2013

Financial Results

Conference call and webcast

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Lisbon, February 27th 2014

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Content

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

Main Highlights

Income Statement (€ m)	2013	2012	Δ %	Δ Abs.
Gross Profit	**5,551**	**5,428**	**2%**	**+123**
Supplies and services	935	928	1%	+7
Personnel costs, employees benefits	639	672	-5%	-33
Other operating costs (net)	361	200	80%	+161
Net Operating costs (1)	**1,934**	**1,800**	**7%**	**+134**
EBITDA	**3,617**	**3,628**	**-0.3%**	**-11**
Provisions	55	16	-	+39
Net depreciation and amortisation (2)	1,477	1,469	1%	+8
EBIT	**2,085**	**2,143**	**-3%**	**-59**
Capital gains/(losses)	(0)	3	-	-3
Financial results	(737)	(705)	-5%	-32
Results from associated companies	34	24	44%	+10
Pre-tax Profit	**1,382**	**1,465**	**-6%**	**-83**
Income taxes	188	283	-33%	-95
Discontinued activities	-	-	-	-
Net profit for the period	1,194	1,182	1%	+11
Net Profit	**1,005**	**1,012**	**-0.7%**	**-7**
Non-controlling Interest	188	170	11%	+19

Key Operational Data	2013	2012	Δ %	Δ Abs.
Employees	12,314	12,382	-0.6%	-69
Installed capacity (MW)	22,954	23,380	-2%	-425

Key Financial Data (€ m)	2013	2012	Δ %	Δ Abs.
FFO (Funds from operations)	2,426	2,689	-10%	-263
Capex	1,978	2,011	-2%	-33
Maintenance	656	692	-5%	-36
Expansion	1,322	1,319	0.2%	+3
Net investment in the period	(287)	(6)	n.m.	-281

Key Balance Sheet Data (€ m)	Dec-13	Dec-12	Δ %	Δ Abs.
Equity book value	8,446	8,192	3%	+253
Net debt	17,451	18,233	-4%	-782
Regulatory receivables (4)	2,747	2,710	1%	+37
Net debt/EBITDA (x)	4.8x	5.0x	-	-0.2x
Adjusted net debt (3)/EBITDA (x)	4.1x	4.3x	-	-0.2x

Consolidated EBITDA was almost flat, at €3,617m in 2013, despite the regulatory changes (-c€200m, mainly in Spain), the end of CO_2 free allowances (-€56m) and the decommissioning of Setúbal fuel oil plant in 2013 (-€98m YoY). In this context, EBITDA was supported by our international subsidiaries: i) **EDP Brasil** 'EDPB' (EBITDA +9%, or +€48m) benefited from the recovery of past tariff deviations in the distribution business; and ii) **EDP Renováveis** 'EDPR' (EBITDA +1%, or +€10m, despite €71m hit from regulatory changes in Spain) reflected the contribution from investments in new wind capacity outside Iberia. Excluding the impact from the depreciation of BRL (13%) and USD (3%) against the EUR, the contribution from our international operations to EDP consolidated EBITDA would have been €97m higher. **Adjusted for ForEx, EDP Group EBITDA would have increased 2% YoY in 2013.**

EBITDA from Iberian activities (excluding wind) fell 3% YoY (-€69m) penalised by regulatory environment in Portugal and Spain and by a deterioration of market conditions. Regulatory-wise, it is worth to highlight: i) cut in capacity payments and lower remuneration in regulated activities (-€82m); ii) new taxes in Spain (-€121m); and iii) the end of CO_2 free allowances. Regarding market conditions, the lower demand and the fall in wholesale electricity prices penalised our CCGTs. EDP was able to partially counteract this adverse context by mean of: i) an increase of hydro generation enhanced by capacity additions and favourable weather conditions; ii) an adequate management of the risk in energy markets taking advantage of low pool prices; iii) an increase in the volume of electricity supplied to final clients; and iv) a tight cost control, which enabled a 4% decrease of Iberian activities operating costs in 2013.

EDP Group operating costs fell by 2% YoY, to €1,573m in 2013, backed by the successful execution of our corporate efficiency program OPEX III (with the anticipation of targets by 1 year from 2014 to 2013). **Other net operating costs** rose by €161m YoY, to €361m in 2013, including: i) new taxes, namely in Spain (€121m); ii) €43m of non-recurring penalties at Pecém I; iii) a €56m one-off gain on the sale of gas assets in Spain; iv) +€12m YoY from higher gains with the sale of real estate in Brazil; and v) other one-off gains in 2012, totalling €70m.

EBIT fell by 3% in 2013, to €2,085m, driven by lower EBITDA and higher depreciation, amortisations and provisions. Net depreciation and amortisations reflected the net impact from: (i) the commissioning of new capacity – wind & solar (+437MW), hydro in Portugal (+255MW) and coal in Brazil (+360MW); and (ii) the decommissioning of Setúbal fuel oil plant (946MW). **Financial results**, €32m lower YoY at -€737m in 2013, reflect a 40bp increase in the average cost of debt (to 4.4% in 2013) and a €0.2bn increase in the average net debt. **Income taxes** totalled €188m in 2013 including non-recurring impacts in Spain and Portugal. **Non-controlling interests** rose 11%, reflecting higher minority interests at the level of EDPR. **Overall, net profit attributable to EDP shareholders fell by 0.7% YoY, to €1,005m in 2013.**

Capex fell 2% in 2013, to €1,978m, reflecting a fall in maintenance capex (-€36m YoY), to €656m, and stable expansion capex, mainly focused in new hydro capacity (in Portugal and Brasil) and in wind outside of Iberia.

Net debt fell €0.8bn short of Dec-12, at €17.5bn in Dec-13, in line with EDP target, reflecting: i) €1.9bn of free cash flow (EBITDA net of income taxes, maintenance capex, interest paid and changes in working capital excluding to fixed assets suppliers) ; ii) payment of the 2012 annual dividend (€0.7bn); iii) €1.2bn of net impact from expansion capex, changes in working capital with fixed asset suppliers and net divestments; iv) €0.4bn positive ForEx impact stemming from BRL and USD depreciation vs. Euro; v) €0.4bn impact from re-classification of Jari and Cachoeira Caldeirão's net debt as 'liabilities classified as held for sale (excluding ForEx impact). **Regulatory receivables** in Dec-13 were almost in line with Dec-12, as EDP's successful sale of the right to receive €1.5bn of receivables in Iberia offset the impact from new tariff deviations and deficits additions in 2013. **Total cash position and available credit facilities as of Dec-13,** adjusted for the USD750m bond issued in Jan-14, amounted to €5.1bn. This liquidity position allows EDP to cover its refinancing until mid-2015.

EDP will submit to shareholders' approval a proposal for the distribution of €0.185 dividend per share as to 2013FY.

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

EBITDA Breakdown

EBITDA (€ m)	2013	2012	Δ %	Δ Abs.	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13	4Q13	4Q13 YoY Δ %	4Q13 YoY Δ Abs.	4Q13 QoQ Δ %	4Q13 QoQ Δ Abs.
LT Contracted Generation	726	802	-9%	-76	197	205	206	194	196	177	171	182	-6%	-11	6%	11
Liberalised Activities Iberia	349	316	11%	+33	95	88	98	36	112	122	46	70	94%	34	51%	23
Regulated Networks Iberia	1,023	1,057	-3%	-34	275	245	289	248	290	233	250	251	1%	3	0%	1
Wind & Solar Power	947	938	1%	+10	263	240	171	263	327	233	148	239	-9%	-24	62%	91
Brazil	582	535	9%	+48	177	121	99	137	150	122	225	85	-38%	-52	-62%	-140
Other	(11)	(20)	42%	+8	(4)	(17)	(7)	8	(2)	(2)	2	(9)	-	-17	-	-11
Consolidated	**3,617**	**3,628**	**-0.3%**	**-11**	**1,003**	**882**	**857**	**886**	**1,072**	**885**	**842**	**818**	**-8%**	**-68**	**-3%**	**-24**

Consolidated EBITDA was almost stable in 2013 (-0.3% YoY), at €3,617m, despite the regulatory hits (-c€200m, mainly in Spain), the end of CO_2 free allowances (-€56m) and the decommissioning of Setúbal fuel oil plant in 2013 (-€98m YoY). EBITDA resilience was grounded on: (i) operations in Brazil (+€48m), helped by significant recovery of past tariff deviations in distribution, (ii) Wind operations (+€81m excluding the €71m hit from regulatory changes), backed by capacity additions and higher avg. load factors; and (iii) Liberalised Activities, on strong hydro resources and higher results with energy management. ForEx impact was negative:-€97m backed by 13% depreciation of the BRL and by a 3% depreciation of USD, both vs. the Euro**. Adjusted for ForEx impact, EBITDA would have grown by 2%.**

In 4Q13, EBITDA amounted to €818m (-8% YoY), largely penalised by: i) EDP Brasil's 38% YoY drop in EBITDA, backed by negligible CDE contributions and by €39m of new tariff deviations in 4Q13; and ii) EDPR's 9% YoY fall, including a €17m adjustment related to the 2H13 impact of changes in renewable assets remuneration framework in Spain, fully booked in 4Q13.

LONG TERM CONTRACTED GENERATION IN IBERIA (20% of EBITDA) - EBITDA fell by 9% (-€76m), to €726m in 2013, as higher mini-hydro output stemming from a much rainier weather in 2013 (+€32m vs. 2012), was overwhelmed by: i) the end of Setúbal fuel oil plant PPA in Dec-12 (EBITDA 2012: €98m); and ii) the sale of Soporgen's cogeneration plant (EBITDA 2012: €12m).

LIBERALISED ACTIVITIES IN IBERIA (10% of EBITDA) – EBITDA rose by 11% (+€33m) in 2013, to €349m. Despite the adverse regulatory and market environment, EBITDA growth was prompted by: i) Doubling hydro output, propelled by the much rainier weather in 2013 vs. 2012, which justified a 16% drop in the avg. generation cost; ii) 3% fall in avg. cost of electricity purchases in the wholesale market due to adequate management of volatility in the energy markets; and iii) higher volumes and avg. selling prices to final clients: +5% and +3%, respectively. Regulatory-wise, EBITDA was hit by €78m of new generation taxes in Spain in 2013, the end of CO_2 free allowances (-€56m), no capacity payments in Portugal in 2013 (€7m in 2012) and by a €16m reduction in capacity payment in Spain.

REGULATED NETWORKS IN IBERIA (28% of EBITDA) – EBITDA was 3% lower YoY (-€34m), at €1,023m in 2013, mainly driven by: i) lower regulated revenues, namely in the electricity distribution in Portugal on lower regulated rate of return on assets (-€44m, stemming from a RoRAB of 8.56% in 2013 vs. 10.05% in 2012); ii) application of Law 9/2013 in Spain in 2H13 resulted in a €9m negative impact in EBITDA for electricity distribution in Spain; iii) -€5m in gas distribution on no inflation indexing in 2013; which was partially compensated by iv) tight cost control focused on OPEX efficiency. Excluding one-off items, which were similar in 2012 and 2013, EBITDA amounted to €967m in 2013.

WIND & SOLAR POWER (26% of EBITDA) – EDPR's EBITDA rose 1% (+€10m), to €947m in 2013, driven by strong load factor in Iberia in 2013 (+3pp), negative regulatory developments in Spain (-€71m in 2013) and higher installed capacity (+437MW YoY). Avg. selling price fell by 2% to €62.4/MWh in 2013. 2013 and 2012 EBITDA include some non-recurrent items namely: i) assets' revaluation (2013: +€3m; 2012: +€32m); ii) write-offs mostly related to pipeline rationalisation (2013: -€13m; 2012: -€21m); iii) restructuring of a PPA contract in the US (+€13m in 2013); iv) reversal of provisions and others (2013: -€7m; 2012: -€1m). Excluding all of these impacts, EBITDA went up 3% YoY (+€23m), to €950m. ForEx impact was negative by €13m mainly due to depreciation of USD vs. Euro.

BRAZIL (16% of EBITDA) - EDPB's EBITDA advanced by 9% (+€48m), to €582m in 2013, driven by 24% (+R$329m) increase in local currency, to R$1,670m, and an unfavourable ForEx impact: -€83m stemming from depreciation of the BRL vs. the Euro. EBITDA from distribution rose by 41% YoY (+R$243m), benefiting from the recovery in 9M13 of significant past tariff deviations, through CDE contributions. EBITDA from generation and supply rose by 14% YoY (+R$115m), mainly reflecting lower negative contributions from Pecém I coal plant (positive contribution in 2H13). All in all, excluding negative tariff deviations, CDE contributions, Pecém I negative contribution and other non-recurring impacts, adjusted EBITDA advanced 7% YoY, to R$1,614m in 2013.

Profit & Loss Items below EBITDA

Profit & Loss Items below EBITDA (€ m)	2013	2012	Δ %	Δ Abs.	1Q13	2Q13	3Q13	4Q13	4Q13 QoQ Δ %	4Q13 QoQ Δ Abs.
EBITDA	**3,617**	**3,628**	**0%**	**-11**	**1,072**	**885**	**842**	**818**	**-3%**	**-24**
Provisions	55	16	-	39	9	27	3	15	364%	12
Depreciation and amortisation	1,504	1,494	1%	10	360	359	387	398	3%	11
Compensation of deprec. and amortisat.	(26)	(25)	-6%	-1	(7)	(7)	(6)	(6)	1%	0
EBIT	**2,085**	**2,143**	**-3%**	**-59**	**709**	**505**	**459**	**412**	**-10%**	**-47**
Net financial interest	(840)	(717)	-17%	-123	(198)	(201)	(213)	(226)	-6%	-13
Capitalized financial costs	133	143	-7%	-10	35	34	32	33	2%	1
Net foreign exchange differences and derivates	(15)	(49)	69%	33	12	(32)	16	(11)	-	-27
Investment income	6	6	-5%	-0	0	4	1	0	-63%	-1
Unwinding w/ pension & medical care responsibilities	(71)	(93)	24%	22	(18)	(18)	(17)	(18)	-3%	-1
Other Financials	49	5	-	45	10	40	(0)	(0)	64%	0
Financial results	**(737)**	**(705)**	**-5%**	**-32**	**(160)**	**(173)**	**(182)**	**(223)**	**-22%**	**-40**
Results from associated companies	**34**	**24**	**44%**	**10**	**8**	**11**	**6**	**10**	**66%**	**4**
Capital Gains/(Losses)	**(0)**	**3**	**-**	**-3**	**0**	**0**	**(0)**	**(0)**	**-**	**-0**
Pre-tax profit	**1,382**	**1,465**	**-6%**	**-83**	**557**	**343**	**283**	**199**	**-30%**	**-84**
Income taxes	**188**	**283**	**-33%**	**-95**	**149**	**41**	**52**	**(54)**	**-**	**-106**
Effective Tax rate (%)	*14%*	*19%*	*-*	*-5.7 pp*	*27%*	*12%*	*18%*	*-27%*	*-*	*-45.5 pp*
EDP Renováveis	64	39	65%	25	34	15	(4)	19	-	23
Energias do Brasil	117	123	-5%	-6	38	16	44	20	-55%	-24
Other	7	8	-9%	-1	2	3	2	1	-50%	-1
Non-controlling interests	**188**	**170**	**11%**	**19**	**74**	**33**	**42**	**40**	**-5%**	**-2**
Net profit attributable to shareholders of EDP	**1,005**	**1,012**	**-1%**	**-7**	**335**	**268**	**189**	**213**	**12%**	**24**

Provisions in 2013 totaled €55m (+€39m YoY), of which €27m were booked in 2Q13, mostly regarding labor contingencies in Brazil and provisions related to litigation and other in Spain.

Net depreciation and amortisation (net of compensation from depreciation and amortisation of subsidised assets) increased 1% to €1,477m in 2013, reflecting: i) +€26m at EDP Brasil ("EDPB") driven by both Pecém I coal plant commissioning and a one-off impact from the accelerated depreciation of some distribution assets; ii) new hydro capacity in Portugal; and iii) impairments at most of our co-generation and waste facilities in Spain, following the announced regulatory cuts; which were mostly compensated by iii) -€15m (€473m in 2013 vs. 487m in 2012) at EDP Renováveis ("EDPR") mainly backed by lower impairments; and iv) the combined effects of the decommissioning of our Setubal fuel-oil power plant in Portugal, the sale of our Soporgen cogeneration facility in Portugal, fewer working hours at our coal plants in Spain and a 10 years extension (from 25 to 35 years) of the useful life of our CCTGs.

Net financial costs went up 5% YoY to €737m in 2013. **Net interest expenses** rose 17% YoY reflecting a €0.2bn increase in average net debt as well as a higher average cost of debt, up from 4.0% in 2012 to 4.4% in 2013. **Net ForEx differences and derivatives** totaled -€15m in 2013 and are mostly related to energy markets and commodities. **Unwinding w/ pension & medical care responsibilities** amounted to €71m in 2013, supported by a lower discount rate of the amount of responsibilities. **Other financials** totaled €49m in 2013, including a €50m gain with tariff securitisation deals undertaken throughout the year.

Results from associated companies amounted to €34m in 2013 with the main contributions coming from our equity stakes in ENEOP in Portugal (€13m in 2013 vs. €4m in 2012) and CEM in Macau (€13m in 2013).

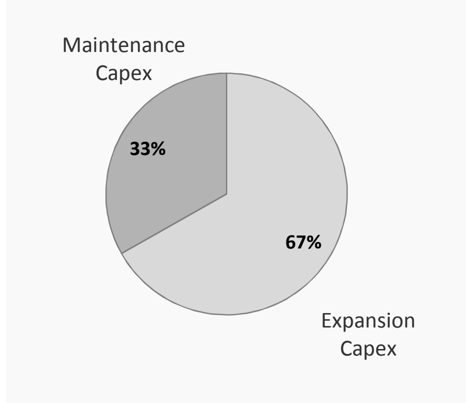
Income tax totaled €188m in 2013, including: i) an €80m one-off positive impact in Spain booked in 2Q13, from which €132m related to asset tax base revaluations supported by Ley 16/2012; a ii) a €41m one-off positive impact from the full fiscal deductibility (vs. previous 50%) of impairment losses from our financial stakes; and iii) the positive impact from the fiscal deductibility of share capital interests paid by EDPB in Dec-13 (part of 2013 dividend). **Non-controlling interests** went up 11% YoY to €188m in 2013, driven by higher net profit at the level of EDPR and by EDPR's sale of minority stakes in wind farms to Borealis, CTG and Fiera Axium. All in all, **net profit attributable to EDP shareholders** decreased 1% YoY to €1,005m in 2013.

Looking forward, with the 2014 Portuguese State Budget, an extraordinary tax applicable to the Energy Sector in Portugal was introduced: 0.85% on fixed tangible and intangible assets (wind, mini-hydro and biomass plants are exempt from this tax, and CCTGs working less than 3,000 hours will benefit from a lower tax rate). This new tax is estimated to have a ~€47m impact in 2014.

