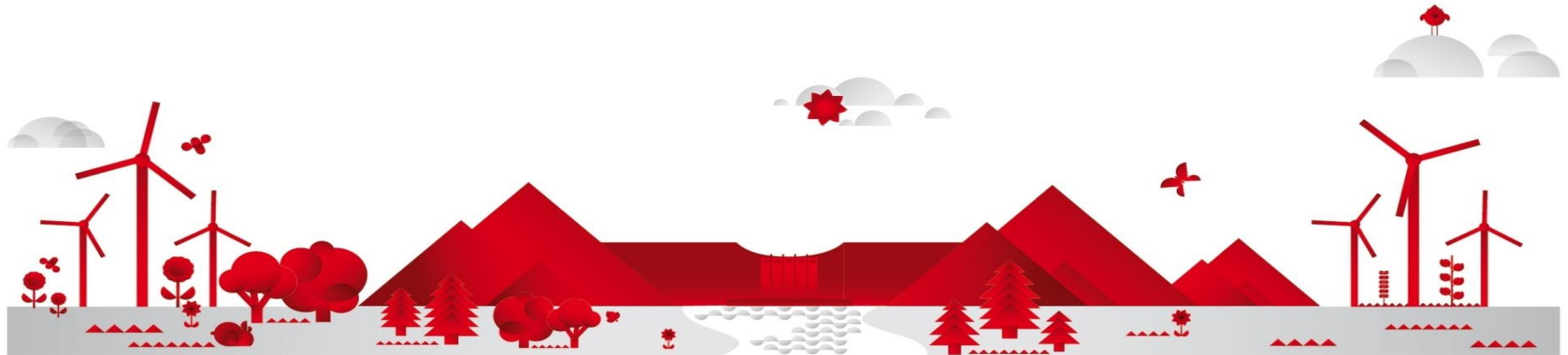




# Investor Presentation

September 2016



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## **1H16 RESULTS: KEY HIGHLIGHTS**

**Recurring EBITDA +15%** to €2,006m  
including 4% negative impact from ForEx

**Recurring net profit +20%** to €517m  
Net profit -20% to €472m (non recurring gain on Pecém in 1H15)

**€1.2bn Tariff Deficit Sales in 1H16**  
Regulatory receivables down 34% in 1H16 to €1.6bn

**Operating costs flat YoY, despite 8% avg. capacity increase**

**Net debt: -5% vs Dec-15 to €16.5bn**

# Recurring EBITDA: +15% YoY

Weight on Recurring EBITDA		Recurring EBITDA YoY change	
31%	Generation & Supply	+28%	<ul style="list-style-type: none"> <li>Favourable hydro conditions in 1H16 vs. 1H15 and successful energy management strategy</li> <li>Focus on retail/SMEs customers: +300k (+5%) electricity &amp; gas contracts in 1H16</li> <li>Generation portfolio: commissioning of new hydros; Coal restructuring (1 shutdown; 2 Denox)</li> </ul>
25%	Regulated Networks Iberia	+3%	<ul style="list-style-type: none"> <li>Positive impact from regulatory review in electricity distribution in Spain (regulated revenues for 2016 +18% vs. 2015)</li> </ul>
32%	EDPR	+18%	<ul style="list-style-type: none"> <li>Avg. installed capacity: +14% YoY, with growth focused in US under long term contracts</li> <li>Avg. wind resources in 1H16: 1% above historical average</li> </ul>
12%	EDP Brasil	+3% <sub>EUR</sub> +29% <sub>BRL</sub>	<ul style="list-style-type: none"> <li>20% YoY devaluation of avg. BRL vs. EUR</li> <li>EBITDA growth in local currency: End of losses from hydro deficit, Pecém (since May-15)</li> </ul>

**Strong improvement on recurring EBITDA in all major business areas**

# Operating Costs: Flat YoY at €759m on 8% average capacity increase



Weight on Opex

Business area	Indicator	YoY Change	Main drivers
58% Iberia	Total Opex:	-2%	<ul style="list-style-type: none"> <li>1H16 inflation: Portugal +0.6%; Spain: -0.6%</li> <li>Savings on external supplies (O&amp;M, IT back-office)</li> <li>Natural headcount reduction (-1% YoY)</li> </ul>
25% EDPR	Core Opex/MW:	-4%	<ul style="list-style-type: none"> <li>Total Opex: +9% (no forex impact)</li> <li>Avg. Installed capacity: +14% YoY</li> </ul>
17% EDP Brasil	Pro-forma opex in BRL, inflation adjusted:	-4%	<ul style="list-style-type: none"> <li>Opex change in Euro terms: -6% YoY</li> <li>Opex change in local currency: +18% YoY</li> <li>Opex change in local currency pro-forma<sup>(1)</sup>: +5% YoY</li> <li>1H16 inflation in Brazil (IPCA): +9%</li> </ul>

**Opex IV corporate-wide efficiency programme fully on track: €43m savings in 1H16**

(1) Assuming full-consolidation of Pecém also in 1H15

# Active assets and liabilities management: 1H16 developments



	Asset Management	Liability Management
EDP level	<ul style="list-style-type: none"><li>▪ <b>Tariff deficit sales:</b><ul style="list-style-type: none"><li>– €1.2bn in 1H16</li><li>– €0.8bn in Jul-16</li></ul></li></ul>	<ul style="list-style-type: none"><li>▪ <b>Avg. cost of debt repayments in 1H16: 5.4%</b></li><li>▪ Avg. cost of debt issues in 1H16: 2.4%</li><li>▪ Aug-16: Long 7Y €1bn bond at 1.125%</li></ul>
EDPR level	<ul style="list-style-type: none"><li>▪ New investments focused in US wind PPAs</li><li>▪ <b>Disposals to minorities (asset rotation/CTG):</b><ul style="list-style-type: none"><li>– €0.8bn in 1H16 in US and Europe</li><li>– €0.4bn expected in 2H16 (Poland &amp; Italy)</li></ul></li></ul>	<ul style="list-style-type: none"><li>▪ <b>Prepayment of selected project finance debt</b></li><li>▪ Access to competitive intra-group funding</li></ul>
EDP Brasil level	<ul style="list-style-type: none"><li>▪ <b>Successful R\$1.5bn capital increase:</b> EDP Brasil enhanced with a low relative financial leverage vs. Brazilian Utilities' peer group</li></ul>	<ul style="list-style-type: none"><li>▪ <b>Prepayment of local debt with average cost of funding of ~17%</b></li></ul>
<b>Reinforcement of capital structure and improvement of credit profile</b> <b>Upside on future earnings from active assets &amp; liabilities management</b>		

# 1H16 performance: On track to deliver our medium term targets



1	Focused Growth	▪ Recurrent EBITDA growth YoY	+15%
		▪ Installed capacity growth YoY (wind & hydro)	+5%
2	Continue Financial Deleveraging	▪ Net debt change vs. Dec-15	-5%
		▪ Adjusted Net Debt/EBITDA	3.8x
3	Keep Low Risk Profile	▪ Weight of wind & hydro in electricity production	75%
		▪ % EBITDA Regulated/LT Contracted	83%
4	Reinforce Efficiency	▪ Total operating costs change YoY	0%
		▪ Opex/Gross Profit	25%
5	Deliver Attractive Returns	▪ Recurrent net profit growth YoY	+20%
		▪ Commitment on 2016 DPS growth (to be paid in 2017)	0.19€/share



	Previous guidance	New Guidance	Main drivers
<b>EBITDA 2016</b>	<b>&gt;€3.6bn</b>	<b>~€3.75bn</b>	<ul style="list-style-type: none"> <li>Better performance Generation &amp; Supply Iberia</li> <li>Forex: stronger BRL vs. EUR</li> <li>Operating costs</li> </ul>
<b>Net Profit 2016</b>	<b>~€900m</b>	<b>~€950m</b>	<ul style="list-style-type: none"> <li>EBITDA</li> <li>Financial results: lower interest costs but negative one-offs</li> </ul>
<b>Net Debt 2016</b>	<b>~€16.5bn</b>	<b>~€16.0bn</b>	<ul style="list-style-type: none"> <li>EDP Brasil capital increase</li> <li>Organic FCF</li> <li>Lower regulatory receivables</li> </ul>

**Moderate improvement on 2017 outlook: Following recent moves on energy prices and credit/forex markets**

## **EDP BUSINESS AND 2016-20 TARGETS**

# Business Portfolio geographical diversified



## Wind & Solar Power

**29% of EBITDA**  
**(12% North America; 7% Portugal; 6% Spain; 4% Other)**  
Listed subsidiary: EDP Renováveis (EDP has 77.5%)  
IPO in Jun-08  
Wind & Solar Power: 9.3GW  
A worldwide renewable market leader



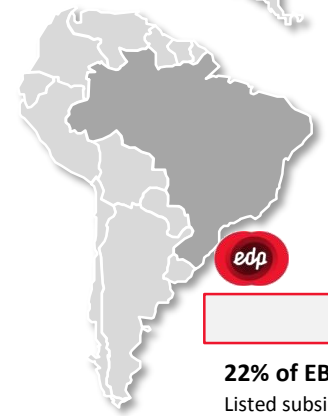
## Portugal

**36% of EBITDA**  
Privatisation in 1997 (IPO)  
Single electricity distributor  
Power generation: 8.8 GW (ex-wind)  
(from which 5.6GW is hydro)



## Spain

**13% of EBITDA**  
Presence since 2001  
Power generation 3.8 GW (ex-wind)  
# 2 in gas distribution



## EDP Brasil

**22% of EBITDA**  
Listed subsidiary: EDP Brasil (EDP has 51%)  
Presence since 1996  
Power generation: 2.5 GW (hydro and coal)  
2 electricity distribution concessions

