



Results Presentation 1Q15

Lisbon, May 8th, 2015



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1Q15: Key Highlights



EBITDA: €1,017m, -1% YoY

Penalized by adverse weather conditions in 1Q15 vs. 1Q14

Net Profit: €297m flat YoY

Financial costs penalised by forex, lower effective tax rate

Net debt: -2% or -€263m YTD to €16.8bn in Mar-15

including €436m adverse impact from EUR/USD

Regulatory receivables in the Portuguese electricity system: virtually flat (+€50m) in 1Q15

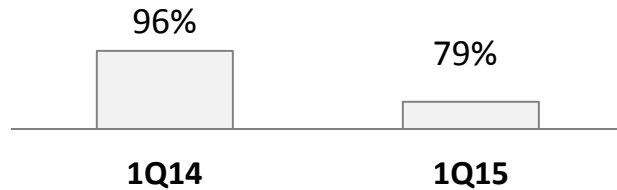
Electricity system debt expected to remain flat over 2015 (at peak ~€5.3bn)

2014 dividend of €0.185 per share (65% pay-out): Sustainable dividend policy commitment

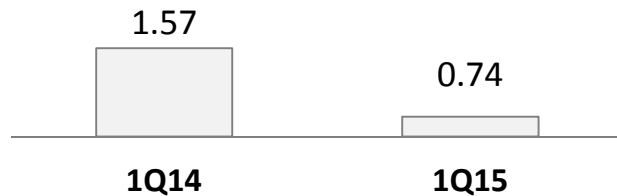
Approved in April 21st in AGM, Payment date: May 14th (ex dividend date May 12th)

1Q15 results penalized by weaker hydro & wind volumes in our key markets vs. a very strong 1Q14

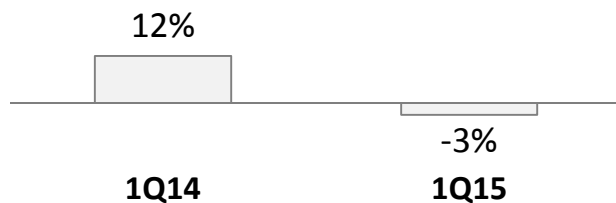
GSF (Generation Scaling Factor) - Brazil
(100% = avg. year)



Hydro Coefficient - Portugal
(1.0 = avg. year)

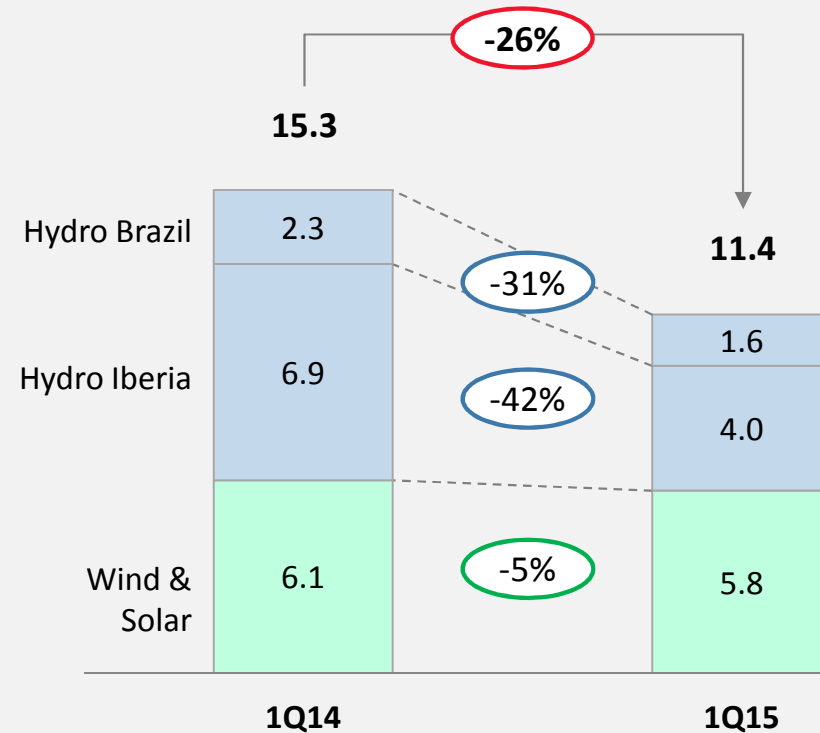


Wind Load Factor – EDPR
(Quarterly load factors vs average quarter)



EDP Hydro, Wind and Solar Production (TWh)

○ % Chg. YoY



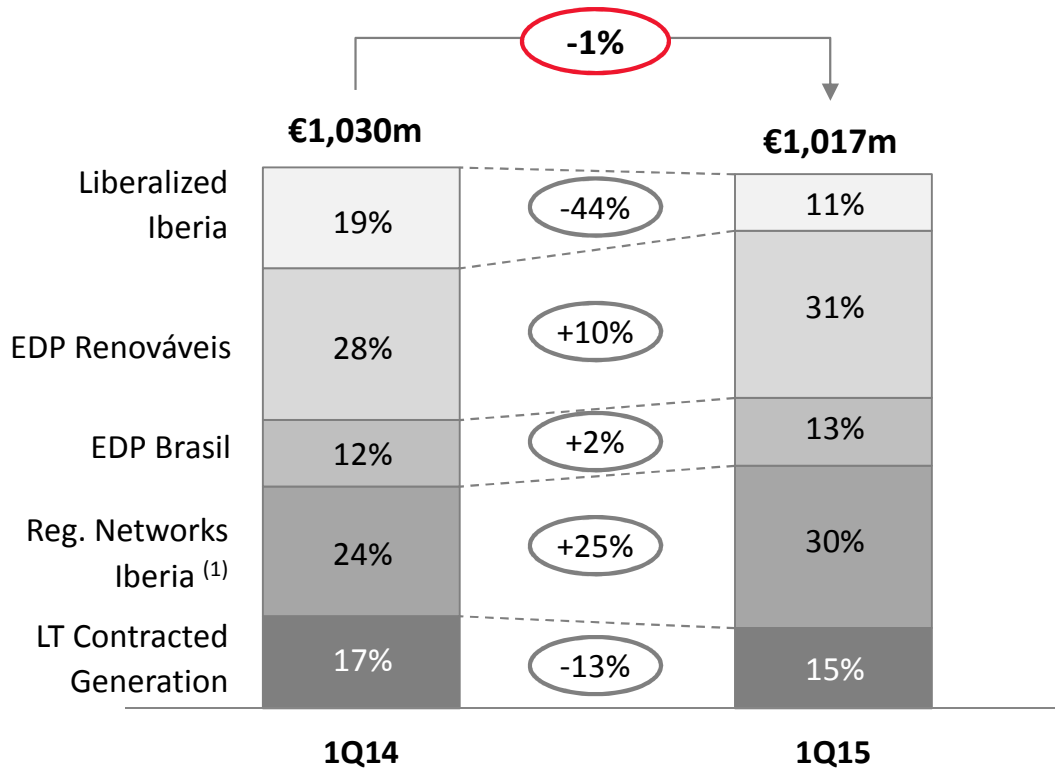
Hydro & wind represented 69% of EDP's generation mix in 1Q15 vs 85% in 1Q14

EBITDA Breakdown

EBITDA Breakdown by division

(€ million)

○ % Chg. YoY



↓ **Generation & Supply Iberia:** weak hydro volumes in 1Q15 vs very strong in 1Q14; strong gains in 1Q14 with energy management (not material in 1Q15)

↑ **EDP Renováveis:** recovery of prices in Spain and US; positive ForEx; wind resources weaker than average in 1Q15 vs. very strong in 1Q14

→ **EDP Brasil:** low GSF in hydro generation balanced by improved regulated revenues in distribution

↑ **Regulated networks Iberia:** €78m gain on sale of Gas Murcia; lower opex (-4% YoY in Iberia)

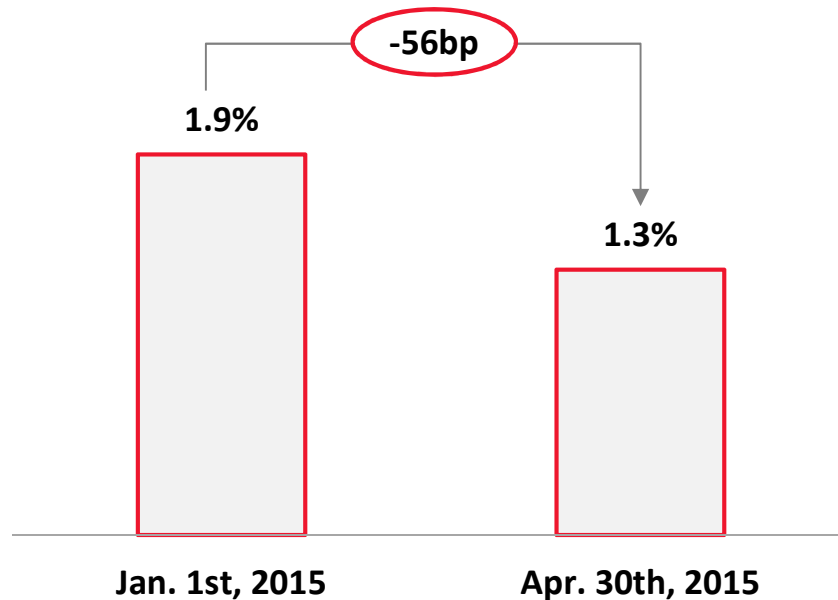
Growth in EDP Renováveis and regulated networks, weaker performance in generation (Iberia and Brazil)

ForEx impact: +€24m or +2% on stronger avg. USD/EUR (+22% YoY)

EDP's cost of funding: Positive developments



EDP 5-year bond yield
(%)



EDP major funding deals (2015 YTD)

- Feb-15: **€2bn** 5-Year credit facility (with 16 international banks) at **EURIBOR+1.1%** (used to early repay €1.6bn loan at EURIBOR+4%)
- Mar-15: **€500m** securitization of Tariff Deficit (Portugal) at **2% yield**
- Apr-15: **€750m** 10-Year bond issue at **2% yield**

