9M18 Results Presentation

Lisbon, November 9th, 2018

9M18 Key Highlights

Recurring EBITDA[1]: €2,428m

- -6% Forex impact on BRL and USD depreciation vs. Euro
- Regulatory changes announced in 4Q17 in Portugal (-€169m YoY)
- Strong opex performance, YoY recovery of hydro production in Iberia
- EDPR: 6-year record low for wind resources in 3Q18 and YoY decline in revenues per MWh
- Brazil: operational improvements; integrated low risk approach in energy markets

Recurring Net Profit: €570m

- Net interest costs -14%; Avg. cost of debt -40bps to 3.7%
- Reported Net Profit €297m: one-off provision on CMEC (3Q18); gain on Naturgas (3Q17)

Net debt: €14.5bn by Sep-18

- €1.0bn Recurring Organic FCF, +7% YoY
- €0.7bn annual dividend paid to shareholders (May-18)
- €1.0bn net expansion capex, 91% in renewables

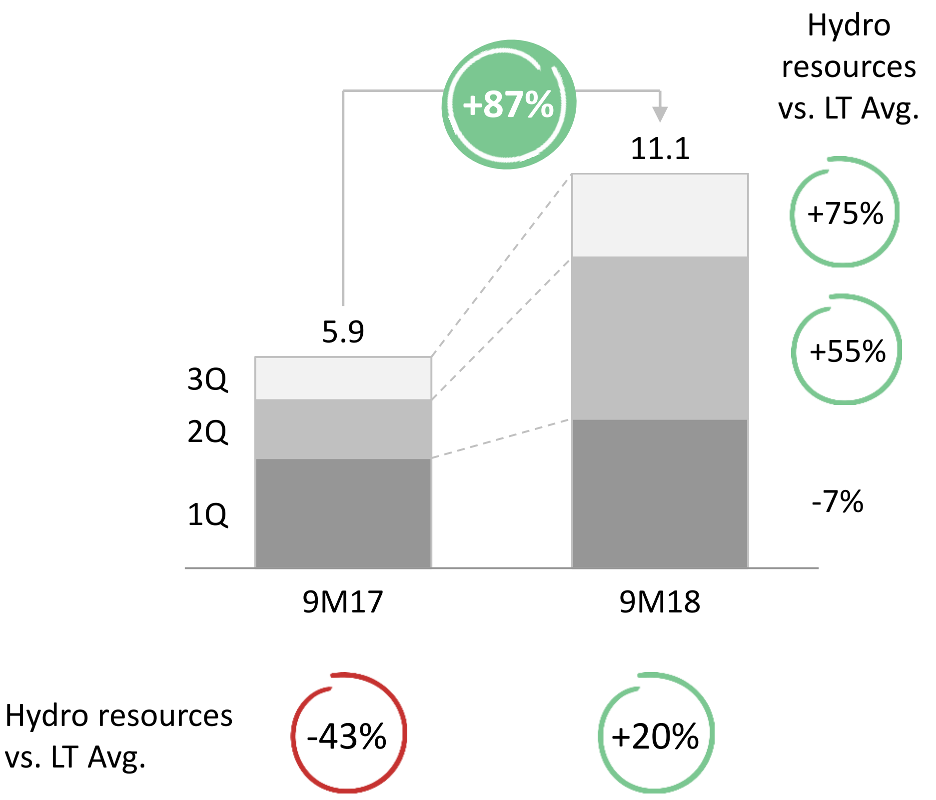
YoY

YoY	
-6%	*Recurring EBITDA (1)*
+2%	*Recurring Net Profit (2)*
-4%	*Net Debt (3)*

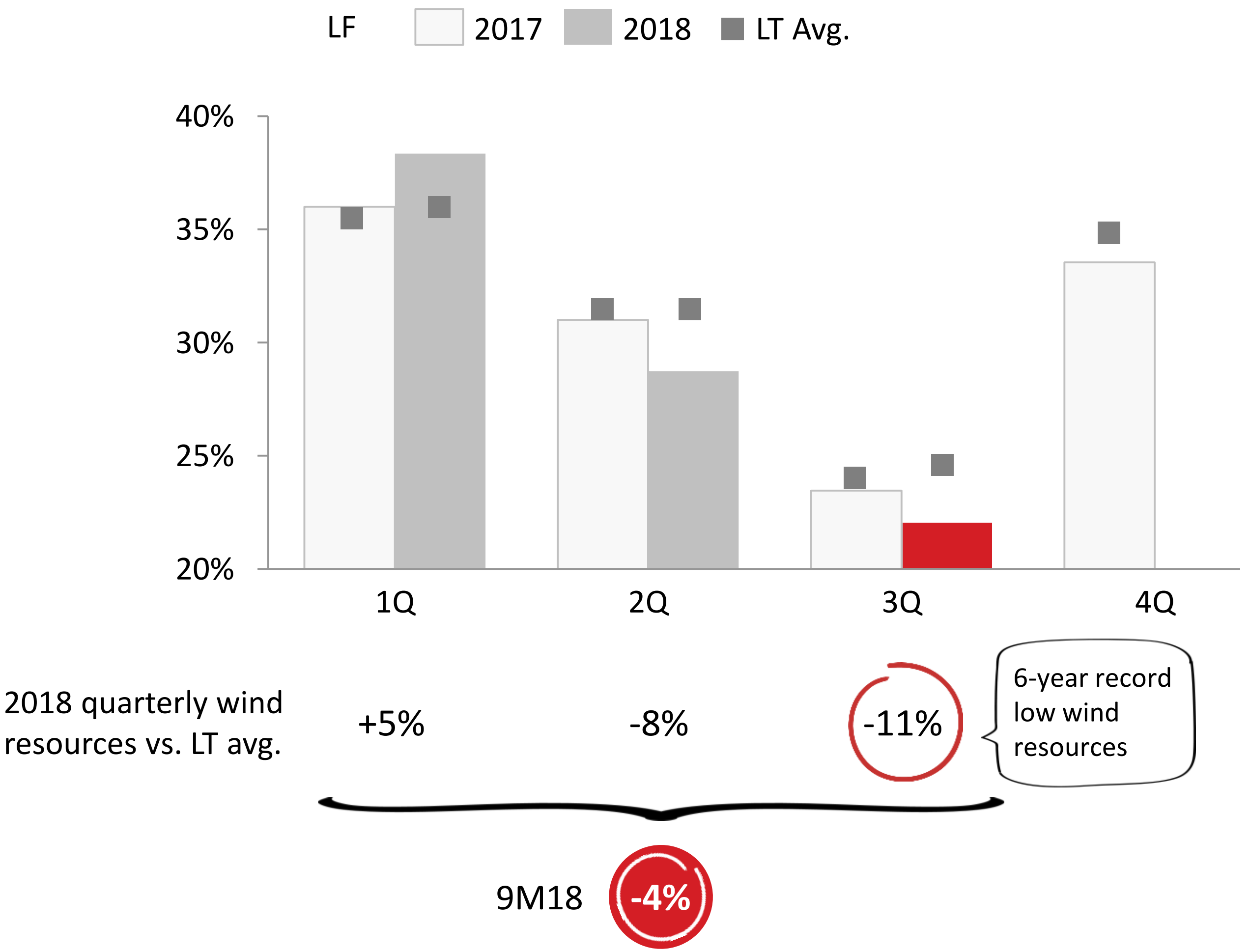
(1) 9M17 EBITDA on a pro-forma base (excluding €140m from gas networks), adjusted for €558m gain on the sale of gas distribution in Spain; 9M18 adjusted for €18m retroactive CMEC adjustment; **(2)** Reflects adjustments at EBITDA level and at net profit level: (i) €25m gain from the sale of REN stake in 9M17; (ii) €285m provision (€195m net of taxes) on alleged CMEC overcompensation in 9M18; (iii) extraordinary contribution for the energy sector (€69m in 9M17 and €65m in 9M18); **(3)** +4% vs. Dec-17

