

# 1Q14

## **Financial Results**

#### Webcast

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### Main Highlights

Income Statement (€ m)	1Q14	1Q13	Δ%	Δ Abs.
Gross Profit	1,483	1,507	-2%	-24
Supplies and services	202	212	-5%	-10
Personnel costs, employees benefits	164	170	-3%	-6
Other operating costs (net)	86	39	121%	+47
Net Operating costs (1)	<b>453</b>	<b>421</b>	<b>8%</b>	<b>+32</b>
EBITDA	1,030	1,086	-5%	-56
Provisions	7	9	-27%	-3
Amortisation and impairment (2)	324	344	-6%	-20
EBIT	<b>699</b>	<b>733</b>	<b>-5%</b>	<b>-33</b>
Capital gains/(losses)	(0)	0	-	-0
Financial Results	(147)	(154)	4%	+7
Share of net profit joint ventures/associates	12	(12)	-	+23
<b>Pre-tax profit</b>	<b>564</b>	<b>567</b>	- <b>1%</b>	<b>-3</b>
Income taxes Extraord. contribution to the energy sector	186 15	159	17%	+27 +15
Net profit for the period	364	408	-11%	-45
<b>Net Profit</b>	<b>296</b>	<b>335</b>	<b>-12%</b>	<b>-39</b>
Non-controlling Interest	68	74	-8%	-6

<b>1Q14</b> 12,047	<b>1Q13</b> 12,107	<b>∆%</b> -0.5%	<b>Δ Abs.</b> -60
	12,107	-0.5%	-60
22.070			00
22,079	21,920	1%	+159
1Q14	1Q13	Δ%	Δ Abs.
717	740	-3%	-23
278	228	22%	+50
116	116	-0%	-0
162	112	45%	+50
245	274	-11%	-29
Mar-14	Dec-13	Δ%	Δ Abs.
8,803	8,446	4%	+357
17,104	17,083	0%	+21
3,003	2,747	9%	+255
4.1x	4.7x	-	-0.6x
	717 278 116 162 245 <b>Mar-14</b> 8,803 17,104 3,003	717   740     278   228     116   116     162   112     245   274     Mar-14   Dec-13     8,803   8,446     17,104   17,083     3,003   2,747	717     740     -3%       278     228     22%       116     116     -0%       162     112     45%       245     274     -11%       Mar-14     Dec-13     Δ%       8,803     8,446     4%       17,104     17,083     0%       3,003     2,747     9%

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 fell by 5% YoY**, to €1,030m in 1Q14. Excluding the €56m one-off gain booked in 1Q13 on the sale of gas transmission assets in Spain, EBITDA would be flat YoY. EBITDA in the **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 (namely lower-than-expected electricity spot prices and gas demand in Iberia); (iii) growth in the electricity supplied to final clients in the liberalised market; and (iv) a tight cost control, which enabled a 1% decrease of Iberian activities operating costs in 1Q14. In turn, our CCGTs continued to perform very poorly, on lack of thermal demand and inadequate remuneration; and regulatory hits curbed €29m from EBITDA in 1Q14. The contribution from our international subsidiaries in 1Q14 was lower YoY, mainly due to adverse ForEx (-€33m mainly due to the depreciation of BRL and USD vs. Euro, by 19% and 4% respectively) and regulatory impacts. **EDP Brasil**, 'EDPB' (EBITDA -29%, or -€51m), was adversely impacted by: (i) -€29m of ForEx impact; (ii) lower return on Escelsa's regulated asset base following regulatory revision in Aug-13; and (iii) higher electricity sourcing costs in the wake of adverse hydro context. **EDP Renováveis**, 'EDPR' (EBITDA -9%, or -€28m), albeit penalised by regulatory hits in Spain (-€18m), adverse ForEx impact (-€5m) and €14m one-off gain booked in 1Q13; had a positive contribution from investments in new wind capacity outside lberia and outstanding wind resources in Iberia in the quarter.

**EDP Group operating costs** fell by 4% YoY, to €366m in 1Q14, backed by the successful execution of our corporate efficiency program OPEX III (with the anticipation of targets by 1 year from 2015 to 2014) and by a 1% reduction in workforce, mainly prompted by early retirements in Portugal. **Other net operating costs** rose by €47m YoY, to €86m in 1Q14, impacted by the previously referred €56m one-off gain in 1Q13; and by lower generation taxes in Spain (-€6m YoY, to €26m in 1Q14), derived from lower production and lower prices.

**EBIT fell by 5% in 1Q14, to €699m**, mainly driven by lower EBITDA. **Net depreciation and amortisations** reflected lower impairments at EDPR (€7m in 1Q13), the extension of the useful life of our CCTGs and some coal plants in 4Q13.

**Financial results**, €7m higher YoY at -€147m in 1Q14, reflect a 40bp YoY increase in the average cost of debt (to 4.6% in 1Q14) and a €0.6bn reduction in the average net debt. **Results from associated companies** amounted to €12m in 1Q14, the bulk of which stemming from EDPR's 40% equity stake in ENEOP in Portugal. **Income taxes** totalled €186m in 1Q14 representing an effective tax rate of 33%. Additionally, and according to the terms defined in Portugal's 2014 State Budget, EDP contributed with €15m in 1Q14 to the extraordinary tax on the energy sector in Portugal. **Non-controlling interests** fell 8% YoY to €68m in 1Q14, driven by lower net profit at the level of EDPB. **Overall, net profit attributable to EDP shareholders fell by 12% YoY (-€39m), to €296m in 1Q14, impacted by the €56m one-off gain booked in 1Q13.** 

Net investments<sup>(5)</sup> fell 11% YoY to €245m in 1Q14. Consolidated capex totalled €278m in 1Q14, up 22% YoY, or down 10% YoY when excluding investment subsidies cashed-in by EDPR (1Q13: €91m cash-grant related to a US wind farm installed in 4Q12; 1Q14: €10m related to a wind farm in Poland). Expansion capex totalled €162m in 1Q14, translating the ongoing construction of new hydro & wind capacity.

**Net debt** in Mar-14 amounted to  $\leq 17.1$ bn, flat vs. Dec-13, reflecting: i) - $\leq 0.6$ bn of net contribution from FFO and maintenance capex; ii) + $\leq 0.2$ bn of net impact from expansion capex, changes in working capital with fixed asset suppliers and net divestments; iii) + $\leq 0.4$ bn maily prompted by higher regulatory receivables (+ $\leq 0.3$ bn vs. in Dec-13) and by the recognition of  $\leq 0.1$ bn of contributions from CDE/CCEE, to be cashed-in only in 2Q14. Note that although EDP successfully partially sold the right to receive tariff deficit in Portugal during 1Q14 for an overall amount of  $\leq 0.9$ bn, the last block (sold in March 26<sup>th</sup> for  $\leq 750$ m) was cashed in only in 2Q14. **Total cash and** 

available liquidity facilities amounted to €4.0bn by Mar-14. This liquidity position, along with the €650m Eurobond issued in Apr-14 and the €750m of proceeds in Apr-14 from the securitisation of tariff deficit in Portugal, totals €5.4bn. This liquidity position allows EDP to cover its refinancing until the end of 2015.

<sup>x</sup> On May 12<sup>th</sup>, EDP shareholders approved the payment of a dividend amounting to €676m (€0.185/share), flat vs. previous year, to be paid on the next May 29<sup>th</sup> (ex-dividend on May 26<sup>th</sup>).

(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.

eda

#### EBITDA Breakdown

EBITDA (€ m)	1Q14	1Q13	Δ%	Δ Abs.	1Q13	2Q13(1)	3Q13(1)	4Q13(1)	1Q14	2Q14	3Q14	4Q14	Δ	1Q14 %	YoY Δ Abs.	1Q14 Δ%	QoQ Δ Abs.
LT Contracted Generation	176	194	-9%	-18	194	179	171	182	176	-	-	-		-9%	-18	-4%	-7
Liberalised Activities Iberia	192	111	73%	+81	111	123	46	70	192	-	-	-		73%	81	176%	122
Regulated Networks Iberia	245	290	-15%	-45	290	233	250	251	245	-		-		-15%	-45	-2%	-6
Wind & Solar Power	289	317	-9%	-28	317	243	148	239	289	-		-		-9%	-28	21%	50
Brazil	127	177	-29%	-51	177	95	225	85	127	-		-		-29%	-51	49%	42
Other	2	(3)	-	+5	(3)	(2)	2	(9)	2	-	-	-		-	5	-	11
Consolidated	1,030	1,086	-5.1%	-56	1,086	871	842	818	1,030	-	-	-		-5%	-56	-5%	-56

**Consolidated EBITDA fell 5% YoY (-€56m)**, to €1,030m in 1Q14, impacted by adverse ForEx impact (-€33m mainly due to a 19% depreciation of BRL and 4% of USD vs. Euro) and by the €56m one-off gain booked in 1Q13 on the sale of gas transmission assets in Spain (at Regulated networks business). Adjusted for these, EBITDA would be 3% higher YoY, propelled by liberalised activities (+€81m YoY), on particularly strong hydro production and higher results with energy management. Regulatory-wise, EBITDA growth was penalised by €29m additional impact in Iberia: €18m at EDPR, €9m at the Liberalised activities and €2m at Regulated networks.

LONG TERM CONTRACTED GENERATION IN IBERIA (17% of EBITDA) - EBITDA fell by 9%, to €176m in 1Q14, impacted by the transfer of 3 hydro plants to our merchant portfolio following the termination of respective PPAs (1Q13 gross profit: €14m) and by production outage of several special regime thermal plants: new regulatory terms proposed for these plants makes its operations unprofitable. In turn, similarly to 1Q13, output from mini-hydro plants was abnormally high in 1Q14 (+4% YoY) backed by the even richer hydro resources in 1Q14 (compared to an already strong 1Q13).

LIBERALISED ACTIVITIES IN IBERIA (19% of EBITDA) – EBITDA was €81m higher YoY, at €192m in 1Q14, backed by +€64m of gross profit in electricity operations, +€26m gross profit contribution from gas supply; and trading activity and tight cost control. Overall, the performance of the electricity business was driven by: (i) a 33% slump in average sourcing cost, supported by a much higher contribution from hydro production (67% of total production vs. 44% in 1Q13); (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 (24% of EBITDA)** – EBITDA was 15% lower YoY (-€45m), at €245m in 1Q14, impacted by one-off gain booked on the sale of gas transmission assets in 1Q13 (+€56m). Excluding this impact, EBITDA rose by 5% YoY (+€11m), mainly driven by tight cost control focused on OPEX efficiency. In electricity distribution and last resort supply activity in Portugal (66% of total EBITDA): (i) distribution grid regulated revenues dropped by 1% (-€3m) as the impact from higher volumes distributed was outstood by the impact from a lower return on RAB (8.37% vs. 8.56% in 1Q13) and negative impact by the 1Q14 update for 'GDP Defaltor-X'; (ii) Last resort supplier regulated revenues fell by 10% (-€2m) YoY in 1Q14, reflecting the fast consumers' switching to the free market.

WIND & SOLAR POWER (28% of EBITDA) – EDPR'S EBITDA fell 9% YoY (- $\in$ 28m), to  $\notin$ 289m in 1Q14, driven by negative impact from new regulation in Spain (- $\notin$ 18m), adverse ForEx impact (- $\notin$ 5m) and the  $\notin$ 14m one-off gain in 1Q13 from the restructuring of a PPA contract in the US. Installed capacity rose 5% YoY (+367MW) to 7.8GW by Mar-14. Avg. load factor increased from 36% in 1Q13 to 38% in 1Q14 on the back of outstanding wind conditions in Iberia. Avg. selling prices dropped by 15% YoY, to  $\notin$ 56.8/MWh, reflecting regulatory changes in Spain and lower prices in Romania. Excluding non-recurrent items, EBITDA decreased 5% YoY (-%14m) to %289m.

**BRAZIL (12% of EBITDA)** - EDPB's contribution to consolidated EBITDA was 29% lower YoY (-€51m), at €127m in 1Q14, driven by 12% (-R\$58m) decrease in local currency, to R\$410m in 1Q14, and an unfavourable ForEx impact: -€29m stemming from depreciation of the BRL vs. the Euro. EBITDA from distribution fell 12% YoY (-R\$20m), reflecting: i) the significant recovery of negative tariff deviations, through CDE/CCEE contributions; and ii) lower regulated revenues, penalised by higher grid losses and a lower return on Escelsa's regulated asset base following the last tariff review (Aug-13). Generation and Supply EBITDA decreased 13% YoY (-R\$35m), mainly reflecting lower volumes of electricity sold, following a lower seasonal allocation of hydro volumes to the 1Q (27% in 1Q14 vs. 29% in 1Q13).

### Profit & Loss Items below EBITDA

Profit & Loss Items below EBITDA (€ m)	1Q14	1Q13	Δ%	Δ Abs.	1Q14	2Q14	3Q14	4Q14	1Q14 Δ%	•
ITDA	1,030	1,086	-5%	-56	1,030				26%	
Provisions	7	9	-27%	-3	7	,			-54%	
Depreciation and amortisation	330	351	-6%	-21	330	)			-17%	
Compensation of deprec. and amortisat.	(6)	(7)	6%	0	(6				1%	
BIT	699	733	-5%	-33	699	)			70%	•
Net financial interest	(216)	(190)	-14%	-26	(216	)			4%	
Capitalized financial costs	41	<b>`</b> 31	31%	10	41				26%	)
Net foreign exchange differences and derivates	19	13	46%	6	19	1			-	-
Investment income	0	0	-90%	-0	(	)			-100%	5
Unwinding w/ pension & medical care responsibilities	(17)	(18)	6%	1	(17				5%	5
Other Financials	27	10	-	16	27				-	-
nancial Results	(147)	(154)	4%	7	(147				34%	
nare of net profit in joint ventures and associates	12	(12)	-	23	12	1			22%	,
pital Gains/(Losses)	(0)	Ó	-	-0	(0				100%	,
e-tax Profit	564	567	-1%	-3	564	•			184%	,
come Taxes	186	159	17%	27	186				-	
Effective Tax rate (%)	33%	28%	-	4.9 pp	33%				-	
traordinary Contribution for the Energy Sector	15	-	-	15	15	i			-	
	20	24	16%	-	20				107%	
EDP Renováveis	39 27	34 38	-29%	5 -11	39				33%	
inergias do Brasil Other	27	2	-14%	-11 -0	21				125%	
on-controlling Interests	68	74	-14 % - <b>8%</b>	-0 -6	68				<b>70%</b>	
in-controlling interests	08	74	-076	-0	00	•			10/8	,
et Profit Attributable to Shareholders of EDP	296	335	-12%	-39	296				39%	,

Net depreciation and amortisation (net of compensation from depreciation and amortisation of supply associate CIDE HC Energia in Spain (€2m in 1Q14); and iv) our 21% stake in CEM in Macau (€2m in subsidised assets) decreased 6% YoY to €324m in 1Q14, mostly reflecting: i) extension of the useful life 1Q14). Note that our 50% equity stake in Pecém I (equity consolidated) contributed with -€5m in 1Q14 since Nov-13 of our CCTGs (from 25 to 35 years) and of some of our coal plants in Spain; ii) lower (vs. -€24m in 1Q13). depreciation at some of our special regime facilities in Spain, following the impairments made in 4Q13;

and iii) lower impairments at EDPR – 1Q13 include €7m related to projects under development.

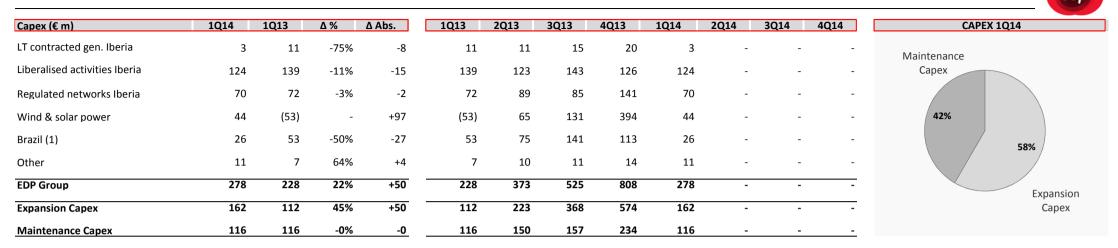
€0.6bn decrease in average net debt. Net ForEx differences and derivatives totalled €19m in 1Q14 and net profit attributable to EDP shareholders decreased 12% YoY to €296m in 1Q14. are mostly related to financial operations in energy markets and commodities. Capitalised financial costs

**Income taxes** amounted to €186m in 1Q14, representing an effective tax rate of 33% vs. 28% in 1Q13. Additionally, and according to what had been defined in Portugal's 2014 State Budget, in 1Q14, EDP Net financial costs went down 4% YoY to €147m in 1Q14. Net interest expenses rose 14% YoY reflecting contributed with €15m to the special contribution that is being applied to the energy sector. Nona higher average cost of debt, up from 4.2% in 1Q13 to 4.6% in 1Q14, which was partly mitigated by a controlling interests fell 8% YoY to €68m in 1Q14, driven by lower net profit at the level of EDPB. All in all,

reached €41m in 1Q14, up €10m YoY, driven by a higher level of works in progress, namely in new hydro According to statements of the Portuguese Finance Minister, the extraordinary contribution of the energy in Portugal. Other financials totalled €27m in 1Q14, including a €12m gain with the tariff securitisation sector that is being applied in 2014 is expected to continue in place in 2015. deal undertaken in Feb-14.

Results from associated companies amounted to €12m in 1Q14 with the main contributions to this item coming from: i) EDPR's 40% equity stake in ENEOP in Portugal (€10m in 1Q14 vs. €4m in 1Q13); ii) some minority stakes in US wind farms (€4m in 1Q14); iii) our 50% equity stake in our

#### Capital Expenditure & Net Investments



Generation Projects Under Construction (€ m)	MW	Capex 1Q14	Acc. Capex (2)
Hydro Portugal	1,468	117	1,397
Wind Power (3)	249	26	300
Total	1,717	143	1,697

Net financial investments/(Divestments) (€m)	1Q14	1Q13	Δ%	Δ Abs.
Investments	5	46	-89%	-41
Consolidation Perimeter EDPR Consolidation Perimeter EDPB (4) Other	3 2 0	22 24 -	-86% -93% -	-19 -23 +0
Divestments	29	256	-89%	-227
Consolidation Perimeter EDPR Gas assets (Spain) Wind assets (France) Other	1 - 28 -	0 245 11	728% - - -	+1 -245 +28 -11
Total	(24)	(210)	-	+186
Net Investments (€m) (5)	1Q14	1Q13	Δ%	Δ Abs.
<u>Total</u>	245	274	-11%	-29

**Consolidated capex** totalled  $\in$ 278m in 1Q14, up 22% YoY, or down 13% YoY when excluding a  $\notin$ 91m cash-grant cashed-in by EDPR in Jan-13 and related to a US wind farm (installed in 4Q12). Expansion capex totalled  $\notin$ 162m in 1Q14, translating the ongoing construction of new hydro & wind capacity. Maintenance capex stood flat at  $\notin$ 116m in 1Q14. **Capex in hydro capacity under construction in Portugal** totalled  $\notin$ 117m, which was devoted to the ongoing construction/repowering works of 5 hydro plants: 253MW due by the end of 2014, 963MW due in 3Q15 and 252MW due in 2H16. **Capex in new wind & solar capacity** (EDPR) totalled  $\notin$ 44m, which was mostly allocated to capacity additions in 1Q14 (+6MW in Europe) and to 249MW of capacity under construction, most of which in the US (230MW). **In Brazil**, capex totalled  $\notin$ 26m in 1Q14, which was mostly devoted to maintenance capex at our distribution business. On the generation side, EDPB has 2 new hydro projects under construction: Jari (373MW due in Jan-15) and Cachoeira Caldeirão (219MW due in Jan-17). Note however that subsequent to EDPB's agreement with CTG for the sale of a 50% stake in each of these projects, and in view of their future equity consolidation, investments allocated to these hydro plants are now accounted as 'financial investments' (vs. 'capex' in 1Q13). **Overall**, and excluding new hydro projects in Brazil (assets held for sale), EDP has spent  $\notin$ 1.7bn so far in 1.7GW of new generation capacity under construction.

