Title: EDP's Public Takeover Offer – Will China Three Gorges' offer overcome all regulatory barriers and resist shareholder activism?

Field of study: Corporate Restructuring / M&A

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Introduction

On May11, 2018, China Three Gorges (CTG), a Chinese state-owned company, launched a Public Takeover Offer (PTO) over Energias de Portugal (EDP), an electricity and gas utility based in Lisbon. EDP's portfolio included retail, distribution networks and conventional generation operations in Iberia and Brazil (through its subsidiary EDP Brazil, based in São Paulo) and a presence in fifteen countries with renewable generation assets (through its subsidiary EDP Renewables, based in Madrid). CTG was already the largest shareholder, with 23% of EDP's equity, and was now setting as a successful outcome of the PTO a controlling majority position (50% + 1).

The PTO had a price of € 3.26 per share, a 4.8% premium over the previous closing price, and valued the company at b€ 11.9. On May 15, 2019, EDP communicated to the market regulator (CMVM) it had initiated the internal procedures to comply with the obligations it was legally bound to. In the same note, EDP's Executive Board of Directors took the opportunity to announce it considered "that the price offered (did) not adequately reflect the value of EDP and that the implied offer premium (was) low considering what (was) customary for European utilities where the offeror has acquired control."[1]

The process of the PTO was long and included all kinds of news: shareholders exiting and entering EDP's equity, including one shareholder activist, a change in CTG's management, uncertainty about regulatory barriers, regulatory fines in Portugal, alternative strategic plans for EDP, among many other. Surrounded by all this buzz, the common shareholder might have felt confused and certainly powerless in deciding what would be best for EDP.

However, on April 24, 2019, almost one year after the PTO was launched, a General Shareholder Assembly took place. In this meeting's agenda there was an item to be voted that could at first be seen as a technicality, but had in fact the power to put an end or to push the PTO process forward. This item, a decision about lifting the voting rights limit of 25% that was in place at EDP, was crucial, since CTG had made its approval a pre-condition for the PTO's success, but shareholders were likely to be divided about it. If it was not approved by the General Assembly, the PTO would immediately fall, but otherwise it would solve one major statutory barrier for the PTO to proceed. For the first time, all shareholders with voting rights had the fate of the PTO in their hands.

EDP – from the old days to the present

EDP was formed in 1976, resulting from the merger of fourteen electricity companies that had been nationalized the previous year. It remained a fully state-owned company until 1997, when in June, through a public offering and a direct sale, the Portuguese State sold 30% of the company to 770 thousand national and foreign new shareholders. This was the first of eight privatization phases that led the Portuguese State to first loose its controlling position in EDP and later completely sell its stake in the company. This occurred in the last privatization phase, in 2011, when the Portuguese State chose China Three Gorges over Electrobras (Brazil), Cemig (Brazil) and E.ON (Germany) for the direct sale of its remaining shares, representing 21.35% of EDP's equity, in exchange of b€ 2.69 and the creation of credit lines for EDP's growth[2].

The period during which EDP went from state to privately-owned was also a time for the group's international expansion. It entered the Brazilian market in 1996, through minority stakes in local companies, and in 1998 and 1999 it acquired the control of two main state utilities: Bandeirante and Escelsa[3]. In 2005 EDP performed EDP Bazil's IPO in the Novo Mercado of the Bovespa (São Paulo, Brazil), keeping a 66% stake[4].

Spain was the second country to which EDP expanded, in 2004, when it acquired 56.2% of Hidrocantabrico's equity, the power and gas utility in the region of Asturias, which also owned the gas utility in the Basque Country[2]. EDP was already the main power utility in Portugal, and through this operation it became one of the top four in Spain, an important step considering the about to be created Iberian power market (MIBEL).

But the main driver of international growth was the renewables business. In 2007, EDP acquired Horizon Energy, a USA renewable generation company, therefore becoming a top world market player[2]. In 2008, EDP performed the IPO EDP Renewables in Euronext Lisbon, keeping a 75% stake. Since then, EDP's results were presented for 3 main business areas: Iberia, Brazil and Renewables[5].

The growth in these three areas was remarkable. In Portugal, EDP had, in 2001, an installed generation capacity of 7,184 MW, M€ 4,596 in revenues and an EBITDA of M€ 711[6]. In 2018, in its Iberian activities (excluding renewables), EDP had an installed capacity of 10,007 MW, M€ 13,177 in revenues and an EBITDA of M€ 1,387 (Exhibit 1). In 2007, EDP Brazil had an installed capacity of 1,043 MW, which grew to 2,859 MW in 2018, including hydro, coal and renewable power plants. In this period, its revenues went from MR$ 4,528 to MR$ 12,847 and its EBITDA from MR$ 1,123 to MR$ 2,786[7]. In 2008, EDP Renewables had an installed capacity of 4,400 MW (of which 1,923 MW in the USA and 1,692 MW in Spain – Exhibit 2), M€ 581 in revenues and an EBITDA of M€ 438. In 2018, EDP Renewables had grown its installed capacity to 11,672 MW (of which 5,332 in the USA and 2,312 MW in Spain), M€ 1,697 in revenues and an EBITDA of M€ 1,300[8].

EDP Renewables had a differentiating self-funding model, called asset rotation. The company regularly sold minority stakes (49%) of mature projects, preferably already operating, thus with high visibility over future cash flows and therefore significantly de-risked. Under this strategy, EDP Renewables claimed it crystalized the value of future cash flows to reinvest its proceeds in accretive projects with superior returns. In 2018, EDP Renewables initiated its sell down strategy, by selling majority stakes in projects already in operation or in a late stage of development. This strategy added to the asset rotation the visibility of value creation, since it required capital gains to be booked in the income statement[9]. One of the buyers of the minority stakes in the context of the asset rotation was CTG, as a result of the strategic partnership established with EDP in its last privatization phase in 2011[10].

EDP's Iberian business was impacted by two important transformations in the power sector during the decade of 2000. Until its beginning, this sector was 100% vertically integrated, i.e., in each region the same company managed all four main activities – generation, transmission (super high voltage networks), distribution (high, medium and low voltage networks) and retail, – but the EC[i] Directive 96/92/CE forced companies to unbundle. Competition was introduced in generation (different companies had to compete to sell energy in a wholesale market[ii]) and in retail (the end consumer would be able to choose among different energy suppliers). The businesses of managing transmission and distribution networks, ensured respectively by the transmission system operators (TSO) and the distribution system operators (DSO), were natural monopolies, thus there would be only one regulated company

[i] European Commission

[ii] Portugal and Spain formed a single Iberian market, MIBEL

per network. The TSO was simultaneously the market operator, which was responsible for the technical feasibility of the system, thus having the power to add and exclude generating units from the market to ensure it. Therefore, market agents and the market operator could not be controlled by the same shareholder, although it was not clear if there would be a problem if this was the case for the ultimate beneficial owner (i.e., if the market operator and a market agent were controlled by different companies, but who in turn were controlled by the same company - the ultimate beneficial owner). EDP Group's regulated networks, which were important business areas in Iberia, included the DSO company in Portugal and later in the regions of Spain in which Hidrocantabrico was the DSO. However, as part of the unbundling requirements from the EC, EDP had to sell REN, the Portuguese TSO, in 2000.

The obligation to create a market for generation led to the other important change in the power market in Portugal: until 2004, generation units had a PPA[iii] with the TSO, which assumed the role of the single buyer of the power system. However, in order to create a market, these units would have to make offers in a wholesale market environment. The Government mediated the celebration of the CMEC[iv] contracts, a regulated instrument under which units with the old PPA could operate in the market and then be compensated from (or compensate) the power system if their revenues from the market turned out to be lower (or higher) than what had been previously agreed in the PPA. Therefore, the Iberian market had units that were merchant, i.e., exposed to market risk, and units under the CMEC regime, which were considered regulated.

The Context of the PTO

EDP's PTO came in a context of transformation of the European power sector, as several deals in the beginning of 2018 pointed out: CounterGlobal, a UK energy company, acquired five solar plants from Acciona, an energy developer in Spain; Total acquired a controlling stake in Direct Energie, an energy retailer in France and Belgium; Sembcorp Idustries, an integrated energy group, agreed to buy UK Power Reserve, Britain's largest flexible power generator;

[iii] Power Purchase Agreement

[iv] Custos de Manutenção do Equilíbrio Contratual – Costs to Maintain Contractual Equilibrium

Enel sold its biomass business in Italy to an infrastructure fund; among several other[11]. This transformation could also be found in the reorganization of some companies: German utilities E.ON and RWE decided to swap assets, with E.ON focusing on retail and distribution networks and RWE on renewable generation[11]; Gas Natural, one of the top four utilities in Spain, restructured its business in order to have a global unit of power and gas (generation, retail and trading of electricity and gas) and three regional units dedicated to infrastructures (distribution and transmission power and gas networks)[12].

EDP was clearly a potential target in this wave of mergers and acquisitions. It was the largest utility in Portugal and one of the top four in Spain, EDP Brazil was one of the largest utilities in Brazil, present in twelve states, and EDP Renewables was one of the biggest renewable producers in the world and the main responsible for the group's growth. However, at a European scale, EDP was a mid-sized company that could interest to giant utilities, and in 2017 and 2018 there had reportedly been approaches from Gas Natural (Spain), Engie (France) and Enel (Italy)[13]. However, instead of taking the opportunity to alienate its stake and monetize capital gains, CTG was reportedly more interested in increasing its stake at EDP. Furthermore, CTG viewed Portugal as a potential worldwide growth platform – to Europe and to North, Central and South America[14]. This may have been a motivation for CTG to launch the PTO, in order to eliminate competition for the control of EDP before it appeared.

One other sign EDP could serve as base for the expansion of Chinese investment worldwide was related to another shareholder: CNIC. Like CTG, CNIC's ultimate beneficial owner was the Chinese State, and in the end of 2017 it increased its stake in EDP by 1.96% to 4.98%[13]. This might have also been a strong driver for the launch of the PTO: under Portuguese law, if one shareholder acquires more than one third of another public company's equity, it might be bound by the market regulator (CMVM) to launch a takeover offer for 100% of all outstanding equity. The Chinese State, which through CTG and CNIC controlled 28% of EDP's capital, was getting close to that threshold.

Controlling EDP would also be a way for CTG to freely implement its strategy. The second largest shareholder, Capital Group, had a stake of 12% in EDP on March 31, 2018 (Exhibit 3), right before the PTO launch, but it had gotten to a 17% stake in 2015[15]. CTG might have naturally considered the risk of losing its reference shareholder position, which would lead to barriers to its intentions in General Assembly's votings.

Regarding its plans for EDP in case the PTO was successful, CTG presented some strategic guidelines in its initial communication to the market: (i) it would keep investing in EDP, which would serve as base for CTG's growth in Europe, Americas and Portuguese speaking countries, (ii) the headquarters would remain in Portugal and (iii) the dividend policy would be kept stable and not below what Management had previously announced in the company's last business plan[16]. However, this document lacked a complete business plan with CTG's projections of EDP's growth (in which business areas, by how much, etc.). It also came to public knowledge that CTG intended to keep EDP a listed company[17].

