



*edp*



We love energy.

Energy moves us, unites us, and brings us closer to the world.

We love this energy, the universal language, which comes in all shapes and colors.

Which impels us, motivates us, and challenges us in this story of sharing and of victories.

Which is from the sun, the water, the wind, and the people.

Which transforms, reinvents and creates an increasingly clean, sustainable, and efficient future.

A contagious energy that encourages us to explore, to amaze, and to innovate in a world in constant change.

This is the energy we love.

**WE LOVE ENERGY**



ND E





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*edp*

LOVE  
ENERGY

# 01 EDP

## OUR YEAR

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## EDP GROUP PROFILE

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# 1.1.1. KEY METRICS

## KEY METRICS

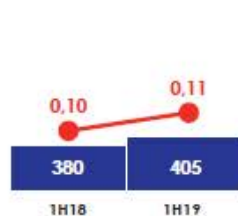
### FINANCIAL DATA

#### EBITDA



■ EBITDA (€M)  
● OPEX/Gross Profit (%)

#### NET PROFIT<sup>1</sup>



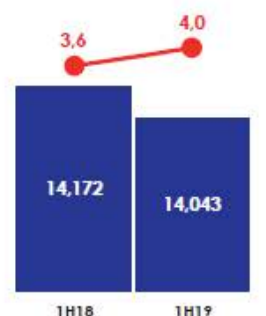
■ Net Profit (€M)  
● Net Profit per share (euros)

#### NET INVESTMENTS<sup>2</sup>



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

#### NET DEBT



■ Net Debt (€M)  
● Adjusted Net Debt/EBITDA (x)

### OPERATIONAL DATA

#### GENERATION

<b>27,262 MW</b>	+2% vs 1H18
Installed capacity	
<b>33,816 GWh</b>	-11% vs 1H18
Net generation	
<b>920 MW</b>	+1% vs 1H18
Installed capacity - equity	
<b>883 MW</b>	-19% vs 1H18
Capacity under construction	

#### DISTRIBUTION

<b>39,838 GWh</b>	-1% vs 1H18
Electricity distributed	
<b>10,390 ('000)</b>	+1% vs 1H18
Electricity supply points	

#### SUPPLY

<b>29,472 GWh</b>	-9% vs 1H18
Electricity supplied	
<b>9,808 ('000)</b>	0% vs 1H18
Electricity customers	
<b>9,386 GWh</b>	0% vs 1H18
Gas supplied	
<b>1,593 ('000)</b>	+1% vs 1H18
Gas customers	

<sup>1</sup> Net Profit attributable to EDP Equity shareholders.

<sup>2</sup> Considers CAPEX of EDP Group, organic financial investment €261M (30 Jun 2018: €3M) and financial divestments €0 (30 Jun 2018: -€40M).

# 1.1.2. RECOGNITION

## RECOGNITION

**ANTÓNIO MEXIA RECOGNIZED AS BEST CEO**  
by the Humar Resources Awards

**MIGUEL SETAS, CEO OF EDP BRASIL, IS CALLED THE BEST BUSINESS LEADER IN THE ENERGY SECTOR**  
by Valor Econômico newspaper (Grupo Globo)

**EDP IS RECOGNIZED BY HAVING THE BEST INVESTOR RELATIONS BY IR MAGAZINE**  
among companies listed on the PSI-20 index

**EDP DISTINGUISHED IN THE HIGHEST-LEVEL CDP**  
Climate Change category – Leadership – with a score of “A-”, for outstanding environmental practices

**EDP RECOGNIZED BY ETHISPHERE AS AMONG THE MOST ETHICAL IN THE WORLD**  
for the eighth year running: the only Portuguese company recognized, and one of six utility companies in the Energy & Utilities sector worldwide

**EDP PIONEERS THE ISSUANCE OF GREEN BONDS**  
distinguished in the category of “New Country Taking Green Bonds Global” by the Climate Bonds Initiative

**EDP IS THE WORLD'S FOURTEENTH MOST VALUABLE COMPANY IN THE UTILITIES SECTOR**  
(AA+ rating) according to Brand Finance (brand value estimated at €2.4 billion, up 38.5% year-on-year)

**EDP IS THE MOST VALUABLE PORTUGUESE BRAND**  
according to an OnStrategy assessment, estimated at €2.3 billion

**EDP ESPAÑA IS THE BEST SUPPLYING COMPANY OF THE YEAR IN SPAIN**  
according to Selectra (buyer of energy tariffs)



## 1.2. EDP GROUP PROFILE

### 1.2.1. WHO WE ARE

# WHO WE ARE

#### EDP IS A MULTINATIONAL, VERTICALLY INTEGRATED UTILITY COMPANY

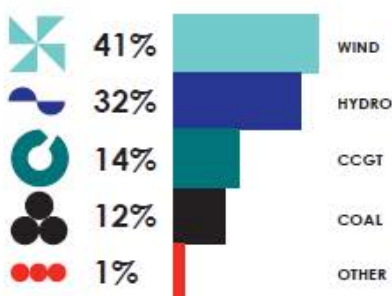
Throughout its 40 years of history, EDP has been building a relevant presence in the world energy scene, being present in 16 countries in 4 continents. EDP has around 11,600 employees and is present throughout the electricity value chain and in the gas commercialization activity.



#### 1. GENERATION

**Generation** 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).

27 GW OF INSTALLED CAPACITY



34 TWh OF NET ELECTRICITY GENERATION **68%** RENEWABLE SOURCES



#### 2. TRANSPORT ACTIVITY

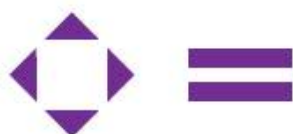
In the **transport activity** the energy generated is delivered to the transmission network, which is made up of very high voltage lines and which then channels the energy to the distribution network.



**1,186Km**  
OF TRANSMISSION NETWORK  
UNDER CONSTRUCTION



**113Km**  
OF OPERATING NETWORK



### 3. DISTRIBUTION

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.

#### 340,165 KM OF NETWORK



**285,982 Km**  
OF DISTRIBUTION OVERHEAD  
LINES



**54,184Km**  
OF DISTRIBUTION UNDERGROUND  
LINES

**40 TWh OF ELECTRICITY DISTRIBUTED**



### 4. SUPPLY

In the **supply activity** distributed energy arrive 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.

#### ELECTRICITY CUSTOMERS



**9,807,925**

**5,030,713**  
CUSTOMERS IN LIBERALIZED MARKET

**4,777,212**  
CUSTOMERS IN LAST RESORT

#### GAS CUSTOMERS



**1,593,480**

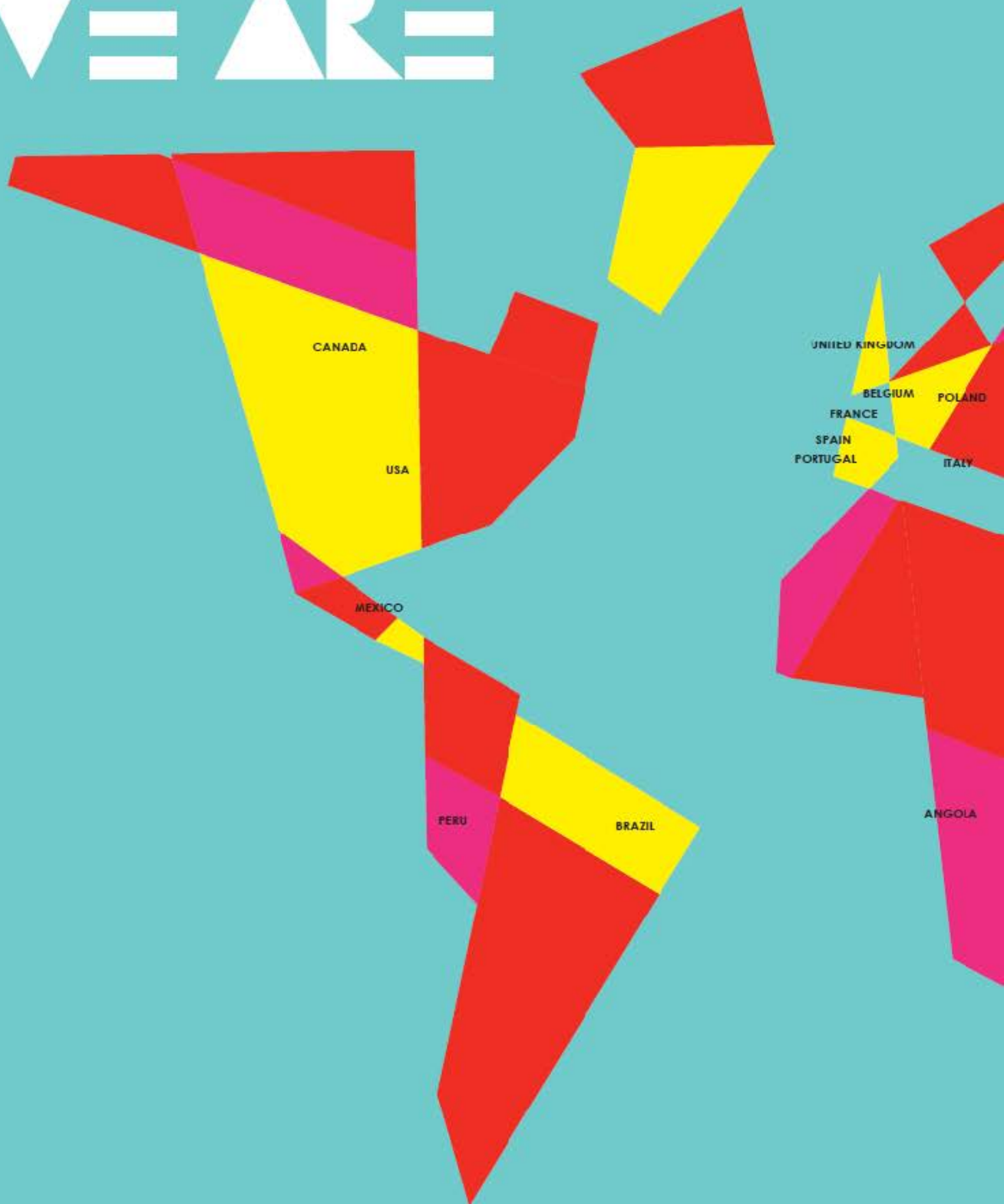
**1,502,813**  
CUSTOMERS IN LIBERALIZED MARKET

**90,667**  
CUSTOMERS IN LAST RESORT



# 1.2.2. WHERE WE ARE

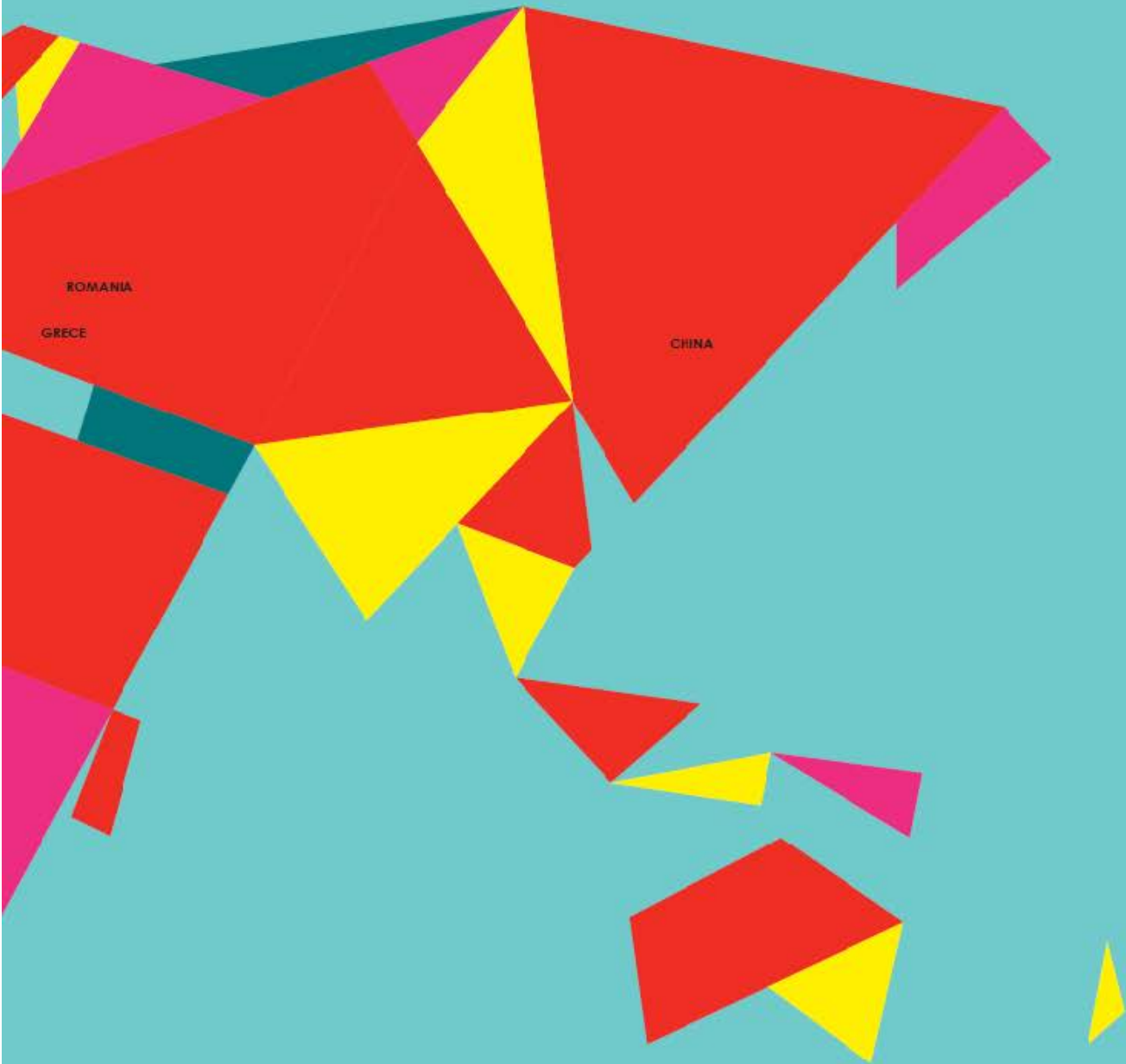
# WHERE WE ARE





PORTUGAL	● ✕	† ♨	👤	5,857	POLAND	✕	👤	32
SPAIN	● ✕	† ♨	👤	1,682	ROMANIA	✕	👤	31
CANADA	✕		👤	6	ITALY	✕	👤	34
USA	✕		👤	616	UNITED KINGDOM	✕	👤	58
MEXICO	✕		👤	8	BELGIUM	✕	👤	2
BRAZIL	● ✕ 🚚 † ♨		👤	3,153	FRANCE	✕	👤	86
PERU	✕		👤	1	GREECE	✕		
CHINA			... 👤	2	ANGOLA		...	

● CONVENTIONAL GENERATION ✕ RENEWABLE GENERATION 🚚 TRANSPORT † DISTRIBUTION ♨ SUPPLY ... OFFICES 👤 EMPLOYEES



# 1.2.3. HOW WE ARE ORGANIZED

## HOW WE ARE ORGANIZED

### BUSINESS AREAS

#### 1. RENEWABLES



**65%** OF THE GROUP'S EBITDA



WORLD LEADER  
IN WIND ENERGY

#### 2. NETWORKS



**24%** OF THE GROUP'S EBITDA



distribución

#1 PORTUGUESE DISTRIBUTOR

#### 3. CLIENT SOLUTIONS AND ENERGY MANAGEMENT



**11%** OF THE GROUP'S EBITDA





**OUR  
VISION**

# 1.2.4. VISION, VALUES AND COMMITMENTS

## VISION, VALUES AND COMMITMENTS

### VISION

A GLOBAL ENERGY PROVIDING COMPANY LEADER IN ENERGY TRANSITION TO CREATE SUPERIOR VALUE.

### 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.

#### HUMANIZATION

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

### 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 responsibilities 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 clients and answer in a simple and clear manner.
- We surprise our clients 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.

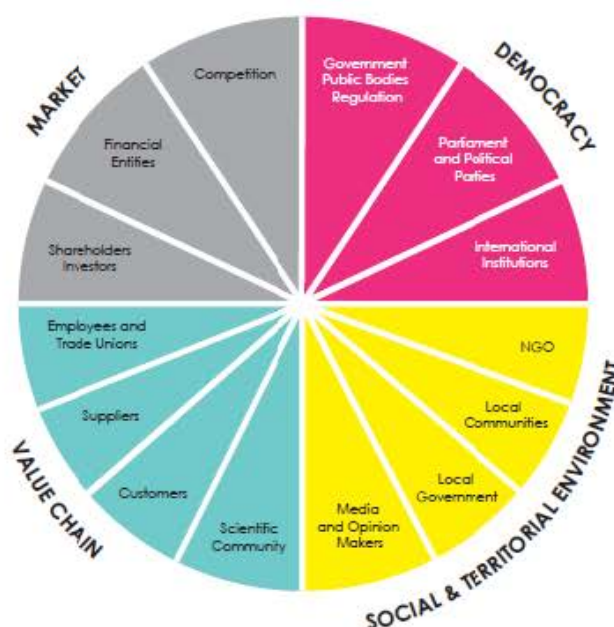


# 1.2.5. STAKEHOLDERS

## STAKEHOLDERS

Stakeholder engagement is a strategic priority for EDP and the Company is committed to sustain its leadership in stakeholder engagement in regard to its core business and to its social and environmental activities. Therefore, EDP promotes trustful relations, supported by systematic and bidirectional dialogue with key stakeholders, with the purpose to gather its expectations. This is the best way to ensure even further alignment between critical issues for the stakeholders and the business plan of the Company.

**Further evidence of this leadership commitment was obtained with the top score in 2018 in the Stakeholder Engagement criteria of the Dow Jones Sustainability Index.**



This maximum score was obtained for the second year in a row, which mirrors the intense joint effort amid business units and geographies of the EDP Group that seek at each moment to know its stakeholders, identify and prioritize relevant issues in the relationship through dynamic relationship channels and implement responses that anticipate operational and reputational risks, in line with the Policy, Methodology and Stakeholders Management Procedures of EDP Group.

### HOW WE ACT

**INTERNAL  
VIEW**



**EXTERNAL  
VIEW**



**ACTION  
PLAN**



**REPORTING  
AND MONITORING**

The **Internal View** is the first step of EDP's Stakeholder Engagement Methodology and its main purpose is to identify which stakeholders have stronger influence on EDP's activities and the ones that are more affected by EDP's actions.

The **External View** is the key outward-looking point of EDP's Stakeholder Engagement Methodology. It is an important moment to listen to stakeholders in a direct and proactive way.

The third step consists in the creation of a Stakeholder **Engagement Plan** which contains consistent and clear responses to meet stakeholders expectations, enabling the establishment of a relationship based on trust and creating shared value through cooperation.

**Monitoring and Reporting** stakeholder engagement performance allows EDP to adjust ongoing actions, depending on the level of implementation or results obtained. The follow-up also enables the identification of emerging issues affecting business and company reputation.







**02 PERFORMANCE**

<b>GROUP'S FINANCIAL ANALYSIS</b>	<b>23</b>
<b>OPERATIONAL INDICATORS</b>	<b>26</b>



# 02 PERFORMANCE

## 2.1. GROUP'S FINANCIAL ANALYSIS

### INCOME STATEMENT

EURO MILLION	1H19	1H18	Δ %	Δ ABS.
Gross Profit	2,601	2,692	-3%	-92
Operating costs	745	768	-3%	-23
Other Income/(Costs)	52	-203	-	255
EBITDA	1,908	1,722	11%	187
EBIT	1,168	1,026	14%	142
Net Profit for the period	606	571	6%	35
<b>Net Profit attributable to EDP shareholders</b>	<b>405</b>	<b>380</b>	<b>7%</b>	<b>25</b>
Non-controlling interests	201	191	5%	10

EBITDA

**€1,908M**

+11% VS. 1H18

As from 1-Jan-19, EDP is changing its reporting segments, aligning it with the energy transition and the way the company structure and organization is evolving. The new segments are: i) **Renewables**, including our wind, solar and hydro operations globally; ii) **Networks**, including our electricity distribution and transmission operations; and iii) **Client Solutions and Energy Management**, including our supply, thermal and energy management activities.

EBITDA advanced 11% YoY, to €1,908m in 1H19, with a positive contribution across all the platforms:

- In **Renewables**, 9% increase YoY, impacted by i) portfolio expansion (+57 million euros YoY); ii) gain on the asset rotation strategy (+219 million euros), iii) the adoption of IFRS 16 since 1-Jan-19; and iv) ForEx impact (USD 7% appreciation and BRL 5% depreciation). These positive results were partially offset by: i) weak hydro resources in Iberia; ii) lower wind output; iii) the de-consolidation of some mini-hydros in Portugal and Brazil following their disposal during the last quarter of 2018 (-33 million euros YoY); and iv) expiration of some 10-year life PTCs (-22 million euros YoY).
- In **Networks**, 12% increase YoY, on the back of growth in Brazil: i) +18 million euros YoY in transmission, following the commissioning of the 1<sup>st</sup> transmission line in Espírito Santo; ii) better results in distribution propelled by the increase in electricity distributed and annual tariff adjustment.
- In **Client Solutions and Energy Management**, 24% increase YoY, driven by i) supply in Iberia, with the normalization of the market and regulatory context following a particularly weak first half of 2018; and ii) thermal generation and energy management in Iberia, benefitting from an increase in production and better market conditions in the gas activities. In Brazil supply volumes were penalised by lower liquidity and higher volatility in electricity free market over the period.
- **Opex costs** decreased 23 million euros to 745 million euros, driven mostly by tight cost control and successful implementation of ongoing savings programs, mainly in renewables in Iberia and Brazil.

## EBIT

€1,168M

+14% VS. 1H18

NET PROFIT  
(ATTRIBUTABLE TO EDP  
EQUITY HOLDERS)

€405M

+7% VS. 1H18

- **Other net operating income/(costs)** changed by 255 million euros, to a net income of 52 million euros, mainly reflecting the gain booked on the sale of our 51% equity stake in a set of wind farms in Europe (997 MW).

**EBIT** was 14% higher YoY, at 1,168 million euros, mainly justified by EBITDA performance and by the adoption of IFRS 16 on leases.

- **Net financial results and results with joint-ventures and associates** amounted to - 358 million euros (85 million euros higher vs first half 2018), including the effect from a 30 bp YoY increase in average cost of debt (to 4.0% in first half of 2019) and adverse results from ForEx.
- **Income tax expense** increased 20 million euros YoY to 137 million euros in first half of 2019.
- **Non-controlling interests** reached 201 million euros in first half of 2019, increasing 5% YoY, reflecting the share of non-controlling interests in net profit growth at EDP Renováveis.
- **Net profit attributable to EDP equity holders** amounted to 405 million euros in first half of 2019 (vs. 380 million euros in first half 2018).

## CAPEX

## CAPEX

€825M

+13% VS. 1H18

## MAINTENANCE

€268M

+17% VS. 1H18

## EXPANSION

€557M

+11% VS. 1H18

- Capex amounted to 825 million euros in first half of 2019, representing an increase of 13% vs. first half of 2018;
- Expansion capex was 67% of total capex and was mostly dedicated to the construction of new renewables' capacity and transmission lines in Brazil;
- Capex in wind & solar capacity amounted to 374 million euros in first half of 2019, of which 59% was applied in North America, 39% in Europe and 2% in Brazil;
- Capex in transmission lines in Brazil is ramping up, with 172 million euros invested in first half of 2019, as the execution of the capex plan for developing 6 transmission lines is proving ahead of schedule;
- Maintenance capex amounted to 268 million euros in first half of 2019, and was mostly absorbed by regulated networks in Brazil and Iberia (72% of total).

## NET DEBT

## NET DEBT

€14,043M

+4% VS. 2018

As of Jun-19, net debt stood at 14.0 billion euros, 4% higher vs. Dec-18, impacted by the significant scale up of our ongoing investments as cash expansion activity more than doubled, while cash proceeds from the two asset rotation transactions recently announced, in Europe and Brazil, have not yet been cashed in. Additionally, the annual dividend payment to EDP shareholders (€0.7 billion) had a negative impact. Contributing to the opposite side, the main impacts were the contribution of operational activity and the 50% equity component of the new 1 billion euros hybrid issued in Jan-19.



## 2.2.

### OPERATIONAL INDICATORS

RENEWABLES	UN	1H19	1H18	1H17	1H16
<b>HYDRO INSTALLED CAPACITY</b>					
<b>Installed Capacity</b>	<b>M W</b>	<b>8,785</b>	<b>9,035</b>	<b>9,081</b>	<b>8,092</b>
Portugal	MW	6,759	6,862	6,908	5,920
Spain	MW	426	426	426	426
Brazil	MW	1,599	1,747	1,746	1,745
<b>Capacity under Construction</b>	<b>M W</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,019</b>
Portugal	MW	-	-	-	1,019
<b>EQUITY HYDRO INSTALLED CAPACITY <sup>1</sup></b>					
<b>Installed Capacity</b>	<b>M W</b>	<b>539</b>	<b>539</b>	<b>296</b>	<b>260</b>
Brazil	MW	539	539	296	260
<b>Capacity under Construction</b>	<b>M W</b>	<b>-</b>	<b>-</b>	<b>231</b>	<b>231</b>
Brazil	MW	-	-	231	231
<b>HYDRO NET ELECTRICITY GENERATION</b>					
<b>Electricity Generation</b>	<b>GWh</b>	<b>6,803</b>	<b>12,017</b>	<b>6,970</b>	<b>15,002</b>
Portugal	GWh	3,919	7,962	4,458	11,720
Spain	GWh	417	777	264	761
Brazil	GWh	2,468	3,278	2,249	2,521
<b>HYDRO TECHNICAL AVAILABILITY</b>					
Portugal	%	91	96	95	97
Spain	%	100	100	100	100
Brazil	%	100	92	95	97

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

RENEWABLES	UN	1H19	1H18	1H17	1H16
<b>WIND AND SOLAR INSTALLED CAPACITY</b>					
<b>Installed Capacity</b>	<b>MW</b>	<b>11,393</b>	<b>10,713</b>	<b>10,072</b>	<b>9,365</b>
Portugal	MW	1,355	1,253	1,253	1,249
Spain	MW	2,288	2,244	2,194	2,194
Rest of Europe	MW	1,721	1,601	1,560	1,485
North America	MW	5,562	5,284	4,861	4,233
Brazil	MW	467	331	204	204
<b>Capacity under Construction</b>	<b>MW</b>	<b>883</b>	<b>1,086</b>	<b>633</b>	<b>656</b>
Portugal	MW	-	102	-	2
Spain	MW	53	68	-	-
Rest of Europe	MW	51	100	4	226
North America	MW	779	679	502	429
Brazil	MW	-	137	127	-
<b>Equity Installed Capacity <sup>1</sup></b>	<b>MW</b>	<b>371</b>	<b>331</b>	<b>356</b>	<b>356</b>
Portugal	MW	-	-	-	-
Spain	MW	152	152	177	177
Rest of Europe	MW	-	-	-	-
North America	MW	219	179	179	179
Brazil	MW	-	-	-	-
<b>WIND AND SOLAR NET ELECTRICITY GENERATION</b>					
	<b>GWh</b>	<b>16,157</b>	<b>15,451</b>	<b>14,546</b>	<b>13,314</b>
Portugal	GWh	1,635	1,676	1,536	1,751
Spain	GWh	3,009	2,866	2,665	2,879
Rest of Europe	GWh	1,967	1,799	1,840	1,728
North America	GWh	8,849	8,690	8,191	6,750
Brazil	GWh	697	420	314	205
<b>WIND AND SOLAR TECHNICAL AVAILABILITY</b>					
		<b>97</b>	<b>97</b>	<b>98</b>	<b>98</b>
Portugal	%	99	98	99	98
Spain	%	97	96	97	97
Rest of Europe	%	96	98	98	98
North America	%	97	97	98	98
Brazil	%	98	98	98	98

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

NETWORKS	UN	1H19	1H18	1H17	1H16
<b>ELECTRICITY DISTRIBUTED</b>	<b>GWh</b>	<b>39,838</b>	<b>40,262</b>	<b>39,066</b>	<b>39,353</b>
Portugal	GWh	22,645	23,092	22,094	22,287
Spain	GWh	4,247	4,698	4,633	4,637
Brazil	GWh	12,947	12,472	12,338	12,429
<b>ELECTRICITY SUPPLY POINTS</b>	<b>'000</b>	<b>10,390</b>	<b>10,277</b>	<b>10,177</b>	<b>10,068</b>
Portugal	'000	6,253	6,206	6,168	6,126
Spain	'000	668	665	662	661
Brazil	'000	3,470	3,406	3,347	3,281
<b>GRID EXTENSION</b>	<b>Km</b>	<b>340,165</b>	<b>338,519</b>	<b>337,607</b>	<b>336,608</b>
<b>Portugal</b>	<b>Km</b>	<b>226,633</b>	<b>226,168</b>	<b>225,853</b>	<b>225,092</b>
Overhead lines	Km	177,714	177,399	177,190	176,643
Underground lines	Km	48,919	48,769	48,663	48,449
<b>Spain</b>	<b>Km</b>	<b>20,729</b>	<b>20,649</b>	<b>20,553</b>	<b>20,411</b>
Overhead lines	Km	15,719	15,703	15,679	15,631
Underground lines	Km	5,010	4,947	4,874	4,780
<b>Brazil</b>	<b>Km</b>	<b>92,804</b>	<b>91,702</b>	<b>91,201</b>	<b>91,105</b>
Overhead lines	Km	92,549	91,456	90,958	90,871
Underground lines	Km	255	246	242	234
<b>GRID LOSSES</b>					
Portugal	%	9.9	10.1	11.2	9.4
Spain	%	3.9	3.7	3.8	4.4
Brazil	%	10.0	10.1	10.7	11.3
<b>SERVICE QUALITY</b>					
<b>Portugal</b>					
Installed Capacity Equivalent Interruption Time <sup>1</sup>	Min	20	29	25	23
<b>Spain</b>					
Installed Capacity Equivalent Interruption Time <sup>1</sup>	Min	8	10	14	12
<b>Brazil</b>					
<b>Average Interruption Duration per Consumer</b>					
EDP São Paulo	Hours	8.0	7.6	8.1	9.3
EDP Espírito Santo	Hours	8.4	8.4	8.8	9.2
<b>Frequency of Interruptions per Consumer</b>					
EDP São Paulo	#	4.9	4.9	5.1	5.6
EDP Espírito Santo	#	4.9	5.0	5.2	5.5
<b>TRANSMISSION</b>					
<b>GRID EXTENSION</b>	<b>Km</b>	<b>1,299</b>	<b>1,299</b>	-	-
Grid extension in Operation	Km	113	-	-	-
Grid extension Under Construction	Km	1,186	1,299	-	-

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



CLIENT SOLUTIONS AND ENERGY MANAGEMENT		UN	1H19	1H18	1H17	1H16
THERMAL INSTALLED CAPACITY						
<b>Installed Capacity</b>	<b>MW</b>		<b>7,084</b>	<b>7,058</b>	<b>7,065</b>	<b>7,065</b>
<b>Portugal</b>	<b>MW</b>		<b>3,236</b>	<b>3,236</b>	<b>3,243</b>	<b>3,243</b>
CCGT	MW		2,031	2,031	2,039	2,039
Coal	MW		1,180	1,180	1,180	1,180
Cogeneration	MW		24	24	24	24
<b>Spain</b>	<b>MW</b>		<b>3,128</b>	<b>3,102</b>	<b>3,102</b>	<b>3,102</b>
CCGT	MW		1,698	1,698	1,698	1,698
Coal	MW		1,250	1,224	1,224	1,224
Nuclear	MW		156	156	156	156
Cogeneration and Waste	MW		25	25	25	25
<b>Brazil</b>	<b>MW</b>		<b>720</b>	<b>720</b>	<b>720</b>	<b>720</b>
Coal	MW		720	720	720	720
<b>Equity Installed Capacity <sup>1</sup></b>	<b>MW</b>		<b>10</b>	<b>41</b>	<b>41</b>	<b>41</b>
Portugal	MW		-	32	32	32
Spain	MW		10	10	10	10
THERMAL NET ELECTRICITY GENERATION						
<b>Net Electricity Generation</b>	<b>GWh</b>		<b>10,855</b>	<b>10,722</b>	<b>14,105</b>	<b>9,477</b>
<b>Portugal</b>	<b>GWh</b>		<b>5,637</b>	<b>5,037</b>	<b>7,028</b>	<b>4,017</b>
CCGT	GWh		2,386	1,567	2,308	613
Coal	GWh		3,155	3,369	4,678	3,304
Cogeneration	GWh		95	101	41	100
<b>Spain</b>	<b>GWh</b>		<b>3,824</b>	<b>3,456</b>	<b>5,029</b>	<b>3,123</b>
CCGT	GWh		1,333	580	793	404
Coal	GWh		1,873	2,293	3,619	2,102
Nuclear	GWh		552	518	557	560
Cogeneration and Waste	GWh		65	64	61	57
<b>Brazil</b>	<b>GWh</b>		<b>1,395</b>	<b>2,229</b>	<b>2,048</b>	<b>2,337</b>
Coal	GWh		1,395	2,229	2,048	2,337
THERMAL TECHNICAL AVAILABILITY						
<b>Portugal</b>	<b>%</b>		<b>92</b>	<b>85</b>	<b>95</b>	<b>92</b>
CCGT	%		95	80	95	92
Coal	%		87	93	95	91
Cogeneration	%		100	100	43	98
<b>Espanha</b>	<b>%</b>		<b>96</b>	<b>94</b>	<b>93</b>	<b>91</b>
CCGT	%		97	100	99	99
Coal	%		96	89	86	81
Nuclear	%		84	79	84	85
Cogeneration	%		100	100	88	94
Waste	%		87	91	96	95
<b>Brazil</b>	<b>%</b>		<b>97</b>	<b>98</b>	<b>91</b>	<b>89</b>
Coal	%		97	98	91	89

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

CLIENT SOLUTIONS AND ENERGY MANAGEMENT	UN	1H19	1H18	1H17	1H16
<b>ELECTRICITY CUSTOMERS</b>	<b>'000</b>	<b>9,808</b>	<b>9,844</b>	<b>9,845</b>	<b>9,775</b>
<b>Portugal</b>	<b>'000</b>	<b>5,187</b>	<b>5,295</b>	<b>5,401</b>	<b>5,448</b>
Last Resort	'000	1,080	1,166	1,295	1,545
Liberalised Market	'000	4,107	4,130	4,106	3,904
Market Share EDP - Liberalised Market	%	n.a.	n.a.	84	85
<b>Spain</b>	<b>'000</b>	<b>1,152</b>	<b>1,143</b>	<b>1,097</b>	<b>1,045</b>
Last Resort	'000	228	216	222	232
Liberalised Market	'000	923	927	876	813
<b>Brazil</b>	<b>'000</b>	<b>3,469</b>	<b>3,405</b>	<b>3,347</b>	<b>3,281</b>
Last Resort	'000	3,469	3,405	3,346	3,281
Liberalised Market	'000	0.4	0.3	0.3	0.2
<b>Social Tariff</b>	<b>'000</b>	<b>825</b>	<b>865</b>	<b>885</b>	<b>369</b>
Portugal	'000	611	637	676	149
Spain	'000	51	71	60	60
Brazil	'000	162	158	150	160
<b>Special Needs</b>	<b>'000</b>	<b>0.8</b>	<b>0.6</b>	<b>1.2</b>	<b>1.0</b>
Portugal	'000	0.1	0.0	0.6	0.5
Brazil	'000	0.692	0.613	0.613	0.515
<b>Green Tariff</b>	<b>'000</b>	<b>1,064</b>	<b>1,026</b>	<b>932</b>	<b>829</b>
Portugal	'000	6	3	3	4
Spain	'000	1,058	1,023	929	825
Brazil	'000	n.a.	n.a.	n.a.	n.a.
<b>ELECTRICITY SUPPLIED</b>	<b>GWh</b>	<b>29,472</b>	<b>32,532</b>	<b>31,853</b>	<b>33,192</b>
<b>Portugal</b>	<b>GWh</b>	<b>10,220</b>	<b>10,788</b>	<b>10,828</b>	<b>11,404</b>
Last Resort	GWh	1,375	1,523	1,634	2,307
Liberalised Market	GWh	8,845	9,265	9,194	9,097
Market Share EDP - Liberalised Market	%	n.a.	n.a.	44	45
<b>Spain</b>	<b>GWh</b>	<b>6,104</b>	<b>6,272</b>	<b>7,076</b>	<b>8,351</b>
Last Resort	GWh	234	229	230	249
Liberalised Market	GWh	5,870	6,043	6,846	8,101
Market Share EDP - Liberalised Market	%	6	7	7	9
<b>Brazil</b>	<b>GWh</b>	<b>13,149</b>	<b>15,472</b>	<b>13,950</b>	<b>13,438</b>
Last Resort	GWh	7,247	6,989	7,001	7,787
Liberalised Market	GWh	5,902	8,482	6,949	5,651
<b>Social Tariff</b>	<b>GWh</b>	<b>284</b>	<b>172</b>	<b>175</b>	<b>74</b>
Portugal	GWh	92	107	113	10
Spain	GWh	53	65	63	65
Brazil	GWh	139	153	137	216
<b>Green Tariff</b>	<b>GWh</b>	<b>5,288</b>	<b>2,773</b>	<b>2,777</b>	<b>2,418</b>
Portugal	GWh	6	5	5	25
Spain	GWh	5,282	2,768	2,772	2,393
Brazil	GWh	n.a.	n.a.	n.a.	n.a.
<b>GAS CUSTOMERS</b>	<b>'000</b>	<b>1,593</b>	<b>1,583</b>	<b>1,541</b>	<b>1,454</b>
<b>Portugal</b>	<b>'000</b>	<b>697</b>	<b>697</b>	<b>679</b>	<b>612</b>
Last Resort	'000	39	42	47	56
Liberalised Market	'000	657	654	632	555
<b>Spain</b>	<b>'000</b>	<b>897</b>	<b>887</b>	<b>862</b>	<b>843</b>
Last Resort	'000	52	51	53	57
Liberalised Market	'000	845	836	809	786
<b>GAS SUPPLIED</b>	<b>GWh</b>	<b>9,386</b>	<b>9,422</b>	<b>9,440</b>	<b>12,506</b>
<b>Portugal</b>	<b>GWh</b>	<b>2,057</b>	<b>2,152</b>	<b>2,185</b>	<b>2,242</b>
Last Resort	GWh	122	154	159	203
Liberalised Market	GWh	1,935	1,999	2,026	2,039
Market Share EDP - Liberalised Market	%	n.a.	n.d.	9	n.a.
<b>Spain</b>	<b>GWh</b>	<b>7,329</b>	<b>7,269</b>	<b>7,256</b>	<b>10,264</b>
Last Resort	GWh	151	165	153	148
Liberalised Market	GWh	7,178	7,104	7,102	10,115
Market Share EDP - Liberalised Market	%	3	3	4	3





## 03 CORPORATE GOVERNANCE

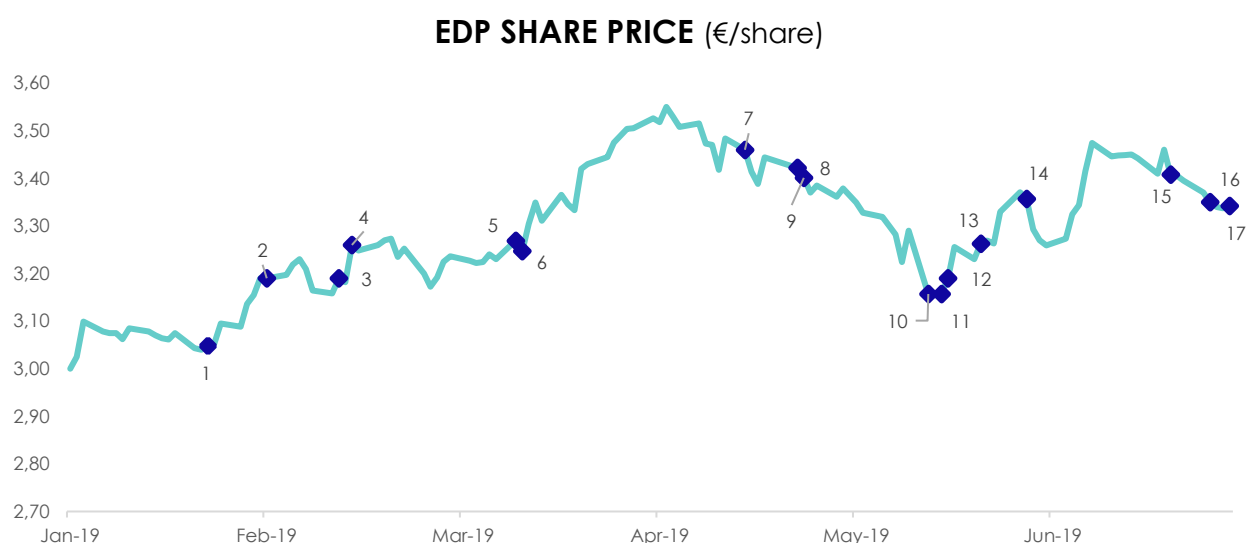
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# 03 CORPORATE GOVERNANCE

## A. PERFORMANCE OF EDP ON THE STOCK MARKET

### MAIN EVENTS AFFECTING THE EDP SHARE PRICE IN THE FIRST HALF OF 2019



#	Date	Description	Share price
1	23-01-2019	EDP prices € 1,000 Million subordinated green notes	3.05
2	01-02-2019	EDPR signs a Build & Transfer agreement for 102 MW wind farm project in the US	3.19
3	12-02-2019	EDPR secures a 104 MW PPA for a new wind farm in the US	3.19
4	14-02-2019	Elliott's communication on EDP	3.26
5	11-03-2019	EDP publishes 2018 financial results	3.27
6	12-03-2019	Strategic Update	3.25
7	15-04-2019	S&P affirms EDP at "BBB-" with stable outlook	3.46
8	23-04-2019	EDP announces €0.8bn asset rotation deal for wind farms in Europe	3.42
9	24-04-2019	EDP's Annual General Shareholders' Meeting	3.40
10	13-05-2019	EDP sells Portuguese tariff deficit for €0.6 billion	3.16
11	15-05-2019	EDP pays 2018 dividend	3.16
12	16-05-2019	EDP publishes 1Q19 financial results	3.19
13	21-05-2019	EDP and Engie join forces to create a leading global offshore wind player	3.26
14	28-05-2019	EDP acquires electricity transmission line in Brazil EDP reached a PPA agreement for its first large scale renewable project with storage in the U.S.	3.36
15	20-06-2019		3.41
16	25-06-2019	EDP agrees to sell €470 million in securitization of Portuguese tariff deficit	3.35
17	28-06-2019	State Street Corporation notifies decrease of qualified shareholding in EDP	3.34

## B. CORPORATE BODIES

### 1. CORPORATE GOVERNANCE STRUCTURE

#### 1.1. CORPORATE GOVERNANCE MODEL

EDP's governance structure is a dual model one and comprises the General Meeting, the Executive Board of Directors, the General and Supervisory Board and the Statutory Auditor.