Net financial divestments totalled €24m in 1Q14, driven by EDPR disposal of a 49% equity stake in a wind farm portfolio of 100MW located in France sold to Axpo Group (total implied enterprise value of €126m for 100% of the assets). Financial investments in 1Q14 refer to some success fees related to the development of our wind business and to EDPB's equity contributions to Jari hydro project.

It is worth recalling that, in Dec-13, within the scope of EDP's strategic partnership with CTG and as previously mentioned, CWE Investment Corporation ("CWEI"), a 100% owned CTG subsidiary, signed a Memorandum of Understanding ("MoU") with EDPB, for the sale of a 50% stake in Jari for R\$490m (R\$81m of expected additional equity contributions) and a 50% stake in Cachoeira Caldeirão (R\$294m of expected equity contributions) – closing expected for 2Q14. On the same date, CWEI signed also a MoU with EDPR, for the sale of a 49% stake in EDPR's 40% share in ENEOP consortium (534MW of wind in Portugal) – conclusion expected for 2015. With these deals, visibility was given to c€1bn of CTG investments, including the Jun-13 transaction related to EDPR Portugal (€368m). In Feb-14, EDPB agreed with CWEI the sale of a 33.3% 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 – closing 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 (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	1Q14	1Q13 (1)	Δ%	Δ Abs.
EBITDA	1,030	1,072	-4%	-41
Income tax	(75)	(115)	35%	+40
Net financial interest	(216)	(198)	-9%	-18
Net Income and dividends received from Associates	12	8	44%	+4
Other adjustments	(34)	(26)	-30%	-8
FFO (Funds From Operations)	717	740	-3%	-23
Net financial interest	216	198	9%	+18
Net Income and dividends received from Associates	(12)	(8)	-44%	-4
Change in operating working capital	(357)	(102)	-248%	-254
Regulatory Receivables (2)	(247)	(292)	15%	+44
Other	(109)	189	-	-299
Net Cash from Operating Activities	565	829	-32%	-263
Expansion capex	(162)	(129)	-26%	-33
Maintenance capex	(116)	(116)	0%	+0
Change in working capital from equipment suppliers	(105)	(357)	71%	+252
Net Operating Cash Flow	182	227	-	-44
Net (investments)/divestments	24	231	-	-207
Net financial interest paid	(255)	(246)	-3%	-8
Dividends received	8	0	5894%	+8
Dividends paid	(0)	(3)	91%	+3
Proceeds/(payments) from inst. partnersh. in US wind	(12)	(11)	-6%	-1
Effect of exchange rate fluctuations	(36)	(182)	80%	+146
Other non-operating changes	68	86	-21%	-18
Decrease/(Increase) in Net Debt	(21)	100	-	-121

Consolidated Cash Flow (€m) - Direct Method	1Q14	1Q13	Δ%	Δ Abs.
Operating Activities				
Cash receipts from customers	4,027	3,733	8%	+294
Proceeds from tariff adjustments securitization	150	174	-14%	-25
Cash paid to suppliers and personnel	(3,305)	(3,096)	-7%	-209
Concession rents & other	(296)	58	-	-354
Net Cash from Operations	576	869	-34%	-293
Income tax received/(paid)	(11)	(24)	-	+13
Net Cash from Operating Activities	565	845	-33%	-280
Net Cash from Investing Activities	(362)	(470)	23%	+108
Net Cash from Financing Activities	(686)	(659)	-4%	-27
Changes in Cash and Cash Equivalents	(482)	(284)	-70%	-199
Effect of exchange rate fluctuations	11	15	-31%	-5

Funds from operations (FFO) fell 3% YoY (-€23m) to €717m in 1Q14, reflecting: i) a €41m decrease in EBITDA; and ii) an €18m increase in net financial interests, translating a 40bp increase in the average cost of debt (4.6% in 1Q14) and a lower average net debt (-€0.6bn); which was partly mitigated by iii) lower current income taxes (-€40m), essentially driven by lower results.

Net cash from operating activities went down 32% YoY (or -€263m) to €565m in 1Q14. Note that regulatory receivables in 1Q14 increased €247m vs. Dec-13, reflecting: i) +€253m from regulated activities in Portugal, including -€138m from the securitisation deal undertaken in Feb-14; and ii) -€5m from Spain. Other changes in working capital, which amounted to -€109m in 1Q14, include the recognition of about €120m of contributions from CDE/CCEE to our Brazilian DisCos to be cashed-in only in 2Q14.

**Expansion capex totalled €162m in 1Q14**, 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 €24m in 1Q14**, mostly reflecting EDPR's disposal of a 49% equity stake in a wind farm portfolio of 100MW located in France (sold to Axo Group).

The €36m negative impact on net debt from effects of exchange rate fluctuations essentially reflects the apreciation of the BRL (+4%) against the EUR between Dec-13 and Mar-14.

Overall, net debt stood flat at 17.1bn vs. Dec-13.

**Looking forward**, in Apr-14, EDP cashed-in €750m from the sale of part of the 2013 Portuguese tariff deficit related with special regime generation. Moreover, the Annual General Shareholders meeting held on May 12<sup>th</sup>, 2014 approved the payment of a dividend amounting to €676m (€0.185/share), flat vs. the previous year.

