

**Announcement of Periodic Review: Moody's announces completion of a periodic review of ratings of EDP - Energias de Portugal, S.A.**

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London, 01 April 2019 -- Moody's Investors Service ("Moody's") has completed a periodic review of the ratings of EDP - Energias de Portugal, S.A. and other ratings that are associated with the same analytical unit. The review was conducted through a portfolio review in which Moody's reassessed the appropriateness of the ratings in the context of the relevant principal methodology(ies), recent developments, and a comparison of the financial and operating profile to similarly rated peers. The review did not involve a rating committee. Since 1 January 2019, Moody's practice has been to issue a press release following each periodic review to announce its completion.

This publication does not announce a credit rating action and is not an indication of whether or not a credit rating action is likely in the near future. Credit ratings and outlook/review status cannot be changed in a portfolio review and hence are not impacted by this announcement. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on [www.moodys.com](http://www.moodys.com) for the most updated credit rating action information and rating history.

Key rating considerations are summarized below.

EDP - Energias de Portugal, S.A.'s (EDP) Baa3 issuer rating reflects the benefits of EDP's diversified business and geographical mix which reduce earnings volatility; its high share of regulated/contracted earnings, which account for over 75% of EBITDA; a gradually reducing tariff deficit; the group's track record of rotating assets as part of a less capital-intensive growth model; and the 23% ownership by China Three Gorges Corporation (A1 stable), which is supportive of EDP's strategy. Moody's rating also considers the challenging political and regulatory environment for EDP in Portugal (Baa3 stable); the earnings volatility in Iberia stemming from variations in hydro output; the weak economic outlook in Brazil (Ba2 stable), which accounts for approximately 20% of EDP's EBITDA; the execution risks associated with the group's significant step-up in capex during 2019-22 with EUR12 billion of investments planned over the period to be partly funded by over EUR4 billion of proceeds from majority stakes asset rotation and over EUR2 billion of disposals; and a relatively high dividend payout and leverage.

This document summarizes Moody's view as of the publication date and will not be updated until the next periodic review announcement, which will incorporate material changes in credit circumstances (if any) during the intervening period.

The principal methodology used for this review was Unregulated Utilities and Unregulated Power Companies published in May 2017. Please see the Rating Methodologies page on [www.moodys.com](http://www.moodys.com) for a copy of this methodology.

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