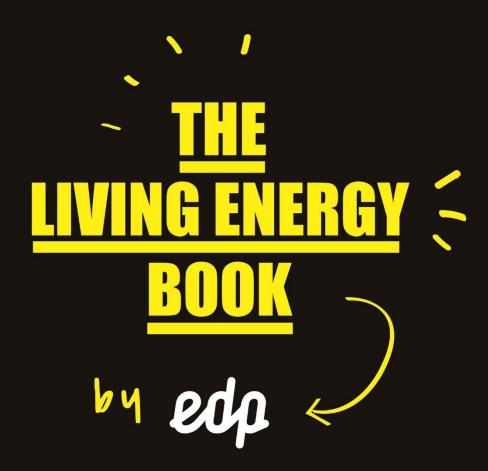
THE LIVING ENERGY BOOK by edp



THE LIVING ENERGY 5 BOOK by edp

We are energy in the journey we make every day. Energy that changes, reinvents itself and takes different forms.

Energy that lives within us, that is a universal language, that moves us and takes us further.

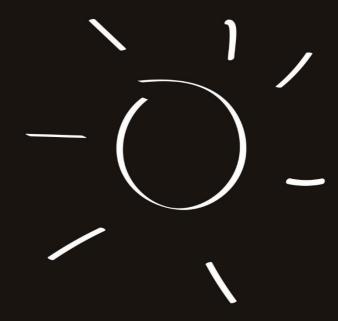
A living energy that brings us closer, that innovates and with which, together with small actions, we create change.

The energy that lives within every one of us is contagious and is everywhere, in a hug, in the lighting of a lamp, in our houses, in the streets or even across them in the sidewalks.

A living energy that together we continue to write in a book that reveals the present and which is also a building block for the future.

The Living Energy Book.

THE LIVING ENERGY S BOOK by edp



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THE LIVING ENERGY S BOOK by edp

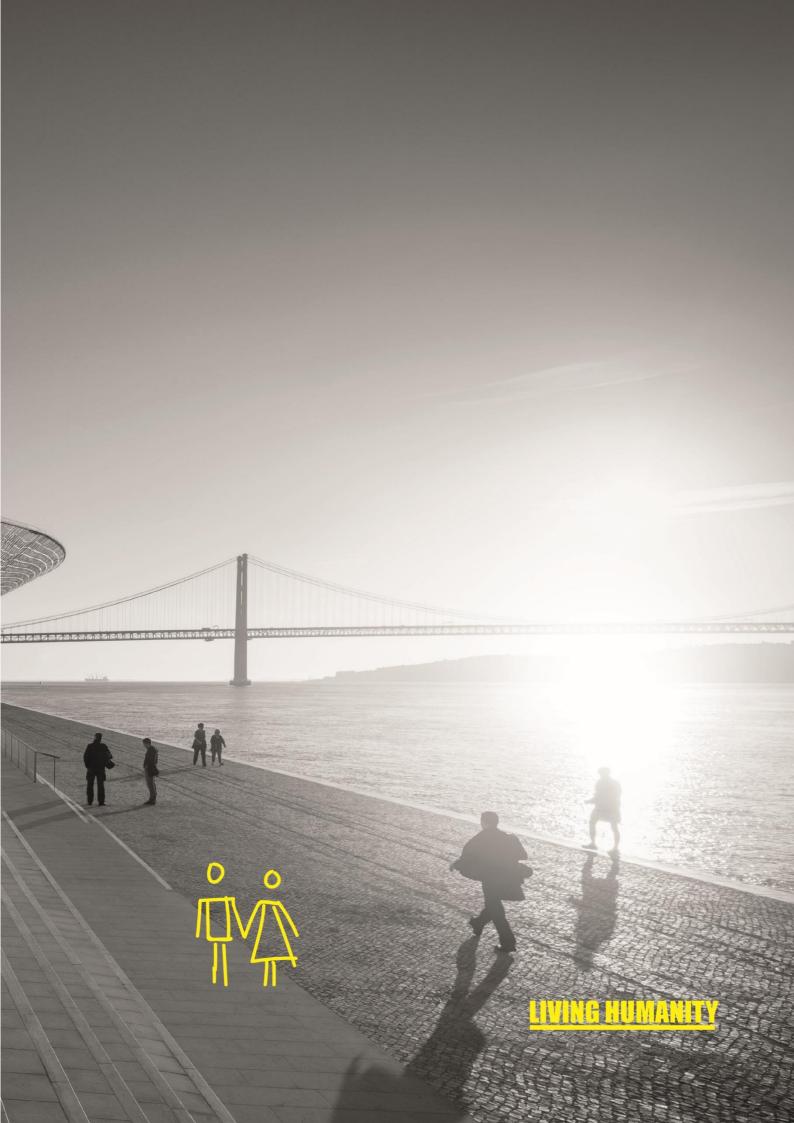


01

EDP

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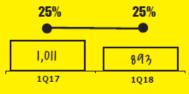




1.1.1. KEY METRICS

FINANCIAL DATA

EBITDA



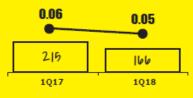
EBITDA (M€) OPEX/Recurrent Gross Profit (%)4

NET INVESTMENTS²



Net Investments (M€) Net Investments in Renewables (%)

NET PROFIT¹



Net Profit (M€) Net Profit per share (euros)

NET DEBT



Adjusted Net Debt/EBITDA (x)

OPERATIONAL DATA

GENERATION

+3% vs 1Q17 26,753 MW

Installed capacity

20,598 GWh

Net generation

853 MW

Installed capacity - equity

+ 52 / vs 1Q17 1,042 MW

Capacity under construction

DISTRIBUTION³

+3 //. vs 1Q17 20.679 GWh

Electricity distributed

+ //. vs 1Q17 10,249 ('000)

Electricity supply points

SUPPLY

+3/. vs 1Q17 16,686 GWh

Electricity supplied

0 % vs 1Q17 9,854 ('000)

Electricity customers

+10 % vs 1Q17 6,023 GWh

Gas supplied

+4 /.vs 1Q17 1,582 ('000)

Gas customers

² Considers CAPEX of EDP Group, organic financial investments €3M (31 Mar 2017: €17M) and financial divestments (asset rotation) -€40M (31 Mar 2017: €0M).

3 Excludes gas distribution business discontinued in 2017.

4 2018 excludes retroactive 2017 final CMEC compensation (€18.3M).

1.1.2 RECOGNITION

Group

Feb: Ethisphere Institute - World's Most Ethical Companies 2018

The World's Most Ethical Companies 2018, published by the Ethisphere Institute, covers 135 companies from 23 countries and recognizes the EDP Group for the seventh consecutive year.

Portugal

Jan: 5 Star Award for services provided by EDP

The 5-star award was attributed to EDP for supplying high added value services for the customer such as energy certification, electronic invoice, *Funciona* service and EDP solar energy.

Renewables

Feb: EDP Renováveis named Top Employer in Spain

EDP Renováveis has been named by the Top Employers Institute as one of the best companies to work for in Spain.

Brazil

Jan: EDP Brasil is one of the 20 most innovative companies in the country

EDP Brasil was selected by Best Innovator award as one of the 20 most innovative companies in the country.

Jan: EDP is among the 50 companies most loved by employees in Brazil

Research conducted by Love Mondays, elected EDP as one of the 50 companies most loved by employees in Brazil. The company is in the 27th position with emphasis on culture, payroll and benefits.

Jan: EDP is among the most transparent large companies in Brazil

EDP was recognized as one of the three best placed in the Transparency International ranking, the main organization dedicated to the fight against corruption in the world.

Feb: Distributors of the EDP Group are among the five best energy distributors in the Southeast Brazil

Residential consumers of the EDP Group Distributors, which serve São Paulo and Espírito Santo, elected the companies among the five best energy distributors in the Southeast region in the IASC 2017 - Aneel Customer Satisfaction Index.

Mar: EDP is among the best management companies in Brazil

EDP was recognized in a ceremony held in São Paulo by the National Quality Foundation, with the Best in Management Award, awarded to electric power distributors in São Paulo amd Espírito Santo.

1.2. EDP GROUP PROFILE

<u>1.2.1. WHO WE ARE</u>

EDP IS A MULTINATIONAL, VERTICALLY INTEGRATED UTILITY COMPANY

Throughout its 40 years of history, EDP has been building a relevant presence in the world energy scene, being present in 14 countries in 4 continents.

EDP has around 12,000 employees and is present throughout the electricity value chain and in the gas commercialization activity.

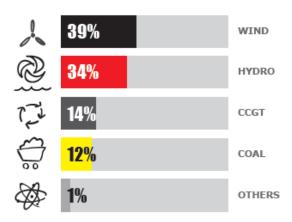


Production is the first activity in the value chain of the electricity sector. Power plants transform the various energy sources into electricity. These energy sources may be of renewable origin (water, wind and sun) or non-renewable (coal, natural gas, nuclear and cogeneration).



In the **transport activity** the energy produced is delivered to the transmission network, which is made up of very high voltage lines and which then channels the energy to the distribution network. This is a new segment in EDP's portfolio, being developed in Brazil, and is still not in operation.

27 GW OF INSTALLED CAPACITY



1,297 Km

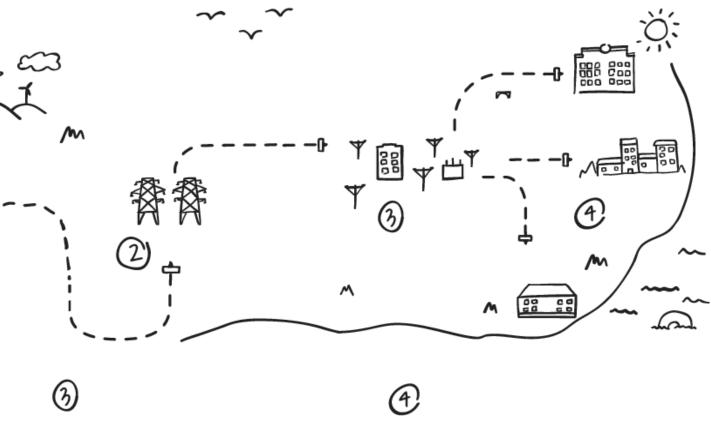
of transport network under construction



21 TWH OF NET ELECTRICITY GENERATION



THE LIVING ENERGY BOOK



In the **distribution activity** the transported energy is channeled to the distribution grid. The distribution network allows the flow of energy to the supply points. Electricity distribution networks are composed of high, medium and low voltage lines and cables. Substations, processing stations and public lighting installations as well as the necessary connections to consumer installations and power stations are also an integral part of the distribution networks.

Energy arrives at the **supply** point and is sold by the supplier. Throughout the electricity and gas value chain, supply is the closest activity to the customer and responsible for the relationship with final consumers.

9,853,678

5,058,012

4,795,666

338,235 KM OF NETWORK

284,319 km

4

Customers in liberalized market

Customers in last resort

ELECTRICITY CUSTOMERS

of distribution overhead lines

53,916 Km



of distribution underground lines

21 TWh OF ELECTRICITY DISTRIBUTED

GAS CUSTOMERS	1,582,712
, APAPI	
Customers in liberalized market	1,488,207
Customers in last resort	94,505

1.2.2. WHERE WE ARE





THE LIVING ENERGY BOOK

Portugal @ 人 Y \$ 🛉 6,146

Spajn
② 人 ▼ * Å 1,668

人 🕴 34 Poland

人 🕴 29 Romania

人 🕴 28 Italy

人 🛉 46 NK

人幹3 Bol9ium

人 🛉 64 France

China

Angola

1.2.3. HOW WE ARE ORGANIZED

BUSINESS AREAS

01 IBERIAN GENERATION AND SUPPLY





hc energia





02 IBERIAN NETWORKS





hc energia





#1 GENERATOR AND SUPPLIER IN PORTUGAL

#3 IBERIAN GENERATOR

#I PORTUGUESE DISTRIBUTOR

03 Brazil







#4 PRIVATE SUPPLIER IN THE FREE MARKET
#5 PRIVATE GENERATOR

04 RENEWABLES







#4 GLOBAL WIND PLAYER

1.2.4. VISION, VALUES AND COMMITMENTS

VISION

A global energy providing company, leader in creating value, innovation and sustainability.

edp



HUMANITY

Building genuine and trusting relationships with our customers, partners and communities.

VALUES

INNOVATION

With the aim of creating value in the many areas in which we operate.

SUSTAINABILITY

Aiming to improve the quality of life of current and future generations.

COMMITMENTS

RESULTS

- We fulfil the commitments that we embraced in the presence of our shareholders.
- We are leaders due to our capacity of anticipating and implementing.
- We demand excellence in everything that we do.

SUSTAINABILITY

- We assume the social and environmental responsabilities that result from our performance thus contributing towards the development of the regions in which we operate.
- We avoid specific greenhouse gas emissions with the energy we produce.
- We ensure the participatory, competent and honest governance of our business.

CLIENTS

- We place ourselves in our clients' shoes whenever a decision has to be made.
- We listen to our clientes and answer in a simple and clear manner.
- We surprise our clientes by anticipating their needs.

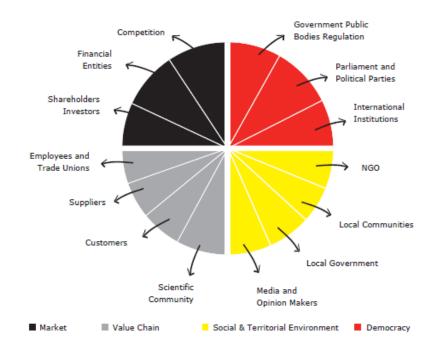
PEOPLE

- We join conduct and professional rigour to enthusiasm and initiative, emphasizing team work.
- · We promote the development of skills and merit.
- We believe that the balance between private and professional life is fundamental in order to be successful.

1.2.5. STAKEHOLDERS

Stakeholder management is a demanding activity, which requires the transparency of businesses in their relationship with society and, in particular, with all those that have an impact on or are being impacted by business activities.

Stakeholder engagement within the EDP Group is a strategic priority for the maintenance of a transparent and open dialogue with all those to whom the business relates to. Building and strengthening relationships of trust, sharing knowledge and relevant information, anticipating challenges and identifying new opportunities for cooperation are the main goals of EDP's Stakeholder Relationship Policy.



DESPITE THE GROWING EXIGENCE IN THE CRITERIA OF STAKEHOLDER ENGAGEMENT ESTABLISHED BY THE DOW JONES SUSTAINABILITY INDEX 2017 WAS CHARACTERIZED BY THE LEAD ACCOMPLISHED BY EDP IN THAT CRITERIA. ULTIMATELY ACHIEVING THE HIGHEST POSSIBLE SCORE.

EDP invests in open relationships with its stakeholders, believing that it improves performance, anticipates and manages risks, and creates value for the various stakeholders within all the geographies in which the Group operates. For this purpose, the commitment of EDP Group's various business units, which seek to identify their stakeholders and the relevant critical issues, has been fundamental in guaranteeing relationship channels and drawing up action plans that address the identified risks and that meet the expectations of the relationships.

COMPREHEND

We have dynamically and systematically identified the Stakeholders that influence and are influenced by the Company, and we analyze and try to understand their expectations and interests in the decisions that directly impact on them.

TRUST

We believe that the promotion of a climate of trust with our Stakeholders is crucial to establishing stable, long-term relationships. Our relationship with stakeholders is based on values like transparency, integrity and mutual respect.

COMMUNICATE

We are committed to promoting two-way dialogue with Stakeholders through information and consulting initiatives. We listen, inform and respond to Stakeholders in a consistent, clear, rigorous and transparent manner, with the aim of building strong, durable close relationships.

COLLABORATE

We aim to collaborate with Stakeholders to build strategic partnerships that bring together and share knowledge, skills and tools, thereby promoting the creation of shared value in a differentiating manner.

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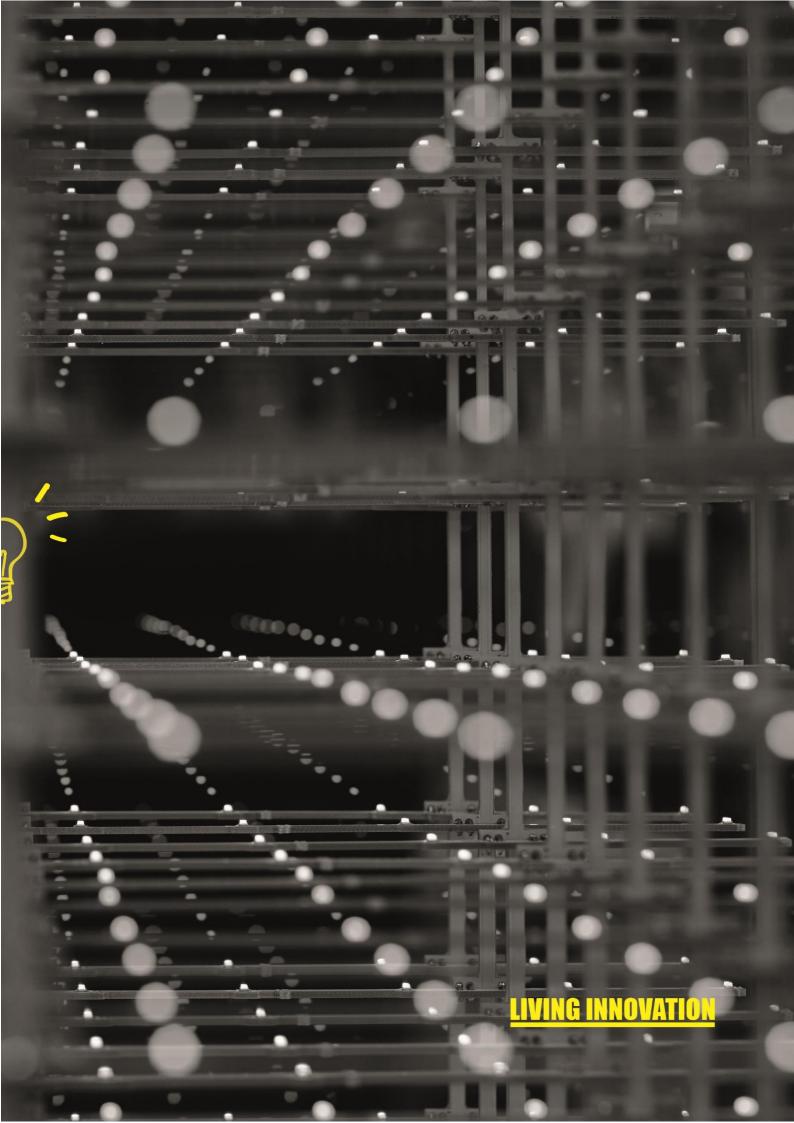
02

PERFORMANCE

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02 PERFORMANCE

2.1 GROUP'S FINANCIAL ANALYSIS

INCOME STATEMENT

EUR MILLION	1Q18	1Q17	Δ%	Δ ABS.
Gross Profit	1,393	1,523	-9%	-130
Operating costs	372	398	-7%	-26
Other Income/(Costs) EBITDA	-128	-114	-13%	-15
	893	1.011	-12%	-118
EBIT	549	648	-15%	- 99
Net Profit for the period	282	315	-10%	- 33
Net Profit attributable to EDP shareholders	166	215	-23%	-33 -49
Non-controlling interests	116	100	17%	17_



- **EBITDA** amounted to €893 million in the first quarter of 2018 (-12% vs. the first quarter of 2017).
- Nevertheless, if disregarded (i) the contribution from Iberian gas networks in the first quarter of 2017 (\in 58 million), following the sale of gas distribution assets in Iberia during 2017; (ii) the \in 18 million negative impact in the first quarter of 2018 of a revision of the accounted in 2017 as CMEC final adjustment; and (iii) the \in 54 million negative impact in the first quarter of 2018 of the devaluation of the average USD and BRL against the EUR, EBITDA would have risen by 1% vs. in the first quarter of 2017.
- In **Iberia**, results in distribution in Portugal were negatively impacted by the regulatory review in electricity distribution and by the lower 10-Y Portuguese government yields; while for generation the YoY negative impact came from the end of CMEC annual adjustment since July 2017, partly offset by better hydro conditions, although the quarter was still below the expected average hydro generation.
- In EDP Renováveis, EBITDA increased 2% YoY, driven by portfolio expansion;
- In **EDP Brasil**, 1% YoY decrease in EBITDA, on unfavorable ForEx impact. In local currency, however, EBITDA increased 18% on the back of a better hydro situation in the quarter and higher EBITDA in distribution driven by good operational performance.
- **OPEX** decreased €26 million, to €372 million in the first quarter of 2018, driven mostly by ForEx impact.
- Other net operating income/(costs) varied €15 million YoY, to a net cost of €128 million, mostly due to higher clawback paid in Portugal and to lower tax equity revenues in the United States of America.

EBIT €549M -15% VS. 1Q17

• **EBIT** was 15% lower YoY, at €549 million in the first quarter of 2018, mainly impacted by EBITDA performance.

NET PROFIT

(ATTRIBUTABLE TO EQUITY HOLDERS OF EDP)

€166M

-23% VS. 1Q17

- Net financial results and Results with joint-ventures and associates amounted to - \in 126 million in the first quarter of 2018 (\in 71 million better vs. the first quarter of 2017), benefitting from a 50bp YoY decline in average cost of debt (to 3.8% in the first quarter of 2018) and lower average net debt.
- **Income tax expense** increased €8 million YoY to €74 million in the first quarter of 2018, implying an 18% effective tax rate.
- **Non-controlling interests** advanced to €116 million in the first quarter of 2018, mostly due to higher share of minorities at wind farms and higher net profit of EDP Renováveis.
- **Net profit attributable to EDP shareholders** amounted to €166 million in the first quarter of 2018 (vs. €215 million in the first quarter of 2017).

CAPEX

CAPEX €368M +46% VS. 1Q17

MAINTENANCE **€85M**

-40% VS. 1Q17

EXPANSION **€283M** +153% VS. 1Q17

- Capex amounted to €368 million in the first quarter of 2018, representing an increase of 46% vs. the first quarter of 2017.
- Expansion capex was 77% of total capex and was mostly dedicated to the construction of wind capacity.
- Maintenance capex amounted to €85 million in the first quarter of 2018, mostly absorbed by regulated networks in Iberia and Brazil.

NET DEBT



Net debt amounted to \in 13.8 billion in March 2018, down from \in 13.9 billion in December 2017, mainly impacted by EDP's operational activity, the devaluation of the USD and BRL against the EUR, partly offset by the investment in property, plant and equipment and intangible assets.

2.2 OPERATIONAL INDICATORS

IBERIAN GENERATION AND SUPPLY	UN	1Q18	1Q17	1Q16	1Q15
INSTALLED CAPACITY					
Liberalised Electricity Generation	MW	13,611	13,417	12,676	12,484
Portugal ¹	MW	10,082	9,889	9,147	8,716
Hydro	MW	6,704	6,486	5,745	5,317
CCGT	MW	2,031	2,039	2,039	2,039
Coal	MW	1,180	1,180	1,180	1,180
M ini-hydro	MW	143	159	159	157
Cogeneration	MW	24	24	24	24
Spain ¹	MW	3,528	3,528	3,528	3,768
Hydro	MW	426	426	426	426
CCGT	MW	1,698	1,698	1,698	1,698
Coal	MW	1,224	1,224	1,224	1,463
Nuclear	MW	156	156	156	156
Cogeneration and Waste	MW	25	25	25	25
Capacity under Construction	MW	-	263	1,019	1,449
Portugal ¹	MW	-	263	1,019	1,449
Equity Installed Capacity ²	MW	41	41	41	46
Portugal ¹	MW	32	32	32	32
Spain ¹	MW	10	10	10	15
NET ELECTRICITY GENERATION	GWh				
Liberalised Electricity Generation	GWh	8,693	9,241	10,632	9,101
Portugal ¹	GWh	6,482	6,233	8,250	6,045
Hydro	GWh	3,626	2,773	5,934	3,398
CCGT	GWh	907	1,105	232	191
Coal	GWh	1,734	2,192	1,773	2,248
Mini-hydro	GWh	165	148	259	156
Cogeneration	GWh	51	15	52	52
Spain ¹	GWh	2,210	3,007	2,382	3,056
Hydro	GWh	408	175	460	4 14
CCGT	GWh	395	608	234	220
Coal	GWh	1,045	1,860	1,333	2,058
Nuclear	GWh	331	333	330	331
Cogeneration and Waste	GWh	32	30	26	33
Steam Generation	GWh	218	229	225	278
TECHNICAL AVAILABILITY					
Portugal ¹	%	94	93	99	96
Hydro	%	99	93	99	99
CCGT	%	82	95	100	99
Coal	%	86	91	96	90
Mini-hydro	%	97	99	98	95
Cogeneration	%	100	29	99	100
Spain ¹	%	93	95	98	99
Hydro	%	100	100	100	100
CCGT	%	100	99	99	100
Coal Nuclear	%	80 100	88	95 400	98
	%	100	100	100	100
Cogeneration	%	94	57 07	98	98
Waste	%	93	97	94	95

¹ Excludes EDP Renováveis | ² Accounted by the Equity Method

INTERIM REPORT EDP 1Q18

IBERIAN GENERATION AND SUPPLY	UN	1Q18	1Q17	1Q16	1Q15
ELECTRICITY CUSTOMERS	'000	6,464	6,480	6,459	6,452
Portugal	'000	5,329	5,400	5,431	5,477
Last Resort	'000	1,190	1,336	1,628	2,174
Liberalised Market	'000	4,139	4,064	3,803	3,303
Market Share EDP - Liberalised Market	%	n.d.	85	85	85
Spain	'000	1,134	1,080	1,028	975
Last Resort	'000	216	223	235	245
Liberalised Market	'000	919	857	793	730
Social Tariff	'000	718	724	184	104
Portugal	'000	661	665	124	44
Spain	'000	57	59	60	61
Special Needs	'000	0.6	0.5	0.5	0.5
Portugal	'000	0.6	0.5	0.5	0.5
Green Tariff	'000	932	829	829	771
Portugal	'000	3	3	4	4
Spain	'000	929	825	825	767
ELECTRICITY SUPPLIED	GWh	9,039	9,511	10,447	10,065
Portugal	GWh	5,896	5,900	6,193	6,489
Last Resort	GWh	863	928	1,363	1,845
Liberalised Market	GWh	5,032	4,972	4,830	4,644
Market Share EDP - Liberalised Market	%	n.d.	45	45	45
Spain	GWh	3,143	3,612	4,254	3,576
Last Resort	GWh	126	135	140	149
Liberalised Market	GWh	3,017	3,477	4,114	3,427
Market Share EDP - Liberalised Market	%	6	8	9	7
Social Tariff	GWh	91	98	45	53
Portugal	GWh	59	63	10	14
Spain	GWh	32	36	35	39
Green Tariff	GWh	1,387	1,199	1,205	5,953
Portugal	GWh	3	3	8	3
Spain	GWh	1,384	1,197	1,197	5,950
GASCUSTOMERS	'000	1,583	1,520	1,435	1,340
Portugal	'000	699	665	595	509
Last Resort	'000	43	49	59	74
Liberalised Market	'000	656	616	536	435
Spain	'000	883	855	840	830
Last Resort	'000	51	54	58	63
Liberalised Market	'000	832	801	782	767
GAS SUPPLIED	GWh	6,023	5,481	6,877	8,354
Portugal	GWh	1,439	1,293	1,479	1,526
Last Resort	GWh	93	111	130	180
Liberalised Market	GWh	1,346	1,182	1,349	1,346
Market Share EDP - Liberalised Market	%	n.d	11	n.d	13
Spain	GWh	4,584	4,187	5,398	6,828
Last Resort	GWh	111	110	97	133
Liberalised Market	GWh	4,474	4,078	5,301	6,695
Market Share EDP - Liberalised Market	%	4	4	4	4

¹ Regulated Customers supplied by Distribution

IBERIAN NETWORKS	UN	1Q18	1Q17	1Q16	1Q15
ELECTRICITY DISTRIBUTED	GWh	14,462	13,935	14,018	14,068
Portugal	GWh	12,052	11,585	11,655	11,687
Spain	GWh	2,410	2,350	2,363	2,381
ELECTRICITY SUPPLY POINTS	'000	6,858	6,810	6,770	6,741
Portugal	'000	6,194	6,148	6,110	6,082
Spain	'000	664	662	660	659
GRID EXTENSION	Km	246,754	246,134	245,244	244,285
Portugal	Km	226,124	225,606	224,837	223,976
Overhead lines	Km	177,380	177,036	176,464	175,897
Underground lines	Km	48,744	48,570	48,373	48,079
Spain	Km	20,630	20,528	20,407	20,309
Overhead lines	Km	15,703	15,678	15,633	15,567
Underground lines	Km	4,927	4,850	4,774	4,741
GRID LOSSES					
Portugal	%	11.8	11.2	10.1	10.9
Spain	%	4.1	4.7	4.9	5.1
SERVICE QUALITY					
Portugal					
Installed Capacity Equivalent Interruption Time 1	Min	9	13	13	12
Spain					
Installed Capacity Equivalent Interruption Time 1	Min	39	10	7	14

 $^{^{1}}$ ICEIT in M V grid, excluding extraordinary effects

EDP BRASIL	UN	1Q18	1Q17	1Q16	1Q15
GENERATION					
EBITDA Installed Capacity	MW	2,466	2,466	2,466	1,797
Hydro	MW	1,746	1,746	1,745	1,797
Coal	MW	720	720	720	-
Equity Installed Capacity 1	MW	481	296	187	547
Equity Capacity under Construction 1	MW	-	231	341	34
Net Electricity Generation	GWh	3,142	2,256	2,808	1,644
Hydro	GWh	1,956	1,268	1,673	1,644
Coal	GWh	1,186	988	1,135	
Technical Availability	%	94	95	95	98
Hydro	%	95	95	97	98
Coal	%	92	94	90	-
ENERGY SUPPLY					
Electricity Supplied	GWh	7,648	6,693	6,493	6,595
Last Resort ²	GWh	3,562	3,562	3,938	4,08
Liberalised Market	GWh	4,086	3,131	2,556	2,514
Social Tariff	GWh	77	70	84	99
Number of Customers	'000	3,390	3,337	3,262	3,182
Last Resort ²	'000	3,390	3,336	3,261	3,182
Liberalised Market	'000	0.3	0.3	0.2	0.4
Social Tariff	'000	162	145	177	196
Special Needs	'000	0	1	1	0
ENERGY DISTRIBUTION					
Electricity Distributed	GWh	6,217	6,078	6,261	6,764
Electricity Supply Points	'000	3,391	3,337	3,262	3,182
Grid Extension	Km	91,481	91,539	90,660	89,630
Overhead lines	Km	91,236	91,298	90,427	89,432
Underground lines	Km	246	241	232	198
Grid Losses	%	10	11	11	1
Average Interruption Duration per Consumer					
EDP São Paulo	Hours	7.7	8.3	9.0	7.7
EDP Espírito Santo	Hours	8.3	8.6	9.1	9.6
Frequency of Interruptions per Consumer					
EDP São Paulo	#	5.0	5.3	5.4	5.2
EDP Espírito Santo	#	5.2	5.3	5.2	5.6
TRANSMISSION					
Grid extension Under Construction	Km	1,297	-	-	-

¹ Accounted by the Equity Method | ² Regulated Customers supplied by Distribution

EDP RENOVÁVEIS INSTALLED CAPACITY EBITDA Installed Capacity Portugal Spain	MW MW MW	1Q18 10,676	1Q17 10,054	1Q16	1Q15
EBITDA Installed Capacity Portugal	MW		10,054		
Portugal	MW		10,054		
•		4050		9,351	8,149
Spain	MW	1,253	1,253	1,247	624
		2,244	2,194	2,194	2,194
Rest of Europe	MW	1,564	1,541	1,473	1,413
North America	MW	5,284	4,861	4,233	3,835
Brazil	MW	331	204	204	84
Capacity under Construction	MW	1,042	423	476	601
Portugal	MW	55	-	2	6
Spain	MW	68	-	-	2
Rest of Europe	MW	103	18	224	75
North America	MW	679	278	250	399
Brazil	MW	137	127	-	120
Equity Installed Capacity 1	MW	331	356	356	886
Portugal	MW	-	-	-	533
Spain	MW	152	177	177	174
Rest of Europe	MW	0	0	0	0
North America	MW	179	179	179	179
Brazil	MW	-	-	-	-
NET ELECTRICITY GENERATION	GWh	8,763	7,719	7,535	5,786
Portugal	GWh	1,066	877	1,039	505
Spain	GWh	1,766	1,442	1,658	1,499
Rest of Europe	GWh	1,079	1,064	1,090	928
North America	GWh	4,694	4,189	3,694	2,808
Brazil	GWh	159	147	54	46
TECHNICAL AVAILABILITY	%	97	98	98	97
Portugal	%	99	99	98	98
Spain	%	96	97	97	96
Rest of Europe	%	98	98	98	97
North America	%	97	98	98	98
Brazil	%	98	98	99	98

