2014

Financial Results

Conference call and webcast

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Webcast: www.edp.pt

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Lisbon, March 3rd 2015

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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)	2014	2013	Δ %	Δ Abs.
Gross Profit	**5,367**	**5,451**	**-2%**	**-84**
Supplies and services	897	910	-1%	-13
Personnel costs, employees benefits	555	632	-12%	-76
Other operating costs (net)	272	311	-12%	-39
Net Operating costs (1)	**1,725**	**1,853**	**-7%**	**-128**
EBITDA	**3,642**	**3,598**	**1%**	**+44**
Provisions	52	55	-4%	-2
Amortisation and impairment (2)	1,397	1,425	-2%	-28
EBIT	**2,193**	**2,118**	**4%**	**+75**
Financial Results	(572)	(698)	18%	+126
Share of net profit joint ventures/associates	15	(14)	-	+29
Pre-tax profit	**1,636**	**1,406**	**16%**	**+230**
Income taxes	311	212	46%	+99
Extraord. contribution energy sector	61	-	-	+61
Net profit for the period	1,264	1,194	6%	+70
Net Profit	**1,040**	**1,005**	**4%**	**+35**
Non-controlling Interest	223	189	18%	+35

Key Operational Data	2014	2013	Δ %	Δ Abs.
Employees	11,798	12,171	-3.1%	-373
Installed capacity (MW)	22,469	22,269	0.9%	+200

Key Financial Data (€ m)	2014	2013	Δ %	Δ Abs.
FFO (Funds from operations)	2,440	2,426	1%	+13
Capex	1,872	1,934	-3%	-62
Maintenance	623	656	-5%	-33
Expansion	1,249	1,277	-2%	-29
Net investments (4)	1,794	2,234	-20%	-440

Key Balance Sheet Data (€ m)	Dec-14	Dec-13	Δ %	Δ Abs.
Equity book value	8,681	8,446	3%	+236
Net debt	17,042	17,083	-0%	-41
Regulatory receivables	2,504	2,747	-9%	-243
Net debt/EBITDA (x)	4.7x	4.7x	-1%	-0.1x
Adjusted net debt (3)/EBITDA (x)	4.0x	4.0x	1%	0.1x

Pursuant to the adoption of IFRS 10 and IFRS 11, 2013 data presented in this document was restated. Joint ventures previously consolidated through proportional method are from 2014 onwards consolidated by equity method.

Consolidated EBITDA rose by 1% YoY, to €3,642m in 2014, penalised by the severe drought in Brazil, adverse regulatory changes in Iberia and unfavourable ForEx impact (-€56m, mainly due to an 8% depreciation of BRL vs. EUR). Additionally, EBITDA reflects: (i) **in 2014**, the net impact of the restructuring process in Iberia (+€81m reflecting the new Collective Labour Agreement in Portugal and anticipated early-retirement program), the impact from the sale of a 50% equity stake in Jari/Cachoeira-Caldeirão to CTG (€131m) and the change in legal framework that allowed for the accounting recognition of regulatory receivables in Brazil (+€64m in 4Q14); (ii) **in 2013**, capital gains stemming from the sale of gas transmission assets in Spain (€56m). Excluding the aforementioned impacts, EBITDA from **Iberian operations** (excluding wind) rose by 1% YoY, driven by: (i) strong hydro production and resultant lower cost of production; (ii) higher volumes of electricity supplied; and (iii) tight cost control. **EDP Brasil** (EDPB) was adversely impacted by higher costs in generation derived from the severe drought (-€121m excluding ForEx impact or -R$339m YoY) and from ForEx impact (-€55m). **EDP Renováveis** (EDPR) reflected: (i) a €75m YoY fall in EBITDA from Spain, mainly prompted by the new remuneration scheme and low avg. market price in 2014; which was only partially offset by the contribution of capacity additions.

EDP Group operating costs totalled €1,452m (-6% YoY). Excluding the impact from aforementioned restructuring process, operating costs (Supplies and services, Personnel costs) fell by 1% YoY (-€18m) driven by the successful execution of our corporate efficiency program OPEX III, a 3% cut in workforce and BRL depreciation vs. Euro. **Other net operating costs** stood at €272m in 2014, -€39m YoY, impacted by capital gains on the disposal of the aforementioned equity stakes and real estate in Brasil (€77m in 2013; €131m in 2014). Generation taxes in Spain and clawback in Portugal totalled €137m in 2014.

EBIT was 4% higher YoY in 2014, at €2,193m, mainly driven by EBITDA and lower amortisation and impairments (-2% YoY). **Net financial costs** totalled €572m in 2014 (€126m lower YoY), factoring in a 30bp YoY rise in the avg. cost of debt, to 4.7% in 2014, and a €0.4bn reduction in the average net debt. **Share of net profit in joint ventures and associates** rose by €29m YoY, to €15m in 2014, mainly driven by the start-up of Jari hydro plant during 2H14 (+€13m) and by Pecém I (+€12m YoY). **Income taxes** totalled €311m in 2014, with an effective tax rate of 19%. Additionally, and according to the terms defined in Portugal's 2014 State Budget, EDP contributed with €61m in 2014 to the extraordinary tax on the energy sector in Portugal. **Non-controlling interests** rose by 18% YoY, to €223m in 2014, driven by higher net profit at the level of EDPB and higher share of minorities at the level of EDPR. **Net profit attributable to EDP shareholders rose by 4% YoY, to €1,040m in 2014.**

Net debt fell from €17.1bn in Dec-13 to €17.0bn in Dec-14, with a ForEx impact of +€0.4bn derived from the 14% appreciation of USD vs. EUR. Additionally, net debt evolution reflects: (i) €1.8bn reduction prompted by funds from operations (FFO), net of maintenance capex; (ii) €0.2bn reduction backed by regulatory receivables, following €1.5bn of securitisation in Iberia (€1.3bn of which in Portugal) and change of legal framework that allowed for the accounting of receivables in Brazil; (iii) €0.7bn increase prompted by the 2013 cash dividend payment; (iv) €0.7bn net impact from expansion capex (mainly in hydro and wind), changes in working capital with fixed asset suppliers, net proceeds from TEIs and net divestments. **Total cash and available liquidity facilities amounted to €6.1bn by Dec-14. This liquidity position allows EDP to cover its refinancing needs until the end of 2016.**

EDP's Executive Board of Directors will submit to the annual shareholders meeting an approval on the proposal for the distribution of €0.185 dividend per share as to 2014FY.

(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) Net investments defined in note (5) of page 5 of this document.

EBITDA Breakdown

EBITDA (€ m)	2014	2013	Δ %	Δ Abs.	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	4Q14 YoY Δ %	4Q14 YoY Δ Abs.	4Q14 QoQ Δ %	4Q14 QoQ Δ Abs.
LT Contracted Generation	671	717	-6%	-46	194	174	170	179	176	180	156	159	-11%	-20	2%	3
Liberalised Activities Iberia	416	333	25%	+83	111	114	38	70	192	123	52	49	-30%	-21	-7%	-4
Regulated Networks Iberia	1,042	1,023	2%	+19	290	232	250	251	245	314	257	226	-10%	-25	-12%	-32
Wind & Solar Power	903	921	-2%	-17	317	226	143	235	289	218	141	255	9%	21	81%	114
Brazil	619	601	3%	+18	177	134	217	73	127	139	108	245	236%	172	127%	137
Other	(9)	4	-	-13	(3)	6	10	(9)	2	(2)	(2)	(7)	23%	2	-337%	-6
Consolidated	**3,642**	**3,598**	**1.2%**	**+44**	**1,086**	**887**	**827**	**798**	**1,030**	**972**	**713**	**927**	**16%**	**129**	**30%**	**214**

Consolidated EBITDA rose by 1% YoY (+€44m), to €3,642m in 2014, impacted by an adverse ForEx impact (-€56m or -2% of EBITDA); weaker results in generation in Brazil due to severe drought and adverse regulatory changes in Iberia. Note that EBITDA includes: (i) in 2014, +€81m net impact from restructuring issues (impact from new Collective Labour Agreement, net of costs with pre-retirement program), +€131m one-off from the sale of a 50% equity stake in Jari/Cachoeira-Caldeirão and +€64m positive impact from the legal change allowing the recognition of regulatory receivables in Brazil (4Q14); (ii) in 2013, +€56m one-off from the sale of gas transmission assets in Spain.

The new Collective Labour Agreement (CLA) reached with the 64 unions representing EDP's employees in Portugal (~6,700 employees) in Jul-14 resulted in a one-off impact of +€129m in 2Q14, corresponding to the change in the present value of the group's future liabilities: €87m booked in Regulated Networks, €23m in LT Contracted Generation, €6m in Liberalised activities and €13m at the holding level. Additionally, EDP launched an anticipated early-retirement program in Iberia, which resulted in a €48m cost in 4Q14: €30m on Regulated networks, €11m on LT Contracted generation, €2m in Liberalised activities and €5m at the Corporate Center level.

LONG TERM CONTRACTED GENERATION IN IBERIA (18% of EBITDA) - EBITDA fell by 6% YoY (-€46m), to €671m in 2014, impacted by the transfer of 3 hydro plants to our merchant portfolio following the termination of respective PPAs (2013 gross profit: €60m), the shutdown of a cogeneration plant in Portugal and by the production stoppage at several special regime thermal plants in Spain, following regulatory cuts.

LIBERALISED ACTIVITIES IN IBERIA (11% of EBITDA) – EBITDA rose by 25% YoY (+€83m), to €416m in 2014, propelled by: (i) a stronger contribution from hydro production (42% weight in generation mix in 2014 vs. 32% in 2013), helped by the transfer of 804MW from LT Contracted portfolio; (ii) higher volume in the electricity supply business and (iii) results derived from the successful management of volatility in the energy markets in 1H14; and (iv) +€27m YoY of gross profit from gas supply and trading activities (fully concentrated in 1H14).

REGULATED NETWORKS IN IBERIA (28% of EBITDA) – EBITDA rose by 2% YoY (+€19m), to €1,042m in 2014. Excluding the impact from the sale of gas transmission assets in Spain (+€56m in 1Q13), new CLA in Portugal (+€87m in 2Q14), anticipated early-retirement program in Portugal (-€30m in 4Q14) and recovery of costs related to underground occupation (+€8m in 3Q14); EBITDA was 1% higher YoY (+€9m), at €976m, mainly driven by tight cost control focused on OPEX efficiency. Gross profit was 1% lower YoY (-€22m) in 2014, reflecting: (i) in Portugal, a lower return on RAB in both electricity and gas distribution derived from the lower sovereign risk, fast clients' switching to free market and, in the electricity business, the adverse revenues update for 'GDP Deflator-X'; (ii) in Spain, negative impact from regulatory changes in gas distribution.

WIND & SOLAR POWER (25% of EBITDA) – EDPR's EBITDA fell by 2% YoY (-€17m) to €903m in 2014, mainly driven by: (i) -€75m in Spain, mainly due to the new remuneration scheme in Spain and low avg. market price in the period; (ii) +€30m in North America mainly derived from additional capacity on stream, higher share of PPA-contracted capacity and higher avg. selling prices; (iii) +€17m from the adjustment to the selling price to CTG of 49% stake in wind business in Portugal (iv) higher avg. capacity on stream, namely in Poland and Romania. ForEx impact on EBITDA YoY change was only -€2m, mainly due to an 8% depreciation of the BRL vs. the EUR.

BRAZIL (17% of EBITDA) - EDPB's contribution to consolidated EBITDA rose by 3% YoY (+€18m), to €619m in 2014, adverselly impacted by ForEx (-€55m). In local currency, EDPB's EBITDA rose by 12% YoY (+R$210m) to R$1,933m in 2014, reflecting: (i) +R$157m YoY (or +€50m) due to a change in legal framework that allowed for the accounting recognition of regulatory receivables (R$199m in 2014 up from R$42m in 2013); (ii) +R$408m (or +€131m) booked on the sale of 50% equity stakes in Jari and Cachoeira Caldeirão to CTG; and (iii) in 2013, +R$67m one-off gain at our distribution business. Excluding these impacts, adjusted EBITDA fell by 18% YoY to R$1,326m in 2014, reflecting the impact on generation from low GSF (91% in 2014 and 88% in 4Q14) and abnormally high PLD (avg. R$697/MWh in 2014, +162% YoY), at -R$339m YoY (or €121m before ForEx impact); and stable regulated revenues in the distribution business.

Profit & Loss Items below EBITDA

Profit & Loss Items below EBITDA (€ m)	2014	2013	Δ %	Δ Abs.	1Q14	2Q14	3Q14	4Q14	4Q14 QoQ Δ %	4Q14 QoQ Δ Abs.
EBITDA	**3,642**	**3,598**	**1%**	**44**	**1,030**	**972**	**713**	**927**	**30%**	**214**
Provisions	52	55	-4%	-2	7	11	4	31	751%	27
Amortisation and impairment	1,397	1,425	-2%	-28	324	357	334	383	15%	49
EBIT	**2,193**	**2,118**	**4%**	**75**	**699**	**604**	**376**	**513**	**37%**	**138**
Net financial interest	(883)	(802)	-10%	-81	(216)	(217)	(222)	(228)	-3%	-6
Capitalized financial costs	169	129	31%	40	41	42	41	44	9%	3
Net foreign exchange differences and derivates	(52)	(15)	-257%	-38	19	15	(26)	(60)	-135%	-35
Investment income	5	6	-6%	-0	0	4	1	0	-	-1
Unwinding w/ pension & medical care responsibilities	(64)	(71)	11%	7	(17)	(18)	(15)	(14)	7%	1
Capital Gains/(Losses)	118	(0)	-	118	-	-	-	118	-	118
Other Financials	135	55	145%	80	27	76	12	21	76%	9
Financial Results	**(572)**	**(698)**	**18%**	**126**	**(147)**	**(98)**	**(208)**	**(118)**	**43%**	**90**
Share of net profit in joint ventures and associates	**15**	**(14)**	**-**	**29**	**12**	**(4)**	**17**	**(10)**	**-**	**-26**
Pre-tax Profit	**1,636**	**1,406**	**16%**	**230**	**564**	**502**	**184**	**385**	**109%**	**201**
Income Taxes	**311**	**212**	**46%**	**99**	**186**	**57**	**33**	**35**	**7%**	**2**
Effective Tax rate (%)	*19%*	*15%*	-	*3.9 pp*	*33%*	*11%*	*18%*	*9%*	*-49%*	*-0.1 pp*
Extraordinary Contribution for the Energy Sector	**61**	**-**	**-**	**61**	**15**	**16**	**17**	**16**	**-6%**	**-1**
EDP Renováveis	77	64	21%	13	39	18	(5)	25	-	30
Energias do Brasil	141	117	20%	24	27	34	25	55	117%	30
Other	5	7	-29%	-2	2	1	2	(0)	-	-3
Non-controlling Interests	**223**	**189**	**18%**	**35**	**68**	**53**	**23**	**80**	**249%**	**57**
Net Profit Attributable to Shareholders of EDP	**1,040**	**1,005**	**4%**	**35**	**296**	**377**	**113**	**254**	**125%**	**141**

Amortisation and impairment (net of compensation from depreciation and amortisation of subsidised assets) decreased 2% YoY to €1,397m in 2014, mostly reflecting: i) extension of the useful life since Oct-13 of our CCTGs (from 25 to 35 years) and of some of our coal plants in Spain; ii) impairments at some of our special regime facilities in Spain accounted in 2H13 amounting to €31m; iii) impairment at hydro project in Portugal (Alvito) accounted in 2Q14 amounting to €27m; iv) higher impairments at EDPR (€27m in 2014 vs €12m in 2013 related to projects under development); v) a one-off accelerated depreciation of some distribution assets in Brazil in 2013 (€21m) and vi) forex impact mostly due to EUR/BRL evolution (-€10m).

Net financial costs decrease 18% YoY to €572m in 2014. **Net interest expenses** rose 10% YoY reflecting a higher average cost of debt, up from 4.4% in 2013 to 4.7% in 2014 explained by higher marginal cost of debt from refinancing issues compared to old issues that are being paid, which was partly mitigated by a €0.4bn decrease in average net debt. **Net ForEx differences and derivatives** totalled -€52m in 2014 (-€60m in 4Q14) and are mostly related to forex and financial operations in energy markets and commodities. **Capitalised financial costs** reached €169m in 2014, up €40m YoY, driven by a higher level of works in progress, namely in new hydro in Portugal. **Capital gains** amounted to €118m in 2014 on the sale of 50% of EDP Asia to CTG. **Other financials** totalled €135m in 2014, including a €78m gain with the tariff securitisation deals (vs. €50m in 2013).

Share of net profit in joint ventures and associates amounted to €15m in 2014 with the main contributions to this item coming from: i) EDPR's 40% equity stake in ENEOP in Portugal (€13m both in 2014 and 2013); ii) our 21% stake in CEM in Macau (€14m in 2014 vs. €13m in 2013); iii) our 50% equity stake in Pecém I that rose by €12m YoY, to -€38m in 2014 but was negatively impacted in 4Q14 (-€57m QoQ) by the provisioning of expected unavailability penalties for the next 60 months and iv) €10m from purchase price allocation in Mexico's wind farm. Note that the start-up of Jari hydro plant during 2H14 allowed a contribution from our 50% equity stake of €13m.

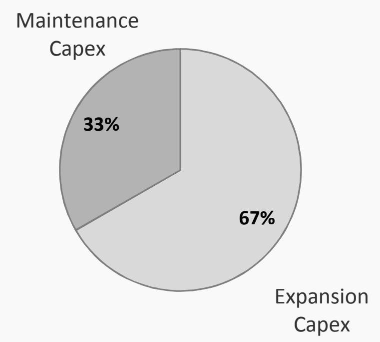
Income taxes amounted to €311m in 2014, representing an effective tax rate of 19%. In 4Q14, effective tax rate was 9% due to both in Portugal and Spain, fiscal terms slightly ease in 2015 with a 2pp fall in the corporate tax rate from 31.5% in 2014 to 29.5% in 2015 in Portugal and from 30% in 2014 to 28% in 2015 and 25% in 2016 in Spain which impacted deferred income tax (€67m). Additionally, and according to what had been defined in Portugal's 2014 State Budget, in 2014, EDP contributed with €61m to the special contribution that is being applied to the energy sector. According to Portugal's 2015 State Budget, the extraordinary contribution of the energy sector will continue to be in place in 2015.

Non-controlling interests increased 18% YoY to €223m in 2014, driven by higher net profit at the level of EDPB and by EDPR's sale of minority stakes in wind farms. All in all, **net profit attributable to EDP shareholders** increased 4% YoY to €1,040m in 2014.

