1H18 Results Presentation

Lisbon, July 27th, 2018

1H18 Key Highlights

Recurring EBITDA[(1)]: €1,740m

- Sound underlying growth in Brazil & renewables
- -6% Forex impact on BRL and USD depreciation vs. Euro
- Hydro recovery YoY in Iberia and strong opex performance
- Regulatory changes announced in 4Q17 in Portugal (-€122m YoY)

Net Profit: €380m

- Net interest costs -15%; Avg. cost of debt -40bps to 3.7%
- EPS contributions from EDP Brasil and EDPR with double digit growth; Iberia flat

Net debt: €14.2bn by Jun-18

- Adjusted Net Debt/EBITDA down from 4.4x in 1H17 to 4.0x in 1H18

  - €0.6bn net expansion capex, 93% in renewables

  - €0.7bn annual dividend paid to shareholders (May-18)

YoY

-3% *Recurring EBITDA [(1)]*

+5% *Recurring Net Profit [(2)]*

-16% *Net Debt*

(1) 1H17 on a pro-forma base excluding gas networks; 1H18 adjusted for one-off CMEC impact (relative to 2H17)
(2) Reflects adjustments at EBITDA level and at net profit level: (i) capital gain from the sale of REN stake in 1H17; (ii) extraordinary contribution for the energy sector in both periods

Recurring EBITDA sustained by underlying growth in Brazil, renewables and hydro improvement, despite forex and regulatory changes in Portugal

Recurring EBITDA 1H18[1] (€m)

ex-forex

+3%

-1% Iberia

Portugal:
- Generation: hydro +85%; higher taxes (-€44m)[2]
- Distribution: lower regulated revenues (-€78m)

Spain: better market conditions

+1% EDPR

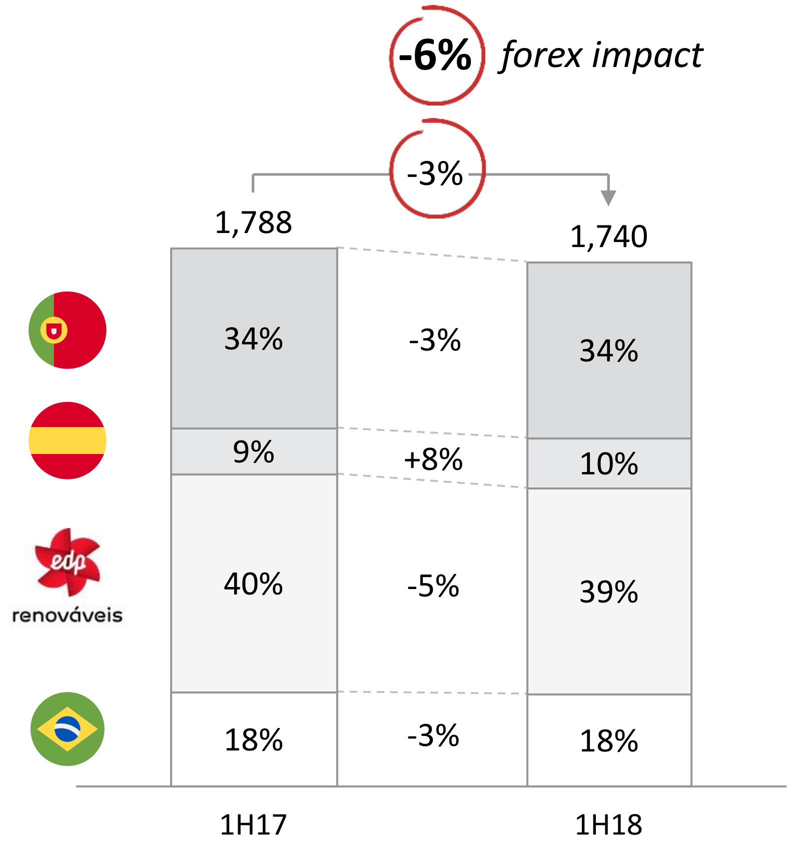
Avg. installed capacity: +7%

Below avg. wind resources in 2Q18, 92% of LT avg. (P50)

+17% EDP Brasil

Integrated hedging strategy in energy markets

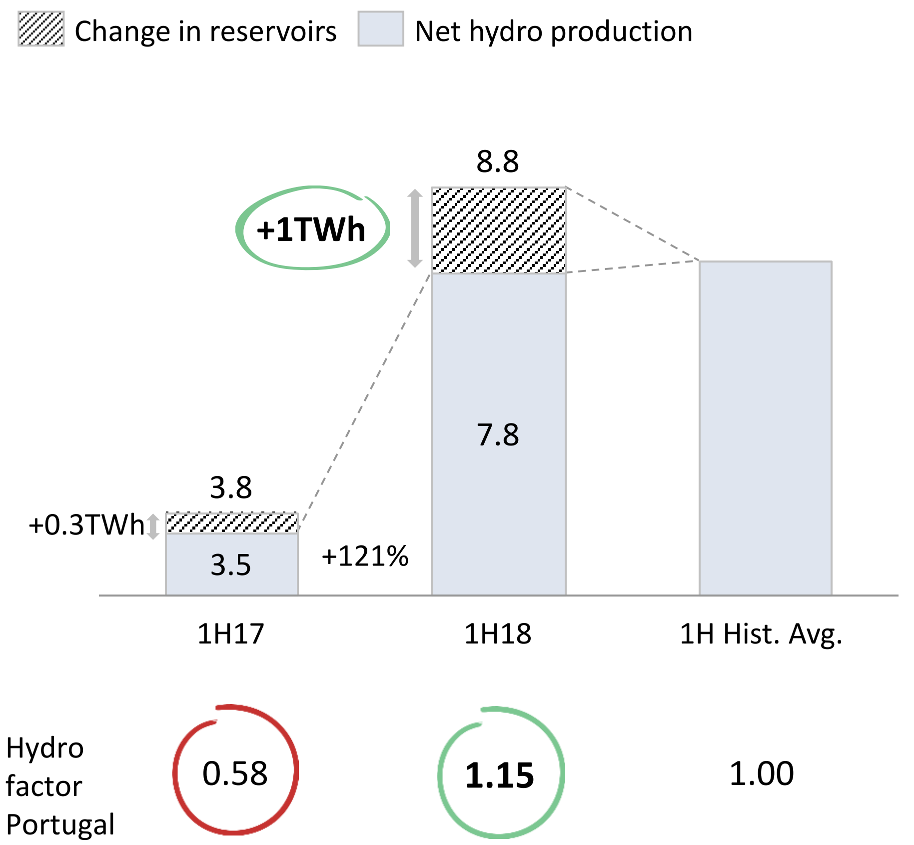
Lower losses in distribution; higher availability in generation