EDP responded to the PTO a few days later, saying in a market notification the price was low and did not consider an adequate control premium[1]. This preliminary opinion was further developed in June, on a detailed management report, which supported this conclusion on a benchmark for multiples of recent transactions in the power industry[18]. This report was unanimously approved by the General and Supervisory Board (Exhibit 4), an EDP governing body in which some of the major shareholders were represented, including CTG.

Change of Hands – the PTO's visible impact

After the PTO announcement on May 11, 2018, there was some movement among EDP's shareholders. Some minority shareholders such as NorgesBank acquired or raised their stake in EDP's capital, and others sold or decreased their positions. There were two main highlights among these movements.

The first goes to Capital Group, the second largest shareholder when the PTO was launched. Capital Group was an investment management company known as a long-term investor interested in a strong and stable dividend policy[19]. Although CTG assured it wouldn't lower the dividend at the time of the PTO of € 0.19 per share[16], it was known CTG was interested on global expansion, which could jeopardize the dividend policy in the medium term. Additionally, if the PTO was successful, the decision process at the shareholder level would no longer be a negotiation between the largest shareholders, but rather CTG would be the controlling shareholder, and thus have the power to decide alone. This might have triggered Capital Group's decision: it first decreased its position in EDP to 9.97% in May and then sold what was left in October[10].

The second highlight came later and goes to Paul Elliot Singer. On October 16, 2018, through two of its controlled entities (Elliot International, L.P. and Elliot Associates, L.P.), he acquired 2.3% of EDP's capital. Paul Elliot Singer was a famous shareholder activist, once considered by Fortune as the most successful manager in the world, also known as one of the most feared investors. In 42 years of activity, he had only had a negative return twice[20]. His strategy was to enter the capital of companies with difficulties and change things dramatically, pushing for restructurings, making strong cases to replace management, selling assets, and finding other options to quickly lift the company's share price to then realize capital gains. He also usually bet on the fall of countries and companies. Elliot got famous for having legally seized one of Argentina's naval instruction sailing tall ship, the ARA Libertad, while docked in Ghana, to force the country to pay a 2001 bond it owed in full[21]. When he entered EDP, it was not clear what his claim would be, but it was certain he was not there just to be a passive spectator.

Regulation and other types of barriers

CTG's control over EDP required a favorable opinion from international and national market and competition regulators. At an international level, the European Commission's DGcomp[v] would have to declare the transaction compatible with the European Merger Control Regulation. At a national level, a list of fifteen authorizations from national regulators and authorities in countries where EDP was present was identified by CTG, including a confirmation from the Portuguese Government it would not oppose the transaction. In this list, CTG identified mostly market and competition entities, having detailed energy sector entities in four countries: USA, Brazil, Canada and Poland.

The first favorable opinion came almost immediately: on the day the PTO was launched, Portugal's Prime Minister António Costa said the Government had "no reservations" about the PTO[22]. Later, in September 2018, the Brazilian regulator (CADE) accepted CTG's bid "without any restrictions"[23]. In November 2018, it was further clarified that CTG didn't need to launch a PTO over the minority shareholders of EDP Brazil (EDP controlled 51% of its Brazilian subsidiary)[24]. But these were the only good regulatory news for CTG in this process.

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[v] Directorate-General for Competition

Despite not expecting resistance in Europe – the European Commission President Jean-Claude Juncker said on August 22, 2018, the Commission had "little instruments to intervene"[25], – the Committee on Foreign Investment in the United States (CFIUS) was credited at the time a rigorous scrutiny over any large Chinese investment such as this one, possibly due to the ongoing trade war between China and the USA, and news reported it would not approve the deal[26]. This view was indirectly confirmed by the US Ambassador in Portugal, who said to be "totally against the deal"[27]. However, this was probably not a full road block for the PTO. CTG had almost certainly anticipated this before it launched the takeover, and news reported it was already seeking buyers for EDPR's business in the US among European utilities[28]. Therefore, although it was still not clear how to overcome this regulatory barrier, it seemed unlikely that it alone would prevent the PTO from happening.

But then Portugal presented some unexpected regulatory issues, related to the unbundling obligation. CTG was a Chinese state-owned company, as well as State Grid, which owned 25% of the Transmission System Operator (TSO) REN in Portugal. Apart from the competition approvals, which CTG pointed as mandatory in its PTO filling, the question remained on whether the Portuguese energy sector regulator ERSE[vi] would be favorable to the PTO, since it would result in the ultimate beneficial owner (the Chinese State) having a majority stake in the largest market player (EDP) and a relevant stake in the TSO (REN). This could be seen as a violation of the unbundling required by a European Directive[vii]. Not long after EDP's PTO was launched, there were news pointing to an unfavorable opinion from ERSE on this matter.

Datang, also a Chinese state-owned company, had an ongoing process to acquire Generg, a Portuguese company with renewable assets (hydro, wind and solar). ERSE consulted interested parties on its preliminary opinion on June 5, 2018, which stated the deal "was not in accordance" with the unbundling rules, and that it would create a "potential conflict of interests" between Datang and State Grid. Therefore, it would "not be compatible with the terms of certification" of REN as a TSO[29].

[vi] Entidade Reguladora dos Serviços Energéticos

[vii] EC Directive 96/92/CE

ERSE issuing this opinion about the acquisition of Generg, a company with only 487.6 MW of installed capacity[30], could represent a significant setback for the PTO over EDP, a much larger market player. CTG had not included in its PTO initial filing that having a favorable opinion from ERSE was formally a pre-condition for the PTO's success – only a non-opposition from the Portuguese Government, which had been given the day the PTO was launched. However, this could make things even more difficult: CTG would not be able to withdraw the offer using ERSE's opinion as an argument. The PTO could formally move forward even with an unfavorable opinion from ERSE, but for REN to keep its license as a TSO, State Grid would have to sell its stake in REN. In other words, for CTG to avoid a voluntary withdrawal of the PTO, it was dependent on the will of State Grid and the Chinese State.

In September 2018 there was a change in management at CTG: Ya Yang (CTG's CFO) and Lu Chun (CTG's chairman, which in the Chinese governance model is equivalent to the CEO) were removed from their roles, and Lei Mingshan, a vice-minister, was appointed by the Chinese government to replace Lu Chung. News at the time reported this was seen as the Chinese Government wanting to have a greater control over the PTO process, and this change came in line with a prioritization of the investments made by State Grid, a company that was big even for Chinese standards – State Grid was ranked 2nd in the Global Fortune 500 list of 2018, with b$ 387 in revenues; CTG reported b€ 11.5 in revenues the same year[31].

On December 4 and 5, 2018, China's President Xi Jiping visited Portugal and 17 bilateral deals were signed between public and private entities. Two of them involved EDP, CTG, REN and State Grid. EDP and CTG signed a deal to "define the cooperation at the social responsibility level, namely on culture, sustainable development, innovation and R&D". REN and State Grid signed a deal to reinforce the strategy currently in place[32].

In addition to the regulatory uncertainty related to the PTO, during this process EDP had to deal with regulatory pressure in Portugal related to the CMEC contracts. ERSE had presented a study back in September 2017 stating that EDP's power plants under the CMEC mechanism had been overcompensated by M€ 510 from 2007 to 2017[33]. This study, however, had no practical effect on EDP, since it was only based on the regulator's opinion under its own assumptions, but in August 2018 the Portuguese Government, through its Secretary of Energy, announced it would demand from EDP M€ 285 from the M€ 510 and was considering an additional M€ 73. EDP issued a market notification stating this decision lacked "legal, economical and technical foundation" and therefore "EDP's General and Supervisory Board, in which strategic shareholders take part, has unanimously declared today that the adequate protection of shareholders' interests justifies the resort to International Arbitration under treaties in force regarding the protection of foreign investment" (Exhibit 5). All this regulatory noise had a visible impact on EDP's share price during the period of the PTO (Exhibit 6).

Paul Elliot's proposal – an alternative plan for shareholders

On February 14, 2019, Paul Elliott Singer's idea for EDP became clear. As an activist shareholder, Elliot launched a website[viii] (Exhibit 7) in which he published a presentation on how to unlock EDP's value. This document argued that CTG's bid not only represented a significant undervaluation of the company, but also was undermining EDP's growth, since there had been little progress in overcoming regulatory barriers so far. It noted that in nine months CTG had only received one anti-trust approval, out of fifteen required, and that to overcome regulatory barriers in the US and Portugal EDP might have to divest in these geographies, which would result in an "unattractive break-up of EDP leaving the company weaker". It also claimed that EDP was lagging its peers, since total shareholder return since the PTO was launched was only 2%, compared to a 9% average from them.

As an alternative, Elliot suggested three operations and estimated the respective proceeds: EDP should divest on EDP Brazil (b€ 2.3), Iberian thermal assets (b€ 1.7) and a minority stake of 49% in Iberian networks (b€ 3.6). He suggested these proceeds should be used to de-lever to net-debt / EBITDA 3x (b€ 2.8), invest in renewables (b€ 3.5) and buyback shares (b€ 1.2).

With this plan, Elliot claimed the New EDP would present better growth than the Status Quo EDP (7% vs. 2% CAGR 2019-22E), shareholder remuneration would grow instead of being kept constant (11% vs. 0% CAGR 2019-22E) and by 2022 leverage would be more prudent (2.9x vs. 3.3x Net Debt / EBITDA). In his view, the New EDP would also have "highest exposure to growing markets with primarily EUR and USD revenues".

CTG never pronounced itself about this plan. On the same day Elliot made its presentation available, EDP issued a press release stating "we appreciate Elliott's contribution and will

[viii] www.empower-edp.com

carefully consider their proposals, as we do in the ordinary course for all shareholders", but nevertheless, "[a]s previously announced, EDP will be providing a strategic update to the market in connection with the release of the group's 2018 results on 12th March 2019".

The EDP Strategic Update – EDP Management's plan

EDP did not respond directly to Elliot's plan, since it had already announced for the Capital Market's Day on March 12, 2019 the presentation of its Strategic Update 2019-22 (Exhibit 8). Under this plan, during these four years the company would invest b€ 12 on three main areas: renewables (75% of the 2019-22 CAPEX), networks (20%) and client solutions & energy management (5%). From the b€ 9 CAPEX in renewables, b€ 8 would include a b€ 4 continued asset rotation strategy and a b€ 4 net expansion. From the b€ 2.4 CAPEX in networks, b€ 1.3 would represent a growth in the remunerated asset base of EDP Brazil. And finally, the b€ 0.6 CAPEX in client solutions & energy management would allow EDP to increase the number of services contracts and the amount of energy under management.

