



Results Presentation 9M14

Lisbon, October 31st, 2014



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9M14: Highlights of the period



EBITDA: €2,715m, -3% YoY

EBITDA in Iberia (ex-wind): +2% YoY excluding one-offs (€56m in 9M13 vs. €129m in 9M14)

Strong hydro, good energy management and tight cost control compensate regulatory cuts

EDP Renováveis: EBITDA -6% YoY

New capacity additions not enough to compensate the more adverse remuneration in Spain vs. 9M13

EBITDA in Brazil: -21% YoY in local currency; -29% YoY in Euro terms due to BRL depreciation vs. EUR

Excluding Jari/CC capital gain and DisCo's tariff deviations: EBITDA -13% YoY in BRL, penalised by the drought

Net Profit: €786m, -1% YoY

9M14: Highlights of the period



Net debt +€0.4bn YTD to €17.5bn in Set-14

+€0.3bn forex impact mainly due to USD appreciation vs. EUR; no tariff deficit securitisations in 3Q14

Net Investments⁽¹⁾: €1,108m (-15% YoY); Capex focused on hydro in Portugal and wind projects in US

EDPR's assets rotation: €0.4bn proceeds from deals agreed in US & France (financial closing in 4Q14/1Q15)

Stable amount of regulatory receivables owed to EDP: -€0.1bn YTD at €2.7bn by Sep-14

Portuguese electricity system global regulatory receivables: good performance in 3Q14 (+€50m QoQ)

€1bn Eurobond issued in Sep-14: 7-year maturity, yield of 2.73%

€5.5bn of financial liquidity by Sep-14: **Refinancing needs covered until mid 2016**

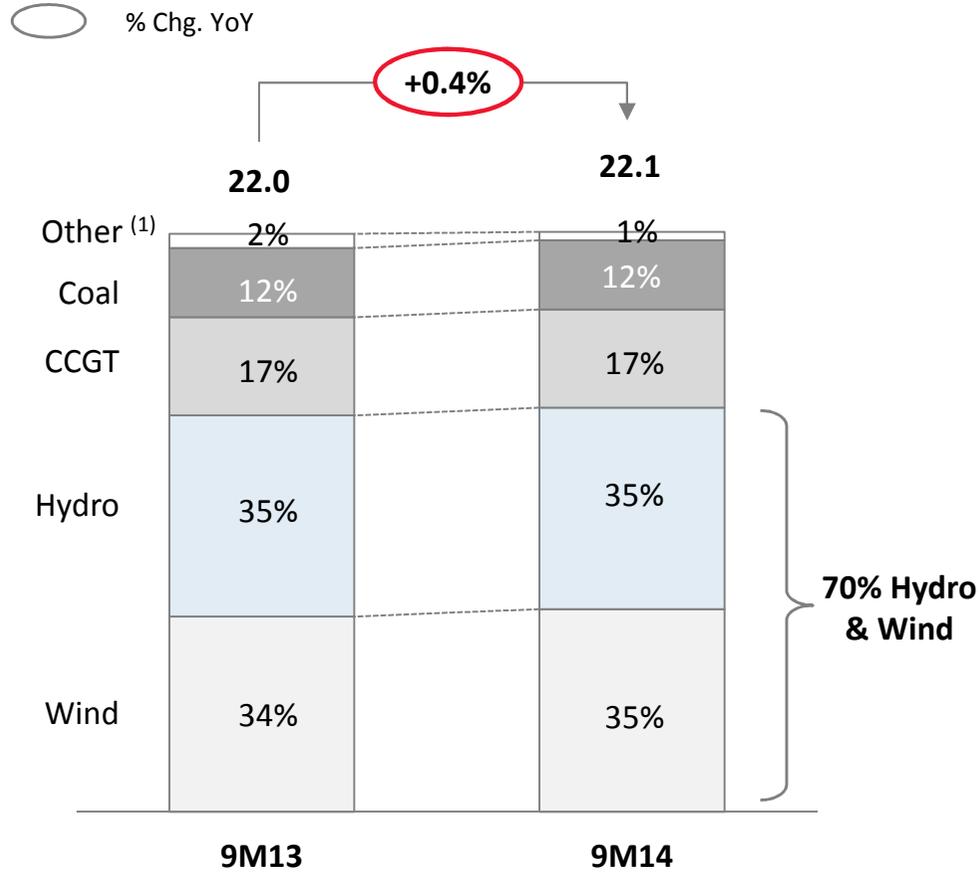
Low-risk profile: Portfolio highly regulated/LT contracted, diversified markets and competitive assets

Focus on risk control + efficiency improvements + delivery of ongoing growth projects

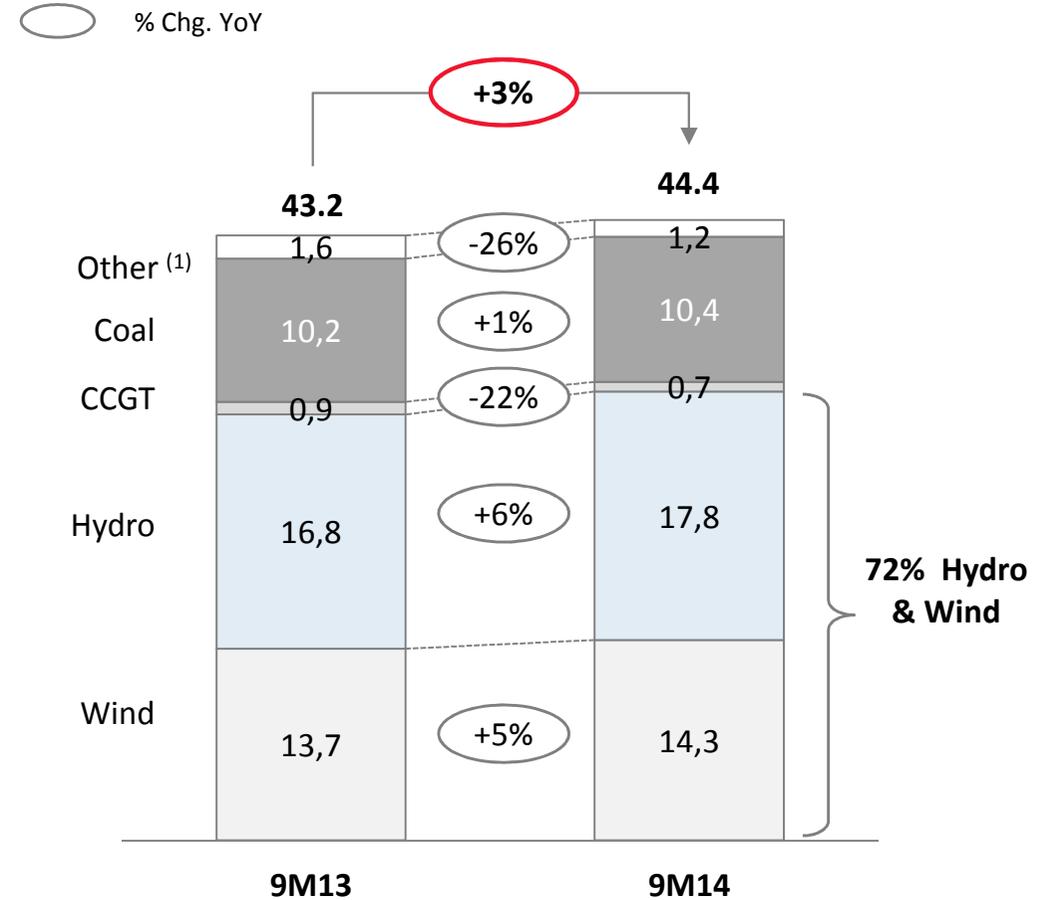


9M14 Operational Headlines: Increasing weight of Hydro & Wind in EDP's generation mix

**Installed Capacity
(GW)**



**Generation Breakdown by Technology
(TWh)**



Installed capacity +0.4%: +0.3GW of new wind out of Iberia; shut down of 0.2GW old oil & cogen in Portugal
Power production +3% due to rainy weather conditions in Iberia in 1H14 and YoY wind capacity increase

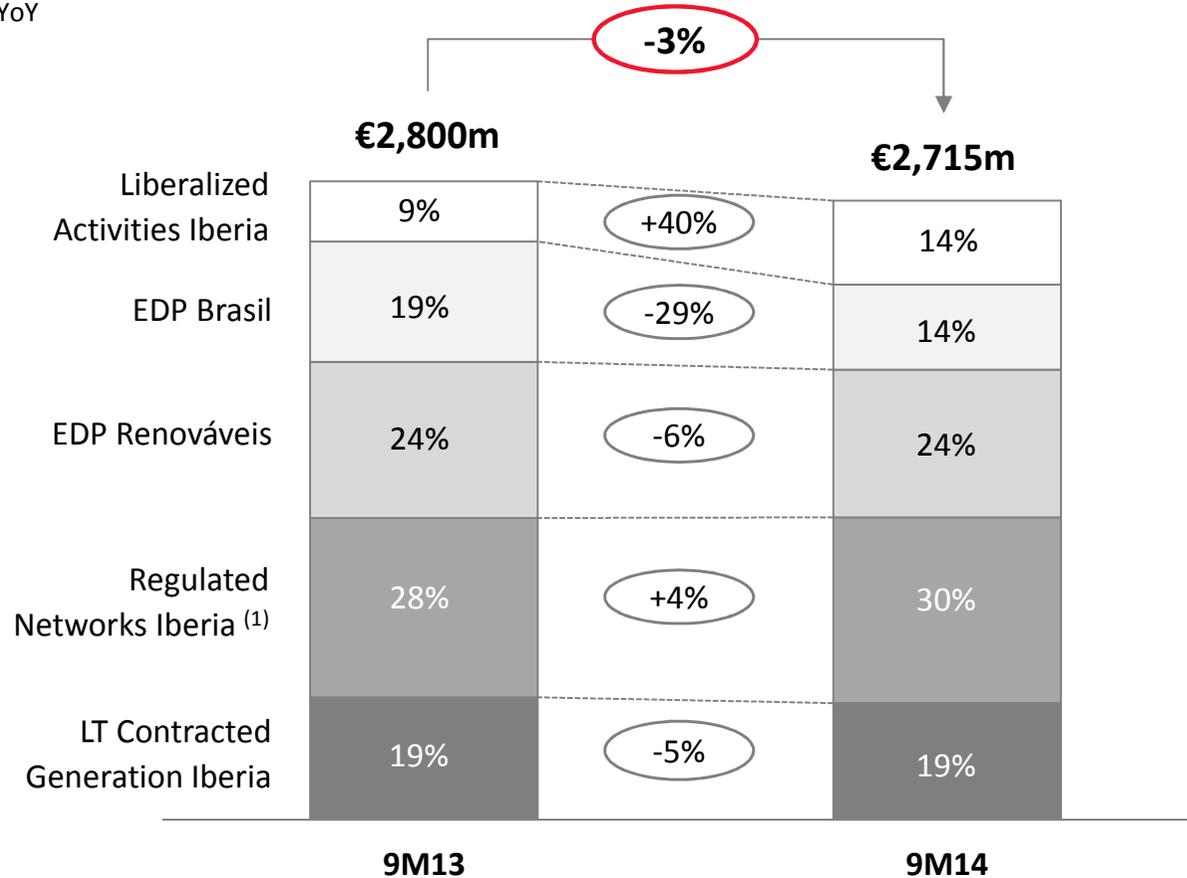
(1) Fuel oil, thermal special regime (cogeneration, biomass), nuclear and solar



EBITDA: -3% YoY (including -2% forex impact)

EBITDA Breakdown by division (€ million)

