



Results Presentation 2014

Lisbon, March 4th, 2015



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2014: Highlights of the period



EBITDA: €3,642m, +1% YoY

Iberia (ex-EDPR): EBITDA +1% excluding one-offs⁽¹⁾

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

EDP Renováveis: EBITDA -2%

New capacity additions not enough to compensate remuneration cuts and low power prices in Spain

EDP Brasil: EBITDA +3% in Euro terms, +12% in local currency

Excluding one-offs⁽²⁾: EBITDA -18% in local currency, penalised by the drought

Net Profit: €1.040m, +4% YoY

Cash Dividend Per Share 2014: €0.185⁽³⁾ (65% pay-out)

2014: Highlights of the period



Net debt decreased €41m YoY to €17.0bn in Dec-14
Including €0.4bn adverse forex impact due to stronger USD

Regulatory receivables owed to EDP: -€0.2bn YoY to €2.5bn by Dec-14
Portuguese electricity system global regulatory receivables: €5.3bn by Dec-14, fully in line with expectations

Net Investments⁽¹⁾: €1,794m (-20% YoY); Capex focused on hydro in Portugal and wind, mostly in US

Cost of debt: 4.7% (+30bps); financial liquidity: €6.1bn by Dec-14; average debt maturity: 4 years;

Jan-15: EDP back to Investment Grade Status
Moody's: Baa3/stable outlook; Fitch: BBB-/stable outlook; S&P: BB+/positive outlook

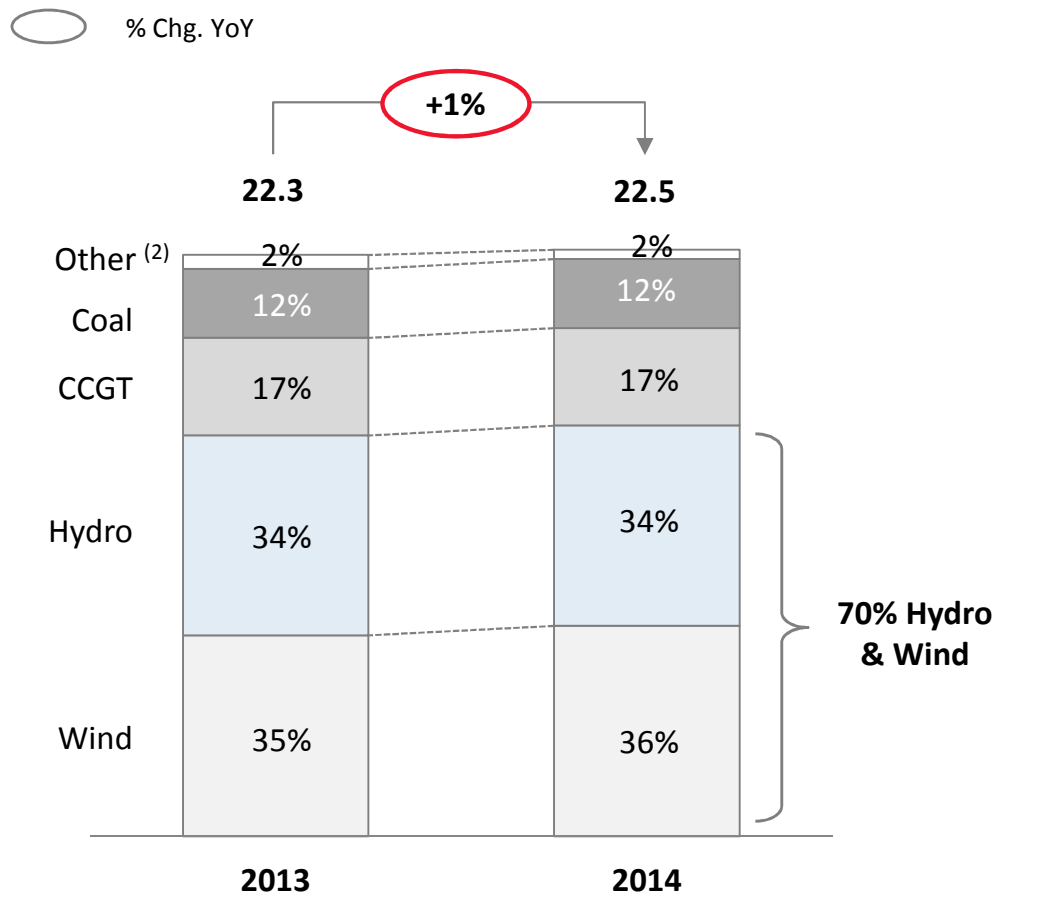
Low-risk profile: Portfolio highly regulated/LT contracted, diversified markets and competitive assets
Focus on risk control + efficiency improvements + delivery of ongoing growth projects

(1) Net investments (2014) = Capex net of investment subsidies (€1,872m) + Financial Investments (€137m) – Proceeds from asset rotation deals at EDPR level (€215m)

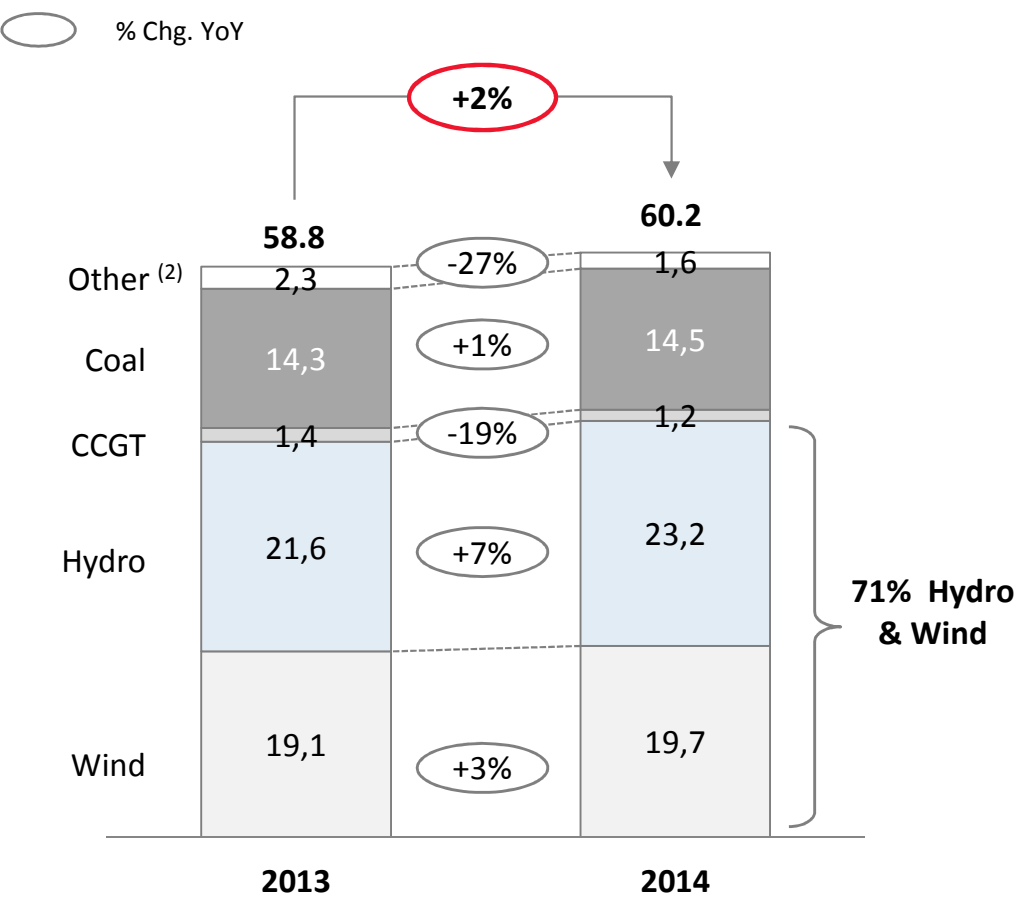
EDP's generation mix: Increasing weight of Hydro & Wind



Installed Capacity⁽¹⁾
(GW)



Generation Breakdown by Technology
(TWh)



Installed capacity +1%: +0.4GW of new wind mostly in US; shut down of 0.2GW old oil & cogen in Portugal

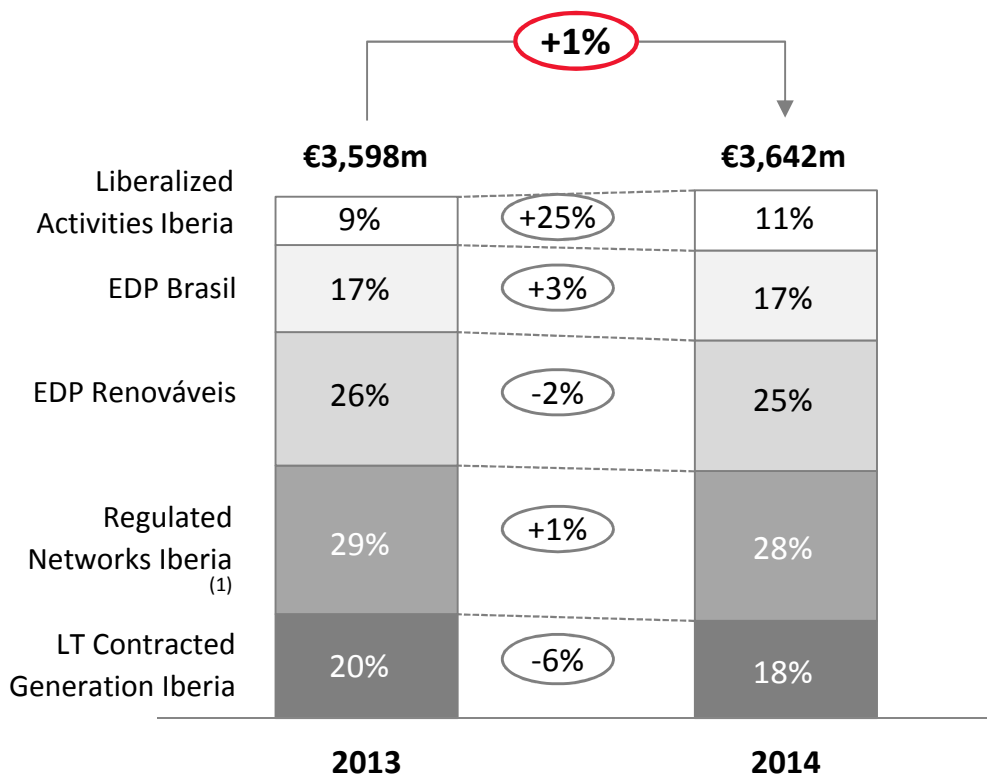
Power production +2% due to rainy weather in Iberia and YoY wind capacity increase

(1) Excluding Equity Consolidated capacity (1.5 GW in 2014 vs. 1.2 GW in 2013); (2) Thermal special regime (cogeneration and waste), nuclear and solar

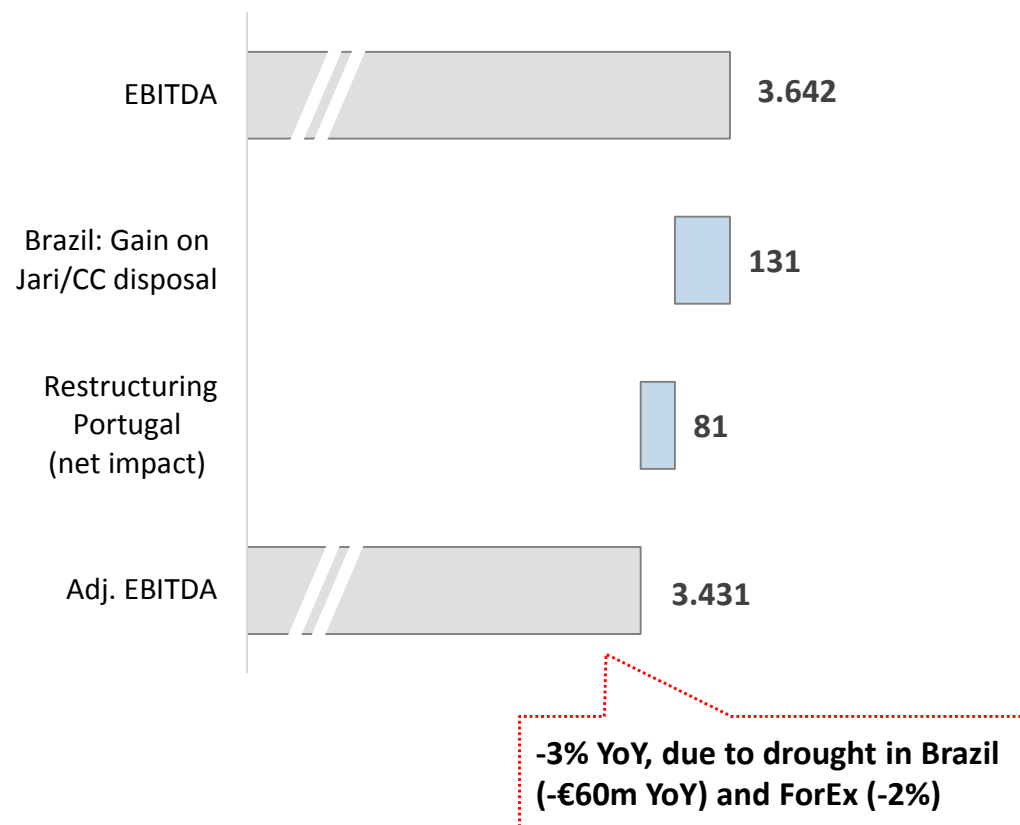
EBITDA Breakdown

EBITDA Breakdown by division (€ million)

