



MOTA-ENGIL

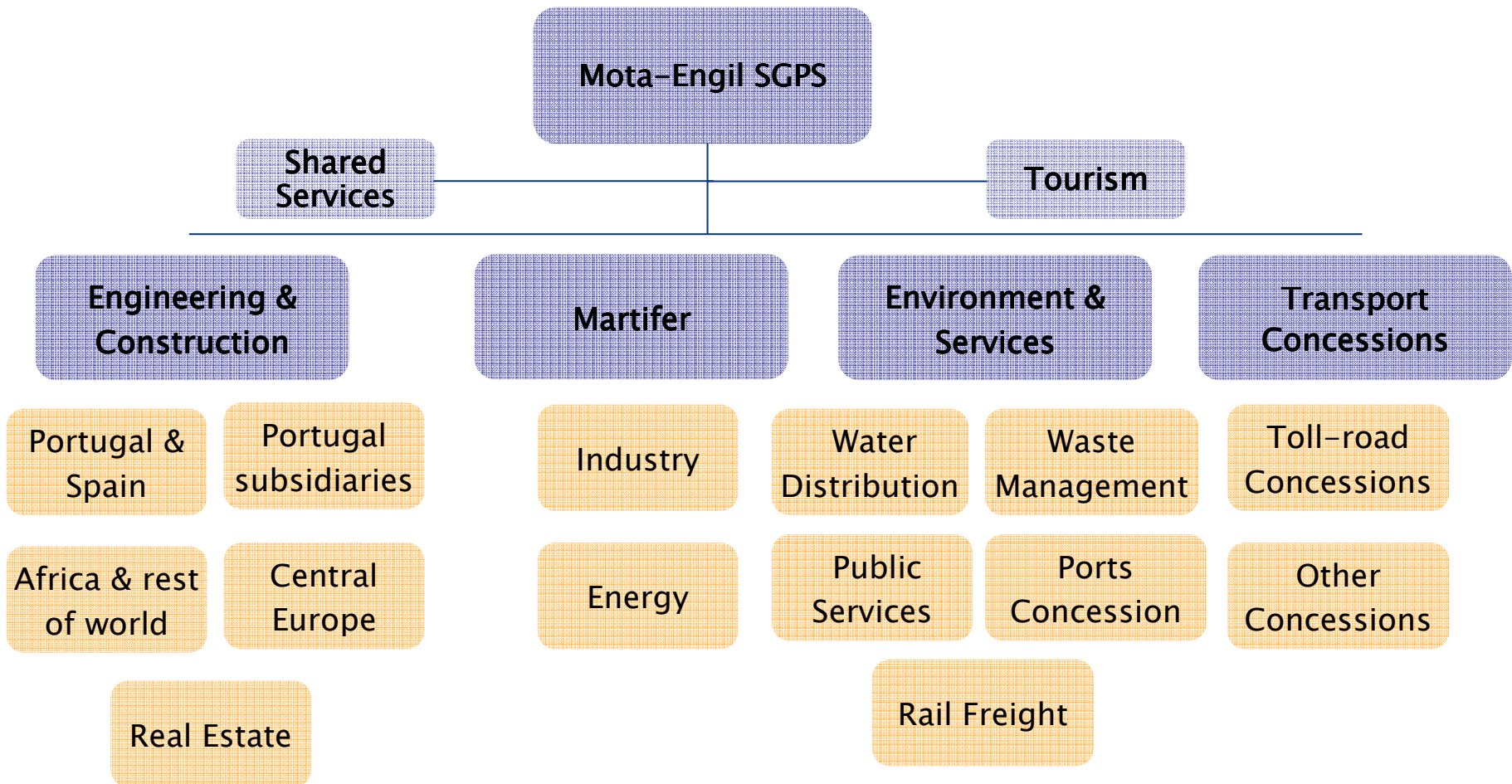
AFRICA: IMPROVE GROWTH

A new policy on infrastructures towards the millennium goals

