

# 2017 Financial Results

Conference call and webcast

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# Content

Main righlights	- 2 -
Consolidated Financial Performance	
EBITDA	- 3 -
Profit & Loss below EBITDA	- 4 -
Capex & Net Investments	- 5 -
Cash Flow	- 6 -
Statement of Consolidated Financial Position	- 7 -
Net Debt	- 8 -
Business Areas	
Overview: Iberian Electricity and Gas Markets	- 10 -
1. Generation & Supply in the Iberian Market	- 11 -
2. Wind & Solar - EDP Renováveis	- 14 -
3. Regulated Networks in Iberia	- 18 -
4. Brazil - EDP Brasil	- 21 -
Income Statements & Annex	
Income Statements by Business Area	- 25 -
Quarterly Income Statement	- 26 -
Generation Assets: Installed Capacity and Generation	- 27 -
Regulated Networks: Volumes Distributed, Customers and Networks	- 28 -
Financial investments, Assets for Sale and Non-controlling interests	- 29 -
Sustainability Performance	- 30 -
EDP Share Performance	- 31 -

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### Main Highlights

Income Statement (€ m)	2017	2016	Δ%	Δ Abs.
Gross Profit	5,391	5,738	-6%	-347
Supplies and services	991	948	5%	+43
Personnel costs, employees benefits	681	661	3%	+20
Other operating costs (net)	(270)	370	-	-640
Net Operating costs (1)	1,401	1,979	-29%	-578
EBITDA	3,990	3,759	6%	+231
Provisions	(4)	(15)	76%	+11
Amortisation and impairment (2)	1,676	1,510	11%	+165
EBIT	2,318	2,264	2%	+54
Financial Results	(808)	(891)	9%	+83
Share of net profit joint ventures/associates	` 1Ź	(22)	-	+34
Pre-tax profit	1,521	1,351	13%	+170
Income taxes	10	89	-88%	-78
Extraord. contribution energy sector	69	62	12%	+8
Net profit for the period	1,441	1,200	20%	+241
Net Profit	1,113	961	16%	+153
Non-controlling Interest	328	240	37%	+89

Key Operational Data	2017	2016	Δ%	Δ Abs.
Employees	11,657	11,992	-3%	-335
Installed capacity (MW)	26,753	25,222	6%	+1,530
Key Financial Data (€ m)	2017	2016	Δ%	Δ Abs.
FFO (Funds from operations)	3,017	1,970	53%	+1,047
Capex Maintenance Expansion	1,725 709 1,017	1,964 697 1,267	-12% 2% -20%	-238 +12 -250
Net investments	1,835	1,212	51%	+623
Key Balance Sheet Data (€ m)	Dec-17	Dec-16	Δ%	Δ Abs.
Equity book value	9,546	9,406	1%	+140
Net debt	13,902	15,923	-13%	-2,020
Regulatory receivables	870	951	-8%	-81
Net debt/EBITDA (x) (4)	3.9x	4.2x	-7%	-0.3x
Adjusted net debt/EBITDA (x) (3)(4)	3.7x	4.0x	-7%	-0.3x

**Consolidated EBITDA increased by 6% YoY, to €3,990m in 2017**. Recurring EBITDA (excluding one-off impacts as per page 3: +€61m in 2016 and +€467m in 2017) fell by 5% YoY (-€175m), to €3,523m in 2017, impacted by an extreme drought in Iberia (hydro resources fell 53% short of LT average in 2017, one of the 4 driest years since 1931; compared to a 33% premium over LT average in 2016) and by the de-consolidation of gas distribution in Iberia (-€83m YoY, to €128m in 2017). This was partially compensated by: i) 17% YoY increase in **wind & solar division**, driven by portfolio expansion (+9% on average) and by the first farm-down in offshore (Moray East project in UK); and ii) 14% YoY increase in Brazil, on favorable ForEx impact and an adequate tackling of the hydro situation through the integrated hedging and management of contracted/uncontracted volumes.

**Installed capacity** grew by 6% YoY, to 26.8GW in Dec-17, mainly driven by new hydro in Portugal (+0.9GW) and wind & solar capacity additions (+0.6GW, the bulk of which in US and Brazil). **Portfolio of contracts with customers** grew by 2% YoY, to 11.4 million in Dec-17.

**Operating costs**<sup>(1)</sup> rose by 4% YoY (+€63m), to €1,671m in 2017, reflecting one off costs (€30m in Iberia in 2017, as per page 3), the de-consolidation of gas distribution in Iberia (-€13m YoY) and ForEx evolution (+€17m in 2017). Excluding these effects, it is worth to highlight: i) in **Iberia**, costs fell by 1% reflecting tight cost control and headcount reduction; ii) at **wind & solar division**, core Opex/avg MW was down by 1% YoY; iii) in **Brasil**, costs grew by 2%, below local inflation. **Other net operating costs/(revenues)** switched from €370m costs in 2016 to €270m revenues in 2017, mainly reflecting favourable YoY impact from one-offs: €539m in 2017 vs. €61m in 2016 (details on page 3). **Total regulatory costs in Iberia** (clawback, social tariff and extraordinary energy tax in Portugal; generation taxes in Spain), amounted to €334m in 2017 (+43% YoY).

**EBIT was 2% higher YoY, at €2,318m in 2017**, mainly impacted by EBITDA performance and impairments worth €257m in 2017 (vs. €17m in 2016), mostly related to coal in Iberia. **Net financial results and Results with JVs and associates** improved by €117m YoY, to -€797m in 2017 (-€770m excluding one-offs), as benefits reaped from a 30bp YoY decline in avg. cost of debt (to 4.1% in 2017) and a €0.8bn cut in avg. net debt (-€99m on clean net interest costs) were offset by lower results from tariff deficits, lower capitalised financial expenses and adverse results with ForEx and derivatives. Non-controlling interests advanced to €328m in 2017, on higher share of minorities at wind farms and higher net profit of EDPR. Overall, net profit attributable to EDP shareholders was 16% higher YoY, at €1,113m in 2017. Excluding one-off items (+€41m in 2016, +€268m in 2017; details on page 4), adjusted net profit in 2017 amounted to €845m (-8% YoY vs. €919m in 2016).

**Net debt fell from €15.9bn in Dec-16 to €13.9bn in** Dec-17, reflecting: i) €0.8bn from organic free cash flow, penalised by the extreme drought in Iberia; ii) €2.4bn net proceeds from the disposal od gas distribution business in Iberia and increase in stake at EDPR; iii) €0.7bn paid as per the annual dividend; iv) €0.7bn of net expansion investments and related items; v) - €0.5bn on net debt backed by ForEx impact and regulatory receivables; and vi) €0.5bn in tax payments related to 2016 events.

EDP Executive Board of Directors will submit to the upcoming ASM (April 5<sup>th</sup>)a proposal for the distribution of €0.19 dividend per share as to 2017 fiscal year.

(1) Net Operating Costs = OPEX (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) Based on trailing 12 months recurring EBITDA of €3,523m and net debt excluding 50% of hybrid bond issue (including interest).

### EBITDA Breakdown

EBITDA (€ m)	2017	2016	Δ%	Δ Abs.	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	4Q17 Δ%	VYoY ΔAbs.	4Q1 Δ%	7 QoQ Δ Abs.
Generation & Supply Iberia	555	1,067	-48%	-513	339	304	213	212	201	160	158	36	-83%	-175	-77%	-122
Regulated Networks Iberia	898	990	-9%	-92	234	262	254	240	265	248	205	181	-25%	-60	-12%	-24
Wind & Solar Power	1,366	1,171	17%	+195	379	269	198	324	373	345	272	376	16%	51	38%	104
Brazil	615	593	4%	+22	185	116	163	129	164	151	148	151	17%	22	2%	3
Other	556	(62)	-	+618	(7)	(14)	(2)	(39)	8	(13)	583	(23)	42%	16	-	-606
Consolidated	3,990	3,759	6%	+231	1,130	937	826	867	1,011	892	1,367	721	-17%	-146	-47%	-646

**Consolidated EBITDA** rose by 6% YoY, to €3,990m in 2017. Excluding the one off impacts (+€61m in 2017 and +€467m in 2017; details below<sup>(1)</sup>), recurring **EBITDA decreased 5% YoY (-€175m)**, to **€3,523m in 2017**, penalised by: i) extreme drought in 2017, one of the 4 driest years in Portugal since 1931, with an overall negative impact of around €300m (vs. an avg. year); ii) de-consolidation of gas distribution in Iberia (-€83m YoY, to €128m in 2017); and iii) change in regulatory framework, namely the end of CMECs annual adjustments in Jul-17 and the change in rules of clawback (as from Aug-17) and social tariff (2016). These impacts were only partially compensated by renewable portfolio expansion (wind, hydro and solar), with a 7% increase in average capacity on stream, and by the net positive impact from ForEx: +€34m, mainly driven by a 7% appreciation of average BRL vs. Euro.

**GENERATION & SUPPLY IN IBERIA (16% of EBITDA)** – EBITDA fell 48% YoY, to  $\leq$ 555m in 2017, including a  $\leq$ 48m of one-off provisions booked in 4Q17 related to retroactive clawback in Portugal ( $\leq$ 35m) and an HR restructuring program in Iberia ( $\leq$ 13m). Adjusted by these, recurring **EBITDA declined 44% YoY, to \leq603m in 2017**, following: i) a more expensive generation mix ( $\leq$ 34/MWh in 2017 vs.  $\leq$ 20/MWh in 2016), stemming from the replacement of lower-cost hydro production (22% weight in generation mix in 2017 vs. 45% in 2016) by coal and CCGT's; ii) lower results with energy management and supply margins deriving from high spot prices; iii) increase in regulatory costs (+ $\leq$ 55m YoY, excluding one-off impact), driven by higher generation taxes in Spain and higher costs with social tariff and clawback, in Portugal; iv) 37% YoY decline in gross profit from contracted production, to  $\leq$ 39m in 2017, on lower production at our mini-hydro plants.

**REGULATED NETWORKS IN IBERIA (26% of EBITDA)** – EBITDA fell by 9% YoY (-€92m), to €898m in 2017, mainly reflecting the deconsolidation of gas distribution in Spain and Portugal (-€83m YoY, to €128m in 2017). Adjusted for one-off impacts (€56m net cost in 2017), **EBITDA from electricity networks in Iberia rose by 6% YoY, to €826m in 2017**, supported by tight cost control and stable gross profit (+0.5% YoY). Controllable operating costs in the electricity networks fell by 1% YoY, reflecting the mixed impact of i) headcount reduction and lower client services; ii) acceleration of growth in supply points in distribution (Portugal).

WIND & SOLAR POWER (40% of EBITDA) – EBITDA rose by 17% YoY (+€195m), to €1,366m in 2017, mainly driven by a 13% rise in production, an increase in income from Institutional partnerships (+14% YoY) and the impact from our first farm down in the wind off-shore project in UK. Growth in production was prompted by a 9% YoY increase in average capacity on stream (driven by US, Mexico and Brazil) and 1pp YoY increase in the average load factor (even with an avg. wind resource slightly below the historical average, at 98% of P50). Avg. selling price was 2% lower YoY, at €59/MWh, mainly due to new Polish green certificates regulation. Opex rose by 7% YoY, 2% short of avg. portfolio expansion.

**BRAZIL (18% of EBITDA)** - EBITDA rose by 4% YoY, to €615m in 2017, impacted by last year's gain on the sale of Pantanal mini-hydro. Excluding this gain, EBITDA in Brazil grew by 14% YoY (+€78m), fuelled by favourable ForEx impact (+€40m in the wake of BRL 7% appreciation vs. Euro). In local currency, adjusted EBITDA rose by 8% YoY, despite the very challenging market conditions, tackled with the integration of the whole business portfolio (generation, distribution and supply) through hedging and management of contracted/uncontracted volumes. EBITDA from Generation and Supply increased by 6% YoY, to R\$1,491m in 2017, reflecting; i) in the supply business, higher volume and margins (+R\$153m YoY); ii) at the hydro division, lower GSF (82% in 2017 vs. 87% in 2016) and higher PLD (R\$323/MWh in 2017 vs. R\$94/MWh in 2016); and iii) at Pecém, an insurance revenue in 2016 (R\$82m) and the negative impact of higher PLD. EBITDA in distribution rose by 8% YoY, to R\$831m, mainly reflecting 2016's tariff revisions (+R\$71m YoY), positive impact of energy overcontracting (+R\$141m YoY); partly offset by lower impact from the update on the concessions assets' residual value (-R\$170m YoY).

(1) Non-recurring items: (i) + $\epsilon$ 61m in 2016, derived from the sale of Pantanal mini-hydro plant in Brazil; (ii) + $\epsilon$ 467m in 2017, resulting from the net impact of the sale of gas distribution business in Spain and Portugal (+ $\epsilon$ 574m); regulatory-driven provisions in Generation & supply (- $\epsilon$ 35m) and Regulated networks (- $\epsilon$ 42m) and RH restructuring costs (- $\epsilon$ 30m).

### Profit & Loss Items below EBITDA

Profit & Loss Items below EBITDA (€ m)	2017	2016	Δ%	Δ Abs.	1Q17	2Q17	3Q17	4Q17		7 QoQ
			- //				• 4= -		Δ%	Δ Abs.
EBITDA	3,990	3,759	6%	231	1,011	892	1,367	721	-47%	-646
Provisions Amortisation and impairment EBIT	(4) 1,676 <b>2,318</b>	(15) 1,510 <b>2,264</b>	76% 11% <b>2%</b>	11 165 <b>54</b>	4 359 <b>648</b>	(2) 349 <b>545</b>	(0) 346 <b>1,021</b>	(5) 621 <b>105</b>	1799% 80% - <b>90%</b>	-5 275 <b>-916</b>
Net financial interest Regulatory receivables-related fin. results Capitalized financial costs Unwinding of long term liabilities(1) Net foreign exchange differences and derivatives Investment income, net interest with associates and JV Capital Gains/(Losses) Other Financials Financial Results	(691) 20 33 (187) (35) (25) 29 48 <b>(808)</b>	(813) 77 58 (189) (18) (12) 14 (8) <b>(891)</b>	15% -74% -42% 1% -99% -117% 115% - <b>9%</b>	122 -57 -24 2 -18 -14 16 56 <b>83</b>	(175) 19 10 (51) (5) (7) 0 13 (197)	(168) 2 6 (43) (12) (2) 24 19 (173)	(167) 3 8 (44) (28) (8) 0 12 (223)	(180) (4) 9 (49) 9 (8) 4 4 (215)	8% -219% 14% 13% -132% - 1069% -70% - <b>3%</b>	-13 -8 1 -6 37 -0 4 -9 <b>8</b>
Share of net profit in JVs/associates (Details page 29)	12	(22)	-	34	(1)	8	4	1	-77%	-3
Pre-tax Profit	1,521	1,351	13%	170	450	379	801	(110)	-114%	-911
Income Taxes Effective Tax rate (%)	<b>10</b> 1%	<b>89</b> 7%	- <b>88%</b> -	<b>-78</b> -5.9 pp	<b>66</b> 15%	<b>53</b> 14%	56 7%	<b>(165)</b> 150%	-393%	<b>-222</b> 1.4 pp
Extraordinary Contribution for the Energy Sector	69	62	12%	8	70	(2)	2	(0)	-109%	-2
Non-controlling Interests (Details page 29)	328	240	37%	89	100	93	47	89	90%	42
Net Profit Attributable to EDP Shareholders	1,113	961	16%	153	215	235	696	(33)	-105%	-730

impairments in 2017, at coal plants in Iberia (€196m) and EDPR in Poland (€49m); and by portfolio expansion (hydro, wind and solar capacity). Additionally, depreciation charges reflected the extension of the useful life of wind farms from 25 years to 30 years (-€120m YoY) and the recognition of EDP Gas and NED under "assets held for sale" since Dec-16 and Mar-17, respectively (-€45m YoY, to €12m in 2017).

Net financial results improved by 9% YoY (+€83m), to -€808m in 2017 (-€786m in 2017, excluding oneoffs), as benefits reaped from lower net debt and respective cost (+€99m excluding one-offs) were offset by lower net revenues related to tariff deficit (-€57m YoY), by a decrease in capitalised financial expenses (-€24m YoY, in the wake of the end of construction of hydro capacity in Portugal) and by adverse net results with ForEx and derivatives (-€18m YoY). Net interest expense in 2017 amounted to €691m, supported by a 30bps YoY decline in the avg. cost of debt (from 4.4% in 2016 to 4.1% in 2017), lower average net debt (-€0.8bn YoY) and debt prepayment fees of €27m in 2017 (vs €49m in 2016). Capital gains mainly reflected the sale of our equity stake in REN in 2017 (€25m) and Tejo Energia in 2016 (€11m). Other financials prepayment costs at EDPR level (€26m).

Share of net profit in joint ventures and associates amounted to €12m in 2017, €34m higher YoY, supported by: (i) better performance from equity accounted hydro plants, in Brazil and EDPR's minority equity stakes; (ii) 2016's impairment at São Manoel hydro plant, in Brazil (€26m).

Amortisation and impairments rose by 11% YoY (+€165m), to €1,676m in 2017, boosted by €257m of Income taxes amounted to €10m (-€78m YoY), mainly impacted by weak operating environment in Iberia, material tax-deductible one-off costs (in 4Q17) and by the outcome of the US tax reform by the end of the year (including -€53m one-off). Additionally, the extraordinary contribution applied to the energy sector in Portugal (0.85% on net assets) rose from €62m in 2016 to €69m in 2017, following the increase of net assets in operation owing to the commissioning of new hydro capacity.

> Non-controlling interests amounted to €328m in 2017, €89m higher YoY, mainly driven by: +€106m YoY from EDPR following the sale of non-controlling interests in wind farms during 2016 and net profit growth (amplified by last year's one-off costs; 2017's fiscal changes in US and by the extension of the useful life of wind farms); ii) -€17m YoY at EDP Brasil level. (Details on page 29)

> Overall, net profit attributable to EDP shareholders was 16% higher YoY, at €1,113m in 2017. Excluding nonrecurrent items<sup>(2)</sup>, adjusted net profit in 2017 amounted to €845m (-8% YoY vs. €919m in 2016).

(2) Non-recurrent items: (i) in 2016 (+€41m in total), including gain on disposals (Pantanal in Brazil and Tejo Energia (+€59m YoY) were largely impacted in 2016 by impairment on our financial stake in BCP (€31m) and debt stake; +€42m); impairment at our stake in BCP (-€29m); impairments at Brazil and EDPR levels (-€24m); debt prepayment fees (- $\epsilon$ 49m); tax savings (+ $\epsilon$ 163m); and the extraordinary energy tax (- $\epsilon$ 62m); (ii) in 2017 (+ $\epsilon$ 268m in total): net gain on disposals (NED and EDP Gas: + 574m; REN stake: + 25m), restructuring costs (- $\in$  21m), regulatorydriven costs/provisions (- $\in$ 61m); impairments at coal plants in Iberia (- $\in$ 146m) and other (- $\in$ 45m, mostly at EDPR); debt prepayment fees and others (- $\in$ 33m); impact from US fiscal reform (+ $\notin$ 44m) and the extraordinary energy tax (-€69m).

(1) Includes unwinding of medium, long term liabilities (regarding dismantling & decommissioning provision for wind assets, TEIs and Alqueva/Pedrogão concessions) and interest on medical care and pension fund liabilities

### Capital Expenditure & Net Investments

Capex (€ m)	2017	2016	Δ%	Δ Abs.	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	CAPEX 2017
Generation & Supply Iberia	196	378	-48%	-182	50	77	91	160	32	35	35	94	
Regulated networks Iberia	349	346	1%	+3	65	83	85	112	73	73	71	132	
Wind & solar power	1,051	1,029	2%	+23	89	290	204	446	93	331	291	337	Maintenance
Brazil	214	169	27%	+45	21	37	49	62	49	45	44	76	41%
Other	(84)	43	-	-127	9	4	8	23	5	11	(109)	9	59%
EDP Group	1,725	1,964	-12%	-238	233	490	436	804	252	495	331	647	Expansion
Expansion Capex	1,017	1,267	-20%	-250	127	334	261	546	112	351	188	365	
Maintenance Capex	709	697	2%	+12	106	157	176	258	140	144	143	282	

Net financial investments/(Divestments) (€m)	2017	2016	Δ%	Δ Abs.
Financial Investments	479	396	21%	+83
EDPR Perimeter EDP Brasil Perimeter Iberia Tender offer for EDPR shares Other	56 91 - 300 33	54 122 202 - 17	3% -26% - - 89%	+2 -31 -202 +300 +15
Financial Divestments	3,025	828	265%	+2,197
EDPR Perimeter EDP Brasil Perimeter (Pantanal) Sale of NED + EDP Gas Other	217 13 2,746 51	727 83 - 19	-70% -85% - 167%	-510 -70 +2,746 +32
Total	(2,546)	(432)	-489%	-2,114

Consolidated capex amounted to €1,725m in 2017, representing a decrease of 12% vs. 2016. From this, 93% was used in regulated or
long term contracted activities. Expansion capex was 59% of total capex and was dedicated to the construction of new hydro & wind
capacity.

