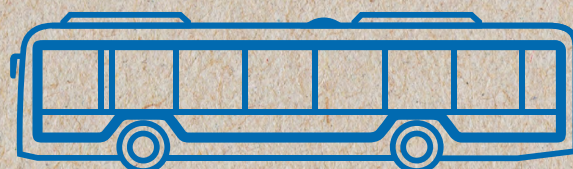


ANNUAL REPORT

2018



INTELLIGENT MOBILITY



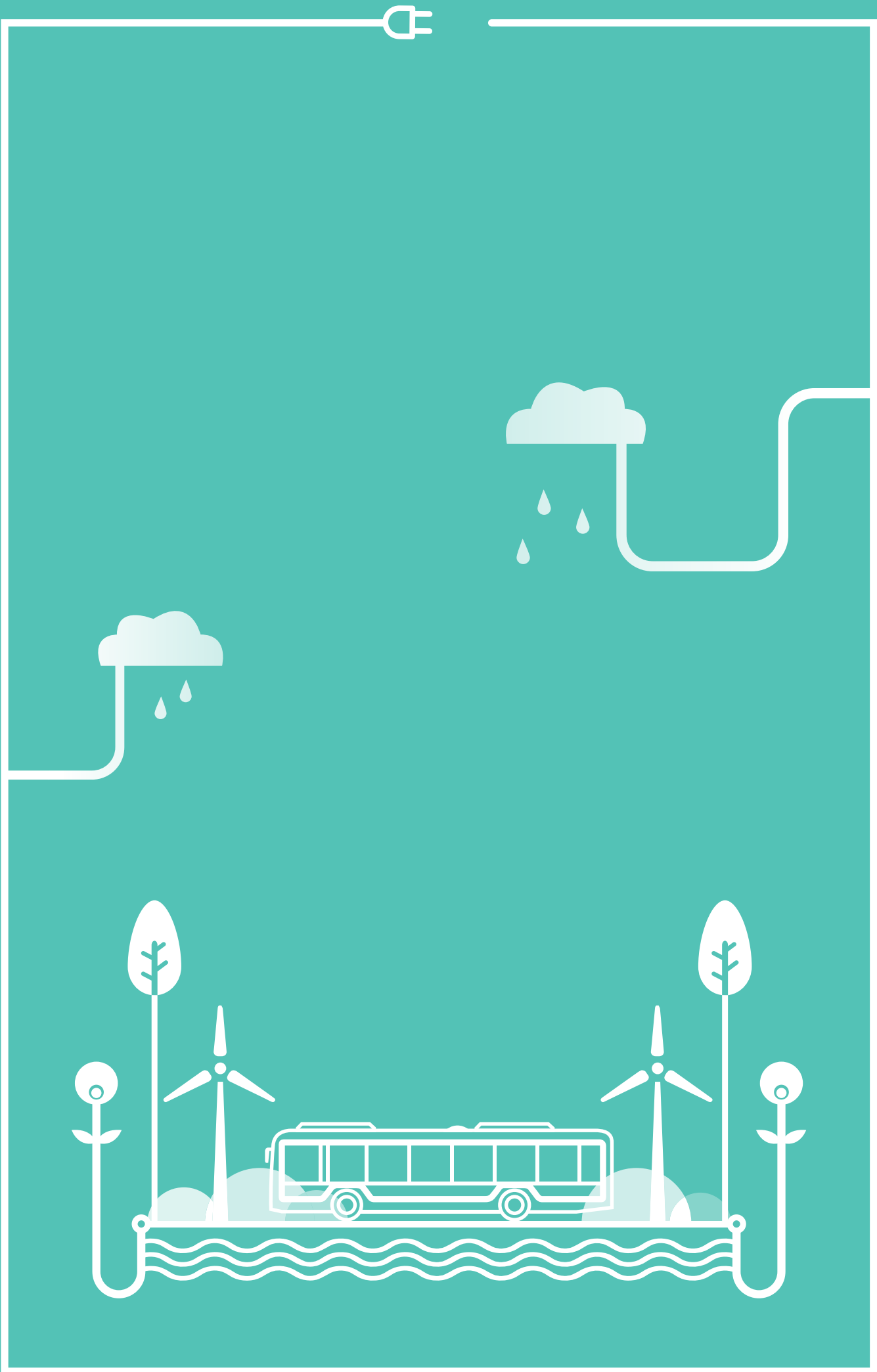
ANNUAL REPORT

2018



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1

MESSAGE FROM THE CHAIRMAN



MESSAGE FROM THE CHAIRMAN

In 2018, the first year of the current Board of Directors, the transfer of STCP's operational management responsibilities was fully materialised, from the State to the six municipalities of the Metropolitan Area of Porto (AMP) served by the STCP transport network – Porto, Vila Nova de Gaia, Matosinhos, Maia, Gondomar and Valongo.

The changes have shown improvements in public passenger transport and in operating results, which are objectives we set when we took office.

The Board of Directors has worked to promote a sustainable renewal in STCP: business sustainability, contributing to a healthy future of the company, with more passengers and more revenue, and environmental sustainability, with the beginning of the circulation of the first electric buses, together with the new generation of buses powered by natural gas, which contribute to the improved well-being in the six municipalities served by STCP and to the environmental goals of the country and Europe.

During 2018, following the international public tenders launched in 2017, the first 28 new generation natural gas-powered buses, out of a total of 173, and 12 electric-powered buses, out of a total of 15, were received. This corresponded to a total investment of 47 million euros, which also includes the respective electricity charging station and gas supply station of the Via Norte Collection Station, which will be further executed by the delivery of 60 natural gas-powered buses in 2019, and the remainder in 2020. This project is co-financed by the POSEUR programme.

In October, the second phase of the renewal of the STCP bus fleet was launched, with the application submitted for the new POSEUR programme for the acquisition of 5 more electric buses and 81 natural-gas-powered buses and the construction of the infrastructures for the respective refuelling/recharging at the Francos Collection Station, an overall investment of 23 million euros.

It was a year in which the number of passengers increased to 73.4 million, growing by 1.4% over the previous year, which was made possible by the increase in the number of drivers in service and the renewal of the fleet, which increased the comfort and well-being of our customers.

We live in a period of mobility transformation in large urban areas. As one of the main operators in the Metropolitan Area of Porto, STCP wants to innovate and play an active role in this change.

It was for this reason that on 20 April 2018, we presented a change in the company's brand identity, adopting the "Intelligent Mobility" signature, as we believe that this is the purpose of STCP and public transportation in the coming decades.

Related to passenger comfort and innovation, I would also like to highlight the launch of the "Anda" mobile application, which revolutionised the way many citizens interact with public transport.

All this was only possible with an increase of more than 2.5 times the sum of the investment made in the last seven years, reaching 14.7 million euros in 2018, which the current Board of Directors considers essential. Only by investing in services and resources will we be able to attract more citizens to use public transport and STCP, and thus maintain an economically sustainable operation.

This effect was felt in 2018, with a 5% increase in transportation service revenues, reaching 47.8 million euros, mainly due to a 12% increase in tram revenues, which resulted in a positive Recurring EBITDA figure of 1.8 million euros, 309% higher than the one obtained in the previous year, which also contributes to the financial compensation of the municipalities, to fulfil the obligations of the service provided by STCP, as established in the second amendment of the STCP Public Service Contract, entered into by the Portuguese State, AMP and STCP in July 2017.

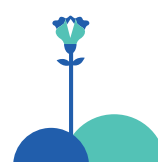
The results show that, for the future, this is the way forward for STCP, regardless of the model of corporate governance and/or ownership of its capital.

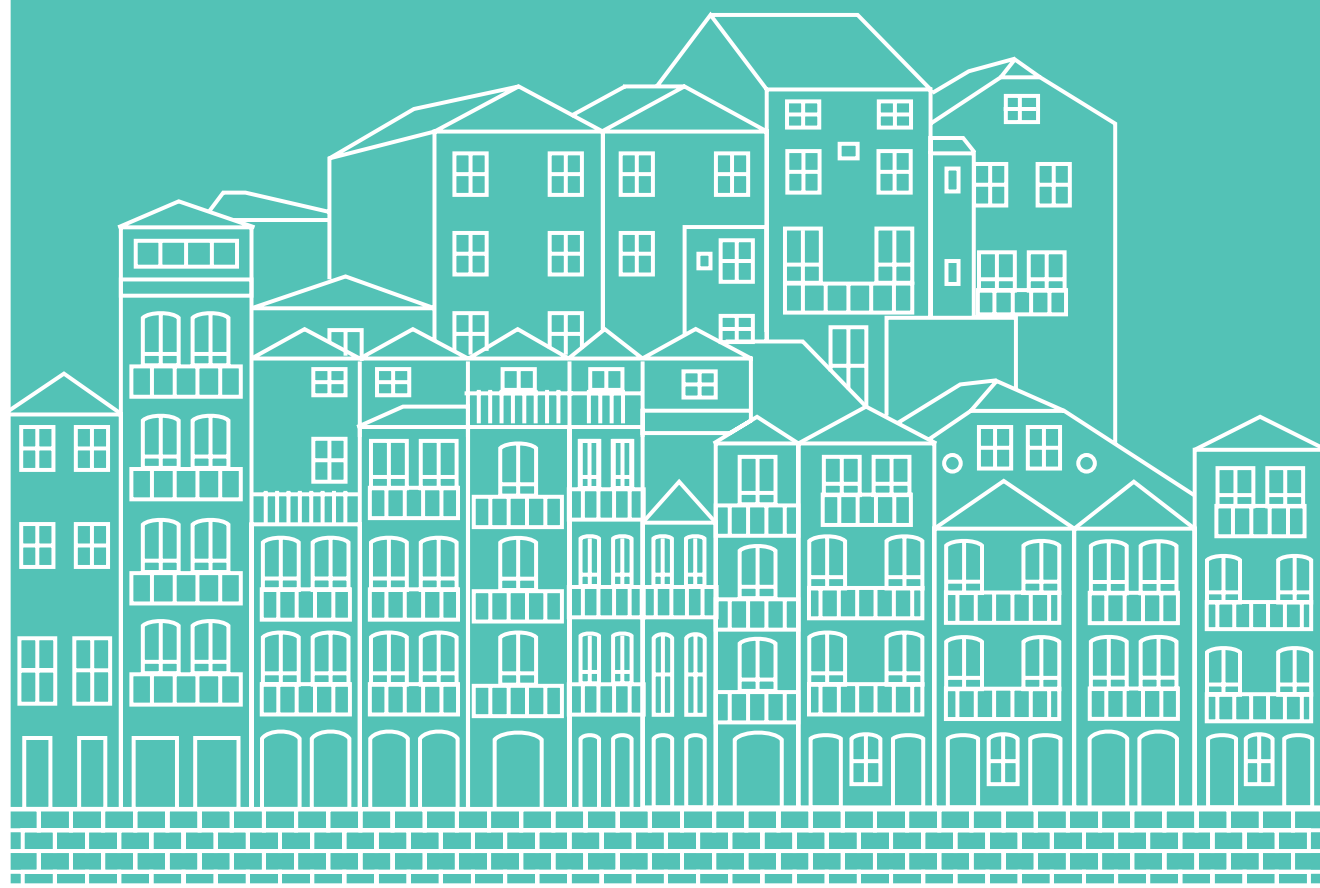
The strengthening of the company's security policy this year should also be highlighted, with the implementation of several measures, namely in tram operations, safety of workers and facilities. In this context, it is worth noting the reduction of the road accident rate related to the bus sector, by around 9%.

With a key role in all this transformation are the employees and partners of STCP. Throughout 2018, a close relationship was maintained with several Organisations Representing Workers, which contributed to the signing of several agreements between the parties, balancing the interests of the company and its workers, thus contributing to the achievement of social harmony in the company.

Only with high quality, well-trained professionals can the company be a benchmark in public passenger transport, serving an average of 200,000 passengers per day, who use our transport for their personal and professional life.

I would like to thank all those who collaborate so that STCP can serve the inhabitants of the Metropolitan Area of Porto daily, and only together will it be possible for the company to better serve a greater number of passengers.





2

FRAMEWORK



S.T.C.P.

This report refers to the 2018 financial year and includes the information deemed necessary to comply with our legal commitments and obligations for financial reporting, as well as sustainability reporting and good corporate governance practices, which are detailed in a separate report entitled Corporate Governance Report 2018.

Since 2006, STCP has opted to integrate the financial and sustainability report into a single report.

The financial statements and the report were approved by the Board of Directors at its meeting on 12 April 2019.

The accounts are audited by the Statutory Auditor of the company, which carries out its Legal Certification, included in Chapter 10 of this report, containing the verification to the Non-Financial Statement.

The Company's Supervisory Board issues an Annual Report on the 2018 Annual Report, contained in Chapter 11 of this report.

FINANCIAL REPORT

The financial statements were prepared on a going concern basis, based on the accounting books and records of the company, kept in accordance with generally accepted accounting principles and prepared under the provisions in force in Portugal, as set forth in Decree-Law No. 158/2009 of 13 July, as amended by Decree-Law No. 98/2015 of June 2, and in accordance with the conceptual framework, accounting and financial reporting standards and interpretive rules contained in notices 8254/2015, 8256/2015 and 8258/2015 of July 29, respectively.

The financial information is detailed in Chapters 5 and 9 of this report.

SUSTAINABILITY REPORT

The purpose of this report is to comply with Decree-Law no. 89/2017, of 28 July, which 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, which states that certain entities, including STCP, have to include a non-financial statement in their management report.

The non-financial statement (pursuant to article 66-B of the Commercial Company Code), described in chapter 4 of this report, focuses mainly on materially relevant issues from the standpoint of Sustainability, in the Economic, Social and Environmental aspects, in the context of its importance to the business and to the Stakeholders. It includes information to evaluate the company's performance in relation to environmental, social and worker issues, its business model, the policies followed, and the main risks associated with its activity.

The non-financial statement was prepared based on the GRI Guidelines (Global Reporting Initiative), the international standard for the development of sustainability models, version 4 (G4), and an external verification was not performed.

For clarification or suggestions:

Sociedade de Transportes Colectivos do Porto, S.A.

Avenida Fernão de Magalhães, 1862 – 13º · 4350-158 Porto - Portugal

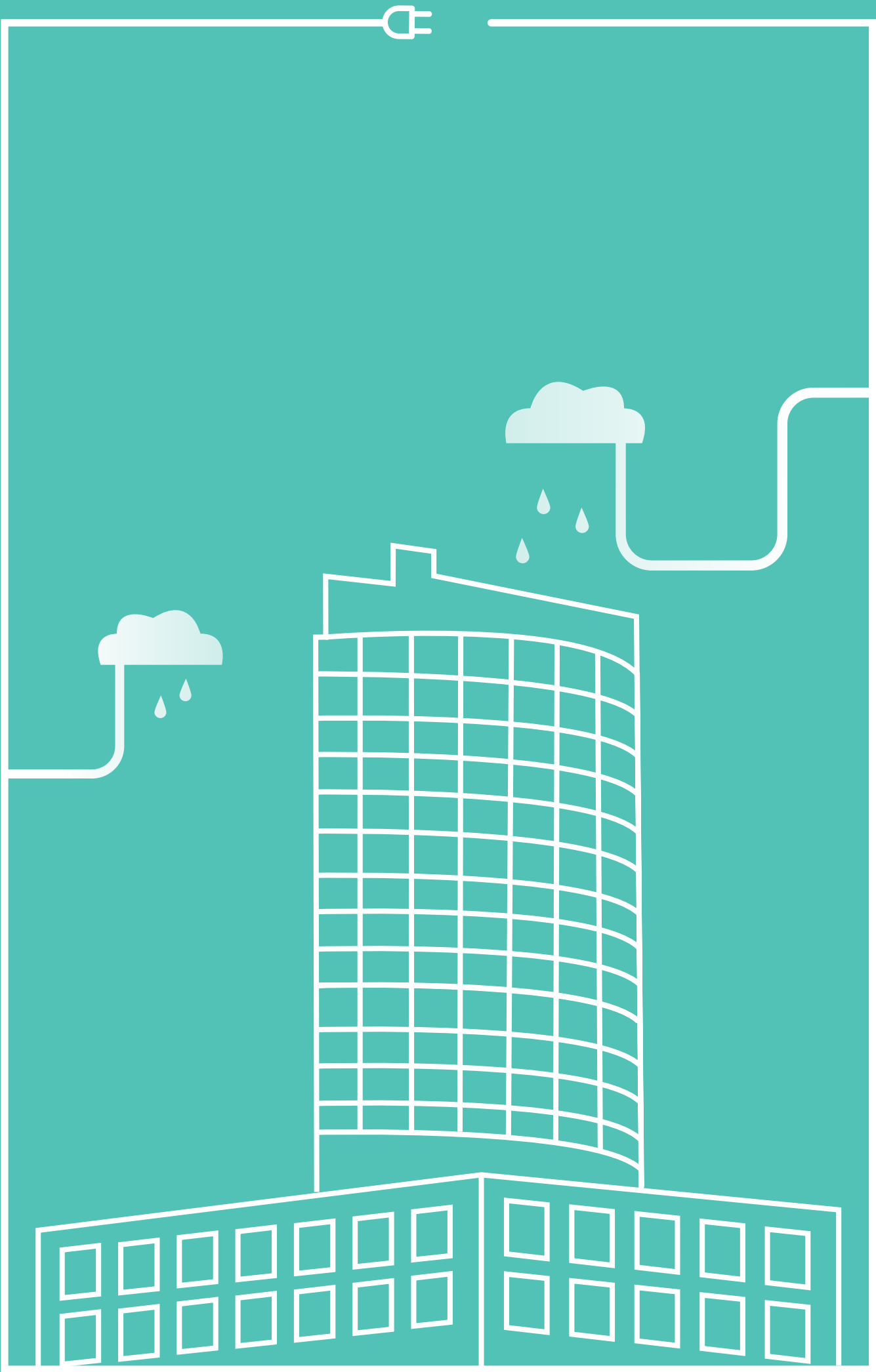
Telephone: +351 22 507 1000 · Fax: +351 22 507 1150

Email address: geral@stcp.pt

Taxpayer number: 500246467

www.stcp.pt

















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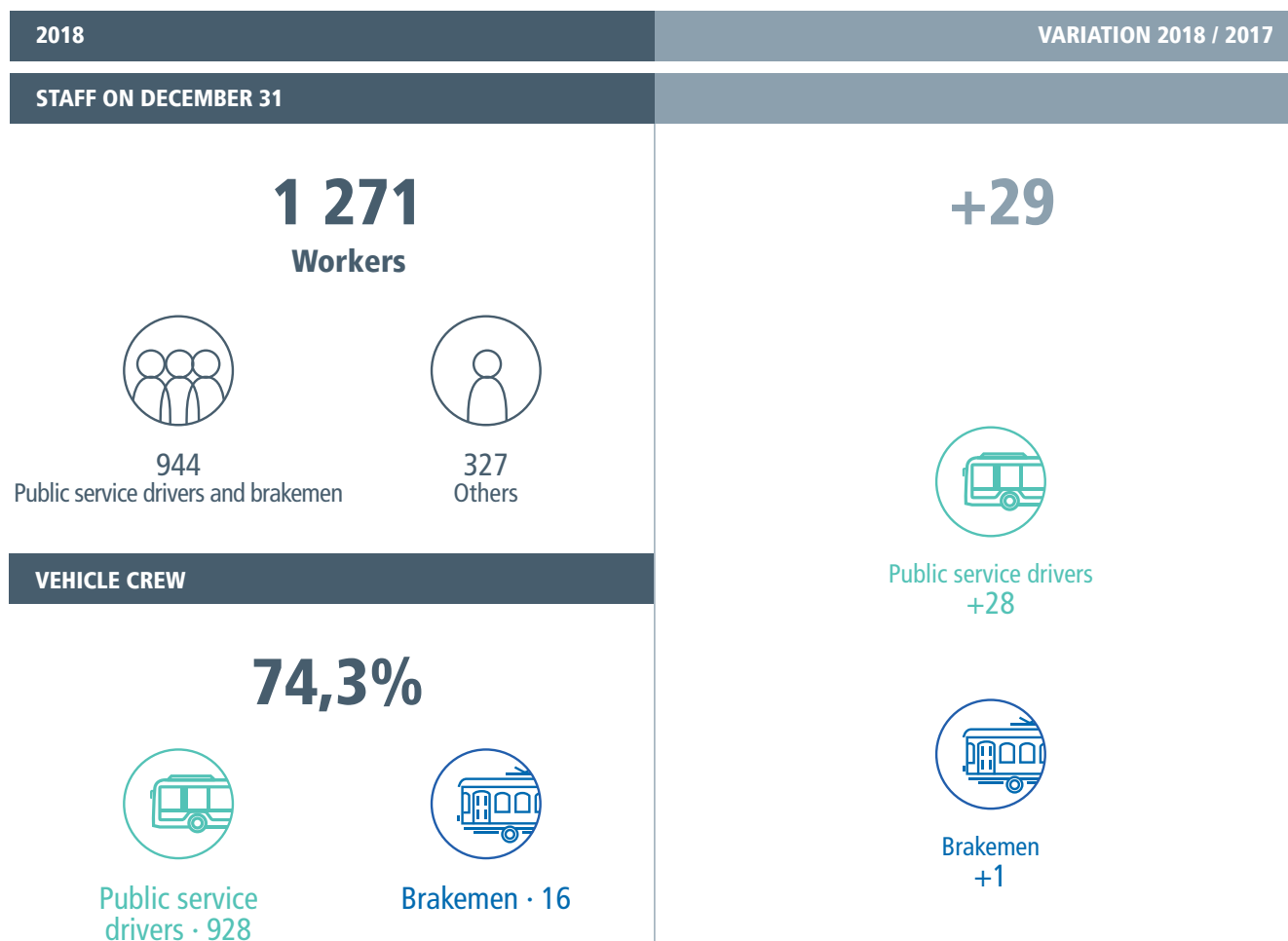
STCP AT A GLANCE

3.1. KEY FIGURES

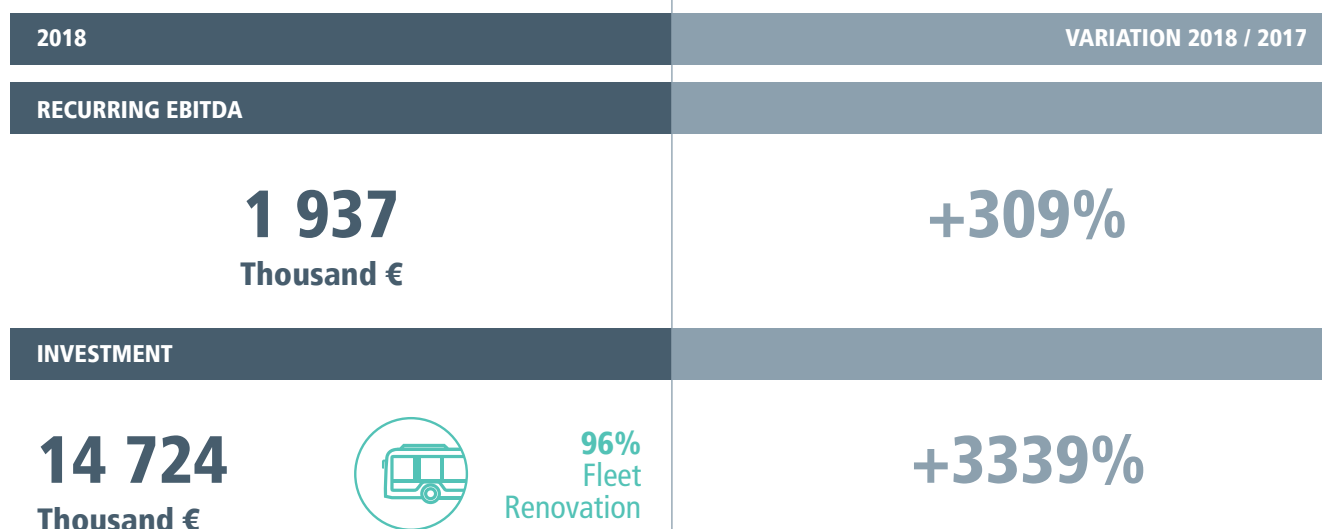
OPERATIONAL INDICATORS

2018	VARIATION 2018 / 2017	
PASSENGERS CARRIED		
<div>73 418</div> <div>Thousands</div> <div><div><div></div><div>Bus</div><div>72 672,3</div></div><div><div></div><div>Tram</div><div>745,2</div></div></div>	<div>+1,4%</div> <div><div><div></div><div>Bus</div><div>+1,4%</div></div><div><div></div><div>Tram</div><div>+2,3%</div></div></div>	
REVENUE FROM TRANSPORT SERVICE		
<div>47 822</div> <div>Thousand €</div> <div><div><div></div><div>Bus</div><div>45 965</div></div><div><div></div><div>Tram</div><div>1 857</div></div></div>	<div>+5,0%</div> <div><div><div></div><div>Bus</div><div>+4,7%</div></div><div><div></div><div>Tram</div><div>+11,9%</div></div></div>	
VEHICLE KILOMETRES IN SERVICE		
<div>22 377</div> <div>Thousand Km</div> <div><div><div></div><div>Bus</div><div>22 215</div></div><div><div></div><div>Tram</div><div>162</div></div></div>	<div>+0,1%</div> <div><div><div></div><div>Bus</div><div>-0,01%</div></div><div><div></div><div>Tram</div><div>+9,5%</div></div></div>	

STAFF



FINANCIAL INDICATORS

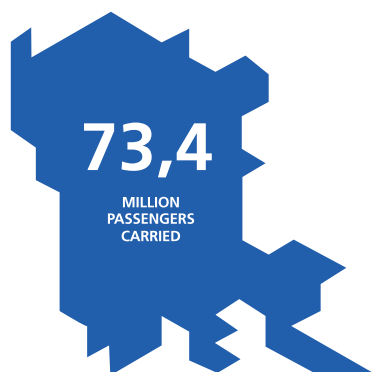


3.2. ABOUT STCP

THE HISTORICAL EVOLUTION

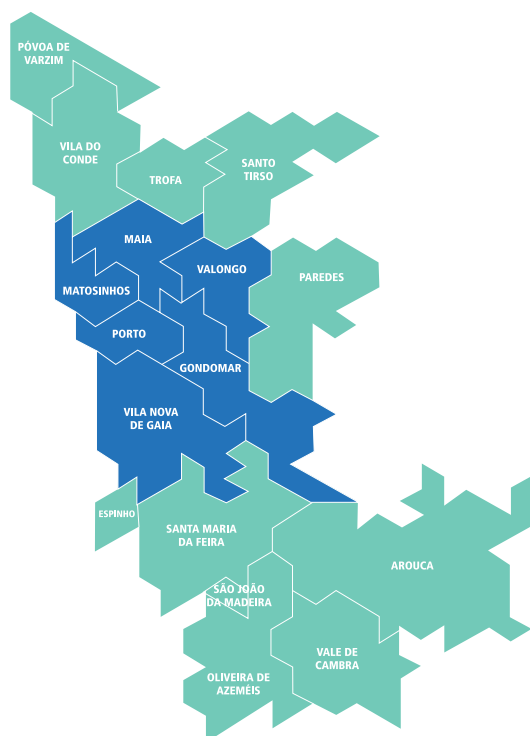
COMPANY	TRANSPORT SECTORS
<p>2018</p> <p>Effective implementation of the transfer of the State's management responsibilities to the six municipalities served by the STCP transport network – Porto, Vila Nova de Gaia, Matosinhos, Maia, Gondomar and Valongo</p>	<p>2018</p> <p>The first electric buses go into circulation (70 years after the introduction of the bus sector into the STCP)</p>
	<p>2004 - 2005</p> <p>3 Buses powered by hydrogen in operation, as part of a European project</p>
	<p>2000</p> <p>Entry into service of the first natural-gas-powered buses</p>
<p>1994</p> <p>STCP is turned into a joint-stock company with public capital and is named Sociedade de Transportes Colectivos do Porto, S.A.</p>	
<p>1992</p> <p>Inauguration of the STCP Tram Museum</p>	
<p>1974</p> <p>The Serviço de Transportes Colectivos do Porto is nationalised</p>	
	<p>1959</p> <p>Start of the operation of the trolleybus (in operation for 39 years)</p>
	<p>1948</p> <p>Inauguration of the first line of diesel buses</p>
<p>1946</p> <p>The Serviço de Transportes Colectivos do Porto appears, with the retrieval of the concession for the transport of people from a group of businessmen, by the Porto City Council, leading to its municipalisation</p>	
	<p>1895</p> <p>Start of tram operations</p>
<p>1893</p> <p>Fusion of the two companies, and adoption of the name "Companhia Carris de Ferro do Porto"</p>	
	<p>1878</p> <p>Start of the operation of the steam locomotives (in operation for 36 years)</p>
<p>1873</p> <p>Establishment of the Companhia Carris de Ferro do Porto</p>	
<p>1872</p> <p>Establishment of the Companhia de Carril de Ferro Americano</p>	<p>1872</p> <p>Start of the operation of the first line using American (animal drawn) tramcars in Portugal, in Porto</p>

In 2018, STCP maintained its position as the largest public transport company in the Metropolitan Area of Porto, **carrying 73.4 million passengers**.

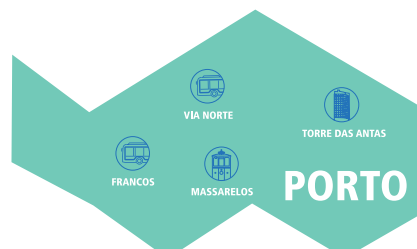


STCP's operating area is entirely urban and the exclusive passenger road transport company in the city of **Porto**. However, it also operates in competition in the municipal councils of **Gondomar, Maia, Matosinhos, Valongo and Vila Nova de Gaia**.

It operates 73 lines – 70 for buses and 3 for trams – with a total network length of 485 km, a total of 2,456 stops, and a total fleet of 419 buses and 6 trams.



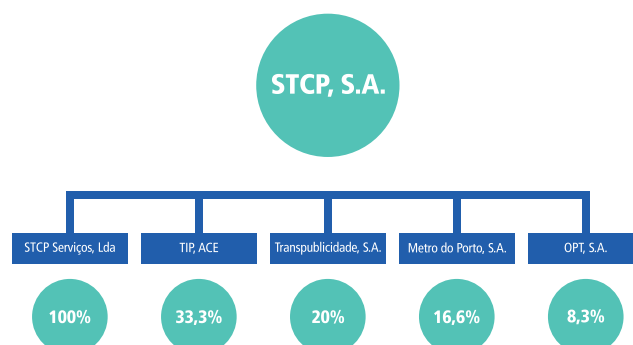
STCP is based in the municipality of **Porto**, in Torre das Antas. It has three collection stations – two for buses in **Francos** and **Via Norte** and one for trams in **Massarelos**.



It operates the **Tram Museum**, a landmark space in the city of Porto, where you can get a closer look at the history and development of public transport in the city of Porto.



STCP holds capital shares in the following companies:



3.3. 2018 MAIN EVENTS

IMPLEMENTATION OF THE TRANSFER OF STCP'S OPERATIONAL MANAGEMENT FROM THE STATE TO THE MUNICIPALITIES AND THE TAKING OF OFFICE OF THE NEW STCP ADMINISTRATION

On January 2, with the appointment of STCP's governing bodies, primarily indicated by the Metropolitan Area of Porto (AMP), the transfer of the powers of the State to the six municipalities served by the STCP – Porto, Vila Nova de Gaia, Matosinhos, Maia, Gondomar and Valongo – with regard to STCP's operational management. At the appointment ceremony of the new board of directors, chaired by João Pedro Matos Fernandes, Minister for the Environment, the presidents of the six municipalities, the AMP representatives, and the members of the board of directors, were in attendance.

During the next seven years, the management of STCP's public passenger transport service will be assumed by the municipalities, with the appointment of Paulo de Azevedo, the Chairman of the Board of Directors, by the Porto City Council. However, the ownership of the company will remain with the State.

The remaining members of the board of directors – executive director Ângelo Oliveira and non-executive directors, Avelino Oliveira and Paula Ramos – were appointed by the AMP. Executive administrator Dr. Isabel Botelho Moniz was appointed by the Government.



NEW NATURAL GAS AND ELECTRIC BUSES ENTER INTO SERVICE

On 20 April 2018, 100%-electric buses and the new generation of natural gas-powered buses began operations in the STCP network, in an initial phase with three vehicles in circulation: two electric buses and one bus powered by compressed natural gas.

The date was celebrated with a ceremony held at the Tram Museum, presided over by João Pedro Matos Fernandes, Minister for the Environment, and was also attended by José Gomes Mendes, Deputy Secretary of State for the Environment, as well as by Eduardo Vítor Rodrigues, Chairman of the Metropolitan Council of Porto and the mayors of the Metropolitan Area of Porto. The event provided all participants with a trip through the streets of Porto, in two buses (an electric one and another powered by natural gas), where it was easy to identify the multiple advantages of these new vehicles. Simultaneously, another electric bus made its inaugural trip on line 201 between Aliados and Viso, marking the official start of these new vehicles in the public transport lines.



This operation, with a total investment of 47.5 million euros, is co-financed by POSEUR Portugal 2020 – Programme for Operational Sustainability and Efficiency in the Use of Resources.

With the renewal of the fleet, STCP intends to provide a more efficient service, not only economically but also environmentally, through a significant reduction of carbon emissions, and is still actively contributing to Portugal achieving its energy efficiency targets.

STCP's effort to renew its fleet has a great impact in contributing toward improving the environment. This contribution is made at various levels, either by replacing diesel buses and consequently reducing the main pollutants resulting from combustion, particularly with regard to particulate matter (more than 95% PM), carbon monoxide (more than 25% of CO) and nitrogen oxides (more than 85% in NOx), or by replacing older and less energy-efficient natural-gas-powered buses, further contributing to a reduction in CO2 emissions.

The replacement of older vehicles with clean electric buses equipped with regenerative braking systems and natural-gas-powered buses that comply with the EURO VI standard results in a generalised reduction in emissions, as well as a reduction in noise.

By the end of the year, 12 electric buses and 28 natural gas buses were in service on the public transport lines, of the total 188 to join the STCP fleet by the year 2020, 15 of which are powered by electricity and 173 by natural gas.



Our customers' opinions about the new buses matter

"(...) they are very silent, and have a beautiful aesthetics. When boarding, they are very much like the old buses, but their image is closely linked to nature."

"(...) they are luxurious, there is no comparison to the old buses. The seats are very different. They are more comfortable and it's easier to know when to get off."

"All positive, I rate them five stars, they should all be like this."

"(...) I emphasize the fact that they are electric and less polluting."

Our drivers' opinions about the new electric buses matter

"The advantages identified in the electric buses are the ergonomics and the whole driving environment; they are well adapted. For example, if a taller driver needs to adjust the seat to their height, the control panel goes up too and follows the adjustment. The seat is better suited with the driving position than on gas-powered buses."

"(...) the absence of noise in the trams is an advantage."

"The new thing is the ecological matter. It is important that buses contribute to the end of emissions."

"(...) electric buses are more comfortable; they improve driving and reduce stress."

"Their silence and savings are the aspects I think are most important."



LAUNCH OF THE SECOND PHASE OF THE BUS FLEET RENEWAL

In October 2018, the second phase of the renewal of the STCP bus fleet began with the application submitted to the POSEUR-07-2018-10 Call for the co-financing of the acquisition of 86 new buses, of which 62 are low-floor vehicles powered by natural gas and 19 are low-entry vehicles powered by natural gas, plus 5 electric powered low-floor vehicles, for the refurbishment of the 86 buses of the existing older fleet.

Also included in this application is the refurbishment of the natural gas filling station located in the Francos Collection Station, which has been there for 20 years, as well as the acquisition of new charging stations for the new electric buses to be acquired.

The total investment associated with this application is of approximately 23 million euros, which had previously been authorised by sector and financial authorities.

28TH TRAM PARADE

Every year, STCP promotes an Historic Tram Parade, giving the general public an opportunity to travel in historic trams, normally displayed in the Tram Museum.

In the 2018 edition, which was supported by the São Pedro da Cova Mining Museum and Movimento Sénior, and managed by the Council of the United Parishes of Fânzeres and São Pedro da Cova, 8 trams from different eras and 2 zorras (goods-carrying trams) circulated.

The event marked the centenary of the completion of the tram line to São Pedro da Cova, in Gondomar (1918-2018), created to connect Porto to this place with a mining tradition.



STCP RESTYLES ITS BRAND IDENTITY

The restyling of the STCP brand was officially launched on 20 April at the presentation ceremony of the new buses. The new image of buses is the first milestone of this transition. It was considered an opportune moment to look at STCP's brand identity and to understand how it could be updated, based on values and attributes as a brand of proximity, trust and innovation.

The changes are slight, focusing on new colours that were adopted after a study carried out by an external entity with the involvement of customers and potential customers, which resulted in a positive evaluation of the new colours presented. It was concluded that green and blue, which are associated with the environment and convey serenity, are an advantage to the current STCP image.

Technology, new service models and de-carbonisation form the basis for the creation of the new signature of the STCP brand – "Intelligent Mobility".

The implementation of the new identity will be carried out gradually in the public service fleet, at the stops, on the stationarily and on all brand platforms.



SPECIAL SERVICES AND MAJOR EVENTS IN THE METROPOLITAN AREA OF PORTO

Throughout the year, STCP developed and implemented a series of special operations in partnership with various institutions, with the aim of increasing the mobility, comfort and safety of its customers. Of note in 2018 were the special services run for the following events: the NOS Primavera Sound and Marés Vivas festivals, the Queima das Fitas week, Serralves em Festa, the night of S. João, the White Night in Gondomar, the special Halloween service, the inauguration of the Christmas lights and the special New Year's Eve operation.



ALTERATIONS TO PUBLIC SERVICE LINES AND STOPS

200 LINE BOLHÃO-CASTELO DO QUEIJO

The 200 line resumed its terminus in Bolhão, with a new return route via Avenida dos Aliados, after more than a year with its route diverted.

CHANGES TO NORMAL/WINTER SCHEDULE

The winter schedule, which began on 8 September, altered the times of the 202, 500 and 504 lines on weekdays and Saturdays, and the 201, 202, 500 and 504 lines on Sundays.

NEW BUS PARKING PROVISIONS ON AVENIDA DOS ALIADOS

At the end of October, there was a reorganisation of the stopping places on Avenida dos Aliados, one of the busiest areas in the city of Porto. The measure resulted from joint work with the Porto City Council, with the objective of improving use of space on the Avenida, as well as the flow of traffic, of pedestrians and of STCP's own passengers.

BUS STOPS WITH ADDITIONAL IMPROVED INFORMATION

Since 31 October, on Avenida dos Aliados, the signage on the bus stops has also featured a new layout with marked differences to those used previously. This alteration aims to increase the legibility of the lines from a distance, with greater emphasis on the lines and names of the stops.



Our customer's opinions matter

"As soon as I got here, I noticed the changes straight away, and I really like them. You can see the numbers much better", commented Paulo while he waited for the 201 bus at the stop.

"Overall, I think all the essential information is here. The bus stop code is perceptible, and, in addition, I see that the new STCP logo has also been added, which looks very good to me", said Carlos, who usually catches the bus in that area.

Lucinda, a retiree and STCP client from the beginning, said *"This is fantastic! There is no comparison to the signs that were here before. Now, I do not even need to wear my glasses to see the numbers. It was a wonderful idea and it's good to see how things are really being modernised."*

TICKETS AND FARES

ANDA APP

The app has been available to the public since 29 June, allowing a simplified user experience of the public transport system of Greater Porto, issuing an electronic ticket on the app, thus dispensing with a physical card.

It is an application for mobile phones with the Android operating system that allows the user to travel without having to know all the tariff regulations in advance and benefit from the most advantageous price for the trips being taken.



FARE INCREASE

On 1 January, following the publication of Legislative Order No. 21-A/2017 of 11 December, and the guidelines, which considered it appropriate to define a level of increase identical to the expected inflation for 2018, a weighted average rate increase of 1.4% was approved by the relevant authorities, the Metropolitan Area of Porto and the Institute of Mobility and Transport.

EUROPEAN MOBILITY WEEK

STCP participated in the European Mobility Week, and was associated with this initiative of the Maia City Council, by providing one of its 100%-electric buses to take people on a free ride, beginning and ending at Fórum da Maia. Throughout the whole day on 22 September, European Car-Free Day, there were a number of people present in the city centre who had the opportunity to travel in an electric bus.



STCP CERTIFICATION RENEWED BY APCER

At the beginning of August, APCER – the Portuguese Certification Association – confirmed that STCP successfully passed the certifications in Quality Management (ISO 9001: 2015) and Environmental Management (ISO 14001: 2015), thus fulfilling the final requirements within these two frameworks. At the same time, the company also had confirmed the certification it already had with regard to Management of Health and Safety at Work (OHSAS 18001: 2007).

STCP GENERAL MEETING

On 14 August, the STCP General Meeting, which began on 22 May, was concluded. It is worth noting that the shareholder, the Portuguese State, approved the accounts for 2017 and the proposal of the Activities and Budget Plan for 2018. In the context of this approval, STCP obtained authorization to invest 25.8 million euros, of which 18.8 million euros will be for the renewal of the bus fleet. The hire of 56 new workers (36 in 2018 and 20 in 2019) and the replacement of up to 63 workers, to compensate the departing workers, were also authorised. Of the total number of authorised workers, 48 are intended for bus sector operation, and whose admission takes place in a phased manner, 28 in 2018 and 20 in 2019, the latter subject to an evaluation of the reduction of overtime, due to the hiring that occurred in 2018.

AGREEMENTS ENTERED INTO WITH ORGANISATIONS REPRESENTING WORKERS

Negotiations with Organisations Representing Workers (ORT) include the agreements reached with a view to the social harmony in the company, and which resulted in:

- the memorandum of understanding signed on 14 August concerning the terms of the salary update to be implemented, effective as of 1 May 2018, and for a period of 20 months;
- the agreement reached on 12 December, concerning the inclusion of the amounts relating to night work and overtime into the holiday allowance and holiday pay, provided that they occur in at least 11 months in a year, also taking into account the years 2012 to 2017;
- the agreement reached on 10 January 2019, which avoided the strike decreed to begin from 9 January 2019, affecting all daily services every day of the week;
- the agreement reached on 17 January 2019, in effect from 4 February 2019, regarding the lifting of the strike that affected the last two hours of each daily service, declared on 5 August, 2017.

STCP FINANCING OPERATIONS

Medium and long-term loans granted by the Portuguese State

In January, a loan was granted for 29,666,503.73 euros, authorised by the Portuguese State in December 2017, to cover the company's financing needs, for payment of interest on the SWAP contract made with Banco Santander Totta (BST), which had been suspended from December 2013 to December 2017.

In May, a loan concession of up to 17,589,232.29 euros was approved, to meet the financing needs associated with the SWAP flows for the year, made available in two tranches, 8,427,624.65 euros in June and 9,161,607.64 euros in November.

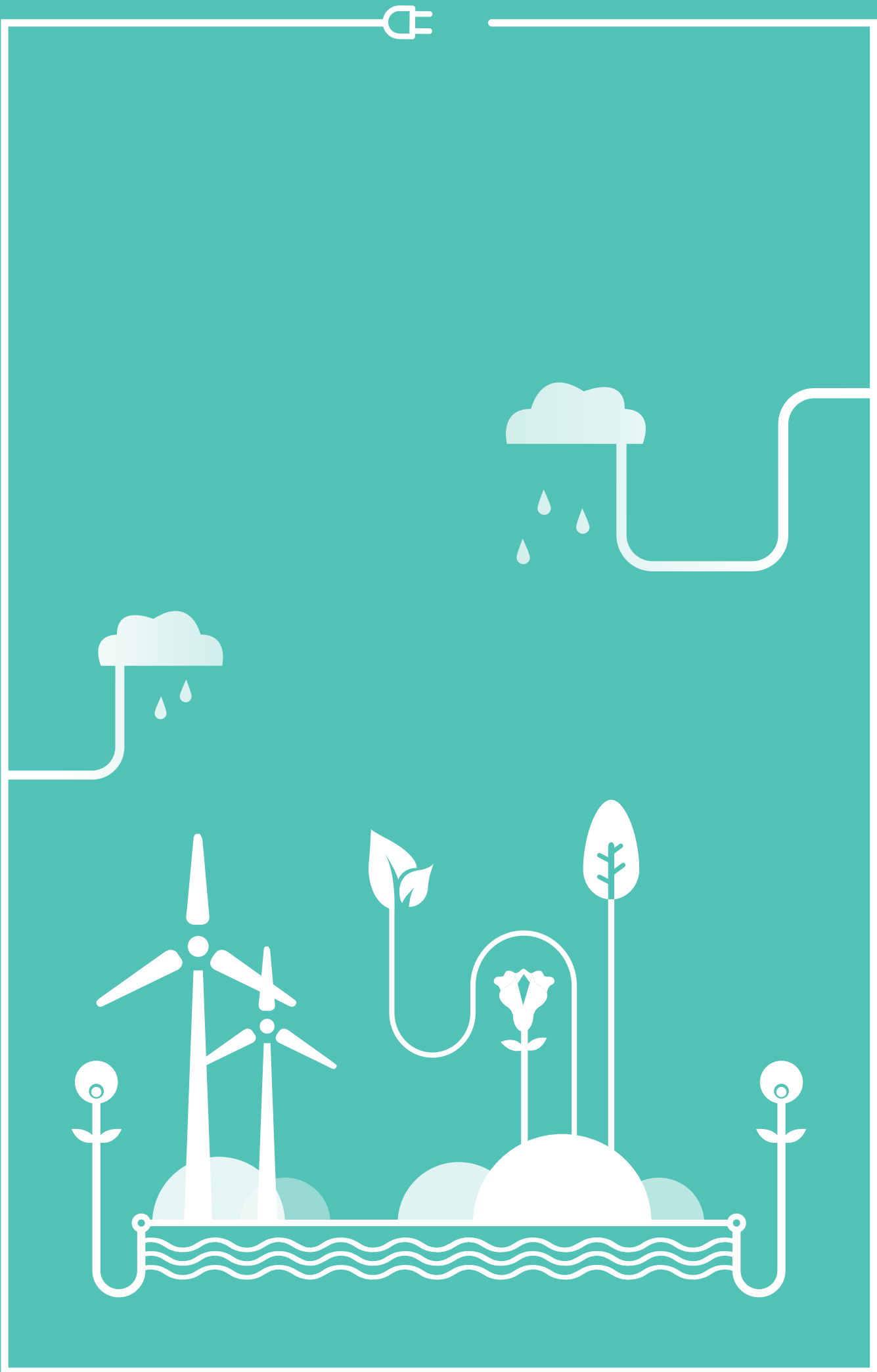
In December, a new loan of up to 1,211,424 euros was authorized in two tranches, for the company to regularise payments under the agreement signed between STCP and the Organisations Representing Workers on 12 December 2018. In December, 725,557.90 euros were disbursed, and the rest will be disbursed in 2019.

