



1Q18

# Financial Results

Conference call and webcast

Date: Friday, May 11<sup>th</sup>, 2018, 11:30 am (UK/Portuguese time)

Webcast: [www.edp.com](http://www.edp.com)

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# Main Highlights



Key Operational Data	1Q18	1Q17	Δ %	Δ Abs.
Installed capacity (MW)	26,753	25,937	3%	+816
Weight of Renewables (1)	74%	73%	1%	1p.p.
Production (GWh)	20,598	19,215	7%	+1,382
Weight of Renewables (1)	72%	63%		
Customers supplied (thous.)	11,393	11,285	1%	+108
Customers connected (thous.)	10,248	10,147	1%	+102

Key Income Statement data (€ m)	1Q18	1Q17	Δ %	Δ Abs.
Gross Profit	1,393	1,523	-9%	-130
EBITDA	893	1,011	-12%	-118
EBIT	549	648	-15%	-99
Financial Results & Equity results	(126)	(197)	36%	+71
Income taxes & CESE (2)	140	135	4%	+5
Non-controlling Interest	116	100	17%	+17
Net Profit (EDP Equity holders)	166	215	-23%	-49

Key Performance indicators (€ m)	1Q18	1Q17	Δ %	Δ Abs.
Recurring EBITDA(2)	911	953	-4%	-42
Iberia (Ex wind & Solar) & Other	368	415	-11%	-47
Wind & Solar	381	373	2%	+7
Brazil	163	164	-1%	-2
Recurring net profit (2)	245	258	-5%	-14
OPEX(3) Performance				
OPEX Iberia (€ m)	206	219	-6%	-14
Core OPEX/MW (€/MW) - Wind & Solar	10	10	-4%	-0
OPEX Brazil (BRL m)	257	265	-3%	-8

Key Balance Sheet Data (€ m)	Mar-18	Dec-17	Δ %	Δ Abs.
Net debt	13,818	13,902	-1%	-84
Adjusted net debt/EBITDA (x) (4)	3.8x	3.7x	2%	0.1x

In 1Q18, EDP continued to implement its growth strategy focused on renewable energies and Brazil. **The weight of renewables in generation mix increased by 1% YoY to 74%, in terms of installed capacity** (+0.6GW YoY of wind and solar and +0.2GW YoY in hydro capacity). In terms of **total production, the weight of renewables advanced 9pp YoY, to 72%**, benefiting from a recovery of hydro resources in Iberia (but still below historical avg.) and stronger-than-average wind resources (+5% vs. P50 avg. in 1Q18 our portfolio). In **Brazil**, we concluded in Apr-18 the acquisition of a 19.6% equity stake in the electricity distributor CELESC (14.5% stake acquired in Mar-18) and we have started executing our capex plan in greenfield transmission lines, which represent a total expected capex of R\$3.1bn until 2022.

**The number of customers increased by 1% YoY to 11.4 million**, reflecting the strong focus posed on customer's satisfaction, service quality and engagement.

**EBITDA in 1Q18 reached €893m.** Excluding CMEC one-off impact (-€18m as per page 3), **EBITDA amounted to €911m in 1Q18.** Note that EBITDA YoY comparison is penalised by (i) the disposal over the 2H17 of Iberian gas networks (€58m EBITDA contribution in 1Q17) and (ii) by negative ForEx impact (-€54m or -6% YoY; following the 16% depreciation of BRL and 13% of USD vs. the Euro). **Adjusted for these, EBITDA rose by 1% YoY (+€13m).** **EBITDA of EDPR grew 8% ex-forex** (+2% in Euro), backed by a 7% increase of avg. capacity, with above-the-average wind resources compensating a decline in avg. selling price. **EBITDA of EDP Brasil increased 18% in local currency** (-1% in Euro terms), supported by operating efficiency improvements (higher availability in generation, lower grid losses in distribution) and an integrated hedging strategy in energy markets. **Recurring EBITDA in Iberian operations** fell 22% YoY, as: i) the YoY improvement of hydro production (+1TWh YoY, but still ~2TWh below historical avg.) and the recovery in the margin per MWh sold in liberalised Iberian market; was offset by ii) several adverse regulatory changes in Portugal (-€66m YoY, on top of €18m non-recurrent cost in 1Q18) affecting both generation (lower CMEC revenues, higher taxes & new levies) and distribution (14% cut on regulated revenues in the wake of 2018-2020 new regulatory period).

**On efficiency, OPEX** (staff + supplies & services costs) excluding forex impact increased 1% YoY (vs. +4% avg. installed capacity), reflecting significant efficiency improvements in all divisions: OPEX in **Iberia** declined by 1%, Core Opex/avg. MW at EDPR declined 1% YoY (adjusted by forex, one-offs and offshore costs cross-charged to projects' SPVs) and OPEX at EDP **Brasil** fell by 3% in local currency.

**Net debt fell by €0.1bn YTD to €13.8bn in Mar-18**, as the organic free cash flow of €0.3bn was offset by €0.3bn of net expansion capex (focused on renewables and Brazil) and forex had a €0.1bn positive impact YTD.

**Net financial results** (incl. equity results) **improved by 36% YoY (+€71m), to -€126m in 1Q18**, supported by a steady decline in interest costs (-16% YoY), following the lower average cost of debt (from 4.3% in Mar-17 to 3.8% in Mar-18) and the decrease of avg. net debt (-15% or -€2.4bn YoY).

Overall, net profit reached €166m in 1Q18, 12% lower on a pro-forma basis. Adjusted by one offs (as per page 4), **recurring net profit fell 5% YoY, to €245m**, as growth at EDPR and EDP Brasil was more than offset by adverse regulatory changes in Portugal.

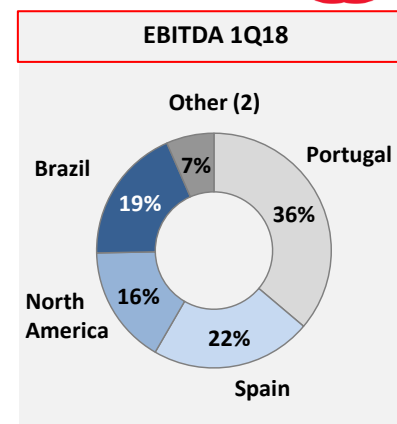
On April 5th, EDP shareholders approved the 2017 dividend payment amounting to €695m (€0.19/share), which was fully paid in cash on May 2<sup>nd</sup>, 2018.

(1) Including Wind, Solar, Hydro and mini-hydro capacity; (2) Excluding one-off impacts as per page 3 (EBITDA) and page 4 (Net profit); 2017 pro-forma excludes the contribution from Gas distribution in Iberia (€58m on EBITDA; €27m on net profit); (3) OPEX = Supplies and services + Personnel costs + Costs with social benefits; (4) Net of regulatory receivables; Based on trailing 12 months recurring EBITDA of €3,423m and net debt excluding 50% of hybrid bond issue (including interest).

# EBITDA Breakdown



EBITDA (€ m)	1Q18	1Q17	Δ %	Δ Abs.	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q18 YoY Δ % Δ Abs.
Generation & Supply Iberia	185	201	-8%	-15	201	160	158	36	185				-8% -15
Regulated Networks Iberia	159	265	-40%	-105	265	248	205	181	159				-40% -105
Wind & Solar Power	381	373	2%	+7	373	345	272	376	381				2% 7
Brazil	163	164	-1%	-2	164	151	148	151	163				-1% -2
Other	5	8	-38%	-3	8	(13)	583	(23)	5				-38% -3
<b>Consolidated EBITDA</b>	<b>893</b>	<b>1,011</b>	<b>-12%</b>	<b>-118</b>	<b>1,011</b>	<b>892</b>	<b>1,367</b>	<b>721</b>	<b>893</b>				<b>-12% -118</b>
- Gas networks Iberia (1)	-	58	-	-58	58	44	24	2	-				- -58
<b>EBITDA Pro-forma</b>	<b>893</b>	<b>953</b>	<b>-6%</b>	<b>-60</b>	<b>953</b>	<b>848</b>	<b>1,343</b>	<b>718</b>	<b>893</b>				<b>-6% -60</b>



Reported EBITDA amounted to €893m in 1Q18 (-12% YoY). Nevertheless, grounding on 1Q17 pro-forma EBITDA (excluding €58m contribution from Iberian gas networks, disposed over the 2H17) and excluding -€18m one-off impact in 1Q18\*, **recurring EBITDA fell 4% YoY** including a -6% (-€54m) forex impact (due to USD and BRL YoY depreciation vs. the Euro). Excluding forex impact, recurring **EBITDA on a proforma basis rose by 1% YoY (+€13m) supported by EDP Brasil (+18% YoY in local currency) and EDPR (+8% ex-Forex)**. Operations in the Iberian electricity market posted **some YoY recovery of hydro volumes in 1Q18 (but still below historical average)**, which nevertheless was outstood by **adverse regulatory changes in Portugal**: in generation, lower CMEC revenues since Jul-17 and higher taxes & levies since Aug-17; in distribution, lower regulated revenues as from 1-Jan-18, in the wake of new regulatory terms set in Dec-17 for 2018-2020.

**WIND & SOLAR POWER (43% of EBITDA)** – EBITDA rose by 2% YoY to €381m in 1Q18, penalized by a -€23m YoY forex impact (mostly due to the 13% USD depreciation vs. the Euro). **Excluding Forex, EBITDA increased 8%** on the back of (i) 7% increase of avg. installed capacity; (ii) favourable YoY comparison of wind resources (at 105% of historical avg. in 1Q18 vs. 101% in 1Q17); partially offset by (iii) avg. selling price ex-forex -5% YoY (lower revenues from green certificates in Poland and Romania due to regulation, lower prices for new PPAs the US on lower cost per MWh); and (iv) lower revenues (-€18m YoY) from production tax credits (PTCs) in the US (some wind farms reaching 10 years of asset life).

**GENERATION & SUPPLY IN IBERIA (21% of EBITDA)** – EBITDA in 1Q18 fell 8% YoY to €185m, including a €18m one-off provision in 1Q18, relative to 2017 share of the downward revision of the CMEC final adjustment (from €256m to €154m, more detail on p.11). Excluding this, **recurring EBITDA increased 2% YoY, to €204m in 1Q18**, as the material YoY improvement of hydro production and integrated margin in liberalised market was outstood by regulatory changes in Portugal: the increase of clawback tax since Aug-17 (-€15m YoY) and a provision for the difference between the CMEC final adjustment recognised and the one approved on 3 of May. Hydro production increased 37% YoY (~+1TWh YoY) yet falling ~2TWh short of the historical avg. for 1Q, since strong hydro resources in March also served to refill hydro reservoirs, from extremely low levels by the end of Feb-18 to levels in line with historical avg. by the end of the quarter.

Moreover, the maintenance of high pool prices in 1Q18 did not allow a material YoY improvement of energy management results. EBITDA in energy supply was negative by €20m (-€21m YoY), as margins were penalised by the high cost with energy sourcing in Iberian market in 1Q18 and some regulatory changes in Portugal.

**REGULATED NETWORKS IN IBERIA (18% of EBITDA)** – Excluding gas distribution in Iberia, which was sold in the 2H17 (€58m EBITDA in 1Q17), **EBITDA fell by 23% YoY, to €159m in 1Q18**, largely impacted by: (i) in Portugal (79% of total), the regulatory review in electricity distribution and the lower 10-Y Portuguese government yields, which largely explain a €42m decrease in gross profit in Portugal; and (ii) in Spain (21% of total), a prudent approach to a possible regulatory change ahead of the end of the current regulatory period.

**BRAZIL (18% of EBITDA)** – EBITDA was -1% YoY, to €163m in 1Q18, following a -€31m impact from the 16% devaluation of BRL vs. the Euro. **EBITDA in local currency was up 18% (+R\$99m YoY)**. **EBITDA in Generation & Supply increased 18% (+R\$63m YoY)**, reflecting: i) a +R\$35m YoY improvement at Pecém coal plant, following lower penalties on unavailability ii) +R\$18m improvement in hydro generation due to higher GSF and PLD; iii) a +R\$11m YoY growth in supply, on higher volume and margin. **EBITDA in distribution rose 13% (+R\$28m YoY)**, mostly due a reduction of energy losses (+R\$17m YoY) and (ii) the positive impact of energy overcontracting (+R\$11m YoY).

*\* Non-recurring items: -€18m in 1Q18, related to 2H17 share of the impact on results from the difference between CMEC final adjustment recognised in Dec-17 and approved by the Government on May 3rd.*

(1) Gas distribution networks in Iberia, disposed of in Jul-17 (Spain) and Oct-17 (Portugal); (2) Includes Poland, Romania, France, Belgium, Italy and UK.

# Profit & Loss Items below EBITDA



Profit & Loss Items below EBITDA (€ m)	1Q18	1Q17	Δ %	Δ Abs.	2Q17	3Q17	4Q17	1Q18	1Q18 QoQ Δ %	Δ Abs.
<b>EBITDA</b>	<b>893</b>	<b>1,011</b>	<b>-12%</b>	<b>-118</b>	<b>892</b>	<b>1,367</b>	<b>721</b>	<b>893</b>	<b>24%</b>	<b>172</b>
Provisions	(7)	4	-	-11	(2)	(0)	(5)	(7)	42%	-2
Amortisation and impairment	351	359	-2%	-8	349	346	621	351	-43%	-270
<b>EBIT</b>	<b>549</b>	<b>648</b>	<b>-15%</b>	<b>-99</b>	<b>545</b>	<b>1,021</b>	<b>105</b>	<b>549</b>	<b>423%</b>	<b>444</b>
Net financial interest	(148)	(175)	16%	28	(168)	(167)	(180)	(148)	-18%	33
Regulatory receivables-related fin. results	6	19	-65%	-12	2	3	(4)	6	-258%	11
Capitalized financial costs	7	10	-33%	-3	6	8	9	7	-26%	-2
Unwinding of long term liabilities(1)	(44)	(51)	15%	8	(43)	(44)	(49)	(44)	-12%	6
Net foreign exchange differences and derivatives	25	(5)	-	29	(12)	(28)	9	25	173%	16
Investment income, net interest with associates and JV	(8)	(7)	-4%	-0	(2)	(8)	(8)	(8)	-	0
Capital Gains/(Losses)	15	0	-	14	24	0	4	15	245%	10
Other Financials	19	13	46%	6	19	12	4	19	419%	15
<b>Financial Results</b>	<b>(127)</b>	<b>(197)</b>	<b>35%</b>	<b>69</b>	<b>(173)</b>	<b>(223)</b>	<b>(215)</b>	<b>(127)</b>	<b>-41%</b>	<b>88</b>
<b>Share of net profit in JVs/associates (Details page 28)</b>	<b>1</b>	<b>(1)</b>	<b>-</b>	<b>2</b>	<b>8</b>	<b>4</b>	<b>1</b>	<b>1</b>	<b>82%</b>	<b>1</b>
<b>Pre-tax Profit</b>	<b>423</b>	<b>450</b>	<b>-6%</b>	<b>-28</b>	<b>379</b>	<b>801</b>	<b>(110)</b>	<b>423</b>	<b>-485%</b>	<b>532</b>
<b>Income Taxes</b>	<b>74</b>	<b>66</b>	<b>13%</b>	<b>8</b>	<b>53</b>	<b>56</b>	<b>(165)</b>	<b>74</b>	<b>-145%</b>	<b>239</b>
Effective Tax rate (%)	18%	15%	-	2.9 pp	14%	7%	150%	18%		-1.3 pp
<b>Extraordinary Contribution for the Energy Sector</b>	<b>66</b>	<b>70</b>	<b>-5%</b>	<b>-3</b>	<b>(2)</b>	<b>2</b>	<b>(0)</b>	<b>66</b>	<b>-</b>	<b>67</b>
<b>Non-controlling Interests (Details page 28)</b>	<b>116</b>	<b>100</b>	<b>17%</b>	<b>17</b>	<b>93</b>	<b>47</b>	<b>89</b>	<b>116</b>	<b>31%</b>	<b>28</b>
<b>Net Profit Attributable to EDP Shareholders</b>	<b>166</b>	<b>215</b>	<b>-23%</b>	<b>-49</b>	<b>235</b>	<b>696</b>	<b>(33)</b>	<b>166</b>	<b>-597%</b>	<b>199</b>

**Amortisation and impairments** fell by 2% YoY (-€8m), to €351m in 1Q18, mainly supported by the de-consolidation of gas distribution assets (€12m in 1Q17) and forex impact (-€18m YoY). 1Q18 amortisation and impairment charges further reflect the impact from new capacity additions in the last 12 months.

**Net financial results** improved by 35% YoY (+€69m), to -€127m in 1Q18, propelled by lower net debt and respective cost (+€28m); and by more favourable net results with ForEx and derivatives (+€29m YoY, to €25m in 1Q18). **Net interest expense declined by 16% YoY**, to €148m in 1Q18 as deleveraging over 2017, coupled with better funding conditions and liability management in 4Q17, have gathered a 50bps YoY decline in the avg. cost of debt (from 4.3% in 1Q17 to 3.8% in 1Q18) and a 15% (€2.4bn) decrease in average net debt. **Capitalised financial expenses**, worth €7m in 1Q18 (-€3m YoY, in the wake of the end of construction of hydro capacity in Portugal), mainly relate to new capacity under construction and regulated networks. Additionally, it is worth to note the net neutral impact from i) lower revenues related to regulatory receivables (-€12m YoY, to €6m in 1Q18, backed by lower returns on regulatory receivables); and ii) the gain booked on the sale of a 20% stake in the UK offshore wind project (+€15m).

**Share of net profit in joint ventures and associates** amounted to €1m in 1Q18 (+€2m YoY), driven by better performance from equity accounted hydro plants in Brazil and EDPR's minority equity stakes. (Details on page 28)

**Income taxes** amounted to €74m (+€8m YoY), implying an 18% effective tax rate.

**Non-controlling interests** amounted to €116m in 1Q18, €17m higher YoY, propelled by higher net profit at our subsidiaries EDPR and EDP Brasil; and by higher share of minorities at the level of EDPR post the sale in 2Q17 to CTG of a 49% stake in certain wind farms in Portugal. (Details on page 28)

Overall, net profit reached €166m in 1Q18, 12% lower on a pro-forma basis. Adjusted by one offs\*, **recurring net profit fell 5% YoY, to €245m in 1Q18**, as growth at EDPR and EDP Brasil was more than offset by adverse regulatory changes in Portugal.

(\*) Non-recurring items: (i) **-€70m in 1Q17**: from extraordinary contribution for the energy sector; (ii) **-€79m in 1Q18**: -€66m from extraordinary contribution for the energy sector and -€13m related to 2H17 share of the impact on results from the difference between CMEC final adjustment recognised in Dec-17 and approved by the Government on May 3rd.

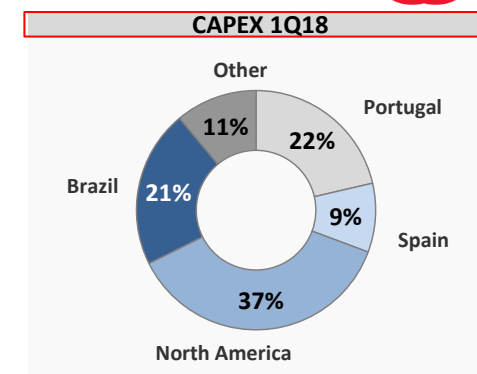
(1) Includes unwinding of medium, long term liabilities (regarding dismantling & decommissioning provision for wind assets, TEIs and Alqueva/Pedrogão concessions) and interest on medical care and pension fund liabilities.

