



# ANNUAL REPORT

2017



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CHAIRMAN'S MESSAGE





## 1. CHAIRMAN'S MESSAGE

The current Board of Directors, which fully took up its duties on 15 January 2018, and consequently assumed the responsibility of preparing this Annual Report for a financial year in which it was not involved.

These particular circumstances mean that the following message is more forward-looking and less an analysis of the past financial year, but does not, however, fail to highlight the most significant facts in the life of STCP during 2017.

From an operational point of view, 2017 was profoundly marked by the fulfilment of the public service management contract and of the delegation of responsibilities between the State, the Metropolitan Area, and the Municipal Councils, which came to be realised with the authorisation of the Court of Auditors on 21 August. Thus, a cycle of fundamental decisions for the life of STCP was concluded, and a long-term framework for operations and action was defined, in direct articulation and in harmony with the objectives of the municipal councils of the Metropolitan Area of Porto in which STCP operates.

Thus, within a seven-year horizon it is envisaged that the future and definitive decentralisation will take place of the direction, management, and operation of the public service of transport by bus, operated by STCP on behalf of the municipalities it serves.

This new model of governance of STCP will, necessarily, involve the Municipalities in the operational management of STCP, in terms of defining and planning what it offers, but also, in its joint responsibility for the economic performance and sustainability, objectives enshrined in the operational management contract agreed between the Portuguese State and the Metropolitan Area of Porto (AMP – Área Metropolitana do Porto).

In 2017, the basis was also launched for resuming STCP's investment in the bus fleet, with the signing of a contract to acquire 188 fully ecological vehicles, to pursue a strategic direction of de-carbonisation of cities and benefit from POSEUR (Programme for Operational Sustainability and Efficiency in the Use of Resources) with support on a

non-reimbursable basis amounting to 14.4 million euros, to incentivise energy efficiency in public transport. These vehicles will become available to our customers during the next three years.

This investment, in addition to contributing to a more sustainable economy from an environmental point of view, will, when concluded, enable a significant renewal of about 45% of STCP's fleet of buses which currently have an average age of over 18 years. The availability of this group of buses will make a positive impact on STCP's economic results before amortisations, due to savings in fuel and reduced periods of unavailability for maintenance, bearing in mind that this is a fleet new of buses. In addition, we expect that it will also be a reason for retaining customers and attracting new ones, with a consequent increase in demand, which will obviously be associated with the expected provision of an even better service.

2017 marked the start of the reinforcing of STCP's permanent staff, which still needs to be increased, in view of the level of service contracted by the second amendment to the public service contract agreed between the Portuguese State, the Metropolitan Area of Porto, and STCP, on 28 July 2017. This reinforcing of staff throughout the company will be particularly vital for driver positions, to provide a robust response to the expected increase in demand and will make a decisive contribution to the public transport option for mobility in major urban areas.

In operating terms, 2017 accentuated the tendency of the previous year with the number of passengers carried growing by 4.4% to reach a total volume of 72.4 million passengers and 22.4 million kilometres travelled, which clearly demonstrates the role played by STCP in the definition of a policy of mobility that is logical, coherent and in the public service, in the Porto urban area and its neighbouring municipal councils – Gondomar, Maia, Matosinhos, Valongo and Vila Nova de Gaia.

Special mention should be made of the tram, which has increasingly become the image of STCP in the city of Porto, where it operates, with a growth of 17% in demand over the previous year, and where it carried more than 729,000

passengers - between locals and tourists - enjoying this historic means of transport. A working heritage for all, of which STCP is very proud, and one that obviously has to be preserved by all the entities responsible for the sector, as it transcends the mere exercise of transporting passengers.

The tram service must be properly considered, following what has been programmed and defined for this type of road transport, preserving its historical and cultural value of which the Tram Museum is part, while, at the same time, ensuring its development to meet the demands and very specific needs of this type of transport.

The negative operating results of around 10.8 million euros represented an improvement of 13% over the previous year, largely due to the increase in demand and corresponding total revenue.

I cannot conclude these remarks without thanking all those who have collaborated with STCP, namely our suppliers and other institutional partners and, especially, its Workers, who have enabled this historic company to maintain an exemplary daily service for the public urban passenger transport sector in the Metropolitan Area of Porto, in a highly demanding context, and have performed their work with professionalism and dedication, and thereby guaranteed the success of STCP in the pursuit of the goals and results that together we desire and intend to achieve.

Paulo de Azevedo  
Chairman of the Board of Directors





THE YEAR OF 2017

## 2.1. INTRODUCTION TO THE COMPANY

- › Since July of 1994, STCP has been a joint-stock company with exclusively public capital, having succeeded the Serviço de Transportes Coletivos do Porto, established by Decree Law no. 38144, of 30 December 1950

### STCP's network in 2017

- › It serves 6 municipal councils in the Metropolitan Area of Porto, Gondomar, Maia, Matosinhos, Porto, Valongo and Vila Nova de Gaia, and 33 parishes, with a total of approximately 1 million inhabitants

### On 31 December 2017

The extent of the network was

**433 km**

with

**2,491** stops

**73**

lines were in operation

- › 62 in the daytime network<sup>1</sup>  
- 59 for buses and 3 for trams
- › 11 in the night-time bus network

The fleet consisted of

**419**

buses and

**7**

trams

The full-time staff was

**1,242**

workers<sup>2</sup>  
of whom 74% were  
public service drivers and  
brakemen, for an average  
staff of 1,226 workers

### In 2017, STCP

- › Transported 72.4 million passengers, 246,000 per working-day on average, and continued to be the company that transports the most passengers in the Metropolitan Area of Porto (42% of the total)
- › Travelled 22.4 million vehicle kilometres in service
- › Generated a business volume of €49.7 million<sup>3</sup>
- › Obtained a recurring negative EBITDA of 925,000 euros<sup>4</sup>

1. 36 of which have a late-night service.

2. Excluding governing bodies, seconded employees and unpaid leave. Includes transferees.

3. Sales and services provided, other operating revenue, work for the company itself, and compensation for public service responsibilities.

4. Results before depreciation, financing expenses, tax, provisions, reversals, impairments, fair value changes and compensation for termination of employment contracts.

## 2.2. HIGHLIGHTS OF THE YEAR

### JANUARY

Fares were updated from 1 January, in accordance with Legislative Order 14 - A/2016, which permitted an average fare increase of 1.5%.

On 2 January a ceremony was held for the signing of the Inter-Administrative Contract for the Delegation of Responsibilities, between the Portuguese State and the Metropolitan Area of Porto, of the Inter-Administrative Contract to Establish the Technical Unit of Service" and the Delegation of Responsibilities, agreed between the Metropolitan Area of Porto (AMP) and the Municipalities of Porto, Vila Nova de Gaia, Matosinhos, Maia, Gondomar and Valongo and of the Operational Management Contract, agreed between the Portuguese State and the Metropolitan Area of Porto. The ceremony was attended by the Prime Minister, Mr. António Costa, and the Minister for the Environment, Mr. João Pedro Matos Fernandes.

With the signature of these contracts, the State delegated responsibilities of authority to the AMP regarding the public passenger services operated by STCP and also transferred the operational management of STCP to AMP for a period of seven years.

From 16 January, the Andante card was given a new image and a new period of validity.



### FEBRUARY

From 1 February, tickets were made available for sale on board trams, valid for two days, in versions for children and adults, offering a 50% discount on entry to the Tram Museum.

At this time all the information about the trams on the vehicles and stops, was updated.

On 20 February a ceremony was held, led by the Deputy Secretary of State for the Environment, Mr. José Mendes, to announce the use, for an experimental period, of the electric urban bus known as the eBUS. The eBUS is notable for its zero CO2 emissions, absence of noise and significant reduction in its costs of energy and maintenance. It underwent trials for a month and a half on two STCP lines, the 302 and the 904 that serve the central areas of Porto and Gaia.



## MARCH

On 10 March, an application was submitted for the POSEUR (Programme for Operational Sustainability and Efficiency in the Use of Resources), to support the acquisition of 188 new buses, electric charging points and natural gas refuelling points, as part of the Call for the Promotion of Energy Efficiency in Public Urban Collective Passenger Transport under the framework of the priority axis to assist the transition to a low-carbon-emission economy.

## APRIL

It was decided that STCP would participate in the European R&D programme Horizon 2020, in April of 2017, which took the form of a candidacy for community funds to support an R&D project to design, test and use driver-free automated bus management systems integrated in the fleet of the public transport service. In August of 2017 the candidacy was approved by the European Commission, and the project was named FABULOS (Future Automated Bus Urban Level Operation Systems), which consists of the systematic use of self-driving minibuses.

On 21 April a ceremony was held to launch the public international bidding process for acquiring 188 new buses, 15 electric and 173 natural-gas-fuelled vehicles to renew STCP's fleet. The event was attended by the Minister for the Environment Mr. João Pedro Matos Fernandes.

## MAY AND JUNE

On 2 May an agreement was signed between the Portuguese State, Banco Santander Totta, S.A. and four public transport companies, including STCP, S.A., to put an end to the legal proceedings regarding a series of swap contracts for hedging interest rates agreed with these companies. Under the terms of this agreement, the companies undertook to meet their obligations arising from the contracts signed.

Tram number 287, the "Belgian" model, dating from 1929, was completely restored and resumed commercial service during the 2017 Tram Parade, held on 6 May.

Throughout the months of May and June, STCP undertook its usual partnerships with various institutions and events of the Metropolitan Area of Porto, thereby contributing to the improved mobility and range offered by public transport. Notable Events: Queima das Fitas Special; Service to 50h of Serralves em Festa, enhanced service for NOS Primavera Sound, to Commemorations for Portugal Day, and the provision of special services for the São João Festivities.



## JULY

On 21 July, the signing ceremony was held for the Terms of Acceptance of the Financing Decisions regarding the operations approved as part of the Call for the Promotion of Energy Efficiency in Public Urban Collective Passenger Transport Entrusted with Missions of Public Service led by the Prime Minister, Mr. António Costa.

On 28 July, a Second Amendment to the Contract of Public Service was agreed between the Portuguese State, the Metropolitan Area of Porto and STCP, based on the entry into force of Decree Law no. 82/2016, of the 28 November, which regulates STCP's new management model. Through this amendment, the AMP assumed all legal positions, rights and obligations held by the State in the public service contract.

From 31 July, lines 507, 508 and 601, connected the network to Mar Shopping. Daily, from 6:00am to 0:45am, these lines facilitate access to this shopping centre from various key points in greater Porto.



## AUGUST

With the signing of the contracts on 30 August, STCP formalised the acquisition of 188 completely ecological vehicles from the companies MAN (173 natural gas-fuelled buses) and Caetano Bus (15 electric buses), as a result of the international public tendering process launched in April. This is a commitment by STCP to the intensified use of non-polluting energy sources, a practise now followed by the company for many years, with 62% of the fleet in use powered by compressed natural gas. The ceremony was attended by the Prime Minister, Mr. António Costa, and the Minister for the Environment, Mr. João Pedro Matos Fernandes.



## SEPTEMBER AND OCTOBER

From 9 September, STCP began to provide a new service in the parish of Campanhã, offering more mobility options. A new line was created, the ZC, Campanhã Zone, which serves a route between Corujeira and Areias, and the routes of the ZR, 400 and 401 lines were altered.

The following special autumn services were offered: The Gondomar Festivities, the Autumn Fair, and Halloween.



## DECEMBER

On 1 December a free Wi-Fi service was offered on the tram lines.

On 20 December, the traditional ceremony honouring 25 years of service to STCP, and the company's Christmas Party were held in the Tram Museum.

From 20 December, STCP began to be included in Google Maps. With this feature, travelling in the greater Porto areas became much easier, as it is now possible to consult all the departures from a bus stop and explore STCP's transport options between two points, using a computer, tablet or smartphone.

Transport was reinforced for the Porto-Benfica game, as well as special winter services: the inauguration of the Christmas Lights, Comic Con, Christmas and the New Year's Eve.



## 2.3. OPERATING ACTIVITY DEVELOPMENTS

### 2.3.1. OPERATING ACTIVITY INDICATORS

OPERATING ACTIVITY	2015	2016	2017	17-16	17/16
<b>Total passengers (thousands)</b>	<b>69.157</b>	<b>69.360</b>	<b>72.408</b>	<b>3.048</b>	<b>4,4%</b>
Bus	68.700	68.738	71.679	2.941	4,3%
Tram	457	622	729	107	17%
<b>Total revenue from the transport service (thousand euros) [1]</b>	<b>42.274</b>	<b>42.706</b>	<b>45.544</b>	<b>2.838</b>	<b>6,6%</b>
Bus	41.426	41.515	43.884	2.369	5,7%
Tram	848	1.190	1.660	469	39%
<b>Total vehicle km of service (thousands)</b>	<b>20.571</b>	<b>21.752</b>	<b>22.365</b>	<b>612</b>	<b>2,8%</b>
Bus	20.460	21.622	22.216	594	2,7%
Tram	111	130	148	18	14%
OPERATIONAL PERFORMANCE	2015	2016	2017	17-16	17/16
Revenue from the transport service (thousand euros) [1]	42.274	42.706	45.544	2.838	6,6%
Recurring operating expenses (thousand euros) [2]	48.755	47.689	50.643	2.954	6,2%
Revenue coverage percentage (%) [1] / [2]	86,7%	89,6%	89,9%	0,4 pp	0,4%
Revenue / passenger (euros)	0,61	0,62	0,63	0,01	2,2%
Revenue / vehicle km (euros)	2,06	1,96	2,04	0,1	3,7%
Operational expense / passenger (euros)	0,70	0,69	0,70	0,01	1,7%
Operational expense / vehicle km (euros)	2,37	2,19	2,26	0,1	3,3%
OPERATING RESULT (THOUSAND EUROS)	2015	2016	2017	17-16	17/16
Operating result (thousand euros)	-21.140	-12.325	-10.756	1.569	13%

[1] Includes compensation of the social fare andante. Values excluding VAT.

[2] Excluding depreciations, provisions, reversals, impairments, fair value changes, the financial component of operational leasing, and indemnities for work contract termination. The following amounts are deducted: 2015: approximately €600 thousand in payments to drivers for travel time between legs with intervals of over two hours, with respect to previous years until 2014 inclusive. 2016: approximately €1.1 million for the out-of-court settlement to recognise compensatory rest for staff, covering the period between 2003 and 2011 and taking into account the five best years (amount provisioned in the 2015 accounts) and approximately €670,000 for the impact of reinstating the retirement benefits cap, from €600 to €650, arising from State Budget Law (SBL) 16, and the amount of approximately €10.1 million of non-current expenses in connection with the Memorandum of Understanding with the Porto City Council and the Guardian Authority in relation to the company's property.

### 2.3.2. PASSENGERS AND REVENUE

#### **Passengers**

Passengers carried increased 4.4% compared to 2016, which represents more than 3 million for the year, reaching a total of 72.4 million passengers in 2017.

The bus sector grew 4.3 %, another 2.9 million passengers, while the tram sector grew 17%, 107,000 more passengers.



PASSENGERS (THOUSANDS)	2015	2016	2017	17-16	17/16
<b>Bus</b>					
Passengers	68.700	68.738	71.679	2.941	4,3%
Passenger km	251.871	252.484	267.103	14.619	5,8%
Average distance per passenger (km)	3,67	3,67	3,73	0,1	1,4%
<b>Tram</b>					
Passengers	457	622	729	107	17%
Passenger km	745	1.027	1.281	253	25%
Average distance per passenger (km)	1,63	1,65	1,76	0,1	6,4%
<b>Total STCP</b>					
Passengers	69.157	69.360	72.408	3.048	4,4%
Passenger km	252.617	253.512	268.383	14.872	5,9%
Average distance per passenger (km)	3,65	3,66	3,71	0,1	1,4%

The growth seen in 2017 continued the recovery in demand, begun, albeit tentatively, in the second half of 2016, resulting essentially from the increased offer of public transport, by improvements in the scheduled service compliance rate, and by the reformulation of certain lines. Also contributing to this result, were the improvement in economic conditions and reductions in the unemployment rate.

The service by tram is called the Porto Tram City Tour, consists of three lines, and is operated by historic vehicles of great interest to tourists. This service has had significant increases in demand, essentially due to the great influx of visitors to Porto.

#### **Passengers by fare and ticket**

Passengers using the intermodal fare represent 84% of the total, and in 2017 registered an increase of 2.7 million (4.7%) compared to 2016.

The breakdown of the use of travel tickets in 2017 was 78% for season tickets, 5% for single tickets, sold on board buses, and the rest used occasional tickets.

The growth of the various types of tickets was similar, with an average of 4.4%.

PASSENGERS (THOUSANDS)	2015	2016	2017	17-16	17/16
<b>Fare</b>					
Intermodal fare	58.687	58.226	60.948	2.722	4,7%
Single mode fare	10.470	11.133	11.460	327	2,9%
% intermodal fare	84,9%	83,9%	84,2%	0,2 pp	0,3%
<b>Ticket</b>					
Season tickets	54.278	54.325	56.703	2.378	4,4%
Occasional tickets [1]	12.169	11.811	12.321	510	4,3%
Tickets sold on board	2.710	3.223	3.384	160	5,0%
<b>Passengers</b>	<b>69.157</b>	<b>69.360</b>	<b>72.408</b>	<b>3.048</b>	<b>4,4%</b>

[1] includes daily and special tickets.

## Revenue from the transport service

Revenue from the transport service increased by 6.6% compared to 2016, representing an extra 2.8 million a year. Use of buses increased 5.7 %, another 2.4 million euros and the use of trams grew 39%, an extra 469,000 euros.

The proportion of tram revenue of the overall revenue for transport services went from 2.8% in 2016, to 3.6% in 2017.

The revenue in 2017 accompanied the increase in passengers and attained 45.5 million euros. The average fare increase in 2017 in January respected the average of 1.5%.

REVENUE FROM THE TRANSPORT SERVICE (THOUSAND EUROS) [1]	2015	2016	2017	17-16	17/16
Bus	41.426	41.515	43.884	2.369	5,7%
Tram	848	1.190	1.660	469	39%
<b>Total STCP</b>	<b>42.274</b>	<b>42.706</b>	<b>45.544</b>	<b>2.838</b>	<b>6,6%</b>

[1] Includes compensation of the social fare andante. Values excluding VAT.

## Revenue by fare and ticket

In terms of revenue, season tickets represented around 60% of the total, tickets sold on board 13%, and occasional and daily tickets 27%.

REVENUE FROM THE TRANSPORT SERVICE (THOUSAND EUROS) [1]	2015	2016	2017	17-16	17/16
<b>Fare</b>					
Intermodal fare	33.331	32.865	35.040	2.176	6,6%
Single mode fare	8.943	9.841	10.504	662	6,7%
% intermodal fare	78,8%	77,0%	76,9%	-0,02 pp	0,0%
<b>Ticket</b>					
Season tickets	26.287	25.965	27.492	1.527	5,9%
Occasional tickets [2]	11.257	11.115	11.990	875	7,9%
Tickets sold on board	4.730	5.626	6.062	437	7,8%
<b>Revenue from the transport service (thousand euros) [1]</b>	<b>42.274</b>	<b>42.706</b>	<b>45.544</b>	<b>2.838</b>	<b>6,6%</b>

[1] Includes compensation of the social fare andante. Values excluding VAT.

[2] Includes daily and special tickets.

## Sales network

The sales network for tickets accepted by STCP is managed by TIP – Transportes Intermodais do Porto, A.C.E., an entity whose objective is to implement the Andante ticketing and fare system, except for tram tickets and tickets sold on board, which are handled directly by STCP.

At the end of 2017 there 1,137 locations for charging the intermodal Andante and mono-modal STCP tickets. To this is also added the ATMs of SIBS for recharging normal Andante season tickets.

SALES NETWORK	2015	2016	2017	17-16	17/16
Authorised agents	596	748	838	90	12%
STCP points of sale	0	0	0	0	
Andante Shops [1]	10	10	10	0	0,0%
Andante Points of Sale [2]	8	8	8	0	0,0%
CP Ticket Offices	5	7	7	0	0,0%
CP automatic sales machines	80	82	82	0	0,0%
MP automatic sales machines	198	198	192	-6	-3,0%
<b>Total</b>	<b>897</b>	<b>1.053</b>	<b>1.137</b>	<b>84</b>	<b>8,0%</b>

[1] 2015 values amended.

[2] Porto and northern Portugal tourism; Espírito Santo (2); Valpi; Resende; Maia Transportes; Gondomarense; Tram Museum.

## Ticket inspection

The rate of ticket inspection, obtained from the ratio of passengers inspected and the total number of passengers carried, was 1.4%, and registered a slight reduction of 0.1% compared to 2016.

The rate of ticket inspection, obtained from the ratio of journeys inspected to journeys, was 3.6%, showing a reduction of 0.2% against the previous year.

The rate of fraud, detected by the inspectors, measured by the ratio between the quantity of fines issued and the quantity of passengers inspected, was 0.6% and increased by 0.05% compared to the previous year.

The number of fines issued during the year was 5,769, 259 more than in 2016.

INSPECTIONS	2015	2016	2017	17-16	17/16
Passenger inspection percentage [1]	1,2%	1,5%	1,4%	-0,1 pp	-7,5%
Journey inspection percentage [2]	2,9%	3,8%	3,6%	-0,2 pp	-5,0%
Fraud percentage [3]	0,4%	0,5%	0,6%	0,05 pp	8,5%

[1] Inspected passengers on bus/ Passengers on bus.

[2] Inspected journeys per bus/ Journeys undertaken.

[3] Number of case files / Inspected Passengers.

During 2017, special inspection initiatives were undertaken that consisted essentially of the concentration of inspectors, on certain lines and places where greater incidence of fraud had been identified, with the aim of inspecting every ticket in transit, and explains the greater number of fines issued.

Decree Law no. 117/2017, of 12 September, has altered the system of penalties for infractions committed in the use of public passenger transport, and implies a reduction in the value of fines and the establishment of a period of 15 days for the perpetrator to pay and/or present a written defence.

### 2.3.3. OFFER

Vehicle kilometres in service increased 2.8% compared to 2016, which represented an additional 612,000 vehicle kilometres for the year and reached a total of 22.4 million vehicle kilometres travelled in 2017.

The bus sector grew 2.7%, 594,000 more kilometres, while the tram sector grew 147%, 18,000 more kilometres.

This increase in the offer was achieved, in part, by the growth in vehicle crew in the second half of 2016 and by the reformulation of the service on certain lines to capture new customers. The admission of new drivers and brakemen in 2017, was only intended to compensate for staff departures, and the number needed to execute the scheduled service has not yet been reached.

OFFER (THOUSANDS)	2015	2016	2017	17-16	17/16
<b>Bus</b>					
Vehicle km of service	20.460	21.622	22.216	594	2,7%
Seat km	1.876.416	1.984.252	2.035.409	51.156	2,6%
Service hours	1.294	1.367	1.407	40	3,0%
Average capacity (seats)	91,7	91,8	91,6	-0,2	-0,2%
Average speed (km/h)	15,8	15,8	15,8	0,0	-0,2%
Occupancy rate (%)	13,4%	12,7%	13,1%	0,4 pp	3,1%
Maximum number of vehicles (no.)	384	382	384	2	0,5%
<b>Tram</b>					
Vehicle km of service	111	130	148	18	14%
Seat km	4.655	5.474	6.223	748	14%
Service hours	15	16	18	1	8,7%
Average capacity (seats)	42,0	42,0	42,0	0,0	0,0%
Average speed (km/h)	7,4	8,0	8,4	0,4	4,5%
Occupancy rate (%)	16,0%	18,8%	20,6%	1,8 pp	9,7%
Maximum number of vehicles (no.)	4	5	5	0	0,0%
<b>Total STCP</b>					
Vehicle km of service	20.571	21.752	22.365	612	2,8%
Seat km	1.881.072	1.989.727	2.041.631	51.905	2,6%
Service hours	1.309	1.383	1.425	42	3,0%
Average capacity (seats)	91,4	91,5	91,3	-0,2	-0,2%
Average speed (km/h)	15,7	15,7	15,7	-0,0	-0,2%
Occupancy rate (%)	13,4%	12,7%	13,1%	0,4 pp	3,2%

## Journey compliance rate

The journey compliance rate for buses continues to evolve favourably as a result of a greater capacity to comply with what has been planned.

The journey compliance rate for trams of 92.1%, registered a reduction compared to 2016 of 1.7%, essentially due to the shortage of brakemen. It should be mentioned that in 2017, around 470 tram journeys were not completed due to improper parking on the tram tracks.

JOURNEY COMPLIANCE RATE	2015	2016	2017	17-16	17/16
Planned bus journeys [1]	2.036.178	2.029.081	2.024.649	-4.432	-0,2%
Lost bus journeys [2]	177.149	105.807	53.531	-52.277	-49%
<b>Bus journey compliance rate</b>	<b>91,3%</b>	<b>94,8%</b>	<b>97,4%</b>	<b>2,6 pp</b>	<b>2,7%</b>
Planned tram journeys [3]	30.508	34.734	38.591	3.857	11%
Lost tram journeys [3]	3.501	2.179	3.062	883	41%
<b>Tram journey compliance rate</b>	<b>88,5%</b>	<b>93,7%</b>	<b>92,1%</b>	<b>-1,7 pp</b>	<b>-1,8%</b>

[1] Source: Operations Department (Information and Operating Support System).

[2] Source: Operations Department (Integrated Incident Communication System), excluding strike days and/or plenaries.

[3] Source: Tram Unit.

## Accidents due to collisions

In 2017, there were 3 less accidents for every million kilometres travelled, corresponding to a reduction of 5% compared to 2016.

Accidents due to collisions reduced by 2.3%, 29 less than the previous year.

ACCIDENTS DUE TO COLLISIONS	2015	2016	2017	17-16	17/16
Accidents due to collisions [1]	1.117	1.266	1.237	-29	-2,3%
Accidents per million kilometres of service	54	58	55	-3	-5,0%

[1] values reaffirmed since 2014, including.

## Network diversions

Diversions are necessitated by roadworks and various events that occupy the public roads.

In 2017, an increase in the quantity of diversions was found, 38 more than in 2016, with an increase in their duration,

going from 8 days in 2016 to 11 in 2017. The 355 diversions carried out on the route of public transport lines in 2017, implied a reduction in the quality of service provided, due to both being prevented from serving all the stops and also the confusion that the alterations to the route caused to customers.

DIVERSIONS	2015	2016	2017	17-16	17/16
Due to road work	169	173	190	17	9,8%
Due to events	117	144	165	21	15%
<b>Total diversions</b>	<b>286</b>	<b>317</b>	<b>355</b>	<b>38</b>	<b>12%</b>
<b>Average duration of diversions (days)</b>	<b>5</b>	<b>8</b>	<b>11</b>	<b>3</b>	<b>38%</b>

## Via Livre Operation (Clear Roads Operation)

Improper parking frequently affects the circulation of STCP's vehicles.

In an attempt to minimise the impact of such acts, STCP has the Via Livre operation, a protocol established with the Porto Municipal Council, and jointly enforced by the Porto Municipal Police, which acts to fight improper parking with the aim of improving the conditions of circulation and keeping the roads unobstructed, to contribute to more efficient public transport.

Evolution of the corrective measures of the Via Livre operation:



VIA LIVRE OPERATION	2015	2016	2017	17-16	17/16
Fines	3.812	3.255	3.061	-194	-6,0%
Blockages [1]	43	18	4	-14	-78%
Towing [1]	48	82	45	-37	-45%
<b>Corrective measures [2]</b>	<b>3.920</b>	<b>3.402</b>	<b>3.158</b>	<b>-244</b>	<b>-7,2%</b>

[1] A towing is always proceeded by clamping and a fine. Clamping is proceeded by a fine.

[2] Includes fine interventions and preventative actions.

The decline in interventions in 2017 resulted, in part, from the reduction in the number of intervention teams in the field, and also from certain corrective measures implemented by the Municipal Council with regard to signage or urban landscaping that prevented improper parking.

## Bus Lanes

The total length of bus lanes, which is important for increasing the commercial velocity, was 25.5 kilometres at the end of 2017, representing only 5.3% of the total extent of the road network served by STCP and are mainly located in Porto.

Bus lanes (km)	2015	2016	2017	17-16	17/16
	<b>24,1</b>	<b>25,2</b>	<b>25,5</b>	<b>0,3</b>	<b>1,2%</b>







## PROGRESS IN TERMS OF SUSTAINABLE DEVELOPMENT

Recognising the importance of sustainability for a comprehensive understanding of the company's reality, STCP has included this topic in its Annual Report.

This chapter, concerning sustainable development, was based on the guidelines of the Global Reporting Initiative (GRI G3). The company's performance indicators are dealt with in various chapters of this report.

In chapter 7 of this report, the Non-Financial Statement is presented, pursuant to Decree Law no. 89/2017, of 28 July, that transposes into national legislation Directive no. 2014/95/EU of the European Parliament and Council, of 22 October 2014, which alters Directive 2013/34/EU, with respect to the divulging of non-financial information.

STCP subscribes to the Sustainability Charter of the UITP - Union Internationale des Transports Publics, and is a Full Signatory Member. Subscription to this charter implies assuming commitments, with the aim of applying better practices of sustainable development and continuous improvement in the pursuit of its activities.



## 3.1. MISSION, VISION, VALUES AND POLICIES

### Mission

To provide an urban public passenger transport service in the Metropolitan Area of Porto (AMP) in coordination with the other road, rail and light rail operators, contributing towards the effective mobility of people, providing a competitive alternative to private personal transport and generating social and environmental benefits through its activity on an economically sound basis, while continuously seeking to improve its performance.

### Vision

To be recognised as a reference company with some of the best practices in the public passenger transport sector, at both a national and a European level.

### Values

STCP, as an urban public passenger transport operator, is governed by the following values in its conduct:

- › Legality
- › Responsibility
- › Rigour
- › Transparency and Impartiality
- › Cooperation
- › Quality
- › Public Service
- › Social Conscience
- › Modernity
- › Security
- › Concern for the Environment.

### Company Policy

- › To assert itself as a dissuader of the use of personal transport by promoting high-quality, safe, modern and eco-efficient urban public passenger transport.
- › To meet the physical and social mobility needs of customers by providing an adequate offer in terms of the transport network, its accessibility, schedules and products, within the limits permitted by concessions and by streamlining human and material resources.
- › To promote permanent communication and cooperation with external entities, namely central and local government institutions, corporate associations, municipalities and the public in general.
- › To guarantee the professional, healthy and social development of its employees, in particular by creating adequate conditions for the performance of their activities in order to prevent harm, injuries and damage to their health.

› To minimise the environmental impact of its supporting activity, by ensuring facilities and equipment have technologically efficient solutions that promote a gradual reduction in pollution levels and in the consumption of energy and natural resources.

› To develop all its activities, products and services within an integrated management system, in terms of quality, the environment and occupational health and safety, with the involvement of all its employees, suppliers, contractors, local authorities and customers.

› To seek to improve continuously and meet the requirements established in its Integrated Management System, including not only the legally and statutorily applicable requirements but also those for which compliance is voluntary, carrying out regular assessments of its performance through internal audits and ending with an annual review of the system.



### 3.2. INTEGRATED MANAGEMENT SYSTEM: QUALITY, ENVIRONMENT AND OCCUPATIONAL HEALTH AND SAFETY

The reduction of environmental impact in terms of its operation and supporting activities, the safety and accessibility of its customers, and the promotion of healthy working conditions for its workers, are intrinsic objectives of the Policies to which STCP subscribes.

Since 2008, STCP has maintained its Integrated Management System certified by the management references for Quality, the Environment and Occupational Health and Safety.

STCP began a new cycle of certification at the end of 2017, after completing a renewal audit conducted by the Certifying Entity.

For 2018, STCP's objective is to make a transition to the new management standards, which also implies new challenges, above all, in terms of its approach to thinking about risk and impact.

The current Certification standards are:

- › NP EN ISO 9001:2008 – Quality Management Systems
- › NP EN ISO 14001:2012 – Environmental Management Systems
- › OHSAS 18001: 2007 / NP 4397:2008 – System of Management of Health and Safety at Work.

#### Quality management

Notable during 2017, was the renewal of the certifications of the Integrated Management System in the areas of Quality, the Environment and Occupational Health and Safety.

#### Internal audit and annual renewal audit

At the end of the year, audit for renewal of the management system certificates was undertaken by the certifying body. The result of this audit confirmed that STCP's management system meets the standards for which it is certified.

In 2017, the internal audit of the Integrated Management System was carried out using external Auditors.

STCP has had an active role in the drafting of national standards for defining and assessing quality requirement for the provision of public passenger transport services, through its participation as a member of the Portuguese Technical Standardisation Committee – CT 148 (transport, logistics and services).



The aim of this technical standardisation body of the Portuguese System of Quality is to prepare regulatory documents and issue opinions at a national level, in cooperation with the European certification bodies, in the areas of passenger transport, goods transport and logistics.

### **Environmental management**

This topic is developed in point 3.5 Environmental Responsibility.

### **Management of health and safety at work**

This topic is developed in point 3.6.4 Health and safety of employees (Safety).

## **3.3. RRESPONSIBILITY TOWARDS CUSTOMERS**

On 28 July 2017, the Portuguese State and the Metropolitan Area of Porto (AMP) agreed with STCP a Second Amendment to the Contract of Public Service, based on the entry into force of Decree Law no. 82/2016, of 28 November, which regulates STCP's new management model.

Through this amendment, the AMP assumes all the legal positions, rights and obligations held by the State in the public service contract. The basis is also established under which the meeting of the public service obligations to which STCP is bound in this context, must be subject to compensation, pursuant to the applicable legislation.

The Second Amendment to the Contract of Public Service was endorsed the Court of Auditors on 21 August 2017.

In the Second Amendment to the Contract of Public Service the methodologies are set that enable the monitoring and improving of the quality of the services provided by STCP and the evaluation of its customers' level of satisfaction.

### **3.3.1. THE PUBLIC PASSENGER TRANSPORT SERVICE**

STCP's public passenger transport network is composed of 70 bus lines and 3 tram lines.

The bus network covers a total length of approximately 485 km, and that of the tram around 9 km. It serves 2,465 stops located throughout the six municipal councils of the Metropolitan Area of Porto, Gondomar, Maia, Matosinhos, Porto, Valongo and Vila Nova de Gaia, and 33 parishes.

The service is provided every day of the year.

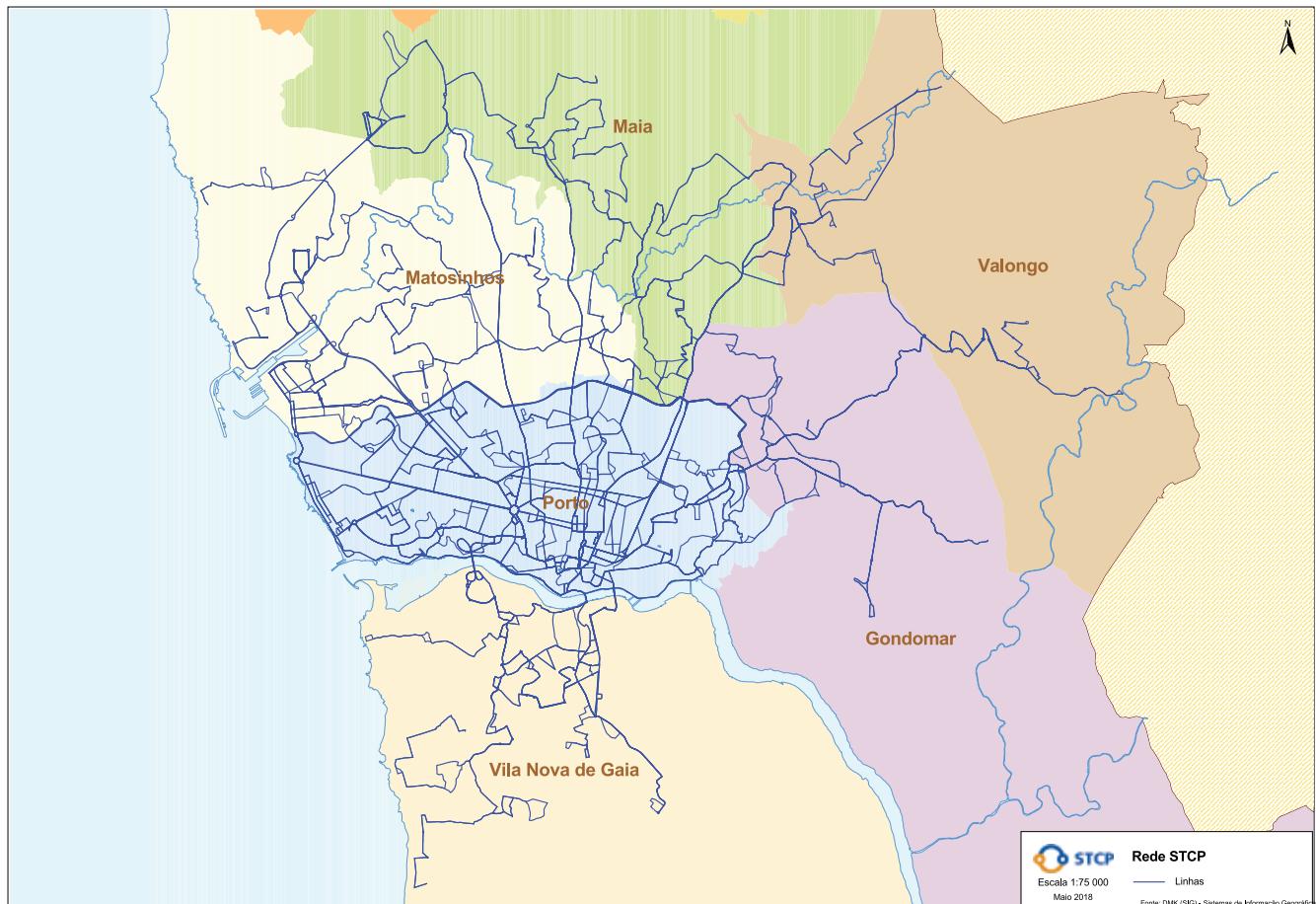
Of the 62 lines that provide a day-time service, 36 also have a late-night service (from 9 pm to midnight). During the night, from midnight to 6 am, service is provided by 11 bus lines.

In 2017, 22.2 million kilometres of service were provided by buses and 2,035.4 million seat kilometres made available. Trams travelled 148,000 kilometres in service and offered 6.2 million seat kilometres.

The service performance rate for buses – measured by comparing completed journeys with scheduled journeys – was 97.4%. For the tram sector it was 92.1%.



## MAP OF THE STCP TRANSPORT NETWORK



### 3.3.2. CUSTOMER SATISFACTION

#### Assessment of customer satisfaction

In 2017, to provide a basis for building strategies, various inquiries into customer satisfaction were held and studies conducted to evaluate and learn about some of their preferences, and these are presented below:

- › Online passenger inquiries, when they enter the home page for free Wi-Fi access on board buses.
- › Study of the attractiveness of the new line to Mar Shopping – a question was asked to evaluate the quantity of journeys interviewees thought they would make with the inception of a new connection of under 30 minutes on the line in use at the time of the questionnaire. Around half of the individual passengers replied that they intended to use the proposed connections several times a week.

› Assessment of the level of satisfaction and reliability of users of the Wi-Fi – the results obtained indicated that the service provided by STCP achieved an excellent rating from its users and was well appreciated by them, as 71.3% would recommend the service to colleagues or friends.

› Overall customer satisfaction with respect to STCP's transport service – 77% of the passengers assessed their overall satisfaction with a score of 7 or more, and 44% of the passengers replied with a score of 9 or more, on a scale of 1 to 10.

› Ad hoc study on bus seats - five different models of seat were installed with the aim of gathering and analysing customer preferences and the most valued comfort parameters. The results revealed a practically equal split between clients with regard to the main characteristics.

› Re-branding study – with the help of a specialist consultant, this study used quantitative and qualitative methods to gather information from customers, with the aim of providing a basis for the decisions on the image to be applied to new buses and the updating of the brand.

### Customer complaints

There was a total of 1,337 complaints for the year, maintaining the falling trend in complaints that has been seen since 2016, reflecting the improved service provided.

COMPLAINTS, BY TYPE	2015	2016	2017	17-18	17/18
<b>Total complaints</b>	<b>3.664</b>	<b>1.793</b>	<b>1.337</b>	<b>-456</b>	<b>-25%</b>

### 3.3.3. COMMUNICATION AND INFORMATION

#### STCP website

With around 12,000 visits a day, annual visits exceeded 4.3 million, and the growth in usage continued. Compared to 2016, there was an increase of 72%. As in previous years, the busiest month was September, with around 430,000 visits, which suggests that this is a service that helps plan new journeys associated with the start of the academic year.

#### Wi-Fi

In 2017 all buses, except mini-buses, were equipped with Wi-Fi, allowing free access throughout the network. Compared to 2016, the year in which, from September, the service began to be available in all the municipal councils served by STCP, the increase in users was 43%, numbering around 870,000 users, demonstrating a clear adhesion to this service by its customers. The number of sessions also roughly doubled, reaching 5.3 million sessions, whereas in 2016 there were 2.7 million. The daily average number of sessions went from about 7,400 in 2016 to 14,300 in 2017.



Complaints about failure to meet timetables continued to be the main motive, representing 63% of the total number of complaints, notwithstanding the 30% reduction compared to 2016.

The complaints were mainly made using the toll-free customer service helpline (88%) and the preferred way used was e-mail (55%).

#### MOVE-ME App

Searches for information on STCP are increasingly made using this application, to obtain real time information on timetables and routes.

#### Social networks

2017 ended with 16,000 more followers, which represents growth of 5% against the previous year. Postings regarding new services, such as the new connections to MarShopping and Campanhã, the special New Year's Eve service and supporting technological innovations, such as the posting of STCP's service on Google Maps and the Anda app, are those that attract most printing and shares.

#### SMSBUS

This service is being substituted by the apps, which allow access to expected arrivals in real time simply by consuming data, so that there was a reduction in requests by billable SMSBUS text messages, with 88,000 requests in 2017 against 150,000 in 2016.

#### Public Information Panels (PIP)

More than 19 screens were installed with the timetables of bus lines in real time, next to stops with major passenger traffic and a large number of bus lines.

At the end of the year, 62 PIPs were installed and working, distributed over the six municipal councils of greater Porto served by STCP, Porto, Matosinhos, Maia, Valongo, Gondomar and Vila Nova de Gaia.

#### Other means of digital information

The electronic displays installed inside buses are fundamental for divulging alterations in the network and Andante ticketing, which occur over the course of the year. They are also used to underline communication whenever

widespread doubts or problems are detected.

The GoBus screens, installed by the principal stations: Trindade, São Bento, Campanhã and Casa da Música, provide information in real time about expected arrivals of buses in the vicinity, and remain fundamental for the articulation between the various modes of transport.

#### **Blue line – Customer Service Helpline**

The blue line (customer service helpline), the telephone help line for STCP's customers, dealt with 74,686 phone calls and 5,449 e-mails, throughout the year.

#### **Lost and Found**

The blue line dealt with 5,420 cases of lost and found, and managed to return 1,980 of the lost items to customers.

### **3.3.4. PROJECTS**

#### **STCP joined the FABULOS project**

It was decided that STCP would participate in the European R&D programme Horizon 2020, in April of 2017, which took the form of a candidacy for community funds to support an R&D project to design, test and use driver-free automated bus management systems integrated in the fleet of the public transport service.

In August of 2017 the candidacy was approved by the European Commission, and the project was named FABULOS (Future Automated Bus Urban Level Operation Systems), which consists of the systematic use of self-driving minibuses.

The test of self-driving minibuses has already been carried out in various countries, but the concept for the management of autonomous fleets as part of the public transport network is not yet available. In addition to this, some parts of the automation of driving need to attain a more mature stage of development to be applicable in shared spaces in urban environments.