Capex in new wind & solar capacity (EDPR) amounted to €1,051m in 2017, of which 67% was applied in North America, 18% in Brazil and 14% in Europe. In 2017, capacity additions totalled 624MW, of which 424 MW in North America, 127 MW in Brazil, 22 MW in France and 3 MW in Portugal. Note that, on top of this, further 25MW previously equity accounted, accrued to MW installed capacity following the acquisition of a 50% stake in 2 wind farms in Spain. Onshore wind under construction by Dec-17 totalled 828MW: 58% in US, 17% in Brazil and 25% in Europe.

**Expansion capex dedicated to new hydro capacity in Portugal** amounted to €50m (vs €192m in 2016), following the commissioning of Venda Nova III repowering (780MW) and Foz Tua plant (263MW) in 1H17.

Maintenance capex amounted to €709m in 2017, mostly absorbed by regulated networks in Brazil and Iberia (€24m of which relative to gas distribution in Spain and Portugal, which disposals have been completed in Jul-17 and Oct-17, respectively). Maintenance capex in generation & supply in Iberia in 2017 amounted to €125m.

**Net financial divestments** totalled  $\leq 2,546$ m in 2017, largely reflecting the net impact ( $\leq 2.4$ bn) from the disposal of EDP Gas SGPS, 'EDP Gas' ( $\leq 0.5$ bn) and portfolio reshuffling announced in Mar-17, which comprises: (i) the sale of our gas distribution assets in Spain ( $\leq 2.2$ bn) and (ii) the cost related to the acquisition of a further 5% stake in EDPR in the wake of the tender offer launched for the respective shares ( $\leq 0.3$ bn) in Jul-17. Furthermore, net financial divestments also include: i) the completion of the sale of a minority stake in Portuguese wind assets to CTG ( $\leq 210$ m, excluding shareholder loans) and the sale of a 3.5% stake held in REN ( $\leq 50$ m); which was partially compensated by ii) equity contributions to hydro projects in Brazil (mainly in São Manoel).

**Overall, net investments increased by €623m YoY, to €1,835**, reflecting the decision to postpone to 2018 a new asset rotation deal following the additional financial flexibility resulting from portfolio reshuffling. It includes €1,725m of capex and €110m of financial investments (mostly at EDP Brasil and EDPR level).

Net Investments (€m)	2017	2016	Δ%	Δ Abs.
Capex Financial investments EDPR's asset rotation proceeds	1,725 110	1,964 212 (964)	-12% -48% -	-238 -102 +964
Total	1,835	1,212	51%	+623

### FFO & Cash Flow Statement

Funds from Operations (€m)	2017	2016	Δ%	Δ Abs.
	2 000	2 750	<b>C</b> 0/	. 224
EBITDA Current income tax	<b>3,990</b> (178)	<b>3,759</b> (824)	<b>6%</b> 78%	<b>+231</b> +646
Net financial interests	(691)	(824)	15%	+040
Net Income and dividends received from Associates	17	(18)	- 15/0	+35
Non-cash items	(121)	(134)	10%	+14
	. ,	. ,		
FFO - Funds From Operations	3,017	1,970	53%	+1,047
Consolidated Cash Flow (€m) - Indirect Method	2017	2016	Δ%	Δ Abs.
EBITDA	3,990	3,759	<b>6%</b>	+231
Current income tax	(178) (1.576)	(824) 1.107	78%	+646 -2.683
Changes in operating working capital Regulatory Receivables	(1,576) 81	1,107	-95%	-2,085
Non-cash items	(121)	(134)	10%	+14
Other working capital	(1,536)	(285)	-439%	-1,251
	( ))	( )		, -
Net Cash from Operating Activities	2,236	4,042	-45%	-1,806
Сарех	(1,725)	(1,964)	12%	+238
Expansion	(1,017)	(1,267)	20%	+250
Maintenance	(709)	(697)	-2%	-12
Changes in working capital from equipment suppliers	(24)	8	-	-31
Net financial (investments)/divestments	2,546	432	489%	+2,114
Net financial interests paid	(680)	(757)	10%	+77
Dividends received from Associates	32	20	n.m.	+13
Dividends paid	(831)	(952)	13%	+121
EDP Shareholders	(691)	(673)	-3%	-18
Other	(140)	(280)	50%	+140
Proceeds from Institutional Partnerships in US wind	250	452	-45%	-202
Effect of exchange rate fluctuations Other non-operating changes	618 (402)	(341) 517	-	+959 -919
Other non-operating changes	(402)	517	-	-919
Decrease/(Increase) in Net Debt	2,020	1,457	39%	+563
Consolidated Cash Flow (€m) - Direct Method	2017	2016	Δ%	Δ Abs.
Operating Activities				
Cash receipts from customers	13,825	13,369	3%	+455
Proceeds from tariff adjustments sales	1,193	2,287	-48%	-1,094
Cash paid to suppliers and personnel	(11,406)	(10,378)	-10%	-1,028
Concession rents & other	(718)	(609)	-18%	-109
Net Cash from Operations	2,894	4,670	-38%	-1,776
Income tax received/(paid)	(659)	(628)	-5%	-30
Net Cash from Operating Activities	2,236	4,042	-45%	-1,806
Net Cash from Investing Activities	570	(2,134)	-	+2,704
Net Cash from Financing Activities	(1,797)	(1,748)	-3%	-49
Changes in Cash and Cash Equivalents	1,008	159	534%	+849
Effect of exchange rate fluctuations	(129)	117	-	-246

**Funds from operations (FFO) rose 53% YoY to €3,017m in 2017**, reflecting i) a €231m increase in EBITDA (see details on page 3); ii) a €646m decrease in current income tax, largely impacted by the smoother decrease in regulatory receivables in Portugal during 2017 (-€153m YoY vs -€1.3bn YoY in 2016); and iii) a €122m decrease in net financial interests, mainly prompted by lower debt and respective cost.

Net cash from operating activities decreased by €1,808m YoY to 2,234m in 2017, following by an abnormally dry weather context in Iberia in 2017 vs. a very wet 2016 (denting nearly €0.3bn vs. a normal hydro year). Regulatory receivables decreased by €81m vs. Dec-16, as decreases in Portugal (-€153m, including €1.2bn proceeds from tariff deficit sales) and Spain (-€68m YoY, backed the disposal of gas distribution assets); were partially compensated by an increase in Brazil (+€140m YoY). 'Other changes in working capital' amounted to -€1,561m in 2017, fuelled by higher income tax payments (-€0.45bn in 2017) related to the large amount of tariff deficit sales undertaken during 2016, the fiscal revaluation program in Portugal and by the adjustments of one-off capital gains booked at EBITDA level.

Expansion capex totalled €1,017m in 2017, mainly related to the construction of new wind capacity.

**Net financial divestments amounted to €2,546m in 2017**, mainly reflecting i) portfolio reshuffling, namely through the disposal of distribution gas assets in Spain (€2.2bn) and the purchase of minority stake at EDPR following tender offer process (-€0.3bn); ii) the sale of EDP Gas, in Portugal (€0.5bn); iii) EDPR disposal of a minority stake in Portuguese wind assets (€0.2bn); (iv) sale of a minority stake in REN (€50m); and (v) equity contributions to hydro projects in Brazil, as well as offshore wind projects developed in partnership.

On 17-May-17, EDP paid its annual dividend totaling  $\notin 691m$  ( $\notin 0.19$ /share, representing a 2.7% increase vs. the previous year). Note that the total amount of dividends paid ( $\notin 831m$ ) includes  $\notin 140m$  paid to non-controlling interests at the level of EDPR and EDP Brasil.

**Proceeds from Institutional Partnerships in US** amounted to +€250m in 2017, resulting from the net impact of proceeds from new institutional partnerships (€0.45bn) and the retention of tax benefits by institutional investors (€0.2bn). Proceeds from new institutional partnerships corresponded to USD507m funding of tax equity in the US for all its 2017 projects (363MW of wind, 60MW of solar capacity): USD115m cashed in Sep-17 and the remaining cashed in Dec-17.

**Effects of exchange rate fluctuations** positively impacted net debt by  $\pounds$ 0.6bn, predominantly driven by the depreciation of the BRL (-14%;  $\pounds$ 0.1bn), and USD (-12%,  $\pounds$ 0.4bn) vs. Dec-16, both against the Euro.

**Other non-operating changes** amounted to - $\notin$ 402m in 2017, impacted by the full consolidation of the new 200MW Eólica de Coahuila wind farm in Mexico ( $\notin$ 0.2bn). Note that in 2016, this line item included the impacts of higher shareholder loans provided by partners ( $\notin$ 491m) due to the sale of a minority stake in a portfolio of European assets and EDP Brasil capital increase ( $\notin$ 184m).

On balance, **net debt** decreased by €2bn vs. Dec-16 to €13.9bn as of Dec-17.

### Statement of Consolidated Financial Position

	D				
Assets (€ m)	L Dec-17	Dec vs. Dec Dec-16	Δ Abs.		
	Dec 17	20010	<b>H</b> 7,651		
Property, plant and equipment, net	22,731	24,194	-1,463		
Intangible assets, net	4,747	5,129	-381		
Goodwill	2,233	3,415	-1,182		
Fin. investments & assets held for sale (details page 29)	1,236	1,547	-311		
Tax assets, deferred and current	1,329	1,399	-70		
Inventories	266	317	-51		
Other assets, net	7,089	6,511	578		
Collateral deposits	45	52	-7		
Cash and cash equivalents	2,400	1,521	879		
	42.075	44.004	2 000		
Total Assets	42,075	44,084	-2,009		
Equity (€ m)	Dec-17	Dec-16	Δ Abs.		
Faulty attributable to equity helders of FDD	9.546	9.406	140		
Equity attributable to equity holders of EDP	- /	-,	-396		
Non-controling Interest (Details on page 30)	3,934	4,330	-396		
Total Equity	13,480	13,736	-256		
Liabilities (€ m)	Dec-17	Dec-16	Δ Abs.		
	Dec 17	20010	<b>H</b> (105)		
Financial debt, of wich:	16,918	18,027	-1,109		
Medium and Iona-term	15,470	15,550	-81		
Short term	1,448	2,476	-1,028		
Employee benefits (detail below)	1,522	1.727	-205		
Institutional partnership liability (US wind)	1,249	1,520	-271		
Provisions	753	671	81		
Tax liabilities, deferred and current	1,030	1,676	-646		
	915	819	-040		
Deferred income from inst. partnerships					
Other liabilities, net	6,208	5,907	301		
Total Liabilities	28,595	30,347	-1,753		
	40.075				
Total Equity and Liabilities	42,075	44,084	-2,009		
Employee Benefits (€m) (1)	Dec-17	Dec-16	Δ Abs.		
Pensions (2)	763	815	-52		
Medical care and other	759	912	-153		
	755	512	155		
Employee Benefits	1,522	1,727	-205		
Regulatory Receivables (€m)	Dec-17	Dec-16	Δ Abs.		
	<b>CO0</b>	744	120		
Portugal Distribution and Gas (3)	608	744	-136		
Portugal Annual CMEC Deviation	237	253	-17		
Spain (Gas)	-	68	-68		
Brazil	26	-114	140		
Regulatory Receivables	870	951	-81		
negulatory netervalues	5/0	551	51		

Total amount of **property**, **plant & equipment and intangible assets** decreased  $\pounds$ 1.8bn vs. Dec-16 to  $\pounds$ 27.5bn as of Dec-17, mainly driven by: i) - $\pounds$ 1.7bn from amortisation and impairments in the period, including  $\pounds$ 257m of impairments mostly driven by coal plants in Iberia ( $\pounds$ 196m) and EDPR ( $\pounds$ 49m); ii) + $\pounds$ 1.7bn of capex in the period; iii) + $\pounds$ 0.3bn due to the consolidation of the 200MW Eólica de Coahuila wind farm in Mexico; iv) - $\pounds$ 0.6bn, following the sale of gas distribution assets in Spain; and v) - $\pounds$ 1.4bn due to exchange rate differences resulting from the depreciation of the USD (-12%) and BRL (-14%) against the EUR between Dec-16 and Dec-17. As of Dec-17, EDP works in progress amounted to  $\pounds$ 1.4bn (6% of total consolidated tangible assets): 69% at EDPR level, 7% at EDP Brasil level and the remaining 24% at EDP level.

Goodwill decreased €1.2bn vs. Dec-16 to €2.2bn in Dec-17, which is mostly attributable to the sale of Naturgas Energía Distribuición ('NED').

The book value of **financial investments & assets held for sale** fell by  $\pounds$ 0.3bn vs. Dec-16, supported by the conclusion of the sale of EDP Gas in Oct-17 and the reclassification of Pebble Hydro and other mini-hydro plants (mostly in Portugal) under assets held for sale. Note that by Dec-17, financial investments include: i)  $\pounds$ 312m at EDPR level, corresponding to equity stakes in 356MW wind farms in US and Spain, and on the Moray offshore wind project in the UK (950MW); ii)  $\pounds$ 381m at EDP Brasil level (mainly related to 50% stake in Jari, 50% stake in Cachoeira Caldeirão and 50% stake in São Manoel; and iii)  $\pounds$ 311m at EDP level, including a 50% equity stake in EDP Asia (the owner of a 21% stake in CEM) and other. Also note that our stake in REN (3.5%) has been sold in Jun-17.

Tax assets net of liabilities, deferred and current were €0.6bn up from Dec-16, to €0.3bn in Dec-17, primarily driven by higher income tax payments in 2017 (+€0.45bn vs. 2016) backed by an unprecedented amount of receivables securitization in 2016. Other assets (net) increased €0.6bn vs. Dec-16 to €7.1bn as of Dec-17, supported by the recognition of the final CMEC adjustment (€256m) and the pending receival from the disposal of gas NED. Note that as of 1-Jan-18, EDP has yet to cash in €0.2bn from the disposal of NED. (€0.2bn). Total amount of EDP's net regulatory receivables was down €0.1bn vs. Dec-16, to €870m as of Dec-17 (€605m net of tax), mostly reflecting a €153m YoY decrease in Portugal and €68m YoY decrease in Spain, which impact was partially offset by a €140m increase in Brazil.

**Equity book value attributable to EDP shareholders** increased by  $\pounds$ 0.1bn to  $\pounds$ 9.5bn as of Dec-17, reflecting the net profit for the period ( $\pounds$ 1.1bn), the payment of the annual dividend ( $\pounds$ 0.7bn) and the impact of exchange differences arising on consolidation ( $\pounds$ 0.2bn), following the depreciation of USD and BRL against EUR. **Non-controlling interest** decreased  $\pounds$ 0.4bn vs. Dec-16, to  $\pounds$ 3.9bn as of Dec-17, due to the combined effect of the acquisition of shares in EDPR by EDP following the tender offer process and the YTD depreciation of USD and BRL against the EUR, partially offset by the disposal of a 49% minority stake in Portuguese wind assets ( $\pounds$ 0.2bn).

Pension fund, medical care and other employee benefit liabilities fell by €0.2bn vs. Dec-16 to €1.5bn as of Dec-17 (€1.1bn, net of tax), largely driven by a €0.2bn extraordinary contribution to the fund by EDP.

**Institutional partnership liabilities** declined  $\leq 0.3$  bn vs. Dec-16 to  $\leq 1.2$  bn as of Dec-17, following the benefits appropriated by the tax equity partners during the period and the depreciation of USD against the Euro, partly offset by  $\leq 0.45$  bn of cash proceeds received from new tax equity deals in 2017.

**Provisions** in 2017 amounted to €753m, the bulk of which (62%) referring to dismantling and decommissioning of power plants (of which ~60% at EDPR level).

(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.

### Consolidated Net Financial Debt

Nominal Financial Debt by Company (€m		Dec-17	De	c-16	Δ%	Δ Abs.
EDP S.A. and EDP Finance BV		14,07	79 1	5,214	-7%	-1,135
EDP Produção & Other		,	0	79	-100%	-79
EDP Renováveis		99	92	787	26%	205
EDP Brasil		1,50		1,582	-5%	-78
Nominal Financial Debt		16,57	75 1	7,662	-6%	-1,087
Accrued Interest on Debt		26	51	292	-11%	-31
Fair Value of Hedged Debt		Ę	31	73	11%	8
Derivatives associated with Debt (2)		(14	1)	(130)	-9%	-12
Collateral deposits associated with Debt		(4		(52)	13%	7
Hybrid adjustment (50% equity content)		(39		(391)	0%	0
Total Financial Debt		16,34	10 1	7,454	-6%	-1,114
Cash and cash equivalents		2,40	00	1,521	58%	879
EDP S.A., EDP Finance BV and Other		1,60		525	206%	1,083
EDP Renováveis		38		408	-5%	-20
EDP Brasil		40		588	-31%	-185
Financial assets at fair value through P&L		3	88	10	292%	28
EDP Consolidated Net Debt		13,90	)2 1	5,923	-13%	-2,020
	Maximum	Numbe	vr of	Availa	ahla	
Credit Lines by Dec-17 (€m)	Amount	Counter		Availa		Maturity
Revolving Credit Facilities	75		1		75	Jul-19
Revolving Credit Facility	500		16		500	Feb-20
Revolving Credit Facility	3,300		22		3,300	Oct-22 (4)
Domestic Credit Lines	226		7		226	Renewable
Underwritten CP Programmes	100		1		100	2021
Total Credit Lines	4,201				4,201	
Debt Ratings	S&P		Moo	dy's		itch
EDP SA & EDP Finance BV	BBB-/Stabl		Baa3/St			/Stab/F3
Last Rating Action	08-08-20	517	03-04	-2017	14	12-2017
Debt Ratios				Dec-1	7 (3)	Dec-16
Net Debt / EBITDA					3.9x	4.2x
Net Debt / EBITDA adjust. for Reg. Receiva	ables				3.7x	4.0x
	Maturity (€ m) by	Doc 17 /	1)			
Hybrid Bond Other Subsidiari	es Commerc	cial Paper	EDI	P S.A. & E	DP Finance I	3V
4.5						
4.0 <b>21%</b>						
3.0						
2.5 14%	12%		<b>1</b>	4%		
2.0	12%	9%				<b>9%</b>

1.5 1.0 0.5 0.0

2018

2019

2020

2021

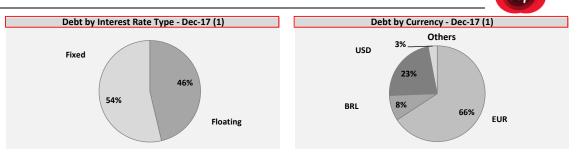
2022

2023

2024

2025

> 2025



**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 at least 12-24 months ahead continue to be part of the company's funding strategy.

In Dec-17, Fitch affirmed EDP's credit rating at "BBB-", with Stable outlook. In Aug-17, S&P upgraded EDP's credit rating to "BBB-" with Stable outlook. In Apr-17, Moody's affirmed EDP's credit rating at "Baa3" with Stable outlook. S&P's rating upgrade followed EDP's conclusion of the sale of its gas distribution business in Spain, whose proceeds were partially used to fund the acquisition of further EDPR shares. S&P expects an improvement of EDP's credit metrics supported by material debt reduction on well valued disposals, as well as improving operating performance, and Moody's considers that the transactions are consistent with EDP's 2016-20 Strategic Plan, contributing to the deleverage path.

