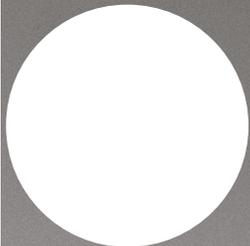


03

EXECUTION

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THE SUN**



03 EXECUTION

3.1 FINANCIAL CAPITAL

3.1.1 OPERATIONAL PERFORMANCE

	MW				LOAD FACTOR			GWh		
	Dec-18	Built	Sold	Var. YoY	Dec-18	Dec-17	Var.	Dec-18	Dec-17	Var.
Spain	2,312	+68	-	+68	26%	27%	-0.5pp	5,164	5,095	+1%
Portugal	1,309	+55	-	+55	27%	27%	+0.4pp	2,995	2,912	+3%
Rest of Europe	1,652	+88	-	+88	24%	27%	-3.1pp	3,321	3,662	(9%)
France	421	+11	-	+11	23%	23%	-0.1pp	829	808	+3%
Belgium	71	-	-	-	21%	21%	-0.0pp	129	129	+0%
Italy	221	+77	-	+77	27%	27%	-0.4pp	385	337	+14%
Poland	418	-	-	-	25%	30%	-4.8pp	919	1,093	(16%)
Romania	521	-	-	-	23%	28%	-5.2pp	1,059	1,295	(18%)
Europe	5,272	+211	-	+211	26%	27%	-1.1pp	11,480	11,669	(2%)
US	5,332	+478	(200)	+279	34%	35%	-1.2pp	14,873	14,410	+3%
Canada	30	-	-	-	27%	28%	-1.3pp	71	75	(5%)
Mexico	200	-	-	-	40%	39%	+1.0pp	700	606	+15%
North America	5,563	+478	(200)	+279	34%	35%	-1.1pp	15,644	15,091	+4%
Brazil	467	+137	-	+137	40%	43%	-3.1pp	1,235	861	+43%
TOTAL	11,301	+826	(200)	+625	30%	31%	-0.9pp	28,359	27,621	+3%
Equity Consolidated	371	-	+40	+40						
Spain	152	-	-	-						
US	219	-	+40	+40						
EBITDA MW + EQUITY CONSOL.	11,672	826	(160)	+665						

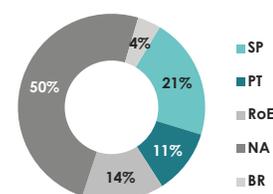
EDPR CONTINUES TO DELIVER SOLID SELECTIVE GROWTH

With a top-quality portfolio, EDPR has a strong track record and proven capability to execute superior projects and deliver on targets. The installed asset base of 11.7 GW is not only young, on average 8 years, it is also mostly certified in terms of environmental and health and safety standards. Since 2008, EDPR has more than doubled its installed capacity, resulting in a total installed capacity of 11,672 MW (EBITDA + Equity Consolidated). As of year-end 2018, EDPR had installed 5,424 MW in Europe, 5,782 MW in North America and 467 MW in Brazil.

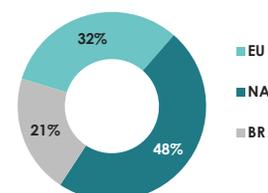
2018 INSTALLATIONS CONCENTRATED IN NORTH AMERICA

The biggest contributor to the growth in installed capacity was the completion of 478 MW in North America, of which EDPR sold an 80% stake in a 200 MW wind farm. All of the MW had previously secured PPA contracts, thus providing long-term stability and visibility on the

11.7 GW of EBITDA MW + EQUITY CONSOL. (%)



+665 MW IN 2018



revenue stream. In Europe there were 211 MW added, namely, 77 MW in Italy, 68 MW in Spain, 55 MW in Portugal and 11 MW in France. In Brazil 137 MW were added with the installation of the Babilonia wind farms.

GENERATION BREAKDOWN



3% INCREASE IN YEAR ON YEAR GENERATION

EDPR generated 28.4 TWh during 2018. The 3% YoY increase in the electricity output derived from the capacity additions over the last 12 months, notwithstanding the lower realised load factor.

EDPR achieved a 30% load factor during 2018 (vs 31% in 2017) reflecting weaker wind resources. In terms of long-term-average, in 2018 the load factor achieved represented 94% of the P50, which compares with 98% in the previous year.

EDPR attained a 97.0% availability in the period, vs 97.8% in the previous year. The company continues to leverage on its competitive advantages to maximise wind farm output and on its diversified portfolio across different geographies to minimise the wind volatility risk.

SOLID GROWTH AND DIVERSIFIED PORTFOLIO DELIVERS BALANCED OUTPUT

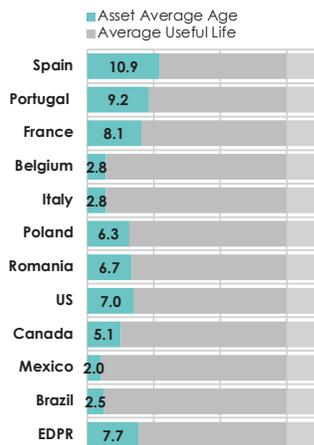
EDPR's operations in North America were a major driver for the electricity production growth in 2018, increasing +4% YoY to 15.6 TWh and representing 55% of the total output. This performance was driven by EDPR's strategy which is based on the development of competitive projects with PPAs or long-term contracts secured in advance.

EDPR's production in Brazil increased +43% YoY, reaching 1,235 GWh in 2018, benefitting from the positive impact of the latest capacity additions (+137 MW) with higher load factors, despite the lower wind resource in 2018 (40% load factor vs 43% in 2017).

In Europe, EDPR's output decreased 2% YoY to 11.5 TWh mainly due to the 9% output decrease in the Rest of Europe, especially affected by exceptionally low wind resources in Poland and Romania.

EDPR achieved a 27% load factor in Portugal, which was stable year on year. In Spain, EDPR delivered a load factor of 26% (-1pp year on year) with a solid premium over the Spanish market average load factor (+2 pp). In the Rest of Europe EDPR posted lower year on year generation (-9%) with a 24% load factor (vs 27% in 2017).

Assets' Average Age and Useful Life (years)



PROPELLED BY THE CAPACITY ADDITIONS IN 2018, EDPR MANAGES A PORTFOLIO OF 11.7 GW SPREAD OVER 11 COUNTRIES

By the end of 2018, EDPR had 674 MW of new capacity under construction, of which 344 MW related to wind onshore and 330 MW from equity participations in offshore and floating projects. In terms of wind onshore, in Europe there were 145 MW under construction, with 50 MW in Italy, 47 MW in Portugal, 29 MW in Spain, and 19 MW in France. In North America 199 MW were under construction related to Prairie Queen (Kansas; US), and in Dec-18 an 80% stake of that project was sold by EDPR (keeping the responsibility to build the project until CoD). In terms of wind offshore, in the UK EDPR had under construction 316 MW from Moray East project and 14 MW from Windplus floating project in Portugal.

As a result of continuous growth effort, EDPR also has a young portfolio with an average operating age of 8 years, with an estimate of over 22 years of useful life remaining to be captured.

3.1.2 FINANCIAL PERFORMANCE

REVENUES REACHED €1.7 BILLION AND EBITDA SUMMED €1.3 BILLION.

In 2018, EDPR's revenues totalled €1,697 million, a decrease of €130 million when compared with 2017 despite higher MW in operation and electricity output in the period (+3% year on year). This decrease is primarily due to the negative impacts of lower average selling price year on year (€54 per MWh vs €59 per MWh in 2017), negative forex translation effects and PTCs expirations, along with lower wind resource during the year.

Reported EBITDA decreased to €1,300 million (-5% year on year), by 2% if adjusted by forex. EBITDA per MW in operation was at €121 thousand. Core Opex (defined as Supplies and Services along with Personnel Costs) per average MW in operation was at €43 thousands, versus €42 thousands in 2017.

Net Financial Expenses decreased to €220 million (versus €302 million in 2017), mainly reflecting the stable year on year evolution of the net interest cost of debt, lower institutional partnership costs and gains from the sale down of stakes in offshore projects.

FINANCIAL HIGHLIGHTS (€ MILLIONS)	2018	2017	Δ % / €
Income Statement			
Revenues	1,697	1,827	-7%
EBITDA	1,300	1,366	-5%
Net Profit (Attributable to EDPR Equity Holders)	313	276	14%
Cash-Flow			
Operating Cash-Flow	985	981	0.4%
Retained Cash-Flow	775	1,114	-30%
Net Investments	957	1,036	-8%
Balance Sheet			
Assets	17,539	16,224	+1,315
Equity	8,122	7,895	+227
Liabilities	9,416	8,329	+1,088
Liabilities			
Net Debt	3,060	2,806	+254
Institutional Partnership	1,269	1,249	+20

Net profit reached €313 million.

At the bottom line, Net Profit summed €313 million versus €276 million in 2017, benefitting from the execution of the Sell-down strategy, accounted at EBITDA and financial results. Non-controlling interests in the period totalled €159 million, decreasing by €22 million year on year as a result of top-line performance.

Retained cash flow at €775 million.

In terms of cash generation, following EBITDA, income tax of the period, interests, banking and derivatives expenses and minority dividends/interest payments, 2018 Retained Cash-Flow (RCF) totalled €775 million. RCF decreased by €344 million versus 2017, while decreasing €259 million (-25% year on year) when compared to 2017 adjusted.

Capital expenditures with capacity additions, ongoing construction and development works totalled €1,275 million versus €1,051 million in 2017. In the period, Net Investments which considers capex, financial investments and proceeds from Sell-down strategy, reached €957 million versus €1,036 million.

Net Debt totalled €3,060 million, €254 million higher year on year, mainly reflecting on the one hand assets' cash generated along with the execution of the Sell-down strategy, and on the other hand investments in the period, a settlement of a cross interest rate swap in place to hedge the USD investment in the US against forex differences and forex translation.