The city of Porto, through STCP, together with another five partner cities, are taking on this challenge by collectively undertaking the R & D for the prototyping and operational testing of intelligent systems capable of a fleet of self-driving minibuses in urban environments. It is hoped that these solutions will be integrated, covering software, hardware, fleet and services.

The project lasts 3 years and starts on 1 January 2018. The overall value of the project is 7.8 million euros.

STCP's involvement goes from contributing specifications and technical requirements, for the safety and management of these systems and subsequently the implementation of the laboratory testing phase in full integration with the city's intelligent systems.

#### **STCP joins the ANDA pilot project**

STCP, in partnership with TIP, FEUP and other transport operators, joined the pilot project called Anda which aims to dematerialize transport tickets for the entire Andante network, transforming the traditional card or PVC or paper into an app for smartphones.

With this application, passengers can travel unperturbed without having to know the fare zone or buy the tickets needed before making their journey. Through their smartphones, passengers validate their entries on the Andante system, these journeys are registered in their history and at the end of the month they get a bill for the journeys they have made.

One of the advantages of this project is that the innovative capacity for optimising fares based on the actual use of public transport.

The testing of the pilot project took place in 2017 and STCP's line 500 was involved in the test.

TIP anticipates that by the first half of 2018, the project will be available for all passengers on the Andante network.

#### **Incorporation of STCP's network on Google Maps: open data policy**

During 2017, information on stops, routes and timetables used by STCP was converted into GTFS format.

In December, this information became available on Google Maps, providing access by users of the transport system, to the information necessary for the planning and management of their journeys. This information may encourage new journeys and provide a better experience, which translates into greater customer satisfaction and loyalty.

During 2018 this data structure will become available for all projects that allow the increased use of public transport, after prior analysis by STCP.

## 3.4. RESPONSIBILITY TOWARDS THE COMMUNITY

### 3.4.1. MOBILITY FOR ALL

STCP's fleet, as of 31 December, consisted of 419 buses, 62% fuelled by natural gas and 38% by diesel. At that time, two buses were out of operation, with serious damage due

to accidents, and were not considered in the calculations for operating indicators.

FLEET	2015	2016	2017	PROPORTION 2017
<b>Diesel vehicles</b>	<b>161</b>	<b>160</b>	<b>160</b>	<b>38%</b>
standard	118	117	117	28%
articulated	20	20	20	5%
minibuses	8	8	8	2%
double-deckers	15	15	15	4%
<b>Vehicles running on natural gas</b>	<b>258</b>	<b>257</b>	<b>257</b>	<b>62%</b>
standard	229	228	228	55%
articulated	29	29	29	7%
<b>Buses</b>	<b>419</b>	<b>417</b>	<b>417</b>	<b>100%</b>
<b>Trams</b>	<b>6</b>	<b>6</b>	<b>7</b>	
<b>Fleet</b>	<b>425</b>	<b>423</b>	<b>424</b>	

AVERAGE AGE (YEARS)	2015	2016	2017	17-16	17/16
<b>Bus</b>	<b>12,6</b>	<b>13,6</b>	<b>14,6</b>	<b>1,00</b>	<b>7,4%</b>
Diesel	12,7	13,7	14,7	1,00	7,3%
Natural gas	12,5	13,5	14,5	1,00	7,4%
<b>Tram</b>	<b>77,6</b>	<b>78,6</b>	<b>79,6</b>	<b>1,00</b>	<b>1,3%</b>

STCP practises a policy of integration and massification of public transport for people with reduced mobility.

The company reached a level in which it has an accessible network composed of 98% of vehicles with lowered floors and 73% with ramps.

The Easy Access Network covers 69 operating STCP bus lines, 31 of which accessible by wheelchair.

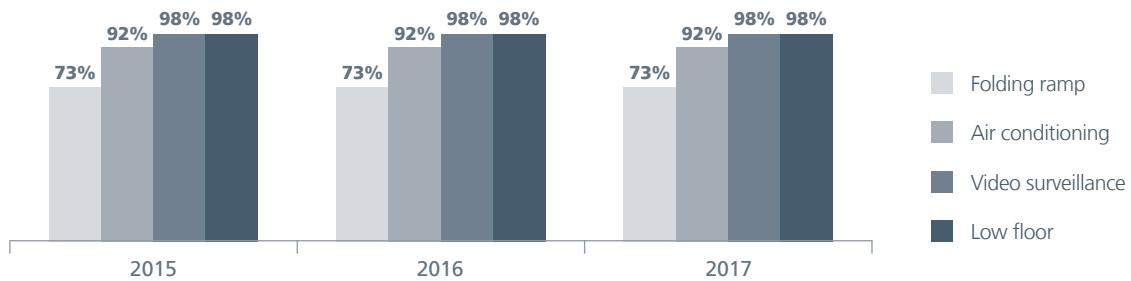
All of STCP's buses, except minibuses, have audio-visual information to announce the destination, number of the bus line and the next stop. The illuminated signs and electronic displays are also integrated into the operation of the bus.

With this information system, blind, partially-sighted, and hard of hearing people can easily find their way and make trouble-free journeys.

In addition to this, STCP's policy and practice is focused on encouraging social inclusion and accessibility for all, offering information accessible to its customers with special needs and pursuing cooperation with municipal authorities and others responsible for the public space in which it operates.

The municipal councils covered by the accessible network are Porto, Matosinhos, Maia, Valongo, Gondomar and Vila Nova de Gaia.

The characteristics of the fleet are shown in the following graph:



The rate of immobility of the bus fleet was 10.2%, 0.5% less than in 2016, with 1.37 breakdowns for every thousand vehicle km in total, 0.6% greater than the previous year. The

high age of STCP's current vehicles, with an average age of approximately 15 years, helps to explain the values of these indicators.

BUS MAINTENANCE INDICATORS	2015	2016	2017	17-16	17/16
Immobilisation rate (%)	10,0%	10,8%	10,2%	-0,5 pp	-5,1%
Breakdown rate (per 1,000 vehicle km overall)	1,22	1,36	1,37	0,01	0,6%

### 3.4.2. PROMOTING SECURITY ON TRANSPORT (SECURITY)

STCP has been holding training and awareness-raising sessions with its drivers to diminish road accidents involving its public service vehicles.

In terms of providing the public passenger service, there has been collaboration throughout the year with the various security, criminal and transport authorities, in helping to resolve critical situations, whether in terms of traffic congestion, or the accompaniment of the special services that STCP undertook, ensuring the safety of boarding and paying special attention to bus routes.

With respect to emergency plans, numerous meetings were held with the various municipal services.

### 3.4.3. THE TRAM MUSEUM

In 2017 the Tram Museum altered its paradigm for demand, due to the intense advertising and communication that have been undertaken.

The predominance of the school trips in the total visitors to the Museum had been declining, giving way to tourists and families. Out of a total of 23,746 visitors attained in 2017, 11,665 (49%) were individual visitors, and 8,456 were foreigners.

The opening, at the end of 2015, of the Machinery Room of the old Thermoelectric Power Plant of Massarelos, incorporated in the museum space, has enabled the exhibition space to be better used, and the hosting of various activity projects. With this room, and its unique characteristics, the Museum has publicised its spaces and capitalised on its activity, which resulted in the space being rented out 15 times in 2017. Noteworthy among these events was the closer involvement with various bodies in the city of Porto, namely the University of Porto, the CCDRN, and ANJE, among others.

The demand from travel agencies for renting trams out for journeys demonstrated that this is also an increasingly attractive product. In 2017, trams were rented out more than 400 times exceeding the numbers achieved in previous years.

As part of its regular programming, the Tram Museum, which celebrated 25 years in 2017, continued to offer its public, and the city in general, the Annual Historic Tram Parade, in May. To mark the festivities, a temporary exhibition was held demonstrating the Museum's activities, with its numerous tram parades throughout its history.

As usual, the Museum also participated in the activities of the city of Porto, on the occasion of International Museum Day and European Museum Night.

#### 3.4.4. ASSOCIATIONS AND PARTNERSHIPS

STCP is a partner of the following bodies:

- › AEP – Portuguese Entrepreneurial Association
- › Porto Trade Association
- › ADEPORTO – Porto Energy Agency
- › APVGN – Portuguese Association of Vehicles running on Natural Gas
- › CODIPOR – Portuguese Association for Product Identification and Codification
- › ISQ – Welding and Quality Institute
- › ATP – Porto Tourism Association
- › INEGI – Mechanical Engineering and Industrial Management Institute
- › AMTC – Association for the Transport and Communication Museum

- › Association for Friends of the Porto District Archive
- › "Friends of the Porto Coliseum" Association
- › Porto Information Provision on Consumption and Arbitration Centre
- › Serralves Foundation

It is also a member of the international organisation the UITP – Union Internationale des Transports Publics, and of the Portuguese Technical Standardisation Committee – CT 148 (transport, logistics and services).

#### 3.5. ENVIRONMENTAL RESPONSIBILITY

In 2017, the Certification of STCP's Environmental Management System was renewed by the certifying body.

With regard to the environment, STCP maintains a systematic assessment of its activity and monitors its performance indicators through:

- › Seeking more efficient technological solutions that generate less harmful impacts, thereby leading to environmental sustainability;
- › Continuous updating of knowledge of the legislation and standards on good environmental practice and its implementation in internal procedures;
- › Carrying out of internal and external audits as way of assessing the Environmental Management System;
- › Commitments to Sustainability, assumed, for example, with the UITP - Union Internationale des Transports Publics, with the Municipalities, the Metropolitan Area of Porto and the Ministry responsible;
- › Periodic analysis of the indicators, with top management.

#### CHANGES IN SOME INDICATORS:

INDICATOR	UNIT	2016	2017
Proportion of bus fleet running on natural gas	%	62,0%	62,0%
Annual variation of total water consumption	%	7,0%	-0,8%
Annual variation of consumption of the installations' electric energy	%	8,0%	-0,4%

## Training and awareness-raising

In terms of training in the environmental area, throughout the year awareness-raising sessions have been held for drivers to promote more economical and efficient driving.

The company's technical staff even participated in drafting the new standard on the Environmental Management System (NP EN ISO 14001:2015).

## Emissions of air pollutants by the fleet

CO<sub>2</sub> emissions related to the bus fleet registered an increase of 4.9% in 2017 compared to 2016, as a result of increased fuel consumption due to the greater vehicle kilometres covered and the age of the vehicles.

Thus, the CO<sub>2</sub> per total vehicle km grew by 1.5%, standing at 1.6 kg per total vehicle km.

CO <sub>2</sub> EMISSIONS[1]	UNIT	2015	2016	2017	17-16	17/16
Diesel	tonne	12.819	13.244	13.887	643	4,9%
Natural gas	tonne	21.649	23.198	24.323	1.126	4,9%
<b>CO<sub>2</sub> emissions</b>	<b>tonne</b>	<b>34.468</b>	<b>36.442</b>	<b>38.210</b>	<b>1.769</b>	<b>4,9%</b>
<b>CO<sub>2</sub> emissions/total vehicle km</b>	<b>kg</b>	<b>1,65</b>	<b>1,65</b>	<b>1,67</b>	<b>0,03</b>	<b>1,5%</b>

[1] Source Directorate General for Energy and Portuguese Environment Agency.

## Distribution of the fleet by EURO standards

The EURO standards are the main way of classifying the harmful gas emissions of road vehicles. The European Union requires vehicle manufacturers to comply with the emission standards in force on the day they were manufactured.

On 31 December, STCP is composed of vehicles that comply with the standards of EURO II (46%), EURO III (25%), EURO V (7%) and EEV (22%).

The new vehicles to enter in the next three years, will have a classification in terms of harmful gases, 15% below those established by the EURO VI standard, reflecting more demanding practices from an environmental viewpoint.

## Consumption of energy in tonnes of oil equivalent (TOE)

Energy consumption, in TOE, showed an increase of 3.8% on 2016, essentially due to the increased offer, measured in vehicle km for buses.

ENERGY (TOE)	2015 [1]	2016 [1]	2017 [2]	17-16	17/16
Tram electricity	109	115	40	-76	-66%
Fixed installations electricity	1.042	1.126	332	-793	-70%
Diesel	3.608	3.728	3.826	98	2,6%
Natural gas	7.557	8.098	9.361	1.263	16%
<b>Energy (TOE)</b>	<b>12.317</b>	<b>13.067</b>	<b>13.559</b>	<b>492</b>	<b>3,8%</b>

[1] calculation made according to the Order no 228/90 of March 27

[2] calculation made according to the converters provided by the Directorate General for Energy and Geology (DGEG) with regards to POSEUR.

## Water

The two main public transport operators in the Metropolitan Area of Porto, STCP and Metro do Porto, began, in November of 2017, to implement a series of measures to save water, in view of the low levels of rainfall that were registered in the country, and in accordance with the guidelines of the Ministry of the Environment.

The measures taken by STCP consisted of a reduction in the number of times its fleet of buses was washed, 419 vehicles that, except in exceptional cases, began to be washed three times a week, when they had previously been washed every day.

The reduction in the total consumption of water compared to 2016, was 0.8%, reflecting, albeit only slightly, the measures started close to the end of the year.

WATER	UNIT	2015	2016	2017	17-16	17/16
Water consumption from the public network	m <sup>3</sup>	6.629	6.317	6.764	447	7,1%
Water consumption from underground reservoirs	m <sup>3</sup>	15.080	16.819	16.182	-637	-3,8%
<b>Total water consumption</b>	<b>m<sup>3</sup></b>	<b>21.709</b>	<b>23.136</b>	<b>22.946</b>	<b>-190</b>	<b>-0,8%</b>

## Waste management

STCP has rules for the management of waste generated by its corporate, administrative and maintenance activity.

The process covers the operations of separation of waste by the LoW Code (European List of Wastes), collects, loads, transport, and the final destination of the waste generated. STCP contracts specialist certified companies to collect and treat its waste. In special cases it sells some of it.

Every year, STCP submits via the SILIAMB (Integrated Environmental Licensing System) site, a database of its record of integrated waste, the Integrated Waste Registration

Chart (MIRR), with the quantity and destination of the waste generated.

In 2017, an increase in hazardous waste from batteries and fluorescent lamps and a decrease in used oils continued to be found compared to 2016.

With respect to non-hazardous industrial waste, there was an increase in both ordinary waste and in metal waste, and a decrease in wood.

There was no demolition waste in 2017.

## CHANGES IN THE MOST SIGNIFICANT WASTE

WASTE	UNIT	2015	2016	2017	17-16	17/16
<b>Hazardous industrial waste</b>						
Used oils	litres	11.505	10.005	9.988	-17	-0,2%
Used batteries	unit	73	119	162	43	36%
Fluorescent lamps	kg	238	321	333	12	3,7%
<b>Non-hazardous industrial waste</b>						
Wood	kg	4.120	3.380	1.660	-1.720	-51%
Miscellaneous industrial waste	kg	24.420	19.104	20.511	1.407	7,4%
Metal waste	kg	34.804	36.434	36.648	214	0,6%
<b>Other waste</b>						
Paper and cardboard	kg	6.135	3.090	3.059	-31	-1,0%
Demolition and construction waste	kg	6.540	50.640	0	-50.640	-100%
Hospital waste group III and IV	kg	39	53	46	-7	-13%

## 3.6. RESPONSIBILITIES TOWARDS EMPLOYEES

### 3.6.1. PERMANENT STAFF

#### Number of employees

During 2017 there were 47 arrivals, among whom were 27 drivers and 4 brakemen, and 37 departures, representing an increase of 10 permanent employees compared to 2016. Government authorisation was sought and obtained for

those admitted, in accordance with the standards to which the company is bound. In 2017, the company accepted 37 new interns: 14 student interns and 23 professional interns.

It should be noted that, at the end of 2017, to reinforce the area of maintenance for the bus fleet, 10 professional interns were given permanent employment contracts.

As of 31 December, staff numbered 1,242 workers, all with permanent staff contracts.

PERMANENT STAFF [1]	2015	2016	2017	17-16	17/16
<b>Permanent staff at 31 December</b>	<b>1.171</b>	<b>1.232</b>	<b>1.242</b>	<b>10</b>	<b>0,8%</b>
Vehicle crew at 31 December [2]	854	912	915	3	0,3%
% of vehicle crew	73%	74%	74%	0 pp	-0,5%
<b>Average number of permanent staff</b>	<b>1.152</b>	<b>1.197</b>	<b>1.226</b>	<b>29</b>	<b>2,4%</b>

[1] Excluding governing bodies, seconded employees and unpaid leave. Includes transferees.

[2] Bus and Tram drivers.

#### Rate of absenteeism

The company's rate of absenteeism in 2017 was 8.4%, and for vehicle crew it was 8.1%. In 2016 these values were 8.3% and 8.8%, respectively.

RATE OF ABSENTEEISM	2015	2016	2017	17-16	17/16
Company total	8,6%	8,3%	8,4%	0,1 pp	0,6%
Vehicle crew	9,2%	8,8%	8,1%	-0,7 pp	-8,0%

Note that part of the absenteeism, around 9%, resulted from absences related to strikes that took place during 2017. In effect, these led to a loss of around 16,750 hours, which, in a direct analysis, corresponds to an average reduction per day of driver availability for daily operations of about 9 elements.

The trend of reduced absenteeism by the vehicle crews may be partly explained by the renewal and partial replenishment of the required staff.

The variation seen in the absentee rate of the other staff suggests that the company should immediately implement a plan to renew and replenish these staff.

#### Additional work

In 2017, a total of around 57,000 hours of additional work were performed in the company. Approximately 49,000 hours (86% of the total) were by vehicle crews.

The number of additional hours of work registered an increase of 1.6% against the previous year. The cost of additional work grew in 2017, 22% compared to 2016, mainly due to the reinstatement of the percentage of additional work added of 50%, as well as the partial application of the unfreezing of career progression and the unblocking of seniority payments in 2017.

SUPPLEMENTARY WORK [1]	2015	2016	2017	17-16	17/16
Total overtime hours (thousands)	78	56	57	1	1,6%
Total overtime hours vehicle crew (thousands)	75	49	49	0	0,4%
Total cost (thousand euros) [2]	448	324	395	71	22%
Vehicle crew cost (thousand euros) [2]	428	277	322	45	16%

[1] From a payment perspective: work paid over the year.

[2] Taxes on remuneration are not included.

## Characterisation of the workforce

In 2017, around 38% of permanent staff had a level of education of secondary school or above.

The average length of service in the company is 20 years and the average age of employees is slightly over 48 years. Only 16% of the workforce is in the under-40 age group.

AGE STRUCTURE (PERCENTAGE)	2015	2016	2017	17-16	17/16
18-39 years	15%	16%	16%	-0,2 pp	-1,3%
40-49 years	42%	44%	43%	-1,1 pp	-2,4%
>50 years	43%	39%	41%	1,3 pp	3,3%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>		

## Workforce by gender

On 31 December 2017 there were 99 female employees of whom 54 are vehicle crew and 56 have jobs in management and technical areas.

POSITION	TOTAL	PERMANENT STAFF ON 31 DECEMBER 2017				
		WOMEN (W)	MEN (M)	% OF W PER POSITION	% OF POSITION PER W	
Managerial	10	2	8	2%	20%	
Vehicle crew	915	43	872	43%	4,7%	
Others	317	54	263	55%	17%	
<b>Total</b>	<b>1.242</b>	<b>99</b>	<b>1.143</b>	<b>100%</b>	<b>8,0%</b>	

EA "Gender Equality Plan", can be found published on the internet and on the company's website, in accordance with the provisions of no. 1 of Resolution of the Council of Ministers (CMR) no. 19/2012, of 8 March.

A Report was also made on remuneration by gender with respect to the year 2017, as determined in no. 2 of the Council of Ministers' Resolution (CMR) no. 18/2014, of 7 March.

As envisaged in the 5th National Plan for Gender Equality, Citizenship, and Non-Discrimination 2014-2017, approved by CMR no. 103/2013, 31 December, STCP reports information as part of the Legal Framework for State-Owned Companies.

## Promotion of equality in labour and employment

The company's policy on human resources is based on equal opportunity with respect to human rights and on non-discrimination, particularly with regard to remuneration.

The company seeks to value its employees and has adopted measures that promote a balance between the personal and professional life.

Workers have the right to freedom of association, and approximately 89% of the company's employees are members of trade unions.

Since December 2008, STCP has had a Code of Conduct and Ethics, disclosed to all employees and the public in general, which constitutes a fundamental instrument in the normative definition that should be respected by the entire structure of the company's organisation.

## 3.6.2. PROFESSIONAL DEVELOPMENT

### Training

In 2017, STCP strengthened its training policy compared to previous years, and this year registered an increase of 32.3% in total hours of training.

Thus, in 2017 the policy of continuous training of drivers was resumed, strengthening the commitment to Quality in relation to customer service, with 18 14-hour sessions being carried out involving a total of 217 employees.

In 2017, the company also continued its commitment to training to enable the certification of driver skills (CAM), with 15 sessions held, with the participation of a total of 274 employees, totalling 9,590 hours.

The commitment to training and skills was also resumed in terms of management staff, notably the attribution of two executive MBAs, as well as the participation in training of two employees, as part of the advanced training programmes offered by the UITP - Union Internationale des Transports Publics.

HOURS OF TRAINING	2015	2016	2017	17-16	17/16
Total	9.424	16.450	21.756	5.306	32%
Vehicle crew	8.385	15.885	20.358	4.473	28%
Continuous training	1.295	3.269	14.737	11.468	351%

NUMBER OF EMPLOYEES IN TRAINING	2015	2016	2017	17-16	17/16
Total	177	257	804	547	213%
Vehicle crew	99	195	683	488	250%
Continuous training	37	72	640	568	789%

### Bonuses

In 2017, in view of the restrictions of the State Budget Bill, no bonuses were awarded.

### Performance assessment

As in previous years, a performance assessment was undertaken. In view of the State Budget Bill, 50% of the value of career progressions was unblocked regarding the performance assessment with respect to the years from 2010 to 2016. This situation affected around 840 employees.

### 3.6.3. SOCIAL BENEFITS

#### Promotion of a work-life balance

In both the logistic and financial support to the Workers' Culture and Sports Centre (CCDT-STCP), the company embodies a policy to balance personal, family and professional life. This entity organized various activities, between which stand out the Christmas party and the holiday camp for employees' children.

The company continues to guarantee the payment of the unsubsidised part of medical contributions. STCP's medical post offers curative medical assistance. These two factors result from the application of the collective employment agreements.

Employees with children under 6 years old who attend kindergartens receive a fixed contribution.

The canteen located in the company's premises in Francos serves meals at cost price. During the year 2017 the canteen

was managed by CCDT-STCP, with the average amount served daily being around 100 meals.

The company also provides, in all installations, access to vending machines with food and drinks.

#### Pensions Fund (post-employment benefits)

Details of employee benefits are given in Note 30.1 of the financial statements.

At 31 December 2017, the present value of obligations assumed with liabilities for retirement and invalidity pension contributions was 2,119,771 euros and the fund value was 1,642,119 euros, with a rate of coverage of responsibilities of 77%, in accordance with the actuarial report prepared.

At the end of December 2017, contributions of 121,134 euros were made to the fund in order to cover the minimum level of financing required by the Supervisory Authority for Insurance and Pension Funds (ASF) as of 31 December 2017.

	UNIT	2015	2016	2017	17-16	17/16
Pensions paid	10 <sup>3</sup> €	315	373	370	-3	-0,8%
Number of beneficiaries	nº	189	197	181	-16	-8,1%

### 3.6.4. HEALTH AND SAFETY OF EMPLOYEES (SAFETY)

#### Employee health

In 2017, saw a strengthening of the healthcare provided in the STCP's medical post, particularly in through the contracting of the services of one more nurse and by the increased number of hours of Occupational Medicine services provided.

The medical post, that is located in the Francos premises, registered a marked contribution in the year, in terms of healthcare, carrying out 4,035 general and specialist clinical appointments, with dentistry continuing to represent a significant number of appointments, 946 (23.4% of the total). Nursing health care was also provided, in both the Francos premises, and in the medical post located in the Via Norte premises.

1,849 appointments for occupational medicine were carried out, representing a variation of around 17%, against last

year. Of these, 973 were regular check-ups, which represents an increase of about 23% over the appointments carried out for the same reason in the previous year. During the year, 2,009 sensory exams were also performed, covering all professional categories, with the aim of continuing and being incorporated into the protocol for periodic reviews and admission examinations.

Alcohol management, part of occupational health, carried out 4,436 tests, four of which gave positive results. Regarding this point, the internal information and awareness campaign should be mentioned, which was carried out during the first quarter of 2017 on the topic of Preventing Excessive Consumption of Alcoholic Drinks in partnership with the Porto Alcoholism Group (UAP/ARS NORTE). This is a campaign for Preventing Excessive Consumption of Alcoholic Drinks, applied to STCP and directed to all its employees, based on the raising of awareness and information intended to prevent excessive consumption and the promoting health and safety at work.

## Safety training and awareness-raising

On the topic of safety and the company in 2017, 56 training and awareness-raising sessions were held, in which 451 employees participated, namely in the continuous training and admission of drivers, self-defence training, driving safety, and also training connected to building evacuation and fire department training.

## Employee safety

During 2017, 40 workplace hygiene and safety inspections were carried out on the installations, work stations, and equipment, to assess working conditions.

## Occupational accident indicators

The indicators of work accidents for the year are shown in the following table and reflect a stabilisation with respect to 2016.

OCCUPATIONAL ACCIDENTS INDICATORS			2015	2016	2017	VAR. % 17/16
<b>Frequency rate (Fr)</b>	=	(No. of occupational accidents resulting in absence/no. of hours actually worked) x 1,000,000	=	45,6	37,7	36,0
<b>Severity rate (Sr)</b>	=	(No. of days missed/no. of hours actually worked) x 1,000,000	=	1.136	942	970
<b>Incidence rate (Ir)</b>	=	(Total no. of accidents/total no. of employees) x 1,000	=	85,6	73,3	74,0

## Employee consultations

Taking into account the provisions of Law no. 3/2014 and Decree Law no. 50/2005, two consultations were conducted as part of the Management System for Occupational Health and Safety. These consultations were conducted in June and December, and it is expected that their results can be presented in the first half of 2018.

## 3.6.5. INTERNAL COMMUNICATION AND RELATIONS WITH CORPORATE PARTNERS

In December, a ceremony was held to celebrate employees who have been with the company for 25 years, which, as usual, was held in the Tram Museum. 66 employees who had reached this status were recognised. Homage was also paid to the 27 employees who had retired this year, in a demonstration of acknowledgement and thanks for their contribution to the company. These ceremonies preceded the Christmas party for the employees of STCP, S.A..

As in previous years, STCP supported the holding of a Christmas lunch/get-together for the company's ex-workers, retirees, belonging to the Association of Retirees and Pensioners. This event was held on 16 December in the Francos canteen, attended by 200 ex-employees. This is an important event in bolstering the role of the Association with ex-employees and maintaining the affectionate link

between these employees and STCP, thereby recognising their dedication to the company over the decades.

The intranet constituted a valued tool for internal communication with employees. In reality, bearing in mind that many employees do not attend a fixed place of employment every day, this tool brings them together, permitting all employees to consult news, daily updated information, databases, manuals, and important services such as scheduling holidays, scheduling appointments at the medical post, consulting their wage receipts, and the duty roster for vehicle crews.

Similarly, orders of service, warnings and other important information for the majority of employees are made available.

Throughout the year, meetings were held between the Board of Directors and the Workers' Council, attended by those responsible for the various areas of the company.

Various meetings were also held in 2017, between the Board of Directors and the different union organisations that represent the employees.





ECONOMIC AND FINANCIAL PERFORMANCE



## 4.1. BALANCE STATEMENT OF THE YEAR

The year began on 2 January, with the signing of the contracts delegating responsibilities of the State to the six municipalities where the company provides public transport services and the definition of a new model of operational management of STCP, for a period of 7 years, thereby complying with the provisions of Decree Law no. 82/2016 of 28 November,

On 28 July 2017 the Second Amendment to STCP's Public Service Contract was also signed, in order to adapt the contract agreed between the State and STCP in 2014, to the new model of configuration of the public service of transport. This amendment established compliance with the public service obligations to which STCP is bound and the respective financial compensation for the fulfilment of the public service.

These contracts were authorised by the Court of Auditors on 21 August 2017.

In 2017, guided by the strategy of the de-carbonisation of cities, the public tendering processes were launched in April intended to acquire a new bus fleet to substitute the current fleet. In August of 2017 contracts were awarded to supply 15 new electric vehicles and respective recharging points which are expected to be fully delivered in 2018, and the to supply 173 natural-gas-fuelled vehicles, with delivery forecast during the three-year period from 2018 – 2020. These contracts were authorised by the Court of Auditors on 24 November 2017.

To partially finance the acquisition of the new bus fleet and respective electricity recharging and natural gas refuelling points, a candidacy was submitted in 2017 for funds from the Programme for Operational Sustainability and Efficiency in the Use of Resources – POSEUR, which was approved in July.

After inverting the falling trend in 2016, STCP maintained growth in demand in 2017, and achieved 4.4% compared to the previous year, with 72.4 million passengers carried, thus remaining the largest transport operator in the Metropolitan Area of Porto.

Revenue from the transport service reached 45.5 million euros for the year, growing 6.6%, 2.8 million more euros than the previous year, due to growth in demand and the increased fares recorded in the year.

The productivity of the public passenger transport service, measured in vehicle km was 22.4 million, growing 2.8%, 612,000 kilometres more than in 2016.

Also notable during the year:

- › the increase in fuel costs, by around 1.3 million euros compared to 2016, with 75% of this increase resulting from the increased price of fuels, gas and diesel, and the remaining 25% regarding the increase in energy consumption, due to the increased productivity in vehicle kilometres;
- › the reinstatement of the rights pursuant to the instruments of collective employment as defined in the State Budget Bill of 2017, whose impact on staff costs was approximately 738,000 euros.

## 4.2. ASSET DEVELOPMENTS

With the absence of significant investments in 2017, as of 31 December assets amounted to 81.9 million euros, registering a reduction of 2.5 million euros (3.0%) compared to 2016, mainly because of the reduction in the value of fixed tangible assets by around 3.3 million euros, due to their depreciation.

Assets in 2017 reached the amount 490.0 million euros, 58.0 million less (11%) than 2016, mainly due to the reduction in financing obtained of around 39.4 million euros, in risk management instruments (swaps) of around 14.9 million euros and in other debts payable worth around 9.4 million euros. Provisions increased by around 7.1 million euros.

On 31 December 2017, the share capital was negative 408.1 million euros, registering an improvement of 55.5 million euros (12%) due to increases in capital during the year.

BALANCE STRUCTURE (THOUSAND EUROS)	2015	2016	2017	17-16	17/16
Non-current assets	73.151	72.554	70.368	-2.186	-3,0%
Current Assets	19.078	11.896	11.573	-323	-2,7%
<b>Assets</b>	<b>92.230</b>	<b>84.450</b>	<b>81.941</b>	<b>-2.509</b>	<b>-3,0%</b>
Equity	-501.722	-463.574	-408.051	55.522	12%
Liabilities	593.951	548.024	489.993	-58.031	-11%
<b>Equity and liabilities</b>	<b>92.230</b>	<b>84.450</b>	<b>81.941</b>	<b>-2.509</b>	<b>-3,0%</b>

No outstanding debts are owed to the State or to other public bodies, including Social Security.

### 4.3. INVESTMENT

The amount invested in 2017 was 428,000 euros.

Of particular note were the installation of an advanced management system for the electrical network of 75,000 euros, building work on the Massarelos building, of around 37 million euros, reconstruction of trams for the sum of 112,000 euros, the start of the project for the new liquefied-natural-gas refuelling station on the Via Norte for the sum of 19,000 euros and the conclusion of the upgrading and placing of public information panels for a total of 22,000 euros. The remaining investment resulted essentially from the acquisition of two support vehicles for maintaining the bus fleet and the replacement of workshop, administrative and IT equipment.

INVESTMENT (THOUSAND EUROS)	2015	2016	2017	17-16	17/16
Rolling stock	92	75	112	37	49%
Infrastructures	765	22	66	44	197%
Others	468	280	251	-29	-11%
<b>Investment</b>	<b>1.324</b>	<b>377</b>	<b>428</b>	<b>51</b>	<b>14%</b>

In 2017, the total of disposals made was approximately 53,000 euros. A plot of land in Maia, two support vehicles, and obsolete IT and administrative equipment was sold.

### 4.4. FINANCIAL CONTRIBUTION FROM THE STATE

In 2017, STCP was assigned around 931,000 euros by PIDDAC (Programme of Investments and Expenditure for the Development of Central Administration) intended for the financing of the bus fleet, through the amortisation of the capital of existing leasing contracts.

STATE FINANCIAL CONTRIBUTION (THOUSAND EUROS)	2015	2016	2017	17-16	17/16
Capital endowments	5.856	57.784	69.863	12.079	21%
Compensatory payments	0	0	0	0	
PIDDAC [1]	1.678	1.016	931	-85	-8,3%
Andante social fare compensation [2]	3.644	3.711	3.893	182	4,9%
PAII subsidy [3]	0	0	0	0	
<b>State financial contribution (thousand euros)</b>	<b>11.177</b>	<b>62.511</b>	<b>74.687</b>	<b>12.176</b>	<b>19%</b>

[1] 2015: €1.587 million for investment and €90.3 thousand for other subsidies.

[2] Recorded amounts net of VAT.

[3] Senior citizens integrated support programme.

## 4.5. FINANCING

### 4.5.1. FINANCING OPERATIONS DURING THE YEAR

In 2017, the company obtained financing through two increases in capital and a loan.

#### Capital endowments

##### **Increase in capital of 13,491,175 euros**

Conceded, in accordance with the express wish of the shareholder, the Portuguese State, as stated in the Unanimous Written Company Decision of 2 June 2017, by the issuing of 2,698,235 new shares, each with a nominal value of €5, subscribed by and paid for in cash by the State shareholder.

There was strict compliance with regulations on the capacity of issuers of transferable securities with duties to provide information, for example reporting to the Securities Market Commission, market disclosure by means of announcements, and requesting registration of the new shares in the Central Securities Depository – Interbolsa.

##### **Increase in capital of 56,372,106.42 euros**

Conceded, in accordance with the express wish of the shareholder, the Portuguese State, as stated in the Unanimous Written Company Decision of 30 November 2017, through the issuing of 11,274,421 new shares, each with a nominal value of €5, subscribed and paid for by the State shareholder, by conversion of credit held by the State/Directorate General of the Treasury and Finance, which fell due on 30 November 2017.

The company proceeded to comply with the associated norms, such as producing a report prepared by an Official

Auditor, pursuant to the provisions of article 28 of the Commercial Company Code, the alteration of the Company Statutes and the registration of the new capital with the Commercial Registry, now in 2018, as well as communicating the fact to the Central Securities Depository – Interbolsa.

#### Loan

##### **Loan for the sum of 14,643,369.27 euros**

Obtained for payment flows, falling due in 2017, for the swap contract taken out with Banco Santander Totta, by Order of the Secretary of State for the Treasury no. 340/17-SET, of 31 May. The borrowing was authorized by the aforementioned Order and by the Order of Deputy Secretary of State for the Environment, on 1 June 2017. The intracompany principal was provided in two tranches:

- › On 1 June, for the sum of 6,947,865.80 euros;
- › On 27 November, for the sum of 7,695,503.47 euros.

### 4.5.2. BORROWING

At the end of 2017, STCP's total interest-bearing debt was approximately 331 million euros, marking an 11% decrease compared to 2016.

The variation in adjusted borrowing, bearing in mind line b) of article 125 of Decree Law no. 25/2017 of 3 March (DLEO 2017) and excluding the sum of approximately 14.6 million euros regarding the borrowing payment of coupons for 2017 of the swap contract, was 1.44%.

The limit of 3% was met for the growth of borrowing, stipulated in no. 1 of article 45 of Law no. 42/2016, of 28 December (LOE 2017).

ADJUSTED BORROWING (THOUSAND EUROS)	2015	2016	2017	17-16	17/16
<b>Financing obtained (current and non-current)</b>	<b>425.588</b>	<b>370.325</b>	<b>330.945</b>	<b>-39.380</b>	<b>-11%</b>
Increase in Capital by contributions [1]	3.007	0	4.315	4.315	
Increases in capital from credit conversion	2.849	57.784	56.372	-1.412	-2,4%
<b>Adjusted Borrowing (article 45 OE 17)</b>	<b>431.444</b>	<b>433.965</b>	<b>455.273</b>	<b>21.307</b>	<b>4,91%</b>
<b>Adjusted Borrowing considering sub paragraph b)no 1 article 125 DLBI [2]</b>			<b>454.844</b>	<b>20.879</b>	<b>4,81%</b>
<b>Adjusted Borrowing considering sub paragraph b)no 1 article 125 DLBI [2] and request for exception [3]</b>			<b>440.201</b>	<b>6.236</b>	<b>1,44%</b>

[1] excluding, in 2017, the sum of 9,176,166 euros relating to the contribution received for payment of funds owed by STCP relative to the memorandum of understanding, signed July 31 2015, between the Portuguese State and the Porto Municipality.

[2] excluding the 2017 investment sum of 428,144 euros.

[3] excluding the sum of 14,643,369.27 euros due to the Borrowing for payment of 2017 coupons relative to the swap contract.

### 4.5.3. ACCOUNT WITH THE TREASURY AND PUBLIC DEBT MANAGEMENT AGENCY (IGCP, E.P.E.)

In 2011, STCP opened an account with the Treasury and Public Debt Management Agency (IGCP, E.P.E.), where it received contributions and funds from Public Bodies, in accordance with the guidelines received in Circular Letter no. 844, of 3 February 2011.

Under the terms stipulated in Article 86 of Law no. 7-A/2016, of 30 March, all fund transactions must be made using the banking services provided by IGCP, E.P.E., unless otherwise stated by law or in recognised and exceptional circumstances.

The company sent a new request for the treasury unit principle exemption regime to the Secretariat of State for the Treasury and Finance (SEATF), based on existing contracts with the commercial bank relating to medium-/long-term transactions, operating leases for the bus fleet, hedging interest rate risk, issuing bank guarantees, amounts being held, and requesting amounts in cash, among other issues.

The authorisation of the partial exemption regime for the years 2016 and 2017 was granted by Order no. 1140/2016 of the SEATF, of 10 November.

### 4.5.4. FINANCIAL RISKS MANAGEMENT INSTRUMENTS

Since 2007, the company has maintained a hedging interest rate risk operation, corresponding to 25% of the nominal value of the debenture loan of €100 million, issued the same year, agreed with Banco Santander Totta, which matures in June 2022.

On 31 December 2016, the Mark-to-Market value was established by the Treasury and Public Debt Management Agency (IGCP, E.P.E.) and, according to the information sent by this body, it was 113,494,520.37 euros. On 31 December 2017, the market value of the derivative instrument contracted amounted to -98,555,629.17 euros, the market valuation of the derivative instrument was made by the counterpart, Banco Santander Totta S.A.

This operation was the subject of legal proceedings, an action brought by the credit institution through the Commercial Court of London, on 10 May 2013, to request recognition of the legality of the derivative contract signed with STCP, S.A.; where, after a decision in favour of the Bank, the Portuguese State filed an appeal with the English High Court. Based on

the legal grounds that the contract was invalid, the Board of Directors, authorised by the responsible ministry, decided to disengage from the obligations arising from the contract. Thus, STCP, S.A. suspended payments relating to all the obligations arising from the disputed contract, although these contractual obligations are reflected in the company's accounts, as a precaution.

In 2017, the Board of Directors approved the terms of an agreement signed between the Portuguese State and Banco Santander Totta, S.A., also covering the Public Transport Companies involved, namely, Sociedade de Transportes Colectivos do Porto, S.A., Metro do Porto, S.A., Metropolitano de Lisboa, E.P.E. and Companhia Carris de Ferro de Lisboa, S.A., which ended the legal proceedings taken by that bank in the Commercial Court of London.

The agreement resulted in a negotiating process conducted by the Financial Ministry responsible on behalf of the four public transport companies involved.

Under the terms of the agreement, signed on 2 May 2017, the Portuguese State, Banco Santander Totta, S.A., and the Public Transport Companies with signed interest rate financial risk management contracts, undertake to respect the agreed contracts and payment obligations due from them, and meet, by 31 January 2018, the payment obligations due under such contracts.

## 4.6. RESULTS OF THE FINANCIAL YEAR

### Net profit

The net result of the 2017 financial year was minus 14.9 million euros, marking an improvement of 11.9 million euros (44%), against 2016. This upturn results from the improvement in financial results of 10.3 million euros, and from the operating results of 1.6 million euros.

The net result without the swap effect (interest and fair value changes) was minus 15.2 million euros, representing an improvement of 2.4 million euros (14%) compared to 2016.

RESULTS (THOUSAND EUROS)	2015	2016	2017	17-16	17/16
Operating income	46.036	45.139	49.960	4.821	11%
Operating expenses	67.176	57.464	60.716	3.252	5,7%
<b>Operating profit</b>	<b>-21.140</b>	<b>-12.325</b>	<b>-10.756</b>	<b>1.569</b>	<b>13%</b>
Financial income	4.296	2.746	15.150	12.405	452%
Financial expenses	14.761	17.194	19.286	2.092	12%
<b>Financial results</b>	<b>-10.465</b>	<b>-14.449</b>	<b>-4.136</b>	<b>10.312</b>	<b>71%</b>
Tax for the financial year	12	14	18	5	36%
<b>Net profit (NP)</b>	<b>-31.617</b>	<b>-26.788</b>	<b>-14.911</b>	<b>11.877</b>	<b>44%</b>
<b>NP without swap (interest and fair value changes)</b>	<b>-26.755</b>	<b>-17.564</b>	<b>-15.173</b>	<b>2.391</b>	<b>14%</b>

## Financial results

The financial results for 2017 were minus 4.1 million euros, representing an improvement against 2016 of 10.3 million euros.

The swap charges (fair value and interest) were positive, at 262,000 euros, representing an improvement of 9.5 million euros.

Interest and financing costs were 4.4 million euros, about 840,000 euros less than in 2016.

FINANCIAL RESULTS (THOUSAND EUROS)	2015	2016	2017	17-16	17/16
Swap interest	-9.155	-11.960	-14.889	-2.929	-24%
Variation in swap fair value	4.293	2.736	15.150	12.414	454%
<b>Swap charges</b>	<b>-4.862</b>	<b>-9.224</b>	<b>262</b>	<b>9.485</b>	<b>103%</b>
Financing interest	-5.396	-5.025	-4.189	836	17%
Financing charges	-211	-209	-209	1	0,3%
<b>Total financing charges</b>	<b>-5.606</b>	<b>-5.234</b>	<b>-4.398</b>	<b>837</b>	<b>16%</b>
<b>Interest Earned</b>	<b>3</b>	<b>9</b>	<b>0</b>		
<b>Financial results</b>	<b>-10.465</b>	<b>-14.449</b>	<b>-4.136</b>	<b>10.312</b>	<b>71%</b>

## Operating results

The operating results were minus 10.8 million euros, marking a 1.6-million-euro improvement, (13%) compared to 2016. Operating income registered an increase of 4.8 million euros (11%) and operating costs registered an increase of 3.3 million euros (5.7%).

## Operating income

Operating income in 2017 was approximately 50 million euros, registering an increase of 4.8 million euros (11%) relative to 2016.

Revenue from transport grew by around 2.8 million euros, as a result of greater demand.

In 2017, 1.7 million euros of financial compensation were accounted for, allotted by the municipalities for Public Service Obligations borne by STCP.

OPERATING INCOME (THOUSAND EUROS)	2015	2016	2017	17-16	17/16
Service provision	42.375	42.797	45.646	2.849	6,7%
Operating subsidies	0	0	1.661	1.661	
Other operating income	2.557	2.301	2.411	110	4,8%
Reversals	1.105	40	242	201	498%
<b>Operating income</b>	<b>46.036</b>	<b>45.139</b>	<b>49.960</b>	<b>4.821</b>	<b>11%</b>

### Operating expenses

Operating income in 2017 was approximately 60.7 million euros, registering an increase of 3.3 million euros (5.7%) relative to 2016.

