THE YEARS ENDED 31 DECEMBER 2019 AND 2018

(Amounts in thousands Euros)

Notes	2019 € '000	2018 € '000
<b>Operating activities</b>		
Cash receipts from customers	2 694 169	2 649 054
Cash paid to suppliers	(1 817 930)	(1 818 191)
Cash paid to employees	(583 293)	(536 597)
<b>Cash generated from operating activities</b>	<b>292 946</b>	<b>294 265</b>
Income tax (paid)/received	(37 454)	(48 266)
Other receipts/(payments) generated by operating activities	(137 989)	30 939
<b>Net cash-flows from operating activities (1)</b>	<b>117 502</b>	<b>276 937</b>
<b>Investment activities</b>		
<b>Cash receipts from:</b>		
Financial investments	43 22 334	7 362
Tangible assets and rights of use assets	32 497	14 278
Investment grants	14 461	16 519
Interest and similar income	51 529	30 624
Dividends	43 2 075	4 686
	<b>122 897</b>	<b>73 470</b>
<b>Cash paid in respect of:</b>		
Financial investments	43 (19 108)	(87 218)
Loans granted	(13 882)	(1 976)
Other treasury applications	(854)	(62 786)
Intangible assets	(166 868)	(65 825)
Tangible assets and rights of use assets	(127 995)	(235 135)
Investment properties	(1 680)	(5 450)
	<b>(330 387)</b>	<b>(458 391)</b>
<b>Net cash-flows from investment activities (2)</b>	<b>(207 490)</b>	<b>(384 922)</b>
<b>Financing activities</b>		
<b>Cash receipts from:</b>		
Loans obtained	30 1 739 682	1 594 259
Leases	17 and 31 65 490	153 018
	<b>1 805 172</b>	<b>1 747 277</b>
<b>Cash paid in respect of:</b>		
Loans obtained	30 (1 430 133)	(1 567 472)
Loans obtained - impact of hyperinflation	-	(11 770)
Leases	17 and 31 (60 642)	(49 275)
Interest and similar expense	(200 821)	(191 047)
Dividends	43 (28 990)	(26 553)
Acquisition of own shares	-	(4 444)
Impact of hyperinflation in financing activities	-	12 207
	<b>(1 720 585)</b>	<b>(1 838 355)</b>
<b>Net cash-flows from financing activities (3)</b>	<b>84 586</b>	<b>(91 077)</b>
Variation of cash and cash equivalents (4)=(1)+(2)+(3)	(5 402)	(199 062)
Impact of hyperinflation on cash and cash equivalents	(5 083)	(27 240)
Impact of cash and cash equivalents of companies recorded as held for sale	(767)	-
Exchange rate effect	(11 067)	(48 459)
Impact of hyperinflation on the initial balance of cash and cash equivalents	4 017	17 976
Cash and cash equivalents at the beginning of the year	27 352 852	609 637
<b>Cash and cash equivalents at the end of the year</b>	<b>27 334 550</b>	<b>352 852</b>

To be read with the Notes to the Consolidated Financial Statements

## 0. Introduction

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The core business of MOTA-ENGIL, SGPS, SA, with head office at Edifício Mota, Rua do Rego 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 in the ones 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 disclosed in these Notes are presented in thousand Euros, rounded off to the unit, unless explicitly stated otherwise.

## 1. Basis of presentation, consolidation and main accounting policies

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### 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 it adjusted in the consolidation process. The Board of Directors assessed the ability 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 at 1 January 2019. Regarding GROUP companies which use different accounting standards, the respective 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 tangible 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 price 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 IFRS 16, and measurements with similarities to the fair value, but which do not correspond to the fair value, such as the net realizable 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 BECAME IN FORCE DURING THE YEAR

The following standards, interpretations, amendments and revisions endorsed by the European Union were adopted by the first time in the year ended 31 December 2019:

Standard / Interpretation	Applicable in the European Union in the financial years started in or after	Contents
Improvements to rules 2015 – 2017	1/jan/19	This series of changes affects the following rules: 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 the liability for the payment of dividends which are recorded in the net profit of 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) where an investor in a joint operation which does not exercise joint control, in an operation that is commercial, the interest previously held is not remeasured).
Change to IFRS 9 – Pre-payment elements with negative compensation	1/jan/19	This change introduces the possibility of classifying financial assets with pre-payment conditions with negative compensation at their amortised cost providing that the specific conditions are met rather than being classified at fair value through the income statement.
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 the future lease payments and a "right of use" asset for all leasing contracts except for 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".
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 income for the financial 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.
IFRIC 23 – Uncertainties on the Income tax treatment	1/jan/19	This is an interpretation of IAS 12 – 'Income taxes' and refers 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 its best estimate and record the assets or liabilities for income taxes in accordance with IAS 12, rather than IAS 37 – "Provisions, contingent liabilities and assets" based on the expected value or the most likely one. The application of IFRIC 23 may be retrospective or retrospectively modified.
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 accounted for using the equity method should be accounted for according to IFRS 9, being subject to the estimated losses impairment model prior to any impairment test to the investment as a whole.

Except for the effects arising from the adoption of IFRS 16 - Leases, described in Note 1.2. of these Notes, no other material effects were generated in the attached consolidated financial statements arising from the adoption of the standards / interpretations / amendments and revisions above referred.

### 1.1.2. STANDARDS, INTERPRETATIONS, AMENDMENTS AND REVISIONS WHICH WILL BE APPLICABLE IN FUTURE YEARS

The following standards, interpretations, amendments and revisions with mandatory application in future years, were, until 31 December 2019, endorsed by the European Union.

Standard / Interpretation	Applicable in the European Union in the financial years started in or after	Contents
Conceptual structure – Changes in the reference to other IFRS	1/jan/20	As a result of the republish 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 financial information characteristics. These changes are to be applied retrospectively, except where impracticable.
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.

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

The following standards, interpretations, amendments and revisions, with mandatory application in future years, were not, until 31 December 2019, endorsed by the European Union:

Standard / Interpretation	Applicable in the European Union in the financial years started in or after	Contents
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 9, IAS 39 and IFRS 7 (amendment) - Reference interest rate reform	1/jan/20	These changes are still subject to the European Union approval. These changes are part of the first phase of the IASB's 'IBOR reform' project and allow exemptions related to the reform of the benchmark interest rates of reference. The exemptions refer to the hedge accounting in terms of: i) risk components; ii) 'highly probable' requirement; iii) prospective assessment; iv) retrospective effectiveness tests (for adopters of IAS 39); and v) recycling of the cash flow hedge reserve, and its aim is that the reform of the reference interest rates does not determine the end of the hedge accounting. However, any hedge inefficiency determined must continue to be recognized in the income statement.
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.

The standards / interpretations / amendments / revisions referred in items 1.1.2 and 1.1.3 above were not adopted by the GROUP in the year ended 31 December 2019. Nevertheless, no material impacts are estimated as a result of their adoption.

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 affiliated expressed in foreign currency were translated into Euro in accordance with the accounting policies described in caption h) of Note 1.3. of these Notes.



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 caption xxii) of Note 1.4. of these Notes.

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 these consolidated financial statements.

## 1.2. COMPARABILITY OF INFORMATION

The consolidated financial statements of MOTA-ENGIL GROUP at 31 December 2019 were prepared in accordance with the accounting policies and the calculation methods disclosed in the 2018 Consolidated Report and Accounts, with the exception of the suspension of the application of IAS 29 – Financial reporting in hyperinflationary economies to the companies located in Angola, to the first adoption of IFRS 16 – Leases and to the determination of the final acquisition difference arising from the purchase in 2018 of 50% of SISTEMAS ELETRICOS METROPOLITANOS.

Since Angola in the first half of 2019 ceased to fulfill the conditions set out in IAS 29 to be considered a hyperinflationary economy, the GROUP, from 1 January 2019, suspended the application of that standard to the financial statements of its affiliates located in Angola. However, the impacts generated in previous years arising from the adoption of that standard, namely the ones associated with the remeasurement of the non-monetary assets and liabilities, will remain until the assets be sold, consumed or amortized or until the liabilities be sold or paid.

Regarding IFRS 16 – Leases, which became effective after 1 January 2019, the main comments about its adoption, as well as, its impact in the attached consolidated financial statements are presented below.

### Identification of a lease

At the inception date of a contract, the GROUP assesses if its scope corresponds to a lease, or if it contains a lease. A lease corresponds to a contract, or part of a contract, through which it is granted the right to control the use of an identifiable asset for a defined period of time in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identifiable asset for a defined period of time, the GROUP assesses, if, during the usage period of the asset, it has cumulatively:

- The right to obtain substantially all of the economic benefits arising from the use of the identifiable asset; and
- The right to control the use of the identifiable asset.

### First adoption

IFRS 16 changes the way the GROUP accounts its operating leases, as they were previously designated in the scope of IAS 17 (according to this standard, the operating leases were not presented in the statement of financial position), being recognized and measured in the statement of financial position the rights of use assets, against the right to control their use, and the lease liabilities associated with the obligations assumed with the payment of the rents to the lessor.

The GROUP adopted for the first time IFRS 16 at 1 January 2019 using the modified retrospective model, considering, at that date, for the operating leases, that the amount of rights of use assets was equal to the amount of the lease liabilities. Regarding the financial leases, the GROUP considered at 1 January 2019 as rights of use assets and lease liabilities the carrying amounts of those items immediately before that date, measured in accordance with IAS 17. Therefore, the initial cumulative impact of the adoption of IFRS 16 in the retained earnings at 1 January 2019 was null.

The GROUP did not recognized as rights of use assets or lease liabilities the ones associated with lease contracts with a term lower than 12 months or related to assets with a small amount (lower than 5,000 Euros). In these circumstances, the GROUP recognized the payments associated with those leases as an expense during the term of the respective contracts.

### Recognition

The GROUP recognizes the right of use of an asset and the lease liability at the inception date of the lease contract. The right of use of an asset is initially measured at cost, which includes the initial amount of the lease liability adjusted by any lease payments made on or before the commencement date, plus any initial direct costs incurred, as well as, an estimate of the costs required to dismantle and remove the underlying asset (if applicable), less any lease incentives received.

The right of use of an asset is depreciated by twelfths using the straight-line method during its estimated useful life or during the term of the lease contract, if lower.

The right of use of an asset is periodically subject to impairment tests being the potential impairment losses detected recorded immediately in the consolidated income statement of the year.

The lease liability is initially measured by the present value of the lease payments that have not yet been paid at the contract date, discounted using the implicit interest rate of the lease or, if that rate cannot be possible to be determined, using the incremental borrowing rate of the respective affiliate. In the majority of the situations, the GROUP uses its incremental borrowing rate as the discount rate to be used in the above referred calculation.

The types of lease payments considered in the measurement of the lease liability include the following ones:

- Fixed payments, deducted from any incentives already received;
- Variable payments, dependent only of a pre-established index or rate;
- Amounts expected to be payable under a residual value guarantee;
- The exercise price of purchase options, if it is reasonably certain that the lessee will exercise them; and
- Penalty payments associated with the early termination of the contract, if it is reasonably certain that the lessee will cancel it.

The lease liability is subsequently measured by the amortized cost, using the effective interest rate method, being remeasured when the following conditions occur: (i) changes in the future lease payments arising from a change in an index or a rate specified in the contract; (ii) a change in the GROUP's estimate of the amount expected to be payable under the residual value guarantee of the asset; or (iii) if the GROUP changes its assessment over the exercise of a purchase option, or over its extension or termination.

When the lease liability is remeasured, the carrying amount of the right of use asset is adjusted by the same amount, except if the carrying amount of the right of use is zero, situation that will generate the recognition of a gain in the consolidated income statement.

The impacts arising from the adoption of IFRS – 16 on the date of its initial application (1 January 2019) can be summarized as follows:

	Balance at 31 December 2018	Reclassifications (a)	Adjustments	Balance at 1 January 2019
<b>Assets</b>				
<b>Non-current</b>				
Tangible assets	740,448	(253,347)	-	487,102
Rights of use assets	-	253,347	38,068	291,415
Other non-current assets	1,300,202	-	-	1,300,202
<b>Total non-current assets</b>	<b>2,040,650</b>	<b>-</b>	<b>38,068</b>	<b>2,078,719</b>
<b>Current</b>				
<b>Total current assets</b>	<b>2,652,358</b>	<b>-</b>	<b>-</b>	<b>2,652,358</b>
<b>Total Assets</b>	<b>4,693,008</b>	<b>-</b>	<b>38,068</b>	<b>4,731,077</b>
<b>Liabilities</b>				
<b>Non-current</b>				
Other financial liabilities	203,131	(203,131)	-	-
Lease liabilities	-	203,131	23,895	227,026
Other non-current liabilities	1,349,909	-	-	1,349,909
<b>Total non-current liabilities</b>	<b>1,553,041</b>	<b>-</b>	<b>23,895</b>	<b>1,576,936</b>
<b>Current</b>				
Other financial liabilities	210,663	(62,735)	-	147,928
Lease liabilities	-	62,735	14,173	76,909
Other current liabilities	2,483,436	-	-	2,483,436
<b>Total current liabilities</b>	<b>2,694,098</b>	<b>-</b>	<b>14,173</b>	<b>2,708,272</b>
<b>Total Liabilities</b>	<b>4,247,139</b>	<b>-</b>	<b>38,068</b>	<b>4,285,207</b>
<b>Total shareholders' equity</b>	<b>445,869</b>	<b>-</b>	<b>-</b>	<b>445,869</b>
<b>Total shareholders' equity and liabilities</b>	<b>4,693,008</b>	<b>-</b>	<b>38,068</b>	<b>4,731,077</b>

(a) Corresponds to the assets and liabilities associated with the financial lease contracts in force at 31 December 2018.

For jurisdictions where there was no clarification regarding the acceptance as a tax cost of the recognition of the rights of use assets and its subsequent depreciation and of the lease liabilities and the associated financial expenses, as prescribed in IFRS 16 the Board of Directors prudently decided that the records made regarding the lease contracts previously classified as operating leases have no tax relevance, being only accepted as a tax cost the amount of the rent paid. Accordingly, and applying the exemption from the initial recognition of an asset or liability prescribed in paragraph 15 of IAS 12 - Income tax, the GROUP did not record deferred taxes related to the temporary differences that arise from the adoption of IFRS 16.

If the GROUP has still applied IAS 17 at 31 December 2019, the consolidated income statement at that date would present the following differences:

	Balance at 31 December 2019		Difference
	IAS 17	IFRS 16	
Sales and services rendered	2,826,746	2,826,746	-
Cost of goods sold, mat. cons., changes in production and subcontractors	(1,222,564)	(1,222,564)	-
Third-party supplies and services	(616,092)	(598,095)	(17,998)
Wages and salaries	(587,229)	(587,229)	-
Other operating income / (expenses)	(1,788)	(1,788)	-
Amortizations and depreciations	(190,154)	(206,542)	16,389
Impairment losses	(6,147)	(6,147)	-
Provisions	(16,648)	(16,648)	-
Financial income and gains	209,865	209,865	-
Financial costs and losses	(272,297)	(274,305)	2,007
Gains / (losses) in associates and jointly controlled companies	(5,407)	(5,407)	-
Gains / (losses) on the disposal of subsidiaries, jointly controlled and associated companies	(7,986)	(7,986)	-
Net monetary position	1,746	1,746	-
<b>Income before taxes</b>	<b>112,045</b>	<b>111,647</b>	<b>398</b>
Income tax	(41,572)	(41,474)	(98)
<b>Consolidated net profit of the year</b>	<b>70,473</b>	<b>70,173</b>	<b>300</b>
Attributable:			
to non-controlling interests	43,525	43,445	80
<b>to the Group</b>	<b>26,948</b>	<b>26,728</b>	<b>220</b>

At last, during the year 2019 the determination process of the acquisition difference arising from the purchase of 50% of the affiliate SISTEMAS ELETRICOS METROPOLITANOS was concluded and so the consolidated financial statements at 31 December 2018 were restated. The impacts of that restatement on the consolidated statement of financial position and in the consolidated income statement for the year ended 31 December 2018 were as follows:

Consolidated statement of financial position	Financial investments in jointly controlled companies	Suppliers and sundry creditors (non-current)	Suppliers and sundry creditors (current)	Own funds attributable to the Group	Non-controlling interests
<b>Balance at 31 December 2018</b>	6,696	51,681	801,652	177,509	269,037
Discharge of the equity method application in 2018	(721)	-	-	(721)	-
Record of the final purchase difference (i)	2,863	8,440	521	(3,049)	(3,049)
Application of the equity method of 2018 after (i)	6,142	-	-	3,133	3,010
<b>Balance at 31 December 2018 restated</b>	<b>14,981</b>	<b>60,121</b>	<b>802,173</b>	<b>176,872</b>	<b>268,998</b>

Consolidated income statement	Gains / (losses) in associates and jointly controlled companies
<b>Balance at 31 December 2018</b>	2,932
Discharge of the equity method application in 2018	(706)
Application of the equity method of 2018 after (i)	783
<b>Balance at 31 December 2018 restated</b>	<b>3,010</b>

Summarizing, the corrections performed to the preliminary acquisition difference determined were as follows:

- (i) Write-off of some deferred costs recognized in the statement of financial position of the affiliate that will not generate future economic benefits (circa of 6,000 thousand Euros, already in the proportion of detention of the affiliate);
- (ii) Consideration in the acquisition price of the fair value of a medium and long term loan granted to the seller which will earn no interest (circa of 8,900 thousand Euros);
- (iii) The acquisition difference generated in the purchase of SISTEMAS ELETRICOS METROPOLITANOS, detailed in Note 42, was assigned to an intangible asset (concessions operation rights) and it is being amortized during a 20 year period.

### 1.3. BASIS OF CONSOLIDATION

#### a) Controlled companies

The attached 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. Control is presumed when an 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 ability 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 it. The majority of these situations occur when the GROUP holds a majority financial holding in an affiliate that, in turn, holds another majority financial holding in another affiliated company. On the other hand, some affiliates whose effective holding percentage held by the GROUP is higher than 50% were not considered to be controlled given the existence of agreements signed 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 attached 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 of 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 other comprehensive income under specific captions of "Non-controlling interests".

The other comprehensive income of controlled companies is attributable 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 adopted by the GROUP. The transactions and balances kept between GROUP companies are eliminated in the consolidation process.

On the years ended at 31 December 2019 and 2018, the main transactions performed between GROUP companies can be summarized 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 attached consolidated financial statements through the full consolidation method) are listed in Appendix A to these Notes.

#### 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 caption "Financial investments in associated companies".

Financial investments in associated companies are investments in which the GROUP exerts a significant influence. A significant influence (presumed 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. Furthermore, in some entities whose effective holding percentage held by the GROUP is below 20% the GROUP exerts a significant influence over them. The majority of those situations occur when the GROUP holds a majority financial holding in a subsidiary 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 these Notes 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, the financial investments are initially recorded by their acquisition cost, which is subsequently adjusted:

- By an amount corresponding to the GROUP's proportion 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 the potential gains or losses generated in operations with other GROUP companies which affect the valuation of the GROUP's assets.

On the years ended at 31 December 2019 and 2018, the main transactions performed between GROUP companies and associated companies can be summarized as follows:

- (i) Rendering of construction services;
- (ii) Rendering of administrative services;
- (iii) Concession and obtainment 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 established in IAS 36. When impairment losses recognized in prior periods no longer exist, they are subject to a 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 those commitments.

Unrealized gains on transactions with associated companies are eliminated in the proportion to the GROUP's interest against the caption "Financial investments in associated companies". Unrealized 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 these Notes.

#### 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 over relevant activities require the unanimous consent of the parties who share control. Financial investments in joint ventures are recorded in the attached consolidated financial statements under the caption "Financial investments in jointly controlled companies" through the equity method as described in caption b) above.

Financial investments in joint ventures are listed in Appendix A to these Notes.

#### 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, recognizes, 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 arising from the sale of joint production; and
- Its expenses, including its share of any jointly incurred expenses.

#### e) Business combinations

Business combinations are recorded in accordance with the purchase method. The 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 the acquisition of control; and (iii) fair value of the equity instruments issued by the GROUP in exchange for the acquisition of control. Expenses associated with business combinations are recorded in the consolidated income statement when incurred.

On the acquisition control date, the identifiable assets and liabilities acquired are measured at fair value being that measurement process be concluded within twelve months from that date. For fair value measurement purposes, the GROUP uses the market prices in force for similar assets and liabilities or, in its absence, 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 recognized as goodwill. If the above mentioned difference is negative, it is recognized as a gain of the year under the caption "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 recognized 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 recognized in the income statement. On the other hand, amounts arising from interests in the acquired company before the acquisition date which had been recognized in other comprehensive income are reclassified to the income statement, provided that it was the proper treatment if that interest had been disposed of.

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, at the acquisition date, is recognized, respectively, as goodwill (being added to the carrying amount of the financial investment), or as gain in the income statement of the year under the caption "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, therefore, does not result in the recognition of any goodwill or gain. Consequently, any difference between the respective cost and the carrying amount 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 recognized 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 (determined as described in caption e) of this Note) minus accumulated impairment losses. Up to 1 January 2004, goodwill was amortized during the estimated recovery period of the corresponding investment being the corresponding amortizations recorded in the income statement under the caption "Amortizations and depreciations". From 1 January 2004, the GROUP suspended the amortization 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 determined in accordance with the accounting principles generally accepted in Portugal on that date, having it being subject to impairment tests at the transition date. Moreover, and in accordance with the dispositions established in IFRS 1 – First-time Adoption of the International Financial Reporting Standards, MOTA-ENGIL SGPS did not apply retrospectively 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 subsidiary companies based abroad whose functional currency is not the Euro is recorded in the functional currency of those subsidiaries having it been 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 translation are recorded in equity under the caption "Currency translation reserve".

On an annual basis and with reference to the date of the consolidated statement of the financial position, the GROUP performs impairment tests on goodwill. Whenever the amount recorded of goodwill is higher than its recoverable amount, an impairment loss is recognized in the income statement under the caption "Provisions and impairment losses". The recoverable amount is the highest 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 with 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 in the end of its useful life. For goodwill, the recoverable amount is always estimated for the cash generating unit (CGU) to which it was assigned.

Generally, CGU's correspond to the acquired companies, except for EGF waste collection and treatment companies, whose CGU correspond to the group of companies acquired (11 concessions companies of waste collection and treatment and two holding companies).

Impairment losses recorded in goodwill cannot be reversed.

#### h) Translation of companies' financial statements with a functional currency different from Euro

The assets and liabilities included in the financial statements of foreign companies (companies that do not use Euro as a functional currency) are translated to Euro using the exchange rates in force at the reference date of the consolidated statement of the financial position. The income and expenses, as well as, cash flows, are translated to Euro 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 caption "Currency translation reserve". Exchange differences generated up to 1 January 2004 (IFRS transition date) were transferred to the caption "Other reserves and retained earnings".

Goodwill and fair value adjustments arising from the acquisition of foreign companies are treated as assets and liabilities of those companies and translated to Euro in accordance with the exchange rates in force at the reference date of the consolidated statement of financial position.

Whenever a foreign company is disposed of, the corresponding amount of the accumulated exchange difference is recognized 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.

At 31 December 2019 and 2018, the functional currencies used by the main subsidiaries of the GROUP in the preparation of its financial information were as follows:

Subsidiary	2019			2018		
	Business segment	Local currency	Functional currency	Business segment	Local currency	Functional currency
Eco Eburnie	Africa	CFA Franc (XOF)	CFA Franc (XOF)	Africa	CFA Franc (XOF)	CFA Franc (XOF)
ME África NV	Africa	Euro (EUR)	Euro (EUR)	Africa	Euro (EUR)	Euro (EUR)
Mota-Engil Angola	Africa	Kwanza (AOA)	Kwanza (AOA)	Africa	Kwanza (AOA)	Kwanza (AOA)
Mota-Engil Camarões	Africa	CFA Franc (XOF)	CFA Franc (XOF)	Africa	CFA Franc (XOF)	CFA Franc (XOF)
Mota-Engil Construction South Africa	Africa	South African Rand (ZAR)	South African Rand (ZAR)	Africa	South African Rand (ZAR)	South African Rand (ZAR)
Mota-Engil Costa do Marfim	Africa	CFA Franc (XOF)	CFA Franc (XOF)	Africa	CFA Franc (XOF)	CFA Franc (XOF)
Mota-Engil Engenharia e Construção África (MEECA)	Africa	Euro (EUR)	Euro (EUR)	Africa	Euro (EUR)	Euro (EUR)
Mota-Engil Guiné	Africa	Guinean Franc (GNF)	US Dollar (USD)	Africa	Guinean Franc (GNF)	US Dollar (USD)
Mota-Engil África Angola Branch	Africa	Kwanza (AOA)	Kwanza (AOA)	Africa	Kwanza (AOA)	Kwanza (AOA)
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 África Uganda Branch	Africa	Ugand Shilling (UGX)	Euro (EUR)	Africa	Ugand Shilling (UGX)	Euro (EUR)
Vista Waste	Africa	Kwanza (AOA)	Kwanza (AOA)	Africa	Kwanza (AOA)	Kwanza (AOA)
Empresa Construtora Brasil	Latin America	Real (BRL)	Real (BRL)	Latin America	Real (BRL)	Real (BRL)
FSE Suministradora Fenix SAPI	Latin America	Mexican Peso (MXN)	Mexican Peso (MXN)	Latin America	Mexican Peso (MXN)	Mexican Peso (MXN)
Generadora Fenix	Latin America	Mexican Peso (MXN)	Mexican Peso (MXN)	Latin America	Mexican Peso (MXN)	Mexican Peso (MXN)
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)
EGF Group Companies	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 Central Europe Polónia	Europe	Zloty (PLN)	Zloty (PLN)	Europe	Zloty (PLN)	Zloty (PLN)
Mota-Engil Engenharia e Construção (IMEEC)	Europe	Euro (EUR)	Euro (EUR)	Europe	Euro (EUR)	Euro (EUR)
Mota-Engil Ireland Construction	Europe	Euro (EUR)	Euro (EUR)	Europe	Euro (EUR)	Euro (EUR)
Suma	Europe	Euro (EUR)	Euro (EUR)	Europe	Euro (EUR)	Euro (EUR)
Mota-Engil SGPS	Holding	Euro (EUR)	Euro (EUR)	Holding	Euro (EUR)	Euro (EUR)
Mota-Engil Real Estate SGPS	Other, eliminations and intragroup	Euro (EUR)	Euro (EUR)	Other, eliminations and intragroup	Euro (EUR)	Euro (EUR)

The (closing and average) exchange rates used at 31 December 2019 and 2018 in the translation to Euro of the financial statements of the main foreign subsidiaries, associated and jointly controlled companies (entities that do not use Euro as a functional currency) were as follows:

Currency		Closing exchange rates		Average exchange rates	
		2019	2018	2019	2018
US Dollar (USD)	EUR / USD	1.12	1.15	1.12	1.18
CFA Franc	EUR / XOF	655.96	655.96	655.96	655.96
Angolan Kwanza	EUR / AOA	540.82	353.02	419.07	303.82
Malawian Kwacha	EUR / MWK	824.43	837.50	824.41	855.10
Mozambican Metical	EUR / MZN	69.59	70.51	69.98	71.49
Peruvian Nuevo Sol	EUR / PEN	4.00	3.90	3.83	3.98
Mexican Peso	EUR / MXN	21.22	22.49	21.61	22.62
South African Rand	EUR / ZAR	15.78	16.46	16.17	15.61
Brazilian Real	EUR / BRL	4.52	4.44	4.42	4.32
Polish Zloty	EUR / PLN	4.26	4.30	4.30	4.27

#### i) Companies in hyperinflationary economies

According to IAS 29 – “Financial reporting in hyperinflationary economies”, the financial statements of entities / companies whose functional currency is the currency of a hyperinflationary economy must 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 in order to maintain the purchasing power;
- ii) The general population looks at 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 one;
- 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%.



Following the above referred, and since some of those situations occur, Angola (in the years of 2017 and 2018) and Zimbabwe (in the year of 2019) were considered hyperinflationary economies. However, in the year 2019, as some of the situations mentioned above have ceased to occur in Angola, the GROUP, from 1 January 2019, suspended the application of IAS 29. Nevertheless, the impacts generated in previous years arising from the adoption of that standard, namely those associated with the remeasurement of non-monetary assets and liabilities, will remain until the assets are sold, consumed or amortized and until the liabilities are sold or liquidated.

According to IAS 29, the restatement of the financial statements of the entities which have the Kwanza / Zimbabwean dollar 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 terms in order to determine the outstanding amount 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 statement of financial position date, like the net realizable value and the fair value, and so they were not restated. All other non-monetary assets and liabilities were restated.
- The majority of the non-monetary items was recorded at cost or at cost less depreciations and accumulated impairment losses, and so they were expressed by their current amounts at their acquisition date. The restated cost of each item was determined by the application to its historical cost and to its depreciation / accumulated impairment losses of the change occurred in a general price index from the date of their acquisition (or the date of functional currency change) up 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 realizable 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 since they were already expressed in terms of the current measuring unit at the date of the statement of financial position; and
- The equity captions, except the ones of retained earnings and 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 taking in consideration 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 time on which the transactions occur or the underlying events took place. Therefore, the cost of sales and the amortization of fixed assets are recorded at their current costs at the time of their consumption; and the income and other current expenses are recorded at their current amounts at the time 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 indexes, the GROUP used the information disclosed by Banco Nacional de Angola and by the National Bank of Zimbabwe regarding the levels of inflation verified in those countries in the last years. Those indexes, can be summarized 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

Price index in Zimbabwe	
Date	Price index
31.12.2015	904.57
31.03.2016	907.03
30.06.2016	909.39
30.09.2016	914.57
31.12.2016	913.08
31.03.2017	905.12
30.06.2017	906.55
30.09.2017	907.54
31.12.2017	882.58
31.03.2018	881.48
30.06.2018	880.93
30.09.2018	861.12
31.12.2018	621.15
31.03.2019	528.47
30.06.2019	319.57
30.09.2019	189.96
31.12.2019	100.00

Detailed information regarding the impact of the aforementioned restatements in the years ended 31 December 2019 and 2018 can be found in Note 46.

## 1.4. MAIN ACCOUNTING POLICIES

The main accounting policies adopted in the preparation of the attached consolidated financial statements were as follows:

### i) Intangible assets

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

Intangible assets are basically comprised by concessions operating rights (arising from the adoption of IFRIC 12), intangible assets recognized 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):

- the 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, taking in consideration the above referred, the concessions held by the GROUP, mainly those 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 the infrastructures;
- The Concession owner controls the services provided and the conditions under 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 the 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 the rights and obligations associated with 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 should 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 usage of the infrastructure. In these situations, the operator should record an intangible asset; and
- iii) Mixed model – applicable when the concession contract simultaneously includes guaranteed remuneration commitments ensured by the Concession owner and remuneration dependent on the level of usage of the 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 amortized 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 assigned to the waste treatment and recovery business are as follows:

Classes	Years
Landfill	Depletion method
Landfill sealing	Concession period
Mechanical treatment	3 - 36
Organic and biological recovery	3 - 36
Incineration	3 - 36
Screening and ecocenters	3 - 36
Transfers and transportation	10 - 36
Selective collection	3 - 10
Landfill biogas	7 - 36
WWTP - ETAL	3 - 36
CDR production	7 - 36
Others	2 - 12

The amortizations of intangible assets are recorded by twelfths under the heading "Amortizations and depreciations" of the consolidated income statement. Any potential 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 incurred costs with the infrastructures. Thus, taking into consideration the tariff calculation methodology, the remuneration is calculated based on each specific concession asset, which implies the need to divide the 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 fulfilled, and are recorded at their acquisition / construction cost and decrease as future economic benefits are being consumed.

Regarding the investment subsidies linked to the concession assets, those are recognized in the consolidated income statement in the same rhythm of the amortization of the underlying assets.

Lastly, within the scope of the existing concession contracts, the construction activity is subcontracted to external specialized entities. Therefore, EGF concessionaires earn no margin in the construction of the assets allocated to the concessions and so the revenue and the costs with the construction of those assets present an equal amount and are recorded under the captions 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 their acquisition or production cost. However, the GROUP adopted the revaluation method (revalued amount minus accumulated amortizations) as the accounting policy for the subsequent measurement of those 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 real estate asset. Fair value is determined basically through the comparative market method or through the income method.

In the comparative market method are used as relevant inputs the acquisition, construction or lease cost per square meter of real estate assets with similar characteristics, whereas in the income method are used as relevant inputs the lease rents in force, the lease rents to be in force 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 performed to 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 realized through depreciation, with its excess being recorded as a cost in the consolidated income statement of the year.

Depreciation is allocated 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.

Depreciation of real estate assets for own use is recorded by twelfths under the caption “Amortizations and depreciations” of the consolidated income statement. Any potential changes to the estimated useful life of real estate assets for own use are carried out prospectively.

### iii) Land assigned to quarries exploration

The land assigned to quarries exploration is recorded at acquisition cost, minus accumulated depreciation and impairment losses. The depreciation of these assets is carried out according with the depletion method, i.e., considering the ratio between the quantities of aggregates annually extracted and the total estimated 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 potential accumulated impairment losses.

Depreciations are calculated after the assets be 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 usage by the GROUP, its expected natural wear, its predictable technical obsolescence and the potential residual value attributable to the asset.

The depreciation rates used correspond to the following estimated useful lives (in years):

Equipments	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

Depreciations of other tangible assets are recorded by twelfths under the caption “Amortizations and depreciations” of the consolidated income statement. Any potential changes to the estimated useful life of other tangible assets are carried out prospectively.

Subsequent expenses 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 an expense under the caption “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 an expense of the year when they occur.

Gains or losses arising from the disposal or the write-off of tangible assets are determined through the difference between its sale price and the net book value on the disposal / write-off date being those recorded in the consolidated income statement under the caption “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 are revised in order to determine if there is any 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 the market expectations regarding the time value of money and the specific risks of the asset or the 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 consolidated income statement under the caption "Provisions and impairment losses", unless that loss compensates a revaluation excess recorded in equity. In this last 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 amounts.

The reversal of impairment losses recorded in previous years only occur when there is evidence that the impairment losses no longer exist or decreased. The reversal of impairment losses is recorded in the consolidated income statement under the caption "Provisions and impairment losses". The reversal of impairment losses is recognized 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

##### Accounting policy adopted by the GROUP in 2019 regarding leases (under IFRS - 16)

###### Identification of a lease

At the inception date of a contract, the GROUP assesses if its scope corresponds to a lease, or if it contains a lease. A lease corresponds to a contract, or part of a contract, through which it is granted the right to control the use of an identifiable asset for a defined period of time in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identifiable asset for a defined period of time, the GROUP assesses, if, during the usage period of the asset, it has cumulatively:

- The right to obtain substantially all of the economic benefits arising from the use of the identifiable asset; and
- The right to control the use of the identifiable asset.

###### Recognition

The GROUP recognizes the right of use of an asset and the lease liability at the inception date of the lease contract. The right of use of an asset is initially measured at cost, which includes the initial amount of the lease liability adjusted by any lease payments made on or before the commencement date, plus any initial direct costs incurred, as well as, an estimate of the costs required to dismantle and remove the underlying asset (if applicable), less any lease incentives received.

The right of use of an asset is depreciated by twelfths using the straight-line method during its estimated useful life or during the term of the lease contract, if lower.

The right of use of an asset is periodically subject to impairment tests being the potential impairment losses detected recorded immediately in the consolidated income statement of the year.

The lease liability is initially measured by the present value of the lease payments that have not yet been paid at the contract date, discounted using the implicit interest rate of the lease or, if that rate cannot be possible to be determined, using the incremental borrowing rate of the respective affiliate. In the majority of the situations, the GROUP uses its incremental borrowing rate as the discount rate to be used in the above referred calculation.

The types of lease payments considered in the measurement of the lease liability include the following ones:

- Fixed payments, deducted from any incentives already received;
- Variable payments, dependent only of a pre-established index or rate;
- Amounts expected to be payable under a residual value guarantee;
- The exercise price of purchase options, if it is reasonably certain that the lessee will exercise them; and
- Penalty payments associated with the early termination of the contract, if it is reasonably certain that the lessee will cancel it.

The lease liability is subsequently measured by the amortized cost, using the effective interest rate method, being remeasured when the following conditions occur: (i) changes in the future lease payments arising from a change in an index or a rate specified in the contract; (ii) a change in the GROUP's estimate of the amount expected to be payable under the residual value guarantee of the asset; or (iii) if the GROUP changes its assessment over the exercise of a purchase option, or over its extension or termination.

When the lease liability is remeasured, the carrying amount of the right of use asset is adjusted by the same amount, except if the carrying amount of the right of use is zero, situation that will generate the recognition of a gain in the consolidated income statement.

#### **Accounting policy adopted by the GROUP up to 31 December 2018 regarding leases (under IAS 17)**

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

The classification of leases between financial or operating is undertaken based on the substance and not the form of the underlying 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, recognizing the assets and their corresponding accumulated depreciation as mentioned in captions 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 recognized as expenses in the consolidated income statement of the year they refer to.

The responsibilities associated with financial lease contracts are recorded in the consolidated statement of the financial position under the captions of "Other financial liabilities".

In leases classified as operating, the lease rents owed are recognized as an expense in the consolidated income statement on a straight line basis during the period of the lease.

##### **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 (situations in which they are classified as tangible assets), or for sale during the ordinary course of business (situations 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 based, essentially, on 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 in an annual basis by specialized external appraisers.

Changes in the fair value of investment properties are recorded directly in the consolidated income statement of the year under the caption "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 recognized 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 of 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 such 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 its sale. Its amortization ceases at the time of classification as non-current assets held for sale.

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

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 caption "Retained earnings" in the consolidated statement of the financial position at 1 January 2018.

##### Financial assets and liabilities

Financial assets and liabilities are recognized 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 issuance 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 recognized 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 recognized on the date the respective purchase and sale agreements are signed, regardless of the financial settlement date.

All financial assets recognized are subsequently measured at amortized cost, or at fair value, (through other comprehensive income or through the income statement), 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 amortized 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 contractual 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 amortized 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 make 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 amortized 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 amortization, 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 income associated with interest is recorded in the consolidated income statement under the caption "Financial income and gains", through the effective interest rate method, for financial assets subsequently recorded at amortized cost or at fair value through the income statement. The interest income 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 contractual 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 recognized 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 if 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 arising from its change recognized in other comprehensive income. At the date of their disposal, the accumulated gain or loss generated with these financial instruments is not reclassified to the consolidated income statement but instead it is transferred to the caption "Retained earnings".

The dividends associated with investments in equity instruments are recorded in the consolidated income statement at the date 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 caption "Financial income and gains".

In the first application of IFRS 9, at 1 January 2018, 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 the income statement.

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

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

#### Impairment of financial assets

The GROUP recognizes expected impairment losses for debt instruments measured at amortized 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 granted (accounts receivable from customers and contract assets) are estimated using an uncollectability matrix based on the credit history of the GROUP's debtors over the last five years (four years for the year 2018), 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 recognizes 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 those companies, the credit impairment is assessed taking in consideration 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 the situations 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 the situations 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 the credit risk since the initial date of recognition of the asset. If the credit risk has not increase, the GROUP calculates an impairment loss corresponding to the amount of the expected loss 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 loss 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 derecognizes 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 recognizes 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 recognize it and recognizes in addition a loan for the amount received.

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

Moreover, in the derecognition of a financial asset represented by a debt instrument recorded at fair value through other comprehensive income, the gain or loss accumulated in the fair value 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 fair value reserve is not reclassified to the consolidated income statement being instead transferred to the caption 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 instruments 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 recognized by the amount received net of the costs directly attributable to them.

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

#### Financial liabilities

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

Financial liabilities are recorded at fair value through the 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 the 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 if it is assigned to a hedging operation).

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

#### Financial liabilities subsequently measured at amortized cost

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

The effective interest rate method is a method for calculating the amortized cost of a financial liability 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 make part of the effective interest rate, transaction costs and other premiums or discounts) during the expected life of the financial liability 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.

Loans without recourse correspond to loans in which only the assets of the financed companies secure the payment of the debt (*Project finances*). In loans with recourse, the debt's settlement is always ensured by the GROUP.

Other financial liabilities refer, essentially, to factoring and financial lease operations (the latter until 31 December 2018), which are initially recorded at their fair value. These financial liabilities are, subsequent to its initial recognition, measured at the amortized cost using the effective interest rate method.

#### Derecognition of financial liabilities

The GROUP derecognizes financial liabilities when, and just when, its obligations are settled, cancelled or have expired.

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

When the GROUP exchanges with a 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 one.

Similarly, the GROUP records the substantial changes in the terms of an existing liability, or part thereof, as an extinguishment of the original financial liability and the recognition of a new one. 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.

If 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 recognized 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 it 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 remeasured at fair value on each reporting date. The gain or loss arising therefrom is immediately recognized in the consolidated income statement unless the derivative financial instrument has been designated as a hedge instrument, situation on which 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 related to 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 hedge are highly effective.

In the initial recognition, the following criteria is 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 goal and strategy to carry out the hedging;
- c) The hedging relationship meets all 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 dominate the changes resulting from that economic relationship;
  - 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; and
  - iv) There is an expectation that the value of the hedging instrument and of the hedged item will move in opposite directions as a result of the common underlying assumptions or the hedged risk.

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 portion that is effectively hedged, are recognized in the consolidated statement of other comprehensive income under the caption "Changes in the fair value of derivative financial instruments of cash flow hedges", and are transferred to the consolidated income statement in the same period that the hedged instrument affects the net profit.

The potential existing hedge inefficiencies are recorded under the captions "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 arising from the hedging instrument must remain recognized separately in other comprehensive income, being reflected in the consolidated income statement in the same period of the recognition in the net profit of the gains or losses in the hedged item.

If the coverage ratio for risk management purposes is no longer optimized, but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced adjusting both the volume of the hedging instrument and the volume of the hedged item, in order that the coverage ratio will be aligned with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and recognized in the net profit for the year when the hedge relationship is rebalanced.

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

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

#### x) Cash and cash equivalents

##### a) Cash and cash equivalents – Demand deposits

The amounts included under the captions “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 with an insignificant risk of change in value.

##### b) Cash and cash equivalents – Term deposits

The amounts included under the caption “Cash and cash equivalents with recourse - 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 have been blocked.

The amounts of Cash and cash equivalents without recourse correspond to the funds held by 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 realizable value (estimate of its sale 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 net realizable 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 realizable value, whenever this last one is lower on the reporting date.

Regarding inventories, adjustments to their net realizable 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:

- Real estate 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 recognized as an adjustment to the opening balance of the caption “Retained earnings” in the consolidated statement of the financial position at 1 January 2018.

Revenue is measured according to the specific consideration established in the contracts entered into with the customers, excluding any amount received on behalf of third parties. The GROUP recognizes revenue when it transfers to the customer the control of a given good or service, depending on the business unit where it perform its activity.

The main business areas / sources of revenue of the GROUP in the years 2019 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 of infrastructures.
- (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 business, it should be highlighted the organic recovery of waste, as well as, the production of energy through biogas and energy recovery plants.
  - b. Energy – This subarea comprises, essentially, the activity of generation and trading of energy in Mexico.

#### Nature, performance obligations and timing of revenue recognition

- (i) Engineering and Construction – In this business area, the GROUP establish 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 customers may benefit from the several components / tasks separately, since they are negotiated in a bundle 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 use 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, being the revenue recognized according to the cost-to-cost method (described below).

Thus, 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 period 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 caption 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 achieved 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 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 the 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 use 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), 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 since there is not a material delay between the moment the GROUP performs the services and the moment it invoice them.

(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 situations 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 the customers 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 execute the services.

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), taking in consideration the allowed revenues and the quantities of waste arising from the undifferentiated collection.

The aim of the tariff is to recover:

- i) The amortization 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 should be recovered two years from 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 that it produces. Thus, each energy sale contract is considered an autonomous performance obligation. On the other hand, since the customers simultaneously receive and consume the economic benefits arising from the GROUP's performance as it carries out its activity (energy production), the GROUP's performance obligation in these situations is satisfied throughout time, being the revenue recognized 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 recognized 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 recognized as an expense throughout the estimated financing period.

#### Variable revenue components

In order to determine the total amount of revenue of a contract, the GROUP takes into consideration all variable components of it, namely, discounts, bonus, price revisions, penalties, costs recovery requests, etc. Nevertheless, the GROUP only recognizes revenue associated with variable components when it is highly probable that a significant 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 recognized when it can be reliably measured. Similarly, since historically the GROUP has not been subject to penalties applied by its customers, those are only recognized when their occurrence is highly probable to occur. Lastly, the costs recovery requests (which include claims, among others) are only recognized as revenue when it is highly probable that a significant reversal will not occur in the future.

#### Contract assets

Contract assets correspond to the performance obligations already fulfilled by the GROUP under the scope of the contracts established with customers for which the respective invoice has not yet been issued (essentially production executed under construction contracts recognized by the cost-to-cost method). When the respective invoice is issued and the right to its receipt is unconditional, the balance of this caption is transferred to the caption "Customers 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 recognized 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 covered yet by the scope of 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, mobilization and demobilization of construction sites associated with construction contracts are recognized under this caption.

The costs associated with the fulfilment of a contract for a customer are recognized throughout the period of the construction contract under operating expenses captions.

When it is probable that the total costs foreseen for completing a construction contract exceed the revenue defined therein, the expected loss is recognized immediately in the consolidated income statement of the year.

#### xiii) Accruals basis

The GROUP adopts the accrual basis of accounting for the majority of the captions in the financial statements. Therefore, expenses and income are recorded as they are generated, regardless of when they are paid or received.

#### 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 expressed 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 were different from those used to translate them in the initial recognition or, in previous financial statements, are recognized in the income statement of the year, unless they arise from monetary items that are part of the net investment in a foreign operating unit. In this case, the exchange differences are initially recognized in other comprehensive income and are reclassified to the net profit of the year when occurs the full or partial disposal of that operating unit.

Exchange differences related to investment / financing transactions (financial) are recorded under the sub-captions "Financial income and gains" and "Financial costs and losses".

Exchange differences related to operating transactions are recorded under a sub caption of "Other operating income / (expenses)".

Intragroup balances differences arising from the translation process of financial statements from entities / companies with a functional currency other than Euro, arising from inefficiencies between the several exchange rates involved, are maintained in the consolidated 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 Euro at the exchange rates detailed in caption h) of Note 1.3..

#### xv) Income tax

Income tax for the year is determined based on the taxable profit 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 determined based on the balance sheet liability method and refer to existing 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 determined and assessed annually using the tax rates in force, or announced to be in force, at the date of the reversal of the temporary differences.

Deferred tax liabilities are recorded for all taxable temporary differences except for the ones associated with: (i) the initial recognition of goodwill; or (ii) initial recognition of assets and liabilities which do not arise from business combinations, which at the transaction date do not impact the tax or the accounting profit. Deferred tax assets are recorded for the deductible temporary differences 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 differences underlying the deferred tax assets in order to recognize deferred tax assets not recorded previously, since they did not meet the requirements for their recording, and / or to reduce the amount of those 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 offset between deferred tax assets and liabilities is only allowed when: (i) the GROUP has the legal right to offset such assets and liabilities for settlement purposes; (ii) such assets and liabilities relate to income taxes levied by the same tax authority; and (iii) the GROUP intends to offset them for settlement purposes.

The amount of tax to be recognized, both in current tax and deferred tax, arising from transactions or events recognized under captions of other comprehensive income is recorded directly under these same captions, not affecting the net profit of the year.

The amount of taxes recognized in the financial statements corresponds to the GROUP's assessment over the tax treatment applicable to specific transactions, being liabilities related to income tax or other type of taxes recognized based on the interpretation that is made and which is considered to be the most appropriate.

In the situations where such interpretations will be challenged by the Tax Authorities, within the scope of their competences, as its interpretation is different from the one considered by the GROUP, that situation is subject to a reanalysis. In case such reanalysis reconfirms the GROUP's position, concluding that the probability of losing a certain tax lawsuit is less than 50%, the GROUP treats the situation as a contingent liability, which results in the non-recognition of any amount of tax since the most probable decision is that no tax will be paid. In the situations where the probability of loss is greater than 50%, a liability is recognized, or, if the payment has already been made, the correspondent expense is recognized.

#### 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 part of the asset cost. The capitalization of these costs begins with the preparation of the construction or development activities of the asset and is stopped after the beginning of its use, at the end of its construction, or when the construction of the asset is suspended.

The remaining financial costs associated with loans obtained are recognized as a cost in the year in which they were incurred.

#### xvii) Provisions

Provisions are recognized 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 interest rate of financing of the respective company at the reporting date.

Provisions for onerous contracts - The present obligations arising from onerous contracts are recognized 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 that contract.

Provisions for work warranties - The provisions to deal with the costs to be incurred during the warranty period of the construction contracts are recorded as the construction revenue is recognized, according to the best estimate of the Board of Directors regarding the outflows required to fulfill that 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 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 recognized 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 recognized to deal with the benefits granted to employees associated with wages, vacations and holiday pay in the period in which the employees provide the services, being it recognized by the amount of benefits expected to be paid.

Recognized 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.

Recognized liabilities concerning non-current benefits granted to employees are measured at the present value of the future expected payments associated with the services provided by the employees up to the reporting date.

##### b) Pensions

Liabilities associated with the defined benefit pension plan, attributed to some former employees and to some current directors of the GROUP, are determined in accordance with the Projected Unit Credit Method being the respective actuarial appraisals performed on each reporting date, using the actuarial and financial assumptions more adequate to the established plan. 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.

The GROUP records under the caption “Wages and salaries” of the consolidated income statement the following components associated with the above mentioned pension plan:

- 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 determined by the GROUP multiplying the net liability with retirement pensions by the discount rate used in the determination of the corresponding liabilities. At 31 December 2019 and 2018, the GROUP's liabilities with retirement pensions were solely secured through the recognition of a provision under the caption "Provisions" in the consolidated statement of the financial position, not existing 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 recognized against an entry in the statement of other comprehensive income.

#### xix) Government grants

Grants attributed to fund staff training actions are recognized 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 recognized in the consolidated income statement during the estimated useful life of the corresponding assets under the caption "Other operating income / (expenses)".

#### xx) Contingent assets and liabilities

Contingent assets are not recognized in the attached consolidated financial statements but are disclosed in these Notes whenever it is probable that there will be a future economic benefit.

