





## OPERATIONAL INDICATORS

RENEWABLES	UN	1Q19	1Q18	1Q17	1Q16
<b>WIND AND SOLAR INSTALLED CAPACITY</b>					
<b>Installed Capacity</b>	<b>MW</b>	<b>11,339</b>	<b>10,676</b>	<b>10,054</b>	<b>9,351</b>
Portugal	MW	1,355	1,253	1,253	1,247
Spain	MW	2,288	2,244	2,194	2,194
Rest of Europe	MW	1,667	1,564	1,541	1,473
North America	MW	5,562	5,284	4,861	4,233
Brazil	MW	467	331	204	204
<b>Capacity under Construction</b>	<b>MW</b>	<b>344</b>	<b>1,042</b>	<b>423</b>	<b>476</b>
Portugal	MW	-	55	-	2
Spain	MW	53	68	-	-
Rest of Europe	MW	92	103	18	224
North America	MW	199	679	278	250
Brazil	MW	-	137	127	-
<b>Equity Installed Capacity <sup>1</sup></b>	<b>MW</b>	<b>371</b>	<b>331</b>	<b>356</b>	<b>356</b>
Portugal	MW	-	-	-	-
Spain	MW	152	152	177	177
Rest of Europe	MW	-	-	-	-
North America	MW	219	179	179	179
Brazil	MW	-	-	-	-
<b>WIND AND SOLAR NET ELECTRICITY GENERATION</b>					
	<b>GWh</b>	<b>8,412</b>	<b>8,763</b>	<b>7,719</b>	<b>7,535</b>
Portugal	GWh	834	1,066	877	1,039
Spain	GWh	1,621	1,766	1,442	1,658
Rest of Europe	GWh	1,175	1,079	1,064	1,090
North America	GWh	4,467	4,694	4,189	3,694
Brazil	GWh	314	159	147	54
<b>WIND AND SOLAR TECHNICAL AVAILABILITY</b>					
		<b>97</b>	<b>97</b>	<b>98</b>	<b>98</b>
Portugal	%	98	99	99	98
Spain	%	97	96	97	97
Rest of Europe	%	98	98	98	98
North America	%	98	97	98	98
Brazil	%	98	98	98	99

<sup>1</sup> Share of the MW installed in plants owned by companies equity consolidated

RENEWABLES	UN	1Q19	1Q18	1Q17	1Q16
<b>HYDRO INSTALLED CAPACITY</b>					
Installed Capacity	M W	8,785	9,019	8,818	8,076
Portugal	M W	6,759	6,847	6,646	5,904
Spain	M W	426	426	426	426
Brazil	M W	1,599	1,746	1,746	1,745
Capacity under Construction	M W	-	-	263	1,019
Portugal	M W	-	-	263	1,019
<b>EQUITY HYDRO INSTALLED CAPACITY <sup>1</sup></b>					
Installed Capacity	M W	539	481	296	187
Brazil	M W	539	481	296	187
Capacity under Construction	M W	-	-	231	341
Brazil	M W	-	-	231	341
<b>HYDRO NET ELECTRICITY GENERATION</b>					
Electricity Generation	GWh	4,055	6,154	4,364	8,326
Portugal	GWh	2,395	3,790	2,921	6,193
Spain	GWh	274	408	175	460
Brazil	GWh	1,386	1,956	1,268	1,673
<b>HYDRO TECHNICAL AVAILABILITY</b>					
Portugal	%	96	99	93	99
Spain	%	100	100	100	100
Brazil	%	100	95	95	97

<sup>1</sup> Share of the MW installed in plants owned by companies equity consolidated



NETWORKS	UN	1Q19	1Q18	1Q17	1Q16
<b>ELECTRICITY DISTRIBUTED</b>	<b>GWh</b>	<b>20,491</b>	<b>20,679</b>	<b>20,013</b>	<b>20,278</b>
Portugal	GWh	11,729	12,052	11,585	11,655
Spain	GWh	2,227	2,410	2,350	2,363
Brazil	GWh	6,535	6,217	6,078	6,261
<b>ELECTRICITY SUPPLY POINTS</b>	<b>'000</b>	<b>10,353</b>	<b>10,249</b>	<b>10,147</b>	<b>10,031</b>
Portugal	'000	6,232	6,194	6,148	6,110
Spain	'000	667	664	662	660
Brazil	'000	3,454	3,391	3,337	3,262
<b>GRID EXTENSION</b>	<b>Km</b>	<b>339,976</b>	<b>338,235</b>	<b>337,673</b>	<b>335,904</b>
<b>Portugal</b>	<b>Km</b>	<b>226,589</b>	<b>226,124</b>	<b>225,606</b>	<b>224,837</b>
Overhead lines	Km	177,686	177,380	177,036	176,464
Underground lines	Km	48,903	48,744	48,570	48,373
<b>Spain</b>	<b>Km</b>	<b>20,724</b>	<b>20,630</b>	<b>20,528</b>	<b>20,407</b>
Overhead lines	Km	15,734	15,703	15,678	15,633
Underground lines	Km	4,990	4,927	4,850	4,774
<b>Brazil</b>	<b>Km</b>	<b>92,663</b>	<b>91,481</b>	<b>91,539</b>	<b>90,660</b>
Overhead lines	Km	92,408	91,236	91,298	90,427
Underground lines	Km	254	246	241	232
<b>GRID LOSSES</b>					
Portugal	%	10.9	11.8	11.2	10.1
Spain	%	4.4	4.1	4.7	4.9
Brazil	%	9.9	10.3	10.8	11.2
<b>SERVICE QUALITY</b>					
<b>Portugal</b>					
Installed Capacity Equivalent Interruption Time <sup>1</sup>	Min	10	9	13	13
<b>Spain</b>					
Installed Capacity Equivalent Interruption Time <sup>1</sup>	Min	5	39	10	7
<b>Brazil</b>					
<b>Average Interruption Duration per Consumer</b>					
EDP São Paulo	Hours	8.0	7.7	8.3	9.0
EDP Espírito Santo	Hours	8.6	8.3	8.6	9.1
<b>Frequency of Interruptions per Consumer</b>					
EDP São Paulo	#	4.8	5.0	5.3	5.4
EDP Espírito Santo	#	4.9	5.2	5.3	5.2
<b>TRANSMISSION</b>					
<b>GRID EXTENSION</b>	<b>Km</b>	<b>1,299</b>	<b>1,299</b>	-	-
Grid extension in Operation	Km	113	-	-	-
Grid extension Under Construction	Km	1,186	1,299	-	-

<sup>1</sup> ICEIT in MV grid, excluding extraordinary effects

CLIENT SOLUTIONS AND ENERGY MANAGEMENT	UN	1Q19	1Q18	1Q17	1Q16
<b>ELECTRICITY CUSTOMERS</b>	<b>'000</b>	<b>9,805</b>	<b>9,854</b>	<b>9,817</b>	<b>9,721</b>
<b>Portugal</b>	<b>'000</b>	<b>5,200</b>	<b>5,329</b>	<b>5,400</b>	<b>5,431</b>
Last Resort	'000	1,099	1,190	1,336	1,628
Liberalised Market	'000	4,101	4,139	4,064	3,803
Market Share EDP - Liberalised Market	%	n.a.	83	85	85
<b>Spain</b>	<b>'000</b>	<b>1,151</b>	<b>1,134</b>	<b>1,080</b>	<b>1,028</b>
Last Resort	'000	228	216	223	235
Liberalised Market	'000	924	919	857	793
<b>Brazil</b>	<b>'000</b>	<b>3,453</b>	<b>3,390</b>	<b>3,337</b>	<b>3,262</b>
Last Resort	'000	3,453	3,390	3,336	3,261
Liberalised Market	'000	0.4	0.3	0.3	0.2
<b>Social Tariff</b>	<b>'000</b>	<b>804</b>	<b>880</b>	<b>869</b>	<b>362</b>
Portugal	'000	612	661	665	124
Spain	'000	50	57	59	60
Brazil	'000	142	162	145	177
<b>Special Needs</b>	<b>'000</b>	<b>2.8</b>	<b>1.1</b>	<b>1.1</b>	<b>1.0</b>
Portugal	'000	2.1	0.6	0.5	0.5
Brazil	'000	0.693	0.571	0.59	0.52
<b>Green Tariff</b>	<b>'000</b>	<b>1,066</b>	<b>1,026</b>	<b>829</b>	<b>829</b>
Portugal	'000	8	3	3	4
Spain	'000	1,058	1,023	825	825
Brazil	'000	n.a.	n.a.	n.a.	n.a.
<b>ELECTRICITY SUPPLIED</b>	<b>GWh</b>	<b>15,231</b>	<b>16,686</b>	<b>16,204</b>	<b>16,940</b>
<b>Portugal</b>	<b>GWh</b>	<b>5,539</b>	<b>5,896</b>	<b>5,900</b>	<b>6,193</b>
Last Resort	GWh	790	863	928	1,363
Liberalised Market	GWh	4,749	5,032	4,972	4,830
Market Share EDP - Liberalised Market	%	n.a.	42	45	45
<b>Spain</b>	<b>GWh</b>	<b>3,104</b>	<b>3,143</b>	<b>3,612</b>	<b>4,254</b>
Last Resort	GWh	135	126	135	140
Liberalised Market	GWh	2,969	3,017	3,477	4,114
Market Share EDP - Liberalised Market	%	7	6	8	9
<b>Brazil</b>	<b>GWh</b>	<b>6,587</b>	<b>7,648</b>	<b>6,693</b>	<b>6,493</b>
Last Resort	GWh	3,715	3,562	3,562	3,938
Liberalised Market	GWh	2,872	4,086	3,131	2,556
<b>Social Tariff</b>	<b>GWh</b>	<b>146</b>	<b>91</b>	<b>98</b>	<b>45</b>
Portugal	GWh	52	59	63	10
Spain	GWh	25	32	36	35
Brazil	GWh	68	77	70	84
<b>Green Tariff</b>	<b>GWh</b>	<b>1,324</b>	<b>1,387</b>	<b>1,199</b>	<b>1,205</b>
Portugal	GWh	3	3	3	8
Spain	GWh	1,321	1,384	1,197	1,197
Brazil	GWh	n.a.	n.a.	n.a.	n.a.
<b>GAS CUSTOMERS</b>	<b>'000</b>	<b>1,596</b>	<b>1,583</b>	<b>1,520</b>	<b>1,435</b>
<b>Portugal</b>	<b>'000</b>	<b>698</b>	<b>699</b>	<b>665</b>	<b>595</b>
Last Resort	'000	40	43	49	59
Liberalised Market	'000	659	656	616	536
<b>Spain</b>	<b>'000</b>	<b>897</b>	<b>883</b>	<b>855</b>	<b>840</b>
Last Resort	'000	52	51	54	58
Liberalised Market	'000	846	832	801	782
<b>GAS SUPPLIED</b>	<b>GWh</b>	<b>5,467</b>	<b>5,839</b>	<b>5,481</b>	<b>6,693</b>
<b>Portugal</b>	<b>GWh</b>	<b>1,210</b>	<b>1,255</b>	<b>1,293</b>	<b>1,295</b>
Last Resort	GWh	77	93	111	130
Liberalised Market	GWh	1,133	1,162	1,182	1,165
Market Share EDP - Liberalised Market	%	n.a.	12	11	n.a.
<b>Spain</b>	<b>GWh</b>	<b>4,257</b>	<b>4,584</b>	<b>4,187</b>	<b>5,398</b>
Last Resort	GWh	110	111	110	97
Liberalised Market	GWh	4,147	4,474	4,078	5,301
Market Share EDP - Liberalised Market	%	4	4	4	4

CLIENT SOLUTIONS AND ENERGY MANAGEMENT		UN	1Q19	1Q18	1Q17	1Q16
<b>INSTALLED CAPACITY</b>						
<b>Installed Capacity</b>	<b>MW</b>		<b>7,058</b>	<b>7,058</b>	<b>7,065</b>	<b>7,065</b>
<b>Portugal</b>	<b>MW</b>		<b>3,236</b>	<b>3,236</b>	<b>3,243</b>	<b>3,243</b>
CCGT	MW		2,031	2,031	2,039	2,039
Coal	MW		1,180	1,180	1,180	1,180
Cogeneration	MW		24	24	24	24
<b>Spain</b>	<b>MW</b>		<b>3,102</b>	<b>3,102</b>	<b>3,102</b>	<b>3,102</b>
CCGT	MW		1,698	1,698	1,698	1,698
Coal	MW		1,224	1,224	1,224	1,224
Nuclear	MW		156	156	156	156
Cogeneration and Waste	MW		25	25	25	25
<b>Brazil</b>	<b>MW</b>		<b>720</b>	<b>720</b>	<b>720</b>	<b>720</b>
Coal	MW		720	720	720	720
<b>Equity Installed Capacity <sup>1</sup></b>	<b>MW</b>		<b>10</b>	<b>41</b>	<b>41</b>	<b>41</b>
Portugal	MW		-	32	32	32
Spain	MW		10	10	10	10
<b>NET ELECTRICITY GENERATION</b>						
<b>Net Electricity Generation</b>	<b>GWh</b>		<b>5,507</b>	<b>5,681</b>	<b>7,132</b>	<b>5,114</b>
<b>Portugal</b>	<b>GWh</b>		<b>2,751</b>	<b>2,692</b>	<b>3,312</b>	<b>2,057</b>
CCGT	GWh		768	907	1,105	232
Coal	GWh		1,934	1,734	2,192	1,773
Cogeneration	GWh		49	51	15	52
<b>Spain</b>	<b>GWh</b>		<b>1,948</b>	<b>1,803</b>	<b>2,832</b>	<b>1,922</b>
CCGT	GWh		547	395	608	234
Coal	GWh		1,036	1,045	1,860	1,333
Nuclear	GWh		332	331	333	330
Cogeneration and Waste	GWh		32	32	30	26
<b>Brazil</b>	<b>GWh</b>		<b>807</b>	<b>1,186</b>	<b>988</b>	<b>1,135</b>
Coal	GWh		807	1,186	988	1,135
<b>TECHNICAL AVAILABILITY</b>						
<b>Portugal</b>	<b>%</b>		<b>95</b>	<b>83</b>	<b>93</b>	<b>98</b>
CCGT	%		96	82	95	100
Coal	%		95	86	91	96
Cogeneration	%		100	100	29	99
<b>Espanha</b>	<b>%</b>		<b>98</b>	<b>92</b>	<b>94</b>	<b>97</b>
CCGT	%		100	100	99	99
Coal	%		94	80	88	95
Nuclear	%		100	100	100	100
Cogeneration	%		88	94	57	98
Waste	%		90	93	97	94
<b>Brazil</b>	<b>%</b>		<b>96</b>	<b>98</b>	<b>94</b>	<b>90</b>
Coal	%		96	98	94	90

<sup>1</sup> Share of the MW installed in plants owned by companies equity consolidated

## SUSTAINABILITY INDICATORS HISTORICAL

Environmental Indicators	UN	1Q19	1Q18	1Q17	1Q16
<b>ENVIRONMENTAL CERTIFICATION (ISO 14001)</b>					
ISO 14001 Certification <sup>1</sup>	%	96	89	88	88
<b>PRIMARY ENERGY CONSUMPTION</b>					
	TJ	49,136	50,273	64,147	48,858
Coal	TJ	35,680	37,960	47,692	40,709
Fuel oil	TJ	100	69	71	169
Natural gas	TJ	9,713	9,611	12,406	4,431
Residual gases	TJ	3,531	3,413	3,957	2,836
Diesel oil	TJ	51	31	81	81
Fuel for vehicle fleet	TJ	60	58	53	55
<b>ENERGY INTENSITY<sup>2</sup></b>					
	MJ/EUR	13.12	12.47	15.15	12.90
<b>ELECTRICITY CONSUMPTION</b>					
Generation self-consumption	MWh	856,403	1,110,703	1,089,472	938,573
Administrative service	MWh	8,140	9,140	9,707	8,044
Grid losses	%	10.3	10.4	10.5	10.2
<b>GHG EMISSION</b>					
<b>Direct emissions (scope 1)</b>					
	ktCO <sub>2</sub> eq	4,079	4,394	5,216	4,269
Stationary combustion <sup>3</sup>	ktCO <sub>2</sub> eq	4,074	4,389	5,211	4,260
SF6 Emissions	ktCO <sub>2</sub> eq	1	1	1	1
Company fleet	ktCO <sub>2</sub> eq	4.17	4.03	3.82	3.70
Natural gas consumption	ktCO <sub>2</sub> eq	0.02	0.05	0.16	0.16
<b>Indirect emissions (scope 2)<sup>4</sup></b>					
	ktCO <sub>2</sub> eq	214	193	191	128
Electricity consumption in office buildings	ktCO <sub>2</sub> eq	0.3	0.7	0.5	0.2
Electricity losses	ktCO <sub>2</sub> eq	208	187	185	122
Renewable plants self-consumption	ktCO <sub>2</sub> eq	5.9	5.4	5.3	5.8
<b>GHG EMISSIONS INTENSITY<sup>5</sup></b>					
	kgCO <sub>2</sub> /EUR	1.1	1.1	1.3	1.2
<b>CO<sub>2</sub> AVOID EMISSIONS</b>					
	ktCO <sub>2</sub>	7,644	9,953	8,665	12,039
<b>SPECIFIC OVERALL EMISSIONS</b>					
CO <sub>2</sub> <sup>3,6</sup>	g/kWh	228	214	273	245
NO <sub>x</sub>	g/kWh	0.2	0.2	0.2	0.2
SO <sub>2</sub>	g/kWh	0.3	0.3	0.4	0.2
Particulate matter	g/kWh	0.02	0.02	0.02	0.01
<b>WATER COLLECTED</b>					
	10 <sup>3</sup> x m <sup>3</sup>	369,079	345,101	424,052	379,329
<b>Salt (ocean)</b>					
	10 <sup>3</sup> x m <sup>3</sup>	363,165	337,621	415,236	373,392
<b>Fresh</b>					
	10 <sup>3</sup> x m <sup>3</sup>	5,914	7,480	8,816	5,937
Surface	10 <sup>3</sup> x m <sup>3</sup>	5,886	7,430	8,787	5,908
Groundwater	10 <sup>3</sup> x m <sup>3</sup>	28	50	29	29
<b>WASTE SENT TO FINAL DISPOSAL</b>					
Total waste	t	66,696	68,297	112,175	117,853
Total hazard waste	t	1,180	1,406	1,627	1,235
Recovered Waste	%	86	66	53	60

<sup>1</sup> Aggregated certification indicator due to assets with potential environmental impacts.

<sup>2</sup> Primary energy consumption by turnover.

<sup>3</sup> The stationary emissions do not include those produced by the burning of ArcelorMittal steel gases in EDP's power plant in Spain.

<sup>4</sup> Calculation according with GHG Protocol based location methodology.

<sup>5</sup> Scope 1 and Scope 2 emissions by turnover.

<sup>6</sup> Includes only stationary combustion emissions.

Social Indicators	UN	1Q19	1Q18	1Q17	1Q16
<b>EMPLOYMENT</b>					
<b>Employees</b>	<b>#</b>	<b>11,613</b>	<b>11,514</b>	<b>11,859</b>	<b>11,939</b>
Executive Board of Directors	#	9	8	8	8
Senior Management	#	814	788	751	736
Supervisors	#	764	738	832	755
Specialists	#	4,329	4,131	4,028	3,910
Technicians	#	5,697	5,850	6,241	6,531
Male employees	%	75	76	76	77
Female employees	%	25	24	24	23
<b>Employees by types of contract</b>	<b>#</b>	<b>11,613</b>	<b>11,514</b>	<b>11,859</b>	<b>11,939</b>
<b>Executive bodies</b>	<b>#</b>	<b>59</b>	<b>53</b>	<b>54</b>	<b>53</b>
Male	#	55	50	51	50
Female	#	4	3	3	3
<b>Permanent workforce</b>	<b>#</b>	<b>11,502</b>	<b>11,395</b>	<b>11,731</b>	<b>11,784</b>
Male	#	8,656	8,642	8,920	9,051
Female	#	2,846	2,753	2,811	2,733
<b>Fixed-term contracts</b>	<b>#</b>	<b>52</b>	<b>66</b>	<b>74</b>	<b>102</b>
Male	#	27	35	44	63
Female	#	25	31	30	39
<b>Employees by occupational contract</b>	<b>#</b>	<b>11,613</b>	<b>11,514</b>	<b>11,859</b>	<b>11,939</b>
<b>Full-Time</b>	<b>#</b>	<b>11,569</b>	<b>11,473</b>	<b>11,819</b>	<b>11,910</b>
Male	#	8,732	8,722	9,009	9,159
Female	#	2,837	2,751	2,810	2,751
<b>Part-time</b>	<b>#</b>	<b>44</b>	<b>41</b>	<b>40</b>	<b>29</b>
Male	#	6	5	6	5
Female	#	38	36	34	24
<b>New employees</b>	<b>#</b>	<b>378</b>	<b>299</b>	<b>220</b>	<b>137</b>
Male	#	293	223	149	101
Female	#	85	76	71	36
F/M new admissions rate	x	0.29	0.34	0.48	0.36
<b>Employees leaving</b>	<b>#</b>	<b>396</b>	<b>442</b>	<b>353</b>	<b>307</b>
Male	#	316	353	293	249
Female	#	80	89	60	58
Turnover	%	3.41	3.17	2.41	1.88
Average age of workforce	years	43	44	45	45
Absenteeism rate	%	2.85	2.97	3.32	3.46
Pay ratio by gender (F/M)	x	1.05	1.03	1.03	1.03
<b>TRAINING</b>					
Total hours of training	hours	79,990	75,624	58,639	49,326
Average training per employee (h/p)	h/p	6.9	6.6	4.9	4.1
Employees with training	%	45	60	31	34
<b>HEALTH AND SAFETY (H&amp;S)</b>					
<b>Employees</b>					
Accidents <sup>1</sup>	#	6	6	6	6
Fatal accidents	#	0	0	0	0
Total lost days due to accidents	#	564	501	602	554
Frequency rate <sup>2</sup>	Tf	1.09	1.11	1.12	1.07
Severity rate <sup>3</sup>	Tg	1.02	0.93	1.13	0.99
<b>Contractors</b>					
Accidents <sup>1</sup>	#	16	17	26	46
Fatal accidents	#	0	2	1	1
Working days	#	1,312,243	1,311,961	1,206,320	1,116,832
Frequency rate <sup>2</sup>	Tf	1.60	1.91	2.95	5.54
Severity rate <sup>3</sup>	Tg	0.97	0.64	1.67	1.99
<b>EDP employees and contractors</b>					
Frequency rate <sup>2</sup>	Tf_total	1.42	1.63	2.27	3.76
Severity rate <sup>3</sup>	Tg_total	0.99	0.74	1.47	1.59
Fatal electrical accidents involving third parties <sup>4</sup>	#	3	4	3	1
Near accidents <sup>5</sup>	#	103	96	77	89
<b>VOLUNTEER INVESTMENT IN THE COMMUNITY (LBG METHODOLOGY)</b>					
Volunteer investment/EBITDA	%	0.27	0.30	0.22	0.18

<sup>1</sup> Accidents at the workplace in worktime and accidents on the way to or from work, with an absence of one more calendar days and fatal accidents.

<sup>2</sup> Work accidents by a million worked hours.

<sup>3</sup> Number of calendar days lost due to work accident by a million worked hours.

<sup>4</sup> Accidents occurred with EDP'S external human resources

<sup>5</sup> Campaign started in the second half of 2017, in Brazil, to report dangerous situations.

Economic Indicators	UN	1Q19	1Q18	1Q17	1Q16
<b>ECONOMIC VALUE GENERATED</b>	<b>'000€</b>	<b>3,929,875</b>	<b>4,247,458</b>	<b>4,448,463</b>	<b>4,254,167</b>
Economic value distributed	'000€	3,129,827	3,551,015	3,808,976	3,456,531
Economic value accumulated	'000€	800,048	696,443	639,487	797,636
<b>ENERGY EFFICIENCY AND SUPPLEMENTARY ENERGY SERVICES REVENUES</b>	<b>'000€</b>	<b>270,528</b>	<b>263,960</b>	<b>310,658</b>	<b>319,531</b>
Energy efficiency services revenues	'000€	41,471	37,485	25,017	20,513
Supplementary energy services revenues <sup>2</sup>	'000€	229,057	226,475	285,640	299,018
<b>FINES AND PENALTIES</b>	<b>'000€</b>	<b>4,416</b>	<b>1,995</b>	<b>3,963</b>	<b>2,279</b>
<b>ENVIRONMENTAL MATTERS <sup>3</sup></b>	<b>'000€</b>	<b>82,109</b>	<b>44,870</b>	<b>22,494</b>	<b>17,597</b>
Investments	'000€	9,638	6,092	9,099	4,707
Expenses	'000€	72,471	38,778	13,395	12,891
<b>SOCIAL MATTERS</b>					
Personnal costs	'000€	144,203	147,602	155,554	146,446
Employee benefits	'000€	15,084	15,029	15,778	14,657
Direct training investment	'000€	704	931	927	641
Direct training investment per employee	€/p	61	81	78	54
HC ROI per employee	€/p	7.29	7.28	7.56	8.33

<sup>1</sup> Energy Efficiency and Supplementary Energy Services: services provided under energy supply, installation of more efficient and/or building retrofit, and sustainable mobility, which generate revenues for the company.

<sup>2</sup> Supplementary energy services revenues include the following categories: Energy Management, Maintenance and Operation, Property/Facility Management, Energy and/or Equipment Supply, Provision of Service (example: steam) and other.

<sup>3</sup> Following an analysis to the expenses of an environmental nature incurred by EDP Group, the environmental matters reporting procedures changed. Therefore, the consumptions CO2 emissions licenses were included in the 2018 report, as a environmental expenses, in the amount correspondent to Cost of energy sales booked in the Group consolidated accounts.







**Condensed Financial Statements  
31 March 2019**

(Page left intentionally blank)

EDP - Energias de Portugal  
Condensed Consolidated Income Statements  
for the three-month periods ended at 31 March 2019 and 2018

Thousand Euros	Notes	2019	2018
Revenues from energy sales and services and other	7	3,744,177	4,032,390
Cost of energy sales and other	7	-2,383,306	-2,639,124
		1,360,871	1,393,266
Other income	8	101,819	84,602
Supplies and services	9	-199,610	-209,498
Personnel costs and employee benefits	10	-159,287	-162,631
Other expenses	11	-168,293	-199,880
Impairment losses on trade receivables and debtors		-14,035	-13,094
		-439,406	-500,501
		921,465	892,765
Provisions	33	-3,622	7,092
Amortisation and impairment	12	-373,633	-351,342
		544,210	548,515
Financial income	13	78,546	128,130
Financial expenses	13	-264,205	-255,431
Share of net profit in joint ventures and associates	20	5,334	1,434
Profit before income tax and CESE		363,885	422,648
Income tax expense	14	-98,735	-73,980
Extraordinary contribution to the energy sector (CESE)	15	-67,046	-66,356
		-165,781	-140,336
<b>Net profit for the period</b>		<b>198,104</b>	<b>282,312</b>
Attributable to:			
Equity holders of EDP		100,460	165,833
Non-controlling Interests	30	97,644	116,479
<b>Net profit for the period</b>		<b>198,104</b>	<b>282,312</b>
Earnings per share (Basic and Diluted) - Euros	27	0.03	0.05

LISBON, 16 MAY 2019

THE CERTIFIED ACCOUNTANT  
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

## EDP - Energias de Portugal

Condensed Consolidated Statements of Comprehensive Income  
for the three-month periods ended at 31 March 2019 and 2018

Thousand Euros	2019		2018	
	Equity holders of EDP	Non-controlling Interests	Equity holders of EDP	Non-controlling Interests
<b>Net profit for the period</b>	100,460	97,644	165,833	116,479
<b>Items that will never be reclassified to profit or loss (i)</b>				
Actuarial gains/(losses) (iii)	-46	-15	-	-
Tax effect from the actuarial gains/(losses)	11	4	-	-
Fair value reserve with no recycling (financial assets) (ii)	3,039	-	-	-
Tax effect from the fair value reserve with no recycling (financial assets) (ii)	-789	-	-	-
	2,215	-11	-	-
<b>Items that may be reclassified to profit or loss (i)</b>				
Exchange differences arising on consolidation	9,650	33,394	-34,947	-66,841
Fair value reserve (cash flow hedge) (ii)	166,259	1,759	2,172	-1,893
Tax effect from the fair value reserve (cash flow hedge) (ii)	-41,082	-335	-1,242	172
Fair value reserve of assets measured at fair value throughout other comprehensive income with recycling (ii)	317	-	731	-
Tax effect of Fair value reserve of assets measured at fair value throughout other comprehensive income with recycling (ii)	-99	-	-297	-
Share of other comprehensive income of joint ventures and associates, net of taxes	-20,797	-7,315	-7,642	-490
	114,248	27,503	-41,225	-69,052
<b>Other comprehensive income for the period (net of income tax)</b>	116,463	27,492	-41,225	-69,052
<b>Total comprehensive income for the period</b>	216,923	125,136	124,608	47,427

(i) See Condensed Consolidated Statement of Changes in Equity

(ii) See Note 29

(iii) See Note 32

LISBON, 16 MAY 2019

THE CERTIFIED ACCOUNTANT  
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

## EDP - Energias de Portugal

### Condensed Consolidated Statements of Financial Position as at 31 March 2019 and 31 December 2018

Thousand Euros	Notes	2019	2018
<b>Assets</b>			
Property, plant and equipment	16	21,684,294	22,707,511
Right-of-use asset	17	768,205	-
Intangible assets	18	4,801,193	4,736,530
Goodwill	19	2,125,217	2,251,461
Investments in joint ventures and associates	20	1,018,533	951,613
Equity instruments at fair value	21	129,446	125,147
Investment property		30,919	30,973
Deferred tax assets	22	978,965	1,152,195
Debtors and other assets from commercial activities	23	2,851,370	2,522,640
Other debtors and other assets	24	688,945	629,620
Non-Current tax assets	25	56,065	53,728
Collateral deposits associated to financial debt	31	25,627	25,466
<b>Total Non-Current Assets</b>		<b>35,158,779</b>	<b>35,186,884</b>
Inventories		319,354	342,037
Debtors and other assets from commercial activities	23	3,280,366	3,167,479
Other debtors and other assets	24	709,054	594,808
Current tax assets	25	391,221	354,057
Collateral deposits associated to financial debt	31	169,031	167,425
Cash and cash equivalents	26	1,581,814	1,803,205
Non-Current Assets held for sale	38	1,375,952	11,065
<b>Total Current Assets</b>		<b>7,826,792</b>	<b>6,440,076</b>
<b>Total Assets</b>		<b>42,985,571</b>	<b>41,626,960</b>
<b>Equity</b>			
Share capital	27	3,656,538	3,656,538
Treasury stock	28	-62,410	-62,410
Share premium	27	503,923	503,923
Reserves and retained earnings	29	4,986,568	4,350,938
Consolidated net profit attributable to equity holders of EDP		100,460	519,189
<b>Total Equity attributable to equity holders of EDP</b>		<b>9,185,079</b>	<b>8,968,178</b>
Non-controlling Interests	30	4,005,444	3,932,149
<b>Total Equity</b>		<b>13,190,523</b>	<b>12,900,327</b>
<b>Liabilities</b>			
Financial debt	31	13,592,454	13,462,390
Employee benefits	32	1,013,935	1,099,049
Provisions	33	983,660	982,515
Deferred tax liabilities	22	529,828	574,701
Institutional partnerships in USA	34	2,233,968	2,231,249
Trade payables and other liabilities from commercial activities	35	1,370,313	1,356,245
Other liabilities and other payables	36	1,198,846	756,899
Non-current tax liabilities	37	102,628	97,637
<b>Total Non-Current Liabilities</b>		<b>21,025,632</b>	<b>20,560,685</b>
Financial debt	31	3,052,060	2,622,509
Employee benefits	32	306,230	308,253
Provisions	33	31,663	35,930
Trade payables and other liabilities from commercial activities	35	3,501,814	3,862,245
Other liabilities and other payables	36	681,253	770,922
Current tax liabilities	37	674,476	566,089
Non-Current Liabilities held for sale	38	521,920	-
<b>Total Current Liabilities</b>		<b>8,769,416</b>	<b>8,165,948</b>
<b>Total Liabilities</b>		<b>29,795,048</b>	<b>28,726,633</b>
<b>Total Equity and Liabilities</b>		<b>42,985,571</b>	<b>41,626,960</b>

LISBON, 16 MAY 2019

THE CERTIFIED ACCOUNTANT  
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal  
Condensed Consolidated Statements of Changes in Equity  
for the three-month periods ended at 31 March 2019 and 2018

Thousand Euros	Total Equity	Share capital (i)	Share premium (i)	Legal reserve (ii)	Reserves and retained earnings	Fair value reserve (cash flow hedge) (ii)	Fair value reserve (financial assets) (ii)	Exchange differences (ii)	Treasury stock (iii)	Equity attributable to equity holders of EDP	Non-controlling Interests (iv)
<b>Balance as at 31 December 2017</b>	<b>13,480,260</b>	<b>3,656,538</b>	<b>503,923</b>	<b>739,024</b>	<b>5,116,253</b>	<b>-76,142</b>	<b>31,255</b>	<b>-361,956</b>	<b>-62,957</b>	<b>9,545,938</b>	<b>3,934,322</b>
Comprehensive income:											
Net profit for the period	282,312	-	-	-	165,833	-	-	-	-	165,833	116,479
Changes in the fair value reserve (cash flow hedge) net of taxes	-791	-	-	-	-	930	-	-	-	930	-1,721
Changes in the fair value reserve of assets measured at fair value through other comprehensive income, net of taxes	434	-	-	-	-	-	434	-	-	434	-
Share of other comprehensive income of joint ventures and associates net of taxes	-8,132	-	-	-	-	-7,132	-	-510	-	-7,642	-490
Exchange differences arising on consolidation	-101,788	-	-	-	-	-	-	-34,947	-	-34,947	-66,841
Total comprehensive income for the period	172,035	-	-	-	165,833	-6,202	434	-35,457	-	124,608	47,427
Dividends attributable to non-controlling interests	-26,756	-	-	-	-	-	-	-	-	-	-26,756
Purchase and sale of treasury stock	-952	-	-	-	-	-	-	-	-952	-952	-
Impacts related with IFRS 9 and IFRS 15's adoption	-77,709	-	-	-	-56,824	-	-16,423	-	-	-73,247	-4,462
Changes resulting from acquisitions/sales, equity increases/decreases and other	-11,667	-	-	-	-3,739	-	-	-	-	-3,739	-7,928
<b>Balance as at 31 March 2018</b>	<b>13,535,211</b>	<b>3,656,538</b>	<b>503,923</b>	<b>739,024</b>	<b>5,221,523</b>	<b>-82,344</b>	<b>15,266</b>	<b>-397,413</b>	<b>-63,909</b>	<b>9,592,608</b>	<b>3,942,603</b>
<b>Balance as at 31 December 2018</b>	<b>12,900,327</b>	<b>3,656,538</b>	<b>503,923</b>	<b>739,024</b>	<b>4,817,541</b>	<b>-213,315</b>	<b>10,287</b>	<b>-483,410</b>	<b>-62,410</b>	<b>8,968,178</b>	<b>3,932,149</b>
Comprehensive income:											
Net profit for the period	198,104	-	-	-	100,460	-	-	-	-	100,460	97,644
Changes in the fair value reserve (cash flow hedge) net of taxes	126,601	-	-	-	-	125,177	-	-	-	125,177	1,424
Changes in the fair value reserve of assets measured at fair value through other comprehensive income, net of taxes	2,468	-	-	-	-	-	2,468	-	-	2,468	-
Share of other comprehensive income of joint ventures and associates net of taxes	-28,112	-	-	-	-8,911	-13,606	-	1,720	-	-20,797	-7,315
Actuarial gains/(losses) net of taxes	-46	-	-	-	-35	-	-	-	-	-35	-11
Exchange differences arising on consolidation	43,044	-	-	-	-	-	-	9,650	-	9,650	33,394
Total comprehensive income for the period	342,059	-	-	-	91,514	111,571	2,468	11,370	-	216,923	125,136
Dividends attributable to non-controlling interests	-31,488	-	-	-	-	-	-	-	-	-	-31,488
Changes resulting from acquisitions/sales, equity increases/decreases and other	-20,375	-	-	-	-22	-	-	-	-	-22	-20,353
<b>Balance as at 31 March 2019</b>	<b>13,190,523</b>	<b>3,656,538</b>	<b>503,923</b>	<b>739,024</b>	<b>4,909,033</b>	<b>-101,744</b>	<b>12,755</b>	<b>-472,040</b>	<b>-62,410</b>	<b>9,185,079</b>	<b>4,005,444</b>

(i) See note 27

(ii) See note 29

(iii) See note 28

(iv) See note 30

LISBON, 16 MAY 2019

THE CERTIFIED ACCOUNTANT  
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal  
Condensed Consolidated and Company Statements of Cash Flows  
for the three-month periods ended at 31 March 2019 and 2018

Thousand Euros	Group		Company	
	2019	2018	2019	2018
<b>Operating activities</b>				
Cash receipts from customers	3,187,733	3,673,347	964,965	706,553
Proceeds from tariff adjustments sales	-	254,601	-	-
Payments to suppliers	-2,389,525	-2,980,211	-931,065	-758,587
Payments to personnel	-234,652	-166,273	-14,806	-15,162
Concession rents paid	-71,268	-73,109	-	-
Other receipts/(payments) relating to operating activities	3,632	-115,965	54,208	23,128
<b>Net cash flows from operations</b>	<b>495,920</b>	<b>592,390</b>	<b>73,302</b>	<b>-44,068</b>
Income tax received/(paid)	9,243	6,028	41,197	37,623
<b>Net cash flows from operating activities</b>	<b>505,163</b>	<b>598,418</b>	<b>114,499</b>	<b>-6,445</b>
<b>Investing activities</b>				
Cash receipts relating to:				
Sale of assets/subsidiaries with loss of control	2	29,419	-	-
Other financial assets and investments	3,429	21,465	-	111
Held to maturity financial investments	-	-	4,955	390,770
Property, plant and equipment and intangible assets	770	3,712	8	2
Other receipts relating to tangible fixed assets	996	1,608	-	-
Interest and similar income	15,338	15,979	14,489	63,986
Dividends	713	624	-	550,185
Loans to related parties	2,567	23,154	-	923,101
	23,815	95,961	19,452	1,928,155
Cash payments relating to:				
Acquisition of assets/subsidiaries	-2	-	-	-
Other financial assets and investments (i)	-187,197	-105,195	-430	-
Changes in cash resulting from consolidation perimeter variations (ii)	-55,739	-1,905	-	-
Property, plant and equipment and intangible assets	-776,542	-446,658	-11,344	-16,072
Loans to related parties	-13,192	-15,990	-75	-381,996
	-1,032,672	-569,748	-11,849	-398,068
<b>Net cash flows from investing activities</b>	<b>-1,008,857</b>	<b>-473,787</b>	<b>7,603</b>	<b>1,530,087</b>
<b>Financing activities</b>				
Receipts relating to financial debt (include Collateral Deposits)	1,193,834	620,377	1,220,030	204,415
(Payments) relating to financial debt (include Collateral Deposits)	-637,815	-1,526,395	-797,650	-1,254,780
Interest and similar costs of financial debt including hedge derivatives	-203,696	-206,084	-51,730	-111,829
Receipts/(payments) relating to loans from non-controlling interests	-2,581	2,501	-	-
Interest and similar costs relating to loans from non-controlling interests	-1,298	-4,295	-	-
Receipts/(payments) relating to loans from related parties	-	-	-347,541	-1,140,034
Interest and similar costs of loans from related parties including hedge derivatives	-	-	-	-25,649
Share capital increases/(decreases) by non-controlling interests	-16,737	-9,178	-	-
Receipts/(payments) relating to derivative financial instruments	-16,616	19,825	-	130,662
Dividends paid to equity holders of EDP	-	-	-	-
Dividends paid to non-controlling interests	-7,791	-8,468	-	-
Treasury stock sold/(purchased) (iii)	-	-952	-	-952
Lease (payments) (iv)	-21,934	-	-3,293	-
Receipts/(payments) from institutional partnerships - USA (v)	-16,150	-45,847	-	-
<b>Net cash flows from financing activities</b>	<b>269,216</b>	<b>-1,158,516</b>	<b>19,816</b>	<b>-2,198,167</b>
<b>Changes in cash and cash equivalents</b>	<b>-234,478</b>	<b>-1,033,885</b>	<b>141,918</b>	<b>-674,525</b>
Effect of exchange rate fluctuations on cash held	13,087	-27,203	-219	-176
Cash and cash equivalents at the beginning of the period	1,803,205	2,400,077	484,603	1,138,760
<b>Cash and cash equivalents at the end of the period*</b>	<b>1,581,814</b>	<b>1,338,989</b>	<b>626,302</b>	<b>464,059</b>

- (i) Relates essentially to payments made for the capital increases in Vento XIX and Mayflower Wind Energy LLC and the Investment Funds (see notes 20 and 24);
- (ii) Refers to the reclassification to assets held for sale of the cash balances of the companies included in the sell operation of the full equity shareholding and outstanding shareholder loans in an operating onshore wind portfolio in Europe (see note 38);
- (iii) See Consolidated and Company Statement of Changes in Equity;
- (iv) Includes capital and interest;
- (v) On a consolidated basis, refers to the receipts and payments net of transaction costs (transactions included in note 34).