○ % Chg. YoY



Adjusted EBITDA in 2014 (€ million)



EBITDA reflects resilient performance in Iberia, drought in Brazil and lower revenues in EDPR Spain

Adjusted EBITDA at €3,431bn in 2014, -3% YoY

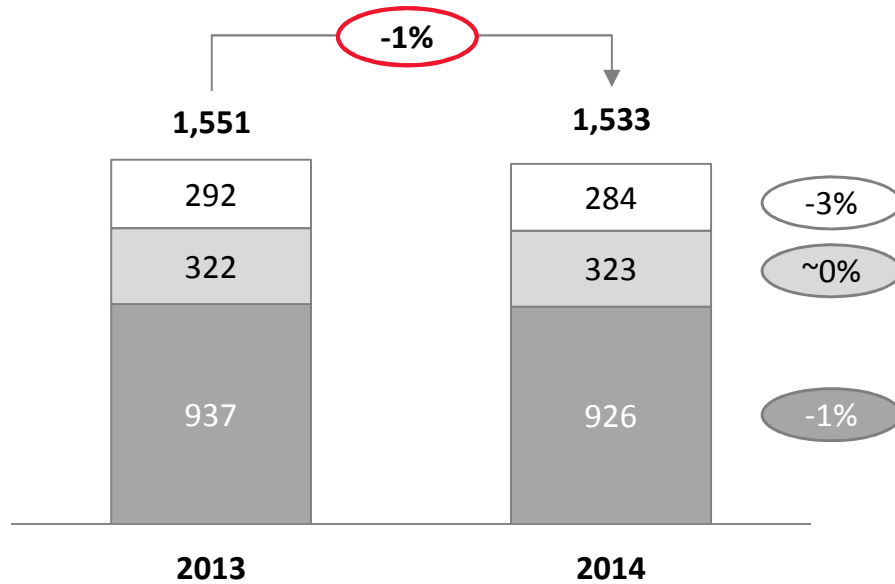
ForEx impact: -2% or -€56m, mostly due to 8% devaluation of BRL vs. Euro

(1) Includes regulated networks and other; (2) Net impact from the new Collective labour agreement (€129m) and costs with early-retirement program (-€48m)

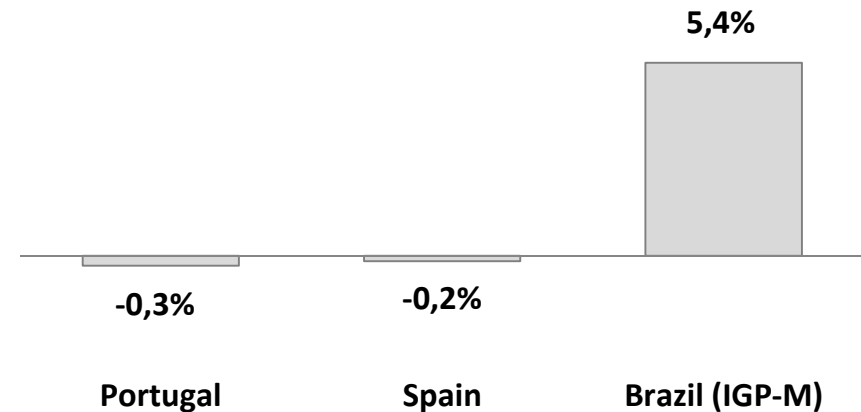
Operating costs: -1% YoY

Operating costs⁽²⁾: 2014 vs. 2013 (€ million)

□ Brazil □ EDPR ■ Iberia



2014 YoY Inflation⁽³⁾ (%)



- **Iberia:** -1% YoY on successful execution of OPEX III program and headcount reduction (early retirements in Portugal)
- **EDPR:** stable despite the 5% increase in installed capacity
- **Brazil:** -3% in Euro terms; +6% in local currency, in line with inflation (includes +6.5% annual salary update)

**OPEX III efficiency program: €144m savings accomplished until Dec-14; 2015 target anticipated for 2014;
Opex/Gross Profit⁽¹⁾ at 28% in 2014**

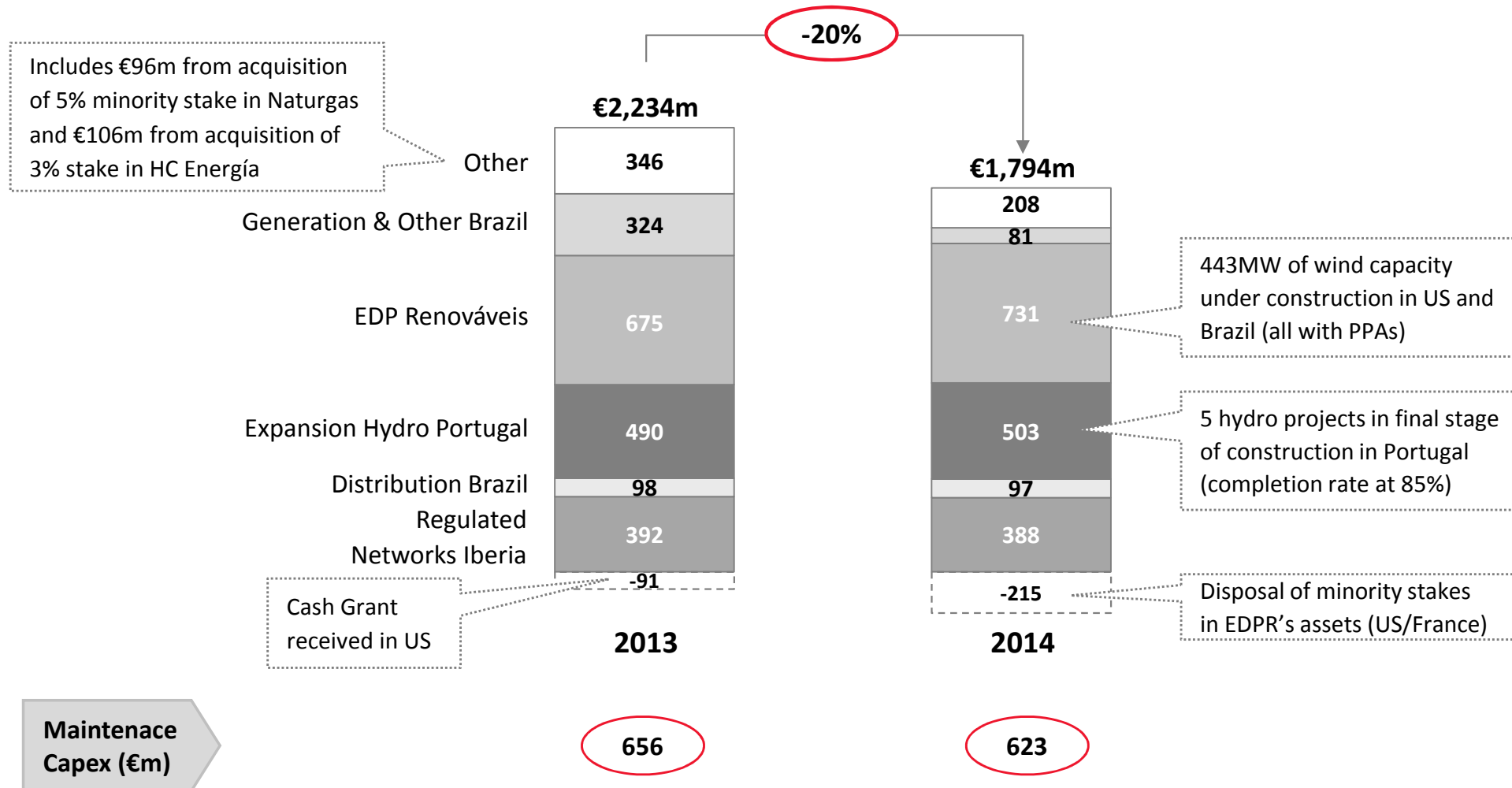
(1) Gross profit adjusted for PTC revenues; (2) OPEX=Supplies & Services + Personnel costs & employees' benefits (excluding impacts from restructuring issues: €81m in 2014 vs. 9m in 2013);

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

Investments:

Focus on new wind & hydro and Regulated networks

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



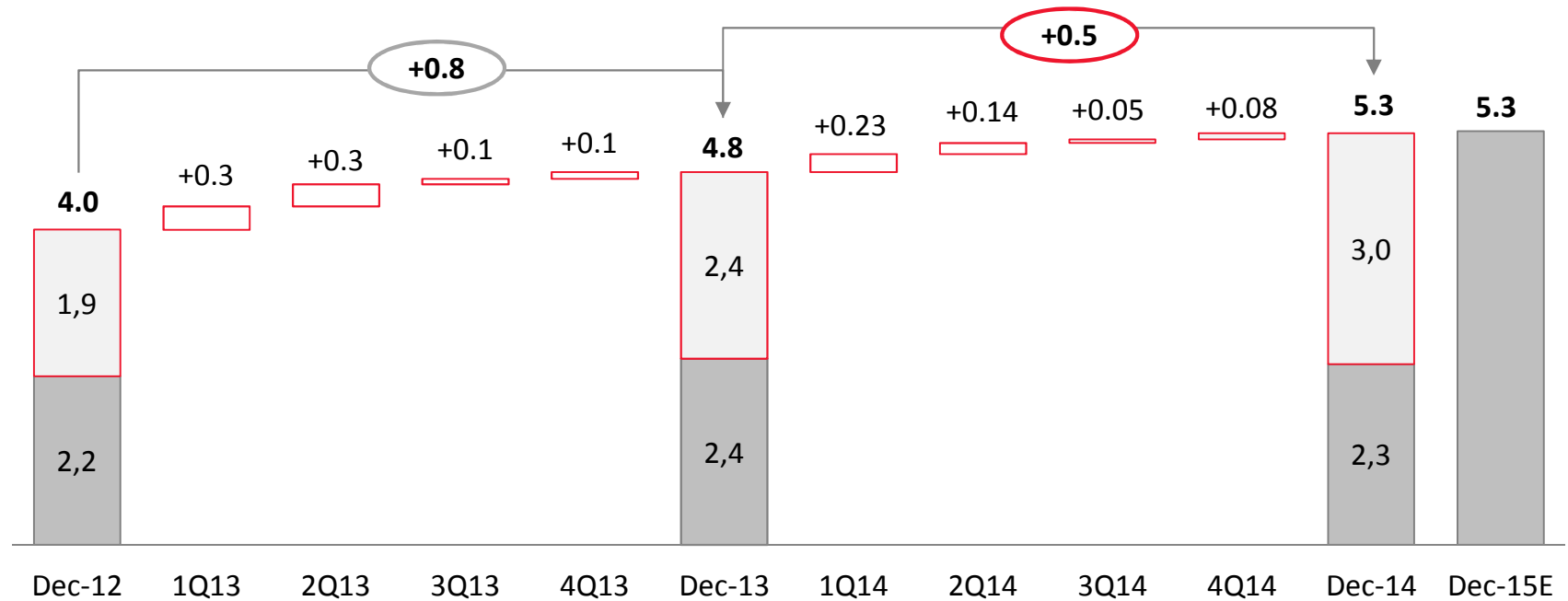
Adjusted for pending proceeds from asset rotation (\$343m in 1Q15E): Net Investments 2014 <€1.6bn

(1) Capex net of investment subsidies + Financial Investments - Proceeds from EDPR's asset rotation strategy (2014: €38m received from Axpo Group in France; €17m from sale to Northleaf in Canada and €160m EFG Hermes, in France)

Regulatory receivables in Portugal

Global Regulatory receivables in the Portuguese electricity system (€bn)

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



Demand growth (%)

-2.8% -2.2% -1.1% +2.0% +2.2% +0.2% +0.7% +0.0% -2.1% -1.5% -0.7%

Wind factor (1.0 = avg.)