¹ Accounted by the Equity Method

THE LIVING ENERGY : BOOK by edp



03

FINANCIAL STATEMENTS





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Condensed Financial Statements 31 March 2018

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Condensed Consolidated Income Statement for the three-month periods ended at 31 March 2018 and 2017

Revenues from energy sales and services and other 7 4,032,390 4,233,203 Cost of energy sales and other 7 -2,639,124 -2,710,399 Cost of energy sales and other 7 -2,639,124 -2,710,399 Other income 8 85,503 98,875 Supplies and services 9 -209,498 -226,782 Personnel costs and employee benefits 10 -162,631 -171,332 Other expenses 11 -213,875 -212,658 Fersonnel costs and employee benefits 10 -162,631 -171,332 Other expenses 11 -213,875 -212,658 892,765 1,010,907 892,765 1,010,907 Provisions 33 7,092 -4,125 Amortisation and impairment 12 -351,342 -359,241 Financial income 13 128,130 116,962 Financial expenses 13 128,130 116,962 Financial income tax and CESE 422,648 450,349 Income tax expense 14 -73,	Thousand Euros	Notes	2018	2017
Cost of energy sales and other 7 -2,639,124 (-2,710,399) (1,393,266) (1,522,804) -2,710,399 (1,393,266) (1,522,804) Other income 8 85,503 (98,875) (99,498) (-226,782) (100,101) (100,113) (100,	Revenues from energy sales and services and other	7	4 032 390	4 233 203
Other income 8 85,503 98,875 Supplies and services 9 -209,498 -226,782 Personnel costs and employee benefits 10 -162,631 -171,332 Other expenses 11 -213,875 -212,658 From the expenses 11 -213,875 -212,658 Amortisation 33 7,092 -4,125 Amortisation and impairment 12 -351,342 -359,241 Financial income 13 128,130 116,962 Financial expenses 13 125,431 -313,577 Share of net profit in joint ventures and associates 19 1,434 -577 Profit before income tax and CESE 422,648 450,349 Income tax expense 14 -73,980 -65,750 Extraordinary contribution to the energy sector (CESE) 15 -66,356 -69,559 Net profit for the period 282,312 315,040 Attributable to: Equity holders of EDP 165,833 215,302 Non-controlling Interests 29 116,4				
Other income 8 85,503 98,875 Supplies and services 9 -209,498 -226,782 Personnel costs and employee benefits 10 -162,631 -171,332 Other expenses 11 -213,875 -212,658 -500,501 -511,897 892,765 1,010,907 Provisions 33 7,092 -4,125 Amortisation and impairment 12 -351,342 -359,241 Financial income 13 128,130 116,962 Financial expenses 13 128,130 116,962 Financial expenses 13 -255,431 -313,577 Share of net profit in joint ventures and associates 19 1,434 -577 Profit before income tax and CESE 422,648 450,349 Income tax expense 14 -73,980 -65,750 Extraordinary contribution to the energy sector (CESE) 15 -66,356 -69,559 Net profit for the period 282,312 315,040 Attributable to: 282,312 315,002 <tr< td=""><td></td><td></td><td></td><td><u> </u></td></tr<>				<u> </u>
Supplies and services 9 -209,498 -226,782 Personnel costs and employee benefits 10 -162,631 -171,332 Other expenses 11 -213,875 -212,658 -500,501 -511,897 892,765 1,010,907 Provisions 33 7,092 -4,125 Amortisation and impairment 12 -351,342 -359,241 Financial income 13 128,130 116,962 Financial expenses 13 -255,431 -313,577 Share of net profit in joint ventures and associates 19 1,434 -577 Profit before income tax and CESE 422,648 450,349 Income tax expense 14 -73,980 -65,750 Extraordinary contribution to the energy sector (CESE) 15 -66,356 -69,559 Net profit for the period 282,312 315,040 Attributable to: Equity holders of EDP 165,833 215,302 Non-controlling Interests 29 116,479 99,738			,,	, , , , , , ,
Personnel costs and employee benefits	Other income		85,503	98,875
Other expenses 11 -213,875 -212,658 -500,501 -511,897 892,765 1,010,907 Provisions 33 7,092 -4,125 Amortisation and impairment 12 -351,342 -359,241 Financial income 13 128,130 116,962 Financial expenses 13 -255,431 -313,577 Share of net profit in joint ventures and associates 19 1,434 -577 Profit before income tax and CESE 422,648 450,349 Income tax expense 14 -73,980 -65,750 Extraordinary contribution to the energy sector (CESE) 15 -66,356 -69,559 Net profit for the period 282,312 315,040 Attributable to: Equity holders of EDP 165,833 215,302 Non-controlling Interests 29 116,479 99,738				
Provisions 33 7,092 -4,125 7,007 7				
Provisions 33 7,092 -4,125 Amortisation and impairment 12 -351,342 -359,241 548,515 647,541 548,515 548,515 647,541 548,515 647,541 548,515 647,541 548,515 647,541 548,515 647,541 548,515 647,541 548,515 647,541 548,515 647,541 548,515 647,541 548,515 647,541 548,515 647,541 548,515 647,541 548,515 647,541 548,515 647,541 548,515 648,515 548,515 647,541 548,515 647,541 548,515 548,515 647,541 548,515 548,515 548,515 548,515 548,515 548,515 548,515 548,515 548,515 548,515 548,51	Other expenses	11		
Provisions 33 7,092 -4,125 Amortisation and impairment 12 -351,342 -359,241 548,515 647,541 548,515 647,541 Financial income 13 128,130 116,962 Financial expenses 13 -255,431 -313,577 Share of net profit in joint ventures and associates 19 1,434 -577 Profit before income tax and CESE 422,648 450,349 Income tax expense 14 -73,980 -65,750 Extraordinary contribution to the energy sector (CESE) 15 -66,356 -69,559 Net profit for the period 282,312 315,040 Attributable to: 282,312 315,040 Attributable to: 29 165,833 215,302 Non-controlling Interests 29 116,479 99,738				-511,897
Amortisation and impairment 12 -351,342 -359,241 548,515 647,541 Financial income 13 128,130 116,962 Financial expenses 13 -255,431 -313,577 Share of net profit in joint ventures and associates 19 1,434 -577 Profit before income tax and CESE 422,648 450,349 Income tax expense 14 -73,980 -65,750 Extraordinary contribution to the energy sector (CESE) 15 -66,356 -69,559 Net profit for the period 282,312 315,040 Attributable to: Equity holders of EDP 165,833 215,302 Non-controlling Interests 29 116,479 99,738			892,765	1,010,907
Amortisation and impairment 12 -351,342 -359,241 548,515 647,541 Financial income 13 128,130 116,962 Financial expenses 13 -255,431 -313,577 Share of net profit in joint ventures and associates 19 1,434 -577 Profit before income tax and CESE 422,648 450,349 Income tax expense 14 -73,980 -65,750 Extraordinary contribution to the energy sector (CESE) 15 -66,356 -69,559 Net profit for the period 282,312 315,040 Attributable to: Equity holders of EDP 165,833 215,302 Non-controlling Interests 29 116,479 99,738				
Financial income 13 128,130 116,962	Provisions			
Financial income 13 128,130 116,962 Financial expenses 13 -255,431 -313,577 Share of net profit in joint ventures and associates 19 1,434 -577 Profit before income tax and CESE 422,648 450,349 Income tax expense 14 -73,980 -65,750 Extraordinary contribution to the energy sector (CESE) 15 -66,356 -69,559 Net profit for the period 282,312 315,040 Attributable to: 282,312 315,040 Attributable to: 29 165,833 215,302 Non-controlling Interests 29 116,479 99,738	Amortisation and impairment	12	-351,342	-359,241
Time control Financial expenses 13 -255,431 -313,577			548,515	647,541
Time control Financial expenses 13 -255,431 -313,577				
Share of net profit in joint ventures and associates 19 1,434 -577 Profit before income tax and CESE 422,648 450,349 Income tax expense 14 -73,980 -65,750 Extraordinary contribution to the energy sector (CESE) 15 -66,356 -69,559 Net profit for the period 282,312 315,040 Attributable to: Equity holders of EDP 165,833 215,302 Non-controlling Interests 29 116,479 99,738	Financial income	13	128,130	116,962
Profit before income tax and CESE 422,648 450,349 Income tax expense 14 -73,980 -65,750 Extraordinary contribution to the energy sector (CESE) 15 -66,356 -69,559 Net profit for the period 282,312 315,040 Attributable to: Equity holders of EDP 165,833 215,302 Non-controlling Interests 29 116,479 99,738	Financial expenses	13	-255,431	-313,577
Income tax expense 14 -73,980 -65,750 Extraordinary contribution to the energy sector (CESE) 15 -66,356 -69,559 Net profit for the period 282,312 315,040 Attributable to: Equity holders of EDP 165,833 215,302 Non-controlling Interests 29 116,479 99,738	Share of net profit in joint ventures and associates	19	1,434	-577
Income tax expense 14 -73,980 -65,750 Extraordinary contribution to the energy sector (CESE) 15 -66,356 -69,559 Net profit for the period 282,312 315,040 Attributable to: Equity holders of EDP 165,833 215,302 Non-controlling Interests 29 116,479 99,738				
Extraordinary contribution to the energy sector (CESE) 15 -66,356 -69,559 -140,336 -135,309 Net profit for the period 282,312 315,040 Attributable to: Equity holders of EDP Non-controlling Interests 29 116,479 99,738 	Profit before income tax and CESE		422,648	450,349
Extraordinary contribution to the energy sector (CESE) 15 -66,356 -69,559 -140,336 -135,309 Net profit for the period 282,312 315,040 Attributable to: Equity holders of EDP Non-controlling Interests 29 116,479 99,738 				
Columbia				-65,750
Net profit for the period 282,312 315,040 Attributable to: Equity holders of EDP 165,833 215,302 Non-controlling Interests 29 116,479 99,738	Extraordinary contribution to the energy sector (CESE)	15		
Attributable to:			-140,336	-135,309
Attributable to:				
Equity holders of EDP 165,833 215,302 Non-controlling Interests 29 116,479 99,738	Net profit for the period		282,312	315,040
Equity holders of EDP 165,833 215,302 Non-controlling Interests 29 116,479 99,738	Attributable to:			
Non-controlling Interests 29 116,479 99,738			165 933	215 202
		29		
Net profit for the period 282,312 315,040	Non-controlling interests		110,477	77,730
	Net profit for the period		282.312	315.040
				212,210
Earnings per share (Basic and Diluted) - Euros 26 0.05 0.06	Earnings per share (Basic and Diluted) - Euros	26	0.05	0.06
		_0	0.00	0.00

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Condensed Consolidated Statements of Comprehensive Income for the three-month periods ended at 31 March 2018 and 2017

	20	018	2017		
	Equity holders	Non-controlling	Equity holders	Non-controlling	
Thousand Euros	of EDP	Interests	of EDP	Interests	
Net profit for the period	165,833	116,479	215,302	99,738	
Items that will never be reclassified to profit or loss (i)					
Actuarial gains/(losses)	-	-	-313	-297	
Tax effect from the actuarial gains/(losses)	-	-	106	101	
	<u>-</u>		-207	-196	
Items that may be reclassified to profit or loss (i)					
Exchange differences arising on consolidation	-34,947	-66,841	18,199	11,654	
Fair value reserve					
(cash flow hedge)	2,172	-1,893	-24,183	708	
Tax effect from the fair value reserve					
(cash flow hedge)	-1,242	172	6,918	-224	
Fair value reserve					
(financial assets)	731		3,406		
Tax effect from the fair value reserve					
(financial assets)	-297		-884		
Share of other comprehensive income of					
joint ventures and associates, net of taxes	-7,642	-490	-304	214	
	-41,225	-69,052	3,152	12,352	
Other comprehensive income for the period, net of income tax	-41,225	-69,052	2,945	12,156	
Total comprehensive income for the period	124,608	47,427	218,247	111,894	

⁽i) See Condensed Consolidated Statement of Changes in Equity

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Condensed Consolidated Statements of Financial Position as at 31 March 2018 and 31 December 2017

Thousand Euros	Notes	2018	2017
Assets			
Property, plant and equipment	16	22,519,398	22,730,615
Intangible assets	17	4,716,069	4,747,360
Goodwill	18	2,204,447	2,232,668
Investments in joint ventures and associates	19	880,331	843,082
Available for sale investments		000,331	124,016
Equity instruments at fair value	20	123,018	124,010
Investment property	20	31,426	39,199
Deferred tax assets	21	838,077	808,521
Debtors and other assets from commercial activities	22	2,767,562	2,839,379
Other debtors and other assets	23	531,860	518,772
Non-Current tax assets	24	60,418	60.793
Collateral deposits associated to financial debt	31	31,672	34,874
Total Non-Current Assets	31	34,704,278	34,979,279
Total Non-Current Assets		34,704,276	34,373,273
Inventories		304,421	265,775
Debtors and other assets from commercial activities	22	3,493,731	3,325,730
Other debtors and other assets	23	324,321	304,628
Current tax assets	24	492,164	520,500
	24	492,104	
Financial assets at fair value through profit or loss	21	10.242	37,544
Collateral deposits associated to financial debt	31	10,343	10,381
Cash and cash equivalents	25	1,338,989	2,400,077 231,135
Assets held for sale	38	223,605	
Total Current Assets		6,187,574	7,095,770 42,075,049
Total Assets		40,891,852	42,075,049
Equity			
Share capital	26	3,656,538	3,656,538
Treasury stock	27	-63,909	-62,957
Share premium	26	503,923	503,923
Reserves and retained earnings	28	5,330,223	4,335,265
Consolidated net profit attributable to equity holders of EDP	20	165,833	1,113,169
Total Equity attributable to equity holders of EDP		9,592,608	9,545,938
Non-controlling Interests	29	3,942,603	3,934,322
Total Equity	23	13,535,211	13,480,260
		10,000,211	15, 100,200
Linkilisinn			
Liabilities Financial debt	31	14,589,195	15,469,636
	32	1,169,828	1,198,362
Employee benefits Provisions			
Deferred tax liabilities	33 21	792,883	726,771 466,532
Institutional partnerships in USA		475,533	
Trade and other liabilities from commercial activities	34 35	2,030,724 1,426,317	2,163,722
			1,343,171
Other liabilities and other payables Non-current tax liabilities	36 37	805,428 88,342	874,984
Total Non-Current Liabilities	3/	21,378,250	91,551
Total Noti-Current Liabilities		21,378,250	22,334,729
Financial debt	31	1,162,699	1,448,129
Employee benefits	32	321,740	323,891
Provisions	33	24,671	26,058
Hydrological correction account	30	1,181	1,574
Try at orogical correction account	35	3,361,852	3,498,131
Trade and other liabilities from commercial activities		356,907	284,140
Trade and other liabilities from commercial activities Other liabilities and other payables	36		204,140
Other liabilities and other payables	36		
Other liabilities and other payables Current tax liabilities	37	636,878	563,456
Other liabilities and other payables Current tax liabilities Liabilities held for sale		636,878 112,463	563,456 114,681
Other liabilities and other payables Current tax liabilities Liabilities held for sale Total Current Liabilities	37	636,878 112,463 5,978,391	563,456 114,681 6,260,060
Other liabilities and other payables Current tax liabilities Liabilities held for sale	37	636,878 112,463	563,456 114,681 6,260,060 28,594,789 42,075,049

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EDP - Energias de Portugal

Condensed Consolidated Statements of Changes in Equity for the three-month periods ended at 31 March 2018 and 2017

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)
Balance as at 31 December 2016	13,736,372	3,656,538	503,923	739,024	4,635,564	29,486	50,098	-144,818	-63,528	9,406,287	4,330,085
Comprehensive income:											
Net profit for the period	315,040				215,302					215,302	99,738
Changes in the fair value reserve	313,040				213,302		-		<u>_</u>	213,302	33,730
(cash flow hedge) net of taxes	-16,781	_	_	_	_	-17,265	_	_	_	-17,265	484
Changes in the fair value reserve	10,701					17,203				17,203	707
(available for sale investments)											
net of taxes	2,522	_	_	_	_	_	2,522	_	_	2,522	_
Share of other comprehensive											
income of joint ventures and associates											
net of taxes	-90	-	-	-	-	-	-	-304	-	-304	214
Actuarial gains/(losses)											
net of taxes	-403	-	-	-	-207	-	-	-	-	-207	-196
Exchange differences arising on											
consolidation	29,853						-	18,199		18,199	11,654
Total comprehensive income for the period	330,141	-	-	-	215,095	-17,265	2,522	17,895	-	218,247	111,894
Dividends attributable to non-controlling											
interests	-23,493	-	_	-	-	-	-	-	-	-	-23,493
Changes resulting from acquisitions/sales,	,										
equity increases/decreases and other	9,153	-	-	-	-737		-		-	-737	9,890
Balance as at 31 March 2017	14,052,173	3.656.538	503.923	739,024	4,849,922	12.221	52,620	-126.923	-63,528	9,623,797	4,428,376
Dalance as at 51 March 2017	14,032,173	3,030,330	303,723	737,024	4,047,722	12,221	32,020	-120,723	-03,320	7,023,777	4,420,370
Balance as at 31 December 2017	13,480,260	3,656,538	503,923	739,024	5,116,253	-76,142	31,255	-361,956	-62,957	9,545,938	3,934,322
Comprehensive income:											
Net profit for the period	282,312	_		_	165,833		_		_	165,833	116,479
Changes in the fair value reserve	202,512				105,055					103,033	110,473
(cash flow hedge) net of taxes	-791	_	_	_	_	930	_	_	_	930	-1,721
Changes in the fair value reserve											
(financial assets), 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	,52										
and IFRS 15's adoption (v)	-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
Balance as at 31 March 2018	13,535,211	3,656,538	503,923	739,024	5,221,523	-82,344	15,266	-397,413	-63,909	9,592,608	3,942,603

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⁽i) See note 26 (ii) See note 28 (iii) See note 27 (iv) See note 29 (v) See note 3



Condensed Consolidated and Company Statements of Cash Flows for the three-month periods ended at 31 March 2018 and 2017

	Group		Company		
Thousand Euros	2018	2017	2018	2017	
Operating activities					
Cash receipts from customers	3,673,347	3,947,078	706,553	902,874	
Proceeds from tariff adjustments sales	254,601	592,916	-		
Payments to suppliers	-2,980,211	-2,951,008	-758,587	-914,134	
Payments to personnel	-166,273	-211,790	-15,162	-15,460	
Concession rents paid	-73,109	-72,098	-		
Other receipts/(payments) relating to operating activities	-115,965	-404,986	23,128	-34,068	
Net cash flows from operations	592,390	900,112	-44,068	-60,788	
Income tax received/(paid)	6,028	-32,215	37,623	150	
Net cash flows from operating activities	598,418	867,897	-6,445	-60,638	
Investing activities					
Cash receipts relating to:					
Sale of assets/subsidiaries with loss of control (i)	29,419	-	-		
Other financial assets and investments	21,465	1,379	111	208	
Held to maturity financial investments	-		390,770	13,188	
Changes in cash resulting from consolidation perimeter variations	-	26,498	-		
Property, plant and equipment and intangible assets	3,712	1,245	2	330	
Other receipts relating to tangible fixed assets	1,608	2,516	-		
Interest and similar income	15,979	21,481	63,986	41,609	
Dividends	624	1,064	550,185		
Loans to related parties	23,154	15,394	923,101	17,989	
	95,961	69,577	1,928,155	73,324	
Cash payments relating to:					
Acquisition of assets/subsidiaries	-	-250	-	<u> </u>	
Other financial assets and investments (ii)	-105,195	-28,049	-	<u>-</u>	
Changes in cash resulting from consolidation perimeter variations	-1,905	-14,174	-		
Property, plant and equipment and intangible assets	-446,658	-565,172	-16,072	-4,743	
Loans to related parties	-15,990	-5,981	-381,996	-24,250	
	-569,748	-613,626	-398,068	-28,993	
Net cash flows from investing activities	-473,787	-544,049	1,530,087	44,331	
Financing activities					
Receipts/(payments) relating to financial debt (include Collateral Deposits)	-906,018	21,882	-1,050,365	-244,817	
Interest and similar costs of financial debt including hedge derivatives	-206,084	-237,057	-111,829	-94,804	
Receipts/(payments) relating to loans from non-controlling interests	2,501	12,153	-		
Interest and similar costs relating to loans from non-controlling interests	-4,295	-2,278	-		
Receipts/(payments) relating to loans from related parties	-		-1,140,034	508,416	
Interest and similar costs of loans from related parties including hedge					
derivatives	-		-25,649	-34,928	
Share capital increases/(decreases) by non-controlling interests	-9,178	-8,417	-		
Receipts/(payments) relating to derivative financial instruments	19,825	364	130,662	6,217	
Dividends paid to non-controlling interests	-8,468	-9,492	-	-	
Treasury stock sold/(purchased) (iii)	-952	-	-952	-	
Receipts/(payments) from institutional partnerships - USA (iv)	-45,847	-65,124	-	-	
Net cash flows from financing activities	-1,158,516	-287,968	-2,198,167	140,084	
Observation and analysis are in a section of the se	1 022 005	25.000	674.525	122 777	
Changes in cash and cash equivalents	-1,033,885	35,880	-674,525	123,777	
Effect of exchange rate fluctuations on cash held	-27,203	6,514	-176	-148	
Cash and cash equivalents at the beginning of the period	2,400,077	1,521,253	1,138,760	317,755	
Cash and cash equivalents at the end of the period*	1,338,989	1,563,647	464,059	441,384	

⁽i) Relates to the amounts received of contingent prices associated with the sale of gas distribution activity in Spain (see note 23);

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⁽ii) Relates to payments made for the acquisition of Celesc and the acquisition of Investment Funds in Brazil and the capital increase in São Manoel (see notes 19 and 23);

⁽iii) See Consolidated and Company Statement of Changes in Equity;

⁽iv) 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 25 and the Consolidated and Company Reconciliation of Changes in the responsabilities of Financing activities in note 47 of the Financial Statements.

Condensed Company Income Statements for the three-month periods ended at 31 March 2018 and 2017

Thousand Euros	Notes	2018	2017
Revenues from energy sales and services and other	7	795,962	784,818
Cost of energy sales and other	7	-728,888	-743,862
		67,074	40,956
Other income	8	5,454	4,456
Supplies and services	9	-35,010	-37,720
Personnel costs and employee benefits	10	-18,523	-18,271
Other expenses		-830	-680
		-48,909	-52,215
		18,165	-11,259
Provisions	33	7,625	-110
Amortisation and impairment	12	-13,193	-5,573
		12,597	-16,942
Financial income	13	857,775	597,495
Financial expenses	13	-353,411	-339,570
Profit before income tax		516,961	240,983
Transport by average	1.4	4.070	0.003
Income tax expense	14	-4,070	8,862
Not mustit for the moried		F40.004	240.045
Net profit for the period		512,891	249,845
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LISBON, 10 MAY 2018

THE CERTIFIED ACCOUNTANT N.º 17,713

THE MANAGEMENT



Condensed Company Statements of Comprehensive Income for the three-month periods ended at 31 March 2018 and 2017

Thousand Euros	2018	2017
Net profit for the period	512,891	249,845
Items that may be reclassified to profit or loss (i)		
Fair value reserve (cash flow hedge)	-10,599	-11,190
Tax effect from the fair value reserve (cash flow hedge)	2,385	3,301
Fair value reserve (financial assets)	-	2,673
Tax effect from the fair value reserve (financial assets)	-	-789
	-8,214	-6,005
Other comprehensive income for the period (net of income tax)	-8,214	-6,005
Total comprehensive income for the period	504,677	243,840

⁽i) See Condensed Company Statement of Changes in Equity

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THE CERTIFIED ACCOUNTANT N.º 17,713

THE MANAGEMENT

Condensed Company Statements of Financial Position as at 31 March 2018 and 31 December 2017

Thousand Euros	Notes	2018	2017
Assets			
Property, plant and equipment	16	150,334	156,347
Intangible assets		11,677	12,311
Investments in subsidiaries		11,501,702	11,501,702
Held to maturity financial investments		-	451,257
Investments in joint ventures and associates	19	6,597	6,597
Available for sale investments		-	1,556
Equity instruments at fair value	20	1,537	
Investment property		49,721	51,496
Deferred tax assets	21	81,914	78,258
Debtors and other assets from commercial activities		478	586
Other debtors and other assets	23	6,558,946	6,623,831
Total Non-Current Assets		18,362,906	18,883,941
Held to maturity financial investments		_	419,946
Debtors and other assets from commercial activities	22	675,115	609,630
Other debtors and other assets	23	3,176,876	2,907,222
Current tax assets	24	161,201	185,256
Cash and cash equivalents	25	464,059	1,138,760
Total Current Assets		4,477,251	5,260,814
Total Assets		22,840,157	24,144,755
Equity			
Share capital	26	3,656,538	3,656,538
Treasury stock	27	-57,814	-56,862
Share premium	26	503,923	503,923
Reserves and retained earnings	28	3,332,755	2,575,543
Net profit for the period		512,891	765,427
Total Equity		7,948,293	7,444,569
Liabilities			
Financial debt	31	5,751,092	5,785,760
Employee benefits	32	4,934	5,763
Provisions	33	1,277	8,902
Deferred tax liabilities			-
Trade and other liabilities from commercial activities		1,854	2,048
Other liabilities and other payables	36	386,697	391,408
Total Non-Current Liabilities		6,145,854	6,193,881
Financial debt	31	6,648,939	7,702,537
Employee benefits	32	376	376
Provisions	33	1,553	1,553
Hydrological correction account	30	1,181	1,574
Trade and other liabilities from commercial activities	35	682,920	686,463
Other liabilities and other payables	36	1,386,590	2,094,629
Current tax liabilities	37	24,451	19,173
Total Current Liabilities		8,746,010	10,506,305
Total Liabilities		14,891,864	16,700,186
Total Equity and Liabilities		22,840,157	24,144,755
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Condensed Company Statements of Changes in Equity for the three-month periods ended at 31 March 2018 and 2017

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)	Treasury stock (iii)
Balance as at 31 December 2016	7,425,007	3,656,538	503,923	739,024	2,521,841	38,183	22,931	-57,433
Comprehensive income: Net profit for the period	249,845		-		249,845		-	
Changes in the fair value reserve (cash flow hedge) net of taxes	-7,889	-	-	-	_	-7,889	-	-
Changes in the fair value reserve (available for sale investments) net of taxes	1,884	-	-	-	_	-	1,884	-
Total comprehensive income for the period	243,840	-	-	-	249,845	-7,889	1,884	-
Balance as at 31 March 2017	7,668,847	3,656,538	503,923	739,024	2,771,686	30,294	24,815	-57,433
Balance as at 31 December 2017	7,444,568	3,656,538	503,923	739,024	2,596,175	5,770		-56,862
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	_	
Changes in the fair value reserve (financial assets), net of taxes	-	-	-	-	-	-	-	-
Total comprehensive income for the period	504,677	-	-	-	512,891	-8,214	-	-
Purchase and sale of treasury stock	-952		-		-		-	-952
Balance as at 31 March 2018	7,948,293	3,656,538	503,923	739,024	3,109,066	-2,444	_	-57,814

⁽i) See note 26 (ii) See note 28 (iii) See note 27

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1. Economic Activity of EDP Group

EDP - Energias de Portugal, S.A. (hereinafter referred to as EDP, SA), currently with head office in Lisbon, Avenida 24 de Julho 12, results from the transformation of Electricidade de Portugal, E.P., 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, S.A., which led to a number of directly or indirectly wholly owned subsidiaries of EDP, S.A.

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

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 2018, 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

Electricity

Generation

On 5 March, the Secretary of State for Energy published Dispatch 2224/2018, which determines the creation and composition of a Working Group, called "Working Group for the extinction of the hydrological correction account", with the purpose of preparing a reasoned report with the hydrological correction account 's annual movements and their origin, as well as the determination of rights on the differentials of the updated amounts of the payments and receipts flows and the financial charges associated with the hydrological correction account. This working group was created following the extinction of an earlier working group with the same purpose, operated by Dispatch 5443/2017 of June 22.

On 27 January 2017, Order 41/2017 established a new regime for the payment of the security reserve provided to the National Electricity System (SEN) through the availability services provided by electric producers and other market agents. Under this scheme, the remuneration of the security reserve is established through an annual competitive auction mechanism that pays exclusively for the availability services provided, favoring low carbon technologies. However, Law 114/2017 of 29 December 2017, that approves the State Budget for 2018, determined the postponement of the annual auction until the Portuguese State receives the unequivocal pronouncement of the European Commission regarding the compatibility of the mechanism of the SEN security reserve with the community provisions on State aid in the energy sector.

On 3 April 2018, Ordinance 93/2018 was published, which maintains the postponement of the auction that clarifies that if the European Commission's pronouncement is favorable and approved during the year 2018, the allocation of security reserve of SEN in the auction will have effects for the entire number of months remaining from the call of the auction until the end of the year 2018.

The Law 114/2017, of 29 December 2017, which approves the State Budget for 2018, established the end of the Tax on Petroleum Products and Energy (ISP) and CO2 Addition exemptions for coal purchases used in generation of electricity and electricity and heat (cogeneration). According to this law, this exemption will be eliminated progressively, applying a rate corresponding to 10% of the ISP rate and the CO2 Addition rate in 2018. Subsequently, the evolution of this rate will be as follows: (i) 2019-25%, (ii) 2020-50%, (iii) 2021-75% and (iv) 2022-100%.

Distribution

On 11 January 2018 the Presidency of the Council of Ministers published the Resolution 5/2018, that approves the program of actions and studies to be developed by the Energy Services Regulatory Agency (ERSE) in the granting, by contract, of concessions intended exclusively for the operation of municipal low-tension electricity distribution networks.

ERSE's Directive 2/2018, of 4 January, approved tariffs and prices for electricity and other services to be in force in 2018.

Supply

Ordinance 39/2017, of 26 January 2017, Ordinance 364-A/2017 of 4 December 2017 – electricity and Ordinance 144/2017, of 24 April – natural gas, extended in more 3 years the deadline for the extinction of regulated tariffs in these sectors, which was thus extended to 31 December 2020. On 30 August 2017, Law 105/2017, established the free choice of domestic consumers of electricity to maintain the regulated tariff regime and eliminated the possibility of including aggravation factors in Low Voltage (BTN) tariffs.

Ordinance 348/2017, of 14 November 2017 established a regime similar to the transitional or regulated tariffs in the liberalised market, as well as the conditions under which a liberalised market customer may request the return to the regulated market. In this context, on 3 January 2018, ERSE published Directive 1/2018, which implemented these changes.

As already mentioned for the distribution activity, on 4 January, ERSE published Directive 2/2018, which approves tariffs and prices for electricity and other services in force in 2018.

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Natural Gas - Supply

On 16 April, ERSE Regulation 225/2018 approved the Tariff Regulation of the natural gas sector, revoking the previous one, approved by Regulation 415/2016 of 29 April.

Also on 16 April, ERSE published Regulation 224/2018, which proceeds to the first amendment to the Regulation of Commercial Relations of the Natural Gas Sector.

Both Regulations reflect the need to adapt the previous ones to i) the changes introduced by Decree-Law 38/2017 of 31 March, related to the activity of logistics operator for switching suppliers; and ii) the changes in Law 114/2017, which approves the state budget for 2018, related to the social tariff financing mechanism.

Activity in the energy sector in Brazil

Electricity

Distribution

On 09 February 2018, the Ministry of Mines and Energy (MME) published a proposal for a Decree-Law for the Modernization and Opening of the liberalised market of Electric Energy that resulted from the discussions and contributions sent in the scope of the Public Consultation 033 - Enhancement of the Legal Framework of the Electric Sector. The purpose of this Decree-Law is to introduce improvements in the sector's regulatory model, namely: (i) liberalised market expansion for a wider range of customers; (ii) separation of the "lastro" of the commercialization of electric energy"; (iii) reduction of distributors' responsibilities regarding the energy purchase management and (iv) greater participation and autonomy of agents in the sector. The document is in the Civil House to be sent to the National Congress.