# Investment activity



Capex (€ m)	1Q18	1Q17	Δ %	Δ Abs.
<b>Expansion</b>	<b>283</b>	<b>112</b>	<b>153%</b>	<b>+171</b>
Wind & Solar	265	93	186%	+173
Brazil	5	-	-	+5
Iberia and Other	13	19	-32%	-6
<b>Maintenance</b>	<b>85</b>	<b>140</b>	<b>-40%</b>	<b>-56</b>
Regulated Networks Iberia	34	73	-53%	-39
Regulated Networks Brazil	26	42	-38%	-16
Other	24	25	-3%	-1
<b>Consolidated Capex</b>	<b>368</b>	<b>252</b>	<b>46%</b>	<b>+115</b>

1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
<b>112</b>	<b>351</b>	<b>188</b>	<b>365</b>	<b>283</b>			
93	331	291	337	265			
-	1	1	9	5			
19	19	(103)	20	13			
<b>140</b>	<b>144</b>	<b>143</b>	<b>282</b>	<b>85</b>			
73	73	71	132	34			
42	35	39	41	26			
25	36	32	109	24			
<b>252</b>	<b>495</b>	<b>331</b>	<b>647</b>	<b>368</b>			



Net financial investments/ (Divestments) (1) (€m)	1Q18	1Q17	Δ %	Δ Abs.
<b>Financial Investments</b>	<b>64</b>	<b>18</b>	<b>256%</b>	<b>+46</b>
EDPR Perimeter	-	2	-	-2
EDP Brasil Perimeter	64	10	510%	+53
Tender offer for EDPR shares	-	0	-	-0
Iberia and Other	-	5	-	-5
<b>Financial Divestments</b>	<b>70</b>	<b>0</b>	<b>n.m.</b>	<b>+70</b>
EDPR Perimeter	40	0	n.m.	+40
EDP Brasil Perimeter (Pantanal)	-	-	-	-
Sale of NED + EDP Gas	29	-	-	+29
Other	1	0	167%	+0
<b>Net Financial Investment</b>	<b>(6)</b>	<b>17</b>	<b>-</b>	<b>-24</b>

Summary of Expansion Investment activity (1) (€m)	1Q18	1Q17	Δ %	Δ Abs.
Expansion capex	283	112	153%	+171
Net financial Investm./Divestm.(1)	(6)	17	-	-24
Proceeds from IEP in US	(0)	(2)	78%	+1
Other (2)	55	503	-89%	-448
<b>Total</b>	<b>332</b>	<b>631</b>	<b>-47%</b>	<b>-299</b>

**Consolidated capex** was 46% up YoY, to €368m in 1Q18, driven by higher expansion capex. In line with EDP strategy, the bulk of total capex was devoted to regulated and long term contracted activities (91%), including expansion projects (77% of total capex, fully concentrated in LT contracted and regulated activities).

**Maintenance capex** (€85m in 1Q18) was mostly absorbed by regulated networks in Brazil and Iberia (71% of total maintenance capex). The 40% decline YoY in 1Q18 is mostly related to some timing differences which should be subdued in the coming quarters.

**Expansion capex** was dedicated to the construction of renewable capacity (mostly onshore wind) and new transmission lines in Brazil:

**New wind & solar capacity:** capex amounted to €265m in 1Q18, of which 51% was applied in North America, 17% in Brazil and 32% in Europe. Onshore wind under construction by Mar-18 totalled 1,042MW: 65% in US, 13% in Brazil and 22% in Europe.

**New transmission lines Brazil:** capex was still low in 1Q18 (€5m), as the execution of the R\$3.1bn (c€0.8bn) capex planned until 2022 (5 new transmission lines in Brazil) is planned to be concentrated in 2019-21 (95% of total expected capex).

**Net financial divestments** amounted to €6m, including the acquisition in Brazil of a 14.46% stake in Celesc (Centrais Elétricas de Santa Catarina) for €61m, the sale of a 20% stake in Moray East offshore wind project for €40m and the cash in of additional €29m in 1Q18 relative to the disposal of Naturgas Energia Distribución ('NED'). In Apr-18, EDP Brasil has raised its stake in Celesc to 19.6% (raising total investment in the company to R\$0.3bn).

**Overall, net expansion activity resulted in net cash investment of €332m**, down from €631m in 1Q17, mainly reflecting last year's €0.2bn impact from the full consolidation of wind capacity in Mexico. 1Q18 next expansion investment further reflects no proceeds from Institutional Partnerships and lower payables to fixed asset suppliers (vs. 1Q17).

# Cash Flow Statement



Consolidated Cash Flow (€m)	1Q18	1Q17	Δ %	Δ Abs.
<b>Operating Activities</b>				
Cash receipts from customers	3,673	3,947	-7%	-274
Proceeds from tariff adjustments sales	255	593	-57%	-338
Cash paid to suppliers and personnel	(3,146)	(3,163)	1%	+16
Concession rents & other	(189)	(477)	60%	+288
<b>Net Cash from Operations</b>	<b>592</b>	<b>900</b>	<b>-34%</b>	<b>-308</b>
Income tax received/(paid)	6	(32)	-	+38
<b>Net Cash from Operating Activities</b>	<b>598</b>	<b>868</b>	<b>-31%</b>	<b>-269</b>
<b>Net Cash from Investing Activities</b>	<b>(474)</b>	<b>(544)</b>	<b>13%</b>	<b>+70</b>
<b>Net Cash from Financing Activities</b>	<b>(1,159)</b>	<b>(288)</b>	<b>-302%</b>	<b>-871</b>
<b>Changes in Cash and Cash Equivalents</b>	<b>(1,034)</b>	<b>36</b>	<b>-</b>	<b>-1,070</b>
Effect of exchange rate fluctuations	(27)	7	-	-34

Change in Net Debt (€ m)	1Q18	1Q17	Δ %	Δ Abs.
<b>Recurring CF from Operations(1)</b>	<b>585</b>	<b>757</b>	<b>-23%</b>	<b>-172</b>
Recurring EBITDA	911	1,011	-10%	-100
Change in operating working capital, taxes and other	(326)	(254)	-28%	-72
Maintenance capex	(100)	(140)	29%	+41
Net interests paid	(141)	(165)	15%	+24
Payments to Institutional Partnerships US	(46)	(67)	32%	+21
Other	(18)	(18)	-1%	-0
<b>Recurring Organic Cash Flow</b>	<b>281</b>	<b>367</b>	<b>-23%</b>	<b>-86</b>
<b>Net Expansion</b>	<b>(332)</b>	<b>(631)</b>	<b>47%</b>	<b>+299</b>
Expansion capex	(283)	(112)	-153%	-171
Net Fin. Investm./Divestments (1)	6	(17)	-	+24
Proceeds from Institut. Partnerships in US	0	2	-78%	-1
Other	(55)	(503)	89%	+448
<b>Change in Regulatory Receivables</b>	<b>14</b>	<b>314</b>	<b>-96%</b>	<b>-301</b>
<b>Dividends paid to EDP Shareholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Effect of exchange rate fluctuations</b>	<b>116</b>	<b>30</b>	<b>283%</b>	<b>+86</b>
<b>Other (including one-off adjustments)</b>	<b>5</b>	<b>(204)</b>	<b>-</b>	<b>+210</b>
<b>Decrease/(Increase) in Net Debt</b>	<b>84</b>	<b>(124)</b>	<b>-</b>	<b>+209</b>

Funds from Operations (€m)	1Q18	1Q17	Δ %	Δ Abs.
<b>EBITDA</b>	<b>893</b>	<b>1,011</b>	<b>-12%</b>	<b>-118</b>
Current income tax	(70)	(174)	60%	+104
Net financial interests	(148)	(175)	16%	+28
Net Income and dividends received from Associates	(6)	(1)	-970%	-6
FFO Adjustments	(21)	(33)	38%	+13
<b>FFO - Funds From Operations</b>	<b>648</b>	<b>628</b>	<b>3%</b>	<b>+20</b>

**Recurring Organic Cash Flow** amounted to €281m in 1Q18, reflecting the impact from lower recurring cash flow from operations, mainly prompted by adverse regulatory developments in Portugal and by drought in Iberia (that prevailed in the first 2 months of 2018; further details on page 3), but also due to higher working capital essentially derived from pending amounts related with higher volumes of energy sold in Mar-18 and not yet collected. These impacts were partially offset by improvement of net interests paid following EDP's trajectory of reduction in financial debt and respective cost and by lower payments to TEIs in the US. Worth noting that maintenance capex, which reached €100m, includes working capital of fixed assets' suppliers.

**Expansion capex net of divestments** totalled €332m in 1Q18m (€264m lower YoY), mainly translating the construction of new wind capacity, the investment in CELESC (€61m) and the sale of 20% stake of the Moray offshore wind project in the UK (£36m). Worth noting that the 1Q17 was impacted by the full consolidation of the 200MW Eólica de Coahuila wind farm in Mexico (€0.2bn) and by higher YoY payments to fixed assets' suppliers (€0.3bn).

**Regulatory receivables** in 1Q18 were mostly flat, while in 1Q17 recorded a €0.3bn decline on the back of higher securitization deals.

**Effects of exchange rate fluctuations** positively impacted net debt by €116m, predominantly driven by the depreciation of the USD (-13%, €78m), and BRL (-17%; €38m) vs. Dec-17, both against the Euro.

One-off impacts (included in **Other**) were immaterial in 1Q18, while in 1Q17 a VAT payment of €0.2bn was recorded (later recovered in 4Q17).

On balance, **net debt** decreased by €84m vs. Dec-17 to €13.8bn as of Mar-18.

**Funds from operations (FFO) rose 3% YoY to €648m in 1Q18**, reflecting i) a €118m decrease in EBITDA (see details on page 3); ii) a €104m decrease in current income tax, largely impacted by the higher amount of sales of tariff deficit in 1Q17 (~€0.6bn) than in 1Q18 (€0.15bn); and iii) a €28m decrease in net financial interests.

(1) Excluding Regulatory Receivables.



# Consolidated Financial Position



Assets (€ m)	Mar vs. Dec		
	Mar-18	Dec-17	Δ Abs.
Property, plant and equipment, net	22,519	22,731	-211
Intangible assets, net	4,716	4,747	-31
Goodwill	2,204	2,233	-28
Fin. investments & assets held for sale (details page 28)	1,227	1,236	-9
Tax assets, deferred and current	1,391	1,390	1
Inventories	304	266	39
Other assets, net	7,149	7,028	121
Collateral deposits	42	45	-3
Cash and cash equivalents	1,339	2,400	-1,061
<b>Total Assets</b>	<b>40,892</b>	<b>42,075</b>	<b>-1,183</b>

Equity (€ m)	Mar-18	Dec-17	Δ Abs.
Equity attributable to equity holders of EDP	9,593	9,546	47
Non-controlling Interest (Details on page 28)	3,943	3,934	8
<b>Total Equity</b>	<b>13,535</b>	<b>13,480</b>	<b>55</b>

Liabilities (€ m)	Mar-18	Dec-17	Δ Abs.
Financial debt, of wich:	15,752	16,918	-1,166
Medium and long-term	14,589	15,470	-880
Short term	1,163	1,448	-285
Employee benefits (detail below)	1,492	1,522	-31
Institutional partnership liability (US wind)	1,133	1,249	-116
Provisions	818	753	65
Tax liabilities, deferred and current	1,201	1,122	79
Deferred income from inst. partnerships	897	915	-17
Other liabilities, net	6,064	6,117	-53
<b>Total Liabilities</b>	<b>27,357</b>	<b>28,595</b>	<b>-1,238</b>
<b>Total Equity and Liabilities</b>	<b>40,892</b>	<b>42,075</b>	<b>-1,183</b>

Employee Benefits (€m)	Mar-18	Dec-17	Δ Abs.
Employee Benefits (bef. Tax)	1,492	1,522	-31
Pensions	736	763	-27
Medical care and other	756	759	-3
Deferred tax on Employee benefits (-)	-449	-459	9
<b>Employee Benefits (Net of tax)</b>	<b>1,042</b>	<b>1,064</b>	<b>-61</b>

Regulatory Receivables (€m)	Mar-18	Dec-17	Δ Abs.
Regulatory Receivables	862	870	-8
Portugal Distribution (1)	679	608	71
Portugal Annual CMEC Deviation	160	237	-76
Brazil	23	26	-3
Change in Fair value (+)	5	-	5
Deferred tax on Regulat. Receivables (-)	-266	-266	0
<b>Regulatory Receivables (Net of tax)</b>	<b>601</b>	<b>604</b>	<b>-3</b>

Total amount of **property, plant & equipment and intangible assets** decreased €0.2bn vs. Dec-17 to €27.2bn as of Mar-18, mainly driven by -€0.3bn due to exchange rate differences resulting from the depreciation of the USD (-8%) and BRL (-3%) against the EUR between Dec-17 and Mar-18. As of Mar-18, EDP works in progress amounted to €2.1bn (8% of total consolidated tangible and intangible assets): 57% at EDPR level, 8% at EDP Brasil level and the remaining 35% at EDP level.

The book value of **financial investments & assets held for sale** was flat vs. Dec-17. Worth noting in this regard that Pebble Hydro and other mini-hydro plants (mostly in Portugal) are classified under assets held for sale. Note also that by Mar-18, financial investments include: i) €301m at EDPR level, corresponding to equity stakes in 356MW wind farms in US and Spain, and 57% and 43% stakes in offshore projects in UK and France, respectively; ii) €432m at EDP Brasil level (mainly related to 14% stake in Celesc, 50% stake in Jari, 50% stake in Cachoeira Caldeirão and 33% stake in São Manoel); and iii) €270m at EDP level, including a 50% equity stake in EDP Asia (the owner of a 21% stake in CEM) and other.

**Tax assets net of liabilities, deferred and current** were €0.1bn down from Dec-17, to €0.2bn in Mar-18, primarily driven by an increase in VAT and income tax due. **Other assets (net)** increased €0.1bn vs. Dec-17 to €7.1bn as of Mar-18, supported essentially by pending amounts related with higher volumes of energy sold in Mar-18 and not yet collected. Note that other assets (net) includes €0.2bn in cash yet to collect from the disposal of Naturgas Distribución. Total nominal amount of EDP's **net regulatory receivables** was almost flat vs. Dec-17, at €862m as of Mar-18 (**€601m net of tax**).

**Equity book value attributable to EDP shareholders** increased by €0.05bn to €9.6bn as of Mar-18, reflecting the net profit for the period (€0.2bn) and the impact of exchange differences arising on consolidation, following the depreciation of USD and BRL against EUR. **Non-controlling interest** was flat vs. Dec-17, at €3.9bn as of Mar-18, as the results attributable to minority stakes in the period were offset by the YTD depreciation of USD and BRL against the EUR.

**Pension fund, medical care and other employee benefit liabilities** fell by €0.03bn vs. Dec-17 to €1.5bn as of Mar-18 (**€1.0bn, net of tax**), reflecting the recurrent payment of pension and medical care expenses in 1Q18.

**Institutional partnership liabilities** declined €0.1bn vs. Dec-17 to €1.1bn as of Mar-18, following the benefits appropriated by the tax equity partners during the period and the depreciation of USD against the Euro.

**Provisions** in 2017 amounted to €818m, the bulk of which (56%) referring to dismantling and decommissioning of power plants (of which ~58% at EDPR level). The €65m increase in 1Q18 is mostly related with annual extraordinary energy tax contribution in Portugal.

(1) Tariff deviations to be recovered/(returned) through tariffs in the following years by electricity distribution and last resort supply and gas in Portugal.

# Net Financial Debt

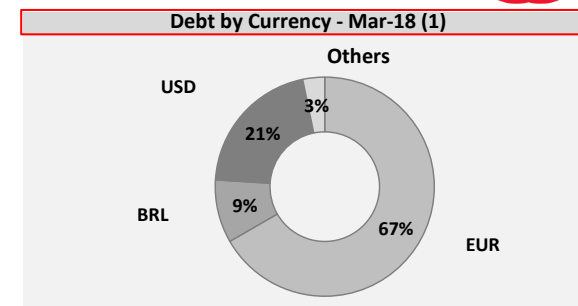
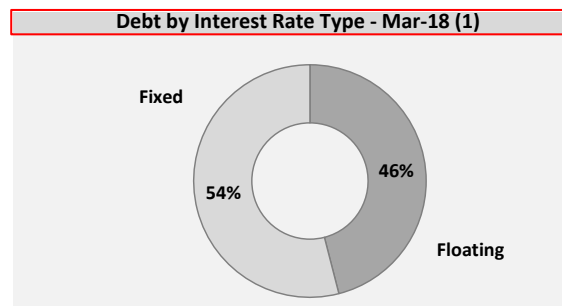
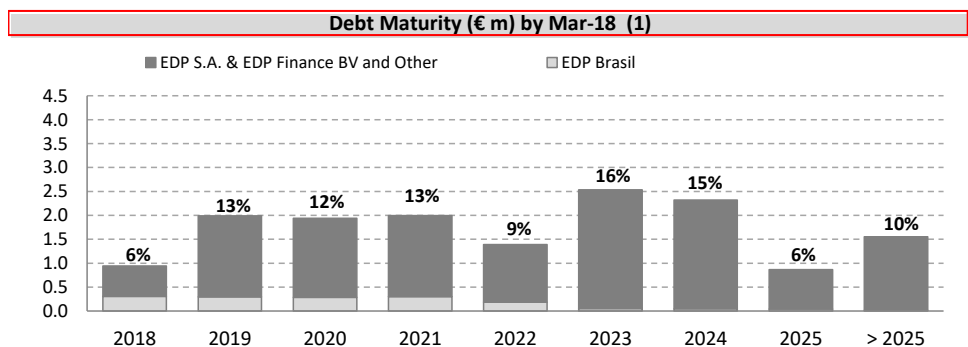


Net Financial Debt (€ m)	Mar-18	Dec-17	Δ %	Δ Abs.
<b>Nominal Financial Debt</b>	<b>15,518</b>	<b>16,575</b>	<b>-6%</b>	<b>-1,057</b>
EDP S.A. and EDP Finance BV	13,001	14,079	-8%	-1,078
EDP Renováveis	977	992	-1%	-15
EDP Brasil	1,539	1,504	2%	36
Accrued Interest on Debt	165	261	-37%	-96
Fair Value of Hedged Debt	68	81	-16%	-13
Derivatives associated with Debt (2)	(101)	(141)	29%	41
Collateral deposits associated with Debt	(42)	(45)	7%	3
Hybrid adjustment (50% equity content)	(376)	(391)	4%	15
<b>Total Financial Debt</b>	<b>15,233</b>	<b>16,340</b>	<b>-7%</b>	<b>-1,107</b>
<b>Cash and cash equivalents</b>	<b>1,339</b>	<b>2,400</b>	<b>-44%</b>	<b>-1,061</b>
EDP S.A., EDP Finance BV and Other	544	1,608	-66%	-1,065
EDP Renováveis	418	388	8%	30
EDP Brasil	377	404	-7%	-26
<b>Financial assets at fair value through P&amp;L</b>	<b>76</b>	<b>38</b>	<b>102%</b>	<b>38</b>
<b>EDP Consolidated Net Debt</b>	<b>13,818</b>	<b>13,902</b>	<b>-1%</b>	<b>-84</b>

Credit Lines by Mar-18 (€m)	Maximum Amount	Number of Counterparts	Available Amount	Maturity
Revolving Credit Facilities	75	1	75	Jul/19
Revolving Credit Facility	3,300	22	3,300	Oct/22
Revolving Credit Facility	2,240	17	1,240	Mar/23
Domestic Credit Lines	226	10	226	Renewable
Underwritten CP Programmes	100	1	100	2021
<b>Total Credit Lines</b>	<b>5,941</b>		<b>4,941</b>	

Credit Ratings	S&P	Moody's	Fitch
<b>EDP SA &amp; EDP Finance BV</b>	<b>BBB-/Stable/A-3</b>	<b>Baa3/Stable/P3</b>	<b>BBB-/Stab/F3</b>
Last Rating Action	08/08/2017	03/04/2017	14/12/2017

Key ratio	Mar-18 (3)	Dec-17
Net Debt / EBITDA adjust. for Reg. Receivables (x) (3)	3.8x	3.7x



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. Maintaining access to diversified sources of funding and assuring refinancing needs at least 12-24 months ahead continue to be part of the company's funding strategy.