1.03 1.36 1.19 0.99 1.12 1.18 1.40 1.08 0.96 0.99 1.11

Special Regime Premium (€/MWh)

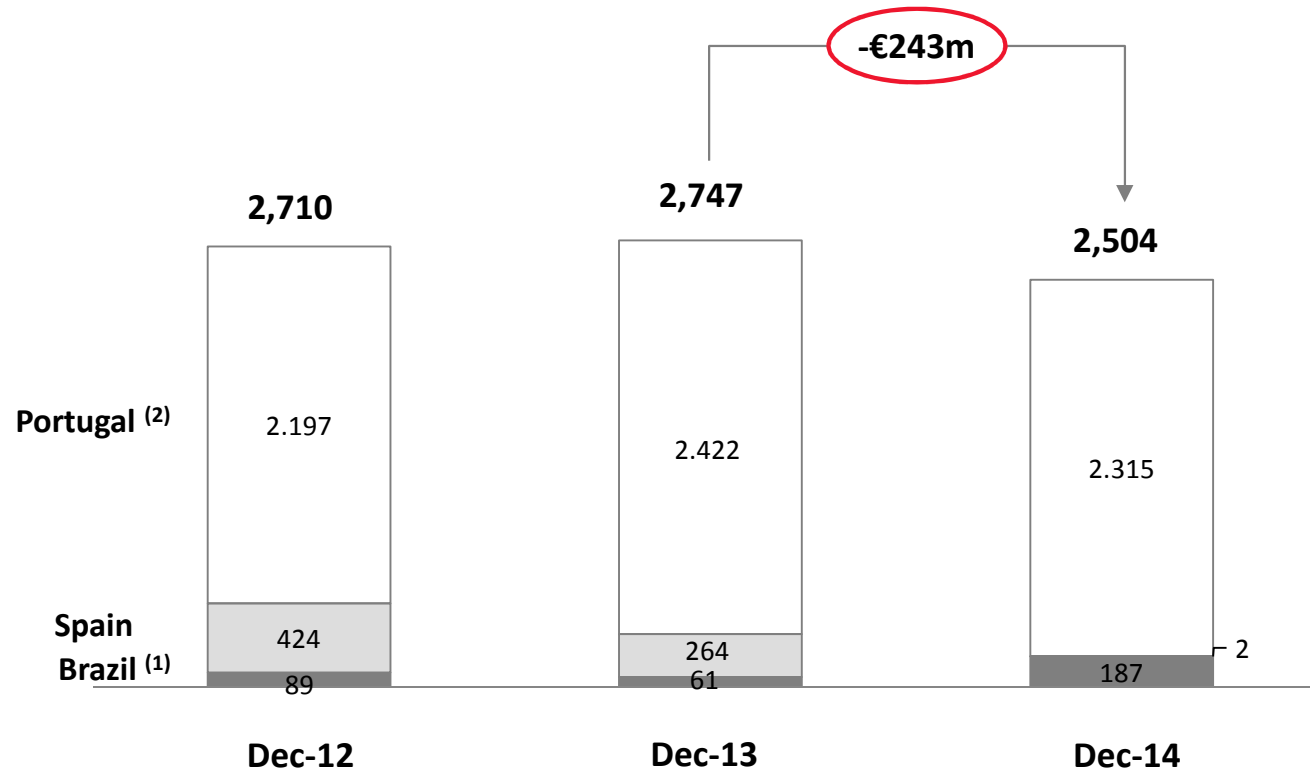
68 71 80 65 50 66 81 73 64 52 69

4Q14: +€80m QoQ on weak demand (mild weather) and normalized wind volumes/power prices
€5.3bn by Dec-14: fully in line with guidance provided one year ago

Evolution of EDP's total regulatory receivables



EDP's Net Regulatory Receivables (€ million)



- **Portugal: -€107m YoY** (Securitisations: -€1,262m; Ex-ante deficit: +€1,534m; Net deviations⁽³⁾: -€379m)
- **Spain: -€262m YoY to almost zero**, following securitization of remaining 2013 tariff deficit
- **Brazil: +€126m YoY**, due to higher costs with thermal generation: fully booked in balance sheet since Dec-14

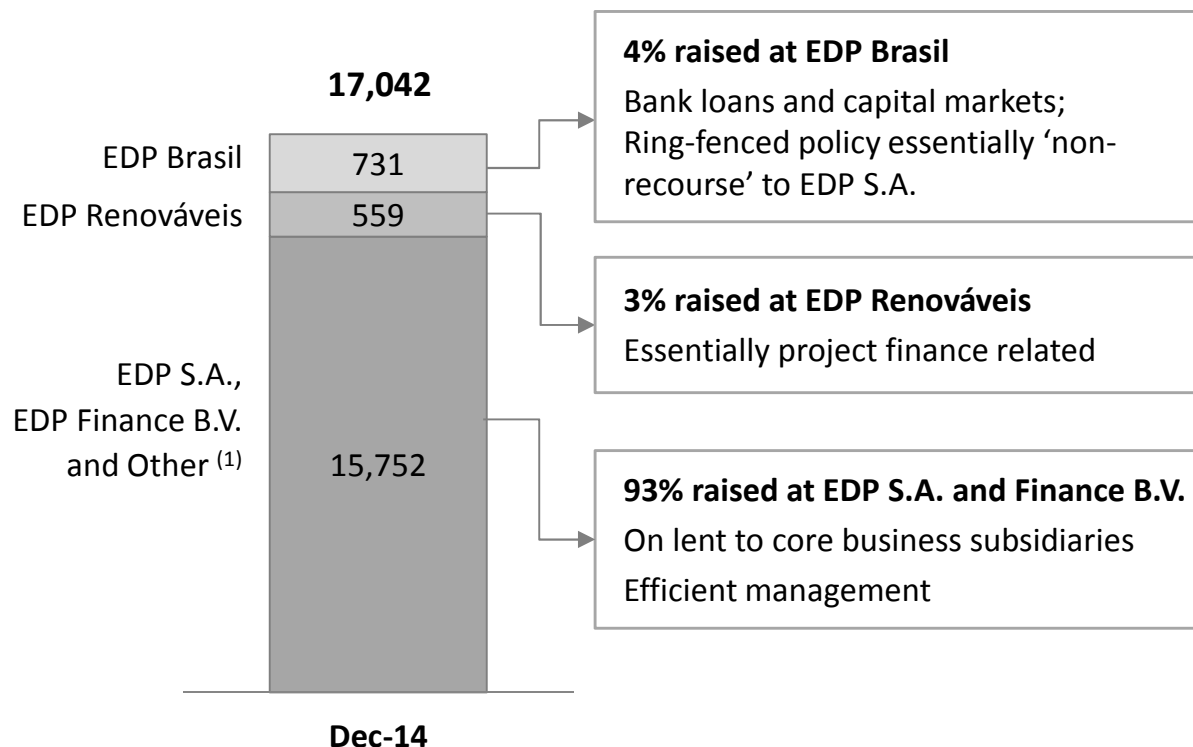
(1) Brazil's Regulatory Receivables are out of Balance Sheet;

(2) Includes electricity and gas regulated activities in Portugal;

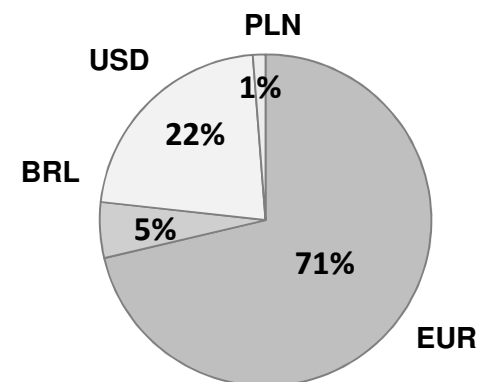
(3) Includes new deviations generated, net of recoveries from deviations and past deficits

EDP's Net Debt Breakdown: Dec-14

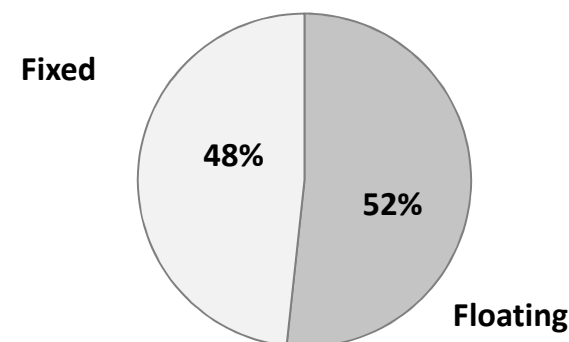
EDP consolidated net debt position: Dec-14 (€ million)



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



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



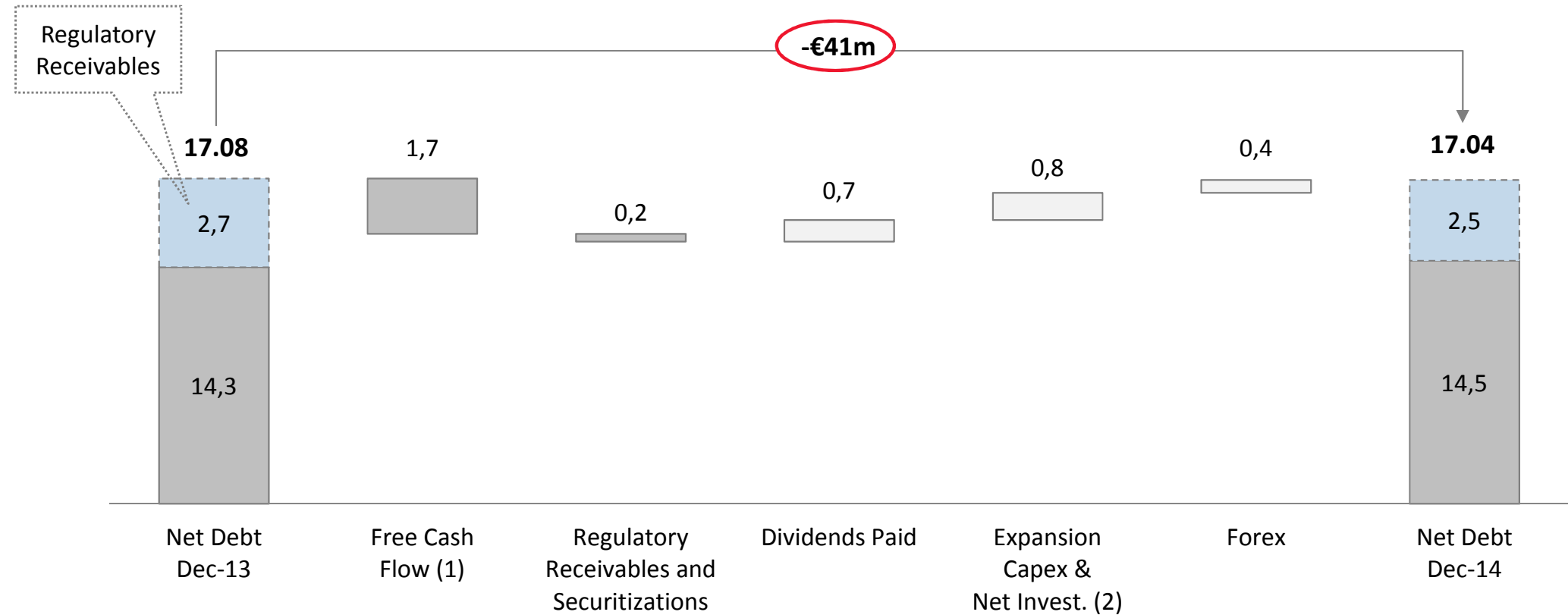
Debt essentially issued at holding level through both capital markets (public and private) and bank loans
Investments and operations funded in local currency to mitigate ForEx risk
Floating rates: 52% weight provides hedging on inflation

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

2014 Change in Net Debt

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

(€ billion)

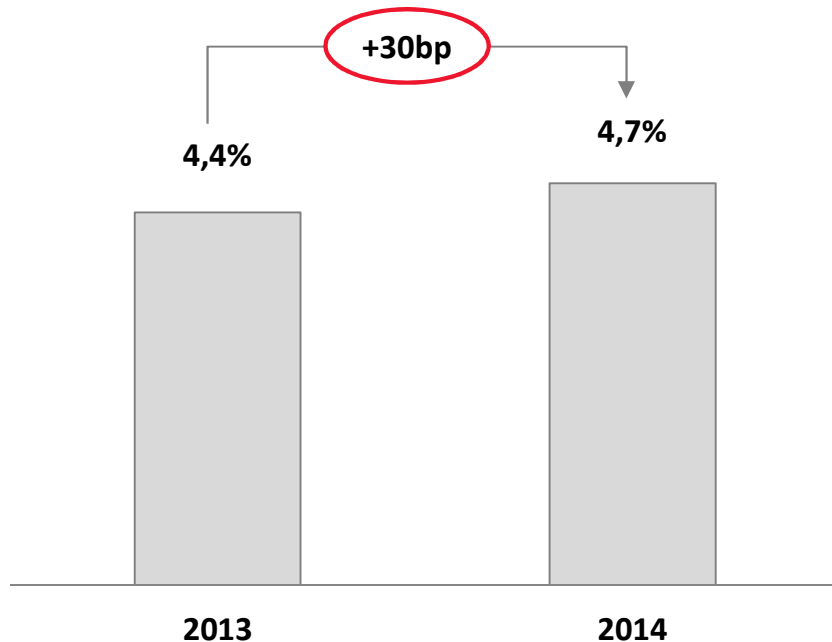


Negative ForEx impact: €403m mostly due to the USD appreciation vs. the Euro

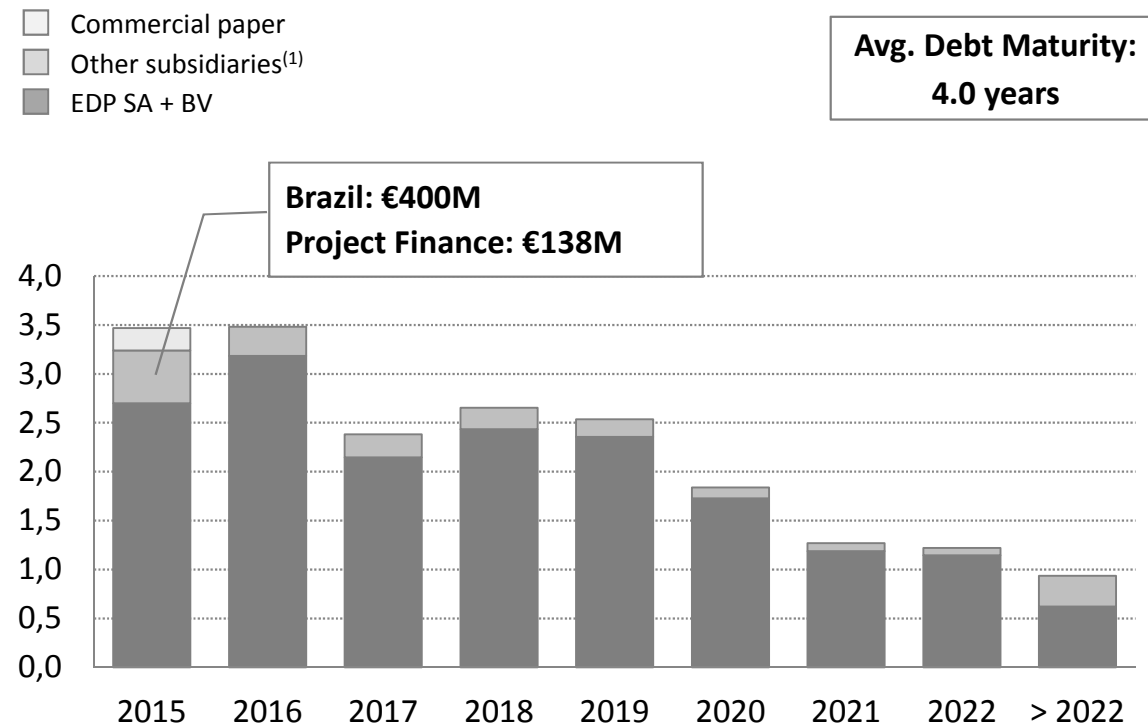
Financial Debt: Average cost and maturity profile