Share capital Increases

In 2018, the shareholder, the Portuguese State, granted two capital increases, totalling 74,882,010.00 euros, on the following dates:

- in May, in the sum of 18,200,000.00 euros, in cash, intended to cover financial needs related to investments and the servicing of debt contracted with commercial banks;
- in December, with the sum of 56,682,010.00 euros, of which 1,177,061.05 euros was in cash and 55,504,948.95 euros by the conversion of loans held by the Portuguese State, which matured on 31 May and 30 November 2018.





4

SUSTAINABILITY AT STCP

“Sustained Mobility is the ability to meet society’s needs to move freely, access, communicate, transact and establish relationships without sacrificing other essential human or ecological values, both now and in the future.”

(Source: World Business Council for Sustainable Development)

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

This commitment implies that the activities developed by the company are guided by sustainability principles, with a view to the positive impact we want to have on the community, the environment and employees.

In 2010, STCP voluntarily joined the UITP Sustainability Charter (Union Internationale des Transports Publics), an association that integrates many companies involved in public transport on all continents, and currently holds Full Signatory Member status. By adhering to this Charter, a measurable commitment to monitor and report an organization’s environmental, economic and social performance was strengthened to ensure best practices for sustainable development and continuous improvement in the pursuit of its activities.

STCP’s Vision is *“to be recognised as a benchmark company with some of the best practices in the public passenger transport sector, at both a national and a European level.”*

The values that form the basis of STCP’s stance towards society in general, customers, the Portuguese State, partners, suppliers, in the basis of its relationship with all those who work at STCP or collaborate with it, are:

- Legality
- Responsibility
- Rigour
- Transparency and Impartiality
- Cooperation
- Quality
- Public Service
- Social Conscience
- Modernity
- Safety

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.

The company also provides a Plan to Prevent the Risk of Corruption and Related Offences, available to all employees through the intranet page and published on the company’s website for the general public.

4.1. GOVERNANCE MODEL

The transfer of the responsibilities of STCP’s operational management from the State to the municipalities served by the company’s transportation network – Porto, Vila Nova de Gaia, Matosinhos, Maia, Gondomar and Valongo – was concluded on 1 January 2018, with the election of the new members of the STCP Board of Directors.

Decree-Law no. 82/2016, of 28 November, regulated STCP’s new operational management model, providing for the partial and temporary delegation of responsibilities of State transport authority to the Metropolitan Area of Porto (AMP), relating to the public passenger transport service and the partial and temporary delegation of STCP’s operational management. As a consequence, on 2 January 2017, the Portuguese State and AMP signed the Inter-Administrative Contract for the Delegation of Responsibilities of the Portuguese State to the AMP. Also on 2 January 2017, the Operational Management Contract between the Portuguese State and AMP was signed, in which the operational management of the STCP was transferred to the latter entity, and in which the Portuguese State attributed to AMP the right to propose four of the five members of the Board of Directors, including the Chairman.

For seven years, the management of STCP's public passenger transport service will be assumed by the municipalities, with the administration being chaired by the Porto Council.

However, 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.

STCP's governance structure, based on a one-tier model, is composed of the Board of the General Meeting, Board of Directors, Supervisory Board and Statutory Auditor, as defined in its by-laws.

The separation of the management and supervisory duties is achieved with a Board of Directors that includes executive directors and non-executive directors.

GOVERNING BODIES

Position	Governing Bodies	Election
Board of the General Meeting		
Chairman	José António Ferreira de Barros	25/Jan/16
Vice-Chairman	Maria Teresa Vasconcelos Abreu Flor Morais	25/Jan/16
Secretary	Carlos Maria Rocha Pinheiro Torres	25/Jan/16
Board of Directors		
Chief Executive	Paulo de Azevedo Pereira da Silva	15/Jan/18
Executive Voting Member	Ângelo Augusto Santos Oliveira	1/Jan/18
Executive Voting Member	Isabel Maria de Oliveira Botelho Moniz da Cruz Vilaça	1/Jan/18
Non-Executive Voting Member	Paula Cristina David Vaz Ribeiro Ramos	1/Jan/18
Non-Executive Voting Member	Avelino José Pinto de Oliveira	1/Jan/18
Supervisory Board		
Chairman	Pedro Romano Martinez	25/Jan/16
Permanent Voting Member	Ana Alexandra Filipe Freitas	25/Jan/16
Permanent Voting Member	Paulo Jorge Rodrigues Mateus	25/Jan/16
Deputy Voting Member	Dino Jorge Ramos Santos	25/Jan/16
Statutory Auditor		
	Baker Tilly, PG & Associados, SROC, S.A. (*) Represented by partner Fernando Manuel de Sousa Pires de Matos, Statutory Auditor no. 757. (*)	30/May/16
	Rosa, Correia e Associados, SROC, S.A. Represented by partner Gabriel Correia Alves, Statutory Auditor no. 784	19/Mar/19

(*) – Presented resignation on 30 August 2018.



The Board of Directors were elected to serve for the 2018-2020 mandate, under the terms of article 13, no. 6 of the Public Manager Statute, by the Unanimous Written Company Decisions of 29 December 2017 and 12 January 2018, in accordance with the express wish of the shareholder, the Portuguese State, taken pursuant to the first part of no. 1 of article 54 of the Commercial Company Code.

Paulo de Azevedo will assume the position of chairman of the board of directors, appointed by Porto City Council. Ângelo Oliveira was appointed as executive director by the other municipalities of the Metropolitan Area of Porto, and the executive administrator, Isabel Botelho Moniz, was appointed by the Government. The board of directors also includes non-executive directors, namely Avelino Oliveira and Paula Ramos, appointed by the other municipalities of the Metropolitan Area of Porto.

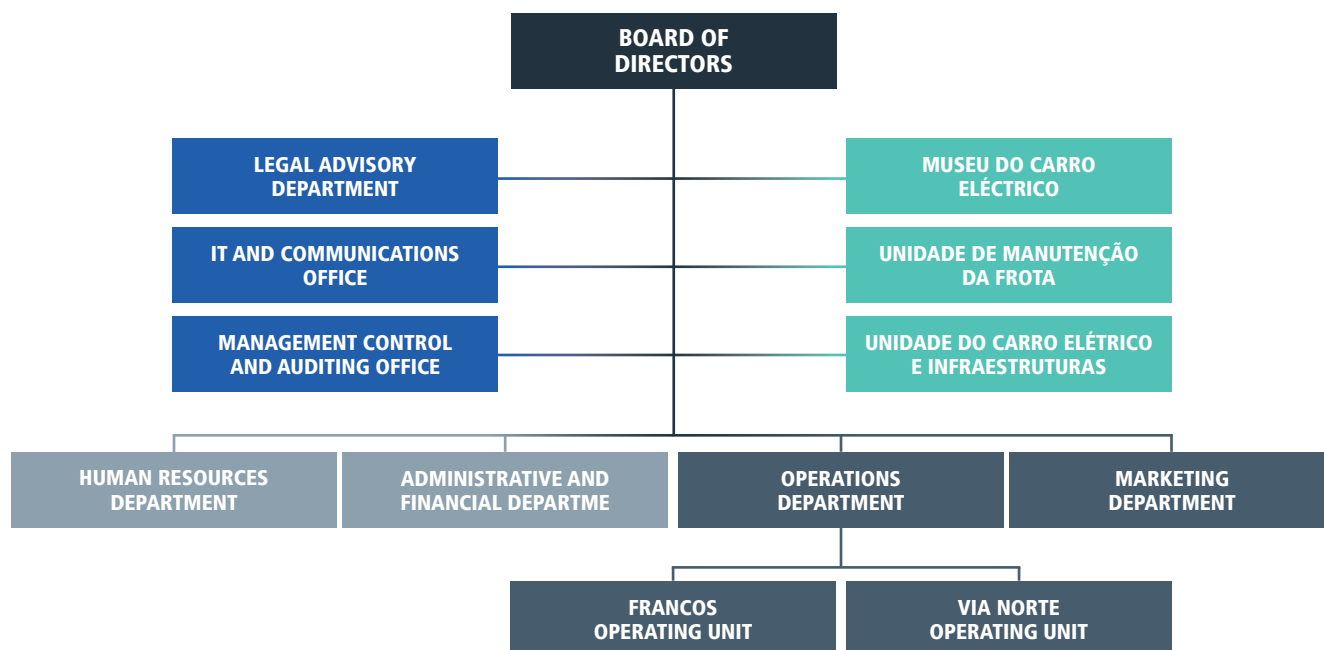
The members of the governing bodies, the Board of the General Meeting and the Supervisory Board, elected for the 2016-2018 mandate, were appointed through the Unanimous Written Company Resolution, dated 25 January 2016, and remained in office.

The Statutory Auditor of the company, Baker Tilly, PG & Associados, SROC, SA, represented by the partner Fernando Manuel de Sousa Pires de Matos, who was appointed for the 2016-2018 mandate at the STCP General Meeting on 30 May 2016, submitted his resignation on 30 August 2018.

On 19 March 2019, in accordance with the expressed will of the sole shareholder (the Portuguese State), by Unanimous Written Company Decision, STCP's Statutory Auditor was elected for the 2019-2020 biennium, the Official Audit Firm RCA – Rosa, Correia & Associados, SROC, SA, represented by Gabriel Correia Alves. It is stated in this decision that the legal certification of individual and consolidated accounts, in 2018, is the responsibility of RCA – Rosa, Correia & Associados, SROC, SA.

MACRO-STRUCTURE

As of 31 December 2018, the company's macro-structure is as follows:



- Operating Bodies
- Back Office Bodies
- Staff Bodies
- Complementary Activities or Specific Activities Bodies

Of note during the year was the creation of the Department of Legal Advice, which became part of the company's organisational chart, as an organ of the Staff, encompassing the powers and duties of the Secretariat General and Board of Directors Support Service.

The macro-structure of the company, dependent on the Board of Directors, is organized by each of the Administrators indicated below:

Chairman of the Board of Directors · Paulo de Azevedo: Department of Marketing, Museum and Department of Legal Advice.

Executive Voting Member · Ângelo Oliveira: Operations Department, Fleet Maintenance Unit, Tram Unit, IT and Communications Office, and is the representative of the board for the Integrated Management and Quality System.

Executive Voting Member · Isabel Botelho Moniz: Management Control and Auditing Office, Human Resources Department and Administrative and Financial Department.

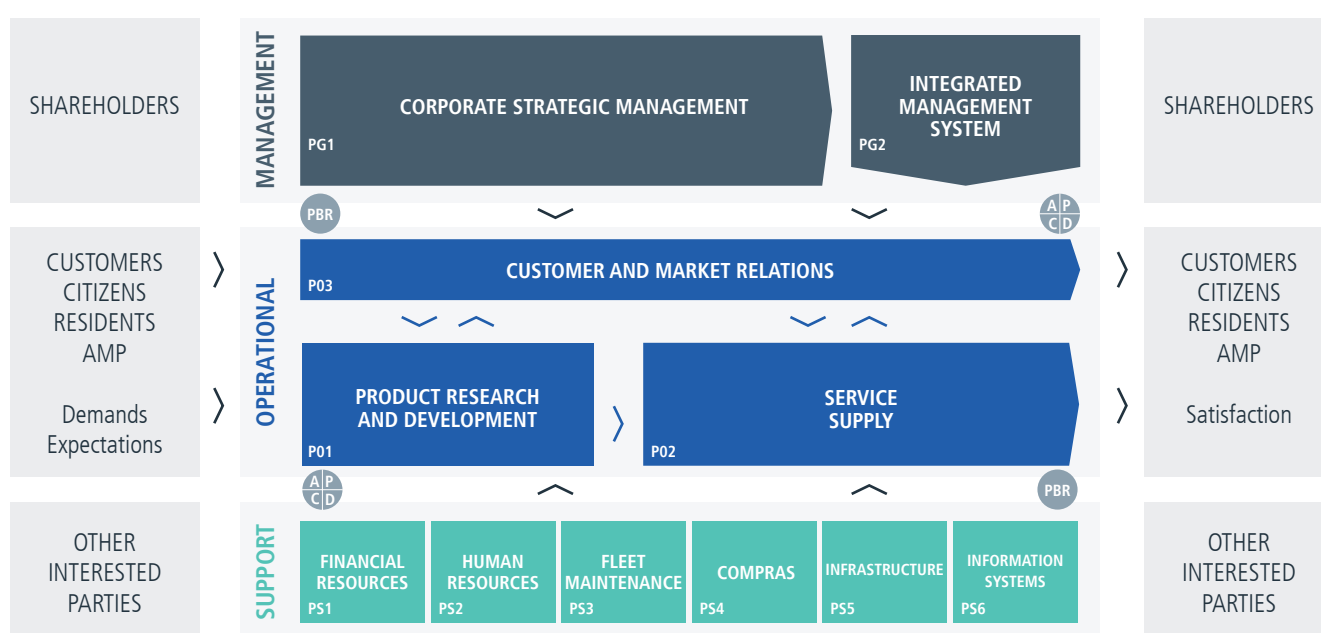
4.2. THE INTEGRATED MANAGEMENT AND QUALITY SYSTEM

The Integrated Management System of STCP, S.A. is certified as regards Quality, Environment and Occupational Safety and Health, by the following Standards:

- NP EN ISO 9001:2015 >> **Quality Management Systems**
- NP EN ISO 14001:2015 >> **Environmental Management Systems**
- OHSAS 18001:2007 / NP 4397: 2008 >> **Occupational Health and Safety Management Systems**

The first Certifications were obtained in 2008, and have been successfully renewed for successive three-year cycles.

In 2018, the process of transition from certifications to the new versions of the Quality and Environment management standards was successfully completed, which will introduce the risk-based approach to thinking, the analysis of context and stakeholders. The moment of the transition was used to carry out an analysis of the processes in place, which culminated in the definition of a new network of processes, more appropriate to the current business reality. The Process Network and its links are expressed schematically in the following figure:



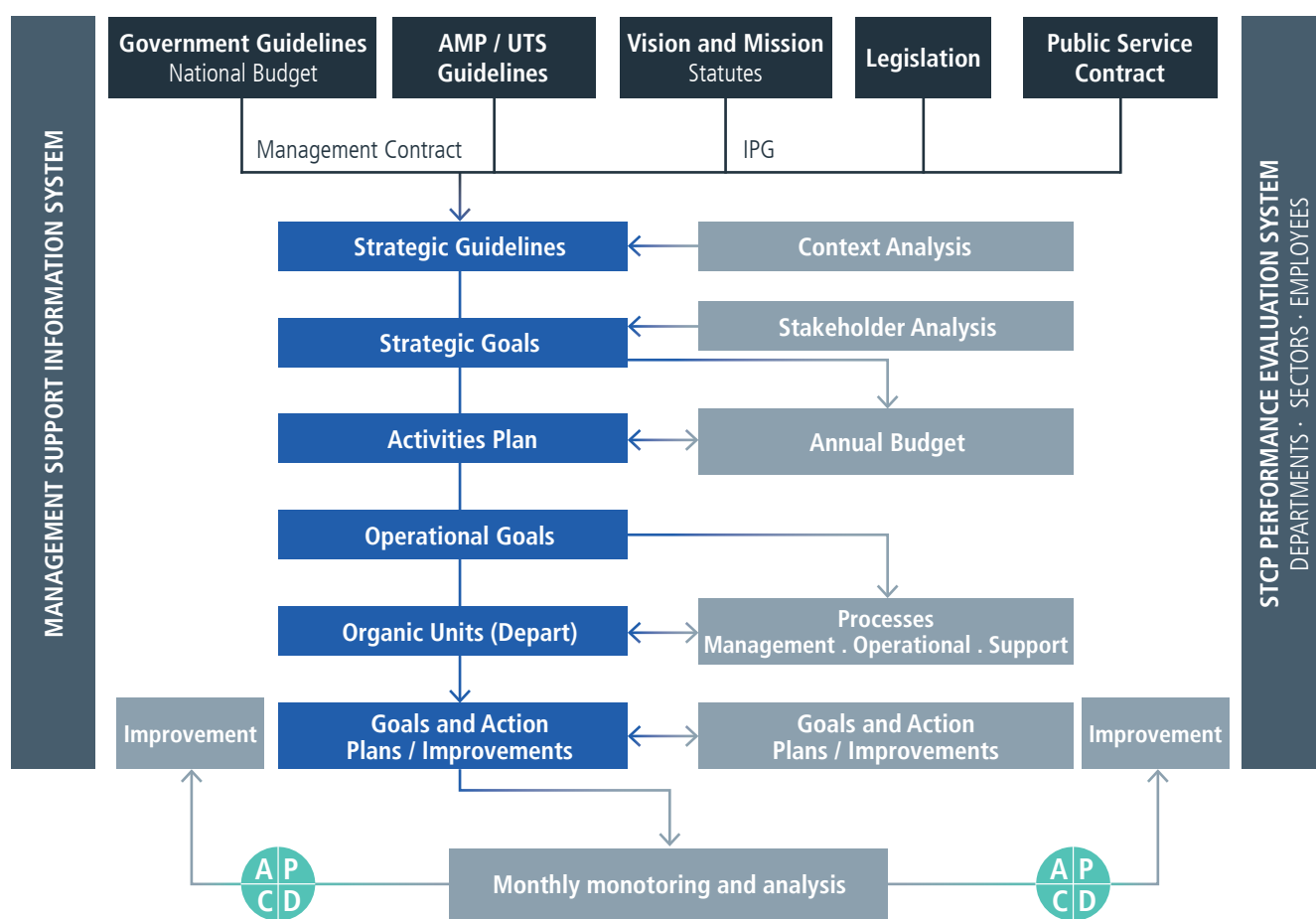
Included as part of the transition to the new standards, were:

- reviewing Process Indicators and defining their objectives;
- carrying out Organisational Context Analysis, with the identification of relevant internal and external issues;

- listing and evaluating the various sources of basic knowledge management information;

- elaborating a stakeholder identification matrix.

The representative model of company management is represented schematically as follows:



The implementation and evolution of the Integrated Management System is based on the methodology of continuous improvement, PDCA cycle (plan, do, control and act).

In August 2018, the new Quality and Environment Certificates were awarded by the certification body (APCER), from the result obtained in the Transition Audit for the new versions of these references, carried out in the previous month. The Occupational Health and Safety Management Certificate remains valid.

The company's Strategic Policy is:

- 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.
- 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, as regards 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.

4.2.1. INNOVATION AND DEVELOPMENT

STCP's commitment to Research and Development (R&D) is a demonstration of the desire to innovate and seek change in the company, with a view to continuous improvement of internal processes, deepening of knowledge and stakeholder satisfaction, and actively seeking to contribute to the sustained

development of the public passenger transport service.

The studies and projects developed and/or under development in 2018, use the human capital of the company and, in several cases, partnerships with other entities, and are identified as follows:

FABULOS PROJECT (FUTURE AUTOMATED BUS URBAN LEVEL OPERATION SYSTEMS)

In April 2017, STCP decided to participate in the European R&D programme Horizon 2020, which was materialized in an application for Community funds to support an R&D project for the design, testing and use of management systems for automated self-driving buses integrated into the public transport fleet. In August of 2017, the candidacy was approved by the European Commission, and the project is called FABULOS (Future Automated Bus Urban Level Operation Systems), which consists of the systematic use of self-driving minibuses. In 2018, the following project phases were established:

- preparation of the documents for launching the tender including the location of the route of the possible line to be operated;
- open market consultations and launch of the procedure on the TED eTendering platform, for the submission of proposals for supply;
- evaluation of proposals by the technical evaluation committee;
- awarding of the first phase of the project (Solution design and development) to 5 of the 6 consortia who submit tenders.

C-ROADS PROJECT

The main objective of the C-ROADS Platform is to connect the different activities of Intelligent Transport Cooperative Systems (C-ITS). STCP is involved in the following two pilot projects:

- real-time traffic monitoring – STCP's participation is related to providing instantaneous data on the location and circulation velocity of buses and monitoring of the incorporation of this data in the monitoring and prediction of traffic flows;



- implementation of services for exchanging vehicle information with the infrastructure – STCP provides an electric bus on which V2I and I2V communication equipment will be mounted (for communication between the vehicle and the infrastructure) for giving priority to public transport at crossings regulated by traffic lights; the bus will also be equipped with a rear display which shall provide real-time information on the movement of traffic in the traffic zone.

PROJECT FOR THE ELECTRONIC ISSUING OF FINES

The “Simplified Fines on Public Transport Vehicles in Porto” project began in the second half of 2018. This is a joint project with the Porto Metro and TIP, with the purpose of speeding up the process of inspecting transport tickets, in the event of fare evasion leading to fines, through direct reading of the Citizen Card data and automatic issuing of the fine. In 2018, a Tender Dossier was prepared for supplier consultation. It is a project co-financed by SAMA – System to support the digital transformation of public administration. This project is also integrated in the SIMPLEX methods.

GENERAL DATA PROTECTION REGULATION (GDPR)

STCP implemented adaptations to the data protection legislation, based on the support of external auditors who carried out a survey of all the personal data we collect and process, as well as the Cybersecurity component. The internal application regulation of the GDPR and the security policies was defined, in the case of improper access to personal data. Paulo Ferreira was elected as DPO (Data Protection Officer), as indicated in the regulation for companies of our size. The Cybersecurity component was strengthened, and the necessary software was identified in order to improve existing conditions in this area. This is an ongoing project that is co-financed by SAMA.

ANDA PROJECT

STCP participated in the Anda project, in conjunction with TIP, through the pilot project started in 2017 on line 500. On 29 July 2018, Anda became available to the public on all lines. Anda is a new way of travelling using a mobile phone and the Anda APP as an electronic ticket, varying according to the use, and to which is associated the subsequent payment according to the tariff most appropriate to the user.



4.3. KEY STAKEHOLDERS

As a consequence of the transition made to the new versions of the Quality and Environment Management standards, 2018 marks the reorganisation of the concepts and the structured form of Stakeholder identification.

A matrix was developed to identify key stakeholders, their expectations and needs and the impact of their actions on the expectations of STCP.

Each of the stakeholders is the subject of a separate analysis. The main Stakeholders identified are listed below:

- Shareholder and Metropolitan Area of Porto / Municipalities
- Customers
- Company / Community
- Employees
- Suppliers

4.3.1. SHAREHOLDER AND AMP / MUNICIPALITIES

At the beginning of 2018, the process of transferring management responsibilities of STCP from the State – which has ownership – to the six municipalities served by its transport network – Porto, Vila Nova de Gaia, Matosinhos, Maia, Gondomar and Valongo – with the commencement of duties of the new board of directors, which includes members appointed by the Metropolitan Area of Porto and by the shareholder, the Portuguese State.

With this management model, the Metropolitan Area of Porto (AMP) began to establish direct contact with public service users and to regulate the relations they establish with STCP, in a more adequate, balanced way and adjusted to the interests of the communities served.

The Operational Management Contract (OMC) entered into between the State and the Metropolitan Area of Porto in January 2017, which was approved by the Court of Auditors in August of that year, establishes in Annex I, nos. 1 and 2 respectively, monthly monitoring indicators and Annual targets.

On a monthly basis, during 2018, the Operational Management Contract Report was sent to the Technical Service Unit (TSU) – the entity constituted by the Contract signed between AMP and the six municipalities served by the STCP network, in January 2017 – with the monitoring and follow-up of the indicators defined in the relevant contract.

The 2017 annual targets were assessed at the beginning of 2018 and the relevant Implementation Report was submitted to the TSU.

On 28 July 2017, the Second Amendment to the Public Service Contract (PSC) was also signed between the Portuguese State, AMP and STCP, which was endorsed by the Court of Auditors, where "(...) STCP was granted the right to operate the public passenger transport service by bus sector in the Metropolitan Area of Porto (...)". This contract also defines the conditions for the provision of the transport service by STCP and establishes compliance with the public service obligations to which the company is bound, which are subject to financial compensation by the public service obligations (PSO).

2018 was the first full financial year after the signing of the Second Amendment to the Public Service Contract.

Four meetings were held between STCP's Executive Board, the different Municipalities and AMP's Technical Secretariat that composes the TSU, in 2018.

During the year, meetings were also held individually with each municipality, in addition to the meetings held at the TSU, where the profitability of the STCP operation was shown on the day and night network lines per business day, except for the operation of the night-time network and the weekend and public holidays network, for which each municipality where STCP operates makes its due financial compensation, as defined in the Inter-Administrative Contract to Establish the Technical Unit of Service, and of the Delegation of Responsibilities between AMP and the Municipalities where STCP operates.

The quarterly information provided to each municipality in the TSU, with the calculation of economic profitability, the result of the gross operational usually expressed as EBITDA, was carried out by municipality with a double component, destination line and number of kilometres mainly covered in the district regarding the municipality in question.

This concern to highlight the economic profitability of STCP in the day and night network lines follows on from the commitment assumed by AMP in the Contract for Delegation of Responsibilities, in which AMP proposes to ensure that the management and operation of STCP is carried out in order to promote its financial balance, based on the stipulations in no. 2 of Article 6 of Decree-Law 82/2016 of 28 November, where it is stated that "the parties set goals that will ensure a continuous trajectory of the company's financial equilibrium, with a view to achieving a gross positive operating result", as well as the commitment defined in paragraph 2, Annex I, of the Operational Management Contract.

The fulfilment of this agreement is vital for the level of the programmed offer and without it the economic sustainability of the STCP cannot be ensured.

In 2018, several requests for authorization to change routes and/or schedules of the public service lines were requested from AMP, and several mobility proposals were made to reinforce the offer of special services to events.

In September, in accordance with that contractually established in the PSC, the Plan of Services Offered for 2019, for the public service lines, containing proposals for adjustments of routes and schedules, was submitted to the AMP following internal studies and the working meetings on mobility, carried out with the heads of the various Municipalities where STCP operates.



The Activities and Budget Plan for 2018 was approved at the STCP General Meeting, which took place on 14 August, following the meeting that began on 22 May, where it was expressly authorized to contract 36 additional workers and to carry out investments, for the amount of 25.8 million euros, with 18.8 million euros intended for the renovation of the bus fleet. It should be noted that in paragraph 4 of Clause 5 of the Second Amendment to the Public Service Contract of 28 July 2017, it is stated that the following are not regulated under the contract: "a) responsibilities related to STCP's Historical Debt; b) responsibilities related to Major Maintenance; (c) the transport service provided by STCP by means of a historic trams (...), (d) the Tram Museum (...)." The accounts for 2017 were also approved in this General Meeting.

MOBILITY IN THE METROPOLITAN AREA OF PORTO

Around 1.6 million people live in the Metropolitan Area of Porto. A study by the INE, the National Statistical Institute – a mobility survey at AMP¹ –, referring to 2017, showed that the AMP's mobile population corresponds to about 78.9% of the total resident population, in which each person moves, on average, 2.72 times per day.

Travel per day in the AMP (in 10 ³)	2017	%
Total	3.427	100%
Personal Transport	2.364	69,0%
Car – driver	1.737	50,7%
Car – passenger	580	16,9%
Public and/or Collective Transport	382	11,1%
Bus (public transport)	233	6,8%
Train	27	0,8%
Metro	68	2,0%
Low-Impact Means (on foot and bicycle)	648	18,9%

% Daily Journeys by Bus	2017
Bus Journeys / Total Journeys	6,8%
Bus Journeys / Public and/or Collective Transport Journeys	61,0%

Source: INE – Inquérito à mobilidade na AML e AMP 2017 – 2-7-2018

It is estimated that, in the Metropolitan Area of Porto, about 3.4 million trips are made daily, whether by individual transportation, public transport, on foot or by bicycle. In spite of the greater weight of individual transportation in the means of transport used by the residents in the AMP, 233,000 journeys are registered daily in the bus sector, making it the means of

public transport most used by the mobile population. It is a large-scale market, justifying the need for STCP to provide a quality service, to meet the needs of the citizens who choose the bus as a means of transport for their journeys.

1. Mobility survey carried out in the metropolitan areas of Porto and Lisbon, for which around 100,000 residents were interviewed (40,000 in the AMP), ranging from 6 to 84 years of age.

STCP IN THE AMP

The mobile population reaches a higher proportion in the case of the working population and also for students. About 87.1% of AMP residents in employment or work make journeys, while, for students in the AMP, this percentage stands at 81.2%.

AMP Passengers	unidade	2016	2017	2018	Variação 2018/2017	
					absoluta	%
AMP Passengers [1]	10 ⁶	165	173	177	4	2,3%
STCP Passengers	10 ⁶	69,4	72,4	73,4	1	1,4%
STCP Share	%	42,0%	41,9%	41,6%	-0,4 pp	-0,9%

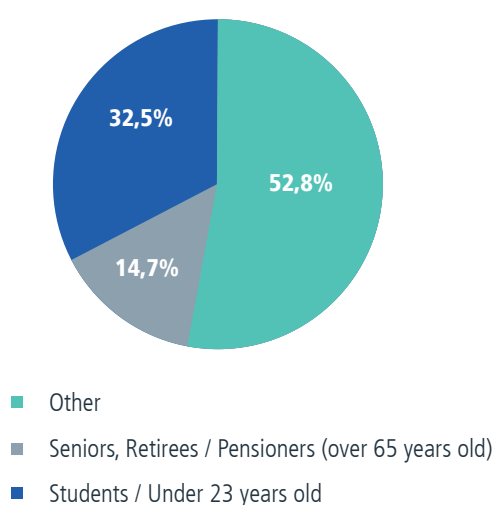
Source: 2018 TIP Annual Report.

[1] Includes the demand for public transport of the operators that use the Andante intermodal fare and the single mode STCP and CP fares.

4.3.2. CUSTOMERS

Regular STCP customers are those who have monthly season cards (about 245,000 in 2018) since, in the majority of cases, they are the ones who use the public transport provided by STCP in their daily lives. Of all customers with monthly season cards, approximately 33% are young people under the age of 23, 15% are retired or pensioners over 65 years of age and the remaining 53% are primarily in the active population and between 23 and 64 years of age.

CUSTOMERS WITH A MONTHLY SEASON TICKET: STCP 2018



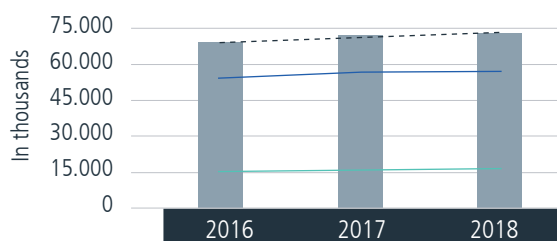
4.3.2.1. THE PUBLIC PASSENGER TRANSPORT SERVICE

DEMAND

2018 consolidated the trend of growth in demand started in 2016, showing a 1.4% increase over the previous year with a million more passengers, approaching the values registered in 2014 – around 73.4 million passengers carried in 2018.

In 2018, the trend of the growth of the intermodal fare in total **demand** continued, representing about 84.7% of passengers carried – up 0.5 percentage points when compared to 2017. On average, an STCP passenger travelled about 3.72 kilometres in 2018, resulting in a total of about 273 million passenger-kilometres.

PASSAGEIROS CARRIED



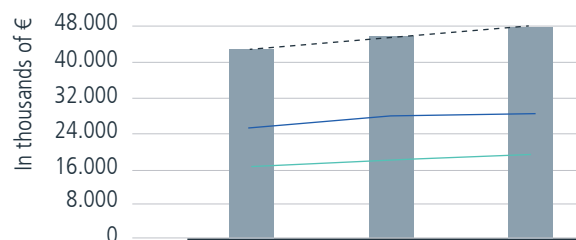
	2016	2017	2018
Total	69.360	72.408	73.418
Season tickets	54.325	56.703	57.011
Occasional and Daily	15.034	15.705	16.406

REVENUE

With the increase in demand, and also due to the increase in fares² from 1 January 2018, there was naturally an increase in revenue of 5.0%, 2.3 million euros more than the previous year, resulting in total revenue from transport tickets of around 47.8 million euros in 2018.

The weight of the intermodal fare in total revenue was around 76.1% in 2018, down 0.8 percentage points from 2017.

REVENUE FROM THE TRANSPORT SERVICE



	2016	2017	2018
Total	42.706	45.544	47.822
Season tickets	25.965	27.492	28.208
Occasional and Daily	16.741	18.052	19.614

SALES NETWORK

The network for the sale of tickets valid on STCP is mainly managed by TIP – Transportes Intermodais do Porto, ACE, which manages the Andante Intermodal System (SIA) through approximately 1,080 locations available to the public at the end of 2018, distributed among Andante Shops, Ticket Vending Machines, CP ticket offices with the sale of Andante, Airport Tourist Office, Multibanco ATMs (only normal season tickets), Authorised Agents and Terminals of Private Road Transport Operators. STCP is responsible for the management of tickets sold on board buses, and of tickets validated on trams, through sale on board trams, in the Tram Museum and in authorised dealers. From 2018 onwards, it became possible to pay for transport tickets on a tram using the Multibanco ATM network.

SUPPLY

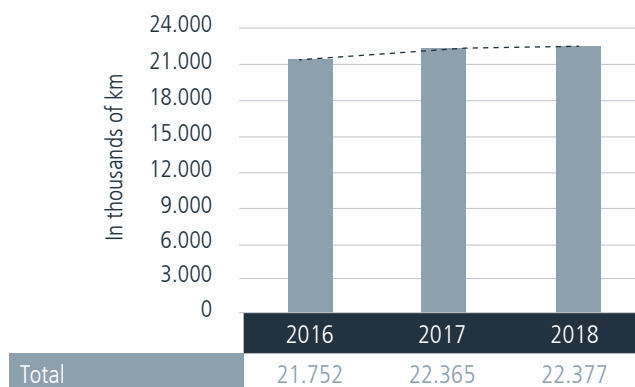
With regard to STCP's supply in 2018, it can be stated that virtually the same number of vehicle-km were travelled as in the previous year – around 22.4 million vehicle-km in 2018, 12,000 more than in 2017.

The average capacity per vehicle provided was about 91 seats, resulting in a total of about 2,038 million seat-km offered.

The average vehicle occupancy rate in 2018 was 13.4%.

2. New fares, authorised by Legislative Order no. 21-A / 2017, of 11 December, most notably the increase on tickets sold on board (on-board bus ticket) from €1.90 to €1.95.

VEHICLE-KM



BUS SECTOR

The STCP network covers 33 parishes of 6 municipal councils in the Metropolitan Area of Porto – Porto, Vila Nova de Gaia, Matosinhos, Gondomar, Valongo and Maia – representing a network with a total extent of 485 kilometres in the road transport sector. The map below shows the distribution of STCP's road network.



At the end of 2018, STCP had 70 bus lines in operation, with 2,452 stops available (8 of these stops are shared with the tram sector).

Of the 70 STCP bus lines, only one does not operate on Saturday and only seven do not operate on Sundays and holidays.



DAYTIME 6:00 A.M. TO 9:00 P.M. • EVENING 9:00 P.M. TO 12:30 A.M. (MIDNIGHT) • NIGHT TIME 12:30 A.M. (MIDNIGHT) TO 6:00 A.M.



DEMAND AND REVENUE

Indicators Bus Sector	unit	2016	2017	2018	Variation 2018/2017	
					absolute	%
Passengers Carried	10³	68.738	71.679	72.672	993	1,4%
Average Distance per Passenger	Km	3,67	3,73	3,74	0,02	0,5%
Passenger-km	10 ⁶	252	267	272	5	1,9%
Revenue	10³ €	41.515	43.884	45.965	2.081	4,7%
Average Revenue Passenger	€	0,60	0,61	0,63	0,02	3,3%

Revenue includes social contributions for the Andante ticket.

In 2018, about 72.7 million passengers were transported in the bus sector, approximately 1 million more (1.4%) compared to the previous year.

The average route per passenger also increased slightly, resulting in an increase in the number of passenger-kilometres.

Regarding revenue, there was a significant increase of almost 5%, more than 2.1 million euros as compared to the previous year, due to the increase in demand and the updating of the fares.

Bus Passengers	unit	2016	2017	2018	Variation 2018/2017	
					absolute	%
Total	10³	68.738	71.679	72.672	993	1,4%
Season tickets	10 ³	54.190	56.571	56.892	322	0,6%
Occasional and Daily	10 ³	14.548	15.109	15.780	671	4,4%
Intermodal Total	10³	58.103	60.828	62.051	1.223	2,0%
Single Mode Total	10³	10.635	10.851	10.622	-230	-2,1%

Although season tickets continue to be in greater total demand for buses (78%), it is important to highlight the growth of occasional and daily tickets over the last 2 years. The demand for intermodal fare tickets continues to grow markedly – used by 85% of passengers using STCP buses in 2018 – especially when compared to the evolution of demand for single mode fares.

In 2018, revenue from the bus sector at STCP followed the growth trend that had already occurred in the previous year, increasing 4.7% (about 2 million euros). The most significant increase was in occasional and daily tickets, which can be partly explained by the increase in tourism in the city of Porto and by the increase in the price of the on-board bus tickets, regarding the single mode fare.

Bus Revenue	unit	2016	2017	2018	Variation 2018/2017	
					absolute	%
Total	10³ €	41.515	43.884	45.965	2.081	4,7%
Season tickets	10 ³ €	25.904	27.442	28.162	721	2,6%
Occasional and Daily	10 ³ €	15.611	16.443	17.803	1.360	8,3%
Intermodal Total	10³€	32.808	34.995	36.370	1.375	3,9%
Single Mode Total	10³€	8.707	8.889	9.595	706	7,9%

Revenue includes social contributions for the Andante ticket.

COMBATING FRAUD IN PUBLIC TRANSPORT

In 2018, about 930,000 passengers using STCP buses were inspected, corresponding to an inspection rate of around 1.3%. The fraud rate was set at 0.45%, and 4,220 fines were issued. The rate of journey inspections was 3.2%.

Notable during the year was the great effort made in the administrative management of fines, in compliance with that established by Decree-Law 117/2017 of 12 September, in co-ordination with Order no. 37/2018, of 29 January, authorising

a reduction of 50% in the amount of the penalty for fines issued in the period between 1 March 2016 and 12 September 2017, plus a reduction of 25% on the remainder. Following the information campaign carried out with all the customers that were fined, approximately 3,350 fines were liquidated.

Inspections: Bus Sector	unit	2016	2017	2018	Variation 2018/2017	
					absolute	%
Inspected Passengers	unit	1.028.443	992.501	927.900	-64.601	-6,5%
Number of Fines	unit	5.510	5.769	4.220	-1.549	-26,9%
Rate of Passenger Inspections [1]	%	1,5%	1,4%	1,3%	-0,1 pp	-7,8%
Rate of Fraud [2]	%	0,5%	0,6%	0,5%	-0,1 pp	-21,8%
Journeys Inspected	unit	73.658	71.698	63.319	-8.379	-11,7%
Rate of Journey Inspections [3]	%	3,8%	3,6%	3,2%	-0,4 pp	-11,1%

[1] Passengers Inspected ÷ Passengers Carried

[2] Number of Fines ÷ Passengers Inspected

[3] Journeys Inspected ÷ Journeys Undertaken

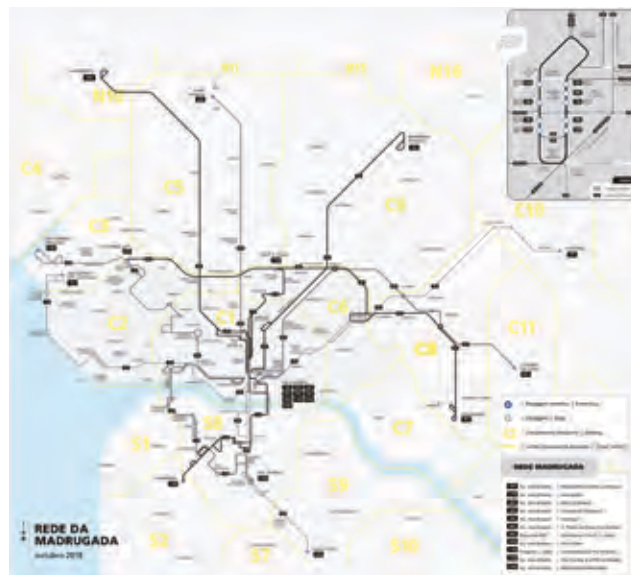


NIGHT-TIME SERVICE

STCP is the only public transport operator in the Metropolitan Area of Porto to operate during the entire night, between 12:30 (midnight) and 6 a.m., throughout the 365 days of the year. The service operates with 11 lines, identified with the letter M, that guarantee hourly connections between Avenida dos Aliados, in the centre of Porto, and the peripheral municipal councils of Vila Nova de Gaia, Gondomar, Maia, Matosinhos and Valongo.

The Night-Time Network has operated uninterrupted since 2005, and has transported more than 7 million passengers since that time.

Throughout the year, the promotion of the Night-Time Network was increased among target audiences, night shift workers, university students, as well as those who enjoy downtown Porto's active night life³. In 2018, 625,000 passengers were transported, corresponding to a 5.1% increase as compared to 2017.



SUPPLY

In 2018, practically the same kilometres of service were travelled as in the previous year. Although the occupancy rate and the average speed increased slightly, all other indicators remained virtually unchanged, with only a slight decrease.

Despite the average number of operational drivers increasing by 5 in 2018 – 898 in 2018 as compared to 893 in the previous year – the rate of absenteeism increased, mainly due to the increase in sick leave and also due to strikes. STCP was affected by the prior announcement of two strikes that remained pending throughout 2018. One started on 18 March 2017, covering all daily services for holidays, Saturdays, and Sundays. The other ran from 5 August 2017 to 4 February 2019, and affected the last two hours of each daily service, as well as the last two hours of the 1st part, and the first two hours of the 2nd part of all scheduled daily services, with intervals between stages, as well as all daily services on holidays, Saturdays and Sundays.

The rate of driver absenteeism in 2018 was 9.3%, up 1.3 percentage points vis-à-vis the previous year, with implications on the service compliance rate in 2018.

It should be noted that, although authorisation was obtained from the Guardian Authority to hire 28 new drivers in order to partially fill a structural deficit of vehicle crew members in the company, hirings were only fully carried out in the last quarter of 2018. Therefore, improvement in the level of service offered by the company's public service will only be felt during 2019, as the hiring and subsequent training plan will only allow the contingent of drivers to be fully available for operation in February of 2019.

Service compliance is also dependent on factors other than absenteeism, namely the rate of immobility, strikes and diversions.

3. Notably, on 7 September 2018, RTP broadcast a news report concerning the STCP Night-Time Network on several of its channels.

Indicators Bus Sector	unit	2016	2017	2018	Variation 2018/2017	
					absolute	%
Vehicle-km of service	10³	21.622	22.216	22.215	-2	-0,01%
Average capacity	unit	91,8	91,6	91,5	-0,2	-0,2%
Seat-km	10 ⁶	1.984	2.035	2.032	-4	-0,2%
Service hours	10 ³	1.367	1.407	1.406	-1	-0,1%
Average speed	km/h	15,82	15,79	15,80	0,01	0,1%
Occupancy rate	%	12,7%	13,1%	13,4%	0,3 pp	2,0%
Vehicles at Peak	unit	382	384	385	1	0,3%
Service Compliance Rate [1]	%	94,8%	97,4%	96,0%	-1,3 pp	-1,4%

[1] (Scheduled Journeys - Lost Journeys) ÷ Scheduled Journeys

Source: STCP Operations Department. Includes entry and exit trips from lines and excludes strikes and/or assemblies.

IMMOBILISATION RATE

In 2018 there was a significant increase in the fleet's Immobilisation rate when compared to 2017. Despite the start of the fleet renewal in 2018, until the end of the year there were only 40 new buses for a total of 419 composing STCP's total fleet. It should be noted that this renewal only began in April and occurred gradually until December 2018. Therefore, it is expected that the Immobilisation rate will only begin to decrease from 2019 onwards.

Immobilisation	unit	2016	2017	2018	Variation 2018/2017	
					absolute	%
Fleet [1]	number	417	417	419	2	0,4%
Immobilisation rate	%	10,8%	10,2%	11,7%	1,5 pp	14,3%
Breakdowns / 1,000 km [2]	1/10 ³ km	1,36	1,37	1,46	0,1	6,5%

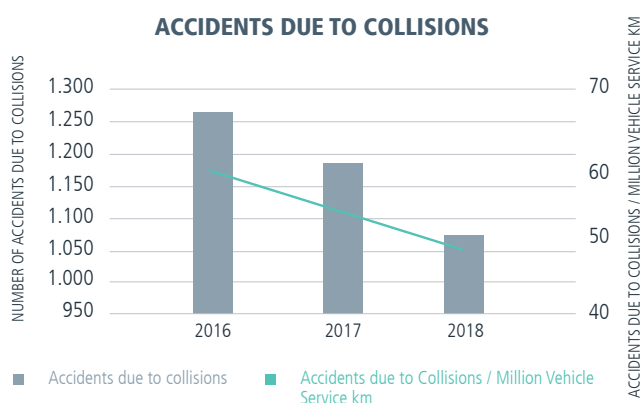
[1] In 2017, the STCP bus fleet was made up of 419 vehicles, with two buses out of operation due to high-damage accidents. To calculate the operating indicators, these vehicles will not be counted.

[2] Considers the total kilometres made by the whole bus fleet (not only the service kilometres).



ACCIDENTS DUE TO COLLISIONS

In 2018, accidents due to collisions continued to decline, as also seen in the previous year. The number of accidents due to collisions for every million kilometres of service travelled naturally accompanied the decrease in the number of accidents due to collisions.



DIVERSIONS

The number of diversions also decreased in 2018, due to both road works and events. The average duration of diversions also showed a decrease of about 5 days compared to the previous year. The diversions that had the most significant impact on STCP operations in 2018 were those caused by the work rebuilding the Guindais slope, leading to the interruption of the service of the ZR line between 17 December 2017 and 20 June 2018 –, as well as the diversions caused by the construction work in Alfena since 21 June 2017 and 5 May 2018.

