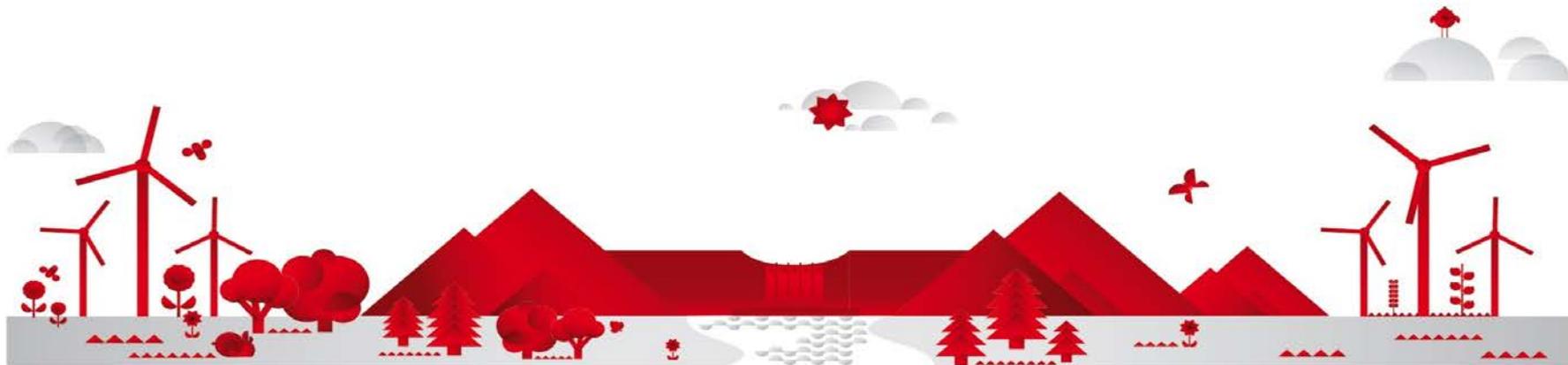




# Results Presentation 1Q14

London, May 14<sup>th</sup>, 2014



MEMBER OF  
**Dow Jones  
Sustainability Indices**  
In Collaboration with RobecoSAM



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# 1Q14: Highlights of the period



**EBITDA 1Q14: €1,030m, -5% YoY**

EBITDA flat YoY excluding €56m one-off gain in 1Q13; ForEx impact: -€33m

**Iberian operations ex-wind: EBITDA +4% YoY** impacted by strong hydro volumes, good energy management and tight cost control (Opex -1% YoY), despite adverse regulatory developments

**EBITDA in Brazil: -29% YoY (-€51m) on BRL depreciation (-19%) and adverse hydro environment**

Most of 1Q14 tariff deviations in Distribution recovered through CDE/CCEE contributions

**EDP Renováveis: EBITDA -9% YoY**

Penalised by adverse regulatory changes in Spain (-€18m), supported by capacity additions out of Iberia

**Net Profit: €296m, -12% YoY**

1Q14 affected by extraordinary energy tax in Portugal (€15m) and regulatory hits in Iberia (€29m)

**Regulatory receivables:** +€255m vs. Dec-13 to €3.0bn by Mar-14

Tariff deficit securitisations in Portugal: cash proceeds of €138m in 1Q14, €750m in Apr-14

**Net Investments<sup>(1)</sup>:** -11% at €245m

Execution of new hydro capacity in Portugal and wind capacity outside of Iberia

**Net debt at €17.1bn, stable vs. Dec-13**

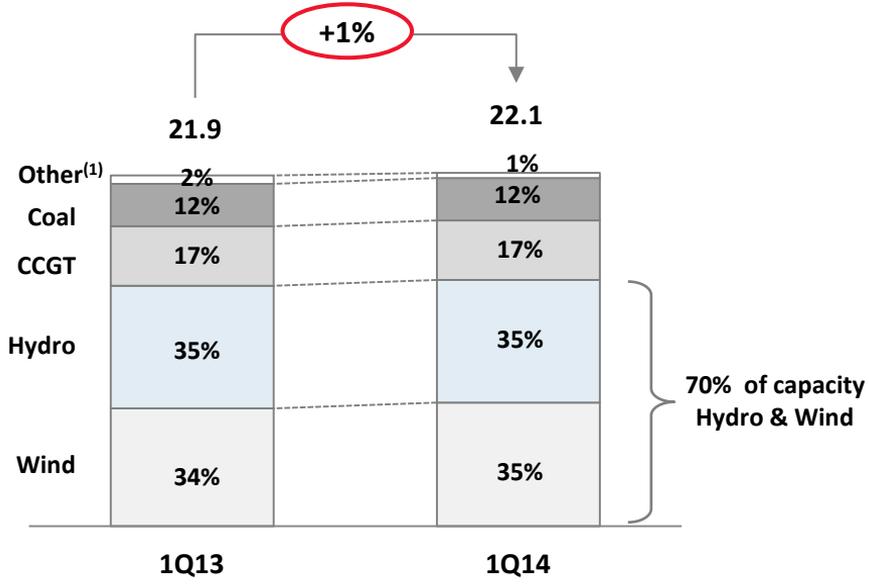
**€5.4bn of cash and available credit lines:** refinancing needs covered until end of 2015

Low-risk profile: Over 85% regulated/LT contracted; Diversified markets and competitive assets  
**Focus on risk control + efficiency improvements + delivery of ongoing growth projects**

