WE LOVE ENERGY

edp

06 ANNEXES

FINAL REFERENCES

The Executive Board of Directors expresses its gratitude to all those who have supported and followed, directly or indirectly, the activity of EDP Group over the year of 2017.

First of all, we would like to thank the shareholders for the trust and support given to the Executive Board of Directors and to each of its members in the exercise of its activity.

To all the members of the Corporate Bodies, responsible for the auditing and supervision of the Group, a special thanks is also due, for the support given over the year. A special word to the General and Supervisory Board for the guidance provided to the activity of the Executive Board of Directors.

The successful results of the Group and the intrepid defense of all stakeholders' interests clearly demonstrate that the governance model is fully consolidated.

Additionally, as a result of the support granted to the group's activities during last year, the Board thanks the members of the governmental bodies and the public authorities of countries in which EDP is present, for the continued support provided.

Within the energy sector, it is also important to refer the constant and constructive dialogue between EDP and the different energy sector regulators. Particularly with the Regulatory Body for Energy Services (ERSE) and the Directorate-General for Energy and Geology (DGEG) in Portugal, as well as to other regulators in countries where the activity of the EDP group is most visible, such as CNE in Spain, ANEEL in Brazil and FERC and NERC in the USA.

The Executive Board of Directors also extends its gratitude to all the other entities that interacted with the group during 2017, namely, the financial markets regulators, the sectorial associations and the social and environmental non-government organizations.

It is also imperative to thank our customers and reaffirm our full commitment to seek continuous improvement of our offer, as well as to achieve excellence in the service delivery. We are focused and determined to satisfy our customers' needs.

The Board's gratitude is also extended to suppliers, as well as to the social media that followed the company throughout the year.

Lastly, a special thanks to all EDP employees. Their knowledge, determination, and commitment were crucial for the company to achieve its results.

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

Proposal for the appropriation of profits

Under the terms of the Article 30, number 1, of the Company constitution, the Executive Board of Directors proposes to the shareholders that the Net Profit of 2018, amounting to € 738,586,257.43 is appropriated as follows:

Dividends *	€ 694,742,165.85
Donations to Fundação EDP	€ 6,200,000.00
Retained Earnings	€ 37,644,091.58

* The proposed dividend per share is € 0.19.

HISTORIC OPERATIONAL INDICATORS

IBERIAN GENERATION AND SUPPLY	UN	2018	2017	2016	2015
INSTALLED CAPACITY					
Liberalised Electricity Generation	**MW**	**13,531**	**13,611**	**12,705**	**12,566**
Portugal [1]	**MW**	**10,002**	**10,082**	**9,177**	**8,798**
Hydro	MW	6,702	6,698	5,774	5,391
CCGT	MW	2,031	2,031	2,039	2,039
Coal	MW	1,180	1,180	1,180	1,180
Mini-hydro	MW	65	148	160	164
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**	**-**	**1,019**	**1,161**	**2,654**
Portugal [1]	MW	-	1,019	1,161	2,654
Equity Installed Capacity [2]	**MW**	**10**	**41**	**41**	**46**
Portugal [1]	MW	-	32	32	32
Spain [1]	MW	10	10	10	15
NET ELECTRICITY GENERATION	**GWh**				
Liberalised Electricity Generation	**GWh**	**34,555**	**33,778**	**36,659**	**33,691**
Portugal [1]	**GWh**	**24,989**	**22,434**	**27,601**	**21,513**
Hydro	GWh	12,251	6,710	15,211	8,741
CCGT	GWh	4,091	5,941	3,602	2,584
Coal	GWh	8,067	9,426	8,082	9,657
Mini-hydro	GWh	397	238	549	349
Cogeneration	GWh	182	119	156	183
Spain [1]	**GWh**	**9,566**	**11,344**	**9,058**	**12,178**
Hydro	GWh	1,054	472	930	793
CCGT	GWh	1,242	2,087	1,640	1,082
Coal	GWh	5,948	7,421	5,150	8,946
Nuclear	GWh	1,196	1,236	1,239	1,227
Cogeneration and Waste	GWh	126	128	100	131
Steam Generation	**GWh**	**847**	**863**	**861**	**938**
TECHNICAL AVAILABILITY					
Portugal [1]	**%**	**91**	**91**	**94**	**97**
Hydro	%	91	91	94	98
CCGT	%	86	93	93	96
Coal	%	94	94	92	98
Mini-hydro	%	93	95	96	91
Cogeneration	%	97	65	78	91
Spain [1]	**%**	**97**	**95**	**91**	**97**
Hydro	%	100	100	100	100
CCGT	%	99	97	97	100
Coal	%	93	91	79	92
Nuclear	%	90	92	92	92
Cogeneration	%	100	92	99	98
Waste	%	92	95	94	95

[1] Excludes EDP Renováveis | [2] Share of the MW installed in plants owned by companies equity consolidated

