EDP
CAPITAL
MARKETS DAY 2016

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AGENDA

EDP 2014-2016 António Mexia, CEO

IBERIAN BUSINESS Miguel Stilwell de Andrade, Board Member

EDP RENOVÁVEIS João Manso Neto, CEO EDP Renováveis

EDP BRASIL Miguel Setas, CEO EDP Brasil

FINANCIALS Nuno Alves, CFO

EDP 2020 António Mexia, CEO

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EDP 2014-2016

António Mexia, CEO

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2014/2016: a volatile and challenging business environment

1 **WEAK GLOBAL ECONOMIC GROWTH**

- **Energy demand** slow down
- Further declines on **interest rates**
- Strong volatility in **Forex markets**

2 **DECLINE OF ENERGY COMMODITY PRICES**

Changes in fossil fuels demand/supply balance:

- **Slow down on global demand,** mostly driven by Asia
- **New competitive sources:** increase of shale oil & gas, LNG capacity

3 **EFFORTS TO ADDRESS CLIMATE CHANGE**

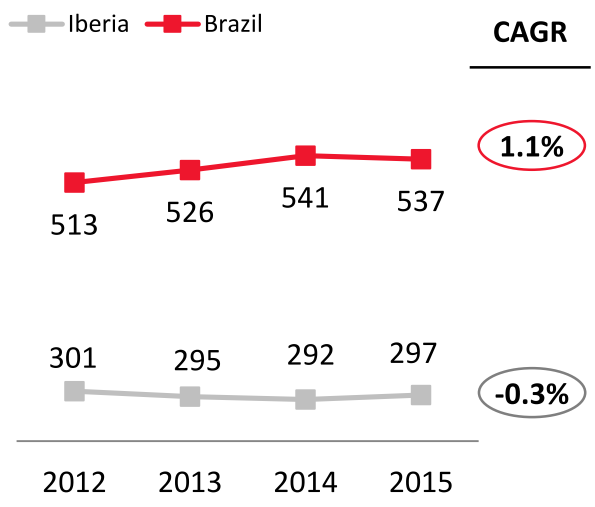
- **COP 21:** Global political alignment on **urgency to address climate change**
- **Strong growth of renewables**: Backed by lower costs and public policies
- **European ETS reform failed to increase carbon price**

4 **NEW ROLE FOR CONVENTIONAL POWER**

- **Depressed energy prices eroding profitability of conventional generation**
- **Older coal and nuclear plants reaching the end of a lifecycle**
- **Security of supply requires a new market design: Need of capacity markets**

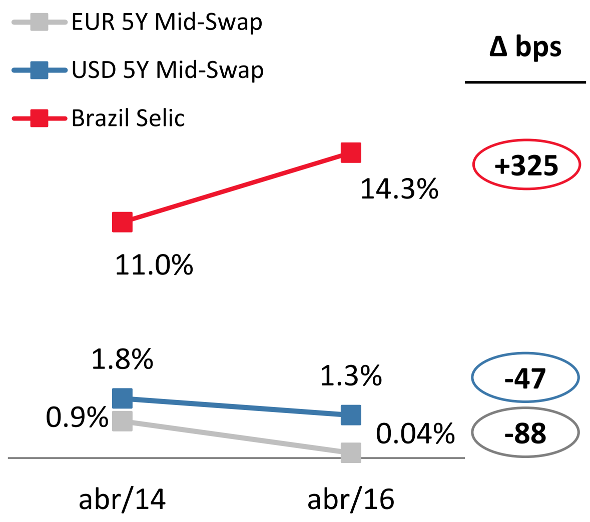
1 Weaker global economic growth: Slight recovery of electricity demand in Iberia, lower interest rates in Europe, volatile Forex

Electricity Demand: Iberia and Brazil(1)
(TWh)



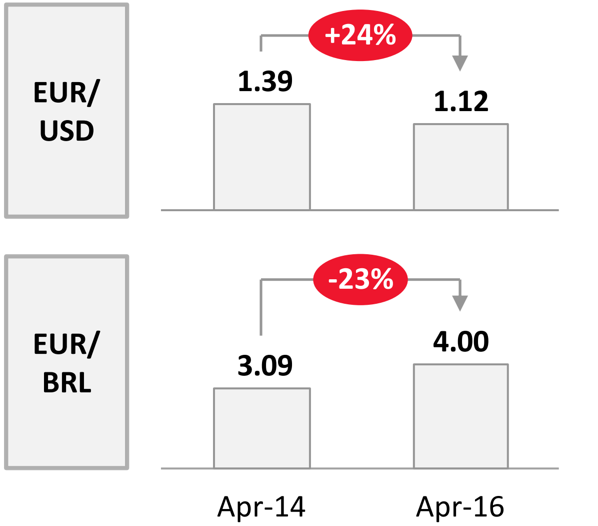
- Signs of rebound of Iberian demand
- Brazil: recent decline of demand due to economic crisis and 2015 hydro deficit

Benchmark Interest rates(2)
(%, EoP)



- Further rate declines in Europe and US
- Higher interest rates in Brazil aiming to control inflationary pressures

Foreign Exchange Markets(2)
(EUR/USD, EUR/BRL, EoP)



- Strong appreciation of USD vs. EUR: higher growth prospects in US economy
- Strong depreciation of BRL: economic, fiscal and political challenges in Brazil

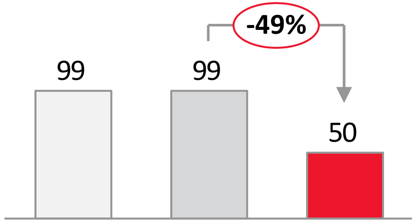
(1) Sources: REN, REE and ONS (2) Bloomberg as of April 22nd, 2016

2 Volatility in international energy markets impacting electricity prices in Iberia

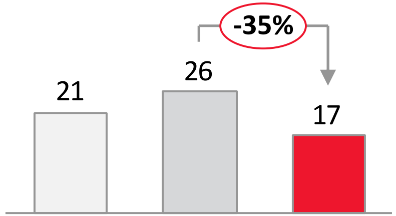
Commodities and Iberian Electricity Market

Real | Forward Prices@May-14 | Forward Prices@Apr-16[1]

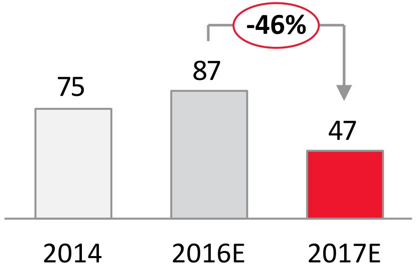
Brent ($/bbl)



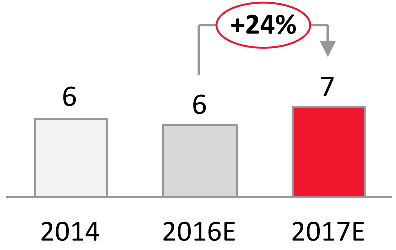
Gas NBP (€/MWh)



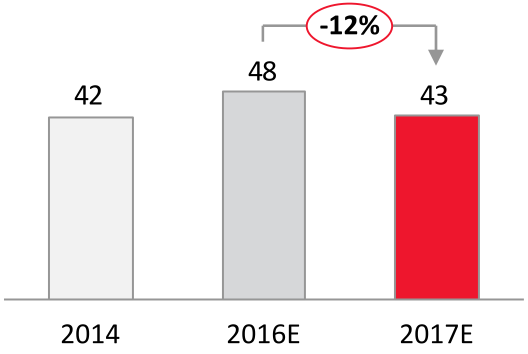
Coal ($/ton)



CO_2 (€/ton)



Iberian pool price (€/MWh)



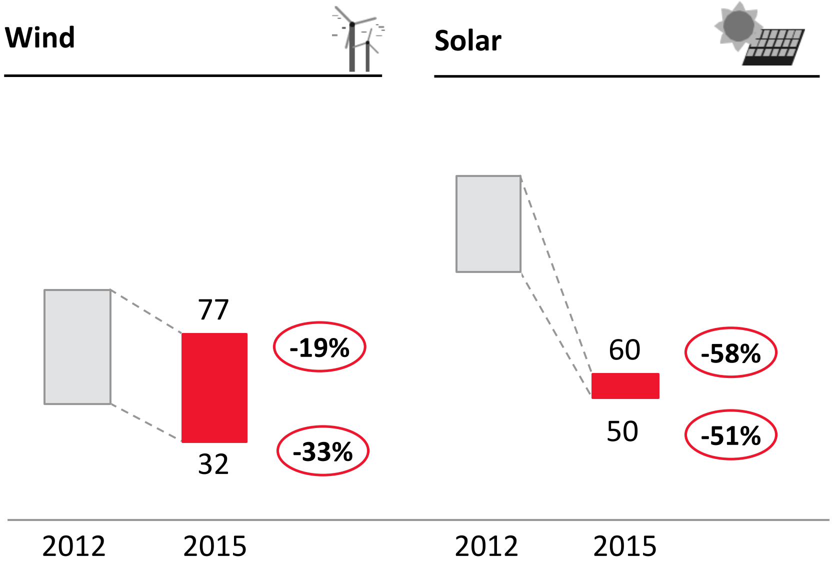
	2014	2016E	2017E
Clean Dark Spread	0	6	6
Clean Spark Spread	-20	3	-3

EDP with limited exposure to wholesale markets: volatile context increased value of hedging through clients

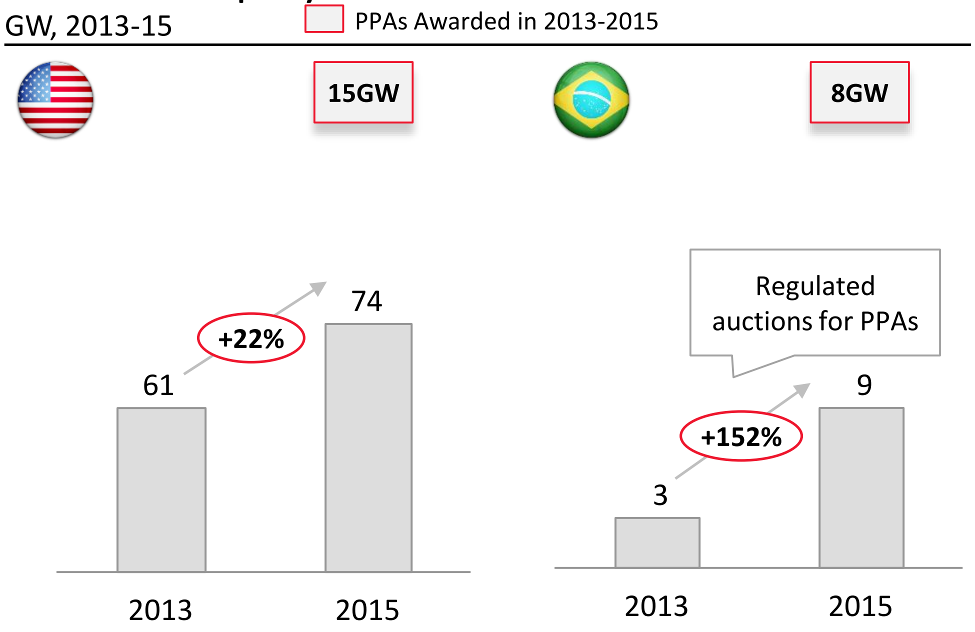
(1) Data as of Apr 27th, 2016

3 Renewables growth: Supported by declining costs and public policies

Wind and Solar Unsubsidised Levelised Cost of Energy in US(1)
(USD/MWh, unsubsidized)



Wind Installed Capacity in US and Brazil(2)
GW, 2013-15



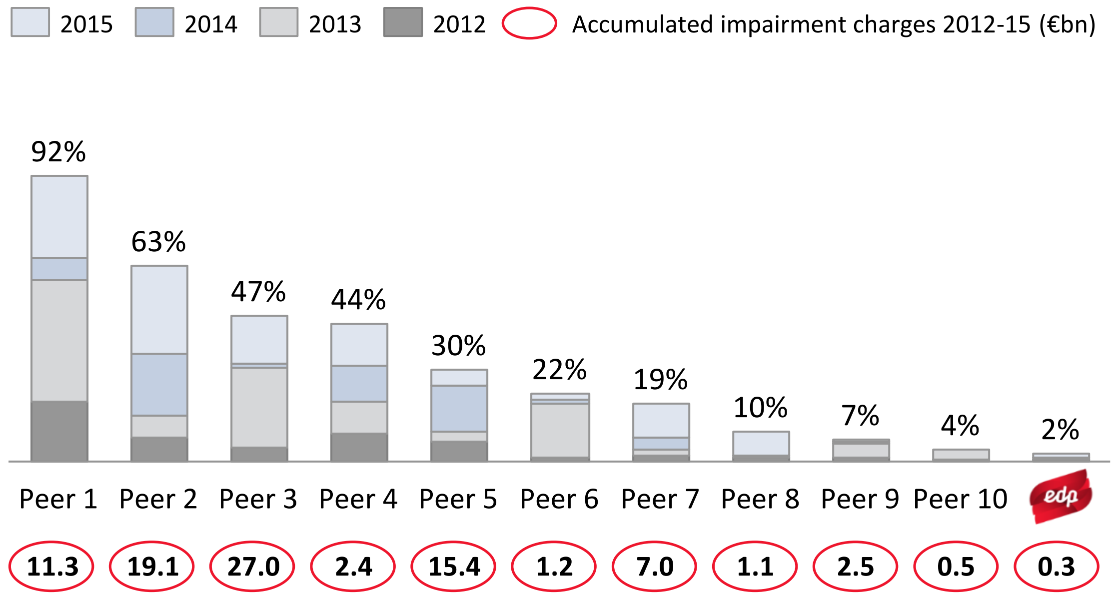
Further declines on average cost of wind and solar continued to improve renewables competiveness

Public support: In US, PTC extension for further 5 years, increase of State RPS targets (California, NY)

(1)External source based on standard assumptions (load factor assumption: Wind 2012 48% - 30%; Wind 2015 55% - 30%; Solar 2012 23% - 21%; Solar 2015 32% - 23%; (2) Source: AWEA and ABEEólica

Depressed energy prices have been eroding value of conventional generation

Impairment charges as % of Avg. Equity Book Value – European Integrated Utilities[1]
(2012-15)



Major drivers of impairments in the sector over the period:

- **Past acquisitions** at high valuation multiples
- **Unhedged upstream/commodity exposure:** namely E&P assets and LT gas contracts
- **Conventional power plants** within portfolios more impacted by power price declines:
  - a) **Nuclear plants:** early retirements and rising safety and decommissioning costs
  - b) **Coal plants:** rising environmental costs increase pressure on early retirements
  - c) **Gas plants:** mothballing due to low margins/load factors

Strict discipline on capital allocation as key driver for EDP lower exposure to assets' devaluation

(1) Source: Company Reports and results releases; gross amounts, avg. Equity book value between Dec-12 and Dec-15 including non controlling interests

European energy market continues to face significant challenges

Carbon Price Signal

- Higher CO_2 price needed to promote coal-to-gas switching and to accelerate emissions reduction
- Further control over volume & pricing of CO_2 allowances should be developed in Europe

Investments framework

- Low spot power prices: lack of incentives for investments needed for decarbonisation
- Competition through auctions for LT contracts: win-win de-risking for investors and consumers

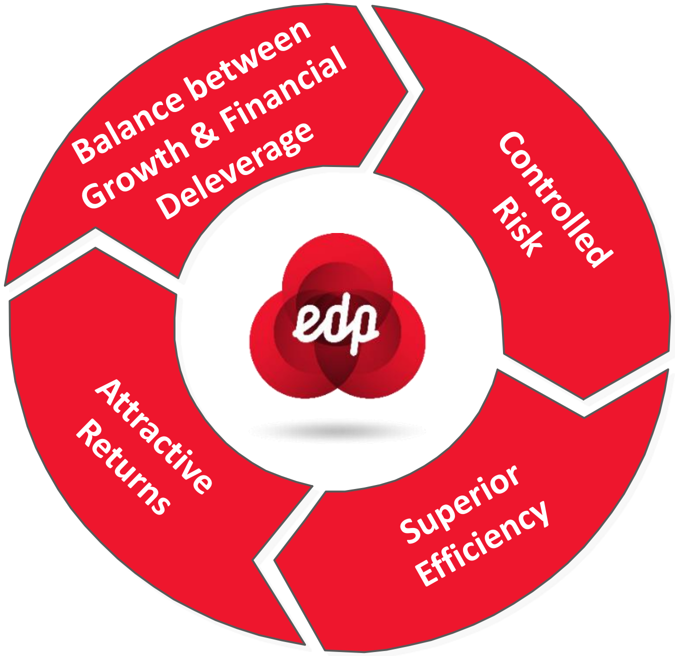
Security of Supply

- Unprofitable generation capacity: Barriers to decommissioning should be removed
- Capacity markets: key for economics of the capacity needed to guarantee security of supply