€3.25bn credit deals executed in 2015 YTD at competitive cost, avg. debt maturity extended to 4.4 years

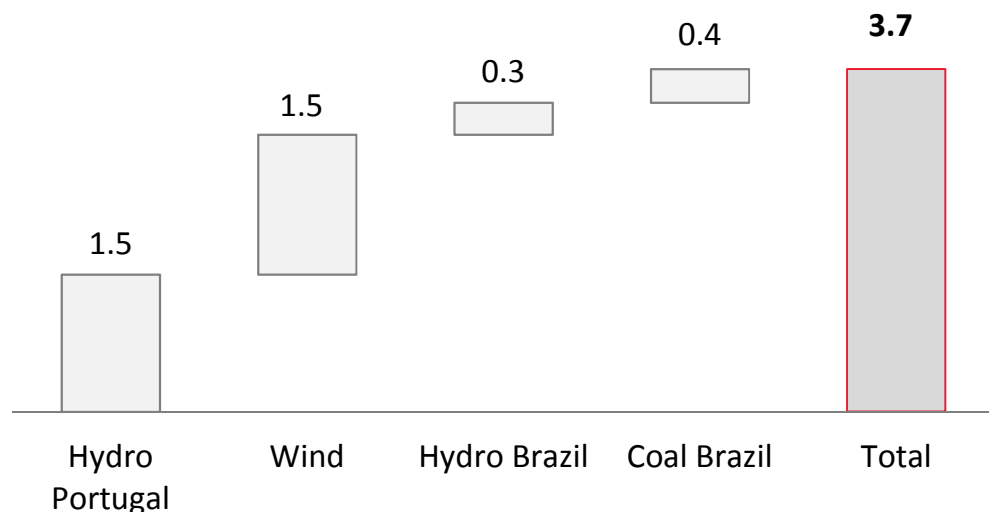
Improve prospects on future evolution of average cost of debt (at 4.7% in 1Q15)

Execution of growth strategy presented in May-14:



Investments focused on wind & hydro greenfield projects

Upcoming capacity additions (GW)



- **Hydro Portugal:** 5 plants at 88% completion rate, to start up in 2015/2016, mostly with pumping
- **Wind:** 0.6GW under construction; +0.9GW for 2016-17 with PPA/LT Contract awarded, mostly in US and Latam
- **Hydro Brazil:** 2 hydro plants under construction (equity accounted); track record from Jari's case of success
- **Coal Brazil:** acquisition of remaining 50% stake in Pecém I from Eneva; pending final approval

Capital recycling execution reflects capital discipline:

- **EDPR asset rotation deals:** >70% already achieved of €0.7bn target for 2014-2017
- **CTG partnership - Deals already agreed and pending conclusion:**
 - (1) Wind Brazil: sale of 49% stake; (2) EDPR's 40% stake in ENEOP: sale of 49%
- **Disposal of Gas distribution assets in Spain:** EV/EBITDA of c13x; €236m proceeds, €83m gain

Profitable growth strategy consistent with our financial deleverage targets

Continued reinforcement of EDP's distinctive equity story



Visibility on profitable growth driven by renewables

Deleverage commitment

Improved visibility of medium term FCF potential

Keeping a low risk profile:

>85% weight of EBITDA from Regulated and LT Contracted
Value of portfolio diversification by market and technology

Sustainable dividend policy

€0.185 per share as a floor (65% payout in 2014)

Keeping a distinctive profile amongst European Utilities

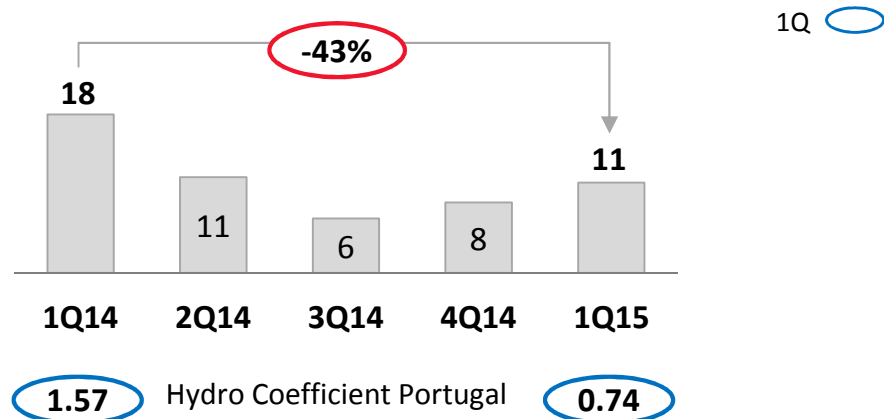


Results Analysis

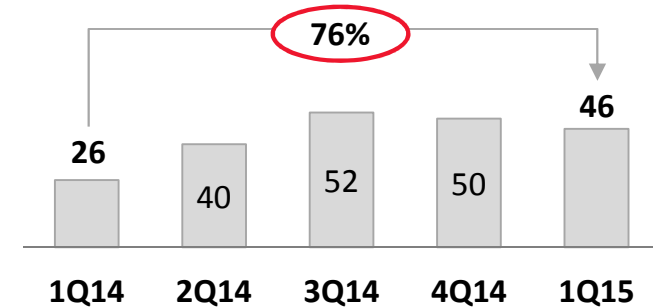
Conditions in Iberia:



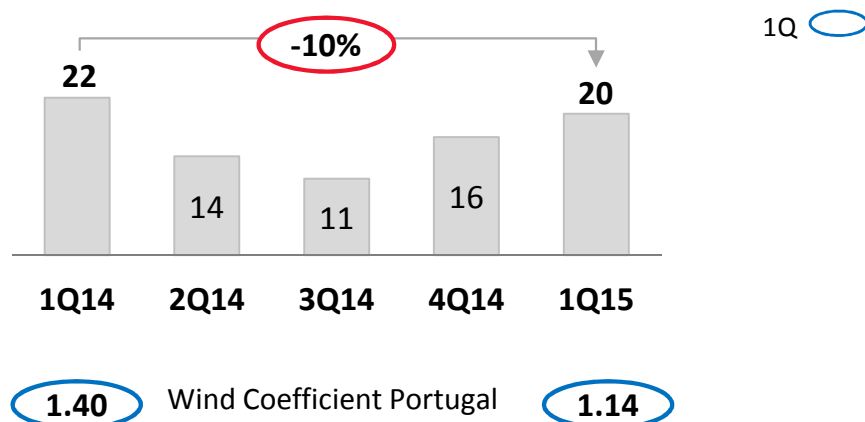
Hydro & Mini-Hydro Power Production – Iberia ⁽¹⁾ (TWh)



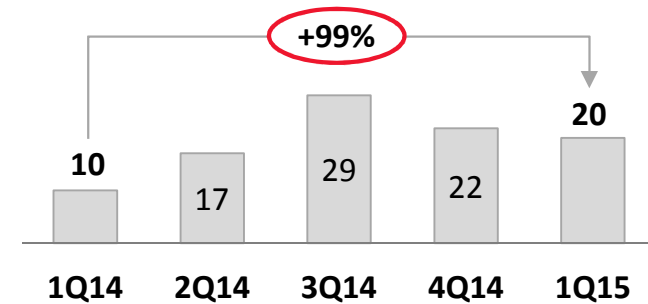
Avg. Pool Price in Spain (€/MWh)



Wind Power Production – Iberia (TWh)



Thermal Power Production in Iberian market (TWh)

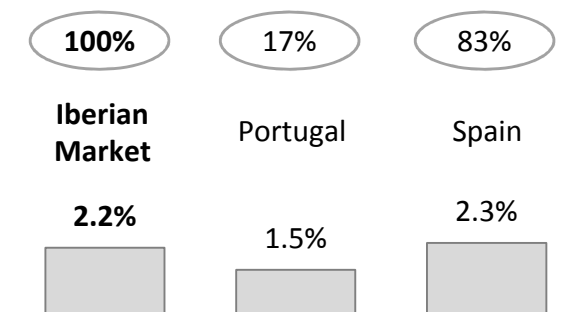


Much lower wind and hydro volumes in 1Q15 vs. 1Q14 led to surge in thermal production and pool prices

Iberia: Energy Demand

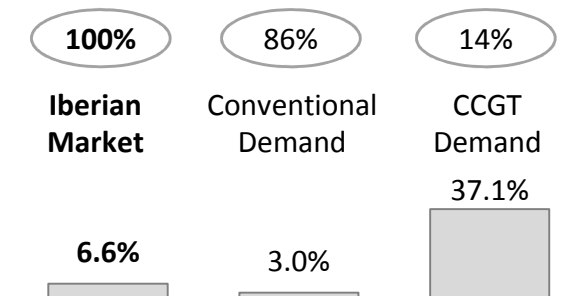
Electricity Demand in Iberian Market 1Q15 ⁽¹⁾ (Δ% YoY)