If only the expenses of the ESS+CGSMC, staff and amortisations are considered, the increase is found to be negligible, at around 41,000 euros (0.1%).

This variation was essentially related to the consideration of non-current costs in 2017, specifically the strengthening of provisions (as shown in Note 23, of the financial statement).

OPERATING EXPENSES (THOUSAND EUROS)	2015	2016	2017	17-16	17/16
ESS+CGSMC	20.129	18.535	19.681	1.146	6,2%
Personnel expenditure	29.713	30.296	29.812	-484	-1,6%
Amortisation	4.204	4.315	3.694	-621	-14%
Other expenses and losses	1.115	10.751	1.203	-9.548	-89%
Provisions	11.674	-9.293	7.108	16.402	176%
Impairments and operating fair value changes	341	2.861	-781	-3.642	-127%
<b>Operating expenses</b>	<b>67.176</b>	<b>57.464</b>	<b>60.716</b>	<b>3.252</b>	<b>5,7%</b>

### Recurring EBITDA

The Recurring EBITDA was minus 925,000 euros, marking a 1.7-million-euro improvement, (64%) compared to 2016.

Recurring EBITDA (thousand euros)	2015	2016	2017	17-16	17/16
	<b>-3.823</b>	<b>-2.590</b>	<b>-925</b>	<b>1.666</b>	<b>64%</b>

Results before depreciation, financing expenses, tax, provisions, reversals, impairments, fair value changes and compensation for termination of employment contracts. Excluded from the following values:

Financial component of bus leasing rents 2015

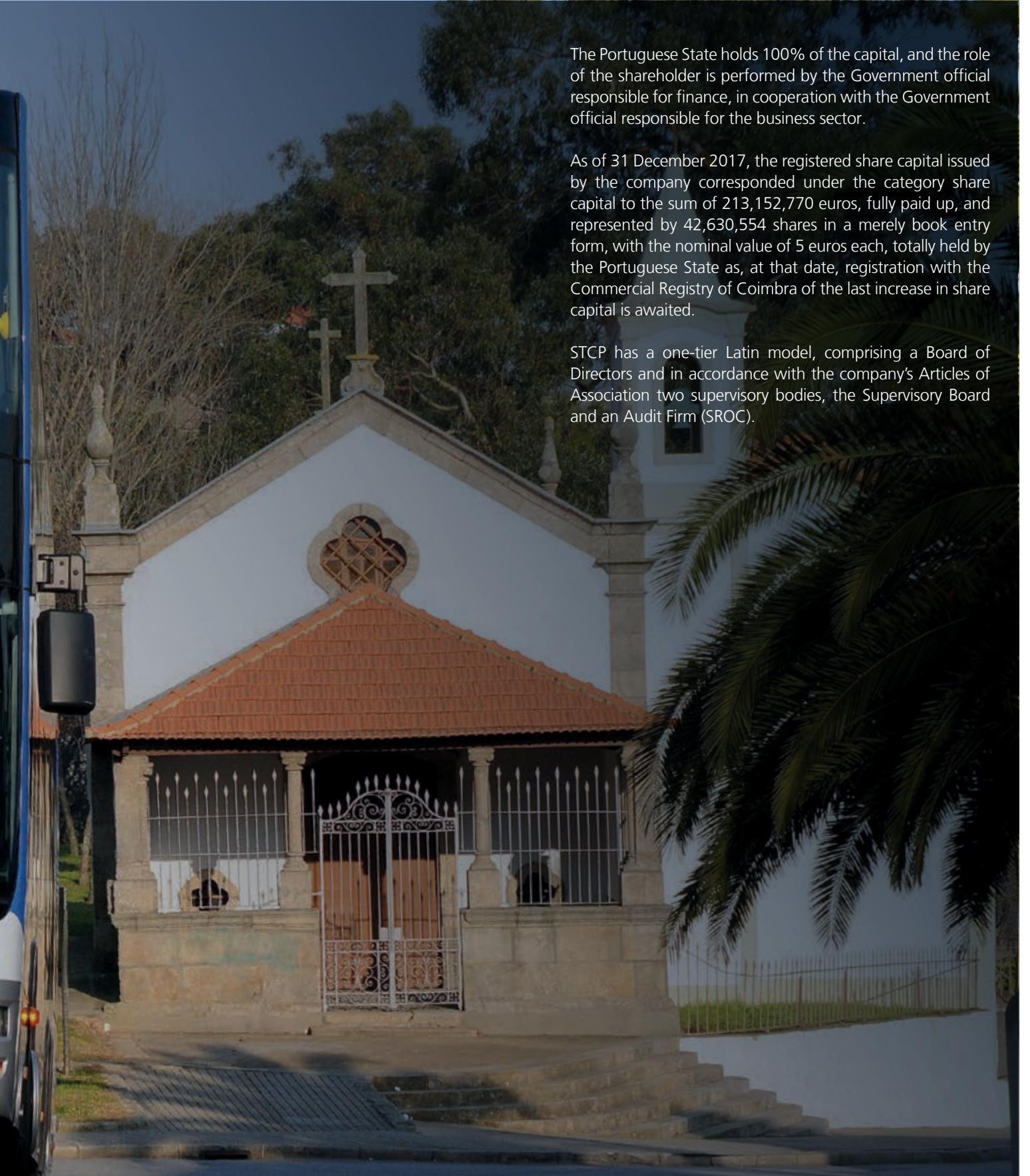
Staff expenses: 2015 around 600 thousand euros, from the judicial decision and out-of-court agreement, regarding the payment to drivers for travel time between stages with intervals of over two hours, until 2014. 2016 around 1.1 million euros for the out-of-court settlement to recognise compensatory rest for staff, from 2003 to 2011, taking into account the five best years (amount provisioned in the 2015 accounts); approximately 670 thousand euros, with respect to the impact of reinstating the retirement benefits cap, from €600 to €650, arising from State Budget Law LOE 16.

2016 Around €10.1 million of non-current expenses in connection with the Memorandum of Understanding with the Municipal Council of Porto and the Authority Responsible in relation to the company's property.





## GOVERNANCE MODEL AND GOVERNING BODIES

A photograph of a traditional Portuguese church facade. The building is white with a red-tiled roof. Two stone crosses stand on pillars on either side of the entrance. A wrought-iron gate is visible. In the foreground, the fronds of a large palm tree are visible against a clear blue sky.

The Portuguese State holds 100% of the capital, and the role of the shareholder is performed by the Government official responsible for finance, in cooperation with the Government official responsible for the business sector.

As of 31 December 2017, the registered share capital issued by the company corresponded under the category share capital to the sum of 213,152,770 euros, fully paid up, and represented by 42,630,554 shares in a merely book entry form, with the nominal value of 5 euros each, totally held by the Portuguese State as, at that date, registration with the Commercial Registry of Coimbra of the last increase in share capital is awaited.

STCP has a one-tier Latin model, comprising a Board of Directors and in accordance with the company's Articles of Association two supervisory bodies, the Supervisory Board and an Audit Firm (SROC).

## 5.1 IDENTIFICATION OF GOVERNING BODIES

### 2018 - 2020 Term

By Unanimous Written Company Decision of 29 December 2017, in accordance with the express wish of the shareholder, the Portuguese State, taken pursuant to no. 1 of article 54 of the Commercial Company Code, for reasons of convenience, dissolved the company's board of directors, whose members had been elected to serve for the 2016-2018 mandate, under the terms of the provisions of article 26 of the Statute of Public Management, and of line b) of no. 2 of article 8 the Statutes of STCP, S.A.. The decision was effective from 31 December 2017.

The member of the Board of Directors, Mr. Tiago Filipe da Costa Braga, resigned, effective 29 December 2017, inclusive.

The election of the board of directors for the 2018-2020 mandate was conducted under the provisions of the first part of no. 1 do Article 54 of the Commercial Companies Code, by Unanimous Written Company Decision of 29 December 2017, effective from 1 January 2018, By Unanimous Written Company Decision of 12 January 2018.

POSITION	GOVERNING BODIES	ELECTION
<b>BOARD OF THE GENERAL MEETING</b>		
Chairman	José António Ferreira de Barros	25 January 2016
Vice-Chairman:	Maria Teresa Vasconcelos Abreu Flor Moraes	25 January 2016
Secretary	Carlos Maria Rocha Pinheiro Torres	25 January 2016
<b>BOARD OF DIRECTORS</b>		
Chief Executive	Paulo de Azevedo Pereira da Silva	15 January 2018
Executive Voting Member	Ângelo Augusto Santos Oliveira	01 January 2018
Executive Voting Member	Isabel Maria de Oliveira Botelho Moniz da Cruz Vilaça	01 January 2018
Non-Executive Voting Member	Paula Cristina David Vaz Ribeiro Ramos	01 January 2018
Non-Executive Voting Member	Avelino José Pinto de Oliveira	01 January 2018
<b>SUPERVISORY BOARD</b>		
Chairman	Pedro Romano Martinez	25 January 2016
Full voting member	Ana Alexandra Filipe Freitas	25 January 2016
Full voting member	Paulo Jorge Rodrigues Mateus	25 January 2016
Deputy voting member	Dino Jorge Ramos Santos	25 January 2016
<b>STATUTORY AUDITOR</b>		
Baker Tilly, PG & Associados, SROC, S.A.		30 May 2016
Representada pelo sócio Fernando Manuel de Sousa Pires de Matos, ROC nº 757		

## 2016 - 2018 Mandate

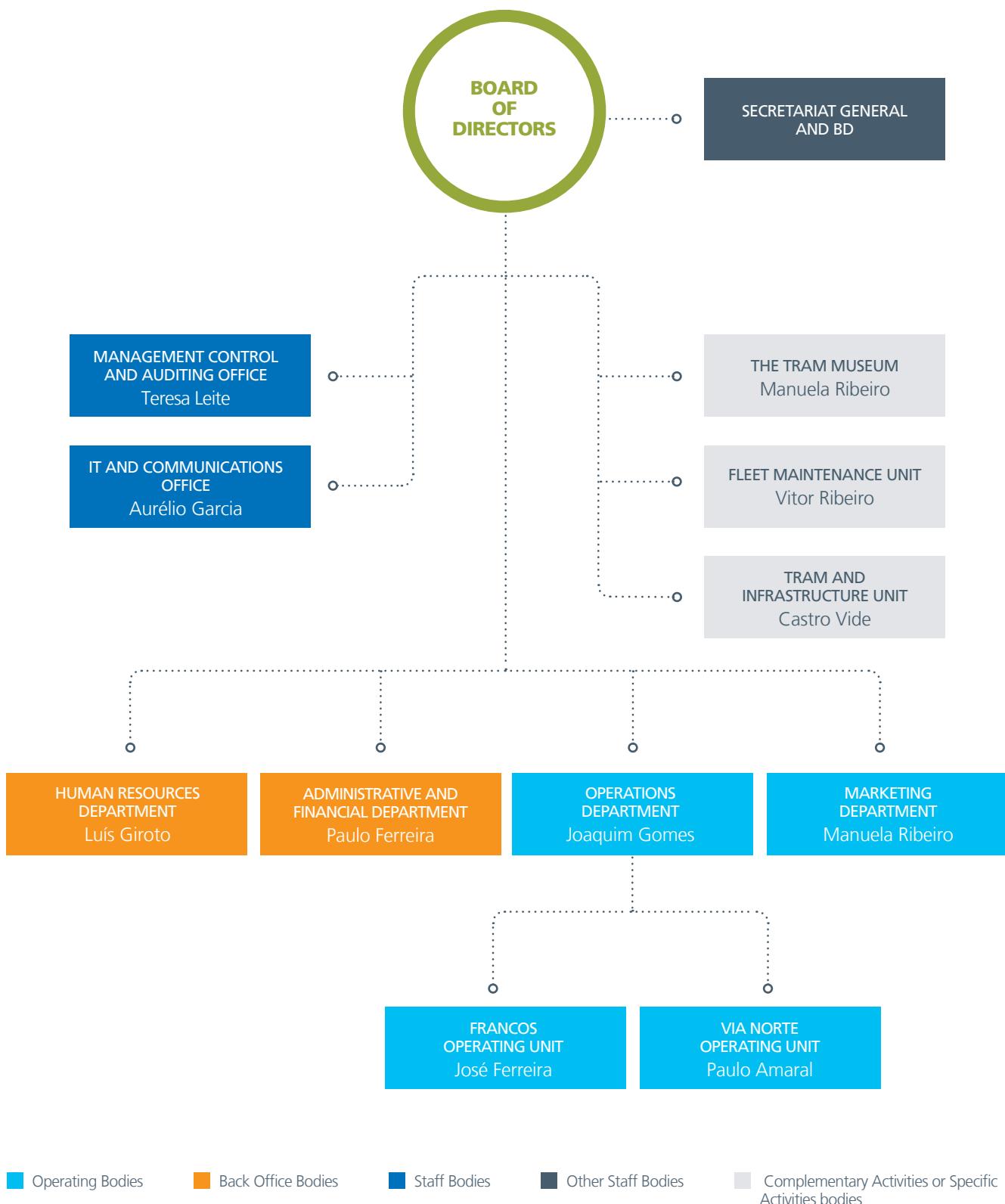
The Company Bodies, Chair of the General Meeting, Board of Directors and the Supervisory Board for the 2016-2018 mandate, were appointed by Unanimous Written Company Decisions of 25 January and 24 February 2016, taken pursuant to the provisions of the first part of no. 1 of Article 54 of the Commercial Companies Code.

STCP's General Meeting of 30 May 2016 approved the proposal by the Supervisory Board, of the appointment of Baker Tilly, PG & Associados, SROC, S.A., represented by the partner Fernando Manuel de Sousa Pires de Matos, as the Audit Firm for the 2016-2018 three-year period.

POSITION	GOVERNING BODIES	ELECTION
<b>BOARD OF THE GENERAL MEETING</b>		
Chairman	José António Ferreira de Barros	25 January 2016
Vice-Chairman:	Maria Teresa Vasconcelos Abreu Flor Morais	25 January 2016
Secretary	Carlos Maria Pinheiro Torres	25 January 2016
<b>BOARD OF DIRECTORS</b>		
Non-Executive Chairman	Jorge Moreno Delgado	25 January 2016
Executive Voting Member	Tiago Filipe da Costa Braga	25 January 2016
Executive Voting Member	Pedro José Ferreira Morais	25 January 2016
Non-Executive Voting Member	Helena Sofia da Silva Borges Salgado Fonseca Cerveira Pinto	24 February 2016
<b>SUPERVISORY BOARD</b>		
Chairman	Pedro Romano Martinez	25 January 2016
Full voting member	Ana Alexandra Filipe Freitas	25 January 2016
Full voting member	Paulo Jorge Rodrigues Mateus	25 January 2016
Deputy voting member	Dino Jorge Ramos Santos	25 January 2016
<b>STATUTORY AUDITOR</b>		
	Baker Tilly, PG & Associados, SROC, S.A.	30 May 2016
	Representada pelo sócio Fernando Manuel de Sousa Pires de Matos, ROC nº 757	

## 5.2 MACRO-STRUCTURE

As of 31 December 2017.



## 5.3 MANAGEMENT OF RISKS AND CONTROL SYSTEMS

### Risk management

Risk management is implemented in STCP in a broad and general way, and there is no specific body responsible for the management and control of risk.

At the end of 2017, the company began a new cycle of certification, after completion of the renewal audit conducted by the Certifying Body. For 2018, STCP's objective is to make a transition to the new versions of the management standards, which also implies new challenges, above all, in terms of its approach to thinking about risk and impact.

Operating risks are currently managed in a broad and general way, depending on the type of risk.

The integrated Quality, Environment and Occupational Health and Safety management policy defines and envisages specific risk-prevention plans, and insurance policies covering various operating risks have also been taken out. It is the responsibility of all employees to reduce risk factors, minimising their impact and identifying opportunities to improve, wherever possible.

STCP's Operational Safety Authority coordinates the overall management of operational safety risks, in addition to performing the duties assigned to it by law.

### The following main strategic risks were identified:

- › Competition from individual transport;
- › Competition from other public passenger transport operators;
- › Inefficiency of the supervision system to check that public transport in the city of Porto is operated exclusively by STCP;
- › The company's economic and financial imbalance;
- › The substantial financial impact arising from legal proceedings.

The main purpose of risk management is to ensure sustained business growth and safeguard STCP's value by adopting best practices.

### Control systems

The company's Integrated Quality, Environment and Occupational Health and Safety Management System has been certified since 2008. This certification is valid until 2018.

Its Processes, Procedures and Internal Procedures are defined and widely divulged in its Manual, which is revised whenever deemed necessary.

The company is equipped with an internal control system. Every year, global objectives are set and assessed through information management. Budget implementation control reports are periodically drafted.

Inspection duties, which are segregated from executive management duties, are performed by the Supervisory Board, which monitors the company's activity and issues the relevant control and inspection reports.

Management duties are supervised by the Authorities Responsible, and by the Supervisory Board and a Statutory Auditor.

Financial supervision of the company is subject to the jurisdiction and control of the Court of Auditors and of the Inspectorate General of Finance (IGF), pursuant to the law.

The company's activity is monitored by UTAM – Technical Unit for Accompaniment and Monitoring of the Public Business Sector.

LAVADORES - PRAIA  
VIA P. DA ARRÁBIDA

DIRECTO

453



EA-34-73



## COMPLIANCE WITH LEGAL GUIDELINES

In accordance with Annex I and respective appendices 1 and 2 of order no. 588, of 7 February 2018, of the Directorate General of the Treasury and Finance (DGTF).



## 6.1. MANAGEMENT TARGETS AND ACTIVITIES AND BUDGET PLAN

Article 38 of Decree-Law no. 133/2013 of 3 October describes the content and performance of the shareholder's role, including a definition of the guidelines to be applied while carrying out the business activities that are reported every three-year period, and a definition of the targets and results to be achieved every year particularly economic and financial targets and results.

### a) Objectives defined for 2017 in the Management Contract agreed between the Portuguese State and the AMP - Metropolitan Area of Porto

The Operational Management Contract agreed on 2 January 2017, establishes targets for each year of the contract in no. 2 of Annex I.

The objectives/targets defined in the Management Contract for 2017 are presented below, and compared with their respective execution:

INDICATORS	UNIT	2017 TARGETS	2017 ACTUAL	VARIATION	
				ABS.	%
[1] EBITDA (management) of road transport mode	10^3 €	2.416	-606	-3.022	-125%
[2] Road Transport Result	10^3 €	-923	-3.341	-2.418	-262%
[3] Average Speed	Km/h	15,7	15,8	0,1	1%
[4] Service Compliance Rate	%	95,0%	97,4%	2,36 pp	2%
[5] Vehicles Service Km	10^3	22.091	22.216	125	1%
[6] No. of Complaints per million Vehicles Km.	Recl/VKM 10^6	100	60	-40	-40%
[7] No. of Complaints per million of Passengers	Recl/Pass 10^6	40	19	-21	-54%
[8] Public Service Obligations (OSP)	10^3 €	4.559	1.661	-2.897	-64%

#### Methodology and calculation of indicators:

**[1] EBITDA (management) of the road sector** – Results before depreciation, financing expenses, taxes, provisions, reversals, impairments, fair value changes, compensation for termination of employment contracts, financial component of operating leasing, and extraordinary operational factors, taking into account Public Service Obligations borne by the Municipalities. Excluding remuneration reversals and excluding amounts regarding the tram sector and the Tram Museum.

**[2] Road Sector Results** – results, excluding servicing historical debt, or from extraordinary operating factors such as provisions and costs from indemnities to third parties. The distribution between the road sector and the tram + tram museum was based on the structure of expenses by cost centre. The Public Service Obligations borne by the Municipalities are allocated to the road sector Result. Excluding remuneration reversals and excluding amounts regarding the tram sector and the Tram Museum.

**[3] Average velocity** - ratio between Vehicle km of service in the road sector and the Hours of service of vehicle crew in the road sector, obtained via the SAEI – Information and Operational Support System (source: Operations Department).

**[4] Service compliance rate** – obtained from the ration (scheduled journeys in the road sector minus respective journeys lost) / (scheduled journeys in the road sector). Scheduled journeys are obtained via the SAEI – Information and Operational Support System. Lost journeys are obtained on manual media and registered in the SICO application. Lost journeys do not include those due to strikes and/or assemblies (source: Operations Department).

**[5] Vehicle km of service** – kilometres travelled in the road sector, carried out by its own production, which included entries/ exits from lines. Obtained via the SAEI – Information and Operational Support System (source: Operations Department).

**[6.1] No. of complaints per million vehicle km** – resulting from dividing the number of claims regarding the road sector, per million vehicle km of service in the road sector. All claims received by the following channels are considered: customer support line (blue line), complaint book, e-mail, by post, or form submitted to customer help points. Complaints regarding fines and those received via social media are excluded.

**[6.2] No. of complaints per million passengers** – resulting from dividing the number of claims regarding the road sector, per million passengers carried in the road sector. All claims received by the following channels are considered: customer support line (blue line), complaint book, e-mail, by post, or form submitted to customer help points. Complaints regarding fines and those received via social media are excluded. Passengers carried are the total number of ticket validations performed in the road sector.

**[7] Financial Compensation** – Public Service Obligations (PSO) calculated in accordance with the methodology described in the Technical Annexes to the Public Service Contract.

## **Analysis of fulfilment of the Objectives (targets) for 2017:**

› EBITDA (management) of the road sector reached -605,700 euros, registering a negative deviation of around 3.022 million euros, against the target set. This shortfall is essentially explained by the reduction in the amount of PSO allotted, by about 2.9 million euros. If the amount of PSO established in the management contract had been fully allotted, the EBITDA (management) of the road sector would have attained a positive amount of around 2.3 million euros and thus registered a deviation of only minus 6% from the objective set, instead of the -125% registered..

› The road sector result reached -3,340,700 euros and was below the target set by around 2.4 million euros. Much like the EBITDA (management) of the road transport mode, this deviation is explained by the reduction in the amount of PSO allotted by around 2.9 million euros, which would have allowed a road sector result of -443,000 euros to be achieved, if it had been allotted in full, and exceeded the target set by about 51%.

› The average velocity was 15.8 Km per hour, exceeding the objective set for this indicator by around 1%.

› The service compliance rate was 97.4% and registered an increase of 2.4% over the target of the management contract. This result is essentially explained by the continued replenishment of vehicle crew permanent staff throughout 2017, which allowed the planned levels of service to be restored, with positive implications for demand, which showed growth of 4.3% compared to 2016.

› Vehicle km of service for 2017 reached 22.216 million, registering an increase of 125,000 kilometres, (1%) over the objective established. This variation could be explained, on the one hand, by various diversions made on the lines, as a result of temporary alterations in traffic due to roadworks or temporary events, and on the other, by alterations in the route of certain lines that serve a shopping centre located in Matosinhos, and by the organisation of the routes of lines in the Campanhã zone, which resulted in the creation of the ZC line.

› The number of complaints per million vehicle km was 60, showing an improvement over the objective of 40%, achieving a reduction of 40 complaints per million vehicle km against the target. This reduction is the result, on the one hand, of a reduction in the number of complaints received due to the improved service compliance rate, and on the other, by a slight increase in vehicle km of service.

› The number of complaints per million passengers fell by 54%, resulting in a reduction of 21 complaints per million passengers transported, due to the reduction in the number of complaints received, for the reasons set out above, and by the growth in the number of passengers carried.

› Financial Compensation – Public Service Obligations (PSO) for 2017 was 1,661,100 euros, 64% lower than the target established (-2,897,500 euros). The contracts agreed as part of the delegation of responsibilities for transport authorisation from the State to the AMP, and the respective operational management of STCP, were authorised by the Court of Auditors on 21 August 2017, leading to the amount of financial compensation forecast, distributed proportionally over all the days of the year would result in the sum of 1,661,100 euros.

From all the information and analysis shown, it is concluded that in 2017, three of the eight targets established to be met were not achieved: EBITDA (management) of the road transport mode and the Public Service Obligations (PSO). However, given that the EBITDA (management) of the road transport mode and the road transport results are directly dependent on the amount of the PSO, which was below the target defined, the reinstatement of that amount would have implied a positive development in the other two indicators, enabling seven of the eight targets to be met, with only the EBITDA (management) of the road transport mode 5% below the objective defined.

## **b) Objectives Defined for 2017 in the Activities and Budget Plan**

The Activities and Budget Plan for 2017 was approved by the Unanimous Written Company Decision of 29 December 2017, in accordance with the express will of the shareholder

The objectives included in the Activities and Budget Plan (ABP) for 2017 are presented with their respective level of execution:

### **› Financial Principles of Reference**

***EBITDA - "Growth in EBITDA compared to the previous year, in order to guarantee the economic and financial sustainability of the company":*** the recurring EBITDA for 2017 is negative, for the sum of 925,000 euros, showing an improvement of 64% compared to 2016, and met the objective.

**Cost Reduction Plan (CRP)** - - "The reduction of operating costs (CGSMC + ESS + Expenses w/ Personnel) should - (1) In the case of loss-making companies, to guarantee a balanced economic budget, **translated into a zero (EBITDA) value, by means of a reduction in costs of merchandise sold and materials consumed, external supplies and services and staff expenses of 15%, overall, in 2017, compared to 31 December 2010:**

- › the recurrent EBITDA for 2017 was negative, and the objective of a zero recurring EBITDA was not met;
- › a reduction in costs of merchandise sold and materials consumed, external supplies and services and personnel expenses of, in total, 32% (23.6 million euros) compared to 2010, meeting the objective.

**Operational expenses of public companies**  
companies - For the purposes of Article 44 of the State Budget Law, public companies must pursue a policy of optimizing the structure of operating expenses that promotes operational balance, by **reducing the weight of operational expenses, adjusted for charges arising from salary reinstatement and severance pay, in turnover compared to on 31 December 2016, (...):** in 2017, the weight of operating expenses, adjusted charges arising from salary reinstatement and severance pay is 106%, lower than in 2016, when it was 118%, meeting the objective.

**(...) They must also be equal to or lower than those recorded on December 31, 2016:**

- › The **cost of personnel expenses, adjusted for charges arising from salary reinstatement, severance pay, and the effects of the application of the provisions of articles 20 and 21 of the State Budget Law:** in 2017, personnel expenses adjusted for salary replacement charges and compensation for termination of contract, declined by 3.7% (1.1 million euros) compared to 2016, in line with the objectives.

**The total expenditure on communications, travel, subsistence allowances and accommodation, as well as those associated with the vehicle fleet:**  
in 2017, the total of these expenses was higher than the one registered in 2016 in 26.2% (77,000 euros). In the approved 2017 budget, there was a predicted growth of 78,000 euros in this set of expenditures, compared to the previous year, so that authorization was requested from sector and financial authorities to exceed the established limit. The request for exception from the stipulations of

sub-paragraph b) of no. 4 of the decree-law governing budget implementation was authorized by the Order no. 646/17-SET of 14.08.2017;

› **Staff:** as of 31 December 2017, there has been a net increase of 10 permanent employees, compared to 31 December 2016. The employees hired during the year were authorized by the responsible authorities.

› **Investment:** the total investment made in 2017 was 428,000 euros. Most of the investment made was through replacement, namely re-qualification of electric cars, buildings, support vehicles and administrative, IT and office equipment.

› **Debt levels:** at the end of 2017, STCP's interest-bearing debt (account 25) was approximately 331 million euros, a decrease of 11% compared to 2016.

## 6.2. FINANCIAL RISK MANAGEMENT

In 2017, the company obtained financing through two increases in capital and one loan.

One of the capital increases was in cash, amounting to € 13,491,175, granted to cover the investment flows and the Memorandum of Understanding<sup>5</sup>, and the financing flows with the leasing of the existing bus fleet and the bond loan. The other capital increase took the form of debt conversion for the payment of capital and interest instalments on loans granted by the State, amounting to € 56,372,106.42.

The loan obtained was contracted with the Portuguese State for the amount of € 14,643,369.27, for the payment of the cash flows, due in 2017, of the swap contract entered into with Banco Santander Totta. The intracompany principal was made available in two tranches: on 1 June, in the amount of 6,947,865.80 euros, and on 27 November, in the amount of 7,695,503.47 euros.

5. Signed on 31 July 2015, between the Portuguese State, the Municipality of Porto and STCP, regarding the assets of STCP.

YEARS	2017	2016	2015	2014	2013
Financial charges (€) [1]	19.286.253	17.194.169	14.761.383	19.653.131	21.350.025
Average Financing Rate (%)	1,68%	1,69%	1,72%	3,55%	4,48%

[1] Interest and financial charges and interest from other financial instruments (swap).

STCP reports quarterly to the financial authorities, information on the Financial Risk Management Instruments (swap), as established in paragraph 2 of Dispatch no. 896/2011-SETF, dated 9 June.

Details of the policy for managing the debt portfolio and the financial risk associated with it is set out in Note 29 of the financial statements.

### 6.3. BORROWING GROWTH LIMIT

The variation in adjusted borrowing, bearing in mind line b) of article 125 of Decree-Law no. 25/2017 of 3 March (DLEO 2017) and excluding the sum of approximately 14.6 million euros regarding the payment of 2017 swap contract coupons, was 1.44%. Thus, the 3% objective for variation of the debt limit, defined in paragraph 1 of article 45 of Law 42/2016 of 28 December (LOE 2017), was met.

INTEREST-BEARING LIABILITIES (€)	2017	2016	2015	2014	2013	17-16	17/16
<b>Financing obtained (current and non-current)</b>	<b>330.944.972</b>	<b>370.324.692</b>	<b>425.588.098</b>	<b>415.208.460</b>	<b>395.935.043</b>	<b>-39.379.720</b>	<b>-11%</b>
- which are granted by the DGTF [1]	225.575.348	263.160.049	313.368.424	301.250.249	0	-37.584.701	-14%
Capital Increase by contributions [2]	4.315.009	3	3.006.762	0	0	4.315.005	
Increases in capital from credit conversion	56.372.106	57.784.362	2.849.363	0	0	-1.412.255	-2,4%
<b>Adjusted Borrowing (article 45 OE 17)</b>	<b>455.272.577</b>	<b>433.965.182</b>	<b>431.444.223</b>	<b>415.208.460</b>	<b>395.935.043</b>	<b>21.307.395</b>	<b>4,91%</b>
<b>Adjusted Borrowing considering sub paragraph b)no 1 article 125 DLBI [3]</b>	<b>454.844.433</b>						<b>4,81%</b>
<b>Adjusted Borrowing considering sub paragraph b)no 1 article 125 DLBI and request for exception [4]</b>	<b>440.201.064</b>						<b>1,44%</b>

[1] nominal value of loans.

[2] excluding, in 2017, and amount of 9,176,166 euros relating to the contribution received for payment of the funds owed by STCP relative to the memorandum of understanding, signed July 31 2015, between the Portuguese State and the Porto Municipality.

[3] excluding the 2017 investment sum of 428,144 euros.

[4] excluding the sum of 14,643,369.27 euros due to the Borrowing for payment of 2017 coupons relative to the swap contract.

### 6.4. CHANGES IN THE AVERAGE PAYMENT PERIOD AND ARREARS

#### 6.4.1. CHANGES IN THE AVERAGE PAYMENT PERIOD (APP) FOR SUPPLIERS

The degree of compliance with the objective defined in paragraph 9 of RCM 34/2008 was reached, which states that when the PMP for the previous year is 45 days or more, a reduction of at least 15% must be achieved.

PMP [1]	2017	2016	VAR. 17/16	
			VALOR	%
<b>Period (days)</b>	<b>41</b>	<b>51</b>	<b>-10</b>	<b>-20%</b>

[1] In accordance with RCM no. 34/2008, of 22 February, with the amendment introduced by Order no. 9870/2009, of 13 April.

## 6.4.2. PAYMENT DELAYS

Payment delays were calculated in accordance with Decree Law no. 65-A/2011, of 17 May

Overdue debts in 2017 amounted to 62,000 euros, approximately 157,000 euros less than in 2016. Approximately €12,000 (19%) of the amount in debt

relates to transactions between STCP affiliate companies, TIP and Metro do Porto, which are simultaneously debtors and creditors of the company. Part of the remaining amount relates to invoices being verified and/or settled.

Every quarter throughout 2017, by the end of the month following the end of each quarter, STCP published debts overdue by more than 90 days on its website ([www.stcp.pt](http://www.stcp.pt)).

OVERDUE DEBTS IN ACCORDANCE WITH ART. 1 OF DL 65-A/2011					
OVERDUE DEBTS (EUROS)	0-90 DAYS	90-120 DAYS	120-240 DAYS	240-360 DAYS	> 360 DAYS
Acquisition of Goods and Services	110.576	14.969	12.828	9.193	21.412
Acquisition of Capital	3.289	0	0	3.542	0
<b>Total</b>	<b>113.865</b>	<b>14.969</b>	<b>12.828</b>	<b>12.735</b>	<b>21.412</b>

## 6.5. SHAREHOLDER RECOMMENDATIONS

In STCP's General Meeting, held on 12 July 2017, in continuation of the meeting of 30 May 2017, during the approval of accounts for 2016, the shareholder's representative recommended that the Board of Directors take the following steps:

a) comply with the provisions of lines a) and b) of no. 4 of article 124 of Decree Law no. 25/2017, of 3 March; and

b) comply with the provisions of no. 4 of article 123 of Decree Law no. 25/2017, of 3 March.

- The lines a) and b) of no. 4 of article 124 of Decree Law no. 25/2017, of 3 March (DLEO) establish: " (...) The following must be equal to or less than those registered on 31 December 2016: a) The cost of personnel expenses, adjusted for charges arising from salary reinstatement, severance pay, and the effects of the application of the provisions of articles 20 and 21 of the State Budget Law; b) The total expenditure on communications, travel, subsistence allowances and accommodation, as well as those associated with the vehicle fleet". As presented in line b) of point 5.4.1 of this Report:

› in 2017, there was compliance with that established in line a) of no. 4 of article 124 of Decree Law no. 25/2017;

› the provisions established in line b) of no. 4 of article 124 of Decree Law no. 25/2017 were not met, however, authorisation to exceed the limit established was requested from the financial and sectoral authorities responsible, and was authorised by Order no. 646/17-SET of 14 August 2017.

- In no. 4 of article 123 of Decree Law no. 25/2017, of 3 March, (Decree Law of Budgetary Implementation – DLBI) it states: "For the purposes of the provisions of article 43 of the State Budget Law, recruiting that results in an increase in an increase in the number of employees compared to 31 December 2016 requires prior authorisation by the member of the Government responsible for the area of finances, after a favourable dispatch by the member of the government responsible for the activity's sector."

As shown in line b) of point 5.4.1 and in point 5.4.13 of this Report, in 2017, there was compliance with the provisions of no. 4 of article 123 of Decree Law no. 25/2017, of 3 March (DLBI).

## 6.6. REMUNERATIONS

### a) Wages of governing bodies members

#### 1 - Board of the General Meeting

TERM	(START - END)	POSITION	NAME	FIXED FEE VALUE (€)	ACCRUED GROSS VALUE (€)
2016 -2018		Chairman	José António Ferreira de Barros	500	1.000
2016 -2018		Vice-Chairman	Maria Teresa Vasconcelos Abreu Flor Morais	425	850
2016 -2018		Secretary	Carlos Maria Pinheiro Torres (*)	350	334
				1.275	2.184

(\*)The fixed value fee does not coincide with the gross value, according to the no. 21 of RCM no. 16/2012.

#### 2 - Board of Directors

TERM	(START - END)	POSITION	NAME	DESIGNATION	TYPE (1)	DATE
2016-2018		Non-Executive Chairman	Jorge Moreno Delgado	Unanimous Written Company Decision		25 January 2016
2016-2018		Executive Voting Member	Tiago Filipe da Costa Braga	Unanimous Written Company Decision		25 January 2016
2016-2018		Executive Voting Member	Pedro José Ferreira Morais	Unanimous Written Company Decision		25 January 2016
2016-2018		Non-Executive Voting Member	Helena Sofia da Silva Borges Salgado Fonseca Cerveira Pinto	Unanimous Written Company Decision		24 February 2016

ACCUMULATION OF TASKS			
MEMBER OF THE BD	ENTITY	TASK	REGIME
Jorge Moreno Delgado	Metro do Porto, S.A.	Executive Chairman of the Board of Directors	Private
	Metro do Porto, S.A.	Chairman of the Executive Committee	Private
	TIP - Transportes Intermodais do Porto, A.C.E.	Chairman of the Board of Directors	Private
Tiago Filipe da Costa Braga	Metro do Porto, S.A.	Non-Executive Director of the Board of Directors	Private
	OPT - Optimização e Planeamento de Transportes, S.A.	Voting Member on the Board of Directors	Private
	TRANSPUBLICIDADE - Publicidade em Transportes, S.A.	Voting Member on the Board of Directors	Private
Pedro José Ferreira Morais	TIP - Transportes Intermodais do Porto, ACE	Voting Member on the Board of Directors	Private
	STCP SERVIÇOS - Transportes Urbanos, Consultoria e Participações, Unipessoal, Lda.	Manager	Private
Helena Sofia da Silva Borges Salgado Fonseca Cerveira Pinto	GIMPA Business School (Ghana Institute of Management and Public Administration)	Member of the Advisory Board	Private
	Universidade Católica Portuguesa	Director of Católica Porto Business School	Private

MEMBER OF THE BD	FIXED	CLASSIFICATION	PUBLIC MANAGER STATUTE	
			MONTHLY SALARY	REPRESENTATION COSTS
Jorge Moreno Delgado [1]	Yes	C	1.145	0
Tiago Filipe da Costa Braga	Yes	C	3.663	1.465
Pedro José Ferreira Morais	Yes	C	3.663	1.465
Helena Sofia da Silva Borges Salgado Fonseca Cerveira Pinto	Yes	C	916	0

[1] Did not receive any remuneration due to being remunerated by Metro do Porto, S.A., while Chief Executive.

MEMBER OF THE BD	ANNUAL REMUNERATION (€)				
	FIXED (1)	VARIABLE (2)	GROSS AMOUNT (3)=(1)+(2)	REMUNERATION REDUCTIONS (4)	FINAL GROSS AMOUNT (5)=(3)+(4)
Tiago Filipe da Costa Braga	68.856	0	68.856	3.443	65.413
Pedro José Ferreira Morais	68.856	0	68.856	3.443	65.413
Helena Sofia da Silva Borges Salgado Fonseca Cerveira Pinto	12.819	0	12.819	641	12.178
			150.531	7.527	143.005

(1) The value of the fixed remuneration corresponds to the earning + representation expenses (without reductions).

(4) Reduction pursuant to article 12 of the Law no. 12-A/2010 of June 30.

In 2017, the voting members on the Board of Directors Tiago Filipe da Costa Braga, Pedro José Ferreira Morais and Helena Sofia da Silva Borges Salgado Fonseca Cerveira Pinto received the additional sums of € 9,331, € 49,503 and € 12,178 respectively, for early termination of their

contracts, pursuant to article 26 of the Public Manager Statute, approved by Decree Law no. 71/2007, of 27 March, in its current version, and of line b) of no. 2 of article 8 of STCP's Statutes.

MEMBER OF THE BD	SOCIAL BENEFITS (€)							
	MEAL ALLOWANCE		SOCIAL PROTECTION REGIME		ANNUAL FEE	HEALTH INSURANCE ANNUAL FEE	LIFE INSURANCE ANNUAL FEE	PERSONAL ACCIDENT INSURANCE ANNUAL FEE
	VALUE / DAY (1)	AMOUNT PAID/YEAR	IDENTIFY	ANNUAL FEE				
Jorge Moreno Delgado	0	0		0	0	0	0	284
Tiago Filipe da Costa Braga	4,52 / 4,77	1.161	Segurança social	18.672	0	0	0	284
Pedro José Ferreira Morais	4,52 / 4,77	1.130	Segurança social	28.257	0	0	0	284
Helena Sofia da Silva Borges Salgado Fonseca Cerveira Pinto	0	0	Segurança social	5.785	0	0	0	284
	2.291			52.714	0	0	0	1.135
								605

(1) Value day 4.52 euros until July inclusive. From August to December, according to OE17, it was altered to 4.77 euros day.

MEMBER OF THE BD	VEHICLE CHARGES								
	ALLOCATED VEHICLE	CONTRACT	VEHICLE REFERENCE VALUE (€)	TYPE	YEAR START	YEAR END	MONTHLY LEASE AMOUNT (€)	ANNUAL LEASE EXPENDITURE (€)	REMAINING CONTRACTUAL INSTALMENTS (NO.)
					2016	2020	537	6.441	32
Tiago Filipe da Costa Braga	Yes	Yes	34.716	ALD	2016	2020	537	6.441	32
Pedro José Ferreira Morais	Yes	Yes	32.683	ALD	2016	2018	777	9.013	3
Helena Sofia da Silva Borges Salgado Fonseca Cerveira Pinto	No	No	-	-	-	-	-	-	-

MEMBRO DO CA	ANNUAL MISSION EXPENSES (€)					
	MISSIONS	COST OF ACCOMMODATION	EXPENSE ALLOWANCES	OTHER IDENTIFY	TOTAL TRAVEL EXPENSES (Σ)	TOTAL TRAVEL EXPENSES (Σ)
	MISSIONS	COST OF ACCOMMODATION	EXPENSE ALLOWANCES	OTHER IDENTIFY	TOTAL TRAVEL EXPENSES (Σ)	TOTAL TRAVEL EXPENSES (Σ)
Jorge Moreno Delgado	174	95	0	0	0	269
Tiago Filipe da Costa Braga	460	222	261	0	0	943
Pedro José Ferreira Morais	1.442	1.135	830	0	0	3.407
Helena Sofia da Silva Borges Salgado Fonseca Cerveira Pinto	0	0	0	0	0	0
					4.619	

### 3 – Supervision

#### Supervisory Board

TERM (START - END)	POSITION	NAME	DESIGNATION FORM	DATE	FIXED REMUNERATION STATUTE (MONTHLY) (€)	NO. OF TERMS
2016-2018	Chairman	Pedro Romano Martinez	Unanimous Written Company Decision	25 January 2016	1.282	4
2016-2018	Executive Voting Member	Ana Alexandra Filipe Freitas	Unanimous Written Company Decision	25 January 2016	961	4
2016-2018	Executive Voting Member	Paulo Jorge Rodrigues Mateus	Unanimous Written Company Decision	25 January 2016	961	2
2016-2018	Deputy voting member	Dino Jorge Ramos Santos	Unanimous Written Company Decision	25 January 2016	0	4

ANNUAL REMUNERATION (€)			
NAME	GROSS (1)	REMUNERATION REDUCTIONS (2)	FINAL AMOUNT (3)= (1)-(2)
Pedro Romano Martinez	17.989	897	17.092
Ana Alexandra Filipe Freitas	13.457	673	12.784
Paulo Jorge Rodrigues Mateus	13.455	673	12.782
			42.658

#### Statutory Auditor

TERM (START – END)	POSITION	AUDIT FIRM/AUDITOR NO. IDENTIFICATION NAME	OROC REGISTRATION NO.	CMVM REGISTRATION NO.	DESIGNATION TYPE (1)	DATE	CONTRACT DATE	NO. OF YEARS WORKED IN THE FIRM
2016-2018	Statutory Auditor	Sociedade Baker Tilly, PG & Associados, SROC, S.A.	235	20161528	AG	30/May/16	13//16	2

(1) Elected for the mandate by General Assembly (minutes no. 63)

NAME	ANNUAL VALUE OF THE SERVICE AGREEMENT - 2017 (€)			ANNUAL VALUE OF ADDITIONAL SERVICES - 2017 (€)			
	VALUE (1)	REDUCTIONS (2)	FINAL AMOUNT (3)= (1)-(2)	IDENTIFICATION OF SERVICE	VALUE (1)	REDUCTIONS (2)	FINAL AMOUNT (3)= (1)-(2)
Baker Tilly, PG & Associados, SROC, S.A.	17.306	1.706	15.600	-	0	0	0

The value of the gross remuneration does not coincide with stipulations in the DUE of November 30 2016, according to the no. 21 of RCM no. 16/2012. Earned, additionally, by the revision work of the consolidated accounts, the value of 4,650 euros, approved in minutes of the CA no. 46/2017. This value was on the Business and Accounts Plan of 2017 (IPG's 2017), version of August 7 2017, approved through Written Unanimous Social Decision on December 29 2017, according to the expressed will of the State.