In Dec-17, **Fitch** affirmed EDP's credit rating at "BBB-", with Stable outlook. In Aug-17, **S&P** upgraded EDP's credit rating to "BBB-" with Stable outlook. In Apr-17, **Moody's** affirmed EDP's credit rating at "Baa3" with Stable outlook. S&P's rating upgrade followed EDP's conclusion of the sale of its gas distribution business in Spain, whose proceeds were partially used to fund the acquisition of further EDPR shares. S&P expects an improvement of EDP's credit metrics supported by material debt reduction on well valued disposals, as well as improving operating performance, and Moody's considers that the transactions are consistent with EDP's 2016-20 Strategic Plan, contributing to the deleverage path.

**Looking at 1Q18's major debt repayments and refinancing deals:** in Feb-18 EDP repaid USD531m of a USD1,000m bond with a 6% coupon, of which USD469m had earlier been bought back in Dec-16. In Mar-18, EDP signed a 5-year revolving credit facility (with options to extend for 2 additional years) in the amount of €2,24bn, which can be withdrawn in either EUR or USD, replacing an earlier revolving credit facility that was maturing in Feb-20. EDP's long dated bond issues are in line with the Group's financial policy of extending the average term of its debt portfolio and reinforcing its financial flexibility.

As of Mar-18 **average debt maturity** was 4.9 years. The weight of consolidated financial debt through capital markets stood at 76%, while the remaining debt was raised essentially through bank loans.

**Refinancing needs in 2018** amount to €0.9bn, consisting in €0.4bn in bonds and €0.6bn in bank loans (including €0.3bn of loans that were due to mature in 2019 and were early prepaid in Apr-18). **In 2019 and 2020**, refinancing needs amount to €3.9bn. Total cash and available liquidity facilities amounted to €6.3bn by Mar-18. This liquidity position allows EDP to cover its refinancing needs beyond 2020.





Business Areas

# Iberian Electricity and Gas Markets



Electricity Balance (TWh)	Portugal			Spain			Iberian Peninsula		
	1Q18	1Q17	Δ%	1Q18	1Q17	Δ%	1Q18	1Q17	Δ%
Hydro	3.6	2.8	31%	9.7	7.5	29%	13.3	10.3	30%
Nuclear	-	-	-	14.2	15.3	-7.5%	14.2	15.3	-7%
Coal	2.4	3.1	-22%	7.9	10.3	-24%	10.3	13.4	-23%
CCGT	2.2	2.7	-21%	5.5	5.9	-7%	7.6	8.6	-12%
(-)Pumping	(0.6)	(0.6)	15%	(1.4)	(1.3)	3%	(2.0)	(1.9)	7%
<b>Conventional Regime</b>	<b>7.5</b>	<b>8.0</b>	<b>-6%</b>	<b>35.8</b>	<b>37.7</b>	<b>-5%</b>	<b>43.4</b>	<b>45.7</b>	<b>-5%</b>
Wind	4.5	3.7	19%	17.6	14.4	22%	22.1	18.1	22%
Other	2.4	2.4	2%	11.0	10.9	1%	13.4	13.2	1%
<b>Special Regime</b>	<b>6.9</b>	<b>6.1</b>	<b>13%</b>	<b>28.6</b>	<b>25.2</b>	<b>13%</b>	<b>35.5</b>	<b>31.4</b>	<b>13%</b>

Import/(export) net	(0.9)	(1.2)	-28%	1.6	1.2	33%	0.8	0.0	2,442%
<b>Gross demand (before grid losses)</b>	<b>13.6</b>	<b>13.0</b>	<b>4.7%</b>	<b>66.0</b>	<b>64.2</b>	<b>2.9%</b>	<b>79.6</b>	<b>77.1</b>	<b>3.2%</b>
Adjust. temperature, working days			3.1%			2.0%			n.a.

Gas Demand (TWh)	Portugal			Spain			Iberian Peninsula		
	1Q18	1Q17	Δ%	1Q18	1Q17	Δ%	1Q18	1Q17	Δ%
Conventional demand	11.5	11.4	1%	88.5	83.0	7%	100.0	94.4	6%
Demand for electricity generation	4.5	5.7	-21%	13.1	13.5	-3%	17.6	19.2	-8%
<b>Total Demand</b>	<b>16.0</b>	<b>17.1</b>	<b>-6%</b>	<b>101.6</b>	<b>96.5</b>	<b>5%</b>	<b>117.6</b>	<b>113.6</b>	<b>4%</b>

**Electricity demand in Iberia** grew 3.2% in 1Q18, boosted by colder than normal temperatures in February and March. In Spain (83% of Iberia), demand adjusted for temperature and working days was up 2.0% YoY. In Portugal (17% of total), demand adjusted for temperature and working days increased 3.1% YoY, driven by both the residential and business segments.

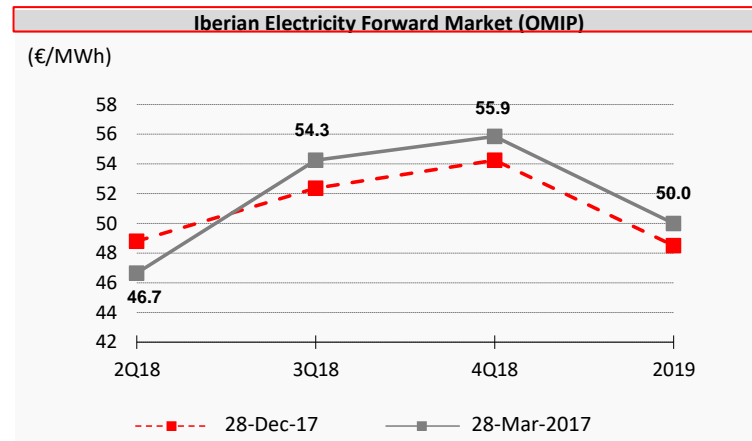
**Installed capacity in Iberia** was broadly flat YoY at 119GW, reflecting the combined impact from the start-up of our new hydro plant, Foz Tua (263MW with pumping) and a reduction in cogeneration installed capacity (-0.2GW).

**Residual thermal demand (RTD)** declined 19% YoY in 1Q18 (-4.1TWh), following: (i) 3.9TWh YoY increase in wind output, on the back of an outstanding wind resource; (ii) 2.9TWh YoY increase in hydro output (net of pumping), following an 84% YoY advance in Mar-18 driven by strong rainfall levels, which brought the accumulated hydro coefficient in Portugal to 0.93 in Mar-18 (vs. 0.39 in Feb-18 and 0.64 in Mar-17); and (iii) 0.7TWh increase in imports. Nuclear output fell 1.1TWh, reflecting several nuclear outages. As a result, coal output decreased 23% YoY (-3.1TWh) and CCGT output fell 12% YoY (-1.0TWh), reaching avg. load factors of 42% (-13p.p. YoY) and 12% (-2p.p. YoY). Overall, higher demand in Iberia (+2.5TWh YoY) was tackled by higher production from wind and hydro, which together accounted for 62% of total demand in 1Q18, representing a 4p.p. increase versus 1Q17.

**Average electricity spot price** fell 13% YoY, to c.€48/MWh in 1Q18, largely explained by the greater stability of the French nuclear fleet vs. 1Q17 and late-quarter recovery of hydro and wind resources. Apart from these, electricity spot prices in 1Q18 were influenced by the very cold weather in February and March, the low level of hydro reservoirs and high commodity prices. **Average CO<sub>2</sub> prices** surged 90% in 1Q18, to €9.8/ton. **Average electricity final price** in Spain declined 13%, to €55/MWh, in line with the evolution of spot prices. The difference between final electricity price and pool price derives from the contribution from profiling, restriction market, ancillary services and capacity payments.

**In the Iberian gas market**, consumption rose by 4% in 1Q18 reflecting the mixed impact from: (i) 6% YoY increase in conventional gas demand (86% of total gas consumption in Iberia), mostly driven by Spain, as a result of the cold weather; and (ii) 8% YoY decline in gas consumption for electricity generation (14% of total gas consumption in Iberia), due to a lower thermal gap.

Installed Capacity in Electricity (GW)	Iberian Peninsula		
	1Q18	1Q17	Δ%
Hydro	24.4	24.2	1%
Nuclear	7.0	7.0	-
Coal	11.3	11.3	0%
CCGT	28.8	28.8	0%
<b>Conventional Regime</b>	<b>71.5</b>	<b>71.3</b>	<b>0%</b>
Wind	28.4	28.4	0%
Other special regime	19.4	19.6	-1%
<b>Special Regime</b>	<b>47.8</b>	<b>48.1</b>	<b>-1%</b>
<b>Total</b>	<b>119.3</b>	<b>119.3</b>	<b>-0.1%</b>



Main Drivers (1)	1Q18	1Q17	Δ%
Hydro coefficient (1.0 = avg. year)			
Portugal	0.93	0.64	45%
Spain	1.20	0.70	71%
Wind coefficient (1.0 = avg. year)			
Portugal	1.18	1.00	18%
Electricity spot price, €/MWh			
Portugal	49	56	-13%
Spain	48	56	-13%
Electricity final price, €/MWh (2)			
Spain	55	64	-13%
CO <sub>2</sub> allowances (EUA), €/ton	9.8	5.2	90%
Coal (API2 CIF ARA), USD/tonne	87	81	7%
Mibgas (€/MWh)	22	25	-11%
Gas NBP, €/MWh	22	19	13%
Brent, USD/bbl	67	54	24%
EUR/USD	1.23	1.06	-13%

# Generation & Supply in Iberia



Income Statement (€ m)	1Q18	1Q17	Δ%	Δ Abs.
<b>Gross Profit</b>	<b>357</b>	<b>359</b>	<b>0%</b>	<b>-1</b>
OPEX (1)	109	109	0%	-0
Other operating costs (net)	64	49	28%	+14
<b>Net Operating costs</b>	<b>172</b>	<b>158</b>	<b>9%</b>	<b>+14</b>
<b>EBITDA</b>	<b>185</b>	<b>201</b>	<b>-8%</b>	<b>-15</b>
Amortisation, impairment and Provisions	93	92	1%	+1
<b>EBIT</b>	<b>92</b>	<b>109</b>	<b>-15%</b>	<b>-17</b>

Gross Profit breakdown (€ m)	1Q18	1Q17	Δ%	Δ Abs.
<b>Electricity Sources &amp; Uses</b>	<b>333</b>	<b>299</b>	<b>11%</b>	<b>+33</b>
Total Volume (TWh) - Details below	18.4	19.0	-3%	-1
Unit margin (€/MWh)	18.1	15.7	15%	+2
Before hedging (€/MWh) - Details below	18.4	14.1	31%	+4
From Hedging (€/MWh) (2)	(0.2)	1.7	-	-2
<b>Other</b>	<b>25</b>	<b>60</b>	<b>-58%</b>	<b>-35</b>
Electricity generation (Detail page 12), Energy supply	23	63	-64%	-41
Gas trading, other and adjustments	2	(4)	-	+6
<b>Total</b>	<b>357</b>	<b>359</b>	<b>-0%</b>	<b>-1</b>

Electricity Sources & Uses	1Q18	1Q17	Δ%	1Q18	1Q17	Δ%
	Output (GWh)			Variable Cost (€/MWh) (3)		
Own production (4)	8,445	9,047	-7%	25	30	-17%
Purchases	9,921	9,984	-1%	51	64	-21%
<b>Electricity Sources</b>	<b>18,366</b>	<b>19,031</b>	<b>-3%</b>	<b>39</b>	<b>48</b>	<b>-19%</b>

	Volumes Sold (GWh)			Average Price (€/MWh) (5)		
Grid Losses	1,352	949	43%	n.a.	n.a.	-
Final customers	8,569	9,035	-5%	66	65	2%
Wholesale market	8,445	9,047	-7%	57	66	-13%
<b>Electricity Uses</b>	<b>18,366</b>	<b>19,031</b>	<b>-3%</b>	<b>57</b>	<b>62</b>	<b>-8%</b>

Gas Uses (TWh)	1Q18	1Q17	Δ%	Δ Abs.
Consumed at EDP power plants	2.1	3.6	-42%	-1.5
Sold in wholesale markets	2.7	1.9	42%	+0.8
Sold to Final customers	4.3	4.7	-9%	-0.4
<b>Total</b>	<b>9.1</b>	<b>10.2</b>	<b>-11%</b>	<b>-1.1</b>

On 3-May-18, it has come to EDP's knowledge, through a DGEG's letter, that the ERSE's amount of €154m for the final adjustment of CMEC had been officially approved. Thus, even though the Group is still analysing the technical and legal foundations of this approval, EDP has provisioned the difference of the amounts already recognised in revenues, with an impact on EBITDA of -€24m, of which -€18m relative to 2H17 (one-off).

Excluding the one-off impact from CMEC (€-18m), **recurring EBITDA increased 2% YoY, to €204m in 1Q18**, as the material YoY improvement of hydro production and integrated margin in liberalised market was outstood by regulatory changes in Portugal: the increase of clawback tax since Aug-17 (-€15m YoY), social atriff and lower CMEC final adjustment recognised. Hydro production increased 37% YoY (~+1TWh YoY) yet falling ~2TWh short of the historical avg. for 1Q, since strong hydro resources in March also served to refill hydro reservoirs, from extremely low levels by the end of Feb-18 to levels in line with historical avg. by the end of the quarter. Moreover, the maintenance of high pool prices in 1Q18 did not allow a material YoY improvement of energy management results. EBITDA in energy supply was negative by €20m (-€21m YoY), as margins were penalised by the high cost with energy sourcing in Iberian market in 1Q18 and some regulatory changes in Portugal.

**Gross profit excluding CMEC one-off impact** rose by 5% YoY, to €376m in 1Q18, mainly driven by higher avg. unit margin (up from €16/MWh in 1Q17 to €18/MWh in 1Q18):

**Volumes:** Total volume sold decreased 3%, to 18TWh in 1Q18, reflecting a 5% fall in sales to customers, mainly prompted by business customers; and 7% decline in sales in the wholesale market, driven by a lower production. Generation output was 7% lower YoY, reflecting a lower thermal production which was not fully offset by higher hydro production; electricity purchases were 1% lower YoY.

**Unit margin** <sup>(2)(3)</sup>: Avg. electricity spread before hedging rose from €14/MWh in 1Q17, to €18/MWh in 1Q18, mainly reflecting a cheaper generation mix and lower pool prices. **Avg. sourcing cost** declined 19% YoY, to €39/MWh in 1Q18, supported by a higher contribution from hydro production in the generation mix and lower avg. cost of electricity purchases. **Avg. selling price** declined 8% YoY in 1Q18, reflecting the mixed impact from: (i) a 13% decrease in the average selling prices in the wholesale market (backed by lower spot prices); (ii) 2% increase in the avg. selling prices to customers.

**Net operating costs** amounted to €172m in 1Q18 (+9% YoY), impacted by higher regulatory costs in Portugal.

**Our gas sourcing activity** in 2018 is based on c2.6bcm/year long-term contracts. In 2018, total gas consumed/sold declined by 11% YoY, mainly driven by lower gas consumption at our CCGT plants (-42% YoY) and lower volumes sold to final customers (-9% YoY), partly offset by a 42% increase in sales in the wholesale market.

EDP is adapting its hedging strategy to the current market conditions. As a result, EDP has fully forward contracted dark spreads for c82% of expected coal output for 2018. Moreover, EDP has so far forward contracted electricity sales with clients of ~25TWh, at an avg. price of c.€55/MWh (excluding naturally-hedged price-indexed volumes). EDP has also secured spark spreads for 100% of its gas sourcing commitments for 2018.

(1) OPEX = Supplies and services + Personnel costs + Costs with social benefits; (2) Includes results from hedging on electricity; (3) Variable cost: fuel and CO2 cost, hedging costs (gains), system costs;

(4) Excludes production at mini-hydro, cogeneration and waste plants; (5) Average selling price: includes selling price (net of TPA tariff), ancillary services and others.

# Electricity Generation in Iberia



Income Statement (€ m)	1Q18	1Q17	Δ%	Δ Abs.
<b>Gross Profit</b>	<b>313</b>	<b>300</b>	<b>4%</b>	<b>+13</b>
OPEX (1)	62	60	3%	+2
Other operating costs (net)	48	36	34%	+12
<b>Net Operating costs</b>	<b>110</b>	<b>96</b>	<b>14%</b>	<b>+14</b>
<b>EBITDA</b>	<b>203</b>	<b>204</b>	<b>-0%</b>	<b>-1</b>
Amortisation, impairment; Provision	85	89	-5%	-5
<b>EBIT</b>	<b>118</b>	<b>115</b>	<b>3%</b>	<b>+4</b>

Our liberalised generation & supply activities are jointly managed as most of our production is sold to our supply units at fixed prices. The current section refers only to electricity generation operations.

The **overall generation portfolio in Iberia** (excluding wind and solar) encompasses a total of 13.6GW, of which 52% in hydro capacity, 27% in CCGT, 18% in coal (86% with DeNOx), 2% of mini-hydro, cogeneration and waste; and 1% in nuclear. Over the last 12 months, installed capacity grew 1.4%, mainly reflecting the commissioning of Foz Tua hydro plant (263MW), with pumping.

**Production** in 1Q18 (including mini-hydro, cogeneration and waste) decreased 6% YoY (-0.5TWh), to 8.7TWh, in the wake of a severe drought in Iberia that began in late 2016 and prevailed until Feb-18, particularly in Portugal: avg. hydro coefficient was 0.39 until Feb-18 and reservoir levels were at 48% of their capacity, improving significantly over Mar-18 following strong rainfall levels that brought the avg. hydro coefficient to 0.93 in 1Q18 (vs. 0.64 in 1Q17) and reservoir levels to 78% of their capacity by Mar-18. As a result, hydro output posted a 1.1TWh YoY increase in 1Q18, albeit not fully compensating the lower production from thermal plants: coal was down by 1.3TWh and CCGT was down by 0.4TWh, hindered by a lower thermal gap.