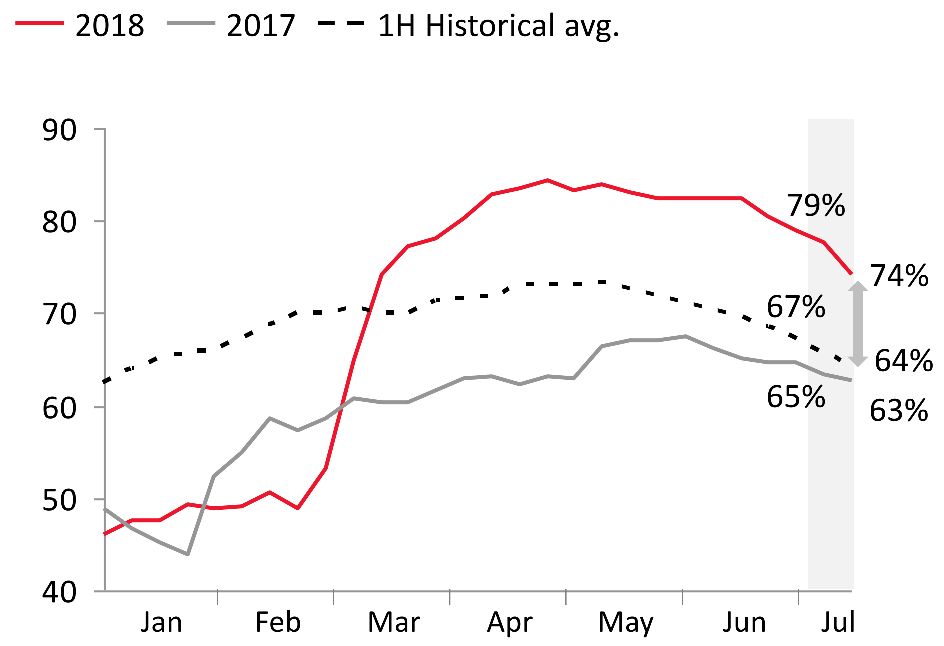
(1) 1H17 on a pro-forma base excluding gas networks; 1H18 adjusted for €18m one-off CMEC impact (relative to 2H17) **(2)** Lower CMEC revenues, higher clawback/coal levy (-€44m)

Hydro resources in Portugal 15% above historical avg. allowed reservoirs replenishment to higher than normalised levels by Jun-18

EDP Hydro production in Iberia[1] (TWh)



Evolution of hydro reservoirs in Portugal YTD (%)



(1) Net of pumping

Sound performance on operating costs

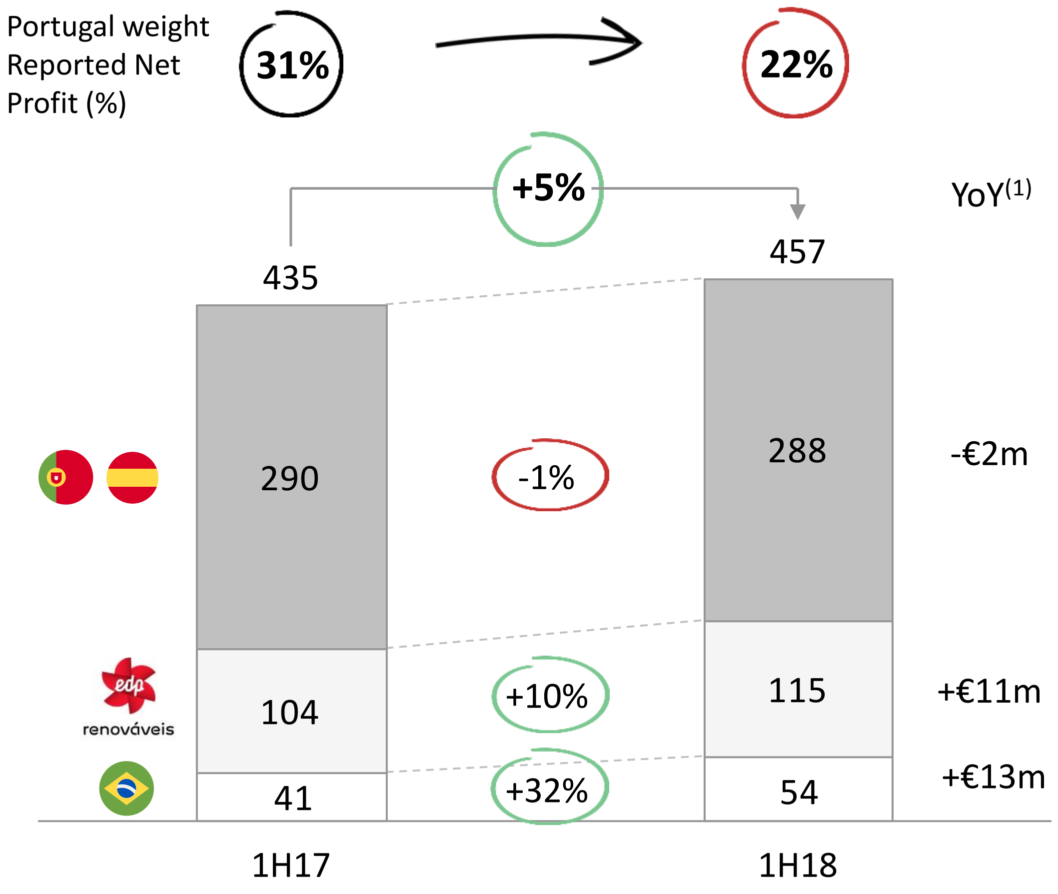
Weight on Opex

Weight on Opex	Business area	Indicator	YoY Change	Main drivers
55%	**Iberia**	Opex[1]	-2%	Inflation Portugal +0.9%[2] Avg. MW: +2%; # customers: +1%
17%	**EDP Brasil**	Opex in BRL	-1%	Avg. Inflation 1H18: +3.1%[4]
28%	**EDPR**	Adj. Core Opex/MW[3]	+2%	Build-up of O&M internalisation strategy Core Opex/MW: -1%