Capital Expenditure & Net Investments

Capex (€ m)	2013	2012	Δ %	Δ Abs.	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13	4Q13
LT contracted gen. Iberia	57	44	29%	+13	8	10	11	15	11	11	15	20
Liberalised activities Iberia	531	524	1%	+6	86	122	156	161	139	123	143	126
Regulated networks Iberia	387	404	-4%	-16	82	103	80	139	71	89	85	141
Wind & solar power	536	606	-12%	-70	55	54	154	343	(53)	65	131	394
Brazil	426	388	10%	+38	89	70	95	135	70	92	146	117
Other	41	44	-7%	-3	6	6	12	20	7	10	11	14
EDP Group	**1,978**	**2,011**	**-2%**	**-33**	**325**	**365**	**507**	**813**	**245**	**391**	**530**	**813**
Expansion Capex	**1,322**	**1,319**	**0%**	**+3**	**189**	**213**	**350**	**567**	**129**	**241**	**374**	**578**
Maintenance Capex	**656**	**692**	**-5%**	**-36**	**136**	**152**	**158**	**246**	**116**	**150**	**157**	**234.1**

CAPEX 2013



Generation Projects Under Construction (€ m)	MW	Capex 2013	Acc. Capex (1)
Hydro Portugal	1,468	455	1,252
Wind Power (2)	224	111	241
Hydro Brazil (3)	592	255	351
Total	**2,284**	**822**	**1,843**

Net investments/(Divestments) (€m)	2013	2012	Δ %	Δ Abs.
Investments	**263**	**201**	**31%**	**+62**
Consolidation Perimeter EDPR	48	29	68%	+20
Gas assets (Spain)	96	106	-9%	-10
Jari hydro plant (Brazil)	-	38	-	-38
HidroCantábrico (Spain)	106	-	-	+106
Other	13	28	-55%	-16
Divestments	**550**	**207**	**166%**	**+344**
Consolidation Perimeter EDPR	3	7	-61%	-4
Gas assets (Spain)	245	-	-	+245
Wind assets (Portugal & US)	292	176	66%	+116
Other	11	24	-57%	-14
Total	**(287)**	**(6)**	**-**	**-281**

Consolidated capex decreased 2% YoY to €1,978m in 2013. Expansion capex totalled €1.3bn, translating the ongoing construction of new hydro & wind capacity. Maintenance capex fell 5% YoY to €656m in 2013, reflecting lower investment needs at both Iberian regulated networks and our Spanish thermal plants. **Capex in hydro capacity under construction in Portugal** totalled €455m, which was devoted to the ongoing construction/repowering works of 5 hydro plants: 253MW due by the end of 2014, 963MW due in 3Q15 and 252MW due in 2H16. **Capex in new wind & solar capacity** (EDPR) totalled €536m, or €627m excluding the €91m cash-grant received in Jan-13 and related to Marble River wind farm (installed in 4Q12). This capex was mostly allocated to 437MW of capacity additions in 2013 and to 224MW of capacity under construction, most of which in the US (200MW). **In Brazil,** capex totalled €426m in 2013, the bulk of which (70%) devoted to new generation capacity: €44m invested in Pecém I (coal plant commissioned in 2Q13); and €255m invested in new hydro plants (Jari: 373MW due in Jan-15, and Cachoeira Caldeirão: 219MW due in Jan-17). **Overall,** EDP has spent €1.8bn so far in 2.3GW of new generation capacity under construction. Looking forward, EDP expects to invest c€1.7bn in 2014 and c€1.5bn in 2015.

Net financial divestments totalled €287m in 2013. Divestments include: i) €292m regarding EDPR disposal of 49% equity stakes in both EDPR Portugal (sold to CTG for €368m, including shareholder loans – deal concluded in 2Q13) and a 97MW wind farm in the US (sold to Fiera Axium; implied asset value of USD197m – deal concluded in 4Q13); ii) €245m from the sale of EDP's transmission gas assets in Spain (1Q13); and iii) €10m from the sale of EDP's 82% stake in Soporgen cogeneration facility in Portugal (1Q13). The bulk of financial investments refers to: i) the payment of a 5% stake in Naturgas in 2Q13 for €96m, in line with the agreement with Ente Vasco de Energia signed in 2010; ii) the payment of a 3% stake in HidroCantábrico ("HC") in 4Q13 for €106m, following Liberbank's exercise of its put option; and iii) some success fees related to the development of our wind business.

Looking forward, in Dec-13, within the scope of EDP's strategic partnership with CTG, CWE Investment Corporation ("CWEI"), a 100% owned CTG subsidiary, signed: i) a Memorandum of Understanding ("MoU") with EDPB, for the sale of a 50% stake in Jari for R$490m (R$81m of expected additional equity contributions) and a 50% stake in Cachoeira Caldeirão (R$294m of expected equity contributions) – closing expected for 1H14; and ii) a MoU with EDPR, for the sale of a 49% stake in EDPR's 40% share in ENEOP consortium (534MW of wind in Portugal) – conclusion expected for 2015. With these deals, visibility was given to c€1bn of CTG investments, including the Jun-13 transaction related to EDPR Portugal (€368m). More recently, in Feb-14, EDPB agreed with CWEI the sale of a 33.3% in São Manoel hydro project (700MW awarded to the Terra Nova consortium - 66.7% EDPB and 33.3% Furnas), as part of the €2.0bn of CTG investments (including co-capex) in renewable capacity, in accordance with the existing partnership.

(1) Accumulated capex net of debts to equipment suppliers; (2) Amount of accumulated capex includes capacity under construction & development; (3) Including Jari and Cachoeira Caldeirão, of which 50% are agreed to be sold to CTG

Cash Flow

Consolidated Cash Flow (€m) - Indirect Method	2013	2012	Δ %	Δ Abs.
EBITDA	**3,617**	**3,628**	**0%**	**-11**
Income tax	(264)	(154)	-71%	-110
Net financial interest	(840)	(717)	-17%	-123
Net Income and dividends received from Associates	40	30	34%	+10
Other adjustments	(127)	(98)	-29%	-28
FFO (Funds From Operations)	**2,426**	**2,689**	**-10%**	**-263**
Net financial interest	840	717	17%	+123
Net Income and dividends received from Associates	(40)	(30)	-34%	-10
Change in operating working capital	294	(1,380)	-	+1,673
Regulatory Receivables (1)	(65)	(977)	93%	+912
Other	359	(402)	-	+761
Net Cash from Operating Activities	**3,520**	**1,997**	**76%**	**+1,523**
Expansion capex	(1,322)	(1,319)	0%	-3
Maintenance capex	(656)	(692)	5%	+36
Change in working capital from equipment suppliers	(201)	(61)	-226%	-139
Net Operating Cash Flow	**1,341**	**(76)**	**-**	**+1,417**
Net (investments)/divestments	287	6	-	+281
Net financial interest paid	(708)	(597)	-19%	-111
Dividends received	21	23	-10%	-2
Dividends paid	(830)	(825)	-1%	-4
Proceeds/(payments) from inst. partnersh. in US wind	(36)	(15)	-135%	-20
Effect of exchange rate fluctuations	388	218	78%	+171
Other non-operating changes	318	(87)	-	+404
Decrease/(Increase) in Net Debt	**782**	**(1,353)**	**-**	**+2,135**

Consolidated Cash Flow (€m) - Direct Method	2013	2012	Δ %	Δ Abs.
Operating Activities				
Cash receipts from customers	14,551	14,710	-1%	-159
Proceeds from tariff adjustments securitization	1,560	442	253%	+1,118
Cash paid to suppliers and personnel	(11,602)	(12,320)	6%	+718
Concession rents & other	(731)	(708)	-3%	-23
Net Cash from Operations	**3,778**	**2,124**	**78%**	**+1,653**
Income tax received/(paid)	(258)	(128)	-	-130
Net Cash from Operating Activities	**3,520**	**1,997**	**76%**	**+1,523**
Net Cash from Investing Activities	**(2,320)**	**(2,125)**	**-9%**	**-195**
Net Cash from Financing Activities	**(684)**	**105**	**-**	**-788**
Changes in Cash and Cash Equivalents	**516**	**(24)**	**-**	**+540**
Effect of exchange rate fluctuations	(31)	(13)	-148%	-19

Funds from operations (FFO) fell 10% YoY to €2,426m in 2013, reflecting: i) a €110m increase in current income taxes, driven by the impact of the sale without recourse of the Portuguese electricity tariff deficit (€1bn in 2013); and ii) a €123m increase in net financial interests, due to an higher average net debt (+€0.2bn) and a 40bp increase in the average cost of debt (4.4% in 2013).

Net cash from operating activities went up 76% YoY (or +€1,523m) to €3,520m in 2013. Note that **regulatory receivables** in 2013 increased €65m vs. Dec-12, reflecting: i) +€225m from regulated activities in Portugal, including -€1.0bn from securitisation deals undertaken in 2013; and ii) -€160m from Spain, including -€487m securitised during the year. **Other changes in working capital,** which amounted to €359m in 2013, were positively impacted by a fall in coal inventories (historically high in Dec-12) as well as by an increase in payables to trade suppliers, mainly related to electricity purchases in the Iberian wholesale market (reflecting abnormally high prices in Dec-13).

Expansion capex stood flat at €1.3bn 2013, including a €91m cash-grant received in US by EDP Renováveis ('EDPR'). Note that **change in working capital from equipment suppliers** is mostly related to the renewable projects construction and development activity at EDPR level.

Net divestments amounted to €287m in 2013, mostly reflecting: i) EDPR's disposal of 49% equity stakes in EDPR Portugal and in a 97MW US wind farm (€292m); and ii) the sale of gas transmission in Spain (€245m); which were partly offset by iii) the payment of a 5% stake in Naturgas (€96m); and iv) the payment of a 3% stake in HC (€106m).

On May 23rd, 2013, EDP paid its annual dividend amounting to €671m (or €0.185/share, flat vs. the previous year). Note that the amount of €830m of dividends paid in 2013 also includes the amounts paid to non-controlling interests, mostly at the level of EDP Brasil.

The €388m positive impact on net debt from **effects of exchange rate fluctuations** essentially reflects the depreciations of both USD (-4%) and the BRL (-17%) against the EUR between Dec-12 and Dec-13.In 4Q13 alone, the positive impact on net debt from **effects of exchange rate fluctuations** totalled €129.

Other non-operating changes in 2013 include €111m related to CTG acquisition of 25% of EDPR Portugal shareholder loans (deal concluded in 2Q13) and €369m (excluding the ForEx impact) from changes in the consolidation perimeter regarding the transfer to 'liabilities classified as held for sale' of the debt associated to Jari and Cachoeira Caldeirão hydro projects in Brazil, following the MoU signed with CWEI in Dec-13 for the sale of a 50% stake in each of these projects.

Overall, **net debt** went down 0.8bn vs. Dec-12 to €17.5bn as of Dec-13.

Looking forward, in Feb-14, EDP cashed-in €138m from the sale of part of the 2013 Portuguese tariff deficit related with special regime generation.

(1) Excluding Brazil, for which regulatory receivables are out of the Consolidated Financial Position.

Statement of Consolidated Financial Position

Assets (€ m)	Dec-13	Dec-12	Δ Abs.
Property, plant and equipment, net	20,316	20,905	-589
Intangible assets, net	6,028	6,542	-514
Goodwill	3,296	3,318	-23
Financial investments and assets held for sale, net	1,115	587	528
Tax assets, deferred and current	828	776	51
Inventories	280	378	-98
Trade receivables, net	2,307	2,377	-70
Other assets, net	5,850	5,620	230
Collateral deposits	449	428	21
Cash and cash equivalents	2,180	1,695	485
Total Assets	**42,650**	**42,628**	**22**

(Dec. vs. Dec.)

Equity (€ m)	Dec-13	Dec-12	Δ Abs.
Equity attributable to equity holders of EDP	8,446	8,192	253
Non-controling Interest	3,083	3,239	-157
Total Equity	**11,529**	**11,432**	**97**

Liabilities (€ m)	Dec-13	Dec-12	Δ Abs.
Financial debt, of wich:	20,161	20,523	-362
Medium and long-term	*15,969*	*16,716*	*-747*
Short term	*4,192*	*3,808*	*385*
Employee benefits (detail below)	1,935	1,933	1
Institutional partnerships, US wind	1,508	1,680	-171
Provisions	388	383	5
Tax liabilities, deferred and current	1,360	1,320	41
Other liabilities, net	5,769	5,357	412
Total Liabilities	**31,121**	**31,196**	**-75**
Total Equity and Liabilities	**42,650**	**42,628**	**22**

Employee Benefits (€m) (1)	Dec-13	Dec-12	Δ Abs.
Pensions (2)	960	939	21
Medical care and other	974	994	-20
Employee Benefits	**1,935**	**1,933**	**1**

Institutional Partnerships Liabilities (€m)	Dec-13	Dec-12	Δ Abs.
Institutional Partnerships, US Wind	1,508	1,680	-171
(-) Deferred Income	672	738	-65
Institutional Partnerships Liabilities	**836**	**942**	**-106**

Regulatory Receivables (€m)	Dec-13	Dec-12	Δ Abs.
Portugal Distribution and Gas (3)	2,045	1,543	502
Portugal Annual CMEC Deviation	377	654	-277
Spain	264	424	-160
Brazil (4)	61	89	-28
Regulatory Receivables	**2,747**	**2,710**	**37**

Total amount of **property, plant & equipment and intangible assets** fell by €1.1bn vs. Dec-12 to €26.3bn as of Dec-13, mainly reflecting: i) +€2.0bn of capex in the period; ii) -€1.5bn from depreciations in the same period; iii) a net -€0.8bn impact mainly resulting from the depreciation of the Brazilian Real (-17%) against the Euro; iv) -€0.6bn from the transfer to 'assets classified as held for sale' of Jari and Cachoeira Caldeirão hydro projects, following the MoU signed with CWEI in Dec-13 for the sale of 50% stakes in each of these projects; and v) a net -€0.1bn impact driven by CO_2 licences consumption and delivery in the period. As of Dec-13, EDP's balance sheet included €3.4bn of works in progress (13% of total consolidated tangible and intangible assets) largely related to investments already incurred in regulated networks, power plants, wind farms development, equipment or concession rights which are not yet operating.

The book value of **financial investments & assets held for sale** amounted to €1.1bn as of Dec-13, up €0.5bn vs. Dec-12, which translates, on the one hand, -€0.2bn following the conclusion of the sale of both our gas transmission assets in Spain (1Q13) and our Soporgen cogeneration facility in Portugal (1Q13), and, on the other, +€0.7bn regarding the above-mentioned transfer to 'assets classified as held for sale' of Jari and Cachoeira Caldeirão hydro projects. Also note that financial investments include our financial stakes in ENEOP (40%), CEM (21%), REN (3.5%) and BCP (2.0%).

Inventories went down €0.1bn vs. Dec-12, driven by a fall in coal inventories. **Other assets (net)** increased €0.2bn vs. Dec-12 to €5.8bn as of Dec-13, essentially reflecting: i) a €0.4bn increase of gross regulatory receivables from Portugal; and ii) a €0.2bn decrease of gross regulatory receivables from Spain. Note that these amounts include the impact of achieved securitisation deals within the period (-€1.0bn from Portugal and -€0.5bn from Spain).

Total amount of EDP's **net regulatory receivables** stood flat at €2.7bn as of Dec-13, reflecting: i) a €225m increase from Portugal; ii) a €160m decrease from Spain; and iii) a €28m decrease from Brazil.

Equity book value went up €0.3bn vs. Dec-12 to €8.4bn as of Dec-13, essentially reflecting €1,005m of net profit for the period and the payment of €671m in dividends. Additionally: i) ForEx differences had a €152m negative impact on equity book value; and ii) a €111m actuarial loss was recognized at the level of equity reserves, translating essentially an increase in social security retirement age in Portugal; these were partly offset by other gains booked at the level of equity reserves.

Pension fund, medical care and other employee benefit liabilities (gross, before deferred taxes) stood flat at €1.9bn as of Dec-13, reflecting the aforementioned actuarial losses and the recurrent payment of pension and medical care expenses in 2013. **Institutional partnership liabilities**, related to our wind operations in US, fell €106m vs. Dec-12, to €836m as of Dec-13, as tax equity partners are receiving the tax benefits generated by the projects and as a result of the USD depreciation against the EUR (-4%). Note that the referred amount of institutional partnership liabilities was adjusted by deferred revenues related to tax credits already benefited by the institutional investors and yet due to be recognised in the P&L.

Other liabilities (net) went up €0.4bn vs. Dec-12, driven by the transfer to 'liabilities classified as held for sale' of the liabilities associated to Jari and Cachoeira Caldeirão hydro projects, following the above-mentioned agreement with CTG; and higher payables to trade suppliers reflecting higher cost of electricity purchases in the wholesale market (following higher spot prices in Dec-13). These impacts were partly offset by the payments regarding the payment of a 3% stake in HC (€106m), following Liberbank's exercise of its put option, and the payment of another 5% stake in Naturgas (€96m), in line with the agreement with Ente Vasco de Energia signed in 2010.

Looking forward, as of Jan-2014, with the application of IFRS11, EDP Brasil's 50% stake in Pecém I coal facility, some stakes in EDP Renováveis' wind farms in Spain and US and our 50% stake in EDP Bioeléctrica (biomass facilities in Portugal), will move from proportional to equity consolidation at the level of EDP consolidated financial statements – On a pro-forma basis, the application of IFRS11 as of Dec-13 would reflect into a €368m net financial debt reduction and an increase in financial investments of €462m.

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

Consolidated Net Financial Debt

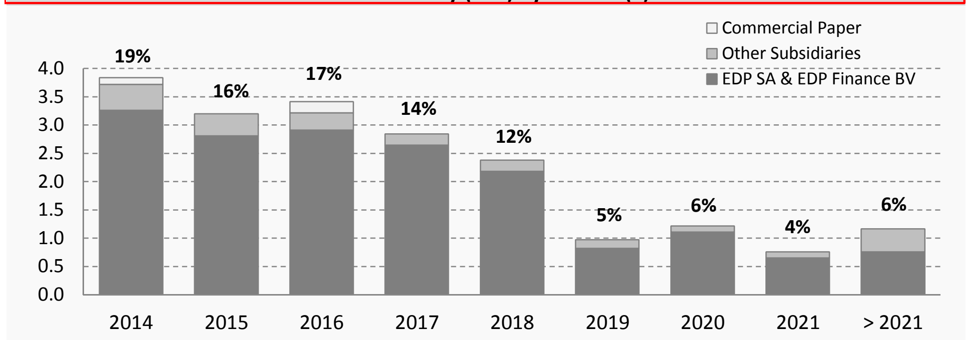
Nominal Financial Debt by Company (€m)	Dec-13	Dec-12	Δ %	Δ Abs.
EDP S.A. and EDP Finance BV	17,451	17,419	0%	32
EDP Produção & Other	196	238	-18%	-42
EDP Renováveis	868	912	-5%	-44
EDP Brasil	1,278	1,508	-15%	-230
Nominal Financial Debt	**19,792**	**20,076**	**-1%**	**-284**
Accrued Interest on Debt	360	332	8%	28
Fair Value of Hedged Debt	9	115	-92%	-107
Derivatives associated with Debt (2)	(76)	(166)	54%	90
Collateral deposits associated with Debt	(449)	(428)	-5%	-21
Total Financial Debt	**19,636**	**19,929**	**-1%**	**-293**
Cash and cash equivalents	**2,180**	**1,695**	**29%**	**485**
EDP S.A., EDP Finance BV and Other	1,624	1,238	31%	386
EDP Renováveis	265	246	8%	19
EDP Brasil	291	212	37%	79
Financial assets at fair value through P&L	**4**	**0**	**-**	**4**
EDP Consolidated Net Debt	**17,451**	**18,233**	**-4%**	**-782**

Credit Lines by Dec-13 (€m)	Maximum Amount	Number of Counterparts	Available Amount	Maturity
Revolving Credit Facility	2,000	21	2,000	Nov-15
Domestic Credit Lines	159	8	159	Renewable
Underwritten CP Programmes	100	1	100	Oct-16
Total Credit Lines	**2,259**		**2,259**	

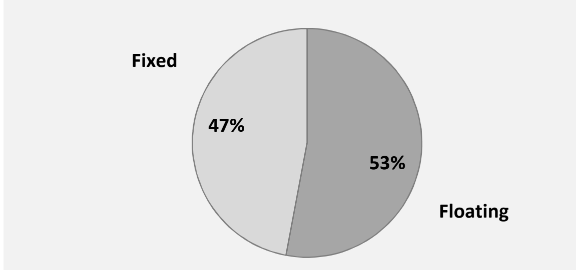
Debt Ratings	S&P	Moody's	Fitch
EDP SA & EDP Finance BV	**BB+/Stab/B**	**Ba1/Neg/NP**	**BBB-/RWN/F3**
Last Rating Action	28-01-2014	13-11-2013	15-01-2014

Debt Ratios	Dec-13	Dec-12
Net Debt / EBITDA	4.8x	5.0x
Net Debt / EBITDA adjust. by Reg. Receivables	4.1x	4.3x

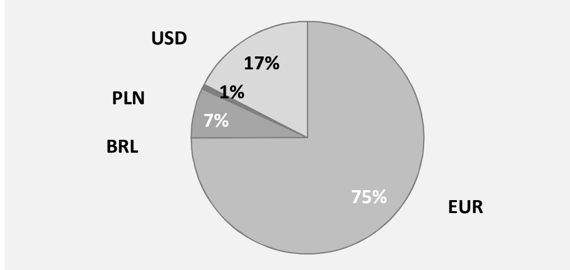
Debt Maturity (€ m) by Dec-13 (1)



Debt by Interest Rate Type - Dec-13 (1)



Debt by Currency - Dec-13 (1)



EDP's financial debt is essentially issued at holding level (EDP S.A. and EDP Finance B.V.) through both debt capital markets and bank loans. Investments and operations are funded in local currency to mitigate ForEx risk. EDP Brasil ('EDPB') is ring fenced, self-funded in local currency and mostly non-recourse to EDP S.A.. Other external funding is essentially of project finance, mainly raised at EDP Renováveis' ('EDPR') subsidiaries. Our US Dollar debt is dedicated to the funding of US wind investments, issued at holding level and on-lent internally. EDP's funding strategy aims at maintaining access to diversified sources and assuring refinancing needs 12-24 months ahead. EDP targets a steady improvement of its free cash flow position and credit ratios over the next years. In Nov-13, Moody's affirmed EDP's "Ba1" rating with negative outlook, on regulatory and political uncertainties in Portugal. In Jan-14, Fitch also announced the maintenance of EDP under Rating Watch Negative on Spanish regulatory uncertainty, while S&P affirmed EDP's "BB+" rating and upgraded the outlook to Stable from CreditWatch.