Key Operating Data	1Q18	1Q17	Δ%	Δ Abs.
<b>Generation Output (GWh)</b>	<b>8,693</b>	<b>9,241</b>	<b>-6%</b>	<b>-548</b>
Hydro	4,033	2,948	37%	+1,085
CCGT	1,302	1,713	-24%	-411
Coal	2,779	4,053	-31%	-1,274
Nuclear	331	333	-1%	-2
Mini-hydro, Cogener. & Waste	248	193	28%	+55
<b>Hydro pumping volume (GWh)</b>	<b>636</b>	<b>550</b>	<b>16%</b>	<b>+86</b>
<b>Generation Costs (€/MWh) (2)</b>	<b>25</b>	<b>30</b>	<b>-17%</b>	<b>-5</b>
Hydro	7	12	-40%	-5
CCGT	58	55	6%	+3
Coal	37	34	7%	+2
Nuclear	5	5	-5%	-0
<b>Load Factors (%)</b>				
Hydro	26%	20%	-	6p.p.
CCGT	16%	21%	-	-5p.p.
Coal	54%	78%	-	-25p.p.
Nuclear	99%	99%	-	0p.p.
<b>Employees (#)</b>	<b>1,563</b>	<b>1,634</b>	<b>-4%</b>	<b>-71</b>
<b>Capex (€m)</b>	<b>25</b>	<b>30</b>	<b>-18%</b>	<b>-5</b>
Expansion	12	18	-32%	-6
Maintenance	13	12	5%	+1

**Avg. production cost** fell 17% YoY, to €25/MWh in 1Q18, primarily driven by the higher contribution from the cheaper technology hydro (48% of total output in 1Q18 vs. 33% in 1Q17), which was fully concentrated in March. **Avg. production cost at our coal plants** increased 7% YoY, due to a higher coal and CO2 price. **Avg. production cost at CCGTs** logged a 6% YoY increase, reflecting a higher variable cost of gas and CO2, as well as a lower dilution of gas procurement fixed costs.

**Gross profit from generation in Iberia** rose 4%, to €313m in 1Q18, since CMEC one-off impact (€18m in 1Q18) smoothed the positive impact from a lower avg. production cost deriving from the sharp rebound in hydro resources in March. Note that the annual deviation from PPA/CMEC gross profit vis-à-vis CMEC reference, totalled €55m in 1Q17 and ceased to be in force since Jun-17 (€5m booked in 1Q18 reflects prior years adjustments).

**Net operating costs** increased by 14% YoY, to €110m in 1Q18, largely driven by higher clawback in Portugal. **Regulatory costs** rose 34% YoY, to €58m in 1Q18, impacted by: (i) at gross profit level, an increase in social tariff costs in Portugal to €21m in 1Q18; (ii) at EBITDA level, higher clawback in Portugal, partly offset by lower generation taxes in Spain.

It noteworthy that on 17-Nov-17, the Portuguese Government through Dispatch 9955/2017, set the clawback rate at €4.75/MWh starting from 24-Aug-17, also requesting ERSE to reassess the methodology and assumptions used in the calculation of clawback. In respect to capacity payments in Portugal, it is worth mentioning the Government's decision to suspend of the auction for the attribution of capacity payment in 2018 (Dispatch 93/2018) in Apr-18, until the EC formally pronounces on the fit of the auction rules with EC framework. Note that the EC has already approved capacity mechanism in 6 European countries. Moreover, note that the current rules have been set in Mar-17 and the auction for capacity payments in 2018 (Ministerial order nr. 2275-A/2017) was initially scheduled for May-17, revenues from capacity payments in Portugal during 2017 were nil in 1Q17 and amounted to €5m in 2017FY.

**Amortisation, impairment and provisions** declined by 5% YoY, to €85m in 1Q18, driven by impairments booked in 4Q17 in some coal plants in Iberia, as a result of deteriorated prospects derived from regulatory and fiscal developments.

**Capex** declined by 18% YoY, to €25m in 1Q18, reflecting the decrease in expansion capex following the start-up of Foz-Tua hydro plant. The €12m expansion capex is related to final works in Foz-Tua hydro plant surrounding area.

Other financial details (€ m)	1Q18	1Q17	Δ%	Δ Abs.
<b>At Gross profit level:</b>				
Capacity payments	12	11	6%	+1
Mini-hydro, cogeneration & waste	21	18	15%	+3
CMEC annual deviation	5	55	-91%	-50
<b>At EBITDA level:</b>				
Regulatory costs (3)	58	43	34%	+15

(1) OPEX = Supplies and services + Personnel costs + Costs with social benefits; (2) Includes fuel costs, CO2 emission costs, hedging results;

(3) Includes: (i) at gross profit, social tariff in Portugal; (ii) at the level of operating costs, generation taxes in Spain (incl. fuel, nuclear waste, hydro resources), clawback in Portugal.

# Electricity and Gas Supply in Portugal and Spain



	1Q18	1Q17	Δ%	Δ Abs.
<b>Gross Profit</b>	<b>43</b>	<b>64</b>	<b>-33%</b>	<b>-21</b>
OPEX (1)	48	51	-4%	-2
Other operat. costs (net)	15	13	15%	+2
<b>Net Operating costs</b>	<b>63</b>	<b>63</b>	<b>0%</b>	<b>-0</b>
<b>EBITDA</b>	<b>(20)</b>	<b>1</b>	<b>-</b>	<b>-21</b>
Amortisation, impairment; Provisions	8	3	233%	+6
<b>EBIT</b>	<b>(28)</b>	<b>(2)</b>	<b>1494%</b>	<b>-27</b>

Our electricity and gas supply activities in Portugal and Spain are managed by integrated 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. The current section refers only to energy supply, but excludes gas trading and sourcing activities.

As of Mar-18, **EDP's electricity portfolio in Iberia** totaled 5.3m customers, strongly biased towards residential and SME customers (c.47% of total consumption). Over the past 12 months, portfolio of customers grew by 3%: +2% in Portugal and +5% in Spain, mostly driven by the residential segment. In Portugal, according to the most recent data released by ERSE, 93% of total electricity consumption was in the liberalized market as of Jan-18. Note that, following the publication of DL 105/2017, electricity customers in Portugal are, since 1-Jan-18, allowed to return to the regulated market until the end of 2020.

EDP targets to leverage on its portfolio of customers, offering additional products and innovative services, as part of its strategy to build a longer-term relationship with customers backed by the enhancement of customer's satisfaction and loyalty levels. In line with this, the rate of dual fuel offer is currently at 30% (vs. 29% in 1Q17), including different stages of evolution in Spain and Portugal: in Portugal, dual offer rate corresponds to 16% in Mar-18; in Spain, dual offer rate, is currently at 79%. Additionally, the penetration rate of service contracts rose 2p.p YoY, from 15% in Mar-17 to 17% in Mar-18, in Iberia.

**Electricity volumes sold in Iberia** fell 5% YoY, to 8.2TWh in 1Q18, reflecting the mixed impact from: (i) a 6% YoY increase in the residential segment; and (ii) a 13% YoY decrease in the business segment, reflecting more selective commercial criteria.

**Gross profit at our supply activities in Iberia** declined by €21m YoY, to €43m in 1Q18, penalised by: (i) adverse regulatory changes in Portugal and the high cost with energy sourcing in Iberian market; and (ii) prior year adjustments.

**Net operating costs** were broadly stable YoY, at €63m in 1Q18. EDP is building the ground for a decrease in cost per customer through higher digitalisation rate and higher customer satisfaction: electronic invoicing (per avg. residential client) represents a 32% rate as of Mar-18, a 4pp increase vs. Mar-18.

Key data	1Q18	1Q17	Δ%	Δ Abs
<b>Portfolio of Customers (th.)</b>				
<b>Electricity</b>	<b>5,273</b>	<b>5,144</b>	<b>3%</b>	<b>+130</b>
Portugal	4,139	4,064	2%	+75
Spain	1,134	1,080	5%	+54
<b>Gas</b>	<b>1,539</b>	<b>1,468</b>	<b>5%</b>	<b>+71</b>
Portugal	656	613	7%	+43
Spain	883	855	3%	+28
<b>Dual fuel penetration rate (%)</b>	<b>30%</b>	<b>29%</b>	<b>2%</b>	<b>+0</b>
<b>Other Services</b>				
Services to contracts ratio (%)	17%	15%	13%	0p.p.
<b>Volume of electricity sold (GWh)</b>	<b>8,175</b>	<b>8,584</b>	<b>-5%</b>	<b>-409</b>
Residential	3,819	3,596	6%	+222
Business	4,357	4,987	-13%	-631
<b>Volume of gas sold (GWh)</b>	<b>4,464</b>	<b>4,690</b>	<b>-5%</b>	<b>-226</b>
Residential	2,682	2,713	-1%	-31
Business	1,782	1,976	-10%	-195
Electronic invoicing (%)	32%	28%	16%	4p.p.
Complaints per 1000 contracts (#)	9.0	7.6	18%	+1
Employees (#)	538	408	32%	+130
OPEX per customer (2) (€)	7	8	-7%	-1
EBITDA per customer (2) (€)	-3	0	-	-3
<b>Capex (€m)</b>	<b>2</b>	<b>1</b>	<b>74%</b>	<b>+1</b>

(1) OPEX = Supplies and services + Personnel costs + Costs with social benefits; (2) Based on the number of contracts.



# EDP Renováveis: Financial Performance



Income Statement	EDP Renováveis (€ m)			
	1Q18	1Q17	Δ %	Δ Abs.
<b>Gross Profit</b>	<b>476</b>	<b>460</b>	<b>4%</b>	<b>+16</b>
OPEX (1)	102	100	3%	+3
Other operating costs (net)	(7)	(13)	-50%	+7
<b>Net Operating Costs</b>	<b>96</b>	<b>87</b>	<b>11%</b>	<b>+9</b>
<b>EBITDA</b>	<b>381</b>	<b>373</b>	<b>2%</b>	<b>+7</b>
Amortisation, impair.; Provision	128	131	-2%	-3
<b>EBIT</b>	<b>252</b>	<b>242</b>	<b>4%</b>	<b>+10</b>
Financial Results	(53)	(79)	-33%	+26
Share of Profit from associates	1	(2)	-	+2
<b>Pre-tax profit</b>	<b>200</b>	<b>162</b>	<b>23%</b>	<b>+38</b>
<b>Capex (€m) (2)</b>	<b>265</b>	<b>93</b>	<b>186%</b>	<b>+173</b>
Europe (3)	85	33	155%	+52
North America	136	53	157%	+83
Brazil	45	7	568%	+38

Operational Overview	1Q18	1Q17	Δ %	Δ Abs.
<b>Installed Capacity (MW)</b>	<b>10,676</b>	<b>10,054</b>	<b>6%</b>	<b>+622</b>
Europe	5,061	4,989	1%	+72
North America	5,284	4,861	9%	+423
Brazil	331	204	62%	+127
<b>Output (GWh)</b>	<b>8,763</b>	<b>7,719</b>	<b>14%</b>	<b>+1044</b>
<b>Avg. Load Factor (%)</b>	<b>38%</b>	<b>36%</b>	<b>-</b>	<b>2p.p.</b>
<b>Avg. Elect. Price (€/MWh)</b>	<b>54.2</b>	<b>60.5</b>	<b>-10%</b>	<b>-6</b>
<b>Employees (#)</b>	<b>1,276</b>	<b>1,124</b>	<b>14%</b>	<b>+152</b>
<b>Core Opex/Avg. MW (€ th) (4)</b>	<b>9.6</b>	<b>10.0</b>	<b>-4%</b>	<b>-0</b>
<b>EBITDA (€m)</b>	<b>381</b>	<b>373</b>	<b>2%</b>	<b>+7</b>
Europe (3)	230	196	17%	+34
North America	146	173	-16%	-27
Brazil	5	6	-19%	-1
Other & Adjustments	0	(1)	-	+2
<b>EBIT (€m)</b>	<b>252</b>	<b>242</b>	<b>4%</b>	<b>+10</b>
Europe (3)	169	135	25%	+34
North America	82	106	-23%	-24
Brazil	2	3	-47%	-2
Other & Adjustments	(0)	(2)	-89%	+2

EDPR Equity Market Data	1Q18	1Q17	Δ %	Δ Abs.
Share price at end of period (€/share)	8.0	6.9	15%	1.0
Number of Shares Issued (million)	872.3	872.3	-	-
Stake Owned by EDP (%)	82.6%	77.5%	5p.p.	5p.p.

EDPR Key Balance Sheet Figures (€ m)	1Q18	1Q17	Δ %	Δ Abs.
<b>Financial investm, assets held for sale</b>	<b>317</b>	<b>328</b>	<b>-4%</b>	<b>-12</b>
<b>Net Financial Debt</b>	<b>2,973</b>	<b>3,175</b>	<b>-6%</b>	<b>-202</b>
Bank Loans and Other (Net)	475	552	-14%	-77
Loans with EDP Group (Net)	2,498	2,623	-5%	-125
<b>Non-controlling interests</b>	<b>1,564</b>	<b>1,488</b>	<b>5%</b>	<b>+76</b>
<b>Net Institutional Partnership Liability (5)</b>	<b>1,133</b>	<b>1,422</b>	<b>-20%</b>	<b>-289</b>
<b>Equity Book Value</b>	<b>6,406</b>	<b>6,197</b>	<b>3%</b>	<b>+209</b>

EUR/USD - End of Period Rate	1.23	1.07	-13%	0.16
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Financial Results (€ m)	1Q18	1Q17	Δ %	Δ Abs.
Net financial Interests	(33)	(35)	6%	+2
Institutional Partnership costs	(20)	(27)	24%	+6
Capitalised Costs	5	3	43%	+1
Forex Differences	2	3	-33%	-1
Other	(6)	(23)	-	+17
<b>Financial results</b>	<b>(53)</b>	<b>(79)</b>	<b>33%</b>	<b>+26</b>

EDP Renováveis (82.6% owned by EDP) owns, operates, and develops EDP Group's **wind and solar capacity**. As of Mar-18, EDPR managed a global portfolio of 11,007MW, (+597MW YoY) of which 331MW equity-method accounted, spread over 11 countries. EDPR's gross profit mainly derives from the sale of long-term contracted production and regulated tariffs providing high visibility over cash flow generation.

**EDPR's EBITDA went up by 2% YoY (+€7m) to €381m** in 1Q18, mostly impacted by: i) forex translation -€23m YoY, mainly due to USD depreciation (if adjusted by forex, EBITDA increased +8%); ii) higher avg. capacity on stream (+7%), supported by capacity additions in the US and Brazil; iii) higher avg. load factor +2p.p. reflecting an outstanding wind resource in Iberia (according to P50's, wind resource in 1Q18 was 5% above the historical average in 1Q18 vs. 1% above in 1Q17); and iv) lower avg. selling price -10% (-5% due to forex, and 5% due to new green certificates ("GC") regulation in Poland and Romania, and lower prices in the US.

**Opex rose by 3% YoY to €102m**, mainly due to higher headcount and other services, and reflecting positive forex impact. It is important to highlight the improvements at the efficiency level with -4% YoY in core opex/avg. MW in operation (-1% YoY if adjusted by forex, one-offs and other offshore costs) reflecting robust cost-control discipline while more MWs of capacity came on stream. **Other operating costs (net)** which are positive, decreased €7m YoY, due to lower income from institutional tax equity partnerships in the US (-€16m), and other costs with levies on higher sales in Portugal and Spain.

**EBIT increased by 4% YoY**, to €252m in 1Q18, as D&A fell -2% YoY to €128m, due to positive forex translation.

**Capex amounted to €265m** (+€173m YoY) due to higher capacity under construction YoY. 51% of total capex was devoted to the US market, 32% to Europe, and 17% to Brazil.

**EDPR's net debt amounted to €2.97bn in 1Q18** (vs. €2.81bn in Dec-17), +€167m mainly reflecting the investments done in the period. As of Mar-18, EDPR's net financial debt was funded in 84% through long-term loans with EDP.

**Liabilities with Institutional partnerships (net) amounted to €1,133m** (-€116m YoY), reflecting the tax benefits retained by institutional investors, the establishment of new tax equity financing structures and forex impact. **Non-controlling interests** at balance sheet level rose by €76m to €1,564m in 1Q18 vs 1Q17, which includes the sale of non-controlling interests in Portugal (ENEOP) to CTG (Jun-17), and USD depreciation vs. euro being distributed as follows: North America (c57%), Europe (c39%) and Brazil (c4%).

**Financial results (net) amounted to €53m** in 1Q18, (-33% YoY). **Net interest costs** fell by 6% YoY, on lower avg. debt in the period. Institutional partnerships costs decreased 24% YoY to €20m, on positive forex and lower partnerships liabilities. **Other financial costs** reduced by €17m YoY, which includes the €15m gain from the sale of a 20% equity stake in Moray UK offshore project.

(1) OPEX = Supplies and services + Personnel costs + Costs with social benefits; (2) Net of government grants; (3) Includes Holding costs and adjustments at the level of EDPR Europe;  
(4) Core Opex defined by Supplies and services (including O&M activities) and Personnel costs; (5) Net of deferred revenue.

# EDP Renováveis: North America & Brazil



North America	1Q18	1Q17	Δ %	Δ Abs.
EUR/USD - Avg. of period rate	1.23	1.06	-13%	0.16
<b>Installed capacity (MW)</b>	<b>5,284</b>	<b>4,861</b>	<b>9%</b>	<b>+423</b>
PPA's/Hedged/Feed-in tariff	4,594	4,276	7%	+318
Merchant	691	585	18%	+105
Avg. Load Factor (%)	41%	41%	-	1 p.p.
<b>Electricity Output (GWh)</b>	<b>4,901</b>	<b>4,211</b>	<b>16%</b>	<b>+690</b>
US	4,694	4,096	15%	+597
Canada	22	22	0%	-0
Mexico	185	93	100%	+93
<b>Avg. Selling Price (USD/MWh)</b>	<b>44.5</b>	<b>47.5</b>	<b>-6%</b>	<b>-2.9</b>
US	43.4	47.2	-8%	-3.8
Canada	115.6	110.2	5%	+5
Mexico	63.0	-	-	-
<b>Adjusted Gross Profit (USD m)</b>	<b>267</b>	<b>264</b>	<b>1%</b>	<b>+3</b>
Gross Profit (USD m)	203	192	6%	+11
PTC Revenues & Other (USD m)	64	73	-12%	-9
<b>EBITDA (USD m)</b>	<b>179</b>	<b>184</b>	<b>-3%</b>	<b>-5</b>
EBIT (USD m)	101	113	-11%	-12
Installed capacity (MW Equity)	179	179	0%	-
<b>Capex (1) (USD m)</b>	<b>167</b>	<b>56</b>	<b>197%</b>	<b>+111</b>
<b>Capacity under construction (MW)</b>	<b>679</b>	<b>278</b>	<b>144%</b>	<b>+401</b>

Brazil	1Q18	1Q17	Δ %	Δ Abs.
Euro/Real - Average of period rate	3.99	3.35	-16%	+0.64
<b>Installed Capacity (MW)</b>	<b>331</b>	<b>204</b>	<b>62%</b>	<b>+127</b>
Avg. Load Factor (%)	24%	33%	-	-9 p.p.
Electricity Output (GWh)	159	147	8%	+12
Avg. Final Selling Price (R\$/MWh)	233	223	5%	+10
Gross Profit (R\$ m)	32	29	8%	+2
<b>EBITDA (R\$ m)</b>	<b>19</b>	<b>20</b>	<b>-3%</b>	<b>-1</b>
EBIT (R\$ m)	7	11	-37%	-4
<b>Capex (R\$ m)</b>	<b>178</b>	<b>22</b>	<b>696%</b>	<b>+156</b>
<b>Capacity under construction (MW)</b>	<b>137</b>	<b>127</b>	<b>8%</b>	<b>+10</b>

**In North America (NA)**, installed capacity totalled 5,284M in Mar-18 (5,055MW in US, 200MW in Mexico, and 30MW Canada). New capacity additions in the last 12 months (+423MW) were fully concentrated in the US of which +363MW respects to wind onshore capacity and +60MW to solar capacity. Additionally, EDPR owns equity stakes in other wind projects, equivalent to 179MW.