(1) Pro-forma excluding gas networks in 1H17; **(2)** Avg. IPC 1H17 vs. 1H18; **(3)** Adjusted by forex, one-offs and offshore costs cross-charged to projects' SPVs; **(4)** Avg. IPCA 1H18 vs. 1H17

Recurring Net profit +5%, supported by double digit growth contributions from EDPR and Brazil

Recurring Net Profit 1H18 [(1)] (€m)



Negative impact from 2H17 regulatory decisions despite strong YoY improvement of hydro conditions

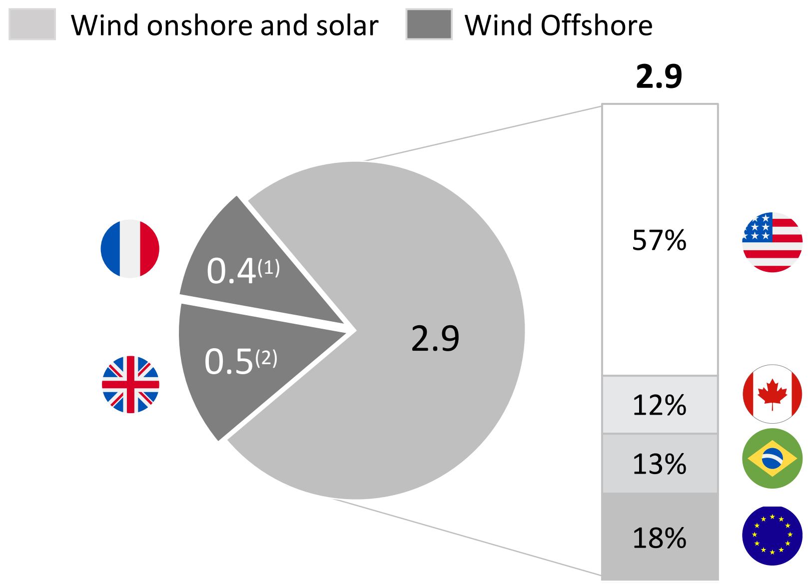
Net profit +4%; EDP stake +7% to 82.6%

Net profit in BRL +59%

(1) 1H17: proforma base excluding gas networks and adjusted by one-off gain from the sale of REN (€25m) and extraordinary energy tax (€67m); 1H18: adjusted by one-off CMEC impact (€13m) and extraordinary energy tax (€64m)

Execution of organic growth projects focused on long-term contracted renewables and networks in Brazil with attractive risk/return profiles

Renewables: 3.8GW of PPA/FiT secured for new wind and solar projects



1.2GW **of additional PPA/FiT secured YTD**

1.1GW under construction as of Jun-18

Brazil: 5 Electricity transmission lines in Brazil to be built until 2021/22

R$3.1bn *Expected capex*

12-14% *Expected ROE*

Key highlights:

L24/2016 transmission line: 48% of construction works already concluded, representing an anticipation of 17 months vs. initial schedule

Ongoing negotiations on funding expected to bring additional value creation

(1) EDPR stake in the project is 43%; **(2)** Current EDPR stake in the project is 56.7%; additional pre agreement for sale of further 13% stake

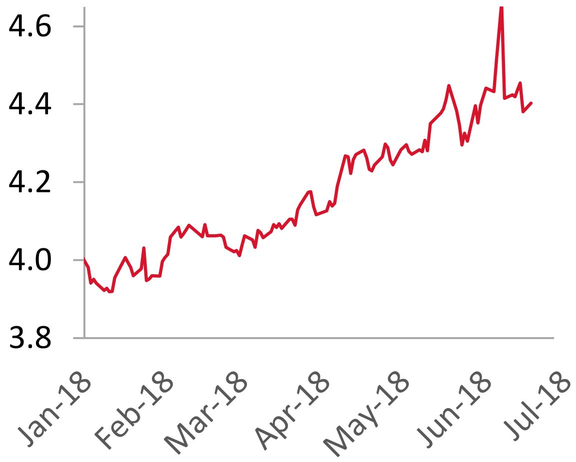
2018 Guidance reiterated: improvement of hydro conditions in Iberia in 2Q18 compensating weaker BRL vs Euro

Update on hydro conditions in Portugal

Hydro reservoirs in July continue ~10% above historical avg.

Hydro production in July to be above historical avg.

Weaker BRL/EUR



Maintenance of 2018 Outlook

EBITDA	**~€3.4bn**
Net Profit	**~€0.8bn**

EDP's Executive BoD Report on CTG voluntary tender offer over EDP

Main highlights

EDP Executive BoD has released its report on the offer on June 9th, presenting two main considerations

Preliminary Offer launched by CTG on May 11th
Key terms of the Offer

- **Price: €3.26/share** (1)

- **Offer conditioned to:**
  - Obtaining at least **50% + 1 voting rights of EDP**
  - **Change to EDP bylaws**:
    - **lift 25% voting rights limitation**
    - Offeror to no longer be considered as a competitor
  - **Regulatory approvals**, including in Portugal, EC, US, Brazil and other jurisdictions

The offeror reserves the right to waive any condition

EDP Executive BoD Report issued (2) on June 9th
Main considerations

Price

"The price offered does not adequately reflect the value of EDP and that the implied offer premium is low, considering (...)**:**

- (...) **Precedent** public cash offer transaction **premia for control**;
- (...) Average **multiples** paid in **relevant precedent transactions**;
- Is broadly in line with trading multiples of peers, which does **not factor a control premium**;
- Implies a **premium lower than the one offered by CTG in 2011** to acquire a minority interest in EDP"

Offeror's Plan for EDP

"(...) **There are merits in the strategic intentions of the Offeror.** Given the uncertainties regarding the implementation of the plan (...) the **Executive BoD will seek more information from the Offeror in order to be in a position to form a more considered view regarding the value of the project**."