eda

Assets (€ m)     Mar. vs. Dec. Mar. vs. Dec.       Property, plant and equipment, net intangible assets, net G.031     6,018     13       GodWill     3,255     3,253     2       Financial investments and assets held for sale, net Inventories     1,672     1,578     94       Tax assets, deferred and current Inventories     255     2,55     -9       Trad eccivables, net     2,285     2,281     5       Other assets, net     6,276     5,868     409       Collateral deposits     441     439     2       Cash and cash equivalents     1,685     2,157     -472       Total Assets     41,985     42,066     -81       Equity etmibutable to equity holders of EDP     8,803     8,446     357       Non-controling Interest     19,283     19,759     -476       Medium and long-term     19,264     15,601     -337       Short term     4,019     4,158     -139       Employee benefits (detail below)     1,914     1,935     -20       Institutional partnerships, US wind     1,476     1,508     -33				
Property, plant and equipment, net   19,478   19,478   19,454   23     Intangible assets, net   6,031   6,018   13     Goodwill   3,255   3,253   2     Financial investments and assets held for sale, net   1,672   1,578   94     Tax assets, deferred and current   606   754   -147     Inventories   2,55   2,265   -9     Trad receivables, net   2,285   2,281   5     Other assets, net   6,276   5,868   409     Collateral deposits   441   439   2     Cash and cash equivalents   1,685   2,157   -472     Total Assets   41,985   42,066   -81     Equity (€ m)   Mar-14   Dec-13   ΔAbs.     Equity attributable to equity holders of EDP   8,803   8,446   357     Non-controling Interest   3,180   3,082   98     Total Equity   11,983   11,528   455     Liabilities (€ m)   Mar-14   Dec-13   ΔAbs.     Financial debt, of wich:   19,283   19,759   -476 <	Assets (€ m)			
Intangible assets, net   6,031   6,018   13     Goodwill   3,255   3,253   2     Financial investments and assets held for sale, net   1,672   1,578   94     Tax assets, deferred and current   606   754   -147     Inventories   2,55   2,285   2,285   2,881   5     Other assets, net   0,276   5,868   409   2     Cash and cash equivalents   1,685   2,157   -472     Total Assets   41,985   42,066   -81     Equity attributable to equity holders of EDP   8,803   8,446   357     Non-controling Interest   3,180   3,082   98     Total Equity   11,983   11,528   455     Liabilities (€ m)   Mar-14   Dec-13   Δ Abs.     Financial debt, of wich:   19,283   19,759   -476     Medium and long-term   15,264   15,601   -337     Short term   4,019   4,158   -139     Provisions   389   382   7     Tak liabilities, deferred and current   1,353   1,333<		Mar-14	Dec-13	Δ Abs.
Intangible assets, net   6,031   6,018   13     Goodwill   3,255   3,253   2     Financial investments and assets held for sale, net   1,672   1,578   94     Tax assets, deferred and current   606   754   -147     Inventories   2,55   2,285   2,285   2,881   5     Other assets, net   0,276   5,868   409   2     Cash and cash equivalents   1,685   2,157   -472     Total Assets   41,985   42,066   -81     Equity attributable to equity holders of EDP   8,803   8,446   357     Non-controling Interest   3,180   3,082   98     Total Equity   11,983   11,528   455     Liabilities (€ m)   Mar-14   Dec-13   Δ Abs.     Financial debt, of wich:   19,283   19,759   -476     Medium and long-term   15,264   15,601   -337     Short term   4,019   4,158   -139     Provisions   389   382   7     Tak liabilities, deferred and current   1,353   1,333<	Property plant and equipment not	10 179	10 / 5 /	22
Good/will     3,255     3,253     2       Financial investments and assets held for sale, net     1,672     1,578     94       Tax assets, deferred and current     606     754     -147       Inventories     255     265     -9       Trade receivables, net     2,285     2,281     5       Other assets, net     6,276     5,868     409       Cash and cash equivalents     1,685     2,157     -472       Total Assets     41,985     42,066     -81       Equity (€ m)     Mar-14     Dec-13     ∆ Abs.       Equity attributable to equity holders of EDP     8,803     8,446     357       Non-controling Interest     3,180     3,082     98       Total Equity     11,983     11,528     455       Liabilities (€ m)     Mar-14     Dec-13     ∆ Abs.       Financial debt, of wich:     19,283     19,759     -476       Medium and long-term     15,264     15,601     -337       Short term     4,019     4,158     -20     Institutional partnerships, U		,	,	-
Financial investments and assets held for sale, net   1,672   1,578   94     Tax assets, deferred and current   606   754   -147     Inventories   225   2,285   2,281   5     Trade receivables, net   2,285   2,285   2,286   409     Collateral deposits   441   439   2   2     Cash and cash equivalents   1,685   2,157   -472     Total Assets   41,985   42,066   -81     Equity (€ m)   Mar-14   Dec-13   Δ Abs.     Equity attributable to equity holders of EDP   8,803   8,446   357     Non-controling Interest   3,180   3,082   98     Total Equity   11,983   11,528   455     Liabilities (€ m)   Mar-14   Dec-13   Δ Abs.     Financial debt, of wich:   19,283   19,759   -476     Medium and long-term   15,264   15,601   -337     Short term   4,019   4,158   -139     Provisions   389   382   7     Tax liabilities, deferred and current   1,353 <td< td=""><td></td><td></td><td></td><td>-</td></td<>				-
Tax assets, deferred and current   606   754   -147     Inventories   255   255   -9     Trade receivables, net   2,283   2,281   5     Other assets, net   6,276   5,868   409     Cash and cash equivalents   1,685   2,157   -472     Total Assets   41,985   42,066   -81     Equity (€ m)   Mar-14   Dec-13   Δ Abs.     Equity attributable to equity holders of EDP   8,803   8,446   357     Non-controling Interest   3,180   3,082   98     Total Equity   11,983   11,528   455     Liabilities (€ m)   Mar-14   Dec-13   Δ Abs.     Financial debt, of wich:   19,283   19,759   -476     Medium and long-term   15,264   15,601   -337     Short term   4,019   4,158   -139     Employee benefits (detail below)   1,914   1,333   20     Other liabilities, net   5,588   5,621   -33     Total Equity and Liabilities   30,002   30,538   -536     Total				
Inventories   255   265   -9     Trade receivables, net   2,285   2,281   5     Other assets, net   6,276   5,868   409     Cash and cash equivalents   1,685   2,157   -472     Total Assets   41,985   42,066   -81     Equity (€ m)   Mar-14   Dec-13   Δ Abs.     Equity attributable to equity holders of EDP   8,803   8,446   357     Non-controling Interest   3,180   3,082   98     Total Equity   11,983   11,528   455     Liabilities (€ m)   Mar-14   Dec-13   Δ Abs.     Financial debt, of wich:   19,283   19,759   -476     Medium and long-term   15,264   15,601   -337     Short term   4,019   4,158   -139     Employee benefits (detail below)   1,914   1,935   -20     Institutional partnerships, US wind   1,476   1,508   -33     Proxisions   389   382   7   333   20     Other liabilities, net   5,588   5,621   -33   331 <td></td> <td></td> <td></td> <td>5.</td>				5.
Trade receivables, net   2,285   2,281   5     Other assets, net   6,276   5,868   409     Collateral deposits   1,685   2,157   -472     Total Assets   41,985   42,066   -81     Equity (€ m)   Mar-14   Dec-13   Δ Abs.     Equity attributable to equity holders of EDP   8,803   8,446   357     Non-controling Interest   3,180   3,082   98     Total Equity   11,983   11,528   455     Liabilities (€ m)   Mar-14   Dec-13   Δ Abs.     Financial debt, of wich:   19,283   19,759   -476     Medium and long-term   52,624   15,601   -337     Short term   4,019   4,158   -139     Employee benefits (detail below)   1,914   1,935   -20     Institutional partnerships, US wind   1,476   1,508   -33     Proxisions   389   382   7   7     Tat liabilities, net   5,588   5,621   -33     Total Equity and Liabilities   41,985   42,066   -81			-	
Other assets, net     6,276     5,868     409       Collateral deposits     441     439     2       Cash and cash equivalents     1,685     2,157     -472       Total Assets     41,985     42,066     -81       Equity (€ m)     Mar-14     Dec-13     Δ Abs.       Equity attributable to equity holders of EDP     8,803     8,446     357       Non-controling Interest     3,180     3,082     98       Total Equity     11,983     11,528     455       Liabilities (€ m)     Mar-14     Dec-13     Δ Abs.       Financial debt, of wich:     19,283     19,759     476       Medium and long-term     15,264     15,601     -337       Short term     4,019     4,158     -139       Provisions     389     382     7       Tax liabilities, deferred and current     1,353     1,333     20       Other liabilities, net     5,588     5,621     -33       Total Equity and Liabilities     41,985     42,066     -81       Medical care and				
Collateral deposits     441     439     2       Cash and cash equivalents     1,685     2,157     -472       Total Assets     41,985     42,066     -81       Equity (€ m)     Mar-14     Dec-13     Δ Abs.       Equity attributable to equity holders of EDP     8,803     8,446     357       Non-controling Interest     3,180     3,082     98       Total Equity     11,983     11,528     455       Liabilities (€ m)     Mar-14     Dec-13     Δ Abs.       Financial debt, of wich:     19,283     19,759     -476       Medium and long-term     15,264     15,601     -337       Short term     4,019     4,158     -139       Employee benefits (detail below)     1,914     1,935     -20       Institutional partnerships, US wind     1,476     1,588     5,621     -33       Total Liabilities     41,985     42,066     -81     Employee Benefits (€m) (1)     Mar-14     Dec-13     Δ Abs.       Total Liabilities, net     5,588     5,621     -33				-
Cash and cash equivalents   1,685   2,157   -472     Total Assets   41,985   42,066   -81     Equity (€ m)   Mar-14   Dec-13   Δ Abs.     Equity attributable to equity holders of EDP   8,803   8,446   357     Non-controling Interest   3,180   3,082   98     Total Equity   11,983   11,528   455     Liabilities (€ m)   Mar-14   Dec-13   Δ Abs.     Financial debt, of wich:   19,283   19,759   -476     Medium and long-term   15,264   15,601   -337     Short term   4,019   4,158   -139     Provisions   389   382   7     Tax liabilities, deferred and current   1,353   1,333   20     Other liabilities   30,002   30,538   -536     Total Equity and Liabilities   41,985   42,066   -81     Employee Benefits (€m) (1)   Mar-14   Dec-13   Δ Abs.     Total Equity and Liabilities   30,002   30,538   -536     Total Equity and Liabilities (€m)   Mar-14   Dec-13   Δ Abs.	•	-, -		
Total Assets   41,985   42,066   -81     Equity (€ m)   Mar-14   Dec-13   Δ Abs.     Equity attributable to equity holders of EDP   8,803   8,446   357     Non-controling Interest   3,180   3,082   98     Total Equity   11,983   11,528   455     Liabilities (€ m)   Mar-14   Dec-13   Δ Abs.     Financial debt, of wich:   19,283   19,759   -476     Medium and long-term   15,264   15,601   -337     Short term   4,019   4,158   -139     Employee benefits (detail below)   1,914   1,935   -20     Institutional partnerships, US wind   1,476   1,508   -33     Provisions   389   382   7     Tax liabilities, deferred and current   1,353   1,333   20     Other liabilities   41,985   42,066   -81     Employee Benefits (€m) (1)   Mar-14   Dec-13   Δ Abs.     Pensions (2)   930   960   -31     Medical care and other   985   974   10     Emplo	•			
Equity (€ m)     Mar-14     Dec-13     Δ Abs.       Equity attributable to equity holders of EDP Non-controling Interest     8,803     8,446     357       Non-controling Interest     3,180     3,082     98       Total Equity     11,983     11,528     455       Liabilities (€ m)     Mar-14     Dec-13     Δ Abs.       Financial debt, of wich:     19,283     19,759     -476       Medium and long-term     15,264     15,601     -337       Short term     4,019     4,158     -139       Employee benefits (detail below)     1,914     1,935     -200       Institutional partnerships, US wind     1,476     1,508     -33       Provisions     388     382     7       Tak liabilities, deferred and current     1,353     1,333     20       Other liabilities     41,985     42,066     -81       Employee Benefits (€m) (1)     Mar-14     Dec-13     Δ Abs.       Pensions (2)     930     960     -31       Medical care and other     985     974     10		1,005	2,157	472
Equity attributable to equity holders of EDP   8,803   8,446   357     Non-controling Interest   3,180   3,082   98     Total Equity   11,983   11,528   455     Liabilities (€ m)   Mar-14   Dec-13   Δ Abs.     Financial debt, of wich:   19,283   19,759   -476     Medium and long-term   15,264   15,601   -337     Short term   4,019   4,158   -139     Employee benefits (detail below)   1,914   1,935   -20     Institutional partnerships, US wind   1,476   1,508   -33     Provisions   389   382   7     Tax liabilities, deferred and current   1,353   1,333   20     Other liabilities   30,002   30,538   -536     Total Equity and Liabilities   41,985   42,066   -81     Employee Benefits (€m) (1)   Mar-14   Dec-13   Δ Abs.     Pensions (2)   930   960   -31     Medical care and other   985   974   10     Employee Benefits   1,914   1,935   -20 <tr< th=""><th>Total Assets</th><th>41,985</th><th>42,066</th><th>-81</th></tr<>	Total Assets	41,985	42,066	-81
Equity attributable to equity holders of EDP   8,803   8,446   357     Non-controling Interest   3,180   3,082   98     Total Equity   11,983   11,528   455     Liabilities (€ m)   Mar-14   Dec-13   Δ Abs.     Financial debt, of wich:   19,283   19,759   -476     Medium and long-term   15,264   15,601   -337     Short term   4,019   4,158   -139     Employee benefits (detail below)   1,914   1,935   -20     Institutional partnerships, US wind   1,476   1,508   -33     Provisions   389   382   7     Tax liabilities, deferred and current   1,353   1,333   20     Other liabilities   30,002   30,538   -536     Total Equity and Liabilities   41,985   42,066   -81     Employee Benefits (€m) (1)   Mar-14   Dec-13   Δ Abs.     Pensions (2)   930   960   -31     Medical care and other   985   974   10     Employee Benefits   1,914   1,935   -20 <tr< th=""><th>Fauity (f m)</th><th>Mar-14</th><th>Dec-13</th><th>Λ Abs.</th></tr<>	Fauity (f m)	Mar-14	Dec-13	Λ Abs.
Non-controling Interest   3,180   3,082   98     Total Equity   11,983   11,528   455     Liabilities (€ m)   Mar-14   Dec-13   Δ Abs.     Financial debt, of wich:   19,283   19,759   -476     Medium and long-term   15,264   15,601   -337     Short term   4,019   4,158   -139     Employee benefits (detail below)   1,914   1,935   -20     Institutional partnerships, US wind   1,476   1,508   -33     Provisions   389   382   7     Total Liabilities, deferred and current   3,333   200     Other liabilities, net   5,588   5,621   -33     Total Liabilities   41,985   42,066   -81     Employee Benefits (€m) (1)   Mar-14   Dec-13   Δ Abs.     Pensions (2)   930   960   -31     Medical care and other   985   974   10     Employee Benefits   1,914   1,935   -20     Institutional Partnerships Liabilities (€m)   Mar-14   Dec-13   Δ Abs.     Institution		10101 2 1	000 10	271051
Non-controling Interest   3,180   3,082   98     Total Equity   11,983   11,528   455     Liabilities (€ m)   Mar-14   Dec-13   Δ Abs.     Financial debt, of wich:   19,283   19,759   -476     Medium and long-term   15,264   15,601   -337     Short term   4,019   4,158   -139     Employee benefits (detail below)   1,914   1,935   -20     Institutional partnerships, US wind   1,476   1,508   -33     Provisions   389   382   7     Total Liabilities, deferred and current   5,588   5,621   -335     Total Liabilities   96   -338   -536     Total Liabilities   913   1,353   1,33   20     Other liabilities   914   1,935   -20     Total Liabilities   910   Mar-14   Dec-13   Δ Abs.     Pensions (2)   930   960   -31     Medical care and other   985   974   10     Employee Benefits   1,914   1,935   -20     Instit	Equity attributable to equity holders of EDP	8,803	8,446	357
Liabilities (€ m)     Mar-14     Dec-13     Δ Abs.       Financial debt, of wich:     19,283     19,759     -476       Medium and long-term     15,264     15,601     -337       Short term     4,019     4,158     -139       Employee benefits (detail below)     1,914     1,935     -20       Institutional partnerships, US wind     1,476     1,508     -33       Provisions     389     382     7       Tax liabilities, deferred and current     1,353     1,333     20       Other liabilities     666     -233     -33       Total Liabilities     41,985     42,066     -81       Employee Benefits (€m) (1)     Mar-14     Dec-13     Δ Abs.       Pensions (2)     930     960     -31       Medical care and other     985     974     10       Employee Benefits     1,914     1,935     -20       Institutional Partnerships, US Wind     1,476     1,508     -33       (-) Deferred Income     666     672     -7       Institutional		3,180	3,082	98
Liabilities (€ m)     Mar-14     Dec-13     Δ Abs.       Financial debt, of wich:     19,283     19,759     -476       Medium and long-term     15,264     15,601     -337       Short term     4,019     4,158     -139       Employee benefits (detail below)     1,914     1,935     -20       Institutional partnerships, US wind     1,476     1,508     -33       Provisions     389     382     7       Tax liabilities, deferred and current     1,353     1,333     20       Other liabilities     666     -233     -33       Total Liabilities     41,985     42,066     -81       Employee Benefits (€m) (1)     Mar-14     Dec-13     Δ Abs.       Pensions (2)     930     960     -31       Medical care and other     985     974     10       Employee Benefits     1,914     1,935     -20       Institutional Partnerships, US Wind     1,476     1,508     -33       (-) Deferred Income     666     672     -7       Institutional		,	,	
Financial debt, of wich:19,28319,759-476Medium and long-term15,26415,601-337Short term4,0194,158-139Employee benefits (detail below)1,9141,935-20Institutional partnerships, US wind1,4761,508-33Provisions3893827Tax liabilities, deferred and current1,3531,33320Other liabilities, net5,5885,621-33Total Liabilities30,00230,538-536Total Equity and Liabilities41,98542,066-81Employee Benefits (€m) (1)Mar-14Dec-13Δ Abs.Pensions (2)930960-31Medical care and other98597410Employee Benefits1,9141,935-20Institutional Partnerships, US Wind1,4761,508-33(-) Deferred Income666672-7Institutional Partnerships Liabilities810836-26Regulatory Receivables (€m)Mar-14Dec-13Δ Abs.Portugal Distribution and Gas (3)2,4672,045422Portugal Annual CMEC Deviation207377-170Spain259264-553Brazil (4)696188	Total Equity	11,983	11,528	455
Financial debt, of wich:19,28319,759-476Medium and long-term15,26415,601-337Short term4,0194,158-139Employee benefits (detail below)1,9141,935-20Institutional partnerships, US wind1,4761,508-33Provisions3893827Tax liabilities, deferred and current1,3531,33320Other liabilities, net5,5885,621-33Total Liabilities30,00230,538-536Total Equity and Liabilities41,98542,066-81Employee Benefits (€m) (1)Mar-14Dec-13Δ Abs.Pensions (2)930960-31Medical care and other98597410Employee Benefits1,9141,935-20Institutional Partnerships, US Wind1,4761,508-33(-) Deferred Income666672-7Institutional Partnerships Liabilities810836-26Regulatory Receivables (€m)Mar-14Dec-13Δ Abs.Portugal Distribution and Gas (3)2,4672,045422Portugal Annual CMEC Deviation207377-170Spain259264-553Brazil (4)696188	Liabilities (£ m)	Mar-14	Dec-13	Λ Abs.
Medium and long-term   15,264   15,601   -337     Short term   4,019   4,158   -139     Employee benefits (detail below)   1,476   1,508   -33     Institutional partnerships, US wind   1,476   1,508   -33     Provisions   389   382   7     Tax liabilities, deferred and current   1,353   1,333   20     Other liabilities   30,002   30,538   -536     Total Liabilities   30,002   30,538   -536     Total Equity and Liabilities   41,985   42,066   -81     Employee Benefits (€m) (1)   Mar-14   Dec-13   Δ Abs.     Pensions (2)   930   960   -31     Medical care and other   985   974   10     Employee Benefits   1,914   1,935   -20     Institutional Partnerships Liabilities (€m)   Mar-14   Dec-13   Δ Abs.     Institutional Partnerships Liabilities (€m)   Mar-14   Dec-13   Δ Abs.     Institutional Partnerships Liabilities   810   836   -26     Regulatory Receivables (€m)   Mar-14   <			200 20	
Short term   4,019   4,158   -139     Employee benefits (detail below)   1,914   1,935   -20     Institutional partnerships, US wind   1,476   1,508   -33     Provisions   389   382   7     Tax liabilities, deferred and current   1,353   1,333   20     Other liabilities, net   5,588   5,621   -33     Total Liabilities   30,002   30,538   -536     Total Equity and Liabilities   41,985   42,066   -81     Employee Benefits (€m) (1)   Mar-14   Dec-13   Δ Abs.     Pensions (2)   930   960   -31     Medical care and other   985   974   10     Employee Benefits   1,914   1,935   -20     Institutional Partnerships Liabilities (€m)   Mar-14   Dec-13   Δ Abs.     Institutional Partnerships Liabilities   810   836   -26     Regulatory Receivables (€m)   Mar-14   Dec-13   Δ Abs.     Portugal Distribution and Gas (3)   2,467   2,045   422     Portugal Distribution and Gas (3)   2,467   <	Financial debt, of wich:	19,283	19,759	-476
Employee benefits (detail below)   1,914   1,935   -20     Institutional partnerships, US wind   1,476   1,508   -33     Provisions   389   382   7     Tax liabilities, deferred and current   1,353   1,333   20     Other liabilities, net   5,588   5,621   -33     Total Liabilities   30,002   30,538   -536     Total Equity and Liabilities   41,985   42,066   -81     Employee Benefits (€m) (1)   Mar-14   Dec-13   Δ Abs.     Pensions (2)   930   960   -31     Medical care and other   985   974   10     Employee Benefits   1,914   1,935   -20     Institutional Partnerships, US Wind   1,476   1,508   -33     (-) Deferred Income   666   672   -7     Institutional Partnerships Liabilities   810   836   -26     Regulatory Receivables (€m)   Mar-14   Dec-13   Δ Abs.     Portugal Distribution and Gas (3)   2,467   2,045   422     Portugal Annual CMEC Deviation   207   377	Medium and long-term	15,264	15,601	-337
Institutional partnerships, US wind1,4761,508-33Provisions3893827Tax liabilities, deferred and current1,3531,33320Other liabilities, net5,5885,621-33Total Liabilities30,00230,538-536Total Equity and Liabilities41,98542,066-81Employee Benefits (€m) (1)Mar-14Dec-13 $\Delta$ Abs.Pensions (2)930960-31Medical care and other98597410Employee Benefits1,9141,935-20Institutional Partnerships Liabilities (€m)Mar-14Dec-13 $\Delta$ Abs.Institutional Partnerships, US Wind1,4761,508-33(-) Deferred Income666672-7Institutional Partnerships Liabilities810836-26Regulatory Receivables (€m)Mar-14Dec-13 $\Delta$ Abs.Portugal Distribution and Gas (3)2,4672,045422Portugal Annual CMEC Deviation207377-170Spain259264-55Brazil (4)69618	Short term	4,019	4,158	-139
Provisions   389   382   7     Tax liabilities, deferred and current   1,353   1,333   20     Other liabilities, net   5,588   5,621   -33     Total Liabilities   30,002   30,538   -536     Total Equity and Liabilities   41,985   42,066   -81     Employee Benefits (€m) (1)   Mar-14   Dec-13   Δ Abs.     Pensions (2)   930   960   -31     Medical care and other   985   974   10     Employee Benefits   1,914   1,935   -20     Institutional Partnerships Liabilities (€m)   Mar-14   Dec-13   Δ Abs.     Institutional Partnerships Liabilities (€m)   Mar-14   Dec-13   Δ Abs.     Institutional Partnerships Liabilities   810   836   -26     Regulatory Receivables (€m)   Mar-14   Dec-13   Δ Abs.     Portugal Distribution and Gas (3)   2,467   2,045   422     Portugal Annual CMEC Deviation   207   377   -170     Spain   259   264   -5   5     Brazil (4)   69   61	Employee benefits (detail below)	1,914	1,935	-20
Tax liabilities, deferred and current   1,353   1,333   20     Other liabilities, net   5,588   5,621   -33     Total Liabilities   30,002   30,538   -536     Total Equity and Liabilities   41,985   42,066   -81     Employee Benefits (€m) (1)   Mar-14   Dec-13   Δ Abs.     Pensions (2)   930   960   -31     Medical care and other   985   974   10     Employee Benefits   1,914   1,935   -20     Institutional Partnerships Liabilities (€m)   Mar-14   Dec-13   Δ Abs.     Institutional Partnerships, US Wind   1,476   1,508   -33     (-) Deferred Income   666   672   -7     Institutional Partnerships Liabilities   810   836   -26     Regulatory Receivables (€m)   Mar-14   Dec-13   Δ Abs.     Portugal Distribution and Gas (3)   2,467   2,045   422     Portugal Annual CMEC Deviation   207   377   -170     Spain   259   264   -5   5     Brazil (4)   69   61	Institutional partnerships, US wind	1,476	1,508	-33
Other liabilities, net   5,588   5,621   -33     Total Liabilities   30,002   30,538   -536     Total Equity and Liabilities   41,985   42,066   -81     Employee Benefits (€m) (1)   Mar-14   Dec-13   Δ Abs.     Pensions (2)   930   960   -31     Medical care and other   985   974   10     Employee Benefits   1,914   1,935   -20     Institutional Partnerships Liabilities (€m)   Mar-14   Dec-13   Δ Abs.     Institutional Partnerships, US Wind   1,476   1,508   -33     (-) Deferred Income   666   672   -7     Institutional Partnerships Liabilities   810   836   -26     Regulatory Receivables (€m)   Mar-14   Dec-13   Δ Abs.     Portugal Distribution and Gas (3)   2,467   2,045   422     Portugal Annual CMEC Deviation   207   377   -170     Spain   259   264   -5   5     Brazil (4)   69   61   8	Provisions	389	382	7
Total Liabilities   30,002   30,538   -536     Total Equity and Liabilities   41,985   42,066   -81     Employee Benefits (€m) (1)   Mar-14   Dec-13   Δ Abs.     Pensions (2)   930   960   -31     Medical care and other   985   974   10     Employee Benefits   1,914   1,935   -20     Institutional Partnerships Liabilities (€m)   Mar-14   Dec-13   Δ Abs.     Institutional Partnerships, US Wind   1,476   1,508   -33     (-) Deferred Income   666   672   -7     Institutional Partnerships Liabilities   810   836   -26     Regulatory Receivables (€m)   Mar-14   Dec-13   Δ Abs.     Portugal Distribution and Gas (3)   2,467   2,045   422     Portugal Annual CMEC Deviation   207   377   -170     Spain   259   264   -5   5     Brazil (4)   69   61   8	Tax liabilities, deferred and current	1,353	1,333	
Total Equity and Liabilities41,98542,066-81Employee Benefits (€m) (1)Mar-14Dec-13 $\Delta$ Abs.Pensions (2)930960-31Medical care and other98597410Employee Benefits1,9141,935-20Institutional Partnerships Liabilities (€m)Mar-14Dec-13 $\Delta$ Abs.Institutional Partnerships, US Wind1,4761,508-33(-) Deferred Income666672-7Institutional Partnerships Liabilities810836-26Regulatory Receivables (€m)Mar-14Dec-13 $\Delta$ Abs.Portugal Distribution and Gas (3)2,4672,045422Portugal Annual CMEC Deviation207377-170Spain259264-55Brazil (4)69618	Other liabilities, net	5,588	5,621	-33
Total Equity and Liabilities41,98542,066-81Employee Benefits (€m) (1)Mar-14Dec-13 $\Delta$ Abs.Pensions (2)930960-31Medical care and other98597410Employee Benefits1,9141,935-20Institutional Partnerships Liabilities (€m)Mar-14Dec-13 $\Delta$ Abs.Institutional Partnerships, US Wind1,4761,508-33(-) Deferred Income666672-7Institutional Partnerships Liabilities810836-26Regulatory Receivables (€m)Mar-14Dec-13 $\Delta$ Abs.Portugal Distribution and Gas (3)2,4672,045422Portugal Annual CMEC Deviation207377-170Spain259264-55Brazil (4)69618	Total Liabilities	30.002	30.538	-536
Employee Benefits (€m) (1)   Mar-14   Dec-13   Δ Abs.     Pensions (2)   930   960   -31     Medical care and other   985   974   10     Employee Benefits   1,914   1,935   -20     Institutional Partnerships Liabilities (€m)   Mar-14   Dec-13   Δ Abs.     Institutional Partnerships, US Wind   1,476   1,508   -33     (-) Deferred Income   666   672   -7     Institutional Partnerships Liabilities   810   836   -26     Regulatory Receivables (€m)   Mar-14   Dec-13   Δ Abs.     Portugal Distribution and Gas (3)   2,467   2,045   422     Portugal Annual CMEC Deviation   207   377   -170     Spain   259   264   -5     Brazil (4)   69   61   8				
Pensions (2)930960-31Medical care and other98597410Employee Benefits1,9141,935-20Institutional Partnerships Liabilities (€m)Mar-14Dec-13Δ Abs.Institutional Partnerships, US Wind1,4761,508-33(-) Deferred Income666672-7Institutional Partnerships Liabilities810836-26Regulatory Receivables (€m)Mar-14Dec-13Δ Abs.Portugal Distribution and Gas (3)2,4672,045422Portugal Annual CMEC Deviation207377-170Spain259264-55Brazil (4)69618	Total Equity and Liabilities	41,985	42,066	-81
Pensions (2)930960-31Medical care and other98597410Employee Benefits1,9141,935-20Institutional Partnerships Liabilities (€m)Mar-14Dec-13Δ Abs.Institutional Partnerships, US Wind1,4761,508-33(-) Deferred Income666672-7Institutional Partnerships Liabilities810836-26Regulatory Receivables (€m)Mar-14Dec-13Δ Abs.Portugal Distribution and Gas (3)2,4672,045422Portugal Annual CMEC Deviation207377-170Spain259264-55Brazil (4)69618	Employee Benefits (£m) (1)	Mar-14	Dec-13	Λ Δhs
Medical care and other98597410Employee Benefits1,9141,935-20Institutional Partnerships Liabilities (€m)Mar-14Dec-13 $\Delta$ Abs.Institutional Partnerships, US Wind1,4761,508-33(-) Deferred Income666672-7Institutional Partnerships Liabilities810836-26Regulatory Receivables (€m)Mar-14Dec-13 $\Delta$ Abs.Portugal Distribution and Gas (3)2,4672,045422Portugal Annual CMEC Deviation207377-170Spain259264-55Brazil (4)69618		11101 14	Dec 13	
Employee Benefits   1,914   1,935   -20     Institutional Partnerships Liabilities (€m)   Mar-14   Dec-13   Δ Abs.     Institutional Partnerships, US Wind   1,476   1,508   -33     (-) Deferred Income   666   672   -7     Institutional Partnerships Liabilities   810   836   -26     Regulatory Receivables (€m)   Mar-14   Dec-13   Δ Abs.     Portugal Distribution and Gas (3)   2,467   2,045   422     Portugal Annual CMEC Deviation   207   377   -170     Spain   259   264   -5     Brazil (4)   69   61   8	Pensions (2)	930	960	-31
Institutional Partnerships Liabilities (€m)     Mar-14     Dec-13     Δ Abs.       Institutional Partnerships, US Wind     1,476     1,508     -33       (-) Deferred Income     666     672     -7       Institutional Partnerships Liabilities     810     836     -26       Regulatory Receivables (€m)     Mar-14     Dec-13     Δ Abs.       Portugal Distribution and Gas (3)     2,467     2,045     422       Portugal Annual CMEC Deviation     207     377     -170       Spain     259     264     -5       Brazil (4)     69     61     8	Medical care and other	985	974	10
Institutional Partnerships, US Wind   1,476   1,508   -33     (-) Deferred Income   666   672   -7     Institutional Partnerships Liabilities   810   836   -26     Regulatory Receivables (€m)   Mar-14   Dec-13   Δ Abs.     Portugal Distribution and Gas (3)   2,467   2,045   422     Portugal Annual CMEC Deviation   207   377   -170     Spain   259   264   -5     Brazil (4)   69   61   8	Employee Benefits	1,914	1,935	-20
Institutional Partnerships, US Wind   1,476   1,508   -33     (-) Deferred Income   666   672   -7     Institutional Partnerships Liabilities   810   836   -26     Regulatory Receivables (€m)   Mar-14   Dec-13   Δ Abs.     Portugal Distribution and Gas (3)   2,467   2,045   422     Portugal Annual CMEC Deviation   207   377   -170     Spain   259   264   -5     Brazil (4)   69   61   8	Institutional Dorthorships Lishilities (Cm)	Mar 14	Dec 12	A Aba
(-) Deferred Income666672-7Institutional Partnerships Liabilities810836-26Regulatory Receivables (€m)Mar-14Dec-13Δ Abs.Portugal Distribution and Gas (3)2,4672,045422Portugal Annual CMEC Deviation207377-170Spain259264-5Brazil (4)69618	institutional Partnersnips Liabilities (Em)	10101-14	Dec-12	7 AN2
(-) Deferred Income666672-7Institutional Partnerships Liabilities810836-26Regulatory Receivables (€m)Mar-14Dec-13Δ Abs.Portugal Distribution and Gas (3)2,4672,045422Portugal Annual CMEC Deviation207377-170Spain259264-5Brazil (4)69618	Institutional Partnerships, US Wind	1,476	1,508	-33
Institutional Partnerships Liabilities810836-26Regulatory Receivables (€m)Mar-14Dec-13Δ Abs.Portugal Distribution and Gas (3)2,4672,045422Portugal Annual CMEC Deviation207377-170Spain259264-5Brazil (4)69618	• •	,	,	-7
Portugal Distribution and Gas (3)     2,467     2,045     422       Portugal Annual CMEC Deviation     207     377     -170       Spain     259     264     -5       Brazil (4)     69     61     8	Institutional Partnerships Liabilities	810	836	-26
Portugal Distribution and Gas (3)     2,467     2,045     422       Portugal Annual CMEC Deviation     207     377     -170       Spain     259     264     -5       Brazil (4)     69     61     8	Regulatory Receivables (€m)	Mar-14	Dec-13	Δ Abs.
Portugal Annual CMEC Deviation     207     377     -170       Spain     259     264     -5       Brazil (4)     69     61     8				
Spain     259     264     -5       Brazil (4)     69     61     8	Portugal Distribution and Gas (3)			
Brazil (4) 69 61 8	Portugal Annual CMEC Deviation		-	
				-
Regulatory Receivables 3,003 2,747 255				
	Regulatory Receivables	3,003	2,747	255

Total amount of **property, plant & equipment and intangible assets** stood flat vs. Dec-13 at  $\leq 25.5$ bn as of Mar-14, mainly reflecting: i) + $\leq 0.3$ bn of capex in the period; ii) - $\leq 0.3$ bn from depreciations in the same period. As of Mar-14, EDP's balance sheet included  $\leq 3.4$ bn of works in progress (13% 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 up €0.1bn vs. Dec-13, to €1.7bn as of Mar-14, partly reflecting the mark-to-market of some of our financial stakes. Note that assets held for sale include Jari and Cachoeira Caldeirão hydro projects in Brazil, which were transferred to 'assets classified as held for sale' in Dec-13, following the MoU signed with CWEI in Dec-13 for the sale of 50% stakes in each of these projects. Also note that financial investments essentially refer to our financial stakes in Pecém I (50%), ENEOP (40%), CEM (21%), REN (3.5%) and BCP (2.0%).