In Jan-13, EDP signed a 5 year term loan facility of €1.6bn with a group of 16 banks, bearing an interest rate of Euribor3M + 400bps, of which €955m were mostly used to early repay a €925m Revolving Credit Facility ('RCF') maturing in Apr-13; the remaining €645m was used to refinance part of a €1.1bn RCF that matured in Nov-13. In Feb-13, EDP repaid a €300m Commercial Paper ("CP") Program. In Mar-13, EDP repaid a €150m bond that was paying a 150bps margin over Euribor 6M. In Sep-13, the company issued a €750m Eurobond with a 7-year maturity with a coupon of 4.875%. In Oct-13, EDP signed a €100m underwritten CP Program and issued through a private placement a €150m bond maturing Oct-2018. In Nov-13, the company issued a €600m Eurobond maturing in Jan-2021 with a coupon of 4.125%. In Dec-13, the company issued through a private placement a €200m bond, which was used to partly refinance a €350m privately placed bond that matured in Dec-13. In Jan-14, EDP issued a USD750m bond maturing in Jan-2021 with a coupon of 5.25%.

By Dec-13, average debt maturity was 3.9 years. The weight of consolidated financial debt raised through financial markets reached 61%, while the remaining of the debt was raised through bank loans. 2014 refinancing needs amount to €3.2bn, including: i) €1.2bn of bonds maturing in Feb-14; ii) a USD1.5bn RCF that matures in Jun-14; iii) €400m of bonds maturing in Dec-14; and iv) several other bank loans totaling €500m and maturing throughout the year. Total cash and available liquidity facilities amounted to €4.4bn by Dec-13. This liquidity position, along with the USD750m bond issued in Jan-14, totals €5.1bn, which allows EDP to cover its refinancing until mid-2015.

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

Business Areas

Iberian Electricity and Gas Markets

Electricity Balance (TWh)	Portugal 2013	Portugal 2012	Portugal Δ%	Spain 2013	Spain 2012	Spain Δ%	Iberian Peninsula 2013	Iberian Peninsula 2012	Iberian Peninsula Δ%
Hydro	13.3	5.8	128%	34.0	19.5	75%	47.3	25.3	87%
Nuclear	-	-	-	56.8	61.5	-8%	56.8	61.5	-8%
Coal	11.0	12.1	-10%	39.8	54.7	-27%	50.8	66.9	-24%
CCGT	1.5	5.6	-73%	25.1	38.6	-35%	26.6	44.2	-40%
Fuel/gas/diesel	(0.0)	0.0	-	-	-	-	(0.0)	0.0	-
Own consumption	-	-	-	(6.3)	(7.9)	-20%	(6.3)	(7.9)	-20%
(-)Pumping	(1.5)	(1.4)	5%	(6.0)	(5.0)	19%	(7.4)	(6.4)	16%
Conventional Regime	**24.3**	**22.2**	**9%**	**143.4**	**161.3**	**-11%**	**167.7**	**183.5**	**-9%**
Wind	11.8	10.0	17%	54.3	48.1	13%	66.1	58.1	14%
Other	10.3	8.9	15%	56.5	54.2	4%	66.8	63.1	6%
Special Regime	**22.1**	**19.0**	**16%**	**110.8**	**102.3**	**8%**	**132.9**	**121.2**	**10%**
Import/(export) net	2.8	7.9	-65%	(8.0)	(11.8)	-32%	(5.2)	(3.9)	35%
Gross demand (before grid losses)	**49.2**	**49.1**	**0.2%**	**246.2**	**251.9**	**-2.2%**	**295.4**	**300.9**	**-1.8%**
Adjust. temperature, working days			0.0%			-2.2%			n.a.

Gas Demand (TWh)	Portugal 2013	Portugal 2012	Portugal Δ%	Spain 2013	Spain 2012	Spain Δ%	Iberian Peninsula 2013	Iberian Peninsula 2012	Iberian Peninsula Δ%
Conventional demand	43.5	37.5	16%	276.4	278.0	-1%	319.9	315.5	1%
Demand for electricity generation	3.4	11.9	-71%	56.9	84.6	-33%	60.4	96.5	-37%
Total Demand	**46.9**	**49.4**	**-5%**	**333.3**	**362.6**	**-8%**	**380.2**	**412.1**	**-8%**

Electricity demand in Iberia fell 1.8% YoY in 2013 following a virtually flat 4Q (+0.1% YoY in 4Q13). In Spain (83% of Iberia), demand declined 2.2% in 2013, driven by lower industrial production. In Portugal (17% of total), demand was 0.2% higher YoY in in 2013 (or flat, when adjusted for temperature and working days), backed by two consecutive quarters of positive growth: +2% YoY in 3Q13 and +2.3% in 4Q13.

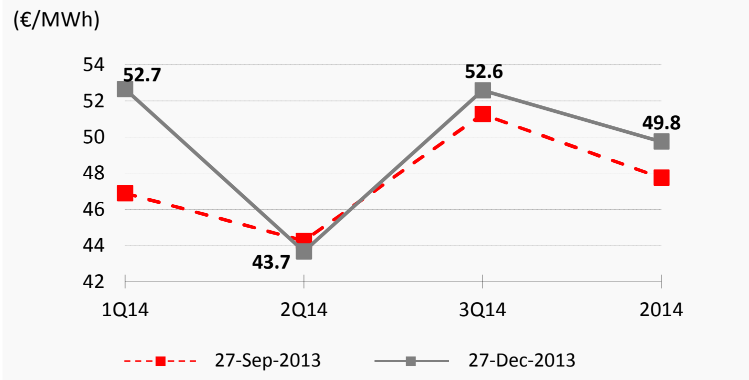
Installed capacity in Iberia declined by 1% (-0.8GW), driven by Portugal. In Spain, installed capacity was stable, since new renewable capacity (+1.1GW, mainly on solar, cogeneration and wind) offset lower thermal capacity. In Portugal, lower installed capacity reflected the shutdown of fueloil and old cogeneration capacity, coupled with almost stable wind capacity. Iberian special regime production advanced by 12TWh (+8TWh of which in wind) and hydro production net of pumping surged by 21TWh following capacity additions (+3% on special regime, +1% on hydro) and, more importantly, following very windy and rainy weather in Iberia, particularly in 1H13 and compared to a very dry year in 2012: hydro coefficient in Iberia at 1.17 in 2013 vs. below 0.5 in 2012; wind coefficient in Portugal of 1.18 in 2013 vs. 1.03 in 2012. As a result of the 5.6TWh decrease in gross consumption in 2013 and strong hydro/wind resources, the residual thermal demand declined by 34TWh, leading output from coal and CCGT plants to fall by 24% and 40% respectively. Nuclear output dropped 8% due to the initial decommissioning works at Garoña plant and also some outages. Portugal reduced net imports from Spain, by 5.1TWh, on the back of the rainier weather in 2013. The Iberian Peninsula, as a whole, increased net export volumes to France by 1.4TWh, on the back of higher electricity prices in France (particularly in 1Q13).

Average electricity spot price in Spain was 6% lower YoY in 2013, at €44.3/MWh (€52.5/MWh in 4Q13, +5% QoQ), being €0.6/MWh higher than in Portugal due the latter's cheaper generation mix backed by wet weather. Average CO_2 prices fell 40% in 2013 at €4.5/ton. Average electricity final price in Spain stood €11/MWh above pool price (vs. €12/MWh in 2012) as a result of the contribution from restrictions market, ancillary services and capacity payments.

In the Iberian gas market, consumption fell by 8% in 2013, dragged by a 37% fall in consumption for electricity generation purposes, backed by to lower utilisation rates at CCGTs. Conventional demand was 1% higher in 2013, supported by Portugal.

Installed Capacity in Electricity (GW)	Iberian Peninsula 2013	Iberian Peninsula 2012	Iberian Peninsula Δ%
Hydro	22.1	21.9	1%
Nuclear (1)	7.0	7.5	-6%
Coal	12.1	12.6	-4%
CCGT	28.8	28.8	0%
Fuel/gas/diesel	1.0	2.2	-56%
Conventional Regime	**70.9**	**72.9**	**-3%**
Wind	27.5	26.7	3%
Other special regime	20.7	20.1	3%
Special Regime	**48.1**	**46.8**	**3%**
Total	**119.0**	**119.8**	**-1%**

Iberian Electricity Forward Market (OMIP)



Main Drivers	2013	2012	Δ%
Hydro coeficient (1.0 = avg. year)			
Portugal	1.17	0.48	144%
Spain	1.17	0.46	154%
Wind coeficient (1.0 = avg. year)			
Portugal	1.18	1.03	15%
Electricity spot price, €/MWh (2)			
Portugal	43.6	48.1	-9%
Spain	44.3	47.2	-6%
Electricity final price, €/MWh (2) (3)			
Spain	55.0	59.3	-7%
CO2 allowances (EUA), €/ton (2)	4.5	7.4	-40%
Coal (API2 CIF ARA), USD/t (2)	81.7	92.6	-12%
Gas NBP, €/MWh(2)	27.4	25.1	9%
Brent, USD/bbl (2)	108.7	111.6	-3%
EUR/USD (2)	1.33	1.28	3%

Sources: EDP, REN, REE, Enagas, OMEL, OMIP. (1) Excludes Garoña plant, under closing process. (2) Average in the period. (3) Final price reflects spot price and system costs (capacity payment, ancillary services).

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

Income Statement (€ m)	2013	2012	Δ%	Δ Abs.
PPA/CMEC Revenues	**1,037**	**1,224**	**-15%**	**-186**
Revenues in the market (i)	922	749	23%	+173
Annual deviation (ii)	129	491	-74%	-362
PPAs/CMECs accrued income (iii)	(13)	(16)	-18%	+3
PPA/CMEC Direct Costs	**268**	**324**	**-17%**	**-55**
Coal	202	259	-22%	-56
Fuel oil	2	3	-20%	-1
CO2 and other costs (net)	64	62	2%	+1
Gross Profit PPA/CMEC	**769**	**900**	**-15%**	**-131**
Thermal (cogen., waste, biomass)	57	65	-11%	-7
Mini-hydro	56	24	135%	+32
Gross Profit Special Regime	**113**	**88**	**28%**	**+25**
Net Operating costs (1)	156	186	-16%	-30
EBITDA	**726**	**802**	**-9%**	**-76**
Net depreciation and provision	213	210	1%	+2
EBIT	**514**	**592**	**-13%**	**-78**
At Fin. Results: Hedging Gains (Losses) (2)	10	13	-24%	-3
Employees (#)	1,214	1,321	-8%	-107

PPA/CMEC: Key Data	2013	2012	Δ %	Δ Abs.
Real/Contracted Availability				
Hydro plants	1.07	1.04	3%	+0.0
Thermal plants	1.04	1.07	-3%	-0.0
Installed Capacity (MW)	**5,274**	**6,221**	**-15%**	**-946**
Hydro (3)	4,094	4,094	-	-
Coal	1,180	1,180	-	-
Fuel oil	-	946	-	-946

Special Regime: Key Data	2013	2012	Δ %	Δ Abs.
Output (GWh)	**1,908**	**2,246**	**-15%**	**-338**
Mini-hydro Portugal	583	253	131%	+330
Thermal Portugal	680	1,177	-42%	-497
Thermal Spain	645	817	-21%	-171
Average Gross Profit (€/MWh)				
Mini-hydro Portugal	95	94	2%	+2
Thermal Portugal	34	28	22%	+6
Thermal Spain	53	39	36%	+14

Capex (€ m)	2013	2012	Δ %	Δ Abs.
PPA/CMEC Generation	**52**	**35**	**48%**	**+17**
Hydro recurrent	19	21	-11%	-2
Thermal recurrent	27	10	166%	+17
Non recurrent (environmental)	6	4	64%	+2
Special Regime	**5**	**9**	**-45%**	**-4**
Expansion	0	0	-99%	-0
Maintenance	5	9	-45%	-4
Total	**57**	**44**	**29%**	**+13**

EBITDA from LT contracted generation fell by 9%, to €726m in 2013, as higher mini-hydro output, stemming from a much rainier weather in 2013 (+€32m in 2013), was overwhelmed by: i) the end of Setúbal fuel oil plant PPA in Dec-12 (EBITDA: €98m in 2012) and ii) the sale of Soporgen's cogeneration plant (EBITDA: €12m in 2012; one-off gain: €2m in 1Q13).

Gross profit from PPA/CMEC dropped by €131m in 2013 to €769m, following: i) the end of Setúbal PPA (€113m in 2012); ii) the depreciation of the asset base and lower inflation (-€19m YoY in 2013). Costs with CO_2 procurement exceeded benchmark market prices by €9m in 2013 (vs. €20m excess in 2012).

The **annual deviation** between market gross profit under CMECs assumptions and gross profit under actual market conditions totalled €129m in 2013: €116m in 1H13 and €13m in 2H13, mainly driven by low spot prices. This amount is due to be received in up to 24 months through access tariffs. Deviation at hydro plants totalled €37m as the impact from a production 14% above CMEC's reference was overwhelmed by an avg. realised price 22% below CMEC's reference. In turn, market gross profit at our Sines coal plant stood €92m below the CMEC's reference, due to shorter volumes and avg. clean dark spread below the CMEC's reference, by 15% and 14%, respectively.

Gross profit from special regime rose by €25m, to €113m in 2013, propelled by a 131% surge in mini-hydro's output which more than compensated the sale of Soporgen's 67MW cogeneration plant in Jan-13 (€14m gross profit in 2012).

Net operating costs(1) fell by 16%, to €156m in 2013, mainly reflecting (i) in 2012, €26m of one off costs mainly with curtailment, (ii) in 2013, tight cost control and lower operating costs derived from the decommissioning of Setubal plant and from the sale of Soporgen. New generation taxes in Spain amounted to €11m in 2013.

Net depreciation charges and provisions rose by €2m to €213m in 2013, as the impact from regulatory changes in Spain outstood the impact from the decommissioning of Setubal and from the sale of Soporgen. On 3-Feb-14, CNMC released the draft Ministerial Order with the standard values applicable to the remuneration of special regime (following RD 9/2013). The overall impact on net depreciation and provision was €42m.

Following the end in Dec-13 of PPA at our hydro plants Bemposta I, Picote I and Miranda (804MW; 2.5TWh energy production in an avg. hydro year; €25/MWh price implicit in PPA), these plants are operating in the liberalised market since 1-Jan-14. Additionally, note that as a result of the application of IFRS11, our 50% stake in Bioelectrica (JV with Altri for biomass plants in Portugal) will be equity method consolidated as from 1-Jan-14 (32MW and €7m of EBITDA in 2013, correspondent to our 50% share). In Jan-14, our 44MW cogeneration plant Energin was shutdown (296GWh produced and €3m of EBITDA generated in 2013).

Capex in LT contracted generation was €13m higher in 2013, at €57m, largely due to several pluri-annual maintenance works at Sines.

Explanatory note on PPA/CMEC:

In June 2007 the long term contracts that EDP had with the Portuguese electricity regulated system (PPA) were replaced by the CMEC (Cost of Maintenance of Contractual Equilibrium) financial system to conciliate: (1) the preservation of the NPV of PPA, based on real pre-tax ROA of 8.5%, and a stable contracted gross profit over the next 10 years; and (2) the need to increase liquidity in the Iberian electricity wholesale market. In terms of EDP's P&L, the total gross profit resulting from CMECs' financial system will keep the same profile over the next 10 years as the former PPA.

PPA/CMEC gross profit has 3 components:

(i) Revenues in the market, resulting from the sale of electricity in the Iberian wholesale market and including both ancillary services and capacity payments.

(ii) Annual deviation ('revisibility'), equivalent to the difference between CMEC's initial assumptions made in 2007 (outputs, market prices, fuel and CO_2 costs) and real market data. This annual deviation will be paid/received by EDP, through regulated tariffs, up to two years after occurring.

(iii) PPA/CMEC Accrued Income, reflecting the differences in the period, in terms of cash flow profile, between PPA and CMEC assumed at the beginning of the system in July 2007.

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits) + Other operating costs (net); (2) Includes a €12m realised gain in 2013 and €10m gain in 2012;
(3) Includes Aguieira and Raiva (360MW), subject to a tolling agreement for a 5-year period, starting in Apr-09.