Regarding the b€ 12 of CAPEX, above b€ 4 would be financed by renewable asset rotations and above b€ 7 would represent net investments. The later would be funded from a total source of cash of b€ 12, which would include b€ 8 of organic cash flow, b€ 2 of asset disposals and b€ 2 of other sources. Apart from the b€ 7 net investments, these sources of cash would be applied on b€ 2 of deleveraging and b€ 3 of dividends. This plan was backed by the shareholders, having been approved in the General and Supervisory Board, in which some of the largest shareholders were represented – including CTG (Exhibit 9)[34].

Lifting voting limits – the vote that could end the PTO

Elliott stated EDP's plan "marked an important first step in the right direction", but a "stronger and accelerated portfolio optimization plan" was needed. In Elliott's opinion, to have a more ambitious strategy, EDP would need to "overcome the significant uncertainty created by CTG's takeover bid". To precipitate the failure of the PTO process, Elliott required an item be added to the Shareholder's Assembly agenda: the lifting of the 25% voting right cap, which needed approval by a two-third majority, announcing he would vote against it (i.e., in favor of maintaining the cap).

This limit had existed in EDP for several years. It began in 5%, and while the Portuguese State was still a shareholder it increased to 20%. In the last privatization phase, when CTG acquired 21.35% of EDP's capital and the State ceased to hold an interest in it, the voting rights limit was raised again to 25%[35].

The lifting of the voting limits was a pre-condition of the PTO, thus CTG would eventually have to put it to vote. Paul Elliot took a step forward and did it for CTG, confident it would be rejected by all shareholders, therefore putting an end to the PTO. But if it was instead approved, Elliot would have helped CTG to overcome an important statutory barrier at EDP. This decision was now in the shareholders hands.

Looking from the perspective of a qualified minority shareholder, with over 2% stake in EDP but with not much more access to information than the news and EDP's market notifications, how could one see all this process? Should one vote against lifting the voting rights and help putting the PTO to an end, or is CTG's proposal the best for one's interests, in which case one should vote in favor of lifting the limits?

Exhibit 1 EDP Financials

Income Statement

2017 (€m)	Generation & Supply Iberia	Regulated Networks Iberia	EDP Renováveis	EDP Brasil	Corpor. Activ. & Adjustments	**EDP Group**
Revenues from energy sales and services and other	**7,818**	**5,352**	**1,637**	**3,433**	**(2,494)**	**15,746**
Gross Profit	**1,236**	**1,596**	**1,602**	**969**	**(12)**	**5,391**
Supplies and services	314	322	327	172	(143)	991
Personnel costs and employee benefits	158	145	101	129	147	681
Other operating costs (net)	210	231	(192)	53	(572)	(270)
Operating costs	**681**	**698**	**235**	**354**	**(568)**	**1,401**
EBITDA	**555**	**898**	**1,366**	**615**	**556**	**3,990**
Provisions	(6)	(2)	(0)	8	(4)	(4)
Amortisation and impairment (1)	589	309	563	164	50	1,676
EBIT	**(28)**	**591**	**803**	**443**	**510**	**2,318**

2018 (€m)	Generation & Supply Iberia	Regulated Networks Iberia	Wind & Solar	Brazil	Corpor. Activ. & Adjustments	**EDP Group**
Revenues from energy sales and services and other	8,382	4,795	1,528	3,212	(2,638)	15,278
Gross Profit	**1,434**	**1,280**	**1,512**	**877**	**(4)**	**5,099**
Supplies and services	291	276	345	146	(101)	957
Personnel costs and employee benefits	159	137	115	113	127	652
Other operating costs (net)	222	242	(249)	(30)	(11)	174
Operating costs	**672**	**655**	**212**	**228**	**15**	**1,782**
EBITDA	**762**	**625**	**1,300**	**649**	**(19)**	**3,317**
Provisions	278	3	0	11	(5)	288
Amortisation and impairment (2)	417	282	546	144	55	1,445
EBIT	**67**	**339**	**754**	**494**	**(69)**	**1,584**

Balance Sheet

Assets (€ m)	**Dec-18**	**Dec-17**	**Δ Abs.**
	Dec vs. Dec		
Property, plant and equipment, net	22,708	22,731	-23
Intangible assets, net	4,737	4,747	-11
Goodwill	2,251	2,233	19
Fin. investments & assets held for sale (details page 28)	1,088	1,236	-148
Tax assets, deferred and current	1,560	1,390	170
Inventories	342	266	76
Other assets, net	6,946	7,028	-82
Collateral deposits	193	45	148
Cash and cash equivalents	1,803	2,400	-597
Total Assets	**41,627**	**42,075**	**-448**

Equity (€ m)	**Dec-18**	**Dec-17**	**Δ Abs.**
Equity attributable to equity holders of EDP	8,968	9,546	-578
Non-controling Interest (Details on page 28)	3,932	3,934	-2
Total Equity	**12,900**	**13,480**	**-580**

Liabilities (€ m)	**Dec-18**	**Dec-17**	**Δ Abs.**
Financial debt, of wich:	16,085	16,918	-833
Medium and long-term	*13,462*	*15,470*	*-2,007*
Short term	*2,623*	*1,448*	*1,174*
Employee benefits (detail below)	1,407	1,522	-115
Institutional partnership liability (US wind)	1,269	1,249	20
Provisions	1,018	753	266
Tax liabilities, deferred and current	1,238	1,122	117
Deferred income from inst. partnerships	962	915	47
Other liabilities, net	6,746	6,117	630
Total Liabilities	**28,727**	**28,595**	**132**
Total Equity and Liabilities	**41,627**	**42,075**	**-448**

Key Balance Sheet Data (€ m)	**Dec-18**	**Dec-17**	**Δ %**	**Δ Abs.**
Net debt	13,480	13,902	-3%	-422

Number of outstanding shares:

3 657 thousand

Source: EDP Results handout 2017 and 2018

Exhibit 2 EDP Renewables' installed capacity growth

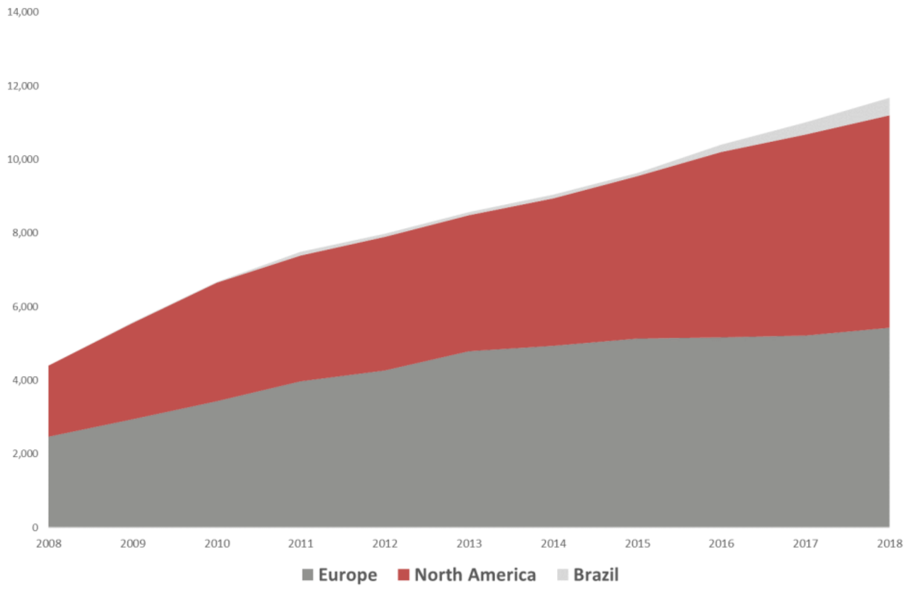


Figure 1 – EDP Renewables' installed capacity evolution (MW).

EDP Renewables' Installed Capacity 2018 (MW):

Portugal	1,309
Spain	3,312
USA	5,332
Canada	30
Mexico	200
Brazil	467
France	421
Belgium	71
Poland	418
Romania	521
Italy	221

Exhibit 3 Shareholder structure on March 31, 2018

	No. of Shares	% Capital	% Voting
China Three Gorges Corporation	850,777,024	23.27%	23.27%
CNIC Co., Ltd	182,081,216	4.98%	4.98%
Capital Group Companies, Inc.	438,903,945	12.00%	12.00%
Oppidum Capital, S.L.	263,046,616	7.19%	7.19%
BlackRock, Inc.	182,733,180	5.00%	5.00%
Mubadala Investment Company	148,431,999	4.06%	4.06%
Millennium BCP Group and Pension Fund	89,126,167	2.44%	2.44%
Sonatrach	87,007,433	2.38%	2.38%
Qatar Investment Authority	82,868,933	2.27%	2.27%
Norges Bank	100,701,700	2.75%	2.75%
EDP (Treasury stock)	22,236,324	0.61%	
Remaining shareholders	1,208,623,178	33.05%	
	3,656,537,715	**100.00%**	

Source: EDP Interim Report 1Q18

China Three Gorges Corporation: Chinese State-owned power company

CNIC: Chinese State-owned investment company

Capital Group Companies: American investment management company

Oppidum Capital: investment holding company

Blackrock: American global investment management company

Mubadala: Abu Dhabi investment company

Millenium BCP: Portuguese bank

Sonatrach: Algerian state-owned oil company

Qatar Investment Authority: Qatar national sovereign fund

Norges Bank: central bank of Norway

Exhibit 4 Corporate Governance at EDP

EDP had the so called two-tier, or dual corporate governance model, composed by the Executive Board of Directors (EBD), which consists in the company's management, the General and Supervisory Board (GSB), which represents EDP's largest shareholders (Exhibit 9), and the Statutory Auditor (SA). In this model, the GSB and the SA have only supervisory duties, but the GSB may be required to approve certain acts to be performed by the EBD. These bodies are elected by the General Assembly. EDP's General and Supervisory Board is composed of several committees which undertake the GSB's duties: the financial and the audit committees, responsible for the supervision of financial information; the remuneration committee, responsible for fixing the remuneration of the members of the EBD; the corporate governance and sustainability committee, responsible for functions in the areas of corporate governance, including transactions with related parties; and the strategy and performance committee, responsible for monitoring the company's performance in the context of its sector and EDP's business plan and its implementation considering market conditions.

One important area of Corporate Governance are the transactions with related parties. The market regulator (CMVM) defined them as "business with shareholders owning qualifying holdings or with entities related to them in any way", and recommended these were done at market conditions and their completion was subject to a prior opinion from a supervision or audit body. EDP had these recommendations in place: the GSB had internal regulations and reporting obligations from the EBD on such transactions and criteria to identify which ones were subject to the prior opinion of the GSB, namely of the corporate governance and sustainability committee (CGSC). The detailed guidelines regarding transactions with related parties that were in place at EDP were the following:

> "a) The GSB must approve a regulation aimed at the pursuit of the company's interests that establishes procedures and rules on EDP's transactions with related parties. In particular, this regulation must:
>
> > i. Define the concepts of transactions and related parties for the purpose of implementation of the regulation
> >
> > ii. Establish reporting obligations by the EBD on transactions deemed as relevant

iii. Determine the responsibilities of the participants in implementing the regulation, especially the GSB, CGSC and EBD

iv. Set out the criteria for identifying transactions of significant relevance requiring a prior opinion and the terms of its intervention

b) The GSB must delegate to the CGSC the task of monitoring compliance with the regulation and the CGSC must send periodic reports to the GSB on its work in this area.

c) The EBD must set up and implement procedures for identification, internal reporting and action to be taken in the event of a conflict of interest, in harmony with the principles laid down by the GSB.

d) The GSB must issue an opinion on compliance with the regulation when appreciating EDP's annual and interim report, taking account of the work done by the CGSC.

e) Every year, the GSB must assess the effectiveness of the regulation and amend any rules necessary."