**Tax assets net of liabilities, deferred and current**, went down €0.2bn vs. Dec-13, essentially driven by the recognition of deferred tax liabilities related to the regulatory receivables created within the period. **Other assets (net)** increased €0.4bn vs. Dec-13 to €6.3bn as of Mar-14, translating: i) a €0.3bn increase of gross regulatory receivables from Portugal; and ii) the recognition of €0.1bn of contributions from CDE/CCEE to our Brazilian DisCos to be cashed-in during 2Q14.

Total amount of EDP's **net regulatory receivables** went up €0.2bn vs. Dec-13, to €3.0bn as of Mar-14, reflecting: i) a €253m increase from Portugal; and ii) a €5m decrease from Spain.

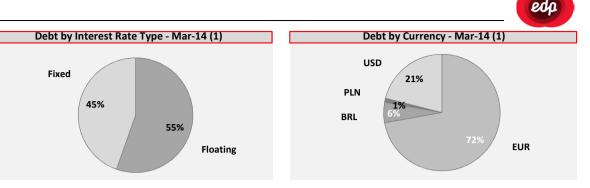
**Equity book value** went up €0.4bn vs. Dec-13 to €8.8bn as of Mar-14, essentially reflecting €296m of net profit for the period. Additionally, ForEx differences had a €34m positive impact on equity book value.

**Pension fund, medical care and other employee benefit liabilities** (gross, before deferred taxes) fell by  $\leq 20$ m vs. Dec-13 to  $\leq 1,914$ m as of Mar-14, reflecting the recurrent payment of pension and medical care expenses. **Institutional partnership liabilities**, decrease by  $\leq 26$ m vs. Dec-13 to  $\leq 810$ m as of Mar-14, as tax equity partners are receiving the tax benefits generated by the projects and reflecting a 4% depreciation of the USD against the EUR. 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.

eda

### **Consolidated Net Financial Debt**

Nominal Financial Debt by Company (€m		Mar-14	Dec-13	Δ%	Δ Abs.
EDP S.A. and EDP Finance BV		16,903	17,451	-3%	-548
EDP Produção & Other		187	149	26%	38
EDP Renováveis		901	842	7%	59
EDP Brasil		985	949	4%	35
Nominal Financial Debt		18,976	19,391	-2%	-415
Accrued Interest on Debt		281	359	-22%	-78
Fair Value of Hedged Debt		281	339	190%	17
Derivatives associated with Debt (2)		(49)	(76)	35%	27
Collateral deposits associated with Debt		(441)	(439)	-1%	-2
Total Financial Debt		18,792	19,244	-2%	-452
Cash and cash equivalents		1,685	<b>2,157</b>	<b>-22%</b> -34%	-472
EDP S.A., EDP Finance BV and Other EDP Renováveis		1,072 363	1,618 255	-54%	-545 108
EDP Brasil		249	233	-12%	-34
Financial assets at fair value through P&	L	4	4	-	Ő
EDP Consolidated Net Debt		17,104	17,083	0%	21
Credit Lines by Mar-14 (€m)	Maximum Amount	Number of Avai Counterparts Amo		able Junt	Maturity
Revolving Credit Facility	2,000		21	2,000	Nov/15
Domestic Credit Lines	159		8		Renewable
Underwritten CP Programmes	100		1	100	Oct/16
Total Credit Lines	2,259			2,259	
Debt Ratings	S&F	)	Moody's		Fitch
Dest hatings					
EDP SA & EDP Finance BV Last Rating Action	<b>BB+/Sta</b> 28/01/2	ab/B B	a1/Neg/NP	• BBB-/	<b>/RWN/F3</b> 04/2014
	20/01/2		.5/11/2015	10/1	,,2011
Debt Ratios			Mar	-14	Dec-13
Net Debt / EBITDA				4.1x	4.7x
Net Debt / EBITDA adjust. by Reg. Receiva	bles			3.4x	4.0x
Debt Ma	aturity (€ m) by	Mar-14 (1)			
Debt Mi		(1)(1) <u>1</u> 4 (1)			
				mercial Paper r Subsidiaries	
4,0				SA & EDP Fina	
3,5 18% 18%			EDP.	SA & EUP FIN	INCE DV
3.0	15%				
2,5 13%	13%				
2,0					
1,5			6%	7%	6%
J. J.		5%	0/0		0/0



**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 Jan-14, S&P affirmed EDP's "BB+" rating and upgraded the outlook to Stable from CreditWatch. In Apr-14, Fitch maintained EDP under Rating Watch Negative on Spanish regulatory uncertainty.

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%.

By Mar-14, average debt maturity was 3.9 years. The weight of consolidated financial debt raised through capital markets reached 60%, while the remaining of the debt was raised through bank loans. Refinancing needs for the remaining 9 months of 2014 amount to  $\pounds$ 1.9bn, including: i) a USD1.5bn RCF that matures in Jun-14; ii)  $\pounds$ 400m of bonds maturing in Dec-14; and iii) several other bank loans totaling  $\pounds$ 400m and maturing throughout the remaining of the year. Total cash and available liquidity facilities amounted to  $\pounds$ 4.0bn by Mar-14. This liquidity position, along with the  $\pounds$ 650m Eurobond issued in Apr-14 and the  $\pounds$ 750m of proceeds received in Apr-14 from the securitisation deal undertaken in Portugal, totals  $\pounds$ 5.4bn, which allows EDP to cover its refinancing until the end of 2015.

2017

2018

2019

2020

2021

> 2021

2016

1,0 0,5 0.0

2014

2015



## **Business Areas**

### Iberian Electricity and Gas Markets

Electricity Balance		Portugal			Spain		Ibei	rian Peninsu	la
(TWh)	1Q14	1Q13	Δ%	1Q14	1Q13	Δ%	1Q14	1Q13	Δ%
Hydro	6.4	4.6	38%	14.3	10.3	39%	20.8	14.9	39%
Nuclear	0.4	4.0	50/0	14.5	10.5	2%	15.2	14.9	2%
	1.5	2.3	-34%	4.3	7.0		-	-	
Coal	0.1	2.3 0.4		4.3	7.0 6.2	-39%	5.8 4.3	9.3 6.7	-38%
CCGT	0.1		-71%	4.2	0.2	-33%	4.3		-35%
Fuel/gas/diesel	-	0.0	-	-	-	-	-	0.0	-
Own consumption	-	-	-	(1.3)	(1.4)	-9%	(1.3)	(1.4)	-9%
(-)Pumping	(0.3)	(0.4)	-38%	(2.1)	(2.3)	-10%	(2.3)	(2.7)	-14%
Conventional Regime	7.8	7.0	12%	34.6	34.7	-0%	42.4	41.7	2%
	4.2	2.0	120/	47 5	47.0	00/	24.0	24.2	20/
Wind	4.2	3.8	13%	17.5	17.6	-0%	21.8	21.3	2%
Other	2.8	2.9	-3%	12.0	14.0	-15%	14.8	16.9	-13%
Special Regime	7.0	6.6	6%	29.5	31.6	-7%	36.6	38.2	-4%
Import/(export) net	(1.9)	(0.8)	153%	(1.0)	(1.7)	-43%	(2.9)	(2.5)	17%
Gross demand (before grid losses)	12.9	12.8	0.7%	63.2	64.6	-2.2%	76.1	77.4	-1.7%
Adjust. temperature, working days			0.3%			-0.6%			n.a.
Gas Demand		Portugal	A 0/	1014	Spain 1012	A 0/		rian Peninsu	
(TWh)	1Q14	1Q13	Δ%	1Q14	1Q13	Δ%	1Q14	1Q13	Δ%
Conventional demand	10.9	11.3	-3%	77.3	85.0	-9%	88.2	96.3	-8%
Demand for electricity generation	0.3	0.9	-64%	10.4	14.1	-26%	10.7	15.0	-29%
Total Demand	11.2	12.2	-8%	87.7	99.1	-12%	98.9	111.3	-11%

**Electricity demand** in Iberia fell 1.7% YoY in 1Q14. In Spain (83% of Iberia), demand declined 2.2% in 1Q14, or 0.6% adjusted for temperature and working days. In Portugal (17% of total), demand was 0.7% higher YoY in 1Q14 (+0.3% when adjusted for temperature and working days), witnessing some consumption recovery in the residential segment.

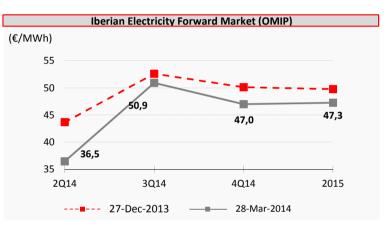
**Installed capacity in Iberia** declined by 1% (-0.9GW), driven by Spain. In Portugal, installed capacity was stable as wind capacity additions in the last 12 months were compensated by the shutdown of cogeneration and fueloil capacity. In Spain, lower installed capacity was prompted by the shutdown of some coal and cogeneration capacity; and by the initial decommissioning works at Garoña nuclear plant.

**Residual thermal demand** in 1Q14 was 37% lower YoY (-5.9TWh) as result of lower total demand (-1.3TWh), higher net contribution from hydro capacity (+6.2TWh YoY on hydro resources 40% and 57% above the average in Spain and Portugal, respectively) and +2.2% rise in the output of nuclear plants. In turn, Iberian special regime production was 4% lower YoY (-1.6TWh) in the wake of lower thermal production in Spain, following regulatory changes in Jul-13; and strong wind resources, particularly in Portugal (40% above the average). Portugal increased net exports to Spain, by 1.1TWh, on the back of the rainier weather in 1Q14. The Iberian Peninsula, as a whole, increased net export volumes to France by 0.4TWh backed by higher electricity prices in France. As a result of lower residual thermal demand, load factors of both coal and CCGT plants declined (-13p.p. YoY on coal, -4p.p. YoY on CCGT), even if coal plants continued to post higher load factors than CCGTs (23% vs. 7%).

Average electricity spot price in Spain was 35% lower YoY in 1Q14, at  $\leq 26$ /MWh (-50% QoQ), standing  $\leq 1.4$ /MWh higher than in Portugal due the latter's cheaper generation mix backed by wet and windy weather. Average CO<sub>2</sub> prices rose by 27%YoY in 1Q14, to  $\leq 5.9$ /ton. Average electricity final price in Spain stood  $\leq 15$ /MWh above pool price (in line with 1Q13) 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 1Q14, dragged by a 29% slump in consumption for electricity generation purposes, due to lower utilisation rates at CCGTs. Conventional demand was 8% lower in 1Q14, reflecting a 9% drop in Spain and a 3% fall in Portugal.

Iberian Peninsula						
1Q14	1Q13	Δ%				
22.1	22.1	-				
7.0	7.5	-6%				
11.7	12.1	-3%				
28.8	28.8	0%				
0.8	1.0	-17%				
70.4	71.4	-1%				
27.5	27.0	2%				
19.7	20.1	-2%				
47.2	47.1	0%				
117.6	118.5	-1%				
	1Q14 22.1 7.0 11.7 28.8 0.8 70.4 27.5 19.7 47.2	1Q14     1Q13       22.1     22.1       7.0     7.5       11.7     12.1       28.8     28.8       0.8     1.0       70.4     71.4       27.5     27.0       19.7     20.1       47.2     47.1				



Main Drivers	1Q14	1Q13	Δ%
Hydro coeticient (1.0 = avg. year)			
Portugal	1.57	1.24	27%
Spain	1.40	1.23	14%
Wind coeficient (1.0 = avg. year)			
Portugal	1.40	1.36	3%
Electricity spot price, €/MWh (2)			
Portugal	24.7	38.2	-35%
Spain	26.1	40.3	-35%
Electricity final price, €/MWh (2) (3)			
Spain	41.3	55.2	-25%
CO2 allowances (EUA), €/ton (2)	5.9	4.6	27%
Coal (API2 CIF ARA), USD/t (2)	78.5	86.4	-9%
Gas NBP, €/MWh(2)	24.8	29.7	-16%
Brent, USD/bbl (2)	108.2	112.6	-4%
EUR/USD (2)	1.37	1.32	4%

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



Income Statement (€ m)	1Q14	1Q13	Δ%	Δ Abs.
PPA/CMEC Revenues	216	252	-15%	-37
Revenues in the market (i)	172	248	-31%	-76
Annual deviation (ii)	77	71	8%	+5
PPAs/CMECs accrued income (iii)	(34)	(67)	-50%	+34
PPA/CMEC Direct Costs	39	63	-39%	-25
Coal	33	47	-30%	-14
Fuel oil	1	1	138%	+1
CO2 and other costs (net)	4	15	-73%	-11
Gross Profit PPA/CMEC	177	189	-6%	-12
Thermal (cogen., waste, biomass)		40	740/	0
Mini-hydro	4 27	13 26	-71%	-9
Gross Profit Special Regime	30	<u> </u>	<u>3%</u> - <b>21%</b>	+1 -8
Gloss Front Special Regime	30	39	-21%	-8
Net Operating costs (1)	32	34	-7%	-3
EBITDA	176	194	-9%	-18
Net depreciation and provision	44	42	4%	+2
EBIT	132	152	-13%	-20
At Fin. Results: Hedging Gains (Losses) (2)	1	3	-78%	-2
Employees (#)	1,198	1,257	-5%	-59
PPA/CMEC: Key Data	1014	1013	Δ%	Δ Abs.
PPA/CIVIEC: Ney Data	1014		Δ /0	Δ AUS.
Real/Contracted Availability				
Hydro plants	1.05	1.05	0%	+0.0
Thermal plants	1.04	1.05	-1%	-0.0
Installed Capacity (MW)	4,470	5,274	-15%	-804
Hydro (3)	3,290	4,094		-804
Coal	1,180	1,180	-	-
Output (GWh)	5,002	5,053	-1%	-51
Hydro	3,739	3,307	-	+432
Coal	1,263	1,747	-28%	-483

Special Regime: Key Data	1Q14	1Q13	Δ%	Δ Abs.
Output (GWh)	414	554	-25%	-140
Mini-hydro Portugal	278	268	4%	+10
Thermal Portugal	69	132	-48%	-63
Thermal Spain	67	154	-57%	-88
Average Gross Profit (€/MWh)				
Mini-hydro Portugal	96	97	-1%	-1
Thermal Portugal (4)	21	20	6%	+1
Thermal Spain	51	74	-31%	-23
Capex (€ m)	1Q14	1Q13	Δ%	Δ Abs.
PPA/CMEC Generation	2	10	-77%	-8
Special Regime	Ō	10	-47%	-0
Total	3	11	-75%	-8

**EBITDA from LT contracted generation fell by 9%, to €176m in 1Q14**, impacted by the transfer of 3 hydro plants to our merchant portfolio following the termination of respective PPAs (1Q13 gross profit: €14m) and by production stoppage in several special regime thermal plants. In turn, similarly to 1Q13, output from mini-hydro plants was abnormally high in 1Q14 (+4% YoY) backed by the even richer hydro resources in 1Q14.

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

**Gross profit from PPA/CMEC** was €12m lower YoY in 1Q14, at €177m, following the natural depreciation of the asset base and the transfer of 3 hydro plants to our merchant portfolio (€14m gross profit in 1Q13).

The **annual deviation** between market gross profit under CMECs assumptions and gross profit under actual market conditions totalled €77m in 1Q14, 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 €40m as the impact from a production 30% above CMEC's reference was overwhelmed by an avg. realised price 57% below CMEC's reference. In turn, market gross profit at our Sines coal plant stood €37m below the CMEC's reference, due to shorter volumes (-39%) and avg. clean dark spread 16% below the CMEC's reference.

**Gross profit from special regime** was €8m lower YoY, at €30m in 1Q14, 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. In turn, gross profit at our mini-hydro plants in Portugal was 3% higher YoY, driven by a 4% increase in output derived from even stronger hydro resources in 1Q14 (compared to an already strong 1Q13).

Net operating costs<sup>(1)</sup> fell by 7%, to €32m in 1Q14, reflecting a 5% YoY reduction in the workforce, lower generation taxes in Spain (on lower production) and tight cost control.

Net depreciation charges and provisions was €2m higher YoY, at €44m in 1Q14, reflecting the net impact of regulatory changes in Spain. On 3-Feb-14, CNMC released the draft Ministerial Order with the standard values applicable to the remuneration of special regime (following RD 9/2013).

**Capex in LT contracted generation** was €8m lower in 1Q14, at €3m, 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<sub>2</sub> 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 €8m realised gain in 1Q14 and €9m gain in 1Q13; (3) Includes Aguieira and Raiva (360MW), subject to a tolling agreement for a 5-year period, starting in Apr-09. (4) Excludes Energin, shutdown in Feb-14.

Income Statement (€ m)	1Q14	1Q13	Δ%	Δ Abs.
Gross Profit	291	205	42%	+86
Electricity generation	224	177	26%	+46
Portugal	113	52	118%	+61
Spain	112	124	-9%	-12
Adjustments	(2)	1	-	-3
Electricity supply	40	22	83%	+18
Gas supply	33	7	366%	+26
Adjustments	(6)	(1)	407%	-4
Net Operating costs (1)	98	94	5%	+4
EBITDA	192	111	73%	+81
Provisions	1	0	284%	+1
Net depreciation and amortisation	49	57	-15%	-8
EBIT	142	53	166%	+89

Electricity Performance	1Q14	1Q13	Δ%	1Q14	1Q13	Δ%
	0	utput (GWh		Variable	e Cost (€/M	Wh) (2)
Generation Output (4)	3,950	3,367	17%	13.8	27.9	-51%
Electricity Purchases	9,306	8,322	12%	33.5	46.8	-28%
Electricity Sources	13,256	11,689	13%	27.9	41.9	-33%
	Volur	nes Sold (G	Wh)	Average	Price (€/M	Wh) (3)
Grid Losses	280	325	-14%	n.a.	n.a.	-
Retail - Final clients	8,831	7,814	13%	56.9	62.0	-8%
Wholesale market	4,145	3,550	17%	47.9	61.8	-22%
Electricity Uses	13,256	11,689	13%	52.9	60.2	-12%
Electricity Gross Profit (€ m)			1Q14	1Q13	Δ%	Δ Abs.
Before hedging (€/MWh)			25.0 (7.0)	18.3 (2.6)	37%	+7
From Hedging (€/MWh) (5) Unit margin (€/MWh)			18.0	(2.0)	-172% 15%	-4 +2
Total Volume (TWh)			13.3	11.7	13%	+2
Subtotal			239	184	30%	+55
Others (7)			24	15	62%	+9
Total			263	199	32%	+64
			203	155		
Gas Uses (TWh)			1Q14	1Q13	Δ%	Δ Abs.
Consumed by own power plants			1.0	1.8	-47%	-0.9
Sold to Clients (8)			10.0	8.5	19%	+1.6
Total			11.0	10.3	7%	+0.7

**EBITDA from liberalised activities** was €81m higher YoY, at €192m in 1Q14, driven by: (i) a much stronger contribution from hydro production (67% weight in generation mix in 1Q14 vs. 44% in 1Q13); (ii) +€26m 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 (1.1TWh in 1Q14). Additionally, hydro output almost doubled on a like-for-like basis, propelled by the even rainier 1Q14 (vs. an already rainy 1Q13). The higher contribution from hydro justified a 51% drop in the avg. generation cost. Regulatory-wise, 1Q14 EBITDA was hit by an overall impact in Iberia of €34m (generation taxes and reduction in capacity payment in Spain; and by the clawback in Portugal).