○ % Weight in Iberia in 1Q15



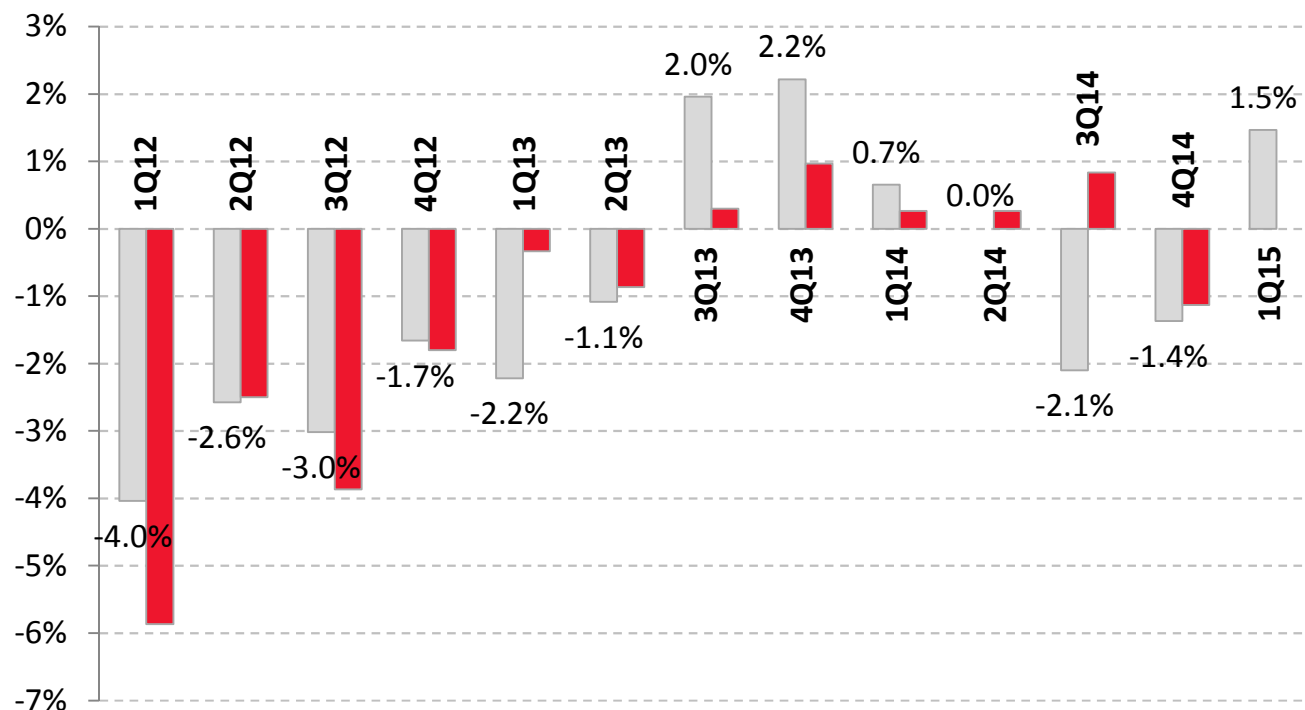
Gas Demand in Iberian Market 1Q15 ⁽³⁾ (Δ% YoY)

○ % Weight in Iberia gas demand in 1Q15



Electricity demand Portugal ⁽¹⁾ (Δ% YoY)

■ Real ■ Adjusted ⁽²⁾



Electricity demand Iberia in 1Q15: +2.2% signalling economic recovery

Adjusted for temperature & working days: flat YoY in Portugal and +1.5% in Spain

(1) Source: REN and REE. Figures of electricity demand correspond to gross demand (before grid losses); (2) Adjusted for temperature and working days

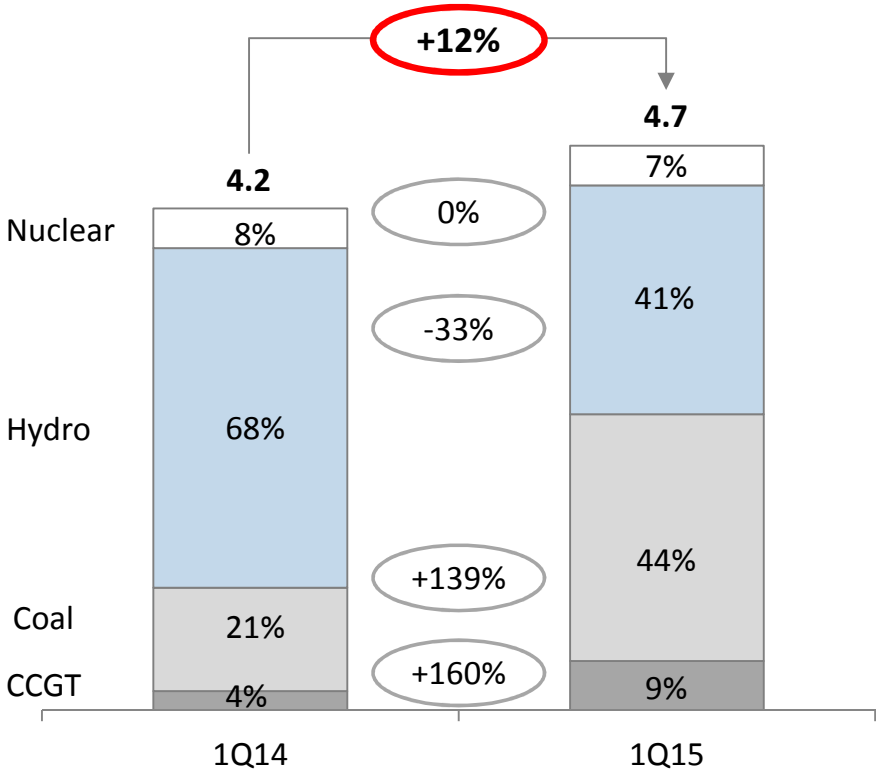
(3) Source: REN and Enagas

Electricity Generation in Iberia



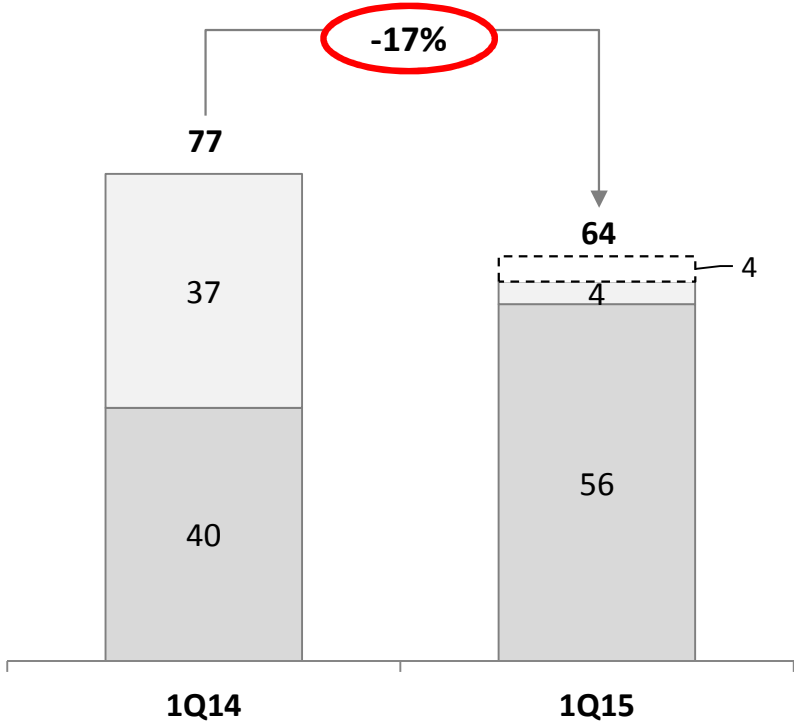
EDP Liberalised Generation Portfolio – Production (TWh)

○ % Chg. YoY



EDP PPA/CMEC Plants in Portugal: market deviation⁽¹⁾ (€ million)

□ Coal ■ Hydro ▭ 2014 Adjustment



Strong increase in coal production compensates decline in hydro volumes

PPA/CMEC deviation in 1Q15: close to zero in coal, €56m in hydro due to volumes 40% lower than expected

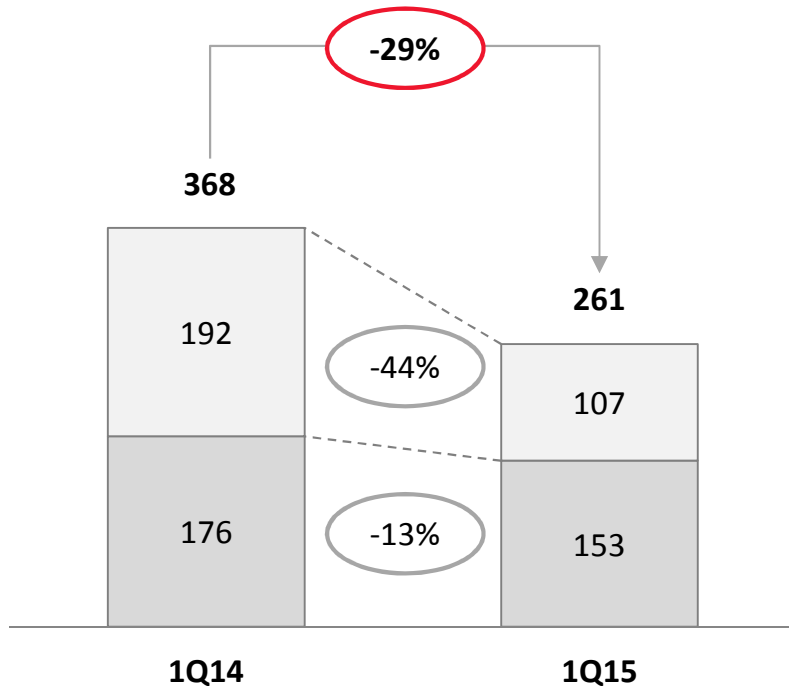
(1) Difference between gross profit of power plants under CMECs assumptions and gross profit of power plants in the market

Generation and Supply Iberia (26% EBITDA)



EBITDA Generation & Supply Iberia (€ million)

■ Liberalised Activities ■ Long Term Contracted Generation



Liberalised Energy Activities in Iberia: -44% (-€85m)

- Avg. generation cost +98% YoY on lower hydro volumes
- 1Q14 performance marked by significant gains on energy management of our long position in clients and on gas sales in wholesale markets which were almost non existent in 1Q15
- Generation Taxes in Spain +€15m YoY on higher gen. revenues

Long Term Contracted Generation Iberia: -13% (-€22m)