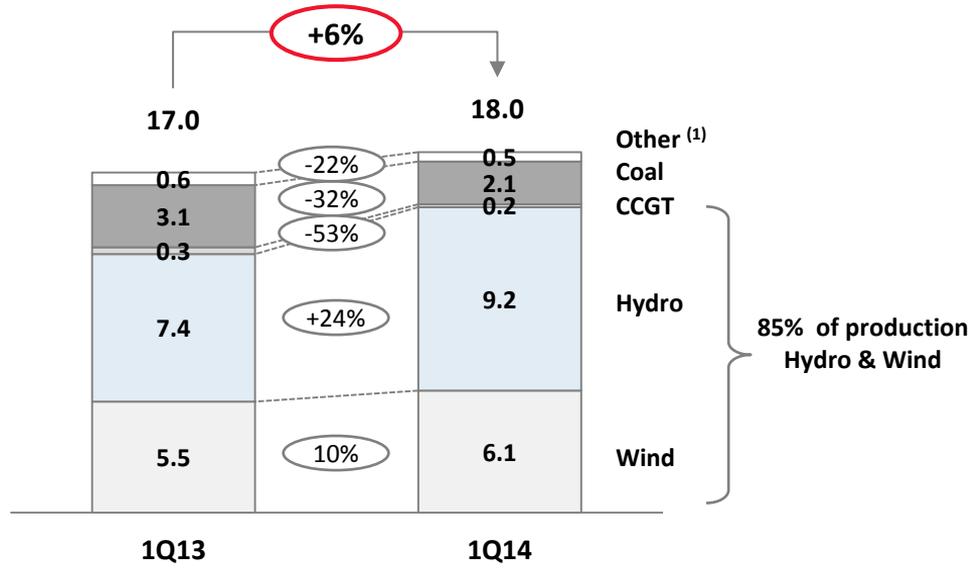


# 1Q14 Operating Headlines: Hydro & wind accounted for 85% of EDP's 1Q14 power production

Installed Capacity  
(GW)



Generation Breakdown by Technology  
(TWh)



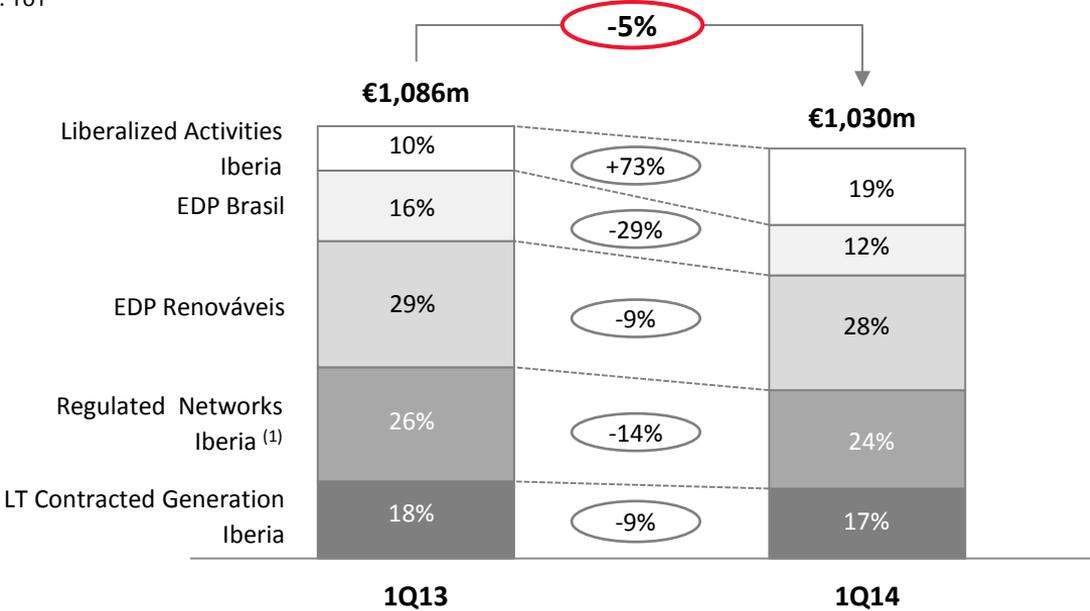
**Installed capacity +1% YoY: -0.2GW gasoil & cogeneration Portugal and +0.4GW wind**  
**Power production +6% YoY due to rainy and windy weather conditions in Iberia in 1Q14**

(1) Fuel oil, thermal special regime (cogeneration, biomass), nuclear and solar

# EBITDA 1Q14: Breakdown by division

EBITDA Breakdown by division  
(€ million)

% Chg. YoY

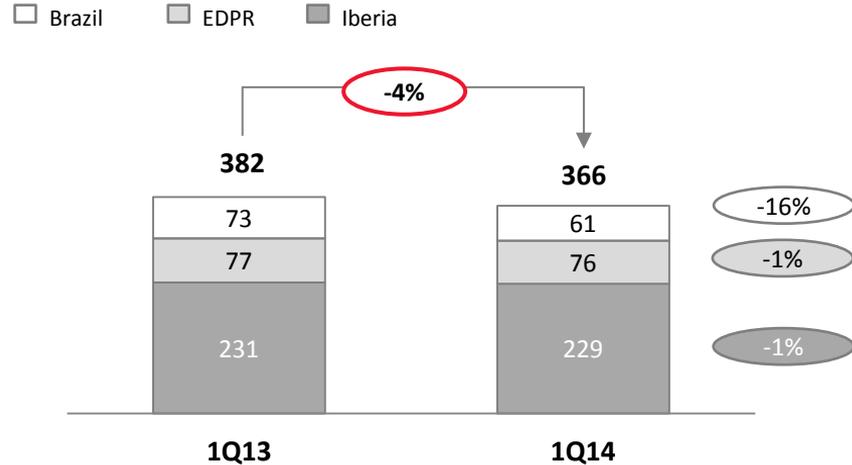


**EBITDA flat YoY excluding €56m one-off gain in gas transmission sale in Spain in 1Q13  
ForEx negative impact of €33m, mostly due to BRL devaluation**

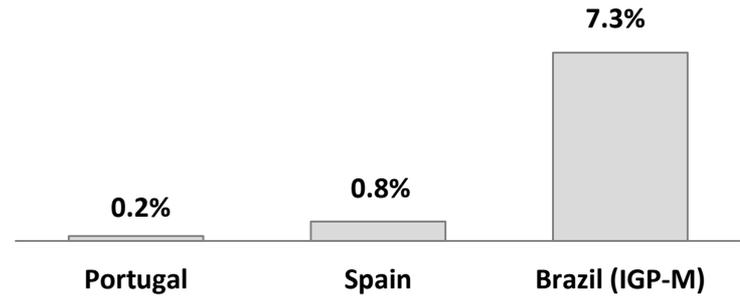
(1) Includes regulated networks and other.