Diversions	2016	2017	2018	Variation 2018/2017	
				absolute	%
Total diversions	317	355	301	-54	-15,2%
Due to road work	173	190	160	-30	-15,8%
Due to events	144	165	141	-24	-14,5%
Average Duration of Diversions (days)	58	54	49	-5	-9,0%

VIA LIVRE OPERATION (CLEAR ROADS OPERATION)

Through a partnership established since 2004 between the Porto City Council (CMP) and STCP, involving the Municipal Police, Via Livre Operation (Clear Roads Operation) is in force, with the objective of reducing illegal/irregular parking on roads reserved for public transport, stops, or places where circulation is more difficult. This partnership helps to improve the circulation of public transport in the city of Porto. In 2018, only one operational team was maintained, and carried out a total of 3,152 interventions.

Via Livre Operation (Clear Roads Operation)	2016	2017	2018	Variation 2018/2017	
				absolute	%
Fines	3.255	3.061	3.029	-32	-1,0%
Clamping [1]	18	4	2	-2	-50,0%
Towing [1]	82	45	114	69	153%
Corrective measures [2]	3.402	3.158	3.152	-6	-0,2%

[1] Towing is always preceded by clamping and a fine. Clamping is preceded by a fine.

[2] Includes fine interventions and preventative actions.

VIA LIVRE WORKING GROUP

Following the creation of the Via Livre Service, a working group was created in 2014 to bring together STCP technicians, the Municipal Police and the Municipal Department of Mobility and Transport Management of CMP, with the aim of finding simple and expeditious solutions that could solve constraints regarding the circulation of Public Transport.

This group has been able to drastically reduce the number of times buses are obstructed due to illegal parking, create better conditions for stopping and respective access, and better conditions for re-entering traffic after crossings.

NETWORK CONTROL CENTRE

Through its Network Control Centre and the tool installed there – SAEI – Information and Operational Support System –, STCP coordinates the operation of public transport in the road sector, and seeks to guarantee fulfilment of the planned service, acting in real time to reduce deviations from travel times, and minimise the effects of the highly diverse constraints that occur throughout the day.

On days of major events, involving traffic diversions and major constraints on its fluidity, STCP is able to place an operator assigned to the management of the operation, in CMP's Integrated Management Centre. This way, there is a better connection between the STCP Network Control Centre, the CMP Mobility and Traffic Technicians and the Civil Protection and Security Forces, combining efforts to provide a faster response to bus circulation difficulties.



BUS LANES

The STCP network has **144 bus lanes** available – with a total length of **25 kilometres** – reserved for the circulation of Public Transport, most of which are in the city of Porto – 82 bus lanes extending 19.8 kilometres.

					Variation 2018/2017	
Corredores BUS	unit	2016	2017	2018	absolute	%
Extent	km	25,2	25,5	25,0	-0,5	-1,8%

SPECIAL OPERATIONS

In addition to the public transport services it offers, STCP has developed and implemented a series of special operations with the aim of increasing the mobility, comfort and safety of its customers to events that attract a large number of people and festive seasons. The implementation of these operations is only possible in partnership with the organisers of the events, in conjunction with the municipal councils where the events are being held and, in most cases, with the support of the security forces.

Events such as the **NOS Primavera Sound** and **Marés Vivas festivals**, **Serralves em Festa**, the **night of São João** and the **Queima das Fitas Week** are an integral part of the specialised operations due to the large number of people they attract, requiring a fast, safe and effective means of transport for their journeys.

It should be stressed that 2018 was the year STCP registered its largest operation ever on the evening of the Queima das Fitas Procession when it carried more than 20,000 passengers.



During the Queima das Fitas week, the special service carried around 90,000 passengers, 20% (15,000) more than in 2017.

				Variation 2018/2017	
Bus Passengers	2016	2017	2018	absolute	%
Queima das Fitas	75.000	76.250	91.268	15.018	19,7%

This result is mainly due to an increase in supply of about 25% in the 2018 operation, which was possible due to an agreement signed with FAP – Federação Académica do Porto and the adoption of a series of practices that ensured greater safety for everyone

Also worthy of mention is the reinforcement of services during the **celebrations in Porto on the Halloween night, on the White Night in Gondomar**, and for the inauguration of the Christmas lights, among others, in which the company provided passengers with an increased number of vehicles in circulation and more frequent services.

As in previous years, STCP prepared a **special Christmas operation**, ensuring the possibility for its users to travel safely and comfortably throughout the night and early morning. The operation began at 9 p.m. on 24 December, Christmas Eve, and ended at 6 a.m. on the 25th.

Once again, STCP ran a **special New Year's Eve operation**, which ensured transportation throughout the night and early morning. With this New Year's Eve special operation, incorporated into the Mobility Plan promoted by the Porto City Council, it was intended that STCP's passengers could enjoy the biggest party of the year, travelling safely and comfortably, and avoiding worries about traffic and parking.

EASY ACCESS NETWORK

STCP has established a policy of integration and broad inclusion for people with reduced mobility on the public transport network. The STCP company has a fleet of accessible urban buses, with 40 already renovated in 2018, and offers its customers a sub-network of bus lines equipped with ramps and a place reserved for wheelchairs. All buses have lowered floors and allow a stroller to remain unfolded while travelling.

The company has an accessible network, in which 100% of its vehicles have lowered floors and 82% have ramps. 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 working in cooperation with municipal authorities and others responsible for the public space in which it operates.



TRAM

At the end of 2018, STCP had 3 active lines, representing a total network extension of 9 kilometres, in the tram sector. STCP's trams serves customers in the municipality of Porto, along a route that goes from Foz to the historic centre of

Porto, serving 42 stops in total – 34 are exclusive and 8 are shared with the bus sector. Below you can see the map of the tram network at the end of 2018.



DEMAND AND REVENUE

In 2018, about 745 million passengers were carried in the tram sector, approximately 17 million (2.3%) more than the previous year. The most significant increase was in revenue, at around 200,000 euros (12%), reaching an amount of around 1.9 million euros.

In recent years, the percentage of season tickets in the total validations for trams has been decreasing, thus increasing the weight of occasional and daily tickets, and, it is safe to say tourism has played an increasingly important role in increasing tram demand. Of all passengers transported in the tram sector in 2018, about 84% did so by acquiring an occasional or daily ticket.

Indicators Tram Sector	unit	2016	2017	2018	Variation 2018/2017	
					absolute	%
Passengers Carried	10 ³	622	729	745	17	2,3%
Average Distance per Passenger	Km	1,65	1,76	1,77	0,01	0,6%
Passenger-km	10 ³	1.027	1.281	1.317	36	2,8%
Revenue	10 ³ €	1.190	1.660	1.857	197	11,9%
Average Revenue Passenger	€	1,91	2,28	2,49	0,21	9,4%

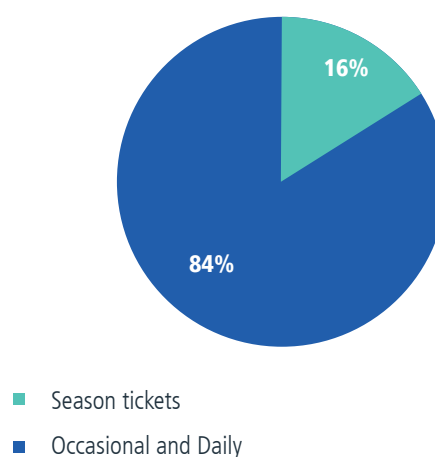
Revenue includes social contributions for the Andante ticket.

Tram Passengers	unit	2016	2017	2018	Variation 2018/2017	
					absolute	%
Total	10³	622	729	745	17	2,3%
Season tickets	10 ³	136	133	119	-14	-10,4%
Occasional and Daily	10 ³	486	596	626	30	5,1%
Intermodal Total	10³	124	120	109	-11	-9,1%
Single Mode Total	10³	498	609	636	27	4,5%

The successive increases in the number of passengers using occasional and daily tickets in tram demand helps to explain the high increase in revenue that has been recorded over the past three years.

Revenue from season tickets has been decreasing, accounting for only 2.5% of the revenue of this means of transport in 2018, a natural consequence of the decrease in passengers carried using monthly season tickets on trams. The occasional and daily tickets are entirely responsible for the increase in total revenue.

PASSENGERS TRANSPORTED BY TRAM 2018



Tram Revenue	unit	2016	2017	2018	Variation 2018/2017	
					absolute	%
Total	10³ €	1.190	1.660	1.857	197	11,9%
Season tickets	10 ³ €	61	50	46	-4	-7,9%
Occasional and Daily	10 ³ €	1.130	1.610	1.811	201	12,5%
Intermodal Total	10³€	56	46	43	-3	-5,9%
Single Mode Total	10³€	1.134	1.614	1.814	200	12,4%

Revenue includes social contributions for the Andante ticket.



SUPPLY

In 2018, the trend of growth in service kilometres travelled continued, with more than 14,000 kilometres being covered as compared to the previous year. Although there was an increase in average speed, the occupancy rate decreased.

The journey compliance rate decreased by about 1.8 percentage points, mainly due to a significant increase in the absenteeism rate among brakemen, which is largely explained by sick leave and strikes. In 2018, the absenteeism rate of brakemen stood at 18.4%, up 6.9 percentage points from the previous year.

At the end of 2018, the implementation of the SAEI – Information and Operational Support System, in support of the management of the operation of trams, which will allow the management of the fleet in real time, was in its conclusion phase. It performs the management of virtual traffic signals for tram circulation on single-track two-way sections, as well as the management of on-board sales of transport tickets. This system is also directly linked to CMP's Interconnected Management Centre (IMC) so that the competent authorities can be directly connected with the brakemen, in order to optimise the response to potential occurrences during its operation.

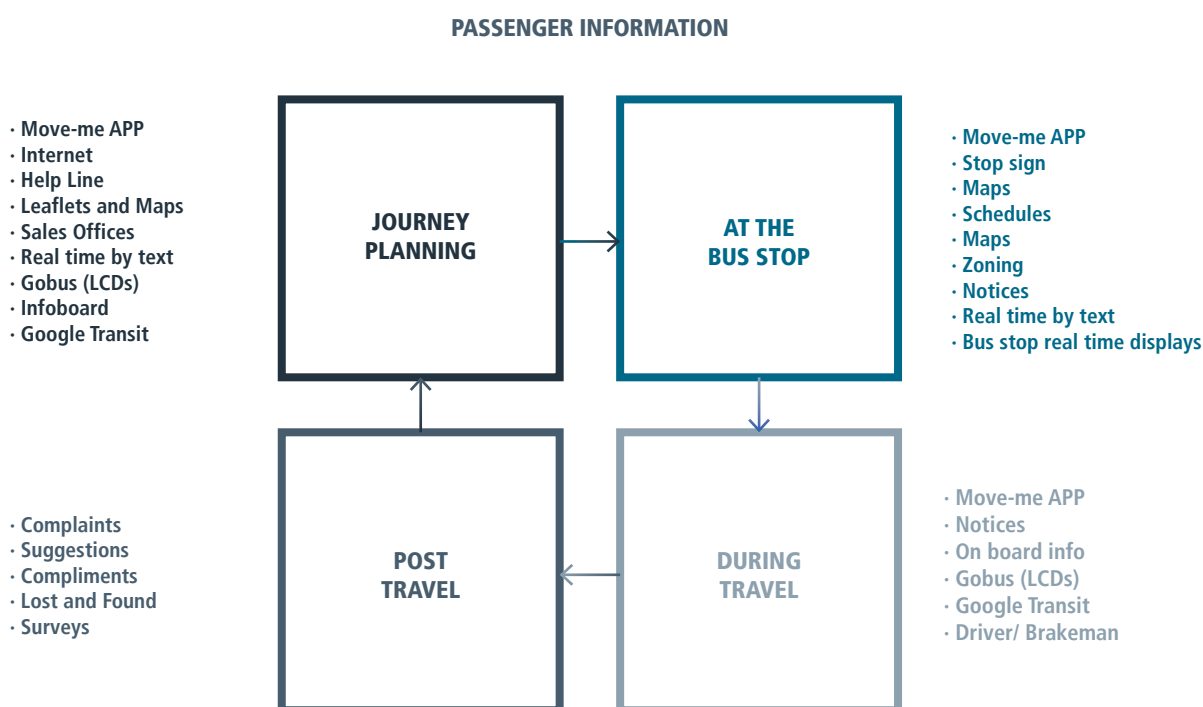
Indicators Tram Sector	unit	2016	2017	2018	Variation 2018/2017	
					absolute	%
Vehicle-km of service	10³	130	148	162	14	9,5%
Average capacity	unit	42,0	42,0	42,0	0,0	0,0%
Seat-km	10 ³	5.474	6.223	6.816	593	9,5%
Service hours	10 ³	16,2	17,6	18,9	1,2	7,0%
Average speed	km/h	8,0	8,4	8,6	0,2	2,3%
Occupancy rate	%	18,8%	20,6%	19,3%	-1,3 pp	-6,1%
Vehicles at Peak	unit	6	6	6	0	0,0%
Service Compliance Rate [1]	%	93,7%	92,1%	90,2%	-1,8 pp	-2,0%

[1] (Scheduled Journeys - Lost Journeys) ÷ Scheduled Journeys

Source: STCP's UCE Department Supplemental journeys are not considered in the scheduled journeys.

4.3.2.2. COMMUNICATION AND INFORMATION FOR CUSTOMERS

The provision of timely and relevant information to customers and to the market was ensured in an integrated way through multiple means, with more and more use being made of digital means, particularly mobile phones.



- Around **600 different notifications were issued** on changes to the network or fares, which was equivalent to more than 5,000 postings and as many removals at stops. **All these notifications were published on the STCP site** and originated in alerts being sent to customers according to their requests for information;
- MORE THAN 3,000 TIMETABLES were posted **at stops**, due to updates or alterations;
- STCP's customer service helpline (**Blue Line**) answered more than 75,000 calls, with the overwhelming majority regarding scheduling information;
- Information to the public at the stops began to be **translated into English** and was supplemented with pictograms, so as to be more readable to a larger number of people, including tourists and foreign residents.
- To the timetables posted at the stops was added information about the **Andante occasional ticket needed to travel from the stop and on each line and a QR Code**, so that the **timetable could be consulted in real time** using a mobile phone.



- The **Anda App**, presented to the public in May, introduced the possibility of acquiring travel tickets via mobile phone, and is a post-payment system for the trip made. At the end of the year, about 1,500 customers had already used this payment method, in about 15,000 trips.
- The **free Wi-Fi** service provided on all buses was extended to trams in 2018. The use of this service has been increasing in recent years. In 2018, there were about 814,000 users, with about 5.7 million sessions started.
- In 2018, STCP continued its commitment to **social networks**, namely **Facebook**, which ended up being an extremely important tool, as it allows a large number of STCP customers to be contacted and informed more easily. Service changes, employment opportunities at STCP and special events are some examples of the topics promoted by STCP through its social networks in 2018.
- **STCP is on Google Traffic**, allowing customers to find out the scheduled departures from their stop, save their usual places and explore all transport options offered by STCP buses.
- **Items lost or found by our customers**, known as “lost property”, were centralised on the Blue Line (customer service helpline). In 2018, there were over 6,000 items, with around 34% being returned to customers.

Testimonial

“(...) my daughter decided to travel with other colleagues from Amarante to Porto to celebrate the 2019 New Year’s Eve. When she reached the city of Porto, she travelled on the 305 bus, getting off at the last stop at Bolhão around 11 p.m. Inadvertently, before leaving the bus, she dropped her wallet with money, documents and a mobile phone. After contacting STCP Services on 2 January, we were informed that my daughter’s belongings had been stored at the Francos Collection Station – Rua Eng. Luís Delgado dos Santos. On 3 January, we went to the Francos Station and everything was there, nothing was missing. That’s why I am writing on behalf of my daughter to give particular thanks to the driver of Bus 305 (whose name I don’t even know). I salute this man’s honesty and professionalism – my sincere thanks.”

COMPLAINTS

In 2018, there was a significant increase in the number of complaints made by customers, as shown in the following table:

Customer complaints	2016	2017	2018	Variation 2018/2017	
				absolute	%
Total complaints	1.793	1.337	2.110	773	57,8%

The main reason for the complaints concerned non-compliance with the published timetables. However, the continuing decline in complaints about staff behaviour should be noted.

MARKETING CAMPAIGNS

STCP carried out two initiatives on 19 March to celebrate **Father's Day**, which involved customers and some of our employees. Bookmarks alluding to the occasion were distributed among buses in circulation. In addition to this, a picture frame was created, alluding to the day, in which dozens of people were photographed inside the buses or at the stops. Several company employees also participated in this activity. The photographs were also published on Facebook, as tokens of dedication to their fathers.

STCP celebrated Mother's Day by distributing bookmarks alluding to the occasion, inside the buses. The bookmarks were located at the bus exit doors, and were offered to customers by drivers on entry. These bookmarks could be cut into the shape of a paper flower. STCP also provided a digital frame on the subject, to be applied to profile photography, on Facebook.



4.3.3. COMMUNITY

STCP has a significant role in the community where it operates – six municipal councils of the Metropolitan Area of Porto – Gondomar, Maia, Matosinhos, Porto, Valongo and Vila Nova de Gaia – because its operations have a direct impact on the population in general and on various institutions of the local community, partners and associates.

BRAND IDENTITY RESTYLING

The restyling of the STCP brand was officially launched on 20 April 2018, at the presentation ceremony of the new buses. It was understood to be the perfect moment to rethink STCP's brand identity and to discover how it could be updated, based on its values and attributes as a brand of trust and innovation that is close to its customers. Although with only slight changes, focusing on new colours, green and blue, which are associated with the environment and convey serenity, it was considered that changing STCP's image was an advantage, creating an **STCP** tag-line "**Smart Mobility**", based on the new models in service and de-carbonisation.

The implementation of the new identity is being carried out gradually in the public service fleet, at the stops, stationarily and on all brand platforms.



THE TRAM MUSEUM

Since 1992, STCP has made available to the community the **Tram Museum** (MCE), located in the city of Porto, in the building of the Old Thermoelectric Power Plant of Massarelos, which has been part of the Portuguese Museum network since 2001.

MCE's collection includes public transport vehicles from 1872 to 1951, heavy machinery, vehicle accessories, accessories of the staff of the public transport companies of the city of Porto and the Machinery Room of the Old Thermoelectric Power Plant of Massarelos.

MCE's mission is to conserve, preserve and interpret, for the benefit of the public, items and artefacts illustrative and representative of the history and development of urban public transport on rails in the city of Porto.

In 2018, it had around 29,000 visitors, registering a significant increase over the previous year, mainly due to the increase in the number of foreign visitors, who represented around 44% of the total, while in 2017 they were around 37%.

On one day every year, the Tram Museum opens its doors to the community, and on the same day, also promotes its traditional annual Tram Parade, which continues to link the museum's collections with the city. On 5 May 2018, the 28th Tram Parade was held, featuring 12 trams which came out of the Museum's exhibition, offering the public the possibility of travelling on one of several historic vehicles.

In 2018, several initiatives were also celebrated, the International Museum Day and European Museum Night, on 18 and 19 May. The museum also participated in other initiatives, namely Camellia Week in March, organised by the Porto City Council and by the Portuguese Camelia Association, and the European Heritage Days, in September.

Visitors Tram Museum	2016	2017	2018	Variation 2018/2017	
				absolute	%
Total	21.859	23.892	28.556	4.664	19,5%
Students	10.948	11.688	13.099	1.411	12,1%
Portuguese	3.825	3.302	2.869	-433	-13,1%
Foreigners	7.086	8.902	12.588	3.686	41,4%

Not including free users

In 2018, the **Museum's Educational Service** also held Christmas Workshops that ran between 18 and 22 December for children between the ages of 6 and 12.

On 24 and 25 May, the Tram Museum hosted **MOBITRANS – the 12th Meeting of Transport in Review**, which was supported by STCP. Under the theme "People | Cities | Regions", a total of 32 speakers, from a wide range of fields, shared their experiences and ideas on how to view the functioning of large urban areas in the future, especially with respect to transport.

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

É ainda membro da organização internacional UITP – Union Internationale des Transports Publics – e da Comissão Técnica de Normalização - CT 148 (Transporte, logística e serviços).



MUSEU

58

58

SCHOOL AND ACADEMIC COMMUNITY

STCP supported the promotion and carrying out of various **academic and school activities**, and was involved in special actions such as the initiatives of the Maia City Council during European Mobility Week and the Mobility Days held by the Porto Superior Institute of Engineering.

As part of its collaboration with the school and academic community, several curricular internships were also provided.

In collaboration with MAN and Caetano Bus, STCP organized a **training activity, intended for the fire brigades** of the six municipalities in which it operates. The objective was to present the characteristics of new vehicles (natural gas and electric ones) to the entities responsible for emergency operations.

During the year, STCP hosted various **visits to its facilities**, with the aim of raising awareness of the company and some of its principal idiosyncrasies regarding internal operations, as in the case of the visit made on 14 December, by a committee from the Metropolitan Transport Agency of Maputo – AMTM.



ENVIRONMENTAL AWARENESS

STCP provides an essential transportation service for the community, evident in a 24-hour offer every day of the year. The renewal of the fleet, with investment in 15 zero-emission electric buses, is important evidence of the significance that society's important issues have in the company's strategic decisions and in its investment.



SOCIAL SOLIDARITY

As in previous years, and in cooperation with the CCDT and the Workers' Council, STCP held a Christmas dinner for the disadvantaged, which brought together about 150 people in the company's cafeteria in 2018.

4.3.4. EMPLOYEES

EVOLUTION OF PERMANENT STAFF

During the 2018 financial year, STCP strengthened its policy of quantitative adjustment of permanent staff by reinforcing workers to partially mitigate the structural shortfall, especially with regard to skilled staff and vehicle crew, by intensifying training.

The total number of permanent staff, as of 31 December, was 1,271 employees, an increase of 29 in relation to the end of the previous year.

Permanent staff on 31 December [1]	2016	2017	2018	Variation 2018/2017	
				absolute	%
Total	1.232	1.242	1.271	29	2,3%
Operational Vehicle Crew	912	915	944	29	3,2%
Drivers	900	900	928	28	3,1%
Brakemen	12	15	16	1	6,7%
% Operational Vehicle Crew	74,0%	73,7%	74,3%	0,6 pp	0,8%

[1] Does not include governing bodies, seconded employees, and unpaid leave. Includes transferees.

The authorisations for hiring to reinforce staff were obtained by Order no. 540/18-SET, of 3.07.2018, under the following terms:

1 · Area of administrative support / support technician: **7 workers;**

2 · Area of Tram Operations: **1 worker;**

3 · Area of Bus Sector Operations: **48 workers** in stages, **28 in 2018 and 20 in 2019**. These latter hirings are subject to the evaluation of the reduction in overtime due to the hiring that occurred in 2018, and should be analysed in an "autonomous process".

Average Permanent Staff [1]	2016	2017	2018	Variation 2018/2017	
				absolute	%
Total	1.197	1.226	1.231	5	0,4%
Operational Vehicle Crew	882	906	913	8	0,9%
Drivers	871	893	898	6	0,6%
Brakemen	12	13	15	2	17,3%
% Operational Vehicle Crew	73,7%	73,9%	74,2%	0,3 pp	0,5%

[1] Does not include governing bodies, seconded employees, and unpaid leave. Includes transferees.



The implementation of the hiring took place mainly in the last quarter of the year, so that its effects, particularly regarding the operational level of the service, will only be felt in 2019, something that can also be confirmed when looking at the evolution of average permanent staff in 2018 compared to the previous year.

Following the policy of rejuvenation and qualification of its permanent staff, in 2018, STCP also sought to provide some support departments with new workers to ensure the permanence of key skills and compensate for the substantial departure of workers from these areas in the last decade. This policy was implemented in the reinforcement of 7 workers for the technical / administrative areas, specifically for the legal department, IT systems, marketing, procurement, management control and human resources.

In 2018, efforts to recruit workers to compensate for departures that occurred during the year also continued, totalling 86, including unpaid leave, with 57% of these concerning drivers. Regarding the workshop areas (bus maintenance), employee departures were also significant, around 30% of the total, and were very concentrated at the end of the year, which, combined with the lack of market response, did not allow the respective admissions to occur until 31 December 2018.

During the course of 2018, 17 professional placements and 13 internships were made available, mostly in cooperation with vocational schools and educational institutions.

The evolution of the permanent staff structure on 31 December was the following:

Permanent Staff Structure on 31 December [1]	2016	2017	2018	Variation 2018/2017	
				absolute	%
Staff assigned to Operations	79,7%	79,0%	79,4%	0,4 pp	0,5%
Vehicle Crew	74,0%	73,7%	74,3%	0,6 pp	0,8%
Inspectors / Coordinators	2,8%	2,7%	2,4%	-0,2 pp	-8,2%
Suppliers	2,9%	2,7%	2,7%	0,0 pp	0,7%
Staff assigned to Maintenance	8,2%	8,9%	8,3%	-0,5 pp	-5,8%
Other	12,1%	12,2%	12,3%	0,1 pp	1,0%

[1] Does not include governing bodies, seconded employees, and unpaid leave. Includes transferees.

Up to 31 December 2018, 86 workers left STCP (including departures on unpaid leave), of which 59 were personnel assigned to the operation and 25 were from the workshop areas. 115 employees entered the company (including those returning from unpaid leave).

ABSENTEEISM

O absentismo evoluiu desfavoravelmente em 2018, tendo-se registado aproximadamente mais 13 mil horas de ausência do que em 2017.

Absenteeism	2016	2017	2018	Variation 2018/2017	
				absolute	%
Company total	8,3%	8,4%	8,9%	0,5 pp	6,0%
Vehicle Crew [1]	8,8%	8,1%	9,5%	1,4 pp	17,3%
Other Staff	7,0%	9,2%	7,3%	-1,9 pp	-20,6%

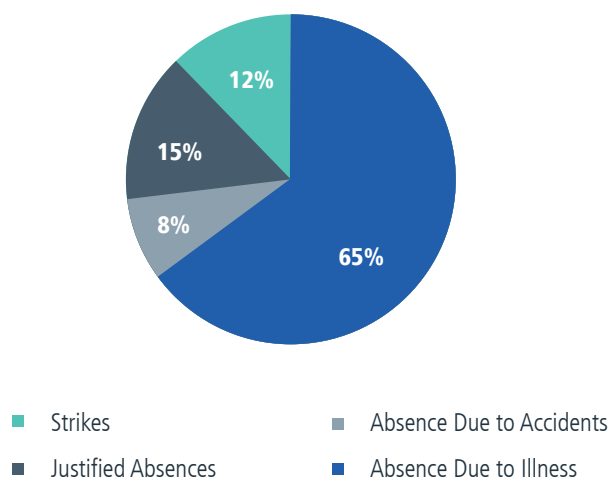
[1] Drivers and Brakemen

Absenteeism evolved unfavourably in 2018, with approximately 13,000 more hours of absence than in 2017.

The overall rate of absenteeism was 8.9%, 0.5 pp higher than the previous year, due to the worsening of absenteeism among vehicle crew.

The main cause of absenteeism was sick leave, which accounts for 65% of the total, and one third of this sick leave percentage is long term – absence of more than 6 months. Strikes also contributed sharply to the increase in hours lost. Although no new strike was convened in 2018, the number of hours lost for this reason increased by about 8,000 hours as compared to 2017.

BREAKDOWN OF TOTAL ABSENTEEISM 2018



ADDITIONAL WORK

In 2018, approximately 75,000 hours of overtime were worked, 31.6% more (+18,000 hours) than in 2017, mainly due to overtime by vehicle crew, which represented 89% of the total.

This increase was caused by the shortage of permanent staff that persisted in 2018. The hiring of personnel for reinforcement was concentrated in the last quarter of the year, so that its effects on the reduction of overtime will only

occur in 2019, assuming that permanent staffing remains at least at the same level, in other words, the replacement of workers who terminate their contracts with STCP is ensured throughout the year.

Overtime cost was around 547,000 euros in 2018, 38.5% more (+152,000 euros) compared to the previous year.

					Variation 2018/2017	
Additional Work	unit	2016	2017	2018	absolute	%
Total Overtime Hours	10³	56	57	75	18	31,6%
Vehicle Crew Overtime	10 ³	49	49	67	18	36,7%
Total Cost [1]	10³ €	324	395	547	152	38,5%
Vehicle Crew Cost [1]	10 ³ €	277	322	473	151	46,9%

[1] Social Security charges are not included.



CHARACTERISATION OF THE PERMANENT STAFF

AGE STRUCTURE

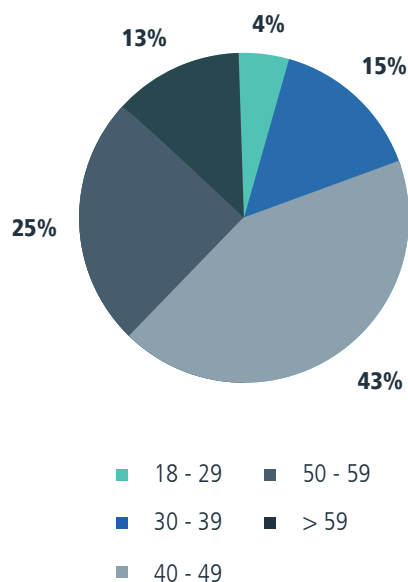
The admissions policy followed in recent years to reinforce the permanent staff and to compensate for departures has allowed its ageing cycle to be reversed. The average age decreased, from 48 years in 2017 to 47 in 2018.

Permanent staff under 40 years of age represented 19% of the total in 2018, while in 2017 it was 16%.

The average seniority in the company, of 20 years in 2017, stood at 18 years in 2018, also showing a reduction.

In 2018, maintaining the tendency of recent years, the level of schooling continued to rise, reaching 42% of the total number of workers with secondary education or its equivalent.

AGE STRUCTURE 2018



Permanent Staff Age Structure [1]	2016	2017	2018	Variation 2018/2017	
				absolute	%
18 <--> 29	23	30	53	23	76,7%
30 <--> 39	179	171	194	23	13,5%
40 <--> 49	546	537	543	6	1,1%
50 <--> 59	305	297	311	14	4,7%
> 59	179	207	170	-37	-17,9%
Total	1.232	1.242	1.271	29	2,3%

[1] Does not include governing bodies, seconded employees, and unpaid leave. Includes transferees.

PERMANENT STAFF BY GENDER

As of 31 December 2018, 112 women worked in the company, corresponding to 9% of the total number of permanent staff (8% on 31 December 2017).

At the end of 2018, around 46% of the female employees were employed as drivers or brakemen, with an increase in

the number of female employees performing these duties, which was 43% at the end of 2017.

Growth in the proportion of female staff among the total vehicle crew (drivers and brakemen) was also registered, going from 4.7% in 2017 to 6% in 2018.

Permanent staff by Gender (31 Dec 2018) [1]	Total	Women (W)	Men (M)	% of M per position	% position per M
Managerial	10	2	8	2%	20%
Vehicle Crew	944	52	892	46%	6%
Other	317	58	259	52%	18%
Total	1.271	112	1.159	100%	9%

[1] Does not include governing bodies, seconded employees, and unpaid leave. Includes transferees.

PRACTICES FOR EQUALITY IN LABOUR AND EMPLOYMENT

As a socially responsible entity, STCP assumes the promotion of gender equality and the reconciliation of work with family and personal life, incorporating policies and practices in these areas in its management.

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.

In 2017, STCP's Gender Equality Plan was drawn up, widely disseminated to all workers, in which short- and medium-term action plans were established. In this context, some of the proposed measures were implemented, specifically as regards information and communication, social dialogue and worker participation and the treatment of information related to the organisation's human resources disaggregated by sex, with the annual preparation of a gender pay report.

Since 2008, STCP has had a Code of Ethics and Conduct, and in 2018 drew up a Code for the Prevention and Combat of Harassment at Work, both made available to all employees and STCP's intranet, which constitute fundamental instruments in defining norms that should be respected by the entire structure of the company's organisation.

With respect to measures that promote a balance between personal and professional life and the provision of social benefits, the following stand out:

- logistical and financial support for the Cultural and Sports Centre for STCP Employees (CCDT), transferring to this entity a whole series of activities and events that were provided by the company. Notable among the activities is the **Christmas Party**, held on 8 December at Coliseu do Porto, featuring a circus performance, a unique moment of the year in which the company brings together its workers and families. The **Holiday Camp** for employees' children up to 12 years of age is another activity worthy of note.



- monthly contributions by all workers to CCDT, thus enabling its financial equilibrium, and the promotion of other activities, specifically in sport and culture.
- since 2017, CCDT has handled the management of the STCP cafeteria, located in the Francos Collection Station, with STCP providing transport for workers from the various locations where the company operates.
- in the cases provided for in the Company Agreements in force, the company provides free access to medical specialties and nursing in its Clinical Office, as well as drug co-payment.
- the payment of a fixed contribution to employees with children under 6 years old who attend kindergartens.
- post-retirement benefits – Since 1 May 1975, the company has had a defined benefits plan that provides for the award of retirement and invalidity pension contributions to all employees, pursuant to the company's agreements and existing legislation. These are calculated based on a fixed formula and paid, provided that the sum of the Social Security pension and the contribution does not exceed €650 (value effective since 2007). In December 1998, the company transferred its liability to the open pension fund, "Fundo de Pensões BPI – Aberto Valorização", and has contributed annually, since this date, in accordance with the financing requests demanded by this Fund.

QUALIFICATION AND MOTIVATION

TRAINING

Aware of the important role of training in professional development, in 2018, STCP sought to solidify the training of its workers at the most varied levels of the company.

Some 29,000 hours of training were carried out in 2018, about 33% more than the previous year, with 92% of these hours being aimed at vehicle crew members. The number of workers who had training sessions was 952, corresponding to about 75% of total permanent staff in 2018.

Hours of Training	2016	2017	2018	Variation 2018/2017	
				absolute	%
Total	16.450	21.756	28.924	7.168	32,9%
Vehicle Crew	15.885	20.358	26.636	6.278	30,8%
Continuous Training	3.269	14.737	15.130	393	2,7%
% of Vehicle Crew	96,6%	93,6%	92,1%	-1,5 pp	-1,6%

Number of Employees in Training	2016	2017	2018	Variation 2018/2017	
				absolute	%
Total	257	804	952	148	18,4%
Vehicle Crew	195	683	829	146	21,4%
Continuous Training	72	640	750	110	17,2%
% of Vehicle Crew	75,9%	85,0%	87,1%	2,1 pp	2,5%

Noteworthy among the activities were:

- The initial and continuous training of drivers and brakemen, which involved a total of 829 workers, and about 26,000 hours, with special focus on behavioural aspects.
- 45 training and safety awareness actions, including training related to self-protection measures, safety in driving and training in building evacuation and firefighting, involving 341 workers. Also of note in this context was the training related to the gas refuelling station, as well as protection against explosions and handling of high-pressure equipment.
- Other actions were also carried out in the following areas: General Data Protection Regulation (GDPR), training to obtain the certificate of driver aptitude (CAM), English language training, legal and accounting training and executive MBAs by two company staff.
- Participation of several company staff members in programmes, fairs and international events related to the bus fleet and advanced training promoted by UITP – *Union Internationale des Transports Publics*.

Performance evaluation system

A system for evaluating employees' annual performance has been implemented in the company, with a view to their professional evolution. This serves as an incentive for the continuous improvement of each worker, enabling workers with better evaluations in the company to be rewarded every year, by the application of that established in the current Company Agreements. In 2018, the performance evaluation system was applied.

Application of company agreements

As determined in article 21 (Amendment to Decree-Law no. 133/2013 of 3 October (Legal System of the Public Business Sector) and the State Budget Law of 2017, in 2017 the application of the instruments of collective labour regulation were resumed. However, with regard to matters envisaged in the Company Agreements, such as seniority payments and performance appraisals, acquired rights were restored by 50% in 2017, without retroactive effect, and the remaining 50% in January 2018.

In 2018, as a result of the memorandum of understanding, signed on 14 August with the Organisations Representing the Workers, a salary increase was implemented, effective on 1 May 2018, for a period of 20 months.

HEALTH AND SAFETY AT WORK (SAFETY)

Notable in 2018 was the addition of one more element in the Occupational Health and Safety (OHS) team, an area incorporated in the Human Resources Department, in a clear commitment to internal safety policy. The company's OHS works closely with Occupational Medicine, specifically in the assessment of occupational hazards, working conditions, and the evaluation and analysis of occupational accidents.

In this context, the OHS evaluates the risks associated with workplaces, conducts inspection visits to workstations and equipment, prepares and implements recommendations on preventative matters, and reports on working conditions and action plans. During the year, 48 inspections of facilities, workstations and equipment were carried out.

In 2018, there was an increase in the severity rate, corresponding to an increase in days lost due to accidents at work, despite a reduction in the number of accidents.

In 2018, investments were approved in some facilities in order to improve their working conditions. Of particular note are the support locations on the street for the vehicle crew, through the renovation of the drivers' room located at the interface of S. João Hospital and the new room in the Bolhão area. Projects were started for undertaking renovation works on the Francos and Via Norte Collection Stations, to be carried out in the coming years.



				Variation 2018/2017	
Indicadores de Acidentes de Trabalho	2016	2017	2018	absolute	%
Frequency rate (Fr) = (No. of occupational accidents resulting in absence/ no. of hours actually worked) x 1,000,000	37,7	36,0	36,3	0,3	0,8%
Severity rate (Sr) = (No. of days missed / No. of hours actually worked) x 1,000,000	942	970	1.187	217	22,4%
Incidence rate (Ir) = (Total no. of accidents / Total no. of employees) x 1,000	73,3	74,0	69,6	-4,4	-5,9%

HEALTH

In its facilities, STCP ensures the provision of medical specialties and nursing for its employees, allowing external access to specialties not provided internally. In 2018, at the Clinic, approximately 4,800 appointments were carried out in the various medical specialties provided, and nursing care was permanently ensured in the Clinic at the Francos Operational Unit and twice a week at the nursing station of the Via Norte Operational Unit.

The Occupational Medical Unit, composed of one in-house doctor and two on a service provider basis, handled approximately 1,900 appointments for workers during the year, and was also responsible for the evaluation of all candidates for admission to STCP.

In 2018, alcohol management in STCP, part of Occupational Medicine performed 3,976 tests, in strict compliance with the Alcohol Regulation in force in the company, of which 6 were positive.

RELATIONSHIP WITH ORGANISATIONS REPRESENTING WORKERS (ORT)

Throughout the whole of 2018, a close relationship was maintained with several Organisations Representing Workers in order to reach a level of common understanding, balancing the interests of the company and its workers.

The year was marked by the negotiation and agreement with all ORTs, regarding an increase in the company's minimum compensation tables, which had not happened since 2009, when all wage increases were blocked, through the legislation in force.

It should also be noted that, for the first time since 1984, it was possible to bring together for the first time the three trade union organisations who signed the 1984 Company Agreement, in order to publish a single consolidated text, allowing a number of changes made to the document over more than 30 years to be updated, an amendment that was approved by all the trade unions.

In 2018, the company maintained its scheduled monthly meetings between the Workers' Council and the Board of Directors, seeking to combine efforts and employee involvement, to further the company's development and improve working conditions.

In a context in which the general level of union membership is 84% (among vehicle crew it is 97%), in which affiliated workers are distributed among 5 trade union organisations, and where there are 2 company agreements, 2018 was marked by a strong commitment, on the part of the company, to achieve consensus and create foundations for the promotion of corporate harmony.

4.3.5. SUPPLIERS

One of the components of STCP's policies is *"to develop all its activities, products and services within an integrated management system covering quality, the environment and occupational health and safety, with the involvement of all its employees, suppliers, contractors, local authorities and customers."*

For the proper functioning of the service provided, STCP requires the cooperation of all of its suppliers on whom, directly or indirectly, it depends.

The company has Regulations for Suppliers specifying the minimum legal and good practice requirements that must be observed by service providers and suppliers of goods to STCP as regards conditions of occupational health and safety.

The regulations apply to all entities, whether individual or collective, suppliers of goods or services, regardless of their legal or contractual form, whenever they carry out work within STCP's premises, or on its behalf. It should be noted that, in addition to complying with the provisions of the regulations, suppliers and providers of service and goods must know, make known and ensure compliance with STCP's internal regulations applicable to the work to be performed, as well as all applicable legislation.

Suppliers are also subject to control audits, which may be performed by STCP employees or by external entities.

For the acquisition of goods and services, STCP is governed by the Public Procurement Code, when applicable, and by the internal procedures in force that require it, whenever possible, to consult at least three suppliers, and only exceptionally, for specific technical reasons, which must always be duly substantiated, consult only one or two suppliers.

The award criteria must follow principles of transparency.

4.4. ENVIRONMENTAL OUTLOOK

As a public passenger road transport company, STCP plays an important role in ensuring the environmental quality of the urban space in which it operates.

One of its policies' principles is *"to minimise the environmental impact of its supporting activity, providing facilities and equipment with technologically efficient solutions that promote a gradual reduction in pollution levels and in the consumption of energy and natural resources."*

In 2008, the company obtained Environmental Certification in the NP EN ISO 14001: 2004 regulatory standard that successfully passed in 2018 to the new NP EN ISO 14001: 2015 standard.

All the company's activities and facilities are covered by the environmental policy as part of the certification, with the exception of the Tram Museum.

This certification is in pursuit of the competitiveness and sustainable development of the company, in environmental aspects.

In 2018, STCP consolidated its communication with regulatory bodies, in accordance with the legislation that governs its activity regarding environmental impact, namely through the monitoring of emission sources, control of the use of fluorinated greenhouse and ozone-depleting gases, and the analysis and monitoring of effluents and management of any waste produced.



ENERGY

While performing its operations, STCP carries out activities that require a high energy consumption, with associated environmental and social impacts. Being aware of its responsibility in this area, the company has sought to ensure that it is increasingly energy efficient through innovation and

competitiveness, thus contributing to the reduction of harmful environmental effects.

The following table shows the evolution of STCP's total energy consumption, measured in TOE:

Energy consumption	unit	2016	2017	2018	Variation 2018/2017	
					absolute	%
Total	toe	13.047	13.665	13.699	34	0,3%

TOE ---> Tonnes of Oil Equivalent. Calculation made according to the converters provided by the Directorate General for Energy and Geology (DGEG) as part of the POSEUR 2018 candidacy. The values for 2016 and 2017 were recalculated based on the coefficients used for 2018.

Energy consumption in 2018 maintained the overall upward trend (+34 TOE in 2018 as compared to 2017). In performing its activity in 2018, 13,699 TOE were consumed, and the energy consumed by the fleet carrying out its public passenger transport operation was responsible for 97.5% of the total. The remaining energy, about 2.5% of the total, was used to carry out the support activities carried out at the company's facilities.

ENERGY CONSUMPTION BY THE PUBLIC SERVICE FLEET

The increase in the fleet's consumption due to the increase in consumption by the natural gas fleet is explained by the increase in the average consumption of older vehicles, which still represent a substantial proportion of the total fleet.

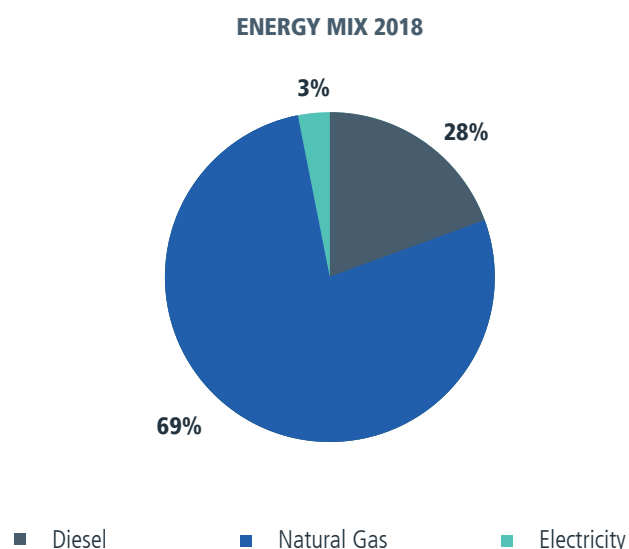
Energy Consumption Public Service Fleet	unit	2016	2017	2018	Variation 2018/2017	
					absolute	%
Tram	toe	34	40	39	-0,3	-0,7%
Electric Buses	toe	-	-	5	-5	-
Vehicles running on natural gas	toe	9.026	9.464	9.502	38	0,4%
Diesel Buses	toe	3.653	3.828	3.805	-22	-0,6%
Energy consumption	toe	12.713	13.331	13.351	20	0,1%

TOE ---> Tonnes of Oil Equivalent. Calculation made according to the converters provided by the Directorate General for Energy and Geology (DGEG) as part of the POSEUR 2018 candidacy. The values for 2016 and 2017 were recalculated based on the coefficients used for 2018.

ENERGY CONSUMPTION BY FIXED FACILITIES

The energy consumption of fixed facilities was aggravated by the existence of outdated electrical installations, lighting and air conditioning infrastructures, requiring renovation and modernisation. In this context, renovation and restructuring interventions are planned at the Francos and Via Norte facilities, where one of the objectives is to improve the energy balance.

In 2018, the sources of all the energy used by STCP were distributed as follows:



Energy consumption Fixed Facilities	unit	2016	2017	2018	Variation 2018/2017	
					absolute	%
Electricity	toe	334	332	346	13	4,0%
Natural gas	toe	0,04	1,01	2,00	0,99	97,8%
Total	toe	334	333	348	14,3	4,3%

TEP ---> Tonelada Equivalente de Petróleo. Cálculo efetuado de acordo com conversores fornecidos pela Direção Geral de Energia e Geologia (DGEG) no âmbito de candidatura ao POSEUR 2018. Os valores de 2016 e 2017 foram recalculados com base nos coeficientes utilizados para 2018.

THE STCP FLEET AND ENVIRONMENTAL PERFORMANCE

In recent decades, the company has implemented multiple actions to reduce the emission of pollutants from vehicles, specifically by diversifying the fuels used in the bus fleet. In 2000, the first buses powered by natural gas were introduced, which, by the end of 2018, represented 59% of the total bus fleet. In April 2018, the first electrically-powered buses entered service on the STCP transport network.

In 2018 the implementation of the programme to renew the bus fleet was begun with the delivery of the first 40 buses, 28 powered by compressed natural gas and 12 totally electric, out of a total of 188 buses scheduled for the 2018-2020 three-year-period, of which 173 will be natural gas powered and 15 electric.

