1H14

Financial Results

Conference call and webcast

Date: Friday, 1st August, 2014, 11:00 am (UK/Portuguese time)

Webcast: www.edp.pt

By Phone dial-In number: +44 (0)20 7162 0077 Conference ID: 946720
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Lisbon, July 31th 2014

EDP - Energias de Portugal, S.A. Headquarters: Praça Marquês de Pombal,12 1250-162 Lisboa Portugal

Content

The financial statements presented in this document are non-audited.
The source from all operational data is EDP.

Main Highlights

Income Statement (€ m)	1H14	1H13	Δ %	Δ Abs.
Gross Profit	**2,699**	**2,890**	**-7%**	**-192**
Supplies and services	422	441	-4%	-19
Personnel costs, employees benefits	201	335	-40%	-135
Other operating costs (net)	74	141	-48%	-67
Net Operating costs (1)	**697**	**918**	**-24%**	**-221**
EBITDA	**2,002**	**1,973**	**1%**	**+29**
Provisions	18	37	-52%	-19
Amortisation and impairment (2)	681	686	-1%	-5
EBIT	**1,304**	**1,250**	**4%**	**+53**
Capital gains/(losses)	(0)	0	-	-0
Financial Results	(245)	(317)	23%	+72
Share of net profit joint ventures/associates	8	(15)	-	+23
Pre-tax profit	**1,067**	**918**	**16%**	**+148**
Income taxes	242	208	16%	+34
Extraord. contribution energy sector	31	-	-	+31
Net profit for the period	794	710	12%	+84
Net Profit	**673**	**603**	**12%**	**+70**
Non-controlling Interest	121	107	13%	+14

Key Operational Data	1H14	1H13	Δ %	Δ Abs.
Employees	11,884	12,136	-2.1%	-252
Installed capacity (MW)	22,079	21,994	0.4%	+85

Key Financial Data (€ m)	1H14	1H13	Δ %	Δ Abs.
FFO (Funds from operations)	1,148	1,241	-7%	-92
Capex	659	601	10%	+58
Maintenance	272	266	2%	+7
Expansion	387	335	15%	+52
Net investments (5)	633	772	-18%	-139

Key Balance Sheet Data (€ m)	Jun-14	Dec-13	Δ %	Δ Abs.
Equity book value	8,476	8,446	0%	+31
Net debt	16,874	17,083	-1%	-209
Regulatory receivables (4)	2,441	2,747	-11%	-306
Net debt/EBITDA (x)	4.2x	4.7x	-	-0.5x
Adjusted net debt (3)/EBITDA (x)	3.6x	4.0x	-	-0.3x

Pursuant to the adoption of IFRS 10 and IFRS 11, 2013 data presented in this document was restated. Joint ventures previously consolidated through proportional method are from 2014 onwards consolidated by equity method.

Consolidated EBITDA rose 1% YoY, to €2,002m in 1H14. EBITDA includes the impact from: (i) in 1H13, capital gain stemming from the sale of gas transmission assets in Spain (+€56m); (ii) in 1H14, one-off booked in the sale of a 50% equity stake in Jari/Cachoeira-Caldeirão to CTG (+€129m) and the impact from the new Collective Labour Agreement (CLA) established in Portugal (+€129m). Additionally, due to the lack of visibility upon the timing of financial settlement, CCEE contributions to our Brazilian DisCos on part of May/Jun-14 energy costs' deviations were not accounted for in 2Q14 (+€40m expected to be booked in 3Q14). Adjusting for these impacts, EBITDA fell 7% YoY (-€132m), to €1,784m in 1H14, hit by the adverse ForEx impact (-€58m or -3% of total EBITDA), the severe drought in Brazil (-€76m excluding May/Jun's energy cost deviations) and adverse regulatory changes in Iberia, namely at EDPR level.

Excluding the aforementioned one-offs, EBITDA from **Iberian operations** (excluding wind) rose by 4% YoY, driven by: (i) particularly strong hydro production; (ii) successful management of the strong volatility in energy markets in the period; and (iii) tight cost control. **EDP Brasil,** 'EDPB' (EBITDA -15%, or -€45m), was adversely impacted by: (i) -€90m (-R$293m) net impact from higher negative tariff deviations in the distribution business; (ii) -€48m of ForEx impact; (iii) lower return on Escelsa's regulated asset base following regulatory revision in Aug-13; and (iv) higher electricity sourcing costs in the wake of adverse hydro context (-€26m). **EDP Renováveis,** 'EDPR' (EBITDA -7%, or -€36m), reflected the negative impact of new remuneration scheme in Spain combined with low avg. market price in 1H14, adverse ForEx impact (-€10m) and €14m one-off gain booked in 1Q13; only partially compensated by new capacity comissioned.

EDP Group net operating costs[1] totalled €697m (-24% YoY). Excluding the impact from the new CLA, operating costs (Supplies and services, Personel costs) fell by 3% YoY (-€25m) backed by a 2% YoY fall in Iberia, on the successful execution of our corporate efficiency program OPEX III and 2% cut in workforce (mainly prompted by early retirements in Portugal); and by BRL depreciation vs. Euro. **Other net operating costs** stood at €74m in 1H14, -€67m YoY, impacted by the capital gains on the disposal of the aforementioned equity stakes (€56m in 1H13; €129m in 1H14). Generation taxes in Spain and clawback in Portugal totalled €61m in 1H14.

EBIT rose by 4% in 1H14, to €1,304m, mainly driven by higher EBITDA. **Net amortisations and impairements** reflected the extension of the useful life of our CCTGs and some coal plants in 4Q13.

Net financial costs, €72m lower YoY, at €245m in 1H14, factors in a 50bp YoY rise in the avg. cost of debt, to 4.6% in 1H14, and a €0.7bn reduction in the average net debt. **Income taxes** amounted to €242m in 1H14, with an effective tax rate of 23%. Additionally, and according to the terms defined in Portugal's 2014 State Budget, EDP contributed with €31m in 1H14 to the extraordinary tax on the energy sector in Portugal. **Non-controlling interests** rose 13% YoY to €121m in 1H14, driven by the gain on the sale of Jari/Cachoeira-Caldeirão and by the execution of the asset rotation strategy in EDPR. **Net profit attributable to EDP shareholders rose by 12% YoY, to €673m in 1H14.** Excluding the impact of the aforementioned one-off items on net profit (+€40m in 1H13; +€124m in 1H14), net profit fell by 3%, from €563m in 1H13, to €549m in 1H14.

Net investments[5] fell 18% YoY, to €633m in 1H14. **Consolidated capex** totalled €659m in 1H14, 10% higher YoY, or 5% lower YoY when excluding €92m investment subsidies cashed-in by EDPR (related to a US wind farm installed in 4Q12). Expansion capex totalled €387m in 1H14, driven by the ongoing construction of new hydro & wind capacity.

Net debt fell from €17.1bn in Dec-13 to €16.9bn in Jun-14, reflecting: (i) -€0.9bn of net contribution from FFO and maintenance capex; (ii) -€0.4bn from regulatory receivables following €1bn of securitisations in Portugal and higher deviations in the distribution in Brazil; (iii) +€0.7bn following the payment of 2013 dividend; (iv) +€0.4bn of net impact from expansion capex, changes in working capital with fixed asset suppliers and net divestments. **Total cash and available liquidity facilities amounted to €5.0bn by Jun-14. This liquidity position allows EDP to cover its refinancing needs until the end of 2015.**

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits) + Other operating costs (net); (2) Depreciation and amortisation expense net of compensation for depreciation and amortisation of subsidised assets; (3) Net of regulatory receivables; (4) In Brazil regulatory receivables are out of Consolidated Financial Position; (5) Net investments defined in note (5) of page 5 of this document.

EBITDA Breakdown

EBITDA (€ m)	1H14	1H13	Δ %	Δ Abs.	1Q13	2Q13	3Q13(1)	4Q13(1)	1Q14	2Q14	3Q14	4Q14	2Q14 YoY Δ %	2Q14 YoY Δ Abs.	2Q14 QoQ Δ %	2Q14 QoQ Δ Abs.
LT Contracted Generation	356	368	-3%	-12	194	174	176	182	176	180	-	-	3%	+6	3%	5
Liberalised Activities Iberia	315	225	40%	+90	111	114	55	70	192	123	-	-	8%	9	-36%	-69
Regulated Networks Iberia	559	522	7%	+37	290	232	250	251	245	314	-	-	35%	81	28%	69
Wind & Solar Power	506	543	-7%	-36	317	226	165	239	289	218	-	-	-4%	-8	-25%	-71
Brazil	266	311	-15%	-45	177	134	186	85	127	139	-	-	4%	6	10%	13
Other	(0)	4	-	-4	(3)	6	(6)	(9)	2	(2)	-	-	-	-9	-	-4
Consolidated	**2,002**	**1,973**	**1.5%**	**+29**	**1,086**	**887**	**826**	**818**	**1,030**	**972**	**-**	**-**	**10%**	**85**	**-6%**	**-59**

Consolidated EBITDA rose by 1.5% YoY (+€29m), to €2,002m in 1H14. Note that EBITDA includes: (i) in 1H13, +€56m one-off from the sale of gas transmission assets in Spain (at Regulated networks business); (ii) in 1H14, +€129m one-off from the sale of a 50% equity stake in Jari/Cachoeira-Caldeirão to CTG and the €129m one-off gain booked in the wake of new Collective Labour Agreements established in Portugal. Additionally, due to a lack of visibility upon the timing of financial settlement, CCEE contributions to our Brasilian DisCos on part of May/Jun-14 energy costs' deviations were not accounted for in 2Q14 (+€40m expected to be booked in 3Q14). Adjusted for these non-recurrent impacts, EBITDA fell 7% YoY (-€132m), to €1,784m in 1H14, hit by adverse ForEx impact (-€58m or -3% of EBITDA, derived from a 15% depreciation of the BRL vs. the EUR and a 4% depreciation of the USD vs. the EUR), weaker results in Brazil due to severe drought (-€76m, excluding the aforementioned deviations with energy costs in May/Jun-14) and adverse regulatory changes in Iberia, namely at EDPR.

The new Collective Labour Agreement (CLA) reached with the 64 unions representing EDP's employees in Portugal (~6,700 employees) in Jul-14 resulted in a one-off impact of +€129m in 1H14, corresponding to the change in the present value of the group's future liabilities: €87m booked in Regulated Networks, €23m in LT Contracted Generation, €6m in Liberalised activities and €13m at the holding level.

LONG TERM CONTRACTED GENERATION IN IBERIA (18% of EBITDA) - EBITDA fell 3% YoY, to €356m in 1H14, impacted by the transfer of 3 hydro plants to our merchant portfolio following the termination of respective PPAs (1H13 gross profit: €32m) and by the production stoppage at several special regime thermal plants in Spain: new regulatory terms proposed makes its operations unprofitable.

LIBERALISED ACTIVITIES IN IBERIA (16% of EBITDA) – EBITDA was €90m higher YoY, at €315m in 1H14, backed by +€71m of gross profit in electricity operations and +€35m gross profit contribution from gas supply. Overall, the performance of the electricity business was driven by: (i) a 15% drop in the avg. sourcing cost, supported by a much higher contribution from hydro production (58% weight in generation mix in 1H14 vs. 47% in 1H13); (ii) growth in the supply business; and (iii) higher results derived from the successful management of volatility in the energy markets.

REGULATED NETWORKS IN IBERIA (28% of EBITDA) – EBITDA amounted to €559m in 1H14, 7% higher YoY. Excluding the impact from new CLA (+€87m in 1H14) and the sale of gas transmission assets (+€56m in 1H13), EBITDA was 1% higher YoY (+€5m), to €471m in 1H14, mainly driven by tight cost control focused on OPEX efficiency. Gross profit was 2% lower YoY (-€20m) in 1H14, reflecting: (i) in Portugal, a lower return on RAB in both electricity and gas distribution derived from the lower sovereign risk, fast clients' switching to free market and adverse revenues update for 'GDP Deflator-X' in the electricity business; (ii) in Spain, negative impact from regulatory changes in electricity distribution.

WIND & SOLAR POWER (25% of EBITDA) – EDPR's EBITDA fell 7% YoY (-€36m), to €506m in 1H14, driven by: (i) the negative impact from new remuneration scheme in Spain combined with low avg. market price in the period; (ii) a €14m one-off gain in 1Q13 from the restructuring of a PPA contract in the US; and (iii) adverse ForEx impact (-€10m). Installed capacity rose 4% YoY (+281MW) to 7.8GW by Jun-14. Avg. load factor rose by 1p.p. YoY, to 34% in 1H14 on outstanding wind conditions in Iberia. Avg. selling prices dropped by 10% YoY, to €57.7/MWh, reflecting regulatory changes in Spain and lower prices in Romania.

BRAZIL (13% of EBITDA) - EDPB's contribution to consolidated EBITDA was 15% lower YoY (-€45m), at €266m in 1H14. 1H14 EBITDA includes: (i) -€90m (-R$293m) net impact from higher net negative tariff deviations in the distribution business; (ii) -€48m derived from the adverse ForEx; and (iii) +€129m (R$408m) gain derived from the sale of 50% equity stakes in Jari and Cachoeira-Caldeirão to CTG. Excluding these impacts, local currency EBITDA fell by 12% YoY to R$770m in 1H14, reflecting: in the distribution business, lower regulated revenues backed by higher costs with grid losses and a lower return following tariff review at Escelsa in Aug-13; in the generation and supply, higher sourcing costs stemming from the need to purchase electricity at abnormally high market prices due to low Generation Scaling Factor (95% in 1H14).

(1) Note that 3Q13 and 4Q13 are not restated for IFRS10 / IFRS11 adoption.

Profit & Loss Items below EBITDA

Profit & Loss Items below EBITDA (€ m)	1H14	1H13	Δ %	Δ Abs.	1Q14	2Q14	3Q14	4Q14	2Q14 QoQ Δ %	2Q14 QoQ Δ Abs.
EBITDA	**2,002**	**1,973**	**1%**	**29**	**1,030**	**972**			**-6%**	**-59**
Provisions	18	37	-52%	-19	7	11			58%	4
Net Depreciation and amortisation	681	686	-1%	-5	324	357			10%	32
EBIT	**1,304**	**1,250**	**4%**	**53**	**699**	**604**			**-14%**	**-95**
Net financial interest	(434)	(380)	-14%	-54	(216)	(217)			-1%	-1
Capitalized financial costs	83	63	32%	20	41	42			3%	1
Net foreign exchange differences and derivates	33	(21)	-	54	19	15			-22%	-4
Investment income	4	4	2%	0	0	4			-	4
Unwinding w/ pension & medical care responsibilities	(35)	(36)	4%	1	(17)	(18)			-4%	-1
Other Financials	102	52	-	50	27	76			185%	49
Financial Results	**(245)**	**(317)**	**23%**	**72**	**(147)**	**(98)**			**33%**	**49**
Share of net profit in joint ventures and associates	**8**	**(15)**	**-**	**23**	**12**	**(4)**			**-**	**-15**
Capital Gains/(Losses)	**(0)**	**0**	**-**	**-0**	**(0)**	**(0)**			**-**	**-0**
Pre-tax Profit	**1,067**	**918**	**16%**	**148**	**564**	**502**			**-11%**	**-62**
Income Taxes	**242**	**208**	**16%**	**34**	**186**	**57**			**-70%**	**-129**
Effective Tax rate (%)	*23%*	*23%*	-	*0.1 pp*	*33%*	*11%*			*-66%*	*-0.2 pp*
Extraordinary Contribution for the Energy Sector	**31**	**-**	**-**	**31**	**15**	**16**			**8%**	**1**
EDP Renováveis	57	49	17%	8	39	18			-54%	-21
Energias do Brasil	61	53	14%	7	27	34			27%	7
Other	3	5	-38%	-2	2	1			-39%	-1
Non-controlling Interests	**121**	**107**	**13%**	**14**	**68**	**53**			**-22%**	**-15**
Net Profit Attributable to Shareholders of EDP	**673**	**603**	**12%**	**70**	**296**	**377**			**27%**	**81**

Net depreciation and amortisation (net of compensation from depreciation and amortisation of subsidised assets) decreased 1% YoY to €681m in 1H14, mostly reflecting: i) extension of the useful life since Nov-13 of our CCTGs (from 25 to 35 years) and of some of our coal plants in Spain; ii) lower depreciation at some of our special regime facilities in Spain, following the impairments in 4Q13; iii) impairment at hydro project in Portugal (Alvito) accounted in 2Q14 amounting to €27m; iv) lower impairments at EDPR (€10m in 1H13 related to projects under development); and v) forex impact mostly due to EUR/BRL evolution (-€10m).

Net financial costs went down 23% YoY to €245m in 1H14. **Net interest expenses** rose 14% YoY reflecting a higher average cost of debt, up from 4.1% in 1H13 to 4.6% in 1H14, which was partly mitigated by a €0.7bn decrease in average net debt. **Net ForEx differences and derivatives** totalled €33m in 1H14 and are mostly related to financial operations in energy markets and commodities. **Capitalised financial costs** reached €83m in 1H14, up €20m YoY, driven by a higher level of works in progress, namely in new hydro in Portugal. **Other financials** totalled €102m in 1H14, including a €67m gain with the tariff securitisation deals (vs. €41m in 1H13).

Results from associated companies amounted to €8m in 1H14 with the main contributions to this item coming from: i) EDPR's 40% equity stake in ENEOP in Portugal (€10m in 1H14 vs. €8m in 1H13); ii) some minority stakes in US wind farms (€3m in 1H14); iii) our 50% equity stake in our supply associate CIDE HC Energia in Spain (€3m in 1H14); and iv) our 21% stake in CEM in Macau (€6m in 1H14). Note that our 50% equity stake in Pecém I (equity consolidated) contributed with -€12m in 1H14 (vs. -€40m in 1H13).

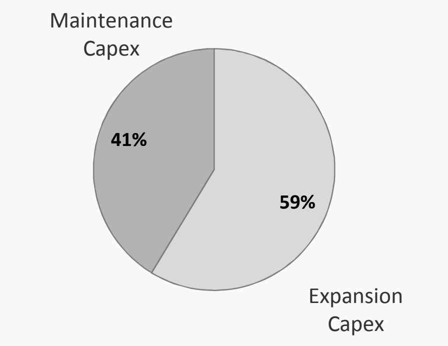
Income taxes amounted to €242m in 1H14, representing an effective tax rate of 23%. Additionally, and according to what had been defined in Portugal's 2014 State Budget, in 1H14, EDP contributed with €31m to the special contribution that is being applied to the energy sector. According to statements of the Portuguese Finance Minister, the extraordinary contribution of the energy sector that is being applied in 2014 is expected to continue in place in 2015.

Non-controlling interests increased 13% YoY to €121m in 1H14, driven by higher net profit at the level of EDPB and execution of the asset rotation strategy in EDPR. All in all, **net profit attributable to EDP shareholders** increased 12% YoY to €673m in 1H14.