On 6 March, 2018, the National Electric Energy Agency (ANEEL) defined that the weighted average cost of capital (WACC) for energy distributors will be maintained at 8.09% until 31 December 2019, in anticipation of the review of the methodology from 2020 to 2019. On the same date, ANEEL approved the new efficiencies to introduce in the definition of regulatory operational costs. EDP São Paulo Distribuição de Energia, S.A. maintained its efficiency level at 82% and EDP Espirito Santo Distribuição de Energia, S.A. increased its efficiency from 72% to 82%. The distributors' overall efficiency increased from 76% to 79%. ANEEL accepted the request to introduce the labor convictions and the costs with the deactivation of assets. Regarding the operational cost of the test year and civil convictions, ANEEL chose to postpone the discussion for the methodological review in 2019.

Generation

In 6 January 2018, the increase of the physical guarantee of the UHE Santo Antônio do Jarí was published, as a result of the increase in its installed capacity to 222 MW.

Activity in the renewable energy sector

Regulatory framework for the activities in the United States of America

On 22 January 2018, the Trump administration introduced a 30% year-one safeguard tariff on imported solar cells and modules. This tariff will progressively decline over a four-year period to 25% in year 2, 20% in year 3, and 15% in year 4. The first 2.5 GW of imported cells are excluded from the additional tariff in each of those four years. These tariffs have been imposed in response to an investigation done by the Investment Tax Credit (ITC) in an answer to petitions filed under Section 201 of the Trade Act 1974, submitted by Suniva and later joined by SolarWorld, both crystalline-silicon solar PV manufacturers. The ITC determined that increased solar cell and module imports are a substantial cause of serious injury to the domestic industry.

On 16 February 2018, the U.S. Department of Commerce published reports, based on the seldom-used Section 232 of the Trade Expansion Act of 1962, outlining the results from a recent investigation of steel and aluminum imports. On 1 March 2018, President Trump responded to these results by announcing a plan to impose a 25% tariff on imported steel products outlined in the investigation as well as a 10% tariff on imported aluminum products, and to take effect on March 23, 2018. On March 8, 2018 President Trump signed a proclamation to impose steel and aluminum tariffs on the basis of national security. Canada and Mexico were excluded from the tariffs while parties continue to discuss and negotiate the North American Free Trade Agreement, although Trump added these exclusions could dissipate given an unsuccessful renegotiation.

2. Accounting Policies

Basis of presentation

The accompanying 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 2018 and 2017 and EDP S.A.'s Executive Board of Directors approved them on 10 May 2018. 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 with changes updated by the Decree-law 98/2015 of 2 June, the company's financial statements and the Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union (E.U.). 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 consolidated and company condensed financial statements for the three-month period ended 31 March 2018 were prepared in accordance with IFRS as adopted by the E.U. until 31 March 2018 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 2017.

As at 1 January 2018, IFRS 9 - Financial Instruments and IFRS 15 - Revenue from contracts with customers came into force, being adopted for the first time by EDP Group in these financial statements.

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 these standards 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 2017. 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.

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.

Accounting policies changed due to the application of IFRS 9 and IFRS 15

d) Derivative financial instruments and hedge accounting

Hedge accounting

Pursuant to IFRS 9, the EDP Group chooses to continue to apply the hedge accounting requirements in IAS 39 until there is greater visibility of the current Dynamic Risk Management project (macro-hedging), in order to avoid a partial application of the hedge accounting premises of the new standard.

e) Other financial assets

IFRS 9 introduced a model for the classification of financial assets based on the business model for managing the financial assets ("business model test") and their contractual cash flow characteristics ("SPPI test"), replacing prior requirements which determined the classification in the categories present in IAS 39. EDP Group classifies its other financial assets, at the time of their acquisition, in accordance with the aforementioned requirements introduced by IFRS 9.

Debt instruments

A financial asset is measured at amortised cost if (i) is held to collect its contractual cash flows; and (ii) the contractual cash flows represent solely payments of principal and interest. Financial assets included within this category are initially recognized at fair value and subsequently measured at amortised cost.

A financial asset is measured at fair value through other comprehensive income if (i) the objective of the business model is achieved both by collecting contractual cash flows and selling financial assets; and (ii) the asset's contractual cash flows represent solely payments of principal and interest. Financial assets included within in this category are initially recognised and subsequently measured at fair value, with the changes in the carrying amount booked in other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss.

The financial assets that do not meet the criteria to be classified under the previously referred categories, are classified at fair value through profit or loss, deemed to be a residual category under IFRS 9.

Regardless of the business model assessment, EDP Group can elect to classify a financial asset at fair value through profit or loss if doing so reduces or eliminates a measurement or recognition inconsistency ("accounting mismatch").

Equity instruments at fair value

Equity instruments at fair value ("Assets available for sale" according to the terminology of IAS 39) are always measured at fair value. Equity instruments that are held for trading are required to be classified at fair value to profit or loss. For all other equity instruments, management has the ability to make an irrevocable election on initial recognition, on an instrument-by-instrument basis, to present changes in fair value in other comprehensive income.

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EDP - Energias de Portugal, S.A. Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2018 and 2017

If this election is made, all fair value changes, excluding dividends that are a return on investment, will be included in other comprehensive income. There is no recycling of amounts from other comprehensive income to profit and loss (for example, on sale of an equity investment) being, at that time, transferred to retained earnings.

Impairment

IFRS 9 establishes a new impairment model based on the expected credit losses (ECL), which replaces the previous impairment model based on the incurred credit losses set out in IAS 39. This model is the basis for the recognition of impairment losses on held debt instruments that are measured at amortised cost or at fair value through other comprehensive income (which includes loans, bank balances and deposits, trade receivables and debt securities).

If the credit risk on a financial asset has not increased significantly since its initial recognition, EDP Group recognises a cumulated loss allowance for that financial asset at an amount equal to 12-month expected credit losses.

If the credit risk has increased significantly since its inicial recognition, EDP Group recognises a cumulated loss allowance for that financial asset at an amount equal to lifetime expected credit losses.

As soon as the loss event occur (what is previous defined in IAS 39 as 'objective evidence of impaiment'), the impairment allowance would be allocated directly to financial asset affected, which provide the same accounting treatment, from that point, similar to the previous IAS 39, including the treatment of interest revenue.

h) Property, plant and equipment

Transfers of assets from customers

Transfers of assets from customers concession arrangement and out of the scope of IFRIC 12, in accordance with IFRS 15, are related to payments of performance obligations fulfilled over the useful life of the underlying asset. Accordingly, when they are received from the customers, they are booked as liabilities instead of revenue. The assets are recognised by the estimated construction cost and are depreciated over their useful lives. The liabilities are recognised as revenue based on the corresponding useful life of the underlying asset.

m) Accounts receivable

The EDP Group uses the simplified approach precluded in IFRS 9 in the determination and recognition of impairment losses in trade receivables, contracts assets and lease receivables. Life time expected losses are recorded based on real losses experience overtime which were statistically relevant and representative of the specific features of the respective credit risk.

p) Recognition of costs and revenues

EDP Group recognises revenue in accordance with the core principle introduced by IFRS 15, thus the Group recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, as provided in the 5 steps methodology, namely: (i) identify the contract with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to performance obligations; and (v) recognise revenue when (or as) the entity satisfies a performance obligation.

EDP Group sells products and/or services separately or as a part of an integrated commercial offer ("bundled"). In a bundled sale arrangement, the Group accounts the sale of each product and/or service separately if they are distinct, this is, if the product or service is separately identifiable in the context of the integrated offer and the customer benefits from it. The consideration paid is allocated between the goods or services separately identifiable based on their relative stand-alone selling prices. The stand-alone selling price is determined based on EDP Group price lists on goods or services sold separately or, if they are not listed, based on the market valuation approach.

In what concerns variable transaction prices, EDP Group only recognises revenue when it is highly probable that there will not be any significant reversal of the recognised revenue, when it becomes certaint.

EDP Group considers the facts and circumstances when analyzing the terms of each contract with customers, applying the requirements that determine the recognition and measurement of revenue in a harmonized manner, when considering contracts with the same characteristics and in similar circumstances.

Incremental costs of obtaining a contract

EDP Group establishes certain contracts with third parties for the promotion (sale) of energy and related services. These third parties act as sales agents and are paid through sales commissions. Previously the application of IFRS 15, EDP Group recognised those costs as an expense as they were incurred. In accordance with IFRS 15, the Group recognises the incremental costs of obtaining contracts with customers as an asset if the entity expects to recover these costs over the respective contracts. The costs incurred by an entity to obtain a contract with a customer are considered as incremental costs whenever it is clear that the entity would not incur those costs if the contract had not been obtained (for example, a sales commission).



Therefore, EDP Group understands that the incremental costs to obtain a contract are eligible for capitalization, accounting for a contract asset under the caption Debtors and other assets of commercial activities - Non-current. This asset shall be recognised in the income statement as amortisation, on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Considering the analysis carried out on the set of goods and services provided by the EDP Group to which these commissions relate, the useful life allocated to them varies between 6 and 8 years.

a) Financial results

Due the changes occurred on classification and measurement of the financial assets previously classified as available-for-sale financial assets under IAS 39, financial results no longer include the impairment losses related to those assets. Nonetheless, financial results include the changes in the fair value of certain assets identified by the EDP Group as held for trading and consequently measured at fair value through profit or loss.

x) Tariff adjustments

The classification and measurement of the regulatory assets, which comprises financial assets in EDP Group's financial statements, comply with the new requirements introduced by IFRS 9. Thus, the Group performs an analysis based on the business model used in the management of the assets and the characteristics of the contractual cash flows.

In this sense, deviations and tariff deficits exclusively recovered or returned through electricity and gas tariffs, applicable to customers in subsequent periods, are recognised at amortized cost.

On the other hand, deviations or deficits that can be recovered, either through electricity rates (receipt of capital and interest) or through sales with recourse to third parties (contracts bilateral or securitization operations) are recognised at fair value through comprehensive income. This classification results from the existing history of sales to third parties and from the management's perspective regarding the existing assets at each reporting date.

3. Recent Accounting Standards and Interpretations Issued

Standards, amendments and interpretations issued effective for the Group

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

• IFRS 9 - Financial Instruments

IFRS 9 was endorsed by European Commission Regulation 2067/2016, 22 November 2016, with an effective date of adoption for periods beginning on or after 1 January 2018, with early adoption permitted. Except for hedge accounting, retrospective application is required but the restatement of comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

IFRS 9 brings together all three aspects of the accounting for financial instruments: classification and measurement, impairment of financial assets and hedge accounting.

EDP Group has adopted the new standard on the required effective date and has not restated comparative information, as provided by IFRS 9. With regard to hedge accounting, EDP Group has decided to continue to apply IAS 39 until there is greater visibility on the project on the accounting for macro hedging. Therefore, EDP Group will maintain its accounting policy, as described in note 2 (d).

EDP Group has reviewed its financial assets and liabilities in order to access qualitative and quantitative impacts on the adoption of the Standard. Accordingly, qualitative changes are presented in Note 2 and quantitative impacts resulting from its adoption are summarized on Condensed Consolidated Statements of Financial Position, presented below.

• IFRS 15 - Revenue from the Contracts with Customers (object of clarification issued in April 12, 2016)

The IASB, issued on 28 May 2014, IFRS 15 Revenue from Contracts with Costumers. IFRS 15 was endorsed by EU Commission Regulation 1905/2016, 22 September 2016. This standard replaces existing revenue recognition guidance and is effective for annual periods beginning on or after 1 January 2018, with early application permitted.

EDP Group has adopted IFRS 15 using the cumulative effect method (modified retrospective approach), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). As a result, EDP Group has not restated comparative information, as provided by the standard.

EDP Group has analised the changes resulting from the adoption of IFRS 15 in order to access qualitative and quantitative impacts. Accordingly, qualitative changes are presented in note 2 and quantitative impacts resulting from its adoption are summarized on Condensed Consolidated Statements of Financial Position, presented below.

• Summary of the impacts of the adoption of IFRS 9 and IFRS 15 in Condensed Consolidated Statements of Financial Position on 01 January 2018

	01-Jan-18	Impact of	Impact of	21 Dec 17
Thousand Euros	01-Jan-18	IFRS 9 adoption	IFRS 15 adoption	31-Dec-17
Assets		adoption	adoption	
Property, plant and equipment	22,730,615	_	_	22,730,615
Intangible assets	4,747,360			4,747,360
Goodwill	2,232,668	_	_	2,232,668
Investments in joint ventures and associates	843,082	-	-	843,082
Available for sale investments i)	-	-124,016		124,016
Equity instruments at fair value ii)	123,997	123,997		-
Investment property	39,199			39,199
Deferred tax assets iii)	829,232	14,148	6,563	808,521
Debtors and other assets from commercial activities iv)	2,854,486	-2,727	17,834	2,839,379
Other debtors and other assets v)	546,345	27,573		518,772
Non-Current tax assets	60,793			60,793
Collateral deposits associated to financial debt	34,874	20.075	24 207	34,874
Total Non-Current Assets	35,042,651	38,975	24,397	34,979,279
Inventories	265,775			265,775
	3,283,203	-42,527	<u>-</u>	3,325,730
Other debtors and other assets V)	314,618	9,990	<u>-</u>	304,628
Current tax assets	520,500	- 5,550		520,500
Financial assets at fair value through profit or loss vi)	-	-37,544		37,544
Collateral deposits associated to financial debt	10,381	-		10,381
Cash and cash equivalents	2,400,077	_	_	2,400,077
Assets held for sale	231,135	-	-	231,135
Total Current Assets	7,025,689	-70,081	-	7,095,770
Total Assets	42,068,340	-31,106	24,397	42,075,049
Equity				
Share capital	3,656,538			3,656,538
Treasury stock	-62,957			-62,957
Share premium Reserves and retained earnings vii)	503,923	-27,624	-45,623	503,923 4,335,265
Reserves and retained earnings vii) Consolidated net profit attributab	4,262,018 1,113,169	-27,624	-45,623	1,113,169
Total Equity attributable to equity holders of EDP	9,472,691	-27,624	-45,623	9,545,938
Non-controlling Interests	3,929,860	-4,345	-117	3,934,322
Total Equity	13,402,551	-31,969	-45,740	13,480,260
. 014. 244.11	20,102,001	32,333	15/7.15	10,100,200
Liabilities				
Financial debt	15,469,636			15,469,636
Employee benefits	1,198,362			1,198,362
Provisions viii)	709,146		-17,625	726,771
Deferred tax liabilities iii)	461,291	863	-6,104	466,532
Institutional partnerships in USA	2,163,722			2,163,722
Trade and other liabilities from commercial activities ix)	1,437,037		93,866	1,343,171
Other liabilities and other payables	874,984			874,984
Non-current tax liabilities Total Non-Current Liabilities	91,551	863	70,137	91,551
Total Non-Current Liabilities	22,405,729	803	70,137	22,334,729
Financial debt	1,448,129	_	_	1,448,129
Employee benefits	323,891		<u>-</u>	323,891
Provisions	26,058			26,058
Hydrological correction account	1,574			1,574
Trade and other liabilities from commercial activities	3,498,131			3,498,131
Other liabilities and other payables	284,140			284,140
Current tax liabilities	563,456			563,456
Liabilities held for sale	114,681			114,681
Total Current Liabilities	6,260,060	-	-	6,260,060
Total Liabilities	28,665,789	863	70,137	28,594,789
Total Equity and Liabilities	42,068,340	-31,106	24,397	42,075,049



- i) Under IFRS 9, the category of "Available for sale investments" previously provided for in IAS 39 ceases to exist. Accordingly, the amounts recorded under this caption as at 31 December 2017 were reclassified according to their nature to Equity instruments at fair value (123,997 thousand Euros) and to Other debtors and other assets Non-current (19 thousand Euros).
- ii) As at 1 January 2018, the caption Equity instruments at fair value includes instruments held by the Group in the amount of 123,997 thousand Euros, measured at fair value through comprehensive income (96,290 thousand Euros) and equity instruments at fair value through profit or loss (27,707 thousand Euros) (see note 20).
- iii) Within the implementation of IFRS 9 and IFRS 15 by EDP Group, were accounted for deferred tax assets and liabilities amounting 20,711 thousand Euros and 2,632 thousand Euros, respectively.
- iv) Due to the adoption of IFRS 9, the tariff deficit of EDP Serviço Universal, S.A., amounting to 439,797 thousand Euros, was classified and measured at fair value through comprehensive income, which led to an increase of 2,739 thousand Euros (negative amount of 2,727 thousand Euros Non Current and 5,466 thousand Euros Current), inherent to the recognition of the difference between the valuation at fair value and the amortised cost (previous valuation under IAS 39) (see note 22).

The caption Debtors and other assets from commercial activities – Non Current includes, as at 1 January 2018, the amount of 65,491 thousand Euros corresponding to the recognition of a set of incremental costs to obtain a contract, which are eligible for capitalization under IFRS 15. Additionally, as at 31 December 2017, the same caption included the amount of 47,657 thousand Euros corresponding to income receivable that do not meet the requirements for revenue recognition under IFRS 15, for being variable consideration, according to the accounting policy 2 p).

- As at 1 January 2018, the caption Debtors and other commercial assets Current includes 47,994 thousand Euros, which result from the increase of impairment losses in accordance with the new expected credit losses model provided by IFRS 9 (see note 22).
- v) As at 1 January 2018, the caption Other debtors and other assets Non Current and Current includes instruments that under IFRS 9, by their nature, should be classified and measured at amortised cost. Therefore, EDP Group has reclassified to this caption the instruments recognised under the caption Financial assets at fair value through profit or loss (27,554 thousand Euros Non Current and 9,990 thousand Euros Current) and of instruments recognised under the caption Available for sale investments (19 thousand Euros Non Current) (see note 23).
- vi) In the scope of IFRS 9, EDP Group has reclassified the instruments recognised under the caption Financial assets at fair value through profit or loss to the caption Other debtors and other assets non-current (see paragraph v)).
- vii) Due to the implementation of IFRS 9 and IFRS 15, EDP Group has recorded in the caption Reserves and retained earnings an impact of 67,574 thousand Euros, net of deferred tax, related to the counterparts of the movements mentioned in the remaining paragraphs.
- viii) As at 31 December 2017, the caption Provisions included the amount of 17,625 thousand Euros, corresponding to liabilities over assets recognised under IAS 18, that no longer qualify as assets due to IFRS 15's adoption.
- ix) As at 1 January 2018, the caption Trade and other liabilities from commercial activities Non Current includes the amount of 97,646 thousand Euros corresponding to income previously recognised under IFRIC 18 Transfer of Assets from Customers, which have now been classified as income to be recognised, due to the performance obligation, as envisaged in IFRS 15, has not yet been met. In addition, as at 31 December 2017, this caption included a negative amount of 3,780 thousand Euros that do not meet the requirements for revenue recognition under IFRS 15, for being variable consideration, according to the accounting policy 2 p).

• Summary of the impacts of the adoption of IFRS 9 and IFRS 15 in Condensed Company Statement of Financial Position on 01 January 2018

		Impact of	Impact of	
	01-jan-18	IFRS 9	IFRS 15	31-dec-17
Thousand Euros		adoption	adoption	
Assets		-		
Property, plant and equipment	156,347	-	-	156,347
Intangible assets	12,311	_	_	12,311
Investments in subsidiaries	11,501,702	_	_	11,501,702
Held to maturity financial investments	-	-451,257		451,257
Investments in joint ventures and associates	6,597	-		6,597
Available for sale investments	-	-1,556		1,556
Equity instruments at fair value	1,537	1,537	-	-
Investment property	51,496	-	-	51,496
Deferred tax assets	78,258		-	78,258
Debtors and other assets from commercial activities	586			586
Other debtors and other assets	7,075,107	451,276		6,623,831
Total Non-Current Assets	18,883,941	-	-	18,883,941
Held to maturity financial investments	-	-419,946	-	419,946
Debtors and other assets from commercial activities	609,630			609,630
Other debtors and other assets	3,327,168	419,946		2,907,222
Current tax assets	185,256	-	-	185,256
Cash and cash equivalents	1,138,760		-	1,138,760
Total Current Assets	5,260,814	_	-	5,260,814
Total Assets	24,144,755	-	-	24,144,755
Equity				
Share capital	3,656,538	-	_	3,656,538
Treasury stock	-56,862	_	_	-56,862
Share premium	503,923	_	-	503,923
Reserves and retained earnings	2,575,543	_	_	2,575,543
Net profit for the period	765,427		_	765,427
Total Equity	7,444,569	-	-	7,444,569
Liabilities				
Financial debt	5,785,760	-	-	5,785,760
Employee benefits	5,763	_	_	5,763
Provisions	8,902	-	_	8,902
Trade and other liabilities from commercial activities	2,048	_	_	2,048
Other liabilities and other payables	391,408	_	_	391,408
Total Non-Current Liabilities	6,193,881	-	-	6,193,881
Financial debt	7,702,537	-	_	7,702,537
Employee benefits	376		_	376
Provisions	1,553	_	_	1,553
Hydrological correction account	1,574	_	_	1,574
Trade and other liabilities from commercial activities	686,463	_	_	686,463
Other liabilities and other payables	2,094,629			2,094,629
Current tax liabilities	19,173			19,173
Total Current Liabilities	10,506,305	-	-	10,506,305
Total Liabilities	16,700,186	_	-	16,700,186
Total Equity and Liabilities	24,144,755			24,144,755
Total Equity and Elabinties	27,177,733			27,177,733

The adjustments in the Condensed Company Statement of Financial Position related to the transition to IFRS 15 and IFRS 9 represent only reclassifications that are presented in the respective notes.

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:

- IFRIC 22 Foreign Currency Transactions and Advance Payments;
- IFRS 2 (Amended) Classification and Measurement of Share-based Payment Transactions;
 IAS 40 (Amended) Transfers of Investment Property;
- IFRS 4 (Amended) Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts; and
- "Annual Improvement Project (2014-2016)".



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

The standard issued but not yet effective for the Group, which impact is being evaluated, is the following:

• IFRS 16 - Leases

The International Accounting Standards Board (IASB) issued, in January 2016, IFRS 16 - Leases, with effective date of mandatory application for periods beginning on or after 1 January 2019, with earlier adoption permitted for entities that have also adopted IFRS 15 - Revenue from Contracts with Customers. This standard has not yet been adopted by the European Union.

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. The objective is to ensure that lessees and lessors provide relevant information to the users of financial statements, namely about the effect that leases have on the financial position, financial performance and cash flows of the entity.

The main issues considered are as follows:

- inclusion of some considerations in order to distinguish leases from service contracts, based on the existence of control of the underlying asset at the time that it is available for use by the lessee; and
- introduction of a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. As a consequence, a lessee recognises depreciation costs and interest costs separately.

At the date of the publication of these consolidated financial statements, the EDP Group has already carried out an inventory of the existing lease contracts and is currently performing a technical analysis considering the provisions of IFRS 16. In addition, EDP Group is revising the existing information systems in order to assess to what extent will be necessary to adapt them to the requirements of this standard. At this stage, it is not possible to estimate the magnitude of the impacts inherent to the adoption of this standard.

The standards, amendments and interpretations issued but not yet effective for the Group (despite their effective dates of application, they have not yet been endorsed by the UE) with no estimated significant impact are the following:

- IFRS 9 (Amended) Amendments to IFRS 9: Prepayment Features with Negative Compensation;
- IFRS 17 Insurance Contracts;
- IAS 28 (Amended) Long-term Interests in Associates and Joint Ventures;
- IFRIC 23 Uncertainty over Income Tax Treatments;
- "Annual Improvement Project (2015-2017)";
- IAS 19 (Amended) Plan Amendment, Curtailment or Settlement; and
- Amendments to References to the Conceptual Framework in IFRS.

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 the EDP Group's accounting policies were the same as those that applied to the consolidated financial statements as at 31 December 2017, 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.

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.

In the first quarter of 2018, the Group reviewed and extended the useful life of its solar farms from 30 to 35 years based on a technical study conducted by an independent entity that considered the technical and economic availability for an additional period of 5 years.

Fair value measurement of contingent consideration

The 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. The contingent consideration is subsequently remeasured at fair value at balance sheet 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 balance sheet 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 termination and in accordance with the applicable legislation, a contractual stability compensation (CMEC) was granted to EDP Group. The mechanism for granting this compensation includes three types of compensation: initial compensation, compensation resulting from the annual revisable (or adjustment) mechanism and final compensation.

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

Contractual Stability Compensation - Annual Revisable mechanism

During period I (2007/2017) of the revisable mechanism, there is 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 "Valor água" model, as established in the Decree-Law 240/2004. Later, Order 4694/2014 was published to define the guidelines of the revisibility calculation in what concerns the revenues from the system services market, regarding power plants under CMEC.

Consequently, the use of different methodologies and assumptions could lead to different results.

CMEC Final Adjustment

The calculation of CMEC's Final Adjustment is, under number 7 of article 3rd and Annex IV of Decree-Law 240/2004, of 27 December, performed by a joint technical group EDP/REN. 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.

According to this, on 15 September, 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, 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 256.6 million Euros against deferred income, based on the document done jointly by EDP and REN and the legal opinions obtained on this subject.

On 3 May, it has come to EDP's knowledge (through a DGEG's letter) that the CMEC final adjustment had been officially approved, according to ERSE's proposal, in the amount of 154 million Euros. Thus, even though the Group is still analysing the technical and legal foundations of this approval, this has been reflected in the financial statements as at 31 March, through a provision by the difference of the final adjustment amounts already recognised in revenues.

The use of a different estimate would result in different asset and deferred income amounts, with the consequent impact in the Statement of Financial Position and Income Statement.



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.

This Decree-Law and subsequent regulation have determined a payment for MWh generated by power plants operating on market regime, excluding from this payment power plants operating under CAE/CMEC regime, as long as these subsist.

The amount payable by generators located in Portugal 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. This way, 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.

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 Dispatch 8004-A/2017, of 13 September, the intention to declare the partial nullity of Dispatch 11566-A/2015, of 3 October, was expressed in relation to the decisions presented under its numbers 11 and 12 – elimination of off-market events' deductions (Social tariff and CESE) in the amounts to be paid by each of the power-generating plants for each injected MWh.

In the Dispatch 9371/2017, of 24 October, is declared the partial nullity of Dispatch 11566-A/2015, of 3 October from the Secretary of State for Energy (SEE), 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 next years' UGS tariffs, the recovery, in benefit of the consumers, of the amounts allegedly unproperly 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 Group 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, what 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. Additionally, in the Group's understanding, clawback is not applicable to power plants operating under CMEC regime, therefore, in January 2018, EDP Group has contested Dispatches 9371 and 9955.

In the Financial statements as at 31 March 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, Dispatch 9371/2017 from October 24 and Dispatch 9955/2017, from 17 November, which determines, from 24 August onwards, a clawback in the amount of 4.75 Euros/MWh and zero for off-market events, considering actual generation verified in each period. It is important to notice that this mechanism is not applicable to power plants still operating under CMEC regime.

The use of different assumptions would result in a different liability amount, with the consequent impact in the Statement of Financial Position and Income Statement.

System Services

On 10 June 2017, following Dispatch 10840/2016 on the audit conclusions on the determination of an overcompensation risk in the CMEC revisibility calculation, ERSE clarified that it would continue to monitor the market of system services in accordance with its legal capability and that it would incorporate the conclusions of the referred audit, in all aspects that should be taken into account, in its opinion on the calculation of the 2016 annual revisibility.

On 5 September 2017, EDP Group was notified by DGEG that, following the above-mentioned audit conclusions and ERSE's recommendations, it would submit to the Energy State Secretary a regulation project that pursuits the deduction in tariffs and prices for 2018 the amount of 72.9 million Euros, as a deduction of 2016's revisibility, following the overcompensation in the system services market of the power plants which benefited from this mechanism between 2009 and 2014.

On 20 September 2017, EDP Produção has respond to this notification by reassuring its conviction that the referred audit report has serious flaws and limitations and presenting its reasons for this belief supported on a study performed by an independent entity. It is important to notice that ERSE, in the document of tariffs and prices for 2018, published on 15 December 2017, has not included any deduction to the revisibility amount of 2016, even though it stated that the identified overcompensation should be included in the CMEC Final adjustment to be officially approved.

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On 3 May, with the final adjustment's official approval, the Group verified that there is no deduction whatsoever related to this matter, leaving a decision on this subject for a later opportunity.

EDP Group considers that EDP Produção has not benefitted from any overcompensation in the service systems market between 2009 and 2014, that it has always complied with the legal and regulatory framework in place and also that any different strategy from the one adopted would lead to losses for EDP Group. According to this belief, the Group has not registered any effect from this situation in the 2017 financial statements, neither it has considered any update on this matter in the 31 March financial statements. Nevertheless, in case the Government determines that indeed there was an overcompensation of the power plants under CMEC regime by their participation in system services market, significant corrections may arise to the 2016 annual revisibility or to the CMEC final adjustment amounts recognised in the financial statements as at 31 March 2018, with the consequent impact in the Statement of Financial Position and Income Statement. In case there is any change to the CMEC final adjustment related to this matter, it is EDP Group's intention to analyse all means available in order to protect the best interests of EDP and its shareholders.

Innovative Features

On 3 May, EDP Group has also acknowledged that the final adjustment, in the amount of 154 million Euros, may be subject to a downward revision, depending on the results of the current procedures in place related to the possibility of innovative features from the change from CAE to CMEC to have been or may be considered in the annual revisibility and in the CMEC final adjustment. This downward revision's possibility comes into light following the Opinion 23/2017 of the Consulting Council of Attorney General's Office.

Besides the amount that may be reviewed being unknown, EDP Group considers that there was no innovative feature considered in the annual revisibility or in the CMEC final adjustment, which are the reasons why it has not reflected this aspect in these financial statements as at 31 March. Moreover, this position was reinforced by a subsequent Opinion (Opinion 26/2017) from the Consulting Council of Attorney General's Office.

Nevertheless, in case of a different position, it is EDP Group's intention to analyse all means available in order to protect the best interests of EDP and its shareholders.

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 and from the volatility of commodity prices, resulting in interest and exchange rate exposures, as well as commodity market prices. 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 with 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, S.A.'s Financial Department is responsible for managing exchange rate risk exposure resulting from foreign currency financial debt, entered into with the aim of funding the EDP Group's investments in the currency of its respective cash flows. Seeking to mitigate the impact of exchange rate fluctuations on the financial costs of the EDP Group companies and, consequently, on the consolidated results, the Group resorts to exchange rate derivative financial instruments and/or other hedging structures.

The policy implemented by the EDP Group consists of undertaking derivative financial instruments to hedge exchange rate risk with characteristics similar 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 evaluated.

EDP Group is exposed to exchange rate risk in US Dollars (USD), Reais (BRL), Romanian Leu (RON), Polish Zloty (PLN) and Canadian Dollars (CAD). Currently, the exposure to USD/EUR, PLN/EUR, RON/EUR and CAD/EUR exchange rate risk results essentially from investments of EDP Group in wind parks in the USA, Poland, Romania and Canada, respectively. 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.



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. Regarding investments in wind farms of EDP Renováveis in Brazil, the Group also contracted financial derivatives to partial cover exchange rate exposure of these assets.

The exchange rate risk on the Pound Sterling (GBP), Swiss Franc (CHF) and Japanese Yen (JPY) bonds issued by EDP Finance, B.V. under the Medium Term Notes Program for the Issuance of Debt Instruments have been hedged as from their issuing date.

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 2018 and 2017, would lead to an increase/(decrease) in the EDP Group results and/or equity as follows:

		Mar 2018						
	Profit o	r loss	Equi	ty				
Thousand Euros	+10%	-10%	+10%	-10%				
USD	20,614	-25,195	-62,102	75,903				
	20,614	-25,195	-62,102	75,903				
		Mar 2	017					
	Profit o	r loss	Equi	ty				
Thousand Euros	+10%	-10%	+10%	-10%				
USD	16,906	-20,663	-31,186	38,116				
	16,906	-20,663	-31,186	38,116				

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

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 through the settlement of derivative financial instruments.

In the floating rate financing context, the EDP Group enters, when considers necessary, 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 the changes in the fair value of the hedging instrument and the changes in fair value of the interest rate risk or future cash flows.

The EDP Group has a portfolio of interest rate derivatives with maturities up to 15 years. The Group's Financial Departments undertake sensitivity analyses of the fair value of financial instruments to interest rate fluctuations. As at 31 March 2018, after the hedging effect of the derivatives 54% of the Group's liabilities are at fixed rate.