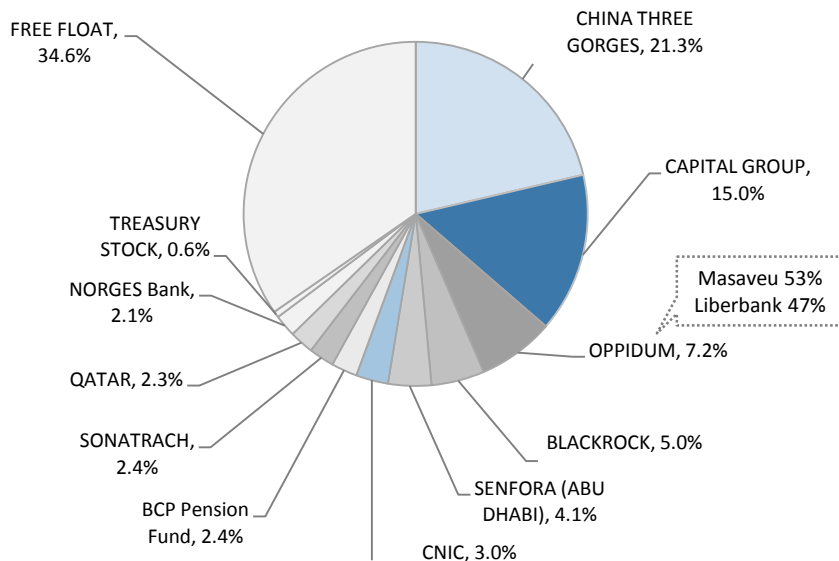
Note: Data as of Dec-15

# Sound shareholder structure



## EDP Shareholder Structure

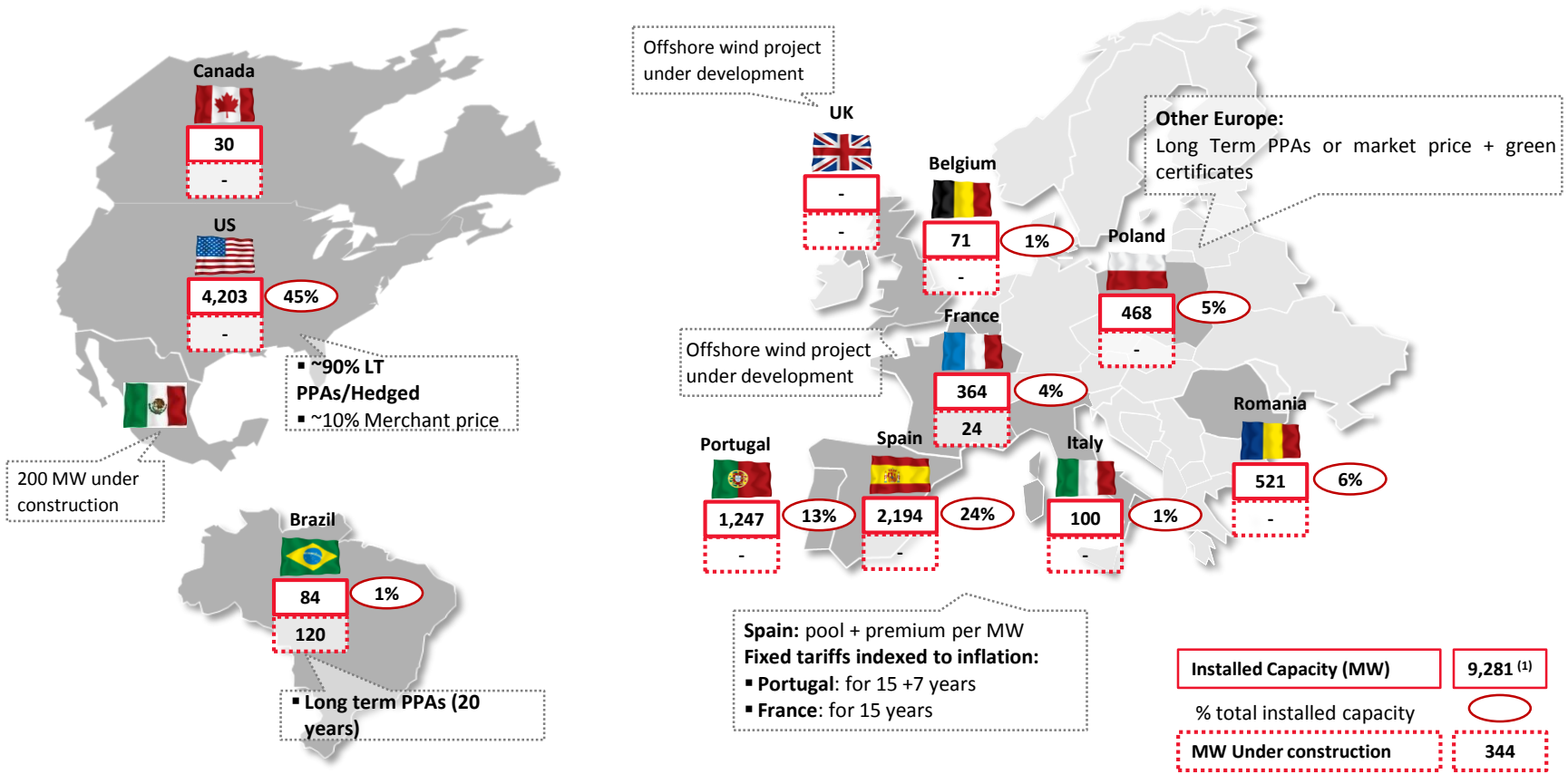
(August 18<sup>th</sup>, 2016)



- **Dec-11: CTG won the privatisation of a 21.35% stake in EDP** (@€3.45/share: 50% above market price at the date)
- CTG represented by **5 members in the General and Supervisory Board** out of 21 members (majority independents)
- **CTG is China's largest clean energy group** (100% owned by People's Republic of China): 59.5GW of installed capacity, mostly large hydros  
**Rating:** S&P: A+; Moody's: Aa3; Fitch: A+

**Long term Institutional Investors have kept or reinforced their position  
while shareholders with overhang positions have exited or decreased their holdings**

# EDPR: Diversified portfolio and stable revenue stream



Note: Data as of Dec-15

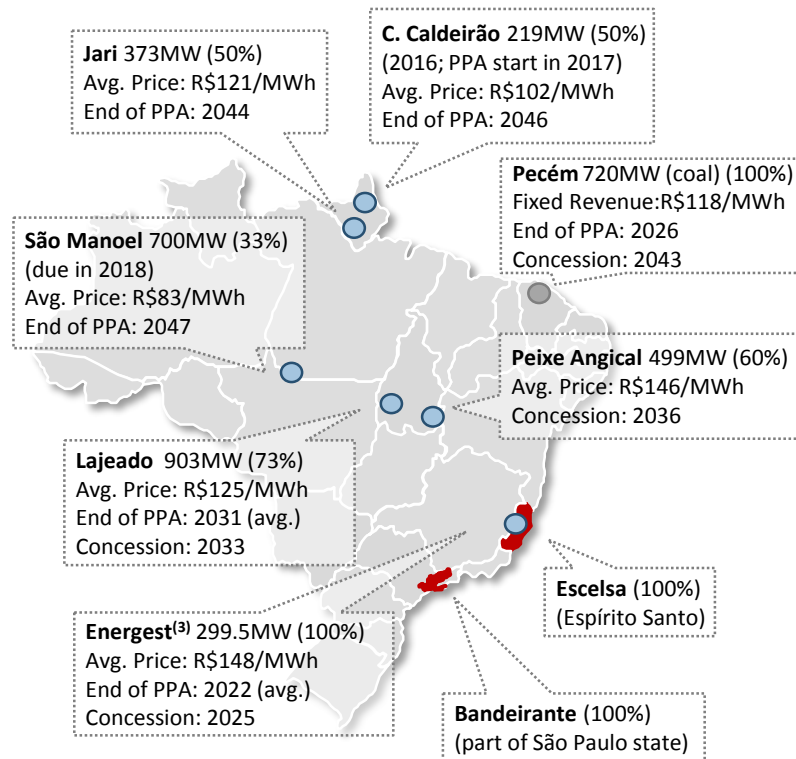
(1) Does not include 356MW consolidated through the equity method (Spain: 177MW; US 179MW)

# EDP Brasil: Delivering 0.5GW of new hydro capacity up to 2018...



## EDP Brasil: Geographical footprint <sup>(1)</sup>

● Hydro Power Plant ● Thermal power plant ■ Distribution Concession Area



### Electricity Generation:

**+11%<sup>(2)</sup> capacity increase until 2017**

- **Total Installed Capacity in operation: 2.5GW** (hydro & coal)
- **Energy sales by long term PPA contracts**  
(inflation updated prices)

### Electricity Distribution:

**Low risk RoRAB remuneration**

- **RoRAB with efficiency incentives (CPI-X)**
- **Pass-through of non-controllable costs to clients:** deviations between forecasted and real costs are passed through to clients by annual tariff updates.

Distribution Subsidiary	Net RAB (R\$m)	Return on RAB	Regulatory Period	Next Regulatory Review	Concession Term
Escelsa	2,015	8.1%	3 Years	Aug-19	2025
Bandeirante	1,667	8.1%	4 Years	Oct-19	2028

(1) Avg. PPA Prices as of 01-Jan-14 (inflation updated at IGP-M or IPCA), except for Peixe Angical (2016); (2) vs. Dec-2014; Including Pecém I and Jari 50% equity consolidation in Dec-14 and considering 50% stake in Cachoeira-Caldeirão (equity consolidation) and 33.3% in São Manoel (equity consolidation); (3) Energist is responsible for the PPA contracts of Mascarenhas + Suíça, Viçosa, São João, Alegre, Fruteiras, Jucu and Rio Bonito.

# EDP will continue focused on the execution of its strategic agenda through five levers:



<b>1</b>	<b>Focused Growth</b>	<ul style="list-style-type: none"> <li>Net Investments: avg. €1.4bn/year 2016-20</li> <li>LT Contracted Renewables<sup>(1)</sup>: +3.9GW 2016-20</li> </ul>	<b>EBITDA</b> CAGR 2015 <sup>(2)</sup> -20	<b>+3%</b>
<b>2</b>	<b>Continue Financial Deleveraging</b>	<ul style="list-style-type: none"> <li>FFO/Net Debt: ~24% by 2020</li> <li>Avg. cost of debt: 4.2% by 2020</li> </ul>	<b>Net Debt/EBITDA</b> 2020	<b>~3.0x</b>
<b>3</b>	<b>Keep Low Risk Profile</b>	<ul style="list-style-type: none"> <li>Renewables: ~76% of installed capacity by 2020</li> <li>Avg. Residual Asset Life: ~21 years by 2020</li> </ul>	<b>% EBITDA Regulated/ LT Contracted</b> 2020	<b>~75%</b>
<b>4</b>	<b>Reinforce Efficiency</b>	<ul style="list-style-type: none"> <li>Opex IV Target Annual Cost Saving: ~€200m by 2020</li> <li>Accumulated Opex Savings: €700m in 2016-20</li> </ul>	<b>Opex/Gross Profit</b> 2020	<b>26%</b>
<b>5</b>	<b>Deliver Attractive Returns</b>	<ul style="list-style-type: none"> <li>Target Dividend Payout Range: 65-75%</li> <li>DPS Floor at €0.19/share from 2016</li> </ul>	<b>EPS CAGR</b> 2015 <sup>(2)</sup> -2020	<b>+4%</b>
			<b>DPS Floor</b> 2016	<b>+3%</b>

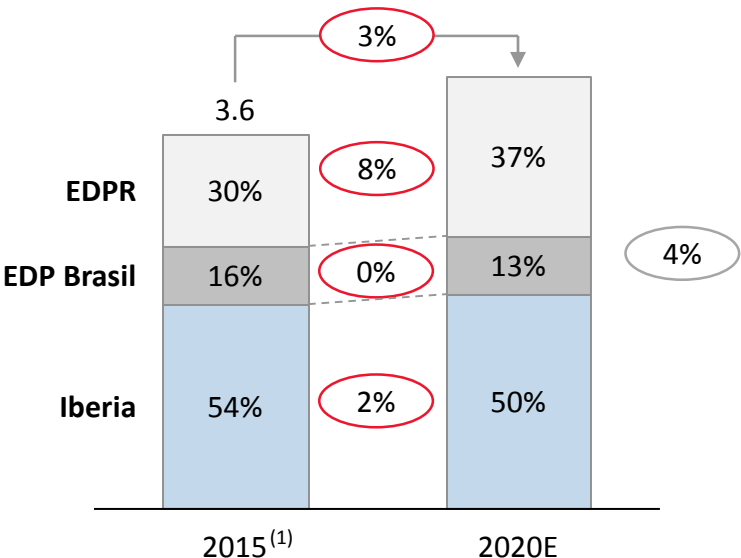
(1) Including Equity Method Consolidation (2) Based on Recurrent and weather adjusted EBITDA and Net Profit in 2015

# EBITDA growth in 2015-20: mostly driven by net expansion investments in long term contracted renewables

EBITDA Growth 2015-20<sup>(1)</sup>

(%)