INCOME STATEMENT

TOP LINE PERFORMANCE

EDPR revenues decreased 7% year on year to €1,697 million, a decrease of €130 million when compared with 2017 mainly due to unfavourable price developments (-€71 million), expected PTC expiration (-€51 million) and forex translation (-€46 million year on year), while being mitigated by higher output in the period (+€38 million).

Other operating income amounted to €192 million, reflecting mainly a €109 million of capital gain accounted in 2018, after the sale of an 80% stake in a 499 MW portfolio in North America. The year on year evolution (+€97 million versus 2017) reflects a €29 million gain accounted in 2017, following to the sale of a stake and loss of control of UK offshore project.

Operating Costs (Opex) totalled €589 million (+6% year on year), driven by higher capacity in operation. In detail, Core Opex, totalled €460 million (+8% year on year). Core Opex per average MW increased 2% year on year to €43 thousand but stayed unchanged year on year if adjusted by offshore costs cross-charged to projects' SPVs and one-offs. Core Opex per MWh was €16, representing an increase of 5% versus 2017. Other operating costs was stable in the period at €128 million, benefitting from the sales tax reduction in Spain.

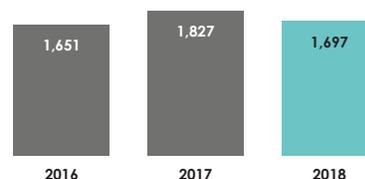
In 2018, EBITDA decreased to €1,300 million, a 5% decrease when comparing to the previous year, reaching an EBITDA margin of 77%. Unitary EBITDA per MW in operation totalled €121 thousand versus €134 thousand in 2017.

Operating income (EBIT) decreased to €754 million (-6% year on year), driven by EBITDA performance and lower year on year depreciation and amortisation (including government grants and provisions), given that the higher capacity in operation effect was offset by the forex translation and lower year on year impairments.

At the financing level, Net Financial Expenses decreased to €220 million, mainly reflecting the stable year on year evolution of the net interest cost of debt, lower institutional partnership costs and gains from the sale of non-controlling stakes in offshore projects.

In the period, Pre-Tax Profit summed €536 million, with income taxes totalling €63 million, reflecting an effective tax rate of 12%. Non-controlling interests amounted to €159 million (-12% versus 2017), reflecting top line performance.

REVENUE EVOLUTION (€ MILLIONS)



CONSOLIDATED INCOME STATEMENT (€ MILLIONS)	2018	2017	Δ %
Revenues	1,697	1,827	(7%)
Other Operating Income	192	95	+102%
Operating Costs	(589)	(556)	+6%
Supplies and Services	(345)	(327)	+6%
Personnel Costs	(115)	(101)	+14%
Other Operating Costs	(128)	(128)	+0%
EBITDA	1,300	1,366	(5%)
EBITDA/Revenues	77%	75%	+2pp
Provisions	(0.3)	0.2	(279%)
Depreciation and Amortisation	(562)	(583)	(4%)
Amortisation Government Grants	16	20	(17%)
EBIT	754	803	(6%)
Financial Income/ (Expense)	(220)	(302)	(27%)
Share of Profit of Associates	1.6	2.7	(39%)
Pre-Tax Profit	536	504	+6%
Income Taxes	(63)	(48)	+32%
Profit of the Period	472	456	+3%
Net Profit (Equity Holders of EDPR)	313	276	+14%
Non-controlling Interests	159	180	(12%)

BALANCE SHEET**In 2018 Total equity increased by €227 million.**

Total Equity of €8.1 billion increased by €227 million in 2018, of which €137 million are attributable to reserves and retained earnings. The increased equity attributable to the shareholders of EDPR by €174 million is mainly due to the €313 million of Net Profit, reduced by the €52 million in dividend payments and by €65 million from variation in fair value cash flow hedges.

Total Liabilities increased €1,088 million, to €9,416 million, which represents a 13% increase year on year, mainly due to an increase in financial debt (+€413 million), deferred tax liabilities (+€107 million) and other liabilities (+€480 million).

With total liabilities of €9.4 billion, the debt-to-equity ratio of EDPR stood at 116% by the end of 2018. Liabilities were mainly composed of financial debt (39%; unchanged versus 2017), liabilities related to institutional partnerships in the US (13%; decreasing versus 15% in 2017) and accounts payable (29% versus 28% in 2017).

Liabilities to tax equity partnerships in the US increased by €20 million to €1,269 million, including +€399 million of new tax equity proceeds received in the 2018 and considering the benefits captured by the partners in the period. Deferred revenues related to institutional partnerships primarily represent the non-economic liability associated to the tax credits already realised by the institutional investor, arising from accelerated tax depreciation, and yet to be recognised as income by EDPR throughout the remaining useful lifetime of the respective assets.

Deferred tax liabilities reflect the liabilities arising from temporary differences between the accounting and the tax basis of assets and liabilities. Accounts payables include trade suppliers, PP&E suppliers, deferred income related to investment grants received and derivative financial instruments.

As total assets summed €17.5 billion in 2018, the equity ratio of EDPR reached 46%. Assets were 79% composed of net PP&E - property, plant and equipment, reflecting the cumulative net invested capital in renewable energy generation assets.

Total net PP&E of €13.9 billion changed (+€737 million year on year) to reflect €1.3 billion of new additions during the year and €0.3 billion from positive exchange differences, being reduced by €0.3 billion from others (mainly changes in United States resulting from the Sell-down of 80% stake of a 499 MW portfolio) and by €0.6 billion from depreciation charges.

Net intangible assets of €1.6 billion mainly include €1.3 billion from goodwill registered in the books, for the most part related to acquisitions in the US and Spain, while accounts receivable is mainly related to loans to related parties, trade receivables, guarantees and tax receivables.

STATEMENT OF FINANCIAL POSITION (€ MILLION)

	2018	2017	Δ €		2018	2017	Δ €
Assets				Equity			
PP&E net	13,922	13,185	+737	Share Capital + Share Premium	4,914	4,914	(0.0)
Intangible Assets & Goodwill, net	1,577	1,546	+31	Reserves and Retained Earnings	1,282	1,146	+137
Financial Investments, net	357	312	+45	Net Profit (Equity Holders of EDPR)	313	276	+37
Deferred Tax Assets	174	64	+110	Non-controlling Interests	1,613	1,560	+53
Inventories	36	29	+7	TOTAL EQUITY	8,122	7,895	+227
Accounts Receivable - Trade, net	334	364	(29)	Liabilities			
Accounts Receivable - Other, net	540	235	+305	Financial Debt	3,650	3,237	+413
Assets Held for Sale	8	58	(51)	Institutional Partnerships	1,269	1,249	+20
Collateral Deposits	39	43	(4)	Provisions	295	276	+20
Cash and Cash Equivalents	552	388	+163	Deferred Tax Liabilities	463	356	+107
TOTAL ASSETS	17,539	16,224	+1,315	Deferred Revenues from Inst. Partn.	962	915	+47
				Other Liabilities	2,777	2,297	+480
				TOTAL LIABILITIES	9,416	8,329	+1,088
				TOTAL EQUITY AND LIABILITIES	17,539	16,224	+1,315

CASH FLOW STATEMENT

STRONG AND STEADY OPERATING CASH-FLOW

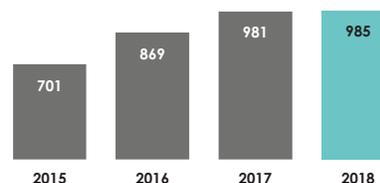
In 2018, EDPR generated Operating Cash-Flow of €985 million, with income from institutional partnerships and changes in working capital YoY evolution offsetting EBITDA performance.

The key items that explain the 2018 cash-flow evolution to changes in Net Debt are:

- Funds from operations, resulting from EBITDA after net interest's expenses, share of profits of associates and current taxes, were €1,085 million (versus €1,184 million in 2017);
- Operating Cash-flow, which is the EBITDA net of income tax and adjusted by non-cash items (namely income from US institutional partnerships and regulatory adjustments) and net of changes in working capital, was €985 million (versus €981 million in 2017);
- Capital expenditures with capacity additions, ongoing construction and development works totalled €1,275 million (versus €1,051 million in 2017). Other investing activities amounted to €269 million (cash-in), reflecting on the one hand the financial investments namely in offshore projects and on the other hand reflecting invoices with equipment suppliers to be paid in the following periods;
- Proceeds from the sale of non-controlling interests, namely stakes in offshore projects, along with the execution of the Sell-down strategy, specifically the sale of an 80% stake in a 499 MW in North America, totalled €420 million. Net Payments to institutional partnerships totalled €174 million, contributing to the reduction of Institutional Partnership liabilities. Net interest's costs (post capitalization) summed €115 million, decreasing year on year. Total net dividends and other capital distributions paid to minorities totalled €176 million (including €52 million to EDPR shareholders). In the period, forex & others had a negative impact increasing Net Debt by €587 million, mainly reflecting forex translation and the settlement of a cross interest rate swap in place to hedge the USD investment in the US against forex differences.

Retained Cash-flow (RCF), which captures the cash generated by operations to re-invest, distributed dividends & amortized debt, was €775 million (-31% year on year). RCF decreased €344 million when compared to 2017, while decreasing €259 million versus adjusted 2017. Net Debt & Institutional Partnership liabilities increased by €274 million.

