

MOTAENGIL

BUILDING 26

*For a sustainable
future*

Strategic Plan 2022-2026

2023 Update

August 2023

MOTAENGIL

01

Ambition & Strategy

Our Ambition - A global player focused on delivering value for all in a sustainable way



*Our legacy inspires
and commits us to
build a better world*

Integrated Group

with significant contribution from long-cycle businesses¹

% of Group's EBITDA:

60% E&C | 40% NON-E&C

Balanced Footprint²

and increase of markets scale

% of turnover: >25% each Region

> 250M€ turnover per core market³

Creating Value

for all stakeholders of the Group

Attain top position in recognized ESG ratings

Focused on cash generation across the businesses

16% Group's EBITDA mg with improved cash conversion

Accountability & Profitability

of each business

3% Group's Net Profit

Strengthened balance sheet

committed towards maintaining a sustainable leverage

< 2x Group Net Debt / EBITDA

< 4x Group Gross Debt⁴/EBITDA

Solvency ratio > 15%

Our strategy – 5 strategic axes aiming for a superior performance and reinforcing the business portfolio



Greater focus on Profitability in Engineering and Construction

Focused growth and concentration of resources on core markets (larger scale) to achieve higher levels of profitability



Stepped-Up Growth in Environment, Infra Concessions and Industrial Engineering

Significant relevance of long-term cash generating businesses with accelerated growth in international development



Cross-Group Efficiency Program

Reinforcing synergies and efficiency enabled by global operating platforms



New path towards Sustainability and Innovation

Increasing efforts towards sustainability and innovation across all businesses



Debt optimization and diversification

Improving financial sustainability and aligning debt levels with businesses profiles



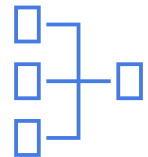
Greater focus on Profitability in Engineering and Construction



Focused growth on core E&C markets with larger scale and relevance



Closely monitor markets with strategic interest as a complement to the core markets

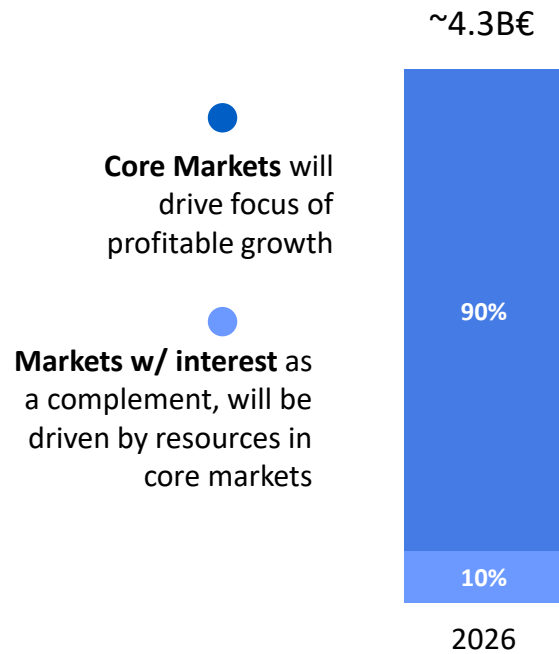


More selective and restrictive on opportunistic markets and projects

We will increase focus on core markets to achieve a higher profitability in E&C

Core markets will drive our focus

Share of E&C¹ revenue (%)



... reducing complexity to improve sales and profitability

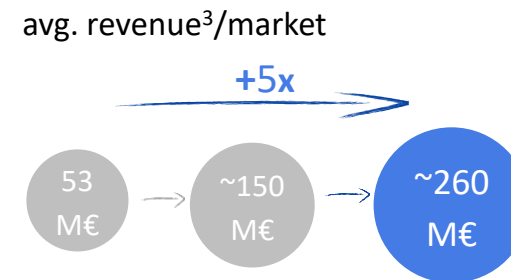
Less complexity

As result of focus on core markets with scale and know-how which allows less dispersion of resources



Larger scale per market

As result of better market coordination (within each region) to target larger projects