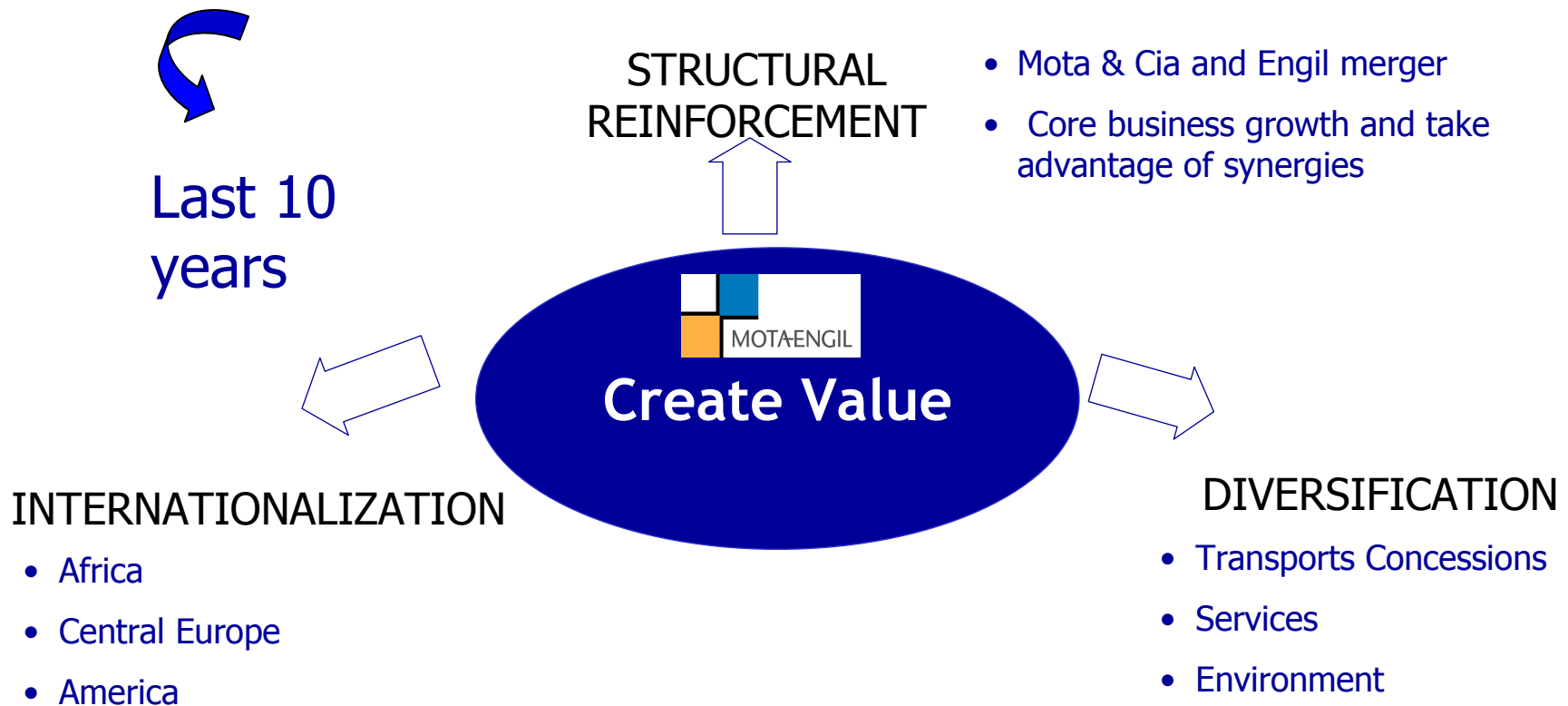
Lisbon, 7th December 2007

- Overview of Mota-Engil Group
- The African Case
- EU's Construction Industry Policy : The Future