9M18 marked by gradual recovery of hydro resources but deterioration of wind resources on a quarterly basis

EDP Hydro production in Iberia[1] (TWh)



EDPR Wind Resources (Load Factor)



(1) Includes hydro production from pumping and small-hydro

Recurring EBITDA flat ex-forex, with hydro improvement and underlying growth in Brazil offsetting weaker wind resources and regulatory cuts in Portugal

Recurring EBITDA 9M18[1] (€m)

ex-forex

-1% Iberia

Portugal:
- G&S: hydro production +82%; taxes +€53m [2]
- Distribution: lower regulated revenues (-€116m)

Spain: hydro production +176%; improved market conditions

-9% EDPR

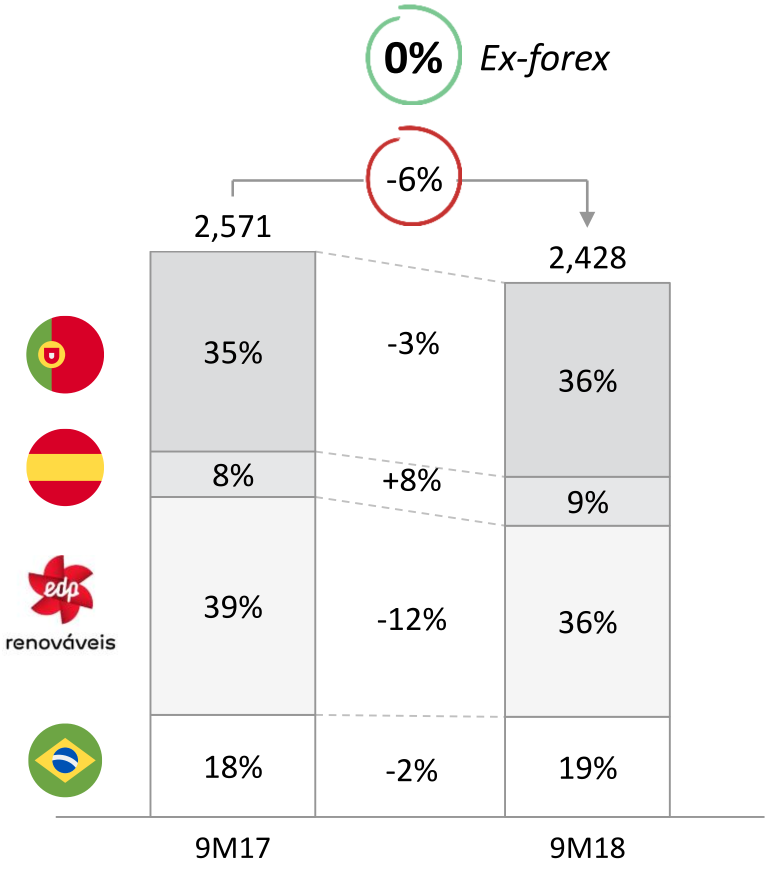
Wind resources vs. LT avg. -4% in 9M18; Decline in revenue/MWh

Avg. installed capacity: +6%

+19% EDP Brasil

Declining energy losses in Discos; high availability in generation

Low risk hedging strategy on hydro volumes/energy prices



(1) 9M17 on a pro-forma basis (excluding gas networks) and adjusted by gain from sale of gas distribution in Spain; 9M18 adjusted for €18m one-off CMEC impact (relative to 2H17) **(2)** Costs with clawback and coal levy