Capital Expenditure & Net Investments

Capex (€ m)	1H14	1H13	Δ %	Δ Abs.	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14
LT contracted gen. Iberia	10	19	-47%	-9	11	8	12	17	3	7	-	-
Liberalised activities Iberia	295	264	12%	+31	139	126	145	128	124	171	-	-
Regulated networks Iberia	158	161	-2%	-3	72	89	85	141	70	89	-	-
Wind & solar power	113	12	863%	+101	(53)	65	131	394	44	69	-	-
Brazil (1)	54	128	-58%	-74	53	75	141	113	26	28	-	-
Other	28	17	69%	+12	7	10	11	15	11	17	-	-
EDP Group	**659**	**601**	**10%**	**+58**	**228**	**373**	**525**	**808**	**278**	**381**	**-**	**-**
Expansion Capex	**387**	**335**	**15%**	**+52**	**112**	**223**	**368**	**574**	**162**	**225**	**-**	**-**
Maintenance Capex	**272**	**266**	**2%**	**+7**	**116**	**150**	**157**	**234**	**116**	**157**	**-**	**-**

CAPEX 1H14



Generation Projects Under Construction (€ m)	MW	Capex 1H14	Acc. Capex (2)
Hydro Portugal	1,468	271	1,561
Wind Power (3)	405	55	433
Total	**1,873**	**326**	**1,994**

Net financial investments/(Divestments) (€m)	1H14	1H13	Δ %	Δ Abs.
Investments	**12**	**171**	**-93%**	**-159**
Consolidation Perimeter EDPR	4	36	-89%	-32
Consolidation Perimeter EDPB (4)	2	31	-94%	-29
Gas assets (Spain)	-	96	-	-96
Other	6	8	-26%	-2
Divestments	**162**	**513**	**-68%**	**-351**
Consolidation Perimeter EDPR	0	0	79%	+0
EDP Brasil (Jari & C. Caldeirão)	134	-	-	+134
Gas assets (Spain)	-	245	-	-245
Wind assets	28	257	-89%	-229
Other	-	10	-	-10
Total	**(150)**	**(342)**	**-**	**+192**

Net Investments (€m) (5)	1H14	1H13	Δ %	Δ Abs.
Total	**633**	**772**	**-18%**	**-139**

Consolidated capex amounted to €659m in 1H14. Excluding a cash-grant cashed-in by EDPR in Jan-13 (€92m), related to a US wind farm installed in 4Q12, capex in 1H14 was 5% lower YoY (-€34m). Maintenance capex was 2% higher YoY, at €272m in 1H14. Expansion capex totalled €387m in 1H14, devoted to the construction of new hydro & wind capacity. **Capex in hydro capacity under construction in Portugal,** comprising 3 new plants and 2 repowerings, totalled €271m in 1H14: 253MW due by the end of 2014, 963MW due in 3Q15 and 252MW due in 2H16. **Capex in new wind & solar capacity** (EDPR) totalled €113m, mostly allocated to capacity additions in 1H14 (+6MW in Europe) and to 405MW of capacity under construction, the bulk of which in the US (329MW). **In Brazil,** capex totalled €54m in 1H14 and was mostly devoted to maintenance capex at our distribution business. Even though EDPB has 2 new hydro projects under construction (Jari with 373MW, due in Jan-15; Cachoeira Caldeirão with 219MW due in Jan-17), these investments became equity-method accounted following EDPB's sale to CWEI (CTG) of a 50% stake in each of these projects. **Overall**, and excluding new hydro projects in Brazil (held at 50%), EDP has spent €2.2bn so far in 1.9GW of new generation capacity under construction.

Net financial divestments totalled €150m in 1H14. Financial divestments include: i) +€134m from the conclusion of the sale to CWEI (CTG) of 50% equity stakes in Jari and Cachoeira Caldeirão hydro projects; and ii) +€28m from EDPR disposal of a 49% equity stake in a wind farm portfolio of 100MW located in France sold to Axpo Group (enterprise value of €126m for 100% of the assets). Financial investments in 1H14 essentially refer to some success fees related to the development of our wind business and to EDPB's equity contributions to Jari hydro project.

Within the scope of **EDP's strategic partnership with CTG**, in Jun-14, EDPB completed the sale to CWE Investment Corporation ("CWEI"), a 100% owned CTG subsidiary, of 50% equity stakes in Jari and Cachoeira Caldeirão hydro projects for a cash amount of R$420.6m (Jari: R$420.2m and Cachoeira Caldeirão: R$0.4m) in accordance with the terms of the Memorandum of Understanding ("MoU") signed in Dec-13. It is worth recalling that in Dec-13, CWEI also signed a MoU with EDPR for the sale of a 49% stake in EDPR's 40% share in ENEOP consortium (534MW of wind in Portugal) – the conclusion of this deal expected for 2015. Also, in Feb-14, EDPB agreed with CWEI the sale of a 33.3% stake in São Manoel hydro project (700MW awarded to the Terra Nova consortium – 66.7% EDPB and 33.3% Furnas), as part of the €2.0bn of CTG investments (including co-capex) in renewable capacity, in accordance with the existing partnership – the closing of this transaction is expected for 2H14.

(1) Excluding Pecém I (equity method); (2) Accumulated capex net of debts to equipment suppliers; (3) Amount of accumulated capex includes capacity under construction & development; (4) Including Pecém I, Jari & C. Caldeirão (equity method);
(5) Capex net of investment subsidies + Financial Investments - Financial Divestments related to EDPR's asset rotation strategy (€38m from sale to Axpo Group, of which €28m for equity stake and €10m for shareholder loans)

Cash Flow

Consolidated Cash Flow (€m) - Indirect Method	1H14	1H13 (1)	Δ %	Δ Abs.
EBITDA	**2,002**	**1,957**	**2%**	**+45**
Income tax	(244)	(290)	16%	+46
Net financial interest	(434)	(400)	-8%	-34
Net Income and dividends received from Associates	12	23	-46%	-11
Other adjustments	(188)	(49)	-281%	-139
FFO (Funds From Operations)	**1,148**	**1,241**	**-7%**	**-92**
Net financial interest	434	400	8%	+34
Net Income and dividends received from Associates	(12)	(23)	46%	+11
Change in operating working capital	498	469	6%	+29
Regulatory Receivables (2)	424	(32)	-	+456
Other	73	501	-85%	-428
Net Cash from Operating Activities	**2,067**	**2,087**	**-1%**	**-19**
Expansion capex	(387)	(369)	-5%	-17
Maintenance capex	(272)	(266)	-3%	-7
Change in working capital from equipment suppliers	(185)	(393)	53%	+208
Net Operating Cash Flow	**1,224**	**1,059**	**-**	**+165**
Net (investments)/divestments	150	373	-	-223
Net financial interest paid	(401)	(366)	-10%	-36
Dividends received	27	12	136%	+16
Dividends paid	(716)	(716)	0%	+0
Proceeds/(payments) from inst. partnersh. in US wind	(27)	(23)	-19%	-4
Effect of exchange rate fluctuations	(93)	74	-	-168
Other non-operating changes	45	132	-66%	-87
Decrease/(Increase) in Net Debt	**209**	**545**	**-62%**	**-337**

Consolidated Cash Flow (€m) - Direct Method	1H14	1H13	Δ %	Δ Abs.
Operating Activities				
Cash receipts from customers	7,635	7,433	3%	+202
Proceeds from tariff adjustments sales	1,113	1,008	10%	+105
Cash paid to suppliers and personnel	(6,134)	(6,004)	-2%	-130
Concession rents & other	(433)	(293)	-48%	-140
Net Cash from Operations	**2,181**	**2,143**	**2%**	**+38**
Income tax received/(paid)	(114)	(73)	-	-41
Net Cash from Operating Activities	**2,067**	**2,071**	**0%**	**-3**
Net Cash from Investing Activities	**(646)**	**(944)**	**32%**	**+299**
Net Cash from Financing Activities	**(2,004)**	**(1,089)**	**-84%**	**-916**
Changes in Cash and Cash Equivalents	**(583)**	**37**	**-**	**-620**
Effect of exchange rate fluctuations	48	(26)	-	+73

Funds from operations (FFO) fell 7% YoY (-€92m) to €1,148m in 1H14, including: i) a €34m increase in net financial interests, which translate a 50bp increase in the average cost of debt (4.6% in 1H14) and a lower average net debt (-€0.7bn); and ii) a €46m decrease in current income taxes, essentially driven by lower results. Note that 'other adjustments' include a €129m negative impact related to the new Collective Labour Agreement established in Portugal, which is fully compensated at EBITDA level (see 'EBITDA Breakdown' on page 3).

Net cash from operating activities decreased 1% YoY (or -€19m) to €2,067m in 1H14. Note that **regulatory receivables** in 1H14 decreased €424m vs. Dec-13, reflecting: i) €344m of net cash proceeds from regulated activities in Portugal, including -€1,033m from the securitisation deals undertaken in 1H14; and ii) an €80m decrease from Spain, mostly related to 2013 deficit adjustments. **Other changes in working capital,** which amounted to €73m in 1H14, include a €129m one-off gain booked on the sale of 50% equity stakes in Jari/Cachoeira-Caldeirão hydro projects (Brazil) to CWEI (CTG). It is worth recalling that 'other changes in working capital' in 1H13 were positively impacted by a fall in coal inventories, by a decrease in trade receivables and by the recognition of €31m (R$90m) of CDE contributions that were cashed-in only in 3Q13.

Expansion capex totalled €387m in 1H14, translating the ongoing construction of new hydro and wind capacity. Note that **change in working capital from equipment suppliers** is mostly related to the renewable projects construction and development activity at EDPR level.

Net financial divestments amounted to €150m in 1H14, mostly reflecting the mentioned sale of 50% equity stakes in Jari/Cachoeira-Caldeirão to CTG.

On May 29th, 2014, EDP paid its annual dividend amounting to €672m (or €0.185/share, flat vs. the previous year). Note that the amount of €716m of dividends paid in 1H14 also includes the amounts paid to non-controlling interests, mostly at the level of EDP Renováveis.

The €93m negative impact on net debt from **effects of exchange rate fluctuations** essentially reflects the appreciation of the Brazilian Real (+9%) and US Dollar (+1%) against the Euro between Dec-13 and Jun-14.

Overall, **net debt** fell €0.2bn vs Dec-13, to 16.9bn as of Jun-14.

(1) Cash Flow under the Indirect Method is not restated for IFRS10 / IFRS11 implementation; (2) Excluding Brazil, for which regulatory receivables are out of the Consolidated Financial Position.

Statement of Consolidated Financial Position

Assets (€ m)	Jun. vs. Dec.		
	Jun-14	Dec-13	Δ Abs.
Property, plant and equipment, net	19,635	19,454	181
Intangible assets, net	5,943	6,018	-75
Goodwill	3,259	3,253	6
Financial investments and assets held for sale, net	1,031	1,578	-547
Tax assets, deferred and current	566	754	-187
Inventories	211	265	-54
Trade receivables, net	2,054	2,281	-227
Other assets, net	5,538	5,868	-330
Collateral deposits	432	439	-7
Cash and cash equivalents	1,621	2,157	-535
Total Assets	**40,289**	**42,066**	**-1,776**

Equity (€ m)	Jun-14	Dec-13	Δ Abs.
Equity attributable to equity holders of EDP	8,476	8,446	31
Non-controling Interest	3,204	3,082	121
Total Equity	**11,680**	**11,528**	**152**

Liabilities (€ m)	Jun-14	Dec-13	Δ Abs.
Financial debt, of wich:	19,059	19,759	-700
Medium and long-term	*15,377*	*15,601*	*-224*
Short term	*3,682*	*4,158*	*-476*
Employee benefits (detail below)	1,883	1,935	-51
Institutional partnerships, US wind	1,459	1,508	-50
Provisions	390	382	8
Tax liabilities, deferred and current	1,263	1,333	-71
Other liabilities, net	4,556	5,621	-1,065
Total Liabilities	**28,610**	**30,538**	**-1,928**
Total Equity and Liabilities	**40,289**	**42,066**	**-1,776**

Employee Benefits (€m) (1)	Jun-14	Dec-13	Δ Abs.
Pensions (2)	918	960	-42
Medical care and other	965	974	-10
Employee Benefits	**1,883**	**1,935**	**-51**

Institutional Partnerships Liabilities (€m)	Jun-14	Dec-13	Δ Abs.
Institutional Partnerships, US Wind	1,459	1,508	-50
(-) Deferred Income	656	672	-17
Institutional Partnerships Liabilities	**803**	**836**	**-33**

Regulatory Receivables (€m)	Jun-14	Dec-13	Δ Abs.
Portugal Distribution and Gas (3)	1,848	2,045	-197
Portugal Annual CMEC Deviation	230	377	-148
Spain	184	264	-80
Brazil (4)	180	61	119
Regulatory Receivables	**2,441**	**2,747**	**-306**

Total amount of **property, plant & equipment and intangible assets** increased €0.1bn vs. Dec-13 to €25.6bn as of Jun-14, mainly reflecting: i) +€0.7bn of capex in the period; ii) -€0.7bn from depreciations in the same period; iii) +€0.3bn mainly resulting from the appreciation of the Brazilian Real (+9%) and US Dollar (+1%) against the Euro; and ii) a net -€0.1bn impact driven by CO2 licences purchase, consumption and delivery in the period. As of Jun-14, EDP's balance sheet included €3.6bn of works in progress (14% of total consolidated tangible and intangible assets) largely related to investments already incurred in regulated networks, power plants, wind farms development, equipment or concession rights which are not yet operating.

The book value of **financial investments & assets held for sale** went down €0.5bn vs. Dec-13, to €1.0bn as of Jun-14, reflecting the conclusion of the sale of 50% stakes in Jari and Cachoeira Caldeirão hydro projects in Brazil (Jun-14), which had been transferred to 'assets classified as held for sale' in Dec-13, as well as the mark-to-market of some of our financial stakes. Note that financial investments essentially refer to our financial stakes in Jari (50%), Cachoeira Caldeirão (50%), Pecém I (50%), ENEOP (40%), CEM (21%), REN (3.5%) and BCP (2.0%).

Tax assets net of liabilities, deferred and current, went down €0.1bn vs. Dec-13, essentially due to lower fiscal receivables related to value added taxes. **Trade receivables and other assets (net)** decreased €0.6bn vs. Dec-13 to €7.6bn as of Jun-14, translating: i) a €0.7bn decrease of gross regulatory receivables from Portugal, on the back of the securitisation deals achieved during 1H14; and i) a €0.1bn decrease of gross regulatory receivables from Spain.

Total amount of EDP's **net regulatory receivables** went down €0.3bn vs. Dec-13, to €2.4bn as of Jun-14, reflecting: i) a €344m decrease from Portugal; ii) an €80m decrease from Spain; and iii) a €119m increase from Brazil (not reflected at Balance Sheet level).

Equity book value remained relatively flat at €8.5bn as of Jun-14, essentially reflecting €673m of net profit for the period, which was offset by the payment of €672m of dividends. Additionally: i) ForEx differences had a €76m positive impact on equity book value; and ii) an €81m actuarial loss was recognized at the level of equity reserves, translating the update of actuarial assumptions (lower discount rate).

Other liabilities (net) went down by €1.1bn vs. Dec-13 to €4.6bn as of Jun-14, driven by the closing of the above mentioned sale of 50% equity stakes in Jari and Cachoeira Caldeirão, which as of Dec-13 were under 'liabilities classified as held for sale' (-€0.6bn), lower regulatory liabilities in Portugal (-€0.3bn) and a decrease in payables from property, plant, equipment and other suppliers.

Pension fund, medical care and other employee benefit liabilities (gross, before deferred taxes) fell by €51m vs. Dec-13 to €1,883m as of Jun-14, reflecting a €116m actuarial loss related to the mentioned update of actuarial assumptions, the €129m positive impact from the new Collective Labour Agreement in Portugal and the recurrent payment of pension and medical care expenses. **Institutional partnership liabilities**, decrease by €33m vs. Dec-13 to €803m as of Jun-14, as tax equity partners are receiving the tax benefits generated by the projects. Note that the referred amount of institutional partnership liabilities was adjusted by deferred revenues related to tax credits already benefited by the institutional investors and yet due to be recognised in the P&L.

(1) Gross, befores deferred taxes; (2) Pensions include the Provision for the HR Restructuring Program costs of EDP Distribuição, which is being recovered through the tariffs; (3) Tariff deviations to be recovered/(returned) through tariffs in the following years by electricity distribution and last resort supply and gas in Portugal; (4) In Brasil regulatory receivables are out of Consolidated Financial Position

Consolidated Net Financial Debt

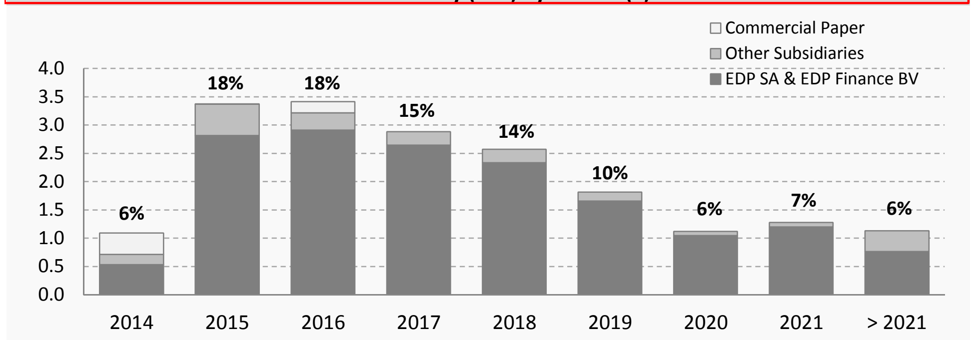
Nominal Financial Debt by Company (€m)	Jun-14	Dec-13	Δ %	Δ Abs.
EDP S.A. and EDP Finance BV	16,309	17,451	-7%	-1,142
EDP Produção & Other	319	149	115%	171
EDP Renováveis	898	842	7%	55
EDP Brasil	1,148	949	21%	199
Nominal Financial Debt	**18,674**	**19,391**	**-4%**	**-717**
Accrued Interest on Debt	320	359	-11%	-39
Fair Value of Hedged Debt	64	9	623%	55
Derivatives associated with Debt (2)	(122)	(76)	-60%	-46
Collateral deposits associated with Debt	(432)	(439)	2%	7
Total Financial Debt	**18,505**	**19,244**	**-4%**	**-739**
Cash and cash equivalents	**1,621**	**2,157**	**-25%**	**-535**
EDP S.A., EDP Finance BV and Other	793	1,618	-51%	-825
EDP Renováveis	308	255	21%	52
EDP Brasil	521	284	84%	237
Financial assets at fair value through P&L	**9**	**4**	**-**	**5**
EDP Consolidated Net Debt	**16,874**	**17,083**	**-1%**	**-209**

Credit Lines by Jun-14 (€m)	Maximum Amount	Number of Counterparts	Available Amount	Maturity
Revolving Credit Facility	3,150	21	3,150	Jun-19
Domestic Credit Lines	159	8	159	Renewable
Underwritten CP Programmes	100	1	100	Oct-16
Total Credit Lines	**3,409**		**3,409**	

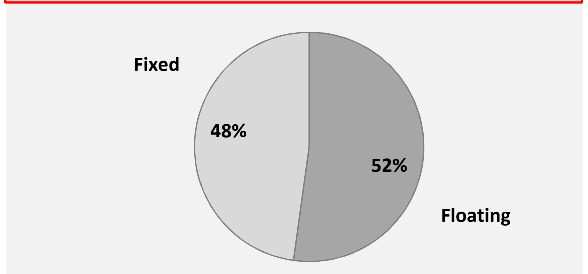
Debt Ratings	S&P	Moody's	Fitch
EDP SA & EDP Finance BV	**BB+/Stab/B**	**Ba1/Positive/NP**	**BBB-/Stab/F3**
Last Rating Action	28-01-2014	30-07-2014	02-07-2014

Debt Ratios	Jun-14	Dec-13
Net Debt / EBITDA	4.2x	4.7x
Net Debt / EBITDA adjust. by Reg. Receivables	3.6x	4.0x

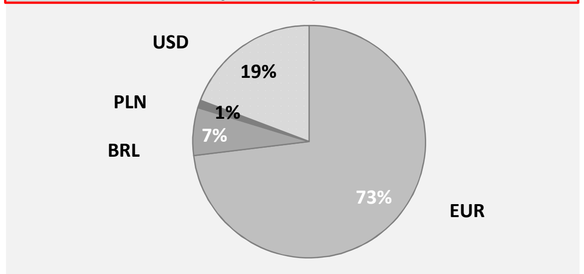
Debt Maturity (€ m) by Jun-14 (1)



Debt by Interest Rate Type - Jun-14 (1)



Debt by Currency - Jun-14 (1)



EDP's financial debt is essentially issued at holding level (EDP S.A. and EDP Finance B.V.) through both debt capital markets and bank loans. Investments and operations are funded in local currency to mitigate ForEx risk. EDP Brasil ('EDPB') is ring fenced, self-funded in local currency and mostly non-recourse to EDP S.A.. Other external funding is essentially of project finance, mainly raised at EDP Renováveis' ('EDPR') subsidiaries. Our US Dollar debt is dedicated to the funding of US wind investments, issued at holding level and on-lent internally. EDP's funding strategy aims at maintaining access to diversified sources and assuring refinancing needs 12-24 months ahead. EDP targets a steady improvement of its free cash flow position and credit ratios over the next years. In May-14, Moody's mantained EDP's "Ba1" rating with negative outlook. In Jul-14, Fitch affirmed EDP at "BBB-" and revised its outlook from Rating Watch Negative to Stable, following further disclosure on regulatory changes in Spain and their impact on EDP's Spanish operations.