Gross profit in the electricity business rose by 32% in 1Q14, to €263m, driven by a higher avg. unit margin (up from €15.7/MWh in 1Q13 to €18.0/MWh in 1Q14.

<u>Unit margin</u> <sup>(2)(3)</sup>: Avg. electricity spread was  $\in 2/MWh$  higher in 1Q14, at  $\in 18/MWh$ , mainly propelled by a cheaper mix of electricity sources. **Avg. sourcing cost** fell by 33% YoY supported by a cheaper generation mix (-51% YoY on higher contribution from hydro) and cheaper electricity purchases derived from low pool prices in the period. **Avg. selling price** was 12% lower in 1Q14, as a result of: (i) an 8% decline in avg. selling prices to retail clients derived from lower cost of electricity and competition; and (ii) a 22% fall in the average selling prices in the wholesale market (supported by lower spot prices and lower revenues in complementary markets).

<u>Volumes</u>: Total volume sold rose by 13% to 13TWh in 1Q14, reflecting a 13% increase in sales to retail and 17% rise in sales in the wholesale market. Our generation output met 45% of electricity sales to final clients.

**Our gas sourcing activity** in 1Q14 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 quarter, thus allowing for a reduction of the take-or-pay effect. As a result, gas consumed rose by 7% YoY, to 11TWh (0.9bcm) in 1Q14, as sales to final clients (and in wholesale markets) outstood the 49% 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 90% of its gas sourcing commitments in 2014. 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 29TWh at an avg. price close to €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) Net of pumping;
(5) Includes results from hedging on electricity;
(7) Includes capacity payments, services rendered and others;
(8) Volumes excluding sales to our cogeneration units; including sales to wholesale markets.

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### Liberalised Electricity Generation in the Iberian Market



Income Statement (€ m)	1Q14	1Q13	Δ%	Δ Abs.
<b>Gross Profit</b> Portugal Spain	<b>224</b> 113 112	<b>177</b> 52 124	<b>26%</b> 118% -9%	<b>+46</b> +61 -12
Adjustments Supplies and services Personnel costs Costs with social benefits Other operating costs (net) Net Operating costs (1)	(2) 19 11 0 23 52	1 16 13 0 29 <b>57</b>	- 20% -13.0% - -21% - <b>8%</b>	-3 +3 -2 -6 -4
EBITDA	171	121	42%	+51
Provisions Net deprec. and amortisation <b>EBIT</b>	1 47 <b>123</b>	0 55 <b>65</b>	303% -13% <b>87%</b>	+1 -7 <b>+57</b>
Employees (#)	629	645	-2%	-16

Key Operating Data	1Q14	1Q13	Δ%	Δ Abs.
Generation Output (GWh)	4,157	3,600	15%	+558
CCGT	158	337	-53%	-179
Coal	862	1,371	-37%	-509
Hydro	2,805	1,560	80%	+1,245
Nuclear	332	331	0%	+1
Generation Costs (€/MWh) (2)	13.8	27.9	-51%	-14.1
CCGT	150.3	117.8	28%	+32.5
	35.9		==,-	
Coal		39.4	-9%	-3.5
Hydro	0.4	3.3	-88%	-2.9
Nuclear	4.5	4.3	5%	+0.2
Load Factors (%)				
CCGT	2%	4%	-	-2p.p.
Coal	27%	43%	_	-16p.p.
	54%			
Hydro	• • • •	45%	-	9p.p.
Nuclear	99%	98%	-	0p.p.
CO2 Emissions (mn tones)				
Total emissions (3)	1.3	1.8	-28%	-0.5
			/•	210

Capex (€ m)	1Q14	1Q13	Δ%	Δ Abs.
Expansion	118	134	-12%	-15
Maintenance	3	3	24%	+1
Total	121	136	-11%	-15

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 15% higher in 1Q14, 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 1.1TWh output in 1Q14. The rise in hydro output was partially compensated by lower production at our coal plants (-0.5TWh) and CCGTs (-0.2TWh). **Avg. production cost** was 51% lower YoY, at €14/MWh in 1Q14, reflecting the much higher contribution from the cheaper technology, hydro: 67% of total output in 1Q14 vs. 44% in 1Q13.

<u>Coal:</u> Output fell 37% in 1Q14, backed by strong hydro and wind resources in Iberia during the quarter. Avg. load factor was 16p.p. lower YoY, at 27% in 1Q14. Generation from Spanish domestic coal was 36GWh in 1Q14. Avg. production cost declined by 9%, to €36/MWh, supported by a lower coal cost.

<u>CCGTs</u>: Output declined by 53% YoY in 1Q14, driven by lower demand for thermal production and low competitiveness of gas vs. coal, implying a 2pp decline in avg. load factor, to 2% in 1Q14. Avg. production cost reached to  $\leq 150$ /MWh in 1Q14, driven by lack of dilution of gas procurement fixed costs as plants were almost stopped.

<u>Hydro & Nuclear</u>: Hydro generation rose by 80% in 1Q14, 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  $\xi$ 3.3/MWh in 1Q13 to  $\xi$ 0.4/MWh in 1Q14, 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 c80% discount to the avg. pool price (vs. c40% in 1Q13). Our 15.5% share in the production of Trillo plant (nuclear) corresponded to an avg. load factor of 99% in 1Q14 (+1pp YoY).

In Oct-13 the Portuguese government announced a  $2^{nd}$  package of measures for the electricity system, aimed at correcting potential distortions in both the market of ancillary services (still lacking details) and in the remaining markets, arising from different regulatory conditions between Portugal and Spain. Regarding the latter, the Dispatch 12955-A/1Q14 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  $\leq 2/MWh$  in off-peak hours and  $\leq 3/MWh$  in peak hours, and the overall impact in 1Q14 amounted to  $\leq 4m$ .

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. Additionally and following such enactments, a set of Royal Decrees still in draft phase was prepared by Spanish Government, defining: i) changes in the remuneration rules for ancillary services; ii) change in the availability incentive mechanism; iii) mothballing of CCGT capacity. As a result of this, revenues from capacity payments were €5m lower YoY in 1Q14. Additionally, generation taxes in place since Jan-13 amounted to €25m in 1Q14, €5m below 1Q13 on lower prices and production.

Net operating costs<sup>(1)</sup> declined by 8% YoY, to €52m in 1Q14, driven by lower generation taxes in Spain derived from lower output (-€5m YoY). Net depreciation charges fell by €7m, to €47m, impacted 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 €121m in 1Q14, 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					
	1Q14	1Q13	Δ%	Δ Abs.		
Gross Profit	46	20	127%	+26		
Supplies and services	<b>40</b> 15	<b>20</b> 14	<b>127%</b> 6%	+20 +1		
Personnel costs	15	3	6% 3%	+1+0		
Costs with social benefits	0	0	-34%	+0 -0		
Other operating costs (net)	8	8	-54%	-0 -0		
Net Operating costs (1)	° 25	25 25	-4% <b>2%</b>	-0 +1		
EBITDA	21	(5)	-	+25		
Provisions	(0)	-	-	-0		
Net depreciation and amortization	1	2	-56%	-1		
EBIT	20	(6)	-	+26		
Income Statement (€ m)	En	ergy Supply	in Portuga			
	1Q14	1Q13	Δ%	Δ Abs.		
Gross Profit	27	9	213%	+18		
Supplies and services	14	7	106%	+7		
Personnel costs	3	3	9%	+0		
Costs with social benefits	-	0	-	-0		
Other operating costs (net)	4	4	16%	+1		
Net Operating costs (1)	21	13	61%	+8		
EBITDA	6	(4)	-	+10		
Provisions	-	(0)	-	+0		
Net depreciation and amortization	1	1	10%	+0		
EBIT	5	(5)	-	+10		
Key data	1Q14	1Q13	Δ%	Δ Abs		
Energy Supply in Spain Electricity - Free market						
Volume Sold (GWh)	4,397	4,244	4%	+152		
Market Share (%)	10%	4,244	-8%	-1p.p.		
Clients (th.)	664	577	15%	-1p.p. +87		
Electricity - Last resort supply	004	577	17/0	+07		
Volume Sold (GWh)	161	183	-12%	-22		
Clients (th.)	252	269	-12%	-22		
Gas - Free market & Last resort supply	252	205	-070	-1/		
Volume Sold (GWh)	9.173	7.357	25%	1.816		
Market Share (%)	5%	6%	-10%	-1p.p.		
Clients (th.)	808	778	4%	+30		
				50		
Energy Supply in Portugal Electricity - Free market						
Volume Sold (GWh)	3,853	2,922	32%	+931		
Market Share (%)	3,855 46%	43%	52% 7%	+951 3p.p.		
Clients (th.)	2,257	1,302	73%	5p.p. +955		
	2,231	1,302	13/0	-272		
Gas - Free market	000	1 575	10/	707		
Volume Sold (GWh)	868	1,575	-45%	-707		
Market Share (2) (%) Clients (th.)	8% 269	15% 116	-46% 131%	-7p.p. +153		
	209	110	131%	+103		
Capex (€m) Employees (#)	3 327	2 326	38%	+1		
			0%	+1		

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 1Q13 was restated as to reflect not only the application of 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 1Q (1Q14 and 2014) and transferred to the Holding ('Others') level.

#### Energy Supply in Spain

**Gross profit at our supply activities in Spain** rose by €26m YoY, to €46m in 1Q14, driven by higher volumes and avg. margins achieved in gas supply and trading activities.

**Electricity volume** supplied to our clients in the free market fell by 4% YoY to 4.4TWh, in 1Q14, in spite of a 15% increase in the number of clients supplied, following EDP's strategy to focus on the most attractive customer segments. Market share was 1p.p. lower YoY, at 10% in 1Q14.

**Gas volume** supplied rose by 25%, to 9.2TWh in 1Q14, as a result of a focus on wholesale trading opportunities, and following a 4% expansion in the client portfolio. Market share fell by 1p.p., to 5% in 1Q14.

Net operating costs rose slightly by €1m YoY, in 1Q14, on the back of additional costs related to portfolio expansion.

#### 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 1Q14 was very strong: during 1Q14, the number of consumers in the free market soared to 2.6 million, elevating the total consumption in the free market to 73%.

**Gross profit at our supply activities in Portugal** advanced €18m YoY, to €27m in 1Q14, driven by higher volume of electricity supplied and avg. margin achieved in the supply business.

**Electricity volume** supplied to EDP clients in the free market in Portugal advanced 32% YoY, to 3.9TWh in 1Q14, propelled by a 73% expansion of our client base. EDP's market share in the free market rose by 3p.p YoY in 1Q14 since YE2013, to 46%, 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 45% YoY, in 1Q14, to 0.9TWh, 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 269k in Mar-14, corresponding to a +153k YoY.

Net operating costs rose by €8m, to €21m, 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.

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits) + Other operating costs (net). (2) Based on EDP's forecast consumption in Portugal in segment NG>10,000 m3/year.

#### EDP Renováveis: Financial Performance

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Income Statement	EDP 1Q14	Renovávei 1Q13	s(€m) Δ%	A Abc	<b>Operational Overview</b>	1Q14	1Q13	Δ%	Δ Abs.	EDPR Equity Market Data	1Q14	1Q13	Δ%	Δ Abs.
	1014	IQIS	Δ /0	<b>A AD2</b> .	Installed Capacity (MW)	7,762	7,395	5%	+367	Share price at end of period (€/share)	4.83	3.77	28%	1.1
Gross Profit	345	366	-6%	-21	Europe	4,173	3,836	9%	+337	Number of Shares Issued (million)	872.3	872.3		
	0.0		•,•		North America	3,506	3,476	1%	+30	Stake Owned by EDP (%)	77.5%	77.5%	-	-
Supplies and services	59	59	-1%	-1	Brazil	84	84	0%	-					
Personnel costs	18	18	-2%	-0	210211		• ·	• / •						
Other operating costs (net)	(21)	(28)	-27%	+8	Output (GWh)	6,112	5,542	10%	+570	EDPR Key Balance Sheet Figures (€ m)	1Q14	1Q13	Δ%	Δ Abs.
Net Operating Costs (1)	<b>`5</b> 6	<b>4</b> 9	14%	+7	Europe	3,132	2,764	13%	+368		-			
					North America	2,930	2,726	8%	+205	Bank Loans and Other (Net)	469	557	-16%	-89
EBITDA	289	317	-9%	-28	Brazil	49	52	-5%	-3	Loans with EDP Group (Net)	2,763	2,941	-6%	-178
										Net Financial Debt	3,231	3,498	-8%	-267
Provisions	-	-	-	-	Avg. Load Factor (%)	38%	36%	6%	2p.p.	Non-controlling interests	429	328	31%	+101
Net deprec. & amortisation	110	113	-3%	-3	Avg. Elect. Price (€/MWh)	56.8	66.4	-15%	-10	Net Institutional Partnership Liability (3)	810	950	-15%	-140
-										Equity Book Value	5,737	5,512	4%	+225
EBIT	179	204	-12%	-25	EBITDA (€m)	289	317	-9%	-28					
					Europe	185	207	-10%	-22	EUR/USD - End of Period Rate	1.38	1.28	-7%	0
Capital gains/(losses)	(0)	-	-	-0	North America	103	113	-9%	-10					
Financial Results	(62)	(64)	-3%	+2	Other & Adjustments	1	(2)	-	+3					
Share of Profit from associates	12	8	60%	+5	EBIT (€m)	179	204	-12%	-25	EDPR Financial Results (€ m)	1Q14	1Q13	Δ%	Δ Abs.
					Europe	126	146	-14%	-21					
Pre-tax profit	128	147	-13%	-19	North America	54	62	-13%	-8	Net Interest Costs	(48)	(50)	3%	+2
					Other & Adjustments	(1)	(5)	-76%	+3	Institutional Partnership costs (non-cash)	(15)	(16)	4%	+1
										Capitalised Costs	7	4	55%	+2
Opex Performance	1Q14	1Q13	Δ%	Δ Abs.	Capex (€m) (2)	44	(54)	-	+97	Forex Differences (5)	(3)	(3)	-	+0
					Europe	14	24	-41%	-10	Other	(3)	0	-	-3
Opex/Avg. MW (€ th) (4)	13.6	14.4	-6%	-1	North America	28	(78)	-	+106					
Employees (#)	898	865	4%	+33	Brazil	2	0	280%	+1	Financial Results	(62)	(64)	3%	+2

projects for new renewable capacity. The two main markets in which EDPR operates are USA (36% of EDPR's EBITDA in 1Q14) and Spain (24%). Other markets include Portugal (19%), France, Poland, Romania, Belgium, Italy and Brazil (the latter 6 representing 21% of EDPR's EBITDA in 1Q14).

EDPR's EBITDA decreased 9% YoY (-€28m) to €289m in 1014 driven by negative impact from new regulation in Spain (-€18m) and the €14m one-off gain in 1Q13 from the restructuring of a PPA contract in the US. Installed capacity rose 5% YoY (+367MW) to 7.8GW by Mar-14. Avg. load factor increased from 36% in 1Q13 to 38% in 1Q14 on the back of the outstanding wind conditions in Iberia and avg. selling prices went down 15% YoY to €56.8/MWh reflecting regulation changes in Spain and lower prices in Romania. Excluding non-recurrent items, EBITDA decreased 5% YoY (-€14m) to €289m. ForEx impact on EBITDA YoY change totalled -€5m.

EBIT decreased 12% YoY to €179m. Net depreciation and amortization in 1Q13 includes -€7m related to impairments on projects under development. Excluding this impact, adjusted EBIT decreased by 9% YoY (-€18m).

Operating costs (Supplies and services + Personnel costs) decreased 1% explained by cost control and timing expense in O&M. Other operating costs (net) was impacted by the lower 7% generation tax over sales in Spain. 1Q13 figure include €14m gain from the referred restructuring in a PPA in the US.

EDP Renováveis (EDPR) owns and operates EDP Group wind and solar power assets and develops **Capex** was €53m in 1014 due to a government grant received in Poland in 1014 (€10m). 1013 figure impacted by the cash grant received in 1Q13 from the US Treasury (€91m). Installed capacity rose 5% YoY (+367MW from which 6MW in 1Q14) to 7.8GW by Mar-14.

> EDPR's net debt was €3.2bn as of Mar-14 (-€267m vs. Mar-13 and -€37m vs. Dec.13) including the impact of €38m cash proceeds from the sale of non-controlling interests in wind farms in France to Axpo Group (1014). EDPR's net debt contracted with financial institutions (outside of EDP Group), which represented 14% of the company's net debt as of Mar-14, is mostly related to project finance long term funding, namely in Poland, Romania, Brazil and Spain. Liabilities with Institutional Partnerships decreased by 15% to €810m as of Mar-14, as tax equity partners are getting the tax benefits generated by the projects and as a result of the USD depreciation. Non-controlling interests increased €101m to €429m due to non-controlling interests sold to CTG, Fiera Axium and Axpo Group, as part of the execution of the asset rotation strategy.

> Net financial costs decreased 3% YoY to -€62m in 1Q14, essentially reflecting lower net interest cost benefiting from a lower average net debt (-4% YoY) and a stable cost of debt (5.2% in Mar-14). Forex differences and other were negative mainly as a result of hedging activities concerning Zloty vs. Euro.

> With the application of IFRS 11, as of Mar-14, EDPR managed a portfolio of 8.6GW, of which 7,762MW fully consolidated and 817MW equity consolidated (464MW related to EDPR interest in Eólicas de Portugal consortium and 353MW to EDPR equity stakes in Spain (174MW) and in the US (179MW).

### EDP Renováveis: US & Iberia

US	1Q14	1Q13	Δ%	Δ Abs.
Installed capacity (MW)	3,476	3,476	0%	
Avg. Load Factor (%)	39%	36%	7%	Зр.р
Avg. Selling Price (USD/MWh)	48.1	48.2	0%	-(
USD/EUR - Avg. of period rate	1.37	1.32	-4%	+(
PPA's/Hedged				
Installed Capacity (MW)	2,888	2,907	-1%	-19
Electricity Output (GWh)	2,438	2,084	17%	+354
Avg. Selling Price (USD/MWh)	51.7	53.4	-3%	-2
Merchant				
Installed Capacity (MW)	587	569	3%	+19
Electricity Output (GWh)	485	642	-24%	-157
Avg. Selling Price (USD/MWh)	28.3	31.4	-10%	-3
Gross Profit (USD m)	137	129	6%	+8
PTC Revenues & Other (USD m)	49	47	5%	+2
Adjusted Gross Profit (USD m)	187	176	6%	+11
EBITDA (USD m)	140	149	-6%	-9
EBIT (USD m)	73	82	-11%	-9
Net Capex (USD m)	38	(103)	-	+141
Gross Capex	38	17	119%	+21
Cash grant received	-	(120)		+120
Capacity under construction (MW)	230		-	+230

Spain	1Q14	1Q13	Δ%	Δ Abs.
Installed capacity (MW)	2,194	2,194	0%	-
Avg. Load Factor (%)	38%	37%	3%	1p.p.
Production (GWh)	1,750	1,703	3%	+47
Prod. w/capac. complement (GWh)	1,370	· -	-	+1,370
Standard Production (GWh)	982	-	-	+982
Above/(below) Std. Prod. (GWh)	387	-	-	+387
Prod. w/o cap. complement (GWh)	380	-	-	+380
Avg. Price (€/MWh)	56.3	84.7	-34%	-28
Total GWh: Realised pool (€/MWh)	20.5	-	-	+20.5
Std. GWh: Pool + Adj. (€/MWh)	38.4	-	-	+38.4
Complement (€m)	42.3	-	-	+42.3
Hedging gains/(losses) (€m)	2.9	-	-	+2.9
Gross Profit (€m) (1)	99	144	-31%	-45
EBITDA (€m) (1)	65	109	-40%	-44
EBIT (€m) (1)	32	69	-53%	-37
Capex (€m)	2	0	5205%	+2
Capacity under construction (MW)	2	-	-	+2

Portugal	1Q14	1Q13	Δ%	Δ Abs.
Installed capacity (MW)	621	615	1%	+6
Avg. Load Factor (%)	43%	38%	13%	5p.p.
Electricity Output (GWh)	580	509	14%	+70
Avg. Selling Price (€/MŴh)	109	108	1%	+1
Gross Profit (€m)	64	56	15%	+8
EBITDA (€m)	56	48	17%	+8
EBIT (€m)	49	41	19%	+8
Capex (€m)	2	0	1310%	+2
Capacity under construction (MW)	-	4	-	-4
ENEOP Installed capacity (MW) (2)	464	390	19%	+74

**In the US**, installed capacity totalled 3.5 GW as of Dec-13, stable YoY. Electricity output increased 8% YoY, reaching 2.9TWh <sup>-</sup> propelled by the strong wind resource throughout the period.