The separation of management and supervision roles is embodied in an Executive Board of Directors, which is responsible for the management of the Company's business, and a General and Supervisory Board, the highest supervisory body.

The division of competences, inherent to such model, between the Executive Board of Directors and the General and Supervisory Board, has been assuring an effective management of the Company, benefitted by a constant and attentive supervision. Considering this structure, we can say that the dual model of corporate governance in place at EDP since July 2006 has allowed for an effective separation of the Company's supervision and management in pursuit of the goals and interests of EDP and its shareholders, employees and other stakeholders, thereby contributing to achieving the degree of trust and transparency necessary for its adequate functioning and optimisation.

Furthermore, this model has proved appropriate to the Company's shareholder structure as it allows supervision by key shareholders on the General and Supervisory Board.

According to Article 11 (2) (b) of the Articles of Association, it is the responsibility of the General Meeting of EDP to elect and dismiss the members of the Executive Board of Directors and the General and Supervisory Board, as well as their Chairmen and Vice-Chairmen, if any, and the Statutory Auditors, based on a proposal by the General and Supervisory Board (or by delegation to the Financial Matters Committee / Audit Committee). The General Meeting also appoints the members of the Environment and Sustainability Board, on proposal of the Executive Board of Directors, and Remuneration Committee of the General Meeting, which is responsible for setting the remuneration of the members of the corporate bodies (except the Executive Board of Directors, whose remuneration is set by the Remuneration Committee appointed by the General and Supervisory Board).

For a better understanding of EDP's corporate governance, EDP's website ([www.edp.com](http://www.edp.com)) allows shareholders and the general public to view the up-to-date Articles of Association in Portuguese and English, the Internal Regulation of the Executive Board of Directors, General and Supervisory Board and its committees, documents that were modified during 2018 in order to accommodate the principles and recommendations set forth by the Corporate Governance Code issued by the Portuguese Institute for Corporate Governance.

Worth nothing also that EDP has since 2010 a Corporate Governance Manual, whose primary objective consists of registering and sharing the provisions of the Executive Board of Directors and of General and Supervisory Board regarding best practices recommendations applicable to EDP on corporate governance. The Manual has a dynamic nature. It should therefore continue to be revised periodically, considering the contributions of all interested parties in the continuous development of EDP's governance model. The dynamic nature and the contribution of all interested parties is, at this stage, timely to the extent



the Manual is under analysis in order to adopt the principles and recommendations deriving from the entry into force of the Corporate Governance Code issued by the Portuguese Institute for Corporate Governance.

The Manual for the Corporate Governance of EDP is available to shareholders and general public at its website ([www.edp.com](http://www.edp.com)).

Considering that good practices of corporate governance are embedded in the Company's organizational culture, EDP sought to go beyond the legal requirements and regulations for this area, particularly concerning information reporting, given EDP's meticulousness and goals regarding the quality of its corporate governance practices. The Corporate Governance Manual therefore sought to serve the following purposes, in order to achieve this basic goal:

- To reflect critically on recommendations on best practices in order to contribute actively in optimising EDP's practices;
- To select the recommendations deemed most appropriate to EDP's governance model, focusing on measures taken and indicating potential measures for full adoption of good practices;
- To identify recommendations that are not appropriate to EDP's interests and give reasons for this position and indicate other ways of achieving such goals;
- To help targets of the recommendations to reflect on the best governance practices to be followed at EDP;
- To draft a formal document that will help compliance with reporting obligations on corporate governance practices, such as the annual report required by law;
- Describe EDP's governance practices that are not set out in the Corporate Governance Code but achieve the goal shared by the General and Supervisory Board and the Executive Board of Directors to develop and increase the quality of EDP's governance processes.

In what concerns prevention and fighting against harassment at work, and complementing the commitments already taken on by EDP in its Code of Ethics, available at EDP's website ([www.edp.com](http://www.edp.com)), the Good Conduct Code for the Prevention and Fight Against Harassment at Work entered into force as of 21 November 2017 and it is applicable to all EDP Group's employees. According to this Code, other service providers and suppliers are explicitly required to uphold or adhere to the principles established, in accordance with their obligations under qualification procedures or current contracts.

Additionally, the Integrity Policy approved by the Executive Board of Directors, on 15 May 2018, has implemented the mandatory execution to all subsidiary, controlled or affiliated as well as to all employees and business partners of duties which aim to avoid unlawful conducts, in particular those associated with the practice of corruption acts, money laundering and terrorism financing. EDP Group is committed to promote an exempt, honest, integrated, professional and fair action and requires that its employees and contracted third-parties behave in accordance with such commitment, complying with the legislation and regulation in force. The EDP Group companies has implemented and has disseminated prevention, detection and control measures towards any form of corruption, prevarication, conduct on conflict of interest, influence peddling, money laundering, terrorism financing and other illegal acts. In this regard, the EDP Group companies may adopt more demanding additional measures, according to local needs, ensuring at all times the compliance with the local applicable legislation. Additionally, the compliance area of the Compliance and Internal Audit Department which independence is

guaranteed through the reporting to the Executive Board of Directors and to the Financial Matters Committee / Audit Committee of the General and Supervisory Board of EDP is responsible to annually review this Policy or whenever any relevant legislative change occurs, submitting those amendments to the Executive Board of Directors for approval. The Integrity Policy is available at EDP's website ([www.edp.com](http://www.edp.com)).

EDP intends to keep materializing a pioneer role of excellence in terms of corporate governance best practice promotion, hoping that this initiative may also contribute to an enrichment of the debate on these matters, in a context of the overall organization and functioning of companies.

## 1.2. INCOMPATIBILITY RULES AND INDEPENDENCE CRITERIA

EDP's Articles of Association (Article 9 (1), Article 10 (1), Article 11 (2) (d), Article 21 (4), Article 22 (1) (a), Article 23 and Article 27) and the Internal Regulation of the General and Supervisory Board (Article 8), both available on its website ([www.edp.com](http://www.edp.com)), lay down the rules on independence and incompatibilities for members of any of the Company's corporate bodies.

The criteria of independence set out in EDP's Articles of Association are in line with those laid down in 414 (5) of the Companies Code and determine that independence means an absence of direct or indirect relations with the Company or one of its bodies and an absence of any circumstances that might affect impartiality of analyses or decisions, e.g. because the people in question own or are acting on behalf of owners of a qualifying shareholding of 2% (two percent) or more of the share capital of EDP or have been re-elected for more than two terms of office continuously or intermittently.

Pursuant to Article 9 (1) of EDP's Articles of Association, independence is "absence of direct or indirect relations with the Company or one of its bodies and an absence of any circumstances that might affect impartiality of analyses or decisions, e.g. because the people in question own or are acting on behalf of owners of a qualifying shareholding of 2% (two percent) or more of the share capital of EDP or have been re-elected for more than two continuous or intermittent mandates".

In view of the need to clarify the aforementioned Article 414 (5) of the Company Code, as there are diverging legal opinions, *Associação de Emitentes de Valores Cotados em Mercado* ("AEM") requested an opinion from the CMVM, whose opinion was that the capacity as independent is only lost if, "on the basis of the criterion of number of terms of office, in a situation likely to affect his/her impartiality in analyses or decisions if the members of the supervisory bodies of public limited companies, having been elected for a first term of office and re-elected continuously or intermittently for a second and third term, are re-elected (for the third time, therefore) for a fourth term of office."

Pursuant to its Internal Regulation, the General and Supervisory Board has in place a specific procedure regarding compliance with a large number of rules on incompatibilities and independence applicable to positions on this board (Articles 7 and 8 of the General and Supervisory Board Internal Regulation). This procedure includes the following aspects:

- Acceptance of a position as member of the General and Supervisory Board is subject to a written statement setting out specifically (i) the inexistence of any incompatibility under the law or Articles of Association; (ii) compliance with the independence requirements set out in its Internal Regulation, if the person has been elected as an independent member; (iii) the members' obligation to report to the Chairman of the General and Supervisory Board or, for the Chairman, directly to the board any subsequent event that might generate incompatibility or loss of independence;

- Every year, the members of the General and Supervisory Board must renew their statements as to the inexistence of incompatibility and, if applicable, the compliance with the independence requirements.

Also every year, the General and Supervisory Board conducts a general assessment of compliance with the rules of incompatibility and independence by its members.

At the same time, the Internal Regulation of the General and Supervisory Board has broadened the independence criteria applicable to its members, going beyond the provisions of Article 414 (5) of the Companies Code and Article 9 of EDP's Articles of Association, and so people who directly or through their spouse or relative or similar in a straight line and to the collateral third degree, inclusive, are in one of the following situations cannot have independent status:

- Being holder, director, having contractual ties or acting on behalf or on the account of owners of a qualifying shareholding of 2% (two percent) or more of the share capital or voting rights in EDP or the same percentage in a company of which it is a subsidiary;
- Being a holder, director, having contractual ties or acting on behalf or on the account of owners of a qualifying shareholding of 2% (two percent) or more of the share capital or voting rights in a company that is a competitor of EDP;
- Having been re-elected for more than two consecutive or non-consecutive terms of office;
- Having exercised for twelve years, on a consecutive or non-consecutive basis, functions in any corporate body of the Company exception made to, from the end of its functions in any body and its new appointment, at least a three-year period has elapsed;
- Having, in the last three years, provided services or had a significant commercial relation with the Company or one of its Subsidiaries; and,
- Being a remuneration beneficiary paid by the Company or one of its Subsidiaries other than the remuneration deriving from the execution of its functions as a member of the General and Supervisory Board.

The rules of independence covering members of the General and Supervisory Board are particularly important regarding the following requirements:

- The board must consist of a majority of independent members (Article 434 (4) and Article 414 (5) and (6) of the Companies Code and Article 21 (4) of EDP's Articles of Association);
- The Financial Matters Committee/Audit Committee is entirely composed of independent members of the General and Supervisory Board (Article 23 (2) of EDP Articles of Association and Article 3 (1) of the Financial Matters Committee/Audit Committee's Internal Regulation);
- The Remuneration Committee of the General and Supervisory Board must comprise a majority of independent members (Article 27 (1) of the Articles of Association and Article 28 (1) (b) of the General and Supervisory Board's Internal Regulation).

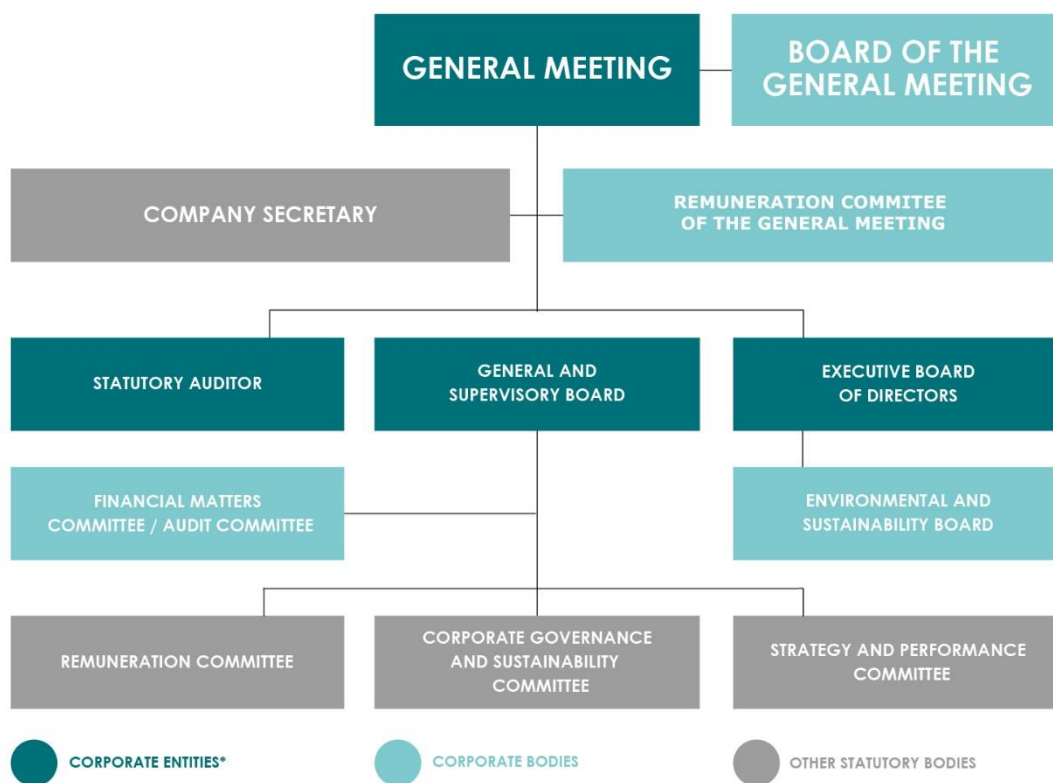
In compliance with the above procedure, at the start of their terms of office, the members of the General and Supervisory Board stated that they were not in any of the situations of incompatibility set out in the Companies Code (Article 414-A (1) (a) to (e), (g) and (h) (ex vi Article 434 (4)) and Article 437 (1)) or under the Articles of Association and, where applicable, that they complied with the independence requirements of the Internal Regulation of the General and Supervisory Board. Of the incompatibility situations for the exercise of the role of member of the General and Supervisory Board, pursuant to the Article 414-A of the Companies' Code, it is considered the exercise of functions of administration or supervisory in five companies. Therefore, one may not be elected or designated a member of the General and Supervisory Board if holds office of administrator or supervisor in five companies.

At the end of 2018, the members of the General and Supervisory Board renewed their statements on incompatibilities and independence. Following the respective appointment, on 24 April 2019, the Chairman of the Board of the General Meeting who is inherently a General and Supervisory Board Member, has declared as all the General and Supervisory Board members the absence of incompatibilities and confirmed the compliance with all the implemented independence requirements.

The above statements are available to the public on EDP's website, at [www.edp.com](http://www.edp.com).

The independent members of the General and Supervisory Board are shown in the chart in Item 2.1.2. above.

## 2. ORGANIC CORPORATE STRUCTURE



\*Corporate Entities are also Corporate Bodies, pursuing the article 8 of EDP's Articles Association.

### 2.1. CORPORATE BODIES

Pursuant to Article 8 of EDP's Articles of Association, the corporate bodies of the company are:

- a) the General Shareholders' Meeting;
- b) the Executive Board of Directors
- c) the General and Supervisory Board
- d) the Statutory Auditor.

The company has also the following statutory bodies: Board of the General Meeting, the Environment and Sustainability Board, the Remuneration Committee, the Remuneration Committee of the General Meeting and the Financial Matters Committee/Audit Committee.

The shareholders elected, at the General Meeting of 5 April 2018, the members of Corporate Bodies for the three-year 2018 - 2020 term of office. The term of office of the members of the corporate bodies therefore ends on 31 December 2020, though they may remain in office until a new appointment.

### 2.1.1. GENERAL MEETING

Pursuant to Article 12 of EDP's Articles of Association, the Board of the General Meeting consists of a Chairman, a Vice-Chairman and the Company Secretary (who is appointed by the Executive Board of Directors).

At the Annual General Meeting held on 5 April 2018, the Chairman and the Vice-Chairman of the Board of the General Meeting were elected for a three-year period regarding the 2018/2020 term of office and the Company Secretary was appointed by the Executive Board of Directors to the respective office on the same date and for the referred term of office.

Until the 24 April 2019, the Board of the General Meeting was composed as follows:

BOARD OF THE GENERAL MEETING	
<b>Chairman</b>	<b>António Manuel de Carvalho Ferreira Vitorino <sup>(1)</sup></b>
Vice-Chairman	Rui Pedro Costa Melo Medeiros
Secretary of the Company	Ana Rita Pontífice Ferreira de Almeida Côrte-Real <sup>(2)</sup>

<sup>(1)</sup> António Manuel de Carvalho Ferreira Vitorino resigned on 27 July 2018  
<sup>(2)</sup> Appointed by the Executive Board of Directors on 5 April 2018 for the position of Company Secretary, having also been appointed on such date Joana Gomes da Costa Monteiro Dinis for the position of Alternate Company Secretary

Between the period that mediate the resignation of António Manuel de Carvalho Ferreira Vitorino, on 27 July 2019, and the appointment at the General Shareholders' Meeting, on 24 April 2019, of Luís Maria Viana Palha da Silva, works, including those of such General Meeting, were conducted by the respective Vice-Chairman of the Board of the General Meeting, Rui Pedro Costa Melo Medeiros.

Following the General Shareholders' Meeting on 24 April 2019, the Board of the General Meeting is composed as follows:

BOARD OF THE GENERAL MEETING	
<b>Chairman</b>	<b>Luís Maria Viana Palha da Silva</b>
Vice-Chairman	Rui Pedro Costa Melo Medeiros
Secretary of the Company	Ana Rita Pontífice Ferreira de Almeida Côrte-Real <sup>(1)</sup>

<sup>(1)</sup> Appointed by the Executive Board of Directors on 5 April 2018 for the position of Company Secretary, having also been appointed on such date Joana Gomes da Costa Monteiro Dinis for the position of Alternate Company Secretary

The Chairman of the General Meeting is automatically a member of the General and Supervisory Board, pursuant to Article 21 (2) of EDP's Articles of Association.

### 2.1.2. GENERAL AND SUPERVISORY BOARD

The General and Supervisory Board in the exercise of its duties – see Article 441 of the Companies Code and Article 22 of EDP's Articles of Association - main mission is to constantly advise, monitor and supervise the management activities of EDP, cooperating with the Executive Board of Directors and the various other corporate bodies in pursuit of the company's interests, pursuant to the Companies Code and the company's Articles of Association. It is elected by the shareholders at the General Meeting.

According to Article 21 (1) of the Articles of Association, the General and Supervisory Board consists of no fewer than nine effective members, but always more than the number of members of the Executive Board of Directors. The majority of the elected members of the General and Supervisory Board must be independent, pursuant to Article 21 (4) of the Articles of Association.

Pursuant to Article 22 of the Articles of Association, the General and Supervisory Board is especially responsible for:

- Permanently monitor the management of EDP and its subsidiaries and provide management advice and assistance to the Executive Board of Directors, particularly with regard to strategy, goals and compliance with the law;
- Issue opinions on the annual report and accounts;
- Permanently oversee the work of the Statutory Auditor and External Auditor and, with regard to the former, issue an opinion on their election or appointment, dismissal, independent status and other relations with the Company;
- Oversee, on a permanent basis, and evaluate internal accounting and auditing procedures, the efficacy of the risk management system, internal control system and internal auditing system, including the way in which complaints and queries are received and processed, whether originating from employees or not;
- Propose to the General Meeting the removal from office of any member of the Executive Board of Directors;
- Monitor the definition of criteria and responsibilities required or appropriate for the structures and internal bodies of the Company or Group and their impact and draft follow-up plans;
- Provide for the replacement of members of the Executive Board of Directors in the event of permanent or temporary absence, as required by law;
- Issue an opinion on their annual vote of confidence in the directors set out in Article 455 of the Company Code, on its own initiative or when requested to do so by the CEO;
- Monitor and assess matters of corporate governance, sustainability, internal codes of ethics and conduct and compliance with these codes and systems for appraising and resolving conflicts of interest, including those associated with the Company's relations with its shareholders, and issue opinions on these matters;

- Obtain the financial or other resources that it reasonably deems necessary for its work and ask the Executive Board of Directors to take any measures or make any corrections that it considers pertinent, with the power to hire independent consultants, if necessary;
- Receive regular information from the Executive Board of Directors on significant business relations between the Company or its subsidiaries and shareholders with a qualifying holding and persons related to them;
- Appoint the Remuneration Committee and Financial Matters Committee/Audit Committee;
- Represent the Company in its relations with the directors;
- Supervise the work of the Executive Board of Directors;
- Oversee compliance with the law and Articles of Association;
- Select and replace the Company's External Auditor, giving the Executive Board of Directors instructions for engagement or dismissal;
- Monitoring the bookkeeping, accounts and supporting documents and the status of any assets or securities held by the Company, as and when it deems appropriate;
- Supervise the preparation and disclosure of financial information;
- Call the General Meeting when it deems appropriate;
- Approve its Internal Regulation, which includes rules on relations with the other corporate bodies;
- Exercise any other powers that may be granted by law, the Articles of Association or by the General Meeting.

Under the corporate governance model in place at EDP, the General and Supervisory Board also has a power of particular importance. Although it does not have management powers, pursuant to Article 442 (1) of the Company Code, Article 17 (2) of the Articles of Association lays down that the approval of EDP's strategic plan and performance of the operations indicated below by EDP or its subsidiaries are subject to a prior favourable opinion from this board (see also Article 15 of the Internal Regulation of the General and Supervisory Board):

- Acquisitions and sales of assets, rights or shareholdings of significant economic value;
- Financing operations of significant value;
- Opening and closure of establishments, or important parts thereof, and substantial extensions or limitations of Company activity;
- Other transactions or operations of significant economic or strategic value;
- Formation or termination of strategic partnerships or other forms of lasting cooperation;
- Plans for splits, mergers or conversions;



- Amendments to the Articles of Association, including changes of registered office and share capital increases when on the Executive Board of Directors' initiative;
- Approval of the draft decision of the Executive Board of Directors to increase the share capital by means of one or more share capital increases, up to the aggregate limit of 10% of the current share capital by issuing Category A shares to be subscribed by new inputs of cash;
- Formation or termination of strategic partnerships or other forms of lasting cooperation.

The Chairman of the General and Supervisory Board is granted particular powers, and, pursuant to Article 5 of the General and Supervisory Board Internal Regulation, is responsible for:

- Convening and presiding over meetings of the General and Supervisory Board;
- Representing the General and Supervisory Board institutionally;
- Coordinating the work of the General and Supervisory Board and ensuring the correct operation of its committees, being entitled to attend any meeting and being kept informed of their activities;
- Proposing to the plenary General and Supervisory Board the members, the Chairman and, when appropriate, the Vice-Chairman of each committee;
- Ensuring that the members of the General and Supervisory Board punctually receive the information they need for their duties;
- Requesting from the Executive Board of Directors relevant information for the General and Supervisory Board and its committees to perform their duties and ensuring that the members of the General and Supervisory Board receive it in good time;
- Taking the necessary measures to ensure that the General and Supervisory Board adequately monitors the activity of EDP and the Executive Board of Directors in particular;
- Monitoring implementation of the General and Supervisory Board's budget and managing the material and human resources assigned to it;
- Ensuring correct implementation of General and Supervisory Board decisions.

The Chairman of the General and Supervisory Board or, in his/her absence or incapacity, a member delegated by the board for that purpose, may attend meetings of the Executive Board of Directors whenever s/he sees fit and take part in the discussion of matters to be submitted to the General and Supervisory Board, without having any voting rights pursuant to Article 21 (10) of EDP's Articles of Association.

The members of the Financial Matters Committee/Audit Committee have a duty to attend the meetings of the Executive Board of Directors when the accounts are appraised (see Article 10 of Internal Regulation of the Financial Matters Committee/Audit Committee).

At the Annual General Meeting held on 5 April 2018, the members of the General and Supervisory Board were elected for a three-year period regarding the 2018 - 2020 term of office. The term of office of the members of this corporate body therefore ends on 31 December 2020, though they may remain in office until a new appointment.

Until 24 April 2019, the General and Supervisory Board had the following composition:

GENERAL AND SUPERVISORY BOARD		INDEPENDENT MEMBERS	FIRST APPOINTMENT DATE
<b>Chairman</b>	<b>Luís Filipe Marques Amado</b>	<b>Independent</b>	<b>21/04/2015</b>
<b>Vice-Chairman</b>	<b>China Three Gorges Corporation represented by Dingming Zhang</b>		<b>20/02/2012</b>
	China Three Gorges International Corp. represented by Shengliang Wu		05/04/2018
	China Three Gorges (Europe), S.A. represented by Ignacio Herrero Ruiz		20/02/2012
	China Three Gorges Brasil Energia Ltda. represented by Yinsheng Li		05/04/2018
	China Three Gorges (Portugal), Sociedade Unipessoal, Lda. represented by Eduardo de Almeida Catroga		21/04/2015
	DRAURSA, S.A. represented by Felipe Fernández Fernández		21/04/2015
	Fernando Maria Masaveu Herrero		20/02/2012
	Senfora BV represented by Mohammed Issa Khalfan Alhuraimel Alshamsi		21/04/2015
	Banco Comercial Português, S.A. represented by Nuno Manuel da Silva Amado		21/04/2015
	Société National pour la Recherche, la Production, le Transport, la Transformation et la Commercialisation des Hydrocarbures (Sonatrach) represented by Karim Djebbour		12/04/2007
	Maria Celeste Ferreira Lopes Cardona	Independent	20/02/2012
	Ilídio da Costa Leite de Pinho	Independent	20/02/2012
	Jorge Avelino Braga de Macedo	Independent	20/02/2012
	Vasco Joaquim Rocha Vieira	Independent	20/02/2012
	Augusto Carlos Serra Ventura Mateus	Independent	06/05/2013
	João Carvalho das Neves	Independent	21/04/2015
	María del Carmen Fernández Rozado	Independent	21/04/2015
	Laurie Lee Fitch	Independent	05/04/2018
	Clementina Maria Dâmaso de Jesus Silva Barroso	Independent	05/04/2018

- António Manuel de Carvalho Ferreira Vitorino resigned on 27 July 2018

The representatives of the companies China Three Gorges Corporation and China Three Gorges International Corp. initiated their term of office on 11 May 2012, following the entry into force of the strategic partnership agreement concluded on 30 December 2011

Following the General Shareholders' Meeting on 24 April 2019, the General and Supervisory Board is composed as follows:

GENERAL AND SUPERVISORY BOARD		INDEPENDENT MEMBERS	FIRST APPOINTMENT DATE
<b>Chairman</b>	<b>Luís Filipe Marques Amado</b>	<b>Independent</b>	<b>21/04/2015</b>
<b>Vice-Chairman</b>	<b>China Three Gorges Corporation represented by Dingming Zhang</b>		<b>20/02/2012</b>
	China Three Gorges International Corp. represented by Shengliang Wu		05/04/2018
	China Three Gorges (Europe), S.A. represented by Ignacio Herrero Ruiz		20/02/2012
	China Three Gorges Brasil Energia Ltda. represented by Yinsheng Li		05/04/2018
	China Three Gorges (Portugal), Sociedade Unipessoal, Lda. represented by Eduardo de Almeida Catroga		21/04/2015
	DRAURSA, S.A. represented by Felipe Fernández Fernández		21/04/2015
	Fernando Maria Masaveu Herrero		20/02/2012
	Senfora BV represented by Mohammed Issa Khalfan Alhuraimel Alshamsi		21/04/2015
	Banco Comercial Português, S.A. represented by Nuno Manuel da Silva Amado		21/04/2015
	Société National pour la Recherche, la Production, le Transport, la Transformation et la Commercialisation des Hydrocarbures (Sonatrach) represented by Karim Djebbour		12/04/2007
	Maria Celeste Ferreira Lopes Cardona	Independent	20/02/2012
	Ilídio da Costa Leite de Pinho	Independent	20/02/2012
	Jorge Avelino Braga de Macedo	Independent	20/02/2012
	Vasco Joaquim Rocha Vieira	Independent	20/02/2012
	Augusto Carlos Serra Ventura Mateus	Independent	06/05/2013
	João Carvalho das Neves	Independent	21/04/2015
	María del Carmen Fernández Rozado	Independent	21/04/2015
	Laurie Lee Fitch	Independent	05/04/2018
	Clementina Maria Dâmaso de Jesus Silva Barroso	Independent	05/04/2018
	Luís Maria Viana Palha da Silva	Independent	24/04/2019

The representatives of the companies China Three Gorges Corporation and China Three Gorges International Corp. initiated their term of office on 11 May 2012, following the entry into force of the strategic partnership agreement concluded on 30 December 2011

Ordinary meetings of the General and Supervisory Board are held at least once every quarter and extraordinary meetings take place whenever convened by the Chairman, on his/her own initiative or at the request of any of its members, the Executive Board of Directors or its Chairman, pursuant to Article 24 (1) of the Articles of Association and Article 20 (1) of the Internal Regulations of the General and Supervisory Board.

The General and Supervisory Board met four times in the first half of 2019 and the minutes of such meetings were drawn up.

### 2.1.3. EXECUTIVE BOARD OF DIRECTORS

Pursuant to Article 431 of the Companies Code and Article 17 of the Articles of Association, the Executive Board of Directors is the body responsible for managing the company's activities and representing the company, and is elected by the shareholders at a General Meeting.

The Executive Board of Directors is a collegiate body, in each meeting, the representation is only allowed the representation of an absent director for each directors in effectivity.

The powers of the Executive Board of Directors, in accordance with the Article 17 (1) of the Articles of Association, include:

- Setting the goals and management policies of EDP and the EDP Group;
- Drawing up the annual business and financial plans;
- Managing corporate business and undertaking all actions and operations associated with the corporate object that do not fall within the responsibilities of other company bodies;
- Representing the Company in and out of court, actively and passively, with the power to waive, transact and admit guilt in any legal proceedings and make arbitration agreements;
- Buying, selling or by any other means disposing or encumbering rights or immovable assets;
- Setting up companies and subscribing, purchasing, encumbering and selling shareholdings;
- Deciding on the issue of bonds and other securities in accordance with the law and the Articles of Association, in compliance with the annual quantitative limits set by the General and Supervisory Board;
- Establishing the technical and administrative organisation of EDP and the Internal Regulation, particularly in relation to personnel and their remuneration;
- Appointing proxies with such powers as it sees fit, including the power to delegate;
- Appointing the Company Secretary and alternate;
- Hiring and dismissing the external auditor on recommendation of the General and Supervisory Board;
- Exercising any other powers that may be granted to it by law or by the General Meeting;
- Establishing its own Internal Regulation.

Proposals to amend EDP's Articles of Association regarding share capital increases submitted by the Executive Board of Directors require a favourable prior opinion from the General and Supervisory Board, pursuant to Article 17 (2) (g) of the Articles of Association.

The Chairman of the Executive Board of Directors sends the Chairman of the General and Supervisory Board the notices of meetings, support documents and minutes of the meetings and, on request, provides appropriate, timely information, which is accessible to all the members of the General and Supervisory Board.

When so requested by other members of the corporate bodies, the Executive Board of Directors also provides all the required information in a timely and appropriate fashion. There is an information sharing portal for the Executive Board of Directors and General and Supervisory Board, which is accessible to all their members.

The Chairman of the Executive Board of Directors is granted particular powers by Article 18 of the Articles of Association. These powers are:

- Representing the Executive Board of Directors;
- Coordinating the work of the Executive Board of Directors and convening and presiding over its meetings;
- Ensuring proper execution of the decisions of the Executive Board of Directors.

The Chairman of the Executive Board of Directors is entitled to attend the meetings of the General and Supervisory Board, whenever considered appropriate, except when these concern decisions on the supervision of the work of the Executive Board of Directors and, in general, any situations that may involve a conflict of interest, pursuant to Article 18 (2) of the Articles of Association.

In the Executive Board of Directors there is a functional division of management areas to each of its members. The college of directors is responsible for making decisions on all matters within its remit. Delegated powers are not granted to directors individually, because of the board's particular nature.

The activity and performance of the Executive Board of Directors are assessed continuously and independently by the General and Supervisory Board on an annual basis.

According to article 16 (2) of the Articles of Association, there must be a minimum of five and a maximum of nine members of the Executive Board of Directors.

At that General Meeting of Shareholders held on 5 April 2018 the members of the Executive Board of Directors were elected for a three-year period regarding the 2018 - 2020 term of office. The term of office of the members of this corporate body therefore ends on 31 December 2020, though they may remain in office until a new appointment.

The Executive Board of Directors has the following composition:

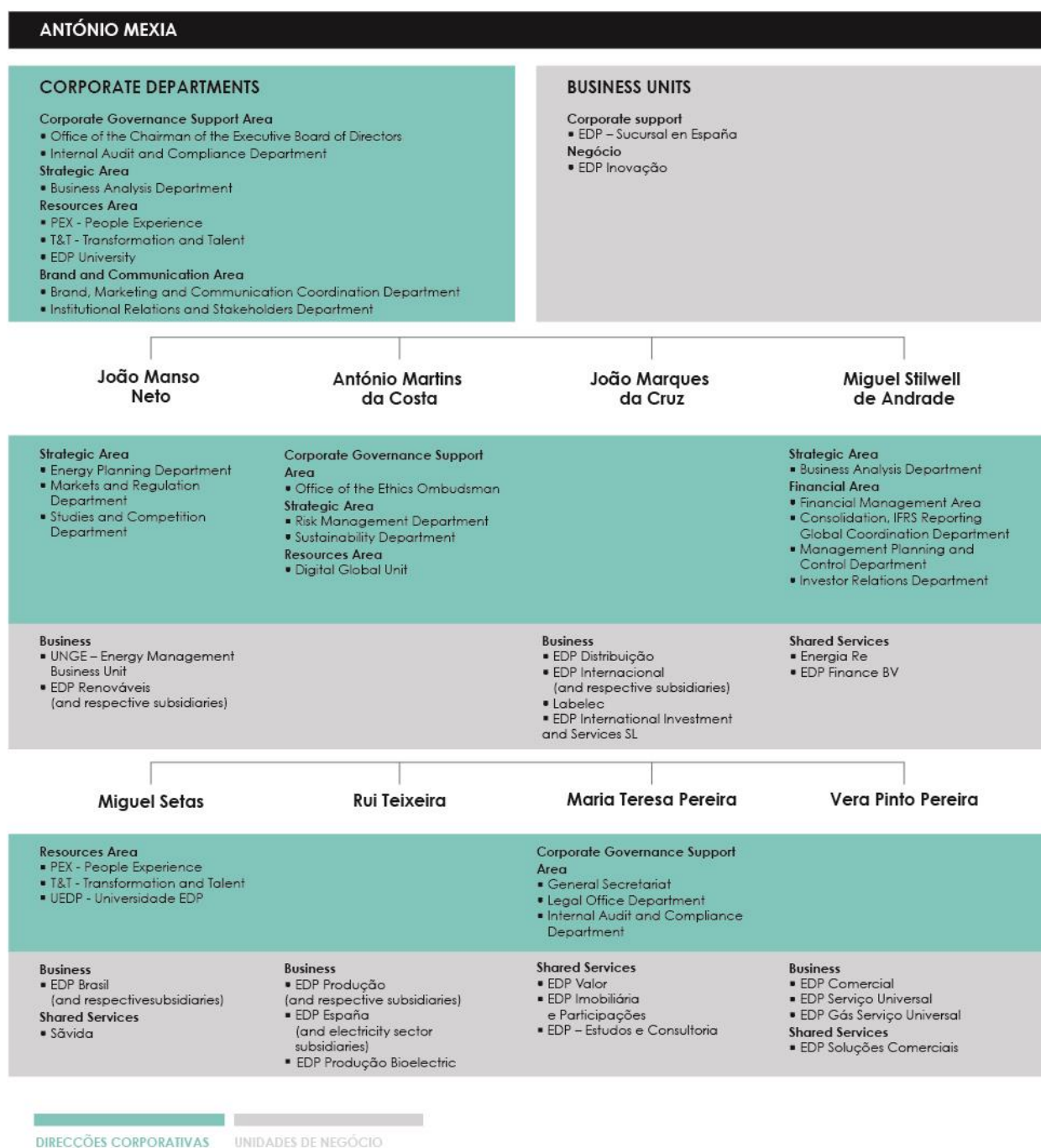
EXECUTIVE BOARD OF DIRECTORS		FIRST APPOINTMENT DATE
<b>Chairman</b>	<b>António Luís Guerra Nunes Mexia</b>	<b>30/03/2006</b>
	João Manuel Manso Neto	30/03/2006
	António Fernando Melo Martins da Costa	30/03/2006
	João Manuel Veríssimo Marques da Cruz	20/02/2012
	Miguel Stilwell de Andrade	20/02/2012
	Miguel Nuno Simões Nunes Ferreira Setas	21/04/2015
	Rui Manuel Rodrigues Lopes Teixeira	21/04/2015
	Maria Teresa Isabel Pereira	05/04/2018
	Vera de Moraes Pinto Pereira Carneiro	05/04/2018

Members elected at the General Meeting of March 30, 2006 to hold office from June 30, 2006, date of entry into force of new Articles of Association of the Company and the two-tier corporate governance model

During the first semester of 2019, the Executive Board of Directors held twenty-eight meeting and the minutes of such meetings were drawn up.

The Corporate Departments and Business Units assigned to the members of the Executive Board of Directors were the following:

## EXECUTIVE BOARD OF DIRECTORS



## 2.1.4. STATUTORY AUDITOR

The Statutory Auditor is the company body responsible for the examination of the accounting documents. It is elected by the General Meeting for three-year terms, pursuant to Article 25 of EDP's Articles of Association and Article 446 of the Companies Code.

According to the Companies Code and the company's Articles of Association, the Statutory Auditor is responsible for checking (see Article 446 (3) of the Companies Code):

- The regularity of the company's books, accounting records and their supporting documents;
- The cash and all assets or securities belonging to the company or received by it as guarantees, deposits or for any other purpose, whenever and however it sees fit;
- The accuracy of the accounting documents;
- Whether the company's accounting policies and valuation criteria result in an accurate assessment of its assets and results.

At the Annual General Meeting on 5 April 2018, *PriceWaterhouseCoopers & Associados - Sociedade de Revisores de Contas, Lda.*, Statutory Auditor number 183, represented by João Rui Fernandes Ramos (Statutory Auditor number 1333) was elected Statutory Auditor for the 2018-2020 mandate, having on such date been elected Aurélio Adriano Rangel Amado (Statutory Auditor number 1074), for Alternate of Statutory Auditor, for the same period.

### STATUTORY AUDITOR

<b>Effective</b>	PriceWaterhouseCoopers & Associados, Sociedade de Revisores de Contas, Lda., represented by João Fernandes Ramos, ROC
<b>Alternate</b>	Aurélio Adriano Rangel Amado, ROC

## 2.1.5. ENVIRONMENT AND SUSTAINABILITY BOARD

The Environment Board was set up as a company body in 1991. Its name was changed to Environment and Sustainability Board by decision of the Annual General Meeting of 30 March 2006.

The Environment and Sustainability Board, as a company body, has powers to advise the Executive Board of Directors on environment and sustainability matters. In particular, it provides advice and support in defining the company's environmental and sustainability strategy and drafting opinions and recommendations on the environmental impact of projects planned by the EDP Group (Article 28 (1) of EDP's Articles of Association).

Pursuant to Article 28 (2) of EDP's Articles of Association, the Environment and Sustainability Board is composed by five members with acknowledged competence in the field of environmental protection and sustainability.

The members of the Environment and Sustainability Board elected at the Annual General Meeting, on 5 April 2018, for a three-year period regarding the 2018 - 2020 term of office.

The Environment and Sustainability Board has the following composition:

ENVIRONMENTAL AND SUSTAINABILITY BOARD	
<b>Chairman</b>	<b>José Manuel Viegas</b>
	António José Tomás Gomes de Pinho
	Joana Pinto Balsemão
	Joaquim Poças Martins
	Pedro Oliveira

During the first half of 2019, the Environment and Sustainability Board held one meeting and the minutes of such meeting was drawn up.