A new market design in EU is essential to promote decarbonised, affordable and secure energy

EDP has remained focused on reinforcing its distinctive profile amongst European Utilities

Strategic Priorities



I Balance between Growth & Financial Deleverage

- **Focused growth**: long-term contracted renewables and regulated networks
- **Deleverage commitment**: improve visibility of medium term FCF profile

II Controlled Risk

- Keeping low risk profile reinforcing presence in our core markets and optimization of capital allocation

III Superior Efficiency

- Focus on Opex & Capex efficiency

IV Attractive returns

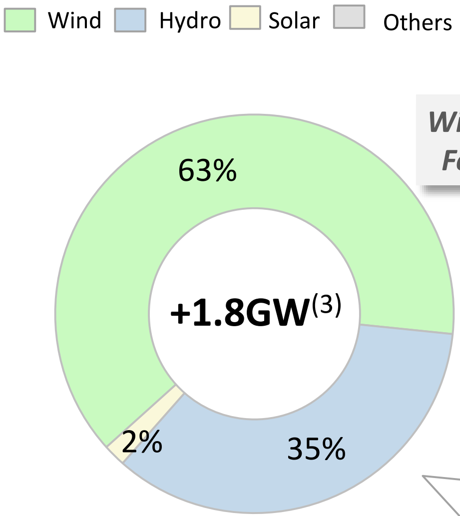
- Attractive and sustainable dividend policy
- Well-diversified markets and competitive technologies

I Delivery of growth: 7% capacity increase in two years

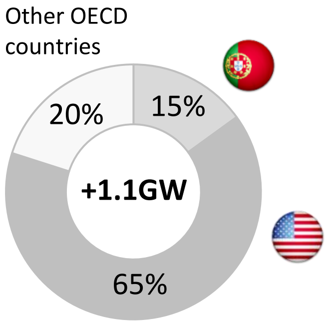
EDP Group Installed Capacity[1]: Dec-13 to Mar-16

	Dec-13		Mar-16
Installed Capacity (GW)	23.5	+7%	25.1
% Renewables	69%		72%
% LT Contracted[2]	66%		66%

EDP Group Net Capacity Additions[1]: Jan-14 to Mar-16



Wind additions 100% PPAs, Feed-in Tariffs or Hedged



- **New hydro in Portugal:** +461MW in 2015/1Q16
- **New hydro in Brazil:** +373MW@50% (30-Years PPA)
  Jari: delivered 3.5 months ahead of schedule

Focus on wind with PPAs or feed-in-tariffs (namely in US) and conclusion of new hydro plants in Portugal

(1) Includes MW attributable to EDP from associated companies consolidated by Equity Method (2) Includes EDPR (3) Excluding -0.2GW of net thermal capacity change

Visibility on future growth: 1.8GW of additional hydro and wind capacity under construction by Mar-16

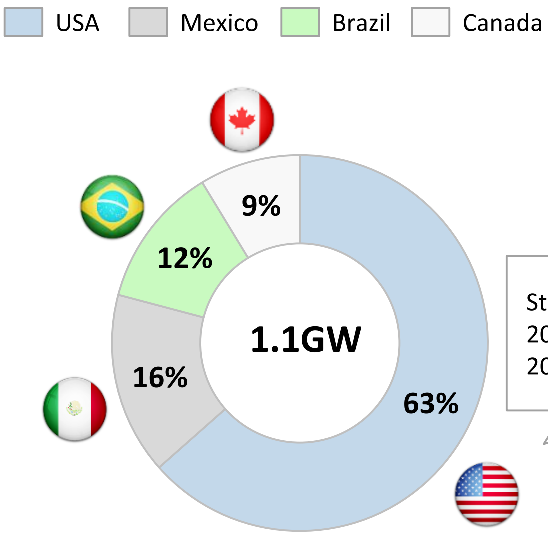
Capacity under construction

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%):** operations to start in 2Q16, 8 months ahead of schedule
- **S.Manoel (700MW@33%):** on schedule for CoD May-18

- **Wind: 250 MW** in US and **200 MW** in Mexico to be commissioned in 2016

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



Still not under construction:
2016 Projects: 178MW
2017 Projects: 376MW

1.1GW of wind PPAs signed since Jan-14, provide visibility on 2016-18 growth

I Balanced approach between growth and financial deleverage

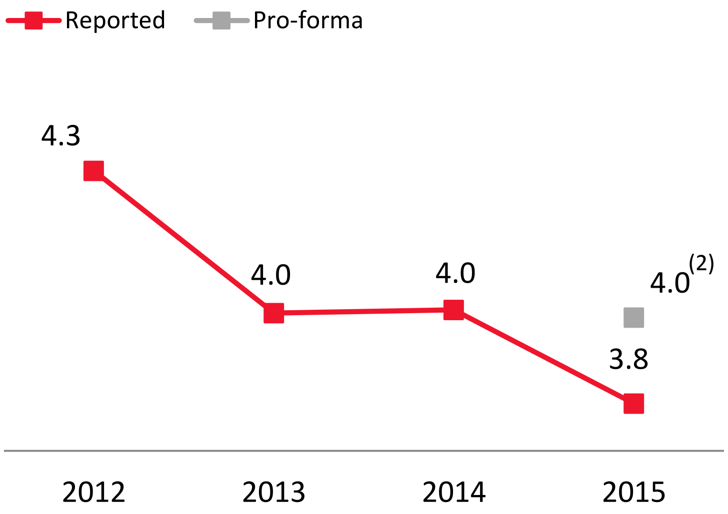
EDPR's Asset Rotation	▪ 7 deals executed/agreed in 2014-1Q16 in North America and Europe ▪ **Total proceeds of €1.5bn exceed by ~2.0x the €0.7bn target for 2014-17** ▪ Average implied EV/MW: €1.5m	€1.5bn
CTG Partnership	▪ **€1bn of deals executed/agreed in 2014-2015** (€1.4bn since 2012): – EDP Brasil: sale of 50% stakes in **Jari & C.Caldeirão** hydro plants (2014) – EDPR: sale of 49% stakes in **wind in Brazil** (2015) and **Poland/Italy** (2016)	€1.0bn
Opportunistic Deals	▪ **Disposals:** – 2015: **Gas Murcia:** Isolated gas distribution networks in Spain at **~13x** EV/EBITDA – 2016: **Pantanal:** Mini-hydro plant in Brazil at **~3.5x** P/BV ▪ **Acquisitions:** – 2015: **Pecém I** (PPA coal plant): Eneva's remaining 50% stake at **~0.3** P/BV[2] – 2016: **Repsol LP gas distribution network North of Spain** at **~9x** EV/EBITDA	€0.2bn €0.1bn €0.6bn[1] €0.1bn
	Σ	**~€2.0bn**

Execution of several value accretive deals under a strict financial discipline

(1) Full debt consolidation (€0.5bn) + 50% equity acquisition (€0.1bn) (2) Price/Accounting Fair Value

Financial leverage: Clear downward trend, at a slower pace

Net Debt/EBITDA (1)
(x)



Main drivers	Impact
▪ **2015: Adverse energy markets/weather** (Iberia/Brazil/EDPR)	
▪ **Adverse forex: USD +27%, BRL -24%** (Dec-15 vs. Dec-13)	
▪ **Full consolidation of Pecém debt (since May-15)**	
▪ **EDPR asset rotation + CTG partnership: timing delays from** 2014/15 to 2016 on **~€1.5bn** aggregated cash proceeds	
▪ **€750m Hybrid bond issue** with 50% equity content(3) (Sep-15)	

2015: Financial leverage penalized by adverse energy markets, weather, forex and Pecém debt consolidation

2016: ~€1.5bn of cash proceeds from disposals, improved weather and energy management

(1) Excluding Regulatory Receivables (2) Adjustments on EBITDA 2015: i) gain on disposal of isolated gas distribution assets in Spain (-€89m); ii) gain from Pecém I acquisition (-€295m); iii) net one-offs at EDPR level (€57m); iv) weather adjustment for normalized year (€140m). Adjustments on Net Debt: €0.5bn cash proceeds in Jan-16 from US wind deals closed in 2015 (asset rotation and TEI (3) According to the methodology followed by rating agencies

II Controlled risk: Recovery of investment grade status gradually converging to peer group average

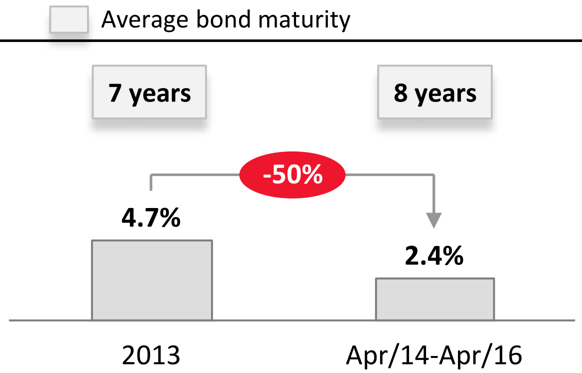
Senior Debt Credit Rating: European Integrated Utilities

Mar-14 to Apr-16

Company	Up/downgrades since Mar-14			Rating Note as of Apr-16
	S&P	Moody's	Fitch	S&P / Moody's / Fitch
EDF	→	↓	↓	A+ / A1 / A
ENGIE	→	↓	--	A / A2 / -
SSE	→	→	↓	A- / A3 / BBB+
Fortum	↓	↓↓	↓	BBB+ / Baa1 / BBB+
EON	↓	↓	↓↓	BBB+ / Baa1 / BBB+
Verbund	↓	→	--	BBB+ / Baa1 / -
Iberdrola	↑	→	→	BBB+ / Baa1 / BBB+
Enel	→	→	→	BBB / Baa2 / BBB+
Gas Natural	→	--	→	BBB / - / BBB+
RWE	↓	↓	--	BBB / Baa2 / BBB+
edp	→	↑	→	**BB+ / Baa3 / BBB-**

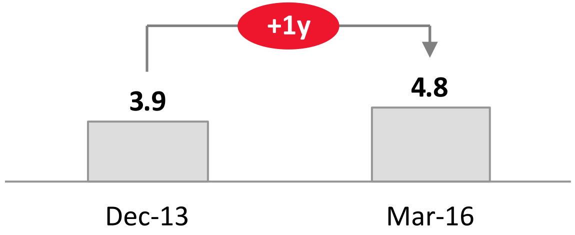
Avg. cost of new bonds issued(1)

(%)



Avg. debt maturity

(years)

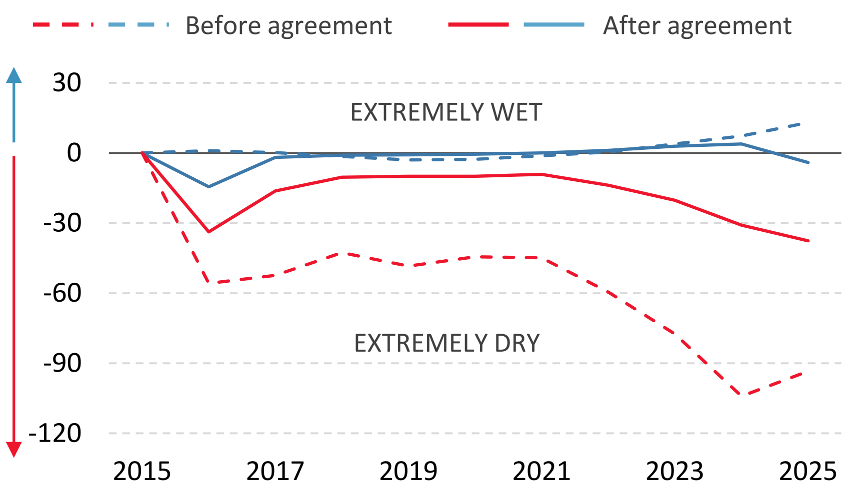


Rating upgrade and improved credit markets: Lower cost of funding, extension of debt maturity

(1) Average yield of senior bond issues between Apr-14 and Apr-16 vs 2013

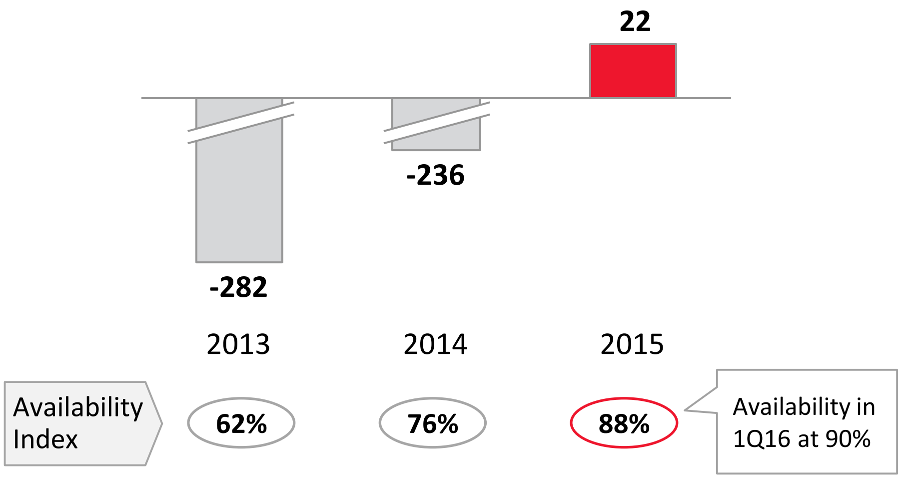
II Controlled risk: Reduction of hydro risk and Pecém turnaround

Insurance agreement on GSF risk: impact on cash flows under extreme weather conditions (R$m)



- **GSF insurance agreement reduced EDP Brasil risk profile:** significantly lower downside risk in extremely dry years with immaterial impact on upside potential in wet years
- Insurance premium cost: ~R$10m/year

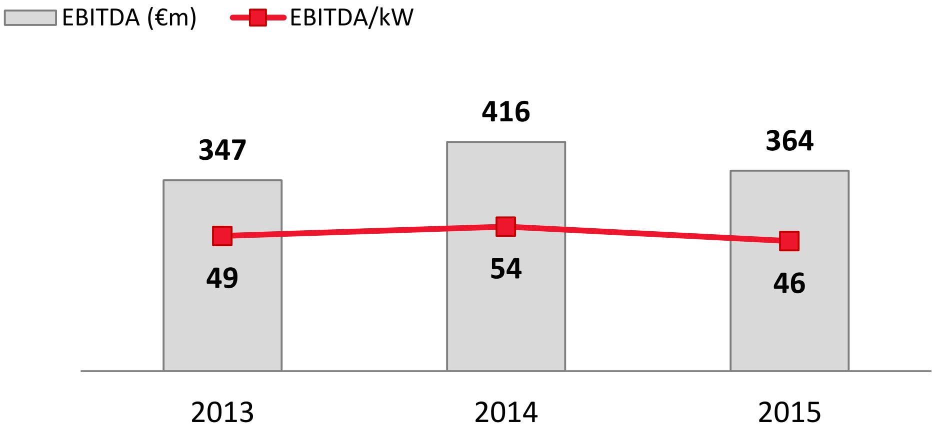
Turnaround of Pecém Power Plant – Evolution of Net Profit (R$m)



- **Acquisition of Eneva's remaining 50% in Pecém:** defensive move due to our partner's distress (agreed in Dec-14)
- **Impressive turnaround over 2015** in terms of operating, market and regulatory conditions

II Controlled risk: Good track record on energy management in Iberian liberalised market

Iberian Liberalised Activities EBITDA
(€m; €/kW)