Apart from the recommendations related to transactions with related parties, EDP identified in its corporate governance manual a total of 36 recommendations from CMVM, detailing the procedures in place to follow them. The topics of these recommendations included: control of the company, management, supervision, auditing, remunerations, conflicts of interests and information[36].

Exhibit 5 Market Notification from EDP – CMEC overcompensation

Investors & Analysts' Briefing

Secretary of State for Energy's decision on alleged CMEC overcompensation

Lisbon, September 27th, 2018: Pursuant to the terms and for the purposes of the article 17 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council and of article 248-A of the Portuguese Securities code, EDP - Energias de Portugal, S.A. ("EDP") is providing the following information to the market:

DGEG notified EDP about a dispatch issued by the Secretary of State for Energy (SSE) on 29-Aug-2018, which quantifies at €285 million the alleged overcompensation of EDP related to the calculation of the real availability factor of the plants under the CMEC regime. Additionally, the dispatch from the SSE mentions that the possible charging to EDP of a maximum amount of €72.9 million for alleged overcompensation of plants under CMEC regime operating on ancillary services market is still under analysis.

EDP considers that this dispatch lacks legal, economic and technical foundation:

1) The availability-related compensation amounts received by EDP resulted from the strict application of the rules and parameters defined in DL 240/2004 (establishing CMEC regime), which are identical to those defined in the previous PPA contracts;
2) This decree-law, by ruling the availability of the plants under the CMEC regime, does not expressly requires the performance of availability tests, referring to the PPA termination agreement on the specific legislation on this matter;
3) Nevertheless, it was always possible to the system operator to perform availability tests to these plants, within the scope of the regulation in force;
4) The above decision intends to, solely based on the absence of express requirement of tests, assign, on an administrative and arbitrary manor, a value to availability factor with no legal or contractual foundation, neither adherence to reality.
    a. In fact, the mere observance of production hours at some of the plants allows to conclude with confidence that the effective availability factor was higher than the one administratively set and now included in this DGEG proposal approved by the SSE.
    b. ERSE, the entity who computed the amount of €285 million, recognises that such amount does not represent the impact of the absence of availability tests.

Moreover, since 2007 and on annual basis, ERSE has never issued unfavourable opinions on the annual amounts of CMEC compensations and has even recognised that results of availability tests performed after 2013 were higher than those that now, administratively and unfounded, are intended to be set.

In this respect, in the context of definition of the final CMEC adjustment, the SSE recognised on 25-Apr-2018 that legal changes conducting to the recovery amounts of this kind would be considered of doubtful constitutionality.

EDP finds itself impaired by this administrative decision, and will therefore take the necessary measures to protect its rights and interests, including all legal means available.

Following the set of adverse measures, with no legal foundation and in disrespect of contracts, which have been taken by the Portuguese State in prejudice of EDP, its shareholders and remaining stakeholders, EDP's General and Supervisory Board, in which strategic shareholders take part, has unanimously declared today that the adequate protection of shareholders' interests justifies the resort to International Arbitration under treaties in force regarding the protection of foreign investment.

Following the principle of prudence, the reception of this notification changes the outlook for EDP's reported net profit in 2018, from €0.8 billion to between €0.5 billion and €0.6 billion. This change, fully explained by non-recurring effects, will have no impact on EDP's dividend policy.

This new outlook for reported net profit includes, for the first time since the IPO of EDP, a net loss attributable to its operations in Portugal.

EDP – Energias de Portugal, S.A.

Exhibit 6 EDP share price evolution

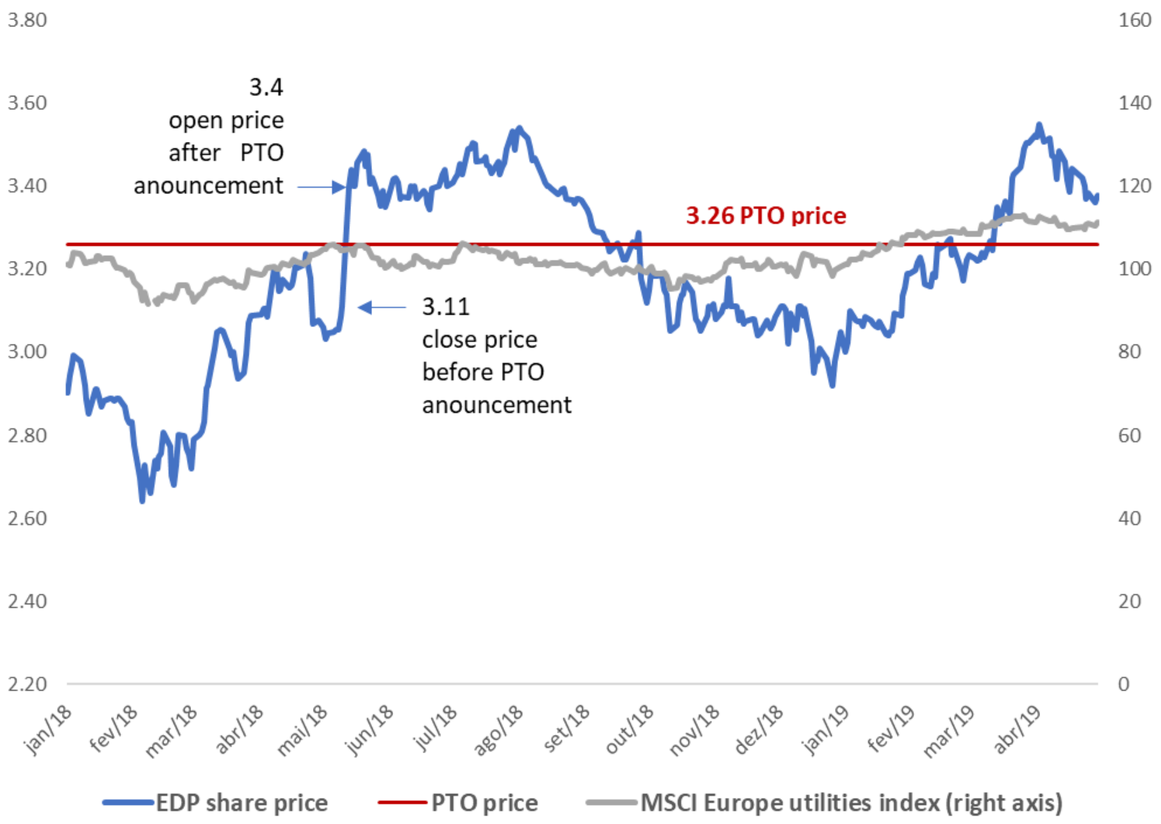


Figure 2 – EDP share price evolution vs. European utilities (values in €).

Exhibit 7 Paul Elliot’s proposal for EDP – selection of slides

Drivers of EDP’s Value Gap

Given its highly attractive asset mix, EDP has a unique opportunity to transform itself into an “ideal utility” attracting a premium valuation

Excessive leverage

At 4.0x[1] Net Debt/EBITDA, EDP has one of the highest levels of leverage in the industry resulting in excessive interest costs

Interest costs additionally penalised by:
(1) EDP Brasil’s high cost of debt
(2) Legacy debt priced off substantially higher Portuguese spreads

The leverage directly constrains:
(1) The pursuit of growth opportunities
(2) Shareholder remuneration through dividends

Underinvestment in growth

EDP should take advantage of significant growth potential in renewables

Growth restrained by:
(1) Suboptimal leverage position
(2) Unfocused portfolio with different business units competing for capital resources of the EDP group

Conglomerate discount

EDP’s high-multiple business units are diluted by lower-multiple divisions

EDP’s four main business units already operate as standalone entities, with limited synergies gained from being part of a single group

Opportunity to optimise portfolio, close discount and capture value

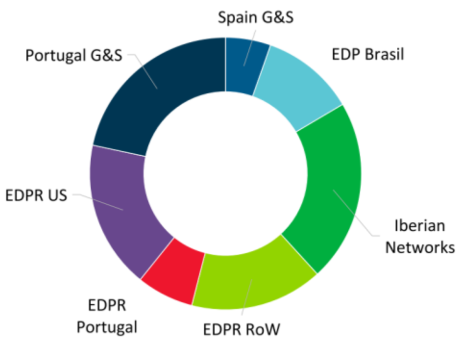
[1] Based on Bloomberg consensus EDP 2019E EBITDA as of 8 February 2019 and net debt as per EDP’s 9M 2018 report

CTG’s Offer Would Force an Unattractive Break-Up

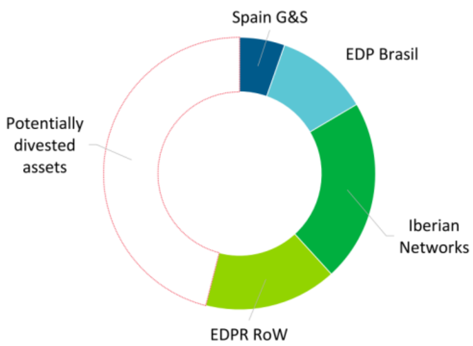
Beyond concerns with price and lack of progress, a successful bid would involve the loss of EDP’s most valuable assets

CTG will likely have to divest EDP’s US renewables portfolio as well as all of EDP’s Portuguese generation portfolio, resulting in less exposure to attractive “green power” generation

EDP enterprise value business split today[1]



EDP enterprise value business split if successful CTG bid[1]



CTG’s bid would leave EDP weaker, and does not envisage sharing likely substantial capital gains realised through the disposals in US and Iberia with other EDP shareholders