OPERATING CASH FLOW EVOLUTION (€ MILLIONS)



CASH-FLOW (€ MILLIONS)	2018	2017	Δ %
EBITDA	1,300	1,366	(5%)
Current Income Tax	(77)	(46)	+66%
Net Interest Costs	(139)	(139)	(0%)
Share of Profit of Associates	1.6	3.0	(45%)
FFO (Funds From Operations)	1,085	1,184	(8%)
Net Interest Costs	139	139	(0%)
Share of Profit of Associates	(1.6)	(3.0)	(45%)
Income from Institutional Partnerships	(178)	(226)	(21%)
Non-cash Items Adjustments	(63)	(52)	+21%
Changes in Working Capital	2	(62)	(104%)
Operating Cash-Flow	985	981	+0%
Capex	(1,275)	(1,051)	+21%
Financial Disinvestments/ (Investments)	(102)	(14)	+640%
Changes in Working Capital related to PP&E Suppliers	371	14	-
Government Grants	-	(0.02)	-
Net Operating Cash-Flow	(20.9)	(70)	(70%)
Sale of Non-controlling Interests and Sell-down Strategy	420	276	+52%
Proceeds from Institutional Partnerships	399	445	(10%)
Payments to Institutional Partnerships	(174)	(195)	(11%)
Net Interest Costs (Post Capitalisation)	(115)	(123)	(6%)
Dividends Net and Other Capital Distributions	(176)	(115)	+53%
Forex & Others	(587)	(269)	+118%
Decrease/ (Increase) in Net Debt	(254)	(51)	+399%

FINANCIAL DEBT

LONG-TERM AND STABLE DEBT PROFILE

EDPR's Net Debt totalled €3.1 billion higher by €254 million from December 2018, reflecting on the one hand the investments done in the period and forex translation and on the other hand the cash-flow generated by the assets.

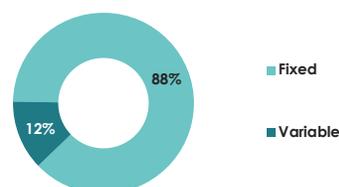
As of December 2018, 76% of EDPR's financial debt was funded through long-term loans with EDP Group (EDPR's main shareholder) while loans with financial institutions represented 24%.

As of December 2018, 40% of EDPR's financial debt was Euro denominated, 50% was funded in US dollars, related to the company's investment in the US, and the remaining was mostly related with debt in Canadian dollars, Polish Zloty and Brazilian Real.

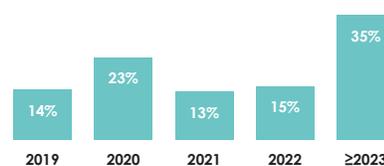
EDPR continues to follow a long-term fixed rate funding strategy, matching the operating cash-flow profile with its financial costs and therefore mitigating interest rate risk. Accordingly, 88% of EDPR's financial debt had a fixed interest rate. As of December 2018, 14% of EDPR's financial debt had maturity in 2019, 23% in 2020, 13% in 2021, 15% in 2022 and 35% in 2023 and beyond.

In December 2018 the average interest rate was 4.1% (+0.1pp year on year).

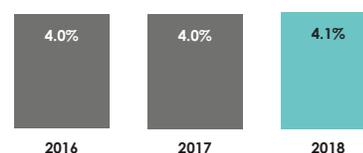
DEBT INTEREST RATE TYPE PROFILE



DEBT MATURITY PROFILE (%)



COST OF DEBT (%)



FINANCIAL DEBT (€ MILLIONS)	2018	2017	Δ €
Nominal Financial Debt + Accrued Interests on Debt	3,650	3,237	+413
Collateral Deposits Associated with Debt	(39)	(43)	+4
Total Financial Debt	3,611	3,194	+417
Loans to EDP Group related Companies and Cash Pooling	0.03	0.02	+0
Cash and Equivalents	552	388	+163
Net Debt	3,060	2,806	+254

INSTITUTIONAL PARTNERSHIPS

Liabilities referred to Institutional Partnerships totalled €1,269 million (+€20 million versus December 2017), reflecting on the one hand the benefits captured by the projects and tax equity partners and, on the other, the US dollar appreciation and new institutional tax equity financing proceeds during the period (€399 million).

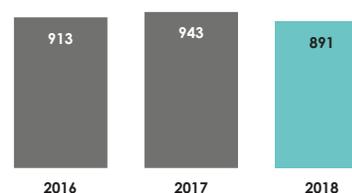
EUROPE

REVENUES

In 2018, EDPR output in Europe reached 11.5 TWh (-2% year on year), with year on year comparison impacted by lower wind resource in the period despite higher average MW in operation. In 2018, European generation accounted for 40% of EDPR's total output. The average selling price in Europe decreased by 4% to €77 per MWh, mainly driven by the lower average selling price in Poland, on the back of lower green certificate prices and the new substitution fee calculation method, and Romania, given that green certificates were halved as expected per regulation.

Revenues in 2018 totalled €891 million, decreasing €52 million versus 2017.

REVENUES EVOLUTION (€ MILLIONS)



NET OPERATING COSTS

Net Operating costs, defined as Operating costs net of Other operating income, increased €23 million to €238 million, primarily explained by the decrease in other operating income that totalled €30 million and with year on year comparison impacted by 2017 events, namely a capital gain subsequent to the sale, and loss of control, of a stake on an offshore UK project (€29 million) and gains in past asset rotation transaction's adjustments along with a revaluation.

CORE OPEX per MW (€ thousand)



Operating costs reached €268 million (-5% year on year) as a result of the decrease in other operating costs (-23% year on year) and personnel costs (-4% year on year), while supplies and services increased by 5% YoY on the back of higher installed capacity. In 2018, Core Opex (Supplies & Services and Personnel Costs) per average MW in operation reached €40 thousand (+1% year on year) and Core Opex per MWh increased by 5% to €18.

OPERATING PERFORMANCE

All in all, EBITDA in Europe totalled €653 million, reflecting an EBITDA margin of 73%. In 2018, depreciation and amortization (including provisions, impairments and net of amortization of government grants) decreased by 13% year on year, with year on year comparison explained by an impairment accounted in 2017, and leading to an EBIT of €399 million.

EUROPE STATEMENT (€ MILLIONS)	2018	2017	Δ %
Revenues	891	943	(6%)
Other Operating Income	30	66	(55%)
Operating Costs	(268)	(280)	(5%)
Supplies and Services	(174)	(167)	+5%
Personnel Costs	(29)	(30)	(4%)
Other Operating Costs	(65)	(84)	(23%)
EBITDA	653	729	(10%)
EBITDA/Revenues	73%	77%	(4pp)
Provisions	(0.6)	(0.2)	+252%
Depreciation and Amortisation	(253)	(295)	(14%)
Amortisation of Government Grants	0.7	3.3	(80%)
EBIT	399	437	(9%)

NORTH AMERICA

REVENUES

In 2018, EDPR output in North America reached 15.6 TWh (+4% year on year), reflecting the growth in installed capacity in the region and the higher load factor of such projects. The realised average selling price in the region was \$45 per MWh (-2% year on year), mainly driven by the lower average selling price in the US, reflecting mostly hedging gains accounted in 2017.

Income from institutional partnerships and the output from projects generating PTCs decreased to \$219 million, following PTCs expiration of specific tax equity structures, despite new tax equity partnerships.

NET OPERATING COSTS

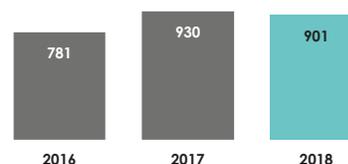
Net Operating costs, defined as Operating costs net of Other operating income, decreased \$102 million to \$152 million due to the increase of Other operating income that amounted to \$175 million (versus \$25 million in 2017), reflecting mainly the capital gain of \$129 million from the execution of its first Sell-down strategy, namely the sale of an 80% stake in a 499 MW portfolio.

Operating costs in the region reached \$327 million (+17% year on year), with the increase derived from the higher capacity in operation. Core Opex (Supplies and Services and Personnel Costs) per average MW in operation totalled \$47 thousand and Core Opex per MWh increased to \$16.

OPERATING PERFORMANCE

Given both the \$29 million year on year decrease of top line performance and the \$103 million year on year decrease in Net Operating costs, EBITDA increased by \$73 million (+11% year on year) to \$749 million versus \$676 million in 2017, with an EBITDA margin of 83% (+10pp versus 2017). Subsequent to the EBITDA performance and the year on year increase of 10% in depreciation and amortization (including impairments and net of amortizations of government grants), on the back of higher capacity in operation, EBIT amounted to \$427 million an 11% year on year increase.

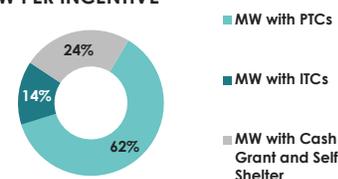
REVENUES EVOLUTION (US\$ MILLIONS)



CORE OPEX per MW (\$ thousand)



MW PER INCENTIVE



NORTH AMERICA STATEMENT (US\$ MILLIONS)	2018	2017	Δ %
Electricity Sales and Other	682	676	+1%
Income from Institutional Partnerships	219	255	(14%)
Revenues	901	930	(3%)
Other Operating Income	175	25	+602%
Operating Costs	(327)	(279)	+17%
Supplies and Services	(189)	(176)	+8%
Personnel Costs	(69)	(57)	+21%
Other Operating Costs	(69)	(47)	+48%
EBITDA	749	676	+11%
EBITDA/Revenues	83%	73%	+10pp
Provisions	0.3	0.4	(19%)
Depreciation and Amortisation	(341)	(311)	+10%
Amortisation of Government Grants	18	18	-
EBIT	427	384	+11%

BRAZIL

REVENUES

In 2018, EDPR output in Brazil reached 1,235 GWh, which is an increase from the 861 GWh achieved in 2017 (+43% year on year), with the increase in production being explained above all by capacity additions with stronger wind resource, despite the lower wind resource in the period. In the period, the average selling price in Brazil was R\$195 per MWh, with year on year comparison impacted mainly by the temporary PPA unwinding at Baixa do Feijão in 2017 and to the mix effect from a new wind farm in operation (production versus price).