Contingent liabilities are not recognized in the attached consolidated financial statements but are disclosed in these Notes, unless the probability of an outflow of resources affecting future economic benefits is remote.

#### xxi) Subsequent events

Events occurring between the consolidated statement of the financial position date and the issuance date of the consolidated financial statements that provide additional information on conditions that exist 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 issuance date 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 these Notes to the consolidated financial statements.

#### xxii) Judgments and estimates

In preparing the attached consolidated financial statements, 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 31 December 2019 and 2018 (and the corresponding sources of uncertainty) include:

- a) Fair value of tangible assets and investment properties and determination of the net realizable 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 determination 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 determination of its net realizable value. The fair value and the net realizable value of those assets is often determined through appraisals, which inevitably have underlying uncertainties associated with several factors, such as market prices, yields, demand, among others. To mitigate the effect of those uncertainties the Board of Directors uses, whenever possible, 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 the fair value or the net realizable value for the main real estate assets held by the GROUP, as well as, the sensitivity of the corresponding results to some changes in the assumptions is disclosed in Notes 16, 21 and 22.

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 determination 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 to compute 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 corresponding results to some changes in the assumptions is disclosed in Notes 14, 15, 16, 18 and 19.

d) Determination of impairment losses in accounts receivable

Impairment losses in accounts receivable are determined in accordance with the described in Note 1.4.ix). Therefore, the determination of impairment through individual analysis corresponds to the GROUP's judgment regarding 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 23.

e) Revenue recognition in construction contracts in progress

The revenue of construction contracts in progress is recognized 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 execution of the contracts, due to their detailed knowledge, their experience and their technical skills (Note 24).

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 derivate financial instruments is generally performed by the entities before which those instruments were contracted (counterparties). The GROUP's Board of Directors recognizes 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 sources of financial data.

The information regarding the most relevant assumptions used in the valuation of the financial instruments not traded in active markets is disclosed in Notes 20 and 32.

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 (Note 37).

h) Measurement and recognition of deferred taxes

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 determined 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 impact 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 hire specialized 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 liabilities with 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 corresponding results to some changes in the assumptions is disclosed in Note 39.

The several aforementioned estimates were determined based on the best available historical information 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 issuance date of the attached consolidated financial statements will be corrected in net profit prospectively, pursuant to IAS 8.

At the preparation date of the attached consolidated financial statements no relevant changes in the estimates produced are foreseen and, therefore, no material changes in the recognized 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 caption "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, which are recorded under the caption "Cash and cash equivalents with recourse - Term deposits".

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, essentially, acquisitions and disposals of investments in affiliates, as well as, the balances of cash equivalents of the acquired / disposed companies and the payments and receipts arising from the purchase and disposal of fixed assets. The cash flows related to financing activities include, essentially, the payments and receipts related to loans obtained and leases, as well as, the payment of dividends.

## 2. Sales and services rendered

Sales and services rendered in the years ended 31 December 2019 and 2018 can be analysed as follows:

	2019	2018
<b>Sales</b>		
Energy	230,057	149,030
Recyclable materials	53,127	58,115
Real estate	26,280	57,028
Inert materials	9,836	15,233
Others	50,671	52,622
<b>Services rendered</b>		
Construction contracts	2,050,902	2,053,347
Waste - collection	124,376	129,188
Waste - treatment	65,144	78,768
Others	216,353	208,419
	<b>2,826,746</b>	<b>2,801,749</b>

The increase occurred in the year 2019 in the caption "Sales – Energy" is justified, essentially, by the increase verified in the energy generation and trading in Mexico.

In the years ended 31 December 2019 and 2018, sales and services rendered by operating segment can be analysed as follows:

	2019	2018
Europe - Engineering and Construction	623,079	572,057
Europe - Environment and Services	264,835	299,575
Africa	1,006,586	904,568
Latin America	948,924	1,068,521
Others and eliminations	(16,677)	(42,972)
	<b>2,826,746</b>	<b>2,801,749</b>

In the years ended 31 December 2019 and 2018, the caption "Others and eliminations" included, essentially, sales and services rendered from subsidiaries of the Europe - Engineering and Construction segment to the Africa segment, and, at the year 2019, the sales and services rendered by the companies held by MOTA-ENGIL CAPITAL which in the year of 2018 were allocated mainly to the Europe - Engineering and Construction region (45,132 thousand Euros).

In the years ended 31 December 2019 and 2018, no customer of the GROUP represented more than 10% of the total amount of the caption "Sales and services rendered".

In the years ended 31 December 2019 and 2018, no significant discontinuation in the business activities of the GROUP occurred.

At 31 December 2019 and 2018, the future revenue component allocated to performance obligations not yet fulfilled, or partially fulfilled, can be analysed as follows:

Segment	2020	2021 and subsequent	Total
Europe - Engineering and Construction	616,061	418,917	1,034,978
Europe - Environment and Services	74,721	96,138	170,859
<b>Europe - Total</b>	<b>690,781</b>	<b>515,055</b>	<b>1,205,837</b>
Africa - Engineering and Construction	1,012,783	1,222,024	2,234,807
Africa - Environment and Services	87,946	388,652	476,598
<b>Africa - Total</b>	<b>1,100,729</b>	<b>1,610,676</b>	<b>2,711,405</b>
Latin America - Engineering and Construction	612,622	597,423	1,210,045
Latin America - Environment and Services	38,337	96,255	134,592
<b>Latin America - Total</b>	<b>650,959</b>	<b>693,678</b>	<b>1,344,637</b>
Group - Engineering and Construction	2,241,466	2,238,364	4,479,830
Group - Environment and Services	201,004	581,045	782,049
<b>Group - Total</b>	<b>2,442,470</b>	<b>2,819,409</b>	<b>5,261,879</b>

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
<b>Europe - Total</b>	<b>636,481</b>	<b>589,875</b>	<b>1,226,357</b>
Africa - Engineering and Construction	1,307,346	930,210	2,237,555
Africa - Environment and Services	92,085	428,450	520,535
<b>Africa - Total</b>	<b>1,399,430</b>	<b>1,358,660</b>	<b>2,758,090</b>
Latin America - Engineering and Construction	857,389	611,676	1,469,065
Latin America - Environment and Services	10,158	1,304	11,462
<b>Latin America - Total</b>	<b>867,547</b>	<b>612,980</b>	<b>1,480,527</b>
Group - Engineering and Construction	2,752,073	2,025,317	4,777,390
Group - Environment and Services	151,385	536,198	687,584
<b>Group - Total</b>	<b>2,903,458</b>	<b>2,561,514</b>	<b>5,464,973</b>

### 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 31 December 2019 and 2018 can be analysed as follows:

2019	Merchandise	Raw and subsidiary materials and consumables	Total
Opening balance	84,697	121,236	205,933
Exchange differences and other movements	7,909	161	8,070
Impact of hyperinflation in Angola	-	(880)	(880)
Impact of hyperinflation in Zimbabwe	(521)	-	(521)
Changes in the perimeter	-	2,841	2,841
Purchases	40,401	619,567	659,968
Closing balance (Note 22)	(92,065)	(120,722)	(212,788)
	<b>40,420</b>	<b>622,203</b>	<b>662,623</b>
Changes in production			(1,583)
Subcontractors			561,749
Subcontractors - Impact of hyperinflation in Zimbabwe			(225)
<b>Cost of goods sold, materials consumed, changes in production and subcontractors</b>			<b>1,222,564</b>

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 22)	(84,697)	(121,236)	(205,933)
	<b>21,548</b>	<b>549,889</b>	<b>571,437</b>
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)
<b>Cost of goods sold, materials consumed, changes in production and subcontractors</b>			<b>1,301,551</b>

In the year ended 31 December 2019, the amount recorded under the caption "Changes in the perimeter" was justified, essentially, by the sale of the subsidiary MOTA-ENGIL CONSTRUCTION SOUTH AFRICA.

In the year ended 31 December 2018, the GROUP transferred a real estate property located in Angola in an amount of circa of 26,000 thousand Euros from the caption "Merchandise" to the caption "Investment properties".

The amounts included under the caption "Changes in production" corresponded, 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 31 December 2019 and 2018 can be analysed as follows:

	2019	2018
Leases and rents	134,215	155,388
Specialised works	111,654	88,668
Transport, travel and lodging	55,710	62,265
Conservation and repairs	53,644	52,280
Fuel	46,388	43,059
Transport of goods	31,221	44,778
Insurance	28,460	22,331
Utensils, other materials and office equipment	19,450	17,963
Water and electricity	17,357	16,432
Vigilance and security	16,616	14,747
Commissions and fees	15,252	13,190
Advertising and publicity	7,993	3,183
Communications	6,259	6,212
Cleaning	3,851	3,348
Other supplies and services	50,024	45,979
	<b>598,095</b>	<b>589,822</b>

In the year ended 31 December 2019, the caption "Leases and rents" refers, essentially, to the expenses incurred with the lease of equipment's, machines, vehicles and premises, leases that did not comply with the definition of lease provided for in IFRS - 16, or even complying, they refer to short-term, or low value leases, or include a variable price component (see Note 1.4. vi).

In the years ended 31 December 2019 and 2018, the caption "Specialised works" included, among others, technical assistance works, outsourcing and consulting.

At 31 December 2018, the outstanding rents associated with operating lease contracts established by the Group with credit / financial institutions can be analysed as follows:

Year of reimbursement	2018
1 year	8,995
Between 2 and 5 years	5,923
more than 5 years	220
	<b>15,138</b>

## 5. Wages and salaries

Wages and salaries for the years ended 31 December 2019 and 2018 can be analysed as follows:

	2019	2018
Payroll	461,567	429,189
Social security charges:		
Pensions (defined benefit plan) - Note 39	496	463
Others	125,167	112,502
	<b>587,229</b>	<b>542,154</b>

The liabilities associated with pension plans are detailed in Note 39.

In the years ended 31 December 2019 and 2018, the caption "Others" included, essentially, the costs incurred with Social Security and other similar contribution systems abroad, meals and sickness allowances, as well as, insurances and indemnities.

In the years ended 31 December 2019 and 2018, the wages and salaries by operating segment can be analysed as follows:

	2019	2018
Europe - Engineering and Construction	115,732	110,463
Europe - Environment and Services	95,565	102,936
Africa	141,257	129,388
Latin America	188,296	178,505
Others and eliminations	46,380	20,862
	<b>587,229</b>	<b>542,154</b>

### Number of employees

At 31 December 2019 and 2018, the number of employees working in the GROUP (taking in consideration the region in which those employees effectively carry out its activity) can be analysed as follows:

	2019	2018
Directors and board members	128	123
Employees	14,798	20,504
Temporary workers	26,380	11,365
	<b>41,306</b>	<b>31,992</b>
Europe	8,440	8,578
Africa	18,229	14,592
Latin America	13,423	8,496
Holding and others	1,214	326
	<b>41,306</b>	<b>31,992</b>

## 6. Other operating income / (expenses)

Other operating income / (expenses) for the years ended 31 December 2019 and 2018 can be analysed as follows:

	2019	2018
<b>Operating income</b>		
Favourable exchange differences	416,403	532,290
Income associated with the construction of regulated assets	85,693	56,200
Changes in fair value in investment properties - Increases (Note 21)	54,925	21,366
Investment subsidies (Note 35)	20,978	21,061
Gains arising from the sale of tangible assets	11,543	8,804
Other income	6,458	6,092
	<b>596,002</b>	<b>645,812</b>
<b>Operating expenses</b>		
Unfavorable exchange differences	426,868	460,572
Expenses associated with the construction of regulated assets	85,693	56,200
Taxes	32,219	33,409
Losses arising from the sale of tangible assets	8,327	5,474
Changes in fair value in investment properties - Decreases (Note 21)	4,869	813
Donations	1,549	1,626
Other expenses	38,265	48,863
	<b>597,789</b>	<b>606,958</b>
	<b>(1,788)</b>	<b>38,854</b>



In the years ended 31 December 2019 and 2018, the exchange differences arose, essentially, in the Africa region, namely in Angola.

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 consequently the income and the expenses associated with the construction of regulated assets present an equal amount.

In the years ended 31 December 2019 and 2018, the caption "Investment subsidies" referred, essentially, to the recognition of investment subsidies by the EGF SUBGROUP companies.

In the years ended 31 December 2019 and 2018, the caption "Taxes" included several taxes borne by the different companies of the GROUP, namely the ones located in Angola and Colombia.

## 7. Amortizations and depreciations

Amortizations and depreciations for the years ended 31 December 2019 and 2018 can be analysed as follows:

	2019	2018
<b>Amortizations for the year of intangible assets (Note 15):</b>		
Development costs	2,772	2,362
Software and other rights	1,353	1,231
Concessions operation rights	53,506	57,048
Other intangible assets	899	55
	<b>58,529</b>	<b>60,696</b>
<b>Depreciations for the year of tangible assets (Note 16):</b>		
Land and buildings	8,490	11,506
Equipments		
Europe Engineering and Construction	8,857	14,711
Europe Environment and Services	4,659	6,674
Africa	54,372	73,253
Latin America	11,509	12,878
Others	236	727
Other tangible assets	1,453	2,356
	<b>89,577</b>	<b>122,105</b>
<b>Depreciations for the year of rights of use assets (Note 17):</b>		
Land and buildings	3,673	-
Equipments	54,333	-
Other tangible assets	430	-
	<b>58,436</b>	<b>-</b>
	<b>206,542</b>	<b>182,800</b>

## 8. Provisions and impairment losses

Provisions and impairment losses for the years ended 31 December 2019 and 2018 can be analysed as follows:

	2019			2018		
	Increases	Decreases	Net	Increases	Decreases	Net
Provisions (Note 37)	38,584	(21,936)	16,648	35,758	(12,549)	23,209
<b>Total of provisions</b>	<b>38,584</b>	<b>(21,936)</b>	<b>16,648</b>	<b>35,758</b>	<b>(12,549)</b>	<b>23,209</b>
<b>Adjustments and impairment losses:</b>						
In inventories (Note 22)	3,644	(1,138)	2,506	3,668	(7,845)	(4,178)
In goodwill (Note 14)	686	-	686	577	-	577
In tangible assets (Note 16)	8,489	-	8,489	3,685	(2,281)	1,404
In customers and other debtors (Note 23)	25,683	(31,217)	(5,534)	24,038	(21,023)	3,015
<b>Total of impairment losses</b>	<b>38,501</b>	<b>(32,355)</b>	<b>6,147</b>	<b>31,967</b>	<b>(31,149)</b>	<b>818</b>
<b>Total of provisions and impairment losses</b>	<b>77,085</b>	<b>(54,291)</b>	<b>22,794</b>	<b>67,725</b>	<b>(43,698)</b>	<b>24,027</b>

The net increase occurred in the year ended 31 December 2019 under the caption "Provisions and impairment losses" was due, essentially, to the recognition of impairment losses for accounts receivables in the Latin America region, for impairment losses on tangibles assets in the Africa region and for several contingencies in the Africa region and in the companies of EGF SUBGROUP.

The net increase occurred in the year ended 31 December 2018 under the caption "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 contingencies at MOTA-ENGIL 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 captions of inventories and tangible assets) which allowed the partial reversal of impairment losses recorded in previous years.

## 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 31 December 2019 and 2018 can be analysed as follows:

	2019	2018
<b>Financial income and gains</b>		
<b>Financial assets recorded at amortised cost:</b>		
Interest income	44,410	29,100
Payments discounts received	760	539
Favourable exchange differences	157,174	170,010
<b>Other financial assets:</b>		
Income from equity investments - Other financial investments recorded at fair value through other comprehensive income	1,556	2,759
Fair value gains - Derivative financial instruments	338	109
Other financial income and gains	5,627	133
	<b>209,865</b>	<b>202,650</b>
<b>Financial costs and losses</b>		
<b>Financial liabilities recorded at amortised cost</b>		
Interest expenses	135,678	131,778
Interest expenses - Rights of use assets	10,286	-
Payments discount granted	927	820
Unfavourable exchange differences	68,612	72,254
<b>Other financial liabilities:</b>		
Other financial costs and losses	58,801	54,048
	<b>274,305</b>	<b>258,900</b>
	<b>(64,440)</b>	<b>(56,250)</b>

In the years ended 31 December 2019 and 2018, the caption "Interest Income" included, essentially, the interest associated with the Angolan sovereign bonds held by the GROUP.

In the years ended 31 December 2019 and 2018, exchange differences were, essentially, generated in the Africa region, namely in Angola, in 2019 and 2018, and in Zimbabwe in 2019.

Dividends are recognized when the GROUP's right to receive the corresponding amount is established. In the years ended 31 December 2019 and 2018, the caption "Income from equity investments" referred, essentially, to dividends received from BAI – Banco Angolano de Investimentos (1,552 thousand Euros in 2019 and 2,531 thousand Euros in 2018).

In the years ended 31 December 2019 and 2018, the financial costs capitalized to assets under construction / development can be analysed as follows:

	2019	2018
Inventories	715	1,452
	<b>715</b>	<b>1,452</b>

In the years ended 31 December 2019 and 2018, in order to capitalize financial costs to the assets under construction / development above referred, an average interest rate of 3.92% and 3.81%, respectively, was used.

In the years ended 31 December 2019 and 2018, the caption "Other financial costs and losses" included, essentially, costs with guarantees and with the set-up 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 years ended 31 December 2019 and 2018, the aforementioned caption also included the amounts of circa 760 thousand Euros and 3,300 thousand Euros, respectively, 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 31 December 2019 and 2018 can be analysed as follows:

Gains in associates and jointly controlled companies	2019	2018 restated
Sistemas Eléctricos Metropolitanos (Latin America segment)	4,866	783
Estradas do Zambeze and associated company (Africa segment)	881	511
HL - Sociedade Gestora do Edifício (Europe - Environment and Services segment)	775	816
APP Tamaulipas (Latin America segment)	601	-
Haçor (Europe - Environment and Services segment)	510	262
"Agrupamentos Complementares de Empresas (ACE's)" held by Mota-Engil Engenharia e Construção (Europe - Engineering and Construction segment)	200	2,087
Others	2,498	1,762
	<b>10,331</b>	<b>6,221</b>

Losses in associates and in jointly controlled companies for the years ended 31 December 2019 and 2018 can be analysed as follows:

Losses in associates and jointly controlled companies	2019	2018
Fideicomiso el Capomo (Latin America segment)	7,477	1,227
Concessionária Autopista Cardel Poza Rica (Latin America segment)	4,146	92
Concessionária Autopista Tuxpan-Tampico (Latin America segment)	2,669	257
Logz (Europe - Environment and Services segment)	655	659
Others	791	976
	<b>15,738</b>	<b>3,211</b>
<b>Gains/(Losses) in associates and jointly controlled companies</b>	<b>(5,407)</b>	<b>3,010</b>

## 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 31 December 2019 and 2018 can be analysed as follows:

Gains on the disposal of subsidiaries, jointly controlled and associated companies	2019	2018
Rutas del Este (Mota-Engil Engenharia e Construção) <sup>(a)</sup>	4,189	-
SPE ECB ME Energia (Empresa Construtora Brasil)	-	2,794
Prometro (Manvia)	-	215
Others	20	17
	<b>4,209</b>	<b>3,026</b>

<sup>(a)</sup> Company that was not being consolidated

Losses on the disposal of subsidiaries, jointly controlled and associated companies	2019	2018
Mota-Engil Investments South Africa (Mota Internacional) - Note 42	11,698	-
Sangobiar Peru (ME 3I SGPS)	125	-
Vista Water, Lda. (Mota-Engil Angola) - Note 42	-	2,059
Ecodetra (Mota-Engil Ambiente e Serviços)	-	332
Devonská Project Development AS	-	160
Others	372	13
	<b>12,195</b>	<b>2,564</b>
<b>Gains / (losses) on the disposal of subsidiaries, jointly controlled and associated companies</b>	<b>(7,986)</b>	<b>462</b>

## 12. Income tax

Income tax for the years ended 31 December 2019 and 2018 can be analysed as follows:

	2019	2018
Current tax	42,403	57,487
Deferred tax - Impact of hyperinflation in Angola	-	2,275
Deferred tax - Impact of hyperinflation in Zimbabwe	(345)	-
Deferred tax	(584)	(18,028)
	<b>41,474</b>	<b>41,734</b>

The detail and the movement of deferred tax assets and liabilities at 31 December 2019 and 2018, in accordance with the temporary differences that gave rise to them, can be analysed as follows:

Deferred Tax Assets 2019	2018	Changes in the perimeter	Effect in results	Effect in reserves	Transfers	2019
Provisions and impairment losses not accepted for tax purposes	53,343	-	6,964	3,044	(1,245)	62,107
Accrued costs not accepted for tax purposes	42,049	-	11,814	(7,976)	(1,009)	44,878
Tax losses carried forward	38,175	(6,129)	9,788	(1,058)	-	40,776
Accrued expenses associated with investments to be performed not accepted for tax purposes	23,376	-	(344)	-	149	23,182
Temporary differences in the liquidation of subsidiaries	9,189	-	-	-	-	9,189
Exchange differences not accepted for tax purposes	1,890	-	-	-	-	1,890
Others	16,295	-	(2,651)	(2,948)	(6,423)	4,273
	<b>184,318</b>	<b>(6,129)</b>	<b>25,572</b>	<b>(8,938)</b>	<b>(8,527)</b>	<b>186,296</b>

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
Accrued expenses associated with investments 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
Exchange differences not accepted for tax purposes	3,599	-	-	(1,709)	-	1,890
Others	3,119	-	3,377	(966)	10,765	16,295
	<b>178,313</b>	<b>-</b>	<b>22,825</b>	<b>(14,033)</b>	<b>(2,787)</b>	<b>184,318</b>

Deferred Tax Liabilities 2019	2018	Changes in the perimeter	Effect in results	Effect in reserves	Transfers	2019
Revaluation of fixed assets and investment properties	26,112	-	15,214	9,447	(5,935)	44,838
Fair value allocation in business combinations	30,517	-	(1,008)	-	-	29,510
Untaxed accrued income	16,797	-	6,795	1,832	-	25,423
Amortizations associated with future investments to be performed not accepted for tax purposes	25,233	-	(1,187)	-	-	24,046
Exchange differences not accepted for tax purposes	14,411	-	(181)	-	-	14,230
Impact of hyperinflation in Angola	16,427	-	(1,302)	(6,207)	310	9,227
Amortizations not accepted for tax purposes	8,948	-	(207)	-	-	8,741
Deferred tax capital gains	2,287	-	-	-	-	2,287
Others	7,344	-	6,863	(5,395)	(5,130)	3,682
	<b>148,075</b>	<b>-</b>	<b>24,988</b>	<b>(324)</b>	<b>(10,755)</b>	<b>161,984</b>

Deferred Tax Liabilities 2018	2017	Changes in the perimeter	Effect in results	Effect in reserves	Transfers	2018
Fair value allocation in business combinations	31,513	-	(996)	-	-	30,517
Revaluation of fixed assets and impacts arising from the change of functional currency	21,513	-	7,049	(2,362)	(88)	26,112
Amortizations associated with future investments to be performed not accepted for tax purposes	31,814	-	(6,582)	-	-	25,233
Untaxed accrued income	8,810	-	9,969	665	(2,648)	16,797
Impact of hyperinflation in Angola	23,712	-	(1,714)	(5,572)	-	16,427
Exchange differences not accepted for tax purposes	14,283	-	(178)	305	-	14,411
Amortizations not accepted for tax purposes	9,125	-	(160)	(17)	-	8,948
Deferred tax capital gains	2,287	-	(0)	-	-	2,287
Others	10,891	-	(2,592)	(2,099)	1,144	7,344
	<b>153,950</b>	<b>-</b>	<b>4,797</b>	<b>(9,080)</b>	<b>(1,591)</b>	<b>148,075</b>

In the year ended 31 December 2019, the column "Changes in the perimeter" referred, essentially, to the sale of MOTA-ENGI CONSTRUCTION SOUTH AFRICA.

In the years ended 31 December 2019 and 2018, the column "Effect in reserves" included essentially: (i) the exchange differences arising from the translation of the financial statements of affiliated companies expressed in a foreign currency, namely the ones located in Angola and (ii) the effect of the revaluation performed in 2019 to the land and buildings located in Angola.

In the years ended 31 December 2019 and 2018, the captions "Accrued costs not accepted for tax purpose" and "Untaxed accrued income" included, essentially, the effect of the existing differences between the tax and the accounting treatment of the construction contracts (namely the recognition for tax purposes of the expenses and income in the moment when the respective financial flow occurs).

In the year ended 31 December 2019, the column "Transfers" is justified, essentially, by the affiliate MERCADO URBANO which in 2019 was reclassified to "Non-current assets held for sale".

At 31 December 2019 and 2018, according to the tax returns of the companies which recorded deferred tax assets arising from tax losses and tax credits, those were carried forward as follows:

2019	Tax credits and losses	Deferred tax assets
<b>Year of recording:</b>		
Up to and including 2015	16,397	4,562
2016	25,026	4,953
2017	21,139	5,291
2018	69,779	15,998
2019	43,388	9,972
	<b>175,729</b>	<b>40,776</b>

2019	Tax credits and losses	Deferred tax assets
<b>Time limit:</b>		
2020	2,937	655
2021	17,002	4,829
2022	16,377	2,677
2023	66,919	14,715
after 2023	72,494	17,900
	<b>175,729</b>	<b>40,776</b>

2018	Tax credits and losses	Deferred tax assets
<b>Year of recording:</b>		
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
	<b>172,141</b>	<b>38,175</b>

2018	Tax credits and losses	Deferred tax assets
<b>Time limit:</b>		
2019	376	59
2020	2,361	296
2021	4,017	418
2022	2,940	374
after 2022	162,447	37,027
	<b>172,141</b>	<b>38,175</b>

At 31 December 2019 and 2018, an assessment was performed regarding the deferred tax assets recognized 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, taking in consideration 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-ENGIL SGPS, the business plans of the companies which comprise it were used, namely the ones of MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO, whose main assumptions are described in Note 16, and the one of MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO AFRICA.

If the taxable profits considered in the business plans of the companies that comprise the tax consolidation regime of MOTA-ENGIL SGPS were higher or lower in 5%, the recognized deferred tax assets will increase and decrease in 431 thousands Euros and 534 thousands Euros, respectively.

The deadline for using tax losses carried forward in Portugal is 12 years for the ones generated in the year of 2016 and 5 years for those generated after that date, being its deduction per year limited to 70% of the taxable profit.

Furthermore, at 31 December 2019 and 2018, there were tax losses carried forward of 81,541 thousand Euros and 66,719 thousand Euros, respectively, for which the corresponding deferred tax assets were not recorded, due to some prudence and uncertainty regarding its recovery.

2019	Tax losses	Deferred tax assets
<b>Year of origination:</b>		
Up to and including 2015	19,300	2,173
2016	18,759	3,399
2017	18,887	3,570
2018	17,670	2,916
2019	6,926	1,359
	<b>81,541</b>	<b>13,416</b>

2019	Tax losses	Deferred tax assets
<b>Time limit:</b>		
2020	7,782	941
2021	17,268	3,089
2022	18,710	3,515
2023	18,792	3,140
after 2023	18,989	2,732
	<b>81,541</b>	<b>13,416</b>

2018	Tax losses	Deferred tax assets
<b>Year of origination:</b>		
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
	<b>66,719</b>	<b>11,646</b>

2018	Tax losses	Deferred tax assets
<b>Time limit:</b>		
2019	334	34
2020	8,546	436
2021	17,732	2,799
2022	15,276	5,702
after 2022	24,831	2,675
	<b>66,719</b>	<b>11,646</b>

MOTA-ENGIL 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 its current tax is calculated based on the taxable profits 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%, located 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 determined 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 31 December 2019 and 2018, 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 31 December 2019 and 2018, 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% for taxable profits over 35,000,000 Euros.

On the other hand, in the years ended 31 December 2019 and 2018, the deduction of the net financing costs in the determination of the taxable profit became limited to 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 set of costs at the rates provided for in the aforesaid article.

Therefore, in order to determine deferred tax assets / liabilities in Portugal the rates of 21% (for tax losses and tax credits carried forward) and 22.5% (for the other temporary differences) were used 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 31 December 2019 and 2018, the reconciliation between the nominal and the effective income tax rate can be analysed as follows:

2019	Rate	Tax basis	Tax
Tax rate and nominal tax on income	22.5%	111,647	25,121
Results of associated and jointly controlled companies recorded by the equity method	1.1%	5,407	1,217
Tax losses and other temporary differences of the year for which no deferred tax assets were recognized and / or write-off of deferred tax assets recognized in previous years	25.2%	125,280	28,188
Temporary differences from previous years that have generated the recognition of deferred tax assets/liabilities in the year	-5.9%	-	(6,623)
Differentiated nominal tax rates	11.5%	-	12,882
Income taxed on capital application tax (IAC) instead of income tax	-19.7%	-	(21,951)
Differences between tax and accounting capital gains	-1.9%	(9,340)	(2,101)
Autonomous taxation	1.4%	-	1,517
Financial costs not deductible	6.5%	32,380	7,285
Prior year corrections	-5.1%	-	(5,640)
Other effects	1.4%	7,020	1,580
<b>Effective rate and income tax</b>	<b>37.1%</b>		<b>41,474</b>

2018 restated	Rate	Tax basis	Tax
Tax rate and nominal tax on income	22.5%	135,209	30,422
Results of associates recorded by the equity method	-0.5%	(3,010)	(677)
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 recognized	-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
<b>Effective rate and income tax</b>	<b>30.9%</b>		<b>41,734</b>

The amount included under the caption "Differentiated nominal tax rates" is justified, essentially, by the fact that companies located outside Portugal have tax rates different from 22.5%.

At 31 December 2019 and 2018, 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 reversal of the respective temporary differences, were as follows:

Country	Rate	
	2019	2018
South Africa	28%	28%
Angola	30%	30%
Brazil	34%	34%
Colombia	33%	37%
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 2016 to 2019, may still be subject to review and correction. Nevertheless, the GROUP's Board of Directors is of the opinion that potential 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, that there are no material liabilities associated with tax contingencies, taking in consideration the dispositions of IFRIC-23 – Uncertainties on the income tax treatment, that should give rise to the recognition of provisions or the need to disclose them in the attached consolidated financial statements.

## 13. Earnings per share

MOTA-ENGIL, 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.

At 31 December 2019 and 2018, the share capital of MOTA-ENGIL, 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 31 December 2019 and 2018, the calculation of the earnings per share may be analysed as follows:

		2019	2018 restated
Consolidated net profit of the year attributable to the Group	(i)	26,728	23,306
Number of ordinary shares	(ii)	237,505,141	237,505,141
Number of own shares at the year-end	(iii)	6,091,581	6,091,581
Weighted average number of ordinary shares	(iv)	237,505,141	237,505,141
Weighted average number of own shares	(v)	6,091,581	4,194,351
<b>Average number of shares outstanding</b>	<b>(iv - v)</b>	<b>231,413,560</b>	<b>233,271,072</b>
Earnings per share:			
basic	(i) / (iv - v)	0.12 €	0.10 €
diluted	(i) / (iv - v)	0.12 €	0.10 €

## 14. Goodwill

Information regarding goodwill for the years ended 31 December 2019 and 2018 can be analysed as follows:

	2019			2018		
	Gross Goodwill	Accumulated impairment losses	Net Goodwill	Gross Goodwill	Accumulated impairment losses	Net Goodwill
<b>Europe Engineering and Construction</b>						
Mota-Engil Central Europe Poland	8,536	(2,772)	5,764	8,543	(2,313)	6,231
Mota-Engil Central Europe Czech Rep.	1,351	(1,351)	-	1,147	(1,147)	-
Others	1,726	(1,726)	-	1,726	(1,726)	-
	<b>11,613</b>	<b>(5,849)</b>	<b>5,764</b>	<b>11,416</b>	<b>(5,185)</b>	<b>6,231</b>
<b>Europe Environment and Services</b>						
Suma Group	13,609	(4,229)	9,380	13,609	(4,229)	9,380
Others	1,139	(116)	1,023	1,139	(116)	1,023
	<b>14,748</b>	<b>(4,345)</b>	<b>10,403</b>	<b>14,748</b>	<b>(4,345)</b>	<b>10,403</b>
<b>Africa</b>						
ME Construction South Africa	-	-	-	10,983	-	10,983
Others	1,166	-	1,166	1,145	-	1,145
	<b>1,166</b>	<b>-</b>	<b>1,166</b>	<b>12,128</b>	<b>-</b>	<b>12,128</b>
<b>Latin America</b>						
Empresa Construtora Brasil	4,430	-	4,430	4,501	-	4,501
Consita	470	-	470	478	-	478
	<b>4,900</b>	<b>-</b>	<b>4,900</b>	<b>4,979</b>	<b>-</b>	<b>4,979</b>
	<b>32,427</b>	<b>(10,194)</b>	<b>22,233</b>	<b>43,272</b>	<b>(9,530)</b>	<b>33,741</b>

The movements occurred in goodwill in the years ended 31 December 2019 and 2018 can be analysed as follows:

	2019	2018
<b>Goodwill at the beginning of the year</b>	<b>33,741</b>	<b>37,870</b>
<b>Impairment losses in Goodwill (Note 8)</b>		
Mota-Engil Central Europe Poland	(481)	(577)
Mota-Engil Central Europe Czech Rep.	(205)	-
	<b>(686)</b>	<b>(577)</b>
<b>Changes in Goodwill due to changes in the perimeter (disposal)</b>		
ME Construction South Africa	(11,215)	(1,841)
Others	13	-
	<b>(11,201)</b>	<b>(1,841)</b>
<b>Changes in Goodwill due to exchange differences</b>		
Mota-Engil Central Europe Poland	29	119
Mota-Engil Central Europe Czech Rep.	205	-
Empresa Construtora Brasil	(71)	(544)
ME Construction South Africa	231	(1,227)
Others	(15)	(58)
	<b>379</b>	<b>(1,710)</b>
<b>Goodwill at the end of the year</b>	<b>22,233</b>	<b>33,741</b>

In the years ended 31 December 2019 and 2018, the impairment losses recorded in goodwill were justified, essentially, by the partial reduction of the goodwill allocated to the electromechanical business in Poland.

At 31 December 2019 and 2018, 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:

2019			
Assumptions	ECB*	Mota-Engil Central Europe Poland	Suma Group (except EGF)
Method used	Value in use	Value in use	Value in use
Basis used	Forecasts	Forecasts	Forecasts
Period used	5 years	5 years	5 years
<b>Growth rate of sales:</b>			
Year n+1	3.5%	1.0%	1.0%
Year n+3	3.5%	1.0%	1.0%
In perpetuity	3.5%	1.1%	1.0%
Discount rate used	11.1%	6.7%	5.1%

\* Valuations expressed in local currency.

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
<b>Growth rate of sales:</b>				
Year n+1	19%	11%	2%	41%
Year n+3	4%	-13%	2%	7%
In perpetuity	4%	3%	2%	6%
Discount rate used	13.0%	8.5%	6.4%	9.5% **

\* Valuations expressed in local currency.

\*\*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%).



At 31 December 2019 and 2018, the sensitivity of the results of the impairment tests performed to goodwill to the major key assumptions, namely to the discount rate, to the sales 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						
2019	Sensitivity to key assumptions					
	Discount rate		Sales growth rate in perpetuity		Projected cash-flows	
	0.5%	-0.5%	0.5%	-0.5%	5.0%	-5.0%
ECB	(7)	8	5	(5)	5	(5)
Mota-Engil Central Europe Poland	(8)	10	8	(7)	5	(5)
<b>Suma</b>	<b>(14)</b>	<b>18</b>	<b>14</b>	<b>(11)</b>	<b>6</b>	<b>(6)</b>

in million Euros						
2018	Sensitivity to key assumptions					
	Discount rate		Sales 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)
Mota-Engil Central Europe Poland	(8)	9	7	(6)	4	(4)
<b>Suma</b>	<b>(11)</b>	<b>13</b>	<b>11</b>	<b>(9)</b>	<b>4</b>	<b>(4)</b>
ME Construction South Africa	(5)	6	13	(10)	8	(8)

At 31 December 2019 and 2018, if a discount rate higher in 0.5% or a growth sales 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, determined based on budgets and business plans duly approved by the GROUP's Board of Directors, which cover, on average, a period of five years.

In resume, the assumptions used in the determination 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, as well as, in the prospects of obtainment 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; and (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 2019 and the date of approval of these consolidated financial statements, the GROUP did not acquired any material financial investment that generated goodwill.

## 15. Intangible assets

The information regarding the net book value of intangible assets by operating segment, at 31 December 2019 and 2018, can be analysed as follows:

	Europe Engineering and Construction	Europe Environment and Services	Africa	Latin America	Other, eliminations and intragroup	Mota-Engil Group
<b>2019</b>						
Development costs	49	14,681	12	-	-	14,741
Software and other rights	179	275	1,392	2,005	1,544	5,395
Concessions operation rights	4,327	470,428	44,139	-	-	518,894
Assets in progress	-	27,991	38	50,601	18	78,648
Other intangible assets	93	-	331	11,709	-	12,132
	<b>4,648</b>	<b>513,375</b>	<b>45,911</b>	<b>64,315</b>	<b>1,562</b>	<b>629,811</b>
<b>2018</b>						
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
	<b>5,381</b>	<b>477,922</b>	<b>8,649</b>	<b>27,590</b>	<b>1,952</b>	<b>521,494</b>

The information regarding the gross amount of intangible assets at 31 December 2019 and 2018 can be analysed as follows:

	Development costs	Software and other rights	Concessions operation rights	Assets in progress	Other intangible assets	Total
<b>2019</b>						
Opening balance	16,693	23,769	1,345,162	21,645	15,170	1,422,439
Increases	4,689	419	35,611	90,503	8	131,230
Disposals	-	-	(4,402)	-	-	(4,402)
Write-offs	(4)	(235)	(14,424)	(40)	(10)	(14,712)
Exchange differences	(12)	(94)	(1,831)	515	687	(735)
Transfers and other movements	2,811	(459)	72,566	(33,974)	(499)	40,444
	<b>24,178</b>	<b>23,401</b>	<b>1,432,682</b>	<b>78,648</b>	<b>15,355</b>	<b>1,574,264</b>
<b>2018</b>						
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
	<b>16,693</b>	<b>23,769</b>	<b>1,345,162</b>	<b>21,645</b>	<b>15,170</b>	<b>1,422,439</b>

In the years ended 31 December 2019 and 2018, the main increases / disposals / write-offs in intangible assets were associated with the execution of the investment plan of the EGF SUBGROUP companies and by the investments performed by Generadora Fenix, associated with the construction of a combined cycle plant.

In addition, in the year ended 31 December 2019, it should be also highlighted the transfer of circa of 39,500 thousand Euros from the caption tangible assets associated with the waste collection concession contract of ECOEBURNIE at Ivory Coast.

The information regarding the accumulated amortizations amount of intangible assets and the respective net book value at 31 December 2019 and 2018 can be analysed as follows:

	Development costs	Software and other rights	Concessions operation rights	Assets in progress	Other intangible assets	Total
<b>2019</b>						
Opening balance	(7,228)	(17,309)	(874,377)	-	(2,032)	(900,945)
Increases (Note 7)	(2,772)	(1,353)	(53,506)	-	(899)	(58,529)
Disposals	-	-	4,401	-	-	4,401
Write-offs	4	234	14,101	-	10	14,349
Exchange differences	3	121	39	-	(15)	148
Transfers and other movements	557	301	(4,446)	-	(288)	(3,876)
	<b>(9,436)</b>	<b>(18,006)</b>	<b>(913,787)</b>	<b>-</b>	<b>(3,223)</b>	<b>(944,453)</b>
<b>2018</b>						
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
	<b>(7,228)</b>	<b>(17,309)</b>	<b>(874,377)</b>	<b>-</b>	<b>(2,032)</b>	<b>(900,945)</b>
<b>Net book value</b>						
<b>2019</b>	<b>14,741</b>	<b>5,395</b>	<b>518,894</b>	<b>78,648</b>	<b>12,132</b>	<b>629,811</b>
<b>2018</b>	<b>9,466</b>	<b>6,460</b>	<b>470,786</b>	<b>21,645</b>	<b>13,138</b>	<b>521,494</b>

At 31 December 2019 and 2018, the caption "Concessions operation rights" can be detailed as follows:

	2019	2018
Concessions granted to EGF Subgroup	470,428	459,609
Eco Eburnie	40,776	-
Others	7,690	11,177
	<b>518,894</b>	<b>470,786</b>

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 the concession operators of multi-municipal systems for the treatment and 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, RESULTIMA, SULDOURO, VALNOR, VALORLIS, VALORMINHO and VALORSUL) will end on 2034.

At 31 December 2019 and 2018, circa of 66% and 71%, respectively, of the amount of concessions operation rights of EGF SUBGROUP was justified by 5 concessionaries (VALORSUL, ERSUC, RESINORTE, ALGAR and AMARSUL).

The activity covered by the 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, the 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 the regulated accounts and the 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 necessary 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, as well as, and the selective collection of urban waste, including its sorting, and as complementary activities they will perform those that, although not being part of its main activity, use assets related thereto, enabling the optimisation of the corresponding profitability. The performance of complementary activities depends upon 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 vehicles;
- 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 assign to the concession:

- Property purchased using the private right or by means of expropriation to set infrastructures;
- Exclusive rights of intellectual and industrial property that the concessionaries 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.

Concessionaires should prepare and keep the inventory of assets and rights related to the concessions and should send annually to ERSAR detailed information regarding them, as well as, the write-offs carried out.

During the validity period of the concessions, the concessionaries 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 have the right to use the assets related to the concessions until their extinguishment. Assets assign to the concessions can only be used for the purposes foreseen in the concessions. At the extinguishment date of the concessions, assets assigned thereto are reverted to an inter-municipal entity, to the Association of Municipalities, to the group of using municipalities, or to the State, through the exercise of the corresponding option right and the payment to the concessionaries, under the terms established in the basis of the concession contracts, of a compensation that corresponds to the net book value of those assets, net of grants.

Concessionaries are liable for the risks inherent to the concessions under the applicable law, taking on the corresponding operating risks. On the other hand, the concessionaries are liable for the financing to develop the concession object, in order to meet all obligations established in the concession contracts in due time, assuming also the corresponding investment and financing risks.

The remuneration regime of the concessions is based on the recognition to concessionaries of allowed revenues 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 operating costs, for the purposes of determination of allowed revenues, by reference to a context of operation production efficiency and management of the multimunicipal system;
- Return on capital based on the weighted average cost, with parameters set by reference to market values and in accordance to the performance of comparable representative entities;
- Definition of an asset basis comprised by the assets allocated to the concessions as a basis for the capital remuneration;
- Adoption of mechanisms to promote efficiency; and
- Suitable impact on allowed revenues of the differences recorded between the estimated quantities and the quantities of urban waste delivered to the concessionaries.

Furthermore, the definition of the operating cost basis should take in consideration its effective control by the concessionaries, the technologies and capacity installed, as well as, the demand swings.

Therefore, tariffs to be applied to the users must provide concessionaries with the allowed revenues determined under the terms of the previous basis and correspond to the division between the allowed revenues attributed each year to the concessionaries by the estimated delivered quantities for that 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 with the instructions of the Concession owner, or if laws and regulations applicable to the operation are not fully complied; refusal to carry out a proper conservation and repair of the 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 the concessionaries that breach provisions in the concession contracts; unauthorised increase or decrease, 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 arise 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 net 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.

On the other hand, in the year ended 31 December 2018, it was awarded to ECOEBURNIE a concession for the collection and treatment of urban waste in Abidjan, in Ivory Coast, during a period of 7 years. In this concession, the remuneration of ECOEBURNIE is linked to the quantities of waste collected and treated being it exposed to demand risk. At the end of the concession, the assets assign to it will revert to the Concession owner in exchange of the receipt of their net book value.

At 31 December 2019 and 2018, the most significant amounts included under the caption "Assets in progress" refer to the following projects:

Description	2019
Analysis and development of Jorge Luque project (Generadora Fenix)	44,081
Urban waste containment, preparation and treatment unit (Resulima)	10,974
Nova Fenix project (Generadora Fenix)	4,752
Solid waste treatment plant (Algar)	4,355
Other ongoing investments made by companies of the Subgroup EGF	11,228
	<u>75,391</u>

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
	<u>14,053</u>

At 31 December 2019 and 2018, regarding the assets assigned to the "Concessions operation rights", those cannot be traded without the previous approval of the Concession owner and of the Regulator (in the case of the companies of EGF SUBGROUP's).

On the other hand, apart from the investment commitments assumed by 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 preparation of the corresponding tests, if applicable, were performed on an annual basis as referred to in Note 1.4. 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.

At 31 December 2019 and 2018, the methods and the main assumptions used by the GROUP in the preparation of the impairment tests regarding the intangible assets which showed indicators of impairment were as follows:

	<b>2019</b>
Assumption	EGF Subgroup (a)
Method used	Value in use
Basis used	Forecasts
Period used	15 years (Remaining period of the concessions)
Regulated average asset basis approved for 2020	333,051
Regulated average asset basis approved for 2019 - 2021	319,279
Regulated asset basis estimated for 2034 (excluding the inflation effect)	334,152
Average discount rate used in the period 2020 - 2034	5.25%
<b>Net amount of the CGU</b>	<b>260,051</b>

(a) Net assets allocated to the treatment and recovery of waste activity carried out by the concessionaires of the EGF Subgroup.

	<b>2018</b>
Assumption	EGF Subgroup (a)
Method used	Value in use
Basis used	Forecasts
Period used	16 years (Remaining period of the concessions)
Regulated average asset basis approved for 2019	292,992
Regulated average asset basis approved for 2019 - 2021	319,279
Regulated asset basis estimated for 2034 (excluding the inflation effect)	292,472
Average discount rate used in the period 2019 - 2034	5.14%
<b>Net amount of the CGU</b>	<b>239,569</b>

(a) Net assets allocated to the treatment and recovery of waste activity carried out by the concessionaires of the EGF Subgroup.

At 31 December 2019 and 2018, if a discount rate higher in 0.25% or a regulated asset basis (RAB) lower in 5% had been used, the results of the abovementioned tests would not lead to the recognition of impairment losses.

Regarding the concessionary companies of EGF SUBGROUP, it should be highlighted that the decisions of ERSAR related with the allowed revenues and the regulated tariffs for the regulatory period of 2019-2021 were subject to a special administrative action, with an impugnation request presented in Court, by EGF.

Furthermore, the current uncertainties regarding the outcome of the aforementioned lawsuit and the associated regulatory framework, with potential impact on the development of the future operational and financial activity of the EGF SUBGROUP's concessionaires, can also impact in the future the assumptions used in the impairment test mentioned above and, consequently, the future valuation attributed to the intangible assets.

## 16. Tangible assets

The information regarding the net book value of tangible assets by operating segment, at 31 December 2019 and 2018, can be analysed as follows:

	Europe Engineering and Construction	Europe Environment and Services	Africa	Latin America	Others, eliminations and intragroup	Mota-Engil Group
<b>2019</b>						
Land and buildings	61,701	12,361	108,374	21,773	1,723	205,932
Equipments	27,978	18,768	108,513	50,103	(2,526)	202,835
Tangible assets in progress	4,696	2,495	31,570	8,260	-	47,020
Other tangible assets	76	339	594	3,231	-	4,241
	<b>94,451</b>	<b>33,963</b>	<b>249,051</b>	<b>83,366</b>	<b>(803)</b>	<b>460,028</b>
<b>2018</b>						
Land and buildings	93,296	14,822	83,821	25,032	1,128	218,099
Equipments	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
	<b>188,161</b>	<b>48,716</b>	<b>420,032</b>	<b>84,560</b>	<b>(1,021)</b>	<b>740,448</b>

The information regarding the gross amount of tangible assets at 31 December 2019 and 2018 can be analysed as follows:

	Land and buildings	Equipments	Tangible assets in progress	Other tangible assets	Total
<b>2019</b>					
Opening balance	349,970	1,829,556	47,577	27,353	2,254,456
Reclassification to the caption "Rights of use assets" (Note 1.2.)	(49,406)	(308,342)	(542)	(91)	(358,382)
Increases	5,258	98,060	16,153	(1,831)	117,640
Disposals	(365)	(60,674)	(82)	(3,009)	(64,130)
Write-offs	(1,566)	(18,685)	-	(912)	(21,163)
Impact of hyperinflation in Zimbabwe	-	735	-	-	735
Revaluations	33,213	1	-	-	33,213
Exchange differences	(35,068)	(23,790)	(1,514)	(648)	(61,020)
Changes in the perimeter	29,149	(4,321)	-	-	24,829
Transfers and other movements	(1,501)	(24,698)	(14,571)	3,221	(37,549)
	<b>329,683</b>	<b>1,487,843</b>	<b>47,020</b>	<b>24,083</b>	<b>1,888,629</b>
<b>2018</b>					
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
Revaluations	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)
	<b>349,970</b>	<b>1,829,556</b>	<b>47,577</b>	<b>27,353</b>	<b>2,254,456</b>

In the year ended 31 December 2019, the increases occurred in tangible assets were justified, essentially, by the investments performed in Mozambique, associated with the execution of medium and long-term mining contracts, and the investments performed in Ivory Coast and in SUMA, associated with the waste collection and treatment business.

In the year ended 31 December 2019, the disposals of tangible assets were justified, essentially, by MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO AFRICA and by its branches.

In the year ended 31 December 2019, the amount included in the caption "Transfers and other movements" was justified, essentially, by the transfer of the assets assigned to the waste collection and treatment concession of ECOEBURNIE to the caption "Intangible assets".

In the year ended 31 December 2019, the amount included in the caption "Revaluations" arise, essentially, from the update of the fair value of a set of lands and buildings held by the GROUP in Angola.

In the year ended 31 December 2019, the amount included in the caption "Changes in the perimeter" arise, essentially, from the change of the consolidation method of the affiliate CLEAN EBURNIE (Note 42).

In the year ended 31 December 2018, the increases occurred in tangible assets were justified, essentially, by the investments performed in Mozambique and in Guinea, associated with the execution of medium and long-term mining contracts, as well as, to the investments performed in Ivory Coast and in Angola associated with the waste collection and treatment business.

In the year ended 31 December 2018, the disposals of equipment were justified, essentially, by MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO, by MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO ÁFRICA, by MOTA-ENGIL CENTRAL EUROPE and by the ZAMBIAN BRANCH of MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO ÁFRICA.

In the years ended 31 December 2019 and 2018, the exchange differences were justified, essentially, by the depreciation of the Angolan Kwanza.