# Operating costs: Opex/Gross Profit(1) at 24% in 1Q14

Operating costs <sup>(2)</sup> : 1Q14 vs. 1Q13  
(€ million)



1Q14 YoY Inflation <sup>(3)</sup>  
(%)



- **Iberia:** Operating costs -1% YoY
- **EDPR:** Operating costs -1% in Euro terms, despite a 5% increase of installed capacity
- **Brazil:** Operating costs +3% in local currency, below inflation

**Accomplishment of OPEX III target savings: ~€38m in 1Q14**  
**Anticipation of 2015 target for 2014**

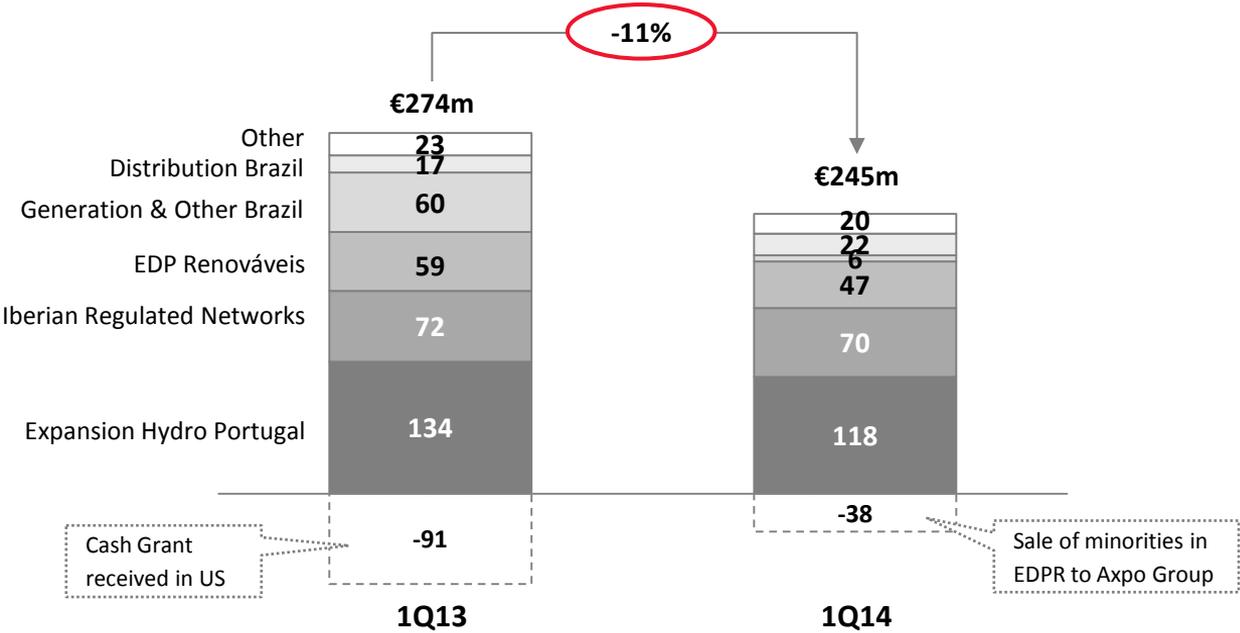
(1) Gross profit adjusted for PTC revenues;

(2) OPEX=Supplies & Services + Personnel costs & employees benefits

(3) Portugal and Spain: INE; Brazil: FVG; monthly average for IGP-M.

# Net Investments: Execution of Selective Growth

**Net Investments breakdown by division <sup>(1)</sup>**  
(€ million)



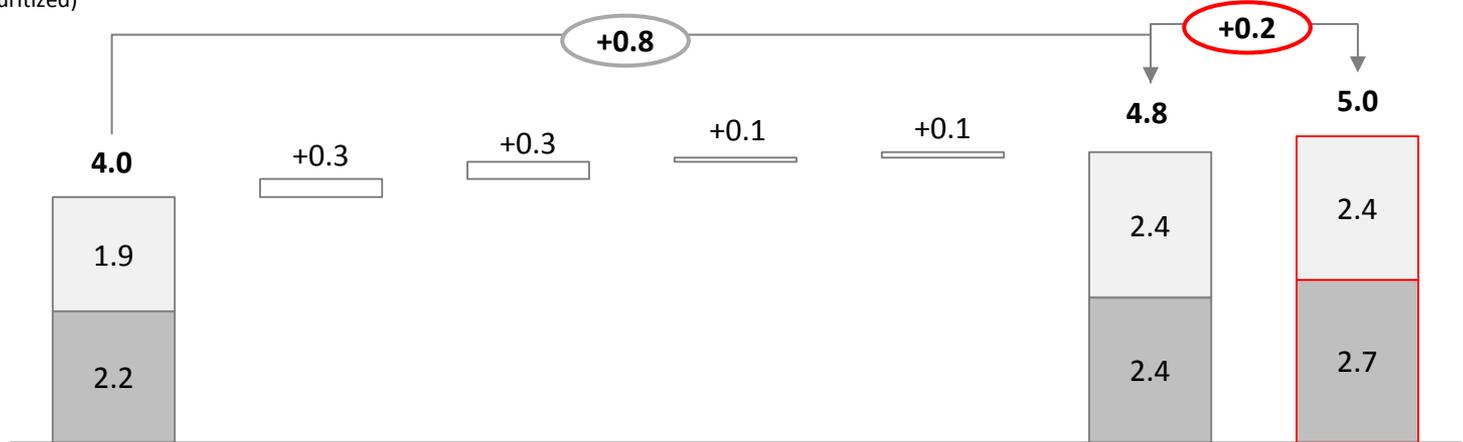
**Net Investments -11% YoY**  
**Expansion capex focused on completion of hydro in Portugal and wind in US**