In the period, EDPR had R\$215 million of revenues in Brazil (-5% year on year), due to the lower average selling price effect that offset the increase in electricity output.

NET OPERATING COSTS

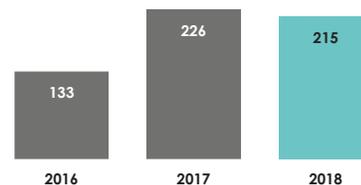
Net Operating costs, defined as Operating costs net of Other operating income, totalled R\$75 million (versus R\$23 million in 2017). The increase in Net Operating costs are a consequence from the R\$16 million year on year decrease in Other operating income to R\$8 million, given adjustments in minority stake sales transactions in 2017.

Furthermore, Operating costs rose to R\$83 million (+R\$36m year on year), in line with higher installed capacity. Core Opex (Supplies and Services and Personnel Costs) per average MW in operation increased 6% and 8% year on year per MWh, to R\$183 thousand and R\$51 respectively.

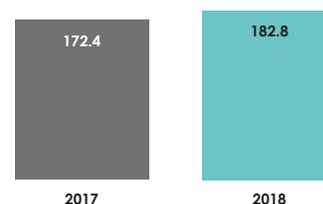
OPERATING PERFORMANCE

All things considered, EDPR's EBITDA in Brazil reached R\$140 million (versus R\$203 million in 2017) with an EBITDA margin of 65%, which represents a 20pp decrease year on year. Following the EBITDA performance and the R\$21 million year on year increase in depreciations and amortizations (including impairments and net of amortizations of government grants), that reflect the higher capacity operating in Brazil, EBIT reached a total amount of R\$82 million, versus R\$166 in the previous year.

REVENUES EVOLUTION (R\$ MILLIONS)



CORE OPEX per MW (R\$ thousand)



BRAZIL INCOME STATEMENT (R\$ MILLIONS)	2018	2017	Δ %
Revenues	215	226	(5%)
Other Operating Income	8	24	(67%)
Operating Costs	(83)	(47)	+76%
Supplies and Services	(56)	(33)	+68%
Personnel Costs	(7)	(8)	(4%)
Other Operating Costs	(20)	(6)	+217%
EBITDA	140	203	(31%)
EBITDA/Revenues	65%	90%	(25pp)
Provisions	0.0	(0.0)	(102%)
Depreciation and Amortisation	(58)	(37)	+57%
Amortisation of Government Grants	0.3	0.2	+25%
EBIT	82	166	(51%)

OTHER REPORTING TOPICS

RELEVANT AND SUBSEQUENT EVENTS

The following are the most relevant events from 2018 that have an impact in 2019 and subsequent events from the first months of 2019 until the publication of this report.

- **EDPR signs a Build & Transfer agreement for a 102 MW wind farm project in the U.S.**

Madrid, February 1st, 2019: EDP Renováveis, SA ("EDPR"), through its fully owned subsidiary EDP Renewables North America LLC, has signed a Build & Transfer Agreement with Northern Indiana Public Service Company LLC ("NIPSCO"). The agreement enables the development and construction of EDPR's 102 MW Rosewater Wind Farm in the U.S. state of Indiana, which is expected to come online by 2020 when the Build & Transfer Agreement would be completed.

Completion of this transaction is subject to regulatory approval and other customary closing conditions for a transaction of this nature.

With this new contract, EDPR has now secured 1.1 GW of wind energy agreements in the U.S. for projects to be installed in 2019 and 2020.

- **Board of Directors Announcement**

Madrid, February 1st 2019: EDP Renováveis, S.A. ("EDPR") informs that João Paulo Costeira has submitted his resignation as member of EDPR's Board of Directors, effective on February 15. Following this resignation, João Paulo Costeira also ceases his position in the Executive Committee.

EDPR would like to thank João Paulo Costeira for his dedication and valuable contribution to the Company.

In order to fill the vacant position, EDPR Board of Directors will appoint a new member in the next Board meeting.

- **EDPR secures a 104 MW PPA for a new wind farm in the U.S.**

Madrid, February 12th, 2019: EDP Renováveis, SA ("EDPR"), through its fully owned subsidiary EDP Renewables North America LLC, has secured a 15-year Power Purchase Agreement ("PPA") - with Tri-State Generation and Transmission Association, Inc. to sell the energy produced from its Crossing Trails Wind Farm.

The wind farm, which is expected to commence operations in 2020, is located in the US state of Colorado and will be EDPR's first project in the state.

With this new contract, EDPR has now secured ~1.2 GW of long-term wind energy agreements in the U.S. for projects to be installed in 2019 and 2020.

EDPR's success in securing new PPAs reinforces its low-risk profile and growth strategy based on the development of competitive projects with long-term visibility.

INFORMATION ON AVERAGE PAYMENT TERMS TO SUPPLIERS

In 2018, total payments made from Spanish companies to suppliers amounted to €175,930 thousand with an average payment period of 52 days, below the payment period stipulated by law of 60 days.

OWN SHARES

As of December 2018, EDPR did not hold own shares and no transactions were made during the year.

3.2 HUMAN CAPITAL



Generations

11% Babyboomers

32% Generation X

56% Millennials

1% Generation Z

EDPR, which is home to four different generations, bases its Human Resources policies on the Business Plan Achievements and implements its actions considering an active listening of the employees.

In this regard, as every two years, Climate Survey was launched on January 2018. The participation rate this year has been the highest since the implementation of the current methodology in 2015. EDPR's Climate Survey Results have shown positive results in the areas of Respect & Recognition, Values & Diversity and Social Responsibility. The areas that obtained least favourable results were Work, Structure & Process, Collaboration and Performance Management.

In order to ensure the implementation of initiatives in areas that have obtained lower levels of satisfaction, the second stage of the Climate Cycle has been to define an improvement Action Plan customized throughout the company's different levels.

EMPLOYEE JOURNEY

A customised value proposition is offered to employees throughout their journey in EDPR, which allows them to join a multinational team and grow along with it. EDPR believes that motivated workforce aligned with the company's strategy is one of the key drivers behind the ability to deliver positive results. In this sense, EDPR continuously works to provide excellent conditions for its employees, grow and develop talent at all levels and optimize its employment policies and labour practices. As a result, EDPR has been recognized by the Top Employers Institute as one of the best companies to work for in Spain in 2018. The main actions implemented by EDPR in 2018 in this regard can be found on the following pages.





JOINING & INTEGRATING

ATTRACTING TALENT

EDPR is continuously striving to attract talent, bringing in the right skills and profiles to address current and future business challenges, and retain professionals who seek to excel in their work in order to position the company as the "the first choice for employees" in the labour market.

As a result, during 2018, EDPR implemented different talent & attraction initiatives with the goal of strengthening its image as a leading employer:

- **EDP Trainee Program:** 30 exceptional trainees for Business and Tech profiles, different nationalities and academic backgrounds were selected to join EDP Group, and be an active part of one of the most compelling Trainee Programs in the market. Through the program, the Group gives new talents the tools to develop themselves professionally and personally, having the chance to get to know and influence different business areas, such as EDPR, and, in most cases, have an international mobility experience.
- **Job Fairs:** EDPR attended 8 job fairs from the most relevant Universities and Business Schools from Spain and Portugal with an assistance of more than 800 students.
- **LinkedIn:** It is used as the main source of Recruitment, covering up to 44% of the Corporate positions hired in 2018.

In EDPR, non-discrimination and equal opportunities are guaranteed during all the selection processes. This is reflected in the Code of Ethics, which contains specific clauses on non-discrimination and equal opportunities, in line with the company's culture of diversity regarding the respect for human and labour rights.

INTEGRATING NEW EMPLOYEES

By the end of 2018, EDPR welcomed 285 employees, of whom 24% are women. The average age of new hires was 32 years old. 53% of the total hires correspond to levels of Specialists and Technicians, of which 68% have University degree and above.

96% of the hires in 2018 were allocated in permanent positions and EDPR counted with 17 different nationalities among that group. Furthermore, 104 internships were offered, of which 15% were translated into new hires. 20% of Junior positions have been filled with Interns, which confirms the importance of young talent as source of recruitment.

Moreover, since giving opportunities to young students to acquire professional experience is key for EDPR, a new initiative was launched in 2018 - the Internship Forum - which aims to give advice and tools to the current interns for when they enter the labour market.



Among the initiatives to integrate new employees, EDPR is working in the design of a new Onboarding policy that will be implemented in 2019.



BEING EDPR

INDIVIDUALISATION

Part of EDPR value proposition is a competitive remuneration package, aligned with the best practices in the market. EDPR Compensation Package includes (i) an Annual Base Salary and (ii) a Variable Pay depending on the achievements of Area, company KPIs and an Individual Global Assessment of the employee, and also an (iii) above market practice benefits package such as Health Insurance or Pension Plan. The remuneration package is not static, which means that it evolves at the same pace of employees' needs and concerns as well as the business. In 2018, EDPR focused on analysing the life-cycle status of EDPR employees (by generation, personal situation - with or without children) in order to offer a tailor-made Benefits Package, with an individualised approach from a communication perspective, so that it is adapted to the employees' needs.

TRANSPARECY

In 2018, CLEAR, a new HR Initiative, was launched to promote a culture of proximity and transparency. CLEAR aims to make employees related issues more visible and therefore enhance the experience and development of the employees. 30% of EDPR employees assisted to a session of CLEAR¹.

WORK LIFE BALANCE

EDPR believes that Work Life Balance (WLB) must be a shared responsibility and its practices have been awarded for eight years through the Responsible Family Employer Certification (EFR – Empresa Familiarmente Responsable) by Spain's Fundación MásFamilia. To achieve this continuously, it is important to have a constant improvement on the practices in place, in order to provide the most suitable and updated benefits to employees.