○ CAGR ○ CAGR ex-Forex



EDPR



**Avg. capacity +8% CAGR in 2015-20 additions**  
with long term PPAs or feed-in tariffs, mostly in US

EDP Brasil



**EBITDA in local currency +4% CAGR**, eroded by conservative assumption on EUR/BRL

Iberia



Slight improvement on **market conditions**



**Further efficiency** improvements



**New hydro capacity**



**CMEC phase-out**

Forex assumptions: 4% avg. annual devaluation of BRL vs. Euro; flat EUR/USD over the period  
Delivery on EBITDA from longer time-to-market new hydro capacity in Portugal

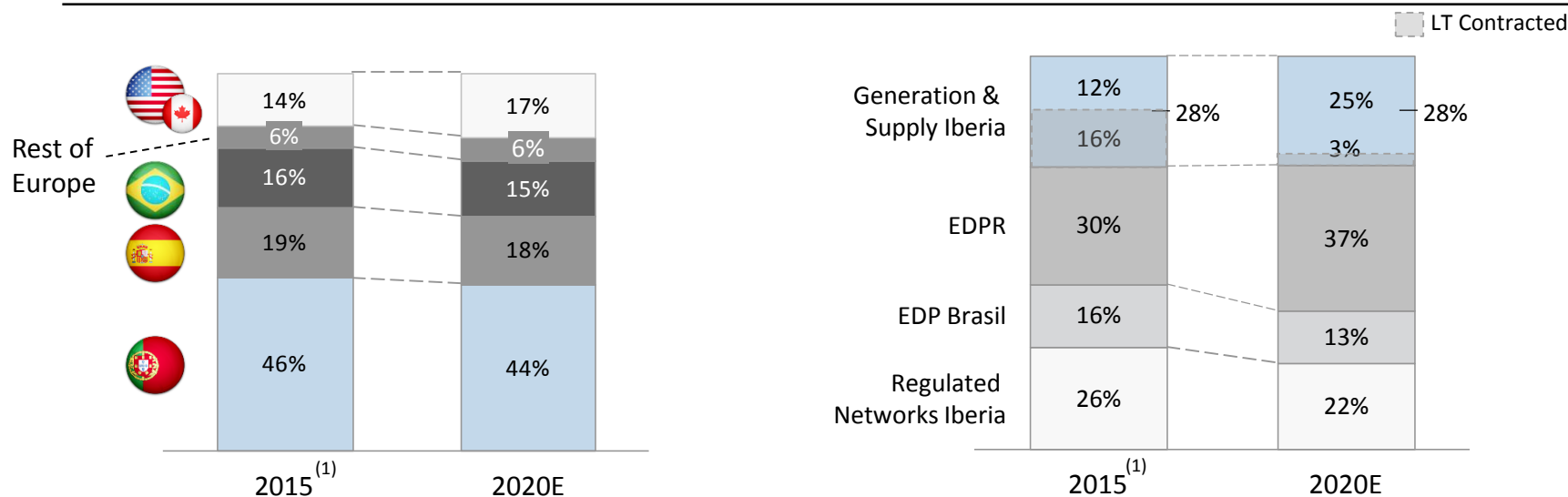


# EBITDA profile: contribution increase from US, decline from Iberia



## EBITDA breakdown by geography and by segment 2015-2020E

(%)



**Weight of regulated and LT contracted activities slightly down from 88% in 2015 to 75% by 2020**

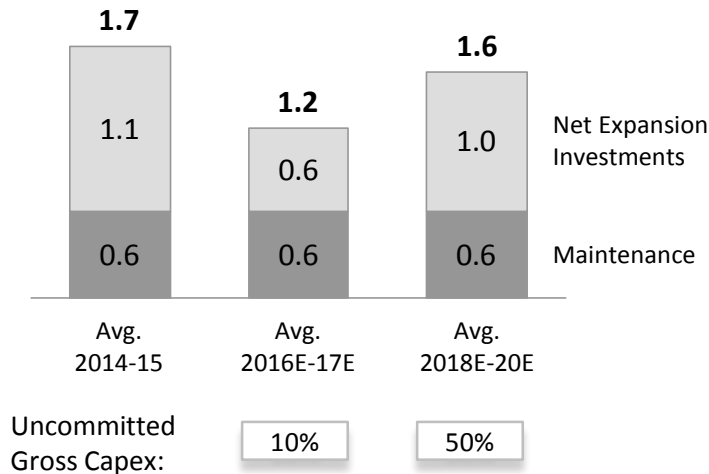
Growth in LT contracted renewables (mostly US wind PPAs) partially offsetting phase out of CMECs

# Capex 2016-20: Discipline and focus on long-term contracted renewables and regulated networks



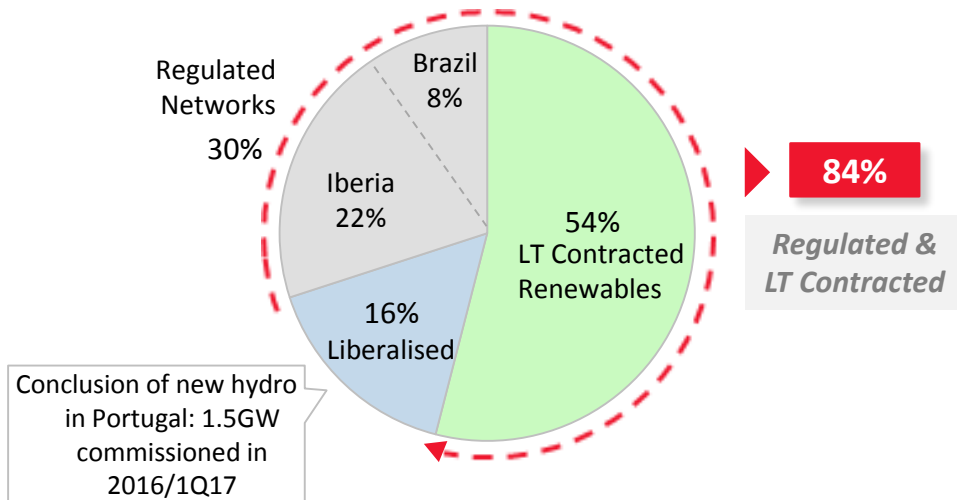
## Net Investments<sup>(1)</sup>: 2016E-20E

(€bn)



## Breakdown of accumulated Net Investments<sup>(1)</sup>: 2016E-20E

(% of € bn)



- 84% of which on Regulated & LT contracted activities
- Asset rotation: €1.6bn target proceeds (60% already executed/agreed in 2016), to be reinvested at higher returns

**Avg. net investments €1.4bn/year with avg. time to EBITDA < 2 years supporting medium term FCF growth**

(1) Net Investments include capex and financial investments in the period and €1.6bn of financial divestments of minority stakes in wind farms by EDPR in 2016-20; disposals to CTG or others not included in these figures

# Visibility on future growth: 2.0GW of additional hydro and wind capacity under construction by Jun-16



## Capacity under construction (Jun-16)



### Hydro in Portugal:

- +1,019MW to be commissioned in 2H16/1Q17
- **Pumping and ancillary services** as key profitability drivers



### Hydro in Brazil (PPA prices inflation updated):

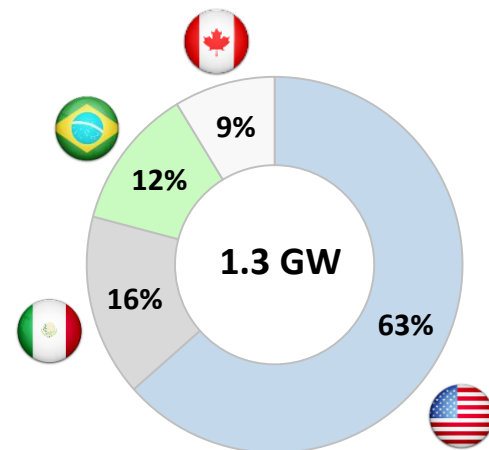
- **Cachoeira Caldeirão (219MW@50%)**: fully commissioned in May/July-16, 8 months ahead of schedule
- **S.Manoel (700MW@33%)**: on schedule for CoD May-18



- **Wind: 429 MW** in US, **200 MW** in Mexico and **28MW** in Europe, expected to be commissioned in 2016

## EDPR PPA contracts signed/awarded between Jan-14 and Jul-16 (%)

USA Mexico Brazil Canada



**1.3GW of wind PPAs signed since Jan-14, providing visibility over returns**

# US wind: core growth driver in 2016-20 supported by visible framework and good appetite for PPA



## Production Tax Credits scheme phase-down



Start of construction...

...end of construction

2016

2017

2018

2019

2020

2021

Full PTC (\$23/MWh<sup>1</sup>)

80% PTC<sup>1</sup>

60% PTC<sup>1</sup>  
(until 2022)

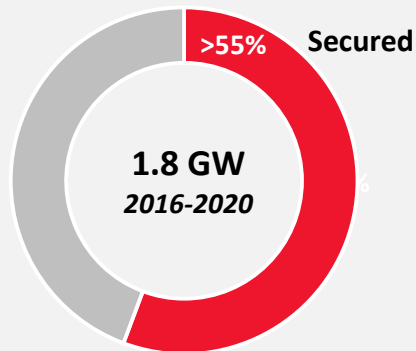
40% PTC<sup>1</sup>  
(until 2023)

100% of PTCs value if installed until 2020  
under safe-harbour conditions (5% capex invested in 2016)

## EDPR strategy under “safe-harbour conditions” to maximizing projects returns

### Capacity additions (GW)

■ Secured  
■ under negotiation/identified



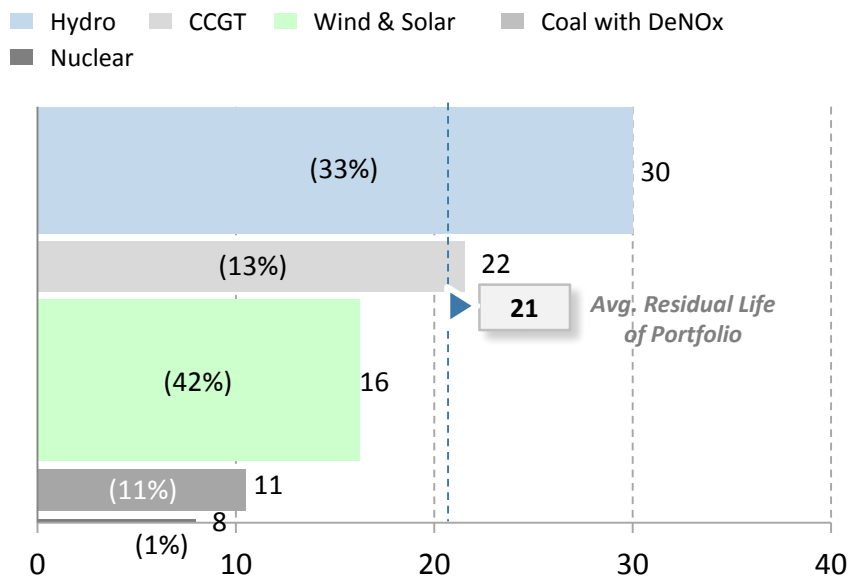
Project Name	MW	State	CoD
Hidalgo	250	Texas	2016
Timber Road III	100	Ohio	2016
Jericho	78	New York	2016
Arkwright	79	New York	2017
Meadow Lake V	100	Indiana	2017
Quilt Block	98	Wisconsin	2017
Red Bed	99	Oklahoma	2017
Turtle Creek	200	Iowa	2018