This first renewal operation will allow the STCP fleet to mostly consist of buses powered by natural gas in 2020 – about



77% – with about 4% of buses being powered by electricity. It aims to promote the replacement of end-of-life buses by more efficient vehicles using fuels with better environmental performance, such as compressed natural gas (CNG) vehicles with emissions at least 15% lower than each of the applicable maximum limits, established in the Euro VI Standard, and electrically powered vehicles. Important environmental benefits are therefore expected, associated both with an increase in fleet efficiency and a lower emission of pollutants.

The efforts made by STCP to renew the fleet will have a great impact in contributing toward improving the environment. This contribution is made at various levels, either by replacing diesel buses and consequently reducing the main pollutants resulting from combustion, particularly with regard to particulate matter (more than 95% PM), carbon monoxide (more than 25% of CO) and nitrogen oxides (more than 85% in NOx), or by replacing older and less energy-efficient natural-gas-powered buses, further contributing to a reduction in CO2 emissions. The replacement of older vehicles with clean electric buses equipped with regenerative braking systems and natural-gas-powered buses that comply with the EURO VI standard results in a generalised reduction in emissions, as well as a reduction in noise.

In addition to the environmental benefits directly associated with the fleet, the benefits associated with the construction of a liquefied natural gas filling station (LNG) located at the Via Norte Collection Station, which implies a reduction in energy consumption, should also be considered.

The ongoing fleet renewal is co-financed by European funds through the Programme for Operational Sustainability and Efficiency in the Use of Resources (POSEUR) and is part of its I Axis – “Supporting the transition to a low carbon economy in all sectors”. It will allow STCP to contribute to Portugal achieving its goals in energy efficiency. The ongoing renewal of STCP’s fleet will contribute significantly to increasing the percentage of energy used in transport from renewable sources. According to the National Renewable Energy Action Plan for the 2013-2020 period, 10% of the energy used in transport must come, precisely, from renewable sources.

According to the National Renewable Energy Action Plan (PNAER 2020), a 25% reduction in primary energy consumption and a 31% reduction in gross final consumption should be achieved, and 10% of energy used in transport must come from renewable sources.

In 2018, the second phase of the renewal of the STCP bus fleet was also started with the application to the POSEUR-07-2018-10 Call, in October 2018, for the replacement of 86 buses of the current ageing fleet, with 86 new buses, of which 62 are standard low-floor vehicles powered by natural gas (which enable their circulation on any line and easy allocation to “critical” areas such as tunnels) and 19 standard low-entry natural-gas-powered vehicles, plus 5 standard low-floor electric vehicles. Also included in this application is the refurbishment of the natural gas filling station located in the Francos Collection Station, which has been there for 20 years, as well as new recharging points for the new electric buses. The total investment associated with this application is approximately 23 million euros, for which the respective authorisation of the sector and financial authorities was previously obtained.

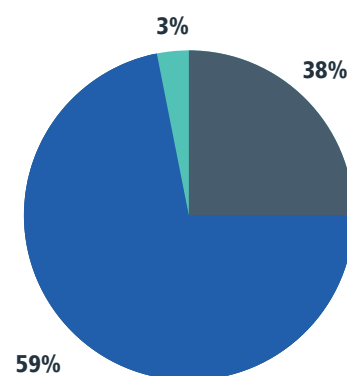


At the end of 2018, the average age of buses in the STCP fleet was 13.9 years. Their distribution by type of fuel is shown in the table and graph below:

STCP Fleet	2016	2017	2018
Buses [1]	417	417	419
Diesel	160	160	159
Standard	117	117	116
Articulated	20	20	20
Minibuses	8	8	8
double-deckers	15	15	15
Natural gas	257	257	248
Standard	228	228	219
Articulated	29	29	29
Electricity	-	-	12
Standard	-	-	12
Trams	6	6	6
Total Fleet	423	423	425

[1] In 2017, the STCP bus fleet was made up of 419 vehicles, with two buses out of operation due to high-damage accidents. These vehicles were not considered.

STCP BUS FLEET 2018



■ Diesel ■ Natural Gas ■ Electricity

EURO STANDARDS

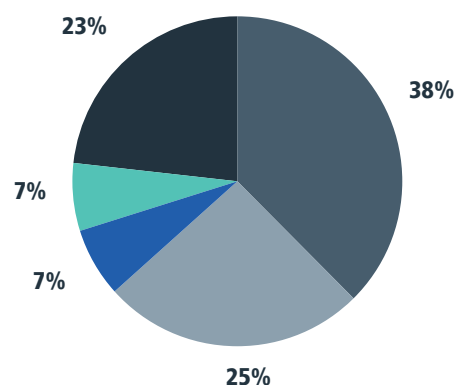
Euro standards represent the standards imposed by the European Union regarding the limit of emissions of harmful gases allowed per vehicle, by date of manufacture. The table shows the number of STCP's buses by each applicable Euro standard.

Euro Standards	unit	2016	2017	2018
Euro II	no.	192	192	153
Euro III	no.	105	105	104
Euro V	no.	28	28	28
Euro VI	no.	-	-	28
EEV	no.	94	94	94

In 2018, the 12 electric buses in operation were not included as they do not emit harmful gases.

At the end of 2018, STCP already had 28 new natural gas vehicles in operation that comply with the Euro VI standard as well as 12 electric buses that are not included in this analysis, since they do not emit harmful gases.

STCP BUSES AND EURO NORMS



■ EURO II ■ EURO V ■ EEV
■ EURO III ■ EURO VI



CO₂ EMISSIONS

Of note in 2018 is a reduction in the proportion of CO₂ emissions per vehicle-km, demonstrating the positive effect of fleet renewal, not only of the 100% electric buses, but also of the new natural-gas-powered buses, which emit less CO₂ than the older buses. Similarly, the proportion of CO₂ emissions per passenger-km also decreased.

CO ₂ Emissions	unit	2016	2017	2018	Variation 2018/2017	
					absolute	%
CO Diesel	g/lt	3.100	3.102	2.652	-450	-14,5%
CO Natural Gas	g/m ³	2.349	2.349	2.147	-202	-8,6%
Diesel	tonne	13.244	13.887	11.804	-2.083	-15,0%
Natural gas	tonne	23.198	24.323	22.320	-2.004	-8,2%
CO₂ Emissions	tonne	36.442	38.210	34.124	-4.087	-10,7%
CO ₂ Emissions / Total Vehicle-km	kg/km	1,65	1,67	1,49	-0,2	-10,6%
CO ₂ Emissions / Total Passenger-km	kg/pass. km	0,144	0,143	0,125	-0,02	-12,3%

WATER

During 2018, about 24,000 m³ of water were consumed in activities to support operations.

The predominant use of extracted water continued – 72.2% of the total – mainly used for vehicle washing. Between 2017 and 2018, there was a 5.4% increase in total water consumption, and the consumption of water from the public network remained virtually unchanged.

Water consumption is monitored on a monthly basis, which allows any anomalies detected (problems in the piping system, faults in taps, etc.) to be immediately rectified, avoiding excessive water consumption.

Water Consumption	unit	2016	2017	2018	Variation 2018/2017	
					absolute	%
Water consumption from the public network	m ³	6.317	6.764	6.733	-31	-0,5%
Water consumption from underground reservoirs	m ³	16.819	16.182	17.461	1.279	7,9%
Total Water Consumption	m³	23.136	22.946	24.194	1.248	5,4%

WASTE MANAGEMENT

In STCP waste is selectively collected and transported to the most suitable destination, choosing its recovery wherever possible.

Operating in four distinct locations – Antas, Francos, Via Norte and Massarelos – STCP has adopted a fluid and adaptable strategy of waste separation and management, integrated in a vision of analysis and continuous improvement.

The involvement, participation and feedback of employees is also encouraged in this cyclical process of analysis, planning and action, particularly in the types of waste produced and packaging containers indicated.

The legislation applicable in this area is followed, specifically with regard to reporting the quantities and destinations of the waste generated.

The waste produced by STCP is collected and processed by specialised contractors, but there is still a fraction that is collected by the Municipal Collection System, namely MSWs.

The waste produced in the greatest quantity in 2018 is indicated as follows:

- **Oily Water and Sludge** - the quantity of this type of waste has as its primary variable the effort that has been made to improve the quality of the industrial effluents produced in the three industrial facilities for vehicle maintenance (Francos, Via Norte and Massarelos). In 2018, they amounted to about 325 tonnes.
- **End-of-Life Vehicles (ELV)** - the scrapping of a bus inevitably means generating a large amount of waste from end-of-life vehicles. The process of renewing the fleet began in 2018 with the subsequent scrapping of vehicles. In 2018, ELV waste amounted to about 212 tonnes.
- **Other Waste**

					Variation 2018/2017	
Waste management	unit	2016	2017	2018	absolute	%
Hazardous industrial waste						
Used oils	litres	10.005	9.988	11.220	1.232	12,3%
Used batteries	unit	119	162	121	-41	-25,3%
Fluorescent lamps	kg	321	333	372	39	11,7%
Non-hazardous industrial waste						
Wood	kg	3.380	1.660	1.220	-440	-26,5%
Miscellaneous industrial waste	kg	19.104	20.511	22.854	2.343	11,4%
Metal waste	kg	36.434	36.648	24.123	-12.525	-34,2%
Other waste						
Paper and cardboard	kg	3.090	3.059	3.218	159	5,2%
Demolition and construction waste	kg	50.640	0	0	0	-
Hospital Waste Group III and IV	kg	53	46	46	0	0,0%



4.5. ECONOMIC OUTLOOK

Compared to the previous year, in 2018 there was:

- A 5% increase in transport ticket revenue.
- A 1.4% increase in the number of passengers carried.
- An increase of 5 employees in the total average permanent staff.
- Vehicle-km of service remained stable.

The following are some indicators that are considered relevant.

					Variation 2018/2017	
Average Revenue per Passenger	unit	2016	2017	2018	absolute	%
Total	€	0,62	0,63	0,65	0,02	3,6%
Bus	€	0,60	0,61	0,63	0,02	3,3%
Tram	€	1,91	2,28	2,49	0,21	9,4%

Revenue includes social contributions for the Andante ticket.

Notably, the average revenue per passenger transported increased by around 2 cents (+ 3.6%) compared to 2017.

					Variation 2018/2017	
Average Revenue per Vehicle-km	unit	2016	2017	2018	absolute	%
Total	€	1,96	2,04	2,14	0,10	4,9%
Bus	€	1,92	1,98	2,07	0,09	4,8%
Tram	€	9,13	11,20	11,44	0,24	2,1%

Revenue includes social contributions for the Andante ticket.

Compared to 2017, the growth of average revenue per vehicle-km travelled of around 10 cents (4.9%) was notable. In 2018, for every kilometre travelled, STCP obtained an average of €2.14 in revenue.

In 2018, a slight increase was seen in the number of passengers carried by the average vehicle crew member for the year. In

2018, each vehicle crew member transported an average of about 80,400 passengers.

The number of vehicle-km performed per average permanent staff member showed a decrease of 0.8% compared to 2017. In 2018, each driver travelled, on average, about 25,000 kilometres and each brakeman around 11,000 kilometres.

Average Passengers per Permanent Staff Member	unit	2016	2017	2018	Variation 2018/2017	
					absolute	%
Total	10³	78,6	80,0	80,4	0,4	0,5%
Bus	10 ³	79,0	80,3	80,9	0,6	0,8%
Tram	10 ³	53,3	56,1	48,9	-7,2	-12,8%

Average number of permanent staff: Drivers and Brakemen in Service

Average Vehicle-km per Permanent Staff Member	unit	2016	2017	2018	Variation 2018/2017	
					absolute	%
Total	10³ Km	24,7	24,7	24,5	-0,2	-0,8%
Bus	10 ³ Km	24,8	24,9	24,7	-0,2	-0,6%
Tram	10 ³ Km	11,2	11,4	10,6	-0,8	-6,6%

Average number of permanent staff: Drivers and Brakemen in Service

					Variation 2018/2017	
Coverage Rate	unidade	2016	2017	2018	absolute	%
Bus						
Income [1]	10³ €	43.658	47.743	53.705	5.962	12,5%
Expenses [2]	10³ €	46.301	49.066	52.472	3.405	6,9%
EBITDA Road Transport	10³ €	-2.643	-1.323	1.233	2.557	-193%
Coverage Rate	%	94%	97%	102%	5,0 pp	5,2%
Trams and Museum						
Income [1]	10³ €	1.441	1.975	2.173	198	10,0%
Expenses [2]	10³ €	1.388	1.577	1.469	-107	-6,8%
EBITDA Road Transport	10³ €	53	398	703	305	76,5%
Coverage Rate	%	104%	125%	148%	22,6 pp	18,0%
Total STCP						
Income [1]	10³ €	45.099	49.718	55.878	6.159	12,4%
Expenses [2]	10³ €	47.689	50.643	53.941	3.298	6,5%
EBITDA Road Transport	10³ €	-2.590	-925	1.937	2.861	-309%
Coverage Rate	%	95%	98%	104%	5,4 pp	5,5%

[1] Includes Public Service Obligations

[2] Does not include non-recurrent costs. Includes salary reinstatement of SBL 17 of around 738,000 euros in 2017 (21,000 euros of which in the tram sector) and 2.7 million euros in 2018 (87,000 euros of which in the tram sector).

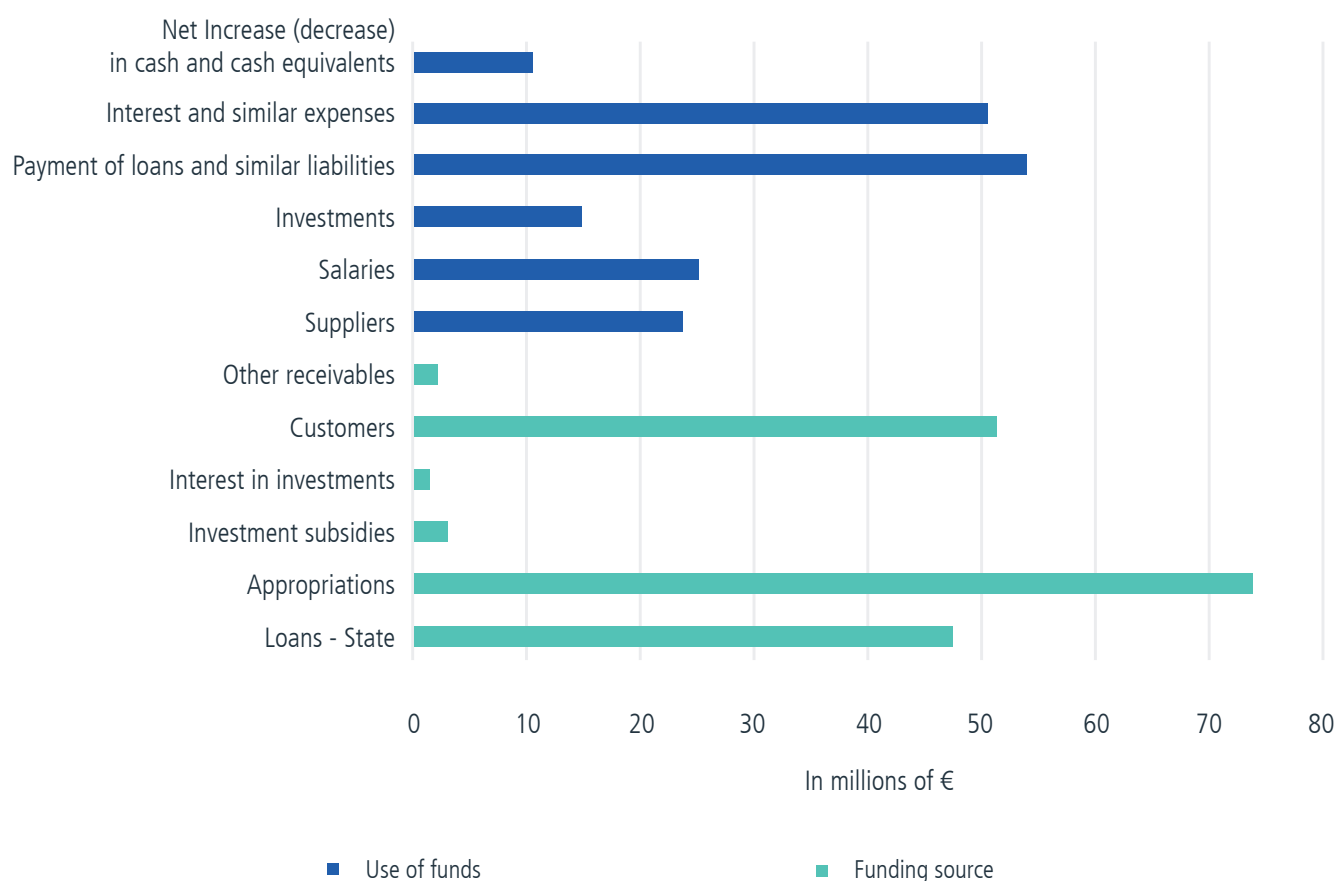


The previous table shows the coverage rate of STCP's operating expenses by revenue. In 2018, there was an increase in the coverage rate of operating expenses, as a result of the significant increase in revenues generated by STCP in comparison to 2017.

ECONOMIC VALUE

Based on the Cash Flow Statement for 2018, the following table shows the origin and the application of STCP's funds during the year:

ORIGIN AND APPLICATION OF FUNDS IN 2018



EVOLUTION OF RESULTS

In 2018, all Results showed a favourable evolution compared to the previous year, with the exception of the Financial Results, due to the increase in SWAP charges.

Results (in thousands of euros)	2016	2017	2018	Variation 2018/2017	
				absolute	%
EBITDA (x)	-14.484	-977	819	1.795	184%
- Indemnities (ICCT)	27	52	3	-50	-95,2%
- Extraordinary Staff Expenses	1.780	0	1.116	1.116	-
- Memorandum of Understanding with the CMP	10.086	-	-	-	-
RECURRING EBITDA	-2.590	-925	1.937	2.861	309%
Operating results (EBIT) (x)-(y)-(z)	-12.325	-10.756	5.121	15.877	148%
Financial Results	-14.449	-4.136	-6.928	-2.792	-67,5%
Net profit	-26.788	-14.911	-1.820	13.091	87,8%
Net Results excluding SWAP (var. in fair value and interest)	-17.564	-15.173	1.301	16.473	109%

4.6. RISKS AND OPPORTUNITIES

In 2018, during the transition to the new versions of the management standards in Quality (NP EN ISO 9001: 2015) and Environment (NP EN ISO 14001: 2015), which will introduce a risk-based approach to the management of companies, among other philosophies, STCP took advantage of the transition to carry out a more comprehensive analysis of Opportunities and Risks and to define their identification and evaluation in a more integrated and structured way.

The application of risk-based thinking was based on the analysis of the internal and external context, based on a SWOT analysis (Strengths, Weaknesses, Opportunities and Threats) and

consequently the elaboration of the Risk and Opportunities Matrix, considering the processes defined for the company's activity and legal compliance.

The methodology for assessing Risks and Opportunities and the levels that necessarily determine an action were defined. The Risks were evaluated according to the severity of the impact and occurrence probability, and the Opportunities according to the expected benefit and implementation effort. Scales with four levels were used for their classification and, from the result obtained, it was possible to identify the main situations that required monitoring and action.



4.6.1. SECURITY

In 2018, there was a reduction in the road accident rate with respect to the bus sector, a situation that had not occurred for some years, but which corroborated the trend already suggested in the second half of 2017, and the annual goal set was achieved.

Internally, there is concern to identify measures that contain and reduce accidents, in particular by focusing on the specific training of new drivers admitted, which is expected to have a positive impact on transport productivity in the medium term.

Currently, STCP maintains **Cooperation Protocols with security forces**, namely with PSP (Public Security Police) and the Porto City Police, with a view to rapid action in the event of possible accidents, incidents of a criminal nature, problems with the inspection of passengers and in the fight against illegal parking.

The company **collaborates with legal authorities and criminal investigation entities** by providing images from the video surveillance system fitted to its vehicles, and by participating in meetings / exercises promoted by the Municipal Civil Protection Services in the areas where it operates.

To evaluate the **safety of tram operations**, a multidisciplinary team was set up in February 2018 with technicians from STCP and the Porto City Council, namely the Fire Brigade, the Municipal Department of Civil Protection and the Municipal Police. The objective was to eliminate or reduce the risks associated with the tram sector of the public passenger transport system, and the preparation of teams especially suited to intervene in the civil protection context, so that, in the event of a serious accident or catastrophe, intervention would be structured and conducted by trained personnel. The report, dated March 2018, contains an analysis of the risk factors

					Variation 2018/2017	
Collisions	unit	2016	2017	2018	absolute	%
Accidents due to collisions	number	1.266	1.213	1.105	-108	-8,9%
Accidents due to Collisions / Million Vehicle Service km	1/10⁶ km	58	54	49	-5	-9,0%

implicit in the tram system and a programme with measures to be implemented to prevent and mitigate the identified risks.

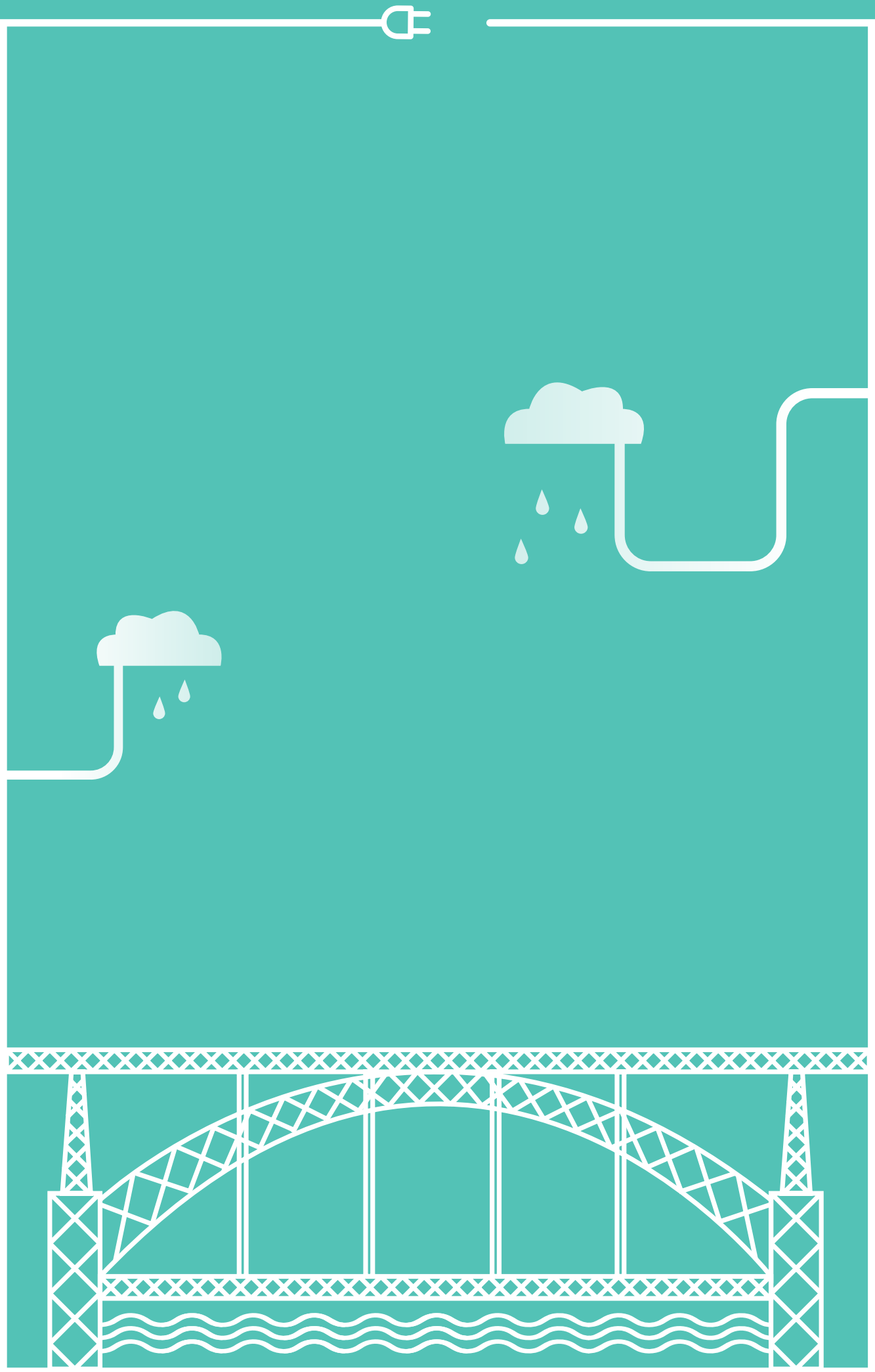
Regarding **electric traction operation**, it is worth highlighting the implementation of the Operating Support System (OSS), which not only allows real-time management, but also direct linking to the Integrated Management Centre (IMC) of the Porto City Council, in order to establish a direct link between the authorities (Municipal Police, PSP, Fire-fighters and Civil Protection) and the brakemen, as to optimise the response to any occurrences registered in the operation.

A system for **remotely cutting the electric current** that feeds the overhead line was also implemented, and this can be carried out via SMS, from Porto Municipal Council's IMC, whenever, for safety reasons, it is necessary to cut the current of the overhead lines immediately, and can to be carried out

at any of the three electric power traction on the STCP's rail network. This measure allows a real-time response by civil protection authorities, to cut off the electric current and allow emergency assistance actions to be carried out in safety within the overhead line surroundings.

In collaboration with the Porto District Command of the National Civil Protection Authority, **training sessions were organised on the safety systems** in the new buses of the public service fleet (natural gas and electric, which are equipped with an automatic fire detection and extinction system in their mechanical components), which were attended by about 300 participants. These training actions were directed at volunteer and professional fire brigades in the six municipal councils in which STCP operates its public passenger transport service lines (Porto, Matosinhos, Maia, Valongo, Gondomar and Gaia).





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5

ECONOMIC AND FINANCIAL PERFORMANCE

5.1. BALANCE STATEMENT OF THE YEAR

2018 was marked by the putting of STCP's new management model into operation, with the transfer of operational management of the State enterprise to the municipalities, and the taking of office of STCP's new Administration.

Of note in the year was the start of the first phase of renewal of the bus fleet, with the entry into operation in April of 3 new buses, 2 electric buses and 1 compressed natural gas bus, from a total of 188 (15 electric and 173 natural gas buses) to be delivered by 2020, of which 40 (12 electric and 28 natural gas buses) were operating in the STCP network at the end of 2018, with non-refundable co-financing from POSEUR Portugal 2020 – Programme for Operational Sustainability and Efficiency in the Use of Resources.

The second phase of the renewal of the bus fleet was also launched, in October 2018, with the submission of an application to the POSEUR-07-2018-10 Call, for co-financing the acquisition of 86 new buses, of which 62 are low-floor vehicles powered by natural gas and 19 low-entry vehicles powered by natural gas, plus 5 electric low-floor vehicles, to replace 86 buses of the current fleet, as well as carry out the refurbishment of the natural gas filling station located in the Francos Collection Station, which has been in operation for about 20 years and has acquired new recharging points for the new electric buses to be acquired, in a total associated investment of 23 million euros, which has previously been authorised by the sector and financial authorities.

In 2018, the growing trend of demand, which has been seen since mid-2016, continued, and reached + 1.4% over the previous year, with 73.4 million passengers carried.

Revenue from the transport service reached 47.8 million euros for the year, growing 5%, around 2.3 million more euros than the previous year, due to growth in demand and the increased fares recorded in the year, especially in the price of tickets bought on board.

The productivity of the public passenger transport service, measured in vehicle-km was 22.4 million, growing slightly (0.1%) when compared to 2017.

It should be noted that, during the year, there was a marked increase in the price of fuel, gas (+ 27.2%) and diesel (+ 8.5%), with a very significant impact on the prices of fuel for the company (+1.2 million euros, due to the effect of prices).

Of note during the year, with regard to Human Resources:

- Compliance with the provisions of article 21 of Law no. 42/2016 (SBL 2017), of 29 December, and with the 2018 State Budget Law, regarding the reinstatement of the rights envisaged in the instruments of collective employment, representing approximately 2.45 million euros, about +1.7 million euros more than in 2017.
- The reinforcement of the permanent staff, by 29 workers, authorized by the responsible authorities.
- The memorandum of understanding, signed on 14 August, with the Organisations Representing Workers, regarding the terms of the salary revision to be implemented, with effect on 1 May 2018, and for a period of 20 months, representing approximately 293,000 euros over the year.
- The agreement reached on 12 December with the Organisations Representing Workers, concerning the inclusion in the holiday allowance and holiday pay of the amounts relating to the provision of night work and overtime, provided that they occur in at least 11 months a year, also considering the years 2012 to 2017, (1.1 million euros from 2012 to 2017) and around 258,000 euros in 2018 (payable in 2019).
- The agreement reached on 10 January 2019, which avoided the strike decreed to begin from 9 January 2019, which would affect all daily services every day of the week.
- The agreement, reached on 17 January 2019, with effect from 4 February 2019, regarding the lifting of the strike that affected the last two hours of each daily service, declared on 5 August 2017.

5.2. INVESTMENT AND DISPOSALS

INVESTMENT

The investment amounted to around 14.7 million euros, of which 14.1 million euros (96%) related to the renewal of the bus fleet.

The remaining investment of around 620,000 euros was made in the rehabilitation of trams, in infrastructure associated with the fleet renewal and computer systems, specifically the renovation of the Oracle Database and SQL Server and the renovation of obsolete office and administrative equipment.

It should be noted that the Investment Plan for 2018, approved at the General Meeting of 14-08-2018, was for 25.8 million euros, of which 18.8 million euros concerned investments associated with the renewal of the fleet. However, since some of the investment projects approved for 2018 were multi-annual investments, namely the renovation of the facilities of the Francos and Via Norte Stations, the implementation of the approved investment plan will be carried out during the 2018-2020 period.

Investment	unit	2016	2017	2018	Variation 2018/2017	
					absolute	%
Rolling stock	10 ³ €	75	112	14.149	14.036,9	12554%
Infrastructures	10 ³ €	22	66	184	118,5	180%
Other	10 ³ €	280	251	391	140,8	56%
Total	10³ €	377	428	14.724	14.296,3	3339%

DISPOSALS

The amount obtained from disposals represented approximately 1.14 million euros in 2018.

About 1.07 million euros relate to the sale of land and buildings owned by STCP with no operational use, namely the Brás Oleiro and Escola Normal substations, and the land located in Vila Nova de Gaia. During the year, light vehicles, bus parts and obsolete computer equipment were also sold.

Disposals	unit	2016	2017	2018	Variation 2018/2017	
					absolute	%
Facilities / Buildings [1]	10 ³ €	705	24	1.066	1.042	4352%
Other	10 ³ €	0	29	70	41	141%
Total	10³ €	705	53	1.136	1.083	2043%

[1] Includes the receipt of 100,000 euros regarding the promissory contract made in anticipation of the sale of the urban property on the Travessa da Rua do Loureiro.



5.3. FINANCING

In 2018, STCP obtained financing through two increases in capital and three loans from the Portuguese State.

CAPITAL INCREASES

The shareholder, the Portuguese State, granted two capital increases, totalling 74,882,010.00 euros, on the following dates:

- in May, with the sum of **18,200,000.00 euros**, in **cash**, intended to cover financial needs related to investments and the servicing of debt contracted with commercial banks;
- in December, in the sum of **€56,682,010.00**, of which **€1,177,061.05** were in cash and **€55,504,948.95** from the conversion of loans held by the Portuguese State, which matured on 31 May and 30 November 2018.

The company proceeded to comply with the associated norms, such as producing a report prepared by an Statutory Auditor, pursuant to the provisions of article 28 of the Commercial Company Code, altering the Company's Articles of Association and registering the new capital with the Commercial Registry, as well as communicating the fact to the Portuguese Securities Market Commission (CMVM) and the Central Securities Depository (CVM) – Interbolsa.

LOANS

In 2018, three loans, totalling €47,981,293.92, were disbursed to STCP on the following dates:

- in **January**, a loan of **€29,666,503.73**, authorised by the Portuguese State in December 2017, to cover the company's financing needs, for payment of interest on the SWAP contract made with Banco Santander Totta (BST), which had been suspended from December 2013 to December 2017;
- in **May**, a loan of up to **€17,589,232.29** was disbursed to meet the financing needs associated with the SWAP flows for the year, made available in two tranches, **€8,427,624.65** in **June** and **€9,161,607.64** in **November**;
- in **December**, a loan of up to **€1,211,424** in two tranches was authorised for the company to settle payments under the Agreement signed between STCP and the Organisations Representing Workers on 12 December 2018, while the sum of **€725,557.90** was paid in December, with the rest being paid in 2019.

FINANCIAL CONTRIBUTION FROM THE STATE

The following table presents the evolution of the State's financial contributions, as of 31 December:

Financial contribution from the State	unit	2016	2017	2018	Variation 2018/2017	
					absolute	%
Capital endowments	10³ €	57.784	69.863	74.882	5.019	7,2%
In Cash	10 ³ €	0,003	13.491	19.377	5.886	43,6%
Loan Conversion [1]	10 ³ €	57.784	56.372	55.505	-867	-1,5%
Loans by the State	10³ €	0	14.643	47.981	33.338	228%
PIDDAC	10³ €	1.016	931	446	-486	-52,1%
Andante social fare compensation [2]	10³ €	3.711	3.893	4.008	115	3,0%
Financial contribution from the State	10³ €	62.511	89.331	127.317	37.986	42,5%

[1] Corresponds to Increases in capital from conversion of loans held by the DGTF.

[2] Values net of IVA.

At the end of 2018, STCP's interest-bearing borrowing (account 25) amounted to 324.6 million euros, a reduction of 6.3 million euros (1.9%) compared to the previous year.

The variation in borrowing, calculated according to the formula in DLBI 2018 (DL no. 33/2018, of 15 May) was 1.24%, excluding the debt contracted to pay SWAP charges from the interest-bearing borrowing.

Variation of Borrowing (in euros)	2016	2017	2018
Remunerated Financing (account 25)	370.324.692	330.944.972	324.630.759
Share capital	143.289.490	213.152.770	288.034.780
Adjusted borrowing [1]	-	4,81%	9,90%
Adjusted Borrowing [1] with the exclusion [2]	-	1,44%	1,24%
Indications of the Guardian Authority / State Budget [3]	3,0%	2,00%	2,00%

[1] In accordance with the calculation formula indicated by the DGTF, contained in item 4.2 of the Annex to Circular Letter 5127, of 29 December 2017, and DLBI 2018 (DL no. 33/2018, of 15 May).

[2] Exclusion of the loan contracted for payment of swap charges, amounting to 14.6 million euros in 2017 and 61.9 million euros in 2018.

[3] Regarding the overall growth of borrowing by public companies for 2018.

5.4. ASSET DEVELOPMENTS

Shareholders as of 31 December 2018:

Shareholder	Number of Shares	Equity capital	% Share Capital
Portuguese State	57.606.956	288.034.780 €	100%



BALANCE

Balance	unit	2016	2017	2018	Variation 2018/2017	
					absolute	%
Non-current assets	10 ³ €	72.554	70.368	83.754	13.386	19,0%
Current Assets	10 ³ €	11.896	11.573	25.911	14.338	123,9%
TOTAL ASSETS	10³ €	84.450	81.941	109.665	27.723	33,8%
Equity	10³ €	-463.574	-408.051	-331.741	76.310	18,7%
Non-current liabilities	10 ³ €	441.692	394.073	361.145	-32.928	-8,4%
Current liabilities	10 ³ €	106.331	95.920	80.261	-15.659	-16,3%
TOTAL LIABILITIES	10³ €	548.024	489.993	441.406	-48.587	-9,9%
Total Equity and Liabilities	10³ €	84.450	81.941	109.665	27.723	33,8%

Assets reached 109.7 million euros on 31 December, an increase of 27.7 million euros (33.8%) compared to 2017, mainly due to the investment made during the year, and to the increase in cash and cash equivalents of 10.8 million euros, to cover the settlement, in the early months of 2019, of invoices regarding new buses delivered in the final months of the year.

Liabilities amounted to 441.4 million euros on 31 December 2018, a decrease of 48.6 million euros (9.9%) compared to the same period of 2017, mainly due to the amortisation of loans contracted with the State through the increase of capital in kind. Provisions amounted to 15.2 million euros on 31 December, and registered a net reversal of 4.7 million euros compared to 2017. Due to its materiality, it should be highlighted that two provisions for ongoing legal proceedings amounting to 2.48 million euros overall were cancelled, and did not occur because the company won the proceedings. One of them concerned a challenge to the award of an international public tender, and

the other concerned proceedings by a public passenger transport operator. Also of note for its materiality was the reversal of the provision of 2.02 million euros for the risk of payment of funds for legal liabilities to employees for the period from December 2010 to December 2017. The cancellation of this provision had an associate cost of 1.1 million euros, due to the agreement reached on December, concerning the inclusion of the amounts related to night work and overtime into the holiday allowance and holiday pay, provided that they occur in at least 11 months in a year, also taking into account the years 2012 to 2017.

On 31 December 2018, the share capital was negative 331.7 million euros, registering an improvement of 76.3 million euros (18.7%) due to increases in capital during the year.

On 31 December 2018, there were no outstanding debts to the State or other public entities, including Social Security.

5.5. PROFIT AND LOSS STATEMENT AND EBITDA

Profit and Loss Statement (in thousands of euros)	Variation 2018/2017				
	2016	2017	2018	absolute	%
Sales and services provided	42.797	45.646	47.925	2.279	5,0%
Operating subsidies	0	1.661	4.852	3.191	192%
Other Income and Gains	2.301	2.411	3.101	690	28,6%
Income	45.099	49.718	55.878	6.159	12,4%
CGSMC	1.255	1.181	1.443	262	22,1%
External supplies and services	17.280	18.500	19.913	1.413	7,6%
Personnel expenditure	30.296	29.812	32.776	2.964	9,9%
Other expenses and losses	10.751	1.203	927	-275	-22,9%
Expenses	59.582	50.695	55.059	4.364	8,6%
EBITDA (x)	-14.484	-977	819	1.795	184%
Indemnities (ICCT)	27	52	3	-50	-95,2%
Extraordinary Personnel Expenditure [1]	1.780	-	1.116	1.116	-
Memorandum of Understanding with the CMP	10.086	-	-	-	-
RECURRING EBITDA	-2.590	-925	1.937	2.861	309%
Depreciation and Amortisation Expenses (y)	4.315	3.694	3.631	-63	-1,7%
Impairments, Provisions and Var. Fair Value - Reversions (z) e gains/ losses attributable to subsidiaries, associate companies and joint ventures	-6.473	6.085	-7.933	-14.018	-230%
Operating results (EBIT) (x)-(y)-(z)	-12.325	-10.756	5.121	15.877	148%
SWAP Interest	11.960	14.889	17.846	2.957	19,9%
Variation in swap fair value	-2.736	-15.150	-14.725	425	2,8%
SWAP Charges	9.224	-262	3.121	3.382	1293%
Interest and Financing Charges	5.234	4.398	3.807	-591	-13,4%
Interest Earned	9	0	0	0	-
Financial Results	-14.449	-4.136	-6.928	-2.792	-67,5%
Income Tax for the Period	14	18	13	-6	-30,3%
Net profit	-26.788	-14.911	-1.820	13.091	87,8%
Net Results excluding SWAP (var. in fair value and interest)	-17.564	-15.173	1.301	16.473	109%

[1] In 2016, 673,287 euros are included, which refer to the increase of retirement benefits from 600 to 650 euros, accounted for in April, and around 1 million euros in recognition of the accord for compensatory rest starting in June, an amount provisioned in the 2015 accounts. In 2018, recognition of non-current expenses in connection with legal or extra-judicial agreements of work responsibilities for with a provision has been made, which was reverted at the end of the year. About 1.1 million euros were accounted for this purpose in 2018.



The **Recurring EBITDA** for 2018 was 1.9 million euros, representing an improvement against 2017 of 2.9 million euros.

The **operating results** were positive by 5.1 million euros, marking a 15.9-million-euro improvement, (148%) compared to 2017.

Operating income registered an increase of 6.2 million euros (12.4%) compared to the previous year, due to:

- The increase in Sales and Services Rendered of 2.3 million euros, because of the increase in demand and fares;
- The increase of the contributions by Public Service Obligations by 3.2 million euros from 2017 to 2018, given that in 2017 the PSOs were only accounted for since August;
- And the increase in other income by approximately 0.7 thousand euros, mainly due to an increase in compensation for accidents, the attribution of subsidies to investment and profits from the disposal of assets.

Operating expenses (without depreciation, amortisation, provisions, impairment, variations in the fair value of assets, reversals and gains/losses attributed to subsidiaries and joint loans) increased by 4.4 million euros (8.6%), mainly due to the following factors:

- CGSMC registered an increase of 262,000 euros, mainly due to the increase in expenditure on uniforms;
- the ESS registered an increase of 1.4 million euros (7.6%) mainly due to the increase in fuel expenditure (gas and diesel) by 1.2 million euros. It should be noted that compared to 2017, the average price of a cubic meter of gas increased by 27.2% (+8.5 cents per m³) and the average price of diesel increased by 8.8% (+ 8 cents per litre);
- personnel expenditure increased by around 3 million euros (9.9%) compared to 2017, for the following reasons: 1.7 million euros relate to the increase from the

reinstatement of salaries under the SBL for 2017 and 2018 (2.5 million euros in 2018 and 0.74 million euros in 2017), around 293,000 euros relate to the impact on the year of pay increases, with effect from May, as a result of the Memorandum of Understanding signed with the Organisations Representing Workers, about 1.1 million euros relate to the agreement signed with the Organisations Representing Workers regarding the inclusion of holiday allowance and holiday pay, the amounts regarding night working and overtime, provided that they occur in at least 11 months in a year, also considering the years 2012 to 2017, and about 258,000 euros, for the year of 2018 (payable in 2019). Excluding personnel expenditure of 3.38 million euros, personnel expenditure reached 28.65 million euros for the year, decreasing by 1.4% (418,000 euros) compared to 2017;

- other expenses and losses decreased by 275,000 euros (22.9%), mainly due to the reduction in expenses from accident claims.

Compared to 2017, **depreciation and amortisation expenses** decreased in 2018 by 63,000 euros. Despite the increase in the volume of investments in the year, it has not yet had its respective effect on amortisations.

Non-current amounts (impairment losses, provisions, fair value changes, reversals and retained earnings/ losses of subsidiaries, associates and joint ventures) were positive in 2018 by approximately 7.9 million euros (see notes 23, 15, 20 and 29 to the financial statements) and there was a positive deviation of 14 million euros compared to 2017.

The **Financial Results** for 2018 were negative by 6.9 million euros, with a worsening of 2.8 million euros compared to 2017 due to the increase in SWAP charges, by about 3.4 million euros, as the interest and charges for the debt decreased by about 600,000 euros.

The **Net Profit** for 2018 was around 1.8 million euros, representing an improvement compared to 2017 of 13.1 million euros.



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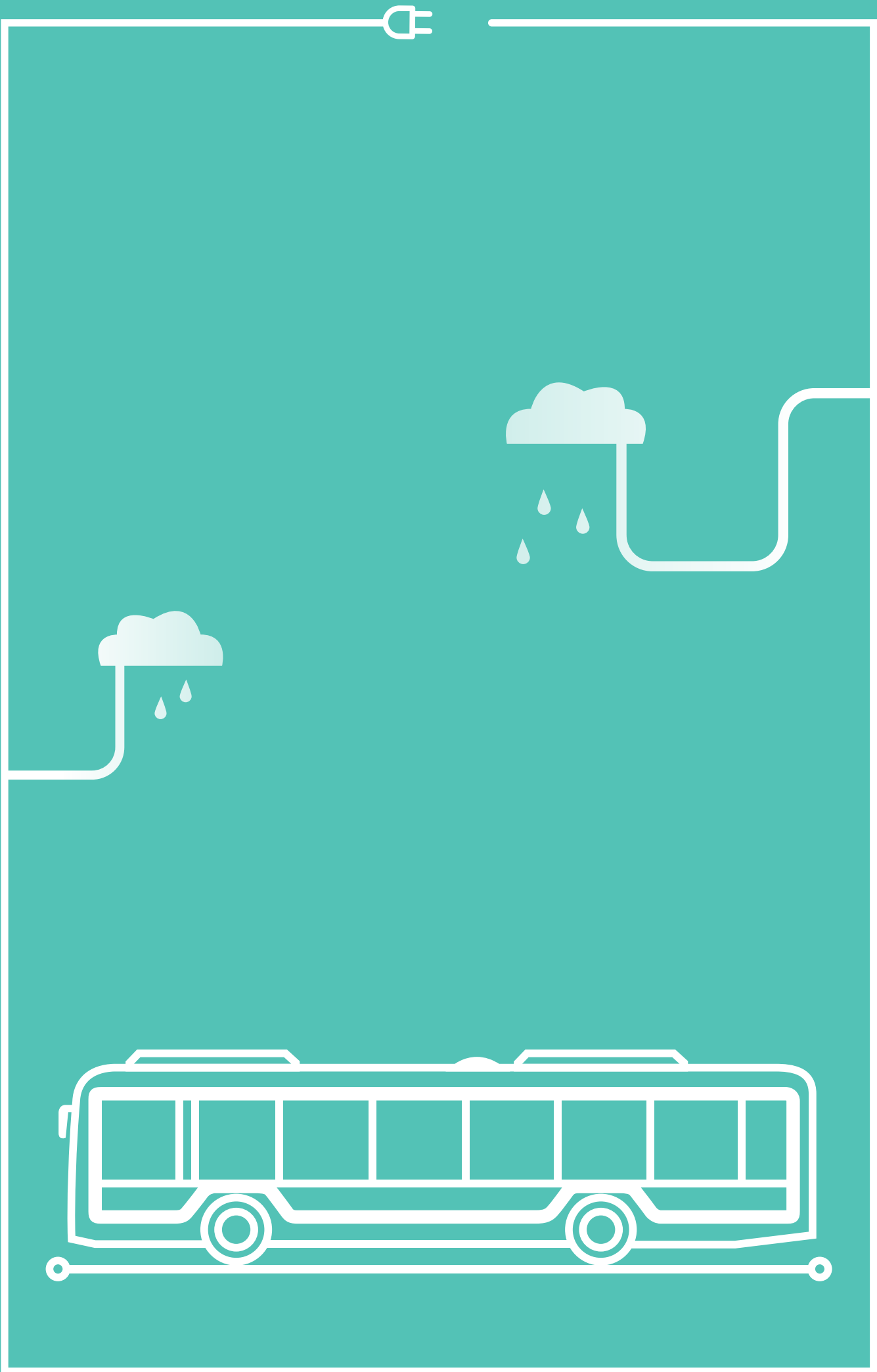
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6

COMPLIANCE WITH LEGAL OBLIGATIONS

In this section, there is compliance with that stipulated in Annex I and respective appendices 1 and 2 of order no. 1116, of 12 March 2019, of the Directorate General of the Treasury and Finance (DGTF).