(1) Deducting any (gross) amount that is attributed to each Share, whether as dividend, advance for account of profit or distribution of reserves.
(2) Available in https://www.edp.com/sites/default/files/08-jun-2018_bod_report_-_edp_final_en.pdf

EDP Executive BoD highlighted challenges of the regulatory approval process and that further information is needed on growth opportunities presented by CTG

	Scope	EDP Executive BoD | Considerations
Regulatory Approvals	Clearance of the transaction by CFIUS	• National security issues may trigger CFIUS heightened scrutiny, leading to a **lengthy review process** and **potentially resulting in remedies or mitigation measures being required**. There is also the **possibility that the transaction is not cleared by CFIUS.** • **Notes CTG's intention to seek EDP management's involvement and opinion regarding any specific conditions or arrangements that may be required.**
Potential Asset Contributions From CTG in overlapping markets	Hydro and wind (1) 8.3GW Offshore Germany 0.3GW 49% stake in EDPR PT 0.6GW	• Could be considered a **positive factor and represent a relevant value creation alternative, benefitting all shareholders of EDP, if executed under appropriate corporate governance also in the relations with related parties.** • **Framework agreement**, conditional to CTG obtaining control of EDP, containing full financial and economic detail on said asset contributions should ideally be presented to shareholders before them having to decide on tendering their shares.
Access to China Offshore Wind Market	CTG will favour the entrance of EDP into China's offshore wind market, should this be of interest to EDP	• This asset class is consistent with the current strategic focus of EDP and **could provide for a new additional development platform.** • **Scarce visibility regarding the actionability and the risk-return profile** of these potential investments.

(1) Includes shareholdings in companies jointly owned with EDP: co-control stakes in 3 entities operating 3 hydro plants with a total capacity of ~1.3GW and minority stakes in entities operating 11 wind farms with a total capacity of 0.3GW

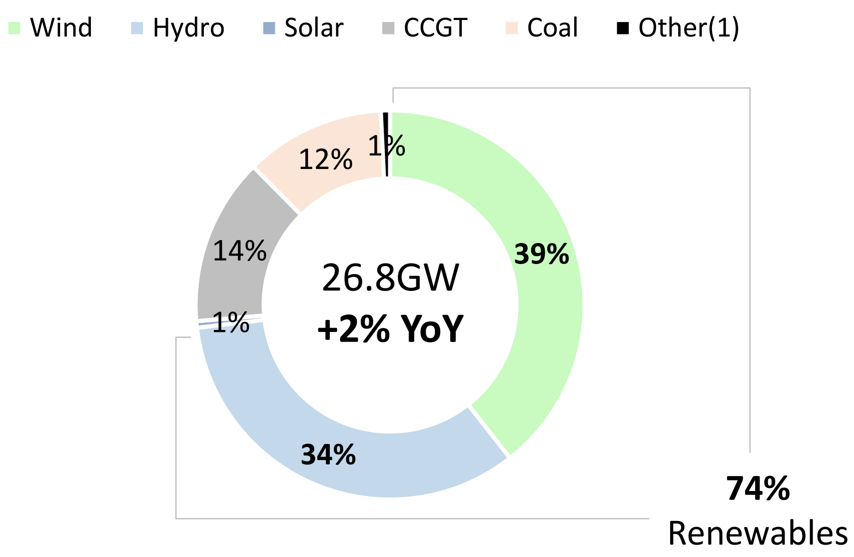
Main considerations on general Corporate Governance and Financial Policy

	Scope	EDP Executive BoD |Considerations
Corporate Governance	"Preserve (…) **autonomous decision-making based** on the highest, international corporate governance standards"	The merits of these described intentions depend on their implementation model, which is not clear at this stage.
Financial Strategy	"Reinforce EDP's financial profile by **committing to maintain the leverage reduction** trend at EDP level **and ensure at least an investment grade rating**, while…	The Executive Board of Directors believes that the **scope of a potential framework agreement envisaged by CTG should be also extended to** the other relevant commitments presented, namely **identity, corporate governance to ensure proper minority protection, financial strategy and stable dividend pay-out policy**, among others.
Dividend Policy	…aiming to retain flexibility to pursue growth and **maintain a stable dividend pay-out policy with dividend pay-out not below what has been disclosed by EDP**"	The **extended framework would enable the required visibility for investor's decisions prior to the Offer registration**, potentially conditional only to the acquisition of control of EDP under the Offer.

Results Analysis

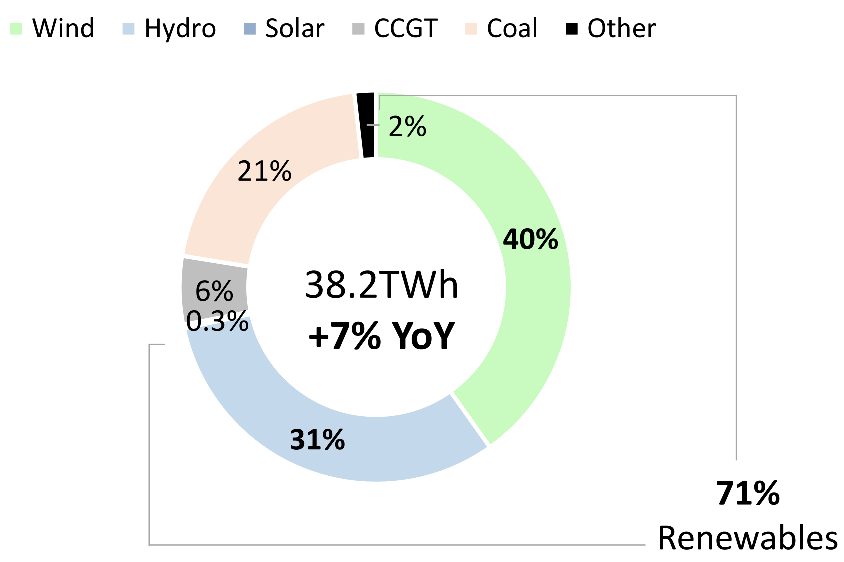
+0.6GW of wind and solar capacity reinforcing the weight of renewables in the generation mix to >70%