Capital Expenditure & Net Investments

Capex (€ m)	2014	2013	Δ %	Δ Abs.	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14
LT contracted gen. Iberia	36	49	-27%	-13	11	8	12	17	3	7	10	16
Liberalised activities Iberia	559	537	4%	+21	139	126	145	128	124	171	115	148
Regulated networks Iberia	382	387	-1%	-6	72	89	85	141	70	89	87	136
Wind & solar power	710	536	32%	+174	(53)	65	131	394	44	69	165	432
Brazil (1)	119	382	-69%	-263	53	75	141	113	26	28	39	26
Other	67	42	58%	+25	7	10	11	15	11	17	15	24
EDP Group	**1,872**	**1,934**	**-3%**	**-62**	**228**	**373**	**525**	**808**	**278**	**381**	**431**	**782**
Expansion Capex	**1,249**	**1,277**	**-2%**	**-29**	**112**	**223**	**368**	**574**	**162**	**225**	**269**	**593**
Maintenance Capex	**623**	**656**	**-5%**	**-33**	**116**	**150**	**157**	**234**	**116**	**157**	**162**	**189**

CAPEX 2014



Generation Projects Under Construction (€ m)	MW	Capex 2014	Acc. Capex (2)
Hydro Portugal	1,480	495	1,749
Wind Power (3)	443	69	115
Total	**1,922**	**564**	**1,864**

Net financial investments/(Divestments) (€m)	2014	2013	Δ %	Δ Abs.
Investments	**137**	**300**	**-54%**	**-163**
Consolidation Perimeter EDPR	20	48	-58%	-28
Consolidation Perimeter EDPB (4)	60	37	61%	+23
Gas assets (Spain)	-	96	-	-96
Other	57	119	-52%	-62
Divestments	**338**	**550**	**-39%**	**-212**
Consolidation Perimeter EDPR	1	3	-59%	-2
EDP Brasil (Jari & C. Caldeirão)	134	-	-	+134
Gas assets (Spain)	-	245	-	-245
Wind assets	109	292	-63%	-183
Other	94	11	795%	+84
Total	**(201)**	**(250)**	**20%**	**+49**

Net Investments (€m) (5)	2014	2013	Δ %	Δ Abs.
Total	**1,794**	**2,234**	**-20%**	**-440**

Consolidated capex amounted to €1,872m in 2014. Excluding a cash-grant cashed-in by EDPR in Jan-13 (€91m), related to a US wind farm installed in 4Q12, capex in 2014 was 8% lower YoY (-€153m). Maintenance capex was 5% lower YoY (-€33m), at €623m in 2014. Expansion capex totalled €1,249m in 2014, mainly devoted to the construction of new hydro & wind capacity. **Capex in hydro capacity under construction in Portugal** amounted to €495m and comprised 3 new plants and 2 repowerings: 254MW expected to be commissioned in 1H15, 963MW expected to start up operations in 2H15 and 263MW due in 2H16. **Capex in new wind & solar capacity** (EDPR) totalled €710m, mostly allocated to capacity additions in 2014 (+393MW mostly concentrated in 4Q14) and to 443MW of capacity under construction (mostly in US). **In Brazil,** capex totalled €119m in 2014 and was mostly devoted to maintenance works at our distribution business. **Overall**, and excluding new hydro projects in Brazil, EDP has spent €1.9bn so far in 1.9GW of new generation capacity under construction. Note that EDP Brasil's construction works of new generation capacity were fully concentrated in equity-method accounted hydro projects: Jari (373MW), fully commissioned in Dec-14, Cachoeira-Caldeirão (219MW), due in Jan-17 and S. Manoel (700MW), due in May-18.

Net financial divestments totalled €201m in 2014. **Financial divestments** include: (i) +€134m from the conclusion of the sale to CTG group of 50% equity stakes in Jari and Cachoeira Caldeirão hydro projects; (ii) +€94m proceeds from the sale of 50% stake in EDP Asia, owner of a 21.2% equity stake at CEM; and (iii) +€109m proceeds from EDPR's disposals of 49% equity stakes in a wind portfolios in France and Canada (including shareholder loans, cash in amounted to €215m). **Financial investments** in 2014 are mainly related to the subscription of rights issue at Millennium BCP (€45m), some success fees related to the development of our wind business and to EDPB's equity contributions to Cachoeira-Caldeirão hydro project.

Overall, net investments amounted to €1.8bn in 2014 (vs. €2.2bn in 2013), including €1,872m of capex, €137m of financial investments and €215m of proceeds from asset rotation deals by EDPR. Although EDPR has agreed on the sale of 49% in 1.1GW of wind capacity in US for USD343m, the respective closing and cash in is expected to occur only in 1Q15.

Regarding **EDP's strategic partnership with CTG**, it is worth to highlight the following in 2014: (i) completion of EDPB's sale of a 33.3% stake in São Manoel hydro project (Nov-14); (ii) completion of EDP's sale of 50% stake in EDP Asia, owner of a 21.2% equity stake at CEM, for €94m (Dec-14); (iii) EDPR's sale of 49% equity stake in the wind business in Brazil for R$365m (including R$100.8m of estimated future equity contributions), agreed in Dec-14 and expected to be closed in 1H15. Also, it is worth to highlight that in Dec-13, CTG (through CWEI) signed a MoU with EDPR for the sale of a 49% stake in EDPR's 40% share in ENEOP consortium, which conclusion is expected to occur in 2015.

(1) Excluding Pecém I (equity method); (2) Accumulated capex net of debts to equipment suppliers; (3) Amount of accumulated capex includes capacity under construction & development; (4) Including Pecém I, Jari & C. Caldeirão (equity method);
(5) Capex net of investment subsidies + Financial Investments - Proceeds from EDPR's asset rotation strategy

Cash Flow

Consolidated Cash Flow (€m) - Indirect Method	2014	2013 (1)	Δ %	Δ Abs.
EBITDA	**3,642**	**3,617**	**1%**	**+25**
Current income tax	(115)	(264)	57%	+149
Net financial interest	(883)	(840)	-5%	-44
Net Income and dividends received from Associates	20	40	-49%	-19
Other adjustments	(225)	(127)	-78%	-98
FFO (Funds From Operations)	**2,440**	**2,426**	**1%**	**+13**
Net financial interest	883	840	5%	+44
Net Income and dividends received from Associates	(20)	(40)	49%	+19
Change in operating working capital	(54)	294	-	-348
Regulatory Receivables	182	(65)	-	+247
Other	(236)	359	-	-595
Net Cash from Operating Activities	**3,249**	**3,520**	**-8%**	**-271**
Expansion capex	(1,249)	(1,322)	6%	+73
Maintenance capex	(623)	(656)	5%	+33
Change in working capital from equipment suppliers	171	(201)	-	+371
Net Operating Cash Flow	**1,548**	**1,341**	**-**	**+207**
Net (investments)/divestments	201	287	-	-86
Net financial interest paid	(719)	(708)	-2%	-11
Dividends received	38	21	87%	+18
Dividends paid	(796)	(830)	4%	+34
Proceeds/(payments) from inst. partnersh. in US wind	148	(36)	-	+183
Effect of exchange rate fluctuations	(403)	388	-	-792
Other non-operating changes	23	318	-93%	-294
Decrease/(Increase) in Net Debt	**41**	**782**	**-95%**	**-741**

Consolidated Cash Flow (€m) - Direct Method	2014	2013	Δ %	Δ Abs.
Operating Activities				
Cash receipts from customers	14,803	14,264	4%	+539
Proceeds from tariff adjustments sales	1,557	1,560	0%	-3
Cash paid to suppliers and personnel	(12,230)	(11,412)	-7%	-818
Concession rents & other	(654)	(694)	6%	+40
Net Cash from Operations	**3,476**	**3,718**	**-7%**	**-242**
Income tax received/(paid)	(227)	(258)	12%	+31
Net Cash from Operating Activities	**3,249**	**3,460**	**-6%**	**-211**
Net Cash from Investing Activities	**(1,449)**	**(2,316)**	**37%**	**+867**
Net Cash from Financing Activities	**(1,378)**	**(652)**	**-111%**	**-726**
Changes in Cash and Cash Equivalents	**422**	**492**	**-14%**	**-70**
Effect of exchange rate fluctuations	35	(30)	-	+66

Funds from operations (FFO) stood relatively flat at €2.4bn in 2014, including: i) a €44m increase in net financial interests, reflecting higher average cost of debt (4.7% in 2014); and ii) a €149m decrease in current income taxes driven by lower income from Brasil and from our wind activities in Spain. Note that 'other adjustments' includes a €129m negative impact in 2014 related to the new Collective Labour Agreement established in Portugal, which is fully compensated at EBITDA level.

Net cash from operating activities decreased 8% YoY (-€271m) to €3,249m in 2014. **Regulatory receivables** in 2014 decreased €182m vs. Dec-13, reflecting: i) €107m of net cash proceeds from regulated activities in Portugal, including -€1,262m from the securitisation deals undertaken in 2014; ii) a €262m decrease from Spain, reflecting -€202m from a securitisation deal as well as some other adjustment to the 2013 tariff deficit; and iii) the first time accounting recognition of €187m of regulatory receivables from our electricity distribution activities in Brazil. **Other changes in working capital,** which amounted to -€236m in 2014, include a €131m one-off gain booked on the sale of 50% equity stakes in Jari/Cachoeira-Caldeirão and the payment of €61m regarding the extraordinary contribution from the energy sector. It is worth recalling that 'other changes in working capital' in 2013 were positively impacted by a fall in coal inventories as well as by a decrease in trade receivables, partly offset by a decrease in payables to trade suppliers.

Expansion capex totalled €1.2bn in 2014, translating the ongoing construction of new hydro and wind capacity. Note that **change in working capital from equipment suppliers** relates essentially to the renewable projects construction and development activity at EDPR level.

Net financial divestments amounted to €201m in 2014, mostly reflecting the previously mentioned sales of: i) 50% equity stakes in Jari/Cachoeira-Caldeirão; and ii) a 50% stake in EDP Asia; and iii) 49% equity stakes in wind portfolios in France and Canada.

On May 29th, 2014, EDP paid its annual dividend amounting to €672m (or €0.185/share, flat vs. the previous year). Note that the amount of €796m of dividends paid in 2014 also includes the amounts paid to non-controlling interests, mostly at the level of EDP Brasil (€80m) and EDP Renováveis (€41m).

Proceeds from Institutional Partnerships in US totalled €148m in 2014 reflecting the 3 new structures agreed in 2014 (€217m cashed-in), which impact was partly offset by €71m of cash distributions to the tax equity partners (vs. €36m in 2013).

The €403m negative impact on net debt from **effects of exchange rate fluctuations** essentially reflects the appreciation of the US Dollar (+14%) against the Euro between Dec-13 and Dec-14. Overall, **net debt** went down €41m vs. Dec-13 to €17.0bn as of Dec-14.

Looking forward, EDP group agreed on several transactions with closing expected for the course of 2015: i) as part of EDPR's asset rotation strategy, the sale to Fiera Axium of a 49% stake in a 1.1GW portfolio of wind assets located in the US (USD343m); ii) the sale of some gas assets in Murcia and other Spanish regions to Redexis (€236m); iii) within the scope of EDP's strategic partnership with CTG, the sale of a 49% stake in our wind business in Brazil (R$365m, including R$101m of estimated future equity contributions) and the execution of the MoU upon the sale of 49% of EDPR's 40% share in ENEOP assets; and v) the acquisition of Eneva's 50% stake in Pecém I coal facility (R$300m equity payment).

(1) Cash Flow under the Indirect Method is not restated for IFRS10 / IFRS11 implementation

Statement of Consolidated Financial Position

Assets (€ m)	Dec-14	Dec-13	Δ Abs.
	Dec. vs. Dec.		
Property, plant and equipment, net	20,523	19,454	1,069
Intangible assets, net	5,813	6,018	-205
Goodwill	3,321	3,253	68
Financial investments and assets held for sale, net	1,272	1,578	-305
Tax assets, deferred and current	590	754	-163
Inventories	266	265	2
Trade receivables, net	2,120	2,281	-161
Other assets, net	5,923	5,868	56
Collateral deposits	429	439	-10
Cash and cash equivalents	2,614	2,157	457
Total Assets	**42,873**	**42,066**	**807**

Equity (€ m)	Dec-14	Dec-13	Δ Abs.
Equity attributable to equity holders of EDP	8,681	8,446	236
Non-controling Interest	3,288	3,082	206
Total Equity	**11,969**	**11,528**	**441**

Liabilities (€ m)	Dec-14	Dec-13	Δ Abs.
Financial debt, of wich:	20,298	19,759	539
Medium and long-term	*16,401*	*15,601*	*800*
Short term	*3,897*	*4,158*	*-261*
Employee benefits (detail below)	1,880	1,935	-54
Institutional partnerships, US wind	1,802	1,508	293
Provisions	486	382	104
Tax liabilities, deferred and current	1,221	1,333	-113
Other liabilities, net	5,217	5,621	-404
Total Liabilities	**30,904**	**30,538**	**366**
Total Equity and Liabilities	**42,873**	**42,066**	**807**

Employee Benefits (€m) (1)	Dec-14	Dec-13	Δ Abs.
Pensions (2)	930	960	-30
Medical care and other	950	974	-24
Employee Benefits	**1,880**	**1,935**	**-54**

Institutional Partnerships Liabilities (€m)	Dec-14	Dec-13	Δ Abs.
Institutional Partnerships, US Wind	1,802	1,508	293
(-) Deferred Income	735	672	63
Institutional Partnerships Liabilities	**1,067**	**836**	**230**

Regulatory Receivables (€m)	Dec-14	Dec-13	Δ Abs.
Portugal Distribution and Gas (3)	2,203	2,045	158
Portugal Annual CMEC Deviation	112	377	-265
Spain	2	264	-262
Brazil (4)	187	61	126
Regulatory Receivables	**2,504**	**2,747**	**-243**

Total amount of **property, plant & equipment and intangible assets** increased €0.9bn vs. Dec-13 to €26.3bn as of Dec-14, mainly reflecting: i) +€1.9bn of capex in the period; ii) -€1.4bn from depreciations in the same period; iii) +€0.7bn mainly resulting from the appreciation of the US Dollar (+14%) against the Euro; and ii) a -€0.1bn net impact driven by CO2 licences purchase, consumption and delivery in the period. As of Dec-14, EDP's balance sheet included €4.0bn of works in progress (15% 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** went down €0.3bn vs. Dec-13, to €1.3bn as of Dec-14, reflecting: i) the conclusion, in Jun-14, of the sale of 50% stakes in Jari and Cachoeira Caldeirão hydro projects in Brazil, and the subsequent equity method consolidation of the remaining 50%; ii) the transfer to 'assets classified as held for sale' of gas assets in Murcia and other Spanish regions following the sale agreement reached with Redexis in Dec-14; iii) the sale of 50% of EDP Asia; and iv) the mark-to-market of some of our financial stakes. Note that financial investments essentially refer to our financial stakes in Jari (50%), Cachoeira Caldeirão (50%), Pecém I (50%), EDP Asia (50%), which is the owner of a 21% stake in CEM, ENEOP (40%), REN (3.5%) and BCP (2.0%).

Tax assets net of liabilities, deferred and current, went down €0.1bn vs. Dec-13, essentially due to lower fiscal receivables, related to value added taxes, and lower deferred tax assets (net of liabilities) on the announced easing of corporate tax rates in both Spain and Portugal. **Trade receivables and other assets (net)** decreased €0.1bn vs. Dec-13 to €8.0bn as of Dec-14, translating: i) €0.1bn decrease of gross regulatory receivables from Portugal, reflecting the securitisation deals achieved during 2014, which were partly offset by regulatory receivables generated during the period; ii) a €0.3bn decrease of gross regulatory receivables from Spain, driven by the securitisation transaction achieved in 2014; and iii) the legal framework change enabling the first time accounting recognition of €0.2bn of regulatory receivables from Brazil.

Total amount of EDP's **net regulatory receivables** went down €0.2bn vs. Dec-13, to €2.5bn as of Dec-14, reflecting: i) a €107m decrease from Portugal; ii) a €262m decrease from Spain; and iii) a €126m increase from Brazil.

Equity book value went up €0.2bn to €8.7bn as of Dec-14, mainly reflecting €1,040m of net profit for the period, which was partly offset by the payment of €672m of dividends. Additionally a €132m actuarial loss was recognized at the level of equity reserves, translating the update of actuarial assumptions (namely, a lower discount rate). **Non-controlling interests** went up €0.2bn to €3.3bn as of Dec-14, driven by EDPR's disposal of minority stakes in wind-farms and stronger USD.

Pension fund, medical care and other employee benefit liabilities (gross, before deferred taxes) fell by €54m vs. Dec-13 to €1,880m as of Dec-14: i) reflecting a €142m actuarial loss related to the update of actuarial assumptions; ii) a €48m negative impact from the mentioned early-retirement program; iii) the €129m positive impact from the new Collective Labour Agreement in Portugal; and iv) the recurrent payment of pension and medical care expenses in 2014. **Institutional partnership liabilities** increased €230m vs. Dec-13 to €1,067m as of Dec-14 reflecting the US Dollar appreciation, the benefits captured by the tax equity partners during the period and the establishment of new institutional tax equity financing structures during the period. 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 down by €0.4bn vs. Dec-13 to €5.2bn as of Dec-14, on lower 'liabilities classified as held for sale' following the closing of the above mentioned sale of 50% equity stakes in Jari and Cachoeira Caldeirão.

(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 2013, Brazil regulatory receivables were out of Consolidated Financial Position.