Liberalised Activities in the Iberian Market

Income Statement (€ m)	2013	2012	Δ%	Δ Abs.
Gross Profit	**865**	**773**	**12%**	**+92**
Electricity generation	538	424	27%	+114
Portugal	174	92	88%	+82
Spain	370	322	15%	+48
Adjustments	(6)	10	-	-16
Electricity supply	285	319	-11%	-34
Gas supply	67	59	14%	+8
Adjustments	(26)	(29)	-10%	+3
Net Operating costs (1)	515	457	13%	+59
EBITDA	**349**	**316**	**11%**	**+33**
Provisions	19	(1)	-	+20
Net depreciation and amortisation	234	257	-9%	-24
EBIT	**97**	**60**	**61%**	**+37**

Electricity Performance	2013	2012	Δ%	2013	2012	Δ%
	Output (GWh)			Variable Cost (€/MWh) (2)		
Generation Output (4)	12,483	12,557	-1%	34.4	41.1	-16%
Electricity Purchases	32,774	31,425	4%	52.1	53.9	-3%
Electricity Sources	**45,257**	**43,983**	**3%**	**47.2**	**50.2**	**-6%**
	Volumes Sold (GWh)			Average Price (€/MWh) (3)		
Grid Losses	487	687	-29%	n.a.	n.a.	-
Retail - Final clients	31,650	30,273	5%	63.5	61.8	3%
Wholesale market	13,120	13,023	1%	62.5	68.9	-9%
Electricity Uses	**45,257**	**43,983**	**3%**	**62.6**	**63.0**	**-1%**

Electricity Gross Profit (€ m)	2013	2012	Δ%	Δ Abs.
Before hedging (€/MWh)	15.3	12.8	20%	+3
From Hedging (€/MWh) (5)	(1.9)	(1.3)	-41%	-1
Unit margin (€/MWh)	13.4	11.4	17%	+2
Total Volume (TWh)	45.3	44.0	3%	+1
Subtotal	**607**	**502**	**21%**	**+105**
Commercial Shared-services (6)	**211**	**221**	**-5%**	**-10**
Others (7)	**5**	**20**	**-72%**	**-14**
Total	**823**	**743**	**11%**	**+80**

Gas Uses (TWh)	2013	2012	Δ%	Δ Abs.
Consumed by own power plants	6.6	13.3	-51%	-6.7
Sold to Clients (8)	32.1	30.4	6%	+1.7
Total	**38.7**	**43.7**	**-12%**	**-5.1**

EBITDA from liberalised activities rose by 11% in 2013, to €349m. Despite the adverse regulatory and market environment, EBITDA growth was prompted by: i) Doubling hydro output, propelled by the much rainier weather in 2013 vs. 2012 (particularly in 1H13), which justified a 16% drop in the avg. generation cost; ii) 3% fall in avg. cost of electricity purchases in the wholesale market due to adequate management of volatility in the energy markets; and iii) higher volumes and avg. selling prices to final clients: +5% and +3%, respectively. Regulatory-wise, EBITDA was hit by €78m of new generation taxes in Spain in 2013, the end of CO_2 free allowances (-€56m), no capacity payments in Portugal in 2013 (vs. €7m in 2012) and by a €16m reduction in capacity payment in Spain (of which €9m due to the new regulation).

Gross profit in the electricity business rose by 11% in 2013, to €823m, driven by a higher avg. unit margin which rose from €11.4/MWh in 2012 to €13.4/MWh in 2013.

Unit margin [(2)(3)]: Avg. electricity spread was €2/MWh higher in 2013, at €13/MWh. **Avg. sourcing cost** fell by 6% YoY following the combined impact from lower generation costs (-16%) on higher hydro volumes and cheaper electricity purchases (-3%). **Avg. selling price** was 1% lower in 2013, as higher avg. selling prices to retail clients mitigated the 9% fall in the average selling price in wholesale markets (supported by lower spot prices and lower revenues in complementary markets).

Volumes: Total volumes sold rose by 3% to 45TWh in 2013, reflecting a 5% increase in volumes sold to retail and 1% increase in volumes sold in the wholesale market. Our generation output met 39% of electricity sales to final clients, as output (net of hydro pumping) was virtually flat and the weight of hydro in the mix doubled: 35% of the output in 2013 vs. 17% in 2012.

Our gas sourcing activity in 2013 was based on an annual 4.2bcm portfolio of long term contracts, which flexibility has been enhanced through several contract renegotiations (including changes in take or pay levels). Moreover, rather than solely using volumes available for electricity generation and for the sale to clients in the free market, EDP has chosen to divert part of its take-or-pay gas volumes to wholesale markets, where prices are significantly higher. As a result, our gas consumption declined 12% to 39TWh (3.3bcm) in 2013 supported by a 51% drop in consumption by our gas fired power plants, which more than offset the 6% increase in volumes sold to clients.

EDP is adapting its hedging strategy to the current market conditions, making use of flexibility stemming from the integrated management of gas and electricity operations in Iberia. As a result, EDP has favoured gas sales in the wholesale market, having so far secured spreads for over 80% of its gas sourcing commitments in 2014. Also, EDP has so far forward contracted costs for all its expected coal output for 2014. For 2014 EDP has so far forward contracted electricity sales with clients of 23TWh at an avg. price of around €55/MWh.

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits) + Other operating costs (net); (2) Variable cost: fuel cost, CO2 cost net of free allowances, hedging costs (gains), system costs;
(3) Average selling price: includes selling price (net of TPA tariff), ancillary services and others; (4) Net of pumping; (5) Includes results from hedging on electricity; (6) Includes EDP group's commercial shared services in Iberia
(7) Includes capacity payments, services rendered and others; (8) Volumes excluding sales to our cogeneration units; including sales to wholesale markets.

Liberalised Electricity Generation in the Iberian Market

Income Statement (€ m)	2013	2012	Δ%	Δ Abs.
Gross Profit	**538**	**424**	**27%**	**+114**
Portugal	174	92	88%	+82
Spain	370	322	15%	+48
Adjustments	(6)	10	-	-16
Supplies and services	65	72	-10%	-7
Personnel costs	43	44	-2.0%	-1
Costs with social benefits	2	2	3%	+0
Other operating costs (net)	92	53	75%	+39
Net Operating costs (1)	**202**	**170**	**18%**	**+31**
EBITDA	**336**	**254**	**33%**	**+82**
Provisions	2	2	13%	+0
Net deprec. and amortisation	217	234	-7%	-17
EBIT	**118**	**18**	**537%**	**+99**
Employees (#)	**640**	**651**	**-2%**	**-11**

Key Operating Data	2013	2012	Δ%	Δ Abs.
Generation Output (GWh)	**13,323**	**13,184**	**1%**	**+139**
CCGT	1,434	3,106	-54%	-1,672
Coal	6,407	6,714	-5%	-308
Hydro	4,325	2,134	103%	+2,192
Nuclear	1,157	1,230	-6%	-73
Generation Costs (€/MWh) (2)	**32.2**	**39.1**	**-18%**	**-6.9**
CCGT	105.5	79.4	33%	+26.0
Coal	39.7	36.3	9%	+3.4
Hydro	4.2	9.6	-56%	-5.4
Nuclear	4.5	4.1	10%	+0.4
Load Factors (%)				
CCGT	4%	9%	-	-5p.p.
Coal	50%	52%	-	-2p.p.
Hydro	31%	18%	-	13p.p.
Nuclear	85%	90%	-	-5p.p.
CO2 Emissions (mn tones)				
Total emissions (3)	8.5	9.0	-5%	-0.4
Free allowances (3)	0.0	10.4	-	-10.4

Capex (€ m)	2013	2012	Δ%	Δ Abs.
Expansion	**485**	**442**	**10%**	**+43**
Maintenance	**23**	**60**	**-61%**	**-37**
Recurrent	23	60	-61%	-37
Total	**509**	**502**	**1%**	**+6**

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

Output from our generation plants (unadjusted for hydro pumping) was 1% higher in 2013, at 13.3TWh, since the surge in hydro output (+2.2TWh) offset the fall in CCGT (-1.7TWh) and coal (-0.3TWh). **Avg. production cost** dropped by 18%, to €32/MWh in 2013 (€37/MWh in 4Q13), reflecting an increase in the contribution from the cheaper technology, hydro. As from 1-Jan-2013, there are no CO_2 free allowances for the power sector and all emission allowances are to be bought in the market.

Coal: **Output** fell 5% in 2013, backed by strong hydro and wind resources in Iberia in the year. **Avg. load factor** was 2pp lower, at 50% in 2013. Generation from Spanish domestic coal was 648GWh in 2013 (vs. 1,044GWh in 2012). **Avg. production cost** advanced by 9%, to €40/MWh, on higher CO_2 costs following the end of free allowances.

CCGTs: **Output** retreated by 54% in 2013, driven by lower demand for thermal production and low competitiveness of gas vs. coal, implying a 5pp decline in avg. load factor, to 4% in 2013. **Avg. production cost** rose to €106/MWh in 2013, mostly driven by a lower dilution of gas procurement fixed costs.

Hydro & Nuclear: Hydro generation doubled in 2013, propelled by both rainy weather conditions and additional capacity on stream (Alqueva II). Despite higher volumes of pumping (840GWh in 2013 vs 626GWh in 2012), the avg. cost of hydro production fell 56% to €4.2/MWh, reflecting stronger hydro resources. Pumping activity was concentrated at our Alqueva plant, at an avg. cost correspondent to a c50% discount to the avg. pool price (vs. c30% in 2012). Nuclear avg. load factor fell by 5pp YoY.

In Portugal, capacity payments to CCGTs were interrupted in 1-Jun-12 (€7m in 2012) and are due to be replaced by lower incentives as from the year after the end of Portugal's bailout program. In Oct-13 the Portuguese government announced a 2nd package of measures for the electricity system, aimed at correcting potential distortions in both the market of ancillary services (still lacking details) and in the remaining markets, arising from different regulatory conditions between Portugal and Spain. Regarding the latter, the Dispatch 12955-A/2013 established a levy applicable to generators in the liberalised market from Oct-13 onwards, which amount will vary according to the conclusions of a half-yearly analysis conducted by the regulator and approved by the Government. From 10-Oct-13 to 31-Dec-13 it was set a preliminary charge of €2/MWh in off-peak hours and €3/MWh in peak hours, with an impact of c€2m in 2013.

In Spain, the government approved in Dec-12 several taxes aimed at granting the sustainability of the electricity sector, including a 7% tax on revenues and different taxes on gas/coal consumption, use of water and nuclear waste. Additionally, following the RDL9/2013 (Jul-13), the government submitted to the Spanish Regulator a set of Royal Decrees drafts which defines namely: i) changes in the remuneration rules for ancillary services; ii) cut in the capacity payment from €26/kW to €10/kW although doubling the remaining payment period; and iii) change in the availability incentive mechanism.

Net operating costs[(1)] rose by €31m, to €202m in 2013, driven by the new generation taxes in Spain (€78m in 2013) and by some one-off gains worth €21m. **Net depreciation charges** fell by €17m, to €217m, as the expansion of hydro capacity in Portugal was offset by fewer working hours at coal plants and the extension of useful life of our CCTG plants from 25 years to 35 years in Nov-13.

Capex totalled €509m in 2013. The bulk of it (95% of total) was devoted to new hydro capacity in Portugal (under construction and development). EDP is currently building 5 hydro projects (1,468MW): Baixo Sabor and Ribeiradio, expected start-up in late 2014; Venda Nova III and Salamonde II, expected to start operations in 2H15; and Foz-Tua, due in 2H16.

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

Liberalised Electricity and Gas Supply in the Iberian Market

Income Statement (€ m)	Energy Supply in Spain			
	2013	2012	Δ%	Δ Abs.
Gross Profit	**134**	**162**	**-17%**	**-28**
Supplies and services	78	75	4%	+3
Personnel costs	15	14	4%	+1
Costs with social benefits	1	1	-7%	-0
Other operating costs (net)	30	20	48%	+10
Net Operating costs (1)	**123**	**110**	**12%**	**+13**
EBITDA	**11**	**52**	**-79%**	**-42**
Provisions	16	(0)	-	+16
Net depreciation and amortization	10	9	9%	+1
EBIT	**(15)**	**43**	**-**	**-58**

Income Statement (€ m)	Energy Supply in Portugal			
	2013	2012	Δ%	Δ Abs.
Gross Profit	**195**	**204**	**-4%**	**-9**
Supplies and services	140	128	9%	+12
Personnel costs	41	40	3%	+1
Costs with social benefits	3	4	-21%	-1
Other operating costs (net)	8	6	26%	+2
Net Operating costs (1)	**193**	**179**	**8%**	**+14**
EBITDA	**2**	**25**	**-90%**	**-23**
Provisions	1	(3)	-	+4
Net depreciation and amortization	7	14	-53%	-8
EBIT	**(5)**	**14**	**-**	**-19**

Key data	2013	2012	Δ%	Δ Abs
Energy Supply in Spain				
Electricity - Free market				
Volume Sold (GWh)	17,792	19,543	-9%	-1,751
Market Share (%)	10%	11%	-	-2p.p.
Clients (th.)	862	771	12%	+91
Electricity - Last resort supply				
Volume Sold (GWh)	608	709	-14%	-101
Clients (th.)	256	278	-8%	-22
Gas - Free market & Last resort supply				
Volume Sold (GWh)	28,553	27,553	4%	1,000
Market Share (%)	5%	6%	-	-1p.p.
Clients (th.)	796	772	3%	+24
Energy Supply in Portugal				
Electricity - Free market				
Volume Sold (GWh)	13,089	9,835	33%	+3,254
Market Share (%)	44%	40%	-	5p.p.
Clients (th.)	1,911	853	124%	+1,058
Gas - Free market				
Volume Sold (GWh)	5,315	6,115	-13%	-801
Market Share (2) (%)	15%	17%	-	-2p.p.
Clients (th.)	224	56	-	+168
Capex (€m)	**22**	**22**	**1%**	**+0**
Employees (#)	**1,150**	**1,158**	**-1%**	**-8**

Our electricity and gas supply activities in Portugal and Spain are managed in single energy platforms, ensuring a responsive and competitive commercial structure. EDP Group's subsidiaries that operate in this business segment have intra-group electricity and gas procurement contracts with our generation and energy trading divisions and includes a commercial shared services back-office subsidiaries which also provides services to our last resort suppliers and to other utilities out of EDP Group.

Energy Supply in Spain

Electricity volume supplied to our clients in the free market fell by 9% in 2013, to 17.8TWh, despite a 12% increase in the number of clients supplied, following EDP's strategy to focus on the most attractive customer segments. Market share was 2p.p. lower YoY, at 10% in 2013. **Gas volume** supplied rose by 4%, to 28.6TWh in 2013, following the 3% expansion in the client portfolio. Market share fell by 1pp to 5% in 2013. **Net operating costs** rose by €13m, to €123m in 2013, reflecting a €12m non-recurrent income in 2012 at the level of other operating costs and additional costs related to portfolio expansion.

Energy Supply in Portugal

Market Environment – In line with the rules and calendar defined for the liberalisation of electricity supply in Portugal, the electricity last resort supplier (EDP Serviço Universal) can no longer contract new customers (with the exception of consumers entitled to the social tariff). Additionally, all the remaining consumers with regulated tariff will have to move to the free market until the end of the ongoing transitory period: until Dec-14 for clients with contracted power above 10.35 kVA and until Dec-15, for clients with contracted power below 10.35 kVA. During the transitory period, the regulator may apply quarterly updates to transitory tariff as to promote the switch to the free market. In this context, the switching of electricity consumers to the free market over 4Q12 and 2013 was very strong: during 2013, the number of consumers in the free market doubled, to 2.3 million; and as of Dec-13, 84% of business consumers and 37% of residential consumers were already in the free markets, corresponding to 73% of total consumption.

Electricity volume supplied to EDP clients in the free market in Portugal advanced 33% YoY, to 13.1TWh in 2013, propelled by a 124% expansion of our client base. EDP's market share in the free market rose from 40% in 2012 to 44% in 2013, in line with EDP's strategy to focus on the more attractive residential/SMEs segments. **Gas volume** supplied to EDP clients in Portugal was 13% lower in 2013, at 5.3TWh in 2013, reflecting weaker volume in the industrial segment, stemming from the loss of one large client (cogeneration plant) in 3Q13. This was partially compensated by the volume increase in the residential segment following the gas market liberalisation. The strong pace of gas supply liberalisation, along with our successful dual offer (electricity + gas) to residential clients prompted a jump in the number of clients from 56k in Dec-12 to 224k in Dec-13. **Net operating costs** rose by €14m, to €193m, driven by higher supplies and services, namely of costs with client services (call center, billing, etc), in line with the ongoing liberalisation process and the expansion of our clients base.

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

EDP Renováveis: Financial Performance

Income Statement	EDP Renováveis (€ m)			
	2013	2012	Δ %	Δ Abs.
Gross Profit	**1,231**	**1,158**	**6%**	**+73**
Supplies and services	263	262	0%	+1
Personnel costs	67	63	6%	+4
Other operating costs (net)	(46)	(104)	-56%	+59
Net Operating Costs (1)	**284**	**220**	**29%**	**+64**
EBITDA	**947**	**938**	**1%**	**+10**
Provisions	1	(0)	-	+1
Net deprec. & amortisation	473	487	-3%	-15
EBIT	**473**	**450**	**5%**	**+23**
Capital gains/(losses)	(0)	3	-	-3
Financial Results	(263)	(278)	-5%	+14
Share of Profit from associates	16	7	133%	+9
Pre-tax profit	**226**	**182**	**24%**	**+44**

Opex Performance	2013	2012	Δ %	Δ Abs.
Opex/Avg. MW (€ th) (4)	59.4	57.2	4%	+2
Employees (#)	890	861	3%	+29

Operational Overview	2013	2012	Δ %	Δ Abs.
Installed Capacity (MW)	**8,034**	**7,597**	**6%**	**+437**
Europe	4,283	3,876	10%	+407
North America	3,667	3,637	1%	+30
Brazil	84	84	0%	-
Output (GWh)	**19,903**	**18,445**	**8%**	**+1,458**
Europe	9,527	8,277	15%	+1,250
US	10,146	9,937	2%	+210
Brazil	230	231	-1%	-1
Avg. Load Factor (%)	**30%**	**29%**	**1p.p.**	**-**
Avg. Elect. Price (€/MWh)	**62.4**	**63.5**	**-2%**	**-1**
EBITDA (€m)	**947**	**938**	**1%**	**+10**
Europe	609	633	-4%	-25
US	339	318	7%	+21
Other & Adjustments	(0)	(14)	-97%	+13
EBIT (€m)	**473**	**450**	**5%**	**+23**
Europe	359	374	-4%	-16
US	127	98	29%	+29
Other & Adjustments	(13)	(23)	-44%	+10
Capex (€m) (2)	**536**	**606**	**-12%**	**-70**
Europe	387	423	-9%	-36
North America	122	173	-30%	-52
Brazil	25	9	172%	+16

EDPR Equity Market Data	2013	2012	Δ %	Δ Abs.
Share price at end of period (€/share)	3.86	3.99	-3%	-0.1
Number of Shares Issued (million)	872.3	872.3	-	-
Stake Owned by EDP (%)	77.5%	77.5%	-	-

EDPR Key Balance Sheet Figures (€ m)	2013	2012	Δ %	Δ Abs.
Bank Loans and Other (Net)	528	622	-15%	-93
Loans with EDP Group (Net)	2,754	2,684	3%	+71
Net Financial Debt	**3,283**	**3,305**	**-1%**	**-23**
Non-controlling interests	**418**	**325**	**29%**	**+93**
Net Institutional Partnership Liability (3)	**836**	**942**	**-11%**	**-106**
Equity Book Value	**5,671**	**5,424**	**5%**	**+248**
EUR/USD - End of Period Rate	1.38	1.32	-4%	0

EDPR Financial Results (€ m)	2013	2012	Δ %	Δ Abs.
Net Interest Costs	(200)	(205)	3%	+5
Institutional Partnership costs (non-cash)	(61)	(67)	9%	+6
Capitalised Costs	16	16	-1%	-0
Forex Differences (5)	(8)	6	-	-13
Other	(11)	(27)	61%	+17
Financial Results	**(263)**	**(278)**	**5%**	**+14**

EDP Renováveis (EDPR) owns and operates EDP Group wind and solar power assets and develops projects for new renewable capacity. The two main markets in which EDPR operates are USA (35% of EDPR's EBITDA in 2013) and Spain (33%). Other markets include Portugal (13%), France, Poland, Romania, Belgium, Italy and Brazil (the latter 6 representing 18% of EDPR's EBITDA in 2013).

