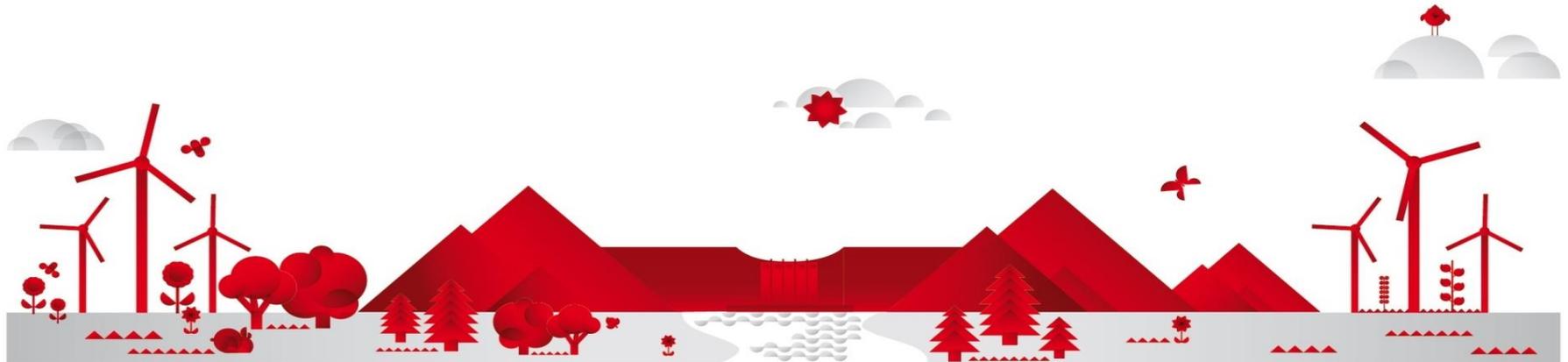




Results Presentation 1H17

Lisbon, July 28th, 2017



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

Recurring EBITDA: €1,902m, -5% YoY

62% decline YoY of hydro production in Iberia: 42% below historical avg. in 1H17 vs. 68% above in 1H16

Net Profit: €450m, -5% YoY

Avg. cost of debt -40bp YoY, OPEX IV savings at €71m in 1H17 (27% above target)

Net debt at €16.9bn by Jun-17

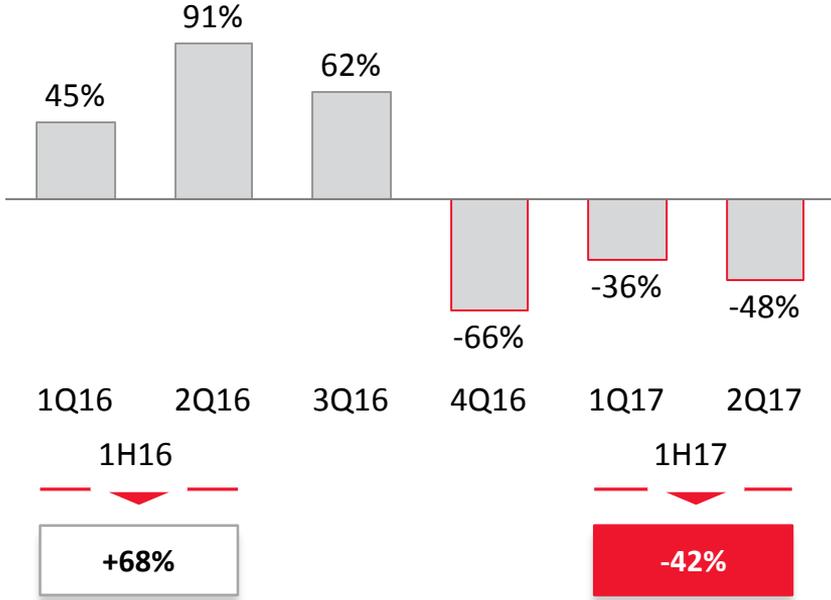
2016 dividend (€0.7bn) fully paid in May and non-recurrent tax payments of €0.6bn (€0.3bn to be refunded in 2H17)

Disposals: Financial closing of Naturgas (Jul-17) and Portgas (expected 3Q17) represent €2.8bn debt reduction in 3Q17

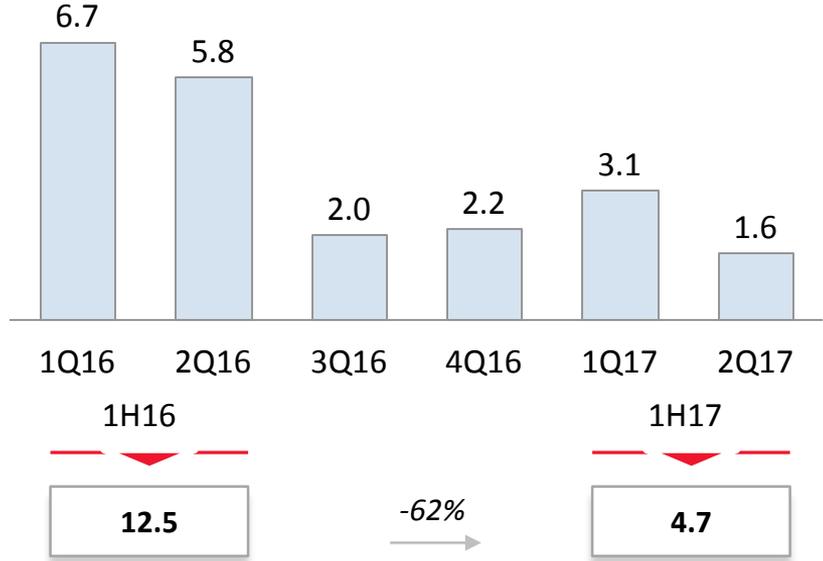
Tender offer over EDPR free float at €6.75/share: Acceptance period ends on August 3rd

Hydro production in 1H17: 42% below historical average

Hydro Coefficient in Portugal: 2016/1H17
(Deviation vs. avg. hydro year)