#### 2.1.6. REMUNERATION COMMITTEE OF THE GENERAL MEETING

The remuneration of the corporate bodies, with the exception of the members of the Executive Board of Directors, is defined by the Remuneration Committee elected by the General Meeting (Article 11 (2) (d) of EDP's Articles of Association).

Pursuant to such article of the Articles of Association, the majority of the members of the Remuneration Committee of the General Meeting must be independent.

The Remunerations Committee of the General Meeting members were reappointed on the Annual General Shareholders' Meeting of 5 April 2018 for the 2018-2020 mandate.

The Remunerations Committee of the General Meeting has the following composition:

REMUNERATION COMMITTEE OF THE GENERAL MEETING	
<b>Chairman</b>	<b>Luís Miguel Nogueira Freire Cortes Martins</b>
	José Gonçalo Maury
	Jaime Amaral Anahory

#### 2.1.7. SPECIALISED COMMITTEES OF THE GENERAL AND SUPERVISORY BOARD

Without prejudice to its responsibility for the exercise of its duties as a corporate body, the Internal Regulations of the General and Supervisory Board, as well as the applicable law and the Articles of Association in relation to the Financial Matters Committee / Audit Committee, provide for the establishment of standing committees and ad hoc committees, composed of some of its members. These committees may be set up whenever it sees fit and appropriate and have specific duties delegated to them.



The main remit of the standing and ad hoc committees is specific, continuous monitoring of the matters entrusted to them, in order to ensure informed decisions by the General and Supervisory Board or provide it with information on certain matters.

The committees' activity is coordinated by the Chairman of the General and Supervisory Board, who ensures proper articulation of the committees with the plenary board through their Chairman, who keep him informed by sending notices and minutes of the meetings.

The General and Supervisory Board understands that the committees are important to the regular functioning of the company as they can perform certain delegated duties, especially monitoring the company's financial information, reflecting on its governance system, assessing the performance of directors and evaluating its own overall performance.

Within the General and Supervisory Board, there are four specialized committees: Financial Matters Committee/Audit Committee, Remuneration Committee, Corporate Governance and Sustainability Committee and Strategy and Performance Committee.

## **FINANCIAL MATTERS COMMITTEE/AUDIT COMMITTEE**

In accordance with Articles of Association and the Internal Regulation of the Financial Matters Committee/Audit Committee and under the applicable law, the aim of this Committee, by mandatory delegation from the General and Supervisory Board, the permanent monitoring and supervision of:

- Financial matters and financial practices relating to the Company;
- The internal procedures for auditing and the Internal Financial Reporting Control System (SCIRF);
- Matters relating to the internal risk management;
- The activity and the independence of the Statutory Auditor of the Company;
- Function of compliance.

The Financial Matters Committee/Audit Committee is made up of five independent members with the appropriate qualifications and experience, including at least one member with a degree in the area of the committee's duties and specific knowledge of auditing and accounting, as confirmed by, among others, the Curriculum Vitae of the Vice-Chairman, which is available on EDP's website ([www.edp.com](http://www.edp.com)).

The membership, role and functioning of the Financial Matters Committee/Audit Committee are in line with the European Commission Recommendation of 15 February 2005 (2005/162/EC), supplemented by the European Commission Recommendation of 30 April 2009 (2009/385/EC) as well as the recommendations provided for by the Corporate Governance Code of the Portuguese Institute for Corporate Governance.

The Financial Matters Committee / Audit Committee has the following composition:

FINANCIAL MATTERS COMMITTEE / AUDIT COMMITTEE		FIRST APPOINTMENT DATE
<b>Chairman</b>	<b>Luís Filipe Marques Amado</b>	<b>06/04/2018</b>
<b>Vice-Chairman</b>	<b>João Carlos Carvalho das Neves</b>	<b>22/04/2015</b>
	Clementina Maria Dâmaso de Jesus da Silva Barroso	06/04/2018
	Maria Celeste Ferreira Lopes Cardona	18/04/2012
	María del Carmen Ana Fernández Rozado	22/04/2015

During the first half of 2019, the Financial Matters Committee / Audit Committee held ten meetings and the minutes of such meetings were drawn up.

## REMUNERATION COMMITTEE OF THE GENERAL AND SUPERVISORY BOARD

Pursuant to Article 27 of EDP's Articles of Association, the Remuneration Committee appointed by the General and Supervisory Board, defines the remuneration of the Executive Board of Directors as well as any supplements.

According to the Articles of Association, the Remuneration Committee of the General and Supervisory Board must submit a declaration on the remuneration policy followed for the members of the Executive Board of Directors and which it has approved by it.

The Remuneration Committee of the General and Supervisory Board has the following composition:

REMUNERATION COMMITTEE OF THE GENERAL AND SUPERVISORY BOARD		FIRST APPOINTMENT DATE
<b>Chairman</b>	<b>Shengliang Wu</b>	<b>13/12/2018</b>
	Fernando Maria Masaveu Herrero	22/04/2015
	Ilídio da Costa Leite de Pinho	22/05/2012
	João Carlos Carvalho das Neves	22/04/2015
	Vasco Joaquim Rocha Vieira	22/04/2015

During the first half of 2019, the Remuneration Committee of the General and Supervisory Board held two meetings and the minutes of such meetings were drawn up.

## CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE

The Corporate Governance and Sustainability Committee is a specialised committee of the General and Supervisory Board which purpose is to permanently monitor and supervise all matters related with the following:

- Corporate governance;
- Strategic sustainability;
- Internal codes of ethics and conduct;

- Systems for assessing and resolving conflicts of interests, in particular pertaining to relations between EDP and its shareholders;
- To reinforce confidence in resources development including human and on matters management related to sustainability, climate and environment and the permanent quest for best practices implementations within the Group;
- Monitoring of the definition of criteria and duties to be complied with in EDP's bodies or subsidiaries and their repercussions on their membership together with EDP's Selection Policy with the criteria set forth therein on merits, position adequacy and diversity; and
- Drafting of succession plans regarding the structures and internal bodies of the Company, its subsidiaries as well as in any other entities in relation to which the Company has the right to appoint corporate bodies holders.

The Corporate Governance and Sustainability Committee is made up of members of the General and Supervisory Board, the majority of whom are independent, with the appropriate qualifications and experience for their duties.

The Corporate Governance and Sustainability Committee has the following composition:

CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE		FIRST APPOINTMENT DATE
<b>Chairman</b>	<b>Luís Filipe Marques Amado</b>	<b>22/04/2015</b>
	Augusto Carlos Serra Ventura Mateus	06/04/2018
	Felipe Fernández Fernández	22/04/2015
	Ignacio Herrero Ruiz	13/12/2018
	Jorge Avelino Braga de Macedo	22/04/2015
	Maria Celeste Ferreira Lopes Cardona	18/04/2012
	Yinsheng Li	06/04/2018

During the first half of 2019, the Corporate Governance and Sustainability Committee held three meetings, having the respective minutes been drawn up.

## STRATEGY AND PERFORMANCE COMMITTEE

The Strategy and Performance Committee is a specialised Committee of the General and Supervisory Board, the purpose of which is to follow and supervise the questions regarding the following matters at all times:

- The short-, medium- and long-term scenarios and strategies;
- The strategic implementation, business planning and the respective budgets;
- The investments and divestments;
- Debt and funding;

- Strategic alliances;
- Market and competitiveness evolution;
- Regulation;
- Analysis of the performance of the Group and the Business Units;
- The benchmarking of the company group performance compared with the companies at the top of the sector;
- The assessment of the competitiveness of the EDP business portfolio.

The Strategy and Performance Committee is composed of members of the General and Supervisory Board with the proper qualifications and experience to hold the respective functions.

The Strategy and Performance Committee has the following composition:

STRATEGY AND PERFORMANCE COMMITTEE		FIRST APPOINTMENT DATE
<b>Presidente</b>	<b>Eduardo de Almeida Catroga</b>	<b>18/06/2015</b>
	Augusto Carlos Serra Ventura Mateus	18/06/2015
	Fernando Masaveu Herrero	18/06/2015
	Ignacio Herrero Ruiz	13/12/2018
	Jorge Avelino Braga de Macedo	18/06/2015
	Karim Djebbour	18/06/2015
	Laurie Lee Fitch	06/04/2018
	Mohammed Issa Khalfan Alhuraimel Alshamsi	02/11/2017
	Nuno Manuel da Silva Amado	18/06/2015
	Shengliang Wu	06/04/2018
	Vasco Rocha Vieira	06/04/2018

During the first half of 2019, the Strategy and Performance Committee held five meetings, having the respective minutes been drawn up.

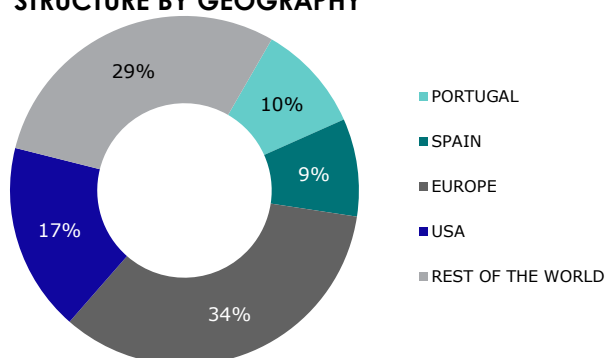
### 3. SHAREHOLDER STRUCTURE AND MANAGEMENT TRANSACTIONS

#### 3.1 CAPITAL STRUCTURE

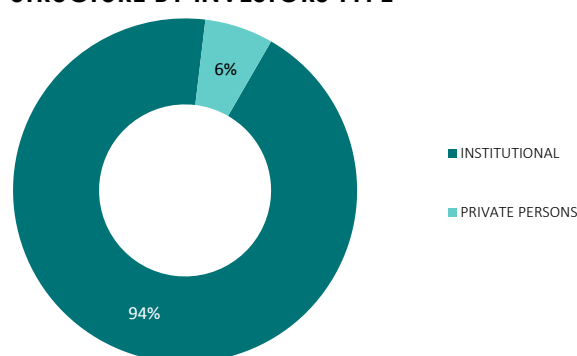
EDP's share capital amounts to 3,656,537,715.00 euros and is fully paid, pursuant to article 4 the Articles of Association, and is represented by 3,656,537,715 shares with a nominal value of 1 euro each.

The geographical and investor type breakdown of the EDP shareholder structure on 30 June 2019 was as follows:

**BREAKDOWN OF SHAREHOLDER  
STRUCTURE BY GEOGRAPHY**



**BREAKDOWN OF SHAREHOLDER  
STRUCTURE BY INVESTORS TYPE**



Source: Interbolsa

#### 3.2 QUALIFYING HOLDINGS

In relation to qualifying holdings owned by EDP shareholders' on 30 June 2019, please see below their identification and their voting rights in accordance with Article 20 (1) of the Securities Code:

SHAREHOLDER	NR. OF SHARES	% CAPITAL WITH VOTING RIGHTS
<b>CHINA THREE GORGES CORPORATION</b>		
<b>Stakes held by entities in a control or group relationship</b>		
China Three Gorges (Europe), S.A.	850,777,024	23.27%
<b>Total</b>	<b>850,777,024</b>	<b>23.27%</b>
China Three Gorges (Europe), S.A. is fully owned by China Three Gorges (Hong Kong) Co. Ltd, which is fully owned by China Three Gorges International Corporation. China Three Gorges Corporation holds 100% equity of China Three Gorges International Corporation, and is in turn fully owned by People's Republic of China.		
<b>CNIC CO. LTD.</b>		
<b>Stakes held by entities in a control or group relationship</b>		
Orise, S.a.r.l.	158,830,764	4.34%
<b>Total</b>	<b>158,830,764</b>	<b>4.34%</b>
Orise, S.a.r.l. is fully owned by Kindbright Holdings Corp. Limited, which in turn is fully owned by CNIC Co., Ltd (formerly known as Guoxin International Investment Co., Ltd.), which in turn is fully owned by People's Republic of China.		
According to paragraph 1 (b) of article 20 of the Portuguese Securities Code, which dictates the aggregation of China Three Gorges and CNIC Co., Ltd.'s shareholdings, a total of 27.61% of voting rights are attributable to People's Republic of China.		

SHAREHOLDER	NR. OF SHARES	% CAPITAL WITH VOTING RIGHTS
<b>OPPIDUM CAPITAL, S.L.</b>		
<b>Stakes held directly</b>		
Oppidum Capital, S.L.	263,046,616	7.19%
<b>Total</b>	<b>263,046,616</b>	<b>7.19%</b>
According to paragraph 1(b) of article 20 of the Portuguese Securities Code, the voting rights inherent to the share capital held by Oppidum Capital, SL and Flicka Forestal, SL are imputable to Fernando Masaveu Herrero. Oppidum Capital, SL is 55.9% owned by Masaveu Internacional, S.L. and 44.1% owned by Liberbank, S.A. In turn, Masaveu Internacional, SL is 100% held by Corporación Masaveu, SA. Corporación Masaveu, SA is 41.38% held by Fundación María Cristina Masaveu Peterson, 10.73% by Flicka Forestal, SL and 0.03% by Fernando Masaveu Herrero. Fernando Masaveu Herrero controls Fundación María Cristina Masaveu Peterson, Flicka Forestal, SL and Peña María, S.L. Flicka Forestal, SL holds 2,000,000 shares of EDP's share capital, which correspond to 0.05% of the voting rights. Additionally, Fernando Masaveu Herrero's spouse holds 17,020 shares of EDP's share capital, which correspond to 0.000465% of the voting rights. Also, three dependents of Fernando Masaveu Herrero, namely Pedro Masaveu Compostizo, Jaime Masaveu Compostizo and Elias Masaveu Compostizo hold each 500 shares of EDP's share capital. In this sense, in total, 7.25% of the voting rights of EDP, corresponding to 265,065,136 shares of EDP's share capital, should be imputable to Fernando Masaveu Herrero.		
<b>BLACKROCK, INC.</b>		
<b>Stakes held by entities in a control or group relationship</b>		
BlackRock (Luxembourg) S.A.	49,282,565	1.35%
BlackRock (Netherlands) B.V.	776,486	0.02%
BlackRock Advisors (UK) Limited	1,046,389	0.03%
BlackRock Advisors, LLC	3,836,968	0.10%
BlackRock Asset Management Canada Limited	1,059,783	0.03%
BlackRock Asset Management Deutschland AG	9,606,564	0.26%
BlackRock Asset Management Ireland Limited	18,662,688	0.51%
BlackRock Asset Management North Asia Limited	9,693	0.00%
BlackRock Asset Management Schweiz AG	11,076	0.00%
BlackRock Financial Management	45,287	0.00%
BlackRock Fund Advisors	32,320,429	0.88%
BlackRock Fund Managers Limited	16,462,044	0.45%
BlackRock Institutional Trust Company, National Association	32,735,889	0.90%
BlackRock International Limited	428,495	0.01%
BlackRock Investment Management (Australia) Limited	773,921	0.02%
BlackRock Investment Management (UK) Limited	1,132,323	0.03%
BlackRock Investment Management, LLC	3,388,710	0.09%
BlackRock Japan Co Ltd	3,244,637	0.09%
BlackRock Life Limited	6,412,059	0.18%
iShares (DE) I Investmentaktiengesellschaft mit Teilvermögen	1,497,174	0.04%
<b>Total</b>	<b>182,733,180</b>	<b>4.997%</b>
Blackrock latest shareholding update occurred in April 20 <sup>th</sup> , 2015.		
<b>MUBADALA INVESTMENT COMPANY</b>		
<b>Stakes held by entities in a control or group relationship</b>		
Senfora BV	115,236,553	3.15%
<b>Total</b>	<b>115,236,553</b>	<b>3.15%</b>
The company Senfora BV is fully owned by IPIC (International Petroleum Investment Company), which in turn is owned by Mubadala Investment Company, which is a company owned by the government of Abu Dhabi.		
<b>PAUL ELLIOTT SINGER</b>		
<b>Stakes held by entities in a control or group relationship</b>		
Elliott Associates L.P.	21,384,919	0.58%
Elliott International, L.P.	68,265,635	1.87%
<b>Total</b>	<b>89,650,554</b>	<b>2.45%</b>
<b>MILLENNIUM BCP</b>		
Fundação Millennium BCP	350,000	0.01%
<b>Stakes under management by associated entities</b>		
Fundo de Pensões do Grupo Millennium BCP	88,639,949	2.42%
<b>Total</b>	<b>88,989,949</b>	<b>2.43%</b>
The management company of the pension fund of Group Millennium BCP exercises independently their voting rights.		
<b>SONATRACH</b>		
<b>Stakes held directly</b>		
Sonatrach SpA	87,007,433	2.38%
<b>Total</b>	<b>87,007,433</b>	<b>2.38%</b>

SHAREHOLDER	NR. OF SHARES	% CAPITAL WITH VOTING RIGHTS
<b>QATAR INVESTMENT AUTHORITY</b>		
<b>Stakes held by entities in a control or group relationship</b>		
Qatar Holding LLC	82,868,933	2.27%
<b>Total</b>	<b>82,868,933</b>	<b>2.27%</b>
The company Qatar Holding LLC is wholly owned by Qatar Investment Authority.		
<b>NORGES BANK</b>		
<b>Stakes held directly</b>		
Norges Bank	81,100,067	2.22%
<b>Total</b>	<b>81,100,067</b>	<b>2.22%</b>
Norges Bank latest shareholding disclosure refers to 31 <sup>st</sup> December 2018.		
<b>ALLIANCE BERNSTEIN</b>		
<b>Stakes held by entities in a control or group relationship</b>		
AllianceBernstein L.P.	73,844,849	2.02%
<b>Total</b>	<b>73,844,849</b>	<b>2.02%</b>
Alliance Bernstein latest shareholding disclosure refers to 28 <sup>th</sup> June 2019.		
<b>EDP (TREASURY STOCK)</b>	<b>21,405,347</b>	<b>0.59%</b>
<b>REMAINING SHAREHOLDERS</b>	<b>1,561,046,446</b>	<b>42.69%</b>
<b>TOTAL</b>	<b>3,656,537,715</b>	<b>100.00%</b>

Note: Pursuant to Article 14 (3) of the Articles of Association of EDP, votes cast by a shareholder, on its own account or on behalf of another shareholder, that exceed 25% of the votes corresponding to the share capital, shall not be taken into account.

### 3.3 FINANCIAL INSTRUMENTS OWNED BY MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES

#### FINANCIAL INSTRUMENTS OWNED BY MEMBERS OF THE EXECUTIVE BOARD OF DIRECTORS

The table below shows the financial instruments held by members of Executive Board of Directors and the changes occurred during the first semester of 2019, as required by Article 447 (5) of the Companies Code.

In turn, the financial instruments owned and/or imputable by the members of the Executive Board of Directors in office during the first semester of 2019 are the following:

EXECUTIVE BOARD OF DIRECTORS	EDP - ENERGIAS DE PORTUGAL, S.A.				EDP RENOVÁVEIS, S.A.		EDP - ENERGIAS DO BRASIL, S.A.	
	No. SHARES 30-06-2019	No. SHARES 31-12-2018	No. BONDS 30-06-2019	No. BONDS 31-12-2018	No. SHARES 30-06-2019	No. SHARES 31-12-2018	No. SHARES 30-06-2019	No. SHARES 31-12-2018
António Luís Guerra Nunes Mexia	91,000	91,000	0	0	0	0	1	1
João Manuel Manso Neto	1,268	1,268	0	0	0	0	0	0
António Fernando Melo Martins da Costa	54,299	54,299	0	0	0	0	0	0
João Manuel Veríssimo Marques da Cruz	79,578	79,578	200,000	200,000	0	0	0	0
Miguel Stilwell de Andrade	140,000	140,000	0	0	0	0	0	0
Miguel Nuno Simões Nunes Ferreira Setas	7,382	7,382	0	0	0	0	6,000	6,000
Rui Manuel Rodrigues Lopes Teixeira (*)	31,733	31,733	0	0	0	0	0	0
Maria Teresa Isabel Pereira	71,281	71,281	0	0	0	0	0	0
Vera de Moraes Pinto Pereira Carneiro	0	0	0	0	0	0	0	0

(\*) The shares of EDP - Energias de Portugal include 1,490 shares held by his spouse, Lina Lago da Silva Dantas Martins.

During the first semester of 2019, the Executive Board of Directors members did not execute any operations with EDP – Energias de Portugal, S.A., EDP Renováveis, S.A. or EDP – Energias do Brasil, S.A. securities.

## FINANCIAL INSTRUMENTS OWNED BY MEMBERS OF THE GENERAL AND SUPERVISORY BOARD

Financial instruments owned and/or imputable to members of the General and Supervisory Board during the first semester of 2019:

EDP - ENERGIAS DE PORTUGAL S.A.				
GENERAL AND SUPERVISORY BOARD <sup>(1)</sup>	No. SHARES 30-06-2019	No. SHARES 31-12-2018	No. BONDS 30-06-2019	No. BONDS 31-12-2018
Luís Filipe Marques Amado	0	0	0	0
China Three Gorges Corporation	850,777,024	850,777,024	0	0
Dingming Zhang (representing China Three Gorges Corporation)	0	0	0	0
China Three Gorges International Corp.	850,777,024	850,777,024	0	0
Shengliang Wu (representing China Three Gorges International Corp.)	0	0	0	0
China Three Gorges (Europe), S.A.	850,777,024	850,777,024	0	0
Ignacio Herrero Ruiz (representing China Three Gorges (Europe), S.A.)	0	0	0	0
China Three Gorges Brasil Energia Ltda.	0	0	0	0
Yinsheng Li (representing China Three Gorges Brasil Energia Ltda.)	0	0	0	0
China Three Gorges (Portugal), Sociedade Unipessoal, Lda.	0	0	0	0
Eduardo de Almeida Catroga (representing China Three Gorges (Portugal), Lda.)	0	0	0	0
DRAURSA, S.A.	0	0	0	0
Felipe Fernández Fernández (representing Draursa, S.A.) <sup>(2)</sup>	1,350	1,350	0	0
Fernando Maria Masaveu Herrero <sup>(3)</sup>	265,065,136	265,065,136	0	0
Senfora BV	115,236,553	115,236,553	0	0
Mohammed Issa Khalfan Alhuraimel Alshamsi (representing Senfora BV)	0	0	0	0
Banco Comercial Português, S.A.	88,989,949	88,989,949	0	0
Nuno Manuel da Silva Amado (representing Banco Comercial Português, S.A.)	0	0	0	0
Sonatrach	87,007,433	87,007,433	0	0
Karim Djebbour (representing Sonatrach)	0	0	0	0
Maria Celeste Ferreira Lopes Cardona	0	0	0	0
Ilídio da Costa Leite de Pinho	0	0	0	0
Jorge Avelino Braga de Macedo	0	0	0	0
Vasco Joaquim Rocha Vieira	3,203	3,203	0	0
Augusto Carlos Serra Ventura Mateus	0	0	0	0
João Carvalho das Neves	7,429	7,429	5	5
María del Carmen Fernández Rozado	0	0	0	0
Laurie Lee Fitch	0	0	0	0
Clementina Maria Dâmaso de Jesus Silva Barroso	0	0	0	0
Luís Maria Viana Palha da Silva <sup>(4)</sup>	5,050	-	0	0

### Notes

<sup>(1)</sup> The members of the General and Supervisory Board do not hold any shares of Energias do Brasil, S.A. nor EDP Renováveis, S.A.

<sup>(2)</sup> The shares of EDP - Energias de Portugal are held by his spouse, Maria Teresa Fernández Veja, and were identified following a process of division of an inheritance.

<sup>(3)</sup> According to paragraph 1(b) of Article 20 of the Portuguese Securities Code, the voting rights inherent to the share capital held by Oppidum Capital, SL and Flicka Forestal, SL are imputable to Fernando Masaveu Herrero. Oppidum Capital, SL is 55.9% owned by Masaveu Internacional, S.L. and 44.1% owned by Liberbank, S.A. In turn, Masaveu Internacional, SL is 100% held by Corporación Masaveu, SA. Corporación Masaveu, SA is 41.38% held by Fundación María Cristina Masaveu Peterson, 10.73% by Flicka Forestal, SL and 0.03% by Fernando Masaveu Herrero. Fernando Masaveu Herrero controls Fundación María Cristina Masaveu Peterson, Flicka Forestal, SL and Peña María, S.L. Flicka Forestal, SL holds 2,000,000 shares of EDP's share capital, which correspond to 0.05% of the voting rights. Additionally, Fernando Masaveu Herrero's spouse holds 17,020 shares of EDP's share capital, which correspond to 0.000465% of the voting rights. Also, three dependents of Fernando Masaveu Herrero, namely Pedro Masaveu Compostizo, Jaime Masaveu Compostizo and Elias Masaveu Compostizo hold each 500 shares of EDP's share capital. In this sense, in total, 7.25% of the voting rights of EDP, corresponding to 265,065,136 shares of EDP's share capital, should be imputable to Fernando Masaveu Herrero.

<sup>(4)</sup> On 24 April 2019, Luís Maria Viana Palha da Silva held 5,050 shares of EDP – Energias de Portugal, S.A., with corresponding voting rights.

During the first semester of 2019, the General and Supervisory Board members did not execute any operations with EDP – Energias de Portugal, S.A. securities.







**04 FINANCIAL STATEMENTS**



**Condensed Financial Statements  
30 June 2019**

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## EDP - Energias de Portugal

Condensed Consolidated Income Statements  
for the six-month periods ended at 30 June 2019 and 2018

Thousand Euros	Notes	2019	2018
Revenues from energy sales and services and other	7	7,107,017	7,558,990
Cost of energy sales and other	7	-4,506,064	-4,866,504
		2,600,953	2,692,486
Other income	8	401,145	184,820
Supplies and services	9	-421,101	-442,720
Personnel costs and employee benefits	10	-323,659	-324,893
Other expenses	11	-328,012	-375,488
Impairment losses on trade receivables and debtors		-20,960	-12,479
		-692,587	-970,760
		1,908,366	1,721,726
Provisions	33	-4,976	3,088
Amortisation and impairment	12	-735,403	-698,961
		1,167,987	1,025,853
Financial income	13	182,744	291,028
Financial expenses	13	-553,345	-568,127
Share of net profit in joint ventures and associates	20	12,237	3,458
Profit before income tax and CESE		809,623	752,212
Income tax expense	14	-136,639	-116,918
Extraordinary contribution to the energy sector (CESE)	15	-66,674	-64,057
		-203,313	-180,975
Net profit for the period		606,310	571,237
Attributable to:			
Equity holders of EDP		405,033	379,989
Non-controlling Interests	30	201,277	191,248
Net profit for the period		606,310	571,237
Earnings per share (Basic and Diluted) - Euros	27	0.11	0.10

LISBON, 25 JULY 2019

THE CERTIFIED ACCOUNTANT  
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

## EDP - Energias de Portugal

Condensed Consolidated Statements of Comprehensive Income  
for the six-month periods ended at 30 June 2019 and 2018

Thousand Euros	2019		2018	
	Equity holders of EDP	Non-controlling Interests	Equity holders of EDP	Non-controlling Interests
<b>Net profit for the period</b>	405,033	201,277	379,989	191,248
<b>Items that will never be reclassified to profit or loss (i)</b>				
Actuarial gains/(losses) (iii)	60,689	2,687	4,003	916
Tax effect from the actuarial gains/(losses)	-19,159	-915	-1,279	-311
Fair value reserve with no recycling (financial assets) (ii)	4,432	-	-1,620	-
Tax effect from the fair value reserve with no recycling (financial assets) (ii)	-958	-	399	-
	45,004	1,772	1,503	605
<b>Items that may be reclassified to profit or loss (i)</b>				
Exchange differences arising on consolidation	8,353	34,501	-124,890	-128,575
Fair value reserve (cash flow hedge) (ii)	121,136	-2,157	-101,946	-2,268
Tax effect from the fair value reserve (cash flow hedge) (ii)	-27,373	635	24,421	361
Fair value reserve of assets measured at fair value through other comprehensive income with recycling (ii)	-	167	-1,110	-
Tax effect of Fair value reserve of assets measured at fair value through other comprehensive income with recycling (ii)	-	-	350	-
Share of other comprehensive income of joint ventures and associates, net of taxes	-14,009	-5,667	-2,810	244
	88,107	27,479	-205,985	-130,238
<b>Other comprehensive income for the period (net of income tax)</b>	133,111	29,251	-204,482	-129,633
<b>Total comprehensive income for the period</b>	538,144	230,528	175,507	61,615

(i) See Condensed Consolidated Statement of Changes in Equity

(ii) See Note 29

(iii) See Note 32

LISBON, 25 JULY 2019

THE CERTIFIED ACCOUNTANT  
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THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS



EDP - Energias de Portugal  
Condensed Consolidated Statements of Financial Position  
as at 30 June 2019 and 31 December 2018

Thousand Euros	Notes	2019	2018
<b>Assets</b>			
Property, plant and equipment	16	21,327,076	22,707,511
Right-of-use asset	17	830,341	-
Intangible assets	18	4,633,770	4,736,530
Goodwill	19	2,112,897	2,251,461
Investments in joint ventures and associates	20	945,486	951,613
Equity instruments at fair value	21	131,142	125,147
Investment property		30,083	30,973
Deferred tax assets	22	1,144,432	1,152,195
Debtors and other assets from commercial activities	23	2,972,087	2,522,640
Other debtors and other assets	24	700,178	629,620
Non-Current tax assets	25	228,793	53,728
Collateral deposits associated to financial debt	31	20,640	25,466
<b>Total Non-Current Assets</b>		<b>35,076,925</b>	<b>35,186,884</b>
Inventories		336,696	342,037
Debtors and other assets from commercial activities	23	2,869,440	3,167,479
Other debtors and other assets	24	1,497,492	594,808
Current tax assets	25	283,135	354,057
Collateral deposits associated to financial debt	31	171,344	167,425
Cash and cash equivalents	26	1,380,962	1,803,205
Non-Current Assets held for sale	38	462,075	11,065
<b>Total Current Assets</b>		<b>7,001,144</b>	<b>6,440,076</b>
<b>Total Assets</b>		<b>42,078,069</b>	<b>41,626,960</b>
<b>Equity</b>			
Share capital	27	3,656,538	3,656,538
Treasury stock	28	-61,220	-62,410
Share premium	27	503,923	503,923
Reserves and retained earnings	29	4,303,280	4,350,938
Consolidated net profit attributable to equity holders of EDP		405,033	519,189
<b>Total Equity attributable to equity holders of EDP</b>		<b>8,807,554</b>	<b>8,968,178</b>
Non-controlling Interests	30	3,758,221	3,932,149
<b>Total Equity</b>		<b>12,565,775</b>	<b>12,900,327</b>
<b>Liabilities</b>			
Financial debt	31	13,993,469	13,462,390
Employee benefits	32	1,011,564	1,099,049
Provisions	33	837,792	982,515
Deferred tax liabilities	22	462,823	574,701
Institutional partnerships in USA	34	2,134,863	2,231,249
Trade payables and other liabilities from commercial activities	35	1,491,448	1,356,245
Other liabilities and other payables	36	1,264,062	756,899
Non-current tax liabilities	37	114,212	97,637
<b>Total Non-Current Liabilities</b>		<b>21,310,233</b>	<b>20,560,685</b>
Financial debt	31	2,735,040	2,622,509
Employee benefits	32	252,900	308,253
Provisions	33	118,387	35,930
Trade payables and other liabilities from commercial activities	35	3,660,946	3,862,245
Other liabilities and other payables	36	647,234	770,922
Current tax liabilities	37	603,755	566,089
Non-Current Liabilities held for sale	38	183,799	-
<b>Total Current Liabilities</b>		<b>8,202,061</b>	<b>8,165,948</b>
<b>Total Liabilities</b>		<b>29,512,294</b>	<b>28,726,633</b>
<b>Total Equity and Liabilities</b>		<b>42,078,069</b>	<b>41,626,960</b>

LISBON, 25 JULY 2019

THE CERTIFIED ACCOUNTANT  
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

**EDP - Energias de Portugal**  
**Condensed Consolidated Income Statements**  
**for the three-month periods from 1 April to 30 June 2019 and 2018**

Thousand Euros	2019	2018
Revenues from energy sales and services and other	3,362,840	3,526,600
Cost of energy sales and other	-2,122,758	-2,227,380
	1,240,082	1,299,220
Other income	299,326	100,218
Supplies and services	-221,491	-233,222
Personnel costs and employee benefits	-164,372	-162,262
Other expenses	-159,719	-175,608
Impairment losses on trade receivables and debtors	-6,925	615
	-253,181	-470,259
	986,901	828,961
Provisions	-1,354	-4,004
Amortisation and impairment	-361,770	-347,619
	623,777	477,338
Financial income	104,198	162,898
Financial expenses	-289,140	-312,696
Share of net profit in joint ventures and associates	6,903	2,024
Profit before income tax	445,738	329,564
Income tax expense	-37,904	-42,938
Extraordinary contribution to the energy sector (CESE)	372	2,299
	-37,532	-40,639
<b>Net profit for the period</b>	<b>408,206</b>	<b>288,925</b>
<b>Attributable to:</b>		
<b>Equity holders of EDP</b>	<b>304,573</b>	<b>214,156</b>
<b>Non-controlling interests</b>	<b>103,633</b>	<b>74,769</b>
<b>Net profit for the period</b>	<b>408,206</b>	<b>288,925</b>
Earnings per share (Basic and Diluted) - Euros	0.08	0.06

LISBON, 25 JULY 2019

THE CERTIFIED ACCOUNTANT  
N.º 17.713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

## EDP - Energias de Portugal

### Condensed Consolidated Statements of Comprehensive Income for the three-month periods from 1 April to 30 June 2019 and 2018

Thousand Euros	2019		2018	
	Equity holders of EDP	Non-controlling Interests	Equity holders of EDP	Non-controlling Interests
<b>Net profit for the period</b>	304,573	103,633	214,156	74,769
<b>Items that will never be reclassified to profit or loss</b>				
Actuarial gains/(losses)	60,735	2,702	4,003	916
Tax effect from the actuarial gains/(losses)	-19,170	-919	-1,279	-311
Fair value reserve with no recycling (financial assets)	1,393	-	-1,620	-
Tax effect from the fair value reserve with no recycling (financial assets)	-169	-	399	-
	42,789	1,783	1,503	605
<b>Items that are or may be reclassified to profit or loss</b>				
Exchange differences arising on consolidation	-1,297	1,107	-89,943	-61,734
Fair value reserve (cash flow hedge)	-45,123	-3,916	-104,118	-375
Tax effect from the fair value reserve (cash flow hedge)	13,709	970	25,663	189
Fair value reserve with recycling (financial assets)	-317	167	-1,841	-
Tax effect from the fair value reserve with recycling (financial assets)	99	-	647	-
Share of other comprehensive income of joint ventures and associates, net of taxes	6,788	1,648	4,832	734
	-26,141	-24	-164,760	-61,186
<b>Other comprehensive income for the period (net of income tax)</b>	16,648	1,759	-163,257	-60,581
<b>Total comprehensive income for the period</b>	321,221	105,392	50,899	14,188

LISBON, 25 JULY 2019

THE CERTIFIED ACCOUNTANT  
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal  
Condensed Consolidated Statements of Changes in Equity  
for the six-month periods ended at 30 June 2019 and 2018

Thousand Euros	Total Equity	Share capital (i)	Share premium (i)	Legal reserve (ii)	Reserves and retained earnings	Fair value reserve (cash flow hedge) (ii)	Fair value reserve (financial assets) (ii)	Exchange differences (ii)	Treasury stock (iii)	Equity attributable to equity holders of EDP	Non-controlling Interests (iv)
<b>Balance as at 31 December 2017</b>	<b>13,480,260</b>	<b>3,656,538</b>	<b>503,923</b>	<b>739,024</b>	<b>5,116,253</b>	<b>-76,142</b>	<b>31,255</b>	<b>-361,956</b>	<b>-62,957</b>	<b>9,545,938</b>	<b>3,934,322</b>
Comprehensive income:											
Net profit for the period	571,237	-	-	-	379,989	-	-	-	-	379,989	191,248
Changes in the fair value reserve (cash flow hedge) net of taxes	-79,432	-	-	-	-	-77,525	-	-	-	-77,525	-1,907
Changes in the fair value reserve of assets measured at fair value through other comprehensive income, net of taxes	-1,981	-	-	-	-	-	-1,981	-	-	-1,981	-
Share of other comprehensive income of joint ventures and associates net of taxes	-2,566	-	-	-	-	-3,941	-	1,131	-	-2,810	244
Actuarial gains/(losses) net of taxes	3,329	-	-	-	2,724	-	-	-	-	2,724	605
Exchange differences arising on consolidation	-253,465	-	-	-	-	-	-	-124,890	-	-124,890	-128,575
Total comprehensive income for the period	237,122	-	-	-	382,713	-81,466	-1,981	-123,759	-	175,507	61,615
Dividends paid	-690,517	-	-	-	-690,517	-	-	-	-	-690,517	-
Dividends attributable to non-controlling interests	-81,491	-	-	-	-	-	-	-	-	-	-81,491
Purchase and sale of treasury stock	-952	-	-	-	-	-	-	-	-952	-952	-
Share-based payments	1,393	-	-	-	-106	-	-	-	1,499	1,393	-
Impacts related with IFRS 9 and IFRS 15's adoption	-81,494	-	-	-	-60,609	-	-16,423	-	-	-77,032	-4,462
Changes resulting from acquisitions/sales, equity increases/decreases and other	-24,024	-	-	-	-560	-	-	-	-	-560	-23,464
<b>Balance as at 30 June 2018</b>	<b>12,840,297</b>	<b>3,656,538</b>	<b>503,923</b>	<b>739,024</b>	<b>4,747,174</b>	<b>-157,608</b>	<b>12,851</b>	<b>-485,715</b>	<b>-62,410</b>	<b>8,953,777</b>	<b>3,886,520</b>
<b>Balance as at 31 December 2018</b>	<b>12,900,327</b>	<b>3,656,538</b>	<b>503,923</b>	<b>739,024</b>	<b>4,817,541</b>	<b>-213,315</b>	<b>10,287</b>	<b>-483,410</b>	<b>-62,410</b>	<b>8,968,178</b>	<b>3,932,149</b>
Comprehensive income:											
Net profit for the period	606,310	-	-	-	405,033	-	-	-	-	405,033	201,277
Changes in the fair value reserve (cash flow hedge) net of taxes	92,241	-	-	-	-	93,763	-	-	-	93,763	-1,522
Changes in the fair value reserve of assets measured at fair value through other comprehensive income, net of taxes	3,641	-	-	-	-	-	3,474	-	-	3,474	167
Share of other comprehensive income of joint ventures and associates net of taxes	-19,676	-	-	-	-8,706	-8,529	-	3,226	-	-14,009	-5,667
Actuarial gains/(losses) net of taxes	43,302	-	-	-	41,530	-	-	-	-	41,530	1,772
Exchange differences arising on consolidation	42,854	-	-	-	-	-	-	8,353	-	8,353	34,501
Total comprehensive income for the period	768,672	-	-	-	437,857	85,234	3,474	11,579	-	538,144	230,528
Dividends paid	-690,675	-	-	-	-690,675	-	-	-	-	-690,675	-
Dividends attributable to non-controlling interests	-68,245	-	-	-	-	-	-	-	-	-	-68,245
Share-based payments	1,231	-	-	-	41	-	-	-	1,190	1,231	-
Sale with loss of control of windfarms in Europe	-289,186	-	-	-	-	172	-	-	-	172	-289,358
Changes resulting from acquisitions/sales, equity increases/decreases and other	-56,349	-	-	-	-9,496	-	-	-	-	-9,496	-46,853
<b>Balance as at 30 June 2019</b>	<b>12,565,775</b>	<b>3,656,538</b>	<b>503,923</b>	<b>739,024</b>	<b>4,555,268</b>	<b>-127,909</b>	<b>13,761</b>	<b>-471,831</b>	<b>-61,220</b>	<b>8,807,554</b>	<b>3,758,221</b>

(i) See note 27

(ii) See note 29

(iii) See note 28

(iv) See note 30

LISBON, 25 JULY 2019

THE CERTIFIED ACCOUNTANT  
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal  
Condensed Consolidated and Company Statements of Cash Flows  
for the six-month periods ended at 30 June 2019 and 2018

Thousand Euros	Group		Company	
	2019	2018	2019	2018
<b>Operating activities</b>				
Cash receipts from customers	6,378,630	7,034,690	1,720,913	1,596,098
Proceeds from tariff adjustments sales	1,083,831	904,601	-	-
Payments to suppliers	-4,738,941	-5,410,472	-1,817,192	-1,461,918
Payments to personnel	-500,212	-429,831	-42,635	-44,526
Concession rents paid	-144,997	-145,090	-	-
Other receipts/(payments) relating to operating activities	-261,845	-296,870	21,587	-42,926
<b>Net cash flows from operations</b>	<b>1,816,466</b>	<b>1,657,028</b>	<b>-117,327</b>	<b>46,728</b>
Income tax received/(paid)	-117,704	-20,494	99,558	38,486
<b>Net cash flows from operating activities</b>	<b>1,698,762</b>	<b>1,636,534</b>	<b>-17,769</b>	<b>85,214</b>
<b>Investing activities</b>				
Cash receipts relating to:				
Sale of assets/subsidiaries with loss of control	2	30,026	-	-
Other financial assets and investments	7,721	63,237	20	111
Held to maturity financial investments	-	-	114,283	398,005
Property, plant and equipment and intangible assets	1,887	5,359	8	472
Other receipts relating to tangible fixed assets	2,506	2,535	-	-
Interest and similar income	30,866	46,725	31,065	132,891
Dividends	23,250	16,251	127,628	597,950
Loans to related parties	739	22,274	-	4,708,087
	66,971	186,407	273,004	5,837,516
Cash payments relating to:				
Acquisition of assets/subsidiaries	-2	-	-	-
Other financial assets and investments (i)	-257,764	-127,874	-534	-3,600,312
Changes in cash resulting from consolidation perimeter variations (ii)	-103,714	-8,098	-	-
Property, plant and equipment and intangible assets	-1,289,653	-872,758	-21,162	-28,290
Loans to related parties	-44,407	-32,379	-293	-667,099
	-1,695,540	-1,041,109	-21,989	-4,295,701
<b>Net cash flows from investing activities</b>	<b>-1,628,569</b>	<b>-854,702</b>	<b>251,015</b>	<b>1,541,815</b>
<b>Financing activities</b>				
Receipts relating to financial debt (include Collateral Deposits)	2,275,032	2,213,449	1,420,188	405,503
(Payments) relating to financial debt (include Collateral Deposits)	-1,518,283	-2,583,268	-679,286	-886,183
Interest and similar costs of financial debt including hedge derivatives	-315,653	-330,787	-64,463	-124,395
Receipts/(payments) relating to loans from non-controlling interests	-6,959	-40,373	-	-
Interest and similar costs relating to loans from non-controlling interests	-10,861	-18,111	-	-
Receipts/(payments) relating to loans from related parties	-	-	-281,909	-707,566
Interest and similar costs of loans from related parties including hedge derivatives	-	-	-	-27,783
Share capital increases/(decreases) by non-controlling interests	-38,180	-27,165	-	-
Receipts/(payments) relating to derivative financial instruments	-17,601	15,772	-	131,037
Dividends paid to equity holders of EDP (iii)	-690,675	-690,517	-690,963	-690,805
Dividends paid to non-controlling interests	-69,817	-41,753	-	-
Treasury stock sold/(purchased) (iv)	-	-952	-	-952
Sale of assets/subsidiaries without loss of control" para "payments/receipts related with transactions with non-controlling interest without change of control	-15,053	-	-	-
Lease (payments) (v)	-38,023	-	-6,335	-
Receipts/(payments) from institutional partnerships - USA (vi)	-64,258	-74,749	-	-
<b>Net cash flows from financing activities</b>	<b>-510,331</b>	<b>-1,578,454</b>	<b>-302,768</b>	<b>-1,901,144</b>
<b>Changes in cash and cash equivalents</b>	<b>-440,138</b>	<b>-796,622</b>	<b>-69,522</b>	<b>-274,115</b>
Effect of exchange rate fluctuations on cash held	17,895	-48,916	-278	10
Cash and cash equivalents at the beginning of the period	1,803,205	2,400,077	484,603	1,138,760
<b>Cash and cash equivalents at the end of the period*</b>	<b>1,380,962</b>	<b>1,554,539</b>	<b>414,803</b>	<b>864,655</b>

- (i) Relates essentially to payments made for the capital increases in Vento XIX and Mayflower Wind Energy LLC and the Investment Funds (see note 20 and 24);
- (ii) Refers to the sale of onshore wind portfolio in Europe (see note 6) and the reclassification to assets held for sale of the cash balances of the companies included in the sell operation of Electricity generation assets, hydro in Brazil, onshore wind in Brazil and offshore wind (see note 38).
- (iii) See Note 29;
- (iv) See Consolidated and Company Statement of Changes in Equity;
- (v) Includes capital and interest;
- (vi) On a consolidated basis, refers to the receipts and payments net of transaction costs (transactions included in note 34).