Improved profitability

As result of more efficiency and larger projects, sustaining a benchmarking position within the industry



Regional footprint founded on core markets that will drive profitable growth

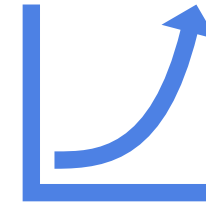
Higher concentration of resources (commercial and operations) and support services improves efficiency and capacity to successfully target larger EPC projects

Top performer in E&C operating profitability within the industry and a rigorous, across-the board, Project Risk Management Framework

Expand E&C offerings in our core markets, with focus on Energy Transition, based on new partnerships to acquire these competencies

Attain Top 15 ranking in European Contractors

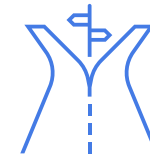
1. Excludes Industrial Engineering projects in Africa, and Energy and Concessions revenue in Latam 2. Hubs – includes core markets and aggregation of markets with interest 3. Considering total revenue under each regional BU – Europe, Africa and Latam



Stepped-Up Growth in Environment, Infra Concessions and Industrial Engineering



***Keep growing
Environment as a
strategic business***



***Capture value potential of
Infra Concessions portfolio
and optimize capital
allocation***

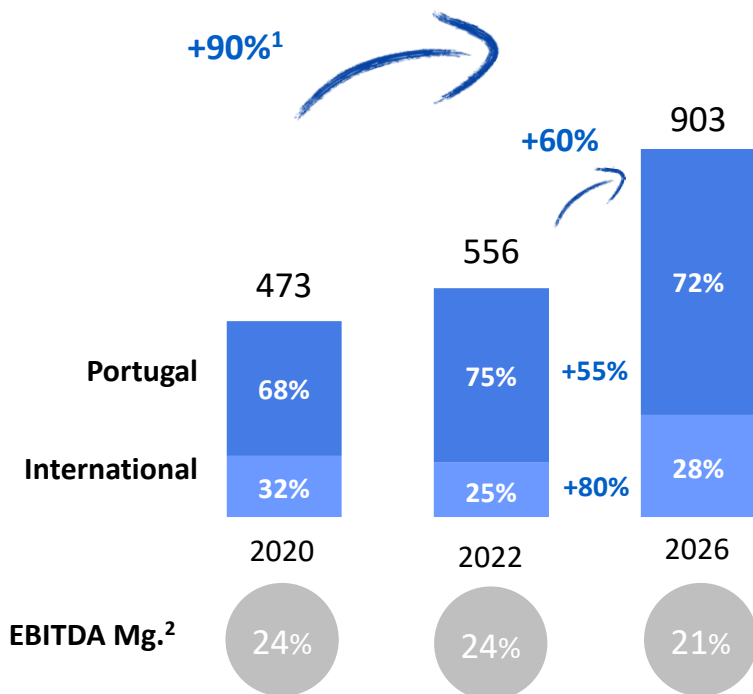


***Accelerate growth in
Industrial Engineering
leveraging on Group's
footprint***

Global Environment business concentrated in one Business Unit, to enhance further synergies and accelerate international growth

Leading position in Portugal and accelerated growth in international markets...

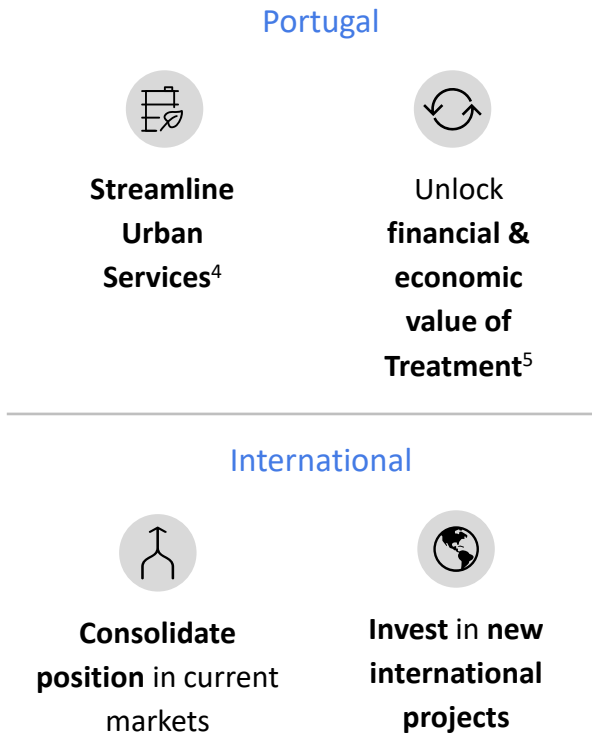
Environment revenue (M€) and share (%)