Consolidated Net Financial Debt

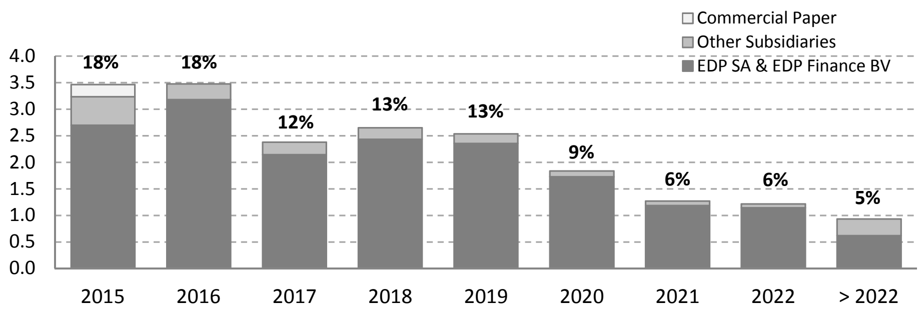
Nominal Financial Debt by Company (€m)	Dec-14	Dec-13	Δ %	Δ Abs.
EDP S.A. and EDP Finance BV	17,676	17,451	1%	225
EDP Produção & Other	178	149	20%	29
EDP Renováveis	928	842	10%	86
EDP Brasil	988	949	4%	39
Nominal Financial Debt	**19,769**	**19,391**	**2%**	**378**
Accrued Interest on Debt	371	359	3%	13
Fair Value of Hedged Debt	157	9	1671%	148
Derivatives associated with Debt (2)	(202)	(76)	-167%	-126
Collateral deposits associated with Debt	(429)	(439)	2%	10
Total Financial Debt	**19,667**	**19,244**	**2%**	**423**
Cash and cash equivalents	**2,614**	**2,157**	**21%**	**457**
EDP S.A., EDP Finance BV and Other	1,989	1,618	23%	371
EDP Renováveis	369	255	44%	113
EDP Brasil	257	284	-9%	-27
Financial assets at fair value through P&L	**11**	**4**	**-**	**6**
EDP Consolidated Net Debt	**17,042**	**17,083**	**0%**	**-41**

Credit Lines by Dec-14 (€m)	Maximum Amount	Number of Counterparts	Available Amount	Maturity
Revolving Credit Facility	3,150	21	3,150	Jun-19
Revolving Credit Facility	100	1	100	Dec-16
Domestic Credit Lines	199	9	199	Renewable
Underwritten CP Programmes	100	1	100	Oct-16
Total Credit Lines	**3,549**		**3,549**	

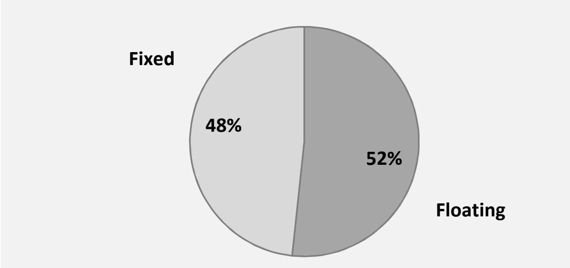
Debt Ratings	S&P	Moody's	Fitch
EDP SA & EDP Finance BV	**BB+/Positive/B**	**Baa3/Stable/NP**	**BBB-/Stab/F3**
Last Rating Action	30-01-2015	13-02-2015	19-01-2015

Debt Ratios	Dec-14	Dec-13
Net Debt / EBITDA	4.7x	4.7x
Net Debt / EBITDA adjust. by Reg. Receivables	4.0x	4.0x

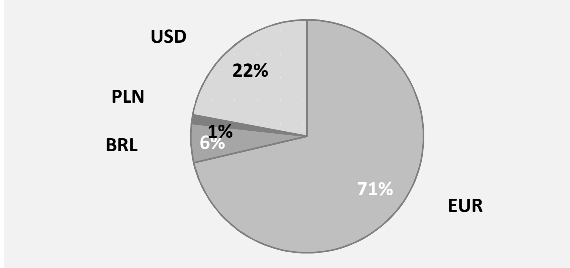
Debt Maturity (€ m) by Dec-14 (1)



Debt by Interest Rate Type - Dec-14 (1)



Debt by Currency - Dec-14 (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. Maintaining access to diversified sources of funding and assuring refinancing needs 12-24 months ahead continue to be part of the company's funding strategy. In terms of credit rating, in Jan-15, Fitch affirmed EDP a "BBB-", also maintaining the outlook at Stable, and S&P affirmed its "BB+" credit rating on EDP while revising the outlook from Stable to Positive, essentially reflecting the expectation that the group's financial risk profile will strengthen markedly over the next 2 years. More recently, in Feb-15, Moody's upgraded EDP's credit rating back to investment grade at "Baa3" with Stable outlook. This upgrade was based upon progress on delivery of the group's deleveraging strategy against the background of a slowly improving Portuguese economy.

Looking at 2014 **major debt repayments and refinancing deals**, in Jan-14, EDP issued a USD750m bond maturing in Jan-2021 with a coupon of 5.25%. In Feb-14, EDP repaid, at maturity, a €1bn Eurobond that was paying a coupon of 5.5% and a Swiss Franc bond amounting to CHF230m with a coupon of 3.5%. In Apr-14, EDP issued a €650m Eurobond maturing in Apr-19 with a coupon of 2.625%. In Jun-14, EDP repaid, at maturity, a USD1.5bn Revolving Credit Facility ("RCF") that was fully drawn. Also in Jun-14, EDP signed a €3.15bn RCF to replace the €2bn RCF due to mature in Nov-15 and keeping the same purpose of backup credit facility – the new RCF remains fully undrawn. In Jul-14, EDP contracted several US dollar bilateral financings (5-year maturity) that were used to early repay USD750m out of a USD1.0bn loan due to mature in Oct-15; the remaining USD250m were early repaid in Jan-15. In Sep-14, EDP issued a €1bn Eurobond maturing in Jan-22 with a coupon of 2.625%. In Nov-14, EDP issued a USD750m bond maturing in Jan-20 with a coupon of 4.125%. In Dec-14, EDP repaid at maturity a €200m retail bond that was paying a coupon of 6%.

By Dec-14, **average debt maturity** was 4.0 years. The weight of consolidated financial debt raised through capital markets reached 67%. 2015 refinancing needs amount to €2.7bn, including: i) €1.75bn of bonds maturing in 1H15; and ii) €1bn of several bank loans maturing throughout the year. Total cash and available liquidity facilities amounted to €6.1bn by Dec-14. This liquidity position allows EDP to cover its refinancing needs until end of 2016.

In Feb-15, EDP signed a €2bn 5-year credit facility with a syndicate of 16 international banks which will be used to early repay a €1.6bn term loan signed in Jan-13 and which would mature in Jan-17 (50%) and Jan-18 (50%). The new facility has a cost of EURIBOR+1.1% (vs. EURIBOR+4% with the prior facility).

(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 2014	Portugal 2013	Portugal Δ%	Spain 2014	Spain 2013	Spain Δ%	Iberian Peninsula 2014	Iberian Peninsula 2013	Iberian Peninsula Δ%
Hydro	14.7	13.3	10%	35.9	34.0	6%	50.5	47.3	7%
Nuclear	0.0	-	-	57.4	56.8	1%	57.4	56.8	1%
Coal	11.1	11.0	1%	44.1	39.8	11%	55.1	50.8	9%
CCGT	1.4	1.5	-6%	21.9	25.1	-13%	23.3	26.6	-12%
Fuel/gas/diesel	-	(0.0)	-	-	-	-	-	(0.0)	-
Own consumption	0.0	-	-	(6.5)	(6.3)	4%	(6.5)	(6.3)	4%
(-)Pumping	(1.1)	(1.5)	-26%	(5.3)	(6.0)	-11%	(6.4)	(7.4)	-14%
Conventional Regime	**26.1**	**24.3**	**7%**	**147.4**	**143.5**	**3%**	**173.4**	**167.8**	**3%**
Wind	11.8	11.8	1%	50.6	54.3	-7%	62.4	66.1	-6%
Other	10.0	10.3	-3%	50.1	56.6	-11%	60.2	66.9	-10%
Special Regime	**21.9**	**22.1**	**-1%**	**100.7**	**110.9**	**-9%**	**122.6**	**133.0**	**-8%**
Import/(export) net	0.9	2.8	-68%	(4.7)	(8.0)	-41%	(3.8)	(5.2)	-27%
Gross demand (before grid losses)	**48.8**	**49.1**	**-0.7%**	**243.4**	**246.4**	**-1.2%**	**292.2**	**295.5**	**-1.1%**
Adjust. temperature, working days			0.0%			-0.2%			n.a.

Gas Demand (TWh)	Portugal 2014	Portugal 2013	Portugal Δ%	Spain 2014	Spain 2013	Spain Δ%	Iberian Peninsula 2014	Iberian Peninsula 2013	Iberian Peninsula Δ%
Conventional demand	40.8	43.5	-6%	249.7	276.7	-10%	290.5	320.2	-9%
Demand for electricity generation	3.2	3.4	-5%	51.8	56.8	-9%	55.0	60.2	-9%
Total Demand	**44.1**	**46.9**	**-6%**	**301.4**	**333.5**	**-10%**	**345.5**	**380.4**	**-9%**

Electricity demand in Iberia fell 1.1% YoY in 2014, following a 1.9% YoY decrease in 4Q14. In Spain (83% of Iberia), demand declined 1.2% in 2014, although it was down just by 0.2% when adjusted for temperature and working days. In Portugal (17% of total), demand was 0.7% lower YoY in 2014 (flat when adjusted for temperature and working days), after a 1.3% decrease in 4Q14 and as a consequence of very mild temperatures throughout 2014.

Installed capacity in Iberia declined by 1% (-0.9GW), driven by Spain. In Portugal, installed capacity was stable as wind capacity additions in the last 12 months were compensated by the shutdown of cogeneration and fueloil capacity. In Spain, lower installed capacity was prompted by the shutdown of some coal and cogeneration capacity.

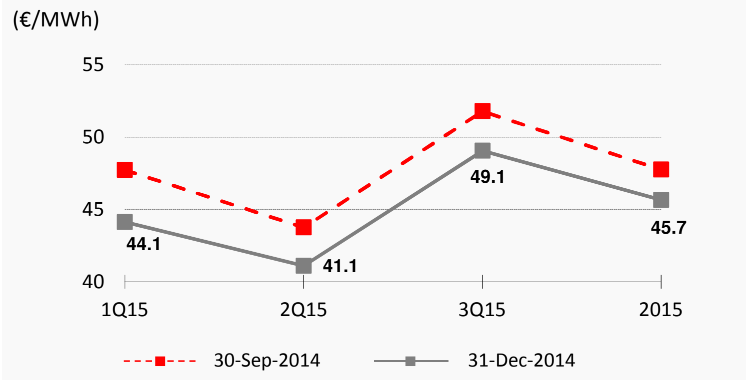
Residual thermal demand in 2014 increased 1.4% YoY (+1.1TWh), backed by coal generation (+9% vs. 2013). In fact, residual thermal demand ascended, in spite of (i) lower total demand (-3.3TWh); (ii) higher net contribution from hydro capacity (+4.2TWh YoY on hydro resources 20% and 27% above the average in Spain and Portugal, respectively); and (iii) lower net export volumes by 1.4TWh, on the back of increased interconnectivity with France, enabling more imports in a scenario of lower prices in France. Coal increased generation volumes compensated for (i) lower Iberian special regime production which was 8% lower YoY in 2014 (-10.4TWh), in the wake of weaker wind resources (vs. 2013) and lower special regime thermal production in Spain, following lower regulatory returns since Jul-13; and (ii) lower CCGT generation (-3.3TWh YoY), which presented declining load factors (9% vs. 11% in 2013). Accordingly, coal's avg. load factors improved to 54% (+6p.p. YoY, including 352MW of capacity closures).

Average electricity spot price in Spain was 5% lower YoY in 2014, at €42.1/MWh (-5% QoQ), and €0.3/MWh higher than in Portugal. Average CO2 prices rose by 34% YoY in 2014, to €6/ton. Average electricity final price in Spain stood €12.3/MWh above pool price (2% lower than in 2013) as a result of the contribution from restrictions market, ancillary services and capacity payments.

In the Iberian gas market, consumption fell by 9% YoY in 2014, dragged by a 9% slump in conventional demand, on the back of the decline of thermal special regime production and warmer weather, reflecting a 10% drop in Spain and a 6% fall in Portugal. Consumption for electricity generation purposes fell also 9%, due to lower utilisation rates at CCGTs.

Installed Capacity in Electricity (GW)	Iberian Peninsula 2014	Iberian Peninsula 2013	Iberian Peninsula Δ%
Hydro	22.1	22.1	0%
Nuclear	7.0	7.0	-
Coal	11.7	12.1	-3%
CCGT	28.8	28.8	0%
Fuel/gas/diesel	0.8	1.0	-17%
Conventional Regime	**70.4**	**70.9**	**-1%**
Wind	27.7	27.5	1%
Other special regime	20.0	20.7	-3%
Special Regime	**47.7**	**48.1**	**-1%**
Total	**118.1**	**119.0**	**-1%**

Iberian Electricity Forward Market (OMIP)



Main Drivers	2014	2013	Δ%
Hydro coeficient (1.0 = avg. year)			
Portugal	1.27	1.17	9%
Spain	1.20	1.17	3%
Wind coeficient (1.0 = avg. year)			
Portugal	1.11	1.18	-6%
Electricity spot price, €/MWh (1)			
Portugal	41.9	43.6	-4%
Spain	42.1	44.3	-5%
Electricity final price, €/MWh (1) (2)			
Spain	54.4	55.6	-2%
CO2 allowances (EUA), €/ton (1)	6.0	4.5	34%
Coal (API2 CIF ARA), USD/t (1)	75.3	81.7	-8%
Gas NBP, €/MWh(1)	21.1	27.4	-23%
Brent, USD/bbl (1)	99.0	108.7	-9%
EUR/USD (1)	1.33	1.33	0%

Sources: EDP, REN, REE, Enagas, OMEL, OMIP; (1) Average in the period; (2) 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)	2014	2013	Δ%	Δ Abs.
PPA/CMEC Revenues	**1,005**	**1,037**	**-3%**	**-32**
Revenues in the market (i)	846	922	-8%	-76
Annual deviation (ii)	100	129	-22%	-29
PPAs/CMECs accrued income (iii)	59	(13)	-	+72
PPA/CMEC Direct Costs	**280**	**268**	**5%**	**+12**
Coal	193	202	-5%	-9
Fuel oil	2	2	3%	+0
CO2 and other costs (net)	85	64	34%	+21
Gross Profit PPA/CMEC	**725**	**769**	**-6%**	**-44**
Thermal (cogen., waste, biomass)	10	42	-76%	-32
Mini-hydro	56	56	0%	+0
Gross Profit Special Regime	**66**	**98**	**-33%**	**-32**
Net Operating costs (1)	119	150	-20%	-31
EBITDA	**671**	**717**	**-6%**	**-46**
Net depreciation and provision	174	207	-16%	-33
EBIT	**497**	**510**	**-2%**	**-12**
At Fin. Results: Hedging Gains (Losses) (2)	2	10	-77%	-7
Employees (#)	1,149	1,212	-5%	-63

PPA/CMEC: Key Data	2014	2013	Δ %	Δ Abs.
Real/Contracted Availability				
Hydro plants	1.04	1.07	-3%	-0.0
Thermal plants	1.07	1.04	3%	+0.0
Installed Capacity (MW)	**4,470**	**5,274**	**-15%**	**-804**
Hydro	3,290	4,094	-20%	**-804**
Coal	1,180	1,180	-	-
Output (GWh)	**17,160**	**17,454**	**-2%**	**-294**
Hydro	9,031	9,512	-5%	**-480**
Coal	8,129	7,942	2%	**+187**

Special Regime: Key Data	2014	2013	Δ %	Δ Abs.
Output (GWh)	**997**	**1,639**	**-39%**	**-642**
Mini-hydro Portugal	631	583	8%	+48
Thermal Portugal	214	486	-56%	-272
Thermal Spain	153	570	-73%	-418
Average Gross Profit (€/MWh)				
Mini-hydro Portugal	88	95	-8%	-7
Thermal Portugal (3)	30	22	33%	+7
Thermal Spain	40	54	-26%	-14

Capex (€ m)	2014	2013	Δ %	Δ Abs.
PPA/CMEC Generation	33	44	-24%	-11
Special Regime	2	5	-52%	-3
Total	**36**	**49**	**-27%**	**-13**

EBITDA from LT contracted generation fell by 6%, to €671m in 2014, impacted by the transfer of 3 hydro plants to our merchant portfolio following the termination of respective PPAs (2013 gross profit: €60m) and by production stoppage in several special regime thermal plants. In turn, the establishment of the new Collective Labour Agreement in Portugal in Jul-14 enabled a positive €23m change in the present value of future liabilities, booked as net operating costs, partly offset by anticipated early retirement program costs of €11m.

Following the end in Dec-13 of PPA, our hydro plants Bemposta I, Picote I and Miranda are now operating in the liberalised market since 1-Jan-14 (804MW; 2.5TWh energy production in an avg. hydro year; €24/MWh price implicit in PPA).

Gross profit from PPA/CMEC was €44m lower YoY in 2014, at €725m, following the natural depreciation of the asset base and the transfer of 3 hydro plants to our merchant portfolio (€60m gross profit in 2013).

The **annual deviation** between market gross profit under CMECs assumptions and gross profit under actual market conditions totalled €100m in 2014, reflecting essentially the low spot prices in 1H14. This amount is due to be received in up to 24 months through access tariffs. Deviation at hydro plants totalled €16m as the impact from a production 29% above CMEC's reference was overwhelmed by an avg. realised price 29% below CMEC's reference. In turn, market gross profit at our Sines coal plant stood €84m below the CMEC's reference, due to shorter volumes (-7%) and avg. clean dark spread 18% below the CMEC's reference.

Gross profit from special regime was €32m lower YoY, at €66m in 2014, driven by the shutdown of a cogeneration plant in Portugal (Energin, 44MW) in Jan-14 and by the interruption of production in most of our Spanish thermal plants (74MW, 80% of total capacity) in Feb-14, as remuneration terms proposed and in place since Jul-13 make its operation unprofitable. Mini-hydro plants in Portugal presented flat gross profit YoY, as higher volumes were offset by lower avg. tariffs.

Net operating costs(1) fell by 20%, to €119m in 2014, reflecting the €23m positive impact of the new collective labour agreement and the lower generation taxes in Spain (on lower production); partly offset by anticipated early retirement program costs of €11m.

Net amortisation charges and provisions were 16% lower YoY, at €174m in 2014, reflecting lower asset base at PPA/CMEC, and the one-off provisions/impairments on thermal special regime plants in Spain in 4Q13.

Capex in LT contracted generation was €13m lower in 2014, at €36m, largely due to several pluri-annual maintenance works at Sines coal plant in 2013.

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 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 €10m realised gain in 2014 and €12m gain in 2013;
(3) Excludes Energin, shutdown in Jan-14.

Liberalised Activities in the Iberian Market

Income Statement (€ m)	2014	2013	Δ%	Δ Abs.
Gross Profit	**868**	**702**	**24%**	**+165**
Electricity generation	592	539	10%	+53
Portugal	281	175	61%	+106
Spain	316	370	-15%	-54
Adjustments	(5)	(6)	-19%	+1
Electricity supply	197	107	85%	+90
Gas supply	85	58	47%	+27
Adjustments	(6)	(1)	635%	-5
Net Operating costs (1)	451	369	22%	+82
EBITDA	**416**	**333**	**25%**	**+83**
Provisions	19	18	5%	+1
Amortisation and impairment	234	228	3%	+6
EBIT	**164**	**88**	**87%**	**+76**

Electricity Performance	2014	2013	Δ%	2014	2013	Δ%
	Output (GWh)			Variable Cost (€/MWh) (2)		
Generation Output	14,984	13,245	13%	26.0	32.4	-20%
Electricity Purchases	35,565	32,774	9%	49.3	52.1	-5%
Electricity Sources	**50,549**	**46,019**	**10%**	**43.2**	**47.4**	**-9%**
	Volumes Sold (GWh)			Average Price (€/MWh) (3)		
Grid Losses	1,502	1,578	-5%	n.a.	n.a.	-
Retail - Final clients	34,465	31,321	10%	62.5	63.6	-2%
Wholesale market	14,582	13,120	11%	58.4	69.5	-16%
Electricity Uses	**50,549**	**46,019**	**10%**	**59.5**	**63.1**	**-6%**

Electricity Gross Profit (€ m)	2014	2013	Δ%	Δ Abs.
Before hedging (€/MWh)	16.3	15.7	4%	+0.6
From Hedging (€/MWh) (4)	(1.4)	(1.9)	27%	+0.5
Unit margin (€/MWh)	14.9	13.9	8%	+1.1
Total Volume (TWh)	50.5	46.0	10%	+4.5
Subtotal	**756**	**638**	**18%**	**+118**
Others (5)	**34**	**8**	**341%**	**+26**
Total	**789**	**645**	**22%**	**+144**

Gas Uses (TWh)	2014	2013	Δ%	Δ Abs.
Consumed by own power plants	5.0	6.6	-25%	-1.6
Sold in wholesale markets	20.4	11.8	73%	+8.6
Sold to Clients	14.1	20.2	-30%	-6.1
Total	**39.5**	**38.7**	**2%**	**+0.8**

EBITDA from liberalised activities was €83m higher YoY, at €416m in 2014, driven by: (i) a stronger contribution from hydro production (42% weight in generation mix in 2014 vs. 32% in 2013); (ii) improved volume and margins in the electricity supply business; (iii) higher results derived from the successful management of volatility in the energy markets; and (iv) +€27m YoY of gross profit from gas supply and trading activities, mostly in 1H14.