(1) Capex net of investment subsidies + Financial Investments - Financial Divestments related to EDPR's asset rotation strategy (1Q14: €38m from sale to Axpo Group, of which €28m for equity stake and €10m for shareholder loans)

# Portuguese Electricity System: Regulatory receivables

Regulatory receivables in the Portuguese electricity system  
(€bn)

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

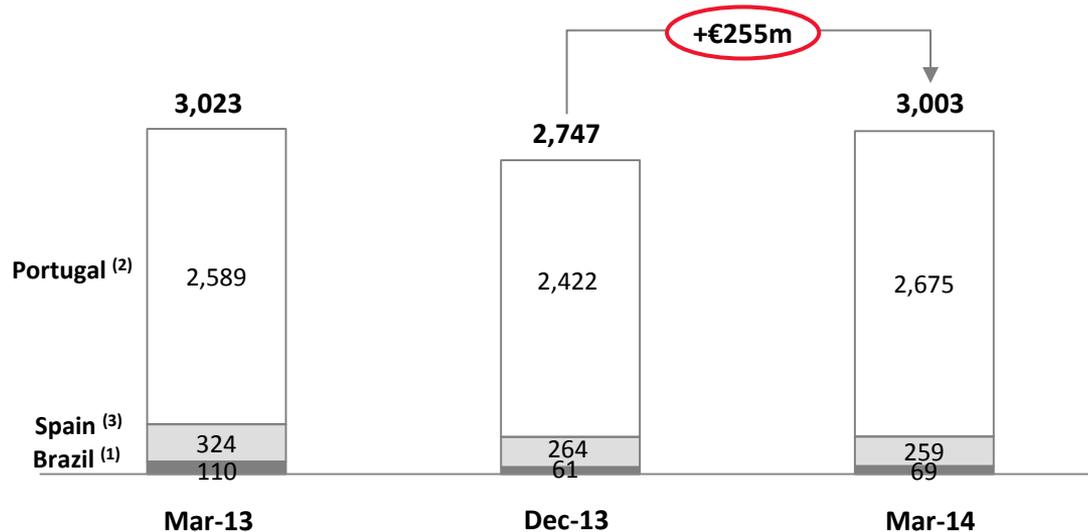


	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14
Demand growth (%)	-2.8%	-2.2%	-1.1%	+2.0%	+2.2%	+0.2%	+0.7%
Wind coefficient (1.0 = avg.)	1.03	1.36	1.19	0.99	1.12	1.18	1.40
Special Regime Premium (€/MWh)	68	71	80	65	50	66	81

**Electricity system receivables +€0.2bn in 1Q14 on strong wind volumes and low pool prices**

# EDP's net regulatory receivables by Mar-14

EDP's Regulatory Receivables  
(€ million)



**Portugal: +€253m in 1Q14** (tariff deviations attributable to EDP: +€391m; securitisations done: -€138m)

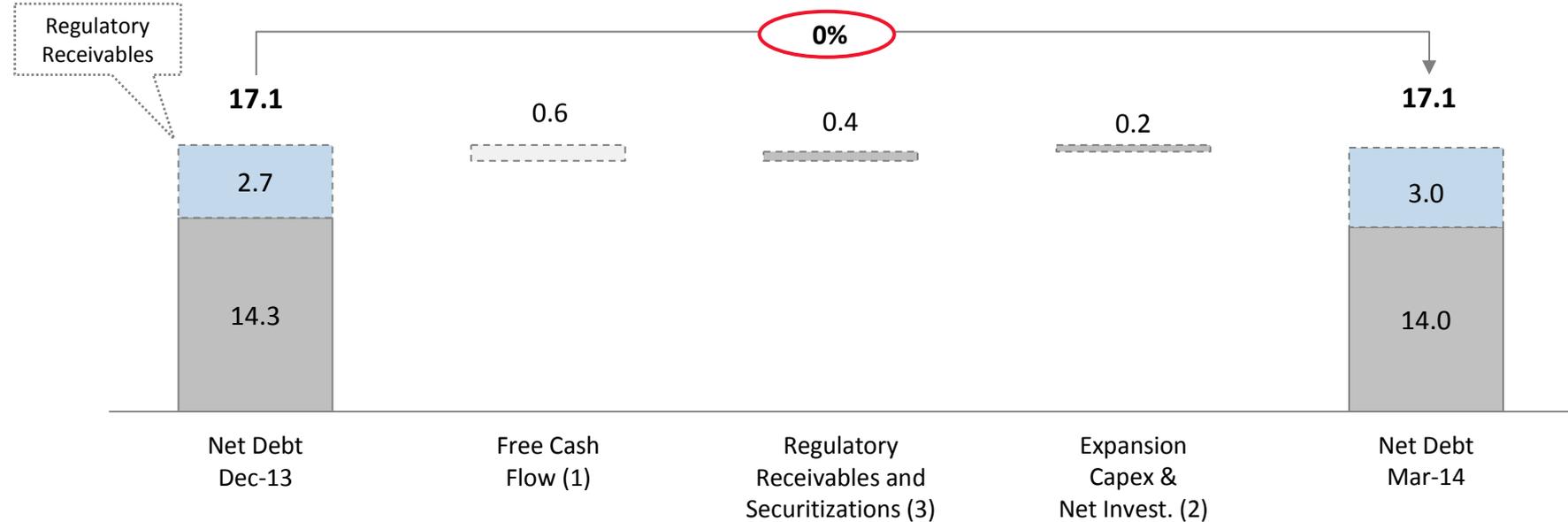
**Spain: -€5m** (-€23m recovered through tariffs in 1Q14, +€17m at EDP Renováveis level)

**Brazil: +€8m** (negative tariff deviations of R\$447m in 1Q14, cash received/to be received from CDE/CCEE R\$414m)

# Change in Net debt

## Change in Net Debt: Mar-14 vs. Dec-13

(€ billion)



**Net debt flat even following a €0.4bn increase of regulatory receivables<sup>(3)</sup> in 1Q14**

(1) EBITDA - Income taxes - Maintenance capex - Interest paid + Chg. in working capital; (2) Expansion capex, Net investments and Chg. in working capital from equipment suppliers