Avg. Cost of Debt: 2014 vs. 2013
(%)



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



Higher avg. cost of debt justified by some debt matured over 2014 which was paying a low avg. interest
Average debt maturity by Dec-14: 4.0 years (vs. 3.9 years as of Dec-13)

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

Financial Liquidity position



(€ million)

Sources of liquidity (Dec-14)

| Instrument | Maximum Amount | Number of counterparties | Utilised | Available | Maturity |
|----------------------------|----------------|--------------------------|----------|-----------|-----------|
| Revolving Credit Facility | 3,150 | 21 | 0 | 3,150 | Jun-2019 |
| Revolving Credit Facility | 100 | 1 | 0 | 100 | Dec-2016 |
| Domestic Credit Lines | 199 | 9 | 0 | 199 | Renewable |
| Underwritten CP Programmes | 100 | 1 | 0 | 100 | Oct-2016 |
| Total Credit Lines | 3,449 | | 0 | 3,549 | |
| Cash & Equivalents: | | | | 2,625 | |
| Total Liquidity Available | | | | 6,174 | |

Financial liquidity by Dec-14: €6.1bn

Main sources and uses of funds



Sources of funds

- **Cash & Equivalents (Dec-14) :** €2.6bn
- **Available Credit Lines (Dec-14):** €3.5bn

TOTAL €6.1bn

Use of funds

▪ Refinancing needs in 2015:

- Bonds maturing in Mar-15 €1.0bn
- Bonds maturing in May-15 €0.25bn
- Bonds maturing in Jun-15 €0.5bn
- Loans maturing in 2015: €1.0bn

Total 2015 €2.7bn

▪ Refinancing needs in 2016: €3.0bn

TOTAL €5.7bn

Financial liquidity covers refinancing needs until the end of 2016

Net Profit breakdown



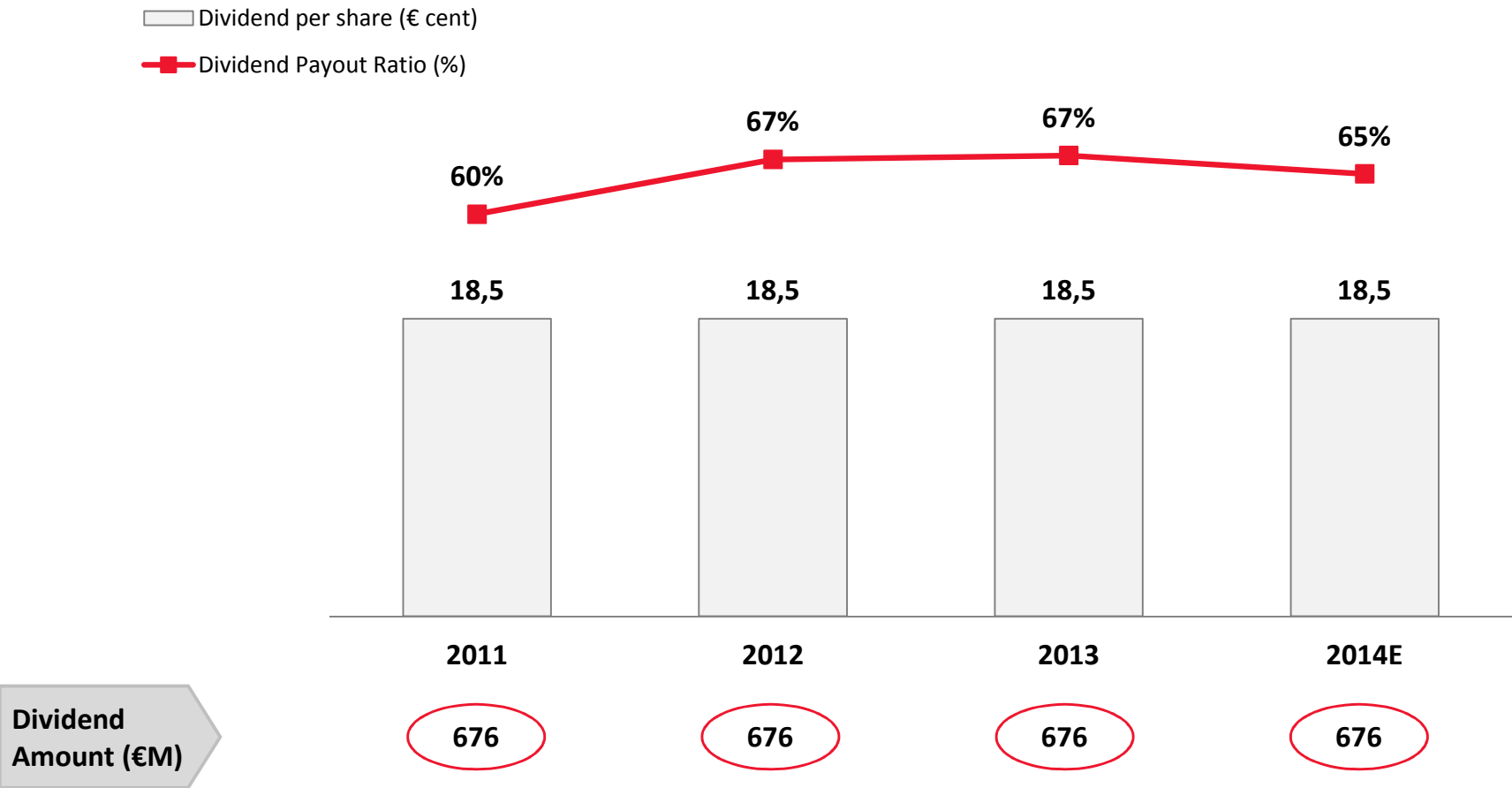
| (€ million) | 2013 | 2014 | Δ % | Δ Abs. | |
|--|--------------|--------------|------------|------------|---|
| EBITDA | 3,598 | 3,642 | +1% | +44 | |
| Net Depreciations and Provisions | 1,480 | 1,449 | -2% | -30 | Extension of useful life for some thermal plants In 2014, includes impairments of ~€60m |
| EBIT | 2,118 | 2,193 | +4% | +75 | |
| Financial Results & Associated Companies | (712) | (557) | -22% | +156 | <ul style="list-style-type: none"> EDP Asia capital gain (€118m in 2014) Higher cost of debt (+30bp to 4.7%) outstands lower avg. net debt (-€0.4bn YoY) Tariff deficit securitisation gains (+€28m YoY) |
| Income Taxes | 212 | 311 | +46% | +99 | |
| Extraordinary Energy Tax in Portugal | - | 61 | +100% | +61 | Extraordinary tax of 0.85% on net fixed assets introduced in 2014 for energy operations in Portugal |
| Non-controlling interests | 189 | 223 | +18% | +35 | Higher net profit of EDP Brasil and EDPR's sale of minority stakes in wind farms |
| Net Profit | 1,005 | 1,040 | +4% | +35 | Adjusted net profit ⁽¹⁾ : €905m in 2014, -8% YoY |

(1) Net profit in 2014 adjusted for the impact from the sale of 50% of Jari/Cachoeira-Caldeirão (€50m gain), restructuring (new CLA net of costs with early-retirement program; €55m net gain), impairments (€26m), sale of 50% stake in EDP Asia (€118m) and Extraordinary energy tax in Portugal (€61m).

2014 Dividend Payment



EDP's dividend performance 2011-2014E (€ cents; %)



€0.185 dividend per share, payout ratio of 65%

(1) Source: Bloomberg Best Estimate Payout Ratio 2014 (based on Adjusted EPS excluding one-offs / special events).
(2) Considering a dividend of €0.185 per share to be proposed and approved in the next AGM, and based on EDP 2014 Net Income of €1,040m.

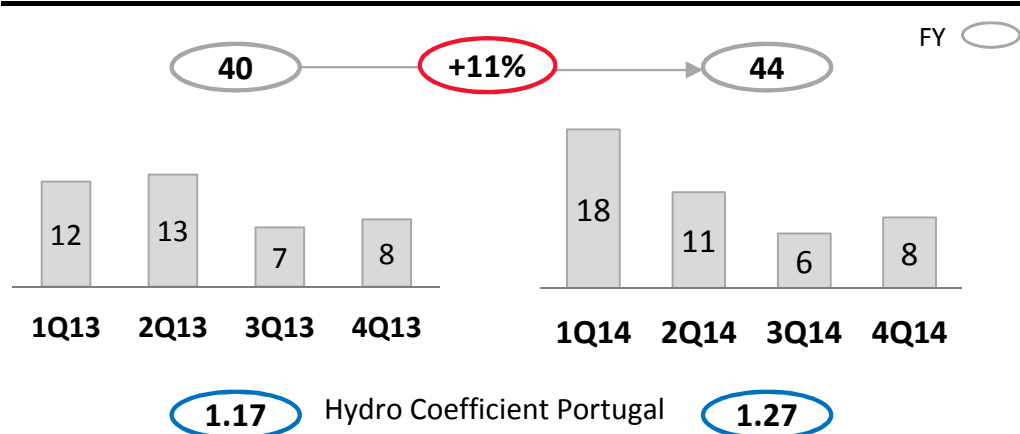


Business Areas

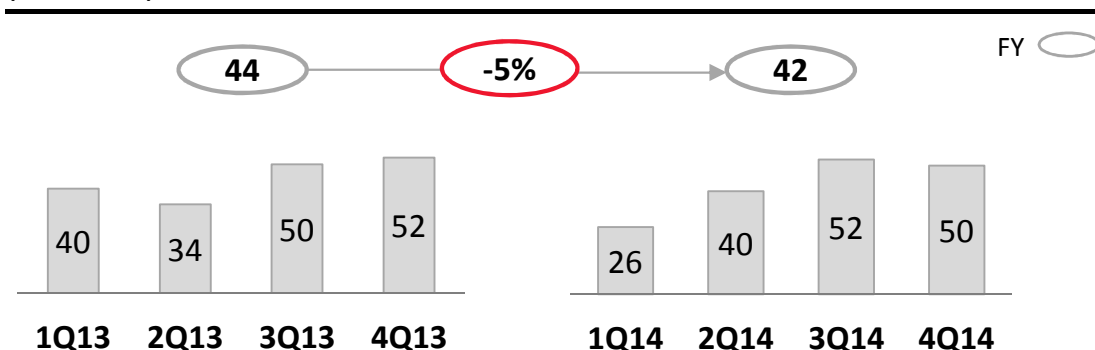
Electricity market environment in Iberia: 2014 vs. 2013



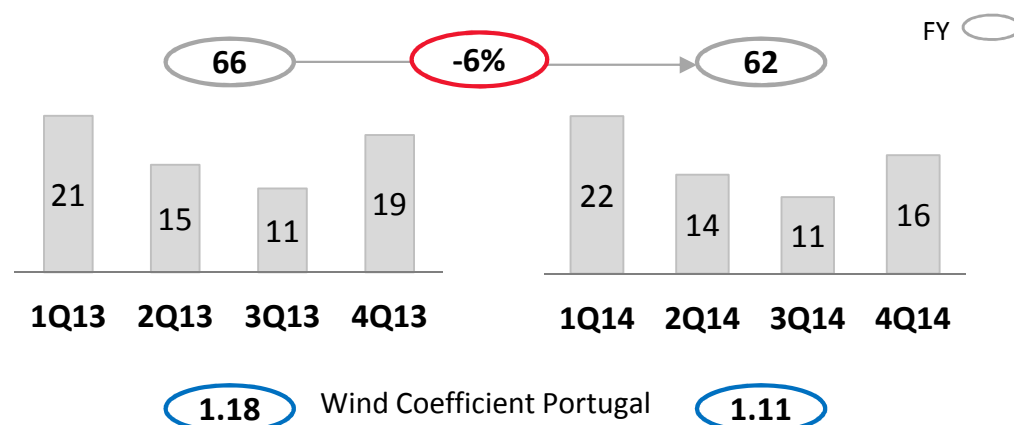
Hydro & Mini-Hydro Power Production – Iberia ⁽¹⁾ (TWh)