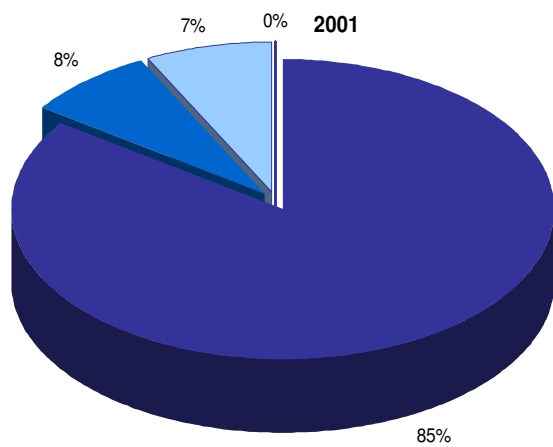
Mota-Engil: Business lines



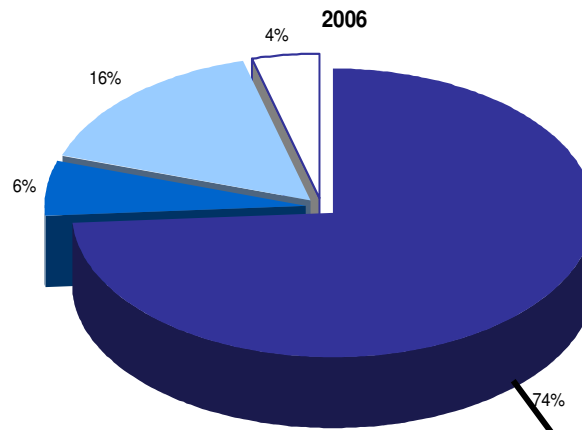
Mota-Engil Strategic Orientation



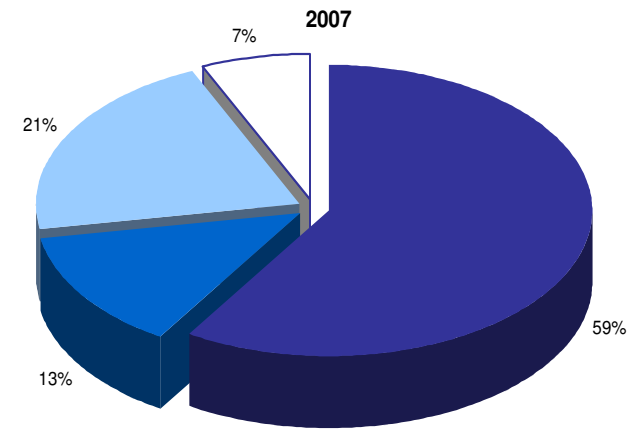
Mota-Engil: Turnover mix



■ Engineering & construction ■ Environment & services
■ Industry & energy ■ Road concessions

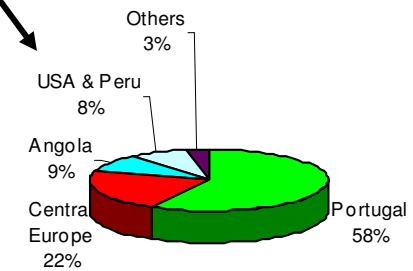


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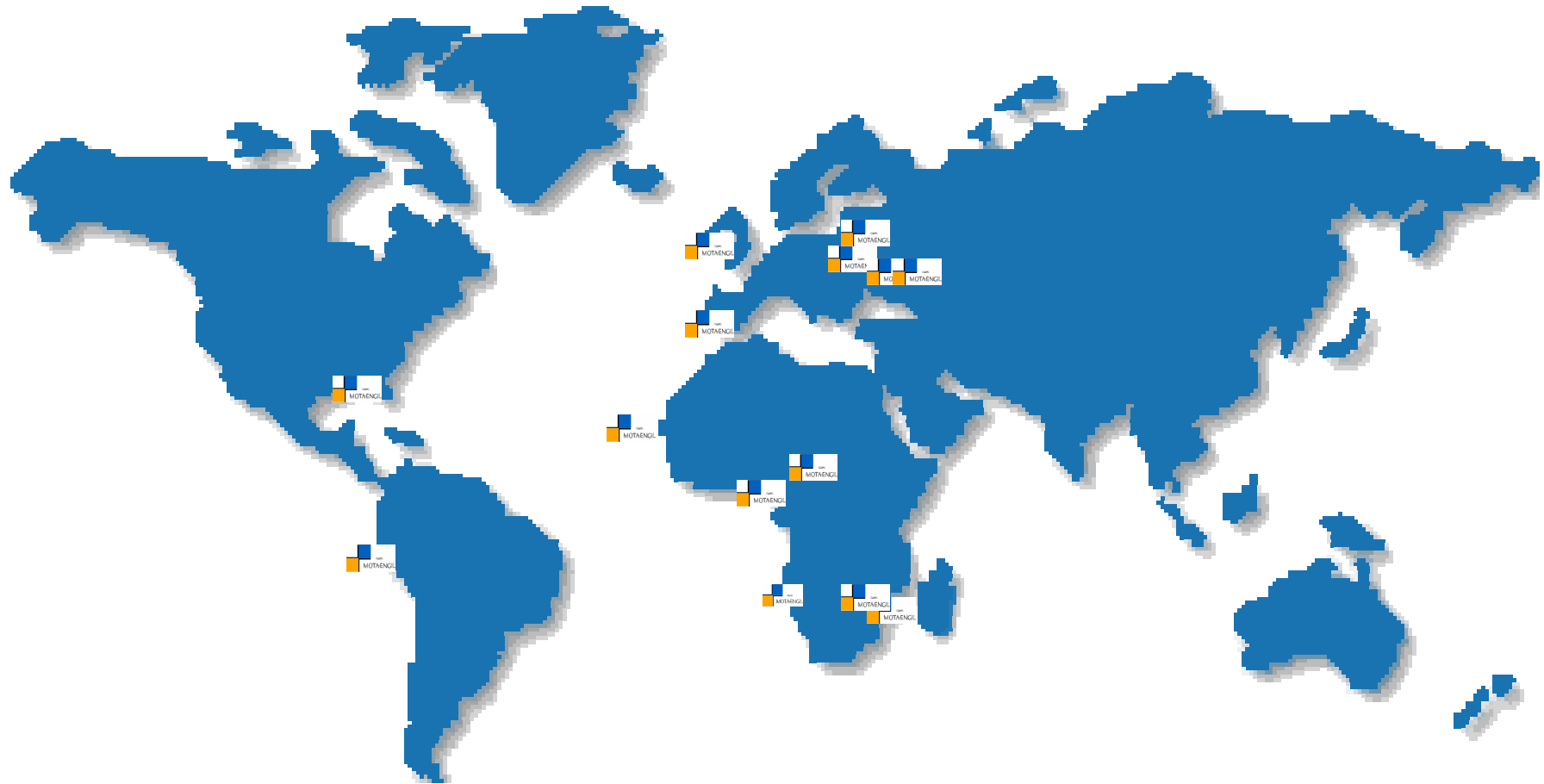