EDPR is a flexible company that fosters time efficiency of the employees' daily tasks in order to deliver excellent results and to balance their personal and professional life. In this regard, EDPR implements different initiatives focused mainly on family, time and health.

In addition, EDPR has a volunteer program addressed to its employees in order to promote social responsibility, giving them the opportunity to grow not only at work but also personally while also contributing to the society.



GROWING WITH THE COMPANY

EDPR is committed to the development of its employees, offering them an attractive professional career and aligning their capabilities and skills with the current and future needs of the company. The growth and development of the company's business has led EDPR to invest in the employees by discovering, improving and emphasizing the potential of each, through internal mobility and development actions.

¹ Does not include information from the North American platform.

MOBILITY

EDPR considers both functional and geographical mobility as a tool that contributes to the organizational development by stimulating employees' motivation, skills, productivity and personal fulfilment. The mobility processes within EDPR aim to respond to the different challenges and needs of the company, considering the characteristics of the different geographies. In 2018, there were 83 mobility processes (29 more than in 2017), 57 functional, 9 geographical and 17 both functional and geographical mobility processes.

TRAINING

EDPR sees employees development as a strategic target, offering job-specific ongoing training opportunities to contribute to the improvement of knowledge and skills, as well as specific development programs aligned with the company's strategy.

The 360 potential appraisal process is created for all employees with the goal of defining each person's training needs along with their manager, which is then used to define a customized Training Plan. The annual Training Plan is based on a catalogue of programs that is constantly evolving and is aligned with the company's challenges and new markets. It consists of up to two courses from the Renewable Energy School - EDP University, one Technical, Management or Behavioural training course, optional languages courses and others from free selection seen as important for the development of the employee.

The key aspect about EDP University's courses is that they usually contain subjects to promote the development of skills needed to ensure the sustainability of EDPR's business. Moreover, the networking and the share of best practices are unreplaceable experiences. This year, EDPR included the Inspiring Seminar concept, a new format of short-focused sessions addressed to employees interested in the topics covered.

In 2018:



DEVELOPMENT

In order to support the company's growth, aligning current and future organizational demands with employees' capabilities, as well as to enhance their professional development, EDPR has designed development programs for middle management, providing them with proper tools to take on new responsibilities. In 2018, two of the most important development programs were:

- **Executive Development Program:** aims to provide the participants with the latest tools and skills in the areas of Management and Leadership. Participants work in groups in a Business Challenge Case that is presented to the Executive Committee at the end of the program. In 2018, 31 employees participated in the program.
- **Lead Now Program:** aims to support middle managers in the role they are assuming as team leaders. Participants have the possibility to self-assess their management style, go deeper into the skills needed and get to know the role they are performing in the different HR processes of EDPR. In 2018, 21 employees participated.

As a result of EDPR's trust in its employees aligned with the development programs' success, 88% of new Directors were hired internally in 2018.

KNOWLEDGE MANAGEMENT

EDPR is aware of the importance of Knowledge as a valuable asset not only within the business, but also in the employees' development. In 2018, EDPR launched LINK as a knowledge platform where more than 745 valuable contents have been captured and shared across the organization to help its employees learn from the past to face future challenges and move the company forward. Becoming a Learning Organization implies a strong knowledge sharing mind-set and that is why EDPR strives to improve the use of knowledge by regularly distributing customised interesting documents or relevant events.

3.3 SUPPLY CHAIN CAPITAL

EDPR's market leadership, based in value creation capacity, innovation and relationship with its stakeholders, is much influenced by the performance of its suppliers.

EDPR bases its relationship with suppliers on trust, collaboration and creation of shared value, privileging a partnership approach centred on ethical principles, transparency and sustainability. This results in a joint capacity to innovate, strengthen the sustainability policy and improve the quality of the Company's operations.

EDPR SUPPLY CHAIN

EDPR has a strong and permanent interaction with the supply chain, in particular with the critical suppliers throughout the main procurement phases, as described below. This close relationship allows EDPR to benefit from all the new technical solutions and innovations available on the market to maximise the value creation in the projects worldwide. It also allows EDPR to base its relation with the supply chain on trust and collaboration.

KEY DATA



CRITICAL SUPPLIERS

The suppliers are evaluated throughout a multi criteria matrix (annual value spend; supply frequency; access to customers; access to technical equipment or sensitive data; supplier substitutability; component substitutability; supply failure consequence; supplier segmentation; safety risks, environmental risks and obligations) to identify their criticism.

Streamlining, from the point of view of criticism for the business, EDPR's suppliers are categorised in:

- **Critical suppliers** – Turbines, BOP (Balance of Plant) and O&M (Operation and Maintenance), and;
- **Non-critical suppliers** – Indirect purchases.

¹ Critical suppliers as defined as per EDP formal corporate standard methodology.

^{2 & 3} Based on the total invoiced volume in 2018.

⁴ Based on vendor spending in 2018. EDPR defines spending in local suppliers as purchases sourced in countries where EDPR has operations in Europe and Brazil.

SUSTAINABLE PROCUREMENT

EDPR’s procurement process is developed in the framework of the Sustainable Procurement Policy, from which the most relevant aspects for EDPR regarding the supply chain’s sustainability are established: health and safety, the environment, ethics, local development and innovation. In addition, the policy states that the management of the supply chain must be complemented with the continuous and permanent updating of the employees knowledge in order to establish standards of excellence and of up-to date information in conformance with corporate policies.

Nevertheless, the incorporation of a true concept of Sustainable Procurement is not limited only to EDPR employees – it extends to its suppliers and service providers and their employees, both direct and indirect. Moreover, EDPR suppliers’ long-term sustainable development is crucial to their success, and consequently EDPR’s. Therefore, the Company selects and actively collaborates with suppliers that share its sustainability commitments.

EDPR has defined policies and procedures to ensure the several aspects that fill in with the sustainability of the supply chain, as well as the management and mitigation of any type of environmental, H&S or ethical risks in the supply chain. After the implementation of the Sustainable Procurement Policy, a better control has been introduced in the suppliers’ management process. This year, EDPR has worked in several areas of the supply chain, namely in the definition of the Suppliers Sustainability Guide and in the evaluation of critical suppliers in environmental and H&S fields.

EDPR has in place Sustainability requirements for its suppliers throughout the main procurement phases: registration process, contracting and, lastly, the monitoring and evaluation of the suppliers.



REGISTRATION

The registration process is an essential requirement for any company who intends to become a supplier or apply for a qualification process issued by EDPR. In Europe and Brazil, the registry system used – REPRO – includes a detailed questionnaire covering key criteria for EDPR such as quality management, environmental systems, health and safety policy, social corporate responsibility, among others. The system consists essentially of a supplier search and selection tool out of a corporate database managed in outsourcing with Achilles. Once the supplier submits all inherent formalities to the registration process, Achilles proceeds to its validation. In North America, EDPR has a pre-qualification process in place in which mitigates the supplier’s sustainability risks. The “pass or fail” rule is applied to all suppliers. Therefore, all suppliers in this phase have passed the approval processes established.

CONTRACTING

Until now, when acquiring goods and services, EDPR required the selected suppliers to comply with the UN Global Compact’s ten principles in the areas of human rights, labour, environment and anti-corruption. The suppliers should also provide a written declaration of acceptance of the principles established in EDPR’s Code of Ethics.

By the end of 2018, the Suppliers Sustainability Guide was approved in Europe and Brazil for both construction and O&M operations, providing an overview of the sustainability requirements EDPR expects its suppliers to meet. The guide, that will be implemented in 2019, gathers in one document all the Company's sustainability requirements and includes:

- **H&S and Environmental requirements** – The suppliers of EDPR shall adopt all necessary measures to ensure strict compliance with all applicable environmental and H&S regulations as well as EDPR's Environment Policy and H&S Policy, internal norms, procedures and systems in place as regards to environmental management.
- **Ethics commitments** – EDPR is governed by a strong sense of ethics and requires that its suppliers know and agree with the Company's ethical standards established in EDP Supplier Code of Conduct and EDPR Code of Ethics.

MONITORING AND EVALUATION

EDPR monitors critical suppliers during their services delivery, taking into account aspects such as health & safety, environment and ethics.

A) During the construction phase, the construction manager works closely with a health & safety and environmental supervisors, and holds weekly meetings with suppliers (BOP contractor and, where applicable, the turbine supplier). Contractors receive feedback and improvement plans are established in the areas of health & safety and environment through performance reports. In addition, the Company also has external supervision in these areas. Suppliers share with EDPR their new solutions, products or upgrades to improve collaboration between both parties.

B) During the operation phase, the manager of the facility is responsible for compliance with health & safety and environmental procedures. These processes are reinforced by the management systems according to OHSAS 18001:2007 and to ISO 14001:2015.

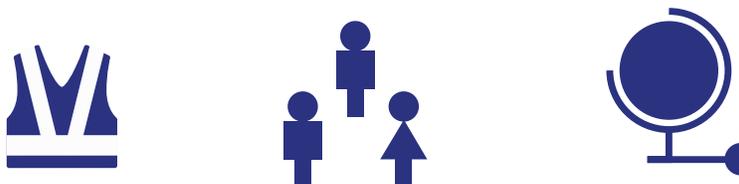
EDPR uses applications for health & safety and environmental management including regulatory and obligation tracking that work as collaborative tools, therefore involving the entire organisation and suppliers to prevent work and environmental accidents. In addition, drills regarding health & safety and environmental accidents or incidents are carried out in the facilities.

In 2018, a supplier evaluation process was defined through which, with the information provided by the environmental and H&S technicians throughout the monitoring phase, an environmental and H&S assessment of those suppliers is collected at the end of the process.