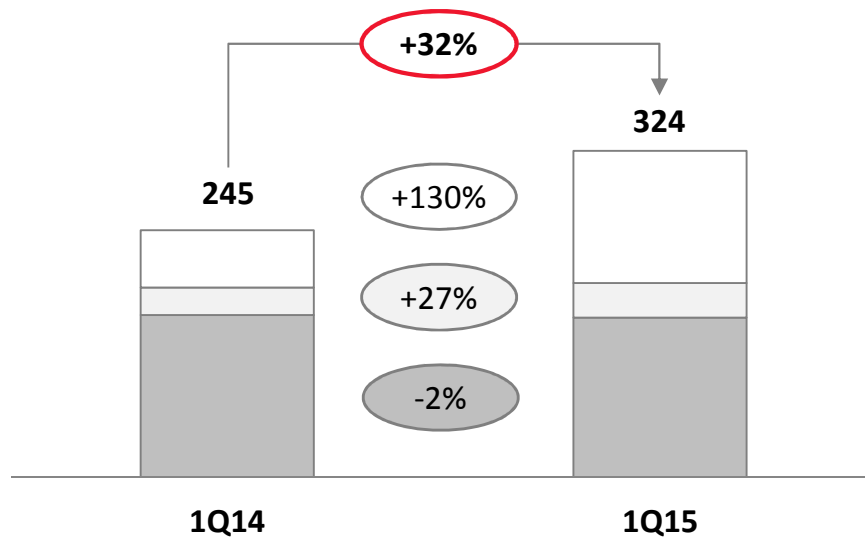
- PPA/CMEC: immaterial inflation update
- Mini-hydro volumes -50% YoY

Outstanding performance in 1Q14 with very strong hydro volumes and significant volatility in energy markets
1Q15 marked by below average hydro volumes in Iberia and fewer opportunities for energy management

Regulated Energy Networks Iberia (30% of EBITDA)

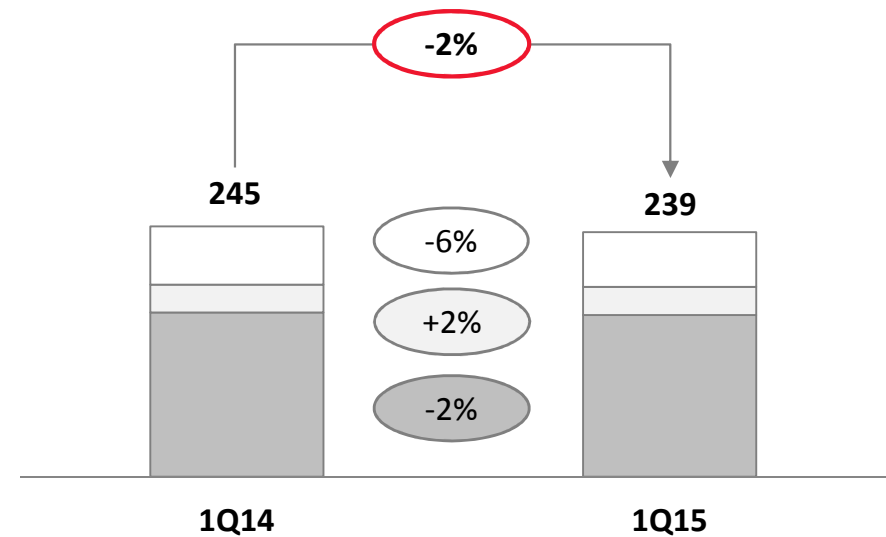
EBITDA (€ million)

- Gas Iberia
- Electricity Spain
- Electricity Portugal



Adjusted EBITDA ⁽¹⁾ (€ million)

- Gas Iberia
- Electricity Spain
- Electricity Portugal



- **Electricity Portugal:** New regulatory period 2015/2017 with RoRAB down to 6.36% in 1Q15; efficiency improvements
- **Electricity Spain:** slight increase of regulated revenues, recovery of deviations from previous years (€7m)
- **Gas Iberia:** Disposal of Gas Murcia in 1Q15 (€78m capital gain, -€4m YoY from de-consolidation)

Adj. EBITDA -2% YoY reflects lower RoRAB in electricity Portugal and significant efficiency improvements

(1) Excludes €78m gain on the sale of gas assets in Murcia in the 1Q15 and the €7m recovery of previous years' regulated revenues in electricity distribution Spain in 1Q15

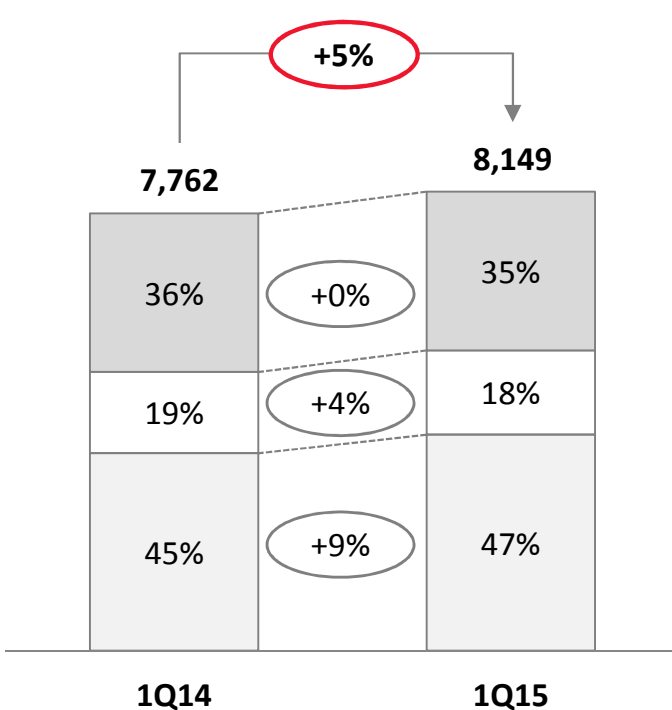
EDP Renováveis (31% of EBITDA)

Growth supported by higher prices and stronger USD



**Installed Capacity
(MW)**

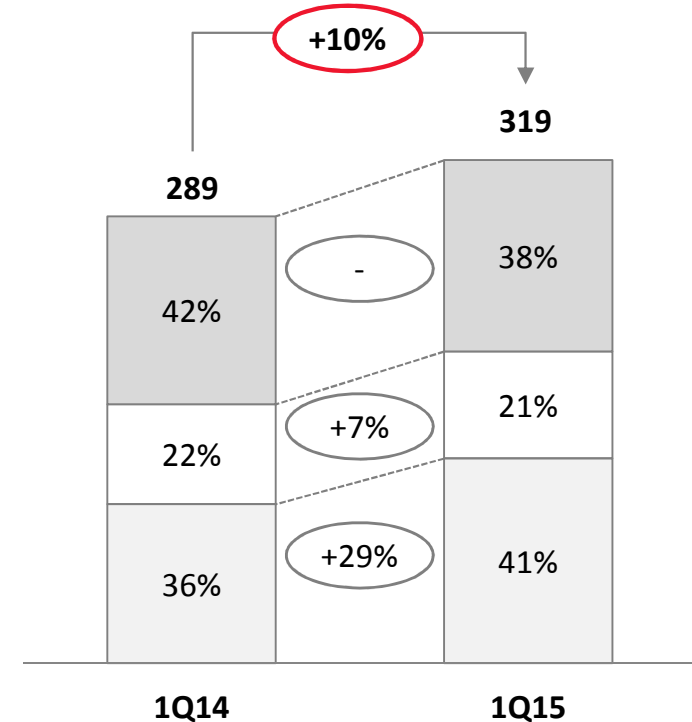
■ Iberia ■ North America ■ Other⁽¹⁾



**Production⁽²⁾
(GWh)**



**EBITDA
(€ million)**



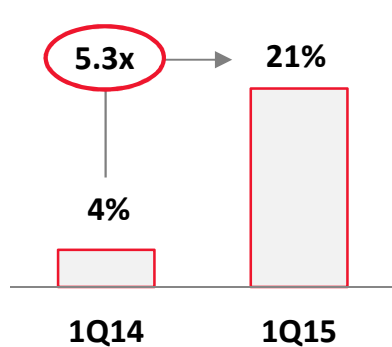
- **N. America: +29% in Euros, +6% in USD** (avg. USD/EUR +22% YoY, +€23m forex impact); avg. selling price +10% YoY in USD
- **Iberia:** Stable; Outstanding wind resources in 1Q14 and recovery in pool prices in Spain in 1Q15
- **other markets: +7%;** Higher average capacity and average load factor; lower prices in Romania

(1) Includes Rest of Europe and Brazil

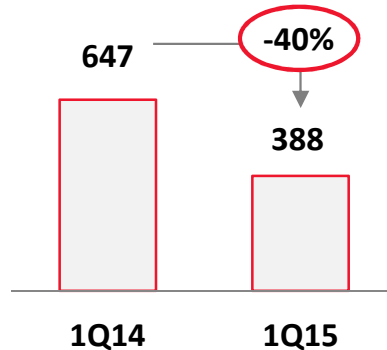
(2) includes wind and solar production (11GWh in 1Q14 and 29GWh in 1Q15)

Brazilian Electricity System: 1Q15 environment

Hydro Generation Deficit (1-GSF; in %)



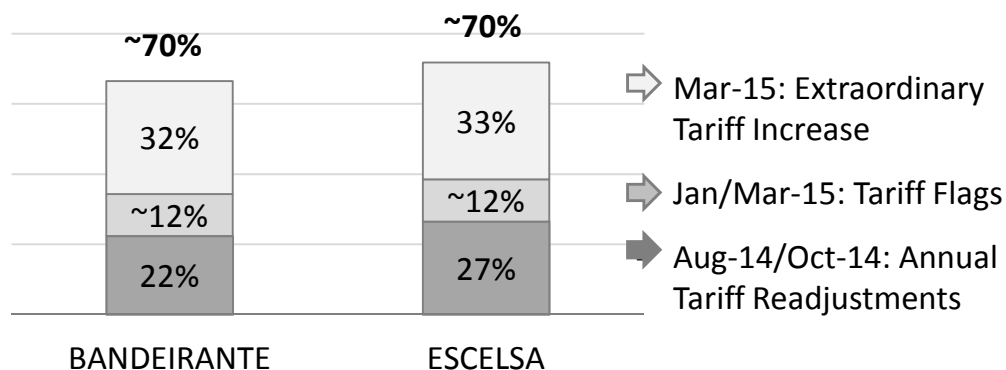
Spot Market Price (PLD) ⁽¹⁾ (€/MWh)