(3) Includes about €120m of contribution from CDE/CCEE to our distribution Discos to be cashed-in only in 2Q14

# Net Profit breakdown



(€ million)	1Q13	1Q14	Δ %	Δ Abs.
<b>EBITDA</b>	<b>1,086</b>	<b>1,030</b>	<b>-5%</b>	<b>-56</b>
Net Depreciations and Provisions	354	331	-6%	-23
<b>EBIT</b>	<b>733</b>	<b>699</b>	<b>-5%</b>	<b>-33</b>
Financial Results & Associated Companies <sup>(1)</sup>	(165)	(135)	-18%	+30
Income Taxes	159	186	+17%	+27
Non-controlling interests	74	68	-8%	-6
Extraordinary Energy Tax in Portugal	-	15	+100%	+15
<b>Net Profit</b>	<b>335</b>	<b>296</b>	<b>-12%</b>	<b>-39</b>

Cost of debt: From 4.2% in 1Q13 to 4.6% in 1Q14

Decrease of minority interests at EDPB level

(1) Includes capital gains / losses. Associated Companies amounting to €12m in 1Q14 (vs. -€12 in 1Q13)

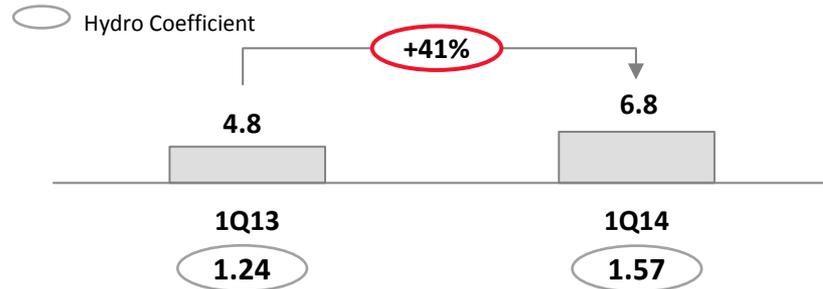


# Business Areas

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# Weather and market conditions in Iberia

**Hydro & Mini-Hydro Power Production – Portugal <sup>(1)</sup>**  
(TWh)



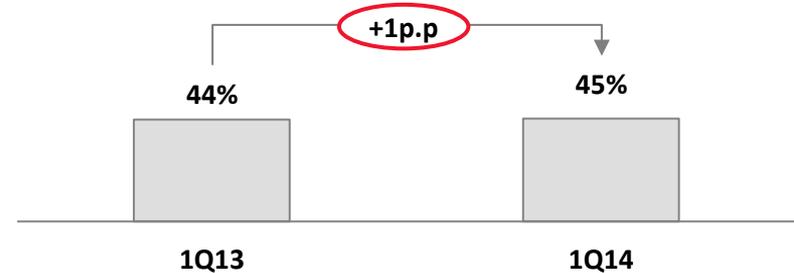
**Portugal wind production factor**  
(1.0 = avg. year)



**Avg. Pool Price in Spain**  
(€/MWh)



**EDP: electricity production as % of sales to clients**  
(GWh liberalised; %)

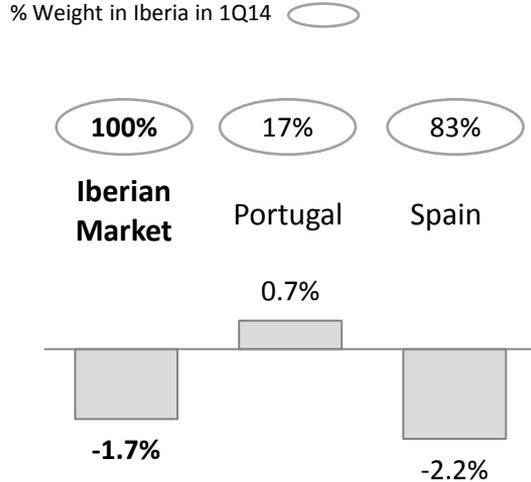


**Strong hydro and wind volumes in Iberia in 1Q14: Positive for EDP's generation mix**  
**Low pool prices + EDP's long position on clients prompted for good energy management results**