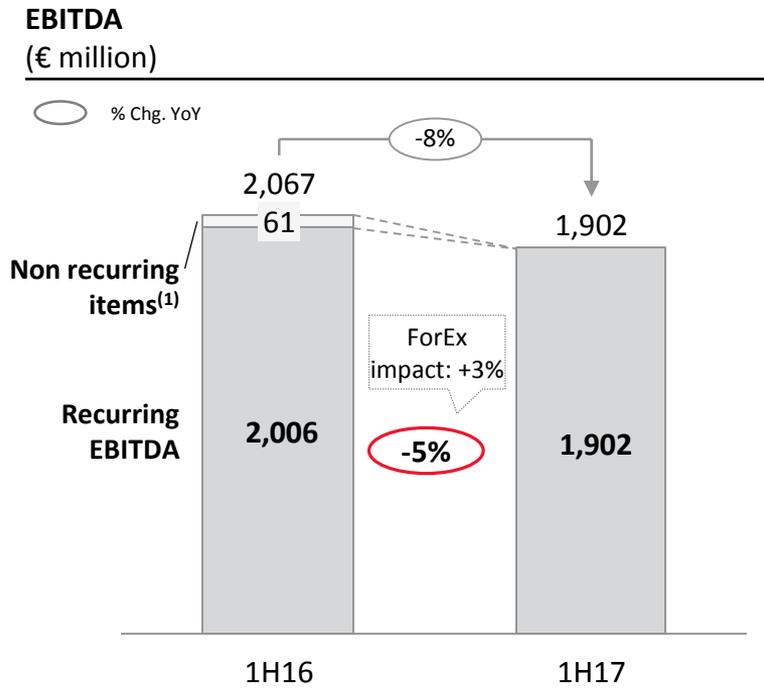


EDP Hydro Production in Iberia: 2016/1H17
(TWh)

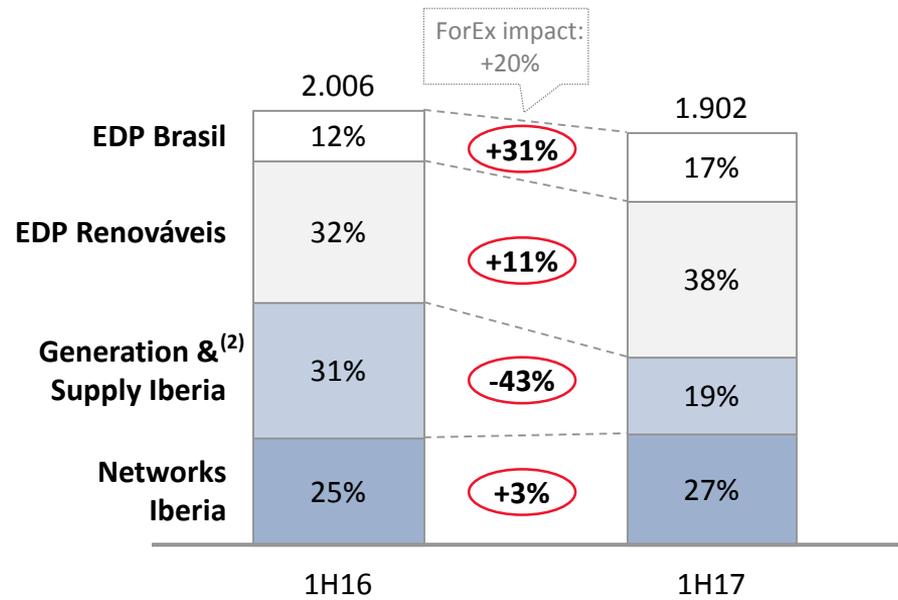


Hydro production in 1H17 -c4.5TWh vs. historical average
Easier YoY comparison for 2H17 (2H represents ~40% of a average year)

Recurring EBITDA: -5%



Recurring EBITDA
(€ million)

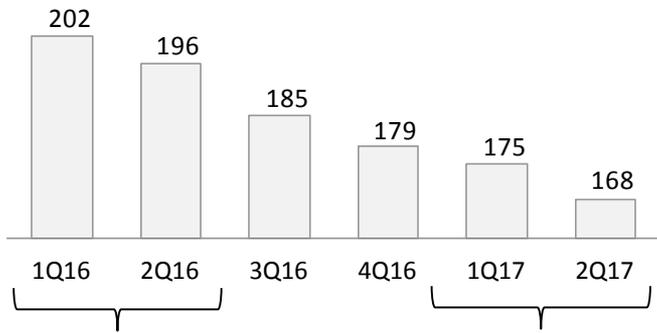


Recurring EBITDA in Iberia (-22% YoY) penalized by adverse hydro production YoY comparison
Positive impact from new capacity (renewables), efficiency gains and forex (BRL & USD)

(1) In 1H16: gain on the sale of Pantanal (+€61m); In 1H17: no impact; (2) Includes "Other"

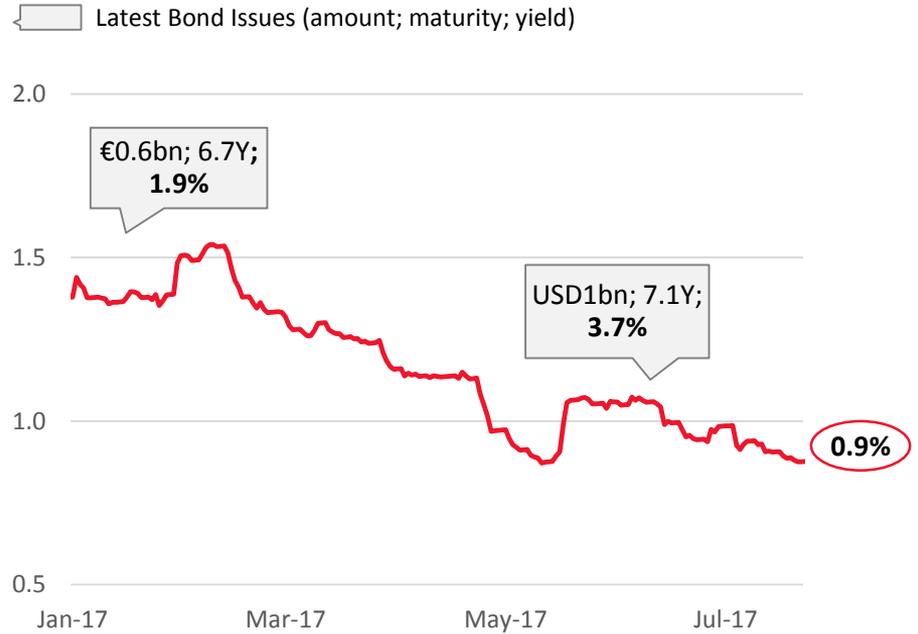
Net interest costs: -14%

Net Interest Cost ⁽¹⁾
(€ million)



	1H16		1H17
Net Interest Cost ⁽¹⁾ (€m)	398	-14%	343
Avg. Net Debt (€bn)	16.9	-3%	16.4
Avg. Cost of Debt (%)	4.5	-40bp	4.1

EDP 5-Year Bond Yield (2017 YTD)
(%)



40bp decline in avg. cost of debt: 4.1% in 1H17 vs. 4.5% in 1H16

(1) 4Q16 net interest cost excludes non recurring costs with bond buybacks (€49m)

EDP Tender Offer over EDPR: 4 Days Left⁽¹⁾



The offer is voluntary and not subject to the fulfilment of any condition

In case EDP holds >90% of voting rights as a consequence of the offer



EDP may request the **delisting** of EDPR shares from Euronext Lisbon by Euronext Lisbon



Delisting implies EDP to maintain a **permanent order** at the price of €6.75/share for maximum term of 3 to 6 months