\* See details of Cash and cash equivalents in note 26 and the Consolidated and Company Reconciliation of Changes in the responsibilities of Financing activities in note 47 of the Financial Statements.

LISBON, 16 MAY 2019

THE CERTIFIED ACCOUNTANT  
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal, S.A.  
Condensed Company Income Statements  
for the three-month periods ended at 31 March 2019 and 2018

Thousand Euros	Notes	2019	2018
Revenues from energy sales and services and other	7	877,900	795,962
Cost of energy sales and other	7	-806,127	-728,888
		71,773	67,074
Other income		7,773	5,454
Supplies and services	9	-32,550	-35,010
Personnel costs and employee benefits	10	-14,389	-18,523
Other expenses		-959	-830
		-40,125	-48,909
		31,648	18,165
Provisions	33	-	7,625
Amortisation and impairment	12	-7,498	-13,193
		24,150	12,597
Financial income	13	188,137	857,775
Financial expenses	13	-157,941	-353,411
Profit before income tax		54,346	516,961
Income tax expense	14	6,658	-4,070
<b>Net profit for the period</b>		<b>61,004</b>	<b>512,891</b>

LISBON, 16 MAY 2019

THE CERTIFIED ACCOUNTANT  
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS



EDP - Energias de Portugal, S.A.

Condensed Company Statements of Comprehensive Income  
for the three-month periods ended at 31 March 2019 and 2018

Thousand Euros	2019	2018
<b>Net profit for the period</b>	61,004	512,891
<b>Items that may be reclassified to profit or loss (i)</b>		
Fair value reserve (cash flow hedge) (ii)	-118,928	-10,599
Tax effect from the fair value reserve (cash flow hedge) (ii)	26,758	2,385
	-92,170	-8,214
<b>Other comprehensive income for the period (net of income tax)</b>	-92,170	-8,214
<b>Total comprehensive income for the period</b>	-31,166	504,677

(i) See Condensed Company Statement of Changes in Equity

(ii) See Note 29

LISBON, 16 MAY 2019

THE CERTIFIED ACCOUNTANT  
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

## EDP - Energias de Portugal, S.A.

Condensed Company Statements of Financial Position  
as at 31 March 2019 and 31 December 2018

Thousand Euros	Notes	2019	2018
<b>Assets</b>			
Property, plant and equipment	16	30,541	93,170
Right-of-use asset	17	117,058	-
Intangible assets		85,473	78,662
Investments in subsidiaries		15,102,046	15,102,046
Investments in joint ventures and associates		2	2
Equity instruments at fair value	21	1,538	1,537
Investment property		71,246	56,984
Deferred tax assets	22	119,033	92,659
Debtors and other assets from commercial activities		653	661
Other debtors and other assets	24	3,630,228	3,772,477
Total Non-Current Assets		19,157,818	19,198,198
Debtors and other assets from commercial activities	23	557,346	653,404
Other debtors and other assets	24	2,854,972	2,424,019
Current tax assets	25	150,563	98,092
Cash and cash equivalents	26	626,302	484,603
Total Current Assets		4,189,183	3,660,118
<b>Total Assets</b>		<b>23,347,001</b>	<b>22,858,316</b>
<b>Equity</b>			
Share capital	27	3,656,538	3,656,538
Treasury stock	28	-56,315	-56,315
Share premium	27	503,923	503,923
Reserves and retained earnings	29	3,288,601	2,642,185
Net profit for the period		61,004	738,586
<b>Total Equity</b>		<b>7,453,751</b>	<b>7,484,917</b>
<b>Liabilities</b>			
Financial debt	31	10,995,140	10,014,872
Employee benefits		5,696	5,683
Provisions		1,808	1,808
Trade payables and other liabilities from commercial activities		1,918	2,278
Other liabilities and other payables	36	491,879	349,826
Total Non-Current Liabilities		11,496,441	10,374,467
Financial debt	31	2,247,614	2,795,609
Employee benefits		1,442	1,442
Provisions		1,045	1,172
Trade payables and other liabilities from commercial activities	35	712,261	788,883
Other liabilities and other payables	36	1,273,915	1,293,180
Current tax liabilities	37	160,532	118,646
Total Current Liabilities		4,396,809	4,998,932
<b>Total Liabilities</b>		<b>15,893,250</b>	<b>15,373,399</b>
<b>Total Equity and Liabilities</b>		<b>23,347,001</b>	<b>22,858,316</b>

LISBON, 16 MAY 2019

THE CERTIFIED ACCOUNTANT  
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal, S.A.

Condensed Company Statements of Changes in Equity  
for the three-month periods ended at 31 March 2019 and 2018

Thousand Euros	Total Equity	Share capital (i)	Share premium (i)	Legal reserve (ii)	Reserves and retained earnings (ii)	Fair value reserve (cash flow hedge) (ii)	Fair value reserve (financial assets) (ii)	Treasury stock (iii)
<b>Balance as at 31 December 2017</b>	<b>7,444,568</b>	<b>3,656,538</b>	<b>503,923</b>	<b>739,024</b>	<b>2,596,175</b>	<b>5,770</b>	<b>-</b>	<b>-56,862</b>
Comprehensive income:								
Net profit for the period	512,891	-	-	-	512,891	-	-	-
Changes in the fair value reserve (cash flow hedge) net of taxes	-8,214	-	-	-	-	-8,214	-	-
Total comprehensive income for the period	504,677	-	-	-	512,891	-8,214	-	-
Purchase and sale of treasury stock	-952	-	-	-	-	-	-	-952
<b>Balance as at 31 March 2018</b>	<b>7,948,293</b>	<b>3,656,538</b>	<b>503,923</b>	<b>739,024</b>	<b>3,109,066</b>	<b>-2,444</b>	<b>-</b>	<b>-57,814</b>
<b>Balance as at 31 December 2018</b>	<b>7,484,917</b>	<b>3,656,538</b>	<b>503,923</b>	<b>739,024</b>	<b>2,643,075</b>	<b>-1,328</b>	<b>-</b>	<b>-56,315</b>
Comprehensive income:								
Net profit for the period	61,004	-	-	-	61,004	-	-	-
Changes in the fair value reserve (cash flow hedge), net of taxes	-92,170	-	-	-	-	-92,170	-	-
Total comprehensive income for the period	-31,166	-	-	-	61,004	-92,170	-	-
<b>Balance as at 31 March 2019</b>	<b>7,453,751</b>	<b>3,656,538</b>	<b>503,923</b>	<b>739,024</b>	<b>2,704,079</b>	<b>-93,498</b>	<b>-</b>	<b>-56,315</b>

(i) See note 27  
(ii) See note 29  
(iii) See note 28

LISBON, 16 MAY 2019

THE CERTIFIED ACCOUNTANT  
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

## Notes to the Consolidated and Company Financial Statements

1. Economic activity of EDP Group	23
2. Accounting policies	26
3. Recent accounting standards and interpretations issued	28
4. Critical accounting estimates and judgements in preparing the financial statements	31
5. Financial risk management policies	38
6. Consolidation perimeter	42
7. Revenues and cost of Energy Sales and Services and Other	42
8. Other income	44
9. Supplies and services	44
10. Personnel costs and employee benefits	45
11. Other expenses	45
12. Amortisation and impairment	46
13. Financial income and expenses	46
14. Income tax	47
15. Extraordinary contribution to the energy sector (CESE)	49
16. Property, plant and equipment	49
17. Right-of-use asset	51
18. Intangible assets	52
19. Goodwill	53
20. Investments in joint ventures and associates	53
21. Equity instruments at fair value	53
22. Deferred tax assets and liabilities	54
23. Debtors and other assets from commercial activities	55
24. Other debtors and other assets	57
25. Tax assets	59
26. Cash and cash equivalents	59
27. Share capital and share premium	60
28. Treasury stock	61
29. Reserves and retained earnings	61
30. Non-controlling interests	62
31. Financial debt	63
32. Employee benefits	66
33. Provisions	68
34. Institutional partnerships in USA	69
35. Trade payables and other liabilities from commercial activities	70
36. Other liabilities and other payables	72
37. Tax liabilities	73
38. Non-Current assets and liabilities held for sale	73
39. Derivative financial instruments	74
40. Commitments	75
41. Related parties	75
42. Fair value of financial assets and liabilities	79
43. Relevant or subsequent events	80
44. EDP Branch in Spain	81
45. Investigation process about CMEC and DPH	82
46. Operating segments	82
47. Consolidated and Company Reconciliation of Changes in the responsibilities of Financing activities	88
48. Explanation added for translation	89

# WE LOVE ENERGY

## EDP - Energias de Portugal, S.A.

### Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018

#### 1. Economic Activity of EDP Group

EDP - Energias de Portugal, S.A. (hereinafter referred to as EDP), currently with head office in Lisbon, Avenida 24 de Julho 12 and with its shares listed on the Euronext Lisbon stock exchange, results from the transformation of Electricidade de Portugal, E.P., incorporated in 1976 following the nationalization and consequent merger of the main companies in the electricity sector in Portugal. During 1994, as established by Decree-laws 7/91 and 131/94, the EDP Group (EDP Group or Group) was set up following the split of EDP, which led to a number of directly or indirectly wholly owned subsidiaries of EDP.

The Group's businesses are currently focused on the generation, transmission, distribution and supply of electricity and supply of gas. Although complementary, the Group also operates in related areas such as engineering, laboratory tests, professional training, energy services and property management.

The EDP Group operates essentially in the European (Portugal, Spain, France, Poland and Romania) and American (Brazil and the United States of America) energy sectors.

During the three-month period ended 31 March 2019, we emphasize the following regulatory changes, with potential significant impact in the economic activity of the EDP Group:

#### Activity in the energy sector in Portugal

##### Portugal - Electricity - Generation

Ordinance 6-A/2019 was published on 4 January 2019, which sets the CO<sub>2</sub> surcharge rate on CO<sub>2</sub> emissions and the addition value for each product. The addition rate forecast in the Article 92-A of the Code of Special Taxes on Consumption, defined annually, is based on the tenders prices for the greenhouse gas emission carried out under the European Trading of Emission Allowances (CELE). The amount for 2019 is 12.74€ / tonne of CO<sub>2</sub> (in 2018, this amount was 6.85€/tonne of CO<sub>2</sub>).

On 18 January 2019, Decree-Law (DL) 10/2019 was published, which establishes the new rules on the allocation of revenues from emission allowances tenders and introduces into portuguese legislation the partial transposition of the European Directive 2018/410 on the rules of the CELE.

This Decree-Law sets in 60% the value of the revenues generated from the emission licences tenders to be transferred to the National Electrical System (SEN) in order to offset part of the total over-cost of the special regime (PRE) from renewable energy sources, in each year, until it reaches 100% of this extra cost (includes over cost of renewable cogeneration generation).

These revenues are allocated to National Electric System (SEN) to deduct from the Global System Use tariff, in order to reduce the consumer's energy bill. It also allows, if necessary, an additional transfer of funds from the Environmental Fund to the SEN, in case there is a significant difference between actual revenues and estimated revenues.

On 23 January 2019, Dispatch 895/2019 of the Office of the Secretary of State for Energy was published, which defines the parameter corresponding to the impact of extramarket measures and events registered in the European Union in the creation of average electricity prices in the wholesale market in Portugal (Clawback). The suspension of the Clawback mechanism is thus determined in the period corresponding to the suspension of the tax measures in Spain from 1 October 2018 until 31 March 2019.

In the calculation of system costs, the Energy Services Regulatory Authority (ERSE) is considering the value of 4.18€ / MWh as of 1 April 2019.

On 31 January 2019 was published Ordinance 43/2019, of the Ministry of the Environment and Energy Transition, which changes the criteria for granting authorization for the installation of over-equipment of wind farms.

With the publication of this Ordinance, ERSE consultation is dismissed if the owner of the power plant chooses to apply the energy of the over-equipment to a tariff of 45€/MWh, without update, for a period of 15 years. This Ordinance also applies to requests for authorization that, at the date of its entry into force, are still pending from the decision of the Portuguese Authority of Energy and Geology (DGEG).

#### *Parliamentary Commission of Inquiry on the Payment of Excessive Income to Electricity Producers (CPIPREPE)*

On 15 May 2019 the CPIPREPE Final report has been approved, with votes in favor from PS PCP, BE and PEV and votes against from PSD and CDS. The fact that PSD and CDS voted against the overall content of the Final report is an evidence that there are divergent views on the issue of alleged excessive rents.

The administrative services of the National Assembly will prepare a final version of the Report to reflect the changes approved by CPIPREPE resulting from the voting. The consolidated version will be sent to CPIPREPE deputies for final review and, subsequently, to the President of the National Assembly, who will schedule the discussion of the Final report in a plenary session (not subject to voting or approval).

##### Portugal - Electricity - Distribution

ERSE Directive 5/2019 of 18 January 2019 approved tariffs and prices for electricity and other services to be in force in 2019.

## EDP - Energias de Portugal, S.A.

### Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018

#### *Portugal - Electricity - Supply*

On 11 January 2019, Law 5/2019 of the National Assembly was published, which establishes the regime of compliance with the duty of information of the energy supplier to the consumer. It applies to suppliers in the supply and / or provider of services to consumers of electricity, natural gas, GPL and petroleum derived fuels. The supplier must inform the consumer of the conditions under which the supply and / or provider of services is performed in a clear and complete manner. In the electricity and natural gas sectors, this is reflected in a greater detail on the invoice information.

On 15 January 2019, ERSE Directive 4/2019 was published, approving the rules of the pilot project for consumers participation in the system services market in the regulatory reserve component. The pilot project lasts one year (starting on 2 April 2019) and aims to ensure equal treatment in the participation in the regulatory reserve market of eligible consumers and producers, thereby increasing competition in this market. The approved rules will allow consumers with an offer capacity equal to or greater than 1 MW to participate in the reserve market of SEN regulation.

#### **Activity in the energy sector in Spain**

##### **Electricity - Spain**

##### *Electricity Tariffs Regime*

The electrical system costs are described in Article 13.3 of Law 24/2013. These costs will be financed through the revenue from the electrical system, including access fees (which are intended to cover the remuneration of the transmission and distribution), charges for the payment of the cost of other items that are not covered by other income, may be compensated for any financial mechanism legally established, including the state budget.

Royal Decree-Law 1/2019 included urgent measures to adapt the CNMC's ("Comisión Nacional de los Mercados y la Competencia") competences to the requirements in European Parliament and Council Directive 2009/72/EC and 2009/73/EC of 13 July 2009 establishing common rules for the internal electricity market and natural gas, thereby altering the CNMC's controls by assigning to it: i) to fix annually the remuneration of electricity transmission and distribution activities; ii) approve the methodology and conditions for access and connection to the electricity transmission and distribution networks; iii) set the operating rules of the market in aspects whose approval corresponds to the national regulatory authority and iv) define the remuneration of the electric system operator.

#### **Activity in the energy sector in Brazil**

##### **Electricity**

##### *Regulatory Changes*

On 12 February 2019, it was published the Ordinance 124 of 2019 that established the Working Group in order to coordinate the development of studies to support the revision process of Annex C of the Itaipu Treaty.

On 4 April 2019, Ordinance 187 established the Working Group to develop proposals for the Modernization of the Electricity Sector, dealing in an integrated manner the following topics: i) market environment and viability mechanisms for the expansion of the Electricity System; ii) pricing mechanisms; iii) rationalization of costs and subventions; iv) energy reallocation mechanism; v) allocation of costs and risks; vi) adoption of new technologies; and vii) sustainability of distribution services.

Decree 9.744/2019, published by the Ministries of Mines and Energy (MME) on 3 April 2019, established the cumulative subsidies for consumers in the rural and irrigation/low voltage aquaculture consumers from the date of its publication.

##### *Generation*

On 29 January 2019, the Ministerial Council for Disaster Response Supervision published Resolution 1 of 28 January 2019, which determines federal supervisory agencies to require the immediate updating of the Power Plants Safety Plans, Law 12,334 of 2010. The National Electricity Agency (ANEEL) has implemented a special operation to monitor power plants, which includes a documentary assessment and face-to-face inspection of all the power plants in operation.

On 1 March 2019, the MME published Ordinance 151 that established the dates of the energy auctions in: (i) 2019: A-4 in June and A-6 in September; (ii) 2020: A-4 in April and A-6 in September; and (iii) 2021: A-4 in April and A-6 in September. Ordinance 152 established the schedule for existing A-1 and A-2 energy auctions in December 2019, 2020 and 2021.

On 3 April 2019, Ordinance 186 was published and established the Guidelines for the Bidding for the Purchase of Electricity from New Generation Projects, named "A-4", of 2019.

# WE LOVE ENERGY

## EDP - Energias de Portugal, S.A.

### Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018

#### *Distribution*

Resolution 2,521, of 20 March 2019, changes the value of the Energy Development Account (CDE) to be paid by the distributors, related to the Regulated Contracting Environment Account (ACR). The ACR Account was created to cover the loan that was transferred to the distributors in 2014. At that time, the return to the tariff was established including an additional portion for the creation of a fund. Based on ANEEL's estimates for the ACR account, the pre-formed fund will have enough resources to settle the loan in September 2019.

#### *Supply*

ANEEL approved improvements in the establishment of the short-term price of electricity (PLD), through Normative Resolution 843, of 5 April 2019, establishing the general guidelines for the process of price creation and the disclosure of data to the market, reinforcing its anticipation and transparency, as well as consolidating several agency regulations.

#### *Transmission*

Resolution 2514, of 19 February 2019, updates the ANEEL reference bank to be used in the authorization, concession bidding processes and revision of the annual allowed revenues of electric power transmission concessionaires.

#### **Activity in the renewable energy sector**

##### **Electricity**

#### *Generation*

#### *Regulatory framework for the activities in Spain*

On 22 February 2019, MITECO (The Ministry for Environmental Transition) put for public consultation the "Strategic Framework for Energy and Climate" (Marco Estratégico de Energía y Clima) including: (i) a new version of the Draft Project Law on Energy Transition, (ii) the draft National Energy and Climate Plan 2021-2030 ("NECP"), and (iii) Draft Strategy for a fair energy transition. With regards to the Spanish NECP, Spain has submitted a draft version to the European Commission targeting a share of 42% of renewables (74% of renewable electricity) by 2030.

#### *Regulatory framework for the activities in Portugal*

The Portuguese government 2019 Budget included an extension of the special energy tax (so-called CESE) to renewables. However, there is an exemption for facilities with licenses that had been granted through public tenders.

On 31 January 2019 was published Ordinance 43/2019, of the Ministry of the Environment and Energy Transition, which changes the criteria for granting authorization for the installation of over-equipment of wind farms.

With the publication of this Ordinance, ERSE consultation is dismissed if the owner of the power plant chooses to apply the energy of the over-equipment to a tariff of 45€/MWh, without update, for a period of 15 years. This Ordinance also applies to requests for authorization that, at the date of its entry into force, are still pending from the decision of the Portuguese Authority of Energy and Geology (DGEG).

#### *Regulatory framework for the activities in Romania*

In December 2018, the Emergency Government Ordinance (EGO) 114/2018 introducing several measures affecting the Romanian electricity sector was approved. The EGO will charge companies holding licenses in the electricity sector with a tax of 2% of the annual turnover (as opposed to former charge of 0.1%). Also, the EGO sets the obligation for electricity producers to sell at regulated prices to the suppliers of last resort the quantities needed to cover the consumption of household consumers (for which regulated tariffs will apply) from 1 March 2019 to 28 February 2022.

#### *Regulatory framework for the activities in Poland*

On 2 October 2018, the Energy Regulatory Office published a call for the first auction in Poland in which wind onshore and solar PV with capacity above 1MW can participate to get a 15 year CfD. Following this announcement, a wind and solar PV joint auction for projects exceeding 1 MW was held on 5 November 2018. All contracted power went to wind, with 31 wind projects selected at an average price of 196 PLN/MWh (around 45.4€/MWh).

On 3 January 2019, the Polish Energy Exchange published the official weighted average price of Green Certificates: 103.82 PLN/MWh. As the substitution fee should be 125% of the previous year price, its value for 2019 should be 129.8 PLN/MWh.

#### *Regulatory framework for the activities in France*

On 27 November 2018, the "Pluriannual Energy Planning" (PPE) was released. According to the PPE, 40% of the energy could be produced from renewable sources by 2030. The PPE includes different targets for renewables: 35.6-44.5 GW of solar capacity, 34-35.6 GW of onshore wind and 4.7-5 GW of offshore wind, by 2028. The final PPE is expected to be approved by the second quarter of 2019.

**EDP - Energias de Portugal, S.A.**  
**Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018**

On 29 November 2018, the government approved the Decree-Law 108/2018 aimed at accelerating legal procedures following claims against the administrative authorizations of wind farms, by removing the two-level court system in the event of litigation.

The third offshore auction took place in March 2019 with all major players participating (grouped in 10 consortiums). The award is expected to be announced during the 2019 summer.

## **2. Accounting Policies**

### **Basis of presentation**

The accompanying condensed consolidated and company financial statements of EDP - Energias de Portugal, S.A. reflect the results of the company's operations and its subsidiaries (EDP Group or Group) and the Group's interest in its joint ventures and associated companies, for the three-month periods ended 31 March 2019 and 2018 and EDP S.A.'s Executive Board of Directors approved them on 16 May 2019. The financial statements are presented in thousand Euros, rounded to the nearest thousand.

In accordance with Regulation (EC) 1606/2002 of the European Council and Parliament, of 19 July 2002, as transposed into Portuguese legislation through Decree-law 158/2009 of 13 July and the changes introduced through Decree-law 98/2015 of 2 June, the condensed company's financial statements and the condensed Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union (EU). IFRS comprise accounting standards issued by the International Accounting Standards Board (IASB) as well as interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and their predecessor bodies. The EDP Group's condensed consolidated and company financial statements for the three-month period ended 31 March 2019 and 2018 were prepared in accordance with IFRS as adopted by the E.U. until 1 January 2019 and considering the International Financial Reporting Standard IAS 34 - Interim Financial Reporting. These financial statements do not include all the information required to be published on the annual financial statements, and should, therefore, be read together with the consolidated financial statements of the Group for the year ended 31 December 2018.

As at 1 January 2019, IFRS 16 - Leases came into force, being adopted for the first time by EDP Group in these financial statements.

Also as at 1 January 2019, EDP Group adopted the hedge accounting requirements of IFRS 9.

The adoption of these standards led to several changes in the Group accounting policies, models and procedures, as well as in disclosures.

Unless otherwise disclosed, namely because of this standard adoption, the Group has followed the same accounting policies and methods of computation as compared with the consolidated financial statements of the Group for the year ended 31 December 2018. The new standards and interpretations recently issued but not yet effective and that the Group has not yet applied on its consolidated financial statements, are detailed in note 3.

As at 31 March 2019, following the Strategic Plan Update 2019-2022, the Executive Board of Directors reorganized the business segments in order to be aligned with this new view, with effect from 1 January 2019. Despite of this change in the composition of the segments, EDP Group has not identified any significant changes in key assumptions used in impairment tests performed in the end of 2018, which could indicate that an asset may be impaired.

EDP Group's activity does not have, at a quarterly basis, any significant seasonality.

Selected explanatory notes are included to explain events and transactions that are significant to understand the changes in the EDP Group's financial position and performance since the last annual financial statements.

### *Change in line items on the Consolidated Income Statement*

As at 31 December 2018, EDP Group separated the line "Impairment losses on trade receivables and debtors", which previously was included in "Other expenses" and "Other income" (impairment reversals).

### **Accounting policies changed due to the application of IFRS 16 and of the hedge accounting requirements of IFRS 9**

#### **d) Derivative financial instruments and hedge accounting**

##### **Hedge accounting**

The Group uses financial instruments to hedge interest rate risk, exchange rate risk and price risk resulting from its operational and financing activities. Derivatives not qualified for hedge accounting under IFRS 9 are accounted for as trading instruments.



## EDP - Energias de Portugal, S.A.

## Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018

Hedging derivatives are recorded at fair value, being the gains and losses recognised in accordance with the hedge accounting model applied by the Group. Hedge relationship exists when:

- (i) The hedging relationship consists only hedging instruments and hedged items that are eligible as per determined in IFRS 9;
- (ii) At the inception of the hedge there is formal documentation of the hedging relationship and the Group's risk management objective and strategy for the hedge;
- (iii) There is an economic relationship between the hedged item and the hedging instrument;
- (iv) The effect of credit risk does not dominate the value changes that result from that economic relationship;
- (v) The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

*Effectiveness*

For an hedge relationship to be classified as such, in accordance with IFRS 9, its effectiveness must be demonstrated. Therefore, the Group performs prospective tests at the inception date and at each balance sheet date, in order to demonstrate its effectiveness, showing that any adjustments to the fair value of the hedged item attributable to the risk being hedged are offset by adjustments to the fair value of the hedging instrument. Any ineffectiveness is recognised in the income statement when it occurs.

**f) Trade payables and other liabilities***Initial measurement of the liabilities regarding the rents due from lease contracts*

As provided by IFRS 16, EDP Group measure the liability regarding the rents due from lease contracts on the commencement date based on the present value of the future payments of that lease contracts, discounted using EDP Group's incremental borrowing rate for each portfolio of leases identified.

After the commencement date, the liability regarding the rents due from lease contracts is increased to reflect interest on the liability and reduced to reflect the lease payments made.

*Remeasurement of the liabilities regarding the rents due from lease contracts*

EDP Group remeasure the liability regarding the rents due from lease contracts (and adjusts the corresponding right-of-use assets) by discounting the revised lease payments, using an unchanged discount rate, if either:

- there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments; or
- there is a change in the amounts expected to be payable under a residual value guarantee.

If there is a lease modification that do not qualifies to be accounted as a separate lease, EDP Group remeasures the liability regarding the rents due from lease contracts (and adjusts the corresponding right-of-use assets) by discounting the revised lease payments, using a revised discount rate at the effective date of the modification.

The variable lease payments that do not depend in an index or a rate are not included in the measurement of the liability regarding the rents due from lease contracts, nor the right-of-use asset. Those payments are recognised as cost in the period in which the event or condition that gives rise to the payments occurs.

**p) Financial results**

Considering the accounting model provided by IFRS 16, the financial results start to include the interest expenses (unwinding) calculated on the liabilities regarding the rents due from lease contracts.

**ab) Right-of-use assets**

As allowed by IFRS 16, EDP Group presents the information related to lease contracts in the caption Right-of-use assets, creating a separate line in the Statement of Financial Position. These assets are accounted for at cost less accumulated depreciation and impairment losses. The cost of these assets comprises the initial costs and the initial measurement of the liabilities regarding the rents due from lease contracts, deducted from the prepaid amounts and any incentives received.

Depreciation of right-of-use assets is calculated on a straight-line basis over their estimated useful lives, considering the lease contract terms.

**EDP - Energias de Portugal, S.A.**  
**Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018**

### 3. Recent Accounting Standards and Interpretations Issued

#### Standards, amendments and interpretations issued effective for the Group

The amendments to standards already issued and effective that the Group applied in the preparation of its financial statements, can be analysed as follows:

- **IFRS 16 - Leases**

IFRS 16 - Leases has been issued by International Accounting Standards Board (IASB) in January 2016 and endorsed by the EU on October 31, 2017, and will become effective as of January 1, 2019. EDP Group adopted this standard on the required effective date in accordance with the modified retrospective transition approach, without adjustments to opening balance of the comparative period nor restatement of the comparative information.

This Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and supersedes IAS 17 - Leases and its associated interpretative guidance. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. The most significant impact resulting from the initial application of IFRS 16 is the recognition of right of use (ROU) assets and liabilities regarding the rents due from lease contracts for the operating leases, unless the lease term is 12 months or less, or the lease is for a low-value asset. Lessor accounting remains similar to the current standard, IAS 17.

Based on the inventory of the existing lease contracts carried out, EDP Group has recognised, as at 1 January 2019, new assets and liabilities for its operating leases, as detailed bellow. As provided by the standard, EDP Group has elected to measure the ROU asset at the amount of the liability regarding the rents due from lease contracts on the initial application date (adjusted for any prepaid amount or accrued lease expenses), which corresponds to the payments of that lease contracts discounted using EDP Group's incremental borrowing rate for each portfolio of leases identified. The discount rates used, on initial application date, were the following:

Currency	Minimum Rate	Maximum Rate
Euro (EUR)	0.52%	5.56%
US Dollar (USD)	4.75%	5.77%
Brazilian real (BRL)	7.22%	11.96%
Polish Zloty (PLN)	2.19%	5.68%

The ROU asset is depreciated over the asset's useful life, which in most cases corresponds to the lease term and the lease payments are broken down into interest and repayment of the liability. The change in presentation of operating lease expenses also results in a corresponding increase in cash flows operating activities and a decline in cash flows obtained from financing activities.

In this sense, it has been made an assessment of the qualitative and quantitative impacts, in Company and EDP Group financial statements, resulting from the adoption of IFRS 16. Accordingly, qualitative changes are presented in note 2 and quantitative impacts resulting from its adoption are below summarized.

# WE LOVE ENERGY

## EDP - Energias de Portugal, S.A.

### Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018

- Summary of the impacts of the adoption of IFRS 16 in Condensed Consolidated and Company Statement of Financial Position on 01 January 2019

Thousand Euros	Group			Company		
	01-Jan-19	Impact of IFRS 16 adoption	31-Dec-18	01-Jan-19	Impact of IFRS 16 adoption	31-Dec-18
<b>Assets</b>						
Property, plant and equipment	22,626,988	-80,523	22,707,511	31,113	-62,057	93,170
Right-of-use assets	828,226	828,226	-	118,961	118,961	-
Investment property	-	-	30,973	71,249	14,265	56,984
Debtors and other assets from commercial activities - Non-Current	2,512,326	-10,314	2,522,640	661	-	661
Others	16,365,836	-	16,365,836	22,707,501	-	22,707,501
<b>Total Assets</b>	<b>42,333,376</b>	<b>737,389</b>	<b>41,626,960</b>	<b>22,929,485</b>	<b>71,169</b>	<b>22,858,316</b>
<b>Equity</b>						
Reserves and retained earnings	4,350,938	-	4,350,938	2,642,185	-	2,642,185
Consolidated net profit attributable to equity holders of EDP	519,189	-	519,189	738,586	-	738,586
Non-controlling Interests	3,932,149	-	3,932,149	-	-	-
Others	4,098,051	-	4,098,051	4,104,146	-	4,104,146
<b>Total Equity</b>	<b>12,900,327</b>	<b>-</b>	<b>12,900,327</b>	<b>7,484,917</b>	<b>-</b>	<b>7,484,917</b>
<b>Liabilities</b>						
Other liabilities and other payables - Non-Current	1,475,427	718,528	756,899	416,544	66,718	349,826
Other liabilities and other payables - Current	789,783	18,861	770,922	1,297,631	4,451	1,293,180
Others	27,198,812	-	27,198,812	13,730,393	-	13,730,393
<b>Total Liabilities</b>	<b>29,464,022</b>	<b>737,389</b>	<b>28,726,633</b>	<b>15,444,568</b>	<b>71,169</b>	<b>15,373,399</b>
<b>Total Equity and Liabilities</b>	<b>42,364,349</b>	<b>737,389</b>	<b>41,626,960</b>	<b>22,929,485</b>	<b>71,169</b>	<b>22,858,316</b>

- Detail of right-of-use assets recognised with the adoption of IFRS 16 on 1 January 2019

Thousand Euros	Group	Company
<b>Right-of-use assets</b>		
Land and natural resources	609,960	-
Buildings and other constructions	204,976	118,961
Plant and machinery	4,947	-
Transport equipment	7,530	-
Office equipment and IT	813	-
	828,226	118,961
<b>Property, plant and equipment</b>		
Buildings and other constructions i)	-80,523	-62,057
<b>Property, plant and equipment</b>		
Buildings and other constructions	-	14,265
	747,703	71,169

- Detail of payable amounts regarding the rents due from lease contracts recognised with the adoption of IFRS 16 on 1 January 2019

Thousand Euros	Group	Company
<b>Other liabilities and other payables - Non-Current</b>		
Rents due from lease contracts	796,488	144,678
Lease contracts with EDP Pension and Medical and Death Subsidy Funds i)	-77,960	-77,960
	718,528	66,718
<b>Other liabilities and other payables - Current</b>		
Rents due from lease contracts	21,424	7,014
Lease contracts with EDP Pension and Medical and Death Subsidy Funds i)	-2,563	-2,563
	18,861	4,451
	737,389	71,169

i) Due to the adoption of IFRS 16, the balances included in the caption Lease contracts with EDP Pension and Medical and Death Subsidy Funds regarding to the building units of Porto and Lisbon headquarters, celebrated for a period of 25 years, were reclassified to the caption Right-of-use assets - Buildings and other constructions and to the captions Rents due from lease contracts - Non-Current and Current.