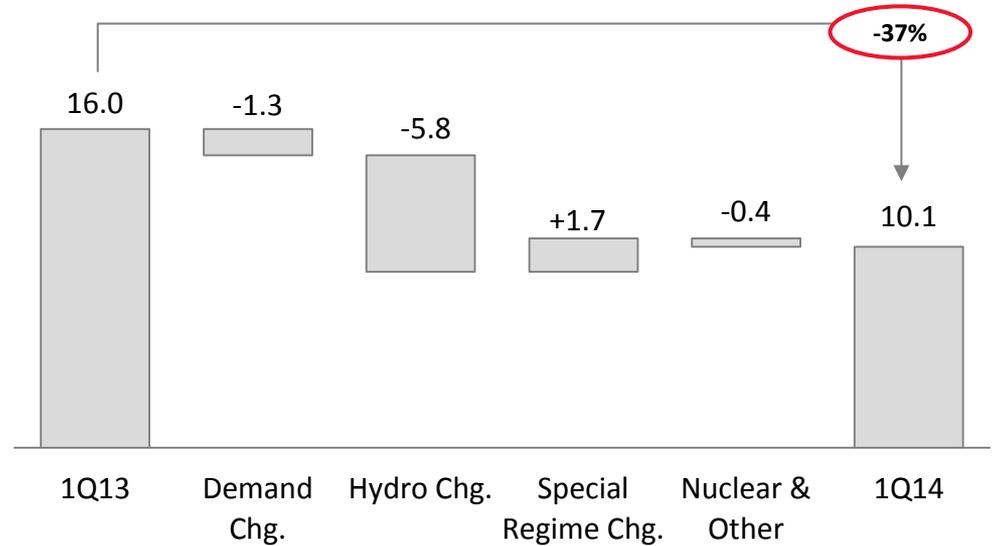
(1) Net of pumping

# Iberia: Electricity and Thermal power demand

**Electricity Demand in Iberian Market**  
( $\Delta\%$  YoY)



**Thermal Power Production in Iberian market**  
(TWh)

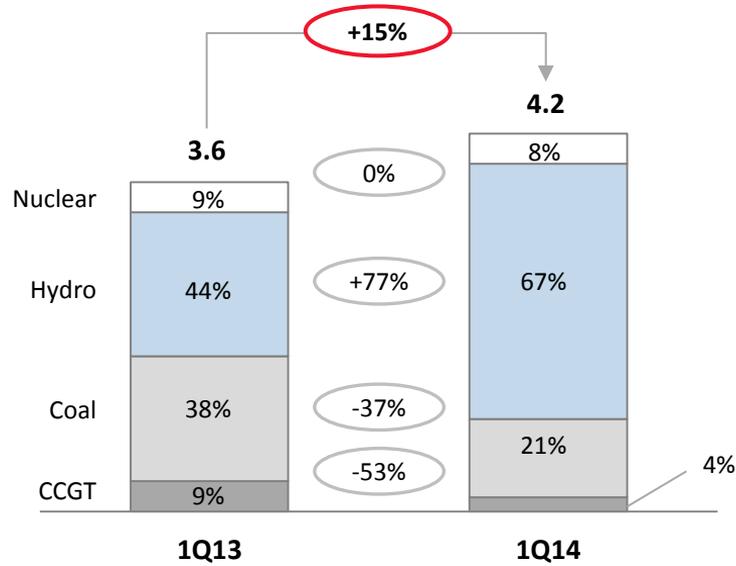


**Electricity demand in 1Q14:** Signs of demand recovery in Portugal, continuing deterioration in Spain

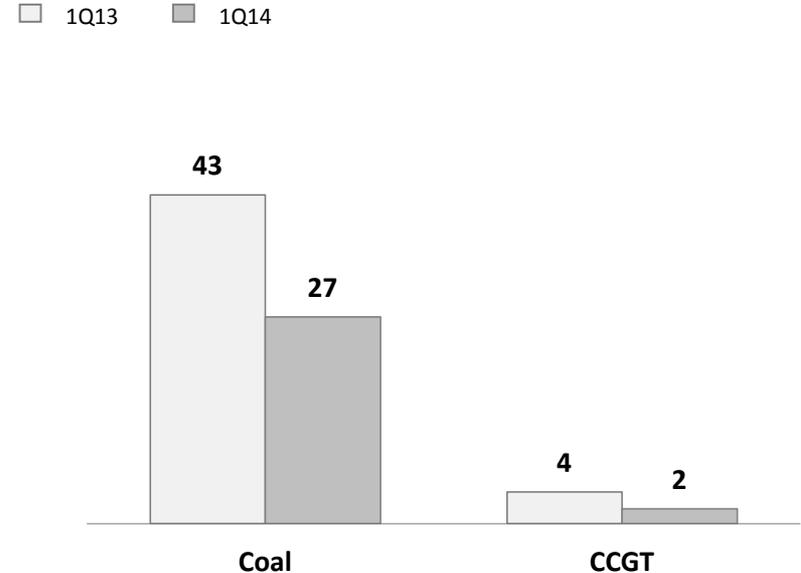
**Thermal power production:** -37% mostly on strong increase of hydro production

# Liberalised Energy Activities Iberia (19% EBITDA)

EDP Liberalised Power Plants Iberia – Production (TWh)



EDP Coal vs. CCGT – Load factors in 1Q13 and 1Q14 (%)

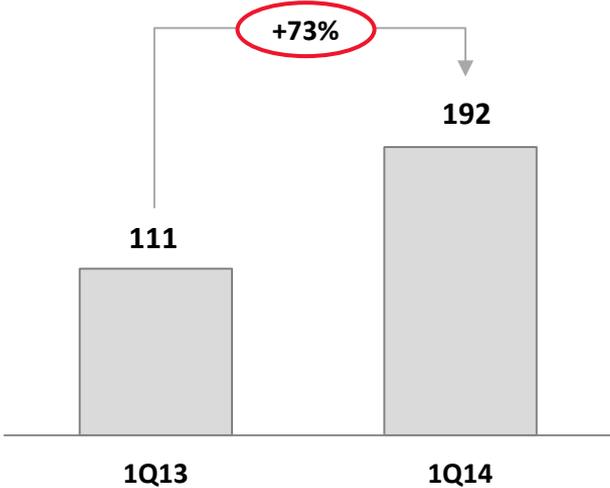


**Production +15%; hydro +77% on rainy weather and transfer of 3 hydro plants to liberalised (PPA end date Dec-13)**

**Strong decline in thermal load factors on the back of lower residual thermal demand**

# Liberalised Energy Activities Iberia (19% EBITDA)

EBITDA Liberalised Activities in Iberian Market  
(€ million)



**Lower Electricity sourcing costs along with long position in clients**

- **3 plants transferred from LT contracted:** +1.1TWh in 1Q14
- **Average generation cost -51% YoY** on higher weight of hydro
- **Long position in clients:** 8.8TWh sold to clients vs. 4.0TWh own production
- **Average purchasing cost: -28% YoY** on lower pool prices and proactive management of flexible generation mix
- **Gas supply Spain:** +€26m on wholesale market deals in 1Q14