○ % Chg. YoY



ForEx impact: -2% or -€50m, mostly due to BRL devaluation vs. Euro

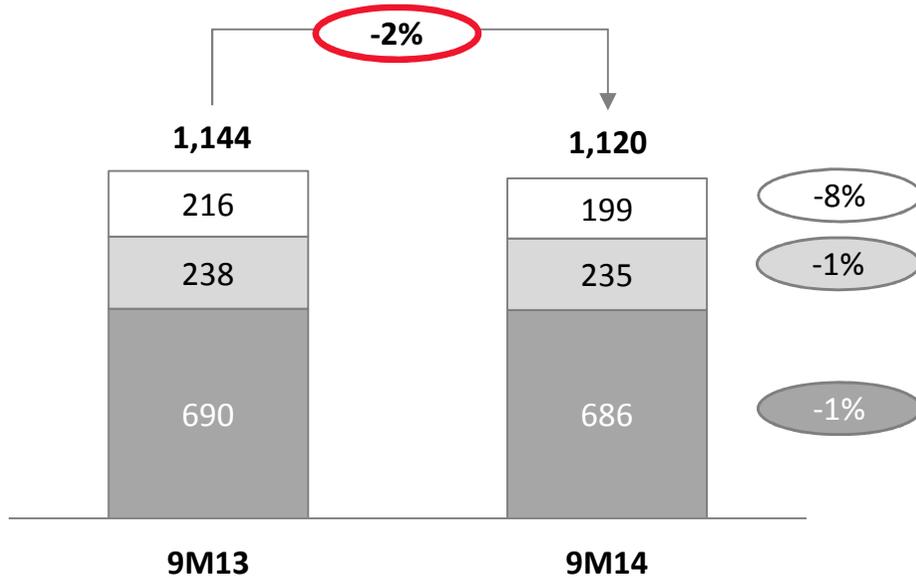
Resilient performance in Iberia outstood by drought in Brazil and adverse context at EDPR

(1) Includes regulated networks and other

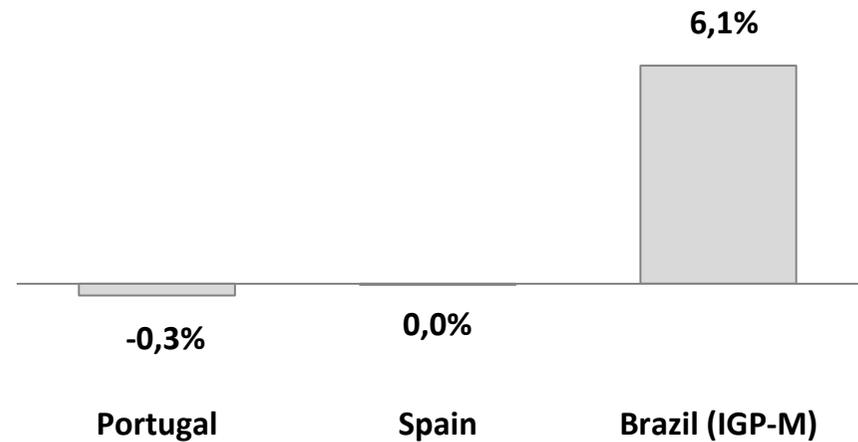
Operating costs: -2% YoY

Operating costs⁽²⁾: 9M14 vs. 9M13
(€ million)

□ Brazil □ EDPR ■ Iberia



9M14 YoY Inflation⁽³⁾
(%)



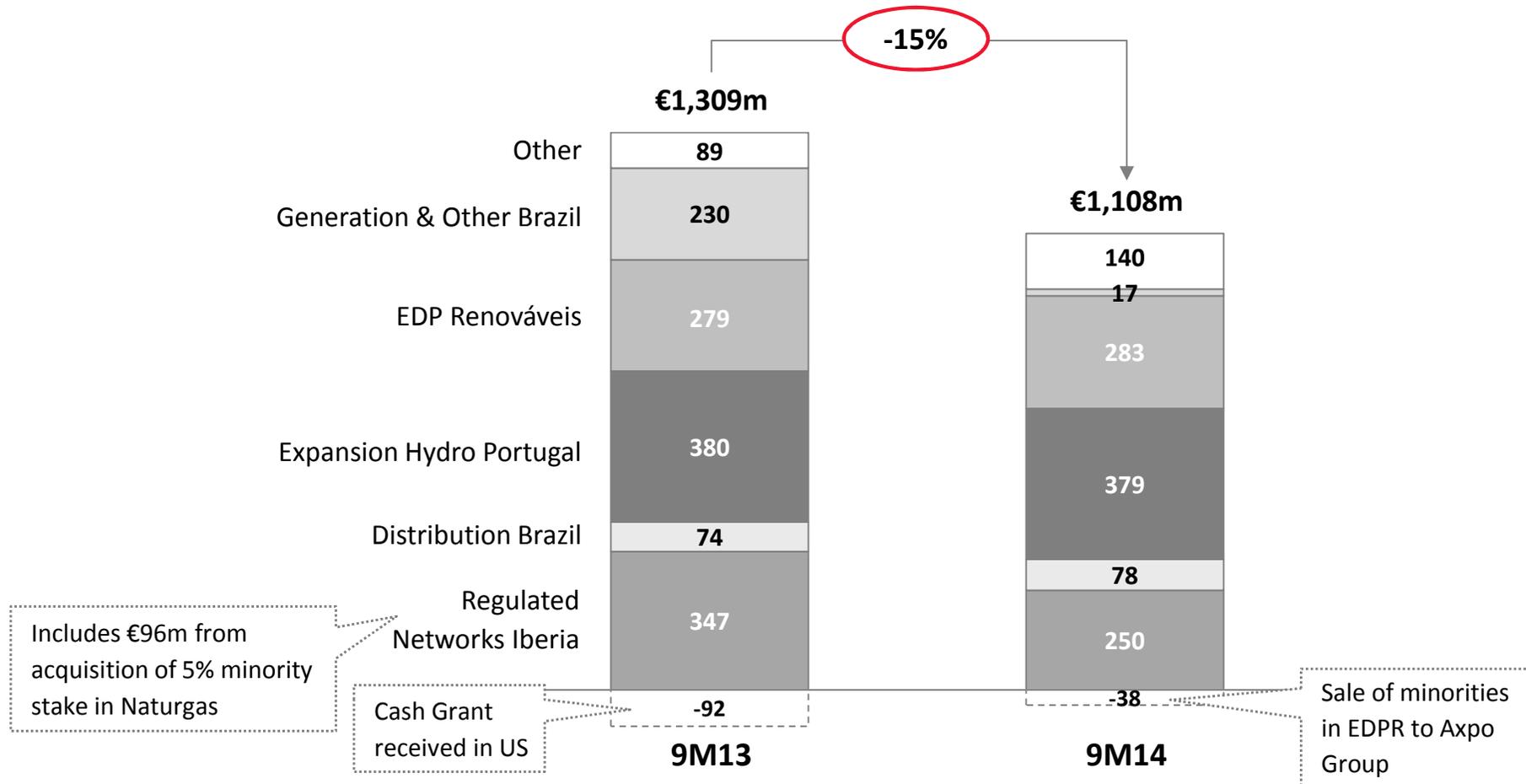
- **Iberia:** -1% YoY on successful execution of OPEX III program and headcount reduction (early retirements in Portugal)
- **EDPR:** -1% YoY (flat YoY excluding forex), despite the 4% increase of installed capacity
- **Brazil:** -8% in Euro terms; +3% in local currency, clearly below inflation (includes +6.5% annual salary update)

OPEX III efficiency program: ~€110m savings accomplished until Sep-14; 2015 target anticipated for 2014
Opex/Gross Profit⁽¹⁾ at 28% in 9M14

(1) Gross profit adjusted for PTC revenues; (2) OPEX=Supplies & Services + Personnel costs & employees benefits; 9M14 excluding the impact from the new Collective Labour Agreement in Portugal
(3) Portugal and Spain: INE; Brazil: FVG; monthly average for IGP-M.

Investments: Focus on new wind & hydro capacity and Regulated networks

Net Investments breakdown by division ⁽¹⁾
(€ million)



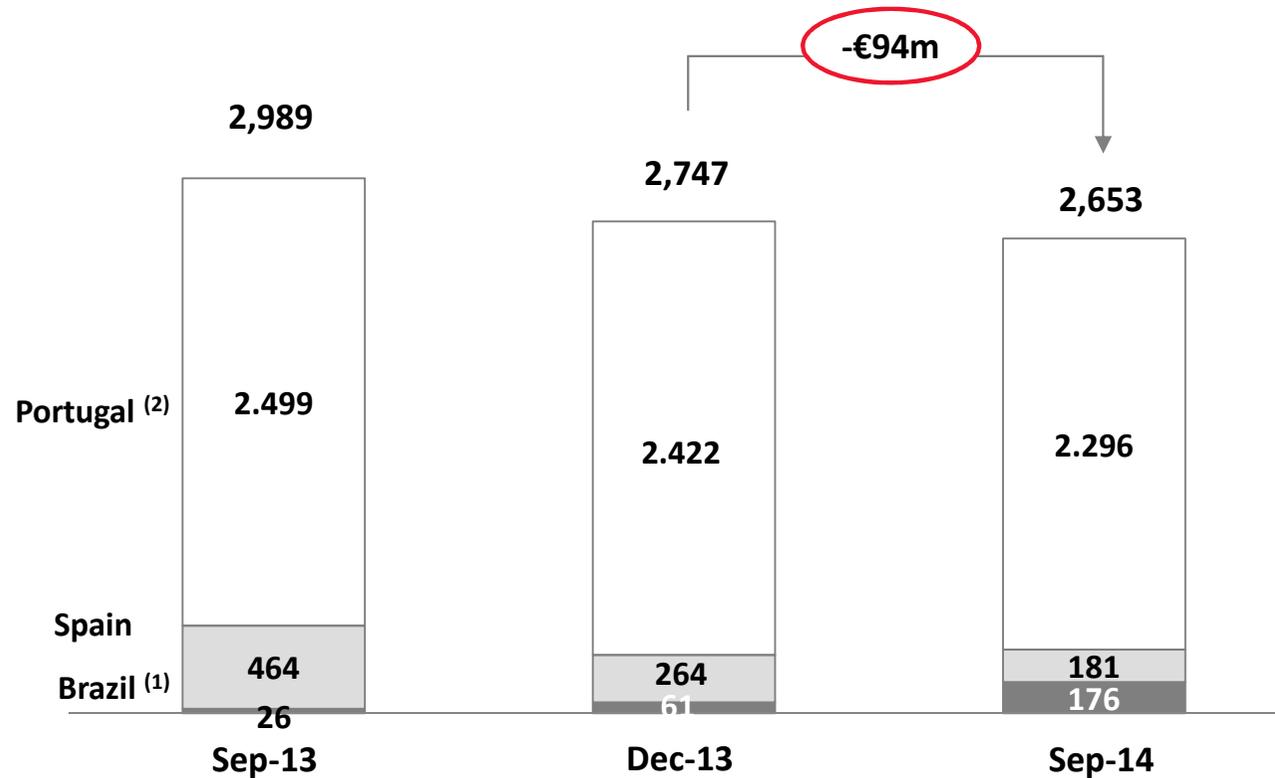
Expansion capex: 700MW of new wind capacity being built in US and Brazil (all with PPAs already signed)
5 ongoing hydro projects in Portugal reached 84% rate of completion; Maintenance capex: €434m

(1) Capex net of investment subsidies + Financial Investments - Financial Divestments related to EDPR's asset rotation strategy (9M14: €38m from sale to Axpo Group, of which €28m for equity stake and €10m for shareholder loans)

Evolution of EDP's total regulatory receivables



EDP's Net Regulatory Receivables (€ million)



- **Portugal: -€126m** (tariff deficit to EDP: +€688m in 1H14, +€219m in 3Q14; securitisations: -€1,033m in 1H14)
- **Spain: -€83m YTD**, mostly on adjustments to 2013 deficit
- **Brazil: +€115m YTD**, negative tariff deviation not fully compensated by cash collection from CDE/CCEE