**EDP - Energias de Portugal, S.A.**  
**Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018**

The difference between the total of the right-of-use assets and the total of the liabilities regarding the rents due from lease contracts recognised on the adoption of IFRS 16, amounting 10,314 thousand Euros, relates to lease contracts whose payments were fully made at the inception date of that contracts. The amounts were reclassified from the caption Debtors and other assets from commercial activities - Non-Current to the caption Right-of-use assets.

• **Reconciliation of payable amounts regarding the rents due from lease contracts recognised with the adoption of IFRS 16 on 1 January 2019**

	Group	Company
Operating lease commitments as at 31 December 2018	1,403,184	225,723
Recognition exemptions		
for leases with a lease term of 12 months or less (short-term leases)	-114,621	-317
for leases of low-value assets	-	-
Effect from discounting at the incremental borrowing rate as at 1 January 2019	-549,482	-81,534
Other	-5,589	-76,600
Lease liabilities due to initial application of IFRS 16 as at 1 January 2019	733,492	67,272
Lease liabilities from finance leases as at 1 January 2019	84,420	84,420
Rents due from lease contracts as at 1 January 2019	817,912	151,692

• **IFRS 9 - Hedge accounting**

From its operational and financing activities, EDP Group is exposed to interest rate, foreign exchange and price risks. These risks are mitigated through the use of hedging instruments, which are designated within hedge accounting.

As permitted by IFRS 9, EDP Group decided to apply the hedge accounting requirements of IFRS 9 as at 1 January 2019. EDP Group has assessed the changes resulting from the adoption of these requirements, through a detailed analysis of the existing hedging relationships as at 31 December 2018. EDP Group decided to keep the existing hedge ratios as at 31 December 2018, while still within IAS39. From the analysis performed, no rebalancing was necessary as at 1 January 2019.

As at 1 January 2019 there are no material quantitative impacts resulting from the adoption of IFRS 9 hedge accounting requirements by EDP Group.

Hedge accounting has been applied prospectively, without restating comparative information. The mandatory exceptions provided for the prospective application, forcing the application of hedge accounting retrospectively, do not apply to the hedge relationships designated by EDP Group. For the situations in which retrospective application is allowed but not mandatory, EDP Group opted for no retrospective application.

The EDP Group has updated the hedging documentations, as per the requirements of IFRS 9, being the main changes related to the inclusion of the hedge ratio that was defined as hedge objective by the Management, of the expected sources of inefficiency that arise from the hedges, as well as the prospective tests carried out on the economic relationship between the hedged items and the hedging items for the entire duration.

• **IFRIC 23 - Uncertainty over Income Tax Treatments**

Regarding the new interpretation to IAS 12 – Income tax, IFRIC 23, the Group has reassessed, as at 1 January 2019, all the pending litigations or disputes with tax authorities regarding income tax and no changes in the estimates made previously by management were identified.

The new standards that have been issued and that are already effective and that the Group has applied on its financial statements, with no significant impacts are the following:

- IFRS 9 (Amended) - Amendments to IFRS 9: Prepayment Features with Negative Compensation;
- IAS 28 (Amended) - Long-term Interests in Associates and Joint Ventures;
- IAS 19 (Amended) - Plan Amendment, Curtailment or Settlement; and
- "Annual Improvement Project (2015-2017)".

**Standards, amendments and interpretations issued but not yet effective for the Group**

The standards, amendments and interpretations issued but not yet effective for the Group (whose effective application date has not yet occurred or, despite their effective dates of application, they have not yet been endorsed by the UE) are the following:

- IFRS 17 - Insurance Contracts;
- Amendments to References to the Conceptual Framework in IFRS;
- IFRS 3 (Amended) - Definition of a business; and
- IAS 1 (Amended) and IAS 8 (Amended) - Definition of material.

## EDP - Energias de Portugal, S.A.

## Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018

## 4. Critical Accounting Estimates and Judgements in Preparing the Financial Statements

IFRS require the use of judgement and the making of estimates in the decision process regarding certain accounting treatments, with impact in total assets, liabilities, equity, costs and income. The actual effects may differ from these estimates and judgements, namely in relation to the effect of actual costs and income.

The critical accounting estimates and judgements made by management in applying EDP Group's accounting policies were the same as those applied to the consolidated financial statements as at 31 December 2018, with a special note for the following items.

Considering that in many cases there are alternatives to the accounting treatment adopted by EDP Group, the reported results could differ if a different treatment was chosen. The Executive Board of Directors believes that the choices made are appropriate and that the financial statements present fairly the Group operations in all material respects.

**Financial asset related with infrastructure concession contracts in Portugal**

The caption "Amounts receivable from concessions - IFRIC 12", refers to the financial assets receivable by EDP Group companies that operate infrastructures under concession contracts, and arises from the unconditional right to receive this amount regardless of the utilisation level of the infrastructures covered by the concession. In these companies is included EDP Distribuição as the National Distribution Network's (RND) concessionaire, which comprises the medium and high voltage network (MT and HT), and low voltage distribution networks (LT), being these concessions exercised exclusively through public service concession contracts.

The RND's operation, which is part of the high and medium tension network (HT and MT), is carried out through a public service concessions' attribution, by the Portuguese State. On the other hand, the right to distribute low voltage electricity is attributed to the Portuguese mainland municipalities. The legislation that establishes the basis of each concession sets up that the ownership or possession of the goods assigned to these concessions revert to the concessionaires at the end of their respective concessions. They also establish that in return for the assets returned to grantors, whether State or municipalities, compensation corresponding to the assets' book value assigned to the concession, net of amortisations, financial contributions and non-refundable subsidies will be paid. Therefore, the assets' estimated residual value at the end of each concession constitutes a financial asset, and the remaining fair value component of the concession assets is an intangible asset to be amortised over its useful life. Hence, the end date of each concession is one of the main assumptions for the financial assets' and intangible assets' estimation.

In May 2017 Law 31/2017 was approved, which lays down the principles and general rules concerning the organisation of public tendering procedures for the awarding, by contract, of the municipal LT concessions' operation in the Portuguese mainland. This Law foresees the simultaneous launch, in 2019, of public tender procedures for all municipalities that do not opt for direct management of the electricity distribution activity, as well as to all municipalities whose current concession contracts reach their end before 2019, and do not opt for direct management. In these cases, both parts shall enter into a written agreement extending the term of their respective concessions until the new concession contracts enter into force. The awarding decisions will be taken by municipalities or by the territorial area's intermunicipal entity attached to the referred proceedings.

Thus, it is expected that this legislation and the concessions renewal proceedings will have a significant impact on EDP Distribuição's estimate of financial and intangible assets, namely through the concessions' termination anticipation, that currently extend beyond 2019. However, at this date it is not possible to predict the end date of the concession contracts currently in force, as the process is still in an initial phase, by doing studies and legislation. With reference to 31 March 2019, financial assets and intangible assets were estimated based on the end dates of each of the contracts currently in force, and do not consider any changes arising from the already mentioned legislation. The use of different assumptions and estimates could result in different amounts of financial and intangible assets, with the consequential impact in the Statement of Financial Position.

**Measurement criteria of the concession financial receivables under IFRIC 12 in Brazil**

In 2012, the Provisional Measure 579/12 was published in Brazil, meanwhile converted into Law 12.783/13, which determines the amount of the indemnization payable to the distribution companies regarding the assets not amortised or depreciated at the end of each concession, that should be determined based in the methodology of the Value of Replacement as New (VNR). The indemnisation amount variation is booked against Revenues from energy sales and services and other. This amount corresponds to the difference between the value of replacement as new versus the historical cost.

ANEEL reviews the VNR, through the valuation report of the Regulatory Remuneration Base, every three years for EDP Espírito Santo and every four years for EDP São Paulo, as established in the concession contracts. Within these periods the distribution companies use their best estimate for the VNR. The use of different assumptions and estimates could result in different values of financial assets, with the consequent impact in the Statement of Financial Position.

**Impairment***Impairment of long term assets and Goodwill*

Impairment tests are performed whenever there is a trigger that the recoverable amount of property, plant, equipment and intangible assets is less than the corresponding net book value of the assets.

**EDP - Energias de Portugal, S.A.**

**Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018**

On an annual basis, the Group reviews the assumptions used to assess the existence of impairment in goodwill resulting from acquisitions of shares in subsidiaries. The assumptions used are sensitive to changes in macroeconomic indicators and business assumptions used by management. The investments in subsidiaries, on a company basis, and in associates are reviewed when circumstances indicate the existence of impairment.

Considering the uncertainties regarding the recoverable amount of property, plant and equipment, intangible assets and goodwill as they are based on the best information available, changes in the assumptions could result in changes on the determination of the amount of impairment and, consequently, in results.

*Impairment of receivables*

Impairment losses related to doubtful debts are estimated by EDP based on the estimated recoverable amounts, the date of default, debt write offs and other factors. Certain circumstances and facts may change the estimated impairment losses of doubtful debts, namely changes in the economic environment, sector trends, client's credit risk and increases in the rate of defaults. Changes in the estimates and judgement could change the impairment test results, thereby affecting results.

**Fair value and classification of financial instruments**

Fair values are based on listed market prices, if available. Otherwise fair value is determined either by the price of similar recent transactions under market conditions or determined by external entities, or by pricing models based on net present value of estimated future cash flows techniques considering market conditions, time value, yield curves and volatility factors. These methodologies may require the use of assumptions or judgements in estimating fair values.

Consequently, the use of different methodologies and different assumptions or judgements in applying a particular model, could generate different financial results and different financial instruments classification from those reported.

Additionally, financial instruments' classification as debt or equity requires judgement in the interpretation of contractual clauses and in the evaluation of the existence of a contractual obligation to deliver cash or other financial assets.

**Review of the useful life of the assets**

The Group reviews annually the reasonableness of the assets' useful lives that are used to determine the depreciation rates of assets assigned to the activity, and prospectively changes the depreciation charge of the year based on such review.

**Useful lives of generation assets - Hydro independent generator in Brazil**

The hydro generation assets in Brazil for independent generators are amortised during their estimated useful lives, considering the existing facts and circumstances at the date of preparation of the financial statements. This includes, among other issues, EDP's best estimates of the useful lives of such assets, which are consistent with the useful lives defined by ANEEL, the respective contractual residual indemnification values at the end of each concession period, as well as related technical and legal opinions. The remaining period of amortisation and the indemnification values at the end of the concessions may be influenced by changes in the regulatory legal framework in Brazil.

**Rents due from lease contracts**

With the adoption of IFRS 16, the Group recognises right-of-use assets (ROU assets) and a liabilities regarding the rents due from lease contracts if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: i) the contract involves the use of an identified asset; ii) it has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and iii) it has the right to direct the use of the asset. EDP Group uses estimates and judgement on its assessment, namely concerning the termination and extension contract options and the determination of the incremental borrowing rate to be applied for each each portfolio of leases identified.

**Tariff adjustments**

*Portugal*

Tariff adjustments in Portugal represent the difference between costs and income of the National Electricity and Gas System, estimated at the beginning of each period for purposes of calculating the tariff, and the actual costs and income of the System established at the end of each period. The tariff adjustments assets or liabilities are recovered or returned through electricity and gas tariffs to customers in subsequent periods.

Decree-Law 237-B/2006 of 19 December, and Decree-Law 165/2008 of 21 August, recognised an unconditional right of the operators of the electricity sector to recover the tariff adjustments and related interest expenses, notwithstanding the form of the future payment or situations of insolvency and cessation of operations. Additionally, the legislation allows the transfer to third parties of the right to receive tariff adjustments. Therefore, under this legislation, regulated companies may provide to third parties, in whole or in part, the right to receive the tariff adjustments through the electricity and gas tariffs. In accordance with the accounting policy in force, the EDP Group books under the caption Revenues from energy sales and services and other - Electricity and network access, the effects of the recognition of tariff adjustments in the electricity sector, against Debtors and other assets from commercial activities and Trade payables and other liabilities from commercial activities.

# WE LOVE ENERGY

## EDP - Energias de Portugal, S.A.

### Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018

Decree-Law 87/2011 of 18 July also establishes the unconditional right of regulated operators in the natural gas sector to recover tariff adjustments and related interest expenses, notwithstanding the form of the future payment or situations of insolvency and cessation of operations, and allows the transfer to third parties of the right to receive tariff adjustments. EDP Group books under the caption Revenues from energy sales and services and other - Gas and network access, the effects of the recognition of tariff adjustments of Natural Gas, against Debtors and other assets from commercial activities and Trade payables and other liabilities from commercial activities.

#### *Spain*

Royal Decree Law 6/2009, published on 7 May 2009, established, among other matters: (i) the possibility to securitise the Spanish tariff deficit supported by the electricity sector companies using a State guarantee through the tariff deficit amortisation fund; (ii) the calendar for the elimination of the tariff deficit, such that on 1 January 2013 access tariffs would be sufficient to cover the cost of regulated activities, without the creation of an "ex-ante" tariff deficit and, in order to ease this gradual elimination, Royal Decree Law 6/2009 also provided for the passage of some costs included in the electricity tariff to the Spanish State Budget; (iii) the revocation, as from 1 July 2009, of Royal Decree Law 11/2007, which established the obligation to return the additional revenues obtained from the incorporation of CO<sub>2</sub> costs in market prices, and which was to be in force until 2012; (iv) the creation of a social subsidy, which translates to a lower tariff for low income consumers and (v) the charge to electric companies of the costs associated with the management and treatment of radioactive waste from nuclear power plants and fuels consumed. However, Royal Decree Law 29/2012, endorsed on 28 December, abolished the regulatory requirement mentioned in paragraph (ii) above. The direct consequence of this suppression is that access tariffs will not be related to the sufficiency of the tariffs, so there may be temporary imbalances, to be recovered in a single annual fee in subsequent years.

In 2010, Royal Decree Law 14/2010 addressed the correction of the tariff deficit of the electricity sector. Under this decree, the temporal mismatch of the settlements for 2010 tariff deficits came to be considered as a revenue deficit of the electricity system and a set of measures was established so that the various industry players contribute to the reduction of the tariff deficit. These measures included the establishment of generation rates, financing plans energy efficiency savings by the generation companies and various regulatory measures that help reduce the additional costs of certain technologies in the special regime.

In 2012, two decrees were adopted to reduce the tariff deficit in order to reach the limit set by Royal Decree Law 14/2010: (i) Royal Decree Law 1/2012, which temporarily suspended the inclusion of new facilities in the "pre-asignación" registrations maintained by the Minister of Industry, Energy and Tourism before the power plant is entitled to make use of the Spanish special regime; and (ii) Royal Decree Law 13/2012, which provided for reductions in the remuneration for distribution activity and an extraordinary decrease on other regulated activities.

In 2014, Royal Decree Law 1054/2014, establishes the procedures for the transfer of the right to receive the deficit of 2013 from the Spanish system, as well as, the methodology to define the interest rate applicable to this deficit, which main guidelines are:

- (i) definition of a 15 years time frame during which the deficit amount will cumulate interest. This time frame consists in two periods: the first, which began in 1 January 2014 ending on the date of the additional liquidation of the provisional liquidation 14 of the year 2013; and the final period, from which the additional liquidation of the provisional liquidation 14 of the year 2013, is made, until 31 December 2028; and
- (ii) the rights to receive (base amount plus interests) are expressly recognised, with their respective taxes and will be considered as system costs. These rights can be total or partially assigned, transferred, transmitted, discounted pledged to third parties, if properly communicated to CNMC.

#### *Brazil*

On 25 November 2014, ANEEL made addendums to the concession contracts with Brazilian electric distribution companies to reduce significant uncertainties regarding to the recognition and realization of regulatory assets/liabilities that existed since 2010, when the IFRS were adopted in Brazil. As a consequence, the CPC ("Comitê de Pronunciamentos Contábeis") issued on 28 November 2014, the OCPC 08 (Recognition of Certain Assets and Liabilities in Accounting and Financial Reports of Electric Distribution) which determines how to treat these regulatory assets/liabilities in the financial statements.

Therefore, on 10 December 2014, EDP Brasil signed the Fourth and Fifth Addendum to the Concession Agreement, where it was established that, in the case of concession termination, the outstanding balances of any failure of payment or reimbursement by the tariff (assets and liabilities), will be considered on the indemnity calculation, based on the regulator pre-established regulations.

EDP Group considers, based on the issued legislation (Portugal, Spain and Brazil), that the requirements for the recognition of tariff deficits as receivables and payables against the income statement have been satisfied.

#### **Revenue recognition**

Energy sales revenue is recognised when the monthly energy invoices are issued, based on actual meter readings or estimated consumption based on the historical data of each consumer. Revenue relating to energy to be invoiced, regarding consumption up to the balance sheet date but not measured, is booked based on estimates that take into consideration factors such as consumption in prior periods and analysis relating to the energy balance of the operations.

The use of different estimates and assumptions could affect the Group's revenue and, consequently, its reported results.

**EDP - Energias de Portugal, S.A.**

**Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018**

**Income taxes**

The Group is subject to income taxes in several jurisdictions. Certain interpretations and estimates are required in determining the global amount of income tax.

There are several transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Different interpretations and estimates could result in a different level of income taxes, current and deferred, recognised in the period.

**Pensions and other employee benefits**

Determining pension and other employee benefits liabilities requires the use of assumptions and estimates, including actuarial projections, estimated rates of return on investments, discount rates and pension and salary growth and other factors that can impact the cost and liability of pension plans, medical plans and other benefits. Changes in the assumptions could materially affect the amounts determined.

**Provisions for dismantling and decommissioning of power generation units**

EDP considers to exist legal, contractual or constructive obligations to dismantle and decommission of property, plant and equipment assets allocated to electricity generation operations. The Group records provisions in accordance with existing obligations to cover the present value of the estimated cost to restore the locations and land where the electricity generation units are located. The calculation of the provisions is based on estimates of the present value of the expected future liabilities.

The use of different assumptions in the estimates and judgement from those referred could lead to different financial results than those considered.

**Entities included in the consolidation perimeter**

In order to determine which entities must be included in the consolidation perimeter, EDP Group evaluates whether it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee ("de facto" control).

This evaluation requires judgement, assumptions and estimates in order to conclude whether the Group is in fact exposed to the variability of returns and has the ability to affect those returns through its control over the investee.

Other assumptions and estimates could lead to a different consolidation perimeter of the Group, with direct impact on the consolidated financial statements.

**Business combination**

Under IFRS 3 (Business Combination) in a business combination, the acquirer shall recognise and measure in the consolidated financial statements the assets acquired and liabilities assumed at fair value at the acquisition date. The difference between the purchase price and the fair value of the assets and liabilities acquired leads to the recognition of goodwill or a gain from a purchase at a low price (bargain purchase).

The fair value determination of the assets acquired and liabilities assumed is carried out internally or by independent external evaluators, using the discounted cash flows method, using the replacement cost or other fair value determination techniques, which rely on the use of assumptions and estimates including macroeconomic indicators such as inflation rates, interest rates, exchange rates, discount rates, sale and purchase prices of energy, cost of raw materials, production estimates and business projections. Consequently, the determination of the fair value and goodwill or gain from a purchase at a low price is subject to numerous estimates and judgments and therefore changes in assumptions could result in different impacts on results.

**Fair value measurement of contingent consideration**

Contingent consideration from a business combination or a sale of a financial investment is measured at fair value at the acquisition date as part of the business combination or at the date of the sale in the event of a sale of a financial investment. This contingent consideration is subsequently remeasured at fair value at each report date. Fair value is based on discounted cash flows. The main assumptions consider the probability of achieving each objective and the discount factor, corresponding to the best estimates of management at each report date. Changes in assumptions could have significant impact on the values of contingent assets and liabilities recognised in the financial statements.

**Contractual stability compensation - CMEC**

Following a Portuguese Government decision to extinguish the Power Purchase Agreement (PPA), the early termination of the PPAs of EDP Produção had effect from 1 July 2007.

As a result of the PPAs extinction and in accordance with the applicable legislation, a contractual stability compensation (CMEC) was granted to EDP Group. This mechanism includes three types of compensation: initial compensation, annual compensation (or revisibility) and final adjustment.



# WE LOVE ENERGY

## EDP - Energias de Portugal, S.A.

### Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018

#### Initial Compensation

Initial compensation was recognised when the PPAs terminated as an account receivable of 833,467 thousand Euros, booked as a receivable asset at its net present value, against deferred income. This compensation is recognised as operating income each period against a reduction of the deferred initial compensation. According to the applicable legislation, the securitization of this amount is allowed.

#### Contractual stability compensation – annual revisibility mechanism

During period I (2007/2017) of the contractual stability compensation mechanism, there was a correction on an annual basis, resulting from positive or negative deviations between the estimates made for the initial stability compensation calculation and actual amounts arising from an efficient performance, using the "Valorágua" model, as established in the Decree-Law 240/2004. Later, Order 4694/2014 was published to define the guidelines of the annual revisibility calculation with respect to the revenues from the ancillary services market, regarding power plants under CMEC.

Revisibility amounts for the years 2007 to 2014 were determined and approved by the Member of the Government responsible for the energy sector, and were contested by EDP Produção:

- a) As regards the approval of the 2011 and 2012 revisibilities, the fact that it did not consider the costs incurred with the social tariff in the calculation of the revisibilities; and
- b) As regards the approval of the 2014 revisibility, the fact that it did not take into account in the calculation of the revisibility the costs incurred with the social tariff and CESE.

Regarding the annual revisibilities of 2015 to 2017, it is awaited approval, even though, by letter of 21 April 2017 from ERSE, the transfer to EDP Produção of the annual revisibility of 2015 has been authorised.

#### CMEC Final Adjustment

The CMEC's Final Adjustment is calculated in accordance with number 7 of article 3rd and Annex IV of Decree-Law 240/2004, of 27 December. The State budget for 2017 (Law 42/2016) determined, in its article 170, that the final adjustment amount shall be calculated and justified in a study done and presented by ERSE. This entity had the technical support of the Working Group EDP Produção/REN, legally enforced.

Accordingly, the technical group EDP/REN has presented to ERSE its report on the CMEC final adjustment calculation, which was achieved by strictly following the calculation methodology described in Decree-Law 240/2004. This calculation, performed by the technical group EDP/REN was presented to ERSE and comes to a range of amounts between 256.5 and 271 million Euros.

At the end of September 2017, ERSE has also presented to the Government its report on the calculation of the CMEC final adjustment, reaching an amount of 154 million Euros, which was provisionally considered in the document of tariffs and prices for 2018.

In the Financial statements as at 31 December 2017, EDP Group has included its best estimate of the CMEC final adjustment, by recognising an asset in the amount of 256.5 million Euros against deferred income, based on Decree-Law 240/2004 and on the document done jointly by EDP and REN and the legal opinions obtained on this subject.

On 3 May 2018, EDP was notified (through a DGEG's letter from 25 April 2018) that the CMEC final adjustment had been officially approved, according to ERSE's proposal, in the amount of 154 million Euros. EDP reflected this reality in its financial statements as of 31 December 2018, recognising a provision by the difference in the final adjustment amounts already recognised in the Group's revenues. On 31 March 2019 EDP maintains the provision in its accounts.

Considering that the administrative act contained in the Dispatch of approval of the SSE of 25 April 2018 lacks technical, economic and legal basis, and that, in particular, it does not apply the calculation methodology contained in Decree-Law 240/2004 and which would lead to the determination of an amount close to the one determined by the technical group, on 3 September 2018, EDP Produção has legally contested it.

#### Clawback

Following some tax changes occurred in Spain, which affected electricity generators operating in this country, Decree-Law 74/2013 was approved in Portugal, which aimed to rebalance the competition between electricity generators operating in Portugal and other players operating in Europe.

Pursuant to Decree-Law no. 74/2013 and its regulations, in order to restore such balance, the power plants operating on a market regime is situated in Portugal, which were not covered by the PPA or CMEC regime, should pay an amount per MWh produced.

The amount payable should consider an estimate of the impact that the off-market events in the EU (such as the above-mentioned tax changes in Spain) would have in pool prices, as well as off-market events in Portugal that would affect the competitiveness of electricity generators operating in Portugal. Consequently, a net competition advantage would allegedly arise to generators operating in Portugal.

Under this mechanism regulation – commonly known as clawback – Social tariff and CESE were approved by Dispatch 11566-A/2015 as off-market events that should be considered as competitive disadvantages of generators operating in Portugal.

## EDP - Energias de Portugal, S.A.

### Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018

Dispatch 7557-A/2017, of 25 August, superseded Dispatch 11566-A/2015, of 3 October, (which defined the variables for the computation formula of the amount to be paid by each of the power-generating plants under Decree-Law 74/2013, of 4 June, for each injected MWh) in its entirety. It states that ERSE, after consulting DGEG, shall present proposals for a new definition of the variables, as well as reference terms for the new study.

Subsequently, in the Dispatch 9371/2017, of 24 October, partially nulled of Dispatch 11566-A/2015, of 3 October 2018 from the SSE, is declared, in relation to the decisions presented under its numbers 11 and 12 (the deduction of social tariff and CESE costs in the unit price). ERSE was asked to consider in 2018 UGS tariff, the recovery, in benefit of the consumers, of the amounts allegedly improperly included in previous years' tariffs (2016 and 2017). Dispatch 9955/2017, of 17 November, defines a new amount for the estimate of the off-market events' impact in EU, which is 4.75 €/MWh, with retroactive effects as at August 24. Following these Dispatches, the document of prices and tariffs for 2018 has included a clawback amount of around 90 million Euros to be returned to tariffs, which includes power plants operating under CMEC and estimated generation.

Based on its interpretation of the Law, as well as on legal opinions obtained in the meantime, EDP Produção considers that the Decree-Law 74/2013 aims to reestablish a situation of competition balance between generators operating in Portugal and their peers operating in other European countries, which means to consider as off-market events all the taxes and contributions that fall only over generators located outside of Portugal (particularly in Spain), as well as all the taxes and contributions that fall only over generators located in Portugal. Consequently, in the Group's understanding, Dispatch 9371/2017 and 9955/2017 have completely distorted the clawback mechanism, having filed its legal action in January 2018.

In the Financial statements as at 31 December 2018, EDP Group has included the clawback amount as calculated by EDP Produção, regarding the legislation in place in each period, namely Decree-Law 74/2013, Order 225/2015, Ordinance 9371/2017 from 24 October and Dispatch 9955/2017, from 17 November. It is important to notice that this mechanism is not applicable to power plants still operating under CMEC regime.

On 5 October 2018, the Spanish legislature, by the sixth and seventh additional lines on Article 21 of Royal Decree-Law 15/2018, suspended the 7% tax on electricity generation approved in 2012 for a period of six months, from the beginning of October 2018 to the end of March 2019. This tax suspension correspond to the suspension of the off-market event verified within the European Union, which is considered in the clawback calculation.

Following the temporary suspension of the tax on electricity production in Spain:

- Order 895/2019 of 23 January, establishing the suspension of the "Clawback" was approved for a period of 6 months as from 1 October 2018;
- The Tariff and Price Document for 2019, published on 17 December 2018, estimates a Clawback value of € 4.18 / MWh, to be applied after the end of the suspension period (more specifically from 6 April 2019);
- ERSE has informed EDP Produção that any clawback invoicing relating to the referred suspension period should be deleted or canceled;
- The State Budget Law for 2019 provided that "the Government shall, until the end of the first quarter of 2019, review the regulatory mechanism designed to ensure the balance of competition in the wholesale electricity market in Portugal, provided for under DL 74/2013, of 4 June, adapting it to the new rules of the Iberian Electricity Market, with the aim of creating harmonized regulatory mechanisms that reinforce competition and protect consumers".

#### Ancillary Services

On 3 September 2018, the Portuguese Competition Authority (AdC) notified EDP Produção with Statement of Objections, under which EDP Produção is accused of abuse of a dominant position in the secondary regulation band market (a part of the ancillary services market). AdC claims that EDP Produção has deliberately limited the participation of CMEC plants in the secondary regulation market between 2009 and 2013, benefitting its non-CMEC power plants. The alleged benefit, in detriment of consumers, would be twofold: receiving higher compensation under CMEC annual adjustment regime; profiting from higher market prices in said market. AdC estimates that the alleged practice of EDP Produção has generated damages to the national electricity system and to consumers of around 140 million Euros. AdC points out that the adoption of a Statement of Objections does not determine the result of the investigation, which began in September 2016. On 28 November 2018, EDP Produção was given the opportunity to exercise its right to be heard and defend itself in relation to the alleged unlawful act and to the penalties in which it may incur.

On 13 March 2019, the Secretary of State for Energy underlined in the National Assembly, in the scope of the Parliamentary Commission of Inquiry on the Payment of Excessive Income to Electricity Producers, that this is not an innovative feature issue but a competition issue and is being handled by the Competition Authority (AdC).

The EDP Group considers that EDP Produção has not exercised any abuse of a dominant position, having acted strictly in accordance with the legal framework in force and taking any strategy other than that adopted to losses for the EDP Group.

#### Innovative Features

On 9 July 2018, EDP has been notified, within the scope of a stakeholder hearing promoted by the DGEG, to present its opinion on the possibility of DGEG proposing to the Secretary of State for Energy an amount associated with the alleged "innovative features" introduced in CMEC regime regarding PPA, to a maximum amount of 357.9 million Euros. According to the DGEG, this amount shall be associated with the lack of legal scope for tests on the availability of the CMEC plants (285 million Euros) and the above mentioned ancillary services (72.9 million Euros).

# WE LOVE ENERGY

## EDP - Energias de Portugal, S.A.

### Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018

On 26 September 2018, EDP Produção was notified of the Order of the SEE of 29 August, which considers as an "innovative aspect" the topic "procedures for calculating the verified availability coefficient", quantified at 285 million Euros. This Order refers to the alleged lack of legal forecast of availability tests of CMEC plants. Considering that the Order in question lacks technical, economic and legal basis, on 8 October EDP Produção has submitted an administrative appeal.

Subsequently, EDP Produção received a letter from ERSE dated 12 November 2018 and became aware of the Order of the SEE of 4 October, which, following the Order of 29 August, declared the annulment of the annual adjustments in the part in which they considered the alleged "innovative aspect" concerning the procedures for calculating the coefficient of availability. In the Tariff and Price Document for 2019, ERSE considered the refund of an amount of 90 million Euros for a portion of the 285 million Euros referred to, expecting that the remaining portion will be paid for a number of years that allow the CMEC to have zero tariff impact by including the 86.5 million Euros in the tariffs of 2020, 86.5 million Euros in tariffs of 2021 and 21.9 million Euros in 2022.

Without having received any response to the gracious complain filed on 1 February 2019, EDP Produção challenged in court the Orders of 29 August and 4 October and the Tariff and Price Document for 2019.

Although the EDP Group considers that there were no innovative features weighted in CMEC adjustments, this aspect was reflected in these financial statements as of 31 December 2018, by recognising a provision of 285 million Euros. On 31 March 2019 EDP maintains the provision in its accounts.

#### Hydro power plants of Fridão and Alvito

On 17 December 2008, EDP Produção and the Portuguese State signed the Contract for the Implementation of the National Program for High Hydroelectric Potential Power Plants (PNBEPH) regarding the Hydro Power Plants of Fridão (AHF) and Alvito (AHA), with the payment, by EDP PRodução of 231.7 million Euros. Of this amount, 217,798 thousand Euros relates to the right to implement and exploit the AHF.

EDP Produção followed up on the procedures for the implementation of these projects, having, in the case of the AHF, obtained a Favorable Environmental Impact Declaration and an Environmental Compliance Report of the Execution Project (RECAPE).

On 22 October 2013, EDP Produção requested to the Minister of the Environment, Land Management and Energy, based on a change of circumstances, to postpone the signing of the concession contract for the AHF. This request was formally rejected on 2 May 2014, and the terms of the concession contract was subsequently negotiated between EDP Produção and the Portuguese Environmental Agency (APA) and a specific date for the respective signature for 30 September 2015, which was revoked by the Government without rescheduling a new date.

In 2016, following the beginning of the XXI Constitutional Government, the Government Program provided the reassessment of the PNBEPH. In this context, it was agreed to suspend for three years the execution of the Contract for the implementation of the AHF, as well as the annulment of the implementation Contract regarding AHA, through a Memorandum of Understanding signed on 5 December 2016, concluded by an agreement between the Portuguese State and EDP Produção on 11 April 2017.

This deferral decision was taken based of public interest reasons, considering the evolution of installed power and energy demand since 2008 (conclusion date of the Implementation Contract) until 2016. It is not clear that the AHF would be an energy surplus that would offset the environmental impacts resulting from its implementation.

On 16 April 2019 EDP Produção received, by email, an official letter from the Ministry of the Environment and Energy Transition, dated 11 April 2019, informing the State's conclusion that there is no need for implementation of AHF to meet national targets for Renewable Energy Source and Greenhouse Gas Reduction, as well as "that the State does not find any reason to inhibit the construction of the Fridão Hydro Power Plant".

Simultaneously, the Minister of the Environment and Energy Transition (MATE) announced at the National Assembly, in a hearing at the Environment, Land-use Planning, Decentralization, Local Power and Housing Committee, that the State's decision was not to build the AHF and that "the State will always comply with the contract but believes there are no reasons for any repayment of the amount that was given to the State ten years ago". It acknowledged, however, that there was no agreement with EDP on this matter.

In response, on 17 April 2019 EDP Produção sent a letter requesting clarification, pointing out that: i) it is the responsibility of the State alone to decide whether or not to implement the AHF; (ii) at no time EDP Produção demonstrated intention not to proceed with the implementation of the AHF without reimbursement of the financial contribution paid in 2009 following the provisional award, and iii) to request the Government to clarify its importance for the implementation of the AHF.

In the absence of a reply, on 30 April 2019, EDP Produção notified the representatives of the Portuguese State in the Implementation Agreement (the Minister of Finance, Minister of the Environment and Energy Transition and Deputy Minister of Economy) of its intention to proceed with the implementation of the AHF, informing that it considers that the conditions for the final award are met, adding the evidence of the contractor required by No. 29.1. of the Tender Program and requesting compliance of the Implementation Agreement.

Since there has been no reply to EDP Produção's letters to date, and since the letter sent by MATE regarding the decision on the AHF is not conclusive, it is considered that there is no basis for the non-execution of the Implementation Agreement of AHF under the terms defined.

In case that the decision announced by MATE in the National Assembly is formalized, the EDP Group will not fail to equate the use of the judicial means at its disposal for the return of the amounts corresponding to the investment made and the compensation of other losses suffered by the EDP Produção.

**EDP - Energias de Portugal, S.A.**  
**Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018**

## 5. Financial Risk Management Policies

### Financial risk management

The EDP Group's business is exposed to a variety of financial risks, including the effect of changes in market prices, foreign exchange and interest rates. The Group's exposure to financial risks arises essentially from its debt portfolio, its investments and from the volatility of commodity prices, resulting in interest and exchange rate exposures as well as commodity market prices exposures. The status and evolution of the financial markets are analysed on an on-going basis in accordance with the Group's risk management policy. Derivative financial instruments are used to minimise potential adverse effects, resulting from interest rate, foreign exchange rate and commodity prices risks on EDP Group's financial performance.

The management of financial risks of EDP, S.A. and other EDP Group entities is undertaken centrally by EDP, S.A., in accordance with policies approved by the Executive Board of Directors. The Financial Department and the Energy Management Business Unit identify, evaluate and submit to the Board, for approval, hedging mechanisms appropriate to each exposure. The Executive Board of Directors is responsible for the definition of general risk management principles and the establishment of exposure limits.

As for the subsidiaries in Brazil, the management of the financial risks inherent to the variation of interest rates, exchange rates and commodities is carried out locally, according to the principles set by rules of EDP - Energias do Brasil's Management and aligned with the principles/policies set by the EDP Group for this geographical area.

### Exchange-rate risk management

EDP Group operates in different geographies, therefore becoming exposed to exchange rate risk in US Dollar (USD), Brazilian Real (BRL), Romanian Leu (RON), Polish Zloty (PLN), Canadian Dollar (CAD) and Pound Sterling (GBP). Currently, the exposure to USD/EUR, PLN/EUR, RON/EUR, CAD/EUR and GBP/EUR exchange rate risk results essentially from investments of EDP Group in wind parks (and solar) in the USA, Poland, Romania, Canada and United Kingdom, respectively. The exposure to BRL/EUR exchange rate risk results essentially from investments of EDP Group in EDP Brasil SA and EDP Renováveis Brasil. The majority of these investments were financed with debt contracted in the respective local currency which allows to mitigate the exchange rate risk related to these assets, and such financing is complemented in certain cases with derivatives to hedge exchange-rate risk on net investment.

The policy implemented by the EDP Group consists of undertaking derivative financial instruments to hedge exchange rate risk with similar terms to those of the hedged asset or liability. The operations are revalued and monitored throughout their useful lives and, periodically, their effectiveness in controlling and hedging the risk that gave rise to them is assessed.