The information regarding the accumulated amortizations and impairment losses of tangible assets and their respective net amounts at 31 December 2019 and 2018, can be analysed as follows:

	Land and buildings	Equipments	Tangible assets in progress	Other tangible assets	Total
<b>2019</b>					
Opening balance	(131,872)	(1,365,377)	-	(16,759)	(1,514,008)
Reclassification to the caption "Rights of use assets" (Note 1.2.)	19,044	85,989	-	3	105,035
Increases (Note 7)	(8,490)	(79,634)	-	(1,453)	(89,577)
Impairment losses (Note 8)	(8,489)	-	-	-	(8,489)
Disposals	297	31,612	-	2,940	34,849
Write-offs	984	11,904	-	912	13,800
Revaluations	(184)	1	-	-	(184)
Exchange differences	9,904	23,412	-	574	33,889
Changes in the perimeter	(4,764)	3,293	-	-	(1,471)
Transfers and other movements	(182)	3,794	-	(6,057)	(2,446)
	<b>(123,752)</b>	<b>(1,285,007)</b>	<b>-</b>	<b>(19,842)</b>	<b>(1,428,602)</b>
<b>2018</b>					
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 7)	(1,172)	(2,290)	-	(83)	(3,545)
Impairment losses (Note 8)	(147)	-	-	-	(147)
Impairment losses - Impact of hyperinflation in Angola (Note 8)	(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)
Revaluations	(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
	<b>(131,872)</b>	<b>(1,365,377)</b>	<b>-</b>	<b>(16,759)</b>	<b>(1,514,008)</b>
<b>Net amount</b>					
<b>2019</b>	<b>205,932</b>	<b>202,835</b>	<b>47,020</b>	<b>4,241</b>	<b>460,028</b>
<b>2018</b>	<b>218,099</b>	<b>464,179</b>	<b>47,577</b>	<b>10,594</b>	<b>740,448</b>

At 31 December 2019 and 2018, the most significant amounts included under the caption "Tangible assets in progress" refer to the following projects:

Description	2019
Dry Port Liwonde land (MEECA - Malawi Branch)	18,669
Official structure and overhead bridge crane (MEECA - Mozambique Branch)	1,667
Lands (Citrave)	1,662
Biske Plaza land (ME Real Estate Hungary)	1,246
Construction site of Viana (Vista Waste)	1,188
	<b>24,432</b>
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
	<b>24,916</b>

The assessment over the existence of impairment indicators in tangible assets and the preparation of the corresponding tests, if applicable, were performed on an annual basis as referred to in Note 1.4.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.

At 31 December 2019 and 2018, the methods and the main 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	2019	
	MEEC (a)	Novicer (b)
Method used	Value in use	Value in use
Basis used	projections with perpetuity	projections with perpetuity
Period used	5 years	5 years
<b>Growth rate of sales</b>		
<b>Year n+1</b>	7.50%	12.80%
<b>Year n+3</b>	1.00%	11.00%
Discount rate used	5.94%	20,52% (c)
<b>Net amount of the CGU <sup>(1)</sup></b>	<b>78,465</b>	<b>3,194</b>

<sup>(1)</sup> Net fixed assets

(a) Net assets allocated to the construction business of MOTA-ENGL ENGENHARIA E CONSTRUÇÃO, excluding the quarries exploration and the apartment's sale activity.

(b) Net assets allocated to the manufacture of clay materials in Angola.

(c) In Novicer's valuation, different discount rates were used for each projection period in order to incorporate the expected annual inflation level in Angola (between 18.4% and 25.4%).

Assumption	2019
	Malawi Gateway Project (logistic business)
Method used	Value in use
Basis used	projections for the estimated useful life of the assets
Period used	33 years
Average growth rate of cash-flows:	12%
Discount rate used	14%
<b>Net amount of the CGU</b>	<b>21,020</b>

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 assets	projections with perpetuity
Period used	5 years	20 years	5 years
<b>Growth rate of sales</b>			
Year n+1	35.00%	6.40%	20.80%
Year n+3	1.50%	-	13.90%
Discount rate used	6.84%	-	16.50%
<b>Net amount of the CGU<sup>(1)</sup></b>	<b>77,315</b>	<b>29,701</b>	<b>5,267</b>

<sup>(1)</sup> Net fixed assets

(a) Net assets allocated to the construction business of MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO, excluding the quarries exploration 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 in Angola.

Assumption	2018
	Malawi Gateway Project
Method used	Value in use
Basis used	projections for the estimated useful life of the assets
Period used	33 years
<b>Growth rate of sales:</b>	
Average sales growth rate	2.53%
Discount rate used	14.00%
<b>Net amount of the CGU<sup>(1)</sup></b>	<b>21,821</b>

<sup>(1)</sup> Net fixed assets

At 31 December 2019 and 2018, the sensitivity of the results of the impairment tests performed to tangible assets to the main key assumptions, namely the discount rate, the sales growth rate in perpetuity and the projected cash-flows was as follows:

2019	in million Euros						
		Sensitivity to key assumptions					
		Discount rate		Sales growth rate in perpetuity		Projected cash-flows	
		0.5%	-0.5%	0.5%	-0.5%	5.0%	-5.0%
MEEC	(13)	16	13	(10)	7	(7)	
Novicer	(0.2)	0.2	0.1	(0.1)	0.2	(0.2)	

2018	in million Euros						
		Sensitivity to key assumptions					
		Discount rate		Sales 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)	

At 31 December 2019 and 2018, if a discount rate higher in 0.5% or a sales 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.

The value in use corresponds to the estimation of the present value of future cash flows, determined based on budgets and business plans duly approved by the GROUP'S Board of Directors, which cover, on average, a period of five years.

In resume, the assumptions used in the determination 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, as well as, the prospects of obtainment 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; and (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 31 December 2019, as a result of the impairment tests performed, the GROUP recorded net impairment losses of 8,489 thousand Euros assign, essentially, to the MALAWI GATEWAY PROJECT and to other fixed assets located in Malawi.

In the year ended 31 December 2018, as a result of the impairment tests performed, 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.

GROUP's land and buildings (real estate properties) are recorded at their revalued cost, having part of them been subject to revaluation in 2019. According to the GROUP's policy, the real estate properties recorded under the caption tangible assets must be revalued at least every three years.

The appraisals of land and buildings were carried out in accordance with one of the following methods, used according to the specific situation of each asset:

a) Market method

The criterion for market comparison is based on the value of transactions 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 moment, 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 of another property with similar functionalities 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, which, for the assets located in Portugal, are accredited by the *Comissão dos Mercados dos Valores Mobiliários* (CMVM).

Regarding the appraisals performed in 2019 to the real estate properties located in Angola, those were also carried out by an independent and specialized entity that integrates an international group that provides that kind of services.

The most significant inputs used in the appraisals of the above referred real estate 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 2019 and 2018 to the main real estate properties held by the GROUP can be summarised as follows:

2019				Valuation	Key assumptions		
Property	Company	Valuation method	Rent per square meter / month		Discount rate	Sale price per square meter	
Building in Angola	MEA	Market method	25,097	n.a.	n.a.	919.27	
Building in Angola	MEA and MEECA - Angola Branch	Market method	19,725	n.a.	n.a.	2,791.53	
Building in Angola	MEA	Market method	11,376	n.a.	n.a.	924.89	
2018				Valuation	Key assumptions		
Property	Company	Valuation method	Rent per square meter / month		Discount rate	Construction cost per square meter	
Property in Amarante	MERE	Discounted cash flows	4,973	140.00 €	9.5%	n.a.	
Building in Porto	MEEC	Income method	10,476	9.48 €	7.0%	n.a.	

The sensitivity of the results of the appraisals performed to the real estate properties above referred to the main key assumptions, namely to the rent per square meter, to the discount rate and to the sale price per square meter, can be analysed as follows:

2019				Sensitivity to key assumptions					
Property	Company	Valuation method	Discount rate		Rent per square meter / month		Sale price per square meter		
			0.5%	-0.5%	5.0%	-5.0%	5.0%	-5.0%	
Building in Angola	MEA	Market method	n.a.	n.a.	n.a.	n.a.	1,255	(1,255)	
Building in Angola	MEA and MEECA - Angola Branch	Market method	n.a.	n.a.	n.a.	n.a.	986	(986)	
Building in Angola	MEA	Market method	n.a.	n.a.	n.a.	n.a.	569	(569)	

2018	Property	Company	Valuation method	Sensitivity to key assumptions					
				Discount rate		Rent per square meter / month		Sale price per square meter	
				0.5%	-0.5%	5.0%	-5.0%	5.0%	-5.0%
Property in Amarante		MERE	Discounted cash flows	(144)	150	128	(128)	n.a.	n.a.
Building in Porto		MEEC	Income method	(708)	817	531	(531)	n.a.	n.a.

If an increase occurs in the rent price per square meter, in the sale price per square meter or a decrease occurs in the capitalization / discount rate, the fair value of the real estate properties will increase. On the other hand, if a decrease occurs in the rent price per square meter, in the sale price per square meter or an increase occurs in the capitalization / discount rate, the fair value of the real estate properties 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.

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 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 the tangible assets of the GROUP had been recorded pursuant to the cost model, would be as follows:

	Historical cost	Revaluation	Total
<b>2019</b>			
Land and buildings	151,586	54,346	205,932
Equipments	202,283	553	202,835
Tangible assets in progress	47,020	-	47,020
Other tangible assets	4,238	3	4,241
	<b>405,127</b>	<b>54,901</b>	<b>460,028</b>
<b>2018</b>			
Land and buildings	195,872	22,227	218,099
Equipments	463,617	562	464,179
Tangible assets in progress	47,577	-	47,577
Other tangible assets	10,591	3	10,594
	<b>717,658</b>	<b>22,791</b>	<b>740,448</b>

At 31 December 2019 and 2018, the GROUP's main assets and liabilities assigned to quarries exploration are as follows:

	2019	2018
<b>Fixed assets:</b>		
Land under exploration	24,935	27,460
Buildings assigned to the operations	1,195	1,268
Equipments assigned to the operations	5,000	6,405
<b>Inventory:</b>		
Ore stock	5,159	4,345
Accounts receivables	8,913	8,579
Accounts payables	4,186	5,735
	<b>41,017</b>	<b>42,321</b>

In order to perform impairment tests over the carrying amount of the net assets assigned to the 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 in addition the following financial assumptions:

Assumptions	2019	2018
Method used	Value in use	Value in use
Basis used	Forecasts	Forecasts
Period used	Estimated period of exploration of the quarries	Estimated period of exploration of the quarries
<b>Sales growth rate:</b>		
Year n+1	Between 0% and 2%	Between 1,5% and 20%
Year n+3	0.00%	1.50%
Yearly average growth rate after n+3	1.00%	1.50%
Discount rate used	5.94%	6.80%

At 31 December 2019 and 2018, if a discount rate higher in 0.5% or an annual average sales growth rate lower in 0.5% had been used, the results of the abovementioned tests would not lead to the recognition of additional impairment losses.

## 17. Rights of use assets and lease liabilities

At 31 December 2019, the detail of rights of use assets was as follows:

Rights of use assets	2019
Land and buildings	45,440
Equipments	197,577
Other tangible assets	3,394
	<b>246,411</b>

At 31 December 2019, the detail of lease liabilities was as follows:

Lease liabilities	2019
Current	69,999
Non-current	203,883
	<b>273,881</b>

At 31 December 2019, there were circa of 214,500 thousand Euros of rights of use assets whose underlying assets have been given as a guarantee to the respective creditors.

In the year ended 31 December 2019, the impact in the consolidated income statement arising from the lease contracts was as follows:

	2019
<b>Depreciations of the year (Note 7):</b>	
Land and buildings	3,673
Equipments	54,333
Other tangible assets	430
	<b>58,436</b>
<b>Interest expenses (Note 9):</b>	
Interest expenses - Rights of use assets	10,286
	<b>10,286</b>
<b>Rents (Note 4):</b>	
Short-term, low-value rentals, variable or associated with contracts without identifiable lease assets	134,215
	<b>134,215</b>

In the year ended 31 December 2019, the increases occurred in the rights of use assets arise to circa of 43,000 thousand Euros, having also in that period be transferred circa of 27,300 thousand Euros to the caption "Non-current assets held for sale" assigned to the affiliate Takargo.

The reconciliation between the outstanding rents of operating lease contracts at 31 December 2018 and the lease liability at 1 January 2019 can be analyzed as follows:

Outstanding rents associated with operating lease contracts established with financial / credit institutions at 31 December 2018 (I)	15,138
Present value at 31 December 2018 of the outstanding rents referred to in (I) (II)	12,752
Present value at 31 December 2018 of the outstanding rents associated with finance lease contracts (III)	265,866
Present value at 31 December 2018 of the outstanding rents associated with operating lease contracts not established with financial / credit institutions (IV)	25,317
Lease liabilities recognized at 1 January 2019 (Note 1.2) (II) + (III) + (IV)	<b>303,935</b>

Furthermore, the average discount rate used in the calculation of the lease liability at 1 January 2019 arise to 5.04%.

At 31 December 2019, the movement occurred in the lease liabilities was as follows:

	2019
Opening balance	<b>303,935</b>
<b>Transactions with impact in cash-flow:</b>	
Loans receipts	65,490
Amortizations and repayments of loans	(60,642)
	<b>4,848</b>
<b>Transactions with no impact in cash-flow:</b>	
Exchange differences	837
Transfers and changes in the perimeter	(35,738)
Closing balance	<b>273,881</b>

## 18. Financial investments in associated companies

At 31 December 2019 and 2018, the breakdown of the financial investments in associated companies was as follows:

	2019	2018
Concessionária Autopista Cardel Poza Rica (Latin America segment)	29,908	26,867
Autopista Urbana Siervo de la Nación (Latin America segment)	27,638	25,347
Concessionária Autopista Tuxpan-Tampico (Latin America segment)	25,046	21,502
Estradas do Zambeze and associated company (Africa segment)	5,556	4,721
APP Tamaulipas SAPI (Latin America segment)	4,042	-
Associated companies of Suma Group (Europe - Environment and Services segment)	2,834	2,902
SPRI (Africa segment)	2,480	3,798
Constructora Gran Canal (Latin America segment)	2,093	1,696
Others	4,311	3,584
	<b>103,908</b>	<b>90,416</b>

At 31 December 2019 and 2018, the book value of the main financial investments in associated companies can be detailed as follows:

2019	Associates equity <sup>(1)</sup>	% held	Goodwill	Loans equivalent to net investment	Book value
Concessionária Autopista Cardel Poza Rica (Latin America segment)	(5,741)	29%	-	35,649	29,908
Autopista Urbana Siervo de la Nación (Latin America segment)	(239)	17%	-	27,876	27,638
Concessionária Autopista Tuxpan-Tampico (Latin America segment)	(3,508)	26%	-	28,555	25,046

<sup>(1)</sup> excluding supplementary capital and capital calls and considering the percentage of detention held by the Group

2018	Associates equity <sup>(1)</sup>	% held	Goodwill	Loans equivalent to net investment	Book value
Concessionária 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
Concessionária Autopista Tuxpan-Tampico (Latin America segment)	(320)	26%	-	21,821	21,502

<sup>(1)</sup> excluding supplementary capital and capital calls and considering the percentage of detention held by the Group

In the years ended 31 December 2019 and 2018, the movement occurred in financial investments in associated companies was as follows:

2019	Opening balance	Effect on profit and loss	Effect on reserves <sup>(1)</sup>	Transfers and changes in the perimeter	Other increases and decreases	Closing balance
Concessionária Autopista Cardel Poza Rica (Latin America segment)	26,867	(4,146)	471	-	6,716	29,908
Autopista Urbana Siervo de la Nación (Latin America segment)	25,347	234	1,462	-	595	27,638
Concessionária Autopista Tuxpan-Tampico (Latin America segment)	21,502	(2,669)	789	-	5,425	25,046
Estradas do Zambeze and associated company (Africa segment)	4,721	881	(46)	-	-	5,556
APP Tamaulipas SAPI (Latin America segment)	-	601	11	(1,647)	5,077	4,042
Associated companies of Suma Group (Europe - Environment and Services segment)	2,902	107	(175)	-	-	2,834
SPRI (Africa segment)	3,798	1	(1,319)	-	-	2,480
Constructora Gran Canal (Latin America segment)	1,696	241	156	-	-	2,093
Others	3,584	(3,982)	8,339	(3,624)	(6)	4,311
	<b>90,416</b>	<b>(8,732)</b>	<b>9,688</b>	<b>(5,271)</b>	<b>17,807</b>	<b>103,908</b>

<sup>(1)</sup> Includes essentially exchange differences and changes in the fair value of derivative financial instruments.

2018	Opening balance	Effect on profit and loss	Effect on reserves <sup>(1)</sup>	Transfers and changes in the perimeter	Other increases and decreases	Closing balance
Concessionária Autopista Cardel Poza Rica (Latin America segment)	22,103	(171)	1,157	-	3,778	26,867
Autopista Urbana Siervo de la Nación (Latin America segment)	23,772	(92)	1,598	-	69	25,347
Concessionária Autopista Tuxpan-Tampico (Latin America segment)	15,825	(257)	874	-	5,060	21,502
Estradas do Zambeze and associated company (Africa segment)	4,326	511	(116)	-	-	4,721
SPRI (Africa segment)	7,320	(56)	(3,466)	-	-	3,798
Associated companies of Suma Group (Europe - Environment and Services segment)	2,902	91	(91)	-	-	2,902
Constructora Gran Canal (Latin America segment)	899	758	39	-	-	1,696
Others	3,939	1,100	(512)	81	(1,025)	3,584
	<b>81,086</b>	<b>1,884</b>	<b>(517)</b>	<b>81</b>	<b>7,882</b>	<b>90,416</b>

<sup>(1)</sup> Includes essentially exchange differences and changes in the fair value of derivative financial instruments.

In the years ended 31 December 2019 and 2018, the main movements occurred under the caption "Other increases and decreases" were due, essentially, to the increases of share capital and supplementary capital performed in the Mexican motorways concessionaires (AUTOPISTA URBANA SIERVO DE LA NACION, CONCESSIONÁRIA AUTOPISTA CARDEL POZA RICA and CONCESSIONARIA AUTOPISTA TUXPAN-TAMPICO) and in APP TAMAULIPAS SAPI (in 2019).

At 31 December 2019 and 2018, the summarised information regarding the main financial investments in associated companies, extracted from their individual financial statements, can be analysed as follows:

2019	% held	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Equity	Sales and services rendered	Net profit
Concessionária Autopista Cardel Poza Rica (Latin America segment)	29%	304,608	37,573	16,955	267,697	57,529	46,387	(3,533)
Autopista Urbana Siervo de la Nación (Latin America segment)	17%	426,541	36,998	50,992	354,184	58,363	86,585	579
Concessionária Autopista Tuxpan-Tampico (Latin America segment)	26%	295,369	31,780	6,089	275,898	45,163	53,686	(3,414)

2018	% held	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Equity	Sales and services rendered	Net profit
Concessionária Autopista Cardel Poza Rica (Latin America segment)	29%	245,976	42,641	9,880	226,960	51,778	100,814	(595)
Autopista Urbana Siervo de la Nación (Latin America segment)	17%	318,938	45,078	62,066	257,883	44,066	171,297	(524)
Concessionária Autopista Tuxpan-Tampico (Latin America segment)	26%	213,496	56,582	14,695	222,273	33,110	109,400	(994)

In the year ended 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 net book value on that date plus a variable amount determined 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 assets 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, at 31 December 2019 and 2018, the GROUP recorded under the caption “Advances on sales”, circa of 45,500 thousand Euros and 36,000 thousand Euros, respectively, received from the potential buyer associated with the transactions above referred (Note 33).

At 31 December 2019 and 2018, 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:

2019	Country	% held	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Equity	Sales and services rendered	Net profit
MOTA-ENGL/ACCIONA/ EDIVISA - OBRAS DO APROVEITAMENTO HIDROELÉCTRICO DE ALTO TÁMEGA, A.C.E.	Portugal	43%	-	4,703	-	5,830	(1,127)	18,113	(1,625)
MESSEF, ACE	Portugal	38%	-	1,852	-	1,852	-	11,516	-
APROVEITAMENTO HIDROELÉCTRICO DE FOZ TUA	Portugal	33%	-	5,475	2,637	559	2,280	3,465	2,280
PINHAL, ACE	Portugal	54%	-	2,691	454	1,960	278	618	(193)
VENDA NOVA III, ACE	Portugal	28%	-	2,129	1,510	219	400	3	2
VRICLEL, ACE	Portugal	36%	-	2,410	1,352	691	367	-	367

2018	Country	% held	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity	Sales and services rendered	Net profit
MOTA-ENGL/ACCIONA/ EDIVISA-OBRAS APROVEIT. HIDROEL. ALTO TÁMEGA, ACE	Portugal	43%	9,000	12,755	356	20,901	498	22,599	498
APROVEITAMENTO HIDROELÉCTRICO DE FOZ TUA	Portugal	33%	-	3,887	1,763	2,041	83	7,516	-
PINHAL, ACE	Portugal	54%	-	4,517	1,281	2,765	470	1,382	224
VRICLEL, ACE	Portugal	36%	-	2,899	652	2,139	68	208	68
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	24

The list of ACE's in which the GROUP holds financial interests is exhibited in Appendix A to these Notes.

## 19. Financial investments in jointly controlled companies

At 31 December 2019 and 2018, the breakdown of the financial investments in jointly controlled companies was as follows:

	2019	2018 restated
Sistemas Electricos Metropolitanos (Latin America segment)	14,349	9,005
HL - Sociedade Gestora do Edifício (Others, eliminations and intragroup segment)	2,597	2,675
GISA (Latin America segment)	1,077	999
Manvia II Condutas (Others, eliminations and intragroup segment)	1,143	1,143
Automatriz (Africa segment)	703	676
Others	105	482
	<b>19,902</b>	<b>14,981</b>

In the years ended at 31 December 2019 and 2018, the movement occurred in financial investments in jointly controlled companies was as follows:

2019	Opening balance restated	Effect on profit and loss	Effect on reserves <sup>(1)</sup>	Transfers and changes in the perimeter	Other increases and decreases	Closing balance
Sistemas Electricos Metropolitanos (Latin America segment)	9,005	4,866	477	-	-	14,349
HL - Sociedade Gestora do Edifício (Others, eliminations and intragroup segment)	2,675	775	(854)	-	-	2,597
GISA (Latin America segment)	999	51	27	-	-	1,077
Manvia II Condutas (Others, eliminations and intragroup segment)	1,143	162	(67)	(165)	-	1,072
Automatriz (Africa segment)	676	106	(261)	-	182	703
Others	482	(251)	82	(209)	-	105
	<b>14,981</b>	<b>5,710</b>	<b>(596)</b>	<b>(374)</b>	<b>182</b>	<b>19,902</b>

<sup>(1)</sup> Includes essentially exchange differences and changes in the fair value of derivative financial instruments.

2018	Opening balance	Effect on profit and loss	Effect on reserves <sup>(1)</sup>	Transfers and changes in the perimeter	Other increases and decreases	Closing balance
HL - Sociedade Gestora do Edifício (Others, eliminations and intragroup segment)	1,706	816	152	-	-	2,675
Manvia II Condutas (Others, eliminations and intragroup segment)	970	156	16	-	-	1,143
GISA (Latin America segment)	897	(75)	200	(22)	-	999
Automatriz (Africa segment)	3,675	(451)	(1,170)	-	(1,379)	676
Others	591	6,022	(4)	2,863	15	9,488
	<b>7,840</b>	<b>6,469</b>	<b>(806)</b>	<b>2,841</b>	<b>(1,363)</b>	<b>14,981</b>

<sup>(1)</sup> Includes essentially exchange differences and changes in the fair value of derivative financial instruments.

At 31 December 2019 and 2018, the summarised information regarding the main financial investments in jointly controlled companies, extracted from their individual financial statements, can be analysed as follows:

2019	% held	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Equity	Sales and services rendered	Net profit
Sistemas Eléctricos Metropolitanos (Latin America segment)	26%	53,119	19,609	4,498	45,298	22,932	88,637	9,733
HL - Sociedade Gestora do Edifício (Others, eliminations and intragroup segment)	50%	4,405	84,499	64,856	18,853	5,194	3,711	1,551
GISA (Latin America segment)	25%	4,045	2,936	-	2,727	4,255	6,255	208
Manvía II Conduitas (Others, eliminations and intragroup segment)	45%	858	6,927	53	5,410	2,321	6,846	359
Automatiz (Africa segment)	26%	693	6,609	43	6,132	1,126	5,257	415

2018	% held	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Equity	Sales and services rendered	Net profit
HL - Sociedade Gestora do Edifício (Others, eliminations and intragroup segment)	50%	3,866	85,833	67,673	16,676	5,351	2,958	1,633
Manvía II Conduitas (Others, eliminations and intragroup segment)	45%	714	6,284	568	4,313	2,116	5,356	347
GISA (Latin America segment)	26%	3,689	1,393	331	778	3,973	4,858	(285)
Automatiz (Africa segment)	25%	1,212	8,644	67	8,540	1,250	8,685	(1,767)

On the other hand, in the years ended 31 December 2019 and 2018, the GROUP developed several joint operations with partners, namely through consortiums (Note 1.3. d), which are listed in Appendix A to these Notes.

At 31 December 2019 and 2018, the summarised information regarding the main joint operations carried out by the GROUP, integrated in the attached consolidated financial statements in the proportion of assets, liabilities, expenses and income that are contractually attributable to the GROUP, extracted from their individual financial statements, was as follows:

2019	Country	% held	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Equity	Sales and services rendered	Net profit
CCPSM-Consortium Constructor Del Puert o de San Martin	Peru	33%	3,011	20,308	-	20,995	2,324	78,631	8,368
Consortium Puentes de Loreto	Peru	34%	2,173	21,304	1,362	18,533	3,582	34,512	4,214
Consortium Vial Vizcachane	Peru	50%	272	3,721	230	2,092	1,670	6,380	1,866
Consortium Conservacion Vial Santa Rosa	Peru	50%	329	5,901	11	1,875	4,344	4,681	1,564
Consortium Mota-Engil Dominicana SAS/IEMCA	Dominican Republic	42%	1	4,342	-	3,771	572	3,711	314

2018	Country	% held	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity	Sales and services rendered	Net profit
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 Vial Tambillo	Peru	50%	19	4,547	179	5,557	829	5,146	694
Consortium Conservacion Vial Santa Rosa	Peru	50%	734	5,145	32	2,927	2,919	2,285	(650)

## 20. Other financial investments

At 31 December 2019 and 2018, the breakdown of other financial investments was as follows:

	2019	2018
<b>Other financial investments recorded at amortised cost</b>		
<b>Non-current</b>		
Angolan sovereign bonds	201,118	144,963
Ivory Coast sovereign bonds	10,960	-
	<b>212,078</b>	<b>144,963</b>
<b>Current</b>		
Angolan sovereign bonds	8,741	7,071
Ivory Coast sovereign bonds	1,827	-
Malawi sovereign bonds	-	14,328
	<b>10,568</b>	<b>21,399</b>
	<b>222,646</b>	<b>166,363</b>
<b>Other financial investments recorded at fair value through other comprehensive income</b>		
BAI-Banco Angolano de Investimentos	40,776	46,976
STI	5,144	4,140
Auto - Sueco Angola	2,724	2,724
Concessionária Alternativa Vialles	1,480	-
Rutas Del Este	-	1,546
Others	3,964	3,838
	<b>54,088</b>	<b>59,224</b>

### Other financial investments recorded at amortised cost

The Angolan sovereign bonds, held under a business model whose purpose is the detention of the financial assets in order to collect its contractual cash flows, are not traded in an active market and at 31 December 2019 and 2018 they exhibited the following characteristics:

2019	Amount (Nominal value)	Interest rate	Maturity			
			1 year	1 - 3 years	3 - 5 years	> 5 years
Angolan sovereign bonds in Kwanzas	59,930	12% - 16.5%	2,353	42,497	15,080	-
Angolan sovereign bonds in Kwanzas linked to USD	88,347	5%	6,387	12,888	69,071	-
Angolan sovereign bonds in USD	74,589	5%	-	-	74,589	-
	<b>222,866</b>		<b>8,741</b>	<b>55,386</b>	<b>158,740</b>	<b>-</b>
Difference between nominal value and amortised cost	<b>(13,007)</b>					
Carrying amount	<b>209,859</b>					

2018	Amount (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 Kwanzas linked to USD will be performed in that currency but linked to the USD exchange rate in force on the settlement date.

Moreover, at 31 December 2019 and 2018, a portion of the aforementioned bonds, in an amount of circa of 43,000 thousand Euros and of 100,000 thousand Euros, respectively, were used as collaterals to bank loans obtained in Angola.

At 31 December 2019, the Ivory Coast sovereign bonds were not traded in an active market but on the date of approval of these consolidated financial statements they have been fully disposed by its nominal value.

At 31 December 2018, the Malawi sovereign bonds were not traded in an active market but on the date of approval of the respective consolidated financial statements its majority has been disposed.

#### *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.. At 31 December 2019, the GROUP determined the fair value of that financial investment through market transaction multiples collected in the last three years in Angola and in the African continent (*Price-to-Book Value* and *Price to Earnings*), using a sample of 15 transactions occurred in markets with foreign capital flow restrictions (16 in 2018). 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 years 2019 and 2018, reduced the fair value of that financial investment in approximately 6,200 thousand Euros and 10,000 thousand Euros, respectively. This asset has been given in guarantee in a bank loan.

At 31 December 2019, if the average Price-to-Book Value and Price to Earnings were higher or lower in 10%, the fair value of the financial investment in BAI would increase or decrease by 4,080 thousand Euros, respectively.

At 31 December 2018, if the average of Price-to-Book Value and Price to Earnings were higher or lower in 10%, the fair value of the financial investment in BAI would increase or decrease in 4,680 thousand Euros and 4,690 thousand Euros, respectively.

At 31 December 2019 and 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 authorization from Banco Nacional de Angola to be accomplished.

Furthermore, for the remaining financial assets included in this caption (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 at 31 December 2019 and 2018.

In the years ended 31 December 2019 and 2018 the movement occurred in other financial investments was as follows:

	2019	
	At amortised cost	At fair value
Balance at 1 January 2019	166,363	59,224
Increases	74,197	2,616
Reimbursements	(21,399)	-
Changes in fair value	-	(6,200)
Disposals (Rutas Del Este)	-	(1,546)
Other changes and exchange differences	3,485	(6)
	<u>222,646</u>	<u>54,088</u>

	2018	
	At amortised cost	At fair value
Balance at 1 January 2018	154,954	68,916
Increases	14,328	2,609
Reimbursements	(975)	-
Changes in fair value	-	(10,280)
Liquidations (Ecodetra)	-	(1,153)
Other changes and exchange differences	(1,944)	(868)
	<u>166,363</u>	<u>59,224</u>

In the year ended 31 December 2019, the GROUP received circa of 68,000 thousand Euros of sovereign bonds of Angola and Ivory Coast in order to settle some accounts receivable that it held with public entities in those countries.

## 21. Investment properties

The information regarding the GROUP's investment properties at 31 December 2019 and 2018 can be analysed as follows:

	2019	2018
Europe - Engineering and Construction	42,542	61,331
Europe - Environment and Services	3,710	2,815
Africa	31,616	29,498
Latin America	83,886	40,040
	<b>161,753</b>	<b>133,685</b>

In the years ended 31 December 2019 and 2018 the movement occurred in investment properties can be analysed as follows:

	2019	2018
Opening balance	133,685	76,676
Increases	1,680	7,000
Changes in fair value (Note 6)	50,056	20,553
Disposals	-	(13)
Exchange differences	(10,475)	587
Transfers and other movements	(13,193)	28,882
	<b>161,753</b>	<b>133,685</b>

The changes in fair value occurred in the years ended 31 December 2019 and 2018 were justified, essentially, by the appreciation of three plots of land in Mexico and one land in Angola.

The exchange differences occurred in the year ended 31 December 2019 arise, essentially, from the land held by the GROUP in Angola.

The transfers and other movements occurred in the year ended 31 December 2019 were justified, essentially, from the classification of the affiliate MERCADO URBANO (and its assets and liabilities) as a non-current asset held for sale (Note 28).

In the year ended 31 December 2018, the GROUP transferred a real estate property located in Angola in an amount of, approximately, 26,000 thousand Euros from the caption "Merchandise" to the caption "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 (situations in which they are classified as tangible assets), or for sale during the ordinary course of business (situations 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 and specialized appraisers.

The results generated by investment properties in the years ended 31 December 2019 and 2018 can be analysed as follows:

	2019		
	Assets value	Rental income	Gains / losses due to changes in fair value (Note 6)
<b>In Portugal</b>			
Building in Matosinhos	33,103	1,492	(2,395)
Born Sucesso Market	-	1,126	(1,842)
Mota Galiza	8,674	351	-
Others	4,474	6	-
	<b>46,251</b>	<b>2,975</b>	<b>(4,237)</b>
<b>Outside Portugal</b>			
Lands in México	62,843	-	39,221
Property in Luanda	29,088	-	14,447
Land in Peru	16,431	-	(633)
Others	7,140	-	1,258
	<b>115,501</b>	<b>-</b>	<b>54,292</b>
<b>Total</b>	<b>161,753</b>	<b>2,975</b>	<b>50,056</b>



	2018		
	Assets value	Rental income	Gains / losses due to changes in fair value (Note 6)
<b>In Portugal</b>			
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
	<b>64,147</b>	<b>3,149</b>	<b>6,226</b>
<b>Outside Portugal</b>			
Lands in México	26,970	-	-
Property in Luanda	18,420	-	15,139
Land in Peru	16,740	-	(813)
Others	7,408	-	-
	<b>69,538</b>	<b>-</b>	<b>14,326</b>
<b>Total</b>	<b>133,685</b>	<b>3,149</b>	<b>20,553</b>

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 the value of transactions 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 real estate properties were carried out by independent and specialised entities that, as regards real estate 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;
- Cost of sale 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 2019 and 2018 to the main investment properties held by the GROUP can be summarised as follows:

2019					Key assumptions			
Property	Company	Valuation method	Valuation	Sale price per square meter	Rent per square meter / month	Construction cost per square meter	Discount rate	
Building in Matosinhos	MERE	Discounted cash flows	33,103	1,683.76 €	n.a.	473.35 €	9.4%	
Mota Galiza	MERE	Income method	8,674	n.a.	4.17 €	n.a.	7.5%	
Land in Peru	Promotora e Imobiliária Santa Clara	Market method	16,431	155.66 €	n.a.	n.a.	n.a.	
Land in Luanda	MEA	Market method	29,088	212.57 €	n.a.	n.a.	n.a.	
Lands in Mexico - Plot I	ME Turismo	Discounted cash flows	20,062	7,667.37 €	n.a.	4,366.33 €	16.2%	
Lands in Mexico - Plot II	ME Turismo	Market method	20,563	334.90 €	n.a.	n.a.	n.a.	

2018					Key assumptions			
Property	Company	Valuation method	Valuation	Sale price per square meter	Rent per square meter / 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%		
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	215.37 €	n.a.	n.a.		
Lands in Mexico - Plot III	ME Turismo	Market method	18,420	300.00 €	n.a.	n.a.		

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, the construction cost per square meter and the rents per square meter was as follows (impact on the fair value of the real estate properties):

2019	Property	Company	Valuation method	Sensitivity to key assumptions									
				Discount rate		Sale price per square meter		Construction cost per square meter		Rent per square meter / month			
				0.5%	-0.5%	5.0%	-5.0%	5.0%	-5.0%	5.0%	-5.0%		
Building in Matosinhos	MERE	Discounted cash flows	(1,894)	2,000	n.a.	8,757	n.a.	(8,757)	n.a.	6,996	n.a.	n.a.	n.a.
Mota Galiza	MERE	Income method	(559)	645	n.a.	n.a.	n.a.	n.a.	(6,996)	n.a.	6,996	n.a.	433 (433)
Land in Peru	Promotora e inmobiliaria Santa Clara	Market method	n.a.	n.a.	n.a.	822	n.a.	(822)	n.a.	n.a.	n.a.	n.a.	n.a.
Land in Luanda	MEA	Market method	n.a.	n.a.	n.a.	1,454	n.a.	(1,454)	n.a.	n.a.	n.a.	n.a.	n.a.
Lands in Mexico - Plot I	ME Turismo	Discounted cash flows	(1,818)	1,894	n.a.	7,020	n.a.	(7,020)	n.a.	(4,934)	n.a.	4,934	n.a.
Lands in Mexico - Plot II	ME Turismo	Market method	n.a.	n.a.	n.a.	1,028	n.a.	(1,028)	n.a.	n.a.	n.a.	n.a.	n.a.

2018	Property	Company	Valuation method	Sensitivity to key assumptions									
				Discount rate		Sale price per square meter		Construction cost per square meter		Rent per square meter / month			
				0.5%	-0.5%	5.0%	-5.0%	5.0%	-5.0%	5.0%	-5.0%		
Building in Matosinhos	MERE	Income method	(2,207)	2,552	n.a.	n.a.	n.a.	n.a.	n.a.	1,642	n.a.	(1,642)	(1,642)
Mota Galiza	MERE	Income method	(568)	657	n.a.	n.a.	n.a.	n.a.	n.a.	428	n.a.	428	(428)
Land in Peru	Promotora e inmobiliaria Santa Clara	Market method	n.a.	n.a.	n.a.	837	n.a.	(837)	n.a.	n.a.	n.a.	n.a.	n.a.
Bom Sucesso Market	Mercado Urbano	Income method	(1,125)	1,305	n.a.	n.a.	n.a.	n.a.	n.a.	816	n.a.	816	(816)
Land in Luanda	MEA	Market method	n.a.	n.a.	n.a.	1,474	n.a.	(1,474)	n.a.	n.a.	n.a.	n.a.	n.a.
Lands in Mexico - Plot III	ME Turismo	Market method	n.a.	n.a.	n.a.	832	n.a.	(832)	n.a.	n.a.	n.a.	n.a.	n.a.

If an increase occurs in the sale price per square meter, in the construction cost per square meter and in the rent per square meter 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 sale price per square meter, in the construction cost per square meter and in the rent per square meter 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 real estate 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 the level 3 of IFRS 13.

## 22. Inventories

The information regarding inventories at 31 December 2019 and 2018 can be analysed as follows:

	2019	2018
<b>Gross amount:</b>		
Raw and subsidiary materials and consumables	120,722	121,236
Products and work in progress	126,286	138,383
Finished goods	13,438	15,124
Merchandise	92,065	84,697
Advances on purchases	9,637	6,318
	<b>362,149</b>	<b>365,758</b>
<b>Inventories adjustments:</b>		
Raw and subsidiary materials and consumables	(3,117)	(4,257)
Products and work in progress	(12,024)	(14,319)
Finished goods	(2,801)	(2,262)
Merchandise	(11,608)	(10,754)
	<b>(29,550)</b>	<b>(31,592)</b>
	<b>332,599</b>	<b>334,167</b>

At 31 December 2019 and 2018, the balance of the caption "Raw and subsidiary materials and consumables" included, essentially, construction materials located in Africa (circa of 85,000 thousand Euros and 87,000 thousand Euros, respectively), in Portugal (circa of 10,000 thousand Euros and 8,000 thousand Euros, respectively) and in Poland (circa of 7,000 thousand Euros and 6,000 thousand Euros, respectively).

At 31 December 2019 and 2018, the balance of the caption "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.

At 31 December 2019 and 2018, the balance of the caption "Finished goods" referred, essentially, to apartments for sale in real estate projects concluded in Portugal and in Angola (only at 31 December 2018).

At 31 December 2019 and 2018, the balance of the caption "Merchandise" referred, essentially, to real estate projects located in Portugal and in Angola (only at 31 December 2018) which aim is their sale.

Lastly, at 31 December 2019 and 2018, the inventories caption included circa of 177,000 thousand Euros and 187,000 thousand Euros, respectively, associated with real estate projects.

In the years ended 31 December 2019 and 2018 the movement occurred in inventories adjustments can be analysed as follows:

	2019	2018
Opening balance	31,592	32,300
Increase (Note 8)	3,644	3,668
Decreases (Note 8)	(1,138)	(7,845)
Utilization	-	(2)
Transfers, exchange differences and changes in the perimeter	(4,548)	3,471
	29,550	31,592

In the year ended 31 December 2018, the decreases occurred in the inventories adjustments were justified, 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 realizable value of the inventories, namely the real estate properties, the valuation methods used were the ones described in Note 16.

At 31 December 2019 and 2018, 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:

2019	Property	Company	Valuation method	Valuation	Key assumptions			
					Construction cost / per square meter	Sale price per square meter	Rent per square meter / month	Discount rate
	Real estate project - Portugal	MERE	Discounted cash-flow method	37,378	826.13 €	2,941.32 €	n.a.	9.7%
	Real estate project - Poland	MECE	Discounted cash-flow method	25,984	846.21 €	1,587.78 €	n.a.	6.4%
	Real estate project - Poland	MECE	Discounted cash-flow method	25,117	954.55 €	2,097.09 €	n.a.	6.5%
	Real estate project - Poland	MECE	Discounted cash-flow method	15,366	n.a.	1,211.94 €	n.a.	6.4%
	Real estate project - Poland	MECE	Discounted cash-flow method	10,652	368.15 €	1,109.81 €	n.a.	6.7%

2018	Property	Company	Valuation method	Valuation	Key assumptions			
					Construction cost / per square meter	Sale price per square meter	Rent per square meter / 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	25,539	464.46 €	974.94 €	n.a.	6.3%
	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	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%

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 (impact on the fair value of the real estate properties):

2019	Property	Company	Valuation method	Sensitivity to key assumptions					
				Discount rate		Construction cost / per square meter		Sale price per square meter / month	
				0.5%	-0.5%	5.0%	-5.0%	5.0%	-5.0%
	Real estate project - Portugal	MERE	Discounted cash-flow method	(1,956)	2,076	(3,569)	3,569	5,499	(5,499)
	Real estate project - Poland	MECE	Discounted cash-flow method	(182)	183	n.a.	n.a.	1,311	(1,311)
	Real estate project - Poland	MECE	Discounted cash-flow method	(75)	75	(124)	124	1,449	(1,449)
	Real estate project - Poland	MECE	Discounted cash-flow method	(26)	26	n.a.	n.a.	778	(778)
	Real estate project - Poland	MECE	Discounted cash-flow method	(404)	408	(841)	841	284	(284)

2018	Property	Company	Valuation method	Sensitivity to key assumptions					
				Discount rate		Construction cost / per square meter		Sale price per square meter / 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	(104)	104	(138)	138	1,376	(1,466)
	Real estate project - Poland	MECE	Discounted cash-flow method	(42)	43	(7)	7	901	(901)
	Real estate project - Poland	MECE	Discounted cash-flow method	(121)	122	(155)	155	992	(992)
	Real estate project - Poland	MECE	Discounted cash-flow method	(164)	165	(457)	845	1,350	(1,350)

## 23. Customers and other debtors

The information regarding customers and other debtors at 31 December 2019 and 2018 can be analysed as follows:

	Non-current		Current	
	2019	2018	2019	2018
<b>Customers, current account</b>				
Gross amount:				
Europe Engineering and Construction	4,801	1,270	182,005	169,554
Europe Environment and Services	428	1,939	90,693	85,722
Africa	2,243	3,330	593,590	539,409
Latin America	46	63	177,145	183,024
Other, eliminations and intragroup	(73)	(1)	(40,556)	(54,344)
	<b>7,447</b>	<b>6,600</b>	<b>1,002,878</b>	<b>923,364</b>
Accumulated impairment losses	(62)	(75)	(181,714)	(187,185)
	<b>7,385</b>	<b>6,526</b>	<b>821,164</b>	<b>736,178</b>
<b>Secured receivables</b>	-	-	15	181
<b>Total customers</b>	<b>7,385</b>	<b>6,526</b>	<b>821,179</b>	<b>736,359</b>
<b>Associates and related companies</b>				
Gross amount	48,627	53,617	6,026	6,162
Accumulated impairment losses	(3,663)	(3,517)	-	-
	<b>44,964</b>	<b>50,101</b>	<b>6,026</b>	<b>6,162</b>
<b>Advances to suppliers</b>	-	-	43,930	54,707
<b>State and other public entities (except Corporate income tax)</b>	6,252	6,187	50,527	15,616
<b>Other</b>				
Gross amount				
Europe Engineering and Construction	4,332	3,988	282,388	289,668
Europe Environment and Services	9	4,263	78,480	74,736
Africa	90,836	177	88,663	197,358
Latin America	48,622	41,403	54,663	51,137
Other, eliminations and intragroup	8,014	26	(321,919)	(388,097)
	<b>151,813</b>	<b>49,857</b>	<b>182,274</b>	<b>224,802</b>
Accumulated impairment losses	(25,982)	(3,211)	(44,476)	(34,794)
	<b>125,831</b>	<b>46,646</b>	<b>137,799</b>	<b>190,008</b>
<b>Other debtors</b>	<b>177,047</b>	<b>102,933</b>	<b>238,283</b>	<b>266,493</b>
<b>Total customers and other debtors</b>	<b>184,433</b>	<b>109,459</b>	<b>1,059,462</b>	<b>1,002,852</b>

At 31 December 2019 and 2018, the balance of the caption "Associated companies and related companies" referred, essentially, to loans granted to the GROUP's associated companies.

At 31 December 2019, the balance of the caption "Other - Gross amount – Africa - Non-current" referred, essentially, to an account receivable from MOTA ENGIL CONSTRUCTION SOUTH AFRICA, which, following its disposal process, saw its reimbursement plan modified (5 equal annual instalments of 17 million euros, from June 2021). Additionally, since that account receivable does not earn interest, the GROUP recorded in the year 2019 an impairment loss of circa of 23,000 thousand Euros to deal with the effect of the time value of money.

At 31 December 2019 and 2018, the balance of the caption "Other - Gross amount - Latin America - Non-current" referred, essentially, to accounts receivable from the LATIN America GROUP partners, which bear interest.

At 31 December 2019 and 2018, the GROUP's exposure to current balances with an aging higher than one year, net of accumulated impairment losses and credit balances maintained with the respective third parties, resulted, essentially, from confirmed debts from public institutions (State and public institutions of Angola, Mozambique and Malawi), customer balances with debt settlement agreements, accounts receivable from GROUP partners, namely from the ones of MOTA-ENGIL ANGOLA and MOTA-ENGIL MEXICO and, guarantees retentions provided to customers.

In the years ended 31 December 2019 and 2018 the movement occurred in impairment losses of customers and other debtors can be analysed as follows:

	2019	2018
<b>Customers and others debtors:</b>		
Opening balance	228,782	238,558
Increases (Note 8)	25,683	24,038
Adoption of IFRS 9	-	34,072
Decreases (Nota 8)	(31,217)	(21,023)
Utilization	(1,260)	38
Transfers, exchange differences and changes in the perimeter	33,909	(46,900)
	<b>255,897</b>	<b>228,782</b>

In the year ended 31 December 2019, the caption "Transfers, exchange differences and changes in the perimeter" included an impairment loss of circa of 23,000 thousands Euros associated with the disposal of MOTA-ENGIL CONSTRUCTION SOUTH AFRICA which has been recorded against the capital loss generated in that transaction.

In the year ended 31 December 2018, the caption "Transfers, exchange differences and changes in the perimeter" was justified, essentially, by the exchange differences generated in its majority by the affiliate companies located in Angola.

Adjustments to accounts receivable due to expected impairment losses are recorded and determined taking in consideration an uncollectability matrix based on the credit history of the debtors of the GROUP over the last five years (four years in 2018), as well as, by the forecasted macroeconomic conditions for the future. Furthermore, adjustments to accounts receivable due to incurred impairment losses have been recorded when there is objective evidence that the GROUP will not collect 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, as well as, its economic-financial condition. 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 term between one and two years to recover the credit) and discount rates between 7% and 8% in the Africa segment (7% and 21% in the year of 2018) and 11.2% in the Latin America segment (7.5% and 9.5% in the year of 2018).

The GROUP determines expected impairment losses for its accounts receivable in accordance with the criteria established in Note 1.4. 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 those assets are recorded in the consolidated statement of financial position is similar to its 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 are charged as defined contractually, pursuant to the law in force and applicable to each situation.

## 24. Contract assets

The information regarding contract assets by operating segment at 31 December 2019 and 2018 can be analysed as follows:

	2019		2018	
	Non-current	Current	Non-current	Current
Europe Engineering and Construction	-	56,573	-	56,996
Europe Environment and Services	-	14,072	-	7,927
Africa	-	191,302	-	234,345
Latin America	-	306,367	-	252,375
Others	-	47	-	64
	-	<b>568,360</b>	-	<b>551,707</b>

The movement occurred in the years ended 31 December 2019 and 2018 in the contract assets and liabilities, excluding the advances component, can be analysed as follows:

<b>Balance at 1 January 2019</b>	<b>468,939</b>
Transfers to customers and other debtors	(408,855)
Increases due to the accomplishment of new performance obligations not yet invoiced	581,630
Changes to the estimates performed in previous years	(52,637)
Exchange differences, changes in the perimeter and others	(45,452)
<b>Balance at 31 December 2019</b>	<b>543,625</b>
Contract assets	568,360
Contract liabilities - Deferred income (Note 34)	(24,736)
	<b>543,625</b>
<b>Balance at 1 January 2018</b>	<b>305,560</b>
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
<b>Balance at 31 December 2018</b>	<b>468,939</b>
Contract assets	551,707
Contract liabilities - Deferred income (Note 34)	(82,769)
	<b>468,939</b>

In the year ended 31 December 2019, the changes to the estimates performed in previous years may be justified, essentially: (i) by the unilateral termination of a contract in Colombia; (ii) by the suspension / postponement of three contracts (two in Brazil and one in Angola) at the request of the respective customers with a negative impact on the total estimated costs to complete them; and (iii) by the delays in the expropriation (of the responsibility of the customer) in two contracts in Mexico, which also lead to a deterioration of the estimated margin.

## 25. Other assets

The information regarding other assets at 31 December 2019 and 2018 can be analysed as follows:

	Non-current		Current	
	2019	2018	2019	2018
<b>Accrued income</b>				
Interest receivable	-	-	5,868	6,616
	-	-	5,868	6,616
<b>Deferred costs</b>				
Insurance	135	298	12,093	9,466
Costs associated with the fulfilment of a contract	-	-	14,101	27,752
Other deferred costs (Others)	5,291	7,538	22,737	21,501
	5,427	7,836	48,931	58,719
	5,427	7,836	54,799	65,335

At 31 December 2019 and 2018, the caption "Costs associated with the fulfilment of a contract" 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's and construction sites.