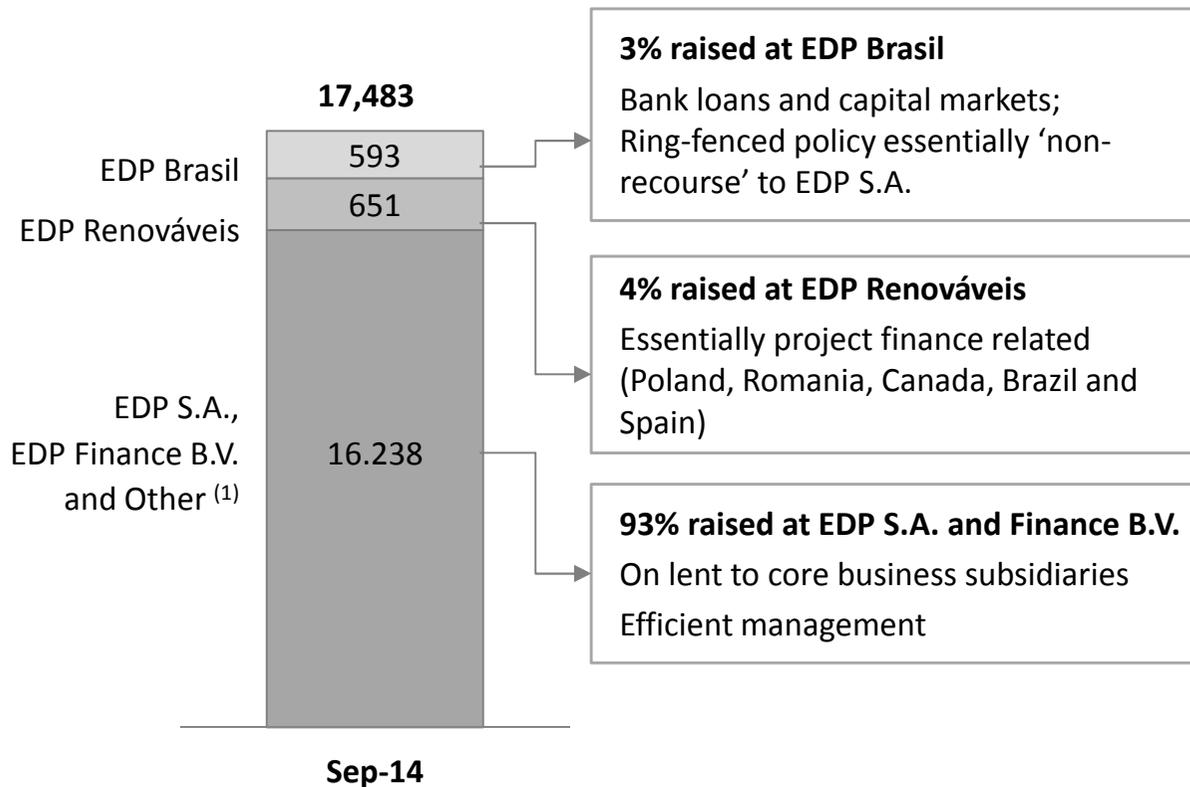
(1) Brazil's Regulatory Receivables are out of Balance Sheet;

(2) Includes gas regulated activity in Portugal

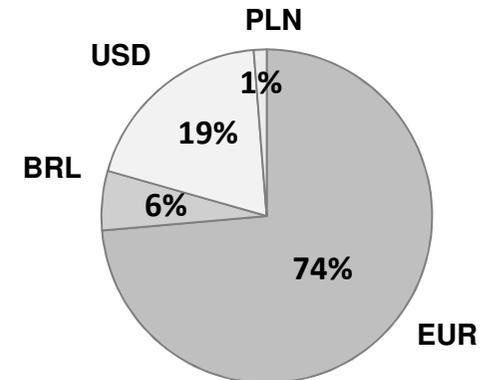


EDP's Net Debt Breakdown: Sep-14

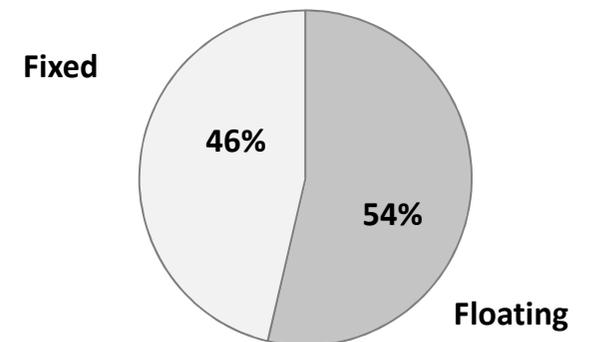
EDP consolidated net debt position: Sep-14
(€ million)



EDP consolidated debt by currency: Sep-14
(%)



Debt by interest rate term: Sep-14
(%)



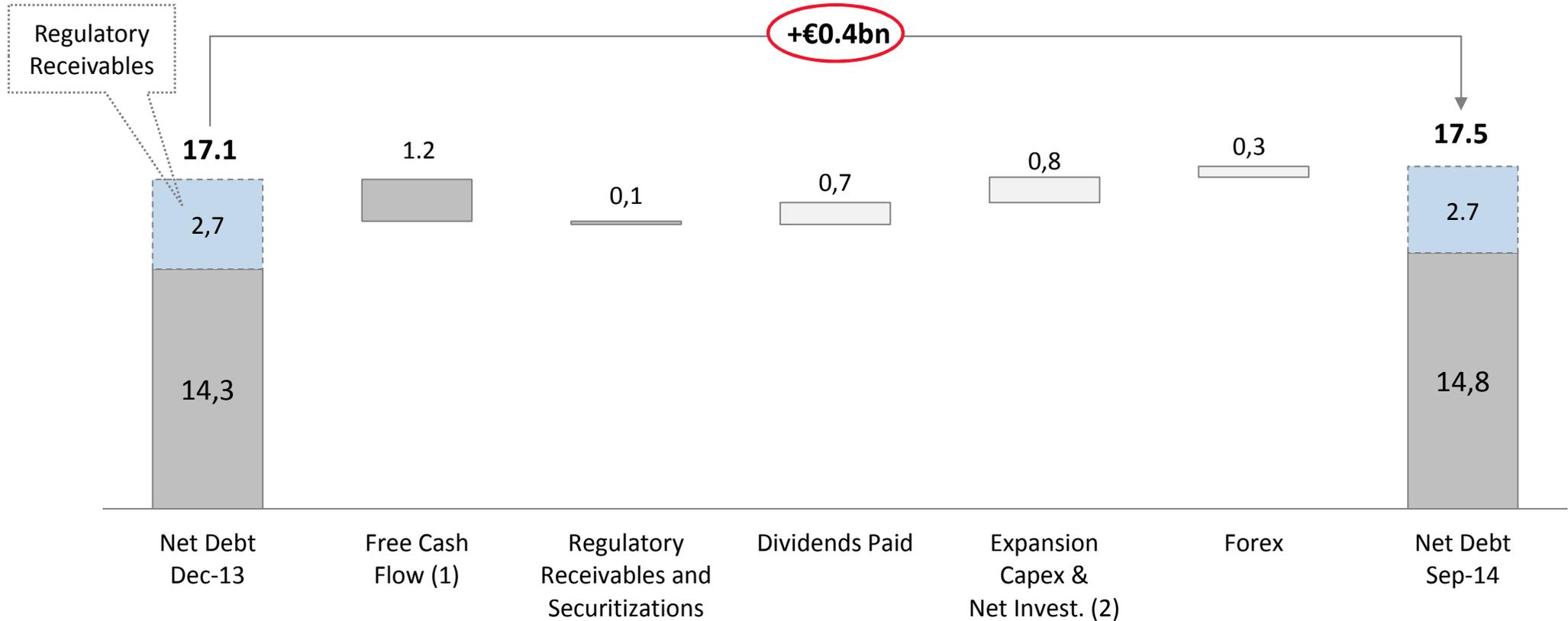
Debt essentially issued at holding level through both capital markets (public and private) and bank loans
Investments and operations funded in local currency to mitigate ForEx risk
Floating rates: 54% weight provides hedging on inflation

(1) Including accrued interest, fair value hedge and collateral deposits associated with debt.

9M13 Change in Net Debt

Change in Net Debt: Sep-14 vs. Dec-13

(€ billion)



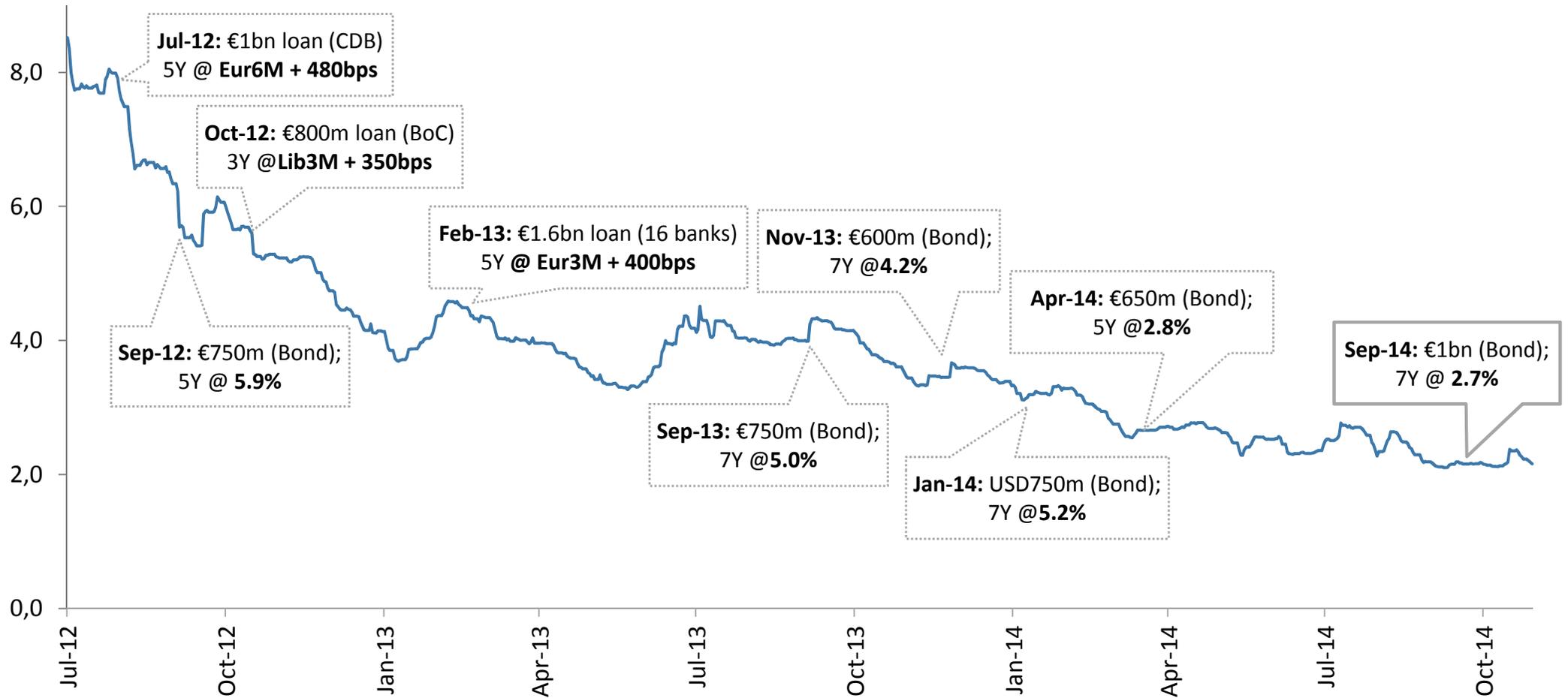
Negative ForEx impact: €333m mostly due to the USD appreciation vs. the Euro

EDPR's assets rotation deals already agreed in US & France: Proceeds of €0.4bn to be cashed-in in 4Q14/1Q15

EDP's major debt issues since Jul-12

EDP 5 year bond yield / EDP major debt issues since Jul-12

(%)