In Jan-14, EDP issued a USD750m bond maturing in Jan-2021 with a coupon of 5.25%. In Feb-14, EDP repaid at maturity a €1bn Eurobond that was paying a coupon of 5.5% and a Swiss Franc bond in the amount of CHF230m with a coupon of 3.5%. In Apr-14, EDP issued a €650m Eurobond maturing in Apr-19 with a coupon of 2.625%. In Jun-14, EDP repaid at maturity a USD1.5bn Revolving Credit Facility ("RCF") that was fully drawn. Also in Jun-14, EDP signed a €3.15bn RCF so as to replace the €2bn RCF due to mature in Nov-15 and keeping the same purpose of backup credit facility (the new RCF remains fully undrawn).

By Jun-14, average debt maturity was 4.0 years. The weight of consolidated financial debt raised through capital markets reached 64%, while the remaining of the debt was raised essentially through bank loans. Refinancing needs until the end of 2014 amount to €0.5bn, which relate to some bonds and bank loans that mature throughout the remaining of the year. Total cash and available liquidity facilities amounted to €5.0bn by Jun-14. This liquidity position allows EDP to cover its refinancing needs until the end of 2015.

(1) Nominal Value; (2) Derivatives designated for net investment and fair-value hedge of debt.

Business Areas

Iberian Electricity and Gas Markets

Electricity Balance (TWh)	Portugal 1H14	Portugal 1H13	Δ%	Spain 1H14	Spain 1H13	Δ%	Iberian Peninsula 1H14	Iberian Peninsula 1H13	Δ%
Hydro	9.8	8.6	15%	23.6	21.4	10%	33.4	29.9	12%
Nuclear	-	-	-	28.6	28.2	1%	28.6	28.2	1%
Coal	4.1	4.7	-14%	14.4	12.7	13%	18.4	17.4	6%
CCGT	0.3	0.5	-52%	8.8	10.5	-16%	9.1	11.1	-18%
Fuel/gas/diesel	(0.0)	0.0	-	-	-	-	(0.0)	0.0	-
Own consumption	-	-	-	(2.7)	(2.6)	4%	(2.7)	(2.6)	4%
(-)Pumping	(0.5)	(0.7)	-27%	(3.3)	(4.0)	-17%	(3.8)	(4.7)	-19%
Conventional Regime	**13.6**	**13.2**	**4%**	**69.3**	**66.1**	**5%**	**82.9**	**79.3**	**5%**
Wind	6.7	6.4	3%	28.8	29.5	-2%	35.5	36.0	-1%
Other	5.2	5.4	-4%	25.3	29.6	-15%	30.6	35.1	-13%
Special Regime	**11.9**	**11.9**	**-0%**	**54.2**	**59.2**	**-8%**	**66.0**	**71.1**	**-7%**
Import/(export) net	(1.1)	(0.7)	55%	(2.5)	(2.9)	-16%	(3.5)	(3.6)	-2%
Gross demand (before grid losses)	**24.4**	**24.3**	**0.4%**	**121.0**	**122.4**	**-1.2%**	**145.4**	**146.8**	**-0.9%**
Adjust. temperature, working days			0.2%			0.1%			n.a.

Gas Demand (TWh)	Portugal 1H14	Portugal 1H13	Δ%	Spain 1H14	Spain 1H13	Δ%	Iberian Peninsula 1H14	Iberian Peninsula 1H13	Δ%
Conventional demand	20.7	22.0	-6%	132.0	149.3	-12%	152.6	171.3	-11%
Demand for electricity generation	0.7	1.2	-45%	21.2	24.2	-12%	21.9	25.5	-14%
Total Demand	**21.3**	**23.2**	**-8%**	**153.2**	**173.5**	**-12%**	**174.5**	**196.8**	**-11%**

Electricity demand in Iberia fell 0.9% YoY in 1H14, following a flat 2Q14 (vs -1.7% YoY in 1Q14). In Spain (83% of Iberia), demand declined 1.2% in 1H14, although it was up 0.1% adjusted for temperature and working days. In Portugal (17% of total), demand was 0.4% higher YoY in 1H14 (+0.2% when adjusted for temperature and working days), witnessing some consumption recovery, despite the impact of a temporary outage at some large clients in 2Q14.

Installed capacity in Iberia declined by 1% (-0.8GW), driven by Spain. In Portugal, installed capacity was stable as wind capacity additions in the last 12 months were compensated by the shutdown of cogeneration and fueloil capacity. In Spain, lower installed capacity was prompted by the shutdown of some coal and cogeneration capacity.

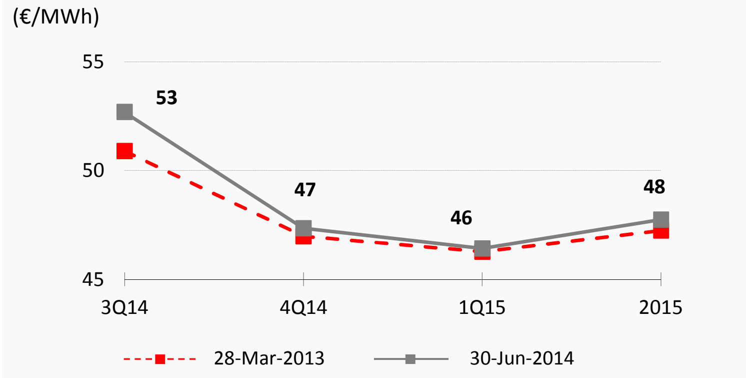
Residual thermal demand in 1H14 declined 3.5% (-1.0TWh) YoY, as result of lower total demand (-1.2TWh), higher net contribution from hydro capacity (+3.5TWh YoY on hydro resources 20% and 37% above the average in Spain and Portugal, respectively) and +1% rise in the output of nuclear plants. In turn, Iberian special regime production was 7% lower YoY (-5.1TWh) in the wake of lower thermal production in Spain, following lower regulatory returns since Jul-13; and weaker wind resources (-0.5TWh), in spite of the increase in Portugal (24% above the average). Portugal increased net exports to Spain, by 0.4TWh, on the back of the rainier weather in 1Q14. The Iberian Peninsula, as a whole, decreased net export volumes by 0.1 TWh on the back of increased interconnectivity with France, enabling more imports in a scenario of lower prices in France in 2Q14. In spite of a lower residual thermal demand, load factors of coal improved to 36% (+3p.p. YoY due to 352MW of capacity closures), while CCGT plants kept declining to 7% load factor (-2p.p. YoY).

Average electricity spot price in Spain was 11% lower YoY in 1H14, at €33/MWh (62% QoQ), and €0.7/MWh higher than in Portugal. Average CO_2 prices rose by 31% YoY in 1H14, to €5.6/ton. Average electricity final price in Spain stood €13.4/MWh above pool price (9% lower than in 1H13) as a result of the contribution from restrictions market, ancillary services and capacity payments.

In the Iberian gas market, consumption fell by 11% YoY in 1H14, dragged by a 14% slump in consumption for electricity generation purposes, due to lower utilisation rates at CCGTs. Conventional demand was 11% lower in 1H14 on warmer weather and decline of thermal special regime production, reflecting a 12% drop in Spain and a 6% fall in Portugal.

Installed Capacity in Electricity (GW)	Iberian Peninsula 1H14	Iberian Peninsula 1H13	Δ%
Hydro	22.1	22.1	-
Nuclear	7.0	7.0	-0%
Coal	11.7	12.1	-3%
CCGT	28.8	28.8	0%
Fuel/gas/diesel	0.8	1.0	-17%
Conventional Regime	**70.4**	**70.9**	**-1%**
Wind	27.6	27.3	1%
Other special regime	19.8	20.4	-3%
Special Regime	**47.4**	**47.7**	**-1%**
Total	**117.8**	**118.6**	**-1%**

Iberian Electricity Forward Market (OMIP)



Main Drivers	1H14	1H13	Δ%
Hydro coeficient (1.0 = avg. year)			
Portugal	1.37	1.27	8%
Spain	1.20	1.29	-7%
Wind coeficient (1.0 = avg. year)			
Portugal	1.24	1.28	-3%
Electricity spot price, €/MWh (1)			
Portugal	32.3	36.0	-10%
Spain	33.0	37.3	-11%
Electricity final price, €/MWh (1) (2)			
Spain	46.4	51.1	-9%
CO2 allowances (EUA), €/ton (1)	5.6	4.2	31%
Coal (API2 CIF ARA), USD/t (1)	76.6	83.0	-8%
Gas NBP, €/MWh(1)	21.8	28.0	-22%
Brent, USD/bbl (1)	108.9	107.5	1%
EUR/USD (1)	1.37	1.31	4%

Sources: EDP, REN, REE, Enagas, OMEL, OMIP. (1) Average in the period. (2) Final price reflects spot price and system costs (capacity payment, ancillary services).

LT Contracted Generation in Iberian Market: PPA/CMEC & Special Regime

Income Statement (€ m)	1H14	1H13	Δ%	Δ Abs.
PPA/CMEC Revenues	**464**	**501**	**-7%**	**-37**
Revenues in the market (i)	362	434	-16%	-71
Annual deviation (ii)	99	116	-15%	-17
PPAs/CMECs accrued income (iii)	3	(49)	-	+52
PPA/CMEC Direct Costs	**106**	**122**	**-13%**	**-16**
Coal	79	92	-15%	-14
Fuel oil	2	1	44%	+1
CO2 and other costs (net)	26	29	-10%	-3
Gross Profit PPA/CMEC	**358**	**379**	**-5%**	**-21**
Thermal (cogen., waste, biomass)	6	22	-73%	-16
Mini-hydro	35	40	-12%	-5
Gross Profit Special Regime	**41**	**63**	**-34%**	**-21**
Net Operating costs (1)	44	73	-41%	-30
EBITDA	**356**	**368**	**-3%**	**-12**
Net depreciation and provision	84	84	-0%	-0
EBIT	**272**	**284**	**-4%**	**-12**
At Fin. Results: Hedging Gains (Losses) (2)	1	7	-84%	-6
Employees (#)	1,195	1,245	-4%	-50

PPA/CMEC: Key Data	1H14	1H13	Δ %	Δ Abs.
Real/Contracted Availability				
Hydro plants	1.05	1.05	-0%	-0.0
Thermal plants	1.05	1.05	1%	+0.0
Installed Capacity (MW)	**4,470**	**5,274**	**-15%**	**-804**
Hydro	3,290	4,094	-	**-804**
Coal	1,180	1,180	-	-
Output (GWh)	**9,102**	**9,562**	**-5%**	**-460**
Hydro	5,859	6,088	-	**-228**
Coal	3,242	3,474	-7%	**-232**

Special Regime: Key Data	1H14	1H13	Δ %	Δ Abs.
Output (GWh)	**626**	**976**	**-36%**	**-351**
Mini-hydro Portugal	405	424	-4%	-19
Thermal Portugal	120	248	-52%	-128
Thermal Spain	101	305	-67%	-203
Average Gross Profit (€/MWh)				
Mini-hydro Portugal	88	95	-8%	-8
Thermal Portugal (3)	28	16	71%	+11
Thermal Spain	44	60	-26%	-16

Capex (€ m)	1H14	1H13	Δ %	Δ Abs.
PPA/CMEC Generation	9	18	-47%	-8
Special Regime	1	1	-41%	-1
Total	**10**	**19**	**-47%**	**-9**

EBITDA from LT contracted generation fell by 3%, to €356m in 1H14, impacted by the transfer of 3 hydro plants to our merchant portfolio following the termination of respective PPAs (1H13 gross profit: €32m) and by production stoppage in several special regime thermal plants. In turn, the establishment of the new Collective Labour Agreement in Portugal in Jul-14 enabled a positive €23m change in the present value of future liabilities, booked in 1H14 as net operating costs.

Following the end in Dec-13 of PPA, our hydro plants Bemposta I, Picote I and Miranda are now operating in the liberalised market since 1-Jan-14 (804MW; 2.5TWh energy production in an avg. hydro year; €24/MWh price implicit in PPA).

Gross profit from PPA/CMEC was €21m lower YoY in 1H14, at €358m, following the natural depreciation of the asset base and the transfer of 3 hydro plants to our merchant portfolio (€32m gross profit in 1H13).

The **annual deviation** between market gross profit under CMECs assumptions and gross profit under actual market conditions totalled €99m in 1H14 (€77m in 1Q14 and €22m in 2Q14), mainly driven by low spot prices. This amount is due to be received in up to 24 months through access tariffs. Deviation at hydro plants totalled €48m as the impact from a production 26% above CMEC's reference was overwhelmed by an avg. realised price 48% below CMEC's reference. In turn, market gross profit at our Sines coal plant stood €51m below the CMEC's reference, due to shorter volumes (-20%) and avg. clean dark spread 16% below the CMEC's reference.

Gross profit from special regime was €21m lower YoY, at €41m in 1H14, driven by the shutdown of a cogeneration plant in Portugal (Energin, 44MW) in Jan-14 and by the interruption of production in most of our Spanish thermal plants (74MW, 80% of total capacity) in Feb-14, as remuneration terms proposed and due to be in place since Jul-13 make its operation unprofitable. Also, gross profit at our mini-hydro plants in Portugal was 12% lower YoY, driven by slightly lower volumes and lower prices.

Net operating costs(1) fell by 41%, to €44m in 1H14, reflecting a positive impact of €23m stemming from the new collective labour agreement; a 4% YoY reduction in the workforce; lower generation taxes in Spain (on lower production); and tight cost control.

Net depreciation charges and provisions were flat YoY, at €84m in 1H14, reflecting lower asset base at PPA/CMEC, mitigated by one-off provisions/impairments on thermal special regime plants in Spain.

Capex in LT contracted generation was €9m lower in 1H14, at €10m, largely due to several pluri-annual maintenance works at Sines in 2013.

Explanatory note on PPA/CMEC:
In June 2007 the long term contracts that EDP had with the Portuguese electricity regulated system (PPA) were replaced by the CMEC (Cost of Maintenance of Contractual Equilibrium) financial system to conciliate: (1) the preservation of the NPV of PPA, based on real pre-tax ROA of 8.5%, and a stable contracted gross profit over the next 10 years; and (2) the need to increase liquidity in the Iberian electricity wholesale market. In terms of EDP's P&L, the total gross profit resulting from CMECs' financial system will keep the same profile over the next 10 years as the former PPA.
PPA/CMEC gross profit has 3 components:
(i) Revenues in the market, resulting from the sale of electricity in the Iberian wholesale market and including both ancillary services and capacity payments.
(ii) Annual deviation ('revisibility'), equivalent to the difference between CMEC's initial assumptions made in 2007 (outputs, market prices, fuel and CO_2 costs) and real market data. This annual deviation will be paid/received by EDP, through regulated tariffs, up to two years after occurring.
(iii) PPA/CMEC Accrued Income, reflecting the differences in the period between PPA and CMEC assumed at the beginning of the system in July 2007.

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits) + Other operating costs (net); (2) Includes a €9m realised gain in 1H14 and €10m gain in 1H13;
(3) Excludes Energin, shutdown in Feb-14.

Liberalised Activities in the Iberian Market

Income Statement (€ m)	1H14	1H13	Δ%	Δ Abs.
Gross Profit	**511**	**408**	**25%**	**+102**
Electricity generation	370	330	12%	+39
Portugal	175	96	82%	+79
Spain	198	236	-16%	-38
Adjustments	(4)	(2)	93%	-2
Electricity supply	94	62	51%	+32
Gas supply	51	16	216%	+35
Adjustments	(4)	(1)	712%	-4
Net Operating costs (1)	195	183	7%	+12
EBITDA	**315**	**225**	**40%**	**+90**
Provisions	1	17	-94%	-16
Net depreciation and amortisation	124	113	10%	+11
EBIT	**190**	**94**	**101%**	**+95**

Electricity Performance	1H14	1H13	Δ%	1H14	1H13	Δ%
	Output (GWh)			Variable Cost (€/MWh) (2)		
Generation Output	7,472	6,278	19%	17.6	25.5	-31%
Electricity Purchases	17,796	15,779	13%	39.8	44.6	-11%
Electricity Sources	**25,268**	**22,057**	**15%**	**33.8**	**39.9**	**-15%**
	Volumes Sold (GWh)			Average Price (€/MWh) (3)		
Grid Losses	604	910	-34%	n.a.	n.a.	-
Retail - Final clients	17,279	14,917	16%	59.4	63.0	-6%
Wholesale market	7,385	6,230	19%	51.2	67.4	-24%
Electricity Uses	**25,268**	**22,057**	**15%**	**55.6**	**61.7**	**-10%**

Electricity Gross Profit (€ m)	1H14	1H13	Δ%	Δ Abs.
Before hedging (€/MWh)	21.8	21.7	0%	+0
From Hedging (€/MWh) (4)	(3.4)	(3.8)	10%	+0
Unit margin (€/MWh)	18.4	17.9	3%	+0
Total Volume (TWh)	25.3	22.1	15%	+3
Subtotal	**465**	**395**	**18%**	**+70**
Others (5)	**(2)**	**(3)**	**45%**	**+1**
Total	**463**	**392**	**18%**	**+71**

Gas Uses (TWh)	1H14	1H13	Δ%	Δ Abs.
Consumed by own power plants	1.7	3.0	-43%	-1.3
Sold in wholesale markets	10.6	4.8	120%	+5.8
Sold to Clients	8.5	12.0	-29%	-3.5
Total	**20.7**	**19.8**	**5%**	**+0.9**

EBITDA from liberalised activities was €90m higher YoY, at €315m in 1H14, driven by: (i) a stronger contribution from hydro production (58% weight in generation mix in 1H14 vs. 47% in 1H13); (ii) +€35m YoY of gross profit from gas supply and trading activities; (iii) improved volume and margins in the electricity supply business and (iv) higher results derived from the successful management of volatility in the energy markets.

As a result of the end of PPAs at 3 hydro plants in Dec-13, 804MW of hydro capacity was transferred from the LT Contracted portfolio to liberalised generation portfolio (1.7TWh in 1H14). Additionally, hydro output increased 48% YoY, propelled by the even rainier 1H14 (vs. an already rainy 1H13). The higher contribution from hydro justified a 31% drop in the avg. generation cost. Regulatory-wise, 1H14 EBITDA was hit by an overall impact in Iberia of -€30m YoY (generation taxes and reduction in capacity payment in Spain; and by the clawback in Portugal).