(1) Business days (2) GMT

	Main drivers	Guidance
Recurring EBITDA	<ul style="list-style-type: none"> Weak hydro volumes Iberia 1H17 Gas distribution deconsolidation (most of 2H17) Wind and hydro capacity increases Efficiency improvements 	~€3.6bn
Recurring Net Profit	<ul style="list-style-type: none"> Decline in avg. cost of debt Short term dilution effect from gas disposals (2H17) 	> Recurring Net Profit 2016 ⁽¹⁾
Net Debt	<ul style="list-style-type: none"> €2.8bn Gas disposals + €0.3bn TEI proceeds (2H17) Organic FCF + €0.3bn VAT refund in 2H17 Acceptance rate of EDPR tender offer 	Large debt reduction: exact size dependent on result of EDPR offer

(1) Recurring net profit 2016 of €919m as reported by EDP (or €852m if extraordinary energy tax of €67m in 2016 is assumed as a recurring item)

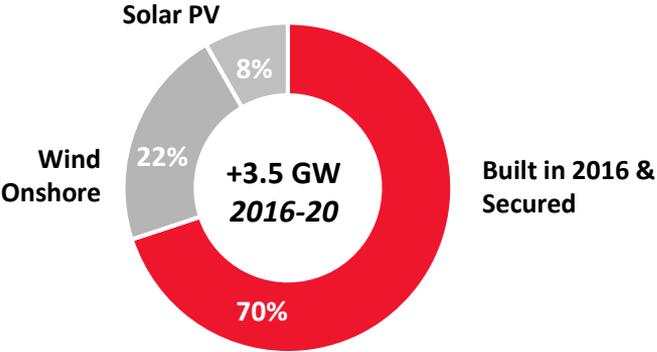


1	CMEC final adjustment	<ul style="list-style-type: none">▪ Calculation clearly defined by law, essentially based on historical data▪ EDP to comply with existing contracts
2	Electricity Distribution New regulatory period	<ul style="list-style-type: none">▪ Public audition on June 22nd: ERSE proposes extension of regulatory period from 3 to 4 years▪ RoRAB: Premium vs. 10 year sovereign bond yield continues to be among the lowest in Europe▪ Until Oct. 15th: Release of 2018 preliminary regulated revenues and following years' parameters
3	CMEC Judicial Investigation	<ul style="list-style-type: none">▪ Total cooperation and full information-access to judicial authorities

Active risk management through transparent business procedures

Main growth projects

Renewables Installed Capacity: Growth targets 2016-20



	2016	2017-18	2019-20
CoD			
GW	0.8	~1.4	~0.2

Electricity Transmission Concessions in Brazil

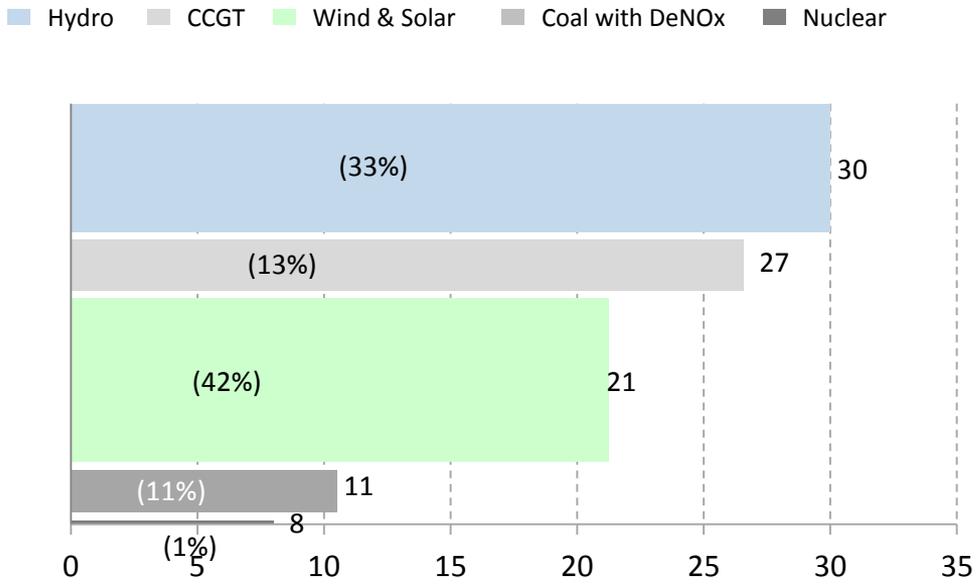
# Lines	5
Length (km)	1,297
Estimated Capex (\$Rbn)	3.1
CoD	2020-22
Annual Revenues RAP (\$Rm)	494



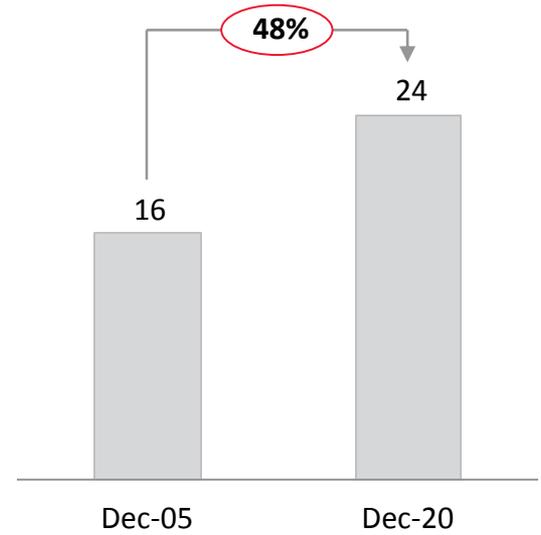
Growth focused on renewables (mostly US) and regulated networks (Brazil transmission capex: €0.8bn)

Continuing to reinforce our distinct portfolio of assets

**Average Residual Useful Life of EDP's Generation – 2020E
by Technology⁽¹⁾**



**Average Residual Useful Life of EDP's
Generation Portfolio⁽¹⁾ (Years)**



Generation portfolio: low exposure to regulatory/environmental risks as CO₂, NOx or nuclear lifecycles
Long term contracted generation and regulated networks to represent ~75% of EBITDA by 2020