As a result of the end of PPAs at 3 hydro plants in Dec-13, 804MW of hydro capacity was transferred from the LT Contracted portfolio to liberalised generation portfolio (2.4TWh in 2014). Accordingly, hydro output increased 45% YoY, helped by the even rainier 2014 (vs. an already rainy 2013). The higher contribution from hydro justified a 20% drop in the avg. generation cost. Regulatory-wise, 2014 EBITDA was hit by an overall impact in Iberia of -€43m YoY (generation taxes and reduction in capacity payment in Spain; and by the clawback in Portugal).

Gross profit in the electricity business rose by 22% in 2014, to €789m, driven by a higher avg. unit margin (up from €15.7/MWh in 2013 to €16.3/MWh in 2014). A weaker 4Q14 (vs. 4Q13), on the back of lower opportunities for wholesale gas trading and for energy management gains, limited gross profit growth.

Unit margin (2)(3): Avg. electricity spread was €0.6/MWh higher in 2014, at €16.3/MWh, mainly propelled by a cheaper mix of electricity sources. **Avg. sourcing cost** fell by 9% YoY supported by a cheaper generation mix (-20% YoY on higher contribution from hydro) and cheaper electricity purchases derived from selective wholesale buying in the period. **Avg. selling price** was 6% lower in 2014, as a result of: (i) a 2% decline in avg. selling prices to retail clients derived from lower cost of electricity and competition; and (ii) a 16% fall in the average selling prices in the wholesale market (supported by lower revenues in complementary markets and slightly lower pool prices). Note that the Dispatch 4694/2014, aiming at reducing potential distortions in the ancillary services market in Portugal, addressed the price of the secondary regulation, obliging it to be no greater than in Spain.

Volumes: Total volume sold rose by 10% to 51TWh in 2014, reflecting increases in sales to retail and in the wholesale market (+11%). Our generation output met 43% of electricity sales to final clients.

Our gas sourcing activity in 2014 was based on an annual c.3.6bcm portfolio of long term contracts, whose flexibility has been enhanced through several contract renegotiations (including take or pay flexibility). Moreover, rather than solely using volumes available for electricity generation and for the sale to clients in the free market, EDP was able to divert part of its take-or-pay gas volumes to wholesale markets, where conditions were more attractive. As a result, gas supplied rose 2% YoY to 40TWh (3.4bcm) in 2014, as sales in wholesale markets increased 73% YoY, offsetting the 30% decrease in sales to final clients and the 25% drop in consumption at our gas fired power plants.

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 around 85% of its gas sourcing commitments in 2015. Also, EDP has so far forward contracted costs for close to 60% of the expected coal output for 2015. For 2015, EDP has already forward contracted electricity sales with clients of 23TWh at an avg. price of c.€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) Includes results from hedging on electricity;
(5) Includes capacity payments, services rendered and others.

Liberalised Electricity Generation in the Iberian Market

Income Statement (€ m)	2014	2013	Δ%	Δ Abs.
Gross Profit	**592**	**539**	**10%**	**+53**
Portugal	281	175	61%	+106
Spain	316	370	-15%	-54
Adjustments	(5)	(6)	-19%	+1
Supplies and services	67	65	3%	+2
Personnel costs	38	45	-15%	-7
Costs with social benefits	1	0	-	+1
Other operating costs (net)	138	92	50%	+46
Net Operating costs (1)	**244**	**202**	**21%**	**+42**
EBITDA	**348**	**337**	**3%**	**+11**
Provisions	5	2	159%	+3
Amortisation and impairment	226	217	4%	+9
EBIT	**117**	**118**	**-1%**	**-1**
Employees (#)	**616**	**640**	**-4%**	**-25**

Key Operating Data	2014	2013	Δ%	Δ Abs.
Generation Output (GWh)	**15,063**	**13,323**	**13%**	**+1,741**
CCGT	1,163	1,434	-19%	-271
Coal	6,414	6,407	0%	+7
Hydro	6,282	4,325	45%	+1,957
Nuclear	1,204	1,157	4%	+47
Generation Costs (€/MWh) (2)	**25.9**	**32.2**	**-20%**	**-6.3**
CCGT	106.7	105.5	1%	+1.2
Coal	38.0	39.7	-4%	-1.7
Hydro	2.6	4.2	-37%	-1.6
Nuclear	4.8	4.5	7%	+0.3
Load Factors (%)				
CCGT	4%	4%	-	-1p.p.
Coal	50%	50%	-	0p.p.
Hydro	29%	31%	-	-2p.p.
Nuclear	88%	85%	-	3p.p.
CO2 Emissions (mn tones)				
Total emissions (3)	8.6	8.5	1%	+0.1

Capex (€ m)	2014	2013	Δ%	Δ Abs.
Expansion	503	490	3%	+14
Maintenance	35	31	12%	+4
Total	**538**	**521**	**3%**	**+18**

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 13% higher in 2014, mainly prompted by a higher contribution from hydro plants in the wake of stronger hydro resources and the switch of 3 hydro plants from PPA/CMEC portfolio to merchant portfolio, in Jan-14. The 3 run-of-the-river plants which PPAs matured in Dec-13 imply a total installed capacity of 804MW and have posted a 2.4TWh output in 2014. The rise in hydro output was partially compensated by lower production at our and CCGTs (-0.3TWh), whilst our coal plants production was flat YoY. **Avg. production cost** was 20% lower YoY, at €25.9/MWh in 2014, reflecting the higher contribution from the cheaper technology, hydro: 42% of total output in 2014 vs. 32% in 2013.

<u>**Coal:**</u> **Output** was flat YoY in 2014, backed by lower load factors in Spanish domestic coal generation in 4Q14 vs. 4Q13. **Avg. load factor** reached 50% in 2014. Total generation from Spanish domestic coal was 808GWh in 2014. **Avg. production cost** declined by 4%, to €38/MWh, supported by a lower coal cost.

<u>**CCGTs:**</u> **Output** declined by 19% YoY in 2014, driven by low competitiveness of gas vs. coal, implying a 1p.p. decline in avg. load factor, to 4% in 2014. **Avg. production cost** reached €107/MWh in 2014, driven by low dilution of gas procurement fixed costs as plants were almost stopped.

<u>**Hydro & Nuclear:**</u> Hydro generation rose by 45% in 2014, fuelled by additional capacity in the portfolio (804MW transferred from LT Contracted portfolio following PPA maturities). The **avg. cost of hydro production** fell from €4.2/MWh in 2013 to €2.6/MWh in 2014, reflecting a less intensive pumping activity derived from very high level of hydro reserves in the first part of 2014. Pumping activity is concentrated at our Alqueva plant, at an avg. cost correspondent to a c51% discount to the avg. pool price (vs. c52% in 2013). Our 15.5% share in the production of Trillo plant (nuclear) corresponded to an avg. load factor of 88% in 2014 (+3p.p. YoY).

The Portuguese government in Oct-13 materialised regulation targeting the reduction of potential distortions in both the market of ancillary services and in the remaining markets, arising from different regulatory conditions between Portugal and Spain. Accordingly, a transitory charge in place corresponds to €2/MWh in off-peak hours and €3/MWh in peak hours on power generation and the overall impact in 2014 amounted to €12m (+€10M YoY). Also, the government announced new rules to access social tariff as to significantly enlarge the potential universe of low income electricity customers eligible for social tariff to 500k in 2015, from the current 61k, whose cost will be incurred by generators.

In Spain, RDL9/2013 (Jul-13) established (i) a decrease in capacity payments for CCGTs from €26/kW to €10/kW, although doubling the remaining payment period; and (ii) the funding of the social tariff by vertically integrated companies. As a result of this, revenues from capacity payments were €11m lower YoY in 2014. Additionally, generation taxes in place since Jan-13 amounted to €101m in 2014, €23m above 2013, on higher coal purchases.

Net operating costs[1] increased by 21% YoY, to €244m in 2014, driven by the transitory levy charged in Portugal on production and the increase in generation taxes in Spain. In turn, these were offset by a positive impact of the new Collective Labour Agreements in Portugal and the recovery of nuclear eco-levies paid in previous years in Spain. **Amortisations and impairment charges** increased by €9m, to €226m, impacted by a €27m one-off hydro impairment (Alvito), offset by the extension of useful life since Oct-13 of (i) our CCTG plants, from 25 years to 35 years; and (ii) of some of our coal plants in Spain.

Capex totalled €538m in 2014, mostly devoted to new hydro capacity in Portugal (under construction and development). EDP is currently building 5 hydro projects (1,480MW): Ribeiradio and Baixo Sabor, expected start-up in 1H15, respectively; 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			
	2014	2013	Δ%	Δ Abs.
Gross Profit	**185**	**105**	**75%**	**+79**
Supplies and services	65	60	9%	+5
Personnel costs	11	10	5%	+1
Costs with social benefits	0	0	-53%	-0
Other operating costs (net)	28	29	-3%	-1
Net Operating costs (1)	**104**	**99**	**5%**	**+5**
EBITDA	**81**	**6**	**1199%**	**+75**
Provisions	14	16	-9%	-1
Amortisation and impairment	4	8	-49%	-4
EBIT	**62**	**(18)**	**-**	**+80**

Income Statement (€ m)	Energy Supply in Portugal			
	2014	2013	Δ%	Δ Abs.
Gross Profit	**97**	**59**	**65%**	**+38**
Supplies and services	75	50	50%	+25
Personnel costs	11	11	-3%	-0
Costs with social benefits	-	0	-	-0
Other operating costs (net)	18	8	130%	+10
Net Operating costs (1)	**104**	**69**	**51%**	**+35**
EBITDA	**(7)**	**(10)**	**-33%**	**+3**
Provisions	(0)	0	-	-1
Net depreciation and amortization	3	3	33%	+1
EBIT	**(10)**	**(13)**	**-25%**	**+3**

Key data	2014	2013	Δ%	Δ Abs
Energy Supply in Spain				
Electricity - Free market				
Volume Sold (GWh)	16,804	16,400	2%	+405
Market Share (%)	9%	10%	-	0p.p.
Clients (th.)	719	645	12%	+74
Electricity - Last resort supply				
Volume Sold (GWh)	513	608	-16%	-95
Clients (th.)	247	256	-3%	-9
Gas - Free market & Last resort supply				
Volume Sold (GWh)	30,833	28,553	8%	2,280
Market Share (%) (2)	4%	5%	-	-2p.p.
Clients (th.)	832	796	4%	+35
Energy Supply in Portugal				
Electricity - Free market				
Volume Sold (GWh)	15,613	13,089	19%	+2,524
Market Share (%)	45%	44%	-	1p.p.
Clients (th.)	3,056	1,911	60%	+1,145
Gas - Free market				
Volume Sold (GWh)	3,719	5,315	-30%	-1,596
Market Share (%) (2)	8%	11%	-	-4p.p.
Clients (th.)	389	224	74%	+165
Capex (€m)	**20**	**17**	**20%**	**+3**
Employees (#)	**325**	**330**	**-2%**	**-5**

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. Note that 2013 was restated as to reflect not only the application of IFRS10 and IFRS11 but also the reclassification of our Iberian commercial shared services platform for electricity and gas supply: this activity was excluded from the liberalised activities in 2013 and 2014, and transferred to the Holding ('Others') level.

Energy Supply in Spain

Gross profit at our supply activities in Spain rose by €79m YoY, to €185m in 2014, driven by better margins in electricity and a €20m increase in gross profit from gas wholesale trading activities, on higher volumes and avg. margins, and previous years' recoveries.

Net operating costs increased by €5m YoY, in 2014, on the back of higher costs servicing a higher number of clients.

Electricity volume supplied to our clients in the free market increased by 2% YoY to 16.8TWh, in 2014, accompanied by a 12% increase in the number of clients supplied, in line with EDP's strategy to focus on the most attractive customer segments. Market share, reflecting solely retail volumes, was almost flat YoY, at 9% in 2014.

Gas volume supplied rose by 8%, to 30.8TWh in 2014, as a result of a focus on wholesale trading opportunities, and following a 4% expansion in the client portfolio. Market share, reflecting solely retail volumes, fell by 2p.p. to 4% in 2014.

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, or living in areas where other suppliers don't operate). Additionally, all the remaining consumers with regulated tariff will gradually move to the free market. During this transitory period, the regulator will apply quarterly updates to the transitory tariff thus promoting the switch to the free market. In this context, the switching of electricity consumers to the free market over 2013 and in 2014 was very strong: by the end of 2014, the number of consumers in the free market soared to 3.6 million, elevating the total consumption in the free market to 83% of the total market.

Gross profit at our supply activities in Portugal advanced €38m YoY, to €97m in 2014, driven by higher volume of electricity supplied and avg. margin achieved in the supply business.

Net operating costs rose by €35m, to €104m, 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.

Electricity volume supplied to EDP clients in the free market in Portugal advanced 19% YoY, to 15.6TWh in 2014, propelled by a 60% expansion of our client base. EDP's market share in the free market rose by 1p.p. YoY in 2014, to 45%, in line with EDP's strategy to focus on the most attractive residential/SMEs segments.

Gas volume supplied to EDP clients in Portugal fell by 30% YoY to 3.7TWh, in 2014, reflecting a more selective policy of clients contracting and the loss of two large industrial clients (cogeneration plants), in 3Q13 and 1Q14. 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 surge in the number of clients to 389k in Dec-14, corresponding to +165k YoY.

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits) + Other operating costs (net).
(2) Market-share for retail market; excludes wholesale. For Portugal, based on the regulator's declared market-share (Sep-14 and Dec-13 figures).

EDP Renováveis: Financial Performance

Income Statement	EDP Renováveis (€ m)			
	2014	2013	Δ %	Δ Abs.
Gross Profit	**1,153**	**1,191**	**-3%**	**-38**
Supplies and services	257	255	1%	+1
Personnel costs	66	66	-1%	-0
Other operating costs (net)	(73)	(51)	43%	-22
Net Operating Costs (1)	**250**	**271**	**-8%**	**-21**
EBITDA	**903**	**921**	**-2%**	**-17**
Provisions	0	1	-	-1
Amortisation and impairment	481	446	8%	+35
EBIT	**422**	**473**	**-11%**	**-51**
Financial Results	(250)	(262)	-5%	+12
Share of Profit from associates	22	15	48%	+7
Pre-tax profit	**194**	**226**	**-14%**	**-32**

Opex Performance	2014	2013	Δ %	Δ Abs.
Opex/Avg. MW (€ th) (4)	55.0	59.8	-8%	-5
Employees (#)	919	890	3%	+29

Operational Overview	2014	2013	Δ %	Δ Abs.
Installed Capacity (MW)	**8,149**	**7,756**	**5%**	**+393**
Europe	4,231	4,167	2%	+64
North America	3,835	3,506	9%	+329
Brazil	84	84	0%	-
Output (GWh)	**19,763**	**19,187**	**3%**	**+576**
Europe	9,323	9,187	1%	+136
North America	10,204	9,769	4%	+434
Brazil	236	230	3%	+6
Avg. Load Factor (%)	**30%**	**30%**	**-1%**	**-0 p.p.**
Avg. Elect. Price (€/MWh)	**59**	**63**	**-6%**	**-4**
EBITDA (€m)	**903**	**921**	**-2%**	**-17**
Europe	544	590	-8%	-46
North America	359	330	9%	+30
Other & Adjustments	(1)	1	-	-1
EBIT (€m)	**422**	**473**	**-11%**	**-51**
Europe	275	355	-23%	-80
North America	157	129	22%	+28
Other & Adjustments	(10)	(11)	-14%	+2
Capex (€m)	**710**	**536**	**32%**	**+174**
Europe	142	387	-63%	-246
North America	543	122	346%	+421
Brazil (2)	26	27	-6%	-2

EDPR Equity Market Data	2014	2013	Δ %	Δ Abs.
Share price at end of period (€/share)	5.40	3.86	40%	1.5
Number of Shares Issued (million)	872.3	872.3	-	-
Stake Owned by EDP (%)	77.5%	77.5%	-	-

EDPR Key Balance Sheet Figures (€ m)	2014	2013	Δ %	Δ Abs.
Bank Loans and Other (Net)	659	578	14%	+81
Loans with EDP Group (Net)	2,794	2,754	1%	+39
Net Financial Debt	**3,283**	**3,268**	**0%**	**+14**
Non-controlling interests	**549**	**418**	**31%**	**+131**
Net Institutional Partnership Liability (3)	**1,067**	**836**	**28%**	**+230**
Equity Book Value	**5,782**	**5,671**	**2%**	**+110**
EUR/USD - End of Period Rate	1.21	1.38	14%	0

EDPR Financial Results (€ m)	2014	2013	Δ %	Δ Abs.
Net Interest Costs	(205)	(199)	-3%	-7
Institutional Partnership costs (non-cash)	(57)	(61)	7%	+4
Capitalised Costs	27	16	72%	+11
Forex Differences (5)	(5)	(8)	34%	+3
Other	(10)	(10)	3%	+0
Financial Results	**(250)**	**(262)**	**5%**	**+12**

EDP Renováveis ('EDPR') owns, operates and develops EDP Group's wind and solar capacity. As of Dec-14, EDPR operates 9.0GW, of which 886MW equity-method accounted: 533MW in Portugal (40% stake in ENEOP), 174MW in Spain and 179MW in US. EDPR's EBITDA is mainly derived from PPA-contracted and regulated tariff schemes (89% of output), geographically widespread: 40% in North America, 25% from Spain, 15% from Portugal and the rest derived in France, Poland, Romania, Belgium, Italy and Brazil.

EDPR's EBITDA fell by 2% YoY (-€17m) to €903m in 2014 mainly driven by low-price environment and regulatory changes in Spain. EBITDA also reflects a contribution of non-recurrent items worth +€13m in 2014 (vs. -€6m in 2013), including the adjustment in 2014 to the selling price to CTG of 49% stake in wind business in Portugal (+€17m in the wake of lower corporate taxes in Portugal). ForEx impact on EBITDA YoY change was only -€2m, mainly stemming from the 8% depreciation of BRL versus de Euro.

Electricity output rose 3%, to 19.8TWh in 2014, following broadly stable wind resources and a 5% portfolio expansion (+393MW, of which 375MW in 4Q14), to 8.1GW in Dec-14. Avg. selling prices fell 6% YoY to €59/MWh, driven by a 10% fall in Europe, which offset the higher avg. selling price in North America (+5% on higher merchant prices and higher contribution from PPA-contrated capacity) and Brazil (+12% in BRL). Lower avg. price in Europe was prompted by the low avg. realised pool price (€35/MWh in 2014) in Spain, derived from the new regulatory landscape and low pool prices; and by lower price of green certificates in Romania.

Operating costs (Supplies and services + Personnel costs) were stable, reflecting strict cost control and a 4% increase in avg. installed capacity. Other operating costs (net) include the 7% generation tax over lower sales in Spain (€24m in 2014; -€7m YoY) and also: (i) gains in contracts restructuring and price adjustments (2014: €19m; 2013: €7m); (ii) write-offs (2014: €5m; 2013: €13m); and (iii) provisions and others (2014: -€1m).