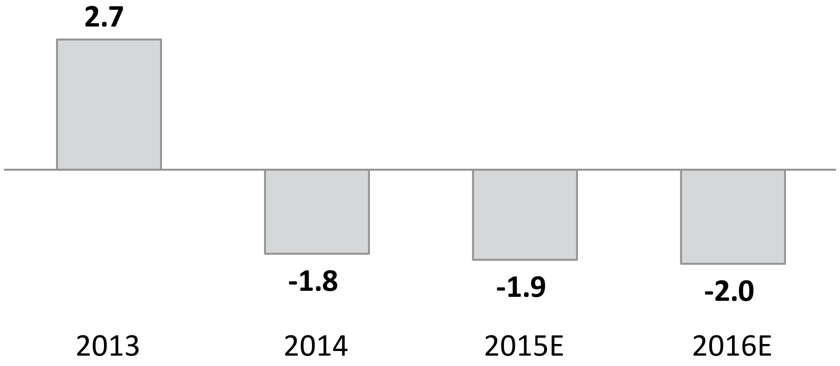
	2013	2014	2015
Hydro Coefficient Portugal	1.17	1.27	0.74
Own Generation/ Clients (TWh)	43%	44%	54%

- Diversified and **flexible generation portfolio**
- **Hedging mostly through sales to clients** closed between 12 to 18 months ahead
- **Active** short term **market optimisation**
- **2015 performance penalized by weak hydro resources** and lower energy management gains

Long position on clients, flexible generation and active market optimisation: limitation of downside risks

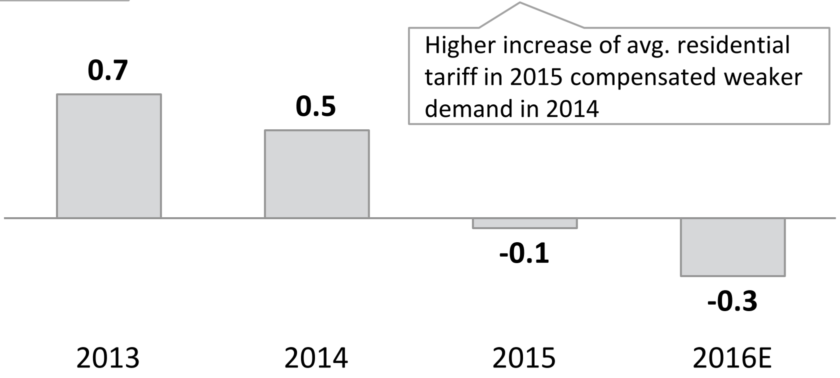
II Controlled Risk: Financially balanced electricity systems in Spain and Portugal, with steady declines in accumulated debt

Spain: Net change in system's regulatory receivables[(1)]
(€bn)



Portugal: Net change in system's regulatory receivables[(2)]
(€bn)

Demand[(3)] (YoY Chg.)	**-0.1%**	**+1.1%**	**+1.0%**
Avg. Tariff (YoY Chg.)	**2.8%**	**3.3%**	**2.5%**



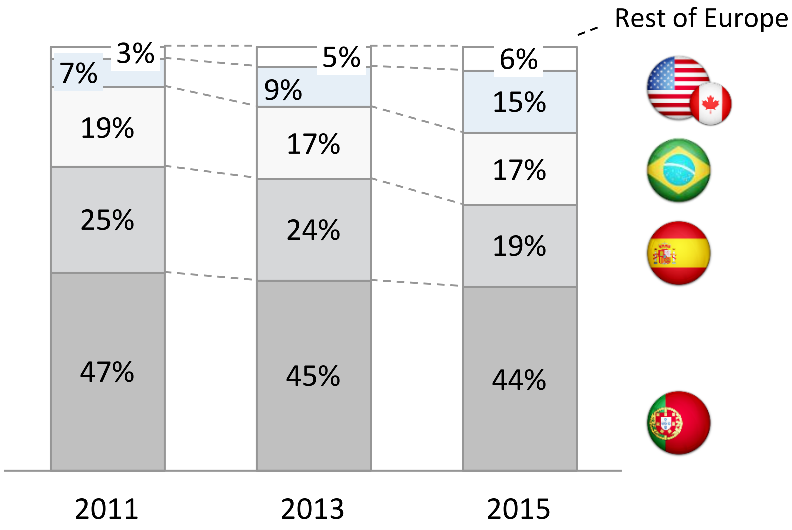
Accumulated Debt	Spain	Portugal
	€25.0bn	€5.2bn

€2.9bn of tariff deficit securitizations in Portugal: €1.25bn in 2014, €0.85bn in 2015, €0.8bn in 2016 YTD

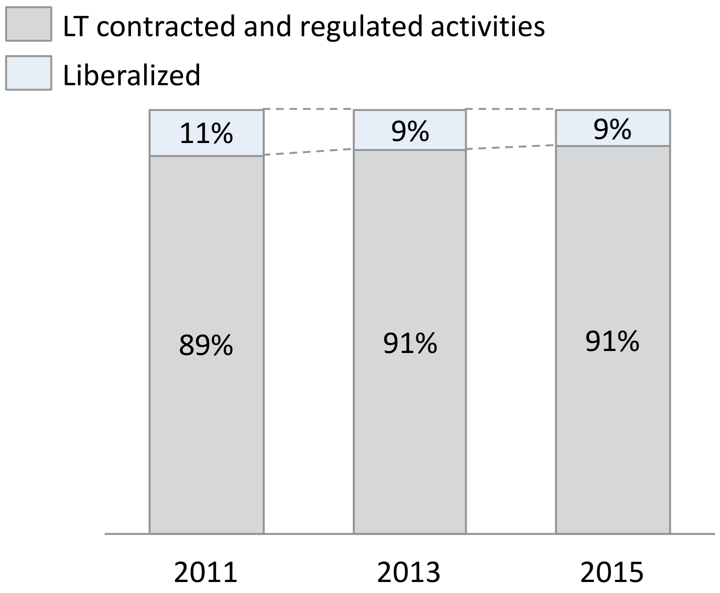
(1) Source: CNMC; 2016E based on internal projections considering CNMC data (2) Source: ERSE (3) In 2014 and 2015 figures correspond to electricity distributed by EDP and in 2016E to adjusted gross demand (before grid losses) until April 25th, 2016

II Controlled risk: Reinforcement of business low risk profile

EBITDA[(1)]: Country Breakdown – Market Diversification
(%)



EBITDA[(1)]: Risk Profile Breakdown
(%)

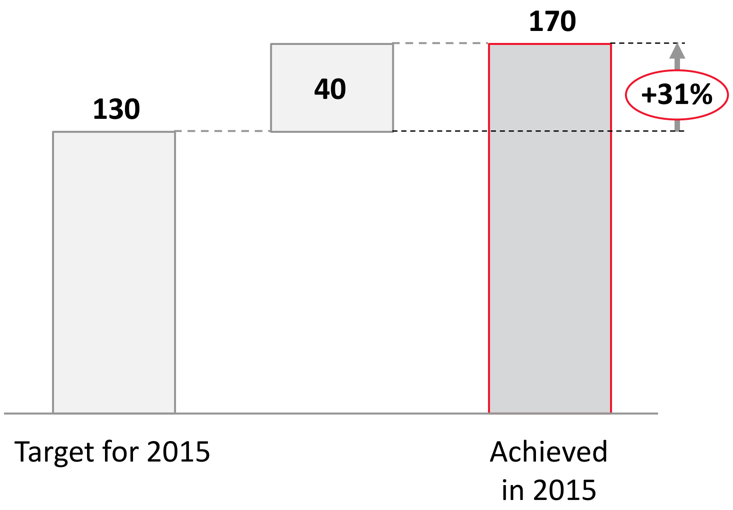


Reinforcement of market diversification and long-term contracted/regulated profile

(1) Recurrent EBITDA (no weather adjusted)

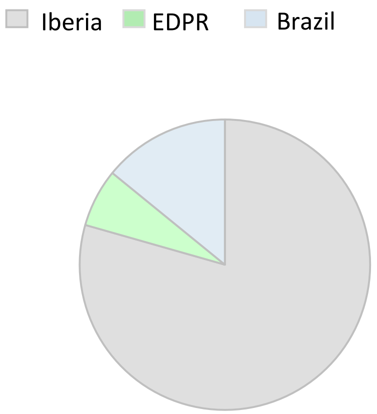
III Superior efficiency: Opex savings in 2015 31% above target defined in OPEX III programme

Costs Savings under OPEX III Efficiency Programme[1]
(€m)

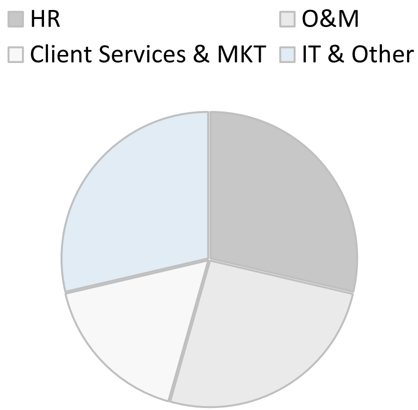


OPEX IV Efficiency Programme Breakdown of cost saving target
(%)

By Business Unit



By Category



- O&M savings (generation and distribution)
- Optimisation of client services: call centres, billing fees and paperless invoicing

OPEX III cost saving target of €180m for 2017 almost achieved two years ahead of schedule

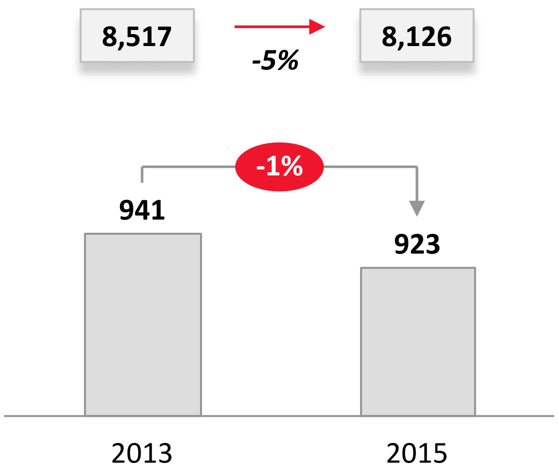
(1) OPEX III savings measured regarding 2010 costs base

Superior efficiency: operating costs with positive performance in all business areas

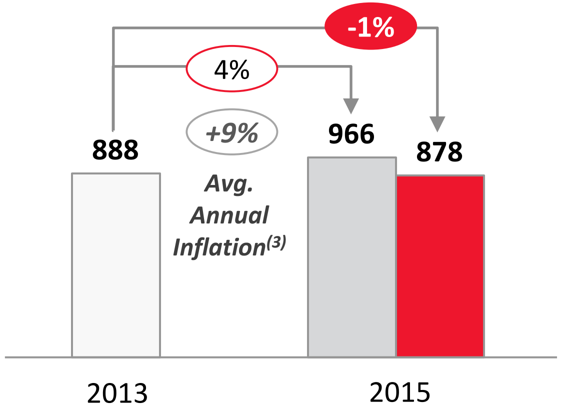
Operating Costs[1]: 2015 vs. 2013

CAGR

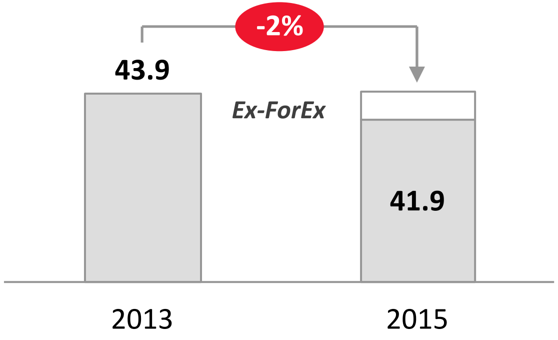
Iberia[2]
(€m) Headcount



Brazil
(R$m) Including Pecém Excluding Pecém



EDPR
OPEX/MW (€k)



- **1% avg. annual reduction of operating costs** reflect successful OPEX III execution

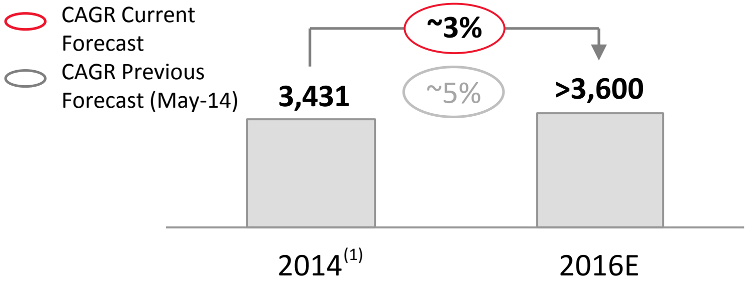
- Ex-Pecém consolidation, **EDP Brasil nominal operating costs in local currency: -1% per year** or -8% per year below inflation

- **EDPR opex/MW: -2% per year**
- Strong positive impact from insourcing O&M strategy

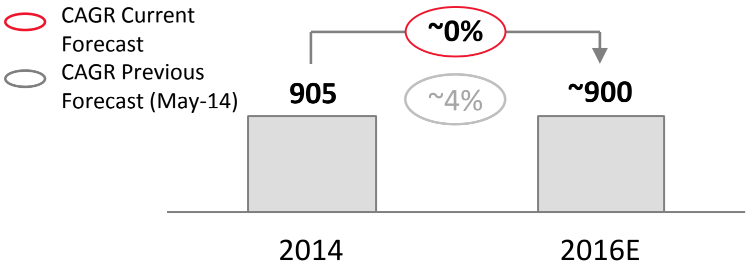
1) OPEX=Supplies & Services + Personnel costs & employees benefits (2) Includes Holding costs and other (3) IPCA

IV Attractive Returns: Good resilience under challenging business context

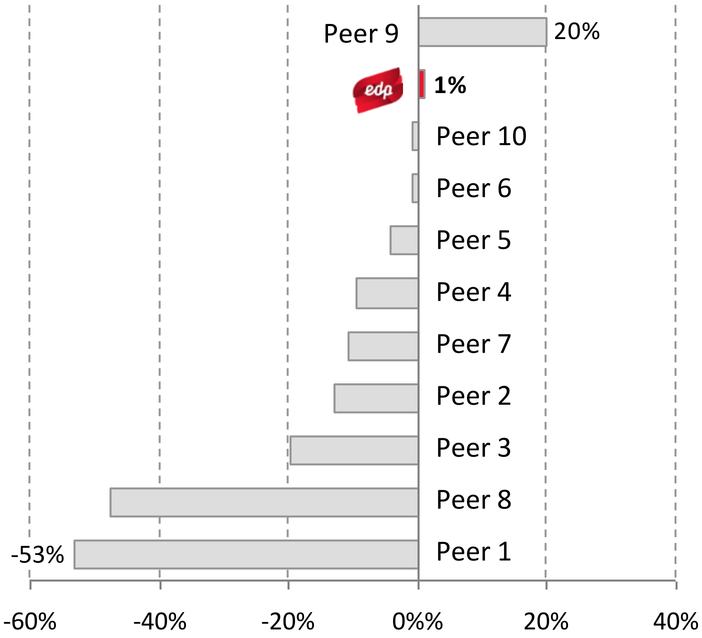
Adjusted EBITDA
(€m)



Adjusted Net Profit
(€m)



European Integrated Utilities: Adjusted EPS chg. 2016E Consensus vs. 2014[1]
(%)

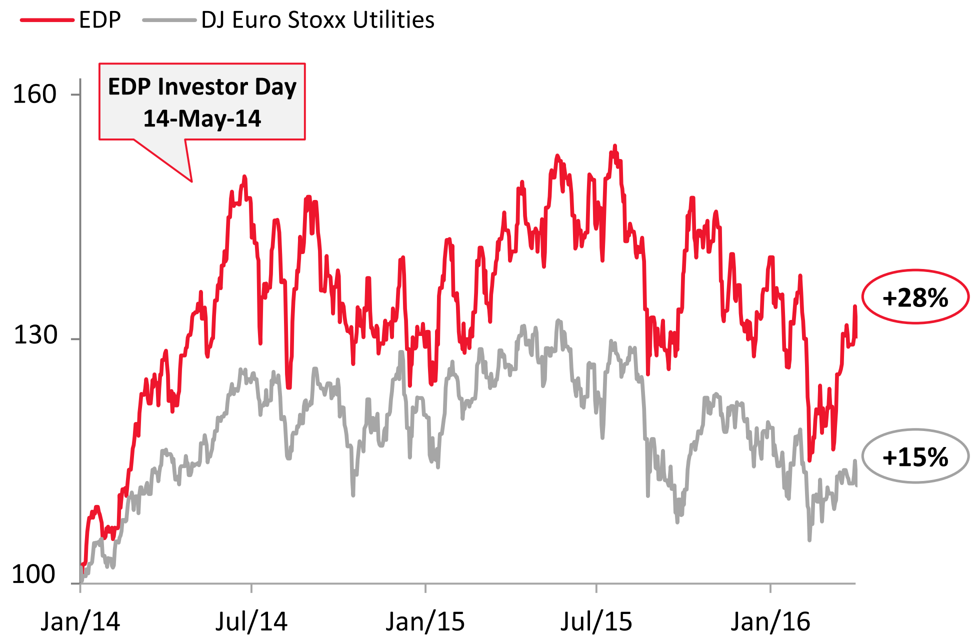


Guidance for 2016 EBITDA and net profit reaffirmed following 1Q16 sound performance