IBERIAN GENERATION AND SUPPLY	UN	2018	2017	2016	2015
ELECTRICITY CUSTOMERS	**'000**	**6,398**	**6,509**	**6,490**	**6,455**
Portugal	**'000**	**5,244**	**5,376**	**5,423**	**5,444**
Last Resort	'000	1,125	1,223	1,399	1,731
Liberalised Market	'000	4,119	4,153	4,024	3,713
Market Share EDP - Liberalised Market	%	81	84	85	85
Spain	**'000**	**1,154**	**1,133**	**1,068**	**1,012**
Last Resort	'000	221	219	227	238
Liberalised Market	'000	933	914	840	774
Social Tariff	**'000**	**654**	**718**	**722**	**153**
Portugal	'000	615	661	663	93
Spain	'000	39	57	59	60
Special Needs	**'000**	**1.7**	**0.6**	**0.5**	**0.5**
Portugal	'000	1.7	0.6	0.5	0.5
Green Tariff	**'000**	**1,026**	**932**	**829**	**771**
Portugal	'000	3	3	3	4
Spain	'000	1,023	929	825	767
ELECTRICITY SUPPLIED	**GWh**	**33,685**	**35,492**	**39,192**	**38,360**
Portugal	**GWh**	**21,136**	**21,489**	**22,493**	**22,839**
Last Resort	GWh	3,016	3,243	4,202	5,675
Liberalised Market	GWh	18,119	18,246	18,291	17,164
Market Share EDP - Liberalised Market	%	42	43	46	43
Spain	**GWh**	**12,549**	**14,003**	**16,699**	**15,521**
Last Resort	GWh	444	446	477	497
Liberalised Market	GWh	12,106	13,556	16,222	15,024
Market Share EDP - Liberalised Market	%	7	7	9	8
Social Tariff	**GWh**	**163**	**330**	**173**	**161**
Portugal	GWh	46	213	52	42
Spain	GWh	117	117	120	119
Green Tariff	**GWh**	**5,546**	**5,553**	**4,795**	**4,470**
Portugal	GWh	10	9	9	8
Spain	GWh	5,536	5,544	4,786	4,463
GAS CUSTOMERS	**'000**	**1,595**	**1,585**	**1,498**	**1,405**
Portugal	**'000**	**700**	**702**	**647**	**568**
Last Resort	'000	41	45	51	63
Liberalised Market	'000	659	658	596	505
Spain	**'000**	**895**	**883**	**851**	**837**
Last Resort	'000	51	52	54	59
Liberalised Market	'000	844	831	796	778
GAS SUPPLIED	**GWh**	**18,997**	**18,904**	**23,176**	**30,862**
Portugal	**GWh**	**3,854**	**3,890**	**4,046**	**4,272**
Last Resort	GWh	249	262	318	394
Liberalised Market	GWh	3,605	3,628	3,728	3,878
Market Share EDP - Liberalised Market	%	10	9	11	n.a
Spain	**GWh**	**15,143**	**15,014**	**19,129**	**26,590**
Last Resort	GWh	261	244	236	286
Liberalised Market	GWh	14,882	14,770	18,893	26,304
Market Share EDP - Liberalised Market	%	3	4	3	3

IBERIAN NETWORKS	UN	2018	2017	2016	2015
ELECTRICITY DISTRIBUTED	**GWh**	**55,419**	**54,084**	**53,789**	**53,445**
Portugal	GWh	46,059	44,753	44,599	44,277
Spain	GWh	9,360	9,331	9,190	9,168
ELECTRICITY SUPPLY POINTS	**'000**	**6,892**	**6,851**	**6,805**	**6,767**
Portugal	'000	6,226	6,187	6,142	6,107
Spain	'000	666	664	663	660
GRID EXTENSION	**Km**	**247,017**	**246,641**	**245,916**	**245,245**
Portugal	**Km**	**226,308**	**226,027**	**225,397**	**224,849**
Overhead lines	Km	177,491	177,321	176,890	176,622
Underground lines	Km	48,817	48,706	48,507	48,227
Spain	**Km**	**20,709**	**20,613**	**20,520**	**20,396**
Overhead lines	Km	15,723	15,695	15,677	15,640
Underground lines	Km	4,986	4,918	4,842	4,756
GRID LOSSES					
Portugal	%	9.6	10.0	9.5	9.8
Spain	%	3.4	3.5	4.0	4.1
SERVICE QUALITY					
Portugal					
Installed Capacity Equivalent Interruption Time [1]	Min	61	53	50	54
Spain					
Installed Capacity Equivalent Interruption Time [1]	Min	17	20	24	34

[1] ICEIT in MV grid, excluding extraordinary effects

EDP BRASIL	UN	2018	2017	2016	2015
GENERATION					
EBITDA Installed Capacity	**MW**	**2,320**	**2,466**	**2,466**	**2,517**
Hydro	MW	1,599	1,746	1,745	1,797
Coal	MW	720	720	720	720
Equity Installed Capacity [1]	**MW**	**539**	**364**	**296**	**187**
Equity Capacity under Construction [1]	**MW**	**-**	**173**	**231**	**341**
Net Electricity Generation	**GWh**	**9,050**	**8,602**	**8,880**	**8,632**
Hydro	GWh	5,594	4,004	4,448	5,604
Coal	GWh	3,455	4,597	4,432	3,028
Technical Availability	**%**	**90**	**94**	**93**	**90**
Hydro	%	94	95	95	91
Coal	%	80	92	88	88
ENERGY SUPPLY					
Electricity Supplied	**GWh**	**31,871**	**31,501**	**27,712**	**25,978**
Last Resort [2]	GWh	13,769	13,697	14,731	15,378
Liberalised Market	GWh	18,102	17,804	12,980	10,600
Social Tariff	**GWh**	**214**	**275**	**355**	**330**
Number of Customers	**'000**	**3,450**	**3,376**	**3,316**	**3,257**
Last Resort [2]	'000	3,450	3,376	3,315	3,256
Liberalised Market	'000	0.3	0.3	0.3	0.2
Social Tariff	**'000**	**158**	**162**	**149**	**173**
Special Needs	**'000**	**1**	**0**	**0**	**0**
ENERGY DISTRIBUTION					
Electricity Distributed	**GWh**	**25,007**	**24,652**	**24,425**	**25,713**
Electricity Supply Points	**'000**	**3,451**	**3,377**	**3,316**	**3,257**
Grid Extension	**Km**	**92,160**	**91,538**	**91,576**	**90,441**
Overhead lines	Km	91,906	91,293	91,337	90,210
Underground lines	Km	254	245	239	231
Grid Losses	**%**	**10**	**10**	**11**	**11**
Average Interruption Duration per Consumer					
EDP São Paulo	Hours	7.8	7.9	9.0	8.4
EDP Espírito Santo	Hours	8.3	8.6	9.3	9.1
Frequency of Interruptions per Consumer					
EDP São Paulo	#	4.8	5.0	5.7	5.1
EDP Espírito Santo	#	4.8	5.3	5.6	5.1
TRANSMISSION					
Grid extension in Operation	**Km**	**113**	**-**	**-**	**-**
Grid extension Under Construction	**Km**	**1,184**	**1,297**	**-**	**-**