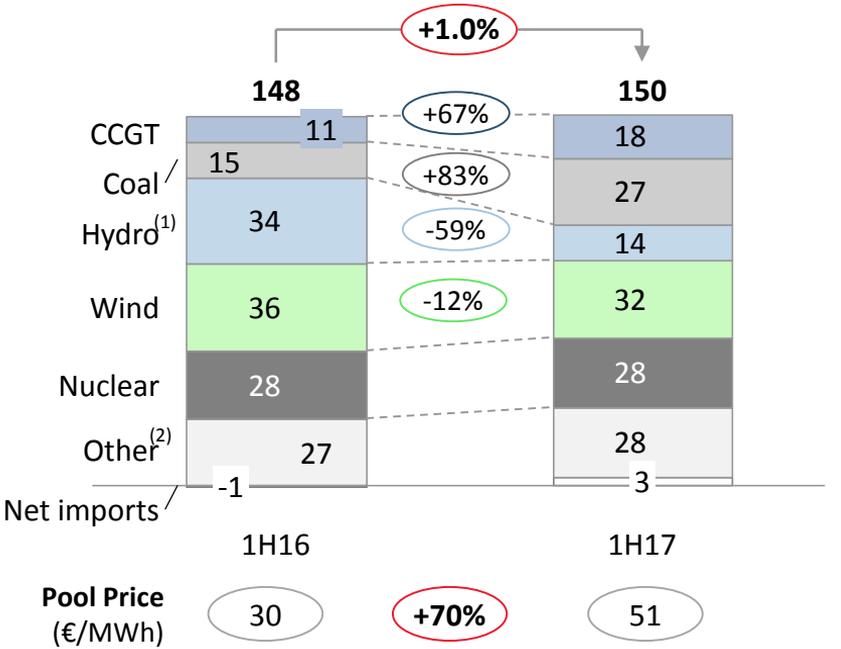
(1) Reference Date: Dec-20; Excluding: Special Regime (Mini-hydro, Cogeneration and Biomass) and Including MW attributable by Equity Consolidated Method



Results Analysis

Overview of Iberian Market in 1H17

Electricity Demand and Supply in Iberia ⁽¹⁾
(TWh)



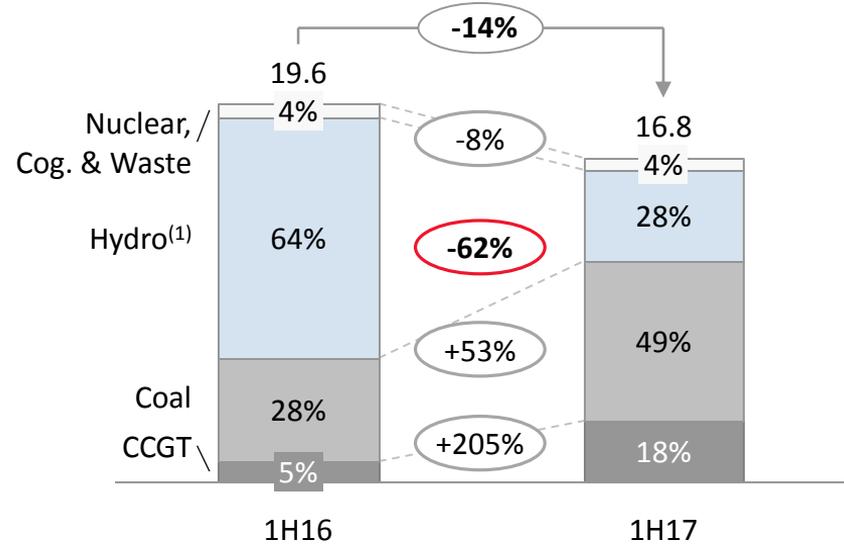
- Electricity demand: +1%
- Hydro production: -59%
- Wind production: -12%
- Coal and CCGT production: +76%
- Net imports from France: 3TWh (all in 2Q17)

Low hydro volumes and normalised wind resources: Avg. pool price +70% to €51/MWh

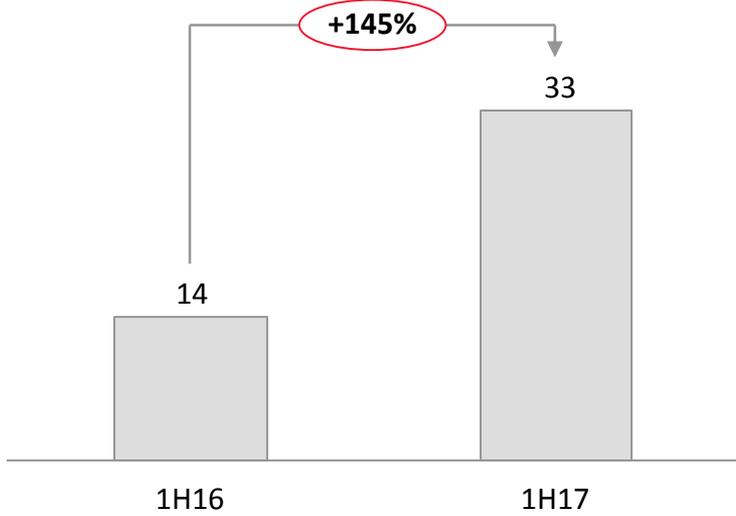
(1) Net of pumping; (2) Other special regime (ex wind).

Electricity Generation in Iberia

EDP Generation Iberia – Production ⁽¹⁾
(TWh)



Avg. Production Cost
(€/MWh)

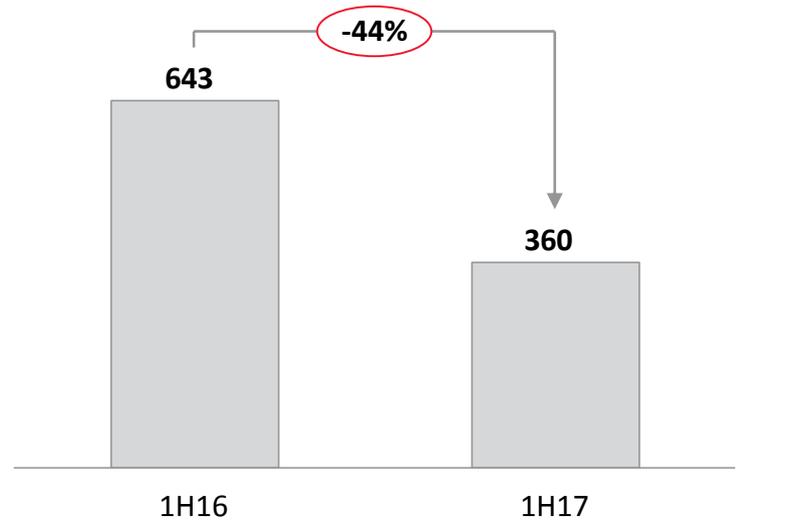


**Strong decline of the weight of hydro on production mix (28% in 1H17 vs. 64% in 1H16)
Avg. production cost more than doubled due sharp increase of thermal production**

(1) Excluding wind and solar and including mini-hydro

Generation and Supply Iberia (19% EBITDA)

EBITDA Generation & Supply Iberia
(€ million)