Gross profit in the electricity business rose by 18% in 1H14, to €463m, driven by a higher avg. unit margin (up from €17.9/MWh in 1H13 to €18.4/MWh in 1H14).

Unit margin [(2)(3)]: Avg. electricity spread was €0.5/MWh higher in 1H14, at €18.4/MWh, mainly propelled by a cheaper mix of electricity sources. **Avg. sourcing cost** fell by 15% YoY supported by a cheaper generation mix (-31% YoY on higher contribution from hydro) and cheaper electricity purchases derived from selective wholesale buying in the period. **Avg. selling price** was 10% lower in 1H14, as a result of: (i) an 6% decline in avg. selling prices to retail clients derived from lower cost of electricity and competition; and (ii) a 24% fall in the average selling prices in the wholesale market (supported by lower revenues in complementary markets and inferior pool prices).

Volumes: Total volume sold rose by 15% to 25TWh in 1H14, reflecting increases in sales to retail and in the wholesale market. Our generation output met 43% of electricity sales to final clients.

Our gas sourcing activity in 1H14 was based on an annual 3.6bcm portfolio of long term contracts, which flexibility has been enhanced through several contract renegotiations (including take or pay flexibility). Moreover, rather than solely using volumes available for electricity generation and for the sale to clients in the free market, EDP was able to divert part of its take-or-pay gas volumes to wholesale markets, where conditions were more attractive during the semester. As a result, gas supplied rose by 5% YoY to 21TWh (1.8bcm) in 1H14, as sales in wholesale markets more than doubled YoY, offsetting the 29% decrease in sales to final clients and the 43% drop in consumption at our gas fired power plants.

EDP is adapting its hedging strategy to the current market conditions, making use of flexibility stemming from the integrated management of gas and electricity operations in Iberia. As a result, EDP has favoured gas sales in the wholesale market, having so far secured spreads for around 95% of its gas sourcing commitments in 2014 and 45% in 2015. Also, EDP has so far forward contracted costs for all its expected coal output for 2014. For 2014, EDP has so far forward contracted electricity sales with clients of 32TWh and, for 2015, EDP has already forward contracted 5TWh at an avg. price of c.€55/MWh.

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits) + Other operating costs (net); (2) Variable cost: fuel cost, CO2 cost net of free allowances, hedging costs (gains), system costs;
(3) Average selling price: includes selling price (net of TPA tariff), ancillary services and others; (4) Includes results from hedging on electricity;
(5) Includes capacity payments, services rendered and others.

Liberalised Electricity Generation in the Iberian Market

Income Statement (€ m)	1H14	1H13	Δ%	Δ Abs.
Gross Profit	**370**	**330**	**12%**	**+39**
Portugal	175	96	82%	+79
Spain	198	236	-16%	-38
Adjustments	(4)	(2)	93%	-2
Supplies and services	33	32	2%	+1
Personnel costs	17	25	-33.7%	-8
Costs with social benefits	0	0	-	-
Other operating costs (net)	52	45	15%	+7
Net Operating costs (1)	**101**	**102**	**-1%**	**-1**
EBITDA	**269**	**228**	**18%**	**+40**
Provisions	0	1	-65%	-1
Net deprec. and amortisation	121	108	12%	+13
EBIT	**147**	**119**	**24%**	**+28**
Employees (#)	**615**	**645**	**-5%**	**-30**

Key Operating Data	1H14	1H13	Δ%	Δ Abs.
Generation Output (GWh)	**7,472**	**6,278**	**19%**	**+1,195**
CCGT	219	437	-50%	-218
Coal	2,383	2,387	-0%	-4
Hydro	4,341	2,939	48%	+1,402
Nuclear	529	515	3%	+14
Generation Costs (€/MWh) (2)	**17.6**	**25.5**	**-31%**	**-8.0**
CCGT	171.6	131.0	31%	+40.6
Coal	36.8	39.1	-6%	-2.3
Hydro	0.8	2.6	-68%	-1.7
Nuclear	4.6	4.3	7%	+0.3
Load Factors (%)				
CCGT	1%	3%	-	-1p.p.
Coal	37%	38%	-	0p.p.
Hydro	41%	42%	-	-1p.p.
Nuclear	78%	76%	-	2p.p.
CO2 Emissions (mn tones)				
Total emissions (3)	3.4	3.3	3%	+0.1

Capex (€ m)	1H14	1H13	Δ%	Δ Abs.
Expansion	274	247	11%	+28
Maintenance	14	12	16%	+2
Total	**289**	**259**	**12%**	**+30**

Our liberalised generation & supply activities are jointly managed as most of our production is sold to our supply units at fixed prices.

Output from our generation plants (unadjusted for hydro pumping) was 19% higher in 1H14, mainly prompted by a higher contribution from hydro plants in the wake of stronger hydro resources and the switch of 3 hydro plants from PPA/CMEC portfolio to merchant portfolio, in Jan-14. The 3 run-of-the-river plants which PPAs matured in Dec-13 imply a total installed capacity of 804MW and have posted a 1.7TWh output in 1H14. The rise in hydro output was partially compensated by lower production at our and CCGTs (-0.2TWh), whilst our coal plants production was flat. **Avg. production cost** was 31% lower YoY, at €17,7/MWh in 1H14, reflecting the higher contribution from the cheaper technology, hydro: 58% of total output in 1H14 vs. 47% in 1H13.

Coal: Output was flat YoY in 1H14, backed by high load factors in May and June, after a period of strong hydro volumes. **Avg. load factor** was flat YoY, at 37% in 1H14. Generation from Spanish domestic coal was 239GWh in 1H14. **Avg. production cost** declined by 6%, to €37/MWh, supported by a lower coal cost.

CCGTs: Output declined by 50% YoY in 1H14, driven by lower demand for thermal production and low competitiveness of gas vs. coal, implying a 1p.p. decline in avg. load factor, to 1% in 1H14. **Avg. production cost** reached to €172/MWh in 1H14, driven by lack of dilution of gas procurement fixed costs as plants were almost stopped.

Hydro & Nuclear: Hydro generation rose by 48% in 1H14, fuelled by both rainy weather conditions and additional capacity in the portfolio (804MW transferred from LT Contracted portfolio following PPA maturities). The **avg. cost of hydro production** fell from €2.6/MWh in 1H13 to €0.8/MWh in 1H14, reflecting a less intensive pumping activity derived from very high level of hydro reserves. Pumping activity is concentrated at our Alqueva plant, at an avg. cost correspondent to a c76% discount to the avg. pool price (vs. c43% in 1H13). Our 15.5% share in the production of Trillo plant (nuclear) corresponded to an avg. load factor of 78% in 1H14 (+2p.p. YoY), given some planned outage for maintenance.

The Portuguese government has already materialised the necessary correction measures as to comply with targets defined in Oct-13, paving the way for ensuring the system's sustainability and the correction of potential distortions in both the market of ancillary services and in the remaining markets, arising from different regulatory conditions between Portugal and Spain. Accordingly, the Dispatch 12955-A/2013 established a levy applicable to generators in the liberalised market from Oct-13 onwards, which amount will vary according to the conclusions of a half-yearly analysis conducted by the regulator and approved by the government. The transitory charge in place corresponds to €2/MWh in off-peak hours and €3/MWh in peak hours and the overall impact in 1H14 amounted to €7m. Additionally, the Dispatch 4694/2014 addressed the price of the secondary regulation in the ancillary services market, obliging it to be no greater than in Spain. Finally, the government announced the preparation of new rules to access social tariff as to significantly enlarge the potential universe of low income electricity customers eligible for social tariff to 500k in 2015, from the current 61k.

In Spain, RDL9/1Q14 (Jul-13) established (i) a decrease in capacity payments for CCGTs from €26/kW to €10/kW, although doubling the remaining payment period; and (ii) the funding of the social tariff by vertically integrated companies. As a result of this, revenues from capacity payments were €10m lower YoY in 1H14. Additionally, generation taxes in place since Jan-13 amounted to €41m in 1H14, €13m above 1H13 on higher coal purchases.

Net operating costs(1) decreased by 1% YoY, to €101m in 1H14, driven by a positive impact of the new Collective Labour Agreements in Portugal and the recovery of nuclear eco-levies paid in previous years in Spain. In turn, these were offset by the transitory levy charged in Portugal on production and the increase in generation taxes in Spain. **Net depreciation charges** increased by €13m, to €121m, impacted by a €27m one-off hydro impairment (Alvito), lessened by the extension of useful life since Nov-13 of our CCTG plants, from 25 years to 35 years; and of some of our coal in Spain.

Capex totalled €289m in 1H14, mostly devoted to new hydro capacity in Portugal (under construction and development). EDP is currently building 5 hydro projects (1,468MW): Baixo Sabor and Ribeiradio, expected start-up in Dec-14; Venda Nova III and Salamonde II, expected to start operations in 2H15; and Foz-Tua, due in 2H16.

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits) + Other operating costs (net);
(2) Includes fuel costs, CO2 emission costs net of free allowances, hedging results; (3) Includes CO2 emissions from Aboño plant, which burns blast furnace gases.

Liberalised Electricity and Gas Supply in the Iberian Market

Income Statement (€ m)	Energy Supply in Spain			
	1H14	1H13	Δ%	Δ Abs.
Gross Profit	**85**	**50**	**70%**	**+35**
Supplies and services	30	30	2%	+1
Personnel costs	5	5	1%	+0
Costs with social benefits	0	0	-43%	-0
Other operating costs (net)	14	17	-20%	-3
Net Operating costs (1)	**49**	**52**	**-5%**	**-3**
EBITDA	**36**	**(2)**	**-**	**+38**
Provisions	0	16	-100%	-16
Net depreciation and amortization	2	4	-55%	-2
EBIT	**34**	**(22)**	**-**	**+55**

Income Statement (€ m)	Energy Supply in Portugal			
	1H14	1H13	Δ%	Δ Abs.
Gross Profit	**60**	**28**	**113%**	**+32**
Supplies and services	31	20	59%	+12
Personnel costs	6	6	-2%	-0
Costs with social benefits	-	0	-	-0
Other operating costs (net)	8	4	114%	+4
Net Operating costs (1)	**45**	**29**	**54%**	**+16**
EBITDA	**15**	**(1)**	**-**	**+16**
Provisions	1	0	64%	+0
Net depreciation and amortization	2	1	13%	+0
EBIT	**13**	**(3)**	**-**	**+16**

Key data	1H14	1H13	Δ%	Δ Abs
Energy Supply in Spain				
Electricity - Free market				
Volume Sold (GWh)	8,681	8,087	7%	+594
Market Share (%)	10%	10%	2%	0p.p.
Clients (th.)	685	610	12%	+75
Electricity - Last resort supply				
Volume Sold (GWh)	278	317	-12%	-39
Clients (th.)	252	264	-4%	-12
Gas - Free market & Last resort supply				
Volume Sold (GWh)	17,001	14,733	15%	2,269
Market Share (%) (2)	4%	6%	-26%	-2p.p.
Clients (th.)	820	787	4%	+33
Energy Supply in Portugal				
Electricity - Free market				
Volume Sold (GWh)	7,555	6,044	25%	+1,510
Market Share (%)	45%	43%	5%	2p.p.
Clients (th.)	2,509	1,505	67%	+1,004
Gas - Free market				
Volume Sold (GWh)	2,038	2,999	-32%	-961
Market Share (%) (2)	11%	14%	-26%	-4p.p.
Clients (th.)	316	151	110%	+165
Capex (€m)	**6**	**5**	**25%**	**+1**
Employees (#)	**319**	**330**	**-3%**	**-11**

Our electricity and gas supply activities in Portugal and Spain are managed in single energy platforms, ensuring a responsive and competitive commercial structure. EDP Group's subsidiaries that operate in this business segment have intra-group electricity and gas procurement contracts with our generation and energy trading divisions. Note that 1H13 was restated as to reflect not only the application of IFRS10 and IFRS11 but also the reclassification of our Iberian commercial shared services platform for electricity and gas supply: this activity was excluded from the liberalised activities in 1H (2013 and 2014) and transferred to the Holding ('Others') level.

Energy Supply in Spain

Gross profit at our supply activities in Spain rose by €35m YoY, to €85m in 1H14, driven by an €18m increase in gross profit from gas wholesale trading activities, on higher volumes and avg. margins.

Net operating costs declined slightly by €3m YoY, in 1H14, on the back of tight cost control.

Electricity volume supplied to our clients in the free market increased by 7% YoY to 8.7TWh, in 1H14, accompanied by a 12% increase in the number of clients supplied, in line with EDP's strategy to focus on the most attractive customer segments. Market share was flat YoY, at 10% in 1H4.

Gas volume supplied rose by 15%, to 17TWh in 1H14, as a result of a focus on wholesale trading opportunities, and following a 4% expansion in the client portfolio. Market share, reflecting solely retail volumes, fell by 2p.p., to 4% in 1H14.

Energy Supply in Portugal

Market Environment – In line with the rules and calendar defined for the liberalisation of electricity supply in Portugal, the electricity last resort supplier (EDP Serviço Universal) can no longer contract new customers (with the exception of consumers entitled to the social tariff). Additionally, all the remaining consumers with regulated tariff will have to move to the free market until the end of the ongoing transitory period: until Dec-14 for clients with contracted power above 10.35 kVA and until Dec-15, for clients with contracted power equal or below 10.35 kVA. During the transitory period, the regulator may apply quarterly updates to transitory tariff as to promote the switch to the free market. In this context, the switching of electricity consumers to the free market over 2013 and in 1H14 was very strong: during 1H14, the number of consumers in the free market soared to 2.9 million, elevating the total consumption in the free market to 79%.

Gross profit at our supply activities in Portugal advanced €32m YoY, to €60m in 1H14, driven by higher volume of electricity supplied and avg. margin achieved in the supply business.

Net operating costs rose by €16m, to €45m, driven by higher supplies and services, namely of costs with client services (call center, billing, etc), in line with the ongoing liberalisation process and the expansion of our clients base.

Electricity volume supplied to EDP clients in the free market in Portugal advanced 25% YoY, to 7.6TWh in 1H14, propelled by a 67% expansion of our client base. EDP's market share in the free market rose by 2p.p. YoY in 1H14, to 45%, in line with EDP's strategy to focus on the most attractive residential/SMEs segments.

Gas volume supplied to EDP clients in Portugal fell by 32% YoY to 2TWh, in 1H14, reflecting a more selective policy of clients contracting and the loss of two large industrial clients (cogeneration plants), in 3Q13 and 1Q14. This was partially compensated by the volume increase in the residential segment following the gas market liberalisation. The strong pace of gas supply liberalisation, along with our successful dual offer (electricity + gas) to residential clients, prompted a surge in the number of clients to 316k in Jun-14, corresponding to a +165k YoY.

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits) + Other operating costs (net).
(2) Market-share for retail market; excludes wholesale. For Portugal, based on the regulator's declared market-share (Mar-14 and Jun-13 figures).

EDP Renováveis: Financial Performance

Income Statement	EDP Renováveis (€ m)			
	1H14	1H13	Δ %	Δ Abs.
Gross Profit	**627**	**661**	**-5%**	**-34**
Supplies and services	120	122	-1%	-2
Personnel costs	34	35	-4%	-1
Other operating costs (net)	(33)	(39)	-14%	+5
Net Operating Costs (1)	**121**	**118**	**2%**	**+3**
EBITDA	**506**	**543**	**-7%**	**-36**
Provisions	-	0	-	-0
Net deprec. & amortisation	222	224	-1%	-2
EBIT	**284**	**319**	**-11%**	**-34**
Capital gains/(losses)	(0)	0	-	-0
Financial Results	(117)	(129)	-9%	+12
Share of Profit from associates	11	15	-27%	-4
Pre-tax profit	**178**	**204**	**-13%**	**-26**

Opex Performance	1H14	1H13	Δ %	Δ Abs.
Opex/Avg. MW (€ th) (4)	26.7	29.6	-10%	-3
Employees (#)	894	871	3%	+23

Operational Overview	1H14	1H13	Δ %	Δ Abs.
Installed Capacity (MW)	**7,762**	**7,481**	**4%**	**+281**
Europe	4,173	3,922	6%	+251
North America	3,506	3,476	1%	+30
Brazil	84	84	0%	-
Output (GWh)	**10,965**	**10,323**	**6%**	**+642**
Europe	5,204	4,809	8%	+395
North America	5,658	5,416	4%	+242
Brazil	103	98	5%	+5
Avg. Load Factor (%)	**34%**	**33%**	**2%**	**1p.p.**
Avg. Elect. Price (€/MWh)	**57.7**	**64.4**	**-10%**	**-7**
EBITDA (€m)	**506**	**543**	**-7%**	**-36**
Europe	308	341	-10%	-34
North America	200	207	-3%	-6
Other & Adjustments	(2)	(5)	-69%	+4
EBIT (€m)	**284**	**319**	**-11%**	**-34**
Europe	188	225	-17%	-37
North America	103	106	-3%	-3
Other & Adjustments	(6)	(13)	-50%	+6
Capex (€m) (2)	**113**	**12**	**863%**	**+101**
Europe	38	84	-54%	-46
North America	71	(74)	-	+145
Brazil	4	1	196%	+3

EDPR Equity Market Data	1H14	1H13	Δ %	Δ Abs.
Share price at end of period (€/share)	5.44	3.94	38%	1.5
Number of Shares Issued (million)	872.3	872.3	-	-
Stake Owned by EDP (%)	77.5%	77.5%	-	-

EDPR Key Balance Sheet Figures (€ m)	1H14	1H13	Δ %	Δ Abs.
Bank Loans and Other (Net)	526	439	20%	+86
Loans with EDP Group (Net)	2,838	2,594	9%	+244
Net Financial Debt	**3,364**	**3,033**	**11%**	**+331**
Non-controlling interests	**437**	**398**	**10%**	**+39**
Net Institutional Partnership Liability (3)	**803**	**906**	**-11%**	**-103**
Equity Book Value	**5,727**	**5,667**	**1%**	**+61**
EUR/USD - End of Period Rate	1.37	1.31	-4%	0

EDPR Financial Results (€ m)	1H14	1H13	Δ %	Δ Abs.
Net Interest Costs	(99)	(101)	2%	+2
Institutional Partnership costs (non-cash)	(29)	(31)	8%	+3
Capitalised Costs	13	8	55%	+4
Forex Differences (5)	1	(3)	-	+4
Other	(4)	(3)	-33%	-1
Financial Results	**(117)**	**(129)**	**9%**	**+12**

EDP Renováveis (EDPR) owns and operates EDP Group wind and solar power assets and develops projects for new renewable capacity. The two main markets in which EDPR operates are USA (30% of EDPR's EBITDA in 1H14) and Spain (27%). Other markets include Portugal (17%), France, Poland, Romania, Belgium, Italy and Brazil (the latter 6 representing 20% of EDPR's EBITDA in 1H14).

EDPR's EBITDA decreased 7% YoY (-€36m) to €506m in 1H14 driven by negative impact following the changes in Spanish remuneration for renewable assets combined with low avg. market price in the period and the €14m one-off gain in 1Q13 from the restructuring of a PPA contract in the US.

Installed capacity rose 4% YoY (+281MW from which +6MW in 1H14) to 7.8GW by Jun-14. Avg. load factor increased from 33% in 1H13 to 34% in 1H14 on the back of the outstanding wind conditions across all regions. Avg. selling prices went down 10% YoY to €57.7/MWh reflecting lower average selling price in Europe (-16% YoY), mainly due to regulatory changes in Spain and lower prices in Romania. Excluding non-recurrent items, EBITDA decreased 6% YoY (-€33m) to €502m. ForEx impact on EBITDA YoY change totalled -€10m.