EDPR does not have a specific process for monitoring the ethical performance of suppliers. However, the Code of Ethics has its own channel, open to all stakeholders, to report any potential incident or doubt on the application of the code.

3.4 SOCIAL CAPITAL

EDPR believes it is indispensable to contribute to the development of the society both respecting human and labour rights and creating value in different ways, for different people. The Company is guided by three key social responsibility principles: respect human and labour rights in the whole value chain, contribute to the society and promote access to energy for all.



3.4.1 RESPECT HUMAN AND LABOUR RIGHTS

At EDPR, it is top priority to promote human rights and fair labour practices across the entire value chain. The Company is committed to integrate the social aspects in planning and decision-making and to guarantee responsible operations throughout the whole lifecycle of its business. Moreover, the health and safety of those who contribute to EDPR's activities is a key value and a priority for its success. Therefore, the Group aims to promote and build on a positive safety culture in which every employee, service provider and supplier is engaged.

HEALTH & SAFETY

According to its Code of Ethics, EDPR undertakes to give priority to the employees and suppliers' safety, health and wellbeing and to ensure the development of appropriate occupational health and safety management systems. This commitment to guarantee the welfare of employees and contractors is supported by EDPR's Occupational Health and Safety Policy.

EDPR has implemented Health & Safety Management Systems based on the OHSAS 18001:2007 specifications. The standards and procedures of these systems are adapted to the specific geography of the sites where they are used and are developed based on each country's regulations and industry best practices. EDPR takes a data-driven approach to identify and react to leading causes of injury.

The implementation of these systems allows for better management and prevention of future accidents, with the objective of zero accidents overall. The commitment to health & safety is further supported through the OHSAS 18001 certification. By the end of 2018, this certification covers 98%¹ of EDPR's installed capacity.

In 2018, EDPR registered 20 work accidents for employees and contractors, 2 of them fatal (both contractors related) and 18 with absence. The injury and the lost work day rate were 2.45 work accidents per million hours worked and 100 days lost due to work accident per million hours worked, respectively.

HUMAN RIGHTS & LABOUR PRACTICES

EDPR undertakes to respect and foster due respect within the Company and in its supply chain, as well as to provide dignified working conditions for all. This practice is reflected in the Code of Ethics, which contains specific clauses regarding non-discrimination and equal opportunities, in line with the Company's culture of diversity and respect for human and labour rights. The Code is not an isolated feature – it belongs to an Ethics Framework that includes functional units, specific regulations, monitoring and accountability for our ethical performance, along with training, awareness-raising and capacity building for employees, service providers and suppliers.

¹ Calculation based on 2017YE installed capacity

EDPR requires its suppliers and service providers to comply with their ethical standards. In this way, the alignment with the spirit of EDPR's Code of Ethics is required. Moreover, the Sustainable Procurement Policy references the promotion of respect for dignity and human rights, and the rejection of any form of forced labour or child labour, harassment, discrimination, abuse or other types of physical or psychological violence.

A Code of Ethics channel is available for the communication of any breach of the Code related to the matters of human rights or labour practices, including those in the context of the supply chain. The Ethics Ombudsman receives ethical-related complaints, investigates and documents the procedure for each of them. A preliminary report is then submitted to the Ethics Committee, whose main goal is to ensure compliance with the Code of Ethics within EDPR.

3.4.2 CONTRIBUTE TO THE SOCIETY

As an integral part of the communities where it operates and as stated in its Code of Ethics, EDPR undertakes to maintain a relationship of proximity with the local communities engaging in regular and open dialogue, seeking to know their needs, respecting their cultural integrity and looking to contribute to improving the living conditions of local population. EDPR provides long-lasting economic benefits to the surrounding areas that include, but are not limited to, infrastructure investments, tax payments, landowners' royalty payments, job creation and social development projects.

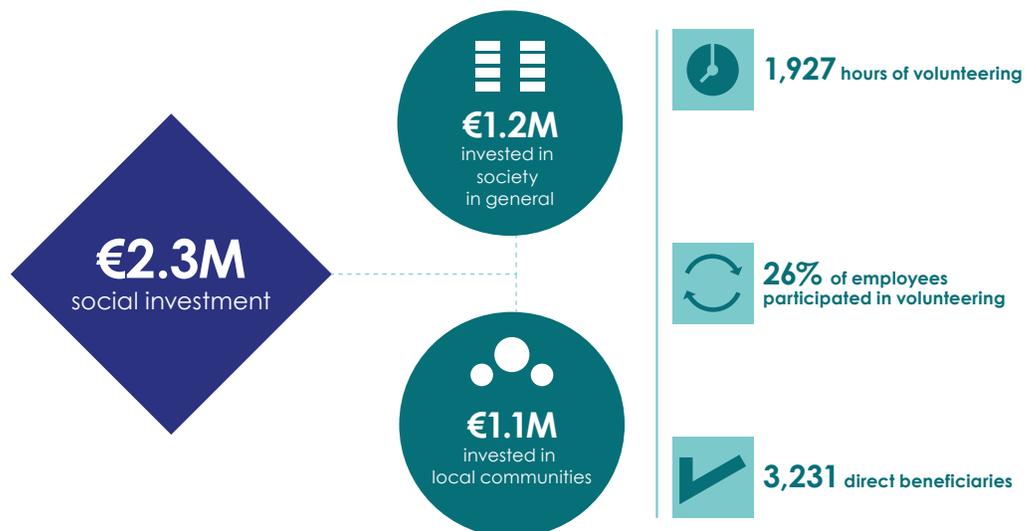
Focusing on projects implemented in the communities, EDPR's Social Investment Policy establishes a framework that encompasses the corporate objectives and strategies related to this area and also supports local communities in the development of their social priorities. Additionally, EDPR takes measures to consider and respect the community interests.

However, as a responsible company, EDPR works to promote the well-being and development of not only the communities where it operates but also of society in general, focusing on the people who contribute to the success of the Group's business and how society may benefit from it. Thus, EDPR considers that in order to make a positive impact on society, it is vital to work for the common good by promoting and supporting social and environmental activities.

As stated in the Social Investment Policy, EDPR invests in activities that will positively impact the promotion and development of the following four main areas: Culture & Art; Social inclusion, Sustainable ways of living & Access to energy; Natural heritage & Biodiversity, and Energy Efficiency & Renewable Energy.

In 2018, EDPR invested in the development of the society mainly through internally developed and collaborative initiatives, donations to charitable organisations and volunteering activities. These were the key figures and most relevant initiatives throughout EDPR's geographies:

KEY DATA SUMMARY



CULTURE & ART

As part of its commitment to engage with the communities where it operates, EDPR supported the most genuine traditions of popular local culture in order to maintain the local community's cultural vibrancy and to value its local history, heritage and traditions, by sponsoring and participating in different cultural projects.

SOCIAL INCLUSION, SUSTAINABLE WAYS OF LIVING & ACCESS TO ENERGY

CLOSER2YOU – Closer2you helps families that live with challenging economic conditions who need improvements made to their homes. In the town of Aldeia Velha, Portugal, EDPR met an 85-year-old woman living in a house that lacked electricity. The team of Closer2you rebuilt the out and inner walls, replaced the roof and the floor and also installed drinking water and plumbing systems. The team built a WC as well and replaced the doors and windows to provide, along with the renewed roof, better insulation during the cold winter months.



GREEN EDUCATION – Green Education awards scholarships to students from families with limited economic resources. In 2018, EDPR awarded scholarships to schools in Penacova and in Sernancelhe, Portugal, and in A Coruña in Spain. EDPR chooses who is awarded based on two criteria: the student's academic record and the family's economic situation.

EDPR RURAL – EDPR Rural helps rural producers and families in Brazil to effectively produce and market their products in order to increase family incomes, better organise production and guarantee a diverse and secure supply. The program, in which 58 families participated, contributed to a 58% increase in the communities' income, the implementation of 20 agro ecological production units and the assimilation of 38% of the marketing practices by the farmers. Of the participants, 53% were women, a significant statistic that will contribute to female empowerment efforts in the area. The program has made a profound difference in the lives of the families, who now enjoy a more varied and healthy diet and greater income, as well as higher expectations for their quality of life, increased self-esteem and enthusiasm about planning for a better future.

EDP NAS ESCOLAS – EDP nas Escolas aims to improve the quality of the education of primary school students in public schools in Brazil. In 2018, EDPR helped more than 2,500 students by investing in actions that support education and favour the health of students. The program develops activities such as the delivery of school kits, theatre and cultural competitions in schools, teacher's training, oral health campaigns and awareness campaigns for the rational and safe use of electric energy.

NATURAL HERITAGE & BIODIVERSITY

EDPR's commitment to contribute to the protection of biodiversity leads to an active role in the conservation of wildlife surrounding its facilities. In 2018, the Company collaborated with NGOs in the prevention and mitigation of impacts related to forest fires through volunteering activities such as tree planting and land preservation for conservation purposes.

ENERGY EFFICIENCY & RENEWABLE ENERGY

YOUR ENERGY – Your Energy is an educational activity that helps explaining to children the difference among the various types of energy generation technologies, focusing on renewable energy. The classes are accompanied by characters representing each type of energy: solar, water, wind, geothermal and biomass. Through experiments, animations and stories, children gain knowledge about energy sources and learned how to take care of the environment through everyday activities.

WIND EXPERTS – Wind Experts is a competition where students create a wind turbine using recycled materials. The main goal is to develop children's creativity and to teach them about wind power. In 2018, nearly 100 teams throughout Spain participated, representing a 26% increase in participation since last year and confirming the initiative's excellent reception. The winning students received a trophy and a certificate, and will have the opportunity to visit a wind farm in their province.