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

LISBON, 25 JULY 2019

THE CERTIFIED ACCOUNTANT  
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal, S.A.  
Condensed Company Income Statements  
for the six-month periods ended at 30 June 2019 and 2018

Thousand Euros	Notes	2019	2018
Revenues from energy sales and services and other	7	1,498,555	1,483,309
Cost of energy sales and other	7	-1,403,294	-1,374,900
		95,261	108,409
Other income		11,611	8,937
Supplies and services	9	-70,874	-76,430
Personnel costs and employee benefits	10	-34,608	-37,807
Other expenses		-11,273	-9,334
Impairment losses on trade receivables and debtors		6	-
		-105,138	-114,634
		-9,877	-6,225
Provisions		-170	7,727
Amortisation and impairment	12	-15,053	-18,894
		-25,100	-17,392
Financial income	13	311,106	1,191,302
Financial expenses	13	-277,682	-680,181
Profit before income tax		8,324	493,729
Income tax expense	14	31,763	55,220
<b>Net profit for the period</b>		<b>40,087</b>	<b>548,949</b>

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THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal, S.A.

Condensed Company Statements of Comprehensive Income  
for the six-month periods ended at 30 June 2019 and 2018

Thousand Euros	2019	2018
<b>Net profit for the period</b>	40,087	548,949
<b>Items that will never be reclassified to profit or loss (i)</b>		
Actuarial gains/(losses)	117	-
Tax effect from the actuarial gains/(losses)	-26	-
	91	-
<b>Items that may be reclassified to profit or loss (i)</b>		
Fair value reserve (cash flow hedge) (ii)	-82,648	-24,703
Tax effect from the fair value reserve (cash flow hedge) (ii)	18,595	5,558
	-64,053	-19,145
<b>Other comprehensive income for the period (net of income tax)</b>	-63,962	-19,145
<b>Total comprehensive income for the period</b>	<b>-23,875</b>	<b>529,804</b>

(i) See Condensed Company Statement of Changes in Equity

(ii) See Note 29

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THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

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

Condensed Company Statements of Financial Position  
as at 30 June 2019 and 31 December 2018

Thousand Euros	Notes	2019	2018
<b>Assets</b>			
Property, plant and equipment	16	31,648	93,170
Right-of-use asset		107,909	-
Intangible assets		88,779	78,662
Investments in subsidiaries		15,102,046	15,102,046
Investments in joint ventures and associates		2	2
Equity instruments at fair value		1,538	1,537
Investment property		77,389	56,984
Deferred tax assets	22	102,957	92,659
Debtors and other assets from commercial activities		655	661
Other debtors and other assets	24	3,554,234	3,772,477
Total Non-Current Assets		19,067,157	19,198,198
Debtors and other assets from commercial activities	23	439,502	653,404
Other debtors and other assets	24	2,841,980	2,424,019
Current tax assets	25	43,369	98,092
Cash and cash equivalents	26	414,803	484,603
Total Current Assets		3,739,654	3,660,118
<b>Total Assets</b>		<b>22,806,811</b>	<b>22,858,316</b>
<b>Equity</b>			
Share capital	27	3,656,538	3,656,538
Treasury stock	28	-55,124	-56,315
Share premium	27	503,923	503,923
Reserves and retained earnings	29	2,625,887	2,642,185
Net profit for the period		40,087	738,586
<b>Total Equity</b>		<b>6,771,311</b>	<b>7,484,917</b>
<b>Liabilities</b>			
Financial debt	31	10,981,549	10,014,872
Employee benefits		5,607	5,683
Provisions		2,227	1,808
Trade payables and other liabilities from commercial activities		1,667	2,278
Other liabilities and other payables	36	480,912	349,826
Total Non-Current Liabilities		11,471,962	10,374,467
Financial debt	31	2,612,535	2,795,609
Employee benefits		993	1,442
Provisions		797	1,172
Trade payables and other liabilities from commercial activities	35	430,433	788,883
Other liabilities and other payables	36	1,393,600	1,293,180
Current tax liabilities	37	125,180	118,646
Total Current Liabilities		4,563,538	4,998,932
<b>Total Liabilities</b>		<b>16,035,500</b>	<b>15,373,399</b>
<b>Total Equity and Liabilities</b>		<b>22,806,811</b>	<b>22,858,316</b>

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EDP - Energias de Portugal, S.A.

Condensed Company Income Statements  
for the three-month periods from 1 April to 30 June 2019 and 2018

Thousand Euros	2019	2018
Revenues from energy sales and services and other	620,655	687,347
Cost of energy sales and other	-597,167	-646,012
	23,488	41,335
Other income	3,838	3,483
Supplies and services	-38,324	-41,420
Personnel costs and employee benefits	-20,219	-19,284
Other expenses	-10,314	-8,504
Impairment losses on trade receivables and debtors	6	-
	-65,013	-65,725
	-41,525	-24,390
Provisions	-170	102
Amortisation and impairment	-7,555	-5,701
	-49,250	-29,989
Financial income	122,969	333,527
Financial expenses	-119,741	-326,770
Profit before income tax	-46,022	-23,232
Income tax expense	25,105	59,290
<b>Net profit for the period</b>	<b>-20,917</b>	<b>36,058</b>

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THE EXECUTIVE BOARD OF DIRECTORS

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

Condensed Company Statements of Comprehensive Income  
for the three-month periods from 1 April to 30 June 2019 and 2018

Thousand Euros	2019	2018
<b>Net profit for the period</b>	-20,917	36,058
<b>Items that will never be reclassified to profit or loss</b>		
Actuarial gains/(losses)	117	-
Tax effect from the actuarial gains/(losses)	-26	-
	91	-
<b>Items that are or may be reclassified to profit or loss</b>		
Fair value reserve (cash flow hedge)	36,280	-14,104
Tax effect from the fair value reserve (cash flow hedge)	-8,163	3,173
	28,117	-10,931
<b>Other comprehensive income for the period (net of income tax)</b>	28,208	-10,931
<b>Total comprehensive income for the period</b>	<b>7,291</b>	<b>25,127</b>

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EDP - Energias de Portugal, S.A.  
Condensed Company Statements of Changes in Equity  
for the six-month periods ended at 30 June 2019 and 2018

Thousand Euros	Total Equity	Share capital (i)	Share premium (i)	Legal reserve (ii)	Reserves and retained earnings (ii)	Fair value reserve (cash flow hedge) (ii)	Fair value reserve (financial assets) (ii)	Treasury stock (iii)
<b>Balance as at 31 December 2017</b>	<b>7,444,568</b>	<b>3,656,538</b>	<b>503,923</b>	<b>739,024</b>	<b>2,596,176</b>	<b>5,770</b>	<b>-</b>	<b>-56,862</b>
Comprehensive income:								
Net profit for the period	548,949	-	-	-	548,949	-	-	-
Changes in the fair value reserve (cash flow hedge) net of taxes	-19,145	-	-	-	-	-19,145	-	-
Total comprehensive income for the period	529,804	-	-	-	548,949	-19,145	-	-
Dividends paid	-690,805	-	-	-	-690,805	-	-	-
Purchase and sale of treasury stock	-952	-	-	-	-	-	-	-952
Share-based payments	1,393	-	-	-	-106	-	-	1,499
<b>Balance as at 30 June 2018</b>	<b>7,284,008</b>	<b>3,656,538</b>	<b>503,923</b>	<b>739,024</b>	<b>2,454,214</b>	<b>-13,375</b>	<b>-</b>	<b>-56,315</b>
<b>Balance as at 31 December 2018</b>	<b>7,484,917</b>	<b>3,656,538</b>	<b>503,923</b>	<b>739,024</b>	<b>2,643,075</b>	<b>-1,328</b>	<b>-</b>	<b>-56,315</b>
Comprehensive income:								
Net profit for the period	40,087	-	-	-	40,087	-	-	-
Changes in the fair value reserve (cash flow hedge), net of taxes	-64,053	-	-	-	-	-64,053	-	-
Actuarial gains / (losses) net of taxes	91	-	-	-	91	-	-	-
Total comprehensive income for the period	-23,875	-	-	-	40,178	-64,053	-	-
Dividends paid	-690,963	-	-	-	-690,963	-	-	-
Share-based payments	1,232	-	-	-	41	-	-	1,191
<b>Balance as at 30 June 2019</b>	<b>6,771,311</b>	<b>3,656,538</b>	<b>503,923</b>	<b>739,024</b>	<b>1,992,331</b>	<b>-65,381</b>	<b>-</b>	<b>-55,124</b>

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

LISBON, 25 JULY 2019

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THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

## Notes to the Consolidated and Company Financial Statements

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# WE LOVE ENERGY

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

### Notes to the Condensed Consolidated and Company Financial Statements for the six-month periods ended 30 June 2019 and 2018

#### 1. Economic Activity of EDP Group

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

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

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

During the six-month period ended 30 June 2019, we emphasize the following regulatory changes, with potential significant impact in the economic activity of the EDP Group:

#### Activity in the energy sector in Portugal

##### Portugal - Electricity - Generation

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

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

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

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

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

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

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

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

On June 3, DL 76/2019 of the Presidency of the Council of Ministers was published, which amends the legal regime applicable to the exercise of the activities of generation, transportation, distribution and supply of electricity and to the organization of the electricity markets. In general terms, this Decree-Law aims, among other aspects:

- Establish the legal basis for the adoption, within the PRE, of procedures of a competitive nature, maintaining as a prerequisite in the licensing the existence of injection capacity in the network;
- Allow the promoters, who so wish, to support the construction or reinforcement in the network (without burdening the system) when it does not have the necessary injection capacity, not limiting the realization of projects;
- Allow the licensing of production units in pre-existing electro-producing centers that, using a different source of renewable energy, do not require an increase in injection capacity in the Electric Public Network (RESP);
- To frame the regime applicable to Small Production Units (UPP);
- To frame the SEN's risk management and guarantees regime in the scope of the use of network infrastructures and participation in SEN's global management;
- Change the object of the concessions of the LV electricity distribution network, in order to grant an option to the grantor to include or not the public lighting network in the object of the concession.

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On June 6, Dispatch 5532-B / 2019 of the Secretary of State for Energy was published, which establishes the opening of a competitive procedure, in the form of an electronic auction, for the allocation of reserve of injection capacity in RESP connection points for photovoltaic solar energy.

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

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

On 3 July 2019, and to formally end the work carried out by CPIPREPE for more than a year, the Final Report of this Committee was discussed in Plenary Session of the National Assembly (but only for discussion purposes, since the Final Report had already been approved at the meeting of 15 May 2019).

The Conclusions and Recommendations contained in the Final Report of CPIPREPE, although not binding, may influence or determine the adoption of future SEN measures.

**Portugal - Electricity - Distribution**

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

On 15 April, ERSE Directive 10/2019 was published, which approves the parameters related to the connections to the electric energy networks and repeals Directive 18/2012, of 8 November, of ERSE.

**Portugal - Electricity - Supply**

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

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

On 10 April 2019, following ERSE Directive 4/2019, ERSE Directive 9/2019 was published, which approves the general conditions of the system services market access contract in the scope of the pilot project for participation of the consumption in the reserve market of regulation established in the Manual of Procedures of the Global System Management (MPGGS) of the electric sector.

On 15 April, Ordinance 115/2019 was published, which sets the reference tariff applicable, during the current year, to the electricity sold in its entirety to RESP, from small production units (UPP) using sources of renewable energy. It is planned to maintain the value practiced in recent years - from the entry into force of the current regime, which replaces the previous similar model of micro and mini-production -, set at 95€/MWh, in order to guarantee investment stability and cost control for SEN.

On 6 May 6, ERSE Directive 11/2019 was issued, which approves the terms and conditions for the setting of energy purchased from producers under a special regime, through an auctioning mechanism for products with a maturity term of different maturity. This mechanism allows the coverage of commercial price and supply risks by market traders and the stability of CUR's revenue conditions in the purchase and sale of electricity from the special regime production.

DL 60/2019 of the Presidency of the Council of Ministers was published on 13 May 2019, which determines the introduction of the reduced VAT rate to the fixed component of network access tariffs for electricity supplies, corresponding to a contracted power not exceeding 3.45 kVA, and supplies of natural gas, corresponding to low-pressure consumption not exceeding 10,000 m3 per year.

**Portugal - Natural Gas**

On 4 April, ERSE Directive 8/2019 was published, which defines the reference price methodology to be applied in determining transmission network usage tariffs, the discount to be applied at points of entry from storage facilities and at exit points for storage facilities and the discount to be applied to products of standard interruptible capacity.

As part of the regulatory review in the Natural Gas sector, Regulation 362/2019 of 23 April 2019 was published by ERSE, which amends the Regulation on Access to Networks, Infrastructures and Natural Gas Interconnections, in particular with regard to matters relating to the establishment of allowable income for network and infrastructure operators in the framework of the tariff process.

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#### Portugal - Natural Gas - Supply

On 10 April 2019 was issued the Dispatch 4001/2019, from the Office of the Secretary of State for Energy, which determines the maintenance of the percentage of the natural gas tariff by 31.2% on the transitional rates of sale to final customers of natural gas (excluding VAT, other taxes, contributions, fees and default interest that are applicable), and its application should not be considered for the purposes of other currently existing support.

Also in the scope of the regulatory review that took place in the Natural Gas sector, the Tariff Regulation (Regulation no. 361/2019, dated 23 April 2019, of ERSE) and the Trade Relations Regulation (Regulation (ERSE), in order to integrate a set of issues for the new regulatory period to start in January 2020.

As mentioned in the chapter of the electricity supply, DL 60/2019 of the Presidency of the Council of Ministers was published on 13 May 2019, which determines the introduction of the reduced VAT rate on natural gas supplies, corresponding to low pressure consumption not exceeding 10,000 m3 per year.

#### Activity in the energy sector in Spain

##### Electricity - Spain

###### *Electricity Tariffs Regime*

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

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

#### Activity in the energy sector in Brazil

##### Electricity

###### *Regulatory Changes*

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

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

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

Authorization Resolution 7,807/2019 of 9 May 2019, provisionally approves 370 million Reais, equivalent to six-twelfths of the budget proposed for 2019, which is part of the proposal presented by the National Electric System Operator (ONS) for the cycle budget from January 2019 to December 2021.

###### *Generation*

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

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

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On 1 March 2019, Ordinance 152 was published, which establishes the estimated timetable for the promotion of Auctions to Purchase Electricity from Existing Generation Projects, for the contracting of electricity by the distribution agents of the National Interconnected System (SIN), which is dealt with in article 19, 1º-D, of Decree nº 5163, of 30 July 2004, for the years 2019, 2020 and 2021.

Normative Resolution 843 of 2 April 2019 establishes criteria and procedures for the preparation of the Monthly Energy Operation Program (PMO) and for the formation of the Settlement Price of Differences (PLD).

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

On 11 April 2019, Ordinance 190/2019 published by MME, includes fixed costs in the Unit Variable Cost (CVU) for generation in Natural Gas Thermoelectric Plants (UTES). Ordinance 504, published by MME, from 19 December 2018, will become effective with the following changes: "Article 1 To authorize, on an exceptional and temporary basis, until 30 April 2020, the inclusion of fixed costs to the CVU for the generation of centrally dispatched centrally, operationally available and without Electric Power Commercialization Contract in effect on the date of publication of this Administrative Rule and whose representation of availability is null in the planning horizon of the Monthly Operating Program (PMO), considering as reference the date of publication of this Order, to trigger the order of merit or regardless of the order of merit, if there is a decision of the Committee of Monitoring of the Electric Sector (CMSE)".

On 16 April 2019, Ordinance 198/2019 extended the duration of the Working Group for thirty days in order to coordinate the development of studies to support the revision process of Annex C to the Itaipu Treaty, as defined in Ordinance 124/2019 of the MME.

Ordinance 216/2019, from 13 May 2019, amends Administrative Rule 318/2018, of the MME, regarding the Special Regime for Incentives for Infrastructure Development (REIDI), including in its framework the generation of electricity from participation bidding, in the auction mode in the Regulated Contracting Environment (ACR), including supply solutions in the Isolated Systems.

By means of Dispatch 1,251, from 2 May 2019, ANEEL partially grants the request for reconsideration of EDP Energias do Brasil SA, in face of Dispatch SRM/ANEEL 977 of 2019, to approve the adjustment of the basic price of sale of energy (CFURH) of the Electricity Trading Contracts in the Regulated Environment (CCEARs) signed by EDP Pequenas Centrais Hidroelétricas SA, backed by the Rio Bonito Small Hydroelectric Power Plant, in accordance with the Annex; and determines to the Chamber of Electric Energy Commercialization (CCEE) to make available the Additives to the CCEARs with adjustment of the basic price of sale of energy, to celebrate the contractual instruments.

Through Ordinance 222/2019, from 6 May 2019, the MME establishes the Guidelines for the Bidding for the Purchase of Electricity from New Production Undertakings, called "A-6", of 2019.

On 16 May 2019, the MME published Ordinance 226/2019, which restates the amendment to Ordinance MME 222, which establishes guidelines for the Auction for the Purchase of Electricity from New Production Undertakings, named "A-6", 2019.

On 23 May 2019, the MME published Ordinance 230/2019, which establishes the methodology to be applied in the Auction for Purchase of Electricity from New Production Projects, called the New Energy Auction "A-4", of 2019, provided for in article 1 of Ordinance MME 186 of 3 April 2019.

On 28 May 2019, ANEEL's board of directors approved the bidding for this year's A-4 generation auction (auction 03/2019). The purpose is to contract energy from new hydroelectric, wind, solar photovoltaic and thermoelectric biomass power plants, starting from January 2023.

Resolution 2.566, dated 25 June 2019, homologates the tariffs to be use for the Reference Distribution Systems (TUSD) applicable to producing power plants connected at the voltage levels of 88 kV or 138 kV for the 2019/2020 tariff cycle.

On 5 June 2019, Complementary Law 912 was enacted, which establishes the State Policy for Governance and Safety of Dams in the State of Espírito Santo.

ANEEL published the decision to modify the formula for calculating the Electricity Trading Rules in the 2017, 2018 and 2019 versions, through of Order 1,635/2019 of 6 June 2019, in order to: (i) correct the determination of unavailability of thermoelectric power plants in order of merit for the purpose of calculating energy eligible for the displacement of hydroelectric generation, pursuant to Normative Resolution 764, of 18 April 18 2017; (ii) approve the Electricity Commercialization Rules applicable to the Accounting and Settlement System, in the form of the modules of Annex I; and (iii) to determine to CCEE the accounting of short-term market operations since the beginning of the effectiveness of REN 764, in accordance with the rules approved in the previous item.

On 13 June 2019, the MME published Ordinance 144/2019, which defines new amounts of physical energy guarantee of the Hydropower Plants denominated Swiss UHE, Quebra Quebrada UHE and UHE Jirau, in the form of the Annexes of the present Ordinance.

Through Authorizing Resolution 7,886/2019 of 4 June 2019, the authorization for Cachoeira Caldeirão S.A. was published to implement the necessary resources to provide the Cachoeira Caldeirão Hydroelectric Power Station with the capacity to provide the ancillary service of the Special Protection System.



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## EDP - Energias de Portugal, S.A. Notes to the Condensed Consolidated and Company Financial Statements for the six-month periods ended 30 June 2019 and 2018

### *Distribution*

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

On 4 April 2019, Decree 7,891 has been amended as follows: (i) the cumulative application of discounts provided for in this article is banned, with the exemption of the one that confers the greatest benefit to the consumer shall prevail, except for the Group B consumer units, the discounts provided for in item II above, which must be granted after the discounts defined in item V above have been applied; (ii) in the operationalization of the discounts referred to in art. 1, the electricity distribution agents should consider the regulation of ANEEL; and (iii) ANEEL shall monitor compliance with the obligation referred to in article 3 and define, in the regulation, the procedures, adjustments and penalties that may be applicable.

ANEEL decides, through Order 1.220/2019 of 26 April 2019, that: (i) The ONS shall issue a Partial Release Agreement (TLP) without any non-impeding pendencies proper to the Transmission Functions (FT) of the Concession Contract 016/2019 signed by Água Azul SPE SA - Água Azul Substation, with the right to receive 100% of the Allowed Annual Revenue (RAP) per FT released, as of 20 February 2019; (ii) Água Azul will be entitled to receive the charges for use associated to EDP São Paulo Distribuidora de Energia SA (EDP São Paulo) exclusive use line entries as of the date established in the Transmission Facility Connection Contract (CCT) signed between Água Azul and EDP São Paulo, pursuant to Normative Resolution 68, of 8 June 2004; and (iii) differences in revenue collection should be considered in the next annual revenue readjustment, pursuant to Article 4 of Normative Resolution 454 of 2011.

Through Order 1,265/2019, dated 3 May 2019, ANEEL informs that the balance of ITAIPU's Electric Energy Trading Account in 2018 was positive and requests data on a monthly basis to the concessionaires and licensees.

Through Order No. 1,241/2019 of 30 April 2019, ANEEL classifies the concessionaires and licensees of public energy distribution service of SIN as distribution agents with a market of less than 700 GWh / year for the year 2020.

Through Order 1,223 / 2019, dated 29 April 2019, ANEEL establishes the annual forecast of the System Service Charge (ESS) and the Reserve Energy Charge (EER), with the objective of tariff coverage of the distributors with a tariff process in the second quarter of 2019. Concessionaire: EDP / ES - EER = 73 Million Reais and ESS = 4 Million Reais.

Normative Resolution 845 and Homologatory Resolution 2,551, both dated 21 May 2019, establish the new bands and the additional tariff flags.

Normative Resolution 846 of 11 June 2019 approves new procedures, parameters and criteria for imposing penalties on agents of the electricity sector.

In a press release dated 20 March 2019, MME, ANEEL and CCEE announced an agreement with banks to anticipate the payment of the ACR Account loan. As a result, consumers will no longer make monthly account disbursements between October 2019 and April 2020, which would result in an average 3.7% reduction in tariff readjustments in 2019 and 1.2% in 2020. However, ANEEL underlined that the effect of this measure will not be immediately, but will be included in the subsequent tariff revisions.

Through Authorizing Resolution 7,717/2019 of 2 April 2019, ANEEL changed the limits for the commercial quality indicator FER - Equivalent Frequency of Complaint.

### *Supply*

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

### *Transmission*

Resolution 2,514, of 19 February 2019, updates the ANEEL reference bank to be used in the authorization, concession bidding processes and revision of the annual allowed revenues of electric power transmission concessionaires.

Through Ordinance 217/2019, of 29 April 2019, MME established the schedule for the execution of the Bids for the Public Service Concession for Electric Power Transmission in the years 2019, 2020 and 2021. It is a requirement for Bidding for Basic Network Transmission Facilities to include Power Transformers with Primary Voltage equal to or greater than 230 kV and Secondary and Tertiary Voltages below 230 kV, as well as their Connections and other Equipment connected to the Tertiary, the conclusion of the Contract of Use of the Transmission System - CUST among the concessionaires, permit holders or authorized to Public Service of Distribution of Electric Energy and National Operator of the Electric System - ONS within the deadlines established in the Annex. ANEEL will inform the concessionaires, licensees or authorized for Public Service of Electric Energy Distribution regarding the existence of Transmission Facilities that depend on CUST for bidding. Until 31 December 2019, the dates for the Bids mentioned in article 1 for year 2022 will be published.

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Normative Resolution 847, dated 25 June 2019, revokes Normative Resolution 709, which limited the shareholder structure of the transmission concessionaire to the level of the holding company, when both jointly carried out the activity and required that the holding company keep the economic and financial information segregated in cost centers in order to identify the operational and holding activities.

Homologation Resolution No. 2,549, dated 14 May 2019, amends Homologatory Resolution 2,514 of 19 February 2019, which ratifies the new values of the Reference Price Bank to be practiced in the substation and transmission line works.

By Order 1,306 of 14 May 2019, ANEEL attests conformity of the technical characteristics of the basic design of the object transmission facilities of the Concession Agreement 39/2017-ANEEL, prepared by EDP Transmissão Aliança SC S.A.

Homologatory Resolution 2,565 of June 25, 2019 establishes the Annual Revenues Allowed for the provision of the facilities under the responsibility of concessionaires of public energy transmission service.

Homologatory Resolution 2,562, of 25 June 2019, establishes the value of the Tariffs for the Use of the Transmission System (TUST) for electricity, components of the National Interconnected System for the 2019-2020 cycle.

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

#### **Electricity**

##### *Generation*

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

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

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

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

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

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

On 3 June 2019 the DL 76/2019 was published. This DL is a comprehensive review of the legal basis of the Portuguese electricity sector. Regarding new renewable capacity, the Decree changes the order in which grid capacity reservation and production license are obtained. New projects will need to obtain the title of grid capacity reservation prior to applying for the production license. The Decree also introduces three ways to obtain grid capacity reservation, being one of them competitive tenders.

The Portuguese government will allocate 1,4 GW of solar power in an auction to be held in July 2019. The auction responds to the objective of reaching 80% of electricity from renewables' sources by 2030, which translates in 7,8-9,3 GW of solar PV installed capacity. The auction will award titles of grid connection capacity reservation (título de reserva de capacidade de injeção) which according to the new DL 76/2019 is a necessary condition to get the production license.

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

In December 2018, the Emergency Government Ordinance (EGO) 114/2018 introducing several measures affecting the Romanian electricity sector was approved. The EGO will charge companies holding licenses in the electricity sector with a tax of 2% of the annual turnover (as opposed to former charge of 0,1%). Also, the EGO sets the obligation for electricity producers to sell at regulated prices to the suppliers of last resort the quantities needed to cover the consumption of household consumers (for which regulated tariffs will apply) from 1 March 2019 to 28 February 2022.

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## *Regulatory framework for the activities in the United States of America*

On 3 January 2019, the 116th United States Congress convened with a Republican-majority Senate and a Democratic-majority House of Representatives. In the prior Congress, Republicans held majorities in both the Senate and the House of Representatives. With this change, a shift in governing philosophy is expected. Democratic representatives have informally proposed a range of potential legislative actions having to do with climate change. One of these proposals is a "Green New Deal" which features a 100% United States RPS standard (renewable portfolio standard). Such a standard, if implemented, would increase demand for renewable electricity in the U.S. On June 26, 2019, a new bill was introduced to the Senate targeting a national 50% renewable energy standard (RES) by 2035. While the bill has not been passed and currently has only a handful of sponsors, it supports the growing bipartisan trend towards climate action.

Further, House Democrats introduced in 2019 legislation supporting energy storage and offshore wind technology's eligibility for the investment tax credit (ITC) that is currently available to solar and some solar-plus-storage projects. Although there is considerable uncertainty now, the potential for adoption, given proper legislative action, could incentivize rapid energy storage and offshore wind development in the near future. A more distant, yet considerable development is the extension of wind and solar ITC/PTCs. This will continue to be discussed through the House and Senate and will need further partisan support for the progression of these credits.

Additionally, the Affordable Clean Energy (ACE) rule was issued by the Environmental Protection Agency ("EPA") 19 June 2019. This rule will replace the prior administration's Clean Power Plan in efforts to support energy diversity. Environmental advocates and state attorneys general signaled they would file lawsuits to block the EPA's ACE rule, which they say will be significantly less effective than the Obama-era Clean Power

## *Regulatory framework for the activities in Poland*

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

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

On 25 June 2019, the government approved a set of amendments to the Renewable Energy Sources Act, which were originally published and submitted for public consultation on 28 February 2019. The main objective pursued by the Act was to allow auctions for new renewable energy projects in 2019 (including some changes to the CfD scheme to be granted therein). The main changes regarding upcoming auctions are: (i) confirmation of the celebration of auctions for new assets in 2019 including proposed budget, volumes and reference prices (for onshore wind >1 MW around 2,5 GW with a reference price of 286 PLN/MWh) and; (ii) introduction of changes to the CfD scheme to be granted by the tenders (only applicable from 2019 tenders onwards), namely a shift in the CfD settlement structure which transforms it into a "floor" scheme.

## *Regulatory framework for the activities in France*

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

On 29 November 2018, the government approved the Dcree 1054-2018 aimed at accelerating legal procedures following claims against the administrative authorizations of wind farms, by removing the two-level court system in the event of litigation.

The third offshore auction took place in March 2019 with all major players participating (grouped in 10 consortiums). The award is expected to be announced during the 2019 summer. On 14 June 2019, the Energy Regulation Commission "CRE" announced the result of the Dunkirk auction, being consortium made of EDF, Innogy and Enbridge the winner. The final price was 44€/MWh for a period of 20 years. François de Rugy, France's minister for ecologic and solidary transition, has confirmed that France will double its offshore wind tender schedule to 1 GW yearly between 2020 and 2023 (and potentially beyond) after bids in the latest round confirmed steep cost reductions in the sector. The country's original multi-year energy program ("PPE") envisaged tenders for about 5 GW out to 2028 or about 500 MW annually.

In June 2019 also were announced the winners of the third onshore wind round. The overall capacity of winning projects was 516 MW, with the average bid price standing at 63€/MWh (vs. a maximum reference price of 71€/MWh). Successful projects will sign 20-year CfDs.

Next onshore round will start in July 2019 and 500 MW will be tendered. A new specification clause has been added in case that participation is low. In case that there are only 400 MW participating (or less), then the 20% less competitive projects will be automatically discarded.

## 2. Accounting Policies

### Basis of presentation

The accompanying condensed consolidated and company financial statements of EDP - Energias de Portugal, S.A. reflect the results of the company's operations and its subsidiaries (EDP Group or Group) and the Group's interest in its joint ventures and associated companies, for the six-month periods ended 30 June 2019 and 2018 and EDP S.A.'s Executive Board of Directors approved them on 25 July 2019. The financial statements are presented in thousand Euros, rounded to the nearest thousand.

**EDP - Energias de Portugal, S.A.**  
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In accordance with Regulation (EC) 1606/2002 of the European Council and Parliament, of 19 July 2002, as transposed into Portuguese legislation through Decree-law 158/2009 of 13 July and the changes introduced through Decree-law 98/2015 of 2 June, the condensed company's financial statements and the condensed Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union (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 condensed consolidated and company financial statements for the six-month period ended 30 June 2019 and 2018 were prepared in accordance with IFRS as adopted by the E.U. until 1 January 2019 and considering the International Financial Reporting Standard IAS 34 - Interim Financial Reporting. These financial statements do not include all the information required to be published on the annual financial statements, and should, therefore, be read together with the consolidated financial statements of the Group for the year ended 31 December 2018.

As at 1 January 2019, IFRS 16 - Leases came into force, being adopted by EDP Group in its condensed Group's financial statements as of June 2019.

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

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

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

As at 30 June 2019, following the Strategic Plan Update 2019-2022, the Executive Board of Directors reorganized the business segments in order to be aligned with this new view, with effect from 1 January 2019. Despite of this change in the composition of the segments, EDP Group has not identified any significant changes in key assumptions used in impairment tests performed in the end of 2018, which could indicate that an asset may be impaired.

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

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

*Change in line items on the Consolidated Income Statement*

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

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

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

**Hedge accounting**

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

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

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

*Effectiveness*

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

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### Notes to the Condensed Consolidated and Company Financial Statements for the six-month periods ended 30 June 2019 and 2018

#### f) Trade payables and other liabilities

##### *Initial measurement of the liabilities regarding the rents due from lease contracts*

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

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

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

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

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

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

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

#### p) Financial results

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

#### ab) Right-of-use assets

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

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

### 3. Recent Accounting Standards and Interpretations Issued

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

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

##### • IFRS 16 - Leases

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

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

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

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

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

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

● **Summary of the impacts of the adoption of IFRS 16 in Condensed Consolidated and Company Statement of Financial Position on 1 January 2019**

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

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### Notes to the Condensed Consolidated and Company Financial Statements for the six-month periods ended 30 June 2019 and 2018

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

Thousand Euros	Group	Company
<b>Right-of-use asset</b>		
Land and natural resources	605,979	-
Buildings and other constructions	208,957	118,961
Plant and machinery	4,947	-
Transport equipment	7,530	-
Office equipment and IT	813	-
	828,226	118,961
<b>Property, plant and equipment</b>		
Buildings and other constructions i)	-80,523	-62,057
<b>Investment property</b>		
Buildings and other constructions	-	14,265
	747,703	71,169

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

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

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

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

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

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

- IFRS 9 - Hedge accounting

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

As permitted by IFRS 9, EDP Group decided to apply the hedge accounting requirements of IFRS 9 as at 1 January 2019. EDP Group has assessed the changes resulting from the adoption of these requirements, through a detailed analysis of the existing hedging relationships as at 31 December 2018. EDP Group decided to keep the existing hedge ratios as at 31 December 2018, while still within IAS 39. From the analysis performed, no rebalancing was necessary as at 1 January 2019.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

Thus, it is expected that this legislation and the concessions renewal proceedings will have a significant impact on EDP Distribuição's estimate of financial and intangible assets, namely through the concessions' termination anticipation, that currently extend beyond 2019. However, at this date it is not possible to predict the end date of the concession contracts currently in force, as the process is still in an initial phase, by doing studies and legislation. With reference to 30 June 2019, financial assets and intangible assets were estimated based on the end dates of each of the contracts currently in force, and do not consider any changes arising from the already mentioned legislation. The use of different assumptions and estimates could result in different amounts of financial and intangible assets, with the consequential impact in the Statement of Financial Position.

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

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

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

#### Impairment

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

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

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

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

##### *Impairment of receivables*

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

#### Fair value and classification of financial instruments

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

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

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

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

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

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

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

**Rents due from lease contracts**

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

**Tariff adjustments**

*Portugal*

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

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

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

*Spain*

Royal Decree Law 6/2009, published on 7 May 2009, established, among other matters: (i) the possibility to securitise the Spanish tariff deficit supported by the electricity sector companies using a State guarantee through the tariff deficit amortisation fund; (ii) the calendar for the elimination of the tariff deficit, such that on 1 January 2013 access tariffs would be sufficient to cover the cost of regulated activities, without the creation of an "ex-ante" tariff deficit and, in order to ease this gradual elimination, Royal Decree Law 6/2009 also provided for the passage of some costs included in the electricity tariff to the Spanish State Budget; (iii) the revocation, as from 1 July 2009, of Royal Decree Law 11/2007, which established the obligation to return the additional revenues obtained from the incorporation of CO2 costs in market prices, and which was to be in force until 2012; (iv) the creation of a social subsidy, which translates to a lower tariff for low income consumers and (v) the charge to electric companies of the costs associated with the management and treatment of radioactive waste from nuclear power plants and fuels consumed. However, Royal Decree Law 29/2012, endorsed on 28 December, abolished the regulatory requirement mentioned in paragraph (ii) above. The direct consequence of this suppression is that access tariffs will not be related to the sufficiency of the tariffs, so there may be temporary imbalances, to be recovered in a single annual fee in subsequent years.

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

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

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

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

#### *Brazil*

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

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

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

#### **Revenue recognition**

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

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

#### **Income taxes**

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

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

#### **Pensions and other employee benefits**

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

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

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

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

#### **Entities included in the consolidation perimeter**

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

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

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

#### **Business combination**

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

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

#### **Fair value measurement of contingent consideration**

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

#### **Contractual stability compensation - CMEC**

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

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

#### **Initial Compensation**

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

#### **Contractual stability compensation – annual revisibility mechanism**

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

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

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

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

#### **CMEC Final Adjustment**

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

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

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

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

On 3 May 2018, EDP was notified (through a DGEG's letter from 25 April 2018) that the CMEC final adjustment had been officially approved, according to ERSE's proposal, in the amount of 154 million Euros. EDP reflected this reality in its financial statements as of 31 December 2018, recognising a provision by the difference in the final adjustment amounts already recognised in the Group's revenues. On 30 June 2019 EDP maintains the provision in its accounts.

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

#### Clawback

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

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

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

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

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

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

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

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

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

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

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

During 2019:

- On 1 April, the suspension of the tax on the production of electric energy in Spain was terminated, and it became effective again;
- From that moment, the "clawback" invoiced to EDP Produção was resumed, based on a value of 4.75€/MWh;
- On 27 June, a decree-law amendment was approved by the Council of Ministers amending the clawback mechanism, clarifying "its scope of application, with a view to ensuring the existence of harmonized regulatory mechanisms, better conditions of competition and, at the same time, better consumer protection as determined by the State Budget Law for 2019. " This Decree-Law is unpublished, and its content is not yet known.

#### **Ancillary Services**

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

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

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

#### **Innovative Features**

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

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

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

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

Although the EDP Group considers that there were no innovative features weighted in CMEC adjustments, this aspect was reflected in these financial statements as of 31 December 2018, by recognising a provision of 285 million Euros. In 2019 EDP made the payment of 45,546 thousand Euros (see note 33), using this provision, so that at 30 June 2019 this provision amount of 239,454 thousand Euros.

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#### Hydro power plants of Fridão and Alvito

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

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

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

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

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

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

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

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

Since there has been no reply to this letter, on 30 April 2019, EDP Produção notified the Portuguese State representatives in the Contract for the Implementation (the Minister of Finance, the Minister of the Environment and the Energy Transition and the Deputy Minister and Minister of Economy) of its intention to proceed with the implementation of the AHF, stating that it considers that the conditions for the final award are met, enclosing evidence required by No. 29.1. of the Contest Program and requesting the compliance with the Contract for the Implementation.