The Brazilian subsidiaries exposed to the USD/BRL exchange rate risk as a result of their USD debt, use derivative financial instruments to hedge this risk. Additionally, investments in the Brazilian subsidiaries of EDP Energias do Brasil, whose net assets expressed in BRL are exposed to exchange rate risks, are monitored through analysis of the evolution of the BRL/EUR exchange rate.

In the hedge relationships, the main source of ineffectiveness is the effect of the counterparties' and the Group's own credit risk on the fair value of the forward foreign exchange contracts and cross currency interest rate swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates.

### Sensitivity analysis - exchange rate

Regarding the financial instruments that result in an exchange rate risk exposure, a fluctuation of 10% in the EUR/USD exchange rate, as at 31 March 2019 and 2018, would lead to an increase/(decrease) in the EDP Group results and/or equity as follows:

Thousand Euros	Mar 2019			
	Profit or loss		Equity	
	+10%	-10%	+10%	-10%
USD	54,307	-66,375	-120,757	147,592
	<u>54,307</u>	<u>-66,375</u>	<u>-120,757</u>	<u>147,592</u>

  

Thousand Euros	Mar 2018			
	Profit or loss		Equity	
	+10%	-10%	+10%	-10%
USD	20,614	-25,195	-62,102	75,903
	<u>20,614</u>	<u>-25,195</u>	<u>-62,102</u>	<u>75,903</u>

This analysis assumes that all other variables, namely interest rates, remain unchanged.

# WE LOVE ENERGY

## EDP - Energias de Portugal, S.A.

### Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018

#### Interest rate risk management

The aim of the interest rate risk management policies is to manage the financial charges and to reduce the exposure to interest rate risk from market fluctuations.

In the floating rate financing context, the EDP Group enters, when considered appropriate, into interest rate derivative financial instruments to hedge the cash flows associated with future interest payments, which have the effect of converting floating interest rate loans into fixed interest rate loans.

Long-term loans engaged at fixed rates are, when appropriate, converted into floating rate loans through interest rate derivative financial instruments designed to level them to current and expected market conditions.

All the operations are undertaken on liabilities in the EDP Group's debt portfolio and mainly involve perfect hedges, resulting in a high level of correlation between changes in fair value of the hedging instrument and changes in fair value of the interest rate risk or future cash flows.

In the hedge relationships, the main source of ineffectiveness is the effect of the counterparty's and the Group's own credit risk on the fair value of the interest rate swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates.

The EDP Group has a portfolio of interest rate derivatives with maturities up to 9 years. The Group's Financial Departments undertake sensitivity analyses of the fair value of financial instruments to interest rate fluctuations. As at 31 March 2019, after the hedging effect of the derivatives 61% of the Group's liabilities are at fixed rate.

#### Sensitivity analysis - Interest rates (excluding the Brazilian operations)

Based on the Group's debt portfolio, except for Brazil, and the related derivative financial instruments used to hedge the related interest rate risk, a 50 basis points change in the reference interest rates at 31 March 2019 and 2018 would lead to an increase/(decrease) in the EDP Group results and/or equity as follows:

Thousand Euros	Mar 2019			
	Profit or loss		Equity	
	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
<b>Cash flow effect:</b>				
Hedged debt	-14,052	14,052	-	-
Unhedged debt	-4,171	4,171	-	-
<b>Fair value effect:</b>				
Cash flow hedging derivatives	-	-	6,665	-4,819
Trading derivatives (accounting perspective)	2,782	-6,855	-	-
	<b>-15,441</b>	<b>11,368</b>	<b>6,665</b>	<b>-4,819</b>

  

Thousand Euros	Mar 2018			
	Profit or loss		Equity	
	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
<b>Cash flow effect:</b>				
Hedged debt	-14,821	14,821	-	-
Unhedged debt	-10,753	10,753	-	-
<b>Fair value effect:</b>				
Cash flow hedging derivatives	-	-	11,799	-12,847
Trading derivatives (accounting perspective)	-3,167	-1,962	-	-
	<b>-28,741</b>	<b>23,612</b>	<b>11,799</b>	<b>-12,847</b>

This analysis assumes that all other variables, namely exchange rates, remain unchanged.

#### Brazil - Exchange and interest rate risk management

Stress tests and sensitivity analysis are carried out for purposes of risk management in the Brazilian subsidiaries. Through these two tools, the financial impact in different market scenarios is monitored.

For sensitivity analysis, the exposure of portfolio of operations is evaluated through 25% and 50% changes in the main risk factors, currency and interest rates. The stress test is performed on the fair value of the operations and uses as premise the interest rate curve projections of the main crises that affected the Brazilian market.

#### Brazil - Sensitivity analysis - exchange rate

The Brazilian subsidiaries are solely exposed to the USD/BRL exchange rate, arising from USD debt for which the exposure is completely offset by cross currency interest rate swaps.

**EDP - Energias de Portugal, S.A.**  
**Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018**

**Brazil - Sensitivity analysis - Interest rates**

Based on the portfolio of operations, a 25% change in the interest rates, to which the Brazilian subsidiaries are exposed to, would have an impact to EDP Energias do Brasil Group, at 31 March 2019 and 2018, in the amount of:

Thousand Euros	Mar 2019	
	+ 25%	- 25%
Financial instruments - assets	7,081	-7,091
Financial instruments - liabilities	-54,802	55,009
Derivative financial instruments	-1,012	1,085
	<b>-48,733</b>	<b>49,003</b>

  

Thousand Euros	Mar 2018	
	+ 25%	- 25%
Financial instruments - assets	7,008	-7,011
Financial instruments - liabilities	-76,439	77,069
Derivative financial instruments	-1,759	912
	<b>-71,190</b>	<b>70,970</b>

**Counterparty credit risk management**

EDP Group's policy in terms of counterparty risk on financial transactions is managed through an analysis of the technical capacity, competitiveness, credit rating and exposure to each counterparty, avoiding significant concentrations of credit risk. Counterparties in derivative financial instruments are institutions with high credit rating so the risk of counterparty default is not considered to be significant. Therefore, guarantees and other collaterals are not typically required for these transactions.

EDP Group has documented its financial operations in accordance with international standards. Derivative financial instruments are mainly contracted under ISDA Master Agreements.

Regarding the remaining receivables from companies and individual customers, resulting from the current activity of EDP Group, the credit risk is essentially the result of customers defaults, whose exposure is limited to the supply made until the possible date of supply disruption. A very criterious credit risk analysis made for new costumers, as well as the large number of customers and their diversity in terms of sectors of activity are some of the main factors that mitigate the concentration of counterparty credit risk.

EDP Group believes that the amount that best represents the Group's exposure to credit risk corresponds to the carrying amount of customers and of Contract assets related to energy sales net of the impairment losses recognised. The Group believes that the credit quality of these receivables is adequate and that no significant impaired credits exist that have not been recognised as such and provided for.

**Liquidity risk management**

The EDP Group undertakes management of liquidity risk through the engagement and maintenance of credit lines and financing facilities with a firm underwriting commitment with international reliable financial institutions as well as term deposits, allowing immediate access to funds. These credit lines are used to complement and backup national and international commercial paper programmes, allowing the EDP Group's short-term financing sources to be diversified (see note 31).

**Energy market risk management**

In its operations in the Iberian market for electricity and gas, EDP Group purchases fuel to generate electric energy and sells the electric energy generated by its plants in the organised market (OMIE and OMIP) as well as to third parties or, in gas business, may sell the gas to EDP Group's trading companies or directly to third parties. Given this, the Group is exposed, since July 2017, to energy market risks. Previously, some electricity generating plants, despite operating in the market, were subject to the CMEC legislation, and the changes in the operating margins were determined essentially by the difference between the prices in the market and the reference indexes defined in the contracts.

As a result of its energy management operations, EDP Group has a portfolio of operations related to electricity and gas businesses. The portfolio is managed through the engagement of operations with financial and physical settlement on the forward energy markets. The objective of the operations is to reduce volatility of the financial impact resulting from the managed positions and also to benefit from arbitration or positioning within the trading limits approved by the Executive Board of Directors. The financial instruments traded include swaps (electricity, coal and gas) and futures to fix prices.

In the hedge relationships, the main source of ineffectiveness is the effect of the counterparty's and the Group's own credit risk on the fair value of the derivative financial derivatives, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in market prices.

Energy management activity is subject to a series of variables which are identified and classified based on their common uncertainty characteristics (or risk). Such risks include market price evolution risk (electricity and fuel) with impact in the expected energy volume generated, as well as credit risk of the counterparties.

# WE LOVE ENERGY

## EDP - Energias de Portugal, S.A.

### Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018

Monitoring the price, volume and credit risks includes their quantification in terms of positions at risk which can be adjusted through market operations. This quantification is made by using specific models that value positions so as to determine the maximum loss that can be incurred, with a given probability and a determined time frame.

Risks are managed in accordance with the strategies defined by the Executive Board of Directors, which are subject to a periodic review based on the evolution of the operations, in order to change the profile of the positions and adjust them to the established management objectives.

Risks are monitored by means of a series of actions involving daily monitoring of the different risk indicators, of the operations grouped in the systems and the prudence limits defined by management area and risk component, as well as regular backtesting and supplementary validation of the models and assumptions used. This monitoring not only ensures the effectiveness of the strategies implemented, but also provides elements to enable initiatives to be taken to correct them, if necessary.

The principal price and volume risk indicator used is the margin at risk (P@R), which estimates the impact of the variation of the different risk factors (price of electricity and hydrological) on the next 24 month's margin, P@R corresponding to the difference between an expected margin and a margin of a pessimistic scenario with a probability to occur of 5% (confidence interval of 95%) considering a time frame of 2 years. Both the volumes which are certain and those, which although uncertain, are expected, namely production of the plants and the corresponding consumption of fuel, are considered. The P@R distribution by business segment is as follows:

Thousand Euros		P@R Distribution by business segment	
		Mar 2019	Dec 2018
<b>Business</b>	<b>Portfolio</b>		
Electricity	Trading	12,539	50,559
Electricity	Trading + Hedging	184,309	216,655
Gas	Hedging	23,795	22,049
Diversification effect		-21,768	-23,063
		<b>198,875</b>	<b>266,199</b>

Regarding credit risk, the quantification of exposure considers the amount and type of transaction (e.g. swap or forward), the rating of the counterparty risk that depends on the probability of default and the expected value of credit to recover, which varies depending on the guarantees received or the existence of netting agreements. The EDP Group's exposure to credit risk rating is as follows:

	Mar 2019	Dec 2018
<b>Credit risk rating (S&amp;P)</b>		
AAA to AA-	-	0.16%
A+ to A-	37.92%	34.87%
BBB+ to BBB-	57.91%	61.12%
BB+ to B-	0.47%	0.87%
No rating assigned	3.70%	2.98%
	<b>100.00%</b>	<b>100.00%</b>

#### Capital management

EDP is not an entity subject to regulation in terms of capital or solvency ratios. Therefore, capital management is carried out within the financial risk management process of the entity.

Additionally, management describes this aspect of its strategic objectives, policies and processes to manage risks, including the financial risks, in the chapters of the Annual Report of 2018:

#### 02 Strategic Approach

*2.2.2 Strategic Guidelines Compliance - Continue Financial Deleveraging; and*

*2.3 Risk Management: Key Risks - Financial; Risk Appetite - Financial.*

#### 04 Corporate Governance

*53 The main types of economic, financial and legal risk - Financial risks.*

The Group's goal in managing capital is to safeguard the Group's capacity to continue operating as a going concern, grow steadily to meet established objectives and maintain an optimum capital structure to reduce equity cost.

In conformity with other groups operating in this sector, the Group controls its financing structure based on several control mechanisms and ratios.

**EDP - Energias de Portugal, S.A.**  
**Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018**

## 6. Consolidation Perimeter

During the three-month period ended 31 March 2019, the following changes occurred in the EDP Group consolidation perimeter:

### Companies acquired:

- EDP Renováveis, S.A. acquired, in Colombia, 100% of the companies Eolos Energías, S.A.S. E.S.P. and Vientos del Norte, S.A.S. E.S.P. These operations were classified as asset purchases, out of scope of IFRS 3 – Business Combinations, due to the substance of these transactions, the type of assets acquired and the very early stage of the projects.
- EDP Renováveis Brasil, S.A. acquired 100% of the companies Central Eólica Boqueirão I, S.A., Central Eólica Boqueirão II, S.A., Monte Verde Holding, S.A. and Jerusalém Holding, S.A.. These operations were classified as asset purchases, out of scope of IFRS 3 – Business Combinations, due to the substance of these transactions, the type of assets acquired and the very early stage of the projects.
- The acquisition, by EDP Renewables Europe, S.L.U., of 32% of the company Dunkerque Éoliennes en Mer, S.A.S. was classified as an asset purchase, out of scope of IFRS 3 – Business Combinations, due to the substance of the transaction, the type of assets acquired and the very early stage of the project.
- EDPR Offshore España, S.A.S. acquired, directly or indirectly, 100% of the companies B-Wind Polska, Sp. z o.o., C-Wind Polska, Sp. z o.o., Ventum Ventures III Holding, B.V., Fluctus V, B.V., Fluctus VI, B.V., Fluctus VII, B.V. and 30% of the companies Frontier Beheer Nederland, B. V. and Frontier, C.V. These operations were classified as asset purchases, out of scope of IFRS 3 – Business Combinations, due to the substance of these transactions, the type of assets acquired and the very early stage of the projects.
- The acquisition, by EDP Renewables Polska, Sp. z o.o., of 100% of the company EDPR Polska Solar Sp. z o.o. was classified as an asset purchase, out of scope of IFRS 3 – Business Combinations, due to the substance of the transaction, the type of assets acquired and the very early stage of the project.

### Companies sold and liquidated:

- EDP Distribuição de Energia, S.A. liquidated EDP MOP - Operação de Pontos de Carregamento de Mobilidade Elétrica, S.A.

### Companies incorporated:

- Save to Compete, S.A.;
- Little Brook Solar Park LLC \*;
- Bright Stalk Solar Park LLC \*;
- Crossing Trails Wind Power Project II LLC \*;
- EDPR Japan GK.

\* EDP Group holds, through EDP Renováveis and its subsidiaries, a set of subsidiaries legally established in the United States without share capital and that, as at 31 March 2019, do not have any assets, liabilities or any operating activity.

## 7. Revenues and cost of Energy Sales and Services and Other

Revenues from energy sales and services and other, by sector, are as follows:

Thousand Euros	Group		Company	
	Mar 2019	Mar 2018	Mar 2019	Mar 2018
Electricity and network access	3,263,124	3,655,218	727,606	721,093
Gas and network access	268,102	284,924	-	-
Sales of CO2 Licenses	-	-	108,951	34,369
Revenue from assets assigned to concessions	160,657	56,663	-	-
Other	52,294	35,585	41,343	40,500
	3,744,177	4,032,390	877,900	795,962

Revenues from energy sales and services and other, by geographical market, for the Group, are as follows:

Thousand Euros	Mar 2019					
	Portugal	Spain	Brazil	USA	Other	Group
Electricity and network access	1,605,588	748,951	646,034	165,047	97,504	3,263,124
Gas and network access	99,042	169,060	-	-	-	268,102
Revenue from assets assigned to concessions	40,407	-	120,250	-	-	160,657
Other	15,735	17,793	18,413	-	353	52,294
	1,760,772	935,804	784,697	165,047	97,857	3,744,177

  

Thousand Euros	Mar 2018					
	Portugal	Spain	Brazil	USA	Other	Group
Electricity and network access	1,977,793	736,376	701,759	155,751	83,539	3,655,218
Gas and network access	71,853	213,071	-	-	-	284,924
Revenue from assets assigned to concessions	26,702	-	29,961	-	-	56,663
Other	10,524	7,498	17,474	-	89	35,585
	2,086,872	956,945	749,194	155,751	83,628	4,032,390



# WE LOVE ENERGY

## EDP - Energias de Portugal, S.A.

### Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018

The caption Electricity and network access in Portugal, on a consolidated basis, includes a net revenue of 320,799 thousand Euros (revenue in 31 March 2018: 313,404 thousand Euros) regarding tariff adjustments of the period (see notes 23 and 35). This caption also includes a net cost of 16,488 thousand Euros (31 March 2018: net cost of 7,895 thousand Euros) related to recognition of tariff adjustments for the period in Brazil (see notes 23 and 35).

Additionally, the caption Electricity and network access includes, on a consolidated basis, a positive amount of 19,131 thousand Euros (31 March 2018: positive amount of 31,291 thousand Euros) related to the contractual stability compensation (CMEC) as a result of the power purchase agreements (PPA) termination, including a income of 20,963 thousand Euros related to the CMEC final adjustment (31 March 2018: positive amount of 939 thousand Euros), net from the recognised provision due to the final adjustment official approval (see note 4).

The caption Electricity and network access, on a company basis, includes 367,881 thousand Euros (31 March 2018: 334,783 thousand Euros) related with energy sales under the purchase and sale agreement of evolutive energy between EDP, S.A. and EDP Comercial.

The breakdown of Revenues from energy sales and services and other by segment, are as follows (see note 46 - Operating Segments).

	Mar 2019					
	Reported Operating Segments				Other Segments	Group
	Renewables	Networks	Client Solutions & Energy Management	Total		
Thousand Euros						
Electricity and network access	356,263	942,666	1,964,198	3,263,127	-2	3,263,125
Gas and network access	-	4,690	263,412	268,102	-	268,102
Revenue from assets assigned to concessions	-	160,652	6	160,658	-	160,658
Other	12,415	10,918	27,069	50,402	1,890	52,292
	<u>368,678</u>	<u>1,118,926</u>	<u>2,254,685</u>	<u>3,742,289</u>	<u>1,888</u>	<u>3,744,177</u>

  

	Mar 2018					
	Operating Segments				Other Segments	Group
	Renewables	Networks	Client Solutions & Energy Management	Total		
Thousand Euros						
Electricity and network access	338,780	1,227,544	2,088,784	3,655,108	110	3,655,218
Gas and network access	-	5,212	279,712	284,924	-	284,924
Revenue from assets assigned to concessions	-	56,646	16	56,662	-	56,662
Other	26,624	10,355	-5,153	31,826	3,760	35,586
	<u>365,404</u>	<u>1,299,757</u>	<u>2,363,359</u>	<u>4,028,520</u>	<u>3,870</u>	<u>4,032,390</u>

The segment "Client Solutions & Energy Management" includes sales of renewable energy, hydro and wind, carried out by EDP SA's energy management business unit, as part of its intermediation activity, and sales by the last resource supplying in Portugal, EDP S.U.

Revenues from energy sales and services and other by segment are considered globally as "overtime" and not as "at a point in time".

Cost of energy sales and other are as follows:

Thousand Euros	Group		Company	
	Mar 2019	Mar 2018	Mar 2019	Mar 2018
<b>Cost of electricity</b>	1,695,107	2,059,429	710,338	694,526
<b>Cost of gas</b>	314,685	295,938	-	-
<b>Expenditure with assets assigned to concessions</b>	141,787	56,663	-	-
<b>Changes in inventories and cost of raw materials and consumables used</b>				
Fuel, steam and ashes	136,766	128,885	-	-
Gas	11,892	41,290	-	-
CO2 Licenses	64,131	22,111	115,549	34,354
Own work capitalised	-858	-343	-	-
Other	19,796	35,151	-19,760	8
	<u>2,383,306</u>	<u>2,639,124</u>	<u>806,127</u>	<u>728,888</u>

Cost of electricity includes, on a company basis, costs of 329,396 thousand Euros (31 March 2018: 323,868 thousand Euros) with the purchase of energy under the agreement for management, purchase and resale of energy signed between EDP, S.A. and EDP Gestão da Produção de Energia, S.A.

**EDP - Energias de Portugal, S.A.**  
**Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018**

Under the terms of concession contracts of EDP Group to which IFRIC 12 is applicable, the construction activities are outsourced to external specialised entities. The revenue and the expenditure with the acquisition of these assets are as follows:

Thousand Euros	Group	
	Mar 2019	Mar 2018
<b>Revenue from assets assigned to concessions</b>	<b>160,657</b>	<b>56,663</b>
<b>Expenditure with assets assigned to concessions</b>		
Subcontracts and other materials	-116,782	-32,601
Personnel costs capitalised (see note 10)	-19,406	-22,526
Capitalised borrowing costs (see note 13)	-5,599	-1,536
	<b>-141,787</b>	<b>-56,663</b>

Revenue from assets assigned to concessions include 78,307 thousand Euros relative to electricity distribution concessions in Portugal and in Brasil resulting from the application of the mixed model. Additionally, it also includes the revenue related to the asset to be received by EDP Group under the transmission concessions in Brazil (see note 23).

The Directive 13/2018, of 15 December, on tariffs to be in force in 2019, clarified the performance of EDP Distribuição in the purchase and sale of access to the transmission network (CVART). Therefore, as EDP Distribuição is only an agent in this activity, as of 15 December 2018, the amounts associated are recorded at net value. On a consolidated basis, the change in this accounting mainly explains the variation in Revenues and cost of Energy Sales and Services and Other.

On an individual basis, the change in Revenues and cost of Energy Sales and Services and Other, mainly refers to the increase in the quantities and prices related to the CO2 licenses contracted by EDP SA's energy management business unit, as part of its intermediation activity, for the Group companies.

#### 8. Other Income

Other income, for the Group, are as follows:

Thousand Euros	Group	
	Mar 2019	Mar 2018
Income arising from institutional partnerships - EDPR NA (see note 34)	46,510	52,067
Gains from contractual indemnities and insurance companies	4,796	5,896
Other	50,513	26,639
	<b>101,819</b>	<b>84,602</b>

Income arising from institutional partnerships - EDPR NA relates to income arising from production and investment tax credits (PTC/ITC), mostly from accelerated tax depreciation, regarding Vento I to XVIII, Sol I, Sol II and Blue Canyon I projects, in wind farms and solar plants in USA (see note 34).

The caption Other includes gains on the reinsurance activity, gains in the adjustment of contingent prices of sale operations and gains on the sale of property, plant and equipment.

#### 9. Supplies and Services

Supplies and services are as follows:

Thousand Euros	Group		Company	
	Mar 2019	Mar 2018	Mar 2019	Mar 2018
Consumables and communications	8,176	11,484	1,927	1,963
Rents and leases	9,657	34,447	1,402	13,961
Maintenance and repairs	89,361	80,750	10,746	6,111
Specialised works:				
- Commercial activity	38,099	34,684	63	81
- IT services, legal and advisory fees	19,828	10,220	7,749	1,543
- Other services	8,882	9,756	5,069	5,305
Provided personnel	-	-	2,004	1,686
Other supplies and services	25,607	28,157	3,590	4,360
	<b>199,610</b>	<b>209,498</b>	<b>32,550</b>	<b>35,010</b>

The decrease in Rents and leases in the amount of 17,999 thousand Euros results from the adoption of IFRS 16 on 1 January 2019 (see note 3). As at 31 March 2019 this caption includes mainly costs for variable lease payments and rental costs for short-term leases.

# WE LOVE ENERGY

EDP - Energias de Portugal, S.A.

## Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018

### 10. Personnel Costs and Employee Benefits

Personnel costs and employee benefits are as follows:

Thousand Euros	Group		Company	
	Mar 2019	Mar 2018	Mar 2019	Mar 2018
<b>Personnel costs</b>				
Board of Directors remuneration	4,498	3,842	1,703	1,568
Employees' remuneration	123,143	122,168	10,208	10,033
Social charges on remuneration	29,125	29,114	2,503	2,422
Performance, assiduity and seniority bonus	14,163	17,877	-1,465	3,185
Other costs	6,205	5,798	250	61
Own work capitalised:				
- Assigned to concessions (see note 7)	-19,406	-22,526	-	-
- Other (see note 16)	-13,526	-8,670	-	-
	144,202	147,603	13,199	17,269
<b>Employee benefits</b>				
Pension plans costs	5,608	5,866	603	584
Medical plans costs and other benefits (see note 32)	1,568	1,697	89	85
Other	7,909	7,465	498	585
	15,085	15,028	1,190	1,254
	159,287	162,631	14,389	18,523

Pension plans costs include 1,387 thousand Euros (31 March 2018: 2,226 thousand Euros) related to defined benefit plans (see note 32) and 4,221 thousand Euros (31 March 2018: 3,640 thousand Euros) related with defined contribution plans.

The variation in the caption Performance, assiduity and seniority bonus, for the Company, essentially results from the bonus 2018 adjustment registered in the first quarter of 2019.

During the first quarter of 2019, no treasury stocks were granted to employees.

### 11. Other Expenses

Other Expenses are as follows:

Thousand Euros	Group	
	Mar 2019	Mar 2018
Concession rents paid to local authorities and others	70,394	74,917
Direct and indirect taxes	76,088	110,259
Donations	1,079	2,672
Other	20,732	12,032
	168,293	199,880

The caption Concession rents paid to local authorities and others includes essentially the rents paid to the local authorities under the terms of the low tension electricity distribution concession contracts and rents paid to city councils where the power plants are located.

As at 31 March 2019, the caption Direct and indirect taxes includes property tax and other taxes and levies. The decrease of the caption with respect to 31 March 2018 results mainly from the entry into force of the Spanish Royal Decree 15/2018, which suspended the tax of 7% over electricity generation in Spain for a period of six months, being this period from October 2018 to March 2019, and from the consequent suspension of the Clawback mechanism, in Portugal, during the same period (see note 4).

The caption Other includes losses on the reinsurance activity and losses on property, plant and equipment.

**EDP - Energias de Portugal, S.A.**  
**Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018**

## 12. Amortisation and Impairment

Amortisation and impairment are as follows:

Thousand Euros	Group		Company	
	Mar 2019	Mar 2018	Mar 2019	Mar 2018
Depreciation/impairment of Property, plant and equipment (see note 16)	256,106	255,272	1,770	11,006
Depreciation/impairment of Right of use asset (see note 17)	14,533	-	1,903	-
Amortisation/impairment of Intangible assets (see note 18)	103,272	94,951	3,393	420
	373,911	350,223	7,066	11,426
Amortisation/impairment of Investment property	88	1,635	432	1,767
	373,999	351,858	7,498	13,193
Compensation of depreciation				
Partially-funded property, plant and equipment (see note 35)	-6,278	-5,580	-	-
Amortisation of Incremental costs of obtaining contracts with customers (see note 23)	5,407	5,064	-	-
Impairment of Goodwill (see note 19)	505	-	-	-
	373,633	351,342	7,498	13,193

The partially-funded property, plant and equipment is depreciated on the same basis and at the same rates as the Group's remaining assets, being the corresponding cost compensated through the amortisation of the amounts received (booked under Trade payables and other liabilities from commercial activities) on the same basis and at the same rates as the corresponding partially-funded assets.

## 13. Financial Income and Expenses

Financial income and expenses are as follows:

Thousand Euros	Group		Company	
	Mar 2019	Mar 2018	Mar 2019	Mar 2018
Financial income	78,546	128,130	188,137	857,775
Financial expenses	-264,205	-255,431	-157,941	-353,411
	-185,659	-127,301	30,196	504,364

Financial income and expenses, for the Group, are as follows:

Thousand Euros	Group	
	Mar 2019	Mar 2018
Interest income from bank deposits and other investments	13,381	9,619
Interest from derivative financial instruments	113	2,814
Interest income on tariff deficit:		
- Portugal - Electricity (see notes 23 and 35)	1,286	3,404
- Brazil - Electricity (see notes 23 and 35)	-181	459
Capitalised borrowing costs:		
- Assigned to concessions (see note 7)	5,599	1,536
- Other (see note 16)	3,586	5,177
Interest expense on financial debt	-168,600	-160,050
Other interest	3,893	6,421
Derivative financial instruments	-4,983	25,079
Foreign exchange	-916	-353
CMEC:		
- Interest on the initial CMEC	8,414	9,207
- Financial effect considered in the calculation	1,998	1,828
- Unwinding (see note 36)	-3,356	-3,404
Gains on the sale of financial investments	-	14,790
Gains on the sale of the electricity tariff deficit - Portugal (see note 23)	-	2,591
Net interest on the net pensions plan liability (see note 32)	-2,659	-2,787
Net interest on the medical liabilities and other benefits (see note 32)	-6,043	-7,380
Unwinding of discounted liabilities	-31,856	-29,954
Unwinding of liabilities regarding the rents due from lease contracts (see note 36)	-10,018	-
Other financial results	4,683	-6,298
<b>Financial income/(expenses)</b>	<b>-185,659</b>	<b>-127,301</b>

Capitalised borrowing costs includes the interest capitalised in assets under construction according to Group accounting policy. Regarding the rate applicable to borrowing costs related with tangible/intangible assets under construction that is used in the determination of the amount of borrowing costs eligible for capitalisation (see notes 16 and 18), it varies depending on the country and currency, since EDP Group incorporates in its scope of consolidation a significant number of subsidiaries in several geographies with different currencies.

# WE LOVE ENERGY

## EDP - Energias de Portugal, S.A.

### Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018

The Unwinding of discounted liabilities refers essentially to: (i) the unwinding of the dismantling and decommissioning provision for wind generation assets of 1,653 thousand Euros (31 March 2018: 1,494 thousand Euros) (see note 33); (ii) the implied financial return in institutional partnership in USA of 21,607 thousand Euros (31 March 2018: 20,456 thousand Euros) (see note 34); and (iii) the financial expenses related to the discount of the liability associated to the concessions of Alqueva/Pedrogão, Investco and Enerpeixe of 5,681 thousand Euros (31 March 2018: 3,491 thousand Euros).

The caption Unwinding of liabilities regarding the rents due from lease contracts includes the financial updating inherent to the rents due from lease contracts recorded at present value, with the adoption of IFRS 16 on 1 January 2019 (see notes 3 and 36).

The Derivative financial instruments caption includes income and expenses related with financial assets and liabilities measured and fair value through profit and loss, while the remaining captions of financial income and expenses are registered at amortised cost, based on the effective interest rate method.

Financial income and expenses, for the Company, are as follows:

Thousand Euros	Company	
	Mar 2019	Mar 2018
Interest income from loans to subsidiaries and related parties (see note 41)	18,953	69,986
Interest from derivative financial instruments	91	6,327
Interest expense on financial debt	-59,265	-89,384
Derivative financial instruments	-10,217	12,012
Income from equity investments (see note 41)	70,800	501,183
Unwinding of liabilities regarding the rents due from lease contracts	-1,408	-
Other interest income	11,242	4,240
<b>Financial income/(expenses)</b>	<b>30,196</b>	<b>504,364</b>

The caption Other financial results includes 10,766 thousand Euros related to nominal interests from bonds issued by EDP Finance B.V., repurchased by EDP S.A. in 2016, 2017 and 2018 (see notes 24 and 41). The effective interest of these instruments amounts to 2,473 thousand Euros (includes the recognition of premium and transaction costs associated with the buyback transaction by the effective interest rate method).

#### 14. Income Tax

The following note includes an analysis on the reconciliation between the theoretical and the effective income tax rate applicable at an individual level and at the level of the EDP Group, on a consolidated basis. In general terms, this analysis aims to quantify the impact of the income tax, recognised in the income statement, which includes both current and deferred tax.

As the EDP Group prepares and discloses its financial statements in accordance with IFRS, an alignment between the accounting of income tax expense or income and the corresponding cash flow is not mandatory. Accordingly, this analysis does not represent the income tax paid or received by the EDP Group for the correspondent reporting period.

The overall tax contribution borne by the EDP Group (which includes comments on the contributions paid to the respective states where the Group operates), as well as other relevant information (such as EDP Group's tax footprint, specific taxation over energy sector and measures to control and manage adverse tax exposures), are disclosed on the annual Sustainability Report, available on EDP website ([www.edp.com](http://www.edp.com)).

The general principles concerning EDP Group's mission and tax policy are also addressed in the same report. This document also describes the key principles with respect to transfer pricing policy applicable to the EDP Group, under which the Group's policy is to abide within the international rules, guidelines and best practises applicable in the various geographies where it operates.

It should be noted that, as a multinational group, the EDP Group fully complies with the annual obligation of communication and report, which results from the transposition to the Portuguese domestic Law of the disposals of Action 13 of the Base Erosion and Profit Shifting (named Country-by-Country Reporting), as a part of a set of measures adopted by OECD and G20 countries to enhance transparency for tax administrations. Furthermore, this obligation is fulfilled in Portugal by the parent company, within the deadlines foreseen by law.

#### Main features of the tax systems of the countries in which EDP Group operates

The statutory corporate income tax rates applicable in the main countries in which EDP Group operates are as follows:

	Mar 2019	Mar 2018
<b>Europe:</b>		
Portugal	21% - 31.5%	21% - 29.5%
Spain	25% - 26%	25% - 28%
Netherlands	25%	25%
<b>America:</b>		
Brazil	34%	34%
United States of America	24.91%	24.91%

**EDP - Energias de Portugal, S.A.**  
**Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018**

EDP Group companies are taxed, whenever possible, on a Group consolidated basis as allowed by the tax legislation of the respective countries.

As per the applicable legislation, in general terms, tax periods may be subject to review and reassessment by the various tax authorities during a limited number of years. Statutes of limitation differ from country to country, as follows: Portugal 4 years or, if tax losses or credits have been used, the number of years that such tax losses or credits may be carried forward; Spain 4 years; USA and The Netherlands 3 years; and Brazil 5 years.

Tax losses generated in each year are also subject to tax authorities review and reassessment and may be used to offset yearly taxable income assessed in the subsequent periods, as follows: in Portugal 5 years (for tax losses from 2017 to 2019); and 12 years (for tax losses of 2014, 2015 and 2016); in the Netherlands 6 years (for tax losses incurred from 2019 onwards); and 9 years (for tax losses incurred before 2018), and without term in the USA, Brazil and Spain. Moreover, in the Netherlands the tax losses of a given year may be used to recover current tax of the previous year. However, the deduction of tax losses in the USA, Portugal, Spain and Brazil may be limited to a percentage of the taxable income of each period.

EDP Group companies may, in accordance with the law, benefit from certain tax benefits or incentives in specific conditions, namely the Production Tax Credits in the USA, which are the dominant form of wind remuneration in this country, and represent an extra source of revenue per unit of electricity, over the first 10 years of the asset's life. Wind facilities that qualify for the application of the Production Tax Credits prior to 1 January 2017, benefit from 100% of the credit (\$24/MWh in 2018 and 2019 – the rate is adjusted each year for inflation). The credit amount is reduced by 20% for wind facilities qualifying in 2017, 40% in 2018 and 60% in 2019.

#### Corporate income tax provision

Income tax expense is as follows:

Thousand Euros	Group		Company	
	Mar 2019	Mar 2018	Mar 2019	Mar 2018
Current tax	58,908	-70,454	8,316	-4,286
Deferred tax	-157,643	-3,526	-1,658	216
	<b>-98,735</b>	<b>-73,980</b>	<b>6,658</b>	<b>-4,070</b>

#### Reconciliation between the theoretical and the effective income tax expense

The effective income tax rate is as follows:

Thousand Euros	Group		Company	
	Mar 2019	Mar 2018	Mar 2019	Mar 2018
Profit before tax and CESE	363,885	422,648	54,346	516,961
Income tax expense	-98,735	-73,980	6,658	-4,070
Effective income tax rate	<b>27.1%</b>	<b>17.5%</b>	<b>-12.3%</b>	<b>0.8%</b>

The difference between the theoretical and the effective income tax expense results from the application of the law provisions in the determination of the taxable base, as demonstrated below.

The reconciliation between the theoretical and the effective income tax expense for the Group, in March 2019, is as follows:

Thousand Euros	Mar 2019
<b>Profit before income tax and CESE</b>	<b>363,885</b>
Theoretical income tax rate *	29.5%
<b>Theoretical income tax expense</b>	<b>107,346</b>
Tax losses and tax credits	4,921
Tax benefits	-7,095
Differences between accounting and fiscal provisions/depreciations	3,905
Accounting/fiscal differences on the recognition/derecognition of assets	-30
Taxable differences attributable to non-controlling interests (USA)	-3,007
Other adjustments and changes in estimates	-7,305
<b>Effective income tax expense as per the Consolidated Income Statement</b>	<b>98,735</b>

\* Average tax rate considering the different tax rates applicable to EDP Group companies in Portugal

# WE LOVE ENERGY

## EDP - Energias de Portugal, S.A.

### Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018

The reconciliation between the theoretical and the effective income tax expense for the Group, in March 2018, is as follows:

Thousand Euros	Mar 2018
<b>Profit before income tax and CESE</b>	422,648
Theoretical income tax rate *	29.5%
<b>Theoretical income tax expense</b>	124,681
Tax benefits	-6,726
Differences between accounting and fiscal provisions/depreciations	3,270
Accounting/fiscal differences on the recognition/derecognition of assets	-38,914
Taxable differences attributable to non-controlling interests (USA)	-6,464
Other adjustments and changes in estimates	-1,867
<b>Effective income tax expense as per the Consolidated Income Statement</b>	73,980

\* Average tax rate considering the different tax rates applicable to EDP Group companies in Portugal

#### 15. Extraordinary Contribution to the Energy Sector (CESE)

Law 83-C/2013, of the State Budget 2014 ("Lei do Orçamento de Estado 2014"), approved by the Portuguese Government on 31 December 2013, introduced an extraordinary contribution applicable to the energy sector (CESE), with the objective of financing mechanisms that promote the energy sector systemic sustainability, through the establishment of a fund which aims to contribute for the reduction of tariff debt and to finance social and environmental policies in the energy sector. This contribution focuses generally on the economic operators that develop the following activities: (i) generation, transportation or distribution of electricity; (ii) transportation, distribution, storage or wholesale supply of natural gas; and (iii) refining, treatment, storage, transportation, distribution and wholesale supply of crude oil and oil products.