EBIT decreased 11% YoY to €284m. Net depreciation and amortization in 1H13 includes -€10m related to impairments on projects under development. Excluding this impact, adjusted EBIT decreased by 12% YoY (-€40m).

Operating costs (Supplies and services + Personnel costs) decreased 2% explained by cost control and timing expense in O&M. Other operating costs (net) were impacted by the 7% generation tax over lower sales in Spain (€13m in 1H14;-€5m YoY) and the 1H13 figure include €14m gain from the referred restructuring in a PPA in the US.

Capex was €113m in 1H14 include a government grant received in Poland in 1Q14 (€11m). 1H13 figure was impacted by the cash grant received in 1Q13 from the US Treasury (€92m).

EDPR's net debt was €3.4bn as of Jun-14 (+€331m vs. Jun-13 and +€95m vs. Dec.13) mainly due to cash-out flows seasonality and forex impact in 1H14. EDPR's net debt contracted with financial institutions (outside of EDP Group), which represented 16% of the company's net debt as of Jun-14, is mostly related to project finance with long term maturity, namely in Poland, Romania, Brazil, Canada and Spain. In the 1H14 EDPR signed two project finance transactions: i) €30m for 50MW of solar power plants in operation in Romania; ii) CAD49m for 30MW of EDPR first wind farm in Canada. **Liabilities with Institutional Partnerships** decreased by 11% YoY to €803m as of Jun-14, as tax equity partners are getting the tax benefits generated by the projects and as a result of the USD depreciation in the period. Non-controlling interests increased €39m to €437m due to non-controlling interests sold to CTG (Portugal) in the context of the EDP strategic partnership, and to Fiera Axium (US) and Axpo Group (France) as part of the execution of the asset rotation strategy.

Net financial costs decreased 9% YoY to -€117m in 1H14, essentially reflecting lower net interest cost benefiting from a lower average net debt (-2% YoY) and a stable cost of debt at 5.2% in Jun-14. Capitalised costs increased €4m due to higher level of works in progress.

With the application of IFRS 11 from Jan-14 onwards, as of Jun-14, EDPR managed a portfolio of 8.6GW, of which 7,762MW fully consolidated and 837MW equity consolidated (483MW related to EDPR interest in Eólicas de Portugal consortium and 353MW to EDPR equity stakes in Spain (174MW) and in the US (179MW).

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits) + Other operating costs (net); (2) Includes Capex from EDPR SA; (3) Net of deferred revenue; (4) Opex excluding Other Operating Income; Ratio calculated considering average MW in operation; (5) Forex Differences also include Forex Derivatives, previously in Other.

EDP Renováveis: US & Iberia

US	1H14	1H13	Δ %	Δ Abs.
Installed capacity (MW)	**3,476**	**3,476**	**0%**	**-**
Avg. Load Factor (%)	37%	36%	5%	2p.p.
Avg. Selling Price (USD/MWh)	50.3	48.0	5%	+2
USD/EUR - Avg. of period rate	1.37	1.31	-4%	+0
PPA's/Hedged				
Installed Capacity (MW)	2,888	2,907	-1%	-19
Electricity Output (GWh)	4,679	4,348	8%	+331
Avg. Selling Price (USD/MWh)	52.3	51.8	1%	+0
Merchant				
Installed Capacity (MW)	587	569	3%	+19
Electricity Output (GWh)	954	1,067	-11%	-113
Avg. Selling Price (USD/MWh)	38.2	32.4	18%	+6
Gross Profit (USD m)	279	256	9%	+24
PTC Revenues & Other (USD m)	91	93	-3%	-3
Adjusted Gross Profit (USD m)	**370**	**349**	**6%**	**+21**
EBITDA (USD m)	**275**	**272**	**1%**	**+3**
EBIT (USD m)	141	139	1%	+2
Net Capex (USD m)	**97**	**(97)**	**-**	**+194**
Gross Capex	97	24	300%	+73
Cash grant received	-	(121)	-	+121
Capacity under construction (MW)	**329**	**-**	**-**	**+329**

Spain	1H14	1H13	Δ %	Δ Abs.
Installed capacity (MW)	**2,194**	**2,194**	**0%**	**-**
Avg. Load Factor (%)	32%	32%	0%	-0 p.p.
Production (GWh)	**2,943**	**2,920**	**1%**	**+23**
Prod. w/capac. complement (GWh)	2,701	-	-	+2,701
Standard Production (GWh)	2,118	-	-	+2,118
Above/(below) Std. Prod. (GWh)	584	-	-	+584
Prod. w/o cap. complement (GWh)	242	-	-	+242
Avg. Price (€/MWh)	**62.3**	**85.2**	**-27%**	**-23**
Total GWh: Realised pool (€/MWh)	26.3	-	-	+26.3
Std. GWh: Pool + Adj. (€/MWh)	36.1	-	-	+36.1
Complement (€m)	83.8	-	-	+83.8
Hedging gains/(losses) (€m)	1.5	-	-	+1.5
Gross Profit (€m) (1)	181	248	-27%	-67
EBITDA (€m) (1)	**122**	**183**	**-33%**	**-61**
EBIT (€m) (1)	56	110	-49%	-54
Capex (€m)	**3**	**2**	**58%**	**+1**
Capacity under construction (MW)	**2**	**-**	**-**	**+2**

Portugal	1H14	1H13	Δ %	Δ Abs.
Installed capacity (MW)	**621**	**619**	**0%**	**+2**
Avg. Load Factor (%)	34%	33%	3%	1p.p.
Electricity Output (GWh)	926	888	4%	+38
Avg. Selling Price (€/MWh)	108	108	0%	+0
Gross Profit (€m)	102	97	5%	+5
EBITDA (€m)	**88**	**82**	**7%**	**+6**
EBIT (€m)	75	69	9%	+6
Capex (€m)	**3**	**6**	**-41%**	**-2**
Capacity under construction (MW)	**2**	**-**	**-**	**+2**
ENEOP Installed capacity (MW) (2)	483	391	24%	+92

In the US, installed capacity totalled 3.5GW as of Jun-14, stable YoY. Electricity output increased 4% YoY, reaching 5.6TWh in the period. Avg. selling price in the US increased 5% YoY to USD50/MWh in 1H14 reflecting higher merchant prices achieved in the period benefiting from a recovery in the spot market and a higher production towards PPAs. **Gross profit (including revenues from PTCs) increased 6% to USD370m, while EBITDA increased 1% YoY** impacted by a USD18m positive one off impact in 1Q13 from the restructuring of the off-taking volumes of a long-term PPA for 200MW (from 100% to 80%).

In 1H14, EDPR secured PPAs for projects to be installed in 2016 20 year PPA for 200MW Waverly project in Kansas and 50MW in Texas and a 15-year PPA for 100MW in Texas. Since the beginning of 2013, EDPR has already secured 1,380MW of new PPAs, of which 250 MW for projects that were already in operation and 1,130MW for new projects to be installed in 2014 and beyond (329MW are already under construction). As of Jun-14, EDPR had 329MW under construction in US (200MW Headwaters wind farm in Indiana and 99MW Rising Tree wind farm in California, both expected to be commissioned by Dec-14). Additionally, in Feb-14, EDPR started the construction of 30MW of solar PV in South California (20-year PPA), which is expected to be commissioned in the 4Q14. In Jul-14, EDPR secured USD190m of institutional equity financing, expected to be received in the 4Q14 referent to the 200 MW Headwaters project.

In the end of 2013, **EDPR installed its first wind project in Canada** with an installed capacity of 30MW (20 year Feed-in Tariff) and in 1H14 executed a project finance structure amounting to CAD49m (1H14 avg. load factor of 28%; 24GWh output and an avg. selling price of USD130/MWh).

In Spain, in Jul-13, the Spanish Government announced the RD 9/2013, setting changes for renewable assets' remuneration scheme. Following the release of the draft standards, in Feb-14, it was expected a €36m annual negative impact. Following public discussions, in Jun-14, Spanish Government fully approved the new remuneration framework, which is expected to have a total annual negative impact of €30m at EBITDA level under an average windy year. The new framework sets up a new remuneration of 7.4% (Spanish 10-year yields + 300bps), under which wind farms will receive the pool price and a capacity complement per MW, dependent on the year of commissioning, until completing 20-years. From the 2.2 GW installed capacity of EDPR, 9% will not receive capacity complement. There will be interim revisions (every 3 years) to correct deviations from the expected pool price.

Following the changes in remuneration framework for renewable assets introduced in Jul-13, **EDPR's EBITDA in Spain decreased 33% to €122m YoY in 1H14.** Electricity generated went up by 1% YoY to 2.9TWh and avg. price reached €62/MWh in 1H14 (vs. €85MWh in 1H13) reflecting a realised pool price of €26/MWh with standard production receiving an additional regulatory adjustment leading to a total price of €36/MWh. The capacity complement attributable to EDPR's wind farms in 1H14 amounted to €84m.

In Portugal, EDPR has 619MW of capacity remunerated under the 'old tariff regime', with tariffs set for 15 years and indexed to both CPI and annual operating hours. In Sep-12, an extension to this tariff scheme was agreed, under which EDPR will annually invest €4m between 2013 and 2020 for +7 years of a new framework with cap and floor selling prices of €98/MWh(3) and €74/MWh(3), respectively, to be applied from the 16th year of operation of each wind farm. Also, in Portugal, EDPR holds a 40% equity stake in ENEOP consortium (equity consolidated), licensed to build 1,335MW of wind capacity (534MW attributable to EDPR). ENEOP's wind farms are remunerated under a 'new tariff regime', at c€74/MWh tariff (1st year of operation), also guaranteed for 15 years and indexed to inflation. As of Jun-14, ENEOP had an installed capacity of 1,208MW (483MW attributable to EDPR). In Dec-13, EDPR signed a MoU with CTG for the sale of 49% in EDPR's 40% share in ENEOP consortium – conclusion expected in 2015. Additionally, in Mar-14, EDPR installed 2MW of solar PV in the North of Portugal.

In Portugal, EDPR's EBITDA increased 7% YoY to €88m in 1H14, up €6m YoY. Wind production increased by 4% YoY to 926GWh, due to the higher load factor (34% vs. 33% in 1H13; wind coefficient 1.24 in 1H14 vs. 1.28 in 1H13), and the average selling price remained unchanged at €108/MWh.

(1) Includes hedging results in energy markets (2) Éolicas de Portugal is equity consolidated (3) Jun-2020 figures, including annual updates at an estimated inflation of 2% from 2012;

EDP Renováveis: Rest of Europe & Brazil

Rest of Europe (1)	1H14	1H13	Δ %	Δ Abs.
France, Belgium & Italy				
Installed Capacity (MW)	462	411	13%	+52
Avg. Load Factor (%)	28%	25%	11%	3p.p.
Electricity Output (GWh)	555	450	23%	+105
Avg. Selling Price (€/MWh)	98	97	0%	+0
Poland				
Installed Capacity (MW)	374	320	17%	+54
Avg. Load Factor (%)	27%	24%	13%	3p.p.
Electricity Output (GWh)	429	206	108%	+223
Avg. Selling Price (PLN/MWh)	408	422	-3%	-14
EUR/PLN - Avg. of period rate	4.18	4.18	0%	-0
Romania (2)				
Installed Capacity (MW)	521	378	38%	+144
Avg. Load Factor (%)	22%	26%	-17%	-4 p.p.
Electricity Output (GWh)	351	345	2%	+5
Avg. Selling Price (RON/MWh)	370	587	-37%	-217
EUR/RON - Avg. of period rate	4.46	4.39	2%	+0
Gross Profit (€m)	127	108	17%	+18
EBITDA (€m)	**98**	**86**	**14%**	**+12**
EBIT (€m)	60	58	3%	+2
Capex (€m)	**31**	**54**	**-43%**	**-23**
Capacity under construction (MW)	**72**	**242**	**-70%**	**-170**

Brazil	1H14	1H13	Δ %	Δ Abs.
Installed Capacity (MW)	**84**	**84**	-	-
Avg. Load Factor (%)	28%	27%	5%	1p.p.
Electricity Output (GWh)	103	98	5%	+5
Avg. Selling Price (R$/MWh)	345	309	12%	+36
EUR/BRL - Average of period rate	3.15	2.67	-15%	+0
Gross Profit (R$m)	34	30	13%	+4
EBITDA (R$m)	**22**	**19**	16%	**+3**
EBIT (R$m)	13	11	15%	+2
Capex (R$m)	**13**	**4**	**250%**	**+10**
Capacity under construction (MW)	**-**	**-**	**-**	**-**

In **European markets outside of Iberia**, gross profit increased 17% to €127m due to a 33% YoY increase of output to 1,336GWh in 1H14 following a 22% or 249MW increase of installed capacity over the last 12 months. **EBITDA rose by 14% YoY (+€12m) to €98m in 1H14**.

In France, EDPR has 322MW of capacity (+8MW YoY). Wind power in France is sold through fixed tariffs indexed to inflation for 15 years. In 1H14, avg. tariff was stable at €90/MWh. In 1Q14, EDPR concluded the sale of 49% equity shareholding and outstanding shareholders loans in a wind farm portfolio of 100MW located in France to Axpo Group for a total implied enterprise value for 100% of the assets amounting to €126m. As of Jun-14, EDPR had 18MW under construction in France. **In Belgium**, EDPR has 71MW of capacity (+14MW YoY), which sell its power through PPAs. In the 1H14, average selling price was €110/MWh, reflecting the lower PPA price for the capacity added in the last 12 months. **In Italy**, EDPR has 70MW (+30MW YoY). In 1H14, avg. selling tariff was €122/MWh due to lower price for new capacity, once compared to the old regime.

In Poland, EDPR has 374MW of capacity (+54MW YoY; +4MW YTD): i) 120MW from Margonin wind farm, which power is sold in the wholesale market and for which EDPR has a 15 years long term contract for the sale of GCs; ii) 70MW from Korsze wind farm, which output is sold through a 10 year PPA and iii) the remaining 184W, which output is sold at "regulated electricity price + GC" (regulated price for 2014 is PLN181.6/MWh). Wind production increased to 429 GWh due to capacity additions over the last 12 months and an increase in load factor (+3pp to 27%). In 1H14, avg. selling price decreased by 3% YoY to PLN408/MWh. In terms of regulation update, a package of energy laws including an amendment to the green certificates scheme for new assets is being proposed by Polish Government. As of Jun-14, EDPR had 24MW under construction in Poland.

In Romania, EDPR has 521MW of capacity (+144MW YoY), of which 50MW is solar PV. Wind production increased 2% to 352 GWh supported by higher average MW in operation in the period which compensated the decrease in load factor (-4pp vs. 1H13 to 22%). Wind production is sold at 'market price plus GC', and the GC is subject to a floor and a cap set in Euros (for 2014, floor was set at €29.3/MWh and the cap at €59.6/MWh). In 1H14, avg. selling price decreased by 37% YoY to RON370/MWh (-24% vs. RON490/MWh in 2013), impacted by lower green certificate prices due to green certificates ("GC") oversupply in the market. The new regulatory framework respects the rights of the investments made in the renewable energy sector, although re-profiling the cash-flows of the projects, and maintains unchanged the cap and floor price of the GC that will annually evolve according with the euro zone inflation (Wind: 2 GC per MWh until 2017 and 1 GC from 2018 until completing 15 years; Solar: 6 GC per MWh for 15 years).

In Brazil, EDPR has 84MW in operation remunerated through long term contracts (20 years). In 1H14, EDPR generated 103GWh, an increase of 5% vs. 1H13. Avg. selling price increased by 12% to R$345/MWh, driven mainly by PPA update price according with inflation type adjustment. EDPR has currently 236MW under development in Brazil awarded at the energy A-5 auctions with PPA's for a period of 20-years from which 120 MW will start in January 2016 with a price set at R$97/MWh, indexed to the Brazilian inflation rate and 116MW will start in January 2018 with price set at R$109/MWh (prices to be inflation updated over the PPA period).

In Mexico, EDPR established, in Apr-14, an agreement with Industrias Peñoles, a leading Mexican mining company, for an Electricity Supply Agreement under self-supply regime for the energy produced by a wind farm currently designed for 180 MW, expected to be installed in 2016. The contract is set in USD and for a 25-year period. The project, located in a region with very strong wind resource in the State of Coahuila in the North of Mexico has an expected load factor above 40%.

EDPR is involved in the development of technical, economic and environmental studies for the installation wind offshore projects in UK (in partnership with Repsol) and in France (in partnership with GDF Suez and Neoen Marine).

(1) Including United Kingdom and other

Regulated Networks & Regulatory Receivables in Iberia

Income Statement (€ m)	1H14	1H13	Δ %	Δ Abs.
Gross Profit	**875**	**895**	**-2%**	**-20**
Supplies and services	195	210	-7%	-16
Personnel costs	74	76	-3%	-2
Costs with social benefits	(77)	12	-	-88
Other operating costs (net)	125	75	67%	+50
Net Operating Costs (1)	**316**	**373**	**-15%**	**-57**
EBITDA	**559**	**522**	**7%**	**+37**
Provisions	1	(5)	-	+6
Net depreciation and amortisation	168	166	1%	+2
EBIT	**389**	**361**	**8%**	**+28**

Capex & Opex Performance	1H14	1H13	Δ %	Δ Abs.
Controllable Operating Costs (6)	**268**	**286**	**-6%**	**-18**
Cont. costs/client (€/client)	33	36	-7%	-2
Cont. costs/km of network (€/Km)	1,018	1,093	-7%	-75
Employees (#)	3,925	4,019	-2%	-94
Capex (Net of Subsidies) (€m)	**158**	**161**	**-2%**	**-3**
Network ('000 Km)	264	262	1%	+1

Regulatory Receivables (€ m)	1H14	1H13	Δ %	Δ Abs.
Total Net Iberia Regulatory Receivables	**2,262**	**2,653**	**-15%**	**-391**
Spain - Tariff deficit (4)				
Beginning of Period	**264**	**424**	**-38%**	**-160**
Previous periods tariff deficits (5)	(80)	(176)	55%	+96
Tariff deficit in the period	-	117	-	-117
Other (3)	-	-	-	-
End of Period	**184**	**365**	**-50%**	**-181**
Portugal - Last Resort Supplier + Distribution + Gas				
Beginning of Period	**2,045**	**1,543**	**33%**	**+502**
Previous periods tariff deviation (2)	(1,335)	(983)	-36%	-351
Tariff deviation in the period	1,102	1,068	3%	+33
Other (3)	36	52	-30%	-15
End of Period	**1,848**	**1,680**	**10%**	**+168**
Portugal - CMEC's				
Beginning of Period	**377**	**654**	**-42%**	**-277**
(Recovery)/Return in the Period	(247)	(162)	-52%	-85
Deviation in the period	99	116	-15%	-17
Other	0	(0)	n.m.	+0
End of Period	**230**	**608**	**-62%**	**-378**

Regulated networks in Iberia include our activities of distribution of electricity and gas, in Portugal and Spain.

EBITDA from regulated networks amounted to €559m in 1H14, 7% higher YoY, impacted by a €56m one-off gain booked on the sale of gas transmission assets in 1Q13 and by a €87m one-off gain derived from the new Collective Labour Agreement (CLA) reached in Portugal in Jul-14. Adjusted for these impacts, EBITDA from regulated networks in Iberia was 1% higher YoY (+€5m), to €471m in 1H14, mainly driven by tight cost control focused on OPEX efficiency. Gross profit was 2% lower YoY (-€20m) in 1H14, reflecting: (i) in Portugal, a lower return on RAB in both electricity and gas distribution derived from the lower sovereign risk, fast clients' switching to free market and adverse revenues update for 'GDP Deflator-X' in the electricity business; (ii) in Spain, negative impact from regulatory changes in electricity distribution.