Since EDP Produção did not receive any reply to the letters, so it sent second and final request to the Portuguese State, on 19 June 2019, setting an additional deadline to comply with the Contract for the Implementation or to be set the date for that purpose, which did not occur. In face of the breach of the Contract for the Implementation by the Portuguese State, the EDP Group will not fail to equate the use of the judicial means at its service to recover the amount corresponding to the investment made and the reimbursement of other losses suffered.

#### EDP Group Strategic Plan Update

Following the Strategic Plan Update 2019-2022, as announced by the Executive Board of Directors in March 2019, EDP Group foreseen the sale of non current assets and group of assets for disposal. As at 30 June 2019, the Executive Board of Directors evaluated the status of each sale plan defined, in terms of the definition of its extension, occurrence in time, identification of the target buyers and assignment to specialised entities, to determine whether the criteria for classification under IFRS 5 are met (see note 38). In this sense, the assets classified as non current assets held for sale as at 30 June 2019 reflect the sale plans that, in the opinion of the Executive Board of Directors, comply with the conditions set out in IFRS 5. In this valuation process, there are no assets and liabilities held for sale qualifying as "Discontinued Operations".

## 5. Financial Risk Management Policies

### Financial risk management

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

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

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

#### Exchange-rate risk management

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

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

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

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

#### Sensitivity analysis - exchange rate

Regarding the financial instruments that result in an exchange rate risk exposure, a fluctuation of 10% in the EUR/USD exchange rate, as at 30 June 2019 and 2018, would lead to an increase/(decrease) in the EDP Group results and/or equity as follows:

Thousand Euros	Jun 2019			
	Profit or loss		Equity	
	+10%	-10%	+10%	-10%
USD	60,859	-74,383	-100,815	123,218
	60,859	-74,383	-100,815	123,218

Thousand Euros	Jun 2018			
	Profit or loss		Equity	
	+10%	-10%	+10%	-10%
USD	22,632	-27,662	-78,997	96,552
	22,632	-27,662	-78,997	96,552

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.

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

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

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



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

The EDP Group has a portfolio of interest rate derivatives with maturities up to 15 years. The Group's Financial Departments undertake sensitivity analyses of the fair value of financial instruments to interest rate fluctuations. As at 30 June 2019, after the hedging effect of the derivatives 61% of the Group's liabilities are at fixed rate.

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

Based on the Group's debt portfolio, except for Brazil, and the related derivative financial instruments used to hedge the related interest rate risk, a 50 basis points change in the reference interest rates at 30 June 2019 and 2018 would lead to an increase/(decrease) in the EDP Group results and/or equity as follows:

Thousand Euros	Jun 2019			
	Profit or loss		Equity	
	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
<b>Cash flow effect:</b>				
Hedged debt	-12,302	12,302	-	-
Unhedged debt	-9,009	9,009	-	-
<b>Fair value effect:</b>				
Cash flow hedging derivatives	-	-	5,078	-3,623
Trading derivatives (accounting perspective)	5,064	-6,608	-	-
	<b>-16,247</b>	<b>14,703</b>	<b>5,078</b>	<b>-3,623</b>

Thousand Euros	Jun 2018			
	Profit or loss		Equity	
	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
<b>Cash flow effect:</b>				
Hedged debt	-14,821	14,821	-	-
Unhedged debt	-10,786	10,786	-	-
<b>Fair value effect:</b>				
Cash flow hedging derivatives	-	-	8,589	-15,294
Trading derivatives (accounting perspective)	-2,413	-2,662	-	-
	<b>-28,020</b>	<b>22,945</b>	<b>8,589</b>	<b>-15,294</b>

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

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

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

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

#### Brazil - Sensitivity analysis - exchange rate

Thousand Euros	Jun 2019	
	+25%	-25%
USD	-	-
	-	-

Thousand Euros	Jun 2018	
	+25%	-25%
USD	898	(709)
	898	(709)

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

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

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**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 30 June 2019 and 2018, in the amount of:

Thousand Euros	Jun 2019	
	+ 25%	- 25%
Financial instruments - assets	5,984	-5,984
Financial instruments - liabilities	-41,961	42,292
Derivative financial instruments	-1,237	1,309
	<b>-37,214</b>	<b>37,617</b>

Thousand Euros	Jun 2018	
	+ 25%	- 25%
Financial instruments - assets	5,039	-5,039
Financial instruments - liabilities	-50,222	50,463
Derivative financial instruments	-668	865
	<b>-45,851</b>	<b>46,289</b>

**Counterparty credit risk management**

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

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

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

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

**Liquidity risk management**

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

The table below shows the contractual undiscounted cash flows and the estimated interests due, computed using the rates available at 30 June 2019:

Thousand Euros	Jun 2020	Dec 2020	Dec 2021	Dec 2022	Dec 2023	Following years	Total
Bank loans	255,240	82,598	190,206	171,767	172,752	1,330,578	2,203,141
Bond loans	1,715,416	587,426	1,440,250	1,322,385	1,469,855	5,411,168	11,946,500
Hybrid Bond	19,402	-	-	-	-	1,750,000	1,769,402
Commercial paper	744,146	-	200,000	-	-	-	944,146
Other loans	3,326	257	468	-	211	13,091	17,353
Interest Payments (i)	661,144	520,828	515,001	443,120	357,127	582,096	3,079,316
	<b>3,398,674</b>	<b>1,191,109</b>	<b>2,345,925</b>	<b>1,937,272</b>	<b>1,999,945</b>	<b>9,086,933</b>	<b>19,959,858</b>

i) The coupons of the hybrid bonds were included taking into consideration the earliest possible call date.

**Energy market risk management**

In the sphere of its operations in the Iberian market for both electricity and gas, EDP Group purchases fossil fuels to generate electric energy which is sold in organized markets (OMIE and OMIP) as well as to third parties or, in the gas business, sells natural gas to clients either through EDP Group's trading companies or directly to third parties. As a result, the Group is, since July 2017, fully exposed 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.

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

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

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

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

Thousand Euros		P@R Distribution by business segment	
		Jun 2019	Dec 2018
Business	Portfolio		
Electricity	Trading	14,067	50,559
Electricity	Trading + Hedging	168,113	216,655
Gas	Hedging	22,155	22,049
Diversification effect		-20,869	-23,063
		183,466	266,199

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:

	Jun 2019	Dec 2018
<b>Credit risk rating (S&amp;P)</b>		
AAA to AA-	-	0.16%
A+ to A-	28.86%	34.87%
BBB+ to BBB-	67.46%	61.12%
BB+ to B-	0.06%	0.87%
No rating assigned	3.61%	2.98%
	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 risk management process of the entity.

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

02 Strategic Approach

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

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

04 Corporate Governance

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

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

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

## 6. Consolidation Perimeter

During the six-month period ended 30 June 2019, the following changes occurred in the EDP Group consolidation perimeter:

### Companies acquired:

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

### Sale of companies without loss of control:

- A EDPR France Holding, S.A.S. sold 10% of its financial interest in Parc Éolien d'Entrains-sur-Nohain, S.A.S. by 46 thousand Euros.

### Companies sold and liquidated:

- EDP Distribuição de Energia, S.A. liquidated EDP MOP - Operação de Pontos de Carregamento de Mobilidade Elétrica, S.A.
- EDP Distribuição de Energia, S.A. liquidated EME2 - Engenharia, Manutenção e Serviços, ACE.
- EDP Renewables Europe, S.L.U. and EDPR Yield, S.A.U. sold to Beta Energy Investments S.A.R.L. and Beta II S.R.L. by 806,090 thousand Euros (see note 24), which includes loans in the amount of 304,732 thousand Euros, of 51% of its direct financial interest in EDP Renewables France, S.A.S. and EDPR Participaciones, S.L.U. and indirect interests in the following companies:
 

<ul style="list-style-type: none"> <li>- Bon Vent de L'Ebre, S.L.U.</li> <li>- Bon Vent de Vilalba, S.L.U.</li> <li>- Centrale Eolienne Canet-Pont de Salars, S.A.S.</li> <li>- Centrale Eolienne Gueltas Noyal-Pontivy, S.A.S.</li> <li>- Centrale Eolienne Neo Truc de L'Homme, S.A.S.</li> <li>- Centrale Eolienne Patay, S.A.S.</li> <li>- Centrale Eolienne Saint Barnabé, S.A.S.</li> <li>- Centrale Eolienne Segur, S.A.S.</li> <li>- Eólica da Lajeira, S.A.</li> <li>- Eólica de Radona, S.L.U.</li> <li>- Eólica del Alfoz, S.L.U.</li> <li>- Eólica do Cachopo, S.A.</li> <li>- Eólica do Castelo, S.A.</li> <li>- Eólica do Velão, S.A.</li> <li>- Eólica Don Quijote, S.L.U.</li> <li>- Eólica Dulcinea, S.L.U.</li> <li>- Eólica La Navica, S.L.U.</li> <li>- Eolienne de Saugueuse, S.A.S.</li> </ul>	<ul style="list-style-type: none"> <li>- GREEN WIND, S.A.</li> <li>- Neo Plouvien, S.A.S.</li> <li>- Parc Éolien de Dammarie, S.A.R.L.</li> <li>- Parc Éolien de Francourville, S.A.S.</li> <li>- Parc Éolien de Montagne Fayel, S.A.S.</li> <li>- Parc Éolien de Preuseville, S.A.R.L.</li> <li>- Parc Éolien de Roman, S.A.R.L.</li> <li>- Parc Éolien de Tarzy, S.A.R.L.</li> <li>- Parc Éolien de Varimpre, S.A.S.</li> <li>- Parc Éolien des Vatines, S.A.S.</li> <li>- Parc Éolien d'Escardes, S.A.S.</li> <li>- Parc Éolien du Clos Bataille, S.A.S.</li> <li>- SOCPE de la Mardelle, S.A.R.L.</li> <li>- SOCPE de la Vallée du Moulin, S.A.R.L.</li> <li>- SOCPE de Sauvageons, S.A.R.L.</li> <li>- SOCPE des Quinze Mines, S.A.R.L.</li> <li>- SOCPE Le Mee, S.A.R.L.</li> <li>- SOCPE Petite Pièce, S.A.R.L.</li> </ul>
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Additionally, the Group sold the take held by the companies Bon Vent de L'Ebre, S.L.U. and Bon Vent de Vilalba, S.L.U. in the company Aprofitament D'Energies Renovables de la Terra Alta, S.A. (9.70% and 10.42% respectively).

This transaction has generated a gain, net of transaction costs, of 218,931 thousand Euros, which was recorded in the income statement (see note 8).

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

### Notes to the Condensed Consolidated and Company Financial Statements for the six-month periods ended 30 June 2019 and 2018

#### Companies incorporated:

- Save to Compete, S.A.;
- Little Brook Solar Park LLC \*;
- Bright Stalk Solar Park LLC \*;
- Crossing Trails Wind Power Project II LLC \*;
- EDPR Japan GK.
- Custolito, S.R.L.;
- Headwaters Wind Farm IV LLC \*;
- EDPR Hellas 1 M.A.E.;
- EDPR Hellas 2 M.A.E.;
- North River Wind LLC \*;
- EDPR Terral S.L.U.;
- EDPR Amaris S.L.U.;
- EDPR Suvan S.L.U.

\* 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 30 June 2019, do not have any assets, liabilities or any operating activity.

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

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

Thousand Euros	Group		Company	
	Jun 2019	Jun 2018	Jun 2019	Jun 2018
Electricity and network access	6,243,574	6,927,006	1,268,510	1,366,001
Gas and network access	390,934	398,359	15,234	-
Sales of CO2 Licenses	-	-	132,456	34,369
Revenue from assets assigned to concessions	372,715	148,421	-	-
Other	99,794	85,204	82,355	82,939
	<b>7,107,017</b>	<b>7,558,990</b>	<b>1,498,555</b>	<b>1,483,309</b>

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

Thousand Euros	Jun 2019					
	Portugal	Spain	Brazil	USA	Other	Group
Electricity and network access	3,101,205	1,404,544	1,233,039	331,644	173,142	6,243,574
Gas and network access	130,009	260,925	-	-	-	390,934
Revenue from assets assigned to concessions	95,011	-	277,704	-	-	372,715
Other	28,304	33,275	35,814	1,780	621	99,794
	<b>3,354,529</b>	<b>1,698,744</b>	<b>1,546,557</b>	<b>333,424</b>	<b>173,763</b>	<b>7,107,017</b>

Thousand Euros	Jun 2018					
	Portugal	Spain	Brazil	USA	Other	Group
Electricity and network access	3,632,678	1,405,450	1,449,107	296,212	143,559	6,927,006
Gas and network access	94,909	303,450	-	-	-	398,359
Revenue from assets assigned to concessions	71,818	-	76,603	-	-	148,421
Other	24,141	20,009	40,864	-	190	85,204
	<b>3,823,546</b>	<b>1,728,909</b>	<b>1,566,574</b>	<b>296,212</b>	<b>143,749</b>	<b>7,558,990</b>

The caption Electricity and network access in Portugal, on a consolidated basis, includes a net revenue of 741,593 thousand Euros (revenue in 30 June 2018: 694,679 thousand Euros) regarding tariff adjustments of the period (see notes 23 and 35). This caption also includes a net cost of 19,533 thousand Euros (30 June 2018: net revenue of 57,559 thousand Euros) related to recognition of tariff adjustments for the period in Brazil (see notes 23 and 35).

Additionally, the caption Electricity and network access includes, on a consolidated basis, a negative amount of 13,537 thousand Euros (30 June 2018: negative amount of 1,549 thousand Euros) related to the contractual stability compensation (CMEC) as a result of the power purchase agreements (PPA) termination, including a income of 30,834 thousand Euros related to the CMEC final adjustment (30 June 2018: positive amount of 9,474 thousand Euros), net from the recognised provision due to the final adjustment official approval (see note 4).

The caption Electricity and network access, on a company basis, includes 629,977 thousand Euros (30 June 2018: 575,678 thousand Euros) related with energy sales under the purchase and sale agreement of evolutive energy between EDP, S.A. and EDP Comercial.

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

	Jun 2019					Group
	Reported Operating Segments			Total	Other Segments	
	Renewables	Networks	Client Solutions & Energy Management			
Thousand Euros						
Electricity and network access	683,234	1,848,444	3,711,914	6,243,592	-19	6,243,573
Gas and network access	-	7,414	383,519	390,933	-	390,933
Revenue from assets assigned to concessions	-	372,708	7	372,715	-	372,715
Other	69,971	21,353	4,006	95,330	4,466	99,796
	753,205	2,249,919	4,099,446	7,102,570	4,447	7,107,017

	Jun 2018					Group
	Reported Operating Segments				Other Segments	
	Renewables	Networks	Client Solutions & Energy Management	Total		
Thousand Euros						
Electricity and network access	605,368	2,203,700	4,117,855	6,926,923	83	6,927,006
Gas and network access	-	9,449	388,911	398,360	-	398,360
Revenue from assets assigned to concessions	-	148,043	378	148,421	-	148,421
Other	103,934	26,143	-53,267	76,810	8,394	85,204
	709,302	2,387,335	4,453,877	7,550,514	8,476	7,558,990

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

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

Cost of energy sales and other are as follows:

Thousand Euros	Group		Company	
	Jun 2019	Jun 2018	Jun 2019	Jun 2018
<b>Cost of electricity</b>	3,193,748	3,842,805	1,264,124	1,340,536
<b>Cost of gas</b>	506,761	448,518	-	-
<b>Expenditure with assets assigned to concessions</b>	333,655	148,421	-	-
<b>Changes in inventories and cost of raw materials and consumables used</b>				
Fuel, steam and ashes	235,176	257,598	-	-
Gas	42,720	39,019	15,234	-
CO2 Licenses	119,995	47,441	139,052	34,354
Own work capitalised	-1,378	-967	-	-
Other	75,387	83,669	-15,116	10
	<b>471,900</b>	<b>426,760</b>	<b>139,170</b>	<b>34,364</b>
	<b>4,506,064</b>	<b>4,866,504</b>	<b>1,403,294</b>	<b>1,374,900</b>

Cost of electricity includes, on a company basis, costs of 602,703 thousand Euros (30 June 2018: 672,845 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. The revenue and the expenditure with the acquisition of these assets are as follows:

Thousand Euros	Group	
	Jun 2019	Jun 2018
<b>Revenue from assets assigned to concessions</b>	<b>372,715</b>	<b>148,421</b>
<b>Expenditure with assets assigned to concessions</b>		
Subcontracts and other materials	-283,988	-100,903
Personnel costs capitalised (see note 10)	-36,493	-44,475
Capitalised borrowing costs (see note 13)	-13,174	-3,043
	<b>-333,655</b>	<b>-148,421</b>

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

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Revenue from assets assigned to concessions include 162,115 thousand Euros relative to electricity distribution concessions in Portugal and in Brazil resulting from the application of the mixed model. Additionally, it also includes the revenue related to the asset to be received by EDP Group under the transmission concessions in Brazil (see note 23).

The main variations on the captions Revenues and cost of Energy Sales and Services and Other are described in the Chapter 2 - Performance mainly in 2.1 - Group's financial analysis,

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

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

#### 8. Other Income

Other income, for the Group, are as follows:

Thousand Euros	Group	
	Jun 2019	Jun 2018
Income arising from institutional partnerships - EDPR NA (see note 34)	94,653	100,404
Gains on disposals - electricity business assets	218,931	-
Gains from contractual indemnities and insurance companies	7,622	10,309
Other	79,939	74,107
	<b>401,145</b>	<b>184,820</b>

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

The caption Gains on disposals - electricity business assets refers to the gain on the sale of 51% of the financial investment in EDP Renewables France, S.A.S. and EDPR Participaciones, S.L.U., and its subsidiaries, fully owned by EDPR, in the amount of 218,931 thousand Euros (see note 6).

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

#### 9. Supplies and Services

Supplies and services are as follows:

Thousand Euros	Group		Company	
	Jun 2019	Jun 2018	Jun 2019	Jun 2018
Consumables and communications	16,177	25,266	4,173	4,229
Rents and leases	15,930	66,459	2,701	25,515
Maintenance and repairs	185,679	173,247	17,438	15,649
Specialised works:				
- Commercial activity	78,541	71,248	385	379
- IT services, legal and advisory fees	45,306	21,838	20,455	3,803
- Other services	21,684	21,309	11,857	11,604
Provided personnel	-	-	5,085	3,716
Other supplies and services	57,784	63,353	8,780	11,535
	<b>421,101</b>	<b>442,720</b>	<b>70,874</b>	<b>76,430</b>

Of the decrease in Rents and leases, the amount of 33,342 thousand Euros results from the adoption of IFRS 16 on 1 January 2019 (see note 3). As at 30 June 2019 this caption includes mainly costs for variable lease payments and rental costs for short-term leases.

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# 10. Personnel Costs and Employee Benefits

Personnel costs and employee benefits are as follows:

Thousand Euros	Group		Company	
	Jun 2019	Jun 2018	Jun 2019	Jun 2018
<b>Personnel costs</b>				
Board of Directors remuneration	9,148	8,067	3,537	3,316
Employees' remuneration	239,636	241,717	19,976	19,820
Social charges on remuneration	59,251	58,751	5,070	4,894
Performance, assiduity and seniority bonus	33,076	37,894	2,928	6,922
Other costs	12,627	11,152	327	129
Own work capitalised:				
- Assigned to concessions (see note 7)	-36,493	-44,475	-	-
- Other (see note 16)	-29,353	-20,100	-	-
	287,892	293,006	31,838	35,081
<b>Employee benefits</b>				
Pension plans costs	11,476	11,930	1,306	1,171
Medical plans costs and other benefits (see note 32)	3,326	3,568	164	211
Other	20,965	16,389	1,300	1,344
	35,767	31,887	2,770	2,726
	323,659	324,893	34,608	37,807

Pension plans costs include 2,750 thousand Euros (30 June 2018: 4,360 thousand Euros) related to defined benefit plans (see note 32) and 8,726 thousand Euros (30 June 2018: 7,570 thousand Euros) related with defined contribution plans.

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

During the first semester of 2019, EDP Group distributed treasury stocks to employees (366,619 shares) totaling 1,232 thousand Euros (see note 28).

# 11. Other Expenses

Other Expenses are as follows:

Thousand Euros	Group	
	Jun 2019	Jun 2018
Concession rents paid to local authorities and others	141,329	144,202
Direct and indirect taxes	118,947	168,331
Donations	11,530	12,594
Other	56,206	50,361
	328,012	375,488

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

As at 30 June 2019, the caption Direct and indirect taxes includes property tax and other taxes and levies. The decrease of the caption with respect to 30 June 2018 results mainly from the entry into force of the Spanish Royal Decree 15/2018, which suspended the tax of 7% over electricity generation in Spain for a period of six months, being this period from October 2018 to March 2019, and from the consequent suspension of the Clawback mechanism, in Portugal, during the same period (see note 4).

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



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#### 12. Amortisation and Impairment

Amortisation and impairment are as follows:

Thousand Euros	Group		Company	
	Jun 2019	Jun 2018	Jun 2019	Jun 2018
Depreciation/impairment of Property, plant and equipment (see note 16)	500,848	513,964	4,013	16,020
Depreciation/impairment of Right of use asset (see note 17)	28,508	-	2,575	-
Amortisation/impairment of Intangible assets (see note 18)	206,745	184,302	6,365	840
	736,101	698,266	12,953	16,860
Amortisation/impairment of Investment property	179	1,753	2,100	2,034
	736,280	700,019	15,053	18,894
Compensation of depreciation				
Partially-funded property, plant and equipment (see note 35)	-12,228	-11,231	-	-
Amortisation of Incremental costs of obtaining contracts with customers (see note 23)	10,854	10,173	-	-
Impairment of Goodwill (see note 19)	497	-	-	-
	735,403	698,961	15,053	18,894

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

#### 13. Financial Income and Expenses

Financial income and expenses are as follows:

Thousand Euros	Group		Company	
	Jun 2019	Jun 2018	Jun 2019	Jun 2018
Financial income	182,744	291,028	311,106	1,191,302
Financial expenses	-553,345	-568,127	-277,682	-680,181
	-370,601	-277,099	33,424	511,121

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

Thousand Euros	Group	
	Jun 2019	Jun 2018
Interest income from bank deposits and other investments	26,013	17,506
Interest from derivative financial instruments	-821	3,762
Interest income on tariff deficit:		
- Portugal - Electricity (see notes 23 and 35)	2,769	6,521
- Brazil - Electricity (see notes 23 and 35)	894	898
Capitalised borrowing costs:		
- Assigned to concessions (see note 7)	13,174	3,043
- Other (see note 16)	7,692	11,504
Interest expense on financial debt	-331,592	-313,114
Other interest	12,542	12,019
Derivative financial instruments	12,468	35,817
Foreign exchange	-29,446	-21,261
CMEC:		
- Interest on the initial CMEC	16,829	18,414
- Financial effect considered in the calculation	3,996	3,867
- Unwinding (see note 35)	-6,714	-8,809
Gains on the sale of financial investments	19	19,351
Gains on the sale of the electricity tariff deficit - Portugal (see note 23)	3,589	4,592
Net interest on the net pensions plan liability (see note 32)	-5,283	-5,563
Net interest on the medical liabilities and other benefits (see note 32)	-11,996	-14,393
Unwinding of discounted liabilities	-63,591	-61,684
Unwinding of liabilities regarding the rents due from lease contracts (see note 36)	-19,473	-
Other financial results	-1,670	10,431
<b>Financial income/(expenses)</b>	<b>-370,601</b>	<b>-277,099</b>

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

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The Unwinding of discounted liabilities refers essentially to: (i) the unwinding of the dismantling and decommissioning provision for wind generation assets of 3,372 thousand Euros (30 June 2018: 2,296 thousand Euros) (see note 33); (ii) the implied financial return in institutional partnership in USA of 43,782 thousand Euros (30 June 2018: 40,441 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 10,919 thousand Euros (30 June 2018: 10,620 thousand Euros).

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

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

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

Thousand Euros	Company	
	Jun 2019	Jun 2018
Interest income from loans to subsidiaries and related parties (see note 41)	38,119	106,316
Interest from derivative financial instruments	259	12,821
Interest expense on financial debt	-122,937	-176,553
Derivative financial instruments	-18,246	-13,102
Income from equity investments (see note 41)	127,628	550,948
Unwinding of liabilities regarding the rents due from lease contracts	-2,804	-
Other interest income	11,405	30,691
<b>Financial income/(expenses)</b>	<b>33,424</b>	<b>511,121</b>

The caption Other financial results includes 20,978 thousand Euros related to nominal interests from bonds issued by EDP Finance B.V., repurchased by EDP S.A. in 2016, 2017 and 2018 (see notes 24 and 41). The effective interest of these instruments amounts to 4,977 thousand Euros (includes the recognition of premium and transaction costs associated with the buyback transaction by the effective interest rate method).

#### 14. Income Tax

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

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

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

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

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

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

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

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

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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 2017 and 2018); and 12 years (for tax losses of 2014, 2015 and 2016); in the Netherlands 6 years (for tax losses incurred from 2019 onwards); and 9 years (for tax losses incurred before 2018), and without term in the USA, Brazil and Spain. Moreover, in the Netherlands the tax losses of a given year may be used to recover current tax of the previous year. However, the deduction of tax losses in the USA, Portugal, Spain and Brazil may be limited to a percentage of the taxable income of each period.

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

#### Corporate income tax provision

Income tax expense is as follows:

Thousand Euros	Group		Company	
	Jun 2019	Jun 2018	Jun 2019	Jun 2018
Current tax	-164,749	-219,422	31,135	39,614
Deferred tax	28,110	102,504	628	15,606
	<b>-136,639</b>	<b>-116,918</b>	<b>31,763</b>	<b>55,220</b>

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

The effective income tax rate is as follows:

Thousand Euros	Group		Company	
	Jun 2019	Jun 2018	Jun 2019	Jun 2018
Profit before tax and CESE	809,623	752,212	8,324	493,729
Income tax expense	-136,639	-116,918	31,763	55,220
Effective income tax rate	<b>16.9%</b>	<b>15.5%</b>	<b>-381.6%</b>	<b>-11.2%</b>

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

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

Thousand Euros	Jun 2019
<b>Profit before income tax and CESE</b>	<b>809,623</b>
Theoretical income tax rate *	29.5%
<b>Theoretical income tax expense</b>	<b>238,839</b>
Tax losses and tax credits	3,374
Tax benefits	-12,896
Differences between accounting and fiscal provisions/depreciations	-3,372
Accounting/fiscal differences on the recognition/derecognition of assets	-69,183
Taxable differences attributable to non-controlling interests (USA)	-9,025
Other adjustments and changes in estimates	-11,098
<b>Effective income tax expense as per the Consolidated Income Statement</b>	<b>136,639</b>

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

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

Thousand Euros	Jun 2018
<b>Profit before income tax and CESE</b>	752,212
Theoretical income tax rate *	29.5%
<b>Theoretical income tax expense</b>	221,903
Tax losses and tax credits	-45,864
Tax benefits	-13,766
Differences between accounting and fiscal provisions/depreciations	13,260
Accounting/fiscal differences on the recognition/derecognition of assets	-36,053
Taxable differences attributable to non-controlling interests (USA)	-12,374
Other adjustments and changes in estimates	-10,188
<b>Effective income tax expense as per the Consolidated Income Statement</b>	<b>116,918</b>

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

The caption Accounting/fiscal differences on the recognition/derecognition of assets mainly includes the impacts inherent to transactions of electricity business assets in the several geographies in which the Group operates as a result of its business activity.

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

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

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

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

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

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

As at 30 June 2019, EDP Group recorded in caption Tax Liabilities a value for this contribution of 66,674 thousand Euros for 2019 (see note 37).

#### 16. Property, Plant and Equipment

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

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

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This caption is as follows:

Thousand Euros	Group		Company	
	Jun 2019	1 Jan 2019	Jun 2019	1 Jan 2019
<b>Cost</b>				
Land and natural resources	89,953	90,996	4,581	4,581
Buildings and other constructions	400,133	397,173	28,547	28,547
Plant and machinery:				
- Hydroelectric generation	10,551,473	10,589,186	254	254
- Thermoelectric generation	8,534,942	8,453,937	-	-
- Renewable generation	16,889,652	18,423,748	-	-
- Electricity distribution	1,616,361	1,619,918	-	-
- Other plant and machinery	47,041	39,172	205	196
Other	498,000	484,536	86,124	82,840
Assets under construction	1,419,030	1,252,074	10,693	10,255
	40,046,585	41,350,740	130,404	126,673
<b>Accumulated depreciation and impairment losses</b>				
Depreciation charge of the period (see note 12)	-501,349	-1,037,184	-4,013	-20,650
Accumulated depreciation in previous periods	-17,822,656	-17,287,290	-86,226	-66,393
Impairment losses of the period (see note 12)	501	-46,080	-	-7,017
Impairment losses in previous periods	-396,005	-353,198	-8,517	-1,500
	-18,719,509	-18,723,752	-98,756	-95,560
<b>Carrying amount</b>	<b>21,327,076</b>	<b>22,626,988</b>	<b>31,648</b>	<b>31,113</b>

The movements in Property, plant and equipment, for the Group, for the period ended 30 June 2019, are as follows:

Thousand Euros	Balance at 1 January	Additions	Disposals/ Write-offs	Transfers	Exchange Differences	Perimeter Variations/ Regularisations	Balance at 30 June
<b>Cost</b>							
Land and natural resources	90,996	63	-	748	761	-2,615	89,953
Buildings and other constructions	397,173	178	-	-4,669	4,840	2,611	400,133
Plant and machinery	39,125,961	7,936	-31,215	-43,125	105,539	-1,525,627	37,639,469
Other	484,536	11,540	-3,847	6,309	475	-1,013	498,000
Assets under construction	1,252,074	401,373	-396	-241,805	5,719	2,065	1,419,030
	41,350,740	421,090	-35,458	-282,542	117,334	-1,524,579	40,046,585

Thousand Euros	Balance at 1 January	Charge/ Impairment losses	Disposals/ Write-offs	Transfers	Exchange Differences	Perimeter Variations/ Regularisations	Balance at 30 June
<b>Accumulated depreciation and impairment losses</b>							
Land and natural resources	3,929	-	-	-	-	-	3,929
Buildings and other constructions	164,188	5,154	-	-3,575	1,418	-	167,185
Plant and machinery	18,093,268	476,824	-31,056	-24,289	25,618	-469,289	18,071,076
Other	383,829	18,870	-3,720	-411	369	-674	398,263
Assets under construction	78,538	-	-	-	518	-	79,056
	18,723,752	500,848	-34,776	-28,275	27,923	-469,963	18,719,509

Assets under construction are as follows:

Thousand Euros	Jun 2019	Dec 2018
Wind and solar farms in North America	715,492	521,361
Wind and solar farms in Europe	312,502	367,247
Hydric Portugal	206,936	196,206
Other assets under construction	184,100	167,260
	1,419,030	1,252,074

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

Thousand Euros	Jun 2019
Subcontracts and other materials	338,441
Purchase price allocation	41,890
Dismantling and decommissioning costs (see note 33)	3,651
Personnel costs (see note 10)	29,353
Borrowing costs (see note 13)	7,692
	<b>421,027</b>

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

Transfers refer to wind and solar farms of EDP Renováveis that become operational in United States of America, Spain, France and Portugal. Additionally, this caption includes the transfer to held for sale of Electricity generation assets (Hydro Brazil, Onshore wind Brazil and Offshore wind) by the net amount of 254,267 thousand Euros (cost in the amount of 282,542 thousand Euros and accumulated amortisation and impairment losses in the amount of 28,275 thousand Euros) (see note 38).

Perimeter Variations/Regularisations includes the impact of the sale of the companies EDP Renewables France, S.A.S., EDPR Participaciones, S.L.U. and their subsidiaries by the net amount of 1,046,600 thousand Euros (see note 6).

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

#### 17. Right of use asset

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

Thousand Euros	Group			Company		
	Balance as at 31 December 2018	Adoption of IFRS 16 (see note 3)	Balance as at 1 January 2019	Balance as at 31 December 2018	Adoption of IFRS 16 (see note 3)	Balance as at 1 January 2019
<b>Cost</b>						
Land and natural resources	-	605,979	605,979	-	-	-
Buildings and other constructions	-	208,957	208,957	-	118,961	118,961
Plant and machinery	-	4,947	4,947	-	-	-
Other	-	8,343	8,343	-	-	-
<b>Carrying amount</b>	-	<b>828,226</b>	<b>828,226</b>	-	<b>118,961</b>	<b>118,961</b>

The movements in Right of use asset, for the Group, for the period ended 30 June 2019, are as follows:

Thousand Euros	Balance at 1 January	Additions	Disposals/ Write-offs	Transfers (See note 38)	Exchange Differences	Perimeter Variations/ Regularisations	Balance at 30 June
<b>Cost</b>							
Right of use asset	828,226	89,479	-	-4,548	-1,455	-54,729	856,973
	<b>828,226</b>	<b>89,479</b>	<b>-</b>	<b>-4,548</b>	<b>-1,455</b>	<b>-54,729</b>	<b>856,973</b>

Thousand Euros	Balance at 1 January	Charge/ Impairment losses (See note 12)	Disposals/ Write-offs	Transfers (See note 38)	Exchange Differences	Perimeter Variations/ Regularisations	Balance at 30 June
<b>Accumulated depreciation and</b>							
Right of use asset	-	28,508	-	-378	-64	-1,434	26,632
	<b>-</b>	<b>28,508</b>	<b>-</b>	<b>-378</b>	<b>-64</b>	<b>-1,434</b>	<b>26,632</b>

Additions include, essentially, new lease contracts registered under IFRS16 in the EDPR NA subgroup.

Perimeter Variations/Regularisations includes the impact of the sale of the companies EDP Renewables France, S.A.S., EDPR Participaciones, S.L.U. and their subsidiaries by the net amount of 53,295 thousand Euros (see note 6).

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#### 18. Intangible Assets

This caption is as follows:

Thousand Euros	Group	
	Jun 2019	Dec 2018
<b>Cost</b>		
Concession rights	13,040,742	12,996,364
CO2 Licenses	191,955	197,273
Other intangibles	900,481	906,544
Intangible assets in progress	499,686	469,372
	14,632,864	14,569,553
<b>Accumulated amortisation and impairment losses</b>		
Amortisation of concession rights of the period (see note 12)	-178,851	-359,246
Amortisation of other intangibles of the period (see note 12)	-27,894	-4,036
Accumulated amortisation in previous periods	-9,765,489	-9,442,698
Impairment losses in previous periods	-26,860	-27,043
	-9,999,094	-9,833,023
<b>Carrying amount</b>	<b>4,633,770</b>	<b>4,736,530</b>

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

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

The movements in Intangible assets during the period ended 30 June 2019, for the Group, are as follows:

Thousand Euros	Balance at 1 January	Additions	Disposals / Write-offs	Transfers	Exchange differences	Perimeter variations / Regularisations	Balance at 30 June
<b>Cost</b>							
Concession rights:							
- Distribution and generation Brazil	1,007,742	-	-	-37,402	6,472	-	976,812
- Hydric Portugal	1,418,887	-	-	-	-	-	1,418,887
- Other	-	-	-	2,289	-	11,886	14,175
CO2 licenses	197,273	235,813	-241,131	-	-	-	191,955
Assigned to concessions (IFRIC 12):							
- Intangible assets	10,569,735	22,051	-31,053	39,575	30,589	-29	10,630,868
Other intangibles	906,544	19,572	-14,440	6,526	-811	-16,910	900,481
Other intangible in progress	469,372	46,206	-13	-9,010	220	-7,089	499,686
	14,569,553	323,642	-286,637	1,978	36,470	-12,142	14,632,864

Thousand Euros	Balance at 1 January	Charge/ Impairment losses	Disposals / Write-offs	Transfers	Exchange differences	Perimeter variations / Regularisations	Balance at 30 June
<b>Accumulated amortisation and impairment losses</b>							
Concession rights:							
- Distribution and generation Brazil	661,535	16,491	-	-26,150	2,878	-	654,754
- Hydric Portugal	430,641	19,713	-	-	-	-	450,354
- Other	-	-	-	-	-	4,143	4,143
Assigned to concessions (IFRIC 12)	8,235,012	142,647	-24,854	-	23,014	5	8,375,824
Other intangibles	505,835	27,894	-14,440	-91	134	-5,313	514,019
	9,833,023	206,745	-39,294	-26,241	26,026	-1,165	9,999,094

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

Additions of CO2 Licenses includes 99,398 thousand Euros refers to CO2 Licenses granted free of charge to EDP Group plants operating in Portugal and Spain and 136,415 thousand Euros of licences purchased in the market for own consumption. The Disposals/Write-offs of CO2 licences correspond, essentially, to the licences consumed during 2018 and which were delivered to regulatory authorities.

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Transfers refer to the intangible assets assigned to concessions that became operational, in the amount of 39,575 thousand Euros. Additionally, this caption includes the transfer to held for sale of Electricity generation assets in Brazil (Energest. S.A.) by the net amount of 11,356 thousand Euros (cost in the amount of 37,597 thousand Euros and accumulated amortisation and impairment losses in the amount of 26,241 thousand Euros) (see note 38).

Perimeter Variations/Regularisations includes the impact of the sale of the companies EDP Renewables France, S.A.S., EDPR Participaciones, S.L.U. and their subsidiaries by the net amount of 10,927 thousand Euros (see note 6). Additionally, a more detailed study carried out by the Group in 2019, has resulted in the transfer of certain items of Industrial Property to Concession rights by the net amount of 11,588 thousand Euros.

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

## 19. Goodwill

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

Thousand Euros	Group	
	Jun 2019	Dec 2018
EDP España Group	884,574	884,574
EDP Renováveis Group	1,191,285	1,325,850
EDP Brasil Group	30,151	34,150
Other	6,887	6,887
	<b>2,112,897</b>	<b>2,251,461</b>

The movements in Goodwill, during the six-month period ended 30 June 2019, are analysed as follows:

Thousand Euros	Balance at 1 January	Increases	Decreases	Impairment (see note 12)	Exchange differences	Balance at 30 June
EDP España Group	884,574	-	-	-	-	884,574
EDP Renováveis Group	1,325,850	-	-138,703	-	4,138	1,191,285
EDP Brasil Group	34,150	-	-3,654	-497	152	30,151
Other	6,887	-	-	-	-	6,887
	<b>2,251,461</b>	-	<b>-142,357</b>	<b>-497</b>	<b>4,290</b>	<b>2,112,897</b>

The decrease in goodwill in EDP Renováveis Group in the amount of 138,703 thousands Euros is due to the sale of the financial investment in EDPR Participaciones S.L.U. and EDP Renewables France S.A.S. and their subsidiaries (see note 6).

During the second quarter of 2019, goodwill related to Energest S.A. from EDP Brasil Group was reclassified to non-current assets held for sale in the amount of 3,654 thousand Euros (see note 38).

## 20. Investments in Joint Ventures and Associates

This caption is as follows:

Thousand Euros	Group	
	Jun 2019	Dec 2018
Investments in joint ventures	804,305	805,381
Investments in associates	141,181	146,232
	<b>945,486</b>	<b>951,613</b>

The movement in Investments in joint ventures is mainly explained by: i) the capital increase in Mayflower Wind Energy LLC in the amount of 59,740 thousand Euros; (ii) the reclassification of the financial investment in a portfolio of EDPR Group offshore companies to non-current assets held for sale in the amount of 77,565 thousand Euros (see note 38); and (iii) by the positive exchange differences in the amount of 13,180 thousand Euros.

As at 30 June 2019, for the Group, this caption includes goodwill in investments in joint ventures of 42,226 thousand Euros (31 December 2018: 42,226 thousand Euros) and goodwill in investments in associates of 11,090 thousand Euros (31 December 2018: 11,084 thousand Euros).

As at 30 June 2019, guarantees granted by EDP Group related with liabilities assumed by joint ventures and associates amounts to 801,235 thousand Euros (31 December 2018: 680,876 thousand Euros).



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### Notes to the Condensed Consolidated and Company Financial Statements for the six-month periods ended 30 June 2019 and 2018

#### 21. Equity Instruments at Fair Value

As at 30 June 2019, this caption is analysed as follows:

Thousand Euros	Group	
	Jun 2019	Dec 2018
Equity Instruments at Fair Value through OCI (see note 21.1)	98,587	93,287
Equity Instruments at Fair Value through PL (see note 21.2)	32,555	31,860
	131,142	125,147

Under IFRS 13 (see 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 30 June 2019, there are no equity instruments at fair value within level 1.

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

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

The Zephyr Fund represents the participation units in a fund of stocks and bonds held by Energia RE, as a result of its reinsurance activity. During 2019, Zephyr had an increase in its fair value, that was booked against fair value reserves, in the amount of 3,765 thousand Euros (see note 29).