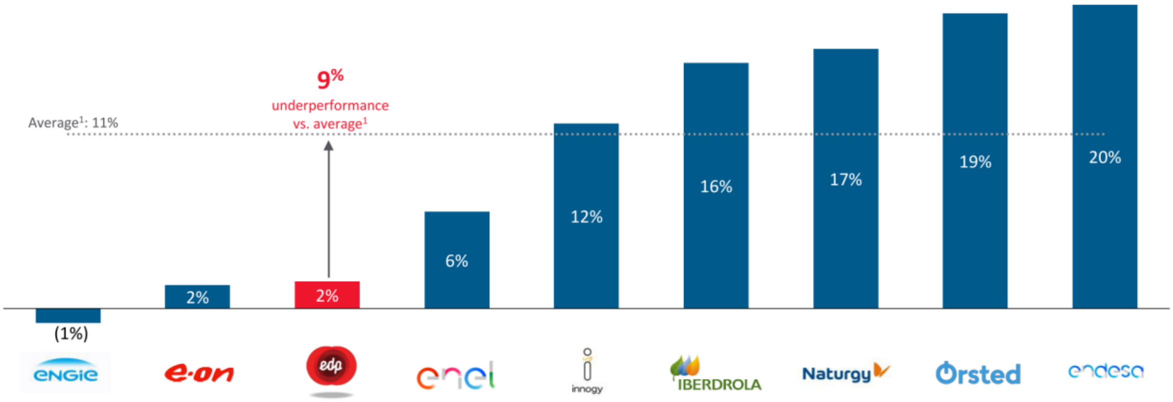
[1] Total EV as per EDP market value as of 8 February 2019 and 9M18 balance sheet items. EDPR and EDP Brasil EV as of 8 February 2019 and 9M18 balance sheet items. EDPR split by region pro-rata LTM 9M18 EBITDA. Iberian networks EV in line with Southern European peers’ (Red Electrica, Enagas, Snam, Terna) average EV/EBITDA multiple applied to 9m18 LTM EBITDA. Remainder attributed to Iberian Generation & Supply, split by generation capacity for Portugal and Spain

EDP Has Lagged Peers Since CTG's Bid was Announced

Total shareholder return since CTG made its bid on 11 May 2018

"**Given the lack of clarity** on some of these [aspects of the offer] and on the evolution of the offer, **management postponed the update on its business plan,** expected in 2H18, **until it has a clearer view on a transaction"**

Morgan Stanley, 27 July 2018

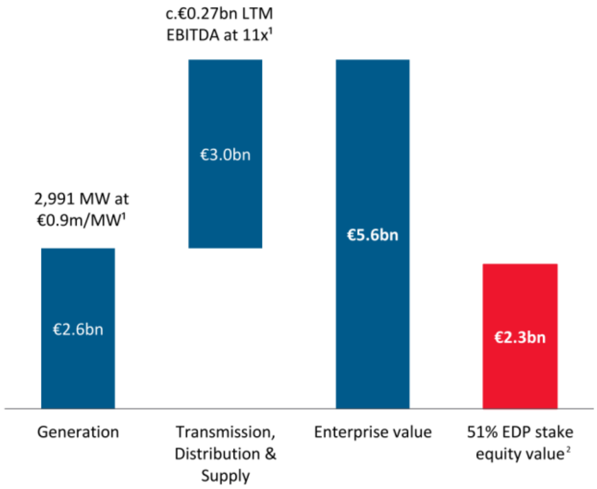


Source: Bloomberg as of 8 February 2019. [1] Excluding EDP

Optimise Portfolio: Sell EDP's 51% Stake in EDP Brasil

EDP's stake in EDP Brasil can be sold at a substantial premium to current trading value

Over 75% upside and €2.3bn proceeds



There should be considerable demand for a Brazilian utility like EDPB

"The Chinese government run **State Grid has R$15bil available for investing in Brazil**, where it has built a position in the power transmission segment, while now the goal would be power distribution"

Folha de São Paulo, 8 March 2016

"Enel will **reinforce its focus on** markets where it has an integrated presence such as Italy, Spain, Chile and **Brazil"**

Enel New Strategic Plan 2019-21, 15 November 2018

"We **also have the ambition to grow our activities in other areas such as Latin America, Brazil** and Mexico"

Engie Investor Workshop, June 2017

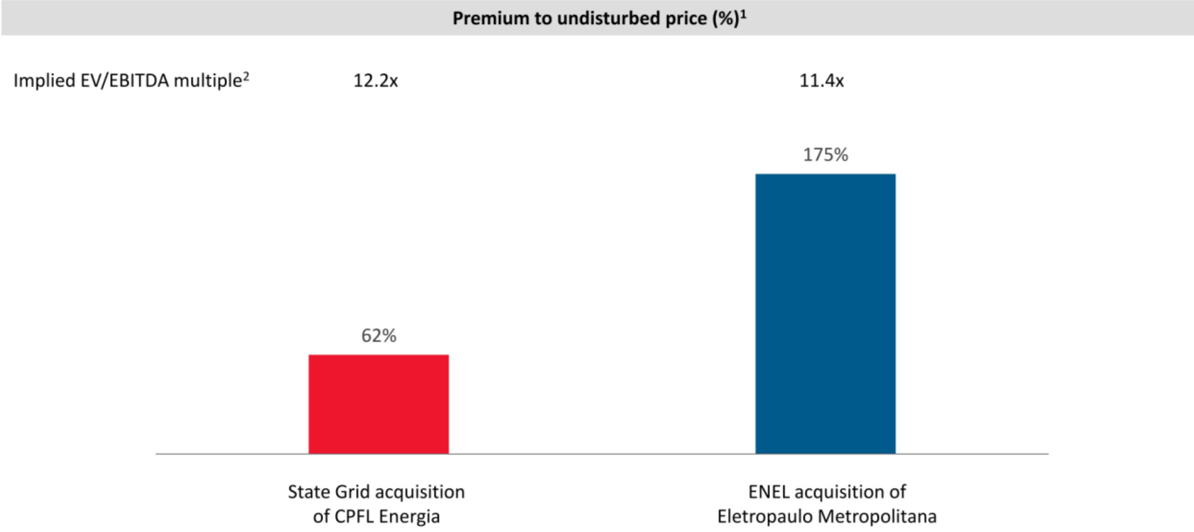
"Iberdrola… plans to invest somewhere between **R$25 billion and R$30 billion in the country by the end of 2023**… 'Our bet on this country is clear. What the government is telling us sounds good' [CEO Ignacio Sánchez Galán] emphasised"

Valor Econômico, 23 January 2019

Note: As of 8 February 2019; [1] Capacity as per Q318 EDPB earnings. Transmission, distribution & supply LTM EBITDA sourced from EDP "Key Data 2017-18". Based on average precedent transactions multiples: Generation transactions: CESP / CPPIB & Votorantim (Oct 2018); EDPB (132MW small hydro) / Statkraft (Oct 2018); Gerdau (Barra dos Coqueiros and Caçu) / Kinross (Feb 2018); Paranapanema Gera / China LAC (Dec 2016); Neoenergia (stakes in six projects) / ContourGlobal (Nov 2016); Duke Energy (2.09GW hydro) / CTG (Oct 2016); Itapebi Geracao de Energia / Neoenergia (Feb 2014); EDPB (Jari and Cachoeira Caldeirao) / CTG (Oct 2013). Other businesses transactions: Eletropaulo / Enel (Apr 2018); AES Sul / CPFL (Jun 2016); [2] Implies R$31 per share

Optimise Portfolio: Sell EDP's 51% Stake in EDP Brasil

Recent Brazilian utility transactions have commanded substantial premia

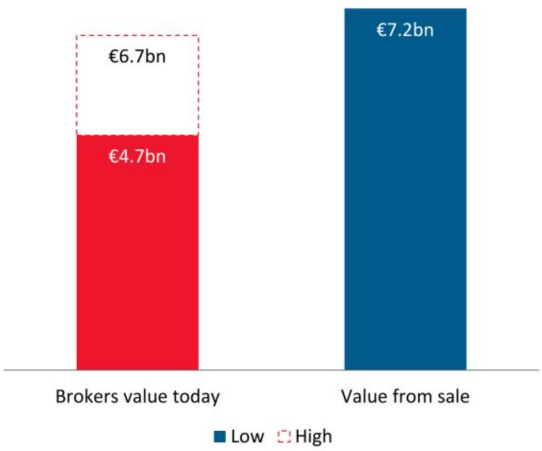


Source: Bloomberg, Eletropaulo Investor Pres (5 June 2018); CPFL Renovaveis Price Justification Document (12 September 2018); Folha de São Paulo; [1] CPFL Energia undisturbed price as of 7 March 2016; Eletropaulo Metropolitana undisturbed price as of 26 Feb 2018; [2] CPFL Energia Implied EV/LTM EBITDA 12.2x (based on LTM EBITDA as of 1Q16); Eletropaulo Metropolitana EV/LTM EBITDA 11.4x (based on 2017 EBITDA pre-pension)

Optimise Portfolio: Sell a 49% Stake in EDP's Iberian Electricity Distribution

EDP should take advantage of significant demand from infrastructure investors who value networks assets at a substantial premium to the public market

Iberian Networks is a fully regulated asset with long-duration cash flows; Sale of a 49% minority stake would be one of a limited number of remaining opportunities for financial investors to deploy capital in this space



- Brokers value EDP's Iberian Networks at 7-10x LTM EBITDA[1]
- Precedent transactions Portuguese networks assets traded for 11x LTM EBITDA[2]
- Recent upgrade of Portugal's sovereign rating to investment grade, makes EDP's assets very attractive to a large number of buyers
- Distribution assets provide attractive yield to infrastructure investors, irrespective of control

> **"We estimate that both the Portuguese and the Spanish networks could be sold at a combined price of €7.4bn**. We have used M&A multiples from previous transactions in Europe. We use an average multiples of 11.3x EV/ EBITDA 18e related to gas & power network transactions in the last eight years"

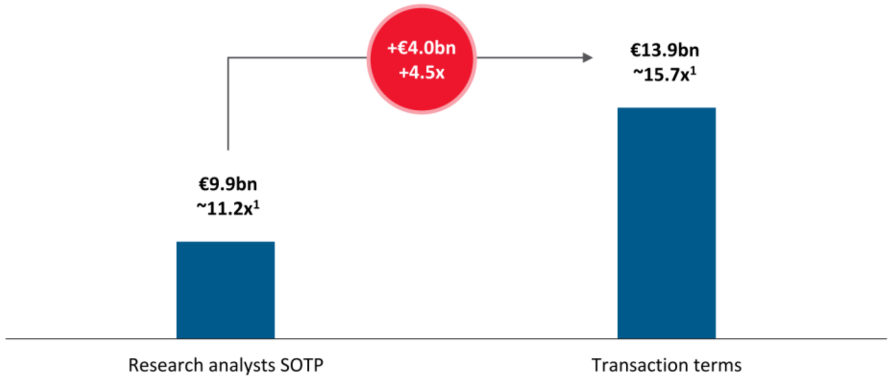
Macquarie, 19 October 2018

Note: Enterprise value for Iberian Networks based on brokers multiple range of 7-10x LTM EBITDA and 11x LTM EBITDA transaction multiple on Iberian Networks LTM 3Q18 EBITDA €657m; [1] EV/EBITDA LTM EBITDA multiples from: Goldman Sachs (8 Jan 2019), RBC (26 Nov 2018), Macquarie (19 Oct 2018), JP Morgan (14 May 2018), UBS (15 Aug 2018), Credit Suisse (28 Jan 2019), HSBC (15 May 2018), Morgan Stanley (2 Mar 2018); [2] EV/LTM EBITDA transaction multiple for Ren acquisition of EDP Gas per Ren investor presentation (April 2017)