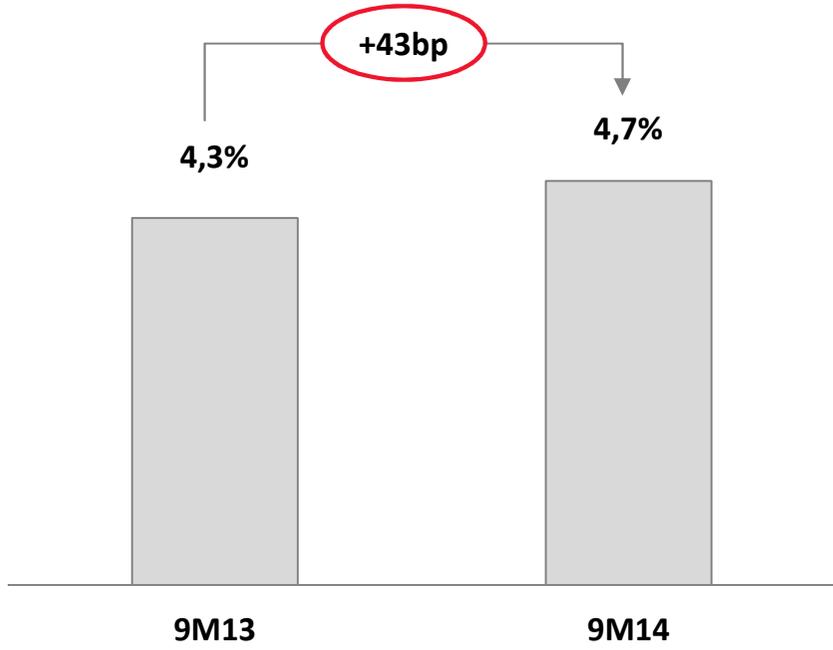


€1bn bond issue in Sep-14, 7 years and 4 months maturity, 2.7% yield

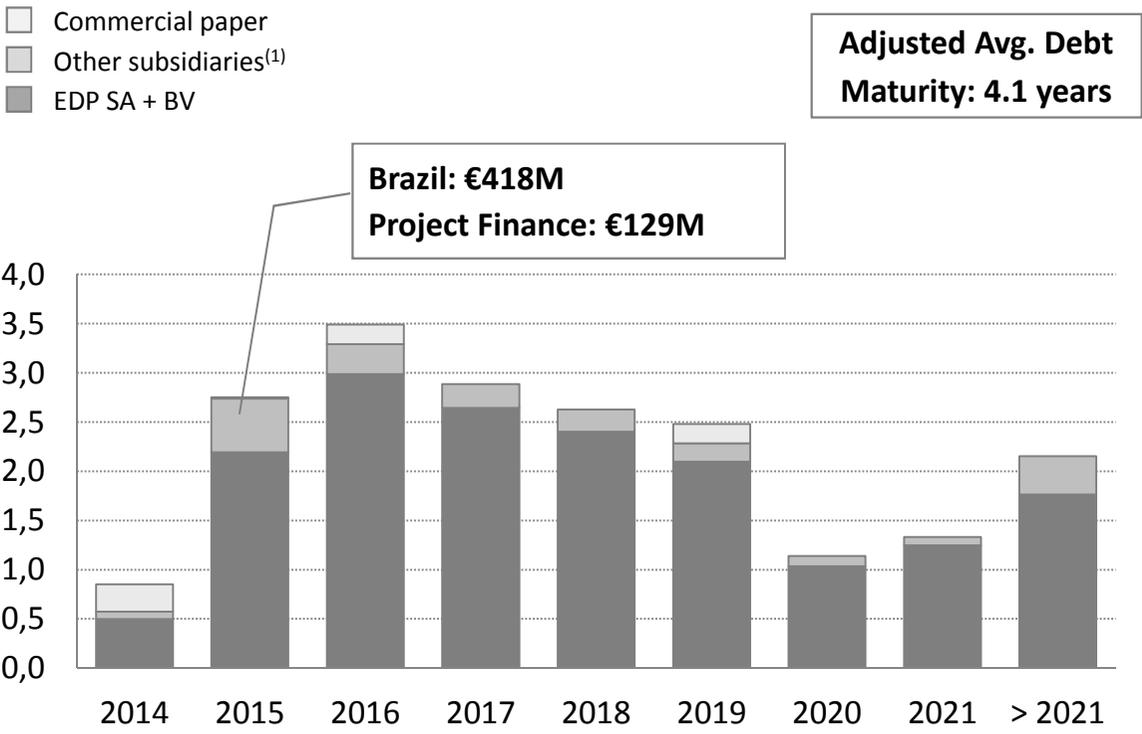
Tariff deficit securitisations: €3.0bn in 2013/9M14 of which €2.3bn in Portugal and €0.8bn in Spain

Financial Debt: Average cost and maturity profile

Avg. Cost of Debt: 9M14 vs. 9M13 (%)



EDP consolidated debt maturity profile as of Sep-14 (€ billion)



Higher avg. cost of debt justified by some debt matured over 9M14 which was paying a low avg. interest

Average debt maturity by Sep-14: 4.1 years

(1) Includes essentially EDP Brasil and project finance at EDPR level.

Financial Liquidity position



(€ million)

Sources of liquidity (Sep-14)

Instrument	Maximum Amount	Number of counterparties	Utilised	Available	Maturity
Revolving Credit Facility	3,150	21	0	3,150	Jun-2019
Domestic Credit Lines	199	9	0	199	Renewable
Underwritten CP	100	1	0	100	Oct-2016
Total Credit Lines	3,449		0	3,449	
Cash & Equivalents:				2,058	
Total Liquidity Available				5,507	

Financial liquidity by Sep-14: €5.5bn

Main sources and uses of funds

Sources of funds

- | | |
|------------------------------------|--------|
| ▪ Cash & Equivalents (Sep-14): | €2.1bn |
| ▪ Available Credit Lines (Sep-14): | €3.4bn |

TOTAL	€5.5bn
--------------	---------------

Use of funds

- | | |
|-------------------------------------|---------------|
| ▪ Refinancing needs in 2014: | |
| Bonds maturing in Dec-14 | €0.4bn |
| Total 2014 | €0.4bn |
| ▪ Refinancing needs in 2015: | |
| Bonds maturing in 1Q15 | €1.1bn |
| Bonds maturing in 2Q15 | €0.75bn |
| Loans maturing in 2015 | €0.5bn |
| Total 2015 | €2.3bn |

TOTAL	€2.7bn
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Financial liquidity covers refinancing needs until mid-2016

Net Profit breakdown

(€ million)	9M13	9M14	Δ %	Δ Abs.	
EBITDA	2,800	2,715	-3%	-85	Extension of useful life of thermal plants in Iberia and cogen impairments in 4Q13; distribution asset's write down in Brazil in 9M13 (-€20M)
Net Depreciations and Provisions	1,094	1,036	-5%	-58	
EBIT	1,706	1,680	-2%	-26	<ul style="list-style-type: none"> ▪ Average net debt: -€0.6bn ▪ Equity results from Pecém (+€49m YoY) ▪ Capitalized costs (+€29m YoY on higher WIP) ▪ Tariff deficit securitisation gains (+€26m YoY)
Financial Results & Associated Companies ⁽¹⁾	(502)	(429)	-15%	+74	
Income Taxes	263	276	+5%	+13	
Non-controlling interests	149	143	-4%	-5	Lower net profit at the level of EDP Renováveis and EDP Brasil
Extraordinary Energy Tax in Portugal	-	46	-	+46	
Net Profit	792	786	-1%	-6	

(1) Includes capital gains/losses

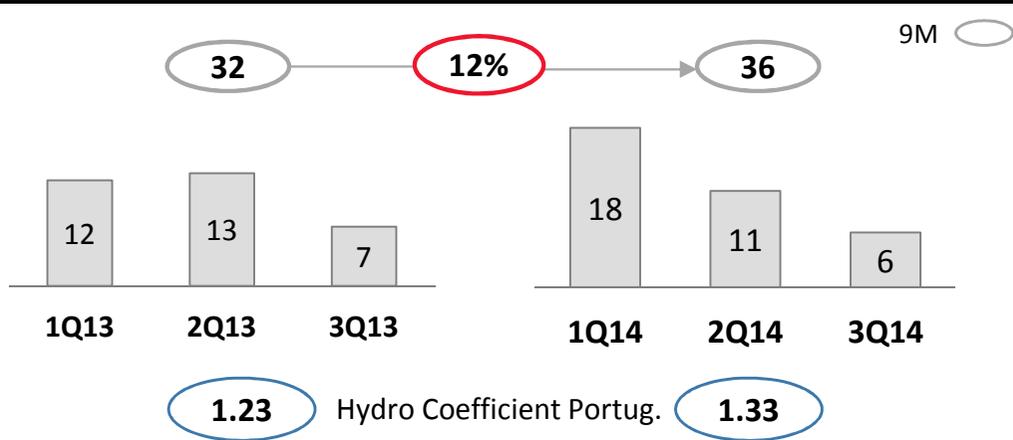


Business Areas

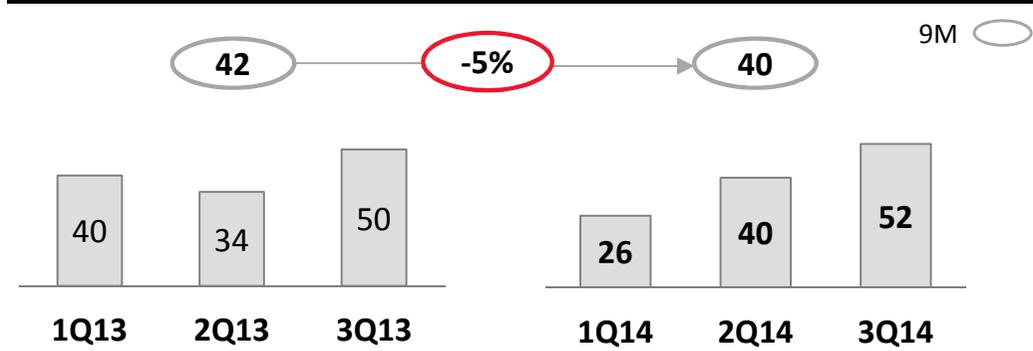
Electricity market environment in Iberia: 9M14 vs. 9M13



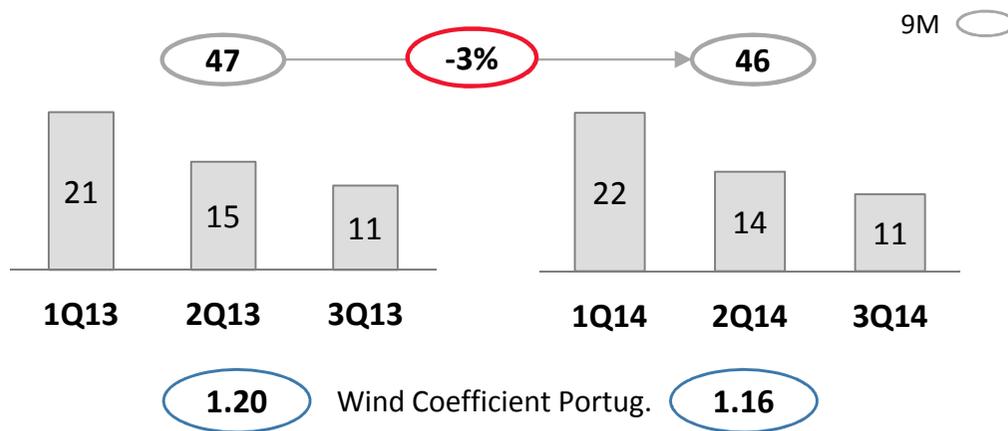
Hydro & Mini-Hydro Power Production – Iberia ⁽¹⁾
(TWh)



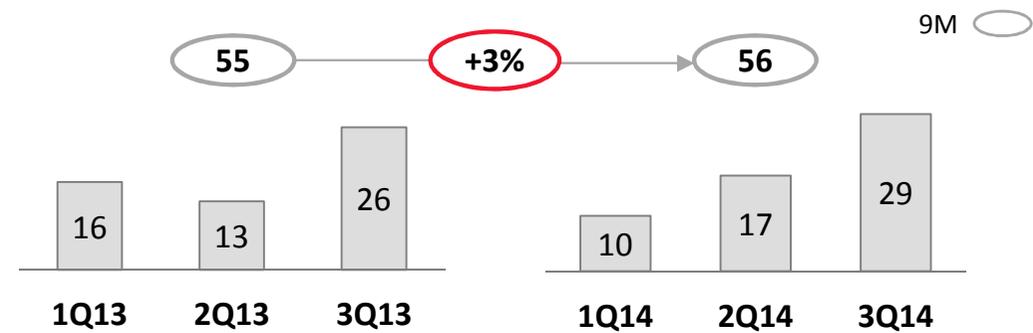
Avg. Pool Price in Spain
(€/MWh)