#### b) Remuneration of the External Auditor

Not applicable, given that STCP has no External Auditor.

#### c) Remuneration of other employees

Regarding the remunerations of the remaining employees, the stipulations in articles 20, 21, 23 and 24 of the Law no. 42/2016, of 28 December, State Budget Law of 2017, were

followed and applied as foreseen in the Collective Regulation of Work Instruments (Company Agreements), complying thus with the guidelines regarding the remunerations in force in 2017.

## 6.7. ARTICLES 32 AND 33 OF THE PUBLIC MANAGER STATUTE (EGP)

During the year the company complied with the provisions of articles 32 and 33 of the EGP, regarding:

a) No credit cards or other payment means were used by public managers for the purpose of spending money while serving the company;

b) Public managers were not reimbursed for any expenses considered to be staff representation costs;

c) The value of communication expenses, which include mobile phone, home phone and Internet, as presented in the following chart.

COMMUNICATION EXPENSES (€)			
MEMBER OF THE BD	ESTABLISHED MONTHLY CEILING	ANNUAL AMOUNT	REMARKS
Tiago Filipe da Costa Braga	80	348	
Pedro José Ferreira Morais	80	324	
		672	

d) The monthly amount of fuel and tolls for service vehicles, as set out in the following table.

ANNUAL EXPENSES LINKED TO VEHICLES (€)					
MEMBER OF THE BD	MONTHLY CEILING FUEL AND TOLLS	FUEL	TOLLS	TOTAL	REMARKS
Tiago Filipe da Costa Braga	366	2.251	676	2.927	
Pedro José Ferreira Morais	366	2.138	612	2.750	
				5.677	

## 6.8. UNDOCUMENTED OR CONFIDENTIAL EXPENSES

The company complied with the provisions of no. 2 of Article 16 of the RJSPE and Article 11 of the EGP, prohibiting undocumented spending.

The Report on Remunerations by gender of 2016, regarding the paid remunerations to men and women, was created in April 2017, and is available as determined by said RCM. In 2018 the Report on Remunerations by gender of 2017 was also created, to be published.

## 6.9. REPORT ON REMUNERATION (NO. 2 RCM NO. 18/2014)

The no. 2 of the Council of Ministers' Resolution (CMR) no. 18/2014, of 7 March determines that the SEE companies "promote, every three years, the creation of a report, to divulge internally and make available on the respective Internet site, on the paid remunerations to men and women taking into account the diagnosis and prevention of unjustified differences in said remunerations".

The 2016 report was internally divulged, through its publication on the intranet, for the knowledge of all employees, and made available on the company's website, both places where you can also consult the Plan for gender equality, of STCP.

## 6.10. ANNUAL REPORT ON THE PREVENTION OF CORRUPTION

No annual report was produced regarding 2017. The reports created in previous years, in the legally stated terms, are published in the Internet and intranet pages of STCP.

## 6.11. PUBLIC PROCUREMENT

a) In 2017, STCP applied the Public Contract Code (CCP), approved by the Decree-Law no. 18/2008, of 29 January, in the proceedings in which that diploma applied, and in the remainders where such a regime was not applicable, it conducted consultations through the electronic platform.

During the year the following public tenders / consultations:

- › 01/2017 - International Public Tendering Process for the Provision of 173 Buses for Urban Passenger Transport and Maintenance Services;
  - › 02/2017 - International Public Tendering Process for the Provision of 15 Electric Buses for Urban Passenger Transport, Charging Equipment, and Maintenance Services;
  - › 03/2017 - Consultation for the Provision and Installation of an Automatic Fire Detection and Extinction System in the Motor Compartment Station;
  - › 04/2017 - Consultation for the Provision of Medium Voltage and Special Low Voltage Electric Power;
  - › 05/2017 - Consultation for the Provision of the Monomodal Sold-on-Board Ticket of STCP, S.A.;
  - › 06/2017 - Consultation for the Provision of Services for Preventative Maintenance, Cleaning and Sanitation of Split Air Conditioning Appliances Installed at STCP, S.A.;
  - › 07/2017 - Consultation for the Provision of Services for Gardening and Bush Clearance;
  - › 08/2017 - Appointment for the Service Provision of Fixed Communications, Databases and Connections between Collection Stations/Headquarters and Internet Access(annulled)
  - › 09/2017 - International Public Tendering Process for the Building, Operating and Maintenance of a Liquefied Natural Gas Filling Station at the Via Norte Collection Station and the Supplying of the Vehicular Natural Gas for the STCP Fleet;
  - › 10/2017 - Consultation for the Provision of Services for Gardening and Bush Clearance;
  - › 11/2017 - Consultation for the Provision of Services for Conductor Licensing for STCP Employees;
  - › 12/2017 - Consultation for the Provision of Manned Surveillance Services;
  - › 13/2017 - Consultation for the Provision of Auditing Services of the Second Part of Conformity and Technical Guarantee of the Acquisition and Supply of Buses for Urban Passenger Services under the International Public Tendering Process;
  - › 14/2017 - Consultation for the Provision of Certification Services for the Management System for Quality, the Environment and Occupational Health and Safety(cancelled);
  - › 15/2017 - Consultation for the Provision of Certification Services for the Management System for Quality, the Environment and Occupational Health and Safety;
  - › 16/2017 - International Public Tendering Process for the Cleaning of Installations and Vehicles (except the Torre das Antas);
  - › 17/2017 - Consultation for the Supply of a Database Appliance Integrated System for the Oracle Database;
  - › 18/2017 - Consultation for the Service Provision of Fixed Communications, Databases and Connections between Collection Stations/Headquarters, Internet Access, Voice Access and Blue Numbers
  - › 19/2017 - International Public Tendering Process for the Service Provision of Ticket Inspection and Control, Inspection of the Passenger's Compliance with Obligations and Monitoring in Buses.
- b) The contracts signed 2017 with values of over 5 million Euros, and not excepted by the law, were the following:
- › Supply of 173 Buses for Urban Passenger Transport and Maintenance Services;
  - › Supply of 15 Electric Buses for Urban Passenger Transport, Charging Equipment and Maintenance Services.

These contracts were approved in advance by the Court of Auditors, having been approved by that Court on 24 November 2017.

c) STCP has established procedures for acquiring goods and services, which involve consulting at least three suppliers. For specific technical matters, which are always duly substantiated, no-bid contracts may be used on an exceptional basis. In accordance with the abovementioned procedures, and where established by Law, public tenders are opened.

Since 2010, STCP has had Regulations for Suppliers in place. These specify minimum legal and best-practice requirements that must be met by service providers and suppliers of goods to the company, in the areas of safety and hygiene at work. The process of selecting, assessing and rating suppliers is established in internal procedure and is based on criteria which make it possible to objectively gauge the degree of fulfilment of the proposed commitments, which were last updated in November 2014.

The procedures in place at the company for the acquisition of goods and services are laid down in the integrated process framework in the Integrated Management System Manual, which was last reviewed in August 2016, and is reviewed whenever necessary.

## 6.12. NATIONAL PUBLIC PURCHASING SYSTEM (SNCP)

STCP joined the SNCP in March 2011 when it signed an agreement with the Agência Nacional de Compras Públicas (National Public Purchasing Agency) E.P.E. (ANCP).

In the 2017 financial year, no contracts were awarded under this system.



## 6.13. MEASURES FOR REDUCING OPERATING COSTS

In compliance with the established in the article 124 of the Decree-Law no. 25/2017, of 3 March (DLBI 2017).

PRC	UNIT	2017	2016	2015	△ ABS.	2017/2016
(0) EBITDA (a)	thousand €	-925	-2.590	-3.823	1.666	64%
(1) CGSMC	thousand €	1.181	1.255	859	-74	-5,9%
(2) ESS	thousand €	18.500	17.280	19.270	1.220	7,1%
(3) Corrected expenses of personnel of tenders i), ii), and iii)	thousand €	29.021	30.136	28.796	-1.115	-3,7%
(3i) Indemnities paid for rescission	thousand €	52	27	918	25	93%
(3ii) Impact of reversion of remuneration reductions	thousand €	0	133	0	-133	-100%
(3iii) Impact of application of the articles 20 and 21 of the State Budget Law 2017	thousand €	738	0	0		
<b>(4) Operational Expenses = (1)+(2)+(3)</b>	<b>thousand €</b>	<b>48.702</b>	<b>48.671</b>	<b>48.925</b>	<b>31</b>	<b>0,1%</b>
(5) Business volume (BV) (b)	thousand €	45.825	41.388	41.287	4.437	11%
(6) Weight of Expenses / BV = (4)/(5)	%	106%	118%	118%	-11 pp	-9,6%
(i) Communication Expenses (ESS) (c)	thousand €	178	134	104	44	33%
(ii) Travel and Accommodation Expenses (ESS) (d)	thousand €	13	5	2	8	140%
(iii) Expense allowances (Personnel Expenses) (e)	thousand €	1	4	1	-4	-85%
(iv) Vehicle expenses	thousand €	179	154	160	25	17%
<b>Total = (i) + (ii) + (iii) + (iv)</b>	<b>thousand €</b>	<b>370</b>	<b>297</b>	<b>267</b>	<b>73</b>	<b>25%</b>
Total number of HR (BG+MP+workers) (f)	no.	1.253	1.244	1.183	9	0,7%
No. Governing Bodies (GB) (g)	no.	11	12	12	-1	-8,3%
No. of managerial posts (MP) (h)	no.	10	10	7	0	0,0%
No. of Employees (without GB and MP) (h)	no.	1.232	1.222	1.164	10	0,8%
No. of Employees/No. MP	no.	123	122	166	1	0,8%
No. of vehicles	no.	50	52	52	-2	-3,8%

(a) Results before depreciation, financing expenses, taxes, provisions, reversals, impairments, fair value changes, compensation for termination of employment contracts, financial component of operating leases. 2015 excluding around 600 thousand euros, from the judicial decision and out-of-court agreement, regarding the payment to drivers for travel time between stages with intervals of over two hours, until 2014. 2016 around 1.1 million euros for the out-of-court settlement to recognise compensatory rest for staff, from 2003 to 2011, taking into account the five best years (amount provisioned in the 2015 accounts); approximately 670 thousand euros, with respect to the impact of reinstating the retirement benefits cap, from €600 to €650, arising from State Budget Law (SBL) 16 and the sum of around €10.1 million of non-current expenses in connection with the Memorandum of Understanding with the Municipal Council of Porto and the Authority Responsible in relation to the company's property.

(b) Business volume = sales and services provided + other operating revenue and earnings + work for the company itself + and compensation for Public Service Obligations. Excluding the compensation of Andante fares.

(c) Account 6262 SNC.

(d) Account 6251 SNC.

(e) Accounts 63127 and 63227 SNC.

(f) At 31 December. Includes governing bodies and assigned employees. Does not include seconded employees and unpaid leave.

(g) At 31 December. From 2012: 4 Board of Directors, 3 General Meeting Boars, 4 Supervisory Board (including alternate) and 1 Statutory Auditor. In 2010, 5 Board of Directors, 3 General Meeting Board, 4 Supervisory Board (including alternate) and 1 Statutory Auditor. On December 27 2017 a Voting Member on the Board of Directors resigned.

(h) At 31 December.

### The following provisions were created:

- › the recurring 2017 EBITDA is negative, in the amount of 925,000 Euros, presenting an improvement of 64% compared to the year of 2016;
- › a reduction in costs of sold merchandise and consumed materials, external supplies and services and personnel expenses of, in total, 32% (23.6 million Euros) compared to 2010;
- › in 2017, the weight of operating expenses, corrected from the tenders arising from salary repossession and the indemnities by rescission, in the business volume is of 106%, inferior to that seen in 2016, which was of 118%;
- › in 2017, the entirety of communication and travel expenses, expense and accommodation allowances, as well as expenses associated to the vehicle fleet with communication expenses is superior to that registered in 2016 by 26.2% (77,000 Euros). In the approved 2017 budget, there was a predicted growth of 78,000 euros

in this set of expenditures, compared to the previous year, so that authorization was requested from sector and financial authorities to exceed the established limit. The request for exception from the stipulations of subparagraph b) of no. 4 of the DLBI was authorized by the Order no. 646/17-SET of 14.08.2017;

- › on 31 December 2017 the company had 50 support vehicles (full ownership and ALD), having reduced by 2 vehicles compared to 31 December 2016;
- › an increase in the number of employees per managerial post (MP) was registered.

### Human Resources (HR)

On 31 December 2017 the permanent STCP staff, without governing bodies, seconded employees or unpaid leave, was made up of 1,242 employees.

In the following chart is presented the evolution of the company's permanent staff in the period of 2015-2017, until 31 December, and the respective movements of 2017:

PERMANENT STAFF AT DECEMBER 31	2017	2016	2015
Permanent staff total [1]	1.242	1.232	1.171
variation year n - (n-1)	10	61	

[1] Excluding governing bodies, seconded employees and unpaid leave. Includes transferees.

PERMANENT STAFF TURNOVER	2017
<b>ARRIVALS</b>	<b>47</b>
<b>Admissions</b>	<b>42</b>
Vehicle Crew (motorists and brakemen)	31
Maintenance Crew	10
Licensed Technician	1
<b>Return from unpaid leave</b>	<b>5</b>
<b>DEPARTURES</b>	<b>37</b>
Retirements	27
Others	5
Unpaid leave	5
<b>ARRIVALS - DEPARTURES</b>	<b>10</b>

On 22 May 2017, STCP requested authorization to the Ward, for the hiring of 10 new employees for the Maintenance Unit for its bus fleet. This request was authorized by the Order no. 1221/17 of 29.12.2017, of the Secretariat of State for the Treasury.

On 2 June 2017, STCP requested authorization to the Ward, for the hiring of vehicle crew, 26 drivers / brakemen allocated to the public passenger transport services, to replace 14 elements that retired in the first semester and another 12 that were foreseen to retire by the end of the year. This request was authorized by the Letter no. 1569, dated 25-08-2017, from the Office of the Secretary of State for the Environment, where there is the order of 24.08.2017 from the Secretary of State for the Environment, with the following content: "I authorize the hiring of 26 drivers / brakemen, in the terms of the present information."

On 7 August 2017, STCP requested authorization to the Ward, supplementing the request made on 2 June 2017, for the hiring of 12 drivers / brakemen allocated to the public passenger transport services, to replace another 12 elements that were foreseen to leave, through retirement or other reasons, by the end of the year. This request was authorized by the Letter no. 1680, dated 26-09-2017, from the Office of the Secretary of State for the Environment, where there is the order of 22.09.2017 from the Secretary of State for the Environment, with the following content: "I authorise the hiring of 12 drivers / brakemen, in the terms of the present information." The hiring must be coordinated with the departures from work of the employees to be replaced, so as not to have increases in permanent staff nor in personnel expenses."

Regarding the 12 drivers / brakemen, there was only the actual hiring of 5 employees in 2017, as the departures from work from the other employees to be replaces did not take place before the end of the year.

Also in 2017, a licensed technician was hired, for legal help for the company. This hiring was made in a system of secondment, which began on 1 April 2017, for the length of one year, extendible by equal and successive periods. However, either party may, at any moment, terminate the contract, by giving prior notice. This contract has since been terminated with effect from 31 January 2018.

## 6.14. STATE TREASURY UNIT PRINCIPLE

According to the Order no. 1140/16 of SEATF, on 10 November, STCP was authorized for the partial exception to complying with the State Treasury Unit regarding financing operations, due to a lack of legal framework, banking guarantees, securities custody, foreign currency exchange and also cash requests.

The above referred Order replied to the application request for the regime exception to the State's Treasury Unit Principle, made by STCP, for 2016, for the duration of two years (2016 and 2017), made under the terms of article 86 of Law no. 7-A/2016, of 30 March.

During the year, the company concentrated most of its available assets in the Short-term Deposit Account with the Treasury and Public Debt Management Agency (IGCP, E.P.E.) and managed day-to-day bank services in the same way, using the services provided by the IGCP.

To be noted that, in the year, the company didn't make any investment, nor earned interest in result of the existing financial availabilities in Current Accounts outside of the IGCP, which are presented on the following chart:

BANK (AMOUNTS IN EUROS)	1 <sup>ST</sup> QUARTER	2 <sup>ND</sup> QUARTER	3 <sup>RD</sup> QUARTER	4 <sup>TH</sup> QUARTER
Novo Banco	8.513	8.341	8.169	7.996
Banco BPI	28.272	29.166	360.401	329.166
Banco Santander Totta	324.898	304.124	570.738	104.271
Banco Millenniumbcp	568.159	815.603	900.709	107.849
Caixa Geral de Depósitos	31.054	32.619	64.949	21.416
Montepio Geral	18.029	14.856	8.647	26.988
Portuguese Treasury and Debt Management Agency – IGCP	1.355.126	11.865.028	9.374.238	2.733.552
<b>Total</b>	<b>2.334.051</b>	<b>13.069.737</b>	<b>11.287.851</b>	<b>3.331.238</b>
<b>Interest Earned since January 1, 2017</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 6.15. AUDITS PERFORMED BY THE COURT OF AUDITORS IN THE LAST THREE YEARS

In response to a request by the Assembly of the Republic, the Court of Auditors decided to examine the annulment processes of the contracts for sub-concession for the operation of the public transport network of STCP and MdP, and so, in 2017, conducted the Audit of the annulment of the acts awarding the sub-concession of public transports provided by STCP and the MdP.

The Report no. 16/17-Section 2 of this audit can be obtained at: [https://www.tcontas.pt/pt/actos/rel\\_auditoria/2017/2s/rel016-2017-2s.shtml](https://www.tcontas.pt/pt/actos/rel_auditoria/2017/2s/rel016-2017-2s.shtml)

Regarding the findings of the audit, the Court of Auditors recommended to the Boards of Directors of STCP, S.A. and of Metro do Porto, S.A, the following:

*1. In no-bid contracts to apply, with all rigour, the CCP rules, taking into account the jurisprudence of the Court of Auditors.*

*2. In processes of concession or sub-concession that underpin public-private partnerships, comply with the laws applicable of the Legal Framework of Public-Private Partnership (approved by the Decree-Law no. 111/1012, of 23 May).*

*3. In the pre-contractual procedures for concession or sub-concession, proceeding to the rigorous and complete planning, so as to result in contract pieces whose descriptions are clear, precise, complete and up to date with the needs that they mean to satisfy and the results they plan to achieve.*

*4. Don't sign concession or sub-concession contracts without being in possession of a detailed justification of the expected economies with the allocation of public resources.*

*5. The eventual public contract annulment deliberations must be accompanied by a demonstration of the cost-benefit of the respective economic-financial impacts.*

STCP, S.A. applied in 2017 the Public Procurement laws.



## 6.16. DISCLOSURE OF INFORMATION

INFORMATION DISCLOSED AS AT 31 DECEMBER 2017, SEE WEBSITE, DGTF PORTAL	DISCLOSURE		REMARKS
	Y/N/N.A.	UPDATE DATE	
<b>Articles of Association</b>	Y	31 July 2017	sent on 30-Jan-18
<b>Company Profile</b>	Y	30 July 2015	sent on 30-Jan-18
<b>Role of guardian authority and shareholder</b>	Y	12 January 2016	
<b>Governance Model/Members of Governing Bodies</b>			
Identification of governing bodies	Y	6 June 2017	
Fixed remuneration statute	Y	6 June 2017	
Disclosure of remuneration earned by governing bodies	Y	6 June 2017	
Identification of duties and responsibilities of governing body members	Y	6 June 2017	
<b>Public financial contribution</b>	Y	13 April 2016	updated on 04-Jan-2018
<b>Summary sheet</b>	Y	28 June 2016	updated on 30-Jan-2018
<b>Past and present financial information</b>	Y	9 June 2016	sent on 30-Jan-18
<b>Principles of good governance</b>			
Internal and external regulations governing the company	Y	9 June 2016	sent on 30-Jan-2018
Relevant transactions with related companies	Y	9 June 2016	sent on 30-Jan-2018
Other transactions	Y	9 June 2016	sent on 30-Jan-2018
Company sustainability analysis in the following areas:			
Economic	Y	9 June 2016	sent on 30-Jan-2018
Social	Y	9 June 2016	sent on 30-Jan-2018
Environmental	Y	9 June 2016	sent on 30-Jan-2018
Evaluation of compliance with the principles of good governance	Y	9 June 2016	sent on 30-Jan-2018
Ethics code	Y	9 June 2016	

Y - Yes / N- No / N.A. - Non-applicable

## 6.17. TABLE SUMMARISING COMPLIANCE WITH LEGAL OBLIGATIONS

### COMPLIANCE WITH LEGAL GUIDELINES - 2017

#### **Managerial Objectives [1]**

EBITDA (management) of road transport mode  
Road transport Result  
Average speed  
Service compliance rate  
Vehicle kms of service  
No of Complaints per million vehicle km  
No of Complaints per million passengers  
Public Service Obligations (PSO)

#### **Goals to achieve in PAO 2017**

Recurring EBTIDA  
CGSMC + ESS + Expenses w/ Personnel w/o Indemnities  
Personnel expenditure  
No. of permanent staff  
Weight of operational expenses, adjusted for charges arising from salary reinstatement and the indemnities for rescission, in the business volume  
Total expenses for communications, travel, subsistence and accommodation allowances, and expenses associated with the fleet"

#### **Degree of budget execution carried on SIGO/SOE**

##### **Financial Risk Management**

##### **Borrowing Growth Limits**

##### **Changes in APP for suppliers**

##### **Disclosure of Payment Arrears**

#### **Shareholder recommendations in accounts approval**

a) comply with sub-paragraph a) and b) of no. 4 of article 124 of the Decree Law no. 25/2017, of March 3  
b) comply with no. 4 the article 123 of the Decree Law no. 25/2017, of March 3

#### **Remunerations**

Non-awarding of bonuses  
CA- remuneration reductions in effect in 2017  
Inspections (CF/ROC)- remuneration reductions in effect in 2017  
External Auditor- remuneration reduction in effect in 2017  
Remaining employees- prohibition of increase in remunerations, under the terms of article 38 of Law 83-B/2014, extended to 2017 by article 19 of Law no. 114/2017, of 29 December

#### **EGP – Articles 32 and 33**

Non-use of credit cards  
Non-reimbursement of staff representation costs  
Maximum amount of communications costs  
Maximum amount of monthly fuel and tolls for service vehicles

#### **Undocumented or confidential expenses – no. 2 of Article 16 of the RJSPE and Article 11 of the EGP**

Prohibition on undocumented or confidential expenses

#### **Promotion of equal pay between men and women – no. 2 of RCM no. 18/2014**

Drafting and disclosure of the report on remuneration received by men and women

#### **Drafting and disclosure of the annual report on the prevention of corruption**

#### **Public Procurement**

Public Procurement Rules applied by the company  
Public Procurement Rules applied by the subsidiaries  
Contracts approved in advance by the TC

#### **Court of Auditors Audits [2]**

#### **Vehicle fleet**

No. of vehicles

#### **Public Companies Operating Expenses**

#### **Treasury Unit Principle (Article 28 of DL 133/2013)**

Available assets centralised in the IGCP  
Available assets and investments in the Commercial Bank  
Interest earned for UTE non-compliance and delivered in State Revenue

COMPLIANCE Y/N/N.A.	QUANTIFICATION/IDENTIFICATION	EXPLANATION/REFERENCE TO THE REPORT
N	-125%	Point 6.1. a)
N	-262%	Point 6.1. a)
Y	1%	Point 6.1. a)
Y	2%	Point 6.1. a)
Y	1%	Point 6.1. a)
Y	-40%	Point 6.1. a)
Y	-54%	Point 6.1. a)
N	-64%	Point 6.1. a)
Y	increase of 64%	Point 6.1. b) and 6.13
Y	reduction of 32%	Point 6.1. b) and 6.13
Y	" reduction of 4.4% "	Point 6.1. b) and 6.13
Y	increase by 10	Point 6.13 The permanent staff increase was authorised
Y	106%. Inferior to the year before	Item 6.13
Y	increase of 26.2%	Point 6.1. b) and 6.13 Exception authorized by Order no. 646/17-SET of 14.08.2017
N.A.		
Y	Average financing rate 1.72%	Item 6.2.
Y	1,4%	Item 6.3.
Y	-10 days	Item 6.4.1.
Y	61,944 euros	Item 6.4.2.
		Item 6.5.
Y		Points 6.5 and 6.1
Y		Points 6.5, 6.1. and 6.13
Y		Item 6.6.
Y	7,527 euros	Item 6.6.
Y	2,242 euros	Item 6.6.
N.A.		Item 6.6.
N.A.		Item 6.6.
Y		Item 6.7.
Y		Item 6.8.
		Item 6.9.
Y	http://www.stcp.pt/pt/institucional/governo-societario/ plano-de-igualdade/	
N		Item 6.10.
Y		Item 6.11.
Y		Item 6.11.
Y	two contracts	Item 6.11.
Y	set out in the point mentioned	Item 6.15.
Y	50	Item 6.13.
Y		Item 6.13.
Y	% available assets	Item 6.14.
Y	597,686 euros	Item 6.14.
Y	0 euros	Item 6.14.





## OUTLOOK FOR 2018



In January 2018, the Board of Directors took charge for the term 2018-2020, designated by the Written Unanimous Social Decisions of 29 December 2017 and 12 January 2018, taking into account that on 29 November 2016 the Decree-Law no. 82/2016, of 28 November, came into force, establishing the delegation of transport authority responsibilities from the State to the Metropolitan Area of Porto (AMP).

Throughout 2018 the new management model and decentralizing of transport authority powers will be consolidated, in benefit of the six AMP municipalities served by STCP's transport network.

With a foreseen entry of 50 new buses into operation in 2018, 15 moved by electrical power and 35 moved by natural gas, for a total of 188 in service, with entry planned until mid-2020, STCP starts a significant contribution for the de-carbonization of the economy and, through the reinforcement of quality, of the provided service.

The EU Regulation 2016/679 of the European Parliament and Council, regarding the protection of single persons regarding the treatment of personal data and the free movement of said data, which will enter into force on 25 May 2018 will direct changes of some procedures in effect at the company.





## NON-FINANCIAL STATEMENT

(In the terms of article 66-B of the Commercial Companies Code)



## 8.1. BRIEF DESCRIPTION OF THE BUSINESS MODEL OF THE COMPANY

The Portuguese State holds 100% of the capital, and the role of the shareholder is performed by the Government official responsible for finance, in cooperation with the Government official responsible for the business sector.

On 31 December 2017, the social capital carrying amount issued by the company corresponded to the category social capital, in the amount of € 213,152,770, and was fully paid. The social capital is represented by 42,630,554 shares in a merely contractual form, with the nominal value of € 5.00 each.

STCP adopted a one-tier Latin model, comprising a Board of Directors and two supervisory bodies, a Supervisory Board and a Statutory Auditing Company, SROC, as defined in the memorandum of association.

More information is available on chapter 5 Corporate Governance of the individual Annual Report 2017 of STCP, S.A. or at:

<http://www.stcp.pt/pt/institucional/governo-societario/identificacao-da-empresa/>

## 8.2. DESCRIPTION, RESULTS, RISKS AND INDICATORS OF THE POLICIES FOLLOWED BY THE COMPANY

### 8.2.1. ENVIRONMENTAL MATTERS

On 2017, STCP kept its commitment to the Union Internationale des Transports Publics (UITP), in the area of sustainability, as a Full Signatory Member of the UITP sustainability charter. The voluntary compliance to this Charter means to guarantee that its members apply the best practices of sustainable development and the continuous improvement in the pursuit of their activities.

In the fourth quarter of the year an audit for renewal of the management system certificates was undertaken, in the areas of quality, the environment and occupational health and safety, which determined the adequacy of STCP's management system in the three regulatory standards in which it is certified, amongst which the NP EN ISO 14001:2012 – Environmental Management Systems.

(The following information is present in chapter 3.5 Environmental responsibility of the individual Annual Report 2017 of STCP, S.A., where the charts with the indicators evolution since 2014 may be consulted).

#### Fleet: emissions of air pollutants

In 2017 the CO<sub>2</sub> emissions of the bus fleet increased by 4.9%, in line with the consumptions and emissions of CO<sub>2</sub> per vehicle km total increased 1.5%, standing at 1.6 kg per total vehicle km.

#### Distribution of the fleet in 2017 by EURO standards

STCP's fleet comprises vehicles that meet the following standards: EURO II (46%), EURO III (25%), EURO V (7%) and EEV (22%). In other words, about 29% of the fleet already complies with the most demanding standards in force in the European Union from an environmental point of view.

#### Consumption of energy in tonnes of oil equivalent (TOE)

Energy consumption, in TOE, showed an increase of 3.8% on 2016, essentially due to the increase in vehicle km for buses.

#### Water

The total water consumption reduced 0.8% compared to 2016.

#### Waste management

STCP selectively collects waste and transports it to the most suitable destination, opting for recovery sites wherever possible.

In 2017 a continued increase of dangerous residue of batteries and fluorescent lamps was observed, and a decrease in used oil compared to 2016.

With respect to non-hazardous industrial waste, there was an increase in both ordinary waste and in metal waste, and a decrease in wood.

There was no demolition waste in 2017.

## 8.2.2. SOCIAL MATTERS AND MATTERS RELATING TO WORKERS, EQUALITY BETWEEN MEN AND WOMEN, NON-DISCRIMINATION

In the audit for renewal of the management system certificates, the adequateness of STCP's management system was also determined, to the regulatory standard by which it is certified, named OHSAS 18001:2007 / NP 4397:2008 – Management Systems for Occupational Health and Safety.

STCP adopted an Equality plan, as determined in no. 2 of article 50 of the Decree-Law no. 133/2013, of 3 October, and of the Council of Ministers' Resolution (RCM) no. 19/2012, of 23 March and the practice within the company is considered to be of effective equality in treatment and opportunities between men and women relative to the various areas such as employee recruitment and selection, training and learning, remuneration and career management as well as in the conciliation between professional, family and personal, life. The company practices a human resources policy based on equal opportunity, respect of human rights and non-discrimination, promoting the valuation of human capital and implementing systems to guarantee the well-being of its employees.

The Equality Plan is divulged in its respective intranet page, accessible to all employees.

A Report was also made on remuneration by gender regarding the year 2017, relative to remunerations paid to women and men, as determined in no. 2 of the Council of Ministers' Resolution (RCM) no. 18/2014, of 7 March, to be published.

At STCP the male-female payment ratio is 1, since no distinction is made between genders in any of the professional categories. The differences in remuneration that may exist within genders for the same category, are perfectly justifiable upon analysing the hierarchy, relative to the performance of each individual resulting from the Professional Evolution System.

The information was also reported, whenever requested, regarding the monitoring of the Legal Framework for State-Owned Companies, as foreseen in the 5th National Plan for Gender Equality, Civility, and Non-Discrimination 2014-2017, approved by RCM no. 103/2013, 31 December.

Workers have the right to freedom of association at STCP, and approximately 89% of the company's employees are members of trade unions.

Regarding interpersonal relationships within the organization, the principles and good practice procedures can be found in the Code of Conduct and Ethics.

The rules, codes and regulations in force within the company can be viewed by all employees on the intranet.

In support both logistic and financial to the Workers' Culture and Sports Centre, the company embodies a conciliatory policy between personal, family and professional life. This entity organized various activities, between which stand out the Christmas party and the holiday camp for employees' children.

STCP continues to give a fixed participation to workers with children frequenting kindergarten and younger than 6 years old.

All employees have guaranteed access to the refectory situated in the company installations in Francos with a meal service, for the price of production. During the year 2017 the refectory was managed by CCDT-STCP, with the average daily served meal amount being around 100 meals.

The company also provides, in all installations, access to vending machines with food and drinks.

### Employee health

In 2017, the medical post, located at the Francos facilities, continued to make significant contributions in terms of healthcare: there were 4,035 general and specialist clinic appointments, a significant part of which (946) related to the speciality of stomatology. Nursing health care was also provided, in both the Francos premises, and in the medical post located in the Via Norte premises.

1,849 appointments for occupational medicine were carried out, representing a variation of around 17%, against last year. Of these, 973 were regular check-ups, which represents an increase of about 23% over the appointments carried out for the same reason in the previous year. During the year, 2,009 sensory exams were also performed, covering all professional categories, with the aim of continuing and being incorporated into the protocol for periodic reviews and admission examinations.

Alcohol management, part of occupational health, carried out 4,436 tests, four of which gave positive results.

With regard to collective employment agreements, the company offers to pay the non-financed part, relating to medical contributions. STCP's medical post offers curative medical assistance.

## Employee safety

Workplaces were visited on a number of occasions to properly assess working conditions. During the 2017 40 workplace hygiene and safety inspections were carried out on the installations, work stations, and equipment.

Throughout 2017, 56 training and awareness-raising activities integrating the theme of safety, with 526 participations counted. In these, 451 employees participated, namely in the continuous training and admission of drivers, self-defence training, driving safety, and also training connected to building evacuation and fire department training.

(The following information is present in chapter 3.6 Responsibility toward employees of the individual Annual Report 2017 of STCP, S.A., where the charts with the indicators evolution since 2014 may be consulted)

### 8.2.3. MATTERS REGARDING HUMAN RIGHTS, FIGHTING CORRUPTION, AND BRIBERY ATTEMPTS

Since the end of 2008, STCP has had its own code of conduct and ethics, which is amply disclosed on the site website for the general viewing and on the intranet for employees to consult.

The code of ethics and conduct sets out the values that guide STCP's actions as it operates its public service, and the ethical principles and rules of conduct that the company as a whole and its employees, in particular, must adhere to and intrinsically adopt as their own.

The rules, codes and regulations in force within the company can be viewed by all employees on the intranet.

STCP practices a human resources policy based on equal opportunity, respect of human rights and non-discrimination, promoting the valuation of human capital and implementing systems to guarantee the well-being of its employees.

In 2017, the annual report on corruption prevention was not produced, pursuant no. 1 of article 46 of the Decree-Law no. 133/2013, of 3 October.

STCP's Plan to Prevent the Risk of Corruption and Related Offences, as well as the reports from previous years, can be found divulged internally, published on the intranet for the knowledge of all employees, and published on the company's website.







## PROPOSAL FOR THE APPROPRIATION OF RESULTS





22

BATALHA

218

The Board of Directors proposes that the net result obtained over the financial year, which was minus €14,910,937.48, be fully transferred to the Retained Earnings account.

Porto, 23 April 2018

### **The Board of Directors**

Chief Executive:

(Paulo de Azevedo Pereira da Silva)

Executive voting members:

(Ângelo Augusto Santos Oliveira)

(Isabel Maria de Oliveira Botelho Moniz da Cruz Vilaça)

Non-executive voting members:

(Paula Cristina David Vaz Ribeiro Ramos)

(Avelino José Pinto de Oliveira)





## ANNEX TO THE MANAGEMENT REPORT





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running

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04-03-PX

**Shareholders at 31 December 2017**

Relationship referred to in no. 4 of Article 448 of the Commercial Companies Code.

SHAREHOLDER	NUMBER OF SHARES	% OF SHARE CAPITAL
Portuguese State	42.630.554	100%

Notwithstanding the Unanimous Written Company Decision of the State shareholder regarding the last increase in capital being from 30 November 2017, the increase in capital was registered with the Commercial Registry on 19 February 2017.

Porto, 23 April 2018

**The Board of Directors**

Chief Executive:

(Paulo de Azevedo Pereira da Silva)

Executive voting members:

(Ângelo Augusto Santos Oliveira)

(Isabel Maria de Oliveira Botelho Moniz da Cruz Vilaça)

Non-executive voting members:

(Paula Cristina David Vaz Ribeiro Ramos)

(Avelino José Pinto de Oliveira)





## ACCOUNTS FOR THE 2017 FINANCIAL YEAR





## BALANCE AT 31 DECEMBER 2017 AND 2016

(amounts in euros)

ASSETS	NOTES	31-DECEMBER-2017	31-DECEMBER-2016
<b>Non-current assets</b>		<b>70.367.973,25</b>	<b>72.554.112,35</b>
Tangible fixed assets	9	56.451.968,11	59.768.168,93
Investment properties	13	13.332.211,72	12.420.926,00
Intangible assets	8	26.447,71	181.704,52
Financial holdings – equity method	7,15	465.523,08	103.539,24
Other financial investments	29.1.2.1	91.822,63	79.773,66
<b>Current Assets</b>		<b>11.573.382,55</b>	<b>11.895.962,76</b>
Inventories	20	472.776,48	480.189,10
Clients	29.2.3	3.251.009,93	2.846.672,18
Government and other public entities	32.2	882.646,20	1.212.495,33
Other receivables	32.4	2.874.737,43	3.853.007,44
Deferrals	32.5	633.228,97	618.586,01
Cash and bank deposits	5	3.458.983,54	2.885.012,70
<b>Total Assets</b>		<b>81.941.355,80</b>	<b>84.450.075,11</b>

EQUITY AND LIABILITIES	NOTES	31-DECEMBER-2017	31-DECEMBER-2016
<b>Equity</b>			
Subscribed capital	29.4.1	213.152.770,00	143.289.490,00
Legal reserves	29.4.2	74.907,42	74.907,42
Other reserves	29.4.2	25.727,80	25.727,80
Retained earnings		-653.591.194,69	-627.535.189,08
Revaluation surplus	29.4.3	42.787.993,72	43.551.099,80
Adjustments/other equity changes	29.4.4	4.409.348,40	3.807.998,75
Net profit for the period		-14.910.937,48	-26.787.587,66
<b>Total equity</b>		<b>-408.051.384,83</b>	<b>-463.573.552,97</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>		<b>394.072.690,13</b>	<b>441.692.177,16</b>
Provisions	23	19.911.994,28	12.803.605,78
Loans obtained	29.1.1	276.330.596,67	315.820.201,47
Liabilities for post-retirement benefits	30	477.652,00	565.736,00
Other financial liabilities	29.1.3	97.352.447,18	112.502.633,91
<b>Current liabilities</b>		<b>95.920.050,50</b>	<b>106.331.450,92</b>
Suppliers	32.1	1.135.513,99	2.417.412,53
Government and other public entities	32.2	990.639,09	1.010.210,17
Loans obtained	29.1.1	54.614.375,63	54.504.490,20
Other outstanding debts	32.3	6.414.047,65	15.774.541,88
Deferrals	32.5	1.895.786,44	1.966.403,97
Other financial liabilities	29.1.3	30.869.687,70	30.658.392,17
<b>Total liabilities</b>		<b>489.992.740,63</b>	<b>548.023.628,08</b>
<b>Total do capital próprio e do passivo</b>		<b>81.941.355,80</b>	<b>84.450.075,11</b>

**INCOME STATEMENT BY NATURE**

Period ended 31 December 2017 and 2016

(amounts in euros)

INCOME AND EXPENSES	NOTES	2017	2016
Sales and services provided	22	45.645.941,55	42.797.253,96
Operating subsidies	24	1.661.058,86	
Gains/losses attributable to subsidiaries, associate companies and joint ventures	15	241.703,31	-35.037,96
Work for the entity itself	8.9	13.514,79	12.497,62
Cost of goods sold, and materials consumed	20	-1.180.990,66	-1.254.918,88
External supplies and services	32.6	-18.499.628,26	-17.279.922,21
Personnel expenditure	30.2	-29.811.705,55	-30.296.061,85
Inventory impairment (losses/reversals)	20	22.065,45	40.047,29
Impairment of debts receivable (losses/reversals)	29.2.3	555,00	361,86
Provisions (increases/decreases)	23	-7.108.388,50	9.293.112,39
Impairment of investments not depreciable/amortisable (losses/reversals)	29.1.2.1	-1.825,12	-2.150,49
Fair value increases/decreases	13	760.479,85	-1.191.385,16
Other income	32.8	2.397.676,37	2.288.859,86
Other expenses	32.7	-1.202.777,12	-10.751.268,69
<b>Results before depreciation, financing expenses and taxes</b>		<b>-7.062.320,03</b>	<b>-6.378.612,26</b>
Depreciation and amortisation expenses/reversals	8,9	-3.694.072,64	-4.314.709,39
Impairment of assets depreciable/amortisable (losses/reversals)	14		-1.632.090,47
<b>Operating profit (before financing expenses and taxes)</b>		<b>-10.756.392,67</b>	<b>-12.325.412,12</b>
Interest and similar income obtained	12	15.150.186,73	2.745.615,26
Interest and similar expenses obtained	12	-19.286.253,17	-17.194.169,17
<b>Profit before taxes</b>		<b>-14.892.459,11</b>	<b>-26.773.966,03</b>
Income tax for the period	27	-18.478,37	-13.621,63
<b>Net profit for the period</b>		<b>-14.910.937,48</b>	<b>-26.787.587,66</b>

## INCOME STATEMENT BY FUNCTION

Period ended 31 December 2017 and 2016

(amounts in euros)

CAPTIONS	2017	2016
Sales and services provided	47.307.000,41	42.797.253,96
Cost of sales and services provided	-46.961.567,79	-46.281.614,44
<b>Gross result</b>	<b>345.432,62</b>	<b>-3.484.360,48</b>
Other income	5.064.466,98	13.300.179,51
Distribution costs	-1.557.176,68	-1.513.438,22
Administrative costs	-4.124.025,38	-4.913.138,81
Other expenses	-10.485.090,21	-15.714.654,12
<b>Operating profit (before financing expenses and taxes)</b>	<b>-10.756.392,67</b>	<b>-12.325.412,12</b>
Financing costs (net)	-4.136.066,44	-14.448.553,91
<b>Profit before taxes</b>	<b>-14.892.459,11</b>	<b>-26.773.966,03</b>
Income tax for the period	-18.478,37	-13.621,63
<b>Net profit for the period</b>	<b>-14.910.937,48</b>	<b>-26.787.587,66</b>

## STATEMENT OF CHANGES IN EQUITY

on 31 December 2016

DESCRIPTION	NOTES	SUBSCRIBED CAPITAL	LEGAL RESERVES
<b>POSITION AT THE START OF THE 2016 PERIOD</b>	<b>1</b>	<b>85.505.125,00</b>	<b>74.907,42</b>
<b>CHANGES IN THE PERIOD</b>			
Achievement of revaluation surplus	29.4		
Revaluation surplus	29.4		
Other recognised changes in equity	2		
<b>NET PROFIT FOR THE PERIOD</b>	<b>3</b>		
<b>COMPREHENSIVE INCOME</b>	<b>4=2+3</b>		
<b>OPERATIONS WITH CAPITAL HOLDERS IN THE PERIOD</b>			
Capital achievements		57.784.365,00	
	5	<b>57.784.365,00</b>	
<b>POSITION AT THE END OF THE 2016 PERIOD</b>	<b>6=1+2+3+5</b>	<b>143.289.490,00</b>	<b>74.907,42</b>

## STATEMENT OF CHANGES IN EQUITY

on 31 December 2017

DESCRIPTION	NOTES	SUBSCRIBED CAPITAL	LEGAL RESERVES
<b>POSITION AT THE START OF THE 2017 PERIOD</b>	<b>6</b>	<b>143.289.490,00</b>	<b>74.907,42</b>
<b>CHANGES IN THE PERIOD</b>			
Achievement of revaluation surplus	29.4		
Revaluation surplus	29.4		
Other recognised changes in equity	7		
<b>NET PROFIT FOR THE PERIOD</b>	<b>8</b>		
<b>COMPREHENSIVE INCOME</b>	<b>9=7+8</b>		
<b>OPERATIONS WITH CAPITAL HOLDERS IN THE PERIOD</b>			
Capital achievements		69.863.280,00	
	10	<b>69.863.280,00</b>	
<b>POSITION AT THE END OF THE 2017 PERIOD</b>	<b>6+7+8+10</b>	<b>213.152.770,00</b>	<b>74.907,42</b>

(amounts in euros)

OTHER RESERVES	RETAINED EARNINGS	REVALUATION SURPLUS	ADJUSTMENTS/ OTHER CHANGES IN EQUITY	NET PROFIT FOR THE PERIOD	TOTAL
<b>25.727,80</b>	<b>-596.860.056,56</b>	<b>38.052.012,98</b>	<b>3.097.630,69</b>	<b>-31.617.189,85</b>	<b>-501.721.842,52</b>
1.238.451,47		-1.238.451,47			
		6.737.538,29			6.737.538,29
-31.913.583,99			710.368,06	31.617.189,85	413.973,92
<b>-30.675.132,52</b>	<b>5.499.086,82</b>		<b>710.368,06</b>	<b>31.617.189,85</b>	<b>7.151.512,21</b>
				<b>-26.787.587,66</b>	<b>-26.787.587,66</b>
				<b>4.829.602,19</b>	<b>-19.636.075,45</b>
					<b>57.784.365,00</b>
<b>25.727,80</b>	<b>-627.535.189,08</b>	<b>43.551.099,80</b>	<b>3.807.998,75</b>	<b>-26.787.587,66</b>	<b>-463.573.552,97</b>

(amounts in euros)

OTHER RESERVES	RETAINED EARNINGS	REVALUATION SURPLUS	ADJUSTMENTS/ OTHER CHANGES IN EQUITY	NET PROFIT FOR THE PERIOD	TOTAL
<b>25.727,80</b>	<b>-627.535.189,08</b>	<b>43.551.099,80</b>	<b>3.807.998,75</b>	<b>-26.787.587,66</b>	<b>-463.573.552,97</b>
762.369,05		-762.369,05			
		-737,03			-737,03
-26.818.374,66			601.349,65	26.787.587,66	570.562,65
<b>-26.056.005,61</b>	<b>-763.106,08</b>		<b>601.349,65</b>	<b>26.787.587,66</b>	<b>569.825,62</b>
				<b>-14.910.937,48</b>	<b>-14.910.937,48</b>
				<b>11.876.650,18</b>	<b>-14.341.111,86</b>
					<b>69.863.280,00</b>
					<b>69.863.280,00</b>
<b>25.727,80</b>	<b>-653.591.194,69</b>	<b>42.787.993,72</b>	<b>4.409.348,40</b>	<b>-14.910.937,48</b>	<b>-408.051.384,83</b>

## CASH FLOW STATEMENT

Period ended 31 December 2017 and 2016

(amounts in euros)

	NOTAS	2017	2016
<b>Cash flow from operating activities</b>			
Cash receipts from clients		49.975.103,35	44.487.134,58
Cash paid to suppliers		-24.080.425,01	-21.418.680,35
Cash paid to employees		-24.031.272,25	-24.359.818,03
<b>Cash generated by operations</b>	<b>1.863.406,09</b>	<b>-1.291.363,80</b>	
Income tax received/paid		112.987,71	261.167,57
Other cash receipts/payments		-4.608.141,75	-5.236.355,19
<b>Cash flow from operating activities (1)</b>	<b>-2.631.747,95</b>	<b>-6.266.551,42</b>	
<b>Cash flow from investment activities</b>			
Payments relating to:			
Tangible fixed assets		-10.704.519,32	-556.325,39
Intangible assets		-3.121,16	-15.628,68
Financial investments		-13.597,58	-8.043,39
Other assets		-88.667,02	-199.769,64
		<b>-10.809.905,08</b>	<b>-779.767,10</b>
Cash receipts relating to:			
Tangible fixed assets		946.798,75	384,13
Other assets		27.470,00	705.000,00
Investment subsidies		942.940,18	1.044.509,94
Interest and similar income		395.006,72	319.931,90
		<b>2.312.215,65</b>	<b>2.069.825,97</b>
<b>Cash flow from investment activities (2)</b>	<b>-8.497.689,43</b>	<b>1.290.058,87</b>	
<b>Cash flow from financial activities</b>			
Cash receipts relating to:			
Loans obtained		14.714.712,20	56.156,58
Paid-in equity and other equity instruments		69.863.280,00	57.784.365,00
		<b>84.577.992,20</b>	<b>57.840.521,58</b>
Payments relating to:			
Loans obtained		-52.299.305,11	-50.263.947,97
Interest and similar expenses		-18.444.087,03	-7.993.410,83
Other financing operations		-2.131.191,84	-2.851.136,36
		<b>-72.874.583,98</b>	<b>-61.108.495,16</b>
<b>Cash flow from financial activities (3)</b>	<b>11.703.408,22</b>	<b>-3.267.973,58</b>	
<b>Changes in cash and cash equivalents (1+2+3)</b>			
Cash and cash equivalents at the start of the period		2.885.012,70	11.129.478,83
Cash and cash equivalents at the end of the period	5	3.458.983,54	2.885.012,70

## NOTES ON THE FINANCIAL STATEMENTS

Period ended 31 December 2017

(Amounts in euros)

### 1. About the entity and report period

Under Decree-Law no. 202/94 of 23 July, Sociedade de Transportes Colectivos do Porto, S.A. was transformed into a joint-stock company with exclusively public capital, and succeeded the company Serviço de Transportes Colectivos do Porto, which was created by Decree-Law no. 38144 of 30 December 1950. Its headquarters are located at Avenida Fernão de Magalhães, 1862 - 13º piso, in Porto.