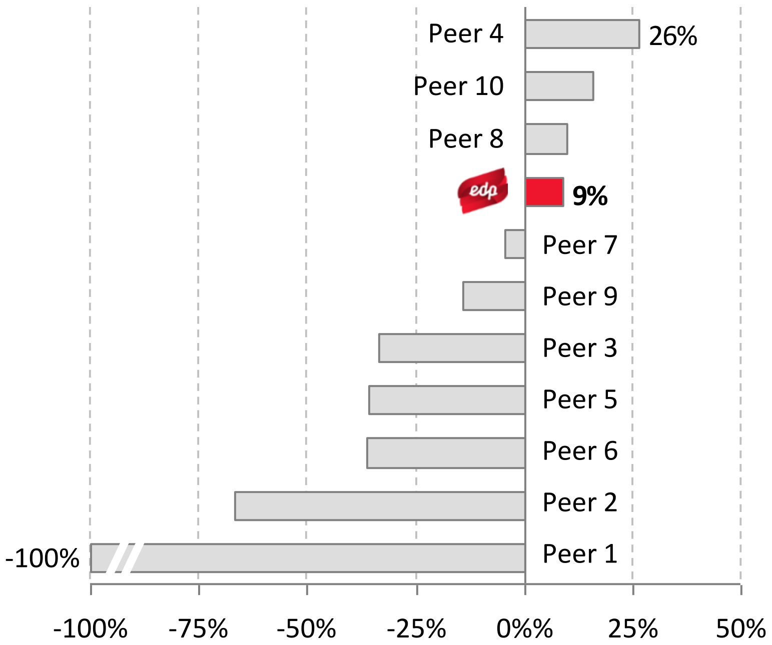
(1) Source: Company Reports and Bloomberg (2016E EPS Consensus as of April 22nd, 2016)

IV Attractive Returns: Total shareholder return of 28% since Dec-13 almost doubling sector performance

Total Shareholder Return EDP vs. SX6E (Jan-14/Apr-16)(1)
(%)



DPS change 2015 vs. 2010: European Integrated Utilities(2)
(%)



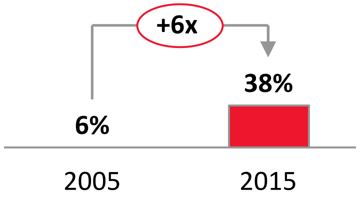
Sustainable and predictable dividend policy: €0.185 annual DPS in 2014-15 as previously committed

() TSR between December 31st, 2013 and April 22nd, 2016 (2) Source: Bloomberg and Company Reports

10 years of value creation…

FOCUSED INVESTMENTS…

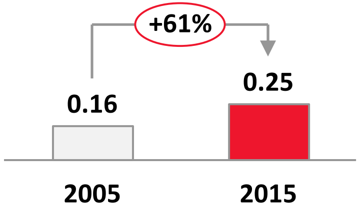
% of Wind in EDP Group Installed Capacity



Accumulated Capex in Wind 2006-15 — **€13bn**

EARNINGS GROWTH…

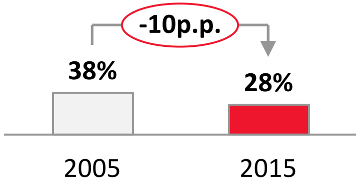
EPS (€)



Accumulated Net Profit 2006-15 — **€10bn**

IMPROVED EFFICIENCY…

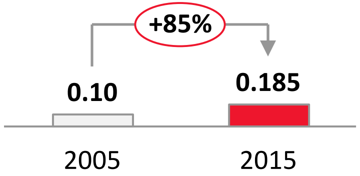
Opex/Gross Profit (%)



OPEX I+II+III Aggregated Annual Savings(1) — **€440m**

SUSTAINABLE DIVIDEND…

Dividend per Share

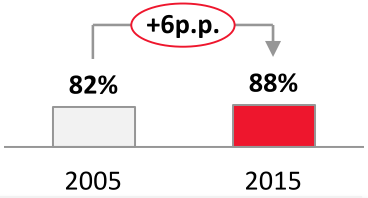


Payout Ratio (%): 64% (2005), 74% (2015)

Accumulated Dividend Payments 2006-15 — **€5.9bn**

LOWER RISK PROFILE…

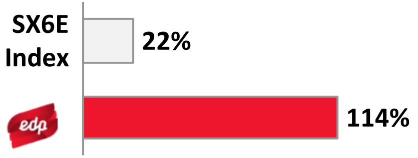
% of EBITDA of Regulated & LT Contracted Activities



Net Debt/EBITDA(2) — 4.5 (2005), 4.0 (2015)

VALUE CREATION TO SHAREHOLDERS…

TSR 2006-15



2005 2015

DJ Sustainability Index (score) — 65 (2005), 83 (2015)

(1) OPEX I savings measured regarding the 2005 costs base; OPEX II savings measured regarding the 2007 cost base and OPEX III savings measured regarding the 2010 costs base (2) Adjusted for Regulatory Receivables and other non recurrent items

IBERIAN BUSINESS

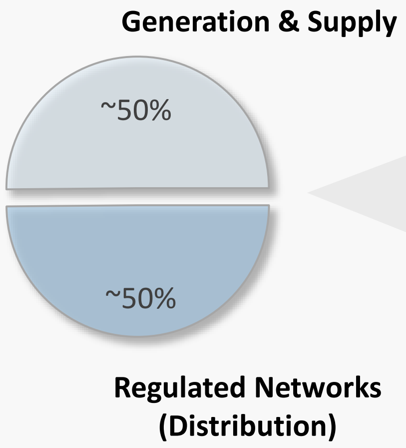
Miguel Stilwell de Andrade, Executive Board Member

Always present.
Always future.

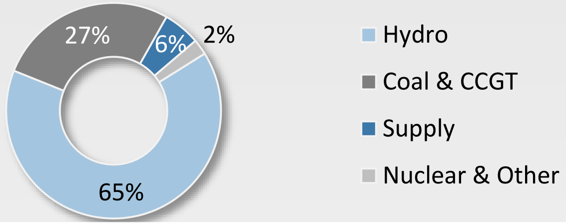
EDP´s Iberian operations are 50% Generation & Supply and 50% Regulated Networks

Iberian operations[1] – EBITDA breakdown
(%)

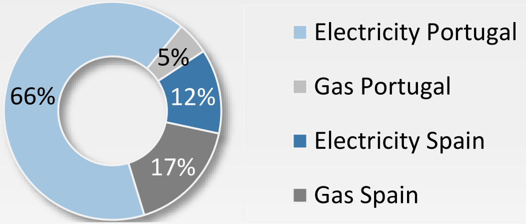
 # Clients[2] (mn):



Electricity: 6.6
Gas: 1.5



Electricity: 6.8
Gas: 1.3



Integrated management of a balanced and diversified low risk portfolio

Note: Data as of Dec-15 (1) Generation & supply (Liberalised activities and LT Contracted generation) and Regulated networks (Electricity and gas distribution, in Portugal and Spain). Excludes the €89m gain booked in the sale of gas assets 'Murcia'; (2) including clients from all last resort supply activities; including clients acquired from Repsol in 1Q16

Key drivers for Iberian operations in 2016-20

1. Improving market environment
2. Distinctive high-quality generation portfolio
3. Leveraging on scale of client portfolio to improve profitability
4. Solid track record in risk management
5. Stable regulatory frameworks and balanced financial systems
6. Further efficiency improvements

1 The Iberian electricity market shows improving fundamentals with supply and demand progressively balancing

Demand growing ~1% CAGR 2016E-20E…

- ⬆ Moderate economic growth
- ⬆ Increasing electrification of the economy (air conditioning, heat pumps, electric vehicles)
- ⬇ Energy efficiency improvements

Balance between demand and supply

… Supply progressively adjusting

- ⬆ **Coal fired production: Shutdowns / growing restrictions** due to SOx and NOx emission limits
- ⬍ Uncertainties on nuclear extensions post 2020
- ⬍ No material new licencing of renewables; rooftop solar PV economics based on self consumption
- ⬆ Expiration or renegotiation of LT gas sourcing contracts: reduction on gas take-or-pay volumes

Moderate tightening of Iberian reserve margin up to 2020 mostly driven by coal capacity decline

1

Energy prices for 2017-2020 assume a gradual increase vs. current forward curves

Assumptions – Average 2017-2020E

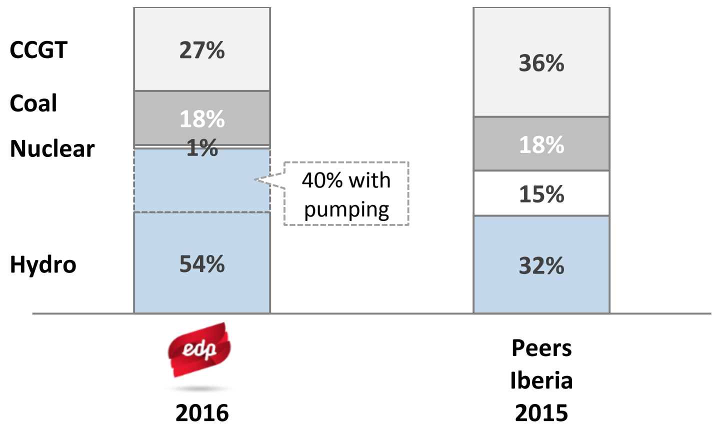
Power price Iberia	**~ 50 €/MWh**
Brent	**~ 60** $/bbl
Coal	**~ 55** $/Ton
CO_2	**~ 10** €/Ton

- **Gas increasingly the dominant marginal technology in Iberia**; Oil-linked LT gas contracts maintaining significant weight in Iberian market
- **Heavy marginal generation taxes/levies in Iberia**: distinctive vs. other electricity markets; key contribution to eliminate former tariff deficits
- **Marginal cost of coal in Spain** higher vs. Northern Europe on different avg. age and efficiency
- **Opportunity cost of hydro reservoirs** indexed to thermal marginal cost
- **CO_2 price: stronger political will** towards ETS rebalancing

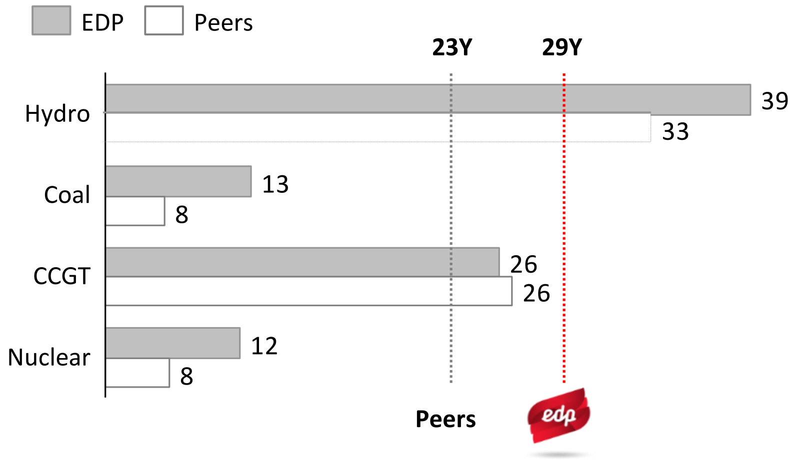
Avg. €50/MWh power price in Iberia assuming no material change in thermal spreads

2 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)

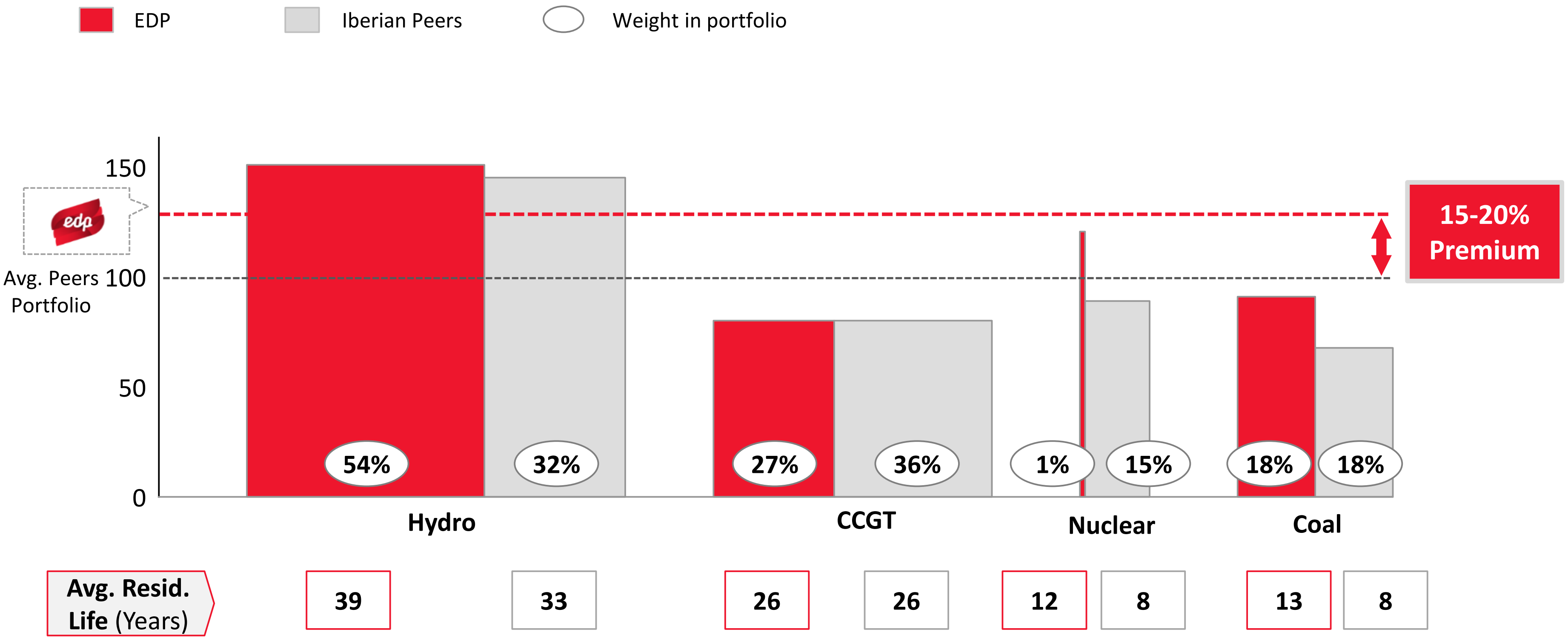


- **Hydro (54% of portfolio):** 40% with pumping; capacity additions extend avg. residual life
- **CCGTs (27% of portfolio):** evenly split between Portugal and Spain, competitive on ancillary services
- **Coal (18% of portfolio):** 86% with DeNOx facilities; DeNOx upgrade extends residual life
- **Nuclear (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

