



LOWER COMPETITIVENESS OF COAL PLANTS LEADS TO EXTRAORDINARY COST OF €0.3 BN IN 2019

Investors & Analysts' Briefing

Reuters: EDP.LS
Bloomberg: EDP.PL

Lisbon, December 19th 2019: The acceleration of the energy transition process over the past year led to a material deterioration of the operating outlook for coal plants in the Iberian market. The competitiveness of these assets is negatively impacted by the higher cost of CO₂ emissions, lower gas prices and the planned faster growth pace of renewable installed capacity. Additionally, high taxes and levies burden on these assets, along with the political will to anticipate the closure of these plants, is foreseeable to continue.

The incorporation of this scenario into the annual impairment tests, conducted in accordance with IAS 36, will result in an extraordinary cost of €0.3 billion, to be booked in 2019, with a negative €0.2 billion impact on reported net profit. The final impact is subject to approval by external auditors.

This extraordinary accounting cost, which is neutral in terms of cash flow and net debt in 2019, will not affect the company's dividend policy announced in March 2019, which defined a floor of €0.19 annual dividend per share for the 2019-2022 period.

EDP maintains its leadership position in the energy transition, with a clear growth strategy focused on renewables. In 2005, renewables represented only 20% of company's electricity production, increasing to 66% in 2018. Providing the significant ongoing investments in wind and solar, and the aforementioned described scenario for coal plants, we will be able to converge at a faster pace to the sustainability targets for 2030, namely reaching 90% share of renewable production and reducing specific emissions by 90% vs 2005 levels, thus reinforcing EDP's leadership in renewables among European Utilities.

This information is disclosed 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.

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