Its core business is to provide collective public passenger road transport on an exclusive basis within the boundaries of the municipality of Porto, and on a competitive basis in the neighbouring municipal councils of Matosinhos, Maia, Valongo, Gondomar and Vila Nova de Gaia, which lie within the Metropolitan Area of Porto. Operates the bus sector and the tram sector.

In October 2013, Decree-Law no. 133/2013 was published; this restructured the regulatory framework applicable to public companies to make it more consistent and broad, with a view to applying the same regime to core subjects in all business organisations that are directly or indirectly held by the State, whether administrative or corporate in nature, regardless of their legal form. The public business sector's sectoral scope of application was therefore extended, and the concept of a public company was consolidated; under this regulation, STCP was covered by the principles and rules prescribed in this instrument.

Under the terms of Article 86 of Law no. 7-A/2016, 30 March, the company submitted to the Secretariat of State for the Treasury(SEATF), in July 2016, a request in regime exception to the Treasury Unit Principle, for the duration of two years, which was accepted with the Order no. 1140/16, on 9 November, with authorization for the exception to complying with the treasury unit principle, in regards to bank guarantees, financing operations, securities custody, foreign currency purchases and cash requests.

Starting 1 January 2017, the company continued to comply with the guidelines prescribed in article 21 of the law no. 42/2016 of 28 December, regarding the reposition of payment conditions of meal subsidies, expense allowances and overtime wage types in accordance with the provisions in existing company agreements.

On 8 August 2014, STCP signed a Public Service Contract with the Portuguese State for the operation of the public passenger bus transport service within the six municipalities

in the AMP. On 10 December 2014, this contract was amended.

On 25 June 2016, the Memorandum of Understanding on the New Management Model of STCP, S.A., between the Portuguese State, STCP, S.A., the Metropolitan Area of Porto, and the Municipalities of Porto, Gondomar, Maia, Matosinhos, Valongo and Vila Nova de Gaia. The Memorandum requires that the State decentralise its transport authority powers in favour of these municipalities, while remaining the company's shareholder and handing over the management to the local government institutions, which are key entities for a community-based system of public services management.

As defined in the decree-law no. 82/2016, on 28 November, the partial and temporary decentralizing of transport authority powers, of the State to the Metropolitan Area of Porto, regarding the public passenger transport service operated by STCP, and the partial and temporary decentralization of the operational management of STCP.

On 2 January 2017 the Inter-Administrative Contract to Establish the Technical Unit of Service and the Delegation of Responsibilities was signed between the AMP and the Municipal Councils of Porto, Vila Nova de Gaia, Matosinhos, Maia, Gondomar and Valongo, in which were established the terms in which AMP will conduct the responsibilities of authority to the AMP regarding the public passenger services operated by STCP in the municipalities geographic area, the creation on a technical unit for support of management and the distribution rules, between the party Municipalities, of the charges associated with paying the financial compensations owed due to public service obligations.

On 28 July 2017 a second amendment to the Contract of Public Service with the Portuguese State and the Metropolitan Area of Porto, which will expire on the 31 December 2024.

In 2017, an audit for renewal of the Quality, the Environment and Occupational Health and Safety certificates was conducted, in the sequence of which the certification of the three standards was confirmed until 15 September 2018.

The financial statements relate to the period between 1 January and 31 December 2017. The figures are given in Euros. Transactions in foreign currency are included in the financial statements in accordance with the policies described in point 4.8.

## 2. Accounting framework for preparing the financial statements

### 2.1. Accounting regulations adopted

The attached financial statements were prepared according to the provisions in force in Portugal, set out in Decree-Law no. 158/2009 of 13 July (amended), as amended by Decree-Law no. 98/2015 of 2 June, and in accordance with the conceptual framework, accounting and financial reporting standards (NCRF) and interpretative rules contained in notices 8254/2015, 8256/2015 and 8258/2015 of 29 July, respectively.

### 2.2. Derogations from the accounting framework adopted

Not applicable.

### 2.3. Content of non-comparable accounts

Not applicable.

## 3. First-time adoption of the NCRF: Transitional disclosures

Not applicable.

## 4. Main accounting policies

The main accounting policies adopted in the attached financial statements are as follows:

### 4.1. Basis of preparation

The attached financial statements were prepared on a going concern basis, using STCP's accounting books and records, which are kept according to generally accepted accounting principles.

### 4.2. Financial investments

Investments in subsidiaries, jointly controlled companies and associate companies are recorded using the equity method. According to the equity method, financial holdings are initially recorded by cost of acquisition and subsequently adjusted based on post-acquisition changes in the portion of the share in the corresponding entities' net assets. Profit and loss includes its share of the profit and loss of these entities.

The excess of the acquisition cost over the fair value of identifiable assets and liabilities of each acquired entity, at the date of acquisition, is recognised as goodwill and is maintained at the financial investment value. If the difference between the acquisition cost and the fair value of acquired net assets and liabilities is negative, this is recognised as income for the financial year.

Financial investments are assessed on an annual basis where there are indications that the asset may be impaired, and in the profit and loss statement any impairment losses that may be found to exist are recorded as expenses. When impairment losses recognised in previous years cease to exist they are reversed.

When the company's share of accumulated losses exceeds the carrying amount of the investment, the investment is reported at nil value, unless the company has undertaken to cover the associate's losses, in which case a provision to address these obligations is recorded.

Unrealised gains arising from transactions with subsidiaries, jointly-controlled companies and associate companies are eliminated proportionately to the investor company's stake in these, against the investment in the investee company caption. Unrealised losses are also eliminated, but only to the extent that the loss is not a result of impairment of the asset transferred.

### 4.3. Business combinations

Acquisitions of subsidiaries and business are recorded using the purchase method. The cost is calculated by adding the following, at the date of acquisition:

- › Fair value of assets delivered or to be delivered;
- › Fair value of liabilities incurred or undertaken;
- › Fair value of equity instruments issued by the company in exchange for obtaining control over the subsidiary; and
- › Costs which are directly attributable to the acquisition.

When applicable, the cost of the merger or the acquisition includes contingent payments agreed as part of the transaction. Subsequent changes to said payments are recorded against the goodwill.

If the initial accounting for an acquisition is not complete at the end of the reporting period in which it occurred, the company records provisional amounts for the uncompleted items. These provisional amounts are subject to change for a period of 12 months from the date of acquisition.

#### **4.4. Non-current assets held for sale**

Non-current assets or disposal groups are classified as held for sale when their carrying amount was essentially recovered through a sale and not through their continued use. This condition is only considered fulfilled when sale is highly probable and the non-current asset or disposal group is available for immediate sale in their current conditions. The sale must be completed within one year, from the date on which the non-current asset or disposal group is classified as available for sale.

When the company has committed to a plan to sell a subsidiary which involves relinquishing control over it, all the assets and liabilities of this subsidiary are classified as held for sale, provided that they meet the requirements set out in the previous paragraph, even if the company retains some minority interest in the subsidiary after the sale.

Non-current assets or disposal groups classified as held for sale are measured at the lower of their carrying amount before classification and their fair value less cost to sell.

Non-current assets or disposal groups held for sale should not be depreciated or amortised.

#### **4.5. Revenue**

Revenue is measured at the fair value of consideration received or receivable, taking into account the amount of any trade discounts and amounts transferred by the entity. The difference between the fair value and the nominal amount of consideration is recognised as the interest revenue.

Revenue from the sale of goods is recognised when all the following conditions are met:

- › All the risks and rewards of ownership of the assets were transferred to the buyer;
- › The company retains no control over the sold assets;
- › The amount of income can be measured reliably;
- › It is likely that future economic benefits associated with the transaction will flow to the company;
- › The costs incurred or to be incurred from the transaction can be reliably measured.

The revenue from the provision of services is recognised by reference to the stage of completion of the transaction, at the reporting date, provided that all the following conditions are met:

- › The amount of income can be measured reliably;
- › It is likely that future economic benefits associated with the transaction will flow to the company;
- › The costs incurred or to be incurred from the transaction can be measured reliably;
- › The stage of completion of the transaction, at the reporting date, can be measured reliably.

Revenue from royalties is recognised on an accrual basis, in accordance with the substance of the relevant agreements, provided that it is likely that economic benefits will flow to the company and the amount thereof can be measured reliably.

Interest revenue is recognised using the effective interest method, provided that it is likely that economic benefits will flow to the company and the amount thereof can be measured reliably.

Revenue from dividends must be recognised when the company's right to receive the corresponding amount is established.

#### **4.6. Construction contracts**

Not applicable.

#### **4.7. Leasing**

Determination of whether leases are finance leases or operating leases is based on the substance rather than the form of the contracts.

Leasing contracts are classified as:

- › Finance leases, if substantially all the risks and rewards incidental to ownership of the leased asset are transferred; or as
- › Operating leases, if substantially all the risks and rewards incidental to ownership of the leased asset are not transferred.

The assets acquired through finance leases, along with the associated liabilities, are recorded at the start of the lease by the lower of the fair value of the assets and the current value of the minimum lease payments. Finance lease payments are apportioned between finance charges and the reduction of the liability, so as to produce a constant rate of interest on the remaining balance of the liability.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Incentives

received are recorded as a liability, and the aggregate cost of incentives is recognised as a reduction of rental expense, also on a straight-line basis.

Contingent rents are recognised as expenses in the period in which they are incurred.

#### **4.8. Transactions and balances in foreign currency**

Transactions in foreign currency are initially recorded at the exchange rates on the dates of the transactions. At each reporting date, the carrying amounts of the monetary items denominated in foreign currency are updated to the exchange rates on that date. The exchange rate differences resulting from the abovementioned updates are recorded in profit and loss for the period in which they occur.

The volume of the company's transactions in a currency other than the functional currency (Euro) are practically non-existent and immaterial.

#### **4.9. Borrowing costs**

Borrowing costs are recognised as an expense in the profit and loss for the financial year in which they are incurred, in accordance with the principle of accrual-based accounting.

Borrowing costs attributable to the acquisition, construction or production of qualifying assets (tangible fixed assets in progress) are capitalised, being an integral part of the cost of the asset. The capitalisation of these costs begins when expenditures for the asset are being incurred and when activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete. Capitalisation is suspended during extended periods in which development of the abovementioned activities is interrupted.

Any income derived from loans obtained earlier in relation to a specific investment is deducted from the borrowing costs that qualify for capitalisation.

#### **4.10. Government Grants**

Government grants are recognised at fair value when there is reasonable assurance that they will be received and that the company will comply with the conditions attaching to them.

The benefit of a government loan (or the equivalent) at a below-market rate of interest is treated as a Government grant, being measured as the difference between the amount received and the fair value of the loan determined based on market interest rates.

Non-refundable government grants for tangible fixed assets and intangible assets are initially recognised in equity under the caption "Other equity changes – grants", and are subsequently attributed to profit and loss as income over the period of useful life of the assets, on a systematic basis.

Other Government grants are generally recognised as income over the periods necessary to match them with the costs which they are intended to compensate, on a systematic basis. Government grants, which aim to compensate for losses that have already been incurred or which have no future related costs, are recognised as income in the period in which they become receivable.

STCP is subject to an administered price system, under which the government awards non-refundable compensation to partially finance its operations, in compliance with its public service obligations. STCP follows the criterion of registering the compensation as operating subsidies in the financial year in which it is awarded.

#### **4.11. Post-retirement benefits**

Liabilities associated with the payment of pension complements, recognised at the balance sheet date, represent the current value of the obligations arising from defined benefit plans, net of the fair value of net assets of the pension fund formed for that purpose.

With regard to defined benefit plans, the amount of the liability assumed is determined on a yearly basis, as at 31 December, in accordance with the Projected Unit Credit method, and actuarial assessments are carried out by BPI PENSÕES.

The costs of historical liabilities are recognised immediately in profit and loss, insofar as the benefits have already been acquired in full.

#### **4.12. Share-based payment**

Not applicable.

#### **4.13. Income tax**

Income tax is the sum of current tax and deferred tax. However, given that the company is not expected to make future profits, it does not expect to recover the losses accumulated to date. Therefore, it does not recognise any deferred tax assets or liabilities, because it is not expected to be able to deduct tax losses reportable to date from future taxable profits.

#### 4.14. Tangible fixed assets

Tangible fixed assets are initially recorded at the acquisition cost, including expenses attributable to the purchase (any costs which are directly attributable to the activities required to ensure that the assets are in the location and condition necessary for them to operate as intended) and, where applicable, the initial estimate of the costs of dismantling and removing the assets and restoring the installation locations that STCP expects to incur.

The land and buildings are subsequently recorded according to the revaluation model. According to this model, the tangible fixed asset is shown at its fair value as at the revaluation date less depreciation and accumulated impairment losses. The fair value of buildings and land was determined based on the assessment carried out by independent asset evaluators at 31 December 2016 (the previous assessment related to 31 December 2015) and will be reviewed periodically or whenever there are indications that their fair value is significantly different from the carrying amount of the assets.

The differences resulting from the revaluations are recorded in equity under the caption "Fixed asset revaluation surplus", unless they reverse a decrease which was previously recognised in profit and loss. Decreases resulting from revaluations are recorded directly under the caption "Revaluation surplus" to the extent of any credit balance existing in the revaluation surplus in respect of that asset. Any excess of decreases in relation to this credit balance is recognised in profit and loss. When the revalued asset is derecognised, the revaluation surplus included in the equity associated with the asset is not reclassified to profit and loss.

The revaluation surplus of fixed assets is transferred to retained earnings on an annual basis, insofar as they are used, written off or disposed of. The amount of surplus to be transferred will therefore be the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the original cost of the asset.

Remaining tangible fixed assets are recorded at the cost of acquisition or production, less accumulated depreciation and possible accumulated impairment losses.

Tangible fixed assets are depreciated on a straight-line basis, by twelfths, according to the estimated period of useful life for each group of assets, once the asset is in a usable condition.

The useful lives and method of depreciation of the various assets are reviewed annually. Any changes to these estimates are recognised in the profit and loss statement prospectively.

The depreciation rates used correspond to the following periods of estimated useful life:

TANGIBLE FIXED ASSET CAPTIONS	(years of useful life)				
	UP TO 1988	1989 to 1990	1991 to 2001	2002 to 2011	2012 to 2017
Buildings and other constructions	8 to 100	10 to 100	10 to 50	5 to 50	5 to 50
Basic equipment	5 to 56	5 to 12	5 to 12	3 to 20	3 to 30
Transport equipment	7 to 25	5 to 12	5 to 12	4 to 12	4 to 12
Office equipment	6 to 10	3 to 10	3 to 10	3 to 16	3 to 20
Other tangible fixed assets	-	-	10	4 to 10	4 to 10

Maintenance and repair costs (subsequent expenses) which are not likely to give rise to future economic benefits are recorded as expenses in the period in which they are incurred.

The gain (or loss) resulting from the disposal or write-off of a tangible fixed asset is determined as the difference between the amount received in the transaction and the carrying amount of the asset. It is recognised in profit and loss of the period in which the disposal occurs and recorded in the profit and loss statement as "Income and gains in non-financial investments" or "Expenses and losses in non-financial investments".

#### **4.15. Investment properties**

Investment properties essentially comprise properties held to earn rentals or for capital appreciation which are not intended for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business.

Investment properties are initially recorded at the acquisition cost, including all the expenses attributable to the purchase, and the fair value model is subsequently used.

The fair value of investment properties is determined based on the assessment carried out by independent asset evaluators. Changes in the fair value of investment properties are directly recognised in the profit and loss statement for the financial year under the caption "Gains/losses due to fair value increases/decreases".

The costs incurred in relation to investment properties in use, namely costs arising from maintenance, repair, insurance and tax on properties, are recognised as an expense in the financial year to which they relate. Improvements which are expected to generate additional future economic benefits are capitalised under the caption "Investment properties".

#### **4.16. Intangible assets**

Intangible assets are only recognised if it is likely that they will generate future economic benefits for the company and if the company can reasonably monitor and measure their value. Research activity costs are recorded as expenses in the period in which they are incurred.

Intangible assets acquired separately are recorded at the acquisition cost, less accumulated depreciation and impairment losses. Depreciation is recognised on a straight-line basis over the estimated useful life of the intangible assets. The useful life and the depreciation method of the various intangible assets are reviewed annually. Any changes to these estimates are recognised in the profit and loss statement prospectively.

An internally generated intangible asset arising from development expenditure on a project is only recognised if all of the following conditions are met and demonstrated:

- › It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- › The entity intends to complete the intangible asset and use or sell it;
- › The entity is able to use or sell the intangible asset;
- › The intangible asset is likely to generate future economic benefits;
- › There are adequate technical and financial resources available to complete the development of the intangible asset and to use or sell it;
- › The expenditure attributable to the intangible asset during its development phase can be reliably measured.

The initially recognised amount of the internally generated intangible asset is the sum of expenditure incurred from the date when the abovementioned conditions are met. When these conditions are not met, expenditure incurred in the development phase is recorded as expenses for the period.

Intangible assets essentially comprise software costs, development costs, provided that the criteria for recognition of an asset have been met, industrial property costs and other commercial rights and leases.

Internally generated intangible assets are recorded at the acquisition cost, less accumulated depreciation and impairment losses. Depreciation is recognised on a straight-line basis over the estimated useful life of the intangible assets. The useful life and the depreciation method of the various intangible assets are reviewed annually. Any changes to these estimates are recognised in the profit and loss statement prospectively.

Intangible assets (regardless of the way in which they are acquired or managed) with an indefinite useful life are not depreciated; they are subject to prior impairment tests on an annual basis or whenever there are indications that they may be impaired.

#### **4.17. Impairment of tangible and intangible fixed assets, excluding goodwill**

At each reporting date, the carrying amounts of the company's tangible and intangible fixed assets are reviewed in order to establish whether there are any indicators that they may be impaired. If there are any indicators, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss. When it is not possible to determine the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which this asset belongs is estimated.

The recoverable amount of the asset or cash-generating unit is the higher of the fair value less costs to sell and its value in use.

When determining the value in use, estimated future cash flows are updated using a before-tax discount rate that reflects market expectations in terms of the time value of money, and in terms of the specific risks for the asset or cash-generating unit, in relation to which future cash flow estimates have not been adjusted.

Whenever the carrying amount of the asset or cash-generating unit is greater than its recoverable amount, it is recognised as an impairment loss. The impairment loss is immediately recorded in the profit and loss statement, under the caption "Impairment losses", unless this loss offsets a revaluation surplus recorded in equity. In this case, said loss will be treated as a revaluation decrease.

The reversal of impairment losses recognised in prior years is recorded when there are indications that the impairment losses no longer exist or have decreased. Reversal of impairment losses is recognised in the profit and loss statement under the caption "Impairment loss reversals". The reversal of the impairment loss is done up to the amount that would be recognized (net of amortisation) if the impairment loss had not been recognised.

#### **4.18. Inventories**

Inventories are recorded at the lower of acquisition cost and net realisable value. The net realisable value is the estimated sale price less all the estimated costs necessary to complete the inventories and to make the sale.

Subsidiary materials, raw materials and consumables are recorded at the cost of acquisition, using the weighted average cost formula.

#### **4.19. Provisions**

Provisions are only recognised when the company has a present obligation (legal or constructive) arising from a historical event. It is probable that an outflow of resources

will be required to settle this obligation, and the amount of the obligation can be reasonably estimated.

The amount recognised as a provision is the present amount of the best estimate of the resources required to settle the obligation at the balance sheet date. When reaching this estimate, the risks and uncertainties associated with the obligation are taken into account.

Provisions are reviewed at the balance sheet date and adjusted to reflect the best estimate of their fair value at that date.

Present obligations which arise from onerous contracts are recorded and measured as provisions. A contract is onerous when the company is an integral part of the obligations of a contract, and there are unavoidable costs of meeting these obligations which exceed the economic benefits derived under said contract.

A restructuring provision is recognised when STCP has a detailed formal restructuring plan, starts to implement said plan and announces its main features to those affected by it. When measuring the restructuring provision, only expenses which arise directly from the implementation of the plan and are therefore not associated with the company's ongoing activities, are taken into account.

Contingent liabilities are not recognised in financial statements and are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised in financial statements and are disclosed when there is likely to be a future inflow of economic resources.

#### **4.20. Financial assets and liabilities**

Financial assets and liabilities are recognised on the balance sheet when the company becomes a party to the contractual provisions.

Financial assets and liabilities are measured in the following way:

- › at cost or amortised cost; or
- › at fair value with fair value changes recognised in the profit and loss statement.

Financial assets and liabilities which have the following features, at once, are measured at the amortised cost:

- › They are in cash or have a fixed maturity;
- › They are associated with a fixed or determinable return;

- › They are not a derivative financial instrument or they do not incorporate a derivative financial instrument.

These financial assets and liabilities are measured at the amortised cost, less accumulated impairment losses (in the case of financial assets).

Contracts for taking out or providing loans that cannot be settled net and which, when executed, meet the abovementioned conditions are also classified in the "at cost" or "amortised cost" category, and are measured at the amortised cost less accumulated impairment losses.

Investments in equity instruments which are not publically negotiated and whose fair value cannot be reliably determined, in addition to derivative financial instruments related to said equity instruments, are also classified in the at cost or amortised cost category, and are measured at the cost less accumulated impairment losses.

The amortised cost is determined using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or liability.

All financial assets and liabilities not classified in the "at cost" or "amortised cost" category are classified in the category at fair value with changes recognised in the profit and loss statement.

These financial assets and liabilities are measured at fair value, and changes thereto are recorded in profit and loss under the captions "Losses on fair value" and "Gains on fair value".

#### Impairment of financial assets:

- › Financial assets classified in the "at cost" or "amortised cost" category are subject to impairment tests at every balance sheet date. These financial assets are considered to be impaired when there is objective evidence that the estimated future cash flows are affected as a result of one or more events that took place after their initial recognition. For financial assets measured at amortised cost, the impairment loss to be recognised corresponds to the difference between the carrying amount of the asset and the present value of new estimated future cash flows, discounted at the financial asset's original effective interest rate.
- › For financial assets measured at cost, the impairment loss to be recognised corresponds to the difference between the carrying amount of the asset and the best estimate of the asset's fair value.

- › Impairment losses are recorded in profit and loss under the caption "Impairment losses" in the period in which they are determined.

- › If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the loss was recognised, this decrease must be reversed through profit and loss. The reversal must be to the extent of the amount that would have been recognised (amortised cost) had the loss not been initially recorded. The reversal of impairment losses is recorded in profit and loss, under the caption "Impairment loss reversals". The reversal of impairment losses in equity instruments is not permitted.

#### Derecognition of financial assets and liabilities:

- › The company only derecognises financial assets when the contractual rights to their cash flows expire or when it transfers the financial assets and all the significant risks and rewards associated with ownership thereof to another entity. Transferred financial assets in relation to which the company retains some significant risks and rewards are derecognised, provided that control over them has been transferred.
- › The company only derecognises financial liabilities when the associated obligation is settled or cancelled, or expires.

#### Compound instruments:

- › Compound instruments are financial instruments that include a financial liability component and an equity instrument component. These two components are shown separately on the balance sheet, according to the substance of the corresponding contractual provisions.
- › Financial liability and equity instruments are differentiated according to the substance of the associated contractual provisions.
- › In the initial recognition of the compound instrument, the financial liability component is determined based on the market interest rates for similar, non-compound instruments. This component is measured at the amortised cost, based on the effective interest method. The equity component is determined by the difference between the amount received and the amount of the financial liability component, and is recorded in equity. The equity component is not subsequently remeasured.

## 4.21. Derivative financial instruments and hedge accounting

STCP uses derivatives in the management of its financial risks for the sole purpose of ensuring that these risks are hedged. Derivative financial instruments are not used for the purpose of speculating.

The derivative instruments used by the company relate to interest rate swaps to hedge the risk of changes in the rate of interest on loans obtained. Loan amounts, interest maturity dates and plans for the reimbursement of loans underlying interest rate hedging instruments are substantially identical to the conditions established for loans obtained. However, the requirements necessary to qualify for hedge accounting are not met.

Derivative financial instruments are initially recorded at their fair value at the date on which they are taken out. At each balance sheet date, they are remeasured at fair value, and the corresponding remeasurement gain or loss is immediately recorded in profit and loss.

A derivative financial instrument with a positive fair value is recognised as a financial asset, under the caption "Other financial instruments – Derivatives". A derivative financial instrument with a negative fair value is recognised as a financial liability, under the caption "Other financial instruments – Derivatives".

A derivative financial instrument is shown as non-current if its remaining maturity is greater than 12 months and it is not expected to be realised or settled within this period of time.

At the start of the hedging operation, the company documents:

- › the relationship between the hedging instrument and the hedged item;
- › its objectives and risk management strategy; and
- › an evaluation of how effective the hedging instrument is in offsetting changes in the fair values and cash flows of the hedged item.

Changes in the fair value of derivative financial instruments designated as hedging instruments in hedging interest rate risk, exchange risk, commodity price risk, in a commitment or highly probable future transaction, and the risk arising from net investment in a foreign operation are recorded in equity, under the caption "Other reserves". Such gains or losses recorded in "Other reserves" are reclassified to profit and loss in the periods in which the hedged item affected

profit and loss, and are shown in the line affected by the hedged item.

Hedge accounting is discontinued when the company revokes the hedging relationship, when the hedging instrument expires, is sold or is exercised, or when the hedging instrument ceases to qualify for hedge accounting. Any amount recorded in "Other reserves" is only reclassified to profit and loss when the hedged position affects profit and loss. When the hedged position is a future transaction and is not expected to occur, any amount recorded in "Other reserves" is immediately reclassified to profit and loss.

## 4.22. Exploration and assessment of mineral resources

Not applicable.

## 4.23. Agriculture

Not applicable.

## 4.24. Critical accounting judgements and key sources of estimation uncertainty

When preparing the attached financial statements, accounting judgements, estimates and assumptions were used that affected the reported amounts of assets and liabilities, as well as the reported amounts of income and expenses for the period.

The estimates and underlying assumptions were determined based on the best existing knowledge, at the date of approval of the financial statements, of ongoing events and transactions, and on experience of historical and/or present events. However, there may be situations in subsequent periods which were not foreseeable at the date of approval of the financial statements and were therefore not taken into account when calculating these estimates. Changes to the estimates occurring after the date of the financial statements will be corrected prospectively. For this reason, and given the associated degree of uncertainty, the actual profit and loss of the transactions in question may differ from the corresponding estimates.

The main accounting judgements made and estimates calculated when preparing the attached financial statements were the following:

- › Useful life of tangible and intangible assets;
- › Analysis of impairment of tangible and intangible assets;
- › Recording of impairment to the amounts of assets, namely inventories and accounts receivable;

- › Provisions;
- › Calculation of the liability associated with pension funds;
- › Calculation of the fair value of derivative financial instruments;
- › Calculation of the fair value of investment properties and land and buildings included in tangible fixed assets.

#### **4.25. Subsequent events**

Events occurring after the balance sheet date which provide additional information about conditions existing at the balance sheet date (adjusting events) are reflected in the financial statements. Events after the balance sheet date

which provide information about conditions occurring after the balance sheet date (non-adjusting events) are disclosed in the annex to the financial statements, if they are considered to be significant.

#### **5. Cash flows**

For the purposes of the cash flow statement, the caption "Cash and cash equivalents" includes, in addition to cash, bank deposits available on demand and cash investments in the money market, bank overdrafts and other similar short-term financing arrangements.

Cash and cash equivalents, at 31 December 2017 and 2016:

	2017	2016
Cash	127.744,94	89.466,67
Bank deposits	3.331.238,60	2.795.546,03
<b>Cash and cash equivalents in Balance / Demonstration of Cash Flows</b>	<b>3.458.983,54</b>	<b>2.885.012,70</b>

#### **6. Accounting policies, changes to accounting estimates or errors**

During the year of 2017 and 2016 there were no changes in accounting, estimating or material error correcting policies from previous years.

#### **7. Related parties**

Financial holdings at 31 December 2017 and 2016:

COMPANY NAME	HEAD OFFICE	% HOLD	ACTIVITY
<b>Subsidiary companies</b>			
STCP Serviços – Transportes Urbanos, Consultoria e Participações, Unipessoal Lda.	Porto	100%	Tourism operator and urban and suburban land passenger transport activities.
<b>Associated companies</b>			
TIP - Transportes Intermodais do Porto, A.C.E.	Porto	33,30%	Transport ticketing management.
Transpublicidade – Publicidade em Transportes, S.A.	Oeiras	20%	Manages all and any advertising on vehicles and facilities.
<b>Other subsidiary companies</b>			
Metro do Porto, S.A.	Porto	16,60%	Urban and local passenger transport by metro.
OPT - Optimização e Planeamento de Transportes, S.A.	Porto	8,33%	Development of R&D projects in the area of collective transport, developing advanced IT solutions for the management and optimisation of transport systems.

The remuneration of key personnel in company management, in the financial years of 2017 and 2016 are described in point 6.4 of this annual report.

Over the course of the financial years ended 2017 and 2016, the following transactions were made with related parties:

DESCRIPTION OF TRANSACTIONS	2017			TOTAL
	SUBSIDIARY COMPANIES	ASSOCIATED COMPANIES	OTHER RELATED PARTIES	
Services obtained		1.624.368,88	163.097,26	1.787.466,14
Services supplied		35.743.370,29	162.975,74	35.906.346,03

DESCRIPTION OF TRANSACTIONS	2016			TOTAL
	SUBSIDIARY COMPANIES	ASSOCIATED COMPANIES	OTHER RELATED PARTIES	
Services obtained		902.372,68	146.823,29	1.049.195,97
Services supplied		30.735.429,68	210.028,67	30.945.458,35

Balances with related parties in 2017 and 2016:

BALANCES	2017				TOTAL
	SUBSIDIARY COMPANIES	ASSOCIATED COMPANIES	KEY MANAGEMENT PERSONNEL	OUTRAS PARTES RELACIONADAS	
Current accounts receivable		3.398.640,30		11.390,72	3.410.031,02
Current accounts payable		226.972,47		12.275,65	239.248,12

BALANCES	2016				TOTAL
	SUBSIDIARY COMPANIES	ASSOCIATED COMPANIES	KEY MANAGEMENT PERSONNEL	OUTRAS PARTES RELACIONADAS	
Current accounts receivable		2.912.406,47		24.669,19	2.937.075,66
Current accounts payable		385.774,21		57.136,22	442.910,43

## 8. Intangible assets

Over the financial years ended 31 December 2017 and 2016, movements in the carrying amount of intangible assets and in their accumulated depreciation and impairment losses were as follows:

INTANGIBLE ASSETS	DEVELOPMENT PROJECTS	SOFTWARE
<b>Net value as at 01.01.2017</b>		<b>83.583,18</b>
<b>Gross assets</b>		
Balance at 01.01.2017	88.749,10	5.237.759,95
Movements in 2017		
Additions		310,25
Adjustments and Transfers		2.285,29
Balance at 31.12.2017	88.749,10	5.240.355,49
<b>Accumulated depreciation</b>		
Balance at 01.01.2017	-88.749,10	-5.154.176,77
Movements in 2017		
Depreciation expenses		-65.119,45
Balance at 31.12.2017	-88.749,10	-5.219.296,22
<b>Net value as at 31.12.2017</b>		<b>21.059,27</b>

INTANGIBLE ASSETS	DEVELOPMENT PROJECTS	SOFTWARE
<b>Net value as at 01.01.2016</b>		<b>166.105,83</b>
<b>Gross assets</b>		
Balance at 01.01.2016	88.749,10	5.235.514,70
Movements in 2016		
Additions		2.245,25
Balance at 31.12.2016	88.749,10	5.237.759,95
<b>Accumulated depreciation</b>		
Balance at 01.01.2016	-88.749,10	-5.069.408,87
Movements in 2016		
Depreciation expenses		-84.767,90
Balance at 31.12.2016	-88.749,10	-5.154.176,77
<b>Net value as at 31.12.2016</b>		<b>83.583,18</b>

The company does not capitalise research expenses. Development expenses are only capitalised when they meet the recognition criteria defined in the NCRFs.

INDUSTRIAL PROPERTY	OTHER INTANGIBLE ASSETS	INTANGIBLE ASSETS IN PROGRESS	TOTAL
<b>665,9</b>	<b>92.209,75</b>	<b>5.245,69</b>	<b>181.704,52</b>
98.439,49	1.106.517,00	5.245,69	6.536.711,23
		2.039,60	2.349,85
		-2.285,29	
98.439,49	1.106.517,00	5.000,00	6.539.061,08
-97.773,59	-1.014.307,25		-6.355.006,71
-277,46	-92.209,75		-157.606,66
-98.051,05	-1.106.517,00		-6.512.613,37
<b>388,44</b>		<b>5.000,00</b>	<b>26.447,71</b>
INDUSTRIAL PROPERTY	OTHER INTANGIBLE ASSETS	INTANGIBLE ASSETS IN PROGRESS	TOTAL
<b>943,36</b>	<b>313.513,15</b>		<b>480.562,34</b>
98.439,49	1.106.517,00		6.529.220,29
		5.245,69	7.490,94
98.439,49	1.106.517,00	5.245,69	6.536.711,23
-97.496,13	-793.003,85		-6.048.657,95
-277,46	-221.303,40		-306.348,76
-97.773,59	-1.014.307,25		-6.355.006,71
<b>665,90</b>	<b>92.209,75</b>	<b>5.245,69</b>	<b>181.704,52</b>

Following an analysis of the intangible assets, it was established that there are no assets with an indefinite useful life. Depreciation was calculated according to the following estimated useful lives:

TANGIBLE FIXED ASSET CAPTIONS	YEARS OF USEFUL LIFE
Development projects	3
Software	2 a 8
Industrial property	3 a 7
Other intangible assets	5

Movements occurring, in the 2017 and 2016 financial years, in intangible assets in progress:

	BALANCE AT 01.01.2017	ACQUISITIONS	ADJUSTMENTS AND TRANSFERS	WRITE-OFFS/ DISPOSALS	BALANCE AT 31.12.2017
Software	5.245,69	2.039,60	-2.285,29		5.000,00
	<b>5.245,69</b>	<b>2.039,60</b>	<b>-2.285,29</b>		<b>5.000,00</b>

	BALANCE AT 01.01.2016	ACQUISITIONS	ADJUSTMENTS AND TRANSFERS	WRITE-OFFS/ DISPOSALS	BALANCE AT 31.12.2016
Software	5.245,69				5.245,69
	<b>5.245,69</b>				<b>5.245,69</b>

# 2

## Autocarros / Bus

STCP 203 204 503 504 902  
903 ZL

ESPÍRITO SANTO 18



CAIS 1

Internacional e Nacional

INTERNORTE

Espanha, França, Suíça,

Luxemburgo, Bélgica,

Alemanha, Holanda,

Reino Unido, Outras Ligações

AVIC

Lisboa, Viana, Monção,

Outras Ligações

CAIS 3



## Autocarros / Bus

STCP 208 507 704 803

RES .NDE 104 119 MARLINE

Citizen - car sharing →

← Rua Cinco de Outubro

INTERFACE  
CASA DA MÚSICA



## 9. Tangible fixed assets

Over the financial years ended 31 December 2017 and 2016, movements in the carrying amount of tangible fixed assets and in their accumulated depreciation and impairment losses were as follows:

TANGIBLE FIXED ASSETS	LAND AND NATURAL RESOURCES	BUILDINGS AND OTHER CONSTRUCTIONS	BASIC EQUIPMENT	TRANSPORT EQUIPMENT
<b>Tangible fixed assets</b>	<b>32.774.328,00</b>	<b>8.842.480,59</b>	<b>16.398.591,79</b>	<b>5.344,92</b>
<b>Net value as at 01.01.2017</b>				
Balance at 01.01.2017	33.310.507,78	27.700.520,14	69.482.587,26	1.451.724,13
Movements in 2017				
Additions		35.497,51	183.863,83	47.584,58
Write-offs/sales			-68.088,82	-195.636,19
Adjustments and Transfers	-56.056,59	-240.184,89	211.478,28	
Balance at 31.12.2017	33.254.451,19	27.495.832,76	69.809.840,55	1.303.672,52
<b>Accumulated depreciation</b>				
Balance at 01.01.2017		-17.300.035,40	-53.083.995,47	-1.446.379,21
Movements in 2017				
Depreciation and amortisation costs		-998.399,29	-2.424.262,36	-8.028,62
Write-offs/sales			67.115,75	195.636,19
Adjustments and Transfers		90.695,29	718,76	
Balance at 31.12.2017		-18.207.739,40	-55.440.423,32	-1.258.771,64
<b>Accumulated impairment losses</b>				
Balance at 01.01.2017	-536.179,78	-1.558.004,15		
Transfers	12.721,31			
Impairment losses				
Reversals				
Balance at 31.12.2017	-523.458,47	-1.558.004,15		
<b>Net value as at 31.12.2017</b>	<b>32.730.992,72</b>	<b>7.730.089,21</b>	<b>14.369.417,23</b>	<b>44.900,88</b>

The additions row includes €13,514.79 of work for the company itself, with €687.65 for buildings and other constructions, €10,239.53 for basic equipment and €2,587.61 for assets in progress.