Optimise Portfolio: Sell a 49% Stake in EDP's Iberian Electricity Distribution

Naturgy's sale of a minority stake in its Spanish gas distribution to a consortium of financial investors proves there is significant upside potential to public market-implied valuation

Naturgy sale of a 20% stake in Spanish gas distribution to CPPIB and Allianz crystallised an implied €4bn / + 40% valuation uplift vs. public market valuation at the time

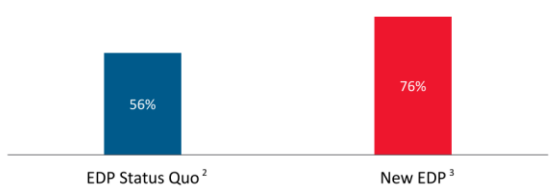


Public market values Iberian Networks at EDP's cost of capital, whereas a minority stake sale can raise significantly more proceeds from yield-seeking infrastructure investors. EDP has been a beneficiary of a similar arbitrage when it sold Naturgas at a substantial premium to market-implied valuation at the time

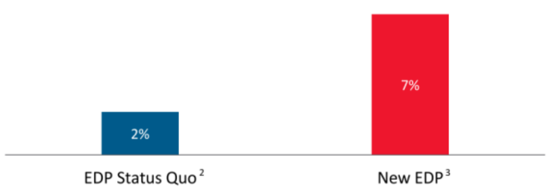
Source: Gas Natural Fenosa 9M 2017 results presentation
[1] EV/EBITDA 2016

The Status Quo vs. A New EDP

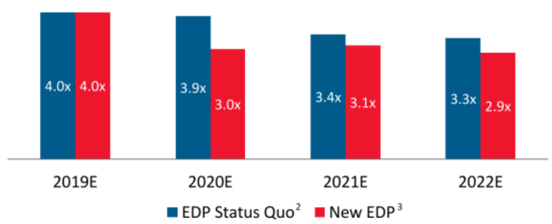
Improved Business Mix – 2022E Contracted EBITDA[1]



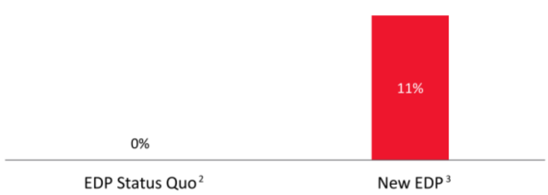
Improved Growth – 2019-22E EBITDA Growth



More Prudent Leverage – Net Debt / EBITDA



Shareholder Remuneration – 2019-22E DPS CAGR

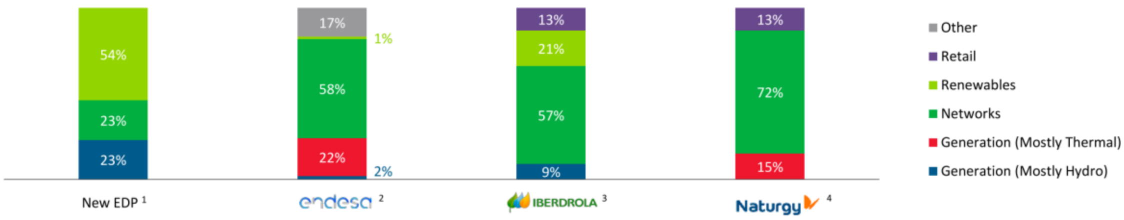


[1] Includes EUR, USD and CAD long term contracted and regulated EBITDA; [2] EDP Status Quo broker average based on broker consensus adjusted to include 2022 projections for UBS, Credit Suisse and Morgan Stanley; [3] New EDP assumes: (1) EDP Brasil stake sold for EUR 2.3bn; (2) 49% stake in Iberian Networks sold for EUR 3.6bn; (3) Iberian thermal generation sold for EUR 1.7bn; (4) Debt pay-down of EUR 2.8bn; (5) 10% of outstanding shares bought back at EUR 3.26 per share for a total of EUR 1.2bn; (6) Assumes EUR 3.5bn of equity investments into growth renewables projects deployed 50/50 in 2020 and 2021. Average project unlevered return of 10%, LTV of 25%, 3.4% cost of debt. $1.5/MW cost with 12-month construction phase; (7) 90% dividend payout ratio

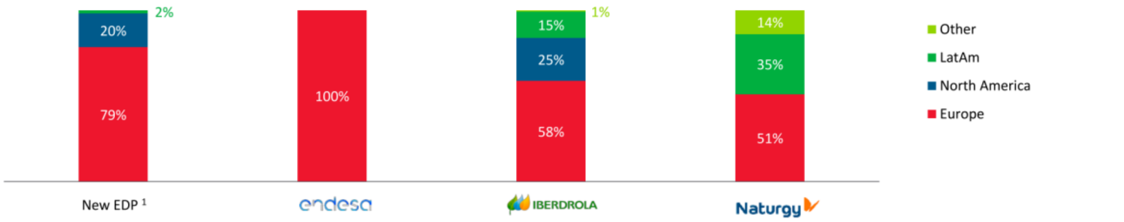
A New EDP Will Be a Highly Attractive Iberian Utility: EBITDA Exposure

Highest exposure to growing renewables business with presence in attractive, stable markets with primarily EUR and USD revenues

EBITDA Business Mix

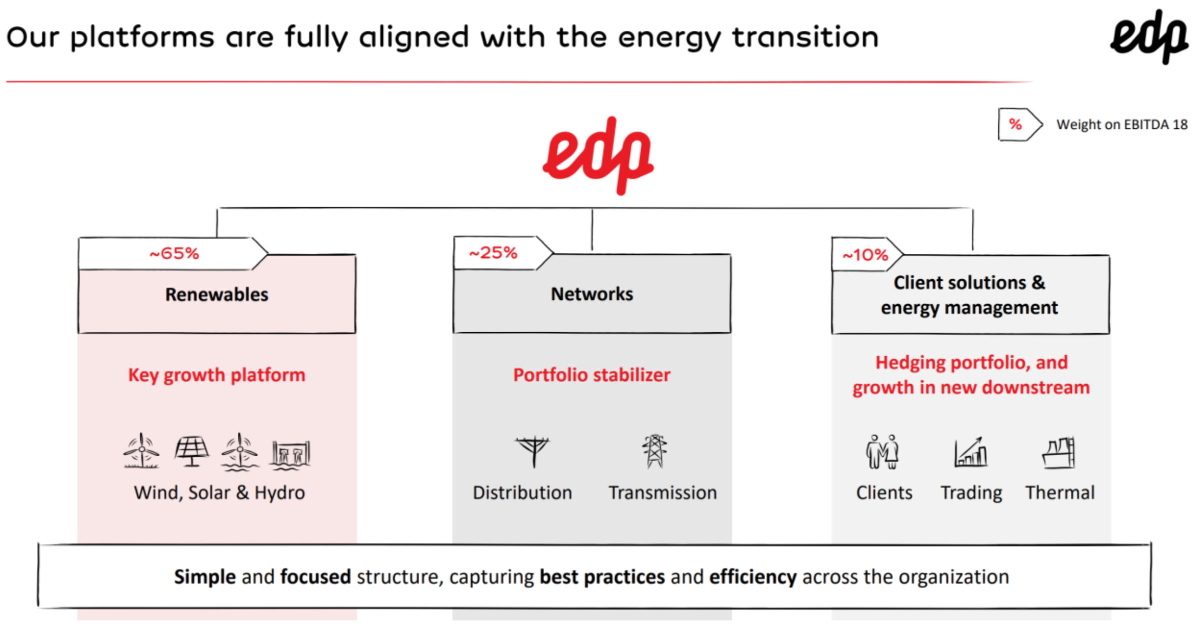


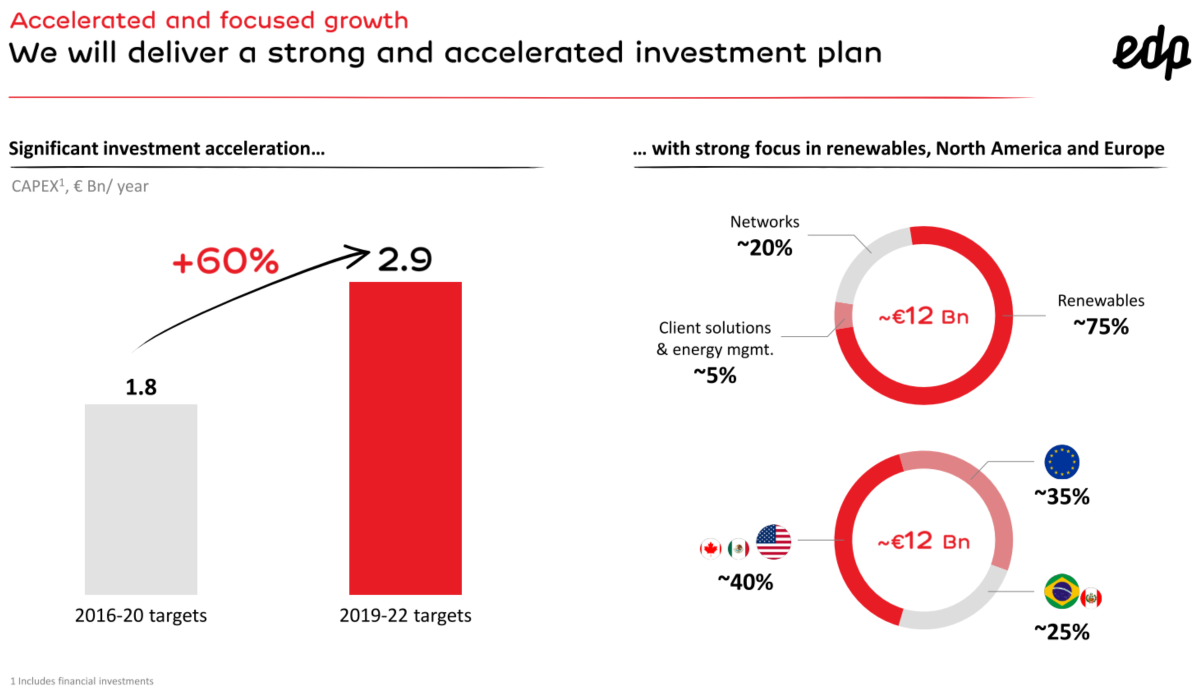
EBITDA Geographic Mix



Sources: Report of the Executive Board of EDP published on 8 June 2018, Companies' reporting; [1] New EDP based on brokers forecasts for 2020E assuming sales of: (1) EDP Brasil; (2) 49% stake in Iberian Networks and (3) Iberian thermal generation; [2] Source: Endesa 2017 annual report. Generation incl. supply. G&S technology split by mainland territories output. Other includes non-mainland territories G&S and structure, services & adjustments. [3] Source: Report of the Executive Board of EDP. [4] Source: Report of the Executive Board of EDP

Exhibit 8 EDP Strategic Update 2019 – selection of slides

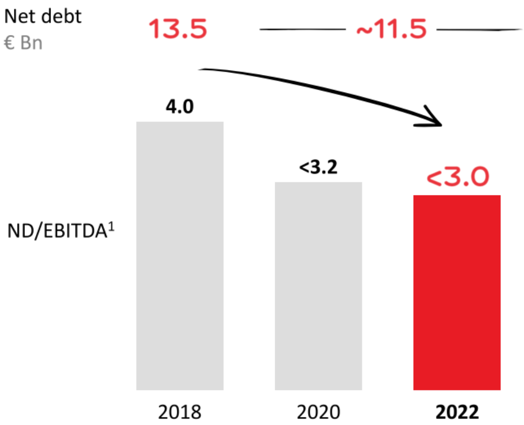




Solid balance sheet and low-risk profile

We are targeting a solid investment grade (BBB)

We will deleverage in the short-term...