Looking at 2017's major debt repayments and refinancing deals, in Jan-17 EDP issued a €600m Eurobond with a coupon of 1.875%, maturing in Sep-23. In Jun-17, EDP issued a USD1bn bond with a coupon of 3.625% maturing in Jul-24. In Oct-17, EDP signed a 5-year revolving credit facility with option to extend for 2 additional years in the amount of €3,300m to replace the €3,150m RCF that was maturing in Jun-19. In Nov-17, EDP issued a €500m bond with a coupon of 1.5% maturing in Nov-27. At the end of 2017, within the scope of a liability management exercise, EDP bought-back USD500m of two bonds: USD333m of the 4.9% Notes due Oct 2019 and USD167m of the 4.125% Notes due Jan 2020. EDP's long dated bond issues are in line with the Group's financial policy of extending the average term of its debt portfolio and reinforcing its financial flexibility.

As of Dec-17 **average debt maturity** was 4.8 years. The weight of consolidated financial debt through capital markets stood at 74%, while the remaining debt was raised essentially through bank loans.

**Refinancing needs in 2018** (excluding EDPR and EDP Brasil) amount to  $\notin$ 0.7bn, consisting mostly of bonds. In 2019 and 2020, refinancing needs amount to  $\notin$ 5.0bn. Total cash and available liquidity facilities amounted to  $\notin$ 6.6bn by Dec-17. This liquidity position allows EDP to cover its refinancing needs beyond 2019.

(1) Nominal Value includ. 100% of the hybrid; (2) Derivatives designated for fair-value hedge of debt; (3) Based on trailing 12m recurring EBITDA of €3,523m and net debt exclud. 50% of hybrid issue (includ. interest); (4) May be extended until Oct-24 subj. to banks' approval.



## **Business Areas**

### Iberian Electricity and Gas Markets

Electricity Balance		Portugal			Spain		lbe	rian Peninsu	la
(TWh)	2017	2016	Δ%	2017	2016	Δ%	2017	2016	Δ%
Hydro	6.4	15.2	-58%	20.6	39.2	-47%	27.0	54.4	-50%
Nuclear	-	-	-	55.6	56.1	-0.9%	55.6	56.1	-1%
Coal	13.6	11.7	16%	42.6	35.2	21%	56.2	46.9	20%
CCGT	13.5	7.4	83%	33.9	25.7	32%	47.4	33.1	43%
(-)Pumping	(2.2)	(1.5)	46%	(3.7)	(4.8)	-24%	(5.9)	(6.3)	-7%
Conventional Regime	31.3	32.8	-5%	149.0	151.3	-2%	180.3	184.1	-2%
Wind	12.0	12.2	-2%	47.5	47.3	0%	59.5	59.5	-0%
Other	9.0	9.4	-4%	48.3	44.9	7%	57.3	54.3	5%
Special Regime	21.0	21.6	-3%	95.8	92.2	4%	116.8	113.8	3%
Import/(export) net	(2.7)	(5.1)	-47%	8.0	6.4	24%	5.3	1.3	298%
Gross demand (before grid losses)	49.6	49.3	0.7%	252.8	249.9	1.1%	302.4	299.2	1.1%
Adjust. temperature, working days	4510	4515	1.4%	20210	24515	1.6%	50214	25512	n.a.
Gas Demand		Portugal			Spain		Ibe	erian Peninsu	la
(TWh)	2017	2016	Δ%	2017	2016	Δ%	2017	2016	Δ%
Conventional demand	42.1	40.5	4%	275.2	261.9	5%	317.3	302.4	5%
Demand for electricity generation	27.6	15.4	79%	75.7	59.7	27%	103.2	75.1	37%
Total Demand	69.7	55.8	25%	350.9	321.6	9%	420.6	377.4	11%

Electricity demand in Iberia grew 1.1% in 2017, following a 2.2% YoY advance in 4Q17. Adjusted for temperature and working days, in 2017 demand was 1.4% up in Portugal (16% of total in Iberia) and 1.6% up in Spain (84% of total), unveiling a recovery in economic activity.

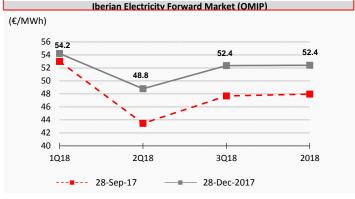
**Installed capacity in Iberia** increased by 0.9GW YoY, to 119GW, reflecting: (i) the commissioning of our repowering of Venda Nova III (780MW, almost pure pumping hydro plant) and start up of production of our new hydro plant, Foz Tua (263MW with pumping); (ii) the addition of new wind capacity (0.4GW); and (iii) a reduction in cogeneration installed capacity (-0.3GW).

**Residual thermal demand (RTD)** surged 30% (+24TWh YoY) in 2017 in the wake of extremely dry weather conditions, particularly when compared with above-the-average conditions in the last year (mostly in 9M): hydro resources fell c.50% short of LT average in 2017 vs. 33% and 10% premium in 2016, in Portugal and Spain, respectively. As a result, production from hydro plants in 2017 fell by 50% YoY (-27TWh YoY, net of pumping), being compensated by a 43% YoY increase in CCGTs output (+14TWh), a 20% YoY rise in coal output (+9TWh) and, to a lesser extent, a 5% YoY increase in 'Other' special regime output (+3TWh, mostly cogeneration). Nuclear output decreased slightly in 2017 (-1% YoY) and wind output was flat YoY, following a strong YoY recovery of wind production in 4Q17 in Spain (+44% YoY). Overall, higher demand in Iberia (+3TWh) was fully met by higher net imports (+4TWh, mostly in 2/3Q) and the rise in RTD largely met by CCGTs and coal plants, which average load factors increased by 10pp to 19% and 6pp to 57%, respectively.

Average electricity spot price soared c.33% YoY, to  $\leq 52$ /MWh (in Spain and Portugal), supported by the combined impact of scarce hydro resources, higher-cost marginal technologies, higher commodity prices (most notably, of coal price); and, a very cold winter in Europe and nuclear shortages in France. Average CO<sub>2</sub> prices rose 9% in 2017, to  $\leq 5.8$ /ton (+36% YoY in 4Q17). Average electricity final price in Spain advanced by 25%, to  $\leq 59$ /MWh, in line with the evolution of spot prices. The difference between final electricity price and pool price derives from the contribution from profiling, restriction market, ancillary services and capacity payments.

In the Iberian gas market, consumption rose by 11% in 2017, boosted by a more intense CCGT-based electricity production: gas consumption for electricity generation purposes (25% of total gas consumption in Iberia) advanced by 37% YoY, with a strong contribution from Portugal. In 2017, conventional gas demand accounted for 75% of total consumption in Iberia, prompting a 5% increase YoY.

Installed Capacity in Electricity	II	berian Penins	ula
(GW)	2017	2016	Δ%
Hydro	24.4	23.5	4%
Nuclear	7.0	7.0	-
Coal	11.3	11.3	0%
CCGT	28.8	28.8	0%
Conventional Regime	71.5	70.6	1%
Wind	28.4	28.1	1%
Other special regime	19.4	19.7	-2%
Special Regime	47.8	47.8	0%
Total	119.3	118.3	0.8%



Main Drivors (1

Iviain Drivers (1)	2017	2016	Δ%
Hydro coeficient (1.0 = avg. year) Portugal Spain	0.47 0.50	1.33 1.10	-65% -55%
Wind coeficient (1.0 = avg. year) Portugal	0.97	1.00	-3%
Electricity spot price, €/MWh Portugal Spain Electricity final price, €/MWh (2) Spain	52 52 59	39 40 47	33% 32% 25%
CO2 allowances (EUA), €/ton Coal (API2 CIF ARA), USD/tonne Mibgas price (€/MWh) Gas NBP, €/MWh Brent, USD/bbl	5.8 84 21 17 54	5.3 60 17 14 44	9% 41% 23% 22% 24%
EUR/USD	1.13	1.11	24%

2016

- 10 -

### Generation & Supply in the Iberian Market

Income Statement (€ m)			2017	2016	Δ%	Δ Abs.
Gross Profit			1,236	1,725	-28%	-489
OPEX (1)			471	430	10%	+42
Other operating costs (net)			210	228	-8%	-18
Net Operating costs			681	657	4%	+24
EBITDA			555	1,067	-48%	-513
Provisions			(6)	(20)	-69%	+14
Amortisation and impairment			589	362	63%	+227
EBIT			(28)	725	-	-754
Gross Profit breakdown (€ m)			2017	2016	Δ%	Δ Abs.
Electricity Sources & Uses			956	1,319	-27%	-362
Total Volume (TWh)			71	76	-27%	-5
Unit margin (€/MWh)			14	17	-22%	-4
Before hedging (€/MWh)			12	18	-31%	-6
From Hedging (€/MWh) (2)			1.1	(0.5)	-	+2
Other			279	405	-31%	-125.9
Electricity generation (Detail pa	age 12). Energ	v supply	275	356	-23%	-82.0
Gas trading, other and adjustm		,	5	49	-90%	-44.0
Total			1,236	1,725	-28%	-489
Electricity Sources & Uses	2017	2016	Δ%	2017	2016	Δ%
		2010	4/0	2017	2010	Δ%
		utput (GWh)	476		2010 Cost (€/MV	
Own production (4)			-7%			
Own production (4) Purchases	0	utput (GWh)		Variable	Cost (€/MV	Wh) (3)
	<b>0</b> 33,293	u <b>tput (GWh)</b> 35,854	-7%	Variable 34	<b>Cost (€/MV</b> 20	<b>Vh) (3)</b> 70%
Purchases	0 33,293 37,345 <b>70,638</b>	a <b>tput (GWh)</b> 35,854 39,738	-7% -6% <b>-7%</b>	Variable 34 59 47	Cost (€/MV 20 47	<b>Vh) (3)</b> 70% 26% <b>38%</b>
Purchases	0 33,293 37,345 <b>70,638</b>	utput (GWh) 35,854 39,738 <b>75,592</b>	-7% -6% <b>-7%</b>	Variable 34 59 47	Cost (€/MV 20 47 <b>34</b>	<b>Vh) (3)</b> 70% 26% <b>38%</b>
Purchases Electricity Sources	00 33,293 37,345 70,638 Volur	utput (GWh) 35,854 39,738 <b>75,592</b> nes Sold (GW	-7% -6% <b>-7%</b>	Variable 34 59 47 Average I	Cost (€/MV 20 47 34 Price (€/MV	<b>Vh) (3)</b> 70% 26% <b>38%</b>
Purchases Electricity Sources Grid Losses	00 33,293 37,345 70,638 Volur 2,269	utput (GWh) 35,854 39,738 <b>75,592</b> nes Sold (GW 1,671	-7% -6% <b>-7%</b> /h) 36%	Variable 34 59 47 Average I n.a.	Cost (€/MV 20 47 34 Price (€/MV n.a.	Wh) (3) 70% 26% <u>38%</u> Wh) (5)
Purchases Electricity Sources Grid Losses Final customers	0 33,293 37,345 70,638 Volur 2,269 35,076	utput (GWh) 35,854 39,738 <b>75,592</b> nes Sold (GW 1,671 38,067	-7% -6% <b>-7%</b> /h) 36% -8%	Variable 34 59 47 Average I n.a. 62	Cost (€/MV 20 47 34 Price (€/MV n.a. 63	Wh) (3) 70% 26% 38% Wh) (5) - -1%
Purchases Electricity Sources Grid Losses Final customers Wholesale market	00 33,293 37,345 70,638 Volur 2,269 35,076 33,293	<b>atput (GWh)</b> 35,854 39,738 <b>75,592</b> <b>nes Sold (GW</b> 1,671 38,067 35,854	-7% -6% -7% /h) -8% -7%	Variable 34 59 47 Average I n.a. 62 61	Cost (€/MV 20 47 34 Price (€/MV n.a. 63 46	Wh) (3) 70% 26% 38% Wh) (5) - -1% 34%
Purchases Electricity Sources Grid Losses Final customers Wholesale market Electricity Uses Gas Uses (TWh)	00 33,293 37,345 70,638 Volur 2,269 35,076 33,293	<b>atput (GWh)</b> 35,854 39,738 <b>75,592</b> <b>nes Sold (GW</b> 1,671 38,067 35,854	-7% -6% -7% /h) -36% -8% -7% -7% 2017	Variable 34 59 47 Average I n.a. 62 61 59 2016	Cost (€/ΜV 20 47 34 Price (€/ΜV n.a. 63 46 52 Δ%	Wh) (3) 70% 26% 38% Wh) (5) - -1% 34% 14% Δ Abs.
Purchases Electricity Sources Grid Losses Final customers Wholesale market Electricity Uses Gas Uses (TWh) Consumed at EDP power plants	00 33,293 37,345 70,638 Volur 2,269 35,076 33,293	<b>atput (GWh)</b> 35,854 39,738 <b>75,592</b> <b>nes Sold (GW</b> 1,671 38,067 35,854	-7% -6% -7% /h) 36% -8% -7% -7% -7% 2017 14.2	Variable 34 59 47 Average I n.a. 62 61 59 2016 7.7	Cost (€/ΜV 20 47 <b>34</b> Price (€/MV n.a. 63 46 52 Σ% 84%	Wh) (3)         70%         26%         38%         Wh) (5)         -1%         34%         14%         Δ Abs.         +6.5
Purchases Electricity Sources Grid Losses Final customers Wholesale market Electricity Uses Gas Uses (TWh)	00 33,293 37,345 70,638 Volur 2,269 35,076 33,293	<b>atput (GWh)</b> 35,854 39,738 <b>75,592</b> <b>nes Sold (GW</b> 1,671 38,067 35,854	-7% -6% -7% /h) -36% -8% -7% -7% 2017	Variable 34 59 47 Average I n.a. 62 61 59 2016	Cost (€/ΜV 20 47 34 Price (€/ΜV n.a. 63 46 52 Δ%	Wh) (3) 70% 26% 38% Wh) (5) - -1% 34% 14% Δ Abs.

As from Jul-17, our PPA/CMEC generation capacity (2.7GW of hydro, 1.2GW of coal) bear hydro and market risk. The share of generation capacity in Iberia with a price-contracted profile is therefore confined to some mini-hydro, cogeneration and biomass capacity (mainly feed in tariff-remunerated). As a result, EDP merged the reporting format of results from generation & supply in Jeria as from Jan 1<sup>st</sup>, 2017 (2016 data restated accordingly).

EBITDA from Generation & Supply fell 48% YoY, to €555m in 2017, reflecting €48m of one-off provisions booked in 4Q17 related to retroactive clawback in Portugal (€35m) and an HR restructuring program in Iberia (€13m). Adjusted by these, EBITDA declined 44% YoY, to €603m in 2017, impacted by the extremely dry weather conditions that persisted through the year and high-pool price context, which compared very toughly with 2016's well above-average hydro resources and low pool prices. In fact, 2017 was one of the four driest years in Portugal on record: hydro resources were 53% below LT average (vs. 33% above in 2016); and 4Q17 was particularly dry, with hydro resources 83% short of LT average. As a result, pool prices lifted to €52/MWh in 2017 from €40/MWh in 2016.

In detail, EBITDA in 2017 reflected: (i) a more expensive generation mix (€34/MWh in 2017 vs. €20/MWh in 2016) from the replacement of hydro production (22% weight in generation mix in 2017 vs. 45% in 2016) by coal and CCGT's, combined with the adverse impact of high-pool price context on energy management results; (ii) increase in regulatory costs (+€55m YoY, excluding one-offs), to €237m in 2017, driven by higher generation taxes in Spain and higher costs with clawback and social tariff in Portugal; and (iii) 37% YoY decline in gross profit from contracted production, to €39m in 2017, dragged by lower production at mini-hydro plants. Note that the annual deviation from PPA/CMEC gross profit vis-à-vis CMEC reference amounted to €108m in

2.0 1H17, not being in place anymore in 2H17 (vs. €169m in 2016).

37 Gross profit was down by 28% YoY, to €1,236m in 2017, mainly driven by lower volumes sold (-7% YoY) and lower avg. unit margin (down from €17/MWh in 2016 to €14/MWh in 2017):

<u>Volumes</u>: Total volume sold decreased 7%, to 70TWh in 2017, reflecting an 8% fall in sales to customers, mainly prompted by industrial customers, and an 7% decline in sales in the wholesale market, driven by a lower production. Generation output was 7% lower YoY, mainly due to lower hydro output; electricity purchases were 6% lower YoY.

Unit margin <sup>(2)(3)</sup>: Avg. electricity spread before hedging fell from €18/MWh in 2016, to €12/MWh in 2017, mainly reflecting a more expensive mix of sources and higher spot prices. Avg. sourcing cost advanced 38% YoY, to €47/MWh in 2017, driven by the lower weight of hydro in the generation mix and higher pumping activity, by the higher contribution from thermal plants; and by the rise in average cost of electricity purchases (even if growing below spot price). Avg. selling price rose 14% YoY in 2017, reflecting: (i) a 34% increase in the average selling prices in the wholesale market (backed by higher spot prices and higher revenues in the ancillary services market); (ii) 1% decrease in the avg. selling prices to customers.

Net operating costs amounted to €681m in 2017 (+4% YoY), mostly impacted by higher generation taxes in Spain and clawback in Portugal.

Our gas sourcing activity in 2017 is based on c3.1bcm/year LT contracts. In 2017, total gas consumed/sold declined by 20% YoY, following lower sales in the wholesale market (-17%), increase of CCGTs load factor (resulting in an 84% YoY rise in gas consumption) and 16% YoY increase of volume sold to final customers.

EDP is adapting its hedging strategy to the current market conditions. As a result, EDP has fully forward contracted dark spreads for c60% of expected coal output for 2018. Furthermore, EDP has currently forward contracted electricity sales with clients of  $^{.7}$  ~24TWh, at an avg. price of c.€55/MWh (excluding naturally-hedged price-indexed volumes). Moreover, EDP keeps gas  $^{.1}$  procurement flexibility in order to accommodate volatility in CCGT load profiles.

(1) OPEX = Supplies and services + Personnel costs + Costs with social benefits; (2) Includes results from hedging on electricity; (3) Variable cost: fuel and CO2 cost, hedging costs (gains), system costs;

(4) Excludes production at mini-hydro, cogeneration and waste plants; (5) Average selling price: includes selling price (net of TPA tariff), ancillary services and others.

### Electricity Generation in the Iberian Market

Income Statement (€ m)	2017	2016	Δ%	Δ Abs.
Gross Profit	931	1,390	-33%	-459
OPEX (1) Other operating costs (net) Net Operating costs	252 166 <b>419</b>	229 172 <b>401</b>	10% -3% <b>4%</b>	+23 -6 <b>+18</b>
EBITDA	512	990	-48%	-477
Provisions Amortisation and impairment	1 575	3 351	-55% 64%	-1 +223
EBIT	(63)	636	-	-699

**Key Operating Data** 2017 2016 Δ% Δ Abs. 33.778 36.659 -8% -2.881 **Generation Output (GWh)** CCGT 8.029 5,242 53% +2,787 Coal 16,847 13,232 27% +3,614 Hydro 7,182 16,142 -56% -8.959 Nuclear 1,236 1,239 -0% -3 -320 Mini-hydro, Cogener. & Waste 485 805 -40% Generation Costs (€/MWh) (2) 70% +14 34 20 CCGT 53 53 -0% -0 Coal 34 28 19% +5 19 4 404% +15 Hydro Nuclear 5 5 -10% -1 Load Factors (%) 25% 16% 9p.p. CCGT Coal 80% 63% 17p.p. 30% Hydro 12% --20p.p. 91% 91% 0p.p. Nuclear Employees (#) 1,601 1,600 0% +1 172 360 -52% -188 Capex (€m) 232 -69% 71 -161 Expansion 101 129 -21% Maintenance -28

Other financial details (€ m)	2017	2016	Δ%	Δ Abs.
At Gross profit level:				
Capacity payments	54	54	1%	+0
CMEC annual deviation	108	169	-36%	-62
Mini-hydro, cogeneration & waste	39	62	-37%	-23
At EBITDA level:				
Regulatory costs (3)	237	147	61%	+90

Our liberalised generation & supply activities are jointly managed as most of our production is sold to our supply units at fixed prices. The current section refers only to electricity generation operations.