2 EDP's assets deserve a premium on EV/EBITDA valuation multiple on the back of the higher residual life

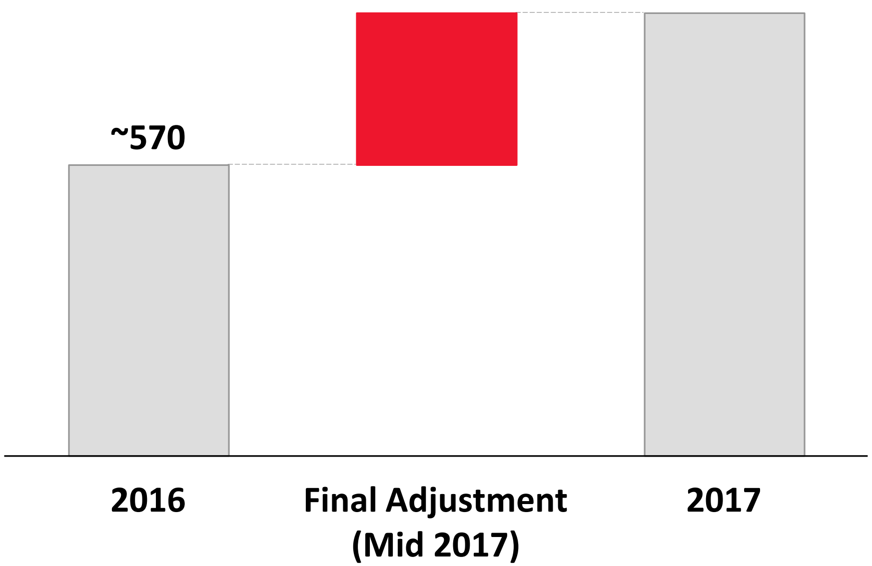
EV/EBITDA valuation multiple - Relative comparison by technology vs. residual life[1]
(Peers portfolio EV/EBITDA = 100%)



(1) Assuming portfolios differentiation based on residual life; Excluding any impact from CMEC

2 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[1] 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

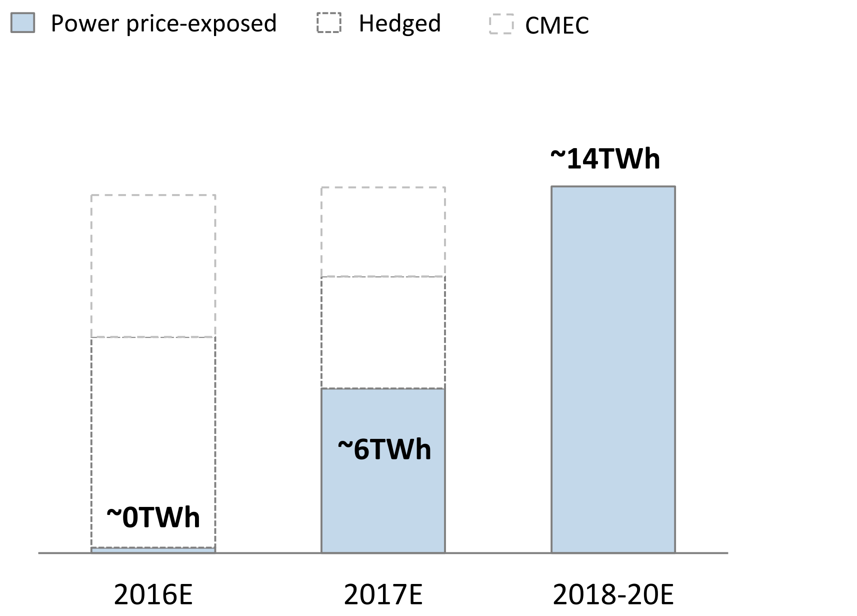
Final adjustment to CMEC receivable based on terms clearly and contractually defined

(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)

2

The generation portfolio´s exposure to power prices is increasing but the impact is smoothened by financial/clients hedging

EDP – Expected exposure to power prices[1]
(Nuclear and Hydro production in an avg. hydro year)



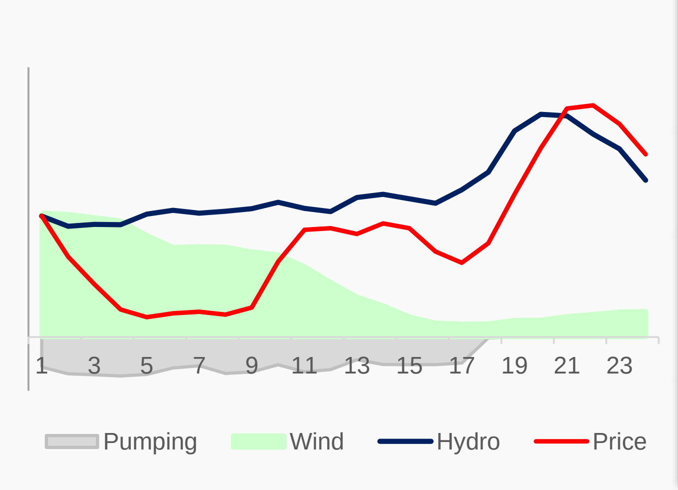
- Hydro realized price: ~10%[1] premium to baseload price; increasing role of ancillary services and premium hourly profiling
- Natural hedging provided by the inverse correlation between volatile hydro resources and electricity spot prices

EDP's hedging with clients offers protection to price volatility

(1) Exposure to absolute prices: 90% on hydro, 10% on nuclear

2 Hydro pumping is the most competitive power storage technology with profitability driven by hourly price volatility

Wind and hydro production in a context of price volatility
(Illustrative day: 21.02.2016)



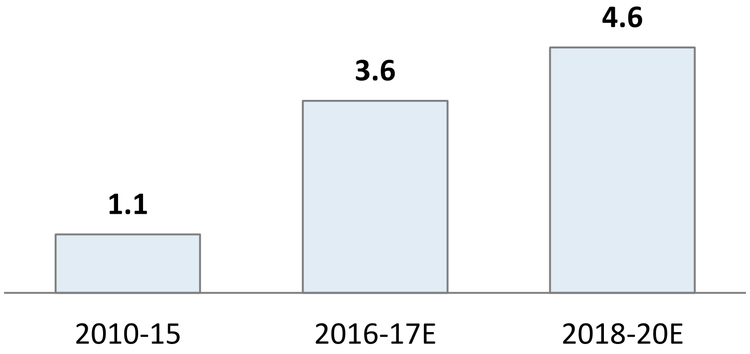
€45
AVG. PEAK PRICE

€24/MWh
AVG DAY PRICE

€17
AVG PUMPING PRICE

€25
SPREAD(1)

EDP expected pumping volumes(1)
(Annual volume in an avg. hydro year, in TWh)



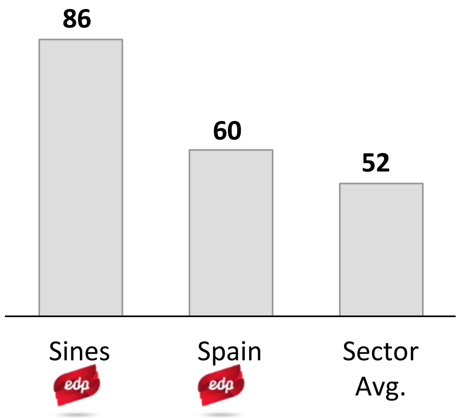
Spreads between peak/off-peak prices persist under lower avg. power prices due to wind volatility

Commissioning of new hydro with pumping in 2016/1Q17 to support EBITDA growth in 2016-20

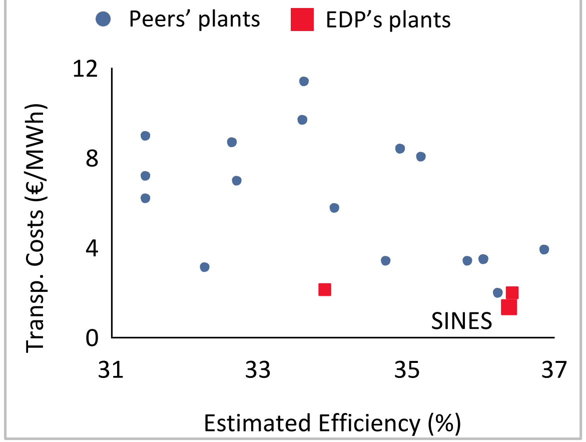
(1) Efficiency on pumping activity: 80%, with break-even spread peak/off-peak at ~30%

2 EDP coal fleet has a distinctive profile: higher efficiency, low transportation costs, 86% with DeNOx

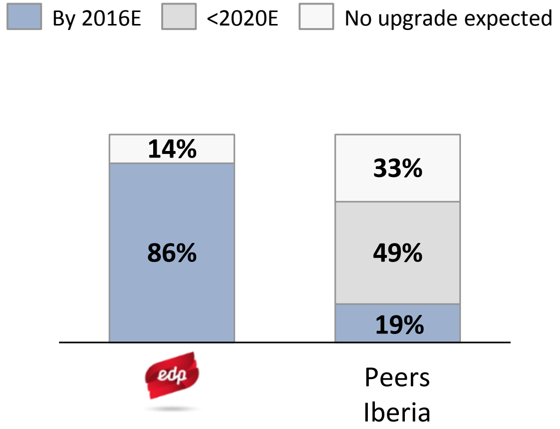
Coal plants – Avg. load factors
(2014-15, %)



Efficiency vs. Transportation costs
(2016E)



DeNOx equipment in Iberia
(10 GW of Coal Capacity)



- EDP's fleet consistently beats Iberia's coal load factors
- EDP coal plants play a key role on securing system supply

- EDP: higher efficiency, much lower transportation costs given privileged plants close to sea harbors

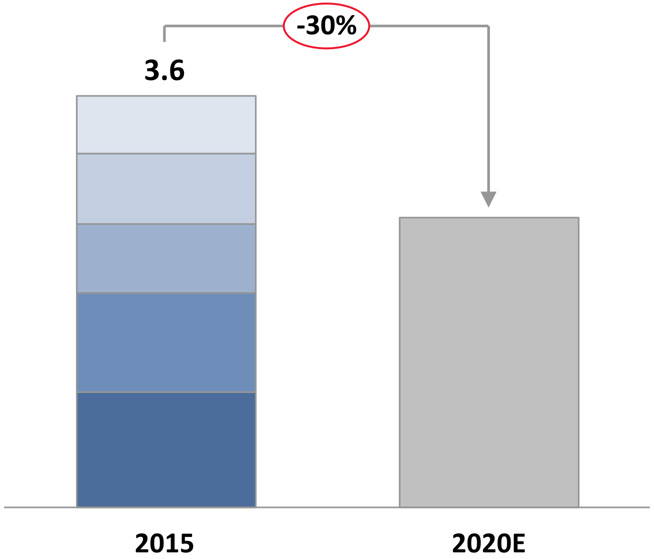
- EDP: DeNOx upgrades at Sines (2012), Aboño 2 and Soto 3 (2016)
- Iberian Peers: 81% without DeNOx by 2016

Coal plants without DeNOx to have severe operating restrictions post 2020

2

The gas portfolio has increasing flexibility following natural decline on long term contracted volumes

EDP – Portfolio of Long Term Gas Sourcing Contracts
(bcm/Year)



Clients
- Sound client portfolio Portugal/ Spain

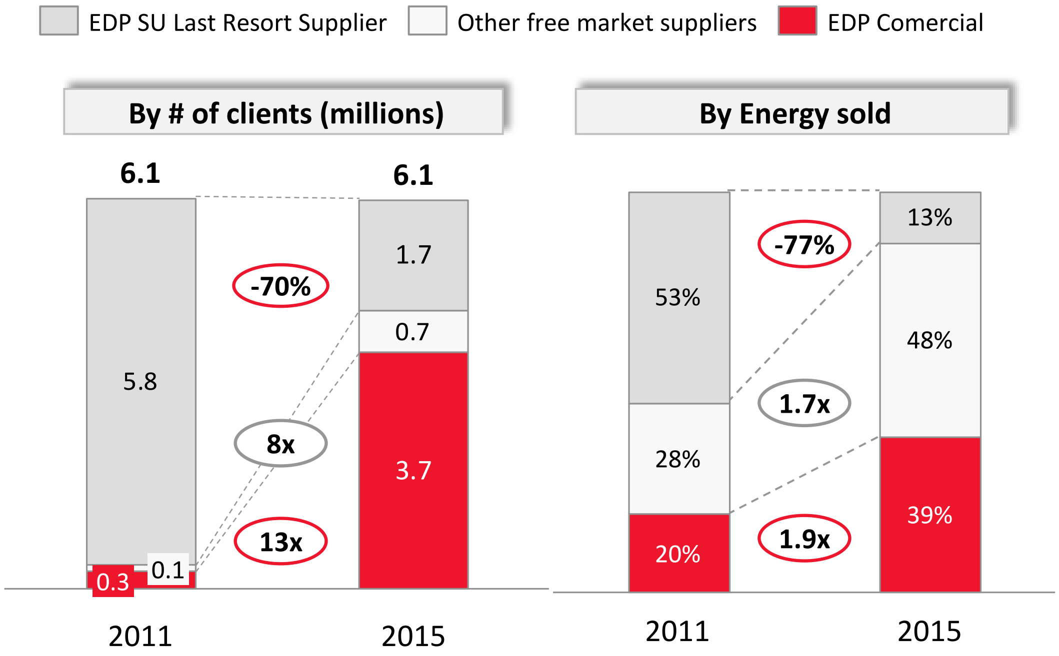
CCGTs
- Key suppliers of backup services
- Efficient management Portugal vs. Spain

Wholesale
- Potential arbitrage opportunities

Gas sourcing portfolio renegotiations on pricing & volumes to potentially increase weight of spot gas

3 The supply business in 2012-2015 period was marked by clients' intense switching activity from last resort supplier to free market

Electricity supply market in Portugal: Market Share evolution 2015 vs. 2011



- **Intense market competition** with several campaigns launched by local and international players
- **High costs with customers' acquisition:** Commercial channels, back-offices, call centers, marketing campaigns

EDP position in free market supply by Dec-15(1):

- **43%** share of **total market volume**
- **Business** segment: **24%** share of **volume, 46%** share in **# of clients**
- **Residential** segment**: 85%** share by # clients

85% of electricity customers that switched from last resort chose EDP as free market supplier

(1) Source: Based on ERSE data

3 Going forward, there is a strong focus on client retention through maintenance of high customer satisfaction levels

# of Clients Iberia (CAGR)	2011-15	2016-20E
	48%	3%

Energy Client Surveys Portugal 2015/1Q16

	edp	Peers
Customer satisfaction[1] (1 to 10)	8.4	7.1
Propensity to switch supplier[2] (%)	13%	21%

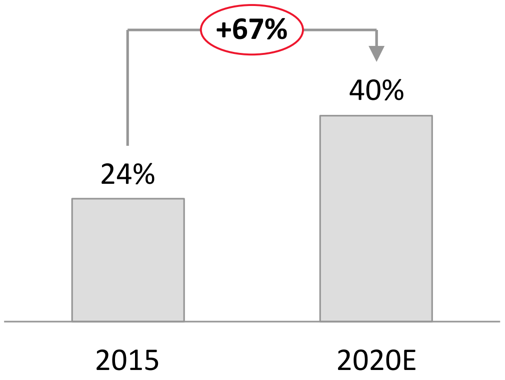
- Maintain high penetration rate of **electricity/gas dual offer**
- **Increase penetration rates of other aggregated services:** maintenance (Funciona), insurance (Fatura Segura), Solar PV, Energy Efficiency

Increase revenue per customer through the offer of new services

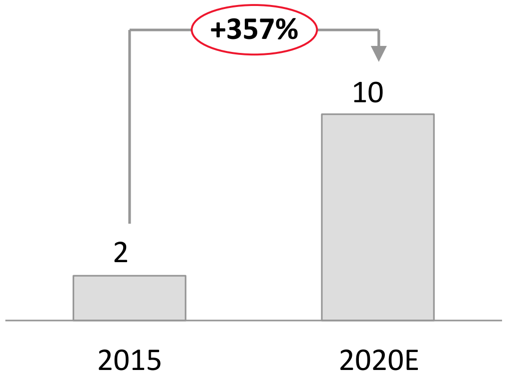
(1) Source: Prémio Escolha do Consumidor 2016 – Fase III. 1 to 10; (2) Source: Internal analysis based on interviews to consumers

3 Increasing EBIT margins: pricing policy, services and greater efficiency with investments in IT/CRM systems

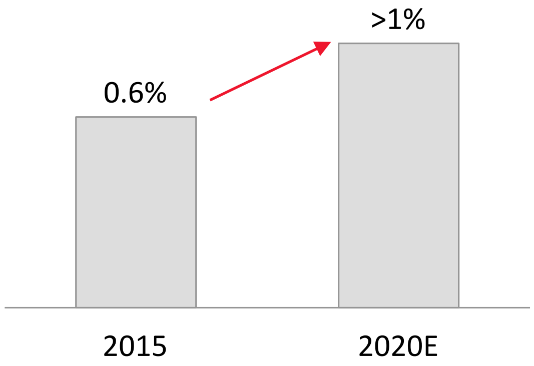
Increasing penetration of Electronic Invoicing



More SMS sent to clients (million of SMS)



Improving EBIT Margin in Iberia ...