EBIT was 11% lower YoY, at €422m. Net depreciation and amortization reflects portfolio expansion and higher impairments in 2014: -€27m in 2014, following the adoption of a new long-term scenario with more conservative assumption for operations in Romania; vs. -€12m in 2013 (pro-forma).

Capex amounted to €710m in 2014, including a government grant received in Poland (€22m): 76% of capex was devoted North America, the main growth region in 2014-17E; 20% was devoted to Europe and 4% to Brazil. 2013 figure is impacted by the cash grant received in 1Q13 from the US Treasury (€91m).

EDPR's net debt in Dec-14 was broadly stable vs. Dec-13, at €3.3bn, mainly reflecting USD 14% appreciation in 2014 (37% of debt is USD-denominated) and investments done in the period; which were offset by cash flow generated, proceeds from tax equity partnerships and proceeds from asset rotation deals (€215m received from Axpo Group, EFG Hermes and Northleaf asset rotation strategy). **Liabilities with Institutional Partnerships** amounted to €1,067m in Dec-14, reflecting tax benefits paid to these entities, USD appreciation and the 3 new structures signed (USD289m cashed in out of USD332m agreed). **Non-controlling interests** amount to €549m, reflecting non-controlling interests in US (c40%), Europe (c45%) and Brazil (c5%).

Net financial costs fell by 5%, to €250m in 2014. Net interest cost reflected a marginally higher average net debt (+4% YoY) and stable avg. cost of debt, at 5.2%. Capitalised costs increased €11m due to higher level of works in progress. **Share of profit from associates** rose by €7m, to €22m, as the positive performance of North America and purchase price allocation in Mexico; offset the negative impact from regulatory changes on the performance of Spanish equity stakes. ENEOP contribution in 2014 amounted to €13m.

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits) + Other operating costs (net); (2) Includes Capex from holding; (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: North America & Iberia

North America (US + Canada)	2014	2013	Δ %	Δ Abs.
Installed capacity (MW)	**3,835**	**3,506**	**9%**	**+329**
Avg. Load Factor (%)	33%	32%	3%	1p.p.
Avg. Selling Price (USD/MWh)	51	48	5%	+2
USD/EUR - Avg. of period rate	1.33	1.33	0%	+0
PPA's/Hedged (US)				
Installed Capacity (MW)	3,251	2,907	12%	+344
Electricity Output (GWh)	8,384	7,795	8%	+589
Avg. Selling Price (USD/MWh)	52	53	-1%	-0
Merchant (US)				
Installed Capacity (MW)	554	569	-3%	-15
Electricity Output (GWh)	1,761	1,974	-11%	-214
Avg. Selling Price (USD/MWh)	41.4	31.9	30%	+9
Gross Profit (USD m)	508	462	10%	+46
PTC Revenues & Other (USD m)	164	166	-1%	-2
Adjusted Gross Profit (USD m)	**672**	**628**	**7%**	**+44**
EBITDA (USD m)	**477**	**438**	**9%**	**+40**
EBIT (USD m)	208	171	22%	+37
Net Capex (USD m)	**722**	**162**	**346%**	**+560**
Gross Capex	722	282	156%	+439
Cash grant received	-	(120)	-	+120
Capacity under construction (MW)	**299**	**200**	**50%**	**+99**

Spain	2014	2013	Δ %	Δ Abs.
Installed capacity (MW)	**2,194**	**2,194**	**0%**	**-**
Avg. Load Factor (%)	28%	29%	-5%	-2 p.p.
Production (GWh)	**5,176**	**5,463**	**-5%**	**-286**
Prod. w/capac. complement (GWh)	4,747	-	-	-
Standard Production (GWh)	4,097	-	-	-
Above/(below) Std. Prod. (GWh)	650	-	-	-
Prod. w/o cap. complement (GWh)	429	-	-	-
Avg. Price (€/MWh)	**67**	**81**	**-17%**	**-14**
Total GWh: Realised pool (€/MWh)	35	-	-	-
Regulat. Adj. on std. GWh (€m)	5	-	-	-
Complement (€m)	161	-	-	-
Hedging gains/(losses) (€m)	1	-	-	-
Gross Profit (€m) (1)	345	438	-21%	-93
EBITDA (€m) (1)	**227**	**302**	**-25%**	**-75**
EBIT (€m) (1)	93	160	-42%	-67
Capex (€m)	**5**	**5**	**-11%**	**-1**
Capacity under construction (MW)	**2**	**-**	**-**	**+2**

Portugal	2014	2013	Δ %	Δ Abs.
Installed capacity (MW)	**624**	**619**	**1%**	**+4**
Avg. Load Factor (%)	30%	29%	3%	1p.p.
Electricity Output (GWh)	1,652	1,593	4%	+59
Avg. Selling Price (€/MWh)	98	99	-1%	-1
Gross Profit (€m)	166	160	3%	+5
EBITDA (€m)	**134**	**129**	**4%**	**+5**
EBIT (€m)	107	104	3%	+3
Capex (€m)	**8**	**10**	**-20%**	**-2**
Capacity under construction (MW)	**6**	**-**	**-**	**+6**
ENEOP Installed capacity (MW) (2)	533	455	17%	+78

In North America, installed capacity reached 3.835MW in Dec-14, the bulk of which LT Contracted schemes (85% of total) and in US (3,805MW in US, 30MW in Canada). New capacity additions in 2014 (+329MW) were fully concentrated in US and in 4Q14: +299MW wind, +30MW solar. **EBITDA advanced 9% (+USD40m), to USD477m**, driven by a 4% increase in output and 5% rise in avg. selling price, on higher merchant prices achieved in US following higher gas prices and Renewable Energy Credits ('REC') prices. The increase in output was prompted by a slightly stronger wind resources (+1 p.p. on avg. load factor, at 33%) and higher avg. capacity in operation.

EDPR's growth plans in **US** are backed by PPA-contracted new projects, reinforcing the group's low risk profile. In 2014, **EDPR secured PPAs for projects totalling 530MW**: 25MW in operation (15-year PPA for Rail Splitter park in Illinois), 200MW to be commissioned in 2015 (20-year PPA for Waverly park in Kansas), 150MW due in 2016 (15-year PPA for 100MW and a 20-year PPA for 50MW, in Texas); 155MW for 2017 (20-year PPA for RECs in New York). As of Dec-14, EDPR had 299MW of new **wind capacity under construction** in US, due to be commissioned in 2015 (200MW at Waverly in Kansas; 99MW from Rising Tree South in California). Additionally, EDPR secured 3 **institutional equity financing structures** in 2014 (totaling USD332m), for an interest in the 200MW Headwaters (USD190m) and 99MW Rising Tree North (USD109m), both wind projects; and for an interest in 30MW Lone Valley solar PV project (USD33m). In Aug-14, EDPR signed an agreement with Fiera Axium, to sell a minority stakes in a wind farm portfolio of 1,101 MW located in the US. The financial closing is pending from the customary regulatory approvals, with USD343m of proceeds expected for the 1Q15.

In **Canada**, EDPR operates a 30MW wind project ('Northleaf'), under a 20-year feed-in tariff scheme. In 2014, output reached 59GWh, on an avg. load factor of 27%, and avg. selling price stood at USD132/MWh. In 2014, EDPR signed a project finance structure amounting to CAD49m and sold a 49% stake in this project, cashing in €17m.

In Mexico, EDPR established, in Apr-14, an agreement with Industrias Peñoles, a leading Mexican mining company, for an Electricity Supply Agreement under self-supply regime for the energy produced by a wind farm currently designed for 180MW, expected to be installed in 2016. The contract is set in USD and for a 25-year period. The project, located in a region with very strong wind resource in the State of Coahuila in the North of Mexico has an expected load factor above 40%.

In Spain, according to the new regulatory framework approved in Jun-14 and applicable as from Jul-13 onwards, wind farms are remunerated at 7.4% (Spanish 10-year yields + 300bps), split between pool price and a 20-year capacity complement per MW, which varies with the year of commissioning. In line with this, 91% of our installed capacity is entitled to receive a capacity complementper MW. Every 3 years, there will revisions as to compensate deviations from the expected pool price (€49/MWh – regulator scenario).

EDPR's EBITDA in Spain fell by 25% (-€75m), to €227m YoY in 2014. Electricity output fell by 5% YoY to 5.2TWh (-11% YoY in 4Q14) and avg. price reached €67/MWh (vs. €81MWh in 2013), driven by a low realised pool price of €35/MWh (€45/MWh in 4Q14), €5m attributable to regulatory adjustments due on the standard production and €161m attributable to capacity complement. For 2015 and 2016, EDPR hedged 2TWh at €47/MWh and 1TWh at €48/MWh, respectively, for its forecasted merchant production (applicable to 9% of installed capacity).

In Portugal, EDPR owns a portfolio with 624MW: 2MW of solar PV (installed in Mar-14) and 622MW of wind capacity (51% owned by EDP and 49% owned by CTG), remunerated under the 'old tariff regime' (wind tariffs indexed to both CPI and annual operating hours for 15 years). Following the extension to this tariff scheme, agreed in Sep-12, EDPR is investing €4m/year in 2013-2020 as to grant a further 7-year tariff regime, starting on the 16th year of operation of each wind farm, encompassing cap and floor selling prices of €98/MWh(3) and €74/MWh(3). Also in the wind business, EDPR holds a 40% equity stake in ENEOP consortium (equity consolidated), with 533MW attributable to EDPR's 40% interest in ENEOP, and remunerated under a 'new tariff regime': c€74/MWh tariff in 1st year of operation, inflation-updated for a 15-year period. In line with MoU signed by EDPR and CTG in Dec-13, once ENEOP's assets are split between its shareholders, EDPR will sell 49% of its share in ENEOP – execution of the MoU is expected to occur in 2015.

EDPR's EBITDA in Portugal rose 4%, to €134m in 2014, driven by a 4% YoY increase in output, prompted by higher load factor (30% vs. 29% in 2013), and an avg. selling price 1% lower (-5% YoY in 4Q14) reflecting the declining marginal tariff as working hours increase.

(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)	2014	2013	Δ %	Δ Abs.
France, Belgium & Italy				
Installed Capacity (MW)	500	462	8%	+38
Avg. Load Factor (%)	24%	25%	-2%	-0 p.p.
Electricity Output (GWh)	990	889	11%	+101
Avg. Selling Price (€/MWh)	98	97	0%	+0
Poland				
Installed Capacity (MW)	392	370	6%	+22
Avg. Load Factor (%)	24%	24%	-1%	-0 p.p.
Electricity Output (GWh)	793	541	47%	+253
Avg. Selling Price (PLN/MWh)	396	401	-1%	-5
EUR/PLN - Avg. of period rate	4.18	4.20	0%	-0
Romania				
Installed Capacity (MW)	521	521	0%	-
Avg. Load Factor (%)	22%	24%	-9%	-2 p.p.
Electricity Output (GWh)	712	702	1%	+10
Avg. Selling Price (RON/MWh)	419	535	-22%	-116
EUR/RON - Avg. of period rate	4.44	4.42	1%	+0
Gross Profit (€m)	234	217	8%	+16
EBITDA (€m)	**169**	**161**	**5%**	**+8**
EBIT (€m)	65	98	-34%	-33
Capex (€m)	**126**	**452**	**-72%**	**-326**
Capacity under construction (MW)	**16**	**24**	**-32%**	**-8**

Brazil	2014	2013	Δ %	Δ Abs.
Installed Capacity (MW)	**84**	**84**	**-**	**-**
Avg. Load Factor (%)	32%	31%	3%	1p.p.
Electricity Output (GWh)	236	230	3%	+6
Avg. Selling Price (R$/MWh)	346	309	12%	+37
EUR/BRL - Average of period rate	3.12	2.87	-8%	+0
Gross Profit (R$m)	78	70	13%	+9
EBITDA (R$m)	**48**	**41**	15%	**+6**
EBIT (R$m)	29	23	27%	+6
Capex (R$m)	**79**	**71**	**11%**	**+8**
Capacity under construction (MW)	**120**	**-**	**-**	**+120**

In **European markets outside of Iberia**, EBITDA rose by 5% YoY (+€8m) to €169m in 2014, driven by a 17% increase in output in the wake of higher avg. capacity on stream. In 2014, **EDPR added 60MW of wind capacity to its portfolio**: +22MW in Poland, +20MW in Italy and +18MW in France. **As of Dec-14, EDPR has 16MW under construction:** 10MW in Italy and 6MW in Poland.

In France, EDPR operates 340MW, which energy is sold at fixed tariffs indexed to inflation for 15 years. In 2014, avg. tariff was stable at €90/MWh and output was stable on the back of capacity additions and an avg. load factor 0.7pp lower YoY. As part of the asset rotation strategy, EDPR sold 49% equity shareholding and outstanding shareholders loans in an operating wind farm portfolio in France (270MW net) to a fund led by EFG Hermes - total proceeds of €160m in 4Q14. Also, in 1Q14, EDPR concluded the sale to Axpo Group of 49% equity shareholding and outstanding shareholders loans in a wind portfolio of €38m (total valuation of 100% at €128m). **In Belgium**, where wind power is sold through PPA, the 71MW in operation delivered an avg. selling price of €110/MWh, reflecting a lower PPA price for the capacity added in 3Q14. **In Italy**, where EDPR operates 90MW, avg. selling tariff was 13% lower, at €119/MWh in 2014, supported by the lower price of capacity added under the new regime (vs. the old regime).

In Poland, EDPR operates 392MW which are remunerated either through PPA (10-Y PPA for 70MW at Korsze), 'Regulated price + GCs' set at PLN181.6/MWh in 2014 (184MW) or through 'wholesale market + GC under long term contract' (15-Y long term contract for the sale of GCs at Margonin, with 120MW). Wind output advanced 47% in 2014, to 793GWh in 2014, mainly reflecting higher avg. capacity on stream and stable load factor (24% following a particularly weak 4Q14). Avg. selling price decreased by 1% YoY to PLN396/MWh. Regulatory-wise, it is noteworthy that the package of energy laws including an amendment to the green certificates scheme for new assets is pending approval. In 2014, EDPR signed a project finance structure for 70MW of wind in Poland, amounting to PLN220m.

In Romania, EDPR operates 521MW of wind (471MW) and solar PV (50MW) is solar PV. Wind and solar production are sold at 'market price + GC(2)'. GCs are subject to a floor and a cap set in Euros: in 2014, floor was set at €29.3/MWh and the cap at €59.6/MWh. Output was broadly stable at 712GWh (653GWh wind-based), reflecting higher average MW in operation and lower avg. load factor (-2pp YoY, to 22%). Avg. selling price fell by 22% YoY to RON419/MWh, impacted by lower green certificate ("GC") prices due to existing oversupply. The new regulatory framework respects the rights of the investments made in the renewable energy sector, despite re-profiling the cash-flows of the projects, and maintains unchanged the cap and floor price of the GC that will annually evolve according with the euro zone inflation. In 2014, EDPR signed a project finance structure for 50MW of solar in Romania, amounting to €30m.

In Brazil, EDPR operates 84MW of wind capacity, remunerated through long term contracts (20 years). In 2014, EBITDA rose by 15%, to R$48m in 2014, propelled by a 12% rise in the avg. selling price (R$346/MWh, reflecting PPA update for inflation) and by a 3% increase in output, backed by an avg. load factor 1pp higher YoY, at 32%. In Dec-14, EDPR agreed to sell to a CTG's subsidiary in Brazil (CWEI Brasil) a 49% equity stake in 84 MW in operation and 237MW under development: CWEI Brasil will invest R$365m (including R$100.8m of estimated future equity contributions) and the financial closing, pending regulatory approvals, is expected to occur in 1H15. EDPR's 236MW under development in Brazil are PPA-contracted for 20 years: 120 MW starting in Jan-16, with a price of R$97/MWh; 117MW starting in Jan-18, with price of R$109/MWh; both prices are due to be inflation updated over the PPA period.

(1) Including United Kingdom and other. (2) Wind assets receive 2 GC/MWh until 2017 and 1 GC/MWh after 2017 until completing 15 years. Solar assets receive 6 GC/MWh for 15 years.

Regulated Networks & Regulatory Receivables in Iberia

Income Statement (€ m)	2014	2013	Δ %	Δ Abs.
Gross Profit	**1,742**	**1,764**	**-1%**	**-22**
Supplies and services	379	404	-6%	-25
Personnel costs	134	143	-6%	-9
Costs with social benefits	(35)	19	-	-54
Other operating costs (net)	222	175	27%	+48
Net Operating Costs (1)	**700**	**740**	**-5%**	**-40**
EBITDA	**1,042**	**1,023**	**2%**	**+19**
Provisions	2	(5)	-	+7
Amortisation and impairment	340	337	1%	+3
EBIT	**700**	**691**	**1%**	**+9**

Capex & Opex Performance	2014	2013	Δ %	Δ Abs.
Controllable Operating Costs (5)	**513**	**547**	**-6%**	**-34**
Cont. costs/client (€/client)	63	68	-7%	-4
Cont. costs/km of network (€/Km)	1,961	2,102	-7%	-140
Employees (#)	3,916	4,059	-4%	-143
Capex (Net of Subsidies) (€m)	**382**	**387**	**-1%**	**-6**
Network ('000 Km)	262	260	1%	+1

Regulatory Receivables (€ m)	2014	2013	Δ %	Δ Abs.
Total Net Iberia Regulatory Receivables	**2,317**	**2,686**	**-14%**	**-369**
Spain - Tariff deficit				
Beginning of Period	**264**	**424**	**-38%**	**-160**
Previous periods tariff deficits (4)	(262)	(424)	38%	+162
Tariff deficit in the period	-	264	-	-264
Other (3)	-	-	-	-
End of Period	**2**	**264**	**-99%**	**-262**
Portugal - Last Resort Supplier + Distribution + Gas				
Beginning of Period	**2,045**	**1,543**	**33%**	**+502**
Previous periods tariff deviation (2)	(1,806)	(1,477)	-22%	-329
Tariff deviation in the period	1,886	1,900	-1%	-14
Other (3)	78	78	-1%	-1
End of Period	**2,203**	**2,045**	**8%**	**+158**
Portugal - CMEC's				
Beginning of Period	**377**	**654**	**-42%**	**-277**
(Recovery)/Return in the Period	(365)	(162)	-125%	-203
Deviation in the period	100	129	-22%	-29
Other	0	(243)	n.m.	+244
End of Period	**112**	**377**	**-70%**	**-265**

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

EBITDA from regulated networks rose by 2% YoY (+€19m), to €1,042m in 2014, impacted by a €56m one-off gain booked on the sale of gas transmission assets in 1Q13, an €87m one-off gain derived from the new Collective Labour Agreement (CLA) in 2Q14 and from €8m one-off gain in gas distribution in Portugal which was partially mitigated by an anticipated pre-retirement program (-€30M). Adjusted for these impacts, EBITDA from regulated networks in Iberia was 1% higher YoY (+€9m), at €976m in 2014, mainly driven by tight cost control focused on OPEX efficiency. Gross profit was 1% lower YoY (-€22m) in 2014, reflecting: (i) in Portugal, a lower return on RAB in both electricity and gas distribution derived from the lower sovereign risk, fast clients' switching to free market and, in the electricity business, the adverse revenues update for 'GDP Deflator-X'; (ii) in Spain, negative impact from regulatory changes in gas distribution.