Sensitivity analysis - Interest rates (excluding the Brazilian operations)

Based on the debt portfolio engaged by the Group, 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 2018 and 2017 would lead to an increase/(decrease) in the EDP Group results and/or equity as follows:

		Mar 2018			
	Profit	Profit or loss		iity	
Thousand Euros	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease	
Cash flow effect:					
Hedged debt	-14,821	14,821	-	-	
Unhedged debt	-10,753	10,753		-	
Fair value effect:					
Cash flow hedging derivatives	-	-	11,799	-12,847	
Trading derivatives (accounting perspective)	-3,167	-1,962			
	-28,742	23,613	11,799	-12,847	

	Mar 2017					
	Profit o	or loss	Equity			
Thousand Euros	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease		
Cash flow effect:						
Hedged debt	-16,421	16,421	-	-		
Unhedged debt	-16,887	16,887	-	-		
Fair value effect:			_			
Cash flow hedging derivatives	-	-	9,388	-16,247		
Trading derivatives (accounting perspective)	-150	-6,075	-	-		
	-33,458	27,233	9,388	-16,247		

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 market in Brazil.

Brazil - Sensitivity analysis - exchange rate

The Brazilian subsidiaries are solely exposed to the USD/BRL exchange rate. This exposure is completely offset by cross currency interest rate swaps.

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 2018 and 31 December 2017, in the amount of:

	Mar 2	2018
Thousand Euros	+ 25%	- 25%
Financial instruments - assets	7,008	-7,011
Financial instruments - liabilities	-76,439	77,069
Derivative financial instruments	-1,759	912
	-78,198	77,981

	Dec 2	017
Thousand Euros	+ 25%	- 25%
Financial instruments - assets	5,793	-5,793
Financial instruments - liabilities	-81,950	82,494
Derivative financial instruments	-1,333	1,351
	-83,283	83,845

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 third-party receivables generated by the Group's day-to-day business, the credit risk arises essentially from customers default, which exposure is limited to the energy supplied until the supply interruption occurs. The 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 trade receivables and other debtors, net of the impairment losses recognised. The Group believes that the credit quality of these receivables is adequate and that no significant impaired credits exists 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 national and 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 electricity market, 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. 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 electric energy, carbon emissions (CO2) and fuel (coal and gas). 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.

The activity of energy management 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) and hydroelectric production volume risk (price and volume risk), as well as credit risk of the counterparties.

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 following year's margin, P@R corresponding to the difference between an expected margin and a pessimistic scenario with a probability to occur of 5% (confidence interval of 95%) considering a time frame of 1 year. 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 risk factor is as follows:

	P@R Distribution by risk factor		
Thousand Euros	Mar 2018 Dec 201		
Risk factor			
Negotiation	3,000	3,800	
Fuel	50,000	64,000	
CO2	38,000	19,000	
Electricity	112,000	39,000	
Hydrological	248,000	153,000	
Diversification effect	-295,000	-146,000	
	156,000	132,800	

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 2018	Dec 2017
Credit risk rating (S&P)		
A+ to A-	57.98%	63.68%
BBB+ to BBB-	40.28%	31.54%
BB+ to B-	0.66%	0.93%
No rating assigned	1.08%	3.85%
	100.00%	100.00%

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 management process of the entity.

Additionally, management describes this aspect of its strategic objectives in the chapter "Strategic Agenda" of the Annual Report of 2017.

The Group's goal in managing equity 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.

6. Consolidation Perimeter

During the three-month period ended 31 March 2018, the following changes occurred in the EDP Group consolidation perimeter:

Companies acquired:

- The acquisition, by EDP Renewables Italia Holding, S.r.L., of 100% of the company Breva Wind S.r.L., was classified as an asset purchase, out of the 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 projects;
- The acquisition, by EDP Renováveis Brasil, S.A., of 100% of the companies Central Eólica Aventura III, S.A., Central Eólica Aventura IV, S.A., Central Eólica SRMN I, S.A., Central Eólica SRMN II, S.A., Central Eólica SRMN III, S.A., Central Eólica SRMN III, S.A., Central Eólica SRMN IV, S.A., was classified as an asset purchase, out of the 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 projects;
- EDP Energias do Brasil, S.A. acquired 14,46% of the share capital of the company Centrais Elétricas de Santa Catarina, S.A. Celesc.

Companies sold and liquidated:

- EDP Energias de Portugal, S.A. liquidated O e M Serviços Operação e Manutenção Industrial, S.A.;
- EDP Gestão Produção Energia, S.A. liquidated EDERG Produção Hidroeléctrica, Lda.

Companies incorporated:

- 2018 Vento XVIII LLC *;
- Bayou Bend Solar Park LLC *;
- Casa Grande Carmel Solar LLC *;
- EDPR Wind Ventures XVIII LLC *;
- Loma de la Gloria Solar Park LLC *;
- Parque Eólico Cañete, S.L.;
- Parque Eólico La Estancia, S.L.;
- Parque Eólico Valdelugo, S.L.;
- San Clemente Solar Park LLC *;
 Wrangler Solar Park LLC *.
- * 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 2018, do not have any assets, liabilities or any operating activity.

Other changes:

• According to the sale agreement celebrated in 2017, Moray Offshore Renewable Power Limited sold 20% of Moray Offshore Windfarm (East) Limited to Diamond Generation Europe Limited by 20,168 thousand Euros the equivalent of 17,817 thousand Pound Sterling (which corresponds to a sale price of 35,766 thousand Pound Sterling deducted from 17,751 thousand Pound Sterling of loans and transaction costs in the amount of 198 thousand Pound Sterling) generated a gain of 14,688 thousand Euros (see note 13).



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

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

	Group		Company	
Thousand Euros	Mar 2018	Mar 2017	Mar 2018	Mar 2017
Electricity and network access	3,655,218	3,790,098	721,093	710,686
Gas and network access	284,924	299,999	-	17,577
Sales of CO2 Licenses	-	<u> </u>	34,369	12,696
Revenue from assets assigned to concessions	56,663	98,075	-	-
Other	35,585	45,031	40,500	43,859
	4,032,390	4,233,203	795,962	784,818

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

			Mar 2018			
Thousand Euros	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

	Mar 2017					
Thousand Euros	Portugal	Spain	Brazil	USA	Other	Group
Electricity and network access	2,032,137	808,745	674,424	179,911	94,881	3,790,098
Gas and network access	75,877	224,122	-	-	=	299,999
Revenue from assets assigned to concessions	55,838	-	42,237	-	=	98,075
Other	13,418	7,236	24,360	6	11	45,031
	2,177,270	1,040,103	741,021	179,917	94,892	4,233,203

The caption Electricity and network access in Portugal, on a consolidated basis, includes a net revenue of 313,402 thousand Euros (revenue in 31 March 2017: 392,531 thousand Euros) regarding tariff adjustments of the period (see notes 22 and 35). This caption also includes a net cost of 7,895 thousand Euros (31 March 2017: net cost of 30,576 thousand Euros) related to recognition of tariff adjustments for the period in Brazil (see notes 22 and 35).

Additionally, the caption Electricity and network access includes, on a consolidated basis, a negative amount of 31,291 thousand Euros (31 March 2017: 23,567 thousand Euros) related to the contractual stability compensation (CMEC) as a result of the power purchase agreements (PPA) termination, including 939 thousand Euros related to the CMEC final adjustment, 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 334,783 thousand Euros (31 March 2017: 264,731 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 2018					
	Reported Operating Segments O				Other Segm	
Thousand Euros	Iberia	EDP R	EDP Brasil	Total	/ Adjustm	Group
Electricity and network access	2,675,243	296,046	692,837	3,664,126	-8,908	3,655,218
Gas and network access	284,924	-	-	284,924	-	284,924
Revenue from assets assigned to concessions	26,702	-	29,961	56,663	-	56,663
Other	19,041	388	17,474	36,903	-1,318	35,585
	3,005,910	296,434	740,272	4,042,616	-10,226	4,032,390

	Mar 2017					
	Operating Segments			Other Segm		
Thousand Euros	Iberia	EDP R	EDP Brasil	Total	/ Adjustm	Group
Electricity and network access	2,732,058	386,435	664,644	3,783,137	6,961	3,790,098
Gas and network access	299,999	-	-	299,999	-	299,999
Revenue from assets assigned to concessions	55,838	-	42,237	98,075	=	98,075
Other	20,166	494	24,360	45,020	11	45,031
	3,108,061	386,929	731,241	4,226,231	6,972	4,233,203

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:

	Group		Company	
Thousand Euros	Mar 2018	Mar 2017	Mar 2018	Mar 2017
Cost of electricity	2,059,429	2,079,681	694,526	713,587
Cost of gas	295,938	256,356	-	
Expenditure with assets assigned to concessions	56,663	98,075	-	
Changes in inventories and cost of raw materials and consumables used				
Fuel, steam and ashes	128,885	167,487	-	-
Gas	41,290	49,379	-	17,577
CO2 Licenses	22,111	26,945	34,354	12,696
Own work capitalised	-343	-37,903	-	
Other	35,151	70,379	8	2
	227,094	276,287	34,362	30,275
	2,639,124	2,710,399	728,888	743,862

Cost of electricity includes, on a company basis, costs of 323,868 thousand Euros (31 March 2017: 374,344 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.

Under the terms of concession contracts of EDP Group to which IFRIC 12 is applicable, the construction activities are outsourced to external specialised entities. Therefore, EDP Group has no margin in the construction of assets assigned to concessions. The revenue and the expenditure with the acquisition of these assets have equal amounts, are as follows:

	Group		
Thousand Euros	Mar 2018	Mar 2017	
Revenue from assets assigned to concessions	56,663	98,075	
Expenditure with assets assigned to concessions			
Subcontracts and other materials	-32,601	-73,031	
Personnel costs capitalised (see note 10)	-22,526	-22,992	
Capitalised borrowing costs (see note 13)	-1,536	-2,052	
	-56,663	-98,075	
	-	-	

Revenue from assets assigned to concessions include 52,928 thousand Euros (see note 17) relative to electricity distribution concessions in Portugal and in Brasil resulting from the aplication of the mixed model. Additionally, it also includes the revenue related to the financial asset to be received by EDP Group under the transmission concessions in Brazil, resulting from the application of the financial asset model (see note 22).

8. Other Income

Other income, for the Group, are as follows:

	Gro	Group		
Thousand Euros	Mar 2018	Mar 2017		
Income arising from institutional partnerships - EDPR NA	52,067	68,175		
Gains from contractual indemnities and insurance companies	5,896	5,372		
Other	27,540	25,328		
	85,503	98,875		

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

The caption Other also includes gains on the reinsurance activity and recovery of doubtful debts.



9. Supplies and Services

Supplies and services are as follows:

	Group		Company	
Thousand Euros	Mar 2018	Mar 2017	Mar 2018	Mar 2017
Consumables and communications	11,484	12,395	1,963	1,885
Rents and leases	34,447	32,718	13,961	11,359
Maintenance and repairs	80,750	84,843	6,111	7,953
Specialised works:				
- Commercial activity	34,684	44,952	81	922
- IT services, legal and advisory fees	10,220	11,945	1,543	1,890
- Other services	9,756	10,601	5,305	5,871
Provided personnel	-	-	1,686	3,329
Other supplies and services	28,157	29,328	4,360	4,511
	209,498	226,782	35,010	37,720

10. Personnel Costs and Employee Benefits

Personnel costs and employee benefits are as follows:

	Gro	Group		Company	
Thousand Euros	Mar 2018	Mar 2017	Mar 2018	Mar 2017	
Personnel costs					
Board of Directors remuneration	3,842	4,146	1,568	1,657	
Employees' remuneration	122,168	131,161	10,033	9,434	
Social charges on remuneration	29,114	31,328	2,422	2,246	
Performance, assiduity and seniority bonus	17,877	16,420	3,185	3,096	
Other costs	5,798	7,527	61	289	
Own work capitalised:					
- Assigned to concessions (see note 7)	-22,526	-22,992	-	-	
- Other (see note 16)	-8,670	-12,037	-		
	147,603	155,553	17,269	16,722	
Employee benefits					
Pension plans costs	5,866	6,454	584	574	
Medical plans costs and other benefits (see note 32)	1,697	1,853	85	110	
Other	7,465	7,472	585	865	
	15,028	15,779	1,254	1,549	
	162,631	171,332	18,523	18,271	

Pension plans costs include 2,226 thousand Euros (31 March 2017: 2,161 thousand Euros) related to defined benefit plans (see note 32) and 3,640 thousand Euros (31 March 2017: 4,293 thousand Euros) related with defined contribution plans.

During the first quarter of 2018, no treasury stocks were granted to employees.

11. Other Expenses

Other expenses are as follows:

	Group		
Thousand Euros	Mar 2018	Mar 2017	
Concession rents paid to local authorities and others	74,917	73,334	
Direct and indirect taxes	110,259	107,644	
Donations	2,672	912	
Impairment losses:			
- Trade receivables	13,988	12,510	
- Debtors	8	-410	
Other	12,031	18,668	
	213,875	212,658	

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.

The caption Direct and indirect taxes includes a tax of 7% over electricity generation in Spain since 1 January 2013, following the publication of Law 15/2012 of 27 December.

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

12. Amortisation and Impairment

Amortisation and impairment are as follows:

	Group		Com	pany
Thousand Euros	Mar 2018	Mar 2017	Mar 2018	Mar 2017
Amortisation/impairment of Property, plant and equipment (see note 16)	255,272	271,577	11,006	5,565
Amortisation/impairment of Intangible assets (see note 17)	94,951	95,836	420	74
	350,223	367,413	11,426	5,639
Amortisation/impairment of Investment property	1,635	63	1,767	267
	351,858	367,476	13,193	5,906
Compensation of amortisation				
Partially-funded property, plant and equipment (see note 35)	-5,580	-8,235	-	-333
Incremental costs of obtaining contracts with customers	5,064		-	
	351,342	359,241	13,193	5,573

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 and other liabilities from commercial activities) on the same basis and at the same rates as the corresponding partially-funded assets.

With the implementation of IFRS 15, incremental costs of obtaining contracts with customers are recognized as an asset, as the entity expects to recover these costs over the respective contracts. The EDP Group understands that these costs are eligible for capitalization. As at 31 March 2018, the incremental costs are amortised under the adoption of IFRS 15 (see notes 2 p), 3 and 22).

13. Financial Income and Expenses

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

	Gro	
Thousand Euros	Mar 2018	Mar 2017
Financial income		
Interest income from bank deposits and other investments	9,619	17,411
Interest from derivative financial instruments	1,926	5,876
Interest income on tariff deficit:		
- Portugal - Electricity (see notes 22 and 35)	3,500	5,399
- Brazil - Electricity (see notes 22 and 35)	1,347	1,358
Other interest income	16,050	11,827
Derivative financial instruments	47,614	36,761
Foreign exchange gains	14,444	12,532
CMEC:		
- Interest on the initial CMEC	9,207	6,718
- Financial effect considered in the calculation and final adjustment of CMEC	1,828	3,242
Gains on the sale of financial investments	14,790	462
Gains on the sale of the electricity tariff deficit - Portugal (see note 22)	2,591	11,982
Other financial income	5,214	3,394
	128,130	116,962
	,	
Financial expenses		
Interest expense on financial debt	160,050	197,077
Capitalised borrowing costs:		
- Assigned to concessions (see note 7)	-1,536	-2,052
- Other (see note 16)	-5,177	-7,928
Interest from derivative financial instruments	-888	1,561
Interest expense on tariff deficit:		
- Portugal - Electricity (see note 35)	96	89
- Brazil - Electricity (see notes 22 and 35)	888	
Other interest expense	9,629	9,110
Derivative financial instruments	22,535	42,011
Impairment of available-for-sale investments	-	305
Foreign exchange losses	14,797	11,962
CMEC (see note 35)	3,404	2,884
Unwinding of discounted liabilities	29,954	36,912
Net interest on the net pensions plan liability (see note 32)	2,787	2,907
Net interest on the medical liabilities and other benefits (see note 32)	7,380	8,610
Other financial expenses	11,512	10,129
	255,431	313,577
Financial income/(expenses)	-127,301	-196,615



On 23 March 2018, EDP Group sold to Diamond Generation Europe Limited (DGE) 20% of the equity and shareholder loans of Moray Offshore Windfarm (East) Limited. This operation generated a gain of 14,688 thousand Euros (see note 6), included in Gains on the sale of financial investments.

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 17), 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.

The Unwinding of discounted value liabilities refers essentially to: (i) the unwinding of the dismantling and decommissioning provision for wind generation assets of 1,494 thousand Euros (31 March 2017: 1,447 thousand Euros) (see note 33); (ii) the implied financial return in institutional partnership in USA of 20,456 thousand Euros (31 March 2017: 26,813 thousand Euros) (see note 34); and (iii) the financial expenses related to the discount of the liability associated to the concessions of Alqueva/Pedrógão, Investco and Enerpeixe of 3,491 thousand Euros (31 March 2017: 4,693 thousand Euros).

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

	Com	pany
Thousand Euros	Mar 2018	Mar 2017
Financial income		
Interest income from loans to subsidiaries and related parties (see note 41)	69,986	85,533
Interest from derivative financial instruments	45,265	46,587
Derivative financial instruments	207,321	186,486
Income from equity investments (see note 41)	501,183	270,350
Other financial income	34,020	8,539
	857,775	597,495
Financial expenses		
Interest expense on financial debt	89,384	105,683
Interest from derivative financial instruments	38,938	36,649
Derivative financial instruments	195,309	187,975
Other financial expenses	29,780	9,263
	353,411	339,570
Financial income/(expenses)	504,364	257,925

The caption Other financial income includes 6,936 thousand Euros related to nominal interests from bonds issued by EDP Finance B.V., repurchased by EDP S.A. in 2016 and 2017 (see notes 23 and 41). The effective interest of these instruments amounts to 2,686 thousand Euros (includes the recognition of premium and transaction costs associated with the buyback transaction by the effective interest rate method).

14. Income Tax

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 2018	Mar 2017
Europe:		
Portugal	21% - 31.5%	21% - 29.5%
Spain	25% - 28%	25% - 28%
Netherlands	25%	25%
America:		
Brazil	34%	34%
United States of America	24.9%	38.2%

The 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 of 2013, 2017 and 2018); and 12 years (for tax losses of 2014, 2015 and 2016); 9 years in the Netherlands, 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 and in the USA of the 2 previous years. 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 2017 and 2018 – 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.

EDP Group's transfer pricing policy follows the rules, guidelines and international best practices applicable in the geographies where the Group operates, in due compliance with the spirit and letter of the applicable Law.

Changes in the law with relevance to the EDP Group in the first quarter of 2018

In Portugal, according to the State Budget Law for 2018 (Law 114/2017, of 29 of December), which entered into force in 1 January 2018, the maximum state surcharge ("derrama estadual"), applicable to companies in which the tax basis higher than 35 million euros, increased from 7% to 9%.

In the USA, the tax reform signed into law on 22 December 2017, introduced extensive changes to the US tax system. For EDP Group, the most significant change is the reduction of the US federal corporate income tax rate, from the existing 35% to 21%, from 1 January 2018 onwards. Thus, when combined with average state corporate income taxes, the US combined tax rate drops to 24,91% in 2018.

Furthermore, according to the above mentioned tax reform, the utilization of carried forward tax losses in the USA will be limited to 80% of the taxable income in each year, for fiscal years starting after 1 January 2018. Moreover, tax losses generated after that period will be carried forward for an indefinite period, but will not be carried back. There is no change to the rules applied to net operating losses generated before the end of 2017.

Corporate income tax provision

Income tax expense are as follows:

	Group		Company	
Thousand Euros	Mar 2018	Mar 2017	Mar 2018	Mar 2017
Current tax	-70,454	-174,228	-4,286	5,831
Deferred tax	-3,526	108,478	216	3,031
	-73,980	-65,750	-4,070	8,862

Reconciliation between the theoretical and the effective income tax expense

The effective income tax rate are as follows:

	Group		Company	
Thousand Euros	Mar 2018	Mar 2017	Mar 2018	Mar 2017
Profit before tax	422,648	450,349	516,961	240,983
Income tax expense	-73,980	-65,750	-4,070	8,862
Effective income tax rate	17.5%	14.6%	0.8%	-3.7%

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 2018, is as follows:

Thousand Euros	Mar 2018
Profit before income tax and CESE	422,648
Theoretical income tax rate *	29.5%
Theoretical income tax expense	124,681
Tax benefits	-6,726
Differences between accounting and fiscal provisions/depreciations	3,270
Accounting/fiscal temporary 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
Effective income tax expense as per the Consolidated Income Statement	73,980

^{*} Average tax rate considering the different tax rates applicable to EDP Group companies in Portugal



The reconciliation between the theoretical and the effective income tax expense for the Group, in March 2017, is as follows:

Thousand Euros	Mar 2017
Profit before income tax and CESE	450,349
Theoretical income tax rate *	29.5%
Theoretical income tax expense	132,853
Tax benefits	-3,995
Differences between accounting and fiscal provisions/depreciations	-1,388
Accounting/fiscal temporary differences on the recognition / derecognition of assets	-40,923
Taxable differences attributable to non-controlling interests (USA)	-11,972
Other adjustments and changes in estimates	-8,825
Effective income tax expense as per the Consolidated Income Statement	65,750

^{*} Statutory Corporate Income Tax rate applicable in Portugal (21%), municipal surcharge (1.5%) and the state surcharge (7%)

The caption Accounting/fiscal temporary differences on the recognition/derecognition of assets includes the impact of the differential between the accounting and tax bases of certain gas distribution assets in Spain, following the need for an intragroup restructuring of those assets, a process that was initiated in December 2016 and is expected to end during the first half of 2017.

15. Extraordinary Contribution to the Energy Sector (CESE)

The Law 83-C/2013, Law 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, transport or distribution of electricity; (ii) transport, distribution, storage or wholesale supply of natural gas; (iii) refining, treatment, storage, transport, 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) tangible assets; (ii) intangible assets, except industrial property elements; (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%. Nervertheless, this rate could be 0,285 in case of the annual utilization of installed capacity be lower than 1,500 hours.

The exemptions include assets of wind generation, mini-hydric power plants, and power plants with licenses granted following a public tender and land comprising the public domain.

The CESE system has been extended for the years 2015, 2016, 2017 and 2018 by the Law 82-B/2014, of 31 December, Law 159-C/2015 of 30 December, Law 42/2016 of 28 December and Law 114/2017 of 29 December.

Concerning EDP Group's activity, this tax has been paid between 2014 and 2016, even though, by disagreeing with its legal and constitutional requirements, EDP Group has been disputing this tax payment with the competent authorities. On 2017, EDP Group continued disputing CESE but stop the payment of these contribution and constituted a provision in the unpaid amount.

It should be kept in mind that the extraordinary contribution on the energy sector has emerged as an extraordinary measure introduced in 2014, with a temporary nature, justified by the need for the energy sector to contribute to budget stability in the context of the special economic situation that Portugal was in. Nevertheless, and contrary to what was initially foreseen and stipulated, the CESE has been successively extended by the Portuguese State, being implicit in the assumptions presented in the Stability Program 2017-2021 published in April 2017 by the Portuguese Government, that this contribution will continue until 2021. In this context, EDP Group considers that it should continue to challenge the legality and constitutionality of this tax and shall not proceed with its payment.

As at 31 March 2018, the EDP Group booked under the caption Extraordinary contribution to the energy sector (CESE) in the Consolidated Income Statement, the estimated amount of 66,356 thousand Euros (31 March 2017: 69,559 thousand Euros) concerning to CESE for the period 2018. The liability is booked in Provision for other liabilities and charges - Non-Current (see note 33).

16. Property, Plant and Equipment

This caption is as follows:

	Group		Company	
Thousand Euros	Mar 2018	Dec 2017	Mar 2018	Dec 2017
Cost				
Land and natural resources	93,555	94,961	7,863	7,863
Buildings and other constructions	492,177	500,052	80,488	80,488
Plant and machinery:				
- Hydroelectric generation	10,715,807	10,742,276	254	254
- Thermoelectric generation	8,672,547	8,700,510	-	-
- Renewable generation	16,796,388	17,026,048	-	=
- Electricity distribution	1,604,053	1,602,404	-	-
- Other plant and machinery	34,899	34,865	196	196
Other	1,009,562	1,004,888	173,807	172,712
Assets under construction	1,619,373	1,373,994	41,331	37,647
	41,038,361	41,079,998	303,939	299,160
Accumulated amortisation and impairment losses				
Amortisation charge of the period (see note 12)	-249,123	-1,067,814	-4,857	-21,404
Accumulated amortisation in previous periods	-17,904,663	-16,921,858	-137,817	-116,627
Impairment losses of the period (see note 12)	-6,149	-248,743	-6,149	-
Impairment losses in previous periods	-359,028	-110,968	-4,782	-4,782
	-18,518,963	-18,349,383	-153,605	-142,813
Carrying amount	22,519,398	22,730,615	150,334	156,347

The movements in Property, plant and equipment, for the Group, for the period ended 31 March 2018, are as follows:

Thousand Euros	Balance at 1 January	Additions	Disposals/ Write-offs	Transfers	Exchange Differences	Perimeter Variations/ Regulari- sations	Balance at 31 March
Cost							
Land and natural resources	94,961	217	-3	_	-1,620	-	93,555
Buildings and other constructions	500,052	-345	-	132	-7,911	249	492,177
Plant and machinery	38,106,103	-835	-3,546	39,204	-310,094	-7,138	37,823,694
Other	1,004,888	3,380	-609	3,405	-1,622	120	1,009,562
Assets under construction	1,373,994	311,553	-566	-42,741	-22,006	-861	1,619,373
	41,079,998	313,970	-4,724	_	-343,253	-7,630	41,038,361

Thousand Euros	Balance at 1 January	Charge/ Impairment losses	Disposals/ Write-offs	Transfers	Exchange Differences	Perimeter Variations/ Regulari- sations	Balance at 31 March
Accumulated amortisation and impairment losses							
Land and natural resources	4,032	-750	-	-	-	3,929	7,211
Buildings and other constructions	156,354	2,904	-	-	-2,258	-4,122	152,878
Plant and machinery	17,378,628	227,560	-3,699	-	-77,291	-3,532	17,521,666
Other	746,078	17,909	-519		-1,296	-72	762,100
Assets under construction	64,291	7,649	-	-	-319	3,487	75,108
	18,349,383	255,272	-4,218		-81,164	-310	18,518,963

Assets under construction are as follows:

Thousand Euros	Mar 2018	Dec 2017
Wind farms in North America	605,523	513,269
Wind farms in Europe	380,045	321,080
Hydric Portugal	215,516	195,873
Other assets under construction	418,289	343,772
	1,619,373	1,373,994



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

Thousand Euros	Mar 2018
Subcontracts and other materials	297,050
Purchase price allocation	2,628
Dismantling and decommissioning costs (see note 33)	228
Personnel costs (see note 10)	8,670
Borrowing costs (see note 13)	5,177
	313,753

Additions include the investment in wind farms by the subgroups EDPR NA, EDPR EU and EDPR BR. In Portugal, the Group is carrying out hydroelectric investments in the construction of several power plants (Foz Tua, Canilada and Ribeiradio-Ermida) and improvements and repairs to thermoelectric power plants (Lares, Ribatejo e Sines).

Transfers refer mainly to wind farms of EDP Renováveis that become operational in United States of America and Spain.

The movement in exchange differences in the period results mainly from the depreciation of Brazilian Real and US Dollar, against the

As at 31 March 2018, the Group has an agreement, which constitutes a financial lease as defined by IFRIC 4, in which the net value of the assets allocated amounts to 16,413 thousand Euros (31 December 2017: 16,764 thousand Euros).

As at 31 March 2018, future lease payments from Property, plant and equipment financed through lease contracts, are detailed as follows: (i) less than 1 year: 3,023 thousand Euros; (ii) from 1 to 3 years: 3,440 thousand Euros; and (iii) from 3 to 5 years: 317 thousand Euros.

17. Intangible Assets

This caption is as follows:

	Group		
Thousand Euros	Mar 2018	Dec 2017	
Cost			
Concession rights	13,157,005	13,408,547	
CO2 Licenses	145,820	110,887	
Other intangibles	322,012	311,679	
Intangible assets in progress	493,460	495,562	
	14,118,297	14,326,675	
Accumulated amortisation and impairment losses			
Amortisation of concession rights of the period	-93,593	-377,303	
Amortisation of other intangibles of the period	-6,422	-7,661	
Accumulated amortisation in previous periods	-9,275,151	-9,167,294	
Impairment losses of the period	-	-1,397	
Impairment losses in previous periods	-27,062	-25,660	
	-9,402,228	-9,579,315	
Carrying amount	4,716,069	4,747,360	

The concession rights over the electricity distribution networks in Brazil, namely EDP São Paulo Distribuição de Energia S.A. and 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 production 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 2018, 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
Cost							
Concession rights:							
- Distribution and generation Brazil	1,034,556			<u> </u>	-10,017	10,604	1,035,143
- Hydric Portugal	1,418,592			<u> </u>			1,418,592
CO2 licenses	110,887	34,933	-	-	-	-	145,820
Assigned to concessions (IFRIC 12)	:						
- Intangible assets	10,955,399	8,402	-234,176	20,071	-46,797	371	10,703,270
- Intangible assets in progress	153,516	44,526	620	-46,561	-2,066	-13	150,022
Other intangibles	311,679	2,443	-130	44	-3,388	11,364	322,012
Other intangible in progress	342,046	2,159	-20	-44	-363	-340	343,438
	14,326,675	92,463	-233,706	-26,490	-62,631	21,986	14,118,297

Thousand Euros	Balance at 1 January	Charge/ Impairment losses	Disposals / Write-offs	Transfers	Exchange differences	Perimeter variations / Regularisa- tions	Balance at 31 March
Accumulated amortisation and							
impairment losses							
Concession rights:							
- Distribution and generation Brazil	640,294	12,694	-	-	-4,201	-	648,787
- Hydric Portugal	391,225	9,851	-	=	-	-	401,076
Assigned to concessions (IFRIC 12)	8,468,604	71,048	-232,408	=	-34,949	96	8,272,391
Other intangibles	79,192	1,358	-12	-	-778	214	79,974
	9,579,315	94,951	-232,420	_	-39,928	310	9,402,228

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

Additions of CO2 Licenses includes 564 thousand Euros refer to CO2 Licenses granted free of charge to EDP Group plants operating in Portugal and 34,369 thousand Euros of licences purchased in the market for own consumption.

Disposals/Write-offs of intangible assets assigned to concessions (IFRIC 12) include essentially 223,420 thousand Euros in cost and accumulated amortisations related to extraordinary write-offs since the maximum technical useful life has been exceeded.

Transfers refer to the net transfers of intangible assets in progress assigned to concessions of 26,490 thousand Euros related to increases of the financial assets under IFRIC 12, transfered to Debtors and other assets from commercial activities (see note 22).

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

18. 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:

	Group		
Thousand Euros	Mar 2018	Dec 2017	
EDP España Group	884,574	884,574	
EDP Renováveis Group	1,278,224	1,295,515	
EDP Brasil Group	34,762	45,644	
Other	6,887	6,935	
	2,204,447	2,232,668	



The movements in Goodwill, during the three-month period ended 31 March 2018, are analysed as follows:

Thousand Euros	Balance at 1 January	Increases	Decreases / Regulariz.	Impairment	Exchange differences	Balance at 31 March
EDP España Group	884,574	-	-	-	-	884,574
EDP Renováveis Group	1,295,515	-	-	-	-17,291	1,278,224
EDP Brasil Group	45,644	-	-10,604	-	-278	34,762
Other	6,935		-48			6,887
	2,232,668	-	-10,652		-17,569	2,204,447

19. Investments in Joint Ventures and Associates

This caption is as follows:

	Group		Company		
Thousand Euros	Mar 2018	Dec 2017	Mar 2018	Dec 2017	
Investments in joint ventures	758,017	781,327	6,597	6,597	
Investments in associates	122,314	61,755	-		
	880,331	843,082	6,597	6,597	

The movement in Investments in joint ventures is mainly explained by the negative exchange differences in the amount of 19,797 thousand Euros.

The movement in Investments in associates is mainly explained by the acquisition of Centrais Elétricas de Santa Catarina, S.A. - Celesc in the amount of 61,417 thousand Euros (see note 6).

As at 31 March 2018, for the Group, this caption includes goodwill in investments in joint ventures of 42,226 thousand Euros (31 December 2017: 42,226 thousand Euros) and goodwill in investments in associates of 9,129 thousand Euros (31 December 2017: 9,154 thousand Euros).