Strong cash flow generation

Disposals

~€2 Bn Net debt reduction

... and reinforce our low-risk profile

Share of EBITDA

>75%

Contracted exposure to be improved

~80%

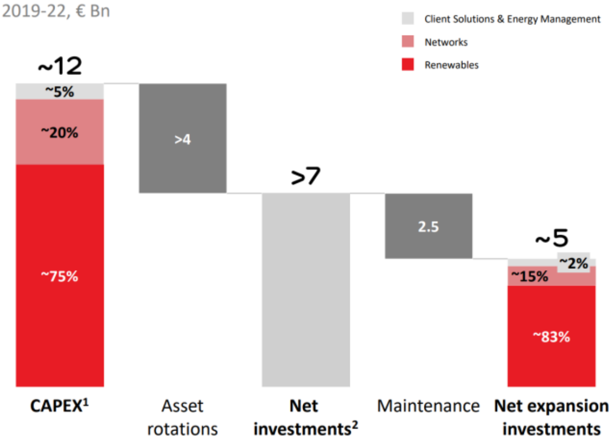
Europe and US weight to be maintained

1 Recurring EBITDA (excluding one-offs), Net debt excludes regulatory receivables

We are targeting a greener and lower-risk portfolio coupled with upfront value crystallization

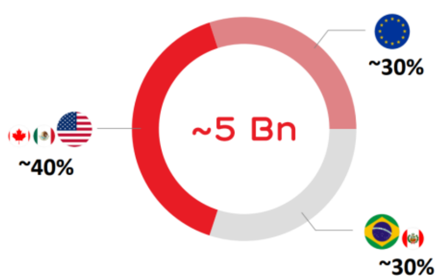
Investment with strong focus on renewables...

2019-22, € Bn



... growing mostly in North America and Europe

Expansion net investment by geography



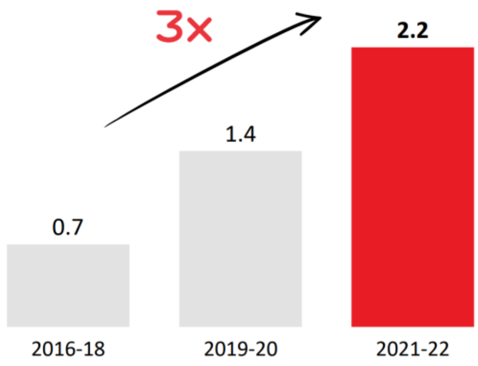
1 Includes financial investments | 2 Excludes disposals

Renewables

We will triple our growth in renewables

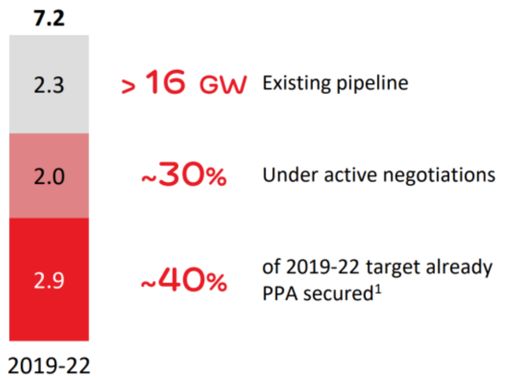
Step up growth in renewables…

Gross GW/year



…already with significant visibility

Additions, GW



1 With additional 0.7 GW already secured for post 2022

Renewables

We have a technologically diversified strategy and growth plan

	Our technologies	Installed capacity 2018 GW[1]	Additions 2019-22 GW[1]	Additions 2019-22 Share
Wind onshore	Key growth avenue, large pipeline • **Mature technology, growing market appetite** • **Top 5 global player**, distinctive track record	11.5	5.0-5.5	~70%
Solar PV	Increasing relevance, strong visibility • **Sizeable opportunity, high market competitiveness** • **Capture market opportunity** *(400 MW already secured + ~400 MW under negotiation)*	0.1	1.5-2.0	~25%
Wind offshore	Future growth investment, risk diversified • **Long-term growth opportunity** being developed with **medium term partial value crystallization** • **Leverage on wind onshore capabilities, partner to diversify risk**	4.4 GW gross *under development in Joint Ventures*	0.2-0.3 *(2 GWs gross with COD until 2025)*	~3%
Hydro	Opportunistic growth, cash generator • **Mature technology,** with **unique flexibility capacity** • **Manage portfolio for efficiency** and **value capture**	9.3	0.1-0.2	~2%

Value and growth driven by distinctive development, PPA generation, O&M, and hedging capabilities

1 EBITDA + Equity GWs

Renewables
We will expand our global reach

Our geographies	Installed capacity 2018	Additions 2019-22	
Growth mainly in current markets (US, Europe, Brazil)	GW[1]	GW[1]	Share
• **Liquid market** with visibility over PTC/ITC • **Diversified geographic footprint** (state level)	5.8	4.0-4.5	~60%
• **Developed market** with **public support** • **Growth to be driven** by **organized CfDs auctions and by corporate PPAs**	12.6	1.8-2.2	~25%
• **Strong fundamentals** (e.g. wind resource) • **Sizeable market,** growth picking up	2.6	0.9-1.2	~15%

+

Criteria for new market entry
(in Europe and LatAm)

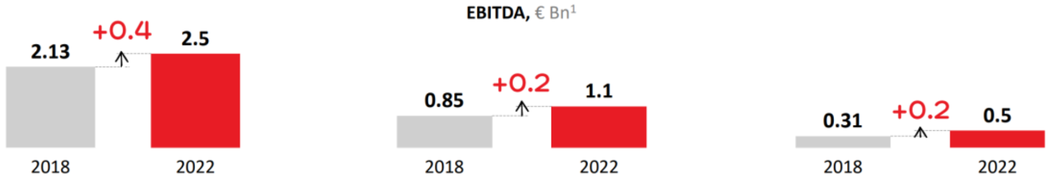
- **Strong fundamentals** and **market size**
- **Low risk** and **contracted profile**
- **Stable market/ regulatory** context

Overview of our platforms - key highlights

% Weight on EBITDA 18 — Share of Capex 2019-22 — xx 2018 — xx 2022

	Renewables	Networks	Client solutions & energy management
Weight on EBITDA 18	~65%	~25%	~10%
Share of Capex 2019-22	~75%	~20%	~5%
Metric	**Installed capacity,** GW	**RAB,** € Bn	**# services contracts,** Mn
2018 → 2022	21.0 → 24.6 (+17%)	5.2 → 6.0 (+15%)	1.3 → 2.1 (+54%)

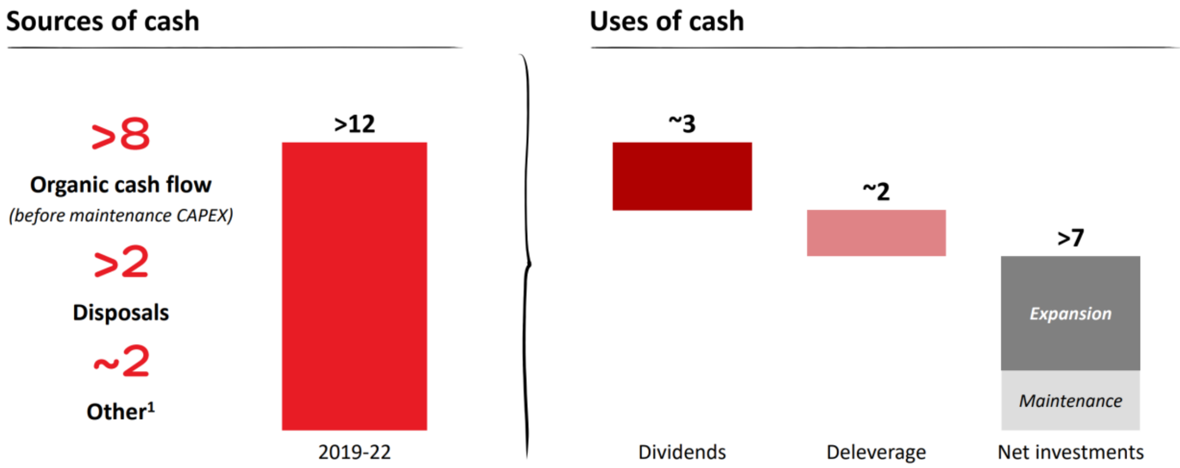
EBITDA, € Bn[1]



1 Disposals included in proportion of EBITDA of each platform

We will commit our funds to support attractive shareholder remuneration, deleverage and significant growth

2019-22, € Bn



1 Includes hybrid (equity content), TEI proceeds and change in regulatory receivables

Exhibit 9 Composition of the General and Supervisory Board at the end of 2018

GENERAL AND SUPERVISORY BOARD		INDEPENDENT MEMBERS	DATE OF INITIAL ELECTION
Chairman	**Luís Filipe Marques Amado**	**Independent**	**21/04/2015**
Vice-Chairman	**China Three Gorges Corporation, represented by Dingming Zhang** [5]		**20/02/2012**
	Banco Comercial Português, S.A., represented by Nuno Amado [1]		21/04/2015
	China International Corp., represented by Shengliang Wu [5]		21/04/2015
	China Three Gorges (Europe), S.A., represented by Ignacio Herrero Ruiz		21/04/2015
	China Three Gorges (Portugal), Soc. Unip., Lda., repres. by Eduardo Catroga [2]		20/02/2012
	China Three Gorges Brasil Energia Ltda., represented by Yinsheng Li		05/04/2018
	DRAURSA, SA, represented by Felipe Fernández [3]		21/04/2015
	Fernando María Masaveu Herrero		20/02/2012
	Senfora BV, represented by Mohammed Issa Khalfan Alhuraimel Alshamsi [4]		21/04/2015
	Sonatrach, represented by Karim Djebbour		05/04/2018
	Augusto Carlos Serra Ventura Mateus	Independent	06/05/2013
	Clementina Maria Dâmaso de Jesus da Silva Barroso	Independent	05/04/2018
	Ilídio da Costa Leite de Pinho	Independent	20/02/2012
	João Carvalho das Neves	Independent	21/04/2015
	Jorge Avelino Braga de Macedo	Independent	20/02/2012
	Laurie Fitch	Independent	05/04/2018
	Maria Celeste Ferreira Lopes Cardona	Independent	20/02/2012
	María del Carmen Fernandez Rozado	Independent	21/04/2015
	Vasco Joaquim Rocha Vieira	Independent	20/02/2012