[1] Share of the MW installed in plants owned by companies equity

EDP RENOVÁVEIS	UN	2018	2017	2016	2015
INSTALLED CAPACITY					
EBITDA Installed Capacity	**MW**	**11,301**	**10,676**	**10,052**	**9,281**
Portugal	MW	1,309	1,253	1,251	1,247
Spain	MW	2,312	2,244	2,194	2,194
Rest of Europe	MW	1,652	1,564	1,541	1,523
North America	MW	5,562	5,284	4,861	4,233
Brazil	MW	467	331	204	84
Capacity under Construction	**MW**	**344**	**828**	**248**	**344**
Portugal	MW	47	55	3	-
Spain	MW	29	68	-	-
Rest of Europe	MW	69	88	18	224
North America	MW	199	480	100	-
Brazil	MW	-	137	127	120
Equity Installed Capacity [1]	**MW**	**371**	**331**	**356**	**356**
Portugal	MW	-	-	-	-
Spain	MW	152	152	177	177
Rest of Europe	MW	0	0	0	0
North America	MW	219	179	179	179
Brazil	MW	-	-	-	-
NET ELECTRICITY GENERATION	**GWh**	**28,359**	**27,621**	**24,473**	**21,388**
Portugal	GWh	2,995	2,912	3,047	1,991
Spain	GWh	5,164	5,095	4,926	4,847
Rest of Europe	GWh	3,321	3,662	3,257	3,225
North America	GWh	15,644	15,091	12,576	11,104
Brazil	GWh	1,235	861	666	222
TECHNICAL AVAILABILITY	**%**	**97**	**98**	**98**	**98**
Portugal	%	98	98	98	98
Spain	%	97	97	97	97
Rest of Europe	%	97	98	98	97
North America	%	97	98	98	98
Brazil	%	98	98	99	99

[1] Share of the MW installed in plants owned by companies equity consolidated

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 Debt in the period (Total debt and borrowings - Accrued Interest - Fair value of the issued debt hedged risk), considering 50% of the interest expense and of the nominal amount of hybrid debt.

C

CAGR
Compound annual growth rate.

CAPEX
Capital Expenditure. Capex includes additions in non-current assets, except for financial instruments, deferred tax assets and post-employment benefit assets. Therefore the Operating Investment caption 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.

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 Annual Dividends per Share of period "n" / Earnings per Share of periof "n-1").

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

E

EBIT
Operating Profit: EBITDA deducted from provisions and amortisation and impairment.

EBITDA
Gross Operating Profit: Revenues from energy sales and services and other - Cost of energy sales and other + Other income - Supplies and services - Personnel costs and employee benefits - Other 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%. It corresponds to the difference between the EBITDA estimated for the Business Plan and the 5% percentile of the EBITDA distribution.

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 from their utility, applied to all of the electricity they generate and provide to the grid.

FFO
Cash flow (funds) resulting from the company's operational activity.

FFO/NET DEBT
Funds From Operation (FFO) to net debt is a metric comparing earnings from operations to net debt. Demonstrates the ability of the operational funds to pay the net debt.

FOREX
The market in which currencies are traded.

G

GC
Green certificate. Tradable commodity proving that certain electricity is 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.

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

GSF
Generation Scaling Factor. Ratio of the deficit of hydroelectric companies’ actual generation volumes to their assured energy delivery.

GW
Unit of electric power equal to 1,000 MW.

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

H

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

I

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 which differ from the Production Tax Credit in the sense that the Tax Equity Investor receives 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.

L

LIQUIDITY
Total amount of Cash and Equivalents, Credit Lines available and Financial assets at fair value through profit or loss.

M

MW
Unit of electric power equal to 10^6 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 the company's total debt less cash on hand. From 2017 onwards, includes Financial Debt, Cash and Equivalents, Short-term financial assets at fair-value, "Fair value hedge" derivatives 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 and Divestments ("Asset Rotation") including granted and/or sold shareholder loans.

NET INVESTMENTS IN RENEWABLES
Includes Net Investments from hydro, wind and solar generation.

O

OPEX
Includes Supplies and services and Personnel costs and Employee Benefits.

OPEX PROGRAM: SAVINGS
Costs Savings obtained by OPEX Program. OPEX V savings are measured through comparison between current operating costs and 2017's costs.

OPEX/GROSS PROFIT
Efficiency ratio that compares Operating Costs (excluding non-recurrent costs with Employee Benefits - Restructuring costs) over Gross Profit (including income from institutional partnerships in EDPR-NA).

P

PLD
Settlement Price for the Differences. Price used to value the energy exchanged in the spot market. This price is calculated weekly for each submarket and load periods, based on the marginal cost of generation. It is limited by a minimum and maximum value.

PPA
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.

R

REGULATORY RECEIVABLES
Amounts pending to be received and related with tariff adjustments and tariff deficits from regulated activities in Iberia and Brazil (Generation in Portugal and Spain, Distribution and Supply of electricity and gas 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. Also known as alternative energy.

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.

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. Technical indicator of quality of service. Quotient of the sum of the durations of the interruptions at the delivery points, during a given period, by the total number of delivery points, during the same period.