1Q15 developments

- ↓ Hydro production in 1Q15 was at 58%⁽²⁾ of historical avg.
- ↓ Strong thermal dispatch to preserve hydro reservoirs under low rainfall conditions: Penalising Gencos w/ hydro PPAs
- ↑ Hydro reservoirs up from 19% in Dec-14 to 33% in Apr-15
- ↑ Spot price (PLD) cap level cut to R\$388/MWh since Jan-15: reduces acquisition costs for Gencos with PPAs which are facing production shortfalls
- ↑ Pending regulatory receivables from Nov/Dec-14 paid to system distributors by “Conta-ACR” in 1Q15 (R\$3.1bn)
- ↑ Tariff updates to reflect the real increase of system costs:
 - (1) “Tariffs Flags” at R\$55/MWh in Mar-15 (up from R\$30/MWh in Jan/Feb-15);
 - (2) Extraordinary tariff increases in place since Mar-15
- ➡ Slight decline of power demand in 1Q15: -1.4% YoY

Distribution – Last 12 months Avg. Retail Tariff Updates (%)

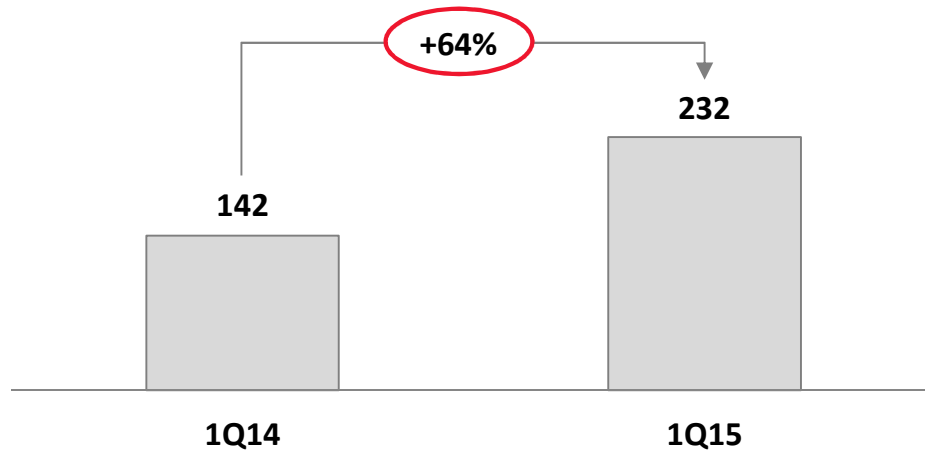


Decline on risk of electricity rationing for 2015

Hydro generators with PPA contacts increasingly penalized by decline of hydro dispatch (GSF of 79% in 1Q15)

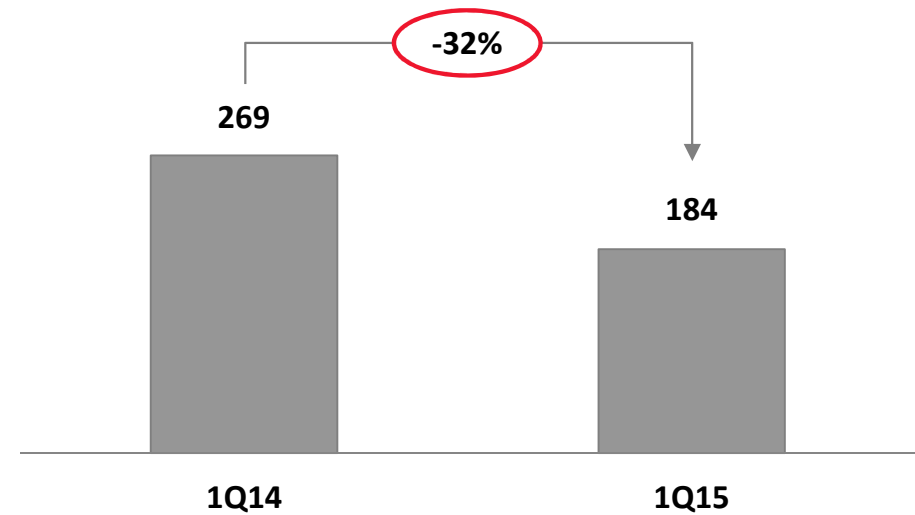
EDP Brasil (13% of EBITDA)

EDP Brasil – Distribution EBITDA (BRL million)



- **Growth of regulated gross profit:** Positive timing impact from recent tariff updates
- **Tariff deviation in 1Q14 (-R\$17m)** adversely impacts EBITDA

EDP Brasil – Generation & Other EBITDA (BRL million)



- **GSF of 79% in 1Q15** (vs. 96% in 1Q14) implied higher costs with energy purchases to meet PPA commitments (net of hedging: **-R\$165m in 1Q15** vs -R\$19m in 1Q14)
- **Positive impact from seasonal allocation** of contracted volumes: 29% of annual contracts in 1Q15 vs. 27% in 1Q14

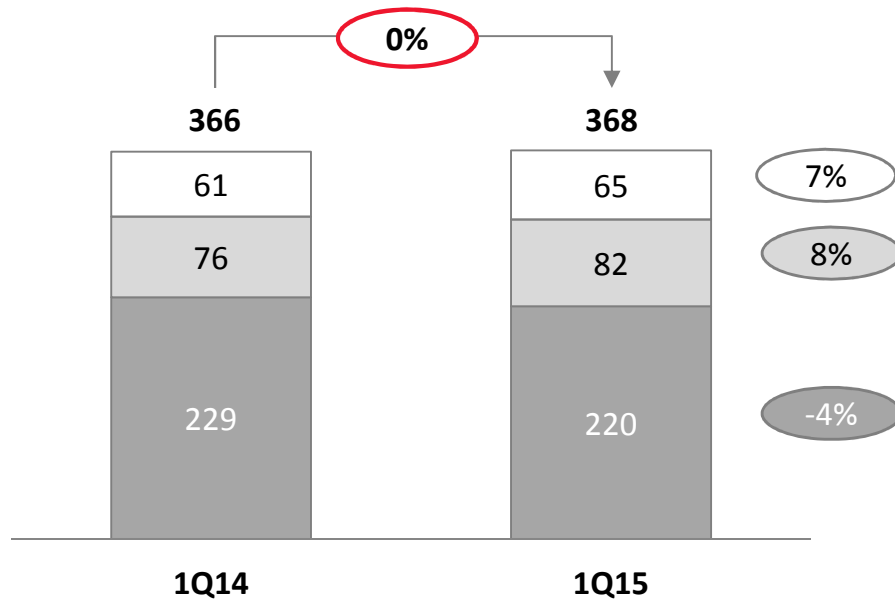
EDP Brasil EBITDA in local currency: +1% YoY

Growth of regulated revenues in distribution offset negative GSF impact in generation

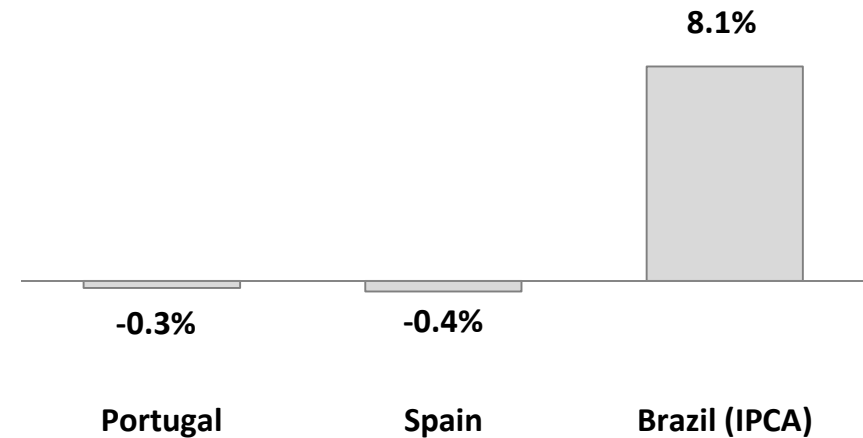
Operating costs: flat YoY

Operating costs⁽²⁾: 1Q15 vs. 1Q14 (€ million)

□ Brazil □ EDPR ■ Iberia



1Q15 YoY Inflation ⁽³⁾ (%)



- **Iberia:** -4% YoY on execution of OPEX III efficiency program and headcount reduction (early retirements in Portugal)
- **EDPR:** +8% YoY in Euro terms; -1% ex-FX impact, despite the 5% increase in installed capacity
- **Brazil:** +7% in Euro terms; +6% in BRL in line with local inflation

OPEX III efficiency program: €44m savings accomplished in 1Q15 (+16% YoY)