**EBITDA in NA was 3% lower YoY, to USD179m in 1Q18**, explained by: i) 6% decrease of the **average selling price** to USD45/MWh and ii) lower income from tax equity investments (-USD9m). **Wind resources** were slightly above the historical average (102% of P50, flat YoY), contributing to an overall stable load factor of 41%.

In the **United States**, average selling price decreased to USD43/MWh (-8% YoY); partially offsetting the higher output +10% (4.5GWh in 1Q18 vs. 4.1GWh in 1Q17). **Income from institutional partnerships** declined 12% YoY to USD64m in 1Q18, as a result of the negative impact of USD24/MWh production tax credit ("PTCs") expiring for wind farms commissioned 10 years ago (~1GW) which was bigger than the positive impact from new PTCs attributed for projects that initiated operations over the last 12 months.

**EDPR signed new long-term agreements in the US** during the quarter: i) 50MW PPA with Nestlé to sell the energy produced by Meadow Lake VI wind farm (operations expected to start this year) in Northern Indiana; ii) 200MW PPA (20-year) with Great Plains Energy to sell the energy produced by Prairie Queen wind farm (operations are expected for 2019) in Kansas; iii) 200MW PPA (20-year) with Hoosier Energy Rural Electric Cooperative to sell the energy produced by Riverstart solar power plant (operations expected to start in 2022) in Indiana;

In **Canada**, avg. selling price was at USD116/MWh, (+5%) higher YoY mainly reflecting the forex translation (CAD/USD). In Dec-17 EDPR was awarded with a 20-year Renewable Energy Support Agreement (RESA) for 248MW of wind onshore in Canada, with commercial operation expected to occur in December 2019.

In **Mexico**, EDPR has a bilateral supply agreement under self-supply regime. Avg. load factor was 43%. Avg. selling price was at USD63/MWh.

All **wind and solar capacity currently under construction** in NA (+679MW) is concentrated in the US: 78MW Arkwright (New York); 200MW Meadow Lake VI (Indiana); 202MW Turtle Creek (Iowa); and 199MW Prairie Queen (Kansas); of which 0.5GW is expected to be commissioned in 2018.

**In Brazil**, installed capacity totalled 331MW in Mar-18, (+127MW YoY related to JAU & Aventura wind farm that start its operation in 4Q17) and operates under long-term contracts.

**EBITDA decreased 3% to R\$19m in 1Q18 vs. 1Q17** penalized by lower **avg. load factor** at 24%, -9p.p., and higher operating costs, that mitigated the increase in the outcome from the new installed capacity, and the higher avg. selling price (+5% YoY). **Avg. selling price** was R\$233/MWh in 1Q18, from R\$223/MWh in 1Q17, justified by the different mix of a new wind farm in operation (production vs price).

As of Mar-18, EDPR had +137MW **under construction** in Brazil respecting to Babilônia wind project which is expected to be due in 4Q18.



- Energy is sold either under PPAs (up to 20 years), Hedges or Merchant prices; Green Certificates (Renewable Energy Credits, REC) subject to each state regulation
- Tax Incentive: (i) PTC collected for 10-years since COD (\$24/MWh in 2017); (ii) Wind farms beginning construction in 2009-10 could opt for 30% cash grant in lieu of PTC



- Feed-in Tariff for 20 years (Ontario)
- Renewable Energy Support Agreement (Alberta)



- Bilateral Electricity Supply Agreement for 25 years under self-supply regime



- Installed capacity under PROINFA program
- Competitive auctions awarding 20-years PPAs

(1) Net of cash grants

# EDP Renováveis: Spain & Portugal



Spain	1Q18	1Q17	Δ %	Δ Abs.
<b>Installed capacity (MW)</b>	<b>2,244</b>	<b>2,194</b>	<b>2%</b>	<b>+50</b>
Avg. load factor (%)	37%	31%	-	6 p.p.
<b>Production (GWh)</b>	<b>1,766</b>	<b>1,442</b>	<b>22%</b>	<b>+323</b>
Prod. w/capac. complement (GWh)	1,626	1,322		
Standard production (GWh)	1,234	1,136		
Above/(below) std. prod. (GWh)	391	186		
Prod. w/o cap. complement (GWh)	140	120		
<b>Avg. Price (€/MWh)</b>	<b>71.9</b>	<b>70.9</b>	<b>1%</b>	<b>+1</b>
Total GWh: realised pool (€/MWh)	44.5	46.6	-4%	-2
Regulatory adj. on std. GWh (€m)	-2	-9		
Complement (€m)	56	50		
Hedging gains/(losses) (€m)	-6	-15		
Gross profit (1)	132	117	13%	+16
<b>EBITDA (1)</b>	<b>87</b>	<b>64</b>	<b>37%</b>	<b>+24</b>
EBIT (1)	61	38	61%	+23
Installed capacity (MW Equity)	152	177	-14%	-25
<b>Capex (€m)</b>	<b>27</b>	<b>17</b>	<b>57%</b>	<b>+10</b>
<b>Capacity under construction (MW)</b>	<b>68</b>	<b>-</b>	<b>-</b>	<b>+68</b>

Portugal	1Q18	1Q17	Δ %	Δ Abs.
<b>Installed capacity (MW)</b>	<b>1,253</b>	<b>1,253</b>	<b>0%</b>	<b>-</b>
Avg. Load factor (%)	39%	33%	21%	7 p.p.
Electricity output (GWh)	1,066	877	22%	+189
Avg. selling price (€/MWh)	93.9	91.8	2%	+2
Gross profit	100	80	24%	+20
<b>EBITDA</b>	<b>87</b>	<b>68</b>	<b>29%</b>	<b>+19</b>
EBIT	74	54	36%	+19
<b>Capex (€m)</b>	<b>17</b>	<b>4</b>	<b>323%</b>	<b>+13</b>
<b>Capacity under construction (MW)</b>	<b>55</b>	<b>-</b>	<b>-</b>	<b>+55</b>

In **Spain**, EDPR installed capacity increased +50MW to 2,244MW in 2017 (MW EBITDA), due to the acquisition of a 50% stake in a Spanish wind farm that was previously equity accounted, to which accrues 152MW, equivalent to EDPR's equity position in other wind projects (equity-method consolidated).

**EBITDA in Spain increased 37% YoY to €87m in 1Q18**, supported mostly by the higher **avg. load factor** (+6p.p. YoY at 37%) that led to an increase of the output of +22%, to 1.7TWh, and the increase of the avg. selling price (+€1/MWh YoY). **Average selling price** increased to 72€/MWh in 1Q18 backed by: i) €7m reduction vs. 1Q17 regarding the higher regulatory adjustment against the pool price<sup>(2)</sup> and ii) lower YoY loss (€9m) with forward sales related to the hedging strategy in place; both mitigating the lower pool price (44.5/MWh vs. 46.6MW/h). EDPR hedged 1.5TWh at €41/MWh for 2Q-4Q18 period.

It is even worth of mentioning that the remuneration framework in Spain was revised in Feb-17, establishing the new parameters of remuneration for renewable energy assets for 2017-2019 which includes: an increase of wind profile coefficient to 14.79% from previous 11.11%; 2014-2016 regulatory adjustments; and new forecasted pool prices with defined caps and floors for the standard production. 92% of Spanish capacity is entitled to receive capacity complement.

In **Portugal**, EDPR owns a portfolio of 1,253MW, which includes 5MW of solar capacity.

**EBITDA in Portugal amounted to €87m in 1Q18**, +€19m YoY, driven by the boost on wind and solar production +22% triggered by the outstanding avg. load factor attained in the period (39%). **Wind coefficient** in Portugal was well above the historical avg. at 1.18 in 1Q18 vs. 0.99 in 1Q17. **Average selling price** was +2% YoY to €94/MWh, reflecting essentially the inflation indexation of the feed-in-tariff.

As of Mar-18, EDPR had 123MW of wind capacity **under construction in Iberian Peninsula**: 68MW in Spain (at market price with a floor) and 55MW in Portugal (under feed-in-tariff).



- Wind energy receives pool price and a premium per MW, if necessary, in order to achieve a target return established as 'Spanish 10-year Bond yields + 300bp'; Every 3 years, there will be revisions as to compensate deviations from the expected pool price
- Premium calculation is based on standard assets (standard load factor, production and costs)



- Older Wind farms: Feed-in Tariff updated with inflation and inversely correlated with load factor. Duration: 15 years (Feed-in tariff updated with inflation) + 7 years (extension cap/floor system: €74/MWh - €98/MWh)
- ENEOP: price defined in a international competitive tender and set for 15 years (or the first 33 GWh per MW) + 7 years (extension cap/floor system: €74/MWh - €98/MWh). Tariff for first year established at c.€74/MWh and CPI monthly update for following years
- VENTINVEST: price defined in a international competitive tender and set for 20 years (or the first 44 GWh per MW)

Rest of Europe	1Q18	1Q17	Δ %	Δ Abs.
<b>Installed capacity (MW)</b>	<b>1,564</b>	<b>1,541</b>	<b>1%</b>	<b>+23</b>
Avg. load factor (%)	32%	32%	-1%	-0 p.p.
Electricity output (GWh)	1,079	1,064	1%	+15
Avg. selling price (€/MWh)	71.4	84.2	-15%	-13
<b>Poland</b>				
Installed capacity (MW)	418	418	0%	-
Avg. load factor (%)	29%	31%	-7%	-2 p.p.
Electricity output (GWh)	258	279	-7%	-20
Avg. selling price (PLN/MWh)	204	318	-36%	-114
EUR/PLN - Avg. Rate in period	4.18	4.32	3%	-0
<b>Romania</b>				
Installed capacity (MW)	521	521	0%	-
Avg. load factor (%)	30%	36%	-16%	-6 p.p.
Electricity output (GWh)	340	403	-16%	-63
Avg. selling price (RON/MWh)	239	340	-30%	-102
EUR/RON - Avg. Rate in period	4.66	4.52	-3%	+0
<b>France</b>				
Installed capacity (MW)	410	388	6%	+22
Avg. load factor (%)	37%	30%	22%	7 p.p.
Electricity output (GWh)	324	252	29%	+72
Avg. selling price (€/MWh)	91	91	0%	-0
<b>Belgium &amp; Italy</b>				
Installed capacity (MW)	215	215	0%	-
Avg. load factor (%)	34%	29%	15%	4 p.p.
Electricity output (GWh)	157	131	20%	+26
Avg. selling price (€/MWh)	113	122	-8%	-10
Gross profit	77	89	-13%	-12
<b>EBITDA</b>	<b>56</b>	<b>66</b>	<b>-16%</b>	<b>-10</b>
EBIT	36	46	-22%	-10
<b>Capex (€m)</b>	<b>40</b>	<b>12</b>	<b>230%</b>	<b>+28</b>
<b>Capacity under construction (MW)</b>	<b>103</b>	<b>18</b>	<b>460%</b>	<b>+85</b>

In **European markets outside of Iberia** EDPR had a total installed capacity of 1,564MW in Mar-18, (+22MW YoY in France) and 103MW are **under construction**: +77MW in Italy and +26MW in France.

**EDPR's EBITDA in Rest of Europe decreased by 16% YoY, to €56m in 1Q18**, driven by lower prices particularly in Poland (-36% YoY) and Romania (-30% YoY) mostly due to regulatory changes, and therefore contributing to the -15% vs. 1Q17 average selling price (€71MWh in 1Q18 vs. €84MWh in 1Q17).

**In Poland**, EDPR operates 418MW of wind capacity. Results were impacted by **lower average selling prices** -36% YoY to PLN204/MWh, and **lower avg. load factor** -2p.p. YoY (that led to a reduction of **wind output of** -7% to 258GWh). Fall in avg. prices was driven by green certificates' price and a change in the substitution fee calculation method. From Sep-17 onwards, substitution fee for non-compliance with GC obligation is calculated as 125% of the avg. market price of the GC from the previous year and capped at 300PLN.

**In Romania**, EDPR operates 521MW: 471MW in wind and 50MW of solar PV. Operational activities were largely penalized by lower wind and solar output -16% in 1Q18 to 340GWh, due to the **lower avg. load factor** -6p.p. YoY, and the **strong decline on prices** deriving from the pre-defined attribution of GC/MWh (from 2GC/MWh in 2017 to 1GC/MWh in 2018 for wind farms) with the final avg. selling price figures at RON239/MWh (vs. RON340/MWh in 1Q17).

**In France**, EDPR added 22MW of wind capacity (during the period 1Q17-1Q18), amounting a total installed capacity in the market of 410MW. Wind output increased 29% YoY, to 324GWh, propelled by the **higher avg. capacity in operation** (+6%), along with a **higher avg. load factor** +7p.p. at 37%. Average tariff stood at €91/MWh, flat YoY.

**In Belgium**, the 71MW in operation **produced** 19% **more** YoY (129GWh) from a stronger wind resource in the period (+5p.p. avg. load factor). **Average selling price** was €104/MWh (-2% YoY) which reflects the actual PPA price structure.

**In Italy**, EDPR operates 144MW of wind technology. **Wind output** advanced 20% YoY to 107GWh, reflecting more avg. capacity on stream (+7%), and avg. load factor (+4p.p.). **Average tariff** decreased 6% YoY to €116/MWh, due to a lower market prices (in wind farms installed before 2013).

In Mar-18, EDPR closed an agreement to sell 20% stake in equity shareholding and outstanding shareholders loans on the Moray Offshore Windfarm in the UK to Mitsubishi Corporation, for a total consideration of GBP36m. Note that, EDPR had already announced in Sep-17, the sale of a 23% equity stake in the same project to ENGIE. The project is awarded with a 15-year Contract for Difference (CfD) for the delivery of 950 MW of offshore wind generation at £57.5/MWh (2012 tariff-based), and a final investment decision is expected in 2018 and completion should occur until 2022.

- Price is set through bilateral contracts; Wind receive 1 GC/MWh which can be traded in the market. Electric suppliers have a substitution fee (PLN300/MWh) for non compliance with GC obligation. From Sep-17 onwards, substitution fee is calculated as 125% of the avg market price of the GC from the previous year and capped at 300PLN.
- Wind assets (installed until 2013) receive 2 GC/MWh until 2017 and 1 GC/MWh after 2017 until completing 15 years; Wind assets (installed in 2013) receive 1.5 GC/MWh until 2017 and after 0.75 GC/MWh until completing 15 years. The GCs issued starting in Apr-2017 and the GCs postponed to trading from Jul-2013 will remain valid and may be traded until Mar-2032
- Feed-in tariff for 15 years: (i) €82/MWh up to 10<sup>th</sup> year, inflation updated; (ii) Years 11-15: €82/MWh @ 2,400 hours, decreasing to €28/MWh @3,600 hours, inflation updated
- Assets under construction will receive 15-yr CfD similar to existing FIT
- Wind & solar energy sold at 'Market price + green certificate (GC)'; Separate GC prices with cap and floor for Wallonia (€65/MWh-100/MWh); Option to negotiate long-term PPAs
- Projects online before 2013 are (during 15 years) under a pool + premium scheme (premium=1x€180/MWh - "P-1")x0.78, being P-1 previous year average market price; Assets online from 2013 onwards were awarded a 20 years contract through competitive auctions

# Regulated Networks in Iberia



## Regulated Networks in Iberia (1)

Income Statement (€ m)	1Q18	1Q17	Δ %	Δ Abs.
<b>Gross Profit</b>	<b>322</b>	<b>444</b>	<b>-27%</b>	<b>-122</b>
OPEX (2)	98	117	-16%	-19
Other operating costs (net)	65	63	4%	+3
<b>Net Operating Costs</b>	<b>163</b>	<b>179</b>	<b>-9%</b>	<b>-16</b>
<b>EBITDA</b>	<b>159</b>	<b>265</b>	<b>-40%</b>	<b>-105</b>
Amortisation, impairm.; Provisions	69	83	-16%	-13
<b>EBIT</b>	<b>90</b>	<b>182</b>	<b>-51%</b>	<b>-92</b>

Capex & Opex Performance	1Q18	1Q17	Δ %	Δ Abs.
<b>Controllable Operating Costs (3)</b>	<b>93</b>	<b>99</b>	<b>-7%</b>	<b>-6</b>
Cont. costs/customer (€/supply point) (3)	13	15	-7%	-1
Cont. costs/km of network (€/Km) (3)	375	402	-7%	-27
Employees (#)	3,332	3,695	-10%	-363
<b>Capex (Net of Subsidies) (€m)</b>	<b>34</b>	<b>73</b>	<b>-53%</b>	<b>-39</b>
Network ('000 Km) (3)	247	246	0.3%	+1

## Electricity Distribution in Spain

Income Statement (€ m)	1Q18	1Q17	Δ %	Δ Abs.
<b>Gross Profit</b>	<b>47</b>	<b>55</b>	<b>-13%</b>	<b>-7</b>
OPEX (2)	13	14	-5%	-1
Other operating costs (net)	1	0	58%	+0
<b>Net Operating Costs</b>	<b>14</b>	<b>14</b>	<b>-3%</b>	<b>-0</b>
<b>EBITDA</b>	<b>34</b>	<b>40</b>	<b>-17%</b>	<b>-7</b>
Amortisation, impairm.; Provisions	7	10	-29%	-3
<b>EBIT</b>	<b>26</b>	<b>30</b>	<b>-13%</b>	<b>-4</b>

Gross Profit Performance	1Q18	1Q17	Δ %	Δ Abs.
<b>Gross Profit</b>	<b>47</b>	<b>55</b>	<b>-13%</b>	<b>-7</b>
Regulated Revenues	47	46	3%	+1
Non-regulated gross profit	0	9	-95%	-9
Electricity Supply Points (th)	664	662	0%	+2
Electricity Distributed (GWh)	2,410	2,350	3%	+60

Other Key data	1Q18	1Q17	Δ %	Δ Abs.
<b>Capex (Net of Subsidies) (€m)</b>	<b>4</b>	<b>6</b>	<b>-40%</b>	<b>-3</b>
Network (Km)	20,630	20,528	0%	+102
Employees (#)	301	302	-0%	-1

Our Regulated networks in Iberia in 2017 and 2018 include our activities of distribution of electricity, in Portugal and Spain; and electricity last resort supply activity in Portugal (LRS). Furthermore, Regulated networks in Iberia in 2017 included gas distribution activities in Spain (up to Jul-17, when its disposal was completed) and Portugal (up to Oct-17, when disposal was completed): in 1Q17, gas distribution contribution amounted to €72m on gross profit, €58m on EBITDA and €46m on EBIT. Following these disposals, EDP has solely retained gas last resort supply activity.