**>50% secured with non-utilities**

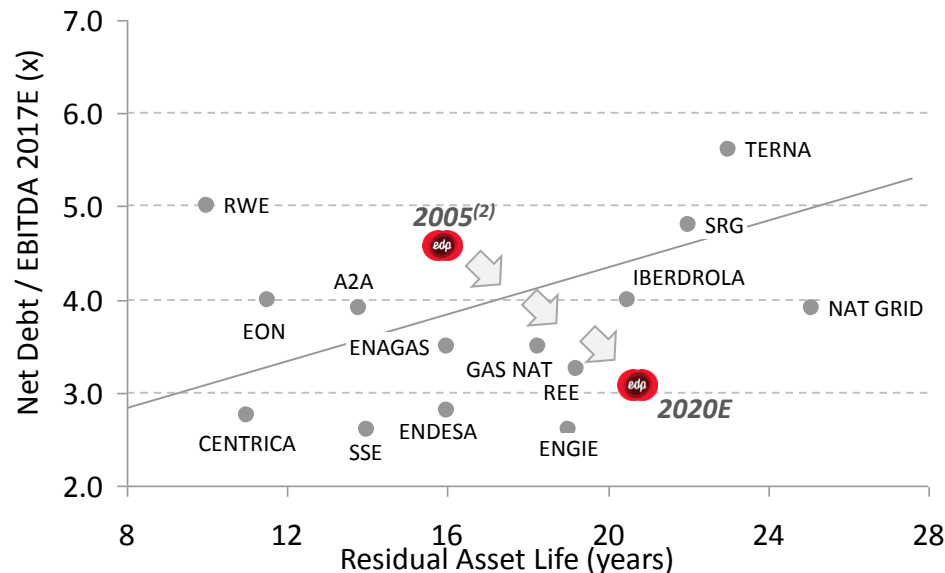
# EDP has a distinct generation portfolio: long residual asset life following growth in renewables



Average Residual Useful Life of EDP's Generation – 2020E  
by Technology<sup>(1)</sup>



European Utilities: 2017E Net Debt/EBITDA vs. Residual Asset Life<sup>(2)</sup>



**EDP assets portfolio has one of the longest average residual lives amongst European Utilities**  
**Higher visibility of medium long term free cash flows consistent with Net Debt/EBITDA target**

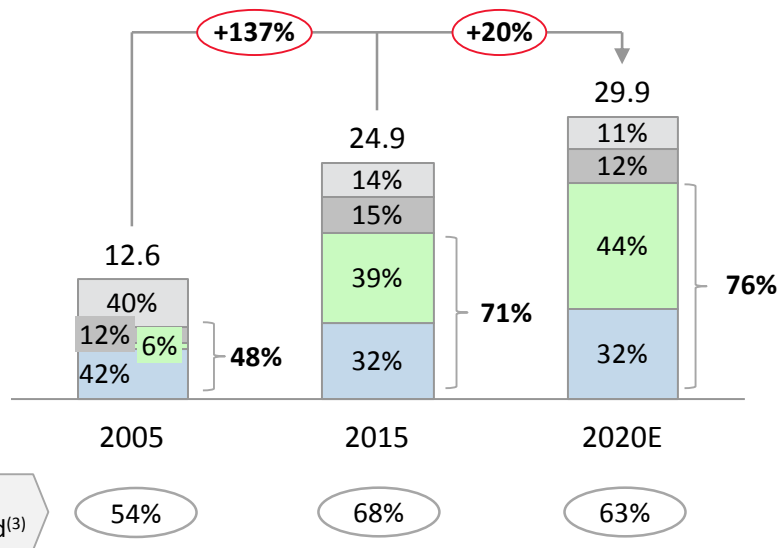
(1) Reference Date: Dec-20; Excluding: Special Regime (Mini-hydro, Cogeneration and Biomass) and Including MW attributable by Equity Consolidated Method (2) Estimates on ND/EBITDA and residual asset life for European Utilities peers according to Citi Research Estimates published in Citi Equity research report on EDPR published on April 20<sup>th</sup> 2016; data on EDP based on EDP historical figures 2005 and forecasts for 2020

# Weight of renewables increases from 71% to 76% by 2020

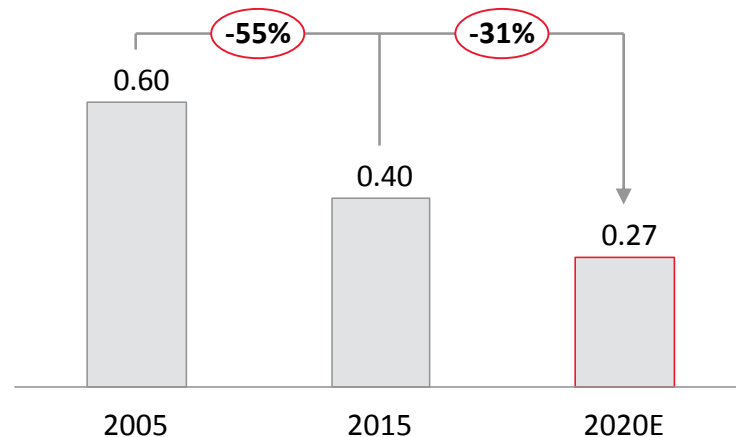


EDP Group installed capacity by technology<sup>(1)</sup>  
(GW)

Hydro Wind<sup>(2)</sup> CCGT Other



Specific CO<sub>2</sub> emissions  
(ton CO<sub>2</sub>/MWh)



**Reduction of CO<sub>2</sub> emissions by more than 30% by 2020 vs. 2015**

(1) Includes equity method consolidation

(2) Includes solar

(3) Including 2,562MW of Hydro PPA in Portugal by 2020 entitled to CMEC account receivable until 2027

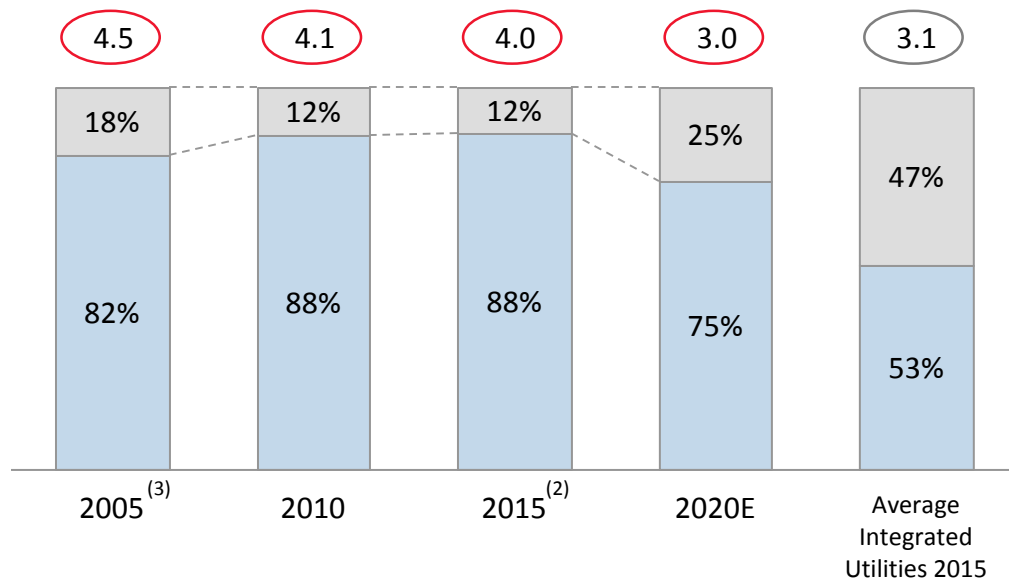
# EDP will maintain a lower risk profile in 2016-20 vis-à-vis avg. of integrated utilities



## EBITDA breakdown by business profile: 2005-2020E

(%)

Legend: Liberalized (grey), Regulated & LT Contracted (blue), Net Debt/EBITDA<sup>(1)</sup> (red circle)



### EDP risk profile 2020:

- **75% weight of regulated/long term contracted EBITDA** compares well vs. European Integrated Utilities' peer group
- **25% merchant EBITDA:** risk mitigated by **high quality generation assets** (long avg. residual life) and hedging based on **sales to final clients**
- Decline of **Net Debt/EBITDA** becoming **in line with the sector's average**

**Improvement of geographical diversification: investments funded in local currency reducing Forex risk**

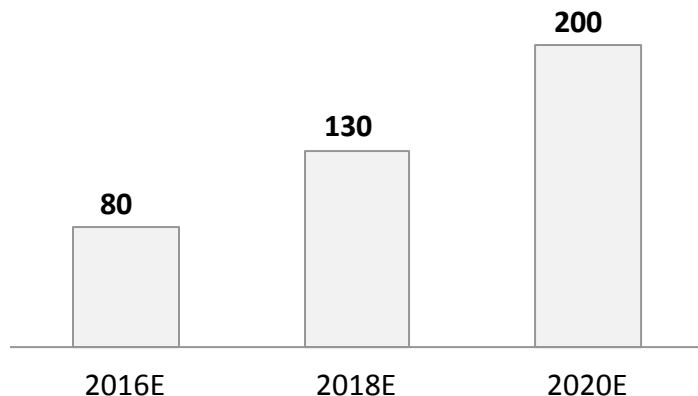
(1) Adjusted for Regulatory Receivables. (2) Net Debt / EBITDA based on recurrent and weather adjusted EBITDA, €16.9bn Net Debt ex-Regulatory Receivables; reported adj. Net Debt / EBITDA 2015 = 3.8x.

(3) Adj. EBITDA for capital gain (-€397m)

# Reinforce Efficiency: Targeting annual cost savings of €200m by 2020



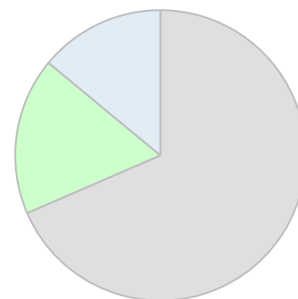
OPEX IV Annual Cost Savings 2016-20E<sup>(1)</sup>  
(€m)



OPEX IV Efficiency Programme Breakdown of cost saving target  
(%)

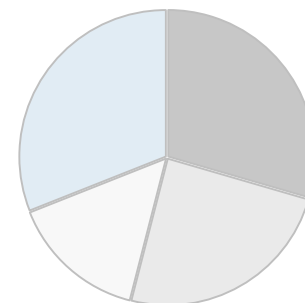
By Business Unit

Iberia EDPR Brazil



By Category

HR O&M  
Client Services & MKT IT & Other



OPEX/Gross profit to decrease from 27% in 2015 to 26% by 2020

Target accumulated savings in 2016-20: €700m mostly from Iberian business, O&M, IT and HR




(1) Savings measured regarding the 2014 costs base



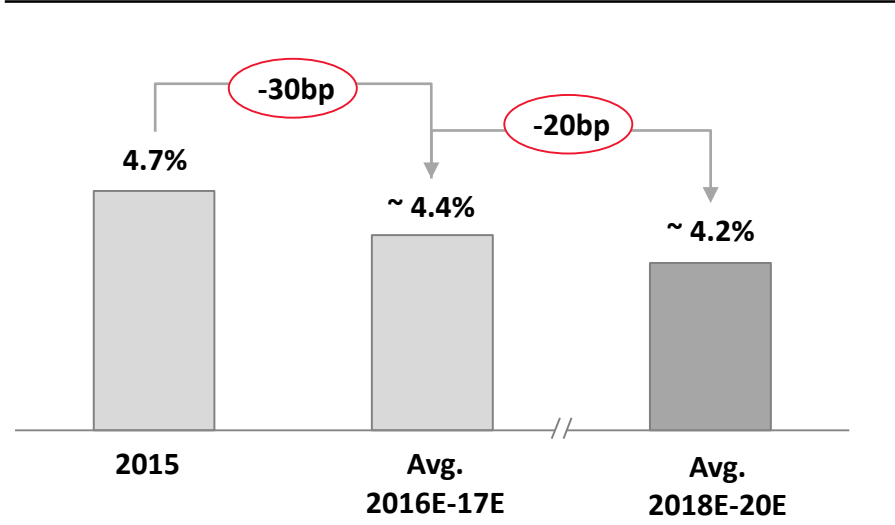
# Average cost of debt declining 50bps until 2020