SAIFI
System Average Interruption Frequency Index. Quotient of the total number of interruptions at delivery points, during a given period, by the total number of delivery points, over the same period.

SELL-DOWN
Sale of majority stakes in projects in operation or in an advanced stage of development with a view to the recycling of capital, crystallization of cash flows and value creation. The proceeds from the sale of these stakes are subsequently reinvested in new projects, thus completing the cycle.

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.

T

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

V

VALUE@RISK
Estimated loss of the asset value, 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%. It corresponds to the difference between the value estimated for the Business Plan and the 5% percentile of the asset value distribution.

W

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.

WIND ENERGY
Power generated by converting the mechanical energy of the wind into electrical energy through the use of a wind generator.

EDP – Energias de Portugal, S.A.
Executive Board of Directors

STATEMENT

With reference to 2018 financial year, and according to No. 1, item c) of article 245º of the Portuguese Securities Code, the signers hereby, acting as members of the Executive Board of Directors, declare that, to the best of their knowledge, the information foreseen in No. 1 item a) of the article mentioned above, was prepared according to the applicable accounting standards, presenting a fair view of the assets, liabilities, financial situation and results of EDP – Energias de Portugal, S.A., and the subsidiaries included in the respective consolidation perimeter, and that the Management Financial Analysis Report clearly discloses the evolution of the business, the performance and position of EDP – Energias de Portugal, S.A., and the subsidiaries included in the respective consolidation perimeter, enclosing a description of the major risks and uncertainties to which they are exposed.

Lisbon, 11th of March 2019

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

EDP – Energias de Portugal, S.A.
Miguel Tiago Perestrelo da Câmara Ribeiro Ferreira
Senior Accounting Officer - Corporate Centre

STATEMENT

With reference to 2018 financial year, and according to nº 1, item c) of article 245º of the Portuguese Securities Code, I hereby declare that, to the best of my knowledge, the information foreseen in No. 1 item a) of article mentioned above, was prepared according to the applicable accounting standards, presenting a fair view of the assets, liabilities, financial situation and results of EDP – Energias de Portugal, S.A. ("EDP"), and the subsidiaries included in the respective consolidation perimeter, and that the Management Financial Analysis Report clearly discloses the evolution of the business, the performance and position of EDP, and the subsidiaries included in the respective consolidation perimeter, enclosing a description of the major risks and uncertainties to which they are exposed.

Lisbon, 11th of March 2019

Statutory Audit Report and Auditors' Report

(Free translation from the original in Portuguese)

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of EDP - Energias de Portugal, S.A. (the Group), which comprise the consolidated statement of financial position as at December 31, 2018 (which shows total assets of Euro 41,626,960 thousand and total shareholders' equity of Euro 12,900,327 thousand including a net profit of Euro 876,081 thousand), the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of EDP - Energias de Portugal, S.A. as at December 31, 2018, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section below. In accordance with the law we are independent of the entities that are included in the Group and we have fulfilled our other ethical responsibilities in accordance with the ethics code of the Institute of Statutory Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	*Summary of the Audit Approach*
Estimated energy sales	
Disclosures related to energy sales presented in notes 2, 4, 7 and 24 of the consolidated financial statements Revenue recognition of energy sales occurs at the time of delivery and incorporates three distinct aspects: (i) sales of energy billed based on actual consumption; (ii) sales of energy billed on estimated consumption based on each customer's historical data; and (iii) estimate of energy supplied and not billed. The Group calculates the estimated volumes using an algorithm in line with the criteria defined by the regulatory entity. The algorithm is based on the average daily consumption of each customer, weighted by historical consumption profiles and adjusted for climatic factors and estimated energy losses. The Group also tests the algorithm using a telecounted sample of consumptions, also validating the estimation by comparison to the energy balance that is based on the energy volumes that are reported as being input to the network by the operator of the transmission network. A "rollback" analysis of real consumption is also carried out retrospectively Valuation of the estimated quantities is carried out based on the historical average prices according to the tariff, type of customer, contracted power, among other factors. Given the high complexity of the methodology used by the Group to estimate the energy consumed by its customers and the degree of judgment involved, in particular in relation to volumes and associated average prices, this issue was considered to be a relevant matter for the purposes of our audit.	Our audit procedures included, among others, identifying and testing the design and operational efficiency of key controls related to the recognition of revenue associated with energy sales, and in particular those related to estimated sales at the end of each period . The algorithm including the estimated volumes was obtained having been verified, on a sample basis for each type of customer and tariff, that the criteria defined by the regulator were being met and that the adjustments made were reasonable. Regarding the average prices used to value the estimated volumes for each type of costumer, a sample of historical data was also verified. The energy balance was also obtained and the differences between the energy inputs to the network and the energy billed and estimated by the Group were evaluated. In order to complement the procedures described above, we also tested the estimation of unbilled consumed energy for reasonableness based on previous years' billing records We also reviewed the adequacy of the disclosures presented in the financial statements, based on the applicable accounting standards and in what we considered relevant.