Strong performance on operating costs

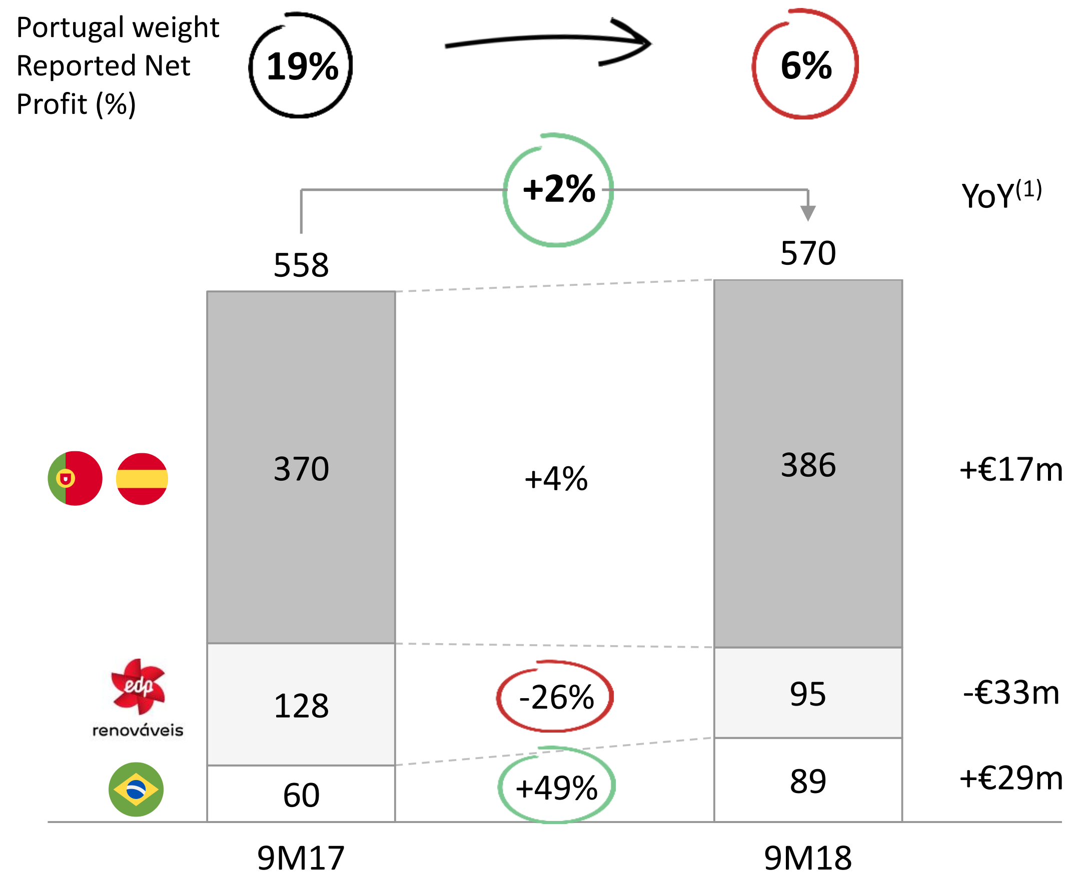
Weight on Opex

Weight on Opex	Business area	Indicator	YoY Change	Main drivers
55%	Iberia	Opex[1]	-2%	Inflation Portugal +1.0%[2] Supply # Customers [3]: +1%; Gen. Avg. MW + 1%
16%	EDP Brasil	Opex in BRL	-1%	Avg. Inflation 9M18: +3.5%[4] DisCos # Customers: +2% YoY
29%	EDPR	Adj. Core Opex/MW[5]	+3%	Build-up of O&M internalisation strategy Core Opex/Avg. MW: +2%
	edp	**Opex ex-forex[6]**	**+1%**	Generation avg. MW: +3% DisCos # Customers: +1%

(1) Pro-forma excluding gas networks in 9M17; **(2)** Avg. IPC 9M17 vs. 9M18; **(3)** # Customers supplied in the free market; **(4)** Avg. IPCA 9M18 vs. 9M17; **(5)** Adjusted by forex, one-offs and offshore costs cross-charged to projects' SPVs; **(6)** Adjusted by forex, one-offs and offshore costs cross-charged to projects' SPVs

9M18 Recurring Net Profit +2%, benefitting from lower financial costs and diluted forex impact at bottom level

Recurring Net Profit 9M18 [1] (€m)



- Strong YoY improvement of hydro conditions
- Negative impact from 4Q17 regulatory decisions
- Net profit -30%; EDP stake increased from 77.5% to 82.6%
- Net profit in BRL +80%

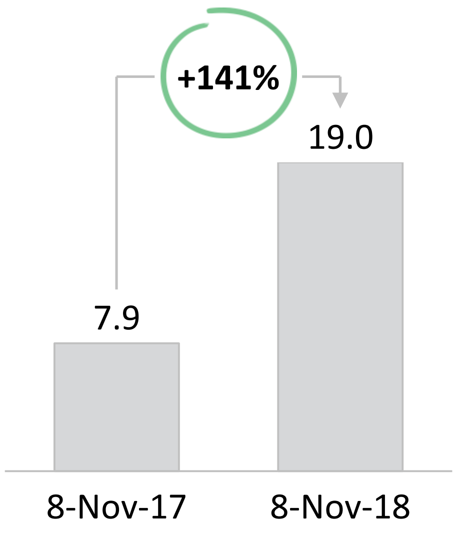
(1) 9M17: proforma base excluding gas networks and adjusted by one-off gains from sale of gas distribution in Spain (€558m), sale of REN (€25m) and extraordinary energy tax (€69m); 9M18: adjusted by retroactive CMEC adjustment (€13m), one-off provision on alleged CMEC overcompensation (€195m) and extraordinary energy tax (€65m)

Maintenance of 2018 Guidance

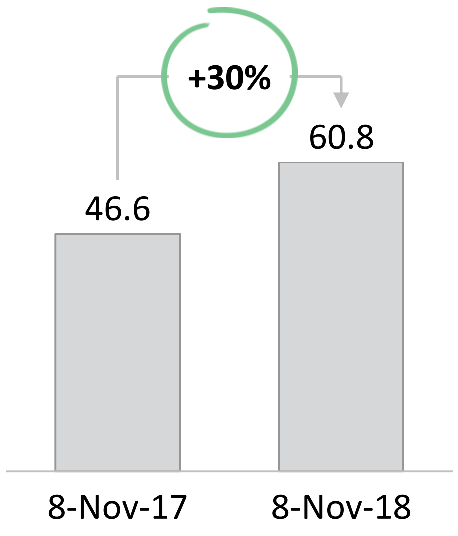
	Guidance	Key drivers
EBITDA	**€3.4bn**	4Q seasonality stronger for renewables Recovery of BRL/EUR in 4Q18
Net Profit	**€0.5-0.6bn**	One-offs: CMEC provision booked in 3Q18 (-€0.2bn at net profit level) Recurring net profit ~€0.8bn

Strong improvement of fundamentals in Iberia

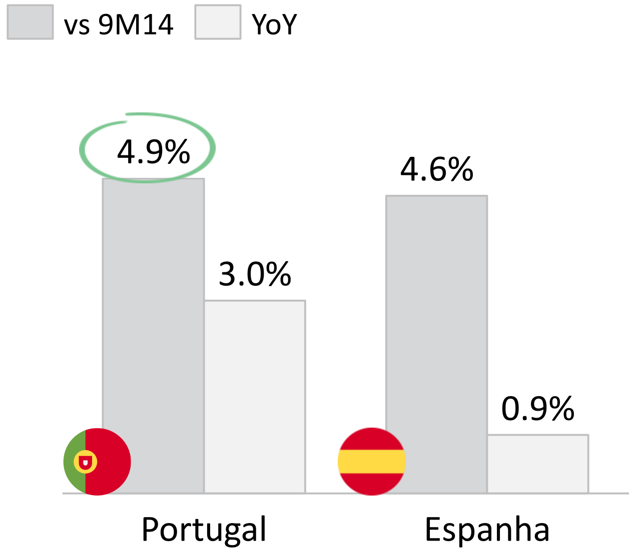
CO2 EUA Price 2019 (€/ton)