Net debt and monthly interest cost by Dec-2015 by currency (%)

	Net debt weight	Interest cost	Interest rate trend
 EUR	67%	3.4%	→
 USD	24%	4.6%	↑
 BRL	8%	11.3%	↓

Avg. cost of debt 2015-20E (%)

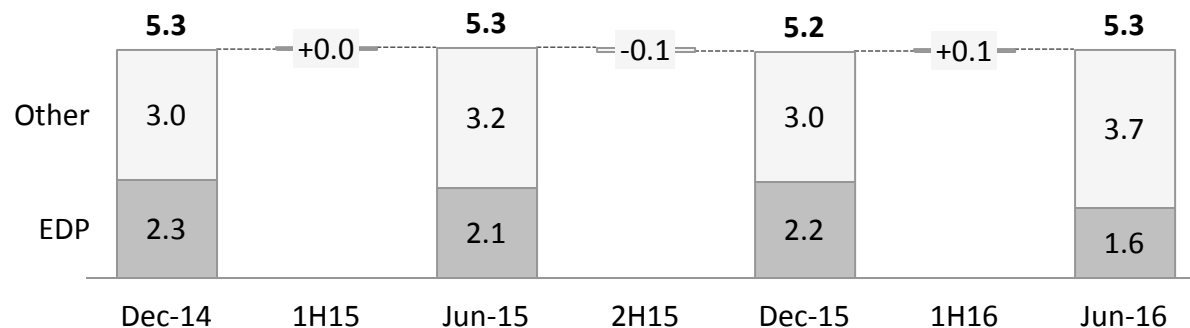


**Average cost of debt projections assuming upward trend on US interest rates**  
**Scenario of capital structure reinforcement in Brazil: potentially positive for avg. cost of debt**

# Portugal Electricity System Regulatory Receivables: +€85m in 1H16



## Portugal: Electricity System Regulatory Receivables (€bn)



	2016E ERSE			Jan-Aug/16
Demand <sup>(1)</sup> (YoY Chg.)	+2.1%		0.0%	-0.4%
Wind Factor (1.0=avg.)	1.06		0.96	1.13
Special Regime Premium (€/MWh)	65		54	71

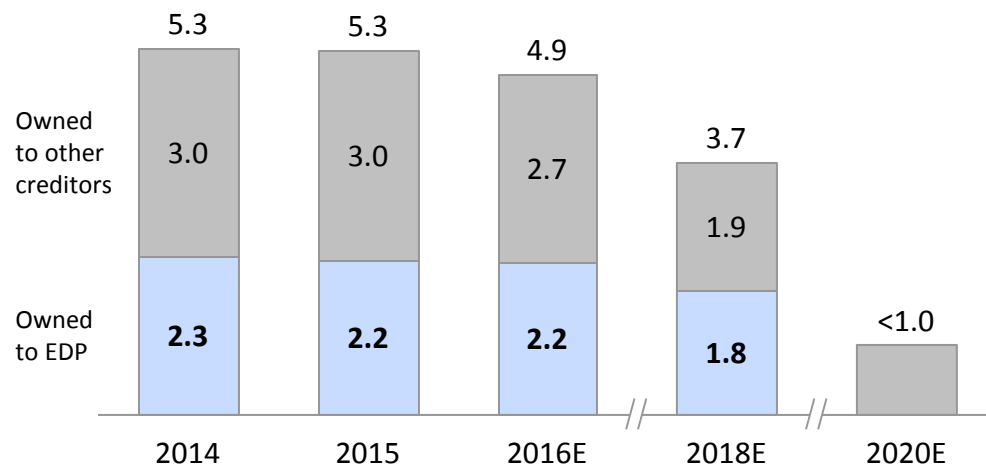
Demand (YoY; %)	+1.8% <sup>(2)</sup>	0.0%
Pool Price (€/MWh)	49.2	32.8
Special Regime Production (TWh)	+1.1 YoY	+1.3 YoY

**Expected decline in 2H16 benefiting from lower renewables' production and pool prices recovery**

# Regulatory receivables on EDP's balance sheet



## Regulatory Receivables of the Portuguese electricity system (€bn)

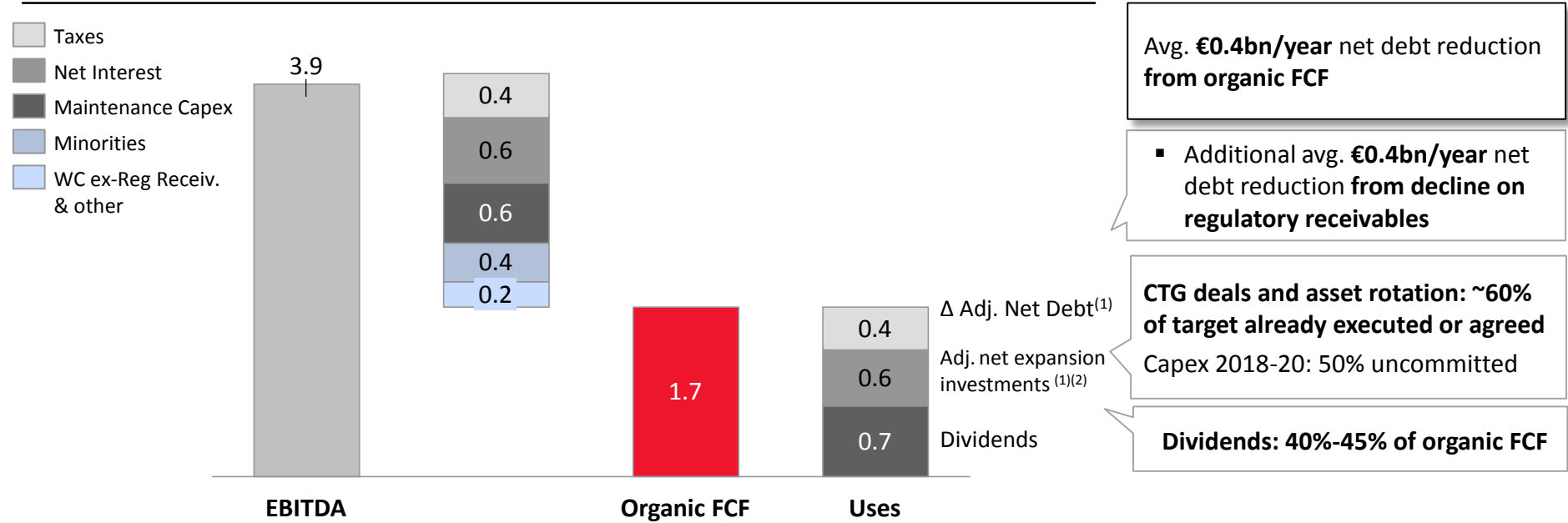


- **Steady decline of Portuguese electricity system debt** based on gradual increase of net tariff surplus
- **Assumption of securitization deals:** avg. €0.8bn/year in 2016-17; avg. €0.5bn/year in 2018-19

**Gradual decline over the 2016-20 period in line with previous forecasts**

# Organic Free Cash Flow: Growing to avg. €1.7bn/year in 2016-20

Free Cash Flow allocation: 2016E-20E average  
(€bn)



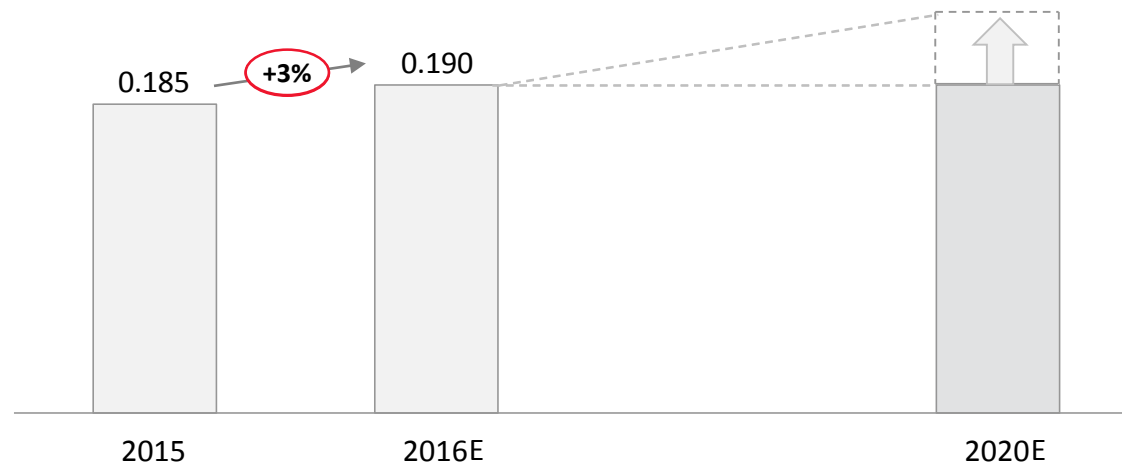
**Net debt reduction until 2020 vs. adjusted net debt of €16.9bn by Dec-15:  
Evenly driven by organic FCF and decline on regulatory receivables**

(1) Adjusted Net debt 2015 and adjusted net expansion investments 2016 assume anticipation to Dec-15 of €0.5bn cash proceeds from asset rotation + TEI in wind US that was collected only in early Jan-16  
(2) Includes expansion capex, net disposals (including asset rotation), TEI proceeds and WC chg. on equipment suppliers

# Sustainable dividend policy: Dividends growing with results



EDP dividend policy for 2016-20E  
(€/share)