As from Jan 1<sup>st</sup>, 2017, EDP jointly reports results from LT Contracted and Liberalised generation in Iberia (restating 2016 data). Even if the PPA/CMEC capacity (2.7GW of hydro, 1.2GW of coal) was protected from hydro and market risk until Jun-17 (deviation between market gross profit and CMEC reference amounted €108m in 1H17), plants are dispatched under market conditions. The **overall generation portfolio in Iberia** (excluding wind) encompasses a total of 13.6GW, of which 52% in hydro capacity, 27% in CCGT, 18% in coal (86% with DeNOx), 2% of mini-hydro, cogeneration and waste; and 1% in nuclear. Over the last 12 months, installed capacity grew 7%, reflecting the commissioning of hydro repowering Venda Nova III (780MW) and Foz Tua hydro plant (263MW), both with pumping.

**Production** in 2017 (including mini-hydro, cogeneration and waste) fell 8% YoY (-2.9TWh), to 33.8TWh in 2017, dragged down by the severe drought in lberia in 2017: hydro resources were 53% short of LT average in Portugal, and the 4Q17 was an even drier period, with hydro resources dropping to record low levels (-83% vs. LT average). As a result, hydro output declined by 56% YoY (-9.0TWh YoY, o.w. -3.5TWh derives from plants under the CMEC regime until Jun-17, with no impact on earnings). This decline was only partially compensated by: (i) a 27% YoY increase in coal output (+3.6TWh YoY), which load factor increased by 17pp YoY, to 80% in 2017; and (ii) a 53% surge in CCGTs output (+2.8TWh YoY), which load factor rose by 9pp YoY, to 25% in 2017.

Avg. production cost surged 70% YoY, to €34/MWh in 2017, reflecting: (i) a much lower contribution from hydro (21% of total output in 2017 vs. 45% in 2016) combined with a more intense pumping activity (in light of scarce hydro resources in the period); and (ii) a more expensive coal production (+19% YoY), due to a higher coal price. Avg. production cost at CCGTs stood relatively flat YoY.

Gross profit from generation in Iberia fell by 33%, to €931m in 2017, mostly penalised by the aforementioned (i) higher average production cost and (ii) decline in hydro production, which also negatively impacted gross profit from mini-hydro, cogeneration and waste plants (-37% YoY), mainly due to lower production (-40% YoY), in particular hydro output.

Net operating costs increased by 4% YoY, to €419m in 2017, mainly influenced by: (i) higher OPEX derived from portfolio expansion, increased working hours at our thermal plants and intragroup reallocation of personnel costs (mostly in Spain); and (ii) higher regulatory costs. In fact, regulatory costs rose by 61% YoY, to €237m in 2017, largely impacted by: (i) at gross profit level, an increase in social tariff costs in Portugal to €78m in 2017 (+€45m YoY, at gross profit level); (ii) at EBITDA level, an increase in generation taxes in Spain and clawback in Portugal, which totalled €159m in 2017, of which €35m corresponds to the one-off impact of 'retroactive clawback'.

It noteworthy that on 24-Oct-17, the Portuguese Government, through Dispatch 9371/2017, annulled No. 11 and 12 of Dispatch 11566-A/2015, and asked ERSE the reversion to the electricity system of "clawback" amounts reflected in 2016 and 2017 tariffs. Furthermore, on 17-Nov-17, the Portuguese Government through Dispatch 9955/2017, set the clawback rate at  $\notin$ 4.75/MWh starting from 24-Aug-17, also requesting ERSE to reassess the methodology and assumptions used in the calculation of clawback. Also note that the clawback amount booked in 2017 reflects the legislation in place in each period, namely DL 74/2013, Order 225/2015 and Dispatch 9371/2017. Furthermore, in Sep-17, ERSE presented to the Government its report on CMEC final adjustment, reaching an amount of  $\notin$ 154m (to be recovered in 2018-2027). EDP does not envision the reasons for the discrepancy between this amount and the  $\notin$ 256 million calculated by EDP/REN Technical Working Group, and is analysing ERSE's report, after which will decide upon the most adequate measures.

Amortisation and impairment increased by 64% YoY, to €575m in 2017, impacted by €196m of impairments as a result of deteriorated prospects for some coal plants in Iberia, largely driven by regulatory and fiscal developments.

Capex declined by €188m YoY, to €172m in 2017, reflecting the decrease in expansion capex in new hydro capacity in Portugal, following the full commissioning of Venda Nova III and Foz Tua. Note that capex in 2017 is still impacted by €71m of expansion capex, mostly devoted to these 2 hydro \_ plants. In turn, maintenance capex in 2017 decreased 21% YoY, to €101m in 2017, reflecting in 2016 additional maintenance works in Aboño 2 power plant.

(1) OPEX = Supplies and services + Personnel costs + Costs with social benefits; (2) Includes fuel costs, CO2 emission costs, hedging results;

(3) Includes: (i) at gross profit, social tariff in Portugal; (ii) at the level of operationg costs, generation taxes in Spain (incl. fuel, nuclear waste, hydro resources), clawback in Portugal.

### Electricity and Gas Supply in Portugal and Spain

	2017	2016	Δ%	Δ Abs.
Gross Profit	304	291	4%	+13
OPEX (1) Other operat. costs (net) <b>Net Operating costs</b>	227 39 <b>266</b>	207 54 <b>261</b>	10% -28% <b>2%</b>	+20 -15 <b>+5</b>
EBITDA	38	30	27%	+8
Provisions Amortisation and impairment	(7) 15	(22) 11	-67% 38%	+15 +4
EBIT	30	41	-26%	-11

2016 2017 Δ% Δ Abs Key data Portfolio of Customers (th.) Electricity 5,091 5,287 4% +195 Portugal 4,153 4,024 3% +129 Spain 1,133 1,068 6% +66 1,541 1,443 7% Gas +98 Portugal 658 592 11% +65 Spain 883 851 4% +32 Dual fuel penetration rate (%) 30% 29% 2% +0 Other Services 17% 15% 15% 0p.p. Services to contracts ratio (%) Volume of electricity sold (GWh) 32,249 34,990 -8% -2,741 12,869 12,517 3% +352 Residential segment Business segment 19,380 22,473 -14% -3,093 12.119 10.424 16% +1.695 Volume of gas sold (GWh) 14% 6.031 5.309 +722 Residential segment Business segment 6,088 5,115 19% +973 30% 26% 16% Electronic invoicing (%) 4p.p. Complaints per 1000 contracts (#) 26.0 26.5 -2% -0 Employees (#) 538 373 44% +165 OPEX per customer (2) (€) 33 32 5% +2 EBITDA per customer (2) (€) 6 5 21% +1 Capex (€m) 24 17 36% +6

Our electricity and gas supply activities in Portugal and Spain are managed by integrated 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. The current section refers only to energy supply, but excludes gas trading and sourcing activities.

As of Dec-17, **EDP's electricity portfolio in Iberia** totaled 5.3m customers in Dec-17, strongly biased towards residential and SME customers (c.40% of total consumption). Over 2017, portfolio of customers grew by 4%: +3% in Portugal and +6% in Spain. In Portugal, as of Oct-17, 93% of total electricity consumption is in the liberalized market, based on latest data released by ERSE. Also note that, following the publication of DL 105/2017, electricity customers in Portugal are, since 1-Jan-18, allowed to return to the regulated market until the end of 2020 under specific conditions.

EDP targets to leverage on its portfolio of customers, offering additional products and innovative services, as part of its strategy to build a longer term relationship with customers backed by the enhancement of customer's satisfaction and loyalty levels. In line with this, the rate of dual fuel offer is currently at 30% (vs. 29% in 2016), including different stages of evolution in Spain and Portugal: in Portugal, dual offer rate corresponds to 16% in Dec-17; in Spain, dual offer rate, is currently at 79%. Additionally, the penetration rate of service contracts rose from 15% in Dec-16 to 17% in Dec-17, in Iberia.

**Electricity volumes sold in Iberia** fell 8% YoY, to 32.2TWh in 2017, influenced by a more selective commercial criteria and the increasing share of residential and SME customers in our portfolio.

Gross profit at our supply activities in Iberia rose 4% YoY, to €304m in 2017, driven by the mixed impact of: (i) a larger customer base and increasing penetration rate of dual offer and energy services; and (ii) lower margins in the 1Q17, derived from high spot prices implicit in deviations coupled with stronger-than-forecasted demand, particularly in Jan-17, due to very cold temperatures.

Net operating costs were up 2% YoY, to €266m in 2017, primarily due to (i) higher costs with customer services driven by portfolio expansion; and (ii) intragroup reallocation of personnel, mostly related with the corporate restructuring in Spain, resulting in more employees allocated to the supply segment (before in 'Others'). These impacts were partially mitigated by a decrease in provisions for doubtful debts amidst improving macroeconomic conditions and improved performance in revenue collection.

EDP is building the ground for a decrease in cost per customer through higher digitalisation rate and higher customer satisfaction: electronic invoicing (per avg. residential client) represents a 30% rate as of Dec-17, a 4pp increase vs. Dec-16; the number of complaints per 1000 contracts fell by 2% YoY in 2017.

**Provisions** declined by 67% YoY in 2017, impacted by the reversal of a  $\in$ 8m provision in the wake of a favourable court ruling which found null ERSE's Notice of Illegality regarding alleged infringements carried out by EDP Comercial in the application of social tariff.

(1) OPEX = Supplies and services + Personnel costs + Costs with social benefits; (2) Based on the number of contracts

			· /a \			2017	2010				2017	2246		
Income Statement	2017	DP Renováve 2016		Δ Abs.	Operational Overview	2017	2016	Δ%	Δ Abs.	EDPR Equity Market Data	2017	2016	Δ%	Δ Abs.
	2017	2010	Δ 70	$\Delta$ ADS.	Installed Capacity (MW)	10,676	10,052	6%	+624	Share price at end of period (€/share)	6.967	6.036	15%	931.0
Gross Profit	1,602	1,453	10%	+148	Europe	5,061	4,986	1%	+74	Number of Shares Issued (million)	872.3	872.3	13/0	
Gloss Floht	1,002	1,455	10/0	1140	North America	5,284	4,861	9%	+423	Stake Owned by EDP (%)	82.6%	77.5%	5p.p.	5p.p.
OPEX (1)	428	399	7%	+29	Brazil	331	204	62%	+127	Stake Owned by EDF (76)	02.070	77.570		<u></u>
Other operating costs (net)	(192)	(116)	65%	-76	brazii	551	204	02/0	.12,	EDPR Key Balance Sheet Figures (€ m)	2017	2016	Δ%	Δ Abs.
Net Operating Costs	235	282	-17%	-47	Output (GWh)	27,621	24,473	13%	+3148	EDTRIKEY balance sheet rightes (e m)	2017	2010	2,0	<b>L</b> 71001
Net Operating costs			_,,,,		Avg. Load Factor (%)	31%	30%		1	Financial investm, assets held for sale	317	328	-4%	-12
EBITDA	1,366	1,171	17%	+195	Avg. Elect. Price (€/MWh)	59	61	-2%	-1	Net Financial Debt	2,806	2,755	2%	+51
LBIIDA	_,	_,_, _	_,,,,			•••		-/-	-	Bank Loans and Other (Net)	537	139	286%	+398
Provisions	(0)	5	-	-5	Employees (#)	1,220	1,083	13%	+137	Loans with EDP Group (Net)	2,269	2,616	-13%	-347
Amortisation and impairment	563	602	-6%	-39		_,	_,			Non-controlling interests	1,560	1,448	8%	+112
EBIT	803	564	42%	+239	Core Opex/Avg. MW (€th) (4)	42.1	42.8	-2%	-1	Net Institutional Partnership Liability (5)	1,249	1,520	-18%	-271
										Equity Book Value	6,335	6,125	3%	+210
Financial Results	(302)	(350)	-14%	+49	EBITDA (€m)	1,366	1,171	17%	+195		-			
Share of Profit from associates	3	(0)	-	+3	Europe (3)	729	666	9%	+62	EUR/USD - End of Period Rate	1.20	1.05	-12%	0.15
					North America	599	502	19%	+97					
Pre-tax profit	504	214	136%	+291	Brazil	56	25	125%	+31	Financial Results (€ m)	2017	2016	Δ%	Δ Abs.
					Other & Adjustments	(17)	(22)	-22%	+5					
Capex (€m) (2)	1,051	1,029	2%	+23						Net financial Interests	(139)	(179)	22%	+39
Europe (3)	151	131	15%	+20	EBIT (€m)	803	564	42%	+239	Institutional Partnership costs	(89)	(90)	2%	+2
North America	708	841	-16%	-133	Europe (3)	437	360	21%	+77	Capitalised Costs	16	23	-29%	-7
Brazil	192	57	239%	+135	North America	340	212	60%	+128	Forex Differences	(3)	10	-	-13
					Brazil	46	17	170%	+29	Other	(87)	(114)	-	+27
					Other & Adjustments	(20)	(25)	-21%	+5	Financial results	(302)	(350)	14%	+49

### EDP Renováveis: Financial Performance

EDP Renováveis ('EDPR') owns, operates and develops EDP Group's wind and solar capacity. As of Dec-17, EDPR operated 11,007MW, (+600MW YoY) of which 331MW equity-method accounted. EDPR's EBITDA derives mainly from PPA-contracted and regulated tariffs and is geographically widespread: 52% in Europe, 44% in North America, and 4% in Brazil.

EDPR's EBITDA went up by 17% YoY (+€195m) to €1,366m in 2017, mostly impacted by higher avg. capacity on stream (+9%) mainly in North America and Brazil. EBITDA's evolution also translates: i) improvements at core opex/avg. MW metrics (-2% YoY); ii) lower avg. selling price at €59/MWh (vs. €61/MWh), explained mainly by new Polish green certificates regulation; and iii) forex impact (-€10m) mostly reflecting USD depreciation and BRL appreciation.

**Electricity output** advanced +13% YoY to 27.6TWh in 2017, supported by an increase on avg. capacity in operation, and propelled by +1p.p. higher overall **avg. load factor,** even with an avg. wind resource slightly below the historical average (98% of P50 in 2017).

**Opex** rose by 7% YoY (+ $\in$ 29m), reflecting higher headcount (1,220 employees in 2017 vs. 1,083 in 2016) and other services - both resulting from portfolio growth; and reflecting forex impact; **Other operating costs (net)** were negative at  $\in$ 192m in 2017 from  $\in$ 116m in 2016, supported by: the gain ( $\notin$ 29m) from the sale of a 23% equity stake and loss of control of UK offshore project, higher income from institutional tax equity partnerships (+ $\notin$ 28m) and some positive adjustments from previous years.

**EBIT** increased by 42% YoY, to €803m in 2017, following a reduction on **D&A** (-€39m YoY) as the extension of useful life of the wind assets from 25 to 30 years (€120m in 2017) more than mitigated the effect from the higher capacity in operation and impairments (€50m).

**Capex** amounted to €1,051m (+2% YoY): 68% of total capex was devoted to the North America market, 14% to Europe, and 18% to Brazil.

**EDPR's net debt in Dec-17 amounted to €2.81bn** (vs. €2.76bn in Dec-16), +€51m including: i) minorities disposals to CTG (ENEOP) -€0.3bn; ii) forex impact -€0.2bn; iii) proceeds from tax equity investors - €0.4bn; iv) full consolidation of Mexico wind farm (+€0.2bn), v) cash investments of +€1.0bn, and vi) payments to tax equity investors +€0.2bn.

Liabilities with Institutional Partnerships (net) amounted to  $\leq 1,249$ m in Dec-17, reflecting the tax benefits paid to institutional investors and the establishment of new tax equity financing structures. Non-controlling interests at balance sheet level rose by  $\leq 112$ m to  $\leq 1,560$ m, in 2017 vs 2016 including non-controlling interests in North America (c56%), Europe (c40%) and Brazil (c4%).

**Financial results (net)** amounted to €302m in 2017, (14% YoY). **Other financial costs** decreased -€27m YoY, in consequence of the -€25m booked in 2016 due to the early cancelation and optimization of certain project finance structures. **Net interest costs** fell by 22% YoY, on lower avg. cost of debt in the period (4.0% in 2017 vs. 4.5% in 2016) and lower avg. net debt.

(1) OPEX = Supplies and services + Personnel costs + Costs with social benefits; (2) Net of government grants; (3) Includes Holding costs and adjustments at the level of EDPR Europe; (4) Core Opex defined by Supplies and services (including O&M activities) and Personnel costs; (5) Net of deferred revenue.

### EDP Renováveis: North America & Brazil

North America	2017	2016	Δ%	Δ Abs.
EUR/USD - Avg. of period rate	1.13	1.11	-2%	0.02
Installed capacity (MW)	5.284	4.861	9%	+423
PPA's/Hedged/Feed-in tariff	4,600	4,276	8%	+324
Merchant	684	585	17%	+99
Avg. Load Factor (%)	35%	34%	-	1 p.p.
Electricity Output (GWh)	15,091	12,576	20%	+2,515
PPA's/Hedged/Feed-in tariff	12,845	10,426	23%	+2,419
Merchant	2,246	2,151	4%	+95
Avg. Final Selling Price (USD/MWh)	47.1	46.9	0%	+0.2
PPA's/Hedged/Feed-in tariff	47.5	48.5	-2%	-1.0
Merchant	34.8	34.6	1%	+0
Adjusted Gross Profit (USD m)	930	781	19%	+150
Gross Profit (USD m)	676	562	20%	+114
PTC Revenues & Other (USD m)	255	219	17%	+36
EBITDA (USD m)	676	555	22%	+121
EBIT (USD m)	384	235	63%	+149
Installed capacity (MW Equity)	179	179	0%	-
Net Capex (USD m)	799	931	-14%	-131
Gross Capex	799	931	-14%	-131
Cash grant received	-	-	-	-
Capacity under construction (MW)	480	100	380%	+380
Brazil	2017	2016	Δ%	Δ Abs.
Euro/Real - Average of period rate	3.60	3.86	7%	-0.25
Installed Capacity (MW)	331	204	62%	+127
Avg. Load Factor (%)	43%	35%	-	9 p.p.
Electricity Output (GWh)	861	666	29%	+195
Avg. Final Selling Price (R\$/MWh)	289	216	34%	+73
Gross Profit (R\$ m)	226	133	71%	+94
EBITDA (R\$ m)	203	97	110%	+106
EBIT (R\$ m)	166	66	152%	+100
Capex (R\$ m)	693	219	216%	+474
Capacity under construction (MW)	137	127	8%	+10

In North America (NA), installed capacity totalled 5,284M in Dec-17 (5,055MW in US, 200MW in Mexico, and 30MW Canada). New capacity additions in 2017 (+423MW) were fully concentrated in the US, of which +363MW respecting to wind onshore capacity and +60MW to solar capacity. The current capacity exposed to power prices represents 13% of NA's portfolio assets meaning that 4.6GW (87%) are under LT contracted remuneration schemes (PPA/Hedge). Additionally, EDPR owns equity stakes in other wind projects, equivalent to 179MW.

**EBITDA was 22% higher (+USD121m YoY), to USD676m in 2017**, propelled by i) a surge in the output (+20% YoY to 15.1TWh) on the back of capacity additions, and ii) higher load factor at 35% (+1p.p. YoY). **Average selling price** reflects the actual mix of load factors vs. prices, and was stable YoY at USD47/MWh. **Wind resources** were stronger (98% of P50 in 2017 vs 96% of P50 in 2016) particularly in the Central and East region of the US (~+2p.p. YoY) where EDPR has the largest amount of capacity in NA.

Income from institutional partnerships increased to USD255m (+USD36m YoY), reflecting new tax equity partnerships and the output of the projects generating PTCs, along with PTCs upward price revision to USD24/MWh. As of Dec-17, EDPR had completed two institutional partnerships in the US, in the amount of USD507 million for all its 2017 projects: i) USD440 million funding of tax equity financing (of which USD115m had already been funded in Sep-17), in exchange for an interest of 363MW respecting to wind farms, located in the state of Indiana, Oklahoma, Wisconsin and Ohio; and ii) USD68 million funding of tax equity financing in exchange for an interest of 60MW in three solar plants located in the state of South Carolina.

In **Canada**, avg. selling price was at USD112/MWh, +2% higher YoY mainly reflecting the forex evolution (CAD/USD). In Dec-17 EDPR was awarded with a 20-year Renewable Energy Support Agreement (RESA) for 248MW of wind onshore in Canada, with commercial operation expected to occur in Dec-19.