Wind Power Production – Iberia
(TWh)



Thermal Power Production in Iberian market
(TWh)



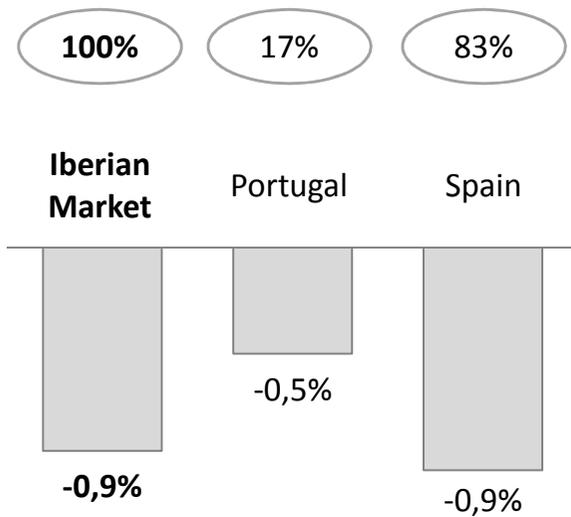
3Q14: lower wind of hydro volumes vs. 1H14 allowed recovery of thermal production and pool prices

(1) Net of pumping

Iberia: Electricity Demand

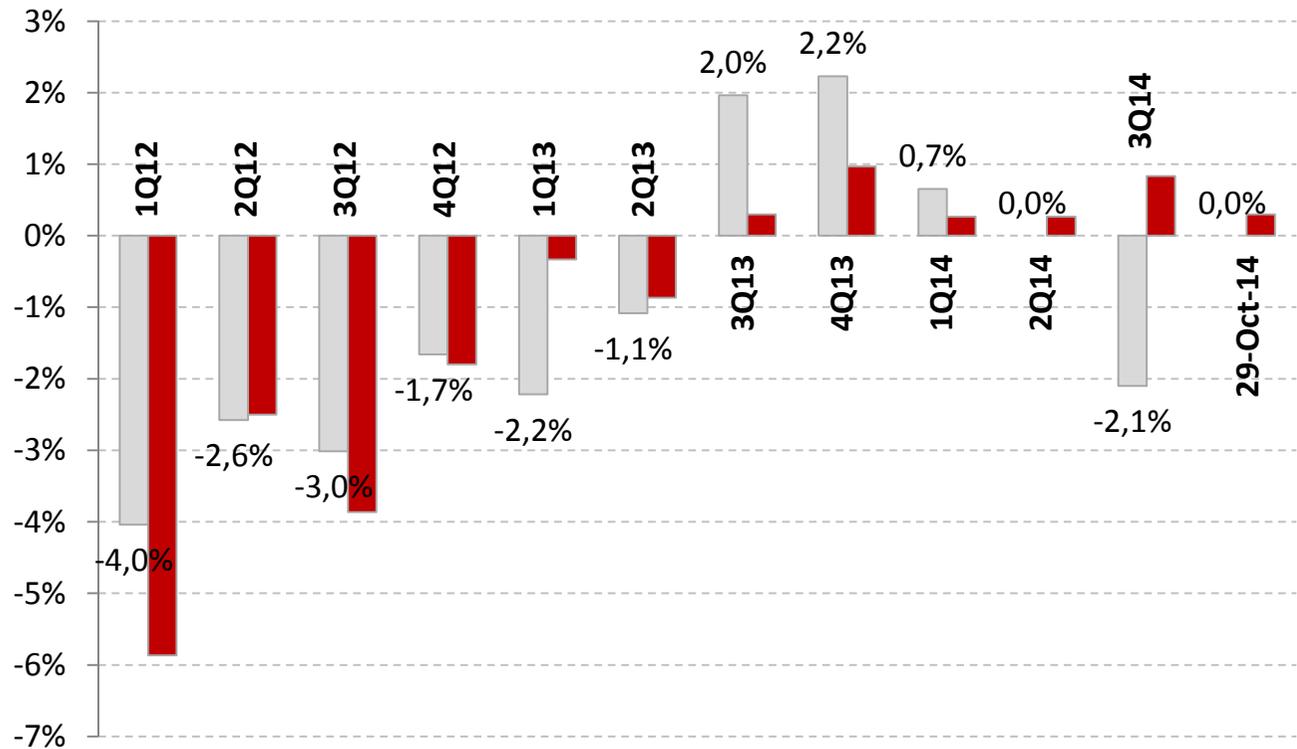
Electricity Demand in Iberian Market 9M14 ⁽¹⁾
($\Delta\%$ YoY)

○ % Weight in Iberia in 9M14



Electricity demand Portugal ⁽¹⁾
($\Delta\%$ YoY)

■ Real ■ Adjusted ⁽²⁾



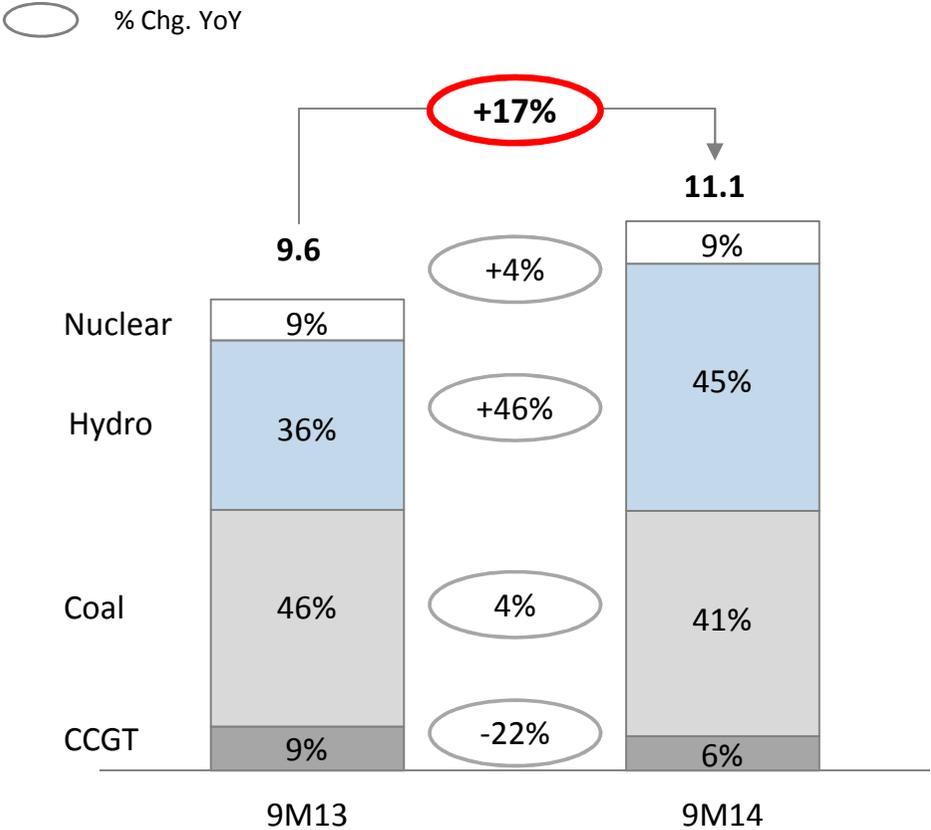
Electricity demand in 9M14: -0.9% on milder weather (adj. for temperature & working days: PT:+0.5%; SP:+0.3%)

Portuguese Electricity Demand: October-to-date flat YoY (+0.3% adjusted⁽²⁾ YoY)

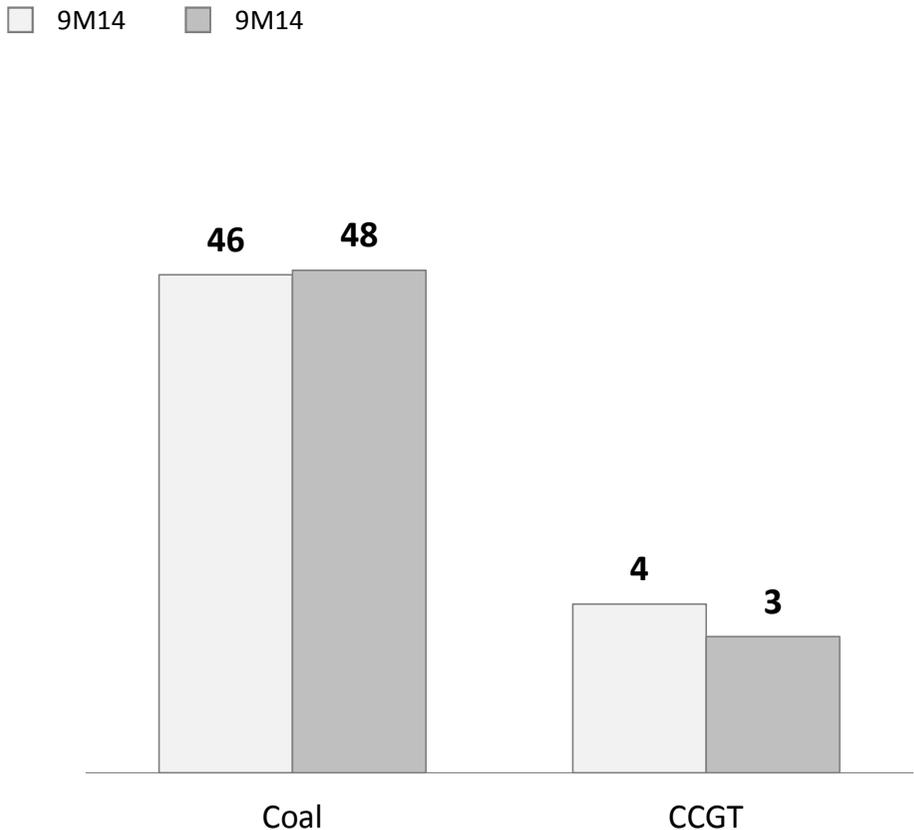
Liberalised Energy Activities Iberia (14% EBITDA)



EDP Liberalised Power Plants Iberia – Production (TWh)



EDP Coal vs. CCGT – Load factors in 9M14 and 9M13 (%)

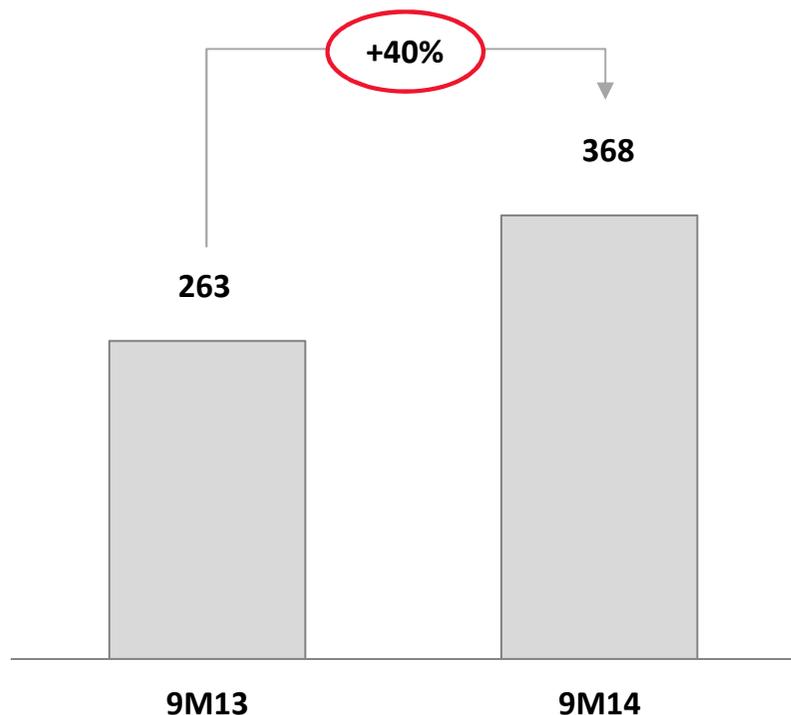


Production +17%; hydro +46% on transfer from 3 hydro plants to liberalised (PPA ended 2013) and rainy weather
Thermal load factors: no material changes YoY