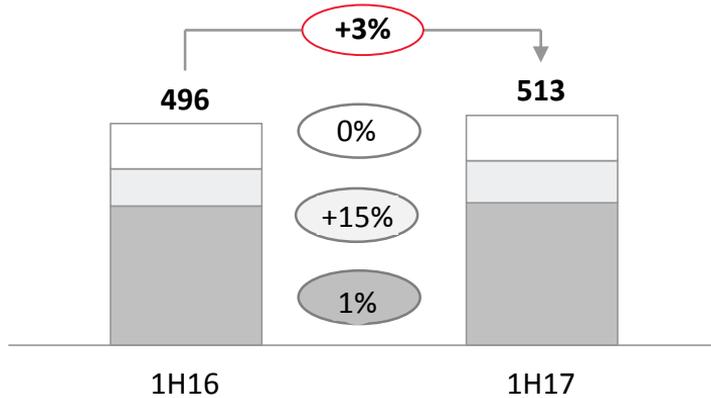
- **Avg. sourcing cost +77%**
- **Energy management:** wiped out on high pool prices

Weak performance in 1H17 following low hydro production and high pool prices

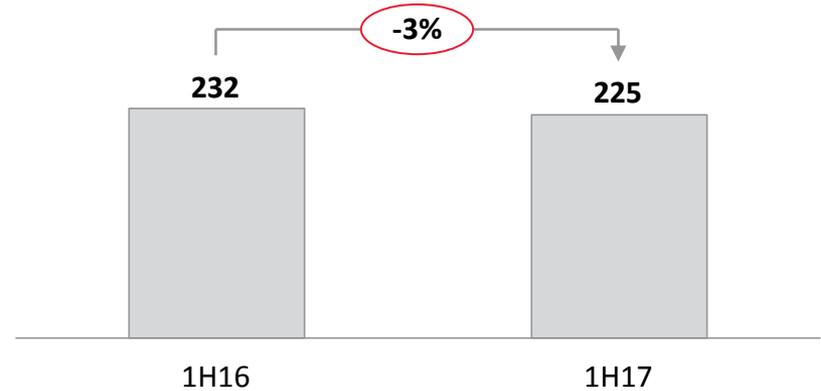
Regulated Energy Networks Iberia (27% of EBITDA)

EBITDA - Regulated networks
(€ million)

□ Gas Iberia □ Electricity Spain ■ Electricity Portugal



Controllable Costs⁽¹⁾ - Regulated networks
(€ million)



- **Electricity Portugal:** Slight YoY increase on RoRAB to 6.76%, 3% reduction on controllable costs
- **Electricity Spain:** Tight cost control and provisions reversal

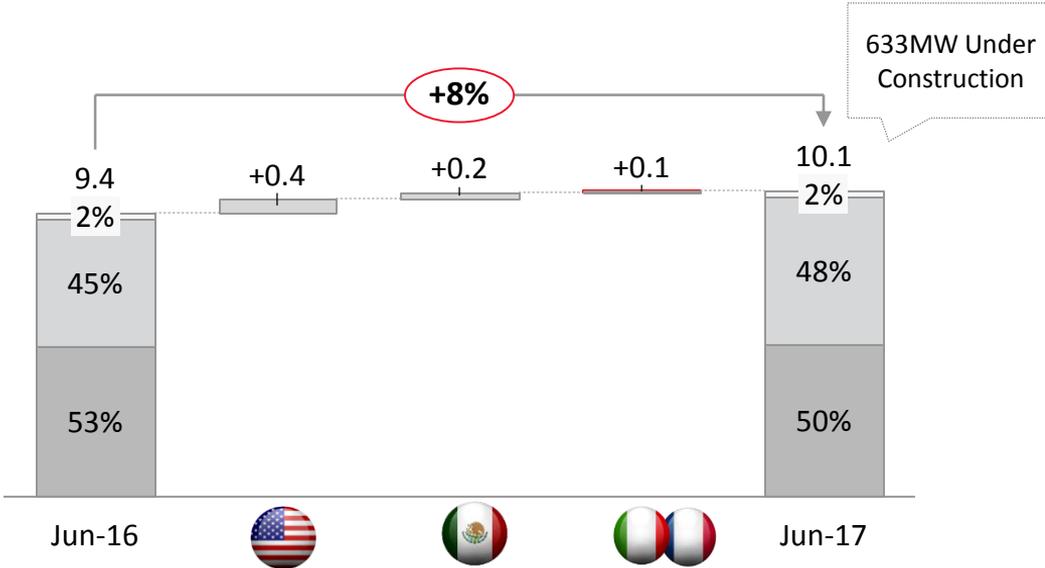
EBITDA +3% supported by stable regulated revenues and efficiency improvements

(1) Controllable costs = Supplies & Services + Personnel costs (excluding costs with social benefits)

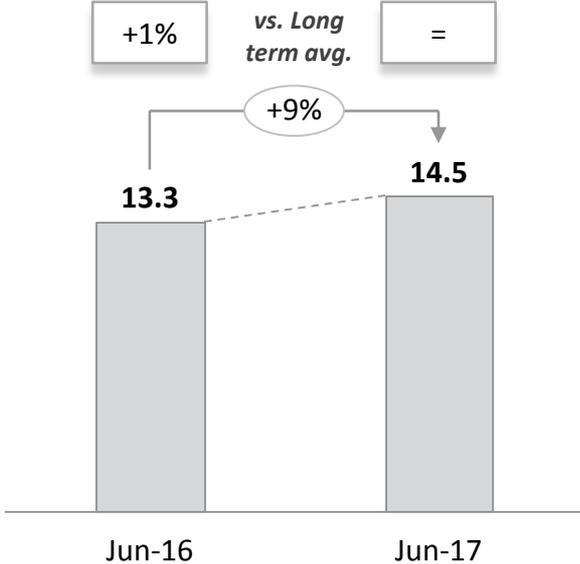
EDP Renováveis (38% of EBITDA)

EDPR Installed Capacity (GW)

Brazil
 North America
 Europe



Production (TWh)

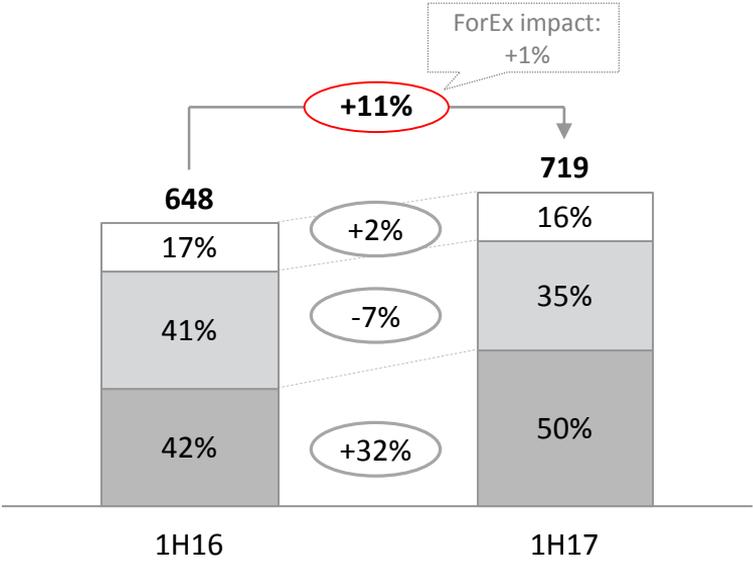


Installed capacity +8%, due to US (+0.4GW) and Mexico (+0.2GW); more 0.6GW under construction (mostly US)
Production +9%, supported by +8% avg. capacity increase and wind resources in line with long term average