Iberian Forward Power Prices 2019 (€/MWh)



Demand growth Iberia 9M18 [(1)] (%)



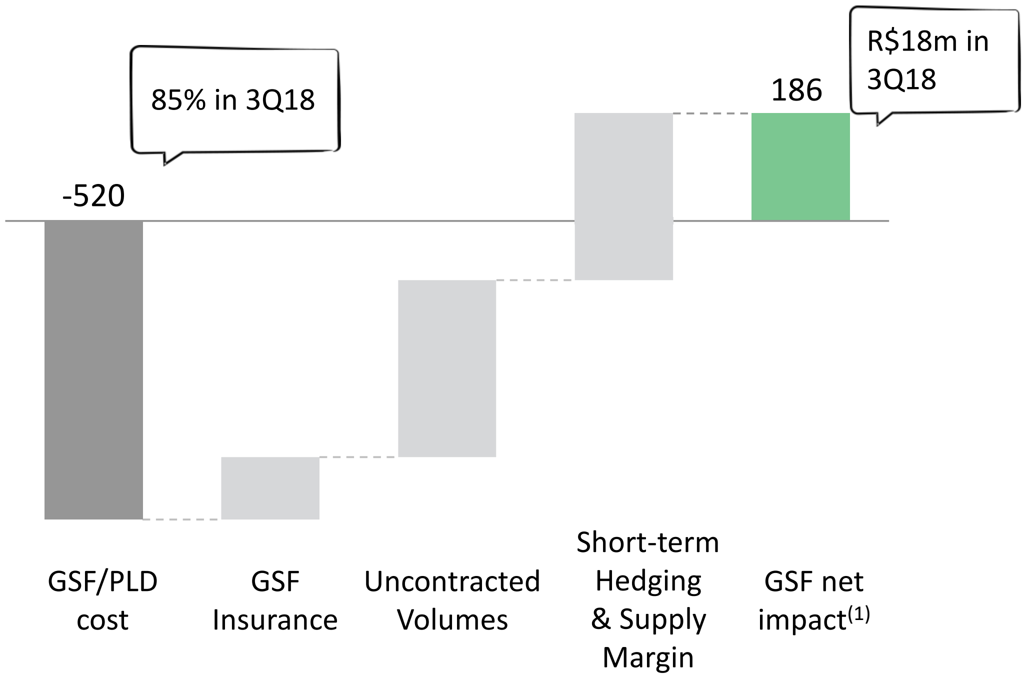
→ Oct-18: Suspension of 7% generation tax and removal of green cent on gas in Spain

→ Nov-18: CNMC proposal on allowed returns for distribution 5.58% and renewables 7.09% for 2020-25 in Spain

(1) Gross demand

Brazil: Growth prospects supported by low risk energy hedging strategy and ongoing successful execution of transmission projects

EDP Brasil hedging in energy markets | 9M18 (R$m)



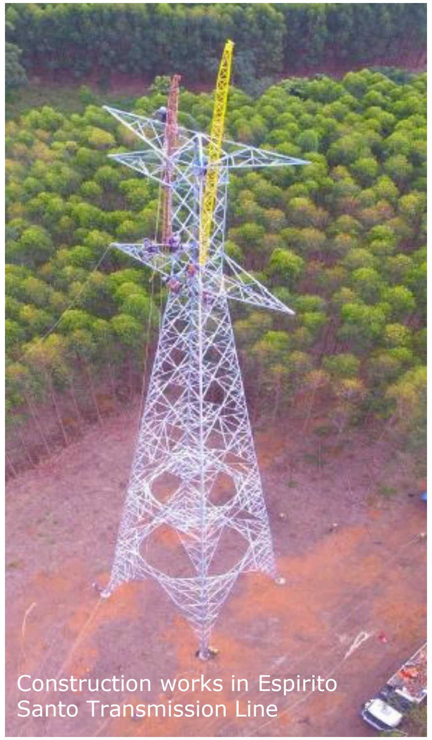
Low risk integrated energy management strategy offsetting GSF/PLD volatility

Ongoing execution of 5 electricity transmission lines (COD 2021/22)

R$3.1bn *Expected capex*

12-14% *Expected ROE*[2]

- **95% of this capex to occur in 2019/21**
- Espírito Santo Line: **79% of construction works done** (17 months anticipation); funding closed (92% leverage)
- Santa Catarina Line: Environmental license granted; **Funding closed (99% leverage) R$1.2bn for 10-years at IPCA +3.34%**[1]



Construction works in Espirito Santo Transmission Line

Anticipation of construction schedule and competitive financing to significantly improve NPV for shareholders vs. auctions' assumptions

(1) Includes hedging results of Pecém and supply margin; **(2)** Before inflation based on investment assumptions at the auctions; **(3)** Post-tax

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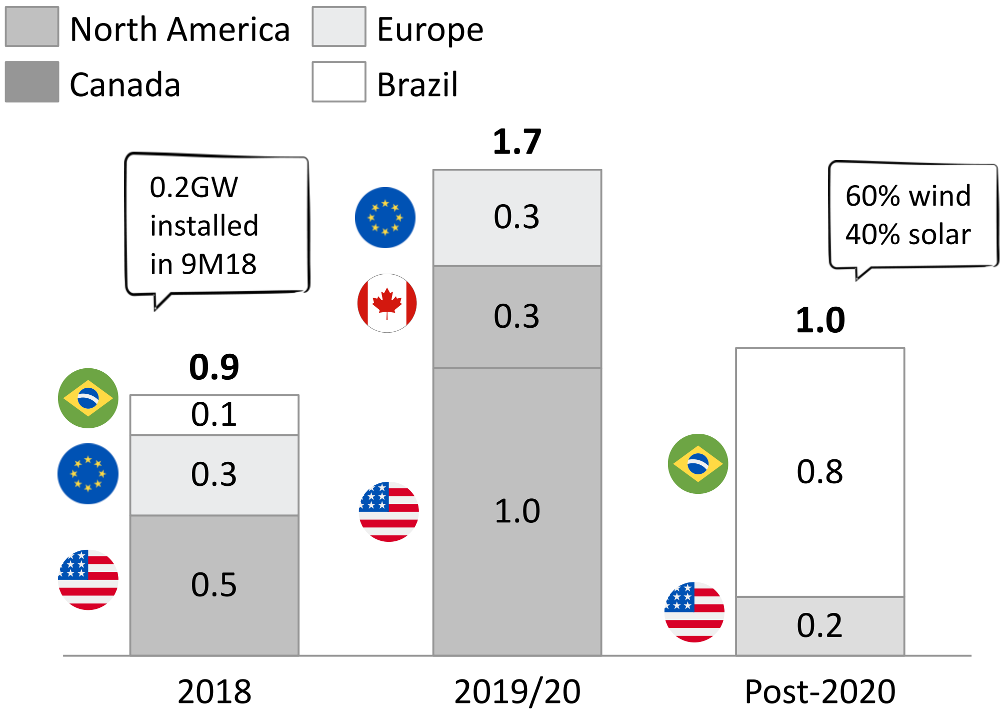
Renewables: Clear growth visibility with 3.4 GW of PPA/FiT secured for new wind onshore & solar projects while preserving attractive returns