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

Thousand Euros	Balance at 1 Jan	Acquisitions	Disposals	Change in fair value (See note 29)	Other variations	Balance at 30 June
Zephyr Fund (Energia RE portfolio)	74,535	-	-	3,765	-	78,300
Other	18,752	704	-5	834	2	20,287
	93,287	704	-5	4,599	2	98,587

As at 30 June 2019, the fair value reserve attributable to the Group is as follows:

Thousand Euros	Jun 2019
Zephyr Fund (Energia RE portfolio)	10,218
Other	6,372
	16,590

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

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

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

Thousand Euros	Balance at 1 Jan	Acquisitions	Disposals	Change in fair value	Other variations	Balance at 30 June
EDA - Electricidade dos Açores, S.A.	13,666	-	-	-	-	13,666
Feedzai - Consultadoria e Inovação Tecnológica, S.A.	15,526	-	-	-	-	15,526
Others	2,668	1,115	-	-	-420	3,363
	31,860	1,115	-	-	-420	32,555

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## 22. Deferred Tax Assets and Liabilities

EDP Group records the tax effect resulting from temporary differences between the assets and liabilities determined on an accounting basis and on a tax basis which is, as at 30 June 2019, as follows:

Thousand Euros	Net deferred tax	
	Assets	Liabilities
<b>Balance as at 31 December 2018</b>	1,152,195	-574,701
Tariff adjustment for the period	155,667	-22,486
Provisions	-74,341	-
Property, plant and equipment and intangible assets	-23,195	-4,373
Tax losses and tax credits	26,149	-
Fair value of derivative financial instruments	14,863	-51,393
Allocation of fair value adjustments to assets and liabilities acquired	-4,456	26,599
Other temporary differences	33,360	-46,513
Deferred tax assets and liabilities offset	-128,512	128,512
Changes in the perimeter (see note 6)	-7,298	81,532
<b>Balance as at 30 June 2019</b>	1,144,432	-462,823

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

Thousand Euros	Net deferred tax	
	Assets	Liabilities
<b>Balance as at 31 December 2018</b>	92,659	-
Tax losses and tax credits	-10,227	-
Fair value of derivative financial instruments	24,883	-6,287
Other temporary differences	-932	2,861
Deferred tax assets and liabilities offset	-3,426	3,426
<b>Balance as at 30 June 2019</b>	102,957	-

## 23. Debtors and Other Assets from Commercial Activities

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

Thousand Euros	Group	
	Jun 2019	Dec 2018
<b>Assets measured at amortised cost:</b>		
Amounts receivable from tariff adjustments - Electricity - Portugal	236,116	7,691
Amounts receivable from tariff adjustments - Electricity - Brazil	1,290	27,551
Amounts receivable relating to CMEC	613,414	647,667
Amounts receivable from concessions - IFRIC 12	862,697	882,087
Other assets measured at amortised cost	39,296	35,585
Impairment losses on other assets measured at amortised cost	-2,895	-2,895
	1,749,918	1,597,686
<b>Trade receivables at amortised cost:</b>		
Trade receivables	69,157	116,479
Impairment losses on trade receivables	-25,810	-52,629
	43,347	63,850
<b>Assets measured at fair value through other comprehensive income:</b>		
Amounts receivable from tariff adjustments - Electricity - Portugal	8,143	9,743
<b>Assets measured at fair value through profit or loss:</b>		
Amounts receivable from concessions - IFRIC 12	595,431	519,544
<b>Contract assets:</b>		
Contract assets receivable from energy sales contracts	254	2,093
Incremental costs of obtaining contracts with customers	63,507	66,850
Contract assets receivable from concessions - IFRIC 12	460,174	192,036
	523,935	260,979
<b>Other assets:</b>		
Other assets out of scope of IFRS 9 (*)	51,313	70,838
	2,972,087	2,522,640

(\*) As at 30 June 2019, the variation in Other assets out of scope of IFRS 9 - Non-current includes the reclassification, to Right-of-use Assets, of 10,314 thousand Euros referring to prepayments of leases of land in EDP Renováveis Portugal, under the adoption of IFRS 16, in 1 of January of 2019 (see notes 3 and 17).

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

Thousand Euros	Group		Company	
	Jun 2019	Dec 2018	Jun 2019	Dec 2018
<b>Assets measured at amortised cost:</b>				
Amounts receivable from tariff adjustments - Electricity - Portugal	83,868	204,626	-	-
Amounts receivable from tariff adjustments - Electricity - Brazil	60,480	82,392	-	-
Receivables relating to other goods and services	37,249	30,864	11,302	25,081
Amounts receivable relating to CMEC	189,857	184,757	-	-
Amounts receivable from concessions - IFRIC 12	51,553	53,150	-	-
Other assets measured at amortised cost	190,039	141,708	18,171	129,927
Impairment losses on other assets measured at amortised cost	-4,426	-5,897	-2	-153
	608,620	691,600	29,471	154,855
<b>Trade receivables at amortised cost:</b>				
Trade receivables	1,486,483	1,497,576	169,662	190,047
Impairment losses on trade receivables	-318,152	-304,237	-215	-306
	1,168,331	1,193,339	169,447	189,741
<b>Assets measured at fair value through other comprehensive income:</b>				
Amounts receivable from tariff adjustments - Electricity - Portugal	3,176	3,153	-	-
<b>Contract assets:</b>				
Contract assets receivable from energy sales contracts	1,035,147	1,219,851	228,805	307,087
<b>Other assets:</b>				
Other assets out of scope of IFRS 9	54,166	59,536	11,779	1,721
	2,869,440	3,167,479	439,502	653,404

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

Thousand Euros	Non-Current	Current
<b>Balance as at 31 December 2018</b>	17,434	207,779
Receipts through the electricity tariff	-	-107,995
Sale of 2019 overcosts for the special regime generators	-	-1,070,052
Tariff adjustment of the period (see note 7)	253,003	488,640
Interest income (see note 13)	11	2,858
Prepayment of tariff deficit (see note 35)	-	582,847
Transfer to/from tariff adjustment payable (see note 35)	-20,870	-22,352
Transfer from Non-Current to Current	-5,319	5,319
<b>Balance as at 30 June 2019</b>	244,259	87,044

During the second quarter of 2019, EDP Serviço Universal, S.A. sold the 2019 tariff deficit in the amount of 1,070,052 thousand Euros. This tariff deficit resulted from the deferral, for the period of 5 years, of the recovery of the 2019 over costs related to the acquisition of electricity from special regime generators (including the adjustments for 2017 and 2018). In this sale transaction of assets, EDP Serviço Universal, S.A. gave in fully and without recourse, the right to receive such amounts and interest. The sale price amounted to 1,084 million Euros and generated a gain net of transaction costs of 3,589 thousand Euros (see note 13).

As at 30 June 2019, the caption Assets measured at fair value through other comprehensive income includes the amount of the tariff deficit classified and measured at fair value through other comprehensive income. According to IFRS 13, the tariff deficit fair value is classified as level 2 (see note 42).

The following table provides details for the caption Amounts receivable from tariff adjustments - Electricity - Portugal, by nature and year of establishment, as well as presents the amounts of tariff deficit that have been sold during the period ended 30 June 2019:

Thousand Euros	Deficit	Tariff adj.	Sales	Total
<b>Year:</b>				
2015	4,816	-	-	4,816
2016	11,452	1,449	-	12,901
2017	-	112,601	-	112,601
2018	11,320	-63,475	-	-52,155
2019	1,070,052	253,140	-1,070,052	253,140
	1,097,640	303,715	-1,070,052	331,303

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As at 30 June 2019, in accordance with the methodology for determining impairment losses on amounts receivable from regulatory assets, no impairment loss related to the amounts included in the captions Amounts receivable from tariff adjustments - Electricity, Amounts receivable relating to CMEC and Amounts receivable from concessions was recognised.

The caption Amounts receivable from tariff adjustments - Electricity - Brazil corresponds to tariff adjustments recognised in EDP São Paulo - Distribuição de Energia S.A. and EDP Espírito Santo - Distribuição de Energia S.A. in the accumulated amount, as at 30 June 2019, of 41,934 thousand Euros (31 December 2018: 74,099 thousand Euros) and 19,836 thousand Euros (31 December 2018: 35,844 thousand Euros), respectively. The variation occurred includes the tariff deficit for the period with a negative impact of 15,941 thousand Euros (see note 7), transfer from tariff adjustment payable of 62,940 thousand Euros (see note 35), amounts received through the electricity tariff of 106,650 thousand Euros, unwinding in the amount of 9,030 thousand Euros (see note 13) and the exchange differences due to appreciation of Brazilian Real against Euro with a positive impact of 2,448 thousand Euros.

The caption Amounts receivable relating to CMEC amounts to 803,271 thousand Euros, and includes 613,414 thousand Euros as non-current and 189,857 thousand Euros as current. The amount receivable relating to CMEC includes 418,107 thousand Euros as non-current and 45,263 thousand Euros as current, which correspond to the initial CMEC granted to EDP Produção (833,467 thousand Euros), deducted from the annuities for the years 2007 to 2017, and 195,307 thousand Euros as non-current and 48,260 thousand Euros as current, relating with the final adjustment recognised in accordance with the result achieved by the EDP/REN working group. The remaining 96,334 thousand Euros as current correspond to the amounts receivable through the revisibility calculation from 2014 to 2017. The revisibility calculation for 2015 to 2017 is still waiting the official approval.

The caption Amounts receivable from concessions - IFRIC 12 in the amount of 1,509,681 thousand Euros relates to the financial asset to be received by the EDP Group regarding the electricity distribution concessions in Portugal and Brazil, resulting from the application of the mixed model, and the asset related to electricity transmission concessions in Brazil. The variation of the period includes: (i) the effect of the appreciation of Brazilian Real against Euro in the amount of 13,126 thousand Euros; (ii) transfers from Contract assets receivable from concessions in the amount of 31,096 thousand Euros; (iii) the re-measurement of IFRIC 12 indemnity amount in Brazil concessions of 6,612 thousand Euros; and (iv) the increase of Brazilian transmission companies investment in the amount of 1,657 thousand Euros.

As at 30 June 2019 and 31 December 2018, on a company basis, trade receivables are from Portugal geographical market.

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

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

The caption Contract assets receivable from concessions - IFRIC 12 refers to the investment in assets under construction assigned to concessions. The variation of the period includes: (i) the transfer from Amounts receivable from concessions - IFRIC 12, in the amount of 31,096 thousand Euros; the transfer, to intangible assets, of the assets assigned to concessions which began operation, in the amount of 39,575 thousand Euros (see note 18); and (iii) the investment of the period, in the amount of 309,947 thousand Euros.

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## 24. Other Debtors and Other Assets

Other debtors and other assets are as follows:

Thousand Euros	Group		Company	
	Jun 2019	Dec 2018	Jun 2019	Dec 2018
<b>Debtors and other assets - Non-Current</b>				
<b>Assets measured at amortised cost:</b>				
Loans to subsidiaries	-	-	2,936,641	2,951,030
Loans to related parties	18,276	42,973	90	90
Guarantees rendered to third parties	86,305	64,162	-	-
Other financial assets at amortised cost (i)	57,828	46,244	338,457	560,358
<b>Assets measured at fair value through profit or loss:</b>				
Derivative financial instruments (see note 39)	221,991	191,923	278,923	260,931
Contingent price	170,953	170,953	-	-
<b>Other assets:</b>				
Excess of the pension fund financing (see note 32)	102,621	59,840	123	68
Other assets out of scope of IFRS 9	42,204	53,525	-	-
	700,178	629,620	3,554,234	3,772,477
<b>Debtors and other assets - Current</b>				
<b>Assets measured at amortised cost:</b>				
Loans to subsidiaries	-	-	770,691	748,855
Loans to related parties	19,469	20,738	-	-
Receivables from the State and concessioners	27,535	28,655	-	-
Deposits to third parties	74,483	77,580	66,788	45,198
Subsidiary companies	-	-	190,907	190,042
Group's financial system (see note 41)	-	-	852,244	675,997
Other financial assets at amortised cost (i)	22,373	16,457	576,475	460,956
<b>Assets measured at fair value through profit or loss:</b>				
Derivative financial instruments (see note 39)	177,036	96,517	384,874	302,971
Other financial investments measured at fair value	37,631	39,258	-	-
Contingent price	296,905	290,900	-	-
<b>Other assets:</b>				
Other assets out of scope of IFRS 9	842,060	24,703	1	-
	1,497,492	594,808	2,841,980	2,424,019
	2,197,670	1,224,428	6,396,214	6,196,496

Loans to subsidiaries - Non-Current and Current, for the Company, mainly includes 1,580,578 thousand Euros (31 December 2018: 1,580,629 thousand Euros) of loans granted to EDP - Gestão da Produção de Energia, S.A. and 1,811,663 thousand Euros (31 December 2018: 1,808,458 thousand Euros) of loans granted to EDP Distribuição de Energia, S.A. (see note 41).

For the Loans to subsidiaries, EDP, S.A. performs an analysis to evaluate impairment based on the general approach. The company uses several inputs on making its assessment of the credit risk related to these assets, such as the analysis of the historical possible delays and/or impairment losses indications, rating companies (when applicable) and market and macroeconomic data that may change the probability of default and the expectation of delays in the receivable amounts. According to the analysis performed, as per 30 June 2019 there are no expected credit losses accounted for related to loans with subsidiaries.

Loans to related parties - Non-Current and Current at a consolidated basis, mainly includes loans granted to Hydro Global Investment, Ltda. and Parque Eólico Sierra del Madero, S.A.

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

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

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

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

- In August 2016, EDP - Serviço Universal, S.A. sold without recourse to Tagus, the right to receive part of the tariff adjustment related to the 2016 overcost of the acquisition of electricity activity from special regime production, in the amount of 598,883 thousand Euros. The transaction was performed by the amount of 599,987 thousand Euros, generating a loss of 7,417 thousand Euros, net of expenses. This transaction also involved the acquisition by EDP Serviço Universal of Class R Notes issued by Tagus at par value in the amount of 381 thousand Euros and Liquidity Notes issued by Tagus at par value in the amount of 3,635 thousand Euros, both maturing in 2021. These Notes are instruments that aim to establish a reserve for administrative expenses and a liquidity reserve account. As at 30 June 2019, the amortised cost of these Notes corresponds to 1,824 thousand Euros.

- In December 2017, EDP - Serviço Universal, S.A. sold without recourse to Tagus, the right to receive part of the tariff adjustment related to the 2017 overcost of the acquisition of electricity activity from special regime production, in the amount of 583,539 thousand Euros. The transaction was performed by the amount of 600,000 thousand Euros, generating a gain of 13,004 thousand Euros, net of expenses. This transaction also involved the acquisition by EDP Serviço Universal of Class R Notes issued by Tagus at par value in the amount of 372 thousand Euros, Liquidity Notes issued by Tagus at par value in the amount of 1,275 thousand Euros and Senior Notes issued by Tagus at par value in the amount of 30,000 thousand Euros, all maturing in 2021. The Liquidity and Class R Notes are instruments that aim to establish a settlement account and a reserve for administrative expenses. As at 30 June 2019, the amortised cost of the Notes corresponds to 21,373 thousand Euros.

- In June 2018, EDP - Serviço Universal, S.A. sold without recourse to Tagus, the right to receive part of the tariff adjustment related to the 2018 overcost of the acquisition of electricity activity from special regime production, in the amount of 641,069 thousand Euros. The transaction was performed by the amount of 650,000 thousand Euros, generating a gain of 1,204 thousand Euros, net of expenses. This transaction also involved the acquisition by EDP Serviço Universal of Class R Notes issued by Tagus at par value in the amount of 375 thousand Euros, Liquidity Notes issued by Tagus at par value in the amount of 1,788 thousand Euros and Senior Notes issued by Tagus at par value in the amount of 32,500 thousand Euros, all maturing in 2023. The Liquidity and Class R Notes are instruments that aim to establish a settlement account and a reserve for administrative expenses. As at 30 June 2019, the amortised cost of the Notes corresponds to 31,764 thousand Euros.

- In June 2019, EDP - Serviço Universal, S.A. sold without recourse to Tagus, the right to receive part of the tariff adjustment related to the 2019 overcost of the acquisition of electricity activity from special regime production, in the amount of 470,052 thousand Euros. The transaction was performed by the amount of 475,000 thousand Euros, generating a gain of 516 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 490 thousand Euros, Liquidity Notes issued by Tagus at par value in the amount of 831 thousand Euros and Senior Notes issued by Tagus at par value in the amount of 23,800 thousand Euros, all maturing in 2024. The Liquidity and Class R Notes are instruments that aim to establish a settlement account and a reserve for administrative expenses. As at 30 June 2019, the amortised cost of the Notes corresponds to 25,221 thousand Euros.

On a company basis, this caption includes the bonds issued by EDP Finance B.V. reacquired on market by EDP, S.A. During the second quarter of 2019, EDP Finance B.V. repaid, at maturity, 650 million Euros of securities issued, of which EDP, S.A. had already reacquired 98,809 thousand Euros.

The detail of these bonds is as follows:

Issuer	Maturity date	Currency	Interest rate	Nominal value in Currency '000	Acquired in Currency '000
EDP Finance B.V.	29 Jun 2020	EUR	4.13%	300,000	66,628
EDP Finance B.V.	14 Sep 2020	EUR	4.88%	750,000	287,778
EDP Finance B.V.	20 Jan 2021	EUR	4.13%	600,000	46,783
					<u>401,189</u>
EDP Finance B.V.	1 Oct 2019	USD	4.90%	1,000,000	363,462
EDP Finance B.V.	15 Jan 2020	USD	4.13%	750,000	167,076
					<u>530,538</u>

As at 30 June 2019, these investments' fair value amounts to 909,531 thousand Euros (31 December 2018: 1,006,402 thousand Euros).

The caption Contingent prices - Non Current refers, mainly, to the fair value of the contingent price related to the Naturgás sale and to the fair value of contingent prices related to the sale of 13.5% of the companies Eoliennes en Mer Dieppe - Le Tréport, S.A.S. e Eoliennes en Mer Iles d'Yeu et de Noirmoutier, S.A.S. The caption Contingent prices - Current refers, mainly, to the fair value of contingent prices related to the sale of 80% of the company 2018 Vento XIX LLC and its subsidiaries and to the sale of 75% of the companies Nation Rise Wind Farm Gp II Inc. e Nation Rise Wind Farm Limited Partnership.

The caption Other assets out of scope of IFRS 9 - Current includes 806,090 thousand Euros for the sale of the companies EDPR Participaciones S.L.U. and EDP Renewables France S.A.S., and its subsidiaries (see note 6).

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#### 25. Tax Assets

Current tax assets are as follows:

Thousand Euros	Group		Company	
	Jun 2019	Dec 2018	Jun 2019	Dec 2018
Income tax	131,606	239,465	42,492	90,092
Value added tax (VAT)	112,460	78,580	-	7,123
Special taxes Brazil	266,030	85,420	-	-
Other taxes	1,832	4,320	877	877
	<b>511,928</b>	<b>407,785</b>	<b>43,369</b>	<b>98,092</b>

The detail of this item is analysed as follows:

Thousand Euros	Group		Company	
	Jun 2019	Dec 2018	Jun 2019	Dec 2018
Non-Current	228,793	53,728	-	-
Current	283,135	354,057	43,369	98,092
	<b>511,928</b>	<b>407,785</b>	<b>43,369</b>	<b>98,092</b>

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

On 3 April 2019, EDP Espírito Santo was granted a favourable judicial decision, which recognises the right the non-inclusion of the amounts of VAT borne in the basis of calculation of PIS and COFINS, as well as, the right to reacquire the previously collected amounts. EDP Espírito Santo recognised the amount to be recovered, updated based on a monetary basis, of 170,774 thousand Euros (743,055 thousand Brazilian Reais), based on the Consultation no. 13/2018 of the COSIT, in the Special taxes Brazil caption. On the other hand, the same amount was recognised in the Amounts payable for tariff adjustments caption (see note 35), in order to pass through this amount to the customers. EDP Espírito Santo is waiting authorisation by the Brazilian Fiscal Authorities on the possibility of an alleged compensation of future tax liabilities in this regard and is also expecting a definition by the regulatory entity in what concerns the model of pass through to the costumers.

#### 26. Cash and Cash Equivalents

Cash and cash equivalents are as follows:

Thousand Euros	Group		Company	
	Jun 2019	Dec 2018	Jun 2019	Dec 2018
<b>Cash</b>	<b>292</b>	<b>258</b>	<b>39</b>	<b>33</b>
<b>Bank deposits</b>				
Current deposits	414,083	1,167,042	54,764	334,570
Term deposits	471,226	552,981	-	-
Specific demand deposits in relation to institutional partnerships	45,490	82,924	-	-
	<b>930,799</b>	<b>1,802,947</b>	<b>54,764</b>	<b>334,570</b>
<b>Operations pending cash settlement</b>				
Current deposits	449,870	-	360,000	150,000
	<b>1,380,962</b>	<b>1,803,205</b>	<b>414,803</b>	<b>484,603</b>

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

As at 30 June 2019, on a consolidated basis, the caption Operations pending cash settlement includes the amount of 449,870 thousand Euros related with the securitization of tariff deficit that, under the Group accounting policy, was booked at the trade date on 28 June 2019. The settlement date of this operation occurred on 3 July 2019.

As at 30 June 2019, on a company basis, the caption Operations pending cash settlement represents commercial paper issued by EDP, S.A., which is booked as financial debt at the issuance trade date, under the Group accounting policy. This caption of 360,000 thousand Euros (31 December 2018: 150,000 thousand Euros) refers to commercial paper issued on 28 June 2019, acquired by EDP Finance B.V., which settlement date occurred on 2 July 2019.

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**27. Share Capital and Share Premium**

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

EDP - Energias de Portugal S.A. shareholder structure as at 30 June 2019 is as follows:

	No. of Shares	% Capital	% Voting
China Three Gorges Corporation	850,777,024	23.27%	23.27%
CNIC Co., Ltd	158,830,764	4.34%	4.34%
Oppidum Capital, S.L.	263,046,616	7.19%	7.19%
BlackRock, Inc.	182,733,180	5.00%	5.00%
Mubadala Investment Company	115,236,553	3.15%	3.15%
Paul Elliott Singer	89,650,554	2.45%	2.45%
Millennium BCP Group and Pension Fund	88,989,949	2.43%	2.43%
Sonatrach	87,007,433	2.38%	2.38%
Qatar Investment Authority	82,868,933	2.27%	2.27%
Norges Bank	81,100,067	2.22%	2.22%
Alliance Bernstein	73,844,849	2.02%	2.02%
EDP (Treasury Stock)	21,405,347	0.59%	
Remaining Shareholders	1,561,046,446	42.69%	
	<b>3,656,537,715</b>	<b>100.00%</b>	

Share capital and Share premium are as follows:

Thousand Euros	Group and Company	
	Share capital	Share premium
<b>Balance as at 1 January</b>	3,656,538	503,923
Movements during the period	-	-
<b>Balance as at 30 June</b>	<b>3,656,538</b>	<b>503,923</b>

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

	Group		Company	
	Jun 2019	Jun 2018	Jun 2019	Jun 2018
Net profit attributable to the equity holders of EDP (in Euros)	405,032,793	379,988,485	40,087,185	548,949,498
Net profit from continuing operations attributable to the equity holders of EDP (in Euros)	405,032,793	379,988,485	40,087,185	548,949,498
Weighted average number of ordinary shares outstanding	3,634,887,955	3,634,533,570	3,636,400,955	3,636,046,570
Weighted average number of diluted ordinary shares outstanding	3,634,887,955	3,634,533,570	3,636,400,955	3,636,046,570
Basic earnings per share attributable to equity holders of EDP (in Euros)	0.11	0.10		
Diluted earnings per share attributable to equity holders of EDP (in Euros)	0.11	0.10		
Basic earnings per share from continuing operations (in Euros)	0.11	0.10		
Diluted earnings per share from continuing operations (in Euros)	0.11	0.10		

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

The average number of shares was determined as follows:

	Group		Company	
	Jun 2019	Jun 2018	Jun 2019	Jun 2018
Ordinary shares issued at the beginning of the period	3,656,537,715	3,656,537,715	3,656,537,715	3,656,537,715
Effect of shares issued during the period	-	-	-	-
<b>Average number of realised shares</b>	<b>3,656,537,715</b>	<b>3,656,537,715</b>	<b>3,656,537,715</b>	<b>3,656,537,715</b>
Effect of treasury stock	-21,649,760	-22,004,145	-20,136,760	-20,491,145
<b>Average number and diluted average number of shares during the period</b>	<b>3,634,887,955</b>	<b>3,634,533,570</b>	<b>3,636,400,955</b>	<b>3,636,046,570</b>



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

### Notes to the Condensed Consolidated and Company Financial Statements for the six-month periods ended 30 June 2019 and 2018

#### 28. Treasury Stock

This caption is as follows:

	Group		Company	
	Jun 2019	Dec 2018	Jun 2019	Dec 2018
Book value of EDP, S.A.'s treasury stock (thousand Euros)	61,220	62,410	55,124	56,315
Number of shares	21,405,347	21,771,966	19,892,347	20,258,966
Market value per share (in Euros)	3,342	3,049	3,342	3,049
Market value of EDP, S.A.'s treasury stock (thousand Euros)	71,537	66,383	66,480	61,770

Shares' transactions occurred between 1 January and 30 June 2019:

	EDP, S.A.	Energia RE
Volume acquired (number of shares)	-	-
Average purchase price (in Euros)	-	-
Total purchases (thousand Euros)	-	-
Volume sold (number of shares) i)	-366,619	-
Average selling price (in Euros)	3,360	-
Total sales (thousand Euros) i)	1,232	-
Final position (number of shares)	19,892,347	1,513,000
Highest market price (in Euros)	3,550	-
Lowest market price (in Euros)	3,000	-
Average market price (in Euros)	3,288	-

i) Includes the distribution of treasury stocks to employees (see note 10).

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

#### 29. Reserves and Retained Earnings

This caption is as follows:

Thousand Euros	Group		Company	
	Jun 2019	Dec 2018	Jun 2019	Dec 2018
Legal reserve	739,024	739,024	739,024	739,024
Fair value reserve (cash flow hedge)	-174,810	-285,739	-84,310	-1,662
Tax effect of fair value reserve (cash flow hedge)	46,901	72,424	18,929	334
Fair value reserve of assets measured at fair value through other comprehensive income	16,458	12,026	-	-
Tax effect of the Fair value reserve of assets measured at fair value through other comprehensive income	-2,697	-1,739	-	-
Exchange differences arising on consolidation	-471,831	-483,410	-	-
Treasury stock reserve (EDP, S.A.)	55,124	56,315	55,124	56,315
Other reserves and retained earnings	4,095,111	4,242,037	1,897,120	1,848,174
	4,303,280	4,350,938	2,625,887	2,642,185

##### Legal reserve

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

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

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

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

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

Thousand Euros	Group FV reserve
Balance as at 31 December 2018	12,026
Positive changes in fair value	4,432
Balance as at 30 June 2019	16,458

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Changes in fair value reserve attributable to the EDP Group during the period ended 30 June 2019 are as follows:

Thousand Euros	Increases	Decreases	Profit or loss
Zephyr Fund (Energia RE portfolio) (see note 21)	3,765	-	-
EDP Serviço Universal, S.A. tariff deficit (see note 23)	-	-	-
Other (see note 21)	667	-	-
	<u>4,432</u>	<u>-</u>	<u>-</u>

*Exchange differences on consolidation*

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

Currency		Exchange rates at Jun 2019		Exchange rates at Dec 2018		Exchange rates at Jun 2018	
		Closing	Average	Closing	Average	Closing	Average
US Dollar	USD	1.138	1.130	1.145	1.181	1.166	1.210
Brazilian Real	BRL	4.351	4.343	4.444	4.307	4.488	4.140
Macao Pataca	MOP	9.153	9.128	9.237	9.537	9.421	9.773
Canadian Dollar	CAD	1.489	1.507	1.561	1.529	1.544	1.545
Polish Zloty	PLN	4.250	4.292	4.301	4.261	4.373	4.220
Romanian Leu	RON	4.734	4.741	4.664	4.654	4.663	4.654
Pound Sterling	GBP	0.897	0.874	0.895	0.885	0.886	0.880
South African Rand	ZAR	16.122	16.047	16.459	15.615	16.048	14.891
Mexican Peso	MXN	21.820	21.661	22.492	22.709	22.882	23.090
Colombian peso	COP	3,638.448	3,603.717	3,749.886	3,482.922	n.a	n.a
Chinese Yuan	CNY	7.819	7.669	7.875	7.808	7.717	7.709

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

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

*Dividends*

On 24 April 2019, the Shareholders General Meeting of EDP, S.A. approved the dividends distribution to shareholders of the net profit for the year 2018 in the amount of 694,742 thousand Euros, corresponding to a dividend of 0.19 Euros per share (including the treasury stock dividend owned by EDP, S.A. and Energia RE in the amount of 3,780 thousand Euros and 287 thousand Euros, respectively). This distribution occurred on 15 May 2019.

### 30. Non-Controlling Interests

This caption is as follows:

Thousand Euros	Group	
	Jun 2019	Dec 2018
Non-controlling interests in income statement	201,277	356,892
Non-controlling interests in equity and reserves	3,556,944	3,575,257
	<u>3,758,221</u>	<u>3,932,149</u>

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

Thousand Euros	Group	
	Jun 2019	Dec 2018
EDP Renováveis Group	2,509,290	2,738,878
EDP Brasil Group	1,283,629	1,225,164
Other	-34,698	-31,893
	<u>3,758,221</u>	<u>3,932,149</u>

The movement in non-controlling interests of EDP Renováveis Group is mainly related to: (i) profits attributable to non-controlling interests of 134,644 thousand Euros; (ii) a negative impact of 43,811 thousand Euros related to dividends attributable to non-controlling interests; (iii) a positive impact of 8,377 thousand Euros resulting from exchange differences; (iv) a negative impact of 34,492 thousand Euros resulting from share capital increases/decreases and other acquisitions/sales without change of control; (v) a negative impact of 3,311 thousand Euros resulting from changes in fair value reserve, cash flow hedge (net of taxes); and (vi) a negative impact of 289,358 thousand Euros resulting from the sale, with loss of control, of EDPR EU subsidiaries (see note 6).

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The movement booked in non-controlling interests of EDP Brasil Group includes: (i) 69,626 thousand Euros of profits attributable to non-controlling interests; (ii) an increase of 26,124 thousand Euros resulting from exchange differences; (iii) a negative impact of 24,433 thousand Euros related to dividends attributable to non-controlling interests; (iv) a negative impact of 11,026 thousand Euros from share capital increases/decreases and other acquisitions/sales without change of control.

#### 31. Financial Debt

This caption is as follows:

Thousand Euros	Group		Company	
	Jun 2019	Dec 2018	Jun 2019	Dec 2018
<b>Debt and borrowings - Non-current</b>				
Bank loans:				
- EDP, S.A.	198,333	225,704	198,333	225,704
- EDP Finance B.V.	757,067	381,030	-	-
- EDP Brasil Group	318,962	331,722	-	-
- EDP Renováveis Group	651,271	767,821	-	-
	1,925,633	1,706,277	198,333	225,704
Non-convertible bond loans:				
- EDP, S.A.	-	-	8,850,000	8,850,000
- EDP Finance B.V.	9,005,629	9,724,157	-	-
- EDP Brasil Group	1,032,731	969,699	-	-
	10,038,360	10,693,856	8,850,000	8,850,000
Hybrid bonds:				
- EDP, S.A.	1,733,216	739,168	1,733,216	739,168
	1,733,216	739,168	1,733,216	739,168
Commercial paper:				
- EDP, S.A.	200,000	200,000	200,000	200,000
- EDP Brasil Group	-	45,005	-	-
	200,000	245,005	200,000	200,000
Other loans	14,032	13,890	-	-
	13,911,241	13,398,196	10,981,549	10,014,872
Accrued interest	2,292	5,195	-	-
Other liabilities:				
- Fair value of the issued debt hedged risk	79,936	58,999	-	-
<b>Total Debt and Borrowings</b>	<b>13,993,469</b>	<b>13,462,390</b>	<b>10,981,549</b>	<b>10,014,872</b>
<b>Collateral Deposits - Non-current *</b>	<b>-20,640</b>	<b>-25,466</b>	<b>-</b>	<b>-</b>
	<b>13,972,829</b>	<b>13,436,924</b>	<b>10,981,549</b>	<b>10,014,872</b>
<b>Debt and borrowings - Current</b>				
Bank loans:				
- EDP, S.A.	51,295	64,973	51,245	64,973
- EDP Brasil Group	122,537	126,592	-	-
- EDP Renováveis Group	69,272	113,705	-	-
- Other	-	2,325	-	-
	243,104	307,595	51,245	64,973
Non-convertible bond loans:				
- EDP Finance B.V.	1,303,869	1,272,547	-	-
- EDP Brasil Group	240,229	117,385	-	-
	1,544,098	1,389,932	-	-
Commercial paper:				
- EDP, S.A.	219,684	218,341	2,441,684	2,658,341
- EDP Brasil Group	29,878	49,505	-	-
- EDP Finance B.V.	490,000	400,000	-	-
	739,562	667,846	2,441,684	2,658,341
Other loans	2,160	2,544	-	-
	2,528,924	2,367,917	2,492,929	2,723,314
Accrued interest	205,739	252,952	119,606	72,295
Other liabilities:				
- Fair value of the issued debt hedged risk	377	1,640	-	-
<b>Total Debt and Borrowings</b>	<b>2,735,040</b>	<b>2,622,509</b>	<b>2,612,535</b>	<b>2,795,609</b>
<b>Collateral Deposits - Current *</b>	<b>-171,344</b>	<b>-167,425</b>	<b>-</b>	<b>-</b>
	<b>2,563,696</b>	<b>2,455,084</b>	<b>2,612,535</b>	<b>2,795,609</b>

\* Deposits constituted as collateral for financial guarantee

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

Main events of the period:

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

The nominal value of outstanding Bond loans placed with external counterparties, as at 30 June 2019, is as follows:

Issuer	Issue date	Interest rate	Type of hedge	Conditions / Redemption	Nominal Value in Million Currency	Thousand Euros	
						Group	Company
Hybrids by EDP S.A.							
EDP, S.A. (iv)	Sep-15	Fixed rate EUR 5.375% (v)	n.a.	Sep-75	750 EUR	750,000	750,000
EDP, S.A. (vi)	Jan-19	Fixed rate EUR 4.496% (vii)	n.a.	Apr-79	1,000 EUR	1,000,000	1,000,000
						1,750,000	1,750,000
Issued under the Euro Medium Term Notes program							
EDP Finance B.V.	Dec-02	Fixed rate EUR (iii)	n.a.	Dec-22	93 EUR	93,357	-
EDP Finance B.V.(i) (ii)	Jun-05	Fixed rate EUR 4.125%	n.a.	Jun-20	233 EUR	233,372	-
EDP Finance B.V.(i)	Nov-08	Fixed rate GBP 8.625%	Fair Value	Jan-24	325 GBP	410,314	-
EDP Finance B.V.	Nov-08	Zero coupon EUR (iii)	n.a.	Nov-23	160 EUR	160,000	-
EDP Finance B.V.(ii)	Sep-09	Fixed rate USD 4.90%	Net Investment	Oct-19	637 USD	559,348	-
EDP Finance B.V.(i) (ii)	Sep-13	Fixed rate EUR 4.875%	Fair Value	Sep-20	462 EUR	462,222	-
EDP Finance B.V.(ii)	Nov-13	Fixed rate EUR 4.125%	n.a.	Jan-21	553 EUR	553,217	-
EDP Finance B.V.	Jan-14	Fixed rate USD 5.25%	Net Investment	Jan-21	750 USD	659,051	-
EDP Finance B.V.(i)	Sep-14	Fixed rate EUR 2.625%	Fair Value	Jan-22	1,000 EUR	1,000,000	-
EDP Finance B.V.(ii)	Nov-14	Fixed rate USD 4.125%	Net Investment	Jan-20	583 USD	512,236	-
EDP Finance B.V.(i)	Apr-15	Fixed rate EUR 2.00%	Fair Value	Apr-25	750 EUR	750,000	-
EDP Finance B.V.	Mar-16	Fixed rate EUR 2.375%	n.a.	Mar-23	600 EUR	600,000	-
EDP Finance B.V.(i)	Aug-16	Fixed rate EUR 1.125%	n.a.	Feb-24	1,000 EUR	1,000,000	-
EDP Finance B.V.	Jan-17	Fixed rate EUR 1.875%	n.a.	Sep-23	600 EUR	600,000	-
EDP Finance B.V.	Jun-17	Fixed rate USD 3.625%	Net Investment	Jul-24	1,000 USD	878,735	-
EDP Finance B.V.	Nov-17	Fixed rate EUR 1.50%	n.a.	Nov-27	500 EUR	500,000	-
EDP Finance B.V.	Jun-18	Fixed rate EUR 1.625%	n.a.	Jan-26	750 EUR	750,000	-
EDP Finance B.V.	Oct-18	Fixed rate EUR 1.875%	n.a.	Oct-25	600 EUR	600,000	-
						10,321,852	-

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

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

(iii) These issues correspond to private placements.

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

(v) Fixed rate in the first 5.5 years, subsequently updated every 5.25 years.

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

(vii) Fixed rate in the first 5.25 years, subsequently updated every 5 years.

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Issuer	Issue date	Interest rate	Type of hedge	Conditions / Redemption	Nominal Value in Million Currency	Thousand Euros	
						Group	Company
Issued by the EDP Energias do Brasil Group in the Brazilian domestic market							
Lajeado Energia	Nov-13	CDI + 1.20%	n.a.	Nov-19	150 BRL	34,481	
EDP Espírito Santo	Aug-14	CDI + 1.50%	n.a.	Aug-20	106 BRL	24,380	-
Energias do Brasil	Sep-15	IPCA + 8.3201%	n.a.	Sep-21	215 BRL	49,324	-
Energias do Brasil	Sep-15	IPCA + 8.2608%	n.a.	Sep-24	57 BRL	13,179	-
Energias do Brasil	Apr-16	IPCA + 8.3479%	n.a.	Apr-22	284 BRL	65,248	-
Enerpeixe	Nov-16	114.50% * CDI	n.a.	Nov-19	175 BRL	40,220	-
Pecém	Dec-16	CDI + 2.95%	n.a.	Nov-21	330 BRL	75,843	-
EDP São Paulo	Apr-17	108.75% * CDI	n.a.	Apr-22	150 BRL	34,474	-
EDP Espírito Santo	Apr-17	108.75% * CDI	n.a.	Apr-22	190 BRL	43,667	-
Enerpeixe	Nov-17	116.00% * CDI	n.a.	Dec-22	320 BRL	73,545	-
EDP São Paulo	Dec-17	107.50% * CDI	n.a.	Jan-21	100 BRL	22,983	-
EDP Espírito Santo	Dec-17	107.50% * CDI	n.a.	Jan-21	120 BRL	27,579	-
Lajeado Energia	Dec-17	109.00% * CDI	n.a.	Dec-20	100 BRL	22,983	-
Lajeado Energia	Dec-17	113.70% * CDI	n.a.	Dec-22	200 BRL	45,965	-
EDP São Paulo	Jan-18	107.50% * CDI	n.a.	Jan-21	100 BRL	22,983	-
EDP Espírito Santo	Jan-18	107.50% * CDI	n.a.	Jan-21	100 BRL	22,983	-
EDP Transmissão	May-18	IPCA + 7.0267%	n.a.	May-33	121 BRL	27,713	-
EDP Espírito Santo	Aug-18	IPCA + 5.91%	n.a.	Jul-25	198 BRL	44,984	-
EDP São Paulo	Aug-18	IPCA + 5.91%	n.a.	Aug-25	268 BRL	61,557	-
EDP Transmissão	Oct-18	IPCA + 6.72%	n.a.	Oct-28	1,230 BRL	282,701	-
Lajeado Energia	Nov-18	109.25% * CDI	n.a.	Oct-22	100 BRL	22,983	-
Enerpeixe	Dec-18	112.48% * CDI	n.a.	Nov-23	255 BRL	58,606	-
EDP Transmissão	Jan-19	CDI + 0.02%	n.a.	Jun-20	250 BRL	57,457	-
EDP São Paulo	Apr-19	107.50% * CDI	n.a.	Mar-24	200 BRL	45,965	-
EDP Espírito Santo	Apr-19	107.50% * CDI	n.a.	Mar-24	300 BRL	68,948	-
						1,290,751	-
						13,362,603	1,750,000

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

The Group has project finance loans with the usual guarantees for such loans, namely pledges or promissory pledges over shares, bank accounts and assets relating to the projects. As at 30 June 2019, these loans amounted to 874,722 thousand Euros (31 December 2018: 891,475 thousand Euros), of which 145,048 thousand Euros were reclassified to liabilities held for sale.

EDP Group has several credit facilities it uses for liquidity management. EDP Group has short-term credit facilities of 256 million Euros, indexed to Euribor for the agreed period of use with spread conditions agreed in advance, and a RCF of 75 million Euros, all with a firm underwriting commitment, which as at 30 June 2019 were totally available. EDP Group also has a Commercial Paper program of 50 million Euros with guaranteed placement, which as at 30 June 2019 was totally available. EDP Group has a medium term RCF of 3,300 million Euros, maturing in 2023, with firm underwriting commitment and totally available at 30 June 2019. The Group also has a RCF of 2,240 million Euros, with a firm underwriting commitment, of which 2,095 million Euros mature in 2024 while the remaining amount mature in 2023, which as at 30 June 2019 are available in 1,471 million Euros.