Controllable operating costs fell by 6% YoY, driven by 7% decrease in supplies and services (due to lower maintenance/repair works and lower client services stemming from clients switching from LRS to the liberalized market) and by a 2% reduction in workforce. **Capex** in 1H14 was €3m lower YoY, at €158m.

In Portugal, the total debt owed by the electricity system to EDP and to financial investors amounted to €5.1bn in Jun-14, up from €4.8bn in Dec-13, driven by: +€0.2m in 1Q14 (vs. +€0.3bn in 1Q13) and +€0.1bn in 2Q14 (vs. +€0.3bn in 2Q13), signaling a slower growth pace, in line with expectations.

Regulatory receivables in Iberia fell by 16% in 1H14 (-€424m vs. Dec-13), from €2,686m in Dec-13 to €2,262m in Jun-14, driven by both Portugal (-€344m) and Spain (-€80m).

EDP's Regulatory receivables from electricity distribution, last resort supply and gas distribution in Portugal fell from €2,045m in Dec-13 to €1,848m in Jun-14 driven by: **(1)** -€1,033m following the sale of tariff deficit related with special regime generation (€200m relative to 2014 deficit and the remaining amount relative to 2013 deficit); **(2)** +€767m regarding the ex-ante tariff deficit for 2014 (as pre-defined by the regulator for 2014 tariffs), to be fully recovered through 2015-2018 tariffs and remunerated at 4.82% annual return; **(3)** -€302m recovered through tariffs related to negative previous years' deviations and to past tariff deficits; and **(4)** +€335m of new tariff deviations created in 1H14 (fully concentrated in 1Q14). The main drivers for new tariff deviations in electricity generated during the 1H14 were: **(i)** +€297m boosted by higher-than-expected special regime production (15% ahead of ERSE assumption) and from higher-than-expected overcost with special regime production (€78/MWh in 1H14 vs. €61/MWh assumed by ERSE in the calculation of 2014 tariffs); **(ii)** +€240m negative tariff deviation generated in electricity distribution activity related with 2012 revisibility to be fully recovered through 2017-2018 tariffs; **(iii)** -€51m mainly related to the recovery through tariffs of part of 2013 revisibility in electricity distribution activity; **(iv)** -€143m (amount to return to the tariffs) mainly propelled by cheaper-than-expected electricity purchases.

Regulatory receivables from CMECs dropped from €377m in Dec-13 to €230m in Jun-14 due to: **(1)** €247m recovered in 1H14 through tariffs, related to 2012 negative deviations and **(2)** €99m negative deviation created in 1H14 (more details on page 11), due to be received in 2015-2016.

Regulatory receivables in Spain decreased from €264m in Dec-13 to €184m in Jun-14 due to €80m decrease mainly stemming from adjustments in 1H14 to the 2013 tariff deficit. Based on CNMC latest data (Settlement 14-2013), tariff deficit in 2013 amounted to €3.2bn for the whole Spanish electricity system.

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits + Concession fees) + Other operating costs (net)
(2) Includes the assignment to a third party of the right to tariff deficits/adjustments and recovery or pay-back through the tariffs of previous years' tariff deviations. (3) Includes interests on tariff deviations.
(4) Net of CO_2 clawback costs. (5) Includes the recovery/payment of previous periods tariff deficits. (6) Supplies & services and personnel costs.

Electricity Distribution and Last Resort Supply in Portugal

Income Statement (€ m)	1H14	1H13	Δ %	Δ Abs.
Gross Profit	**646**	**659**	**-2%**	**-13**
Supplies and services	148	161	-8%	-13
Personnel costs	57	59	-3%	-2
Costs with social benefits	-78	10	-	-88
Concession fees	126	127	-0%	-1
Other operating costs (net)	2	9	-	-7
Net Operating Costs (1)	**255**	**366**	**-30%**	**-110**
EBITDA	**391**	**293**	**33%**	**+97**
Provisions	1	-6	-	+7
Net depreciation and amortisation	121	118	2%	+3
EBIT	**269**	**181**	**49%**	**+88**

Gross Profit Performance	1H14	1H13	Δ %	Δ Abs.
Gross Profit (€m)	**646**	**659**	**-2%**	**-13**
Regulated gross profit	642	654	-2%	-12
Non-regulated gross profit	4	5	-22%	-1
Distribution Grid				
Regulated revenues (€ m)	603	612	-1%	-8
Electricity distributed (GWh)	21,904	21,550	2%	+354
Supply Points (th)	6,076	6,079	-0%	-3
Last Resort Supply				
Regulated revenues (€ m)	39	44	-11%	-5
Clients supplied (th)	3,172	4,298	-26%	-1,126
Electricity sold (GWh)	5,217	7,555	-31%	-2,338

Capex & Opex Performance	1H14	1H13	Δ %	Δ Abs.
Controllable Operating Costs (2)	**205**	**219**	**-7%**	**-14**
Cont. costs/client (€/client)	33.7	36.1	-7%	-2
Cont. costs/km of network (€/Km)	908	976	-7%	-68
Employees (#)	3,371	3,446	-2%	-75
Capex (Net of Subsidies) (€m)	**128**	**117**	**10%**	**+11**
Network ('000 Km)	226	225	0%	+1
Equival. interruption time (min.) (3)	35	30	16%	+5

EBITDA from electricity distribution and last resort supply (LRS) in Portugal amounted to €391m in 1H14, 33% higher YoY (+€97m), impacted by a €87m gain stemming from the new Collective Labour Agreement (CLA) reached in Jul-14. Excluding this gain, EBITDA rose by 3% YoY (+€10m), to €303m in 1H14, supported by tight cost control.

On 15-Dec-13, ERSE released 2014 tariffs and regulated revenues for our electricity distribution and last resort supply activities in Portugal, setting a 2.8% avg. annual increase for electricity tariffs in Portugal. Moreover, **electricity distribution regulated revenues were set at €1,260m and last resort supply activity regulated revenues set at €78m for 2014**. Such regulated revenues were based on ERSE's assumptions, including: (1) a forecast of 44.5 TWh of electricity demand in Portugal in 2014 (+1.5% vs. 2013 actual data), (2) a forecast for average electricity procurement price of €59/MWh, based on a forecast for average pool price of €53.5/MWh; (3) forecast for the avg. special regime premium of €61/MWh and (4) a forecast of 20.6TWh of special regime generation (-7% vs. 2013 actual output); (5) a GDP deflator of 0.7%; and (6) a preliminary regulated rate of return on assets (RoR) of 9.5%. Note that the regulated rate of return on assets is indexed to the Portuguese Republic 5-year CDS (moving average between 1-Oct and 30-Sep of each year; with a floor at 8% and cap at 11%): while the preliminary rate of 9.5% implies an average CDS of 780bp, the average in Oct-13 to Jun-14 stood at 249bp.

In 1H14, **distribution grid regulated revenues** was 1% lower YoY (-€8m), at €603m, mainly driven by a lower return on RAB derived from the decline of Portuguese Republic 5-year CDS (8.31% in 1H14 vs. 8.5% in 1H13) and adverse update for 'GDP Deflator-X'. In 1H14 **electricity distributed rose by 2% YoY** following moderate increase throughout all segments of consumption.

Last resort supplier (EDP SU) regulated revenues fell by 11% (-€5m), to €39m in 1H14, reflecting consumers' fast switching to the free market. As part of the rules and calendar defined for the phasing out of regulated tariffs in Portugal, EDP SU can no longer contract new clients as from 1-Jan-13, while the regulator can apply quarterly tariff increases in order to encourage clients' transfer to a liberalised supplier. The **volume of electricity supplied** by our LRS dropped 31% YoY, to 5.2TWh in 1H14. Total clients supplied declined 1,126 thousands YoY to 3,172 thousands in Jun-14, mostly driven by the residential segment.

Controllable operating costs declined by 7% YoY (-€14m), reflecting tight cost control, headcount reduction (-2% YoY) and a fall in our LRS activity due to consumers' switching to the free market. The evolution of Costs with social benefits mainly reflects the +€87m impact booked in the wake of the new Collective Labour Agreement (corresponding to the change in the net present value of future related liabilities). Other operating costs (net) were €7m lower YoY, mainly due to greater recovery of debts from clients.

As part of the regulatory framework in place in Portugal, a new regulatory period (2015-2017) will start in Jan-15. The preliminary proposals for 2015 tariffs and for the parameters underlying 2015-2017 regulated revenues should be announced by ERSE up to October 15th.

Capex rose by 10% YoY to €128m. EIT in 1H14 advanced by 5 minutes, to 35 minutes reflecting unfavourable weather conditions in the period.

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits + Concession fees) + Other operating costs (net)
(2) Supplies & services and personnel costs. (3) Adjusted for non-recurring impacts (rainstorms, high winds and summer fires).

Electricity and Gas Networks in Spain and Gas Networks in Portugal

Income Statement (€ m)	Electricity Spain				Gas Spain				Gas Portugal			
	1H14	1H13	% Δ	Abs. Δ	1H14	1H13	% Δ	Abs. Δ	1H14	1H13	% Δ	Abs. Δ
Gross Profit	**82**	**86**	**-4%**	**-4**	**113**	**116**	**-2%**	**-3**	**34**	**35**	**-1%**	**-0**
Supplies and services	20	22	-12%	-3	19	19	-0%	-0	8	9	-7%	-1
Personnel costs	11	10	9%	1	5	6	-23%	-1	1	1	-8%	-0
Costs with social benefits	1	1	-7%	-0	0	0	-8%	-0	0	0	-13%	-0
Other operating costs (net)	(5)	(7)	-34%	2	2	(54)	n.m.	56	0	1	-67%	-0
Net Operating Costs (1)	**27**	**26**	**3%**	**1**	**25**	**(29)**	**-**	**54**	**9**	**10**	**-10%**	**-1**
EBITDA	**55**	**60**	**-7%**	**-4**	**87**	**144**	**-40%**	**-57**	**26**	**25**	**3%**	**1**
Provisions	-	(0)	-	**0**	(0)	0	-	**-1**	0	0	n.m.	**-0**
Net Depreciation. & amortisation	17	16	5%	**1**	24	24	0%	**0**	6	7	-17%	**-1**
EBIT	**38**	**44**	**-12%**	**-5**	**63**	**120**	**-47%**	**-57**	**20**	**17**	**13%**	**2**
Capex (net os subsidies)	**11**	**18**	**-40%**	**-7**	**10**	**16**	**-38%**	**-6**	**10**	**10**	**-7%**	**-1**
Gross Profit	**82**	**86**	**-4%**	**-4**	**113**	**116**	**-2%**	**-3**	**34**	**35**	**-1%**	**-0**
Regulated Revenues	78	81	-4%	-3	101	101	0%	0	31	31	1%	0
Non-regulated gross profit	4	5	-9%	-0	12	15	-20%	-3	3	4	-15%	-1

Iberian Regulated Networks	1H14	1H13	% Δ	Abs. Δ
Number Supply Points (th)				
Electricity Spain	659	658	0%	+1
Gas Spain	1,022	1,012	1%	+10
Gas Portugal	313	296	6%	+17
Energy Distributed (GWh)				
Electricity Spain	4,621	4,606	0%	+15
Gas Spain	24,895	28,208	-12%	-3,313
Gas Portugal	3,631	3,657	-1%	-26
Network (Km)				
Electricity Spain	23,343	23,202	1%	+141
Gas Spain	10,096	9,925	2%	+171
Gas Portugal	4,543	4,376	4%	+167
Employees (#)				
Electricity Spain	292	306	-5%	-14
Gas Spain	200	203	-1%	-3
Gas Portugal	62	64	-3%	-2

ELECTRICITY DISTRIBUTION IN SPAIN

EBITDA from our electricity distribution activity in Spain was 7% lower YoY, at €55m in 1H14 fully supported by lower regulated revenues (-€3m YoY) derived from the new regulatory landscape in place since 2013, even if only reflected in 2H13 accounts. **Electricity distributed** by EDP España, mostly in the region of Asturias, was stable YoY at 4.6 TWh in 1H14.

In Jul-13, the Spanish Government published RDL 9/2013, paving the way for a change in the remuneration regime of electricity distribution activities, defining a return on RAB equivalent to a 200bp premium over 10-year Spanish bond yields (equivalent to 6.5%) in 2014-2020 and introducing the principle of economic and financial sustainability of the system (any cost change will have to be balanced by a revenue change; automatic tariff adjustments as to cope with any deficit in excess of 2% of yearly costs or an accumulated deficit of 5% of total costs). In Dec-13, Spanish Government approved Law 24/2013 and RD 1048/2013 that establishes the new regulatory framework for electricity distribution assets maintaining the same principles as announced in Jul-13. The Spanish government released a Ministerial Order setting regulated revenues attributable to EDP España for the year 2014 at €155m (calculated according to transient remuneration scheme described in RDL 9/2013).

GAS REGULATED NETWORKS IN SPAIN

EBITDA of gas distribution in Spain in 1H13 included a €56m one-off gain stemming from the sale of our transmission gas assets to Enagas. Excluding this one-off, EBITDA was almost flat (-1% YoY), at €87m, reflecting flat regulated revenues.

Volume of gas distributed was 12% lower YoY, at 25TWh, dragged by lower consumption for electricity generation purposes, the shutdown of a pulp & paper plant in the Cantabria region and milder weather conditions, particularly in 2Q14.

According to a Ministerial Order of Dec-13, gas distribution regulated revenues attributable to our gas distribution subsidiary in Spain **amount to €198m** in 2014. However RDL 8/2014 released in Jul-14 sets revenue cuts for the regulated activities, beginning July 2014. The allowed revenues for the remaining of the year will be set on a new regulation in the near future.

This RDL 8/2014 is aimed at correcting a structural deficit in the system: previously, CNMC estimated €800m of tariff deficit by Dec-14 up from €326m by Dec-13. As from 2015 the principle of economic and financial sustainability of the gas system will be in place (any cost increase will have to be balanced by a revenue change; automatic tariff adjustments as to cope with any deficit increase in excess of 10% of total costs or an accumulated the deficit north of 15% of total costs). Regulated gas activities will be squared by a 6-year regulatory period and subject to possible adjustments every 3 years. The remuneration model for gas distribution activities is maintained although inflation update factor is eliminated, allowed revenues are cut and returns are more dependent on demand. The impact of these measures on EDP is expected to be €4.5m in 2014 and €9m in the following years.

GAS REGULATED NETWORKS IN PORTUGAL

EBITDA from gas distribution in Portugal rose by €1m (+3% YoY) to €26m in 1H14. Regulated revenues were flat YoY as a result of the lower return on RAB in the regulatory year 2013/14, booked in 2Q14 (based on a RoR of 8.41% vs. preliminary rate of 9%). Notwithstanding the 6% growth in the number of supply points, prompted by the continuing effort of new client connection in the region operated by EDP, **volume distributed** was 1% lower YoY, at 3.6TWh.

In Jun-13, ERSE disclosed the regulatory assumptions for the period from Jul-13 to Jun-16, indexing the rate of return on assets to the avg. Portuguese Republic 10-year bond yield between Apr 1st and Mar 31st prior to the beginning of each regulatory year, with a floor at 7.83% and cap at 11%. In each of the years of this regulatory period the rate of return on assets is defined at 9% on a preliminary basis. On 12-Jun-14, ERSE defined an avg. 2.4% increase of last resort tariff to be in place from 1-Jul-14 until 30-Jun-15. Total regulated revenues on distribution and LRS for EDP in the period were set at €62m.

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits) + Other operating costs (net)
(2) With the application of IFRIC 18, the assets received from customers ensuring their direct access to the energy distribution network, are registered as assets at fair value against operating income, and amortized through their useful lives

EDP - Energias do Brasil: Financial Performance

Income Statement	Consolidated (R$ m)				Consolidated (€ m)			
	1H14	1H13	Δ %	Δ Abs.	1H14	1H13	Δ %	Δ Abs.
Gross Profit	**905**	**1,270**	**-29%**	**-366**	**287**	**476**	**-40%**	**-189**
Supplies and services	223	227	-2%	-4	71	85	-17%	-14
Personnel costs and employee benefits	197	167	18%	+30	62	63	-0%	-0
Other operating costs (net)	(353)	46	-	-399	(112)	17	-	-129
Net Operating Costs (1)	**67**	**440**	**-85%**	**-373**	**21**	**165**	**-87%**	**-144**
EBITDA	**838**	**830**	**1%**	**+7**	**266**	**311**	**-15%**	**-45**
Provisions	15	41	-62%	-26	5	15	-68%	-10
Net depreciation and amortisation	178	178	0%	+0	56	67	-15%	-10
EBIT	**644**	**612**	**5%**	**+33**	**205**	**229**	**-11%**	**-25**
Capital gains/(losses)	-	0	-	-0	-	0	-	-0
Financial results	(136)	(137)	0%	+1	(43)	(51)	-16%	+8
Results from associates	(35)	(106)	67%	+71	(11)	(40)	-	+29
Pre-tax profit	**473**	**369**	**28%**	**+104**	**150**	**138**	**9%**	**+12**

Capex	(R$ m)				(€ m)			
	1H14	1H13	Δ %	Δ Abs.	1H14	1H13	Δ %	Δ Abs.
Capex	**170**	**342**	**-50%**	**-172**	**54**	**128**	**-58%**	**-74**
Maintenance	170	133	28%	+37	54	50	8%	+4
Expansion	-	209	-	-209	-	78	-	-78
Financial Investments (5)	**6**	**83**	**-93%**	**-77**	**2**	**31**	**-94%**	**-29**

Energias do Brasil	1H14	1H13	Δ %	Δ Abs.
Share price at end of period (R$/share)	10.85	11.33	-4%	-0.48
Number of shares Issued (million)	476.4	476.4	-	-
Treasury stock (million)	0.8	0.8	-	-
Number of shares owned by EDP (million)	243.0	243.0	-	-
Euro/Real - End of period rate	3.00	2.89	-4%	+0.11
Euro/Real - Average of period rate	3.15	2.67	-15%	+0.48
Inflation rate (IGP-M - 12 months)	6.2%	-	-	-
Net Debt / EBITDA (x)	1.2	1.6	-	-0.4
Average Cost of Debt (%)	10.1	7.4	-	263b.p.
Average Interest Rate (CDI)	10.2	7.0	-	321b.p.
Employees (#)	2,676	2,762	-3%	-86

Key Balance Sheet Figures (R$ Million)	1H14	1H13	Δ %	Δ Abs.
Net financial debt	1,981	2,670	-26%	-688
Regulatory receivables (2)	539	289	87%	+250
Non-controling Interests	1,670	1,732	-4%	-61
Equity book value	4,606	4,353	6%	+253

Financial Results (R$ Million)	1H14	1H13	Δ %	Δ Abs.
Net Interest Costs	(188)	(109)	-73%	-79
Capitalised Costs	40	18	127%	+22
Forex Differences and Derivatives	13	(2)	-	+15
Other	(1)	(43)	97%	+42
Financial Results	**(136)**	**(137)**	**0%**	**+1**

In local currency, EDP – Energias do Brasil ("EDPB") EBITDA increased 1% YoY (+R$7m) to R$838m in 1H14, reflecting: i) +R$293m YoY of negative tariff deviations at our distribution business (net of CDE/CCEE contributions and of previous years' recoveries); which were offset by ii) a R$408m capital gain booked at the level of 'other operating income' on the sale of 50% equity stakes in Jari and Cachoeira Caldeirão to CWEI (CTG), in accordance with the terms of the MoU signed in Dec-13. Excluding these impacts, **adjusted EBITDA went down 12% YoY to R$770m in 1H14.** Recurring EBITDA from distribution went down 6% YoY (-R$24m), on the back of lower regulated revenues, penalised by the valuation of grid losses at higher prices, and a lower return on Escelsa's regulated asset base following the last tariff review (Aug-13). Generation and Supply EBITDA fell 13% YoY (-R$71m), given the generators' need to purchase energy at abnormally high market prices due to low Generation Scaling Factor (95% in 1H14). ForEx penalised EBITDA performance in Euro terms due to a 15% depreciation of the BRL vs. the EUR (-€48m impact). Note that 1H13 figures here presented are restated for IFRS10 and IFRS11 implementation (Pecém I consolidation changed from proportional to equity method).