20. Equity Instruments at Fair Value

In the context of the adoption of IFRS 9, the category of "Available-for-sale financial investments" previously foreseen in IAS 39 ceases to exist (see notes 2 and 3). Accordingly, on 1 January 2018, the Group performed an analysis of the business model applicable to its financial assets and classified them in accordance with the new categories set forth in IFRS 9. The equity instruments held by the Group were classified as equity at fair value, measured through other comprehensive income (OCI) (see note 20.1) or through Profit or Loss (PL) (see note 20.2). The debt instruments held by the Group at 31 December 2017 were classified as other financial assets measured at amortised cost (see note 23).

The detail of the reclassifications made following the Group's analysis for the adoption of IFRS 9 is as follows:

	Available- for-sale	Equity Ins	struments at F	air Value
Thousand Euros	financial assets	through OCI	through PL	Total
Available-for-sale financial assets at 31 Dec 2017	124,016	-	-	-
Reclassification of Financial Assets for Equity Instruments at Fair Value				
through OCI (see note 20.1)	-96,290	96,290	-	96,290
Reclassification of Financial Assets for Equity Instruments at Fair Value				
through Profit or Loss (see note 20.2)	-27,707	-	27,707	27,707
Reclassification of Financial Assets for Other Assets at Amortized Cost				
(see note 23)	-19	-	-	-
Equity Instruments at Fair Value as at 1 Jan 2018	-	96,290	27,707	123,997

As at 31 March 2018, this caption is analysed as follows:

	Group		Company	
Thousand Euros	Mar 2018	1 Jan 2018	Mar 2018	1 Jan 2018
Equity Instruments at Fair Value through OCI (see note 20.1)	95,311	96,290	1,537	1,537
Equity Instruments at Fair Value through Profit or Loss (see note 20.2)	27,707	27,707	-	
	123,018	123,997	1,537	1,537

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 2018, there are no equity instruments at fair value within level 1.

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

As a result of the analysis of the business model applicable to available-for-sale financial assets at the date of adoption of IFRS 9, the EDP Group classifies 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 2018, Energia RE had a decreased by 939 thousand Euros being the decrease booked against fair value reserves (see note 28).

In 2018, the movements in Equity Instruments at Fair Value through OCI are as follows:

Thousand Euros	Balance at 1 January	Acquisitions	Disposals	Change in fair value	Other variations	Balance at 31 March
Zephyr Fund (Energia RE portfolio)	77,573		-	-939	-	76,634
Other	18,717	109	-	-145	-4	18,677
	96,290	109	-	-1,084	-4	95,311

As at 31 March 2018, the fair value reserve attributable to the Group is as follows:

Thousand Euros	Mar 2018
Zephyr Fund (Energia RE portfolio)	9,264
Other	-105
	9,159

20.2 Equity Instruments at Fair Value through Profit or Loss

As a result of the analysis of the business model applicable to available-for-sale financial assets at the date of adoption of IFRS 9, the EDP Group decided to classify the remaining equity instruments held for trading purposes as equity instruments measured at fair value through of results. During 2018, there were no changes in this caption, which includes the following instruments:

	Group
Thousand Euros	Mar 2018
EDA - Electricidade dos Açores, S.A.	13,045
Feedzai - Consultadoria e Inovação Tecnológica, S.A.	13,565
Other	1,097
	27,707

21. 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:

	Net deferred tax		
Thousand Euros	Assets	Liabilities	
Balance as at 31 December 2017	808,521	-466,532	
Adjustments due to IFRS 9 and IFRS 15 adoption (see note 3)	20,711	5,241	
Balance as at 1 January 2018	829,232	-461,291	
Tariff adjustment for the period	-7,902	-22,880	
Provisions	5,609	<u> </u>	
Property, plant and equipment and intangible assets	49,084	-10,666	
Deferred tax over CMECs in the period	-	5,406	
Tax losses and tax credits	-4,676		
Financial and equity instruments at fair value throught profit or loss	51	-1,873	
Fair value of derivative financial instruments	-13,280	11,703	
Allocation of fair value adjustments to assets and liabilities acquired	-2,251	-3,902	
Other temporary differences	-3,996	-5,824	
Deferred tax assets and liabilities offset	-13,794	13,794	
Balance as at 31 March 2018	838,077	-475,533	



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:

	Net deferred tax		
Thousand Euros	Assets Liabiliti		
Balance as at 1 January 2018	78,258		
Tax losses and tax credits	1,075	-	
Fair value of derivative financial instruments	2,416	-32	
Other temporary differences	218	-21	
Deferred tax assets and liabilities offset	-53	53	
Balance as at 31 March 2018	81,914		

22. Debtors and Other Assets from Commercial Activities

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

	Group		
Thousand Euros	Mar 2018	Dec 2017	
Trade receivables	136,281	141,517	
Contract assets	5,871	8,105	
Amounts receivable from tariff adjustments - Electricity - Portugal	440,172	521,062	
Amounts receivable from tariff adjustments - Electricity - Brazil	36,792	49,999	
Amounts receivable relating to CMEC	794,470	806,014	
Amounts receivable from concessions - IFRIC 12	1,246,049	1,229,370	
Incremental costs of obtaining contracts with customers	65,396	-	
Sundry debtors and other operations	109,013	148,423	
	2,834,044	2,904,490	
Impairment losses on trade receivables	-63,578	-61,929	
Impairment losses on debtors	-2,904	-3,182	
	-66,482	-65,111	
	2,767,562	2,839,379	

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

	Group		Company	
Thousand Euros	Mar 2018	Dec 2017	Mar 2018	Dec 2017
Trade receivables	1,733,359	1,712,574	361,644	306,651
Contract assets	1,117,376	1,007,007	287,568	226,500
Amounts receivable from tariff adjustments - Electricity - Portugal	480,125	348,990	-	-
Amounts receivable from tariff adjustments - Electricity - Brazil	44,523	27,384	-	
Receivables relating to other goods and services	16,283	18,328	5,684	24,516
Amounts receivable relating to CMEC	151,983	218,748	-	-
Amounts receivable from concessions - IFRIC 12	60,978	60,978	-	-
Sundry debtors and other operations	239,997	250,046	30,676	62,450
	3,844,624	3,644,055	685,572	620,117
Impairment losses on trade receivables	-341,161	-305,909	-9,699	-9,699
Impairment losses on debtors	-9,732	-12,416	-758	-788
	-350,893	-318,325	-10,457	-10,487
	3,493,731	3,325,730	675,115	609,630

The caption Contract assets represents accrued income relating to energy sales activity. The change of the caption's name is due to the adoption of IFRS 15's updated terms.

With the adoption of IFRS 15, on 1 January 2018, the caption of Debtors and other assets from commercial activities - Non-Current started to include incremental costs of obtaining contracts with customers in the amount of 65,491 thousand Euros. These costs are eligible to be capitalised under IFRS 15 (see notes 2 and 3). As at 31 March 2018, the caption Incremental costs of obtaining contracts, in the amount of 65,396 thousand Euros includes the costs identified in the transition as at 1 January 2018 and the first quarter of 2018's capitalised costs, which are amortised under IFRS 15 (see note 12).

Following the adoption of IFRS 9 on 1 January 2018, the caption of Debtors and other assets from commercial activities - Current includes 47,994 thousand Euros, which are the result of increases in impairment losses under the new expected credit loss model recommended in IFRS 9 (see notes 2 and 3).

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

Thousand Euros	Current	Non- Current
Balance as at 31 December 2017	348,990	521,062
Impact of the tariff deficit measured at fair value through other comprehensive income (adoption of IFRS 9 - see note 3)	5,466	-2,727
Balance as at 1 January 2018	354,456	518,335
Receipts through the electric energy tariff	-52,727	-
Partial sale of 2017 over costs for the special regime generators	-247,120	-
Tariff adjustment for the period	85,510	256,528
Tariff deficit measured at fair value through other comprehensive income	423	1,392
Interest income (see note 13)	1,137	2,363
Transfer from Non-Current to Current	338,446	-338,446
Balance as at 31 March 2018	480,125	440,172

On 1 January 2018, with the adoption of IFRS 9, the EDP Serviço Universal, S.A tariff deficit included in the caption Debtors and other assets from commercial activities, in the amount of 439,797 thousand Euros, was classified and measured at fair value through other comprehensive income, which led to an increase of 2,739 thousand Euros associated with the difference between the fair value and the amortized cost (see notes 2 and 3). As at 31 March 2018, the caption Debtors and other assets from commercial activities includes the amount of 341,403 thousand Euros as non-current and the amount of 58,429 thousand Euros as current, all of which are 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).

During the first quarter of 2018, EDP SU sold, in two independent operations, a portion of the 2017 tariff deficit in the amount of 247,120 thousand Euros. The 2017 tariff deficit resulted from the deferral, for the period of 5 years, of the recovery of the 2017 over costs related to the acquisition of electricity from special regime generators (including the adjustments for 2015 and 2016). In this sale transaction of assets, EDP SU gave in fully and without recourse, the right to receive such amounts and interest. The sale price amounted to 254,601 thousand Euros and generated a gain net of transaction costs of 2,591 thousand Euros (see note 13).

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 2018:

Thousand Euros	Deficit	Tariff	Sales	Total
Year:				
2014	73,127	4,516	-	77,643
2015	16,646	-31	-	16,615
2016	23,392	12,844	-	36,236
2017	422,519	266,562	-247,120	441,961
2018	224,433	123,409	-	347,842
	760,117	407,300	-247,120	920,297

The caption Amounts receivable from tariff adjustments - Electricity - Brazil corresponds to tariff adjustments booked in EDP São Paulo-Distribuição de Energia S.A. and EDP Espírito Santo - Distribuição de Energia S.A. with the accumulated amount as at 31 March 2018 of 59,178 thousand Euros (31 December 2017: 52,807 thousand Euros) and 22,137 thousand Euros (31 December 2017: 24,576 thousand Euros), respectively. The variation occurred includes the tariff deficit for the period with a positive impact of 801 thousand Euros (see note 7), transfer from tariff adjustment payable of 28,872 thousand Euros (see note 35), amount received through the electricity tariff of 26,198 thousand Euros, unwinding in the amount of 2,907 thousand Euros (see note 13) and the exchange differences due to depreciation of Brazilian Real against Euro with a negative impact of 2,450 thousand Euros.

The caption Amounts receivable relating to CMEC amounts to 946,453 thousand Euros, and includes 794,470 thousand Euros as non-current and 151,983 thousand Euros as current. The amount receivable relating to the initial CMEC includes 474,897 thousand Euros as non-current and 48,610 thousand Euros as current, and corresponds to the initial CMEC granted to EDP Produção (833,467 thousand Euros) deducted from the annuities for the years 2007 to 2017 and 226,043 thousand Euros as non-current and 36,440 thousand Euros as current, relating with the final adjustment recognised in accordance with the result achieved by the EDP/REN working group. The remaining 93,530 thousand Euros as non-current and 66,933 thousand Euros as current correspond to the receivable amounts through the revisibility calculation from 2014 to 2017. The revisibility calculation for 2015 and 2016 is still waiting the official approval.

The caption Amounts receivable from concessions - IFRIC 12 in the amount of 1,307,027 thousand Euros relates to the financial asset to be received by the EDP Group regarding the electricity distribution concessions in Portugal and electricity distribution and transmission concessions in Brazil, resulting from the application of the mixed and financial model. The variation in the period includes: (i) the effect of the depreciation of Brazilian Real against Euro in the amount of 15,340 thousand Euros; (ii) transfers from intangible assets assigned to concessions in the amount of 26,490 thousand Euros (see note 17); and (iii) the increase of brazilian transmission companies in the amount of 4,561 thousand Euros (this amount include the assets' remuneration and PIS/COFINS).



23. Other Debtors and Other Assets

Other debtors and other assets are as follows:

	Gro	oup	Com	oany
Thousand Euros	Mar 2018	Dec 2017	Mar 2018	Dec 2017
Debtors and other assets - Non-Current				
Loans to subsidiaries	-	-	5,928,945	6,432,068
Loans to related parties	20,204	10,018	90	90
Guarantees rendered to third parties	56,438	51,041	-	-
Derivative financial instruments	172,610	163,874	193,069	191,610
Excess of the pension fund financing	58,952	58,952	63	63
Other financial assets at amortised cost (i)	24,942	-	436,779	-
Sundry debtors and other operations	198,714	234,887	-	
	531,860	518,772	6,558,946	6,623,831
Debtors and other assets - Current				
Loans to subsidiaries	-	-	1,541,523	1,573,553
Dividends attributed by subsidiaries	-		1,000	50,001
Loans to related parties	83,413	89,735	11,304	11,290
Receivables from the State and concessors	26,009	30,012	-	
Deposits to third parties	27,435	24,606	7,223	6,727
Derivative financial instruments	101,510	129,350	370,771	523,931
Subsidiary companies	-	<u>-</u> _	86,810	53,628
Group's financial system (see note 41)	-		1,138,950	688,078
Other financial assets at amortised cost (i)	50,807		19,295	
Sundry debtors and other operations	35,147	30,925	-	14
	324,321	304,628	3,176,876	2,907,222
	856,181	823,400	9,735,822	9,531,053

Loans to subsidiaries - Non-Current and Current, for the Company, mainly includes 5,219,450 thousand Euros (31 December 2017: 4,875,717 thousand Euros) of loans granted to EDP - Gestão da Produção de Energia, S.A. and 1,928,269 thousand Euros (31 December 2017: 1,921,941 thousand Euros) of loans granted to EDP Distribuição de Energia, S.A. (see note 41). Additionally, EDP - Energias de Portugal - Sociedade Anónima, Sucursal en España liquidated the loan granted to EDP Servicios Financieros España, S.A., in the amount 885,497 thousand Euros (see notes 36 and 44).

Loans to related parties - Non-Current and Current, mainly includes loans granted to Empresa de Energia São Manoel S.A., Moray Offshore Windfarm (East) Limited, EDP Produção Bioeléctrica, S.A. and Parque Eólico Sierra del Madero, S.A.

Derivative financial instruments – Current, for the Company, include 117,751 thousand Euros (31 December of 2017: 280,477 thousand Euros), related to a hedging instrument in USD and EUR with EDP Renováveis, S.A., contracted to hedge the foreign exchange rate risk of the debt in Dollars issued by EDP Finance B.V. and granted to EDP – Energias de Portugal – Sociedade Anónima, Sucursal en España (see note 36). This instrument is a Cross Currency Interest Rate Swap (CIRS) revalued at each balance sheet date at its market value, which is a spot foreign exchange rate valuation, resulting in a perfect fair value hedge (revaluation of fair value of the derivative instrument and the hedged liability). During the period, EDP - Energias de Portugal - Sociedade Anónima, Sucursal en España was made a partial repayment of the liability hedged in amount of 109,475 thousand Euros, corresponding to a notional of 1,000 million Dollars. The remaining derivative financial instruments, assets and liabilities, are essentially related to derivatives contracted with external entities as a pass-through to hedge EDP Group companies business related risks.

The variation in the caption Sundry debtors and other operations - Non Current correspond a partial receipt of the fair value of the contingent price related with the Naturgás transaction sale in 2017.

(i) Other financial assets at amortised cost

On a consolidated basis, this caption includes the securities issued by Tagus, 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. In accordance with the requirements of IFRS 9, after analysing their respective business model, these assets were classified as financial assets measured at amortized cost (see notes 2 and 3).

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.

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

- In December 2014, EDP Distribuição de Energia, S.A., sold without recourse to Tagus, the right to recover part of the 2012 CMEC compensation adjustment in the amount of 228,826 thousand Euros. The transaction was performed by the amount of 239,832 thousand Euros generating a gain of 10,711 thousand Euros, net of expenses. This transaction also involved the acquisition by EDP Distribuição of Expense Reserve Notes issued by Tagus at par value in the amount of 317 thousand Euros and Liquidity Notes issued by Tagus at par value in the amount of 2,690 thousand Euros, both maturing in 2019. These Notes are instruments that aim to establish a reserve for administrative expenses and a liquidity reserve account. As at 31 March 2018, the amortized cost of these Notes corresponds to 925 thousand Euros:
- In March 2015, EDP Serviço Universal, S.A. sold without recourse to Tagus, the right to receive part of the tariff adjustment related to the 2014 overcost of the acquisition of electricity activity from special regime production, in the amount of 465,418 thousand Euros. The transaction was performed by the amount of 499,461 thousand Euros, generating a gain of 31,737 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 410 thousand Euros and Liquidity Notes issued by Tagus at par value in the amount of 2,488 thousand Euros, both maturing in 2019. These Notes are instruments that aim to establish a reserve for administrative expenses and a liquidity reserve account. As at 31 March 2018, the amortized cost of these Notes corresponds to 550 thousand Euros;
- 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 2018, the amortized cost of these Notes corresponds to 2,937 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. These Notes are instruments that aim to establish a reserve for administrative expenses and a liquidity reserve account. As at 31 March 2018, the amortized cost of these Notes corresponds to 30,982 thousand Euros.

The remaining amount of the caption, on a consolidated basis, relates to the acquisition of securities of Investment Funds in Brazil.

On a company basis, this caption corresponds to securities issued by EDP Finance B.V. reacquired on market by EDP, S.A., which in accordance with IFRS 9 requirements were classified as financial assets measured at amortized cost (see notes 2 and 3).

On 6 December 2016, EDP, S.A. has bought an amount of 500,000 thousand Dollars of nominal debt, related to a couple of bonds issued by EDP Finance B.V. in a market operation, in the total amount of 500,624 thousand Euros. This amount includes a premium paid over the nominal debt of 21,101 thousand Euros and accrued interest as at the acquisition date. On 15 December 2017, EDP, S.A. has bought an amount of 500,000 thousand Dollars of nominal debt, related to a couple of bonds issued by EDP Finance B.V. in a market operation, in the total amount of 446,802 thousand Euros. This amount includes a premium paid over the nominal debt of 18,016 thousand Euros and accrued interest as at the acquisition date.

The detail of these bonds issued by EDP Finance B.V., purchased on the market by EDP, S.A., is as follows:

Issuer	Maturity date	Currency	Interest rate	Nominal Value in Currency '000	
EDP Finance B.V.	01 Oct 2019	USD	4.90%	1,000,000	363,462
EDP Finance B.V.	15 Jan 2020	USD	4.13%	750,000	167,076
					530,538

During the first quarter of 2018, EDP Finance B.V. repaid, at maturity, 1,000 million Dollars of securities issued, of which EDP, S.A. had already reacquired 469,462 thousand Dollars.

As at 31 March 2018, the fair value of these assets amounted to 446,870 thousand Euros (31 December 2017: 863,930 thousand Euros, which included the amount of the issue reimbursed in February 2018).



24. Current Tax Assets

Current tax assets are as follows:

	Group		Company		
Thousand Euros	Mar 2018	Dec 2017	Mar 2018	Dec 2017	
Income tax	323,632	364,731	151,451	177,984	
Value added tax (VAT)	136,829	83,415	8,873	6,395	
Special taxes Brazil	89,857	130,977	-	-	
Other taxes	2,264	2,170	877	877	
	552,582	581,293	161,201	185,256	

	Gro	Group		Company	
Thousand Euros	Mar 2018	Dec 2017	Mar 2018	Dec 2017	
Non-Current	60,418	60,793	-	-	
Current	492,164	520,500	161,201	185,256	
	552,582	581,293	161,201	185,256	

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).

In December 2014, the distribution companies EDP São Paulo and EDP Espírito Santo began to recognise tariff adjustments as payable and receivable amounts, considering that the triggering event for the recognition of the various taxes (e.g. IRPJ, CSLL, PIS and COFINS) would only be verified when the respective energy was consumed, in accordance with the legal opinion of independent consultants. This understanding was consistent with the interpretation of Brazilian Fiscal Authorities ("Receita Federal do Brasil" - RFB), made public through the consultation no. 26/02 of the COSIT.

On 30 June 2016, RFB approved the COSIT opinion no. 101/16 where it concluded that the receivables over tariff adjustments should integrate the basis for tax calculation at the time of the accounting recognition. Thus, companies requested independent consultants to update their legal opinions, and they kept their initial understanding.

In the third quarter of 2017, considering that the new COSIT procedure is more conservative and the possibility of appealing to the Tax Regularisation Special Programme ("Programa Especial de Regularização Tributária" - PERT), created by Provisional Measure no. 783/17 and regulated by Normative Instruction RFB 1711/17, the distribution companies changed their criteria and started to recalculate all taxes since the initial recognition of payable and receivable amounts related with tariff adjustments.

Additionally, Enerpeixe identified energy sale contracts, signed before 31 of December of 2003, with the possibility of being integrated in the cumulative fiscal regime with the consequential application of a PIS and COFINS tax rate of 3.65% compared to the 9.25% previously considered. These contracts were submitted to the evaluation of an independent consultant, who demonstrated that the pre-determined price did not decrease, in accordance with Law no. 11.196/05 and Normative Instruction RFB 658/06.

Following these operations, the companies recognized tax receivables totaling 175,577 thousand Euros (718,779 thousand Reais) and tax payables totaling 125,780 thousand euros (514,917 thousand Reais) (see note 37).

As at 31 March 2018, the captions Income tax and Special taxes Brazil include the amount of 79,049 thousand Euros (323,612 thousand Reais), corresponding to the recognised asset of 175,577 thousand Euros net of compensations.

25. Cash and Cash Equivalents

Cash and cash equivalents are as follows:

	Group		Company	
Thousand Euros	Mar 2018	Dec 2017	Mar 2018	Dec 2017
Cash	224	217	15	14
Bank deposits				
Current deposits	452,987	781,853	114,044	348,746
Term deposits	831,314	1,516,533	200,000	675,000
Specific demand deposits in relation to institutional partnerships	54,464	101,474	-	-
	1,338,765	2,399,860	314,044	1,023,746
Operations pending cash settlement				
Current deposits	-	-	150,000	115,000
	1,338,989	2,400,077	464,059	1,138,760

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 2018, 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 150,000 thousand Euros (31 December 2017: 115,000 thousand Euros) refers to commercial paper issued on 27 March 2018, acquired by EDP Finance B.V., which settlement date occurred on 3 April 2018.

26. Share Capital and Share Premium

EDP, S.A. was incorporated as a State-owned company and started its privatisation process in 1997. The second and third phases of the privatisation process were carried out in 1998, the fourth phase in 2000, the fifth phase consisting of a capital increase in 2004 and a sixth phase in 2005. In December 2007, the State issued bonds convertible into shares of EDP, S.A. under the seventh phase of the privatisation process.

On 11 May 2012, regarding EDP's eighth reprivatisation phase, the Portuguese State sold to China Three Gorges (Europe), S.A. (former - CWEI (Europe), S.A.), the ownership of 780,633,782 shares representing 21.35% of the share capital and the voting rights of EDP, S.A.

On 21 February 2013, Parpública – Participações Públicas (SGPS) S.A. (Parpública) notified EDP that, on 19 February 2013, it sold 151,517,000 shares, which correspond to 4.14% of EDP's share capital.

As a result of this two last transactions, Parpública no longer has a qualified shareholding position in EDP share capital.

On 29 September 2017, China Three Gorges (Europe), S.A. acquired 70,143,242 shares representing around 1.92% of EDP's share capital and voting rights. After this acquisition, an off-market transaction, CTG Europe became the holder of 850,777,024 shares.

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 2018 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%
Capital Group Companies, Inc.	438,903,945	12.00%	12.00%
Oppidum Capital, S.L.	263,046,616	7.19%	7.19%
BlackRock, Inc.	182,733,180	5.00%	5.00%
Mubadala Investment Company	148,431,999	4.06%	4.06%
Millennium BCP Group and Pension Fund	89,126,167	2.44%	2.44%
Sonatrach	87,007,433	2.38%	2.38%
Qatar Investment Authority	82,868,933	2.27%	2.27%
Norges Bank	100,701,700	2.75%	2.75%
EDP (Treasury stock)	22,236,324	0.61%	_
Remaining shareholders	1,208,623,178	33.05%	
	3,656,537,715	100.00%	

Share capital and Share premium are as follows:

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

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

	Group		Company	
	Mar 2018	Mar 2017	Mar 2018	Mar 2017
Net profit attributable to the equity holders of EDP (in Euros)	165,832,689	215,302,039	512,890,927	249,844,751
Net profit from continuing operations attributable to the equity holders of				
EDP (in Euros)	165,832,689	215,302,039	512,890,927	249,844,751
Weighted average number of ordinary shares outstanding	3,634,301,391	3,634,481,277	3,635,814,391	3,635,994,277
Weighted average number of diluted ordinary shares outstanding	3,634,301,391	3,634,481,277	3,635,814,391	3,635,994,277
Basic earnings per share attributable to equity holders of EDP (in Euros)	0.05	0.06		
Diluted earnings per share attributable to equity holders of EDP (in Euros)	0.05	0.06		
Basic earnings per share from continuing operations (in Euros)	0.05	0.06		
Diluted earnings per share from continuing operations (in Euros)	0.05	0.06		

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.



The average number of shares was determined as follows:

	Group		Company	
	Mar 2018	Mar 2017	Mar 2018	Mar 2017
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	-	-	-	-
Average number of realised shares	3,656,537,715	3,656,537,715	3,656,537,715	3,656,537,715
Effect of treasury stock	-22,236,324	-22,056,438	-20,723,324	-20,543,438
Average number and diluted average number of shares during the				
period	3,634,301,391	3,634,481,277	3,635,814,391	3,635,994,277

27. Treasury Stock

This caption is as follows:

	Group		Company	
	Mar 2018	Dec 2017	Mar 2018	Dec 2017
Book value of EDP, S.A.'s treasury stock (thousand Euros)	63,909	62,957 \	57,814	56,862
Number of shares	22,236,324	21,906,324	20,723,324	20,393,324
Market value per share (in Euros)	3.088	2.885	3.088	2.885
Market value of EDP, S.A.'s treasury stock (thousand Euros)	68,666	63,200	63,994	58,835

Shares' transactions occurred between 1 January and 31 March 2018:

	EDP, S.A.	Energia RE
Volume acquired (number of shares)	330,000	-
Average purchase price (in Euros)	2.883	-
Total purchases (thousand Euros)	951	-
Volume sold (number of shares)		-
Average selling price (in Euros)	-	-
Total sales (thousand Euros)	-	-
Final position (number of shares)	20,723,324	1,513,000
Highest market price (in Euros)	3.088	-
Lowest market price (in Euros)	2.640	-
Average market price (in Euros)	2.868	_

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.

28. Reserves and Retained Earnings

This caption is as follows:

	Group		Company	
Thousand Euros	Mar 2018	Dec 2017	Mar 2018	Dec 2017
Legal reserve	739,024	739,024	739,024	739,024
Fair value reserve (cash flow hedge)	-109,999	-103,578	-3,103	7,496
Tax effect of fair value reserve (cash flow hedge)	27,655	27,436	659	-1,726
Fair value reserve (financial assets)	19,082	36,649	-	<u>-</u>
Tax effect of fair value reserve (financial assets)	-3,816	-5,394	-	<u> </u>
Exchange differences arising on consolidation	-397,413	-361,956	-	<u>-</u>
Treasury stock reserve (EDP, S.A.)	57,814	56,862	57,814	56,862
Other reserves and retained earnings	4,997,876	3,946,222	2,538,361	1,773,887
	5,330,223	4,335,265	3,332,755	2,575,543

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 farir value though other comprehensive income)

In the context of the adoption of IFRS 9, the category of "Available-for-sale financial investments" previously foreseen in IAS 39 ceases to exist (see note 20). The equity instruments held by the Group were classified as equity at fair value, measured through other comprehensive income (OCI) (see note 20.1) or through Profit or Loss (see note 20.2). Also in the context of the adoption of IFRS 9, the EDP Serviço Universal, S.A. tariff deficit began being classified and measured at fair value through other comprehensive income (see note 22).

The detail of the reclassifications made following the Group's analysis for the adoption of IFRS 9 is as follows:

	Fair value
Thousand Euros	reserve
Fair value reserve - Available for sale investments at 31.12.2017	36,649
Fair value reserve - Financial assets for equity instruments at fair value through profit	
or loss	-21,037
Fair value reserve - EDP Serviço Universal, S.A. tariff deficit	2,739
Fair value reserve - Financial assets at 01.01.2018	18,351

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

Thousand Euros	Group FV reserve
Balance as at 1 de January 2018	18,351
Positive changes in fair value	1,815
Negative changes in fair value	-1,084
Balance as at 31 March 2018	19,082

Changes in fair value reserve attributable to the EDP Group during the period ended 31 March 2018 are as follows:

Thousand Euros	Increases	Decreases
Zephyr Fund (Energia RE portfolio) (see note 20)	-	-939
EDP Serviço Universal, S.A. tariff deficit (see note 22)	1,815	-
Other (see note 20)		-145
	1,815	-1,084

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:

		Exchang at Mar	•	Exchang at Dec		Exchang at Mar	
Currency		Closing	Average	Closing	Average	Closing	Average
US Dollar	USD	1.232	1.229	1.199	1.129	1.069	1.065
Brazilian Real	BRL	4.094	3.988	3.973	3.605	3.380	3.348
Macao Pataca	MOP	9.960	9.906	9.653	9.063	8.557	8.511
Canadian Dollar	CAD	1.590	1.553	1.504	1.465	1.427	1.410
Polish Zloty	PLN	4.211	4.179	4.177	4.258	4.227	4.322
Romanian Leu	RON	4.657	4.655	4.659	4.569	4.553	4.522
Pound Sterling	GBP	0.875	0.883	0.887	0.877	0.856	0.860
South African Rand	ZAR	14.621	14.712	14.805	15.047	14.240	14.087
Mexican Peso	MXN	22.525	23.047	23.661	21.330	20.018	21.619
Chinese Yuan	CNY	7.747	7.815	7.804	7.628	7.364	7.335

Treasury stock reserve (EDP, S.A.)

In accordance with the article 324° 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 5 April 2018, the Shareholders General Meeting of EDP, S.A. approved the dividends distribution to shareholders of the net profit for the year 2017 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 2018.



29. Non-Controlling Interests

This caption is as follows:

	G	Group		
Thousand Euros	Mar 2018	Dec 2017		
Non-controlling interests in income statement	116,47	328,266		
Non-controlling interests in equity and reserves	3,826,12	3,606,056		
	3,942,60	3,934,322		

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

	Gr	oup
Thousand Euros	Mar 2018	Dec 2017
EDP Renováveis Group	2,669,461	2,653,911
EDP Brasil Group	1,301,541	1,308,065
Other	-28,399	-27,654
	3,942,603	3,934,322

The movement in non-controlling interests of EDP Renováveis Group is mainly related to: (i) profits attributable to non-controlling interests of 79,832 thousand Euros; (ii) a negative impact of 25,209 thousand Euros related to dividends attributable to non-controlling interests; (iii) a negative impact of 28,780 thousand Euros resulting from exchange differences; (iv) a negative impact of 8,159 thousand Euros resulting from share capital increases/decreases and other acquisitions/sales without change of control; and (v) a negative impact resulting from a decrease in fair value reserve (cash flow hedge, net of taxes) of 2,218 thousand Euros.

The movement booked in non-controlling interests of EDP Brasil Group includes: (i) 37,277 thousand Euros of profits attributable to non-controlling interests; (ii) a decrease of 38,060 thousand Euros resulting from exchange differences; (iii) a negative impact of 1,546 thousand Euros related to dividends attributable to non-controlling interests; and (iv) a negative impact of 4,251 thousand Euros resulting from impacts related with adoption of IFRS 9 and IFRS 15.

30. Hydrological Account

The movements in the Hydrological account are as follows:

	Group and Company		
Thousand Euros	Mar 2018	Mar 2017	
Balance at the beginning of the period	1,574	1,574	
Amounts received/(paid) during the period	-393	-	
Balance at the end of the period	1,181	1,574	

The hydrological account was established by Decree-Law 23/89, of 19 January, and reflects the accounting movements resulting from the application of the hydrological correction mechanism established by the mentioned Decree-Law. This legal mechanism is designed to match a sharp interannual irregularity of production costs with a tariff stability policy, which, as a rule, affects consumers by the average of the hydrological conditions.

Given the evolution of the national electricity sector, in particular with the liberalised market, the legislature sought to adapt the mechanism of hydrological correction account to the market conditions, and for such, issued Decree-Law 110/2010 of 14 October, which provides the termination of this mechanism by 31 December 2016 and establishes a transitional regime applicable until that date. Under the terms of this Decree-Law, the differential of hydrological adjustment should be reflected in the tariff calculation applicable to all energy consumers, to cover the variation risk of tariff costs and revenues associated to the hydrological variability in Portugal.