6.1. MANAGEMENT TARGETS AND ACTIVITIES AND BUDGET PLAN

Within the principles of the Company Governance, article 38 of Decree-Law no. 133/2013 of 3 October determines the content and performance of the shareholder's role, including defining the guidelines to be applied while carrying out the business activities, which are reported every three years, as

well as determining the objectives and results to be achieved every year, particularly economic and financial ones.

A. TARGETS DEFINED FOR 2018 IN THE OPERATIONAL MANAGEMENT CONTRACT AGREED BETWEEN THE PORTUGUESE STATE AND 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 following table shows the goals established for the year 2018 and their execution:

Bus Sector Indicators	Unit	2018 Targets	2018 Actual	Variation	
				absolute	%
EBITDA (management) of road transport sector [1]	10 ³ €	3.533	1.233	-2.300	-65,1%
Road Transport Result [2]	10 ³ €	-1.147	-1.605	-458	-39,9%
Average Speed [3]	km/h	15,7	15,8	0,1	0,7%
Service Compliance Rate [4]	%	95,0%	96,0%	1,0 pp	1,1%
Vehicle-Km of Service [5]	10 ³ km	22.400	22.215	-185	-0,8%
No. of Complaints per million vehicle-km [6]	comp./vkm 10 ⁶	100	95	-5	-5,1%
No. of Complaints per million Passengers [7]	comp./vkm 10 ⁶	40	29	-11	-27,5%
Public Service Obligations (PSO) [8]	10 ³ €	4.838	4.757	-81	-1,7%

Methodology and calculation of indicators:

[1] EBITDA (of management) of the road transport sector – road transport result without depreciations.

[2] Road Transport Result – result **excluding** values for Trams and Museum (the distribution between the road transport sector, Tram and Museum was based on cost structure by cost centre), financing expenses and taxes, provisions, reversals and impairments, changes in fair value, financial component of operating leases, indemnities for termination of the employment contract and, in the 2018 sum, approximately 1.1 million euros from the agreement reached with employees regarding average overtime and night work. It includes the PSOs and interest on loans for buses, in depreciation and, in the 2018 sum, about 2.7 million euros with social charges due to the impact of the reinstatement of the rights provided for in the instruments of collective labour regulation and the impact of salary updates, arising from the Memorandum of Understanding signed with the Organisations Representing Workers and approved by the Guardian Authority.

[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 manually and registered in the SICO application, the Integrated Incident Communication System. 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] 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: blue line (customer service helpline), complaint book, e-mail, by post, or form submitted to customer help points. Complaints regarding fines and those received via social media are excluded.

[7] 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: blue line (customer service helpline), 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 road sector lines.

[8] 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 2018:

1 · EBITDA (for management) of the road sector was 1.233 million euros, registering a negative deviation of around 2.3 million euros, against the target set in the operational management contract. This deviation is essentially explained by the salary reinstatement of about 2.7 million euros, including social charges due to the impact of the reinstatement of the rights provided for in the instruments of collective labour regulations and the impact of salary updates, arising from the memorandum of understanding signed with the Organisations Representing Workers and approved by the Guardian Authority.

When the targets for the Operational Management Contract were set, salary reinstatements resulting from the State Budget Law of 2017 were not considered. Also not foreseen was the increase in STCP's permanent staff, particularly vehicle crew members, fundamental for meeting the contracted offer, as already stated in documents presented and meetings held with the Technical Service Unit.

If the value of the reinstatement of salaries were excluded from the 2018 figure, the EBITDA (management) of the road transport sector would have attained a positive amount of around 3.9 million euros and thus registered a deviation of only minus 10% from the objective set, instead of the minus 65% registered.

2 · The Road Transport Result was 1.605 million euros, and was below the target set by around 500,000 euros. Much like the EBITDA (management) of the road transport sector, this deviation is essentially explained by the pay reinstatements of around 2.7 million euros.

If the value of the reinstatement of salaries were excluded from the 2018 figure, the road transport sector results would have attained an amount of around 1.1 million euros and thus registered a positive deviation of 193% from the objective set, instead of the 40% registered.

3 · The Average Velocity was 15.8 km per hour, exceeding the objective set for this indicator by around 0.1 pp.

4 · The Service Compliance Rate was 96%, and registered an increase of 1.0 pp over the target of the management contract. The favourable evolution of this indicator is explained by the hiring of personnel for reinforcement and replacement, due to departures, essentially in the last quarter of the year, in order to fill a shortage of vehicle crew members in the company.

5 · Vehicle-km or service reached 22.215 million, registering a slight reduction of 185,000 kilometres, (0.8%) compared to the objective set. This variation is essentially explained by provisional diversions in the routes of lines due to construction work and events. In the actual 2018 figure, there was a tiny reduction of 2,000 vehicle-km of service compared to the actual 2017 figure, representing a variation of - 0.01%.

6 · The number of Complaints per Million Vehicle-km was 95, showing an improvement over the objective of 5.1%.

7 · The number of Complaints per Million Passengers was 29, showing an improvement over the objective of 27.5%.

8 · The amount of Public Service Obligations (PSO) calculated for 2018 was 4.757 million euros, which was 80.7 thousand euros less than the target set of 4.838 million euros.



B. TARGETS DEFINED FOR 2018 IN THE ACTIVITIES AND BUDGET PLAN (ABP)

The Activities and Budget Plan (ABP) for 2018 was approved by Order no. 540/18 – SET, of 03.07.2018. Furthermore, the shareholder, at the STCP General Meeting held on 14 August 2018, in continuation of that started on 22 May, 2018, approved the ABP of 2018, in item 6 of the agenda, which reads as follows: *“The State shareholder approves the proposal for an Activities and Budget Plan for 2018 (...), granting authorisations related to: i) the increase in the total expenses related to travel, accommodation and allowances and those associated with the vehicle fleet; (iii) the variation of debt, and (iv) maintenance of EBIT and resulting negative net results. As part of the increase in the number of permanent staff, STCP – Sociedade de Transportes Colectivos do Porto, S.A., is authorized to hire workers under the following terms: i) Administrative support/support technicians: 7 workers; ii) Area of tram operations: 1 worker; Area of bus sector operations; 48 workers gradually: 28 workers in 2018 and 20 in 2019. These latter hirings are subject to the evaluation of the reduction in overtime due to the hiring that occurred in 2018, and should be analysed in an autonomous process. Investment is authorised up to the limit of 25.8 million euros, of which 18.8 million euros pertain to direct costs associated with the renewal of the fleet. Lastly, STCP – Sociedade de Transportes Colectivos do Porto, S.A. is authorised to replace up to 63 workers, to replace departures due to retirement, provided that this does not imply an increase in the number of workers or personnel costs”.*

ANALYSIS OF FULFILMENT OF THE OBJECTIVES OF THE ABP FOR 2018

- **Recurrent EBITDA** (Growth in EBITDA compared to the previous year, in order to guarantee the economic and financial sustainability of the company): Recurring EBITDA was 1.9 million euros, recording an increase of 2.9 million euros compared to that of 2017. With respect to the budget value, the execution of 2018 produced an amount that was 2.7 million euros higher.
- **Net Profit** (positive net profit for all years of the three-year period): Net Profit for 2018 was negative at 1.8 million euros, however, this represented an improvement of 13.1 million euros compared to 2017. Compared to the amount budgeted, it represented an improvement of 6.3 million euros.
- **Operational Efficiency** (the ratio of operating expenses, adjusted for charges resulting from regulatory collective employment instruments as a result of applying the provisions of article 21 of Law no. 42/2016, of 28 December, and compensation due to termination, over turnover, should be equal to or less than in 2017): in 2018 the weight of operating expenses in turnover was 92%, a reduction compared to 2017 of 5.8 pp. Compared to the budget, it recorded an improvement of 6.5 pp.
- **Personnel expenditure** (the following operating expenses should be equal to or less than the amounts recorded in 2017: a) for personnel, adjusted for the costs resulting from compensation for termination, from the application of the provisions of article 21 of Law No. 42/2016, of December 28, and from the pay increases in accordance with the provisions of the State Budget Law): staff costs adjusted for the charges resulting from severance compensation, from the application of the provisions of article 21 of Law no. 42 / 2016, of 28 December, and pay increases, were approximately 30 million euros in 2018, 1 million euros higher than the previous year. Compared to the budgeted amount, the actual amount was 2.8 million euros lower.

- **Cost reduction:**

- (the combination of travel, subsistence and accommodation costs and those associated with the vehicle fleet should be equal to or lower than the amounts recorded in 2017): the combination of travel, subsistence and accommodation costs and those associated with the vehicle fleet was 192,000 euros, 1,000 less than the amount for 2017. The actual value in 2018 was less than the budget by 51,000 euros.

- (the combination of the costs of contracting studies, reports, projects and consultancy should be equal to or less than the amount registered in 2017): the cost of contracting studies, reports, projects and consultancy was 255,000 euros, representing a higher value than that of 2017, by 6,000 euros. The budgeted amount for this caption was 541,000 euros, in other words, 286,000 euros higher.

- **Evolution of Borrowing** (The overall growth in borrowing by public companies is limited to 2%, considering interest-bearing loans adjusted by the paid-up share capital and excluding investments, under the terms to be defined in the decree law of budgetary implementation):

- as of 31 December, STCP's level of indebtedness (account 25) was 324.6 million euros, which is 6.3 million euros lower than at the end of 2017.

- the variation in borrowing for 2018 compared to 2017, adjusted by paid-up share capital and excluding investments, was 9.9%. If the loans contracted to pay SWAP charges are excluded from the interest-bearing loans, amounting to 14.6 million euros in 2017 and 61.9 million euros in 2018, then the debt variation is 1.24%.

- **Investment** – the authorisation by the Guardian Authority regarding STCP's 2018 ABP and its financing, took place in a General Meeting held on 14 August, "(...) investment is authorised up to the limit of 25.8 million euros, of which 18.8 million euros pertain to the direct costs associated with the renewal of the fleet."

During the year, 14.7 million euros were invested, 14.3 million more than in 2017, of which 96% pertained to the renewal of the fleet. Some of the investment projects approved for 2018 are multi-annual investments and therefore, although they began to be implemented in 2018, will continue until 2020.

6.2. FINANCIAL RISK MANAGEMENT

In 2018, the Shareholder granted two capital increases, totalling 74,882,010.00 euros: the first of 18,200,000.00 euros, in cash, intended to cover financial needs related to investments and the servicing of debt contracted with commercial banks, the second of 56,682,010.00 euros, of which 1,177,061.05 euros were in cash and 55,504,948.95 euros by the conversion of loans held by the Portuguese State / DGTF, which matured on 31 May and 30 November 2018.

It also granted three medium- and long-term loans: the first for the sum of 29,666,503.73 euros, authorized by the Portuguese State in December 2017, to meet the financing needs of the company, to pay interest on the SWAP contract, which had been suspended from December 2013 to December 2017, the second of up to 17,589,232.29 euros, to meet the company's financing needs, associated with the year's SWAP flows, whose intracompany principal was made available in two tranches, the first of 8,427,624.65 euros, provided on 1 June and the second, of 9,161,607.64 euros, provided on 30 November, and the third loan of up to 1,211,424 euros for the settlement of payments under the agreement reached between STCP and the Organisations Representing Workers regarding the provision of night work and overtime in the payment of holiday allowances and holiday pay. The intracompany principal was provided in two tranches: 725,557.90 euros on 31 December 2018, and the rest to be provided in 2019.

In 2018, in addition to paying the interest on the SWAP coupons for the year, the historical SWAP interest was also paid.

The remaining financial charges considered relate to:

- charges from the existing debenture loan of 100 million euros;
- charges from current leasing contracts for the current bus fleet;
- charges for loans granted by the Portuguese State.

Details of the financial instruments are set out in Note 29 of the financial statements.



Years	2018	2017	2016	2015	2014
Financial charges (€) [1]	21.652.594	19.286.253	17.194.169	14.761.383	19.653.131
Average Financing Rate (%)	1,54%	1,68%	1,69%	1,72%	3,55%

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

6.3. BORROWING GROWTH LIMITS

In the terms defined in no. 1 of article 56 of Law no. 114/2017, of 29 December (SBL 2018), calculated under the terms of the formula set out in no. 4 of article 146 of Decree-Law no. 33/2018, of 15 May (DLBI 2018), the variation in borrowing in 2018 was 9.9%. If the loans contracted to pay SWAP charges are excluded, then the debt variation is 1.24%.

Interest-bearing Liabilities (€)	2018	2017	Variation 18/17	
	Values (€)		Absolute	%
Interest-bearing Loans (current and non-current)(*)	324.630.759	330.944.972	-6.314.214	-1,9%
- of which is granted by the DGTf	221.622.077	225.935.636	-4.313.559	-1,9%
Increases in capital from endowments	19.377.061	13.491.175	5.885.886	43,6%
Increases in Capital by credit conversion	55.504.949	56.372.105	-867.156	-1,5%
New Investments	14.724.402			
Exemption of the loan contracted for payment of swap interest	61.899.105	14.643.369		
Adjusted Borrowing [1]	9,90%			
Adjusted Borrowing [1] with the exclusion [2]	1,24%			
Indications of the Guardian Authority / State Budget [3]	2,00%			

(*) Account 25 of Balance

[1] In the terms defined in paragraph 1 of article 56 of Law no. 114/2017, of 29 December (SBL 2018) calculated in the terms of the formula set out in paragraph 4 of article 146 of the Decree-Law no. 33/2018, of 15 May (DLBI 2018).

[2] Exclusion of the loan contracted for payment of SWAP charges, amounting to 14.6 million euros in 2017 and 61.9 million euros in 2018.

[3] Regarding the overall growth of borrowing by public companies for 2018.

6.4. CHANGES IN THE AVERAGE PAYMENT PERIOD AND ARREARS

CHANGES IN THE AVERAGE PAYMENT PERIOD (APP) FOR SUPPLIERS

The average payment period (APP), calculated according to CMR no. 34/2008 is altered by Order no. 9870/2009, was 46 in 2018, representing an increase of 5 days compared to 2017. There was a failure to achieve the degree of compliance with the targets set out in no. 9 of CMR no. 34/2008, which establishes that when the previous year's APP is less than 45 days, an APP of 40 days must be achieved to fulfil the objective.

This situation is explained by the increase in debt to supplier at the end of December, despite the fact that 96% (5.4 million euros) of the debt is not due or has a maturity of 30 days or

less, with 90% (5 million euros) corresponding to debt not yet due and 6% (0.4 million euros) to debt with a term equal to or less than 30 days. It should be noted that 60% (3 million euros) of the outstanding debt pertains to the acquisition of 7 natural gas and 2 electric buses, whose invoices were pending, awaiting certification of the vehicles.

If, for the calculation of the APP, the amounts related to the acquisition of buses from accounts "271 – Investment Suppliers" (3 million euros) and "43 – Acquisitions of Tangible Fixed Assets" (2.4 million euros) were withdrawn, then the APP would be of 41 days.

APP	2018	2017	Variation 18/17	
			Absolute	%
Period (days)	46	41	5	13%

ARREARS

The amount of arrears, calculated in accordance with Decree-Law no. 65-A/2011, of 17 May, was the following:

The total of arrears as of 31 December 2018 amounted to 79,000 euros, of which 36,000 (46%) pertained to transactions between STCP and the affiliate company TIP – Transportes Intermodais do Porto, ACE, which is simultaneously a debtor and creditor of the company. The remaining amount relates to, for the most part, to invoices being verified and/or settled.

In 2018, debts overdue by more than 90 days were published quarterly, on the website (www.stcp.pt).

Overdue Debts	Amount (€)	Overdue debts in accordance with art. 1.º DL 65-A/2011 (€)			
	0-90 days	90-120 days	120-240 days	240-360 days	> 360 days
Acquisition of Goods and Services	2.663.259	8.308	12.761	26.605	27.464
Acquisition of Capital	3.054.632	250	3.542	0	0
Total	5.717.891	8.558	16.304	26.605	27.464



6.5. SHAREHOLDER RECOMMENDATIONS

At the STCP General Meeting on 14 August 2018, the shareholder's representative made the following recommendations to the Board of Directors:

"(...) that it take steps to prepare the annual report on prevention of corruption in 2017, pursuant to no.1 of article 46 of Decree-Law no. 133/2013, of 3 October, in its current version."

STCP then prepared the annual reports on prevention of corruption in 2017 and 2018, in compliance with the stipulations.

"(...) that in 2018 it should endeavour to meet in full the goal regarding EBITDA (management) for the road transport sector."

In accordance with that mentioned earlier in point 6.1 a): EBITDA (management) for the road sector was 1.2 million euros, registering a shortfall of around 2.3 million euros, against the target set. This deviation is essentially explained by the salary reinstatement of about 2.7 million euros, including social charges

due to the impact of the reinstatement of the rights provided for in the instruments of collective labour regulations and the impact of salary updates, arising from the memorandum of understanding signed with the Organisations Representing Workers and approved by the Guardian Authority.

When the targets for the Operational Management Contract were set, the salary reinstatements resulting from the State Budget Law of 2017 were not considered, and the increase in STCP's permanent staff, required to meet public services provisions, were not envisaged either.

If the value of the reinstatement of salaries were excluded from the 2018 figure, the EBITDA (management) of the road transport sector would have attained a positive amount of around 3.9 million euros and thus registered a deviation of only minus 10% from the objective set, instead of the minus 65% registered.

6.6. REMUNERATIONS

A · GOVERNING BODIES

For the purposes of fixing the remuneration of governing bodies, the company STCP, S.A. was allocated a "C" rating by Resolution of the Council of Ministers no. 36/2012, of 26 March, amended by Resolutions of the Council of Ministers no. 97/2012, of 21 November, no. 45/2013, of 19 July, and no. 48/2013, of 29 July.

1. BOARD OF THE GENERAL MEETING

The Unanimous Written Company Decision of 25 January 2016, set the values of attendance fees for members of the Board of the General Meeting (BGM) contained in the following table:

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	668
				2.518

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

By applying article 182 of Decree-Law no. 33/2018 of 15 May, which promulgated the effects of the Economic and Financial Assistance Programme, the value set for each of the members of the BGM cannot result in an increase in value, with reference to the amounts allocated at the date of entry into force of the Resolutions of the Council of Ministers nos. 16/2012 and 18/2012, so that the Secretary of the BGM received an amount below that set in the Unanimous Written Decision.

2. BOARD OF DIRECTORS

The remuneration of the members of the Board of Directors (BD) were set by the Unanimous Written Company Decision, of 28 December 2017.

Term			Designation		OPRLO (2)			
(Start - End)	Position	Name	Type (1)	Date	Yes/No	Issuing Entity	Paying Entity (O/D)	N.º de Mandatos
2018 - 2020	Chief Executive	Paulo de Azevedo Pereira da Silva	WUD	1/15/18	No	n.a	n.a	1
2018 - 2020	Executive Voting Member	Ângelo Augusto Santos Oliveira	WUD	1/1/18	No	n.a	n.a	1
2018 - 2020	Executive Voting Member	Isabel Maria de Oliveira Botelho Moniz da Cruz Vilaça	WUD	1/1/18	No	n.a	n.a	1
2018 - 2020	Non-Executive Voting Member	Paula Cristina David Vaz Ribeiro Ramos	WUD	1/1/18	No	n.a	n.a	1
2018 - 2020	Non-Executive Voting Member	Avelino José Pinto de Oliveira	WUD	1/1/18	No	n.a	n.a	1

(1) UWD - Unanimous Written Company Decision

(2) Option for the Remuneration of the Place of Origin - foreseen in paragraph 8 of article 28 of EGP; indicate paying entity (O-Origin/D-Destination)

Member of the BD	Accumulation of Tasks		
	Entity	Position	Regime
Paulo de Azevedo Pereira da Silva	TIP - Transportes Intermodais do Porto, A.C.E.	Non-Executive Voting Member of the Board of Directors	Private
Isabel Maria de Oliveira Botelho Moniz da Cruz Vilaça	STCP SERVIÇOS - Transportes Urbanos, Consultoria e Participações, Unipessoal, Lda.	Manager	Private
Paula Cristina David Vaz Ribeiro Ramos	Gaiurb, EM - Empresa Municipal de Urbanismo e Habitação de Vila Nova de Gaia	Coordinator of the Monitoring Unit of the Department of Urbanism's Planning and Rehabilitation Division	Público
Avelino José Pinto de Oliveira	Oval - Arquitetura e Engenharia	Main Architect and Partner	Private
	OLV - Serviços Técnicos	Administrator and Partner	Private
	Instituto Superior de Ciências Sociais e Políticas da Universidade de Lisboa	Assistant Professor	Público
	Ciência e Tecnologia da Universidade Fernando Pessoa	Assistant Professor	Private



Member of the BD	Public Manager Statute			
	Fixed	Classification	Gross monthly remuneration (€)	
	[S/N]	[A/B/C]	Monthly salary	Representation Costs
Paulo de Azevedo Pereira da Silva	Yes	C	4.578	1.831
Ângelo Augusto Santos Oliveira	Yes	C	3.663	1.465
Isabel Maria de Oliveira Botelho Moniz da Cruz Vilaça	Yes	C	3.663	1.465
Paula Cristina David Vaz Ribeiro Ramos	Yes	C	916	0
Avelino José Pinto de Oliveira	Yes	C	916	0

Member of the BD	Annual Remuneration (€)				
	Fixed (1)	Variable (2)	Final Amount (3)=(1)+(2)	Remuneration reductions (4)	Final Gross Amount (5) = (3) - (4)
Paulo de Azevedo Pereira da Silva	82.877	0	82.877	4.144	78.733
Ângelo Augusto Santos Oliveira	68.523	0	68.523	3.426	65.097
Isabel Maria de Oliveira Botelho Moniz da Cruz Vilaça	68.523	0	68.523	3.426	65.097
Paula Cristina David Vaz Ribeiro Ramos	12.736	0	12.736	637	12.099
Avelino José Pinto de Oliveira	12.736	0	12.736	637	12.099
			245.394	12.270	233.125

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

4) Reduction foreseen in article 12 of the Law no. 12-A/2010 of 30 June.

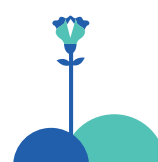
The reduction in remuneration envisaged in article 12 of Law no.12-A/2010 of 30 June, which established a reduction in the salaries of public managers and their equivalents, was applied to the members of the BD in 2018.

In 2018, no management bonuses were awarded to the members of the BD, in accordance with the measure established by article 4 of Decree-Law no. 8/2012, of 18 January, in conjunction with paragraph 1 of article 20 of the 2018 State Budget law.

Member of the BD	Social Benefits (€)						
	Meal Allowance		Social Protection Regime		Health Insurance Annual Fee	Life Insurance Annual Fee	Personal Accident Insurance Annual Fee
	Amount/Day	Amount paid/year	Identify	Annual Fee			
Paulo de Azevedo Pereira da Silva	4,77	1.059	Social Security	18.699	0	0	262
Ângelo Augusto Santos Oliveira	4,77	1.088	Social Security	16.264	0	0	262
Isabel Maria de Oliveira Botelho Moniz da Cruz Vilaça	4,77	1.102	Social Security	16.373	0	0	262
Paula Cristina David Vaz Ribeiro Ramos	0,00	0	Social Security	2.873	0	0	262
Avelino José Pinto de Oliveira	0,00	0	Social Security	2.873	0	0	262
		3.248		57.083	0	0	1.308

Member of the BD	Vehicle Charges								
	Allocated vehicle	Signature of contract	Vehicle reference value	Type	Year start	Year end	Monthly Lease Amount	Annual Lease Expenditure	Remaining Contractual Instalments
Paulo de Azevedo Pereira da Silva	Yes	No	-	-	-	-	-	-	-
Ângelo Augusto Santos Oliveira	Yes	Yes	34.989	ALD	2018	2022	506	10.575	42
Isabel Maria de Oliveira Botelho Moniz da Cruz Vilaça	Yes	Yes	34.716	ALD	2016	2020	537	6.441	20

Member of the BD	Annual Mission Expenses (€)					
	Missions	Cost of accommodation	Expense allowances	Others		Total travel expenses (Σ)
				Identify	Amount	
Paulo de Azevedo Pereira da Silva	666	985	0	-	0	1.651
Ângelo Augusto Santos Oliveira	0	328	0	-	0	328
Isabel Maria de Oliveira Botelho Moniz da Cruz Vilaça	94	150	0	-	0	244
Paula Cristina David Vaz Ribeiro Ramos	0	0	0	-	0	0
Avelino José Pinto de Oliveira	0	0	0	-	0	0
						2.223



3. SUPERVISION

Supervisory Board

The Unanimous Written Company Decision of 25 January 2016 set the remuneration status for members of the Supervisory Board (SB) contained in the following table:

Term (Start - End)	Position	Nome	Designation		Fixed Remuneration Statute (monthly) (€)	No. of Terms
			Type (1)	Date		
2016-2018	Chairman	Pedro Romano Martinez	DUE	25/1/2016	1.282	4
2016-2018	Permanent Voting Member	Ana Alexandra Filipe Freitas	DUE	25/1/2016	961	4
2016-2018	Permanent Voting Member	Paulo Jorge Rodrigues Mateus	DUE	25/1/2016	961	2
2016-2018	Deputy Voting Member	Dino Jorge Ramos Santos	DUE	25/1/2016	0	4

(1) UWD - Unanimous Written Company Decision

Name	Annual Remuneration (€)		
	Gross (1)	Remuneration reductions (2)	Final Amount (3) = (1)-(2)
Pedro Romano Martinez	17.947	897	17.049
Ana Alexandra Filipe Freitas	13.460	673	12.787
Paulo Jorge Rodrigues Mateus	13.460	673	12.787
			42.623

The reduction in remuneration envisaged in article 12 of Law no.12-A/2010 of 30 June, which established a reduction in the salaries of public managers and their equivalents, was applied to the members of the SB in 2018, as the monthly remunerations fixed for the members of the SB are indexed to the pay of the Chairman of the Board of Directors.

Statutory Auditor

The Unanimous Written Company Decision of 30 November 2016 determined that the annual gross remuneration for the Statutory Auditor will be that contained in the service provision contract to be signed between STCP and the Statutory

Auditor, with the maximum limit equivalent to 22.5% of the amount corresponding to twelve months of the overall gross remuneration received, as stipulated by law, by the Chairman of the Board of Directors of the company with a C rating.

Term (Start - End)	Position	Audit Firm/Auditor No. Identification			Designation			No. of years worked in the group	No. of years worked in the firm
		Name	OROC Registration No.	CMVM Registration No.	Type (1)	Date	Contract Date		
2016-2018	Statutory Auditor	Sociedade Baker Tilly, PG & Associados, SROC, S.A.	235	20161528	GM	5/30/16	12/13/16	-	3

(1) GA - General Assembly

Statutory Auditor Name	Annual Value of the Service Agreement - 2018 (€)			Annual Value of Additional Services - 2018 (€)			
	Value (1)	Reductions (2)	Final Amount (3) = (1)-(2)	Identification of service	Value (1)	Reductions (2)	Final Amount (3) = (1)-(2)
Sociedade Baker Tilly, PG & Associados, SROC, S.A.	8.653	853	7.800	-	-	-	-

By applying article 182 of Decree-Law no. 33/2018, of 15 May, which promulgated the effects of the Economic and Financial Assistance Programme, the amount of remuneration paid, cannot result in an increase in value, with reference to the amounts allocated at the date of entry into force of the Resolutions of the Council of Ministers nos. 16/2012 and 18/2012, so that in 2018, the reductions contained in the table above were applied.

The Company's Statutory Auditor, Baker Tilly, PG & Associados, SROC, S.A., represented by the partner Fernando Manuel de Sousa Pires de Matos, submitted their resignation on 30 August 2018.

On 19 March 2019, in accordance with the expressed will of the sole shareholder, the Portuguese State, by Unanimous Written Company Decision, STCP's Statutory Auditor was elected for the 2019-2020 biennium, the Official Audit Firm RCA- Rosa, Correia & Associados, SROC, SA, represented by Gabriel Correia Alves. It is stated in this decision that the legal certification of individual and consolidated accounts, in 2018, is the responsibility of RCA – Rosa, Correia & Associados, SROC, SA.

B • EXTERNAL AUDITOR – NOT APPLICABLE TO STCP



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 table:

Member of the BD	Communication Expenses (€)		Remarks
	Established Monthly Ceiling	Annual Amount	
Paulo de Azevedo Pereira da Silva	80	296	-
Ângelo Augusto Santos Oliveira	80	346	-
Isabel Maria de Oliveira Botelho Moniz da Cruz Vilaça	80	360	-
		1.001	

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

Member of the BD	Monthly Ceiling Fuel and Tolls	Annual expenses linked to Vehicles (€)			Remarks
		Fuel	Tolls	Total	
Paulo de Azevedo Pereira da Silva	458	1.589	8	1.598	
Ângelo Augusto Santos Oliveira	366	3.251	797	4.048	
Isabel Maria de Oliveira Botelho Moniz da Cruz Vilaça	366	2.394	897	3.291	
				8.936	

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.

6.9. REPORT ON REMUNERATIONS

It is established in no. 2 of the Council of Ministers' Resolution (CMR) no. 18/2014, of 7 March, that SEE companies *"undertake, every three years, the preparation of a report, to be disclosed internally and made available on the respective Internet site, on the remunerations paid to men and women with a view to the diagnosis and prevention of unjustified differences in these remunerations"*.

The 2018 Report on Remuneration by Gender was drafted, and will be disseminated on the company's intranet and internet site.

6.10. ANNUAL REPORT ON THE PREVENTION OF CORRUPTION

The annual report on the Prevention of Corruption was prepared with respect to each of the financial years 2017 and 2018, in accordance with no. 1 of Article 46 of Decree-Law no.133/2013, of 3 October, and at the recommendation of the General Meeting of 14 August 2018.

These reports will presently be published in STCP's internet and intranet pages.

6.11. PUBLIC PROCUREMENT

a) a) As an entity created specifically to meet needs of general interest with a commercial character, carrying out its activity in the transport sector, as provided for in article 7 no. 1 and article 9 no. 3 a) of the Public Procurement Code (CCP), STCP is only required to apply Part II of the CCP in the case of work contracts, where the value is equal to or greater than 5,548,000.00 euros and in the case of contracts for the acquisition of movable property or the provision of services amounting to more than 443,000.00 euros (Articles 11 [1] and 474 [4] of the CCP).

In 2018, two international public tenders were launched under the CCP for contracts exceeding the aforementioned thresholds:

- International Public Tender for diesel supply
- International Public Tender for the procurement of insurance policies

b) Due to reasons of transparency regarding acquisitions, the Board of Directors decided, in accordance with Minutes no. 15/17 of 04/11/2017 in item 6.2, to recommend to all departments of the company the use of the electronic platform in all future public procurement procedures with values greater than €5,000.00 (five thousand euros).

This recommendation can only be ignored if it is justified by each department head and authorised by the Board of Directors.

- In 2018, the following consultations were launched on the electronic procurement platform:
- Supply and installation of transformer stations
- Consultation for uniform supply
- Consultation for the provision of medium voltage and special low voltage electric power
- Licensing of Microsoft products
- Supply of tickets sold on board
- Consultation for the supply, management and maintenance of tyres for urban public service passenger transport vehicles



- Consultation for the provision of facility cleaning services
- Consultation for the supply and installation of two washing machines for bus bodywork
- Consultation for the acquisition of HP and Backup infrastructure
- Supply of file servers with replication
- Consultation for the preparation of a project to refurbish and expand the Francos Station
- Consultation for the preparation of a project to refurbish and expand the Via Norte Station
- Consultation for the supply of oils/lubricants
- Consultation for the acquisition of mobile voice and data communication services
- Diesel generator for the STCP systems room

With respect to acquisitions up to €5,000.00, or above this amount, but exempted from using of the electronic platform – in accordance with the foregoing – the procedures instituted by the company require consulting a minimum of three suppliers whenever possible. Exceptionally, for specific technical reasons, which must always be duly substantiated, only one or two suppliers may be consulted.

STCP has Regulations for Suppliers, in which criteria are established for legal requirements and good practice, which suppliers of goods and services must observe.

c) c) In compliance with the provisions of Law 98/97 of 26 August (Law on Organisation and Procedure of the Court of Auditors), which requires prior auditing by the Court of Auditors of certain acts, contracts or other instruments that generate costs or represent direct or indirect financial liabilities, to verify their legal compliance and budgetary conformity,

in 2018, the following contracts, whose value exceeded €5,000,000.00, were submitted for review to the Court of Auditors.

Contratos enviados para o Tribunal de Contas, em 2018, para obtenção do visto prévio:

- 2nd Amendment for Supply of MAN Buses 2nd Series
- 2nd Amendment for Supply of MAN Buses 3rd Series
- Construction of the Via Norte Natural Gas Station
- Supply of Diesel

The following contracts were authorised by the Court of Auditors on 31 December 2018:

- 2nd Amendment for Supply of MAN Buses 2nd Series, Case 539/2018, with approval granted on 17-04-2018
- 2nd Amendment for Supply of MAN Buses 3rd Series, Case 2519/2018, with approval granted on 27-09-2018
- Construction of the Via Norte Natural Gas Station, Case 2855/2018, with approval granted on 9-12-2018

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 2018 financial year, no contracts were awarded under this system.

6.13. MEASURES FOR REDUCING OPERATING COSTS

In compliance with that established in article 145 of DLBI 2018, Decree-Law no. 33/2018, of 15 May, a Cost Reduction Plan (PRC) table is presented below:

PRC	Unit	2018 Actual	Budget 2018 [1]	2017 Real	2016 Actual	Variação 2018/2017	
						Absolute	Var. %
(0) EBITDA	10 ³ €	1.937	-762	-925	-2.590	2.861	309%
(1) CGSMC	10 ³ €	1.443	1.434	1.181	1.255	262	22,1%
(2) ESS	10 ³ €	19.913	20.385	18.500	17.280	1.413	7,6%
(3) Personnel expenditure corrected for charges i), ii), and iii) ^{a)}	10 ³ €	30.027	32.815	29.021	30.269	1.006	3,5%
(3.i) Indemnities paid for rescission	10 ³ €	3	0	52	27	-50	-95,2%
(3.ii) Increase in remunerations, under the terms of the SBL 2018	10 ³ €	0	0	0	0	0	
(3.iii) Effect of the application of the provisions of article 21 of Law no. 42/2016, of 29 December	10 ³ €	2.747	2.390	738	0	2.008	272%
(4) Operational Expenses = (1)+(2)+(3)	10 ³ €	51.382	54.634	48.702	48.804	2.681	5,5%
[5] Business volume (BV) ^{b)}	10 ³ €	55.783	55.419	49.718	45.099	6.065	12,2%
(6) Weight of Expenses / BV = (4)/(5)	%	92%	99%	98%	108%	-5,8 pp	-6,0%
(i) Travel Expenses (ESS)	10 ³ €	13	18	13	5	-0	-2,0%
(ii) Costs Accommodation and Allowances (C w/ Personnel)	10 ³ €	4	3	0,607	4	3	510%
(iii) Costs associated with the vehicle fleet ^{c)}	10 ³ €	175	222	179	154	-4	-2,0%
Total = (i) + (ii) + (iii)	10³ €	192	243	193	163	-1	-0,4%
(7) Costs of contracting studies, reports, projects and consultancy	10 ³ €	255	541	249	418	6	2,2%
Total number of HR (BG+MP+Workers)	nº	1.284	1.329	1.253	1.244	31	2,5%
Number Governing Bodies (GB)	nº	13	13	11	12	2	18,2%
Number Managerial Posts (MP)	nº	10	10	10	10	0	0,0%
Number Employees (without GB nor MP)	nº	1.261	1.306	1.232	1.222	29	2,4%
No. of Employees/No. MP	nº	126	131	123	122	3	2,4%
No. of Vehicles	nº	47	51	50	52	-3	-6,0%

[1] IPG March 2018 version, approved in GM on 14 August 2018.

a) To assess the degree of compliance with the measures for reducing operating costs (CMCMC + ESS + Personnel expenditure), the following are not considered costs: severance pay; resulting from the application of the provisions of article 21 of Law no. 42/2016, of 28 December; increase in remunerations in the terms of SBL 2018.

b) the business volume is corrected from the operating subsidies and the compensatory payments. Includes compensation by Public Service Obligations (PSO) supported by the municipalities.

c) Vehicle costs must include: rent/depreciation, inspections, insurances, tolls, fuel, maintenance, repairs, tyres, fees and taxes.



The Activities and Budget Plan (ABP) for 2018 was approved by Order no. 540/18 – SET, of 03.07.2018., and granted the following authorisations regarding:

- i) the increase in the series of expenses for travel, accommodation and allowances and for those associated with the fleet of vehicles;
- ii) the increase in expenses for studies, reports, projects and consulting;
- iii) the variation in borrowing; and
- iv) maintaining EBIT and negative net results.

As part of the increase in human resources permanent staff, the hiring of workers was authorised under the following terms:

- i) Area of administrative support/support technician: 7 workers;
- ii) Area of tram operation: 1 worker;
- iii) Area of operation of bus sector; 48 workers in stages: 28 workers in 2018 and 20 in 2019. These latter hirings are subject to the evaluation of the reduction in overtime due to the hiring that occurred in 2018, and should be analysed in an autonomous process.

- The recurring EBITDA for 2018 was positive, amounting to 1.9 million euros, and represented 2.9-million (309%) improvement compared to 2017.
- The weight of operating costs (CGSMC + ESS + the cost of personnel expenditure, adjusted for charges arising from severance pay, and the effects of the application of the provisions of article 21 of Law no. 42/2016, of 28 December) on turnover was 92% in 2018, representing a reduction of 5.8 percentage points (-6%) against 2017.
- The series of expenses for travel, with accommodation and allowances, as well as expenses associated with the vehicle fleet amounted to 192,000 euros, and was below the 2017 amount by 1,000 euros (-0.4%).
- On 31 December 2018, the company had 47 support vehicles (light, commercial and heavy), 3 less than on 31 December 2017. During 2018, 3 vehicles, of advanced age, were scrapped and not replaced.
- The costs of contracting studies, reports, projects and consultancy were 255,000 euros, representing a higher value than that of 2017, by 6,000 euros (2.2%).
- Personnel expenditure, adjusted for charges arising from severance pay, and the effects of the application of the provisions of article 21 of Law no. 42/2016, of 28 December) were 30.03 million euros, around 1 million euros more (3.5%) than in 2017.
- It should be noted that personnel expenditure included the sum of approximately 1.1 million euros related to the agreement reached with the ORT on 12 December 2018, authorised by Order No. 1048/18 – SET of 20-12-2018, concerning the inclusion in the holiday allowance and holiday pay of the amounts relating to the provision of night work and overtime, provided that they occur in at least 11 months a year, also considering the years 2012 to 2017, for which a provision in 2017 amounting to 2.08 million Euros, which was reversed by 2.02 million euros in 2018, and the amount of 258,000 euros relating to charges payable in 2019 for vacation and holiday allowances, calculated on the basis of the average of the overtime, holidays and night work, provided on a regular basis for 11 months, during 2018.
- On 31 December 2018, the permanent STCP staff, excluding its governing bodies, and employees on secondment or unpaid leave, consisted of 1,271 employees, 29 more workers than on 31 December 2017.

Movement of Recruitment and Terminations in 2018:

Total Recruitment	115
Personnel Admissions	111
Operation of the Bus Sector	79
Operation of the Tram Sector	3
Workshop	21
Technical / Administrative	8
Return from unpaid leave	4

Total Terminations (reasons)	86
Retirement	72
Other	11
Unpaid leave	3

Arrivals - Departures	29
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On 16 January 2018, STCP requested authorisation from its Guardian Authority to replace a lawyer in the Legal Office, after he had given notice to terminating his contract, on 31 January 2018. This request was authorised by Order of the Deputy Secretary of State for the Environment on 30-01-2018, through order no.115, of 30 January 2018.

On 24 January 2018, STCP requested authorisation from its Guardian Authority to extend the Orders of 04-12-2017 of the Deputy Secretary of State for the Environment, regarding the authorisation to recruit 33 workers and 40 drivers / brakemen. This request was authorized by the Deputy Secretary of State for the Environment on 16-02-2018.

STCP made a request for authorisation to hire replacement workers to the sector and financial authorities, on 15 June 2018. This request was authorized by the Deputy Secretary of State for the Environment on 19-07-2018 with the following wording: "I authorise the hiring of up to 63 workers by STCP, to substitute those leaving due to retirement, providing this does not imply an increase in the no. of workers or personnel expenditure" and by Order no. 654/18 – SET, of 10-08-2018.

By Order no. 540/18, of 3 July by the Secretariat of State for the Treasury, STCP obtained authorisation to admit 7 employees for the administrative area of the company, which resulted from the explanation made by STCP to the Guardian Authority by email on 23 April 2018, with clarifications sent

by email on 29 June and 3 July, in which authorisation was sought to hire 15 workers.

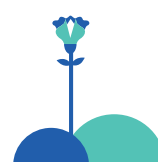
Order no. 540/18, of 3 July by the Secretariat of State for the Treasury, authorised STCP to hire workers under the following terms: i) Area of administrative support/support technician: 7 workers; ii) Area of tram operations: 1 worker; ii) Area of bus sector operations: 48 workers gradually: 28 workers in 2018 and 20 in 2019. These latter hirings are subject to the evaluation of the reduction in overtime due to the hiring that occurred in 2018, and should be analysed in an autonomous process.

6.14. STATE TREASURY UNIT PRINCIPLE (UTE)

Under Article 104 of the Decree-Law of Budgetary Implementation (DLBI) 2018 (Decree-Law no 33/2018, of 15 May) in which public non-financial corporations must, subject to legal provisions to the contrary, maintain their cash and financial applications with the Treasury and Public Debt Management Agency, IGCP, EPE, and are consequently subject to the State Treasury regime, so that the proceeds of any financial investments made in violation of the State Treasury Unit Principle by entities subject to it, revert to the State, STCP, invoking the needs and reasons for its existence, submitted to the IGCP, E.P.E., on 29 May 2018, its letter no. 795/2018, with a request for exemption from compliance with the State Treasury Unit Principle.

Through its letter no. SGC – 2018/11914, of 18 July 2018, IGCP issued an authorisation order to the effect that STCP was exempt from compliance with the UTE, for 2018 and 2019, with respect to:

- Bank loans contracted (amounts strictly necessary for the servicing of the loan, on the dates provided for this purpose);
- Bank guarantees that cannot be substituted by escrow deposits;
- Holding of securities other than government liabilities;
- Subject to the collection service contracted, which should be transferred to STCP accounts in the IGCP, with fortnightly frequency.



Indicated in the table below are all the institutions where STCP's available funds and their respective amounts resided at the end of each quarter during 2018.

Commercial Banks	1 st Quarter €	2 nd Quarter €	3 rd Quarter €	4 th Quarter €
Novo Banco	12.438	12.266	12.082	17.274
Banco BPI	355.845	366.121	356.085	22.633
Banco Santander Totta	1.095.395	204.403	87.095	136.106
Banco Santander Totta II	2.784	2.784	2.784	2.784
Banco Santander Totta III	26.465	26.465	26.465	26.465
Banco Millennium bcp	586.257	893.055	128.077	53.910
Caixa Geral de Depósitos	21.416	66.437	0	0
Montepio Geral	21.464	14.932	10.379	9.201
Portuguese Treasury and Debt Management Agency - IGCP	3.331.463	17.301.695	13.627.268	13.791.567
Total	5.453.527	18.888.158	14.250.235	14.059.939
Interest earned since 1 January, 2016	0	0	0	0

Since 1 January 2016 until the end of 2018, STCP has not benefited from any interest from financial applications with commercial banks.

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

In the 2016-2018 triennial, the following audit was undertaken by the Court of Auditors:

"Auditing of the annulment of the acts awarding the sub-concession of public transports provided by STCP and MdP", undertaken in 2017, following a request from the Assembly of the Republic.

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.shtm

The Court recommended to the Government and the Board of Directors of the entities audited that they adopt procedures to comply with the principle of legality and to avoid the inadequacies detected, without prejudice to the determination of the value for money of the decisions to annul the contracts.

STCP, S.A. applied in 2018 the Public Procurement laws.

6.16. DISCLOSURE OF INFORMATION

Information disclosed as of 31 December 2018 (SEE website, DGTf portal)	Disclosure		Remarks
	S/N/N.A.	Update date	
Statutes	Y	12-Feb-19	
Nature of Company	Y	7-Sep-18	
Role of guardian authority and shareholder	Y	9-Nov-18	
Governance Model/Members of Governing Bodies	Y		
Identification of governing bodies	Y		
Fixed remuneration statute	Y	19-Feb-19	
Disclosure of remuneration earned by governing bodies	Y		
Identification of duties and responsibilities of Board of Directors members	Y		
Presentation of curricular summaries of Governing Bodies' members	Y		
Public financial contribution	Y	7-Sep-18	
Summary sheet	Y	19-Feb-19	
Past and present financial information	Y	7-Sep-18	
Principles of good governance	Y		
Internal and external regulations governing the company	Y		
Relevant transactions with related companies	Y		
Other transactions	Y		
Company sustainability analysis in the following areas:	Y	7-Sep-18	
Economic	Y		
Social	Y		
Environmental	Y		
Evaluation of Compliance with the Principles of Good Governance	Y		
Ethics code	Y		

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



6.17. TABLE SUMMARISING COMPLIANCE WITH LEGAL OBLIGATIONS

Compliance with Legal Guidelines - 2018

Managerial Objectives [1]

EBITDA (MANAGEMENT) OF ROAD TRANSPORT MODE

Road transport Result

Average speed

Service compliance rate

Vehicles km of service

No of Complaints per million vehicle km

No of Complaints per million passengers

Public Service Obligations (PSO)

Goals to achieve in PAO 2018

Recurring EBTIDA

Net profit

Personnel expenses

No. of full-time staff

Operational Efficiency (weight of operational expenses, corrected from the tenders arising from salary reposition and the indemnities by rescission, in the business volume)

Entirety of Communication and travel expenses, expense and accommodation allowances, and expenses associated to the fleet

Costs of contracting studies, reports, projects and consultancy

Degree of budget execution carried on SIGO/SOE

Financial Risk Management

Borrowing Growth Limits

Changes in APP for suppliers

Disclosure of Payment Delays ("Arrears")

Shareholder recommendations in accounts approval

1. "(...)make the annual report for corruption prevention in 2017, pursuant no.1 of article 46 of the Decree-Law no. 133/2013, of 3 October, in its current version."