EDP Renováveis (38% of EBITDA)

EDPR EBITDA (€ million)

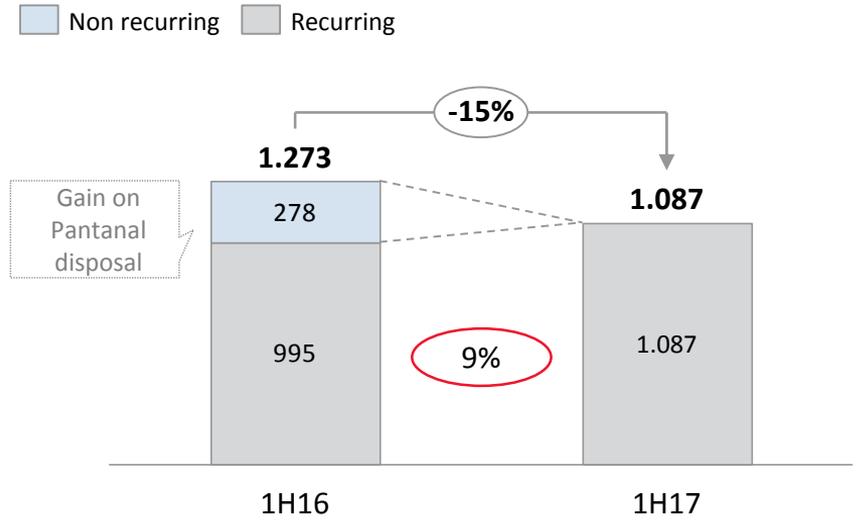
- Other
- Iberia
- North America



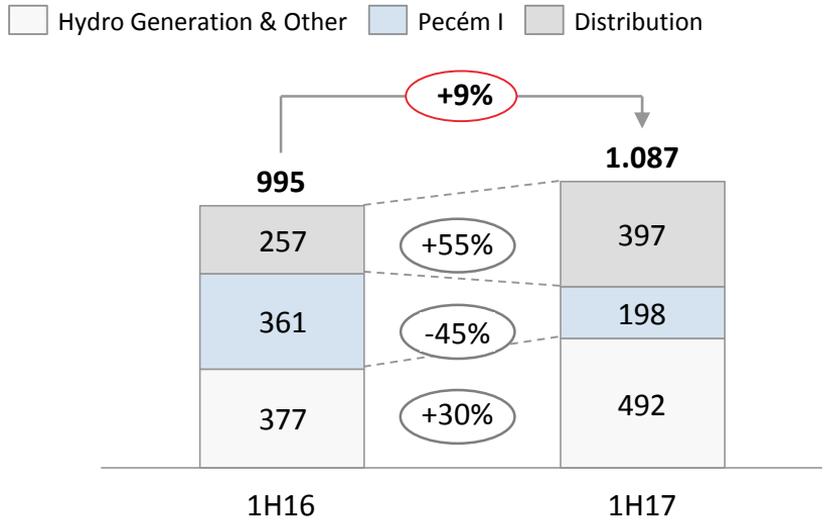
- **North America:** Forex +3%, production +21%, higher revenues from TEI/PTC and USD6m one-off in 1H17
- **Iberia:** Production -9%; EBITDA Spain +1% (avg. selling price +12%); EBITDA Portugal -14% (avg. selling price +1%)
- **Other markets:** EBITDA rest of Europe +2% (installed capacity +5%, avg. selling price -1%)

EDP Brasil (17% of EBITDA)

EDP Brasil EBITDA
(BRL million)



EDP Brasil Recurring EBITDA
(BRL million)



- **Distribution:** regulated revenues growth; gain on sale of energy surplus at spot prices in 1H17 (vs. loss in 1H16)
- **Hydro:** Annual contracted sales front-loaded in 1H17, effect to be diluted in 2H17 (GSF 97% in 1H17 vs. 85% 2017E)
- **Pecém coal plant:** One-off insurance compensation revenue in 1H16; 1H17 penalized by increase of spot price (PLD)

Strong performance on operating costs

Weight on Opex

Business area	Indicator	YoY Change	Main drivers
56% Iberia	Opex	+1%	<ul style="list-style-type: none"> Avg. MW: +6%; Avg. # contracts: +6% Thermal prod.: +77%; Inflation Portugal +1.4%
25% EDPR	Core Opex/MW (ex-forex):	Flat	<ul style="list-style-type: none"> Average installed capacity: +8% Opex ex-forex: +8%
19% EDP Brasil	Opex in BRL (inflation adjusted):	Flat	<ul style="list-style-type: none"> Opex in BRL: +3% Avg. Inflation 1H17: +3.0%⁽¹⁾

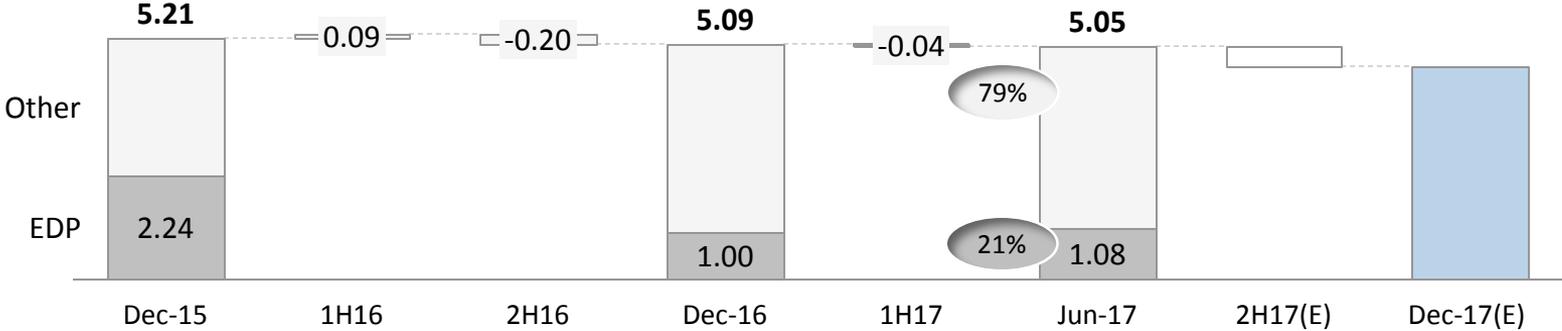
Opex IV corporate-wide efficiency programme: €71m savings in 1H17, 27% above target

(1) Avg. IPCA 1H17 vs. 1H16

Portugal Electricity System on track to clear surplus in 2017

Portugal: Electricity System Regulatory Receivables
(€bn)

○ Share of total receivables in the system



Demand ⁽¹⁾ (YoY Chg.)	-0.4%	+1.8%	-0.9%
Wind Factor (1.0=avg.)	1.09	0.91	0.99
Special Regime Premium (€/MWh)	71	51	57

Tariff surplus of €42m in 1H17 vs. tariff deficit of €85m in 1H16

(1) Electricity distributed by EDP.