EDPR's EBITDA rose 1% YoY (+€10m) to €947m in 2013 driven by: i) strong load factor in Iberia in 2013, ii) negative regulatory developments in Spain (-€71m following several consecutive changes in regulation throughout 2013) and higher installed capacity - despite at lower prices -, in Poland and Romania. In 2013 and 2012, EBITDA includes some non-recurrent items regarding: i) assets' revaluation (2013: +€3m; 2012: +€32m); ii) write-offs mostly related to pipeline rationalisation (2013: -€13m; 2012: -€21m); iii) restructuring of a PPA contract in the US (+€13m in 2013); iv) reversal of provisions and others (2013: -€7m; 2012: -€1m). Excluding all of these impacts, EBITDA went up 3% YoY (+€23m) to €950m. ForEx impact on EBITDA totalled -€13m.

EBIT increased 5% YoY to €473m. Net depreciation and amortization in 2013 includes -€20m related to impairments on projects under development (vs. -€53m in 2012). Excluding these impacts and the one-off at EBITDA level (write-offs, impairments, provisions and other), adjusted EBIT was almost flat amounting to €496m.

Operating costs (Supplies and services + Personnel costs) increased by 2% on the back of higher avg. capacity in operation (higher O&M expenses) and lower capitalisation of personnel costs as a result of lower FTEs allocated to construction and development activities.

Other operating costs (net) in 2013 include €32m of generation taxes in Spain in place since Jan-13, a €13m gain from the referred restructuring in a PPA in the US and 2012 includes a €32m one-off gain from assets' revaluation.

Capex was €536m in 2013 impacted by the cash grant received in 1Q13 from the US Treasury (€91m) related with a wind farm installed in 4Q12. Installed capacity rose 6% YoY (+437MW: 407 MW in Europe and 30 MW in its first wind project in Canada) to 8.0GW by Dec-13.

EDPR's net debt was €3.3bn as of Dec-13 (-€23m vs. Dec-12) including the impact of €402m cash proceeds from the sale of non-controlling interests in wind farms in Portugal to CTG (Jun-13) and in the US to Fiera Axium (4Q13). EDPR's net debt contracted with financial institutions (outside of EDP Group), which represented 14% of the company's net debt as of Dec-13, is mostly related to project finance long term funding, namely in Poland, Romania, Brazil and Spain. **Liabilities with Institutional Partnerships** decreased by 11% to €836m as of Dec-13, as tax equity partners are getting the tax benefits generated by the projects and as a result of the USD depreciation.

Net financial costs decrease 5% YoY to -€263m in 2013, essentially reflecting lower net interest cost benefiting from a lower average net debt (-6% YoY) and a stable cost of debt (5.2% in Dec-13). Forex differences and other were negative mainly as a result of hedging activities concerning Zloty and Lei devaluation vs. Euro.

Looking forward, considering the application of IFRS 11 in 2014, 277MW@50% (116MW in Spain and 161MW in US) and a total output of 716GWh in 2013, which were until now proportional consolidated will start from 1-Jan-2014 to be consolidated by equity method. Adjusted for IFRS11, EDPR's EBITDA would have been €27m lower and EBIT would have been unchanged.

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

EDP Renováveis: US & Iberia

US	2013	2012	Δ %	Δ Abs.
Installed capacity (MW)	**3,637**	**3,637**	**0%**	**+0**
Under PTC	2,123	2,123	0%	+0
Under cash grant flip	500	500	0%	-1
Under cash grant	1,014	1,014	0%	-0
Avg. Load Factor (%)	32%	33%	-	-1 p.p.
Avg. Selling Price (USD/MWh)	48.6	47.1	3%	+1
USD/EUR - Avg. of period rate	1.33	1.28	3%	+0
PPA's/Hedged				
Installed Capacity (MW)	3,068	2,874	7%	+194
Electricity Output (GWh)	8,172	7,409	10%	+763
Avg. Selling Price (USD/MWh)	52.6	51.7	2%	+1
Merchant				
Installed Capacity (MW)	569	763	-25%	-194
Electricity Output (GWh)	1,974	2,528	-22%	-553
Avg. Selling Price (USD/MWh)	31.9	31.2	2%	+1
Gross Profit (USD m)	482	457	6%	+25
PTC Revenues & Other (USD m)	166	164	2%	+3
Adjusted Gross Profit (USD m)	**648**	**620**	**4%**	**+28**
EBITDA (USD m)	**450**	**408**	**10%**	**+42**
EBIT (USD m)	169	126	34%	+43
Net Capex (USD m)	**162**	**223**	**-28%**	**-62**
Gross Capex	282	230	23%	+53
Cash grant received	(120)	(6)	-	-114
Capacity under construction (MW)	**200**	**-**	**-**	**+200**

Spain	2013	2012	Δ %	Δ Abs.
Installed capacity (MW)	**2,310**	**2,310**	**0%**	**-**
Avg. Load Factor (%)	29%	27%	-	3p.p.
Electricity output (GWh)	5,802	5,106	14%	+696
Avg. Selling Price (€/MWh) (1)	80.0	87.7	-9%	-8
Gross Profit (€m) (1)	466	445	5%	+21
EBITDA (€m) (1)	**320**	**347**	**-8%**	**-26**
EBIT (€m) (1)	163	166	-2%	-3
Capex (€m)	**5**	**65**	**-92%**	**-60**
Capacity under construction (MW)	-	-	-	-

Portugal	2013	2012	Δ %	Δ Abs.
Installed capacity (MW)	**619**	**615**	**1%**	**+4**
Avg. Load Factor (%)	29%	27%	-	3p.p.
Electricity Output (GWh)	1,593	1,444	10%	+149
Avg. Selling Price (€/MWh)	99	102	-3%	-3
Gross Profit (€m)	160	149	7%	+11
EBITDA (€m)	**129**	**119**	**9%**	**+11**
EBIT (€m)	104	92	13%	+12
Capex (€m)	**10**	**9**	**12%**	**+1**
Capacity under construction (MW)	-	-	-	-
ENEOP Installed capacity (MW) (2)	455	390	17%	+66

In the US, installed capacity totalled 3.6 GW as of Dec-13, stable YoY. Electricity output increased by 2% YoY, reaching 10.1 TWh as higher average MW in operation during the period offset the lower load factor YoY.

Avg. selling price in the US increased 3% YoY to USD49/MWh in 2013, reflecting: i) avg. selling price (excluding revenues from PTCs) for energy sold through PPA/Hedged 2% higher YoY, at USD53/MWh, resulting from the contracted price escalators and the contribution of new PPAs in the period; ii) avg. selling price for merchant wind farms 2% higher YoY, at USD32/MWh, following an increase in wholesale electricity prices. **Gross profit (including revenues from PTCs) increased by 4% to USD648m, while EBITDA rose USD42m YoY to USD450m** in 2013 including the USD18m one off impact from the restructuring of the off-taking volumes of a long-term PPA for 200MW (from 100% to 80%). Note that in 4Q13, EDPR concluded the sale of a 49% equity stake in a 97MW wind farms' portfolio to Fiera Axium for a total implied asset value amounting to USD197m (USD2.0m per MW).

In the US, in Jan-13, the extension of tax incentives for the development of wind capacity was approved for projects starting construction until Dec-13 – these projects will be able to qualify for: i) 10 years of Production Tax Credits (PTCs) on electricity output (~USD22/MWh); or ii) 30% Investment Tax Credit (ITC) on the project cost. During 2013, EDPR secured 20-year PPAs for projects to be installed in 2014 (200MW Headwaters Project in Indiana and 100MW Rising Tree project in California), in 2015 (100MW Arbuckle Mountain project in Oklahoma and 100MW Rising Tree South project in California), in 2016 (200MW Waverly in Kansas) and a 15-year PPA to be in installed in 2016 (250MW Number Nine project in Maine). As of Dec-13, EDPR had 200MW under construction in United States. Additionally, in Feb-14, EDPR started the construction of 30MW of solar PV in South California (20-year PPA), which is expected to be commisioned in 2014.

In Spain, in the 1H13 all the wind energy produced in Spain was remunerated according to the Feed-in Tariff of the modified RD661/2007 (following publication of RDL 2/2013). In Jul-13, the Spanish Government announced the RD 9/2013, setting changes for renewable assets' remuneration scheme. The proposal for a new mechanism is available for consultation but its entry into force is still pending. A new remuneration has been set at 7.4% (Spanish 10-year yields + 300bps) for 20 years. According to this proposal, going forward, wind farms will receive the pool price and a capacity complement per MW. The amount of complement will vary depending the year of wind farm entrance into operation (ex: €0 for MW installed until 2004; €101/MW installed in 2008; €110/MW installed in 2010) and will be paid until completing 20-years after commissioning. There will be interim revisions (every 3 years) to correct deviations from the expected pool price. EDPR's installed capacity in Spain according to COD is: ~22% is <2004, ~26% is 2005-07 and ~52% > 2008. The remuneration based on complement to be received by EDPR is expected to total €152m in 2014. In 2014, RDL9/2013 is expected to have a €36M negative impact (vs. 1H13 tariff).

EDPR's EBITDA in Spain decreased by 8% to €320m YoY in 2013 negatively impacted by €32m from the 7% tax over sales in Spain introduced in Jan-13 and -€17m booked as an adjustment (on sales) related to changes in remuneration framework for renewable assets, introduced in Jul-13 and pending for approval. Overall, regulatory changes occurred in Spain in 2013 had a cumulative impact of -€71m in EBITDA. Avg. load factor improved 3pp YoY to 29% in 2013, while electricity generated went up by 14% YoY to 5.8TWh in 2013 on the back of stronger wind resource. Avg. selling price reached €80/MWh, down 9% YoY driven by the end of the transitory regime and cumulative changes in regulation during the year.

In Portugal, EDPR has 619MW of capacity remunerated under the 'old tariff regime', with tariffs set for 15 years and indexed to both CPI and annual operating hours. In Sep-12, an extension to this tariff scheme was agreed, under which EDPR will annually invest €4m between 2013 and 2020 for +7 years of a new framework with cap and floor selling prices of €98/MWh(3) and €74/MWh(3), respectively, to be applied from the 16th year of operation of each wind farm. Also, in Portugal, EDPR holds a 40% equity stake in ENEOP consortium (equity consolidated), licensed to build 1,335MW of wind capacity (535MW attributable to EDPR). ENEOP's wind farms are remunerated under a 'new tariff regime', at c€74/MWh tariff (1st year of operation), also guaranteed for 15 years and indexed to inflation. As of Dec-13, ENEOP had an installed capacity of 1,138MW (455MW attributable to EDPR). In Jun-13, EDPR completed the sale of a 49% equity stake, and a 25% of the shareholders loans in EDPR Portugal (excluding ENEOP) to China Three Gorges, for €368m. In Dec-13, EDPR signed a MoU with CTG for the sale of 49% in EDPR's 40% share in ENEOP consortium – conclusion expected in 2015.

In Portugal, EDPR's EBITDA increased by 9% YoY to €129m in 2013, up €11m YoY. Wind production increased 10% YoY to 1,593GWh following an increase of avg. load factor by 3pp to 29% (wind coeficient was 1.18 in 2013 vs. 1.03 in 2012). Avg. tariff decrease by 3% YoY to €99/MWh due to negative correlation between prices and annual working hours.

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

EDP Renováveis: Rest of Europe & Brazil

Rest of Europe (1)	2013	2012	Δ %	Δ Abs.
France, Belgium & Italy				
Installed Capacity (MW)	462	411	13%	+52
Avg. Load Factor (%)	25%	25%	-	-1p.p.
Electricity Output (GWh)	889	816	9%	+73
Avg. Selling Price (€/MWh)	97	92	6%	+5
Poland				
Installed Capacity (MW)	370	190	94%	+180
Avg. Load Factor (%)	24%	26%	-	-2 p.p.
Electricity Output (GWh)	541	435	24%	+105
Avg. Selling Price (PLN/MWh)	401	427	-6%	-26
EUR/PLN - Avg. of period rate	4.20	4.18	0%	+0
Romania (2)				
Installed Capacity (MW)	521	350	49%	+172
Avg. Load Factor (%)	24%	21%	-	3p.p.
Electricity Output (GWh)	702	476	47%	+226
Avg. Selling Price (RON/MWh)	490	608	-19%	-118
EUR/RON - Avg. of period rate	4.42	4.44	0%	-0
Gross Profit (€m)	217	183	19%	+34
EBITDA (€m)	**161**	**172**	**-6%**	**-11**
EBIT (€m)	98	124	-21%	-25
Capex (€m)	**372**	**349**	**6%**	**+22**
Capacity under construction (MW)	**24**	**158**	**-85%**	**-134**

Brazil	2013	2012	Δ %	Δ Abs.
Installed Capacity (MW)	**84**	**84**	**-**	**-**
Avg. Load Factor (%)	31%	31%	-	-0 p.p.
Electricity Output (GWh)	230	231	-1%	-1
Avg. Selling Price (R$/MWh)	309	286	8.0%	+23
EUR/BRL - Average of period rate	2.87	2.51	-13%	+0
Gross Profit (R$m)	70	62	12%	+8
EBITDA (R$m)	**41**	**42**	-0%	**-0**
EBIT (R$m)	23	26	-11%	-3
Capex (R$m)	**71**	**23**	**211%**	**+48**
Capacity under construction (MW)	**-**	**-**	**-**	**-**

In **European markets out of Iberia**, gross profit increased 19% to €217m due to a 23% YoY increase of output to 2,132GWh in 2013 following a 42% or 403MW increase of installed capacity over the last 12 months. **EBITDA decreased by 6% YoY (-€11m) to €161m in 2013** due to higher positive one-off impacts in 2012 from assets revaluations, the bulk of it in Italy and Romania (2012: +€32m; 2013: + €3m).

In France, EDPR has 322MW of capacity (+8MW YoY). Wind power in France is sold through fixed tariffs indexed to inflation for 15 years. In 2013, avg. tariff was €90/MWh (+1% YoY). In Oct-13, EDPR sold 49% equity shareholding and outstanding shareholders loans in a wind farm portfolio of 100MW located in France to Axpo Group for a total implied enterprise value for 100% of the assets amounting to €126m, which is still pending approval. As of Dec-13, EDPR had 12MW under construction in France. **In Belgium**, EDPR has 71MW of capacity (+14MW YoY), which sell its power through PPA (2014 maturity) at a fixed selling price of €112/MWh. **In Italy**, EDPR has 70MW (+30MW YoY) of capacity installed in Dec-13. Avg. selling tariff was €138/MWh in 2013. In 2013, EDPR secured a 20 year feed-in-tariff for an additional 60MW of wind at the new renewable energy auction.

In Poland, EDPR has 370MW of capacity (+180MW in 2013 from which +50MW in 4Q13): i) 120MW from Margonin wind farm, which power is sold in the wholesale market and for which EDPR has a 15 years long term contract for the sale of GCs; ii) 70MW from Korsze wind farm, which output is sold through a 10 year PPA and iii) the remaining 180W, which output is sold at "regulated electricity price + GC" (regulated price for 2013 is PLN201.4/MWh). In 2013, avg. selling price decreased by 6% YoY to PLN401/MWh. In terms of regulation update, a package of energy laws including an amendment to the renewables certificates scheme for new assets is being proposed by Polish Government. As of Dec-13, EDPR had 10MW under construction in Poland.

In Romania, EDPR has 521MW of capacity (+172MW in 2013 from which +132MW in 4Q13), of which 50MW are solar PV (12MW commissioned in 3Q13). Wind production is sold at 'market price plus GC', which value is subject to a floor and a cap set in Euros (for 2013, floor was set at €28.9/MWh and the cap at €58.8/MWh). In 2013, avg. selling price decreased by 19% YoY to RON490/MWh (-17% vs. RON587/MWh in 1H13), impacted by lower green certificate prices driven by the uncertainty created through the approval by the Romania Government of the "Emergency Government Ordinance 57/2013". The new regulatory framework respects the rights of the investments made in the renewable energy sector, although re-profiling the cash-flows of the projects, and maintains unchanged the cap and floor price of the Green Certificates ("GC") that will annually evolve according with the euro zone inflation (Wind: 2 GC per MWh until 2017 and 1 GC from 2018 until completing 15 years; Solar: 6 GC per MWh for 15 years).

In Brazil, EDPR has 84MW in operation remunerated through long term contracts (20 years). EDPR has currently 236MW under development in Brazil awarded at the energy A-5 auctions with PPA's for a period of 20-years from which 120 MW will start in January 2016 with a price set at R$97/MWh, indexed to the Brazilian inflation rate and 116MW will start in January 2018 with price set at R$109/MWh, indexed to the Brazilian inflation rate.

(1) Including United Kingdom and other (2) Including 50MW of solar capacity in 9M13.

Regulated Networks & Regulatory Receivables in Iberia

Income Statement (€ m)	2013	2012	Δ %	Δ Abs.
Gross Profit	**1,764**	**1,875**	**-6%**	**-111**
Supplies and services	404	422	-4%	-18
Personnel costs	143	148	-3%	-5
Costs with social benefits	19	26	-26%	-7
Other operating costs (net)	175	222	-21%	-48
Net Operating Costs (1)	**740**	**817**	**-9%**	**-77**
EBITDA	**1,023**	**1,057**	**-3%**	**-34**
Provisions	(5)	3	-	-8
Net depreciation and amortisation	337	325	4%	+12
EBIT	**692**	**730**	**-5%**	**-38**

Capex & Opex Performance	2013	2012	Δ %	Δ Abs.
Controllable Operating Costs (6)	**547**	**569**	**-4%**	**-22**
Cont. costs/client (€/client)	68	71	-4%	-3
Cont. costs/km of network (€/Km)	2,082	2,179	-4%	-97
Employees (#)	4,059	4,185	-3%	-126
Capex (Net of Subsidies) (€m)	**387**	**404**	**-4%**	**-16**
Network ('000 Km)	263	261	1%	+1

Regulatory Receivables (€ m)	2013	2012	Δ %	Δ Abs.
Total Net Iberia Regulatory Receivables	**2,686**	**2,621**	**2%**	**+65**
Spain - Tariff Deficit (4)				
Beginning of Period	**424**	**514**	**-17%**	**-90**
Previous periods tariff deficits (5)	(424)	(327)	-29%	-96
Tariff deficit in the period	264	238	11%	+26
Other (3)	-	-	-	-
End of Period	**264**	**424**	**-38%**	**-160**
Portugal - Last Resort Supplier + Distribution + Gas				
Beginning of Period	**1,543**	**740**	**109%**	**+803**
Previous periods tariff deviation (2)	(1,477)	(735)	-101%	-742
Tariff deviation in the period	1,901	1,475	29%	+426
Other (3)	77	63	22%	+14
End of Period	**2,045**	**1,543**	**33%**	**+502**
Portugal - CMEC's				
Beginning of Period	**654**	**390**	**67%**	**+263**
(Recovery)/Return in the Period	(162)	(230)	30%	+68
Deviation in the period	129	491	-74%	-362
Other	(243)	3	n.m.	-246
End of Period	**377**	**654**	**-42%**	**-277**

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

EBITDA from regulated networks was 3% lower YoY, at €1,023m in 2013. EBITDA from regulated networks in Iberia was impacted by balanced one-off impacts in 2012 and 2013: (i) one-off gain booked on the sale of gas transmission assets (+€56m in Feb-13) and negative impact from the de-consolidation of gas transmission assets in Spain (€27m of EBITDA in 2012); (ii) in 2012, a €15m abnormally high revenue from the application of IFRIC18 following the start-up of a substation in Gijón (Asturias); (iii) in 2012, €15m positive impact from the agreement for the economic and financial balance of concession, in the gas distribution business in Portugal. Excluding these one-off items, EBITDA from Iberian regulated networks amounted to €967m in 2013 and €1,001m in 2012 (-3% YoY). EBITDA from regulated networks in Iberia decreased driven by: (1) lower regulated revenues, namely in the electricity distribution in Portugal on lower regulated rate of return on assets (-€44m, stemming from a RoRAB of 8.56% in 2013 vs. 10.05% in 2012); (2) application of Law 9/2013 in Spain in 2H13 resulted in a €9m negative impact in EBITDA for electricity distribution in Spain; (3) -€5m in gas distribution on no inflation indexing in 2013 which was partially compensated by (4) tight cost control focused on OPEX efficiency.