Installed capacity breakdown by technology: Jun-18 (GW)



+0.6GW in wind & solar capacity

Electricity production breakdown by technology 1H18 (TWh)

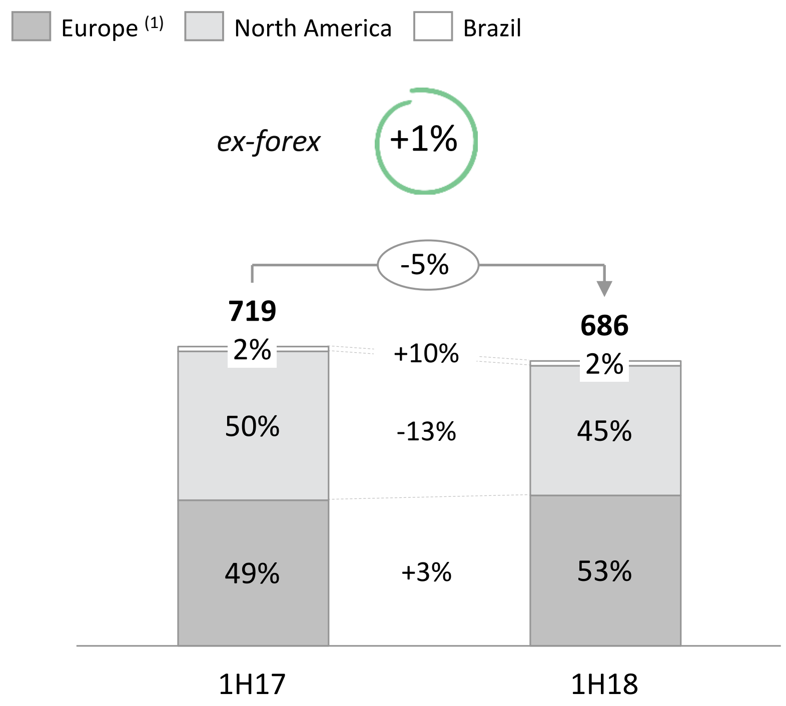


+72% in hydro production (+85% in Iberia)

(1) Others include thermal special regime (cogeneration, biomass) and nuclear

EDP Renováveis avg. capacity increase +7%; EBITDA penalised by forex, lower avg. selling price and PTC's expiration

EDPR EBITDA (€m)

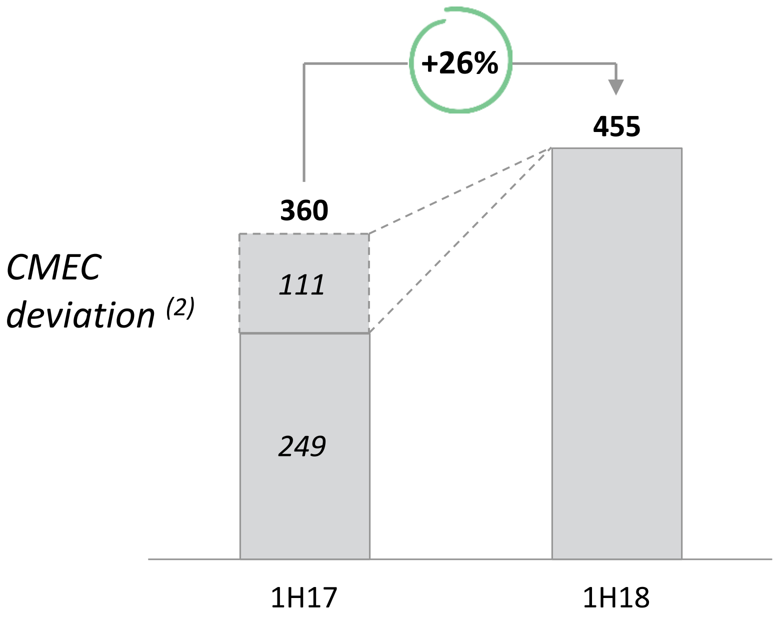


	1H17	1H18	YoY
Avg. Installed Capacity (GW)	10.0	10.7	**+7%**
Production vs. avg. P50 (%)	0%	-1%	**-1%**
Electricity Production (TWh)	14.5	15.4	**+6%**
Avg. selling price (€/MWh)	59.9	53.5	**-11%** -6% ex-forex
PTC revenues (USD m)	143	122	**-15%**

(1) Includes others

Generation & Supply Iberia EBITDA +26%, as regulatory changes in Portugal prevented a sharper improvement on hydro recovery

Recurring EBITDA Generation & Supply Iberia[(1)] (€m)

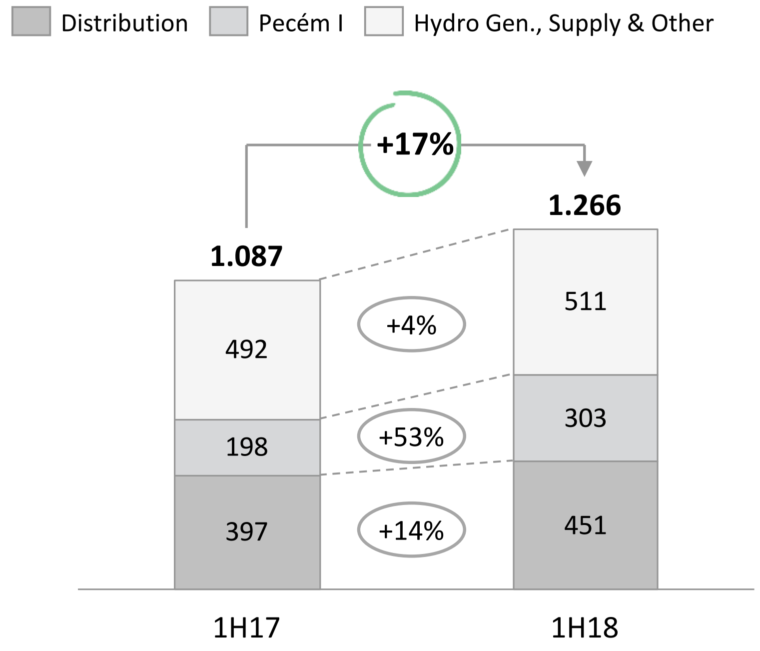


	1H17	1H18	YoY
Hydro Production [(3)] (TWh)	4.7	8.7	+85%
Hydro weight on Gen. Mix (%)	27%	50%	+23pp
Avg. production cost [(4)] (€/MWh)	33	22	-33%
Regulatory costs (€m)	93	114	+22%
CMEC deviation revenues (€m)	111	5[(5)]	-95%