**Excluding gas distribution in Iberia, EBITDA from regulated networks** fell by 23% YoY (-€47m), to €159m in 1Q18, largely impacted by: (i) in Portugal (79% of total), the new regulatory terms applicable to electricity distribution and LRS as from 1-Jan-18, which largely explain a €42m decrease in gross profit; and (ii) in Spain (21% of total), prudent approach to possible regulatory changes, even ahead of the end of the current regulatory period, in 2019YE. Note that regulatory framework for electricity distribution and LRS in Portugal was set in mid Dec-17 and applied to the period 2018-2020.

**Controllable operating costs** in the electricity networks fell by 7% YoY (-€6m), reflecting the headcount reduction, lower client services and, to a lower extent, a favourable effect on costs which is due to smooth out in the coming quarters.

**Capex** amounted to €34m in 1Q18, the bulk of which (~90%) related to electricity in Portugal.

The terms of regulated revenues for electricity distribution in Spain are set for the period 2016-19, under the regulatory framework designed in Dec-13 (Law 24/2013 and RD 1048/2013), Dec-15 (Ministerial order IET 2660/2015) and Jun-16 (Ministerial order IET 980/2016), encompassing a return on RAB equivalent to a 200bp premium over 10-year Spanish bond yields, equaling to 6.5%. Having said this, in Sep-17, the government initiated a process to change one of the terms of IET 980/2016.

**In line with this, EBITDA from our electricity distribution activity in Spain** amounted to €34m in 1Q18 (-17% YoY), supported by a prudent approach as to a possible regulatory change ('lesividad'), even ahead of the end of the current regulatory period and tight cost control.

**Regulated revenues** were 3% higher YoY, and so did volume of electricity distributed by our subsidiary, EDP España (mostly in the region of Asturias).

(1) In 2017, includes results from gas distribution in Spain and Portugal, sold in Jul-17 and Oct-17, respectively; (2) OPEX = Supplies and services + Personnel costs + Costs with social benefits;  
(3) Only for electricity networks; Controllable Costs includes Supplies & services and personnel costs.



## Electricity Distribution & LRS in Portugal

Income Statement (€ m)	1Q18	1Q17	Δ %	Δ Abs.
<b>Gross Profit</b>	<b>274</b>	<b>317</b>	<b>-13.4%</b>	<b>-42</b>
OPEX (1)	84	90	-6.7%	-6
Concession fees	64	64	1.2%	+1
Other operating costs (net)	0	(3)	-	+3
<b>Net Operating Costs</b>	<b>149</b>	<b>151</b>	<b>-1.2%</b>	<b>-2</b>
<b>EBITDA</b>	<b>126</b>	<b>166</b>	<b>-24%</b>	<b>-41</b>
Amortisation, impairment; Provisions	62	61	2.2%	+1
<b>EBIT</b>	<b>64</b>	<b>106</b>	<b>-40%</b>	<b>-42</b>

Gross Profit Performance	1Q18	1Q17	Δ %	Δ Abs.
<b>Gross Profit (€m)</b>	<b>274</b>	<b>317</b>	<b>-13%</b>	<b>-42</b>
Regulated gross profit	272	316	-14%	-44
Non-regulated gross profit	3	1	146%	+2
<b>Distribution Grid</b>				
Regulated revenues (€ m)	263	305	-14.0%	-43
Electricity distributed (GWh)	12,052	11,585	4.0%	+467
Supply Points (th)	6,194	6,148	0.8%	+46
<b>Last Resort Supply</b>				
Regulated revenues (€ m)	9	10	-11%	-1
Customers supplied (th)	1,190	1,336	-11%	-146
Electricity sold (GWh)	863	928	-7%	-64

Capex & Opex Performance	1Q18	1Q17	Δ %	Δ Abs.
<b>Controllable Operating Costs (2)</b>	<b>80</b>	<b>86</b>	<b>-6.7%</b>	<b>-6</b>
Cont. costs/client (€/customer)	12.9	13.9	-7.4%	-1
Cont. costs/km of network (€/Km)	353	379	-6.9%	-26
Employees (#)	3,027	3,144	-4%	-117
<b>Capex (Net of Subsidies) (€m)</b>	<b>30</b>	<b>58</b>	<b>-47%</b>	<b>-27</b>
Network ('000 Km)	226	226	0.2%	+1
Equival. interruption time (min.) (3)	9	13	-29%	-4

**EBITDA** from electricity distribution and last resort supply (LRS) in Portugal amounted to €126m in 1Q18 (-24% YoY or -€41m), penalised by the new regulatory terms in place as from 1-Jan-18, in line with the regulatory framework in place until the end of 2020.

On 15-Dec-17, **ERSE published the final terms for 2018 tariffs and the parameters applicable to the regulatory period of 2018-20**. For the activity of **electricity distribution**, ERSE set preliminary regulated revenues of €1,062 million for 2018 (excluding previous year adjustments), considering: i) for the low voltage ('LV') distribution segment, a RoR of 6.00% in 2018; ii) for the high and medium voltage ('HV/MV') distribution segment, a preliminary rate of return ("RoR") of 5.75% before taxes. The definitive rate in the period 2018-20 for HV/MV segment will range from 4.75% to 9.75% (floor/cap), and will be set for year  $t$ , based on the daily average of the 10 year Portuguese government bond yield between October of year  $t-1$  and September of year  $t$ . For the **last resort electricity supply**, ERSE defined regulated gross profit (excluding previous year adjustments) of €38m in 2018, considering a 0.2% average decrease for normal low voltage (NLV) electricity tariffs. **Tariffs for 2018 also assume:** (i) an expected electricity demand in Portugal of 45.3TWh in 2018 (1.2% above volume distributed in 2017); and (3) a GDP deflator of 1.4% and an efficiency factor of 2% for electricity distribution and 1.5% for LRS. **Overall regulated gross profit for distribution and LRS preliminarily set for 2018 amounts to €1,100m (-11% compared to regulated gross profit booked in 2017).**

**In 1Q18, regulated gross profit amounted to €272m**, posting a 14% decline YoY (-€44m), fully in line with the decline in distribution activity.

**Regulated revenues in electricity distribution**, amounting to €263m in 1Q18, declined by €43m YoY, driven by tougher regulatory terms and lower rate of return on HV/MV assets: 5.45% in 1Q18 vs. ERSE's assumption of 5.75%. **Electricity distributed in 1Q18** rose by 4% YoY, driven by favourable temperature effect and, equally worth to highlight, strong demand from NLV segment (+2.7% adjusted for temperature effect).

In the **last resort electricity supply activity (LRS)**, regulated revenues amounted to €9m in 1Q18, fully in line with the contraction in customers base (-11% in the last 12 months), following consumers' switching to the free market. **Total number of customers supplied by the last resort supplier** declined by 146 thousand YoY (-32 thousand YTD), to 1,190 thousand in Mar-18 (representing 19% of total electricity customers), mostly in the residential segment. Note that, following the publication of DL 105/2017, electricity customers in Portugal are, since 1-Jan-18, allowed to return to the regulated market until the end of 2020. The **volume of electricity supplied** by our LRS fell by 7% YoY, to 863GWh in the 1Q18.

**Controllable operating costs** were 7% lower YoY in 1Q18, supported by tight cost control, headcount reduction (-4% YoY) and, to a lower extent, some favourable intra-annual time lag on costs.

**Capex** amounted to €30m in 1Q18, reflecting an expected higher concentration in the coming quarters. The **equivalent interruption time** declined to 9 minutes in 1Q18, from 13 minutes in 1Q17.

# EDP Brasil: Financial Performance



Income Statement	Consolidated (R\$ m)			
	1Q18	1Q17	Δ %	Δ Abs.
<b>Gross Profit</b>	<b>952</b>	<b>877</b>	<b>9%</b>	<b>+75</b>
OPEX (1)	256	265	-3%	-9
Other operating costs (net)	47	62	-25%	-15
<b>Net Operating Costs</b>	<b>303</b>	<b>327</b>	<b>-7%</b>	<b>-24</b>
<b>EBITDA</b>	<b>649</b>	<b>550</b>	<b>18%</b>	<b>+99</b>
Amortisation, impairment; Provisions	168	153	10%	+15
<b>EBIT</b>	<b>481</b>	<b>397</b>	<b>21%</b>	<b>+84</b>
Financial results	(102)	(147)	31%	+46
Results from associates	1	(4)	-	+4
<b>Pre-tax profit</b>	<b>380</b>	<b>246</b>	<b>54%</b>	<b>+134</b>

Capex & Financial Investments	(R\$ m)			
	1Q18	1Q17	Δ %	Δ Abs.
<b>Capex</b>	<b>136</b>	<b>166</b>	<b>-18%</b>	<b>-30</b>
Distribution	106	141	-25%	-36
Transmission	18	1	2096%	+17
Generation	11	20	-45%	-9
Supply and Other	1	5	-76%	-4
<b>Net Financial Investments</b>	<b>254</b>	<b>35</b>	<b>626%</b>	<b>+219</b>

Consolidated (€ m)				
	1Q18	1Q17	Δ %	Δ Abs.
<b>Gross Profit</b>	<b>239</b>	<b>262</b>	<b>-9%</b>	<b>-23</b>
OPEX (1)	64	79	-19%	-15
Other operating costs (net)	12	19	-37%	-7
<b>Net Operating Costs</b>	<b>76</b>	<b>98</b>	<b>-22%</b>	<b>-22</b>
<b>EBITDA</b>	<b>163</b>	<b>164</b>	<b>-1%</b>	<b>-2</b>
Amortisation, impairment; Provisions	42	46	-8%	-4
<b>EBIT</b>	<b>121</b>	<b>119</b>	<b>2%</b>	<b>+2</b>
Financial results	(25)	(44)	-42%	+19
Results from associates	0	(1)	-	+1
<b>Pre-tax profit</b>	<b>95</b>	<b>74</b>	<b>30%</b>	<b>+22</b>

(€ m)				
	1Q18	1Q17	Δ %	Δ Abs.
<b>Capex</b>	<b>34</b>	<b>49</b>	<b>-32%</b>	<b>-16</b>
Distribution	26	42	-38%	-16
Transmission	5	-	-	+5
Generation	3	6	-56%	-3
Supply and Other	0	1	-84%	-1
<b>Net Financial Investments</b>	<b>3</b>	<b>10</b>	<b>-76%</b>	<b>-8</b>

Energias do Brasil	1Q18	1Q17	Δ %	Δ Abs.
Share price at end of period (R\$/share)	13.31	13.95	-5%	-0.64
Number of shares issued (million)	606.9	606.9	-	-
Treasury stock (million)	0.7	0.8	-	-
Number of shares owned by EDP (million)	310.8	310.8	-	-
Euro/Real - End of period rate	4.09	3.38	-17%	+0.71
Euro/Real - Average of period rate	3.99	3.35	-16%	+0.64
Inflation rate (IPCA - YoY)	2.8%	4.9%	-	-
Net Debt / EBITDA (x)	2.0	1.7	-	+0.3
Average Cost of Debt (%)	9.1	13.7	-	-4.6p.p.
Average Interest Rate (CDI)	6.5	12.7	-	-6.2p.p.
Employees (#)	2,904	2,895	0%	+9

Key Balance Sheet Figures (R\$ Million)	1Q18	1Q17	Δ %	Δ Abs.
Financial investm, assets held for sale	1,795	1,213	48%	+582
Net financial debt	4,701	3,544	33%	+1,157
Regulatory receivables	94	(392)	-	+485
Non-controlling Interests	1,196	1,469	-19%	-273
Equity book value	8,107	7,709	5%	+398

Financial Results (R\$ Million)	1Q18	1Q17	Δ %	Δ Abs.
Net Interest Costs	(113)	(132)	14%	+19
Capitalised Costs	1	2	-50%	-1
Forex Differences and Derivatives	8	2	394%	+7
Other	2	(19)	-	+22
<b>Financial Results</b>	<b>(102)</b>	<b>(147)</b>	<b>31%</b>	<b>+46</b>

In local currency, EDP Brasil ("EDPB") EBITDA increased 18% YoY (+R\$99m) to R\$649m in 1Q18, impacted by good hydro conditions in the quarter and better operational performance in distribution in terms of reduction of losses. EDPB continues to work on the integration of the whole business portfolio (generation/distribution/supply) through hedging and management of contracted/uncontracted volumes.

**Generation and Supply EBITDA** increased by R\$63m to R\$420m, reflecting, for supply, the positive impact of higher volumes and margins (+R\$11m YoY); for Pecém, reduction on penalties for unavailability and the booking of a R\$12m revision on the reference for availability; and for hydro, the positive impact of GSF at 113% and PLD at R\$196/MWh in 1Q18, allowing for gains with secondary energy. **EBITDA in distribution** increased by R\$28m YoY to R\$244m in 1Q18, mostly due to the trajectory in the reduction of losses, which allowed for an increase of R\$17m YoY in results, and to the YoY positive impact of energy overcontracting (+R\$11m). **EBITDA in EUR terms**, which reached €163m, was negatively impacted by BRL avg. depreciation against the EUR by 16% (-€30m).

**Net operating costs** decreased by R\$24m YoY, with OPEX costs decreasing 3% (avg. IPCA rate of +2.8% in 1Q18), while other operating costs fell R\$15m essentially due to a R\$4m reduction in provisions for doubtful clients and a R\$8m due to the potential reusage of metering devices in distribution.

**Net financial debt** increased R\$0.3bn vs. Dec-17 to R\$4.7bn, following the acquisition of 14.5% of CELESC for R\$244m, but also due to a strategy of capital allocation between holding and subsidiaries that enables interest costs' reduction but also tax optimization. **Financial results** improved 31% YoY to R\$102m in 1Q18, reflecting lower cost of debt (from 13.7% in 1Q17 to 9.1% in 1Q18). Worth noting that interest rates have been declining in Brazil: annualized CDI stood at 6.5% in 1Q18 vs. 12.7% in 1Q17.

**Results from associates** totalled +R\$1m in 1Q18 (+R\$4m YoY), reflecting a negative contribution from Cachoeira-Caldeirão (-R\$1m) and São Manoel (-R\$2m), offset by Jari (+R\$4m).

Worth noting the initiation of capex invested in **Transmission** (R\$18m in 1Q18), a segment in which EDPB is developing 5 transmission lines with a total investment of R\$3.1bn up to 2022. Worth mentioning that the Espírito Santo line is already under construction, 17 months ahead of the regulatory schedule.

(1) OPEX = Supplies and services + Personnel costs + Costs with social benefits.

# Brazil: Electricity Distribution



Income Statement (R\$ m)	1Q18	1Q17	Δ %	Δ Abs.
<b>Gross Profit</b>	<b>469</b>	<b>460</b>	<b>2%</b>	<b>+10</b>
OPEX (1)	179	182	-1%	-2
Other operating costs (net)	46	62	-26%	-16
<b>Net Operating Costs</b>	<b>225</b>	<b>244</b>	<b>-8%</b>	<b>-19</b>
<b>EBITDA</b>	<b>244</b>	<b>216</b>	<b>13%</b>	<b>+28</b>
Amortisation, impairment; Provisions	57	57	-0%	-0
<b>EBIT</b>	<b>188</b>	<b>159</b>	<b>18%</b>	<b>+29</b>

**EBITDA from our electricity distribution activity in Brazil increased by R\$28m YoY to R\$244m in 1Q18**, mostly due to (i) the trajectory in the reduction of losses, which allowed for an increase of R\$17m YoY in results; (ii) the YoY positive impact of energy overcontracting (+R\$11m YoY); (iii) the reduction in the provisions for doubtful clients (+R\$4m YoY; at 'other operating costs' level); partially offset by the negative impact of 2017's tariff revisions on **regulated gross profit** (R\$417m in 1Q18 and -R\$12m YoY), which considered the price deflation in the preceding months to the tariff revisions.

**Volumes of electricity sold** were flat YoY in 1Q18. At the same time, **volumes distributed** to clients in the free market increased 6% YoY to 2.7TWh in 1Q18. All in all, **electricity distributed** increased by 2.3% YoY in 1Q18.

Gross Profit Performance	1Q18	1Q17	Δ %	Δ Abs.
<b>Gross Profit (R\$ m)</b>	<b>469</b>	<b>460</b>	<b>2%</b>	<b>+10</b>
Regulated revenues	417	429	-3%	-12
Other	52	30	73%	+22
<b>Regulatory Receivables (R\$ m)</b>				
<b>Beginning of period</b>	<b>101</b>	<b>(392)</b>	<b>-</b>	<b>+493</b>
Recovery of past deviations	22	98	-78%	-76
Annual deviation (2)	(30)	(99)	-70%	+69
CDE/ACR Account (3)	-	-	-	-
<b>End of period</b>	<b>94</b>	<b>(392)</b>	<b>-</b>	<b>+485</b>
<b>Customers Connected (th)</b>	<b>3,391</b>	<b>3,337</b>	<b>2%</b>	<b>+54</b>
EDP São Paulo	1,852	1,815	2%	+37
EDP Espírito Santo	1,538	1,522	1%	+17
<b>Electricity Distributed (GWh)</b>	<b>6,217</b>	<b>6,078</b>	<b>2.3%</b>	<b>+139</b>
EDP São Paulo	3,711	3,582	4%	+128
EDP Espírito Santo	2,506	2,496	0%	+11
From which:				
To customers in Free Market (GWh)	2,652	2,513	6%	+139
<b>Electricity Sold (GWh)</b>	<b>3,562</b>	<b>3,562</b>	<b>0%</b>	<b>+0</b>
<b>EDP São Paulo</b>	<b>1,982</b>	<b>1,965</b>	<b>1%</b>	<b>+17</b>
Resid., Comm. & Other	1,663	1,648	1%	+16
Industrial	319	317	0%	+1
<b>EDP Espírito Santo</b>	<b>1,580</b>	<b>1,596</b>	<b>-1%</b>	<b>-16</b>
Resid., Comm. & Other	1,429	1,434	-0%	-5
Industrial	151	162	-7%	-11

The trajectory of lower non-technical losses observed in the recent quarters was maintained. Non-technical losses in the low-voltage segment have decreased both for EDP Espírito Santo, reaching 11.9% in 1Q18 (-1.2pp vs. 1Q17), as well as for EDP São Paulo, whose level stood at 8.9% in 1Q18 (-0.7pp vs. 1Q17). Provisions for doubtful clients continued to show some resistance in 1Q18 at R\$25m (-R\$4m vs. 1Q17). EDPB keeps tackling the situation through increased proximity to clients, regardless of some economic improvement and unemployment reduction in the region of EDP São Paulo.

As of Mar-18, **regulatory receivables** amounted to R\$94m (-R\$7m vs. Dec-17), to be recouped from the system in the following years: i) a R\$30m decrease in tariff deficit occurred, essentially related to lower energy costs than the ones incorporated in the tariffs; partially offset by ii) R\$22m of past deviations that were recognized. Note that real post-tax WACC of 8.1% is being applied to distribution on the 4th revision cycle, which will last until Oct-19 for EDP São Paulo and until Aug-19 for EDP Espírito Santo.

**Controllable operating costs decreased 1% YoY to R\$179m in 1Q18**, driven by a tight cost control in an environment of lower inflation rates. **Other operating costs** decreased 26% YoY to R\$46m in 1Q18, partially driven by the positive impact of the reduction for doubtful clients. **Distribution capex** was down R\$36m to R\$106m in 1Q18, though some recovery towards 2017 level should occur until year-end.