3.4.3. PROMOTE ACCESS TO ENERGY FOR ALL

As a global leader in the renewable energy sector, EDPR defined a clear strategy for promoting Access to Energy (A2E): to provide clean energy in developing countries based on energy efficiency and decentralised renewable energy solutions, that promote the sustainable development of the communities involved.

Access to renewable energy makes the difference for people not connected to the electricity grid not only by providing sustainable energy services but also by enabling improvement on health and education conditions, job creation and new economic activities. Moreover, the use of clean energies and the promotion of energy efficiency has a positive impact on the environment.

In 2018, EDPR purchased a stake in SolarWorks!, a Company engaged in the marketing of decentralised solar energy solutions for off-grid domestic and business customers in Mozambique. The acquisition of the €2 million minority stake is an important step in the group's strategy for universal access to sustainable energy. The investment is the result of a round of financing led by EDPR in partnership with venture building firm Persistent Energy Capital LLC, following a capital increase at SolarWorks!.

The investment marked the start of the A2E strategy, which includes the commitment to invest €12 million over the next three years with the goal of impacting 200,000 people in developing countries.

Also in 2018, the A2E CSR Fund Program was created in order to reduce energy poverty by supporting sustainable and clean energy projects. The first edition of the program (2018-2019) has an endowment of €450,000 and will support energy access projects in Kenya, Malawi, Mozambique and Tanzania.

The Program will have an impact on the following areas of activity:

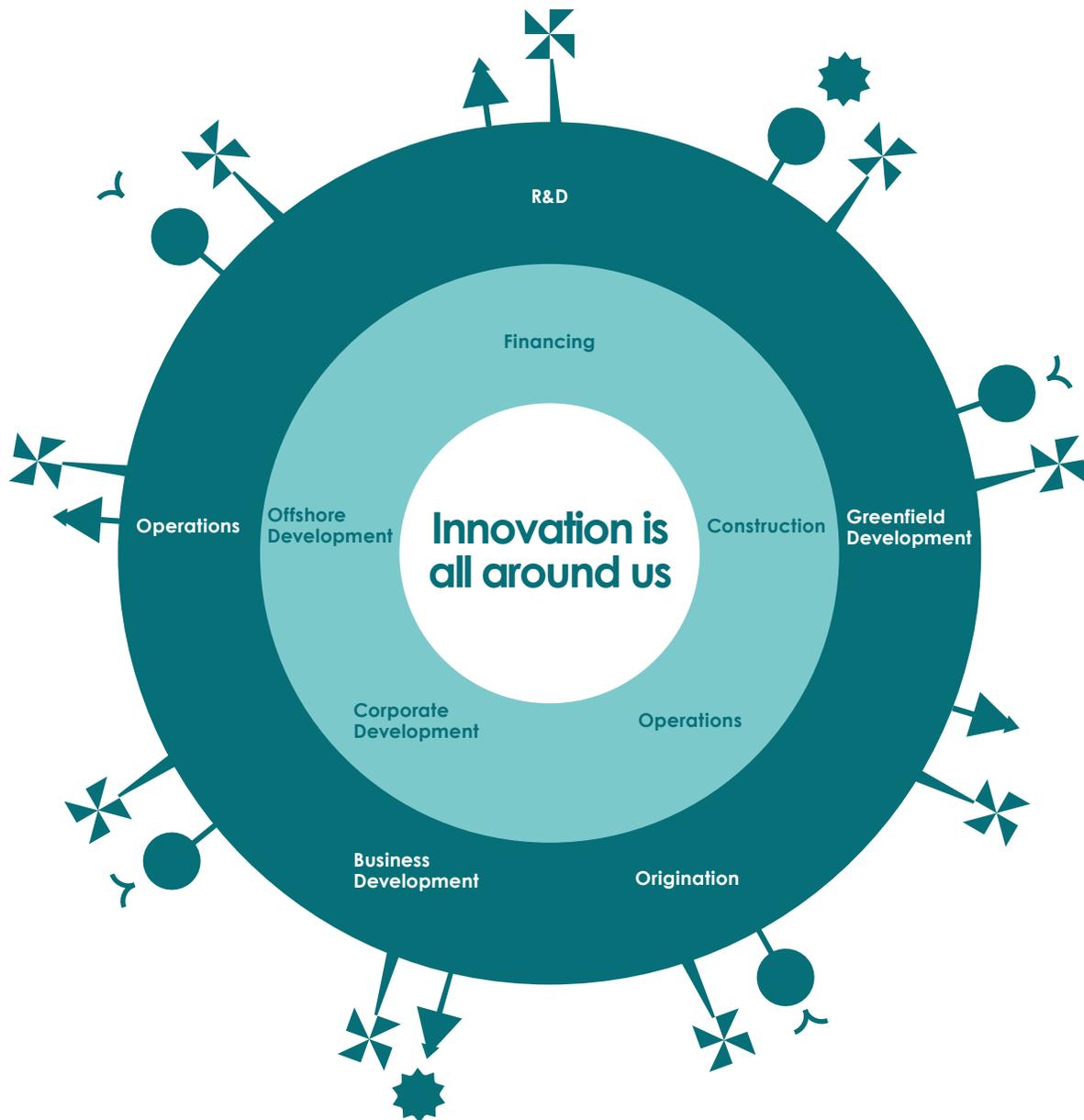
- Water and Agriculture – boreholes, water pumping and crop irrigation;
- Community – electrification of homes, community centres and public lighting;
- Business – energy supply of small business initiatives and for machinery and equipment;
- Health – lighting of facilities, laboratories, diagnostic equipment and refrigeration of vaccines;
- Education – lighting, computers and internet services.

The A2E initiative powerfully contributes to make EDPR's vision of a sustainable, safe and healthy world a reality.



3.5
INNOVATION CAPITAL

INNOVATION CAPITAL



"Slow change can cause the biggest disruption", Citi GPS, 2018 Citigroup



INNER CIRCLE

OFFSHORE DEVELOPMENT: New opportunities by leveraging on technological innovation

EDPR has been at the forefront of the offshore development in new markets. Being able to position among the global big industry players was the catalyst when forging durable alliances such as Mayflower in the US, a 50:50 JV vehicle formed in early 2018 with Shell, which secured a lease area enough to accommodate ~1.6 GW in the state of Massachusetts.



FINANCING: Asset rotation strategy to self-fund our Growth

Self-funding strategy is at the core of EDPR financial innovation which is designed to redeploy proceeds from its performing assets into the development of quality, value accretive projects. With successful execution of this strategy, EDPR also crystallizes the value of the assets upfront which enables it to accelerate the value growth cycle. Till date, the self-funding strategy has yielded about €2 billion and has resulted in the execution of 10 transactions representing more than 4.0 GWs of total gross capacity on the onshore wind and solar side.



CONSTRUCTION: New technical solutions to increase ASSETS quality

Two power plants in Spain have innovative regulation control algorithms installed that allows EDPR to homogenise voltages and minimise energy losses in wind farms, access the wind turbine controllers with individual setpoints that make the full power plant regulation behave in a more accurate and optimised way whilst keeping the grid code compliance. In North America, EDPR's installation and transmission upgrades investments have exceeded \$31 million in 2018, mainly in the states of New York and Iowa. This contributes towards a sustained renovation of transmission grid infrastructure utilized by all electric consumers.



OPERATIONS: Internalization strategies M3 & self perform

M3 in Europe and Self-Perform in North America are leveraged on flexibility of action, economies of scale and power of ownership which materialises with better decision making on maintenance practices and creation of value for shareholders. These internal models have consistently proved to be more efficient and competitive than the market, with efficiency gains of > 20% on cost reduction side and simultaneously keeping the availability at high performance standard.



OPERATIONS: Big Data on predictive maintenance & power improvement

Last year EDPR obtained an estimated savings of €3 million using Predictive Diagnostics technics, most of them in vibration monitoring but realising an inflexion point in the development of monitoring traditional measurements (e.g. temperatures, yaw position) by using machine learning technics. In 2018 was also implemented better control algorithms of the turbines (e.g. increase nominal power respecting turbine design specifications, blade pitch position optimisation, dynamic alignment parameters control optimisation) which increased the incomes by an estimated €1,5 million /year.



CORPORATE DEVELOPMENT: Using RPA, digital transformation, to generate efficiencies

EDPR has been constantly extending the use of intelligent business process tools to boost employee productivity. In 2018, tools executed more than 48,000 processes, an increase of 25% year on year. These tools help the company to shortened turnover-time, increased quality of work performed, and adhere to compliance requirements being a reference of industry process innovation. EDPR has started the Robotic Process Automation (RPA) program in 2018 and have trained 8 digital workers to execute 54 different processes, performing ~200-250 tasks each week.





OUTER CIRCLE

R&D: Leading INDUSTRY research & development



Offshore floating: 'WindFloat Atlantic' (WFA), the first worldwide full scale floating wind power plant with a total capacity of 25 MW in a 100 meters depth area in the Portuguese coast of Viana do Castelo, each of the 3 platforms will be equipped with 8 MW commercial turbines. CoD is expected in 2019.

Battery Storage: A battery energy storage system has been installed in Romania embedded in Bailesti solar plant. The coupling was made at DC-level, with a DC/DC converter, which will increase the functionalities of the solar plant and increase the earnings by clipping recapture, low voltage & cloud-cover energy harvesting, energy time-shifting & PV output firming and ramp rate control.

GREENFIELD DEVELOPMENT: Fostering local employment



EDPR in North America has accomplished innovative ways to create wealth and positively impact local communities. In Kansas, EDPR provided a donation to the Allen County Regional Rural Technology Center (RRTC) to show our company's long-term commitment to educating the next generation of wind farm employees (one of the fastest growing jobs in America).