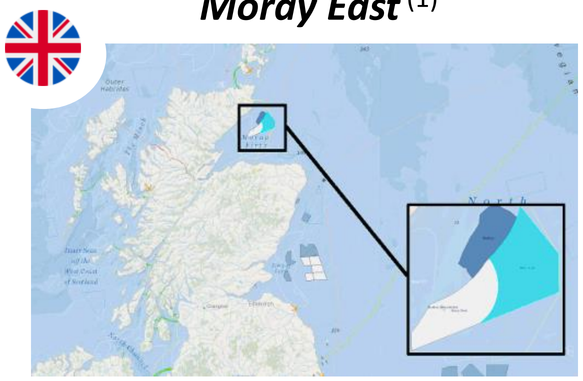
Wind onshore and solar Projects with PPA/FiT secured



0.9GW under construction by Sep-18

Wind offshore Projects with CFD/FiT secured

Moray East (1)

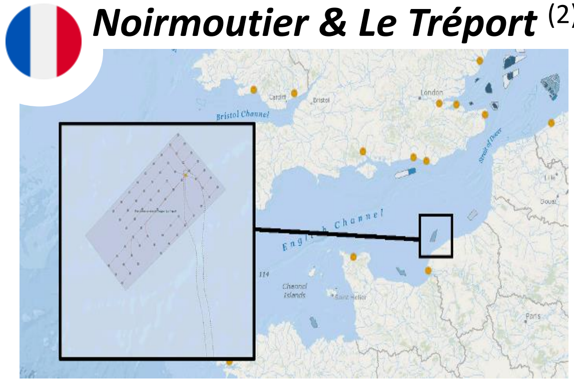


950 MW

Agreement with Vestas signed in Aug-18; FID in 4Q18

COD: 2022

Noirmoutier & Le Tréport (2)



992MW

Permits' process advancing well

FID: 2020E; COD 2023&24E

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

Current context

→ Clear signals that CTG is moving forward with regulatory approvals in the context of the Offer (recent approval granted by CADE in Brazil, EU pre-notification,…)

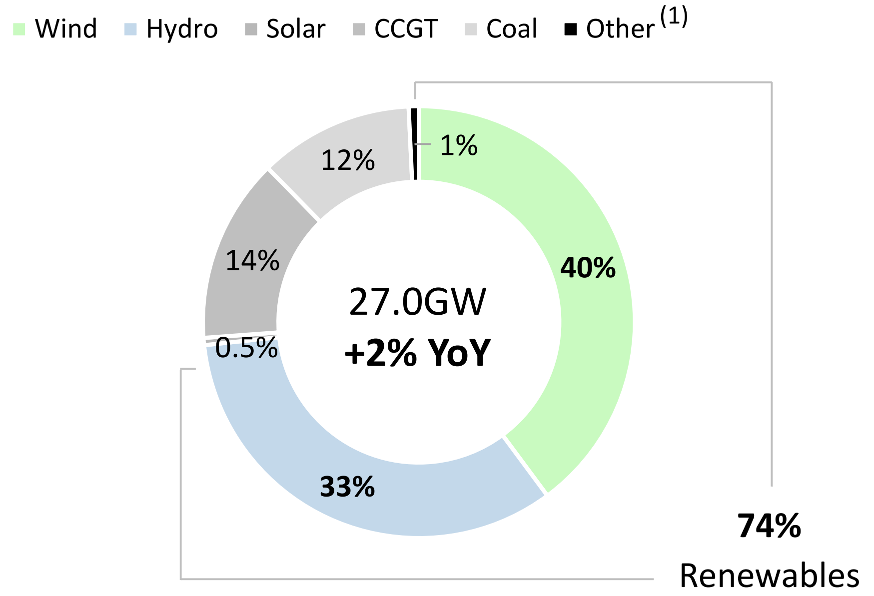
→ EDP's Board of Directors maintains position stated in June 9th Report

→ Company and management keep focused on shareholder value creation

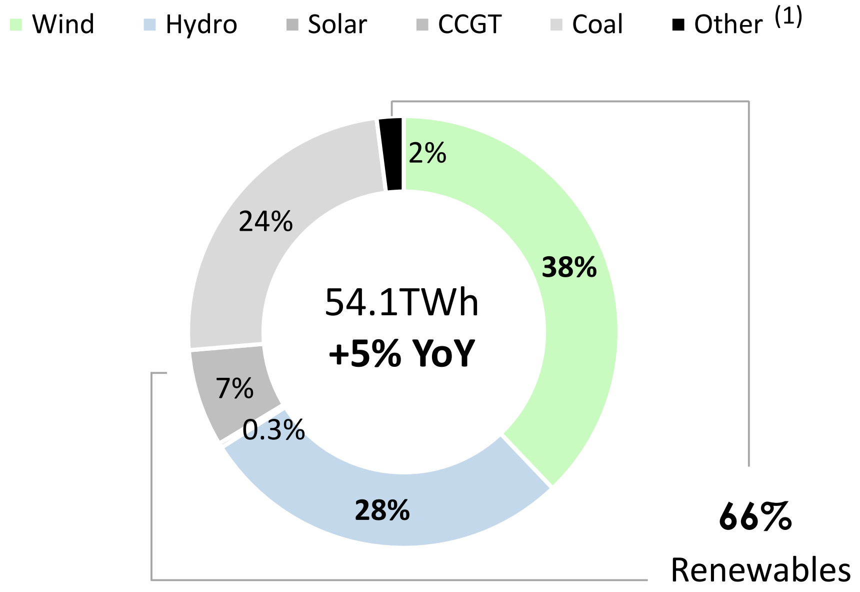
Results Analysis

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

Installed capacity breakdown by technology | Sep-18 (GW)