Controllable operating costs were 4% lower YoY, driven by tight cost control and a 3% reduction in workforce. **Capex** in 2013 was €16m lower YoY, at €387m, mainly reflecting economic slowdown.

Regulatory receivables in Iberia increased by €65m in 2013, from €2,621m in Dec-12 to €2,686m in Dec-13, driven by a €225m increase in Portugal and a €160m decrease in Spain. On a quarterly basis, EDP's regulatory receivables decreased by €277m in 4Q13: -€77m in Portugal, -€200m in Spain.

EDP's Regulatory receivables from electricity distribution, last resort supply and gas distribution in Portugal rose from €1,543m in Dec-12 to €2,045m in Dec-13 driven by: **(1)** -€1,014m following the sale without recourse of the right to receive part of the ex-ante tariff deficit created in 2012 and the 2011 revisibility; **(2)** +€1,275m regarding the ex-ante tariff deficit for 2013 (as pre-defined by the regulator for 2013 tariffs), to be fully recovered through 2014-2017 tariffs and remunerated at 5.85% annual return; **(3)** -€464m recovered through tariffs related to negative previous years' deviations and to the recovery of past tariff deficits; and **(4)** +€630m of new tariff deviations created in the period. The main drivers for new tariff deviations generated during the 2013 were: **(i)** +€399m boosted by higher-than-expected special regime production (15% ahead of ERSE assumption) and from higher-than-expected overcost with special regime production (€66.4/MWh in 2013 vs. €55.7/MWh assumed by ERSE in the calculation of 2013 tariffs); **(ii)** +€145m mainly derived from lower than expected revenues from CO_2 auctions allocated to the electricity system due to lower than expected avg. selling price and allowances available for sale; **(iii)** +€249m negative tariff deviation generated in electricity distribution activity (on lower demand, adverse consumption mix and intra-group related with 2012 revisibility); **(iv)** -€169m (amount to return to the tariffs) mainly propelled by cheaper-than-expected electricity purchases.

Regulatory receivables from CMECs dropped from €654m in Dec-12 to €377m in Dec-13 due to: **(1)** €162m recovered in 2013 through tariffs, related to 2011 negative deviations **(2)** -€243m in “other” are related with accounting of an intra-group with distribution activity regarding 2012 revisibility and **(3)** €129m negative deviation created in 2013 (more details on page 11), due to be received in 2014-2015.

Regulatory receivables in Spain decreased from €424m in Dec-12 to €264m in Dec-13. In 2013, a total amount of €4.6bn of the Spanish deficit was securitised by FADE (the fund in charge of the securitisation). As a result, our subsidiary in Spain cashed in €487m in 2013 (including €10m relative to a FADE's deal in Dec-12). The Spanish Government has recognized a €3.6bn for the 2013 deficit for the whole Spanish electricity system. On Dec-13, the Spanish government approved a RDL that establishes 2.3% increase in energy regulated tariffs for 1Q14.

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

Electricity Distribution and Last Resort Supply in Portugal

Income Statement (€ m)	2013	2012	Δ %	Δ Abs.
Gross Profit	**1,302**	**1,365**	**-5%**	**-63**
Supplies and services	305	318	-4%	-12
Personnel costs	110	116	-5%	-6
Costs with social benefits	17	22	-21%	-5
Concession fees	254	249	2%	+5
Other operating costs (net)	-3	9	-	-13
Net Operating Costs (1)	**684**	**714**	**-4%**	**-31**
EBITDA	**619**	**651**	**-5%**	**-32**
Provisions	-6	3	-	-9
Net depreciation and amortisation	240	231	4%	+9
EBIT	**385**	**417**	**-8%**	**-32**

Gross Profit Performance	2013	2012	Δ %	Δ Abs.
Gross Profit (€m)	**1,302**	**1,365**	**-5%**	**-63**
Regulated gross profit	1,301	1,351	-4%	-50
Non-regulated gross profit	1	14	-90%	-13
Distribution Grid				
Regulated revenues (€ m)	1,215	1,260	-4%	-45
Electricity distributed (GWh)	43,858	44,655	-2%	-797
Supply Points (th)	6,075	6,095	-0%	-20
Last Resort Supply				
Regulated revenues (€ m)	86	93	-8%	-8
Clients supplied (th)	3,807	5,031	-24%	-1,224
Electricity sold (GWh)	14,016	19,767	-29%	-5,751

Capex & Opex Performance	2013	2012	Δ %	Δ Abs.
Controllable Operating Costs (2)	**416**	**434**	**-4%**	**-18**
Cont. costs/client (€/client)	68.4	71.1	-4%	-3
Cont. costs/km of network (€/Km)	1,849	1,938	-5%	-89
Employees (#)	3,494	3,596	-3%	-102
Capex (Net of Subsidies) (€m)	**295**	**310**	**-5%**	**-16**
Network ('000 Km)	225	224	1%	+1
Equival. interruption time (min.) (3)	84	58	45%	+26

EBITDA from electricity distribution and last resort supply (LRS) in Portugal fell 5% (-€32m) YoY, to €619m in 2013, mainly impacted by a decline in the regulated rate of return on assets from 10.05% in 2012 to 8.56% in 2013: this decline, derived from the decline of Portuguese Republic 5-year CDS, resulted in a €44m erosion in gross profit.

In 2013, **distribution grid regulated revenues** dropped by 4% (-€45m) YoY, to €1,215m, mainly driven by a lower return on RAB (8.56% in 2013 vs. 10.05% in 2012). Although to a much lower extent, regulated revenues were positively impacted by capex and negatively impact of annual adjustment of revenues for 'GDP Deflator-X' and lower volumes distributed.

Last resort supplier (EDP SU) regulated revenues decreased by 8% (-€8m), to €86m in 2013, reflecting the fast consumers' switching to the free market. As part of the rules and calendar defined for the phasing out of regulated tariffs in Portugal, EDP SU can no longer contract new clients as from 1-Jan-13, while the regulator can apply quarterly tariff increases in order to encourage clients' transfer to a liberalised supplier. The **volume of electricity supplied** by our LRS fell 29% YoY, to 14.0TWh in 2013. Total clients supplied declined 1,224 thousands YoY to 3,807 thousands in Dec-13.

Controllable operating costs declined by 4% YoY, reflecting tight cost control and headcount reduction (-3% YoY). Supplies & Services were 4% lower, reflecting the mixed impact of tight cost control and the adverse impact from weather conditions. Personal costs declined by 5% due to headcount reduction. EIT in 2013 advanced by 26 minutes, to 84 minutes reflecting unfavourable weather conditions.

Capex fell €16m YoY on fewer requests for new connections to the grid (20,000 YoY fall in supply points).

On 15-Dec-13, ERSE published a final version of tariffs and regulated revenues for 2014 for our electricity distribution and last resort supply activities in Portugal setting a 2.8% avg. annual increase for electricity tariffs in Portugal.

Electricity distribution regulated revenues were set at €1,260m for 2014 based on: (1) a regulated rate of return on assets (RoR) of 9.5% on a preliminary base based on 780b.p. assumption for Portuguese Republic CDS and to be positively correlated with the moving average of this variable (annually revised, Rate of Return floor at 8.0% and cap at 11.0% for 2012- 2014). Note that from 1-Oct-13 until 21-Feb-14 average Portuguese CDS was significantly lower at 302b.p. which would imply a rate of return of 8.41% in 2014; (2) a forecast for average electricity procurement price of €59/MWh, based on a forecast for average pool price of €53.5/MWh; (3) an expected electricity demand in Portugal of 44.5 TWh in 2014 (1.5% above 2013 electricity distributed); and (4) a GDP deflator of 0.7%.

Regarding **last resort electricity supply activity** regulated revenues were set, for 2014, the following assumptions: (1) regulated revenues set at €78m in 2014; (2) a forecast for average special regime premium of €61/MWh and (3) a forecast of 20.6TWh of special regime generation (7% below 2013).

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

Electricity and Gas Networks in Spain and Gas Networks in Portugal

Income Statement (€ m)	Electricity Spain 2013	2012	% Δ	Abs. Δ	Gas Spain 2013	2012	% Δ	Abs. Δ	Gas Portugal 2013	2012	% Δ	Abs. Δ
Gross Profit	**161**	**164**	**-2%**	**-3**	**232**	**266**	**-13%**	**-35**	**69**	**79**	**-13%**	**-11**
Supplies and services	44	45	-4%	-2	39	43	-9%	-4	16	16	0%	0
Personnel costs	21	20	7%	1	10	11	-4%	-0	2	2	-4%	-0
Costs with social benefits	1	3	-75%	-2	1	1	-7%	-0	0	0	-5%	-0
Other operating costs (net)	(22)	(34)	-34%	11	(55)	(3)	n.m.	-52	1	(0)	-	1
Net Operating Costs (1)	**43**	**34**	**27%**	**9**	**(5)**	**51**	**-**	**-57**	**19**	**18**	**6%**	**1**
EBITDA	**118**	**130**	**-9%**	**-12**	**237**	**215**	**10%**	**22**	**50**	**61**	**-19%**	**-12**
Provisions	1	0	-	**1**	1	(0)	-	**1**	(0)	(0)	n.m.	**0**
Net Depreciation. & amortisation	33	32	4%	**1**	49	48	1%	**1**	14	14	1%	**0**
EBIT	**84**	**98**	**-15%**	**-14**	**188**	**167**	**12%**	**21**	**36**	**48**	**-25%**	**-12**
Capex (net os subsidies)	**35**	**38**	**-8%**	**-3**	**32**	**25**	**30%**	**7**	**26**	**31**	**-16%**	**-5**
Gross Profit	**161**	**164**	**-2%**	**-3**	**232**	**266**	**-13%**	**-35**	**69**	**79**	**-13%**	**-11**
Regulated Revenues	154	154	-0%	-0	203	235	-14%	-32	47	61	-23%	-14
Non-regulated gross profit	7	10	-29%	-3	28	31	-9%	-3	21	18	20%	4

Iberian Regulated Networks	2013	2012	% Δ	Abs. Δ
Number Supply Points (th)				
Electricity Spain	659	659	0%	+0
Gas Spain	1,017	1,008	1%	+9
Gas Portugal	306	290	6%	+17
Energy Distributed (GWh)				
Electricity Spain	9,147	9,003	2%	+144
Gas Spain	51,535	55,786	-8%	-4,251
Gas Portugal	6,938	7,323	-5%	-385
Network (Km)				
Electricity Spain	23,293	22,986	1%	+307
Gas Spain	9,996	10,321	-3%	-324
Gas Portugal	4,484	4,321	4%	+163
Employees (#)				
Electricity Spain	303	312	-3%	-9
Gas Spain	200	214	-7%	-14
Gas Portugal	62	63	-2%	-1

ELECTRICITY DISTRIBUTION IN SPAIN

EBITDA from our electricity distribution activity in Spain was 9% lower YoY, at €118m in 2013, reflecting flat regulated revenues (in the wake of different regulatory initiatives throughout 2013) and a lower impact from the application of IFRIC18[(2)] (-€16m YoY, largely due to €15m income in 3Q12 following the commissioning of the substation in Gijón (Asturias). **Electricity distributed** by EDP España, mostly in the region of Asturias, increased by 2% to 9.1TWh in 2013.

On Feb-13, the Spanish government released a Ministerial Order, by mean of which regulated revenues attributable to EDP España for the year 2013 were set at €163m. As part of a set of urgent measures for the electricity system, in Feb-13 electricity distribution regulated revenues were indexed to core CPI at a constant tax rate and excluding either unprocessed foods or energy products (instead of CPI). In Jul-13, the Spanish Government published RDL 9/2013, paving the way for a change in the remuneration regime of electricity distribution activities, defining a return on RAB equivalent to a 200bp premium over 10-year Spanish bond yields (equivalent to 6.5%). In Dec-13, Spanish Government approved Law 24/2013 and RDL 1048/2013 that establishes the new regulatory framework for electricity distribution assets maintaining the same principles for the regulation announced in Jul-13. The current new remuneration terms in place have represented a €9m cut in 2013 regulated revenues to €154m, remaining flat YoY. The Spanish government released a Ministerial Order setting regulated revenues attributable to EDP España for the year 2014 at €155m.

GAS REGULATED NETWORKS IN SPAIN

EBITDA from gas distribution in Spain amounted to €237m in 2013 (+€22m YoY), supported by: (i) a €56m one-off gain stemming from the sale of our transmission gas assets to Enagas in 1Q13; (ii) -€27m derived from the de-consolidation of gas transmission assets; and (iii) regulated revenues in the distribution business 1% lower YoY.

Regulated revenues declined by 14% (-€32m), to €203m, mainly due to the disposal of gas transmission assets (-€31m) and lack of inflation indexing (-€5m). Volume of gas distributed was 8% lower YoY, at 52TWh, dragged by lower activity by some industrial clients. According to a Ministerial Order of Dec-13, gas distribution regulated revenues attributable to our subsidiary in Spain amount to €198m in 2014.

GAS REGULATED NETWORKS IN PORTUGAL

EBITDA from gas distribution in Portugal was 19% lower YoY (-€12m), at €50m, fully reflecting, a €15m positive one-off impact in 3Q12 from the agreement for the economic and financial balance of the concession.

Notwithstanding the 2% growth in the number of supply points prompted by the continuing effort of new client connection in the region operated by EDP, **volume distributed** fell by 5% YoY, driven by the loss of one large client to the very high pressure grid.

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

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

EDP - Energias do Brasil: Financial Performance

Income Statement	Consolidated (R$ m)				Consolidated (€ m)			
	2013	2012	Δ %	Δ Abs.	2013	2012	Δ %	Δ Abs.
Gross Profit	**2,721**	**2,025**	**34%**	**+696**	**949**	**807**	**18%**	**+141**
Supplies and services	518	444	17%	+73	181	177	2%	+3
Personnel costs	320	268	19%	+52	111	107	4%	+5
Costs with social benefits	51	50	2%	+1	18	20	-11%	-2
Other operating costs (net)	163	(78)	-	+241	57	(31)	-	+88
Net Operating Costs (1)	**1,051**	**684**	**54%**	**+367**	**367**	**273**	**34%**	**+94**
EBITDA	**1,670**	**1,341**	**24%**	**+329**	**582**	**535**	**9%**	**+48**
Provisions	48	28	74%	+21	17	11	52%	+6
Net depreciation and amortisation	478	353	35%	+125	167	141	18%	+26
EBIT	**1,144**	**960**	**19%**	**+183**	**399**	**383**	**4%**	**+16**
Capital gains/(losses)	-	0	-	-0	-	0	-	-0
Financial results	(402)	(246)	-64%	-156	(140)	(98)	43%	-42
Results from associates	1	(3)	-	+4	0	(1)	-	+1
Pre-tax profit	**742**	**712**	**4%**	**+31**	**259**	**284**	**-9%**	**-25**

Capex	(R$ m)				(€ m)			
	2013	2012	Δ %	Δ Abs.	2013	2012	Δ %	Δ Abs.
Capex	**1,222**	**974**	**25%**	**+247**	**426**	**388**	**10%**	**+38**
Maintenance	362	297	22%	+65	126	119	6%	+8
Expansion	860	677	27%	+183	300	270	11%	+30

Energias do Brasil	2013	2012	Δ %	Δ Abs.
Share price at end of period (R$/share)	11.35	12.49	-9%	-1.14
Number of shares Issued (million)	476.4	476.4	-	-
Treasury stock (million)	0.8	0.8	-	-
Number of shares owned by EDP (million)	243.0	243.0	-	-
Euro/Real - End of period rate	3.26	2.70	-17%	+0.55
Euro/Real - Average of period rate	2.87	2.51	-13%	+0.36
Inflation rate (IGP-M - 12 months)	5.5%	-	-	-
Net Debt / EBITDA (x)	2.0	2.7	-	-0.7
Average Cost of Debt (%)	8.7	8.7	-	-1b.p.
Average Interest Rate (CDI)	8.1	8.4	-	-33b.p.
Employees (#)	2,907	2,755	6%	+152

Key Balance Sheet Figures (R$ Million)	2013	2012	Δ %	Δ Abs.
Net financial debt	3,309	3,568	-7%	-259
Regulatory receivables (2)	199	241	-18%	-42
Non-controling Interests	1,666	1,888	-12%	-221
Equity book value	4,640	4,512	3%	+129

Financial Results (R$ Million)	2013	2012	Δ %	Δ Abs.
Net Interest Costs	(365)	(280)	-31%	-85
Capitalised Costs	60	105	-43%	-45
Forex Differences and Derivatives	(8)	(36)	78%	+28
Other	(89)	(35)	-152%	-54
Financial Results	**(402)**	**(246)**	**-64%**	**-156**

In local currency, EDP – Energias do Brasil ("EDPB") EBITDA went up 24% YoY (+R$329m) to R$1,670m in 2013. EBITDA from distribution, up 41% YoY (+R$243m), benefited from the significant recovery of past tariff deviations, through CDE contributions, mostly received in 9M13. Generation and Supply EBITDA went up 14% YoY (+R$115m), essentially reflecting lower negative contributions from Pecém I coal plant (positive contribution in 2H13). All in all, excluding negative tariff deviations, CDE contributions, Pecém I contributions and other non-recurring impacts (mostly related with distribution assets' revaluations, Evrecy disposal and the sale of buildings), adjusted EBITDA went up 7% YoY from R$1,505m in 2012 to R$1,614m in 2013. ForEx penalised EDPB's EBITDA performance in Euro terms due to a 13% depreciation of the BRL vs. the EUR (-€83m impact).

Net operating costs rose R$367m YoY: i) supplies & services increased 17% YoY, on the back of higher external expenses with O&M (namely at Pecém I) and IT services; ii) personnel costs went up 19% YoY, reflecting the annual salary update (+7%), higher avg. headcount (+6%), an increase in both indemnities and overtime expenses, and lower capitalized costs; and iii) other operating costs rose R$241m YoY, reflecting several one-off items in both 2012 and 2013 (+R$234m YoY), and mostly related to gains with distribution assets' revaluations (R$14m in 4Q13 vs. R$102m in 4Q12), penalties at Pecém I related to non-programmed outages (R$122m in 2013 vs. R$7m in 2012), a gain with Evrecy disposal (R$31m in 4Q12) and gains with the sale of buildings in distribution (R$53m in 3Q13 vs. R$16m in 1Q12).

The increase in **Provisions** in 2013 is essentially related to labour contingencies on staff remunerations (R$22m). **Net depreciations and amortizations** in 2013 reflect a R$75m one-off impact from the accelerated depreciation of some distribution assets and the entry into operation of Pecém I (+R$52m).

Net financial costs went up R$156m YoY to R$402m in 2013, reflecting: i) higher net interest costs, backed by higher avg. gross financial debt (up from R$3.8bn in 2012 to R$5.1bn(4) in 2013), while avg. cost of debt remained flat at 8.7%; ii) lower capitalized interests, as a result of a decrease of the amount of works in progress; and iii) higher other financial expenses partially related to pension liabilities. **Net financial debt went down 7% YoY** reflecting the transfer the debt associated to Jari and Cachoeira-Caldeirão hydro projects to 'liabilities classified as held for sale' (-R$1.1bn of net debt), following the MoU signed in Dec-13 with CWE Investment Corporation ("CWEI"), a 100%-owned CTG subsidiary, for the sale of a 50% stake in each of these projects. Note that as of Jan-14, with the adoption of IFRS11, Pecém I (50% owned by EDPB), which net debt attributable to EDPB totalled R$1.0bn as of Dec-13, will move from proportional to equity consolidation.