## 26. Corporate income tax

The information regarding the corporate income tax by operating segment at 31 December 2019 and 2018 can be analysed as follows:

	2019	2018
Europe - Engineering and Construction	1,313	2,451
Europe - Environment and Services	619	1,087
Africa	12,344	12,671
Latin America	19,681	3,820
Others, eliminations and intragroup	1,189	201
	35,146	20,230

## 27. Cash

The information regarding the captions "Cash and cash equivalents with recourse - Demand and Term deposits" at 31 December 2019 and 2018 can be analysed as follows:

	Demand deposits		Term deposits		Total	
	2019	2018	2019	2018	2019	2018
<b>Other treasury applications</b>	525	1,109	-	-	525	1,109
<b>Bank deposits and cash in hand</b>						
Bank deposits	296,895	287,664	98,303	97,449	395,198	385,113
Cash in hand	2,537	2,329	-	-	2,537	2,329
	299,957	291,103	98,303	97,449	398,260	388,552

The information regarding the caption "Cash and cash equivalents without recourse - Demand deposits" at 31 December 2019 and 2018 can be analysed as follows:

	Demand deposits	
	2019	2018
<b>Bank deposits and cash in hand</b>		
Bank deposits	34,572	61,726
Cash in hand	21	23
	34,593	61,749

The amounts of "Cash and cash equivalents without recourse - Demand deposits" are related, essentially, with the EGF SUBGROUP companies.

At 31 December 2019 and 2018, in order to prepare the cash flows statement the caption "Cash and cash equivalents" presented the following breakdown:

	Total	
	2019	2018
With recourse	398,259	388,552
Without recourse	34,593	61,749
Amounts blocked or pledged	(98,303)	(97,449)
	334,550	352,852

At 31 December 2019 and 2018, there were 98,303 thousand Euros and 97,449 thousand Euros, respectively, recorded under the caption of “Cash and cash equivalents” not immediately available since they have been given as a guarantee or since they are blocked pursuant to financing contracts established with third parties.

At 31 December 2019 and 2018, the amounts included under the caption “Cash and cash equivalents” presented the following geographic source:

	2019	2018
Portugal	202,313	201,678
Poland	61,305	46,317
Angola	33,753	42,998
Mexico	27,969	33,994
Brazil	23,685	26,417
Zimbabwe	23,328	8,132
Peru	19,238	14,523
Mozambique	5,555	11,729
Mauritius	4,534	9,867
Ivory Coast	897	14,526
Tanzania	-	26,779
Others	24,872	13,342
	<b>432,853</b>	<b>450,301</b>

Furthermore, regarding Angola, it should be highlighted the existence, at 31 December 2019 and 2018, of loans obtained in local currency of circa of 68,000 thousand Euros and 70,000 thousand Euros, respectively.

## 28. Non-current assets and liabilities held for sale

The information regarding non-current assets and liabilities held for sale at 31 December 2019 and 2018 can be analysed as follows:

	2019	2018
Assets of APP Coatzacoalcos Villahermosa (Latin America segment)	131,347	115,290
Financial investment in Lineas subgroup (Others, eliminations and intragroup segment)	89,396	89,396
Assets of Takargo (Others, eliminations and intragroup segment)	31,092	-
Assets of Mercado Urbano (Others, eliminations and intragroup segment)	14,577	-
Others (Others, eliminations and intragroup segment)	7,995	1,500
<b>Non-current assets held for sale</b>	<b>274,407</b>	<b>206,187</b>

	2019	2018
Liabilities of APP Coatzacoalcos Villahermosa (Latin America segment)	97,964	115,990
Liabilities of Takargo (Others, eliminations and intragroup segment)	23,804	-
Liabilities of Mercado Urbano (Others, eliminations and intragroup segment)	7,832	-
<b>Non-current liabilities held for sale</b>	<b>129,600</b>	<b>115,990</b>

In the last quarter of 2015, the MOTA-ENGIL SGPS Board of Directors decided to dispose the financial investment held in LINEAS. Therefore, in accordance with IFRS 5, the assets and liabilities associated with such affiliate were reclassified to the captions “Non-current assets held for sale” and “Non-current liabilities held for sale”.

Following the aforesaid, and in order to execute the disposal of that financial investment, an agreement was established in February 2016 with Ardian Infrastructure for the disposal of the financial investments held by 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 disposal of the assets directly or indirectly held by LINEAS in the sub concessionaires and operators ASCENDI PINHAL INTERIOR and ASCENDI DOURO INTERIOR, in AUVISA, in VIA VERDE PORTUGAL, in ASCENDI O&M, in ASCENDI IGI and in ASCENDI SERVIÇOS, for a total amount of circa of 600 million Euros, to which 53 million Euros can be added through a floating price mechanism.

The first stage of the agreement was completed by the end of December 2016 through the disposal of ASCENDI PT and of ASCENDI PT II, being complemented in January 2017 with the disposal of VIA VERDE PORTUGAL and with the disposal of 75% of ASCENDI SERVIÇOS.

On the other hand, during the years 2017 and 2018, the disposals of AUVISA, ASCENDI PINHAL INTERIOR, SCUTVIAS and VIALITORAL were concluded.

In the year ended 31 December 2019, against its initial intention, Ardian Infrastructure informed LINEAS about its intention of not acquiring ASCENDI DOURO INTERIOR. Additionally, in February 2020, the sale of 25% of the share capital held in ASCENDI SERVIÇOS was concluded.

Thus, at the present date, the sales of LINEAS, LUSOPONTE, CRT, COPEXA and ASCENDI DOURO INTERIOR have not yet been concluded but the GROUP has already received proposals for their disposal, which are being operationalized / optimized. However, it is the intention of the Board of Directors to conclude the disposal process of LINEAS and its subsidiaries in the short term, always dependent on the authorizations of the Grantors and of the financing entities.

Taking in consideration the proposals received for the disposal of the remaining assets of LINEAS, as well as, its financial debt, the fair value of the financial investment held at that entity, less the estimated costs with its sale, exceeds its carrying amount.

In the years ended 31 December 2019 and 2018, as a result of the application of the equity method has been suspended, the GROUP did not record any results associated with the LINEAS SUBGROUP in those years. At 31 December 2019 and 2018, the breakdown of the non-current assets and liabilities held for sale associated with the LINEAS SUBGROUP was as follows:

	2019	2018
Financial investments in associated companies	89,396	89,396
	<b>89,396</b>	<b>89,396</b>

Furthermore, in the year 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 after the conclusion of that operation will result in the loss of control over that entity.

At 31 December 2019 and 2018, the detail of the non-current assets and liabilities held for sale associated with APP COATZACOALCOS-VILLAHERMOSA was as follows:

	2019	2018
<b>Assets</b>		
<b>Non-current</b>		
Tangible assets	20	24
Customers and other debtors	79,618	69,459
Deferred tax assets	913	177
	<b>80,550</b>	<b>69,661</b>
<b>Current</b>		
Inventories	-	1,355
Customers and other debtors	9,804	6,707
Other current assets	11,894	1,519
Cash and cash equivalents without recourse – Demand deposits	29,099	36,049
	<b>50,797</b>	<b>45,630</b>
<b>Total Assets</b>	<b>131,347</b>	<b>115,290</b>
<b>Liabilities</b>		
<b>Non-current</b>		
Loans without recourse	80,963	82,791
Suppliers and sundry creditors	2,248	8,606
	<b>83,211</b>	<b>91,397</b>
<b>Current</b>		
Loans without recourse	9,251	5,500
Suppliers and sundry creditors	2,595	14,374
Other current liabilities	2,907	4,718
	<b>14,752</b>	<b>24,593</b>
<b>Total Liabilities</b>	<b>97,964</b>	<b>115,990</b>

At last, in the year ended 31 December 2019, the change occurred in the captions of non-current assets / liabilities held for sale was due, essentially, to the decision of the GROUP's Board of Directors to proceed with the disposal of the financial investments held in TAKARGO - TRANSPORTES DE MERCADORIAS, SA (other segment, eliminations and intragroup) and in MERCADO URBANO - GESTÃO IMOBILIÁRIA, SA (other segment, eliminations and intragroup).



At 31 December 2019, the detail of the non-current assets and liabilities held for sale associated with the aforementioned affiliates was as follows:

	Takargo	Mercado Urbano
<b>Assets</b>		
<b>Non-current</b>		
Intangible assets	545	10
Tangible assets	1,215	87
Rights of use assets	24,019	-
Financial investments in associated companies	460	-
Investment properties	-	14,146
Customers and other debtors	21	-
Deferred tax assets	95	-
	<b>26,356</b>	<b>14,243</b>
<b>Current</b>		
Customers and other debtors	3,601	153
Other current assets	697	65
Cash and cash equivalents with recourse – Demand deposits	437	116
	<b>4,735</b>	<b>334</b>
<b>Total Assets</b>	<b>31,092</b>	<b>14,577</b>
<b>Liabilities</b>		
<b>Non-current</b>		
Loans with recourse	-	5,259
Lease liabilities	13,589	-
Suppliers and sundry creditors	459	-
Provisions	1,380	-
Deferred tax liabilities	-	1,693
	<b>15,427</b>	<b>6,952</b>
<b>Current</b>		
Loans with recourse	1,558	543
Lease liabilities	744	-
Suppliers and sundry creditors	5,205	255
Other current liabilities	870	82
	<b>8,377</b>	<b>879</b>
<b>Total Liabilities</b>	<b>23,804</b>	<b>7,832</b>

In February 2020, the disposal of MERCADO URBANO - GESTÃO IMOBILIÁRIA, SA was concluded, which generated a residual result.

## 29. Share capital and reserves

### Share capital

The share capital of MOTA-ENGIL SGPS, at 31 December 2019 and 2018, fully subscribed and paid up, arise to 237,505,141 Euros and was represented by 237,505,141 shares with a nominal value of 1 Euro each.

In the years ended 31 December 2019 and 2018, the GROUP fulfilled the capital requirements set out 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 31 December 2018, following the deliberation of the General Shareholders Meeting 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
	<b>2,451,769</b>	<b>1.81 €</b>	<b>4,444</b>
<b>Closing balance</b>	<b>6,091,581</b>	<b>1.68 €</b>	<b>10,232</b>

In the year ended 31 December 2019, the GROUP did not acquire nor dispose own shares.

### Shares premiums

Shares premiums correspond to premiums arising from the issuance or increases of share capital. Pursuant to the Portuguese commercial legislation, the amounts included under this caption follow the regime established for the “Legal reserves”, that is, the amounts are not distributable, except in the event of liquidation, but they 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 amortized or if the respective revalued assets have been disposed.

### 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 translation 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, if positive, must be assigned to 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 commercial legislation, the amount of distributable reserves is determined in accordance with the standalone financial statements of MOTA-ENGIL SGPS, prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted in the European Union.

### Distributions

As approved in the General Shareholders Meeting held at 23 May 2019, the net profit of the year ended 31 December 2018 have the following application:

Legal reserves	2,567
Other reserves	424,640
Dividends (0,074 euros per share)	17,575

The dividend above referred, excluding the one related to own shares, in the net amount of 17,125 thousand Euros was paid at 7 June 2019.

As approved in the General Shareholders Meeting held at 11 May 2018, the net profit of the year ended at 31 December 2017 was fully transferred to the caption “Retained earnings”.

### Capital management policy

The capital structure of MOTA-ENGIL GROUP, determined by the proportion between its equity and its 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 targets.

At 31 December 2019 and 2018, MOTA-ENGIL GROUP presented an accounting gearing of 27% and 46%, respectively.

Gearing = total equity / net debt, with net debt corresponding to the algebraic sum of the following captions in the consolidated statement of financial position: loans with recourse; loans without recourse; cash and cash equivalents with recourse - term and demand deposits; cash and cash equivalents without recourse - demand deposits and other financial investments recorded at amortised cost.

## Proposal for the application of the net profit of the year

The standalone Management Report presents the following proposal:

“In light of the complex moment we are experiencing, motivated by the pandemic called COVID-19, which has real and not yet fully estimated impacts in terms of value and time in the world economy, the Board of Directors proposes to the General Shareholders Meeting the transfer of the net income of the year, amounting to 1,323,125 euros and 74 cents, to free reserves.

During the current year, and if the economic and financial conditions improve, the Board of Directors may reassess this matter and present to the shareholders a proposal for the distribution of reserves.”

## 30. Loans

The amounts regarding loans with recourse at 31 December 2019 and 2018 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
<b>2019</b>						
<b>Non-convertible bond loans</b>	<b>61,059</b>	21,737	331,575	-	<b>353,312</b>	414,371
<b>Amounts owe to credit institutions:</b>						
Bank loans	560,606	176,790	273,234	10,924	460,948	1,021,554
Overdraft facilities	55,075	-	-	-	-	55,075
Revolving facilities	64,616	-	-	-	-	64,616
<b>Other loans obtained:</b>						
Commercial paper issues	99,990	24,500	28,000	-	52,500	152,490
Others	246	-	-	-	-	246
	<b>841,592</b>	<b>223,027</b>	<b>632,809</b>	<b>10,924</b>	<b>866,760</b>	<b>1,708,352</b>
<b>2018</b>						
<b>Non-convertible bond loans</b>	<b>95,643</b>	75,113	198,824	-	<b>273,937</b>	369,580
<b>Amounts owe to credit institutions:</b>						
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
<b>Other loans obtained:</b>						
Commercial paper issues	152,758	7,500	35,250	-	42,750	195,508
Others	2,281	164	82	-	247	2,528
	<b>731,663</b>	<b>251,386</b>	<b>419,189</b>	<b>27,189</b>	<b>697,765</b>	<b>1,429,428</b>

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.

At 31 December 2019 and 2018, there were financing operations with commitments of maintenance of some covenants related with 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.

At 31 December 2019, as a result of the non-compliance by MOTA-ENGIL SGPS of some of the covenants established in the financing contracts that it entered into and since the respective creditors may request their early repayment, circa of 165,000 thousands of Euros of non-current loans were reclassified to current loans.

At 31 December 2018, according to the available information, except for a loan of circa of 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 at 31 December 2019 and 2018 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
<b>2019</b>						
<b>Amounts owed to credit institutions:</b>						
Bank loans	27,596	13,228	71,079	14,929	99,236	126,833
Overdraft facilities	2,039	-	-	-	-	2,039
Revolving facilities	18,013	-	-	-	-	18,013
<b>Other loans obtained:</b>						
Commercial paper issues	2,500	2,500	7,500	1,189	11,189	13,689
	<b>50,148</b>	<b>15,728</b>	<b>78,579</b>	<b>16,118</b>	<b>110,425</b>	<b>160,573</b>
<b>2018</b>						
<b>Non-convertible bonds</b>						
Amounts owed to credit institutions:	26,723	23,043	30,602	41,185	94,830	121,552
Revolving facilities	4,651	-	-	-	-	4,651
<b>Other loans obtained:</b>						
Commercial paper issues	2,500	2,500	7,425	3,750	13,675	16,175
	<b>33,874</b>	<b>25,543</b>	<b>38,027</b>	<b>44,935</b>	<b>108,505</b>	<b>142,379</b>

At 31 December 2019 and 2018, the amounts of loans without recourse were associated to the companies of the EGF SUBGROUP and to the company used to finance its acquisition (SUMA TRATAMIENTO).

Additionally, at 31 December 2019 and 2018, the average maturity of the loans (with and without recourse) was 2.5 and 2.3 years, respectively.

At 31 December 2019 and 2018, the movement occurred in loans was as follows:

2019	Non-convertible bond loans	Bank loans	Overdrafts facilities	Revolving facilities	Commercial paper issues	Other	Total
Opening balance	369,580	796,171	78,600	113,244	211,683	2,528	1,571,806
<b>Transactions with impact in cash-flow:</b>							
Loans receipts	166,918	798,894	31,363	355,740	386,666	101	1,739,682
Amortizations and repayments of loans	(119,961)	(445,567)	(53,149)	(376,915)	(432,158)	(2,383)	(1,430,133)
	46,957	353,327	(21,786)	(21,174)	(45,492)	(2,282)	309,550
<b>Transactions with no impact in cash-flow:</b>							
Exchange differences	-	(15,325)	299	(6,556)	-	-	(21,582)
Merges	-	(43)	-	-	-	-	(43)
Recognition of amortized cost	(2,167)	(4,356)	-	-	(12)	-	(6,535)
Changes in the perimeter and transfers	-	18,614	-	(2,885)	-	-	15,729
Closing balance	414,371	1,148,387	57,114	82,629	166,179	246	1,868,924

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
<b>Transactions with impact in cash-flow:</b>							
Loans receipts	174,726	578,901	25,829	378,171	434,931	1,700	1,594,259
Amortizations 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
<b>Transactions with no impact in cash-flow:</b>							
Exchange differences	-	(14,375)	(1,743)	(23,471)	-	(20)	(39,608)
Merges	-	(177)	-	-	-	-	(177)
Recognition of amortized cost	(2,433)	(5,715)	-	-	4	-	(8,144)
Changes in the perimeter and transfers	(81,699)	(3,065)	-	-	-	-	(84,765)
Closing balance	369,580	796,171	78,600	113,244	211,683	2,528	1,571,806

At 31 December 2019 and 2018, the main bonds and commercial paper programmes issued by the GROUP in force on those dates were as follows:

2019						
Type of issue / Issuer	Date of issue	Date of reimbursement	Indexation	Reimbursement conditions	Current nominal amount	Maturity
<b>Bond loans:</b>						
Mota-Engil SGPS	Oct-19	Oct-24	Fixed rate 4.8%	i)	168,000	
Mota-Engil SGPS	Nov-18	Nov-22	Fixed rate 4.5%	ii)	110,000	
Mota-Engil SGPS	Jan-18	Jan-23	Fixed rate 4%	ii)	60,510	
Mota-Engil SGPS	Jul-15	Feb-20	Fixed rate 3.90%	ii)	55,097	
Mota-Engil Engenharia e Construção África	Dec-17	Dec-23	Euribor 6M + 5%	iii)	26,667	
Mota-Engil SGPS	Jun-18	Jun-21	Euribor 3M + 3.5%	ii)	12,570	
Mota-Engil Latin America BV	Dec-17	Dec-23	Euribor 6M + 5%	iv)	10,000	
<b>Commercial paper programmes:</b>						
Mota-Engil SGPS	Jun-19	Dec-20	Rate determined by agreement between the issuer and the placement entities		30,945	3 to 397 days
Mota-Engil Europa	Dec-15	Jun-22	Euribor of the period + 4.70%		25,000	Direct placement: from 7 days to 6 months
Mota-Engil SGPS	Aug-19	Feb-20	Euribor of the period + 2.75%		14,928	7 to 181 days
Resinorte	Aug-16	Feb-25	Euribor 6M + 3%		13,689	104 months
Mota-Engil SGPS	Oct-17	Oct-22	Euribor 3M + 4%		11,136	90 days
Mota-Engil SGPS	May-19	May-23	Euribor 6M + 2.25%		8,750	7 days to 6 months
Mota-Engil SGPS	Feb-18	Jan-20	Euribor of the period + 3%		5,000	7 to 365 days
Mota-Engil Europa	Dec-18	Nov-21	Euribor of the period +1.5%		5,000	Direct placement: from 7 days to 6 months
Suma	Oct-19	Apr-20	Euribor 12M + 3.5%		5,000	6 months
Suma	Dec-18	Dec-21	Euribor 12M + 1.5%		10,000	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
Mota-Engil Engenharia e Construção	May-19	May-23	Euribor of the period + 2.25%		4,375	Direct placement: from 7 days to 6 months

i) Half-yearly interest with repayment in two installments, 50% in 30/10/23 and 50% in 30/10/24;

ii) Half-yearly interest with a single repayment upon the term of the contract;

iii) Interest and repayment in 10 half-yearly instalments;

iv) Interest and repayment in 12 half-yearly instalments.

2018						
Type of issue / Issuer	Date of issue	Date of reimbursement	Indexation	Reimbursement conditions	Current nominal amount	Maturity
<b>Bond loans:</b>						
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	Fixed rate 4.75%	ii)	32,000	
Mota-Engil SGPS	Jan-18	Jan-23	Fixed rate 4%	ii)	60,510	
Mota-Engil Latin America BV	Dec-17	Dec-23	Euribor 6M + 5%	iii)	12,500	
<b>Commercial paper programmes:</b>						
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	Jan-16	Apr-19	Euribor 12M + 3.5%		5,000	39 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 term of the loan;  
 iii) Interest and repayment in 6 half-yearly instalments.

At 31 December 2019 and 2018, the loans obtained through other financing contracts higher than 10,000 thousand Euros can be analysed as follows:

2019		
Issuer	Type of loan	Amount in debt
<b>Other operations:</b>		
Mota-Engil, SGPS	Medium and long term loan	218,159
Mota-Engil Engenharia e Construção	Medium and long term loan	66,400
Mota-Engil Europa	Medium and long term loan	25,000
Mota-Engil Real Estate Portugal	Medium and long term loan	17,000
Mota-Engil Angola	Medium and long term loan	22,087
Mota-Engil Engenharia e Construção África	Medium and long term loan	208,027
Mota-Engil Engenharia e Construção África	Short term loan	15,970
Generadora Fenix	Medium and long term loan	20,538
Mota-Engil Peru	Medium and long term loan	19,583
Suma Tratamento	Medium and long term loan	51,918
Mota-Engil México	Medium and long term loan	15,000
Kilinskięo Property Investment	Medium and long term loan	15,329
Project Development 2	Medium and long term loan	17,068

2018		
Issuer	Type of loan	Amount in debt
<b>Other operations:</b>		
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 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

The amounts included under the caption "Others" 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 a support to investment, which bear no interest, having been measured at fair value on the date of initial recognition with the differential to the amount received treated as a subsidy.

## 31. Other financial liabilities

The information regarding the other financial liabilities at 31 December 2019 and 2018 can be analysed as follows:

	Non-current		Current	
	2019	2018	2019	2018
Leasing	-	203,131	-	62,735
Factoring	-	-	112,481	119,928
Credit sales	-	-	95,674	28,000
	-	<b>203,131</b>	<b>208,156</b>	<b>210,663</b>

At 31 December 2019 and 2018, the caption "Credit sales" corresponds to the counterpart of the collection in cash of some credits whose definitive transfer to the acquirer is solely dependent on the completion of some administrative tasks.

When those tasks be completed, the balance of this caption will be derecognized against an entry in accounts receivable for the same amount.

At 31 December 2019 and 2018, the movement occurred in the other financial liabilities was as follows:

2019	Factoring	Credit sales	Total
Opening balance	<b>119,928</b>	<b>28,000</b>	<b>147,927</b>
<b>Transactions with impact in cash:</b>			
Loans receipts	40,704	95,674	136,378
Amortization and reimbursement of loans	(50,454)	(28,000)	(78,454)
	<b>(9,750)</b>	<b>67,674</b>	<b>57,924</b>
<b>Transactions without impact in cash:</b>			
Exchange differences	2,304	-	2,304
Closing balance	<b>112,481</b>	<b>95,674</b>	<b>208,156</b>

2018	Leasing	Factoring	Credit sales	Total
Opening balance	<b>165,172</b>	<b>91,276</b>	<b>150,055</b>	<b>406,503</b>
<b>Transactions with impact in cash:</b>				
Loans receipts	153,018	34,255	28,000	215,273
Amortization and reimbursement of loans	(49,275)	(5,603)	(150,055)	(204,933)
	<b>103,742</b>	<b>28,652</b>	<b>(122,055)</b>	<b>10,339</b>
<b>Transactions without impact in cash:</b>				
Exchange differences	(3,048)	-	-	(3,048)
Closing balance	<b>265,866</b>	<b>119,928</b>	<b>28,000</b>	<b>413,794</b>

At 31 December 2018, 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	-
Mota-Engil Central Europe Polónia	1,035	Sundry equipment	6 years	52
Mota-Engil Engenharia e Construção	29,481	Sundry equipment	4 years	589
Mota-Engil Engenharia e Construção	12,357	Sundry equipment	5 years	247
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

At 31 December 2018, the GROUP had responsibilities as lessee, recorded under the caption "Other financial liabilities", regarding rents associated with financial lease contracts with the following maturity periods:

Lease contracts	2018	
	Outstanding rents	Present value of the rents
1 year	65,664	62,735
2 year	50,762	48,596
3 year	47,449	45,947
4 or more years	110,788	108,587
	<b>274,663</b>	<b>265,866</b>
Interest included in the rents	(8,798)	-
<b>Present value of the lease contract rents</b>	<b>265,866</b>	<b>265,866</b>

With effects at 1 January 2019, the above referred balances were reclassified to the caption "Lease liabilities" as a result of the adoption of IFRS 16, as described in Note 1.2.

## 32. Derivative financial instruments

The information regarding the derivative financial instruments entered into by the GROUP at 31 December 2019 and 2018 can be analysed as follows:

Cash-flows hedges							Fair value	
Affiliates	Type	Counterpart	Begin	Notional	Contracted rates	Term	2019	2018
Empresa Construtora Brasil	Currency Swap	Bradesco	Jul-17	830	-	Jul-19	-	180
							-	180
Mota-Engil, SGPS	Swap	JP Morgan	Sep-17	39,375	Swap Euribor 6M for fixed rate -0.02%	Jun-21	(137)	(139)
Mota-Engil, SGPS	Swap	Bank of China	Jun-18	36,674	Swap Euribor 6M for fixed rate -0.40%	Dec-22	4	85
Mota-Engil, SGPS	Swap	JP Morgan	Jun-18	1,778	Swap Euribor 6M for fixed rate -0.02%	Dec-20	(3)	(2)
Mota-Engil, SGPS	Swap	JP Morgan	Jun-18	17,000	Swap Euribor 3M for fixed rate -0.03%	Dec-21	(83)	(54)
Mota-Engil, SGPS	Swap	JP Morgan	Jun-18	6,144	Swap Euribor 12M for fixed rate -0.05%	Jan-20	(0)	(6)
Mota-Engil, SGPS	Swap	JP Morgan	Jun-18	8,800	Swap Euribor 6M for fixed rate -0.01%	Aug-21	(25)	(28)
Mota-Engil, SGPS	Swap	JP Morgan	Jun-18	11,250	Swap Euribor 3M for fixed rate -0.03%	Oct-22	(60)	(41)
Mota-Engil, SGPS	Swap	JP Morgan	Jun-18	6,144	Swap Euribor 12M for fixed rate -0.05%	Jan-20	(1)	(6)
Mota-Engil, SGPS	LimitSwapFloor	SG	Nov-19	105,000	Swap Euribor 6M for fixed rate -0.128%	Aug-24	(80)	-
Mota-Engil Engenharia e Construção África	Hedge	CAIXA BI	Jun-18	13,333	Swap Euribor 6M for fixed rate 0.54%	Dec-23	(163)	(193)
Mota-Engil Latin America BV	Swap	CAIXABI	Mar-18	10,000	Swap Euribor 6M for fixed rate -0.381%	Dec-23	(140)	(128)
ME Peru	Swap	Citibank	Dec-15	4,406	Swap Libor 3M +1.70% for fixed rate 4.35%	Dec-20	(4)	-
ME Peru	Currency Option	Citibank	Aug-16	4,406	Currency swap USD/PEN between [3.413 - 3.80 PEN]	Dec-20	-	-
							(693)	(332)
Total non-current assets							4	85
Total current assets							-	180
Total non-current liabilities							(688)	(597)
Total current liabilities							(9)	-
							<b>(693)</b>	<b>(332)</b>

The determination 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 determines the net present value (NPV). Regarding options, the Black-Scholes model and the volatility data available on Reuters and Bloomberg pages were used.

Following the above referred, 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.

## 33. Suppliers and sundry creditors

The information regarding suppliers and sundry creditors at 31 December 2019 and 2018 can be analysed as follows:

	Non-current		Current	
	2019	2018 restated	2019	2018 restated
<b>Suppliers</b>				
Europe Engineering and Construction	17,616	13,702	191,291	214,500
Europe Environment and Services	60	-	40,632	36,170
Africa	1,037	1,488	297,851	258,402
Latin America	6,935	2,351	171,162	182,956
Others, eliminations and intragroup	(731)	0	(146,355)	(119,217)
	<b>24,918</b>	<b>17,541</b>	<b>554,581</b>	<b>572,811</b>
Suppliers of fixed assets	-	336	51,201	32,641
Associates and other shareholders	23,055	488	12,181	22,374
Advances on sales	0	-	45,477	35,791
State and other public entities (except Corporate income tax)	-	-	85,918	51,607
Other creditors	45,969	41,756	136,474	86,950
	<b>69,024</b>	<b>42,579</b>	<b>331,251</b>	<b>229,362</b>
	<b>93,943</b>	<b>60,121</b>	<b>885,832</b>	<b>802,173</b>

At 31 December 2019 and 2018, the caption "Suppliers" included the amounts of approximately 16,300 thousand Euros and 29,200 thousand Euros, respectively, related to confirming contracts. These amounts concern, essentially, to accounts payables arising from the subcontracting of third parties for the construction contracts awarded to the GROUP.

At 31 December 2019 and 2018, the caption "Others, eliminations and intragroup" included, essentially, balances between the companies from the Africa segment and the ones of the Europe Engineering and Construction segment.

At 31 December 2019 and 2018, the caption "Associates and other shareholders" included, essentially, the balances due to GROUP partners, namely the ones of MOTA-ENGIL ANGOLA, of SUMA SUBGROUP, of EGF SUBGROUP and of MOTA-ENGIL MEXICO (only in 2019).

At 31 December 2019 and 2018, the caption "Advances on sales" included the amounts of circa of 45,500 thousand euros and 36,000 thousand euros, respectively, associated with the future sale of two motorways concessionaires in Mexico (Note 18).

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 similar to its fair value.

## 34. Contract liabilities

The information regarding contract liabilities by operating segment at 31 December 2019 and 2018 can be analysed as follows:

	2019		2018	
	Non-current	Current	Non-current	Current
<b>Advances received from customers:</b>				
Europe - Engineering and Construction	17,894	60,231	10,450	26,132
Europe - Environment and Services	13,016	4,395	19,071	6,612
Africa	13,337	76,256	33,256	94,670
Latin America	-	68,021	-	109,443
	<b>44,247</b>	<b>208,903</b>	<b>62,777</b>	<b>236,858</b>
<b>Deferred income:</b>				
Europe - Engineering and Construction	-	9,638	-	14,991
Africa	-	8,578	-	44,945
Latin America	-	6,172	-	22,833
Others	-	348	-	-
	-	<b>24,736</b>	-	<b>82,769</b>
	<b>44,247</b>	<b>233,639</b>	<b>62,777</b>	<b>319,626</b>

The movement occurred in the year ended 31 December 2019 and 2018 in the advances received from customers can be analysed as follows:

<b>Balance at 1 January 2019</b>	<b>299,635</b>
Revenue recognized in the year associated with liabilities recorded in previous years	(136,637)
Advances received in the year, net of revenue recognized in the same year	89,693
Exchange differences, changes in the perimeter and others	458
<b>Balance at 31 December 2019</b>	<b>253,149</b>



<b>Balance at 1 January 2018</b>	<b>263,490</b>
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)
<b>Balance at 31 December 2018</b>	<b>299,635</b>

## 35. Other liabilities

The information regarding to other non-current liabilities at 31 December 2019 and 2018 can be analysed as follows:

Other non-current liabilities	2019	2018
Investment subsidies	145,890	154,628
Ongoing works not billed by suppliers	4,178	4,118
Others	7,679	9,326
	<b>157,746</b>	<b>168,072</b>

At 31 December 2019 and 2018, the caption "Investment subsidies" referred, essentially, to the companies of EFG SUBGROUP.

The information regarding other current liabilities at 31 December 2019 and 2018 can be analysed as follows:

Other current liabilities	2019	2018
<b>Accrued costs</b>		
Holiday pay and holiday bonus	38,857	37,442
Interest payable	14,654	12,502
Ongoing works in progress not billed by suppliers	402,409	348,698
Other accrued costs	34,607	26,455
	<b>490,527</b>	<b>425,096</b>
<b>Deferred income</b>		
Investment subsidies	20,970	18,749
Other deferred income	19,408	19,049
	<b>40,378</b>	<b>37,798</b>
	<b>530,905</b>	<b>462,894</b>

At 31 December 2019, the caption "Ongoing works in progress not billed by suppliers" presented the following breakdown by business segment (before intragroup eliminations): 202,500 thousand Euros in the Africa segment (198,710 thousand Euros in 2018), 192,500 thousand Euros in the Latin America segment (141,500 thousand Euros in 2018) and 13,900 thousand Euros in the Europe Engineering and Construction segment (51,400 thousand Euros in 2018).

At 31 December 2019 and 2018, the caption "Other deferred income" included the amounts of 4,500 thousand Euros and 9,700 thousand Euros, respectively, related to interest in arrears charged to customers which were deferred until the moment of their receipt and 5,200 thousand Euros and 4,300 thousand Euros, respectively, related to the tariff deviations arising from the companies of the EGF SUBGROUP.

The main information regarding the investment subsidies awarded to the GROUP is as follows:

Beneficiary company	Subsidies recognition			
	Asset value	Deferred income	Revenue recognised in 2019	Revenue recognised in 2018
Correia & Correia	3,158	87	12	12
Enviroil II	4,187	553	37	37
Capsfil	-	-	-	105
Mota-Engil Real Estate Portugal	1,331	671	-	15
Ersuc	161,449	32,377	6,454	6,698
Algar	76,188	10,403	1,162	1,065
Amarsul	67,735	16,602	1,540	1,302
Resiestrela	32,156	10,465	1,122	986
Resinorte	130,510	41,808	3,373	3,113
Resulima	11,317	8,453	166	213
Suldouro	46,430	7,652	765	764
Valnor	47,444	11,565	1,344	1,273
Valorlis	34,739	5,998	604	828
Valorminho	6,007	2,235	132	74
Valorsul	188,675	17,985	4,252	4,561
Vibeiras	35	1	1	2
Triu	1,139	4	13	14
		<b>166,860</b>	<b>20,978</b>	<b>21,061</b>

## 36. Corporate income tax

The information regarding corporate income tax by operating segment at 31 December 2019 and 2018 can be analysed as follows:

	2019	2018
Europe Engineering and Construction	561	1,260
Europe Environment and Services	1,582	598
Africa	5,259	18,092
Latin America	22,611	1,985
Others, eliminations and intragroup	382	(4,719)
	<b>30,395</b>	<b>17,215</b>

## 37. Provisions

The information regarding provisions at 31 December 2019 and 2018 can be analysed as follows:

	2019	2018
<b>Provisions for investments accounted by the equity method</b>	<b>5,688</b>	<b>9,259</b>
	<b>5,688</b>	<b>9,259</b>
<b>Sundry provisions</b>		
Provisions for construction warranties	37,011	42,773
Liabilities arising from defined benefit pension plans (Note 39)	13,796	12,737
Legal proceedings	5,607	6,263
Sealing and monitoring of landfills	6,180	5,147
Other contingencies	38,306	27,819
	<b>100,899</b>	<b>94,739</b>
	<b>106,587</b>	<b>103,998</b>

Provisions for construction warranties arise from the construction contracts carried out by the GROUP and refer, essentially, to MOTA-ENGIL ANGOLA and to MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO.

Provisions for the sealing and monitoring of landfills refer, essentially, to the companies of the SUMA SUBGROUP.

Provisions for other contingencies include the estimated costs with several contingencies of legal, tax-related and judicial nature.

The information regarding the movement occurred in provisions in the years ended 31 December 2019 and 2018 can be analysed as follows:

	2019	2018
<b>Provisions for investments accounted under the equity method</b>		
Opening balance	9,259	6,420
Increases	822	3,296
Decreases	(4,393)	(525)
Transfers, exchange differences and changes in the perimeter	-	68
	<b>5,688</b>	<b>9,259</b>
<b>Sundry provisions</b>		
Opening balance	94,739	89,678
Increases (Note 8)	38,584	35,758
Decreases (Note 8)	(21,936)	(12,549)
Utilizations	(140)	(5,094)
Transfers, exchange differences and changes in the perimeter	(10,348)	(13,054)
	<b>100,899</b>	<b>94,739</b>

At 31 December 2019 and 2018, the provisions for investments accounted under the equity method referred, essentially, to the affiliate LOGZ.

In the years ended 31 December 2019 and 2018, the caption of "Transfers, exchange differences and changes in the perimeter" was justified, essentially, by exchange differences generated in its majority by affiliate companies located in Angola.

At 31 December 2019 and 2018, except for the provisions recorded for the sealing and monitoring of landfills and for the liabilities arising from defined benefit pension plans, the date of use of the remaining ones cannot be estimated for and, therefore, those provisions were not discounted.

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.

## 38. Non-controlling interests

At 31 December 2019 and 2018, the subsidiaries controlled by the GROUP which present the most significant non-controlling interests were as follows:

2019	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%	37,229	70,807	Sonangol (20%) BPA (5%) Fincapital (15%) Globalpactum (9%)
Valorsul	68.67%	(1,234)	29,532	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)
Fideicomiso Fairmont Costa Canuva	73.14%	(1)	22,842	Instituto de Pensiones del Estado de Jalisco (26.86%)
Suma	38.5%	216	20,564	Urbaser (38.5%)
Vista Waste	43.86%	11,787	20,367	Vista Energy (41%) Mota-Engil Angola (10%); (a)
Mota-Engil Turismo	56.87%	9,917	(11,791)	Askora Capital (48.04%) Outros investidores (8.83%)
Others		(14,469)	99,381	
		<b>43,445</b>	<b>251,703</b>	

(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%).

2018 restated	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%	19,349	72,207	Sonangol (20%) BPA (5%) Finicapital (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%	(436)	17,654	Prodi (49%)
Empresa Construtora Brasil	50%	1,564	14,954	Bonsucesso (50%)
Others		9,934	74,108	
		<b>70,169</b>	<b>268,998</b>	

(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) 88.16% of the hydro-electric power generation business and 73.73% of the energy generation business through combined-cycle powers.

At 31 December 2019 and 2018, the amount included under the caption “Others – Accumulated non-controlling interests” refers, essentially, to SUMA TRATAMENTO, to the remaining affiliates of EGF SUBGROUP and, in the year 2019, to MOTA-ENGIL MEXICO, to EMPRESA CONSTRUTORA BRASIL and to GENERADORA FENIX.

At 31 December 2019 and 2018, and in 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:

2019	Mota-Engil Angola	Valorsul	Fideicomiso Fairmont Costa Canuva	Suma	Vista Waste	Mota-Engil Turismo
<b>Financial Position</b>						
Current assets	150,008	8,214	11,780	151,686	4,606	146
Non-current assets	259,775	94,086	19,453	28,208	60,965	45,463
Current liabilities	231,619	34,540	-	62,977	12,668	55,374
Non-current liabilities	71,869	24,754	-	63,504	6,462	10,970
Equity attributable to shareholders	35,488	13,475	8,390	32,849	26,074	(8,944)
Non-controlling interests	70,807	29,532	22,842	20,564	20,367	(11,791)
	<b>106,295</b>	<b>43,006</b>	<b>31,233</b>	<b>53,413</b>	<b>46,441</b>	<b>(20,735)</b>
<b>Income Statement</b>						
Income	325,839	55,016	-	53,189	79,090	38,983
Expenses	249,861	56,813	1	52,628	52,213	21,543
Net profit	<b>75,978</b>	<b>(1,797)</b>	<b>(1)</b>	<b>561</b>	<b>26,877</b>	<b>17,439</b>
attributable to:						
shareholders	38,749	(563)	(0)	345	15,090	7,522
non-controlling interests	37,229	(1,234)	(1)	216	11,787	9,917

2018 restated	Mota-Engil Angola	Generadora Fénix	Valorsul	Vista Waste	Mota-Engil México	Empresa Construtora Brasil
<b>Financial Position</b>						
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
	<b>112,298</b>	<b>43,549</b>	<b>51,104</b>	<b>41,840</b>	<b>36,029</b>	<b>27,669</b>
<b>Income Statement</b>						
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	<b>39,858</b>	<b>28,079</b>	<b>10,524</b>	<b>16,653</b>	<b>(890)</b>	<b>3,128</b>
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

In the years ended at 31 December 2019 and 2018 the movement occurred in non-controlling interests can be analysed as follows:

	2019
Balance at 31 December 2018	268,998
Net profit attributable to non-controlling interests	43,445
Items of other comprehensive income that may be reclassified to the income statement:	
Exchange differences arising from the translation of financial statements expressed in foreign currencies	(51,986)
Changes, net of tax, in the tangible assets revaluation surplus	7,576
Other comprehensive income	15
Dividend distribution (a)	(12,972)
Share capital Increases / decreases (b)	(14,908)
Changes in the consolidation perimeter and in the non-controlling interests (c)	16,854
Others	(5,319)
	<b>251,703</b>

(a) Of which circa of 7,600 thousand Euros related to FENIX and circa of 3,700 thousand Euros related to the EGF GROUP.

(b) Of which circa of 15,650 thousand Euros performed in FIDEICOMISO EL CAPOMO.

(c) Of which circa of 5,651 thousand Euros related with the purchase and sale of MOTA-ENGIL INVESTMENTS SOUTH AFRICA (Note 42) and circa of 11,780 thousand Euros related with FIDEICOMISO FAIRMONT COSTA CANUVA (Note 42).

	2018 restated
Balance 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 at 1 January 2018	<b>281,044</b>
Net profit attributable to non-controlling interests	70,169
Items of other comprehensive income that may be reclassified to the income statement:	
Exchange differences arising from the translation 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	3,418
Others	1,429
	<b>268,998</b>

## 39. Pension plans with defined benefits

At 31 December 2019 and 2018, the GROUP had assumed responsibilities related to pension plans with defined benefits towards some former employees and towards the founding shareholders directors. These last ones are beneficiaries of a pension plan with defined benefits which broadly allow them to receive a pension equivalent to 80% of their salary on their retirement date.

At 31 December 2019 and 2018, the information regarding the responsibilities with the pensioners and with the founding shareholders directors, as well as, the respective coverage, can be analysed as follows:

	2019	2018
Responsibilities to pensioners	1,438	1,520
Responsibilities to founding shareholders directors	12,358	11,217
Provisions	13,796	12,737
<b>% of coverage</b>	<b>100%</b>	<b>100%</b>

The information regarding the movement occurred in the liabilities with pension plans in the years ended at 31 December 2019 and 2018 can be analysed as follows:

	2019	2018
Liabilities at beginning of the year	12,737	13,548
Benefits paid	(96)	(85)
Current service cost	303	258
Interest cost	193	205
Actuarial Losses / (Gains)	659	(1,189)
<b>Liabilities at year end</b>	<b>13,796</b>	<b>12,737</b>

In the years ended 31 December 2019 and 2018, the amounts recognised in the consolidate income statement regarding pension plans with defined benefits amounted to 496 thousand Euros and 463 thousand Euros, respectively. In addition, in those years, the amounts of -659 thousand Euros and 1,189 thousand Euros, respectively, referring to the actuarial and financial deviations verified, were recognized in the consolidated statement of other comprehensive income.

At 31 December 2019 and 2018, the actuarial valuations prepared to quantify the responsibilities with the pension plans were prepared 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:

	2019	2018
Mortality table	TV 73/77	TV 73/77
Invalidity table	EKV80	EKV80
Discount rate	1.0%	1.5%
Expected salary increase rate	1.0%	1.0%
Pensions discount rate	1.0%	1.5%
Pensions growth rate	0%/1.5%	0%/1.5%
Number of payments of the benefit	13/14	13/14

The liabilities arising from pension plans with defined benefits were determined 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 in the determination of the liabilities was established by reference to market rates of bonds 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 at 31 December 2019, the best estimate for the pensions to be paid in 2020 arise to 325 thousand Euros.

The pension plans with defined benefits expose the GROUP to the following risks:

- Interest rate risk – the present value of the liabilities is determined using a discount rate established 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 determined 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 determined assuming the estimated future salaries / pensions of the participants. Therefore, an increase in the participants' salaries / pensions will increase the liabilities with retirement plans.

At 31 December 2019 and 2018, if the salaries growth rate increased 0.5% the present value of the liabilities would be increased circa of 110 thousand Euros and 155 thousand Euros, respectively.

At 31 December 2019 and 2018, if the discount rate was higher or lower 0.5% the present value of the liabilities would be decreased and increased by 704 and 764 thousands Euros and by 701 and 766 thousand Euros, respectively.

At 31 December 2019, the duration of the liabilities arises to 10 years.

## 40. Contingent Assets and Liabilities

At 31 December 2019 and 2018, 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 by currency, are as follows:

	2019	2018
Czech Crown	6,201	9,468
US Dollar	166,031	183,493
Cape Verdean Escudo	243	243
Euros	389,166	320,747
Hungarian Forint	-	1,267
Angolan Kwanza	36,130	32,905
Malawian Kwacha	21,843	28,132
Mozambican Metical	9,315	13,733
Peruvian Nuevo Sol	54,346	64,337
Colombian Peso	214,891	212,977
Mexican Peso	51,099	275,578
South African Rand	12,676	47,402
Brazilian Real	112,601	101,949
Polish Zloty	129,140	114,875
Others	122,485	95,073
	<b>1,326,169</b>	<b>1,502,177</b>

At 31 December 2019 and 2018, the detail of the guarantees provided by GROUP Company is as follows:

	2019	2018
Áreagolfe	120	183
Empresa Construtora Brasil	86,057	97,828
Geradora Fenix	7,103	1,922
Suma/EGF Group	56,022	81,660
Manvia	2,975	4,014
Mota-Engil Engenharia e Construção África	95,232	84,691
Mota-Engil Moçambique	-	27
Mota-Engil Angola	36,611	33,783
Mota-Engil Central Europe Polónia	147,325	121,966
Mota-Engil Central Europe República Checa	3,552	6,980
Mota-Engil Engenharia e Construção	162,448	158,964
Mota Engil México	45,362	86,786
Mota-Engil Peru	105,154	106,315
Mota-Engil Serviços Partilhados	-	225
Mota Engil Engenharia e Construção África - Ivory Coast Branch	39,247	39,247
Mota Engil Engenharia e Construção - Colombia Branch / Mota Engil Colômbia	123,108	122,011
Mota Engil Engenharia e Construção África - Malawi Branch	43,008	57,983
Mota Engil Engenharia e Construção África - Mozambique Branch	47,175	52,437
Vibeiras	9,253	7,141
Others	316,418	438,013
	<b>1,326,169</b>	<b>1,502,177</b>

At 31 December 2019 and 2018, the amount of guarantees provided by the GROUP to the Portuguese tax authorities associated with tax proceedings amounted to 80,523 thousand Euros (59,222 thousand Euros in 2018) with the following breakdown: 72,116 thousand Euros through insurances (50,815 thousand Euros in 2018); 848 thousand Euros through guarantees (848 thousand Euros in 2018); 4,913 thousand Euros through bank guarantees (4,913 thousand Euros in 2018) and 2,646 thousand Euros through the pledge of shares (2,646 thousand Euros in 2018). Nevertheless, the GROUP proceeded with the judicial challenge of the respective additional assessments, being the understand of its Board of Directors, based on the opinion of its legal / tax advisors, that the referred legal challenges will be precedent, reason why no provisions were recorded in the attached consolidated financial statements.

On the other hand, at 31 December 2019, the GROUP was involved in several legal proceedings, both as defendant and claimant, which, considering only the proceedings over 500 thousand Euros, arise to circa of 95,000 thousand Euros in the quality of defendant (99,000 thousand Euros at 31 December 2018). 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 go on for more than ten years.

Regarding the first of those proceedings, the fact that the counterpart did not manage to prove in court over the last 14 years the subject on which the legal action pertain (and for which the counterpart demands a compensation of 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, for which it was expected that the Constitutional Court of Slovakia would confirm the favourable verdict issued in the past, regarding facts occurred in 2004, it changed its position, despite 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, from 2018, two former employees of MOTA-ENGIL GROUP are being investigated by the Peruvian Public Ministry following its alleged involvement in a set of practices, performed between 2011 and 2014, by some construction companies operating in Peru that would not be fully compliant with the legislation in force. Additionally, following that investigation, MOTA-ENGIL PERU was involved in that process and some of its assets amounting to circa of 300 thousand Euros were pledged. Finally, in 2020, the GROUP joined the Special Volunteer Regime provided for in Law No. 30737, which allows it to activate the mechanisms that the referred law establishes to limit the amount of the potential liability that may be imposed in the event of a conviction. However, at the date of this report, due to the fact that the aforementioned process is still in its preparatory investigation stage (which will last until January 2021), any potential contingencies associated with the evolution of that investigation are not currently possible to measure and quantify.

Finally, in January 2020, the Peruvian Competition Authority (INDECOPI) initiated an investigation procedure regarding anti-competitive practices, occurred between 2002 and 2016, which involved some companies / entities of MOTA-ENGIL GROUP, as well as, 35 other construction companies operating in Peru and 28 natural persons. That investigation will last during a 7 months period and a decision is expected by the end of 2020. Meanwhile, MOTA-ENGIL GROUP has been collaborating with INDECOPI in order to provide all necessary information and explanations, in order to clarify its alleged conduct. However, at the date of this report, due to the aforementioned investigation is still in a very early stage, potential contingencies associated with its evolution at this moment are not possible to measure and quantify properly.

## 41. Related parties

At 31 December 2019 and 2018, 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:

2019	Accounts receivable	Accounts payable	Loans granted	Loans obtained
Associated and jointly controlled companies	84,552	48,470	38,143	22,879
Companies with common shareholders to the Group	8,642	1,046	-	-

2018	Accounts receivable	Accounts payable	Loans granted	Loans obtained
Associated and jointly controlled companies	54,997	140,840	56,263	22,862
Companies with common shareholders to the Group	613	1,033	-	-

2019	Sales and services rendered	Cost of goods sold, mat. cons. and Subcontractors	Interest income	Interest expense
Associated and jointly controlled companies	276,071	2,039	4,175	234
Companies with common shareholders to the Group	73	8	-	-

2018	Sales and services rendered	Cost of goods sold, mat. cons. and Subcontractors	Interest income	Interest expense
Associated and jointly controlled companies	361,511	12,221	2,987	-
Companies with common shareholders to the Group	99	8	-	-

At 31 December 2019 and 2018, 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 Sílvia 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.C., S.A. (only in 2018)  
 Cobas Asset Management, SGIC, S.A. (only in 2018)  
 Norges Bank  
 Mutima Capital Management, LLC

At 31 December 2019 and 2018, the companies with common shareholders to the GROUP were as follows:

AMGP Agricultura, S.A.  
 Caves da Cerca, S.A.  
 Cerâmica do Boialvo, Lda.  
 Cogera - Sociedade de Produção de Energia por Cogeração, Lda.  
 Covelas - Energia, Lda.  
 Imogera, Lda.  
 Ferfor - Empresa Industrial de Ferramentas e Forjados, S.A.  
 Mota Global - Planeamento, S.A.  
 Swipe News, S.A.