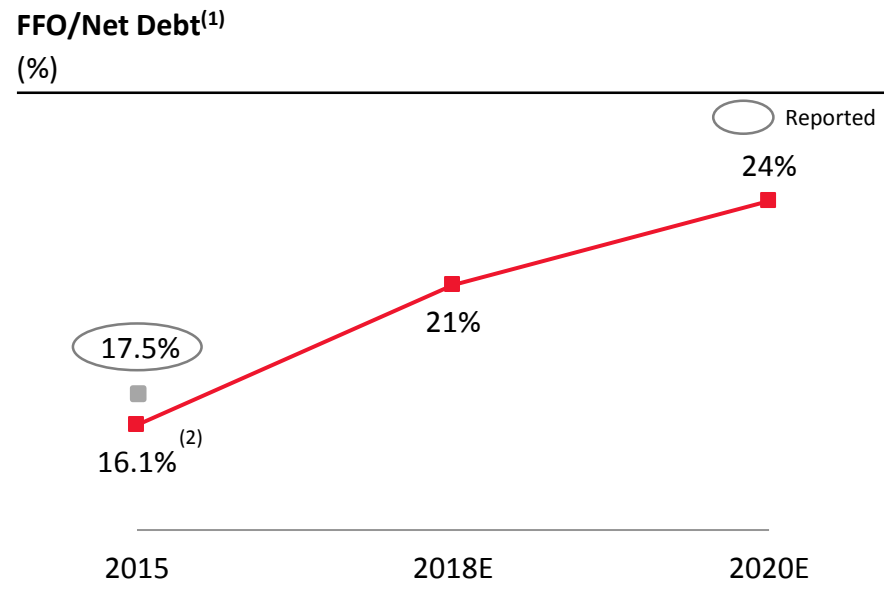
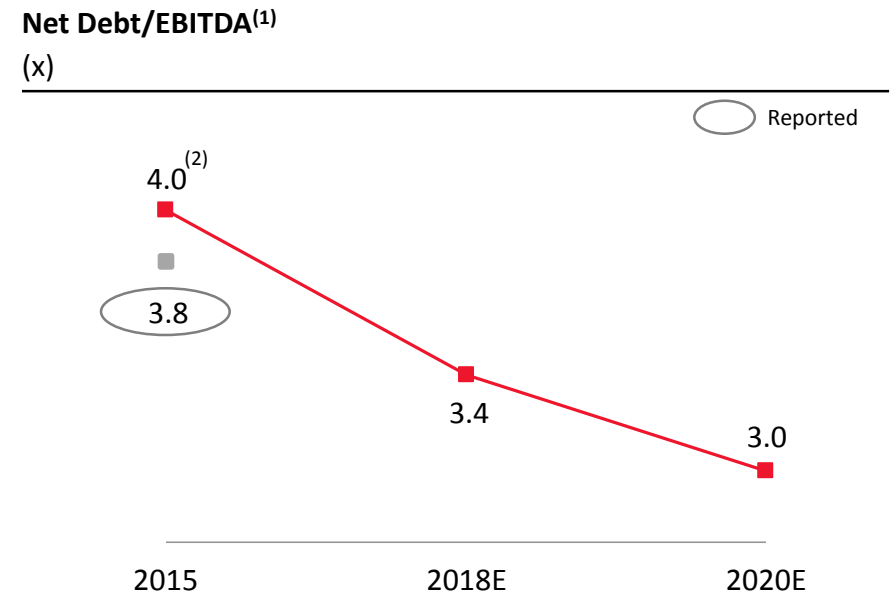


**Target payout ratio 65-75%**

**Dividend floor to increase by 3% to €0.19/share from 2016**

**EPS growth to deliver sustainable dividend increases**

# Strong commitment on steady financial deleverage

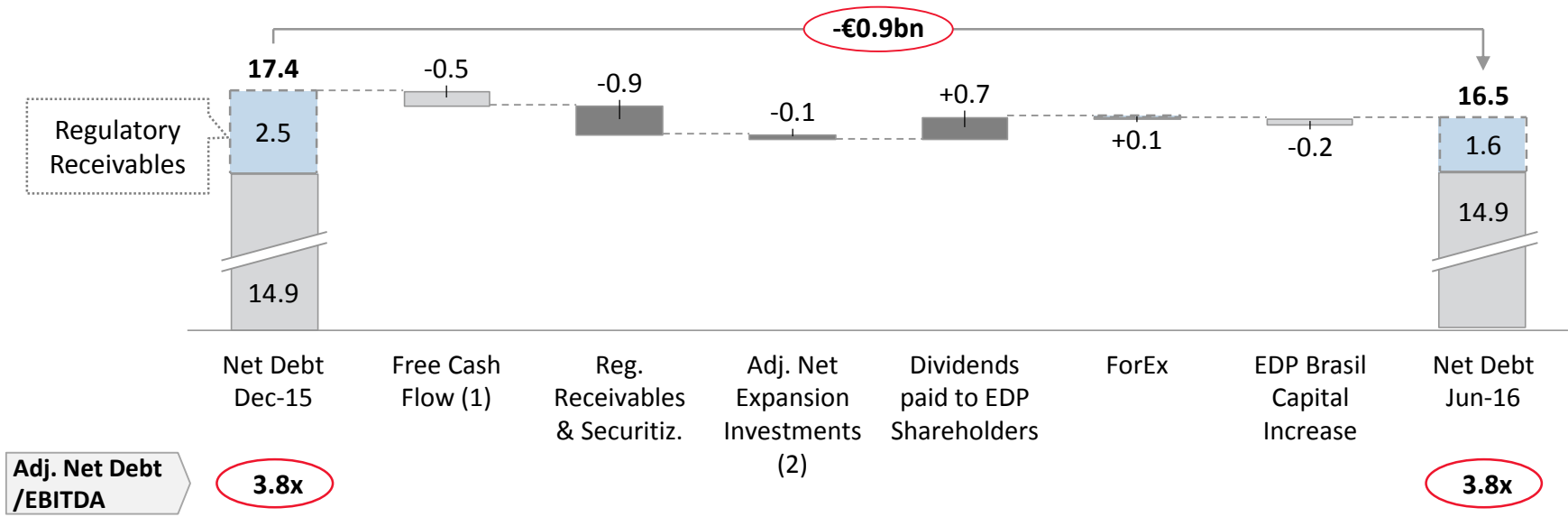


**Improvement in credit ratios supported by organic Free Cash Flow growth**

(1) Adjusted by regulatory receivables. (2) 2015 figures have been adjusted: EBITDA = €3.6bn, recurrent and weather adjusted; Net Debt = €16.9bn, considers adjustment €0.5bn downwards to reflect cash proceeds from asset rotation + TEI in wind US, that was delayed from Dec-15 to Jan-16; FFO = €2.7bn, weather adjusted

# Net debt change: -5% or -€0.9bn in 1H16

Change in Net Debt: Jun-16 vs. Dec-15  
(€ billion)

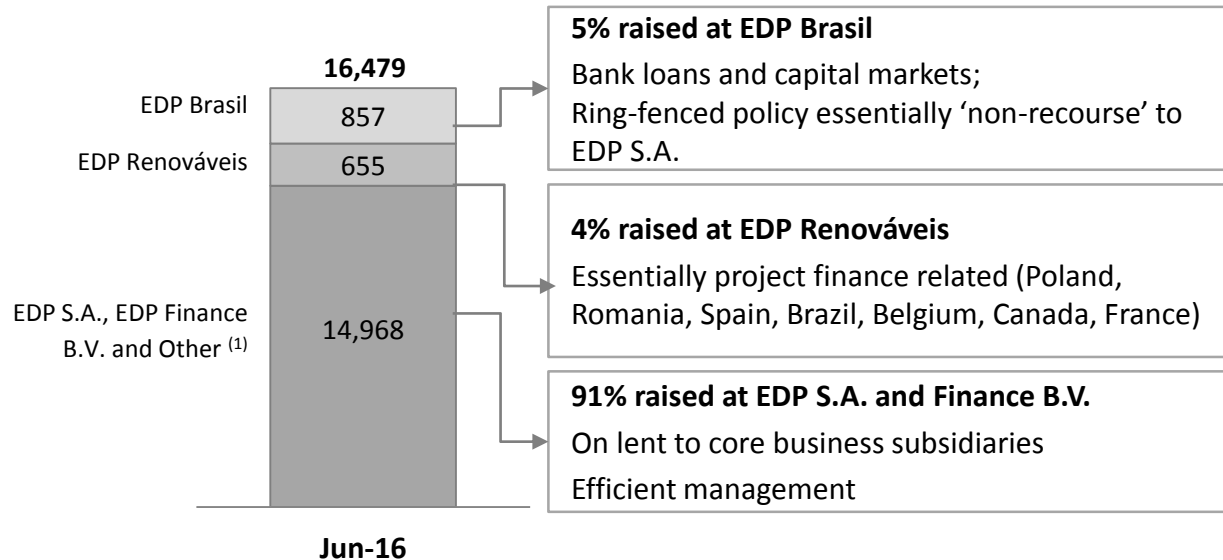


**€0.9bn decline on regulatory receivables support YTD debt reduction**  
**Adjusted net debt flat YTD, post full payment of annual dividends**

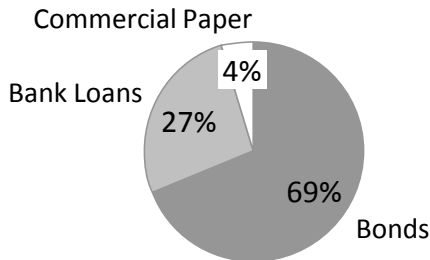
(1) EBITDA - Maintenance capex - Interest paid - Income taxes + Chg. in work. Capital excluding regulatory receivables and other; (2) Expansion capex, Net financial investments (including shareholder loans transferred in asset rotation deals), TEI proceeds, Chg. in work. capital from equip. suppliers

# Net debt profile by Group entity

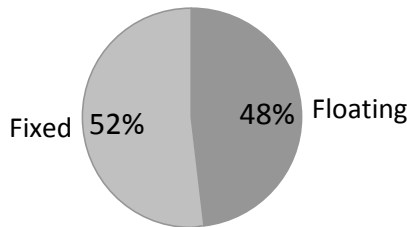
**EDP consolidated net debt position: Jun-16**  
(€ million)



**EDP consolidated debt by instrument: Jun-16**  
(%)



**EDP consolidated debt by rate term: Jun-16**  
(%)



**>85% of debt raised at holding level through both capital markets and bank loans**

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



# Active management of Financial Liquidity



(€ million)

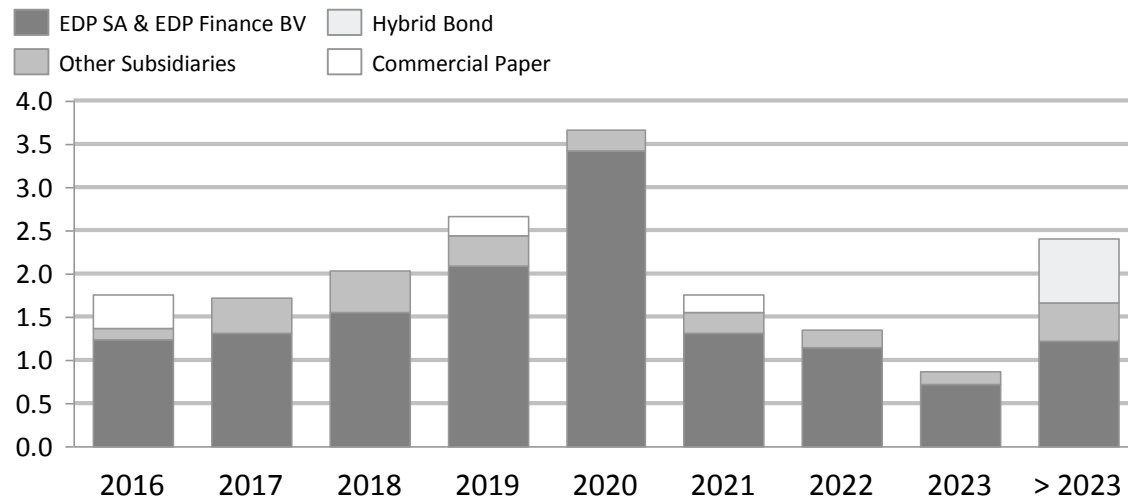
## Sources of liquidity (Jun-16)

Instrument	Maximum Amount	Number of counterparties	Utilised	Available	Maturity
Revolving Credit Facility	3,150	21	0	3,150	Jun-2019
Revolving Credit Facility	500	16	0	500	Fev-2020
Revolving Credit Facilities	175	2	0	175	2016
Domestic Credit Lines	180	8	0	180	Renewable
Underwritten CP Programmes	100	1	0	100	2021
Total Credit Lines	4,105		0	4,105	
Cash & Equivalents:				1,537	
<b>Total Liquidity Available</b>				<b>5,642</b>	

- Targeting to cover 12-24 months of refinancing needs
- **Minimisation of cash holdings** as to optimize liquidity costs
- Maintain **high level of available revolving credit facilities** with diversified syndicated counterparts