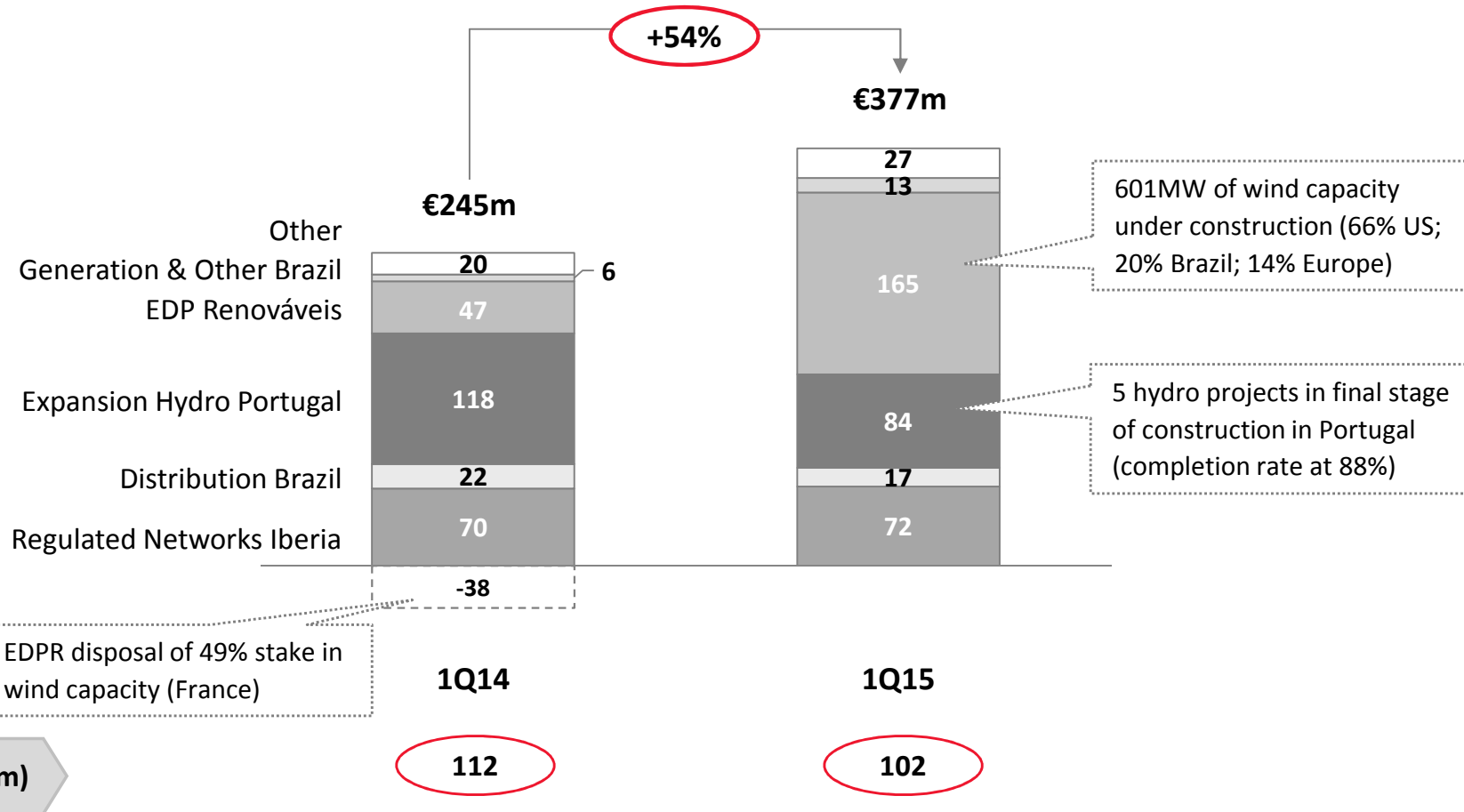
Opex/Gross Profit⁽¹⁾ at 25% in 1Q15

(1) Gross profit adjusted for PTC revenues; (2) OPEX=Supplies & Services + Personnel costs & employees' benefits;

(3) Portugal and Spain: INE; Brazil: FVG; monthly average for IPCA.

Investments breakdown

Net Investments breakdown by division ⁽¹⁾
(€ million)



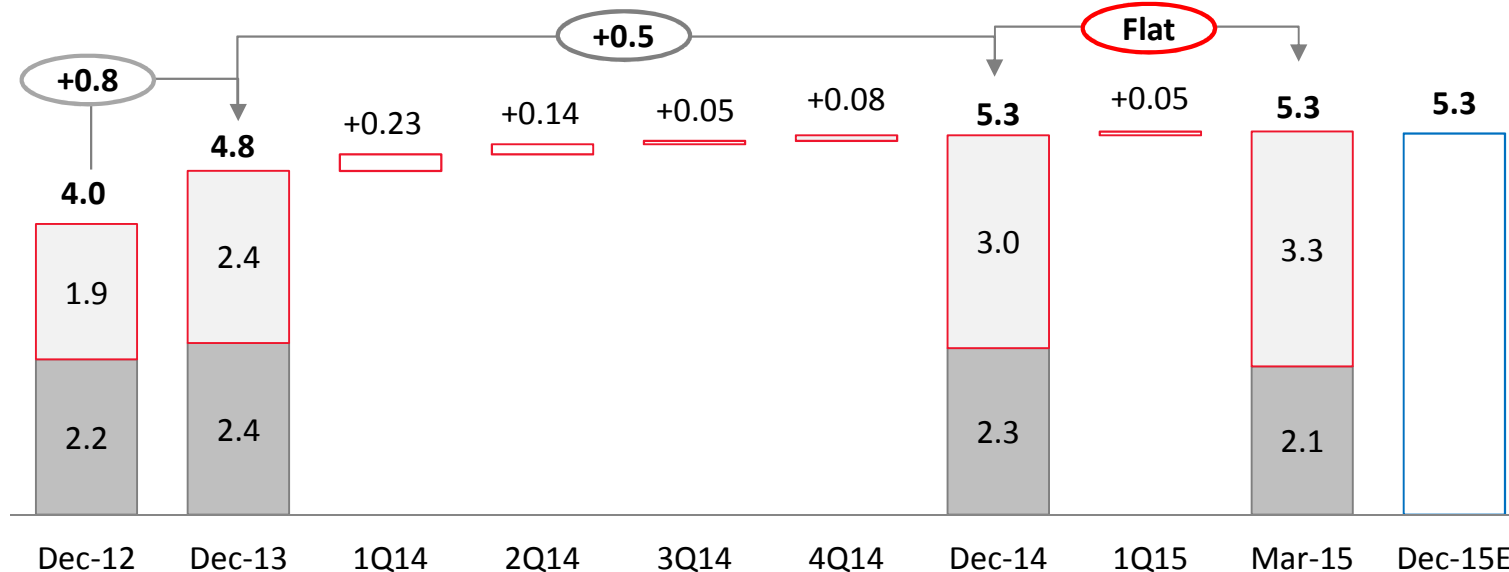
70% of investments: Expansion in wind US & Brazil (with PPAs); hydro Portugal (w/ pumping); hydro Brazil (PPA)
25% of investments: Regulated energy networks (Portugal, Spain and Brazil)

Evolution of Regulatory receivables in Portugal: In line with expectations



Global Regulatory receivables in the Portuguese electricity system (€bn)

- Owed to Financial Investors (Securitized)
- Owed to EDP



Demand growth (%)	-2.8%	+0.2%	+0.7%	+0.0%	-2.1%	-1.5%	-0.7%	+1.5%
Wind factor (1.0 = avg.)	1.03	1.18	1.40	1.08	0.96	0.99	1.11	1.14
Special Regime Premium (€/MWh)	68	66	81	73	64	52	69	64

	2015E ERSE	Jan/Apr-15
Demand (YoY; %)	+1.8% ⁽¹⁾	+0.6%
Pool Price (€/MWh)	50.5	45.9
Special Regime Production (TWh)	-0.9 YoY	-0.9 YoY

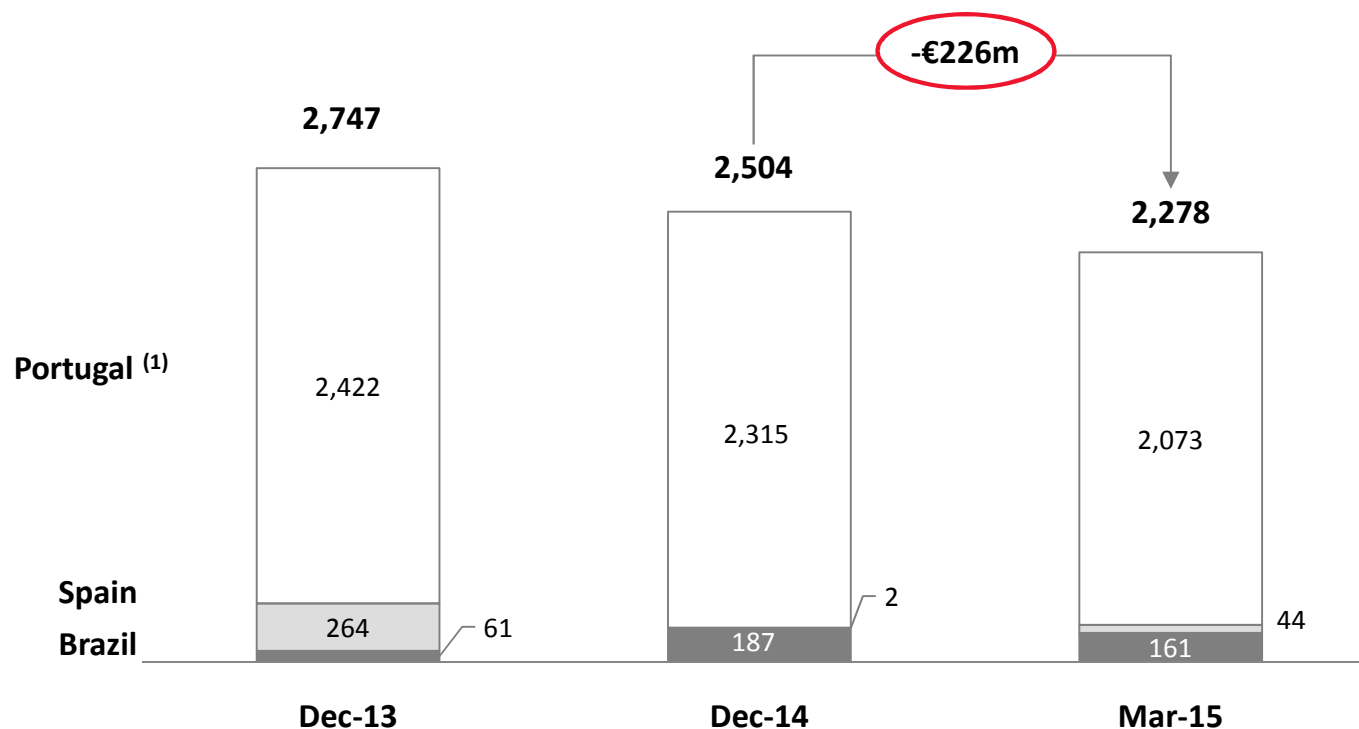
+€50m QoQ in 1Q15 due to above average wind resources