At 31 December 2019 and 2018, 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 <sup>(1)</sup>  
 João Pedro dos Santos Dinis Parreira  
 Manuel António da Fonseca Vasconcelos da Mota  
 Eduardo João Frade Sobral Pimentel  
 Luís Filipe Cardoso da Silva  
 Luís 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  
 José António Ferreira de Barros  
 Susana Catarina Iglésias Couto Rodrigues de Jesus  
 Cristina Maria da Costa Pinto

(1) On January 31, 2020, António Martinho Ferreira de Oliveira submitted his resignation from the position of member of the Board of Directors.



The remuneration attributed to the members of the Board of Directors during the years ended 31 December 2019 and 2018 arise to 6,285 thousand Euros (of which 4,126 thousand Euros as fixed remuneration, 829 thousand Euros as other remuneration, 1,025 thousand Euros as variable remuneration and 305 thousand Euros as attendance fees) and 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), respectively.

The abovementioned remunerations were 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 pension 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

At 31 December 2019 and 2018, information regarding the abovementioned pension plan is disclosed in Note 39, being the liability of the GROUP towards the abovementioned directors of 12,358 thousand Euros and 11,217 thousand Euros, respectively.

In the years ended 31 December 2019 and 2018, there were no transactions with directors of MOTA-ENGIL SGPS neither outstanding balances with them at the end of those years.

## 42. Consolidation perimeter

At 31 December 2019, the companies / entities included in the attached consolidated financial statements, respective consolidation methods, head offices, effective holding percentages, activities, incorporation dates and acquisition dates are presented in Appendix A.

In the years ended 31 December 2019 and 2018, the changes occurred in the consolidation perimeter were as follows:

### Acquisition of companies

2018:

<b>Business Area - Latin America</b>
Sistemas Electricos Metropolitanos, SAPI de CV

In the year 2018, the GROUP acquired, through MOTA-ENGIL MÉXICO, 50% of the share capital of this entity.

The impact of that acquisition can be resumed as follows (see also Note 1.2.):

Amount of the equity acquired at 1 January 2018	6,860
Fair value of the acquired assets and liabilities	(718)
<b>Total (I)</b>	<b>6,142</b>
Amount paid	44
Fair value of the loan granted to the seller without interest	8,961
<b>Total (II)</b>	<b>9,005</b>
<b>Acquisition difference (II) - (I)</b>	<b>2,863</b>

At 31 December 2018, SISTEMAS ELETRICOS METROPOLITANOS generated a net profit of circa of 1,567 thousand Euros, of which 783 thousand Euros recognized by the GROUP in the caption "Gains / (losses) in associates and jointly controlled companies".

## Participation increases

2019:

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)

During the year 2019, the GROUP acquired an additional stake of 6.66% of the share capital of VIBEIRAS and its subsidiaries.

Business Area - Europe - Environment and Services
Nova Beira - Gestão de Resíduos, S.A. (Company already controlled)
Enviroil II - Reciclagem de Óleos Usados, Lda. (Company already controlled)

During the year 2019, INVESTAMBIENTE acquired an additional stake of 34% in NOVA BEIRA share capital and SRI acquired an additional stake of 5% in ENVIROIL II share capital.

As a result of the above referred transactions, no material impacts arise in the captions equity attributable to the GROUP and non-controlling interests.

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)

During the year 2018, the GROUP acquired an additional stake of 2.22% of the share capital of VIBEIRAS and its subsidiaries.

## Companies consolidated for the first time in the year

2019:

Business Area - Latin America
Concesionaria Urbana Arco Oriente
Trans Tamaulipas
Administradora Desarrollo MEM
Consórcio EE Canoas
Consorcio ME Carrera 43
ME Honduras
Empresa Constructora de Honduras

2018:

Business Area - Europe Engineering and Construction
Mota-Engil Central Europe Management, SGPS, S.A.

Business Area - Africa
Clean Eburnie, SARL
Eco Eburnie, SA

## Incorporation of companies

2019:

Business Area - Europe Engineering and Construction
Belém Grid Lda.
Streamgrest Limited

Business Area - Latin America
ME Inmobiliária SAPI
Operadora Marítima Matamoros
Fideicomiso Fairmont Costa Canuva
Mota-Engil Servicios Compartidos
Desarrolladora Cuatro Caminos
Desarrolladora Patzcuaro
ECOSS Ambiental

Furthermore, during the year 2019, and after its incorporation, a third party subscribed a share capital increase in FIDEICOMISO FAIRMONT COSTA CANUVA which grant it 40% of its share capital. As a result of this transaction, which had not generated any gain or loss, the non-controlling interests increased circa of 11,780 thousand Euros (Note 38).

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
Constructora Tampico Ciudad Victoria
Desarrollos DOT México, SA de CV
Mota-Engil Argentina
Mota-Engil O&M México SAPI
Operadora Tampico Ciudad Victoria

## Merger of companies and corporate reorganisations

2019:

Holding and connected activities
CH&P Anadia (merged into Manvia)
CH&P Coja (merged into Manvia)
Business Area - Latin America
Mota-Engil Col (merged into Mota-Engil Colômbia)

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

2019:

Holding and connected activities
ME Minerals & Mining Zimbabwe (liquidated)
ME Minerals Mining Malawi (liquidated)
Sampaio (dissolved)
Sangobiar Peru (sold)
Manvia Condutas Moçambique (liquidated)
Business Area - Europe Engineering and Construction
Wilenska Project Development (dissolved)
Mota Engil Central Europe Hungria (liquidated)
Bay Park (liquidated)
Nador Obol (liquidated)
Metroepszolg (liquidated)
Business Area - Africa
ME Investment South Africa (sold)
ME Construction South Africa (sold)
STM (dissolved)

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 (liquidated)
Mota-Engil Prodi S.A.P.I. de C.V. (liquidated)

In the year ended 31 December 2019, the GROUP proceeded to the acquisition of an additional stake of 49% in the share capital of MOTA-ENGIL INVESTMENT SOUTH ÁFRICA, having afterwards proceeded to the full disposal of that entity. The impact of these transactions in the consolidated income statement and in the consolidated statement of comprehensive income can be summarized as follows:

	2019
Book value of the non-controlling interests acquired	(5,651)
Amount paid (59 ZAR)	-
<b>Result generated in the operation recognized in the consolidated statement of other comprehensive income</b>	<b>(5,651)</b>
Book value of the net assets sold (I)	(11,533)
Amount received	-
Fair value of the renegotiation of the account receivable from Mota-Engil Construction South África	(23,231)
Total compensation received (II)	(23,231)
<b>Result generated in the operation recognized in the consolidated income statement - Note 11 (II) - (I)</b>	<b>(11,698)</b>

In the year ended 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 of the disposal of that subsidiary in the consolidated income statement can 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)

## Participation decreases

2018:

Business Area - Latin America
Consórcio MEC Arroyo
Consórcio MEC-Av.Malecon-UF1
Consórcio MEC-Av.Malecon-UF2

## Changes in the consolidation method

2019:

Change in the consolidation method from equity method to full integration method - Africa:
Clean Eburnie, SARL

## 43. Appendix to the Consolidated Cash-Flows Statement

In the years ended 31 December 2019 and 2018, the amounts paid related with the acquisition of financial investments can be detailed as follows:

	2019	2018
Capital calls and share capital increases in Concessionaria Autopista Cardel, in Concessionaria Autopista Tuxpan-Tampico and in Autopista Urbana Siervo de la Nacion (Latin America segment)	12,736	8,837
Capital calls in APP Tamaulipas (Latin America segment)	5,077	982
Sale effect of Mota-Engil Investments South Africa (Africa segment)	694	-
Additional acquisition of Vibeiras (Europe Engineering and Construction segment)	330	110
Effect of the reclassification of APP Coatzacoalcos - Villahermosa to "Non-current assets held for sale" (Latin America segment) - Note 28	-	69,095
Loans to Fideicomiso el Capomo (Latin America segment)	-	7,707
Others	271	487
	<b>19,108</b>	<b>87,218</b>

In the years ended 31 December 2019 and 2018, the amounts received related with the disposal of financial investments can be detailed as follows:

	2019	2018
Repayment / disposal of the Angola and Malawi sovereign debt securities (Africa segment)	21,399	-
Reimbursement of supplementary capital by Hacor Domus (Europe Environment and Services segment)	580	-
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
Sale of the financial investment held in Prometro (Europe segment)	355	612
Others	-	-
	<b>22,334</b>	<b>7,362</b>

In the years ended 31 December 2019 and 2018, the amounts paid related with dividends can be detailed as follows:

	2019	2018
Shareholders of Mota-Engil SGPS	17,125	-
Shareholders of Generadora Fenix	6,590	18,064
Shareholders of EGF's affiliates	3,609	4,879
Shareholders of Consortium GDL Viaducto	1,055	-
Shareholders of Consortiums in Colombia	-	2,139
Shareholders of Empresa Construtora Brasil	-	463
Others	611	1,008
	<b>28,990</b>	<b>26,553</b>

In the years ended 31 December 2019 and 2018, the amounts received related with dividends can be detailed as follows:

	2019	2018
BAI	1,552	2,531
ACE's MEEC	-	1,436
Lineas	-	252
Others	523	466
	<b>2,075</b>	<b>4,686</b>

## 44. Business segments

The GROUP uses its internal organisation for management purposes as the 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 caption "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.

These segments were identified taking in consideration the fact that they correspond to the GROUP units that develop activities where it is possible to identify separately income and expenses, for which separate financial information is produced, for which the operating results are reviewed by management and over which decisions are taken.

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:

2019	Europe Engineering and Construction	Europe Environment and Services	Africa	Latin America	Other, eliminations and intra-group	Mota-Engil Group
Sales and services rendered (a)	628,079	264,835	1,006,586	948,616	(21,370)	2,826,746
Cost of goods sold, mat. cons., changes in production and Subcontractors (b)	(371,525)	(22,326)	(430,994)	(475,299)	77,580	(1,222,564)
<b>Gross margin (c) = (a) + (b)</b>	<b>256,554</b>	<b>242,509</b>	<b>575,592</b>	<b>473,317</b>	<b>56,210</b>	<b>1,604,183</b>
Third-party supplies and services (d)	(108,730)	(100,476)	(203,832)	(231,950)	46,894	(598,095)
Wages and salaries (e)	(115,732)	(95,565)	(141,257)	(188,296)	(46,380)	(587,229)
Other operating income / (expenses) (f)	(896)	15,760	(16,974)	65,114	(64,792)	(1,788)
<b>EBITDA (g) = (c) + (d) + (e) + (f)</b>	<b>31,196</b>	<b>62,228</b>	<b>213,530</b>	<b>118,185</b>	<b>(8,068)</b>	<b>417,071</b>
Amortizations and depreciations (h)	(21,146)	(63,488)	(91,414)	(27,725)	(2,769)	(206,542)
Provisions and impairment losses (i)	4,512	(16,514)	457	(19,036)	7,787	(22,794)
[of which, impairment for non-current assets]	694	-	8,481	-	-	9,175
<b>EBIT (j) = (g) + (h) + (i)</b>	<b>14,562</b>	<b>(17,774)</b>	<b>122,572</b>	<b>71,423</b>	<b>(3,049)</b>	<b>187,734</b>
Financial income and gains	10,719	3,847	165,891	33,043	(3,635)	209,865
Financial costs and losses	(16,725)	(15,270)	(149,745)	(58,099)	(34,466)	(274,305)
Gains/(losses) in associates and jointly controlled companies	200	80	1,065	(7,411)	659	(5,407)
Gains/(losses) on the disposal of subsidiaries, jointly controlled and associated companies	4,188	-	(11,698)	2	(478)	(7,986)
<b>Income before taxes</b>	<b>12,944</b>	<b>(29,117)</b>	<b>129,832</b>	<b>38,958</b>	<b>(40,969)</b>	<b>111,647</b>

2018 restated	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)
<b>Gross margin (c) = (a) + (b)</b>	<b>221,082</b>	<b>268,939</b>	<b>451,829</b>	<b>572,227</b>	<b>(13,878)</b>	<b>1,500,199</b>
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
<b>EBITDA (g) = (c) + (d) + (e) + (f)</b>	<b>(11,503)</b>	<b>83,828</b>	<b>188,896</b>	<b>140,471</b>	<b>5,385</b>	<b>407,077</b>
Amortizations 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
<b>EBIT (j) = (g) + (h) + (i)</b>	<b>(17,759)</b>	<b>14,354</b>	<b>89,776</b>	<b>119,383</b>	<b>(5,505)</b>	<b>200,249</b>
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	(9)	(6,207)	3,010
Gains/(losses) on the disposal of subsidiaries, jointly controlled and associated companies	(125)	(151)	(2,059)	2,792	6	462
<b>Income before taxes</b>	<b>(25,078)</b>	<b>10,350</b>	<b>116,271</b>	<b>100,173</b>	<b>(66,509)</b>	<b>135,209</b>

In the years ended 31 December 2019 and 2018, the sales and services rendered performed between operating segments were presented under the caption "Other, eliminations and intra-group".

In the years ended 31 December 2019 and 2018, the intra-group sales and services rendered were carried out at prices similar to those practised for sales and services rendered to external customers.

At 31 December 2019 and 2018, the consolidated statement of financial position by operating segment can be analysed as follows:

	Assets		Liabilities	
	2019	2018 restated	2019	2018 restated
Europe Engineering and Construction	986,933	1,122,051	761,127	810,588
Europe Environment and Services	953,345	937,078	771,425	721,051
Africa	1,989,463	1,959,069	1,620,215	1,141,883
Latin America	1,320,677	1,010,556	1,146,067	1,052,131
Other, eliminations and intra-group	(195,854)	(335,745)	427,701	521,485
<b>Mota-Engil Group</b>	<b>5,054,564</b>	<b>4,693,008</b>	<b>4,726,535</b>	<b>4,247,139</b>

At 31 December 2019 and 2018, the investment, the amortizations and depreciations and the financial investments in associated and jointly controlled companies by operating segment can be analysed as follows:

	Investment (a)		Amortizations and depreciations		Investments in associated and jointly controlled companies	
	2019	2018	2019	2018	2019	2018 restated
Europe Engineering and Construction	19,456	13,388	21,146	18,216	-	-
Europe Environment and Services	100,670	64,653	63,488	67,112	2,834	7,564
Africa	70,864	185,859	91,414	80,623	8,739	9,429
Latin America	69,354	22,013	27,725	16,435	104,153	88,457
Other, eliminations and intra-group	2,022	769	2,769	414	8,084	(54)
<b>Mota-Engil Group</b>	<b>262,366</b>	<b>286,683</b>	<b>206,542</b>	<b>182,800</b>	<b>123,810</b>	<b>105,396</b>

## 45. Financial instruments

Financial instruments, in accordance with the accounting policies described in Note 1.4 ix), were classified as follows:

	2019	2018
<b>Financial assets</b>		
<b>Financial assets recorded at amortised cost</b>		
Cash and cash equivalents - Term and demand deposits	432,853	450,301
Customers - current	821,179	736,359
Other debtors - others - current	137,799	190,008
Customers - non-current	7,385	6,526
Other debtors - others - non-current	125,831	46,646
Associates and related companies - current	6,026	6,162
Associates and related companies - non-current	44,964	50,101
State and other public entities (except corporate income tax)	56,779	21,803
Other financial investments recorded at amortised cost - current	10,568	21,399
Other financial investments recorded at amortised cost - non-current	212,078	144,963
	<b>1,855,463</b>	<b>1,674,267</b>
Other financial investments recorded at fair value through other comprehensive income	54,088	59,224
Derivative financial instruments	4	265
Carrying amount of financial assets	<b>1,909,555</b>	<b>1,733,757</b>

	2019	2018 restated
<b>Financial liabilities</b>		
Derivative financial instruments	697	597
	<b>697</b>	<b>597</b>
<b>Financial liabilities recorded at amortised cost</b>		
Loans with and without recourse - current	891,739	765,537
Loans with and without recourse - non-current	977,185	806,270
Other financial liabilities - current	208,156	210,663
Other financial liabilities - non-current	-	203,131
Suppliers and sundry creditors - current	885,832	802,173
Suppliers and sundry creditors - non-current	93,943	60,121
	<b>3,056,854</b>	<b>2,847,894</b>
<b>Financial liabilities outside the scope of IFRS - 9</b>		
Lease liabilities - current	69,999	-
Lease liabilities - non-current	203,883	-
	<b>273,881</b>	<b>-</b>
Carrying amount of financial liabilities	<b>3,331,433</b>	<b>2,848,491</b>

The impacts on the consolidated statement of comprehensive income arising from the above mentioned financial instruments can be summarised as follows:

	2019			2018		
	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
<b>Financial assets</b>						
At amortised cost	-	44,410	-	-	29,100	-
At fair value	-	1,894	-	-	2,759	-
	-	<b>46,304</b>	-	-	<b>31,860</b>	-
<b>Financial liabilities</b>						
At fair value	-	-	180	-	-	(619)
At amortised cost	145,964	-	-	131,778	-	-
	<b>145,964</b>	-	<b>180</b>	<b>131,778</b>	-	<b>(615)</b>

MOTA-ENGIL GROUP is exposed to a variety of financial risks with special focus given to the interest rate, exchange rate, 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 at 31 December 2019.

### Interest rate risk

In the years ended 31 December 2019 and 2018, the sensitivity of the financial results of the GROUP to changes in the interest rate index used in the loans obtained can be analysed as follows:

	Estimated impact	
	2019	2018
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)	17,204	16,250
Fixed-rate coverage	(7,149)	(6,589)
Interest-rate derivative financial instruments coverage	(2,555)	(2,555)
<b>Sensitivity of the financial results to interest rate changes</b>	<b>7,500</b>	<b>7,105</b>

The average interest rates supported in the main loans obtained by the GROUP in the years ended 31 December 2019 and 2018 were as follows:

	2019		2018	
	Average rates (%)	Rates range (%)	Average rates (%)	Rates range (%)
Non-convertible bond loans	4.81	[3.86 ; 6]	5.21	[3.86 ; 7.49]
Amounts owed to credit institutions:				
Bank loans	5.83	[0.07 ; 21.82]	5.46	[0.07 ; 26.67]
Revolving facilities	5.49	[2 ; 19.8]	6.42	[1.41 ; 20]
Overdraft facilities	9.23	[2.13 ; 23.67]	8.43	[2 ; 24.85]
Commercial paper issues	3.42	[1.5 ; 6.05]	3.83	[1.5 ; 6.05]

At 31 December 2019 and 2018, 48% and 44% of gross debt (including the effect of derivative financial instruments) was contracted at a variable interest rate and its average cost arise to 5.2% and 5.0%, respectively.

At 31 December 2019, the detail of the financial instruments of the GROUP in accordance with the type of interest rate established is as follows:.

	Fixed rate	Variable rate	Not subject to interest rate	Total
<b>Financial assets</b>				
<b>Financial assets recorded at amortised cost</b>				
Cash and cash equivalents - term and demand deposits	181,325	-	251,528	432,853
Customers	-	-	828,564	828,564
Other debtors - others	-	-	263,630	263,630
Associated and related companies	14,878	25,640	10,472	50,991
State and other public entities (except corporate income tax)	-	-	56,779	56,779
Other financial investments recorded at amortised cost	222,646	-	-	222,646
	<b>418,848</b>	<b>25,640</b>	<b>1,410,974</b>	<b>1,855,463</b>
Other financial investments recorded at fair value through other comprehensive income	-	-	54,088	54,088
Derivative financial instruments	4	-	-	4
Carrying amount of financial assets	<b>418,853</b>	<b>25,640</b>	<b>1,465,062</b>	<b>1,909,555</b>

	Fixed rate	Variable rate	Not subject to interest rate	Total
<b>Financial liabilities</b>				
<b>Financial liabilities recorded at amortised cost</b>				
Loans with and without recourse	841,294	1,027,630	-	1,868,924
Other financial liabilities	134,078	74,078	-	208,156
Suppliers and sundry creditors	45,477	-	934,297	979,774
Derivative financial instruments	697	-	-	697
	<b>1,021,546</b>	<b>1,101,708</b>	<b>934,297</b>	<b>3,057,551</b>
<b>Financial liabilities outside the scope of IFRS - 9</b>				
Lease liabilities	198,578	75,304	-	273,881
Carrying amount of financial liabilities	<b>1,220,124</b>	<b>1,177,011</b>	<b>934,297</b>	<b>3,331,433</b>

## Exchange rate risk

At 31 December 2019 and 2018, the assets and liabilities of the GROUP expressed in accordance with the functional currency of the country in which each affiliate operates, were as follows:

Currency	2019		2018 restated	
	Assets	Liabilities	Assets	Liabilities
US Dollar (USD)	8,485	35,599	50,519	62,571
Euro (EUR)	2,724,245	2,850,426	2,580,681	2,603,903
CFA Franc (Western Africa)	83,927	82,765	53,454	49,799
Angolan Kwanza (AOK)	543,115	351,726	520,128	333,748
Malawian Kwacha (MWK)	123,073	78,228	108,479	44,601
Mozambican Metical (MZM)	183,229	77,311	150,363	69,297
Peruvian Novo Sol (PEN)	176,622	127,579	191,157	145,315
Mexican Peso (MXN)	712,304	620,743	615,495	531,206
Brazilian Real (BRL)	169,876	139,360	113,979	85,428
Polish Zloty (PLN)	278,523	248,182	219,656	187,580
Others	51,167	114,615	89,098	133,690
	<b>5,054,564</b>	<b>4,726,535</b>	<b>4,693,008</b>	<b>4,247,139</b>

In the years ended 31 December 2019 and 2018, the sensitivity of the net profit and the equity of the GROUP to exchange rate changes in the major currencies on which it is exposed can be analysed as follows:

2019	Net profit	Equity
Estimated impact of the appreciation by 1%:		
of US Dollar (USD) to Euro (EUR)	31	(483)
of Angolan Kwanza (AOK) to Euro (EUR)	662	337
of Malawian Kwacha (MWK) to Euro (EUR)	(192)	645
of Mozambican Metical (MZM) to Euro (EUR)	230	837
of Peruvian Novo Sol (PEN) to Euro (EUR)	28	468
of Mexican Peso (MXN) to Euro (EUR)	57	265
of Brazilian Real (BRL) to Euro (EUR)	(17)	154
of Polish Zloty (PLN) to Euro (EUR)	(66)	388
<b>2018</b>	<b>Net profit</b>	<b>Equity</b>
Estimated impact of the appreciation by 1%:		
of US Dollar (USD) to Euro (EUR)	11	(146)
of Angolan Kwanza (AOK) to Euro (EUR)	137	828
of Malawian Kwacha (MWK) to Euro (EUR)	59	587
of Mozambican Metical (MZM) to Euro (EUR)	198	621
of Peruvian Novo Sol (PEN) to Euro (EUR)	43	437
of Mexican Peso (MXN) to Euro (EUR)	101	220
of Brazilian Real (BRL) to Euro (EUR)	17	118
of Polish Zloty (PLN) to Euro (EUR)	(108)	448



Regarding the above mentioned analysis, the impact of +1% exchange rate change was taken into consideration in the translation of the financial statements of the affiliates with a functional currency different from Euro to Euro in the net profit and in the equity of the GROUP.

At 31 December 2019 and 2018, 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
<b>2019</b>					
US Dollar	-	75,247	-	-	75,247
Euros	414,371	909,703	166,179	246	1,490,498
CFA Franc	-	40,176	-	-	40,176
Angolan Kwanza	-	68,621	-	-	68,621
Peruvian Nuevo Sol	-	3,930	-	-	3,930
Colombian Peso	-	4,342	-	-	4,342
Mexican Peso	-	40,765	-	-	40,765
Brazilian Real	-	75,196	-	-	75,196
Omani Rial	-	3,239	-	-	3,239
Polish Zloty	-	57,994	-	-	57,994
Others	-	8,917	-	-	8,917
	<b>414,371</b>	<b>1,288,129</b>	<b>166,179</b>	<b>246</b>	<b>1,868,924</b>
<b>2018</b>					
US Dollar	-	96,580	-	-	96,580
Euros	369,580	697,309	211,683	2,528	1,281,099
CFA Franc	-	11,147	-	-	11,147
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
Omani Rial	-	4,751	-	-	4,751
Polish Zloty	-	48,914	-	-	48,914
Others	-	1,080	-	-	1,080
	<b>369,580</b>	<b>988,016</b>	<b>211,683</b>	<b>2,528</b>	<b>1,571,806</b>

### Liquidity risk

At 31 December 2019, the liquidity position of the GROUP (including capital and interests) is detailed as follows:

	2019				Total
	< 1 year	Between 1 and 2 years	More than 2 years	Undetermined	
<b>Financial assets</b>					
<b>Financial assets recorded at amortised cost</b>					
Cash and cash equivalents - Term and demand deposits	432,853	-	-	-	<b>432,853</b>
Customers	821,179	7,385	-	-	<b>828,564</b>
Other debtors - others	137,799	125,831	-	-	<b>263,630</b>
Associates and related companies	10,797	49,171	-	-	<b>59,968</b>
State and other public entities (except corporate income tax)	50,527	6,252	-	-	<b>56,779</b>
Other financial investments recorded at amortised cost	27,118	38,781	214,729	-	<b>280,628</b>
Other financial investments recorded at fair value through other comprehensive income	-	-	-	54,088	<b>54,088</b>
Derivative financial instruments	-	-	4	-	<b>4</b>
	<b>1,480,273</b>	<b>227,420</b>	<b>214,733</b>	<b>54,088</b>	<b>1,976,514</b>
<b>Financial liabilities</b>					
Derivative financial instruments	9	688	-	-	<b>697</b>
<b>Financial liabilities recorded at amortised cost</b>					
Loans with and without recourse	988,923	289,569	757,629	-	<b>2,036,121</b>
Other financial liabilities	215,996	-	-	-	<b>215,996</b>
Suppliers and sundry creditors	891,289	80,703	13,240	-	<b>985,232</b>
<b>Financial liabilities outside the scope of IFRS - 9</b>					
Lease liabilities	81,554	77,297	138,039	-	<b>296,890</b>
	<b>2,177,770</b>	<b>448,257</b>	<b>908,908</b>	-	<b>3,534,935</b>
	<b>(697,497)</b>	<b>(220,836)</b>	<b>(694,175)</b>	<b>54,088</b>	<b>(1,558,421)</b>

At 31 December 2018, the liquidity position of the GROUP (including only capital) is detailed as follows:

	2018 restated				Total
	< 1 year	Between 1 and 2 years	More than 2 years	Undetermined	
<b>Financial assets</b>					
<b>Financial assets recorded at amortised cost</b>					
Cash and cash equivalents - Term and demand deposits	450,301	-	-	-	<b>450,301</b>
Customers	736,359	6,526	-	-	<b>742,885</b>
Other debtors - others	190,008	46,646	-	-	<b>236,653</b>
Associates and related companies	6,162	50,101	-	-	<b>56,263</b>
State and other public entities (except corporate income tax)	15,616	6,187	-	-	<b>21,803</b>
Other financial investments recorded at amortised cost	21,399	6,267	138,697	-	<b>166,363</b>
Other financial investments recorded at fair value through other comprehensive income	-	-	-	59,224	<b>59,224</b>
Derivative financial instruments	180	-	85	-	<b>265</b>
	<b>1,320,230</b>	<b>215,521</b>	<b>138,782</b>	<b>59,224</b>	<b>1,733,757</b>
<b>Financial liabilities</b>					
Derivative financial instruments	-	13	583	-	<b>597</b>
<b>Financial liabilities recorded at amortised cost</b>					
Loans with and without recourse	765,537	276,929	529,341	-	<b>1,571,806</b>
Other financial liabilities	210,663	48,596	154,534	-	<b>413,793</b>
Suppliers and sundry creditors	802,173	31,487	28,633	-	<b>862,294</b>
	<b>1,778,373</b>	<b>357,026</b>	<b>713,091</b>	-	<b>2,848,491</b>
	<b>(458,142)</b>	<b>(141,505)</b>	<b>(574,310)</b>	<b>59,224</b>	<b>(1,114,733)</b>

Additionally, at 31 December 2019, the GROUP maintained unused credit lines of circa of 234,000 thousand Euros (190,400 thousand Euros at 31 December 2018) and at the date of approval of these consolidated financial statements has already refinanced or is in a refinancing process of circa of 260,000 thousand Euros (373,000 thousand Euros at 31 December 2018).

### Credit risk

At 31 December 2019 and 2018, the GROUP's exposure to credit risk was as follows:

	2019	2018
<b>Financial assets</b>		
<b>Financial assets recorded at amortised cost</b>		
Cash and cash equivalents - Term and demand deposits	432,853	450,301
Customers - current	821,179	736,359
Other debtors - others - current	137,799	190,008
Customers - non-current	7,385	6,526
Other debtors - others - non-current	125,831	46,646
Associates and related companies - current	6,026	6,162
Associates and related companies - non-current	44,964	50,101
State and other public entities (except corporate income tax)	56,779	21,803
Other financial investments recorded at amortised cost - current	10,568	21,399
Other financial investments recorded at amortised cost - non-current	212,078	144,963
	<b>1,855,463</b>	<b>1,674,267</b>
Derivative financial instruments	4	265
<b>Financial liabilities outside the scope of IFRS - 9</b>		
Lease liabilities	568,360	551,707
	<b>568,360</b>	<b>551,707</b>
Carrying amount of financial assets	<b>2,423,828</b>	<b>2,226,239</b>

At 31 December 2019 and 2018, the quality of the GROUP's credit risk was as follows:

2019	Customers and other debtors - others	Cash and bank deposits
Aaa; Aa1; Aa2; Aa3	-	57
A3; A2; A3	66,241	9,819
Baa1; Baa2; Baa3	30,886	26,295
Ba1; Ba2; Ba3	38,943	175,788
B1; B2; B3	349,351	3,745
Caa2; Caa3	47,178	11,538
Without rating or information	559,596	205,610
<b>Total</b>	<b>1,092,194</b>	<b>432,853</b>

2018	Customers and other debtors - others	Cash and bank deposits
Aaa	-	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
<b>Total</b>	<b>979,538</b>	<b>450,301</b>

At 31 December 2019 and 2018, the aging of the accounts receivable associated with customers and other debtors – others, which were not impaired, was as follows:

Aging in the balance sheet 2019	Customers and other debtors - others
<b>Overdue amounts</b>	
] 0 ; 3 ] months	221,190
] 3 ; 12] months	175,066
] 1 ; 3 ] years	120,875
Over 3 years	118,589
	<b>635,721</b>
<b>Non overdue amounts</b>	456,473
<b>Total</b>	<b>1,092,194</b>

Aging in the balance sheet 2018	Customers and other debtors - others
<b>Overdue amounts</b>	
] 0 ; 3 ] months	270,143
] 3 ; 12] months	155,217
] 1 ; 3 ] years	125,822
Over 3 years	70,791
	<b>621,972</b>
<b>Non overdue amounts</b>	357,566
<b>Total</b>	<b>979,538</b>

The GROUP's credit risk arise essentially from: i) the risk of recovery of the monetary items 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 to monitor its evolution.

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 portion of the GROUP's customers have not a credit rating attributed.

For financial assets other than those recorded under the captions "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 increase in the credit risk of other financial instruments issued by the debtor;
- Significant changes in the fair value of the collaterals received 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 captions "Customers " 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 ix)).

## Fair value

At 31 December 2019 and 2018, the GROUP's financial instruments recorded at fair value were as follows:

	2019				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		
<b>Financial assets</b>						
<b>Assets recorded at amortised cost</b>						
Cash and cash equivalents - term and demand deposits	432,853	-	-	-	432,853	
Customers - current	821,179	-	-	-	821,179	
Other debtors - others - current	137,799	-	-	-	137,799	
Customers - non-current	7,385	-	-	-	7,385	
Other debtors - others - non-current	125,831	-	-	-	125,831	
Associated and related companies - current	6,026	-	-	-	6,026	
Associated and related companies - non-current	44,964	-	-	-	44,964	
State and other public entities (except corporate income tax)	56,779	-	-	-	56,779	
Other financial investments recorded at amortised cost - current	10,568	-	-	-	10,568	
Other financial investments recorded at amortised cost - non-current	212,078	-	-	-	212,078	
Other financial investments recorded at fair value through other comprehensive income	-	-	-	54,088	54,088	Level 3
Derivative financial instruments	-	-	4	-	4	Level 2
Carrying amount of financial assets	1,855,463	-	4	54,088	1,909,555	

	2019			Fair value hierarchy
	Amortised cost	Fair value through other comprehensive income	Total	
<b>Financial liabilities</b>				
Derivative financial instruments	-	697	697	Level 2
<b>Financial liabilities recorded at amortised cost</b>				
Loans with and without recourse - current	891,739	-	891,739	
Loans with and without recourse - non-current	977,185	-	977,185	
Other financial liabilities - current	208,156	-	208,156	
Suppliers and sundry creditors - current	885,832	-	885,832	
Suppliers and sundry creditors - non-current	93,943	-	93,943	
<b>Financial liabilities outside the scope of IFRS - 9</b>				
Lease liabilities - current	69,999	-	69,999	
Lease liabilities - non-current	203,883	-	203,883	
Carrying amount of financial liabilities	3,330,736	697	3,331,433	

	2018				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		
<b>Financial assets</b>						
<b>Assets recorded at amortised cost</b>						
Cash and cash equivalents - term and demand deposits	450,301	-	-	-	450,301	
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 amortised cost - current	21,399	-	-	-	21,399	
Other financial investments recorded at amortised cost - non-current	144,963	-	-	-	144,963	
Other financial investments recorded at fair value through other comprehensive income	-	-	-	59,224	59,224	Level 3
Derivative financial instruments	-	-	265	-	265	Level 2
Carrying amount of financial assets	1,223,966	-	265	59,224	1,733,757	

	2018 restated			Fair value hierarchy
	Amortised cost	Fair value through other comprehensive income	Total	
<b>Financial liabilities</b>				
Derivative financial instruments	-	597	597	Level 2
<b>Financial liabilities recorded at amortised cost</b>				
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	802,173	-	802,173	
Suppliers and sundry creditors - non-current	60,121	-	60,121	
Carrying amount of financial liabilities	2,847,894	597	2,848,491	

## 46. Impact of Hyperinflation in Angola and in Zimbabwe

As referred to in Note 1.3. i), in the years 2017 and 2018 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-ENGIL ANGOLA;
- ANGOLAN BRANCH OF MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO ÁFRICA;
- VISTA WASTE;
- NOVICER;
- SONAUTA;
- VISTA POWER; and
- MEBISA.

At 31 December 2018 and in the year ended on that date, the impact of considering the Angolan economy as a hyperinflationary economy on the attached consolidated financial statements can be summarised as follows:

2018 restated	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
Amortizations 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	2,965	45	3,010
Gains / (losses) on the disposal of subsidiaries, jointly controlled and associated companies	462	-	462
Net monetary position	-	(12,263)	(12,263)
<b>Income before taxes</b>	<b>157,883</b>	<b>(22,674)</b>	<b>135,209</b>
Income tax	(40,013)	(1,721)	(41,734)
<b>Consolidated net profit of the year</b>	<b>117,869</b>	<b>(24,394)</b>	<b>93,475</b>
Attributable:			
to non-controlling interests	80,300	(10,131)	70,169
<b>to the Group</b>	<b>37,570</b>	<b>(14,263)</b>	<b>23,306</b>

2018 restated	Before the application of IAS 29	Impact of IAS 29	After the application of IAS 29
<b>Assets</b>			
<b>Non-current</b>			
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	14,981	-	14,981
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
	<b>1,995,473</b>	<b>45,178</b>	<b>2,040,650</b>
<b>Current</b>			
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
	<b>2,443,188</b>	<b>2,983</b>	<b>2,446,171</b>
Non-current assets held for sale	206,187	-	206,187
<b>Total Assets</b>	<b>4,644,848</b>	<b>48,160</b>	<b>4,693,008</b>
<b>Liabilities</b>			
<b>Non-current</b>			
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	60,121	-	60,121
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
	<b>1,536,614</b>	<b>16,427</b>	<b>1,553,041</b>
<b>Current</b>			
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	801,435	739	802,173
Contract liabilities	319,626	-	319,626
Other current liabilities	462,184	710	462,894
Corporate income tax	17,215	-	17,215
	<b>2,576,660</b>	<b>1,449</b>	<b>2,578,109</b>
Non-current liabilities held for sale	115,990	-	115,990
<b>Total Liabilities</b>	<b>4,229,263</b>	<b>17,876</b>	<b>4,247,139</b>
<b>Shareholders' equity</b>			
Share capital	237,505	-	237,505
Own shares	(10,232)	-	(10,232)
Reserves, retained earnings and share premiums	(105,809)	32,101	(73,708)
Consolidated net profit of the year	37,570	(14,263)	23,306
<b>Own funds attributable to the Group</b>	<b>159,034</b>	<b>17,837</b>	<b>176,872</b>
Non-controlling interests	256,551	12,447	268,998
<b>Total shareholders' equity</b>	<b>415,585</b>	<b>30,284</b>	<b>445,869</b>
<b>Total shareholders' equity and liabilities</b>	<b>4,644,848</b>	<b>48,160</b>	<b>4,693,008</b>

Additionally, in the year ended 31 December 2019, the Zimbabwe economy was considered a hyperinflationary economy. Therefore, the Zimbabwe branch of MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO AFRICA, whose functional currency was the Zimbabwe Dollar, carried out the restatement of its financial statements to the current measuring unit.

At 31 December 2019 and in the year ended on that date, the impact of considering the Zimbabwe economy as a hyperinflationary economy on the attached consolidated financial statement can be summarized as follows:

	Before the application of IAS 29	Impact of IAS 29	After the application of IAS 29
Sales and services rendered	2,830,811	(4,064)	2,826,746
Cost of goods sold, mat. cons., changes in production and subcontractors	(1,222,789)	225	(1,222,564)
Third-party supplies and services	(599,495)	1,400	(598,095)
Wages and salaries	(587,085)	(144)	(587,229)
Other operating income / (expenses)	(6,762)	4,974	(1,788)
Amortizations and depreciations	(206,280)	(262)	(206,542)
Impairment losses	(6,147)	-	(6,147)
Provisions	(16,648)	-	(16,648)
Financial income and gains	194,749	15,116	209,865
Financial costs and losses	(274,305)	-	(274,305)
Gains / (losses) in associates and jointly controlled companies	(5,407)	-	(5,407)
Gains / (losses) on the disposal of subsidiaries, jointly controlled and associated companies	(7,986)	-	(7,986)
Net monetary position	(0)	1,746	1,746
<b>Income before taxes</b>	<b>92,656</b>	<b>18,991</b>	<b>111,647</b>
Income tax	(41,129)	(345)	(41,474)
<b>Consolidated net profit of the year</b>	<b>51,527</b>	<b>18,646</b>	<b>70,173</b>
Attributable:			
to non-controlling interests	43,445	-	43,445
<b>to the Group</b>	<b>8,082</b>	<b>18,646</b>	<b>26,728</b>

	Before the application of IAS 29	Impact of IAS 29	After the application of IAS 29
<b>Assets</b>			
<b>Non-current</b>			
Goodwill	22,233	-	22,233
Intangible assets	629,811	-	629,811
Tangible assets	459,294	734	460,028
Rights of use assets	246,411	-	246,411
Financial investments in associated companies	103,908	-	103,908
Financial investments in jointly controlled companies	19,902	-	19,902
Other financial investments recorded at amortised cost	212,078	-	212,078
Other financial investments recorded at fair value through other comprehensive income	54,088	-	54,088
Investment properties	161,753	-	161,753
Customers and other debtors	184,433	-	184,433
Other non-current assets	5,427	-	5,427
Derivative financial instruments	4	-	4
Deferred tax assets	186,296	-	186,296
<b>Total non-current assets</b>	<b>2,285,637</b>	<b>734</b>	<b>2,286,371</b>
<b>Current</b>			
Inventories	332,078	521	332,599
Customers and other debtors	1,059,462	-	1,059,462
Contract assets	568,360	-	568,360
Other current assets	54,740	59	54,799
Corporate income tax	35,146	-	35,146
Other financial investments recorded at amortised cost	10,568	-	10,568
Cash and cash equivalents with recourse – Term deposits	98,303	-	98,303
Cash and cash equivalents without recourse – Demand deposits	34,593	-	34,593
Cash and cash equivalents with recourse – Demand deposits	299,957	-	299,957
Non-current assets held for sale	274,407	-	274,407
<b>Total current assets</b>	<b>2,767,613</b>	<b>581</b>	<b>2,768,193</b>
<b>Total assets</b>	<b>5,053,249</b>	<b>1,315</b>	<b>5,054,564</b>
<b>Liabilities</b>			
<b>Non-current</b>			
Loans without recourse	110,425	-	110,425
Loans with recourse	866,760	-	866,760
Lease liabilities	203,883	-	203,883
Derivative financial instruments	688	-	688
Suppliers and sundry creditors	93,943	-	93,943
Contract liabilities	44,247	-	44,247
Other non-current liabilities	157,746	-	157,746
Provisions	106,587	-	106,587
Deferred tax liabilities	161,659	325	161,984
<b>Total non-current liabilities</b>	<b>1,745,937</b>	<b>325</b>	<b>1,746,263</b>
<b>Current</b>			
Loans without recourse	50,148	-	50,148
Loans with recourse	841,592	-	841,592
Other financial liabilities	208,156	-	208,156
Lease liabilities	69,999	-	69,999
Derivative financial instruments	9	-	9
Suppliers and sundry creditors	885,832	-	885,832
Contract liabilities	233,639	-	233,639
Other current liabilities	530,905	-	530,905
Corporate income tax	30,395	-	30,395
Non-current liabilities held for sale	129,600	-	129,600
<b>Total current liabilities</b>	<b>2,980,272</b>	<b>-</b>	<b>2,980,272</b>
<b>Total Liabilities</b>	<b>4,726,209</b>	<b>325</b>	<b>4,726,535</b>
<b>Shareholders' equity</b>			
Share capital	237,505	-	237,505
Own shares	(10,232)	-	(10,232)
Reserves, retained earnings and share premiums	(160,018)	(17,656)	(177,674)
Consolidated net profit of the year	8,082	18,646	26,728
<b>Own funds attributable to the Group</b>	<b>75,337</b>	<b>990</b>	<b>76,327</b>
Non-controlling interests	251,703	-	251,703
<b>Total shareholders' equity</b>	<b>327,040</b>	<b>990</b>	<b>328,030</b>
<b>Total shareholders' equity and liabilities</b>	<b>5,053,249</b>	<b>1,315</b>	<b>5,054,564</b>



## 47. Subsequent events

In 2020, up to the date of issuance of this report, we highlight the following relevant fact whose detail has been properly released as privileged information on the MOTA-ENGIL and CMVM websites:

17 February 2020

### “MOTA-ENGIL INFORMS ABOUT CONTRACT FOR HYDROELECTRIC PROJECT IN COLOMBIA WORTH € 270 MILLION

MOTA-ENGIL S.G.P.S., S.A. (MOTA-ENGIL) hereby informs about the signing, by its local subsidiary, of a construction contract in Colombia.

The contract with a global construction amount of around € 270 million, will have an estimated duration of 46 months and contemplates the construction of a power generation plant for Talasa ProjectCo SAS an SPV with a majority of chinese investors amongst which the China Communications Construction Company (CCCC) and the China Three Gorges Corporation (CTG).

We highlight also the recent signing of a contract for the construction in 540 days of a new 24km stretch of a road (Barranca Larga-Ventanilla) in Mexico, worth around € 45 million.”

### COVID-19

In addition, after 31 December 2019, the large majority of countries were plagued by a previously unknown virus designated “SARS-CoV-2”, which rapidly became a pandemic on a global scale.

Although as of today the effects caused by such virus have produced an already significant impact in the economy, in the employment and in the companies, to which the GROUP, even though not operating in the most affected sectors, is not indifferent, if it lasts an extended period of time, more interruptions / stopovers in production might occur, with negative consequences as regards its profitability and future liquidity.

On the other hand, the negative effects of that virus will probably produce a higher impact in the Engineering and Construction business since the other activities carried out by the GROUP in the Environment and Services business (waste, treatment and recovery and energy production and trading) constitute services of essential and strategic importance to the regular functioning of the communities in these troubled times.

Finally, the GROUP is monitoring, on a daily basis, the evolution of this topic, fulfilling and disseminating the recommendations of the World Health Organisation and of the Local Authorities and is acting in order to minimise the effects of the virus on its workers, in the communities where it is present and in its assets.

More specifically, to give a coordinated and organised response to the current crisis, the GROUP has created a permanent follow-up committee (“Covid Committee”) embodied into a support network with several features that includes the persons in charge of the markets and a central devoted team. This network is centrally coordinated by the Executive Committee, which meets at least twice a week to take note of the actual situation as to the impact of the current crisis: (1) in people, (2) in the current activity (in the economic and financial aspects), (3) in the business plan for 2020 and (4) in the medium-term strategy.



As for the impact in people, the first decisions taken, even anticipating the restrictions enacted by the several Local Authorities, were materialized in the definition of contingency plans to be applied to all places where the GROUP operates, like the different central offices, shipyards, work fronts, industrial units, etc.

In general, the GROUP has implemented teleworking for all functions where this has proved to be feasible and in its operations has implemented enhanced safety and hygiene measures, reinforcing individual protection means, and is monitoring the compliance of those measures by all people, whether they are employees of GROUP companies, whether they are subcontractors, suppliers, customers, supervisory teams, etc.

In relation to expatriate employees, the GROUP ensured a reinforcement of its security hiring a global rescue company with capacity to provide support both in terms of access to local health care, as well as, regards to potential return trips needed to the respective origin country.

Additionally, to support the families of the expatriates or other displaced persons, a volunteer platform was created with the support of the Manuel António da Mota Foundation ("FMAM").

Regarding the current activity, at the date of this report, globally, the reduction in turnover in 2020, compared with the same period in 2019, is perceptible and we consider as very probable that new impacts may arise namely as a consequence of the production replanning in some markets.

Specifically in the Engineering and Construction activity in Europe, there were some negative impacts arising from the measures enacted by the Local Authorities and the decisions taken by some of our customers, namely in projects that were taking place in Portugal and in Ireland. In Portugal, there were some difficulties in the performance of some subcontractors which, together with the security measures implemented, have allowed to resume the operations even at levels below normal. On the other hand, as of the date of this report, there have been no significant problems in the supply chain and the number of projects whose production has been interrupted for that reason has been reduced.

Still in the Engineering and Construction activity, but in Africa, there were also some negative impacts arising from the measures enacted by the Local Authorities and the decisions taken by some of our customers. Thus, there were interruptions in the majority of the projects developed in Angola and in Rwanda, with interruptions also in Mozambique. In the other markets, at the date of this report, there is a reduction in the pace of work as a result of the logistical limitations imposed that are restricting the movement of materials and people.

In Latin America, there were also some negative impacts arising from the measures enacted by the Local Authorities in the different countries, with a special impact in Peru and in Brazil. In this region, the market that first felt the effects of this situation was precisely Peru, with the establishment of the State of Emergency and the Partial Compulsory Recollection. However, we believe that in the coming weeks some measures may be progressively lifted in order to allow the resume of the economic activity.

In the remaining activities, whether in the collection and treatment of waste, whether in the energy production and sale, the activity has maintained a relatively normal level. Despite the production levels achieved and the stability in the collection and treatment of domestic waste, a reduction in industrial waste is evident due to the strong decrease of the economic activity.

Additionally, it is important to highlight that in all projects, even those in which there was an interruption by indication of the Local Authorities or by our customers, there has been a dialogue with the latter ones in order to safeguard the financial balance of the contracts.

Although the interruption period of the Engineering and Construction projects referred to in the previous paragraphs is not yet long, the GROUP is, through its financial department and its several action teams coordinated by its CFO and the corporate team, developing a set of measures to ensure the management of the business liquidity. Accordingly, in Portugal, the GROUP recently formalized its access to the moratorium process with the major banks with which it operates and is finalizing that process with the rest, in an operation that will involve circa of 215 million Euros (capital and interest). Furthermore, it is also negotiating additional liquidity lines with Portuguese banks and with local banks in the main countries where it operates in Africa and in Latin America.

Likewise, the GROUP is accelerating a set of efficiency measures that were already underway through a multidisciplinary team with the central coordination of the Executive Committee.

Finally, despite the effects of the pandemic and the abovementioned moratoriums, the GROUP at 31 December 2019 had circa of 234 million Euros of credit lines available but not used, and, during the first months of the year it already had been able to refinance or is in the refinancing process of circa of 260 million Euros, which allow it to overcome the liquidity gap (current assets - current liabilities) evidenced in the consolidated financial statements at 31 December 2019.

Regarding the accomplishment of the business plan for 2020, following the description made in the previous paragraphs, the expectation points to a resilient activity with variations in turnover and in operating profitability different from country to country, considering in the medium scenario a recovery of the most affected economies only after the second quarter of the year.

Thus, in Europe, the first months of the year confirmed a growing trend in the Engineering and Construction activity and we predict no significant changes in the remaining activities until the end of the year.

In Africa, in the ongoing projects, it is our expectation that it will be possible to recover the delays in the most recent weeks, being the commercial activity performing with great dynamism and normality.

Finally, in Latin America, there was a significant reduction in the activity of Engineering and Construction, and so our expectations for the year 2020 are more conservative, as reflected in the chapter Outlook for 2020 in the Management Report.

Therefore, at the present date, no significant change is expected in the production pace and in the profitability that could affect the liquidity level of the operations in the several markets and in the GROUP as a whole. However, several actions to safeguard that level of liquidity have been, are and will continue to be implemented in the several companies, businesses and markets of the GROUP.