Increasing Digitalisation

# of Paper Invoices: -3.3% CAGR

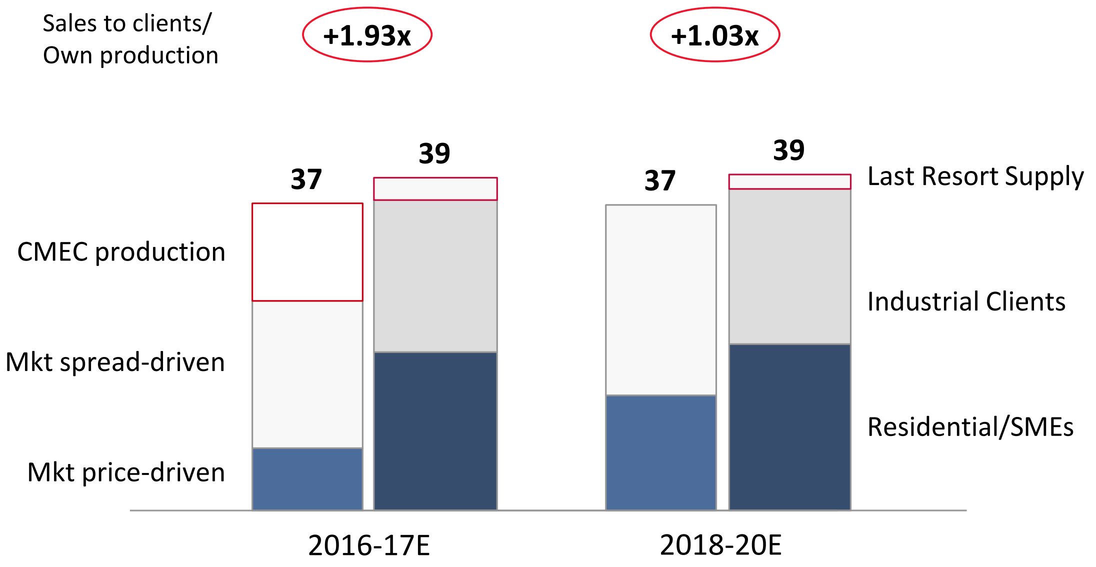
... converging to international benchmark for supply: 1-3%[1]

Client retention, sale of new services and higher efficiency targeting to improve EBIT margin

(1) Based on 2015 Competitive Markets Authority study on energy retail markets efficiency

4 EDP aims at replicating the good track record in market risk management to 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%**(1) Floor/Cap: 6%/9.5%	€1,222m (2016)	▪ RAB: **€3bn** ▪ Accepted cost base updated at GDP deflator-2.5%
Gas Portugal	3 years up to Jun-19	**RoR 6.2%**(2) Floor/Cap: 5.7%/9.3%	€68m (Jul-15/Jun-16)	▪ RoR based on regulator's preliminary proposal(1) ▪ RAB of ~**€0.45bn**
Electricity Spain	4 years up to Dec-19(4)	**RoR 6.5%**	€182m (2016E)(3)	▪ Proposal(3) based on new objective criteria ▪ RAB: **€0.96bn**(3) (visibility until 2039)
Gas Spain	6 years up to Dec-20	Regul. Revenues $_t$ = RR_{t-1} + Δ in activity	€172m (2016)	▪ Regulated revenues indexed to number of supply points connected and distributed volumes

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

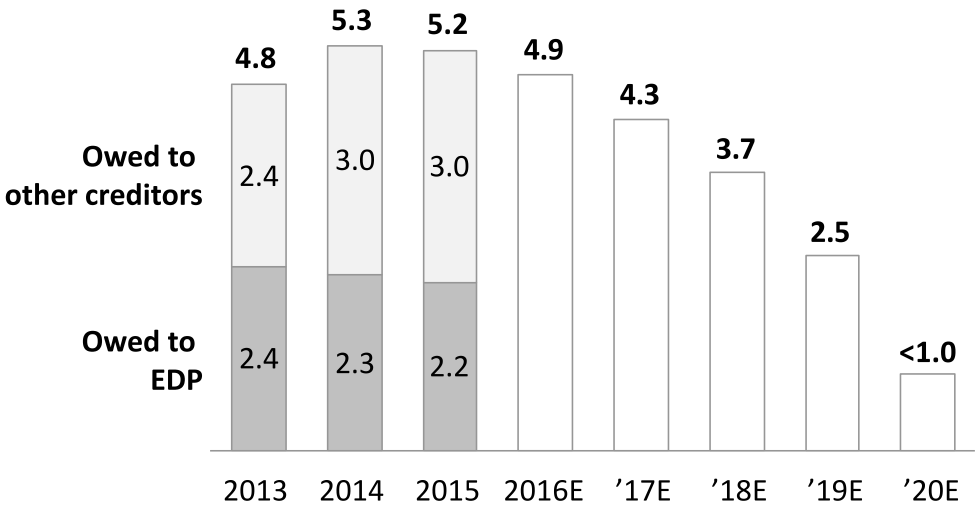
(1) Based on ERSE's assumption for 2016 in electricity; (2) According to ERSE preliminary proposal released on April 14th, final decision until June 15th; Regulatory year from Jul-16 to Jun-17; (3) Based on preliminary proposal by the Industry Ministry released on March 29th, subject to public consultation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

5 Iberian systems are in a balanced financial position with clear downward trend of accumulated debt following 2012/14 reforms

Electricity system debt – Spain and Portugal
(€ bn)

	Spain	Portugal
System debt (2015E)	25.0	5.2
System debt chg. (2016E)	-2.0	-0.3
Securitisation Entities	FADE	EDP
Receivables Securitised 2013-15	14	2.9

Portugal: Electricity System Regulatory Receivables
(€ bn)



Debt projections in Portugal fine-tuned: update on energy prices, interest rates and inflation

5 Financial sustainability of Portuguese Electricity system supported by moderate increase in demand and retail tariff

	2014	2015	2016
Demand[1] (YoY Chg.)	-0.1%	+1.1%	+1.0%
Avg. Retail Tariff (YoY chg.)	2.8%	3.3%	2.5%

- **+/-1% on demand growth** = +/-€30m on system receivables
- Weak demand in 2014 was balanced by 2015 tariff update

- Committed retail tariff CAGR: **+1.5%-2.0% + CPI until 2020**
- Access tariff: inversely related to power prices (renewables)

Social Tariff:

	2014	2015	2016
Discount over retail tariff (%)	-34%	-34%	-34%
# Clients[2] ('000)	46	108	140

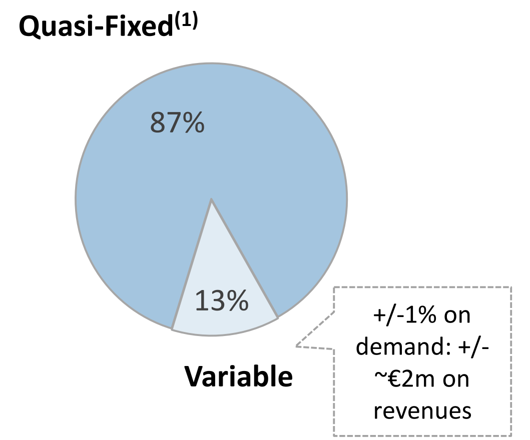
- **Social tariff:** Introduced in Jan-11, enlarged in Oct-14; eligibility based on **taxable income/social security criteria**
- **Changes in Jul-16:**
  a) Unchanged eligibility criteria but **automatically awarded** to eligible clients identified by Government authorities
  b) Discount **100% supported by the electricity sector** (vs. previous 1/3 supported by State Budget)

Social tariff important for energy inclusion
but allocation of costs should be aligned with guidelines at European level

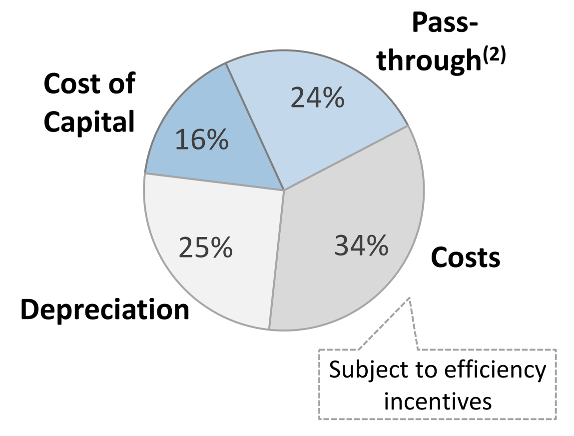
(1) Volumes distributed in 2014 and 2015; gross demand adjusted for temperature and working days in Jan-Apr16 (2) Press statement by ERSE for Mar-16

5 Electricity Distribution in Portugal: low exposure to demand and good track record on efficiency and quality of service

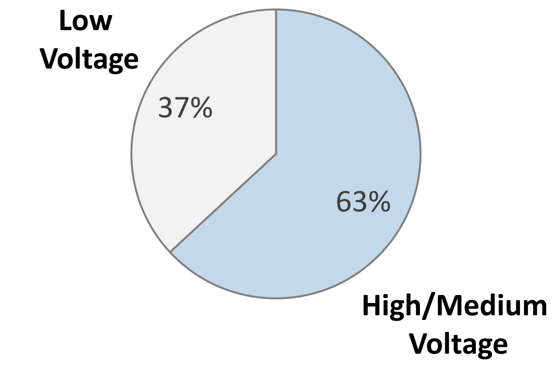
2016E Allowed Revenues



2017E Allowed Revenues



2015 RAB - €3bn



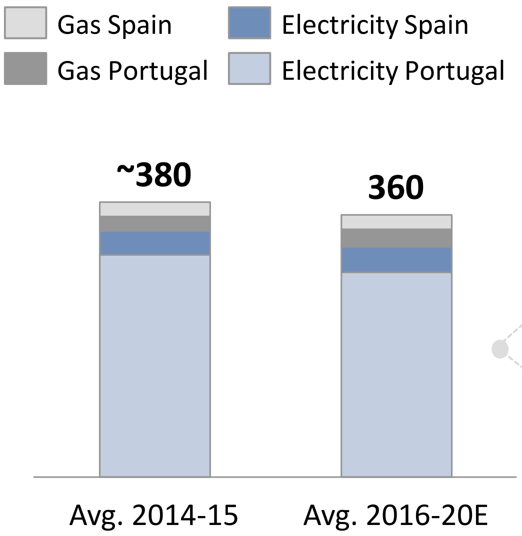
- Next regulatory period 2018-2020: updates on RoRAB, costs, RAB
- Improvements in network operation with positive impact on revenues:
  - Avg. interruption time at 54 minutes in 2015 (-36% vs. 84 minutes in 2013)
  - Energy losses at 9.7% in 2015 (vs. 11.2% in 2013)

- HV/MV: State concession up to 2044
- 278 municipal LV concessions, with 99% subject to renewal after 2020: **Importance of economies of scale**

(1) Fixed revenues and revenues indexed to # of clients and network growth; (2) Not subject to efficiency incentives

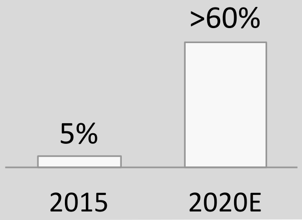
5 Selective investments including ~€230m to increase penetration rate of smart grids, mostly in Portugal

Regulated networks – Capex breakdown
(€ million)



SMART METERS

- Over 60% of clients with smart meters installed by 2020E
- DTCs[1]: installation of 38K units until 2020



SMART GRIDS

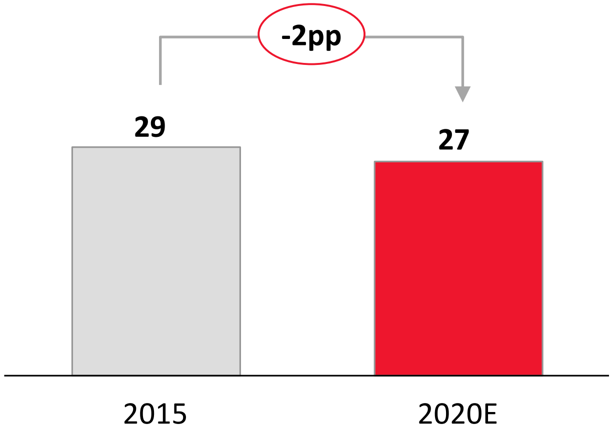
- Selective capex enhancing efficiency, quality of service and lowering grid losses: ~-1pp target for 2020 vs. 2015

Financial investments: Repsol LPG assets in North of Spain (€113m) and buyout of minority interests in gas

(1) Distribution transformer Controller

6 Efficiency: Tight cost control targeting a 2pp reduction in OPEX/Gross profit to 27% in 2020

EDP Iberian operations [1] – OPEX/Gross profit
(%)



Stable Operating costs in 2015-20

- **Corporate-wide:** OPEX IV saving programme, natural retirements support 1.8% CAGR headcount reduction
- **Generation:** O&M optimisation, following CMEC phasing out; Additional costs from new hydro capacity
- **Supply:** Portfolio growth; Lower cost-to-serve on higher digitalisation

Flat operating costs in 2015-20 despite expansion on hydro capacity and clients portfolio

(1) Iberian operations: generation & supply (Liberalised activities and LT Contracted generation), regulated networks (Electricity and gas distribution, in Portugal and Spain) and corporate costs

Iberian business model supported by four strategic pillars

1	Selective capex in smart grids; optimisation of maintenance capex in generation	**CAPEX** 2016-20	**Networks€1.8bn** **G&S Maintenance €0.5bn** **G&S Expansion €0.3bn**
2	Further efficiency improvements	**OPEX/ Gross Profit (%)** 2015-20	**-2pp**
3	Risk-controlled approach through hedging leveraging on client base and adequate management of the regulatory agenda	**Sales to clients / Own production** 2015-20	**>100%**
4	Strong improvement on Free Cash Flow generation	**EBITDA** CAGR 2015[1]-20	**+1%**

… increasing visibility over distinctive value of high-quality portfolio

(1) 2015 EBITDA adjusted for weather and one-off gains

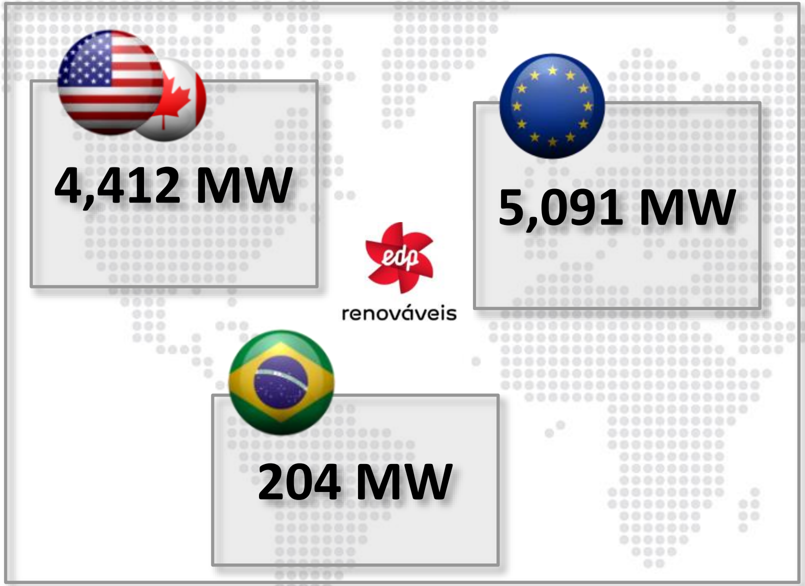
EDP RENOVÁVEIS

João Manso Neto, CEO EDP Renováveis

Always present.
Always future.