Controllable operating costs fell by 6% YoY, driven by 6% decrease in supplies and services (due to lower maintenance/repair works and lower client services stemming from clients switching from LRS to the liberalized market) and by a 4% reduction in workforce. **Capex** in 2014 slightly decrease to €382m.

In Portugal, the total debt owed by the electricity system to EDP and to financial investors amounted to €5.3bn in Dec-14, up from €4.8bn in Dec-13, driven by: +€0.2m in 1Q14 (vs. +€0.3bn in 1Q13); +€0.14bn in 2Q14 (vs. +€0.3bn in 2Q13); +€0.05bn in 3Q14 (vs. +€0.1bn in 3Q13) and +€0.08bn in 4Q14 (vs. +€0.1bn in 4Q13), signaling a slower growth pace, in line with expectations.

Regulatory receivables owed to EDP in Iberia fell by 14% in 2014 (-€369m), from €2,686m in Dec-13 to €2,317m in Dec-14, driven by both Portugal (-€107m) and Spain (-€262m).

EDP's Regulatory receivables from electricity distribution, last resort supply and gas distribution in Portugal rose from €2,045m in Dec-13 to €2,203m in Dec-14 driven by: **(1)** -€1,262m following the sale without recourse of the right to receive part of the ex-ante tariff deficit created in 2013 and part of 2014 deficit (€200m) and the 2012 revisibility (€229m); **(2)** +€1,534m regarding the ex-ante tariff deficit for 2014 (as pre-defined by the regulator for 2014 tariffs), to be fully recovered through 2015-2018 tariffs and remunerated at 4.82% annual return; **(3)**-€549m recovered through tariffs related to negative previous years' deviations and to past tariff deficits; and **(4)** +€366m of new tariff deviations created in 2014 (fully concentrated in 1Q14). On top of €13m of deviations returned to the system in the gas distribution, the main drivers for new tariff deviations generated during the 2014, focused in electricity distribution, were: **(i)** +€239m boosted by higher-than-expected special regime production (6% ahead of ERSE assumption) and from higher-than-expected overcost with special regime production (€69/MWh in 2014 vs. €61/MWh assumed by ERSE in the calculation of 2014 tariffs); **(ii)** +€241m from negative tariff deviation generated in electricity distribution activity related with 2012 CMEC revisibility meanwhile securitized as explain above; **(iii)** +€42m negative tariff deviation generated in electricity distribution activity (on lower demand, adverse consumption mix and intra-group related with 2013 revisibility); **(iv)** -€156m (amount to return to the tariffs) mainly propelled by cheaper-than-expected electricity purchases.

Regulatory receivables from CMECs dropped from €377m in Dec-13 to €112m in Dec-14 due to: **(1)** €247m recovered in 2014 through tariffs, related to 2012 negative deviations, and €118m related to 2013 revisibility and **(2)** €100m negative deviation created in 2014 (more details on page 11), due to be received in 2015-2016.

According to ERSE's final version for 2015 tariffs, released on 15-Dec-14, Portuguese electricity system's regulatory receivables are expected to stay flat over 2015.

Regulatory receivables in Spain decreased from €264m in Dec-13 to €2.3m in Dec-14 due to €262m decrease mainly stemming from adjustments to the 2013 tariff deficit. Based on CNMC latest data, tariff deficit in 2013 amounted to €3.5bn for the whole Spanish electricity system (based on Settlement 14-2013, dated December 2nd,2014) from which €3.3bn were securitized in Dec-14 (with EDP receiving €202m) and €0.2 bn were received in provisory settlements during 2014.

(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) Includes the recovery/payment of previous periods tariff deficits. (5) Supplies & services and personnel costs.

Electricity Distribution and Last Resort Supply in Portugal

Income Statement (€ m)	2014	2013	Δ %	Δ Abs.
Gross Profit	**1,286**	**1,302**	**-1%**	**-16**
Supplies and services	287	305	-6%	-18
Personnel costs	102	110	-7%	-8
Costs with social benefits	-40	17	-	-58
Concession fees	253	254	-0%	-1
Other operating costs (net)	-12	-3	-	-8
Net Operating Costs (1)	**590**	**684**	**-14%**	**-93**
EBITDA	**696**	**618**	**13%**	**+78**
Provisions	2	-6	-	+9
Amortisation and impairment	240	240	0%	+0
EBIT	**453**	**385**	**18%**	**+69**

Gross Profit Performance	2014	2013	Δ %	Δ Abs.
Gross Profit (€m)	**1,286**	**1,302**	**-1%**	**-16**
Regulated gross profit	1,278	1,301	-2%	-22
Non-regulated gross profit	8	1	589%	+7
Distribution Grid				
Regulated revenues (€ m)	1,201	1,215	-1%	-14
Electricity distributed (GWh)	43,808	43,858	-0.1%	-50
Supply Points (th)	6,083	6,076	0%	+7
Last Resort Supply				
Regulated revenues (€ m)	77	86	-10%	-9
Clients supplied (th)	2,520	3,807	-34%	-1,287
Electricity sold (GWh)	9,247	14,016	-34%	-4,768

Capex & Opex Performance	2014	2013	Δ %	Δ Abs.
Controllable Operating Costs (2)	**389**	**416**	**-6%**	**-26**
Cont. costs/client (€/client)	64.0	68.4	-6%	-4
Cont. costs/km of network (€/Km)	1,742	1,868	-7%	-126
Employees (#)	3,358	3,494	-4%	-136
Capex (Net of Subsidies) (€m)	**305**	**295**	**3%**	**+10**
Network ('000 Km)	224	222	0%	+1
Equival. interruption time (min.) (3)	61	84	-27%	-23

EBITDA from electricity distribution and last resort supply (LRS) in Portugal rose 13% (+€78m) YoY, to €696m in 2014, mainly impacted by a €87m gain stemming from the new Collective Labour Agreement (CLA) booked in 2Q14 which was partially mitigated by an anticipated pre-retirement program (-€27M). Excluding this gain, EBITDA rose by 3% YoY (+€17m), to €636m in 2014, supported by tight cost control.

In 2014, **distribution grid regulated revenues** was 1% lower YoY (-€14m), at €1,201m, mainly driven by a lower return on RAB derived from the decline of Portuguese Republic 5-year CDS (8.26% set for 2014 vs. 8.56% in 2013) and adverse update for 'GDP Deflator-X'. In 2014, **electricity distributed slightly decreased by 0.1% YoY**, impacted by the low voltage segment.

Last resort supplier (EDP SU) regulated revenues fell by 10% (-€9m), to €77m in 2014, mainly reflecting consumers' fast switching to the free market: in the last 12 months, c34% of consumers have moved away from the regulated 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 (since 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 dropped 34% YoY, to 9.2TWh in 2014. Total clients supplied declined 1,287 thousands YoY to 2,520 thousands in Dec-14 (41% of total), mostly driven by the residential segment.

Controllable operating costs declined by 6% YoY (-€26m), reflecting tight cost control, headcount reduction (-4% YoY) and a fall in our LRS activity due to consumers' switching to the free market. The evolution of costs with social benefits mainly reflects the impact booked in the wake of the new Collective Labour Agreement (corresponding to the change in the net present value of future related liabilities) partially compensated by an antecipated pre-retirement program. Other operating costs (net) were €8m lower YoY, mainly due to greater recovery of debts from clients, gains from the sale of fixed assets and insurance compensations following adverse weather conditions.

Capex rose by 3% YoY to €305m in 2014. EIT in 2014 fell by 23 minute, to 61 minutes.

On 15-Dec-14, ERSE published a final version of electricity tariffs for 2015 and the parameters underlying the next regulatory period (2015-17) for our electricity distribution and last resort supply activities in Portugal setting a 3.3% tariff increase for normal low voltage (NLV) segment, applicable to all the residential clients in the regulated market (out of the Social Tariff) and a 14% reduction in the social tariff, which conveys no additional costs for the electricity system.

Electricity distribution regulated revenues were set at €1,194m for 2015 based on: (1) regulated rate of return on assets (RoRAB) set at 6.75% for 2015, on a preliminary base (vs. 8.26% in 2014), reflecting an underlying avg. 10-year Portuguese bond yields of 3.6%; the ultimate RoRAB will depend on the daily average of the Portugal's 10Y bond yield between October of year 't-1' and September of year 't', with a floor at 6% and a cap at 9.5%; (2) an expected electricity demand in Portugal of 44.6 TWh in 2015 (1.8% above 2014 electricity distributed); and (3) a GDP deflator of 0.9%.

Regarding **last resort electricity supply activity regulated revenues** were set, for 2015, the following assumptions: (1) regulated revenues set at €61m in 2015; (2) a forecast for average electricity procurement price of €55.4/MWh, based on a forecast for average pool price of €50.5/MWh; (3) a forecast for average special regime premium of €60.8/MWh and (4) a forecast of 21.0TWh of special regime generation (3.9% below 2014).

(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 2014	2013	% Δ	Abs. Δ	Gas Spain 2014	2013	% Δ	Abs. Δ	Gas Portugal 2014	2013	% Δ	Abs. Δ
Gross Profit	**163**	**161**	**1%**	**2**	**226**	**232**	**-3%**	**-6**	**67**	**69**	**-3%**	**-2**
Supplies and services	41	44	-7%	-3	36	39	-7%	-3	15	16	-5%	-1
Personnel costs	21	21	-1%	-0	10	10	-7%	-1	2	2	1%	0
Costs with social benefits	4	1	-	3	1	1	-4%	-0	0	0	-6%	-0
Other operating costs (net)	(10)	(22)	-53%	12	(1)	(55)	n.m.	54	(7)	1	-	-8
Net Operating Costs (1)	**55**	**43**	**29%**	**12**	**45**	**(5)**	**-**	**50**	**10**	**19**	**-49%**	**-9**
EBITDA	**108**	**118**	**-8%**	**-10**	**181**	**237**	**-24%**	**-56**	**57**	**50**	**15%**	**7**
Provisions	-	1	-	**-1**	(0)	1	-	**-1**	0	(0)	n.m.	**0**
Amortisation and impairment	35	33	5%	**2**	49	49	1%	**0**	15	15	5%	**1**
EBIT	**73**	**84**	**-13%**	**-10**	**132**	**188**	**-30%**	**-56**	**42**	**35**	**19%**	**7**
Capex (net os subsidies)	**34**	**35**	**-3%**	**-1**	**21**	**32**	**-33%**	**-11**	**22**	**26**	**-16%**	**-4**
Gross Profit	**163**	**161**	**1%**	**2**	**226**	**232**	**-3%**	**-6**	**67**	**69**	**-3%**	**-2**
Regulated Revenues	156	154	1%	2	198	203	-3%	-5	64	64	0%	0
Non-regulated gross profit	7	7	1%	0	28	28	-3%	-1	3	5	-37%	-2

Iberian Regulated Networks	2014	2013	% Δ	Abs. Δ
Number Supply Points (th)				
Electricity Spain	659	659	0%	+0
Gas Spain	1,026	1,017	1%	+9
Gas Portugal	319	306	4%	+12
Energy Distributed (GWh)				
Electricity Spain	9,177	9,147	0%	+29
Gas Spain	46,970	51,535	-9%	-4,566
Gas Portugal	6,876	6,938	-1%	-62
Network (Km)				
Electricity Spain	23,395	23,293	0%	+101
Gas Spain	10,143	9,996	1%	+147
Gas Portugal	4,653	4,484	4%	+170
Employees (#)				
Electricity Spain	294	303	-3%	-9
Gas Spain	202	200	1%	+2
Gas Portugal	62	62	0%	-

ELECTRICITY DISTRIBUTION IN SPAIN

EBITDA from our electricity distribution activity in Spain was 8% lower YoY (-€10m), at €108m in 2014, explained by the lower revenues from new grid connections (application of IFRIC18[(2] . Regulated revenues were 1% higher YoY, already fully reflecting the impact from regulatory changes during 2013. **Electricity distributed** by EDP España, mostly in the region of Asturias, was flat YoY, at 9.2TWh in 2014.

In Dec-13, Spanish Government approved Law 24/2013 and RD 1048/2013 that establishes the new regulatory framework for electricity distribution assets maintaining the principles announced in Jul-13 by RD 9/2013 (return on RAB equivalent to a 200bp premium over 10-year Spanish bond yields (equivalent to 6.5%) in 2014-2020). Until the release of concrete measures on the edicts of the law referred to above, the regulated revenues of EDP Spain into force for the year 2015 are €157m (calculated according to transient remuneration scheme of RD 9/2013).

GAS REGULATED NETWORKS IN SPAIN

EBITDA of gas distribution in Spain in 2013 included a €56m one-off gain stemming from the sale of our transmission gas assets to Enagas. Excluding this one-off, EBITDA was flat at €181m in 2014 due to: i) -€5m in regulated revenues reflecting regulatory changes in 2014, compensated by ii) tight cost control. **Volume of gas distributed** fell by 9% YoY, to 47TWh, dragged by lower consumption for electricity generation purposes, mainly cogeneration plants and milder weather conditions.

However RDL 8/2014 released in Jul-14 and the Law 18/2014 set revenue cuts for the regulated activities beginning in Jul-14, the allowed revenues for the remaining of the year was only set on Dec-14. According to a Ministerial Order, gas distribution regulated revenues attributable to our gas distribution subsidiary in Spain **amounts to €198m** in 2014. Regulated gas activities will be squared by a 6-year regulatory period and subject to possible adjustments every 3 years.

The remuneration model for gas distribution activities is maintained although inflation update factor is eliminated, allowed revenues are cut and returns are more dependent on demand. The impact of these measures on EDP was €4.7m in 2014 (of which €2.3m in 4Q14) and €9m/year in the following years.

According to a Ministerial Order of Dec-14, gas distribution regulated revenues attributable to our gas distribution subsidiary in Spain **amounts to €191.4m** in 2015. This includes €14.7m of full year regulated revenues attributable to Gas Energía Distribución Murcia, sold to Redexis on 30-Jan-15, and €4.3m of full year regulated revenues attributed to the remaining asset perimeter expected to be sold to Redexis within the first half of 2015.

GAS REGULATED NETWORKS IN PORTUGAL

EBITDA from gas distribution in Portugal advanced by 15% YoY (+€7m), to €57m in 2014, boosted by the recovery of costs related to underground occupation (€8m). Regulated revenues were flat YoY impacted by a lower return on RAB in the regulatory year 2013/14 booked in 2Q14 (based on a RoR of 8.41% vs. preliminary rate of 9%). Notwithstanding the 4% growth in the number of supply points, prompted by the continuing effort of new client connection in the region operated by EDP, **volume distributed** was 1% lower YoY, at 6.9TWh.

In Jun-13, ERSE disclosed the regulatory assumptions for the period from Jul-13 to Jun-16, indexing the rate of return on assets to the avg. Portuguese Republic 10-year bond yield between Apr 1st and Mar 31st prior to the beginning of each regulatory year, with a floor at 7.83% and cap at 11%. In each of the years of this regulatory period the rate of return on assets is defined at 9% on a preliminary basis. Total regulated revenues on distribution and LRS for EDP in the period were set at €62m.

(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)			
	2014	2013	Δ %	Δ Abs.	2014	2013	Δ %	Δ Abs.
Gross Profit	**2,538**	**2,601**	**-2%**	**-63**	**813**	**907**	**-10%**	**-94**
Supplies and services	500	484	3%	+16	160	169	-5%	-9
Personnel costs and employee benefits	388	354	10%	+34	124	123	1%	+1
Other operating costs (net)	(283)	40	-	-323	(91)	14	-	-105
Net Operating Costs (1)	**605**	**878**	**-31%**	**-273**	**194**	**306**	**-37%**	**-112**
EBITDA	**1,933**	**1,723**	**12%**	**+210**	**619**	**601**	**3%**	**+18**
Provisions	31	48	-36%	-17	10	17	-41%	-7
Amortisation and impairment	353	420	-16%	-67	113	146	-23%	-33
EBIT	**1,548**	**1,254**	**23%**	**+294**	**496**	**437**	**13%**	**+59**
Financial results	(316)	(299)	-6%	-17	(101)	(104)	-3%	+3
Results from associates	(71)	(140)	49%	+69	(23)	(49)	-	+26
Pre-tax profit	**1,161**	**815**	**42%**	**+346**	**372**	**284**	**31%**	**+88**

Capex	(R$ m)				(€ m)			
	2014	2013	Δ %	Δ Abs.	2014	2013	Δ %	Δ Abs.
Capex	**370**	**1,094**	**-66%**	**-724**	**119**	**382**	**-69%**	**-263**
Maintenance	370	362	2%	+9	119	126	-6%	-8
Expansion	-	733	-	-733	-	255	-	-255
Financial Investments (4)	**186**	**99**	**89%**	**+88**	**60**	**40**	**51%**	**+20**

Energias do Brasil	2014	2013	Δ %	Δ Abs.
Share price at end of period (R$/share)	8.97	11.35	-21%	-2.38
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	3.22	3.26	1%	-0.04
Euro/Real - Average of period rate	3.12	2.87	-8%	+0.25
Inflation rate (IGP-M - 12 months)	3.7%	-	-	-
Net Debt / EBITDA (x)	1.3	1.3	-	-0.0
Average Cost of Debt (%)	10.9	8.6	-	229b.p.
Average Interest Rate (CDI)	10.8	8.1	-	274b.p.
Employees (#)	2,648	2,772	-4%	-124

Key Balance Sheet Figures (R$ Million)	2014	2013	Δ %	Δ Abs.
Net financial debt	2,506	2,289	9%	+217
Regulatory receivables	602	199	203%	+403
Non-controling Interests	1,670	1,666	0%	+4
Equity book value	4,938	4,640	6%	+297

Financial Results (R$ Million)	2014	2013	Δ %	Δ Abs.
Net Interest Costs	(341)	(263)	-30%	-79
Capitalised Costs	46	46	-1%	-0
Forex Differences and Derivatives	(0)	(6)	93%	+6
Other	(20)	(76)	74%	+56
Financial Results	**(316)**	**(299)**	**-6%**	**-17**

In local currency, EDP – Energias do Brasil ("EDPB") EBITDA increased 12% YoY (+R$210m) to R$1,933m in 2014, reflecting: i) a change in the legal framework that allowed for the recognition of regulatory receivables (+R$157m YoY); ii) a R$408m non-recurring gain on the sale of 50% equity stakes in Jari and Cachoeira Caldeirão to CWEI (CTG); and iii) R$67m of non-recurring gains booked in 2013 at the level of our distribution business. Excluding these impacts, adjusted EBITDA went down 18% YoY to R$1,326m in 2014. Recurring EBITDA from distribution stood relatively flat on stable regulated gross profit. Generation and Supply EBITDA went down 24% YoY (-R$235m), given low GSF[3] (91% in 2014) and the subsequent generators' need to purchase energy at abnormally high market prices. ForEx penalised EBITDA performance in Euro terms due to a 8% depreciation of the BRL vs. the EUR (-€55m impact). Note that 2013 figures here presented are restated for IFRS10 and IFRS11 implementation (Pecém I consolidation changed from proportional to equity method).

Excluding the above-mentioned non-recurring gains, **net operating costs** increased 7% YoY to R$1,013m in 2014: i) personnel costs and employee benefits went up 10% YoY, reflecting the annual salary update (+6.5%), lower capitalized costs and higher indemnities; and ii) supplies & services went up 3% YoY, on higher expenses with clients and IT services.