Finally, regarding the medium-term strategy, the GROUP has already started a reflection on the “new normal” through a methodology based on 5 steps: (1) assessment and understanding of the situation in all its aspects and in all businesses / companies; (2) strengthening the resilience, ensuring the protection of its assets; (3) case by case planning of the necessary recovery; (4) simulation of new scenarios for the future; (5) adapting the organization to the new regulatory and competitive environment (the “new normal”).

Taking in consideration the above referred, at the date of this report, the GROUP’s Board of Directors maintains the understanding that it has adequate resources to maintain its activities and that the use of the going concern assumption in the preparation of the attached consolidated financial statements remains adequate.

## 48. Fees paid to the auditor / statutory auditor

In the year ended 31 December 2019, the amount of fees paid to the auditor / statutory auditor was as follows:

Nature of the service	By the company	By other entities which are part of the Group	Total
	Amount (euros)	Amount (euros)	Amount (Euros)
Audit and statutory audit	76,122	1,542,621	1,618,743
Other assurance services	85,000	92,062	177,062
Tax consultancy	-	9,707	9,707
Other services than statutory audit	-	24,196	24,196
<b>Total</b>	<b>161,122</b>	<b>1,668,587</b>	<b>1,829,709</b>

Non audit services provided by the External Auditor and the Statutory Auditor during the year 2019 are detailed below:

- Provision of a license to access the Inforfisco database which consists in a repository of tax nature from a public source (from legislation to jurisprudence);
- Provision of a license to access the Consult@ble platform which consists in a repository of an accounting, financial and tax nature;
- Preparation and presentation of a generic training session regarding some International Financial Reporting Standards (IAS / IFRS), as well as, over the main differences between those standards and the Mexican Accounting Standards;
- Issuance of assurance reports regarding the regulated accounts of some concessionary companies to be submitted to the regulatory body (ERSAR);
- Limited revisions to the standalone and consolidated financial statements of some subsidiaries in accordance with ISRE 2410 International Standard on Review Engagements;
- Issuance of an agreed upon procedures report regarding the issuance of a bond loan, as well as, analysis over the content of the financial information included in the respective prospectus;
- Issuance of an agreed upon procedures report related to the validation of financial ratios associated with financing contracts obtained and tenders in which the GROUP companies participated;
- Issuance of an agreed upon procedures report regarding the determination of the net asset value of a subsidiary company;

- Issuance of an agreed upon procedures report, under the Local Companies Act, related to the sale of some assets by a subsidiary company;
- Analysis over a set of transactions considered relevant by a subsidiary company which were subject to the provisions of the Sole Transitory Legislative Decree 1422;
- Provision of tax compliance services to a GROUP branch;
- Support in the collection and compilation of data over the new Mexican energy retail market.

## 49. Approval of financial statements

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These consolidated financial statements were approved by the GROUP's Board of Directors at 9 April 2020. 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. Consolidated companies

## COMPANIES INCLUDED IN THE CONSOLIDATION BY THE FULL CONSOLIDATION METHOD

The companies included in the attached consolidated financial statements using the full consolidation method, their headquarters, proportion of capital held, activity, date of incorporation and date of acquisition were as follows:

Designation	Head Office	Effective holding percentage	Activity	Incorporation date	Acquisition date
<b>Parent Company of the Group and related activities</b>					
<b>Mota-Engil, SGPS, S.A., Sociedade Aberta ("Mota-Engil SGPS")</b>	Portugal (Porto)	-	Management of financial holdings	Aug-90	-
<b>Bay-Park Koriátolt Felelősségű Társaság Kft. ("Bay Park")</b> Through Obol Invest	Hungary (Budapest)	76.73	Real Estate development	-	Dec-08
<b>Corgimobil - Empresa Imobiliária das Corgas, Lda. ("Corgimobil")</b> Through Mota-Engil Real Estate Portugal	Portugal (Cascais)	97.25	Construction works, studies and real estate	-	Nov-00
<b>Dmowski Project Development, Sp. z o.o. ("Dmowski")</b> Through Mota-Engil Real Estate, SGPS	Poland (Krakow)	100.00	Real Estate development	Aug-07	-
<b>Gesar - Gestão de Águas Residuais do Algarve ("GESAR ACE Manvia")</b> Through Manvia	Portugal (Linda-a-Velha)	54.00	Wastewater treatment	Apr-15	-
<b>Hungária Hotel Ingatlanforgalmazó, Kereskedelmi, és Szolgáltató Kft. ("Hotel Achat Hungary")</b> Through Mota-Engil Real Estate, SGPS	Hungary (Budapest)	100.00	Real Estate development	Jun-08	-
<b>Kordylewski Project Development W Likwidacji Sp. z o.o. ("Kordylewski")</b> Through Mota-Engil Real Estate, SGPS	Poland (Krakow)	100.00	Real Estate development	Feb-05	-
<b>Largo do Paço - Investimentos Turísticos e Imobiliários, Lda. ("Largo do Paço")</b> Through Mota-Engil Capital	Portugal (Amarante)	100.00	Real Estate development	-	Oct-01
<b>Manvia - Manutenção e Exploração de Instalações e Construção, S.A. ("Manvia")</b> Through Mota-Engil Ambiente e Serviços	Portugal (Linda-a-Velha)	90.00	Maintenance and operation of facilities	Jul-94	Jun-98
<b>ME 3I, SGPS, S.A. ("ME 3I SGPS")</b> Through Mota-Engil Indústria e Inovação	Portugal (Linda-a-Velha)	61.20	Management of financial holdings	Oct-11	-
<b>Mercado Urbano - Gestão Imobiliária, S.A. ("Mercado Urbano")</b> Through Mota-Engil Real Estate Portugal	Portugal (Porto)	100.00	Real Estate development	Jul-09	Mar-11
<b>Mota-Engil Capital, S.A. ("Mota-Engil Capital")</b> Through Mota-Engil SGPS	Portugal (Porto)	100.00	Management of financial holdings	Feb-18	-
<b>ME Investitii AV s.r.l. ("Mota-Engil Investitii")</b> Through Mota-Engil Real Estate, SGPS	Romania (Bucharest)	100.00	Real Estate development	-	Sep-07
<b>Mota-Engil Real Estate Hungary Ingatlanforgalmazó, Kereskedelmi és Szolgáltató Kft. ("Mota-Engil Real Estate Hungary")</b> Through Mota-Engil Real Estate, SGPS	Hungary (Budapest)	100.00	Real Estate development	Jul-05	-
<b>Mota-Engil Real Estate Portugal, S.A. ("Mota-Engil Real Estate Portugal")</b> Through Mota-Engil Real Estate, SGPS	Portugal (Porto)	100.00	Real Estate development	Sep-01	-
<b>Mota-Engil Real Estate, SGPS, S.A. ("Mota-Engil Real Estate SGPS")</b> Through Mota-Engil Capital	Portugal (Porto)	100.00	Management of financial holdings	Dec-02	-
<b>MESP - Mota Engil Serviços Partilhados, Administrativos e de Gestão, S.A. ("Mota-Engil Serviços Partilhados")</b> Through Mota-Engil SGPS	Portugal (Porto)	100.00	Administrative Services	Dec-02	-
<b>MK Contractors, LLC ("MKC")</b> Through Mota-Engil Engenharia e Construção	USA (Miami)	100.00	Real Estate development	Mar-02	-
<b>Mota-Engil África, N.V. ("ME África NV")</b> Through Mota-Engil SGPS	Netherlands (Amsterdam)	100.00	Management of financial holdings	Oct-12	-
<b>Mota-Engil Indústria e Inovação, SGPS, S.A. ("Mota-Engil Indústria e Inovação")</b> Through Mota-Engil SGPS	Portugal (Linda-a-Velha)	100.00	Management of financial holdings	Nov-10	-
<b>Mota-Engil Minerals Mining Investment B.V. ("ME Minerals Mining Investment BV")</b> Through Mota-Engil SGPS	Netherlands (Amsterdam)	100.00	Management of other companies	Oct-10	-
<b>Mota-Engil Renewing, S.A. ("ME Renewing")</b> Through Mota-Engil Capital	Portugal (Porto)	100.00	Energy, sustainable mobility, recycling and reuse and resource utilization	Aug-18	-
<b>Öböl Invest Befektetési és Üzletviteli Tanácsadó Koriátolt Felelősségű Társaság Kft. ("Obol Invest")</b> Through Mota-Engil Real Estate, SGPS	Hungary (Budapest)	77.50	Real Estate development	-	May-05
<b>Öböl XI. Ingatlanhasznosítási Berüházó és Szolgáltató Koriátolt Felelősségű Társaság Kft. ("Obol XI")</b> Through Obol Invest	Hungary (Budapest)	76.73	Real Estate development	-	Dec-03
<b>Proempar - Promoção e Gestão de Parques Empresariais e Tecnológicos, S.A. ("Proempar")</b> Through Mota-Engil Real Estate Portugal	Portugal (Porto)	100.00	Marketing, management and exploitation of technological and industrial business parks	Oct-06	-
<b>PTT - Parque Tecnológico do Tâmega, S.A. ("PTT")</b> Through Mota-Engil Real Estate Portugal	Portugal (Felgueiras)	90.00	Marketing, management and exploitation of technological and industrial business parks	Dec-06	-
<b>Sikorki Project Development Sp. z o.o. ("Sikorki")</b> Through Mota-Engil Real Estate, SGPS	Poland (Krakow)	100.00	Real Estate development	Oct-12	-
<b>Soltysowska Project Development Sp. z o.o. ("Soltysowska")</b> Through Mota-Engil Real Estate, SGPS	Poland (Krakow)	100.00	Real Estate development	Nov-05	-
<b>Takargo - Transportes de Mercadorias, S.A. ("Takargo")</b> Through Mota-Engil Ambiente e Serviços	Portugal (Linda-a-Velha)	100.00	Railway transportation of goods	Oct-06	-
<b>Turalgo-Sociedade de Promoção Imobiliária e Turística do Algarve, S.A. ("Turalgo")</b> Through Mota-Engil Real Estate Portugal	Portugal (Oeiras)	51.00	Real Estate development	May-92	-
<b>Wilanow Project Development SP, z.o.o. ("Wilanow")</b> Through Mota-Engil Real Estate, SGPS	Poland (Krakow)	100.00	Real Estate development	Jun-07	-

Designation	Head Office	Effective holding percentage	Activity	Incorporation date	Acquisition date
<b>Europe</b>					
<b>Mota-Engil Europe, S.A. ("Mota-Engil Europe")</b> Through Mota-Engil SGPS	Portugal (Linda-a-Velha)	100.00 100.00	Management of financial holdings	Jun-10	-
<b>Engineering and Construction</b>					
<b>Áreagolfe - Gestão, Construção e Manutenção de Campos de Golfe, S.A. ("Áreagolfe")</b> Through Vibeiras	Portugal (Torres Novas)	77.78 77.78	Golf courses construction, management and maintenance	-	Jul-07
<b>Balice Project Development Sp. z o.o. ("Balice")</b> Through Mota-Engil Real Estate Management	Poland (Krakow)	100.00 100.00	Real Estate development	Oct-12	-
<b>Belém Grid - Promoção imobiliária e de Animação Turística, S.A. ("Belém Grid")</b> Through Mota-Engil Engenharia e Construção	Portugal (Porto)	100.00 100.00	Real Estate development and tourist entertainment	Oct-19	-
<b>Bukowinska Project Development ("Bukowinska Project Development")</b> Through Mota-Engil Central Europe Polónia	Poland (Krakow)	100.00 100.00	Design and construction of social housing	Mar-15	-
<b>Carlos Augusto Pinto dos Santos &amp; Filhos S.A. ("Capsfil")</b> Through Mota-Engil Engenharia e Construção	Portugal (Vila Flor)	100.00 100.00	Extraction of gravel, sand and crushed stone	Mar-77	Oct-09
<b>Diace - Construtoras das Estradas do Douro Interior A.C.E. ("Diace ACE MEEC")</b> Through Mota-Engil Engenharia e Construção	Portugal (Porto)	53.10 53.10	Realization of construction works and services and providing design	Nov-08	Dec-15
<b>Dzieci Warszawy Project Development Sp. z.o.o. ("Dzieci")</b> Through Mota-Engil Real Estate Management	Poland (Krakow)	100.00 100.00	Real Estate development	Nov-15	-
<b>Ekosrodowisko z.o.o. In Liquidation ("Ekosrodowisko")</b> Through SUMA	Poland (Bytom)	61.50 61.50	Urban solid waste	Feb-05	Dec-05
<b>Glace - Construtoras das Auto-estradas da Grande Lisboa A.C.E. ("Glace ACE MEEC")</b> Through Mota-Engil Engenharia e Construção	Portugal (Porto)	52.87 52.87	Realization of construction works and services and providing design	Dec-06	Dec-15
<b>Glan Agua, Ltd ("Glanagua")</b> Through MEIS	Ireland (Ballinasloe)	70.00 70.00	Treatment of waste, exploitation and management of water systems	Jan-08	-
<b>Glan Agua (UK), Ltd ("Glan Agua UK")</b> Through MEIS	United Kingdom (St Albans)	70.00 70.00	Treatment of waste, exploitation and management of water systems	Jul-15	-
<b>Grodowska Project Development Sp. z.o.o. ("Grodowska")</b> Through Mota-Engil Real Estate Management	Poland (Krakow)	100.00 100.00	Design and construction of social housing	Mar-14	-
<b>Grota-Roweckiego Project Development Sp. z o.o. ("Grota")</b> Through Mota-Engil Real Estate Management	Poland (Krakow)	100.00 100.00	Real Estate development	Oct-12	-
<b>Hygeia - Edifícios Hospitalares, SGPS, S.A. ("Hygeia")</b> Through Mota-Engil Engenharia e Construção	Portugal (Lisboa)	99.00 98.99	Management of financial holdings	Dec-18	-
<b>Immo Park Gdańsk, Sp. z.o.o. ("Immo Park Gdańsk")</b> Through Mota-Engil Central Europe Polónia	Poland (Krakow)	100.00 100.00	Design, construction, management and exploitation of parking	Mar-13	-
<b>Immo Park Warszawa, Sp. z.o.o. ("Immo Park Warszawa")</b> Through Mota-Engil Central Europe Polónia	Poland (Krakow)	100.00 100.00	Design, construction, management and exploitation of parking	Oct-12	-
<b>Immo Park, Sp. z.o.o. ("Immo Park")</b> Through Mota-Engil Central Europe Polónia	Poland (Krakow)	100.00 100.00	Design, construction, management and exploitation of parking	Jan-08	Mar-11
<b>Kilniskiego Project Development Sp. z.o.o. ("Kilniskiego")</b> Through Mota-Engil Real Estate Management	Poland (Krakow)	100.00 100.00	Real Estate development	Aug-07	-
<b>Kilniskiego Property Investment Sp. z.o.o. ("Kilniskiego PI")</b> Through Kilniskiego Project Development Sp. z.o.o.	Poland (Krakow)	100.00 99.99	Real Estate development	Sep-11	-
<b>Listopada Project Development ("Listopada Project Development")</b> Through Mota-Engil Real Estate Management	Poland (Krakow)	100.00 100.00	Real Estate development	Nov-15	-
<b>Lusitânia - Construtoras das Auto-estradas das Beiras Litoral e Alta A.C.E. ("Lusitânia ACE MEEC")</b> 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
<b>MES, Mota-Engil Srodowisko, Sp. z.o.o. ("MES")</b> Through Suma	Poland (Krakow)	61.50 61.50	Urban solid waste	Dec-05	-
<b>Mota-Engil International Construction (UK) Ltd ("Mota-Engil UK")</b> Through Mota-Engil Engenharia e Construção	United Kingdom (St Albans)	60.00 60.00	Construction works	Jul-15	-
<b>Mota-Engil Ireland Construction Limited ("Mota-Engil Irlanda")</b> Through Mota-Engil Engenharia e Construção	Ireland (Dublin)	60.00 60.00	Construction works	Oct-07	-
<b>Mota-Engil Engenharia e Construção, S.A. ("Mota-Engil Engenharia e Construção")</b> Through Mota-Engil Europe	Portugal (Amarante)	100.00 100.00	Construction works, and purchase and sale of real estate	-	Dec-00
<b>Mota-Engil Central Europe, S.A. ("ME Central Europe Polónia")</b> Through Mota-Engil Central Europe Management	Poland (Krakow)	100.00 100.00	Construction works	Feb-53	Mar-99
<b>Mota-Engil Central Europe Ceska Republika, AS ("Mota-Engil Central Europe República Checa")</b> Through Mota-Engil Europe	Czech Republic (Prague)	100.00 100.00	Construction and public works	Jan-97	-
<b>Mota-Engil Central Europe Management, SGPS, SA ("Mota-Engil Central Europe Management")</b> Through Mota-Engil Europe	Portugal (Porto)	100.00 100.00	Management of financial holdings	Aug-17	-
<b>Mota-Engil Central Europe PPP Sp. z.o.o. ("ME Central Europe PPP")</b> Through Mota-Engil Central Europe Polónia	Poland (Krakow)	100.00 100.00	Design, construction, management and exploitation of parking	Mar-12	-
<b>Mota-Engil Central Europe PPP 2 Sp. z.o.o. ("ME Central Europe PPP 2")</b> Through Mota-Engil Central Europe Polónia	Poland (Krakow)	100.00 100.00	Design, construction, management and exploitation of parking	Dec-13	-
<b>Mota-Engil Central Europe PPP Road Sp. z.o.o. ("ME Central Europe PPP Road")</b> Through Mota-Engil Central Europe Polónia	Poland (Krakow)	100.00 100.00	Design, construction, management and exploitation of parking	-	Nov-13
<b>Mota-Engil Central Europe PPP 3 Sp. z.o.o. ("ME Central Europe PPP 3")</b> Through Mota-Engil Central Europe Polónia	Poland (Krakow)	100.00 100.00	Design, construction, management and exploitation of parking	Apr-14	-
<b>Mota-Engil Ireland Services Ltd. ("MEIS")</b> Through Mota-Engil Engenharia e Construção	Ireland (Dublin)	70.00 70.00	Treatment of waste, exploitation and management of water systems	Jan-08	-
<b>Mota-Engil Magyarország Beruházási És Építőipari Zrt. ("Mota-Engil Magyarország")</b> Through Mota-Engil Europe	Hungary (Budapest)	100.00 100.00	Construction and public works	Jan-96	-
<b>Mota-Engil Railway Engineering, S.A. ("ME Railway Engineering")</b> Through Mota-Engil Engenharia e Construção	Portugal (Porto)	100.00 96.15	Study, projects, execution of works and representation of materials and equipment related to railway works	Jun-18	-
<b>Mota-Engil Real Estate Management, sp. z.o.o. ("Mota-Engil Real Estate Management")</b> Through Mota-Engil Central Europe Polónia	Poland (Krakow)	100.00 100.00	Real Estate development	Jun-05	-
<b>Mota-Engil Vermelo Sp. z.o.o. ("ME Vermelo")</b> Through Mota-Engil Real Estate Management	Poland (Krakow)	100.00 100.00	Real Estate development	Mar-12	-
<b>Norace - Construtoras das Auto-estradas do Norte A.C.E. ("Norace ACE MEEC")</b> 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
<b>Oriental Hub, S.A. ("Oriental Hub")</b> Through Mota-Engil Engenharia e Construção	Portugal (Porto)	100.00 100.00	Design, construction, rehabilitation and operation of the Old Industrial Slaughterhouse of Porto	Nov-18	-
<b>Pinhal - Construtoras das Auto-estradas do Pinhal Interior A.C.E. ("Pinhal ACE MEEC")</b> 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

Designation	Head Office	Porção do capital detido	Activity	Incorporation date	Acquisition date
<b>Project Development 1 Sp. Z.o.o. ("Project Development 1")</b> Through Mota-Engil Real Estate Management	Poland (Krakow)	<b>100.00</b> 100.00	Real Estate development	Nov-15	-
<b>Project Development 2 Sp. Z.o.o. ("Project Development 2")</b> Through Mota-Engil Real Estate Management	Poland (Krakow)	<b>100.00</b> 100.00	Real Estate development	Nov-15	-
<b>Portuscale - Construtoras das Auto-estradas do Grande Porto A.C.E. ("Portuscale ACE MEEC")</b> Through Mota-Engil Engenharia e Construção	Portugal (Porto)	<b>83.95</b> 83.95	Realization of construction works and services and providing design	Jul-02	Dec-15
<b>Senatorska Project Development Sp. z.o.o. ("Senatorska")</b> Through Mota-Engil Real Estate Management	Poland (Krakow)	<b>100.00</b> 100.00	Real Estate development	Nov-15	-
<b>Streamgrest Limited ("Streamgrest")</b> Through Mota-Engil Irlanda Through GlanAguia	Ireland (Galway)	<b>65.00</b> 30.00 35.00	Comercial	Feb-18	-
<b>VBT - Projectos e Obras de Arquitectura Paisagística, Lda ("VBT")</b> Through Vibeiras Through Mota-Engil Ambiente e Serviços	Angola (Luanda)	<b>48.89</b> 38.89 10.00	Landscape gardening	Sep-08	-
<b>Vianor - Construtoras das Auto-estradas da Costa de Prata A.C.E. ("Vianor ACE MEEC")</b> Through Mota-Engil Engenharia e Construção	Portugal (Porto)	<b>83.95</b> 83.95	Realization of construction works and services and providing design	Apr-00	Dec-15
<b>Vibeiras - Sociedade Comercial de Plantas, S.A. ("Vibeiras")</b> Through Mota-Engil Engenharia e Construção	Portugal (Torres Novas)	<b>77.78</b> 77.78	Landscape gardening	Jul-88	Oct-98
<b>Environment and Services</b>					
<b>AGIR - Ambiente e Gestão Integrada de Resíduos, Lda. ("Agir")</b> Through Mota-Engil Ambiente e Serviços Through Suma	Cabo Verde (Praia)	<b>80.75</b> 50.00 30.75	Treatment and recovery of urban solid waste	Dec-07	-
<b>Algar - Valorização e Tratamento de Resíduos Sólidos, S.A. ("Algar")</b> Through EGF	Portugal (Loulé)	<b>33.15</b> 33.15	Treatment and disposal of non-hazardous waste	-	Jun-15
<b>Amarsul- Valorização e Tratamento de Resíduos Sólidos, S.A. ("Amarsul")</b> Through EGF	Portugal (Setúbal)	<b>30.19</b> 30.19	Treatment and disposal of non-hazardous waste	-	Jun-15
<b>Citrave - Centro Integrado de Tratamento de Resíduos de Aveiro, S.A. ("Citrave")</b> Through Suma Through Novaflex Through Suma Esposende	Portugal (Lisboa)	<b>61.50</b> 61.41 0.05 0.05	Treatment and disposal of non-hazardous waste	Dec-87	Oct-06
<b>Correia &amp; Correia, Lda. ("Correia &amp; Correia")</b> Through Enviroil	Portugal (Sertã)	<b>48.19</b> 48.19	Trade and collection of used oils	Sep-88	Feb-00
<b>Enviroil SGPS, Lda. ("Enviroil")</b> Through Suma	Portugal (Torres Novas)	<b>48.19</b> 48.19	Management of financial holdings	Nov-97	-
<b>Enviroil II - Reciclagem de Óleos Usados, Lda. ("Enviroil II")</b> Through Enviroil Through SRI	Portugal (Torres Novas)	<b>45.77</b> 43.37 2.41	Oil recycling, electricity production and bulk trade of fuels and related products	Apr-11	-
<b>Ersuc - Resíduos Sólidos do Centro, S.A. ("Ersuc")</b> Through EGF Through Suma	Portugal (Coimbra)	<b>34.14</b> 30.46 3.68	Treatment and disposal of non-hazardous waste	-	Jun-15
<b>Empresa Geral de Fomento, S.A. ("EGF")</b> Through Suma Tratamento	Portugal (Lisboa)	<b>59.19</b> 59.19	Treatment and disposal of non-hazardous waste	-	Jun-15
<b>Eco Vision LLC ("Eco Vision")</b> Through Suma	Oman (Muscat)	<b>31.37</b> 31.37	Treatment and disposal of non-hazardous waste	Jul-15	-
<b>InvestAmbiente - Recolha de Resíduos e Gestão de Sistemas de Saneamento Básico, S.A. ("InvestAmbiente")</b> Through Novaflex	Portugal (Lisboa)	<b>31.98</b> 31.98	Collection of non-hazardous waste	Feb-00	Dec-07
<b>Mota-Engil, Ambiente e Serviços, SGPS, S.A. ("Mota-Engil Ambiente e Serviços")</b> Through Mota-Engil Europe	Portugal (Porto)	<b>100.00</b> 100.00	Management of financial holdings	Jun-97	-
<b>Nova Beira - Gestão de Resíduos, S.A. ("Nova Beira")</b> Through Novaflex Through Investambiente	Portugal (Lisboa)	<b>41.72</b> 31.17 10.55	Treatment and disposal of non-hazardous waste	-	Dec-07
<b>Novaflex - Técnicas do Ambiente, S.A. ("Novaflex")</b> Through Suma	Portugal (Lisboa)	<b>61.50</b> 61.50	Collection of other non-hazardous waste	-	Dec-07
<b>Real Verde - Técnicas de Ambiente, S.A. ("Real Verde")</b> Through Novaflex	Portugal (Vila Real)	<b>61.50</b> 61.50	Treatment and disposal of non-hazardous waste	Dec-07	-
<b>Resiges - Gestão de Resíduos Hospitalares, Lda. ("Resiges")</b> Through Novaflex	Portugal (Setúbal)	<b>30.75</b> 30.75	Collection of hazardous waste	May-98	Dec-07
<b>Resiestrela - Valorização e Tratamento de Resíduos Sólidos, S.A. ("Resiestrela")</b> Through EGF	Portugal (Castelo Branco)	<b>37.26</b> 37.26	Treatment and disposal of non-hazardous waste	-	Jun-15
<b>Resilel - Tratamento de Resíduos Industriais, S.A. ("Resilel")</b> Through Suma	Portugal (Leiria)	<b>30.75</b> 30.75	Treatment and disposal of non-hazardous waste	-	Jun-03
<b>Resinorte - Valorização e Tratamento de Resíduos Sólidos, S.A. ("Resinorte")</b> Through EGF	Portugal (Braga)	<b>44.46</b> 44.46	Treatment and disposal of non-hazardous waste	-	Jun-15
<b>Resulima - Valorização e Tratamento de Resíduos Sólidos, S.A. ("Resulima")</b> Through EGF	Portugal (Viana do Castelo)	<b>30.19</b> 30.19	Treatment and disposal of non-hazardous waste	-	Jun-15
<b>Rima - Resíduos Industriais e Meio Ambiente, S.A. ("Rima")</b> Through Suma	Portugal (Lourosa)	<b>59.12</b> 59.12	Treatment of industrial waste	Aug-01	-
<b>SIGA - Sistema Integrado de Gestão Ambiental, S.A. ("Siga")</b> Through Suma	Portugal (Ponta Delgada)	<b>43.05</b> 43.05	Treatment and disposal of non-hazardous waste	Oct-08	-
<b>SIGAMB - Sistemas de Gestão Ambiental, Lda. (Angola) ("SIGAMB")</b> Through Novaflex	Angola (Luanda)	<b>61.44</b> 61.44	Technical studies, consultancy and formation in the environmental area	Feb-14	-
<b>SRI - Gestão de Resíduos, Lda ("SRI")</b> Through Correia & Correia	Portugal (Sertã)	<b>48.19</b> 48.19	Collection of hazardous waste	Jul-08	-
<b>Suldouro - Valorização e Tratamento de Resíduos Sólidos, S.A. ("Suldouro")</b> Through EGF	Portugal (Vila Nova de Gaia)	<b>35.52</b> 35.52	Treatment and disposal of non-hazardous waste	-	Jun-15
<b>Suma (Douro) - Serviços Urbanos e Meio Ambiente, Lda. ("Suma Douro")</b> Through Suma	Portugal (Murça)	<b>61.50</b> 61.50	Treatment and recovery of urban solid waste	Jul-00	-
<b>Suma (Esposende) - Serviços Urbanos e Meio Ambiente, Lda. ("Suma Esposende")</b> Through Suma	Portugal (Esposende)	<b>61.50</b> 61.50	Treatment and recovery of urban solid waste	Dec-99	-
<b>Suma (Macau), Lda. ("Suma Macau")</b> Through Suma	China (Macau)	<b>60.89</b> 60.89	Treatment and recovery of urban solid waste	-	Dec-13
<b>Suma (Matosinhos) - Serviços Urbanos e Meio Ambiente, S.A. ("Sumalab")</b> Through Suma	Portugal (Matosinhos)	<b>61.50</b> 61.50	Treatment and recovery of urban solid waste	Dec-00	-
<b>Suma (Porto) - Serviços Urbanos e Meio Ambiente, S.A. ("Suma Porto")</b> Through Suma	Portugal (Porto)	<b>61.50</b> 61.50	Treatment and recovery of urban solid waste	Nov-08	-
<b>Suma Tratamento, S.A. ("Suma Tratamento")</b> Through Suma Through Suma Esposende Through Novaflex Through Mota-Engil Ambiente e Serviços	Portugal (Lisboa)	<b>59.20</b> 49.19 0.01 0.01 10.00	Management of financial holdings	Oct-14	-

Designation	Head Office	Effective holding percentage	Activity	Incorporation date	Acquisition date
<b>Suma – Serviços Urbanos e Meio Ambiente, S.A. ("Suma")</b> Through Mota-Engil Ambiente e Serviços	Portugal (Lisboa)	61.50 61.50	Treatment and recovery of urban solid waste	Jun-94	-
<b>Triu - Técnicas de Resíduos Industriais e Urbanos, S.A. ("Triu")</b> Through Enviroil	Portugal (Loures)	48.19 48.19	Collection of non-hazardous waste	Apr-91	Sep-08
<b>Triaza - Treatment of industrial waste da Azambuja, S.A. ("Triaza")</b> Through Suma	Portugal (Azambuja)	61.50 61.50	Treatment and recovery of urban solid waste	Nov-15	Sep-08
<b>Valnor - Valorização e Tratamento de Resíduos Sólidos, S.A. ("Valnor")</b> Through EGF	Portugal (Portalegre)	31.57 31.57	Treatment and disposal of non-hazardous waste	-	Jun-15
<b>Valorlis - Valorização e Tratamento de Resíduos Sólidos, S.A. ("Valorlis")</b> Through EGF	Portugal (Leiria)	30.19 30.19	Treatment and disposal of non-hazardous waste	-	Jun-15
<b>Valorminho - Valorização e Tratamento de Resíduos Sólidos, S.A. ("Valorminho")</b> Through EGF	Portugal (Valença)	30.19 30.19	Treatment and disposal of non-hazardous waste	-	Jun-15
<b>Valorsul - Valorização e Tratamento de Resíduos Sólidos das Regiões de Lisboa e do Oeste, S.A. ("Valorsul")</b> Through EGF	Portugal (Loures)	31.33 31.33	Treatment and disposal of non-hazardous waste	-	Jun-15
<b>África</b>					
<b>Akwangola, S.A. ("Akwangola")</b> Through Mota-Engil Angola	Angola (Luanda)	51.00 51.00	Exploitation of water market	Dec-10	Dec-13
<b>Cecot - Centro de Estudos e Consultas Técnicas, Lda. ("Cecot")</b> Through MEEC África	Mozambique (Maputo)	100.00 100.00	Construction works' projects and inspection	Sep-98	Apr-11
<b>Clean Eburnie SARL ("Clean Eburnie")</b> Through MEEC África	Ivory Coast (Abidjan)	60.00 60.00	Technical studies, conception, finance, constructs and exploration of landfills	Dec-17	-
<b>Cosamo (Proprietary) Limited ("Cosamo")</b> Through Mota Internacional	South Africa (Joanesburgo)	100.00 100.00	Comercial	Dec-76	-
<b>Eco Eburnie, SA ("Eco Eburnie")</b> Through MEEC África	Ivory Coast (Abidjan)	100.00 100.00	Treatment and recovery of urban solid waste and cleaning and maintenance of streets	Oct-17	-
<b>Ecolife, S.A. ("Ecolife")</b> Through Mota-Internacional	Mozambique (Maputo)	58.45 40.00	Treatment and recovery of urban solid waste	Dec-13	-
<b>Fatra - Fábrica de Trefilaria de Angola, S.A. ("Fatra")</b> Through Mota Internacional	Angola (Luanda)	70.00 70.00	Manufacturing of iron-derived products	Jun-14	Nov-10
<b>Fibreglass Sundlete (Moçambique), Lda. ("Fibreglass")</b> Through ME Maurícias	Mozambique (Maputo)	100.00 100.00	Comercial	Aug-62	Mar-99
<b>Indimo, Lda. ("Indimo")</b> Through Cecot	Mozambique (Maputo)	100.00 50.00	Real Estate development	-	Oct-04
<b>Liwonde Logistics Platform Limited ("Liwonde")</b> Through ME Investments Malawi	Malawi (Lilongwe)	100.00 51.00	Management of financial holdings	Jun-15	-
<b>Malawi Ports Company Limited ("Malawi Ports Company")</b> Through MEEC África	Malawi (Lilongwe)	100.00 88.00	Shipping	Nov-10	-
<b>Malawi Shipping Company Limited ("Malawi Shipping Company")</b> Through ME Malawi	Malawi (Lilongwe)	100.00 100.00	Shipping	Nov-10	-
<b>Martinox, SA ("Martinox")</b> Through Mota-Engil Angola	Angola (Benguela)	51.00 51.00	Stainless steel works	Feb-08	Dec-11
<b>Mota &amp; Companhia Maurícias, Lda. ("ME Maurícias")</b> Through MEEC África	Maurícias (Ebene)	100.00 100.00	Construction works	May-10	-
<b>Mota-Engil África, SGPS, S.A. ("Mota-Engil África")</b> Through MEEC África	Portugal (Porto)	100.00 100.00	Management of financial holdings	May-10	-
<b>Mota-Engil África Global Technical Services B.V. ("ME África GTS BV")</b> Through MEEC África	Netherlands (Amsterdam)	100.00 100.00	Management of financial holdings	May-14	-
<b>Mota-Engil África (PTY) Limited ("ME África PT")</b> Through Mota-Engil África N.V.	South Africa (Joanesburgo)	100.00 95.00	Management of financial holdings	Nov-15	-
<b>Mota-Engil Angola, S.A. ("Mota-Engil Angola")</b> Through Mota Internacional	Angola (Luanda)	51.00 51.00	Public works and /or construction works contractor	May-10	-
<b>Mota-Engil Cameroon S.A.R.L.</b> Through MEEC África	Cameroon (Douala)	100.00 100.00	Public works and /or construction works contractor	Jan-18	-
<b>Mota-Engil Côte D'Ivoire, SARL ("Mota-Engil Costa de Marfim")</b> Through MEEC África	Ivory Coast (Abidjan)	100.00 100.00	Public works and /or construction works contractor	Apr-18	-
<b>Mota-Engil Guinée Conakry, SARL ("Mota-Engil Guiné")</b> Through MEEC África	Guinea Conakry (Conakry)	100.00 100.00	Public works and /or construction works contractor	-	Aug-17
<b>Mota-Engil Engenharia e Construção África, S.A. ("MEEC África")</b> Through ME África PT	Portugal (Porto)	100.00 0.00	Construction works	Aug-12	-
<b>Mota-Engil Investments (Malawi) Limited ("ME Investments Malawi")</b> Through Mota-Engil África	Malawi (Lilongwe)	100.00 100.00	Public works and /or construction works contractor	Mar-11	-
<b>Mota-Engil (Malawi) Limited ("ME Malawi")</b> Through MEEC África	Malawi (Lilongwe)	100.00 100.00	Public works and /or construction works contractor	Jul-11	-
<b>Mota-Engil Moçambique, Lda. ("ME Moçambique")</b> Through MEEC África	Mozambique (Maputo)	100.00 50.00	Real Estate development	Jul-94	-
<b>Mota-Engil S. Tomé e Príncipe, Lda. ("Mota-Engil S. Tomé")</b> Through Mota Internacional	S. Tomé e Príncipe (S. Tomé)	100.00 95.00	Public works and /or construction works contractor	Dec-04	-
<b>Mota Internacional – Comércio e Consultadoria Económica, Lda. ("Mota Internacional")</b> Through Mota-Engil África	Portugal (Funchal)	100.00 100.00	Trade and management of international holdings	Sep-97	Dec-98
<b>Novicer-Cerâmicas de Angola,(SU) Limitada. ("Novicer")</b> Through Mota-Engil Angola	Angola (Luanda)	51.00 51.00	Manufacturing and trade in clay goods	Sep-07	-
<b>Penta - Engenharia e Construção, Lda. ("Penta")</b> Through MEEC África	Cabo Verde (Praia)	100.00 96.00	Public works and /or construction works contractor	Apr-07	-
<b>Prefal – Préfabricados de Luanda, Lda. ("Prefal")</b> Through Mota-Engil Angola	Angola (Luanda)	45.90 45.90	Manufacturing of prestressed goods	Dec-93	-
<b>Rentaco Angola - Equipamentos e Transportes, (SU) Limitada. ("Rentaco Angola")</b> Through Mota-Engil Angola	Angola (Luanda)	51.00 51.00	Rental of construction equipment	Jan-08	-
<b>Sonauta - Sociedade de Navegação, Lda. ("Sonauta")</b> Through Mota Internacional	Angola (Luanda)	100.00 100.00	Sea transportation, excluding coastal transport	Nov-94	-
<b>Tracevia Angola - Sinalização, Segurança e Gestão de Tráfego, Lda. ("Tracevia Angola")</b> Through Mota-Engil Angola	Angola (Luanda)	51.00 51.00	Road signs	-	Sep-07
<b>Vista Energy Environment &amp; Services, S.A. ("Vista SA")</b> Through Mota-Engil Angola	Angola (Luanda)	51.00 51.00	Management of financial holdings	Jul-08	Dec-13
<b>Vista Multi Services, Lda. ("Vista Multi Services")</b> Through Vista SA	Angola (Luanda)	51.00 40.80	Urban services	May-09	Dec-13
<b>Vista Waste Management, Lda. ("Vista Waste")</b> Through Mota-Engil Angola	Angola (Luanda)	56.15 5.10	Collection of waste	Dec-09	Dec-13
<b>Vista Waste Management, Lda. ("Vista Waste")</b> Through Vista SA	Angola (Luanda)	20.91 30.14	Collection of waste	Dec-09	Dec-13
<b>Vista Waste Management, Lda. ("Vista Waste")</b> Through Suma	Angola (Luanda)	30.14	Collection of waste	Dec-09	Dec-13



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<b>Latin America</b>					
<b>Administradora Desarrollo MEM ("Administradora Desarrollo MEM")</b> Through Mota-Engil México Through Mota-Engil América Latina SAPI	Mexico (Mexico City)	<b>51.49</b> 50.49 1.00	Business Administration	Feb-18	-
<b>APP Coatzacoalcos Villahermosa S.A.P.I. de C.V. ("APP Coatzacoalcos Villahermosa")</b> Through Mota-Engil México	Mexico (Mexico City)	<b>37.74</b> 37.74	Construction and public works	Oct-16	-
<b>Consita Waste Treatment, S.A. ("Consita")</b> Through Geres Participações	Brazil (Belo Horizonte)	<b>54.93</b> 54.93	Waste treatment	-	Dec-14
<b>Consórcio Los Castaños ("Consórcio Los Castaños")</b> Through Mota-Engil Peru	Peru (Lima)	<b>100.00</b> 100.00	Real Estate Development	Dec-11	-
<b>Consórcio EE Canoas ("Consórcio EE Canoas")</b> Through Empresa Construtora do Brasil Through Mota-Engil Latam Colombia SAS	Colombia (Bogotá)	<b>87.50</b> 21.88 65.63	Construction and public works	Sep-18	-
<b>Consórcio Fanning ("Consórcio Fanning")</b> Through Mota-Engil Peru	Peru (Lima)	<b>100.00</b> 100.00	Real Estate Development	Dec-11	-
<b>Consórcio GDL Viaduto, S.A.P.I de CV ("Consórcio GDL Viaduto")</b> Through Mota-Engil México	Mexico (Mexico City)	<b>21.88</b> 21.88	Construction and public works	Jun-14	-
<b>Consórcio ME-Contrato Colegios ("Consórcio ME Colegios")</b> Through Mota-Engil Engenharia e Construção - Colombia branch Through Mota-Engil Peru	Colombia (Buenaventura)	<b>100.00</b> 75.00 25.00	Construction works	May-16	-
<b>Consórcio ME Carrera 43 ("Consórcio ME Carrera 43")</b> Through Mota-Engil Latam Colombia SAS	Colombia (Bogotá)	<b>100.00</b> 100.00	Construction and public works	Feb-18	-
<b>Consórcio Mota-Engil Ojeda &amp; Iju Paracas ("Consórcio ME Ojeda &amp; Iju")</b> Through Mota-Engil Peru	Peru (Lima)	<b>100.00</b> 100.00	Real Estate Development	Dec-11	-
<b>Consórcio MEC Arroyo Carrera 65 ("Consórcio MEC Arroyo Carrera")</b> Through Mota-Engil Engenharia e Construção - Colombia branch Through Mota-Engil Colômbia	Colombia (Bogotá)	<b>50.36</b> 0.01 50.35	Construction and public works	Sep-16	-
<b>Consórcio MEC-Av.Malecon-UF1 ("Consórcio MEC-Av.Malecon-UF1")</b> Through Mota-Engil Engenharia e Construção - Colombia branch Through Mota-Engil Colômbia	Colombia (Buenaventura)	<b>50.36</b> 0.01 50.35	Construction and public works	May-16	-
<b>Consórcio MEC-Av.Malecon-UF2 ("Consórcio MEC-Av.Malecon-UF2")</b> Through Mota-Engil Engenharia e Construção - Colombia branch Through Mota-Engil Colômbia	Colombia (Bogotá)	<b>50.36</b> 0.01 50.35	Construction and public works	Nov-16	-
<b>Consórcio La Ponciana ("Consórcio La Ponciana")</b> Through Mota-Engil Peru	Peru (Lima)	<b>100.00</b> 100.00	Real Estate Development	Dec-11	-
<b>Consórcio Porta ("Consórcio Porta")</b> Through Mota-Engil Peru	Peru (Lima)	<b>100.00</b> 100.00	Real Estate Development	Dec-11	-
<b>Consórcio Túnel Guadalajara, SAPI de CV ("Consórcio GDL Túnel")</b> Through Mota-Engil México	Mexico (Mexico City)	<b>21.88</b> 21.88	Construction and public works	Jul-14	-
<b>Constructora APP Tabasvera S.A. de C.V. ("Constructora APP Tabasvera")</b> Through Mota-Engil México	Mexico (Mexico City)	<b>38.25</b> 38.25	Construction and public works	Jul-16	-
<b>Constructora Autopista Cardel-Poza Rica, S.A. de CV ("Constructora Cardel-Poza Rica")</b> Through Mota-Engil México	Mexico (Mexico City)	<b>40.80</b> 40.80	Construction and public works	-	Nov/17
<b>Constructora Tuxpan Tampico ("Constructora Tuxpan Tampico")</b> Through Mota-Engil México Through Mota-Engil América Latina SAPI	Mexico (Mexico City)	<b>51.00</b> 50.99 0.01	Construction and public works	-	Nov/17
<b>Desarrolladora Cuatro Caminos ("Desarrolladora Cuatro Caminos")</b> Through ME Inmobiliaria SAPI	Mexico (Mexico City)	<b>49.99</b> 49.99	Construction works	Jun-19	-
<b>Desarrollos DOT México, SA de CV ("Desarrollos DOT México")</b> Through Mota-Engil México	Mexico (Mexico City)	<b>43.35</b> 43.35	Construction and public works	Apr-18	-
<b>Desarrolladora Patzcuaro ("Desarrolladora Patzcuaro")</b> Through ME Inmobiliaria SAPI	Mexico (Mexico City)	<b>49.99</b> 49.99	Construction works	Aug-19	-
<b>Empresa Construtora Brasil, S.A. ("Empresa Construtora Brasil")</b> Through Mota-Engil Brasil Participações, Ltda	Brazil (Belo Horizonte)	<b>50.00</b> 50.00	Construction and public works	Nov-12	-
<b>Empresa Construtora de Honduras ("Empresa Construtora Honduras")</b> Through Mota-Engil México	Honduras (Villanueva)	<b>35.70</b> 35.70	Construction and public works	Aug-18	Sep-18
<b>FCE Comercializadora Fenix SAPI de C.V. ("FCE Comercializadora Fenix")</b> Through Mota-Engil America Latina SAPI Through ME Energia operacional	Mexico (Mexico City)	<b>28.87</b> 0.00 28.87	Energy trading	Sep-16	-
<b>Fideicomiso Fairmont Costa Canuva ("Costa Canuva")</b> Through Mota-Engil Turismo	Mexico (Mexico City)	<b>26.86</b> 26.86	Real Estate and Tourism	Aug-19	-
<b>Flame Investments, B.V. ("Flame Investments")</b> Through Mota-Engil Latin America BV	Netherlands (Amsterdam)	<b>51.96</b> 51.96	Management of financial holdings	Mar-15	-
<b>FSE Suministradora Fenix SAPI de C.V. ("FSE Suministradora Fenix")</b> Through Mota-Engil America Latina SAPI Through ME Energia operacional	Mexico (Mexico City)	<b>28.87</b> 0.00 28.87	Energy distribution	Aug-16	-
<b>Generadora Fenix ("Generadora Fenix")</b> Through ME Energia operacional	Mexico (Mexico City)	<b>26.27</b> 26.27	Energy production	Sep-15	-
<b>Geres Participações, SA ("Geres Participações")</b> Through Tracevia México Through Suma	Brazil (Belo Horizonte)	<b>54.93</b> 28.58 26.35	Management of financial holdings	Dec-14	-
<b>Global Technical Services Latam BV ("GTS Latam BV")</b> Through Mota-Engil Latin America BV	Netherlands (Amsterdam)	<b>100.00</b> 100.00	Management of financial holdings	Jul-16	-
<b>MEBR Construções, Consultoria e Participações, S.A. ("MEBR")</b> Through Mota-Engil Latin America BV Through Mota-Engil Latam Peru	Brazil (São Paulo)	<b>100.00</b> 57.69 42.31	Construction and public works	Mar-11	-
<b>ME Energy Holding ("ME Energy Holding")</b> Through Mota-Engil México Through Mota-Engil Energy BV	Netherlands (Amsterdam)	<b>28.87</b> 0.01 28.86	Management of financial holdings	Nov-15	-
<b>ME Energia Operacional ("ME Energia operacional")</b> Through Mota-Engil Energy Holding Through Mota-Engil América Latina SAPI de CV	Mexico (Mexico City)	<b>28.87</b> 28.87 0.00	Development and energy production operation	Sep-15	-
<b>ME Inmobiliaria SAPI ("ME Inmobiliaria SAPI")</b> Through Mota-Engil México	Mexico (Mexico City)	<b>50.49</b> 50.49	Real Estate development	Jul-18	-
<b>Mota-Engil América Latina S.A.P.I. de C.V. ("Mota-Engil América Latina")</b> Through Mota-Engil SGPS Through Mota-Engil Latin America BV	Mexico (Mexico City)	<b>100.00</b> 0.02 99.98	Management of financial holdings	Nov-13	May-14
<b>Mota-Engil Argentina, SAU ("Mota-Engil Argentina")</b> Through Mota-Engil Latin America BV	Argentina (Buenos Aires)	<b>100.00</b> 100.00	Construction and public works	Apr-18	-
<b>Mota-Engil Aruba Holding Company VBA ("Mota-Engil Aruba Holding")</b> Through Mota-Engil Latin America BV	Aruba (Oranjestad)	<b>100.00</b> 100.00	Management of financial holdings	Dec-15	-
<b>Mota-Engil Chile S.A. ("Mota-Engil Chile")</b> Through Mota-Engil Latam Portugal Through Mota-Engil Engenharia e Construção	Chile (Santiago)	<b>100.00</b> 99.00 1.00	Construction and public works	Feb-13	-