As of Dec-13, hydro reservoirs in the Southeast/Center-West ("SE-CW") regions were at 43% of their maximum level (vs. 29% in Dec-12 and 61% in Dec-11). Beginning 2014, hydro levels are not recovering fast enough (Jan-14: 40% in SE-CW regions, vs. Jan-13: 37% and Jan-12: 76%); the insufficient rainfall led the System Operator to keep on dispatching thermal plants in order to help reservoir levels recover, which translated into a strong increase of electricity spot prices (year-to-date avg.: R$537/MWh(3)).

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits) + Other operating costs (net); (2) This is an off Balance Sheet item;
(3) Based on weekly prices (until 21-Feb-2014); Southeast/Center-West regions; (4) Excluding the impact from Jari and Cachoeria Caldeirao transfer to 'liabilities classified as held for sale'.

Brazil: Electricity Distribution

Income Statement (R$ m)	2013	2012	Δ %	Δ Abs.
Gross Profit	**1,510**	**1,114**	**36%**	**+396**
Supplies and services	347	330	5%	+17
Personnel costs	237	180	32%	+57
Costs with social benefits	42	42	-1%	-0
Other operating costs (net)	52	(28)	-	+80
Net Operating Costs (1)	**677**	**524**	**29%**	**+154**
EBITDA	**832**	**590**	**41%**	**+243**
Provisions	47	25	-	+22
Net deprec. and amortisation	250	188	33%	+63
EBIT	**535**	**377**	**42%**	**+158**

Gross Profit Performance	2013	2012	Δ %	Δ Abs.
Regulated Revenues (R$ m)	**1,468**	**1,344**	**9%**	**+124**
Change in Reg. Receivables	(42)	231	-	-273
Gross Profit (R$ m)	**1,510**	**1,114**	**36%**	**+396**
Regulatory Receivables (R$ m)	**199**	**241**	-18%	**-42**
Clients Connected (th)	**3,045**	**2,934**	**4%**	**+111**
Bandeirante	1,666	1,601	4%	+65
Escelsa	1,379	1,332	3%	+46
Electricity Distributed (GWh)	**25,880**	**24,923**	**4%**	**+957**
Bandeirante	15,335	14,793	4%	+542
Escelsa	10,545	10,130	4%	+415
From which:				
To clients in Free Market (GWh)	9,897	9,305	6%	+592
Electricity Sold (GWh)	**15,983**	**15,618**	**2%**	**+366**
Bandeirante	**9,448**	**9,444**	**0%**	**+4**
Resid., Commerc. & Other	6,697	6,470	3%	+226
Industrial	2,751	2,973	-7%	-222
Escelsa	**6,536**	**6,174**	**6%**	**+362**
Resid., Commerc. & Other	5,370	5,063	6%	+307
Industrial	1,166	1,111	5%	+55

Capex & Opex Performance	2013	2012	Δ %	Δ Abs.
Controllable Operating Costs (2)	**584**	**510**	**15%**	**+74**
Cont. costs/client (R$/client)	192	174	10%	+18
Cont. costs/km (R$/Km)	7	6	13%	+1
Employees (#)	2,200	2,140	3%	+60
Capex (net of subsidies) (R$m)	**280**	**240**	**16%**	**+39**
Network ('000 Km)	88	87	1%	+1

EBITDA from our electricity distribution activity in Brazil went up 41% YoY (+R$243m) to R$832m in 2013, reflecting: i) a strong increase in negative tariff deviations (-R$331m), with 2013 deviations being nearly compensated by CDE contributions (+R$595m); and ii) lower non-recurring gains in 2013 vs. 2012 (-R$52m YoY). Excluding these impacts, recurring EBITDA went up 3% YoY (or +R$21m) to R$724m in 2013, on the back of higher regulated revenues, up 9% YoY to €1.5bn in 2013, essentially driven by tariff readjustments at our DisCos (Escelsa: +14.29% in Aug-12; Bandeirante: +11.45% in Oct-12) and market growth.

Volumes of electricity sold went up 2% YoY in 2013, reflecting a 5% increase in the 'residential, commercial & other' segments, justified by a wider client base and higher consumption per capita. Volumes sold to the industrial segment fell 4% YoY, due to the migration of clients to the free market. At the same time, **volumes distributed** to industrial clients in the free market advanced 6% YoY, backed by growing activity in auto and metallurgy sectors, which supported a 4% YoY increase of electricity distributed.

In Jan-13 ANEEL approved an 18% decrease in tariffs for residential customers and up to a 32% decrease for industrials, on the back of a cut in electricity costs achieved through Provisory Act No. 579 ("PA 579"), then converted into Law 12.783/13 (Jan-13), which translated into a drop in electricity sector charges, and lower generation costs, following concessions' renewal conditions. The subsequent mismatch between the energy procurement contracts and supply obligations led to involuntary short contracting positions at our DisCos. In Mar-13, through DL 7.945/13, the Brazilian Government approved the transfer of funds, from an electricity sector account called CDE (Conta de Desenvolvimento Energético), to compensate DisCos facing higher costs, derived from the strong thermal dispatch and the subsequent hike in spot prices, as well as from the short contracting position, as DisCos had to satisfy demand through electricity purchases at high spot prices. For 2014, DisCos remain exposed to high electricity spot prices as contracted demand for the system is short of about 3.5GW. The maintenance of the CDE fund for 2014 is the most likely solution currently being discussed to keep on compensating distribution companies from their short contracting positions in a high market prices environment.

Gross profit was strongly impacted by the change in regulatory receivables (accounted for at gross profit level in Brazilian distribution business). Regulatory receivables decreased R$42m in 2013 (vs. a R$231m increase in 2012). In 2013, a R$651m negative tariff deviation was created (R$121m in 4Q13), essentially related to higher energy costs than the ones incorporated in the tariffs, which was mostly compensated by R$595m of contributions from CDE (R$2m in 4Q13); also, R$98m were received (R$2m returned in 4Q13) regarding deviations from previous years. All in all, regulatory receivables amounted to R$199m as of Dec-13, down R$42m vs. Dec-12, to be collected through tariffs in the following years. **Escelsa's** regulatory review for the 2013-16 period, approved by ANEEL in Aug-13, set a 4.12% increase in tariffs for the 12 months following, reflecting previous years tariff deviations as well as a lower return on the regulated asset base (from 10% to 7.5% after taxes). As for **Bandeirante**, in Oct-13, ANEEL approved a 10.36% tariff increase for the 12 months following, within the scope of the annual tariff readjustment process. Bandeirante's next 4 years regulatory period starts in Oct-15.

Controllable operating costs went up 15% YoY to R$584m in 2013, driven by higher personnel costs, reflecting the annual salary update (+7%), higher average headcount, an increase in both indemnities and overtime expenses, and lower capitalized costs. Supplies and services were impacted by higher expenses with O&M. The lower **costs with social benefits** reflect a one-off HR restructuring cost booked in 2Q12 (R$9m). **Other operating costs** went up R$80m YoY, translating some non-recurring gains accounted in both 2013 and 2012, and related to: i) the sale of buildings (R$53m in 3Q13 vs. R$16m in 1Q12); and ii) distribution assets' revaluations (R$14m in 4Q13 vs. R$102m gain in 4Q12), as by the end of 2012, PA 579 established a new repositioning value for Bandeirante's and Escelsa's concessions, which expire in Jul-2025 and Oct-2028, respectively.

Capex went up 16% YoY to R$280m in 2013, mostly devoted to network expansion and reinforcement of the quality of service.

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits) + Other operating costs (net); (2) Supplies & services and personnel costs.

Brazil: Electricity Generation and Supply

Income Statement (R$M)	Generation			
	2013	2012	Δ %	Δ Abs.
Gross Profit	**1,134**	**882**	**29%**	**+252**
Supplies and services	107	70	52%	+36
Personnel costs	62	46	36%	+16
Costs with social benefits	6	5	22%	+1
Other operating costs (net)	104	2	-	+102
Net Operating Costs (1)	**279**	**123**	**127%**	**+156**
EBITDA	**855**	**759**	**13%**	**+96**
Provisions	(0)	4	-	-4
Net depreciation and amortisation	214	154	40%	+61
EBIT	**641**	**601**	**7%**	**+40**

Generation	2013	2012	Δ %	Δ Abs.
Gross Profit (R$ m)	**1,134**	**882**	**29%**	**+252**
Lajeado	411	426	-4%	-16
Peixe Angical	360	331	9%	+29
Energest (15 hydro plants)	242	209	16%	+33
Pecém	119	(87)	-	+206
Installed Capacity (MW)	**2,157**	**1,974**	**9%**	**+183**
Lajeado	903	903	-	-
Peixe Angical	499	499	-	-
Energest (15 hydro plants)	396	393	1%	+3
Pecém	360	180	100%	+180
Electricity Sold (GWh)	**10,899**	**9,450**	**15%**	**+1,448**
Lajeado	3,410	3,454	-1%	-44
Peixe Angical	2,378	2,390	-0%	-12
Energest (15 hydro plants)	2,428	2,411	1%	+17
Pecém	2,682	1,195	124%	+1,487
Average Selling Price (R$/MWh) (2)	**153**	**139**	**10%**	**+14**
Lajeado	137	125	9%	+11
Peixe Angical	181	175	4%	+7
Energest (15 hydro plants)	149	123	21%	+26
Capex (R$ million)	**926**	**730**	**27%**	**+196**
Maintenance	66	53	24%	+13
Expansion, of which:	860	677	27%	+183
Pecém	127	285	-55%	-158
Jari	497	359	38%	+137
Cachoeira-Caldeirão	236	-	-	+236
Employees (#)	**521**	**442**	**18%**	**+79**

Supply	2013	2012	Δ %	Δ Abs.
Gross profit (R$ m)	**76**	**21**	**267%**	**+56**
Net Operating costs (1) (R$ m)	8	(29)	-	+37
EBITDA (R$ m)	**69**	**50**	**37%**	**+19**
Electricity sales (GWh)	12,390	11,254	10%	+1,136

EBITDA from our electricity generation activities in Brazil went up 13% YoY (+R$96m) to R$855m in 2013, partly reflecting lower negative contributions from Pecém I coal plant (-R$104m in 2012 and -R$53m in 2013, from which +R$51m in 2H13). Excluding the impact from Pecem I, EBITDA went up 5% YoY (+R$45m) to R$908m in 2013, reflecting higher avg. selling prices and improved hydro conditions in 4Q13 (GSF[3]: 104%), with generators not having to purchase energy at market prices to meet their PPA obligations, contrarily to what happened in 4Q12, due to the strongly adverse hydro conditions that shaped the end of 2012 (4Q12 GSF[3]: 94%).

Electricity volumes sold rose 15% YoY to 11TWh in 2013 on the back of Pecém I contribution. Excluding this impact, volumes sold stood relatively flat at 8.2TWh in 2013. **Average selling price** went up 10% YoY, following: i) PPA prices inflation updates, as most of the capacity is contracted under long term PPAs; ii) the termination, in Dec-12, of some contracts with a selling price well below average; and iii) short-term contracts (for 2013) closed at higher prices as part of the seasonality strategy.

EDPB owns a 50% stake in Pecém I coal facility in partnership with Eneva. This stake is currently consolidated proportionally but as from Jan-14, with IFRS11 application, it will start being equity consolidated by EDP. Pecém I (720MW) has 615MW of avg. contracted capacity for 15 years. After some initial setbacks, the coal facility is now operational, although still in a ramp up stage. In 2013, Pecém I gross profit amounted to R$119m; however, the partial unavailability of the facility implied R$122m of penalties related to non-programed outages (booked at the level of 'other operating costs'). In the 4Q13, unit I operated with an availability factor of 52.27% while unit II operated at 74.64%. Since the beginning of Feb-14, both units have been operating normally and without interruptions. Note that up until recently, unavailability charges had been inaccurately calculated on an hourly basis; nonetheless, following a Federal Court Preliminary Injuction granted to Pecém I, as of Dec-13 the calculation of the penalties is based on the contractually agreed , and less costly, 60 months average. All in all, Pecém I EBITDA contribution was positive in 2H13 (R$51m) and amounted to -R$53m in 2013 (vs. -R$104m in 2012). Net loss attributable to EDPB was R$141m in 2013.

Capex increased 27% YoY to R$926m in 2013, as the lower capex from Pecém I was more than compensated by higher investments at Jari and Cachoeira Caldeirão.

Santo António do Jari is a 373MW hydro project due in Jan-2015 with an avg. contracted capacity of 202MW (190MW with a 30-year PPA at a price of R$104/MWh and 21MW with a 28-year PPA at a price of R$82/MWh); total investment is expected to be ~R$1.4bn (debt to equity ratio of ~2:1). In Oct-12, BNDES approved a loan of R$737m for 18.5 years (with a 2.5 years grace period) bearing an interest of 'TJLP + 186bps'. **Cachoeira Caldeirão** is a 219MW hydro project due in Jan-2017 with 130MW of avg. contracted capacity (30-year PPA at a price of R$95/MWh); total investment is estimated at ~R$1.1bn (with 60% of leverage). In Dec-13, at the A-5 energy auction, the Terra Nova consortium (66.7% EDPB and 33.3% Furnas) obtained the **concession of São Manoel**, a 700MW hydro project due in May-2018 with 410MW of avg. contracted capacity (30-year PPA at a price of R$83/MWh); total investment should amount to ~R$2.7bn (with 66% of leverage).

In Dec-13, **within the scope of EDP's strategic partnership with CTG**, EDPB signed a MoU with CWEI for the joint development of renewable projects, including the disposal by EDP Brasil of: i) a 50% stake in Jari for R$490m (R$81m of expected additional equity contributions); and ii) a 50% stake in Cachoeira Caldeirão (R$294m of expected equity contributions) – the closing of these deals is expected for 1H14 (estimated capital gain of R$165m at Net Income level). Additionally, in Feb-14, EDPB agreed with CWEI its entry into the São Manoel project through the purchase of half of EDPB's 66.7% stake (or 33.3%); CWEI will assume future equity contributions (closing expected for 2H14). Note that subsequent to the application of IFRS11, and after the closing of these deals, these three projects will be consolidated by EDP through the equity method.

Electricity supply gross profit rose R$56m YoY to R$76m in 2013, reflecting a favourable long position and higher volumes supplied to clients, benefiting from higher spot prices. Note that in 2012, EBITDA includes a R$21m non-recurring gain related to the reversal of impairment losses on an energy contract, following an agreement reached with Ampla.

(1) Operating costs (Supplies & services + Personnel costs + Costs with social benefits) + Other operating costs (net); (2) Calculated with PPA prices and volumes; excluding Pecém I; (3) GSF - Generation Scaling Factor

Income Statements & Annex

Income Statement by Business Area

2013 (€m)	Long-Term Contracted Generation	Iberian Liberalised Activities	Regulated Networks Iberia	EDP Renováveis	Brazil	Corpor. Activ. & Adjustments	EDP Group
Gross Profit	**882**	**865**	**1,764**	**1,231**	**949**	**(139)**	**5,551**
Supplies and services	77	281	404	263	181	(270)	935
Personnel costs	60	99	143	60	111	110	583
Costs with social benefits	0	6	19	7	18	6	55
Other operating costs (net)	19	130	175	(46)	57	26	361
Operating costs	**156**	**515**	**740**	**284**	**367**	**(128)**	**1,934**
EBITDA	**726**	**349**	**1,023**	**947**	**582**	**(11)**	**3,617**
Provisions	12	19	(5)	1	17	11	55
Net depreciation and amortisation (1)	201	234	337	473	167	67	1,477
EBIT	**514**	**97**	**692**	**473**	**399**	**(89)**	**2,085**

2012 (€m)	Long-Term Contracted Generation	Iberian Liberalised Activities	Regulated Networks Iberia	EDP Renováveis	Brazil	Corpor. Activ. & Adjustments	EDP Group
Gross Profit	**988**	**773**	**1,875**	**1,158**	**807**	**(173)**	**5,428**
Supplies and services	83	273	422	262	177	(289)	928
Personnel costs	90	98	148	55	107	84	582
Costs with social benefits	0	6	26	7	20	30	89
Other operating costs (net)	12	79	222	(104)	(31)	22	200
Operating costs	**186**	**457**	**817**	**220**	**273**	**(153)**	**1,800**
EBITDA	**802**	**316**	**1,057**	**938**	**535**	**(20)**	**3,628**
Provisions	6	(1)	3	(0)	11	(3)	16
Net depreciation and amortisation (1)	204	257	325	487	141	54	1,469
EBIT	**592**	**60**	**730**	**450**	**383**	**(71)**	**2,143**

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

Quarterly Income Statement

Quarterly P&L (€ m)	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13	4Q13	Δ YoY %	Δ QoQ %
Electricity Revenues	3,904	3,356	3,380	3,764	3,903	3,265	3,277	3,808	1%	16%
Gas Revenues	483	416	450	423	431	429	383	417	-1%	9%
Other Revenues	25	29	47	63	51	42	31	66	4%	110%
Operating Revenues	**4,412**	**3,801**	**3,876**	**4,250**	**4,385**	**3,736**	**3,691**	**4,291**	**1%**	**16%**
Electricity	2,284	1,888	1,956	2,264	2,285	1,804	1,828	2,319	2%	27%
Gas	391	322	332	331	336	324	277	328	-1%	18%
Fuel	279	217	246	297	229	177	260	278	-6%	7%
Materials and goods for resale	20	22	32	29	24	28	25	31	6%	24%
Direct Activity Costs	**2,975**	**2,450**	**2,566**	**2,922**	**2,874**	**2,332**	**2,390**	**2,956**	**1%**	**24%**
Revenue from assets assigned to concessions	94	85	107	148	69	98	100	157	6%	58%
Expenditure with assets assigned to concessions	(94)	(85)	(107)	(148)	(69)	(98)	(100)	(157)	-6%	-58%
Gross Profit	**1,438**	**1,352**	**1,311**	**1,328**	**1,511**	**1,404**	**1,301**	**1,335**	**1%**	**3%**
Supplies and services	216	229	228	255	216	235	221	263	3%	19%
Personnel costs	155	140	138	149	157	151	140	136	-9%	-3%
Costs with social benefits	15	21	13	41	14	16	14	12	-72%	-18%
Other operating costs (net)	48	80	75	(3)	52	117	84	107	-	27%
Operating costs	**434**	**470**	**453**	**442**	**439**	**519**	**459**	**517**	17%	13%
EBITDA	**1,003**	**882**	**857**	**886**	**1,072**	**885**	**842**	**818**	**-8%**	**-3%**
Provisions	3	4	(3)	13	9	27	3	15	17%	364%
Net depreciation and amortisation (1)	350	354	356	409	353	352	380	392	-4%	3%
EBIT	**650**	**524**	**504**	**465**	**709**	**505**	**459**	**412**	**-11%**	**-10%**
Capital gains/(losses)	(0)	3	(0)	(0)	0	0	(0)	(0)	70%	-
Financial Results	(167)	(186)	(163)	(190)	(160)	(173)	(182)	(223)	-17%	-22%
Results from associated companies	4	7	7	6	8	11	6	10	51%	66%
Pre-tax profit	**487**	**348**	**349**	**281**	**557**	**343**	**283**	**199**	**-29%**	**-30%**
Income taxes	79	80	114	9	149	41	52	(54)	-	-
Discontinued Activities	-	-	-	-	-	-	-	-	-	-
Net Profit for the period	408	268	234	272	408	302	231	253	-7%	9%
Net Profit Attributable to EDP	**337**	**245**	**213**	**218**	**335**	**268**	**189**	**213**	**-2%**	**12%**
Non controling interests	71	23	22	54	74	33	42	40	-27%	-5%