In Mexico, EDPR has a bilateral supply agreement under self-supply regime. Avg. load factor was 39%. Avg. selling price was at USD60/MWh.

Wind and solar capacity with PPAs contracted under construction in North America totaled +480MW (located in the US): 78MW Arkwright (New York); 200MW Meadow Lake VI (Indiana); and 202MW Turtle Creek (Iowa).

In **Brazil**, installed capacity totalled 331MW in Dec-17, (+127MW YoY related to JAU & Aventura wind farm that start its operation in 4Q17) and operates under long-term contracts providing visibility over cash-flow generation. **EBITDA increased by +110% YoY, to R\$203m in 2017** reflecting i) +9p.p. increase in the avg. load factor to 43% in 2017 vs. 35% in 2016; ii) higher capacity in operation and iii) higher avg. selling price. **Avg. selling price** (+34% YoY) at R\$289/MWh in 2017 reflected the temporary reduction in volumes under PPA contracts for 2H17 and benefited from the higher merchant prices in Brazil in the period.

As of Dec-17, EDPR had +137MW **under construction** respecting to Babilônia wind project which is due in 2018. Also in Dec-17, EDPR secured a 20-year PPA at the Brazilian energy A-6 auction to sell electricity in the regulated market. The energy will be produced by wind farms (Santa Rosa e Mundo Novo) totalling 218MW of new capacity and with commercial operation expected to occur in January 2023.

🛉 • Energy is sold either under PPAs (up to 20 years), Hedges or Merchant prices; Green Certificates (Renewable Energy Credits, R EC) subject to each state regulation

• Tax Incentive: (i) PTC collected for 10-years since COD (\$24/MWh in 2017); (ii) Wind farms beginning construction in 2009-10 could opt for 30% cash grant in lieu of PTC

• Feed-in Tariff for 20 years (Ontario)

• Bilateral Electricity Supply Agreement for 25 years under self-supply regime

Installed capacity under PROINFA program

Competitive auctions awarding 20-years PPAs

### EDP Renováveis: Spain & Portugal

Spain	2017	2016	Δ%	Δ Abs.
Installed capacity (MW)	2,244	2,194	2%	+50
Avg. load factor (%)	27%	26%	2/0	1 p.p.
	2770	2078	-	т р.р.
Production (GWh)	5,095	4,926	3%	+169
Prod. w/capac. complement (GWh)	4,692	4,528		
Standard production (GWh)	4,140	4,100		
Above/(below) std. prod. (GWh)	552	429		
Prod. w/o cap. complement (GWh)	404	398		
Avg. Price (€/MWh)	77.0	76.2	1%	+1
Total GWh: realised pool (€/MWh)	49.9	34.3	45%	+16
Regulatory adj. on std. GWh (€m)	-18	22		
Complement (€m)	181	158		
Hedging gains/(losses) (€m)	-25	26		
Gross profit (1)	416	349	19%	+67
EBITDA (1)	276	252	9%	+23
EBIT (1)	164	120	36%	+44
Installed capacity (MW Equity)	152	177	-14%	-25
Capex (€m)	48	11	331%	+37
Capacity under construction (MW)	68	-	-	+68

Portugal	2017	2016	Δ%	Δ Abs.
Installed capacity (MW)	1,253	1,251	0%	+3
Avg. Load factor (%)	27%	28%	-4%	-1 p.p.
Electricity output (GWh)	2,912	3,047	-4%	-136
Avg. selling price (€/MWh)	90.0	87.8	2%	+2
Gross profit	261	268	-3%	-7
EBITDA	212	223	-5%	-11
EBIT	158	151	5%	+7
Installed capacity (MW Equity)	-	-	-	-
Capex (€m)	27	29	-6%	-2
Capacity under construction (MW)	55	3	2112%	+53

In **Spain**, EDPR installed capacity increased +50MW to 2,244MW in 2017 (MW EBITDA), due to the acquisition of a 50% stake in a Spanish wind farm that was previously equity accounted, to which accrues 152MW, equivalent to EDPR's equity position in other wind projects (equity-method consolidated).

**EBITDA in Spain increased 9% YoY to €276m**, supported by: i) higher avg. capacity on stream (+1% YoY) and ii) higher load factor (+1p.p. YoY at 27%), that lead to an increase of the output of +3% during the period to 5.1TWh, and iii) the higher avg. prices (+1% YoY). **Average selling price** increased smoothly to €77/MWh backed by: i) higher realised pool prices at €50/MWh in 2017 vs. €34/MWh in 2016, and partially mitigated by -€18m of regulatory adjustment<sup>(2)</sup> and ii) -€25m loss due to forward sales related to our hedging strategy. For 2018, EDPR hedged 2.4 TWh at €41/MWh.

It is worth mentioning that the remuneration framework in Spain was revised in Feb-17, establishing the new parameters of remuneration for renewable energy assets for 2017-2019 which includes: an increase of wind profile coefficient to 14.79% from previous 11.11%; 2014-2016 regulatory adjustments; and new forecasted pool prices with defined caps and floors for the standard production. 92% of Spanish capacity is entitled to receive capacity complement.

In Portugal, EDPR owns a portfolio of 1,253MW, which includes 5MW of solar capacity (+3MW YoY).

**EBITDA in Portugal amounted to €212m in 2017**, -€11m YoY, reflecting a 4% decline in electricity production penalized by the weaker load factor (-1p.p. YoY). **Wind coefficient** in Portugal was slightly below the historical avg. at 0.97 in 2017, that compares with 1.00 in 2016. **Average selling price** was +2% YoY to €90/MWh in 2017, reflecting essentially the inflation indexation of the feed-in-tariff.

In line with the  $\leq$ 2bn strategic partnership with CTG established in Dec-11, EDPR agreed in Feb-17 to sell 49% of equity in a portfolio of wind assets in Portugal for a total amount of  $\leq$ 242m. The transaction scope covered 422MW of wind. These assets were part of ENEOP project and have been fully consolidated at EDPR following the conclusion of asset split process in 2015. In late Jun-17 EDPR announced the closing of the operation for a final consideration of  $\leq$ 248m.

As of Dec-17, EDPR had 123MW under construction: 68MW in Spain and 55MW in Portugal.

• Wind energy receives pool price and a premium per MW, if necessary, in order to achieve a target return established as 'Spanish 10-year Bond yields + 300bp'; Every 3 years, there will be revisions as to compensate deviations from the expected pool price

• Premium calculation is based on standard assets (standard load factor, production and costs)

• Older Wind farms: Feed-in Tariff updated with inflation and inversely correlated with load factor. Duration: 15 years (Feed-in tariff updated with inflation) + 7 years (extension cap/floor system: €74/MWh - €98/MWh)

• ENEOP: price defined in a international competitive tender and set for 15 years (or the first 33 GWh per MW) + 7 years (extension cap/floor system: €74/MWh - €98/MWh). Tariff for first year established at c.€74/MWh and CPI monthly update for following years

• VENTINVESTE: price defined in a international competitive tender and set for 20 years (or the first 44 GWh per MW)

(1) Includes hedging results in energy markets; (2) Baseload higher than regulatory caps;

### EDP Renováveis: Rest of Europe

Rest of Europe	2017	2016	Δ%	Δ Abs.	In European markets outside of Iberia, EDPR has a total installed capacity of 1,564MW in Dec-17, (+22MW YoY, in France) and 88MW
Installed capacity (MW)	1,564	1,541	1%	+22	under construction: +77MW in Italy and +11MW in France.
Avg. load factor (%)	27%	25%	9%	2 p.p.	EDDDL EDITA is Dart of Furance is superced by 20% VeV to 6220m is 2017 which it is always the asis of 620m obtained from the cale
Electricity output (GWh)	3,662	3,257	12%	+405	EDPR's EBITDA in Rest of Europe increased by 23% YoY, to €238m in 2017, which: i) includes the gain of €29m obtained from the sale
Avg. selling price (€/MWh)	79.4	83.3	-5%	-4	of the 23% stake in equity shareholding on the Moray Offshore Windfarm in the UK; ii) reflects the higher load factor at 27% in 2017
					vs. 25% in 2016, and iii) higher avg. capacity on stream (+3%), offsetting a slight decrease on the avg. selling price -5% (€79MWh in
Poland					2017 vs. €83MWh in 2016) mainly penalized by the new regulatory methodology on Poland selling prices).
Installed capacity (MW)	418	418	0%		2017 V. costriver in 2019 manage by the new regulatory include 000 or 1 oran semily precision
Avg. load factor (%)	30%	25%	19%	5 p.p.	In Poland, EDPR operates 418MW of wind capacity. Wind output increased 15% boosting avg. load factor by 5p.p. YoY, more than
Electricity output (GWh)	1,093	951	15%	+143	offsetting the lower avg. capacity on stream (-3% YoY). Average selling price was 19% lower YoY, at PLN265/MWh driven by the green
Avg. selling price (PLN/MWh)	265	325	-19%	-60	
EUR/PLN - Avg. Rate in period	4.26	4.36	2%	-0	certificates' price and a change in law in the substitution fee calculation method. From Sep-17 onwards, substitution fee for non-
Romania					compliance with GC obligation is calculated as 125% of the avg. market price of the GC from the previous year and capped at PLN300.
Installed capacity (MW)	521	521	0%	_	
Avg. load factor (%)	28%	25%	11%	3 p.p.	In Romania, EDPR operates 521MW: 471MW in wind and 50MW of solar PV. Wind and solar output increased 13% YoY, to 1,3TWh in
Electricity output (GWh)	1,295	1,143	13%	+151	2017, propelled by an upper avg. load factor at 28% in 2017. In turn avg. selling price was slighly lower at RON337/MWh in 2017 (-1%
Avg. selling price (RON/MWh)	337	340	-1%	-3	
EUR/RON - Avg. Rate in period	4.57	4.49	-2%	+0	YoY).
Eonymont Wig. Nate in period					In France, EDPR added 22MW of wind capacity (+4MW in 4Q17), amounting to a total installed capacity in the market of 410MW as of
France					
Installed capacity (MW)	410	388	6%	+22	Dec-17. Wind output increased 4% YoY, to 808GWh, due to the higher capacity in operation, along with a stable YoY avg. load factor
Avg. load factor (%)	23%	23%	-1%	-1 p.p.	at 23%, in 2017. <b>Average tariff</b> sligthly higher at €91/MWh, (+1% YoY).
Electricity output (GWh)	808	777	4%	+31	
Avg. selling price (€/MWh)	91	90	1%	+1	In Belgium, the 71MW in operation increased its output by 1% YoY to 129GWh on the back of slightly higher avg. load factor +0.3p.p.
					YoY. <b>Average selling price</b> was flat at €105/MWh which reflects the actual price structure (PPAs).
Belgium & Italy					
Installed capacity (MW)	215	215	0%	-	In Italy, EDPR operates 144MW of wind technology. Wind output advanced 30% YoY to 337GWh, reflecting more avg. capacity on
Avg. load factor (%)	25%	25%	0%	-0 p.p.	stream (+38%), which offset the lower load factor (-2p.p.). Average tariff increased 4% YoY to €121/MWh, due to a higher market
Electricity output (GWh)	466	386	21%	+80	
Avg. selling price (€/MWh)	117	113	3%	+4	prices (in wind farms installed before 2013).
Cross profit	289	268	8%	+21	In Jul-17, EDPR closed an agreement with ENGIE, to sell a 23% stake in equity shareholding and outstanding shareholders loans on the
Gross profit EBITDA	289 238	194	23%	+21	
EBIT	117	96	23%	+44	Moray Offshore Windfarm in the UK, for a total consideration of £21 million. In Sep-17, Moray Offshore Windfarm was awarded with a
LUII	117	50	21/0	120	15-year Contract for Difference (CfD) for the delivery of 950 MW of offshore wind generation at £57.5/MWh (2012 tariff-based). The
Capex (€m)	75	90	-16%	-15	project is expected to be completed until 2022.
Capacity under construction (MW)	88	18	378%	+70	

• Price set either through bilateral contracts or selling to distributor at regulated price (PLN162.5/MWh for 4T17); Wind receive 1 GC/MWh which can be traded in the market. Electric suppliers have a substitution fee (PLN300/MWh) for non compliance with GC obligation. From Sep-17 onwards, substitution fee is calculated as 125% of the avg market price of the GC from the previous year and capped at 300PLN.

• Wind assets (installed until 2013) receive 2 GC/MWh until 2017 and 1 GC/MWh after 2017 until completing 15 years; Wind assets (installed in 2013) receive 1.5 GC/MWh until 2017 and after 0.75 GC/MWh until completing 15 years. The GCs issued starting in Apr-2017 and the GCs postponed to trading from Jul-2013 will remain valid and may be traded until Mar-2032

• Feed-in tariff for 15 years: (i) €82/MWh up to 10<sup>th</sup> year, inflation updated; (ii) Years 11-15: €82/MWh @ 2,400 hours, decreasing to €28/MWh @ 3,600 hours, inflation updated

• Wind & solar energy sold at 'Market price + green certificate (GC)'; Separate GC prices with cap and floor for Wallonia (€65/MWh-100/MWh); Option to negotiate long-term PPAs

• Projects online before 2013 are (during 15 years) under a pool + premium scheme (premium=1x€180/MWh –"P-1")x0.78, being P-1 previous year average market price; Assets online from 2013 onwards were awarded a 20 years contract through competitive auctions

### Regulated Networks & Regulatory Receivables in Iberia



Income Statement (€ m)	2017	2016	Δ%	Δ Abs.
Gross Profit	1,596	1,727	-8%	-131
OPEX (1)	467	486	-4%	-19
Other operating costs (net)	231	252	-8%	-21
Net Operating Costs	698	738	-5%	-39
EBITDA	898	990	-9%	-92
Provisions	(2)	(1)	-50%	-1
Amortisation and impairment	309	342	-10%	-33
EBIT	591	649	-9%	-58
Capex & Opex Performance	2017	2016	Δ%	Δ Abs.
Controllable Operating Costs (2) (6)	398	402	-1%	-5
Cont. costs/customer (€/customer) (2) (6)	58	59	-2%	-1
Cont. costs/km of network (€/Km) (2) (6)	1,612	1,636	-1%	-24
Employees (#)	3,440	3,806	-10%	-366
Capex (Net of Subsidies) (€m)	349	346	1%	+3
Network ('000 Km) (6)	247	246	0.3%	+1
Regulatory Receivables (€ m)	2017	2016	Δ%	Δ Abs.
Regulatory Receivables (€ m) Total Net Iberia Regulatory Receivables	2017 845	2016 1,065	<u>Δ%</u> -21%	<u>Δ Abs.</u> -220
	845			
Total Net Iberia Regulatory Receivables	845			
Total Net Iberia Regulatory Receivables Portugal - Last Resort Supplier + Distribution Beginning of Period Recoveries in the period (3)	845 + Gas	1,065	-21%	-220
Total Net Iberia Regulatory Receivables Portugal - Last Resort Supplier + Distribution Beginning of Period Recoveries in the period (3) Tariff deviation/deficit in the period	845 + Gas (1,568) 1,426	<b>1,065</b> <b>2,021</b> (2,549) 1,265	-21% -63% 38% 13%	-220 -1,277 +981 +161
Total Net Iberia Regulatory Receivables Portugal - Last Resort Supplier + Distribution Beginning of Period Recoveries in the period (3) Tariff deviation/deficit in the period Other (4)	845 + Gas (1,568) 1,426 6	<b>1,065</b> <b>2,021</b> (2,549) 1,265 8	-21% -63% 38% 13% -21%	-220 -1,277 +981 +161 -2
Total Net Iberia Regulatory Receivables Portugal - Last Resort Supplier + Distribution Beginning of Period Recoveries in the period (3) Tariff deviation/deficit in the period	845 + Gas (1,568) 1,426	<b>1,065</b> <b>2,021</b> (2,549) 1,265	-21% -63% 38% 13%	-220 -1,277 +981 +161
Total Net Iberia Regulatory Receivables Portugal - Last Resort Supplier + Distribution Beginning of Period Recoveries in the period (3) Tariff deviation/deficit in the period Other (4)	845 + Gas (1,568) 1,426 6	<b>1,065</b> <b>2,021</b> (2,549) 1,265 8	-21% -63% 38% 13% -21%	-220 -1,277 +981 +161 -2
Total Net Iberia Regulatory Receivables Portugal - Last Resort Supplier + Distribution Beginning of Period Recoveries in the period (3) Tariff deviation/deficit in the period Other (4) End of Period Portugal - CMEC's Beginning of Period	845 + Gas (1,568) 1,426 6	<b>1,065</b> <b>2,021</b> (2,549) 1,265 8	-21% -63% 38% 13% -21%	-220 -1,277 +981 +161 -2
Total Net Iberia Regulatory Receivables Portugal - Last Resort Supplier + Distribution Beginning of Period Recoveries in the period (3) Tariff deviation/deficit in the period Other (4) End of Period Portugal - CMEC's Beginning of Period (Recovery)/Return in the Period	845 + Gas 744 (1,568) 1,426 6 6 608 253 (124)	1,065 2,021 (2,549) 1,265 8 744 216 (132)	-21% -63% 38% 13% -21% -18% 17% 6%	-220 -1,277 +981 +161 -2 -136 +37 +8
Total Net Iberia Regulatory Receivables Portugal - Last Resort Supplier + Distribution Beginning of Period Recoveries in the period (3) Tariff deviation/deficit in the period Other (4) End of Period Portugal - CMEC's Beginning of Period (Recovery)/Return in the Period Deviation in the period	845 + Gas (1,568) 1,426 6 6 608 253 (124) 108	1,065 2,021 (2,549) 1,265 8 744 216 (132) 169	-21% -63% 38% 13% -21% -18% 17% 6% -36%	-220 -1,277 +981 +161 -2 -136 +37 +8 -62
Total Net Iberia Regulatory Receivables Portugal - Last Resort Supplier + Distribution Beginning of Period Recoveries in the period (3) Tariff deviation/deficit in the period Other (4) End of Period Portugal - CMEC's Beginning of Period (Recovery)/Return in the Period Deviation in the period Other	845 + Gas (1,568) 1,426 6 608 (124) 108 (0)	<b>2,021</b> (2,549) 1,265 8 <b>744</b> <b>216</b> (132) 169 (0)	-21% -63% 38% 13% -21% -18% 17% 6% -36% n.m.	-220 -1,277 +981 +161 -2 -136 +37 +8 -62 +0
Total Net Iberia Regulatory Receivables Portugal - Last Resort Supplier + Distribution Beginning of Period Recoveries in the period (3) Tariff deviation/deficit in the period Other (4) End of Period Portugal - CMEC's Beginning of Period (Recovery)/Return in the Period Deviation in the period Other End of Period	845 + Gas (1,568) 1,426 6 6 608 253 (124) 108	1,065 2,021 (2,549) 1,265 8 744 216 (132) 169	-21% -63% 38% 13% -21% -18% 17% 6% -36%	-220 -1,277 +981 +161 -2 -136 +37 +8 -62
Total Net Iberia Regulatory Receivables Portugal - Last Resort Supplier + Distribution Beginning of Period Recoveries in the period (3) Tariff deviation/deficit in the period Other (4) End of Period Portugal - CMEC's Beginning of Period (Recovery)/Return in the Period Deviation in the period Other	845 + Gas (1,568) 1,426 6 608 (124) 108 (0)	<b>2,021</b> (2,549) 1,265 8 <b>744</b> <b>216</b> (132) 169 (0)	-21% -63% 38% 13% -21% -18% 17% 6% -36% n.m.	-220 -1,277 +981 +161 -2 -136 +37 +8 -62 +0
Total Net Iberia Regulatory Receivables Portugal - Last Resort Supplier + Distribution Beginning of Period Recoveries in the period (3) Tariff deviation/deficit in the period Other (4) End of Period Portugal - CMEC's Beginning of Period (Recovery)/Return in the Period Deviation in the period Other End of Period Spain - Tariff deficit Beginning of Period	845 + Gas (1,568) 1,426 6 608 (124) 108 (0)	<b>2,021</b> (2,549) 1,265 8 <b>744</b> <b>216</b> (132) 169 (0)	-21% -63% 38% 13% -21% -18% 17% 6% -36% n.m.	-220 -1,277 +981 +161 -2 -136 +37 +8 -62 +0 -17
Total Net Iberia Regulatory Receivables Portugal - Last Resort Supplier + Distribution Beginning of Period Recoveries in the period (3) Tariff deviation/deficit in the period Other (4) End of Period Portugal - CMEC's Beginning of Period (Recovery)/Return in the Period Deviation in the period Other End of Period Spain - Tariff deficit Beginning of Period Previous periods tariff deficits (5)	845 + Gas 744 (1,568) 1,426 6 608 253 (124) 108 (0) 237	1,065 2,021 (2,549) 1,265 8 744 216 (132) 169 (0) 253	-21% -63% 38% 13% -21% -18% 17% 6% -36% n.m7%	-220 -1,277 +981 +161 -2 -136 +37 +8 -62 +0
Total Net Iberia Regulatory Receivables Portugal - Last Resort Supplier + Distribution Beginning of Period Recoveries in the period (3) Tariff deviation/deficit in the period Other (4) End of Period Portugal - CMEC's Beginning of Period (Recovery)/Return in the Period Other End of Period Spain - Tariff deficit Beginning of Period Previous periods tariff deficits (5) Tariff deficit in the period	845 + Gas 744 (1,568) 1,426 6 608 253 (124) 108 (0) 237 68	1,065 2,021 (2,549) 1,265 8 744 216 (132) 169 (0) 253 70	-21% -63% 38% 13% -21% -18% 17% 6% -36% n.m. -7%	-220 -1,277 +981 +161 -2 -136 +37 +8 -62 +0 -17 -2
Total Net Iberia Regulatory Receivables Portugal - Last Resort Supplier + Distribution Beginning of Period Recoveries in the period (3) Tariff deviation/deficit in the period Other (4) End of Period Portugal - CMEC's Beginning of Period (Recovery)/Return in the Period Deviation in the period Other End of Period Spain - Tariff deficit Beginning of Period Previous periods tariff deficits (5)	845 + Gas 744 (1,568) 1,426 6 608 253 (124) 108 (0) 237 68	1,065 2,021 (2,549) 1,265 8 744 216 (132) 169 (0) 253 70	-21% -63% 38% 13% -21% -18% 17% 6% -36% n.m. -7%	-220 -1,277 +981 +161 -2 -136 +37 +8 -62 +0 -17 -2

Regulated networks in Iberia in 2016 and 2017 included our activities of distribution of electricity and gas, in Portugal and Spain. Having said this, EDP ceased its gas distribution activities in both Spain and Portugal: (i) in Spain, EDP concluded the sale of Naturgas Energía Distribución ('NED') on 27-Jul-17; (ii) in Portugal, EDP concluded the sale of Portgas on 4-Oct-17, disposing of the distribution networks and solely keeping the last resort supply activity.