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<b>Mota-Engil Colômbia, S.A.S ("Mota-Engil Colômbia")</b> Through Mota-Engil Engenharia e Construção Through Mota-Engil Latam Peru	Colombia (Bogotá)	<b>100.00</b> 99.00 1.00	Construction and public works	Feb-11	-
<b>Mota-Engil Dominicana S.A.S. ("Mota-Engil Dominicana")</b> Through Mota-Engil Latin America BV	Dominican Rep. (Santo Domingo)	<b>60.00</b> 60.00	Construction and public works	Nov-14	-
<b>Mota-Engil Energy B.V. ("Mota-Engil Energy BV")</b> Through Flame Investments	Netherlands (Amsterdam)	<b>28.86</b> 28.86	Finance and consulting	Sep-15	-
<b>Mota-Engil Energia Peru S.A. ("Mota-Engil Energia Peru")</b> Through Mota-Engil Peru Through Mota-Engil Engenharia e Construção	Peru (Lima)	<b>100.00</b> 99.98 0.02	Other business activities	May-11	-
<b>Mota-Engil Honduras ("Mota-Engil Honduras")</b> Through Mota-Engil México Through Mota-Engil Latin America BV	Honduras (Tegucigalpa)	<b>51.20</b> 50.80 0.40	Construction and provision of civil engineering and architecture services	Jun-18	-
<b>Mota-Engil Latam Col, S.A.S ("Mota-Engil Latam Col")</b> Through Mota-Engil Colômbia Through Mota-Engil Engenharia e Construção	Colombia (Bogotá)	<b>100.00</b> 99.00 1.00	Construction and public works	Feb-11	-
<b>Mota-Engil Latam Colombia SAS ("ME Latam Colombia SAS")</b> Through Mota-Engil Engenharia e Construção Through Mota-Engil Latin America BV	Colombia (Bogotá)	<b>100.00</b> 49.00 51.00	Construction and public works	Dec-16	-
<b>Mota-Engil Latam Portugal, S.A. ("Mota-Engil Latam Portugal")</b> Through Mota-Engil SGPS	Portugal (Porto)	<b>100.00</b> 100.00	Management of financial holdings	Jul-15	-
<b>Mota-Engil Latam Peru ("Mota-Engil Latam Peru")</b> Through Mota-Engil Latin America BV Through Mota-Engil Engenharia e Construção	Peru (Lima)	<b>100.00</b> 99.90 0.10	Management of financial holdings	Dec-15	-
<b>Mota-Engil Latin America BV ("ME Latin America")</b> Through Mota-Engil Latam Portugal	Netherlands (Amsterdam)	<b>100.00</b> 100.00	Management of financial holdings	Nov-15	-
<b>Mota-Engil México, S.A. de C.V. ("Mota-Engil México")</b> Through Mota-Engil Latin America BV Through Mota-Engil América Latina SAPI Through Mota Internacional	Mexico (Mexico City)	<b>51.00</b> 19.18 31.82 0.00	Construction and public works	Jan-10	-
<b>Mota-Engil O&amp;M México, SAPI de CV ("Mota-Engil O&amp;M México SAPI")</b> Through Mota-Engil México	Mexico (Mexico City)	<b>51.00</b> 51.00	Construction and public works	Sep-17	-
<b>Mota-Engil Peru, S.A. ("Mota-Engil Peru")</b> Through Mota-Engil Latin America BV Through Mota-Engil Engenharia e Construção	Peru (Lima)	<b>100.00</b> 99.90 0.10	Construction and public works	Sep-86	-
<b>Mota-Engil Peru- Ambiente, S.A. ("Mota-Engil Peru Ambiente")</b> Through Mota-Engil Engenharia e Construção Through Mota-Engil Peru	Peru (Lima)	<b>100.00</b> 0.00 100.00	Exploitation of terminals	-	-
<b>Mota-Engil Servicios Compartidos ("Mota-Engil Servicios Compartidos")</b> Through Mota-Engil México Through Mota-Engil América Latina SAPI	Mexico (Mexico City)	<b>51.00</b> 51.00 0.00	Administrative Services	Sep-19	-
<b>Mota-Engil Tourism, B.V. ("Mota-Engil Tourism BV")</b> Through Mota-Engil Latin America BV Through Flame Investments	Netherlands (Amsterdam)	<b>43.13</b> 9.17 33.96	Management of financial holdings	Sep-15	-
<b>Mota-Engil Turismo, S.A. de CV ("Mota-Engil Turismo operacional")</b> Through Mota-Engil América Latina SAPI Through Mota-Engil Turismo Holding	Mexico (Mexico City)	<b>43.13</b> 0.00 43.13	Real Estate and Tourism	Feb-15	-
<b>Mota-Engil Turismo Holding, S.A.P.I. de C.V. ("Mota-Engil Turismo Holding")</b> Through Mota-Engil México Through Mota-Engil Tourism BV	Mexico (Mexico City)	<b>43.13</b> 0.01 43.13	Management of financial holdings	Jun-15	-
<b>Operadora APP Coatzacoalcos Villahermosa SAPI de C.V. ("Operadora APP Coatzacoalcos Villahermosa")</b> Through Mota-Engil México	Mexico (Mexico City)	<b>38.25</b> 38.25	Road construction and maintenance	Apr-17	-
<b>Promotora Inmobiliaria Santa Clara, S.A. ("Santa Clara")</b> Through Mota-Engil Peru	Peru (Lima)	<b>100.00</b> 100.00	Real Estate Development services	May-12	-
<b>Puente Boca del Rio S.A. De C.V. ("Puente Boca del Rio")</b> Through Mota-Engil México Through Mota-Engil Engenharia e Construção	Mexico (Mexico City)	<b>58.35</b> 43.35 15.00	Construction and public works	May-16	-
<b>Red Rainbow Company N.V. ("Red Rainbow")</b> Through Mota-Engil Aruba Holding Company VBA	Aruba (Oranjestad)	<b>100.00</b> 100.00	Construction and public works	Jan-12	Apr-16
<b>Tarucani Generating Company, S.A. ("Tarucani")</b> Through Mota-Engil Energia Peru Through Mota-Engil Peru	Peru (Lima)	<b>100.00</b> 99.98 0.02	Generation and distribution of electric energy	Apr-00	-
<b>Tracevia do Brasil -Sistemas de Telemática Rodoviária Ltda. ("Tracevia Brasil")</b> Through MEBR	Brazil (São Paulo)	<b>50.00</b> 50.00	Design, installation, development and maintenance of ITS	Mar-11	-
<b>Tracevia Mexico S.A. de C.V. ("Tracevia Mexico")</b> Through Tracevia Brasil	Mexico (Mexico City)	<b>50.00</b> 50.00	Design, installation, development and maintenance of ITS	Jun-17	-

## COMPANIES/ENTITIES INCLUDED IN THE CONSOLIDATION BY THE EQUITY METHOD

Companies/entities included in the consolidation by the equity method, their headquarters and effective holding percentage as at December 31, 2019, were as follows:

Designation	Head Office	Effective holding percentage
<b>Associated and jointly controlled companies</b>		
<b>Parent Company of the Group and related activities</b>		
Ibercargo Rail, S.A. ("Ibercargo")	Spain	50.00
Logz - Atlantic Hub, S.A. ("Logz")	Portugal	30.00
Manvia II Condutas, Lda. ("Manvia II Condutas")	Portugal	45.00
Nortenha Angola, SGPS, S.A. ("Nortenha")	Portugal	29.99
Riscos e Diâmetros Angola, SGPS, S.A. ("Riscos e Diâmetros Angola")	Portugal	29.99
Sunviauto Internacional, SGPS, S.A. ("Sunviauto Internacional")	Portugal	29.99
<b>Europe - Environment and Services</b>		
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
<b>África</b>		
Automatriz, S.A. ("Automatriz")	Angola	25.50
Busegera Airport Company Lda ("Busegera")	Rwanda	75.00
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
Vista Power, Lda. ("Vista Power")	Angola	25.50
<b>Latin America</b>		
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
Concessionaria Urbana Arco Oriente SA de CV ("Concessionaria Urbana Arco Oriente")	Mexico	17.00
Consorcio ME Colombia ("Consorcio ME Colombia")	Colombia	38.06
Consorcio Mepax Limitada ("Consorcio Mepax")	Chile	49.90
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
ECOSS Ambiental ("ECOSS Ambiental")	Brazil	18.68
Fideicomiso el Capomo ("Fideicomiso el Capomo")	Mexico	43.13
Gestion e Innovacion en Servicios Ambientales SA de CV ("GISA")	Mexico	25.50
M&R de Occidente SAPI de CV ("Concessionária M&R")	Mexico	20.00
Operadora Maritima Matamoros ("Operadora Maritima Matamoros")	Mexico	25.50
Operadora Tampico Ciudad Victoria, S.A.P.I. de C.V. ("Operadora Tampico Ciudad Victoria")	Mexico	24.23
Sistemas Electricos Metropolitanos ("Sistemas Electricos Metropolitanos")	Mexico	25.50
Trans Tamaulipas ("Trans Tamaulipas")	Mexico	17.00
<b>Martifer Group</b>	<b>Portugal</b>	<b>37.50</b>

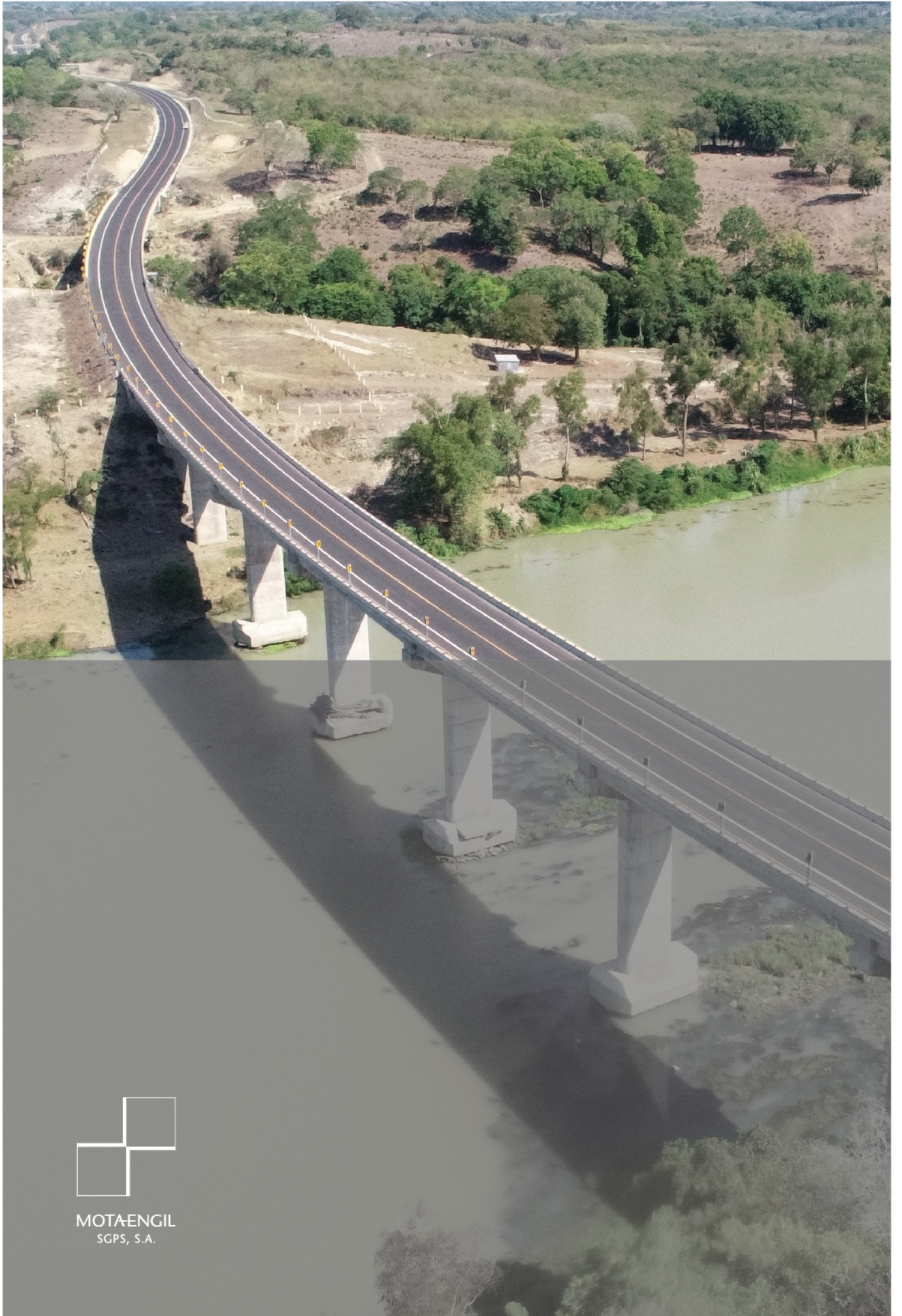
Agrupamentos Complementares de Empresas" (ACE) included in the consolidation by the equity method and their effective holding percentage as at December 31, 2019, were as follows:

Jointly controlled entities - "Agrupamentos Complementares de Empresas"	Effective holding percentage
<b>In activity</b>	
Ecotejo-Serviços Manut. Tejo Atlântico; ACE	45.00%
Manvia - Lena Ambiente, ACE	50.00%
Manvia Efaced Exploração Técnica de Sistemas, ACE	50.00%
Mota-Engil/Acciona/Edivisa - Obras do Aproveitamento Hidroelétrico de Alto Tâmega, ACE	42.50%
SOMAGUE/MOTA-ENGIL - COTA 500, ACE	36.42%
Mesofer ACE	36.50%
Metroligeiro - Construtora de Infra - Estruturas, ACE	53.20%
<b>In warranty period</b>	
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 Hospital da Terceira, ACE	43.25%
HL Construção, ACE	65.00%
LGC - Linha Gondomar, Construtores, ACE	30.00%
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%

## JOINTLY CONTROLLED OPERATIONS – CONSORTIUMS

Consortiums included in the consolidation by the proportional consolidation method, their headquarters and effective holding percentage as at December 31, 2019, were as follows:

Designation	Head Office	Effective holding percentage
<b>Latin America</b>		
<b>Consórcio Conservacion Vial Santa Rosa ("Consórcio Conservacion Vial Santa Rosa")</b>	Peru	<b>50.00</b>
Through Mota- Engil Peru	(Lima)	50.00
<b>Consórcio Constructor Del Puerto de San Martin ("CCPSM - Consorcio Constructor Del Puerto de San Martin")</b>	Peru	<b>33.30</b>
Through Mota- Engil Peru	(Lima)	33.30
<b>Consórcio Ibagué-Honda-Cambao-Manizales ("Consórcio Ibague")</b>	Colombia	<b>25.00</b>
Through Mota-Engil Engenharia e Construção - Colombia branch	(Bogotá)	25.00
<b>Consórcio Inframe ("Consórcio Inframe")</b>	Colombia	<b>60.00</b>
Through Mota-Engil Engenharia e Construção - Colombia branch	(Medellín)	60.00
<b>Consórcio Mota-Engil Dominicana SAS/IEMCA ("Consórcio Mota-Engil Dominicana")</b>	Dominican Rep.	<b>42.00</b>
Through Mota-Engil Dominicana	(Santo Domingo)	42.00
<b>Consórcio Mota-Engil Peru HL Paíta ("Consórcio Mota-Engil Peru HL Paíta")</b>	Peru	<b>50.00</b>
Through Mota- Engil Peru	(Lima)	50.00
<b>Consórcio Mota-Engil TR ("Consórcio Mota-Engil TR")</b>	Peru	<b>50.00</b>
Through Mota- Engil Peru	(Lima)	50.00
<b>Consórcio Puertos de Loreto ("Consórcio Puertos Loreto")</b>	Peru	<b>34.00</b>
Through Mota- Engil Peru	(Lima)	34.00
<b>Consórcio Vial Acobamba ("Consórcio Vial Acobamba")</b>	Peru	<b>50.00</b>
Through Mota- Engil Peru	(Lima)	50.00
<b>Consórcio Vial el Descanso-Languí ("Consórcio Vial el Descanso-Languí")</b>	Peru	<b>50.00</b>
Through Mota- Engil Peru	(Lima)	50.00
<b>Consórcio Vial Jaylli ("Consórcio Vial Jaylli")</b>	Peru	<b>42.00</b>
Through Mota- Engil Peru	(Lima)	42.00
<b>Consórcio Vial Sur del Peru ("Consórcio Vial Sur del Peru")</b>	Peru	<b>50.00</b>
Through Mota- Engil Peru	(Lima)	50.00
<b>Consórcio Vial Tambillo ("Consórcio Vial Tambillo")</b>	Peru	<b>50.00</b>
Through Mota- Engil Peru	(Lima)	50.00
<b>Consórcio Vial Valle Sagrado ("Consórcio Vial Valle Sagrado")</b>	Peru	<b>50.00</b>
Through Mota- Engil Peru	(Lima)	50.00
<b>Consórcio Vial Vizcachane ("Consórcio Vial Vizcachane")</b>	Peru	<b>50.00</b>
Through Mota- Engil Peru	(Lima)	50.00
<b>Translei Consórcio Cosapi ("Translei Consórcio Cosapi")</b>	Peru	<b>50.00</b>
Through Mota- Engil Peru	(Lima)	50.00
<b>Translei Consórcio Cusco-Quillabamba ("Translei Consórcio Cusco-Quillabamba")</b>	Peru	<b>50.00</b>
Through Mota- Engil Peru	(Lima)	50.00



MOTAENGIL  
SGPS, S.A.

Mota-Engil Group holds solid relations with its stakeholders and the surrounding community. A relation of trust supported by a single cross-sectional strategy, guided by the same values defined when the Group was created 70 years ago, passed from generation to generation.

# Cohesion Today,



MOTAENGIL  
SGPS, S.A.



03

Report On  
Corporate  
Governance  
Practices

Imagining  
Tomorrow.

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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 Euro 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 2019:

Shareholders	No. of shares	% Capital	% Voting rights
<b>Own shares:</b>	6,091,581	2.56%	-
<b>Qualified holdings:</b>			
FM – Sociedade de Controlo, SGPS, SA	153,626,596	64.68%	66.39%
Mutima Capital Management, LLC	7,480,353	3.15%	3.23%
Norges Bank	5,569,011	2.34%	2.41%
<b>Freefloat</b>	64,737,600	27.26%	27.97%
	<b>237,505,141</b>	<b>100.00%</b>	<b>100.00%</b>

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 or limitations to share ownership.

3. Number of own shares, the 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 2019, 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, nor was there any adoption of 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.

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. Holdings 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 2019, 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%
<b>Attributable to FM – Sociedade de Controlo, SGPS, SA</b>	<b>153,626,596</b>	<b>64.68%</b>	<b>66.39%</b>
Ghotic Corp Mutima Capital (*)	3,604,893	1.52%	1.56%
Ghotic HSP Corp Mutima Capital (*)	1,399,289	0.59%	0.60%
Ghotic JBD LLC Mutima Capital (*)	1,312,787	0.55%	0.57%
Gothic ERP LLC Mutima (*)	925,700	0.39%	0.40%
The Mutima Africa Fund LP (*)	237,684	0.10%	0.10%
<b>Attributable to Mutima Capital Management, LLC</b>	<b>7,480,353</b>	<b>3.15%</b>	<b>3.23%</b>
<b>Attributable to Norges Bank (*)</b>	<b>5,569,011</b>	<b>2.34%</b>	<b>2.41%</b>
<b>Own shares</b>	<b>6,091,581</b>	<b>2.56%</b>	<b>-</b>
<b>Freefloat</b>	<b>64,737,600</b>	<b>27.26%</b>	<b>27.97%</b>
<b>TOTAL</b>	<b>237,505,141</b>	<b>100.00%</b>	<b>100.00%</b>

(\*) 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 2019, Mota Gestão e Participações, SGPS, SA was 100% held by FM – Sociedade de Controlo, SGPS, S.A., which was 100% held by the members of the Board of Directors mentioned above under (a).

As at this report date, 153,807,882 shares corresponding to 64.76% 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 2019, 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 31 December 2019, 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: António 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 Board (Pedro Arrais – *e-mail*: [pedro.arrais@mota-engil.pt](mailto: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](http://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](http://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 reinforced 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 and 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 39, 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 2019, MOTA-ENGIL had a Board of Directors made up of 21 members: one chairman, three deputy-chairmen and seventeen members. On that same date, eight of its members performed executive functions and formed an Executive Committee, while the remaining thirteen 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 <sup>(1)</sup> 24 April 2013 <sup>(2)</sup>	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
António Martinho Ferreira de Oliveira <sup>(3)</sup>	30 April 2014	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

(3) On 31 January 2020, António Martinho Ferreira de Oliveira resigned from his office as member of the Board of Directors, having been co-opted by António José Bebiano e Moura de Costa Pinheiro at a meeting of the Board of Directors on 12 February 2020.

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 <sup>(1)</sup>	Independent / Non-independent <sup>(2)</sup>
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
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
António Martinho Ferreira de Oliveira <sup>(3)</sup>	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.

(3) On 31 January 2020, António Martinho Ferreira de Oliveira resigned from his office as member of the Board of Directors, having been co-opted by António José Bebiano e Moura de Costa Pinheiro at a meeting of the Board of Directors on 12 February 2020.

Taking into consideration the respective career paths and the reasons listed below, the directors Luís Valente de Oliveira, António Bernardo A. da Gama Lobo Xavier and António Manuel da Silva 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 to 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 Bernardo A. Da Gama Lobo Xavier e António Manuel da Silva 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 Sacadura Almeida Coelho, Luís 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 e Ana Paula Chaves e 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 thirteen 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

**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

**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

**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

**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

**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

**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

**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**

- Up until January 31, 2020, 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 Administration pela 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

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**Ana Paula Chaves e Sá Ribeiro (Independent member)**

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**Professional qualifications**

- Degree in Business Administration and Management by the Universidade Católica Portuguesa
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**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
- 

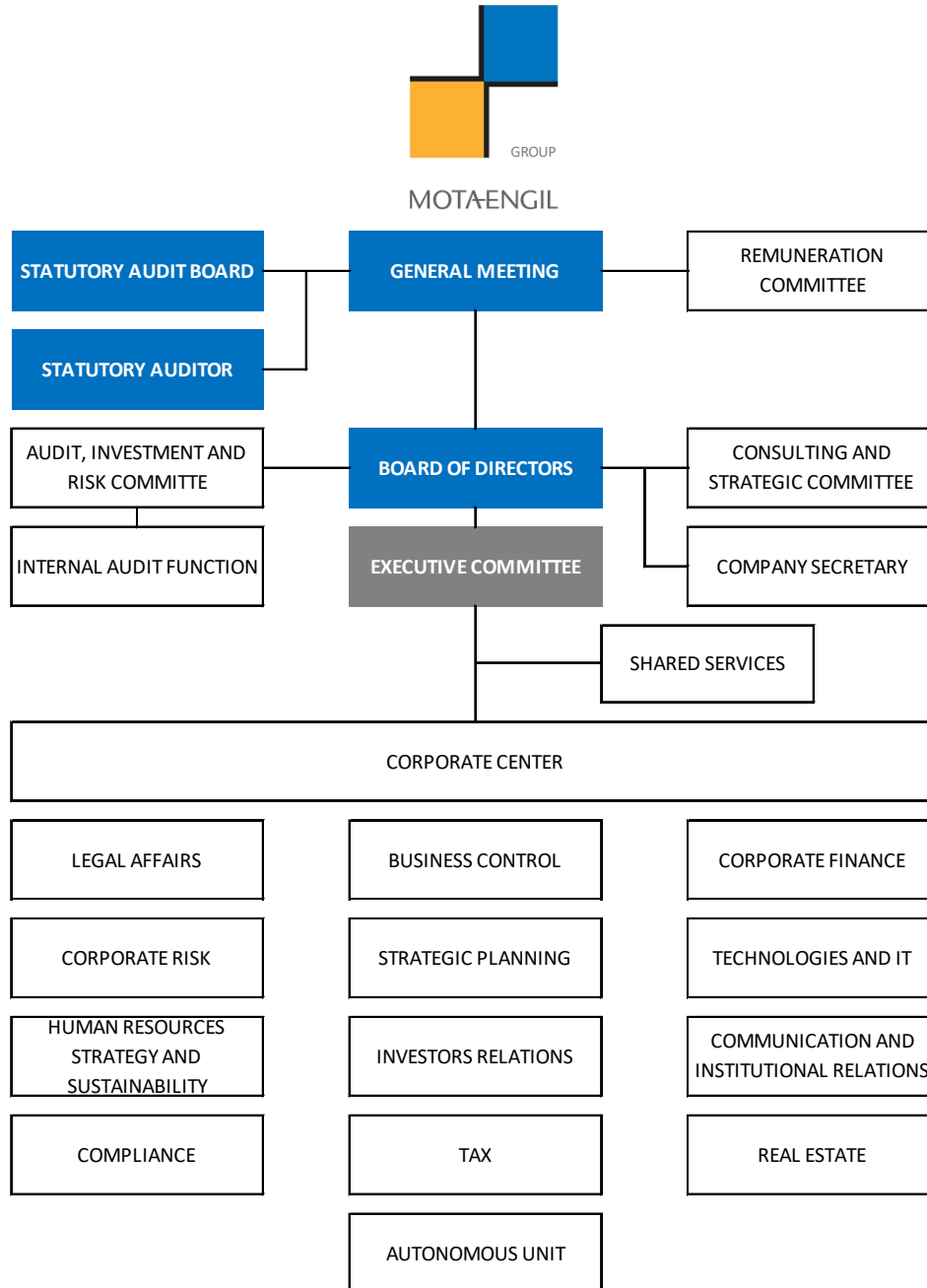
Annex 4 – paragraph 8 to the present report contains a list of positions held by the members of the Board of Directors of MOTA-ENGIL, SGPS, SA in other companies of the GROUP and outside the GROUP.

**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 2019, 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 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 its directors as well as to the members of the Statutory Audit Board no later than 15 December of the previous year.

Prior to the date of each meeting, the Chairman of the Board of Directors distributes the agenda and the respective supporting documentation among all the members of the Board of Directors and of the Statutory Audit Board. As a rule, the meetings of the Board of Directors are attended, apart from the directors, by the Company's Secretary and the members of the Statutory Audit Board. Minutes of each meeting are drawn up and validated by all persons present and passed round all the members of the Board of Directors and the Statutory Audit Board.

In addition to the functions that are granted 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. Similarly, although the whole internal control and risk management system is operated with the support of the Corporate Risk Function (which reports to the Executive Commission), the main and structuring lines of such system are approved and monitored by the Board of Directors.

In short, the following matters, among others, are not delegated to the Executive Commission:

- To approve the GROUP's Business Plan, including the strategic objectives, pluriannual economic-financial plans, the GROUP's corporate policies, the annual budget, the GROUP's investment and financing plan.
- To approve the GROUP's entry into new regions, markets and businesses.
- To approve operations for the purchase, merger and disposal of shareholdings and all strategic partnerships and/or capital (new partners for new contracts or investments).
- To approve the guidelines to the GROUP as regards dividends policy, capital structure, investments, debt management, stock market operations and issue of bonds, loans, financing, banking relationship, insurance and securities.
- To approve the increase in medium and long-term credit ceiling both at the GROUP and the associated companies (beyond the limit provided for in the budget).
- To approve financial operations for associated companies that require securities from MOTA-ENGIL SGPS.
- To approve the Biannual and Annual Reports of the Consolidated and Individual Accounts of the Company.
- To decide on the creation of Committees for assisting the Board of Directors regarding resolutions on specific matters under its competence.
- To approve the strategic guidelines of the GROUP's human resources, Regions and Markets policies with regard to the human resources, remuneration and incentives development policy.
- To approve the institutional representation policies for the GROUP, Regions and Markets.
- To approve the guidelines of Institutional Communication and Marketing and ensure that they are in line with the GROUP's policy.

All these aspects are defined in the "Regulations of the Board of Directors", approved and regularly updated by the Board of Directors.

The chairman of the Board of Directors has the responsibilities entrusted to him by law and by the articles of association.

As a rule, the members of the Board of Directors and of the Remuneration Committee attend the General Meetings of the Shareholders.

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 generally meets every three weeks, or whenever convened by its Chairman, with the calendar for the meetings of each year being drawn up by the Chairman of the Executive Committee and communicated to all members no later than 15 December of the previous year.

The chairman of the Executive Committee, through the Communication, Strategy and Institutional Relations Division, 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, particularly in the course of the meetings of the Board of Directors. All these aspects are defined in the "Regulations of Executive Commission", approved and regularly updated by the Board of Directors.

On 31 December 2019, 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
  - Chairman of the Executive Committee
  - Legal Matters
  - Communications and institutional relations
  - Investors Relations
  - Chairman of MOTA-ENGIL Africa
  
- Carlos António Vasconcelos Mota dos Santos
  - Deputy Chairman of the Executive Committee
  - Chairman of MOTA-ENGIL EUROPE
  - Chairman of MOTA-ENGIL LATIN AMERICA
  - Chairman of MOTA-ENGIL ENVIRONMENT AND SERVICES
  
- Ismael Antunes Hernandez Gaspar
  - CEO of MOTA-ENGIL CAPITAL
  - Real Estate
  
- José Pedro Matos Marques Sampaio de Freitas
  - Chief Financial Officer (CFO)
  - Business Control
  - Corporate Finance
  - Corporate Risk
  - Investors Relations
  - Shared Services
  
- Manuel António da Fonseca Vasconcelos da Mota
  - CEO of MOTA-ENGIL AFRICA
  - CEO of MOTA-ENGIL EUROPE (engineering & construction)
  
- João Pedro dos Santos Dinis Parreira
  - CEO of MOTA-ENGIL LATIN AMERICA



- Eduardo João Frade Sobral Pimentel
  - Human Resources and Sustainability Strategy
  - Technologies and IT
  - Autonomous Unit
  
- Luís Filipe Cardoso da Silva
  - Strategic Planning
  - Business Control
  - Corporate 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 that has been requested. Specifically, it should be highlighted that the definition of the strategy and its assessment as well as the definition of the main policies and corporate structure were approved at meetings of the Board of Directors with the indispensable participation of the non-executive directors.

In exercising their non-executive duties, the directors were not faced with any constraints in the financial year of 2019. The annual management report includes a description of the activity of the non-executive directors.

No later than three days before the each date of the meeting, the Chairman of the Executive Committee shall distribute the agenda and respective necessary information for supporting the discussion and decision-making process of the matters on the agenda.

Jorge Paulo Sacadura Almeida Coelho, in the quality of single 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, supplementarily 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, with the notice of meeting being sent at least five working days before the date of each meeting.

The agenda is determined by the Chairman of the Statutory Audit Board and the support documents concerning the various items of said agenda are distributed among all members of the Board at least five days before the date of the meeting.

Minutes of each meeting are drawn up and validated by all persons present and passed round all the members of the Board of Directors and the Statutory Audit Board. All these aspects are defined in the "Regulations of the Statutory Audit Board".

## 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 composed of three full members (three directors, two of whom are non-executive, one being an independent director), and may also invite, whenever applicable and necessary to the performance of its duties, 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 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 2019, 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 director.

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 distributed by the day that immediately before the day of the meeting. The Chairman arranges for the preparation of the information necessary for supporting the discussion and decision-making process of the matters on the agenda.

Minutes of each meeting are drawn up and validated by all persons present and passed round all the members of the Board of Directors and the Statutory Audit Board. All these aspects are defined in the "Regulations of the Audit, Investment and Risk Commission".

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.

#### 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; the 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.

Minutes of each meeting are drawn up and validated by all persons present and passed round all the members of the Board of Directors and the Statutory Audit Board. All these aspects are defined in the "Regulations of the Strategic Consultant 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 2019 45 meetings of the Board of Directors (CADM) and 16 meetings of the Executive Board (COMEX) were held, with the following attendance:

Director	Board of Directors	Executive Committee
António Manuel Queirós Vasconcelos da Mota	98%	n/a
Gonçalo Nuno Gomes de A. Moura Martins	100%	100%
Arnaldo José Nunes da Costa Figueiredo	100%	n/a
Jorge Paulo Sacadura Almeida Coelho	100%	n/a
Maria Manuela Queirós V. Mota dos Santos	80%	n/a
Maria Teresa Queirós V. Mota Neves da Costa	82%	n/a
Maria Paula Queirós V. Mota de Meireles	98%	n/a
Carlos António Vasconcelos Mota dos Santos	89%	100%
Ismael Antunes Hernandez Gaspar	100%	100%
José Pedro Matos Marques Sampaio de Freitas	100%	100%
Manuel António da Fonseca Vasconcelos da Mota	96%	100%
João Pedro dos Santos Dinis Parreira	98%	94%
Eduardo João Frade Sobral Pimentel	100%	100%
Luís Filipe Cardoso da Silva	100%	100%
António Martinho Ferreira de Oliveira	91%	0%
Luís Valente de Oliveira	100%	n/a
António Bernardo A. da Gama Lobo Xavier	100%	n/a
António Manuel da Silva Vila Cova	91%	n/a
Francisco Manuel Seixas da Costa	87%	n/a
Helena Sofia Salgado Cerveira Pinto	93%	n/a
Ana Paula Chaves e Sá Ribeiro	73%	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 for 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.

Complementarily, according to the provisions of the “Regulation of the Board of Directors”, this body is responsible for:

- Approving broad guidelines of the management model of the GROUP and subsidiaries and submitting proposals to the General Meeting of Shareholders for changes to the structure of the Governing Bodies.
- Deciding on the appointment, termination of appointment and removal of the managing bodies of the GROUP, Regions and Markets (including subsidiaries).
- Deciding on the creation of Committees for assisting the Board of Directors regarding resolutions on specific matters under its competence.

In this context, the Board of Directors performs an ongoing and in-depth assessment of the GROUP’s governance model, from a perspective that includes the body’s self-assessment but goes beyond it, with the analysis of the adequacy of the body structure defined and the composition of each hierarchy level of the whole GROUP, Regions and Markets, particularly the performance of the executive directors of each of those levels.

### 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 paragraph 8 of Annex 4 “List of positions held by members of the Board of 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 the members of the Board of Directors 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 paragraph 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 2019, 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 and Deputy Chairman of the Executive Committee
Ismael Antunes Hernandez Gaspar	Member
José Pedro Matos Marques Sampaio de Freitas	Member and Chief Financial Officer (CFO)
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 paragraphs 21 and 27 above should be consulted.

### 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 a duration of four years.

The members nominated for the current mandate (four-year period 2019-2022) and currently in post are:

Member	Function	First nomination	Current term of office
José António Ferreira de Barros	Chairman	23 May 2019	31 December 2022
Susana Catarina Iglésias Couto Rodrigues de Jesus	Full member	23 May 2019	31 December 2022
Cristina Maria da Costa Pinto	Full member	23 May 2019	31 December 2022
Pedro Manuel Seara Cardoso Perez	Alternate member	30 March 2007	31 December 2022

Considering the GROUP's size and complexity, the number and profile of the members of the Statutory Audit Board is deemed to be adequate.

#### 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.

#### José António Ferreira de Barros (Chairman)

##### Professional qualifications

- Degree in Chemical-Industrial Engineering by the Faculdade de Engenharia da Universidade do Porto

##### Professional career in the last five years

- Chairman of the Supervisory Audit Board of Mota-Engil, SGPS, SA
- Chairman of the Supervisory Audit Board of CIN - Corporação Industrial do Norte, SA
- Chairman of the Supervisory Audit Board of Instituto Português de Tabacologia
- Chairman of the Supervisory Audit Board of AMIC - Associação Promotora do Museu da Ciência e Indústria, SA
- Chairman of EMCE - Estrutura de Missão para a Capitalização das Empresas
- Manager of SPAL – Sociedade Portuguesa do Ar Líquido, Lda
- Member of the Board of Directors of Fundação Eça de Queiroz
- Chairman at the shareholder's meeting of STCP - Sociedade de Transportes Coletivos do Porto, SA
- Chairman at the shareholder's meeting of FASE - Estudos e Projectos, SA
- Chairman at the shareholder's meeting of APDL - Administração dos Portos do Douro, Leixões e Viana do Castelo, SA
- Chairman at the shareholder's meeting of AEP - Associação Empresarial de Portugal, Câmara de Comércio e Indústria para o Norte de Portugal, SA
- Founder and Member of the Board of Curators of Fundação AEP

#### Susana Catarina Iglésias Couto Rodrigues de Jesus (Effective member)

##### Professional qualifications

- Degree in Economics by the Faculdade de Economia da Universidade do Porto
- Post graduation in Risk Management and Derivatives by the Universidade Católica Portuguesa
- Statutory Auditor

##### Professional career in the last five years

- Member of the Supervisory Audit Board of Mota-Engil, SGPS, SA
- Member of the Supervisory Audit Board from several companies outside the Group
- Member of the Supervisory Audit Board of several companies outside the Group
- Member of the Supervisory Board of Autoridade de Supervisão de Seguros e Fundos de Pensões

#### Cristina Maria da Costa Pinto (Effective member)

##### Professional qualifications

- Degree in Business Administration by the Faculdade de Economia da Universidade do Porto
- Degree in Law by the Universidade Católica Portuguesa

##### Professional career in the last five years

- Member of the Supervisory Audit Board of Mota-Engil, SGPS, SA
- Member of the Supervisory Audit Board from several companies outside the Group
- Tax adviser at sociedade Pinheiro Pinto – Consultadoria, Lda
- University professor at Universidade Católica and Católica Business School
- Lawyer

**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 or available for consultation. Mota-Engil considers that the regulations go beyond aspects of mere operation of the bodies and contain confidential content, which is why it does not release them to the public.

Nonetheless, the main duties and responsibilities of that Committee are described in the various sections of this chapter III (paragraphs 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 2019 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.**

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#### **José António Ferreira de Barros (Chairman)**

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##### **Duties in other companies of Mota-Engil Group on December 31, 2019**

- Does not perform duties in other companies of Mota-Engil Group
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##### **Duties in other companies outside Mota-Engil Group on December 31, 2019**

- Manager of SPAL – Sociedade Portuguesa do Ar Líquido, Lda
  - Member of the Board of Directors of Fundação Eça de Queiroz
  - Chairman of the Supervisory Audit Board of CIN - Corporação Industrial do Norte, SA
  - Chairman of the Supervisory Audit Board of Instituto Português de Tabacologia
  - Chairman at the shareholder's meeting of FASE - Estudos e Projectos, SA
  - Chairman at the shareholder's meeting of AEP - Associação Empresarial de Portugal, Câmara de Comércio e Indústria para o Norte de Portugal, SA
  - Founder and Member of the Board of Curators of Fundação AEP
-



**Susana Catarina Iglésias Couto Rodrigues de Jesus (Effective member)****Duties in other companies of Mota-Engil Group on December 31, 2019**

- Does not perform duties in other companies of Mota-Engil Group

**Duties in other companies outside Mota-Engil Group on December 31, 2019**

- Chairman of the Supervisory Audit Board of Flexdeal – Sociedade de Investimento Mobiliário para Fomento da Economia, SA
- Chairman of the Supervisory Audit Board of Bright Ventures Capital, SCR, SA
- Member of the Supervisory Audit Board of Sonae Capital, SGPS, SA
- Member of the Supervisory Audit Board of Sociedade Banco Primus, SA
- Member of the Supervisory Board of Associação Porto Digital
- Member of the Supervisory Board of Sociedade Lusa - Agências de Notícias de Portugal, SA
- Sole supervisor of:
  - Imocapital, SA
  - Oftaline, SA
  - Agência para o Investimento e Comércio Externo de Portugal, EPE
  - Comissão de Coordenação e Desenvolvimento Regional do Norte
  - Gestão e Obras do Porto, EM

**Cristina Maria da Costa Pinto (Effective member)****Duties in other companies of Mota-Engil Group on December 31, 2019**

- Does not perform duties in other companies of Mota-Engil Group

**Duties in other companies outside Mota-Engil Group on December 31, 2019**

- University professor at Universidade Católica and Católica Business School
- Tax adviser at sociedade Pinheiro Pinto – Consultadoria, Lda
- Member of the Supervisory Audit Board of:
  - Sogrape SGPS, SA
  - Haitong Bank SGPS, SA
  - Super Bock Group SGPS, SA

**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 Statute no. 140/2015 of 7 September, 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 an annual basis, the statement of the independence of the statutory auditor /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:

- Verifying 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.
- Verifying, specifically, the operation of the Board of Directors and its delegated commissions, as well as the relations between said bodies.
- Assessing, at least on an annual basis, the fulfilment of the GROUP's Business Plan and the GROUP's Annual Budget.
- Verifying 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.
- Assessing the reliability of the reports concerning the GROUP and companies of the GROUP subject to this obligation.
- Verifying the suitability and supervise the fulfilment of the policies, criteria and accounting practices adopted and the documents on which they are based.
- Verifying the books, accounting records and documents on which they are based.
- Verifying 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.
- Calling the annual general meeting where the Chair fails to do so.
- Verifying the accuracy of the accounting documents.
- Providing 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.
- Elaborating an annual report on its supervisory activity.
- Supervising the process of preparation and publication of financial information by the Company.
- Learning of the communication of any irregularities detected by employees, shareholders or others.
- Contracting 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: proposing the nomination of the statutory auditor to the Annual General meeting; supervising the audit of the accounts and documents for the provision of accounts to the Company; supervising the independence of the auditor and study and deciding 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: submitting 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; representing 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; ensuring that adequate conditions are provided for the provision of their services by the Company; supervising the independence of the external auditor and studying and issuing an opinion on the provision of additional services (other than audit) and the respective conditions by the external auditor to the Company or subsidiaries; providing 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.
- Overseeing the official activities of the CMVM, the General Taxation Board and the General Financial Inspectorate at companies of the GROUP.
- Ensuring the effectiveness of the systems of internal control, internal auditing and management of risks.
- Providing 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 Euro per year.

Particularly, for submitting to the Executive Commission a proposal regarding the External Auditor to be hired by the Company, the Statutory Audit Board adopts the following methodology: (1) pre-assessment of the entities that can potentially perform such duties; (2) preparation and submission to the selected entities of the request for presenting a proposal with mention of the scope and type of services to be provided on a global level to the GROUP's companies, criteria for selection and respective schedule; (3) presentation of proposals by the selected companies; (4) analysis of proposals and assessment according to objective criteria; (5) selection and proposal of contract.

The Statutory Audit Board is also responsible for following up the performance of duties by the corporate areas of Compliance and Risk. In parallel, and with respect to the relevant supervisory function, the Statutory Audit Board monitors the work plans and resources allocated to the Internal Audit and Compliance functions of the Company, being the receiver of periodical reports issued by those functions, as well as of information on matters related to accounting, identification or settlement of conflicts of interest and detection of possible illegalities.

## 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 (three 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 (three 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 proposed 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 its 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 2019 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);
- Provision of a license to access the Consult@ble platform, which consists in a repository of an accounting, financial and tax nature;
- Preparation and presentation of a generic training session on some International Financial Reporting Standards (IAS / IFRS), as well as on the main differences between them and the Mexican Accounting Standards;

- Issuance of guaranteed reliability reports regarding the regulated accounts of some concessionaire companies to be submitted to the regulatory body (ERSAR);
- Limited reviews to the individual and consolidated financial statements of some affiliates, in accordance with the International Standard on Review Engagements ISRE 2410;
- Issuance of the agreed upon procedures' report regarding with the creation of a bond loan as well as with the analysis to the contents of the financial information included in the respective prospectus;
- Issuance of agreed upon procedures' reports regarding the validation of financial ratios associated with contracts for loans obtained and calls for tenders in which the companies of the GROUP took part;
- Issuance of agreed upon procedures' report concerning the calculation of the net asset value of a subsidiary;
- Issuance of agreed upon procedures' report, under the Local Companies Act, regarding the sale of some assets on part of a subsidiary;
- Analysis to a set of transactions deemed relevant carried out by a subsidiary under the provisions of the Sole Transitory Legislative Decree 1422;
- Provisions of tax compliance services to a GROUP's branch;
- Support in the collection and compiling of data on the new Mexican energy retail market.

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 2019, 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 & Asociados – SROC, Lda), including other entities forming part of the same network, was of 1,829,709 Euro, 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	76,122	47%	1,542,621	92%	1,618,743	88%
Other reliability guarantee services	85,000	53%	92,062	6%	177,062	10%
Tax consultancy	-	0%	9,707	1%	9,707	1%
Services other than statutory audit	-	0%	24,196	1%	24,196	1%
<b>TOTAL</b>	<b>161,122</b>	<b>100%</b>	<b>1,668,587</b>	<b>100%</b>	<b>1,829,709</b>	<b>100%</b>

## 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; and
- (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](mailto:etica@mota-engil.com)
- Internal Audit – Rua do Rego Lameiro, nº 38, 4300 – 454 Porto
- <http://www.mota-engil.com/en/ombudsman/>

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 communicated 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 the highest independent body in charge of safeguarding the compliance with processes and procedures, and reporting to the Board of Directors, the Audit, Investment and Risk Committee is tasked with supporting the MOTA-ENGIL GROUP's management in terms of reinforcement of the means and methods of operation where the internal control and business risk monitoring are concerned. 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 considering the 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 in the reports submitted to 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 Ethics and Business Conduct;
- 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.

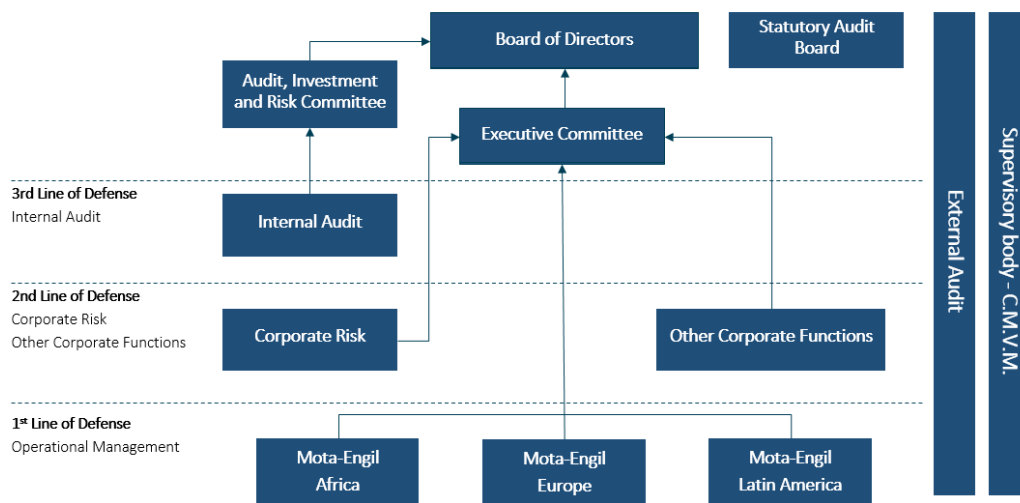
Ensuring the proper operational autonomy to business, MOTA-ENGIL, with its strategic and financial aspect, has a governance model which includes a structure named Corporate Centre, where all corporate functions supporting the Executive Committee are present, with control instruments for business performance 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-ENGL'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-ENGL 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, Technologies and SI and the Autonomous Unit. 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 Audit and Compliance 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 internal Audit and Compliance function 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. Two members 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, insofar they 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; Corporate Tax; Corporate Risk; Human Resources and Sustainability Strategy; Investor Relations; Legal Matters, Compliance, SI Technologies and Autonomous Unit.

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 Indicators (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 likewise 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 the 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 revitalisation and implementation of cross-sectional risk policies in the regions/business areas, properly customised for the relevant markets;
- Systemizing the risk management policies and systems to be integrated in the GROUP's Reports and Accounts;
- Reporting and discussion at the Executive Committee: reporting main risks and mitigating measures.

There is also a specialist committee, the Investment, Audit and Risk Committee, which reports to the Board of Directors, the main duties and responsibilities of which 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.

The MOTA-ENGIL GROUP applies the best practices defined for Internal Control and Risk Management and, in that regard, 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;
- 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 relevant 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 Division 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 Division, jointly with the Strategic Planning Board and the Business Control Board, regularly prepares presentations for the financial community, reports with quarterly, 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 e-mail or telephone.

All information divulged is made available on the CMVM webpage ([www.cmvm.pt](http://www.cmvm.pt)) and that of MOTA-ENGIL ([www.mota-engil.pt](http://www.mota-engil.pt)).

The head of the Investor Relations is Pedro Manuel 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  
E-mail: [pedro.arrais@mota-engil.pt](mailto: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](mailto: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 Board, 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 Board 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, French and English and may be accessed on the following address [www.mota-engil.pt](http://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://www.mota-engil.com/en/investors/corporate-profile/>

#### 61. Web address for the articles of association and the regulations for the function of its bodies and/or committees.

<http://www.mota-engil.com/en/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://www.mota-engil.com/en/institutional/corporate-bodies/>

<http://www.mota-engil.com/en/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://www.mota-engil.com/en/investors/financial-information/>

<http://www.mota-engil.com/en/investors/investor-calendar/>

<http://www.mota-engil.com/en/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://www.mota-engil.com/en/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://www.mota-engil.com/en/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 Law 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 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 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 paragraph 8 of Annex 4 "List of offices held by members of the Board of Directors"), the 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 Law 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 (the GROUP's Strategic Plan), setting goals and preparing initiatives, the execution of which is subject to periodic assessment through a series of KPIs which guide performance along four dimensions: cash-flow generation, internal control / controlled risk, sustainable growth and organizational reinforcement.

As the GROUP's Strategic Plan is the instrument which strategically guides the Group, the KPIs 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 for 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 for each 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 among the members of the Board of Directors, 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 Board of Directors 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 KPIs 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 the 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 for 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 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 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 for each 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 2019 and 2018, the accrued amounts of liabilities with retirement plans of defined benefits for the aforementioned directors were as follows:

Members	Value in Euros		
	2019	2018	Variation
António Manuel Queirós V. da Mota	5,271,571	4,799,224	472,347
Maria Manuela Queirós V. Mota dos Santos	2,273,844	2,183,927	89,917
Maria Teresa Queirós V. Mota Neves da Costa	2,397,805	2,070,093	327,712
Maria Paula Queirós V. Mota de Meireles	2,414,547	2,163,790	250,757
	<b>12,357,766</b>	<b>11,217,034</b>	<b>1,140,732</b>

The variation occurred 2019 in the accrued liabilities was essentially due to the decrease in the discount rate (from 1.5% to 1.0%) used in the quantification of said liabilities.

## 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	Other Remunerations	Variable Component	Attendance Fees	Total
<b>Executive directors</b>					
Gonçalo Nuno Gomes de Andrade Moura Martins	376,000	281,757	98,750		756,507
Manuel António Fonseca Vasconcelos da Mota	297,502		200,000		497,502
João Pedro Santos Dinis Parreira	301,142	11,332	200,000		512,473
António Martinho Ferreira Oliveira	286,000	5,021	0		291,021
Ismael Antunes Hernandez Gaspar	286,000	3,009	60,000		349,009
Carlos António Vasconcelos Mota dos Santos	285,000	139,610	64,850		489,460
Eduardo João Frade Sobral Pimentel	254,000	52,815	52,900		359,715
Luís Filipe Cardoso da Silva	238,000	18,754	65,000		321,754
José Pedro Matos Marques Sampaio de Freitas	224,000	4,254			228,254
<b>Non-executive non-independent directors</b>					
António Manuel Queirós Vasconcelos da Mota	476,000	35,600	89,400		601,000
Arnaldo José Nunes da Costa Figueiredo	286,000	164,100	60,900		511,000
Maria Paula Queirós Vasconcelos Mota de Meireles	251,000	41,707	44,400		337,107
Maria Manuela Queirós Vasconcelos Mota dos Santos	251,000	35,600	44,400		331,000
Maria Teresa Queirós Vasconcelos Mota Neves da Costa	251,000	35,600	44,400		331,000
<b>Independent non-executive directors</b>					
Luís Valente de Oliveira				45,000	45,000
António Bernardo Aranha da Gama Lobo Xavier				45,000	45,000
António Manuel da Silva Vila Cova				39,500	39,500
Francisco Manuel Seixas da Costa				60,000	60,000
Jorge Paulo Sacadura Almeida Coelho				45,000	45,000
Helena Sofia Salgado Cerqueira Pinto				35,000	35,000
Ana Paula Chaves e Sá Ribeiro				35,000	35,000
					<b>6,221,302</b>

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 remuneration of the managing board' members 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.**

Members	Company	Value in Euros
		Total
José António Ferreira de Barros	Mota-Engil SGPS	18,226
Susana Catarina Iglésias Couto Rodrigues de Jesus	Mota-Engil SGPS	18,226
Cristina Maria da Costa Pinto	Mota-Engil SGPS	18,226
		<b>54,677</b>

Additionally, the Auditing Firm PricewaterhouseCoopers & Associados – SROC, Lda, including other entities belonging to the same network, received, in the Company and in companies in a control or Group relationship, the amount of 1,829,709 Euro (see paragraphs 46 and 47).