Key Audit Matter	*Summary of the Audit Approach*
Transactions of equity stakes	
Disclosures related to transactions of equity stakes presented in notes 2, 4, 6, 8, 13, 20, 25, 31 and 40 of the consolidated financial statements. As a result of its activity and as part of its strategy, the Group proceeds to the disposal of equity stakes in controlled entities with the main objective of reinvesting the funds obtained in new projects. It also acquires equity stakes and other rights in entities considered relevant to its business portfolio and of value creation to the shareholders. Disposals may or may not result in a loss of control and acquisitions may or may not result in a gain in control, depending on the percentage of capital sold or acquired, shareholder agreements and effective control exercised Given the amounts and the level of judgment involved in assessing the loss or gain of control, measuring contingent clauses resulting from the transactions, determining the acquisition value and allocating the acquisition price to identified assets / liabilities, this issue was considered to be a relevant matter for the purposes of our audit.	Our audit procedures included, among others, holding meetings with the management of the geographies where the transactions took place in order to obtain an adequate understanding of each of the relevant transactions, as well as the respective supporting documentation. Purchase and sale agreements, shareholder agreements and other associated documentation were analyzed in detail. The accounting treatment given to each of the operations was assessed based on the applicable accounting standards and the mathematical accuracy of the calculations that originate the records was tested. Key controls related to acquisitions and disposals of equity stakes were also identified and tested. Regarding disposals of equity stakes, the ownership of control and the valuation of contingent clauses, where applicable, were specifically analyzed and evaluated. In relation to the acquisition of equity stakes, control ownership was also evaluated, as well as the allocation of the purchase price to the fair value of identifiable assets and liabilities. We also reviewed the accounting treatment and the adequacy of the disclosures related to each of transactions analysed, based on the applicable accounting standards and in what we considered relevant.
Recoverability of non current assets	
Disclosures related to the non-current assets presented in notes 2, 4, 12, 16, 17, 18 and 20 of the consolidated financial statements. As of December 31, 2018, goodwill, tangible fixed assets, intangible assets and investments in joint ventures and associates presented in EDP's	Our audit procedures included, among others, evaluating the adequacy of the impairment models used by the Group and testing the mathematical accuracy of the calculations. We assessed the reasonableness of the assumptions used and verified the approval of

Key Audit Matter	*Summary of the Audit Approach*
consolidated financial statements amounted to Euro 2,251 million, Euro 22,708 million, Euro 4,926 million and Euro 952 million, respectively. In accordance with International Accounting Standard (IAS) 36, and as disclosed in the notes to the financial statements, the Group performs impairment tests on tangible and intangible assets whenever there are facts or circumstances that may indicate that the net book value may not be recoverable, except when allocated to cash generating units with allocated goodwill, in which case they are tested for impairment together with the associated goodwill on an annual basis or whenever there is evidence of impairment Given the dispersion of the Group's operating activity across the world, these impairment tests are carried out for the cash-generating units identified in each of the geographies where EDP Group operates. The recoverable amount of each of the non-current assets tested for impairment, namely tangible fixed assets used in the production and distribution of electricity, intangible assets related to concession rights and goodwill and financial investments, is determined based on discounted cash flow models, which imply a high level of judgment given the uncertatinty of the underlying data, namely the economic and market projections and assumptions used relating to discount rates, exchange rates, growth rates and inflation rates, country risk, commodity prices, among others. Given the amounts involved, the complexity of the valuation models and the associated high level of judgment, this issue was considered to be a relevant matter for the purposes of our audit.	the future cash flows included in the models of each company and geographies where the Group has assets subject to impairment tests. The reasonableness of the definition of cash-generating units subject to impairment tests was also evaluated. We challenged the management regarding the appropriateness of the assumptions with higher sensitivity in determining the value in use, namely electricity pool prices , prices of other commodities, regulatory frameworks and the respective impact on the cash flows of each geography and the discount rate. An analysis of the discount rate was carried out in each of the geographies, using peer information and other information available in the market. Sensitivity analysis were also carried out on the main assumptions in order to determine the level of variations that, individually or together, could lead to impairment losses on assets tested for impairment. The procedures described above, aimed at evaluating the assumptions and the methodology associated with the impairment models used by the Group, were carried out with the support of our team of specialists. The design and effectiveness of key controls related to impairment of non-current assets were also evaluated. The adequacy of the associated disclosures was also reviewed, in particular the ones related to estimates and assumptions that present higher sensitivity in the calculation of the value in use, based on the applicable accounting standards and in what we considered relevant.

Key Audit Matter	*Summary of the Audit Approach*
Derivative financial instruments	
Disclosures related to derivative financial instruments presented in notes 2, 4, 7, 13, 25, 30, 38, 41 and 44 of the consolidated financial statements. As mentioned in the consolidated financial statements, the exposure of EDP Group to financial risks lies essentially in its debt portfolio and in the commodity price volatility, resulting in interest rate, exchange rate and market price risks Risk management of EDP Group is carried out centrally at EDP S.A., which uses a set of derivative financial instruments to cover these risks. As of December 31, 2018, derivative financial instruments presented in the balance sheet (level 2 in the fair value hierarchy of the International Financial Reporting Standard (IFRS) 13 - Fair value) amounted to Euro 288 million of assets and Euro 352 million of liabilities. The valuation of financial instruments classified as level 2, particularly derivative financial instruments, is carried using observable market data and valuation models based on discounted cash flow techniques, which usually involve a high degree of judgment in defining the assumptions to be used. Therefore, changes in the assumptions used by the Executive Board of Directors may give rise to material impacts on the the fair value of the mentioned financial instruments. Additionally, in accordance with IAS 39, the Group prepares efficiency tests on its hedging derivative financial instruments portfolio on an annual basis, in order to assess the accounting effectiveness of the hedges, which also involves the assumption of significant judgments and estimates.	Our audit procedures included the identification and testing of the design and operational efficiency of the controls related to contracting, monitoring and settling derivative financial instruments, to their classification, and to the preparation of supporting documentation and effectiveness tests , when applicable. In this context, controls tested included access policies, system management, approvals, confirmations with financial institutions and reconciliations with counterparties. Regarding the computation of the fair value of derivative financial instruments, in particular the models developed by the Group for this purpose, we evaluated their suitability and the suitability of the assumptions and data used by comparing observable data with information collected from external and independent sources, and we analyzed the contractual information External confirmations of counterparties were also performed in order to validate open positions as of the date of the statement of financial position. The documentation prepared by the Group regarding the hedge accounting was evaluated and compliance with the requirements of IAS 39 was verified. The adequacy of the accounting entries for each of the analyzed situations as well as the adequacy of the own use exemption provided in IFRS 9 for the use of commodities in the operatinal activity and the related impacts on the consumption calculation were also verified. The adequacy of the disclosures associated with financial derivative instruments, particularly the ones related to fair value and liquidity was also reviewed, based on the applicable accounting standards and in what we considered relevant.