(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)							
	2013	2012	Δ MW	Δ %	2013	2012	Δ GWh	Δ %	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13	4Q13
PPA/CMEC (Portugal)	**5,274**	**6,221**	**-946**	**-15%**	**17,454**	**12,567**	**4,887**	**39%**	**3,200**	**2,860**	**2,912**	**3,594**	**5,053**	**4,509**	**3,757**	**4,135**
Hydro	**4,094**	**4,094**	**0**	**0%**	**9,512**	**3,919**	**5,593**	**143%**	**846**	**884**	**570**	**1,619**	**3,307**	**2,781**	**1,387**	**2,036**
Run of the river	1,860	1,860			6,975	3,049			623	813	430	1,183	2,418	2,199	900	1,458
Reservoir	2,234	2,234			2,537	870			223	71	140	436	889	582	487	578
Coal - Sines	**1,180**	**1,180**	**0**	**0%**	**7,942**	**8,647**	**-705**	**-8%**	**2,353**	**1,977**	**2,340**	**1,977**	**1,747**	**1,728**	**2,370**	**2,098**
Fuel oil - Setúbal	**0**	**946**	**-946**	**0%**	**0**	**1**	**-1**	**0%**	**2**	**-1**	**2**	**-2**	**0**	**0**	**0**	**0**
Special Regime (Ex-Wind)	**369**	**466**	**-97**	**-21%**	**1,908**	**2,246**	**-338**	**-15%**	**561**	**591**	**482**	**612**	**623**	**496**	**310**	**479**
Portugal	**256**	**324**	**-67**	**-21%**	**1,263**	**1,429**	**-166**	**-12%**	**343**	**380**	**301**	**406**	**449**	**326**	**174**	**314**
Small-Hydro	157	157			583	253			41	91	16	105	268	156	32	127
Cogeneration	68	135			486	970			254	236	233	247	132	116	107	131
Biomass	32	32			194	207			47	54	53	53	49	54	35	56
Spain	**113**	**142**	**-30**	**-21%**	**645**	**817**	**-171**	**-21%**	**219**	**211**	**180**	**206**	**174**	**170**	**136**	**165**
Cogeneration+Waste	113	139			645	817			219	211	180	206	174	170	136	165
Biomass	0	3			0	0			0	0	0	0	0	0	0	0
Liberalised Iberia	**7,120**	**7,122**	**-2**	**0%**	**13,323**	**13,184**	**139**	**1%**	**3,544**	**2,686**	**3,149**	**3,805**	**3,621**	**2,657**	**3,344**	**3,701**
Hydro	**1,603**	**1,605**	**-2**	**0%**	**4,325**	**2,134**	**2,192**	**103%**	**390**	**654**	**329**	**761**	**1,581**	**1,358**	**552**	**834**
Portugal	1,176	1,178			3,227	1,513			234	414	270	595	1,104	997	465	660
Spain	426	426			1,098	621			156	240	59	166	477	361	87	173
Coal	**1,460**	**1,460**	**0**	**0%**	**6,407**	**6,714**	**-308**	**-5%**	**1,846**	**1,278**	**1,708**	**1,883**	**1,371**	**1,015**	**2,015**	**2,005**
Aboño I	342	342			1,799	1,965			469	464	542	491	412	256	593	538
Aboño II	536	536			3,554	3,239			973	360	907	1,000	826	697	1,030	1,001
Soto Ribera II	236	236			405	467			72	175	73	146	124	16	52	213
Soto Ribera III	346	346			648	1,044			333	278	186	247	9	46	340	253
CCGT	**3,736**	**3,736**	**0**	**0%**	**1,434**	**3,106**	**-1,672**	**-54%**	**973**	**536**	**775**	**822**	**337**	**100**	**458**	**539**
Ribatejo (3 groups)	1,176	1,176			222	229			164	19	-2	48	74	6	38	104
Lares (2 groups)	863	863			557	1,278			353	177	519	230	63	6	344	144
Castejón (2 groups)	843	843			360	826			170	190	199	266	94	58	54	153
Soto IV & V (2 groups)	854	854			294	773			285	150	59	279	106	29	22	138
Nuclear - Trillo	**156**	**156**	**0**	**0%**	**1,157**	**1,230**	**-73**	**-6%**	**335**	**218**	**338**	**339**	**331**	**184**	**319**	**323**
Gasoil/Fueloil	**165**	**165**	**0**	**0%**	**0**	**0**	**0**	**-**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Wind (More detail on page 16)	**7,984**	**7,558**	**425**	**6%**	**19,858**	**18,445**	**1,414**	**8%**	**5,212**	**4,705**	**3,427**	**5,100**	**5,755**	**4,946**	**3,511**	**5,647**
Iberia	2,930	2,926			7,395	6,550			1,631	1,714	1,437	1,766	2,322	1,676	1,395	2,001
Rest of Europe	1,303	912			2,087	1,727			477	394	323	533	552	434	369	733
North America	3,667	3,637			10,146	9,937			3,056	2,552	1,597	2,733	2,829	2,790	1,692	2,836
Brazil	84	84			230	231			48	45	71	67	52	46	55	77
Solar - Romania	**50**	**39**	**12**	**30%**	**44**	**0**	**44**	**-**	**0**	**0**	**0**	**0**	**0**	**16**	**17**	**11**
Brazil (Ex-Wind)	**2,157**	**1,974**	**183**	**9%**	**8,360**	**8,217**	**144**	**2%**	**2,647**	**1,826**	**1,418**	**2,327**	**2,460**	**2,058**	**1,701**	**2,142**
Hydro	**1,797**	**1,794**	**3**	**0%**	**7,157**	**8,190**	**-1,034**	**-13%**	**2,647**	**1,826**	**1,418**	**2,301**	**2,246**	**1,847**	**1,234**	**1,830**
Lajeado	903	903			3,130	3,711			1,351	787	565	1,008	1,040	849	463	778
Peixe Angical	499	499			2,399	2,839			819	588	558	874	710	535	481	672
Energest	396	393			1,628	1,640			477	451	294	419	497	463	289	379
Coal - Pecém	**360**	**180**	**180**	**100%**	**1,204**	**26**	**1,177**	**4458%**	**0**	**0**	**0**	**26**	**214**	**211**	**467**	**312**
TOTAL	**22,954**	**23,380**	**-425**	**-2%**	**60,948**	**54,658**	**6,290**	**12%**	**15,164**	**12,668**	**11,388**	**15,438**	**17,511**	**14,682**	**12,640**	**16,115**

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

EDP - Volumes distributed, clients connected and networks

ELECTRICITY

Electricity Distributed (GWh)	2013	2012	Δ GWh	Δ %
Portugal	**43,858**	**44,655**	**-797**	**-1.8%**
Very High Voltage	2,095	1,901	194	10%
High / Medium Voltage	20,442	20,301	141	0.7%
Low Voltage	21,322	22,453	-1,131	-5.0%
Spain	**9,147**	**9,003**	**144**	**1.6%**
High / Medium Voltage	6,664	6,512	152	2.3%
Low Voltage	2,483	2,491	-8	-0.3%
Brazil	**25,880**	**24,923**	**957**	**3.8%**
Free Clients	9,897	9,305	592	6.4%
Industrial	3,917	4,085	-168	-4.1%
Residential, Comercial & Other	12,066	11,533	533	4.6%
TOTAL	**78,886**	**78,581**	**305**	**0.4%**

Clients Connected (th)	2013	2012	Abs. Δ	Δ %
Portugal	**6,075**	**6,095**	**-20.2**	**-0.3%**
Very High / High / Medium Voltage	24	24	0.0	0.0%
Special Low Voltage	34	33	0.1	0.2%
Low Voltage	6,018	6,038	-20.3	-0.3%
Spain	**659**	**659**	**0.3**	**0.0%**
High / Medium Voltage	1	1	0.0	0.4%
Low Voltage	658	657	0.2	0.0%
Brazil	**3,045**	**2,934**	**111.2**	**3.8%**
Bandeirante	1,666	1,601	64.7	4.0%
Escelsa	1,379	1,332	46.5	3.5%
TOTAL	**9,779**	**9,688**	**91.2**	**0.9%**

Networks	2013	2012	Abs. Δ	Δ %
Lenght of the networks (Km)	**336,834**	**333,921**	**2,913**	**0.9%**
Portugal	225,298	223,734	1,564	0.7%
Spain	23,293	22,986	307	1.3%
Brazil	88,242	87,201	1,041	1.2%
Losses (% of electricity distributed)				
Portugal (1)	-11.2%	-9.1%	-2.1 pp	
Spain	-4.2%	-4.0%	-0.2 pp	
Brazil				
Bandeirante	-9.9%	-10.2%	0.4 pp	
Technical	-5.5%	-5.5%	-0.0 pp	
Comercial	-4.3%	-4.7%	0.4 pp	
Escelsa	-13.2%	-13.7%	0.5 pp	
Technical	-7.8%	-7.7%	-0.1 pp	
Comercial	-5.4%	-6.0%	0.6 pp	

GAS

Gas Distributed (GWh)	2013	2012	Δ GWh	Δ %
Portugal	**6,938**	**7,323**	**-385**	**-5.3%**
Low Pressure	1,058	1,008	49	4.9%
Medium Pressure	5,852	6,287	-434	-6.9%
LPG	28	28	0	1.2%
Spain	**51,535**	**55,786**	**-4,251**	**-7.6%**
Low Pressure	8,813	8,895	-83	-0.9%
Medium Pressure	42,723	46,891	-4,168	-8.9%
TOTAL	**58,473**	**63,109**	**-4,635**	**-7.3%**

Supply Points (th)	2013	2012	Abs. Δ	Δ %
Portugal	**306.2**	**289.7**	**16.5**	**5.7%**
Low Pressure	299.4	282.6	16.8	6.0%
Medium Pressure	1.3	1.2	0.0	2.9%
LPG	5.5	5.9	-0.3	-5.8%
Spain	**1,017.3**	**1,008.1**	**9.2**	**0.9%**
Low Pressure	1,016.5	1,007.2	9.3	0.9%
Medium Pressure	0.8	0.9	-0.0	-5.2%
TOTAL	**1,323.5**	**1,297.8**	**25.8**	**2.0%**

Networks	2013	2012	Abs. Δ	Δ %
Lenght of the networks (Km)	**14,480**	**14,641**	**-161**	**-1.1%**
Portugal	4,484	4,321	163	3.8%
Spain	9,996	10,321	-324	-3.1%
Distribution	9,996	9,875	122	1.2%
Transmission	-	446	-446	-

(1) Excludes Very High Voltage

EDP - Sustainability performance

4Q13 Main Events

Oct-13: Revision of EDP Group Ethics Code – Generalised publication and application at the beginning of 2014;

Nov-13: EDP joins BetterCoal (association of European electric companies, which main goal is to assure the application of sustainable principles and practices throughout the coal supply chain;

Nov-13: Creation of "Fundación EDP" in order to coordinate and intensify the patronage activity and socio cultural actions in Spain, and between Spain and other geographies;

Nov-13: EDP Renováveis designated by EXAME magazine one of the "500 Larger & Best" companies in Portugal, within the "Water, Electricity and Gas" sector;

Nov-13: EDP considered by "2013 IR Global Ranking" the best company worldwide in terms of financial disclosure.

EDP Internal Sustainability Index (base 2010-12)

	2013	Base 100	Δ %
Sustainability Index	**102**	**100**	**2%**
Environmental	99	100	-1%
%Weight	33%	33%	
Economic	101	100	1%
%Weight	37%	37%	
Social	106	100	6%
%Weight	30%	30%	

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

Economic Metrics	2013	2012	Δ %
Economic Value (€m) (1)			
Directly Generated	17,402	17,488	0%
Distributed	15,424	15,363	0%
Accumulated	1,979	2,125	-7%

Social Metrics (3)	2013	2012	Δ %
Employees (a) (2)	**12,179**	**12,275**	**-1%**
Training (hours trainee)	**410,734**	**503,272**	**-18%**
On-duty Accidents	**42**	**38**	**11%**
EDP Frequency rate (Tf)	1.98	1.82	9%
EDP Severity Rate (Tg)	128.3	108.5	18%
Freq. rate EDP+ESP (Tf) (b)	4.00	4.17	-4%

Environmental Metrics (3)	2013	2012	Δ %
Absolute Atmospheric Emissions (kt) (h)			
CO_2 (c)	16,635	18,005	-8%
NOx	16.9	16.0	6%
SO_2	13.8	16.0	-14%
Particle	0.680	0.753	-10%
Specific Atmospheric Emissions (g/KWh)			
CO_2 (c)	276.4	323.3	-15%
NOx	0.28	0.29	-2%
SO_2	0.23	0.29	-20%
GHG emissions (ktCO2 eq)			
Direct Emissions (scope 1)	16,669	18,046	-8%
Indirect emissions (scope 2)	2,328	1,455	60%
Primary Energy Consumption (TJ) (d)	**170,978**	**197,723**	**-14%**
Max. Net Certified Capacity (%)	**76%**	**76%**	**0 p.p.**
Water Use (103 m3)	**1,608,025**	**1,622,631**	**-1%**
Total Waste (t) (e)	**399,426**	**647,166**	**-38%**
Environmental Costs (€ th)	**101,481**	**80,514**	**26%**
Environmental Fees and Penalties (€ th)	**236**	**2,218**	**-89%**

Environmental Metrics - CO2 Emissions (3)

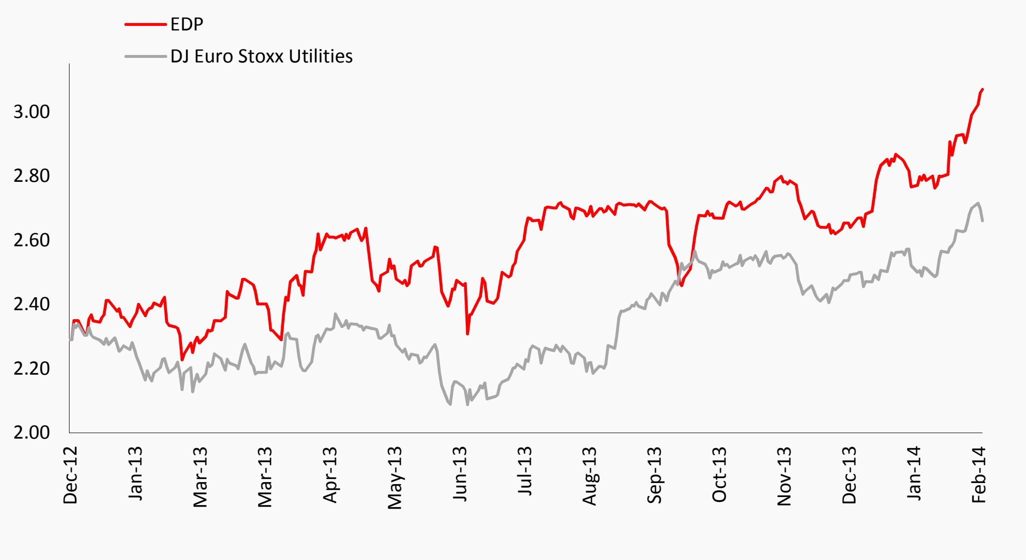
CO2 Emissions	Absolute (ktCO2)		Specific (t/MWh)		Generation (f) (GWh)	
	2013	2012	2013	2012	2013	2012
PPA/CMEC	**7,185**	**7,803**	**0.90**	**0.90**	**7,942**	**8,648**
Coal	7,184	7,786	0.90	0.90	7,942	8,647
Fuel Oil & Natural Gas	1	17	-	-	(0)	1
Liberalised	**8,531**	**8,972**	**1.09**	**0.91**	**7,841**	**9,846**
Coal	7,930	7,724	1.24	1.15	6,407	6,741
CCGT	601	1,248	0.42	0.40	1,434	3,106
Special Regime	**919**	**1,230**	**0.32**	**0.29**	**2,913**	**4,248**
Thermal Generation	**16,635**	**18,005**	**0.89**	**0.79**	**18,696**	**22,742**
CO2 Free Generation					**41,479**	**32,940**
CO2 Emissions			**0.28**	**0.32**	**60,175**	**55,682**

(a) Including Executive Social Bodies.
(b) ESP: External Services Provider.
(c) Excluding vehicle fleet.
(d) Including vehicle fleet.
(e) Waste sent to final disposal.
(f) Includes heat generation (2013: 1,588 GWh vs. 2012: 2,254 GWh).

(1) Generated Economic Value (GEV): Turnover + other operating income + gains/losses with the sale of financial assets + gains/losses from associated companies + financial income
Distributed Economic Value (DEV): COGS + operating costs + other operating costs + current tax + financial costs + dividend payment; Accumulated Economic Value (AEV): GEV – DEV.
(2) Employees reporting methodology was changed to include Executive Social Bodies.
(3) Excepting for economic metrics, the sustainability information here provided does not include the information regarding Pecém I. It has been considered that it does not represent a material impact in terms of sustainability, given Pecém I number of employees (135).

EDP Share Performance

EDP Stock Performance on Euronext Lisbon



EDP Stock Market Performance	YTD	52W	2013
		26-02-2014	
EDP Share Price (Euronext Lisbon - €)			
Close	3.070	3.070	2.670
Max	3.072	3.072	2.818
Min	2.620	2.221	2.215
Average	2.837	2.597	2.519
EDP's Liquidity in Euronext Lisbon			
Turnover (€ m)	730	3,992	3,791
Average Daily Turnover (€ m)	18	15	15
Traded Volume (million shares)	257	1,537	1,505
Avg. Daily Volume (million shares)	6.3	5.9	5.8

EDP Share Data	2013	2012	Δ %
Number of shares Issued (million)	3,656.5	3,656.5	-
Treasury stock (million)	27.6	31.9	-13.5%

EDP's Main Events

31-Jan: EDP signed credit facility of €1,600 million

15-Feb: Conclusion of sale of gas transmission business in Spain

22-Feb: Parpública decreases its ownership interest in the share capital of EDP

22-Mar: Standard & Poor's affirmed EDP at "BB+" and revises outlook to stable

26-Apr: EDP sells €150 million of tariff deficit in Portugal

06-May: EDP's Annual General Shareholders Meeting

09-May: EDP sells €141 million of tariff deficit in Portugal

10-May: EDP Brasil announces the beginning of the commercial operation of Pecém's second group

23-May: Payment of gross dividend of €0.185 per share for the 2012 financial year

24-May: EDP receives €450 million in securitization of electricity tariff deficit in Portugal

21-Jun: Moody's affirmed EDP at "Ba1" with outlook negative

28-Jun: Conclusion of sale by EDPR of minority stakes in wind farms in Portugal

16-Jul: Fitch places several utilities with significant exposure to Spain on rating watch negative

07-Aug: ANEEL approves the 2013 tariff revision for EDP Escelsa

05-Sep: EDP issues €750 million 7 year bond

20-Sep: Standard & Poor's places EDP's 'BB+' rating on creditwatch negative

16-Oct: Portuguese Government proposes energy sector extraordinary contribution for 2014

23-Oct: ANEEL approves a 10.36% tariff increase at EDP Bandeirante's annual tariff readjustment process

13-Nov: Moody's affirmed EDP at "Ba1" with Outlook Negative

13-Nov: EDP issues €600 million bond maturing in January 2021

06-Dec: Development of strategic partnership with China Three Gorges

13-Dec: EDP Group awarded with long term contracts for new renewable capacity in Brazil

15-Dec: ERSE announces tariffs and prices for electricity and other services for 2014

19-Dec: EDP sells €299 million of tariff deficit in Portugal

20-Dec: EDP increases its stake in Hidroeléctrica del Cantábrico

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