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As at 30 June 2019, future debt and interest payments and origination fees, by type of loan and currency, are as follows:

Thousand Euros	Jun 2020	Dec 2020	Dec 2021	Dec 2022	Dec 2023	Following years	Total
<b>Bank loans:</b>							
Euro	88,518	36,471	79,529	79,119	79,027	476,842	839,506
Brazilian Real	147,690	35,922	88,190	66,394	63,490	190,955	592,641
US Dollar	12,068	6,073	12,444	12,189	12,450	605,538	660,762
Other	6,964	4,132	10,043	14,065	17,785	57,243	110,232
	255,240	82,598	190,206	171,767	172,752	1,330,578	2,203,141
<b>Bond loans:</b>							
Euro	336,648	474,075	553,217	1,208,237	1,358,950	4,046,973	7,978,100
Brazilian Real	259,850	113,351	227,982	114,148	110,905	485,460	1,311,696
US Dollar	1,118,918	-	659,051	-	-	878,735	2,656,704
	1,715,416	587,426	1,440,250	1,322,385	1,469,855	5,411,168	11,946,500
<b>Hybrid Bonds:</b>							
Euro	19,402	-	-	-	-	1,750,000	1,769,402
	19,402	-	-	-	-	1,750,000	1,769,402
<b>Commercial paper:</b>							
Euro	490,074	-	200,000	-	-	-	690,074
Brazilian Real	29,878	-	-	-	-	-	29,878
US Dollar	224,195	-	-	-	-	-	224,195
	744,147	-	200,000	-	-	-	944,147
<b>Other loans:</b>							
Euro	1,294	55	64	-	211	-	1,624
Brazilian Real	2,031	202	404	-	-	13,091	15,728
	3,325	257	468	-	211	13,091	17,352
<b>Origination Fees:</b>	-2,490	-1,962	-4,640	-11,497	-56,306	-75,138	-152,033
	2,735,040	668,319	1,826,284	1,482,655	1,586,512	8,429,699	16,728,509

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

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

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

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

Thousand Euros	Jun 2019		Dec 2018	
	Carrying amount	Market value	Carrying amount	Market value
Debt and borrowings - Non-Current	13,993,469	15,083,768	13,462,390	14,046,767
Debt and borrowings - Current	2,735,040	2,559,864	2,622,509	2,646,263
	<b>16,728,509</b>	<b>17,643,632</b>	<b>16,084,899</b>	<b>16,693,030</b>

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

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

## 32. Employee Benefits

Employee benefits are as follows:

Thousand Euros	Group	
	Jun 2019	Dec 2018
Provisions for social liabilities and benefits	597,158	759,376
Provisions for medical liabilities and other benefits	667,306	647,926
	<b>1,264,464</b>	<b>1,407,302</b>

This caption is detailed as follows:

Thousand Euros	Group	
	Jun 2019	Dec 2018
Non-Current	1,011,564	1,099,049
Current	252,900	308,253
	<b>1,264,464</b>	<b>1,407,302</b>

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

Thousand Euros	Group
	Jun 2019
<b>Balance at the beginning of the period</b>	759,376
Charge for the period	8,033
Actuarial (gains)/losses	-46,851
Charge-off	-68,009
Surplus / (Deficit) pension funding (see note 24)	42,781
Transfers, reclassifications and exchange differences	-98,172
<b>Balance at the end of the period</b>	<b>597,158</b>

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

Thousand Euros	Jun 2019		
	Portugal	Brazil	Group
Current service cost	3,284	-534	2,750
<b>Operational component (see note 10)</b>	<b>3,284</b>	<b>-534</b>	<b>2,750</b>
Net interest on the net pensions plan liability	4,617	666	5,283
<b>Financial component (see note 13)</b>	<b>4,617</b>	<b>666</b>	<b>5,283</b>
	<b>7,901</b>	<b>132</b>	<b>8,033</b>

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

Thousand Euros	Group
	Jun 2019
<b>Balance at the beginning of the period</b>	647,926
Charge for the period	15,322
Actuarial (gains)/losses	-16,525
Charge-off	-12,941
Fund contributions (see note 41)	-65,068
Transfers, reclassifications, exchange differences and "mútua"	98,592
<b>Balance at the end of the period</b>	<b>667,306</b>

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

Thousand Euros	Jun 2019			
	Portugal	Spain	Brazil	Group
Current service cost	2,536	444	346	3,326
<b>Operational component (see note 10)</b>	<b>2,536</b>	<b>444</b>	<b>346</b>	<b>3,326</b>
Net interest on the net pensions plan liability	3,452	699	7,845	11,996
<b>Financial component (see note 13)</b>	<b>3,452</b>	<b>699</b>	<b>7,845</b>	<b>11,996</b>
	<b>5,988</b>	<b>1,143</b>	<b>8,191</b>	<b>15,322</b>

As at 30 June 2019, the net movement for the period in Provisions for social liabilities and benefits corresponds to a decrease of 162,218 thousand Euros, from which 57,582 thousand Euros correspond to the negative net movement occurred in Portugal, 98,481 thousand Euros correspond to the negative net movement occurred in Spain and 6,154 thousand Euros correspond to the negative net movement occurred in Brazil. The variation in Portugal relates essentially to benefit payments.

The net movement for the period in Provisions for medical liabilities and other benefits corresponds to an increase of 19,379 thousand Euros, from which 80,625 thousand Euros correspond to the negative net movement occurred in Portugal, 95,870 thousand Euros correspond to the positive net movement occurred in Spain and 4,134 thousand Euros correspond to the positive net movement occurred in Brazil. The variation in Portugal relates essentially to the contributions made to the Medical Plan and Death Subsidy Plan.

As at 30 June 2019, the current service cost and net interest cost recognised were based on the estimated cost for the period determined actuarially on 31 December 2018.

### 33. Provisions

Provisions are as follows:

Thousand Euros	Group	
	Jun 2019	Dec 2018
Provision for legal and labour matters and other contingencies	98,018	92,034
Provision for customer guarantees under current operation	9,222	15,686
Provision for dismantling and decommissioning	452,193	480,508
Provision for other liabilities and charges	396,746	430,217
	<b>956,179</b>	<b>1,018,445</b>

This caption is as follows:

Thousand Euros	Group	
	Jun 2019	Dec 2018
Non-Current	837,792	982,515
Current	118,387	35,930
	<b>956,179</b>	<b>1,018,445</b>

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

Thousand Euros	Group
	Jun 2019
<b>Balance at the beginning of the period</b>	<b>92,034</b>
Charge for the period	9,544
Reversals	-4,088
Charge-off for the period	-9,933
Exchange differences and other	11,790
Reclassification to Assets and Liabilities Held for Sale (see note 38)	-1,329
<b>Balance at the end of the period</b>	<b>98,018</b>

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



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In the first semester of 2019, there were no significant changes in the Provisions for legal and labour matters and other contingencies, with the following exception:

In 2012, following the decision by the arbitration court, which partially accepted Terriminas' claim, and condemned EDP Produção to pay the amount of 1,329 thousand Euros regarding the price differential for 1985 and 1986, EDP Group has booked a provision to cover this contingency. Therefore, as at 31 December 2016, the estimated liability amounted to 5,836 thousand Euros, corresponding to the indemnity discounted amount. The appeal presented by EDP Produção was denied, and confirmed the court sentence that determined the legitimacy for Terriminas to collect the amount in which EDP Produção was condemned. EDP Produção paid 6,371 thousand Euros and appeal for the payment of the remaining amount of 1,629 thousand Euros (interest from 2 February 2013 to 30 September 2017) for lack of an enforceable instrument. On February 2019, a decision was delivered regarding EDP's claim, considering it as an undue payment. On May 2019, the court decided in favour of EDP Group claim. As at 30 June 2019 this process is closed.

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

Thousand Euros	Group Jun 2019
<b>Balance at the beginning of the period</b>	15,686
Charge-off for the period	-5,748
Exchange differences and other	-716
<b>Balance at the end of the period</b>	9,222

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

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

Thousand Euros	Group Jun 2019
<b>Balance at the beginning of the period</b>	480,508
Changes in the perimeter (see note 6)	-35,243
Unwinding (see note 13)	3,372
Increase of the responsibility (see note 16)	3,651
Reclassification to Assets and Liabilities held for sale (see note 38)	-609
Exchange differences and other	514
<b>Balance at the end of the period</b>	452,193

In the first semester of 2019, there were no significant changes in the Provision for dismantling and decommissioning, with the exception of the impact of the sale of the companies EDP Renewables France, S.A.S., EDPR Participaciones, S.L.U. and their subsidiaries (see note 6).

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

Thousand Euros	Jun 2019 Group
<b>Balance at the beginning of the period</b>	430,217
Charge for the period	3,268
Reversals	-3,748
Charge-off for the period	-4,905
Innovative Features Charge-off (see note 4)	-45,546
CMEC	9,115
"Lesividad"	6,010
Exchange differences and other	2,335
<b>Balance at the end of the period</b>	396,746

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

The processes whose losses were considered as possible, do not require the recognition of provisions and are periodically reassessed. As at 30 June 2019, there were no significant changes in the losses considered as possible as of 31 December 2018, with the following exception:

The companies of EDP Group – Energias do Brasil (Energest, Lajeado, Investco, Enerpeixe, Santa Fé, Porto do Pecém and Costa Rica), through the Brazilian Association of Independent Power Producers - APINE and the Brazilian Association of Power Generation - ABRAGEL, filed a lawsuit seeking to suspend the effects of CNPE Resolution 03/13, which established the apportionment among all agents of the electricity market of part of the costs incurred with the excessive use of energy from thermic sources (oil, coal and gas), due to the scarcity of the rainfall regime (ancillary service Charge - ESS). As at 31 December 2018, the value associated to this contingency was 37,295 thousand Euros. On 3 June 2019 EDP Group companies were notified with a favorable decision. For this reason, as at 30 June 2019 this process is closed.

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Finally, even EDP Group classifies its risk as remote, it is important to identify the following litigation:

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 30 June 2019, the amount of this tax contingency amounts to 286 million Euros (31 December 2018: 282 million Euros).

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

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

#### 34. Institutional Partnerships in USA

The caption Institutional partnerships in USA is as follows:

Thousand Euros	Group	
	Jun 2019	Dec 2018
Deferred income related to benefits provided	956,966	961,783
Liabilities arising from institutional partnerships in USA	1,177,897	1,269,466
	<b>2,134,863</b>	<b>2,231,249</b>

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 are as follows:

Thousand Euros	Group
	Jun 2019
<b>Balance at the beginning of the period</b>	2,231,249
Cash paid for deferred transaction costs	-489
Cash paid to institutional investors	-63,769
Other Income (see note 8)	-94,653
Unwinding (see note 13)	43,782
Exchange differences	14,514
Other	4,229
<b>Balance at the end of the period</b>	<b>2,134,863</b>

Under these partnerships, EDP Group provides operating guarantees to institutional investors in wind and solar projects in USA, which are typical of this type of structure. As at 30 June 2019 and 31 December 2018, the liabilities associated with these guarantees are not expected to exceed the amounts already recognized under the caption Liabilities arising from institutional partnerships in USA.

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

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

Thousand Euros	Group	
	Jun 2019	Dec 2018
<b>Contract liabilities:</b>		
Energy sales contracts - EDPR NA	10,298	11 496
Deferred income - CMEC	267,006	283,530
	277,304	295,026
<b>Other liabilities:</b>		
Investment government grants	574,598	583,603
Amounts payable for tariff adjustments - Electricity - Portugal	17,162	77,447
Amounts payable for tariff adjustments - Electricity - Brazil	222,228	38,678
Amounts payable for concessions	209,323	201,527
Property, plant and equipment suppliers	6,648	8,233
Other creditors and sundry operations	184,185	151,731
	1,214,144	1,061,219
	1,491,448	1,356,245

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

Thousand Euros	Group		Company	
	Jun 2019	Dec 2018	Jun 2019	Dec 2018
<b>Contract liabilities:</b>				
Deferred income - CMEC	77,487	80 897	-	-
Amounts received from the Fund for systemic sustainability of the energy sector	77,797	155,594	-	-
	155,284	236,491	-	-
<b>Other liabilities:</b>				
Suppliers	919,871	956,608	172,008	412,960
Accrued costs related with commercial activities	597,832	704,975	218,768	314,433
Property, plant and equipment suppliers	553,794	1,028,188	1,302	837
Holiday pay, bonus and other charges with employees	123,237	160,847	22,480	30,201
CO2 emission Licenses	114,377	137,746	-	-
Amounts payable for tariff adjustments - Electricity - Portugal	21,582	8,840	-	-
Amounts payable for tariff adjustments - Electricity - Brazil	338	253	-	-
Amounts payable - securitisations	711,016	134,841	-	-
Amounts payable - CMEC	222,102	222,245	-	-
Other creditors and sundry operations	241,513	271,211	15,875	30,452
	3,505,662	3,625,754	430,433	788,883
	3,660,946	3,862,245	430,433	788,883

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

Deferred income - CMEC Non-current and Current, in the amount of 344,493 thousand Euros (31 December 2018: 364,427 thousand Euros) includes the initial CMEC amount (833,467 thousand Euros) deducted from the amortisation of initial CMEC during the years 2007 to 2017 and accrued with unwinding (see note 13), in the amount of 187,285 thousand Euros. This caption also includes 157,208 thousand Euros relating with the final adjustment recognised in accordance with the result achieved by EDP/REN working group (256,539 thousand Euros), deducted from amortisation and accrued with corresponding unwinding charges of the period (see note 13).

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

Investment government grants are amortised through the recognition of a revenue in the income statement over the useful life of the related assets, which amounts to 12,228 thousand Euros as at 30 June 2019 (see note 12). This caption includes grants received by EDPR NA subgroup under the "American Recovery and Reinvestment Act" promoted by the United States of America Government.

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

Thousand Euros	Non-Current	Current
<b>Balance at the beginning of the period</b>	77,447	8,840
Payment through the electricity tariff	-	-4,421
Tariff adjustment of the period (see note 7)	-	-
Interest expense (see note 13)	34	66
Transfer to/from tariff adjustment receivable (see note 23)	-20,870	-22,352
Transfer from Non-Current to Current	-39,449	39,449
<b>Balance at the end of the period</b>	17,162	21,582

The caption Amounts payable for tariff adjustments - Electricity - Brazil, refers to tariff adjustments recognised in EDP Espírito Santo - Distribuição de Energia S.A. and EDP São Paulo - Distribuição de Energia S.A. in the accumulated amount of 185,462 thousand Euros (31 December 2018: 10,250 thousand Euros) and 37,104 thousand Euros (31 December 2018: 28,681 thousand Euros), respectively. The variation occurred includes the tariff deficit of the period with a positive impact of 3,592 thousand Euros (see note 7), the transfer to tariff adjustment receivable of 62,940 thousand Euros (see note 23), the unwinding in the amount of 8,136 thousand Euros (see note 13), the recognition of 170,774 thousand Euros (743,055 thousand Brazilian real), against tax receivable as a result of the non-inclusion of the amounts of VAT borne in the basis of calculation of PIS and COFINS in EDP Espírito Santo (see note 25) and the exchange differences due to appreciation of Brazilian Real against Euro with a positive impact of 807 thousand Euros.

Amounts payable for concessions includes the concession rights for the operation of the hydric domain of Alqueva and Pedrógão transferred by EDIA in the amount of 142,071 thousand Euros (31 December 2018: 137,237 thousand Euros) and the financial compensation for the use of the public domain related to concession agreements of Investco, S.A. and Enerpeixe, S.A. in Brazil in the amount of 67,252 thousand Euros (31 December 2018: 64,291 thousand Euros).

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

The caption CO2 emission licenses includes the CO2 consumptions during 2018 and 2019 in Portugal and Spain, in the amount of 74,564 thousand Euros and 38,926 thousand Euros, respectively (31 December 2018: 81,701 thousand Euros and 56,045 thousand Euros). The variation includes the consumptions of 2019 and the delivery in 2019 of the 2018 consumption licenses, which are returned to regulatory authorities until April of the year following its consumption.

In the energy distribution activity, the subsidiaries of EDP Group in Portugal and Spain recover the deficits and tariff adjustment assets through the tariffs charged to their customers. The caption Amounts payable - securitizations includes the amounts payable to entities that have acquired the right to receive these assets in securitisation or direct sales operations in Portugal, and the caption Other creditors and sundry operations - Current included, as at 31 December 2018, the settlements to be made to the regulatory entity in Spain, which amounted to 9,538 thousand Euros. These liabilities refer to the assets recovered through the tariffs that will be transferred to these entities. During the second quarter of 2019, settlements were made to the regulatory entity in Spain. Additionally, as at June 2019, the caption Amounts payable - securitizations includes 582,897 thousands of Euros related to the anticipated sale of tariff deficit of 2019 (see note 23), which right to be received by EDP Servico Universal will occur in the second half of 2019.

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

The caption Other creditors and sundry operations - Non-current includes the amount of 62,357 thousand Euros related with the reinsurance activity (31 December 2018: 69,178 thousand Euros). The caption Other creditors and sundry operations - Current includes the amount of 14,317 thousand Euros related to tariff adjustment payable (31 December 2018: 14,317 thousand Euros).

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### 36. Other Liabilities and Other Payables

Other liabilities and other payables are as follows:

Thousand Euros	Group		Company	
	Jun 2019	Dec 2018	Jun 2019	Dec 2018
<b>Other liabilities and other payables - Non-Current</b>				
Loans from non-controlling interests	207,250	401,257	-	-
Derivative financial instruments (see note 39)	225,450	196,496	278,789	205,570
Group companies	-	-	66,297	66,297
Amounts payable and contingent prices for acquisitions/sales	65,886	75,234	-	-
Lease contracts with EDP Pension and Medical and Death Subsidy Funds (a)	-	77,959	-	77,959
Rents due from lease contracts (a)	759,776	-	135,826	-
Other creditors and sundry operations	5,700	5,953	-	-
	1,264,062	756,899	480,912	349,826
<b>Other liabilities and other payables - Current</b>				
Loans from non-controlling interests	150,484	241,617	-	-
Dividends attributed to related companies	60,733	57,752	-	-
Derivative financial instruments (see note 39)	166,844	155,848	354,192	188,502
Group companies	-	-	35,806	31,339
Group's financial system (see note 41)	-	-	936,268	1,030,481
Amounts payable and contingent prices for acquisitions/sales	179,695	303,459	-	-
Lease contracts with EDP Pension and Medical and Death Subsidy Funds (a)	-	6,496	-	6,496
Rents due from lease contracts (a)	70,180	-	12,334	-
Other creditors and sundry operations	19,298	5,750	55,000	36,362
	647,234	770,922	1,393,600	1,293,180
	1,911,296	1,527,821	1,874,512	1,643,006

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

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

- i) loans granted by ACE Portugal (CTG Group) due to the sale in 2017 of 49% of shareholding in EDPR PT – Parques Eólicos S.A and subsidiaries for a total amount of 31,695 thousand Euros, including accrued interests (31 December 2018: 31,108 thousand Euros), bearing interest at a fixed rate of 3.75% (see note 41);
- ii) loans granted by ACE Poland (CTG Group) due to the sale in 2016 of 49% of shareholding in EDP Renewables Polska HoldCo, S.A. and subsidiaries for a total amount of 115,345 thousand Euros, including accrued interests (31 December 2018: 119,826 thousand Euros), bearing interest at a fixed rate of a range between 1.33% and 7.23% (see note 41);
- iii) loans granted by ACE Italy (CTG Group) due to the sale in 2016 of 49% of shareholding in EDP Renewables Italia, S.r.l. and subsidiaries for a total amount of 61,110 thousand Euros, including accrued interests (31 December 2018: 63,304 thousand Euros), bearing interest at a fixed rate of 4.5% (see note 41);
- iv) loans granted by CITIC CWEI Renewables (CTG Group) due to the sale in 2013 of 49% of shareholding in EDP Renováveis Portugal, S.A. for a total amount of 44,548 thousand Euros, including accrued interests (31 December 2018: 50,202 thousand Euros), bearing interest at a fixed rate of 5.5% (see note 41); and
- v) loans from Sonatrach to Central Térmica Ciclo Combinado Grupo 4 in the amount of 58,220 thousand Euros (31 December 2018: 58,220 thousand Euros).

The significant decrease in the caption loans from non-controlling interests Non-Current and Current is mainly related to the sale of EDPR Participaciones S.L.U., EDP Renewables France S.A.S. and its subsidiaries (see note 6). As at 31 December 2018, loans granted by Vortex Energy Investments II due to the sale in 2016 of 49% of shareholding in EDPR Participaciones S.L.U. and subsidiaries amounted to 215,620 thousand Euros. Additionally, loans granted by Vortex Energy Investments I due to the sale in 2014 of 49% of shareholding in EDP Renewables France S.A.S. and subsidiaries amounted to 52,258 thousand Euros as at 31 December 2018.

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

The caption Rents due from lease contracts - Non-Current and Current includes the amount of 718,528 thousand Euros and 18,861 thousand Euros, respectively, as a result of the adoption of IFRS 16 on 1 January 2019 (see note 3). As at 30 June 2019, the variation includes: (i) 82,148 thousand Euros corresponding to rents due from lease contracts starting in the second quarter of 2019; (ii) negative 53,128 thousand Euros related to the sale of EDPR Participaciones S.L.U., EDP Renewables France S.A.S. and its subsidiaries (see note 6); (iii) negative 38,130 thousand Euros corresponding to payments rents made; and (iv) 19,473 thousand Euros corresponding to the financial update of the liability (see note 13).

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As at 30 June 2019, the nominal value of the rents due from lease contracts is detailed as follows: (i) less than 5 years: 350,051 thousand Euros; (ii) from 5 to 10 years: 279,420 thousand Euros; (iii) from 10 to 15 years: 276,952 thousand Euros; and (iv) more than 15 years: 548,107 thousand Euros.

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

### 37. Tax Liabilities

Tax liabilities are as follows:

Thousand Euros	Group		Company	
	Jun 2019	Dec 2018	Jun 2019	Dec 2018
Income tax	156,000	162,835	102,458	114,820
Withholding tax	22,365	41,465	3,029	1,150
Value Added Tax (VAT)	118,030	130,588	18,678	1,655
Special taxes Brazil	194,313	188,899	-	-
CESE (see note 15)	66,674	-	-	-
Other taxes	160,585	139,939	1,015	1,021
	<b>717,967</b>	<b>663,726</b>	<b>125,180</b>	<b>118,646</b>

This caption is as follows:

Thousand Euros	Group		Company	
	Jun 2019	Dec 2018	Jun 2019	Dec 2018
Non-Current	114,212	97,637	-	-
Current	603,755	566,089	125,180	118,646
	<b>717,967</b>	<b>663,726</b>	<b>125,180</b>	<b>118,646</b>

With regard to 30 June 2019, the main variations to highlight in caption Tax Liabilities are the record of CESE (note 15) and the record of property tax for EDPR North America companies.

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

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

This caption is as follows:

Thousand Euros	Group	
	Jun 2019	Dec 2018
<b>Assets held for sale</b>		
Electricity generation assets - Hydro Brazil	91,692	-
Electricity generation assets - Onshore wind Brazil	213,885	-
Electricity generation assets - Offshore wind	152,979	7,546
Other assets	3,519	3,519
	<b>462,075</b>	<b>11,065</b>
<b>Liabilities held for sale</b>		
Electricity generation assets - Hydro Brazil	18,008	-
Electricity generation assets - Onshore wind Brazil	153,638	-
Electricity generation assets - Offshore wind	12,153	-
	<b>183,799</b>	<b>-</b>
	<b>278,276</b>	<b>11,065</b>

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

In May 2019, EDPR Group signed a strategic memorandum of understanding with ENGIE to create a co-controlled 50/50 joint venture in fixed and floating offshore wind segment. The new entity will be the exclusive vehicle of investment of EDPR and ENGIE for offshore wind opportunities worldwide. As at 30 June 2019, the assets and liabilities associated with the companies included in this segment were presented in non-current assets and liabilities held for sale.

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During the first semester of 2019, the EDP Brasil Group started the process of selling Energest, S.A. Assets and liabilities associated with this company were presented in non-current assets and liabilities held for sale.

During the first semester of 2019, the EDPR Brasil Group started the process of selling Babilônia Holding, S.A. and its subsidiaries. Assets and liabilities associated with this company were presented in non-current assets and liabilities held for sale.

As at 30 June 2019 the following reclassifications were made to held for sale:

Thousand Euros	Jun 2019			
	Hydro Brazil	Onshore wind Brazil	Offshore wind	Total
<b>Assets</b>				
Property, plant and equipment (see note 16)	-46,424	-197,658	-10,185	-254,267
Right-of-use assets (see note 17)	-571	-	-3,599	-4,170
Intangible assets (see note 18)	-11,356	-	-	-11,356
Goodwill (see note 19)	-3,654	-	-	-3,654
Investments in joint ventures and associates (see note 20)	-	-	-77,565	-77,565
Other assets	-19,088	-13,544	-53,028	-85,660
Cash and cash equivalents	-10,599	-2,683	-1,056	-14,338
Non-Current Assets Held for Sale	91,692	213,885	145,433	451,010
	-	-	-	-
<b>Liabilities</b>				
Financial debt	-	-145,049	-	-145,049
Employee Benefits	-3,297	-	-	-3,297
Provisions (see note 33)	-1,329	-609	-	-1,938
Other liabilities	-13,382	-7,980	-12,153	-33,515
Non-Current Liabilities Held for Sale	18,008	153,638	12,153	183,799
	-	-	-	-

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

### 39. Derivative Financial Instruments

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

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

Thousand Euros	Jun 2019		Dec 2018	
	Assets	Liabilities	Assets	Liabilities
<b>Net Investment hedge</b>				
Cross-currency interest rate swaps	25,259	-40,728	35,466	-34,818
Currency forwards	2,685	-	2,696	-15
<b>Fair value hedge</b>				
Interest rate swaps	98,653	-	90,091	-
Cross-currency interest rate swaps	11,374	-327	27,354	-1,593
<b>Cash flow hedge</b>				
Interest rate swaps	774	-18,733	3,626	-19,530
Swaps related to gas commodity	82,517	-192,125	406	-189,011
Electricity swaps	20,917	-72,161	13,020	-89,642
Currency forwards associated to commodities	77,173	-5,205	67,507	-2,001
<b>Trading</b>				
Interest rate swaps	2,919	-4,102	10,758	-724
Cross-currency interest rate swaps	5,424	-1,073	5,168	-421
Commodity swaps	42,599	-50,595	28,752	-10,946
Currency forwards	309	-31	1,553	-442
Commodity forwards	25,562	-7,214	2,043	-
Commodity options	2,862	-	-	-3,201
	399,027	-392,294	288,440	-352,344

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



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

Thousand Euros	Jun 2019		Dec 2018	
	Assets	Liabilities	Assets	Liabilities
<b>Cash flow hedge</b>				
Swaps related to gas commodity	719	-102,509	-	-95,180
Electricity swaps	14,453	-63,892	31,921	-
Currency forwards associated to commodities	67,912	-54	59,890	-3
<b>Trading</b>				
Interest rate swaps	99,950	-103,935	99,066	-91,357
Cross-currency interest rate swaps	95,254	-49,898	94,298	-30,003
Commodity swaps	340,013	-279,366	233,550	-129,685
Currency forwards	195	-196	10,931	-9,415
Commodity forwards	42,439	-30,432	30,826	-35,225
Commodity options	2,862	-2,699	3,420	-3,204
	<b>663,797</b>	<b>-632,981</b>	<b>563,902</b>	<b>-394,072</b>

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

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

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

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

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

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

#### 40. Commitments

Operating and real guarantees granted by EDP Group, not included in the condensed consolidated statement of financial position nor in the

Thousand Euros	Group		Company	
	Jun 2019	Dec 2018	Jun 2019	Dec 2018
<b>Operating guarantees</b>				
EDP, S.A.	439,489	444,694	439,489	444,694
EDP España Group	131,070	131,270	-	-
EDP Brasil Group	435,607	390,257	-	-
EDP Renováveis Group	1,234,453	998,308	-	-
	2,240,620	1,964,528	439,489	444,694
<b>Total</b>	2,240,620	1,964,528	439,489	444,694
<b>Real guarantees</b>	460	1,843	-	-

The operating guarantees which are not included in the condensed consolidated statement of financial position or in the Notes, as at 30 June 2019 and 31 December 2018, mainly refer to Power Purchase Agreements (PPA), interconnection and permits guarantees.

Additionally to the above guarantees, an amount of 10,147 thousand Euros refer to guarantees of operational nature related to the companies EDPR Participaciones S.L.U., EDP Renewables France S.A.S. and subsidiaries, that have been sold as at 30 June 2019 (see note 6) although EDPR assumes temporarily the responsibility under such guarantees until these are effectively replaced.

The remaining financial and operating guarantees granted by EDP Group have underlying liabilities that are already reflected in its condensed consolidated statement of financial position and/or disclosed in the Notes.



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In the Group, the commitments relating to future cash outflows not reflected in the measurement of the rents due from lease contracts and purchase obligations are disclosed, by maturity, as follows:

Thousand Euros	Jun 2019				
	Capital outstanding by maturity				
	Total	Less than 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years
Future cash outflows not reflected in the measurement of the rents due from lease contracts	286,141	10,042	60,200	56,188	159,711
Purchase obligations	22,237,592	3,957,192	4,762,464	2,815,631	10,702,305
	22,523,733	3,967,234	4,822,664	2,871,819	10,862,016

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.

With the adoption of IFRS 16 - Leases, as at 1 January 2019, the EDP Group recognised in the condensed consolidated statement of financial position the operating lease commitments (see note 3), unless the lease term is 12 months or less, or the lease is for a low-value asset. Additionally, as at 30 June 2019, there are commitments from future cash outflows not reflected in the measurement of the rents due from lease contracts which refer to future rents of lease contracts already signed but not yet commenced.

Purchase obligations include 11,366,924 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	Jun 2019	Dec 2018
Purchase obligation - Present value	11,366,924	12,451,745
Purchase obligation - Nominal amount	17,556,913	17,630,575

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	Jun 2019	Dec 2018
Fuel acquisition	7,782,323	7,000,047
Electricity acquisition	10,462,187	11,387,475
O&M contracts	982,977	1,085,743
Fixed assets, equipment and miscellaneous materials acquisition	1,714,640	1,814,828
Supply and assembly contract	466,903	377,339
Other supplies and services	828,562	823,756
	22,237,592	22,489,188

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

Thousand Euros	Jun 2019				
	Capital outstanding by maturity				
	Total	Less than 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years
Fuel acquisition	7,782,323	916,043	1,263,265	839,380	4,763,635
Electricity acquisition	10,462,187	1,153,712	2,137,157	1,772,532	5,398,786
	18,244,510	2,069,755	3,400,422	2,611,912	10,162,421

Some of the transactions related to the disposal of non-controlling interests while retaining control, carried out in previous years, incorporate contingent assets and liabilities according to the terms of the corresponding agreements. Additionally, some of the asset's acquisition transactions foresee contingent liabilities which depend on certain milestones and, although EDP Group has recognized the fair value of these liabilities in the condensed consolidated financial statements, changes in the assumptions could change these liabilities.

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At Company level, the commitments relating to future cash outflows not reflected in the measurement of the rents due from lease contracts and purchase obligations are disclosed, by maturity, as follows:

Thousand Euros	Jun 2019				
	Capital outstanding by maturity				
	Total	Less than 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years
Future cash outflows not reflected in the measurement of the rents due from lease contracts	324	324	-	-	-
Purchase obligations	5,740,494	189,422	615,661	551,269	4,384,142
	5,740,818	189,746	615,661	551,269	4,384,142

The caption Purchase obligations relates to O&M contracts.

#### 41. Related Parties

##### Shares held by company officers

The number of shares of EDP S.A. held or attributable to company officers as at 30 June 2019 and 31 December 2018 are as follows:

	2019	2018
	Nr. of shares	Nr. of shares
<b>General and Supervisory Board</b>		
China Three Gorges Corporation (represented by Dingming Zhang)	850,777,024	850,777,024
China Three Gorges International Corp. (represented by Shengliang Wu)	850,777,024	850,777,024
China Three Gorges (Europe), S.A. (represented by Ignacio Herrero Ruiz)	850,777,024	850,777,024
Draursa, S.A. (represented by Felipe Fernández Fernández)	1,350	1,350
Fernando Maria Masaveu Herrero	265,065,136	265,065,136
Mubadala Investment Company (represented by Mohammed Issa Khalfan Alhuraimel Alshamsi)	115,236,553	115,236,553
Sonatrach (represented by Karim Djebbour)	87,007,433	87,007,433
Vasco Joaquim Rocha Vieira	3,203	3,203
Banco Comercial Português, S.A. (represented by Nuno Manuel da Silva Amado)	88,989,949	88,989,949
João Carvalho das Neves	7,429	7,429
Luís Maria Viana Palha da Silva <sup>1</sup>	5,050	-
<b>Executive Board of Directors</b>		
António Luís Guerra Nunes Mexia	91,000	91,000
António Fernando Melo Martins da Costa	54,299	54,299
João Manuel Manso Neto	1,268	1,268
João Manuel Veríssimo Marques da Cruz	79,578	79,578
Miguel Nuno Simões Nunes Ferreira Setas	7,382	7,382
Miguel Stilwell de Andrade	140,000	140,000
Maria Teresa Isabel Pereira	71,281	71,281
Rui Manuel Rodrigues Lopes Teixeira	31,733	31,733

<sup>1</sup> Representative after 24 April 2019 therefore no information was reported related to 2018.

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

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

Following these transactions, CTG Group granted shareholders loans to the EDPR Group in the amount of 252,698 thousand Euros including accrued interests (31 December 2018: 264,440 thousand Euros) (see note 36).

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

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

In December 2015, EDP, S.A. signed a lease contract related with the building units of the Porto headquarters (sold to the EDP Pension Fund in December 2015) for a period of 25 years. As at 30 June 2019, the present value of the contract as a result of the adoption of IFRS 16 on 1 January 2019 amounts to 48,976 thousand Euros (31 December 2018: 30,221 thousand Euros) (see note 36).

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In September 2017, EDP, S.A. signed a lease contract related with the building of the Lisbon headquarters (given as an in-kind contribution to the EDP Medical and Death Subsidy Funds) for a period of 25 years. As at 30 June 2019, the present value of the contract as a result of the adoption of IFRS 16 on 1 January 2019 amounts to 90,476 thousand Euros (31 December 2018: 54,198 thousand Euros) (see note 36).

Following the decision and implementation of the autonomisation of the Medical Plan and Death Subsidy Plan in Portugal, EDP Group has made contributions of 65,068 thousand Euros during the six-month period ended on 30 June 2019 (see note 32). In the following years, until the end of 2027, the Group estimates to make additional contributions in the approximate total amount of 249 million Euros, in line with the financing plan approved by Insurance and Pension Funds Supervisory Authority (ASF).

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

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

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

#### Credits held

Thousand Euros	30 June 2019			
	Intra-Group Financial Mov.	Loans and Interests receivable	Other Credits	Total
EDP Comercial, S.A.	30,684	76,099	220,553	327,336
EDP Distribuição, S.A.	-	1,811,663	19,536	1,831,199
EDP España, S.A.U.	-	-	34,809	34,809
EDP Finance B.V.	-	888,793	64,526	953,319
EDP Produção, S.A.	-	1,580,578	174,138	1,754,716
Hidrocantábrico Distribucion Eléctrica, S.A.U.	-	-	30,381	30,381
EDP IS, Lda.	17,762	196,176	126	214,064
EDP Renováveis, S.A.	-	-	5,888	5,888
EDP Servicios Financieros España, S.A.U.	756,326	-	5,135	761,461
EDP Serviço Universal, S.A.	-	-	136,561	136,561
EDP Renewables Europe, S.L.U.	-	-	36,175	36,175
EDP Comercializadora, S.A.U.	-	-	32,555	32,555
EDP GÁS.COM - Comércio de Gás Natural, S.A.	-	10,037	21,347	31,384
Other	47,472	32,869	36,647	116,988
	852,244	4,596,215	818,377	6,266,836

The amount of 888,793 thousand Euros refers to the repurchase in market by EDP, S.A. of five bond issues issued by EDP Finance B.V.

#### Debits held

Thousand Euros	30 June 2019			
	Intra-Group Financial Mov.	Loans and Interests payable	Other Debits	Total
EDP Distribuição, S.A.	417,537	-	15,836	433,373
EDP Comercial, S.A.	-	-	313	313
EDP Finance B.V.	-	11,269,655	102,192	11,371,847
EDP Servicios Financieros España, S.A.U.	-	-	13,678	13,678
EDP Produção, S.A.	482,965	-	305,253	788,218
EDP Renováveis, S.A.	-	-	5,336	5,336
EDP Serviço Universal, S.A.	-	-	56	56
EDP España, S.A.U.	-	-	23,789	23,789
EDP Comercializadora, S.A.U.	-	-	95,668	95,668
Other	35,766	-	48,591	84,357
	936,268	11,269,655	610,712	12,816,635

The amount of 11,269,655 thousand Euros includes 6 intragroup bonds issued by EDP S.A. and acquired by EDP Finance BV. As at 30 June 2019, its total amount is 8,945,552 thousand Euros, with fixed and variable rate at medium-long term (3, 5, 7 and 10 years).

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

**Expenses**

Thousand Euros	30 June 2019			
	Interest on Intra-Group Financial Mov.	Interest on Loans Obtained	Other Losses	Total
EDP Finance B.V.	77,696	-	57,192	134,888
EDP Produção, S.A.	-	-	815,439	815,439
EDP España, S.A.U.	-	-	49,822	49,822
EDP Comercial, S.A.	-	2	697	699
EDP Comercializadora, S.A.U.	-	-	162,098	162,098
Other	-	-	55,880	55,880
	77,696	2	1,141,128	1,218,826

**Income**

Thousand Euros	30 June 2019			
	Interest on Intra-Group Financial Mov.	Interest on Loans Granted	Other Gains	Total
EDP Comercial, S.A.	21	1,226	646,598	647,845
EDP Distribuição, S.A.	-	18,809	73,562	92,371
EDP España, S.A.U.	-	-	69,414	69,414
EDP Produção, S.A.	1	13,802	294,558	308,361
EDP Soluções Comerciais	41	-	7,135	7,176
EDP Finance B.V.	-	20,978	43,580	64,558
Hidrocentrábrico Distribución Eléctrica S.A.U.	-	-	11,183	11,183
EDP Comercializadora, S.A.U	-	-	32,587	32,587
EDP Renováveis, S.A.	-	-	59,479	59,479
EDP Renewables Europe, S.L.U.	-	-	16,920	16,920
Other	48	4,171	79,461	83,680
	111	58,986	1,334,477	1,393,574

Other gains include income from equity investments of 127,628 thousand Euros (see note 13).

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

**Assets and Liabilities**

Thousand Euros	30 June 2019		
	Assets	Liabilities	Net Value
<b>Joint Ventures</b>			
Hydro Global Investment, Ltda.	10,422	-	10,422
EDPR Wind Ventures XIX LLC	1,108	1,673	-565
Cide HC Energía, S.A.	1,641	4,992	-3,351
SCNET - Sino-Portuguese Centre	-	1,080	-1,080
HC Tudela Cogeneración, S.L.	2,953	2,239	714
Other	7,254	1,485	5,769
	23,378	11,469	11,909
<b>Associates</b>			
MABE Construção e Administração de Projectos, Ltda.	5,424	-	5,424
Parque Eólico Sierra del Madero, S.A.	10,677	-	10,677
Desarrollos Eólicos de Canarias, S.A.	99	304	-205
Aprofitament D'Energies Renovables de L'Ebre, S.L.	3,426	-	3,426
Centrais Eléctricas de Santa Catarina, S.A. - Celesc	1,220	-	1,220
Other	4,448	174	4,274
	25,294	478	24,816
	48,672	11,947	36,725

# WE LOVE ENERGY

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

### Notes to the Condensed Consolidated and Company Financial Statements for the six-month periods ended 30 June 2019 and 2018

#### Transactions

Thousand Euros	30 June 2019			
	Operating Income	Financial Income	Operating Expenses	Financial Expenses
<b>Joint Ventures</b>				
Cide HC Energía, S.A.	45,426	8	59	-
EDPR Wind Ventures XIX LLC	637	524	2,852	-
Empresa de Energia São Manoel, S.A.	8	-	3,656	-
Porto do Pecém Transportadora de Minérios	131	-	2,182	-
Other	10,296	367	3,666	39
	56,498	899	12,415	39
<b>Associates</b>				
MABE Construção e Administração de Projectos, Ltda.	-	160	-	-
Desarrollos Eólicos de Canarias, S.A.	110	-	4	-
Parque Eólico Sierra del Madero	4	201	-	-
Parque Eólico Belmonte, S.A.	359	17	-	-
Other	15	121	-	-
	488	499	4	-
	56,986	1,398	12,419	39

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

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

Thousand Euros	Jun 2019			Dec 2018		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
<b>Assets</b>						
Equity instruments at fair value	131,142	131,142	-	125,147	125,147	-
Debtors/other assets from commercial activities	5,841,527	5,841,527	-	5,690,119	5,690,119	-
Other debtors and other assets	1,798,643	1,798,643	-	935,988	935,988	-
Derivative financial instruments	399,027	399,027	-	288,440	288,440	-
Collateral deposits/financial debt	191,984	191,984	-	192,891	192,891	-
Cash and cash equivalents	1,380,962	1,380,962	-	1,803,205	1,803,205	-
	9,743,285	9,743,285	-	9,035,790	9,035,790	-
<b>Liabilities</b>						
Financial debt	16,728,509	17,643,632	915,123	16,084,899	16,693,030	608,131
Suppliers and accruals	1,473,665	1,473,665	-	1,984,796	1,984,796	-
Institutional partnerships in USA	2,134,863	2,134,863	-	2,231,249	2,231,249	-
Trade payables and other liabilities from commercial activities	3,104,131	3,104,131	-	2,650,091	2,650,091	-
Other liabilities and other payables	1,519,002	1,519,002	-	1,175,477	1,175,477	-
Derivative financial instruments	392,294	392,294	-	352,344	352,344	-
	25,352,464	26,267,587	915,123	24,478,856	25,086,987	608,131

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

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

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.