Electricity system debt expected to remain at ~€5.3bn peak level over 2015

EDP's regulatory receivables



EDP's Net Regulatory Receivables (€ million)



- **Portugal: -€242m YTD** (securitisations: -€465m; ex-ante deficit: +€375m; net deviations⁽²⁾: -€152m)
- **Spain: +€42m YTD**, recognition of our share of gas tariff deficit in Spain
- **Brazil: -€26m YTD**, collection of Nov/Dec-14 shortfall from CCEE; positive impact from tariff increases

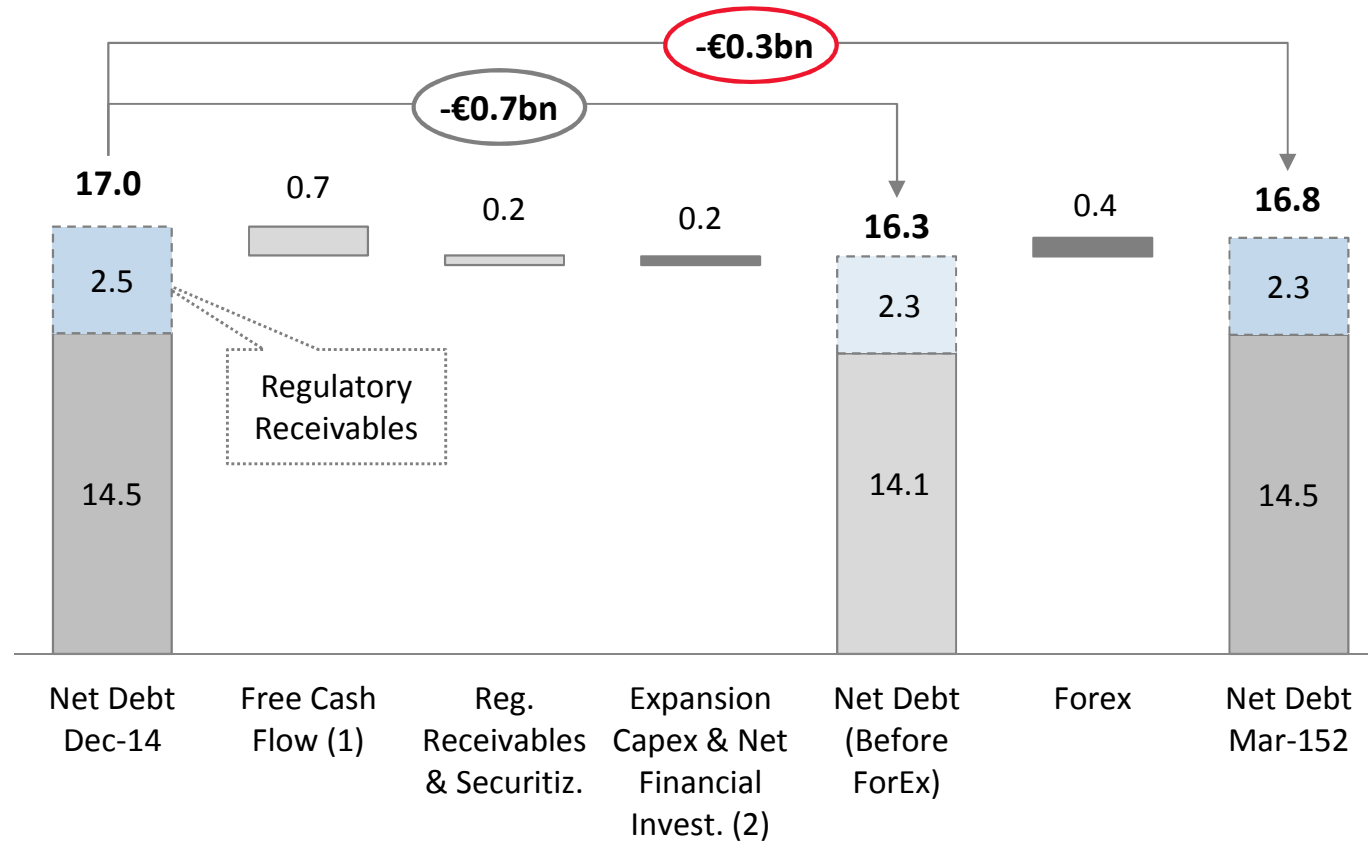
(1) Includes electricity and gas regulated activities in Portugal;

(2) Includes new deviations generated, net of recoveries from deviations and past deficits

1Q15 Change in Net Debt

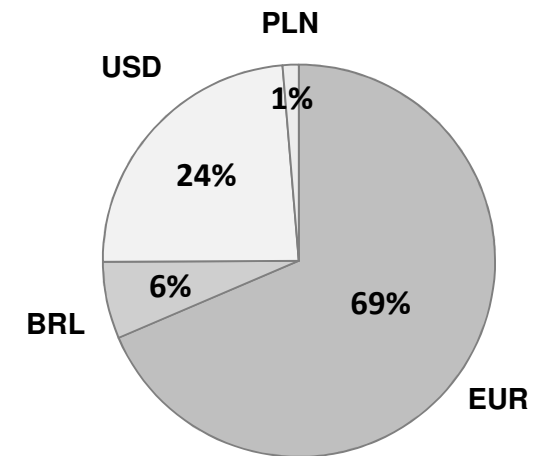
Change in Net Debt: Mar-15 vs. Dec-14

(€ billion)



EDP consolidated debt by currency: Mar-15

(%)



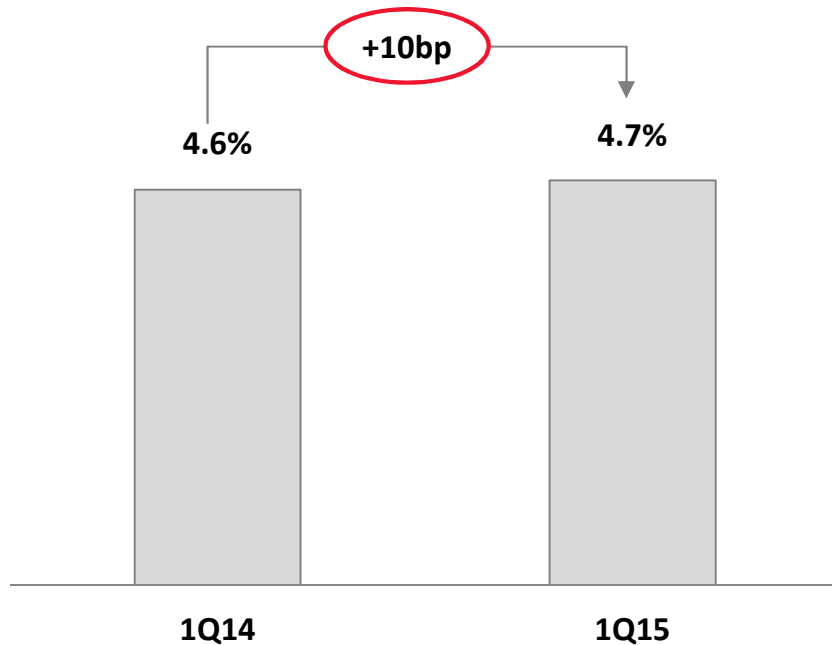
Negative ForEx impact: €436m mostly due +13% YTD change in USD/EUR

Natural hedge policy: Investments and operations funded in local currency to mitigate ForEx risk

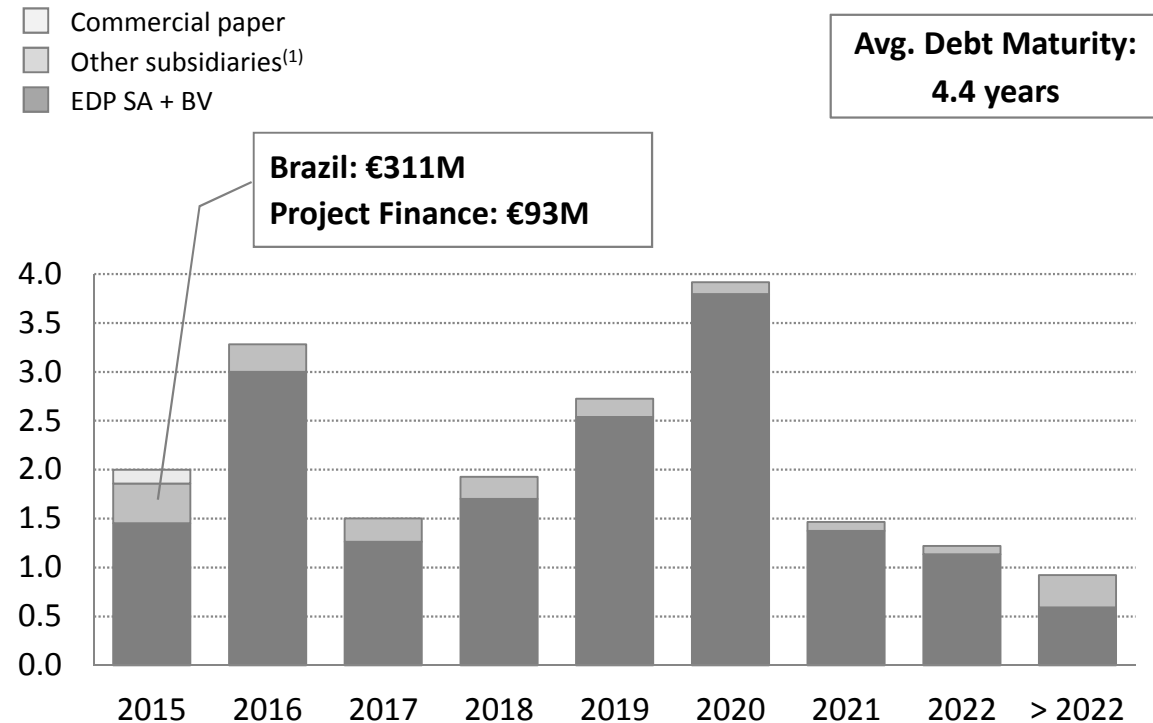
Financial Debt: Average cost and maturity profile



Avg. Cost of Debt: 1Q15 vs. 1Q14
(%)



EDP consolidated debt maturity profile as of Mar-15
(€ billion)



Higher avg. cost of debt due to lower cost of some debt maturities over 2014/1Q15
Avg. debt maturity: 4.4 years in Mar-15 (vs. 4.0 years as of Dec-14)

(1) Includes essentially EDP Brasil and project finance at EDPR level.