ORIGINATION: PPA structures to help clients to meet their sustainability goals



2018 was a record year for corporate renewable PPAs, reaching more than 6 GW of deals signed. During 2018, EDPR in North America was able to sign 8 PPAs with new C&I customers, totaling more than 600 MW, helping them achieving sustainability goals. Each of these transactions had innovative components, being customised to fit customer needs and to capture EDPR expertise in the sector (e.g. fixed shape or proxy generation settlement).

OPERATIONS: Innovate to reduce environmental & compliance impacts



EDPR in Europe has created a WTG simulation tool, to be applied to wind turbines in wind farms with noise restrictions. This Acoustic Engineering disruption provides automatic calculation of the noise map and the reduction for each turbine, considering wind direction and time of day. In partnership with TCR from CSIC EDPR is working on the R3Fiber a new technology that made possible blade recycling. In North America, continuous efforts have been made to reduce environmental impact, namely through eagle detection technology and bat deterrent signals that could potentially reduce future curtailment.

BUSINESS DEVELOPMENT: Making difference in developing countries



The acquisition of a stake in SolarWorks!, a Dutch company selling decentralized solar energy solutions for off-grid domestic and business customers in Mozambique, marks the beginning of a new business strategy in this area, which includes the commitment to invest €12 million for the next 3 years. SolarWorks! operates in Mozambique having over 11.000 customers and is currently preparing its entry in the Malawian market. Its key product line relates to Solar Home Systems (SHS) which give people access to energy for the first time in their lives and covers needs like lighting, charging mobile phones while larger systems can offer television and refrigeration.

3.6 NATURAL CAPITAL

Wind and solar power are two of the most environmentally friendly ways of producing energy. Even though EDPR's business inherently implies a positive impact on the environment, the Company continues to work on a daily basis to hold itself to a higher standard. In 2018, EDPR approved a new Environmental Policy in which it assumes specific commitments with the protection of the climate, the engagement with biodiversity and the preservation of natural resources. The revision and update of the policy was made to consolidate different corporate policies (Environment and Biodiversity), making it easier to control, manage and communicate, and to ensure the continuous improvement of the EDPR's environmental performance.

Protect the climate



EDPR produces competitive energy based on renewable sources that contribute to sustainable economic growth

EDPR core business activity inherently implies the reduction of GHG emissions. Wind and solar energy have zero carbon emissions and do not produce harmful SO_x, NO_x or mercury emissions, protecting valuable air and water resources and contributing to the world's fight against climate change.

Besides, generation from wind and solar energy does not consume water in its operational processes.

Engage with biodiversity



Fighting against climate change is the best contribution to tackle biodiversity loss

EDPR is aware of the sensitivity of natural ecosystems and the pressures affecting biodiversity. The main approach to contribute to the global challenge of reducing biodiversity loss is clear: produce clean energy (without emissions), to fight against climate change, one of the greatest threats for biodiversity.

The environmental strategy of the company contributes to the prevention or reduction of loss in biodiversity along the whole value chain with the ambition for a globally positive balance through projects focused on the conservation of wildlife. As a sustainable company, it is EDPR's duty to contribute to the development of research and conservation programs, as well as to broaden scientific knowledge on biodiversity matters by supporting institutions and strengthening dialogue and partnerships.

Preserve natural resources



EDPR promotes the efficient use of natural resources in all activities, within the framework of a circular economy

EDPR produces clean energy, water-free and with low wastes generation. The water consumed is for human use and the low waste generated is mainly due to turbines' operations & maintenance and administrative activities. Even though EDPR is in the renewable energy business, the company goes beyond its commitment with the environment by fostering a corporate culture of responsibility and rational use of resources, also promoting the recovery of waste rather than disposal through recycling and other means.

The wind turbine is around 80%-90%¹ made of recyclable material, as the missing percentage is related to the turbine's blades that are composed and manufactured by complex materials (glass or carbon fibres, thermos-hardened resins, sandwich structures, coatings, etc.), that make it very hard to recycle.

¹ According to the Life Cycle Assessments of our main turbine suppliers

As stated in its Environmental Policy, EDPR seeks to reduce the impact of its activities on the environment through a set of commitments that ensure the implementation and maintenance of an appropriate and effective Environmental Management System (EMS), ultimately aiming for a sustainable development. The EMS is developed in accordance with the ISO 14001:2015 international standard and certified by an independent certifying organization. All in all, EDPR protects the environment complementing the strategy of fighting against climate change with its responsible management along the whole value chain.

In 2018, EDPR's activities avoided the emission of 20 million tons of CO₂.

The CO₂ emissions related to EDPR's activities represent 0.2% of the total amount of emissions avoided, and 76% of the total emissions are from the necessary electricity consumption by the wind farms.

Beyond the emissions related to the operation phase, from a life cycle point of view others shall be considered (manufacture of components, transport, construction...). EDPR wind farms with a projected life span of 30 years, will pay back its life cycle energy consumption in less than a year¹, meaning, more than 29 years of a wind farm's life will be producing clean energy.

EDPR's business and responsible operations are its best contribution to reduce biodiversity loss. Nevertheless, the company's commitment to contribute to the protection of biodiversity leads to an active role in the conservation of wildlife surrounding its facilities. As a result, in 2018 EDPR strongly participated in the prevention or reduction of loss in biodiversity, favouring a wide-ranging and dynamic management with local participation and a long-term vision.

Regarding the fauna near its operations, EDPR focused mainly on the protection of the most sensitive species to its operations: migrating birds and bats. EDPR partnered with local associations to contribute to the protection of the species through volunteering activities and by providing financial support.

To protect the surrounding flora, EDPR is firmly committed to contribute in reducing and preventing forest fires. Regarding the prevention and mitigation of impacts related to this field, EDPR was mostly active in the Iberian Peninsula. In Spain, the company contributed to three municipalities for actions such as clearing forests and areas surrounding the roads. In Portugal, EDPR has been controlling the vegetation surrounding its wind farms in order to prevent the appearance or spread of forest fires, and already has agreements for the execution of these activities between 2019-2021.

The management of wind energy waste is a significant and constant concern for EDPR. The lack of a technique to recycle wind turbine blades at the end of their useful life is recognised as one of the challenges of the industry. In this regard, EDPR is supporting several projects that aim to prioritise the fiberglass recycling processes and encourage circular economy.

In 2017, EDPR signed a collaboration agreement with the start-up Thermal Recycling of Composites (TRC), a CSIC spin-off. TRC works in a process to obtain fibres (glass or carbon) from discarded blades suitable for reuse. As part of this agreement, EDPR yielded a blade, which was to be sent to landfill, to be introduced into the process. At the same time, a consortium of companies from Castilla y León are leading the LIFE REFIBRE project, which aims to use the fiberglass generated from the blades to manufacture an improved asphalt mixture for construction use.

During 2018, a total of 4 blades from EDPR have been managed by the LIFE REFIBRE project.

In addition, a blade from one of EDPR's wind farm is being managed by a new company, RECICLALIA, that is also in the composite recycling business. They use a system called "Constrictor" to chop the blade at the foot of the wind turbine, avoiding additional transportation costs.

During 2018, 26% of the fiberglass generated in Spain related to EDPR operations was recovered.

3.7 SUSTAINABLE DEVELOPMENT GOALS

EDPR SUPPLIES AFFORDABLE & CLEAN ENERGY WHILE MITIGATING THE CLIMATE CHANGE...

7 AFFORDABLE AND CLEAN ENERGY



EDPR is a global leader in the sector of renewable energy and one of the world's largest wind energy producer, ending the year with 11.7 GW of installed capacity. In 2018, the Company generated 28.4 TWh of clean energy, a cost-effective way to fight climate change.

13 CLIMATE ACTION



Wind and solar power are two of the most environmentally friendly ways of producing energy. EDPR's business inherently implies the reduction of GHG emissions and therefore has a positive impact on the environment. In 2018, EDPR's activities avoided the emission of 20 million tons of CO₂.

...IMPACTING POSITIVELY ON COMMUNITIES & FOSTERING INNOVATIVE INFRASTRUCTURES & CIRCULAR ECONOMY...

11 SUSTAINABLE CITIES AND COMMUNITIES



EDPR works to promote the well-being and development of the communities where it operates and also of society in general. In 2018, EDPR invested € 2.3 million in the development of social activities and launched the A2E Fund Program for the support of renewable energy access projects in developing countries.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



Innovation is part of EDPR's day-to-day reality. The Company is focused on the more disruptive technologies of the industry and is committed to foster innovative solutions throughout its entire value chain: in business development, construction, operations, origination, financing and corporate development.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Even though EDPR is in the renewable energy business, it goes beyond its commitment with sustainability by fostering a culture of responsible operations and circular economy. In 2018, EDPR supported several projects focused on the recycling processes of fiberglass, one of the turbine's blades material most hard to recycle.

...ENSURING DECENT WORK, GENDER EQUALITY & PRESERVATION OF THE ENVIRONMENT.

8 DECENT WORK AND ECONOMIC GROWTH



EDPR continuously works to provide excellent conditions for its employees, grow and develop talent at all levels and optimise its employment policies and labour practices. As a result, EDPR has been recognised by the Top Employers Institute as one of the best companies to work for in Spain in 2018.

5 GENDER EQUALITY



EDPR's Code of Ethics contains specific clauses of non-discrimination and equal opportunities, fostering respect for all employees. In 2018, as in previous years, EDPR participated in *Mujer e Ingeniería*, a project by the *Real Academia de Ingeniería de España* aiming to overcome the gender gap in technical degrees.

15 LIFE ON LAND



EDPR's business is its best contribution to reduce biodiversity loss. Nevertheless, the Company's commitment to contribute to the protection of biodiversity leads to an active role in the conservation of wildlife surrounding its facilities. In 2018, EDPR participated in protecting biodiversity mainly through collaborations with several organisations to further protect wildlife surrounding its facilities, focusing on birds & bats.