**€5.6bn of financial liquidity by Jun-16, covering refinancing needs beyond 2018**

## EDP consolidated debt maturity profile as of Jun-16 (€ bn)



**Avg. debt maturity by Jun-16: 4.8 years<sup>(1)</sup>**

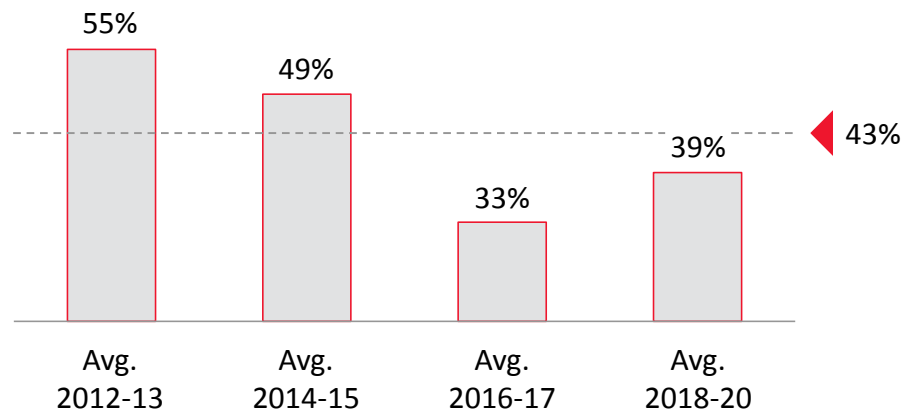
New debt issues focused on:

- Bond markets 7-10 years
- Banking loans > 5 years

**Targeting to extend avg. debt maturity > 5 years keeping smooth profile of refinancing needs**  
**In Aug-16, further execution through a €1bn long 7-year bond issue at 1.125% coupon**

(1) Hybrid bond not included in this figure

## Net Investments/EBITDA (%)



### EDPR Asset Rotation Strategy

- Net investments 2016-20 include **€1.6bn target of Asset Rotation proceeds** (~60% already executed/signed in 2016)
- Value crystallisation of existing assets
- Creating value by **reinvesting proceeds at higher IRRs**

### Partnership with CTG

- ~€0.9bn of Investments/Co-Capex to be executed in 2016-20 (~50% already signed)

### Other opportunistic disposals

- Potential small scale asset sales dependent on market opportunities

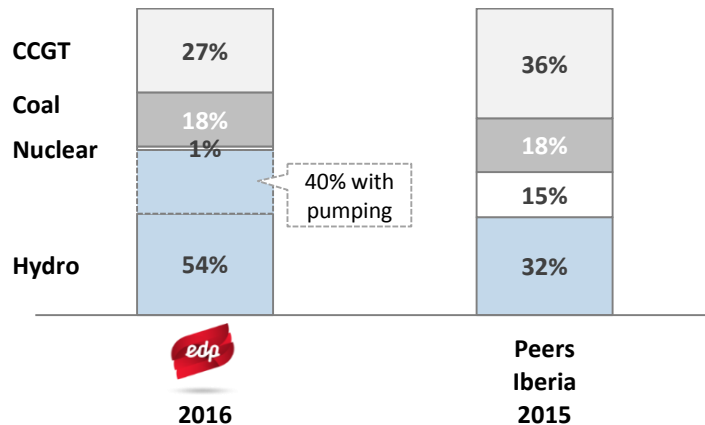
**Lower Net investments/EBITDA supported by Asset Rotation: proceeds reinvested under strict financial criteria**  
**Cash proceeds from CTG partnership and other opportunistic disposals allocated to financial deleverage**

## **ANNEXES**

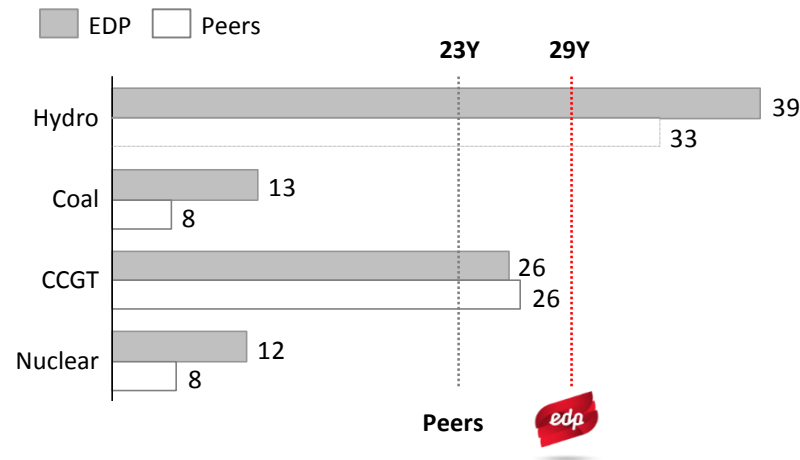
# Iberia: Diversified, high quality generation portfolio with good visibility on their medium/long term competitiveness



EDP versus Peers - Generation portfolio in Iberia  
(% of MW)



Avg. Residual Life of Conventional portfolio – EDP vs. Peers  
(As of Dec-16E; Years)



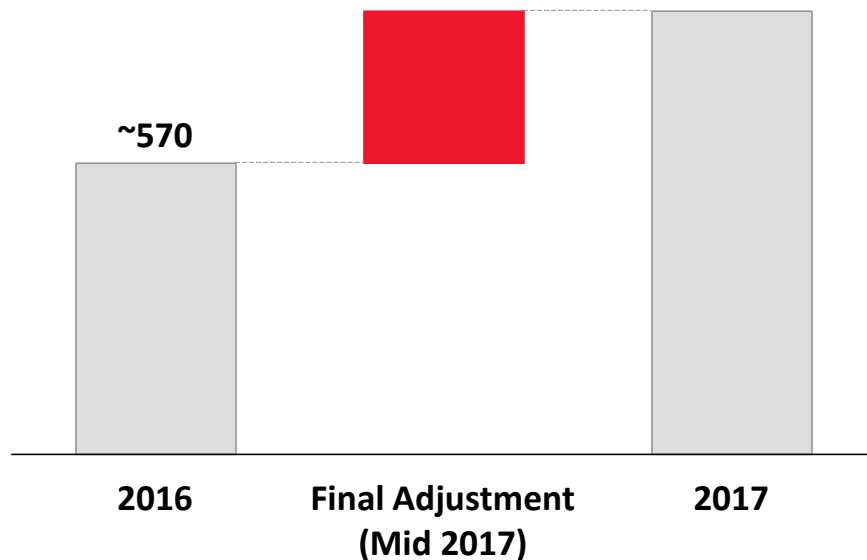
- **Hydro (54% of portfolio):** 40% with pumping; capacity additions extend avg. residual life
- **CCGTs (27% of portfolio):** evenly split between Portugal and Spain, competitive on ancillary services
- **Coal (18% of portfolio):** 86% with DeNOx facilities; DeNOx upgrade extends residual life
- **Nuclear (1% of portfolio):** 16% of Trillo nuclear plant, concession term by 2028, the longest in Spain

**Portfolio's residual useful life of 29 years: significantly longer than peers' average in Iberia**

# Iberia: CMEC Receivable generates a stable cash flow profile through 2027 on top of market cash flows



CMEC Receivable in EDP Balance sheet  
(€ million)



## Final adjustment:

- ✓ Initial CMEC assumed price<sup>(1)</sup> of €61/MWh in 2017, going up to €70/MWh in 2024
  - ✓ Lower price assumptions supports higher final adjustment
- Final receivable due in constant annual payments until 2027

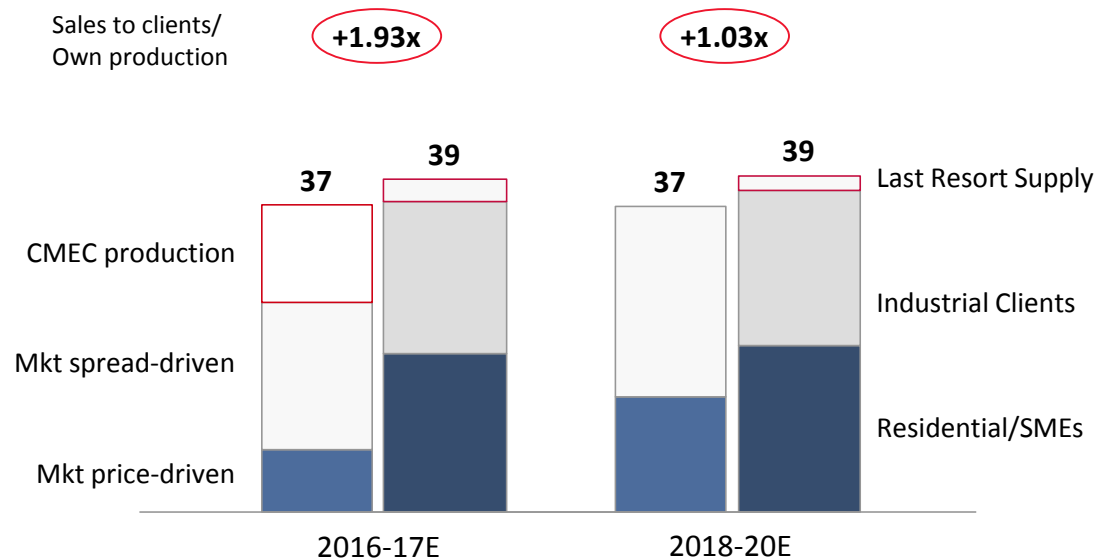
**Final adjustment to CMEC receivable based on terms clearly and contractually defined**

(1) Realised price, including hourly profiling and ancillary services; Applicable to CMEC production in an avg. hydro year (5.2TWh/year maturing on avg. in 2024)

# Iberia: Good track record in market risk management to be replicated on a wider merchant portfolio



EDP Conventional electricity production vs. sales to clients in Iberia  
(Avg. annual volume, in TWh)



## Main drivers in 2016-20E

- **Until 2017**, CMEC mitigates merchant exposure
- **Post CMECs**, integration between generation and supply mitigates wholesale exposure
- Conventional production to be fully sold to final clients by 2020
- Supply volume split evenly between Portugal and Spain

**By 2020 avg. hydro production in the market to be 1.4x covered by sales to residential and SMEs**

# Stable regulatory frameworks in Iberian networks compatible with systems' sustainability



Annual RoRAB in Portugal indexed to 10Y sovereign yield, with a RoRAB cap & floor defined for a 3 year period

	Regulatory period	Return on Asset Base	Regulated Revenues	Highlights
Electricity Portugal	3 years up to Dec-17	RoR 6.3% <sup>(1)</sup> Floor/Cap: 6%/9.5%	€1,222m (2016)	<ul style="list-style-type: none"> <li>RAB: <b>€3bn</b></li> <li>Accepted cost base updated at GDP deflator-2.5%</li> </ul>
Gas Portugal	3 years up to Jun-19	RoR 6.2% <sup>(2)</sup> Floor/Cap: 5.7%/9.3%	€68m (Jul-15/Jun-16)	<ul style="list-style-type: none"> <li>RoR based on regulator's preliminary proposal<sup>(1)</sup></li> <li>RAB of <b>~€0.45bn</b></li> </ul>
Electricity Spain	4 years up to Dec-19 <sup>(4)</sup>	RoR 6.5%	€182m (2016E) <sup>(3)</sup>	<ul style="list-style-type: none"> <li>Proposal<sup>(3)</sup> based on new objective criteria</li> <li>RAB: <b>€0.96bn<sup>(3)</sup></b> (visibility until 2039)</li> </ul>
Gas Spain	6 years up to Dec-20	Regul. Revenues $t = RR_{t-1} + \Delta$ in activity	€172m (2016)	<ul style="list-style-type: none"> <li>Regulated revenues indexed to number of supply points connected and distributed volumes</li> </ul>