Key Audit Matter	*Summary of the Audit Approach*
Given the relevance of the derivative financial instruments in the context of the Group's consolidated financial statements, together with the degree of judgment associated with its valuation and the complexity associated with its accounting treatment, this issue was considered to be a relevant matter for the purposes of our audit.	
Regulatory and legal framework	
Disclosures related to the regulatory and legal framework presented in notes 1, 2, 4, 7, 11, 15, 24, 35, 37, 42 and 49 of the consolidated financial statements. Given its geographic dispersion, the activity of the Group is subject to several regulatory and legal frameworks, which vary in accordance to the country and the activity performed. In this context, and particularly in Portugal, there has been an increase in the regulatory complexity associated with the activities in which the Group operates, which has given rise to several disputes and potential contingencies, namely related to the CMEC final adjustment, innovative aspects, costs with clawback, social tariff and CESE and other dispatches and published orders related to regulatory matters. These situations require the management to assess its potential impacts and to exercise, with the support of its legal counsels, a high degree of judgment as to its outcome, which may lead to additional provisions and to disclose additional information to the market, following the requirements of IAS 37 - Provisions, Contingent Liabilities and Contingent Assets. Given the increasing complexity of the regulatory and legal frameworks and the degree of judgment involved in assessing the outcome of the identified contingencies, this issue was considered to be a relevant matter for the purposes of our audit.	Our audit procedures included identifying and testing the design and operational efficiency of controls related to identifying and monitoring litigation and other regulatory and legal contingencies and to the categorization of risk. Several meetings were held with those in charge of the Regulatory and Legal Departments in order to obtain their understanding of the most relevant disagreements, litigations and contingencies and to inspect the relevant documentation. The assumptions used by the management to categorize and value the identified risks and their inclusion in the consolidated financial statements, were assessed and evaluated. External confirmations from legal advisors and attorneys that are advising on regulatory and legal processes were also obtained, and the consistency of the information received with the risk assessment performed by the management was verified. The adequacy of the associated disclosures, namely the ones concerning the legal and regulatory framework of the Group's activity, was also reviewed based on the applicable accounting standards and in what we considered relevant

Key Audit Matter	*Summary of the Audit Approach*
Pensions and post employment benefits	
Disclosures related to pensions and post employment benefits presented in notes 2, 4, 10, 25, 30 and 34 of the consolidated financial statements. As of December 31, 2018, net liabilities with pensions and post-employment benefits presented in the consolidated financial statements of EDP Group amounted to Euro 1,099 million, mainly comprising benefits with retirement and early retirement pensions, and healthcare services. These liabilities are estimated for each plan based on actuarial valuations performed annually by an independent expert in accordance with the Projected Credit Unit Method. These valuations incorporate a set of financial and actuarial assumptions, namely the discount rate, the inflation rate, the mortality and disability tables, the growth rates of pensions and salaries, amongst others, defined by the Executive Board of Directors considering the characteristics of the benefits attributed, the employees covered and the current and expected behaviour of these variables In the specific case of the discount rate used in the actuarial studies, it is determined on the basis of the market rates for high-quality corporate bonds in terms of credit risk, denominated in the currency in which the benefits will be paid and with a maturity similar to the termination date of the payment of the benefits of the plan. In this context, future changes in the financial and actuarial assumptions used may give rise to material impacts on the net liabilities and on the assets associated with these benefits, and for that reason this issue was considered to be a relevant matter for the purposes of our audit.	Our audit procedures included identifying and testing the design and operational efficiency of the controls implemented by the Group in order to determine liabilities with pension and post employment benefits, in particular the ones related to the assumptions used and to data sent to the actuary. Meetings were held with the management to identify the methodologies and options considered in defining the main financial and actuarial assumptions. Given the relevance of the judgments required to the Executive Board of Directors, we assessed the reasonableness of the main assumptions, comparing them with the data that we were able to independently obtain. We also reviewed the adequacy of (i) the employee information, used for the calculation of liabilities; and (ii) the recognition of costs related to past services and actuarial deviations resulting from changes in assumptions and gains in experience. The fair value of the assets of the fund was independently validated by our internal experts. The actuarial report prepared with reference to December 31, 2018 was read and the main assumptions used were evaluated, namely discount rate, inflation rate, growth rates of pensions and salaries and mortality and disability tables, using information developed internally and market benchmarks. We also confirmed the registration with ASF (Autoridade de Supervisão de Seguros e Fundos de Pensões) of the actuary responsible and confirmed the existence of the actuary's declaration of independence regarding the report as of December 31, 2018. The adequacy of the disclosures associated with post employment benefits, was also reviewed based on the applicable accounting standards and in what we considered relevant.

Responsibilities of management and supervisory board for the consolidated financial statements

Management is responsible for:

a) the preparation of the consolidated financial statements, which present fairly the financial position, the financial performance and the cash flows of the Group in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union;

b) the preparation of the Directors' Report, including the Corporate governance Report, in accordance with the applicable law and regulations;

c) the creation and maintenance of an appropriate system of internal control to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;

d) the adoption of appropriate accounting policies and criteria; and

e) the assessment of the Group's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Group's ability to continue its activities.

The supervisory board is responsible for overseeing the process of preparation and disclosure of the Group's financial information.