Leading position across the waste management value chain³



...through the deployment of four levers



Environment as a core non-E&C business, critical to achieve Group's strategy of a diversified business portfolio

Growth focused on new environmental targets in Portugal (e.g. PERSU 2030), and new international projects, leveraging group's know-how across the waste management value chain, and proven capacity to capitalize geographic presence

1. In 2023 the Group will end its partnership with Urbaser, selling its stake in the Industrial Waste segment, and buying Urbaser's minority stake in all other segments. Not considering the Industrial Waste segment in the 2020 Environment revenue numbers, projected growth between 2020 and 2026 is 106% 2. Revenue and EBITDA % are also impacted by the adoption of IFRIC12, overstating both Revenues and Opex, and thus understating EBITDA Mg 3. Within the privatized market 4. Review and renewal of contract portfolio of municipal services; and development of a commercial approach for Bio-Waste 5. EGF - Urban waste treatment (regulated)

We will continue to develop our Concessions portfolio leveraging our track record and key competencies

New portfolio of concessions with growth opportunities ...

concessions; Net Present ¹ value split² Jun23



~300 M€ Hidden value (NPV>Net book value)

... to be further developed considering three levers

Track record in road concessions

Group's broad experience on developing road concessions – past portfolio of more than 12B€ in assets

Integrated concessions lifecycle management

Focused on greenfield development - full value capture of construction & concession integrated view

Regions where ME has strong presence **with multiple opportunities** (e.g. Latam)

Asset management competencies

O&M and asset rotation (more mature concessions) **to increase cash generation** and funding capacity for new greenfield opportunities

New Concessions strategy, centralizing concessions assets and competencies, to enable **value creation and perception**, and assure an integrated concessions lifecycle management

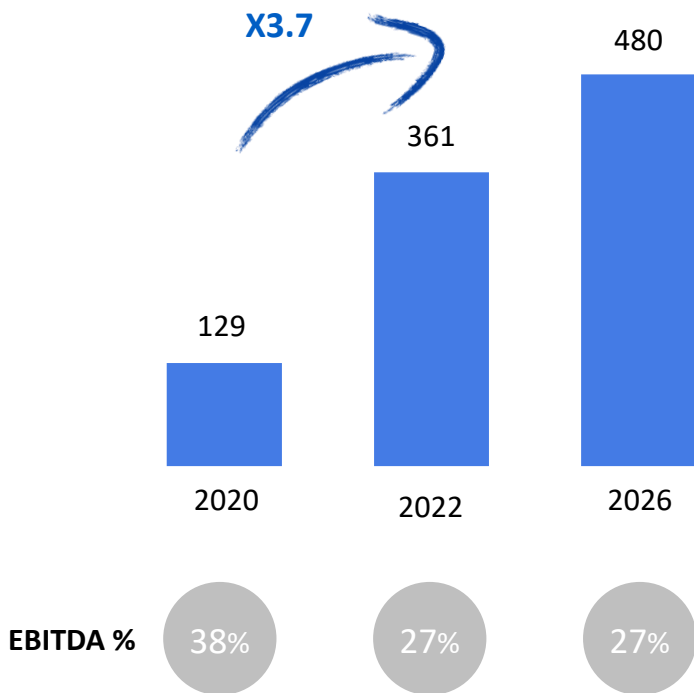
Focused clusters to manage concessions O&M, and manage the asset rotation strategy

1. Only infrastructure concessions were included. NPV after minority interests 2. Split according to concessions stage in its full lifecycle

We will step up growth in Industrial Engineering by capitalizing on our markets' footprint

Industrial Engineering ¹ will be a key growth driver...