The positive differentials of the hydrological correction account must be delivered by EDP - Energias de Portugal, SA (EDP, S.A.) to the National Distribution Network's (RND) concessionaire, against the hydrological correction account, in benefit of the overall system usage tariff or another tariff applicable to all electricity consumers. Thus, the negative differentials must be recovered in favor of the hydrological correction account through the same tariff and delivered by the RND concessionaire to EDP, S.A.

The financial charges or income that have always been associated with the accumulated balance of this account are booked against results.

This Decree-Law establishes that the hydrological correction account, which has always been applied to the accounts of the EDP Group, should be evidenced in EDP, S.A.'s financial position statement and the corresponding annual movements explained in the notes to the financial statements.

According with Decree-Law 110/2010 of 14 October, the hydrological correction account mechanism ceased in the end of 2016. In that year, the amount in the hydrological account was exclusively financial charges supported by EDP, S.A. The document "Tariffs and prices for the electricity and other services for 2017", published by ERSE, determined the tariffs of that year that do not considered any amount related to this mechanism, so the amount remained unchanged.

On December 2017, ERSE published the document "Tariffs and prices for the electricity and other services for 2018 and standards for 2018-2020 regulation" which integrates the annex "Profits allowed and Adjustments for Regulated Companies on Electricity Sector on 2018" which determines the amount considering on global use tariffs of system on 2018 in a negative amount of 1,574 thousand Euros, which corresponds to the amount on 31 December 2017.

31. Financial Debt

This caption is as follows:

	Group		Com	oany
Thousand Euros	Mar 2018	Dec 2017	Mar 2018	Dec 2017
Debts and borrowings - Non-current				
Bank loans:				
- EDP, S.A.	259,018	288,137	259,018	288,137
- EDP Finance B.V.	1,148,874	1,942,285	-	-
- EDP Brasil Group	462,274	454,786	-	-
- EDP Renováveis Group	815,818	825,927	-	
	2,685,984	3,511,135	259,018	288,137
Non-convertible bond loans:				
- EDP, S.A.	-	-	4,350,000	4,350,000
- EDP Finance B.V.	9,942,565	10,000,982	-	
- EDP Brasil Group	701,087	679,445	-	-
	10,643,652	10,680,427	4,350,000	4,350,000
Hybrid bond:				
- EDP, S.A.	739,168	739,168	739,168	739,168
	739,168	739,168	739,168	739,168
Commercial paper:				
- EDP, S.A.	402,906	408,455	402,906	408,455
- EDP Brasil Group	31,755	32,722	-	-
	434,661	441,177	402,906	408,455
Other loans	16,049	16,923	-	_
	14,519,514	15,388,830	5,751,092	5,785,760
Accrued interest	1,776	1,249	-	
Other liabilities:				
- Fair value of the issued debt hedged risk	67,905	79,557	-	
Total Debt and Borrowings	14,589,195	15,469,636	5,751,092	5,785,760
O.H. Land Daniella, Nancasana A	04.6=2			
Collateral Deposits - Non-current *	-31,672	-34,874	-	-
	14,557,523	15,434,762	5,751,092	5,785,760



	Gro	oup	Com	oany
Thousand Euros	Mar 2018	Dec 2017	Mar 2018	Dec 2017
Debt and borrowings - Current				
Bank loans:				
- EDP, S.A.	62,751	64,984	62,751	76,433
- EDP Finance B.V.	283,862	29,990	-	-
- EDP Brasil Group	115,894	110,779	-	-
- EDP Renováveis Group	161,401	166,101	-	-
- Other	139	20	-	-
	624,047	371,874	62,751	76,433
Non-convertible bond loans:				
- EDP, S.A.	50,000	50,000	4,550,000	4,550,000
- EDP Finance B.V.	106,233	549,035	-	=
- EDP Brasil Group	208,593	205,561	-	-
	364,826	804,596	4,550,000	4,550,000
Commercial paper:				
- EDP, S.A.	6,000	6,000	1,942,500	2,961,519
	6,000	6,000	1,942,500	2,961,519
Other loans	3,880	3,836	-	
	998,753	1,186,306	6,555,251	7,587,952
Accrued interest	163,434	260,116	93,688	114,585
Other liabilities:				
- Fair value of the issued debt hedged risk	512	1,707	-	_
Total Debt and Borrowings	1,162,699	1,448,129	6,648,939	7,702,537
Collateral Deposits - Current *	-10,343	-10,381	-	
	1,152,356	1,437,748	6,648,939	7,702,537

^{*} 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 amounts of 250,000 thousand US Dollars, 200,000 thousand Euros and 130,000 thousand Reais.

Main events of the period:

In March 2018, EDP canceled a Syndicated Loan of 2,000 million Euros that matured in February 2020 and which consisted of a Term Loan (fully disbursed) of 1,500 million Euros and a Revolving Credit Facility (RCF) of 500 million Euros. On the same date, EDP entered a syndicated RCF of 2,240 million Euros with a term of 5 years, extendable for an additional 2 years, subject to the authorization of the creditors.

The nominal value of outstanding Bond loans placed with external counterparties, as at 31 March 2018, is as follows:

Issuer	Issue date	Interest rate	Type of hedge	Conditions/ Redemption	Nominal Value in Million	Thousan	d Euros
	uate	Tate	or neuge	Redemption	Currency	Group	Company
Issued by EDP S.A.						Огоар	Company
EDP, S.A. (ii)	May-08	Variable rate (iii)	n.a.	May-18	50 EUR	50,000	50,000
	Hay 00	variable rate (iii)		Hay 10	30 LOK	50,000	50,000
Hybrid by EDP S.A.						30,000	30,000
EDP, S.A. (iv)	Sep-15	Fixed rate EUR 5.375% (v)	n.a.	Sep-75	750 EUR	750,000	750,000
EDI , S.A. (IV)	3ep 13	- Tixed rate Eoit 3:37376 (V)		Зер 73	750 LOR	750,000	750,000
Leguad under the E	uro Modium	n Term Notes program				730,000	750,000
EDP Finance B.V.	Dec-02	Fixed rate EUR (iii)	n a	Dec-22	93 EUR	93,357	
EDP Finance B.V.(i)	Jun-05	Fixed rate EUR 4.125%	n.a. n.a.	Jun-20	300 EUR	300,000	
EDP Finance B.V.(i)	Nov-08	Fixed rate GBP 8.625%	Fair Value	Jan-24	325 GBP	410,314	
	Nov-08			Nov-23	160 EUR	160,000	
EDP Finance B.V. (i)	Jun-09	Zero coupon EUR (iii) Fixed rate JPY (iii)	n.a. n.a.	Jun-19	10,000 JPY	84,871	
EDP Finance B.V.(vi)	Sep-09	Fixed rate USD 4.90%			637 USD	516,629	
EDP FINANCE D.V.(VI)	Sep-09	Fixed Tate USD 4.90%	Net Investment	. 001-19	637 030	310,029	-
EDD Einance B V (:)	Nov. 12	Fixed rate CHE 4 000%	Fair Value/	Nov 10	125 CUE	102 022	
EDP Finance B.V.(i)	Nov-12	Fixed rate CHF 4.00%	Cash Flow	Nov-18	125 CHF	103,922	
EDP Finance B.V.(i)	Sep-13	Fixed rate EUR 4.875%	Fair Value	Sep-20	750 EUR	750,000	
EDP Finance B.V.	Nov-13	Fixed rate EUR 4.125%	n.a.	Jan-21	600 EUR	600,000	
EDP Finance B.V.	Jan-14	Fixed rate USD 5.25%	Net Investment		750 USD	608,717	
EDP Finance B.V.(i)	Apr-14	Fixed rate EUR 2.625%	Fair Value	Apr-19	650 EUR	650,000	
EDP Finance B.V.	Jun-14	Variable rate (iii)	Net Investment		100 USD	81,162	
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.(vi)	Nov-14	Fixed rate USD 4.125%	Net Investment		583 USD	473,114	-
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		1,000 USD	811,622	-
EDP Finance B.V.	Nov-17	Fixed rate EUR 1.50%	n.a.	Nov-27	500 EUR	500,000	
						10,093,708	
•	•	Brasil Group in the Brazil					
Lajeado Energia	Nov-13	CDI + 1.20%	n.a.	Nov-19	300 BRL	73,285	
EDP São Paulo	Apr-14	CDI + 1.39%	n.a.	Apr-19	108 BRL	26,381	-
EDP Espírito Santo	Aug-14	CDI + 1.50%	n.a.	Aug-20	177 BRL	43,187	-
Energias do Brasil	Oct-15	IPCA + 8.3201%	n.a.	Sep-21	204 BRL	49,737	
Energias do Brasil	Oct-15	CDI + 1.74%	n.a.	Sep-18	332 BRL	81,129	
Energias do Brasil	Oct-15	IPCA + 8.2608%	n.a.	Sep-24	54 BRL	13,290	
Energias do Brasil	Apr-16	IPCA + 8.3479%	n.a.	Apr-22	269 BRL	65,794	
Energest	Apr-16	CDI + 2.25%	n.a.	Apr-18	36 BRL	8,794	-
Energest	Apr-16	CDI + 2.265%	n.a.	Apr-20	54 BRL	13,191	-
Enerpeixe	Nov-16	114.50% * CDI	n.a.	Nov-19	350 BRL	85,495	-
Pecém	Dec-16	CDI + 2.95%	n.a.	Nov-21	330 BRL	80,610	-
EDP São Paulo	Apr-17	108.75% * CDI	n.a.	Apr-22	150 BRL	36,641	-
EDP Espírito Santo	Apr-17	108.75% * CDI	n.a.	Apr-22	190 BRL	46,412	-
Enerpeixe	Nov-17	116.00% * CDI	n.a.	Dec-22	320 BRL	78,167	-
EDP São Paulo	Dec-17	107.50% * CDI	n.a.	Jan-21	100 BRL	24,427	-
EDP PCH	Dec-17	CDI + 1.30%	n.a.	Dec-22	150 BRL	36,641	-
EDP Espírito Santo	Dec-17	107.50% * CDI	n.a.	Jan-21	120 BRL	29,313	-
Lajeado Energia	Dec-17	109.00% * CDI	n.a.	Dec-20	100 BRL	24,427	-
Lajeado Energia	Dec-17	113.70% * CDI	n.a.	Dec-22	200 BRL	48,854	-
EDP São Paulo	Jan-18	107.50% * CDI	n.a.	Jan-21	100 BRL	24,427	-
EDP Espírito Santo	Jan-18	107.50% * CDI	n.a.	Jan-21	100 BRL	24,427	-
						914,629	-

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

⁽ii) Fixed in each year, varies over the useful life of the loan.

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



Some of the loans contracted by the EDP Group, mainly debt issued under the EMTN programme, 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. As at 31 March 2018 and 31 December 2017 these loans amounted to 967,695 thousand Euros and 1,249,771 thousand Euros, respectively (see note 40).

EDP Group has several credit facilities it uses for liquidity management. EDP Group has short-term credit facilities of 226 million Euros, indexed to Euribor for the agreed period of use with spread conditions agreed in advance, and with a firm underwriting commitment, which as at 31 March 2018 are totally available. EDP Group has also a Commercial Paper program of 100 million Euros with guaranteed placement, which as at 31 March 2018 is totally available. EDP Group has a medium term Revolving Credit Facility (RCF) of 3,300 million Euros, with a firm underwriting commitment and maturing in 2022 and a RCF of 75 million Euros, with a firm underwriting commitment and maturing in 2019 which as at 31 March 2018 are totally available. The Group also has a RCF of 2,240 million Euros, with a firm underwriting commitment and maturing in 2023, which as at 31 March 2018 are available in 1,240 million Euros.

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

						Following	
Thousand Euros	Mar 2019	Dec 2019	Dec 2020	Dec 2021	Dec 2022	years	Total
Bank loans:							
Euro	112,956	81,668	97,033	254,974	74,798	1,223,313	1,844,742
Brazilian Real	135,156	138,662	77,264	66,705	73,424	283,951	775,162
US Dollar	308,293	7,949	11,315	11,493	11,258	156,761	507,069
Other	82,918	17,935	19,619	21,341	18,176	38,175	198,164
	639,323	246,214	205,231	354,513	177,656	1,702,200	3,325,137
Bond loans:							
Euro	247,856	652,198	1,068,987	596,396	1,184,291	3,955,649	7,705,377
Brazilian Real	229,525	118,680	219,114	239,431	119,097	4,765	930,612
US Dollar	31,290	672,420	471,314	604,457	=	804,928	2,584,409
	508,671	1,443,298	1,759,415	1,440,284	1,303,388	4,765,342	11,220,398
Hybrid Bond:							
Euro	1,767	-	-	-	-	739,168	740,935
	1,767		-	-	-	739,168	740,935
Commercial paper:							
Euro	6,397	_	-	200,000	-	_	206,397
Brazilian Real	-	33,531	-	-	=	-	33,531
US Dollar	1,474	202,906	_	_		_	204,380
	7,871	236,437	-	200,000	-	-	444,308
Other loans:							
Euro	1,289	73	42	-	-	-	1,404
Brazilian Real	3,778	1,252	853	416		13,413	19,712
	5,067	1,325	895	416	-	13,413	21,116
	1,162,699	1,927,274	1,965,541	1,995,213	1,481,044	7,220,123	15,751,894

As at 31 December 2017, future debt and interest payments, by type of loan and currency, are as follows:

						Following	
Thousand Euros	Dec 2018	Dec 2019	Dec 2020	Dec 2021	Dec 2022	years	Total
Bank loans:							
Euro	144,427	111,999	1,592,654	255,313	74,308	230,083	2,408,784
Brazilian Real	127,779	161,513	75,823	64,615	65,306	263,268	758,304
US Dollar	25,426	302,658	11,624	11,808	11,566	161,008	524,090
Other	83,741	19,189	19,932	21,675	18,494	38,683	201,714
	381,373	595,359	1,700,033	353,411	169,674	693,042	3,892,892
Bond loans:							
Euro	303,583	652,500	1,070,299	596,102	1,183,316	3,960,257	7,766,057
Brazilian Real	217,235	131,014	200,433	221,015	122,320	4,662	896,679
US Dollar	499,769	686,261	483,958	620,755	_	826,708	3,117,451
	1,020,587	1,469,775	1,754,690	1,437,872	1,305,636	4,791,627	11,780,187
Hybrid Bond:							
Euro	32,140					739,168	771,308
	32,140	-	-	-	-	739,168	771,308
Commercial paper:							
Euro	6,046	=	-	200,000	-	-	206,046
Brazilian Real	=	33,971	=	-	-	=	33,971
US Dollar	2,973	208,455	-		-	-	211,428
	9,019	242,426	-	200,000	-	-	451,445
Other loans:							
Euro	1,283	91	42	-	-	-	1,416
Brazilian Real	3,727	1,746	894	428	=	13,722	20,517
	5,010	1,837	936	428	-	13,722	21,933
	1,448,129	2,309,397	3,455,659	1,991,711	1,475,310	6,237,559	16,917,765

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

	Mar 2018		Dec 2017	
Thousand Euros	Carrying amount	Market value	Carrying amount	Market value
Debt and borrowings - Non-Current	14,589,195	15,594,351	15,469,636	16,747,971
Debt and borrowings - Current	1,162,699	896,895	1,448,129	1,094,003
	15,751,894	16,491,246	16,917,765	17,841,974

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 IAS 39, are accounted at fair value. The financial liabilities are booked at amortised cost.

For fair value of debt purposes, the Hybrid bond was valued considering the maturity of the first call date (March 2021).

32. Employee Benefits

Employee benefits are as follows:

	Gro	oup	Company	
Thousand Euros	Mar 2018	Dec 2017	Mar 2018	Dec 2017
Provisions for social liabilities and benefits	736,017	763,249	3,263	4,137
Provisions for medical liabilities and other benefits	755,551	759,004	2,047	2,002
	1,491,568	1,522,253	5,310	6,139

This caption is detailed as follows:

	Group		Company		
Thousand Euros	Mar 2018	Dec 2017	Mar 2018	Dec 2017	
Non-Current	1,169,828	1,198,362	4,934	5,763	
Current	321,740	323,891	376	376	
	1,491,568	1,522,253	5,310	6,139	



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

	Group
Thousand Euros	Mar 2018
Balance at the beginning of the period	763,249
Charge for the period	5,013
Charge-off	-32,043
Transfers, reclassifications and exchange differences	-202
Balance at the end of the period	736,017

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

		Mar 2018			
Thousand Euros	Portugal	Spain	Brazil	Group	
Current service cost	1,814	553	-141	2,226	
Operational component (see note 10)	1,814	553	-141	2,226	
Net interest on the net pensions plan liability	2,347	287	153	2,787	
Financial component (see note 13)	2,347	287	153	2,787	
	4,161	840	12	5,013	

	Mar 2017			
Thousand Euros	Portugal	Spain	Brazil	Group
Current service cost	2,204	153	-196	2,161
Operational component (see note 10)	2,204	153	-196	2,161
Net interest on the net pensions plan liability	2,621	338	-52	2,907
Financial component (see note 13)	2,621	338	-52	2,907
	4,825	491	-248	5,068

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

	Group
Thousand Euros	Mar 2018
Balance at the beginning of the period	759,004
Charge for the period	9,077
Charge-off	-6,611
Transfers, reclassifications, exchange differences and "mútua"	-5,919
Balance at the end of the period	755,551

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

	Mar 2018			Mar 2017		
Thousand Euros	Portugal	Brazil	Group	Portugal	Brazil	Group
Current service cost	1,474	223	1,697	1,627	226	1,853
Operational component (see note 10)	1,474	223	1,697	1,627	226	1,853
Net interest on the medical liabilities		i i				
and other benefits	2,383	4,997	7,380	3,055	5,555	8,610
Financial component (see note 13)	2,383	4,997	7,380	3,055	5,555	8,610
Net cost for the period	3,857	5,220	9,077	4,682	5,781	10,463

As at 31 March 2018, the net movement for the period in Provisions for social liabilities and benefits corresponds to a decrease of 27,232 thousand Euros (31 March 2017: 33,966 thousand Euros), from which 23,586 thousand Euros correspond to the negative net movement occurred in Portugal (31 March 2017: 32,019 thousand Euros) and 3,646 thousand Euros correspond to the negative net movement occurred in Spain and Brazil (31 March 2017: 1,947 thousand Euros). 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 a decrease of 3,453 thousand Euros (31 March 2017: increase of 3,103 thousand Euros), from which 393 thousand Euros correspond to the negative net movement occurred in Portugal (31 March 2017: positive net movement of 3,473 thousand Euros) and 3,060 thousand Euros correspond to the negative net movement occurred in Brazil (31 March 2017: positive net movement of 6,576 thousand Euros).

For the Group, the commitments relating to pension and medical plans and other benefits are disclosed by maturity, as at 31 December 2017, as follows: (i) less than 1 year: 264,281 thousand Euros; (ii) from 1 to 3 years: 483,811 thousand Euros; (iii) from 3 to 5 years: 419,624 thousand Euros, and (iv) more than 5 years: 823,875 thousand Euros.

As at 31 March 2018 and 2017, the current service cost and net interest cost recognised were based on the estimated cost for the period determined actuarially on 31 December 2017 and 2016, respectively.

33. Provisions

Provisions are as follows:

	Gro	Group		Company	
Thousand Euros	Mar 2018	Dec 2017	Mar 2018	Dec 2017	
Provision for legal and labour matters and other contingencies	84,047	85,049	-	-	
Provision for customer guarantees under current operation	4,993	6,235	-	-	
Provision for dismantling and decommissioning	461,688	463,556	-	=	
Provision for other liabilities and charges	266,826	197,989	2,830	10,455	
	817,554	752,829	2,830	10,455	

This caption is as follows:

	Group		Company	
Thousand Euros	Mar 2018	Dec 2017	Mar 2018	Dec 2017
Non-Current	792,883	726,771	1,277	8,902
Current	24,671	26,058	1,553	1,553
	817,554	752,829	2,830	10,455

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

	Group
Thousand Euros	Mar 2018
Balance at the beginning of the period	85,049
Charge for the period	2,588
Reversals	-2,055
Charge-off for the period	-1,990
Exchange differences and other	455
Balance at the end of the period	84,047

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 2018, 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:

	Group
Thousand Euros	Mar 2018
Balance at the beginning of the period	6,235
Charge-off for the period	-1,247
Exchange differences and other	5
Balance at the end of the period	4,993

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

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

	Group
Thousand Euros	Mar 2018
Balance at the beginning of the period	463,556
Unwinding (see note 13)	1,494
Increase of the responsibility (see note 16)	228
Exchange differences and other	-3,590
Balance at the end of the period	461,688

In the first quarter of 2018, there were no significant changes in the Provision for dismantling and decommissioning.



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

	Mar 18		
Thousand Euros	Group	Company	
Balance as at 31 December 2017	197,989	10,455	
Adjustment due to IFRS 15 adoption (see note 3)	-17,625	-	
Balance as at 1 January 2018	180,364	10,455	
Charge for the period	196	-	
Reversals	-7,821	-7,625	
Charge-off for the period	-591	-	
CESE (see note 15)	66,356	-	
CMEC	23,959	-	
"Lesividad"	3,005	-	
Exchange differences and other	1,358		
Balance as at 31 March 2018	266,826	2,830	

On 3 May, it has come to EDP's knowledge (through a DGEG's letter) that the CMEC final adjustment had been officially approved, according to ERSE's proposal, in the amount of 154 million Euros. Thus, even though the Group is still analysing the technical and legal foundations of this approval, this has been reflected in the financial statements as at 31 March, through a provision by the difference of the final adjustment amounts already recognised in revenues (see note 4).

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. In the first quarter of 2018, there were no significant changes.

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 2018, the amount of this tax contingency amounts to 275 million Euros (31 December 2017: 273 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.

34. Institutional Partnerships in USA

The caption Institutional partnerships in USA is as follows:

		Group	
Thousand Euros	Mar 2018	Dec 2017	
Deferred income related to benefits provided	897,33	8 914,612	
Liabilities arising from institutional partnerships in USA	1,133,38	6 1,249,110	
	2,030,72	4 2,163,722	

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).

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

Thousand Euros	Group Mar 2018
Balance at the beginning of the period	2,163,722
Cash paid for deferred transaction costs	-167
Cash paid to institutional investors	-45,680
Income (see note 8)	-52,067
Unwinding (see note 13)	20,456
Exchange differences	-57,395
Other	1,855
Balance at the end of the period	2,030,724

35. Trade and Other Liabilities from Commercial Activities

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

	Gro	oup
Thousand Euros	Mar 2018	Dec 2017
Investment government grants	571,602	491,008
Amounts payable for tariff adjustments - Electricity - Portugal	40,909	10,632
Amounts payable for tariff adjustments - Electricity - Brazil	51,246	38,698
Energy sales contracts - EDPR NA	12,662	13,686
Deferred income - CMEC	378,567	364,428
Amounts payable for concessions	209,990	209,117
Property, plant and equipment suppliers and accruals	59,050	110,986
Other creditors and sundry operations	102,291	104,616
	1,426,317	1,343,171

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

	Group		Company	
Thousand Euros	Mar 2018	Dec 2017	Mar 2018	Dec 2017
Suppliers	851,839	947,702	348,761	366,401
Accrued costs related with supplies	668,779	657,669	261,254	272,958
Property, plant and equipment suppliers and accruals	598,339	639,345	814	715
Holiday pay, bonus and other charges with employees	191,245	162,902	34,670	31,165
CO2 emission Licenses	124,486	101,693	-	_
Amounts payable for tariff adjustments - Electricity - Portugal	194,302	249,914	-	-
Amounts payable for tariff adjustments - Electricity - Brazil	7,173	13,157	-	-
Deferred income - CMEC	82,690	83,012	-	-
Other creditors and sundry operations	642,999	642,737	37,421	15,224
	3,361,852	3,498,131	682,920	686,463

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

		Non-
Thousand Euros	Current	Current
Balance as at 31 December 2017	249,914	10,632
Payment through the electricity tariff	-54,067	-
Tariff adjustment of the period	-	28,636
Interest expense (see note 13)	81	15
Transfer from Non-Current to Current	-1,626	1,626
Balance as at 31 March 2018	194,302	40,909

The caption Amounts payable for tariff adjustments - Electricity - Brazil, refers to tariff adjustments booked in EDP São Paulo and EDP Espírito Santo in the accumulated amount of 42,786 thousand Euros (31 December 2017: 35,127 thousand Euros) and 15,633 thousand Euros (31 December 2017: 16,728 thousand Euros), respectively. The variation occurred includes the tariff deficit for the period with a positive impact of 8,696 thousand Euros (see note 7), transfer to tariff adjustment receivable of 28,872 thousand Euros (see note 22), unwinding in the amount of 2,448 thousand Euros (see note 13), decrease in the amount received through the electricity tariff of 31,706 thousand Euros and the exchange differences due to depreciation of Brazilian Real with a negative impact of 1,746 thousand Euros.

Investment government grants are amortised through the recognition of a revenue in the income statement over the useful life of the related assets, in the amount of 5,580 thousand Euros as at 31 March 2018 (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.



At the moment of the 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, which is amortised over the useful life of the contracts in Other operating income - Other.

Deferred income - CMEC Current and Non-Current, in the amount of 461,257 thousand Euros (31 December 2017: 447,440 thousand Euros) refers to the initial CMEC amount (833,467 thousand Euros) net of the amortisation of initial CMEC during the years 2007 to 2017 and including unwinding (see note 13), in the amount of 264,003 thousand Euros. This caption also includes 197,254 thousand Euros relating with the final adjustment recognised in accordance with the result achieved by EDP/REN working group (256,539 thousand Euros), deducted of amortisation and unwinding charges of the period.

Amounts payable for concessions includes the concession rights for the operation of the hydric domain of Alqueva and Pedrógão transferred by EDIA of 142,268 thousand Euros (31 December 2017: 139,809 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 of 67,589 thousand Euros (31 December 2017: 69,072 thousand Euros).

The caption CO2 emission licenses includes the CO2 consumptions during 2017 and 2018 in Portugal and Spain of 74,851 thousand Euros and 49,635 thousand Euros, respectively (31 December 2017: 58.789 milhares de Euros e 42.904 milhares de Euros). The licenses related with the consumption of a certain 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 adjustments assets through the tariffs charged to their customers. The caption Other creditors and sundry operations - Current, includes the amounts payable to entities that have acquired the right to receive these assets in securitisation or direct sales operations in Portugal and settlements to be made to the regulatory entity in Spain. As at 31 March 2018, due to the transfer to these entities of the assets recovered through the tariffs, the amounts to be paid are 129,801 thousand Euros and 22,935 thousand Euros in Portugal and Spain, respectively (31 December 2017: 133,107 thousand Euros and 13,092 thousand Euros). Additionally, this caption includes 14,317 thousand Euros related to tariff adjustment payable (31 December 2017: 14,317 thousand Euros).

The decrease of the caption Property, plant and equipment suppliers and accruals is mainly driven by net payments in EDPR NA and EDPR Brasil, where the construction of relevant windfarms is ongoing.

36. Other Liabilities and Other Payables

Other liabilities and other payables are as follows:

	Group		Com	oany
Thousand Euros	Mar 2018	Dec 2017	Mar 2018	Dec 2017
Other liabilities and other payables - Non-Current				
Loans from non-controlling interests	537,094	591,779	-	
Put options over non-controlling interest liabilities (see note 40)	2,196	2,197	-	
Derivative financial instruments	80,964	91,092	111,120	112,714
Group companies	-	<u>-</u>	196,517	199,280
Amounts payable and contigent prices for acquisitions/sales	90,530	94,660	-	
Lease contracts with EDP Pension and Medical and Death Subsidy Funds	79,060	79,414	79,060	79,414
Other creditors and sundry operations	15,584	15,842	-	
	805,428	874,984	386,697	391,408
Other liabilities and other payables - Current				
Loans from non-controlling interests	181,068	121,023	-	
Dividends attributed to related companies	63,555	42,207	-	
Derivative financial instruments	90,301	94,522	198,271	190,643
Group companies	-		729,411	1,591,110
Group's financial system	-	-	298,108	197,174
Amounts payable and contigent prices for acquisitions/sales	10,309	14,525	-	
Lease contracts with EDP Pension and Medical and Death Subsidy Funds	6,441	6,434	6,441	6,434
Other creditors and sundry operations	5,233	5,429	154,359	109,268
	356,907	284,140	1,386,590	2,094,629
	1,162,335	1,159,124	1,773,287	2,486,037

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 37,712 thousand Euros, including accrued interests (31 December 2017: 37,362 thousand Euros), bearing interest at a fixed rate of 3.75% (see note 41);
- ii) loans granted by Vortex Energy Investments II due to the sale in 2016 of 49% of shareholding in EDPR Participaciones S.L. and subsidiaries for a total amount of 234,480 thousand Euros, including accrued interests (31 December 2017: 231,751 thousand Euros), bearing interest at a fixed rate of a range between 3.32% and 7.55%;

- iii) 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 123,873 thousand Euros, including accrued interests (31 December 2017: 123,430 thousand Euros), bearing interest at a fixed rate of a range between 1.33% and 7.23% (see note 41);
- iv) 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 71,236 thousand Euros, including accrued interests (31 December 2017: 78,436 thousand Euros), bearing interest at a fixed rate of 4.5% (see note 41);
- v) loans granted by Vortex Energy Investments I due to the sale in 2014 of 49% of shareholding in EDPR France and subsidiaries for a total amount of 59,011 thousand Euros, including accrued interests (31 December 2017: 58,388 thousand Euros), bearing interest at a fixed rate of a range between 3.1% and 7.18%;
- vi) 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 62,024 thousand Euros, including accrued interests (31 December 2017: 61,140 thousand Euros), bearing interest at a fixed rate of 5.5% (see note 41);
- vii) loans from Sonatrach to Central Térmica Ciclo Combinado Grupo 4 in the amount of 58,220 thousand Euros (31 December 2017: 58,220 thousand Euros).

The Amounts payable and contigent prices for acquisitions/sales includes the amounts related with the contingent prices for the acquisition of several European projects (mainly in Italy) and Brazilian projects, as well as the contingent prices related to the sale of gas distribution business in Spain and Portugal, in the amount of 40,670 thousand Euros and 52,142 thousand Euros, respectively.

The caption Group companies Non-Current, on a Company basis, corresponds to the financing obtained through EDP Finance B.V. and granted to EDP - Energias de Portugal - Sociedade Anónima, Sucursal en España, following EDPR NA's acquisition and for the financing of the investment plan of EDP Renováveis Group (see note 44). The component in foreign currency is covered by a hedging instrument (see note 23).

The variation in the caption Group companies Current, on a Company basis, corresponds to the repayment of a loan of EDP S.A. Sucursal en España, in the amount of 1,000 million US Dollars (see notes 23 and 44), with maturity in February 2018.

The caption Lease contracts with EDP Pension and Medical and Death Subsidy Funds corresponds to the lease contract regarding the building units of Porto headquarters acquired by EDP Pension Fund in December 2015 and the Lisbon headquarters building given as an inkind contribution to EDP Medical and Death Subsidy Fund in September 2017.

Regarding the building units of Porto's headquarters, the lease contract is for a period of 25 years, with a monthly expense of 271 thousand Euros and an implicit rate of 6.42%. As at 31 March 2018, it amounts to 30,665 thousand Euros (31 December 2017: 30,808 thousand Euros) (see note 41).

Regarding the Lisbon headquarters' building, the building component was booked as an asset of EDP, S.A. in Property, Plant and Equipment - build and other constructions, at the present value of the minimum lease payments. The lease contract is for a period of 25 years, with a monthly expense of 491 thousand Euros and an implicit rate of 5.82%. As at 31 March 2018, it amounts to 54,836 thousand Euros (31 December 2017: 55,040 thousand Euros) (see note 41).

37. Tax Liabilities

Tax liabilities are as follows:

	Group		Company	
Thousand Euros	Mar 2018	Dec 2017	Mar 2018	Dec 2017
Income tax	100,491	86,645	-	
Withholding tax	16,369	36,269	1,046	1,176
Value Added Tax (VAT)	173,803	133,896	22,421	17,042
Special taxes Brazil	180,863	193,901	-	-
Other taxes	253,694	204,296	984	955
	725,220	655,007	24,451	19,173

This caption is as follows:

	Gr	Group		Company	
Thousand Euros	Mar 2018	Dec 2017	Mar 2018	Dec 2017	
Non-Current	88,342	91,551	-	-	
Current	636,878	563,456	24,451	19,173	
	725,220	655,007	24,451	19,173	

As at 31 March 2018, the captions Income tax and Special taxes Brazil include the amount of 96,715 thousand Euros (395,930 thousand Reais), corresponding to the recognised liability value of 125,780 thousand Euros (514,917 thousand Reais) net of payments (see note 24).