Avg. selling price in the US stayed almost flat YoY at USD48/MWh in 1Q14 reflecting higher PPA/Hedged weight in production which compensated the lower PPA/Hedge and merchant prices achieved in the period. **Gross profit (including revenues from PTCs) increased 6% to USD187m, while EBITDA decreased 6% YoY** due to the 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%).

During 1Q14, EDPR secured two 20-year PPAs for projects to be installed in 2016 (200MW Waverly project in Kansas and 50MW in Texas) and a 15-year PPA to be installed in 2016 (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. As of Mar-14, EDPR had 200MW under construction in US (Headwaters wind farm in Indiana, expected to be commissioned in 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 2014.

In the end of 2013, EDPR started-up its first wind project in Canada with an installed capacity of 30 MW (20 year Feed-in Tariff) and in 1Q14 executed a project finance structure amounting to CAD49m (1Q14 avg. load factor of 34%; avg. selling price of USD135/MWh).

In Spain, in 1H13 all the wind energy produced in Spain was remunerated according to the Feed-in Tariff of the modified RD661/2007 (following publication of RDL 2/2013). In Jul-13, the Spanish Government announced the RD 9/2013, setting changes for renewable assets' remuneration scheme. The proposal for a new mechanism is still pending approval from the government. A new remuneration has been set at 7.4% (Spanish 10-year yields + 300bps) for 20 years. According to this proposal, going forward, wind farms will receive the pool price and a capacity complement per MW, dependent on the COD, until completing 20-years after commissioning. The complement in the 1Q14 was €42m. There will be interim revisions (every 3 years) to correct deviations from the expected pool price.

**EDPR's EBITDA in Spain decreased 40% to €65m YoY in 1Q14** due to changes in remuneration framework for renewable assets introduced in Jul-13 and pending for approval. Overall, regulatory changes occurred in Spain had an impact of -€18m in 1Q14. Avg. load factor improved 1pp YoY to 38% in 1Q14, while electricity generated went up by 3% YoY to 1.8TWh in 1Q14 on the back of stronger wind resource. Avg. price reached €56.3/MWh in 1Q14 reflecting a realised pool price of €21/MWh with standard production receiving an additional regulatory adjustment leading to a total price of €38/MWh.

**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<sup>(3)</sup> and €74/MWh<sup>(3)</sup>, respectively, to be applied from the 16<sup>th</sup> 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 Mar-14, ENEOP had an installed capacity of 1,160MW (464MW 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.

In Portugal, EDPR's EBITDA increased 17% YoY to €56m in 1Q14, up €8m YoY. Wind production increased 14% YoY to 580GWh following an increase of avg. load factor by 5pp to 43% (wind coefficient was 1.57 in 1Q14 vs. 1.24 in 1Q13). Avg. tariff increased 1% YoY to €109/MWh reflecting inflation indexation.

eda



1Q14	1Q13	Δ%	Δ Abs.
462	411	13%	+52
36%	27%	35%	9p.p.
346	235	47%	+111
98	97	1%	+1
- · ·			+108
			6p.p.
			+149
			-18
4.20	4.15	1%	+0
521	350	49%	+172
24%	32%	-25%	-8 p.p.
190	199	-5%	-9
371	624	-40%	-252
4.42	4.39	1%	+0
76	62	23%	+14
61	51	19%	+10
42	38	11%	+4
10	15	25%	-5
			-64
	462 36% 346 98 374 34% 267 408 4.20 521 24% 190 371 4.42 76 <b>61</b>	462   411     36%   27%     346   235     98   97     374   266     34%   29%     267   117     408   426     4.20   4.15     521   350     24%   32%     190   199     371   624     4.42   4.39     76   62     61   51     42   38     10   15	$\begin{array}{c ccccccccccccccccccccccccccccccccccc$

In European markets out of Iberia, gross profit increased 23% to €76m due to a 45% YoY increase of output to 802GWh in 1Q14 following a 32% or 359MW increase of installed capacity over the last 12 months. EBITDA rose by 19% YoY (+€10m) to €61m in 1Q14.

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 1Q14, avg. tariff was €91/MWh (+1% YoY). 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 Mar-14, EDPR had 12MW under construction in France. In Belgium, EDPR has 71MW of capacity (+14MW YoY), which sell its power through PPA (Jan-15 maturity) at a fixed selling price of €112/MWh. In Italy, EDPR has 70MW (+30MW YoY). In 1Q14, avg. selling tariff was €123/MWh due to lower price for new capacity, once compared to the old regime.

**In Poland**, EDPR has 374MW of capacity (+108MW YoY; +4MW QoQ): 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). In 1Q14, avg. selling price decreased by 4% 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 Mar-14, EDPR had 6MW under construction in Poland.

Brazil	1Q14	1Q13	Δ%	Δ Abs.
Installed Capacity (MW)	84	84	-	-
Avg. Load Factor (%)	27%	29%	-	-1 p.p.
Electricity Output (GWh)	49	52	-5%	-3
Avg. Selling Price (R\$/MWh)	341	308	10.9%	+33
EUR/BRL - Average of period rate	3.24	2.64	-19%	+1
Gross Protit (RSm)	16	17	-3%	-0
EBITDA (R\$m)	10	11	-3%	-0
EBIT (R\$m)	6	7	-15%	-1
Capex (R\$m)	6	1	367%	+5
Capacity under construction (MW)	-	-	-	-

In Romania, EDPR has 521MW of capacity (+172MW YoY), of which 50MW is solar PV. Wind production is sold at 'market price plus GC', which value is subject to a floor and a cap set in Euros (for 2014, floor was set at  $\leq 29.3$ /MWh and the cap at  $\leq 59.6$ /MWh). In 1Q14, avg. selling price decreased by 40% YoY to RON371/MWh (-24% vs. RON490/MWh in 2013), impacted by lower green certificate prices due to green certificates oversupply in the market. The new regulatory framework respects the rights of the investments made in the renewable energy sector, although re-profiling the cashflows of the projects, and maintains unchanged the cap and floor price of the Green Certificates ("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). 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).

### Regulated Networks & Regulatory Receivables in Iberia



Income Statement (€ m)	1Q14	1Q13	Δ%	Δ Abs.
Gross Profit	441	448	-2%	-7
Supplies and services	93	103	-9%	-9
Personnel costs	38	39	-1%	-0
Costs with social benefits	5	6	-16%	-1
Other operating costs (net)	59	11	459%	+48
Net Operating Costs (1)	196	158	24%	+38
EBITDA	245	290	-15%	-45
Provisions	(1)	0	-	-1
Net depreciation and amortisation	83	82	1%	+1
EBIT	163	207	-21%	-44
Capex & Opex Performance	1Q14	1Q13	Δ%	Δ Abs.
	1014	1013	Δ /0	Δ AD3.
Controllable Operating Costs (6)	132	141	-7%	-10
Cont. costs/client (€/client)	16	18	-7%	-1
Cont. costs/km of network (€/Km)	500	540	-7%	-40
Employees (#)	3,922	4,027	-3%	-105
Capex (Net of Subsidies) (€m)	70	71	-3%	-2
Network ('000 Km)	263	262	1%	+1
	1014	1012	A 0/	0.01
Regulatory Receivables (€ m)	1Q14	1Q13	Δ%	Δ Abs.
Total Net Iberia Regulatory Receivables	2,933	2,913	1%	+21
	2,555		_/*	
Spain - Generation (4)	2,500	,		
	·	- 		-160
Beginning of Period	264	424	-38%	
	·	- 		+78
<b>Beginning of Period</b> Previous periods tariff deficits (5) Tariff deficit in the period Other (3)	<b>264</b> (23)	424	-38%	+78
<b>Beginning of Period</b> Previous periods tariff deficits (5) Tariff deficit in the period	<b>264</b> (23)	424	-38%	- <b>160</b> +78 +17 - - <b>65</b>
<b>Beginning of Period</b> Previous periods tariff deficits (5) Tariff deficit in the period Other (3)	<b>264</b> (23) 17 <b>259</b>	<b>424</b> (100)	- <b>38%</b> 77% -	+78 +17
Beginning of Period Previous periods tariff deficits (5) Tariff deficit in the period Other (3) End of Period Portugal - Last Resort Supplier + Distribution	264 (23) 17 259	<b>424</b> (100) <b>324</b>	-38% 77% 	+78 +17 - - <b>65</b>
Beginning of Period Previous periods tariff deficits (5) Tariff deficit in the period Other (3) End of Period Portugal - Last Resort Supplier + Distribution Beginning of Period	264 (23) 17 259 1 + Gas 2,045	424 (100) 324	-38% 77% - -20% 33%	+78 +17 - -65 +502
Beginning of Period Previous periods tariff deficits (5) Tariff deficit in the period Other (3) End of Period Portugal - Last Resort Supplier + Distribution Beginning of Period Previous periods tariff deviation (2)	264 (23) 17 259 1 + Gas 2,045 (338)	424 (100) 324 1,543 (157)	-38% 77% - -20% 33% -114%	+78 +17 -65 +502 -180
Beginning of Period Previous periods tariff deficits (5) Tariff deficit in the period Other (3) End of Period Portugal - Last Resort Supplier + Distribution Beginning of Period	264 (23) 17 259 1 + Gas 2,045 (338) 721	<b>424</b> (100) <b>324</b> <b>1,543</b> (157) 561	-38% 77% - -20% 33% -114% 29%	+78 +17 -65 +502 -180 +160
Beginning of Period Previous periods tariff deficits (5) Tariff deficit in the period Other (3) End of Period Portugal - Last Resort Supplier + Distribution Beginning of Period Previous periods tariff deviation (2) Tariff deviation in the period	264 (23) 17 259 1 + Gas 2,045 (338)	424 (100) 324 1,543 (157)	-38% 77% - -20% 33% -114%	+78 +17
Beginning of Period Previous periods tariff deficits (5) Tariff deficit in the period Other (3) End of Period Portugal - Last Resort Supplier + Distribution Beginning of Period Previous periods tariff deviation (2) Tariff deviation in the period Other (3) End of Period	<b>264</b> (23) 17 <b>259</b> <b>1 + Gas</b> (338) 721 39	<b>424</b> (100) <b>324</b> <b>1,543</b> (157) 561 29	-38% 77% - -20% 33% -114% 29% 33%	+78 +17 -65 +502 -180 +160 +10
Beginning of Period Previous periods tariff deficits (5) Tariff deficit in the period Other (3) End of Period Portugal - Last Resort Supplier + Distribution Beginning of Period Previous periods tariff deviation (2) Tariff deviation in the period Other (3) End of Period Portugal - CMEC's	264 (23) 17 259 1 + Gas 2,045 (338) 721 39 2,467	424 (100) 324 1,543 (157) 561 29 1,976	-38% 77% - -20% 33% 29% 33% 25%	+78 +17 -65 +502 -180 +160 +10 +492
Beginning of Period Previous periods tariff deficits (5) Tariff deficit in the period Other (3) End of Period Portugal - Last Resort Supplier + Distribution Beginning of Period Previous periods tariff deviation (2) Tariff deviation in the period Other (3) End of Period Portugal - CMEC's Beginning of Period	264 (23) 17 259 1+Gas 2,045 (338) 721 39 2,467 377	424 (100) 324 1,543 (157) 561 29 1,976 654	-38% 77% - -20% 33% -114% 29% 33% 25% -42%	+78 +17 -65 +502 -180 +160 +10 +492 -277
Beginning of Period Previous periods tariff deficits (5) Tariff deficit in the period Other (3) End of Period Portugal - Last Resort Supplier + Distribution Beginning of Period Previous periods tariff deviation (2) Tariff deviation in the period Other (3) End of Period Portugal - CMEC's Beginning of Period (Recovery)/Return in the Period	264 (23) 17 259 1+ Gas 2,045 (338) 721 39 2,467 377 (247)	424 (100) 324 1,543 (157) 561 29 1,976 654 (112)	-38% 77% - -20% -33% -114% 29% 33% 25% -42% -121%	+78 +17 -65 -180 +160 +10 +492 -277 -135
Beginning of Period Previous periods tariff deficits (5) Tariff deficit in the period Other (3) End of Period Portugal - Last Resort Supplier + Distribution Beginning of Period Previous periods tariff deviation (2) Tariff deviation in the period Other (3) End of Period Portugal - CMEC's Beginning of Period	264 (23) 17 259 1+Gas 2,045 (338) 721 39 2,467 377	424 (100) 324 1,543 (157) 561 29 1,976 654	-38% 77% - -20% 33% -114% 29% 33% 25% -42%	+78 +17 -65 +502 -180 +160 +10

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

**EBITDA from regulated networks** was 15% lower YoY, at €245m in 1Q14. 1Q13 EBITDA from regulated networks in Iberia was impacted by one-off gain booked on the sale of gas transmission assets (+€56m in Feb-13). Excluding this impact, EBITDA increased 5% YoY (+€11m). The performance of EBITDA from regulated networks in Iberia was mainly driven by tight cost control focused on OPEX efficiency.

**Controllable operating costs** were 7% lower YoY, driven by 9% decrease in supplies and services due to lower maintenance and repair works and client services and a 3% reduction in workforce. **Capex** in 1Q14 was €2m lower YoY, at €70m.

**Regulatory receivables in Iberia** increased by €247m in 1Q14, from €2,686m in Dec-13 to €2,933m in Mar-14, driven by a €253m increase in Portugal and a €5m decrease in Spain.

**EDP's Regulatory receivables from electricity distribution, last resort supply and gas distribution in Portugal** rose from  $\leq 2,045$ m in Dec-13 to  $\leq 2,467$ m in Mar-14 driven by: (1) - $\leq 138$ m following the sale of a portion of the 2013 tariff deficit related with special regime generation; (2) + $\leq 383$ m 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% provisional annual return; (3) - $\leq 198$ m recovered through tariffs related to negative previous years' deviations and to the recovery of past tariff deficits; and (4) + $\leq 346$ m of new tariff deviations created in the period. The main drivers for new tariff deviations generated during the 1Q14 were: (i) + $\leq 259$ m boosted by higher-than-expected special regime production (15% ahead of ERSE assumption) and from higher-than-expected overcost with special regime production ( $\leq 81/MWh$  in 1Q14 vs.  $\leq 61/MWh$  assumed by ERSE in the calculation of 2014 tariffs); (ii) + $\leq 240$ m negative tariff deviation generated in electricity distribution activity related with 2012 revisibility to be fully recovered through 2017-2018 tariffs; (iii) - $\leq 52$ m relating mainly to the recover through tariffs of part of 2013 revisibility in electricity distribution activity; (iv) - $\leq 100$ m (amount to return to the tariffs) mainly propelled by cheaper-than-expected electricity purchases. In Apr-14, EDP sold without recourse the right to receive part of the ex-ante 2013 tariff deficit for an amount of  $\leq 750$ m.

**Regulatory receivables from CMECs** dropped from  $\leq 377$ m in Dec-13 to  $\leq 207$ m in Mar-14 due to: (1)  $\leq 247$ m recovered in 1Q14 through tariffs, related to 2012 negative deviations and (2)  $\leq 77$ m negative deviation created in 1Q14 (more details on page 11), due to be received in 2015-2016.

**Regulatory receivables in Spain** decreased from  $\pounds$ 264m in Dec-13 to  $\pounds$ 259m in Mar-14 due to  $\pounds$ 23m recovered in 1Q14 through tariffs which compensated the creation of  $\pounds$ 17m regulatory receivable at the level of EDP Renováveis. There is a provisory figure of  $\pounds$ 3.9bn for the 2013 deficit for the whole Spanish electricity system according to CNMC. On Mar-14, the Spanish Government approved a new energy pricing setting mechanism to regulated tariffs to domestic customers, which started to be applied on Apr-14. The new methodology will take into account the average market price in the pool, rather than a fixed price set quarterly. Also regulated suppliers have to offer a not-regulated yearly price. The regulated customers will be able to choose three different tariffs: market price in the pool, yearly price or contracts with liberalized suppliers.

(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<sub>2</sub> 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)	1Q14	1Q13	Δ%	Δ Abs.
Gross Profit	326	331	-2%	-5
Supplies and services Personnel costs Costs with social benefits Concession fees	70 29 5 63	79 30 6 64	-10% -3% -16% -0%	-8 -1 -1 -0
Other operating costs (net) Net Operating Costs (1)	-3 165	7 186	-0% - - <b>11%</b>	-10 -21
EBITDA	161	146	11%	+15
Provisions Net depreciation and amortisation	-1 59	0 58	- 1%	-1 +1
EBIT	103	87	18%	+16
Gross Profit Performance	1Q14	1Q13	Δ%	Δ Abs.
Gross Profit (€m) Regulated gross profit	<b>326</b> 324	<b>331</b> 328	<b>-2%</b> -1%	-5
Gross Profit (€m)	326	331	-2%	
Gross Profit (€m) Regulated gross profit	<b>326</b> 324	<b>331</b> 328	<b>-2%</b> -1%	-5
Gross Profit (€m) Regulated gross profit Non-regulated gross profit Distribution Grid	<b>326</b> 324 2	<b>331</b> 328 3	- <b>2%</b> -1% -26%	-5 -5 -1
Gross Profit (€m) Regulated gross profit Non-regulated gross profit Distribution Grid Regulated revenues (€ m) Electricity distributed (GWh)	<b>326</b> 324 2 304 11,470	<b>331</b> 328 3 307 11,102	- <b>2%</b> -1% -26% -1% 3%	-5 -5 -1

Capex & Opex Performance	1Q14	1Q13	Δ%	Δ Abs.
Controllable Operating Costs (2)	100	109	-8%	-9
Cont. costs/client (€/client)	16.4	17.9	-8%	-1
Cont. costs/km of network (€/Km)	443	485	-9%	-42
Employees (#)	3,359	3,447	-3%	-88
Capex (Net of Subsidies) (€m)	56	49	13%	+6
Network ('000 Km)	225	225	0%	+1
Equival. interruption time (min.) (3)	23	19	19%	+4

EBITDA from electricity distribution and last resort supply (LRS) in Portugal increase 11% (+€15m) YoY, to €161m in 1Q14 reflecting 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 such as: (1) a forecast of 44.5 TWh of electricity demand in Portugal in 2013 (+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 Apr-14 stood at 260bp.

In 1Q14, **distribution grid regulated revenues** dropped by 1% (-€3m) YoY, to €304m, mainly driven by a lower return on RAB derived from the decline of Portuguese Republic 5-year CDS (8.37% in 1Q14 vs. 8.56% in 1Q13) and negative impact by the 1Q14 update for 'GDP Defaltor-X' which compensated positive impact by higher volumes distributed. In 1Q14 **electricity distributed rose by 3% YoY** following some signs of improvement of economic activity in the period.

Last resort supplier (EDP SU) regulated revenues decreased by 10% (- $\in$ 2m), to  $\notin$ 20m in 1Q14, reflecting the fast consumers' 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 fell 28% YoY, to 3.1TWh in 1Q14. Total clients supplied declined 1,084 thousands YoY to 3,431 thousands in Mar-14.

**Controllable operating costs** declined by 8% YoY, reflecting tight cost control and headcount reduction (-3% YoY). Supplies & Services were 10% lower, reflecting the mixed impact of tight cost control and a decrease of our LRS activity due to consumers' switching to the free market. Personal costs declined by 3% due to headcount reduction. Other operating costs (net) had a positive impact in 1Q14 due to a better performance in terms of recovery of debts from clients.

**Capex** increase 13% YoY to €56m. EIT in 1Q14 advanced by 4 minutes, to 23 minutes reflecting unfavourable weather conditions.