Auditor's responsibilities for the audit of the consolidated financial statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit We also:

a) identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management,

d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern,

e) evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

f) obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion;

g) communicate with those charged with governance, including the supervisory board, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit,

h) of the matters we have communicated to those charged with governance, including the supervisory board, we determine which one's were the most important in the audit of the consolidated financial statements of the current year, these being the key audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure; and

i) confirm to the supervisory board that we comply with the relevant ethical requirements regarding independence and communicate all relationships and other matters that may be perceived as threats to our independence and, where applicable, the respective safeguards.

Our responsibility also includes verifying that the information included in the Directors' report is consistent with the consolidated financial statements and the verification set forth in paragraphs 4 and 5 of article No. 451 of the Portuguese Company Law.

Report on other legal and regulatory requirements

Director's report

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our opinion that the Director's report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Directors' report is consistent with the audited consolidated financial statements and, taking into account the knowledge and assessment about the Group, no material misstatements were identified.

Non-financial information set forth in article No. 508-G of the Portuguese Company Law

In compliance with paragraph 6 of article No 451 of the Portuguese Company Law, we hereby inform that the entity prepared a separate report of the Director's report that includes the non-financial information set forth in article No. 508-G of the Portuguese Company Law, which was published together with the Director's report.

Corporate governance report

In compliance with paragraph 4 of article No. 451 of the Portuguese Company Law, it is our understanding that the Corporate governance report includes the information required under article No 245-A of the Portuguese Securities Market Code, that no material misstatements were identified in the information disclosed in this report and that it complies with paragraphs c), d), f), h), i) and m) of that article.

Additional information required in article No. 10 of the Regulation (EU) 537/2014

In accordance with article No. 10 of Regulation (EU) 537/2014 of the European Parliament and of the Council, of April 16, 2014, and in addition to the key audit matters referred to above, we also provide the following information:

a) We were first appointed auditors of EDP - Energias de Portugal, S.A. in the Shareholders' General Meeting of April 5, 2018 for the period from 2018 to 2020

b) The management has confirmed to us it has no knowledge of any allegation of fraud or suspicions of fraud with material effect in the financial statements. We have maintained professional scepticism throughout the audit and determined overall responses to address the risk of material misstatement due to fraud in the consolidated financial statements. Based on the work performed, we have not identified any material misstatement in the consolidated financial statements due to fraud.

c) We confirm that our audit opinion is consistent with the additional report that was prepared by us and issued to the Group's supervisory board as of March 11, 2019.

d) We declare that we did not provide any prohibited non-audit services referred to in paragraph 8 of article No. 77 of the by-laws of the Institute of Statutory Auditors ("Estatutos da Ordem dos Revisores Oficiais de Contas") and that we remain ındependent of the Group in conducting our audıt

March 11, 2019

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by

João Rui Fernandes Ramos, R.O.C.

Statutory Audit Report and Auditors' Report

(Free translation from the original in Portuguese)

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of EDP - Energias de Portugal, S.A. (the Entity), which comprise the statement of financial position as at December 31, 2018 (which shows total assets of Euro 22,858,316 thousand and total shareholders' equity of Euro 7,484,917 thousand including a net profit of Euro 738,586 thousand), the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of EDP - Energias de Portugal, S.A. as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the financial statements" section below. In accordance with the law we are independent of the Entity and we have fulfilled our other ethical responsibilities in accordance with the ethics code of the Institute of Statutory Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter	*Summary of the Audit Approach*
Recoverability of investments in subsidiaries *Disclosures related to investments in subsidiaries presented in notes 2, 4, 13, 19 and 43 of the financial statements.* As of December 31, 2018, investments in subsidiaries presented in EDP's financial statements amounted to Euro 15,102 million. As disclosed in the notes to the financial statements, in the context of the impairment tests carried out at EDP Group level, financial investments held by EDP, S.A. in subsidiaries are reviewed for impairment based on the higher of the value in use and the fair value less costs to sell The value in use of each of the investments tested for impairment is determined based on discounted cash flow models, which imply a high level of judgment given the uncertatinty of the underlying data, namely the economic and market projections and assumptions used relating to discount rates, exchange rates, growth rates and inflation rates, country risk, commodity prices, among others. These assumptions are disclosed in the financial statements. Given the amounts involved, the complexity of the valuation models and the associated high level of judgment, this issue was considered to be a relevant matter for the purposes of our audit.	Our audit procedures included, among others, evaluating the adequacy of the impairment models used by the management and testing the mathematical accuracy of the calculations We assessed the reasonableness of the assumptions used and verified the approval of the future cash flows included in the models of each company and geographies where EDP has investments in subsidiaries subject to impairment tests. We challenged the management regarding the appropriateness of the assumptions with higher sensitivity in determining the value in use, namely electricity pool prices, prices of other commodities, regulatory frameworks and the respective impact on the cash flows of each geography and the discount rate. An analysis of the discount rate was carried out in each of the geographies, using peer information and other information available in the market. Sensitivity analysis were also carried out on the main assumptions in order to determine the level of variations that, individually or together, could lead to impairment losses on investments in subsidiaries tested for impairment. The procedures described above, aimed at evaluating the assumptions and the methodology associated with the impairment models, were carried out with the support of our team of specialists. The design and effectiveness of key controls related to impairment of non-current assets were also evaluated The adequacy of the associated disclosures was also reviewed, in particular the ones related to estimates and assumptions that present higher sensitivity in the calculation of the value in use, based on the applicable accounting standards and in what we considered relevant.