OFFICE EQUIPMENT	OTHER TANGIBLE FIXED ASSETS	TANGIBLE ASSETS IN PROGRESS	ADVANCES ON ACCOUNT FOR TANGIBLE ASSETS	TOTAL TANGIBLE FIXED ASSETS
<b>365.057,50</b>	<b>1.102.423,75</b>	<b>279.942,38</b>		<b>59.768.168,93</b>
4.322.473,90	1.859.999,19	279.942,38		138.407.754,78
67.025,47		91.822,77		425.794,16
-48.683,14				-312.408,15
57.288,97		-279.942,38		-307.416,61
4.398.105,20	1.859.999,19	91.822,77		138.213.724,18
-3.957.416,40	-757.575,44			-76.545.401,92
-103.211,15	-2.564,56			-3.536.465,98
48.127,22				310.879,16
-718,76				90.695,29
-4.013.219,09	-760.140,00			-79.680.293,45
				-2.094.183,93
				12.721,31
				-2.081.462,62
<b>384.886,11</b>	<b>1.099.859,19</b>	<b>91.822,77</b>		<b>56.451.968,11</b>

TANGIBLE FIXED ASSETS	LAND AND NATURAL RESOURCES	BUILDINGS AND OTHER CONSTRUCTIONS	BASIC EQUIPMENT	TRANSPORT EQUIPMENT
<b>Net value as at 01.01.2016</b>	<b>19.756.321,00</b>	<b>15.597.171,82</b>	<b>18.614.378,41</b>	<b>15.520,81</b>
<b>Gross assets</b>				
Balance at 01.01.2016	19.993.907,78	34.642.341,83	69.152.545,15	1.451.724,13
Movements in 2016				
Revaluations	13.316.600,00	-6.975.696,90		
Additions		30.536,79	115.532,27	
Write-offs/sales		-507,42	-17.619,68	
Adjustments and Transfers		3.845,84	232.129,52	
Balance at 31.12.2016	33.310.507,78	27.700.520,14	69.482.587,26	1.451.724,13
<b>Accumulated depreciation</b>				
Balance at 01.01.2016		-18.820.663,33	-50.538.166,74	-1.436.203,32
Movements in 2016				
Depreciation and amortisation costs		-1.353.229,52	-2.563.448,41	-10.175,89
Revaluations		2.873.350,03		
Write-offs/sales		507,42	17.619,68	
Adjustments and Transfers				
Balance at 31.12.2016		-17.300.035,40	-53.083.995,47	-1.446.379,21
<b>Accumulated impairment losses</b>				
Balance at 01.01.2016	-237.586,78	-224.506,68		
Transfers				
Impairment losses	-298.593,00	-1.467.301,83		
Reversals		133.804,36		
Balance at 31.12.2016	-536.179,78	-1.558.004,15		
<b>Net value as at 31.12.2016</b>	<b>32.774.328,00</b>	<b>8.842.480,59</b>	<b>16.398.591,79</b>	<b>5.344,92</b>

The "Additions" row includes €12,497.62 of work for the company itself: €510.27 for buildings and other constructions and €11,987.35 for assets in progress.

OFFICE EQUIPMENT	OTHER TANGIBLE FIXED ASSETS	TANGIBLE ASSETS IN PROGRESS	ADVANCES ON ACCOUNT FOR TANGIBLE ASSETS	TOTAL TANGIBLE FIXED ASSETS
<b>321.205,93</b>	<b>1.105.000,29</b>	<b>415.397,77</b>		<b>55.824.996,03</b>
4.236.439,10	1.859.999,19	415.397,77		131.752.354,95
123.078,61		100.519,97		6.340.903,10
-37.043,81				369.667,64
		-235.975,36		-55.170,91
4.322.473,90	1.859.999,19	279.942,38		138.407.754,78
-3.915.233,17	-754.998,90			-75.465.265,46
-78.930,27	-2.576,54			-4.008.360,63
36.747,04				2.873.350,03
-3.957.416,40	-757.575,44			54.874,14
				-76.545.401,92
				-462.093,46
				-1.765.894,83
				133.804,36
				-2.094.183,93
<b>365.057,50</b>	<b>1.102.423,75</b>	<b>279.942,38</b>		<b>59.768.168,93</b>

At 31 December 2016, the company Sociedade de Transportes Colectivos do Porto, S.A. requested an independent external valuation (Basis of Value – Peritos Avaliadores de Imóveis, Lda) of its land and buildings (all of them located in Greater Porto) classified as tangible fixed assets, and revalued them.

The work consisted in determining the Fair Value of the buildings and land, for accounting purposes, while complying with the requirements of accounting and financial reporting standard (NCRF) no. 7 and the terms of reference provided by the company. The reference date of the valuation is 31 December 2016.

In this valuation, the Fair Value was calculated using the Market Method and the Income Method, taking into account current amounts for uses which were similar and comparable to the use in question, in compliance with the stipulations of NCRF 7.

The "Fair Value" may be defined as "The amount for which an asset could be exchanged (...), between knowledgeable and willing parties, in an arm's length transaction". The Fair Value is the "Market Value" determined by qualified valuation experts.

Under certain circumstances, in particular because of the specialised nature of the property and if it is rarely sold except as part of a continuing business, the "Fair Value" may be assigned by using an "income" or "Depreciated Replacement Cost" approach.

It should be highlighted that this valuation process did not take into account any constraints of a commercial nature or relating to economic obsolescence in the business or activities to be carried out at the facilities; the properties were valued as they were, taking into account their maximum and best use (alternative use).

The valuation assumptions used to determine the fair value were as follows:

- › The valuation work was based on inspections, that is, visual checks, which were performed inside and outside all the properties.
- › Information about the surroundings and the local property market was collected, and a survey was carried out on current market values for similar and comparable properties.
- › When obtaining the value of each property, the main determining factors, such as location, access, current size, features and current state, were taken into account.

› Market values for properties with similar potential uses and locations were also used as a reference.

› The land and construction areas were obtained using information supplied by the company, which is deemed to be accurate.

› It was assumed that all the buildings are legal and licenced, free of encumbrances and charges, apart from those contained in existing leases.

› The valuation of the infrastructure associated with each property – pavements, water distribution and supply networks, wastewater and rainwater drainage networks, electricity distribution grid, etc. – was taken into account and included in the valuation of each property.

If the "land and natural resources" and "buildings and other constructions" were recognised in accordance with the cost model, the carrying amounts would be:

CAPTION	2017	2016
Land and natural resources	2.175.113,03	2.231.169,62
Buildings and other constructions	5.934.804,17	6.230.801,56
	<b>8.109.917,20</b>	<b>8.461.971,18</b>

Restrictions on ownership of assets or fixed assets pledged as security for liabilities were not disclosed, given that there are none.

Movements in the 2017 and 2016 financial years in tangible assets in progress:

	BALANCE AT 01.01.2017	ACQUISITIONS	ADJUSTMENTS AND TRANSFERS	WRITE-OFFS/ DISPOSALS	BALANCE AT 31.12.2017
Buildings and other constructions	11.175,13		-11.175,13		
Basic equipment	212.197,04	91.822,77	-212.197,04		91.822,77
Office equipment	56.570,21		-56.570,21		
	<b>279.942,38</b>	<b>91.822,77</b>	<b>-279.942,38</b>		<b>91.822,77</b>

	BALANCE AT 01.01.2016	ACQUISITIONS	ADJUSTMENTS AND TRANSFERS	WRITE-OFFS/ DISPOSALS	BALANCE AT 31.12.2016
Buildings and other constructions	3.845,84	11.175,13	-3.845,84		11.175,13
Basic equipment	411.551,93	32.774,63	-232.129,52		212.197,04
Office equipment		56.570,21			56.570,21
	<b>415.397,77</b>	<b>100.519,97</b>	<b>-235.975,36</b>		<b>279.942,38</b>

There were no movements in advances for tangible fixed assets in the 2017 and 2016 financial years.

In the year 2017 contractual commitments were made for the acquisition of tangible fixed assets in the amount of about forty-four million Euros.

## 10. Non-current assets held for sale and discontinued operations

The company has no such assets.

## 11. Leasing

### 11.1. Finance leases – lessees

In the 2017 and 2016 financial years, the amount of finance lease rentals paid by the company was €2,131,191.84 (includes €62,969.14 in interest) and €2,960,851.22 (includes €109,714.86 in interest), respectively.

On 31 December 2017 and 2016, the value of the liabilities that the company had in relation to finance lease rentals, as a lessee, was €4,966,471.34 and €6,915,545.32, respectively (with VAT included when it is not deductible), due in the coming financial years as shown in the table below:

YEARS	2017			2016		
	DISCOUNTED VALUE MINIMUM PAYMENTS	INTEREST	TOTAL	DISCOUNTED VALUE MINIMUM PAYMENTS	INTEREST	TOTAL
2017				1.890.420,82	56.299,76	1.946.720,57
2018	1.908.654,31	37.145,85	1.945.800,16	1.908.439,15	38.281,42	1.946.720,57
2019	1.926.307,41	19.492,75	1.945.800,16	1.926.629,22	20.091,35	1.946.720,57
2020	1.071.593,01	3.278,01	1.074.871,02	1.072.004,56	3.379,04	1.075.383,61
<b>Total</b>	<b>4.906.554,73</b>	<b>59.916,61</b>	<b>4.966.471,34</b>	<b>6.797.493,75</b>	<b>118.051,58</b>	<b>6.915.545,32</b>

On 31 December 2017 and 2016, the net carrying amount for each category of asset under a finance lease was as follows:

DESCRIPTION	2017			2016		
	ACQUISITION VALUE	ACCUMULATED DEPRECIATION/ IMPAIRMENT LOSSES	NET VALUE	ACQUISITION VALUE	ACCUMULATED DEPRECIATION/ IMPAIRMENT LOSSES	NET VALUE
<b>Tangible fixed assets</b>						
Basic equipment	22.235.500,00	16.079.901,91	6.155.598,09	22.235.500,00	14.920.667,59	7.314.832,41
<b>Total</b>	<b>22.235.500,00</b>	<b>16.079.901,91</b>	<b>6.155.598,09</b>	<b>22.235.500,00</b>	<b>14.920.667,59</b>	<b>7.314.832,41</b>

## 11.2. Operating lease

In the 2017 and 2016 financial years, rental expenses under operating leases were recognised in the amounts of €21,489.76 and €15,751.46, respectively.

The rents for operating lease contracts (with services included), as of 31 December 2017, show the following earnings:

YEARS	2017	2016
2017		28.468,12
2018	30.108,42	21.440,69
2019	27.886,97	21.440,69
2020	25.453,82	19.007,54
2021	17.871,90	12.500,00
<b>Total</b>	<b>101.321,11</b>	<b>102.857,04</b>

## 12. Borrowing costs

Financial charges relating to loans obtained are generally recognised as costs in accordance with the principle of accrual-based accounting, and the effective interest rates are used.

Interest and similar expenses incurred and recognised in the 2017 and 2016 financial years:

	2017	2016
<b>Interest on loans</b>	<b>4.188.984,29</b>	<b>5.024.950,63</b>
Credit institutions and financial institutions interest	55.081,68	86.996,11
Interest on securities – bonds	3.185,00	
Interest on share capital	4.133.902,61	4.934.769,52
<b>Interest on other financial instruments</b>	<b>14.888.581,99</b>	<b>11.959.897,91</b>
<b>Other financing expenses and losses – relating to loans</b>	<b>208.686,89</b>	<b>209.320,63</b>
Expenses and discounts on the issuance of financing	4.279,06	4.283,70
Surety rate	202.777,78	203.333,34
Commission and other fees	1.630,05	1.703,59
<b>Interest and similar expenses obtained</b>	<b>19.286.253,17</b>	<b>17.194.169,17</b>
<b>Interest and similar expenses incurred in the profit and loss statement</b>	<b>19.286.253,17</b>	<b>17.194.169,17</b>

Interest and similar income gained, recognised in the 2017 and 2016 financial years:

	2017	2016
Other financing gains and income	9.293,89	
<b>Actual interest and similar income gained</b>	<b>9.293,89</b>	
<b>Gains on fair value – in financial instruments</b>	<b>15.150.186,73</b>	<b>2.736.321,37</b>
<b>Interest and similar income gained in the profit and loss statement</b>	<b>15.150.186,73</b>	<b>2.745.615,26</b>

The company did not capitalise financial charges in the cost of assets because it did not have any assets that qualified for this.

## 13. Investment properties

The company proceeded, on 31 December 2017 and 31 December 2016, to the application of fair value on the investment properties, which was determined through an evaluation undertaken by external specialized entities, independent and with recognized professional qualifications (Basis of Value – Peritos Avaliadores de Imóveis, Lda).

The work consisted in determining the Fair Value of the buildings and land, for accounting purposes, while complying

with the requirements of accounting and financial reporting standard (NCRF) no. 11 and the terms of reference provided by the company. The reference date of the valuation was 31 December 2017 and 31 December 2016, for the years 2017 and 2016 respectively.

The Fair Value to be determined for accounting purposes could be compared to the "Market Value" as defined in the Portuguese Accountancy Standardization System (SNC).

In this valuation, the Fair Value was calculated using the Market Method and the Income Method, taking into account current amounts for uses which were similar and comparable to the use in question, in compliance with the stipulations of NCRF 11.

The valuation assumptions used to determine the fair value were as follows:

- › The valuation work was based on inspections, that is, visual checks, which were performed inside and outside all the properties;
- › For all the properties, information about the surroundings and the local property market was collected, and a survey was carried out on current market values for similar and comparable properties;
- › When obtaining the value of each property, the main determining factors, such as location, access, current size, features and current state, were taken into account. Market values for properties with similar potential uses and locations were also used as a reference;
- › The land and construction areas were obtained using information supplied by the company, which is deemed to be accurate;
- › It was assumed that all the buildings are legal and licenced, free of encumbrances and charges, apart from those contained in existing leases.

The valuation took into account alternative use. The market value was determined on the basis that the property was free and available, and it corresponds to the property's value in alternative use.

According to the principle of best alternative use, the market value of the property is based on a profitability analysis of a development project consistent with the maximum and best use, or on a profitability analysis of existing development projects, if any. The best alternative use is defined as the probable and reasonable use that will generate the current highest value at the valuation date.

In this regard, market comparison criteria and income criteria were used to value the properties, in some cases with the direct capitalisation method and in others with the residual value method.

The fair value is defined in NCRF 11, paragraph 37, as "the amount for which the property could be exchanged between knowledgeable and willing parties, in an arm's length transaction". The requirements of NCRF 11 were therefore complied with when determining the market value of the properties.

Over the financial years ended 31 December 2017 and 2016, movements in the investment properties caption were as follows:

INVESTMENT PROPERTIES	2017			
	LAND AND NATURAL RESOURCES	BUILDINGS AND OTHER CONSTRUCTIONS	ADVANCE PAYMENTS OF OWN ACCORD INVESTMENT	TOTAL
<b>Balance at 01.01.2017</b>	<b>10.656.433,00</b>	<b>1.739.767,00</b>	<b>24.726,00</b>	<b>12.420.926,00</b>
Fair value variation against profit and loss	577.184,85	183.295,00		760.479,85
Fair value variation from revaluation surplus reversal		-737,03		-737,03
Transfers	43.335,28	160.664,73		204.000,01
Write-offs/Sale	-52.457,11			-52.457,11
<b>Balance at 31.12.2017</b>	<b>11.224.496,02</b>	<b>2.082.989,70</b>	<b>24.726,00</b>	<b>13.332.211,72</b>

INVESTMENT PROPERTIES	2016			
	LAND AND NATURAL RESOURCES	BUILDINGS AND OTHER CONSTRUCTIONS	ADVANCE PAYMENTS OF OWN ACCORD INVESTMENT	TOTAL
<b>Balance at 01.01.2016</b>	<b>12.088.640,00</b>	<b>4.520.460,00</b>	<b>24.726,00</b>	<b>16.633.826,00</b>
Fair value variation against profit and loss	-376.607,00	-814.778,16		-1.191.385,16
Fair value variation from revaluation surplus reversal	-704.200,00	-1.772.514,84		-2.476.714,84
Write-offs/Sale	-351.400,00	-193.400,00		-544.800,00
<b>Balance at 31.12.2016</b>	<b>10.656.433,00</b>	<b>1.739.767,00</b>	<b>24.726,00</b>	<b>12.420.926,00</b>

The company undertook no contractual obligations in relation to the construction, development, repair or maintenance of investment properties.

Over the 2017 and 2016 financial years, the following income and expenditure relating to investment properties was recognised:

INVESTMENT PROPERTIES	2017		2016	
	LEASED	FOR VALUATION	LEASED	FOR VALUATION
<b>Income</b>				
Income from Rentals	412.939,48		342.669,98	2.400,00
<b>Expenses</b>				
Direct costs	-49.909,98	-26.763,28	-117.098,16	-33.629,87
<b>Profit/loss</b>	<b>363.029,50</b>	<b>-26.763,28</b>	<b>225.571,82</b>	<b>-31.229,87</b>

#### 14. Impairment of tangible and intangible assets

Given that STCP is a company with exclusively public capital and provides a social transport service without any commercial motive, it should be financially compensated for the share of non-commercial service it is required to provide.

In this respect, the historical situation in which continuous losses were generated is not considered to reflect impairment, but rather a failure on the part of the State to comply fully with its obligation to finance the social activities it imposes upon STCP.

Any asset which shows signs of impairment, whether due to technical or material obsolescence, undergoes an impairment analysis and the associated losses are recognised.

In addition, it should be noted that in the 2017 and 2016 financial years, for the Buildings and Land category, market valuations performed by independent asset evaluators were obtained, and the corresponding impairment loss for said assets was recorded.

In 2017 and 2016, movements in impairment losses in tangible fixed assets were as follows:

	2017	2016
<b>Profit and Loss Statement – Tangible fixed assets impairment losses</b>		<b>1.632.090,47</b>
- Increases		1.765.894,83
- Reversals		-133.804,36
<b>Equity – revaluation surplus</b>		<b>4.736.124,02</b>
- Revaluation surplus reversal due to impairment losses in tangible fixed assets		4.736.124,02

A breakdown of accumulated impairment losses in tangible fixed assets, as at 31 December 2017 and 2016, is given in note 9.

## 15. Stakes in joint ventures and investments in associate companies and subsidiaries

### 15.1. Stakes in joint ventures

Not applicable.

### 15.2. Investments in associate companies and subsidiaries

Financial holdings in subsidiaries and associate companies, valued using the equity method, at 31 December 2017 and 2016:

YEAR OF 2017	ASSETS	LIABILITIES	EQUITY	INCOME	NET PROFIT	% HOLDING
<b>Subsidiary companies</b>						
STCP Serviços	49.060,74	5.597,22	43.463,52		-1.825,12	100,00%
<b>Associates</b>						
TIP, A.C.E.	16.247.289,78	15.176.849,41	1.070.440,37	7.404.127,38	709.598,79	33,33%
Transpublicidade, S.A.	1.038.673,06	495.124,96	543.548,10	987.903,36	25.851,59	20,00%

YEAR OF 2016	ASSETS	LIABILITIES	EQUITY	INCOME	NET PROFIT	% HOLDING
<b>Subsidiary companies</b>						
STCP Serviços	50.885,86	5.597,22	45.288,64		-2.150,49	100,00%
<b>Associates</b>						
TIP, A.C.E.	13.829.377,17	14.434.545,86	-605.168,69	6.531.991,59	1.187.338,95	33,33%
Transpublicidade, S.A.	765.447,22	247.750,71	517.696,51	610.152,77	-170.588,07	20,00%

Although provisional, the associate companies' and subsidiaries' financial statements at 31 December of each financial year were used.

In virtue of the portion of the company in the negative STCP Services results having exceeded the carrying amount

corresponding to the investment, the application of the equity method was interrupted in prior years.

TIP, A.C.E., for the first time since its establishment presented positive equity, so the equity application method was restarted for this subsidiary.

Movements in STCP's financial statements in relation to financial holdings in subsidiaries and associate companies in the 2017 and 2016 financial years:

	2017	2016
Financial holdings		
Initial balance	103.539,24	138.577,20
Adjustments – equity method	361.983,84	-35.037,96
Other changes		
Final balance	465.523,08	103.539,24
Impairment losses		
<b>Net assets</b>	<b>465.523,08</b>	<b>103.539,24</b>

## 16. Business combinations

Not applicable.

## 18. Exploration and assessment of mineral resources

Not applicable.

## 17. Investments in subsidiaries and consolidation

See note 15.2.

## 19. Agriculture

Not applicable.

## 20. Inventories

Inventories caption at 31 December 2017 and 2016:

	2017			2016		
	GROSS AMOUNT	IMPAIRMENT LOSSES	NET AMOUNT	GROSS AMOUNT	IMPAIRMENT LOSSES	NET AMOUNT
Raw and sub. materials and consumables	1.397.884,73	-925.108,25	472.776,48	1.427.362,80	-947.173,70	480.189,10
	<b>1.397.884,73</b>	<b>-925.108,25</b>	<b>472.776,48</b>	<b>1.427.362,80</b>	<b>-947.173,70</b>	<b>480.189,10</b>

Cost of raw materials, subsidiary materials and consumables in the 2017 and 2016 financial years:

	2017	2016
Initial Inventory	1.427.362,80	1.334.972,28
Procurement	1.112.035,33	1.300.373,55
Adjustments	39.477,26	46.935,85
Cost of consumed materials	-1.180.990,66	-1.254.918,88
Final inventory	1.397.884,73	1.427.362,80

In the 2017 and 2016 financial years, there were no movements in the caption "Changes in products and work in progress".

Changes in accumulated impairment losses in inventories, in the 2017 and 2016 financial years:

YEAR OF 2017	INITIAL BALANCE	INCREASES	REVERSALS	FINAL BALANCE
Raw and sub. materials and consumables	947.173,70		22.065,45	925.108,25

YEAR OF 2016	INITIAL BALANCE	INCREASES	REVERSALS	FINAL BALANCE
Raw and sub. materials and consumables	987.220,99		40.047,29	947.173,70

## 21. Construction contracts

Not applicable.

## 22. Revenue

Breakdown of revenue recognised at 31 December 2017 and 2016, all generated in national territory:

	2017	2016
<b>Service provision</b>	<b>45.645.941,55</b>	<b>42.797.253,96</b>
Public passenger transport (*)	45.548.713,86	42.715.055,51
Vehicle hire	101.938,76	91.609,39
Sales rebates	-4.711,07	-9.410,94
<b>Supplementary income</b>	<b>861.208,16</b>	<b>771.339,54</b>
Rental of equipment	2.050,00	6.190,00
Royalties	2.976,43	1.138,22
Other supplementary income	856.181,73	764.011,32
Maintenance services	64.805,89	66.922,91
Advertising	212.112,02	179.428,81
Employee assignments	100.671,13	56.466,70
Lease and space rental	269.836,27	229.405,77
Provision of consultancy and other services	22.264,95	46.631,50
Sales of scrap and other goods	26.226,47	26.998,76
Museum sales and services	100.993,54	94.764,68
Others	59.271,46	63.392,19
<b>Rents and other income from investment properties</b>	<b>412.939,48</b>	<b>345.069,98</b>
	<b>46.920.089,19</b>	<b>43.913.663,48</b>

(\*) Public subsidies are defined in Decree-Law no. 167/2008 of 26 August, which establishes two types of subsidy: compensatory payments and other types of subsidy.

Compensatory payments are payments made with funds from the State Budget to public and private entities, which aim to compensate the operating costs arising from the provision of services of general interest (Article 3 of Decree-Law no. 167/2008). The concept of general interest involves, among other things, the obligation to provide services which may be used by all and which are affordable to the majority of citizens (Article 4).

In addition, the abovementioned Decree-Law allows other types of subsidy under agreements or contracts with the State, but it excludes social subsidies granted to natural persons. However, the State is obliged to publish the amounts granted under such agreements or contracts signed with Entities.

STCP signed three agreements with the State which do not involve compensatory payments, given that the payments do not match the above definition of compensatory payment.

The purpose of these agreements is to ensure that services are provided at more affordable fares for individuals faced with certain social constraints. The State refunds STCP for part of the price discount applied to these fares, for which it is responsible.

The agreement for the implementation of the social fare in the Andante intermodal system was signed on 29 June 2006, the agreement for the 4\_18@escola.tp fare was signed on 29 January 2009 and the agreement for the sub23@superior.tp fare was signed on 1 September 2010.

In addition to these three agreements, and by virtue of Order no. 272/2011 of 23 September, the intermodal "Passe Social+" ticket was also created for individuals whose household income was demonstrably low.

The company recognises these subsidies, under these contracts relating to fares, in the caption "Revenue from sales and services provided – public passenger transport".

On 17 December 2014, an amendment to the agreement for the implementation of the social fare in the Andante intermodal system was signed, in order to change the State-funded portion of the discount applied to this fare from 40% to 68%, with effect from 1 February 2012.

## 23. Provisions, contingent assets and liabilities

The following provisions were created:

- › Ongoing legal proceedings: based on costs that the company may have to bear for pending Court proceedings at the end of each financial year, corresponding to the overall foreseeable value.
- › Occupational accidents and diseases: based on costs that STCP will have to bear in the future for pensions existing at 31 December 2017. Until February 1998, the company was self-insured for these accidents; however, there was no partial insurance for significant risks. From 1 March

1998, the company transferred its liability for accidents at work to an insurer, with a 30-day excess. From 1 March 2009, liability for accidents at work no longer included an excess.

› Other risks and charges: based on costs that STCP could be liable to bear for claims arising from accidents involving its fleet, where it is responsible, pending at 31 December 2017, and costs arising from other risks existing at the same date, in particular for addressing commitments undertaken at a loss in associate companies and other legal obligations.

Movements in provisions, in the years 2017 and 2016:

	2017		
	INITIAL BALANCE	INCREASES	REVERSALS
Ongoing legal proceedings	9.362.217,47	6.655.005,33	
Occupational accidents and diseases	443.744,79		13.411,55
Other provisions	2.997.643,52	2.081.855,38	1.615.060,66
	<b>12.803.605,78</b>	<b>8.736.860,71</b>	<b>1.628.472,21</b>
<b>(Increases) and decreases in provisions</b>			<b>7.108.388,50</b>

	2016		
	INITIAL BALANCE	INCREASES	REVERSALS
Ongoing legal proceedings	17.510.016,83		8.147.799,36
Occupational accidents and diseases	450.950,07		7.205,28
Other provisions	4.135.751,27	425.189,13	1.563.296,88
	<b>22.096.718,17</b>	<b>425.189,13</b>	<b>9.718.301,52</b>
<b>(Increases) and decreases in provisions</b>			<b>9.293.112,39</b>

At the end of 2016, the Settlement Agreement for the legal action brought by the Municipality of Porto, also against the Portuguese State, was signed and approved by the Court. This case related to a claim over the ownership of land and other fixed assets held by the company at the time when it became a joint-stock company with exclusively public capital in 1994, before which it was known as Serviço de Transportes Colectivos do Porto. At 31 December 2016, the decrease in the value of provisions for ongoing legal

proceedings was due essentially to the derecognition of the existing provision for this court case.

In May 2013, Banco Santander Totta, S.A. (BST) brought legal action against STCP and three other public passenger transport companies before the commercial court of London. These actions relate to nine interest rate swap contracts signed between 2005 and 2009, between BST and each of these public companies. One of these nine contracts is

signed with STCP. BST wants the English courts to declare that the said swap contracts are valid and binding for the public companies in question. On the other hand, the public companies want the contracts to be declared invalid, and the amounts paid to BST under said contracts to be reimbursed. On 4 March 2016, the commercial court of London ruled against the transport companies involved, and upheld the validity of the disputed contracts. This decision was appealed by the transport companies before the London Court of Appeal. On 13 December 2016, the Court of Appeal ruled against the transport companies; similarly to the court of first instance, it ruled that the contractual situation between the parties was international, thus rejecting the arguments of the transport companies.

On 2 May 2017, the Banco Santander Totta, S.A and the Transport Companies, with the assent of the Portuguese State, reached an agreement to end the legal proceedings initiated by the Banco with the Commercial Court of London (High Court of Justice), with the Transport Companies agreeing to comply with the swap contracts. Thus, and given that no additional payment beyond those occurring from the swap contract was necessary with the closing of this legal proceeding, they proceeded to the reversal of the provision made for this legal proceeding.

On 31 December 2017, the company has three pending legal proceedings whose values are materially relevant, with the created provision:

- › Case no. 1213/16.9 BELSB - Autor Alsa Ferrocarril, S.A., Nex Continental Holdings, SL, Alsa Atlântica, SL, Alsa Metropolitana do Porto, Lda, - claims compensation due to the annulment of the act awarding the sub-concession for the operation of STCP's transport system, and the sub-concession contract;
- › Procedure no. 1893/06.3 BEPRT -Autor Oliveira Fernandes e Ribeiro Lda.- requires that STCP refrains from operating lines 83 and 84, current 905 and 900, and claims losses;
- › Case no 1793/17.1 BELRA – Autor Molgás Energia Portugal, S.A. – requires the annulment of the illegal awarding act to Dourogás Natural, of the award given in the international public tendering process for the building,

operating and maintenance of a Liquefied Natural Gas filling station at the Via Norte Collection Station and the supplying of the liquefied natural gas for STCP's fleet, which culminated in the awarding to Dourogás Natural which was due to a violation in contest terms.

The company was ruled against in a legal decision whose value is materially significant, but which was not provisioned:

› Legal proceeding, initiated by ANTROP, against the Portuguese State and against STCP and Carris which demanded the annulment of the Council of Ministers' Resolution no. 52/2003 of 27 March, in which it awards to Carris and STCP compensatory allowances of, respectively, 40,916,478.00 Euros and 12,376,201.00. The decision of the Supreme Court of Justice, on 12 January 2012, was to annul that resolution. Thus, STCP's return of the compensatory allowances may be at stake. STCP has not provisioned any amounts for this case because it understands that the State is responsible for the matters in dispute. On the basis of the above, we are able to conclude that we have a contingent liability because the possibility of there being any future reimbursements is less than 50% and because it is not possible to estimate the amount of possible future reimbursements or when they will occur. It is therefore not possible to estimate their financial amount.

On 31 December 2017, the extension of the provision to other risks and charges is mainly due to the company's assumption of risk with legal responsibilities, existing at the end of the year, referring to past years, whose resource exit for obligation settlements is probable to occur in future years.

The reversal occurring in the provision for other risks and charges is due to the reversal of the provision made with the subsidiary TIP, A.C.E., who for the first time, presents positive equity, and a reversal of the provision for charges with accident claims.

## 24. Subsidies and other support from public entities

Most relevant movements in subsidies in the 2017 and 2016 financial years:

2017					
SUBSIDIES	AMOUNT RECEIVED IN THE YEAR	AMOUNT STILL TO BE RECEIVED IN THE YEAR	TOTAL AMOUNT AWARDED	REVENUE FOR THE PERIOD	ACCUMULATED REVENUE
<b>Operating subsidies</b>	<b>1.661.058,86</b>	<b>1.661.058,86</b>	<b>1.661.058,86</b>	<b>1.661.058,86</b>	<b>1.661.058,86</b>
Municipalities	1.661.058,86	1.661.058,86	1.661.058,86	1.661.058,86	1.661.058,86
<b>Subsidies related to assets</b>	<b>942.940,18</b>	<b>1.727,98</b>	<b>9.201.028,01</b>	<b>455.873,83</b>	<b>5.947.299,10</b>
<b>Tangible assets</b>	<b>935.561,50</b>	<b>1.084,46</b>	<b>9.084.221,87</b>	<b>452.891,89</b>	<b>5.852.490,09</b>
- Buildings and other constructions			716.865,73	22.122,62	296.669,44
- Basic equipment	931.183,00		8.087.407,59	406.524,43	5.404.995,56
- Office equipment			218.289,97	22.770,26	93.424,95
- Other tangible fixed assets	4.378,50	1.084,46	61.658,58	1.474,58	57.400,14
<b>Investment properties</b>			<b>33.141,16</b>		<b>17.556,95</b>
- Buildings			33.141,16		17.556,95
<b>Intangible assets</b>	<b>7.378,68</b>	<b>643,52</b>	<b>83.664,98</b>	<b>2.981,94</b>	<b>77.252,06</b>
- Software	7.378,68	643,52	83.664,98	2.981,94	77.252,06
	<b>942.940,18</b>	<b>1.662.786,84</b>	<b>10.862.086,87</b>	<b>2.116.932,69</b>	<b>7.608.357,96</b>

2016					
SUBSIDIES	AMOUNT RECEIVED IN THE YEAR	AMOUNT STILL TO BE RECEIVED IN THE YEAR	TOTAL AMOUNT AWARDED	REVENUE FOR THE PERIOD	ACCUMULATED REVENUE
<b>Subsidies related to assets</b>	<b>1.044.509,94</b>	<b>11.757,18</b>	<b>8.264.126,33</b>	<b>350.794,20</b>	<b>5.491.466,54</b>
<b>Tangible assets</b>	<b>1.044.509,94</b>	<b>4.378,50</b>	<b>8.150.935,07</b>	<b>341.034,36</b>	<b>5.399.639,47</b>
- Buildings and other constructions	28.679,37		716.865,73	25.394,80	274.546,82
- Basic equipment	1.015.830,57		7.084.722,54	292.043,00	4.998.471,13
- Office equipment			218.331,24	22.806,01	70.695,96
- Other tangible fixed assets		4.378,50	59.513,51	790,55	55.925,56
<b>Investment properties</b>			71.502,05		
- Buildings			<b>33.141,16</b>	<b>8.161,14</b>	<b>17.556,95</b>
<b>Intangible assets</b>			33.141,16	8.161,14	17.556,95
- Software		<b>7.378,68</b>	<b>80.050,10</b>	<b>1.598,70</b>	<b>74.270,12</b>
- Programas de computador		7.378,68	80.050,10	1.598,70	74.270,12
	<b>1.044.509,94</b>	<b>11.757,18</b>	<b>8.264.126,33</b>	<b>350.794,20</b>	<b>5.491.466,54</b>

## 25. Effects of exchange rate changes

There were transactions in pounds sterling during the 2017 and 2016 financial years, but the amounts were insignificant.

## 26. Events after the balance sheet date

Nothing to report.

## 27. Income tax

The company is subject to the general Corporate Income Tax (IRC) regime. Given its loss-making situation, it only bears the costs arising from autonomous taxation and fulfils its obligation to make special payments on account.

Given the above, no deferred tax assets or liabilities were recognised, given that the company is not expected to be able to deduct tax losses reportable to date from future taxable profits.

At 31 December 2017, reportable tax losses amounted to €73,915,966.19, as broken down below:

YEARS	TAX LOSSES
2012	26.091.197,23
2013	7.178.252,27
2014	9.563.588,84
2015	15.624.481,05
2016	15.458.446,80
	<b>73.915.966,19</b>

## 28. Environmental issues

We have no relevant information to report in the 2017 and 2016 financial years.

## 29. Financial instruments

### 29.1. Identification of financial assets and liabilities

Categories of financial assets and liabilities, at 31 December 2017 and 2016:

FINANCIAL ASSETS – YEAR 2017	LOANS GRANTED AND RECEIVABLES	AVAILABLE FOR SALE	NOT COVERED BY IFRS7 (*)	TOTAL
<b>Non-current assets</b>	<b>91.822,63</b>			<b>91.822,63</b>
Other financial investments	91.822,63			91.822,63
<b>Current assets</b>	<b>8.522.805,43</b>		<b>1.061.925,47</b>	<b>9.584.730,90</b>
Clients	3.251.009,93			3.251.009,93
Other receivables	1.812.811,96		1.061.925,47	2.874.737,43
Cash and bank deposits	3.458.983,54			3.458.983,54
	<b>8.614.628,06</b>		<b>1.061.925,47</b>	<b>9.676.553,53</b>

(\*) "Debtors on income accruals" caption

FINANCIAL LIABILITIES – YEAR 2017	FINANCIAL LIABILITIES AT AMORTISED COST	FINANCIAL LIABILITIES VALUED AT FAIR VALUE THROUGH PROFIT AND LOSS	NOT COVERED BY IFRS7 (*)	TOTAL
<b>Non-current liabilities:</b>	<b>276.330.596,67</b>	<b>97.352.447,18</b>		<b>373.683.043,85</b>
Loans obtained	276.330.596,67			276.330.596,67
Other financial liabilities		97.352.447,18		97.352.447,18
<b>Current liabilities</b>	<b>56.454.369,30</b>	<b>30.869.687,70</b>	<b>5.709.567,97</b>	<b>93.033.624,97</b>
Suppliers	1.135.513,99			1.135.513,99
Loans obtained	54.614.375,63			54.614.375,63
Other debts payable	704.479,68		5.709.567,97	6.414.047,65
Other financial liabilities		30.869.687,70		30.869.687,70
	<b>332.784.965,97</b>	<b>128.222.134,88</b>	<b>5.709.567,97</b>	<b>466.716.668,82</b>

(\*) "Creditors on expense accruals" caption

FINANCIAL ASSETS – YEAR 2016	LOANS GRANTED AND RECEIVABLES	AVAILABLE FOR SALE	NOT COVERED BY IFRS7 (*)	TOTAL
<b>Non-current assets</b>	<b>79.773,66</b>			<b>79.773,66</b>
Other financial investments	79.773,66			79.773,66
<b>Current assets</b>	<b>7.878.573,72</b>		<b>1.706.118,60</b>	<b>9.584.692,32</b>
Clients	2.846.672,18			2.846.672,18
Other receivables	2.146.888,84		1.706.118,60	3.853.007,44
Cash and bank deposits	2.885.012,70			2.885.012,70
	<b>7.958.347,38</b>		<b>1.706.118,60</b>	<b>9.664.465,98</b>

(\*) "Debtors on income accruals" caption

FINANCIAL LIABILITIES – YEAR 2016	FINANCIAL LIABILITIES AT AMORTISED COST	FINANCIAL LIABILITIES VALUED AT FAIR VALUE THROUGH PROFIT AND LOSS	NOT COVERED BY IFRS7 (*)	TOTAL
<b>Non-current liabilities:</b>	<b>315.820.201,47</b>	<b>112.502.633,91</b>		<b>428.322.835,38</b>
Loans obtained	315.820.201,47			315.820.201,47
Other financial liabilities		112.502.633,91		112.502.633,91
<b>Current liabilities</b>	<b>67.776.076,84</b>	<b>30.658.392,17</b>	<b>4.920.367,77</b>	<b>103.354.836,78</b>
Suppliers	2.417.412,53			2.417.412,53
Loans obtained	54.504.490,20			54.504.490,20
Other debts payable	10.854.174,11		4.920.367,77	15.774.541,88
Other financial liabilities		30.658.392,17		30.658.392,17
	<b>383.596.278,31</b>	<b>143.161.026,08</b>	<b>4.920.367,77</b>	<b>531.677.672,16</b>

(\*) "Creditors on expense accruals" caption

In 2017 and 2016, STCP only had financial assets and liabilities classified as:

- › Loans granted and receivables;
- › Available for sale;
- › Financial liabilities valued at amortised cost;
- › Financial liabilities valued at fair value through profit and loss.

According to point 29 of IFRS7, sub-paragraph a), when the carrying amount is a reasonable approximation of the fair value, for example for financial instruments such as

short-term trade receivables or payables, it is not necessary to disclose their fair value. In 2017 and 2016, this situation applied to the captions "Customers", "Other receivables", "Cash and bank deposits" and "Other debts payable".

The caption "Financial holdings under the cost method" is measured at cost, and relates to a holding in a company which is not listed on an active market and the fair value of which can therefore not be reliably measured. Accordingly, we have not disclosed it.

Lastly, derivative financial instruments included in the caption "Other financial liabilities" are carried at fair value.

### 29.1.1. Loans obtained

Breakdown of loans at 31 December 2017 and 2016:

LOANS OBTAINED	YEAR OF 2017		
	TOTAL	CURRENT	NON-CURRENT
<b>Credit institutions and financial companies</b>	<b>4.912.070,95</b>	<b>1.914.170,53</b>	<b>2.997.900,42</b>
Finance leases	4.906.554,73	1.908.654,31	2.997.900,42
Credit card	5.516,22	5.516,22	
<b>Securities market</b>	<b>100.097.265,08</b>	<b>111.845,74</b>	<b>99.985.419,34</b>
Loans Non-convertible debenture	100.097.265,08	111.845,74	99.985.419,34
Debenture Debenture 07	100.097.265,08	111.845,74	99.985.419,34
<b>Equity stakeholders</b>	<b>225.935.636,27</b>	<b>52.588.359,36</b>	<b>173.347.276,91</b>
Parent company – loans and other	225.935.636,27	52.588.359,36	173.347.276,91
	<b>330.944.972,30</b>	<b>54.614.375,63</b>	<b>276.330.596,67</b>

LOANS OBTAINED	YEAR OF 2016		
	TOTAL	CURRENT	NON-CURRENT
<b>Credit institutions and financial companies</b>	<b>6.802.901,51</b>	<b>1.895.828,58</b>	<b>4.907.072,93</b>
Finance leases	6.797.493,75	1.890.420,82	4.907.072,93
Credit card	5.407,76	5.407,76	
<b>Securities market</b>	<b>99.991.319,35</b>	<b>10.169,09</b>	<b>99.981.150,26</b>
Loans Non-convertible debenture	99.991.319,35	10.169,09	99.981.150,26
Debenture Debenture 07	99.991.319,35	10.169,09	99.981.150,26
<b>Equity stakeholders</b>	<b>263.530.470,81</b>	<b>52.598.492,53</b>	<b>210.931.978,28</b>
Parent company – loans and other	263.530.470,81	52.598.492,53	210.931.978,28
	<b>370.324.691,67</b>	<b>54.504.490,20</b>	<b>315.820.201,47</b>

All loans are denominated in Euros.

YEAR OF 2017		
NOMINAL AMOUNT		
TOTAL	CURRENT	NON-CURRENT
<b>4.912.070,95</b>	<b>1.914.170,53</b>	<b>2.997.900,42</b>
4.906.554,73	1.908.654,31	2.997.900,42
5.516,22	5.516,22	
<b>100.000.000,00</b>		<b>100.000.000,00</b>
100.000.000,00		100.000.000,00
100.000.000,00		100.000.000,00
<b>225.575.347,55</b>	<b>52.228.070,64</b>	<b>173.347.276,91</b>
225.575.347,55	52.228.070,64	173.347.276,91
<b>330.487.418,50</b>	<b>54.142.241,17</b>	<b>276.345.177,33</b>

YEAR OF 2016		
NOMINAL AMOUNT		
TOTAL	CURRENT	NON-CURRENT
<b>6.802.901,51</b>	<b>1.895.828,58</b>	<b>4.907.072,93</b>
6.797.493,75	1.890.420,82	4.907.072,93
5.407,76	5.407,76	
<b>100.000.000,00</b>		<b>100.000.000,00</b>
100.000.000,00		100.000.000,00
100.000.000,00		100.000.000,00
<b>263.160.048,92</b>	<b>52.228.070,64</b>	<b>210.931.978,28</b>
263.160.048,92	52.228.070,64	210.931.978,28
<b>369.962.950,43</b>	<b>54.123.899,22</b>	<b>315.839.051,21</b>

### 29.1.1.1. Non-current

At 31 December 2017, existing non-current loans were as follows:

› In June 2007, a debenture loan of €100 million was issued for 15 years. The subscription was private and direct. The rate is variable, indexed to 6 month Euribor. A total or partial call option is available from the 5th year. Bonds were admitted to trading on a regulated market at the beginning of the year 2011. It has the Guarantee of the Portuguese State. Under the Guarantee contract, the Portuguese Republic unconditionally and irrevocably guarantees the payment of the amounts corresponding to the capital and interests payable under the terms and conditions of the contracts.

› In October 2014, the Portuguese State granted STCP an intracompany loan of €301,250,248.72 aimed at meeting this company's financing needs during the period from October to December 2014. The loan bears fixed-rate interest, biannually, and will be repaid in twelve successive, equal instalments of principal, beginning in May 2016 and ending in 30 November 2021. The intracompany principal was provided in three tranches:

1. €122,166,600 on 6 October 2014;
2. €177,083,648.72 on 27 November 2014;
3. €2,000,000 on 15 December 2014.

› Order of the Secretariat of State for the Treasury no. 629/15-SET, of 4 May, and of the Secretariat of Infrastructure, Transport and Communications, of 15 May 2015, approved the granting of a medium-/long-term loan to address the operating needs for the second quarter of 2015, in the amount of €4,540,000. The loan was provided in phases in the following amounts and on the following dates:

1. 1,875,000 euros on 22 May 2015;
2. 1,511,000 euros on the same date, 22 May;
3. 1,154,000 euros on 16 June 2015.

› Order of the Secretariat of State for the Treasury no. 1220/15-SET, of 4 August, and of the Secretariat of Infrastructure, Transport and Communications, of 16 September 2015, approved the granting of a second medium- and long-term loan of €3,178,175, the borrowing of which was also authorised, to address the operating needs for the third quarter of 2015:

1. 1,472,710 euros on 30 September 2015;

2. 1,705,465 euros on the same date, 30 September.