(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

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eda	
	/

Income Statement (€ m)	El 1Q14	ectricity Sp 1Q13		Abs. Δ	1Q14	Gas Spair 1Q13	ו %∆ /	Abs. Δ		ias Portug 1Q13		bs. Δ	Iberian Regulated Networks	1Q14	1Q13	%Δ	Abs. Δ
Gross Profit	41	43	-5%	-2	57	58	-1%	-1	17	16	5%	1	Number Supply Points (th) Electricity Spain	659	657	0%	+1
Supplies and services	10	11	-9%	-1	9	9	1%	0	3	4	-10%	-0	Gas Spain	1,020	1,010	0% 1%	+1 +9
Personnel costs	6	5	23%	1	2	3	-19%	-1	Ő	0	-15%	-0	Gas Portugal	310	293	6%	+17
Costs with social benefits	0	0	-12%	-0	0	0	-9%	-0	0	0	-7%	-0	-				
Other operating costs (net)	(3)	(4)	-29%		1	(57)	n.m.	58	0	(0)	-	0	Energy Distributed (GWh)				
Net Operating Costs (1)	14	12	10%	1	13	(44)	-	57	4	4	-3%	-0	Electricity Spain Gas Spain	2,365 13,555	2,357 14,685	0% -8%	+8 -1,130
EBITDA	27	30	-11%	-3	44	102	-57%	-58	13	12	7%	1	Gas Portugal	1,979	1,971	0%	+8
Provisions	-	-	-	0	(0)	-	-	-0	0	0	n.m.	0	Network (Km)				
Net Depreciation. & amortisation	8	8	7%	1	12	12	-0%	-0	3	4	-17%	-1	Electricity Spain Gas Spain	23,318 10,008	23,007 9,894	1% 1%	+311 +114
EBIT	19	23	-17%	-4	32	90	-64%	-58	10	8	18%	1	Gas Portugal	4,513	4,349	4%	+114
Capex (net os subsidies)	5	10	-52%	-5	5	8	-40%	-3	5	5	1%	0	Employees (#)				
													Electricity Spain	302	311	-3%	-9
Gross Profit	41	43	-5%		57	58	-1%	-1	17	16	5%	1	Gas Spain	199	205	-3%	-6
Regulated Revenues	39	41	-4%	-2	50	50	1%	0	16	16	5%	1	Gas Portugal	62	64	-3%	-2
Non-regulated gross profit	2	2	-16%	-0	7	8	-13%	-1	1	1	0%	-0					

#### **ELECTRICITY DISTRIBUTION IN SPAIN**

**EBITDA from our electricity distribution activity in Spain** was 11% lower YoY, at €27m in 1Q14 due to lower regulated revenues reflecting regulatory changes occurred in 2013 which only had effect in 2H13.

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 Dec-13, Spanish Government approved Law 24/2013 and RDL 1048/2013 that establishes the new regulatory framework for electricity distribution assets maintaining the same principles for the regulation announced in Jul-13. The Spanish government released a Ministerial Order setting regulated revenues attributable to EDP España for the year 2014 at €155m.

**Electricity distributed** by EDP España, mostly in the region of Asturias, stood flat YoY at 2.4 TWh in 1Q14.

#### GAS REGULATED NETWORKS IN SPAIN

**EBITDA of gas distribution in Spain** in 1Q13 included a €56m one-off gain stemming from the sale of our transmission gas assets to Enagas. Excluding this one-off, EBITDA decreased €2m (-4%) following nearly flat regulated revenues in the distribution business.

Volume of gas distributed was 8% lower YoY, at 14TWh, dragged by lower consumption for electricity generation purposes and the shutdown of a pulp & paper plant in the Cantabria region. 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.

#### GAS REGULATED NETWORKS IN PORTUGAL

**EBITDA from gas distribution in Portugal** increased €1m (+7% YoY) to €13m reflecting a 5% increase in regulated revenues.

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** stayed flat YoY.

On 14-Jun-13, ERSE published the regulatory assumptions defined for the regulatory period from Jul-13 to Jun-16. ERSE set: (i) a 3.9% increase in the average last resort supply tariff as from 1-Jul-13 until 30-Jun-14; (ii) regulated rate of return on assets of 9% on a preliminary basis; (iii) regulated revenues of €65m for the first regulatory year. Note that for the Jul-13 to Jun-16 regulatory period, ERSE indexed the regulated rate of return on assets to the average of Portuguese Republic 5-year Portuguese bond yield between Oct 1<sup>st</sup> and Sep 30<sup>th</sup> prior to the beginning of each regulatory year, with a floor at 7.83% and cap at 11%.

On 15-Apr-14, ERSE unveiled a proposal for an average 2.4% increase of last resort tariff proposal to be in place from 1-Jul-14 until 30-Jun-15. A final decision will be taken until 15-Jun-14.

### EDP - Energias do Brasil: Financial Performance

Income Statement		Consolidate	ed (R\$ m)			Consolidat	ed (€ m)		<b>Energias do Brasil</b>
	1Q14	1Q13	Δ%	Δ Abs.	1Q14	1Q13	Δ%	Δ Abs.	
									Share price at end o
Gross Profit	629	687	-8%	-58	194	261	-25%	-66	Number of shares Is
									Treasury stock (milli
Supplies and services	110	108	2%	+2	34	41	-17%	-7	Number of shares o
Personnel costs and employee benefits	88	85	4%	+4	27	32	-15%	-5	
Other operating costs (net)	21	26	-22%	-6	6	10	-36%	-4	Euro/Real - End of p
Net Operating Costs (1)	219	219	0%	+0	68	83	-19%	-15	Euro/Real - Average
									Inflation rate (IGP-N
EBITDA	410	468	-12%	-58	127	177	-29%	-51	
									Net Debt / EBITDA (
Provisions	4	6	-33%	-2 -2	1 27	2	-45%	-1	Average Cost of Deb
Net depreciation and amortisation	88	90	-2%	-2	27	34	-20%	-7	Average Interest Ra
EBIT	319	373	-15%	-54	98	141	-30%	-43	Employees (#)
Capital gains/(losses)	_	0	_	-0	_	0	_	-0	Key Balance Sheet I
Financial results	(87)	(59)	-47%	-28	(27)	(23)	19%	-4	Rey balance sheet i
Results from associates	(14)	(62)	77%	+48	(4)	(23)	1570	+19	Net financial debt
	(14)	(02)	,,,,	140	(+)	(23)		.15	Regulatory receivab
Pre-tax profit	217	252	-14%	-34	67	95	-30%	-28	Non-controling Inte
		202	11/0	01	0,	55		20	Equity book value
Capex		(R\$ ı				(€ n			<b>Financial Results (R</b>
	1Q14	1Q13	Δ%	Δ Abs.	1Q14	1Q13	Δ%	Δ Abs.	
									Net Interest Costs
Capex	85	140	-39%	-55	26	53	-50%	-27	Capitalised Costs
Maintenance	85	55	56%	+31	26	21	27%	+6	Forex Differences ar
Expansion	-	86	-	-86	-	32	-	-32	Other
Financial Investments (5)	6	55	-90%	-49	2	21	-92%	-19	Financial Results

Energias do Brasil	1Q14	1013	Δ%	$\Delta$ ADS.
Share price at end of period (R\$/share)	10.30	12.62	-18%	-2.32
Number of shares Issued (million)	476.4	476.4	10/0	2.52
Treasury stock (million)	0.8	0.8	-	
Number of shares owned by EDP (million)	243.0	243.0	-	
	213.0	215.0		
Euro/Real - End of period rate	3.13	2.57	-18%	+0.56
Euro/Real - Average of period rate	3.24	2.64	-19%	+0.60
Inflation rate (IGP-M - 12 months)	7.3%	-	-	
Net Debt / EBITDA (x)	1.5	1.4	-	+0.1
Average Cost of Debt (%)	10.0	7.6	-	243b.p.
Average Interest Rate (CDI)	10.0	6.6	-	334b.p.
Employees (#)	2,822	2,725	4%	+97
Key Balance Sheet Figures (R\$ Million)	1Q14	1Q13	Δ%	Δ Abs.
	•			
Net financial debt	2,403	2,593	-7%	-190
Regulatory receivables (2)	216	283	-24%	-67
Non-controling Interests	1,700	1,943	-12%	-243
Equity book value	4,734	4,574	3%	+159
Financial Results (R\$ Million)	1Q14	1Q13	Δ%	Δ Abs.
	-4-1	1410	270	27.000
Net Interest Costs	(94)	(53)	-79%	-42
Net Interest Costs Capitalised Costs	`1Ź	7	-79% 127%	-42 +9
Capitalised Costs Forex Differences and Derivatives	`17́ 9	7 2	127% 292%	+9 +7
Capitalised Costs	`1Ź	7	127%	+9

In local currency, EDP – Energias do Brasil ("EDPB") EBITDA went down 12% YoY (-R\$58m) to R\$410m in 1Q14. EBITDA from distribution, went down 12% YoY (-R\$20m), reflecting: i) the significant recovery of negative tariff deviations, through CDE/CCEE contributions; and ii) 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 decreased 13% YoY (-R\$35m), essentially reflecting lower volumes of electricity sold, following a lower seasonal allocation of hydro volumes to 1Q14 (27% in 1Q14 vs. 29% in 1Q13). ForEx penalised EBITDA performance in Euro terms due to a 19% depreciation of the BRL vs. the EUR (-€29m impact). Note that 1Q13 figures here presented are restated for IFRS10 and IFRS11 implementation (Pecém I consolidation changed from proportional to equity method).

**Net operating costs** stood flat at R\$219m in 1Q14: i) supplies & services increased 2% YoY, on the back of higher costs with clients' services (call centre and wider clients' base) and higher expenses with O&M; ii) personnel costs and employee benefits went up 4% YoY, reflecting the annual salary update (+6.5%), higher headcount (+4%) and lower capitalized costs; and iii) other operating costs went down R\$6m YoY, on the back of lower provisions for doubtful clients.

**Net financial costs** went up R\$28m YoY to R\$87m in 1Q14, reflecting: i) higher net interest costs, backed by higher average gross financial debt (up from R\$3.6bn in Mar-13 to R\$4.9bn<sup>(3)</sup> in Mar-14), while avg. cost of debt increased 243bp to 10% in 1Q14; ii) higher capitalized interests, driven by Jari and Cachoeira-caldeirão ongoing construction works (classified as assets held for sale); and iii) higher ForEx differences and net results from derivatives. **Net financial debt went down 7% YoY** reflecting the transfer of the debt associated to Jari and Cachoeira-Caldeirão hydro projects to 'liabilities classified as held for sale' (R\$0.65bn of net debt as of Mar-13), following the MoU signed in Dec-13 with CWE Investment Corporation ("CWEI"), a 100%-owned CTG subsidiary, for the sale of a 50% stake in each of these projects.

As of Mar-14, hydro reservoirs in the Southeast/Center-West ("SE-CW") regions were at 36% of their maximum level (vs. 43% in Dec-13 and 54% in Mar-13). Despite a higher Generation Scaling Factor (GSF: 96.3% in 1Q14 vs. 92.2% in 1Q13), hydro levels are not recovering fast enough and the insufficient rainfall led the System Operator to keep on dispatching thermal plants, which translated into a strong increase of electricity spot prices (year-to-date avg. PLD: R\$688/MWh<sup>(4)</sup>).

(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 Jari, Cachoeira Caldeirão and São Manoel transfer to 'liabilities classified as held for sale';
(4) Based on weekly prices (until 25-Abr-2014); Southeast/Center-West regions;
(5) Excluding investments in wind farms held by EDP Brasil (45%) and EDP Renováveis (55%).



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### Brazil: Electricity Distribution



Income Statement (R\$ m)	1Q14	1Q13	Δ%	Δ Abs.
Gross Profit	305	332	-8%	-27
Supplies and services Personnel costs Other operating costs (net) <b>Net Operating Costs (1)</b>	80 64 19 <b>163</b>	79 64 27 <b>170</b>	1% 0% -29% <b>-4%</b>	+1 -0 -8 <b>-7</b>
EBITDA	142	161	-12%	-20
Provisions Net deprec. and amortisation	3 47	4 49	- -4%	-1 -2
EBIT	92	109	-16%	-17

Gross Profit Performance	1Q14	1Q13	Δ%	Δ Abs.
Regulated Revenues (R\$ m)	322	374	-14%	-51
Change in Reg. Receivables	17	42	-59%	-25
Gross Profit (RŞ m)	305	332	-8%	-27
Regulatory Receivables (R\$ m)	216	283	-24%	-67
Clients Connected (th)	3,076	2,964	4%	+112
Bandeirante	1,683	1,619	4%	+65
Escelsa	1,393	1,345	4%	+48
Electricity Distributed (GWh)	6,726	6,376	5%	+350
Bandeirante	3,923	3,688	6%	+234
Escelsa	2,803	2,688	4%	+115
From which:				
To clients in Free Market (GWh)	2,502	2,405	4%	+97
Electricity Sold (GWh)	4,224	3,971	6%	+253
Bandeirante	2,425	2,272	7%	+153
Resid., Commerc. & Other	1,819	1,647	10%	+172
Industrial	606	625	-3%	-19
Escelsa	1,799	1,699	6%	+100
Resid., Commerc. & Other	1,505	1,439	5%	+66
Industrial	295	261	13%	+34

Capex & Opex Performance	1Q14	1Q13	Δ%	Δ Abs.
Controllable Operating Costs (2)	137	136	1%	+1
Cont. costs/client (R\$/client)	44	46	-3%	-1
Cont. costs/km (R\$/Km)	2	2	-1%	-0
Employees (#)	2,226	2,194	1%	+32
Capex (net of subsidies) (R\$m)	72	46	57%	+26
Network ('000 Km)	88	87	1%	+1

**EBITDA from our electricity distribution activity in Brazil went down 12% YoY (-R\$20m) to R\$142m in 1Q14**, reflecting: i) a strong increase in negative tariff deviations (-R\$447m in 1Q14 vs. -R\$82m in 1Q13), with 1Q14 deviations being mostly compensated by CDE/CCEE contributions (+R\$420m); and ii) lower recoveries from previous years' deviations (+R\$9m in 1Q14 vs. +R\$40m in 1Q13). Excluding these impacts, recurring EBITDA went down 22% YoY (or +R\$44m) to R\$159m in 1Q14, on the back of lower regulated revenues, down 14% YoY to €322m in 1Q14, reflecting the negative impact of grid losses valued at higher market prices at both our DisCos and Escelsa's last regulatory review (Aug-13), which lowered from 10% to 7.5% (after taxes) the return on the regulated asset base.

**Volumes of electricity sold** went up 6% YoY in 1Q14, reflecting an 8% increase in the 'residential, commercial & other' segments, justified by a wider client base and higher temperatures. Volumes sold to the industrial segment improved 2% YoY, supported by the return of a relevant client to the regulated market. At the same time, **volumes distributed** to industrial clients in the free market advanced 4% YoY, backed by the migration of clients from the regulated market and by growing activity in the mining industry, which supported a 5% YoY increase of electricity distributed.

In 1Q14 Discos faced a record high in terms of electricity purchases costs – R\$8.62bn of additional costs in Jan/Feb-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 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, the CCEE was instructed to create an account called "Conta-ACR" (Conta no Ambiente de Contratação Regulada) for the financing of up to R\$11.2bn to compensate DisCos for the high energy costs suffered during 2014. These funds will be transferred to DisCos on top of another R\$4bn to be transferred from the National Treasury and of the initial R\$9bn of State Budget contribution already transferred to the CDE sector fund. Moreover, on April 30th, 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\$271/MWh for hydro and R\$262/MWh for thermal – clearly below spot market prices, which should decrease the energy DisCos' energy purchase costs from May-14 onwards. Also, ANEEL is starting to partially pass-through these higher costs to electricity consumers (annual tariff increases announced this year for 6 Discos ranging between +8.09% and +29.51%).

**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\$17m in 1Q14 (vs. a R\$42m increase in 1Q13). In 1Q14, a R\$447m negative tariff deviation was created, essentially related to higher energy costs than the ones incorporated in the tariffs, which was mostly compensated by R\$414m of contributions from CDE/CCEE (R\$31m received in 1Q14 and R\$383m provisioned to be cashed-in during 2Q14); also, R\$16m were received regarding deviations from previous years and 2013 final settlements. All in all, regulatory receivables amounted to R\$216m as of Mar-14, up R\$17m vs. Dez-13, to be collected through tariffs in the following years. **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). 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 1% YoY to R\$137m in 1Q14**, driven by higher supplies and services, on the back of higher costs with clients' services (call centre and wider clients' base) and higher expenses with O&M. **Other operating costs** went down R\$7m YoY, on lower provisions for doubtful clients.

**Capex** went up 57% YoY to R\$72m in 1Q14, mostly devoted to customer services activities and to the reinforcement of the quality of service.

### Brazil: Electricity Generation and Supply



Income Statement (R\$M)	Generation						
(	1Q14	1Q13		Δ Abs.			
Gross Profit	273	308	-11%	-35			
	275	308	-11/0	-35			
Supplies and services	18	15	15%	+2			
Personnel costs and employee benefits	13	12	7%	+1			
Other operating costs (net)	0	3	-	-3			
Net Operating Costs	31	30	2%	+1			
EBITDA	243	278	-13%	-35			
Provisions	0	1	-64%	-0			
Net depreciation and amortisation	38	38	-0%	-0			
EBIT	205	240	-15%	-35			
	205	240	-13/0	-55			
Generation	1Q14	1Q13	Δ%	Δ Abs.			
Gross Profit (R\$ m)	273	308	-11%	-35			
Laieado	102	128	-21%	-27			
Peixe Angical	86	112	-23%	-25			
Energest (15 hydro plants)	85	68	25%	+17			
	4 70-	4 700	<b>6</b> 6/	-			
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)	2,217	2,351	-6%	-133			
Lajeado	847	1,009	-16%	-162			
Peixe Angical	631	654	-4%	-24			
Energest (15 hydro plants)	740	688	8%	+52			
Average Selling Price (R\$/MWh) (2)	161	151	7%	+10			
Lajeado	137	132	3%	+4			
Peixe Angical	192	182	6%	+11			
Energest (15 hydro plants)	163	146	11%	+17			
	100	1.0	11/0				
Capex (R\$ m)	12	93	-87%	-81			
Maintenance	12	8	62%	+5			
Expansion	-	86	-	-86			
Financial Investments (R\$ m)	6	55	-90%	-49			
Employees (#)	402	356	13%	+46			
Pecém (equity method)	1Q14	1Q13	Δ%	Δ Abs.			
Installed Capacity (MW)	360	180	100%	+180			
Availability factor (%)	71%	40%	31b.p.	- 100			
EBITDA (R\$m)	<b>24</b>	(72)	510.h.	+96			
	24 1,001	1,079	- -7%	-78			
Net Debt (R\$m)	1,001	1,079	-/70	-/8			
Supply	1Q14	1Q13	Δ%	Δ Abs.			
Gross profit (R\$ m)	51	47	8%	+4			
Net Operating costs (1) (R\$ m)	0	(3)	-	+4			
EBITDA (R\$ m)	51	50	1%	+0			
EBITDA (KŞ III)							

**EBITDA from our electricity generation activities in Brazil went down 13% YoY (-R\$35m) to R\$243m in 1Q14**, reflecting: i) the need to purchase energy at abnormally high market prices as the GSF stood below 100% – note that despite a slight improvement of hydro conditions (GSF: 96.3% in 1Q14 vs. 92.2% in 1Q13) average electricity spot price was up 96% YoY to R\$645/MWh<sup>(3)</sup> in 1Q14; and ii) lower volumes of electricity sold – given the adverse hydro environment, and to maintain some protection against exposure to market prices, a significant portion of the volumes of electricity to be sold was still allocated to the 1Q, although to a smaller extend vs. 1Q13 (27% in 1Q14 vs. 29% in 1Q13).

**Electricity volumes sold** fell 6% YoY to 2.2TWh in 1Q14, reflecting the above mentioned seasonal allocation of volumes. **Average selling price** went up 7% 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.