2. "(...) that in 2018, it should endeavour to meet in full the goal regarding EBITDA (management) for the road transport sector."

Remunerations:

Non-awarding of bonuses

CA- remuneration reductions in effect in 2018

Inspections (CF/ROC)- remuneration reductions in effect in 2018

External Auditor- remuneration reduction in effect in 2018

[1] indicate each management objective of the company.

Compliance Y/N/N.A.	Quantification/Identification	Explanation/Reference to the Report
N	-65%	Item 6.1. a)
N	-40%	Item 6.1. a)
Y	0,7%	Item 6.1. a)
Y	1,1%	Item 6.1. a)
N	-0,8%	Item 6.1. a)
Y	-5,1%	Item 6.1. a)
Y	-28%	Item 6.1. a)
Y	-1,7%	Item 6.1. a)
Y	increase of 309%	Item 6.1. b) and 6.13
N	improved 88%	Item 6.1. b) and 6.13 Negative NP was authorised
N	increase of 9.9%	Item 6.1. b) and 6.13 Increase was authorised
N	increase by 29	Item 6.13. The permanent staff increase was authorised
Y	92% Inferior to the year before	Item 6.13.
Y	reduction of 0.4%	Item 6.1. b) and 6.13
N	increase of 2.2%	Item 6.1. b) and 6.13 The spending increase was authorised
N.A.		
Y	Average financing rate 1.54%	Item 6.2.
Y	1,24%	Item 6.3. Borrowing for SWAP charges not considered
N	+7 days	Item 6.4.
Y	78,930 euros	Item 6.4.
		Item 6.5.
Y		Items 6.5.
N		Items 6.5., 6.1 a)
Y		Item 6.6.
Y	12,270 euros	Item 6.6.
Y	3,096 euros	Item 6.6.
N.A.		Item 6.6.



Compliance with Legal Guidelines - 2018**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 remunerations paid to men and women

Drafting and disclosure of the annual report on the prevention of corruption**Public Procurement**

Application of Public Procurement Rules by the company

Application of Public Procurement Rules 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

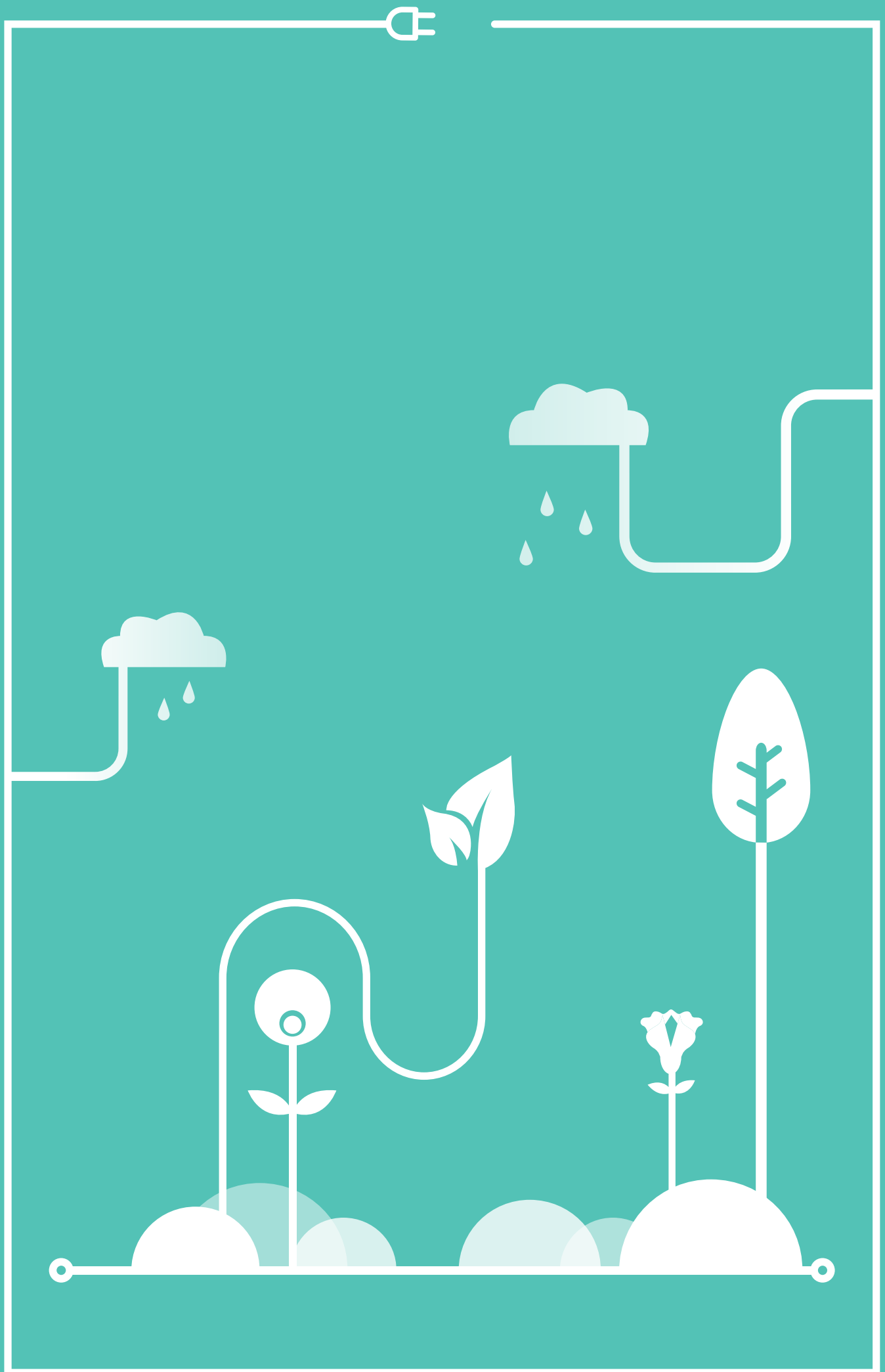
Available assets and investments in the Commercial Bank

Interest earned for UTE non-compliance and delivered in State Revenue

[2] recommendations resulting from audits spanning the activity sector and/or SEE should also be indicated.

	Compliance	Quantification/Identification	Explanation/Reference to the Report
	Y/N/N.A.		
	Y		Item 6.7.
	Y		Item 6.7.
	Y		Item 6.7.
	Y		Item 6.7.
	Y		Item 6.8.
			Item 6.9.
	Y	https://www.stcp.pt/fotos/editor2/Institucional/relatorio_sobre_remuneracoes_por_genero.pdf	
	Y		Item 6.10.
	Y		Item 6.11.
	Y		Item 6.11.
	Y	four contracts	Item 6.11.
	Y	specified in the item mentioned	Item 6.15.
	Y	47	Item 6.13.
	N		Item 6.13.
	Y	13.791.567	Item 6.14.
	Y	268.373	Item 6.14.
	Y	0 Euros	Item 6.14.







OUTLOOK FOR 2019



NOVOS AUTOCARROS
VIAGEM INAUGURAL

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38-UI-01

In the ongoing Implementation of the contracts agreed in 2017, regarding the acquisition of 15 new buses for the public service powered by electricity and 173 powered by natural gas, the entire delivery of electric buses and the first batch of 35 natural gas vehicles was concluded during the first quarter of 2019. Throughout 2019, the delivery and entering into service is expected of more than 60 new natural-gas-powered buses, gradually. This first stage of the project to renovate the fleet has been assisted by financing from POSEUR, to replace the 188 buses at the end of their life by new clean vehicles, that will be fully operational by December 2020, and contribute to the de-carbonisation of the STCP operation.

In January 2019, STCP was notified, by POSEUR, of the decision to approve the application made in October 2018 (Call 07-2018-10) to support the acquisition of 86 new buses, 81 natural gas and 5 electric ones, and respective recharging infrastructure, with a total investment budgeted at about 23 million euros (second stage of the fleet renovation project). The next steps will be the signing of the Terms of Acceptance between POSEUR and STCP, and the conclusion of the tender documents for launching the international public tender for the acquisition of the aforementioned vehicles and infrastructure.

Thus, the foundations have been laid to continue the renovation of the fleet, with the replacement of more than 86 buses at the end of their lives, which will allow a more efficient public service to be provided, environmentally and economically.

With the approval in August of 2018 by the shareholder, the Portuguese State, of the investment for the refurbishment of STCP's buildings and bus collection stations, a project to be carried out in the 2018-2020 three-year-period, and budgeted at around 5 million euros, the completion of the engineering projects, the preparation of the tender documents and the launching of the international public tenders for the construction work, is expected in 2019.

These collection stations have not had significant maintenance work for several years, so it is necessary to carry out a contract for the general maintenance and structural reinforcement of the buildings and car parks, adapting the parking to the new typology of buses, and providing the buildings with greater energy efficiency to reduce energy consumption.

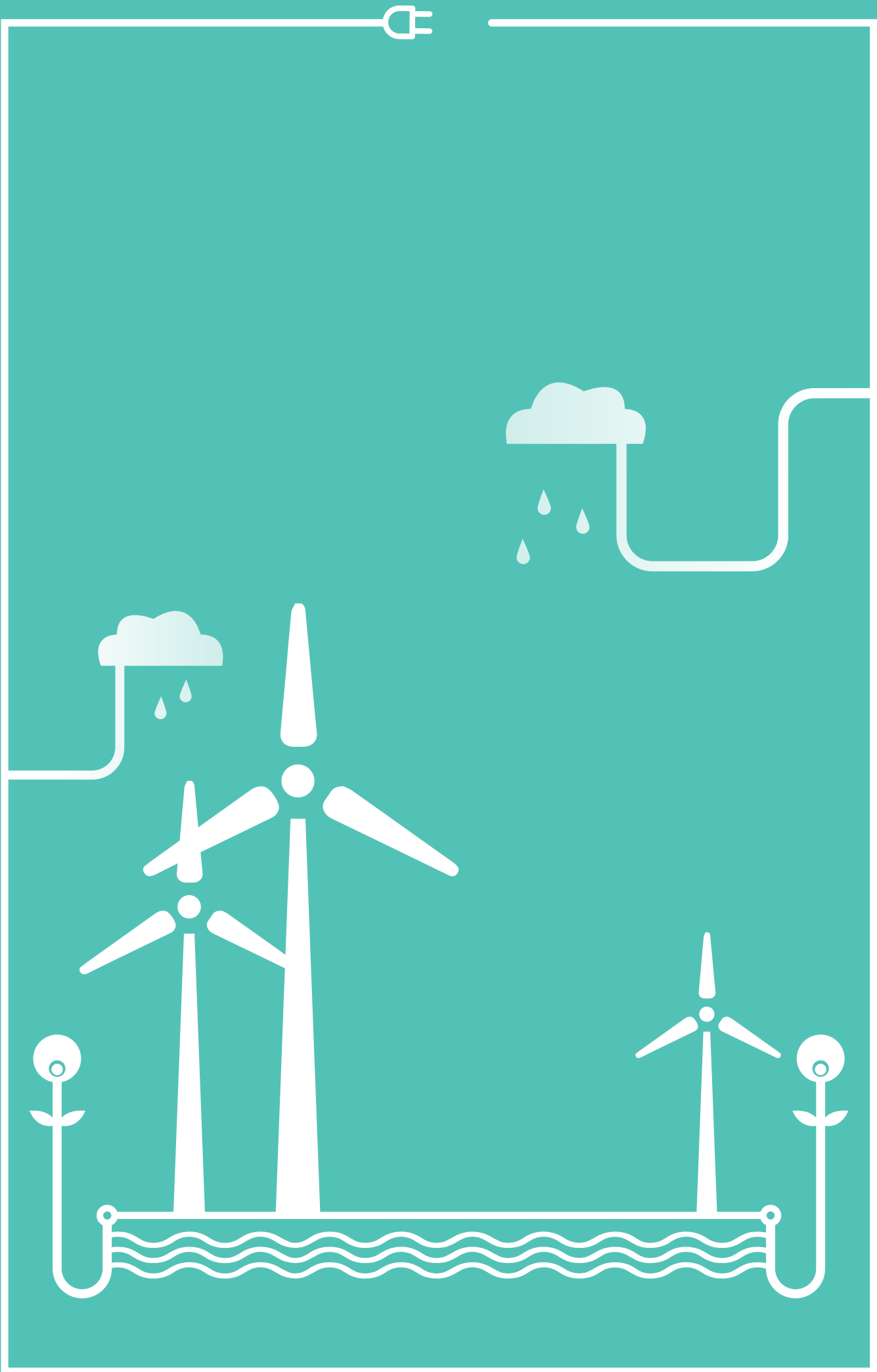
On 1 April 2019, the Programme to Support Fare Reductions (PART), was implemented with the creation of new social travel cards. During the first quarter of the year, sufficient steps were taken to implement the new intermodal, social travel cards. The evaluation of the impacts of this measure will be monitored throughout the year in order to make potential adjustments to the offer, depending on the evolution of demand.

Focus on raising the awareness of local authorities, so that they promote urban policies that favour increasing the commercial speed of public road transport in order to increase the attractiveness of the use of public transport by a greater number of citizens.

The policy of adjusting permanent staff will be continued, adapting it to the needs of the company, at the same time, through its re-sizing according to the authorisations of the Guardian Authority, and the re-skilling of staff in the service, through professional training programmes.

Talks will be undertaken with the Organisations Representing Workers (ORT) with the aim of contributing to greater social peace and labour stability.







8

**PROPOSAL FOR THE
APPROPRIATION OF RESULTS**



8. PROPOSAL FOR THE APPROPRIATION OF RESULTS

The Board of Directors proposes that the Net Profit obtained over the financial year, which was minus 1,820,042.93 euros (one million, eight hundred and twenty thousand, and forty-two euros and ninety-three cents) be fully transferred to the Retained Earnings account.

Porto, 12 April 2019

THE BOARD OF DIRECTORS

Chief Executive:

(Paulo de Azevedo Pereira da Silva)

Executive voting members:

(Ângelo Augusto Santos Oliveira)

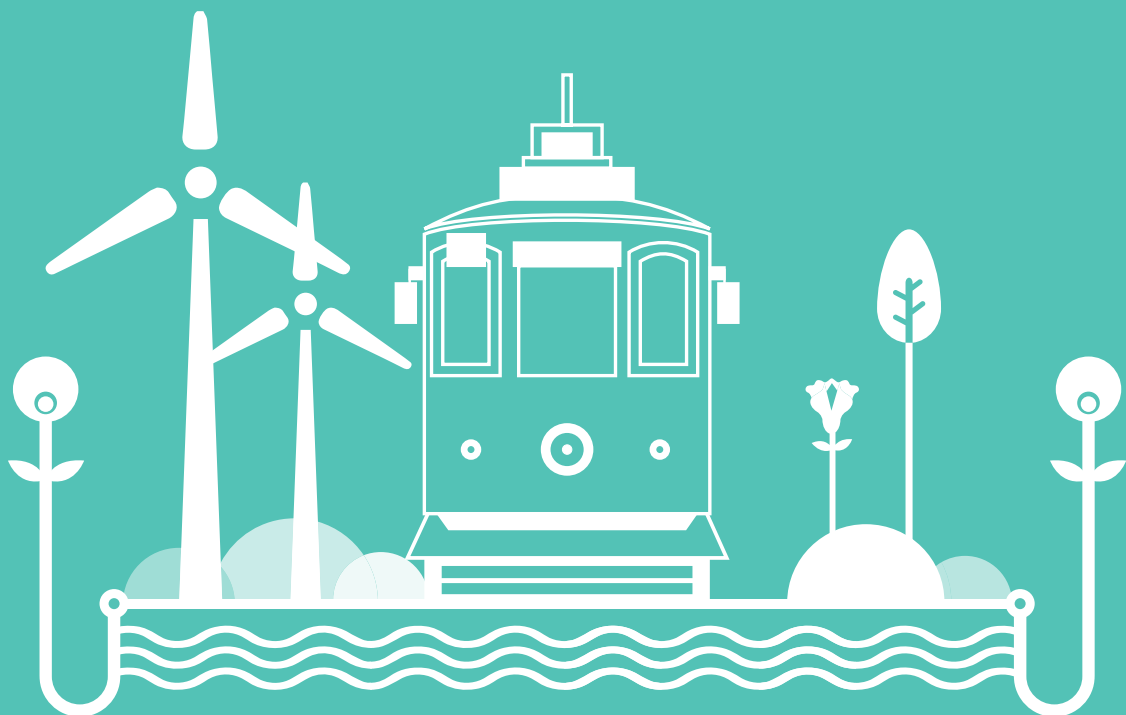
(Isabel Maria de Oliveira Botelho Moniz da Cruz Vilaça)

Non-executive voting members:

(Paula Cristina David Vaz Ribeiro Ramos)

(Avelino José Pinto de Oliveira)







9

FINANCIAL STATEMENTS

9.1. ACCOUNTS FOR THE 2018 FINANCIAL YEAR

BALANCE

At 31 December 2018 and 2017		(amounts in euros)	
ASSETS	Notes	31-Dec-18	31-Dec-17
Non-current assets		83.753.508,65	70.367.973,25
Tangible fixed assets	9	67.451.784,75	56.451.968,11
Investment properties	13	14.124.850,00	13.332.211,72
Intangible assets	8	102.403,42	26.447,71
Financial holdings – equity method	7,15	1.032.975,89	465.523,08
Other financial investments	29.1.2.1	108.983,35	91.822,63
Receivables	-	932.511,24	-
Current Assets		25.911.184,96	11.573.382,55
Inventories	20	519.909,60	472.776,48
Customers	29.2.3	3.110.155,66	3.251.009,93
Government and other public entities	32.2	2.270.703,07	882.646,20
Other receivables	32.4	5.130.273,41	2.874.737,43
Deferrals	32.5	632.272,64	633.228,97
Cash and bank deposits	5	14.247.870,58	3.458.983,54
Total assets	-	109.664.693,61	81.941.355,80

At 31 December 2018 and 2017		(amounts in euros)	
EQUITY AND LIABILITIES	Notes	31-Dec-18	31-Dec-17
Equity			
Subscribed capital	29.4.1	288.034.780,00	213.152.770,00
Legal reserves	29.4.2	74.907,42	74.907,42
Other reserves	29.4.2	25.727,80	25.727,80
Retained earnings	-	-668.043.799,10	-653.591.194,69
Revaluation surplus	29.4.3	40.983.216,12	42.787.993,72
Adjustments/other changes in equity	29.4.4	9.003.801,86	4.409.348,40
Net profit for the period	-	-1.820.042,93	-14.910.937,48
Total equity	-	-331.741.408,83	-408.051.384,83
Liabilities			
Non-current liabilities	-	361.144.645,74	394.072.690,13
Provisions	23	15.176.432,74	19.911.994,28
Loans obtained	29.1.1	262.776.876,70	276.330.596,67
Liabilities for post-retirement benefits	30	563.757,00	477.652,00
Other financial liabilities	29.1.3	82.627.579,30	97.352.447,18
Current liabilities		80.261.456,70	95.920.050,50
Suppliers	32.1	2.738.396,39	1.135.513,99
Advances from customers	-	1.395,35	-
Government and other public entities	32.2	1.784.133,65	990.639,09
Loans obtained	29.1.1	61.853.882,02	54.614.375,63
Other debts payable	32.3	10.429.966,42	6.414.047,65
Deferrals	32.5	2.040.959,06	1.895.786,44
Other financial liabilities	29.1.3	1.412.723,81	30.869.687,70
Total liabilities	-	441.406.102,44	489.992.740,63
Total equity and liabilities	-	109.664.693,61	81.941.355,80

Certified Accountant no. 6622

The Board of Directors
 Chief Executive
 Executive voting members
 Non-executive voting members



PROFIT AND LOSS STATEMENT BY NATURE

Period ended 31 December 2018 and 2017		(amounts in euros)	
INCOME AND EXPENSES	Notes	2018	2017
Sales and services provided	22	47.924.924,87	45.645.941,55
Operating subsidies	24	4.851.737,01	1.661.058,86
Gains/losses attributable to subsidiaries, associate companies and joint ventures	15	537.461,03	241.703,31
Work for the company itself	8,9	15.774,21	13.514,79
Cost of goods sold, and materials consumed	20	-1.442.556,09	-1.180.990,66
External supplies and services	32.6	-19.913.071,64	-18.499.628,26
Personnel expenditure	30.2	-32.776.131,57	-29.811.705,55
Inventory impairment (losses/reversals)	20	25.628,12	22.065,45
Impairment of debts receivable (losses/reversals)	29.2.3	-	555,00
Provisions (increases/decreases)	23	4.735.561,54	-7.108.388,50
Impairment of investments not depreciable/amortisable (losses/reversals)	29.1.2.1	-1.431,66	-1.825,12
Fair value increases/decreases	13	2.635.684,56	760.479,85
Other income	32.8	3.085.221,78	2.397.676,37
Other expenses	32.7	-927.363,55	-1.202.777,12
Depreciation and amortisation expenses/reversals		8.751.438,61	-7.062.320,03
Gastos/reversões de depreciação e de amortização	8,9	-3.630.884,21	-3.694.072,64
Operating profit (before financing expenses and taxes)		5.120.554,40	-10.756.392,67
Interest and similar income obtained	12	14.724.867,88	15.150.186,73
Interest and similar expenses obtained	12	-21.652.593,89	-19.286.253,17
Profit before taxes		-1.807.171,61	-14.892.459,11
Income tax for the period	27	-12.871,32	-18.478,37
Net profit for the period		-1.820.042,93	-14.910.937,48

Certified Accountant no. 6622

The Board of Directors
 Chief Executive
 Executive voting members
 Non-executive voting members

PROFIT AND LOSS STATEMENT BY FUNCTION

Period ended 31 December 2018 and 2017		(amounts in euros)	
CAPTIONS	2018	2017	
Sales and services provided	52.682.327,38	47.307.000,41	
Cost of sales and services provided	-51.194.697,86	-46.961.567,79	
Gross result	1.487.629,52	345.432,62	
Other income	11.478.948,82	5.064.466,98	
Distribution costs	-1.562.116,04	-1.557.176,68	
Administrative costs	-4.503.826,62	-4.124.025,38	
Other expenses	-1.780.081,28	-10.485.090,21	
Operating profit (before financing expenses and taxes)	5.120.554,40	-10.756.392,67	
Financing costs (net)	-6.927.726,01	-4.136.066,44	
Profit before taxes	-1.807.171,61	-14.892.459,11	
Income tax for the period	-12.871,32	-18.478,37	
Net profit for the period	-1.820.042,93	-14.910.937,48	

Certified Accountant no. 6622

The Board of Directors
 Chief Executive
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DEMONSTRAÇÃO DAS ALTERAÇÕES NO CAPITAL PRÓPRIO EM 31 DE DEZEMBRO DE 2017

Descrição		Notas	Capital subscrito	Reservas legais
POSIÇÃO NO INÍCIO DO PERÍODO DE 2017	1	-	143.289.490,00	74.907,42
ALTERAÇÕES NO PERÍODO				
Realização de excedentes de revalorização	-	29.4	-	-
Excedentes de revalorização	-	29.4	-	-
Outras alterações reconhecidas no capital próprio	-	-	-	-
	2	-	-	-
RESULTADO LÍQUIDO DO PERÍODO	3		-	-
RESULTADO INTEGRAL	4=2+3		-	-
OPERAÇÕES COM DETENTORES DE CAPITAL NO PERÍODO				
Realizações de capital	-	-	69.863.280,00	-
	5	-	69.863.280,00	-
POSIÇÃO NO FIM DO PERÍODO DE 2017	6=1+2+3+5		213.152.770,00	74.907,42

DEMONSTRAÇÃO DAS ALTERAÇÕES NO CAPITAL PRÓPRIO EM 31 DE DEZEMBRO DE 2018

Descrição		Notas	Capital subscrito	Reservas legais
POSIÇÃO NO INÍCIO DO PERÍODO DE 2018	6	-	213.152.770,00	74.907,42
ALTERAÇÕES NO PERÍODO				
Realização de excedentes de revalorização	-	29.4	-	-
Excedentes de revalorização	-	29.4	-	-
Outras alterações reconhecidas no capital próprio	-	-	-	-
	7	-	-	-
RESULTADO LÍQUIDO DO PERÍODO	8	-	-	-
RESULTADO INTEGRAL	9=7+8	-	-	-
OPERAÇÕES COM DETENTORES DE CAPITAL NO PERÍODO				
Realizações de capital	-	-	74.882.010,00	-
	10	-	74.882.010,00	-
POSIÇÃO NO FIM DO PERÍODO DE 2018	6+7+8+10	-	288.034.780,00	74.907,42

(montantes expressos em euros)						
Outras reservas	Resultados transitados	Excedentes de revalorização	Ajustamentos / outras variações no capital próprio	Resultado líquido do período	TOTAL	
25.727,80	-627.535.189,08	43.551.099,80	3.807.998,75	-26.787.587,66	-463.573.552,97	
-	762.369,05	-762.369,05	-	-	-	
-	-	-737,03	-	-	-737,03	
-	-26.818.374,66	-	601.349,65	26.787.587,66	570.562,65	
-	-26.056.005,61	-763.106,08	601.349,65	26.787.587,66	569.825,62	
-	-	-	-	-14.910.937,48	-14.910.937,48	
-	-	-	-	11.876.650,18	-14.341.111,86	
-	-	-	-	-	-	
-	-	-	-	-	69.863.280,00	
25.727,80	-653.591.194,69	42.787.993,72	4.409.348,40	-14.910.937,48	-408.051.384,83	

(montantes expressos em euros)						
Outras reservas	Resultados transitados	Excedentes de revalorização	Ajustamentos / outras variações no capital próprio	Resultado líquido do período	TOTAL	
25.727,80	-653.591.194,69	42.787.993,72	4.409.348,40	-14.910.937,48	-408.051.384,83	
-	783.657,32	-783.657,32	-	-	-	
-	-	-1.021.120,28	-	-	-1.021.120,28	
-	-15.236.261,73	-	4.594.453,46	14.910.937,48	4.269.129,21	
-	-14.452.604,41	-1.804.777,60	4.594.453,46	14.910.937,48	3.248.008,93	
-	-	-	-	-1.820.042,93	-1.820.042,93	
-	-	-	-	13.090.894,55	1.427.966,00	
-	-	-	-	-	74.882.010,00	
-	-	-	-	-	74.882.010,00	
25.727,80	-668.043.799,10	40.983.216,12	9.003.801,86	-1.820.042,93	-331.741.408,83	

Certified Accountant no. 6622

The Board of Directors
 Chief Executive
 Executive voting members
 Non-executive voting members



CASH FLOW STATEMENT

Period ended 31 December 2018	
	Notes
Cash flow from operating activities – Direct method	
Cash receipts from customers	
Cash paid to suppliers	
Cash paid to employees	
	Cash generated by operations
Income tax received/paid	
Other receipts/payments	
	Cash flow from operating activities (1)
Cash flow from investment activities	
Payments relating to:	
Tangible fixed assets	
Intangible assets	
Financial investments	
Other assets	
Cash receipts relating to:	
Tangible fixed assets	
Other assets	
Investment subsidies	
Interest and similar income	
	Cash flow from investment activities (2)
Cash flow from financial activities	
Cash receipts relating to:	
Loans obtained	
Paid-in equity and other equity instruments	
Payments relating to:	
Loans obtained	
Interest and similar expenses	
Other financing operations	
	Cash flow from financial activities (3)
Changes in cash and cash equivalents (1+2+3)	
Cash and cash equivalents at the start of the period	
Cash and cash equivalents at the start of the period	5

Certified Accountant no. 6622

The Board of Directors
 Chief Executive
 Executive voting members
 Non-executive voting members



(amounts in euros)	
2018	2017
51.976.806,55	49.975.103,35
-24.164.836,77	-24.080.425,01
-25.642.551,23	-24.031.272,25
2.169.418,55	1.863.406,09
143.397,21	112.987,71
2.047.832,82	-4.608.141,75
4.360.648,58	-2.631.747,95
-14.941.959,24	-10.704.519,32
-130.729,96	-3.121,16
-17.996,62	-13.597,58
-84.073,63	-88.667,02
-15.174.759,45	-10.809.905,08
74.681,54	946.798,75
1.062.680,00	27.470,00
3.298.875,77	942.940,18
355.885,54	395.006,72
4.792.122,85	2.312.215,65
-10.382.636,60	-8.497.689,43
48.065.599,31	14.714.712,20
74.882.010,00	69.863.280,00
122.947.609,31	84.577.992,20
-52.307.028,41	-52.299.305,11
-51.287.455,81	-18.444.087,03
-2.542.250,03	-2.131.191,84
-106.136.734,25	-72.874.583,98
16.810.875,06	11.703.408,22
10.788.887,04	573.970,84
3.458.983,54	2.885.012,70
14.247.870,58	3.458.983,54



9.2. NOTES ON THE FINANCIAL STATEMENTS

Period ended 31 December 2018

(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 Porto municipal council, 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.

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 the 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 2018, the company continued to comply with the guidelines set out in Article 21 of Law No. 42/2016, of 28 December, and reconfirmed by Article 23 of Law No. 114/2017, of 29 December, with regard to the full replacement of the rights acquired by the collective labour regulation instruments in force at STCP.

Under the terms of Article 104 of Decree-Law no. 33/2018, 15 May, the company submitted to the Secretariat of State for the Treasury, in May 2018, a request in regime exception to the Treasury Unit Principle, for the duration of two years, which was accepted with the Order no. 2018/11914, on 18 July by the IGCP, 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.

In 2018, 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 31 July 2021.

The financial statements relate to the period between 01 January and 31 December 2018. 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 include 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 presented separately, and is amortised according to the provisions of no. 46 of NCRF 14. 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 financial 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 virtually non-existent and immaterial.

4.9. BORROWING COSTS

Financial charges are recognised as an expense in the profit and loss statement 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.

4.11. POST-EMPLOYMENT 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 taxes recorded in the income statement include the effect of current and deferred taxes. The tax is recognised in the income statement, except when related to items that are transacted in equity, which implies its recognition in equity. Deferred tax assets are recognized only when there are reasonable expectations of sufficient future taxable profits for their use, or in situations where there are temporary taxable differences that offset temporary deductible differences in the period of their reversal. At the end of each financial year, these deferred taxes are reviewed, reducing them whenever their future use is no longer probable.

STCP does not recognize any deferred tax assets or liabilities because it believes there is no expectation that it will realize future taxable income that would allow the use of accumulated tax losses to date, or that would generate income tax payments.

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, 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.

Each part of an item of a fixed asset with a significant cost in relation to the total cost of the item is depreciated separately. STCP attributes the amount initially recognised with respect to a fixed tangible asset to its significant parts, and separately depreciates each part. A significant part of a fixed tangible asset may have a useful life and a depreciation method that are the same as the useful life and depreciation method of another significant part of the same item. These parts are grouped together in determining depreciation expenses.

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.

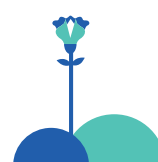
The depreciation rates used correspond to the following periods of estimated useful life:

Tangible fixed asset captions	Years of useful life				
	up to 1988	1989 and 1990	1991 to 2001	2002 to 2011	2012 to 2018
Buildings and other constructions	8 a 100	10 a 100	10 a 50	5 a 50	5 a 50
Basic equipment	5 a 56	5 a 12	5 a 12	3 a 20	3 a 30
Transport equipment	7 a 25	5 a 12	5 a 12	4 a 12	4 a 12
Office equipment	6 a 10	3 a 10	3 a 10	3 a 16	3 a 20
Other tangible fixed assets	-	-	10	4 a 10	4 a 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 the 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 annual 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 they are identified and 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.

After the initial recognition, intangible assets acquired separately are recorded at 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 aforementioned 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 amortised within a maximum period of 10 years.

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 aforementioned 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 publicly 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 2018 and 2017:

	2018	2017
Cash	187.931,12	127.744,94
Bank deposits	14.059.939,46	3.331.238,60
Cash and cash equivalents in Balance / Cash Flow Statement	14.247.870,58	3.458.983,54

6. ACCOUNTING POLICIES, CHANGES TO ACCOUNTING ESTIMATES OR ERRORS

During the year of 2018 and 2017 there were no changes in accounting, estimating or material error correcting policies from previous years.

7. RELATED PARTIES

Financial holdings at 31 December 2018 and 2017:

Company Name	Head office	% Held	Activity
Subsidiary companies			
STCP Serviços – Transportes Urbanos, Consultoria e Participações, Unipessoal Lda.	Porto	100%	Tourism operator and urban and suburban land passenger transport activities.
Associated companies			
TIP - Transportes Intermodais do Porto, ACE	Porto	33,30%	Transport ticketing management.
Transpublicidade – Publicidade em Transportes, S.A.	Oeiras	20%	Manages all and any advertising on vehicles and facilities.
Other subsidiary companies			
Metro do Porto, S.A.	Porto	16,60%	Urban and local passenger transport by metro.
OPT - Optimização e Planeamento de Transportes, SA	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 2018 and 2017 are described in point 6.6 of this annual report.

Over the course of the financial years ended 2018 and 2017, the following transactions were made with related parties:

2018				
Description of transactions	Subsidiary companies	Associated companies	Other related parties	Total
Services obtained	-	1.845,317,26	138.430,18	1.983.747,44
Services supplied	-	35.704.078,30	55.333,42	35.759.411,72

2017				
Description of transactions	Subsidiary companies	Associated companies	Other related parties	Total
Services obtained	-	1.696.254,14	163.099,26	1.859.353,40
Services supplied	-	35.743.370,28	162.957,23	35.906.327,51

Saldos com partes relacionadas em 2018 e 2017:

2018					
Balances	Subsidiary companies	Associated companies	Key management personnel	Other related parties	Total
Current accounts receivable	-	3.637.034,38	-	6.332,16	3.643.366,54
Current accounts payable	-	220.202,54	-	1.014,90	221.217,44

2017					
Balances	Subsidiary companies	Associated companies	Key management personnel	Other related parties	Total
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

8. INTANGIBLE ASSETS

Over the financial years ended 31 December 2018 and 2017, movements in the carrying amount of intangible assets and in their accumulated depreciation and impairment losses were as follows:

Intangible assets	Development projects	Software	Industrial property	Other intangible assets	Intangible assets in progress	Total
Net value as at 01.01.2018	-	21.059,27	388,44	-	5.000,00	26.447,71
Gross assets						
Balance at 01.01.2018	88.749,10	5.240.355,49	98.439,49	1.106.517,00	5.000,00	6.539.061,08
Movements in 2018						
Additions	-	108.955,65	-	-	-	108.955,65
Adjustments and transfers	-	5.000,00	-	-	-5.000,00	-
Balance at 31.12.2018	88.749,10	5.354.311,14	98.439,49	1.106.517,00	-	6.648.016,73
Accumulated depreciation						
Balance at 01.01.2018	-88.749,10	-5.219.296,22	-98.051,05	-1.106.517,00	-	-6.512.613,37
Movements in 2018						
Depreciation expenses	-	-32.722,40	-277,54	-	-	-32.999,94
Balance at 31.12.2018	-88.749,10	-5.252.018,62	-98.328,59	-1.106.517,00	-	-6.545.613,31
Net value as at 31.12.2018	-	102.292,52	110,9	-	-	102.403,42

Intangible assets	Development projects	Software	Industrial property	Other intangible assets	Intangible assets in progress	Total
Net value as at 01.01.2017	-	83.583,18	665,9	92.209,75	5.245,69	181.704,52
Gross assets						
Balance at 01.01.2017	88.749,10	5.237.759,95	98.439,49	1.106.517,00	5.245,69	6.536.711,23
Movements in 2017						
Additions	-	310,25	-	-	2.039,60	2.349,85
Adjustments and transfers	-	2.285,29	-	-	-2.285,29	-
Balance at 31.12.2017	88.749,10	5.240.355,49	98.439,49	1.106.517,00	5.000,00	6.539.061,08
Accumulated depreciation						
Balance at 01.01.2017	-88.749,10	-5.154.176,77	-97.773,59	-1.014.307,25	-	-6.355.006,71
Movements in 2017						
Depreciation expenses	-	-65.119,45	-277,46	-92.209,75	-	-157.606,66
Balance at 31.12.2017	-88.749,10	-5.219.296,22	-98.051,05	-1.106.517,00	-	-6.512.613,37
Net value as at 31.12.2017	-	21.059,27	388,44	-	5.000,00	26.447,71



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

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 2018 and 2017 financial years, in intangible assets in progress:

	Balance at 01.01.2018	Acquisitions	Adjustments and Transfers	Write-offs/ Disposals	Balance at 31.12.2018
Software	5.000,00	-	-5.000,00	-	-

	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
	5.245,69	2.039,60	-2.285,29	-	5.000,00

9. TANGIBLE FIXED ASSETS

Over the financial years ended 31 December 2018 and 2017, 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	Office equipment	Other tangible fixed assets	Tangible assets in progress	Advances on account for tangible assets	Total tangible fixed assets
Net value as at 01.01.2018	32.730.992,72	7.730.089,21	14.369.417,23	44.900,88	384.886,11	1.099.859,19	91.822,77	-	56.451.968,11
Gross assets									
Balance at 01.01.2018	33.254.451,19	27.495.832,76	69.809.840,55	1.303.672,52	4.398.105,20	1.859.999,19	91.822,77	-	138.213.724,18
Movements in 2018									
Additions	-	57.928,60	14.251.164,35	-	245.634,49	-	50.810,32	-	14.605.537,76
Write-offs/sales	-	-	-303.650,03	-340.770,02	-5.307,06	-	-	-	-649.727,11
Adjustments and Transfers	-	173.199,31	-173.199,31	-	-	-	-	-	-
Balance at 31.12.2018	33.254.451,19	27.726.960,67	83.584.155,56	962.902,50	4.638.432,63	1.859.999,19	142.633,09	-	152.169.534,83
Accumulated depreciation									
Balance at 01.01.2018	-	-18.207.739,40	-55.440.423,32	-1.258.771,64	-4.013.219,09	-760.140,00	-	-	-79.680.293,45
Movements in 2018									
Depreciation costs	-	-987.820,77	-2.481.834,01	-8.305,35	-117.491,65	-2.432,49	-	-	-3.597.884,27
Write-offs/sales	-	-	297.471,04	340.770,02	3.649,20	-	-	-	641.890,26
Adjustments and Transfers	-	-164.459,23	164.459,23	-	-	-	-	-	-
Balance at 31.12.2018	-	-19.360.019,40	-57.460.327,06	-926.306,97	-4.127.061,54	-762.572,49	-	-	-82.636.287,46
Accumulated impairment losses									
Balance at 01.01.2018	-523.458,47	-1.558.004,15	-	-	-	-	-	-	-2.081.462,62
Balance at 31.12.2018	-523.458,47	-1.558.004,15	-	-	-	-	-	-	-2.081.462,62
Net value as at 31.12.2018	32.730.992,72	6.808.937,12	26.123.828,50	36.595,53	511.371,09	1.097.426,70	142.633,09	-	67.451.784,75

The "Additions" row for 2018 includes €15,774.21 of work for the company itself for fixed assets in progress.



9. FINANCIAL STATEMENTS

Tangible fixed assets	Land and natural resources	Buildings and other constructions	Basic equipment	Transport equipment	Office equipment	Other tangible fixed assets	Tangible assets in progress	Advances on account for tangible assets	Total tangible fixed assets
Net value as at 01.01.2017	32.774.328,00	8.842.480,59	16.398.591,79	5.344,92	365.057,50	1.102.423,75	279.942,38	-	59.768.168,93
Gross assets									
Balance at 01.01.2017	33.310.507,78	27.700.520,14	69.482.587,26	1.451.724,13	4.322.473,90	1.859.999,19	279.942,38	-	138.407.754,78
Movements in 2017									
Additions	-	35.497,51	183.863,83	47.584,58	67.025,47	-	91.822,77	-	425.794,16
Write-offs/sales	-	-	-68.088,82	-195.636,19	-48.683,14	-	-	-	-312.408,15
Adjustments and Transfers	-56.056,59	-240.184,89	211.478,28	-	57.288,97	-	-279.942,38	-	-307.416,61
Balance at 31.12.2017	33.254.451,19	27.495.832,76	69.809.840,55	1.303.672,52	4.398.105,20	1.859.999,19	91.822,77	-	138.213.724,18
Accumulated depreciation									
Balance at 01.01.2017	-	-17.300.035,40	-53.083.995,47	-1.446.379,21	-3.957.416,40	-757.575,44	-	-	-76.545.401,92
Movements in 2017									
Depreciation costs	-	-998.399,29	-2.424.262,36	-8.028,62	-103.211,15	-2.564,56	-	-	-3.536.465,98
Write-offs/sales	-	-	67.115,75	195.636,19	48.127,22	-	-	-	310.879,16
Adjustments and Transfers	-	90.695,29	718,76	-	-718,76	-	-	-	90.695,29
Balance at 31.12.2017	-	-18.207.739,40	-55.440.423,32	-1.258.771,64	-4.013.219,09	-760.140,00	-	-	-79.680.293,45
Accumulated impairment losses									
Balance at 01.01.2017	-536.179,78	-1.558.004,15	-	-	-	-	-	-	-2.094.183,93
Transfers	12.721,31	-	-	-	-	-	-	-	12.721,31
Balance at 31.12.2017	-523.458,47	-1.558.004,15	-	-	-	-	-	-	-2.081.462,62
Net value as of 31.12.2017	32.730.992,72	7.730.089,21	14.369.417,23	44.900,88	384.886,11	1.099.859,19	91.822,77	-	56.451.968,11

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

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 licensed, 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	2018	2017
Land and natural resources	2.175.113,03	2.175.113,03
Buildings and other constructions	5.729.934,28	5.934.804,17
	7.905.047,31	8.109.917,20



Restrictions on ownership of assets or fixed assets pledged as security for liabilities were not disclosed, given that there are none.

Movements in the 2018 and 2017 financial years in tangible assets in progress:

	Balance at 01.01.2018	Acquisitions	Adjustments and Transfers	Write-offs/ Disposals	Balance at 31.12.2018
Basic equipment	91.822,77	50.810,32	-	-	142.633,09
	91.822,77	50.810,32	-	-	142.633,09

	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	-	
	279.942,38	91.822,77	-279.942,38	-	91.822,77

The "Acquisitions" row includes €15,774.21 of work for the company itself in 2018, and includes €13,514.79 for work in 2017.

There were no movements in advances for tangible fixed assets in the 2018 and 2017 financial years.

As of 31 December 2018, contractual commitments were made for the acquisition of tangible fixed assets amounting to about 33 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 2018 and 2017 financial years, the company paid finance lease rentals amounting to 2,592,854.12 euros (including 50,604.09 euros in interest) and 2,194,160.98 euros (including 62,969.14 euros in interest), respectively.

On 31 December 2018 and 2017, the value of the liabilities that the company had in relation to finance lease rentals, as a lessee, was 3,020,991.26 euros and 4,966,471.34 euros, respectively (with VAT included when it is not deductible), due in the coming financial years as shown in the table below:

	2018			2017		
Years	Discounted value minimum payments	Interest	Total	Discounted value minimum payments	Interest	Total
2018	-	-	-	1.908.654,31	37.145,85	1.945.800,16
2019	1.926.279,03	19.726,29	1.946.005,32	1.926.307,41	19.492,75	1.945.800,16
2020	1.071.668,52	3.317,42	1.074.985,94	1.071.593,01	3.278,01	1.074.871,02
Total	2.997.947,55	23.043,71	3.020.991,26	4.906.554,73	59.916,61	4.966.471,34

On 31 December 2018 and 2017, the net carrying amount for each category of asset under a finance lease was as follows:

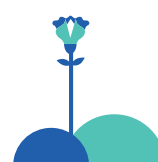
Description	2018			2017		
	Acquisition value	Accumulated depreciation/ impairment losses	Net value	Acquisition value	Accumulated depreciation/ impairment losses	Net value
Tangible fixed assets						
Basic equipment	22.235.500,00	17.239.136,52	4.996.363,48	22.235.500,00	16.079.901,91	6.155.598,09
Total	22.235.500,00	17.239.136,52	4.996.363,48	22.235.500,00	16.079.901,91	6.155.598,09

11.2. OPERATING LEASE

In the 2018 and 2017 financial years, rental expenses under operating leases were recognised in the amounts of 52,050.98 euros and 39,775.60 euros, respectively.

Rentals from operating leases (including the component of other services and VAT, where not deductible), at 31 December 2018 have the following due dates:

Years	2018	2017
2018	-	26.098,14
2019	109.964,57	23.876,69
2020	83.006,32	21.443,54
2021	75.324,04	14.530,00
2022	41.897,54	-
Total	310.192,47	85.948,38



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 2018 and 2017 financial years:

	2018	2017
Interest on loans	3.598.408,15	4.188.984,29
Credit institutions and financial institutions interest	37.254,28	55.081,68
Interest on share capital	3.561.153,87	4.133.902,61
Interest on other financial instruments	17.845.523,75	14.888.581,99
Other financing expenses and losses – relating to loans	208.661,99	208.686,89
Expenses and discounts on the issuance of financing	4.271,65	4.279,06
Surety rate	202.777,78	202.777,78
Commission and other fees	1.612,56	1.630,05
Interest and similar expenses obtained	21.652.593,89	19.286.253,17

Interest and similar income gained, recognised in the 2018 and 2017 financial years:

	2018	2017
Gains on fair value – in financial instruments	14.724.867,88	15.150.186,73
Interest and similar income obtained	14.724.867,88	15.150.186,73

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 2018 and 31 December 2017, to the application of fair value on the investment properties, which was determined through an evaluation undertaken by independent external specialised entities with recognized professional qualifications (In 2018, by CPU Consultores, Lda and in 2017, by 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 2018 and 31 December 2017, for the years 2018 and 2017 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).

As part of this valuation in 2018, 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;
- It was assumed that all the buildings are legal and licensed, free of encumbrances and charges, apart from those contained in existing leases.