CESE is calculated based on the companies' net assets as at 1 January, which comply, cumulatively, to: (i) property, plant and equipment; (ii) intangible assets, except industrial property elements; and (iii) financial assets assigned to concessions or licensed activities. In the case of regulated activities, CESE focuses on the value of regulated assets if it is higher than the value of those assets.

The general rate is 0.85%. However, in case of natural gas combined cycle power plants with an annual utilization equivalent of installed capacity equal or higher to 1,500 hours and lower than 3,000 hours, is expected a reduced rate of 0.565%. Nevertheless, this rate could be 0.285% in case the annual utilization of installed capacity is lower than 1,500 hours.

The CESE system has been successively extended and is now valid for 2019 through Law n° 71/2018 of 31 December. This extension presents some new themes as i) the lost of exemption for power plants which produce electricity through renewables sources and are included by remuneration schemes and ii) the recognition of CESE as a transitory measure being this due to the evolution of National Electricity System's tariff debt and the current need to finance social and environmental policies in energy sector.

EDP Group has been paying this contribution, which totalize, at this date, a global amount around 320 million Euros since the creation of this tax, contesting the legal basis and constitutionality of this measure and maintaining the legal challenge to this tax.

As at 31 March 2019, EDP Group recorded in caption Tax Liabilities a value for this contribution of 67,046 thousand Euros for 2019 (see note 37).

#### 16. Property, Plant and Equipment

In the context of the adoption of IFRS 16 the items of Property, Plant and Equipment have the following detail on 1 January 2019 (see note 3):

Thousand Euros	Group			Company		
	Balance as at 31 December 2018	Adoption of IFRS 16 (see note 3)	Balance as at 1 January 2019	Balance as at 31 December 2018	Adoption of IFRS 16 (see note 3)	Balance as at 1 January 2019
<b>Cost</b>						
Land and natural resources	90,996	-	90,996	4,581	-	4,581
Buildings and other constructions	484,282	-87,109	397,173	94,672	-66,125	28,547
Plant and machinery	39,125,961	-	39,125,961	450	-	450
Other	484,536	-	484,536	82,840	-	82,840
Assets under construction	1,252,074	-	1,252,074	10,255	-	10,255
	41,437,849	-87,109	41,350,740	192,798	-66,125	126,673
<b>Accumulated depreciation and impairment losses</b>						
	-18,730,338	6,586	-18,723,752	-99,628	4,068	-95,560
<b>Carrying amount</b>	<b>22,707,511</b>	<b>-80,523</b>	<b>22,626,988</b>	<b>93,170</b>	<b>-62,057</b>	<b>31,113</b>

## EDP - Energias de Portugal, S.A.

## Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018

This caption is as follows:

Thousand Euros	Group		Company	
	Mar 2019	1 Jan 2019	Mar 2019	1 Jan 2019
<b>Cost</b>				
Land and natural resources	91,447	90,996	4,581	4,581
Buildings and other constructions	402,020	397,173	28,547	28,547
Plant and machinery:				
- Hydroelectric generation	10,602,161	10,589,186	254	254
- Thermoelectric generation	8,487,086	8,453,937	-	-
- Renewable generation	17,155,182	18,423,748	-	-
- Electricity distribution	1,619,042	1,619,918	-	-
- Other plant and machinery	39,412	39,172	196	196
Other	491,598	484,536	83,818	82,840
Assets under construction	1,334,137	1,252,074	10,279	10,255
	40,222,085	41,350,740	127,675	126,673
<b>Accumulated depreciation and impairment losses</b>				
Depreciation charge of the period (see note 12)	-256,440	-1,037,184	-1,770	-20,650
Accumulated depreciation in previous periods	-17,886,317	-17,287,290	-86,847	-66,393
Impairment losses of the period (see note 12)	334	-46,080	-	-7,017
Impairment losses in previous periods	-395,368	-353,198	-8,517	-1,500
	-18,537,791	-18,723,752	-97,134	-95,560
<b>Carrying amount</b>	<b>21,684,294</b>	<b>22,626,988</b>	<b>30,541</b>	<b>31,113</b>

The movements in Property, plant and equipment, for the Group, for the period ended 31 March 2019, are as follows:

Thousand Euros	Balance at 1 January	Additions	Disposals/ Write-offs	Transfers	Exchange Differences	Perimeter Variations/ Regularisations	Balance at 31 March
<b>Cost</b>							
Land and natural resources	90,996	1	-	-90	540	-	91,447
Buildings and other constructions	397,173	8	-	-	3,137	1,702	402,020
Plant and machinery	39,125,961	2,711	-29,073	-1,395,730	199,066	-52	37,902,883
Other	484,536	3,821	-1,394	3,372	1,318	-55	491,598
Assets under construction	1,252,074	190,925	-731	-120,246	12,135	-20	1,334,137
	41,350,740	197,466	-31,198	-1,512,694	216,196	1,575	40,222,085

Thousand Euros	Balance at 1 January	Charge/ Impairment losses	Disposals/ Write-offs	Transfers	Exchange Differences	Perimeter Variations/ Regularisations	Balance at 31 March
<b>Accumulated depreciation and impairment losses</b>							
Land and natural resources	3,929	-	-	-	-	-	3,929
Buildings and other constructions	164,188	2,747	-	-	972	-	167,907
Plant and machinery	18,093,268	244,494	-28,838	-466,231	53,011	2	17,895,706
Other	383,829	8,865	-1,342	-669	1,077	-57	391,703
Assets under construction	78,538	-	-	-	8	-	78,546
	18,723,752	256,106	-30,180	-466,900	55,068	-55	18,537,791

Assets under construction are as follows:

Thousand Euros	Mar 2019	Dec 2018
Wind and solar farms in North America	555,910	521,361
Wind and solar farms in Europe	358,483	367,247
Hydric Portugal	204,272	196,206
Other assets under construction	215,472	167,260
	1,334,137	1,252,074



# WE LOVE ENERGY

## EDP - Energias de Portugal, S.A.

### Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018

The capitalised costs for Property, plant and equipment for the period, except Land and natural resources, are as follows:

Thousand Euros	Mar 2019
Subcontracts and other materials	127,399
Purchase price allocation	58,064
Dismantling and decommissioning costs (see note 33)	2,062
Personnel costs (see note 10)	13,526
Borrowing costs (see note 13)	-3,586
	197,465

Additions include the investment in wind and solar farms by the subgroups EDPR NA, EDPR EU and EDPR BR. Additionally, EDPR SA carried out an investment in two wind power projects in Colombia. In Portugal, the Group is carrying out hydroelectric investments in the construction of several power plants (Foz Tua, Caniçada and Ribeiradio-Ermida) and improvements and repairs in thermoelectric power plants (Lares, Ribatejo e Sines).

Transfers refer to wind and solar farms of EDP Renováveis that become operational in United States of America, Spain, France and Portugal. Additionally, this caption includes the transfer to held for sale of an operating onshore wind portfolio in Europe (see note 38) by the net amount of 1,045,794 thousand Euros (cost in the amount of 1,512,694 thousand Euros and accumulated amortisation and impairment losses in the amount of 466,900 thousand Euros).

The movement in Exchange differences in the period results mainly from the appreciation of US Dollar and Brazilian Real, against the Euro.

#### 17. Right of use asset

In the context of the adoption of IFRS 16, the caption Right of use asset was created, which presents the following detail on 1 January 2019 (see note 3):

Thousand Euros	Group			Company		
	Balance as at 31 December 2018	Adoption of IFRS 16 (see note 3)	Balance as at 1 January 2019	Balance as at 31 December 2018	Adoption of IFRS 16 (see note 3)	Balance as at 1 January 2019
<b>Cost</b>						
Land and natural resources	-	609,960	609,960	-	-	-
Buildings and other constructions	-	204,976	204,976	-	118,961	118,961
Plant and machinery	-	4,947	4,947	-	-	-
Other	-	8,343	8,343	-	-	-
<b>Carrying amount</b>	-	828,226	828,226	-	118,961	118,961

The movements in Right of use asset, for the Group, for the period ended 31 March 2019, are as follows:

Thousand Euros	Balance at 1 January	Additions	Disposals/ Write-offs	Transfers (See note 38)	Exchange Differences	Perimeter Variations/ Regulari-sations	Balance at 31 March
<b>Cost</b>							
Right of use asset	828,226	3,587	-	-53,421	3,232	357	781,981
	828,226	3,587	-	-53,421	3,232	357	781,981

  

Thousand Euros	Balance at 1 January	Additions	Disposals/ Write-offs	Transfers (See note 38)	Exchange Differences	Perimeter Variations/ Regulari-sations	Balance at 31 March
<b>Accumulated depreciation and</b>							
Right of use asset	-	14,533	-	-749	-8	-	13,776
	-	14,533	-	-749	-8	-	13,776

**EDP - Energias de Portugal, S.A.**  
**Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018**

**18. Intangible Assets**

This caption is as follows:

Thousand Euros	Group	
	Mar 2019	Dec 2018
<b>Cost</b>		
Concession rights	13,043,417	12,996,364
CO2 Licenses	308,833	197,273
Other intangibles	894,997	906,544
Intangible assets in progress	480,481	469,372
	14,727,728	14,569,553
<b>Accumulated amortisation and impairment losses</b>		
Amortisation of concession rights of the period (see note 12)	-89,206	-359,246
Amortisation of other intangibles of the period (see note 12)	-14,066	-4,036
Accumulated amortisation in previous periods	-9,796,470	-9,442,698
Impairment losses in previous periods	-26,793	-27,043
	-9,926,535	-9,833,023
<b>Carrying amount</b>	<b>4,801,193</b>	<b>4,736,530</b>

The concession rights over the electricity distribution networks in Brazil, namely in EDP São Paulo Distribuição de Energia S.A. and in EDP Espírito Santo Distribuição de Energia S.A. are amortised on a straight-line basis over the concession period until 2028 and 2025, respectively. Concession rights in Portugal relate to the public hydric domain for hydroelectric generation (EDP Produção and Hidroeléctrica do Guadiana), which useful life does not exceed 75 years.

The concession rights over electricity generation in Brazil, namely for Lajeado Energia and Investco, are amortised over the concession period until 2032.

The movements in Intangible assets during the period ended 31 March 2019, for the Group, are as follows:

Thousand Euros	Balance at 1 January	Additions	Disposals / Write-offs	Transfers	Exchange differences	Perimeter variations / Regularisations	Balance at 31 March
<b>Cost</b>							
Concession rights:							
- Distribution and generation Brazil	1,007,742	-	-	-	3,973	-	1,011,715
- Hydric Portugal	1,418,887	-	-	-	-	-	1,418,887
- Other	-	-	-	-4,842	-	16,728	11,886
CO2 licenses	197,273	111,560	-	-	-	-	308,833
Assigned to concessions (IFRIC 12):							
- Intangible assets	10,569,735	9,950	-17,222	21,185	18,568	-1,287	10,600,929
Other intangibles	906,544	17,254	-14,038	2,904	-991	-16,676	894,997
Other intangible in progress	469,372	20,907	-13	-9,939	130	24	480,481
	14,569,553	159,671	-31,273	9,308	21,680	-1,211	14,727,728

Thousand Euros	Balance at 1 January	Charge/ Impairment losses	Disposals / Write-offs	Transfers	Exchange differences	Perimeter variations / Regularisations	Balance at 31 March
<b>Accumulated amortisation and impairment losses</b>							
Concession rights:							
- Distribution and generation Brazil	661,535	8,342	-	-	1,704	-	671,581
- Hydric Portugal	430,641	9,856	-	-	-	-	440,497
- Other	-	-	-	-988	-	5,016	4,028
Assigned to concessions (IFRIC 12)	8,235,012	71,008	-10,310	-	13,916	-	8,309,626
Other intangibles	505,835	14,066	-14,038	-199	100	-4,961	500,803
	9,833,023	103,272	-24,348	-1,187	15,720	55	9,926,535

The assets allocated to concession contracts (IFRIC 12) currently in force in EDP Group fall within the Intangible Asset Model, for the electricity special regime production concessions (PRE) in Portugal and within the Mixed Model, for the electricity distribution concessions in Portugal and in Brazil, as referred in the Group's accounting policies.

Additions of CO2 Licenses includes 1,775 thousand Euros refers to CO2 Licenses granted free of charge to EDP Group power plants operating in Portugal and 109,785 thousand Euros of licences purchased in the market for own consumption.

# WE LOVE ENERGY

## EDP - Energias de Portugal, S.A.

### Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018

Transfers refer to the intangible assets assigned to concessions that became operational, in the amount of 21,185 thousand Euros (see note 23). Additionally, this caption includes the transfer to held for sale of an operating onshore wind portfolio in Europe (see note 38) by the net amount of 10,690 thousand Euros (cost in the amount of 11,877 thousand Euros and accumulated amortisation and impairment losses in the amount of 1,187 thousand Euros).

The capitalised costs of the period related to construction of intangible assets are included in own work capitalised in notes 7, 10 and 13.

#### 19. Goodwill

Goodwill for the Group, resulting from the difference between the acquisition price and the fair value of the net assets acquired, at the acquisition date, is as follows:

Thousand Euros	Group	
	Mar 2019	Dec 2018
EDP España Group	884,574	884,574
EDP Renováveis Group	1,200,006	1,325,850
EDP Brasil Group	33,750	34,150
Other	6,887	6,887
	<b>2,125,217</b>	<b>2,251,461</b>

The movements in Goodwill, during the three-month period ended 31 March 2019, are analysed as follows:

Thousand Euros	Balance at 1 January	Increases	Decreases	Impairment	Exchange differences	Balance at 31 March
EDP España Group	884,574	-	-	-	-	884,574
EDP Renováveis Group	1,325,850	-	-138,636	-	12,792	1,200,006
EDP Brasil Group	34,150	-	-	-505	105	33,750
Other	6,887	-	-	-	-	6,887
	<b>2,251,461</b>	-	<b>-138,636</b>	<b>-505</b>	<b>12,897</b>	<b>2,125,217</b>

During the first quarter of 2019, goodwill related to an operating onshore wind farms portfolio in Europe was reclassified to non-current assets held for sale in the amount of 138,636 thousand Euros (see note 38).

#### 20. Investments in Joint Ventures and Associates

This caption is as follows:

Thousand Euros	Group	
	Mar 2019	Dec 2018
Investments in joint ventures	880,552	805,381
Investments in associates	137,981	146,232
	<b>1,018,533</b>	<b>951,613</b>

The movement in Investments in joint ventures is mainly explained by the capital increase in Mayflower Wind Energy LLC in the amount of 59,423 thousand Euros and to the positive exchange differences in the amount of 13,632 thousand Euros.

As at 31 March 2019, for the Group, this caption includes goodwill in investments in joint ventures of 42,226 thousand Euros (31 December 2018: 42,226 thousand Euros) and goodwill in investments in associates of 11,076 thousand Euros (31 December 2018: 11,084 thousand Euros).

#### 21. Equity Instruments at Fair Value

As at 31 March 2019, this caption is analysed as follows:

Thousand Euros	Group		Company	
	Mar 2019	Dec 2018	Mar 2019	Dec 2018
Equity Instruments at Fair Value through OCI (see note 21.1)	97,005	93,287	1,538	1,537
Equity Instruments at Fair Value through PL (see note 21.2)	32,441	31,860	-	-
	<b>129,446</b>	<b>125,147</b>	<b>1,538</b>	<b>1,537</b>

Under IFRS 13 (note 42), equity instruments at fair value are classified into three levels of fair value: level 1 includes essentially financial investments that are indexed to quoted market prices; level 2 includes the fund of stocks and bonds held by Energia RE; and level 3 covers all other equity instruments at fair value. As at 31 March 2019, there are no equity instruments at fair value within level 1.

**EDP - Energias de Portugal, S.A.**  
**Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018**

### 21.1 Equity Instruments at Fair Value through Other Comprehensive Income (OCI)

As a result of the analysis of the applicable business model, the EDP Group classified equity instruments held for long-term strategic purposes as Equity instruments measured at fair value through other comprehensive income.

The Zephyr Fund represents the participation units in a fund of stocks and bonds held by Energia RE, as a result of its reinsurance activity. During 2019, Zephyr had an increase in its fair value, that was booked against fair value reserves, in the amount of 3,011 thousand Euros (see note 29).

In 2019, the movements in Equity Instruments at Fair Value through OCI are as follows:

Thousand Euros	Balance at 1 Jan	Acquisitions	Disposals	Change in fair value	Other variations	Balance at 31 Mar
Zephyr Fund (Energia RE portfolio)	74,535	-	-	3,011	-	77,546
Other	18,752	682	-	29	-4	19,459
	<b>93,287</b>	<b>682</b>	<b>-</b>	<b>3,040</b>	<b>-4</b>	<b>97,005</b>

As at 31 March 2019, the fair value reserve attributable to the Group is as follows:

Thousand Euros	Mar 2019
Zephyr Fund (Energia RE portfolio)	9,464
Other	5,567
	<b>15,031</b>

### 21.2 Equity Instruments at Fair Value through Profit or Loss (PL)

As a result of the analysis of the applicable business model, the EDP Group decided to classify the remaining equity instruments held for trading purposes as equity instruments measured at fair value through PL.

In 2019, the movements in Equity Instruments at Fair Value through Profit or Loss are as follows:

Thousand Euros	Balance at 1 Jan	Acquisitions	Disposals	Change in fair value	Other variations	Balance at 31 Mar
EDA - Electricidade dos Açores, S.A.	13,666	-	-	-	-	13,666
Feedzai - Consultadoria e Inovação Tecnológica, S.A.	15,526	-	-	-	-	15,526
Others	2,668	1,000	-	-	-419	3,249
	<b>31,860</b>	<b>1,000</b>	<b>-</b>	<b>-</b>	<b>-419</b>	<b>32,441</b>

## 22. Deferred Tax Assets and Liabilities

EDP Group records the tax effect resulting from temporary differences between the assets and liabilities determined on an accounting basis and on a tax basis which is as follows:

Thousand Euros	Net deferred tax	
	Assets	Liabilities
<b>Balance as at 31 December 2018</b>	1,152,195	-574,701
Tariff adjustment for the period	-23,136	-62,816
Provisions	-14,760	-
Property, plant and equipment and intangible assets	-14,444	-2,258
Tax losses and tax credits	13,285	-
Fair value of derivative financial instruments	-11,002	-41,880
Allocation of fair value adjustments to assets and liabilities acquired	-2,235	-24,404
Other temporary differences	4,661	-23,611
Deferred tax assets and liabilities offset	-120,718	120,718
Reclassification of assets and liabilities as held for sale (see note 38)	-4,881	79,124
<b>Balance as at 31 March 2019</b>	<b>978,965</b>	<b>-529,828</b>

On a Company basis, EDP, S.A. records the tax effect arising from temporary differences between the assets and liabilities determined on an accounting basis and on a tax basis which is as follows:

Thousand Euros	Net deferred tax	
	Assets	Liabilities
<b>Balance as at 31 December 2018</b>	92,659	-
Fair value of derivative financial instruments	26,060	699
Other temporary differences	-432	47
Deferred tax assets and liabilities offset	746	-746
<b>Balance as at 31 March 2019</b>	<b>119,033</b>	<b>-</b>

# WE LOVE ENERGY

## EDP - Energias de Portugal, S.A. Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018

### 23. Debtors and Other Assets from Commercial Activities

Debtors and other assets from commercial activities - Non-Current, are as follows:

Thousand Euros	Group	
	Mar 2019	Dec 2018
<b>Assets measured at amortised cost:</b>		
Amounts receivable from tariff adjustments - Electricity - Portugal	74,092	7,691
Amounts receivable from tariff adjustments - Electricity - Brazil	13,435	27,551
Amounts receivable relating to CMEC	630,541	647,667
Amounts receivable from concessions - IFRIC 12	833,988	882,087
Other assets measured at amortised cost	35,316	35,585
Impairment losses on other assets measured at amortised cost	-2,895	-2,895
	1,584,477	1,597,686
<b>Trade receivables at amortised cost:</b>		
Trade receivables	117,366	116,479
Impairment losses on trade receivables	-53,165	-52,629
	64,201	63,850
<b>Assets measured at fair value through other comprehensive income:</b>		
Amounts receivable from tariff adjustments - Electricity - Portugal	191,767	9,743
<b>Assets measured at fair value through profit or loss:</b>		
Amounts receivable from concessions - IFRIC 12	564,241	519,544
<b>Contract assets:</b>		
Contract assets receivable from energy sales contracts	718	2,093
Incremental costs of obtaining contracts with customers	64,921	66,850
Contract assets receivable from concessions - IFRIC 12	333,225	192,036
	398,864	260,979
<b>Other assets:</b>		
Other assets out of scope of IFRS 9 (*)	47,820	70,838
	2,851,370	2,522,640

(\*) As at 31 March 2019, the variation in Other assets out of scope of IFRS 9 - Non-current includes the reclassification, to Right-of-use Assets, of 10,314 thousand Euros referring to prepayments of leases of land in EDP Renováveis Portugal, under the adoption of IFRS 16, in 1 of January of 2019 (see notes 3 and 17).

Debtors and other assets from commercial activities - Current, are as follows:

Thousand Euros	Group		Company	
	Mar 2019	Dec 2018	Mar 2019	Dec 2018
<b>Assets measured at amortised cost:</b>				
Amounts receivable from tariff adjustments - Electricity - Portugal	144,221	204,626	-	-
Amounts receivable from tariff adjustments - Electricity - Brazil	72,427	82,392	-	-
Receivables relating to other goods and services	31,549	30,864	6,270	25,081
Amounts receivable relating to CMEC	210,298	184,757	-	-
Amounts receivable from concessions - IFRIC 12	50,045	53,150	-	-
Other assets measured at amortised cost	190,034	141,708	117,748	129,927
Impairment losses on other assets measured at amortised cost	-5,675	-5,897	-9	-153
	692,899	691,600	124,009	154,855
<b>Trade receivables at amortised cost:</b>				
Trade receivables	1,596,658	1,497,576	185,636	190,047
Impairment losses on trade receivables	-313,035	-304,237	-215	-306
	1,283,623	1,193,339	185,421	189,741
<b>Assets measured at fair value through other comprehensive income:</b>				
Amounts receivable from tariff adjustments - Electricity - Portugal	52,075	3,153	-	-
<b>Contract assets:</b>				
Contract assets receivable from energy sales contracts	1,195,216	1,219,851	236,519	307,087
<b>Other assets:</b>				
Other assets out of scope of IFRS 9	56,553	59,536	11,397	1,721
	3,280,366	3,167,479	557,346	653,404

**EDP - Energias de Portugal, S.A.**  
**Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018**

The movement for the period in Amounts receivable from tariff adjustments - Electricity - Portugal (Non-current and Current) is as follows:

Thousand Euros	Non-Current	Current
<b>Balance as at 31 December 2018</b>	17,434	207,779
Receipts through the electricity tariff	-	-64,564
Tariff adjustment of the period (see note 7)	296,708	49,794
Fair value of the tariff deficit measured at fair value through other comprehensive income (see note 29)	-1,649	1,966
Interest income (see note 13)	-	1,342
Transfer to/from tariff adjustment payable (see note 35)	-44,943	-1,712
Transfer from Non-Current to Current	-1,691	1,691
<b>Balance as at 31 March 2019</b>	<b>265,859</b>	<b>196,296</b>

As at 31 March 2019, the caption Assets measured at fair value through other comprehensive income includes the amount of the tariff deficit classified and measured at fair value through other comprehensive income. According to IFRS 13, the tariff deficit fair value is classified as level 2 (see note 42).

The following table provides details for the caption Amounts receivable from tariff adjustments - Electricity - Portugal, by nature and year of establishment, as well as presents the amounts of tariff deficit that have been sold during the period ended 31 March 2019:

Thousand Euros	Deficit	Tariff adj.	Sales	Total
<b>Year:</b>				
2015	7,225	-	-	7,225
2016	13,333	1,449	-	14,782
2017	-	136,967	-	136,967
2018	12,108	-40,886	-	-28,778
2019	231,735	100,226	-	331,960
	<b>264,400</b>	<b>197,756</b>	<b>-</b>	<b>462,155</b>

As at 31 March 2019, in accordance with the methodology for determining impairment losses on amounts receivable from regulatory assets, no impairment loss related to the amounts included in the captions Amounts receivable from tariff adjustments - Electricity, Amounts receivable relating to CMEC and Amounts receivable from concessions was recognised.

The caption Amounts receivable from tariff adjustments - Electricity - Brazil corresponds to tariff adjustments recognised in EDP São Paulo - Distribuição de Energia S.A. and EDP Espírito Santo - Distribuição de Energia S.A. in the accumulated amount, as at 31 March 2019, of 58,752 thousand Euros (31 December 2018: 74,099 thousand Euros) and 27,110 thousand Euros (31 December 2018: 35,844 thousand Euros), respectively. The variation occurred includes the tariff deficit for the period with a positive impact of 14,416 thousand Euros (see note 7), transfer from tariff adjustment payable of 10,489 thousand Euros (see note 35), amounts received through the electricity tariff of 56,561 thousand Euros, unwinding in the amount of 5,500 thousand Euros (see note 13) and the exchange differences due to appreciation of Brazilian Real against Euro with a positive impact of 2,075 thousand Euros.

The caption Amounts receivable relating to CMEC amounts to 840,839 thousand Euros, and includes 630,541 thousand Euros as non-current and 210,298 thousand Euros as current. The amount receivable relating to CMEC includes 429,781 thousand Euros as non-current and 61,726 thousand Euros as current, which correspond to the initial CMEC granted to EDP Produção (833,467 thousand Euros), deducted from the annuities for the years 2007 to 2017, and 200,760 thousand Euros as non-current and 51,659 thousand Euros as current, relating with the final adjustment recognised in accordance with the result achieved by the EDP/REN working group. The remaining 96,913 thousand Euros as current correspond to the amounts receivable through the revisibility calculation from 2014 to 2017. The revisibility calculation for 2015 to 2017 is still waiting the official approval.

The caption Amounts receivable from concessions - IFRIC 12 in the amount of 1,448,274 thousand Euros relates to the financial asset to be received by the EDP Group regarding the electricity distribution concessions in Portugal and Brazil, resulting from the application of the mixed model, and the asset related to electricity transmission concessions in Brazil. The variation of the period includes: (i) the effect of the appreciation of Brazilian Real against Euro in the amount of 8,496 thousand Euros; (ii) transfers to Contract assets receivable from concessions in the amount of 24,853 thousand Euros; (iii) the re-measurement of IFRIC 12 indemnity amount in Brazil concessions of 3,939 thousand Euros; and (iv) the increase of Brazilian transmission companies investment in the amount of 1,668 thousand Euros.

As at 31 March 2019 and 31 December 2018, on a company basis, trade receivables are from Portugal geographical market.

Contract assets receivable from energy sales contracts - Current include contract assets relating to energy delivered and not yet invoiced, amounts receivable from REN regarding the CMEC Revisibility of 2016 and 2017 which are awaiting approval, and accruals from UNGE's energy management business. The impairment losses on Trade receivables includes impairment losses related to Contract assets receivable from energy sales contracts.

The caption Incremental costs of obtaining contracts with customers includes contract assets from the recognition of incremental costs of obtaining contracts with customers, which are capitalised and amortised under IFRS 15 (see note 12).

# WE LOVE ENERGY

## EDP - Energias de Portugal, S.A.

### Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018

The caption Contract assets receivable from concessions - IFRIC 12 refers to the investment in assets under construction assigned to concessions. The variation of the period includes: (i) the transfer from Amounts receivable from concessions - IFRIC 12, in the amount of 24,853 thousand Euros; the transfer, to intangible assets, of the assets assigned to concessions which began operation, in the amount of 21,185 thousand Euros (see note 18); and (iii) the investment of the period, in the amount of 130,169 thousand Euros.

#### 24. Other Debtors and Other Assets

Other debtors and other assets are as follows:

Thousand Euros	Group		Company	
	Mar 2019	Dec 2018	Mar 2019	Dec 2018
<b>Debtors and other assets - Non-Current</b>				
<b>Assets measured at amortised cost:</b>				
Loans to subsidiaries	-	-	2,946,423	2,951,030
Loans to related parties	51,188	42,973	90	90
Guarantees rendered to third parties	80,958	64,162	-	-
Other financial assets at amortised cost (i)	41,910	46,244	409,684	560,358
<b>Assets measured at fair value through profit or loss:</b>				
Derivative financial instruments (see note 39)	239,604	191,923	273,963	260,931
Contingent price	170,953	170,953	-	-
<b>Other assets:</b>				
Excess of the pension fund financing (see note 32)	59,840	59,840	68	68
Other assets out of scope of IFRS 9	44,492	53,525	-	-
	688,945	629,620	3,630,228	3,772,477
<b>Debtors and other assets - Current</b>				
<b>Assets measured at amortised cost:</b>				
Loans to subsidiaries	-	-	758,003	748,855
Dividends attributed by subsidiaries	-	-	70,800	-
Loans to related parties	20,891	20,738	-	-
Receivables from the State and concessors	24,809	28,655	-	-
Deposits to third parties	97,413	77,580	81,642	45,198
Subsidiary companies	-	-	225,289	190,042
Group's financial system (see note 41)	-	-	761,551	675,997
Other financial assets at amortised cost (i)	17,363	16,457	618,169	460,956
<b>Assets measured at fair value through profit or loss:</b>				
Derivative financial instruments (see note 39)	149,689	96,517	339,518	302,971
Other financial investments measured at fair value	58,487	39,258	-	-
Contingent price	298,411	290,900	-	-
<b>Other assets:</b>				
Other assets out of scope of IFRS 9	41,991	24,703	-	-
	709,054	594,808	2,854,972	2,424,019
	1,397,999	1,224,428	6,485,200	6,196,496

Loans to subsidiaries - Non-Current and Current, for the Company, mainly includes 1,581,453 thousand Euros (31 December 2018: 1,580,629 thousand Euros) of loans granted to EDP - Gestão da Produção de Energia, S.A. and 1,810,202 thousand Euros (31 December 2018: 1,808,458 thousand Euros) of loans granted to EDP Distribuição de Energia, S.A. (see note 41).

For the Loans to subsidiaries, EDP, S.A. performs an analysis to evaluate impairment based on the general approach. The company uses several inputs on making its assessment of the credit risk related to these assets, such as the analysis of the historical possible delays and/or impairment losses indications, rating companies (when applicable) and market and macroeconomic data that may change the probability of default and the expectation of delays in the receivable amounts. According to the analysis performed, as per 31 March 2019 there are no expected credit losses accounted for related to loans with subsidiaries.

Loans to related parties - Non-Current and Current at a consolidated basis, mainly includes loans granted to Hydro Global Investment, Ltda., Parque Eólico Sierra del Madero, S.A., Eoliennes en Mer Dieppe - Le Tréport, S.A.S., Eoliennes en Mer Iles d'Yeu et de Noirmoutier, S.A.S. and Moray West Holdings Limited.

**EDP - Energias de Portugal, S.A.**  
**Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018**

The caption Contingent prices - Non Current refers, mainly, to the fair value of the contingent price related to the Naturgás sale and to the fair value of contingent prices related to the sale of 13,5% of the companies Eoliennes en Mer Dieppe - Le Tréport, S.A.S. e Eoliennes en Mer Iles d'Yeu et de Noirmoutier, S.A.S. The caption Contingent prices - Current refers, mainly, to the fair value of contingent prices related to the sale of 80% of the company 2018 Vento XIX LLC and its subsidiaries and to the sale of 75% of the companies Nation Rise Wind Farm Gp II Inc. e Nation Rise Wind Farm Limited Partnership.

**(i) Other financial assets at amortised cost**

On a consolidated basis, this caption includes the securities issued by Tagus - Sociedade de Titularização de Créditos, S.A. (a limited liability company incorporated under the laws of Portugal for the purpose of carrying out securitization transactions through the acquisition, management and transmission of credits and the issuance of securitized bonds for the payment of the acquired credits, which share capital is fully owned by Deutsche Bank Aktiengesellschaft), in the context of the transmission of the right to receive tariff adjustments (deviations and deficits) of the National Electricity System, owned by EDP Distribuição, S.A. and EDP Serviço Universal, S.A. were classified as financial assets measured at amortised cost.

In Portugal, Decree - Law 237-B/2006 of 19 December and Decree - Law 165/2008 of 21 August, refer to the transfer to third parties of the right to receive tariff adjustments (deviations and deficits) of the National Electricity System, through which the EDP Group has made, since 2008, a number of transfer operations of financial assets.

Under the following operations, assets were transferred to securitisation companies, that financed their purchases through debt securities registered in the Securities Commission (CMVM):

- In August 2016, EDP - Serviço Universal, S.A. sold without recourse to Tagus, the right to receive part of the tariff adjustment related to the 2016 overcost of the acquisition of electricity activity from special regime production, in the amount of 598,883 thousand Euros. The transaction was performed by the amount of 599,987 thousand Euros, generating a loss of 7,417 thousand Euros, net of expenses. This transaction also involved the acquisition by EDP Serviço Universal of Class R Notes issued by Tagus at par value in the amount of 381 thousand Euros and Liquidity Notes issued by Tagus at par value in the amount of 3,635 thousand Euros, both maturing in 2021. These Notes are instruments that aim to establish a reserve for administrative expenses and a liquidity reserve account. As at 31 March 2019, the amortised cost of these Notes corresponds to 2,055 thousand Euros.

- In December 2017, EDP - Serviço Universal, S.A. sold without recourse to Tagus, the right to receive part of the tariff adjustment related to the 2017 overcost of the acquisition of electricity activity from special regime production, in the amount of 583,539 thousand Euros. The transaction was performed by the amount of 600,000 thousand Euros, generating a gain of 13,004 thousand Euros, net of expenses. This transaction also involved the acquisition by EDP Serviço Universal of Class R Notes issued by Tagus at par value in the amount of 372 thousand Euros, Liquidity Notes issued by Tagus at par value in the amount of 1,275 thousand Euros and Senior Notes issued by Tagus at par value in the amount of 30,000 thousand Euros, all maturing in 2021. The Liquidity and Class R Notes are instruments that aim to establish a settlement account and a reserve for administrative expenses. As at 31 March 2019, the amortised cost of the Notes corresponds to 23,324 thousand Euros.

- In June 2018, EDP - Serviço Universal, S.A. sold without recourse to Tagus, the right to receive part of the tariff adjustment related to the 2018 overcost of the acquisition of electricity activity from special regime production, in the amount of 641,069 thousand Euros. The transaction was performed by the amount of 650,000 thousand Euros, generating a gain of 1,204 thousand Euros, net of expenses. This transaction also involved the acquisition by EDP Serviço Universal of Class R Notes issued by Tagus at par value in the amount of 375 thousand Euros, Liquidity Notes issued by Tagus at par value in the amount of 1,788 thousand Euros and Senior Notes issued by Tagus at par value in the amount of 32,500 thousand Euros, all maturing in 2023. The Liquidity and Class R Notes are instruments that aim to establish a settlement account and a reserve for administrative expenses. As at 31 March 2019, the amortised cost of the Notes corresponds to 33,875 thousand Euros.

On a Company basis, this caption includes the bonds issued by EDP Finance B.V., purchased on the market by EDP, S.A. No significant movements were occurred in the period.

The detail of these bonds is as follows:

Issuer	Maturity date	Currency	Interest rate	Nominal value in Currency '000	Acquired in Currency '000
EDP Finance B.V.	14 Apr 2019	EUR	2.63%	650,000	98,809
EDP Finance B.V.	29 Jun 2020	EUR	4.13%	300,000	66,628
EDP Finance B.V.	14 Sep 2020	EUR	4.88%	750,000	287,778
EDP Finance B.V.	20 Jan 2021	EUR	4.13%	600,000	46,783
					<u>499,998</u>
EDP Finance B.V.	1 Oct 2019	USD	4.90%	1,000,000	363,462
EDP Finance B.V.	15 Jan 2020	USD	4.13%	750,000	167,076
					<u>530,538</u>

As at 31 March 2019, these investments' fair value amounts to 1,019,070 thousand Euros (31 December 2018: 1,006,402 thousand Euros).



# WE LOVE ENERGY

## EDP - Energias de Portugal, S.A.

### Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018

#### 25. Tax Assets

Current tax assets are as follows:

Thousand Euros	Group		Company	
	Mar 2019	Dec 2018	Mar 2019	Dec 2018
Income tax	253,566	239,465	148,942	90,092
Value added tax (VAT)	98,502	78,580	744	7,123
Special taxes Brazil	91,678	85,420	-	-
Other taxes	3,540	4,320	877	877
	<b>447,286</b>	<b>407,785</b>	<b>150,563</b>	<b>98,092</b>

The detail of this item is analysed as follows:

Thousand Euros	Group		Company	
	Mar 2019	Dec 2018	Mar 2019	Dec 2018
Non-Current	56,065	53,728	-	-
Current	391,221	354,057	150,563	98,092
	<b>447,286</b>	<b>407,785</b>	<b>150,563</b>	<b>98,092</b>

The Special taxes Brazil caption relates to the following taxes: CSLL (Social Contribution on net profits), PIS (Social integration programme) and COFINS (Social Security Financing Contribution).