Industrial Engineering revenue (M€)



... by capitalizing on group's footprint and recent track record

Footprint in Regions with opportunities

Continental footprint with capacity to mobilize resources and operate in multiple markets – key for industries with private players with activity in several countries (e.g. commodities)

Strong track record

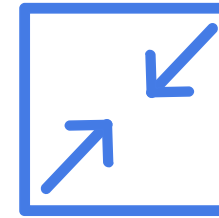
Established relationships with large private players with multiple activities in Africa (e.g. Contract Mining)

Experience in Industrial Engineering in Africa and ME's proven capacity to operate in multiple markets as key elements in our value proposition

Industrial Engineering growth leveraging on E&C positioning in Africa

Stepped-up growth contributing to the increase share of long-cycle cash generation businesses in the Group

1. Industrial Engineering, being part of client's production chain; long term agreements with higher Capex but more controlled risk



Cross-group Efficiency Program to keep driving efficiency



Reduce operational costs within the Group



Continue to improve Working Capital to increase cashflow generation

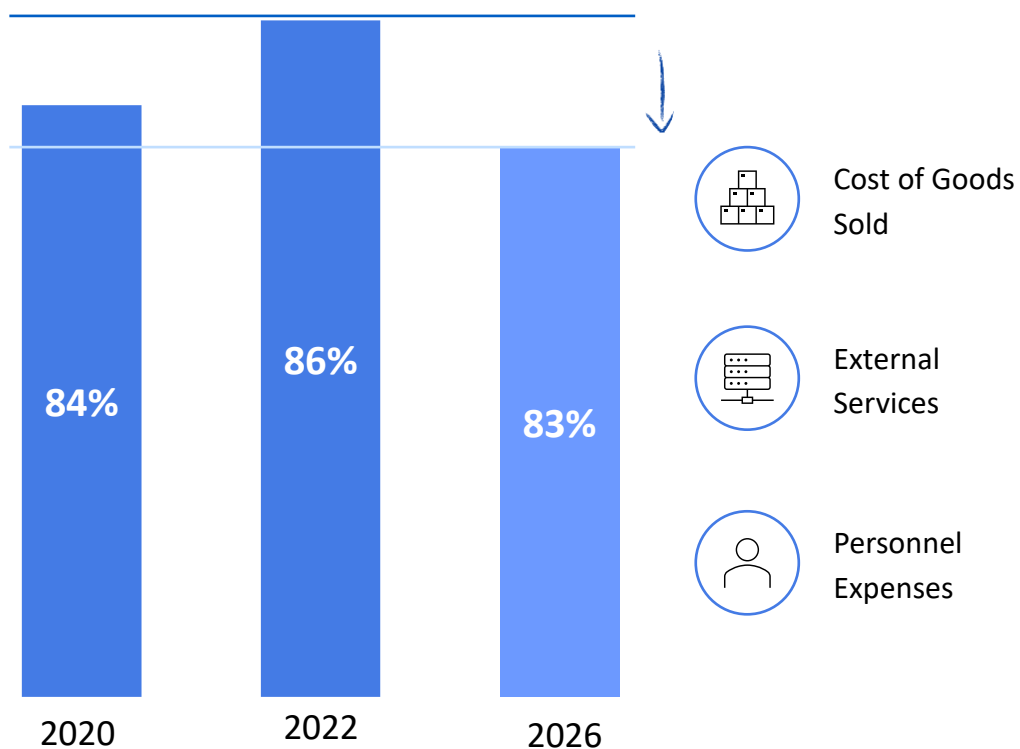


Capex consistent with growth and capital allocation

We will keep improving operational efficiency across the group

We are committed to sustainably improve operational efficiency with an Opex reduction target, despite 2022 increase...