Given that these are properties that are not used for production, they are now deactivated and thus available for whatever use the market deems most favourable from the point of view of the benefits to be derived from these properties.

Thus, particularly in the cases of properties consisting of unoccupied land, their valuation was undertaken with a view to their urban development, based on their potential built capacity as defined in the Municipal Master Plan or other plan in force in each location.

For buildings consisting of land and buildings that no longer have a use – former operating facilities that are currently deactivated – the same development perspective was used, based on the potential built capacity as defined in the Municipal Master Plan or other plan in force in each location, and in these cases the buildings were considered obsolete and currently of no value.

In this regard, market comparison criteria and income criteria were used to value the properties, in some cases with the direct capitalisation method (in the cases of currently usable buildings) and in others with the residual value method (in the cases where there was currently no use for the existing buildings).

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”. Thus, there was compliance with the requirements of NCRF 11 when determining the market value of the properties.



Over the financial years ended 31 December 2018 and 2017, movements in the investment properties caption were as follows:

2018				
Investment properties	Land and natural resources	Buildings and other constructions	Advance payments of own accord Investment	Total
Balance at 01.01.2018	11.224.496,02	2.082.989,70	24.726,00	13.332.211,72
Fair value	2.887.253,98	-251.569,42	-	2.635.684,56
Fair value variation / revaluation surplus reversal	-	-1.021.120,28	-	-1.021.120,28
Acquisitions	9.908,54	-	-	9.908,54
Transfers	24.726,00	-	-24.726,00	-
Write-offs/Sales	-831.834,54	-	-	-831.834,54
Balance at 31.12.2018	13.314.550,00	810.300,00	-	14.124.850,00

2017				
Investment properties	Land and natural resources	Buildings and other constructions	Advance payments of own accord Investment	Total
Balance at 01.01.2017	10.656.433,00	1.739.767,00	24.726,00	12.420.926,00
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/Sales	-52.457,11	-	-	-52.457,11
Balance at 31.12.2017	11.224.496,02	2.082.989,70	24.726,00	13.332.211,72

The company undertook no contractual obligations in relation to the construction, development, repair or maintenance of investment properties.

Over the 2018 and 2017 financial years, the following income and expenditure relating to investment properties was recognised:

Investment properties	2018		2017	
	Leased	For valuation	Leased	For valuation
Income				
Income from Rentals	446.377,41	-	412.939,48	-
Other income	-	6.900,00	-	-
Expenses				
Direct costs	-35.873,08	-26.324,24	-49.909,98	-26.763,28
Profit/loss	410.504,33	-19.424,24	363.029,50	-26.763,28

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 with its obligation to finance the social activities.

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 2018 and 2017, there were no movements in impairment losses in tangible fixed assets.

A breakdown of accumulated impairment losses in tangible fixed assets, as at 31 December 2018 and 2017, 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 2018 and 2017:



Year of 2018	Assets	Liabilities	Equity	Income	Net profit	% Holding
Subsidiary companies						
STCP Serviços	47.629,08	5.597,22	42.031,86	-	-1.431,66	100%
Associated companies						
TIP, ACE	21.054.201,70	18.279.384,84	2.774.816,86	7.355.395,67	1.615.503,24	33,33%
Transpublicidade, S.A.	1.247.767,24	707.582,54	540.184,70	1.151.144,32	-5.200,27	20%
Year of 2017	Assets	Liabilities	Equity	Income	Net profit	% Holding
Subsidiary companies						
STCP Serviços	49.060,74	5.597,22	43.463,52	-	-1.825,12	100%
Associated companies						
TIP, ACE	18.715.389,26	17.644.948,89	1.070.440,37	7.182.328,57	709.598,79	33,33%
Transpublicidade, S.A.	1.040.271,52	494.886,55	545.384,97	987.903,36	27.688,46	20%

Although provisional, the associate companies' and subsidiaries' financial statements at 31 December of each financial year were used.

The application of the equity method in the STCP Services subsidiary has been suspended since 2008, by virtue of the portion of the STCP in the negative results of the subsidiary having exceeded the carrying amount corresponding to the investment.

In 2017, TIP, ACE, for the first time since its establishment, presented positive equity, so the equity method was restarted for this subsidiary,

Movements in STCP's financial statements in relation to financial holdings in subsidiaries and associate companies in the 2018 and 2017 financial years:

	2018	2017
Financial holdings		
Initial balance	465.523,08	103.539,24
Adjustments – equity method (*)	567.452,81	361.983,84
Other changes	-	-
Final balance	1.032.975,89	465.523,08
Impairment losses	-	-
Net assets	1.032.975,89	465.523,08

(*) In 2018, €537,461.03 were recorded under the caption "Gains/losses attributable to subsidiaries, associate companies and joint ventures", €29,624.41 under "Adjustments/Other changes in equity" and €367.37 under "Retained earnings". In 2017, €241,703.31 were recorded under the caption "Gains/losses attributable to subsidiaries, associate companies and joint ventures", and €120,280.53 under "Adjustments/Other changes in equity".

16. BUSINESS COMBINATIONS

Not applicable.

17. INVESTMENTS IN SUBSIDIARIES AND CONSOLIDATION

See note 15.2.

18. EXPLORATION AND ASSESSMENT OF MINERAL RESOURCES

Not applicable.

19. AGRICULTURE

Not applicable.

20. INVENTORIES

Inventories caption at 31 December 2018 and 2017:

	2018			2017		
	Gross amount	Impairment losses	Net amount	Gross amount	Impairment losses	Net amount
Raw and sub. materials and consumables	1.419.389,73	-899.480,13	519.909,60	1.397.884,73	-925.108,25	472.776,48
	1.419.389,73	-899.480,13	519.909,60	1.397.884,73	-925.108,25	472.776,48

Cost of raw materials, subsidiary materials and consumables in the 2018 and 2017 financial years:

	2018	2017
Initial Inventory	1.397.884,73	1.427.362,80
Procurement	1.454.598,73	1.112.035,33
Adjustments	9.462,36	39.477,26
Cost of consumed materials	-1.442.556,09	-1.180.990,66
Final inventory	1.419.389,73	1.397.884,73

In the 2018 and 2017 financial years, there were no movements in the caption "Changes in products and work in progress".



Year of 2018	Initial balance	Increases	Reversals	Final balance
Raw and subsidiary materials and consumables	925.108,25	-	25.628,12	899.480,13
Year of 2017	Initial balance	Increases	Reversals	Final balance
Raw and subsidiary materials and consumables	947.173,70	-	22.065,45	925.108,25

21. CONSTRUCTION CONTRACTS

Not applicable.

22. REVENUE

Breakdown of revenue recognised at 31 December 2018 and 2017, all generated in national territory:

	2018	2017
Service provision	47.924.924,87	45.645.941,55
Public passenger transport (*)	47.828.516,10	45.548.713,86
Vehicle hire	102.833,26	101.938,76
Sales rebates	-6.424,49	-4.711,07
Supplementary income	933.163,03	861.208,16
Rental of equipment	644,28	2.050,00
Royalties	1.138,22	2.976,43
Other supplementary income	931.380,53	856.181,73
Maintenance services	66.856,29	64.805,89
Advertising	270.741,23	212.112,02
Employee assignments	115.248,52	100.671,13
Lease and space rental	285.402,79	269.836,27
Provision of consultancy and other services	30.174,62	22.264,95
Sales of scrap and other goods	13.941,60	26.226,47
Museum sales and services	114.087,52	100.993,54
Others	34.927,96	59.271,46
Rents and other income from investment properties	453.277,41	412.939,48
	49.311.365,31	46.920.089,19

(*) As subvenções públicas estão definidas no Decreto-Lei n.º 167/2008, de 26 de agosto, que estabelece dois tipos de subvenções: indemnizações compensatórias e outros tipos de subvenção.

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 aforementioned 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.

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.

The company recognises these subsidies, under these contracts relating to fares, in the caption *"Revenue from sales and services provided – public passenger transport"*.

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 2018. 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 2018, 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 2018 and 2017:



	2018			
	Initial balance	Increases	Reversals	Final balance
Ongoing legal proceedings	16.017.222,80	-	2.499.669,11	13.517.553,69
Occupational accidents and diseases	430.333,24	-	5.777,28	424.555,96
Other provisions	3.464.438,24	75.643,29	2.305.758,44	1.234.323,09
	19.911.994,28	75.643,29	4.811.204,83	15.176.432,74
Increases and (decreases) in provisions	-	-	-4.735.561,54	-

	2017			
	Initial balance	Increases	Reversals	Final balance
Ongoing legal proceedings	9.362.217,47	6.655.005,33	-	16.017.222,80
Occupational accidents and diseases	443.744,79	.	13.411,55	430.333,24
Other provisions	2.997.643,52	2.081.855,38	1.615.060,66	3.464.438,24
	12.803.605,78	8.736.860,71	1.628.472,21	19.911.994,28
Increases and (decreases) in provisions	-	-	7.108.388,50	-

In 2018, the decrease in the value of provisions for ongoing legal proceedings was due essentially to the derecognition of the existing provision for the following legal proceedings.

- Case no. 1793/17.1 BELRA – Plaintiff Molgás Energia Portugal, S.A, due to its legal outcome in 2018, without expenses;
- Case no. 2576/13.3 BEPRT, in view of its likely favourable outcome without expenses for STCP, due to the legal liability proscribing.

On 31 December 2018, the company has two pending legal proceedings whose values are materially relevant, with a provision created:

- Case no. 1213/16.9 BELSB – Plaintiff 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 of awarding the sub-concession for the operation of the STCP transport system, and the sub-concession contract;
- Case no. 1893/06.3 BEPRT – Plaintiff Oliveira Fernandes e Ribeiro Lda. The Plaintiff requires that STCP refrains from operating lines 83 and 84, current 905 and 900, and claims losses;

A legal unfavourable decision against STCP should be noted, 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 Council of Ministers' Resolution no. 52/2003 of 27 March, in which it awarded compensatory indemnity to Carris and STCP of, respectively, 40,916,478.00 euros and 12,376,201.00 euros. 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 in doubt. The reason that STCP has not provisioned any amounts for this case is because it believes 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%. Furthermore, 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, a provision was established for other risks and charges, of a significant amount, to assume the risk with legal responsibilities, existing at the end of the year, with respect to past years, whose resource exit for obligation settlements is likely to occur in future financial years.

In 12 December 2018, an Agreement was reached between STCP and the Unions, which resulted in the payment of a substantial part of past legal liabilities. Thus, it was possible to significantly reduce the provision existing on 31 December 2018.

24. SUBSIDIES AND OTHER SUPPORT FROM PUBLIC ENTITIES

Most relevant movements in subsidies in the 2018 and 2017 financial years:

2018					
Subsidies	Amount received in the year	Amount still to be received in the year	Total amount awarded	Revenue for the period	Accumulated revenue
Operating subsidies	4.333.136,20	2.294.436,06	4.851.737,01	4.851.737,01	4.851.737,01
Municipalities (*)	4.246.050,19	2.253.102,91	4.757.402,51	4.757.402,51	4.757.402,51
Other public entities	87.086,01	41.333,15	94.334,50	94.334,50	94.334,50
Subsidies related to assets	3.298.875,77	1.641.898,47	14.140.037,33	616.287,83	6.563.549,99
Tangible assets	3.204.215,07	1.641.898,47	13.929.214,01	592.543,52	6.444.996,67
- Buildings and other constructions	45.837,93	-	759.850,39	23.897,41	320.566,85
- Basic equipment	3.048.634,96	1.641.898,47	12.777.941,02	526.885,82	5.931.881,38
- Office equipment	86.327,31	-	307.433,61	40.673,02	134.061,03
- Other tangible fixed assets	1.084,46	-	61.658,58	1.087,27	58.487,41
- Tangible assets in progress	22.330,41	-	22.330,41	-	-
Investment properties	-	-	33.141,16	-	17.556,95
- Buildings	-	-	33.141,16	-	17.556,95
Intangible assets	94.660,70	-	177.682,16	23.744,31	100.996,37
Software	-	-	177.682,16	23.744,31	100.996,37
	7.632.011,97	3.936.334,53	18.991.774,34	5.468.024,84	11.415.287,00

(*) The amounts indicated do not include VAT, and the amount received in 2018, of 1,338,597.57 euros refers to subsidies that were owed in 2017. In the amount still to be received, €322,461.30, also refers to 2017.

2017					
Subsidies	Amount received in the year	Amount still to be received in the year	Total amount awarded	Revenue for the period	Accumulated revenue
Operating subsidies	-	1.661.058,86	1.661.058,86	1.661.058,86	1.661.058,86
Municipalities	-	1.661.058,86	1.661.058,86	1.661.058,86	1.661.058,86
Subsidies related to assets	942.940,18	1.727,98	9.201.028,01	455.873,83	5.947.299,10
Tangible assets	935.561,50	1.084,46	9.084.221,87	452.891,89	5.852.490,09
- 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
Investment properties	-	-	33.141,16	-	17.556,95
- Buildings	-	-	33.141,16	-	17.556,95
Intangible assets	7.378,68	643,52	83.664,98	2.981,94	77.252,06
- Software	7.378,68	643,52	83.664,98	2.981,94	77.252,06
	942.940,18	1.662.786,84	10.862.086,87	2.116.932,69	7.608.357,96



25. EFFECTS OF EXCHANGE RATE CHANGES

In 2018 there were no significant transactions in foreign currency. In 2017 there were transactions in pounds sterling, but the amounts were insignificant.

26. EVENTS AFTER THE BALANCE SHEET DATE

Nada a relatar.

27. INCOME TAX

The company is subject to the general Corporate Income Tax (IRC) regime.

Given the historic deficit situation, there are no records of taxable profits. At 31 December 2018, reportable tax losses amounted to 64,466,950.78 euros, as broken down below:

Years	Tax losses
2013	7.178.252,27
2014	9.563.588,84
2015	15.624.481,05
2016	15.458.446,80
2017	16.642.181,82
	64.466.950,78

STCP does not recognise any deferred tax assets or liabilities, because the company is not expected to generate future taxable profits that would allow the use of accumulated tax losses.

Similarly, deferred tax liabilities were not recognised, because it is not thought likely that the type of financing of the public transport service or the economic conditions will alter significantly and create sufficient taxable amounts to require collection and consequently the payment of income tax.

At the end of the 2018 financial year, the income tax account only reflects the estimate of autonomous tax payable in 2018, which amounts to 12,871.32 euros.

28. ENVIRONMENTAL ISSUES

We have no relevant information to report in the 2018 and 2017 financial years.

29. FINANCIAL INSTRUMENTS

29.1. IDENTIFICATION OF FINANCIAL ASSETS AND LIABILITIES

Categories of financial assets and liabilities, at 31 December 2018 and 2017:

Financial assets Year 2018	Financial assets at cost or amortised cost	Financial assets valued at Fair Value through profit and loss	Not covered by IFRS7 (*)	Total
Non-current assets	1.041.494,59	-	-	1.041.494,59
Other financial investments	108.983,35	-	-	108.983,35
Receivables	932.511,24	-	-	932.511,24
Current assets	21.764.747,00	-	723.552,65	22.488.299,65
Customers	3.110.155,66	-	-	3.110.155,66
Other receivables	4.406.720,76	-	723.552,65	5.130.273,41
Cash and bank deposits	14.247.870,58	-	-	14.247.870,58
	22.806.241,59	-	723.552,65	23.529.794,24

(*) "Debtors on income accruals" caption

Financial liabilities Year 2018	Financial liabilities at amortised cost	Financial liabilities valued at Fair Value through profit and loss	Not covered by IFRS7 (*)	Total
Non-current liabilities	262.776.876,70	82.627.579,30	-	345.404.456,00
Loans obtained	262.776.876,70	-	-	262.776.876,70
Other financial liabilities	-	82.627.579,30	-	82.627.579,30
Current liabilities	68.283.372,81	1.412.723,81	6.740.267,37	76.436.363,99
Suppliers	2.738.396,39	-	-	2.738.396,39
Advances from customers	1.395,35	-	-	1.395,35
Loans obtained	61.853.882,02	-	-	61.853.882,02
Other accounts payable	3.689.699,05	-	6.740.267,37	10.429.966,42
Other financial liabilities	-	1.412.723,81	-	1.412.723,81
	331.060.249,51	84.040.303,11	6.740.267,37	421.840.819,99

(*) "Creditors on expense accruals" caption



Financial assets Year 2017	Financial assets at cost or amortised cost	Financial assets valued at Fair Value through profit and loss	Not covered by IFRS7 (*)	Total
Non-current assets	91.822,63	-	-	91.822,63
Other financial investments	91.822,63	-	-	91.822,63
Current assets	8.522.805,43	-	1.061.925,47	9.584.730,90
Customers	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
	8.614.628,06	-	1.061.925,47	9.676.553,53

(*) "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
Non-current liabilities	276.330.596,67	97.352.447,18	-	373.683.043,85
Loans obtained	276.330.596,67	-	-	276.330.596,67
Other financial liabilities	-	97.352.447,18	-	97.352.447,18
Current liabilities	56.454.369,30	30.869.687,70	5.709.567,97	93.033.624,97
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
	332.784.965,97	128.222.134,88	5.709.567,97	466.716.668,82

(*) "Creditors on expense accruals" caption

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 2018 and 2017, this situation applied to the captions "Customers", "Other receivables", "Cash and bank deposits" and "Other debts payable".

29.1.1. FINANCING OBTAINED

Breakdown of loans at 31 December 2018 and 2017:

Loans obtained	Year of 2018					
	Amortised cost			Nominal amount		
	Total	Current	Non-current	Total	Current	Non-current
Credit institutions and financial companies	3.008.811,39	1.937.142,87	1.071.668,52	3.008.811,39	1.937.142,87	1.071.668,52
Finance leases	2.997.947,55	1.926.279,03	1.071.668,52	2.997.947,55	1.926.279,03	1.071.668,52
Credit card	10.863,84	10.863,84		10.863,84	10.863,84	-
Securities market	99.999.870,06	10.183,25	99.989.686,81	100.000.000,00	-	100.000.000,00
Non-convertible debenture loans	99.999.870,06	10.183,25	99.989.686,81	100.000.000,00	-	100.000.000,00
Debenture loans 07	99.999.870,06	10.183,25	99.989.686,81	100.000.000,00	-	100.000.000,00
Equity stakeholders	221.622.077,27	59.906.555,90	161.715.521,37	221.328.570,83	59.613.049,46	161.715.521,37
Parent company – loans and other	221.622.077,27	59.906.555,90	161.715.521,37	221.328.570,83	59.613.049,46	161.715.521,37
	324.630.758,72	61.853.882,02	262.776.876,70	324.337.382,22	61.550.192,33	262.787.189,89

Loans obtained	Year of 2017					
	Amortised cost			Nominal amount		
	Total	Current	Non-current	Total	Current	Non-current
Credit institutions and financial companies	4.912.070,95	1.914.170,53	2.997.900,42	4.912.070,95	1.914.170,53	2.997.900,42
Finance leases	4.906.554,73	1.908.654,31	2.997.900,42	4.906.554,73	1.908.654,31	2.997.900,42
Credit card	5.516,22	5.516,22	-	5.516,22	5.516,22	-
Securities market	100.097.265,08	111.845,74	99.985.419,34	100.000.000,00	-	100.000.000,00
Non-convertible debenture loans	100.097.265,08	111.845,74	99.985.419,34	100.000.000,00	-	100.000.000,00
Debenture loans 07	100.097.265,08	111.845,74	99.985.419,34	100.000.000,00	-	100.000.000,00
Equity stakeholders	225.935.636,27	52.588.359,36	173.347.276,91	225.575.347,55	52.228.070,64	173.347.276,91
Parent company – loans and other	225.935.636,27	52.588.359,36	173.347.276,91	225.575.347,55	52.228.070,64	173.347.276,91
	330.944.972,30	54.614.375,63	276.330.596,67	330.487.418,50	54.142.241,17	276.345.177,33

All loans are denominated in euros.



29.1.1.1. NON-CURRENT

At 31 December 2018, 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 the 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 Euros 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 Euros on 6 October 2014;
 2. 177,083,648.72 Euros on 27 November 2014;
 3. 2,000,000 Euros 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 Euros, the borrowing of which was also authorised, to address the operating needs for the third quarter of 2015:
 - 1,472,710 Euros on 30 September 2015;
 - €1,511,000 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.
- By 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, the STCP swap contract, whose payment is foreseen in no.2 of clause 3 of the Agreement signed between the Portuguese State, the Transport Companies, and 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 01 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 Colectivos do Porto, S.A, of up to 29,666,503.73 euros 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.

- Through the Orders of the Secretariat of State for the Treasury no. 407/18-SET, of 25 May 2018, and the Deputy Secretary of State for the Environment of 28 May 2018, the granting of a first medium-and long-term loan was approved, by the State to Sociedade de Transportes Coletivos do Porto, S.A., of up to €17,589,232.29, to meet the needs associated with the cashflow falling due in 2018, from the STCP swap contract, whose payment is envisaged in no. 2 of clause 3 of the Agreement signed between the State, the Transport Companies, and the Banco Santander Totta, S.A., on 2 May 2017. The intra-company principal was provided in two tranches:

- 8,427,624.65 euros on 1 June 2018.
- 9,161,607.64 euros on 30 November 2018.

- Through the Orders of the Secretariat of State for the Treasury no. 1048/18-SET, of 20 December 2018, the granting of a 2nd medium-and long-term loan was approved from the State to Sociedade de Transportes Coletivos do Porto, S.A., for the sum of up to 1,211,424.00 euros to meet the financing needs associated with the Agreement reached between the company and the Unions, on 12 December 2018. The intracompany principal was provided in two tranches:

- 725,557.90 euros on 31 December 2018.
- 390,956.18 euros, to be paid during 2019.

At 31 December 2018, the company had not defaulted on any of the loans borrowed.

29.1.1.2. CURRENT

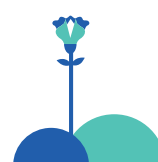
The company has a credit card for the exclusive purpose of paying current cash expenses on time, whose debit balance at 31 December 2018 was 10,863.84 euros. The credit card is configured for the solution offered by the Treasury and Public Debt Management Agency (IGCP), E.P.E., as an alternative to using 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 2018 and 2017 can be broken down as follows:

Other financial investments	2018	2017
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	41.951,49	23.359,11
Gross amount	1.466.951,49	1.448.359,11
Accumulated impairment losses	-1.357.968,14	-1.356.536,48
Carrying amount	108.983,35	91.822,63
Impairment of investments not depreciable/amortisable (losses/reversals)	-1.431,66	-1.825,12



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):

	2018		2017	
	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				
Net assets	-	25.000,00	-	25.000,00

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

At 31 December 2018, 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.

On 31 December 2018 and 2017, the fair value of these derivative financial instruments for covering interest rates (adding, in 2017, on the current component, the accrued and unpaid interest in the amount of 29,666,505.71 euros) was the following:

Hedged financing	Notional amount	Maturity	2018		
			Fair value	Current	Non-current
Debenture 2007	25.000.000	5-Jun-22	-84.040.303,11	-1.412.723,81	-82.627.579,30
Other financial liabilities	-	-	-84.040.303,11	-1.412.723,81	-82.627.579,30

			2017		
Hedged financing	Notional amount	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
Other financial liabilities			-128.222.134,88	-30.869.687,70	-97.352.447,18

The aforementioned instrument was the subject of 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 released itself from compliance with the obligations arising from it. Pending the dispute, STCP had 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 2017, the Board of Directors approved the terms of a contract signed between the Portuguese State and 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 in representation of the four Public Transport Companies involved, under the terms of which the Portuguese State, Banco Santander Totta, S.A., and the Public Transportation Companies which had signed interest rate financial risk management contracts, if they committed to comply with the contracts and payment obligations due from them, and meet the payment obligations due under these contracts until 31 January 2018.

Breakdown of fair value changes in 2018 and 2017:

Hedged financing	Notional amount	Maturity	2018	2017
Debenture 2007	25.000.000	5-Jun-22	14.724.867,88	15.150.186,73
			14.724.867,88	15.150.186,73

On 31 December 2018 and 2017, the fair value of the derivative financial instrument was determined by Banco Santander Totta, S.A..

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 2018 and 2017 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:

	2018	2017
Without recorded impairment		
Customers current account	3.110.155,66	3.251.009,93
Not due	1.185.440,22	11.560,36
Past due	1.924.715,44	3.239.449,57
<30 days	1.916.400,20	3.149.359,82
<60 days	1.874,80	75.346,70
<90 days	1.488,00	2.512,20
<120 days	1.581,19	2.580,00
>=180 days	3.371,25	9.650,85
With impairments		
Customers current account	13.572,91	13.572,91
Past due	13.572,91	13.572,91
>=180 days	13.572,91	13.572,91

Breakdown of the caption "Other debtors", according to due date and recoverability:

	2018	2017
Without recorded impairment		
Other debtors	5.153.271,62	1.535.293,94
Not due (*)	3.515.263,47	114.828,63
Past due	1.587.455,44	1.376.866,60
<30 days	161.699,12	1.287.557,43
<60 days	618.719,93	16.705,03
<90 days	335.645,57	3.211,61
<120 days	255.317,74	9.298,98
<180 days	31.181,52	13.257,77
>=180 days	184.891,56	46.835,78
Deposits and securities paid	50.598,71	43.598,71
With impairments		
Other debtors	25.081,18	25.081,18
Past due	25.081,18	25.081,18
>=180 days	25.081,18	25.081,18

(*) In 2018, debts not yet due by other debtors total a sum of 932,511.24 euros, which only fall due in 2020, this value is therefore found listed in the balance as non-current.

The uncollectibility risk was analysed, and it was found that the current risk is the same as the previous year. Accordingly, on 31 December 2018, impairments of customers and other debtors amounted to 38,654.09 euros, reflecting the actual uncollectibility 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 2018, 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 euros and finance lease operations, from which it was estimated that in 2019 rents and charges would increase by 48,000 euros in relation to the debt service at 31 December 2018.

Future cash-flow liabilities relating to non-current loans are as follows:

Years	Interest	Repayment	Cash flow
2019	2.892.815,26	59.613.049,46	62.505.864,72
2020	1.940.395,69	62.665.514,49	64.605.910,18
2021	989.576,33	62.665.514,49	63.655.090,82
2022	255.663,57	112.457.139,70	112.712.803,27
2023	158.744,16	10.437.443,87	10.596.188,03
2024	81.306,44	10.437.443,87	10.518.750,31
2025	17.083,98	3.052.464,95	3.069.548,93

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, in other words, 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 29 May 2018, at the express will of the single shareholder, the Portuguese State, by means of Written Unanimous Corporate Decision, it was decided to raise the company's Share Capital by 18,200,000 euros, through the emission of 3,640,000 new shares, with the nominal value of 5 euros each, subscribed by the single shareholder, and fully paid in cash.

On 27 December 2018, by express will of the single shareholder the Portuguese State, by means of Written Unanimous Corporate Decision, it was decided to raise the company's Share Capital by 56,682,010 euros, through the emission of 11,336,042 new shares, with the nominal value of 5 euros each, subscribed by the single shareholder, and fully paid through credit conversion, for the sum of 55,504,948.95 euros, held by the State/Directorate General of Treasury and Finance, which fell due on 31 May and 30 November 2018, and the sum of 1,177,061.05 euros in cash.

On 31 December 2018, the share capital carrying amount issued by the company corresponded to the Share capital caption, in the amount of 288,034,780 euros, fully paid, and represented by 57,606,596 shares in a merely contractual form, with the nominal value of 5 euros each, totally held by the Portuguese State, as, at that date, registration was still pending at the Commercial Registry of the last increase in share capital, which only occurred in February 2019.

The Group's Share Capital is held 100% by the Portuguese State.

29.4.2. RESERVES

"Reserves" caption at 31 December 2018 and 2017:

Reserves	2018	2017
Legal reserves	74.907,42	74.907,42
Other reserves	25.727,80	25.727,80
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 2018 and 2017:

	Tangible fixed assets
Balance at 01.01.2017	43.551.099,80
Amortisation	-762.369,05
Revaluation reversal (*)	-737,03
Balance at 31.12.2017	42.787.993,72
Balance at 01.01.2018	42.787.993,72
Amortisation	-748.864,38
Sales	-34.792,94
Revaluation reversal (*)	-1.021.120,28
Balance at 31.12.2018	40.983.216,12

(*) In 2018, the amount of 1,021,123.28 euros related to the use of the revaluation reserve to compensate losses in fair value of investment property which were carried over from tangible fixed assets with an established revaluation reserve. In 2017, this value was €737.03.

29.4.4. ADJUSTMENTS / OTHER CHANGES IN EQUITY

Adjustments and other changes in equity at 31 December 2018 and 2017:

	2018	2017
Adjustments in financial assets – equity method	521.635,89	249.940,86
Transitional adjustments	-32.560,03	-32.560,03
Undistributed profits	404.290,98	162.220,36
Arising from other changes in equity of the subsidiaries	149.904,94	120.280,53
Other changes in equity	8.482.165,97	4.159.407,54
Subsidies related to assets	7.576.487,34	3.253.728,91
Donations	281.048,63	281.048,63
Other changes in equity	624.630,00	624.630,00
Adjustments/other changes in equity	9.003.801,86	4.409.348,40

29.4.5. EARNINGS PER SHARE

Earnings per share in 2018 and 2017:

	2018	2017
Net profit for the period	-1.820.042,93	-14.910.937,48
Weighted average no. of shares	44.915.126	31.189.582
Basic earnings per share	-0,04	-0,48

Owing to the fact that there are no situations giving rise to dilution, the net profit per diluted share is the same as the net profit per basic share.

30. EMPLOYEE BENEFITS

30.1. POST-EMPLOYMENT BENEFITS – DEFINED BENEFITS PLAN

Since 1 May 1975, the company has had a defined benefits plan to award retirement and invalidity pension contributions to all employees, pursuant to the company's agreements and existing legislation. These are calculated based on a fixed formula and paid provided that the sum of the Social Security pension and the contribution does not exceed 650 euros (value effective since 2007).

On 31 December 2018 and 2017, according to the actuarial study carried out by BPI Vida e Pensões for this purpose, the present value of obligations assumed with liabilities for retirement and invalidity pension contributions was as follows:

	2018	2017
Cost of past retirement services	1.792.487,00	2.119.771,00
Fund liability	1.792.487,00	2.119.771,00



The actuarial evaluation of liabilities, in 2018 and 2017, used the projected unit credit method and was based on the following actuarial assumptions:

Main assumptions	2018	2017
Financial assumptions		
Discount rate in determining liabilities	0,83%	0,52%
Discount rate in determining costs	0,52%	0,40%
Salary growth rate	Não aplicável	Não aplicável
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
Demographic assumptions		
Life table	French table TV 73/77	French table TV 73/77
Invalidity table	Not applicable	Not applicable

(*) In years prior to 2001, the ceiling was 548.68 euros. 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 December 2014, by March 2016, it became €600.00. 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 has contributed annually, since this date, in accordance with the financing requests demanded by this Fund.

Movements in the Pension Fund at 31 December 2018 and 2017:

	2018	2017
Value of the fund assets at the beginning of the financial year	1.642.119,00	1.820.027,00
Company contributions	-	121.134,00
Pensions paid	-326.765,00	-369.927,00
Effective income	-86.623,00	70.885,00
Value of the fund assets at the end of the financial year	1.228.731,00	1.642.119,00

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. In February 2019, the fund was increased by a further 213,317 euros, to cover the minimum levels of financing required by the ASF at 31 December 2018.

At the date of closing the accounts, it is not possible to reliably estimate the value of contributions for 2019. 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 2018 and 2017:

	2018	2017
Liabilities at the start of the financial year	2.119.771,00	2.385.763,00
Cost of interest on liabilities	10.064,00	8.749,00
Pensions paid	-326.765,00	-369.927,00
Actuarial experience losses and (gains)	21.709,00	110.327,00
Losses and (gains) from changes in discount rate	-32.291,00	-15.141,00
Liabilities at the end of the financial year	1.792.488,00	2.119.771,00

A change in the discount rate to 0.25% less would result in a 25,947 euro 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 25,189 euro decrease in liabilities assumed for retirement and invalidity pension contributions.

A change in the pension growth rate to 1% less would result in a 331,978 euro 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 285,728 euro decrease in liabilities assumed for retirement and invalidity pension contributions.

Over the 2018 and 2017 financial years, liabilities for retirement and invalidity pension contributions, recognised in the caption "Staff expenses", were as follows:

	2018	2017
Recognised in the profit and loss statement	2.484,00	2.263,00
Net cost of interest	2.484,00	2.263,00
Recognised in equity	83.621,00	30.787,00
Remeasurement of net liabilities (assets) of defined benefits	83.621,00	30.787,00
Actuarial losses and (gains)	63.710,00	137.670,00
(Pension) benefits losses and (gains)	-42.001,00	-27.343,00
Income losses and (gains)	94.203,00	-64.399,00
Discount rate changes losses and (gains)	-32.291,00	-15.141,00
	86.105,00	33.050,00



Effective income rates of the pension fund in the last 5 years:

	2018	2017	2016	2015	2014
Effective income rate	-3,60%	5,30%	-0,10%	4,00%	5,90%

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
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%
2018	1.792.488,00	1.228.731,00	-563.757,00	69%

Composition of the BPI Valorização open pension fund at 31 December 2018 and 2017:

Composition	2018		2017	
	Amount	%	Amount	%
Shares	335.248	27%	471.938	29%
Fixed-rate bonds	709.603	58%	826.909	50%
Variable-rate bonds	53.632	4%	167.497	10%
Absolute return	80.709	7%	109.379	7%
Real estate	13.967	1%	24.270	1%
Liquidity	35.572	3%	42.125	3%
	1.228.731		1.642.119	

At 31 December 2018 and 2017, the asset value of the Group's membership to the BPI Valorização open pension fund was 1,228,731 euros and 1,642,119 euros respectively, representing 0.6% and 0.8% 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 STAFF COSTS

Staff expenses at 31 December 2018 and 2017:

	2018	2017
Wages of governing bodies members	312.044,27	179.781,73
Personnel wages	25.804.642,59	23.470.675,06
Post-employment benefits	52.619,95	51.496,08
Indemnities	2.500,00	52.191,48
Charges on remunerations	5.847.579,55	5.285.806,24
Occupational accidents and diseases insurance	393.890,21	407.450,29
Social action expenses	184.432,82	191.398,69
Other personnel expenditure	178.422,18	172.905,98
Personnel expenditure	32.776.131,57	29.811.705,55

In 2018, personnel expenditure included the sum of 1,116 thousand euros to account for the Agreement reached between the company and the Unions, on 12 December 2018, for the payment of past legal obligations.

30.3. NUMBER OF EMPLOYEES

During the exercises of 2018 and 2017, the average number of permanent staff working for the company (without governing bodies) was respectively 1,231 and 1,226 workers.

In 31 December 2018, the permanent staff (without governing bodies) was of 1,271 employees, and 1,242 in 31 December 2017.

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 2018 and 2017:

	2018	2017
Suppliers (current account)	2.738.396,39	1.135.513,99
Not due	1.398.509,39	907.228,13
Past due	615.206,10	168.978,03
<30 days	354.756,68	79.890,03
<60 days	118.530,67	23.093,26
<90 days	66.781,40	7.592,36
<120 days	8.307,55	14.968,93
<180 days	7.223,45	10.851,97
>=180 days	59.606,35	32.581,48
Em recepção e conferência	724.680,90	59.307,83

	2018	2017
Investment suppliers	3.058.423,98	83.728,37
Not due	3.044.688,76	76.896,95
Past due	13.735,22	6.831,42
<30 days	6.334,18	-
<60 days	1.629,75	3.289,02
<90 days	1.978,89	-
<120 days	250,00	-
>=180 days	3.542,40	3.542,40

Other creditors, at 31 December 2018 and 2017:

	2018	2017
Other creditors	443.470,77	485.986,67
Not due	222.231,59	116.123,53
Past due	119.223,89	326.794,44
<30 days	26.884,89	324.982,36
<60 days	33.028,99	6,65
<90 days	41.451,54	2,82
<120 days	15.530,29	2,82
<180 days	5,64	5,64
>=180 days	2.322,54	1.794,15
Deposits and securities received	102.015,29	43.068,70

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 2018 and 2017:

	2018		2017	
	Assets	Liabilities	Assets	Liabilities
Income tax	563.955,26	-	543.149,54	-
Corporate income tax – payment on account	402.325,00	-	411.162,50	-
Corporate income tax – recoverable	161.630,26	-	131.987,04	-
Withholding of income tax	-	511.293,76	-	253.808,17
Value added tax	1.706.747,81	-	339.496,66	-
VAT – recoverable/requested repayments	1.706.747,81	-	339.496,66	-
Social security contributions	-	910.837,65	-	600.980,84
Other taxes	-	362.002,24	-	135.850,08
Government and other public entities	2.270.703,07	1.784.133,65	882.646,20	990.639,09



32.3. OTHER DEBTS PAYABLE

Breakdown of other debts payable at 31 December 2018 and 2017:

Other debts payable	2018	2017
Personnel	187.804,30	133.650,74
Other debtors – credit balances (*)		1.113,90
Investment suppliers (current account)	3.058.423,98	83.728,37
Accrued costs payable	6.740.267,37	5.709.567,97
Sundry creditors	443.470,77	485.986,67
	10.429.966,42	6.414.047,65

(*) In 2017, this caption included 988.90 of customer credit balances that, in 2018, became listed under the caption "Advances to customers".

Accrued costs payable	2018	2017
External supply and services	2.216.776,05	1.817.050,26
Specialised work	2.119.327,11	1.704.674,38
Material	655,38	466,35
Energy and other fluids	6.362,86	18.520,75
Other services	90.430,70	93.388,78
Staff costs	4.413.483,00	3.765.972,70
Other expenses	110.008,32	126.524,92
Financial charges		20,09
	6.740.267,37	5.709.567,97

32.4. OTHER RECEIVABLES

Breakdown of other receivables classified as current assets, on 31 December 2018 and 2017:

Other receivables	2018	2017
Suppliers and other creditors – debit balances	6.754,86	12.792,09
Advances to suppliers	635,54	565,29
Personnel	178.569,98	264.160,64
Debtors from income increase	723.552,65	1.061.925,47
Sundry debtors	4.245.841,56	1.560.375,12
Gross amount	5.155.354,59	2.899.818,61
Accumulated impairment losses	-25.081,18	-25.081,18
Carrying amount	5.130.273,41	2.874.737,43
Debtors from income increase	2018	2017
Service provision	553.537,66	544.997,99
Operating subsidies	-	498.317,65
Other income – additional proceeds	2.379,25	1.175,37
Other income – Other	164.012,12	17.434,46
Interest receivable	3.623,62	-
	723.552,65	1.061.925,47

In 2018, receivables classified as non-current, amounting to 932,511.24 euros, refer to the caption of sundry debtors which fall due in 2020.

32.5. DEFERRALS

“Deferrals in current assets and current liabilities” caption, at 31 December 2018 and 2017:

Deferrals	2018	2017
Assets – expenses to be recognised	632.272,64	633.228,97
External supply and services	421.436,40	417.362,06
Other expenses	210.836,24	215.866,91
Liabilities – income to be recognised	2.040.959,06	1.895.786,44
Service provision	180.436,69	183.733,61
Operating subsidies	1.693.246,99	1.575.651,42
Other income	167.275,38	136.401,41



32.6. EXTERNAL SUPPLIES AND SERVICES

“External supplies and services” caption, in the 2018 and 2017 financial years:

	2018	2017
Specialised services	8.476.081,22	8.502.792,73
Specialised work	327.436,36	334.035,15
Advertising	91.150,32	41.738,63
Supervision and safety	240.571,02	217.219,55
Fees	110.066,23	58.091,50
Commission	1.854.988,97	1.793.025,96
Maintenance and repairs	5.539.902,45	5.729.504,09
Communication and public information	32.951,86	22.210,70
Revenue inspection	274.927,58	304.249,38
Others	4.086,43	2.717,77
Material	55.362,01	45.975,57
Energy and fluids	9.180.265,07	7.916.975,73
Electricity	519.313,13	483.589,63
Fuel	8.633.759,95	7.405.283,16
Water	27.191,99	28.102,94
Travel, accommodation and transport	12.993,40	13.371,77
Other services	2.188.369,94	2.020.512,46
Rents and leases	72.091,72	65.748,65
Communications	203.452,43	177.586,52
Insurances	544.890,42	514.301,07
Royalties	141.929,41	127.440,68
Litigation and notary public fees	14.683,16	5.750,11
Representation expenses	2.774,25	14.257,82
Cleaning, hygiene and comfort	996.517,41	939.737,69
Other services	212.031,14	175.689,92
External supply and services	19.913.071,64	18.499.628,26

32.7. OTHER EXPENSES

Other operating expenses at 31 December 2018 and 2017:

	2018	2017
Taxes	154.776,32	203.433,63
Direct taxes	111.938,91	114.781,57
Indirect taxes	6.055,16	5.565,65
Rates	36.782,25	83.086,41
Inventory losses	59.750,97	6.947,15
Expenses and losses in non-financial investments	67.984,04	106.624,36
Disposals	5.318,66	28.542,05
Write-offs	468,06	1.409,05
Expenses on investment properties	62.197,32	76.673,26
Other expenses	644.852,22	877.565,29
Donations	87.296,60	98.262,95
Contributions	22.229,55	24.996,58
Unfavourable exchange rate differences	-	103,77
Others not specified	535.326,07	754.201,99
Fines and penalties	453,09	3.343,44
Accident compensation	502.893,80	749.245,45
Bank charges and other financial services	13.605,23	8.201,98
Late-payment and compensatory interest	850,99	4,71
Others not specified	17.522,96	1.613,10
Other expenses	927.363,55	1.202.777,12



32.8. OTHER INCOME

Breakdown of other operating income at 31 December 2018 and 2017:

	2018	2017
Supplementary income	933.163,03	861.208,16
Discounts obtained for prompt payment	6.803,92	4.964,29
Inventory gains	70.213,33	46.424,41
Income and gains in non-financial investments	655.797,31	443.118,88
Disposals	193.699,09	29.000,00
Accidents	8.820,81	-
Rents and other income from investment properties	453.277,41	412.939,48
Other income	-	1.179,40
Others	1.419.244,19	1.041.960,63
Tax estimate surplus	2.381,24	-
Allocation of subsidies for investments	616.287,83	455.873,83
Reinstatement of taxes	-	41.349,30
Subsidies (*)	-	28.735,20
Favourable exchange rate differences	-	80,65
Others not specified	800.575,12	515.921,65
Contractual benefits and penalties	122.543,49	111.026,08
Accident compensation	510.345,01	341.226,40
Late payment interest and compensation	42.623,01	-
Others not specified	116.701,10	63.669,17
Other income	3.085.221,78	2.397.676,37

(*) In 2018, income and other subsidies, amounting to 94,334.50 euros, became listed under the caption "Operating subsidies".

32.9. LIABILITIES FOR GUARANTEES PROVIDED

Liabilities assumed for guarantees provided to third parties, at 31 December 2018 and 2017:

Beneficiary of the Guarantee	Description	2018	2017
Labour Tribunals	Benefits for accidents at work	447.473,97	447.473,97
		447.473,97	447.473,97

32.10. NEGATIVE EQUITY

In the 2018 financial year the company incurred a loss of 1,820,042.93 euros; on that date its total liabilities exceeded its total assets by 331,741,408.83 euros.

STCP systematically presents negative net profit 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, 12 April 2019

Certified Accountant no. 6622

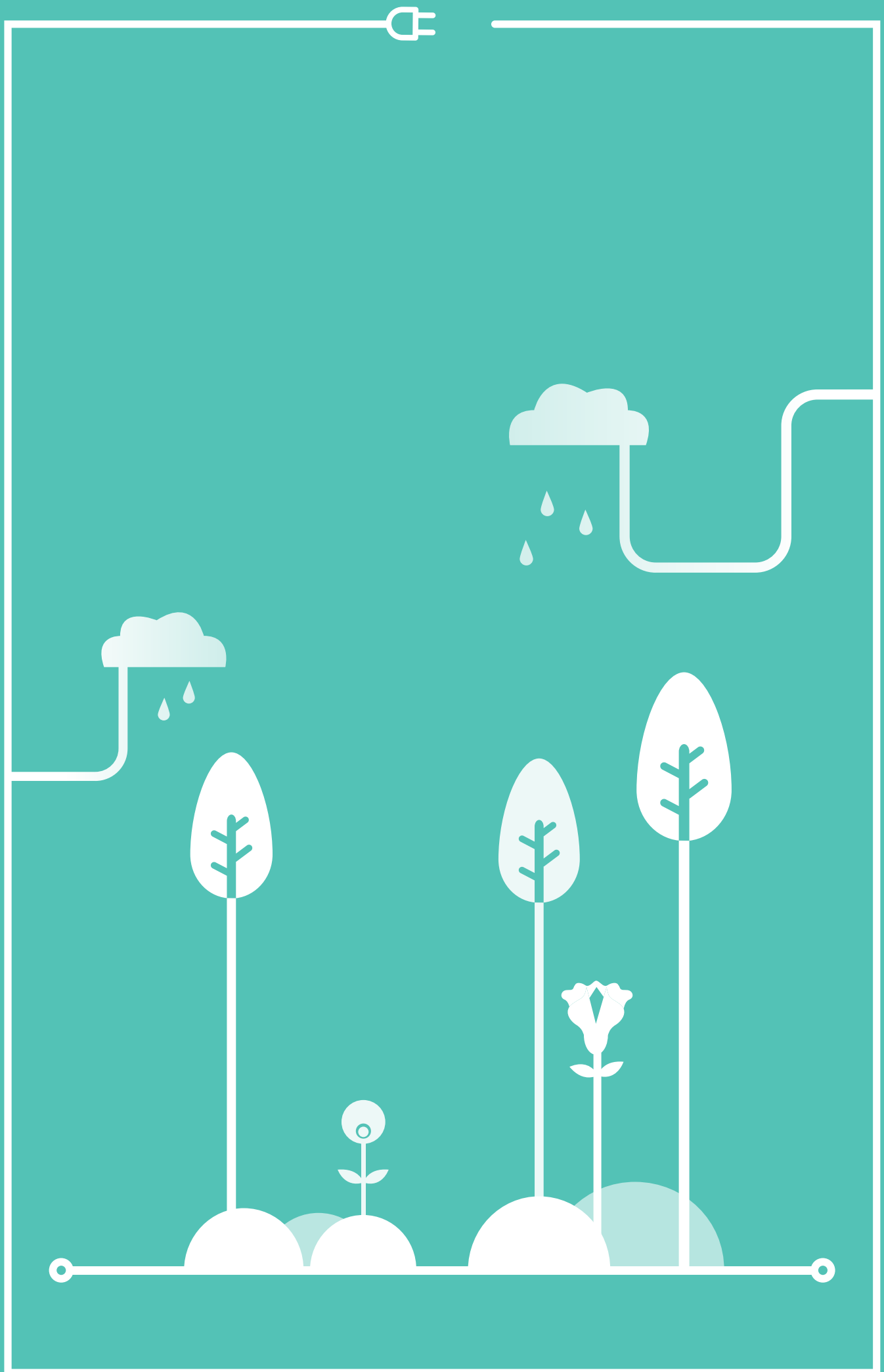
The Board of Directors

Chief Executive

Executive voting members

Non-executive voting members





10

**LEGAL CERTIFICATION
OF ACCOUNTS**

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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. (a Entidade) que compreendem o balanço em 31 de dezembro de 2018 (que evidencia um total de 109.664.694 EUR e um total de capital próprio negativo de 331.741.409 EUR, incluindo um resultado líquido negativo de 1.820.043 EUR), as demonstrações dos resultados por naturezas e 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 aspetos materiais, a posição financeira da SOCIEDADE DE TRANSPORTES COLECTIVOS DO PORTO, S.A. em 31 de dezembro de 2018 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 adotadas 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 que a prova de auditoria que obtivemos é suficiente e apropriada para proporcionar uma base para a nossa opinião.