(1) 1H18 adjusted for -€18m from lower CMEC Final Adjustment (relative to 2H17); **(2)** €111m in FY2017; **(3)** Including pumping and small hydro; **(4)** Includes coal, gas, CO2, pumping and other associated costs; **(5)** Adjustments from prior years

EDP Brasil EBITDA +17% in local currency, supported by efficiency enhancements and integrated hedging strategy in energy markets

EDP Brasil EBITDA (R$m)

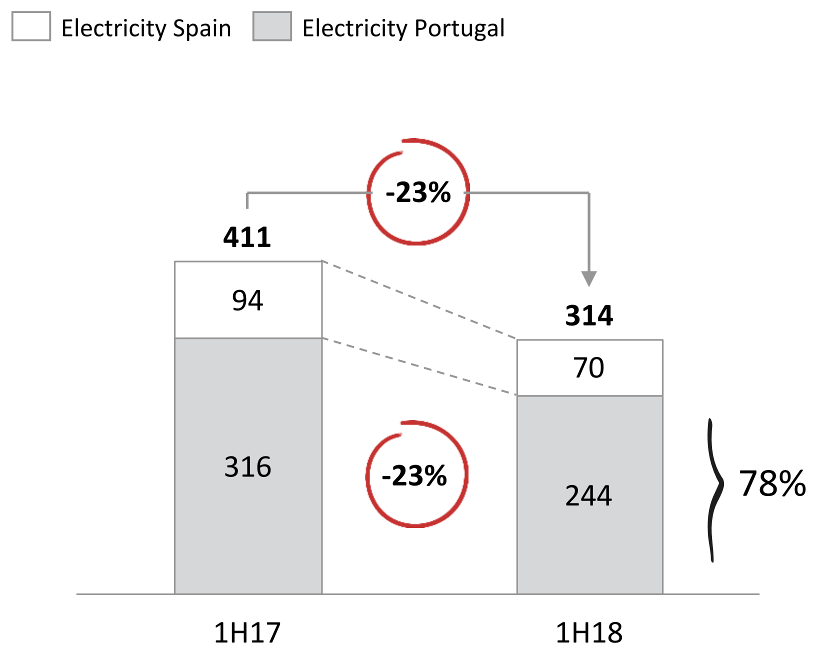


		1H17	1H18	YoY
Pecém availability (%)		92%	98%	**+6pp**
Distribution grid losses [(1)] (%)	**Espírito Santo**	12.7%	11.9%	**-0.8pp**
	São Paulo	9.5%	8.6%	**-0.9pp**

(1) Non-technical losses in LV

Regulated Networks Iberia EBITDA -23%, mainly impacted by the Dec-17 regulatory review in Portugal

Pro-forma[1] EBITDA – Regulated networks (€m)

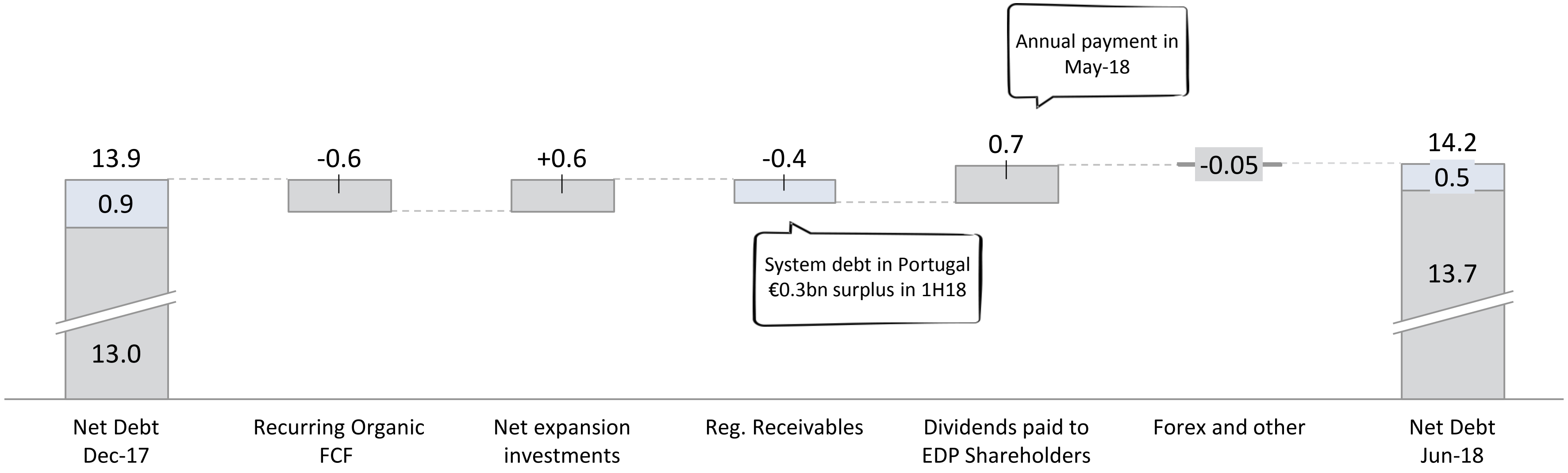


	1H17	1H18	YoY
Regulated revenues (€m)	618	541	**-13%**
Return on RAB (%)	6.68%	5.43% (2)	**-125bp**
OPEX (€m)	182	173	**-5%**
Electricity distributed (TWh)	22	23	**+5%**

(1) In 1H17, excludes €115m of EBITDA from gas distribution in Iberia; (2) RoRAB of HV/MV

Net debt at €14.2bn in Jun-18, reflecting balance between Organic free cash flow and net expansion investments in 1H18