Opex/Revenues (%)¹



... through a groupwide cost efficiency program

Maintain cost reduction discipline with efficiency targets in each business

Improve our procurement model, allowing synergies, economies of scale and best practices sharing within Business Units

Streamline our organizational structure, for increased efficiency and speed

COVID has allowed to improve efficiency that should be maintained on the coming years

Operational efficiency improvement target to be retained in margin improvement

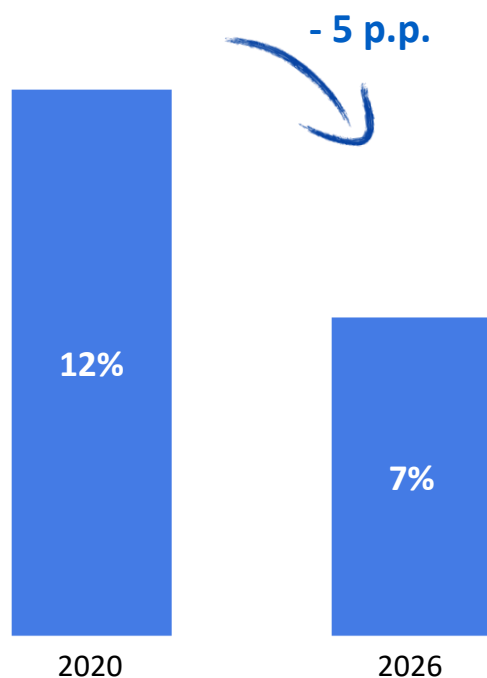
Global Service Platforms to capture further synergies

1. Opex/Revenues calculated not considering the IFRIC 12 accounting impact in the Environment business (refer to page 9)

We will improve Working Capital and optimize Capex fully aligned with our growth path

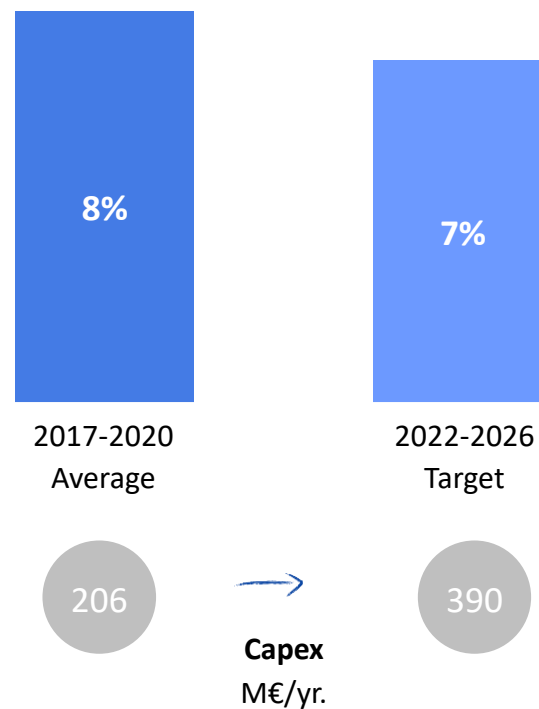
We are targeting a working capital reduction¹...

Working Capital / Revenues (%)



...and optimizing Capex intensity despite of significant turnover growth

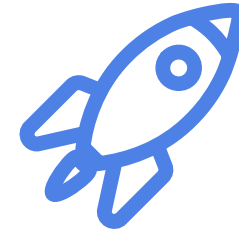
Capex to sales %



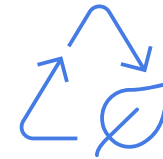
Introducing standardized processes for Working Capital and Capex management leveraging the Corporate Units and Global Service Platforms

Reinforcing Working Capital and Capex targets across the business units to further improve discipline on capital allocation and cash generation

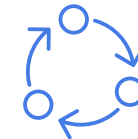
1. Adjusted to revenues



New path towards Sustainability and Innovation



Make sustainability a top priority, committing to SDG¹ targets & increasing visibility of efforts





Implement a structured innovation process, optimizing capital utilization


1. SDG – Sustainable Development Goals


We are highly committed to UN's SDGs and make sustainability as top priority


Based on our **Material Topics**...