EDPR is a market leader with 9.7 GW of installed capacity worldwide

#4 worldwide wind player



EDP Group company focused on wind and solar investments	**77.5%** EDP SHAREHOLDING
Leader in the most competitive renewable technology	**WIND ONSHORE**
Worldwide portfolio	**12** COUNTRIES
Young assets with long residual life	**6** YEARS AVG. LIFE
Quality asset base generating predictable revenues	**95%** CONTRACTED in 2016

Agenda

renováveis

1 **EDPR On Review**

2 Renewable market and competitiveness

3 EDPR Business Plan 2016-2020

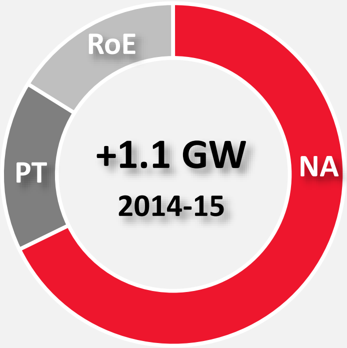
Successfully delivering its strategic plan based on 3 distinctive pillars

renováveis

1. Selective growth

2014-2015

Capacity Additions
(MW)



Exceeding target of 0.5 GW per year
100% with PPA/FiT

2. Operational excellence

on target

Load Factor
(2015; MW)

29%
below avg. wind year

Availability
(2015; %)

97.6%

Core Opex[1]/MW
(2013-15; %)

-2%

3. Self-funded business

2014 to date

Target: Asset Rotation Business Plan 2014-17

€0.7bn

Proceeds already cash-in[2] from Asset Rotation

€0.8bn

EDPR's attractive projects led to higher than expected valuations and proceeds

Notes: (1) Calculated as Supplies & Services and Personnel Costs per average MW; (2) Includes transactions signed until Dec-15; does not include transaction signed in Apr-16 of €550m

Selective growth – accretive capacity additions supporting the increase in profitability

edp renováveis

Value accretive investments over the last 2 years…

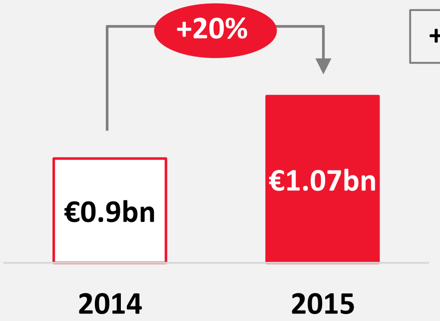
…supported strong growth

MW Growth in 2014-15		Robust Asset ROIC		Contributing to YoY EBITDA growth
+10% yoy avg. MW growth	+	***9.0% to 9.5%*** 1st year full operations	=	***+13%*** (vs. 10% in avg. MW)

Other EBITDA drivers in 2015		
Forex	Efficiency	Load Factor
+7%	+2%	-2%

Adj. EBITDA growth[1]

Target CAGR 13-17[2]



+9%

Adj. Net Income

+13%

€95m → €108m

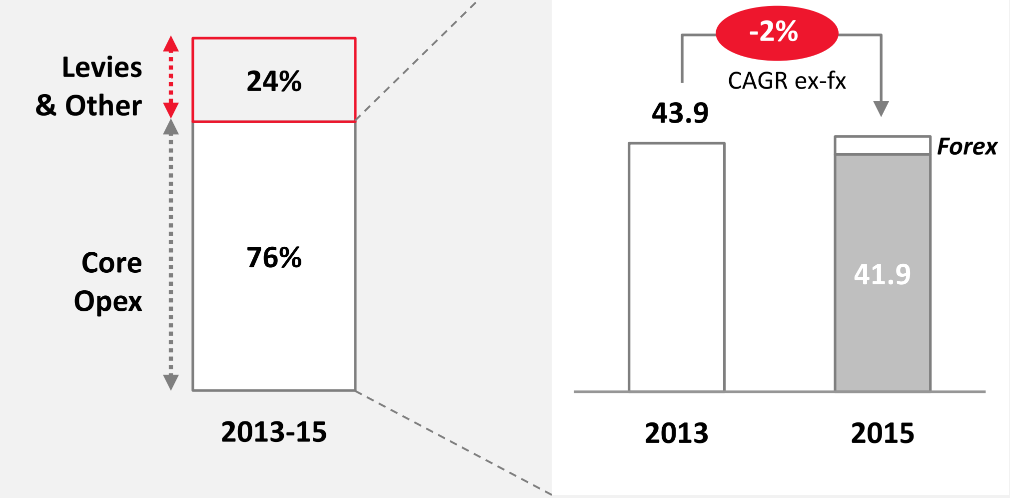
+11%

Notes: (1) EBITDA adjusted by non-recurrent events; (2) CAGR as communicated in EDP Group Investor Day on May 2014

Operational excellence – strong focus on efficiency and cost control

Lower Core Opex on the back of superior efficiency and optimization

Operating costs breakdown[1]
(%; €m)



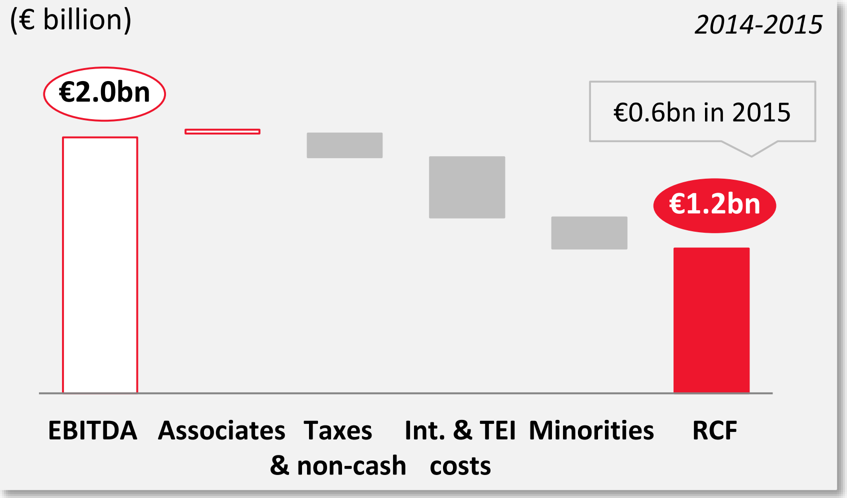
Unique drivers for Opex efficiency

M3[3] & Self-perform strategy	Distinctive O&M strategy that keeps in-house high valued-added activities
Economies of scale	Growth focused in countries where EDPR is already present
G&A cost control	Strict control over general and administrative expenses

Notes: (1) Excludes write-offs; (2) Calculated as Supplies & Services and Personnel Costs per average MW; (3) M3 – Modular Maintenance Model

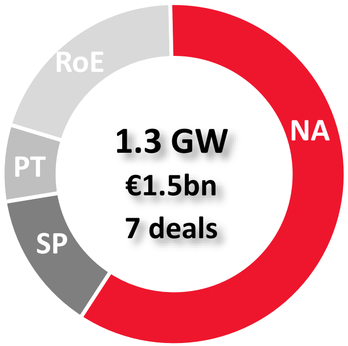
Self-funded business – enhancing shareholders' value creation

Retained Cash Flow[1]: strong cash generation capabilities



A self-funding and value accretive model

Asset Rotation 2014 to date[2]



Avg. Selling IRR (cost of equity) last 2 years: decreasing 200bps	**c.6.5%**
Reinvesting IRR (equity) last 2 years: stable	**double digit equity**
***EV per MW** (avg.)*	**€1.5m/MW**

The additional €550m secured in 2016 will leverage EDPR growth in a competitive and attractive sector through 2020

Notes: (1) RCF = EBITDA + Associates – Taxes – Non Cash Items – Debt and TEI costs – Minorities capital distributions; (2) Net transactions scope; includes European transaction announced in Apr-16

Agenda

renováveis

1 EDPR On Review

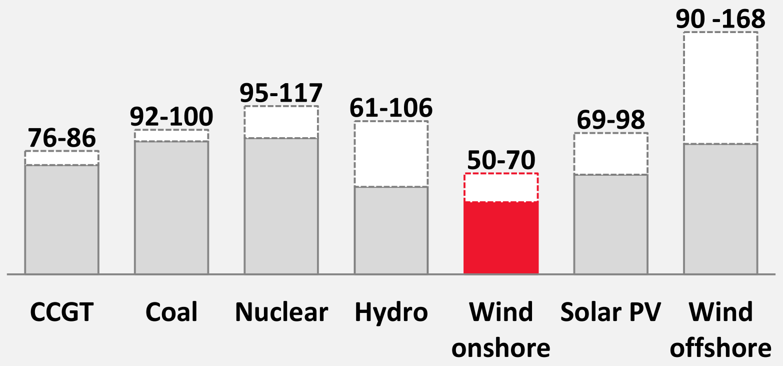
2 **Renewable market and competitiveness**

3 EDPR Business Plan 2016-2020

Looking forward, economic rationale and increasing competitiveness is boosting the uptake of renewables…

Wind already competes with all sources of energy…

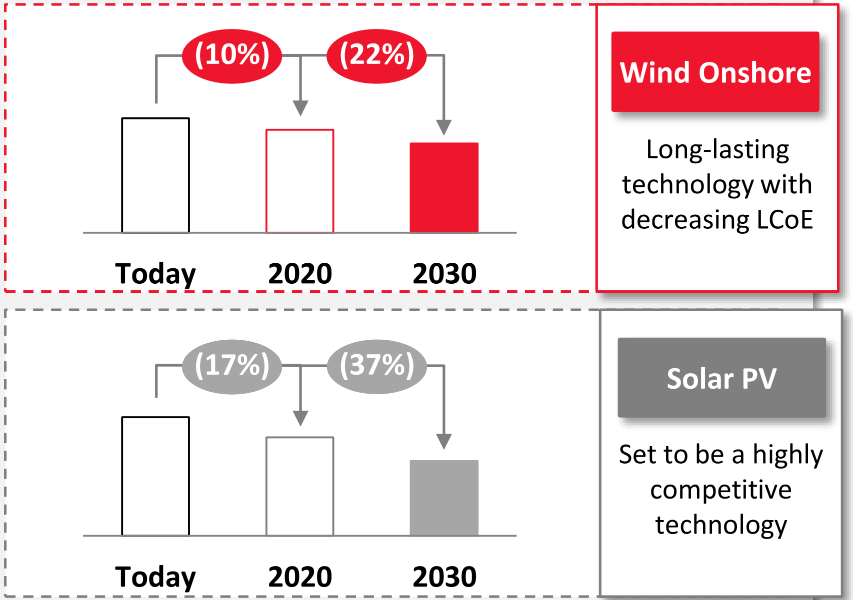
Levelised Cost of Energy[1] (LCoE)
(€/MWh, 2016)



Wind onshore is today amongst the cheapest and most competitive technologies

…and Solar PV is structurally set to increase its attractiveness

Indexed LCoE[2] (€/MWh)



Notes: (1) EDPR Analysis for European Market, Load factors: Wind Onshore @ 27%-36%; Solar PV-one axis tracking @ 23%-27%; Wind Offshore @ 45%-50%; (2) Analysis for an average LCoE

…supporting strong growth prospects worldwide…

renováveis

Solid growth drivers in addition to its competitiveness

Environmental concerns

- New global agreement under COP21
- CO_2 reduction targets in EU, US and China
- Replacement of old/retiring capacity (namely Coal)

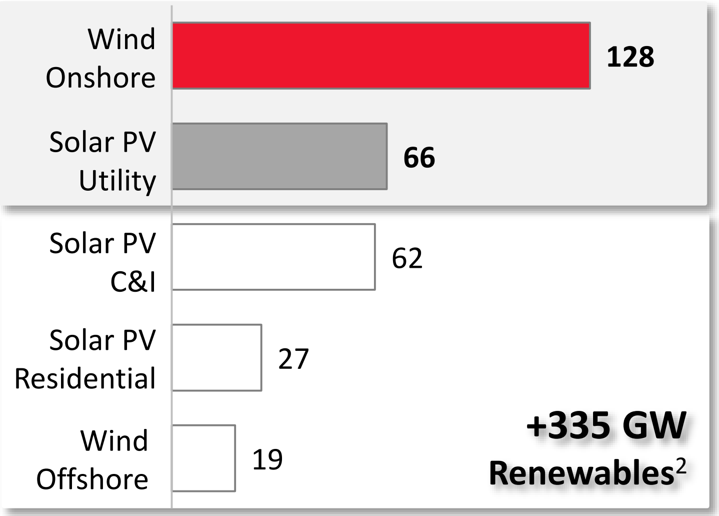
Economy electrification

- OECD countries: (+) Transports' electrification; (-) Energy efficiency
- Emerging markets: (+) Economic growth and infrastructure need

Energy independence

- Increasing energy imports in most of the developed countries
- EU imports more than 50% of its demand, while US only 15%
- Recent events have stressed the need to reduce dependency

2016-2020: Renewables Worldwide Additions[1] (GW)



Regions with EDPR presence account for c.70% of Wind and Solar PV (utility) additions

Notes: (1) Source: IHS (2015) does not consider impact from PTCs extension in the US; excludes China; (2) Includes 32 GW from Biomass, Geothermal, Small hydro and Ocean, not included in the graph

US renewables growth to be driven by wind, gradual solar competitiveness and regulatory support certainty

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Wind Onshore & Solar PV (utility scale)

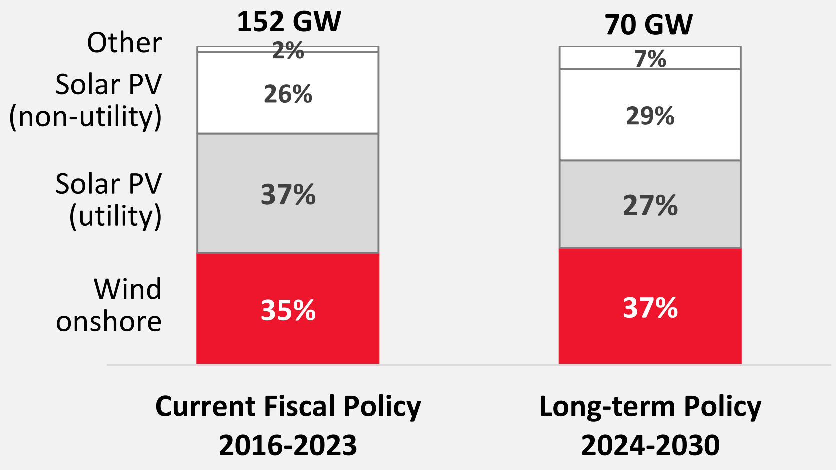
- Regulatory support certainty (PTCs/ITCs)
- Technological progress
- Coal retirement
- RPS demand

Wind: c.7 GW expected annual capacity additions until 2023

Solar PV: already competitive in Western region and some Central states

Solar to benefit from longer ITC extension
(30% ITC until 2019; decreasing to 10% until 2030)

Wind and Solar PV (utility scale) to sum 70% of additions thru 2030



Increasing demand from non-utility companies, already representing 50% of PPAs signed in 2015

Notes: Source: IHS Energy North America Renewable Energy Power Market Forecast 2016-2030

Europe presents specific short-term opportunities with growth after 2020 driven by demand recovery and defined targets

renováveis

Europe short term opportunities to…

2016-2020: Wind and Solar additions in Europe

Expected additions in EDPR geographies

60%	Wind Onshore	+23 GW
30%	Wind Offshore	
10%	Solar PV (utility)	

Short-term specific growth opportunities

…escalate medium term, supported by:

EU 2030 targets

- 40% cut in greenhouse gas emissions compared to 1990 levels
- **≥27% share of renewable energy consumption**

Demand recovery and a common vision in Europe

- New governance based on national plans and EU coordination
- Competitive and sustainable energy (to replace retiring plants)
- Strengthen interconnection and improve energy security

Regulation in Europe for renewables is evolving into ex-ante competition systems with long-term contracts
(including: Belgium, France, Italy, Poland, Portugal, Spain, UK)

Notes: Source: IHS (2015)

Other markets continue to present strong electricity demand and increased wind competitiveness

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EDPR's strategy…

- **Strong renewable electricity demand** ✓
- **Good natural resources (load factor)** ✓
- **Long-term contracts awarded thru competitive processes** ✓

…for growth in selective countries with strong fundamentals

BRAZIL

+13% CAGR 15-20	**Wind the main growth driver**
c.50% Load factor	**Top-notch wind resource**
Auctions	**Inflation linked with local funding**

MEXICO

+10% CAGR 15-20	**Mainly from wind onshore**
34%-45% Load factor	**Competitive renewable resources**
Auction/PPAs	**Market recently re-designed**

Notes: Source: IHS (2015) and BNEF

Agenda

renováveis

1 EDPR On Review

2 Renewable market and competitiveness

3 EDPR Business Plan 2016-2020

EDPR's 2020 investment case to continue to be supported by a distinctive strategic agenda