Worth noting EDPB's investment in CELESC, the main company in the electricity sector in the state of Santa Catarina, which operates mainly in distribution and has more than 2.8 million consumers. EDPB acquired 14.46% of CELESC from PREVI for R\$244m, enabling EDPB to appoint 3 members to the board of the company. Already in Apr-18, EDPB concluded a public offer for an additional stake of 5.16% for a sum of R\$54m. All in all, EDPB holds 19.62% of CELESC.

Capex & Opex Performance	1Q18	1Q17	Δ %	Δ Abs.
<b>Controllable Operating Costs (4)</b>	<b>179</b>	<b>182</b>	<b>-1%</b>	<b>-2</b>
Cont. costs/customer (R\$/customer)	53	54	-3%	-2
Cont. costs/km (R\$/Km)	2	2	-1%	-0
<b>Employees (#)</b>	<b>2,134</b>	<b>2,143</b>	<b>-0%</b>	<b>-9</b>
<b>Capex (net of subsidies) (R\$m)</b>	<b>106</b>	<b>141</b>	<b>-25%</b>	<b>-36</b>
Network ('000 Km)	91	92	-0%	-0

(1) OPEX = Supplies and services + Personnel costs + Costs with social benefits;  
(2) S&S and Personnel costs.

(2) Net of extraordinary tariff increase and tariff flags impacts;

(3) Including financial update of the corresponding regulatory assets/liabilities;

# Brazil: Electricity Generation and Supply



Income Statement (R\$M)	Generation			
	1Q18	1Q17	Δ %	Δ Abs.
Gross Profit	434	383	13%	+51
OPEX (1)	50	51	-3%	-1
Other operating costs (net)	(1)	(1)	-	+0
Net Operating Costs	49	50	-	-1
EBITDA	386	333	16%	+53
Amortisation, impairment; Provisions	89	90	-1%	-1
EBIT	297	243	22%	+54

EBITDA from our electricity generation activities in Brazil went up 16% YoY (+R\$53m in 1Q18) to R\$386m in 1Q18, reflecting (i) **higher hydro gross profit (+R\$16 YoY in 1Q18, reaching R\$275m)**, mostly due to a 1Q18 in which a GSF of 113% combined with a PLD of R\$196/MWh allowed for higher gains YoY with secondary energy, which was partly offset by the a seasonality allocation strategy that used only 23% in 1Q18 of the total physical guarantee of the plants, leaving more energy to the subsequent quarters; and (ii) **higher EBITDA at Pecém coal plant at R\$131m in 1Q18 (+R\$35m YoY)**, mostly due to a reduction in the provision for penalties on unavailability and the booking of a R\$12m revision on the reference for availability.

Worth noting that a hydro deficit is still expected in the 2018, despite a good 1Q18 that allowed reservoir levels to recover to ~46% by early May (vs. ~40% a year before). EDPB continues to manage its portfolio of plants and contracts, managing volumes and hedges together with its supply business as to minimize the impact of hydro deficits and price volatility.

Key Data	1Q18	1Q17	Δ %	Δ Abs.
Gross Profit (R\$ m)	434	383	13%	+51
Hydro	275	259	6%	+16
PPA contracted revenues & Other	261	243	7%	+18
GSF impact (net of hedging)	14	16	-11%	-2
Thermal	158	124	27%	+33
PPA contracted revenues	173	169	2%	+4
Other	(15)	(45)	66%	+29
Installed Capacity (MW)	2,466	2,466	-	-
Hydro	1,746	1,746	-	-
Thermal	720	720	-	-
Electricity Sold (GWh)	3,683	3,107	19%	+576
PPA contracted	2,787	2,722	2%	+65
Hydro	1,601	1,731	-8%	-130
Thermal	1,186	991	20%	+195
Other	896	385	133%	+511
Avg. Hydro Sale Price (R\$/MWh) (2)	189	174	9%	+15
Installed Capacity (MW Equity)	481	296	62%	+185
Capex (R\$ m)	11	20	-45%	-9
Financial Investments (R\$ m)	10	35	-71%	-25
Employees (#)	478	531	-10%	-53

The **avg. price of hydro** volumes, which reached R\$189/MWh in 1Q18, was 9% higher YoY, due to PPA prices being inflation updated annually, but also due to higher prices on new short term and long term contracts. **Hydro volumes sold** fell 8% YoY, mostly due to a seasonality strategy that as previously mentioned allocated only 23% of physical guarantee capacity to the 1Q18 (vs. 25% in 1Q17).

**Pecém's gross profit reached R\$158m in 1Q18 (+R\$33m YoY)**, of which R\$173m relative to PPA fixed revenues. Availability stood at 98% in 1Q18 vs. 94% in 1Q17,

EDPB operates 2.9GW of capacity, of which 0.5GW are equity consolidated. Equity accounted capacity refers to a 50% equity stake in **Santo Antônio do Jari** hydro plant (373MW), to a 50% equity stake in **Cachoeira-Caldeirão** hydro plant (219MW), both in partnership with CTG, as well as a 33% equity stake in **São Manoel** hydro plant (700MW, fully online in Apr-18) in partnership with CTG and Furnas. In 1Q18, our 50% stake in Jari contributed with a net gain of R\$4m (+R\$3m YoY), reflecting better conditions of GSF and PLD vs. 1Q17. Cachoeira-Caldeirão contributed with a net loss of R\$1m (@50%) impacted by interest costs, given the initial stage of the asset's life. São Manoel, whose operation has gradually started in the recent months and whose PPA starts in May-18, contributed with a net loss of R\$2m (@33%).

**Capex** decreased R\$9m YoY to R\$11m in 1Q18, corresponding mostly to maintenance works in Pecém. Note that the final equity investments devoted to São Manoel hydro project are classified as '**financial investments**' (equity-method accounted) and in 1Q18 totalled R\$11m.

EBITDA Breakdown (R\$ m)	1Q18	1Q17	Δ %	Δ Abs.
Pecém (100%)	131	96	36%	+35
Lajeado (73% owned by EDPB)	101	108	-7%	-7
Peixe Angical (60% owned by EDPB)	80	65	22%	+15
Other (100%)	74	64	16%	+11
EBITDA	386	333	16%	+53

**Electricity supply EBITDA increased R\$11m to R\$34m in 1Q18**, reflecting higher volumes and higher margins and evidencing the integration of the portfolio through the hedging strategy developed to deal with price volatility.

Supply	1Q18	1Q17	Δ %	Δ Abs.
Gross profit (R\$ m)	45	33	38%	+12
Net Operating costs (R\$ m)	11	9	21%	+2
EBITDA (R\$ m)	34	24	44%	+11
Electricity sales (GWh)	4,086	3,131	30%	+954
Capex (R\$ m)	0	3	-95%	-3

(1) OPEX = Supplies & services + Personnel costs + Costs with social benefits; (2) Calculated with PPA prices and volumes.



# Income Statements & Annex



# Income Statement by Business Area



<b>1Q18</b> (€m)	Generation & Supply Iberia	Regulated Networks Iberia	Wind & Solar	Brazil	Corpor. Activ. & Adjustments	EDP Group
Revenues from energy sales and services and other	2,155	1,425	475	741	(763)	4,032
<b>Gross Profit</b>	<b>357</b>	<b>322</b>	<b>476</b>	<b>239</b>	<b>(2)</b>	<b>1,393</b>
Supplies and services	70	66	74	35	(36)	209
Personnel costs and employee benefits	38	32	28	29	35	163
Other operating costs (net)	64	65	(7)	12	(6)	128
<b>Operating costs</b>	<b>172</b>	<b>163</b>	<b>96</b>	<b>76</b>	<b>(7)</b>	<b>501</b>
<b>EBITDA</b>	<b>185</b>	<b>159</b>	<b>381</b>	<b>163</b>	<b>5</b>	<b>893</b>
Provisions	(0)	(0)	0	1	(8)	(7)
Amortisation and impairment (2)	93	70	128	41	19	351
<b>EBIT</b>	<b>92</b>	<b>90</b>	<b>252</b>	<b>121</b>	<b>(7)</b>	<b>549</b>

<b>1Q17</b> (€m)	Generation & Supply Iberia	Regulated Networks Iberia(1)	Wind & Solar	Brazil	Corpor. Activ. & Adjustments	EDP Group Pro-forma	Gas Networks Iberia	EDP Group Reported
Revenues from energy sales and services and other	2,192	1,431	467	731	(734)	4,087	146	4,233
<b>Gross Profit</b>	<b>359</b>	<b>372</b>	<b>460</b>	<b>262</b>	<b>(2)</b>	<b>1,450</b>	<b>72</b>	<b>1,523</b>
Supplies and services	69	71	76	44	(44)	216	10	227
Personnel costs and employee benefits	39	33	24	35	38	169	3	171
Other operating costs (net)	49	61	(13)	19	(4)	112	1	114
<b>Operating costs</b>	<b>158</b>	<b>165</b>	<b>87</b>	<b>98</b>	<b>(10)</b>	<b>498</b>	<b>14</b>	<b>512</b>
<b>EBITDA</b>	<b>201</b>	<b>207</b>	<b>373</b>	<b>164</b>	<b>8</b>	<b>953</b>	<b>58</b>	<b>1,011</b>
Provisions	(0)	1	0	3	0	4	-	4
Amortisation and impairment (2)	92	70	131	43	12	347	12	359
<b>EBIT</b>	<b>109</b>	<b>136</b>	<b>242</b>	<b>119</b>	<b>(4)</b>	<b>601</b>	<b>46</b>	<b>648</b>

(1) Includes only Electricity distribution in Portugal and Spain, LRS in Portugal; Excludes Gas distribution in Spain and Portugal, stated on column "Gas Networks Iberia", following its disposal, in Jul-17 and Oct-17, respectively.

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

# Quarterly Income Statement



Quarterly P&L (€ m)	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	Δ YoY %	Δ QoQ %
Revenues from energy sales and services and other	4,233	3,642	3,779	4,092	4,032				-5%	-1%
Cost of energy sales and other	(2,710)	(2,272)	(2,549)	(2,823)	(2,639)				3%	7%
<b>Gross Profit</b>	<b>1,523</b>	<b>1,370</b>	<b>1,229</b>	<b>1,269</b>	<b>1,393</b>				<b>-9%</b>	<b>10%</b>
Supplies and services	227	246	235	283	209				-8%	-26%
Personnel costs and Employee Benefits	171	169	159	181	163				-5%	-10%
Other operating costs (net)	114	64	(531)	83	128				13%	55%
<b>Operating costs</b>	<b>512</b>	<b>479</b>	<b>(137)</b>	<b>548</b>	<b>501</b>				<b>-2%</b>	<b>-9%</b>
<b>EBITDA</b>	<b>1,011</b>	<b>892</b>	<b>1,367</b>	<b>721</b>	<b>893</b>				<b>-12%</b>	<b>24%</b>
Provisions	4	(2)	(0)	(5)	(7)				-	-42%
Amortisation and impairment (1)	359	349	346	621	351				-2%	-43%
<b>EBIT</b>	<b>648</b>	<b>545</b>	<b>1,021</b>	<b>105</b>	<b>549</b>				<b>-15%</b>	<b>423%</b>
Financial Results	(197)	(173)	(223)	(215)	(127)				35%	41%
Share of net profit in joint ventures and associates	(1)	8	4	1	1				-	82%
<b>Profit before income tax and CESE</b>	<b>450</b>	<b>379</b>	<b>801</b>	<b>(110)</b>	<b>423</b>				<b>-6%</b>	<b>-</b>
Income taxes	66	53	56	(165)	74				13%	-
Extraordinary contribution for the energy sector	<b>70</b>	(2)	2	(0)	<b>66</b>				-5%	-
Net Profit for the period	315	328	743	56	282				-10%	409%
<b>Net Profit Attributable to EDP</b>	<b>215</b>	<b>235</b>	<b>696</b>	<b>(33)</b>	<b>166</b>				<b>-23%</b>	<b>-</b>
Non-controlling Interests	100	93	47	89	116				17%	31%

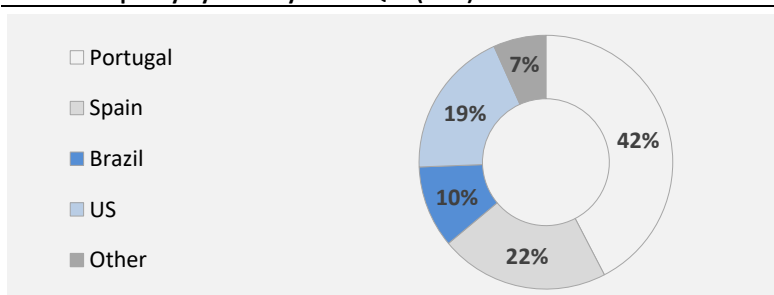
(1) Depreciation and amortisation expense net of compensation for depreciation and amortisation of subsidised assets.

# EDP - Installed capacity & electricity generation

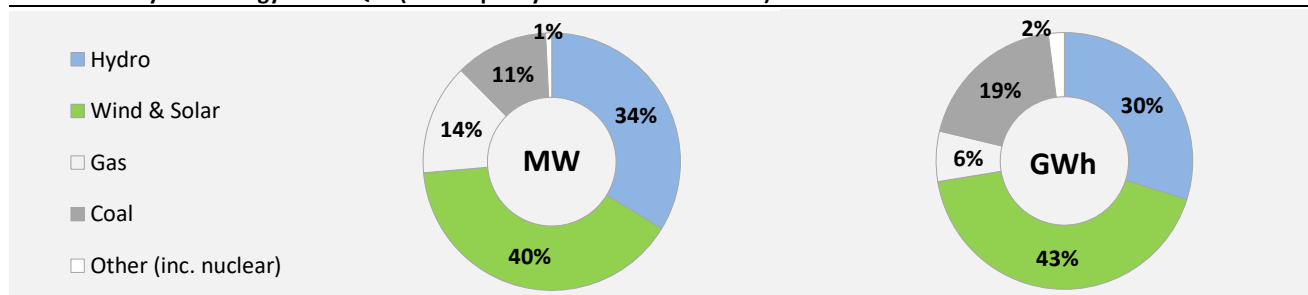


Technology	Installed Capacity - MW (1)				Electricity Generation (GWh)				Electricity Generation (GWh)							
	1Q18	1Q17	Δ MW	Δ %	1Q18	1Q17	Δ GWh	Δ %	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
<b>Wind</b>	<b>10,531</b>	<b>9,969</b>	<b>562</b>	<b>6%</b>	<b>8,719</b>	<b>7,690</b>	<b>1,029</b>	<b>13%</b>	<b>7,690</b>	<b>6,777</b>	<b>5,224</b>	<b>7,775</b>	<b>8,719</b>			
US	4,965	4,601	363	8%	4,455	4,059	395	10%	4,059	3,764	2,348	4,161	4,455			
Portugal	1,249	1,249			1,064	876	188	21%	876	657	670	702	1,064			
Spain	2,244	2,194	50	2%	1,766	1,442	323	22%	1,442	1,223	1,065	1,365	1,766			
Brazil	331	204			159	147	12	8%	147	167	249	298	159			
Rest of Europe (2)	1,513	1,491	22	2%	1,068	1,050	18	2%	1,050	754	713	1,075	1,068			
Rest of the World (3)	230	230	0	0%	208	115	93	80%	115	213	179	174	208			
<b>Solar</b>	<b>145</b>	<b>85</b>	<b>60</b>	<b>71%</b>	<b>43</b>	<b>28</b>	<b>15</b>	<b>52%</b>	<b>28</b>	<b>51</b>	<b>47</b>	<b>29</b>	<b>43</b>			
<b>Hydro</b>	<b>9,019</b>	<b>8,818</b>	<b>201</b>	<b>2%</b>	<b>6,154</b>	<b>4,364</b>	<b>1,789</b>	<b>41%</b>	<b>4,364</b>	<b>2,606</b>	<b>1,824</b>	<b>2,630</b>	<b>6,154</b>			
<b>Portugal</b>	<b>6,847</b>	<b>6,646</b>	<b>201</b>	<b>3%</b>	<b>3,790</b>	<b>2,921</b>	<b>869</b>	<b>30%</b>	<b>2,921</b>	<b>1,537</b>	<b>1,170</b>	<b>1,320</b>	<b>3,790</b>			
Pumping activity	2,806	2,537	270	11%	-636	-550	-86	16%	-550	-652	-334	-692	-636			
Run of the river	2,395	2,435			1,685	1,364	321	24%	1,364	713	369	357	1,685			
Reservoir	4,308	4,052			1,940	1,409	531	38%	1,409	771	791	936	1,940			
Small-Hydro	143	159			165	148	16	11%	148	52	10	27	165			
<b>Spain</b>	<b>426</b>	<b>426</b>	<b>0</b>	<b>0%</b>	<b>408</b>	<b>175</b>	<b>232</b>	<b>132%</b>	<b>175</b>	<b>88</b>	<b>58</b>	<b>151</b>	<b>408</b>			
<b>Brazil</b>	<b>1,746</b>	<b>1,746</b>	<b>0</b>	<b>0%</b>	<b>1,956</b>	<b>1,268</b>	<b>688</b>	<b>54%</b>	<b>1,268</b>	<b>981</b>	<b>596</b>	<b>1,160</b>	<b>1,956</b>			
<b>Gas/ CCGT</b>	<b>3,729</b>	<b>3,736</b>	<b>-7</b>	<b>0%</b>	<b>1,302</b>	<b>1,713</b>	<b>-411</b>	<b>-24%</b>	<b>1,713</b>	<b>1,388</b>	<b>2,848</b>	<b>2,080</b>	<b>1,302</b>			
Portugal	2,031	2,039			907	1,105	-198	-18%	1,105	1,203	2,351	1,282	907			
Spain	1,698	1,698			395	608	-214	-35%	608	185	497	798	395			
<b>Coal</b>	<b>3,124</b>	<b>3,124</b>	<b>0</b>	<b>0%</b>	<b>3,965</b>	<b>5,041</b>	<b>-1,076</b>	<b>-21%</b>	<b>5,041</b>	<b>5,304</b>	<b>5,444</b>	<b>5,656</b>	<b>3,965</b>			
Portugal	1,180	1,180			1,734	2,192	-459	-21%	2,192	2,486	2,497	2,250	1,734			
Spain	1,224	1,224			1,045	1,860	-815	-44%	1,860	1,758	1,723	2,080	1,045			
Brazil	720	720			1,186	988	198	20%	988	1,060	1,224	1,326	1,186			
<b>Nuclear - Trillo (15.5%)</b>	<b>156</b>	<b>156</b>	<b>0</b>	<b>0%</b>	<b>331</b>	<b>333</b>	<b>-2</b>	<b>-1%</b>	<b>333</b>	<b>223</b>	<b>339</b>	<b>340</b>	<b>331</b>			
<b>Other</b>	<b>49</b>	<b>49</b>	<b>0</b>	<b>0%</b>	<b>84</b>	<b>45</b>	<b>38</b>	<b>85%</b>	<b>45</b>	<b>57</b>	<b>72</b>	<b>73</b>	<b>84</b>			
Portugal	24	24			51	15	36	241%	15	26	38	40	51			
Spain	25	25			32	30	2	7%	30	31	34	33	32			
<b>TOTAL</b>	<b>26,753</b>	<b>25,937</b>	<b>816</b>	<b>3%</b>	<b>20,598</b>	<b>19,215</b>	<b>1,382</b>	<b>7%</b>	<b>19,215</b>	<b>16,406</b>	<b>15,796</b>	<b>18,583</b>	<b>20,598</b>			
Of Which:																
Portugal	11,336	11,142	194	2%	7,548	7,110	438	6%	7,110	5,912	6,729	5,595	7,548			
Spain	5,772	5,723	50	1%	3,976	4,449	-473	-11%	4,449	3,508	3,715	4,766	3,976			
Brazil	2,797	2,670	127	5%	3,301	2,403	898	37%	2,403	2,208	2,069	2,783	3,301			
US	5,055	4,631	423	9%	4,486	4,074	412	10%	4,074	3,789	2,369	4,177	4,486			

Installed capacity by Country as of 1Q18 (MW)



Breakdown by Technology as of 1Q18 (MW Capacity & GWh of Production)



(1) Installed capacity that contributed to the revenues in the period; (2) Includes Poland, Romania, France, Belgium; (3) Includes Canada and Mexico.