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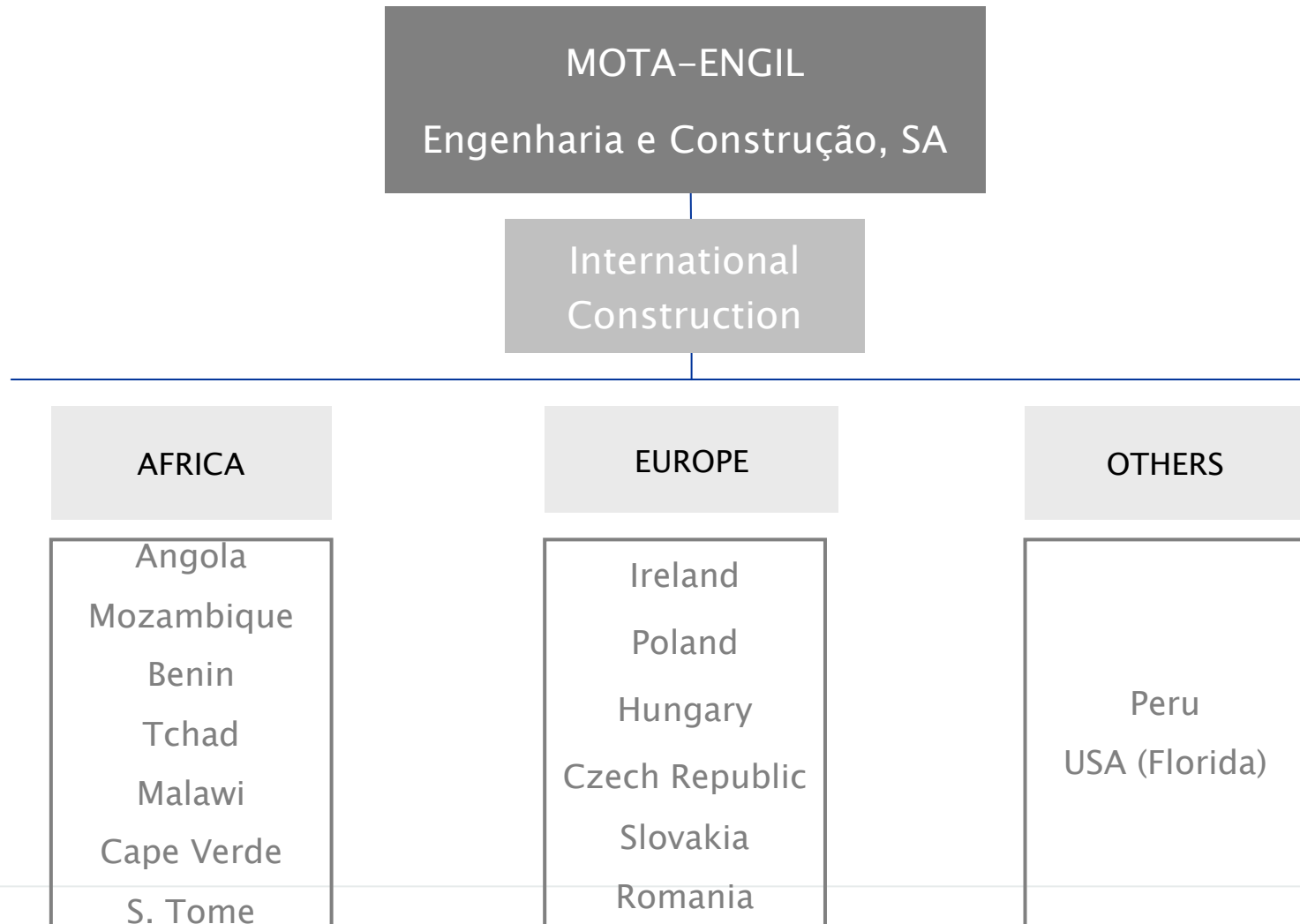
	2001 (Agr)	2006	2007 (Forecast)
Engineering & Construction	854	1.092	1.068
Environment & Services	77	117	238
Industry & Energy	75	250	385
Transport Concessions			119
Intragroup		-26	-60
Deconsolidation of Martifer		-125	-240
Group	1.007	1.308	1.510