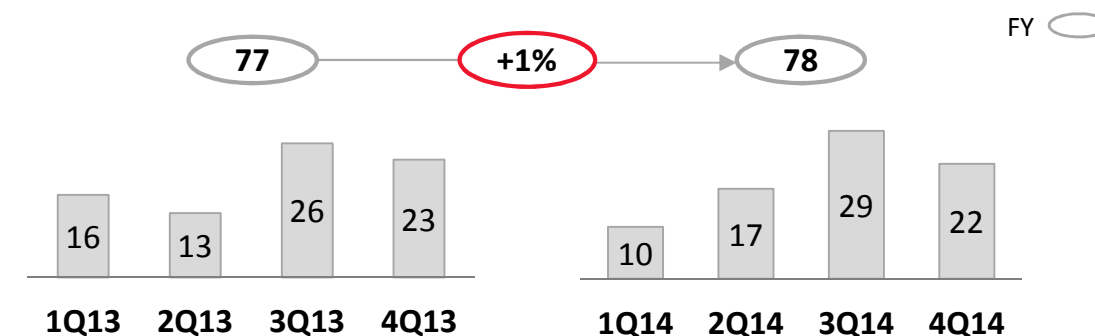
Avg. Pool Price in Spain (€/MWh)



Wind Power Production – Iberia (TWh)



Thermal Power Production in Iberian market (TWh)



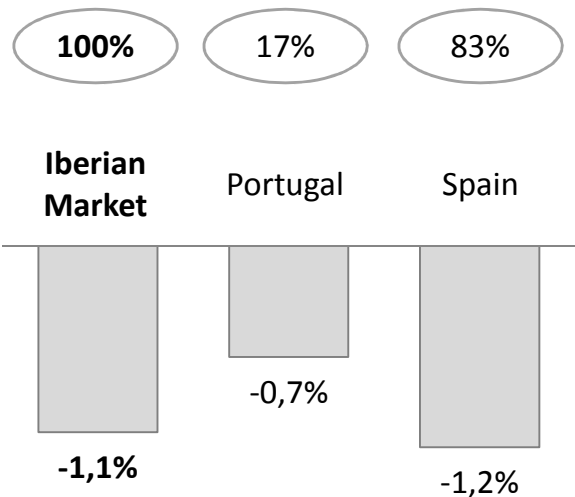
Lower wind and hydro volumes in 2H14 vs. 1H14 allowed recovery of thermal production and pool prices

Iberia: Electricity Demand

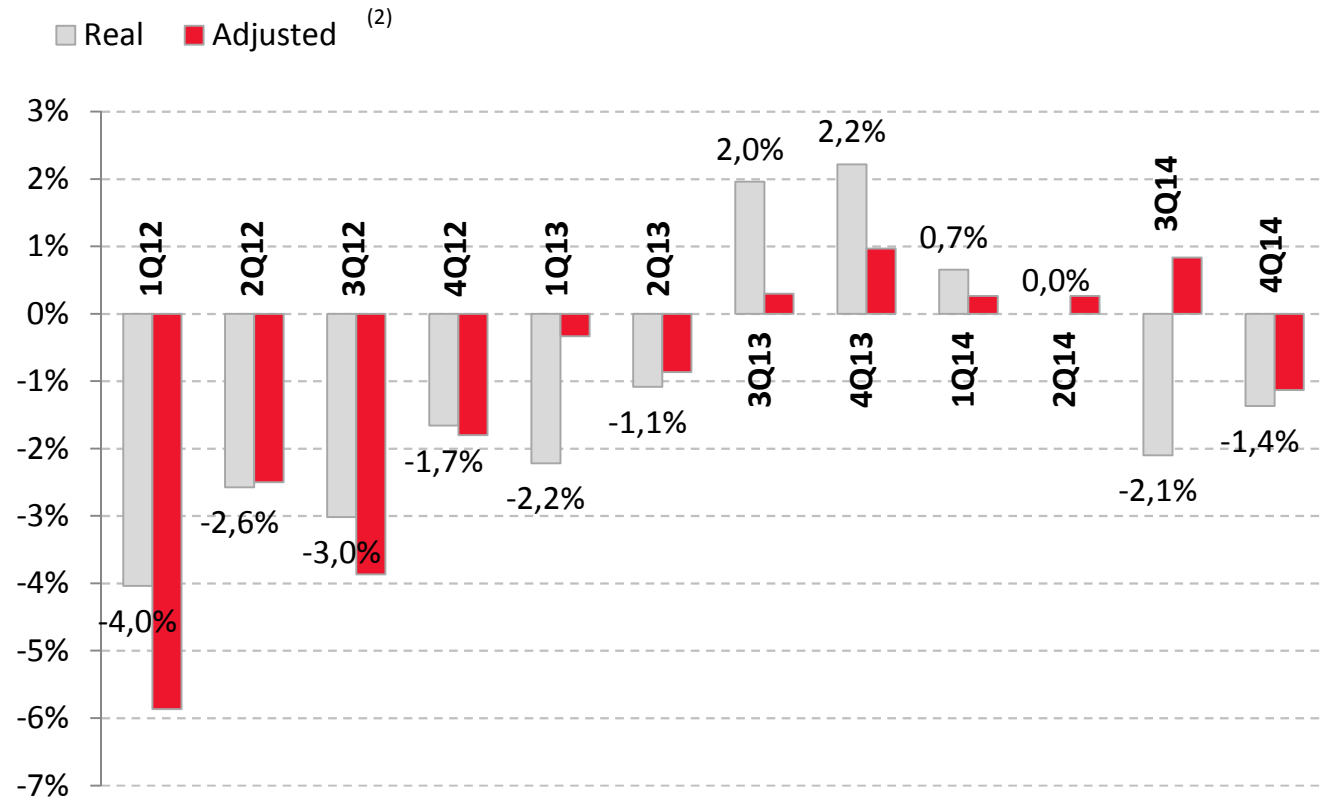


Electricity Demand in Iberian Market 2014 ⁽¹⁾
($\Delta\%$ YoY)

% Weight in Iberia in 2014



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



Electricity demand in 2014: -1.1% on milder weather

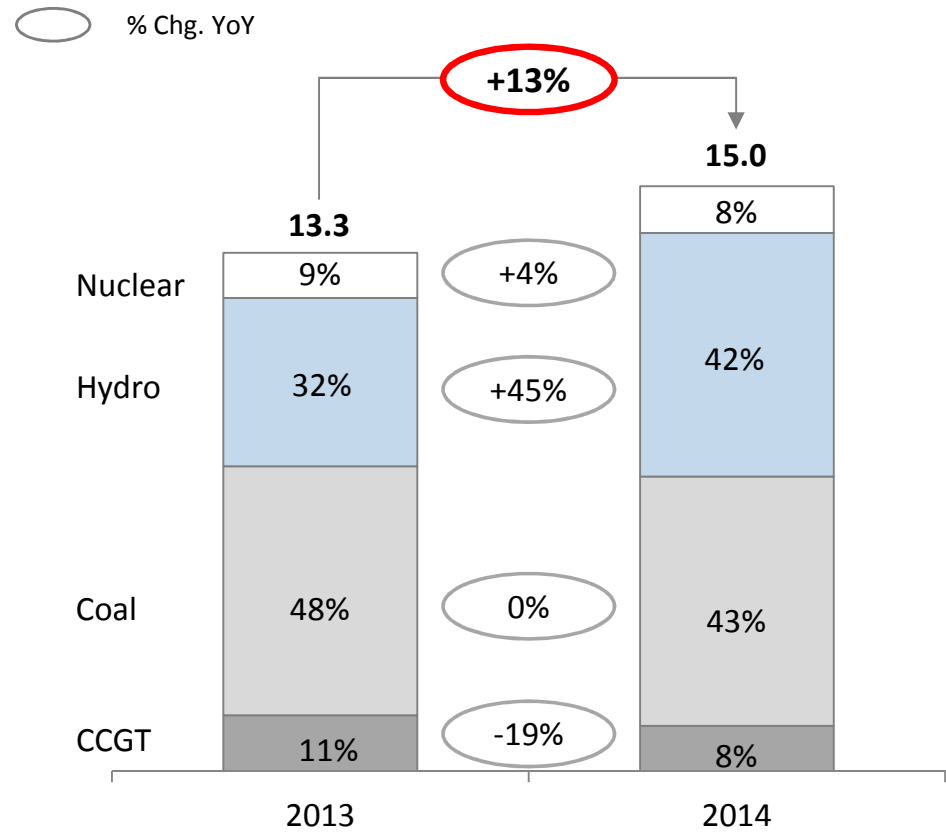
Adjusted for temperature & working days: flat YoY in Portugal and -0.2% in Spain

(1) Source: REN and REE. Figures of electricity demand correspond to gross demand (before grid losses); (2) Adjusted for temperature and working days

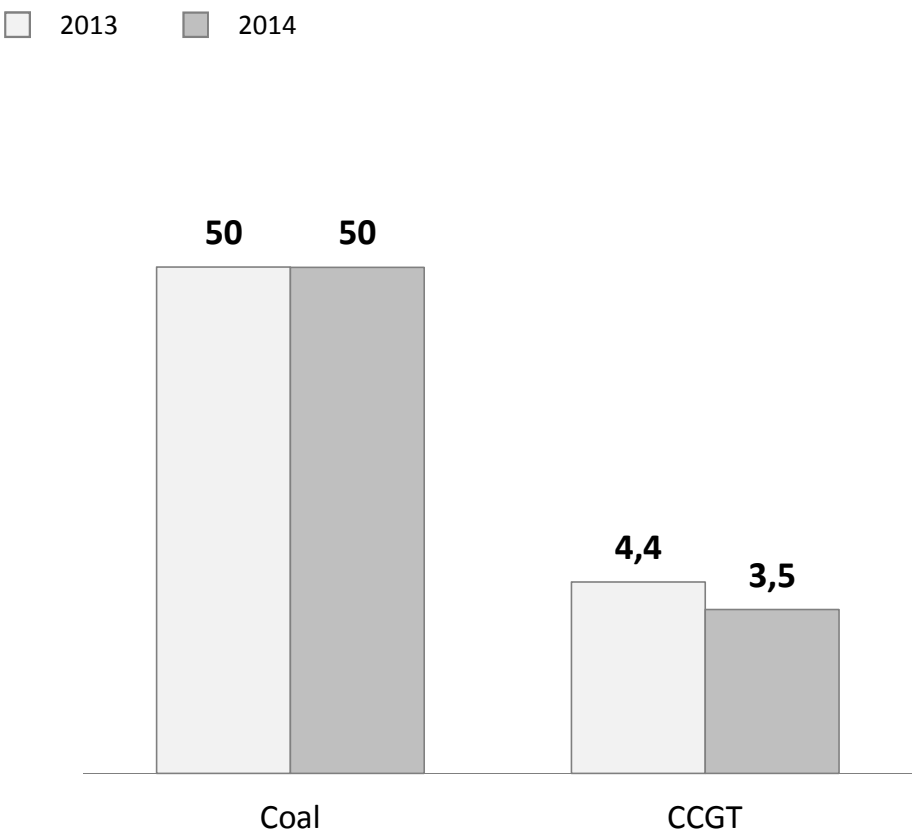
Liberalised Energy Activities Iberia (11% EBITDA)



EDP Liberalised Power Plants Iberia – Production
(TWh)



EDP Coal vs. CCGT – Load factors in 2014 and 2013
(%)

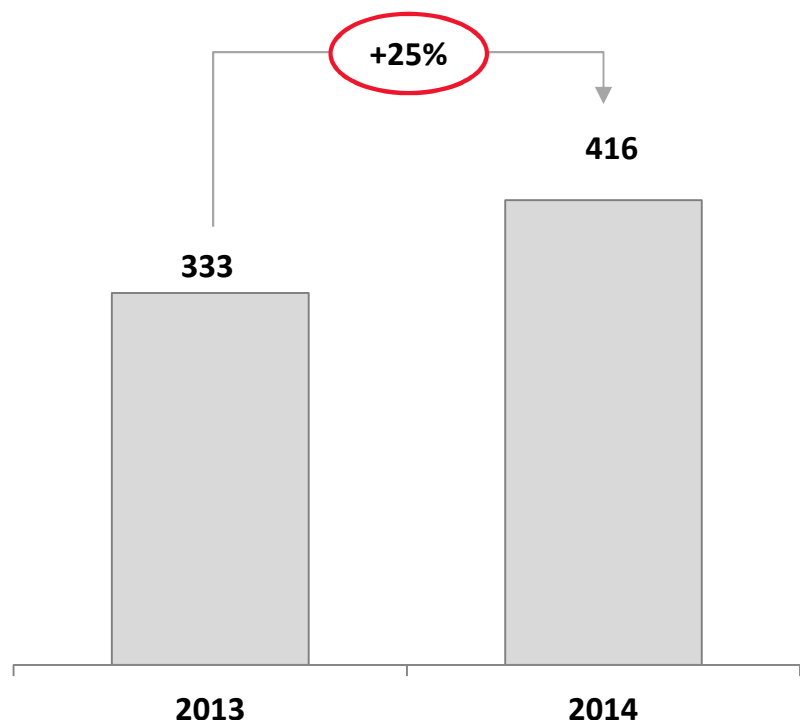


Production +13%; hydro +42% on transfer from 3 hydro plants to liberalised (PPA ended 2013) and rainy weather
Thermal load factors: no material changes YoY