- 


LOCAL EMPLOYMENT creation and **SKILLS** development
- 


HEALTH AND SAFETY at work
- 

ENERGY AND CLIMATE CHANGE
- 

QUALITY AND SAFETY of the products/services and **CRITICAL INCIDENT** management
- 

DIVERSITY, EQUITY and **INCLUSION**
- 

INNOVATION
- 

CIRCULARITY
- 

SOCIAL RESPONSIBILITY

we are fully committed to improve on SDGs, with robust **ESG targets**...

	75%	Local talent in management roles	2026
			
	50%	Reduction in accident with lost time vs 2020	2026
	40%	Reduction of GHG emissions (scope 1, 2 and 3) vs 2021 ¹	2030
	100%	Global Certification (9001,14001, 45001)	2026
	30%	Women recruited or promoted as managers vs 2021	2026
	25M€	Cumulative Investment in Innovation 22-26 vs 2020	2026
	80 %	Recovery Waste	2030
	10%	Entities measuring CSR impact based on SDGs	2026

...strengthening the **Sustainability main Pillars**

Leadership and Accountability, ensuring a positive leadership and engaging all stakeholders

Actions and Impact Analysis, empowering actions with positive impact

Partnerships, fostering solutions

Communication (internally and externally), promoting awareness, engaging and transparency

1. This target will be reviewed on a continuous basis, taking into consideration updated guidance and best practices

Group committed to achieve carbon neutrality by 2050

We will further scale innovation groupwide grounded on 4 pillars, and through 4 types of initiatives



Innovation to transform core businesses and accelerate non-E&C businesses rooted in 4 pillars

- Industry transformation
- Business model Innovation
- Efficiency
- Culture & Collaboration

4 innovation initiatives to be developed...



TRANSFORMATION OFFICE

Potentiate innovation culture through open platforms and collaboration

Recognize and accelerate existing innovation projects and **enable and support** future projects, co-financing the projects with the BUs

Consolidation platform for **communication and coordination** of all innovation projects



PARTNER ECOSYSTEM

Open Innovation, screen for partners with relevant capabilities (e.g., universities, startups, research centers)

Collaborate with partners to pilot solutions, technological developments and business models



MEXT to INVEST

Identify and invest in high potential **startups**, that will leverage ME international footprint

Incubate startups by providing them with mentoring & training, and ability to test solutions in a real-world environment



The MEXT BIG THING

Incubator and manager of new rising **Non-E&C businesses**

Promote the development of **new business with global potential**, increasing its **visibility and perception of value**

Commitment to increase dedicated funds for innovation - 25M€ for new greenfield projects in the next 5 years

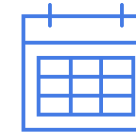
New sources of innovation funding such as partners and leveraging EU funds