Electricity production breakdown by technology | 9M18 (TWh)



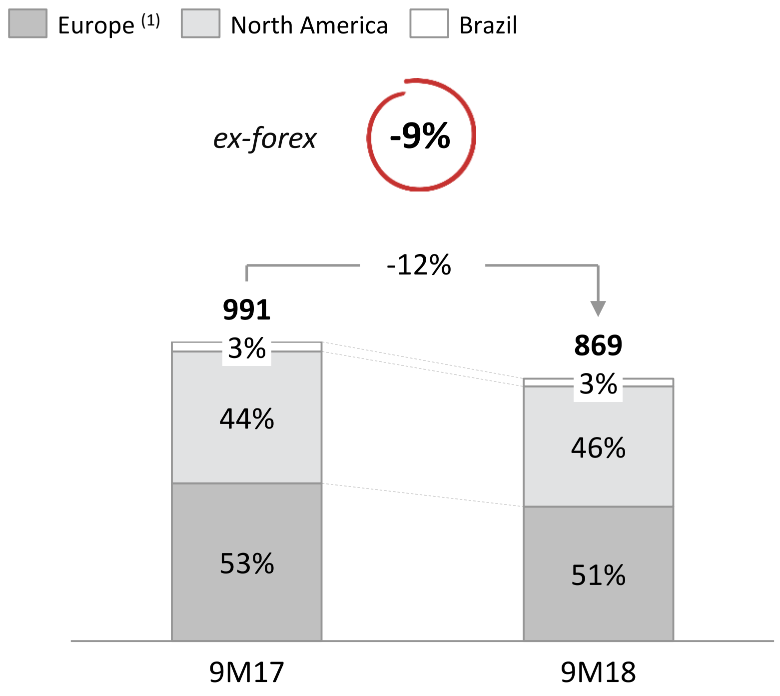
+3% in renewables capacity

+25% in renewables production

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

EDP Renováveis avg. capacity +6%; EBITDA penalised by lower wind resources, avg. selling price and PTC's expiration

EDPR EBITDA (€m)

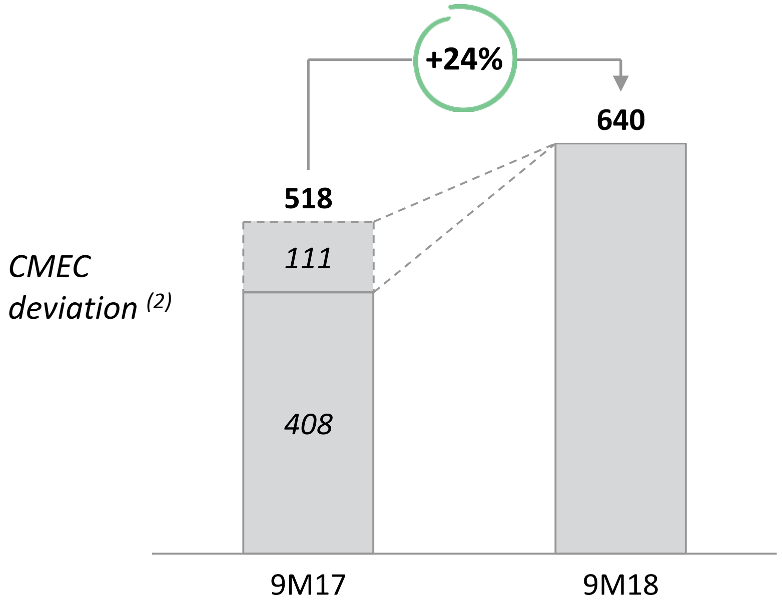


	9M17	9M18	YoY
Avg. Installed Capacity (GW)	10.0	10.7	**+6%**
Production vs. LTA (P50) (%)	-1%	-4%	**-3pp**
Electricity Production (TWh)	19.8	20.7	**+4%**
Avg. selling price (€/MWh)	60.6	53.7	**-11%** (-8% ex forex)
PTC revenues (USD m)	185	165	**-11%**

(1) Includes others

Generation & Supply Iberia EBITDA +24% as hydro improvement outweighed higher regulatory costs

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

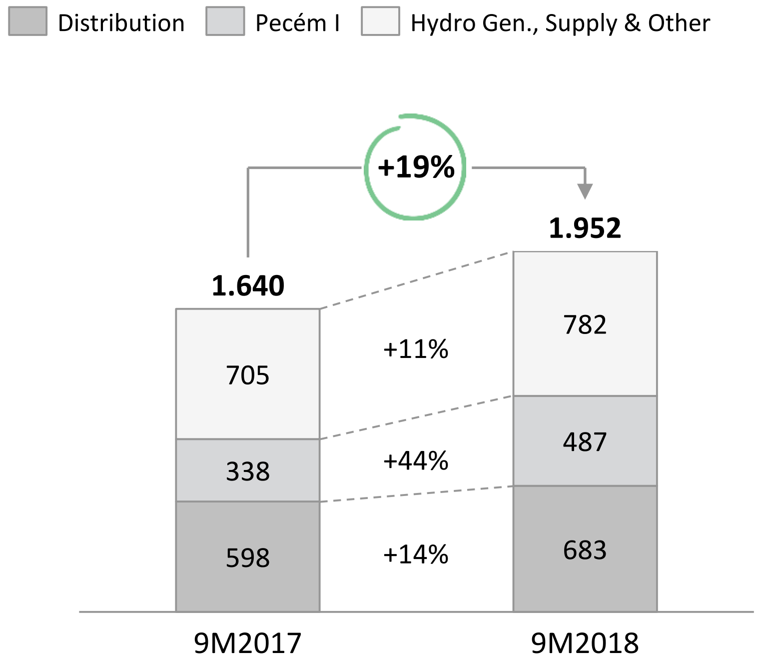


	9M17	9M18	YoY
Hydro Production (3) (TWh)	5.9	11.1	**+87%**
Hydro weight on Gen. Mix (%)	23%	42%	**+19pp**
Avg. production cost (4) (€/MWh)	33	26	**-20%**
Regulatory costs (€m)	138	179	**+29%**
CMEC deviation revenues (€m)	111	5(5)	**-95%**

(1) 9M18 adjusted for -€18m from lower CMEC Final Adjustment (relative to 2H17); **(2)** €111m in FY2017; **(3)** Including pumping and small hydro; **(4)** Includes coal, gas, CO2, pumping and other associated costs; **(5)** Adjustments from prior years