Liberalised Energy Activities Iberia (11% EBITDA)



EBITDA Liberalised Activities in Iberian Market
(€ million)



Lower sourcing costs along with long position in clients

- 3 hydro plants transferred from PPA/CMEC
- Avg. generation cost -20% YoY on higher weight of hydro
- Long position in clients: 34TWh sold to clients vs. 15TWh own production
- Avg. purchasing cost: -5% YoY on lower pool prices
- Gas supply: +€18m mainly on sales in wholesale markets

Adverse regulatory developments Lower profitability of thermal plants



- Regulation Portugal: Clawback cost (+€10m YoY); lower revenues in ancillary services on more restrictive market rules
- Regulation Spain: Capacity payments -€11m YoY; Generation taxes (€101m in 2014)
- CCGTs: continuing low utilisation levels

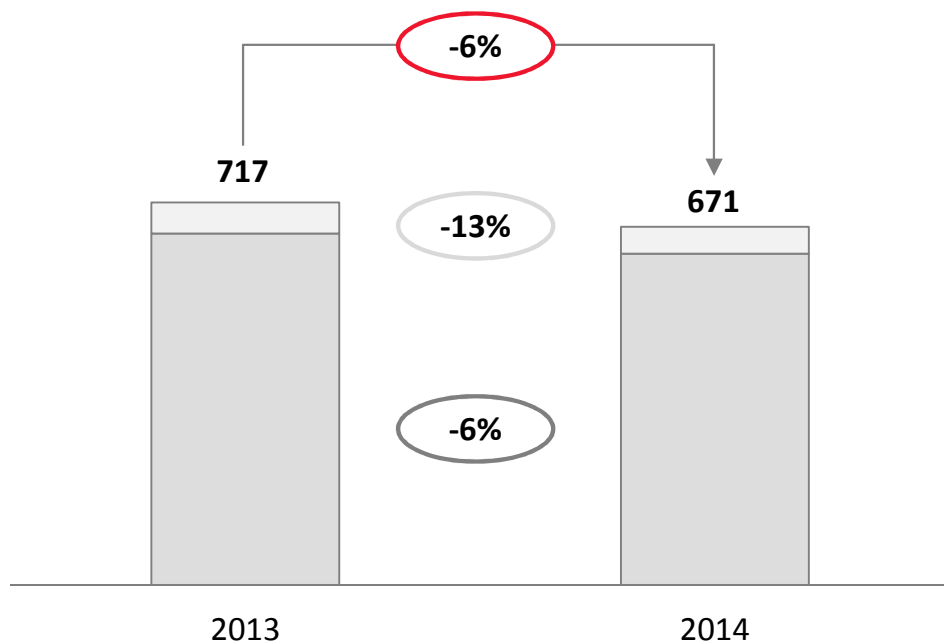
EBITDA 25% up YoY on: (1) strong hydro volumes leveraged by new hydro capacity; (2) positive impact from energy management of our long position in clients and (3) negative impact from regulatory changes

Long Term Contracted Generation Iberia (18% of EBITDA)



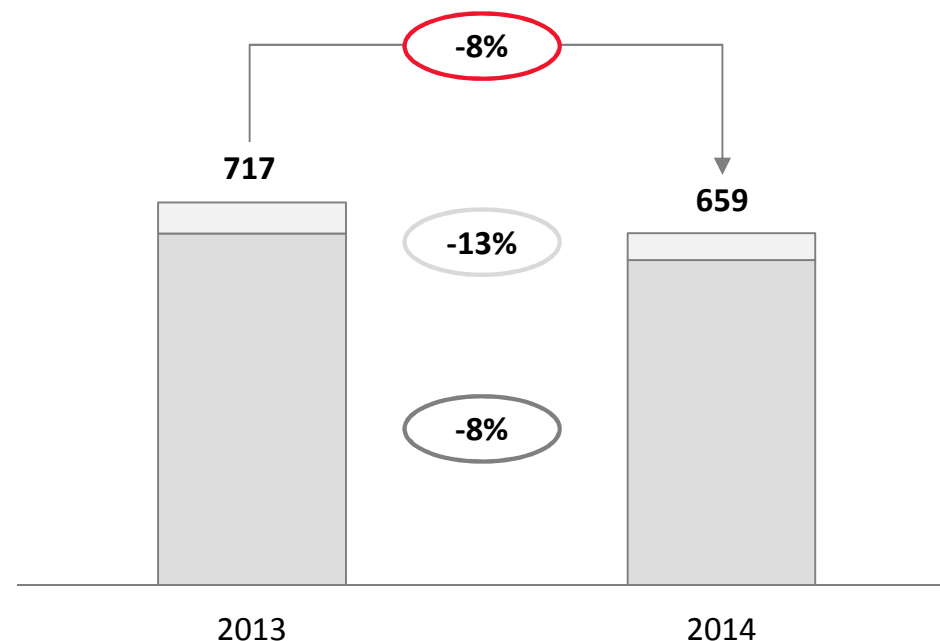
EBITDA
(€ million)

■ PPA/CMEC □ Special regime



Adjusted EBITDA ⁽¹⁾
(€ million)

■ PPA/CMEC □ Special regime



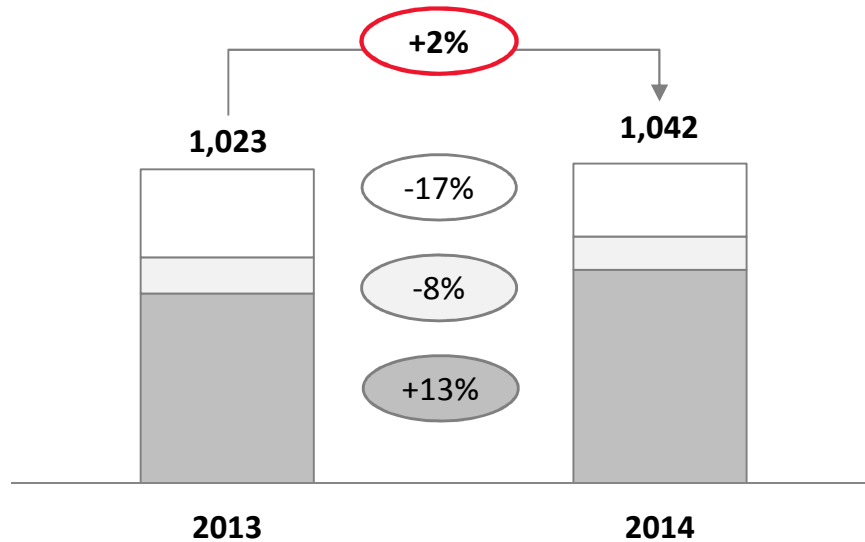
Adjusted EBITDA -8% on the transfer of 3 hydro plants from PPA/CMEC to liberalised market (gross profit 2013: €60m)
Lower special regime thermal production following a deterioration of remuneration methodology

(1) Excludes the impact of the new collective labour agreement in Portugal and restructuring costs in 2014

Regulated Energy Networks Iberia (28% of EBITDA)

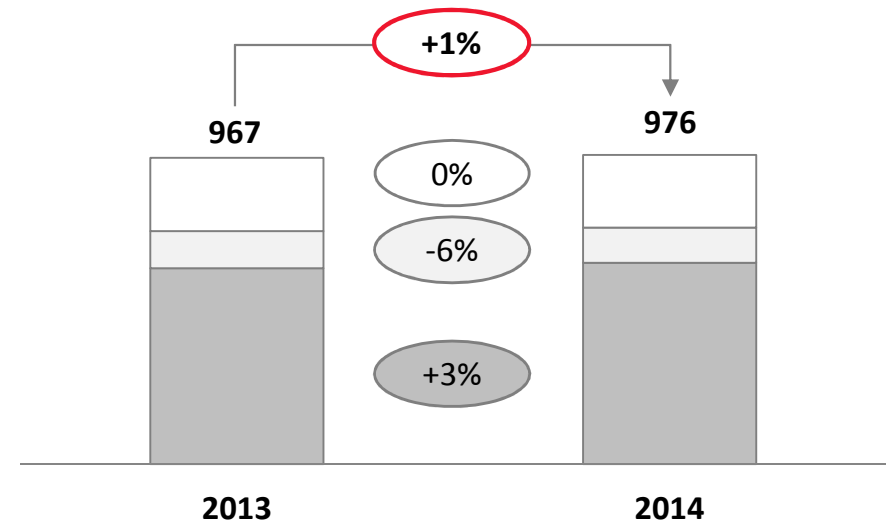
EBITDA (€ million)

- Gas Iberia
- Electricity Spain
- Electricity Portugal



Adjusted EBITDA ⁽¹⁾ (€ million)

- Gas Iberia
- Electricity Spain
- Electricity Portugal



- **Electricity Portugal:** Tight cost control (OPEX: - 6% YoY); RoRAB down from 8.56% in 2013 to 8.26% in 2014
- **Electricity Spain:** -€10m YoY due to lower revenues from new grid connections
- **Gas Iberia:** one-off gain of €56m in 1Q13 on sale of gas transmission in Spain; one-off gain of €8m in Portugal in 3Q14

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

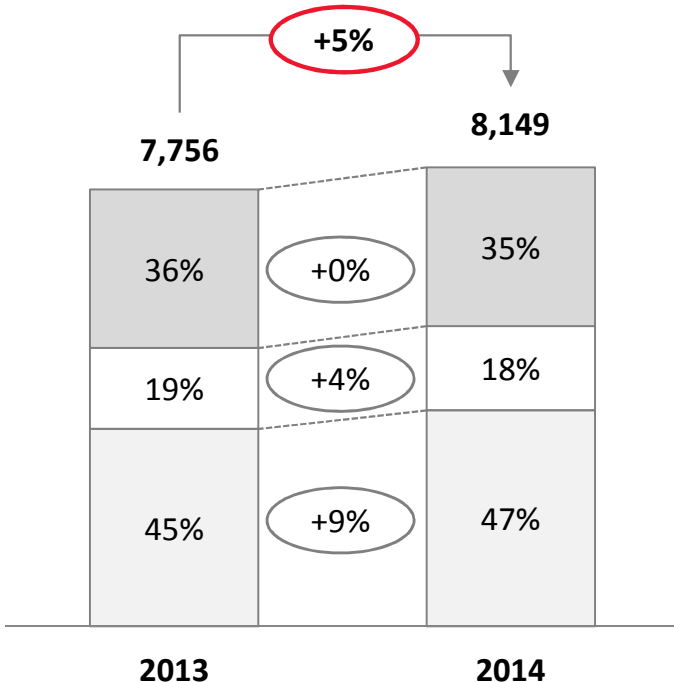
(1) Excludes the gain with the sale of gas transmission assets in Spain in 2013, the impact from restructuring process in Iberia in 2014, and a one-off gain in gas distribution in Portugal in 2014

EDP Renováveis (25% of EBITDA): Growth from capacity additions mitigated by regulatory changes in Spain

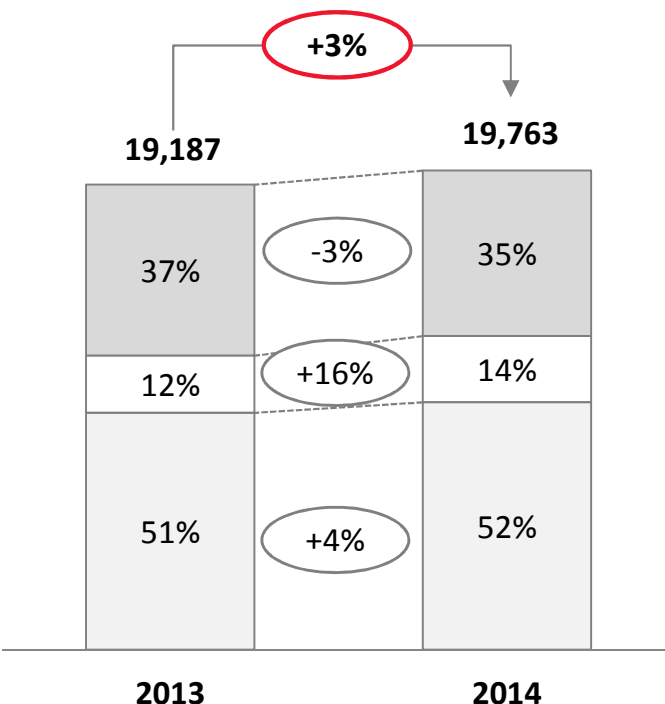


**Installed Capacity
(MW)**

■ Iberia ■ North America ■ Other⁽¹⁾



**Wind Power Production⁽²⁾
(GWh)**



**EBITDA
(€ million)**



- **EBITDA Iberia: -13%**; Revenues in 2014 penalised by the new regulation in Spain and low pool prices
- **EBITDA NA: +9%**; Increased output (+4%) on capacity additions; average selling price +5%
- **EBITDA other markets: +5%**; capacity additions in Romania, Poland, France and Italy; lower prices in Romania