Mota-Engil: international presence



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Overview of Construction Industry Menaces

Asian countries, namely China, are practicing **hard-pricing policies** as a result of a very low labour costs.

Chinese contractors have **two major competitive advantages** when compared with European and North-American Competitors:

- **Man-power resources** at very low costs and with high mobility worldwide;
- **Financial aid from it's government** to the markets in which they want to operate.

While in Europe Emergent Countries contractors still do not have entered the market in a soundable way, there are some other markets – like Africa – in which Chinese contractors already have a relevant position ;

The African Case

In 2005 **Africa represented 8% of global construction market** with a value of 15.1 billion USD:

Country	%of Total	Million USD
France	24,00%	3.627
China	21,40%	3.233
U.S.A.	15,40%	2.334
Italy	7,00%	1.063
Germany	6,10%	926
U.K.	5,00%	762
Other	21,10%	3.155

In 1995 China had nearly zero of African construction market, in 2005 they were almost at the top of the ranking at that continent

The African Case

In 2006 **Africa still represented 8% of global construction market** but with a 19% increase to a value of 18 billion USD:

Country	%of Total	Million USD
China	28,40%	5.084
France	21,20%	3.804
U.S.A.	11,30%	2.015
Italy	6,70%	1.200
Korea	5,10%	922
Germany	4,50%	805
Other	22,80%	4.170

In this year China was already at the top of the ranking and Korea had a growth of 950% in the African construction market.

The African Case

From 2005 to 2006 China's international market increased 60% to an overall value of 16 billion USD and it was divided by:

- Asia 58%
- Africa 31%
- Other 11%

For Portugal, **African Construction Market has a higher importance** in its international revenues than other European countries:

	France		Germany		Spain		Portugal	
	<i>million €</i>	<i>% total</i>	<i>million €</i>	<i>% total</i>	<i>million €</i>	<i>% total</i>	<i>million €</i>	<i>% total</i>
<i>International Total</i>	19.978	100%	17.581	100%	5.045	100%	1.858	100%
Europe	12.385	62%	2.986	17%	3.060	61%	552	30%
North America	3.184	16%	7.064	40%	490	10%	227	12%
Africa	1.624	8%	522	3%	70	1%	1.018	55%
Others	2.785	14%	7.009	40%	1.425	28%	61	3%

The African Case

- Europe needs to understand that Africa is the future, and if Europe wants to take part of that future they have to help Africa in developing their Development Model, respecting African culture and values and leveraging their potential in a way to achieve the sustainable development path;
- Without that, the future of European Companies in Africa is indeed compromised.

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Europe's Competitiveness Perspective

- Experience
- Organization
- High Technology
- Dimension
- Specialization

Transfer of Know how

Creates Value

Enhance Sustainable Development of local economies

Promote Human Capital

EU's Construction Industry Policy : The Future

What can the EU and European Contractors do to stop the loss of African Market Share?

- Take fully advantage of some of the factors that can lead to a **competitive advantage**:
 - Experience
 - Organization
 - Technology
 - Dimension
 - Specialisation
- A better use of **European funds**, that should be a **key driver** to develop local economies and to promote activity from European Contractors;
- Enhance Sustainable Development of local economies by **creating local employment on a long term perspective**;
- Create partnerships **between European Companies and African Companies** that can allow the **transferring and establishment of know-how**;

EU's Construction Industry Policy : The Future

What can the EU and European Contractors do to stop the loss of African Market Share?

- Create a **common strategy between Africa and the UE, and European Companies** that can leverage both interests;
- **Direct the UE funds towards well defined big and long-term projects that can contribute to construction and establishment of infrastructures in the African Continent and that can enhance the development of partnerships between African and European companies.**



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