#### 26. Cash and Cash Equivalents

Cash and cash equivalents are as follows:

Thousand Euros	Group		Company	
	Mar 2019	Dec 2018	Mar 2019	Dec 2018
<b>Cash</b>	<b>259</b>	<b>258</b>	<b>39</b>	<b>33</b>
<b>Bank deposits</b>				
Current deposits	593,583	1,167,042	96,263	334,570
Term deposits	857,872	552,981	300,000	-
Specific demand deposits in relation to institutional partnerships	46,100	82,924	-	-
	<b>1,497,555</b>	<b>1,802,947</b>	<b>396,263</b>	<b>334,570</b>
<b>Operations pending cash settlement</b>				
Current deposits	84,000	-	230,000	150,000
	<b>1,581,814</b>	<b>1,803,205</b>	<b>626,302</b>	<b>484,603</b>

Specific demand deposits in relation to institutional partnerships corresponds to funds required to be held in escrow sufficient to pay the remaining construction related costs of projects in institutional equity partnerships (see note 34), under the Group accounting policy.

As at 31 March 2019, in EDP Group, the caption Operations pending cash settlement represents commercial paper issued by Finance B.V., which is booked as financial debt at the issuance trade date, under the Group accounting policy. This caption of 84,000 thousand Euros refers to commercial paper issued on 27,28 and 29 March 2019, acquired by EDP Finance B.V., which settlement date occurred on 1 and 2 April 2019.

As at 31 March 2019, on a Company basis, the caption Operations pending cash settlement represents commercial paper issued by EDP, S.A., which is booked as financial debt at the issuance trade date, under the Group accounting policy. This caption of 230,000 thousand Euros (31 December 2018: 150,000 thousand Euros) refers to commercial paper issued on 29 March 2019, acquired by EDP Finance B.V., which settlement date occurred on 2 April 2019.

**EDP - Energias de Portugal, S.A.**  
**Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018**

**27. Share Capital and Share Premium**

The share capital amounts to 3,656,537,715 Euros and is represented by 3,656,537,715 fully paid up ordinary shares of 1 Euro each.

EDP - Energias de Portugal S.A. shareholder structure as at 31 March 2019 is as follows:

	No. of Shares	% Capital	% Voting
China Three Gorges Corporation	850,777,024	23.27%	23.27%
CNIC Co., Ltd	182,081,216	4.98%	4.98%
Oppidum Capital, S.L.	263,046,616	7.19%	7.19%
BlackRock, Inc.	182,733,180	5.00%	5.00%
Mubadala Investment Company	115,236,553	3.15%	3.15%
Paul Elliott Singer	89,650,554	2.45%	2.55%
Millennium BCP Group and Pension Fund	88,989,949	2.43%	2.43%
Sonatrach	87,007,433	2.38%	2.38%
Qatar Investment Authority	82,868,933	2.27%	2.27%
Norges Bank	81,100,067	2.22%	2.22%
State Street Corporation	73,251,377	2.00%	2.00%
EDP (Treasury Stock)	21,771,966	0.60%	
Remaining Shareholders	1,538,022,847	42.06%	
	<b>3,656,537,715</b>	<b>100.00%</b>	

Share capital and Share premium are as follows:

Thousand Euros	Group and Company	
	Share capital	Share premium
<b>Balance as at 1 January</b>	3,656,538	503,923
Movements during the period	-	-
<b>Balance as at 31 March</b>	<b>3,656,538</b>	<b>503,923</b>

The earnings per share (EPS) attributable to the equity holders of EDP are as follows:

	Group		Company	
	Mar 2019	Mar 2018	Mar 2019	Mar 2018
Net profit attributable to the equity holders of EDP (in Euros)	100,459,900	165,832,689	61,003,885	512,890,927
Net profit from continuing operations attributable to the equity holders of EDP (in Euros)	100,459,900	165,832,689	61,003,885	512,890,927
Weighted average number of ordinary shares outstanding	3,634,765,749	3,634,301,391	3,636,278,749	3,635,814,391
Weighted average number of diluted ordinary shares outstanding	3,634,765,749	3,634,301,391	3,636,278,749	3,635,814,391
Basic earnings per share attributable to equity holders of EDP (in Euros)	0.03	0.05		
Diluted earnings per share attributable to equity holders of EDP (in Euros)	0.03	0.05		
Basic earnings per share from continuing operations (in Euros)	0.03	0.05		
Diluted earnings per share from continuing operations (in Euros)	0.03	0.05		

EDP Group calculates basic and diluted earnings per share attributable to equity holders of EDP using the weighted average number of ordinary shares outstanding during the period, net of changes in treasury stock during the period. Basic earnings per share and diluted earnings per share are equal because there are no dilution factors.

The average number of shares was determined as follows:

	Group		Company	
	Mar 2019	Mar 2018	Mar 2019	Mar 2018
Ordinary shares issued at the beginning of the period	3,656,537,715	3,656,537,715	3,656,537,715	3,656,537,715
Effect of shares issued during the period	-	-	-	-
<b>Average number of realised shares</b>	<b>3,656,537,715</b>	<b>3,656,537,715</b>	<b>3,656,537,715</b>	<b>3,656,537,715</b>
Effect of treasury stock	-21,771,966	-22,236,324	-20,258,966	-20,723,324
<b>Average number and diluted average number of shares during the period</b>	<b>3,634,765,749</b>	<b>3,634,301,391</b>	<b>3,636,278,749</b>	<b>3,635,814,391</b>

# WE LOVE ENERGY

## EDP - Energias de Portugal, S.A.

### Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018

#### 28. Treasury Stock

This caption is as follows:

	Group		Company	
	Mar 2019	Dec 2018	Mar 2019	Dec 2018
Book value of EDP, S.A.'s treasury stock (thousand Euros)	62,410	62,410	56,315	56,315
Number of shares	21,771,966	21,771,966	20,258,966	20,258,966
Market value per share (in Euros)	3.510	3.049	3.510	3.049
Market value of EDP, S.A.'s treasury stock (thousand Euros)	76,420	66,383	71,109	61,770

Shares' transactions occurred between 1 January and 31 March 2019:

	EDP, S.A.	Energia RE
Volume acquired (number of shares)	-	-
Average purchase price (in Euros)	-	-
Total purchases (thousand Euros)	-	-
Volume sold (number of shares)	-	-
Average selling price (in Euros)	-	-
Total sales (thousand Euros)	-	-
Final position (number of shares)	20,258,966	1,513,000
Highest market price (in Euros)	3.510	-
Lowest market price (in Euros)	3.000	-
Average market price (in Euros)	3.210	-

The treasury stock held by EDP, S.A. is within the limits established by the Company's articles of association and by the "Código das Sociedades Comerciais" (Portuguese Commercial Companies Code). Treasury stock is recognised at acquisition cost.

#### 29. Reserves and Retained Earnings

This caption is as follows:

Thousand Euros	Group		Company	
	Mar 2019	Dec 2018	Mar 2019	Dec 2018
Legal reserve	739,024	739,024	739,024	739,024
Fair value reserve (cash flow hedge)	-135,839	-285,739	-120,590	-1,662
Tax effect of fair value reserve (cash flow hedge)	34,095	72,424	27,092	334
Fair value reserve of assets measured at fair value through other comprehensive income	15,383	12,026	-	-
Tax effect of the Fair value reserve of assets measured at fair value through other comprehensive income	-2,628	-1,739	-	-
Exchange differences arising on consolidation	-472,040	-483,410	-	-
Treasury stock reserve (EDP, S.A.)	56,315	56,315	56,315	56,315
Other reserves and retained earnings	4,752,258	4,242,037	2,586,760	1,848,174
	4,986,568	4,350,938	3,288,601	2,642,185

##### Legal reserve

In accordance with article no. 295 of "Código das Sociedades Comerciais" (Portuguese Commercial Companies Code) and EDP, S.A.'s articles of association, the legal reserve must be increased by a minimum of 5% of the annual profit until it reaches 20% of the company's share capital. This reserve can only be used to cover losses or to increase share capital.

##### Fair value reserve (cash flow hedge)

This reserve includes the effective portion of the cumulative net change in the fair value of the cash flow hedging financial derivative instruments.

##### Fair value reserve (financial assets at fair value through other comprehensive income)

The changes in this consolidated caption for the period are as follows:

Thousand Euros	Group FV reserve
Balance as at 31 December 2018	12,026
Positive changes in fair value	3,357
Balance as at 31 March 2019	15,383

**EDP - Energias de Portugal, S.A.**  
**Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018**

Changes in fair value reserve attributable to the EDP Group during the period ended 31 March 2019 are as follows:

Thousand Euros	Increases	Decreases	Profit or loss
Zephyr Fund (Energia RE portfolio) (see note 21)	3,011	-	-
EDP Serviço Universal, S.A. tariff deficit (see note 23)	317	-	-
Other (see note 21)	29	-	-
	<u>3,357</u>	<u>-</u>	<u>-</u>

*Exchange differences on consolidation*

Exchange differences on consolidation corresponds to the amounts resulting from changes in the value of net assets of subsidiaries, joint ventures and associated companies resulting from changes in exchange rates. The exchange rates used in the preparation of the financial statements are as follows:

Currency		Exchange rates at Mar 2019		Exchange rates at Dec 2018		Exchange rates at Mar 2018	
		Closing	Average	Closing	Average	Closing	Average
US Dollar	USD	1.124	1.136	1.145	1.181	1.232	1.229
Brazilian Real	BRL	4.387	4.280	4.444	4.307	4.094	3.988
Macao Pataca	MOP	9.084	9.180	9.237	9.537	9.960	9.906
Canadian Dollar	CAD	1.500	1.511	1.561	1.529	1.590	1.553
Polish Zloty	PLN	4.301	4.302	4.301	4.261	4.211	4.179
Romanian Leu	RON	4.761	4.735	4.664	4.654	4.657	4.655
Pound Sterling	GBP	0.858	0.873	0.895	0.885	0.875	0.883
South African Rand	ZAR	16.264	15.929	16.459	15.615	14.621	14.712
Mexican Peso	MXN	21.691	21.816	22.492	22.709	22.525	23.047
Colombian peso	COP	3,585.021	3,565.105	3,749.886	3,482.922	n.a	n.a
Chinese Yuan	CNY	7.540	7.667	7.875	7.808	7.747	7.815

*Treasury stock reserve (EDP, S.A.)*

In accordance with the article 324º of "Código das Sociedades Comerciais" (Portuguese Commercial Companies Code), EDP, S.A. has created an unavailable reserve with an amount equal to the book value amount of treasury stock held in the company statements.

*Dividends*

On 24 April 2019, the Shareholders General Meeting of EDP, S.A. approved the dividends distribution to shareholders of the net profit for the year 2018 in the amount of 694,742 thousand Euros, corresponding to a dividend of 0.19 Euros per share (including the treasury stock). Considering the resolution date, the corresponding accounting record will be made during the second quarter of 2019.

### 30. Non-Controlling Interests

This caption is as follows:

Thousand Euros	Group	
	Mar 2019	Dec 2018
Non-controlling interests in income statement	97,644	356,892
Non-controlling interests in equity and reserves	3,907,800	3,575,257
	<u>4,005,444</u>	<u>3,932,149</u>

Non-controlling interests, by subgroup, are as follows:

Thousand Euros	Group	
	Mar 2019	Dec 2018
EDP Renováveis Group	2,775,875	2,738,878
EDP Brasil Group	1,262,823	1,225,164
Other	-33,254	-31,893
	<u>4,005,444</u>	<u>3,932,149</u>

The movement in non-controlling interests of EDP Renováveis Group is mainly related to: (i) profits attributable to non-controlling interests of 54,612 thousand Euros; (ii) a negative impact of 21,127 thousand Euros related to dividends attributable to non-controlling interests; (iii) a positive impact of 18,274 thousand Euros resulting from exchange differences; (iv) a negative impact of 12,962 thousand Euros resulting from share capital increases/decreases and other acquisitions/sales without change of control; and (v) a negative impact of 1,784 thousand Euros resulting from changes in fair value reserve, cash flow hedge (net of taxes).

# WE LOVE ENERGY

## EDP - Energias de Portugal, S.A.

### Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018

The movement booked in non-controlling interests of EDP Brasil Group includes: (i) 44,414 thousand Euros of profits attributable to non-controlling interests; (ii) an increase of 15,120 thousand Euros resulting from exchange differences; (iii) a negative impact of 10,361 thousand Euros related to dividends attributable to non-controlling interests; (iv) a negative impact of 7,476 thousand Euros from share capital increases/decreases and other acquisitions/sales without change of control.

#### 31. Financial Debt

This caption is as follows:

Thousand Euros	Group		Company	
	Mar 2019	Dec 2018	Mar 2019	Dec 2018
<b>Debt and borrowings - Non-current</b>				
Bank loans	1,369,808	1,706,277	211,970	225,704
Non-convertible bond loans	10,181,797	10,693,856	8,850,000	8,850,000
Hybrid bond	1,733,170	739,168	1,733,170	739,168
Commercial paper	200,000	245,005	200,000	200,000
Other loans	14,111	13,890	-	-
	13,498,886	13,398,196	10,995,140	10,014,872
Accrued interest	8,814	5,195	-	-
Other liabilities:				
- Fair value of the issued debt hedged risk	84,754	58,999	-	-
<b>Total Debt and Borrowings</b>	<b>13,592,454</b>	<b>13,462,390</b>	<b>10,995,140</b>	<b>10,014,872</b>
<b>Collateral Deposits - Non-current *</b>	<b>-25,627</b>	<b>-25,466</b>	<b>-</b>	<b>-</b>
	<b>13,566,827</b>	<b>13,436,924</b>	<b>10,995,140</b>	<b>10,014,872</b>
<b>Debt and borrowings - Current</b>				
Bank loans	452,262	307,595	51,087	64,973
Non-convertible bond loans	1,971,214	1,389,932	-	-
Commercial paper	456,673	667,846	2,112,519	2,658,341
Other loans	3,143	2,544	-	-
	2,883,292	2,367,917	2,163,606	2,723,314
Accrued interest	168,118	252,952	84,008	72,295
Other liabilities:				
- Fair value of the issued debt hedged risk	650	1,640	-	-
<b>Total Debt and Borrowings</b>	<b>3,052,060</b>	<b>2,622,509</b>	<b>2,247,614</b>	<b>2,795,609</b>
<b>Collateral Deposits - Current *</b>	<b>-169,031</b>	<b>-167,425</b>	<b>-</b>	<b>-</b>
	<b>2,883,029</b>	<b>2,455,084</b>	<b>2,247,614</b>	<b>2,795,609</b>

\* Deposits constituted as collateral for financial guarantee

Commercial Paper non-current refers to a Commercial Paper program with firm underwriting commitment for a period of over one year, in the amount of 200,000 thousand Euros.

Main events of the period:

In January 2019, EDP issued a non-callable up to 5 years subordinated hybrid bond in the amount of 1,000 millions of Euros, with final maturity date in April 2079.

## EDP - Energias de Portugal, S.A.

## Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018

The nominal value of outstanding Bond loans placed with external counterparties, as at 31 March 2019, is as follows:

Issuer	Issue date	Interest rate	Type of hedge	Conditions / Redemption	Nominal Value in Million Currency	Thousand Euros	
						Group	Company
Hybrid by EDP S.A.							
EDP, S.A. (iv)	Sep-15	Fixed rate EUR 5.375% (v)	n.a.	Sep-75	750 EUR	750,000	750,000
EDP, S.A. (vi)	Jan-19	Fixed rate EUR 4.496% (vii)	n.a.	Apr-79	1,000 EUR	1,000,000	1,000,000
						1,750,000	1,750,000
Issued under the Euro Medium Term Notes program							
EDP Finance B.V.	Dec-02	Fixed rate EUR (iii)	n.a.	Dec-22	93 EUR	93,357	
EDP Finance B.V.(i)(ii)	Jun-05	Fixed rate EUR 4.125%	n.a.	Jun-20	233 EUR	233,372	
EDP Finance B.V.(i)	Nov-08	Fixed rate GBP 8.625%	Fair Value	Jan-24	325 GBP	410,314	-
EDP Finance B.V.	Nov-08	Zero coupon EUR (iii)	n.a.	Nov-23	160 EUR	160,000	-
EDP Finance B.V.(i)	Jun-09	Fixed rate JPY (iii)	n.a.	Jun-19	10,000 JPY	93,075	-
EDP Finance B.V.(ii)	Sep-09	Fixed rate USD 4.90%	Net Investment	Oct-19	637 USD	566,567	-
EDP Finance B.V.(i)(ii)	Sep-13	Fixed rate EUR 4.875%	Fair Value	Sep-20	462 EUR	462,222	-
EDP Finance B.V.(ii)	Nov-13	Fixed rate EUR 4.125%	n.a.	Jan-21	553 EUR	553,217	-
EDP Finance B.V.	Jan-14	Fixed rate USD 5.25%	Net Investment	Jan-21	750 USD	667,557	-
EDP Finance B.V.(i)(ii)	Apr-14	Fixed rate EUR 2.625%	Fair Value	Apr-19	551 EUR	551,191	-
EDP Finance B.V.	Jun-14	Variable rate (iii)	Net Investment	Jun-19	100 USD	89,008	-
EDP Finance B.V.(i)	Sep-14	Fixed rate EUR 2.625%	Fair Value	Jan-22	1,000 EUR	1,000,000	-
EDP Finance B.V.(ii)	Nov-14	Fixed rate USD 4.125%	Net Investment	Jan-20	583 USD	518,847	-
EDP Finance B.V.(i)	Apr-15	Fixed rate EUR 2.00%	Fair Value	Apr-25	750 EUR	750,000	-
EDP Finance B.V.	Mar-16	Fixed rate EUR 2.375%	n.a.	Mar-23	600 EUR	600,000	-
EDP Finance B.V.(i)	Aug-16	Fixed rate EUR 1.125%	n.a.	Feb-24	1,000 EUR	1,000,000	-
EDP Finance B.V.	Jan-17	Fixed rate EUR 1.875%	n.a.	Sep-23	600 EUR	600,000	-
EDP Finance B.V.	Jun-17	Fixed rate USD 3.625%	Net Investment	Jul-24	1,000 USD	890,076	-
EDP Finance B.V.	Nov-17	Fixed rate EUR 1.50%	n.a.	Nov-27	500 EUR	500,000	-
EDP Finance B.V.	Jun-18	Fixed rate EUR 1.625%	n.a.	Jan-26	750 EUR	750,000	-
EDP Finance B.V.	Oct-18	Fixed rate EUR 1.875%	n.a.	Oct-25	600 EUR	600,000	-
						11,088,803	-
Issued by the EDP Energias do Brasil Group in the Brazilian domestic market							
Lajeado Energia	Nov-13	CDI + 1.20%	n.a.	Nov-19	150 BRL	34,203	-
EDP São Paulo	Apr-14	CDI + 1.39%	n.a.	Apr-19	36 BRL	8,207	-
EDP Espírito Santo	Aug-14	CDI + 1.50%	n.a.	Aug-20	106 BRL	24,183	-
Energias do Brasil	Sep-15	IPCA + 8.3201%	n.a.	Sep-21	212 BRL	48,224	-
Energias do Brasil	Sep-15	IPCA + 8.2608%	n.a.	Sep-24	57 BRL	12,885	-
Energias do Brasil	Apr-16	IPCA + 8.3479%	n.a.	Apr-22	280 BRL	63,793	-
Energest	Apr-16	CDI + 2.265%	n.a.	Apr-20	32 BRL	7,386	-
Enerpeixe	Nov-16	114.50% * CDI	n.a.	Nov-19	175 BRL	39,895	-
Pecém	Dec-16	CDI + 2.95%	n.a.	Nov-21	330 BRL	75,231	-
EDP São Paulo	Apr-17	108.75% * CDI	n.a.	Apr-22	150 BRL	34,196	-
EDP Espírito Santo	Apr-17	108.75% * CDI	n.a.	Apr-22	190 BRL	43,315	-
Enerpeixe	Nov-17	116.00% * CDI	n.a.	Dec-22	320 BRL	72,951	-
EDP São Paulo	Dec-17	107.50% * CDI	n.a.	Jan-21	100 BRL	22,797	-
EDP Espírito Santo	Dec-17	107.50% * CDI	n.a.	Jan-21	120 BRL	27,357	-
Lajeado Energia	Dec-17	109.00% * CDI	n.a.	Dec-20	100 BRL	22,797	-
Lajeado Energia	Dec-17	113.70% * CDI	n.a.	Dec-22	200 BRL	45,594	-
EDP São Paulo	Jan-18	107.50% * CDI	n.a.	Jan-21	100 BRL	22,797	-
EDP Espírito Santo	Jan-18	107.50% * CDI	n.a.	Jan-21	100 BRL	22,797	-
EDP Transmissão	May-18	IPCA + 7.0267%	n.a.	May-33	119 BRL	27,173	-
EDP Espírito Santo	Aug-18	IPCA + 5.91%	n.a.	Jul-25	193 BRL	43,981	-
EDP São Paulo	Aug-18	IPCA + 5.91%	n.a.	Aug-25	264 BRL	60,185	-
EDP Transmissão	Oct-18	IPCA + 6.72%	n.a.	Oct-28	1,200 BRL	273,567	-
Lajeado Energia	Nov-18	109.25% * CDI	n.a.	Oct-22	100 BRL	22,797	-
Enerpeixe	Dec-18	112.48% * CDI	n.a.	Nov-23	255 BRL	58,132	-
						1,114,443	-
						13,953,246	1,750,000

(i) These issues by EDP Finance B.V. are associated with interest rate swaps and/or currency swaps.

(ii) Consolidated nominal value after the repurchase of securities by EDP - Energias de Portugal, S.A.

(iii) These issues correspond to private placements.

(iv) There is a call option exercisable at par by EDP at March 2021, March 2026 and subsequently, on each interest payment date.

(v) Fixed rate in the first 5.5 years, subsequently updated every 5 years.

(vi) There is a call option exercisable at par by EDP at January 2024 and subsequently, on each interest payment date.

(vii) Fixed rate in the first 5.5 years, subsequently updated every 5 years.

# WE LOVE ENERGY

## EDP - Energias de Portugal, S.A.

### Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018

Some of the loans contracted by the EDP Group, mainly debt issued under the EMTN, include some usual clauses in this type of operations, namely, "change-of-control", "negative pledge", "pari-passu" and "cross-default" clauses, each one only applicable under a restricted set of circumstances.

The Group has project finance loans with the usual guarantees for such loans, namely pledges or promissory pledges over shares, bank accounts and assets relating to the projects (see note 40). As at 31 March 2019 and 31 December 2018 these loans amounted to 940,965 thousand Euros and 891,475 thousand Euros, respectively.

EDP Group has several credit facilities it uses for liquidity management. EDP Group has short-term credit facilities of 256 million Euros, indexed to Euribor for the agreed period of use with spread conditions agreed in advance, and a Revolving Credit Facility (RCF) of 75 million Euros, both with a firm underwriting commitment, which as at 31 March 2019 were totally available. EDP Group also has a Commercial Paper program of 50 million Euros with guaranteed placement, which as at 31 March 2019 was totally available. EDP Group has two medium term RCF with firm underwriting commitment, one of 3,300 million Euros, maturing in 2023, and another of 2,240 million Euros, of which 2,095 million Euros mature in 2024 while the remaining amount mature in 2023, both totally available at 31 March 2019.

As at 31 March 2019, future debt and interest payments and origination fees, by type of loan and currency, are as follows:

Thousand Euros	Mar 2020	Dec 2020	Dec 2021	Dec 2022	Dec 2023	Following years	Total
<b>Bank loans:</b>							
Euro	253,783	70,803	79,761	79,119	79,027	151,842	714,335
Brazilian Real	164,477	127,157	81,296	76,779	71,626	291,289	812,624
US Dollar	12,793	9,301	12,604	12,346	12,611	163,542	223,197
Other	35,878	7,846	10,954	13,353	16,118	30,107	114,256
	466,931	215,107	184,615	181,597	179,382	636,780	1,864,412
<b>Bond loans:</b>							
Euro	634,564	708,928	553,217	1,202,107	1,360,000	4,054,486	8,513,302
Brazilian Real	191,209	142,320	225,415	112,671	109,171	362,971	1,143,757
US Dollar	1,289,314	-	667,557	-	-	890,076	2,846,947
	2,115,087	851,248	1,446,189	1,314,778	1,469,171	5,307,533	12,504,006
<b>Hybrid Bond:</b>							
Euro	9,276	-	-	-	-	1,750,000	1,759,276
	9,276	-	-	-	-	1,750,000	1,759,276
<b>Commercial paper:</b>							
Euro	184,420	-	200,000	-	-	-	384,420
Brazilian Real	50,154	-	-	-	-	-	50,154
US Dollar	224,583	-	-	-	-	-	224,583
	459,157	-	200,000	-	-	-	659,157
<b>Other loans:</b>							
Euro	1,314	83	64	-	211	-	1,672
Brazilian Real	2,994	463	400	-	-	12,891	16,748
	4,308	546	464	-	211	12,891	18,420
<b>Origination Fees:</b>							
	-2,699	-2,540	-5,387	-12,323	-59,081	-78,727	-160,757
	3,052,060	1,064,361	1,825,881	1,484,052	1,589,683	7,628,477	16,644,514

**EDP - Energias de Portugal, S.A.**  
**Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018**

As at 31 December 2018, future debt and interest payments and origination fees, by type of loan and currency, are as follows:

Thousand Euros	Dec 2019	Dec 2020	Dec 2021	Dec 2022	Dec 2023	Following years	Total
<b>Bank loans:</b>							
Euro	117,636	97,363	89,216	248,898	131,563	152,720	837,396
Brazilian Real	151,765	79,717	76,947	73,171	64,049	254,979	700,628
US Dollar	12,495	12,175	12,368	12,115	191,889	160,471	401,513
Other	36,931	11,151	12,236	12,651	12,929	27,866	113,764
	<u>318,827</u>	<u>200,406</u>	<u>190,767</u>	<u>346,835</u>	<u>400,430</u>	<u>596,036</u>	<u>2,053,301</u>
<b>Bond loans:</b>							
Euro	696,005	710,984	553,217	1,199,620	1,360,000	4,027,221	8,547,047
Brazilian Real	132,232	195,549	222,048	110,867	107,390	353,896	1,121,982
US Dollar	769,916	509,104	655,022	-	-	873,362	2,807,404
	<u>1,598,153</u>	<u>1,415,637</u>	<u>1,430,287</u>	<u>1,310,487</u>	<u>1,467,390</u>	<u>5,254,479</u>	<u>12,476,433</u>
<b>Hybrid Bond:</b>							
Euro	32,140	-	-	-	-	750,000	782,140
	<u>32,140</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>750,000</u>	<u>782,140</u>
<b>Commercial paper:</b>							
Euro	400,070	-	200,000	-	-	-	600,070
Brazilian Real	49,505	45,723	-	-	-	-	95,228
US Dollar	222,539	-	-	-	-	-	222,539
	<u>672,114</u>	<u>45,723</u>	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>917,837</u>
<b>Other loans:</b>							
Euro	1,335	109	64	-	-	-	1,508
Brazilian Real	2,396	705	383	-	-	12,629	16,113
	<u>3,731</u>	<u>814</u>	<u>447</u>	<u>-</u>	<u>-</u>	<u>12,629</u>	<u>17,621</u>
<b>Origination Fees:</b>	<u>-2,456</u>	<u>-4,284</u>	<u>-6,025</u>	<u>-13,070</u>	<u>-61,772</u>	<u>-74,826</u>	<u>-162,433</u>
	<u>2,622,509</u>	<u>1,658,296</u>	<u>1,815,476</u>	<u>1,644,252</u>	<u>1,806,048</u>	<u>6,538,318</u>	<u>16,084,899</u>

The fair value of EDP Group's debt is as follows:

Thousand Euros	Mar 2019		Dec 2018	
	Carrying amount	Market value	Carrying amount	Market value
Debt and borrowings - Non-Current	13,592,454	14,497,594	13,462,390	14,046,767
Debt and borrowings - Current	3,052,060	2,941,707	2,622,509	2,646,263
	<u>16,644,514</u>	<u>17,439,301</u>	<u>16,084,899</u>	<u>16,693,030</u>

In accordance with the Group's accounting policies, the financial liabilities whose risks are being hedged by derivative financial instruments and that comply with hedge accounting requirements of IFRS 9, are accounted at fair value. The financial liabilities are booked at amortised cost.

For fair value of debt purposes, the Hybrid bonds were valued considering the maturity of the first call dates (March 2021 for the 750 million Euros issuance and January 2024 for the 1,000 million Euros issuance).

### 32. Employee Benefits

Employee benefits are as follows:

Thousand Euros	Group	
	Mar 2019	Dec 2018
Provisions for social liabilities and benefits	639,794	759,376
Provisions for medical liabilities and other benefits	680,371	647,926
	<u>1,320,165</u>	<u>1,407,302</u>

This caption is detailed as follows:

Thousand Euros	Group	
	Mar 2019	Dec 2018
Non-Current	1,013,935	1,099,049
Current	306,230	308,253
	<u>1,320,165</u>	<u>1,407,302</u>



# WE LOVE ENERGY

## EDP - Energias de Portugal, S.A.

### Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018

The movement in Provisions for social liabilities and benefits is as follows:

Thousand Euros	Group Mar 2019
<b>Balance at the beginning of the period</b>	759,376
Charge for the period	4,046
Actuarial (gains)/losses	64
Charge-off	-29,426
Transfers, reclassifications and exchange differences	-94,266
<b>Balance at the end of the period</b>	639,794

The components of the consolidated net cost of this pension plans recognised during the period are as follows:

Thousand Euros	Mar 2019			
	Portugal	Spain	Brazil	Group
Current service cost	1,643	15	-271	1,387
<b>Operational component (see note 10)</b>	1,643	15	-271	1,387
Net interest on the net pensions plan liability	2,308	13	338	2,659
<b>Financial component (see note 13)</b>	2,308	13	338	2,659
	3,951	28	67	4,046

The movement in Provisions for medical liabilities and other benefits is as follows:

Thousand Euros	Group Mar 2019
<b>Balance at the beginning of the period</b>	647,926
Charge for the period	7,611
Actuarial (gains)/losses	-3
Charge-off	-6,605
Fund contributions	-65,068
Transfers, reclassifications, exchange differences and "mútua"	96,510
<b>Balance at the end of the period</b>	680,371

The components of the consolidated net cost of these medical and other benefits plans recognised during the period are as follows:

Thousand Euros	Mar 2019			
	Portugal	Spain	Brazil	Group
Current service cost	1,186	207	175	1,568
<b>Operational component (see note 10)</b>	1,186	207	175	1,568
Net interest on the net pensions plan liability	1,726	337	3,980	6,043
<b>Financial component (see note 13)</b>	1,726	337	3,980	6,043
	2,912	544	4,155	7,611

As at 31 March 2019, the net movement for the period in Provisions for social liabilities and benefits corresponds to a decrease of 119,582 thousand Euros, from which 24,496 thousand Euros correspond to the negative net movement occurred in Portugal, 94,900 thousand Euros correspond to the negative net movement occurred in Spain and 186 thousand Euros correspond to the negative net movement occurred in Brazil. The variation in Portugal relates essentially to benefit payments.

The net movement for the period in Provisions for medical liabilities and other benefits corresponds to an increase of 32,445 thousand Euros, from which 65,601 thousand Euros correspond to the negative net movement occurred in Portugal, 94,073 thousand Euros correspond to the positive net movement occurred in Spain and 3,973 thousand Euros correspond to the negative net movement occurred in Brazil. The variation in Portugal relates essentially to the contributions made to the Medical Plan and Death Subsidy Plan.

As at 31 March 2019, the current service cost and net interest cost recognised were based on the estimated cost for the period determined actuarially on 31 December 2018.

**EDP - Energias de Portugal, S.A.**  
**Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018**

### 33. Provisions

Provisions are as follows:

Thousand Euros	Group	
	Mar 2019	Dec 2018
Provision for legal and labour matters and other contingencies	96,823	92,034
Provision for customer guarantees under current operation	12,812	15,686
Provision for dismantling and decommissioning	451,185	480,508
Provision for other liabilities and charges	454,503	430,217
	<b>1,015,323</b>	<b>1,018,445</b>

This caption is as follows:

Thousand Euros	Group	
	Mar 2019	Dec 2018
Non-Current	983,660	982,515
Current	31,663	35,930
	<b>1,015,323</b>	<b>1,018,445</b>

The changes in the Provisions for legal and labour matters and other contingencies are as follows:

Thousand Euros	Group
	Mar 2019
<b>Balance at the beginning of the period</b>	92,034
Charge for the period	4,923
Reversals	-1,680
Charge-off for the period	-3,056
Exchange differences and other	4,602
<b>Balance at the end of the period</b>	<b>96,823</b>

EDP and its subsidiaries' Board of Directors, based on the information provided by its legal advisors and on the analysis of pending law suits, have recognised provisions to cover the losses estimated as probable, related with litigations in progress.

In the first quarter of 2019, there were no significant changes in the Provisions for legal and labour matters and other contingencies.

The movement in Provision for customer guarantees under current operations is as follows:

Thousand Euros	Group
	Mar 2019
<b>Balance at the beginning of the period</b>	15,686
Charge-off for the period	-2,874
<b>Balance at the end of the period</b>	<b>12,812</b>

Provisions for customer guarantees under current operations include essentially provisions for commercial losses.

The movement in Provision for dismantling and decommissioning is as follows:

Thousand Euros	Group
	Mar 2019
<b>Balance at the beginning of the period</b>	480,508
Unwinding (see note 13)	1,653
Increase of the responsibility (see note 16)	2,062
Reclassification to Assets and Liabilities held for sale (see note 38)	-35,086
Exchange differences and other	2,048
<b>Balance at the end of the period</b>	<b>451,185</b>

In the first quarter of 2019, there were no significant changes in the Provision for dismantling and decommissioning, except for reclassification to Assets and Liabilities Held for Sale of the portfolio of onshore wind technology companies in Europe of the EDPR Group (see note 38).

# WE LOVE ENERGY

## EDP - Energias de Portugal, S.A.

### Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018

The movement in Provision for other liabilities and charges is as follows:

Thousand Euros	Mar 2019
	Group
Balance at the beginning of the period	430,217
Charge for the period	379
Charge-off for the period	-4,308
CMEC	6,349
"Lesividad"	3,005
Exchange differences and other	18,861
Balance at the end of the period	454,503

In the first quarter of 2019, there were no significant changes in the Provision for other liabilities and charges..

In their ordinary course of business, EDP Group subsidiaries are involved in several litigations and contingencies (of possible risk) of administrative, civil, tax, labour and other natures. These legal, arbitration or other actions, involve customers, suppliers, employees, administrative, central, municipal, tax, environmental or other authorities. In EDP Group and its legal advisors' opinion, the risk of a loss in these actions is not probable, and the outcome will not affect on a material way its consolidated financial position.

The processes whose losses were considered as possible, do not require the recognition of provisions and are periodically reassessed. As at 31 March 2019, there were no significant changes in the losses considered as possible as of 31 December 2018.

Finally, it is important to identify litigation and contingencies that, although the EDP Group classifies its risk as remote, assume materially relevant values, namely:

i) On 27 October 2009 and 5 January 2010, the EDP Group received two tax settlements regarding 2005 and 2006 taxable income for the EDP tax Group, which included an adjustment of 591 million Euros regarding its subsidiary, EDP Internacional SGPS, related to the tax treatment considered by the EDP Group in relation to a capital loss generated with the liquidation of a subsidiary, whose main assets consisted of investments in operating subsidiaries in Brazil, namely EDP Espírito Santo and Enersul. As at 31 March 2019, the amount of this tax contingency amounts to 284 million Euros (31 December 2018: 282 million Euros).

Considering the analysis made, the technical advice received and a favourable binding opinion obtained from the tax authorities in relation to the nature of the transaction occurred in the year of the assessment, the EDP Group considers as remote the risk associated with this matter. Under this analysis, the capital loss is tax deductible for income tax purposes as established in article 75 no. 2 of the Corporate Income Tax Code ("Código do IRC") based on the wording of the law in force at that date (existing article 81).

Given the above, and considering that the EDP Group's tax procedures comply with applicable Portuguese tax legislation at the date of the events, the Group is currently using all available legal means to contest these additional settlements. Thus, following the implied rejection of the hierarchical appeal, EDP presented a judicial claim, on 6 June 2012. In November 2018, EDP Group was notified with a decision in favour. The Treasury filed an appeal on that decision.