Liberalised Energy Activities Iberia (14% EBITDA)



EBITDA Liberalised Activities in Iberian Market
(€ million)



Lower sourcing costs along with long position in clients

- **3 hydro plants transferred from PPA/CMEC:** +2.0TWh in 9M14
- **Avg. generation cost -21% YoY** on higher weight of hydro
- **Long position in clients:** 26TWh sold to clients vs. 11TWh own production
- **Avg. purchasing cost: -5% YoY** on lower pool prices
- **Gas supply:** +€36m mainly on sales in the wholesale market

Adverse regulatory developments Lower profitability of thermal plants



- **Regulatory developments:** -€9m YoY on clawback in Portugal and -€10m YoY on cuts in capacity payments in Spain; Generation taxes in Spain (€71m in 9M14).
- **CCGTs:** continuing low utilisation levels due to negative spark spreads

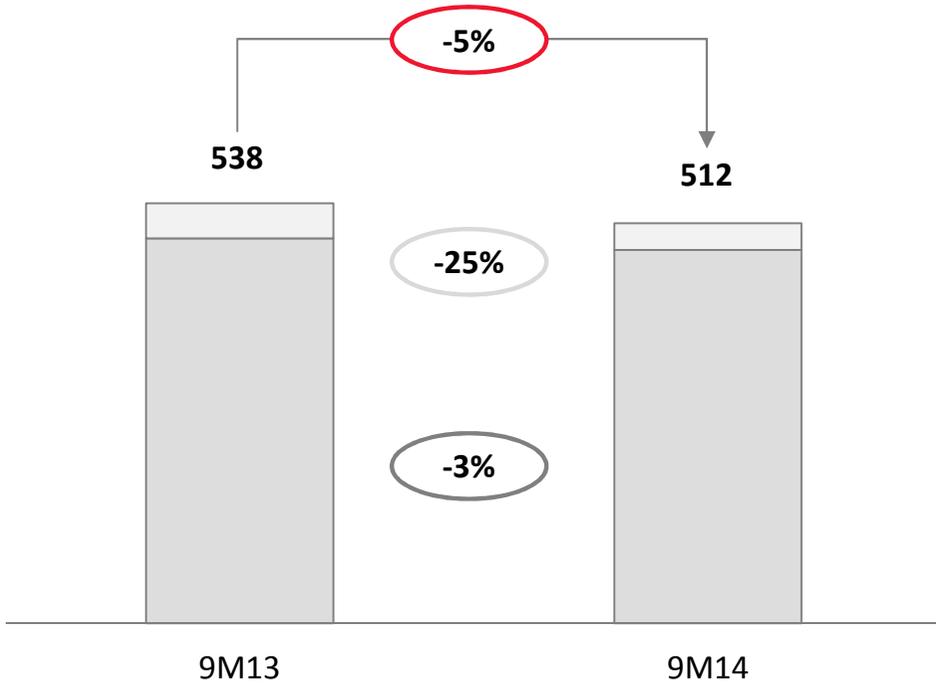
EBITDA 40% up YoY on: (1) strong hydro volumes leveraged by new hydro capacity; (2) positive impact from energy management of our long position in clients and (3) negative impact from regulatory changes

Long Term Contracted Generation Iberia (19% of EBITDA)



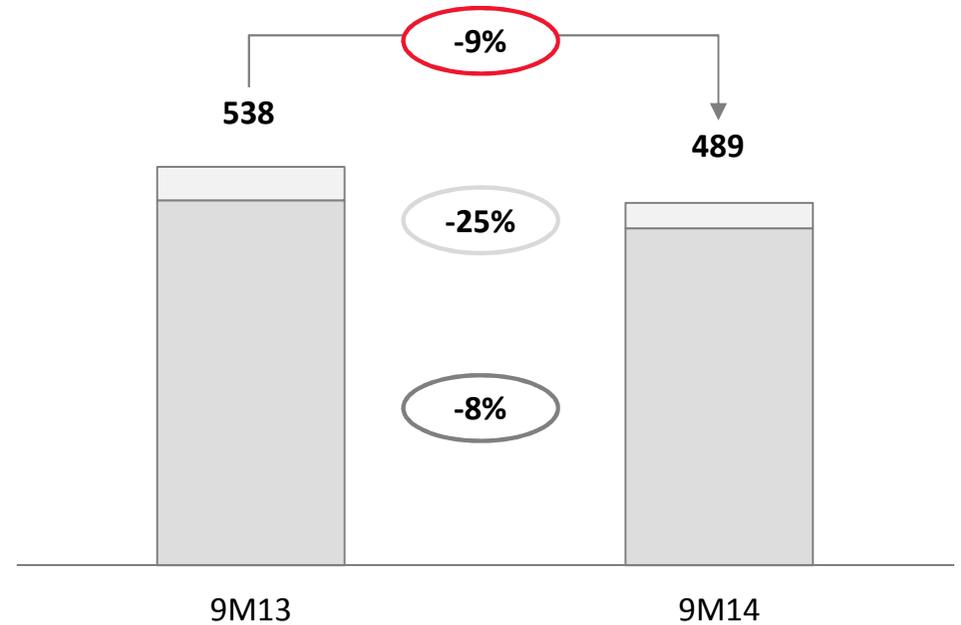
EBITDA
(€ million)

■ PPA/CMEC □ Special regime



Adjusted EBITDA ⁽¹⁾
(€ million)

■ PPA/CMEC □ Special regime



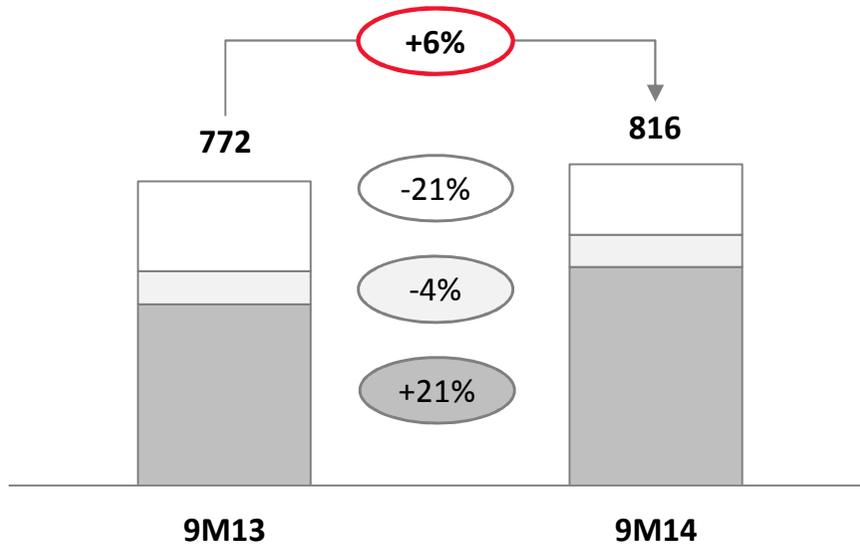
Adjusted EBITDA -9% on the transfer of 3 hydro plants from PPA/CMEC to liberalised market (PPA end, gross profit 9M13: €46m) and special regime production outage at several thermal plants on cuts on regulated revenues

(1) Excludes the impact of the new collective labour agreement in Portugal in 9M14

Regulated Energy Networks Iberia (30% of EBITDA)

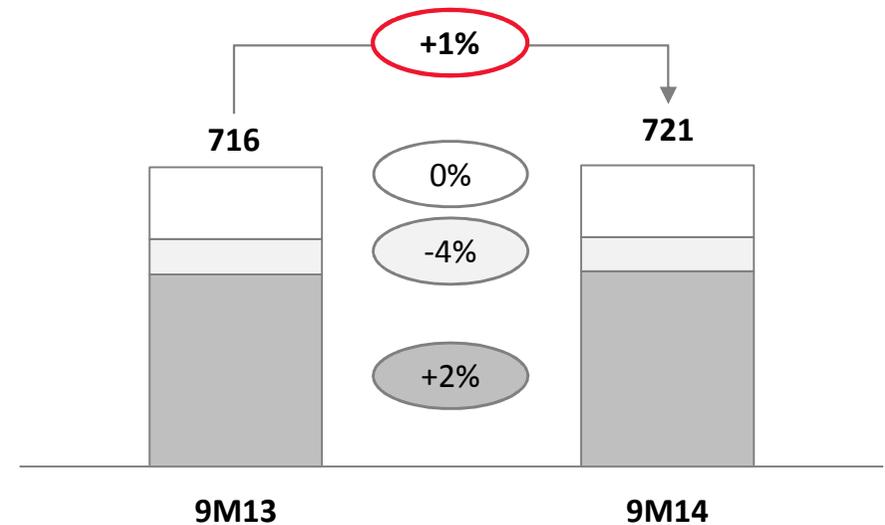
EBITDA (€ million)

- Gas Iberia
- Electricity Spain
- Electricity Portugal



Adjusted EBITDA ⁽¹⁾ (€ million)

- Gas Iberia
- Electricity Spain
- Electricity Portugal



- **Electricity Portugal:** Tight cost control (OPEX: - 7% YoY); RoRAB down from 8.56% in 9M13 to 8.26% in 9M14
- **Electricity Spain:** -€3m YoY due to lower contribution from new grid connections (application of IFRIC18)
- **Gas Iberia:** one-off gain of €56m in 1Q13 on sale of gas transmission in Spain; one-off gain of €8m in Portugal in 3Q14

Adjusted EBITDA +1% YoY reflects good performance on operating costs

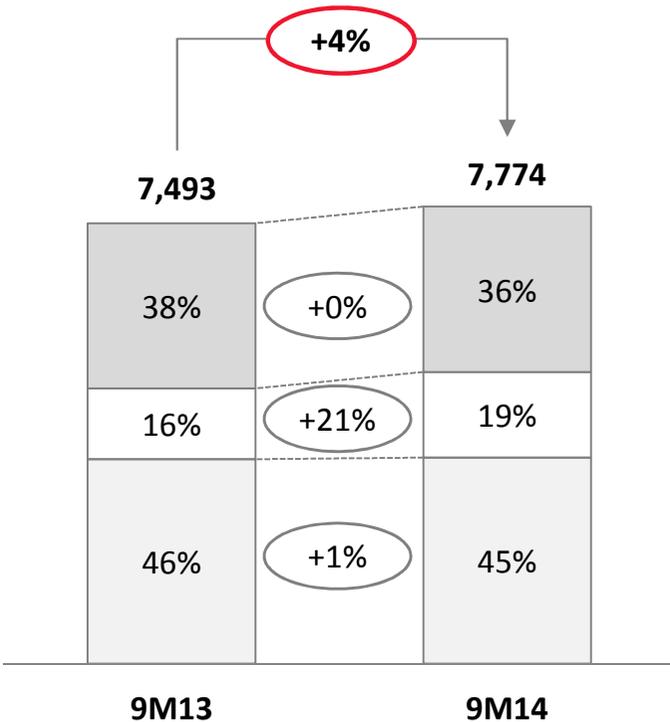
(1) Excludes the gain with the sale of gas transmission assets in Spain in 9M13 and the impact from the new collective labour agreement in Portugal in 9M14