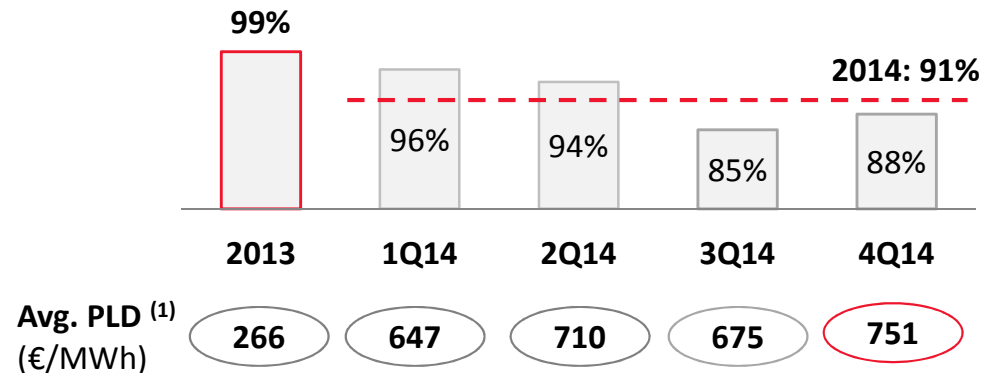
(1) Includes Rest of Europe and Brazil

(2) includes solar production (44GWh in 2013 and 61GWh in 2014)

Brazilian Electricity System: 4Q14 environment

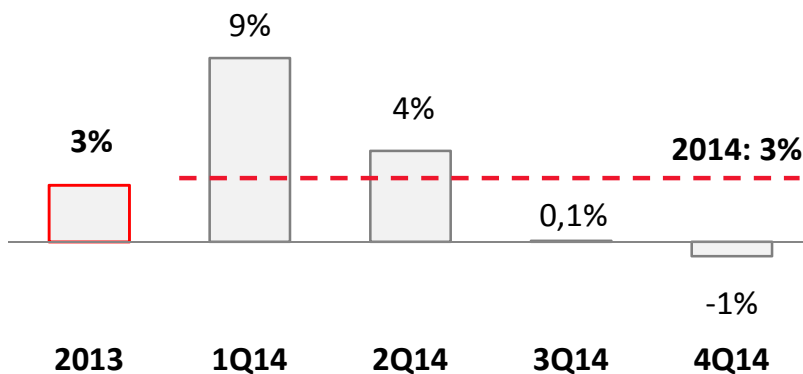


Hydro Generation Scaling Factor (GSF) (%)



Electricity demand in Brazil - 2014

YoY Change (%)



4Q14 developments

- Strong thermal dispatch in order to preserve hydro reservoirs / hydro GSF of 88% in 4Q14:** GenCo's deficit of R\$9.1bn⁽²⁾ in 4Q14
- Slight decline of power demand:** -1% YoY in 4Q14
- Conta-ACR cash advance of regulatory receivables to Discos:** R\$3.1bn transferred in 4Q14 to cover Sep/Oct-14 shortfall; R\$2.6bn estimated for Nov/Dec-14 are still pending
- Several double digit Disco's annual tariff updates announced by ANEEL** (Bandeirante: +22.3% in Oct-14)
- First time accounting of regulatory receivables:** DisCos to register at the level of P&L and Balance Sheet past/current tariff deviations (recoverable in the future)

Utilities continue facing significant challenges

Hydro plants producing below PPA contractual levels; Need for financing of high receivables in distribution

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

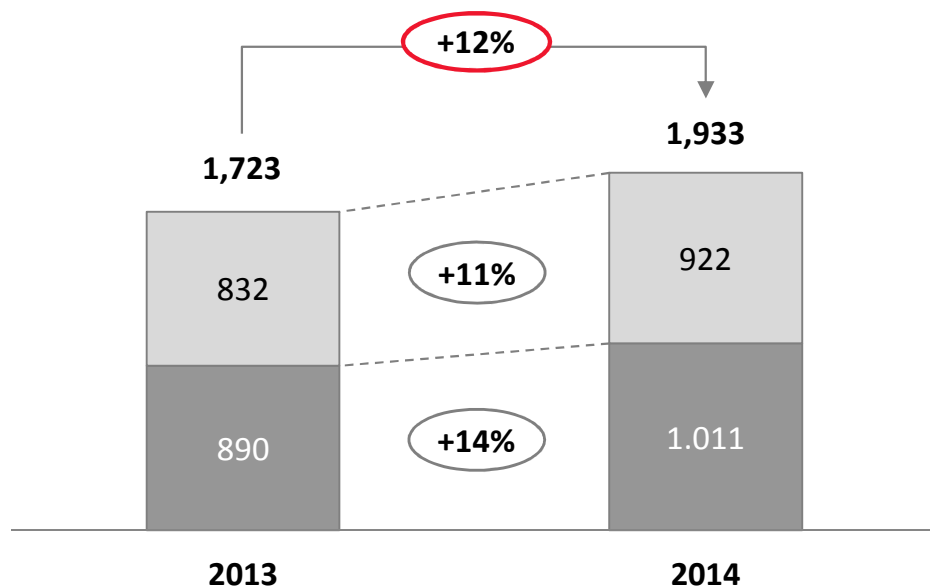
(2) Source: CCEE "Boletim Info PLD";

EDP Brasil (17% of EBITDA): Reported EBITDA in local currency +12% YoY, adjusted EBITDA -18% YoY



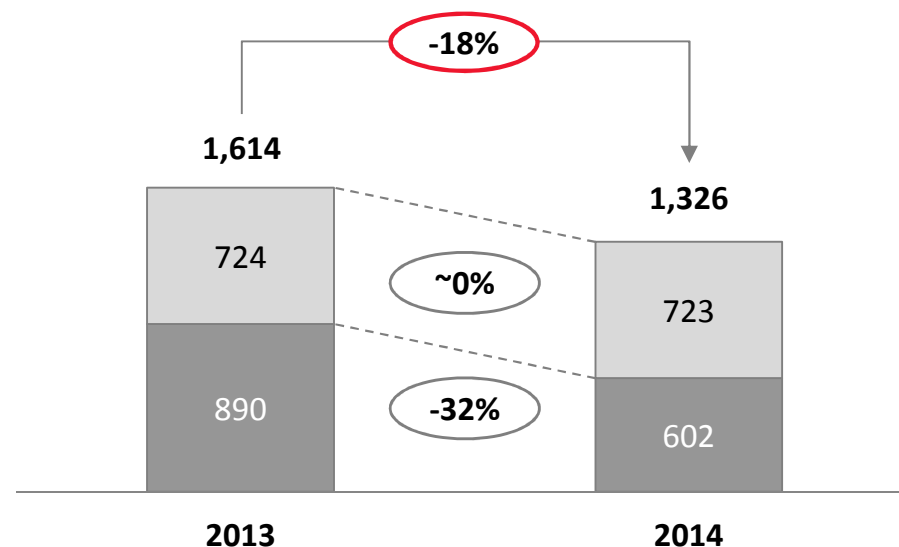
EDP Brasil reported EBITDA (BRL million)

■ Generation & Other ■ Distribution



EDP Brasil Adjusted⁽¹⁾ EBITDA (BRL million)

■ Generation & Other ■ Distribution



- **Distribution: +11% on change in accounting method of regulatory receivables; +R\$599m of regulatory receivables in 2014 (of which R\$199m from previous years vs. +R\$42m impact from deviations in 2013)**
- **Generation: +14% on gain with sale of Jari and C Caldeirão 50% stakes to CTG (R\$408m)**

- **Distribution: flat regulated revenues; demand growth and previous years' settlements offset higher costs with grid losses and Escelsa's last review (RoRAB down to 7.5%)**
- **Hydro generation with PPAs: abnormally low GSF of 91% in 2014 imply unexpected costs with energy purchases to assure delivery of contracted volumes (net impact: -R\$339m YoY)**

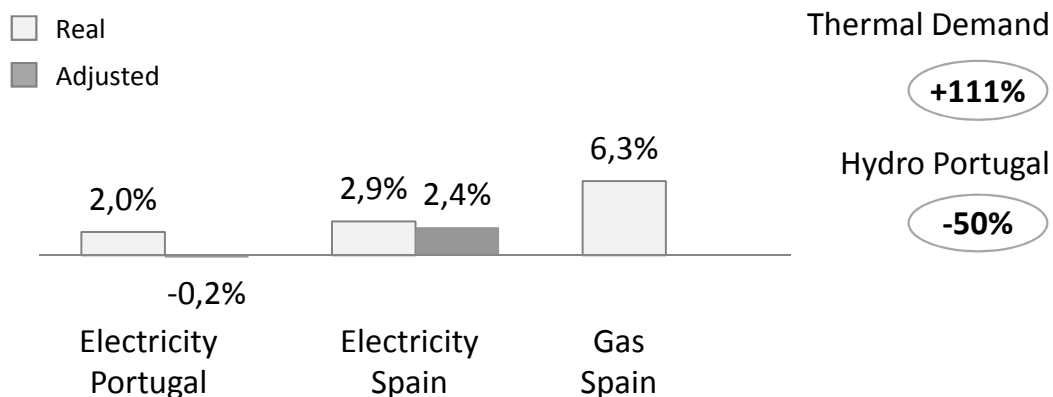
(1) Adjustments in Distribution: i) Change in accounting method of regulatory receivables (R\$199m in 2014 vs. R\$42m in 2013); ii) R\$53m capital gain in 2013 on sale of a building; and iii) R\$14m in 2013 on distribution assets' revaluations; Adjustment in Generation and Other: i) R\$408m one-off gain in 2014 with the sale of 50% equity stakes in Jari and Cachoeira Caldeirão



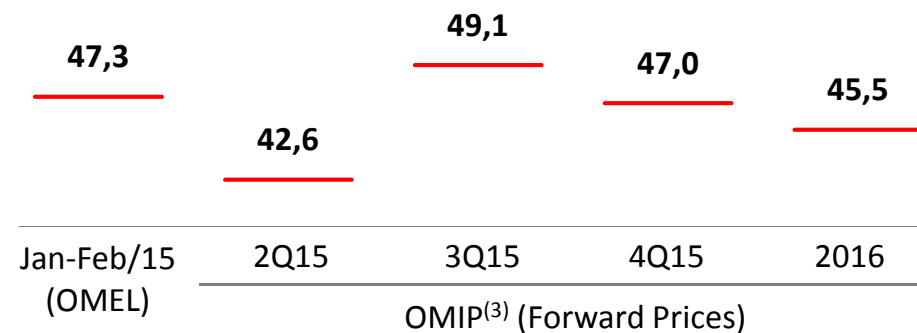
Outlook

2015 Outlook: Liberalised activities in Iberia

Iberia – Energy Demand YoY Growth, Jan/Feb-15⁽¹⁾ (%)

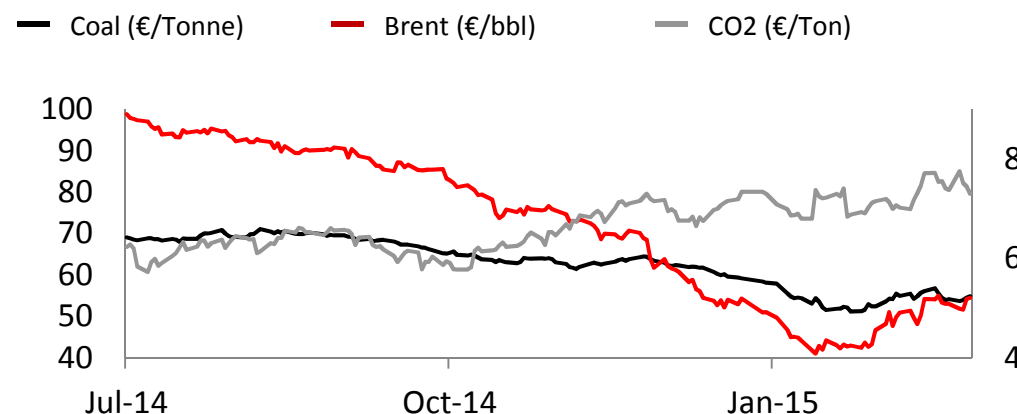


Spain - Wholesale Electricity Prices (€/MWh)



- ↑ **Favourable demand** evolution YTD
- ↑ **Client portfolio expansion in free market** in Portugal
- ↓ **Dry weather YTD:** lower hydro output, but higher prices
- ↑ **Higher thermal demand** and **spreads** on lower fuel costs
- ↓ **Lower global demand for LNG**

Forward Energy Markets for 2015⁽²⁾ (€)



EDP hedging for 2015: 23TWh sold at ~€55/MWh; spreads fixed on 85% of gas sourcing and 60% of coal output

Diversified generation portfolio and hedging based on clients reduces exposure to energy markets' volatility

(1) Source: REN, REE and Enagas; Electricity growth adjusted for temperature and working days