**82. Indication of the remuneration of the chairperson of the annual general meeting for the period.**

During 2019, the current chair of the Annual General Meeting received 6,000 Euro and the current secretary received 3,000 Euro.

## 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. On the other hand, there is no legal instrument entered into with directors requiring the Company in cases provided for in recommendation V.3.6, 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.

### 90. Indication of the transactions which were subject to control in the period in question.

During 2019, the potential sale of two companies held by shareholders of the Company, the assets of which correspond to a land plot in Portugal and farms in Angola, was subject to control.

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 of the Statutory Audit Board, the body is responsible, prior to approval by the Board of Directors, 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 Euro 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 41 to the consolidated financial accounts in the Report of Consolidated Accounts 2019.

## 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 Corporate Governance Portuguese Institute (2018) available on its webpage [www.cgov.pt](http://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-ENGIL:

Recommendation/chapter	Sub recommendation	Fulfilment	Report
<b>I. GENERAL SECTION</b>			
<b>I.1. Relations of the Company with investors and information</b>			
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.	a)	In compliance	21, 55, 56 and 58
	b)	In compliance	
	c)	In compliance	
<b>I.2. Diversity in the composition and operation of the Company's bodies</b>			
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.	a)	In compliance	21
	b)	In compliance	
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.	Board of Directors	Sub recommendation in compliance	21
	Supervisory Board	Sub recommendation in compliance	
	Executive Committee	Sub recommendation in compliance	
	Audit, Investment and Risk Committee	Sub recommendation in compliance	
	Consulting and Strategic Committee	Sub recommendation in compliance	
Remuneration Committee	Not in compliance-internal regulation		
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.	a)	In compliance	17, 21, 23 and 35
	b)	Not in compliance	
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 while safeguarding the confidentiality of the information transmitted and the identity of the notifier, whenever such identity is requested.	a)	In compliance	49 and 50
	b)	In compliance	49 and 50
<b>I.3. Relations between Company's bodies</b>			
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
<b>I.4. Conflicts of Interest</b>			
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
<b>I.5. Transactions with related parties</b>			
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.	a)	In compliance	89 and 90
	b)	In compliance	91
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.		In compliance	21



Recommendation/chapter	Sub recommendation	Fulfillment	Report
<b>II. SHAREHOLDERS AND GENERAL MEETING</b>			
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.	a)	In compliance	12
	b)	Not applicable	
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.		Not 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.	a)	In compliance	4
	b)	In compliance	
<b>III. NON-EXECUTIVE MANAGEMENT AND SUPERVISION</b>			
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 lead independent director), 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.	a)	In compliance	17 and 18
	b)	In compliance	31
	c)	Not applicable	
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: (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, or 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.	a)	In compliance	21
	b)	In compliance	
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.	a)	In compliance	38
	b)	Not in compliance	
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.	Corporate Governance	Not in compliance	16 and 21
	Remuneration and Assessment	In compliance	
	Nominations	In compliance	
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.	Risk Management	In compliance	50, 52, 54 and 55
	Internal Control	In compliance	
	Internal Audit	In compliance	
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.	Risk Management	In compliance	38, 50 and 51
	Internal Control	In compliance	
	Internal Audit	In compliance	
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.	a)	In compliance	38 and 50
	b)	In compliance	
<b>IV. EXECUTIVE BOARD</b>			
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.	a)	In compliance	21 and 26
	b)	In compliance	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.	a)	In compliance	21
	b)	In compliance	
	c)	In compliance	
IV.3. The managing body must establish goals regarding the assumption of risks and ensure those goals are achieved.	a)	In compliance	50 to 55
	b)	In compliance	
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	Sub recommendation	Fulfillment	Report
<b>V. PERFORMANCE ASSESSMENT, REMUNERATIONS AND NOMINATIONS</b>			
<b>V.1 Performance Annual Assessment</b>			
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.	Self Assessment	In compliance	21 and 24
	Committees	In compliance	
	Executive Committee	In compliance	
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
<b>V.2 Remunerations</b>			
V.2.1. Remunerations are to be established by a committee the composition of which ensures its independence from the managing body.	a)	In compliance	66
	b)	Not in compliance	
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.	a)	In compliance	66 and 69
	b)	In compliance	
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.	i)	In compliance	69 and 77
	ii)	In compliance	77 and 78
	iii)	Not applicable	73 and 74
	iv)	In compliance	69 and 70
	v)	In compliance	69 and 80
	vi)	In compliance	
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.	a)	Not applicable	76
	b)	In compliance	
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.	a)	In compliance	67
	b)	Not in compliance	
<b>V.3 Remuneration of Board members</b>			
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 and 70
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.	a)	Not in compliance	72
	b)	Not applicable	
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	74
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.		Not 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	83
<b>V.4. Nominations</b>			
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.		Not in compliance	
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.		Not 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	Sub recommendation	Fulfillment	Report
<b>VI. RISK MANAGEMENT</b>			
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.	a)	In compliance	21 and 50 to 55
	b)	In compliance	
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.	i)	In compliance	50, 52 and 53
	ii)	In compliance	54
	iii)	In compliance	51 and 52
	iv)	In compliance	21, 50 and 52
	v)	In compliance	21 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.	a)	In compliance	54
	b)	In compliance	
<b>VII. FINANCIAL INFORMATION</b>			
<b>VII.1 Financial Information</b>			
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
<b>VII.2 Statutory audit and Supervision</b>			
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.	i)	In compliance	37 and 38
	ii)	In compliance	
	iii)	In compliance	
	iv)	In compliance	
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.	a)	In compliance	38 and 45
	b)	In compliance	
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, 38, 45 and 46
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.	a)	Not applicable	
	b)	Not applicable	
	c)	Not applicable	
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.		Not applicable	

### 3. OTHER INFORMATION

There are no recommendations of which the failure to observe or to apply require subsequent justification.

**Building  
Today,  
|  
Imagining  
Tomorrow.**



**MOTAENGIL**  
SGPS, S.A.

# 04

## Annexes



## 1 - DECLARATION UNDER THE TERMS OF ARTICLE 245, PARAGRAPH 1, SUBPARAGRAPH C) OF PORTUGUESE SECURITIES CODE

Under the terms of article 245, paragraph 1, subparagraph c) of the Portuguese 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, 09 April 2020

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  
Deputy Chairman 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

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

Emídio José Bebiano e Moura da Costa Pinheiro  
Non-executive and independent member of the  
Board of Directors



## 2 - ARTICLE 324, PARAGRAPH 2 AND ARTICLE 66, PARAGRAPH 5, SUBPARAGRAPH D) OF THE PORTUGUESE COMMERCIAL COMPANIES CODE

During the financial year of 2019, MOTA-ENGIL carried out no transaction on own shares.

On 31 December 2019, 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					MGP, SGPS, SA		FM, SGPS, SA		
		Qt.	Price	Buy / Sell	Inside/ Outside market	%	Qt.	%	Qt.	%	
António Manuel Queirós Vasconcelos da Mota	Closing balance	4,210,020				1.77%	0	0.0%	28,701	34.48%	
Maria Manuela Queirós Vasconcelos Mota dos Santos	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	Closing balance	380,000				0.16%					
Maria Sílvia Fonseca Vasconcelos Mota	Opening balance	437,061				0.18%					
	30 December 2019	-11,111		Sell	Inside						
	30 December 2019	11,111		Buy	Inside						
	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	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%					
António Cândido Lopes Natário	Closing balance	10,000				0.00%					
Rui Jorge Teixeira de Carvalho Pedroto	Closing balance	2,000				0.00%					
F.M. - Sociedade de Controlo, SGPS, SA	Closing balance	-				-	6,337,640	100.0%			
Mota Gestão e Participações, SGPS, SA	Closing balance	133,466,687				56.20%	-	-			

The bonds held by the members of the Board of Directors, officials and members of the supervisory bodies of the COMPANY as at 31 December 2019 were as follows:

Name	No. of bonds	Bonds ME 2015/2020 (NV - 500€)	Bonds ME 2018/2022 (NV - 500€)	Bonds ME 2019/2024 (NV - 500€)
António Manuel Queirós Vasconcelos da Mota	376	-	376	-
Maria Manuela Queirós Vasconcelos Mota dos Santos	250	-	140	110
Maria Teresa Queirós Vasconcelos Mota Neves da Costa	12	-	-	12
Maria Paula Queirós Vasconcelos Mota de Meireles	40	-	40	-
Carlos António Vasconcelos Mota dos Santos	298	-	224	74
José Pedro Matos Marques Sampaio de Freitas	359	-	340	19
Manuel António da Fonseca Vasconcelos da Mota	46	-	46	-
Gonçalo Nuno Gomes de Andrade Moura Martins	19	-	-	19
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	-
António Cândido Lopes Natário	89	85	4	-
José Manuel Mota Neves da Costa	340	-	200	140

NV – nominal value

In addition, the list of the shareholders who, as at 31 December 2019, held at least 10%, 33% or 50% of the share capital of MOTA-ENGIL is presented below:

Shareholder	2019		2018	
	No. of shares	% capital	No. of shares	% capital
Mota Gestão e Participações, SGPS, SA (Direct and indirect through António Largo Cerqueira, SA)	136,558,264	57.50%	136,558,264	57.50%

#### 4 - 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 making up the MOTA-ENGIL GROUP have no past-due debt to Social Security.

## 5 - ARTICLE 66, PARAGRAPH 5, SUBPARAGRAPH G) OF THE PORTUGUESE COMMERCIAL COMPANIES CODE

As at 31 December 2019, the companies belonging to the MOTA-ENGIL GROUP held branches in the following countries:

Company	Country
Empresa Construtora Brasil SA	Colombia
Manvia II Condutas, Lda.	Angola
Manvia – Manutenção e Exploração de Instalações e Construção, SA	Spain
	France
Mota-Engil Africa, NV	Uganda
	Algeria
	Brazil
	Cape Verde
	Colombia
	Spain
	USA
	France
	Hungary
	Ireland
	Morocco
	Panama
	Peru
	Paraguay
Poland	
United Kingdom	
Mota-Engil, Engenharia e Construção, SA	Angola
	Cape Verde
	Cameroon
	Ivory Coast
	Gabon
	Ghana
	Malawi
	Mozambique
	New Caledonia
	Kenya
	Rwanda
	Swaziland
	Tanzania
	Uganda
Zambia	
Zimbabwe	
Mota-Engil Peru, SA	Colombia
SUMA - Serviços Urbanos e Meio Ambiente, Lda.	Oman
Vibeiras – Sociedade Comercial de Plantas, SA	Morocco

## 6 - 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 2019, 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%
<b>Attributable to FM – Sociedade de Controlo, SGPS, SA</b>	<b>153,626,596</b>	<b>64.68%</b>	<b>66.39%</b>
Ghotic Corp Mutima Capital (*)	3,604,893	1.52%	1.56%
Ghotic HSP Corp Mutima Capital (*)	1,399,289	0.59%	0.60%
Ghotic JBD LLC Mutima Capital (*)	1,312,787	0.55%	0.57%
Gothic ERP LLC Mutima (*)	925,700	0.39%	0.40%
The Mutima Africa Fund LP (*)	237,684	0.10%	0.10%
<b>Attributable to Mutima Capital Management, LLC</b>	<b>7,480,353</b>	<b>3.15%</b>	<b>3.23%</b>
<b>Attributable to Norges Bank (*)</b>	<b>5,569,011</b>	<b>2.34%</b>	<b>2.41%</b>
<b>Own shares</b>	<b>6,091,581</b>	<b>2.56%</b>	<b>-</b>
<b>Freefloat</b>	<b>64,737,600</b>	<b>27.26%</b>	<b>27.97%</b>
<b>TOTAL</b>	<b>237,505,141</b>	<b>100.00%</b>	<b>100.00%</b>

(\*) 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 2019, Mota Gestão e Participações, SGPS, SA was 100% held by FM – Sociedade de Controlo, SGPS, S.A., which was 100% held by the members of the Board of Directors mentioned above under (a).

As at this report date, 153,807,882 shares corresponding to 64.76% of the share capital of MOTA-ENGL, granting 66.39% of voting rights were attributable to FM – Sociedade de Controlo, SGPS, SA.

## 7 - STATEMENT OF THE BOARD OF DIRECTORS ON THE REMUNERATION POLICIES APPLICABLE TO THE OFFICIALS 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, 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 Law 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:

The 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:

The 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 GROUP and its business, as well as the individual evaluation of collaborators, in order to recognise and reward merit and excellence.

#### - Transversality / verticality:

The 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 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 the MOTA-ENGIL GROUP fall into the functional groups of Top Executives, Executives and Top Management.

### 3. CONCRETE 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 KPIs 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, corresponding to an established portfolio of applicable benefits, in accordance with the position and corresponding functional group.

#### 3.2 Indexation of the remuneration policy to the MOTA-ENGIL GROUP's performance

Aiming to promote the alignment of short and long-term interests of MOTA-ENGIL GROUP 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, envisaging a set of Key Performance Indicators (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 officials 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 Portuguese Securities Code.

## 8 - LIST OF OFFICES HELD BY THE MEMBERS OF THE BOARD OF DIRECTORS:

### António Manuel Queirós Vasconcelos da Mota (Chairman)

#### Duties in other companies of Mota-Engil Group on December 31, 2019

- 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 Belém Grid - Promoção Imobiliária e de Animação Turística, SA
- Member of the Remuneration Committee of Hygeia - Edifícios Hospitalares, SGPS, 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, 2019

- 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
- Chairman of the Board of Directors of AMGP Agricultura, SA
- Chairman of the Board of Directors of Sociedade Agrícola Moura Basto, SA
- Member of the Remuneration Committee of António Lago Cerqueira, SA
- Member of the Board of Curators and Advisory Council of Fundação Manuel António da Mota
- Member of the Board of Curators of Fundação AEP, in representation of Mota-Engil, SGPS, SA
- Member of the General Board of AEP, in representation of Mota-Engil, SGPS, SA
- Member of the Advisory Council of Investimento e Comércio Externo da AICEP Portugal Global, EPE
- Member of the Oporto Municipal Council of Economics – “Casa dos 24”
- Member of the Strategic Council of Portugal-Colômbia



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**Gonçalo Nuno Gomes de Andrade Moura Martins (Deputy-chairman)**

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**Duties in other companies of Mota-Engil Group on December 31, 2019**

- 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
- Sole Director of Mota-Engil, África, NV
- Manager of Lineas – Serviços de Administração e Gestão, Lda.
- Member of the Board of Directors of Copexa - Concessionaria Autopista Perote-Xalapa, SA de CV
- Member of the Board of Directors of Concessionaria Urbana Arco Oriente, 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
- 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, em representação da 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

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**Duties in other companies outside Mota-Engil Group on December 31, 2019**

- 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

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**Arnaldo José Nunes da Costa Figueiredo (Deputy-chairman)**

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**Duties in other companies of Mota-Engil Group on December 31, 2019**

- Chairman of the Board of Directors of Mota-Engil, Indústria e Inovação, SGPS, SA
- Deputy-chairman of the Board of Directors of Martifer, SGPS, SA
- Member of the Board of Directors of Vetor Diálogo, SGPS, SA
- Member of the Board of Directors of Duelobrigatório, SA
- Chairman of the Strategic Coordination Council of Martifer, SGPS, SA
- Member of the Remuneration Committee of Vibeiras – Sociedade Comercial de Plantas, SA
- Chairman at the shareholder’s meeting of Mercado Urbano – Gestão Imobiliária, SA

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**Duties in other companies outside Mota-Engil Group on December 31, 2019**

- 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
  - Member of the General Board of Boavista Futebol Clube
  - Deputy-chairman of Conselho Estratégico para a Cooperação, Desenvolvimento e Lusofonia Económica
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### Jorge Paulo Sacadura Almeida Coelho (Independent Deputy-chairman)

#### Duties in other companies of Mota-Engil Group on December 31, 2019

- Chairman at the shareholder's meeting of Mota-Engil, Indústria e Inovação, SGPS, SA
- Member of the Supervisory Council of Mota-Engil, Angola, SA

#### Duties in other companies outside Mota-Engil Group on December 31, 2019

- Member of the Board of Directors of VAA - Vista Alegre Atlantis, S.G.P.S., SA
- Managing Partner of Horizonte, Lda
- Managing Partner of Green Horizonte, 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)
- Chairman of the Strategic Business Council of Sintra
- Deputy-chairman of the General Board of Universidade Nova de Lisboa

### Carlos António Vasconcelos Mota dos Santos (Member)

#### Duties in other companies of Mota-Engil Group on December 31, 2019

- 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 da Mota-Engil Central Europe Česká Republika, A.S.
- Member of the Supervisory Board da Mota-Engil Magyarország Beruházási És Építőipari Zrt
- Member of the Supervisory Board da 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
- Member of the Remuneration Committee of Belém Grid - Promoção Imobiliária e de Animação Turística, 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, 2019

- Member of the Board of Directors of Mota Gestão e Participações, SGPS, SA
- Member of the Board of Directors of António Lago Cerqueira, SA
- Member of the Board of Directors of Mota Global - Planeamento, SA
- Member of the Board of Directors of Sociedade Agrícola Moura Basto, SA
- Member of the Board of Directors of AMGP Agricultura, SA
- Manager of Portuscale Trading, Lda.
- Manager of Kepler, SGPS, Lda.

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**Maria Manuela Queirós Vasconcelos Mota dos Santos (Member)**

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**Duties in other companies of Mota-Engil Group on December 31, 2019**

- 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 Mota-Engil Central Europe Management, SGPS, SA
- Member of the Board of Directors of Empresa Agrícola Florestal Portuguesa, SA

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**Duties in other companies outside Mota-Engil Group on December 31, 2019**

- Manager of Casal Agrícola de Parada, Lda
  - Manager of Mineira do Jarmelo, Lda
  - Manager of Mineira de Pensalvos, Lda
  - Manager of Serra Lisa, Sociedade de Empreendimentos Imobiliários, Lda
  - Deputy-chairman of the Board of Directors of Mota Gestão e Participações, SGPS, SA
  - Member of the Board of Directors of FM – Sociedade de Controlo, SGPS, SA
  - Member of the Board of Directors of AMGP Agricultura, SA
  - Member of the Board of Directors of Sociedade Agrícola Moura Basto, SA
  - Chairman of the Board of Directors Fundación Manuel António da Mota "Asociación Civil"
  - Chairman of the Board of Directors and Member of the Board of Curators of Fundação Manuel António da Mota
  - Member of the Remuneration Committee of António Lago Cerqueira, SA
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**Maria Teresa Queirós Vasconcelos Mota Neves da Costa (Member)**

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**Duties in other companies of Mota-Engil Group on December 31, 2019**

- 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 Belém Grid - Promoção Imobiliária e de Animação Turística, 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
- Manager of Edifícios Galiza – Sociedade Imobiliária, Lda

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**Duties in other companies outside Mota-Engil Group on December 31, 2019**

- 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
- Member of the Board of Directors of Sociedade Agrícola Moura Basto, SA
- Member of the Board of Directors of AMGP Agricultura, SA
- Manager of Navarras Supermercados, Lda
- Manager of Imobiliária Toca do Lobo, 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

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**Maria Paula Queirós Vasconcelos Mota de Meireles (Member)**

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**Duties in other companies of Mota-Engil Group on December 31, 2019**

- Chairman of the Board of Directors of Largo do Paço – Investimentos Turísticos e Imobiliários, Lda
- Manager of Edifícios Galiza – Sociedade Imobiliária, Lda
- Member of the Remuneration Committee of Mota-Engil Renewing, SA
- Member of the Senior and Supervisory Board of Mota-Engil, Angola, SA
- Member of the Remuneration Committee of Vibeiras – Sociedade Comercial de Plantas, SA

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**Duties in other companies outside Mota-Engil Group on December 31, 2019**

- 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
  - Member of the Board of Directors of Sociedade Agrícola Moura Basto, SA
  - Member of the Board of Directors of AMGP Agricultura, SA
  - Manager of Casal Agrícola de Parada, Lda
  - Manager of Botelho, Silva & Abreu, Lda
  - Manager of Mineira de Pensalvos, Lda
  - Manager of Mineira do Jarmelo, Lda
  - Manager of Verotâmega – Sociedade Imobiliária, Lda
  - Member of the Remuneration Committee of António Lago Cerqueira, SA
  - Member of the Board of Curators of Fundação Manuel António da Mota
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**Ismael Antunes Hernandez Gaspar (Member)**

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**Duties in other companies of Mota-Engil Group on December 31, 2019**

- 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
- Chairman of the Board of Directors of Mercado Urbano – Gestão Imobiliária, S.A.
- Chairman of the Board of Directors of Proemparr, Promoção de Empreendimentos Imobiliários para Actividades Recreativas, S.A.
- Chairman of the Board of Directors of Haçor – Concessionária do Edifício do Hospital da Ilha Terceira, S.A.
- Chairman of the Board of Directors of HL – Sociedade Gestora do Edifício, S.A.
- Chairman of the Board of Directors of Turalgo – Sociedade de Promoção Imobiliária e Turística do Algarve, S.A.
- 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 Board of Directors of Mota-Engil Central Europe Management, SGPS, SA
- Member of the Senior and Supervisory Board of Mota-Engil, Angola, SA
- Manager of Corgimobil - Empresa Imobiliária das Corgas, Lda

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**Duties in other companies outside Mota-Engil Group on December 31, 2019**

- Manager of Botelho, Silva & Abreu, Lda
  - Member of the Supervisory Audit Board of FUNDICIC - Fundo para Desenvolvimento das Ciências da Construção
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**José Pedro Matos Marques Sampaio de Freitas (Member)**

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**Duties in other companies of Mota-Engil Group on December 31, 2019**

- 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 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
- Member of the Board of Directors of Mota-Engil, Ambiente e Serviços, SGPS, SA
- Manager of Lineas – Serviços de Administração e Gestão, Lda

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**Duties in other companies outside Mota-Engil Group on December 31, 2019**

- Member of the Board of Directors of Mota Gestão e Participações, SGPS, SA
  - Member of the Board of Directors of António Lago Cerqueira, SA
  - Member of the Board of Directors of Mota Global – Planeamento, SA
  - Member of the Board of Directors of Sociedade Agrícola Moura Basto, SA
  - Member of the Board of Directors of AMGP Agricultura, SA
  - Manager of Kepler, SGPS, Lda
  - Manager of Botelho, Silva & Abreu, Lda
  - 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 Curators of Fundação AIP
  - Member of the Board of EIC - European International Contractors
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**João Pedro dos Santos Dinis Parreira (Member)**

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**Duties in other companies of Mota-Engil Group on December 31, 2019**

- 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 Luso Energy del Peru, SA
- Chairman of the Board of Directors of Ambiente y Servicios Peru, SA
- Chairman of the Board of Directors of Promotora e Inmobiliaria Santa Clara, SA
- Chairman of the Board of Directors of Tarucani 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 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 Operadora Maritima Matamoros, SAPI 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

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**Duties in other companies outside Mota-Engil Group on December 31, 2019**

- Does not perform duties in other companies outside the Mota-Engil Group
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**Eduardo João Frade Sobral Pimentel (Member)****Duties in other companies of Mota-Engil Group on December 31, 2019**

- 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 e 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, 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

**Duties in other companies outside Mota-Engil Group on December 31, 2019**

- 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, 2019**

- Chairman of the Board of Directors of Mota-Engil Angola, SA
- Chairman of the Board of Directors of Mota-Engil Central Europe, SA
- Chairman of the Board of Directors of Empresa Agrícola Florestal Portuguesa, SA
- Chairman of the Board of Directors of Cosamo (PTY), Ltd
- 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, Minerals & Mining (Zimbabwe) (Private), Ltd
- Member of the Board of Directors of Mota-Engil, Europa, SA
- Member of the Board of Directors of Mota-Engil Central Europe Management, SGPS, SA
- 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
- Member of the Senior and Supervisory Board of Mota-Engil, Angola, SA
- Member of the Supervisory Board da Mota-Engil Central Europe Ceska Republika, AS

**Duties in other companies outside Mota-Engil Group on December 31, 2019**

- Manager of Kepler, SGPS, Lda.

**Luís Filipe Cardoso da Silva (Member)****Duties in other companies of Mota-Engil Group on December 31, 2019**

- 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, 2019**

- Does not perform duties in other companies outside the Mota-Engil Group

**António Martinho Ferreira de Oliveira (Member)****Duties in other companies of Mota-Engil Group on December 31, 2019**

- 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
- Member of the Board of Directors of Mota-Engil Railway Engineering, SA
- Member of the Board of Directors of Hygeia - Edifícios Hospitalares, SGPS, SA
- Member of the Supervisory Board da Obol Invest Befektetési És Üzletviteli Tanácsadó KFT
- Member of the Supervisory Board da Obol XI Ingatlanhasznosítási Beruházó És Szolgáltató KFT
- Member of the Supervisory Board da Metrô Építőipari Gépészeti és szállítási ZRT

**Duties in other companies outside Mota-Engil Group on December 31, 2019**

- 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, 2019**

- Does not perform duties in other companies of Mota-Engil Group

**Duties in other companies outside Mota-Engil Group on December 31, 2019**

- 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, 2019**

- Does not perform duties in other companies of Mota-Engil Group

**Duties in other companies outside Mota-Engil Group on December 31, 2019**

- 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 Fundação Casa da Música
- Non-executive member of the Board of Directors of Fundação Francisco Manuel dos Santos
- Non-executive member of the Board of Directors of BA GLASS - Serviços de Gestão e Investimento, SA
- Deputy-chairman of the Board of Directors of Banco BPI, SGPS,SA
- Chairman of the Audit and Internal Control Committee of Banco BPI, SGPS,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 GMG - Grupo Manuel Gonçalves, SGPS, SA
- Chairman at the shareholder's meeting of TMG Capital SGPS, SA
- Chairman at the shareholder's meeting of Mysticinvest Holding, 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, 2019**

- Does not perform duties in other companies of Mota-Engil Group

**Duties in other companies outside Mota-Engil Group on December 31, 2019**

- 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, 2019**

- Member of the Audit Committee of Mota-Engil Engenharia e Construção África SA
- 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, 2019**

- Non-executive member of the Board of Directors of Jerónimo Martins, SGPS, SA
- Independent member of the Board of Directors of EDP Renováveis, SA
- Member of the Nomination and Remuneration Committee at EDP Renováveis SA
- Chairman of the International Strategic Council of Fundação Calouste Gulbenkian
- Chairman of the Supervisory Audit Board of Tabaqueira PMM SGPS, SA
- Chairman of the Supervisory Audit Board of A.T.KEARNEY
- Member of the General Board of Independente da RTP, SA
- Director of "Clube de Lisboa"
- Member of the Board of Conselho das Ordens de Mérito Civil, Presidência da República
- 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, 2019**

- Does not perform duties in other companies of Mota-Engil Group

**Duties in other companies outside Mota-Engil Group on December 31, 2019**

- 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, 2019**

- Does not perform duties in other companies of Mota-Engil Group

**Duties in other companies outside Mota-Engil Group on December 31, 2019**

- 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

## 9 - GRI 4 INDICATORS: ENVIRONMENTAL PERFORMANCE

## GRI 302-1: Energy

## ENERGY CONSUMPTION WITHIN THE ORGANIZATION

## EUROPE

CAPSFIL	2019	Units of Measure	2018	Units of Measure
<b>Total Non-Renewable Energy</b>	<b>9,496</b>	GJ/year	<b>8,984</b>	GJ/year
Diesel	9,496	GJ/year	8,984	GJ/year
Electricity consumed	612	GJ/year	-	-

EGF	2019	Units of Measure	2018	Units of Measure
<b>Total Non-Renewable Energy</b>	<b>473,302</b>	GJ/year	<b>429,435</b>	GJ/year
Diesel	376,791	GJ/year	366,404	GJ/year
Petrol	78	GJ/year	58	GJ/year
Butane / Propane	393	GJ/year	215	GJ/year
Natural Gas	96,040	GJ/year	62,758	GJ/year
<b>Total Renewable Energy</b>	<b>30,854</b>	GJ/year	-	-
Solar energy	588	GJ/year	-	-
Biofuels: Heat from engine cooling water	30,068	GJ/year	-	-
Diesel (heat)	198	GJ/year	-	-
Electricity consumed	188,554	GJ/year	-	-
Electricity sold	1,802,085	GJ/year	-	-

Manvia*	2019	Units of Measure	2018	Units of Measure
<b>Total Non-Renewable Energy</b>	<b>20,869</b>	GJ/year	<b>19,132</b>	GJ/year
Diesel	20,462	GJ/year	18,855	GJ/year
Petrol	407	GJ/year	277	GJ/year
Electricity consumed	845	GJ/year	-	-

\* Manvia - Manutenção e Exploração de Instalações e Construção, SA  
 Manvia II Conduatas, Lda  
 Manvia - Spanish Branch

MEEC	2019	Units of Measure	2018	Units of Measure
<b>Total Non-Renewable Energy</b>	<b>373,564</b>	GJ/year	<b>363,903</b>	GJ/year
Diesel	314,168	GJ/year	317,049	GJ/year
Petrol	13	GJ/year	265	GJ/year
Butane / Propane	443	GJ/year	1,599	GJ/year
Natural Gas	25	GJ/year	-	-
Thick fuel oil	58,916	GJ/year	44,990	GJ/year
<b>Total Renewable Energy</b>	<b>3,645</b>	GJ/year	-	-
Solar energy	3,645	GJ/year	-	-
Electricity consumed	37,229	GJ/year	-	-
Electricity sold	618	GJ/year	-	-

Mota-Engil Railway	2019	Units of Measure	2018	Units of Measure
<b>Total Non-Renewable Energy</b>	<b>6,043</b>	GJ/year	-	-
Diesel	6,042	GJ/year	-	-
Butane / Propane	0.13	GJ/year	-	-
Electricity consumed	330	GJ/year	-	-

SUMA	2019	Units of Measure	2018	Units of Measure
<b>Total Non-Renewable Energy</b>	<b>196,754</b>	GJ/year	<b>205,908</b>	GJ/year
Diesel	194,921	GJ/year	204,309	GJ/year
Petrol	1,481	GJ/year	1,360	GJ/year
Natural Gas	270	GJ/year	135	GJ/year
Diesel (heat)	81	GJ/year	104	GJ/year
Electricity consumed	3,471	GJ/year	-	-

Poland	2019	Units of Measure	2018	Units of Measure
<b>Total Non-Renewable Energy</b>	<b>246,199</b>	GJ/year	<b>274,806</b>	GJ/year
Diesel	163,700	GJ/year	169,359	GJ/year
Petrol	7,170	GJ/year	4,970	GJ/year
Natural Gas	21,440	GJ/year	26,486	GJ/year
Coal	48,850	GJ/year	66,935	GJ/year
Fuel Oil	5,039	GJ/year	7,056	GJ/year
Electricity consumed	27	GJ/year	-	-

Takargo	2019	Units of Measure	2018	Units of Measure
<b>Total Non-Renewable Energy</b>	<b>243,669</b>	GJ/year	<b>258,321</b>	GJ/year
Diesel	243,669	GJ/year	258,321	GJ/year

Vibeiras	2019	Units of Measure	2018	Units of Measure
<b>Total Non-Renewable Energy</b>	<b>21,627</b>	GJ/year	<b>18,016</b>	GJ/year
Diesel	19,569	GJ/year	15,965	GJ/year
Petrol	2,058	GJ/year	2,051	GJ/year
Electricity consumed	342	GJ/year	-	-

## AFRICA

South Africa	2019	Units of Measure	2018	Units of Measure
<b>Total Non-Renewable Energy</b>	<b>7,227</b>	GJ/year	<b>29,260</b>	GJ/year
Diesel	6,562	GJ/year	7,495	GJ/year
Petrol	664	GJ/year	21,765	GJ/year
Electricity consumed	793	GJ/year	-	-

Angola   Mota-Engil Angola	2019	Units of Measure	2018	Units of Measure
<b>Total Non-Renewable Energy</b>	<b>307,672</b>	GJ/year	<b>270,797</b>	GJ/year
Diesel	300,496	GJ/year	262,999	GJ/year
Petrol	5,496	GJ/year	6,086	GJ/year
Butane / Propane	1,680	GJ/year	1,712	GJ/year
Electricity consumed	474	GJ/year	-	-

Angola   Novicer	2019	Units of Measure
<b>Total Non-Renewable Energy</b>	<b>86,044</b>	GJ/year
Diesel	41,954	GJ/year
Petrol	106	GJ/year
Butane / Propane	41	GJ/year
Fuel Ordoil	43,943	GJ/year
Electricity consumed	6,043	GJ/year

Angola   Prefal	2019	Units of Measure
<b>Total Non-Renewable Energy</b>	<b>4,643</b>	GJ/year
Diesel	4,372	GJ/year
Petrol	121	GJ/year
Butane / Propane	150	GJ/year
Electricity consumed	149	GJ/year

Angola   Vista Waste	2019	Units of Measure
<b>Total Non-Renewable Energy</b>	<b>90,007</b>	GJ/year
Diesel	89,256	GJ/year
Petrol	751	GJ/year
Electricity consumed	672	GJ/year

Cameroon	2019	Units of Measure	2018	Units of Measure
<b>Total Non-Renewable Energy</b>	<b>24,622</b>	GJ/year	<b>28,254</b>	GJ/year
Diesel	24,379	GJ/year	27,941	GJ/year
Petrol	238	GJ/year	313	GJ/year
Butane / Propane	4	GJ/year	-	-
Electricity consumed	927	GJ/year	-	-

Ivory Coast	2019	Units of Measure	2018	Units of Measure
<b>Total Non-Renewable Energy</b>	<b>242,174</b>	GJ/year	<b>79,348</b>	GJ/year
Diesel	240,396	GJ/year	79,337	GJ/year
Petrol	1,778	GJ/year	11	GJ/year
Electricity consumed	325	GJ/year	-	-

Malawi	2019	Units of Measure	2018	Units of Measure
<b>Total Non-Renewable Energy</b>	<b>412,141</b>	GJ/year	<b>651,383</b>	GJ/year
Diesel	411,690	GJ/year	650,366	GJ/year
Petrol	451	GJ/year	438	GJ/year
Butane / Propane	0.36	GJ/year	579	GJ/year
Electricity consumed	577	GJ/year	-	-

Mozambique	2019	Units of Measure	2018	Units of Measure
<b>Total Non-Renewable Energy</b>	<b>172,600</b>	GJ/year	<b>172,289</b>	GJ/year
Diesel	172,068	GJ/year	172,094	GJ/year
Butane / Propane	532	GJ/year	195	GJ/year
Electricity consumed	4,248	GJ/year	-	-

Guinea-Conakry	2019	Units of Measure	2018	Units of Measure
<b>Total Non-Renewable Energy</b>	<b>459,180</b>	GJ/year	<b>448,732</b>	GJ/year
Diesel	456,673	GJ/year	446,332	GJ/year
Petrol	2,500	GJ/year	2,400	GJ/year
Butane / Propane	7	GJ/year	-	-
Electricity consumed	148	GJ/year	-	-

Rwanda	2019	Units of Measure	2018	Units of Measure
<b>Total Non-Renewable Energy</b>	<b>207,160</b>	GJ/year	<b>208,075</b>	GJ/year
Diesel	207,125	GJ/year	208,046	GJ/year
Petrol	35	GJ/year	29	GJ/year
Electricity consumed	73	GJ/year	-	-

Uganda	2019	Units of Measure	2018	Units of Measure
<b>Total Non-Renewable Energy</b>	<b>306,600</b>	GJ/year	<b>201,600</b>	GJ/year
Diesel	306,121	GJ/year	201,551	GJ/year
Petrol	359	GJ/year	44	GJ/year
Butane / Propane	120	GJ/year	5	GJ/year
Electricity consumed	3,259	GJ/year	-	-

Zimbabwe	2019	Units of Measure	2018	Units of Measure
<b>Total Non-Renewable Energy</b>	<b>33,208</b>	GJ/year	<b>151,597</b>	GJ/year
Diesel	31,651	GJ/year	144,449	GJ/year
Fuel Oil	1,557	GJ/year	7,148	GJ/year

## Latin America

Brazil   ECB	2019	Units of Measure	2018	Units of Measure
<b>Total Non-Renewable Energy</b>	<b>548,141</b>	GJ/year	<b>617,461</b>	GJ/year
Diesel	512,945	GJ/year	524,664	GJ/year
Petrol	7,246	GJ/year	23,237	GJ/year
Fuel oil	27,950	GJ/year	69,560	GJ/year
<b>Total Renewable Energy</b>	<b>13,062</b>	GJ/year	<b>747</b>	GJ/year
Ethanol	13,062	GJ/year	747	GJ/year
Electricity consumed	3,391	GJ/year	-	-

Brazil   Consita	2019	Units of Measure	2018	Units of Measure
<b>Total Non-Renewable Energy</b>	<b>88,578</b>	GJ/year	<b>47,510</b>	GJ/year
Petrol	3,214	GJ/year	2,586	GJ/year
Diesel oil	85,364	GJ/year	44,924	GJ/year
<b>Total Renewable Energy</b>	<b>1,139</b>	GJ/year	<b>49</b>	GJ/year
Ethanol	1,139	GJ/year	49	GJ/year
Electricity consumed	655	GJ/year	-	-

Colombia	2019	Units of Measure	2018	Units of Measure
<b>Total Non-Renewable Energy</b>	<b>46,716</b>	GJ/year	<b>24,600</b>	GJ/year
Diesel	45,777	GJ/year	24,000	GJ/year
Petrol	939	GJ/year	600	GJ/year
Electricity consumed	2,842	GJ/year	-	-

Mexico   Mota-Engil México	2019	Units of Measure	2018	Units of Measure
<b>Total Non-Renewable Energy</b>	<b>232,014</b>	GJ/year	<b>274,563</b>	GJ/year
Diesel	215,360	GJ/year	255,033	GJ/year
Petrol	16,260	GJ/year	17,981	GJ/year
GPL	394	GJ/year	1,549	GJ/year
Electricity consumed	3,159	GJ/year	-	-

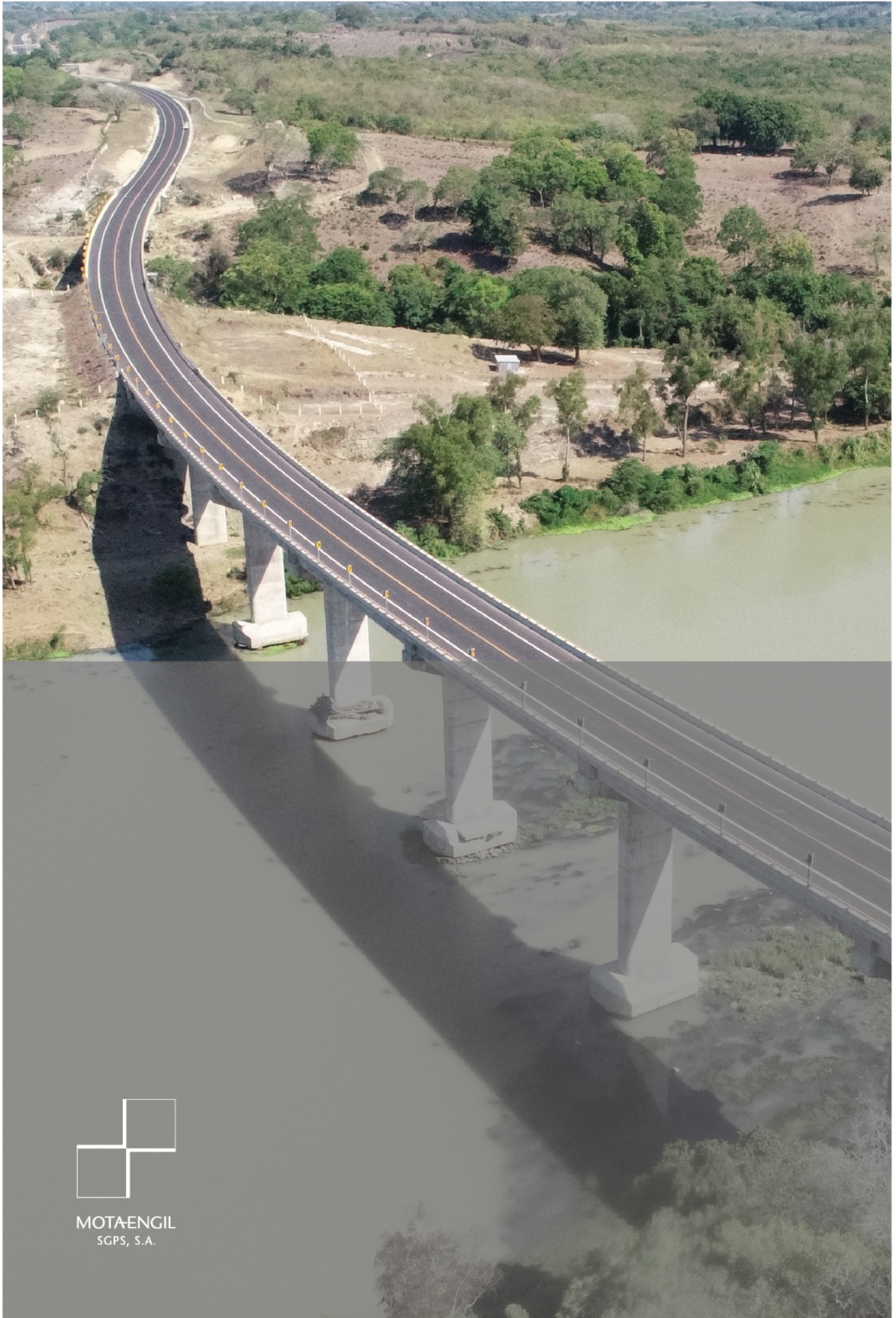
Mexico   GISA	2019	Units of Measure	2018	Units of Measure
<b>Total Non-Renewable Energy</b>	<b>43,348</b>	GJ/year	<b>44,572</b>	GJ/year
Diesel	39,687	GJ/year	42,667	GJ/year
Petrol	3,660	GJ/year	1,905	GJ/year
Butane / Propane	1	GJ/year	-	-
Electricity consumed	25,065	GJ/year	-	-

Panama	2019	Units of Measure
<b>Total Non-Renewable Energy</b>	<b>3,009</b>	GJ/year
Petrol	3,009	GJ/year
Electricity consumed	220	GJ/year

Peru	2019	Units of Measure	2018	Units of Measure
<b>Total Non-Renewable Energy</b>	<b>614,324</b>	GJ/year	<b>823,975</b>	GJ/year
Diesel	612,959	GJ/year	822,558	GJ/year
Petrol	1,364	GJ/year	1,417	GJ/year
Electricity consumed	4,694	GJ/year	-	-

Dominican Republic	2019	Units of Measure	2018	Units of Measure
<b>Total Non-Renewable Energy</b>	<b>12,133</b>	GJ/year	<b>492</b>	GJ/year
Diesel	10,883	GJ/year	492	GJ/year
Petrol	940	GJ/year	-	-
Butane / Propane	310	GJ/year	-	-
Electricity consumed	25	GJ/year	-	-





MOTAENCIL  
SGPS, S.A.

Mota-Engil's Group operation always pursuits the minimization of its environmental impact. Sustainability principles - not only environmental, but also social and economical - are what guides a global and multicultural Group defined by an upright, cooperative and human practice.

# Team Spirit Today,



MOTAENGIL  
SGPS, S.A.

# 05

## Fiscalization Reports

# Imagining Tomorrow.



**Environment**  
Ivory Coast



## **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 2019 (which shows total assets of Euros 5,054,564 thousand and total shareholders' equity of Euros 328,030 thousand including a net profit of Euros 26,728 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 2019, 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 (ISAs) 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.

#### **Emphasis**

We draw your attention to the information disclosed in note 47 to the consolidated financial statements namely with regard to the impacts of the COVID-19 pandemic on the Group's future operating activity.

Our opinion is not modified in respect of this matter.

#### **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.

**Construction contracts revenue recognition**

*Disclosures related to construction contracts revenue presented in notes 1.4 xii), 1.4 xvii), 1.4 xxii), 2, 8, 24, 34 and 37 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 2019 amounts to Euros 2,050,902 thousand.

The Group recognizes revenue according to the guidelines 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.

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.

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 analyzing the incurred costs supporting information, for a sample of transactions, and measurement reports of work performed, for a sample of contracts;
- analysis of management assessment regarding the identification of the existence or not of a significant financial component in the price of contracts and different performance obligations, 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, considering the final amounts of completed contracts, if possible and comparable; (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

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**Key Audit Matter****Summary of the Audit Approach**

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- analysis of the need to recognize provisions for expected losses in contracts, through inquiry of management or key personnel, 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.

We have verified the adequacy of the disclosures related to construction contracts presented in the consolidated financial statements.

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**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 20 to the consolidated financial statements.*

At 31 December 2019 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 260,051 thousand;
- construction of Mota-Engil Engenharia e Construção, S.A., amounting to Euros 78,465 thousand;
- logistics operation to develop in *Malawi Gateway Project*, amounting to Euros 21,020 thousand;
- quarry exploration, amounting to Euros 41,017 thousand.

The Group also holds an equity instrument in an entity not listed in a regulated market amounting to Euros 40,776 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

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 model's 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 perpetuity, discount rates, multiples and comparable transactions considered, involving internal experts, whenever relevant;
- ensure that recoverable amounts based in 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.

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**Key Audit Matter****Summary of the Audit Approach**

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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.

In particular with regard to waste treatment and recovery net assets, and as mentioned in note 15, uncertainty exists related to the regulatory framework in which they operate, with potential impacts on their future valuation, resulting from decisions that may be taken by ERSAR on allowed revenues and regulated tariffs, as it was the case for the current regulatory period (2019-2021), having these decisions been subject to special administrative action, with a request for impugnation in the justice system.

Impairment losses related to non-current assets of approximately Euros 8,500 thousand were recognized in the year.

Regarding the equity instrument, a negative fair value change amounting to approximately Euros 6,200 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.

We have also verified the adequacy of disclosures related to non-current assets impairment and fair value presented in the consolidated financial statements.

**Accounts receivable valuation and impairment recognition**

*Disclosures related to Accounts receivable presented in the notes 1.4 ix), 1.4 xxii), 8 and 23 to the consolidated financial statements.*

At 31 December 2019 the Group presents accounts receivable from Customers and Other Debtors amounting to Euros 1,243,895 thousand, (net of cumulative impairment losses of Euros 255,897 thousand, of which Euros 5,534 thousand were recognized, net of reversals, in the consolidated income statement.

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 as public entities, raises an additional level of subjectivity and uncertainty to those judgements.

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 calculation of matrices of expected impairment loss rates by country, industry and customer segments at the reporting date, in case of existence of historical losses or credit risk;
- 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, comparing with previous year, 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, when relevant; and
- 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



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**Key Audit Matter**

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.

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**Summary of the Audit Approach**

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.

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**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, 21 and 22 to the consolidated financial statements.*

At 31 December 2019, the Group holds real estate inventory ready for sale or for real estate development and future sale, amounting to Euros 177,000 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 161,753 thousand, with a net positive impact in the 2019 consolidated income statement of Euros 50,056 thousand. Real estate inventory and investment property

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

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**Key Audit Matter**

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.

**Summary of the Audit Approach**

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.

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**Provisions and contingencies**

*Disclosures related to provisions and contingencies presented in 1.4 xvii), 1.4 xxii), 8, 12, 37 and 40 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 2019 provisions and other contingencies presented in the consolidated financial statements amount to Euros 100,899 thousand, of which Euros 16,648 thousand were recognized in the 2019 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 liabilities were accounted for and that are contingent liabilities.

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.

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**Key Audit Matter**

According to note 40 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 95,000 thousand, approximately. In the same note, the following litigations in Peru are also mentioned: (i) investigation raised by the Government Agency for Law Enforcement and Prosecution against two former employees of the Group for allegedly engaging in practices developed by some construction companies, that did not comply with the legislation in force, and in which the Group was asked to respond with its own assets in the amount of Euros 300 thousand, and also activated a legal mechanism available to limit its liability; and (ii) investigation on anti-competitive practices initiated by the Competition Authority (INDECOPI), which involves some Group companies, together with other companies operating in the construction sector in Peru and a group individuals.

In accordance with IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, and presented in note 37, 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.

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**Summary of the Audit Approach**

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;
- analysis of correspondence exchange with tax authorities, namely regarding claims and appeals by the Group;
- analysis of the minutes of the Board of Directors and Executive Committee and monitoring of media news that mention the Group or group perimeter companies or related;
- analysis of tax or legal opinions obtained from external consultants or lawyers that support management's positions regarding potential contingencies or existing litigations;
- 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 the amounts of provisions recognized and contingent liabilities disclosed; and
- scanning of expenses incurred after the reporting date, in order to identify non-circularized lawyers or external consultants for which confirmation requests were not sent and/or possible new tax proceedings or litigation.

We have also verified the adequacy of the disclosures related to provisions and contingencies presented in the consolidated financial statements.

### ***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 report, including the Report on corporate governance, 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 ISAs 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 ISAs, 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 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***

#### ***Management report***

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our opinion that the Management report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Management 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 the Management 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 report the non-financial statement set forth in article No. 508-G of the Portuguese Company Law.

#### ***Report on corporate governance***

In compliance with paragraph 4 of article No. 451 of the Portuguese Company Law, it is our understanding that the Report on corporate governance report 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. Our last appointment was in the Shareholders' General Meeting of 23 May 2019 for the period from 2019 to 2022.
- 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 20 April 2020.

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.

20 April 2020

PricewaterhouseCoopers & Associados  
- Sociedade de Revisores Oficiais de Contas, Lda.  
represented by:

António Joaquim Brochado Correia, R.O.C.



MOTA-ENGIL  
SGPS, S.A.

## 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 the legal and statutory requirements, the Statutory Audit Board of MOTA-ENGIL, SGPS, S.A. presents the report of its activities during the year 2019, as well as, its opinion regarding the documents comprising the consolidated financial report, which include the Management Report and the Consolidated Financial Statements related to that year prepared by the Company's Board of Directors.

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 accompanied the activity of the Statutory Auditor / External Auditor and gathered 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 its 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), which include an emphasis paragraph regarding the impact of COVID – 19 pandemic in the future operational activity of the Company, having also received the respective additional report addressed to it.

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 2019 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.

Consequently, 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, April 20, 2020



# MOTAENGIL

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