Adjusted net expansion investments

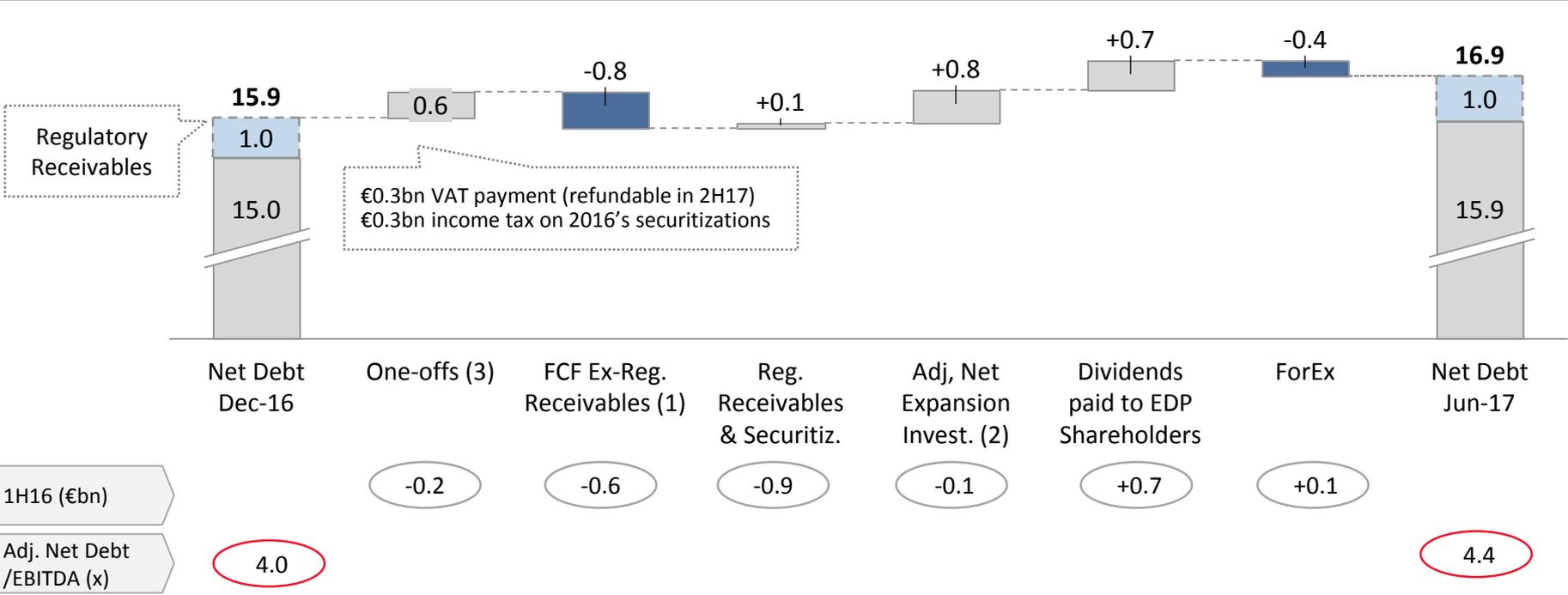
(€ million)	1H16	1H17	Δ Abs.	
Expansion Capex	460	463	+3	
Change in Equipment Suppliers	409	350	-60	<ul style="list-style-type: none"> EDPR seasonal effect (post 4Q commissioning)
Change in Consolidation Perimeter	1	216	+215	<ul style="list-style-type: none"> 1H17: full consolidation of Mexico wind farm
Net Financial Investments ⁽¹⁾	(804)	(240)	+564	<ul style="list-style-type: none"> 1H16: Sale of mini-hydro Brazil and EDPR asset rotation transactions in US and Europe 1H17: Sale of 49% wind farms Portugal and REN stake
TEI Proceeds	(212)	(2)	+211	<ul style="list-style-type: none"> TEI deals proceeds normally in 4Q; (proceeds from 2015 TEI deals were exceptionally delayed to 1Q16)
Total Adj. Net Expansion Invest.	(145)	787	+933	

Disposals agreed: Gas distribution Iberia (~€3.0bn); closing expected in 3Q17

TEI proceeds from 2017 projects announced for 2H17

Change in net debt

Change in Net Debt: Jun-17 vs. Dec-16
(€ billion)



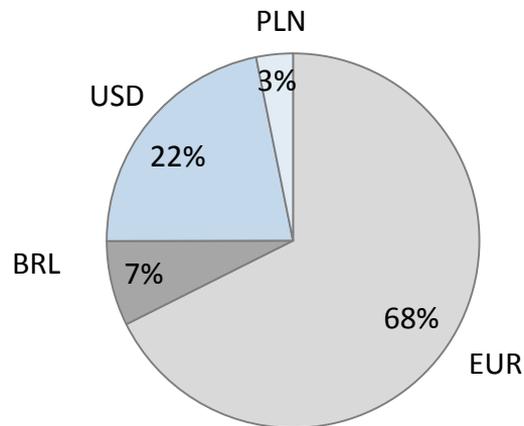
Sound free cash flow, offset by one-off taxes (€0.6bn) and higher net expansion investments (€0.8bn)

(1) EBITDA - Maintenance capex - Interest paid - Income taxes + Chg. in work. Capital excluding regulatory receivables; (2) Expansion capex, Net financial investments (incl. shareholder loans transferred in asset rotation deals), TEI proceeds, Chg. in work. capital from equip. suppliers; acquisitions and disposals; and changes in consolidation perimeter.

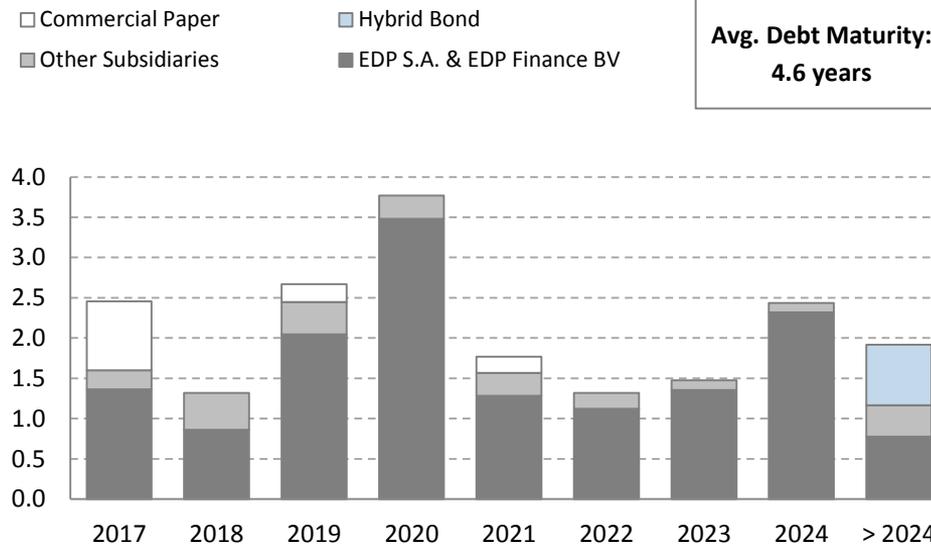
Financial Debt profile by currency and maturity