In terms of capacity additions, EDPB participates in 3 new hydro projects: i) **Santo António do Jari (under construction)**, a 373MW project due in Jan-15 with an avg. contracted capacity of 202MW (190MW with a 30-year PPA at a price of R\$104/MWh and 21MW with a 28-year PPA at a price of R\$82/MWh) – total investment is expected to be ~R\$1.4bn (debt to equity ratio of ~2:1) and in Oct-12, BNDES approved a loan of R\$737m for 18.5 years (with a 2.5 years grace period) bearing an interest of 'TJLP + 186bps'; ii) **Cachoeira Caldeirão (under construction)**, a 219MW project due in Jan-17 with 130MW of avg. contracted capacity (30-year PPA at a price of R\$95/MWh) – total investment is estimated at ~R\$1.1bn (with 60% of leverage); and iii) **São Manoel (to start construction)**, a 700MW project due in May-2018 with 410MW of avg. contracted capacity (30-year PPA at a price of R\$83/MWh) – total investment should amount to ~R\$2.7bn (with 66% of leverage).

In Dec-13, within the scope of EDP's strategic partnership with CTG, EDPB signed a MoU with CWEI for the joint development of renewable projects, including the disposal by EDPB of: i) a 50% stake in Jari for R\$490m (R\$81m of expected additional equity contributions); and ii) a 50% stake in Cachoeira Caldeirão (R\$294m of expected equity contributions) – closing expected for 2Q14 (estimated capital gain of R\$165m at Net Income level). Additionally, 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). Subsequent to the application of IFRS11, and after the closing of these deals, these three projects will be consolidated by EDP through the equity method.

**Capex** fell 87% YoY to R\$12m in 1Q14 – Note that investments devoted to Jari and Cachoeira Caldeirão hydro projects (assets held for sale) are now being classified as 'financial Investments' in view of their future equity consolidation; this explains the YoY drop in expansion capex. **Financial investments** in 1Q14 translate ongoing construction works at Jari and financial investments in 1Q13 are pro-forma for IFRS 11 implementation and refer to Pecém I (fully commissioned since May-13).

**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 71%). In 1Q14, Pecém I EBITDA amounted to R\$24m and net loss attributable to EDPB was R\$15m (vs. a R\$62m loss in 1Q13).

**Electricity supply gross profit increased 8% YoY (+R\$4m) to R\$51m in 1Q14**, 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

1Q14 (€m)	Long-Term Contracted Generation	Iberian Liberalised Activities	Regulated Networks Iberia	EDP Renováveis	Brazil	Corpor. Activ. & Adjustments	EDP Group
Gross Profit	207	291	441	345	194	6	1,483
Supplies and services Personnel costs Costs with social benefits Other operating costs (net) <b>Operating costs</b>	13 17 0 2 <b>32</b>	47 16 1 35 <b>98</b>	5 59	16 2 (21)	34 24 3 6 <b>68</b>	(44) 40 2 5 <b>4</b>	202 151 13 86 <b>453</b>
EBITDA	176	192	245	289	127	2	1,030
Provisions Net depreciation and amortisation (1)	5 39	1 49		_ 110	1 27	0 16	7 324
EBIT	132	142	163	179	98	(14)	699

1Q13 (€m)	Long-Term Contracted Generation	Iberian Liberalised Activities	Regulated Networks Iberia	EDP Renováveis	Brazil	Corpor. Activ. & Adjustments	EDP Group
Gross Profit	228	205	448	366	261	0	1,507
Supplies and services Personnel costs Costs with social benefits Other operating costs (net) <b>Operating costs</b>	16 16 0 2 <b>34</b>	36 17 1 40 <b>94</b>	103 39 6 11 <b>158</b>	16 2 (28)	41 29 3 10 <b>83</b>	39 2 5	212 156 14 39 <b>421</b>
EBITDA	194	111	290	317	177	(3)	1,086
Provisions Net depreciation and amortisation (1)	1 41	0 57	0 82	- 113	2 34		9 344
EBIT	152	53	207	204	141	(25)	733

Quarterly P&L (€ m)	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	Δ ΥοΥ %	Δ QoQ %
Revenues from energy sales and services and other	4,414.6	3,768.1	3,732.3	4,365.2	4,327.2				-2%	-1%
Cost of energy sales and other	(2,907.8)	(2,384.5)	(2,459.0)	(3,078.1)	(2,844.2)				2%	8%
Gross Profit	1,506.9	1,383.5	1,273.3	1,287.1	1,483.0				-2%	15%
Supplies and services Personnel costs and Employee Benefits Other operating costs (net) <b>Operating costs</b>	212.1 169.6 39.0 <b>420.7</b>	229.2 165.6 102.1 <b>497.0</b>	215.0 152.0 79.0 <b>446.0</b>	253.4 144.6 91.1 <b>489.1</b>	202.4 164.0 86.3 <b>452.6</b>				-5% -3% 121% <b>8%</b>	-20% 13% -5% <b>-7%</b>
EBITDA	1,086.2	886.6	827.3	797.9	1,030.4				-5%	29%
Provisions Amortisation and impairment (1)	9.4 344.1	27.4 341.4	3.2 368.2	14.5 371.3	6.9 324.0				-27% -6%	-52% -13%
EBIT	732.6	517.8	455.9	412.2	699.5				-5%	70%
Capital gains/(losses) Financial Results Share of net profit in joint ventures and associates	(0.0) 153.6 11.6	(0.0) 163.6 3.3	0.0 169.0 1.3	27.2 212.1 (2.0)	0.0 146.9 (11.7)				- -4% -	-100% -31% -483%
Profit before income tax and CESE	567.4	350.9	285.5	202.2	564.2				-1%	179%
Income taxes Extraordinary contribution for the energy sector	159.1 -	49.1 -	54.6 -	(50.4) -	185.9 14.7				17%	-
Net Profit for the period <b>Net Profit Attributable to EDP</b> <u>Non-controlling Interests</u>	408.3 <b>334.7</b> 73.6	301.9 <b>268.5</b> 33.4	230.9 <b>189.1</b> 41.8	252.6 <b>212.7</b> 39.8	363.7 <b>296.1</b> 67.6				-11% - <b>12%</b> -8%	44% <b>39%</b> 70%

## EDP - Installed capacity & electricity generation

	Inst	alled Capa	city - MW (1	.)	Elec	tricity Gen	eration (GW	h)			Elect	ricity Gene	ration (GW	/h)		
Technology	1Q14	1Q13	ΔMW	Δ%	1Q14	1Q13	ΔGWh	Δ%	1Q13	2Q13	3Q13	4Q13		, 2Q14	3Q14	4Q14
	4 470	5,274	-804	-15%	E 002	E 0E2	-51	-1%	E 053	4 500	2 757	4 125	F 002			
PPA/CMEC (Portugal)	4,470		-804	-15%	5,002	5,053	432	-1%	5,053	4,509	3,757	4,135	5,002			
Hydro	<b>3,290</b>	<b>4,094</b>	-804	-20%	3,739	<b>3,307</b>	432	13%	3,307	2,781	<b>1,387</b> 900	2,036	3,739			
Run off the river	1,056	1,860			2,124	2,418			2,418	2,199		1,458	2,124			
Reservoir	2,234	2,234	•	00/	1,615	889	400	200/	889	582	487	578	1,615			
Coal - Sines	1,180	1,180	0	0%	1,263	1,747	-483	-28%	1,747	1,728	2,370	2,098	1,263			
Special Regime (Ex-Wind)	274	330	-56	-17%	414	554	-140	-25%	554	422	258	405	414			
Portugal	181	225	-44	-19%	347	400	-52	-13%	400	272	139	258	347			
Small-Hydro	157	157			278	268			268	156	32	127	278			
Cogeneration	24	68			69	132			132	116	107	131	69			
Spain	93	106	-12	-11%	67	154	-88	-57%	154	150	119	147	67			
Cogeneration+Waste	93	106			67	154			154	150	119	147	67			
Liberalised Iberia	7,774	7,122	653	9%	4,157	3,621	536	15%	3,600	2,643	3,330	3,673	4,157			
Hvdro	2,422	1,605	818	51%	2,805	1,581	1,224	77%	1,560	1,343	539	806	2,805			
Portugal	1,996	1,178	010	51/0	2,399	1,104	_,		1,104	997	465	660	2,399			
Spain	426	426			406	477			456	347	73	146	406			
Spann					100					0.17		1.0				
Coal	1,460	1,460	0	0%	862	1,371	-509	-37%	1,371	1,015	2,015	2,005	862			
Aboño I	342	342			193	412			412	256	593	538	193			
Aboño II	536	536			597	826			826	697	1,030	1,001	597			
Soto Ribera II	236	236			36	124			124	16	52	213	36			
Soto Ribera III	346	346			36	9			9	46	340	253	36			
CCGT	3,736	3,736	0	0%	158	337	-179	-53%	337	100	458	539	158			
Ribatejo (3 groups)	1,176	1,176	-	••••	28	74			74	6	38	104	28			
Lares (2 groups)	863	863				63			63	6	344	144				
Castejón (2 groups)	843	843			66	94			94	58	54	153	66			
Soto IV & V (2 groups)	854	854			56	106			106	29	22	138	56			
50t0 1V & V (2 groups)										-						
Nuclear - Trillo	156	156	0	0%	332	331	1	0%	331	184	319	323	332			
Gasoil - Tunes	0	165	-165	-	0	0	0	-	0	0	0	0	0			
Wind (More detail on page 16)	7,712	7,356	356	5%	6,101	5,542	559	10%	5,542	4,765	3,388	5,447	6,101			
Iberia	2,815	2,809			2,330	2,212			2,212	1,596	1,333	1,915	2,330			
Rest of Europe	1,307	987			791	552			552	434	369	733	791			
North America	3,506	3,476			2,930	2,726			2,726	2,690	1,631	2,722	2,930			
Brazil	84	84			49	52			52	46	55	77	49			
Solar - Romania	50	39	12	30%	11	0	11	-	0	16	17	11	11			
Brazil (Ex-Wind)	1.797	1,799	-2	0%	2,341	2,246	95	4%	2,246	1,847	1,234	1,830	2,341			
Hydro	1,797	1,799	-2	0%	2,341	2,246	95	4%	2,246	1,847	1,234	1,830	2,341			
Laieado	903	903	-		1,205	1,040			1,040	849	463	778	1,205			
Peixe Angical	499	499			667	710			710	535	481	672	667			
Energest	396	397			469	497			497	463	289	379	469			
TOTAL	22,079	21,920	159	1%	18,026	17,016	1,010	6%	16,995	14,201	11,984	15,502	18,026			
	22,075	21,520	135	1/0	10,020	17,010	1,010	070		17,201	11,504	13,302	10,020			<u> </u>

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### EDP - Volumes distributed, clients connected and networks

GAS

Supply Points (th)

ELECTRICITY				
Electricity Distributed (GWh)	1Q14	1Q13	ΔGWh	Δ%
Portugal	11,470	11,102	368	3.3%
Very High Voltage	508	507	1	0%
High / Medium Voltage	5,040	4,876	163	3.3%
Low Voltage	5,923	5,719	204	3.6%
Spain	2,365	2,357	8	0.4%
High / Medium Voltage	1,698	1,636	61	3.7%
Low Voltage	668	721	-53	-7.4%
Brazil	6,726	6,376	350	5.5%
Free Clients	2,502	2.405	97	4.0%
Industrial	900	886	15	1.7%
Residential, Comercial & Other	3,324	3,085	238	7.7%
TOTAL	20,561	19,835	726	3.7%

Gas Distributed (GWh)	1Q14	1Q13	ΔGWh	Δ%
Portugal	1,979	1,971	8	0.4%
Low Pressure	375	393	-19	-4.7%
Medium Pressure	1,596	1,568	27	1.7%
LPG	9	9	-0	-4.7%
Spain	13,555	14,685	-1,130	-7.7%
Low Pressure	3,597	3,639	-42	-1.1%
Medium Pressure	9,957	11,046	-1,089	-9.9%
TOTAL	15,534	16,656	-1,122	-6.7%

Clients Connected (th)	1Q14	1Q13	Abs. Δ	Δ%
Portugal	6,070	6,079	-9.1	-0.1%
Very High / High / Medium Voltage	24	24	0.1	0.3%
Special Low Voltage	34	33	0.2	0.6%
Low Voltage	6,013	6,022	-9.4	-0.2%
Spain	659	657	1.3	0.2%
High / Medium Voltage	1	1	0.0	0.2%
Low Voltage	658	656	1.3	0.2%
Brazil	3,076	2.964	112.3	3.8%
Bandeirante	1,683	1.619	64.8	4.0%
Escelsa	1,393	1,345	47.5	3.5%
TOTAL	9,805	9,701	104.5	1.1%

TOTAL	1.329.8	1.303.0	26.8	2.1%
Medium Pressure	0.8	0.8	-0.1	-6.8%
Low Pressure	1,019.0	1,009.6	9.4	0.9%
Spain	1,019.8	1,010.4	9.4	0.9%
LPG	5.8	5.8	-0.0	0.0%
Medium Pressure	1.3	1.2	0.1	7.3%
Low Pressure	302.8	285.5	17.3	6.1%
Portugal	310.0	292.6	17.4	5.9%

1Q14

1Q13

Abs.  $\Delta$ 

Networks	1Q14	1Q13	Abs. $\Delta$	Δ%
Lenght of the networks (Km)	337,131	334,976	2,154	0.6%
Portugal	225,332	224,595	737	0.3%
Spain	23,318	23,007	311	1.4%
Brazil	88,480	87,375	1,106	1.3%
Losses (% of electricity distributed)				
Portugal (1)	-11.2%	-14.4%	3.2 pp	
Spain	-4.2%	-4.1%	-0.1 pp	
Brazil				
Bandeirante	-9.7%	-10.2%	0.5 pp	
Technical	-5.5%	-5.5%	-0.0 pp	
Comercial	-4.1%	-4.7%	0.6 pp	
Escelsa	-13.2%	-13.5%	0.3 pp	
Technical	-7.6%	-7.8%	0.2 pp	
Comercial	-5.6%	-5.7%	0.1 pp	

Networks	1Q14	1Q13	Abs. Δ	Δ%
Lenght of the networks (Km)	14,521	14,243	278	2.0%
Portugal	4,513	4,349	164	3.8%
Spain	10,008	9,894	114	1.2%

#### (1) Excludes Very High Voltage

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Δ%

#### EDP - Sustainability performance

#### 1014 Main Events

Jan-14: EDP is a member of the Sustainability Yearbook for 7<sup>th</sup> year running and Gold Class for the 5<sup>th</sup> consecutive year; leader of the utilities sector;

Feb-14: New Code of Ethics (first published in 2005) - Revision of the Code covers new thematic areas and gives a better explanation of its extension to the supply chain;

Feb-14: Twist and University Challenge gives students the opportunity to be agents for change in issues related to Sustainable Development (Portugal, Spain and Brazil);

Feb-14: 4th meeting with suppliers promotes alignment between the company and its partners -More than 70 suppliers, accounting for 80% of EDP's turnover, became aware of the pillars of the company's strategy;

Mar-14: Personnel management certified by Top Employers Brazil for the 3<sup>rd</sup> time running;

Mar-14: EDP is one of the most valuable brands in the world occupying the 476<sup>th</sup> place of the Brand Finance rankings with a brand value of €2.26bn, getting an AA+ rating.

Environmental Metrics	1Q14	1Q13	Δ%
Absolute Atmospheric Emissions (kt)	2,725	3,717	-27%
CO2 (c)	2,725	3.4	-27%
NOx	1.6	3.1	-41%
SO2 Particle	0.071	0.161	-50%
Particle	0.071	0.101	-30%
Specific Atmospheric Emissions (g/KWh)			
CO2 (c)	151.6	213.5	-29%
NOx	0.11	0.20	-43%
SO2	0.09	0.18	-52%
GHG emissions (ktCO2 eq)			
Direct Emissions (scope 1)	2,730	3,727	-27%
Indirect emissions (scope 2)	601	458	31%
Primary Energy Consumption (TJ) (d)	25,872	38,816	-33%
Max. Net Certified Capacity (%)	77%	75%	2 p.p.
Water Use (103 m3)	352,100	397,857	-12%
Total Waste (t) (e)	59,536	76,881	-23%
Environmental Costs (€ th)	17,656	16,530	7%
Environmental Fees and Penalties (€ th)	0	75	

#### EDP Internal Sustainability Index (base 2010-12)

	1Q14	Base 100	Δ%
Sustainability Index	107	99	8
Environmental	114	102	12
%Weight	33%	33%	
Economic	98	95	3
%Weight	37%	37%	
Social	109	101	٤
%Weight	30%	30%	

8%

12%

3%

8%

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

Economic Metrics	1Q14	1Q13	Δ%
Economic Value (€m) (1)			
Directly Generated Distributed Accumulated	4,640 3,819 820	4,787 3,978 808	-3% -4% 2%
Social Metrics	1Q14	1Q13	Δ%
Employees (a)	12,047	12,114	4.0/
	,• ···	12,114	-1%
Training (hours trainee)	78,564	72,003	-1% 9%

Environmental Metrics - CO2 Emissions						
CO2 Emissions	Absolu (ktCO2		Specif (t/MW		Generati (GWI	
	1Q14	1Q13	1Q14	1Q13	1Q14	1Q13
PPA/CMEC Coal Fuel Oil & Natural Gas	<b>1,223</b> 1,223	<b>1,613</b> 1,612 1	0.97 0.97	<b>0.92</b> 0.92 14.01	<b>1,263</b> 1,263	<b>1,747</b> 1,747 0
Liberalised Coal CCGT	<b>1,336</b> 1,259 77	<b>1,846</b> 1,700 147	<b>1.31</b> 1.46 0.49	<b>1.08</b> 1.24 0.43	<b>1,020</b> 862 158	<b>1,708</b> 1,371 337
Special Regime	166	257	0.40	0.32	414	801
Thermal Generation	2,725	3,717	1.01	0.87	2,697	4,256
CO2 Free Generation					15,275	13,157
CO2 Emissions			0.15	0.21	17,973	17,413

(a) Including Executive Social Bodies (b) ESP: External Services Provider (c) Excluding vehicle fleet

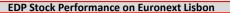
(e) Waste sent to final disposal

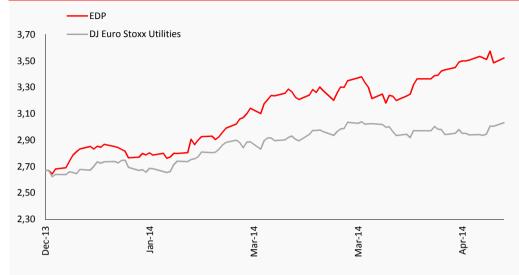
(f) Includes heat generation (1Q13: 445 GWh; 1Q14: 278 GWh)

(d) Including vehicle fleet

(g) 1Q13 figures were restated so as to reflect IFRS10 and IFRS 11 implementation

#### **EDP Share Performance**





EDP Stock Market Performance	YTD	52W	2013
		12/05/2014	
EDP Share Price (Euronext Lisbon - €)			
Close	3.521	3.521	2.670
Max	3.592	3.592	2.818
Min	2.620	2.245	2.215
Average	3.112	2.812	2.519
EDP's Liquidity in Euronext Lisbon			
Turnover (€ m)	1,913	4,188	3,791
Average Daily Turnover (€ m)	20	16	15
Traded Volume (million shares)	615	1,489	1,505
Avg. Daily Volume (million shares)	6.5	5.7	5.8

EDP Share Data	1Q14	1Q13	Δ%
Number of shares Issued (million) Treasury stock (million)	3,656.5 25.8	3,656.5 30.8	-16.5%
			-1

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
<b>28-Jan:</b> 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
<b>10-Fev:</b> EDP sells €138 million of tariff deficit in Portugal
14-Fev: Norges Bank notifies qualified shareholding in EDP
<b>12-Mar:</b> EDP announces mandate and roadshow for a securitization transaction of the tariff deficit in Portugal
13-Mar: Capital Group notifies qualified shareholding in EDP
<b>26-Mar:</b> 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
<b>08-Abr:</b> EDP issues €650 million bond maturing in April 2019

15-Abr: Fitch maintains EDP on rating watch negative

#### **Investor Relations Department**

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