Clarification of regulatory framework in Spain increases value and long term visibility

(1) Based on ERSE's assumption for 2016 in electricity; (2) According to ERSE preliminary proposal released on April 14<sup>th</sup>, final decision until June 15<sup>th</sup>; Regulatory year from Jul-16 to Jun-17; (3) Based on preliminary proposal by the Industry Ministry released on March 29<sup>th</sup>, subject to public consultation and remaining approvals; (4) Sequent regulatory periods with 6 years



# Low risk: EDP's strategy strongly aligned with sustainability best practices



## Generate Economic Value

- **Achieve 75% of clean capacity by 2020**
- Surpass 90% of smart meters in Iberia by 2030
- Provide energy efficiency products to reduce overall consumption by 1 TWh before 2020<sup>(1)</sup>
- **Invest €200m in innovative projects by 2020**

## Manage Climate & Environmental Issues

- **Reduce CO<sub>2</sub> specific emissions by 75% until 2030 (vs. 2005)**
- Achieve 100% environment certification<sup>(2)</sup>
- Internalize the concept of circular economy and Promote energy efficiency
- Valuate environmental externalities among EDP Group

## Develop Our People

- **Keep employee engagement level >75% until 2020**
- Promote diversity increase (+ 15% of women)
- Achieve 100% of H&S certification<sup>(2)</sup>

## Improve Trust

- Maintain EDP part of the world most ethical companies of the Ethisphere Institute
- **Achieve >80% of Clients satisfaction and promote energy inclusion**
- Full feedback assessment from stakeholders
- Invest €100m up to 2020<sup>(3)</sup> to Promote volunteering social businesses and initiatives towards sustainable lifestyles

**Maintain sector wide leading position by actively contributing to global sustainability agenda**

# Offshore wind projects: growth options to capture a new wave of industry development and R&D leadership



## UNITED KINGDOM

Moray Firth

**1.1 GW**  
max.

Consent granted for offshore wind development;  
Partnership with CTG (up to 30%)

Next step: CfD<sup>1</sup> allocation  
Auction: pending date



## FRANCE

Le Tréport

**500 MW + 500 MW**

Iles d'Yeu et de  
Noirmoutier

PPA and  
PROJECTS  
AWARDED

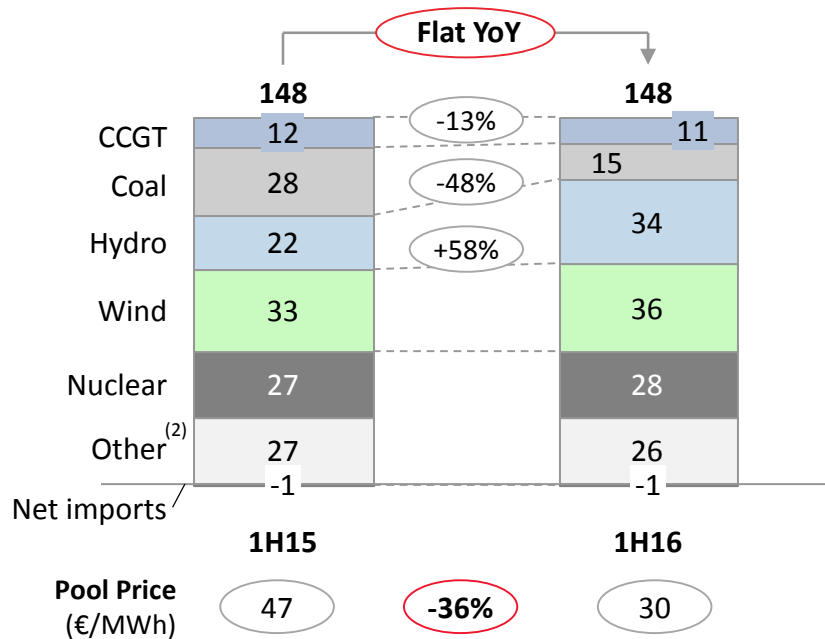
Partnership with Engie allows de-risking  
and complementary skills

Selected in May-14 for the  
development, construction and operation

Offshore projects to represent less than 10% of total investment needs through 2020 and to be developed through partnerships  
Projects expected CoD after 2020

# Overview of Iberian Market in 1H16

## Electricity Demand and Supply in Iberian Market <sup>(1)</sup> (TWh)



- **Electricity demand** flat in Spain and -0.3% in Portugal: penalized by weather and slowdown of economic activity
- **Hydro production: +58%**, hydro coefficient in Spain 1.50 in 1H16 vs. 0.70 in 1H15
- **Coal and gas power plants production: -37%**
- **Gas demand: -2%** in Iberia; conventional demand flat, demand for electricity production: -12%

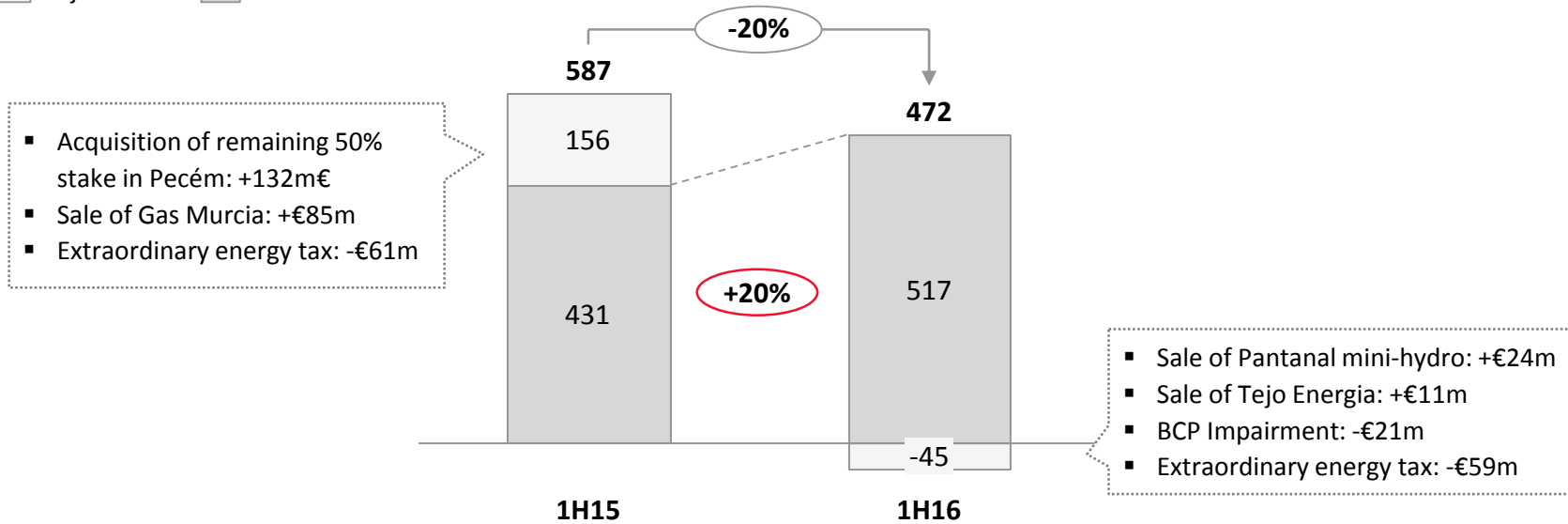
**Strong hydro volumes justify 36% YoY decline in avg. pool price to €30/MWh in 1H16**

(1) Net of pumping; (2) Other special regime (ex wind) and electricity consumption by thermal plants.

# Recurring net profit: +20% YoY

## Adjusted Net Profit (€ million)

Adjustments Recurrent



**Recurring Net Profit growth supported by EBITDA growth, namely in Iberia, and decline of net interest costs**

# Key data on EDP securities



Bonds	Currency	Amount (million)	Maturity	Coupon	Market Price (Bid)	Market Yield	ISIN Code
EDP BV Euro MTN	EUR	1,000	26/09/2016	4.750%	100.2	1.5%	XS0435879605
EDP BV Euro MTN	EUR	750	21/09/2017	5.750%	105.8	0.2%	XS0831842645
EDP BV Euro MTN	EUR	650	15/04/2019	2.625%	105.2	0.6%	XS1057345651
EDP BV Euro MTN	EUR	300	29/06/2020	4.125%	112.6	0.8%	XS0223447227
EDP BV Euro MTN	EUR	750	14/09/2020	4.875%	115.7	0.9%	XS0970695572
EDP BV Euro MTN	EUR	600	20/01/2021	4.125%	113.7	0.9%	XS0995380580
EDP BV Euro MTN	EUR	1,000	18/01/2022	2.625%	108.1	1.1%	XS1111324700
EDP BV Euro MTN	EUR	600	23/03/2023	2.375%	107.2	1.2%	XS1385395121
EDP BV Euro MTN	EUR	1,000	12/02/2024	1.125%	98.8	1.3%	XS1471646965
EDP BV Euro MTN	EUR	750	22/04/2025	2.000%	103.3	1.6%	XS1222590488
EDP Hybrid Notes	EUR	750	16/09/2075	5.375%	104.9	4.2%	PTEDPUOM0024
EDP BV Euro MTN	GBP	200	09/08/2017	6.625%	104.4	1.8%	XS0152784715
EDP BV Euro MTN	GBP	325	04/01/2024	8.625%	138.0	2.8%	XS0397015537
EDP BV Euro-Dollar	USD	1,000	02/02/2018	6.000%	105.3	2.2%	XS0328781728
EDP BV Euro-Dollar	USD	1,000	01/10/2019	4.900%	106.7	2.6%	XS0454935395
EDP BV Euro-Dollar	USD	750	15/01/2020	4.125%	104.0	2.9%	XS1140811750
EDP BV Euro-Dollar	USD	750	14/01/2021	5.250%	109.0	3.0%	XS1014868779

Equity	Stock Exchange	(€)	P/E 2016	P/E 2017E	P/BV 2016	DY 2016E	Market Cap	Avg. Daily Volume 52 Weeks (# tm)
EDP SA	Euronext Lisbon	€3.00	11.8	11.7	1.2	6.3	€10,966m	7.0
EDP Renováveis	Euronext Lisbon	€7.16	42.6	34.1	1.0	0.8	€6,248m	0.4
EDP Brasil	BM&FBOVESPA	R\$14.30	13.7	14.3	1.2	3.5	R\$8,678m	2.3



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Site: [www.edp.pt](http://www.edp.pt)

Link Results & Presentations:

<http://www.edp.pt/EDPI/Internet/EN/Group/Investors/Publications/default.htm>

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Phone: +351 210012834

## Next Events

Sept 6<sup>th</sup>: Reverse Roadshow in Madrid (Citigroup)

Sept 9<sup>th</sup>: BPI Iberian Conference (Porto)

Sept 14<sup>th</sup>: BBVA Iberian Conference (London)

Sept 15<sup>th</sup>: Morgan Stanley Power & Utility Summit (London)

Sept 16<sup>th</sup>: Roadshow in London (Fidentiis)

Sept 16<sup>th</sup>: Kepler Cheuvreux Autumn Conference (Paris)

Sept 27-28<sup>th</sup>: Santander Eurolatam Infrastructure Conference (New York)

Sept 27-28<sup>th</sup>: Roadshow in Copenhagen/Stockholm (UBS)