Main sources and uses of funds



Sources of funds

▪ Cash & Equivalents (Mar-15):	€2.2bn
▪ Available Credit Lines (Mar-15):	
Revolving Credit Facility	€3.15bn
Other Credit Lines	€0.4bn
Total	€3.6bn
TOTAL	€5.8bn

Use of funds

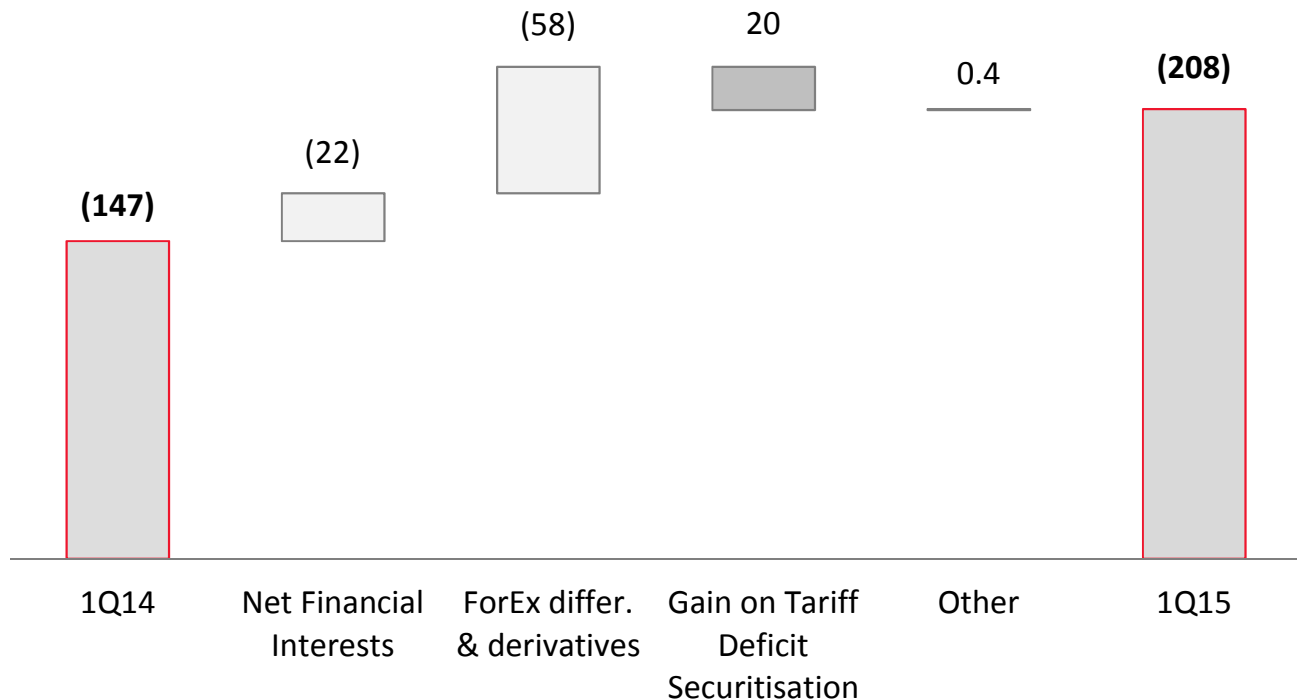
▪ Refinancing needs in 2015:	
Bonds maturing in May-15	€0.25bn
Bonds maturing in Jun-15	€0.5bn
Loans maturing in 2015:	€0.7bn
Total 2015	€1.5bn
▪ Refinancing needs in 2016:	€2.8bn
TOTAL	€4.3bn

Financial liquidity covers refinancing needs beyond 2016

Financial Results

Financial Results: 1Q15 vs. 1Q14

(€m)



- **Higher net financial interests:**
+10bp YoY on avg. cost of debt (4.7% in 1Q15) and impact from stronger USD/EUR
- **ForEx diff.: €40m losses in 1Q15**
vs. €19m gain in 1Q14 (non-cash)
- **Tariff Deficit Securitisation gain:**
€32m in 1Q15 vs. €12m in 1Q14

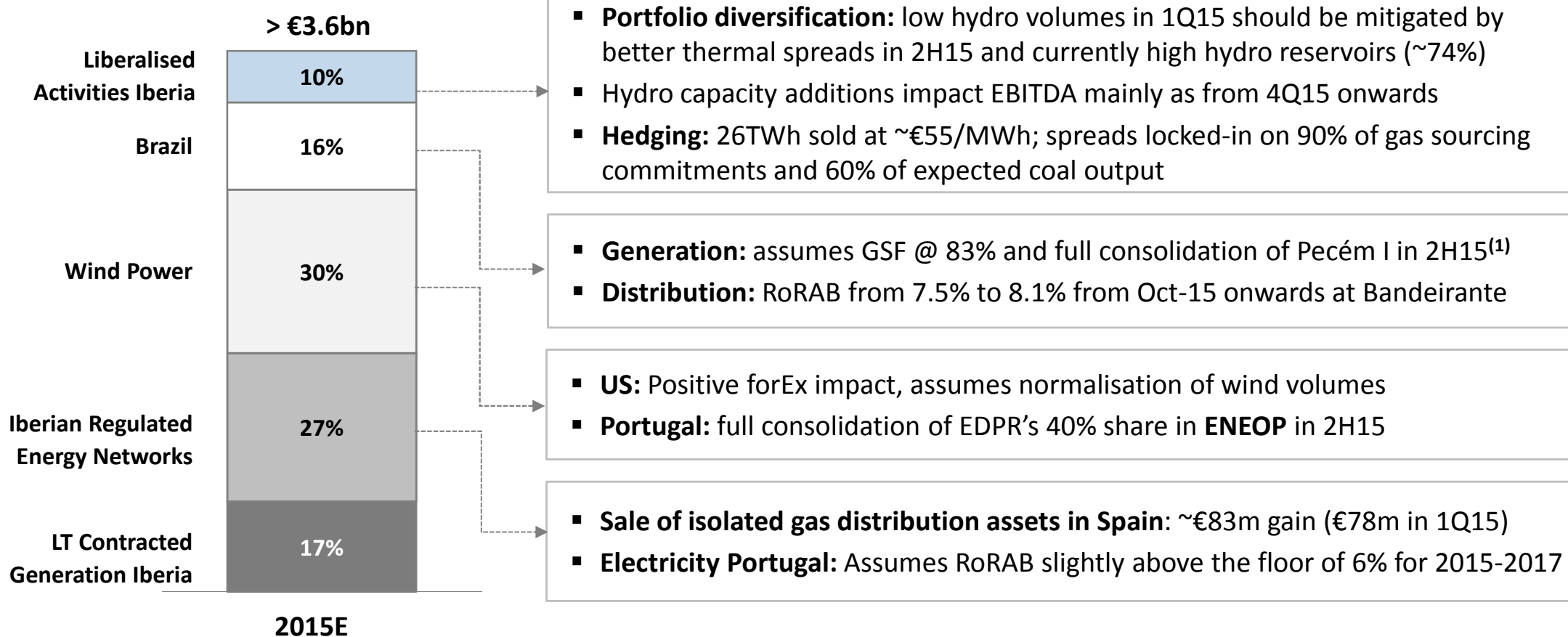
1Q15 Financial results negatively impact by ForEx

Net Profit breakdown



(€ million)	1Q14	1Q15	Δ %	Δ Abs.	
EBITDA	1,030	1,017	-1%	-13	
Amortisation, Impairm. and Provisions	331	337	+2%	+6	<ul style="list-style-type: none"> Stronger USD/EUR New capacity installed by EDPR
EBIT	699	680	-3%	-19	
Financial Results & Associated Companies	(135)	(210)	+55%	-74	<ul style="list-style-type: none"> No tax impact from sale of Gas Murcia Lower corporate rates in Portugal and Spain
Income Taxes	186	90	-52%	-96	
Extraordinary Energy Tax in Portugal	15	15	+5%	+1	<ul style="list-style-type: none"> Extraordinary energy tax: 0.85% on net fixed assets in Portugal
Non-controlling interests	68	68	+1%	+1	<ul style="list-style-type: none"> Lower at EDP Brasil level on lower profits (GSF) Higher at EDPR's level due to asset rotation deals
Net Profit	296	297	+0%	+1	

EBITDA Breakdown (%)



- **Net Profit > €900m:** assuming an avg. cost of debt of ~4.6%
- **Net Debt < €17bn⁽²⁾:** execution of tariff deficit securitisations, asset rotation deals and CTG partnership



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Link Results & Presentations:

<http://www.edp.pt/en/Investidores/Resultados/Pages/Resultados.aspx>

Next Events

May 11th-13th: Roadshow in Boston-New York (HSBC)

May 18th-20th: Roadshow in London (UBS)

Jun 2nd-3rd: Credit Suisse Energy Conference in London

Jun 2nd: NYSE Euronext Conference in New York