38. Assets and Liabilities Held for Sale

The criteria for classifying assets and liabilities as held for sale and discontinued operations, 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:

	Gro	oup
Thousand Euros	Mar 2018	Dec 2017
Assets held for sale		
Electricity generation assets - United Kingdom	43,139	58,179
Electricity generation assets - Brazil	8,348	10,271
Electricity generation assets - Portugal	165,461	161,819
Other assets	6,657	866
	223,605	231,135
Liabilities held for sale		
Electricity generation liabilities - Brazil	649	3,262
Electricity generation liabilities - Portugal	111,814	111,419
	112,463	114,681
	111,142	116,454

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 to 2017, EDPR Group finished the sale to Engie and a subsequent loss of control of 23.3% of the equity shareholding and shareholder loans of the company. In addition, on 23 March 2018, EDPR Group sold 20% of the equity shareholding and shareholder loans of the company to Diamond Generation Europe Limited (DGE) for an amount of 36 million Pounds (see notes 6 and 13). As at 31 March 2018, 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 43,139 thousand Euros.

During the last quarter of 2017, the EDP Brasil Group has started the process of selling Costa Rica Energética, Ltda. As at 31 December 2017, the assets and liabilities attributable to the remaining capital shares and respective loans that will be disposed are recognised in non-current assets held for sale.

In the last quarter of 2017, the EDP Group started the sale process of EDP Small Hydro, S.A. and Pebble Hydro - Consultoria, Investimento e Serviços, Lda. As at 31 December 2017, the assets and liabilities attributable to the remaining capital shares and respective loans that will be disposed are recognised in non-current assets held for sale.

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 IAS 39, 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) and as net investment hedge in foreign operations (Net investment hedge).

The fair value of the derivative financial instruments portfolio is as follows:

	Group		Company	
Thousand Euros	Mar 2018	Dec 2017	Mar 2018	Dec 2017
Derivatives held for trading				
Interest rate swaps and Cross-currency interest rate swaps	13,920	-2,649	99,205	83,048
Commodities swaps, forwards and options	-533	-2,743	44,851	40,175
Currency forwards	380	-3,929	-3,413	5,186
Fair value hedge				
Interest rate swaps and Cross-currency interest rate swaps	100,819	141,377	117,821	280,477
Cash flow hedge				
Commodities swaps	-31,258	-37,767	717	3,298
Interest rate swaps	-20,741	-20,680	-	-
Currency forwards related with commodities	-12,594	-8,187	-4,731	-
Net Investment hedge				
Cross-currency interest rate swaps	52,862	42,188	-	
	102,855	107,610	254,450	412,184

The fair value of derivative financial instruments is booked in Other debtors and other assets (see note 23) 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.

During the first quarter of 2018 and 2017 the following market inputs were considered for the fair value calculation:

Instrument	Market input
	Fair value indexed to the following interest rates: Euribor 3M, Euribor 6M, Libor 3M, Libor 6M, Daily
Cross-curr. int. rate swaps	CDI, Wibor 3M and Robor 3M; and exchange rates: EUR/CHF, 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
interest rate swaps	CAD Libor 3M.
Currency forwards	Fair value indexed to the following exchange rates: EUR/USD, EUR/PLN, EUR/BRL and USD/BRL.
Common dibina avvana	Fair value indexed to the market quotes of the following commodities: Brent, NBP Natural Gas,
Commodities swaps	Electricity, Henry Hub, TTF, Coal and CO2.

40. Commitments

Financial, operating and real guarantees granted by EDP Group, not included in the Statement of Financial Position, are as follows:

	Group		Company	
Thousand Euros	Mar 2018	Dec 2017	Mar 2018	Dec 2017
Financial guarantees				
EDP, S.A.	26,209		26,209	
EDP Brasil Group	1,290,911	1,297,333	-	-
EDP Renováveis Group	9,708	6,955	-	
	1,326,828	1,304,288	26,209	-
Operating guarantees				
EDP, S.A.	923,823	902,592	923,823	902,592
EDP España Group	250,598	303,101	-	-
EDP Brasil Group	616,350	604,285	-	-
EDP Renováveis Group	2,859,825	2,789,736	-	-
	4,650,597	4,599,714	923,823	902,592
Total	5,977,424	5,904,002	950,032	902,592
Real guarantees	7,919	7,762	-	-

The financial guarantees contracted as at 31 March 2018 and 31 December 2017 include 940,462 thousand Euros and 942,646 thousand Euros, respectively, related with loans obtained by Group companies and are already included in the consolidated debt.

The operating guarantees contracted as at 31 March 2018 and 31 December 2017, includes the amounts of 367,395 thousand Euros and 393,944 thousand Euros which, respectively, refer to corporate guarantees provided by EDP Renováveis relating to EDPR Renováveis Group commercial commitments already reflected in the Statement of Financial Position. Additionally, EDP and its subsidiaries are required to provide bank or corporate guarantees for the current generation, distribution and supply activities. The total guarantees outstanding include, at 31 March 2018 and 31 December 2017, 762,434 thousand Euros and 784,049 thousand Euros, respectively, of guarantees provided to market operators to enable EDP and its subsidiaries to participate in the energy markets.

In addition to the information disclosed above:

- i) EDPR NA is providing its tax equity investors with standard corporate guarantees typical of these agreements to indemnify them against costs they may incur as a result of fraud, willful misconduct or a breach of EDPR NA of any operational obligation under the tax equity agreements. As at 31 March 2018 and 31 December 2017, EDPR's obligations under the tax equity agreements, in the amount of 1,144,283 thousand Euros and 1,258,661 thousand Euros, respectively, are already reflected under the caption Institutional Partnerships in USA;
- ii) The Group has also project finance loans and deposits constituted as collateral for financial guarantee, which are disclosed in note 31.



In the Group, the commitments relating to future lease payments under operating leases and purchase obligations are disclosed by maturity, as follows:

	Mar 2018				
	Capital outstanding by maturity				
	Less From From More				
		than 1	1 to 3	3 to 5	than 5
Thousand Euros	Total	year	years	years	years
Operating lease commitments	1,362,966	79,961	131,528	114,248	1,037,229
Purchase obligations	19,623,854	4,304,403	4,946,666	2,559,304	7,813,481
	20,986,820	4,384,364	5,078,194	2,673,552	8,850,710

The Group's contractual commitments shown above relate essentially to agreements and commitments required for current business activities. Specifically, the majority of the commitments are established to guarantee adequate supply of fuel and energy to its customers in Europe, United States of America and Brazil and to comply with medium and long term investment objectives of the Group.

Purchase obligations include 13,489,914 thousand Euros essentially related with very long-term contracts for energy acquisition in the brazilian market (by regulatory imposition) which are updated with the respective projected rates and discounted at present value by a rate that represents the weighted average cost of capital (WACC) of the EDP Brasil Group, as follows:

Thousand Euros	Mar 2018	Dec 2017
Purchase obligation - Present value	13,489,914	14,481,883
Purchase obligation - Nominal amount	19,962,361	18,313,855

Purchase obligations also include obligations of long term contracts relating to the supply of products and services under the Group's ordinary course of business. Prices defined under forward contracts are used in estimating the amount of contractual commitments.

The nature of purchase obligations breaks down as follows:

Thousand Euros	Mar 2018	Dec 2017
Fuel acquisition	3,158,542	3,380,444
Electricity acquisition	12,145,660	12,900,272
O&M contracts	1,243,825	1,091,670
Fixed assets, equipment and miscellaneous materials		
acquisition	1,527,517	1,573,712
Supply and assembly contract	657,979	655,067
Other supplies and services	890,331	996,252
	19,623,854	20,597,417

The commitments for fuel and electricity acquisition are disclosed, by maturity, as follows:

	Mar 2018				
	Capital outstanding by maturity				
	Less From From More				
		than 1	1 to 3	3 to 5	than 5
Thousand Euros	Total	year	years	years	years
Fuel acquisition	3,158,542	886,052	1,254,759	492,165	525,566
Electricity acquisition	12,145,660	1,342,607	2,308,831	1,900,595	6,593,627
	15,304,202	2,228,659	3,563,590	2,392,760	7,119,193

As at 31 March 2018, purchase obligations of fixed assets, equipment and miscellaneous materials correspond to: (i) 1,252,401 thousand Euros relating to property, plant and equipment acquisition; (ii) 131,429 thousand Euros relating to intangible assets acquisition; and (iii) 143,686 thousand Euros relating to equipment and miscellaneous materials acquisition.

The commitments relating to future lease payments under finance leases and to short and medium-long term financial debt are disclosed in notes 16 and 31, respectively. The commitments relating to pension and medical plans and other benefits are disclosed in note 32.

 $\hbox{EDP Group has the following liabilities arising from put options on investments, held by third parties:}$

- Put option related to 25% of the share capital of Tivano S.r.l., exercisable under certain conditions, between July 2016 and July 2020. The exercise price is 450 thousand Euros, adjusted by contributions and distributions made by and to the other shareholder, respectively, during the put option period of exercise. As at 31 March 2018 the put option amounts to 1,618 thousand Euros (31 December 2017: 1,618 thousand Euros) (see note 36);

- Put option related to 25% of the share capital of San Mauro S.r.l., exercisable under certain conditions, between March 2017 and March 2022. The exercise price corresponds to 25% of the final purchase price of the company, adjusted by contributions and distributions made by and to the other shareholder, respectively, during the put option period of exercise. As at 31 March 2018 the put option amounts to 259 thousand Euros (31 December 2017: 259 thousand Euros) (see note 36);
- Put option related to 25% of the share capital of AW 2 S.r.l., exercisable under certain conditions, between April 2017 and April 2022. The exercise price corresponds to 25% of the final purchase price of the company, adjusted by contributions and distributions made by and to the other shareholder, respectively, during the put option period of exercise. As at 31 March 2018 the put option amounts to 292 thousand Euros (31 December 2017: 292 thousand Euros) (see note 36).

Some of the transactions related to the disposal of non-controlling interests while retaining control, carried out in 2018 and in previous years, incorporate contingent assets and liabilities according to the terms of the corresponding agreements.

At Company level, the commitments relating to future lease payments under operating leases and purchase obligations are disclosed, by maturity, as follows:

Mar 2018					
Capital outstanding by maturity					
Less From From More					
	than 1	1 to 3	3 to 5	than 5	
Total	year	years	years	years	
234,711	12,165	20,451	18,590	183,505	
232,013	64,427	167,586		-	
466,724	76,592	188,037	18,590	183,505	
	234,711 232,013	Less than 1 Total year 234,711 12,165 232,013 64,427	Capital outstanding by Less From than 1 1 to 3 Total year years 234,711 12,165 20,451 232,013 64,427 167,586	Capital outstanding by maturity Less From From than 1 From 3 3 to 5 Total year years years 234,711 12,165 20,451 18,590 232,013 64,427 167,586 -	

The caption Purchase obligations relates to O&M contracts.

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 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.

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 wich purchase and sale agreement was signed on 28 December 2015. 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.

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 loans to the EDPR Group in the amount of 294,845 thousand Euros including accrued interests (31 December 2017: 300,368 thousand Euros) (see note 36), and interests were booked in the amount of 5,725 thousand Euros (31 December 2017: 7,167 thousand Euros).

During the first quarter of 2018, EDPR Portugal distributed dividends to CTG in the amounts of 23,520 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 with an implicit rate of 6.42%. As at 31 March 2018, the present value of the contract amounts to 30,665 thousand Euros (31 December 2017: 30,808 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 with an implicit rate of 5.82%. As at 31 March 2018, the present value of the contract amounts to 54,836 thousand Euros (31 December 2017: 55,040 thousand Euros) (see note 36).

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

	31 March 2018				
Thousand Euros	Intra-Group Financial Mov.	Loans and Interests receivable	Other Credits	Total	
EDP Comercial, S.A.	-	75,476	392,315	467,791	
EDP Distribuição, S.A.		1,928,269	61,815	1,990,084	
EDP Espanã, S.A.U.	-	-	51,081	51,081	
EDP Finance B.V.	-	438,952	23,984	462,936	
EDP Produção, S.A.	-	5,219,450	83,624	5,303,074	
EDP Imobiliária e Participações, S.A.	-	15,930	271	16,201	
EDP IS, Lda.	8,062	194,416	21	202,499	
EDP Renováveis, S.A.	-	-	122,079	122,079	
EDP Servicios Financieros España, S.A.U.	1,116,509	-	12,478	1,128,987	
Other	14,380	48,321	157,092	219,793	
	1,138,951	7,920,814	904,760	9,964,525	

The amount of 438,952 thousand Euros refers to the repurchase in market by EDP, S.A. of two bond issues issued by EDP Finance B.V.

Debits held

		31 March 2018					
Thousand Euros	Intra-Group Financial Mov.	Loans and Interests payable	Other Debits	Total			
EDP Distribuição, S.A.	87,515	-	24,993	112,508			
EDP Comercial, S.A.	105,866	-	3,424	109,290			
EDP Finance B.V.		11,759,554	86,385	11,845,939			
EDP Produção, S.A.	64,004	-	488,366	552,370			
Pebble Hydro, Lda.	=	41,500	1,023	42,523			
EDP Comercializadora, S.A.			49,792	49,792			
Other	40,724		163,234	203,958			
	298,109	11,801,054	817,217	12,916,380			

The amount of 11,759,554 thousand Euros includes 6 intragroup bonds issued by EDP Finance B.V. to EDP S.A. as at 31 March 2018, in the total amount of 8,938,626 thousand Euros, with variable rate at medium-long term (5, 7 and 10 years).

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

Expenses

		31 March 2018					
Thousand Euros	Interest on Intra-Group Financial Mov.	Interest on Loans Obtained	Other Losses	Total			
EDP Finance B.V.	-	-75,936	-32,065	-108,001			
EDP Produção, S.A.	-	-	-401,601	-401,601			
EDP Espanã, S.A.U.	-	-	-45,177	-45,177			
Other	-45	-2	-27,102	-27,149			
	-45	-75,938	-505,945	-581,928			

Income

	31 March 2018					
Thousand Euros	Interest on Intra-Group Financial Mov.	Interest on Loans Granted	Other Gains	Total		
EDP Comercial, S.A.	17	609	339,874	340,500		
EDP Distribuição, S.A.	-	17,379	9,553	26,932		
EDP Produção, S.A.	140	44,040	38,323	82,503		
EDP Finance B.V.	<u> </u>	6,936	20,275	27,211		
Hidrocantábrico Distribución Eléctrica S.A.U.	<u>-</u>	<u>-</u>	550,487	550,487		
EDP Comercializadora, S.A.	-	-	12,826	12,826		
EDP Renováveis, S.A.	-	-	10,027	10,027		
Other	144	7,657	28,789	36,590		
	301	76,621	1,010,154	1,087,076		

Other gains include income from equity investments of 501,183 thousand Euros (see note 13).

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

Assets and Liabilities

	31 March 2018		
Thousand Euros	Assets	Liabilities	Net Value
Joint Ventures			
EDP Produção Bioeléctrica, S.A.	15,587	3,967	11,620
Empresa de Energia Cachoeira Caldeirão, S.A.	381	192	189
Empresa de Energia São Manoel, S.A.	28,244	2,696	25,548
Cide HC Energía, S.A.	2,803	7,752	-4,949
Moray Offshore Windfarm (East) Limited	23,647		23,647
HC Tudela Cogeneración, S.L.	2,358	1,865	493
Other	3,492	2,103	1,389
	76,512	18,575	57,937
Associates			
Eoliennes en Mer Dieppe Le Tréport, S.A.S.	3,595	-	3,595
Eoliennes en Mer Iles d'Yeu et Noirmoutier, S.A.S.	4,496	-	4,496
MABE Construção e Administração de Projectos, Ltda.	5,259		5,259
Parque Eólico Sierra del Madero, S.A.	12,785	-	12,785
Other	9,865	2,457	7,408
	36,000	2,457	33,543
	112,512	21,032	91,480



Transactions

31 March 2018				
Operating Income	Financial Income	Operating Expenses	Financial Expenses	
455	45	-12,558	-	
27,008	9	-15	-7	
88	-	-6,489	-	
3,128	332	-4,629	-	
30,679	386	-23,691	-7	
30	83	-	-	
-	-	-33	-	
237	210		-	
267	293	-33	-	
30,946	679	-23,724	-7	
	30 	Operating Income Financial Income 455 45 27,008 9 88 - 3,128 332 30,679 386 30 83 - - 237 210 267 293	Operating Income Financial Income Operating Expenses 455 45 -12,558 27,008 9 -15 88 - -6,489 3,128 332 -4,629 30,679 386 -23,691 30 83 - - -33 237 210 - 267 293 -33	

42. Fair Value of Financial Assets and Liabilities

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

	Mar 2018			Dec 2017			
Thousand Euros	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference	
Financial assets						_	
Available for sale investments	<u> </u>	<u> </u>	-	124,016	124,016	<u> </u>	
Equity instruments at fair value	123,018	123,018	-	-	-	-	
Debtors/other assets from commercial							
activities	6,261,293	6,261,293	-	6,165,109	6,165,109		
Other debtors and other assets	582,061	582,061	-	530,176	530,176	-	
Derivative financial instruments	274,120	274,120	-	293,224	293,224	-	
Financial assets at fair value through profit							
or loss	-	-	-	37,544	37,544	-	
Collateral deposits/financial debt	42,015	42,015	-	45,255	45,255	_	
Cash and cash equivalents	1,338,989	1,338,989	-	2,400,077	2,400,077		
	8,621,496	8,621,496	-	9,595,401	9,595,401	-	
Financial liabilities							
Financial debt	15,751,894	16,491,246	739,352	16,917,765	17,841,974	924,209	
Suppliers and accruals	1,450,178	1,450,178	-	1,587,047	1,587,047	-	
Institutional partnerships in USA	2,030,724	2,030,724	-	2,163,722	2,163,722	<u> </u>	
Trade/other payables from commercial							
activities	2,766,389	2,766,389	-	2,763,247	2,763,247	-	
Other liabilities and other payables	991,070	991,070	-	973,510	973,510	-	
Derivative financial instruments	171,265	171,265	-	185,614	185,614		
	23,161,520	23,900,872	739,352	24,590,905	25,515,114	924,209	

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.

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.

		Mar 2018			Dec 2017	
Thousand Euros	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Available for sale investments	-	-	-	-	77.573	46.443
Equity instruments at fair value						
through other comprehensive income	-	76.634	18.677	-	_	-
through profit or loss	-	-	27.707	-	-	-
Tariff deficit at fair value through						
other comprehensive income (see note 22)	-	399.832	-	-	-	-
Derivative financial instruments	-	274.120	-		293.224	-
Financial assets at fair value through profit or						
loss	-	-	-	-	-	37.544
	-	750.586	46.384	-	370.797	83.987
Financial liabilities						
Derivative financial instruments	-	171.265	-	-	185.614	-
	-	171.265	-		185.614	-

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

	At fair valu	ıe through
Thousand Euros	other comprehen- sive income	profit or loss
Balance at beginning of period	18.717	27.707
Change in fair value	-145	-
Acquisitions	109	-
Other changes	-4	-
Balance at the end of the period	18.677	27.707

The balance at beginning of period refers to 1 January 2018, after adopting IFRS 9 (see note 20).

43. Relevant or Subsequent Events

EDPR secures a new 200 MW energy contract relative to the new solar project in USA

On 6 April 2018, EDP Renováveis, S.A , 82.6% controlled by EDP, announced, through its subsidiary EDP Renewables North America LLC, a 20-year contract to sell the energy produced by 200MW with Hoosier Energy Rural Electric Corporative, Inc from Riverside Solar Project.

The project is located in the State of Indiana and the start of operations is expected in 2022.

EDP Brasil announces auction's result for the acquisition of preference shares in CELESC

On 27 April 2018, EDP - Energias do Brasil S.A. announced the result of the Tender Offer Auction for the acquisition of preference shares in Centrais Eléctricas de Santa Catarina S.A - CELESC. EDP Brasil acquired 1,990,013 preference shares for a total consideration of 53.7 million Reais, which represents 13 million Euros (price per share: 27 Reais).

After the settlement of the purchases realized in the auction, which took place on 2 May 2018, EDP - Energias do Brasil S.A has 2,427,820 preference shares, which together with the 5,140,868 ordinary shares (both issued by CELESC) represent a 19.62% stake in the share capital of CELESC.

EDPR secures two new 150 MW energy contracts relative to the new wind project in USA

On 10 May 2018, EDP Renováveis, S.A , 82.6% controlled by EDP, announced, through its subsidiary EDP Renewables North America LLC, a 15-year contract to sell the energy produced by 50MW with Commercial & Industrial Entity and a 20-year contract to sell the energy produced by 100MW with Wabash Valley Power Association, both contracts from Broadlands wind farm.

The project is located in the State of Illinois and the start of operations is expected in 2019.

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 of an Executive Committee, a Management Committee and direct representation on iberian ambit EDP Management Committee.

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 Análise de 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 Commercial Shared Services ("Direcção de Serviços Partilhados Comerciais"), Department of EDP Spain Foundation ("Direcção da Fundação EDP Espanha") 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 183 human resources as at 31 March 2018, including 106 in its own payroll. Lastly, the Spanish branch of EDP has direct representation on iberian ambit EDP Management Committee particularly the Energy Planning Committees, Price and Volume, Markets, Distribution Networks, Commercial and Production.

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

	EDP B	ranch
Thousand Euros	Mar 2018	Dec 2017
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	73.562	72.487
Other debtors and others assets (see note 23)	8.659	894.059
Total Non-Current Assets	7.106.203	7.990.528
Debtors and other assets	1.290.023	733.390
Tax receivable	42.545	80.389
Cash and cash equivalents	117	1.454
Total Current Assets	1.332.685	815.233
Total Assets	8.438.888	8.805.761
Equity	7.433.172	6.933.048
Employee benefits	2.170	3.073
Trade and other payables	196.517	199.279
Provisions	260	260
Total Non-Current Liabilities	198.947	202.612
Trade and other payables (see note 36)	785.448	1.652.768
Tax payable	21.321	17.333
Total Current Liabilities	806.769	1.670.101
Total Liabilities	1.005.716	1.872.713
Total Equity and Liabilities	8.438.888	8.805.761

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 maintenance of the contractual balance ("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.

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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 public hydro domain.

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 or 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 and gas.

The Group manages its activities based on several business segments, which includes the activities in Iberia. Moreover, the EDP Group also makes a separate analysis of the electricity generation business through wind and solar power sources, which is achieved in a specific segment (EDP Renováveis). Finally, taking into consideration the specificity of the Brazilian market, the Group also makes a separate analysis of the electricity generation, distribution, transmission and supply businesses in Brazil (EDP Brasil).

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.

The segments defined by the Group are the following:

- Generation and Supply in Iberia;
- Regulated Networks in Iberia;
- EDP Renováveis;
- EDP Brasil.



The Generation and Supply segment in Iberia corresponds to the activity of regulated and liberalised generation and supply of electricity in Portugal and Spain. This segment includes, namely, the following companies:

- EDP Gestão da Produção de Energia, S.A.;
- Fisigen Empresa de Cogeração, S.A.;
- Pebble-Hydro Consultoria, Investimentos e Serviços, Lda.;
- EDP Small-Hydro, S.A.;
- Empresa Hidroeléctrica do Guadiana, S.A.;
- Central Térmica Ciclo Combinado Grupo 4, S.A.;
- EDP Comercial Comercialização de Energia, S.A.;
- EDP España, S.A.U.;
- Naturgás Comercializadora, S.A.;
- EDP Gás.Com Comércio de Gás Natural, S.A.;
- Greenvouga Sociedade Gestora do Aproveitamento Hidroeléctrico do Ribeiradio-Ermida, S.A.

Additionally, this segment includes the Iberian energy management business unit (UNGE) as well as the elimination of transactions between companies identified above. UNGE is the EDP Group unit responsible for the management of purchases and sales of energy in the Iberian market, and also for the related hedging transactions.

The Regulated Networks segment in Iberia corresponds to the activities of electricity and gas distribution in Portugal and Spain and last resort supplier. This segment includes, namely, the following companies:

- EDP Distribuição Energia, S.A.;
- EDP Serviço Universal, S.A.;
- Electra de Llobregat Energía, S.L.;
- Hidrocantábrico Distribucion Eléctrica, S.A.U.;
- EDP Gás Serviço Universal, S.A.

The homologous previous year includes in this segment the gas distribution in Portugal and Spain, in particular the following companies, that were disposed during 2017:

- EDP Gás Distribuição, S.A. (until the closing date);
- Naturgás Energia Distribución, S.A.U. (until the closing date);
- EDP España Distribución Gas, S.A. (until the closing date);
- Naturgas Suministro GLP, S.A.U. (until the closing date).

The EDP Renováveis segment corresponds to the power generation activity through wind and solar energy resources and includes all the companies of EDPR Europe, EDPR North America and EDPR Brasil subgroups. This segment also includes the holding company EDP Renováveis, S.A., and all the adjustments between the companies composing this segment, including consolidation adjustments.

The EDP Brasil segment includes the activities of electricity generation, distribution and supply in Brazil, and is composed by the holding EDP Energias do Brasil, S.A. and all its subsidiaries. As in the EDP Renováveis segment, this segment includes all the adjustments for the companies composing this segment, including consolidation adjustments.

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 of each subsidiary and business unit, 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, Goodwill, Trade Receivables and Inventories captions. The captions Debtors and other assets are allocated to each segment according to its nature. The remaining assets are presented in the "Reconciliation of information between Operating Segments and Financial Statements".

In each business segment, Liabilities include the Provisions and Employee benefits captions. The captions Trade and other payables are allocated to each segment according to its nature. The remaining liabilities 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 under the financial asset model, 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 18.

In consolidated financial statements, Joint Ventures and associated companies are accounted under the equity method, in accordance with the Group accounting policy disclose 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.

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EDP Group Operating Segments Information as at 31 March 2018

	Iberia	ia ei			
:	Generation and	Regulated	EDP	FDP Bracil	Total
Thousand Euros	Supply	Networks	Renováveis		Segments
Revenues from energy sales and services and others	2,154,538	1,424,806	475,386	740,594	4,795,324
Revenues inter-segments	22,987	550,447	178,952	322	752,708
Revenues from third parties	2,131,551	874,359	296,434	740,272	4,042,616
Gross Profit	357,440	322,373	476,303	238,695	1,394,811
Other income	7,853	5,199	64,306	764	78,122
Supplies and services	-70,403	-66,101	-74,018	-35,155	-245,677
Personnel costs and employee benefits	-38,136	-31,748	-28,165	-29,119	-127,168
Other costs	-71,395	-70,636	-57,777	-12,504	-212,312
Gross Operating Profit	185,359	159,087	380,649	162,681	887,776
	C	707	Ç		964
Amortination and immirmant	98	401	170 740	-1,012	227 1 EE
Alliotusation and impairment	720,027	000,60-	047'07T-	-4T,U3U	-332,133
Operating Profit	92,390	89,710	252,346	120,639	555,085
Equity method in joint ventures and associates	534	-32	613	230	1,345
Assets	11,321,971	5,791,015	15,273,784	4,182,319	36,569,089
Financial assets - Investments in joint ventures and associates	25,738	37	292,843	432,185	750,803
Liabilities	2,785,299	2,422,440	1,237,417	871,322	7,316,478
Operating Investment	27.505	34.304	265.215	33.579	360.603



Reconciliation of information between Operating Segments and Financial Statements for March 2018

Total Revenues from energy sales and services and other of Reported Segments Revenues from energy sales and services and others from Other Segments Revenues from energy sales and services and others from Other Segments Adjustments and Inter-segments eliminations* Total Revenues from energy sales and services and other of EDP Group Total Gross Profit of Reported Segments Gross Profit from Other Segments Adjustments and Inter-segments eliminations* Total Gross Profit of EDP Group Total Gross Profit of Reported Segments Adjustments and Inter-segments eliminations* Total Gross Operating Profit of Reported Segments Gross Operating Profit of Reported Segments Adjustments and Inter-segments eliminations* Total Gross Operating Profit of EDP Group Total Gross Operating Profit of EDP Group Total Assets of Reported Segments Adjustments and Inter-segments eliminations* Total Assets of Reported Segments Assets Not Allocated Financial Assets 1,272,629 Total Assets of EDP Group Total Assets 1,250,623 Assets from Other Segments 1,1099,028 Inter-segments assets eliminations* 1,152,074 Total Assets of EDP Group Total Assets of EDP Group Total Equity accounted Investments in joint ventures and associates of EDP Group Total Equity accounted Investments in joint ventures and associates of EDP Group Total Equity accounted Investments in joint ventures and associates of EDP Group Total Equity accounted Investments in joint ventures and associates of EDP Group Total Liabilities of Reported Segments 1,152,074 Total Capital profit of Reported Segments 1,200,753 Other payables Hydrological correction account 1,181 Liabilities from Other Segments 1,201,753 Other payables Hydrological correction account 1,181 Liabilities of EDP Group Total Liabilities of EDP Gro		
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Inter-segments assets eliminations* Total Assets of EDP Group Total Equity accounted Investments in joint ventures and associates of Reported Segments Equity accounted Investments in joint ventures and associates from Other Segments Total Equity accounted Investments in joint ventures and associates from Other Segments Total Equity accounted Investments in joint ventures and associates of EDP Group Total Liabilities of Reported Segments Liabilities Not Allocated Financial Liabilities Financial		
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Total Equity accounted Investments in joint ventures and associates of Reported Segments Equity accounted Investments in joint ventures and associates from Other Segments Total Equity accounted Investments in joint ventures and associates of EDP Group 880,331 Total Liabilities of Reported Segments Liabilities Not Allocated 20,692,128 Financial Liabilities 15,864,357 Institutional partnership in USA 2,030,724 Taxes Liabilities 1,200,753 Other payables 1,200,753 Other payables 1,181 Liabilities from Other Segments 719,316 Inter-segments Liabilities eliminations* 719,316 Inter-segments Liabilities of EDP Group 27,356,641 Total Operating Investment of Reported Segments 6,936 Total Operating Investment of EDP Group 367,539 Discomission of Tangible Assets 228 Emission of CO2 Licenses and Green Certificates 39,006	Inter-segments assets eliminations*	-1,152,074
associates of Reported Segments Equity accounted Investments in joint ventures and associates from Other Segments 129,528 Total Equity accounted Investments in joint ventures and associates of EDP Group 880,331 Total Liabilities of Reported Segments Liabilities Not Allocated Financial Liabilities 15,864,357 Institutional partnership in USA 2,030,724 Taxes Liabilities 31,200,753 Other payables 1,200,753 Hydrological correction account 1,181 Liabilities from Other Segments 719,316 Inter-segments Liabilities eliminations* 719,316 Total Liabilities of EDP Group 704 Total Operating Investment of Reported Segments 6,936 Total Operating Investment of Segments 728 Discomission of Tangible Assets 228 Emission of CO2 Licenses and Green Certificates 360,603	Total Assets of EDP Group	40,891,852
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Total Liabilities of Reported Segments 7,316,478 Liabilities Not Allocated 20,692,128 Financial Liabilities 15,864,357 Institutional partnership in USA 2,030,724 Taxes Liabilities 1,200,753 Other payables 1,595,113 Hydrological correction account 1,181 Liabilities from Other Segments 719,316 Inter-segments Liabilities eliminations* -1,371,281 Total Liabilities of EDP Group 27,356,641 Total Operating Investment of Reported Segments 6,936 Total Operating Investment of EDP Group 367,539 Discomission of Tangible Assets 228 Emission of CO2 Licenses and Green Certificates 39,006		000 221
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Liabilities Not Allocated 20,692,128 Financial Liabilities 15,864,357 Institutional partnership in USA 2,030,724 Taxes Liabilities 1,200,753 Other payables 1,595,113 Hydrological correction account 1,181 Liabilities from Other Segments 719,316 Inter-segments Liabilities eliminations* -1,371,281 Total Liabilities of EDP Group 27,356,641 Total Operating Investment of Reported Segments 360,603 Operating Investment from Other Segments 6,936 Total Operating Investment of EDP Group 367,539 Discomission of Tangible Assets 228 Emission of CO2 Licenses and Green Certificates 39,006		
Liabilities Not Allocated 20,692,128 Financial Liabilities 15,864,357 Institutional partnership in USA 2,030,724 Taxes Liabilities 1,200,753 Other payables 1,595,113 Hydrological correction account 1,181 Liabilities from Other Segments 719,316 Inter-segments Liabilities eliminations* -1,371,281 Total Liabilities of EDP Group 27,356,641 Total Operating Investment of Reported Segments 360,603 Operating Investment from Other Segments 6,936 Total Operating Investment of EDP Group 367,539 Discomission of Tangible Assets 228 Emission of CO2 Licenses and Green Certificates 39,006	Total Liabilities of Reported Segments	7.316.478
Financial Liabilities 15,864,357 Institutional partnership in USA 2,030,724 Taxes Liabilities 1,200,753 Other payables 1,595,113 Hydrological correction account 1,181 Liabilities from Other Segments 719,316 Inter-segments Liabilities eliminations* -1,371,281 Total Liabilities of EDP Group 27,356,641 Total Operating Investment of Reported Segments 360,603 Operating Investment from Other Segments 6,936 Total Operating Investment of EDP Group 367,539 Discomission of Tangible Assets 228 Emission of CO2 Licenses and Green Certificates 39,006		
Institutional partnership in USA 2,030,724 Taxes Liabilities 1,200,753 Other payables 1,595,113 Hydrological correction account 1,181 Liabilities from Other Segments 719,316 Inter-segments Liabilities eliminations* -1,371,281 Total Liabilities of EDP Group 27,356,641 Total Operating Investment of Reported Segments 360,603 Operating Investment from Other Segments 6,936 Total Operating Investment of EDP Group 367,539 Discomission of Tangible Assets 228 Emission of CO2 Licenses and Green Certificates 39,006		
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Total Operating Investment of EDP Group 367,539 Discomission of Tangible Assets 228 Emission of CO2 Licenses and Green Certificates 39,006		
Discomission of Tangible Assets 228 Emission of CO2 Licenses and Green Certificates 39,006		
Emission of CO2 Licenses and Green Certificates 39,006		
Investment Grants -4.561	Emission of CO2 Licenses and Green Certificates	39,006
	Investment Grants	-4,561
Other Investments 4,221		
Total Fixed Assets additions of EDP Group (Notes 16 e 17) 406,433	Total Fixed Assets additions of EDP Group (Notes 16 e 17)	406,433

	Total of Reported Segments	Other Segments	Adjustments and Inter-segments eliminations*	Total of EDP Group
Other income	78,122	13,838	-6,457	85,503
Supplies and services	-245,677	-61,921	98,100	-209,498
Personnel costs and employee benefits	-127,168	-38,532	3,069	-162,631
Other costs	-212,312	-1,456	-107	-213,875
Provisions	-536	7,628		7,092
Amortisation and impairment	-332,155	-15,257	-3,930	-351,342
Equity method in joint ventures and associates	1,345	89		1,434

 $[\]ensuremath{^{*}}$ Mainly related with intragroup balances and transactions eliminations.