#### 34. Institutional Partnerships in USA

The caption Institutional partnerships in USA is as follows:

Thousand Euros	Group	
	Mar 2019	Dec 2018
Deferred income related to benefits provided	966,521	961,783
Liabilities arising from institutional partnerships in USA	1,267,447	1,269,466
	2,233,968	2,231,249

EDPR North America recognises under this caption the receipts of institutional investors associated with wind and solar projects. This liability is reduced by the amount of tax benefits provided and payments made to the institutional investors during the period. The amount of tax benefits provided is booked as a non-current deferred income, and recognised over the useful life of the related projects (see note 8). Additionally, this liability is increased by the estimated interest based on the liability outstanding and the expected rate of return of the institutional investors (see note 13).

**EDP - Energias de Portugal, S.A.**  
**Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018**

The movements in Institutional partnerships in USA wind farms are as follows:

Thousand Euros	Group Mar 2019
<b>Balance at the beginning of the period</b>	2,231,249
Cash paid for deferred transaction costs	-21
Cash paid to institutional investors	-16,129
Other Income (see note 8)	-46,510
Unwinding (see note 13)	21,607
Exchange differences	42,262
Other	1,510
<b>Balance at the end of the period</b>	<b>2,233,968</b>

### 35. Trade payables and other liabilities from commercial activities

Trade payables and other liabilities from commercial activities - Non-Current are as follows:

Thousand Euros	Group Mar 2019	Dec 2018
<b>Contract liabilities:</b>		
Energy sales contracts - EDPR NA	11,083	11 496
Deferred income - CMEC	297,883	283,530
	308,966	295,026
<b>Other liabilities:</b>		
Investment government grants	584,175	583,603
Amounts payable for tariff adjustments - Electricity - Portugal	38,515	77,447
Amounts payable for tariff adjustments - Electricity - Brazil	53,836	38,678
Amounts payable for concessions	205,572	201,527
Property, plant and equipment suppliers	7,435	8,233
Other creditors and sundry operations	171,814	151,731
	1,061,347	1,061,219
	<b>1,370,313</b>	<b>1,356,245</b>

Trade payables and other liabilities from commercial activities - Current are as follows:

Thousand Euros	Group Mar 2019	Dec 2018	Company Mar 2019	Dec 2018
<b>Contract liabilities:</b>				
Deferred income - CMEC	80,684	80 897	-	-
Amounts received from the Fund for systemic sustainability of the energy sector	116,695	155,594	-	-
	197,379	236,491	-	-
<b>Other liabilities:</b>				
Suppliers	1,000,123	956,608	429,141	412,960
Accrued costs related with commercial activities	713,383	704,975	241,268	314,433
Property, plant and equipment suppliers	593,166	1,028,188	974	837
Holiday pay, bonus and other charges with employees	186,478	160,847	30,840	30,201
CO2 emission Licenses	198,224	137,746	-	-
Amounts payable for tariff adjustments - Electricity - Portugal	15,203	8,840	-	-
Amounts payable for tariff adjustments - Electricity - Brazil	-	253	-	-
Amounts payable - securitisations	117,255	134,841	-	-
Amounts payable - CMEC	222,245	222,245	-	-
Other creditors and sundry operations	258,358	271,211	10,038	30,452
	3,304,435	3,625,754	712,261	788,883
	<b>3,501,814</b>	<b>3,862,245</b>	<b>712,261</b>	<b>788,883</b>

At the moment of EDPR NA acquisition, the contracts signed between this subsidiary and its customers, determined under the terms of the Purchase Price Allocation, were valued through discounted cash flow models and market assumptions at 190,400 thousand US Dollars, being booked as a non-current liability under Energy sales contract - EDPR NA, and amortised over the useful life of the contracts in Other operating income - Other.

# WE LOVE ENERGY

## EDP - Energias de Portugal, S.A.

### Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018

Deferred income - CMEC Non-current and Current, in the amount of 378,567 thousand Euros (31 December 2018: 364,427 thousand Euros) includes the initial CMEC amount (833,467 thousand Euros) deducted from the amortisation of initial CMEC during the years 2007 to 2017 and accrued with unwinding (see note 13), in the amount of 210,581 thousand Euros. This caption also includes 167,986 thousand Euros relating with the final adjustment recognised in accordance with the result achieved by EDP/REN working group (256,539 thousand Euros), deducted from amortisation and accrued with corresponding unwinding charges of the period (see note 13).

The Amounts received from the Fund for systemic sustainability of the energy sector refer to amounts transferred to EDP SU in December 2018, related with the electricity tariffs for 2019, which represent CESE amounts intended to reduce the National Electric System's tariff debt. The variation of the period reflects the partial regularization of these amounts through tariff.

Investment government grants are amortised through the recognition of a revenue in the income statement over the useful life of the related assets, which amounts to 6,278 thousand Euros as at 31 March 2019 (see note 12). This caption includes grants received by EDPR NA subgroup under the "American Recovery and Reinvestment Act" promoted by the United States of America Government.

The movement for the period in Amounts payable for tariff adjustments - Electricity - Portugal (Non-current and Current) is as follows:

Thousand Euros	Non-Current	Current
<b>Balance at the beginning of the period</b>	<b>77,447</b>	<b>8,840</b>
Payment through the electricity tariff	-	-11,673
Tariff adjustment of the period (see note 7)	25,703	-
Interest expense (see note 13)	32	24
Transfer to/from tariff adjustment receivable (see note 23)	-44,943	-1,712
Transfer from Non-Current to Current	-19,724	19,724
<b>Balance at the end of the period</b>	<b>38,515</b>	<b>15,203</b>

The caption Amounts payable for tariff adjustments - Electricity - Brazil, refers to tariff adjustments recognised in EDP São Paulo and EDP Espírito Santo in the accumulated amount of 36,576 thousand Euros (31 December 2018: 28,681 thousand Euros) and 17,260 thousand Euros (31 December 2018: 10,250 thousand Euros), respectively. The variation occurred includes the tariff deficit of the period with a positive impact of 30,904 thousand Euros (see note 7), the transfer to tariff adjustment receivable of 10,489 thousand Euros (see note 23), the unwinding in the amount of 5,681 thousand Euros (see note 13), the decrease in the amount received through the electricity tariff of 32,321 thousand Euros and the exchange differences due to appreciation of Brazilian Real against Euro with a positive impact of 152 thousand Euros.

Amounts payable for concessions includes the concession rights for the operation of the hydric domain of Alqueva and Pedrógão transferred by EDIA in the amount of 139,654 thousand Euros (31 December 2018: 137,237 thousand Euros) and the financial compensation for the use of the public domain related to concession agreements of Investco, S.A. and Enerpeixe, S.A. in Brazil in the amount of 65,918 thousand Euros (31 December 2018: 64,291 thousand Euros).

The reduction of the caption Property, plant and equipment suppliers - Current is mainly explained by payments of amounts which were due at 31 December 2018, related with the construction of windfarms and solar parks in EDPR NA and EDPR Brasil.

The caption CO2 emission licenses includes the CO2 consumptions during 2018 and 2019 in Portugal and Spain, in the amount of 122,120 thousand Euros and 74,773 thousand Euros, respectively (31 December 2018: 81,701 thousand Euros and 56,045 thousand Euros). The CO2 emission licences related with the consumptions in a given year are delivered to the regulatory authorities until April of the following year.

In the energy distribution activity, the subsidiaries of EDP Group in Portugal and Spain recover the deficits and tariff adjustment assets through the tariffs charged to their customers. The caption Amounts payable - securitizations includes the amounts payable to entities that have acquired the right to receive these assets in securitisation or direct sales operations in Portugal, and the caption Other creditors and sundry operations - Current includes the settlements to be made to the regulatory entity in Spain, which amounts to 14,389 thousand Euros (31 December 2018: 9,538 thousand Euros). These liabilities refer to the assets recovered through the tariffs that will be transferred to these entities.

The caption Amounts payable - CMEC refers to amounts received by EDP Distribuição, through the tariff, regarding the CMEC Revisibility of 2016 and 2017, which delivery to REN is awaiting approval (see note 4).

The caption Other creditors and sundry operations - Non-current includes the amount of 58,373,178 thousand Euros related with the reinsurance activity (31 December 2018: 69,178 thousand Euros). The caption Other creditors and sundry operations - Current includes the amount of 14,317 thousand Euros related to tariff adjustment payable (31 December 2018: 14,317 thousand Euros).

**EDP - Energias de Portugal, S.A.**  
**Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018**

### 36. Other Liabilities and Other Payables

Other liabilities and other payables are as follows:

Thousand Euros	Group		Company	
	Mar 2019	Dec 2018	Mar 2019	Dec 2018
<b>Other liabilities and other payables - Non-Current</b>				
Loans from non-controlling interests	219,265	401,257	-	-
Derivative financial instruments (see note 39)	208,694	196,496	282,624	205,570
Group companies	-	-	66,297	66,297
Amounts payable and contingent prices for acquisitions/sales	65,654	75,234	-	-
Lease contracts with EDP Pension and Medical and Death Subsidy Funds (a)	-	77,959	-	77,959
Rents due from lease contracts (a)	698,566	-	142,958	-
Other creditors and sundry operations	6,667	5,953	-	-
	<u>1,198,846</u>	<u>756,899</u>	<u>491,879</u>	<u>349,826</u>
<b>Other liabilities and other payables - Current</b>				
Loans from non-controlling interests	146,841	241,617	-	-
Dividends attributed to related companies	89,779	57,752	-	-
Derivative financial instruments (see note 39)	139,679	155,848	309,548	188,502
Group companies	-	-	33,557	31,339
Group's financial system (see note 41)	-	-	779,943	1,030,481
Amounts payable and contingent prices for acquisitions/sales	234,273	303,459	-	-
Lease contracts with EDP Pension and Medical and Death Subsidy Funds (a)	-	6,496	-	6,496
Rents due from lease contracts (a)	61,643	-	6,849	-
Other creditors and sundry operations	9,038	5,750	144,018	36,362
	<u>681,253</u>	<u>770,922</u>	<u>1,273,915</u>	<u>1,293,180</u>
	<u>1,880,099</u>	<u>1,527,821</u>	<u>1,765,794</u>	<u>1,643,006</u>

(a) Due to the adoption of IFRS 16, the balances included in the caption Lease contracts with EDP Pension and Medical and Death Subsidy Funds are now included in the new item Rents due from lease contracts (see note 3).

The caption Loans from non-controlling interests Current and Non-Current mainly includes:

- i) loans granted by ACE Portugal (CTG Group) due to the sale in 2017 of 49% of shareholding in EDPR PT – Parques Eólicos S.A and subsidiaries for a total amount of 31,400 thousand Euros, including accrued interests (31 December 2018: 31,108 thousand Euros), bearing interest at a fixed rate of 3.75% (see note 41);
- ii) loans granted by ACE Poland (CTG Group) due to the sale in 2016 of 49% of shareholding in EDP Renewables Polska HoldCo, S.A. and subsidiaries for a total amount of 118,972 thousand Euros, including accrued interests (31 December 2018: 119,826 thousand Euros), bearing interest at a fixed rate of a range between 1.33% and 7.23% (see note 41);
- iii) loans granted by ACE Italy (CTG Group) due to the sale in 2016 of 49% of shareholding in EDP Renewables Italia, S.r.l. and subsidiaries for a total amount of 64,016 thousand Euros, including accrued interests (31 December 2018: 63,304 thousand Euros), bearing interest at a fixed rate of 4.5% (see note 41);
- iv) loans granted by CITIC CWEI Renewables (CTG Group) due to the sale in 2013 of 49% of shareholding in EDP Renováveis Portugal, S.A. for a total amount of 50,892 thousand Euros, including accrued interests (31 December 2018: 50,202 thousand Euros), bearing interest at a fixed rate of 5.5% (see note 41); and
- v) loans from Sonatrach to Central Térmica Ciclo Combinado Grupo 4 in the amount of 58,220 thousand Euros (31 December 2018: 58,220 thousand Euros).

Additionally, the decrease in the caption Loans from non-controlling interests Current and Non-Current includes the transfer of the loans related to the operating onshore wind portfolio in Europe presented in non-current liabilities held for sale (see note 38) amounting 280,390 thousand Euros.

The variation of the caption Amounts payable and contingent prices for acquisitions/sales mainly relates from costs actually incurred in the construction of the windfarm projects as foreseen in the context of the sale, in December 2018, of 80% of the shareholding in the company 2018 XIX Wind LLC and its subsidiaries.

The caption Rents due from lease contracts - Non-Current and Current includes the amount of 718,528 thousand Euros and 18,861 thousand Euros, respectively, as a result of the adoption of IFRS 16 on 1 January 2019 (see note 3). As at 31 March 2019, the variation includes a negative impact of 21,577 thousand Euros corresponding to payments of rents and a positive impact of 10,018 thousand Euros corresponding to the unwinding (see note 13).

# WE LOVE ENERGY

## EDP - Energias de Portugal, S.A.

### Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018

As at 31 March 2019, the nominal value of the rents due from lease contracts is detailed as follows: (i) less than 5 years: 375,569 thousand Euros; (ii) from 5 to 10 years: 296,632 thousand Euros; (iii) from 10 to 15 years: 285,876 thousand Euros; and (iv) more than 15 years: 477,906 thousand Euros.

The caption Rents due from lease contracts, on a Company basis, includes lease contracts with EDP Pension and Medical and Death Subsidy Funds regarding to the building units of Porto headquarters acquired by EDP Pension Fund in December 2015 and the Lisbon headquarters building given as an in-kind contribution to EDP Medical and Death Subsidy Fund in September 2017. These contracts were celebrated for a period of 25 years (see note 41).

#### 37. Tax Liabilities

Tax liabilities are as follows:

Thousand Euros	Group		Company	
	Mar 2019	Dec 2018	Mar 2019	Dec 2018
Income tax	179,216	162,835	132,172	114,820
Withholding tax	17,908	41,465	1,026	1,150
Value Added Tax (VAT)	153,923	130,588	26,329	1,655
Special taxes Brazil	193,696	188,899	-	-
CESE (see note 15)	67,046	-	-	-
Other taxes	165,315	139,939	1,005	1,021
	<b>777,104</b>	<b>663,726</b>	<b>160,532</b>	<b>118,646</b>

This caption is as follows:

Thousand Euros	Group		Company	
	Mar 2019	Dec 2018	Mar 2019	Dec 2018
Non-Current	102,628	97,637	-	-
Current	674,476	566,089	160,532	118,646
	<b>777,104</b>	<b>663,726</b>	<b>160,532</b>	<b>118,646</b>

With regard to 31 March 2019, the main variations to highlight in caption Tax Liabilities are the record of CESE (note 15) and the record of property tax for EDPR North America companies.

#### 38. Non-Current Assets and Liabilities Held for Sale

The criteria for classifying assets and liabilities as held for sale, as well as their presentation in EDP Group's consolidated financial statements, are described in the Group's accounting policies.

This caption is as follows:

Thousand Euros	Group	
	Mar 2019	Dec 2018
<b>Assets held for sale</b>		
Electricity generation assets - United Kingdom	9,365	7,546
Electricity generation assets - Europe	1,363,068	-
Other assets	3,519	3,519
	<b>1,375,952</b>	<b>11,065</b>
<b>Liabilities held for sale</b>		
Electricity generation liabilities - Europe	521,920	-
	<b>521,920</b>	<b>-</b>
	<b>854,032</b>	<b>11,065</b>

In 2017, EDPR Group committed to the plan of selling and consequent loss of control of Moray Offshore Windfarm (East) Limited, so, according to the analysis performed under IFRS 5, this sale was considered highly probable, and as at 30 June 2017, its assets and liabilities were classified as held for sale. During 2017 and 2018, EDPR Group finished the following sales of the equity shareholding and shareholder loans: 23.3% to Engie, 33.4% to Diamond Generation Europe Limited and 10% to China Three Gorges (Europe) S.A. As at 31 March 2019, the assets attributable to the remaining capital shares and respective loans that will be disposed are recognised in non-current assets held for sale in the amount of 9,365 thousand Euros (31 December 2018: 7,546 thousand Euros).

**EDP - Energias de Portugal, S.A.**  
**Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018**

In April 2019, the EDP Group signed a sale and purchase agreement with institutional investors to sell the full equity shareholding and outstanding shareholder loans in an operating onshore wind portfolio in Europe, namely in Portugal, Spain, France and Belgium. As at 31 March 2019, the assets and liabilities associated with the companies included in this portfolio were presented in non-current assets and liabilities held for sale. The main movements occurred in the quarter in the Condensed Consolidated Financial Position of the Group associated with this reclassification are as follows:

Thousand Euros	Group Mar 2019
<b>Assets</b>	
Property, plant and equipment (see note 16)	-1,045,794
Right-of-use assets (see note 17)	-52,672
Intangible assets (see note 18)	-10,690
Goodwill (see note 19)	-138,636
Deferred tax assets (see note 22)	-4,881
Other assets non current	-38,517
Other assets current	-16,141
Cash and cash equivalents	-55,737
Electricity generation assets - Europe	1,363,068
	-
<b>Liabilities</b>	
Financial debt	-37,070
Provisions (see note 33)	-35,086
Deferred tax liabilities (see note 22)	-79,124
Trade payables and other liabilities from commercial activities	-18,237
Other liabilities and other payables	-334,543
Current tax liabilities	-17,860
Electricity generation liabilities - Europe	521,920
	-

These reclassifications were made only for financial statement presentation purposes, without changing the measurement criteria of these assets and liabilities, as it is expected that the fair value less costs to sell is higher than its book value, in accordance with IFRS 5.

### 39. Derivative Financial Instruments

In accordance with IFRS 9, the Group classifies derivative financial instruments as fair value hedge of a recognised asset or liability (Fair value hedge), as cash flow hedge of recognised liabilities and highly probable future transactions (Cash flow hedge), as net investment hedge in foreign operations (Net investment hedge), or as held for trading, if or when they are not eligible for hedge accounting.

The fair value of the derivative financial instruments in EDP Group is as follows:

Thousand Euros	Mar 2019		Dec 2018	
	Assets	Liabilities	Assets	Liabilities
<b>Net Investment hedge</b>				
Cross-currency interest rate swaps	22,225	-54,055	35,466	-34,818
Currency forwards	-	-7,372	2,696	-15
<b>Fair value hedge</b>				
Interest rate swaps	100,500	-	90,091	-
Cross-currency interest rate swaps	22,022	-	27,354	-1,593
<b>Cash flow hedge</b>				
Interest rate swaps	2,481	-19,724	3,626	-19,530
Swaps related to gas commodity	80,775	-185,624	406	-189,011
Electricity swaps	17,534	-56,983	13,020	-89,642
Currency forwards associated to commodities	101,292	-481	67,507	-2,001
<b>Trading</b>				
Interest rate swaps	1,129	-1,183	10,758	-724
Cross-currency interest rate swaps	6,857	-487	5,168	-421
Commodity swaps	29,035	-20,746	28,752	-10,946
Currency forwards	9	-648	1,553	-442
Commodity forwards	3,868	-1,070	2,043	-
Commodity options purchased and sold	1,566	-	-	-3,201
	389,293	-348,373	288,440	-352,344

The management of financial risk of EDP, S.A. and other EDP Group companies, is carried out centrally by EDP, S.A. (note 5). On this basis, EDP, S.A. negotiates derivative financial instruments with external entities to hedge its own individual business risks, as well as for other companies of the Group, performing for these entities' as an intermediate in their contracting.



# WE LOVE ENERGY

## EDP - Energias de Portugal, S.A.

### Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018

The fair value of the derivative financial instruments at Company level is as follows:

Thousand Euros	Mar 2019		Dec 2018	
	Assets	Liabilities	Assets	Liabilities
<b>Cash flow hedge</b>				
Swaps related to gas commodity	2,865	-123,059	-	-95,180
Electricity swaps	10,059	-91,912	31,921	-
Currency forwards associated to commodities	84,918	-	59,890	-3
<b>Trading</b>				
Interest rate swaps	99,950	-90,795	99,066	-91,357
Cross-currency interest rate swaps	101,373	-48,250	94,298	-30,003
Commodity swaps	286,768	-216,677	233,550	-129,685
Currency forwards	2,158	-2,158	10,931	-9,415
Commodity forwards	23,824	-17,947	30,826	-35,225
Commodity options	1,566	-1,374	3,420	-3,204
	<b>613,481</b>	<b>-592,172</b>	<b>563,902</b>	<b>-394,072</b>

The fair value of derivative financial instruments is booked in Other debtors and other assets (see note 24) and Other liabilities and other payables (see note 36), according to its nature.

Fair value of derivative financial instruments is based on quotes indicated by external entities, which are compared in each date of report to fair values available in common financial information platforms. Therefore, according to IFRS 13 requirements, the fair value of the derivative financial instruments is classified as of level 2 (see note 42) and no changes of level were made during this period. These entities use generally accepted discounted cash flow techniques and data from public markets.

Derivative financial instruments classified as trading are financial hedging instruments contracted for economic hedging at EDP Group level (see note 5), however such instruments are not eligible for hedge accounting under IFRS.

Considering that hedging derivative financial instruments are contracted with a high correlation of critical terms, namely in the same currency and at the same indexes, the hedge ratio between the hedging instruments and the hedged instruments is 1:1.

During the first quarter of 2019 and 2018 the following market inputs were considered for the fair value calculation:

Instrument	Market input
Cross-curr. int. rate swaps	Fair value indexed to the following interest rates: Euribor 3M, Euribor 6M, Libor 3M, Libor 6M, Daily CDI, Wibor 3M and Robor 3M; and exchange rates: EUR/GBP, EUR/BRL, EUR/PLN, EUR/CAD, USD/BRL, USD/JPY, EUR/RON and EUR/USD.
Interest rate swaps	Fair value indexed to the following interest rates: Euribor 3M, Euribor 6M, Wibor 6M, US Libor 3M and CAD Libor 3M.
Currency forwards	Fair value indexed to the following exchange rates: EUR/USD, EUR/PLN, EUR/BRL, EUR/GBP and USD/BRL.
Commodity swaps	Fair value indexed to the market quotes of the following commodities: Brent, NBP Natural Gas, Electricity, Henry Hub, TTF, Coal and CO <sub>2</sub> .

#### 40. Commitments

As at 31 March 2019, the significant variations in EDP Group's contractual commitments that are not included in the Statement of Financial Position relate, essentially, to the increase of the purchase obligations in the amount of 1,402,523 thousand Euros, mostly due to responsibilities with fuel acquisitions. In addition, with the adoption of IFRS 16 - Leases, as at 1 January 2019, the EDP Group recognised in the Statement of Financial Position the operating lease commitments (see note 3), unless the lease term is 12 months or less, or the lease is for a low-value asset. In accordance, future cash outflows not reflected in the measurement of the liabilities regarding the rents due from lease contracts are presented, by maturity, as follows: (i) less than 1 year: 16,219 thousand Euros; (ii) Between 1 and 3 years: 58,537 thousand Euros; (iii) Between 3 and 5 years: 58,436 thousand Euros and (iv) more than 5 years: 164,347 thousand Euros.

#### 41. Related Parties

##### Business operations between the Company and the members of the Executive Board of Directors and General and Supervisory Board with qualifying holdings and companies in the group or control relationship with EDP

In the course of its activity and regardless of their relevance, EDP concludes businesses and operations under normal market conditions for similar transactions with different entities, namely financial institutions, including holders of qualified shareholdings in EDP's share capital and those related parties.

On 11 May 2012, after the strategic partnership agreement concluded with China Three Gorges Corporation (CTG) came into effect in December 2011, this company (and three other group companies) became part of EDP's General and Supervisory Board.

## **EDP - Energias de Portugal, S.A.**

### **Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018**

Under the strategic partnership with China Three Gorges Corporation, on 28 June 2013, EDP Renováveis, S.A. sold for a total final price of 368 million Euros to a CTG Group company (CITIC CWEI Renewables S.C.A.) a 49% shareholding in EDP Renováveis Portugal and 25% of the shareholder loans capital and supplementary capital contributions under the applicable rules for additional contributions granted to this company.

Also under this partnership, on 6 December 2013, EDP Brasil signed a memorandum of understanding with CWE Investment Corporation (CWEI), currently designated as China Three Gorges Corporation, a wholly owned subsidiary of CTG, setting out the main guidelines for a future partnership in joint investments between EDP Brasil and CWEI and that governs parties' participation in joint projects in Brazil. These investments by CWEI Brasil will be considered for purposes of fulfilment of the strategic partnership agreement in relation to the total investment of 2 billion Euros to be made by CTG up to 2015 (including co-funding of operating investments) in ready-to-build and operational renewable energy generation projects.

On 19 May 2015, EDP Renováveis, S.A. has completed the sale to CTG, of a 49% equity shareholding in selected wind farms in Brazil. This transaction was recognised as a sale without loss of control, having the Group recognised non-controlling interests of 50,943 thousand Euros and an impact in reserves attributable to the Group of 10,337 thousand Euros in 2015.

On 27 October 2016, the transaction relating with the sale of the minority interest in the wind generation assets of EDP Renováveis in Italy and Poland to CTG, which purchase and sale agreement was signed on 28 December 2015 has been concluded. CTG, through ACE Poland S.A.R.L. and ACE Italy S.A.R.L., both owned in 100% by ACE Investment Fund LP, an entity owned by China Three Gorges Hong Kong Ltd, subsidiary of CTG, formalised the payment of approximately 363 million Euros corresponding to the final price agreed between the parties.

On 30 June 2017, EDP Renewables, SGPS, S.A. has completed the sale to ACE Portugal S.A.R.L. (CTG Group), of a 49% equity shareholding in EDPR PT-PE. This transaction was recognised as a sale without loss of control, having the Group recognised non-controlling interests of 135,679 thousand Euros and an impact in reserves attributable to the Group of 74,419 thousand Euros in 2017.

On 28 December 2018, EDP Renováveis S.A. has completed the sale to CTG, of a 10% equity stake and respective shareholder loans on Moray Offshore Windfarm (East) Limited, for the total amount of 37.6 million Pounds.

#### **Balances and transactions with companies of China Three Gorges Group**

In accordance with the EDP/CTG strategic partnership, EDP Renováveis Group has completed the sale of 49% of EDPR Portugal, EDPR Brasil, EDPR PT-PE, EDPR Italia and EDPR Polska to CTG Group.

Following these transactions, CTG Group granted shareholders loans to the EDPR Group in the amount of 265,280 thousand Euros including accrued interests (31 December 2018: 264,440 thousand Euros) (see note 36).

During 2019, EDPR Portugal distributed dividends to CTG in the amount of 19,600 thousand Euros.

#### **Balances with EDP Pension and Medical and Death Subsidy Funds**

In December 2015, EDP, S.A. signed a lease contract related with the building units of the Porto headquarters (sold to the EDP Pension Fund in December 2015) for a period of 25 years. As at 31 March 2019, the present value of the contract as a result of the adoption of IFRS 16 on 1 January 2019 amounts to 49,342 thousand Euros (31 December 2018: 30,221 thousand Euros) (see note 36).

In September 2017, EDP, S.A. signed a lease contract related with the building of the Lisbon headquarters (given as an in-kind contribution to the EDP Medical and Death Subsidy Funds) for a period of 25 years. As at 31 March 2019, the present value of the contract as a result of the adoption of IFRS 16 on 1 January 2019 amounts to 91,065 thousand Euros (31 December 2018: 54,198 thousand Euros) (see note 36).

Following the decision and implementation of the autonomisation of the Medical Plan and Death Subsidy Plan in Portugal, EDP Group has made contributions of 65,068 thousand Euros during the three-month period ended on 31 March 2019 (see note 32). In the following years, until the end of 2027, the Group estimates to make additional contributions in the approximate total amount of 249 million Euros, in line with the financing plan approved by Insurance and Pension Funds Supervisory Authority (ASF).

# WE LOVE ENERGY

## EDP - Energias de Portugal, S.A.

### Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018

#### Balances and transactions with subsidiaries, joint ventures and associates

In their ordinary course of business, EDP Group companies establish commercial transactions and operations with other Group companies, whose terms reflect current market conditions.

The credits and debits over subsidiaries, joint ventures and associates, at Company level, are as follows:

#### Credits held

Thousand Euros	31 March 2019			Total
	Intra-Group Financial Mov.	Loans and Interests receivable	Other Credits	
EDP Comercial, S.A.	36,801	75,539	268,589	380,929
EDP Distribuição, S.A.	-	1,810,202	62,294	1,872,496
EDP España, S.A.U.	-	-	22,710	22,710
EDP Finance B.V.	-	994,005	76,687	1,070,692
EDP Produção, S.A.	-	1,581,453	272,172	1,853,625
EDP Imobiliária e Participações, S.A.	-	-	1,181	1,181
EDP IS, Lda.	-	194,435	22,909	217,344
EDP Renováveis, S.A.	-	-	3,778	3,778
EDP Servicios Financieros España, S.A.U.	700,025	-	2,437	702,462
EDP Serviço Universal, S.A.	1,679	-	40,731	42,410
EDP Renewables Europe, S.L.U.	-	-	37,717	37,717
EDP Comercializadora, S.A.U.	-	-	33,064	33,064
EDP GÁS.COM - Comércio de Gás Natural, S.A.	4,931	10,092	3,983	19,006
Other	18,115	32,795	76,684	127,594
	<b>761,551</b>	<b>4,698,521</b>	<b>924,936</b>	<b>6,385,008</b>

The amount of 994,005 thousand Euros refers to the repurchase in market by EDP, S.A. of six bond issues issued by EDP Finance B.V.

#### Debits held

Thousand Euros	31 March 2019			Total
	Intra-Group Financial Mov.	Loans and Interests payable	Other Debits	
EDP Distribuição, S.A.	360,921	-	11,314	372,235
EDP Comercial, S.A.	-	-	3,119	3,119
EDP Finance B.V.	-	10,912,032	90,978	11,003,010
EDP Produção, S.A.	367,027	-	514,777	881,804
EDP Renováveis, S.A.	-	-	4,789	4,789
EDP Serviço Universal, S.A.	-	-	10,009	10,009
EDP España, S.A.U.	-	-	19,190	19,190
EDP Comercializadora, S.A.U.	-	-	89,014	89,014
Other	51,995	-	56,346	108,341
	<b>779,943</b>	<b>10,912,032</b>	<b>799,536</b>	<b>12,491,511</b>

The amount of 10,912,032 thousand Euros includes 6 intragroup bonds issued by EDP S.A. and acquired by EDP Finance BV. As at 31 March 2019, its total amount is 8,922,178 thousand Euros, with fixed and variable rate at medium-long term (3, 5, 7 and 10 years).

Expenses and income related to subsidiaries, joint ventures and associates, at Company level, are as follows:

#### Expenses

Thousand Euros	31 March 2019			Total
	Interest on Intra-Group Financial Mov.	Interest on Loans Obtained	Other Losses	
EDP Finance B.V.	-	38,581	28,416	66,997
EDP Produção, S.A.	-	-	532,747	532,747
EDP España, S.A.U.	-	-	17,584	17,584
EDP Comercializadora, S.A.U.	-	-	138,871	138,871
Other	2	-	44,738	44,740
	<b>2</b>	<b>38,581</b>	<b>762,356</b>	<b>800,939</b>

## EDP - Energias de Portugal, S.A.

## Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018

## Income

Thousand Euros	31 March 2019			
	Interest on Intra-Group Financial Mov.	Interest on Loans Granted	Other Gains	Total
EDP Comercial, S.A.	7	610	375,156	375,773
EDP Distribuição, S.A.	-	9,353	56,708	66,061
EDP España, S.A.U.	-	-	25,417	25,417
EDP Produção, S.A.	1	6,863	231,087	237,951
EDP Soluções Comerciais	19	-	3,995	4,014
EDP Finance B.V.	-	10,766	38,293	49,059
Hidroantábribo Distribución Eléctrica S.A.U.	-	-	5,652	5,652
EDP Comercializadora, S.A.U	-	-	19,363	19,363
EDP Renováveis, S.A.	-	-	5,053	5,053
EDP Renewables Europe, S.L.U.	-	-	13,648	13,648
Other	28	2,072	40,297	42,397
	55	29,664	814,669	844,388

Other gains include income from equity investments of 70,800 thousand Euros (see note 13).

Assets, liabilities and transactions with related companies, for the Group, are as follows:

## Assets and Liabilities

Thousand Euros	31 March 2019		
	Assets	Liabilities	Net Value
<b>Joint Ventures</b>			
Hydro Global Investment, Ltda.	12,738	-	12,738
Eoliennes en Mer Îles d'Yeu et de Noirmoutier, S.A.S.	5,115	-	5,115
Meadow Lake Wind Farm VI LLC	118	1,815	-1,697
Cide HC Energía, S.A.	3,150	1,482	1,668
Eoliennes en Mer Dieppe - Le Tréport, S.A.S.	8,213	-	8,213
Moray West Holdings Limited	7,766	-	7,766
Windplus, S.A.	10,087	3	10,084
HC Tudela Cogeneración, S.L.	2,319	1,486	833
Other	8,480	3,070	5,410
	57,986	7,856	50,130
<b>Associates</b>			
MABE Construção e Administração de Projectos, Ltda.	5,280	-	5,280
Parque Eólico Sierra del Madero, S.A.	10,678	-	10,678
Centrais Elétricas de Santa Catarina, S.A. - Celesc	2,246	308	1,938
Other	7,217	329	6,888
	25,421	637	24,784
	83,407	8,493	74,914

# WE LOVE ENERGY

## EDP - Energias de Portugal, S.A.

### Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018

#### Transactions

Thousand Euros	31 March 2019			
	Operating Income	Financial Income	Operating Expenses	Financial Expenses
<b>Joint Ventures</b>				
Cide HC Energía, S.A.	27,624	8	29	-
Meadow Lake Wind Farm VI LLC	329	228	1,671	-
Empresa de Energia São Manoel, S.A.	4	-	1,812	-
Moray East Holdings Limited	-	1,712	-	-
Porto do Pecém Transportadora de Minérios	67	-	1,045	-
Other	6,400	245	1,717	-
	34,424	2,193	6,274	-
<b>Associates</b>				
MABE Construção e Administração de Projectos, Ltda.	-	80	-	-
Desarrollos Eólicos de Canarias, S.A.	39	-	4	-
Parque Eólico Sierra del Madero	2	106	-	-
Parque Eólico Belmonte, S.A.	192	8	-	-
Other	-	60	-	-
	233	254	4	-
	34,657	2,447	6,278	-

#### 42. Fair Value of Financial Assets and Liabilities

The fair value of financial assets and liabilities is as follows:

Thousand Euros	Mar 2019			Dec 2018		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
<b>Assets</b>						
Equity instruments at fair value	129,446	129,446	-	125,147	125,147	-
Debtors/other assets from commercial activities	6,131,736	6,131,736	-	5,690,119	5,690,119	-
Other debtors and other assets	1,008,706	1,008,706	-	935,988	935,988	-
Derivative financial instruments	389,293	389,293	-	288,440	288,440	-
Collateral deposits/financial debt	194,658	194,658	-	192,891	192,891	-
Cash and cash equivalents	1,581,814	1,581,814	-	1,803,205	1,803,205	-
	9,435,653	9,435,653	-	9,035,790	9,035,790	-
<b>Liabilities</b>						
Financial debt	16,644,514	17,439,301	794,787	16,084,899	16,693,030	608,131
Suppliers and accruals	1,593,289	1,593,289	-	1,984,796	1,984,796	-
Institutional partnerships in USA	2,233,968	2,233,968	-	2,231,249	2,231,249	-
Trade payables and other liabilities from commercial activities	2,694,663	2,694,663	-	2,650,091	2,650,091	-
Other liabilities and other payables	1,531,726	1,531,726	-	1,175,477	1,175,477	-
Derivative financial instruments	348,373	348,373	-	352,344	352,344	-
	25,046,533	25,841,320	794,787	24,478,856	25,086,987	608,131

Given that EDP Group's financial assets and liabilities, recognised at amortised cost, are predominantly short-term and level 2, changes in fair value were not considered. Fair value of EDP Group's loans was determined considering current market interest rates.

The market value of loans is calculated based on the discounted cash flows at market interest rates at the balance sheet date, increased by the best estimate, at the same date, of market conditions applicable to Group's debt, based on its average term.

**EDP - Energias de Portugal, S.A.**

**Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018**

According to IFRS 13 requirements, EDP Group established the way it obtains the fair value of its financial assets and liabilities. The levels used are defined as follows:

- Level 1 – Fair value based on the available listed price (not adjusted) in the identified active markets for assets and liabilities;
- Level 2 – Fair value based in market inputs not included in level 1, but observable in the market for the asset or liability, either directly or indirectly;
- Level 3 – Fair value of the assets and liabilities calculated with inputs that are not based on observable market information.

Thousand Euros	Mar 2019			Dec 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Financial assets</b>						
Equity instruments at fair value through						
other comprehensive income (note 21.1)	-	77,546	19,459	-	74,535	18,752
profit or loss (note 21.2)	-	-	32,441	-	-	31,860
Tariff deficit at fair value through						
other comprehensive income (see note 23)	-	243,842	-	-	12,896	-
Amounts receivable from concessions-IFRIC 12 at fair value through profit or loss (see note 23)	-	564,241	-	-	519,544	-
Derivative financial instruments (see note 39)	-	389,293	-	-	288,440	-
	-	1,274,922	51,900	-	895,415	50,612
<b>Financial liabilities</b>						
Derivative financial instruments (see note 39)	-	348,373	-	-	352,344	-
	-	348,373	-	-	352,344	-

The market value of the amounts of tariff deficit at fair value through other comprehensive income is calculated based on the cash flows associated with these assets, discounted at rates which, at the balance sheet date, better reflect the assets risk considering the average term of the assets.