EDP consolidated debt by currency: Jun-17 (%)



EDP consolidated debt maturity profile as of Jun-17 (€ billion)



Natural hedge policy: Investments and operations funded in local currency to mitigate ForEx risk

Average debt maturity: 4.6 years in Jun-17 vs. 5 years in Dec-16

Financial liquidity vs. Refinancing needs

Financial liquidity (Jun-17)	
▪ Cash & Equivalents:	€2.0bn
▪ Available Credit Lines:	€3.8bn
Revolving Credit Facility (Jun-19)	€3.6bn
Other RCF/Credit lines	€0.2bn
TOTAL	€5.8bn

Refinancing needs 2017-2019	
▪ 2017:	€2.2bn
6.625% GBP Bond maturing @ Aug-17	€0.32bn
5.75% Eurobond maturing @ Sep-17	€0.75bn
Bank Loans and ECP	€1.1bn
▪ Refinancing needs 2018:	€0.9bn
▪ Refinancing needs 2019:	€2.3bn
TOTAL	€5.4bn

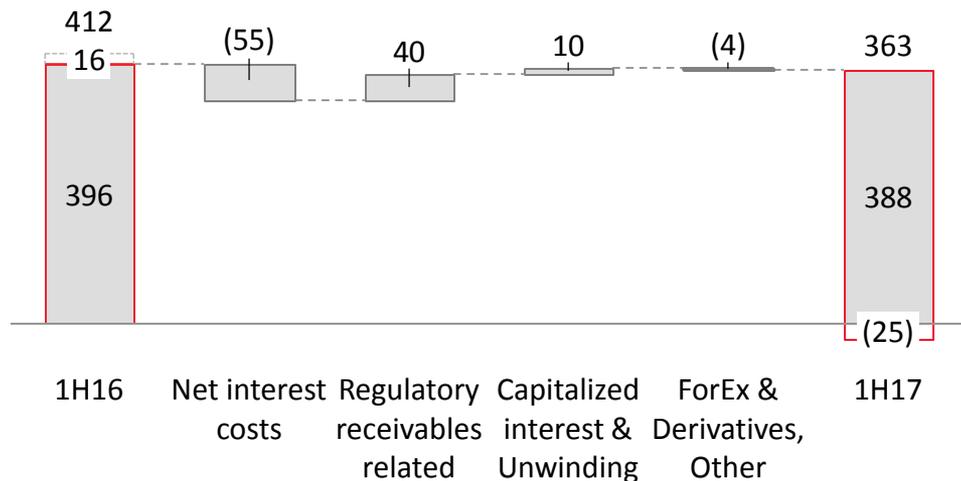
€5.8bn of financial liquidity by Jun-17 covered refinancing needs beyond 2018

Financial Results

Financial Results & Associates: 1H17 vs. 1H16

(€ million of net cost)

□ One-offs⁽¹⁾



- **Net interest costs:** -14% YoY
- **Regulatory receivables related:** 35% decline on balance sheet amounts, lower returns
- **Capitalised interest:** Full commissioning of hydro plants in Portugal
- **Other:** Forex & energy derivatives (-€16m in 1H17 vs. +€5m in 1H16); cost with EDPR's debt prepayment in 1H16 (€22m)

Lower net financial costs: lower interest costs partially offset by lower financial revenues and forex

(1) One offs: in 1H17: +€25m (gain on sale of equity stake in REN); in 1H16: -€16m net (-€27m from impairment on BCP and +11m from gain on the sale of Tejo Energia)

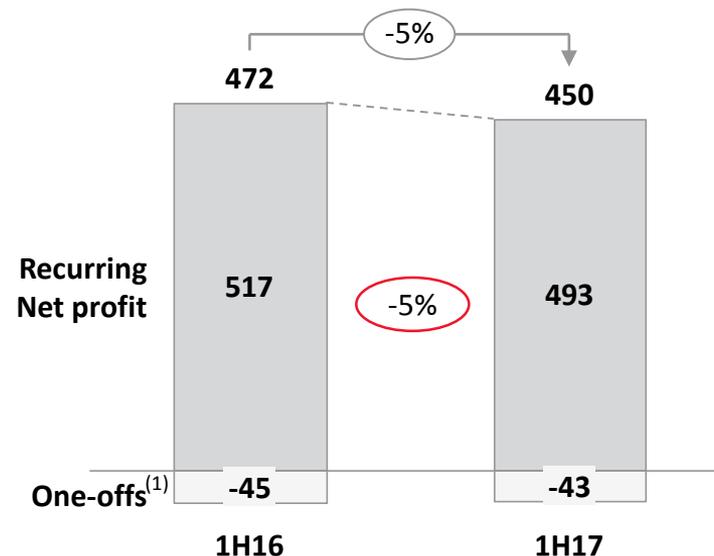
Net Profit breakdown



(€ million)	1H16	1H17	Δ %	Δ Abs.
EBITDA	2,067	1,902	-8%	-164
Net Depreciations and Provisions	739	710	-4%	-29
EBIT	1,327	1,192	-10%	-135
Financial Results & Associated Companies	(412)	(363)	+12%	+50
Income Taxes	243	119	-51%	-124
Extraordinary Energy Tax in Portugal	59	67	+15%	+9
Non-controlling interests	141	192	+36%	+51
Net Profit	472	450	-5%	-22

Net Profit (€ million)

○ % Chg. YoY



Recurring net profit -5%: Lower EBIT mitigated by better financial results and lower effective tax rate

(1) Adjustments (shown as impact on net profit): i) in 1H16: +€24m from the sale of Pantanal, +€10m on Financial Results, -€59m of Extraordinary energy tax; In 1H17: +€25m at Financial Results level, -€67m of Extraordinary energy tax.



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IR Contacts

Miguel Viana, Head of IR

Sónia Pimpão

João Machado

Maria João Matias

Sérgio Tavares

Noélia Rocha

E-mail: ir@edp.pt

Phone: +351 210012834

Next Events

July 27th: Release of 1H17 Results

Sep 8th: BPI Iberian Conference (Cascais)

Sep 13th: BBVA Iberian Conference (London)

Sep 14th: Morgan Stanley Utilities Conference (London)

Sep 15th: Kepler Conference (Paris)



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