EDP Brasil EBITDA +19% in local currency, supported by efficiency enhancements and integrated hedging strategy in energy markets

EDP Brasil EBITDA (R$m)

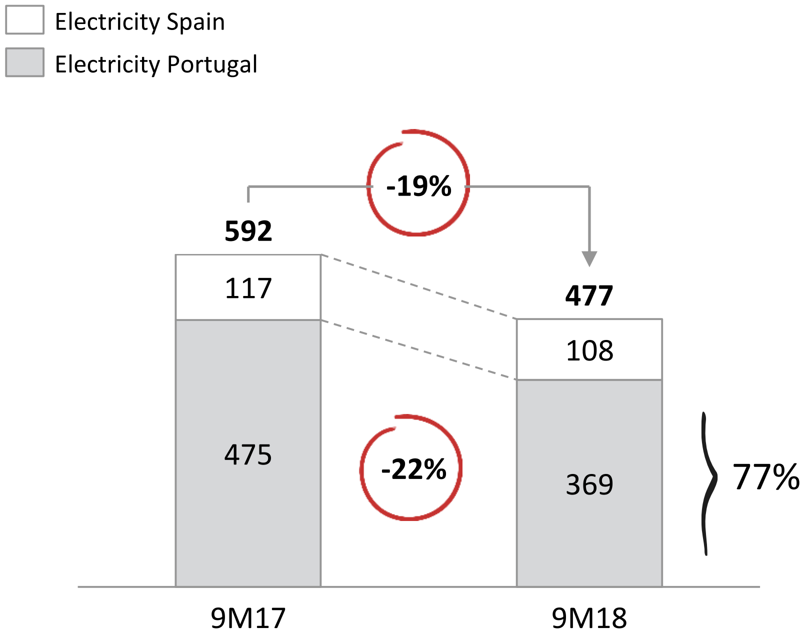


		9M17	9M18	YoY
Distribution grid losses [1] (%)	**Espírito Santo**	12.1%	11.8%	**-0.3pp**
	São Paulo	9.6%	8.5%	**-1.1pp**
Pecém availability penalty/premium (R$m)		-R$13m	+R$98m	**+R$112m**
GSF impact net of hedging[2] (R$m)		+R$51m	+R$186m	**+R$135m**

(1) Non-technical losses in LV; **(2)** Includes hedging results of Pecém and supply margin

Regulated Networks Iberia EBITDA -19%, mainly impacted by the Dec-17 regulatory review in Portugal

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

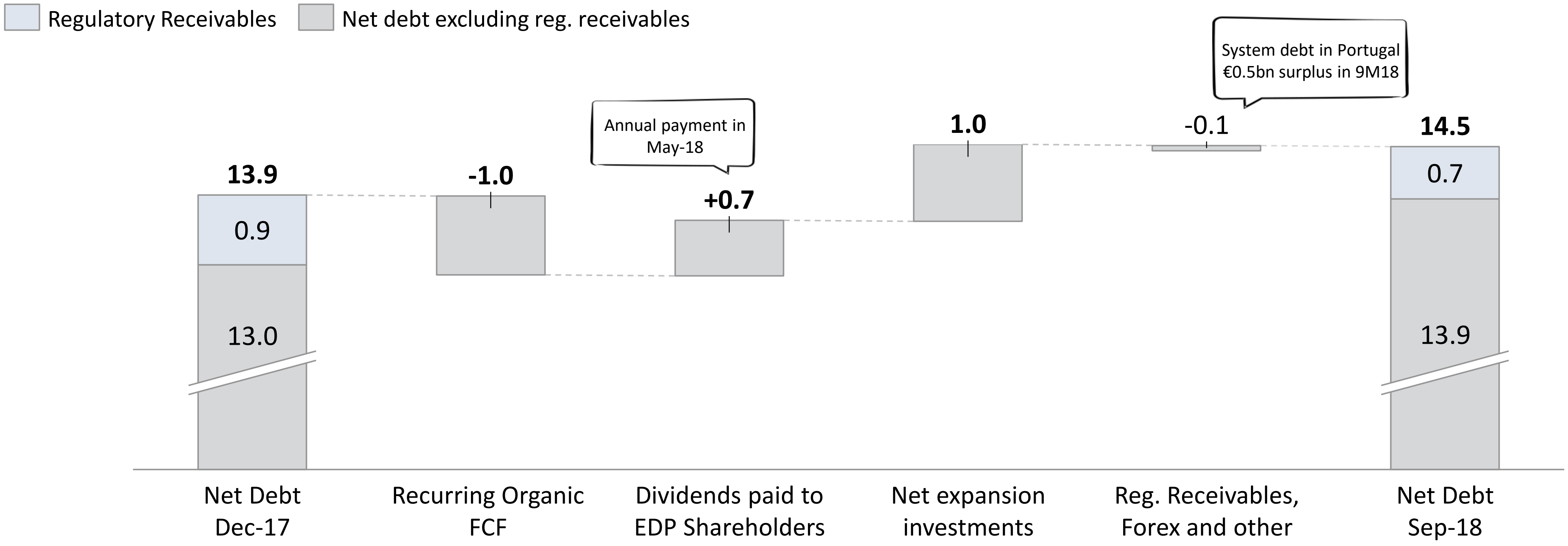


	9M17	9M18	YoY
Regulated revenues (€m)	926	811	**-12%**
Return on RAB (%)	6.68%	5.42% (2)	**-126bp**
OPEX (€m)	271	261	**-4%**
Electricity distributed (TWh)	33	34	**+4%**

(1) In 9M17, excludes EBITDA from gas distribution in Iberia; **(2)** RoRAB of HV/MV