The decrease in **provisions** is essentially due to the recognition in 2013 of a R$22m provision related to labour contingencies on staff remunerations. **Amortisations and impairments** went down 16% YoY, reflecting a R$60m one-off item that was booked in 2013 related to the accelerated depreciation of some distribution assets.

Net financial costs increased 6% YoY to R$316m in 2014, translating: i) higher net interest costs, driven by a 229bp increase in average cost of debt to 10.9% in 2014; and ii) some one-off gains booked in 2014 at the level of 'other financial results'. **Net financial debt** increased 9% YoY reflecting higher gross financial debt (+R$0.1bn) and lower 'cash and equivalents'. Also, in 4Q14, EDPB paid its 2013 annual dividend in the amount of R$370m.

As of Dec-14, hydro reservoirs in the Southeast/Center-West ("SE-CW") regions were at 19% of their maximum level (vs. 25% in Sep-14 and vs. 43% in Dec-13). Low hydro levels and insufficient rainfall keep translating into strong thermal dispatch and high electricity spot prices (avg. PLD: R$697/MWh[2] in 2014 vs. R$266/MWh[2] in 2013). At the same time, given the low GSF[3] (91% in 2014 and 88% in 4Q14), hydro generators are obliged to purchase energy at high market prices to meet their PPA obligations.

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits) + Other operating costs (net);
(2) Source: CCEE; based on weekly prices; Southeast/Center-West regions; (3) GSF: Generation Scaling Factor;
(4) Excluding investments in wind farms held by EDP Brasil (45%) and EDP Renováveis (55%).

Brazil: Electricity Distribution

Income Statement (R$ m)	2014	2013	Δ %	Δ Abs.
Gross Profit	**1,661**	**1,510**	**10%**	**+151**
Supplies and services	349	347	1%	+2
Personnel costs and employee benefi	274	278	-1%	-4
Other operating costs (net)	116	52	123%	+64
Net Operating Costs (1)	**739**	**677**	**9%**	**+62**
EBITDA	**922**	**832**	**11%**	**+89**
Provisions	23	47	-50%	-24
Amortisation and impairment	187	250	-25%	-64
EBIT	**712**	**535**	**33%**	**+177**

Gross Profit Performance	2014	2013	Δ %	Δ Abs.
Gross Profit (R$ m)	**1,661**	**1,510**	**10%**	**+151**
Regulated Gross Profit	1,463	1,468	-0.4%	-5
Non-recurrings	199	42	373%	+157
Regulatory Receivables (R$ m)	**602**	**199**	**203%**	**+403**
Change in Reg. Receivables	403	(42)	-	+445
Clients Connected (th)	**3,152**	**3,045**	**3%**	**+106**
Bandeirante	1,725	1,666	4%	+59
Escelsa	1,426	1,379	3%	+47
Electricity Distributed (GWh)	**26,443**	**25,880**	**2%**	**+563**
Bandeirante	15,452	15,335	1%	+117
Escelsa	10,992	10,545	4%	+446
From which:				
To clients in Free Market (GWh)	9,903	9,892	0%	+11
Electricity Sold (GWh)	**16,540**	**15,988**	**3%**	**+551**
Bandeirante	**9,639**	**9,448**	**2%**	**+192**
Resid., Commerc. & Other	7,021	6,697	5%	+325
Industrial	2,618	2,751	-5%	-133
Escelsa	**6,900**	**6,541**	**5%**	**+360**
Resid., Commerc. & Other	5,690	5,370	6%	+320
Industrial	1,211	1,171	3%	+40

Capex & Opex Performance	2014	2013	Δ %	Δ Abs.
Controllable Operating Costs (2)	**593**	**584**	**2%**	**+9**
Cont. costs/client (R$/client)	188	192	-2%	-4
Cont. costs/km (R$/Km)	7	7	0%	+0
Employees (#)	**2,181**	**2,200**	**-1%**	**-19**
Capex (net of subsidies) (R$m)	**303**	**280**	**8%**	**+23**
Network ('000 Km)	90	88	1%	+1

EBITDA from our electricity distribution activity in Brazil went up by R$89m YoY to R$922m in 2014, reflecting: i) a change in the legal framework that allowed for the recognition of regulatory receivables – in 2014, R$599m of regulatory receivables were recognised at gross profit level, of which R$199m relate to previous years (vs. a R$42m net impact from tariff deviations/CDE contributions accounted for in 2013); and ii) lower non-recurring gains (-R$67m YoY). Excluding these impacts, recurring EBITDA stood flat at R$723m in 2014, reflecting stable regulated gross profit at R$1,463m in 2014, as the negative impacts from higher costs with grid losses (+R$55m YoY) and Escelsa's last regulatory review (lowering the return on the regulated asset base from 10% to 7.5% from Aug-13 onwards) were offset by higher volumes distributed (vs. the regulator's expectations) and favourable settlements related to previous years.

As mentioned, 2014 **gross profit** reflects a change in the accounting methodology of regulatory receivables, according to which recoverable tariff deviations are now recognized at the level of the Balance Sheet and Profit & Loss accounts. In 4Q14, regulatory receivables totalling R$599m were therefore accounted for at gross profit level, of which R$401m essentially relate to 2014 tariff deviations and R$199m refer to the amount of regulatory receivables as of Dec-13. Note that subsequently, as from Jan-15 onwards, electricity gross profit will translate the period's regulated revenues instead of the change in regulatory receivables.

As of Dec-14, **regulatory receivables** amounted to R$602m (vs. R$199m as of Dec-13), including R$2m of interests recognised in 2014. In 2014, a R$1,449m negative tariff deviation was created, essentially related to higher energy costs than the ones incorporated in the tariffs, which was partly compensated by R$937m of contributions from CDE/CCEE; also, R$110m were received regarding past and current deviations. All in all, regulatory receivables went up R$403m vs. Dez-13, to R$602m as of Dec-14, to be collected through tariffs in the following years. **Regulatory-wise**, within the scope of the annual tariff readjustment process, ANEEL approved: i) in Aug-14, a 26.54% tariff increase for Escelsa; and ii) in Oct-14, a 22.34% tariff increase for Bandeirante. Return on regulated asset base is currently set at 7.5% (after taxes) and next regulatory reviews are due in Oct-15 for Bandeirate and Aug-16 for Escelsa. In Feb-15, the Brazilian regulator (ANEEL) proposed a real post-tax WACC of 8.09% to be applied to distribution on the upcoming 4th revision cycle.

Volumes of electricity sold went up 3% YoY in 2014, translating a 5% increase in the 'residential, commercial & other' segments, justified by a wider client base. Volumes sold to the industrial segment decreased 2% YoY, reflecting the migration of clients to the free market as well as lower national industrial production. At the same time, **volumes distributed** to industrial clients in the free market stood flat at 9.9TWh in 2014, down 2% QoQ, reflecting the cooling of the industrial production in São Paulo.

Controllable operating costs increased 2% YoY to R$593m in 2014, driven by a 3% increase in personnel costs, reflecting the annual salary update (+6.5%) as well as lower headcount. Supplies and services reflect higher expenses with clients' services. **Other operating costs** went up R$64m YoY, translating some non-recurring gains accounted for in 2013, and related to the sale of buildings (R$53m) and distributions assets' revaluations (R$14m). **Distribution capex** went up 8% YoY to R$303m in 2014, mostly devoted to customer services activities and to the reinforcement of the network quality of service.

In 2014 **electricity sector** DisCos faced record highs in terms of electricity purchases costs: i) low rainfall reflected into abnormally high thermal dispatch and high costs with thermal power; ii) demand came out higher than initially expected; and iii) DisCos had to cope with involuntary short contracting positions in a high market prices environment. In Apr-14, the CCEE created an account called "Conta-ACR" (Conta no Ambiente de Contratação Regulada) to help compensate DisCos for the higher costs incurred in 2014 – R$17.8bn of financing were contracted and transferred to DisCos, partially compensating for the higher costs incurred from Feb-14 until Oct-14, and new financings are being discussed to cover for Nov/Dec-14 shortfall. In the meantime, ANEEL has also been passing-through some of these higher costs to consumers through the annual tariff readjustments. Also, from Jan-15 onwards, variable tariffs ("tariff flags") were introduced to signal final consumers for higher energy costs – in Jan/Feb-15, the "red flag" was triggered, meaning an additional R$3 per 100kWh (~+8% increase in tariffs for Low Voltage).

(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			
	2014	2013	Δ %	Δ Abs.
Gross Profit	**755**	**1,014**	**-26%**	**-259**
Supplies and services	69	73	-6%	-4
Personnel costs and employee benefits	48	52	-8%	-4
Other operating costs (net)	(0)	(19)	-	+19
Net Operating Costs	**116**	**106**	**10%**	**+11**
EBITDA	**638**	**908**	**-30%**	**-269**
Provisions	1	(0)	-	+1
Amortisation and impairment	153	156	-2%	-3
EBIT	**484**	**752**	**-36%**	**-267**

Generation	2014	2013	Δ %	Δ Abs.
Gross Profit (R$ m)	**755**	**1,014**	**-26%**	**-259**
Lajeado	271	411	-34%	-140
Peixe Angical	248	360	-31%	-112
Energest (15 hydro plants)	236	242	-3%	-7
Installed Capacity (MW)	**1,797**	**1,797**	**-**	**-**
Lajeado	903	903	-	-
Peixe Angical	499	499	-	-
Energest (15 hydro plants)	396	396	-	-
Electricity Sold (GWh)	**8,260**	**8,216**	**1%**	**+44**
Lajeado	3,298	3,410	-3%	-112
Peixe Angical	2,374	2,378	-0%	-4
Energest (15 hydro plants)	2,589	2,428	7%	+160
Average Selling Price (R$/MWh) (2)	**165**	**153**	**8%**	**+12**
Lajeado	142	137	4%	+5
Peixe Angical	198	181	9%	+17
Energest (15 hydro plants)	165	149	11%	+16
Capex (R$ m)	**60**	**798**	**-92%**	**-738**
Maintenance	60	66	-8%	-5
Expansion	-	733	-	-733
Financial Investments (R$ m)	**186**	**99**	**89%**	**+88**
Employees (#)	**281**	**386**	**-27%**	**-105**

Pecém (equity method)	2014	2013	Δ %	Δ Abs.
Installed Capacity (MW)	**360**	**360**	**-**	**-**
Availability factor (%)	76%	62%	14b.p.	-
EBITDA (R$m)	**21**	**(53)**	**-**	**+74**
Net Debt (R$m)	929	1,021	-9%	-92

Supply	2014	2013	Δ %	Δ Abs.
Gross profit (R$ m)	**114**	**76**	**49%**	**+38**
Net Operating costs (1) (R$ m)	10	8	39%	+3
EBITDA (R$ m)	**103**	**69**	**50%**	**+35**
Electricity sales (GWh)	13,052	12,391	5%	+662

EBITDA from our electricity generation activities in Brazil went down 30% YoY (-R$269m) to R$638m in 2014, reflecting low GSF (91% in 2014 vs. 99% in 2013), and the subsequent need to purchase energy at abnormally high market prices (avg. electricity spot price up 162% YoY to R$697/MWh[3] in 2014).

Electricity volumes sold stood relatively flat at 8.3TWh in 2014. **Average selling price** went up 8% YoY, translating PPA prices inflation updates as well as short-term contracts (for 2014) closed at higher prices. **Generation Scaling Factor (GSF)** stood at 91% in 2014 (vs. 99% in 2013) and 88% in 4Q14 (vs. 104% in 4Q13). During periods of low rainfall, the associated generation deficit implies that hydro generators have to purchase energy at market prices to meet their PPA obligations. In 2014, EDPB was able to mitigate the negative impact of low GSF through short-term sales contracted at higher prices, which all together translated into +R$339m YoY of additional costs with energy purchases (R$345m in 2014 vs. R$6m in 2013).

EDPB owns a 50% stake in Pecém I coal facility (720MW) in partnership with Eneva. Under IFRS11, this stake is currently being equity consolidated. In Dec-14, in light of Eneva's financially distressed situation, EDPB agreed the purchase of Eneva's 50% stake in Pecém I for a total amount of R$300m (closing expected for 1H15). Pecém I EBITDA is currently estimated at ~R$210m for 2015E (full year contribution @100%) and Net Debt is forecasted at ~R$1.8bn as of Dec-15E. Following-up to the repair of one of the generating units (4Q14), both groups are now working at full speed. All in all, Pecém I availability factor reached 76% in 2014 (vs. 62% in 2013). In 2014, Pecém I EBITDA (@50%) totalled R$21m and net loss attributable to EDPB was R$118m. Note that 2014 EBITDA includes R$109m regarding unavailability penalties (vs. R$122m in 2013). Additionally, the 3Q14 includes the non-recurring recovery of the excess amount of penalties charged between Dec-12 and Nov-13 on Pecém I unavailability (+R$123m), as these had been calculated on an hourly basis instead of using the 60 month average, while the 4Q14 was negatively impacted by the provisioning of expected unavailability penalties for the next 60 months (-R$130m).

Within the scope of EDP's strategic partnership with CTG, EDPB sold to CWEI**:** i) 50% equity stakes in Jari and Cachoeira Caldeirão for R$420.6m (Jun-14); and ii) a 33.3% stake in the São Manoel hydro project (Nov-14) – CWEI will assume future equity commitments of the projects under construction. Under IFRS 11, all of these projects are equity-method accounted. **Santo Antonio do Jari** is a 373MW power plant (50%-owned by EDPB) that was initially due in Jan-15 but started commercial operations ahead of schedule (1st generating unit started in Sep-14 and by the end of the year, all generating units were operational). In 2014, Jari sold 231GWh of electricity to the spot market, which translated into R$31m of attributable net income EDPB. **Cachoeira Caldeirão** is a 219MW hydro project (50% owned by EDPB; 69% concluded) due in Jan-17 and **São Manoel** is a 700MW hydro project (33,3%-owned by EDPB) in early stage of construction works, which is expected to start operations in May-18. Note that all of these projects are under long-term PPAs.

Capex fell 92% YoY to R$60m in 2014. Note that in 2014, investments devoted to Jari and Cachoeira Caldeirão hydro projects are classified as 'financial Investments' (equity-method accounted), which explains for the drop in expansion capex. Financial investments in 2013 are pro-forma for IFRS 11 implementation and refer to Pecém I.

Electricity supply gross profit rose 49% YoY (+R$38m) to R$114m in 2014, reflecting a favourable long position and higher volumes supplied to clients, benefiting from higher spot prices.

(1) Operating costs (Supplies & services + Personnel costs + Costs with social benefits) + Other operating costs (net); (2) Calculated with PPA prices and volumes; (3) Based on weakly prices; Southeast/Center-West regions.

Income Statements
& Annex

Income Statement by Business Area

2014 (€m)	Long-Term Contracted Generation	Iberian Liberalised Activities	Regulated Networks Iberia	EDP Renováveis	Brazil	Corpor. Activ. & Adjustments	EDP Group
Gross Profit	**790**	**868**	**1,742**	**1,153**	**813**	**1**	**5,367**
Supplies and services	69	206	379	257	160	(174)	897
Personnel costs	49	58	134	59	112	170	582
Costs with social benefits	0	3	(35)	8	12	(14)	(26)
Other operating costs (net)	2	184	222	(73)	(91)	28	272
Operating costs	**119**	**451**	**700**	**250**	**194**	**10**	**1,725**
EBITDA	**671**	**416**	**1,042**	**903**	**619**	**(9)**	**3,642**
Provisions	8	19	2	0	10	13	52
Amortisation and impairment (1)	166	234	340	481	113	64	1,397
EBIT	**497**	**164**	**700**	**422**	**496**	**(86)**	**2,193**

2013 (€m)	Long-Term Contracted Generation	Iberian Liberalised Activities	Regulated Networks Iberia	EDP Renováveis	Brazil	Corpor. Activ. & Adjustments	EDP Group
Gross Profit	**867**	**702**	**1,764**	**1,191**	**907**	**20**	**5,451**
Supplies and services	72	174	404	255	169	(163)	910
Personnel costs	60	64	143	60	106	144	577
Costs with social benefits	0	3	19	7	17	9	55
Other operating costs (net)	18	129	175	(51)	14	27	311
Operating costs	**150**	**369**	**740**	**271**	**306**	**16**	**1,853**
EBITDA	**717**	**333**	**1,023**	**921**	**601**	**4**	**3,598**
Provisions	12	18	(5)	1	17	11	55
Amortisation and impairment (1)	195	228	337	446	146	73	1,425
EBIT	**510**	**88**	**691**	**473**	**437**	**(81)**	**2,118**

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

Quarterly Income Statement

Quarterly P&L (€ m)	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	Δ YoY %	Δ QoQ %
Revenues from energy sales and services and other	**4,415**	**3,768**	**3,732**	**4,365**	**4,327**	**3,692**	**3,804**	**4,471**	**2%**	**18%**
Cost of energy sales and other	**(2,908)**	**(2,385)**	**(2,459)**	**(3,078)**	**(2,844)**	**(2,476)**	**(2,624)**	**(2,982)**	**3%**	**-14%**
Gross Profit	**1,507**	**1,384**	**1,273**	**1,287**	**1,483**	**1,216**	**1,180**	**1,488**	**16%**	**26%**
Supplies and services	212	229	215	253	202	220	221	254	0%	15%
Personnel costs and Employee Benefits	170	166	152	145	164	37	147	208	44%	41%
Other operating costs (net)	39	102	79	91	86	(13)	99	100	10%	1%
Operating costs	**421**	**497**	**446**	**489**	**453**	**244**	**467**	**561**	**15%**	**20%**
EBITDA	**1,086**	**887**	**827**	**798**	**1,030**	**972**	**713**	**927**	**16%**	**30%**
Provisions	9	27	3	14	7	11	4	31	112%	751%
Amortisation and impairment (1)	344	341	368	371	324	357	334	383	3%	15%
EBIT	**733**	**518**	**456**	**412**	**699**	**604**	**376**	**513**	**25%**	**37%**
Financial Results	154	164	169	212	147	98	208	118	-44%	-43%
Share of net profit in joint ventures and associates	12	3	1	(2)	(12)	4	(17)	10	-	-
Profit before income tax and CESE	**567**	**351**	**285**	**202**	**564**	**502**	**184**	**385**	**91%**	**109%**
Income taxes	159	49	55	(50)	186	57	33	35	-	7%
Extraordinary contribution for the energy sector	-	-	-	-	15	16	15	**16**	-	2%
Net Profit for the period	408	302	231	253	364	430	136	334	32%	146%
Net Profit Attributable to EDP	**335**	**268**	**189**	**213**	**296**	**377**	**113**	**254**	**20%**	**125%**
Non-controlling Interests	74	33	42	40	68	53	23	80	101%	249%