Ênfase

Conforme decorre do balanço e do capítulo 5 do Relatório de Gestão o capital próprio da STCP encontra-se negativo em 331.741.409 EUR (408.051.385 EUR em 31 de dezembro de 2017), situação em que se aplica o disposto nos artigos 35º e 171º do Código das Sociedades Comerciais. De notar, no entanto, que de acordo com o referido capítulo e as notas anexas 29.1.1 e 29.4, o Estado, enquanto acionista único, tem vindo a fazer aumentos de capital e a conceder financiamentos que, em 2018, ascenderam a 74.882.010 EUR e 47.981.294 EUR, respetivamente.

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.

Praxity
AUDITORES
CERTIFICADOS

Reconhecimento do rédito decorrente do serviço de transporte público de passageiros

Risco

O rédito da Entidade decorre, essencialmente, do serviço de transporte público de passageiros, cujo total, de acordo com o divulgado no relatório de gestão e nas notas anexas 4.5 e 22, foi de 47.822 milhares de EUR em 2018 e de 45.544 milhares de EUR em 2017.

Do total da receita de 2018, 45.965 milhares de EUR respeitam ao modo autocarro (36.370 milhares referentes a títulos intermodais, incluindo 4.008 milhares de EUR de participação do Estado no tarifário social Andante, e 9.595 milhares a títulos monomodais) e 1.857 milhares de EUR ao modo carro elétrico.

A gestão operacional de parte significativa da receita é feita pelo TIP – Transportes Intermodais do Porto, ACE, no qual participam, em partes iguais, a própria STCP, o Metro do Porto, S.A. e a CP-Comboios de Portugal, E.P.E.

De acordo com a nota 24, são reconhecidas como subsídio à exploração as compensações financeiras pelo cumprimento das obrigações de serviço público a suportar pela Área Metropolitana do Porto, mais concretamente, pelos Municípios servidos pela rede STCP, cujo total em 2018 ascendeu a 4.757 milhares de EUR (1.661 milhares em 2017).

A relevância do rédito no contexto da informação financeira e a particularidade de a receita ser gerida, maioritariamente, por entidade externa (o agrupamento complementar), conduzem a que esta matéria se afigure relevante para efeitos de auditoria.

Síntese da abordagem de auditoria

A abordagem adotada com vista a validar as asserções contabilísticas inerentes ao rédito envolveu o seguinte:

- Compreensão da proveniência da receita e revisão analítica por categoria de títulos de transporte.
- Compreensão dos controlos existentes ou desenvolvidos pela Entidade relativamente à receita comunicada pelo TIP – Transportes Intermodais do Porto, ACE e quanto aos títulos vendidos a bordo dos autocarros e carros elétricos.
- Comunicação com o revisor oficial de contas do TIP de modo a conhecer a avaliação do sistema de controlo interno e os procedimentos desenvolvidos com vista a assegurar a integralidade da receita e a adequada repartição por operador de transporte.
- Confirmação das participações recebidas inerentes ao tarifário social Andante, as quais são reconhecidas como componente da prestação de serviços.
- Análise do contrato de serviço público (versão consolidada) celebrado entre o Estado, a Área Metropolitana do Porto e a STCP.
- Confirmações externas do TIP e dos diferentes Municípios, tendo sido obtidas reconciliações relativamente às respostas divergentes e os esclarecimentos considerados necessários.

Mensuração dos ativos imobiliários: ativos fixos tangíveis e propriedades de investimento

Risco

Conforme divulgado nas notas 4.14 e 9 (ativos fixos tangíveis), nas notas 4.15 e 13 (propriedades de investimento) e na nota 29.4.3 (excedente de revalorização), os ativos imobiliários que integram o ativo fixo tangível são mensurados segundo o modelo da revalorização (última avaliação em 2016) e os ativos imobiliários que integram as propriedades de investimento são mensurados anualmente segundo o modelo do justo valor através de resultados, tendo sido reconhecido no exercício de 2018 um ganho de 2.636 milhares de EUR (760 mil em 2017). Os referidos ativos representam, no seu conjunto, 49% do ativo.

As referidas avaliações são efetuadas por peritos externos com recurso a métodos de avaliação que envolvem um elevado nível de julgamento, abrangendo diferentes pressupostos e

Síntese da abordagem de auditoria

Como resposta aos riscos de distorção material identificados, foram desenvolvidos os seguintes procedimentos de auditoria:

- Obtenção da lista dos ativos imobiliários classificados como ativo fixo tangível e como propriedades de investimento e confirmação da adequada classificação e respetiva titularidade.
- Obtenção dos relatórios de avaliação e análise dos métodos e pressupostos usados bem como da aderência dos dados considerados face aos que constam dos registos e cadernetas prediais.
- Indagações sobre a competência e objetividade do perito.
- Verificação do adequado registo contabilístico decorrente das avaliações dos imóveis face aos montantes apresentados nos respetivos relatórios de avaliação.

metodologias, que requerem validações por parte do órgão de gestão da Entidade.

Face à materialidade dos valores envolvidos e ao grau de julgamento subjacente ao método de avaliação adotado, consideramos a valorização dos referidos ativos imobiliários como matéria relevante para a nossa auditoria.

- Avaliação sobre a adequação das divulgações efetuadas, incluindo o tratamento seguido relativamente aos impostos diferidos, considerando o referencial contabilístico aplicável.

Financiamentos obtidos e instrumentos financeiros derivados

Risco

Conforme divulgado nas notas 4.20 e 29.1.1, a Entidade apresenta financiamentos obtidos de 324.631 milhares de EUR mensurados ao custo amortizado (61.854 milhares de EUR de passivo corrente e 262.777 milhares de EUR de passivo não corrente), cujo valor nominal é de 324.337 milhares.

Em termos de valor nominal, 221.329 milhares de EUR respeitam a suprimentos do acionista Estado, 100.000 milhares de EUR a um empréstimo obrigacionista, 2.998 milhares de EUR a locação financeira e 10 mil EUR a outros.

Associado ao financiamento obrigacionista, ainda que se considere que não verifica os requisitos contabilísticos de cobertura, a entidade detém um instrumento financeiro derivado de cobertura de taxa de juro, com montante notional de 25.000 milhares de EUR (25% do empréstimo obrigacionista) e justo valor, em 31 de dezembro de 2018, de - 84.040 milhares de EUR. A redução registada face a 31 de dezembro de 2017 (justo valor de -128.222) está associada ao cumprimento das obrigações de pagamento vencidas na sequência do acordo assinado entre o Estado e o Banco Santander Totta, pondo termo à ação judicial interposta pelo banco, e a própria valorização do swap, conforme divulgado nas notas 4.21 e 29.1.3.

A materialidade dos financiamentos e do swap de taxa de juro, no contexto da informação financeira da STCP, tornam estes passivos matéria relevante de auditoria.

Síntese da abordagem de auditoria

Como resposta aos riscos de distorção material identificados, foram desenvolvidos os seguintes procedimentos de auditoria:

- Confirmação pela DGTF dos suprimentos concedidos pelo Estado e correspondentes juros corridos.
- Verificação da ficha técnica do empréstimo obrigacionista e da adequada mensuração ao custo amortizado.
- Obtenção dos contratos de locação em vigor e confirmação do respetivo passivo.
- Confirmação pelo Santander Totta do justo valor do derivado e análise de todos os movimentos financeiros ocorridos no exercício.
- Confirmação dos gastos de financiamento reconhecidos pela Entidade e dos pagamentos efetuados no exercício.
- Análise da apresentação no balanço dos financiamentos obtidos e do passivo financeiro inerente ao swap.
- Análise das divulgações efetuadas.

Provisões

Risco

Conforme divulgado nas notas 4.19 e 23, a Entidade apresenta provisões para processos judiciais em curso e outras no montante de 15.176 milhares de EUR (19.912 milhares em 31 de dezembro de 2017) e mantém a divulgação como passivo contingente referente a um processo instaurado pela ANTROP contra o Estado Português e a STCP, onde se reclama a anulação da Resolução do Conselho de Ministros n.º

Síntese da abordagem de auditoria

Como resposta aos riscos de distorção material identificados, foram desenvolvidos os seguintes procedimentos de auditoria:

- Confirmação externa dos advogados com quem a STCP opera e confronto das respostas obtidas com as provisões reconhecidas e passivos contingentes divulgados.
- Leitura das atas dos diferentes órgãos sociais.

52/2003 que atribui à STCP indemnizações compensatórias de 12.376 milhares de EUR.

O julgamento inerente a esta matéria e os montantes envolvidos fazem da mesma uma matéria relevante.

- Indagações e análise das operações subsequentes.

Outras matérias

As demonstrações financeiras da Entidade relativas ao período findo em 31 de dezembro de 2017 foram auditadas por outro auditor que expressou uma opinião sem reservas sobre essas demonstrações financeiras em 7 de maio de 2018.

Responsabilidades do órgão de gestão e do órgão de fiscalização pelas demonstrações financeiras

O órgão de gestão 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 adotadas em Portugal através do Sistema de Normalização Contabilística;
- elaboração do relatório de gestão, incluindo o relatório do governo societário e a demonstração da informação não financeira, 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 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:

- 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;
- 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;
- avaliamos a adequação das políticas contabilísticas usadas e a razoabilidade das estimativas contabilísticas e respetivas divulgações feitas pelo órgão de gestão;

- concluímos sobre a apropriação do uso, pelo órgão de gestão, 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 concluímos 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;
- 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;
- 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;
- 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;
- 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 percebidas 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 451.º 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, n.º 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 identificámos incorreções materiais. 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, n.º 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

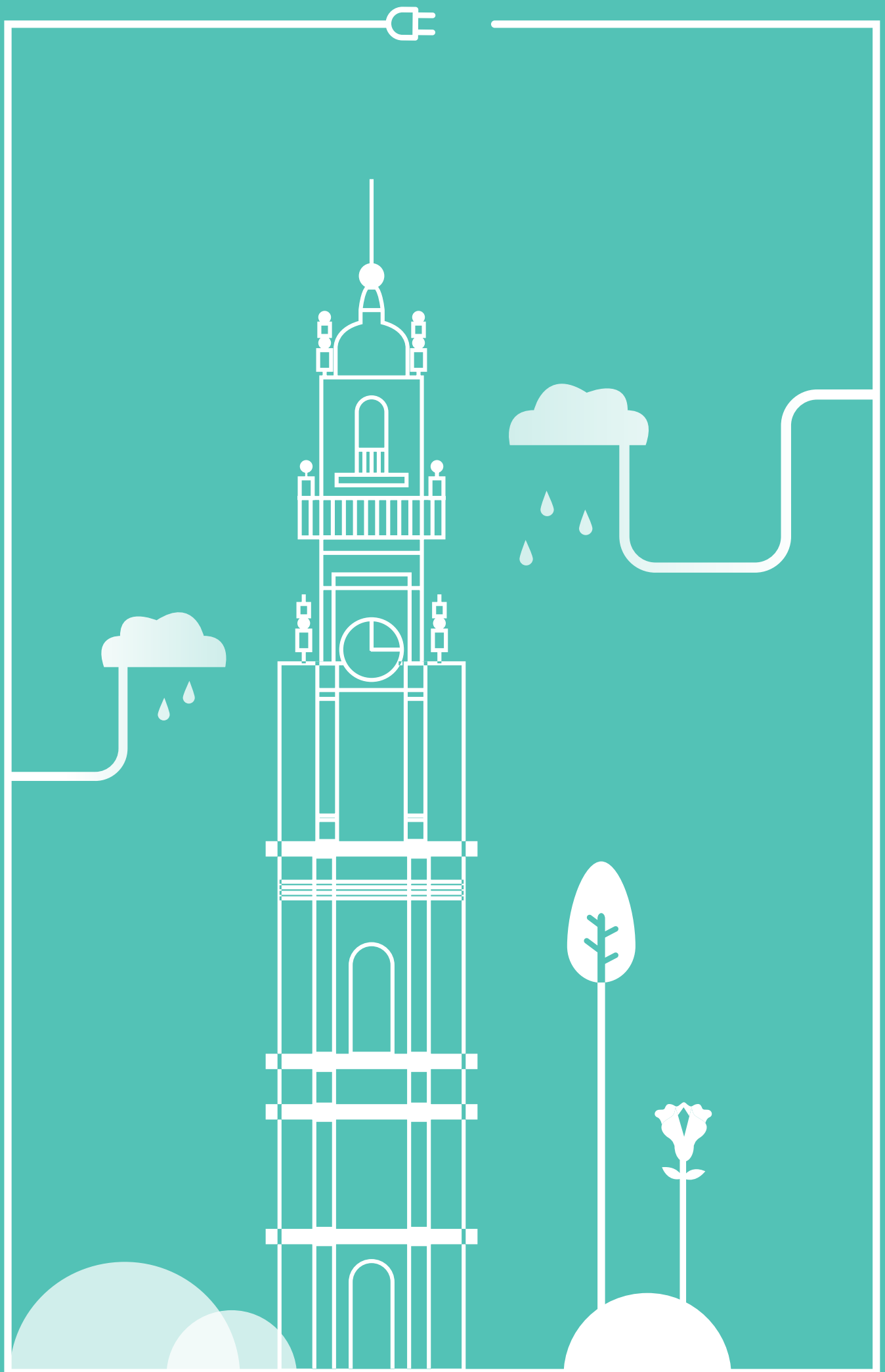
Dando cumprimento ao artigo 451º, n.º 4, do Código das Sociedades Comerciais, somos de parecer que o relatório de governo societário inclui os elementos exigíveis à Entidade nos termos do artigo 245º-A do Código dos Valores Mobiliários, não tendo sido identificadas incorreções materiais na informação 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 10º do regulamento (EU) nº 537/2014

Dando cumprimento ao artigo 10º do Regulamento (EU) nº 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 19 de março de 2019 para os exercícios de 2018 a 2020, conforme Deliberação Social Unânime por Escrito;
- o órgão de gestão 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

6



11

SUPERVISORY BOARD'S REPORT

RELATÓRIO E PARECER DO CONSELHO FISCAL

Contas Individuais de 2018 da STCP – Sociedade de Transportes Colectivos do Porto, S.A.

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 e Parecer, sobre o Relatório e Contas de 2018, o qual contempla, igualmente, os termos do ofício circular da Direção-Geral do Tesouro e Finanças n.º 1116, de 12 de março de 2019.

A Sociedade de Revisores Oficiais de Contas Baker Tilly, PG & Associados, SROC, S.A., representada pelo sócio Fernando Manuel de Sousa Pires de Matos, que foi nomeada para o mandato 2016-2018, na Assembleia-Geral da STCP de 30 de maio de 2016, apresentou renúncia ao cargo a 30 de agosto de 2018, pela Deliberação Social Unânime Por Escrito de 19 de março de 2019, após procedimento de seleção, levado a cabo pelo Conselho Fiscal, seguido de apresentação de proposta de nomeação ao acionista único, foi a Sociedade de Revisores Oficiais de Contas RCA – Rosa, Correia & Associados, SROC, S.A. representada pelo sócio Gabriel Correia Alves, nomeada para o biénio 2019-2020, que emitiu a respetiva Certificação Legal das Contas, em 14 de maio de 2019.

O Conselho Fiscal, eleito para o mandato 2016-2018 por Deliberação Social Unânime por Escrito (DUE), datada de 25 de janeiro de 2016, durante o exercício em análise efetuou reuniões com membros do Conselho de Administração, e com o Revisor Oficial de Contas da Sociedade, de forma a acompanhar o desempenho da empresa, emitiu parecer sobre uma operação de financiamento, elaborou relatórios que incidiram sobre os relatórios de atividades e execução orçamental trimestrais, apresentados pelo Conselho de Administração nos termos previstos no Regime Jurídico do Sector Público Empresarial (RJSPE). Para o efeito obteve toda a cooperação por parte dos membros do Conselho de Administração da Sociedade bem como 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.

2. Análise Económico-Financeira do Relatório e Contas de 2018

O Relatório e Contas apresentado pelo Conselho de Administração reflete adequadamente a atividade da empresa durante o exercício de 2018, encontrando-se as análises, nele efetuadas, coerentes com as demonstrações financeiras, do referido exercício, realçando-se os seguintes aspetos:

- Em termos da atividade verifica-se que os passageiros transportados aumentaram 1,4% relativamente a 2017, atingindo o total de 73,4 milhões de passageiros. No modo autocarro foram transportados cerca de 72,7 milhões de passageiros, aproximadamente mais 1 milhão quando comparado com o ano anterior. No modo carro elétrico foram transportados cerca de 745 mil passageiros, aproximadamente mais 17 mil (2,3%) em relação ao ano anterior.
- Em 2018, a STCP disponibilizou aos clientes uma rede de transporte público de passageiros, composta por 70 linhas em modo autocarro com uma extensão total de 485 km no modo rodoviário (abrangendo 33 freguesias de 6 concelhos da Área Metropolitana do Porto – Porto, Vila Nova de Gaia, Matosinhos, Gondomar, Valongo e Maia) e 3 linhas em modo carro elétrico com uma extensão de rede total de 9 km (desde a Foz até ao centro histórico do Porto).
- No ano de 2018 foram percorridos 22.215 milhares de quilómetros serviço em modo autocarro praticamente os mesmos (-0,01%) quando comparados com o ano anterior. A taxa de cumprimento do serviço do modo autocarro, medida através das viagens realizadas face às viagens previstas, foi de 96%, apresentando uma ligeira diminuição face à taxa de cumprimento de 2017 (97,4%).
- A receita do serviço de transporte atingiu 47,8 milhões de euros no ano, crescendo 2,3 milhões de euros (5%) face ao ano anterior, devido ao crescimento da procura e ao

aumento tarifário verificado a partir de 1 de janeiro de 2018. De salientar que o peso do tarifário intermodal no total da receita foi de cerca de 76% em 2018, menos 0,7 pontos percentuais do que em 2017.

- A frota da STCP em 2018 em constituída por 419 autocarros e 6 carros elétricos, registando-se um aumento significativo da taxa de imobilização da frota, quando comparado com 2017, pese embora se tenha dado início à renovação da frota em 2018, com a entrada de 40 novos autocarros.
- Em 31 de dezembro de 2018 a STCP contava com 1.271 trabalhadores o que representa um aumento de 29 elementos relativamente ao final do ano anterior (o pessoal tripulante em funções ascendia a 944 efetivos).

Até 31 de dezembro de 2018, saíram da STCP 86 trabalhadores (incluindo saídas por licença sem vencimento), dos quais 59 de pessoal afeto à operação e 25 das áreas oficinais. Neste ano entraram na empresa 115 trabalhadores (incluindo regressos de licença sem vencimento).

As autorizações para a contratação para reforço de pessoal foram obtidas pelo Despacho n.º 540/18-SET, de 3 de julho de 2018, nos seguintes termos: i) Área de Apoio Administrativo / técnico de suporte: 7 trabalhadores; ii) Área de Operação do Carro Elétrico: 1 trabalhador; iii) Área de Operação do Modo Autocarro: 48 trabalhadores de forma faseada, 28 em 2018 e 20 em 2019.

- O resultado líquido do exercício de 2018 foi negativo em 1,8 milhões de euros, apresentando um desagravamento de 13,1 milhões de euros (87,8%), face ao ano de 2017. Face ao valor orçamentado, apresenta um desagravamento de 6,3 milhões de euros. O resultado líquido sem o efeito do *swap* (juros e variação de justo valor) foi positivo em 1,3 milhões de euros, apresentando um desagravamento de 16,5 milhões de euros (109%) relativamente a 2017.
- Os resultados operacionais foram positivos em 5,1 milhões de euros, apresentando uma melhoria de 15,9 milhões de euros (148%) face a 2017.

Os rendimentos operacionais registaram um aumento de 6,2 milhões de euros (12,4%) comparativamente com o ano anterior, em resultado do aumento das Vendas e Serviços Prestados em 2,3 milhões de euros, do aumento das participações pelas Obrigações de Serviço Público em 3,2 milhões de euros de 2017 para 2018, dado que em 2017 foram

contabilizadas as Obrigações de Serviço Público (OSP) apenas desde agosto, e pelo aumento dos outros rendimentos em cerca de 0,7 milhares de euros, devido essencialmente ao aumento de indemnizações por sinistros, à imputação de subsídios ao investimento e a mais-valias com as alienações de ativos.

Os gastos operacionais registaram uma diminuição de 9,7 milhões de euros (16,1%), essencialmente em resultado dos valores não correntes (imparidades, provisões, variação de justo valor, reversões e ganhos/perdas imputadas de subsidiárias, associadas e empreendimentos conjuntos) que foram positivos em 2018 em cerca de 7,9 milhões de euros verificando-se um desvio positivo de 14 milhões de euros face a 2017, montante que foi parcialmente compensado pelo aumento dos gastos com FSE em 1,4 milhões de euros, devido ao aumento dos gastos com combustíveis (gás e gasóleo) em 1,2 milhões de euros, bem como pelos gastos com o pessoal, que aumentaram cerca de 3 milhões de euros.

- Os gastos com o pessoal aumentaram cerca de 3 milhões de euros (9,9%) face a 2017, devido essencialmente aos 1,7 milhões de euros que respeitam ao acréscimo das reposições salariais ao abrigo da LOE de 2017 e LOE 2018 (2,5 milhões de euros em 2018 e 0,74 milhões de euros em 2017), cerca de 293 mil euros respeitam ao impacto no ano das valorizações remuneratórias, com efeitos a maio, decorrendo do memorando de entendimento celebrado com as Organizações Representativas dos Trabalhadores (ORT), cerca de 1,1 milhões de euros respeitam à inclusão no subsídio de férias e retribuição das férias, dos valores referentes à prestação de trabalho noturno e extraordinário, desde que ocorram em pelo menos 11 meses num ano, considerando também os anos de 2012 a 2017, e cerca de 258 mil euros, relativos ao ano de 2018 (a pagar em 2019). Expurgando aos gastos com pessoal estes efeitos, no montante de 3,38 milhões de euros, os mesmos atingiriam o valor de 28,65 milhões de euros no ano, reduzindo 1,4% (- 418 mil euros) face a 2017.
- O Resultado Financeiro de 2018 foi negativo em 6,9 milhões de euros verificando-se um agravamento de 2,8 milhões de euros (-67,5%) face a 2017, devido ao aumento dos encargos com o *Swap*, em cerca de 3,4 milhões de euros já que os encargos e juros com a dívida diminuíram em cerca de 591 mil euros.
- 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.

dos empréstimos do Estado vencido no ano de 2018), que foi parcialmente anulada pela circunstância de que foram contratados novos empréstimos. 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 aceder 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. Assim, no ano de 2018 em cumprimento das supramencionadas determinações foram concedidos pela DGTF empréstimos no valor de 47.981.293,92 euros.

- Os encargos financeiros em 2018 atingiram o montante de 21,65 milhões de euros, o que corresponde a um aumento de 12,3% (+2,4 milhões de euros), em resultado essencialmente dos encargos com o swap.
- O ativo atingiu em 31 de dezembro de 2018, o montante de 109,7 milhões de euros, registando um aumento de 27,7 milhões de euros (33,8%) face a 2017, devido principalmente ao investimento realizado no ano, e ao aumento das disponibilidades em 10,8 milhões de euros, para fazer face à liquidação, nos primeiros meses de 2019, das faturas relativas aos novos autocarros, recebidas nos últimos meses do ano.
- O passivo, em 31 de dezembro em 2018, atingiu 441,4 milhões de euros, registando uma redução de 48,6 milhões de euros (33,8%), face ao período homólogo de 2017, principalmente pela amortização dos empréstimos contraídos junto do Estado, através do aumento de capital em espécie. As provisões atingem o montante de 15,2 milhões de euros a 31 de dezembro, tendo registado uma variação negativa face ao ano de 2017 de 4,7 milhões de euros.
- O capital próprio da STCP, a 31 de dezembro de 2018, era negativo em 331,7 milhões de euros, registando um desagravamento de 76,3 milhões de euros (18,7%) devido essencialmente aos aumentos de capital, ocorridos no ano que totalizaram cerca de 74,9 milhões de euros.

Em 31 de dezembro de 2018, a quantia escriturada do capital social emitido pela empresa correspondia à rubrica Capital subscrito, no montante de 288.034.780 euros, totalmente realizado, e representada por 57.606.596 ações, em forma meramente escritural, com o



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 31 de dezembro de 2018, o valor de mercado do instrumento derivado contratado ascendia ao montante de -84.040.303,11 euros, o qual foi determinado pelo Banco Santander Totta, S.A..

Para financiar encargos com *swaps*, o Estado, através da DGTF, concedeu os seguintes empréstimos de médio e longo prazo à STCP em 2018: o primeiro, no montante de 29.666.503,77 euros, autorizado em dezembro de 2017 mas desembolsado em janeiro de 2018, para fazer face às necessidades de financiamento da empresa relativas ao pagamento dos juros do contrato *Swap* vencidos e não pagos, que se encontravam suspensos desde dezembro de 2013 e até dezembro de 2017; o segundo, de até 17.589.232,29 euros, para fazer face às necessidades de financiamento da empresa associadas aos fluxos de *Swap* do ano, cujo capital mutuado foi disponibilizado em duas tranches, a primeira, de 8.427.624,65 euros, realizada em 1 de junho, e a segunda, de 9.161.607,64 euros, realizada em 30 de novembro.

- O EBITDA recorrente de 2018 foi de 1,9 milhões de euros, registando uma melhoria face a 2017 de 2,9 milhões de euros.
- No final de 2018 a dívida remunerada total da STCP era de aproximadamente 324.630.759 euros, registando uma diminuição de 1,9% face a 2017 (-6,3 milhões de euros). A contribuir para a diminuição do endividamento temos os aumentos de capital por conversão de créditos do Estado, no montante de 55,5 milhões de euros (serviço da dívida

valor nominal de 5 euros cada, totalmente devido pelo Estado Português, sendo que, a essa data, se aguardava o registo na Conservatória do Registo Comercial do último aumento de capital social, o que só ocorreu em fevereiro de 2019.

- O montante do investimento realizado em 2018 foi de cerca 14,7 milhões de euros, do qual se destaca a renovação da frota de autocarros que ascendeu a 14,1 milhões de euros (96%). Os investimentos aprovados em 2018 ascendiam ao montante de 25,8 milhões de euros, dos quais 18,8 milhões de euros referem-se a investimentos associados à renovação da frota. Na medida em que alguns dos projetos de investimento aprovados para 2018 são investimentos plurianuais, nomeadamente a renovação das instalações das Estações de Francos e Via Norte, a respetiva execução será efetuada no período 2018-2020.
- 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, salientando que o Estado, enquanto acionista único, fez aumentos de capital e concedeu financiamento em 2018 nos montantes de 74.882.010 EUR e 47.981.294 EUR, tendo ficado definido, no Contrato de Delegação de Competências celebrado entre o Estado e a Área Metropolitana do Porto, que fica a cargo do acionista Estado todo o serviço da dívida histórica da empresa e o grande investimento.

3. Aferição das orientações legais vigentes para o SEE

No âmbito do disposto no artigo 420.º do Código das Sociedades Comerciais tanto quanto é do conhecimento deste Conselho Fiscal, a STCP deu cumprimento à generalidade das orientações legais vigentes para o Setor Empresarial do Estado previstas no Decreto-Lei n.º 133/2013, de 3 de outubro, bem como às disposições constantes na Lei n.º 114/2017, de 29 de dezembro (LOE 2018), no Decreto-Lei n.º 33/2018, de 15 de maio (DLEO 2018), e no ofício-circular n.º 1116, de 12 de março de 2019, da Direção-Geral do Tesouro e Finanças, salientando-se as seguintes situações:

- O Contrato de Gestão Operacional celebrado entre o Estado Português e a Área Metropolitana do Porto, em 2 de janeiro de 2017, estabeleceu os objetivos/metasp para cada ano do contrato, 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 foi de 1.233 milhares de euros, registando um desvio negativo em cerca de 2.300 milhares de euros (-65%), face à meta estabelecida; ii) o resultado rodoviário foi de -1.605 milhares de euros, ficando aquém da meta estabelecida, de -1.147 milhares de euros, em cerca de 500 mil de euros; iii) veículos Km de Serviço atingiram os 22.215 milhares de quilómetros, aquém em 185 milhares de quilómetros face à meta de 22.400; iv) a compensação Financeira – Obrigações de Serviço Público (OSP), no ano de 2018, foi de 4.757 milhares de euros, inferior à meta estabelecida, de 4.838 milhares de euros, em 1,7% (81 milhares de euros).

Os desvios verificados no EBITDA e no Resultado Rodoviário são explicados essencialmente pelas reposições remuneratórias de cerca de 2,7 milhões de euros, incluindo encargos sociais, pelo impacto das reposições dos direitos previstos em instrumentos de regulamentação coletiva de trabalho e pelo impacto das atualizações salariais, decorrentes do memorando de entendimento assinado com as Organizações Representativas dos Trabalhadores, aprovado pela Tutela.

- De acordo com o n.º 1 do artigo 56.º da Lei n.º 114/2017, de 29 de dezembro (LOE 2018), o crescimento global do endividamento das empresas públicas fica limitado a 2 %, considerando o financiamento remunerado corrigido pelo capital social realizado e excluindo investimentos, nos termos a definir no decreto-lei de execução orçamental.

A STCP terminou o ano de 2018 com uma dívida remunerada total de 324,6 milhões de euros, tendo efetuado aumentos de capital por dotação, no montante de 19.377.061 euros, e por conversão de créditos do Estado, no montante de 55.504.949 euros. Assim, considerando o endividamento corrigido pelo capital social realizado, a empresa registou um aumento do endividamento em 9,9%, face a 31 de dezembro de 2017.

Se ao cálculo da variação do endividamento for retirado o efeito do montante da dívida contraída para pagamento das obrigações decorrentes do contrato *swap*, o crescimento do endividamento apurado é de 1,24 %.

- O Prazo Médio de Pagamento apurado no final do ano de 2018 foi de 46 dias, quando em igual período de 2017 era de 41 dias, o que se traduz num aumento de 5 dias (13%), face ao ano anterior, incumprindo com o objetivo definido na RCM n.º 34/2008, de 22 de fevereiro. Esta situação é explicada pelo aumento da dívida a fornecedores, no final do

mês de dezembro, pese embora 96% da dívida (5,4 M€) não se encontrar vencida ou com um prazo de vencimento igual ou inferior a 30 dias, correspondendo à aquisição de 7 autocarros a gás e 2 elétricos, cujas faturas se encontravam pendentes, a aguardar a homologação das viaturas.

- No que respeita às remunerações dos membros do Conselho de Administração foram aplicadas as disposições previstas na Lei 12-A/2010, de 30 de junho, que estabelecem a redução dos vencimentos dos gestores público e equiparados. No Ano de 2018 não houve lugar à atribuição de Prémios de Gestão aos membros do Conselho de Administração.

Quanto à remuneração auferida pelo ROC, a qual em virtude da respetiva renúncia, em 30 de agosto de 2018, correspondeu a 6 meses, tendo sido aplicadas as reduções legalmente previstas.

- 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 no serviço da empresa; ii) ao não reembolso a gestores públicos de quaisquer despesas que caíam no âmbito do conceito de despesas de representação pessoal; iii) ao valor das despesas associadas a comunicações; 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 2018, sobre as remunerações pagas a mulheres e homens, conforme determina o n.º 2 da Resolução do Conselho de Ministros n.º 18/2014, de 7 de março, o qual será divulgado internamente, através da sua publicação na intranet, e disponibilizado na internet no sítio da empresa.
- Em 2018 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, o qual será oportunamente publicado nas páginas de internet e intranet da STCP.
- Em 2018 a STCP aplicou o Código dos Contratos Públicos (CCP), aprovado pelo Decreto-Lei n.º 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. De salientar que no ano de 2018, foram lançados 2 concursos públicos internacionais à luz do CCP.

- 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), no entanto, em 2018, não procedeu a qualquer adjudicação ao abrigo deste sistema.
- No âmbito do cumprimento das medidas de redução de gastos operacionais, em conformidade com o determinado no artigo 145.º do Decreto-Lei n.º 33/2018, de 15 de maio (DLEO 2018), constata-se o seguinte:
 - Em 2018 o peso dos gastos operacionais (CMVMC + FSE + Gastos com o Pessoal corrigidos dos encargos com indemnizações por rescisão de contrato e do impacto da aplicação do disposto no artigo 21.º da Lei n.º 42/2016, de 28 de dezembro) sobre o volume de negócios foi de 92%, apresentando uma redução de 5,8 pontos percentuais face a 2017, sendo inferior ao previsto no orçamento (de 99%), dando, assim, cumprimento ao disposto sobre a promoção do equilíbrio operacional.
 - Em 2018 o conjunto dos gastos com deslocações, ajudas de custo e alojamento, bem como os associados à frota automóvel, foi inferior ao previsto no orçamento aprovado.
 - A 31 de dezembro de 2018, o efetivo da STCP, sem órgãos sociais, trabalhadores requisitados e licenças sem vencimento, era constituído por 1.271 trabalhadores o que corresponde a um aumento de 29 trabalhadores face a 2017.
 - Os Gastos com o Pessoal corrigidos dos encargos com indemnizações por rescisão de contrato e do impacto da aplicação do disposto no artigo 21.º da Lei n.º 42/2016, de 28 de dezembro) foram de 30,03 milhões de euros, superior em cerca de 1 milhão de euros relativamente a 2017.

É de referir que os gastos com pessoal têm incluídos o montante de aproximadamente 1,1 milhões de euros referente ao acordo celebrado com as ORT, a 12 de dezembro de 2018, autorizado pelo Despacho n.º 1048/18 – SET de 20.12.2018, relativo à inclusão no subsídio de férias e retribuição das férias, dos valores referentes à prestação de trabalho noturno e extraordinário, desde que ocorram em pelo menos 11 meses num ano, considerando também os anos de 2012 a 2017, e para os quais tinha sido constituída uma provisão em 2017 no montante de 2,08 milhões de euros, que foi revertida, em 2,02 milhões de euros, em 2018, e o valor de 258 mil euros, referente aos

encargos a pagar em 2019 relativos a férias e subsídio de férias, calculado com base na média do extra, feriados e trabalho noturno, prestados de uma forma regular durante 11 meses, do ano de 2018.

- O IGCP, através do seu ofício n.º SGC – 2018/11914, de 18 de julho de 2018, proferiu o despacho de autorização no sentido de excecionar do cumprimento da UTE, a STCP, para os anos de 2018 e 2019. No ano de 2018 a empresa concentrou a maioria das suas disponibilidades na Conta da Agência de Gestão da Tesouraria e da Dívida Pública – IGCP, E.P.E., não tendo auferido quaisquer juros de aplicações financeiras junto da banca comercial.

4. Relatório de governo societário

Em cumprimento do estabelecido no n.º 2 do artigo 54.º do Decreto-Lei n.º 133/2013, de 3 de outubro, o Conselho Fiscal é de parecer que o Relatório de Governo Societário de 2018 da STCP inclui informação atual e completa sobre todas as matérias reguladas no Capítulo II – Secção II do supramencionado diploma, e que o mesmo foi elaborado em conformidade com o modelo disponibilizado pela Unidade Técnica de Acompanhamento e Monitorização do Setor Público Empresarial.

5. Outros aspetos

- No que se refere às demonstrações não financeiras previstas no artigo 66.º-B do Código das Sociedades Comerciais, verifica-se que foi dado cumprimento a esta obrigação, tendo a STCP incluído a citada informação no seu Relatório de gestão o qual irá ser publicado no seu sítio na Internet.
- Não obstante a melhoria dos resultados apresentados em 2018, considerando o elevado endividamento da empresa esta continua a depender do suporte financeiro do acionista, através da obtenção de novos financiamento junto da DGTF ou através de novos aumentos de capital.




6. Parecer

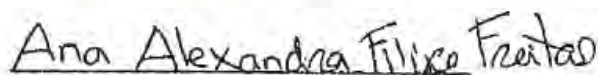
Assim, face ao exposto e considerando os elementos disponibilizados, bem como, tendo em consideração a Certificação Legal das Contas, o Conselho Fiscal no âmbito das suas competências, conclui que o Relatório e Contas de 2018 cumpre a generalidade das exigências legais aplicáveis, refletindo a atividade da empresa ao longo do ano e a sua evolução económica e financeira face ao período homólogo, evidenciando os factos mais relevantes, pelo que, somos de parecer que seja:

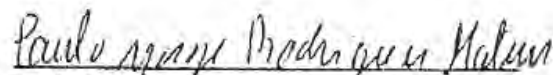
- Aprovado o Relatório e Contas do exercício de 2018, bem como o Relatório de Governo Societário referente ao mesmo ano, apresentados pelo Conselho de Administração da Sociedade de Transportes Coletivos do Porto, S.A. atenta a ênfase constante na Certificação Legal das Contas e Relatório de Auditoria às Demonstrações Financeiras Individuais; e,
- Apreciada e aprovada a proposta de aplicação de resultados apresentada pela Administração, a qual está em conformidade com as disposições legais e estatutárias.

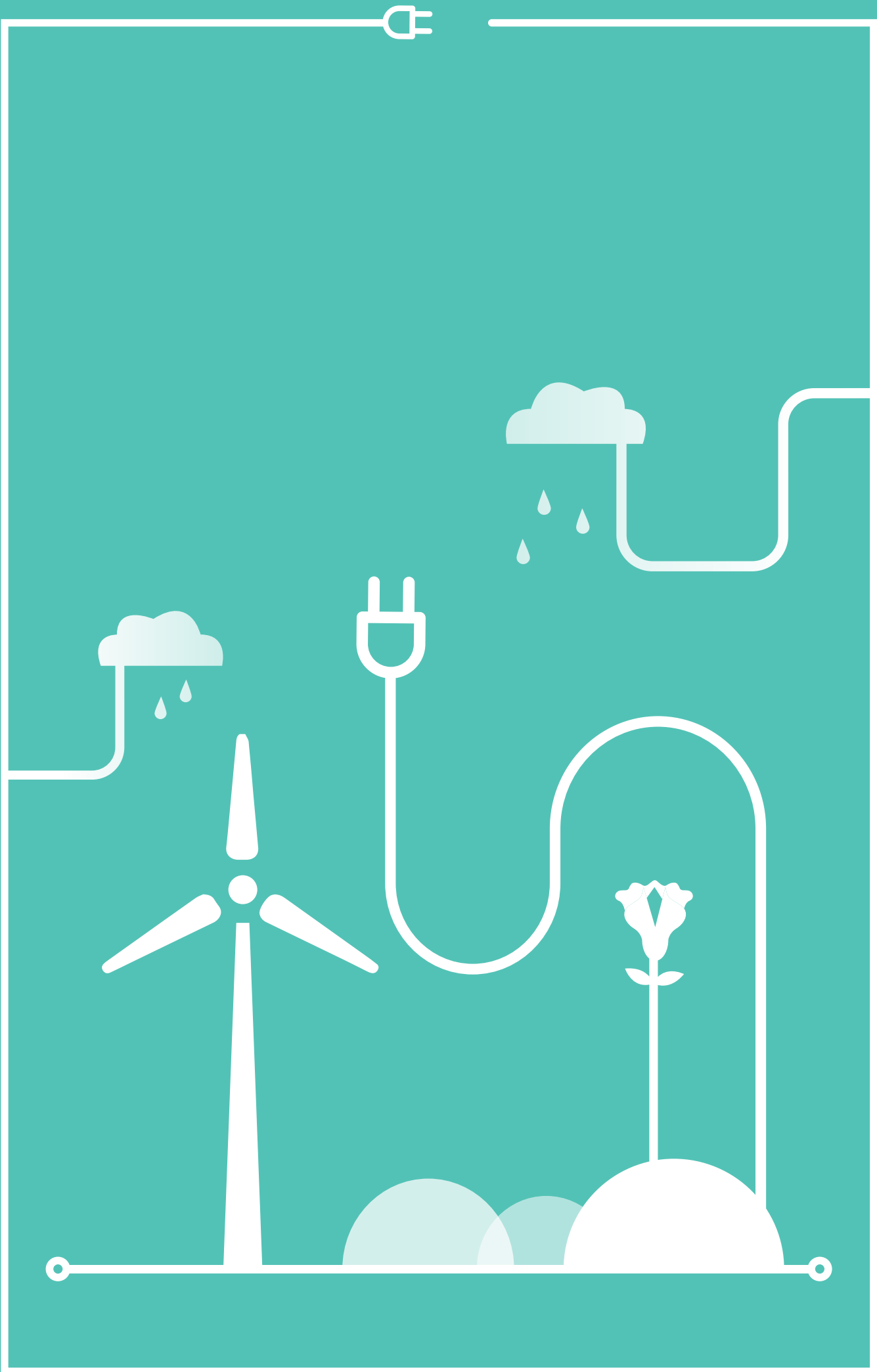
Porto, 15 de maio de 2019

O Conselho Fiscal,


Pedro Romano Martinez (*Presidente*)


Ana Alexandra Filipe Freitas (*Vogal*)


Paulo Jorge Rodrigues Matos (*Vogal*)

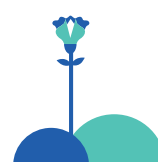


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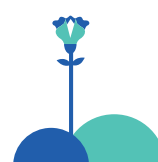
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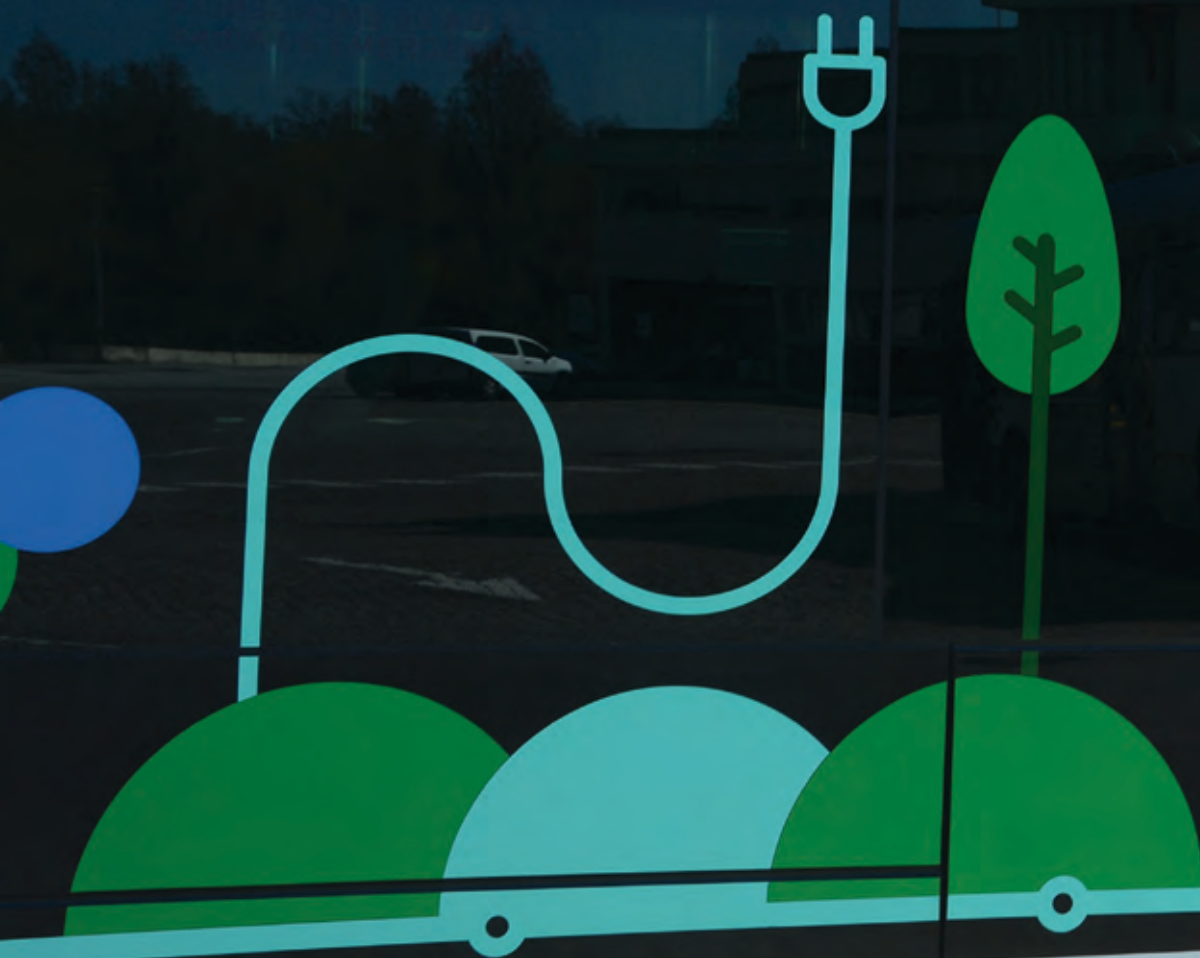
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