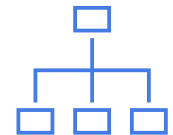
Debt optimization and diversification



***Reduce leverage
improving debt
ratios***



***Optimize debt
maturity and cost***



***Diversify sources of
finance and decrease
the dependence on
current sources***

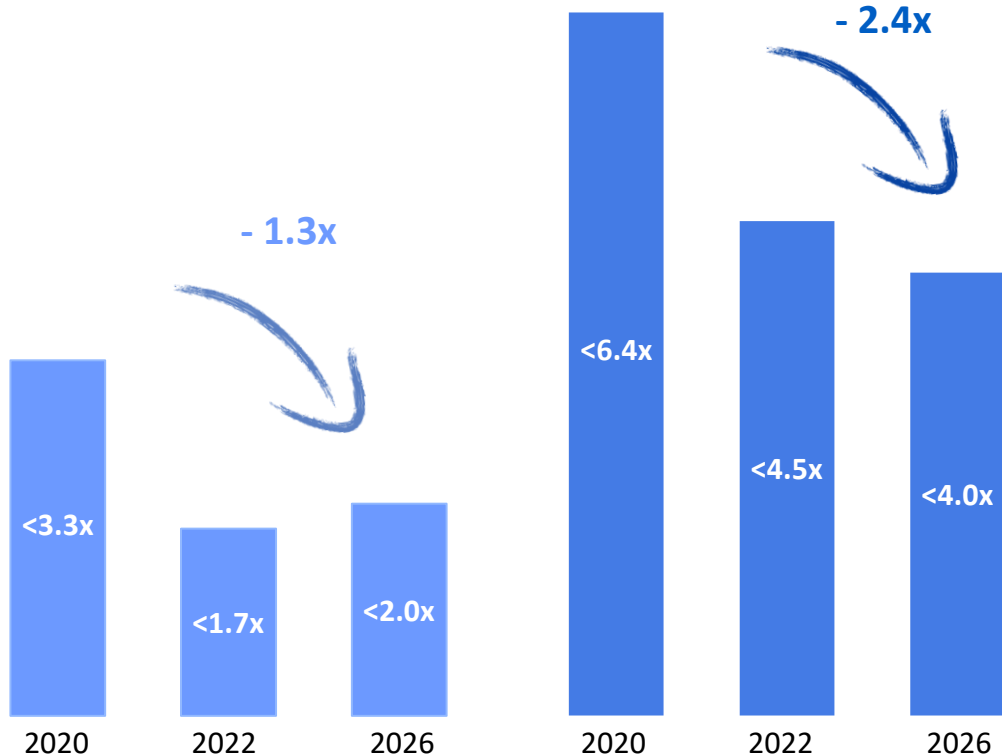


We will strengthen our balance sheet to enable strong value creation for our stakeholders

We are committed to reduce our financial leverage ...

Net Debt / EBITDA

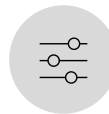
Gross Debt¹ / EBITDA



... and ensure a debt structure and maturity aligned with the businesses' profiles



Align debt levels with the Group's business development, – lower financial leverage in E&C (target Net Debt/EBITDA < 1x); higher financial leverage Non-E&C (target Net Debt/EBITDA < 3x)



Adjust debt maturity profile to each business strategy, rationale and revenue lifecycle considering short-cycle investments (E&C) vs long-cycle investments (Non-E&C)



Diversification of funding sources, leveraging the Group's international footprint, and growing the Strategic Financial Partners network, **allowing optimization of the cost of debt**

Commitment to reduce overall leverage in the forthcoming years, while optimizing debt maturity

Ambition to diversify funding sources and optimize cost of debt

1. Including leasing, factoring and confirming

Our strategic development will benefit from a close cooperation between ME and CCCC to unlock further synergies



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Mota-Engil: Strategic Axes



Greater focus on Profitability in Engineering and Construction



Stepped-Up Growth in Environment, Infra Concessions and Industrial Engineering



Cross-Group Efficiency Program



New path towards Sustainability & Innovation



Debt optimization and diversification

Strategic Partnership: potential Synergies

Commercial cooperation & JV in specific markets
Support new E&C offerings expansion

Joint investments in international markets – to accelerate growth in several areas, such as Environment, Renewable Energy & Industrial Engineering

Collaboration on procurement– joint assessment of strategic procurement categories
Collaboration on Capex and related funding

Joint investments – applied innovation & corporate venturing
Exchange experiences in management & processes

New financing sources to diversify debt, reduce cost and increase maturity – consider full spectrum of CCCC internal solutions

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02

*Group & Business
Financials*

Group with a sustainable profitable growth, while improving its balance sheet

Group financials

	2020	2022	2026			
Revenues (M€)	2,429	3,804	6,040	↑	+16%	CAGR 20-26
EBITDA (M€) <i>EBITDA margin (%)</i>	380 16%	541 14%	955 16%	↑	+17%	CAGR 20-26
Net Income (M€) <i>Net Income margin (%)</i>	-20 -	41 1%	180 3%	↑	+200 M€	20 vs. 26
WC/ Revenues (%)	12%	5%	7%	↓	-5 p.p.	20 vs. 26
CAPEX (M€) <i>CAPEX/Revenues Average 22-26 (%)</i>	170	400	410 7%	↑	+240 M€	20 vs. 26
FCF¹ (M€) <i>FCF Average 17-20 vs 22-26 (M€)</i>	230 168	400	320 201	↑	+90 M€	20 vs. 26
Net Debt/EBITDA (x)	3.3x	1.7x	<2.0x	↓	-1.3x	20 vs. 26
Solvency Ratio^{2,3} (%)	4%	8%	>15%	↑	+11 p.p.	20 vs. 26