› Order of the Secretariat of State for the Treasury no. 1900/15-SET, of 19 November approved the granting of a third medium-and long-term loan of €4,400,000 to fund part of the company's operation in the fourth quarter of 2015. The funds were provided in one single tranche on 26 November 2015.

› Order of the Secretariat of State for the Treasury no. 340/17-SET, of 31 May, approved the granting of the first medium-and long-term loan, by the shareholder, of up to 14,643,369.27 Euros, to fund part of the company, associated to the flows to be earned in 2017, STCP's swap, whose payment is foreseen in no. 2 of clause 3 of the Agreement signed between the Portuguese State, the Transport Companies, and the Banco Santander Totta, S.A., on 2 May 2017. The company's respective borrowing was authorized by the mentioned Order and by the Order of Deputy Secretary of State for the Environment, on 1 June 2017. The intracompany principal was provided in two tranches:

1. 6,947,865.80 Euros on 1 June 2017;
2. 7,695,503.47 Euros on 27 November 2017.

› Order of the Secretariat of State for the Treasury no. 1140/17-SET, of 15 December, approved the granting of a 2nd medium-and long-term loan to Sociedade de Transportes Coletivos do Porto, S.A, in 2017, of up to 29,666,503.73 EUR to fund the company until 31 January 2018, corresponding to the earnings that were suspended, since December 2013, from the swap contract with Banco Santander Totta. The company's respective borrowing was authorized by the mentioned Order and by the Order of Deputy Secretary of State for the Environment, on 19 December 2017, with the amount allowed given only during the month of January 2018.

At 31 December 2017, the company had not defaulted on any of the loans borrowed.

### 29.1.1.2. Current

The company has a credit card for the exclusive purpose of paying current cash expenses on time. Its debit balance at 31 December 2017 was €5,516.22.

The credit card is configured for the solution offered by the Treasury and Public Debt Management Agency (IGCP), E.P.E., as an alternative to using a multi-bank card.

### 29.1.2. Other financial investments/assets

#### 29.1.2.1. Non-current

The caption "Other financial investments" at 31 December 2017 and 2016 can be broken down as follows:

OTHER FINANCIAL INVESTMENTS	2017	2016
Financial holdings in other companies	25.000,00	25.000,00
Loans granted to subsidiary companies	1.400.000,00	1.400.000,00
Work compensation fund	23.359,11	9.485,02
<b>Gross amount</b>	<b>1.448.359,11</b>	<b>1.434.485,02</b>
Accumulated impairment losses	-1.356.536,48	-1.354.711,36
<b>Carrying amount</b>	<b>91.822,63</b>	<b>79.773,66</b>
<b>Impairment of investments not depreciable/amortisable (losses/reversals)</b>	<b>-1.825,12</b>	<b>-2.150,49</b>

Financial holdings in other companies are recorded at cost because they are not listed on an active market, and therefore their fair value cannot be reliably measured.

There were no movements in these holdings, as shown in the table below, and the carrying amount relates only to the holding in OPT, given that the holding in Metro do Porto is nil (it was valued using the equity method until 2007 – the holding until this date was 25% – and has negative equity):

	2017	2016		
	FAIR VALUE	AT COST	FAIR VALUE	AT COST
Financial holdings:				
Initial balance	25.000,00		25.000,00	
Final balance	25.000,00		25.000,00	
Impairment losses				
<b>Net assets</b>	<b>25.000,00</b>		<b>25.000,00</b>	

The caption "Loans granted to subsidiary companies" is impaired given the loss-making situation of the subsidiary's equity.

#### 29.1.2.2. Current

Nothing to report.

### 29.1.3. Other financial liabilities

On 31 December 2017 and 2016, the fair value of these derivative financial instruments (adding, on the current component, the accrued and unpaid interest in the amount of 29,666,505.71 Euros, both in 2016 and 2017) was the following:

2017					
HEDGED FINANCING	NOTIONAL VALUE	MATURITY	FAIR VALUE	CURRENT	NON-CURRENT
Debenture 2007	25.000.000	5-jun-22	-128.222.134,88	-30.869.687,70	-97.352.447,18
<b>Other financial liabilities</b>			<b>-128.222.134,88</b>	<b>-30.869.687,70</b>	<b>-97.352.447,18</b>

2016					
HEDGED FINANCING	NOTIONAL VALUE	MATURITY	FAIR VALUE	CURRENT	NON-CURRENT
Debenture 2007	25.000.000	5-jun-22	-143.161.026,08	-30.658.392,17	-112.502.633,91
<b>Other financial liabilities</b>			<b>-143.161.026,08</b>	<b>-30.658.392,17</b>	<b>-112.502.633,91</b>

At 31 December 2017, the company held in its portfolio an interest rate risk hedging instrument that replicates 25% of the nominal value of the debenture loan issued in the same year. This instrument matures in 2022.

The above mentioned instrument was the subject of a legal action brought by the Credit Institution before the English Commercial Court, in which an assessment of the contract's validity was requested. The company challenged the action and argued for it to be dismissed. Based on the legal grounds of contract nullity, STCP had untied itself from compliance with the obligations in it. Pending the dispute, STCP has informed the Institution of the suspension of the coupon payments since 5 December 2013, as well as any other allegedly under the contract of the same operation.

In the year 2017, the Board of Directors approved the terms of a contract signed between the Portuguese State and the Banco Santander Totta, S.A., also encompassing the Public Transport Companies involved, which put an end to the legal action filed by that Bank in the Commercial Court of London, an agreement signed on 2 May 2017 and conducted by the Financial Authority Responsible on behalf of the four involved public transport companies, on the terms of which the Portuguese State, the Banco Santander Totta, S.A., and the Public Transportation Companies with signed interest rate financial risk management contracts, if they commit to comply with the contracts and payment obligations due from them, and meet, until 31 January 2018, the due payment obligations under said contracts.

Breakdown of fair value changes in 2017 and 2016:

HEDGED FINANCING	NOTIONAL VALUE	MATURITY	2017	2016
Debenture 2007	25.000.000	5-jun-22	15.150.186,73	2.736.321,37
			<b>15.150.186,73</b>	<b>2.736.321,37</b>

On 31 December 2017, the fair value of the derivative financial instrument was determined by the Banco Santander Totta, and on 31 December 2016, by the Treasury and Public Debt Management Agency (IGCP, E.P.E.).

Although these derivative instruments were contracted as part of an interest rate risk hedging policy, not all of the conditions necessary for the operations to be considered hedge accounting have been met.

Thus, fair value changes that occurred in the 2017 and 2016 financial years were recognised directly in profit and loss, under the captions "Gains on fair value in financial instruments"/"Losses on fair value in financial instruments" (note 12), in the profit and loss statement by nature under the caption "Interest and similar income received/gained".

## 29.2. Financial risk management

The Company is exposed to financial risks, essentially to the risk of changes in the market interest rate.

### 29.2.1. Exchange rate risk

Owing to its nature, the company is less exposed to the exchange rate risk, since financial operations are denominated in Euros and the acquisition of goods and services in other currencies is uncommon.

### 29.2.2. Liquidity risk

It is of primary importance for the company to manage liquidity risk since it generates an insufficient cash flow for its activity.

Since 2014, the financing model has been supported by funds from the Shareholder, which are provided at the request of the company in order to ensure it has sufficient liquidity to run smoothly. Requests are justified using provisional financial statements.

### 29.2.3. Credit risk

The aim of the policy for managing the company's credit risk is to ensure that the credit claim granted for its core business and subsidiary activities is covered, while strictly complying with the agreed conditions.

In order to mitigate this risk the company analyses and monitors the credit portfolio granted, implementing procedures which aim to limit defaulting situations.

Breakdown of the caption "Customers", according to due date and recoverability:

	2017	2016
<b>Without recorded impairment</b>		
<b>Customers current account</b>	<b>3.251.009,93</b>	<b>2.846.672,18</b>
<b>Not due</b>	<b>11.560,36</b>	<b>25.468,48</b>
<b>Past due</b>	<b>3.239.449,57</b>	<b>2.821.203,70</b>
<30 days	3.149.359,82	2.791.385,81
<60 days	75.346,70	1.985,45
<90 days	2.512,20	2.910,66
<120 days	2.580,00	876,2
>=180 days	9.650,85	24.045,58
<b>With impairments</b>		
<b>Customers current account</b>	<b>13.572,91</b>	<b>14.127,91</b>
<b>Past due</b>	<b>13.572,91</b>	<b>14.127,91</b>
>=180 days	13.572,91	14.127,91

Breakdown of the caption "Other debtors", according to due date and recoverability:

	2017	2016
<b>Without recorded impairment</b>		
<b>Other debtors</b>	<b>1.535.293,94</b>	<b>1.886.850,29</b>
<b>Not due</b>	<b>114.828,63</b>	<b>686.827,63</b>
<b>Past due</b>	<b>1.376.866,60</b>	<b>1.156.423,95</b>
<30 days	1.287.557,43	147.667,14
<60 days	16.705,03	27.900,24
<90 days	3.211,61	12.689,24
<120 days	9.298,98	1.424,32
<180 days	13.257,77	8.766,04
>=180 days	46.835,78	957.976,97
<b>Deposits and securities paid</b>	<b>43.598,71</b>	<b>43.598,71</b>
<b>With impairments</b>		
<b>Other debtors</b>	<b>25.081,18</b>	<b>25.081,18</b>
<b>Past due</b>	<b>25.081,18</b>	<b>25.081,18</b>
>=180 dias	25.081,18	25.081,18

The uncollectability risk was analysed, and in 2017 impairments worth €555 were reverted to customer debts.

Accordingly, on 31 December 2017, impairments of customers and other debtors amounted to €38,654.09, reflecting the actual uncollectability risk assumed.

#### 29.2.4. Interest rate risk

The borrowed loans earn fixed and variable interest.

The contracted derivative financial instrument aims to reduce exposure to the interest rate risk.

Medium- and long-term loans borrowed by STCP are essentially exposed to 3-month Euribor changes, for finance leases, and 6-month Euribor for the existing debenture loan.

On 31 December 2017, STCP had no short-term financing operations, except the credit card, which is not exposed to interest rate risk.

#### Sensitivity analysis

A sensitivity analysis was carried out for a 0.5% increase in the interest rates of the debenture loan of €100 million and finance lease operations, from which it was estimated that in 2018 rents and charges would increase by €138,000 in relation to the debt service at 31 December 2017.

Future cash flow liabilities relating to non-current loans are as follows:

YEARS	INTEREST	REPAYMENT	CASH FLOW
2018	3.290.143,17	52.228.070,62	55.518.213,79
2019	2.574.279,68	54.668.632,17	57.242.911,85
2020	1.869.677,16	54.668.632,17	56.538.309,33
2021	1.234.829,27	54.668.632,17	55.903.461,44
2022	456.524,68	104.460.257,38	104.916.782,06
2023	44.847,53	2.440.561,55	2.485.409,08
2024	19.280,58	2.440.561,55	2.459.842,13

### 29.2.5. Covenants

When contracting financial operations the company endeavours to accept as few contractual restrictions as possible, particularly in relation to the free availability of its equity and the ownership of its capital. The company has a policy of only negotiating and accepting contractual clauses that correspond to the market standard, which is limited to its bargaining power at all times.

The majority of the existing financing contracts have a set of standard covenants in their clauses that provide for situations commonly known as default, cross default, negative pledge, and *pari passu*, which are agreed and accepted by the counterparties. It should also be mentioned that there are clauses on the Portuguese State's ownership.

Most of the agreed covenants do not have corresponding indicators, except the ownership clauses which oblige the Portuguese State to hold the company's capital in full, or in other cases most of the capital, that is more than 50%.

### 29.3. Expenses, income, losses and gains

Expenses and losses and gains and income relating to loans obtained and derivative financial instruments are detailed in note 12.

### 29.4. Equity instruments

#### 29.4.1. Equity capital

On 2 June 2017, by express will of the single shareholder the Portuguese State, by means of Written Unanimous Social Decision, it was decided to raise the company's Social Capital by 13,491,175 Euros, through the emission of 2,698,235 new shares, with the nominal value of 5 Euros each, subscribed by the single shareholder, and fully paid in cash on 5 June.

On 30 November 2017, by express will of the single shareholder the Portuguese State, by means of Written Unanimous Social Decision, it was decided to raise the company's Social Capital by 56,372,105 Euros, through the emission of 11,274,421 new shares, with the nominal value of 5 Euros each, subscribed by the single shareholder, and fully paid through credit conversion, held by the State/ Directorate General of Treasury and Finance, which fell due on 31 May and 30 November 2017.

On 31 December 2017, the social capital carrying amount issued by the company corresponded to the category Social capital, in the amount of 213,152,770 Euros, fully paid, and represented by 42,630,554 shares in a merely contractual form, with the nominal value of 5 Euros each, totally held by the Portuguese State, as, at that date, they were still awaiting the registry at the Commercial Registry of Coimbra for the last social capital increase.

The Group's social capital is held 100% by the Portuguese State.

## 29.4.2. Reserves

"Reserves" caption at 31 December 2017 and 2016:

RESERVES	2017	2016
<b>Legal reserves</b>	<b>74.907,42</b>	<b>74.907,42</b>
<b>Other reserves</b>	<b>25.727,80</b>	<b>25.727,80</b>
Other reserves – free reserves	25.256,95	25.256,95
Other reserves – staff support fund	470,85	470,85

## 29.4.3. Revaluation surplus

Movements in tangible and intangible fixed assets revaluation surplus, in 2017 and 2016:

TANGIBLE FIXED ASSETS	
<b>Balance at 01.01.2016</b>	<b>38.052.012,98</b>
Amortisation	-995.392,70
Write-offs	-243.058,77
Revaluation reversal (*)	-7.212.838,86
Revaluation increase	13.950.377,15
<b>Balance at 31.12.2016</b>	<b>43.551.099,80</b>
Amortisation	-762.369,05
Revaluation reversal (*)	-737,03
<b>Balance at 31.12.2017</b>	<b>42.787.993,72</b>

(\*) In 2017, the amount of €737.03 related to the reversal of investment property impairment losses which were carried over from tangible fixed assets with an established revaluation reserve. In 2016, this value was €2,476,714.84.

## 29.4.4. Adjustments/other changes in equity

Adjustments and other changes in equity at 31 December 2017 and 2016:

	2017	2016
<b>Adjustments in financial assets – equity method</b>	<b>249.940,86</b>	<b>129.660,33</b>
Transitional adjustments	-32.560,03	-32.560,03
Undistributed profits	162.220,36	162.220,36
Of other variations in subsidiaries own capitals	120.280,53	
<b>Other changes in equity</b>	<b>4.159.407,54</b>	<b>3.678.338,42</b>
Subsidies related to assets	3.253.728,91	2.772.659,79
Donations	281.048,63	281.048,63
Other changes in equity	624.630,00	624.630,00
<b>Adjustments/other changes in equity</b>	<b>4.409.348,40</b>	<b>3.807.998,75</b>

#### 29.4.5. Earnings per share

Earnings per share in 2017 and 2016:

	2017	2016
Net profit for the period	-14.910.937,48	-26.787.587,66
Weighted average no. of shares	31.189.582	18.564.104
<b>Basic earnings per share</b>	<b>-0,48</b>	<b>-1,44</b>

Owing to the fact that there are no situations giving rise to dilution, the net earnings per diluted share are the same as the net earnings per basic share.

allow the payment of pension contributions for situations which have already been established at 31 December 2013.

Given its exclusively public capital, STCP is considered to be a public company in the public business sector, in accordance with the provisions of Articles 2, 5 and 9 of Decree-Law no. 133/2013, of 3 October. Cumulatively over the last three years it has had negative net results. Therefore, the regime provided for in Article 75 of law no. 83-C/2013 of 31 December applies to STCP.

On 31 December 2014, law no. 82-B/2014 was published. Article 78 thereof has the same wording on the regime provided for in Article 75 of law no. 83-C/2013 of 31 December.

However, on 4 April 2016, law no. 11/2016 was published, which reinstates the payment for all pension contributions in companies in the public business sector to active employees and to retired and pensioner employees, in effect starting April 2016, so on 31 December 2016, the calculations of responsibilities taken by the company with the defined benefit plans were adjusted taking into account the changes imposed by the law no. 11/2016.

At 31 December 2017 and 2016, according to the actuarial study carried out by BPI PENSÕES for this purpose, the present value of obligations assumed with liabilities for retirement and invalidity pension contributions was as follows:

	2017	2016
Cost of past retirement services	2.119.771,00	2.385.763,00
<b>Fund liability</b>	<b>2.119.771,00</b>	<b>2.385.763,00</b>

The actuarial evaluation of liabilities, in 2017 and 2016, used the projected unit credit method and was based on the following actuarial assumptions:

MAIN ASSUMPTIONS	2017	2016
<b>Financial assumptions</b>		
Discount rate in determining liabilities	0,52%	0,40%
Expected rate of return	1,00%	1,00%
Salary growth rate	Not applicable	Not applicable
Social Security pensions growth rate (*)	1,75%	1,75%
STCP pensions growth rate	Equal to interest growth of pensions of Social Security with difference limit between the ceiling value and the pension of Social Security	Equal to interest growth of pensions of Social Security with difference limit between the ceiling value and the pension of Social Security
Ceiling growth rate (**)	Without growth, fixed value of €650,00	Without growth, fixed value of €650,00
<b>Demographic assumptions</b>		
Life table:	French table TV 73/77	French table TV 73/77
Invalidity table	Not applicable	Not applicable

(\*) In years prior to 2001 it was 1% in the long term.

(\*\*) In years prior to 2001 the ceiling was €548,68. From 2001 to 2006 inclusive, it increased to €598,56. From 2007 it increased to €650,00. However, in the period from January 2014 to March 2016, by virtue of Article 75 of law 83-C/2013, of 31 December 2013, and Article 78 of law 82-B/2014 of 31-12-2014 until March 2016, it became €600. Under law no. 11/2016, the value of €650,00 was reinstated.

In December 1998, the company transferred its liability to the open pension fund "Fundo de Pensões BPI – Aberto Valorização", and signed the subscription contract for

an initial contribution of €3,042,667 corresponding to 304,158.66 units.

Movements in the Pension Fund at 31 December 2017 and 2016:

	2017	2016
<b>Value of the fund assets at the beginning of the year</b>	<b>1.820.027,00</b>	<b>1.142.024,00</b>
Company contributions	121.134,00	1.040.418,00
Pensions paid	-369.927,00	-373.018,00
Effective income	70.885,00	10.603,00
<b>Value of the fund assets at the end of the year</b>	<b>1.642.119,00</b>	<b>1.820.027,00</b>

In January 2016 contributions of €209,546 were paid into the fund to cover the minimum level of financing required by the ASF at 31 December 2015. Over 2016, the fund was increased by a further €830,872 to cover the minimum levels of financing required by the ASF at 31 December 2016.

At the end of 2017, the fund was increased by a further 121,134 Euros, to cover the minimum levels of financing required by the ASF at 31 December 2017.

At the date of closing the accounts, it is not possible to reliably estimate the value of contributions for 2018. This amount will be determined based on the level of financing.

Changes in the liabilities assumed for retirement and invalidity pension contributions at 31 December 2017 and 2016:

	2017	2016
<b>Liabilities at the start of the financial year</b>	<b>2.385.763,00</b>	<b>1.776.576,00</b>
Cost of interest on liabilities	8.749,00	18.176,00
Losses and (gains) from cuts/changes in the plan		673.287,00
Pensions paid	-369.927,00	-373.018,00
Actuarial experience losses and (gains)	110.327,00	206.744,00
Losses and (gains) from changes in discount rate	-15.141,00	83.998,00
<b>Liabilities at the end of the financial year</b>	<b>2.119.771,00</b>	<b>2.385.763,00</b>

A change in the discount rate to 0.25% less would result in a €31,798 increase in liabilities assumed for retirement and invalidity pension contributions, and a change in the discount rate to 0.25% more would result in a €30,842 decrease in liabilities assumed for retirement and invalidity pension contributions.

A change in the pension growth rate to 1% less would result in a €400,865 increase in liabilities assumed for retirement

and invalidity pension contributions, and a change in the pension growth rate to 1% more would result in a €341,934 decrease in liabilities assumed for retirement and invalidity pension contributions.

Over the 2017 and 2016 financial years, liabilities for retirement and invalidity pension contributions, recognised in the caption "Staff expenses", were as follows:

	2017	2016
<b>Recognised in the profit and loss statement</b>	<b>2.263,00</b>	<b>680.103,00</b>
Net cost of interest	2.263,00	6.816,00
Losses and (gains) from changes in the defined benefits plan		673.287,00
<b>Recognised in equity</b>	<b>30.787,00</b>	<b>291.499,00</b>
Remeasurement of net liabilities (assets) of defined benefits	30.787,00	291.499,00
Actuarial losses and (gains)	137.670,00	228.617,00
(Pension) benefits losses and (gains)	-27.343,00	-21.873,00
Income losses and (gains)	-64.399,00	757,00
Discount rate changes losses and (gains)	-15.141,00	83.998,00
	<b>33.050,00</b>	<b>971.602,00</b>

Effective income rates of the pension fund in the last 5 years:

	2017	2016	2015	2014	2013
Effective income rate	5,30%	-0,10%	4,00%	5,90%	4,30%

Evolution of the present value of the defined benefits liability, in the last 5 years, of the fair value of assets in the plan and of the plan surplus or deficit:

YEAR	FUND LIABILITIES	VALUE OF THE FUND ASSETS	FUND DEFICIT/SURPLUS	FUND COVERAGE RATE
2013	1.983.302,00	1.586.115,00	-397.187,00	80%
2014	1.887.064,00	1.423.032,00	-464.032,00	75%
2015	1.776.576,00	1.142.024,00	-634.552,00	64%
2016	2.385.763,00	1.820.027,00	-565.736,00	76%
2017	2.119.771,00	1.642.119,00	-477.652,00	77%

Composition of the BPI Valorização open pension fund at 31 December 2017 and 2016:

COMPOSITION	2017		2016	
	AMOUNT	%	AMOUNT	%
Shares	471.938	29%	553.153	30%
Fixed-rate bonds	826.909	50%	935.356	51%
Variable-rate bonds	167.497	10%	125.160	7%
Absolute return	109.379	7%	130.600	7%
Real estate	24.270	1%	15.329	1%
Liquidity	42.125	3%	60.428	3%
	<b>1.642.119</b>		<b>1.820.027</b>	

At 31 December 2017 and 2016, the asset value of the Group's membership to the BPI Valorização open pension fund was €1,642,119 and €1,820,027 respectively, representing 0.8% and 0.9% of the total value of the Pension Fund.

The BPI Valorização open pension fund does not consist of assets belonging to Sociedade de Transportes Colectivos do Porto.

### 30.2. Breakdown of personnel expenses

Staff expenses at 31 December 2017 and 2016:

	2017	2016
Wages of governing bodies members	179.781,73	215.424,22
Personnel wages	23.470.675,06	23.541.978,56
Post-employment benefits	51.496,08	730.169,45
Indemnities	52.191,48	27.024,01
Charges on remunerations	5.285.806,24	5.071.096,86
Occupational accidents and diseases insurance	407.450,29	391.475,72
Social action expenses	191.398,69	202.627,55
Other personnel expenditure	172.905,98	116.265,48
<b>Personnel expenditure</b>	<b>29.811.705,55</b>	<b>30.296.061,85</b>

In 2016, remuneration curbing measures continued to apply in state-owned public business sector companies, from the start of 2011, pursuant to laws no. 55-A/2010, no. 64-B/2011, no. 66-B/2012, no. 83-C/2013, no. 75/2014 and no. 7-A/2016, namely in relation to the prohibition of salary increases, reduction in the wage increment paid for overtime and work on public holidays, and remuneration reductions for all employees whose gross monthly salaries exceeded €1,500.

However, pursuant to law no. 159-A/2015, the remuneration reduction applied to gross monthly salaries of more than €1,500 was gradually abolished over the year 2016.

On the other hand, law no. 42/2016, of 28 December, foresees the reposition, on January 2017, of acquired rights foreseen in the instruments regulating collective labour agreements of state-owned public business sector companies, with the exception of salary increases which may only be reinstated by 50%, starting from July 2017, and the remaining 50% starting from January 2018.

### 30.3. Number of employees

During the exercises of 2017 and 2016, the average number of permanent staff working for the company (without governing bodies) was respectively 1,226 and 1,197 workers.

In 31 December 2017, the permanent staff (without governing bodies) was of 1,242 employees, and 1,232 in 31 December 2016.

### 31. Disclosure required due to legal instruments

Nothing to report.

### 32. Other information

#### 32.1. Suppliers and other creditors

Debts to suppliers, at 31 December 2017 and 2016:

	2017	2016
<b>Suppliers (current account)</b>	<b>1.135.513,99</b>	<b>2.417.412,53</b>
<b>Not due</b>	<b>907.228,13</b>	<b>1.645.657,41</b>
<b>Past due</b>	<b>168.978,03</b>	<b>327.016,37</b>
<30 days	79.890,03	92.983,11
<60 days	23.093,26	46.508,08
<90 days	7.592,36	8.675,28
<120 days	14.968,93	9.961,65
<180 days	10.851,97	41.815,28
>=180 days	32.581,48	127.072,97
<b>Being received and checked</b>	<b>59.307,83</b>	<b>444.738,75</b>

	2017	2016
<b>Investment suppliers</b>	<b>83.728,37</b>	<b>192.254,67</b>
<b>Not due</b>	<b>76.896,95</b>	<b>141.327,61</b>
<b>Past due</b>	<b>6.831,42</b>	<b>50.927,06</b>
<30 days	10.553,40	
<60 days	3.289,02	
<120 days	19.803,00	
>=180 days	3.542,40	20.570,66

Other creditors, at 31 December 2017 and 2016:

	2017	2016
<b>Other creditors</b>	<b>485.986,67</b>	<b>10.510.607,36</b>
<b>Not due</b>	<b>116.123,53</b>	<b>338.305,67</b>
<b>Past due</b>	<b>326.794,44</b>	<b>10.136.670,42</b>
<30 days	324.982,36	36.077,51
<60 days	6,65	10.085.981,63
<90 days	2,82	2,82
<120 days	2,82	2,82
<180 days	5,64	339,19
>=180 days	1.794,15	14.266,45
<b>Deposits and securities received</b>	<b>43.068,70</b>	<b>35.631,27</b>

Debts to suppliers and accounts payable were recorded at their nominal value because they do not earn interest and, in addition, because their financial discounts are not significant, considering the applicable average payment period, which is purely commercial: 60 days.

### 32.2. Government and other public entities

"Government and other public entities" caption at 31 December 2017 and 2016:

	2017	2016
	ASSETS	LIABILITIES
<b>Income tax</b>	<b>543.149,54</b>	<b>524.150,23</b>
Corporate income tax – Special payment on account	411.162,50	420.000,00
Corporate income tax – recoverable	131.987,04	104.150,23
<b>Withholding of income tax</b>	<b>253.808,17</b>	<b>299.856,40</b>
<b>Value added tax</b>	<b>339.496,66</b>	<b>688.345,10</b>
VAT – recoverable/requested repayments	339.496,66	688.345,10
<b>Social security contributions</b>	<b>600.980,84</b>	<b>603.349,77</b>
<b>Other taxes</b>	<b>135.850,08</b>	<b>107.004,00</b>
<b>Government and other public entities</b>	<b>882.646,20</b>	<b>990.639,09</b>
	<b>1.212.495,33</b>	<b>1.010.210,17</b>

### 32.3. Other debts payable

Breakdown of other debts payable at 31 December 2017 and 2016:

OTHER DEBTS PAYABLE	2017	2016
Personnel	133.650,74	149.931,80
Customers and other debtors – credit balances	1.113,90	1.380,28
Investment suppliers (current account)	83.728,37	192.254,67
Accrued costs payable	5.709.567,97	4.920.367,77
Sundry creditors	485.986,67	10.510.607,36
	<b>6.414.047,65</b>	<b>15.774.541,88</b>

ACCRUED COSTS PAYABLE	2017	2016
<b>External supply and services</b>	<b>1.817.050,26</b>	<b>1.238.557,16</b>
Subcontracts		696,04
Specialised work	1.704.674,38	1.049.988,94
Material	466,35	
Energy and other fluids	18.520,75	97.885,69
Travel, accommodation and transport		3,77
Other services	93.388,78	89.982,72
Staff costs	3.765.972,70	3.539.854,74
Other expenses	126.524,92	140.515,88
Financial charges	20,09	1.439,99
	<b>5.709.567,97</b>	<b>4.920.367,77</b>

### 32.4. Other receivables

Breakdown of other receivables at 31 December 2017 and 2016:

OTHER RECEIVABLES	2017	2016
Suppliers and other creditors – debit balances	12.792,09	1.634,58
Advances to suppliers	565,29	1.052,25
Personnel	264.160,64	257.351,72
Debtors from income increase	1.061.925,47	1.706.118,60
Sundry debtors	1.560.375,12	1.911.931,47
<b>Gross amount</b>	<b>2.899.818,61</b>	<b>3.878.088,62</b>
Accumulated impairment losses	-25.081,18	-25.081,18
<b>Carrying amount</b>	<b>2.874.737,43</b>	<b>3.853.007,44</b>

DEBTORS FROM INCOME INCREASE	2017	2016
Service provision	544.997,99	1.410.450,56
Operating subsidies	498.317,65	
Other income – additional proceeds	1.175,37	178.330,56
Other income – Other	17.434,46	117.337,48
<b>1.061.925,47</b>	<b>1.706.118,60</b>	

### 32.5. Deferrals

"Deferrals in current assets and current liabilities" caption, at 31 December 2017 and 2016:

DEFERRALS	2017	2016
<b>Assets – expenses to be recognised</b>	<b>633.228,97</b>	<b>618.586,01</b>
External supply and services	417.362,06	394.407,09
Other expenses	215.866,91	224.178,92
<b>Liabilities – income to be recognised</b>	<b>1.895.786,44</b>	<b>1.966.403,97</b>
Service provision	183.733,61	203.896,98
Operating subsidies	1.575.651,42	1.575.651,42
Other income	136.401,41	186.855,57

### **32.6. External supplies and services**

“External supplies and services” caption, in the 2017 and 2016 financial years:

	2017	2016
<b>Subcontracts</b>	<b>663,02</b>	
<b>Specialised services</b>	<b>8.502.792,73</b>	<b>8.185.663,75</b>
Specialised work	334.035,15	485.014,35
Advertising	41.738,63	25.781,84
Supervision and safety	217.219,55	221.827,32
Fees	58.091,50	50.146,75
Commission	1.793.025,96	1.729.125,38
Maintenance and repairs	5.729.504,09	5.345.326,13
Communication and public information	22.210,70	21.623,16
Revenue inspection	304.249,38	304.678,86
Others	2.717,77	2.139,96
<b>Material</b>	<b>45.975,57</b>	<b>58.027,57</b>
<b>Energy and fluids</b>	<b>7.916.975,73</b>	<b>7.000.842,26</b>
Electricity	483.589,63	468.594,32
Fuel	7.405.283,16	6.507.270,45
Others	28.102,94	24.977,49
<b>Travel, accommodation and transport</b>	<b>13.371,77</b>	<b>5.812,86</b>
<b>Other services</b>	<b>2.020.512,46</b>	<b>2.028.912,75</b>
Rents and leases	65.748,65	72.670,89
Communications	177.586,52	133.909,35
Insurances	514.301,07	544.569,20
Royalties	127.440,68	147.395,49
Litigation and notary public fees	5.750,11	19.370,86
Representation expenses	14.257,82	9.759,78
Cleaning, hygiene and comfort	939.737,69	937.738,54
Other services	175.689,92	163.498,64
<b>External supply and services</b>	<b>18.499.628,26</b>	<b>17.279.922,21</b>

**32.7. Other expenses**

Other operating expenses at 31 December 2017 and 2016:

	2017	2016
<b>Taxes</b>	<b>203.433,63</b>	<b>139.382,91</b>
Direct taxes	114.781,57	78.100,36
Indirect taxes	5.565,65	19.107,32
Rates	83.086,41	42.175,23
<b>Bad debts</b>		<b>29,4</b>
<b>Inventory losses</b>	<b>6.947,15</b>	<b>2.474,08</b>
<b>Expenses and losses in non-financial investments</b>	<b>106.624,36</b>	<b>10.236.571,35</b>
Disposals	28.542,05	
Write-offs	1.409,05	34,51
Expenses on investment properties	76.673,26	150.728,03
Other expenses		10.085.808,81
<b>Other expenses</b>	<b>877.565,29</b>	<b>361.540,46</b>
Donations	98.262,95	81.615,00
Contributions	24.996,58	23.961,78
Insufficient tax estimate		1.070,77
Unfavourable exchange rate differences	103,77	
<b>Others not specified</b>	<b>754.201,99</b>	<b>254.892,91</b>
Fines and penalties	3.343,44	971,82
Accident compensation	749.245,45	252.409,57
Others not specified	1.613,10	1.511,52
<b>Other interest paid</b>	<b>4,71</b>	<b>100,27</b>
<b>Other financing expenses – other</b>	<b>8.201,98</b>	<b>11.170,22</b>
<b>Other expenses</b>	<b>1.202.777,12</b>	<b>10.751.268,69</b>

### 32.8. Other income

Breakdown of other operating income at 31 December 2017 and 2016:

	2017	2016
<b>Supplementary income</b>	<b>861.208,16</b>	<b>771.339,54</b>
<b>Discounts obtained for prompt payment</b>	<b>4.964,29</b>	<b>3.740,99</b>
<b>Inventory gains</b>	<b>46.424,41</b>	<b>49.409,93</b>
<b>Income and gains in non-financial investments</b>	<b>443.118,88</b>	<b>505.320,02</b>
Disposals	29.000,00	160.250,04
Rents and other income from investment properties	412.939,48	345.069,98
Other income	1.179,40	
<b>Others</b>	<b>1.041.960,63</b>	<b>959.049,38</b>
Allocation of subsidies for investments	455.873,83	350.794,20
Reinstatement of taxes	41.349,30	
Subsidies	28.735,20	8.242,82
Favourable exchange rate differences	80,65	7.737,15
<b>Others not specified</b>	<b>515.921,65</b>	<b>592.275,21</b>
Contractual benefits and penalties	111.026,08	247.006,35
Accident compensation	341.226,40	292.452,95
<b>Others not specified</b>	<b>63.669,17</b>	<b>52.815,91</b>
<b>Other income</b>	<b>2.397.676,37</b>	<b>2.288.859,86</b>

### 32.9. Liabilities for guarantees provided

Liabilities assumed for guarantees provided to third parties, at 31 December 2017 and 2016:

BENEFICIARY OF THE GUARANTEE	DESCRIPTION	2017	2016
Labour Tribunals	Benefits for accidents at work	447.473,97	447.473,97
		<b>447.473,97</b>	<b>447.473,97</b>

### **32.10. Negative equity**

In the 2017 financial year the company incurred a loss of €14,910,937.48; on that date its total liabilities exceeded its total assets by €408,051,384.83.

STCP systematically presents negative net earnings and equity. The Shareholder always assumed global responsibilities with third-parties. It is the understanding of STCP that, for undertaking a service of general interest, with a relevant quota of social service, it has a vital role in the mobility of the Metropolitan Area of Porto, thus guaranteeing the dedication of the Shareholder for the maintenance of the company's activity.

Porto, 27 March 2018

Certified Accountant no. 6622

The Board of Directors  
Chief Executive  
Executive voting members  
Non-Executive voting members







LEGAL ACCOUNTS CERTIFICATE





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## CERTIFICAÇÃO LEGAL DAS CONTAS E RELATÓRIO DE AUDITORIA

### **RELATO SOBRE A AUDITORIA DAS DEMONSTRAÇÕES FINANCEIRAS**

#### **Opinião**

Auditámos as demonstrações financeiras anexas da Sociedade de Transportes Colectivos do Porto, S.A. (“Entidade”), que compreendem o balanço em 31 de Dezembro de 2017 (que evidencia um total de 81.941.356 Euros e um total de capital próprio negativo de 408.051.385 Euros, incluindo um resultado líquido negativo de 14.910.937 Euros), a demonstração dos resultados por naturezas, a demonstração dos resultados por funções, a demonstração das alterações no capital próprio e a demonstração dos fluxos de caixa relativas ao ano findo naquela data, e as notas anexas às demonstrações financeiras que incluem um resumo das políticas contabilísticas significativas.

Em nossa opinião, as demonstrações financeiras anexas apresentam de forma verdadeira e apropriada, em todos os aspectos materiais, a posição financeira da Sociedade de Transportes Colectivos do Porto, S.A. em 31 de Dezembro de 2017 e o seu desempenho financeiro e fluxos de caixa relativos ao ano findo naquela data de acordo com as Normas Contabilísticas e de Relato Financeiro adoptadas em Portugal através do Sistema de Normalização Contabilística.

#### **Bases para a opinião**

A nossa auditoria foi efetuada de acordo com as Normas Internacionais de Auditoria (“ISA”) e demais normas e orientações técnicas e éticas da Ordem dos Revisores Oficiais de Contas. As nossas responsabilidades nos termos dessas normas estão descritas na secção “Responsabilidades do auditor pela auditoria das demonstrações financeiras” abaixo. Somos independentes da Entidade nos termos da lei e cumprimos os demais requisitos éticos nos termos do código de ética da Ordem dos Revisores Oficiais de Contas. Estamos convictos de que a prova de auditoria que obtivemos é suficiente e apropriada para proporcionar uma base para a nossa opinião.

#### **Ênfase**

A Entidade mantém a situação de incumprimento do estatuído no artigo 35º do Código das Sociedades Comerciais. O aviso convocatório da Assembleia Geral Anual a realizar no próximo dia 22 de Maio propõe no ponto 5 da Ordem de Trabalhos a análise deste assunto.

A nossa opinião não é modificada em relação a esta matéria.

#### **Matérias relevantes de auditoria**

As matérias relevantes de auditoria são as que, no nosso julgamento profissional, tiveram maior importância na auditoria das demonstrações financeiras do ano corrente. Essas matérias foram consideradas no contexto da auditoria das demonstrações financeiras como um todo, e na formação da opinião, e não emitimos uma opinião separada sobre essas matérias.



Descrição da matéria relevante	A nossa resposta
<b>1. Continuidade da actividade</b>	<b>Síntese da abordagem de auditoria</b>  Análise da estrutura accionista da Entidade. Análise da estrutura de endividamento da Entidade e respectivas garantias. Análise do financiamento dos déficits de tesouraria dos últimos anos. Análise dos Instrumentos Previsionais de Gestão – IPG's que incluem o Plano de Actividade e Orçamento para o triénio de 2018 a 2020. Reunião com o Administrador Executivo com o pelouro financeiro.
<b>2. Contrato de swap</b>	<b>Síntese da abordagem de auditoria</b>  Análise da valorização efectuada pela Agência de Gestão da Tesouraria e da Dívida Pública – IGCP. Análise da valorização efectuada pelo Banco Santander Totta. Análise das respostas dos Advogados circularizados. Reunião com o Administrador Executivo com o pelouro financeiro.
<b>3. Valorização dos imóveis</b>	<b>Síntese da abordagem de auditoria</b>  Análise dos relatórios de avaliação efectuados por perito independente reportadas a 31 de Dezembro de 2016 e a 31 de Dezembro de 2017. Análise do impacto no Capital Próprio e no Resultado Líquido. Reunião com o Director do Departamento Administrativo e Financeiro e com o Contabilista Certificado.
<b>4. Provisão para Processos Judiciais em Curso</b>	<b>Síntese da abordagem de auditoria</b>  Análise das respostas dos Advogados circularizados. Reunião com a Administração e com o Director do Departamento Administrativo e Financeiro. Reunião com o Contabilista Certificado



### **Responsabilidades do conselho de administração e do órgão de fiscalização pelas demonstrações financeiras**

O conselho de administração é responsável pela: preparação de demonstrações financeiras que apresentem de forma verdadeira e apropriada a posição financeira, o desempenho financeiro e os fluxos de caixa da Entidade de acordo com as Normas Contabilísticas e de Relato Financeiro adoptadas em Portugal através do Sistema de Normalização Contabilística; elaboração do relatório de gestão, incluindo o relatório de governo societário, nos termos legais e regulamentares aplicáveis; criação e manutenção de um sistema de controlo interno apropriado para permitir a preparação de demonstrações financeiras isentas de distorção material devido a fraude ou erro; adoção de políticas e critérios contabilísticos adequados nas circunstâncias; e, avaliação da capacidade da Entidade de se manter em continuidade, divulgando, quando aplicável, as matérias que possam suscitar dúvidas significativas sobre a continuidade das atividades. O órgão de fiscalização é responsável pela supervisão do processo de preparação e divulgação da informação financeira da Entidade.

### **Responsabilidades do auditor pela auditoria das demonstrações financeiras**

A nossa responsabilidade consiste em obter segurança razoável sobre se as demonstrações financeiras como um todo estão isentas de distorções materiais devido a fraude ou erro, e emitir um relatório onde conste a nossa opinião. Segurança razoável é um nível elevado de segurança mas não é uma garantia de que uma auditoria executada de acordo com as ISA detetará sempre uma distorção material quando exista. As distorções podem ter origem em fraude ou erro e são consideradas materiais se, isoladas ou conjuntamente, se possa razoavelmente esperar que influenciem decisões económicas dos utilizadores tomadas com base nessas demonstrações financeiras.

Como parte de uma auditoria de acordo com as ISA, fazemos julgamentos profissionais e mantemos ceticismo profissional durante a auditoria e também (i) identificamos e avaliamos os riscos de distorção material das demonstrações financeiras, devido a fraude ou a erro, concebemos e executamos procedimentos de auditoria que respondam a esses riscos, e obtemos prova de auditoria que seja suficiente e apropriada para proporcionar uma base para a nossa opinião. O risco de não detetar uma distorção material devido a fraude é maior do que o risco de não detetar uma distorção material devido a erro, dado que a fraude pode envolver conluio, falsificação, omissões intencionais, falsas declarações ou sobreposição ao controlo interno; (ii) obtemos uma compreensão do controlo interno relevante para a auditoria com o objetivo de conceber procedimentos de auditoria que sejam apropriados nas circunstâncias, mas não para expressar uma opinião sobre a eficácia do controlo interno da Entidade; (iii) avaliamos a adequação das políticas contabilísticas usadas e a razoabilidade das estimativas contabilísticas e respetivas divulgações feitas pelo conselho de administração; (iv) concluímos sobre a apropriação do uso, pelo conselho de administração, do pressuposto da continuidade e, com base na prova de auditoria obtida, se existe qualquer incerteza material relacionada com acontecimentos ou condições que possam suscitar dúvidas significativas sobre a capacidade da Entidade para dar continuidade às suas atividades. Se concluirmos que existe uma incerteza material, devemos chamar a atenção no nosso relatório para as divulgações relacionadas incluídas nas demonstrações financeiras ou, caso essas divulgações não sejam adequadas, modificar a nossa opinião. As nossas conclusões são baseadas na prova de auditoria obtida até à data do nosso relatório. Porém, acontecimentos ou condições futuras podem levar a que a Entidade descontinue as suas atividades; (v) avaliamos a apresentação, estrutura e conteúdo global das demonstrações financeiras, incluindo as divulgações, e se essas demonstrações financeiras representam as transações e acontecimentos subjacentes de forma a atingir uma apresentação apropriada; (vi) comunicamos com os encarregados da governação, incluindo o órgão de fiscalização, entre outros assuntos, o âmbito e o calendário planeado da auditoria, e as conclusões significativas da auditoria incluindo qualquer deficiência significativa de controlo interno identificado durante a auditoria; (vii) das matérias que comunicamos aos encarregados da governação, incluindo o órgão de fiscalização, determinamos as que foram as mais importantes na auditoria das demonstrações financeiras do ano corrente e que são as matérias relevantes de auditoria. Descrevemos essas matérias no nosso relatório, exceto quando a lei ou regulamento proibir a sua divulgação pública; (viii) declaramos ao órgão de fiscalização que cumprimos os requisitos éticos relevantes relativos à independência e comunicamos todos os relacionamentos e outras matérias que possam ser percecionadas como ameaças à nossa independência e, quando aplicável, as respetivas salvaguardas. A nossa responsabilidade inclui ainda a verificação da concordância da informação constante do relatório de gestão com as demonstrações financeiras, e as verificações previstas nos números 4 e 5 do artigo 451º do Código das Sociedades Comerciais, bem como a verificação de que a demonstração não financeira foi apresentada.