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Thousand Euros	Jun 2019			Dec 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Financial assets</b>						
Equity instruments at fair value through other comprehensive income (note 21.1)	-	78,300	20,287	-	74,535	18,752
profit or loss (note 21.2)	-	-	32,555	-	-	31,860
Tariff deficit at fair value through other comprehensive income (see note 23)	-	11,319	-	-	12,896	-
Amounts receivable from concessions-IFRIC 12 at fair value through profit or loss (see note 23)	-	595,431	-	-	519,544	-
Derivative financial instruments (see note 39)	-	399,027	-	-	288,440	-
	-	1,084,077	52,842	-	895,415	50,612
<b>Financial liabilities</b>						
Derivative financial instruments (see note 39)	-	392,294	-	-	352,344	-
	-	392,294	-	-	352,344	-

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

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

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

Thousand Euros	At fair value through	
	other comprehensive income	profit or loss
<b>Balance at beginning of period</b>	18,752	31,860
Change in fair value	834	-
Acquisitions	704	1,115
Other changes	2	-420
<b>Balance at the end of the period</b>	20,287	32,555

#### 43. Relevant or Subsequent Events

##### Hydroelectric Plant of Fridão and Alvito - Sending a letter to the Portuguese State

Bearing in mind that, despite the letters sent by EDP Produção, the Portuguese State did not comply with the Contract for the Implementation (see note 4), on 10 July 2019, EDP Produção sent a new letter to resolve the same contract and to notify the State of the friendly dispute settlement process as provided for in the clause 10th of the contract. Simultaneously and as a consequence of the abovementioned resolution, EDP Produção notified the Portuguese State to return to it all the investment already made, including the consideration paid on the provisional award, and, as well, to compensate it for other losses and damages resulting from the non-compliance, to be settled in a timely manner. As at 30 June 2019 the Group maintained the accounting records, however, it is expected that in the next reporting period the amount recognized, up to 30 June 2019, in Assets under construction will be reclassified to Other debtors and other assets and valued in accordance with the principles defined in IFRS 9.

##### Termination of Hydrological Correction Account

On 21 May 2019, EDP presented a request to the State Prosecution, Ministry of Finance and Portuguese Treasury and Debt Management Agency (IGCP, E.P.E), requesting a compensation of 546 Million Euros, under the Decree-Law 453/88, article 3, nº2 e), from 13 December (previous Law nº 75-A/2014, from 30 September). This amount correspond to the impact of error or inaccuracy that could be committed in the evaluations that preceded the various reprivatization stages of EDP, regarding the responsibility arising from the Hydrological Correction

Those responsibilities were not effectively considered for the evaluation process of society (as a liability deductible for the determination of its asset value). However, the report produced by the working group formed - by Dispatch nº 2224/2018 from 5 March, from the Secretary of State for Energy - to analyze the impact of Termination of Hydrological Correction Account concluded the unrecoverable of the charges supported by EDP for this purpose.

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For this reason, and with respect to the conclusion presented in this report, EDP understands that in accordance to article 3, n.º2, e) from Decree-Law n.º453/88 from 13 December the Portuguese State must/should assume/take as an expense the amount of impact of error or inaccuracy in the mentioned evaluations.

#### Amendment of qualified shareholding - State Street Corporation

On 16 July 2019, State Street Corporation notified EDP that it had reached the qualifying shareholding of 2% of EDP's share capital on 10 July

#### EDPR secures a 126 MW PPA in Brazil

On 8 July 2019, EDPR secured a 20-year Power Purchase Agreement (PPA) to sell the energy to be produced by 126 MW of Monte Verde VI and Boqueirão I-II. The wind onshore projects are both located in the Brazilian State of Rio Grande do Norte, and the start of operations is expected for 2022.

#### EDPR awarded 30 MW in Greece

EDPR secured 20-year Contract-for-Difference at the Greek energy auction to sell electricity produced by 30 MW of the Chalkodonio wind farm. This wind farm is located in Central Greece and the expected beginning of commercial operations is set for 2022.

#### 44. EDP Branch in Spain

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

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

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

The Executive Committee is composed essentially by five permanent representatives, a Corporate General Director (Group Controller for the activities in Spain) and by first line directors of the business units in Spain, which constitute the main direction and coordination body of the Branch, being responsible for the coordination of the activities of the permanent representatives and of the Management Committee. The Management Committee is chaired by the Corporate General Director and is composed by the natural extension of the Departments of the Corporate Centre of EDP in Spain, namely the Department of M&A ("Direcção de Projectos e Novos Negócios"), Department of Legal Affairs ("Direcção de Assessoria Jurídica"), Department of Internal Audit ("Direcção de Auditoria"), Department of Administration and Finance ("Direcção de Administração e Finanças"), Department of Human Resources ("Direcção de Recursos Humanos"), Department of EDP Spain Foundation ("Direcção da Fundação EDP Espanha"), Department of Regulation ("Direcção de Regulação") and IT Department ("Direcção de Sistemas de Informação") ensuring in a homogeneous way the functions of these departments transversally to the Spanish territory, being provided with 209 human resources as at 30 June 2019, including 109 in its own payroll. Lastly, the Spanish branch of EDP has direct representation on Iberian scope EDP Management Committees, particularly the Energy Planning, Price and Volume, Markets, Distribution Networks, Commercial and Production Committees.

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

Thousand Euros	EDP Branch	
	Jun 2019	Dec 2018
Investments in subsidiaries:		
- EDP Renováveis, S.A.	4,154,431	4,154,431
- EDP España, S.A.U.	2,105,002	2,105,002
- EDP Servicios Financieros (España), S.A.U.	482,695	482,695
- EDP International Investments and Services, S.L.	281,854	281,854
Deferred tax assets	76,088	86,314
Other debtors and others assets	10,543	9,693
<b>Total Non-Current Assets</b>	<b>7,110,613</b>	<b>7,119,989</b>
Other debtors and others assets	816,411	666,695
Tax receivable	31,055	84,972
Cash and cash equivalents	136	67
<b>Total Current Assets</b>	<b>847,602</b>	<b>751,734</b>
<b>Total Assets</b>	<b>7,958,215</b>	<b>7,871,723</b>
Equity	7,779,239	7,724,853
Employee benefits	2,093	2,258
Other liabilities and other payables	68,248	67,351
<b>Total Non-Current Liabilities</b>	<b>70,341</b>	<b>69,609</b>
Employee benefits	895	1,299
Other liabilities and other payables	84,508	74,021
Tax payable	23,232	1,941
<b>Total Current Liabilities</b>	<b>108,635</b>	<b>77,261</b>
<b>Total Liabilities</b>	<b>178,976</b>	<b>146,870</b>
<b>Total Equity and Liabilities</b>	<b>7,958,215</b>	<b>7,871,723</b>

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

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

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

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

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

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

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

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



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

#### 46. Operating Segments

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

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

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

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

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

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

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

The segments defined by the Group are the following:

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

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

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

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

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

The Client Solutions & Energy Management segment includes the following activities: generation of electricity from non-renewable sources, mainly coal and gas; electricity and gas supply and related energy solutions services to clients; and energy management businesses responsible for management of purchases and sales of energy in Iberian and Brazilian markets, and also for the related hedging transactions.

This segment includes, but not limited to, the following companies:

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

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**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 and Goodwill. The remaining assets are presented in the "Reconciliation of information between Operating Segments and Financial Statements".

Under IFRS 8, the EDP Group discloses as Operating investment, additions in non-current assets, except for financial instruments, deferred tax assets and post-employment benefit assets. Therefore, in each business segment, the Operating Investment caption includes increases in Property, Plant and Equipment; Intangible Assets; and Amounts receivable from concessions - IFRIC 12 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 19.

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 30 June 2019

Thousand Euros	Renewables	Networks	Client Solutions & Energy Management	Total Segments
<b>Revenues from energy sales and services and other</b>				
Revenues inter-segments	1,407,805	3,082,151	4,526,056	9,016,012
Revenues from third parties	654,599	832,232	426,611	1,913,442
	753,206	2,249,919	4,099,445	7,102,570
<b>Gross Profit</b>	1,276,649	892,943	453,631	2,623,223
Other income	354,138	19,153	21,523	394,814
Supplies and services	-174,214	-173,274	-133,192	-480,680
Personnel costs and employee benefits	-90,970	-113,023	-66,499	-270,492
Other costs	-101,909	-149,150	-51,112	-302,171
Impairment losses on trade receivables and debtors	-65	-4,618	-16,308	-20,991
<b>Gross Operating Profit</b>	1,263,629	472,031	208,043	1,943,703
Provisions	608	-5,158	-276	-4826
Amortisation and impairment	-410,778	-177,957	-119,298	-708,033
<b>Operating Profit</b>	853,459	288,916	88,469	1,230,844
Equity method in joint ventures and associates	5,799	1,240	2,303	9,342
<b>Assets</b>	22,149,737	3,656,767	3,430,611	29,237,115
Financial assets - Investments in joint ventures and associates	689,885	101,812	12,630	804,327
<b>Operating Investment</b>	396,853	364,128	37,709	798,690

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Reconciliation of information between Operating Segments and Financial Statements for 30 June 2019

Thousand Euros	
<b>Total Revenues from energy sales and services and other of Reported Segments</b>	<b>9,016,012</b>
Revenues from energy sales and services and others from Other Segments	136,590
Adjustments and Inter-segments eliminations*	-2,045,585
<b>Total Revenues from energy sales and services and other of EDP Group</b>	<b>7,107,017</b>
<b>Total Gross Profit of Reported Segments</b>	<b>2,623,223</b>
Gross Profit from Other Segments	135,929
Adjustments and Inter-segments eliminations*	-158,199
<b>Total Gross Profit of EDP Group</b>	<b>2,600,953</b>
<b>Total Gross Operating Profit of Reported Segments</b>	<b>1,943,703</b>
Gross Operating Profit from Other Segments	-9,536
Adjustments and Inter-segments eliminations*	-25,801
<b>Total Gross Operating Profit of EDP Group</b>	<b>1,908,366</b>
<b>Total Operating Profit of Reported Segments</b>	<b>1,230,844</b>
Operating Profit from Other Segments	-30,096
Adjustments and Inter-segments eliminations*	-32,761
<b>Total Operating Profit of EDP Group</b>	<b>1,167,987</b>
<b>Total Assets of Reported Segments</b>	<b>29,237,115</b>
Assets Not Allocated	12,228,498
Financial Assets	2,166,163
Trade Receivables and Other Debtors	5,841,527
Inventories	336,696
Tax Assets	1,656,360
Other Assets	2,227,752
Assets from Other Segments	507,623
Inter-segments assets eliminations*	104,833
<b>Total Assets of EDP Group</b>	<b>42,078,069</b>
<b>Total Equity accounted Investments in joint ventures and associates of Reported Segments</b>	<b>804,327</b>
Equity accounted Investments in joint ventures and associates from Other Segments	141,159
<b>Total Equity accounted Investments in joint ventures and associates of EDP Group</b>	<b>945,486</b>
<b>Total Operating Investment of Reported Segments</b>	<b>798,690</b>
Operating Investment from Other Segments	26,533
<b>Total Operating Investment of EDP Group</b>	<b>825,223</b>
Dismantling/discommission of PP&E	3,651
CO2 Emission Licenses and Green Certificates	250,560
Concession Rights - IFRIC 12 **	-309,947
Investment Grants	755
Other Investments	-25,510
<b>Total Fixed Assets additions of EDP Group (Notes 16 and 18)</b>	<b>744,732</b>

	Total of Reported Segments	Other Segments	Adjustments and Inter-segments eliminations*	Total of EDP Group
<b>Other income</b>	<b>394,814</b>	<b>23,091</b>	<b>-16,760</b>	<b>401,145</b>
<b>Supplies and services</b>	<b>-480,680</b>	<b>-88,731</b>	<b>148,310</b>	<b>-421,101</b>
<b>Personnel costs and employee benefits</b>	<b>-270,492</b>	<b>-58,694</b>	<b>5,527</b>	<b>-323,659</b>
<b>Other costs</b>	<b>-302,171</b>	<b>-21,177</b>	<b>-4,664</b>	<b>-328,012</b>
<b>Impairment losses on trade receivables and debtors</b>	<b>-20,991</b>	<b>47</b>	<b>-16</b>	<b>-20,960</b>
<b>Provisions</b>	<b>-4,826</b>	<b>-150</b>	<b>-</b>	<b>-4,976</b>
<b>Amortisation and impairment</b>	<b>-708,033</b>	<b>-20,411</b>	<b>-6,959</b>	<b>-735,403</b>
<b>Equity method in joint ventures and associates</b>	<b>9,342</b>	<b>2,895</b>	<b>-</b>	<b>12,237</b>

\* Mainly related with intragroup balances and transactions eliminations.

\*\* See Note 23 - Debtors and Other Assets from Commercial Activities

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EDP Group Operating Segments Information as at 30 June 2018

Thousand Euros	Renewables	Client Solutions & Energy Management	Networks	Total Segments
<b>Revenues from energy sales and services and other</b>				
Revenues inter-segments	1,490,194	3,400,260	4,797,976	9,688,430
Revenues from third parties	780,892	1,012,925	344,099	2,137,916
	709,302	2,387,335	4,453,877	7,550,514
<b>Gross Profit</b>	1,381,865	864,178	453,106	2,699,149
Other income	157,072	11,837	9,337	178,246
Supplies and services	-188,234	-189,807	-132,431	-510,472
Personnel costs and employee benefits	-89,107	-103,633	-60,936	-253,676
Other costs	-106,428	-150,725	-84,294	-341,447
Impairment losses on trade receivables and debtors	457	-11,724	-17,390	-28,657
<b>Gross Operating Profit</b>	1,155,625	420,126	167,392	1,743,143
Provisions	3,472	-8,809	793	-4,544
Amortisation and impairment	-385,508	-165,717	-116,563	-667,788
<b>Operating Profit</b>	773,589	245,600	51,622	1,070,811
Equity method in joint ventures and associates	-657	-32	2,256	1,567
<b>Assets (31 December 2018)</b>	22,913,774	3,697,119	3,496,984	30,107,877
Financial assets - Investments in joint ventures and associates (31 December 2018)	697,643	106,636	11,523	815,802
<b>Operating Investment</b>	492,678	162,934	51,686	707,298

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Reconciliation of information between Operating Segments and Financial Statements for 30 June 2018

Thousand Euros	
<b>Total Revenues from energy sales and services and others of Reported Segments</b>	<b>9,688,430</b>
Revenues from energy sales and services and others from Other Segments	191,434
Adjustments and Inter-segments eliminations*	-2,320,874
<b>Total Revenues from energy sales and services and others of EDP Group</b>	<b>7,558,990</b>
<b>Total Gross Profit of Reported Segments</b>	<b>2,699,149</b>
Gross Profit from Other Segments	190,885
Adjustments and Inter-segments eliminations*	-197,548
<b>Total Gross Profit of EDP Group</b>	<b>2,692,486</b>
<b>Total Gross Operating Profit of Reported Segments</b>	<b>1,743,143</b>
Gross Operating Profit from Other Segments *	-13,852
Adjustments and Inter-segments eliminations*	-7,565
<b>Total Gross Operating Profit of EDP Group</b>	<b>1,721,726</b>
<b>Total Operating Profit of Reported Segments</b>	<b>1,070,811</b>
Operating Profit from Other Segments	-28,334
Adjustments and Inter-segments eliminations*	-16,624
<b>Total Operating Profit of EDP Group</b>	<b>1,025,853</b>
<b>Total Assets of Reported Segments (31 December 2018)</b>	<b>30,107,877</b>
Assets Not Allocated	10,979,845
Financial Assets	2,132,308
Trade Receivables and Other Debtors	5,690,120
Inventories	342,037
Tax Assets	1,559,981
Other Assets	1,255,401
Assets from Other Segments	422,949
Inter-segments assets eliminations*	116,288
<b>Total Assets of EDP Group (31 December 2018)</b>	<b>41,626,960</b>
<b>Total Equity accounted Investments in joint ventures and associates of Reported Segments (31 December 2018)</b>	<b>815,802</b>
Equity accounted Investments in joint ventures and associates from Other Segments	135,811
<b>Total Equity accounted Investments in joint ventures and associates of EDP Group (31 December 2018)</b>	<b>951,613</b>
<b>Total Operating Investment of Reported Segments</b>	<b>707,298</b>
Operating Investment from Other Segments	22,142
<b>Total Operating Investment of EDP Group</b>	<b>729,440</b>
Discomission of Property, plant and equipment	763
CO2 Licenses and Green Certificates	97,447
Investment Grants	-13,286
Other Investments	9,430
<b>Total Fixed Assets additions of EDP Group</b>	<b>823,794</b>

	Total of Reported Segments	Other Segments	Adjustments and Inter-segments eliminations*	Total of EDP Group
Other income	178,246	23,554	-16,980	184,820
Supplies and services	-510,472	-132,959	200,711	-442,720
Personnel costs and employee benefits	-253,676	-77,408	6,191	-324,893
Other costs	-341,447	-33,953	-88	-375,488
Other costs	-28,657	16,029	149	-12,479
Provisions	-4,544	7,632	-	3,088
Amortisation and impairment	-667,788	-22,113	-9,060	-698,961
Equity method in joint ventures and associates	1,567	1,891	-	3,458

\* Mainly related with intragroup balances and transactions eliminations

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## 47. Reconciliation of Changes in the responsibilities of Financing activities at 30 June 2019

Thousand Euros	Group					
	Financial debt and Derivative financial instruments (including Collateral Deposits)			Institutional partnerships in USA (Note 34)	Rents due from lease contracts (Note 36)	Loans from non-controlling interests (Note 36)
	Loans obtained (Note 31)	Collateral Deposits (Note 31)	Derivative financial instruments (Note 39)*			
<b>Balance as at 31 de December 2017</b>	<b>16,917,765</b>	<b>-45,255</b>	<b>-111,376</b>	<b>2,163,722</b>	<b>-</b>	<b>712,802</b>
<b>Cash flows:</b>						
Receipts relating to financial debt (including Collateral Deposits)	2,695,774	8,644	-	-	-	-
(Payments) relating to financial debt (including Collateral Deposits)	-3,471,386	-163,114	-	-	-	-
Interest and similar costs of financial debt including hedge derivatives	-635,329	-	11,885	-	-	-
Receipts/(payments) relating to loans from non-controlling interests	-	-	-	-	-	-61,907
Interest and similar costs relating to loans from non-controlling interests	-	-	-	-	-	-32,458
Receipts/(payments) relating to derivative financial instruments	-	-	17,796	-	-	-
Receipts/(payments) from institutional partnerships - USA	-	-	-	225,353	-	-
Perimeter variations	-32,197	-	-254	-162,123	-	-4,649
Exchange differences	-2,157	6,834	-318	101,530	-	-2,903
Fair value changes	-21,747	-	-28,258	-	-	-
Interests and accrued and deferred costs	634,176	-	-8,644	7,254	-	31,989
Unwinding	-	-	-	80,684	-	-
ITC/PTC recognition	-	-	-	-185,171	-	-
<b>Balance as at 31 de December 2018</b>	<b>16,084,899</b>	<b>-192,891</b>	<b>-119,169</b>	<b>2,231,249</b>	<b>-</b>	<b>642,874</b>
<b>Cash flows:</b>						
Receipts relating to financial debt (including Collateral Deposits)	2,275,032	-	-	-	-	-
(Payments) relating to financial debt (including Collateral Deposits)	-1,509,159	-9,124	-	-	-	-
Interest and similar costs of financial debt including hedge derivatives	-352,048	-	36,395	-	-	-
Receipts/(payments) relating to loans from non-controlling interests	-	-	-	-	-	-6,959
Interest and similar costs relating to loans from non-controlling interests	-	-	-	-	-	-10,861
Receipts/(payments) relating to derivative financial instruments	-	-	-17,601	-	-	-
Receipts/(payments) from institutional partnerships - USA	-	-	-	-64,258	-	-
Lease (payments)	-	-	-	-	-38,023	-
Perimeter variations	-36,152	5,439	-1	-	-53,128	-283,445
Exchange differences	83,253	-3,637	-133	14,514	-2,862	1,388
Fair value changes	17,486	-	17,283	-	-	-
Interests and accrued and deferred costs	310,532	-	823	4,229	-	14,737
Unwinding	-	-	-	43,782	19,473	-
ITC/PTC recognition	-	-	-	-94,653	-	-
New lease contracts	-	-	-	-	89,479	-
Transition IFRS 16	-	-	-	-	819,476	-
Reclassification to Liabilities held for sale	-145,334	8,229	-	-	-4,459	-
<b>Balance as at 30 June 2019</b>	<b>16,728,509</b>	<b>-191,984</b>	<b>-82,403</b>	<b>2,134,863</b>	<b>829,956</b>	<b>357,734</b>

\* The Group considers as financing activities all derivative financial instruments excluding derivatives related with commodities.

Thousand Euros	Company				
	Financial debt and Derivative financial instruments		Group's financial system (Notes 24 and 36)	Rents due from lease contracts (Note 36)	Group companies (Note 36)
	Loans obtained (Note 31)	Derivative financial instruments (Note 39)*			
<b>Balance as at 31 de December 2017</b>	<b>13,488,297</b>	<b>-408,886</b>	<b>-490,904</b>	<b>-</b>	<b>1,790,390</b>
<b>Cash flows:</b>					
Receipts relating to financial debt (including Collateral Deposits)	817,971	-	-	-	-
(Payments) relating to financial debt (including Collateral Deposits)	-1,451,929	-	-	-	-
Interest and similar costs of financial debt including hedge derivatives	-309,874	-2,125	-	-	-
Receipts/(payments) relating to loans from related parties	-	-	845,951	-	-1,675,615
Interest and similar costs of loans from related parties including hedge derivatives	-	22,524	-	-	-63,496
Receipts/(payments) relating to derivative financial instruments	-	312,433	-	-	-
Perimeter variations	-	-	-563	-	-
Exchange differences	9,879	-	-	-	8,032
Fair value changes	-	23,262	-	-	-
Interests and accrued and deferred costs	256,137	-20,728	-	-	38,325
<b>Balance as at 31 December 2018</b>	<b>12,810,481</b>	<b>-73,520</b>	<b>354,484</b>	<b>-</b>	<b>97,636</b>
<b>Cash flows:</b>					
Receipts relating to financial debt (including Collateral Deposits)	1,420,188	-	-	-	-
(Payments) relating to financial debt (including Collateral Deposits)	-679,286	-	-	-	-
Interest and similar costs of financial debt including hedge derivatives	-77,110	12,647	-	-	-
Receipts/(payments) relating to loans from related parties	-	-	-270,460	-	-11,449
Lease (payments)	-	-	-	-6,335	-
Exchange differences	1,343	-	-	-	-
Fair value changes	-	19,761	-	-	-
Unwinding	-	-	-	2,803	-
Interests and accrued and deferred costs	118,468	-258	-	-	15,916
Transition IFRS 16	-	-	-	151,692	-
<b>Balance as at 30 June 2019</b>	<b>13,594,084</b>	<b>-41,370</b>	<b>84,024</b>	<b>148,160</b>	<b>102,103</b>

\* The Group considers as financing activities all derivative financial instruments excluding derivatives related with commodities.

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**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.







**05 ANNEXES**



## **THE EXECUTIVE BOARD OF DIRECTORS**

António Luís Guerra Nunes Mexia (Chairman)

João Manuel Manso Neto

António Fernando Melo Martins da Costa

João Manuel Veríssimo Marques da Cruz

Miguel Stilwell de Andrade

Miguel Nuno Simões Nunes Ferreira Setas

Rui Manuel Rodrigues Lopes Teixeira

Maria Teresa Isabel Pereira

Vera de Moraes Pinto Pereira Carneiro



## SUSTAINABILITY INDICATORS

Environmental Indicators	UN	1H19	1H18	1H17	1H16
<b>ENVIRONMENTAL CERTIFICATION (ISO 14001)</b>					
ISO 14001 Certification <sup>1</sup>	%	96	88	88	89
<b>PRIMARY ENERGY CONSUMPTION</b>	<b>TJ</b>	<b>94,894</b>	<b>98,842</b>	<b>128,113</b>	<b>91,241</b>
Coal	TJ	60,954	75,580	97,802	75,002
Fuel oil	TJ	229	182	106	287
Natural gas	TJ	26,584	16,258	22,512	9,232
Residual gases	TJ	6,940	3,413	3,957	2,836
Diesel oil	TJ	83	88	126	127
Fuel for vehicle fleet	TJ	105	117	118	117
<b>ENERGY INTENSITY<sup>2</sup></b>	<b>MJ/EUR</b>	<b>13.4</b>	<b>13.1</b>	<b>16.3</b>	<b>12.8</b>
<b>ELECTRICITY CONSUMPTION</b>					
Generation self-consumption	MWh	1,636,794	1,886,968	2,298,197	1,796,374
Administrative service	MWh	21,573	16,579	18,044	16,985
Grid losses	%	9.4	9.1	9.9	9.3
<b>GHG EMISSION</b>					
<b>Direct emissions (scope 1)</b>	<b>ktCO<sub>2eq</sub></b>	<b>7,461</b>	<b>8,455</b>	<b>10,618</b>	<b>7,940</b>
Stationary combustion <sup>3</sup>	ktCO <sub>2eq</sub>	7,451	8,444	10,607	7,924
SF6 Emissions	ktCO <sub>2eq</sub>	3	3	2	2
Company fleet	ktCO <sub>2eq</sub>	7	8	8	8
Natural gas consumption	ktCO <sub>2eq</sub>	0.02	0.00	0.70	4.46
<b>Indirect emissions (scope 2)<sup>4</sup></b>	<b>ktCO<sub>2eq</sub></b>	<b>388</b>	<b>376</b>	<b>358</b>	<b>293</b>
Electricity consumption in office buildings	ktCO <sub>2eq</sub>	2.5	1.0	0.1	0.4
Electricity losses	ktCO <sub>2eq</sub>	374	366	355	280
Renewable plants self-consumption	ktCO <sub>2eq</sub>	11.6	9.8	3.2	12.3
<b>GHG EMISSIONS INTENSITY<sup>5</sup></b>	<b>kgCO<sub>2</sub>/EUR</b>	<b>1.1</b>	<b>1.2</b>	<b>1.4</b>	<b>1.2</b>
<b>CO<sub>2</sub> AVOID EMISSIONS</b>	<b>ktCO<sub>2</sub></b>	<b>14,237</b>	<b>18,336</b>	<b>15,456</b>	<b>23,185</b>
<b>SPECIFIC OVERALL EMISSIONS</b>					
CO <sub>2</sub> <sup>3,6</sup>	g/kWh	221	222	299	210
NO <sub>x</sub>	g/kWh	0.2	0.2	0.2	0.1
SO <sub>2</sub>	g/kWh	0.2	0.3	0.4	0.1
Particulate matter	g/kWh	0.02	0.03	0.02	0.01
<b>WATER COLLECTED</b>	<b>10<sup>3</sup> x m<sup>3</sup></b>	<b>660,612</b>	<b>672,354</b>	<b>867,618</b>	<b>694,641</b>
<b>Salt (ocean)</b>	<b>10<sup>3</sup> x m<sup>3</sup></b>	<b>647,523</b>	<b>658,284</b>	<b>849,848</b>	<b>682,402</b>
<b>Fresh</b>	<b>10<sup>3</sup> x m<sup>3</sup></b>	<b>13,090</b>	<b>14,070</b>	<b>17,770</b>	<b>12,239</b>
Surface	10 <sup>3</sup> x m <sup>3</sup>	12,976	13,976	17,693	12,178
Groundwater	10 <sup>3</sup> x m <sup>3</sup>	113	94	77	61
<b>WASTE SENT TO FINAL DISPOSAL</b>					
Total waste	t	118,328	157,357	226,003	229,651
Total hazard waste	t	2,418	2,548	2,688	2,750
Recovered Waste	%	93	65	62	63
<b>SUSTAINABLE MOBILITY</b>					
Light-duty fleet electrification	%	9.7	n.a.	n.a.	n.a.
Electric charging points	#	544	n.a.	n.a.	n.a.
Customers with electric mobility solutions	#	8,795	n.a.	n.a.	n.a.

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

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

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

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

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

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

Social Indicators	UN	1H19	1H18	1H17	1H16
<b>EMPLOYMENT</b>					
<b>Employees</b>	#	11,570	11,566	11,938	11,923
Executive Board of Directors	#	9	9	8	8
Senior Management	#	812	796	760	736
Supervisors	#	769	741	828	766
Specialists	#	4,378	4,175	4,120	3,925
Technicians	#	5,602	5,846	6,223	6,489
Male employees	%	75	76	76	77
Female employees	%	25	24	24	23
<b>Employees by types of contract</b>	#	11,570	11,566	11,938	11,923
<b>Executive bodies</b>	#	57	55	55	51
Male	#	53	50	52	48
Female	#	4	5	3	3
<b>Permanent workforce</b>	#	11,467	11,446	11,801	11,772
Male	#	8,611	8,675	8,961	9,014
Female	#	2,856	2,771	2,840	2,758
<b>Fixed-term contracts</b>	#	46	65	82	100
Male	#	24	32	49	60
Female	#	22	33	33	40
<b>Employees by occupational contract</b>	#	11,570	11,566	11,938	11,923
<b>Full-Time</b>	#	11,528	11,526	11,899	11,894
Male	#	8,683	8,753	9,057	9,117
Female	#	2,845	2,773	2,842	2,777
<b>Part-time</b>	#	42	40	39	29
Male	#	5	4	5	5
Female	#	37	36	34	24
<b>New employees</b>	#	641	581	484	302
Male	#	465	423	335	202
Female	#	176	158	149	100
F/M new admissions rate	x	0.38	0.37	0.44	0.50
<b>Employees leaving</b>	#	702	672	538	470
Male	#	537	524	428	379
Female	#	165	148	110	91
Turnover	%	6.07	5.33	4.27	3.23
Average age of workforce	years	43	44	45	45
Absenteeism rate	%	2.81	3.11	3.12	3.56
Pay ratio by gender (F/M)	x	1.05	1.03	1.02	1.02
<b>TRAINING</b>					
Total hours of training	hours	187,562	195,264	176,974	148,286
Average training per employee (h/p)	h/p	16.2	16.9	14.8	12.4
Employees with training	%	76	82	65	72
<b>HEALTH AND SAFETY (H&amp;S)</b>					
<b>Employees</b>					
Accidents <sup>1</sup>	#	14	11	13	16
Fatal accidents	#	0	1	0	0
Total lost days due to accidents	#	976	1,016	1,206	944
Frequency rate <sup>2</sup>	Tf	127	109	116	141
Severity rate <sup>3</sup>	Tg	88	93	107	83
<b>Contractors</b>					
Accidents <sup>1</sup>	#	36	54	62	101
Fatal accidents	#	0	3	3	1
Working days	#	2,758,177	2,797,570	2,608,055	2,659,170
Frequency rate <sup>2</sup>	Tf	172	2.68	3.28	5.46
Severity rate <sup>3</sup>	Tg	103	99	159	235
<b>EDP employees and contractors</b>					
Frequency rate <sup>2</sup>	Tf_total	156	2.14	2.51	3.92
Severity rate <sup>3</sup>	Tg_total	98	97	140	178
Fatal electrical accidents involving third parties <sup>4</sup>	#	3	6	4	3
Near accidents <sup>5</sup>	#	220	197	194	186
<b>VOLUNTEER INVESTMENT IN THE COMMUNITY (LBG METHODOLOGY)</b>					
Volunteer investment/EBITDA	%	0.28	0.33	0.33	0.27

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

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

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

<sup>4</sup> Accidents occurred in the premises of the company plants or equipment.

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



Economic Indicators	UN	1H19	1H18	1H17	1H16
<b>ECONOMIC VALUE GENERATED</b>	<b>'000€</b>	<b>7,703,142</b>	<b>8,039,787</b>	<b>8,321,912</b>	<b>7,979,572</b>
Economic value distributed	'000€	7,008,813	7,502,360	7,616,801	7,462,530
Economic value accumulated	'000€	694,329	537,427	705,111	517,042
<b>ENERGY EFFICIENCY AND SUPPLEMENTARY ENERGY SERVICES</b>	<b>'000€</b>	<b>388,406</b>	<b>508,188</b>	<b>571,128</b>	<b>560,565</b>
Energy efficiency services revenues	'000€	79,317	71,036	60,756	23,411
Supplementary energy services revenues <sup>2</sup>	'000€	309,089	437,152	510,372	537,154
<b>FINES AND PENALTIES</b>	<b>'000€</b>	<b>5,735</b>	<b>3,844</b>	<b>4,813</b>	<b>4,047</b>
<b>ENVIRONMENTAL MATTERS <sup>3</sup></b>	<b>'000€</b>	<b>184,434</b>	<b>90,246</b>	<b>50,459</b>	<b>52,452</b>
Investments	'000€	46,937	18,398	24,617	24,126
Expenses	'000€	137,497	71,848	25,842	28,326
<b>SOCIAL MATTERS</b>					
Personnal costs	'000€	287,892	293,005	309,195	294,137
Employee benefits	'000€	35,767	31,889	31,593	29,363
Direct training investment	'000€	1,489	2,243	2,184	1,704
Direct training investment per employee	€p	129	194	183	143
HC ROI per employee	€p	6.74	6.91	7.10	7.83

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

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

<sup>3</sup> Following an analysis to the expenses of an environmental nature incurred by EDP Group, the environmental matters reporting procedures changed. Therefore, the consumptions CO<sub>2</sub> 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 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<sub>2</sub> 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 period "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 below "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.







Conselho Geral e de Supervisão

## STATEMENT

Pursuant article 246, No. 1, item c) of Portuguese Securities Code (CVM), to the best knowledge of each of the signatories, as Members of the General and Supervisory Board of EDP – Energias de Portugal, S.A. (EDP), the information referred in article 246º No. 1, item a) of CVM (“condensed financial statements”) regarding 2019 first semester, has been prepared in accordance with the accounting standards applicable, providing a true and fair view of the assets and liabilities, financial position and results of EDP and subsidiaries included in the consolidation perimeter, and that, pursuant article 246º, No. 2 of CVM, the 2019 interim report faithfully states the events that have occurred on the referred period, trend of the business, the performance and position of EDP and subsidiaries included in the consolidation, their impact on the respective financial statements and contains a description of the principal risks and uncertainties for the coming six months of the 2019 financial year.

Lisbon, 25<sup>th</sup> July 2019

Luís Filipe Marques Amado – Chairman

Dingming Zhang – Vice-Chairman (as representative of China Three Gorges Corporation)

Shengliang Wu (as representative of China Three Gorges International Corp.)

Ignacio Herrero Ruiz (as representative of China Three Gorges (Europe), S.A.)

Yinsheng Li (as representative of China Three Gorges Brasil Energia Ltda.)

Eduardo de Almeida Catroga (as representative of China Three Gorges (Portugal), Sociedade Unipessoal, Lda.)

Felipe Fernández Fernández (as representative of DRAURSA, S.A.)

Fernando Maria Masaveu Herrero

Nuno Manuel da Silva Amado (as representative of Banco Comercial Português, S.A.)

Karim Djebbour (as representative of Sonatrach)

Mohammed Al-Shamsi (as representative of Senfora B.V.)

Laurie Lee Fitch

Maria Celeste Ferreira Lopes Cardona

Ilídio da Costa Leite de Pinho

Jorge Braga de Macedo

Vasco Joaquim Rocha Vieira

Augusto Carlos Serra Ventura Mateus

João Carvalho das Neves

Clementina Maria de Jesus Silva Barroso

María del Carmen Fernández Rozado

Luís Maria Viana Palha da Silva

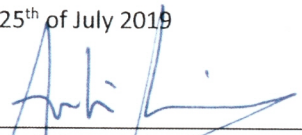


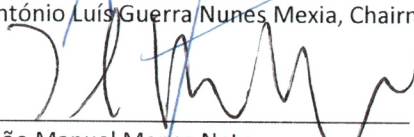


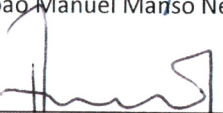
## STATEMENT

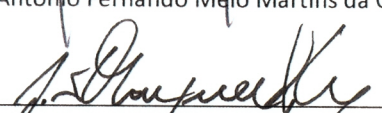
With reference to the first half of 2019 financial year, and according to No. 1, item c) of article 246º of the Portuguese Securities Code, the signers hereby, acting as members of the Executive Board of Directors, declare that, to the best of their knowledge, the condensed set of financial statements, was prepared according to the applicable accounting standards, presenting a fairly position of the assets, liabilities, financial position and results of EDP – Energias de Portugal, S.A. and its subsidiaries companies included in the consolidation perimeter, and that the Interim Management Report includes a fair review of the information required pursuant to No. 2 of the aforementioned article.

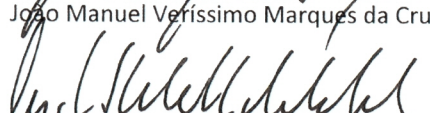
Lisbon, 25<sup>th</sup> of July 2019

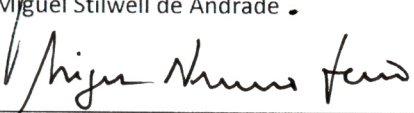
  
António Luís Guerra Nunes Mexia, Chairman

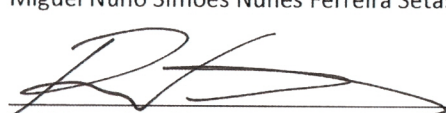
  
João Manuel Marso Neto

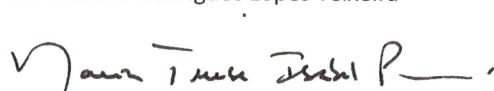
  
António Fernando Melo Martins da Costa

  
João Manuel Veríssimo Marques da Cruz

  
Miguel Stilwell de Andrade

  
Miguel Nuno Simões Nunes Ferreira Setas

  
Rui Manuel Rodrigues Lopes Teixeira

  
Maria Teresa Isabel Pereira

  
Vera de Moraes Pinto Pereira Carneiro



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

#### STATEMENT

With reference to the first half of 2019 financial year, and according to No. 1, item c) of article 246º of the Portuguese Securities Code, I hereby declare that, to the best of my knowledge, the condensed set of financial statements, was prepared according to the applicable accounting standards, presenting a fairly position of the assets, liabilities, financial position and results of EDP – Energias de Portugal, S.A. and its subsidiaries companies included in the consolidation perimeter, and that the Interim Management Report includes a fair review of the information required pursuant to No. 2 of the aforementioned article.

Lisbon, 25<sup>th</sup> of July 2019

A handwritten signature in blue ink, consisting of a large, sweeping initial 'M' followed by a series of loops and a long horizontal stroke extending to the right.





## ***Review Report on the Condensed Consolidated Financial Statements***

### ***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 June, 30 2019 (which shows total assets of Euros 42,078,069 thousand and total shareholder's equity of Euros 12,565,775 thousand including a net profit of Euros 606,310 thousand), the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six 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.

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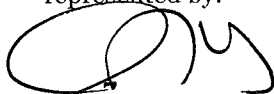
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*Inscrita na lista das Sociedades de Revisores Oficiais de Contas sob o nº 183 e na CMVM sob o nº 20161485*

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated financial statements of EDP – Energias de Portugal as at June, 30 2019 are not prepared, in all material respects, in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union.

July, 25 2019

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Registered in the Comissão do Mercado de Valores Mobiliários with no. 20161485  
represented by:



João Rui Fernandes Ramos, R.O.C



## ***Review Report on the Condensed Financial Statements***

### ***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 June, 30 2019 (which shows total assets of Euros 22,806,811 thousand and total shareholder's equity of Euros 6,771,311 thousand including a net profit of Euros 40,087 thousand), the condensed company income statement, the condensed company statement of comprehensive income, the condensed company statement of changes in equity and the condensed company statement of cash flows for the six month period then ended, and the accompanying explanatory notes to these condensed financial statements.

### ***Management's responsibility***

The Management is responsible for the preparation of the condensed financial statements in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union, as well as to create and maintain appropriate systems of internal control to enable the preparation of condensed financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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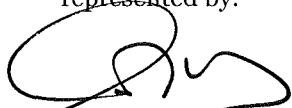
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### ***Conclusion***

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July, 25 2019

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

A handwritten signature in black ink, consisting of a large, stylized 'J' followed by a series of loops and a final flourish.

João Rui Fernandes Ramos, R.O.C.



## CONTACTS

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Customer servisse liberalised market 808 53 53 53  
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Meter readings (EDP Comercial): 800 10 53 53  
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