Key Audit Matter	*Summary of the Audit Approach*
Derivative financial instruments	
Disclosures related to derivative financial instruments presented in notes 2, 4, 7, 13, 25, 30, 38, 41 and 44 of the consolidated financial statements As mentioned in the financial statements, the exposure of EDP Group to financial risks lies essentially in its debt portfolio and in the commodity price volatility, resulting in interest rate, exchange rate and market price risks. Risk management of EDP Group is carried out centrally at EDP S A., which uses a set of derivative financial instruments to cover these risks. As of December 31, 2018, derivative financial instruments presented in the balance sheet (level 2 in the fair value hierarchy of the International Financial Reporting Standard (IFRS) 13 - Fair value) amounted to Euro 564 million of assets and Euro 394 million of liabilities. The valuation of financial instruments classified as level 2, particularly derivative financial instruments, is carried using observable market data and valuation models based on discounted cash flow techniques, which usually involve a high degree of judgment in defining the assumptions to be used. Therefore, changes in the assumptions used by the Executive Board of Directors may give rise to material impacts on the fair value of the mentioned financial instruments. Additionally, in accordance with IAS 39, the Group prepares efficiency tests on its hedging derivative financial instruments portfolio on an annual basis, in order to assess the accounting effectiveness of the hedges, which also involves the assumption of significant judgments and estimates.	Our audit procedures included the identification and testing of the design and operational efficiency of the controls related to contracting, monitoring and settling derivative financial instruments, to their classification, and to the preparation of supporting documentation and effectiveness tests , when applicable. In this context, controls tested included access policies, system management, approvals, confirmations with financial institutions and reconciliations with counterparties. Regarding the computation of the fair value of derivative financial instruments, in particular the models developed by the Company for this purpose, we evaluated their suitability and the suitability of the assumptions and data used by comparing observable data with information collected from external and independent sources, and we analyzed the contractual information External confirmations of counterparties were also performed in order to validate open positions as of the date of the statement of financial position. The documentation prepared by the Company regarding the hedge accounting was evaluated and compliance with the requirements of IAS 39 was verified. The adequacy of the accounting entries for each of the analyzed situations as well as the adequacy of the own use exemption provided in IFRS 9 for the use of commodities in the operacional activity and the related impacts on the consumption calculation were also verified The adequacy of the disclosures associated with financial derivative instruments, particularly the ones related to fair value and liquidity was also reviewed, based on the applicable accounting standards and in what we considered relevant.

Key Audit Matter	*Summary of the Audit Approach*
Given the relevance of the derivative financial instruments in the context of EDP's separate financial statements, together with the degree of judgment associated with its valuation and the complexity associated with its accounting treatment, this issue was considered to be a relevant matter for the purposes of our audit	

Responsibilities of management and supervisory board for the financial statements

Management is responsible for.

a) the preparation of the financial statements, which present fairly the financial position, the financial performance and the cash flows of the Entity in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union;

b) the preparation of the Directors' Report, including the Corporate governance Report, in accordance with the applicable law and regulations;

c) the creation and maintenance of an appropriate system of internal control to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;

d) the adoption of appropriate accounting policies and criteria; and

e) the assessment of the Entity's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Entity's ability to continue its activities.

The supervisory board is responsible for overseeing the process of preparation and disclosure of the Entity's financial information.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

a) identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;

c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern;

e) evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

f) communicate with those charged with governance, including the supervisory board, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;

g) of the matters we have communicated to those charged with governance, including the supervisory board, we determine which one's were the most important in the audit of the financial statements of the current year, these being the key audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure; and

h) confirm to the supervisory board that we comply with the relevant ethical requirements regarding independence and communicate all relationships and other matters that may be perceived as threats to our independence and, where applicable, the respective safeguards.

Our responsibility also includes verifying that the information included in the Directors' report is consistent with the financial statements and the verification set forth in paragraphs 4 and 5 of article No. 451 of the Portuguese Company Law.

Report on other legal and regulatory requirements

Director's report

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our opinion that the Director's report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Directors' report is consistent with the audited financial statements and, taking into account the knowledge and assessment about the Entity, no material misstatements were identified.

Non-financial information set forth in article No. 66-B of the Portuguese Company Law

In compliance with paragraph 6 of article No. 451 of the Portuguese Company Law, we hereby inform that the entity prepared a separate report of the Director's report that includes the non-financial information set forth in article No. 66-B of the Portuguese Company Law, which was published together with the Director's report.

Corporate governance report

In compliance with paragraph 4 of article No. 451 of the Portuguese Company Law, it is our understanding that the Corporate governance report includes the information required under article No. 245-A of the Portuguese Securities Market Code, that no material misstatements were identified in the information disclosed in this report and that it complies with paragraphs c), d), f), h), i) and m) of that article.

Additional information required in article No. 10 of the Regulation (EU) 537/2014

In accordance with article No. 10 of Regulation (EU) 537/2014 of the European Parliament and of the Council, of April 16, 2014, and in addition to the key audit matters referred to above, we also provide the following information:

a) We We were first appointed auditors of EDP - Energias de Portugal, S.A. in the Shareholders' General Meeting of April 5, 2018 for the period from 2018 to 2020.

b) The management has confirmed to us it has no knowledge of any allegation of fraud or suspicions of fraud with material effect in the financial statements. We have maintained professional scepticism throughout the audit and determined overall responses to address the risk of material misstatement due to fraud in the financial statements. Based on the work performed, we have not identified any material misstatement in the financial statements due to fraud

c) We confirm that our audit opinion is consistent with the additional report that was prepared by us and issued to the Entity's supervisory board as of March 11, 2019

d) We declare that we did not provide any prohibited non-audit services referred to in paragraph 8 of article No. 77 of the by-laws of the Institute of Statutory Auditors ("Estatutos da Ordem dos Revisores Oficiais de Contas") and that we remain independent of the Entity in conducting our audit.

March 11, 2019

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

João Rui Fernandes Ramos, R.O.C.

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