Excluding the above-mentioned capital gain, **net operating costs** increased 8% YoY to R$475m in 1H14: i) personnel costs and employee benefits went up 18% YoY, reflecting the annual salary update (+6.5%), lower capitalized costs and higher indemnities; while ii) supplies & services fell 2% YoY, benefitting from lower expenses with O&M and IT services.

Net financial costs stood relatively flat at R$136m in 1H14, reflecting: i) higher net interest costs, backed by higher average gross financial debt (up from R$4.8bn in Jun-13 to R$5.3bn(3) in Jun-14), while avg. cost of debt increased 263bp to 10.1% in 1H14; ii) higher capitalized interests, driven by Jari and Cachoeira Caldeirão ongoing construction works (that were classified as 'assets held for sale'); iii) higher ForEx differences and net results from derivatives; and iv) some one-off gains booked in 1H14 at the level of 'other financial results'. **Net financial debt went down 26% YoY** reflecting higher 'cash and equivalents' and Jari and Cachoeira-Caldeirão equity consolidation (R$0.8bn of net debt as of Jun-13) – following the sale to CWE Investment Corporation ("CWEI"), a 100%-owned CTG subsidiary, of a 50% stake in each of these projects, in accordance with the terms of the Memorandum of Understanding ("MoU") signed in Dec-13.

As of Jun-14, hydro reservoirs in the Southeast/Center-West ("SE-CW") regions were at 36% of their maximum level (vs. 36% in Mar-14 and vs. 64% in Jun-13). Low hydro levels and insufficient rainfall are translating into strong thermal dispatch and high electricity spot prices (avg. PLD: R$678/MWh(4) in 1H14 vs. R$293/MWh(4) in 1H13). At the same time, given the low GSF (94% in 2Q14 and 96% in 1Q14), hydro generators are being obliged to purchase energy at high market prices to meet their PPA obligations.

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits) + Other operating costs (net); (2) This is an off Balance Sheet item;
(3) Excluding the impact from the sale of 50% of Jari and Cachoeira Caldeirão (equity consolidated) and from the transfer of São Manoel to 'liabilities classified as held for sale'; (4) Based on weekly prices; Southeast/Center-West regions;
(5) Excluding investments in wind farms held by EDP Brasil (45%) and EDP Renováveis (55%).

Brazil: Electricity Distribution

Income Statement (R$ m)	1H14	1H13	Δ %	Δ Abs.
Gross Profit	**381**	**684**	**-44%**	**-303**
Supplies and services	164	164	0%	+0
Personnel costs	135	127	6%	+8
Other operating costs (net)	54	47	14%	+6
Net Operating Costs (1)	**352**	**338**	**4%**	**+15**
EBITDA	**28**	**346**	**-92%**	**-318**
Provisions	14	39	-	-25
Net deprec. and amortisation	95	95	-0%	-0
EBIT	**(81)**	**212**	**-**	**-293**

Gross Profit Performance	1H14	1H13	Δ %	Δ Abs.
Regulated Revenues (R$ m)	**721**	**731**	**-1%**	**-10**
Change in Reg. Receivables	340	47	621%	+293
Gross Profit (R$ m)	**381**	**684**	**-44%**	**-303**
Regulatory Receivables (R$ m) (2)	**539**	**289**	**87%**	**+250**
Clients Connected (th)	**3,096**	**2,994**	**3%**	**+102**
Bandeirante	1,696	1,637	4%	+58
Escelsa	1,400	1,357	3%	+43
Electricity Distributed (GWh)	**13,205**	**12,854**	**3%**	**+352**
Bandeirante	7,706	7,540	2%	+166
Escelsa	5,499	5,314	3%	+185
From which: To clients in Free Market (GWh)	4,922	4,888	1%	+34
Electricity Sold (GWh)	**8,283**	**7,965**	**4%**	**+318**
Bandeirante	**4,771**	**4,648**	**3%**	**+123**
Resid., Commerc. & Other	3,512	3,316	6%	+196
Industrial	1,259	1,332	-5%	-72
Escelsa	**3,512**	**3,318**	**6%**	**+195**
Resid., Commerc. & Other	2,914	2,765	5%	+149
Industrial	599	552	8%	+46

Capex & Opex Performance	1H14	1H13	Δ %	Δ Abs.
Controllable Operating Costs (3)	**282**	**275**	**2%**	**+7**
Cont. costs/client (R$/client)	91	92	-1%	-1
Cont. costs/km (R$/Km)	3	3	1%	+0
Employees (#)	**2,200**	**2,226**	**-1%**	**-26**
Capex (net of subsidies) (R$m)	**142**	**115**	**24%**	**+28**
Network ('000 Km)	89	88	1%	+1

EBITDA from our electricity distribution activity in Brazil went down by -R$318m YoY to R$28m in 1H14, reflecting: i) higher negative tariff deviations, net of CDE/CCEE contributions (+R$370m in 1H14 vs. +R$134m in 1H13); and ii) lower recoveries from previous years' deviations (-R$29m in 1H14 vs. -R$87m in 1H13). Excluding these impacts, recurring EBITDA went down 6% YoY (or -R$24m) to R$369m in 1H14, on the back of lower regulated revenues, down 1% YoY to R$721m in 1H14, reflecting the negative impact of grid losses valued at higher market prices (R$44m YoY) and Escelsa's last regulatory review (Aug-13), lowering from 10% to 7.5% (after taxes) the return on the regulated asset base; which were mitigated by higher volumes distributed vs. the regulator's expectations when setting up the tariffs.

Volumes of electricity sold went up 4% YoY in 1H14, reflecting 6% increase in the 'residential, commercial & other' segments, justified by a wider client base and higher temperatures. Volumes sold to the industrial segment decreased 1% YoY, reflecting the migration of clients to the free market. At the same time, **volumes distributed** to industrial clients in the free market decelerated, increasing by 1% YoY, while down 3% QoQ, reflecting lower industrial production and higher industrial own-consumption.

In 1H14 **electricity sector** DisCos faced record highs in terms of electricity purchases costs – R$15bn of additional costs in Jan/Mai-14 according to the clearinghouse chamber CCEE (Câmara de Comercialização de Energia Elétrica).These higher costs resulted from: i) a strong increase of costs with thermal power on very high thermal dispatch given the extremely low rainfall levels; ii) higher than expected electricity demand, due to the abnormally high temperatures that shaped the 1Q14; and iii) involuntary short contracting positions of DisCos in a high market prices environment (~3.5GW on changes imposed by the concessions' renewals law published in Jan-13). In Apr-14, DisCos contracted in the A-0 generation auction the purchase of avg. 2.05GW of electricity (57% of the stated demand; contracts starting May-14 until 2019) at an avg. price of R$268/MWh – clearly below spot market prices, which is expected to decrease the DisCos' energy purchase costs for the second half of the year. Also in Apr-14, the CCEE created an account called "Conta-ACR" (Conta no Ambiente de Contratação Regulada) for the financing of R$11.2bn to compensate DisCos for the high energy costs suffered during 2014. These funds, on top of another R$1.2bn transferred from the CDE sector fund in January, were already all transferred to DisCos, covering for the higher costs incurred during 1Q14 and part of 2Q14. The Government is working on alternatives to alleviate DisCos financial pressure – CCEE contracting a new financing tranche is a possibility currently being discussed. Additionally, ANEEL is partially passing-through these higher costs to electricity consumers through the annual tariff readjustments.

Gross profit was strongly impacted by the change in **regulatory receivables** (accounted for at gross profit level in Brazilian distribution business). Regulatory receivables increased R$340m in 1H14 (vs. R$47m in 1H13). In 1H14, a R$960m negative tariff deviation was created, essentially related to higher energy costs than the ones incorporated in the tariffs, which was partly compensated by R$591m of contributions from CDE/CCEE; also, R$29m were received regarding deviations from previous years. All in all, regulatory receivables amounted to R$539m as of Jun-14, up R$340m vs. Dez-13, to be collected through tariffs in the following years. Nonetheless, note that a total of R$127m of CCEE contributions – R$97m from May-14, already approved by ANEEL, plus an estimate of R$30m related to Jun-14 – were not accounted for in 2Q14 due to a lack of visibility upon the timing of financial settlement; it is expected that the necessary funds to cover for these additional costs should be released during 3Q14. **Escelsa's** regulatory review for the 2013-16 period, approved by ANEEL in Aug-13, set a 4.12% increase in tariffs for the 12 months following, reflecting previous years tariff deviations as well as a lower return on the regulated asset base (from 10% to 7.5% after taxes). Regarding this year's tariff readjustment, Escelsa requested ANEEL the permission to increase tariffs by 27%, given its involuntary short position in a dry year with record high market prices – the final decision will be known in Aug-14. As for **Bandeirante**, in Oct-13, ANEEL approved a 10.36% tariff increase for the 12 months following, within the scope of the annual tariff readjustment process. Bandeirante's next 4 years regulatory period starts in Oct-15.

Controllable operating costs increased 2% YoY to R$282m in 1H14, driven by higher personnel costs and employee benefits, reflecting the annual salary update (+6.5%). **Capex** went up 24% YoY to R$142m in 1H14, mostly devoted to customer services activities and to the reinforcement of the network quality of service.

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits) + Other operating costs (net); (2) Includes R$127m (net of PIS/COFINS tax) from Mai/Jun-14 CCEE contributions; (3) Supplies & services and personnel costs.

Brazil: Electricity Generation and Supply

Income Statement (R$M)	Generation			
	1H14	1H13	Δ %	Δ Abs.
Gross Profit	**457**	**524**	**-13%**	**-67**
Supplies and services	33	29	17%	+5
Personnel costs and employee benefits	25	24	4%	+1
Other operating costs (net)	(1)	3	-	-4
Net Operating Costs	**57**	**55**	**4%**	**+2**
EBITDA	**399**	**468**	**-15%**	**-69**
Provisions	0	(0)	-	+1
Net depreciation and amortisation	76	76	0%	+0
EBIT	**323**	**393**	**-18%**	**-70**

Generation	1H14	1H13	Δ %	Δ Abs.
Gross Profit (R$ m)	**457**	**524**	**-13%**	**-67**
Lajeado	173	215	-19%	-42
Peixe Angical	152	190	-20%	-38
Energest (15 hydro plants)	131	119	10%	+12
Installed Capacity (MW)	**1,797**	**1,799**	**-0%**	**-2**
Lajeado	903	903	-	-
Peixe Angical	499	499	-	-
Energest (15 hydro plants)	396	397	-0%	-2
Electricity Sold (GWh)	**4,130**	**4,326**	**-5%**	**-196**
Lajeado	1,614	1,798	-10%	-184
Peixe Angical	1,192	1,240	-4%	-47
Energest (15 hydro plants)	1,324	1,288	3%	+35
Average Selling Price (R$/MWh) (2)	**162**	**154**	**5%**	**+8**
Lajeado	139	134	4%	+5
Peixe Angical	195	184	6%	+11
Energest (15 hydro plants)	162	152	6%	+10
Capex (R$ m)	**25**	**223**	**-89%**	**-198**
Maintenance	25	15	70%	+10
Expansion	-	209	-	-209
Financial Investments (R$ m)	**6**	**83**	**-93%**	**-77**
Employees (#)	**293**	**353**	**-17%**	**-60**

Pecém (equity method)	1H14	1H13	Δ %	Δ Abs.
Installed Capacity (MW)	**360**	**360**	**-**	**-**
Availability factor (%)	82%	61%	21b.p.	-
EBITDA (R$m)	**40**	**(104)**	**-**	**+143**
Net Debt (R$m)	966	1,087	-11%	-122

Supply	1H14	1H13	Δ %	Δ Abs.
Gross profit (R$ m)	**65**	**63**	**3%**	**+2**
Net Operating costs (1) (R$ m)	2	(2)	-	+4
EBITDA (R$ m)	**63**	**65**	**-3%**	**-2**
Electricity sales (GWh)	6,330	6,041	5%	+288

EBITDA from our electricity generation activities in Brazil went down 15% YoY (-R$69m) to R$399m in 1H14, reflecting: i) the need to purchase energy at abnormally high market prices as the GSF stood below 100% (95% in 1H14 vs. 96% in 1H13) – avg. electricity spot price was up 132% YoY to R$678/MWh[(3)] in 1H14; and ii) lower volumes of electricity sold, given the adverse hydro environment and a higher allocation of volumes of electricity to be sold in the first half of last year (50% in 1H14 vs. 53% in 1H13).

Electricity volumes sold fell 5% YoY to 4.1TWh in 1H14, reflecting the above mentioned seasonal allocation of volumes. **Average selling price** went up 5% YoY, translating: i) PPA prices inflation updates, as most of the capacity is contracted under long term PPAs; and ii) short-term contracts (for 2014) closed at higher prices as part of the seasonality strategy.

Generation Scaling Factor (GSF) stood at 95% in 1H14 and 94% in 2Q14 (vs. 100% in 2Q13). During periods of low rainfall, the associated generation deficit implies that hydro generators end up having to purchase energy at market prices to meet their PPA obligations. In the 1H14, the low GSF combined with high PLD spot prices (avg. PLD: R$678/MWh[(3)] in 1H14 vs. R$293/MWh[(3)] in 1H13) translated into +R$85m vs. 1H13 of additional costs with energy purchases. Latest forecasts from the Brazilian electricity system operator (ONS) assume a ~91% avg. GSF for 2H14.

In Jun-14, **within the scope of EDP's strategic partnership with CTG** and in accordance with the terms of the MoU signed in Dec-13, EDPB completed the sale to CWEI of 50% equity stakes in Jari and Cachoeira Caldeirão for a total amount of R$420.6m – cash-in including equity contributions undertaken until Jun-14 (Jari: R$420.2m and Cachoeira Caldeirão: R$0.4m) – and CWEI will also assume 50% of future equity contributions. Also, recall that in Feb-14, EDPB agreed with CWEI its entry into the São Manoel project through the purchase of half of EDPB's 66.7% stake (or 33.3%); CWEI will assume future equity contributions (closing expected for 2H14). Note that subsequent to the application of IFRS11, Jari and Cachoeira Caldeirão started being consolidated by EDP through the equity method; upon conclusion of the deal, Sao Manoel hydro project will also be equity-method accounted.

EDPB owns a 50% stake in Pecém I coal facility in partnership with Eneva. Pecém I (720MW) has 615MW of avg. contracted capacity for 15 years. Note that as from Jan-14, under IFRS11, this stake started being equity consolidated by EDP. After some initial setbacks, the coal facility is now operational with both units working normally and without interruptions, although still in a ramp up stage (availability factor of 82% in 1H14). In 1H14, Pecém I EBITDA amounted to R$40m and net loss attributable to EDPB was R$36m (vs. a R$107m loss in 1H13).

In terms of capacity additions, EDPB participates in 3 new hydro projects: i) **Santo António do Jari** (50% stake; 95% concluded), a 373MW project due in Jan-15 with 202MW of avg. contracted capacity (190MW with a 30-year PPA @ R$104/MWh and 21MW with a 28-year PPA @ R$82/MWh); ii) **Cachoeira Caldeirão** (50% stake; 22% concluded), a 219MW project due in Jan-17 with 130MW of avg. contracted capacity (30-year PPA @ R$95/MWh) – total investment is estimated at ~R$1.1bn (with 60% of leverage); and iii) **São Manoel** (66.7% stake, of which 33.3% to be sold to CTG; to start construction), a 700MW project due in May-18 with 410MW of avg. contracted capacity (30-year PPA @ R$83/MWh) – total investment should amount to ~R$2.7bn (with 66% of leverage).

Capex fell 89% YoY to R$25m in 1H14 – Note that in 1H14 investments devoted to Jari and Cachoeira Caldeirão hydro projects ('assets held for sale') were being classified as 'financial Investments' in view of their future equity consolidation; this explains the YoY drop in expansion capex. **Financial investments** in 1H14 translate ongoing construction works at Jari and Cachoeira Caldeirão and financial investments in 1H13 are pro-forma for IFRS 11 implementation and refer to Pecém I (fully commissioned since May-13).

Electricity supply gross profit increased 3% YoY (+R$2m) to R$65m in 1H14, reflecting a favourable long position and higher volumes supplied to clients, benefiting from higher spot prices.

(1) Operating costs (Supplies & services + Personnel costs + Costs with social benefits) + Other operating costs (net); (2) Calculated with PPA prices and volumes; (3) Based on weakly prices; Southeast/Center-West regions.

Income Statements
& Annex

Income Statement by Business Area

1H14 (€m)	Long-Term Contracted Generation	Iberian Liberalised Activities	Regulated Networks Iberia	EDP Renováveis	Brazil	Corpor. Activ. & Adjustments	**EDP Group**
Gross Profit	**399**	**511**	**875**	**627**	**287**	**(1)**	**2,699**
Supplies and services	32	94	195	120	71	(89)	422
Personnel costs	9	26	74	30	56	107	302
Costs with social benefits	0	2	(77)	3	7	(36)	(102)
Other operating costs (net)	3	73	125	(33)	(112)	18	74
Operating costs	**44**	**195**	**316**	**121**	**21**	**(1)**	**697**
EBITDA	**356**	**315**	**559**	**506**	**266**	**(0)**	**2,002**
Provisions	7	1	1	-	5	4	18
Net depreciation and amortisation (1)	77	124	168	222	56	32	681
EBIT	**272**	**190**	**389**	**284**	**205**	**(36)**	**1,304**

1H13 (€m)	Long-Term Contracted Generation	Iberian Liberalised Activities	Regulated Networks Iberia	EDP Renováveis	Brazil	Corpor. Activ. & Adjustments	**EDP Group**
Gross Profit	**441**	**408**	**895**	**661**	**476**	**9**	**2,890**
Supplies and services	34	81	210	122	85	(92)	441
Personnel costs	32	34	76	32	56	75	306
Costs with social benefits	0	2	12	3	7	6	30
Other operating costs (net)	7	66	75	(39)	17	15	141
Operating costs	**73**	**183**	**373**	**118**	**165**	**5**	**918**
EBITDA	**368**	**225**	**522**	**543**	**311**	**4**	**1,973**
Provisions	1	17	(5)	0	15	8	37
Net depreciation and amortisation (1)	83	113	166	224	67	32	686
EBIT	**284**	**94**	**361**	**319**	**229**	**(37)**	**1,250**

(1) Depreciation and amortisation expense net of compensation for depreciation and amortisation of subsidised assets.