Our businesses portfolio will evolve towards a relevant contribution of long-term and stable cash generation



1. Others include Energy, Services, Real Estate and Hospitality businesses 2. Average 2022-2026

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“**CAPEX**” means the algebraic sum of the increases and disposals of tangible assets, intangible assets and rights of use assets occurred in the period;

“**EBITDA**” corresponds to the algebraic sum of the following captions of the consolidated income statement by natures: “Sales and services rendered”, “Cost of goods sold, materials consumed and changes in production”, “Third-party supplies and services”, “Wages and salaries”, “Other operating income / (expenses)”;

“**EBITDA margin**” or “**(EBITDA Mg)**” means the ratio between EBITDA and “Sales and services rendered”;

“**Solvency ratio**” means the ratio between “Total shareholders’ equity” and “Total Assets”;

“**FCF**” or “**Free Cash Flow**” corresponds to the algebraic sum of the following captions: EBITDA, changes in working capital, income tax, CAPEX and changes in medium and long term balances;

“**Gross Debt**” corresponds to the algebraic sum of the following captions: Net debt and leasing, factoring and confirming balances;

“**Leasing, factoring and confirming**” corresponds to the algebraic sum of the following captions of the consolidated statement of financial position: “Other financial liabilities” and “Lease liabilities”;

“**Medium and long term balances**” corresponds to the algebraic sum of the following captions of the consolidated statement of financial position: “Goodwill”, “Financial investments in associated companies”, “Financial investments in joint ventures”, “Other financial investments recorded at amortised cost”, “Other financial investments recorded at fair value through other comprehensive income”, “Investment properties”, “Customers and other debtors – Non current”, “Other non-current assets”, “Non-current assets held for sale”, “Suppliers and sundry creditors – Non current”, “Contract liabilities – Non current”, “Other non current liabilities”, “Provisions” and “Non-current liabilities held for sale.”

“**Net Debt**” or “**ND**” corresponds to the algebraic sum of the following captions of the consolidated statement of financial position: “Cash and cash equivalents without recourse – Demand deposits”, “Cash and cash equivalents with recourse – Demand deposits”, “Cash and cash equivalents with recourse – Term deposits”, “Other financial applications”, “Other financial investments recorded at amortised cost”, “Loans without recourse” and “Loans with recourse”;

“**Net income**” or “**net profit**” corresponds to the caption of the consolidated income statement by natures of “Consolidated net profit of the year - Attributable to the Group”;

“**Net profit margin**” means the ratio between “Consolidated net profit of the year - Attributable to the Group” and “Sales and services rendered”;

“**OPEX**” corresponds to the algebraic sum of the following captions of the consolidated income statement by natures: “Cost of goods sold, materials consumed and Changes in production”, “Third-party supplies and services”, “Wages and salaries” and “Other operating / (expenses)”;

“**Turnover**” or “**Revenue(s)**” or “**Sales**” corresponds to the caption of the consolidated income statement by natures of “Sales and services rendered”;

“**Working Capital**” or “**WC**” corresponds to the algebraic sum of the following captions of the consolidated statement of financial position: “Deferred tax assets”, “Inventories”, “Customers and other debtors - Current”, “Contract assets - Current”, “Other current assets”, “Derivative financial instruments – Current”, “Corporate income tax” and “Deferred tax liabilities”, “Suppliers and sundry creditors – Current”, “Contract liabilities - Current”, “Other current liabilities”, “Corporate income tax”.

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