**EBITDA from regulated networks** fell by 9% YoY (- $\in$ 92m), to  $\in$ 898m in 2017, largely impacted by the deconsolidation of gas distribution in Spain and Portugal (- $\in$ 83m YoY) and material one-off provisions booked in electricity distribution in Spain (- $\notin$ 45m in 2017) and Portugal (- $\notin$ 12m in 2017). Adjusted for these, pro-forma recurring EBITDA rose by 6% YoY, to  $\notin$ 826m in 2017, supported by tight cost control and stable gross profit (+0.5% YoY).

**Controllable operating costs** in the electricity networks fell by 1% YoY (- $\in$ 5m), reflecting the mixed impact of i) headcount reduction and lower client services; ii) acceleration of growth in supply points in distribution (Portugal). **Capex** amounted to  $\notin$ 349m in 2017, including  $\notin$ 30m invested in smart grids in Portugal.

In Portugal, total debt owed by the electricity system decreased by  $\notin$  424m during 2017 (- $\notin$  269m in 4Q17 alone), from  $\notin$  5.09bn in Dec-16 to  $\notin$  4.67bn in Dec-17. On 15-Dec-17, ERSE released final 2018 electricity tariffs and parameters for the regulatory period 2018-20, according to which Portuguese electricity system's regulatory receivables should decline by around  $\notin$  0.7bn over 2018.

**Regulatory receivables owed to EDP in Iberia** decreased by €220m YoY (-21%), from €1.1bn in Dec-16 to €0.8bn in Dec-17, supported by €136m YoY decrease in Electricity distribution, LRS and gas in Portugal, the disposal of gas distribution in Iberia and by the end of CMEC annual adjustment in Portugal (Jul-17).

**EDP's regulatory receivables from electricity distribution, last resort supply and gas distribution in Portugal** decreased during the year, from  $\xi$ 744m in Dec-16 to  $\xi$ 608m in Dec-17 driven by: (1) - $\xi$ 1.2bn following the sale without recourse of the right to receive part of the 2015-17 tariff deficits; (2) + $\xi$ 1.3bn of ex-ante tariff deficit for 2017, to be fully recovered under a 5-year payment schedule ending in 2021 and remunerated at 1.88% annual return; (3) - $\xi$ 412m recovered through tariffs related to negative previous years' deviations and to past tariff deficits; (4) + $\xi$ 88m of new electricity tariff deviations created in the 2017; and (5) - $\xi$ 3m net impact in gas distribution following its disposal. The main drivers for new tariff deviations in the electricity in Portugal generated in the 2017 (+ $\xi$ 88m) were: (i) + $\xi$ 34m, as lower revenues from stability measures ( $\xi$ 181m) and higher-than-expected cost with electricity purchases by the last resort supplier ( $\xi$ 13m), were partly offset by lower-than-expected special regime overcost (- $\xi$ 154m) and others; and (ii) + $\xi$ 54m tariff deviation from electricity distribution activity derived from deviations on consumption mix.

**Regulatory receivables from CMECs** decreased from €253m in Dec-16 to €237m in Dec-17 due to: (1) €124m recovered in the period through tariffs, related to 2015 and 2016 negative deviations; and (2) €108m negative deviation in the 2017.

Regulatory receivables in Spain decreased from €68m in Dec-16 to zero in Dec-17, following the disposal of NED.

(1) OPEX = Supplies and services + Personnel costs + Costs with social benefits; (2) Supplies & services + personnel costs; (3) Includes the assignment to a third party of the right to tariff deficits/adjustments; (4) Data for elecricity networks. and recovery or pay-back through the tariffs of previous years' tariff deviations. (4) Includes interest on tariff deviations; (5) Includes the recovery/payment of previous periods tariff deficits.

### Electricity Distribution and Last Resort Supply in Portugal

Income Statement (€ m)	2017	2016	Δ%	Δ Abs.
Gross Profit	1,245	1,243	0%	+2
OPEX (1) Concession fees Other operating costs (net) <b>Net Operating Costs</b>	368 255 (9) <b>614</b>	368 253 4 <b>626</b>	-0% 1% - <b>-2%</b>	-0 +2 -13 <b>-11</b>
EBITDA	630	617	2%	+13
Provisions Amortisation and impairment	-2.0 248	-2.3 244	14% 2%	+0 +4
EBIT	384	376	2%	+8

2017	2016	Δ%	Δ Abs.
1,245	1,243	0%	+2
1,240	1,238	0%	+2
5	5	-7%	-0
1,203	1,196	1%	+8
44,753	44,599	0%	+154
6,187	6,142	1%	+45
36	42	-13%	-6
1,223	1,399	-13%	-176
3,243	4,202	-23%	-959
	<b>1,245</b> 1,240 5 1,203 44,753 6,187 36 1,223	1,245         1,243           1,240         1,238           5         5           1,203         1,196           44,753         44,599           6,187         6,142           36         42           1,223         1,399	1,245         1,243         0%           1,240         1,238         0%           5         5         -7%           1,203         1,196         1%           44,753         44,599         0%           6,187         6,142         1%           36         42         -13%           1,223         1,399         -13%

Capex & Opex Performance	2017	2016	Δ%	Δ Abs.
Controllable Operating Costs (2)	<b>344</b>	<b>341</b>	<b>0.7%</b>	+ <b>2</b>
Cont. costs/customer (€/customer)	55.6	55.6	-0%	-0
Cont. costs/km of network (€/Km)	1,521	1,515	0.4%	+6
Employees (#)	3,129	3,257	-4%	-128
Capex (Net of Subsidies) (€m)	<b>288</b>	<b>270</b>	<b>7%</b>	<b>+18</b>
Network ('000 Km)	226	225	0.3%	+1
Equival. interruption time (min.) (3)	53	50	6%	+3

**EBITDA** from electricity distribution and last resort supply (LRS) in Portugal amounted to €630m in the 2017, impacted by €12m one-off restructuring costs. Adjusted for this, EBITDA rose by 4% YoY, to €642m in 2017, reflecting tight cost control and virtually unchanged regulated revenues.

In 2017, regulated gross profit amounted to €1,240m, 0.2% higher YoY and broadly in line with the amount preliminarily set by ERSE in 2017 tariffs.

In electricity distribution, regulated revenues in 2017 were 0.6% higher YoY and €4m higher than preliminary revenues set by ERSE, at €1,203m, reflecting the mixed impact of higher rate of return on assets (RoRAB: 6.68% vs. 6.48% assumed by ERSE), smoother demand growth and portfolio expansion (+0.7% in supply points). Electricity distributed in 2017 rose by 0.3% YoY, negatively impacted by the effects of temperature, working days and adjustments to last year's demand: adjusted for these, demand was up by 1.7%, mainly driven by medium/high voltage segments, while consumption in the residential segment was flattish.

In the **last resort electricity supply activity (LRS)**, regulated revenues amounted to €36m in 2017, €3m short of preliminary amount set by ERSE and 13% down YoY, in line with the contraction in customers base following consumers' switching to the free market. **Total number of clients supplied by the last resort supplier** declined by 176 thousand YoY, to 1,223 thousand in Dec-17 (representing 20% of total electricity clients), mostly in the residential segment. The **volume of electricity supplied** by our LRS fell by 23% YoY, to 3,243GWh in the 2017.

**Controllable operating costs** were 0.7% higher YoY in 2017, reflecting the mixed impact from: (i) tight cost control and headcount reduction (-4%); and (ii) the expansion of supply points in the distribution business, higher costs related to both digitalisation process and abnormally large forest fires; and lower fixed costs dilution in the last resort supply activity.

**Capex** was 7% higher YoY, at €288m in the 2017, including €30m invested in smart grids. The **equivalent interruption time** increased to 53 minutes in 2017 from 50 minutes in the 2016. Additionally, it is worth to mention the impact from forest fires during summer which implied higher OPEX and a step up in capex to overcome these events' harms.

On 15-Dec-17, ERSE published the final terms for 2018 tariffs and for parameters applicable to the regulatory period of 2018-20. For the activity of electricity distribution, ERSE set regulated revenues of €1,062 million for 2018 (excluding previous year adjustments), considering: i) for the low voltage distribution segment, a preliminary ROR of 6.00% in 2018; ii) for the high and medium voltage distribution segment, a preliminary rate of return ("ROR") of 5.75% before taxes. The definitive rate in the period 2018-20 for Medium/High voltage segment will range from 4.75% to 9.75% (floor/cap), and will be set for year t, based on the daily average of the 10 year Portuguese government bond yield between October of year t-1 and September of year t. For the **last resort electricity supply**, ERSE defined regulated gross profit (excluding previous year adjustments) of €38 million in 2018, considering a 0.2% average decrease for normal low voltage (NLV) electricity tariffs. Tariffs for 2018 also assume: (i) an expected electricity demand in Portugal of 45.3TWh in 2017 (1.2% above volume distributed in 2017); and (3) a GDP deflator of 1.4% and an efficiency factor of 2% for electricity distribution and 1.5% for LRS. **Overall regulated gross profit for distribution and LRS preliminarily set for 2018 amounts to €1,100m (-11% compared to regulated gross profit booked in 2017).** 

(1) OPEX = Supplies and services + Personnel costs + Costs with social benefits; (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 Sp	ain			Gas Spai	n			Gas Portuga	I		Iberian Regulated Networks	2017	2016	9/ 1	Abs. Δ
	2017	2016	%Δ	Abs. $\Delta$	2017	2016	%Δ	Abs. $\Delta$	2017	2016	%Δ	Abs. Δ	Iberian Regulated Networks	2017	2010	76 Δ	ADS. D
Gross Profit	185	222	-17%	-37	124	195	-36%	-71	42	68	-38%	-26	Number Supply Points (th)				
													Electricity Spain	664	663	0%	
OPEX (1)	58	64	-10%	-6	30	39	-23%	-9	12	16	-27%	-4	Gas Spain	-	1,008	-	-1,00
Other operating costs (net)	(12)	(3)	283%		(2)	(3)	-15%	0	(1)	(1)	70%	-0	Gas Portugal	-	342	-	-34
Net Operating Costs	46	61	-25%	-15	28	36	-24%	-9	11	15	-30%	-5					
													Energy Distributed (GWh)				
EBITDA	140	161	-13%	-22	97	159	-39%	-62	31	52	-40%	-21	Electricity Spain	9,331	9,190	2%	
													Gas Spain	17,980	26,441	-32%	
Provisions	0	1	-	-	(0)	(0)	-81%	0	0	0	n.m.		Gas Portugal	5,326	7,114	-25%	-1,78
Amortisation and impairment	49	41	20%	8	12	41	-71%	-29	0	16	-99%	-16					
													Network (Km)				
EBIT	91	119	-24%	-28	85	118	-28%	-33	31	36	-14%	-5	Electricity Spain	20,613	20,520	0%	+9
													Gas Spain	-	8,101	-	-8,10
Capex (net os subsidies)	37	34	8%	3	9	19	-52%	-10	15	22	-34%	-8	Gas Portugal	-	5,085	-	-5,08
													Employees (#)				
Gross Profit	185	222	-17%	-37	124	195	-36%	-71	42	68	-38%	-26	Electricity Spain	307	302	2%	+
Regulated Revenues	188	182	3%	6	104	169	-38%	-65	43	61	-29%	-18	Gas Spain	-	182	-	-18
Non-regulated gross profit	(3)	40	-	-43	20	26	-23%	-6	(1)	7	-	-8	Gas Portugal	4	65	-94%	

#### **ELECTRICITY DISTRIBUTION IN SPAIN**

**EBITDA from our electricity distribution activity in Spain** decreased 13% YoY, to €140m in 2017, mainly impacted by a €45m one-off provisions in 2017, in order to reflect uncertainties on future regulatory decisions and HR restructuring costs. EBITDA performance further reflected tight cost control and the reversal of a provision.

**Regulated revenues** rose by 3% YoY and electricity distributed by our subsidiary, EDP España (mostly in the region of Asturias) was 1.5% up YoY in the 2017, to 9.3TWh.

Regulated revenues for electricity distribution are set for the period 2016-19, under the regulatory framework designed in Dec-13 (Law 24/2013 and RD 1048/2013), Dec-15 (Ministerial order IET 2660/2015 and Jun-16 (Ministerial order IET980/2016), encompassing a return on RAB equivalent to a 200bp premium over 10-year Spanish bond yields, equaling to 6.5%. In Sep-17, the government initiated a public audience process, which can lead to some changes to IET/980/2016, thereby resurfacing risk of possible regulatory changes even before the end of the current regulatory period.

#### GAS REGULATED NETWORKS IN SPAIN

The sale of 100% of Naturgas Energía Distribución ('NED') for an Enterprise Value of  $\leq 2.6$ bn (of which  $\leq 0.2$ bn will be progressively cashed in expectably 5 years) was completed on 27-Jul-17. Accordingly, EDP group ceased operations in the gas distribution in Spain on that date.

In the 2017, gas regulated activities in Spain booked an EBITDA of €97m and an EBIT of €85m, in the wake of 18TWh of gas distributed.

#### GAS REGULATED NETWORK IN PORTUGAL

The sale of EDP Gás S.G.P.S. (EDP Gas) was completed on 4-Oct-17, with an overall impact on net debt of €530m. Accordingly, EDP group ceased operations in the gas distribution in Portugal on that date, keeping the last resort supply gas activities.

**EBITDA from gas regulated activities in Portugal** in the 2017 decreased to €31m, in line with the regulatory revision in Jul-16, and adjustments to previous years' non-regulated revenues. **Volume of gas distributed** totaled 5.3TWh in the 2017.

As result of the classification of Portgás under "assets held for sale" as from Dec-16, ahead of the decision to sell this business in Apr-17, depreciation and impairments in 2017 were null.

### EDP Brasil: Financial Performance

Income Statement		Consolidated	l (R\$ m)		Consolidated (€ m)			
	2017	2016	Δ%	Δ Abs.	2017	2016	Δ%	Δ Abs.
Gross Profit	3,494	3,277	7%	+217	969	849	14%	+120
OPEX (1) Other operating costs (net) <b>Net Operating Costs</b>	1,085 192 <b>1,277</b>	1,060 (117) <b>943</b>	2% - <b>36%</b>	+25 +309 <b>+335</b>	301 53 <b>354</b>	275 (19) <b>256</b>	10% - <b>38%</b>	+26 +72 <b>+98</b>
EBITDA	2,217	2,334	-5%	-118	615	593	4%	+22
Provisions Amortisation and impairment	30 591	30 560	1% 6%	+0 +31	8 164	8 145	8% 13%	+1 +19
EBIT	1,595	1,745	-9%	-149	443	440	0%	+2
Financial results Results from associates	(548) (16)	(654) (115)	16% 86%	+106 +99	(152) (5)	(170) (30)	-10% -85%	+18 +25
Pre-tax profit	1,031	975	6%	+56	286	241	19%	+45

Capex & Financial Investments		(R\$ m	)		(€ m)				
	2017	2016	Δ%	Δ Abs.	2017	2016	Δ%	Δ Abs.	
Capex	764	652	17%	+112	2	14 16	9 27%	+45	
Financial Investm. in the period	319	497	-36%	-178		91 12	2 -26%	-31	

Energias do Brasil	2017	2016	Δ%	Δ Abs.
Change and a financial (DC (share))	14.00	13.40	4%	+0.60
Share price at end of period (R\$/share)	606.9	13.40 606.9	4%	+0.60
Number of shares Issued (million)	0.7	0.8	-9%	-(
Treasury stock (million) Number of shares owned by EDP (million)	310.8	310.8	-9%	-(
Number of shares owned by EDP (million)	510.8	510.8	-	
Euro/Real - End of period rate	3.97	3.43	-14%	+0.5
Euro/Real - Average of period rate	3.60	3.86	7%	-0.2
Inflation rate (IPCA - YoY)	3.5%	8.8%	-	
Net Debt / EBITDA (x)	2.0	1.5	-	+0.
Average Cost of Debt (%)	11.4	12.1	-	-0.7p.p
Average Interest Rate (CDI)	9.9	14.0	-	-4.1p.p
Employees (#)	2,906	2,927	-1%	-2
	/***	1-		
Key Balance Sheet Figures (R\$ Million)	YE17	YE16	Δ%	Δ Abs.
Financial investm, assets held for sale	1,547	1,181	31%	+36
Net financial debt	4,432	3,517	26%	+91
Regulatory receivables	101	(392)	-	+49
Non-controling Interests	1,158	1,463	-21%	-30
Equity book value	7,924	7,572	5%	+35
Financial Results (R\$ Million)	2017	2016	Δ%	Δ Abs.
Net Interest Costs	(458)	(488)	6%	+3
Capitalised Costs	9	6	44%	+
Forex Differences and Derivatives	14	(159)	-	+17
Other	(113)	(13)	-778%	-10
	(548)			

In local currency, EDP Brasil ("EDPB") EBITDA decreased 5% YoY (-R\$118m) to R\$2,217m in 2017, impacted, by the capital gain of R\$278m in 2016 on the sale of Pantanal mini-hydro, booked at 'other operating income' level. Adjusted by the above mentioned one-off effect, EBITDA would have increased 8% YoY (+R\$160m), despite the very challenging market conditions, tackled with the integration of the whole business portfolio (generation/distribution/supply) through hedging and management of contracted/uncontracted volumes.

**Generation and Supply EBITDA** increased by R\$91m to R\$1,491m, reflecting, for supply, the positive impact of higher volumes and margins (+R\$153m YoY); for Pecém, the booking of an insurance revenue in 2016 (R\$82m) and the negative impact of higher PLD YoY; and for hydro, the negative impact of GSF at 82% and PLD at R\$323/MWh in 2017 (vs. R\$94/MWh in 2016). **EBITDA in distribution** increased by R\$64m YoY to R\$831m in 2017, mostly due to (i) the positive impact of 2016's tariff revisions on regulated gross profit (+R\$71m YoY); (ii) the YoY positive impact of energy overcontracting (+R\$141m YoY); partly offset by the YoY impact of a gain of R\$194m in 2016 with the update on the concessions assets' residual value. EBITDA in EUR terms, which reached €615m, was positively impacted by BRL avg. appreciation against the EUR by 7% (+€40m).