**Adverse regulatory developments and lower avg. selling prices**



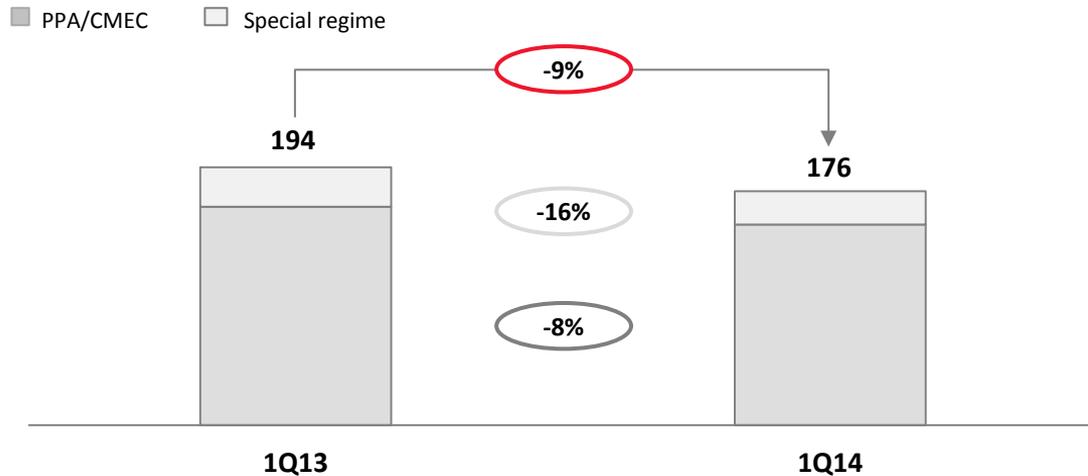
- **Regulation:** -€9m YoY on clawback in Portugal and cuts in capacity payments in Spain;
- **Thermal plants:** very low utilisation levels

**EBITDA 73% higher YoY on: (1) strong hydro volumes** leveraged by new hydro capacity and hydro conditions; **(2) positive impact from low prices on long position in clients** and **(3) good results in gas supply**

# Long Term Contracted Generation Iberia (17% of EBITDA)



## EBITDA LT Contracted Generation (€ million)



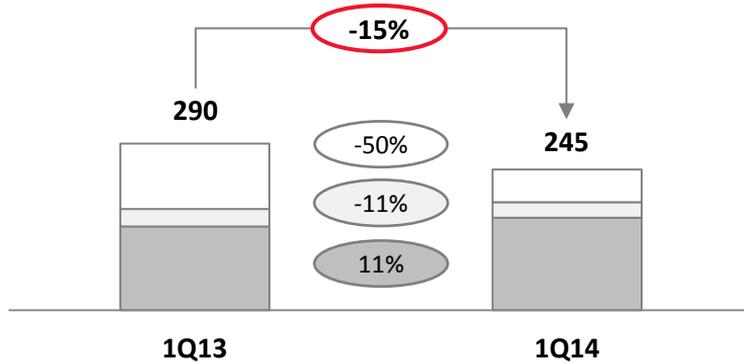
- **PPA/CMEC:** transfer of 3 hydro plants to our merchant portfolio (end of PPAs, gross profit 1Q13: €14m)
- **Special regime:** production outage of several thermal plants on cuts on regulated revenues

**PPA/CMECs with stable 8.5% Return on Asset pre-tax real, no risk on volumes and prices/margins**

# Regulated Energy Networks Iberia (24% of EBITDA)

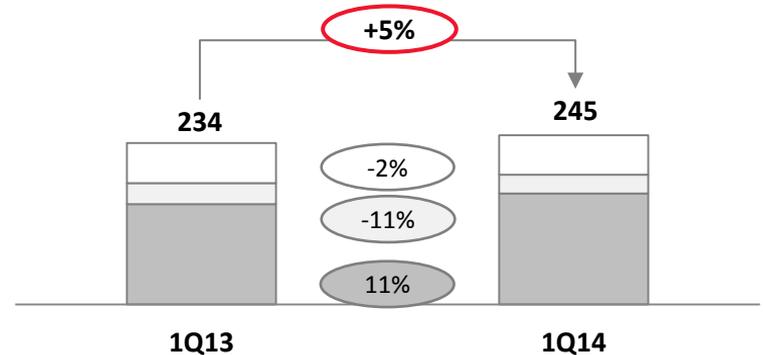
## EBITDA (€ million)

- Gas Iberia
- Electricity Spain
- Electricity Portugal



## Adjusted EBITDA <sup>(1)</sup> (€ million)

- Gas Iberia
- Electricity Spain
- Electricity Portugal



- **Electricity Portugal:** Tight cost control (OPEX: - 8% YoY); RoRAB down from 8.56% in 1Q13 to 8.37% in 1Q14
- **Electricity Spain:** -€3m YoY on application of regulatory changes in Spain as from 2H13
- **Gas Iberia:** Disposal of gas transmission in Spain (one-off gain of €56m booked in 1Q13)

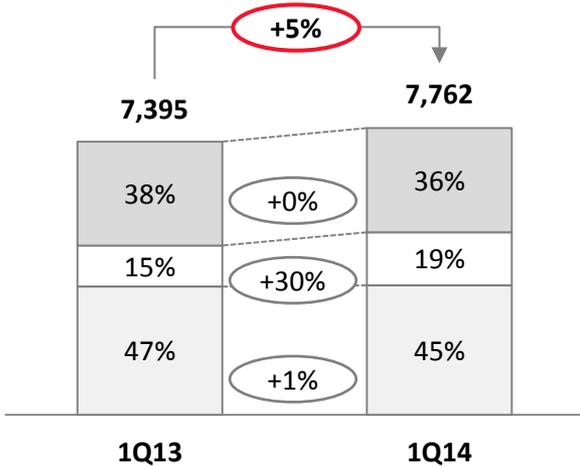
**Gross Profit -2% YoY; adjusted EBITDA +5% YoY reflects good operating costs performance**

(1) Excludes €56m one-off gain related to the sale of gas transmission assets to Enagas in 2013