EDP - Energias de Portugal, S.A. Notes to the Condensed Consolidated and Company Financial Statements for the three-month periods ended 31 March 2018 and 2017

EDP Group Operating Segments Information as at 31 March 2017

	Iperia	В			
	Generation and	Regulated	EDP	FDD Bracil	Total
Thousand Euros	Supply	Networks	Renováveis	בפו	Segments
Revenues from energy sales and services and others	2,192,109	1,576,280	467,438	731,409	4,967,236
Revenues inter-segments	18,727	641,601	80,509	168	741,005
Revenues from third parties	2,173,382	934,679	386,929	731,241	4,226,231
Gross Profit	358,728	443,891	459,959	261,993	1,524,571
Other income	10,411	7,290	73,779	783	92,263
Supplies and services	-69,466	-81,300	-75,885	-44,256	-270,907
Personnel costs and employee benefits	080'66-	-35,404	-23,766	-34,930	-133,180
Other costs	-59,885	-69,952	-60,653	-19,351	-209,841
Gross Operating Profit	200,708	264,525	373,434	164,239	1,002,906
Provisions	6	-853	-134	-3.030	-4.015
Amortisation and impairment	-91,616	-81,942	-130,803	-42,553	-346,914
Operating Profit	109,094	181,730	242,497	118,656	651,977
Equity method in joint ventures and associates	1,306	33	-1,687	-1,051	-1,399
Assets (31 December 2017)	11,301,024	5,728,072	15,347,912	4,214,591	36,591,599
Equity accounted Investments in joint ventures and associates (31 December 2017)	25,205	69	303,518	381,190	709,982
Liabilities (31 December 2017)	2,621,617	2,205,774	1,272,493	934,900	7,034,784
Operating Investment	31,883	73,144	92,835	49,362	247,224



Reconciliation of information between Operating Segments and Financial Statements for March 2017

Thousand Euros	
Total Revenues from energy sales and services and others of Reported Segments	4.047.004
Revenues from energy sales and services and others from Other Segments	4,967,236 114,248
Adjustments and Inter-segments eliminations*	-848,281
Total Revenues from energy sales and services and others of EDP	040,201
Group	4,233,203
Total Gross Profit of Reported Segments	1,524,571
Gross Profit from Other Segments	108,804
Adjustments and Inter-segments eliminations* Total Gross Profit of EDP Group	-110,571
Total Gross Profit of EDP Group	1,522,804
Total Gross Operating Profit of Reported Segments	1,002,906
Gross Operating Profit from Other Segments	6,944
Adjustments and Inter-segments eliminations*	1,057
Total Gross Operating Profit of EDP Group	1,010,907
Tatal On analysis Duelit of Damanta d Comments	
Total Operating Profit of Reported Segments Operating Profit from Other Segments	651,977
Adjustments and Inter-segments eliminations*	-697 -3,739
Total Operating Profit of EDP Group	647,541
	017,011
Total Assets of Reported Segments (31 December 2017)	36,591,599
Assets Not Allocated	5,442,234
Financial Assets	2,838,027
Taxes Assets	1,329,021
Other Assets	1,275,186
Assets from Other Segments	999,638
Inter-segments assets eliminations*	-958,422
Total Assets of EDP Group (31 December 2017)	42,075,049
Total Equity accounted Investments in joint ventures and	
associates of Reported Segments (31 December 2017)	709,982
Equity accounted Investments in joint ventures and associates from Other	
Segments	133,100
Total Equity accounted Investments in joint ventures and	0.40.000
associates of EDP Group (31 December 2017)	843,082
Total Liabilities of Reported Segments (31 December 2017)	7,034,784
Liabilities Not Allocated	22,040,914
Financial Liabilities	17,032,446
Institutional partnership in USA	2,163,722
Taxes Liabilities	1,029,988
Other payables	1,813,184
Hydrological correction account	1,574
Liabilities from Other Segments	753,046
Inter-segments Liabilities eliminations*	-1,233,955
Total Liabilities of EDP Group (31 December 2017)	28,594,789
Total Operating Investment of Reported Segments	247,224
Operating Investment of Reported Segments	4,581
Total Operating Investment of EDP Group	251,805
Discomission of Tangible Assets	278
Emission of CO2 Licenses and Green Certificates	6,207
Investment Grants	1,682
Other Investments	-3,926
Total Fixed Assets additions of EDP Group	256,046

	Total of Reported Segments	Other Segments	Adjustments and Inter-segments eliminations*	Total of EDP Group
Other income	92,263	14,505	-7,893	98,875
Supplies and services	-270,907	-70,509	114,634	-226,782
Personnel costs and employee benefits	-133,180	-42,372	4,220	-171,332
Other costs	-209,841	-3,484	667	-212,658
Provisions	-4.015	-110		-4,125
Amortisation and impairment	-346,914	-7,531	-4,796	-359,241
Equity method in joint ventures and associates	-1,399	822		-577

 $[\]ensuremath{^{*}}$ Mainly related with intragroup balances and transactions eliminations.

47. Consolidated and Company Reconciliation of Changes in the responsabilities of Financing activities

			Group		
	Financial del instruments (
Thousand Euros	Loans obtained (Note 31)	Collateral Deposits (Note 31)	Derivative financial instruments (Note 39)*	Institutional partnerships in USA (Note 34)	Loans from related parties (Note 36)
Balance as at 31 de December 2017	16,917,765	-45,255	-111,376	2,163,722	712,802
Cash flows:					
Receipts/(payments) relating to financial debt (include Collateral Deposits)	-908,656	2,638	-	-	-
Interest and similar costs of financial debt including hedge derivatives	-242,057	-	35,973	-	-
Receipts/(payments) relating to loans from non-controlling interests	-	-	-	-	2,501
Interest and similar costs relating to loans from non-controlling interests	-	-	-		-4,295
Receipts/(payments) relating to derivative financial instruments	-	-	19,825		-
Receipts/(payments) from institutional partnerships - USA				-45,847	
Perimeter variations	-	_	-	-	563
Exchange rate	-157,419	602	430	-57,395	-1,689
Fair value changes	-10,875	-	-71,271		-
Interests and accrued and deferred costs	153,267	-	-2,813	1,855	8,280
Unwinding	-	-	-	20,456	-
ITC/PTC recognition	-	-		-52,067	-
Reclassification to Assets held for sale	-131	-	-18,008		
Balance as at 31 de March 2018	15,751,894	-42,015	-147,240	2,030,724	718,162

^{*} The Group consideres as financing activities all derivative financial instruments excluding derivatives related with commodities.

		Comp	any	
		debt and e financial		
Thousand Euros	Loans obtained	Derivative financial instruments	Group's financial system (Note 23	Group companies
	(Note 31)	(Note 41)*	and 36)	(Note 36)
Balance as at 31 de December 2017	13,488,297	-408,886	-490,904	1,790,390
Cash flows:				
Receipts/(payments) relating to financial debt (include Collateral Deposits)	-1,050,365	-	-	-
Interest and similar costs of financial debt including hedge derivatives	-109,890	-1,939	-	-
Receipts/(payments) relating to loans from related parties	-	-	- 349 374	-790,660
Interest and similar costs of loans from related parties including hedge derivatives	-	6,742	-	-32,391
Receipts/(payments) relating to derivative financial instruments	-	130,662	-	
Exchange rate	-5,556	-	- 564	-52,813
Fair value changes	-	66,135	-	-
Interests and accrued and deferred costs	77,545	-6,327	-	11,402
Balance as at 31 de March 2018	12,400,031	-213,613	-840,842	925,928

^{*} The Group consideres as financing activities all derivative financial instruments excluding derivatives related with commodities.



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.

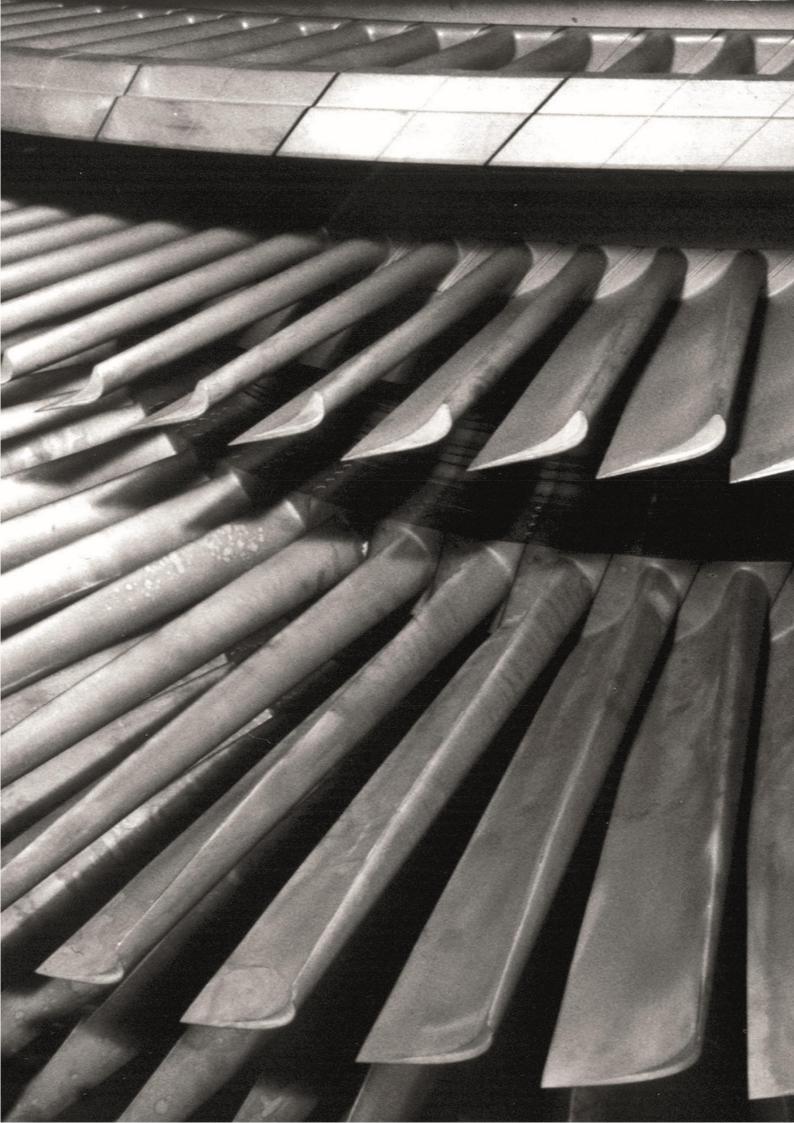
THE LIVING ENERGY : BOOK by edp



04

Annexes

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THE LIVING ENERGY S BOOK by edp

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 Morais Pinto Pereira Carneiro

THE LIVING ENERGY S BOOK by edp

Sustainability Indicators

Environmental Indicators	UN	1Q18	1Q17	1Q16	1Q15
ENVIRONMENTAL CERTIFICATION (ISO 14001)					
ISO 14001 Certification 1	%	89	88	88	94
PRIMARY ENERGY CONSUMPTION	TJ	50,273	64,147	48,858	47,682
Coal	TJ	37,960	47,692	40,709	39,193
Fuel oil	TJ	69	71	169	117
Natural gas	TJ	9,611	12,406	4,431	4,321
Residual gases	TJ	2,544	3,413	3,957	2,836
Diesel oil	TJ	31	81	81	30
Fuel for vehicle fleet	TJ	58	53	55	64
ENERGY INTENSITY 1	M J/EUR	12.47	15.15	12.90	11.53
ELECTRICITY CONSUMPTION					
Generation self-consumption	MWh	1,110,703	1,089,472	938,573	813,346
Administrative service	MWh	9,140	9,707	8,044	8,538
Grid losses	%	10.4	10.5	10.2	9.7
GHG EM ISSION					
Direct emissions (scope 1)	ktCO _{2eq}	4,394	5,216	4,269	4,855
Stationary combustion ²	ktCO _{2eq}	4,389	5,211	4,260	4,845
SF6 Emissions	ktCO _{2eq}	1.2	0.7	1.4	1.5
Company fleet	$ktCO_{2eq}$	4.0	3.8	3.7	4.5
Natural gas consumption	ktCO _{2eq}	0.0	0.2	0.2	0.2
Indirect emissions (scope 2) ³	ktCO _{2eq}	193	191	128	213
Electricity consumption in office buildings	ktCO _{2eq}	0.7	0.5	0.2	0.2
Electricity losses	ktCO _{2eq}	187	185	122	207
Renewable plants self-consumption	ktCO _{2eq}	5	5	6	6
GHG EM ISSIONS INTENSITY 4	kgCO₂/EUR	1.1	1.3	1.2	1.2
CO ₂ AVOID EMISSIONS	ktCO ₂	9,953	8,665	12,039	8,749
SPECIFIC OVERALL EMISSIONS	4384	0.11	0.70	0.45	200
CO ₂ ²⁵	g/kWh	214	273	245	296
NO _x	g/kWh	0.2	0.2	0.2	0.3
SO ₂	g/kWh	0.3	0.4	0.2	0.3
Particulate matter WATER COLLECTED	g/kWh	0.02	0.02	0.01	0.01 435.342
	10 ³ x m ³ 10 ³ x m ³	345,101	424,052	379,329	435,342
Salt (ocean) Fresh		337,621	415,236	373,392	423,730
Surface	10 ³ x m ³	7,480	8,816	5,937 5,908	,
	10 ³ x m ³	7,430 50	8,787	,	11,588
Groundwater WASTE SENT TO FINAL DISPOSAL	10 ³ x m ³	50	29	29	24
Total waste	t	68,297	112,175	117,853	95,608
Total waste Total hazard waste		,	1,627	,	2,294
Recovered Waste	t %	1,406 66	1,627	1,235 60	
Recovered waste	%	06	53	60	71

 $^{^1\}mbox{Aggregated}$ certifiction indicator due to assets with potential environmental impacts. $^2\mbox{Primary}$ energy consumption by turnover.

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

⁴ Calculation according with GHG Protocol based location methodology.

⁵ Scope 1 and Scope 2 emissions by turnover.

 $^{^{\}rm 6}$ Includes only stationary combustion emissions.

Social Indicators	UN	1Q18	1Q17	1Q16	1Q15
EM PLOYM ENT					
Employees	#	11,514	11,8 59	11,939	11,632
Executive Board of Directors	#	8	8	8	7
Senior M anagement	#	788	751	736	698
Supervisors	#	738	832	755	723
Specialists	#	4,131	4,028	3,910	3,736
Technicians Mala ampla year	#	5,850	6,241	6,531	6,469
M ale employees Female employees	% %	76 24	76 24	77 23	77 23
Employees by types of contract	#	11,514	11,859	11,939	11,632
Executive bodies	#	53	54	53	5
Male	#	50	51	50	50
Female	#	3	3	3	
Permanent workforce	#	11,395	11,731	11,784	11,423
Male	#	8,642	8,920	9,051	8,772
Female	#	2,753	2,811	2,733	2,65
Fixed-term contracts	#	66	74	102	158
Male	#	35	44	63	13
Female	#	31	30	39	23
Employees by occupational contract	#	11,514	11,8 59	11,939	11,632
Full-Time	#	11,473	11,8 19	11,9 10	11,599
Male	#	8,722	9,009	9,159	8,95
Female	#	2,751	2,810	2,751	2,648
Part-time	#	41	40	29	33
Male	#	5	6	5	(
Female	#	36 299	34 220	24 137	2
New employees Male	#	299	149	101	133
Female	#	223 76	71	36	9 42
F/M new admissions rate	π X	0.34	0.48	0.36	0.46
Employees leaving	#	442	353	307	267
Male	#	353	293	249	209
Female	#	89	60	58	58
Turnover	%	3.17	2.41	1.88	1.7
A verage age of workforce	years	44	45	45	46
A bsent eeism rate	%	2.97	3.32	3.46	3.48
Pay ratio by gender (F/M)	x	1.03	1.03	1.03	1.00
TRAINNING					
Total hours of training	hours	75,624	58,639	49,326	74,866
Average training per employee (h/p)	h/p	6.6	4.9	4.1	6.4
Employees with training	%	60	31	34	5
HEALTH AND SAFETY (H&S)					
Employees	#	6	6	6	g
Accidents 1 Fatal accidents	#	0	0	0	(
Total lost days due to accidents	#	501	602	554	430
Frequency rate ²	Tf	1.11	1.12	1.07	1.7
Severity rate ³	Tg	93	113	99	82
Contractors	. 9				<u> </u>
Accidents ¹	#	17	26	46	30
Fatal accidents	#	2	1	1	
Working days	#	1,311,961	1,206,320	1,116,832	1,147,10
Frequency rate ²	Tf	1.91	2.95	5.54	3.56
Severity rate ³	Tg	64	167	199	288
EDP employees and contractors					
Frequency rate ²	Tf_total	1.63	2.27	3.76	2.80
Severity rate ³	Tg_total	74	147	159	21
Fatal electrical accidents envolving third parties 4	#	4	3	1	(
Near accidents ⁵	#	1,002	77	89	40
VOLUNTEER INVESTMENT IN THE COMMUNITY (LBG METHODOLOGY)					
Volunteer investment/EBITDA	%	0.30	0.22	0.18	0.19

¹ 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.

²Work accidents by a million worked hours.

 $^{^{\}rm 3}\,\text{Number}$ of calendar days lost due to work accident by a million worked hours.

 $^{^{\}rm 4}$ Accidents ocurred in the permises of the company plants or equipment.

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

Economic Indicators	UN	1Q18	1Q17	1Q16	1Q15
ECONOMIC VALUE GENERATED	'000€	4,247,458	4,448,463	4,254,167	4,561,014
Economic value distributed		3,551,015	3,808,976	3,456,531	3,886,606
Economic value accumulated		696,443	639,487	797,636	674,408
ENERGY EFFICIENCY AND SUPLEMENTARY ENERGY SERVICES REVENUES 1		263,960	310,658	3 19,53 1	297,763
Energy efficiency services revenues	'000€	37,485	25,017	20,513	15,559
Suplementary energy services revenues ²	'000€	226,475	285,640	299,018	282,204
FINES AND PENALTIES	'000€	1,995	3,963	2,279	1,667
ENVIRONMENTAL MATTERS ³	'000€	44,870	22,494	17,597	22,147
Investments	'000€	6,092	9,099	4,707	6,785
Expenses	'000€	38,778	13,395	12,891	15,362
SOCIAL MATTERS					
Personnal costs	'000€	147,602	155,554	146,446	145,477
Employee benefits	'000€	15,029	15,778	14,657	15,045
Direct training investment	'000€	931	927	641	891
Direct training investment per employee	€ р	80.87	78.18	53.65	76.58
HC ROI per employee	€p	7.28	7.56	8.33	7.58

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

² Suplementary energy services revenues include the following categories: Energy M anagement, M aintenance and Operation, Property/Facility M anagement, Energy and/or Equipment Supply, Provision of Service (example: steam) and other.

³ 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.

CONCEPTS AND DEFINITIONS

A

ADJUSTED NET DEBT

Net Debt adjusted by Regulatory Receivables.

ASSET ROTATION

Strategy aimed at crystallizing the value of a project by selling a minority stake in an asset and reinvesting the proceeds in another asset, targeting greater growth.

AVERAGE COST OF DEBT

Considers (Interest expense on financial debt +/- Income and Expenses with Interest from derivative financial instruments) / Average Financial Gross Debt in the period (Total debt and borrowings - Accrued Interest - Fair value of the issued debt hedged risk). Includes 50% of the interest expense and of the nominal amount of hybrid debt.

C

CAGR

Compound annual growth rate.

CAPEX

Capital Expenditure. Capex includes increases in Property, Plant and Equipment and in Intangible Assets, excluding CO_2 licenses and Green certificates, net of increases in Government grants, Customers contributions for investment and Sales of properties in the period.

CESE

Extraordinary Contribution to the Energy Sector. An extraordinary temporary property tax created in 2014, in Portugal, with the objective of promoting the energy sector systemic sustainability. This contribution applies generally to electricity, natural gas and oil assets.

COD

Commercial Operating Date. Date at which the project starts operating officially, after the testing and commissioning period.

D

DEC

The equivalent interruption time of energy per consumed unit. Refers only to medium voltage.

DIVIDEND PAY-OUT RATIO

Measures the percentage of a company's net income that is given to shareholders in the form of dividends (Total Dividends per Share of period "n"/ Earnings per Share of period "n-1").

DIVIDEND YIELD

Considers the ratio between gross dividend per share and share price.

E

EBIT

EBITDA deducted from provisions, amortisations and impairments.

EBITDA

Earnings before Interest, Tax, Depreciations and Amortizations: Gross Profit - Supplies and services - Personnel costs and employee benefits +/- Other income/expenses.

EBITDA@risk

Estimated loss of EBITDA, in a given period of time and for a given confidence interval. Usually it is used an horizon of 12 months and a level of confidence of 95%.

EOLICITY

Indicator that allows to quantify the deviation of the total value of energy produced by wind in a given period, in relation to the an average wind regime.

EPS

Earnings per share. The portion of a company's profit allocated to each outstanding share of common stock.

F

FEC

Equivalent interruption frequency of energy per consumed unit. Refers only to medium voltage.

FEED IN TARIFFS

Remuneration framework that guarantees that a company will receive a set price, applied to all of the electricity they generate and provide to the grid.

FFO

Funds from Operations: EBITDA – Interest on debt and on TEI liabilities – Current taxes +/- Income from equity investments +/- other residual adjustments resulting from accruals/deferrals.

FFO/NET DEBT

Funds From Operation (FFO) over Net Debt. For this purpose, Net Debt includes Nominal Debt of the company + Pension and Medical care liabilities post tax + Tax Equity financial liabilities + Present value of leasing and other financial commitments.

FOREX

Foreign Currency.

G

GC

Green certificate. Tradable commodity resulting from electricity generated using renewable energy sources.

GHG

Greenhouse gases. Gases that trap the heat of the sun in the Earth's atmosphere, producing the greenhouse effect. The two major greenhouse gases are water vapor and carbon dioxide. Lesser greenhouse gases include methane, ozone, chlorofluorocarbons, and nitrogen oxides.

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GROSS PROFIT

Includes Revenues from energy sales and services and other minus Cost of energy sales and other.

GW

Unit of electric power equal to 1,000 MW.

GWh

Equal to 1,000 MW used continuously for one hour.

Н

HEDGING

Risk management strategy used in limiting or offsetting probability of loss from fluctuations in the prices of commodities, currencies, indexes or securities.

HYDRO COEFFICIENT

Indicator that allows to quantify the deviation of the total value of hydroelectric energy produced in a given period, in relation to an average hydro regime. Values above "1" translate a period with inflows and energy generated above the average ("wet" period) and bellow "1" the reverse ("dry" period).

Ι

ICEIT

Installed capacity equivalent interruption time. Indicator that represents the equivalent interruption time of installed power per geographical area of the operator of the distribution network in a given period. Excludes extraordinary events - the extraordinary weather events that exceed the conditions for which was dimensioned.

INSTALLED CAPACITY

Installed Capacity is the sum of capacity (MW) installed in power plants owned by companies fully consolidated.

INSTALLED CAPACITY EQUITY

Installed Capacity Equity also includes the respective share of the MW installed in power plants owned by companies equity consolidated.

ITC

Investment tax credit. Tax incentive in the US in the form of a one shot tax credit that covers a percentage of the investment.

K

KEY RISK INDICATOR (KRI)

Risk indicator that follows a variable risk factor, allowing the early warning of changes in risk exposure and the identification of potential risks or opportunities.

M

MW

Unit of electric power equal to 10⁶ watts.

MWh

Equal to 10^6 watts of electricity used continuously for one hour.

N

NET DEBT

A metric that shows a company's overall debt situation calculated using company's total debt less cash on hand. From 2017 onwards it includes Financial Debt, Cash and Equivalents, Short-term financial assets at fair-value and fair value hedge and collateral deposits associated to financial debt and 50% of the amount related with the issuance of a subordinated debt instrument (hybrid).

NET DEBT ADJUSTED/EBITDA

Number of times/years needed to pay the Net Debt Adjusted with the EBITDA generated by the Company.

NET CAPACITY FACTOR (NCF)

The ratio of a plant's actual output over a period of time to its potential output if it were possible for it to operate at full nameplate capacity continuously, over the same period of time. Also known as Load Factor.

NET INVESTMENTS

Considers Capex + organic Financial Investments - Asset Rotations + granted and/or sold shareholder loans.



OPEX

Includes Supplies and Services and Personnel and Employee Benefits costs.

OPEX PROGRAM: SAVINGS

Costs savings obtained from the OPEX Program. OPEX IV savings are measured by comparison between current operating costs and 2014's costs.

OPEX/GROSS PROFIT

Efficiency ratio computed by OPEX (excluding non-recurrent costs with Employee Benefits/ Restructuring costs) over Gross Profit (including income from institutional partnerships in EDPR-NA).

OPEX/RECURRENT GROSS PROFIT

Efficiency ratio computed by OPEX (excluding non-recurrent costs with Employee Benefits/ Restructuring costs) over Gross Profit adjusted form non recurrent events (including income from institutional partnerships in EDPR-NA).

ORGANIC CASH-FLOW

Cash generated from organic activities. Includes cash flows from operating activities (excluding changes in Regulatory Receivables), net of maintenance CAPEX, net interests payments associated with debt, payments to institutional partnerships in US, payments to minorities (such as dividends, capital distributions, payments of capital/interests on shareholder loans).



ΡΡΔ

Power purchase agreement. A legal contract between an electricity generator (provider) and a power purchaser (host). The power purchaser buys energy, and sometimes also capacity and/or ancillary services, from the electricity generator.

PTC

Production tax credit. The result of the Energy Policy Act of 1992, a commercial tax credit in the US that applies to wholesale electrical generators of wind energy facilities based upon the amount of energy generated in a year.

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R

RCF

Retained Cash Flow. Equals FFO minus Dividends paid by EDP to its shareholders and to minorities.

RECURRING EBITDA/NET PROFIT

EBITDA or NET PROFIT adjusted for one-offs. It aims to normalize EBITDA into one more predictable and which can be counted on in the future with a high degree of certainty. One-offs include amounts materially relevant resulting from, for instance, impairments and capital gains/losses on assets, retroactive regulatory changes, HR and debt restructuring costs and CESE.

REGULATORY RECEIVABLES

Amounts pending to be received from the electricity system and related with tariff adjustments and tariff deficits from regulated activities in Iberia and Brazil (Generation in Portugal and Spain, Distribution and Last Resort Supply of electricity in Portugal and Distribution in Brazil).

RENEWABLE ENERGY

Energy that is derived from resources that are regenerative or that cannot be depleted including wind energy, solar, biomass, geothermal, and moving water.

REC

Renewable energy credit. Represents the property rights to the environmental, social, and other non-power qualities of renewable electricity generation. A REC can be sold separately from the electricity associated with a renewable energy generation source.

RES

Renewable energy sources.

ROE

Ganhos antes de interesses minoritários sobre a média dos capitais próprios para o período.

ROIC

Return on Invested Capital. EBIT Adjusted over average Invested Capital of the period. EBIT Adjusted is EBIT + share of net profits in joint ventures and associates + impairments + provisions +/- capital losses/gains + HR restructuring costs - Price Purchase Allocation amortizations. Invested Capital includes net fixed assets - assets under construction + working capital.

ROIC Cash

Cash Return on Invested Capital, ie, ignoring the age of assets and the time of investment. EBITDA Adjusted over average Invested Capital of the period. EBITDA adjusted is EBITDA – (nominal tax rate x EBITDA) + share of profits in associates. Invested Capital includes gross fixed assets.

RPS

Renewable Portfolio Standard. Regulation in the US that places an obligation in certain states on electricity supply companies to source a specific percentage of their energy from renewable sources.

S

SAIDI

System Average Interruption Duration Index. Is the average outage duration for each customer served.

SELL-DOWN

Strategy aimed at developing and selling a majority stake in an asset, crystallizing the value of a project, and reinvesting the proceeds in another asset, targeting greater growth. Typically, the developer may retain the role of O&M supplier.

SOLAR PV

Solar photovoltaic. Plant that generates electricity by means of solar power through photovoltaics, consisting on an arrangement of several components, including solar panels to absorb and convert sunlight into electricity, a solar inverter, cables and other electrical accessories.

SUPPLY POINTS

Number of electricity customers connected to the distribution grid.

Т

TSR

Total Shareholder Return. Measures the return that the stock provides to the shareholder, including dividends paid and the stock price appreciation.



VALUE@RISK

Estimated loss of the asset value, in a given period of time and for a given confidence interval. Usually it is used a horizon of 12 months and a level of confidence of 95%.



WATT (W)

The rate of energy transfer equivalent to one ampere under an electrical pressure of one volt. One watt equals 1/746 horsepower, or one joule per second. It is the product of voltage and current (amperage). Watts are the yardstick for measuring power.

THE LIVING ENERGY S BOOK by edp



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, 2018 (which shows total assets of Euro 40,891,852 thousand and total shareholder's equity of Euro 13,535,211 thousand, including a net profit of Euro 282,312 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.

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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

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, 2018 are not prepared, in all material respects, in accordance with International Accounting Standard 34 — Interim Financial Reporting as adopted by the European Union.

May 10, 2018

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, 2018 (which shows total assets of Euro 22,840,157 thousand and total shareholder's equity of Euro 7,948,293 thousand, including a net profit of Euro 512,891 thousand), the condensed company statements of income, comprehensive income, 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.

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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 31,2018) are not prepared, in all material respects, in accordance with International Accounting Standard 34 — Interim Financial Reporting as adopted by the European Union

May 10, 2018

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