# EDP - Networks, Customers connected and Volumes distributed



RAB	1Q18	1Q17	Δ %	Δ GWh
<b>Portugal (€ m)</b>	<b>2,996</b>	<b>2,970</b>	<b>0.9%</b>	<b>25</b>
High / Medium Voltage	1,832			
Low Voltage	1,164			
<b>Spain (€ m)</b>	<b>950</b>	<b>950</b>	<b>0.0%</b>	<b>-</b>
<b>Brazil (BRL m)</b>	<b>4,357</b>	<b>4,020</b>	<b>8.4%</b>	<b>336</b>
EDP Espírito Santo	2,271	2,128	6.7%	143
EDP São Paulo	2,085	1,892	10.2%	193
<b>TOTAL (€ m)</b>	<b>5,038</b>	<b>5,110</b>	<b>-1.4%</b>	<b>-72</b>

Networks	1Q18	1Q17	Δ %	Δ Abs.
<b>Lenght of the networks (Km)</b>	<b>338,235</b>	<b>337,673</b>	<b>0.2%</b>	<b>562</b>
Portugal	226,124	225,606	0.2%	518
Spain	20,630	20,528	0.5%	102
Brazil	91,481	91,539	-0.1%	-58
<b>DTCs (thous.)</b>				
Portugal	15	13	22.5%	3
Spain	7	6	15.7%	1
<b>Energy Box (th)</b>				
Portugal	1,452	884	64.2%	568
Spain	631	534	18.2%	97

Customers Connected (th)	1Q18	1Q17	Δ %	Δ Abs.
<b>Portugal</b>	<b>6,194</b>	<b>6,148</b>	<b>0.8%</b>	<b>46</b>
Very High / High / Medium Voltage	25	25	1.1%	0.3
Special Low Voltage	36	35	2.0%	0.7
Low Voltage	6,133	6,088	0.7%	45
<b>Spain</b>	<b>664</b>	<b>662</b>	<b>0.3%</b>	<b>2</b>
High / Medium Voltage	1	1	-1.0%	-0.0
Low Voltage	663	661	0.3%	1.8
<b>Brazil</b>	<b>3,391</b>	<b>3,337</b>	<b>1.6%</b>	<b>54</b>
EDP São Paulo	1,852	1,815	2.0%	37
EDP Espírito Santo	1,538	1,522	1.1%	17
<b>TOTAL</b>	<b>10,249</b>	<b>10,147</b>	<b>1.0%</b>	<b>102</b>

Quality of service	1Q18	1Q17	Δ %	Δ Abs.
<b>Losses (% of electricity distributed)</b>				
Portugal (1)	11.8%	11.2%	4.6%	0
Spain	4.1%	4.7%	-13.4%	-0
Brazil				
EDP São Paulo	8.5%	8.8%	-2.5%	-0
Technical	5.5%	5.5%	0.5%	0
Comercial	3.0%	3.2%	-7.4%	-0
EDP Espírito Santo	12.8%	13.7%	-6.7%	-0
Technical	8.1%	8.6%	-5.1%	-0
Comercial	4.7%	5.1%	-9.4%	-0
<b>Telemetering (%)</b>				
Portugal	65.0%	62.0%	4.8%	0

Electricity Distributed (GWh)	1Q18	1Q17	Δ %	Δ GWh
<b>Portugal</b>	<b>12,052</b>	<b>11,585</b>	<b>4.0%</b>	<b>467</b>
Very High Voltage	575	550	4.5%	25
High / Medium Voltage	5,377	5,252	2.4%	125
Low Voltage	6,100	5,783	5.5%	316
<b>Spain</b>	<b>2,410</b>	<b>2,350</b>	<b>2.6%</b>	<b>60</b>
High / Medium Voltage	1,764	1,744	1.2%	20
Low Voltage	645	606	6.6%	40
<b>Brazil</b>	<b>6,362</b>	<b>6,268</b>	<b>1.5%</b>	<b>94</b>
Free Customers	2,750	2,574	6.8%	176
Industrial	470	480	-2.0%	-10
Residential, Comercial & Other	3,143	3,214	-2.2%	-72
<b>TOTAL</b>	<b>20,824</b>	<b>20,203</b>	<b>3.1%</b>	<b>621</b>

# Financial investments & Assets for Sale; Non-controlling interests; Provisions



Financial investments & Assets for Sale	Attributable Installed Capacity - MW (1)				Share of profit (2) (€ m)				Book value (€ m)			
	1Q18	1Q17	Δ MW	Δ %	1Q18	1Q17	Δ Abs.	Δ %	1Q18	1Q17	Δ Abs.	Δ %
<b>EDP Renováveis</b>	<b>331</b>	<b>356</b>	<b>-25</b>	<b>-7%</b>	<b>1</b>	<b>-2</b>	<b>2</b>	<b>-</b>	<b>301</b>	<b>343</b>	<b>-42</b>	<b>-12%</b>
Spain	152	177										
US	179	179							0			
Other	0	0										
<b>EDP Brasil</b>	<b>481</b>	<b>296</b>	<b>185</b>	<b>62%</b>	<b>0</b>	<b>-1</b>	<b>1</b>	<b>-</b>	<b>432</b>	<b>359</b>	<b>73</b>	<b>20%</b>
Generation - Hydro	481	296										
Distribution	0	0										
<b>Iberia (Ex-wind) &amp; Other</b>	<b>41</b>	<b>41</b>	<b>0</b>	<b>0%</b>	<b>1</b>	<b>2</b>	<b>-2</b>	<b>-73%</b>	<b>270</b>	<b>307</b>	<b>-37</b>	<b>-12%</b>
Portugal - Biomass (Bioelectrica)	32	32										
Spain - Cogeneration & Waste	10	10										
Macao - Distribution (CEM)												
Other												
<b>Assets Held for Sale (net of liabilities)</b>					<b>N/A</b>	<b>N/A</b>			<b>111</b>	<b>2,346</b>	<b>-2,235</b>	<b>n.m.</b>
Portgas & Naturgas									0	2,346	-2,346	-
Other									111	0	111	-
<b>TOTAL</b>	<b>853</b>	<b>693</b>	<b>160</b>	<b>23%</b>	<b>1</b>	<b>-1</b>	<b>2</b>	<b>-</b>	<b>1,114</b>	<b>3,355</b>	<b>-2,241</b>	<b>-67%</b>

Non-controlling interests	Attributable Installed Capacity - MW (1)				Share of profits (2) (€ m)				Book value (€ m)			
	1Q18	1Q17	Δ MW	Δ %	1Q18	1Q17	Δ Abs.	Δ %	1Q18	1Q17	Δ Abs.	Δ %
<b>EDP Renováveis</b>	<b>4,643</b>	<b>4,783</b>	<b>-140</b>	<b>-3%</b>	<b>80</b>	<b>73</b>	<b>7</b>	<b>10%</b>	<b>2,669</b>	<b>2,874</b>	<b>-205</b>	<b>-7%</b>
<b>At EDPR level:</b>	<b>2,785</b>	<b>2,521</b>	<b>264</b>	<b>10%</b>	<b>63</b>	<b>57</b>	<b>6</b>	<b>10%</b>	<b>1,564</b>	<b>1,488</b>	<b>76</b>	<b>5%</b>
Iberia	851	644										
North America	1,215	1,220										
Rest of Europe	557	557										
Brazil	162	100										
<b>17.4% attributable to free-float of EDPR (3)</b>	<b>1,858</b>	<b>2,262</b>	<b>-404</b>	<b>-18%</b>	<b>17</b>	<b>16</b>	<b>1</b>	<b>8%</b>	<b>1,105</b>	<b>1,387</b>	<b>-281</b>	<b>-20%</b>
<b>EDP Brasil</b>	<b>1,814</b>	<b>1,814</b>	<b>0</b>	<b>0%</b>	<b>37</b>	<b>27</b>	<b>10</b>	<b>37%</b>	<b>1,302</b>	<b>1,592</b>	<b>-290</b>	<b>-18%</b>
<b>At EDP Brasil level:</b>	<b>606</b>	<b>606</b>	<b>0</b>	<b>0%</b>	<b>11</b>	<b>7</b>	<b>4</b>	<b>53%</b>	<b>292</b>	<b>435</b>	<b>-143</b>	<b>-33%</b>
Hydro	606	606										
Other	0	0										
<b>49% attributable to free-float of EDP Brasil</b>	<b>1,208</b>	<b>1,208</b>	<b>0</b>	<b>0%</b>	<b>26</b>	<b>20</b>	<b>6</b>	<b>31%</b>	<b>1,009</b>	<b>1,157</b>	<b>-148</b>	<b>-13%</b>
<b>Iberia (Ex-wind) &amp; Other</b>	<b>24</b>	<b>12</b>	<b>12</b>	<b>104%</b>	<b>-1</b>	<b>-1</b>	<b>0</b>	<b>-2%</b>	<b>-28</b>	<b>-38</b>	<b>10</b>	<b>-26%</b>
<b>TOTAL</b>	<b>6,481</b>	<b>6,609</b>	<b>-128</b>	<b>-2%</b>	<b>117</b>	<b>99</b>	<b>17</b>	<b>17%</b>	<b>3,943</b>	<b>4,428</b>	<b>-485</b>	<b>-11%</b>

Provisions (Net of tax)	Employees benefits (€ m)			
	1Q18	1Q17	Δ Abs.	Δ %
EDP Renováveis	0	N/A		
EDP Brasil	133	N/A		
Iberia (Ex-wind) & Other	909	N/A		
<b>TOTAL</b>	<b>1,042</b>	<b>N/A</b>		



# EDP - Sustainability performance



## Main Events 1Q18 (a)

### Ethisphere Institute - World's Most Ethical Companies 2018

The Most Ethical Companies in the World in 2018, published by the Ethisphere Institute, includes 135 companies from 23 countries and recognizes the EDP Group for its seventh consecutive year.

### EDP Renováveis recognized as TOP Employer in Spain

EDP Renováveis was recognized by the Top Employers Institute as one of the best companies to work in Spain this year and provided to their employees excellent working conditions.

### EDP Brasil is one of the 20 most innovative companies in the country

EDP Brasil was selected by the "Best Innovator" award as one of the 20 most innovative companies in the country.

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

	1Q18	1Q17	Δ %
<b>Sustainab. Index (b)(c)(d)</b>	<b>102</b>	<b>99</b>	<b>4%</b>
Environmental %Weight	96 33%	94 33%	2%
Economic %Weight	103 37%	98 37%	5%
Social %Weight	109 30%	107 30%	2%

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

Economic Metrics	1Q18	1Q17	Δ %
<b>Economic Value (€m)</b>	<b>4,247</b>	<b>4,448</b>	<b>-5%</b>
Distributed	3,551	3,809	-7%
Accumulated	696	639	9%
<b>Energy Serv. Revenues (b)</b>	<b>264</b>	<b>311</b>	<b>-15%</b>
Energy Efficiency Serv.	37	25	48%

Social Metrics	1Q18	1Q17	Δ %
<b>Employees</b>	<b>11,514</b>	<b>11,859</b>	<b>-3%</b>
<b>Total hours of training</b>	<b>75,624</b>	<b>58,639</b>	<b>29%</b>
<b>On-duty Accidents (e)</b>	<b>6</b>	<b>6</b>	<b>0%</b>
Severity Rate (Tg) (f)	74	147	-49%
Freq. rate (Tf) (f)	1.63	2.27	-28%
Fatal accidents (3rds)	4	3	33%

Environmental Metrics	1Q18	1Q17	Δ %
<b>Absolute Atmospheric Emissions (kt)</b>			
CO2 (c)(g)	4,389	5,211	-16%
NOx	3.2	4.2	-22%
SO2	6.1	6.8	-10%
Particle	0.476	0.331	44%
<b>Specific Atmospheric Emissions (g/kWh)</b>			
CO2 (c)(g)	214.2	272.6	-21%
NOx	0.16	0.22	-27%
SO2	0.30	0.35	-16%
<b>GHG emissions (ktCO2 eq)</b>			
Direct Emissions (scope 1) (c)	4,394	5,216	-16%
Indirect emissions (scope 2) (d)	193	191	1%
<b>Primary Energy Consumption (TJ) (h)</b>	<b>50,273</b>	<b>64,147</b>	<b>-22%</b>
<b>Max. Net Certified Capacity (%)</b>	<b>90%</b>	<b>90%</b>	<b>-18%</b>
<b>Water Use (10³ m³)</b>	<b>345,101</b>	<b>424,052</b>	<b>-19%</b>
<b>Total Waste to final disposal (t)</b>	<b>68,297</b>	<b>112,175</b>	<b>0%</b>
<b>Environmental Matters (€ th) (j)</b>	<b>44,870</b>	<b>22,494</b>	<b>99%</b>
Investments	6,092	9,099	-33%
Expenses	38,778	13,395	189%
<b>Environmental Fees and Penalties (€)</b>	<b>0</b>	<b>750</b>	<b>-</b>

## Environmental Metrics - CO2 Emissions

CO2 Emissions	Absolute (ktCO2) (c)		Specific (t/MWh)		Generation (i) (GWh)	
	1Q18	1Q17	1Q18	1Q17	1Q18	1Q17
Iberia	3,009	4,167	0.69	0.69	4,382	6,042
Coal	2,393	3,477	0.86	0.86	2,779	4,053
CCGT	504	656	0.39	0.38	1,302	1,713
Cogeneration + Waste	112	34	0.13	0.15	301	276
Brazil	1,379	1,044	1.16	1.05	1,186	991
Coal (PPA contracted)	1,379	1,044	1.16	1.05	1,186	991
Thermal Generation	4,389	5,211	0.79	0.74	5,568	7,033
CO2 Free Generation					14,916	12,086
CO2 Emissions			0.21	0.27	20,485	19,118

(a) Detailed information about the progress of EDP contribution to the United Nations Sustainable Development Goals can be found at: [www.edp.com>Investors](http://www.edp.com>Investors).

(b) Services provided under energy supply, installation of more efficient and/or building retrofit, and sustainable mobility, which generate revenues for the company.

(c) The stationary emissions do not include those produced by the burning of ArcelorMittal steel gases in EDP's power plant in Spain.

(d) Scope 2 emissions according with GHG Protocol based location methodology.

(e) Accidents leading to an absence of one more calendar day and fatalities.

(f) EDP + ESP (External Services Provider).

(g) Includes only stationary emissions.

(h) Including vehicle fleet.

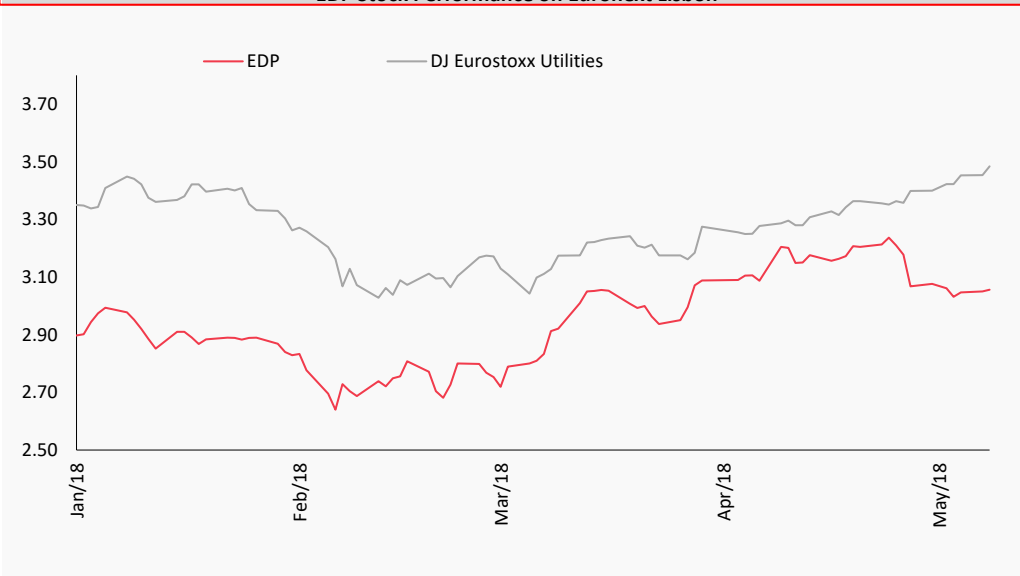
(i) Includes heat generation (2018: 218 GWh vs 2017: 231 GWh).

(j) Report methodology was revised. Inclusion of consumptions CO2 emissions licenses, as environmental expenses in 2018.

# EDP Share Performance



## EDP Stock Performance on Euronext Lisbon



## EDP's Main Events

- 29-Jan:** EDP sells EUR 97 million of tariff deficit in Portugal
- 12-Feb:** EDPR secures 50 MW long-term contract in Northern Indiana, United States
- 26-Feb:** EDPR secures a 200 MW PPA for a new wind farm in the US
- 7-Mar:** EDP signed a 5-year revolving credit facility in the amount of €2,240,000,000
- 12-Mar:** EDP sells EUR 150 million of tariff deficit in Portugal
- 21-Mar:** EDP Brasil acquires 14.5% of Celesc and will launch bid for up to 33.6%
- 23-Mar:** EDPR announces the sale of a 20% stake in UK wind offshore project
- 27-Mar:** EDP Brasil launches bid for up to 33.6% of CELESC
- 5-Apr:** EDP's General Shareholders' Meeting
- 5-Apr:** Payment of Dividends – Financial Year 2017
- 6-Apr:** Appointment of Representatives for the General Supervisory Board
- 9-Apr:** EDP informs about news published today on BFM Business
- 27-Apr:** EDP Brasil announces results of the bid for CELESC

## EDP Stock Market Performance

YTD

52W

2016

09/05/2018

### EDP Share Price (Euronext Lisbon - €)

Close	3.056	3.056	3.056
Max	3.349	3.389	3.349
Min	2.631	2.631	2.631
Average	2.949	3.019	2.948

### EDP's Liquidity in Euronext Lisbon

Turnover (€ m)	3,935	10,637	3,900
Average Daily Turnover (€ m)	22	21	22
Traded Volume (million shares)	1,334	3,523	1,323
Avg. Daily Volume (million shares)	7.5	6.9	7.5

## EDP Share Data

1Q18

1Q17

Δ %

Number of shares Issued (million)	3,656.5	3,656.5	-
Treasury stock (million)	22.2	22.1	0.8%

## Investor Relations Department

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