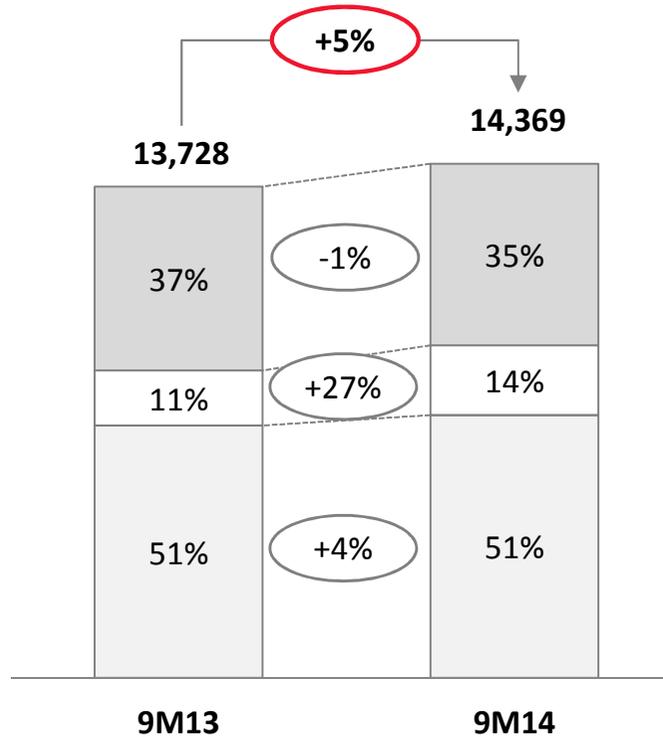
EDP Renováveis (24% of EBITDA): Growth from capacity additions mitigated by regulatory changes in Spain

Installed Capacity (MW)

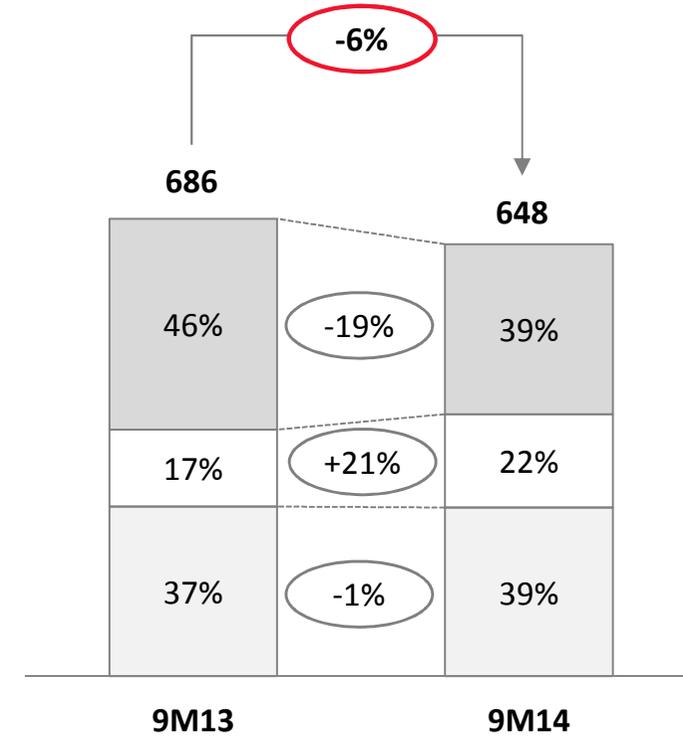
■ Iberia □ North America □ Other⁽¹⁾



Wind Power Production⁽²⁾ (GWh)



EBITDA (€ million)



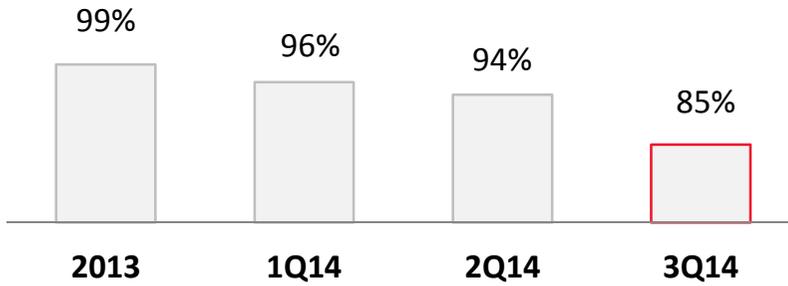
- **EBITDA Iberia: -19%**; Revenues in 9M14 penalised by the new regulation in Spain and low pool prices
- **EBITDA NA: -1% in Euros, Adj. EBITDA in USD +8%** (excluding USD18m one-off gain in 1Q13); average selling price +4%
- **EBITDA other markets: +21%**; capacity additions in Romania, Poland, France and Italy; lower prices in Romania

(1) Includes Rest of Europe and Brazil

(2) includes solar production (33GWh in 9M13 and 54GWh in 9M14)

Brazilian Electricity System: 3Q14 environment

Hydro Generation Scaling Factor (GSF) (%)

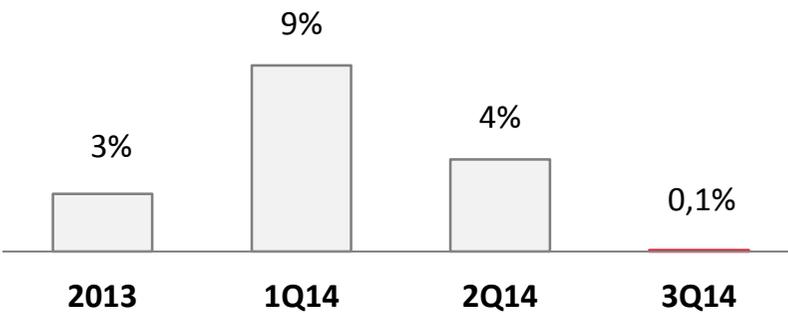


Avg. PLD ⁽¹⁾ (€/MWh)



Electricity demand in Brazil - 2014

YoY Change (%)



3Q14 developments

- Strong thermal dispatch in order to preserve hydro reservoirs / hydro GSF of 85% in 3Q14:** i) DisCo's overcost of R\$1.3bn in Jul/Ago (vs. R\$5bn in 2Q14) following the A-0 generation auction in Apr-14; GenCo's deficit of R\$9.6bn⁽²⁾ in 3Q14
- Slowdown of demand growth:** +0.1% YoY in 3Q14
- Aug-14: CCEE/ACR contracted new loan of R\$6.58bn:** R\$3.4bn already transferred to DisCos to cover for May/Aug-14 higher costs;
- Disco's annual tariff updates:** several double digit increases approved by ANEEL; Escelsa: +26.54% from August 7th onwards

Utilities continue facing significant challenges

Hydro plants producing below PPA contractual levels; CCEE/ACR financing the receivables growth in distribution

(1) Source: CCEE: Based on weekly prices (using PLD 1 between Apr-13 and Aug-13);

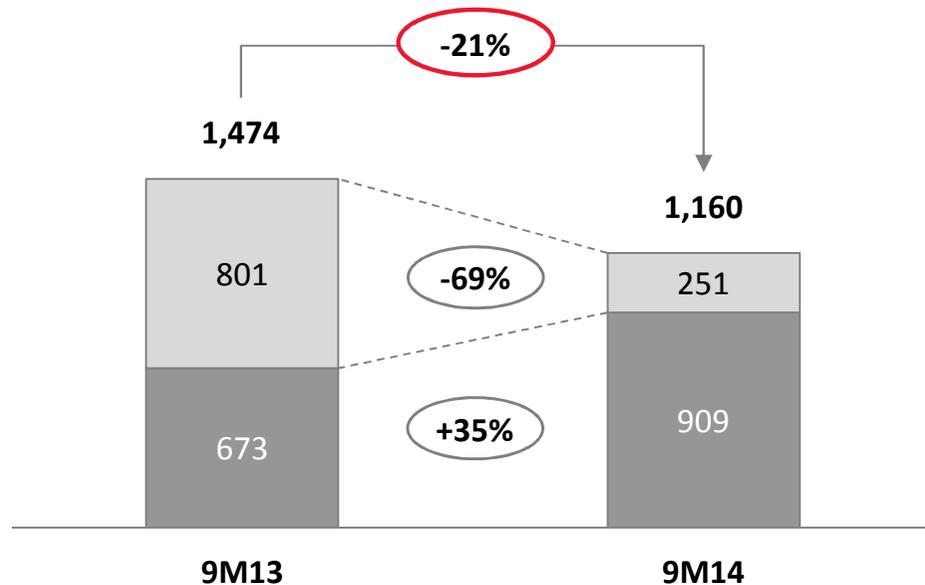
(2) Source: CCEE "Boletim Info PLD"; Considering R\$2.2m forecast for Sep-14



EDP Brasil (14% of EBITDA): Reported EBITDA in local currency -21% YoY, adjusted EBITDA -13% YoY

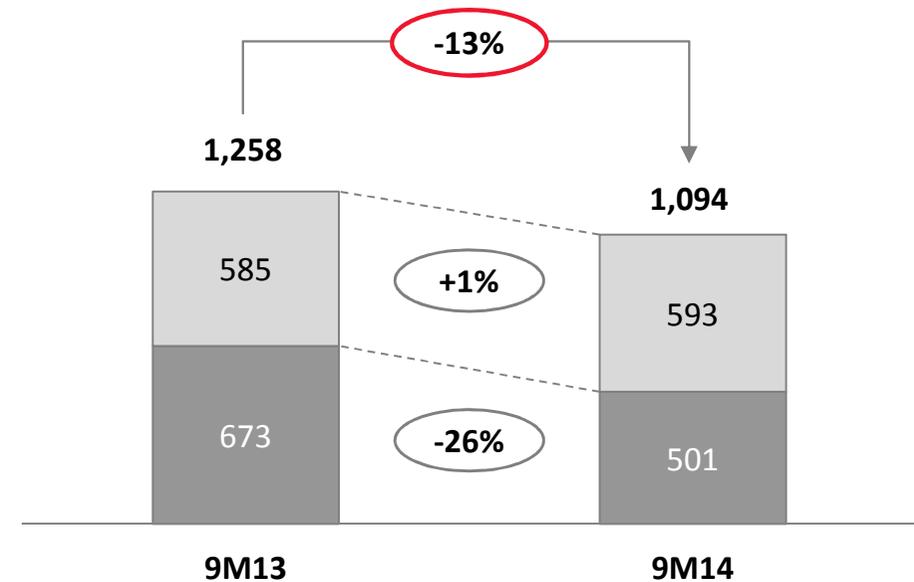
EDP Brasil reported EBITDA (BRL million)

■ Generation & Other ■ Distribution



EDP Brasil Adjusted⁽¹⁾ EBITDA (BRL million)

■ Generation & Other ■ Distribution



- **Distribution: -69% on adverse evolution of net tariff deviations (+R\$343m in 9M14 vs. -R\$163m in 9M13)**
- **Generation: +35% on gain with sale of Jari and C Caldeirão 50% stakes to CTG (R\$408m)**

- **Distribution: +1% on higher regulated revenues, on demand growth and favorable settlements related to previous years**
- **Generation: -26% on higher costs with energy purchases in spot market (GSF 92% in 9M14), mitigated by short term hedge (net impact: +R\$181m YoY)**

(1) Adjustments in Distribution: i) tariff deviations net of CDE contributions and of previous years' recoveries (-R\$343m in 9M14 vs. +R\$163m in 9M13); ii) R\$53m capital gain in 9M13 on sale of a building; Adjustment in Generation and Other: i) R\$408m one-off gain in 9M14 with the sale of 50% equity stakes in Jari and Cachoeira Caldeirão to CTG

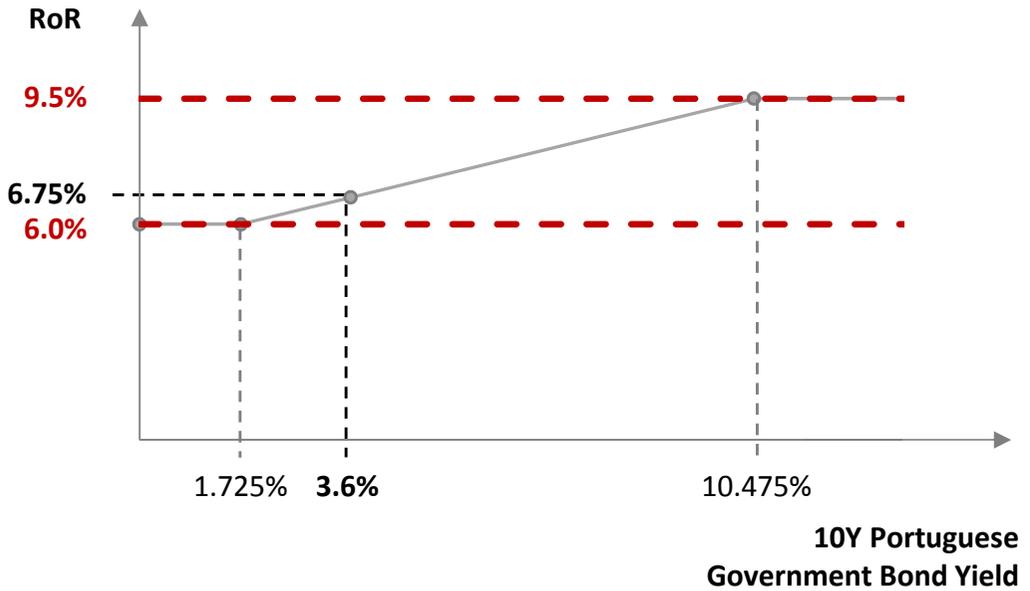


Regulatory Update Portugal

Electricity distribution and Last resort Supplier: ERSE's proposal on 2015 regulated revenues and 2015-2017 RoR