Quarterly Income Statement

Quarterly P&L (€ m)	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	Δ YoY %	Δ QoQ %
Revenues from energy sales and services and other	**4,415**	**3,768**	**3,732**	**4,365**	**4,327**	**3,692**			**-2%**	**-15%**
Cost of energy sales and other	**(2,908)**	**(2,385)**	**(2,459)**	**(3,078)**	**(2,844)**	**(2,476)**			**-4%**	**13%**
Gross Profit	**1,507**	**1,384**	**1,273**	**1,287**	**1,483**	**1,216**			**-12%**	**-18%**
Supplies and services	212	229	215	253	202	220			-4%	9%
Personnel costs and Employee Benefits	170	166	152	145	164	37			-78%	-78%
Other operating costs (net)	39	102	79	91	86	(13)			-	-
Operating costs	**421**	**497**	**446**	**489**	**453**	**244**			**-51%**	**-46%**
EBITDA	**1,086**	**887**	**827**	**798**	**1,030**	**972**			**10%**	**-6%**
Provisions	9	27	3	14	7	11			-60%	58%
Amortisation and impairment (1)	344	341	368	371	324	357			4%	10%
EBIT	**733**	**518**	**456**	**412**	**699**	**604**			**17%**	**-14%**
Capital gains/(losses)	(0)	(0)	0	0	0	0			-	-
Financial Results	154	164	169	212	147	98			-40%	-33%
Share of net profit in joint ventures and associates	12	3	1	(2)	(12)	4			8%	-
Profit before income tax and CESE	**567**	**351**	**285**	**202**	**564**	**502**			**43%**	**-11%**
Income taxes	159	49	55	(50)	186	57			15%	-70%
Extraordinary contribution for the energy sector	-	-	-	-	15	16			-	8%
Net Profit for the period	408	302	231	253	364	430			42%	18%
Net Profit Attributable to EDP	**335**	**268**	**189**	**213**	**296**	**377**			**40%**	**27%**
Non-controlling Interests	74	33	42	40	68	53			59%	-22%

(1) Depreciation and amortisation expense net of compensation for depreciation and amortisation of subsidised assets.

EDP - Installed capacity & electricity generation

Technology	Installed Capacity - MW (1)				Electricity Generation (GWh)				Electricity Generation (GWh)							
	1H14	1H13	Δ MW	Δ %	1H14	1H13	Δ GWh	Δ %	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14
PPA/CMEC (Portugal)	**4,470**	**5,274**	**-804**	**-15%**	**9,102**	**9,562**	**-460**	**-5%**	**5,053**	**4,509**	**3,757**	**4,135**	**5,002**	**4,099**		
Hydro	**3,290**	**4,094**	**-804**	**-20%**	**5,859**	**6,088**	**-228**	**-4%**	**3,307**	**2,781**	**1,387**	**2,036**	**3,739**	**2,120**		
Run off the river	1,056	1,860			2,494	4,617			2,418	2,199	900	1,458	2,124	370		
Reservoir	2,234	2,234			3,366	1,471			889	582	487	578	1,615	1,750		
Coal - Sines	**1,180**	**1,180**	**0**	**0%**	**3,242**	**3,474**	**-232**	**-7%**	**1,747**	**1,728**	**2,370**	**2,098**	**1,263**	**1,979**		
Special Regime (Ex-Wind)	**274**	**318**	**-44**	**-14%**	**626**	**976**	**-351**	**-36%**	**554**	**422**	**258**	**405**	**414**	**212**		
Portugal	**181**	**225**	**-44**	**-19%**	**525**	**672**	**-147**	**-22%**	**400**	**272**	**139**	**258**	**347**	**178**		
Small-Hydro	157	157			405	424			268	156	32	127	278	127		
Cogeneration	24	68			120	248			132	116	107	131	69	50		
Spain	**93**	**93**	**0**	**0%**	**101**	**305**	**-203**	**-67%**	**154**	**150**	**119**	**147**	**67**	**34**		
Cogeneration+Waste	93	93			101	305			154	150	119	147	67	34		
Liberalised Iberia	**7,774**	**7,122**	**653**	**9%**	**7,472**	**6,278**	**1,194**	**19%**	**3,621**	**2,657**	**3,344**	**3,701**	**4,186**	**3,286**		
Hydro	**2,422**	**1,605**	**818**	**51%**	**4,341**	**2,939**	**1,402**	**48%**	**1,581**	**1,358**	**552**	**834**	**2,834**	**1,507**		
Portugal	1,996	1,178			3,661	2,101			1,104	997	465	660	2,399	1,261		
Spain	426	426			681	838			477	361	87	173	435	246		
Coal	**1,460**	**1,460**	**0**	**0%**	**2,383**	**2,387**	**-4**	**0%**	**1,371**	**1,015**	**2,015**	**2,005**	**862**	**1,521**		
Aboño I	342	342			510	668			412	256	593	538	193	317		
Aboño II	536	536			1,483	1,523			826	697	1,030	1,001	597	886		
Soto Ribera II	236	236			151	140			124	16	52	213	36	115		
Soto Ribera III	346	346			239	55			9	46	340	253	36	203		
CCGT	**3,736**	**3,736**	**0**	**0%**	**219**	**437**	**-218**	**-50%**	**337**	**100**	**458**	**539**	**158**	**61**		
Ribatejo (3 groups)	1,176	1,176			49	81			74	6	38	104	28	21		
Lares (2 groups)	863	863			11	69			63	6	344	144	8	3		
Castejón (2 groups)	843	843			83	153			94	58	54	153	66	17		
Soto IV & V (2 groups)	854	854			76	135			106	29	22	138	56	20		
Nuclear - Trillo	**156**	**156**	**0**	**0%**	**529**	**515**	**14**	**3%**	**331**	**184**	**319**	**323**	**332**	**197**		
Gasoil - Tunes	**0**	**165**	**-165**	**-**	**0**	**0**	**0**	**-**	**0**	**0**	**0**	**0**	**0**	**0**		
Wind (More detail on page 16)	**7,712**	**7,442**	**270**	**4%**	**10,934**	**10,307**	**627**	**6%**	**5,542**	**4,765**	**3,388**	**5,447**	**6,101**	**4,833**		
Iberia	2,815	2,813			3,869	3,808			2,212	1,596	1,333	1,915	2,330	1,539		
Rest of Europe	1,307	1,069			1,304	986			552	434	369	733	791	513		
North America	3,506	3,476			5,658	5,416			2,726	2,690	1,631	2,722	2,930	2,727		
Brazil	84	84			103	98			52	46	55	77	49	54		
Solar - Romania	**50**	**39**	**12**	**30%**	**31**	**16**	**16**	**100%**	**0**	**16**	**17**	**11**	**11**	**20**		
Brazil (Ex-Wind)	**1,797**	**1,799**	**-2**	**0%**	**3,991**	**4,087**	**-96**	**-2%**	**2,292**	**1,794**	**1,247**	**1,828**	**2,341**	**1,650**		
Hydro	**1,797**	**1,799**	**-2**	**0%**	**3,991**	**4,087**	**-96**	**-2%**	**2,292**	**1,794**	**1,247**	**1,828**	**2,341**	**1,650**		
Lajeado	903	903			2,019	1,874			1,074	799	482	775	1,205	814		
Peixe Angical	499	499			1,125	1,244			719	525	481	674	667	458		
Energest	396	397			847	970			499	470	284	379	469	378		
TOTAL	**22,079**	**21,994**	**85**	**0%**	**32,156**	**31,226**	**930**	**3%**	**17,062**	**14,164**	**12,011**	**15,528**	**18,056**	**14,100**		

(1) Installed capacity that contributed to the revenues in the period.

EDP - Volumes distributed, clients connected and networks

ELECTRICITY

Electricity Distributed (GWh)	1H14	1H13	Δ GWh	Δ %
Portugal	**21,904**	**21,550**	**354**	**1.6%**
Very High Voltage	1,046	1,076	-30	-2.8%
High / Medium Voltage	10,209	9,909	300	3.0%
Low Voltage	10,649	10,565	84	0.8%
Spain	**4,621**	**4,606**	**15**	**0.3%**
High / Medium Voltage	3,381	3,325	56	1.7%
Low Voltage	1,240	1,281	-40	-3.1%
Brazil	**13,205**	**12,854**	**352**	**2.7%**
Free Clients	4,922	4,888	34	0.7%
Industrial	1,858	1,884	-26	-1.4%
Residential, Comercial & Other	6,426	6,082	344	5.7%
TOTAL	**39,731**	**39,010**	**721**	**1.8%**

Clients Connected (th)	1H14	1H13	Abs. Δ	Δ %
Portugal	**6,076**	**6,079**	**-2.7**	**0.0%**
Very High / High / Medium Voltage	24	24	0.1	0.4%
Special Low Voltage	34	33	0.4	1.1%
Low Voltage	6,019	6,022	-3.1	-0.1%
Spain	**659**	**658**	**0.8**	**0.1%**
High / Medium Voltage	1	1	0.0	0.9%
Low Voltage	658	657	0.8	0.1%
Brazil	**3,096**	**2,994**	**101.7**	**3.4%**
Bandeirante	1,696	1,637	58.3	3.6%
Escelsa	1,400	1,357	43.4	3.2%
TOTAL	**9,831**	**9,731**	**99.9**	**1.0%**

Networks	1H14	1H13	Abs. Δ	Δ %
Lenght of the networks (Km)	**337,799**	**335,548**	**2,251**	**0.7%**
Portugal	225,695	224,688	1,007	0.4%
Spain	23,343	23,202	141	0.6%
Brazil	88,761	87,658	1,103	1.3%
Losses (% of electricity distributed)				
Portugal (1)	-10.3%	-12.1%	1.8 pp	
Spain	-4.2%	-4.1%	-0.1 pp	
Brazil				
Bandeirante	-9.8%	-10.3%	0.5 pp	
Technical	-5.5%	-5.5%	-0.0 pp	
Comercial	-4.3%	-4.8%	0.5 pp	
Escelsa	-13.5%	-13.4%	-0.1 pp	
Technical	-7.6%	-7.8%	0.2 pp	
Comercial	-5.9%	-5.6%	-0.3 pp	

GAS

Gas Distributed (GWh)	1H14	1H13	Δ GWh	Δ %
Portugal	**3,631**	**3,657**	**-26**	**-0.7%**
Low Pressure	588	613	-25	-4.1%
Medium Pressure	3,028	3,028	0	0.0%
LPG	15	16	-1	-7.0%
Spain	**24,895**	**28,208**	**-3,313**	**-11.7%**
Low Pressure	5,541	6,102	-562	-9.2%
Medium Pressure	19,355	22,106	-2,752	-12.4%
TOTAL	**28,527**	**31,866**	**-3,339**	**-10.5%**

Supply Points (th)	1H14	1H13	Abs. Δ	Δ %
Portugal	**313.2**	**296.1**	**17.0**	**5.7%**
Low Pressure	306.7	289.1	17.5	6.1%
Medium Pressure	1.3	1.2	0.1	9.8%
LPG	5.2	5.8	-0.6	-10.9%
Spain	**1,022.3**	**1,012.2**	**10.1**	**1.0%**
Low Pressure	1,021.6	1,011.4	10.2	1.0%
Medium Pressure	0.7	0.8	-0.1	-14.9%
TOTAL	**1,335.5**	**1,308.4**	**27.1**	**2.1%**

Networks	1H14	1H13	Abs. Δ	Δ %
Lenght of the networks (Km)	**14,638**	**14,301**	**338**	**2.4%**
Portugal	4,543	4,376	167	3.8%
Spain	10,096	9,925	171	1.7%

(1) Excludes Very High Voltage

EDP - Sustainability performance

2Q14 Main Events

Apr-14: EDP as one of the most ethical energy companies in the world – for the 3rd year in a row, EDP appeared in "The World's Most Ethical Companies" international ranking.

May-14: EDP included in the Euronext Vigeo World 120 Sustainability Index – EDP recognised as one of the world's top companies in terms of sustainability.

May-14: Museum of Electricity wins Certificate of Excellence – Museum of Electricity is one of the 215 tourist attractions in Lisbon listed on TripAdvisor

Jun-14: IR Magazine Europe Awards 2014 - EDP came 10th in IR Magazine EuroTop 100 list and was mentioned in "Best Investor Relations by a CEO (large cap)", "Best Sustainable Practice", "Best Overall Investor Relations - Southern Europe", "Regional Awards – Southern Europe" and "Best in Sector – Utilities" categories.

EDP Internal Sustainability Index (base 2010-12)	1H14	Base 100	Δ %
Sustainability Index	**103**	**101**	**2%**
Environmental	107	104	3%
%Weight	33%	33%	
Economic	100	99	1%
%Weight	37%	37%	
Social	103	104	-1%
%Weight	30%	30%	

This Sustainability Index was developed by EDP and is based on 33 sustainability performance indicators.

Economic Metrics	1H14	1H13	Δ %
Economic Value (€m) (1)			
Directly Generated	8,774	8,877	-1%
Distributed	7,925	8,193	-3%
Accumulated	849	684	24%

Social Metrics *	1H14	1H13	Δ %
Employees (a)	**11,884**	**12,143**	**-2%**
Training (hours trainee)	**205,352**	**170,188**	**21%**
On-duty Accidents	**17**	**25**	**-32%**
EDP Severity Rate (Tg)	1.6	2.3	-31%
EDP Frequency rate (Tf)	123.17	122.45	1%
Freq. rate EDP+ESP (Tf) (b)	3.88	4.22	-8%

** Excluding Pecém I.*

Environmental Metrics	1H14	1H13	Δ %
Absolute Atmospheric Emissions (kt)			
CO2 (c)	6,593	6,987	-6%
NOx	5.8	6.3	-7%
SO2	4.9	5.0	-2%
Particle	0.190	0.237	-20%
Specific Atmospheric Emissions (g/KWh)			
CO2 (c)	205.0	218.0	-6%
NOx	0.18	0.20	-8%
SO2	0.15	0.16	-2%
GHG emissions (ktCO2 eq)			
Direct Emissions (scope 1)	6,606	6,998	-6%
Indirect emissions (scope 2)	1,076	911	18%
Primary Energy Consumption (TJ) (d)	**63,031**	**71,446**	**-12%**
Max. Net Certified Capacity (%)	**80%**	**75%**	**5 p.p.**
Water Use (103 m3)	**789,618**	**762,575**	**4%**
Total Waste (t) (e)	**109,485**	**141,348**	**-23%**
Environmental Costs (€ th)	**37,082**	**38,605**	**-4%**
Environmental Fees and Penalties (€ th)	**53**	**70**	**-25%**

Environmental Metrics - CO2 Emissions

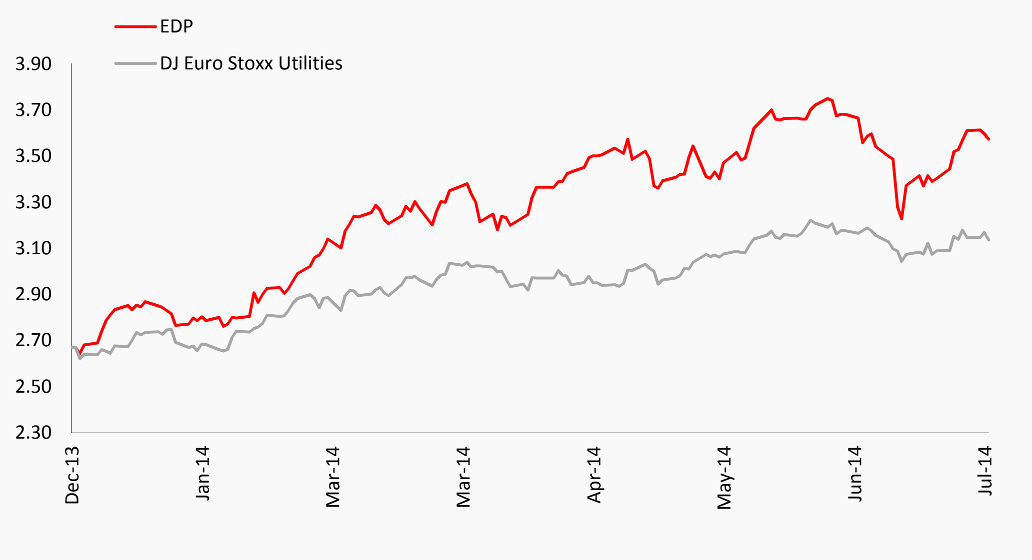
CO2 Emissions	Absolute (ktCO2)		Specific (t/MWh)		Generation (f) (GWh)	
	1H14	1H13	1H14	1H13	1H14	1H13
PPA/CMEC	**2,974**	**3,205**	**0.92**	**0.92**	**3,242**	**3,475**
Coal	2,974	3,203	0.92	0.92	3,242	3,474
Fuel Oil & Natural Gas	-	2	-	3.49	(0)	1
Liberalised	**3,399**	**3,284**	**1.31**	**1.16**	**2,602**	**2,824**
Coal	3,288	3,095	1.38	1.30	2,383	2,387
CCGT	111	189	0.51	0.43	219	437
Special Regime	**221**	**498**	**0.29**	**0.33**	**763**	**1,497**
Thermal Generation	**6,593**	**6,987**	**1.00**	**0.90**	**6,607**	**7,796**
CO2 Free Generation					**25,562**	**24,260**
CO2 Emissions			**0.20**	**0.22**	**32,169**	**32,056**

(a) Including Executive Social Bodies
(b) ESP: External Services Provider
(c) Excluding vehicle fleet
(d) Including vehicle fleet
(e) Waste sent to final disposal
(f) Includes heat generation (1H13: 802 GWh; 1H14: 542 GWh)
(g) 1H13 figures were restated so as to reflect IFRS10 and IFRS 11 implementation

(1) Generated Economic Value (GEV): Turnover + other operating income + gains/losses with the sale of financial assets + gains/losses from associated companies + financial income
Distributed Economic Value (DEV): COGS + operating costs + other operating costs + current tax + financial costs + dividend payment; Accumulated Economic Value (AEV): GEV – DEV.

EDP Share Performance

EDP Stock Performance on Euronext Lisbon



EDP Stock Market Performance	YTD	52W 30-07-2014	2013
EDP Share Price (Euronext Lisbon - €)			
Close	3.573	3.573	2.670
Max	3.749	3.749	2.818
Min	2.620	2.420	2.215
Average	3.250	3.031	2.519
EDP's Liquidity in Euronext Lisbon			
Turnover (€ m)	3,064	4,563	3,791
Average Daily Turnover (€ m)	20	17	15
Traded Volume (million shares)	943	1,505	1,505
Avg. Daily Volume (million shares)	6.2	5.7	5.8

EDP Share Data	1H14	1H13	Δ %
Number of shares Issued (million)	3,656.5	3,656.5	-
Treasury stock (million)	23.2	28.7	-19.2%

EDP's Main Events

07-Jan: EDP issues USD 750 million of notes

15-Jan: Fitch maintains EDP on rating watch negative

28-Jan: Standard & Poor's affirms EDP at "BB+" rating on stable outlook

28-Jan: Credit Suisse notifies qualified shareholding in EDP

04-Fev: CTG and EDP agree to jointly promote the creation of a research center for new energy technologies

07-Fev: CTG enters partnership with EDP Brail for construction of hydro power plant São Manoel

10-Fev: Iberdrola decreases its ownership interest in the share capital of EDP

10-Fev: EDP sells €138 million of tariff deficit in Portugal

14-Fev: Norges Bank notifies qualified shareholding in EDP

12-Mar: EDP announces mandate and roadshow for a securitization transaction of the tariff deficit in Portugal

13-Mar: Capital Group notifies qualified shareholding in EDP

26-Mar: EDP to receive €750 million in securitization of electricity tariff deficit in Portugal

01-Abr: Iberdrola decreases its ownership interest in the share capital of EDP

08-Abr: EDP issues €650 million bond maturing in April 2019

15-Abr: Fitch maintains EDP on rating watch negative

12-May: EDP's Annual General Shareholders Meeting

13-May: Moody's affirmed EDP at "Ba1" with outlook negative

29-May: Payment of gross dividend of €0.185 per share for the 2013 financial year

16-Jun: EDP sells €200 million of tariff deficit in Portugal

20-Jun: EDP signed a 5-year revolving credit facility in the amount of €3,150 million

28-Jun: Conclusion of sale by EDP Brasil of 50% in Jari and Cachoeira Caldeirão hydro plants

02-Jul: Fitch affirms EDP at "BBB-" and revises outlook to stable

16-Jul: EDP establishes new collective labour agreement

30-Jul: Moody's affirms EDP 'Ba1' and revises outlook to positive

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