# EDP Renováveis (28% of EBITDA): Growth from capacity additions mitigated by regulatory cuts in Spain

**Installed Capacity (MW)**

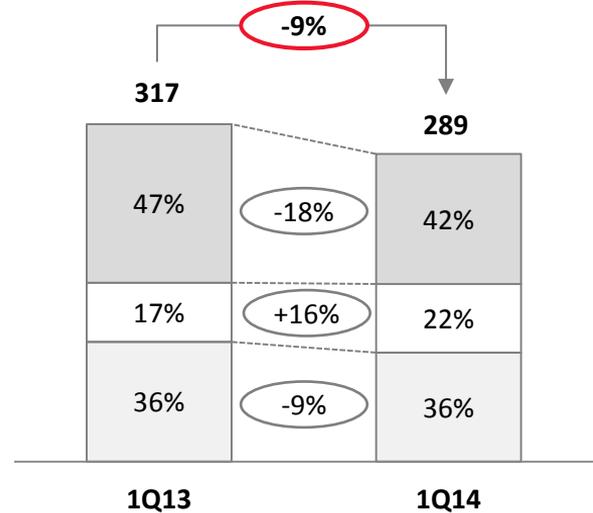
■ Iberia   ■ North America   ■ Other <sup>(1)</sup>



**Wind Power Production (GWh)**



**EBITDA (€ million)**



- **EBITDA Iberia: -18%**; production +5% on strong wind, revenues penalized by regulatory cuts in Spain (-€18m)
- **EBITDA US: -9%**; production +8%, flattish avg. selling price, one-off gain in 1Q13 (+€14m), negative forex impact (-€4m)
- **EBITDA other markets: +16%**; production +41%, on the back of capacity additions mainly in Poland and Romania

(1) Includes Rest of Europe and Brazil

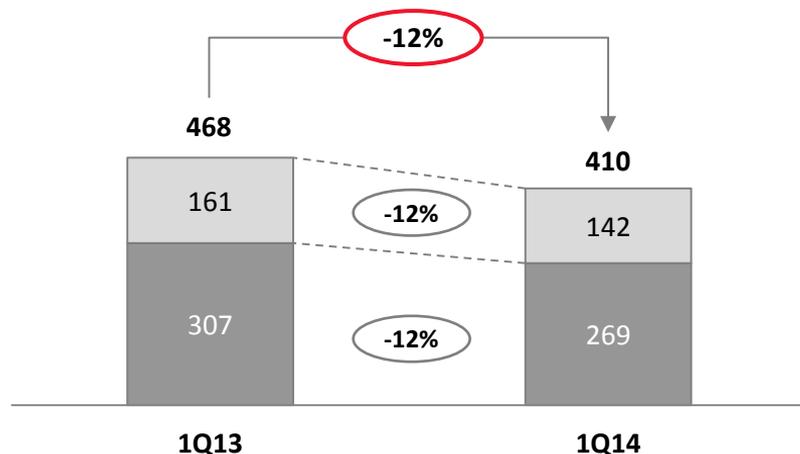
# EDP Brasil (12% of EBITDA)

## EBITDA -12% YoY in local currency



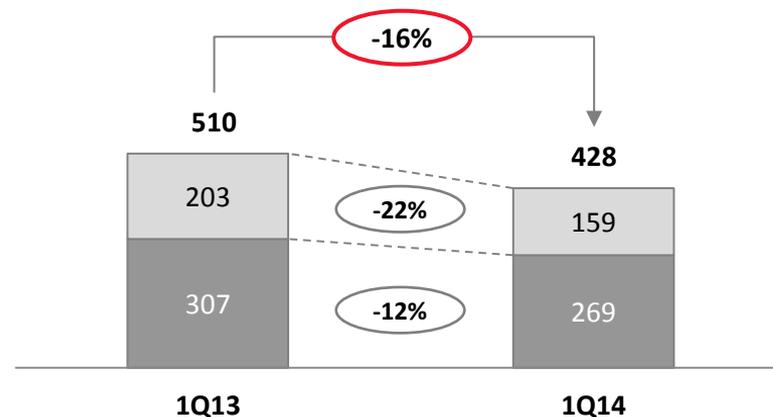
**EDP Brasil EBITDA**  
(BRL million)

■ Generation & Other    □ Distribution



**EDP Brasil Adjusted<sup>(1)</sup> EBITDA**  
(BRL million)

■ Generation & Other    □ Distribution



**EBITDA in local currency -12%, or -16% adjusted<sup>(1)</sup> (ForEx impact: -€29m)**

**Distribution Adj. EBITDA: -22% on lower RoRAB in Escelsa (7.5% since Aug-13), higher costs with energy losses**

**Generation & Supply EBITDA: -13% due to lower volumes sold (29% of annual contracts in 1Q13 vs. 27% in 1Q14)**

(1) Adjustments to EBITDA: tariff deviations and CDE contributions at level of our distribution business (+R\$17m in 1Q13 vs. +R\$42m in 1Q13)

# A resilient business model in a challenging environment



**Resilient performance enhanced by diversification**

- **EBITDA -5% and Net Profit -12%**
- Comparison YoY impacted by €56m one-off gain at EBITDA level in 1Q13
- **Improving efficiency:** OPEX/Gross profit of 24% vs. 25% in 1Q13

**Profitable Growth**

- **Expansion capex:** Execution of new hydro in Portugal and new wind (mostly in US with PPAs)

**Keeping Low Risk profile**

- **Net debt flat at €17.1bn**
- **Execution of Portuguese tariff deficit securitisations:** €138m in Feb-14 and €750m in Apr-14
- **Strong financial liquidity:** €5.4bn; Refinancing needs covered until end of 2015

**2013 annual dividend: €0.185/share (~€675m) to be paid on May 29<sup>th</sup> (ex-dividend date: May 26<sup>th</sup>)**

**Improvement on the visibility of EDP's medium term Free Cash Flow potential**

**Based on high quality asset mix, sustainable returns, diversified markets and risk management**



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## Next Events

May 14<sup>th</sup>: EDP Investor Day - London

May 15<sup>th</sup> and May 20<sup>th</sup>-21<sup>st</sup>: Roadshow London (Morgan Stanley)

May 16<sup>th</sup>: Roadshow Stockholm (BPI)

May 19<sup>th</sup>: Roadshow Boston (JP Morgan)

May 20<sup>th</sup>: Pan-European Days Conference in New York (Millennium BCP)

May 21<sup>st</sup>: Roadshow NY (Espírito Santo)

May 23<sup>rd</sup>: Roadshow Dublin (Morgan Stanley)