[1] Nuno Amado held the position in his own name after his election 6 May 2013 until the end of the 2012-2014 term.
[2] Eduardo Catroga was an independent member of the GSB during the 2006-2008, 2009-2011 mandates, and chairman, also as an independent member, for the 2012-2014 mandate
[3] Felipe Fernández Fernández had been appointed a member of the General and Supervisory Board on behalf of Cajastur Inversiones on 20 February 2012 for the 2012-2015 three-year period
[4] Mohamed Al Fahim represented Senfora BV until 31 October 2017 and was replaced on that date by Mohammed Issa Khalfan Alshamsi. During the 2009-2011 and 2012-2014 mandates, the GSB member was the company Senfora S.à.r.l.
[5] The representatives of China Three Gorges Corporation and China Three Gorges International Corporation started to carry out their functions on 11 May 2012, following the entry into force of the strategic partnership agreement concluded on 30 December 2011

Source: Annual Report of the General and Supervisory Board 2018

Exhibit 10 Comparable transactions information

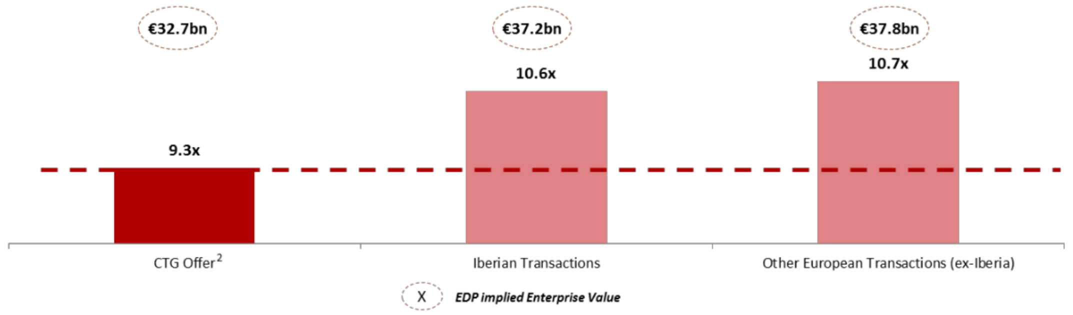
Iberian precedent transactions

Year	Acquiror	Target	Country	Nature	Metric	Size (€ Bn)	Multiple
2014	Wren House	E.On Espana	Spain	Control	EV / EBITDA	1.9	8.4x
2008	Gas Natural	Union Fenosa	Spain	Control	EV / EBITDA	24.6	10.7x
2007	Enel / Acciona	Endesa	Spain	Control	EV / EBITDA	68.8	10.4x
2007	E.On	Enel Viesgo	Spain	Control	EV / EBITDA	2.1	10.9x
2004	EDP	Hidrocantabrico	Spain	Control	EV / EBITDA	4.3	12.4x
Average							**10.6x**

European precedent transactions

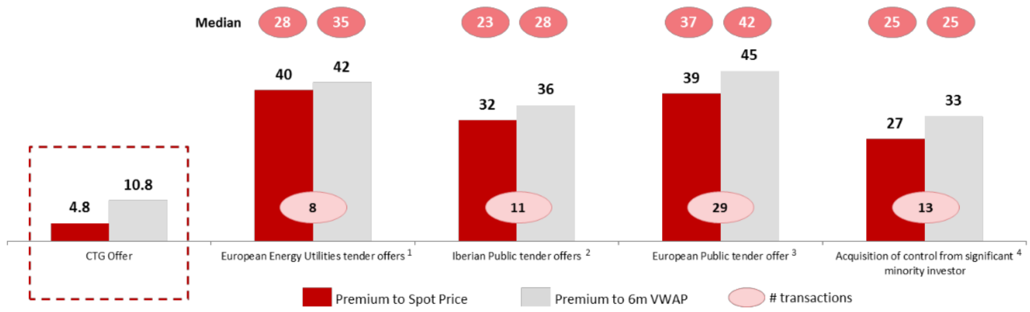
Year	Acquiror	Target	Country	Nature	Metric	Size (€ Bn)	Multiple
2018	E.ON	Innogy	Germany	Control	EV / EBITDA	44.4	10.5x
2012	EDF	Edison	Italy	Control	EV / EBITDA	11.2	9.7x
2009	Vattenfall	Nuon Energy	Netherlands	Minority	EV / EBITDA	7.7	9.7x
2009	RWE	Essent	Germany	Control	EV / EBITDA	9.3	10.5x
2007	E.On	Endesa Europe	Various	Control	EV / EBITDA	10.9	9.3x
2006	Iberdrola	Scottish Power	UK	Control	EV / EBITDA	21.6	13.6x
2006	Arcapita	Viridian	UK	Control	EV / EBITDA	3.1	11.9x
Average							**10.7x**

Precedent transactions multiples in the industry



Source: Dealogic, Mergermarket and company information; further information available in appendix
1) Comparable transactions have been selected applying the following criteria: deal value >€2.0bn, integrated utilities transactions involving generation, distribution and/or supply located in Western and Central Europe since 2004. These criteria match EDP's fundamentals whilst providing a representative sample size (please refer to Appendix for details on the selected comparable transactions)
2) CTG Offer multiple based on EDP's recurrent EBITDA 2017 of €3,523m

Premium paid in successful cash offers with acquisition of control

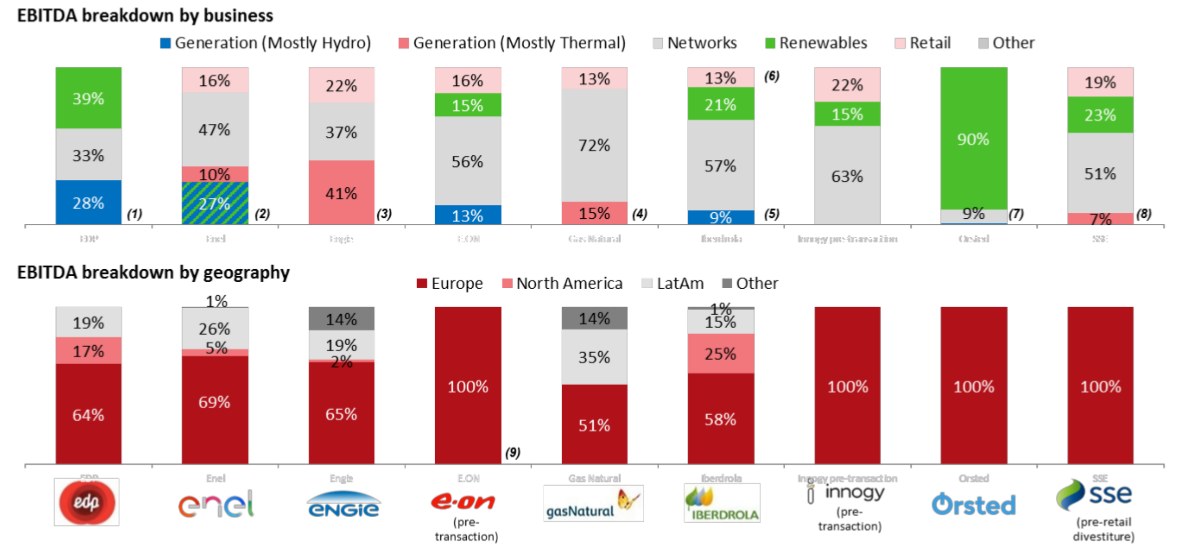


Source: Dealogic, Mergermarket, company information, Capital IQ and FactSet; further detail available in appendix
Notes:
1) Considers successful all cash offers with acquisition of control in public tender offers for European Energy Utilities with deal size above €1bn since 2000. If equally analysed since 2006, number of deals would reduce to 4 transactions and average premia to Spot price and 6m VWAP would result in 58% and 59% respectively
2) Considers successful all cash offers with acquisition of control in public tender offers for Iberia targets with deal size above €1bn since 2006
3) Considers successful all cash offers with acquisition of control in in European public tender offers with deal size above €6bn since 2006
4) Considers successful all cash offers with acquisition of control from a minority investor in European public tender offers with deal size above €1bn since 2006

Source: Report of the Executive Board of EDP regarding CTG's offer

Exhibit 11 Comparable companies' information

Companies comparable to EDP Group



Source: Company Information and broker reports

1) EDP Generation (mostly hydro) includes generation and supply
2) Enel Generation (mostly hydro) is 70% hydro by output with the remainder being renewables
3) Engie Generation (mostly thermal) is 48% gas by output, 15% nuclear, 14% coal, and 16% hydro, with the remainder being renewables
4) GNF Generation (mostly thermal) is majority CCGT (64% by output), with a small renewables component
5) Iberdrola's portfolio is majority CCGT (62%) and nuclear (26%) by output
6) Iberdrola retail is split out from generation based on publicly available broker valuations
7) Incorporates the distribution and supply business of Orsted
8) SSE renewables split is achieved based on the 3-year average operating profit disclosure (supply currently being divested)
9) Turkey considered Europe; 4GW out of 7GW of E.On's renewable portfolio is in the USA, however EBITDA is undisclosed

Group		EDP	Iberdrola	Gas Natural	Engie	E.On	Innogy	SSE	Enel	Orsted
Equity	b€	11.9	41.9	21.7	35.0	20.2	19.4	16.1	51.5	22.6
Net Debt[1]	b€	20.8	41.1	15.6	36.5	24.9	26.2	11.7	64.0	4.2
EV	b€	32.7	83.0	37.3	71.5	45.1	45.6	27.8	115.5	26.8
EV/EBITDA 2019E		9.0	8.6	8.0	7.2	8.7	10.8	9.4	6.8	11.3
P/E 2019E		13.7	13.1	15.8	13.2	13.1	16.4	11.3	11.2	20.8

Companies comparable to EDP Renewables

Renewables Business		EDP Renewables	Acciona	Falck	Voltalia	Orsted	Atlantica Yield	Nextera	NRG Yield	Pattern Energy	TransAlta	CPFL Renewables	Saeta Yield
Equity	M€	6 394	3 841	683	485	22 604	1 687	5 770	1 141	1 497	1 935	1 876	908
Net Debt[1]	M€	5 910	4 544	625	413	2 709	4 406	3 523	5 155	2 319	665	1 304	1 371
EV	M€	12 304	8 385	1 308	898	25 313	6 093	9 293	6 296	3 816	2 600	3 180	2 279
EV/EBITDA 2018E		9.1	7.5	8.6	12.3	8.1	9.0	11.2	7.8	11.3	9.5	9.3	8.6

Source: Report of the Executive Board of EDP regarding CTG's offer

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