The amounts receivable from concessions - IFRIC 12 at fair value through profit or loss are valued based in the methodology of the Value of Replacement as New (VNR). This method requires that each asset is valued, at current prices, for all the expenses needed for its replacement by equivalent asset that performs the same services and has the same capacity as the existing asset. The valuation for each asset is based on (i) Data bank of Referential Prices - which is defined in the Tariff Adjustment Procedures - PRORET; or (ii) Data bank of Prices from the Distribution company - which is formed based on the company's own information; or (iii) Referential Budget – that corresponds to the calculation by comparison of market data, relating to other assets with similar characteristics. ANEEL reviews the VNR, through the valuation report of the Regulatory Remuneration Base, every three years for EDP Espírito Santo and every four years for EDP São Paulo, as established in the concession contracts.

The movement in financial assets and liabilities included in Level 3 is as follows:

Thousand Euros	At fair value through	
	other comprehensive income	profit or loss
<b>Balance at beginning of period</b>	18,752	31,860
Change in fair value	28	-
Acquisitions	682	1,000
Other changes	-3	-419
<b>Balance at the end of the period</b>	19,459	32,441

#### 43. Relevant or Subsequent Events

##### EDP announces 800 million Euros asset rotation deal for wind farms in Europe

On 23 April 2019, EDP - Energias de Portugal S.A., through its subsidiary EDP Renováveis, S.A., signed a Sale and Purchase Agreement to sell the full equity shareholding and outstanding shareholder loans in an operating onshore wind portfolio with 997 MW of installed capacity (491 MW net at EDPR level- shareholding at 51% in most of the wind farms), for a total consideration of approximately 800 million Euros (subject to customary closing adjustments).

A Master Services Agreement has also been executed pursuant to which EDPR will provide operating and maintenance services to the above mentioned portfolio.

In detail, the transaction scope covers 388 MW in operation in France, 348 MW in operation in Spain, 191 MW in operation in Portugal (part of ex-ENEOP assets) and 71 MW in operation in Belgium.

##### Sale of 609 million Euros of tariff deficit in Portugal

On 13 May 2019, EDP Serviço Universal, S.A, last resource supplier, agreed the sell of 609 million Euros of the 2019 tariff deficit related with special regime generation.

# WE LOVE ENERGY

## EDP - Energias de Portugal, S.A.

### Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018

The related tariff deficit resulted from the 5-year deferral of the recovery of the 2019 overcost with the acquisition of energy from special regime generation, including adjustments for 2017 and 2018.

#### 44. EDP Branch in Spain

The aim of EDP - Energias de Portugal - Sociedade Anónima, Sucursal en España is to manage and coordinate the energy interests of subsidiaries depending from EDP Group in Spain, organised through managing and monitoring structures, in order to ensure the maximum synergy and value creation in the operations and activities in Spain, also assuming itself as an organizational platform to lead the Iberian integration of shared and support services (back and middle offices). On this basis, interests in EDP Servicios Financieros (España), S.A.U. and EDP España, S.A.U. are directly allocated to the assets of EDP Sucursal, as well as the majority interest in EDP Renováveis, S.A.

The Spanish branch of EDP has offices in Madrid and Oviedo. From a formal and legal point of view, the representation of the Spanish branch of EDP before third parties is ensured through the permanent representatives, which are members of the Executive Board of Directors of EDP, mandated for that purpose.

The structure of direction, coordination, management and representation of the Spanish branch of EDP is composed by an Executive Committee, a Management Committee and by direct representation on Iberian scope EDP Management Committees.

The Executive Committee is composed essentially by five permanent representatives, a Corporate General Director (Group Controller for the activities in Spain) and by first line directors of the business units in Spain, which constitute the main direction and coordination body of the Branch, being responsible for the coordination of the activities of the permanent representatives and of the Management Committee. The Management Committee is chaired by the Corporate General Director and is composed by the natural extension of the Departments of the Corporate Centre of EDP in Spain, namely the Department of M&A ("Direcção de Projectos e Novos Negócios"), Department of Legal Affairs ("Direcção de Assessoria Jurídica"), Department of Internal Audit ("Direcção de Auditoria"), Department of Administration and Finance ("Direcção de Administração e Finanças"), Department of Human Resources ("Direcção de Recursos Humanos"), Department of EDP Spain Foundation ("Direcção da Fundação EDP Espanha"), Department of Regulation ("Direcção de Regulação") and IT Department ("Direcção de Sistemas de Informação") ensuring in a homogeneous way the functions of these departments transversally to the Spanish territory, being provided with 209 human resources as at 31 March 2019, including 110 in its own payroll. Lastly, the Spanish branch of EDP has direct representation on Iberian scope EDP Management Committees, particularly the Energy Planning, Price and Volume, Markets, Distribution Networks, Commercial and Production Committees.

The condensed Statement of Financial Position of the Branch is as follows:

Thousand Euros	EDP Branch	
	Mar 2019	Dec 2018
Investments in subsidiaries:		
- EDP Renováveis, S.A.	4,154,431	4,154,431
- EDP España, S.A.U.	2,105,002	2,105,002
- EDP Servicios Financieros (España), S.A.U.	482,695	482,695
- EDP International Investments and Services, S.L.	281,854	281,854
Deferred tax assets	86,314	86,314
Other debtors and others assets	11,000	9,693
<b>Total Non-Current Assets</b>	<b>7,121,296</b>	<b>7,119,989</b>
Other debtors and others assets	755,006	666,695
Tax receivable	48,433	84,972
Cash and cash equivalents	67	67
<b>Total Current Assets</b>	<b>803,506</b>	<b>751,734</b>
<b>Total Assets</b>	<b>7,924,802</b>	<b>7,871,723</b>
Equity	7,728,670	7,724,853
Employee benefits	2,282	2,258
Other liabilities and other payables	68,470	67,351
<b>Total Non-Current Liabilities</b>	<b>70,752</b>	<b>69,609</b>
Employee benefits	1,299	1,299
Other liabilities and other payables	86,568	74,021
Tax payable	37,513	1,941
<b>Total Current Liabilities</b>	<b>125,380</b>	<b>77,261</b>
<b>Total Liabilities</b>	<b>196,132</b>	<b>146,870</b>
<b>Total Equity and Liabilities</b>	<b>7,924,802</b>	<b>7,871,723</b>

**EDP - Energias de Portugal, S.A.**  
**Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018**

#### 45. Investigation process about CMEC and DPH

In 2012, the European Commission (EC) and the Portuguese authorities (Public Prosecution Services) received complaints concerning the early termination of the Power Purchase Agreements (PPAs) and the costs for the contractual stability compensation (CMEC), as well as in respect of EDP's rights to use the Public Hydro Domain (DPH).

The above-mentioned investigation conducted by the Portuguese authorities is still pending.

As part of the liberalisation of the power sector in Portugal, following changes in European Union legislation, Decree-Law no. 240/2004 was introduced, which provided for the early termination of PPAs that were signed in 1996. As a result of this required early termination, EDP and REN - Rede Eléctrica Nacional, S.A. (REN) agreed in 2005 and in 2007 to the early termination of their long-term PPAs, with effect from 1 July 2007. The methodology which was used to determine the amount of the compensation that EDP was entitled to receive in connection with such early termination, the CMEC, was approved by the EC in 2004 (Decision N161/2004) which considered the compensation as effectively and strictly necessary.

On 8 March 2008, the Government, REN and EDP Produção signed several service concession arrangements for which EDP Produção paid approximately 759 million Euros as consideration of the economic and financial balance for the use of the DPH.

Following the complaint received, the EC requested clarifications from the Portuguese State in relation to the early termination of the PPAs and its replacement for the CMEC, having concluded in September 2013 that the compensation payments for early termination did not exceed what was necessary to repay the shortfall in investment costs repayable over the asset's lifetime, and determined that the implementation of the CMEC remains in keeping with the terms notified to and approved by the EC in 2004. Thus, the EC decided that no in depth investigation into the CMEC process was necessary.

In May 2017, the EC formally concluded its investigation into the DPH concession rights and stated that the compensation paid in connection with such concessions was compatible with market conditions. As a result, the EC concluded that the financial methodology used to assess the price of the concessions was appropriate and resulted in a fair market price, and therefore, no state aid had been granted to EDP.

On 2 June 2017, EDP became aware of Portugal's Public Prosecution Services investigation in relation to the amounts due to EDP for the termination of the PPAs and compensation paid by EDP for the DPH concessions. Portugal's Public Prosecution Services stated that the investigations continue and the facts may relate to active and passive corruption and economic participation in business and searches were conducted at the offices of EDP, grid operator REN and the local division of a consulting group. In the context of the Investigation, the Portuguese Public Prosecution Services stated that certain members of EDP's Executive Board of Directors, as well as former EDP directors, that had signed the relevant contracts were named as targets of the Investigation.

EDP does not accept any accusations of wrongdoing on its part nor on the part of any member of the EDP Group and believes that the amounts due for the termination of PPAs under the CMEC and the amount paid for the DPH concession rights were fair and in compliance with market conditions and based on arm's length transactions. However, it is difficult to predict any outcome at this early stage in the process as well as any potential impacts in the financial statements.

#### 46. Operating Segments

In accordance with IFRS 8, an operating segment is a Group component:

- (i) that engages in business activities from which it may earn revenues and incur expenses;
- (ii) whose operating results are reviewed regularly by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- (iii) for which discrete financial information is available.

The Group develops a set of regulated and liberalised activities in the energy sector, with special emphasis in generation, distribution and supply of electricity.

The Executive Board of Directors regularly reviews segmental reports, using Operating Profit to assess and release each business operating performance, as well as to allocate resources.

The management of financial activities of all EDP Group entities (except Brazil) is undertaken centrally by the Financial Department at holding level, in accordance with policies approved by the Executive Board of Directors. As a result of this management, all financial operations and financial results are disclosed only at Group level.

Following the Strategic Plan Update 2019-2022, announced in the last March 12th, 2019, the Executive Board of Directors reorganized the business segments in order to be aligned with this new view, with effect from 1 January 2019.

For comparability purposes and regarding the changes occurred in the segments composition, a corresponding restatement of the previous year information was made.

The segments defined by the Group are the following:

- Renewables;
- Networks;
- Client Solutions & Energy Management.



# WE LOVE ENERGY

## EDP - Energias de Portugal, S.A.

### Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2019 and 2018

The Renewables segment corresponds to the activity of generation of electricity from renewable sources, mainly hydro, wind and solar. This segment includes, but is not limited to, the following companies:

- EDP - Gestão da Produção de Energia, S.A. (hydro activity);
- EDP España, S.A.U. (hydro activity);
- EDP Renováveis, S.A. and all subsidiaries of the EDPR Group;
- Enerpeixe, S.A.;
- Investco, S.A.;
- Lajeado Energia, S.A.

The Networks segment corresponds to the activities of electricity distribution and transmission, including last resort suppliers. This segment includes, but is not limited to, the following companies:

- EDP Distribuição - Energia, S.A.;
- EDP Serviço Universal, S.A.;
- Electra de Llobregat Energía, S.L.;
- Hidrocantábrico Distribución Eléctrica, S.A.U.;
- EDP Gás Serviço Universal, S.A.;
- EDP Espírito Santo Distribuição de Energia S.A.;
- EDP São Paulo Distribuição de Energia S.A.;
- EDP Transmissão, S.A.;
- EDP Transmissão Aliança SC, S.A.;
- EDP Transmissão SP-MG, S.A.

The Client Solutions & Energy Management segment includes the following activities: generation of electricity from non-renewable sources, mainly coal and gas; electricity and gas supply and related energy solutions services to clients; and energy management businesses responsible for management of purchases and sales of energy in Iberian and Brazilian markets, and also for the related hedging transactions. This segment includes, but is not limited to, the following companies:

- EDP - Gestão da Produção de Energia, S.A. (thermal activity);
- EDP España, S.A.U. (thermal and intermediation activities);
- UNGE - Unidade de Negócio de Gestão de Energia Ibérica (EDP, S.A.)
- Porto do Pecém Geração de Energia, S.A.;
- EDP Comercial - Comercialização de Energia, S.A.;
- EDP - Comercialização e Serviços de Energia, Ltda.

#### Segment Definition

The amounts reported in each operating segment result from the aggregation of the subsidiaries and business units defined in each segment perimeter and the elimination of transactions between companies of the same segment.

The statement of financial position captions, as well as income statement captions for each operating segment, are determined based on the amounts booked directly in the companies that compose the segment, including the elimination of balances between companies of the same segment, and excluding the allocation in the segments of the adjustments between segments.

In each business segment, Assets include the Property, Plant and Equipment, Intangible Assets and Goodwill. The remaining assets are presented in the "Reconciliation of information between Operating Segments and Financial Statements".

Under IFRS 8, the EDP Group discloses as Operating investment, additions in non-current assets, except for financial instruments, deferred tax assets and post-employment benefit assets. Therefore, in each business segment, the Operating Investment caption includes increases in Property, Plant and Equipment; Intangible Assets; and Amounts receivable from concessions - IFRIC 12, excluding CO2 licenses and Green certificates, net of increases in Government grants, customers contributions for investment and sales of properties in the period. Goodwill is disclosed in note 19.

In consolidated financial statements, Joint Ventures and associated companies are accounted under the equity method, in accordance with the Group accounting policy disclosed in note 2. These equity accounted investees are disclosed by business segment under IFRS 8 and presented in the business segment correspondent to its operating activity.

EDP - Energias de Portugal, S.A.  
Notes to the Consolidated and Company Financial Statements  
for the three-month periods ended at 31 March 2019 and 2018

EDP Group Operating Segments Information as at 31 March 2019

Thousand Euros	Renewables	Networks	Client Solutions & Energy Management	Total Segments
<b>Revenues from energy sales and services and other</b>				
Revenues inter-segments	745,125	1,560,995	2,517,652	4,823,772
Revenues from third parties	376,447	442,069	262,967	1,081,483
	368,678	1,118,926	2,254,685	3,742,289
<b>Gross Profit</b>	673,907	459,066	228,823	1,361,796
Other income	75,850	6,147	12,275	94,272
Supplies and services	-83,681	-85,006	-62,686	-231,373
Personnel costs and employee benefits	-45,855	-56,411	-33,714	-135,980
Other costs	-64,522	-76,530	-19,166	-160,218
Impairment losses on trade receivables and debtors	-65	-4,022	-9,948	-14,035
<b>Gross Operating Profit</b>	555,634	243,244	115,584	914,462
Provisions	-542	-2,882	-198	-3,622
Amortisation and impairment	-210,443	-89,039	-60,534	-360,016
<b>Operating Profit</b>	344,649	151,323	54,852	550,824
<b>Equity method in joint ventures and associates</b>	3,708	-1,071	1,139	3,776
<b>Assets</b>	22,494,620	3,679,135	3,604,730	29,778,485
<b>Financial assets - Investments in joint ventures and associates</b>	773,216	96,759	12,716	882,691
<b>Operating Investment</b>	163,082	154,557	12,296	329,935

# WE LOVE ENERGY

EDP - Energias de Portugal, S.A.  
Notes to the Consolidated and Company Financial Statements  
for the three-month periods ended at 31 March 2019 and 2018

## Reconciliation of information between Operating Segments and Financial Statements for 31 March 2019

Thousand Euros	
<b>Total Revenues from energy sales and services and other of Reported Segments</b>	<b>4,823,772</b>
Revenues from energy sales and services and others from Other Segments	67,661
Adjustments and Inter-segments eliminations*	-1,147,256
<b>Total Revenues from energy sales and services and other of EDP Group</b>	<b>3,744,177</b>
<b>Total Gross Profit of Reported Segments</b>	<b>1,361,796</b>
Gross Profit from Other Segments	67,607
Adjustments and Inter-segments eliminations*	-68,532
<b>Total Gross Profit of EDP Group</b>	<b>1,360,871</b>
<b>Total Gross Operating Profit of Reported Segments</b>	<b>914,462</b>
Gross Operating Profit from Other Segments	7,501
Adjustments and Inter-segments eliminations*	-498
<b>Total Gross Operating Profit of EDP Group</b>	<b>921,465</b>
<b>Total Operating Profit of Reported Segments</b>	<b>550,824</b>
Operating Profit from Other Segments	-2,614
Adjustments and Inter-segments eliminations*	-4,000
<b>Total Operating Profit of EDP Group</b>	<b>544,210</b>
<b>Total Assets of Reported Segments</b>	<b>29,778,485</b>
Assets Not Allocated	12,588,128
Financial Assets	3,281,870
Trade Receivables and Other Debtors	6,131,736
Inventories	319,354
Tax Assets	1,426,251
Other Assets	1,428,917
Assets from Other Segments	505,837
Inter-segments assets eliminations*	113,121
<b>Total Assets of EDP Group</b>	<b>42,985,571</b>
<b>Total Equity accounted Investments in joint ventures and associates of Reported Segments</b>	<b>882,691</b>
Equity accounted Investments in joint ventures and associates from Other Segments	135,842
<b>Total Equity accounted Investments in joint ventures and associates of EDP Group</b>	<b>1,018,533</b>
<b>Total Operating Investment of Reported Segments</b>	<b>329,935</b>
Operating Investment from Other Segments	13,384
<b>Total Operating Investment of EDP Group</b>	<b>343,319</b>
Dismantling/discommission of PP&E	2,062
CO2 Emission Licenses and Green Certificates	124,215
Concession Rights - IFRIC 12 **	-130,169
Investment Grants	-740
Other Investments	22,037
<b>Total Fixed Assets additions of EDP Group (Notes 16, 17 and 18)</b>	<b>360,724</b>

	Total of Reported Segments	Other Segments	Adjustments and Inter-segments eliminations*	Total of EDP Group
Other income	94,272	15,335	-7,788	101,819
Supplies and services	-231,373	-40,760	72,523	-199,610
Personnel costs and employee benefits	-135,980	-26,644	3,337	-159,287
Other costs	-160,218	-8,037	-38	-168,293
Impairment losses on trade receivables and debtors	-14,035	-	-	-14,035
Provisions	-3,622	-	-	-3,622
Amortisation and impairment	-360,016	-10,116	-3,501	-373,633
Equity method in joint ventures and associates	3,776	1,558	-	5,334

\* Mainly related with intragroup balances and transactions eliminations.

\*\* See Note 23 - Debtors and Other Assets from Commercial Activities

EDP - Energias de Portugal, S.A.  
Notes to the Consolidated and Company Financial Statements  
for the three-month periods ended at 31 March 2019 and 2018

EDP Group Operating Segments Information as at 31 March 2018

Thousand Euros	Renewables	Client Solutions & Energy Management	Networks	Total Segments
<b>Revenues from energy sales and services and other</b>	783,874	1,850,678	2,544,343	5,178,895
Revenues inter-segments	418,470	550,921	180,984	1,150,375
Revenues from third parties	365,404	1,299,757	2,363,359	4,028,520
<b>Gross Profit</b>	727,017	440,598	230,302	1,397,917
Other income	65,211	4,969	7,750	77,930
Supplies and services	-86,938	-92,394	-67,738	-247,070
Personnel costs and employee benefits	-44,469	-52,295	-30,974	-127,738
Other costs	-76,041	-74,684	-47,595	-198,320
Impairment losses on trade receivables and debtors	457	-7,271	-6,280	-13,094
<b>Gross Operating Profit</b>	585,237	218,923	85,465	889,625
Provisions	393	-1,005	75	-537
Amortisation and impairment	-190,004	-84,450	-57,553	-332,007
<b>Operating Profit</b>	395,626	133,468	27,987	557,081
Equity method in joint ventures and associates	854	-32	524	1,346
<b>Assets (31 December 2018)</b>	22,913,774	3,697,119	3,496,984	30,107,877
Financial assets - Investments in joint ventures and associates (31 December 2018)	697,643	106,636	11,523	815,802
<b>Operating Investment</b>	283,262	65,180	12,239	360,681

# WE LOVE ENERGY

EDP - Energias de Portugal, S.A.  
Notes to the Consolidated and Company Financial Statements  
for the three-month periods ended at 31 March 2019 and 2018

## Reconciliation of information between Operating Segments and Financial Statements for 31 March 2018

Thousand Euros	
<b>Total Revenues from energy sales and services and others of Reported Segments</b>	<b>5,178,895</b>
Revenues from energy sales and services and others from Other Segments	96,185
Adjustments and Inter-segments eliminations*	-1,242,690
<b>Total Revenues from energy sales and services and others of EDP Group</b>	<b>4,032,390</b>
<b>Total Gross Profit of Reported Segments</b>	<b>1,397,917</b>
Gross Profit from Other Segments	96,003
Adjustments and Inter-segments eliminations*	-100,654
<b>Total Gross Profit of EDP Group</b>	<b>1,393,266</b>
<b>Total Gross Operating Profit of Reported Segments</b>	<b>889,625</b>
Gross Operating Profit from Other Segments *	7,933
Adjustments and Inter-segments eliminations*	-4,793
<b>Total Gross Operating Profit of EDP Group</b>	<b>892,765</b>
<b>Total Operating Profit of Reported Segments</b>	<b>557,081</b>
Operating Profit from Other Segments	758
Adjustments and Inter-segments eliminations*	-9,324
<b>Total Operating Profit of EDP Group</b>	<b>548,515</b>
<b>Total Assets of Reported Segments (31 December 2018)</b>	<b>30,107,877</b>
Assets Not Allocated	10,979,845
Financial Assets	2,132,308
Trade Receivables and Other Debtors	5,690,119
Inventories	342,037
Tax Assets	1,559,980
Other Assets	1,255,401
Assets from Other Segments	422,949
Inter-segments assets eliminations*	116,288
<b>Total Assets of EDP Group (31 December 2018)</b>	<b>41,626,960</b>
<b>Total Equity accounted Investments in joint ventures and associates of Reported Segments (31 December 2018)</b>	<b>815,802</b>
Equity accounted Investments in joint ventures and associates from Other Segments	135,811
<b>Total Equity accounted Investments in joint ventures and associates of EDP Group (31 December 2018)</b>	<b>951,613</b>
<b>Total Operating Investment of Reported Segments</b>	<b>360,681</b>
Operating Investment from Other Segments	6,937
<b>Total Operating Investment of EDP Group</b>	<b>367,618</b>
Discomission of Property, plant and equipment	228
CO2 Licenses and Green Certificates	39,006
Investment Grants	-2,992
Other Investments	2,575
<b>Total Fixed Assets additions of EDP Group</b>	<b>406,435</b>

	Total of Reported Segments	Other Segments	Adjustments and Inter-segments eliminations*	Total of EDP Group
Other income	77,930	13,838	-7,166	84,602
Supplies and services	-247,070	-61,921	99,493	-209,498
Personnel costs and employee benefits	-127,738	-38,532	3,639	-162,631
Other costs	-198,320	-1,456	-104	-199,880
Other costs	-13,094	-	-	-13,094
Provisions	-537	7,629	-	7,092
Amortisation and impairment	-332,007	-14,804	-4,531	-351,342
Equity method in joint ventures and associates	1,346	88	-	1,434

\* Mainly related with intragroup balances and transactions eliminations

EDP - Energias de Portugal, S.A.  
Notes to the Consolidated and Company Financial Statements  
for the three-month periods ended at 31 March 2019 and 2018

47. Reconciliation of Changes in the responsibilities of Financing activities at 31 March 2019

Thousand Euros	Group					
	Financial debt and Derivative financial instruments (including Collateral Deposits)			Institutional partnerships in USA (Note 34)	Rents due from lease contracts (Note 36)	Loans from non-controlling interests (Note 36)
	Loans obtained (Note 31)	Collateral Deposits (Note 31)	Derivative financial instruments (Note 39)*			
<b>Balance as at 31 de December 2017</b>	<b>16,917,765</b>	<b>-45,255</b>	<b>-111,376</b>	<b>2,163,722</b>	<b>-</b>	<b>712,802</b>
<b>Cash flows:</b>						
Receipts relating to financial debt (including Collateral Deposits)	2,695,774	8,644	-	-	-	-
(Payments) relating to financial debt (including Collateral Deposits)	-3,471,386	-163,114	-	-	-	-
Interest and similar costs of financial debt including hedge derivatives	-635,329	-	11,885	-	-	-
Receipts/(payments) relating to loans from non-controlling interests	-	-	-	-	-	-61,907
Interest and similar costs relating to loans from non-controlling interests	-	-	-	-	-	-32,458
Receipts/(payments) relating to derivative financial instruments	-	-	17,796	-	-	-
Receipts/(payments) from institutional partnerships - USA	-	-	-	225,353	-	-
Perimeter variations	-32,197	-	-254	-162,123	-	-4,649
Exchange differences	-2,157	6,834	-318	101,530	-	-2,903
Fair value changes	-21,747	-	-28,258	-	-	-
Interests and accrued and deferred costs	634,176	-	-8,644	7,254	-	31,989
Unwinding	-	-	-	80,684	-	-
IIC/PTC recognition	-	-	-	-185,171	-	-
<b>Balance as at 31 de December 2018</b>	<b>16,084,899</b>	<b>-192,891</b>	<b>-119,169</b>	<b>2,231,249</b>	<b>-</b>	<b>642,874</b>
<b>Cash flows:</b>						
Receipts relating to financial debt (including Collateral Deposits)	1,193,324	510	-	-	-	-
(Payments) relating to financial debt (including Collateral Deposits)	-632,121	-5,694	-	-	-	-
Interest and similar costs of financial debt including hedge derivatives	-239,077	-	35,381	-	-	-
Receipts/(payments) relating to loans from non-controlling interests	-	-	-	-	-	-2,581
Interest and similar costs relating to loans from non-controlling interests	-	-	-	-	-	-1,298
Receipts/(payments) relating to derivative financial instruments	-	-	-16,616	-	-	-
Receipts/(payments) from institutional partnerships - USA	-	-	-	-16,150	-	-
Lease (payments)	-	-	-	-	-21,934	-
Exchange differences	88,175	-1,980	-108	42,262	3,247	86
Fair value changes	27,043	-	30,047	-	-	-
Interests and accrued and deferred costs	159,342	-	-113	1,510	-	7,415
Unwinding	-	-	-	21,607	10,018	-
IIC/PTC recognition	-	-	-	-46,510	-	-
New lease contracts	-	-	-	-	3,944	-
Transition IFRS 16	-	-	-	-	817,912	-
Reclassification to Liabilities held for sale	-37,071	5,397	-1,176	-	-52,978	-280,390
<b>Balance as at 31 March 2019</b>	<b>16,644,514</b>	<b>-194,658</b>	<b>-71,754</b>	<b>2,233,968</b>	<b>760,209</b>	<b>366,106</b>

\* The Group considers as financing activities all derivative financial instruments excluding derivatives related with commodities.

Thousand Euros	Company				
	Financial debt and Derivative financial instruments		Group's financial system (Notes 24 and 36)	Rents due from lease contracts (Note 36)	Group companies (Note 36)
	Loans obtained (Note 31)	Derivative financial instruments (Note 39)*			
<b>Balance as at 31 de December 2017</b>	<b>13,488,297</b>	<b>-408,886</b>	<b>-490,904</b>	<b>-</b>	<b>1,790,390</b>
<b>Cash flows:</b>					
Receipts relating to financial debt (including Collateral Deposits)	817,971	-	-	-	-
(Payments) relating to financial debt (including Collateral Deposits)	-1,451,929	-	-	-	-
Interest and similar costs of financial debt including hedge derivatives	-309,874	-2,125	-	-	-
Receipts/(payments) relating to loans from related parties	-	-	845,951	-	-1,675,615
Interest and similar costs of loans from related parties including hedge derivatives	-	22,524	-	-	-63,496
Receipts/(payments) relating to derivative financial instruments	-	312,433	-	-	-
Perimeter variations	-	-	- 563	-	-
Exchange differences	9,879	-	-	-	8,032
Fair value changes	-	23,262	-	-	-
Interests and accrued and deferred costs	256,137	-20,728	-	-	38,325
<b>Balance as at 31 December 2018</b>	<b>12,810,481</b>	<b>-73,520</b>	<b>354,484</b>	<b>-</b>	<b>97,636</b>
<b>Cash flows:</b>					
Receipts relating to financial debt (including Collateral Deposits)	1,220,030	-	-	-	-
(Payments) relating to financial debt (including Collateral Deposits)	-797,650	-	-	-	-
Interest and similar costs of financial debt including hedge derivatives	-51,332	-398	-	-	-
Receipts/(payments) relating to loans from related parties	-	-	- 336,092	-	-11,449
Lease (payments)	-	-	-	-3,293	-
Exchange differences	4,178	-	-	-	-
Fair value changes	-	11,732	-	-	-
Unwinding	-	-	-	1,408	-
Interests and accrued and deferred costs	57,047	-92	-	-	13,667
Transition IFRS 16	-	-	-	151,692	-
<b>Balance as at 31 March 2019</b>	<b>13,242,754</b>	<b>-62,278</b>	<b>18,392</b>	<b>149,807</b>	<b>99,854</b>

\* The Group considers as financing activities all derivative financial instruments excluding derivatives related with commodities.

EDP - Energias de Portugal, S.A.  
Notes to the Consolidated and Company Financial Statements  
for the three-month periods ended at 31 March 2019 and 2018

## 48. Explanation Added for Translation

These financial statements are a free translation of the financial statements originally issued in Portuguese in accordance with International Financial Reporting Standards as adopted by the European Union. In the event of discrepancies, the Portuguese language version prevails.





## **The Executive Board of Directors**

António Luís Guerra Nunes Mexia (Chairman)

João Manuel Manso Neto

António Fernando Melo Martins da Costa

João Manuel Veríssimo Marques da Cruz

Miguel Stilwell de Andrade

Miguel Nuno Simões Nunes Ferreira Setas

Rui Manuel Rodrigues Lopes Teixeira

Maria Teresa Isabel Pereira

Vera de Moraes Pinto Pereira Carneiro



## ***Review Report on the Condensed Consolidated Financial Statements***

(Free translation from the original in Portuguese)

### ***Introduction***

We have reviewed the accompanying condensed consolidated financial statements of EDP – Energias de Portugal, S.A. (the Entity), which comprise the condensed consolidated statement of financial position as at March 31, 2019 (which shows total assets of Euros 42,985,571 thousand and total shareholder's equity of Euros 13,190,523 thousand, including a net profit of Euros 198,104 thousand), the condensed consolidated statements of income, of comprehensive income, of changes in equity and statement of cash flows for the three month period then ended, and the accompanying explanatory notes to these condensed consolidated financial statements.

### ***Management's responsibility***

The Management is responsible for the preparation of the condensed consolidated financial statements in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union, as well as to create and maintain appropriate systems of internal control to enable the preparation of condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express a conclusion on the accompanying condensed consolidated financial statements. We conducted our review in accordance with ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Those standards require that we conduct the review in order to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union.

A review of financial statements is a limited assurance engagement. The procedures performed mainly consist of making inquiries and applying analytical procedures, and evaluating the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (ISAs). Accordingly, we do not express an opinion on these consolidated financial statements.

---

*PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda.*  
*Sede: Palácio Sottomayor, Rua Sousa Martins, 1 - 3º, 1069-316 Lisboa, Portugal*  
*Receção: Palácio Sottomayor, Avenida Fontes Pereira de Melo, nº16, 1050-121 Lisboa, Portugal*  
*Tel +351 213 599 000, Fax +351 213 599 999, [www.pwc.pt](http://www.pwc.pt)*  
*Matriculada na CRC sob o NUPC 506 628 752, Capital Social Euros 314.000*  
*Inscrita na lista das Sociedades de Revisores Oficiais de Contas sob o nº 183 e na CMVM sob o nº 20161485*

PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda. pertence à rede de entidades que são membros da PricewaterhouseCoopers International Limited, cada uma das quais é uma entidade legal autónoma e independente.

### ***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated financial statements of EDP – Energias de Portugal, S.A. as at March 31, 2019 are not prepared, in all material respects, in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union.

May 16, 2019

PricewaterhouseCoopers & Associados  
- Sociedade de Revisores Oficiais de Contas, Lda  
Registered in the Comissão do Mercado de Valores Mobiliários with no. 20161485  
represented by

João Rui Fernandes Ramos, R O C.

**(This is a translation, not to be signed)**



## ***Review Report on the Condensed Financial Statements***

(Free translation from the original in Portuguese)

### ***Introduction***

We have reviewed the accompanying condensed financial statements of EDP – Energias de Portugal, S.A. (the Entity), which comprise the condensed company statement of financial position as at March 31, 2019 (which shows total assets of Euros 23,347,001 thousand and total shareholder's equity of Euros 7,453,751 thousand including a net profit of Euros 61,004 thousand), the condensed company statements of income, of comprehensive income, of changes in equity and cash flows for the three month period then ended, and the accompanying explanatory notes to these condensed financial statements.

### ***Management's responsibility***

The Management is responsible for the preparation of the condensed financial statements in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union, as well as to create and maintain appropriate systems of internal control to enable the preparation of condensed financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express a conclusion on the accompanying condensed financial statements. We conducted our review in accordance with ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Those standards require that we conduct the review in order to conclude whether anything has come to our attention that causes us to believe that the condensed financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union.

A review of financial statements is a limited assurance engagement. The procedures performed mainly consist of making inquiries and applying analytical procedures, and evaluating the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (ISAs). Accordingly, we do not express an opinion on these financial statements.

---

*PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda.*  
*Sede: Palácio Sottomayor, Rua Sousa Martins, 1 - 3º, 1069-316 Lisboa, Portugal*  
*Receção: Palácio Sottomayor, Avenida Fontes Pereira de Melo, nº16, 1050-121 Lisboa, Portugal*  
*Tel +351 213 599 000, Fax +351 213 599 999, [www.pwc.pt](http://www.pwc.pt)*  
*Matriculada na CRC sob o NUPC 506 628 752, Capital Social Euros 314.000*  
*Inscrita na lista das Sociedades de Revisores Oficiais de Contas sob o nº 183 e na CMVM sob o nº 20161485*

PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda. pertence à rede de entidades que são membros da PricewaterhouseCoopers International Limited, cada uma das quais é uma entidade legal autónoma e independente.

### ***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that accompanying condensed financial statements of EDP – Energias de Portugal, S.A. as at March, 31 2019 are not prepared, in all material respects, in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union.

May 16, 2019

PricewaterhouseCoopers & Associados  
- Sociedade de Revisores Oficiais de Contas, Lda  
Registered in the Comissão do Mercado de Valores Mobiliários with no 20161485  
represented by:

João Rui Fernandes Ramos, R.O.C.

**(This is a translation, not to be signed)**

# CONTACTS

## HEAD OFFICE

EDP – Energias de Portugal

Av. 24 de Julho, 12  
1249-300 Lisboa  
Portugal  
Tel: +351 21 001 25 00  
Fax: +351 001 30 00  
Website: [www.edp.com](http://www.edp.com)

## INVESTORS

DRI – Investor Relations Department

Av. 24 de Julho, 12  
1249-300 Lisboa  
Portugal  
Tel: +351 21 001 28 34  
Fax: +351 21 001 28 99  
E-mail: [ir@edp.pt](mailto:ir@edp.pt)

## CLIENTS

EDP Lines

Customer servisse regulated market: 808 505 505  
Customer servisse liberalised market 808 53 53 53  
Meter readings (EDP Serviço Universal): 800 507 507  
Meter readings (EDP Comercial): 800 10 53 53  
Technical support: 808 100 100

## SUPPLIERS

Tel: 800 100 113  
E-mail: [srm@edp.pt](mailto:srm@edp.pt)

## HUMAN RESOURCES

DRH – Human Resources Department

Av. 24 de Julho, 12  
1249-300 Lisboa  
Portugal  
Tel: +351 21 001 25 89  
Website: <http://www.linkedin.com/company/edp/>

## MEDIA

DC – Communication Department

Av. 24 de Julho, 12  
1249-300 Lisboa  
Portugal  
Tel: + 351 21 001 26 80  
E-mail: [pressedp@edp.pt](mailto:pressedp@edp.pt)

## SUSTAINABILITY

E-mail: [sustentabilidade@edp.pt](mailto:sustentabilidade@edp.pt)

## FUNDAÇÃO EDP

Av. de Brasília, Central Tejo  
1300-598 Lisboa  
Portugal  
Tel: +351 21 002 81 30  
Website: [www.fundacaoedp.pt](http://www.fundacaoedp.pt)  
E-mail: [fundacaoedp@edp.pt](mailto:fundacaoedp@edp.pt)

## STAKEHOLDERS

DRIS – Institutional Relationship and Stakeholders Department

Av. 24 de Julho, 12  
1249-300 Lisboa  
Portugal  
E-mail: [stakeholders@edp.pt](mailto:stakeholders@edp.pt)