Return on RAB: Calculation Methodology (%; bp)



Regulated Revenues 2015E ⁽¹⁾ (€ million)

	2014E	2015E	Δ Abs.	Δ %
Distribution Activity	1,205	1,194	-11	-1%
Last Resort Supply Activity	74	61	-13	-17%
Regulated Revenues	1,279	1,255	-24	-2%

- **Preliminary RoR of 6.75% for 2015E** (based on avg. 10Y Port. Government Bond yield of 3.6%) vs. 8.26% in 2014
- Methodology for 2015-17: RoR for year t indexed to avg. of 10Y Port. Govern. bond yield between Oct. of year t-1 and Sep. of year t; **each 2.5% chg. in avg. 10Y Govern. bond yield, implies 1% chg. in RoR; floor at 6.0% and cap at 9.5%**

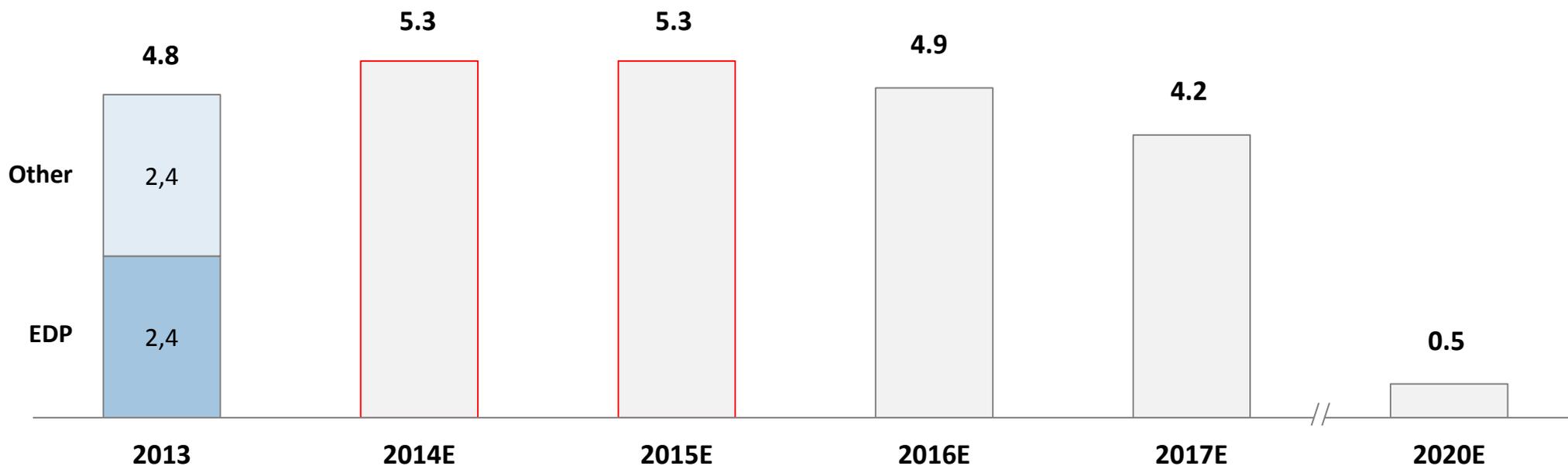
- **Regulated Revenues: -€24m in 2015E vs. 2014E)** based on preliminary 6.75% RoR (+/-2.5% chg. on avg. 10Y Gov. bond yield, implies +/-€30m on EBITDA)
- **Electricity demand:** ERSE is forecasting **+0.5% YoY for 2014E and +0.8% YoY for 2015E** (+/-1% chg. on demand, implies +/-€2m on EBITDA)

(1) 2015E: in accordance with Tariffs Proposal submitted for appreciation to the Tariff Council on October 15th, 2014. ERSE will approve the Final document up to December 15th, 2014

Portuguese electricity system receivables to stay flat in 2015E vs. 2014E, and converging to zero by ~2020



Electricity Regulatory Receivables - Portugal
(€bn)



ERSE 2015 Tariffs Proposal: + 3.3% final normal low voltage clients

Electricity system's receivables to stay flat in 2015 vs. 2014; On track for system's sustainability
 +€391m of system medium to long-term debt; -€380m from previous year adjustments' recoveries

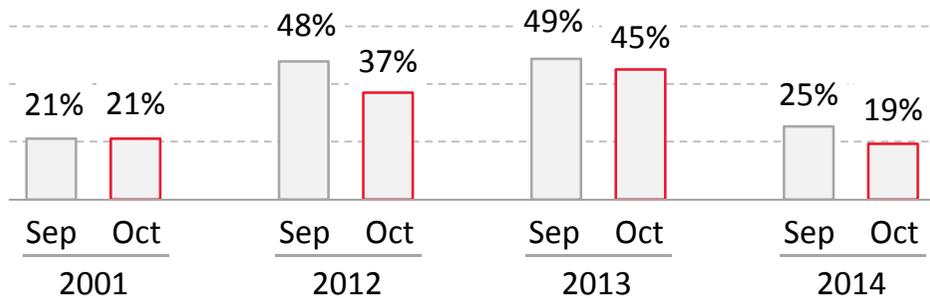


Outlook

EDP Brasil: 4Q14/2015 prospects

Generation

Hydro reservoirs – Southeast/Center-West Regions ⁽³⁾
(%)



↓ Gen. Scaling Factor (GSF)

Oct-14: 91%⁽¹⁾; 4Q14E: ~90%

↓ PLD: avg. Oct-14 at €770/MWh⁽²⁾

↑ ANEEL proposal for new PLD calculation methodology from Jan-15 onwards: i) lower cap from R\$822/MWh to R\$388/MWh; ii) higher floor from R\$15/MWh to R\$30/MWh

Low GSF scenario in 4Q14 to help reservoir levels recovery
Generators to keep satisfying PPA obligations though purchases in spot market

Distribution

↑ CCEE/ACR cash advance of regulatory receivables to Discos: R\$3.1bn still available to cover needs until the end of 2014

↑ EDP Brasil Disco's annual tariff updates to keep helping deviations' recovery: +22.34% tariff increase for Bandeirante (Oct-14)

↑ Jan-15: introduction of "Tariffs Flags" to signal final consumers for higher energy costs; introduction of variable tariffs to increase demand sensitivity to price

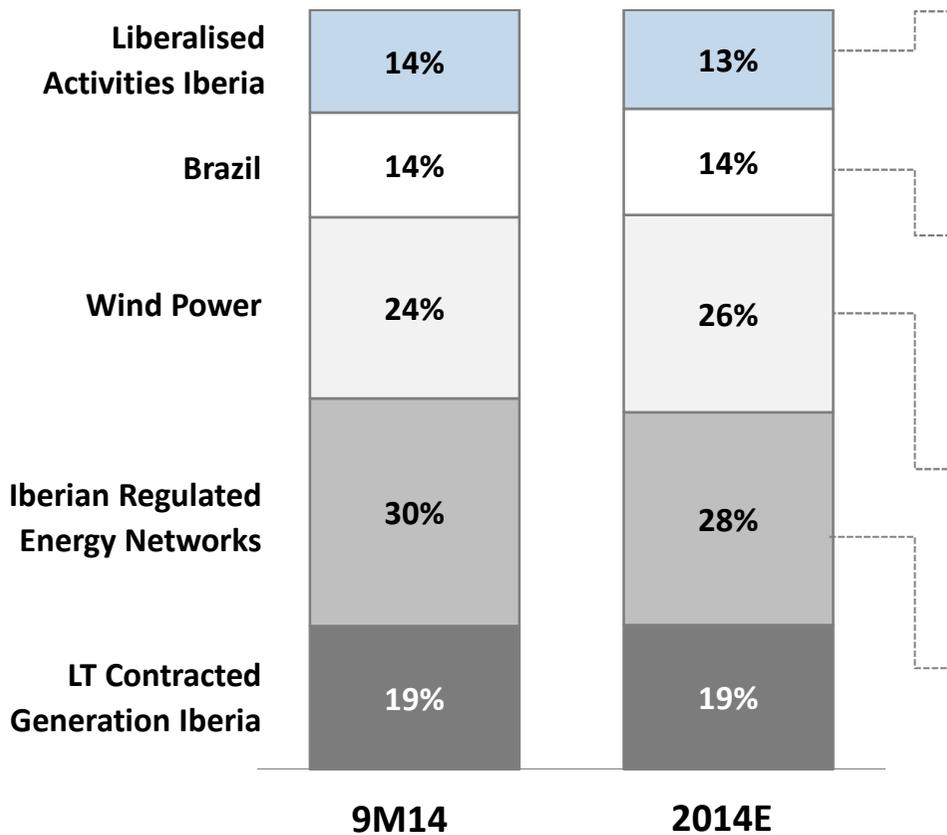
↑ Ongoing discussions for possible change in regulatory receivables accounting: enable DisCos to register at the level of P&L and Balance Sheet past/current tariff deviations which are recoverable in the future

CCEE/ACR contributions and tariff increases to keep improving Disco's EBITDA and cash flow

Outlook for 2014

EBITDA Breakdown

(%)



- 4Q14 performance dependent on hydro resources and market volatility

- Distribution: positive impact from tariff updates in Aug/Oct-14, cash proceeds from CCEE
- Generation: assumes negative impact from forecast of ~90% GSF for 4Q14

- Seasonally stronger wind resources in 4Q
- Capacity additions concentrated in end of Dec-14
- Assumes stable power prices in Spain in 4Q14

- Negative one-off costs with restructuring/efficiency program in Portugal in 4Q14

- 2014E guidance does not include potential accounting change regarding tariff deviations in Brazil
- Net debt forecast assumes stable forex and slight decline of EDP's regulatory receivables over 4Q14

- **EBITDA 2014E: ~ €3.500m**
- **Net Profit 2014E: > €900m**
- **Net Debt 2014E: ~€17bn**

A resilient business model in a challenging environment



**Sound performance
enhanced by
diversification**

- **EBITDA: -3%**
- **Net Profit/EPS: -1%**
- **OPEX III cost savings corporate program: ~€110m in 9M14** (anticipation of 2015 target)

Profitable Growth

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

**Keeping
Low Risk profile**

- **JV with CTG on hydro Brazil + EDPR assets rotation:** ~€0.7bn executed/agreed in 9M14
- **Regulatory receivables: -€0.1bn**
- **Strong financial liquidity:** Refinancing needs covered until mid 2016

Guidance for 2014E: maintenance for EBITDA (~€3.5bn); slight improvement for Net Profit (>€900m)

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

Based on high quality asset mix, with stable returns, in diversified markets and adequate risk management



Visit EDP Website

Site: www.edp.pt

Link Results & Presentations:

<http://www.edp.pt/en/Investidores/Resultados/Pages/Resultados.aspx>

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Next Events

Oct 30th: Release of 9M14 Results

Nov 5th-7th: Roadshow Boston/New York (Morgan Stanley)

Nov 11th-12th: UBS European Conference in London

Nov 12th-13th: EEI Conference in Dallas

Nov 25th-27th: Roadshow Singapore/Sydney (Santander)

Nov 26th: JP Morgan Utility & Infrastructure Conference in London

Nov 27th: Morgan Stanley Paris Utilities Seminar