Net debt at €14.5bn in Sep-18, with Organic free cash flow growing 7% to €1.0bn

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



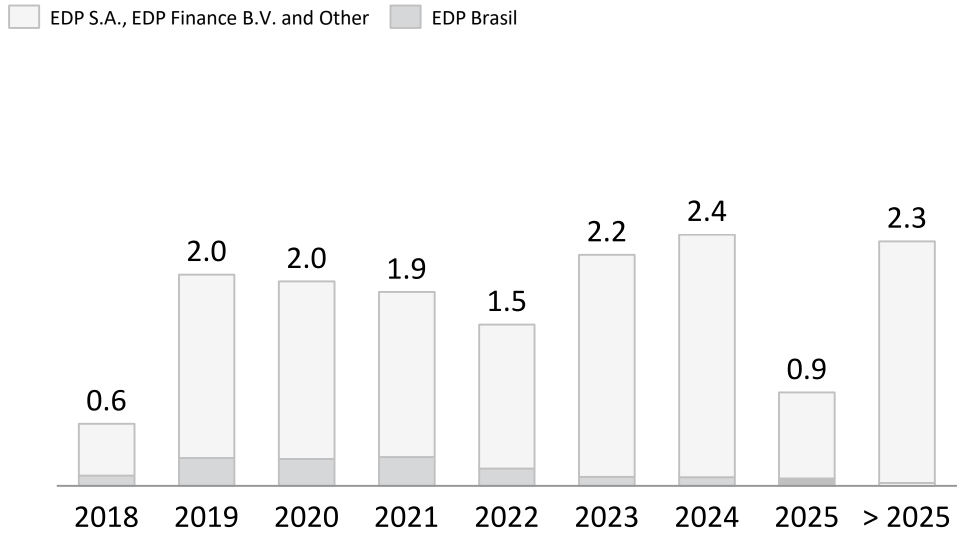
9M17 (€bn)	-0.9	+0.7	-1.1	+0.5	

New debt issues reinforced available financial liquidity to €6.3bn by Sep-18 covering refinancing needs beyond 2020

Financial liquidity as of Sep-18 (€bn)

Cash & Equivalents:	€1.0bn
Available Credit Lines:	€5.3bn
Total Liquidity	**€6.3bn**

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

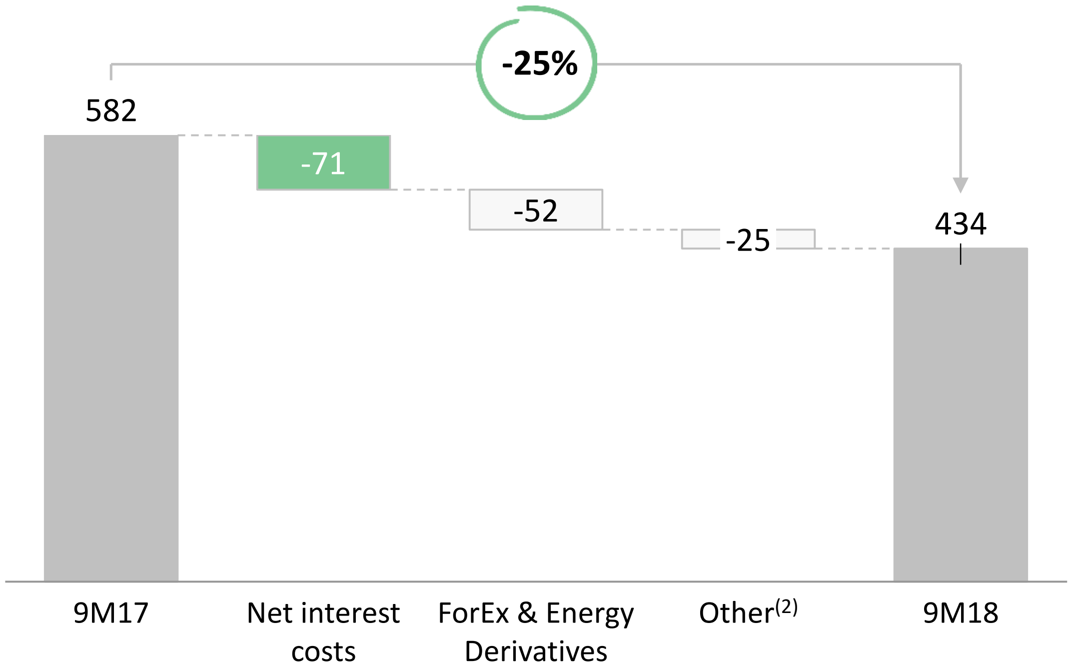


9M18 main events	€0.75bn long-7Y bond issue @1.7%	~€0.9bn of securitisation/ tariff deficit sales	€2.24bn 5Y RCF (extendable by up to 2Y)	€3.3bn RCF extended by 1 year to Oct-23

First ever EDP's green bond issued in Oct-18: €0.6bn with 7-year maturity and yield of ~1.96%

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

Net Financial Costs (1) **: 9M18 vs. 9M17** (€m)



- **Net interest costs:** -14% YoY; Avg. cost of debt -40bp to 3.7% in Sep-18; Avg. debt -11% YoY
- **Forex & energy derivatives:**
  - (+€8m in 9M18 vs. -€44m in 9M17)
- **Other:**
  - In 9M18, +€15m on sale of 20% stake in UK wind offshore project; +€15m from badwill related to acquisition of Celesc
  - **In 9M17**, +€25m gain on the sale of equity stake in REN

(1) Includes results from associates; **(2)** Includes Reg. Receivables related fin. Results, Capitalised interest, Unwinding and other financial results

Recurring Net Profit +2%, with underlying growth in Brazil, hydro recovery and lower financial costs offsetting regulatory cuts in Portugal and weaker wind

9M18 Reported and Recurring Net Profit (€m)

	Reported	Δ YoY(1)		Recurring(2)	Δ YoY(3)	
EBITDA	**2,410**	**-719**	€0.6bn NED gain (3Q17)	**2,428**	**-143**	Underlying growth in Brazil and hydro improvement offset by regulation in Portugal (-€169m), weaker wind and forex (-€132m)
Amort., Impair. & Provisions	-1,332	-294	CMEC provision (3Q18)	-1,047	-9	+3% avg. installed capacity; Forex (+€40m)
EBIT	**1,078**	**-1,014**		**1,382**	**-152**	
Financial Results & Associates	-434	+132		-434	+156	+€71m lower interest costs; +€52m forex and derivatives
Income Taxes	-50	+100		-146	4	Effective tax rate down by 3pp
Extraordinary Energy Tax	-65	+1		0	-4	
Non-controlling interests	-231	+8		-231	+8	Lower share of minorities at EDPR and lower net profit at EDPR partially offset by higher net profit at EDP Brasil +49% (in euros)
Net Profit	**297**	**-774**		**570**	**+12**	

(1) YoY changes excluding gas distribution in Iberia in 9M17 (pro-forma basis); **(2)** Adjusted by one-off final adjustment CMEC impact (€13m), one-off provision on CMEC (€195m) and extraordinary energy tax (€65m); **(3)** YoY change vs. 9M17 adjusted by one-off gains from sale of gas distribution in Spain (€558m), sale of REN (€25m) and extraordinary energy tax (€69m)

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Nov 14th: European Equities UBS Conference (London)

Nov 15th: Roadshow in London

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