## **RELATO SOBRE OUTROS REQUISITOS LEGAIS E REGULAMENTARES**

### **Sobre o relatório de gestão**

Dando cumprimento ao artigo 451º, nº 3, alínea e) do Código das Sociedades Comerciais, somos de parecer que o relatório de gestão foi preparado de acordo com os requisitos legais e regulamentares aplicáveis em vigor, a informação nele constante é concordante com as demonstrações financeiras auditadas e, tendo em conta o conhecimento e apreciação sobre a Entidade não identificamos incorreções materiais. Conforme previsto no artigo 451º, nº 7, do Código das Sociedades Comerciais, este parecer não é aplicável à demonstração não financeira incluída no relatório de gestão.

### **Sobre a demonstração não financeira prevista no artigo 66º-B do Código das Sociedades Comerciais**

Dando cumprimento ao artigo 451º, nº 6 , do Código das Sociedades Comerciais, informamos que a entidade incluiu no seu relatório de gestão a demonstração não financeira prevista no artigo 66º-B do Código das Sociedades Comerciais .

### **Sobre o relatório de governo societário**

Dando cumprimento ao artigo 451º, nº4, do Código das Sociedades Comerciais, somos de parecer que o relatório de governo societário inclui os elementos exigíveis à Entidade nos termos do artigo 245º - A do Código dos Valores Mobiliários, não tendo sido identificadas incorreções materiais na informação divulgada no mesmo, cumprindo o disposto nas alíneas c), d), f), h), i) e m) do referido artigo.

### **Sobre os elementos adicionais previstos no artigo 10.º do Regulamento (UE) n.º 537/2014**

Nos termos do artigo 10.º do Regulamento (UE) n.º 537/2014 do Parlamento Europeu e do Conselho, de 16 de Abril de 2014, e para além das matérias relevantes de auditoria acima indicadas, relatamos ainda o seguinte:

- Fomos eleitos auditores da Entidade pela primeira vez em 30 de Maio de 2016 para um mandato compreendido entre 2016 e 2018.
- O conselho de administração confirmou-nos que não tem conhecimento da ocorrência de qualquer fraude ou suspeita de fraude com efeito material nas demonstrações financeiras. No planeamento e execução da nossa auditoria de acordo com as ISA mantivemos o ceticismo profissional e concebemos procedimentos de auditoria para responder à possibilidade de distorção material das demonstrações financeiras devido a fraude. Em resultado do nosso trabalho não identificámos qualquer distorção material nas demonstrações financeiras devido a fraude.
- Confirmamos que a opinião de auditoria que emitimos é consistente com o relatório adicional que preparamos e entregámos ao órgão de fiscalização da Entidade em 7 de Maio de 2018.
- Declaramos que não prestámos quaisquer serviços proibidos nos termos do artigo 77.º, número 8, do Estatuto da Ordem dos Revisores Oficiais de Contas e que mantivemos a nossa independência face à Entidade durante a realização da auditoria.
- Informamos que, para além da auditoria, não prestámos à Entidade quaisquer outros serviços permitidos por lei e regulamentos em vigor.

### **Sobre o cumprimento do princípio da unidade de tesouraria do Estado**

O despacho nº 1140/16 do Senhor Secretário de Estado Adjunto , do Tesouro e das Finanças de 10 de Novembro autorizou o regime de exceção parcial no que respeita a operações de financiamento , a garantias bancárias , a valores mobiliários sob custódia , à compra e venda de moeda estrangeira e ainda a pedidos de numerário .

Porto, 7 de Maio de 2018

BAKER TILLY, PG & ASSOCIADOS, SROC, S.A.  
Representada por Manuel Pires de Matos

The logo for eBUS, featuring the word "eBUS" in white lowercase letters next to a stylized blue and white lightning bolt icon.

CAETANO

CAETANO



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## SUPERVISORY BOARD'S REPORT



***RELATÓRIO ANUAL DO***

***CONSELHO FISCAL***

***SOBRE***

***O RELATÓRIO E CONTAS DE 2017***

***DA***

***STCP – Sociedade de Transportes Colectivos do Porto, S.A.***

Porto, 7 de maio de 2018



## 1. Introdução

No cumprimento do estabelecido no artigo 14.º dos Estatutos que regem a Sociedade de Transportes Coletivos, S.A. (STCP), conjugado com o n.º 1 do artigo 420.º do Código das Sociedades Comerciais (CSC), e em conformidade com a legislação em vigor e com o mandato que nos foi confiado, vem o Conselho Fiscal emitir o seu Relatório anual, sobre o Relatório e Contas de 2017, o qual contempla, igualmente, os termos do ofício circular da Direcção-Geral do Tesouro e Finanças n.º 588, de 7 de fevereiro de 2018.

O Revisor Oficial de Contas Dr. Fernando Manuel de Sousa Pires de Matos, representante da Sociedade de Revisores Oficiais de Contas Baker Tilly, PG & Associados, SROC, S.A., emitiu a respetiva Certificação Legal das Contas, em 7 de maio de 2018, que se anexa.

O Conselho Fiscal, eleito por Deliberação Social Unânime por Escrito (DUE), datada de 25 de janeiro de 2016, para o mandato 2016/18, durante o exercício em análise efetuou reuniões e no âmbito das suas atribuições acompanhou a atividade da empresa. Para o efeito obteve toda a cooperação por parte dos membros do Conselho de Administração da Sociedade e dos respetivos colaboradores, a qual foi indispensável à elaboração do presente Relatório.

A Sociedade de Transportes Colectivos do Porto, S.A. é uma sociedade anónima de capitais exclusivamente públicos (detida 100% pelo Estado Português), criada pelo Decreto-Lei n.º 202/94, de 23 de julho, cujo objeto principal é a exploração do transporte público rodoviário coletivo de passageiros na Área Metropolitana do Porto (AMP) e acessoriamente a exploração de atividades complementares ou subsidiárias daquele objeto.

Em junho de 2016, foi assinado um Memorando de Entendimento entre o Estado Português, a STCP, S.A., a Área Metropolitana do Porto e os Municípios do Porto, Gondomar, Maia, Matosinhos, Valongo e Vila Nova de Gaia. O memorando previa que o Estado procedesse à descentralização, em benefício daqueles municípios, das suas competências de autoridade de transporte, mantendo-se como acionista da empresa e passando a gestão para as autarquias.

Mais tarde foi publicado o Decreto-Lei n.º 82/2016, de 28 de novembro, que determina a descentralização parcial e temporária de competências de autoridade de transportes, do Estado para a Área Metropolitana do Porto, relativas ao serviço de transporte público de passageiros operado pela STCP e a descentralização parcial e temporária da gestão operacional da STCP.

A STCP dando seguimento aos objetivos estipulados no citado Decreto-Lei nº 82/2016, de 28 de novembro, no dia 2 de janeiro de 2017 procedeu: i) à assinatura do acordo entre o Estado, a Área Metropolitana do Porto (AMP) e os seis municípios servidos pela rede da STCP (Gondomar, Maia, Matosinhos, Porto, Valongo e Vila Nova de Gaia) para a delegação, na AMP, de competências de autoridade do Estado relativas ao serviço público de passageiros, explorado pela STCP; ii) à assinatura do contrato interadministrativo de constituição da Unidade Técnica de Suporte e de delegação de competências entre a AMP e os municípios de Gondomar, Maia, Matosinhos, Porto, Valongo e Vila Nova de Gaia, estabelecendo os termos em que a AMP exerce as competências de autoridade de transporte respeitantes ao serviço público de passageiros, explorado pela STCP, na área geográfica dos municípios outorgantes; iii) à assinatura do contrato de gestão operacional da STCP celebrado entre o Estado e a AMP, nos termos previstos no artigo 6.º do Decreto-Lei n.º 82/2016, de 28 de novembro. Através deste último acordo a AMP obriga-se a desenvolver a gestão operacional da STCP, através dos membros do conselho de administração, de acordo com as metas quantitativas, estabelecidas no citado Diploma.

Estes contratos vigorarão pelo período de 7 anos, a contar da data da respetiva outorga, ao longo dos quais as autarquias financiarão a empresa relativamente às Obrigações de Serviço Público.

No dia 2 de maio de 2017 foi assinado entre o Estado Português, o Banco Santander Totta, S.A. e quatro empresas públicas de transporte, onde se inclui a STCP, S.A., um acordo para por fim aos litígios judiciais respeitantes a um conjunto de contratos swap de cobertura de taxa de juro celebrados com essas empresas. Nos termos deste acordo as empresas obrigam-se ao cumprimento das obrigações decorrentes dos contratos assinados.

Em 28 de julho de 2017 o Estado Português e a Área Metropolitana do Porto, celebraram com a STCP um Segundo Aditamento ao Contrato de Serviço Público, tendo por base a entrada em vigor do Decreto-Lei nº 82/2016, de 28 de novembro, adaptando o Contrato de Serviço Público, anteriormente assinado, ao novo modelo de configuração do serviço

público de transportes levado a cabo pela STCP. Através deste aditamento a AMP assume todas as posições jurídicas, direitos e obrigações de que o Estado é titular no contrato de serviço público.

## 2. Análise Económico-Financeira do Relatório e Contas de 2017

Do Relatório e Contas de 2017, parece-nos de salientar o seguinte:

- Em termos da atividade constatou-se que os passageiros transportados aumentaram 4,4% relativamente a 2016, atingindo-se o total 72,4 milhões de passageiros, em 2017, e 246 mil em média por dia útil. O modo autocarro cresceu 4,3 %, mais 2,9 milhões de passageiros e o modo carro elétrico cresceu 17%, mais 107 mil passageiros.
- Em 2017, a STCP disponibilizou aos clientes uma rede de transporte público de passageiros, composta por 70 linhas em modo autocarro e 3 linhas em modo carro elétrico. A rede do modo autocarro tem uma extensão de aproximadamente 485 km e a de carro elétrico, tem cerca de 9 km. No ano de 2017 foram percorridos 22,2 milhões de quilómetros de serviço em modo autocarro e 148 mil quilómetros de serviços no modo carro elétrico.

A taxa de cumprimento do serviço do modo autocarro, medida através das viagens realizadas face às viagens planeadas, foi de 97,4%. A taxa de cumprimento do serviço em modo carro elétrico foi de 92,1%.

- A receita do serviço de transporte atingiu 45,5 milhões de euros no ano, crescendo 2,8 milhões de euros (6,6%) face ao ano anterior, devido ao crescimento da procura e ao aumento tarifário verificado no início do ano. O modo autocarro cresceu 5,7 %, mais 2,4 milhões de euros e o modo carro elétrico cresceu 39%, mais 469 mil euros.

O peso da receita do carro elétrico na receita de serviço de transporte passou de 2,8% em 2016, para 3,6% em 2017.

- A oferta total da STCP atingiu os 22,4 milhões de quilómetros de serviço em 2017, o que representa um acréscimo de 612 mil quilómetros de serviço (+2,8%), face a 2016. O modo autocarro cresceu 2,7%, mais 594 mil quilómetros e o modo carro elétrico cresceu 147%, mais 18 mil quilómetros. O aumento da oferta resultou do acréscimo de pessoal tripulante e da reformulação do serviço de algumas linhas para captação de novos clientes.

- No final de 2017, a frota da STCP era constituída por 419 autocarros, com uma idade média de cerca de 15 anos, e por 7 carros elétricos históricos. Encontravam-se, no entanto, inoperacionais dois autocarros, pelo que, não foram considerados para cálculo dos indicadores operacionais, tendo em consideração o longo período de imobilização.
- Em 31 de dezembro de 2017, a STCP contava com 1.242 trabalhadores (sendo 74% motoristas de serviço público e guarda-freios), tendo aumentado 10 efetivos (+0,8%), relativamente ao ano anterior. Esta variação resultou de 47 entradas e 37 saídas. Em 2017 foram acolhidos na empresa 37 novos estagiários dos quais 14 de estágio curricular e 23 estágios profissionais. As 47 entradas resultam da admissão de pessoal tripulante (31), pessoal manutenção (10), técnico licenciado (1) e regresso de licenças sem vencimento (5).

Pelo Despacho de 24 de agosto de 2017, do Secretário de Estado Adjunto e do Ambiente, foi autorizada a contratação de 26 motoristas/guarda-freios e pelo despacho de 29 de setembro de 2017, do Secretário de Estado Adjunto e do Ambiente foi autorizada a contratação de 12 motoristas/guarda-freios. Relativamente à autorização para a contratação de 12 motoristas / guarda-freios, apenas foi concretizada a admissão de 5 trabalhadores em 2017, dado que não ocorreram as cessações de funções dos restantes trabalhadores a substituir, até ao final do ano.

A contratação de 10 novos colaboradores para a Unidade de Manutenção da sua frota de Autocarros foi autorizada pelo Despacho nº 1221/17, do Secretário de Estado do Tesouro, de 29 de dezembro de 2017.

Para o apoio jurídico da empresa foi realizado um contrato em regime de comissão de serviço, com início em 1 de abril de 2017 e pelo prazo de um ano, o qual foi entretanto denunciado com efeitos a 31 de janeiro de 2018.

- O resultado líquido do exercício de 2017 foi negativo em 14,9 milhões de euros, apresentando um desagravamento de 11,9 milhões de euros (44%), face ao ano de 2016. Esta evolução positiva resulta da melhoria dos resultados financeiros em 10,3 milhões de euros e dos resultados operacionais em 1,6 milhões de euros.

O resultado líquido sem o efeito do swap (juros e variação de justo valor) foi negativo em 15,2 milhões de euros, apresentando um desagravamento de 2,4 milhões de euros (14%) relativamente a 2016.

- Os resultados operacionais foram negativos em cerca de 10,8 milhões de euros, apresentando uma melhoria de 1,6 milhões de euros (13%) face a 2016.

Os rendimentos operacionais em 2017 foram de aproximadamente 50 milhões de euros, registando um aumento de 4,8 milhões de euros (11%) relativamente ao ano de 2016. A receita de transporte, no total de cerca de 45,6 milhões de euros, aumentou cerca de 2,8 milhões de euros, fruto do aumento da procura. Em 2017 foram contabilizados cerca de 1,7 milhões de euros de compensação financeira atribuída pelos municípios, pelas obrigações de serviço público prestado pela STCP.

Os gastos operacionais em 2017 foram de aproximadamente 60,7 milhões de euros, registando um aumento de 3,3 milhões de euros (5,7%) relativamente ao ano de 2016, a qual decorre, fundamentalmente pela consideração de gastos não correntes em 2017, nomeadamente reforço de provisões no montante de 7,1 milhões de euros.

- Os resultados financeiros do ano de 2017 foram negativos em 4,1 milhões de euros, registando um desagravamento, de 10,3 milhões de euros, face a 2016. Os encargos com o swap (juros e variação de justo valor) foram positivos em 262 mil euros, apresentando uma melhoria de 9,5 milhões de euros.

Os juros e encargos de financiamento foram de 4,4 milhões de euros, inferiores em cerca de 837 mil euros relativamente a 2016.

- A empresa detém, desde 2007, uma operação de cobertura de risco de taxa de juro contratada junto do Banco Santander Totta, S.A., com maturidade em 2022 e cujo justo valor, de acordo com informação da Agência de Gestão da Tesouraria e da Dívida Pública - IGCP, E.P.E., em 31 de dezembro de 2016 era de -113.494.520,37 euros. Em 31 de dezembro de 2017, o valor de mercado do instrumento derivado contratado ascendia ao montante de -98.555.629,17 euros, o qual foi determinado pelo Banco Santander Totta, S.A.

Em resultado do processo negocial conduzido pela Tutela Financeira, em representação das quatro empresas públicas de transporte envolvidas, em concreto, a Sociedade de Transportes Colectivos do Porto, S.A., a Metro do Porto, S.A., o Metropolitano de Lisboa, E.P.E. e a Companhia Carris de Ferro de Lisboa, S.A., foi assinado em 2 de

maio de 2017, o acordo entre o Estado Português, o Banco Santander Totta, S.A., e as Empresas Públicas de Transporte com contratos de gestão de risco financeiro de taxa de juro celebrados, que determinou o termo à ação judicial interposta por aquele Banco no Tribunal de Comércio de Londres, no qual as citadas empresas se comprometeram a cumprir os referidos contratos e as obrigações de pagamento vincendas daí decorrentes, e cumprir, até 31 de janeiro de 2018, as obrigações de pagamento vencidas ao abrigo dos mesmos.

Em 2017 foi contraído um empréstimo de médio e longo prazo, junto do Estado Português, pelo valor de 14.643.369,27 euros, para o pagamento dos fluxos, a vencer nesse ano, do contrato swap celebrado com o Banco Santander Totta, S.A.

- Os gastos com pessoal, em 2017, apresentaram uma redução de cerca de 484 mil euros face a 2016, devido principalmente à diminuição dos gastos com a rubrica Benefícios pós-emprego no montante de 679 mil euros. No que diz respeito aos gastos com pessoal corrigidos dos encargos decorrentes da reposição salarial e das indemnizações por cessação de contrato, apresentam uma redução de cerca de 3,7% (1,1 milhões de euros) face ao ano de 2016.
- O EBITDA (de gestão) do modo rodoviário cifrou-se em cerca -605,7 milhares de euros, registando um desvio negativo em cerca de 3.022 milhares de euros, face à meta estabelecida, o qual é explicado essencialmente pela redução, face ao previsto, do montante a receber das Obrigações de Serviço Público atribuídas, em cerca de 2,9 milhões de euros.
- No final de 2017 a dívida remunerada total da STCP era de aproximadamente 331 milhões de euros, registando uma diminuição de 11% face a 2016 (-39,4 milhões de euros). A contribuir para a diminuição do endividamento temos os aumentos de capital por conversão de créditos do Estado, no montante de 56,4 milhões de euros (serviço da dívida dos empréstimos do Estado vencido no ano de 2017).
- No âmbito da política de financiamento a partir de dezembro de 2013 e por aplicação do Decreto-Lei n.º 133/2013, de 3 de outubro, sendo a STCP uma empresa pública não financeira do setor empresarial do Estado, que anualmente apresenta capital próprio negativo, só pode acceder a financiamento junto de instituições de crédito com prévia autorização da Direção Geral do Tesouro e Finanças a qual solicita parecer do IGCP, E.P.E., quanto às condições financeiras aplicáveis.



Nesta conformidade foi autorizado o endividamento junto da DGTF, pelo valor de 14.643.369,27 euros, para o pagamento dos fluxos, a vencer em 2017, do contrato swap celebrado com o Banco Santander Totta. O capital mutuado foi disponibilizado em duas tranches: a 1 de junho, no valor de 6.947.865,80 euros e a 27 de novembro, no valor de 7.695.503,47 euros.

Os encargos financeiros em 2017 atingiram o montante de 19,29 milhões de euros, o que corresponde a um aumento de 12% (+2,1 milhões de euros), em resultado essencialmente dos encargos com o swap, os quais apresentaram juros suportados no montante de 14,9 milhões de euros, o que representa um acréscimo de 2,9 milhões de euros face a 2016.

- O ativo atingiu, a 31 de dezembro de 2017, o montante de 81,9 milhões de euros, registando uma diminuição de 2,5 milhões de euros (-3%) face a 2016, principalmente devido à redução do valor dos ativos fixos tangíveis em cerca de 3,3 milhões de euros, pela sua depreciação.
- O passivo em 2017 registou o montante de 490 milhões de euros, apresentando uma diminuição de 58 milhões de euros (11%) face a 2016, principalmente pela redução dos financiamentos obtidos em cerca de 39,4 milhões de euros, dos instrumentos de gestão do risco financeiro (swap) em cerca de 14,9 milhões de euros e das outras dívidas a pagar, no valor de cerca de 9,4 milhões de euros. As provisões aumentaram cerca de 7,1 milhões de euros.
- O capital próprio da STCP atingiu, em 2017, os 408,1 milhões de euros negativos. O desagravamento de 55,5 milhões de euros (12%), relativamente a 2016, resulta dos aumentos de capital efetuados pelo acionista Estado. Um dos quais em numerário, no montante de 13.491.175 euros, concedido para fazer face aos fluxos de investimentos e ao Memorando de Entendimento, assinado em 31 de julho de 2015, entre o Estado Português, o Município do Porto e a STCP, bem como aos fluxos de financiamento com o leasing da frota de autocarros existente e com o serviço da dívida do empréstimo obrigacionista. O outro aumento de capital, no montante de 56.372.105 euros, revestiu a forma de conversão de dívida resultante das prestações de capital e juros dos empréstimos atribuídos pelo Estado.

O capital social da STCP, S.A., em 31 de dezembro de 2017, ascendia ao montante de 213.152.770 euros, totalmente realizado, e representado por 42.630.554 ações em forma meramente escritural, com o valor nominal de 5 euros cada, sendo que, nessa data, se

aguardava o registo na Conservatória do Registo Comercial do último aumento de capital social.

- O montante do investimento realizado em 2017 foi de 428 milhares de euros, do qual se destaca a requalificação de carros elétricos, de edifícios, aquisição de duas viaturas de apoio e substituição de equipamento administrativo, informático e oficinal.
- Por fim, reiteramos a ênfase assinalada na certificação legal de contas, emitida pelo ROC da sociedade, quanto à situação de incumprimento do estipulado no artigo 35.º do Código das Sociedades Comerciais, bem como a menção – como matéria relevante – quanto à manutenção de resultados negativos do exercício, com o consequente avolumar da situação de capitais próprios negativos.

### 3. Aferição das orientações legais vigentes para o SEE

No âmbito do disposto no artigo 420.º do CSC, tanto quanto é do conhecimento deste Conselho Fiscal, a STCP deu cumprimento à generalidade das orientações legais vigentes para o SEE (Decreto-Lei nº 133/2013, de 3 de outubro), às disposições constantes na Lei nº. 42/2016, de 28 de dezembro (LOE 2017), bem como no Decreto-Lei nº 25/2017, de 3 de março (DLEO 2017), e no ofício-circular nº 588, de 7 de fevereiro de 2018, da Direção-Geral do Tesouro e Finanças (DGTF), salientando-se as seguintes situações:

- O contrato de Gestão Operacional celebrado entre o Estado Português e Área Metropolitana do Porto, em 2 de janeiro de 2017, estabeleceu os objetivos/metas para 2017, os quais não foram integralmente cumpridos, pela Sociedade, no que se refere a alguns indicadores designadamente: i) o EBITDA (de gestão) do modo rodoviário que se saldou em -605,7 milhares de euros, registando um desvio negativo em cerca de 3.022 milhares de euros (-125%), face à meta estabelecida; ii) o resultado rodoviário atingiu - 3.340,7 milhares de euros, ficando aquém da meta estabelecida, em cerca de 2,4 milhões de euros (-262%); iii) a compensação Financeira – Obrigações de Serviço Público (OSP), que no ano de 2017 foi de 1.661,1 milhares de euros, foi inferior à meta estabelecida em 64% (- 2.897,5 milhares de euros).

Os restantes objetivos fixados foram cumpridos/superados, conforme quadro abaixo:

Indicadores	Unidade	Metas 2017	Real 2017	Variação	
				abs.	%
[1] EBITDA (de gestão) do modo rodoviário	10^3 €	2.416	-606	-3 022	-125%
[2] Resultado Rodoviário	10^3 €	-923	-3.341	-2.418	-262%
[3] Velocidade Média	Km/h	15,7	15,8	0,1	1%
[4] Taxa de Cumprimento do Serviço	%	95,0%	97,4%	2,36 pp	2%
[5] Veículos Km de Serviço	10^3	22.091	22.216	125	1%
[6] Nº Reclamações por milhão de Veíc. Km.	Recl/VKM 10^6	100	60	-40	-40%
[7] Nº Reclamações por milhão de Passageiros	Recl/Pass 10^6	40	19	-21	-54%
[8] Obrigações de Serviço Público (OSP)	10^3 €	4.559	1.661	-2.897	-64%

- De acordo com o n.º 1 do artigo 45.º da Lei n.º 42/2016, de 28 de dezembro, o crescimento do endividamento das empresas públicas, considerando o financiamento remunerado corrigido pelo capital social realizado, ficava limitado a 3%.

A STCP terminou o ano de 2017 com uma dívida remunerada total de 331 milhões de euros, tendo efetuado aumentos de capital por dotação, no montante de 13.491.175 euros, e por conversão de créditos do Estado, no montante de 56.372.105 euros. Assim, considerando o endividamento corrigido pelo capital social realizado, a empresa registou um aumento do endividamento em 7%, face a 31 de dezembro de 2016.

Se ao cálculo da variação do endividamento for retirado o efeito do montante da dívida contraída para pagamento das obrigações decorrentes do contrato swap, e os investimentos de 2017, o crescimento do endividamento apurado é de 3,6 %. Porém se retirarmos ainda o efeito do aumento de capital, no montante de 9.176.166 euros, referente à dotação recebida para pagamento da verba devida pela STCP relativa ao memorando de entendimento, assinado a 31 de julho de 2015, entre o Estado Português e o Município do Porto, resulta um crescimento do endividamento de 1,44%.

A este propósito acresce que de acordo com a apreciação efetuada pela Unidade Técnica de Acompanhamento e Monitorização do Setor Público Empresarial (UTAM), à versão do Plano de Atividades e Orçamento para 2017 (SiRIEF, 2017-08-14) da STCP, o respetivo Relatório de Análise conclui que a proposta apresentada, na qual se previa para o cumprimento do acréscimo do endividamento a exclusão das verbas referentes ao plano de investimento e das verbas referente ao pagamento dos juros relativos ao contrato swap realizado com o Banco Santander Totta, reúne as condições para merecer a aprovação de Sua Excelência o secretário de Estado do Tesouro. Refira-se que o PAO 2017 da STCP foi formalmente aprovada através de Deliberação Social Unânime por Escrito datada de 29 de dezembro de 2017.

- Em 2017 a STCP não atribuiu prémios de gestão e aplicou as reduções remuneratórias ao Conselho de Administração de acordo com a legislação vigente.
- Relativamente à remuneração do Revisor Oficial de Contas, aprovada pela DUE de 30 de novembro de 2016, foi aplicado o n.º 21 da RCM n.º 16/2012. Pelo trabalho de revisão das contas consolidadas auferiu um montante adicional aprovado em ata de reunião do Conselho de Administração n.º 46/2017.
- No que respeita às remunerações dos restantes trabalhadores, foi dado cumprimento ao estipulado nos artigos 20.º, 21.º, 23.º e 24.º da Lei n.º 42/2016, de 28 de dezembro, Lei do Orçamento do Estado de 2017, e aplicado o previsto nos Instrumentos de Regulamentação Coletiva de Trabalho (Acordos de Empresa), cumprindo-se assim as orientações relativas às remunerações vigentes em 2017.
- O PMP apurado em 2017 foi de 41 dias, quando em igual período de 2016 era de 51 dias, o que se traduz numa diminuição de 10 dias (20%), face ao ano anterior.  
O montante das dívidas em atraso, vencidas em 2017, de acordo com o Decreto-Lei n.º 65-A/2011, de 17 de maio, ascende a cerca de 62 mil euros, registando um decréscimo de cerca de 157 mil euros relativamente ao ano transato, sendo que cerca de 12 mil euros respeitam a transações entre empresas participada da STCP, o TIP e a Metro do Porto são simultaneamente devedoras e credoras da STCP. Ao longo de 2017 a STCP procedeu trimestralmente, à divulgação das dívidas com mais de 30 dias, no seu sítio da internet ([www.stcp.pt](http://www.stcp.pt)).
- No âmbito do Estatuto do Gestor Público foi dado cumprimento ao disposto nos artigos 32.º e 33.º, no que se refere: i) à não utilização de cartões de crédito nem de outros instrumentos de pagamento por gestores públicos, tendo por objeto a realização de despesas ao serviço da empresa; ii) ao não reembolso a gestores públicos de quaisquer despesas que caiam no âmbito do conceito de despesas de representação pessoal; iii) ao valor das despesas associadas a comunicações, que incluem telefone móvel, telefone domiciliário e internet; e iv) ao valor associado a gastos anuais associados às viaturas afetas ao Conselho de Administração;
- A empresa elaborou o “Relatório sobre Remunerações por género do ano de 2017”, sobre as remunerações pagas a mulheres e homens, conforme determina o n.º 2 da Resolução do Conselho de Ministros (RCM) n.º 18/2014, de 7 de março, o qual foi divulgado

internamente, através da sua publicação na intranet, e disponibilizado na internet, no sítio da empresa.

- Em 2017 não foi elaborado relatório anual sobre prevenção da corrupção, conforme disposto no n.º 1 do artigo 46.º do Decreto-Lei n.º 133/2013, de 3 de outubro, incumprindo com a supramencionada disposição.
- Em 2017 a STCP aplicou o Código dos Contratos Públicos (CCP), aprovado pelo Decreto-Lei nº 18/2008, de 29 de janeiro, nas adjudicações em que aquele diploma se aplicava, e nas restantes em que tal regime não era aplicável, efetuou consultas através da plataforma eletrónica.
- A STCP aderiu ao Sistema Nacional de Compras Públicas, em março de 2011, através da celebração de contrato com a Agência Nacional de Compras Públicas, E.P.E. (ANCP). Em 2017 não se procedeu a qualquer adjudicação ao abrigo do Sistema Nacional de Compras Públicas.
- No âmbito do cumprimento das medidas de redução de gastos operacionais, em conformidade com o determinado no artigo 124.º do Decreto-Lei n.º 25/2017, de 3 de março (DLEO 2017), constata-se que foram cumpridas as seguintes orientações:
  - O EBITDA, recorrente no montante negativo de 925 mil euros, melhorou face a 31 de dezembro de 2016;
  - Os gastos com pessoal, corrigidos dos encargos decorrentes da reposição salarial, das indemnizações por rescisão e dos efeitos decorrentes da aplicação do disposto nos artigos 20.º e 21.º da LOE 2017, foram inferiores aos verificados em 2016;
  - Em 2017 o conjunto dos gastos com comunicações, deslocações, ajudas de custo e alojamento, bem como os associados à frota automóvel, é superior ao registado em 2016, em 26,2% (77 mil euros). No orçamento 2017, aprovado, foi previsto um crescimento deste conjunto de gastos em 78 mil euros, face ao ano anterior, pelo que foi solicitado, pela STCP, às Tutelas, setorial e financeira, autorização para ultrapassar o limite estabelecido. O pedido de exceção para o estipulado na alínea b) do nº 4 do DLEO foi autorizado pelo Despacho nº 646/17-SET de 14.08.2017;



- Em 2017, o peso dos gastos operacionais, corrigidos dos encargos decorrentes da reposição salarial e das indemnizações por rescisão, no volume de negócios é de 106%, inferior ao verificado em 2016, que foi de 118%, dando cumprimento ao disposto sobre a promoção do equilíbrio operacional.
- A 31 de dezembro de 2017, o efetivo da STCP, sem órgãos sociais, trabalhadores requisitados e licenças sem vencimento, era constituído por 1.242 trabalhadores o que corresponde a um aumento de 10 trabalhadores face a 2016. As contratações de trabalhadores efetuadas pela STCP foram autorizadas pelas tutelas, conforme já referido no presente parecer.
- De acordo com o Despacho n.º 1140/16 da SEATF, de 10 de novembro, foi autorizado o regime de exceção parcial à UTE no que respeita a operações de financiamento, por falta de enquadramento legal, a garantias bancárias, a valores imobiliários sob custódia, à compra e venda de moeda estrangeira e ainda a pedidos de numerário, pelo prazo de dois anos (2016 e 2017).  
No ano de 2017 a empresa concentrou a maioria das suas disponibilidades na Conta da Agência de Gestão da Tesouraria e da Dívida Pública – IGCP, E.P.E., e procedeu, de igual modo, no que diz respeito à gestão corrente de serviços bancários, utilizando os serviços disponibilizados por essa Agência. A empresa não efetuou qualquer aplicação financeira, nem auferiu juros em resultado das disponibilidades financeiras existentes em Depósitos à Ordem fora do âmbito do IGCP.

#### **4. Aferição do cumprimento do disposto no n.º 1 do artigo 54.º do Decreto-Lei n.º 133/2013, de 3 de outubro, quanto ao relatório de boas práticas de governo societário**

A STCP apresentou o relatório de boas práticas de governo societário, previsto no artigo 54.º do Decreto-Lei n.º 133/2013, de 3 de outubro, conforme instruções transmitidas pela Direção-Geral do Tesouro e Finanças sobre o processo de prestação de contas referente a 2017 de acordo com o modelo disponibilizado pela Unidade Técnica de

Acompanhamento e Monitorização do Setor Público Empresarial, o qual contempla a informação requerida.

## 5. Proposta

Assim, face ao exposto e considerando os elementos disponibilizados e tendo em consideração a Certificação Legal das Contas, o Conselho Fiscal no âmbito das suas competências, conclui que o Relatório e Contas de 2017 cumpre a generalidade das exigências legais aplicáveis, revelando a situação da Sociedade, pelo que, somos de parecer que seja:

- Aprovado o Relatório e Contas de 2017 apresentado pelo Conselho de Administração da Sociedade de Transportes Coletivos do Porto, S.A. atenta a ênfase constante na Certificação Legal de Contas; e,
- Apreciada a proposta de aplicação de resultados apresentada pela Administração, a qual está em conformidade com as disposições legais e estatutárias.

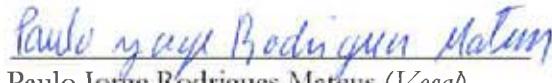
O Conselho Fiscal,



Pedro Romano Martinez (Presidente)



Ana Alexandra Filipe Freitas (Vogal)



Paulo Jorge Rodrigues Mateus (Vogal)





GLOBAL REPORTING INITIATIVE (GRI) INDEX



STCP's sustainability performance and the selection and definition of the main indicators were based on GRI v.3 guidelines (Global Reporting Initiative).

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<b>Aspect: Market presence</b>			
EC5	C	Ratio between the lowest wage and the local minimum wage	N.D.
EC6	E	Policies, practices and proportion of local suppliers costs	65-66, 108-109
EC7	E	Procedures for local recruitment and proportion of senior management positions occupied by individuals from the local community	N.D.
<b>Aspect: Indirect Economic Effects</b>			
EC8	E	Development and impact of investments in infrastructure and services that are essentially aimed for the public benefit through commercial or pro bono commercial involvement	24-32
EC9	C	Description and analysis of the most significant indirect economic effects, including their scope	6-7, 9-13, 42-47, 139-141
<b>ENVIRONMENTAL PERFORMANCE INDICATORS</b>			
<b>Aspect: Materials</b>			
EN1	E	Total consumption of materials by weight or volume	32-34
EN2	E	Percentage of materials used that have been recycled	N.D.
<b>Aspect: Energy</b>			
EN3	E	Direct energy consumption by primary energy source	32-34
EN4	E	Indirect energy consumption by primary energy source	N.D.
EN5	C	Total energy savings resulting from improvements in conversation and efficiency	32-34
EN6	C	Initiatives for supplying products and services based on energy efficiency and renewable energies and reductions in energy consumption as a result of these initiatives	32-34
EN7	C	Initiatives to reduce indirect energy consumption and reductions achieved	32-34
<b>Aspect: Water</b>			
EN8	E	Total water consumption by source	34
EN9	C	Water resources significantly affected by water consumption	34
EN10	C	Percentage and total volume of recycled and reused water	N.D.
<b>Aspect: Biodiversity</b>			
EN11	E	Location and area of land owned, leased or managed by the organization, within or adjacent to protected areas and in areas with a high biodiversity index outside protected areas	N.R.
EN12	E	Description of significant impacts of activities, products and services on biodiversity of protected areas and areas with a high biodiversity index outside protected areas	N.R.
EN13	C	Protected or restored habitats	N.R.
EN14	C	Current and future strategies and programmes for managing impact on biodiversity	N.R.
EN15	C	Number of species in the IUCN Red List and in the national list for the conservation of species with habitats in areas affected by operations, by extinction risk level	N.R.
<b>Aspect: Emissions, Effluent and Waste</b>			
EN16	E	Total direct and indirect greenhouse gas emissions, by weight	32-34
EN17	E	Other relevant indirect greenhouse gas emissions by weight	N.D.
EN18	C	Initiatives to reduce greenhouse gas emissions and reductions achieved	32-34

EN19	E	Emission of ozone depleting substances by weight	32-34
EN20	E	NOx, SOx and other significant air emissions by type and weight	N.D.
EN21	E	Total water discharge by quality and destination	N.D.
EN22	E	Total quantity of waste by type and disposal method	34
EN23	E	Number and total volume of significant spillages	N.R.
EN24	C	Weight of transported, imported and exported waste under the Basel Convention, and the percentage of waste transported internationally	N.D.
EN25	C	Name, size, protection status and biodiversity value of water resources and respective habitats significantly affected by discharge and surface run-off	N.R.

#### **Aspect: Products and Services**

EN26	E	Initiatives to mitigate the environmental impacts of products and services, and degree of impact reduction	32-34
EN27	E	Percentage of products sold and their packaging materials that are recovered, by category	N.R.

#### **Aspect: Compliance**

EN28	E	Amount involved in the payment of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	N.R.
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#### **Aspect: Transport**

EN29	C	Significant environmental impacts resulting from the transport of products and other goods or raw materials used in the organization's operations, as well as the transport of personnel	N.D.
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#### **Aspect: General**

EN30	C	Total costs and investments in environmental protection, by type	N.D.
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### **LABOUR PRACTICES AND DECENT WORK PERFORMANCE INDICATORS**

#### **Aspect: Employment**

LA1	E	Total workforce by type of job, by employment contract and by region	35-39
LA2	E	Total number of employees and turnover rate, by age group, gender and region	35-39
LA3	C	Benefits granted to full-time employees that are not granted to temporary or part-time employees	N.R.

#### **Aspect: Relations between Employees and Management**

LA4	E	Percentage of employees covered by collective employment agreements	35
LA5	E	Minimum notice period in case of operational changes, including if this procedure is mentioned in collective employment agreements	N.D.

#### **Aspect: Occupational Health and Safety**

LA6	C	Percentage of total workforce represented in formal health and safety committees, which assist in monitoring and counselling on occupational health programmes	35-39
LA7	E	Rate of injuries, occupational diseases, days lost, absenteeism and number of work-related deaths, by region	35-39
LA8	E	Ongoing education, training, counselling, risk prevention and control programmes to ensure assistance to employees, their families or community members, affected by serious illness	35-39
LA9	C	Topics related to health and safety covered by formal agreements with trade unions	N.D.

#### **Aspect: Training and Education**

LA10	E	Average hours of training per year and per employee, by job category	37
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LA11	C	Skills-management and continuous-learning programmes to support the continued employability of employees and for career management	35-39
LA12	C	Percentage of employees receiving regular reviews of performance and career development	37
<b>Aspect: Diversity and equal opportunity</b>			
LA13	E	Composition of the company's governing bodies and list of employees by category of agreement with gender, age group, minorities and other diversity indicators	35-38, 50-52
LA14	E	Men/women basic salary ratio by job category	37
<b>SOCIAL PERFORMANCE INDICATORS</b>			
<b>HUMAN RIGHTS</b>			
<b>Aspect: Investment and Acquisition Practices</b>			
HR1	E	Percentage and total number of significant investment contracts that include clauses on human rights or that have undergone human rights analysis	N.R.
HR2	E	Percentage of main suppliers and contracted companies which have undergone assessments relating to their human rights performance and measures taken	N.D.
HR3	C	Total number of hours of training in policies and procedures relating to human rights aspects relevant to operations, including the percentage of employees receiving training	N.R.
<b>Aspect: Non-discrimination</b>			
HR4	E	Total number of discrimination cases and actions taken	N.R.
<b>Aspect: Freedom of Association and Collective Bargaining Agreement</b>			
HR5	E	Cases in which the right to exercise freedom of association and collective bargaining agreements may be at significant risk, and measures which contribute to the elimination of this risk	N.R.
<b>Aspect: Child Labour</b>			
HR6	E	Cases in which there is a significant risk of child labour, and measures which contribute to the elimination of this risk	N.R.
<b>Aspect: Forced Labour and Slavery</b>			
HR7	E	Total number of hours of training in policies and procedures relating to human rights aspects relevant to operations, including the percentage of employees receiving training	N.R.
<b>Aspect: Security Practices</b>			
HR8	C	Percentage of security staff who have received training in the organisation's policies or procedures relating to human rights which are not relevant to operations	N.R.
<b>Aspect: Rights of Indigenous Peoples</b>			
HR9	C	Total number of incidents involving a violation of the rights of indigenous peoples and actions taken	N.R.
<b>COMPANY</b>			
<b>Aspect: Community</b>			
SO1	E	Nature, scope and effectiveness of any programmes and practices for evaluating and managing the impact of operations on communities, including at the time of installation, during operation and at the time of withdrawal	N.D.
<b>Aspect: Corruption</b>			
SO2	E	Percentage and total number of business units subjected to corruption risk assessments	65, 80
SO3	E	Percentage of employees who have received training in the organisation's anti-corruption policies and practices	N.R.
SO4	E	Measures taken in response to cases of corruption	N.R.

<b>Aspect: Public Policies</b>			
SO5	E	Positions regarding public policies and participation in public policy making and in pressure groups	N.R.
SO6	C	Total amount of financial or in-kind contributions to political parties, politicians and related institutions, by country	N.R.
<b>Aspect: Unfair Competition</b>			
SO7	C	Total number of legal actions for unfair competition, anti-trust and monopolistic practices, and the outcomes of these	128-129
<b>Aspect: Compliance</b>			
SO8	E	Value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	N.R.
<b>PRODUCT RESPONSIBILITY</b>			
<b>Aspect: Customer Health and Safety</b>			
PR1	E	Life cycles of products and services in which the health and safety impact is assessed with the aim of making improvements, and the percentage of the main categories of products and services which have undergone these procedures	N.D.
PR2	C	Total number of incidents resulting from non-compliance with the regulations and voluntary codes relating to the health and safety impact of products and services during their life cycles, by type of outcome	N.D.
<b>Aspect: Product and service labelling</b>			
PR3	E	Type of information on products and services required by regulations, and percentage of significant products and services subject to such requirements	N.R.
PR4	C	Total number of incidents resulting from non-compliance with the voluntary codes and regulations relating to the health and safety impact of products and services during their life cycles, by type of outcome	N.R.
PR5	C	Procedures relating to customer satisfaction, including the results of satisfaction surveys	27-28
<b>Aspect: Marketing Communications</b>			
PR6	E	Compliance with laws, standards and voluntary codes relating to marketing communications, including advertising, promotion and sponsorship	N.R.
PR7	C	Total number of incidents resulting from non-compliance with the voluntary codes and regulations relating to marketing communications, including advertising, promotion and sponsorship, by type of outcome	N.R.
<b>Aspect: Customer privacy</b>			
PR8	C	Total number of registered complaints about violations of customer privacy	N.R.
<b>Aspect: Compliance</b>			
PR9	E	Amount of (significant) fines for non-compliance with laws and regulations relating to the supply and use of products and services	N.R.

Source: GRI (2006) - "G3: Sustainability Reporting Guidelines"

C – Complementary indicator

E – Essential indicator

N.R. – "Not relevant" or "not applicable" indicator

N.D. – "Not available" or only "partially available" indicator

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