(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)							
	2014	2013	Δ MW	Δ %	2014	2013	Δ GWh	Δ %	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14
PPA/CMEC (Portugal)	**4,470**	**5,274**	**-804**	**-15%**	**17,160**	**17,454**	**-294**	**-2%**	**5,053**	**4,509**	**3,757**	**4,135**	**5,002**	**4,099**	**3,622**	**4,437**
Hydro	**3,290**	**4,094**	**-804**	**-20%**	**9,031**	**9,512**	**-480**	**-5%**	**3,307**	**2,781**	**1,387**	**2,036**	**3,739**	**2,120**	**1,075**	**2,097**
Run off the river	1,056	1,860			3,730	1,860			2,418	2,199	900	1,458	1,615	879	424	812
Reservoir	2,234	2,234			5,301	2,234			889	582	487	578	2,124	1,241	651	1,285
Coal - Sines	**1,180**	**1,180**	**0**	**0%**	**8,129**	**7,942**	**187**	**2%**	**1,747**	**1,728**	**2,370**	**2,098**	**1,263**	**1,979**	**2,546**	**2,340**
Special Regime (Ex-Wind)	**274**	**318**	**-44**	**-14%**	**997**	**1,639**	**-642**	**-39%**	**554**	**422**	**258**	**405**	**414**	**212**	**112**	**260**
Portugal	**181**	**225**	**-44**	**-19%**	**845**	**1,069**	**-224**	**-21%**	**400**	**272**	**139**	**258**	**347**	**178**	**82**	**238**
Small-Hydro	157	157			631	583			268	156	32	127	278	127	39	186
Cogeneration	24	68			214	486			132	116	107	131	69	50	42	52
Spain	**93**	**93**	**0**	**0%**	**153**	**570**	**-418**	**-73%**	**154**	**150**	**119**	**147**	**67**	**34**	**30**	**21**
Cogeneration+Waste	93	93			153	570			154	150	119	147	67	34	30	21
Liberalised Iberia	**7,777**	**7,123**	**655**	**9%**	**15,063**	**13,323**	**1,741**	**13%**	**3,621**	**2,657**	**3,344**	**3,701**	**4,186**	**3,286**	**3,747**	**3,844**
Hydro	**2,422**	**1,603**	**820**	**51%**	**6,282**	**4,325**	**1,957**	**45%**	**1,581**	**1,358**	**552**	**834**	**2,834**	**1,507**	**740**	**1,201**
Portugal	1,996	1,176			5,335	3,227			1,104	997	465	660	2,399	1,261	673	1,001
Spain	426	426			947	1,098			477	361	87	173	435	246	67	200
Coal	**1,463**	**1,463**	**0**	**0%**	**6,414**	**6,407**	**7**	**0%**	**1,371**	**1,015**	**2,015**	**2,005**	**862**	**1,521**	**2,191**	**1,840**
Aboño I	342	342			1,679	1,799			412	256	593	538	193	317	601	568
Aboño II	536	536			3,387	3,554			826	697	1,030	1,001	597	886	992	911
Soto Ribera II	239	239			541	405			124	16	52	213	36	115	148	242
Soto Ribera III	346	346			807	648			9	46	340	253	36	203	450	119
CCGT	**3,736**	**3,736**	**0**	**0%**	**1,163**	**1,434**	**-271**	**-19%**	**337**	**100**	**458**	**539**	**158**	**61**	**480**	**464**
Ribatejo (3 groups)	1,176	1,176			229	222			74	6	38	104	28	21	114	66
Lares (2 groups)	863	863			278	557			63	6	344	144	8	3	221	46
Castejón (2 groups)	843	843			368	360			94	58	54	153	66	17	103	182
Soto IV & V (2 groups)	854	854			289	294			106	29	22	138	56	20	43	170
Nuclear - Trillo	**156**	**156**	**0**	**0%**	**1,204**	**1,157**	**47**	**4%**	**331**	**184**	**319**	**323**	**332**	**197**	**336**	**339**
Gasoil - Tunes	**0**	**165**	**-165**	**-**	**0**	**0**	**0**	**-**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Wind (More detail on page 16)	**8,067**	**7,706**	**361**	**5%**	**19,695**	**19,142**	**553**	**3%**	**5,542**	**4,765**	**3,388**	**5,447**	**6,101**	**4,833**	**3,382**	**5,380**
Iberia	2,816	2,813			6,826	7,056			2,212	1,596	1,333	1,915	2,330	1,539	1,203	1,754
Rest of Europe	1,363	1,303			2,436	2,087			552	434	369	733	791	513	431	701
North America	3,805	3,506			10,198	9,769			2,726	2,690	1,631	2,722	2,930	2,727	1,678	2,862
Brazil	84	84			236	230			52	46	55	77	49	54	70	63
Solar	**82**	**50**	**32**	**64%**	**67**	**44**	**23**	**52%**	**0**	**16**	**17**	**11**	**11**	**20**	**22**	**14**
Brazil (Ex-Wind)	**1,797**	**1,797**	**0**	**0%**	**7,236**	**7,162**	**74**	**1%**	**2,292**	**1,794**	**1,247**	**1,828**	**2,341**	**1,650**	**1,322**	**1,923**
Hydro	**1,797**	**1,797**	**0**	**0%**	**7,236**	**7,162**	**74**	**1%**	**2,292**	**1,794**	**1,247**	**1,828**	**2,341**	**1,650**	**1,322**	**1,923**
Lajeado	903	903			3,388	3,131			1,074	799	482	775	1,205	814	528	841
Peixe Angical	499	499			2,386	2,399			719	525	481	674	667	458	540	721
Energest	396	396			1,462	1,633			499	470	284	379	469	378	254	361
TOTAL	**22,469**	**22,269**	**200**	**1%**	**60,220**	**58,765**	**1,455**	**2%**	**17,062**	**14,164**	**12,011**	**15,528**	**18,056**	**14,100**	**12,207**	**15,858**

Equity Consolidated	Installed Capacity - MW (2)			
	2014	2013	Δ MW	Δ %
Iberia Special Regime (Ex-Wind)	50	51	-1	-1%
EDPR Wind	886	808	78	10%
Brazil Hydro	187	0	187	-
Brazil Coal	360	360	0	0%
TOTAL	**1,484**	**1,219**	**264**	**22%**

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

(2) MW attributable to associated companies consolidated by equity method

EDP - Volumes distributed, clients connected and networks

ELECTRICITY

Electricity Distributed (GWh)	2014	2013	Δ GWh	Δ %
Portugal	**43,808**	**43,858**	**-50**	**-0.1%**
Very High Voltage	2,113	2,095	18	0.8%
High / Medium Voltage	20,730	20,442	289	1.4%
Low Voltage	20,965	21,322	-356	-1.7%
Spain	**9,177**	**9,147**	**29**	**0.3%**
High / Medium Voltage	6,795	6,664	130	2.0%
Low Voltage	2,382	2,483	-101	-4.1%
Brazil	**26,443**	**25,880**	**563**	**2.2%**
Free Clients	9,903	9,892	11	0.1%
Industrial	3,829	3,922	-93	-2.4%
Residential, Comercial & Other	12,711	12,066	644	5.3%
TOTAL	**79,428**	**78,886**	**542**	**0.7%**

Clients Connected (th)	2014	2013	Abs. Δ	Δ %
Portugal	**6,083**	**6,076**	**6.8**	**0.1%**
Very High / High / Medium Voltage	24	24	0.2	0.7%
Special Low Voltage	34	34	0.4	1.1%
Low Voltage	6,025	6,019	6.3	0.1%
Spain	**659**	**659**	**0.5**	**0.1%**
High / Medium Voltage	1	1	0.0	1.1%
Low Voltage	658	658	0.5	0.1%
Brazil	**3,152**	**3,045**	**106.4**	**3.5%**
Bandeirante	1,725	1,666	59.2	3.6%
Escelsa	1,426	1,379	47.2	3.4%
TOTAL	**9,894**	**9,780**	**113.7**	**1.2%**

Networks	2014	2013	Abs. Δ	Δ %
Lenght of the networks (Km)	**336,440**	**334,011**	**2,429**	**0.7%**
Portugal	223,523	222,476	1,048	0.5%
Spain	23,395	23,293	101	0.4%
Brazil	89,522	88,242	1,280	1.5%
Losses (% of electricity distributed)				
Portugal (1)	10.3%	11.2%	-0.9 pp	
Spain	4.1%	4.2%	-0.1 pp	
Brazil				
Bandeirante	9.5%	-9.9%	19.4 pp	
Technical	5.5%	-5.5%	11.1 pp	
Comercial	3.9%	-4.3%	8.3 pp	
Escelsa	13.7%	13.2%	0.5 pp	
Technical	7.6%	7.8%	-0.2 pp	
Comercial	6.1%	5.4%	0.7 pp	

GAS

Gas Distributed (GWh)	2014	2013	Δ GWh	Δ %
Portugal	**6,876**	**6,938**	**-62**	**-0.9%**
Low Pressure	1,008	1,058	-49	-4.6%
Medium Pressure	5,845	5,852	-8	-0.1%
LPG	23	28	-5	-18.0%
Spain	**46,970**	**51,535**	**-4,566**	**-8.9%**
Low Pressure	7,968	8,813	-844	-9.6%
Medium Pressure	39,002	42,723	-3,721	-8.7%
TOTAL	**53,846**	**58,473**	**-4,627**	**-7.9%**

Supply Points (th)	2014	2013	Abs. Δ	Δ %
Portugal	**318.5**	**306.2**	**12.3**	**4.0%**
Low Pressure	312.2	299.4	12.8	4.3%
Medium Pressure	1.4	1.3	0.1	9.7%
LPG	5.0	5.5	-0.6	-10.4%
Spain	**1,026.3**	**1,017.3**	**9.0**	**0.9%**
Low Pressure	1,025.6	1,016.5	9.1	0.9%
Medium Pressure	0.7	0.8	-0.1	-14.4%
TOTAL	**1,344.9**	**1,323.5**	**21.3**	**1.6%**

Networks	2014	2013	Abs. Δ	Δ %
Lenght of the networks (Km)	**14,797**	**14,480**	**317**	**2.2%**
Portugal	4,653	4,484	170	3.8%
Spain	10,143	9,996	147	1.5%

(1) Excludes Very High Voltage

EDP - Sustainability performance

4Q14 Main Events

Oct-14: The Electricity Museum was considered one of the ten "most incredible" free museums worldwide, according to the travel website “SmarterTravel”;

Nov-14: EDP remains a member of the FTSE4Good Index series, after the update of the methodology and research process that the ESG rating and constitution of the FTSE4Good Indexes are based upon;

Nov-14: For the 9th year in a row, EDP is part of the BM&F Bovespa Corporate Sustainability Index (ISE). This index is a tool for evaluating the performance among publicly traded companies with regard to social, environmental, economic and corporate governance practices;

Nov-14: EDP Espanha was awarded for best customer service centre. Asociación Española de Expertos en la Relación con los Clientes awarded EDP a Gold medal in the Customer Relations Centre (CRC) category of the Energy segment and the segment of over 1.2 million calls per year.

EDP Internal Sustainability Index (base 2010-12)	2014	2013	Δ %
Sustainab. Index (a) (b)	**105**	**102**	**3%**
Environmental	102	100	2%
%Weight	33%	33%	
Economic	105	100	5%
%Weight	37%	37%	
Social	107	106	1%
%Weight	30%	30%	

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

Economic Metrics	2014	2013	Δ %
Economic Value (€m)(1)(a)			
Directly Generated	17,672	17,509	1%
Distributed	15,373	15,553	-1%
Accumulated	2,299	1,956	18%

Social Metrics (a) (b)	2014	2013	Δ %
Employees (c)	**11,798**	**12,171**	**-3%**
Training (hours)	**516,659**	**410,734**	**26%**
On-duty Accidents	**33**	**42**	**-21%**
Severity Rate (Tg)	119	128	-8%
Frequency rate (Tf)	1.6	2.0	-21%
Freq. rate EDP+ESP (Tf)(d)	3.7	4.0	-7%

Environmental Metrics (a) (b)	2014	2013	Δ %
Absolute Atmospheric Emissions (kt)			
CO2 (e)	16,522	16,599	0%
NOx	16.4	16.7	-1%
SO2	14.4	13.7	4%
Particle	0.586	0.644	-9%
Specific Atmospheric Emissions (g/KWh)			
CO2 (e)	275.6	277.3	-1%
NOx	0.27	0.28	-2%
SO2	0.24	0.23	4%
GHG emissions (ktCO2 eq)			
Direct Emissions (scope 1)	16,551	16,633	0%
Indirect emissions (scope 2)	2,214	2,336	-5%
Primary Energy Consumption (TJ) (f)	**161,512**	**167,782**	**-4%**
Max. Net Certified Capacity (%)	**96%**	**77%**	**19 p.p.**
Water Use (103 m3)	**1,633,540**	**1,606,887**	**2%**
Total Waste (t) (g)	**362,031**	**370,410**	**-2%**
Environmental Investment and expenses (€ th)	**83,670**	**99,976**	**-16%**
Environmental Fees and Penalties (€ th)	**78,194**	**236,361**	**-67%**

Environmental Metrics - CO2 Emissions (a) (b)

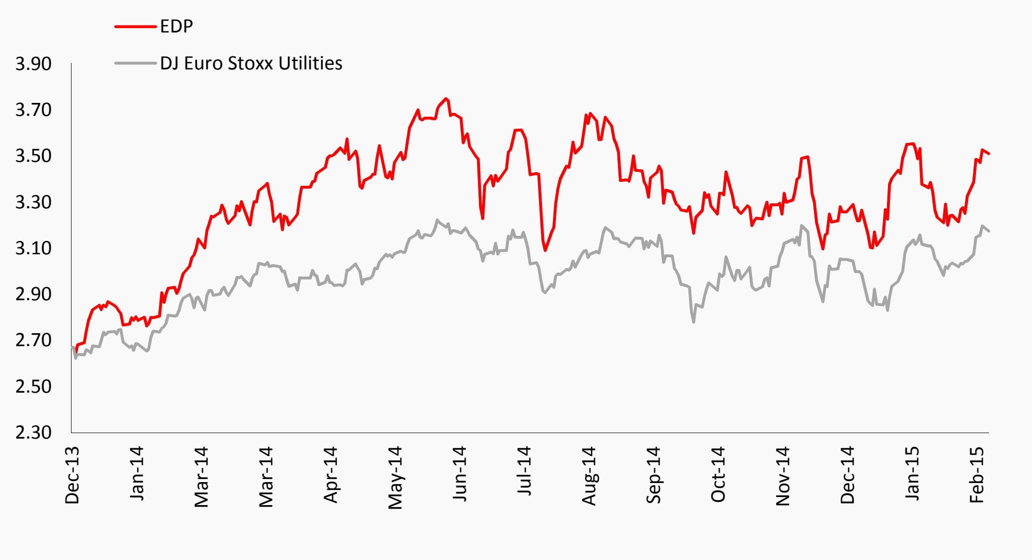
CO2 Emissions	Absolute (ktCO2)		Specific (t/MWh)		Generation (h) (GWh)	
	2014	2013	2014	2013	2014	2013
PPA/CMEC	**7,399**	**7,185**	**0.91**	**0.90**	**8,129**	**7,942**
Coal	7,399	7,184	0.91	0.90	8,129	7,942
Fuel Oil & Natural Gas	-	1	-	-	(0)	(0)
Liberalised	**8,647**	**8,531**	**1.14**	**1.09**	**7,577**	**7,841**
Coal	8,142	7,930	1.27	1.24	6,414	6,407
CCGT	505	601	0.43	0.42	1,163	1,434
Special Regime	**476**	**883**	**0.36**	**0.34**	**1,305**	**2,607**
Thermal Generation	**16,522**	**16,599**	**0.97**	**0.90**	**17,011**	**18,390**
CO2 Free Generation					**42,943**	**41,479**
CO2 Emissions			**0.28**	**0.28**	**59,954**	**59,869**

(a) 2013 figures were restated so as to reflect IFRS10 & 11 implementation from Jan-14 onwards.
(b) Excluding Pecém I.
(c) Including Executive Social Bodies.
(d) ESP: External Services Provider.
(e) Excluding vehicle fleet and natural gas consumption and losses.
(f) Including vehicle fleet.
(g) Waste sent to final disposal.
(h) Includes heat generation (2014: 938 GWh vs. 2013: 1,588 GWh).

(1) Generated Economic Value (GEV): Turnover + gains/losses with the sale of financial assets + other financial income + other financial costs + gains/losses from associated companies.
Distributed Economic Value (DEV): Turnover – operating profit, income taxes and dividends; Accumulated Economic Value (AEV): GEV – DEV.

EDP Share Performance

EDP Stock Performance on Euronext Lisbon



EDP Stock Market Performance	YTD	52W 02-03-2015	2013
EDP Share Price (Euronext Lisbon - €)			
Close	3.510	3.510	3.218
Max	3.584	3.749	3.749
Min	3.073	3.036	2.620
Average	3.345	3.375	3.286
EDP's Liquidity in Euronext Lisbon			
Turnover (€ m)	1,027	5,145	4,896
Average Daily Turnover (€ m)	24	20	19
Traded Volume (million shares)	307	1,524	1,490
Avg. Daily Volume (million shares)	7.1	5.8	5.7

EDP Share Data	2014	2013	Δ %
Number of shares Issued (million)	3,656.5	3,656.5	-
Treasury stock (million)	23.5	27.6	-14.9%

EDP's Main Events

07-Jan: EDP issues USD 750 million of notes
28-Jan: Standard & Poor's affirms EDP at "BB+" rating on stable outlook
07-Fev: CTG enters partnership with EDP Brasil for construction of hydro power plant São Manoel
10-Fev: EDP sells €138 million of tariff deficit in Portugal
26-Mar: EDP to receive €750 million in securitization of electricity tariff deficit in Portugal
08-Abr: EDP issues €650 million bond maturing in April 2019
29-May: Payment of gross dividend of €0.185 per share for the 2013 financial year
16-Jun: EDP sells €200 million of tariff deficit in Portugal
20-Jun: EDP signed a 5-year revolving credit facility in the amount of €3,150 million
28-Jun: Conclusion of sale by EDP Brasil of 50% in Jari and Cachoeira Caldeirão hydro plants
02-Jul: Fitch affirms EDP at "BBB-" and revises outlook to stable
30-Jul: Moody's affirms EDP at "Ba1" and revises outlook to positive
7-Aug: ANEEL approves a 26.54% tariff increase at EDP Escelsa's annual tariff readjustment process
20-Aug: EDPR executes an asset rotation transaction in the US
11-Sep: EDP issues a €1,000 million bond maturing in 2022
30-Sep: EDPR executes an asset rotation transaction in France
22-Oct: ANEEL approves a 22.34% tariff increase at EDP Bandeirante's annual tariff readjustment process
11-Nov: Conclusion of sale by EDP Brasil of a 33.3% stake in São Manoel hydro plant
14-Nov: EDP issues USD750 million of notes
9-Dec: EDP Brazil signs an agreement for the acquisition of Eneva's stake in Pecém I plant
15-Dec: ERSE announces electricity tariffs for 2015 and parameters for the 2015-17 period
15-Dec: EDP sells €202 million of 2013's tariff deficit in Spain
16-Dec: EDP sells gas assets in Murcia, Extremadura and Gerona regions to Redexis
18-Dec: EDP reaches an agreement with Cheniere for the supply of LNG for 20 years
22-Dec: EDP sells €229 million in securitization of electricity tariff deficit in Portugal
29-Dec: EDPR announces the sale of minority stakes in wind farms in Brazil to CTG
30-Dec: EDP sells a 50% stake in EDP Ásia to CTG

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