Change in Net Debt: Jun-18 vs. Dec-17 (€bn)



	Recurring Organic FCF	Net expansion investments	Reg. Receivables	Dividends paid to EDP Shareholders	Forex and other
1H17 (€bn)	**-0.8**	**+0.8**	**+0.1**	**+0.7**	**+0.2**

	Net Debt Dec-17	Net Debt Jun-18
Adj. Net Debt /EBITDA (x) [1]	**3.7**	**4.0**

(1) Net Debt ex-Reg Receivables and last 12 months trailing recurring EBITDA

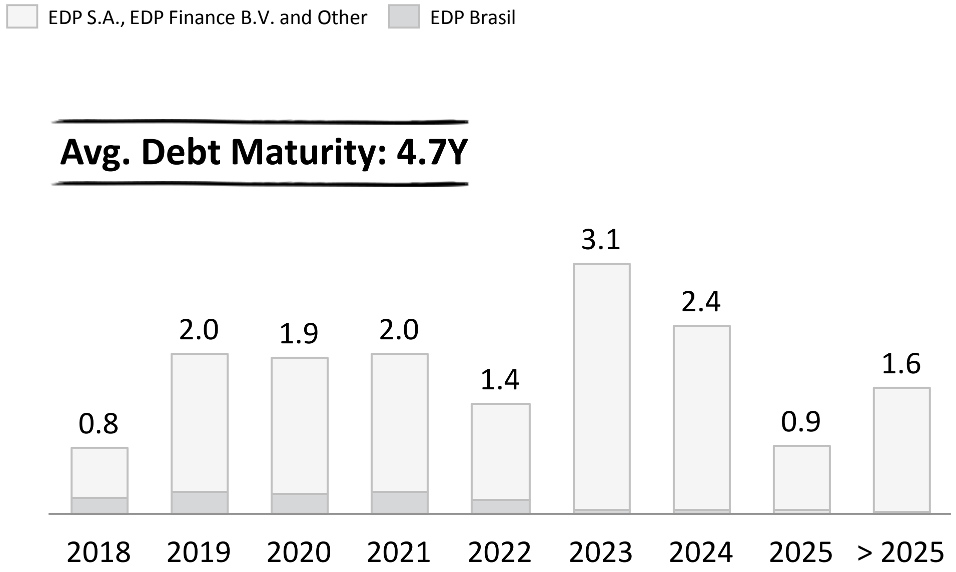
New debt issues reinforced available financial liquidity to €6.7bn by Jun-18 covering refinancing needs beyond 2020

Financial liquidity as of Jun-18 (€bn)

Cash & Equivalents:	**€1.6bn**
Available Credit Lines:	**€5.1bn**
Revolving Credit Facility (RCF) maturing Mar-23	€3.3bn
Other RCF's and Credit Lines	€1.8bn
Total Liquidity	**€6.7bn**

EDP consolidated debt maturity profile as of Jun-18 (€bn)

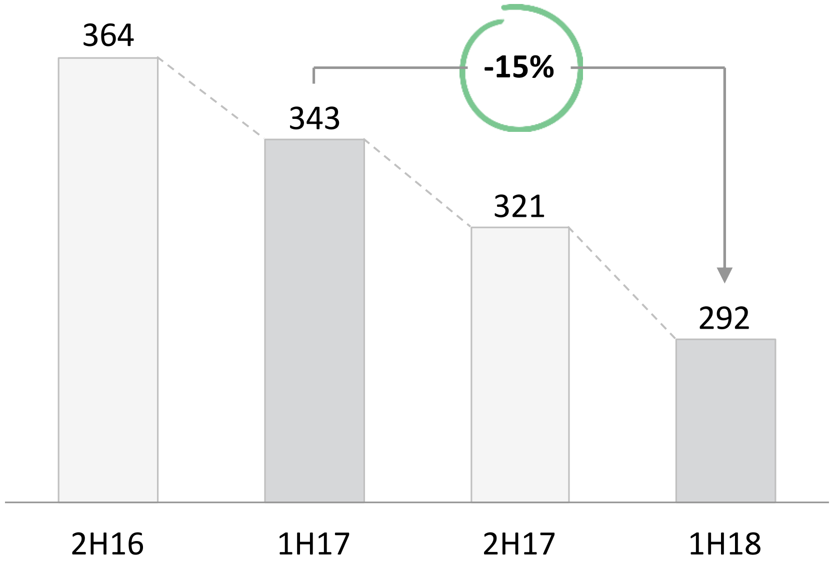
Avg. Debt Maturity: 4.7Y



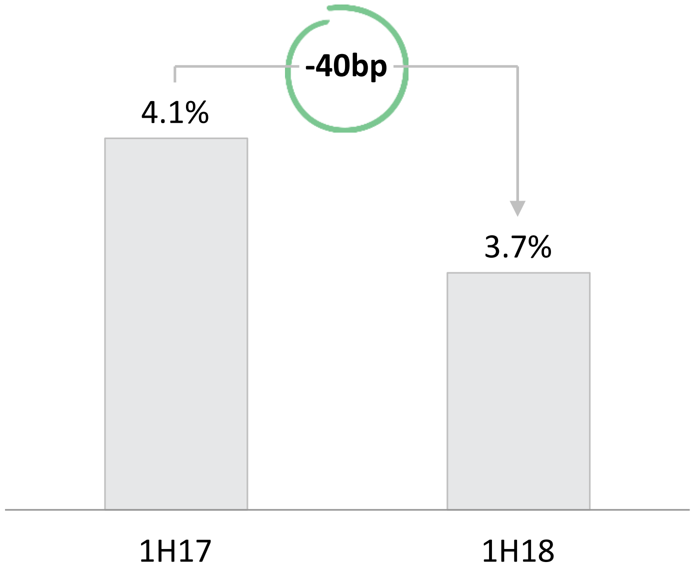
1H18 main events	**€0.75bn long-7Y bond issue @1.7%**	**~€0.9bn of securitisation/ tariff deficit sales**	**€2.24bn 5Y RCF (extendable by up to 2Y)**

15% improvement in net interest costs in 1H18 backed by 40bp reduction in avg. cost of debt and lower avg. debt

Net Interest Cost (€ million)