**Net operating costs** increased by R\$335m YoY mostly due to the booking of the aforementioned capital gain. At Opex level, costs increased 2%, still below 2017 avg. inflation (avg. IPCA rate of +3.5% in 2017).

**Net financial debt** increased R\$0.9bn vs. Dec-16 to R\$4.4bn, partly due to a R\$0.5bn increase in regulatory receivables and to a R\$0.2bn decrease in non-controlling interests. Worth noting the capital increase occurred in 2Q16, whose R\$1.5bn proceeds were applied on an early payment in Jun-16 of a R\$300m debt at EDPB holding level, which was costing ~16% (118.7% of average interest rate - CDI), and on another early payment in Dec-16 of a R\$923m debt at Pecém level, allowing savings close to 200bp vs. marginal refinancing cost. **Financial results** improved 16% YoY to R\$548m in 2017, reflecting the positive impact of the abovementioned liability management. Worth noting that interest rates have been declining in Brazil: CDI stood at 9.9% by Dec-17 vs. 14.0% by Dec-16.

**Results from associates** totalled -R\$16m in 2017 (+R\$99m YoY), reflecting a negative contribution from Cachoeira-Caldeirão (-R\$13m) and São Manoel (-R\$3m), partially offset by Jari (+R\$3m).

As of Feb-18, hydro reservoirs were at ~36% of their maximum level (vs. 35% in Feb-17), as the rainy season has allowed for some recovery. Alas, some hydro deficit is still expected to occur in 2018. EDPB has been anticipating and adjusting its hedging strategy, as observed in the 2H17.

(1) OPEX = Supplies and services + Personnel costs + Costs with social benefits

### Brazil: Electricity Distribution

Income Statement (R\$ m)	2017	2016	Δ%	Δ Abs.
Gross Profit	1,731	1,664	4%	+67
OPEX (1) Other operating costs (net) <b>Net Operating Costs</b>	718 182 <b>900</b>	697 200 <b>896</b>	3% -9% <b>0%</b>	+21 -18 <b>+3</b>
EBITDA	831	767	8%	+64
Provisions Amortisation and impairment	23 199	31 184	-26% 8%	-8 +15
FBIT	609	553	10%	+57

Gross Profit Performance	2017	2016	Δ%	Δ Abs.	
					2
Gross Profit (R\$ m)	1,731	1,664	4%	+67	i
Regulated revenues	1,628	1,557	5%	+70	
Other	104	107	-3%	-3	
Regulatory Receivables (R\$ m)					٦
Beginning of period	(392)	735	-	-1,126	t
Past deviations	397	(475)	-	+872	,
Annual deviation (2)	96	(652)	-	+748	`
CDE/ACR Account (3)	-	(052)		.,,40	r
End of period	101	(392)	-	+493	t
Customers Connected (th)	3,377	3,316	2%	+61	ć
EDP São Paulo	1,839	1,804	2%	+35	
EDP Espíritio Santo	1,538	1,512	2%	+26	ł
Electricity Distributed (GWh)	24,704	24,425	1.1%	+280	\$
EDP São Paulo	14,854	14,502	2%	+352	t
EDP Espíritio Santo	9,850	9,923	-1%	-73	`
From which:					ι
To customers in Free Market (GWh)	10,993	9,680	14%	+1,314	ſ
Electricity Sold (GWh)	13,697	14,731	-7%	-1,034	F
EDP São Paulo	7.974	8.597	-7%	-622	
Resid., Commerc. & Other	6,570	6,742	-3%	-172	
Industrial	1,405	1,855	-24%	-450	•
EDP Espírito Santo	5,723	6,135	-7%	-412	e
Resid., Commerc. & Other	5.067	5.244	-3%	-177	(
Industrial	655	890	-26%	-235	
					- 5

Capex & Opex Performance	2017	2016	Δ%	Δ Abs.
Controllable Operating Costs (4)	718	697	3%	+21
Cont. costs/customer (R\$/customer)	213	210	1%	+2
Cont. costs/km (R\$/Km)	8	8	3%	+0
Employees (#)	2,146	2,170	-1%	-24
Capex (net of subsidies) (RŞm)	560	481	17%	+79
Network ('000 Km)	92	92	-0%	-0

**EBITDA from our electricity distribution activity in Brazil increased by R\$64m YoY to R\$831m in 2017**, mostly due to (i) the positive impact of 2016's tariff revisions on regulated gross profit (+R\$71m YoY); (ii) the YoY positive impact of energy overcontracting (+R\$100m in 2017 vs. -R\$45m in 2016); partly offset by the YoY impact of -R\$170m in 2017 due to the the update on the concessions assets' residual value in 2016.

**Gross profit went up 4% YoY to R\$1,731m** in 2017, mostly due to the abovementioned positive impacts. Worth noting also that our distribution companies saw some gains on overcontracted volumes (+R\$145m in 2017 vs. 2016). When the ratio between volumes procured/sold is above the 105% threshold, any gain/loss from the sale of energy surplus in the spot market is not passed-through into tariffs. In 2017 the volumes of energy procurement it contracted surpassed by more than 5% of the volumes demanded by clients, originating a gain due to a higher spot price (PLD) than long term sourcing contracted prices.

**Electricity distributed** increased slightly in 2017 by 1.1% vs. 2016. **Volumes of electricity sold** decreased 7% YoY in 2017, translating a 24% reduction of demand in regulated industrial clients. At the same time, **volumes distributed** to industrial clients in the free market increased 14% YoY to 11TWh in 2017, reflecting the migration of industrial clients from fully regulated tariffs to the liberalized market.

The trajectory of lower non-technical losses observed in the recent quarters was maintained, despite the economic situation. Nontechnical losses in the low-voltage segment have decreased both for EDP Espírito Santo, reaching 11.9% in 2017 (-1.6pp vs. 2016), as well as for EDP São Paulo, whose level stood at 9.6% in 2017 (-0.4pp vs. 2016). Provisions for doubtful clients continued to show some resistence in 2017 at R\$85m (-R\$18m vs. 2016), derived from the economic situation but also due to the significant tariff increases of the recent past. EDPB keeps tackling the situation through increased proximity to clients, regardless of some economic improvement and unemployment reduction in the region of EDP São Paulo.

As of Dec-17, **regulatory receivables** amounted to R\$101m (+R\$493m vs. Dec-16), to be recouped from the system in the following years: i) a R\$96m positive tariff deviation was created, essentially related to higher energy costs than the ones incorporated in the tariffs; ii) R\$397m were recouped by the system regarding past deviations. Tariff revisions at EDP Espírito Santo in Aug-17 (+9% tariff update) and EDP São Paulo in Oct-17 (+24% tariff update) already consider the impact of the current scenario of high spot prices. Note that real post-tax WACC of 8.1% is being applied to distribution on the 4th revision cycle, which will last until Oct-19 for EDP São Paulo and until Aug-19 for EDP Espírito Santo.

**Controllable operating costs increased 3% YoY to R\$718m in 2017**, driven by an increase in supplies and services, due to higher expenses with O&M, IT and clients' services. **Other operating costs** were flat YoY, as the positive impact of the reduction for doubtful clients was offset by some minor one-off asset adjustments. **Distribution capex** was up R\$79m to R\$560m in 2017, following a stronger focus on capex on customer services activities and to the reinforcement of the network's quality of service.

(1) OPEX = Supplies and services + Personnel costs + Costs with social benefits; (2) Net of extraordinary tariff increase and tariff flags impacts; (3) Including financial update of the corresponding regulatory assets/liabilities; (4) S&S and Personnel costs.

### Brazil: Electricity Generation and Supply

Income Statement (R\$M)		Generat	ion	
	2017	2016	Δ%	Δ Abs.
Gross Profit	1,545	1,560	-1%	-1
OPEX (1) Other operating costs (net) Net Operating Costs	231 (1) <b>230</b>	237 (54) <b>182</b>	-2% - <b>26%</b>	- +5 <b>+4</b>
EBITDA	1,315	1,378	-5%	-6
Provisions Amortisation and impairment	4 369	2 351	57% 5%	+ +1
EBIT	943	1,024	-8%	-8

Key Data	2017	2016	Δ%	Δ Abs.
	4 5 45	4 5 6 9	4.0/	45
Gross Profit (R\$ m)	1,545	1,560	-1%	-15
Hydro	943	993	-5%	-50
PPA contracted revenues & Other	1,073	1,010	6%	+62
GSF impact (net of hedging)	(130)	(17)	-663%	-113
Thermal	<b>601</b> 680	<b>567</b> 634	<b>6%</b> 7%	<b>+34</b> +45
PPA contracted revenues			. , -	
Other	(79)	(68)	-16%	-11
Installed Capacity (MW)	2,466	2,466	0%	+0
Hydro	1.746	1.745	0%	+0
Thermal	720	720	-	-
Installed Capacity (MW Equity)	355	296	20%	+58
Electricity Sold (GWh)	13,289	13,187	1%	+102
PPA contracted	11,663	11,978	-3%	-315
Hydro	7,065	7,546	-6%	-481
Thermal	4,597	4,432	4%	+165
Other	1,626	1,209	35%	+417
Avg. Hydro PPA Sale Price (R\$/MWh) (2)	181	166	9%	+15
Capex (R\$ m)	151	145	4%	+6
Financial Investments (RŞ m)	319	497	-36%	-178
Employees (#)	488	511	-5%	-23
EBITDA Breakdown (R\$ m)	2017	2016	Δ%	Δ Abs.
Dacára (1000%)	467	504	-7%	-37
Pecém (100%) Lajeado (73% owned by EDPB)	363	435	-17%	-57
Peixe Angical (60% owned by EDPB)	259	222	17%	+37
Other (100%)	239	216	5%	+37
EBITDA	1,315	1,378	-5%	-63
EBITDA	1,515	1,570	-370	-05
Supply	2017	2016	Δ%	Δ Abs.
	244		22.40/	
Gross profit (R\$ m)	211	49	334%	+163
Net Operating costs (R\$ m)	36	26	36%	+9
EBITDA (R\$ m)	176	23	679%	+153
Electricity sales (GWh)	17,804	12,980	37%	+4,824

EBITDA from our electricity generation activities in Brazil went down 5% YoY (-R\$63m in 2017) to R\$1,315m in 2017, reflecting (i) lower EBITDA at Pecém coal plant (-R\$37m YoY), mostly due to the booking of an insurance compensation 15 revenue in 2016 (R\$82m) and (ii) worse hydro conditions YoY (EBITDA was down R\$25m YoY for hydro in 2017). Worth noting that hydro conditions deteriorated in the 2H17, even though EDPB's hedge + insurance strategy offset most of the impact of a  $_{53}^{-5}$  low GSF (82% in 2017; 70% in 4Q17) and high PLD prices (R\$323/MWh in 2017 vs. R\$93/MWh in 2016). All in all, the combined 47 effect of GSF energy, the hydro insurance (for GSF<92%) and hedging volumes reached a negative impact of R\$130m in 2017</p> vs. a positive impact of R\$17m in 2016.

<sup>+1</sup> Hydro gross profit decreased 5% YoY in 2017, reaching R\$943m, mostly due to the abovementioned R\$113m YoY impact of GSF, partly offset by an increase in avg. hydro prices. The avg. price of hydro volumes, which reached R\$181/MWh in 2017, 82 was 9% higher YoY (PPA prices are inflation updated annually). These positive effects were partly offset by lower hydro volumes sold (-6% YoY), mostly due to the end of some PPAs in Peixe Angical hydro plant in Jan-16.

Pecém's gross profit reached R\$601m in 2017 (+R\$34m YoY), of which R\$680m relative to PPA fixed revenues. Availability stood at 92% in 2017 vs. 88% in 2016, even though EBITDA comparison was negatively impacted by (i) higher PLD in the 2017 vs. 2016, leading to higher costs with short term energy purchases; and (ii) a positive impact in 2016 from a reduction in the provision for penalties on unavailability. Worth noting that Pecém's EBITDA in 2016 was positively impacted (R\$82m) by an insurance recovery related with a large maintenance in one of the plant's groups in 2014. Additionally, the impact of the emergency charge on water usage to keep operating the plant in light of the drought in the state of Ceará registered in the 4Q16 was revised and thus the provision was fully reverted (+R\$30m) in 2017. All in all, EBITDA fell 7% YoY in 2017 to R\$467m.

EDPB operates 2.8GW of capacity, of which 0.4GW are equity consolidated. Equity accounted capacity refers to a 50% equity stake in Santo António do Jari hydro plant (373MW), to a 50% equity stake in Cachoeira-Caldeirão hydro plant (219MW, entirely online since Aug-16), both in partnership with CTG, as well as a 33% equity stake in São Manoel hydro plant (700MW, of which 175MW already online) in partnership with CTG and Furnas. In 2017, our 50% stake in Jari contributed with a net gain of R\$3m (-R\$8m YoY), reflecting tougher conditions from GSF and PLD vs. 2016. Cachoeira-Caldeirão, whose PPA started in Jan-17, contributed with a net loss of R\$13m (@50%) impacted by interest costs, given the initial stage of the asset's life. São Manoel, whose operation started for 175MW in Dec-17, contributed with a net loss of R\$3m (@33%).

Capex increased R\$6m YoY to R\$151m in 2017, corresponding mostly to maintenance works in Pecém. Note that equity - investments devoted to São Manoel hydro project is classified as 'financial investments' (equity-method accounted) and in 2017 financial investments totalled R\$319m, which were devoted to São Manoel's construction works. São Manoel is should see its remaining capacity online soon (350MW already online), ahead of the start of its PPA in May-18.

Electricity supply gross profit increased R\$163m to R\$211m in 2017, reflecting higher volumes and higher margins and evidencing the integration of the portfolio through the hedging strategy developed to deal with the lower rainfall levels.

(1) OPEX = Supplies & services + Personnel costs + Costs with social benefits; (2) Calculated with PPA prices and volumes



# Income Statements & Annex

2017 (€m)	Generation & Supply Iberia	Regulated Networks Iberia	EDP Renováveis	EDP Brasil	Corpor. Activ. & Adjustments	EDP Group
Revenues from energy sales and services and other	7,818	5,352	1,637	3,433	(2,494)	15,746
Gross Profit	1,236	1,596	1,602	969	(12)	5,391
Supplies and services Personnel costs and employee benefits Other operating costs (net) <b>Operating costs</b>	314 158 210 <b>681</b>	231	327 101 (192) <b>235</b>	172 129 53 <b>354</b>	(143) 147 (572) <b>(568)</b>	991 681 (270) <b>1,401</b>
EBITDA	555	898	1,366	615	556	3,990
Provisions Amortisation and impairment (1)	(6) 589	(2) 309	(0) 563	8 164	(4) 50	(4) 1,676
EBIT	(28)	591	803	443	510	2,318

2016 (€m)	Generation & Supply Iberia	Regulated Networks Iberia	EDP Renováveis	EDP Brasil	Corpor. Activ. & Adjustments	EDP Group
Revenues from energy sales and services and other	7,760	5,493	1,485	2,427	(2,569)	14,595
Gross Profit	1,725	1,727	1,453	849	(17)	5,738
Supplies and services Personnel costs and employee benefits Other operating costs (net) <b>Operating costs</b>	301 129 228 <b>657</b>	335 151 252 <b>738</b>	305 94 (116) <b>282</b>	159 116 (19) <b>256</b>	(151) 171 26 <b>45</b>	948 661 370 <b>1,979</b>
EBITDA	1,067	990	1,171	593	(62)	3,759
Provisions Amortisation and impairment (1)	(20) 362	(1) 342	5 602	8 145	(7) 59	(15) 1,510
EBIT	725	649	564	440	(115)	2,264

### Quarterly Income Statement

Quarterly P&L (€ m)	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	Δ ΥοΥ %	Δ QoQ %
Revenues from energy sales and services and other	3,787	3,361	3,437	4,011	4,233	3,642	3,779	4,092	2%	8%
Cost of energy sales and other	(2,240)	(1,938)	(2,143)	(2,536)	(2,710)	(2,272)	(2,549)	(2,823)	-11%	-11%
Gross Profit	1,547	1,423	1,294	1,475	1,523	1,370	1,229	1,269	-14%	3%
Supplies and services Personnel costs and Employee Benefits Other operating costs (net) <b>Operating costs</b>	205 161 51 <b>417</b>	230 162 93 <b>486</b>	239 163 66 <b>468</b>	273 174 161 <b>608</b>	227 171 114 <b>512</b>	246 169 64 <b>479</b>	235 159 (531) <b>(137)</b>	283 181 83 <b>548</b>	4% 4% -48% -	21% 14% -
EBITDA	1,130	937	826	867	1,011	892	1,367	721	-17%	-47%
Provisions Amortisation and impairment (1)	3 366	(8) 378	(10) 371	(0) 395	4 359	(2) 349	(0) 346	(5) 621	-13817% 57%	-1798% 80%
EBIT	760	567	465	472	648	545	1,021	105	-78%	-90%
Financial Results Share of net profit in joint ventures and associates	(180) (8)	(228) 3	(227) 2	(257) (19)	(197) (1)	(173) 8	(223) 4	(215) 1	16%	3% -77%
Profit before income tax and CESE	573	342	240	196	450	379	801	(110)	-	-
Income taxes Extraordinary contribution for the energy sector	152 59	91	57 2	(211) <b>1</b>	66 70	53 (2)	56 2	(165) <b>(0)</b>	22%	- n.m.
Net Profit for the period Net Profit Attributable to EDP Non-controlling Interests	362 <b>263</b> 100	251 <b>209</b> 42	181 <b>143</b> 38	406 <b>346</b> 60	315 <b>215</b> 100	328 <b>235</b> 93	743 <b>696</b> 47	56 <b>(33)</b> 89	-86% - 47%	-93% - 90%