(2) Bloomberg; EUR/USD rate: 1.136

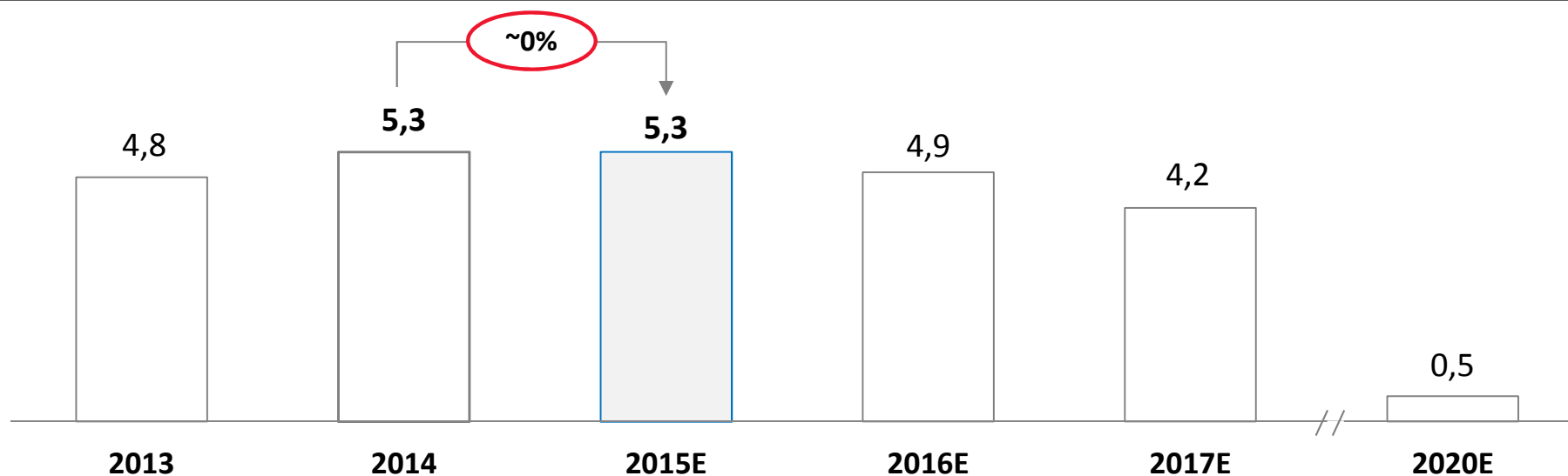
(3) OMEL: YT 28th Feb; OMIP: as of Feb 2nd, 2015

Regulatory Receivables in Portuguese Electricity System; No tariff deficit expected for 2015



Portugal: Electricity System Regulatory Receivables

(€bn)



| | 2014 Real | 2015 ERSE | Jan/Feb-15 |
|----------------------------|-----------|-------------|----------------------|
| Demand (YoY; %) | -0.1% | +1.8% | +2.0% ⁽¹⁾ |
| Pool Price (€/MWh) | 41.9 | 50.5 | 47.7 |
| Special Regime Prod. (TWh) | 21.9 | -0.9TWh YoY | -0.7TWh YoY |

- Tariff surplus expected from 2016 onwards
- Full payment of accumulated Regulatory Receivables by around 2020

Financial sustainability of Portuguese electricity system clearly on track

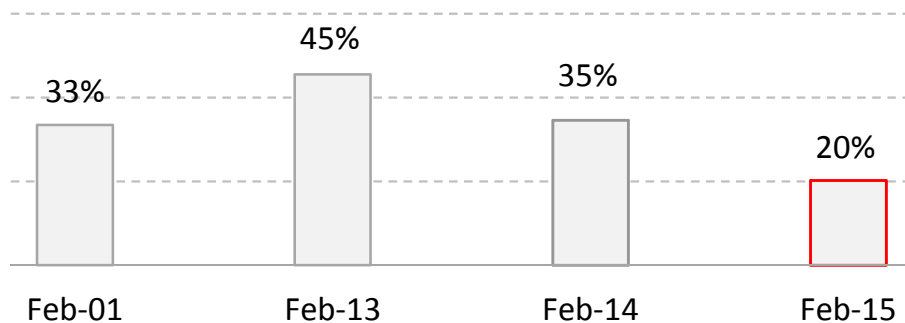
2015 outlook: EDP Brasil



Adverse market environment

↓ **Rainfall /Natural energy inflow** (as % of historical average)⁽¹⁾:
Jan-15: 38% (worst January in 84 years); Feb-15E: 59%

↓ **Hydro reservoirs – Southeast/Center-West Regions** ⁽²⁾
(%)



↓ **Gen. Scaling Factor (GSF)**: Jan-15: 81% / Feb-15E: 78%⁽²⁾

→ **Electricity Demand Jan-15⁽⁴⁾**: +1.1% YoY

Recent or Under Discussion Regulatory Measures

↑ **Spot price (PLD) new methodology**: Cut on price cap from R\$822/MWh in 2014 to R\$388/MWh in 2015 (PLD price in Jan-15/Feb-15⁽³⁾ at cap level, -32% YoY)

↑ **“Tariffs Flags”** (variable tariffs) to signal consumers for higher costs/increase demand sensitivity to price: “red flag” for Jan/Feb-15: +R\$3 per 100kWh

↑ **Extraordinary tariff increase approved**: +32.18% at Bandeirante, +33.27% at Escelsa as from March 2nd

→ **Government campaigns to promote efficiency**; initial target of 5% decrease in power consumption

↑ **DisCos’ 4th revision cycle**: ANEEL final proposal for regulatory **WACC is 8.09%** (real post-tax); vs. initial expectation of 7.16%

Active management of regulatory agenda and optimization of assets’ portfolio by EDP Brasil

Targeting to mitigate adverse impacts from tough market environment

EDP is back to Investment Grade status following the recent credit rating actions



Most recent Credit Rating Actions on EDP:

Moody's: Baa3 / stable outlook (investment grade)

February 13th 2015: one notch upgrade

- *"tariff deficit in Portugal is gradually stabilising..."*
- *"progress on delivery of deleveraging strategy..."*

Fitch: BBB- / stable outlook (investment grade)

January 19th 2015: rating reaffirmed

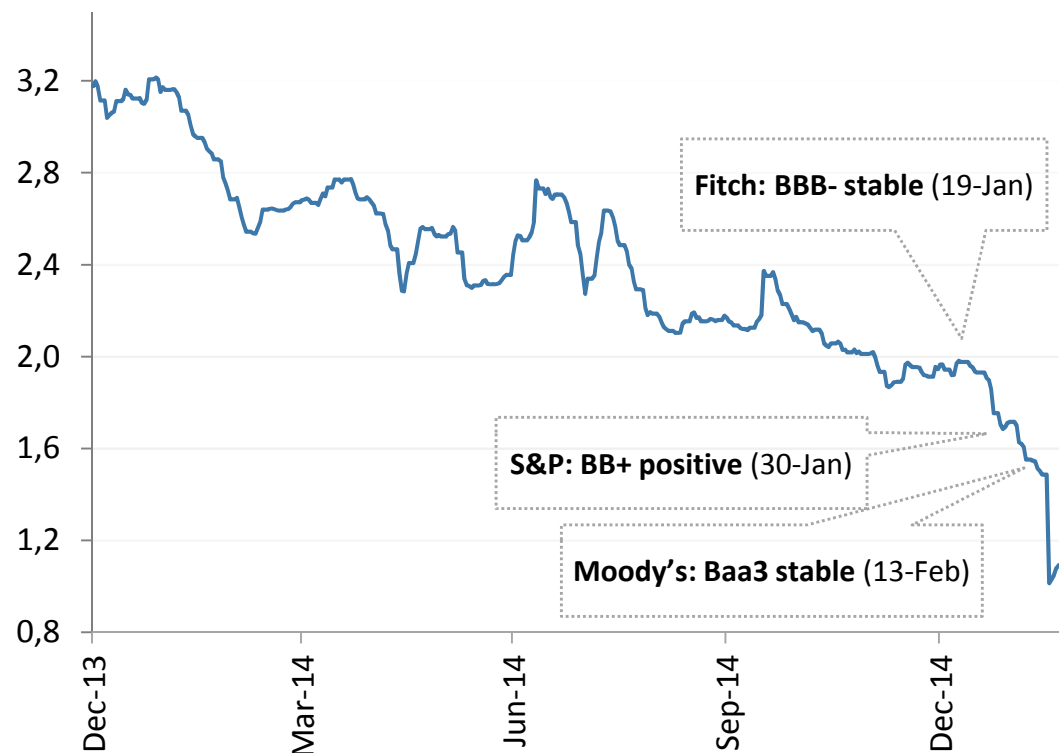
- *"resilience of the business model and the benefits coming from diversification..."*

S&P: BB+ / positive outlook

January 30th 2015: outlook revised upwards to positive

- *"EDP's credit metrics could strengthen close to our guidelines for an upgrade"*

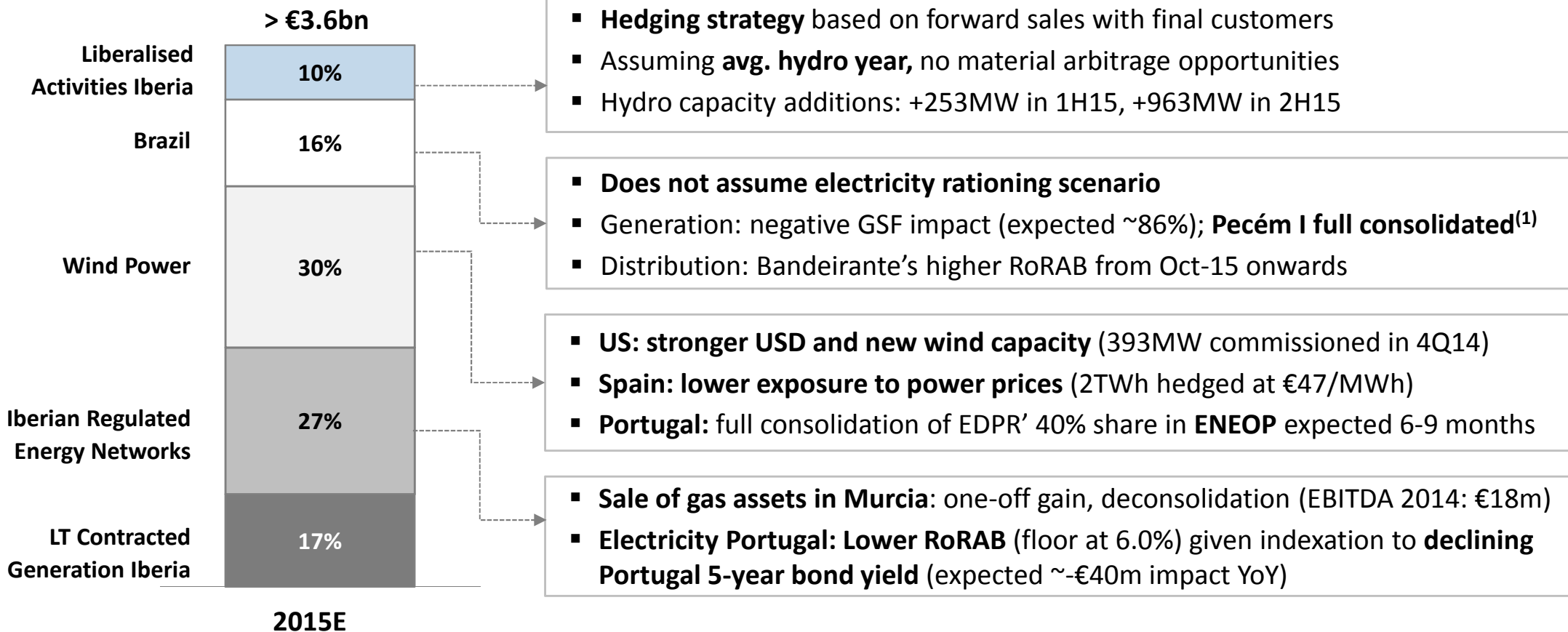
EDP 5 year bond yield (%)



EDP is now well positioned to extend its debt maturity profile (currently at 4 years) at competitive interest rates
Significantly lower marginal cost of funding to have a positive impact on future earnings

EBITDA Breakdown

(%)



- **Net Profit > €900m:** assuming an avg. cost of debt of ~4.6%
- **Net Debt < €17bn⁽²⁾:** execution of tariff deficit securitisations, asset rotation deals and CTG partnership

A resilient business model in a challenging environment



Resilient performance enhanced by diversification

- **EBITDA +1%** resilient performance under regulatory costs in Iberia and drought in Brazil
- **Net profit +4%** gains on execution of CTG partnership, extraordinary energy tax in Portugal
- **Improving efficiency:** operating costs -1% YoY; OPEX/Gross profit of 28%

Profitable Growth

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

Keeping Low Risk profile

- **Tariff deficit securitisations: €1.5bn in 2014** (€1.3bn in Portugal, €0.2bn in Spain)
- **Disposals: €0.4bn in 2014** (execution of EDPR's asset rotation strategy and CTG partnership)
- **Net debt flat YoY:** including €0.4bn negative impact from forex
- **EDP Credit Profile back to Investment Grade Status:** Positive impact on marginal cost of debt

Earnings Per Share of €0.285; Dividend per Share 2014: €0.185⁽¹⁾ fully in cash (65% pay-out)

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

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

(1) Dividend to be proposed by EDP's Executive Board of Directors and subject to approval in the next EDP shareholders' meeting



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Link Results & Presentations:

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

Next Events

Mar 3rd: Release of 2014 FY Results

Mar 9th-10th: Citigroup European Utilities Conference in London

Mar 11th-12th: Citigroup West-coast Symposium in San Francisco