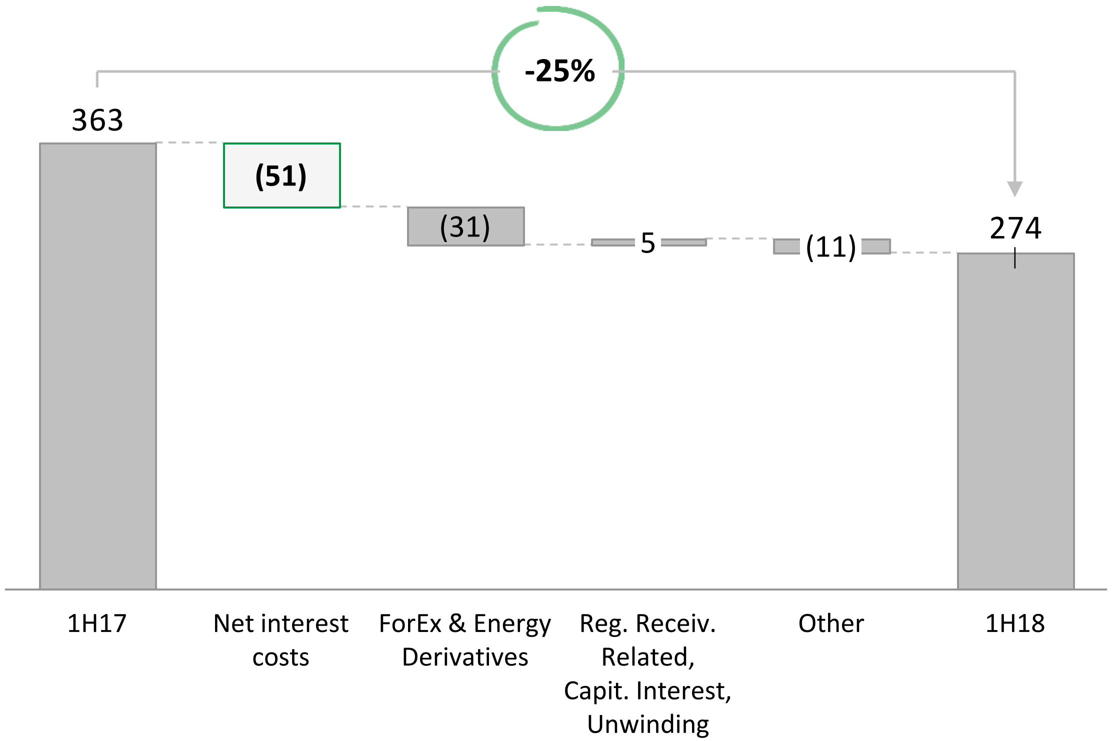


Avg. Cost of Debt (%)



25% decline in net financial costs backed by lower interest costs and positive forex impact YoY

Net Financial Costs [1] **: 1H18 vs. 1H17** (€m)



- **Net interest costs:** -15% YoY
- **Forex & energy derivatives:** (+€15m in 1H18 vs. -€16m in 1H17)
- **Other:**

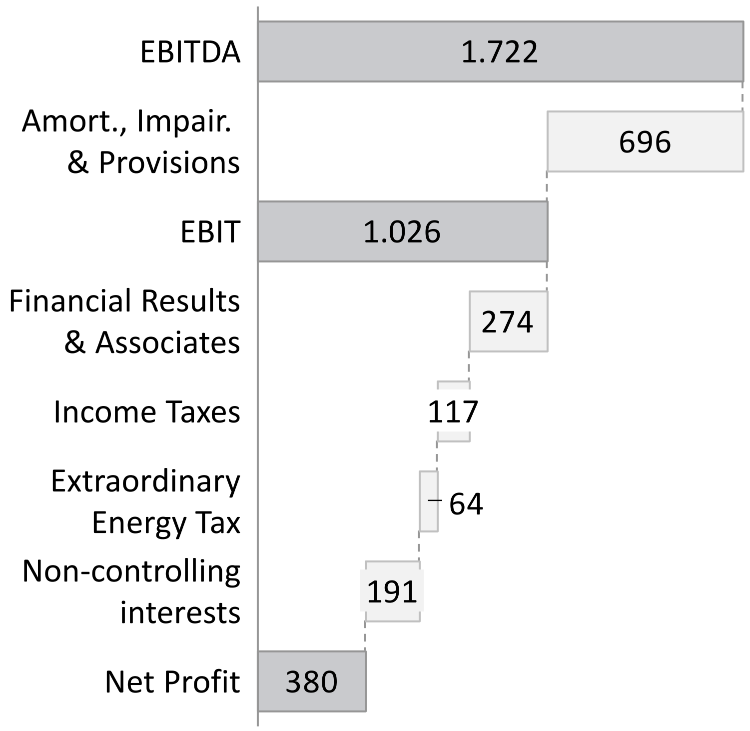
  - In 1H18, +€15m on sale of 20% stake in UK wind offshore project; +€15m from badwill related to acquisition of Celesc

  - In 1H17, +€25m gain on the sale of equity stake in REN

(1) Includes results from associates

Net Profit at €380m in 1H18, with better results from EDPR, EDP Brasil and market operations Iberia although eroded by regulatory changes in Portugal

1H18 EBITDA to Net Profit [1] (€m)



	Chg. €m YoY[1]	
EBITDA	-€66m	Underlying growth in Brazil, renewables and Iberia offset by regulation in Portugal (-€140m) and forex (-€101m)
Amort., Impair. & Provisions	-€4m	Forex (+€32m); +3% avg. installed capacity
EBIT	-€70m	
Financial Results & Associates	+€76m	+€51m lower interest costs; +€31m forex and derivatives
Income Taxes	-€19m	Increase of effective tax rate by 1pp (from 15% to 16%)
Extraordinary Energy Tax	-	Annual amount fully booked in 1Q
Non-controlling interests	+€1m	Lower share of minorities at EDPR offset by higher net profit at EDP Brasil +32% (in euros)
Net Profit	-€12m	Better financial results not enough to offset lower EBIT and increase of income tax

(1) YoY changes excluding gas distribution Iberia in 1H17 (proforma)

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