### EDP - Installed capacity & electricity generation

Taskaslasu	Inst	talled Capaci	ty - MW (1)		Ele	ctricity Ger	eration (GW	h)			Eleo	ctricity Gen	eration (GV	Vh)		
Technology	2017	2016	ΔMW	Δ%	2017	2016	ΔGWh	Δ%	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17
Iberia (Ex-Wind & Solar)	13,611	12,705	906	7%	33,778	36,659	-2,881	-8%	10,632	8,989	8,255	8,783	9,241	7,538	8,682	8,317
Hydro	7,124	6,201	924	15%	7,182	16,142	-8,959	-56%	6,394	5,615	1,995	2,138	2,948	1,573	1,207	1,454
Portugal	6,698	5,774			6,710	15,211			5,934	5,313	1,918	2,046	2,773	1,485	1,149	1,303
Pumping activity	2,806	1,781			-2,228	-1,438			-464	-321	-256	-397	-550	-652	-334	-692
Run of the river	2,395	2,479			2,802	8,161			3,122	3,012	929	1,098	1,364	713	370	356
Reservoir	4,303	3,296			3,907	7,050			2,811	2,301	989	948	1,409	771	779	947
PPA/CMEC	0	2,663	-2,663	-	1,788	7,179	-5,390	-75%	2,854	2,462	916	947	1,261	528	0	0
_Liberalised Spain	6,698 <b>426</b>	3,111 <b>426</b>	3,587 0	115% <b>0%</b>	4,922 <b>472</b>	8,033 <b>930</b>	-3,111 <b>-458</b>	-39% - <b>49%</b>	3,080 <b>460</b>	2,851 <b>301</b>	1,002 <b>77</b>	1,099 <b>92</b>	1,512 <b>175</b>	957 88	1,149 58	1,303 <b>151</b>
Span			-													
ССССТ	3,729	3,736	-7	0%	8,029	5,242	2,787	53%	465	552	1,909	2,316	1,713	1,388	2,833	2,095
Portugal	2,031	2,039	-7	0%	5,941	3,602	2,339	65%	232	381	1,404	1,586	1,105	1,203	2,336	1,297
Ribatejo (3 groups)	1,169	1,176			2,559	1,648			168	314	466	700	473	460	1,060	565
Lares (2 groups)	863	863			3,382	1,954			63	67	938	886	631	743	1,276	732
Spain	1,698	1,698	0	0%	2,087	1,640	448	27%	234	171	505	730	608	185	497	798
Castejón (2 groups)	843	843			1,405	1,287			135	161	503	488	389	164	364	487
Soto IV & V (2 groups)	854	854			683	353			99	9	2	242	219	20	133	311
Coal	2,404	2,404	0	0%	16,847	13,232	3,614	27%	3,106	2,299	3,916	3,910	4,053	4,244	4,220	4,330
Portugal - Sines (4 groups)	1,180	1,180	0	0%	9,426	8,082	1,343	17%	1,773	1,530	2,505	2,274	2,192	2,486	2,497	2,250
Spain	1,224	1,224	0	0%	7,421	5,150	2,271	44%	1,333	769	1,411	1,637	1,860	1,758	1,723	2,080
Aboño I	342	342			2,067	1,989			309	452	561	667	508	503	503	552
Aboño II	536	536			3,928	2,074			854	194	547	480	1,006	979	939	1,004
Soto Ribera III	346	346			1,426	1,086			170	123	303	490	346	277	280	524
Nuclear - Trillo (15.5%)	156	156	0	0%	1,236	1,239	-3	0%	330	230	338	341	333	223	339	340
Other	198	209	-11	-5%	485	805	-320	-40%	337	293	96	79	193	109	84	98
Portugal	173	184	-11	-6%	357	705	-348	-49%	311	262	65	67	163	78	50	65
Small-Hydro	148	159			238	549			259	214	27	50	148	52	12	25
Cogeneration	24	24			119	156			52	48	39	17	15	26	38	40
Spain - Cogenerat. & Waste	25	25	0	0%	128	100	28	28%	26	31	31	12	30	31	34	33
Wind	10,531	9,969	561	6%	27,466	24,334	3,132	13%	7,508	5,733	4,695	6,397	7,690	6,777	5,224	7,775
Iberia	3,492	3,443	50	1%	8,000	7,970	29	0%	2,696	1,933	1,667	1,674	2,318	1,880	1,735	2,067
Portugal	1,249	1,249			2,904	3,044			1,038	711	564	730	876	657	670	702
Spain	2,244	2,194			5,095	4,926			1,658	1,221	1,102	945	1,442	1,223	1,065	1,365
North America	5,194	4,831	363	8%	15,014	12,508	2,506	20%	3,680	3,033	2,262	3,532	4,175	3,976	2,527	4,336
US	4,965	4,601			14,332	12,433			3,657	3,018	2,249	3,510	4,059	3,764	2,348	4,161
Canada	30	30			75	75			23	16	14	23	22	21	9	22
Mexico	200	200			606	0			0	0	0	0	93	191	170	152
Rest of Europe	1,513	1,491	22	2%	3,592	3,189	402	13%	1,078	616	532	964	1,050	754	713	1,075
Brazil	331	204	127	62%	861	666	195	29%	54	151	234	226	147	167	249	298
Solar	145	82	63	76%	155	139	16	12%	27	46	44	22	28	51	47	29
Brazil (Ex-Wind)	2,466	2,466	0	0%	8,602	8,880	-278	-3%	2,808	2,051	1,871	2,151	2,256	2,040	1,820	2,486
Hydro	1,746	1,745	0	0%	4,004	4,448	-443	-10%	1,673	848	869	1,058	1,268	981	596	1,160
Lajeado	903	903			1,905	2,108			903	401	396	408	625	476	241	562
Peixe Angical	499	499			1,356	1,659			580	327	397	355	400	337	257	363
Energest	345	344			744	680			190	120	77	294	243	168	98	234
Coal (Pecém I)	720	720	0	0%	4,597	4,432	165	4%	1,135	1,203	1,002	1,093	988	1,060	1,224	1,326
TOTAL	26,753	25,222	1,530	6%	70,000	70,011	-11	0%	20,975	16,818	14,865	17,353	19,215	16,406	15,773	18,607

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

### EDP - Volumes distributed, customers connected and networks

ELECTRICITY				
Electricity Distributed (GWh)	2017	2016	ΔGWh	Δ%
Portugal	44,748	44,599	149	0%
Very High Voltage	2.158	2,115	43	2%
High / Medium Voltage	21,715	21,026	688	3%
Low Voltage	20,875	21,458	-582	-3%
Spain	9,331	9,190	142	2%
High / Medium Voltage	7,109	6,946	164	2%
Low Voltage	2,222	2,244	-22	-1%
Brazil	24,704	24,425	280	1%
Free Customers	10,488	9,063	1,425	16%
Industrial	2,060	2,745	-685	-25%
Residential, Comercial & Other	12,156	12,616	-461	-4%
TOTAL	78,783	78,214	570	1%
Customers Connected (th)	2017	2016	Abs. Δ	Δ%
Portugal	6,187	6,142	45	1%
Very High / High / Medium Voltage	25	25	0.3	1%
Special Low Voltage	36	35	0.7	2%
Low Voltage	6,126	6,083	44	1%
Spain	664	663	1.6	0%
High / Medium Voltage	1	1	0.0	0%
Low Voltage	663	661	1.6	0%
Brazil	3,377	3,316	61	2%
EDP São Paulo	1,839	1,804	35	2%
EDP Espírito Santo	1,538	1,512	26	2%
TOTAL	10,228	10,121	107	1%
Networks	2017	2016	Abs. $\Delta$	Δ%
Lenght of the networks (Km)	338,179	337,492	687	0%
Portugal	226,027	225,397	631	0%
Spain	20,613	20,520	94	0%
Brazil	91,538	91,576	-38	0%
Losses (% of electricity distributed)				
Portugal (1)	10.0%	9.5%	0.5 pp	
Spain Brazil	3.5%	4.0%	-0.5 pp	
EDP São Paulo	8.7%	8.9%	-0.2 pp	
Technical	5.5%	5.5%	-0.2 pp -0.0 pp	
Comercial	3.2%	3.4%	-0.1 pp	
EDP Espírito Santo	13.0%	13.9%	-0.9 pp	
Technical	8.3%	8.6%	-0.3 pp	
Comercial	4.7%	5.3%	-0.6 pp	

Gas Distributed (GWh)	2017	2016	ΔGWh	Δ%
Portugal	5,326	7,114	-1,788	-25%
Low Pressure	785	1,093	-309	-28%
Medium Pressure	4,525	5,997	-1,472	-25%
LPG	16	24	-8	-33%
Spain	17,980	26,441	-8,461	-32%
Low Pressure	5,658	7,792	-2,134	-27%
Medium Pressure	12,323	18,650	-6,327	-34%
LPG	-	-	-	-
TOTAL	23,306	33,555	-10,249	-31%

Supply Points (th)	2017	2016	Abs. $\Delta$	Δ%
Portugal	-	342	-342	-100%
Low Pressure	-	338	-338	-100%
Medium Pressure	-	1.5	-1.5	-100%
LPG	-	3.1	-3.1	-100%
Spain	-	1,008	-1,008	-100%
Low Pressure	-	926	-926	-100%
Medium Pressure	-	0.7	-1	-100%
LPG	-	81.8	-82	-100%
TOTAL	-	1,350	-1,350	-100%

Networks	2017	2016	Abs. Δ	Δ%
Lenght of the networks (Km)	-	13,187	-13,187	-100%
Portugal	-	5,085	-5,085	-100%
Spain	-	8,101	-8,101	-100%

(1) Excludes Very High Voltage

### Financial investments & Assets for Sale / Non-controlling interests

	Attributat	ole Installe	d Capacity - N	/W (1)		Share of pro	ofit (2) (€ m)			Book valu	ie (€ m)	
Financial investments & Assets for Sale	2017	2016	ΔMW	Δ%	2017	2016	Δ	Δ%	2017	2016	Δ	Δ%
EDP Renováveis	331	356	-25	-7%	3	0	3	-	312	348	-36	-10%
Spain	152	177										
US Other	179 0	179 0										
EDP Brasil	306	296	10	3%	-5	-30	25	-85%	381	344	37	11%
Jari	196	187			1	3						
Cachoeira-Caldeirão São Manoel	110 0	110 0			-4 -1	-6 -27						
Iberia (Ex-wind) & Other	41	41	0	0%	13	8	5	66%	311	303	9	3%
Portugal - Biomass (Bioelectrica) Spain - Cogeneration & Waste Macao - Distribution (CEM) Other	32 10	32 10										
Assets Held for Sale (net of liabilities)			0	-	N/A	N/A			116	476	-360	n.m.
EDP Gas Other									0 116	476 0	-476 116	-
TOTAL	678	693	-15	-2%	12	-22	34	-	1,121	1,471	-350	-24%

Name and the life of the second	Attributab	le Installe	d Capacity - N	/W (1)		Share of profi	ts (2) (€ m)			Book valu	ie (€ m)	
Non-controlling interests	2017	2016	ΔMW	Δ%	2017	2016	Δ	Δ%	2017	2016	Δ	Δ%
EDP Renováveis	5,187	4,783	405	8%	231	125	106	84%	2,654	2,819	-165	-6%
At EDPR level:	2,785	2,521	264	10%	180	120	61	51%	1,560	1,448	112	8%
Iberia	851	644										
North America	1,215	1,220										
Rest of Europe	557	557										
Brazil	162	100										
17.4% attributable to free-float of EDPR (3)	2,402	2,262	140	6%	51	5	45	834%	1,094	1,371	-278	-20%
EDP Brasil	1,814	1,814	0	0%	100	117	-17	-14%	1,308	1,549	-240	-16%
At EDP Brasil level:	606	606	0	0%	22	44	-22	-50%	291	426	-136	-32%
Hydro	606	606										
Other	0	0										
49% attributable to free-float of EDP Brasil	1,208	1,208	0	0%	78	73	5	7%	1,017	1,122	-105	-9%
Iberia (Ex-wind) & Other	12	12	0	0%	-3	-3	0	10%	-28	-38	10	-27%
TOTAL	7,013	6,609	405	6%	328	240	89	37%	3,934	4,330	-396	-9%

(1) MW attributable to associated companies & JVs and non-controlling interests; (2) Share of profit in JVs & associates and from non-controlling interests; assets held for sale not included; (3) 22.5% up to Aug-17; 17.4% therafter.

### EDP - Sustainability performance

#### Main Events 2017 (1)

#### EDP completes a decade of Dow Jones with best ever score

In 2017, the group achieved the best ever score since joining the DJSI World and Europe indexes, having won 1st place in the ranking of integrated utilities. The Group completed in 2017 a decade in the Dow Jones Sustainability Index.

#### EDP among the most ethical companies in the world

The EDP Group was included in the World's Most Ethical Companies 2017, for the sixth consecutive year. Published by the Ethisphere Institute, the ranking covers 124 companies from 19 countries.

#### EDP distinguished by its disclosure and performance in climate and water management

EDP is one of the most distinguished companies in tackling climate change. The analysis, promoted by the Non-Governmental Organization CDP, classifies EDP in the category "Leadership" with a grade "A". EDP it is also covered by the CDP Water Program, with a "B" rating.

EDP Internal Sustainability Ir	ndex (base 201	0-12)		Economic Metrics	2017
	2017	2016	Δ%	Economic Value (€m)	17,23
				Distributed	14,91
Sustainab. Index (a)(b)(c)	103	106	-3%	Accumulated	2,32
Environmental	93	93	0%	Energy Serv. Revenues (2	1,10
%Weight	33%	33%		Energy Efficiency Serv. (a)	13
Economic	106	114	-7%		
%Weight	37%	37%		Social Metrics	2017
Social	111	110	1%	Employees	11,65
%Weight	30%	30%		Total hours of training	473.07
				rotal notice of training	
This Sustainability Index was	developed by F	DP and is ha	sed on 33	On-duty Accidents (d)(e)	
			500 011 55	Severity Rate (Tg) (d)	1

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

Accumulated	2,324	1,349	72%
Energy Serv. Revenues (2	1,104	1,006	10%
Energy Efficiency Serv. (a)	134	93	44%
Social Metrics	2017	2016	Δ%
Employees	11,657	11,992	-3%
Total hours of training	473,078	389,883	21%
On-duty Accidents (d)(e)	28	30	-7%
Severity Rate (Tg) (d)	131	173	-24%
Freq. rate (Tf) (d)	2.03	2.98	-32%
Fatal accidents (3rds)	10	7	43%

eda

Δ%

8%

2%

2016

15.900

14.551

Environmental Metrics	2017	2016	Δ%	Environmental Metrics - CO2 Emissions						
Absolute Atmospheric Emissions (kt) CO2 (b)(f) NOx SO2	23,129 17.0 29.8	18,900 16.2 19.9	22% 5% 50%	CO2 Emissions	Absolut (ktCO2) ( 2017		Specifi (t/MW 2017		Generati (GW 2017	
Particle	1.494	1.166	28%		2017	2010	2017	2010	2017	2010
Specific Atmospheric Emissions (g/KWh) CO2 (b)(f) NOx SO2	333.5 0.25 0.43	271.4 0.23 0.29	23% 5% 50%	Iberia Coal CCGT Cogeneration + Waste	<b>17,737</b> 14,558 3,030 150	<b>13,720</b> 11,527 2,027 167	<b>0.68</b> 0.86 0.38 0.14	<b>0.70</b> 0.87 0.39 0.14	<b>25,985</b> 16,847 8,029 1,109	<b>19,590</b> 13,232 5,242 1,117
GHG emissions (ktCO2 eq) Direct Emissions (scope 1) (b) Indirect emissions (scope 2) (c ) Other indirect emissions (scope 3)	23,159 802 13,039	18,931 565 12,469	22% 42% 5%	Brazil Coal (PPA contracted)	<b>5,392</b> 5,392	<b>5,180</b> 5,180	<u> </u>	<b>1.17</b> 1.17	<b>4,597</b> 4,597	<b>4,432</b> 4,432
Primary Energy Consumption (TJ) (g) Max. Net Certified Capacity (%) Water Use (10' m')	276,668 90% 1,758,417	220,587 93% 1,509,935	25% -3 p.p. 16%	Thermal Generation	23,129	18,900	0.76	0.79	30,582	24,023
Total Waste to final disposal (t)	666,771	477,373	0%	CO <sub>2</sub> Free Generation					38,762	45,611
Environmental Matters (€ th) Investments Expenses	<b>236,893</b> 179,892 57,001	<b>240,870</b> 179,187 61,683	-2% 0% -8%	CO <sub>2</sub> Emissions			0.33	0.27	69,344	69,634
Environmental Fees and Penalties (€)	18,848	29,297	-36%							

(a) Energy Services take into account only Energy efficiency services revenues. Only the support from public authorities recognised in the income statement is considered.

(b) The stationary emissions do not include those produced by the burning of ArcelorMittal steel gases in EDP's power plant in Spain.

(c) Scope 2 emissions according with GHG Protocol based location methodology.

(d) EDP + ESP (External Services Provider).

(e) Accidents leading to an absence of one more calender day and fatalities.

(f) Includes only stationary emissions.

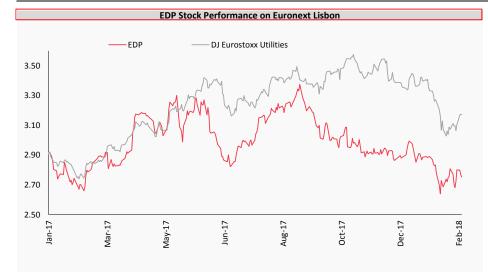
(g) Including vehicle fleet. (h) Includes heat generation (2017: 863 GWh vs 2016: 861 GWh).

(1) Detailed information about the progress of EDP contribution to the United Nations Sustainable Development Goals can be found at: www.edp.com>Investors.

(2) Energy Efficiency Services and Suplementary Energy Services: services provided under energy supply, instalation of more efficient and/or building retrofit, and sustainable mobility, which generate revenues for the company.

- 30 -

### **EDP Share Performance**



EDP Stock Market Performance	YTD	52W	2016
		28-02-2018	
EDP Share Price (Euronext Lisbon - €)			
Close	2.753	3 2.753	2.885
Max	3.389	3.389	3.389
Min	2.63	L 2.631	2.641
Average	2.984	3.013	3.012
EDP's Liquidity in Euronext Lisbon			
Turnover (€ m)	5,80	5 5,122	5,044
Average Daily Turnover (€ m)	20	) 20	20
Traded Volume (million shares)	1,94	5 1,700	1,675
Avg. Daily Volume (million shares)	6.0	5 6.6	6.6

EDP Share Data	2017	2016	Δ%
Number of shares Issued (million)	3,656.5	3,656.5	-
Treasury stock (million)	21.9	21.4	2.4%

#### **EDP's Main Events**

- 24-Jan: EDP issues €600 million bond maturing in September 2023
- 30-Jan: Mubadala Investment Company acquires 100% of IPIC shares and voting rights on EDP
- 27-Feb: EDPR announces the sale of a minority stake in Portuguese assets to CTG
- 27-Mar: EDP sells €574 million of tariff deficit in Portugal
- 27-Mar: EDP has accepted a binding offer for the sale of 100% of gas distribution in Spain
- 27-Mar: EDP Preliminary announcement tender offer for the acquisition of the shares issued by EDP Renováveis
- **30-Mar:** Standard & Poors affirmed EDP at "BB+" with Positive outlook
- 3-Apr: Moody's affirmed EDP at "Baa3" with stable outlook
- 7-Apr: EDP sells 100% of EDP Gás (Portgas)
- 20-Apr: EDP's Annual General Shareholders Meeting
- 24-Apr: Payment of Dividends Financial Year 2016
- 24-Apr: EDP signs a definitive agreement for the sale of 100% of gas distribution in Spain (Naturgas Energía Distribución)
- 24-Apr: EDP Brasil awarded with 4 new electricity transmission concessions 5-Jun: Investigation on the termination of PPA contracts on power plants in Portugal and its replacement for CMEC
- 21-Jun: EDP issues U.S.\$ 1,000,000,000 of notes
- 30-Jun: EDPR announces the completion of the sale of a minority stake in Portuguese assets to CTG
- 25-Jul: EDP maintains price of €6,75/share for the tender offer on EDP RENOVÁVEIS
- 27-Jul: conclusion of sale of 100% of EDP's Gas Distribution in Spain
- 1-Aug: ANEEL approves a +9.34% tariff update at EDP Espírito Santo
- 4-Aug: EDP increases stake in EDP Renováveis to 82.6%
- 8-Aug: S&P upgrades EDP to "BBB-" with stable outlook
- 11-Sep: EDP Renováveis consortium is awarded with longterm CFD for 950 MW of wind offshore in UK
- 21-Sep: Regulatory approvals for the disposal of 100% of EDP Gás Distribution in Portugal
- 29-Sep: Regulator proposal on the final adjustment of CMEC
- 4-Oct: Conclusion of the disposal of 100% of EDP Gás Distribution in Portugal
- 15-Oct: ERSE announces its proposal for tariffs in 2018 and parameters for 2018-2020
- **18-Oct:** ANEEL approves a +24.37% tariff update at EDP São Paulo
- **30-Oct:** EDP signed a 5-year revolving credit facility in the amount of €3,300,000,000
- 14-Nov: EDP issues EUR 500 million bond maturing in November 2027

17-Nov: EDP announces mandate and investor calls for a potential securitization transaction of tariff deficit in Portugal

- 22-Nov: EDP sells EUR 584 million in securitization of electricity tariff deficit in Portugal
- **29-Nov:** Cash tender offer for an aggregate amount of up to USD 500,000,000 of the 4.900% Notes and 4.125% Notes
- 13-Dec: Early tender results and pricing of the cash tender offer for an aggregate amount of up to USD 500,000,000
- 14-Dec: EDP Renováveis is awarded a long-term RESA for 248.4 mw of wind onshore in Canada
- 14-Dec: Fitch affirms EDP at "BBB-" and outlook at stable
- 17-Dec: ERSE announces electricity tariffs for 2018 and parameters for 2018-2020
- 19-Dec: EDP Energias do Brasil acquires shares in Celesc
- 20-Dec: EDP Renováveis is awarded long term contracts for 218 MW of wind at Brazilian energy auction
- 29-Dec: FDP Repovávejs completed \$507 million funding of tax equity in the US for all its 2017 projects.

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