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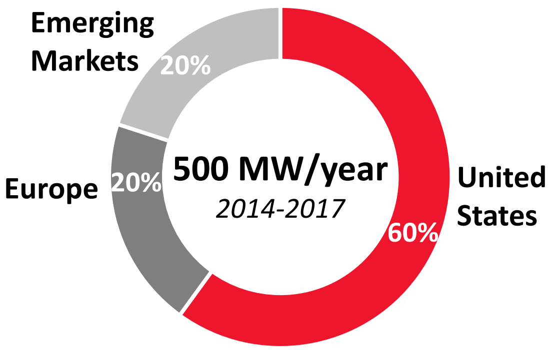
1. Selective growth		2. Operational excellence		3. Self-funding business	
	2016-2020		*2016-2020*		*2016-2020*
Prioritize quality investments in our core markets	**c.700 MW/year**	Technical expertise to maximize production	**>97.5% availability**	Investing in visible growth opportunities	**€4.8bn investments**
High visibility on projects already secured w/ LT contracts	**80% till 2018 >50% till 2020**	Competitive projects leading to a superior load factor	**33% in 2020**	Profitable assets generating robust Retained Cash Flow	**€3.9bn RCF**
Technological mix initiatives	**Solar & Offshore**	Unique O&M strategy to keep lowering Core Opex/MW	**-1% CAGR 2015-20**	Asset Rotation strategy to keep enhancing value growth	**up to €1.1bn €550m signed c.€600m new**

Solid Business Plan based on +0.7 GW per year, keeping the US and wind onshore at the core of EDPR growth strategy

edp renováveis

Increasing 2014-17 Business Plan…

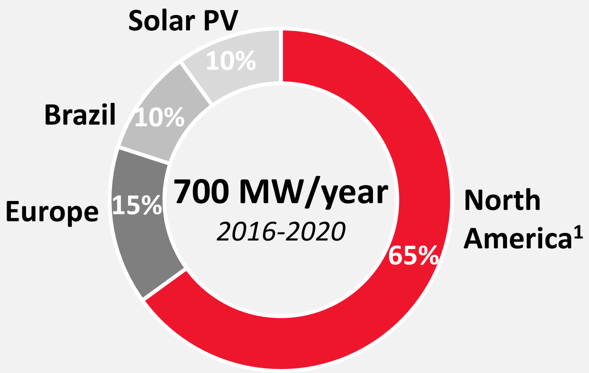
Capacity Additions
(MW; %)



Total of **2 GW** capacity additons

…into a new Business Plan with stronger capacity additions and technological mix

Capacity Additions
(MW; %)



Total of **3.5 GW** capacity additions

Drivers

Wind Onshore: fully competitive technology

Solar PV: increasing its competitiveness

Projects with long-term **visibility & low risk profile**

Notes: (1) North America includes: US, Canada and Mexico

Wind onshore investments in North America at the core of EDPR growth strategy…

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Production Tax Credits scheme phase-down

Start of construction… …end of construction

2016	2017	2018	2019	2020	2021

Full PTC ($23/MWh[1])

80% PTC[1]

60% PTC[1]

40% PTC[1]

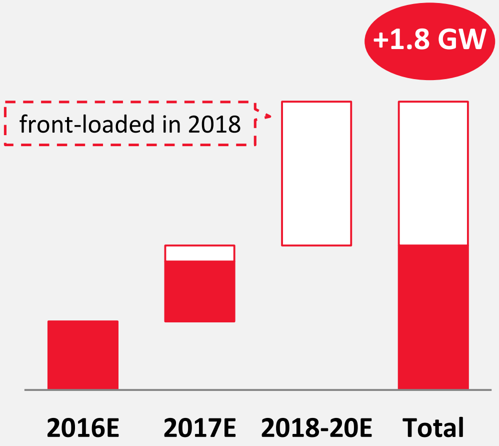
Front-loaded projects maximize PTC value

EDPR to deliver front-loaded projects maximizing projects returns

Capacity additions (GW)

secured

under negotiation/identified



Project	MW	State	Secured
2016 Projects			
Hidalgo	250	Texas	2014-15
Timber Road III	100	Ohio	2015
Jericho	78	New York	2014
2017 Projects			
Arkwright	79	New York	2014
Meadow Lake V	100	Indiana	2016
Quilt Block	98	Wisconsin	2016
Red Bed	99	Oklahoma	2016

70% secured with non-utilities

Notes: (1) PTC value in 2015 of $23/MWh

…while building further accretive projects in Canada and Mexico

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CANADA

100 MW wind farm in Ontario
20-year supply contract

Under development
2019 project

100 MW
Nation Rise Wind Farm

MEXICO

Completion of 200 MW[1]
wind farm with 25-year PPA

Under construction
2016 project

200 MW
Eólica de Coahuila

All projects with PPAs already awarded
Platforms for future growth in a promising markets

Notes: (1) In partnership with Grupo Bal, owner of Industrias Peñoles

Europe growth supported by identified short-term opportunities and medium-term pipeline options

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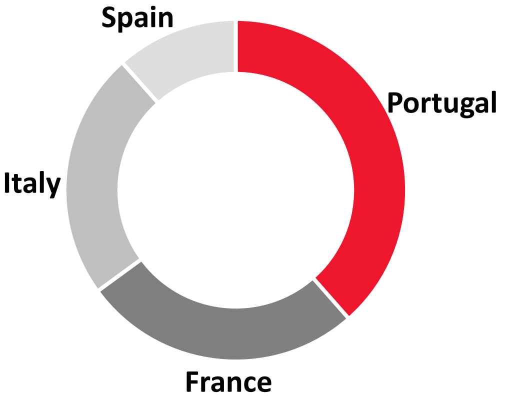
Europe to represent c.15% of EDPR growth plan

Capacity Additions
(MW)



+0.6 GW
Target 2016-2020

Portugal

Completion of Ventinvest projects

20-year feed-in tariff

+0.2 GW

France

Identified & pipeline projects

15-year feed-in tariff

+0.2 GW

Italy

Known projects & pipeline opportunities

auction based

+0.1 GW

Spain

Projects awarded in Jan-16

very high load factor and low capex

<0.1 GW

Brazil, a wind energy market with solid fundamentals for the execution of projects with secured PPAs

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BRAZIL

120 MW
Baixa Feijão

project completed in 1Q16
awarded in 2011

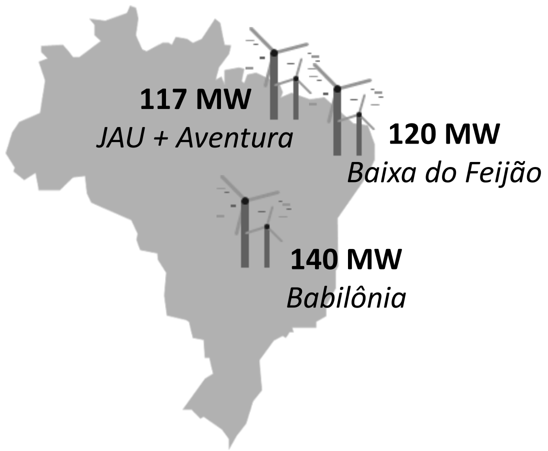
+

257 MW

2017-18 projects
awarded in 2013-15

+

New auctions opportunities



Projects with PPAs already awarded

> 45 % load factor

mid/high double digit IRR

PPA price inflation linked

Increased profitability due to higher production and increasing auction prices

EDPR to capture the increasing competitiveness of Solar PV technology, increasing its exposure through 2020

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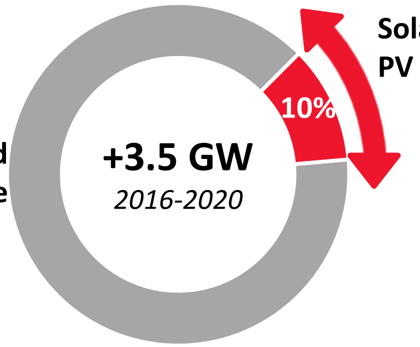
EDPR 2016-20 additions breakdown

By technology
(MW)



Solar PV to represent about 10% of capacity additions in 2016-20

Different markets dynamics

US: ITC scheme[1]

Start of construction…

2016	…	2020	2021	2022	2023

…end of construction

Full ITC (30% capex)

26% ITC

22% ITC

10% ITC *(until 2030)*

ITC scheme in place to benefit Solar technology

United States

The core growth market boosted by ITC extension

Europe, Brazil & Mexico

Developing options based on projects' fundamentals

Notes: (1) ITC - Investment Tax Credit

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

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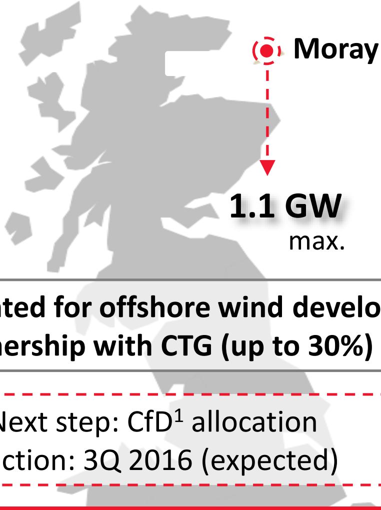
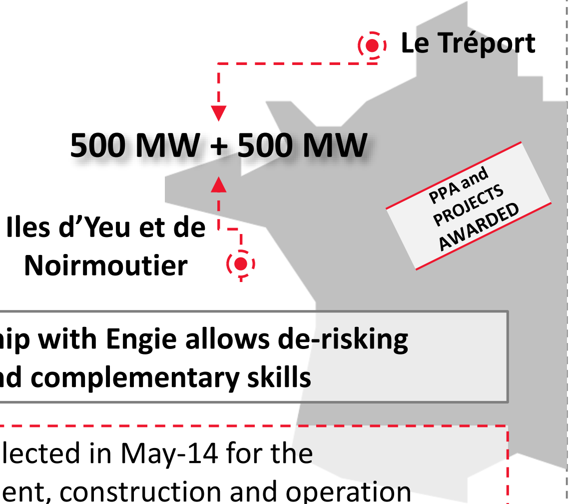
UNITED KINGDOM



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

Next step: CfD[1] allocation
Auction: 3Q 2016 (expected)

FRANCE



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

Notes: (1) CfD – Contract for Difference

Output growth enhanced by the successful projects' execution and leveraged on unique competences…

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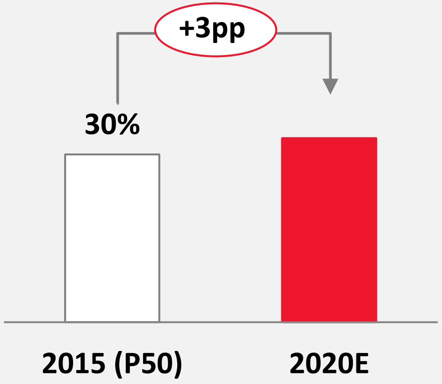
Delivering second-to-none metrics based on unique wind assessment know-how…

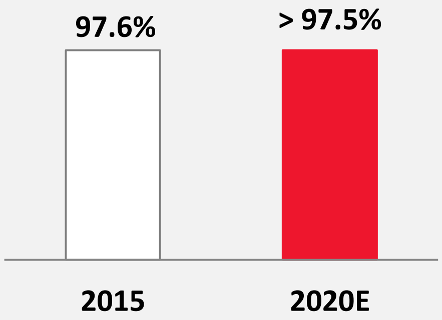
…to maximize asset value

Load Factor
(%)



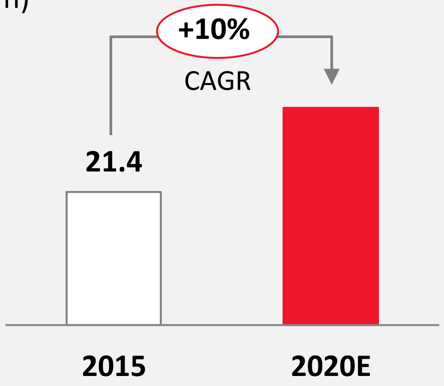
Accretive contribution from US, Mexico, Canada and Brazil

Technical Availability
(%)



Predictive maintenance and O&M strategy key to reduce downtime

Production
(TWh)



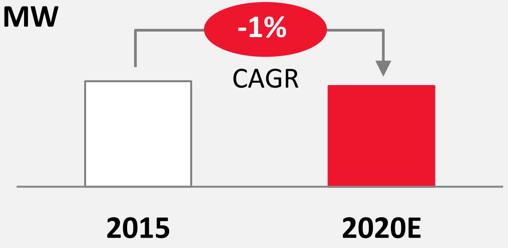
Growth supported by distinctive competences and accretive projects

…while targeting unparalleled efficiency metrics…

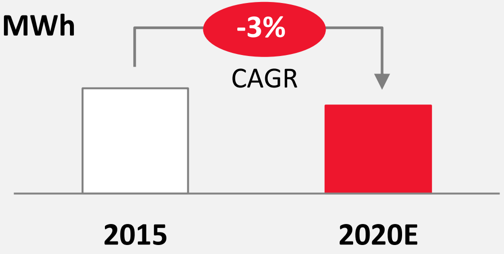
renováveis

Operating Costs breakdown
(2016-2020)

Core Opex[1] per MW



Core Opex[1] per MWh



Strong focus on efficiency and cost control benefiting from economies of scale and…

…supported by a superior and higher efficient O&M strategy…

…leading to improvements in efficiency ratios

Notes: (1) Core Opex - Supplies & Services and Personnel Costs

...supported by highly experienced teams and distinctive O&M strategy set to maximize efficiency...

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Unique comprehensive O&M strategy at the end of initial contract warranty

Modular Maintenance Model (M3)

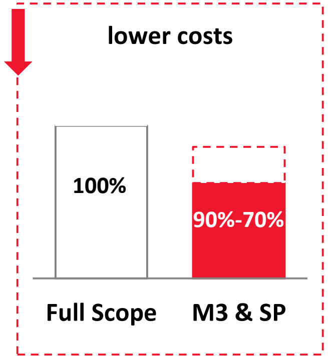
Segregate & insource main maintenance activities

EDPR | **ISP[1]** | **OEM[2]**

Self-perform (SP)

Insource more activities: preventive, logistics & small correctives

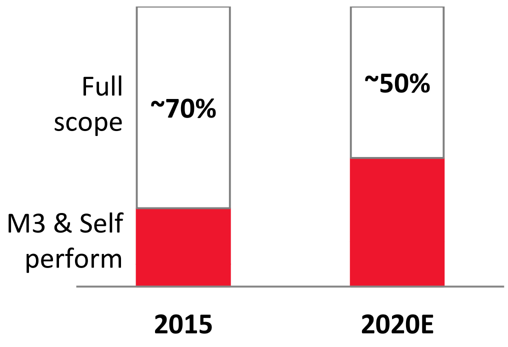
EDPR | **OEM[2]**



Segregating and keeping in-house high value-added activities, minimizing OEM dependency and increasing efficiency

EDPR portfolio by O&M contract type

(%; MW)



Higher exposure to M3 and Self perform driven by full scope contracts expiration

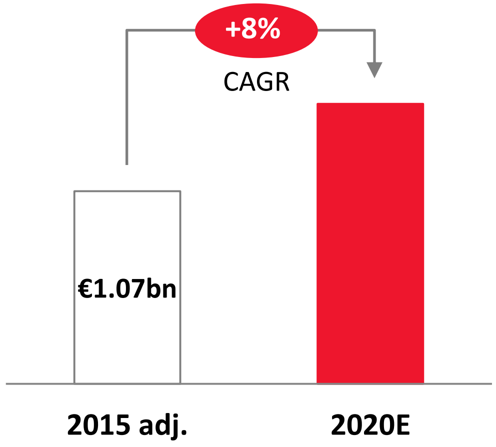
Notes: (1) ISP - Independent Service Provider; (2) OEM – Original Equipment Manufacturer

…driving EBITDA expected growth

renováveis

EBITDA growth supported by new and accretive capacity additions along with increased efficiency

EBITDA growth (vs. 2015 Adjusted)
(€ million)



Expected EBITDA growth drivers

MW Addition	Efficiency	Other Items[1]
+11% CAGR	+0.5% CAGR	-3.5% CAGR
New MW in operation	Ex-MW growth performance	US 10-yr PTCs expiration
MW with higher profitability	Opex efficiency O&M strategy	Tariffs and Green certificates

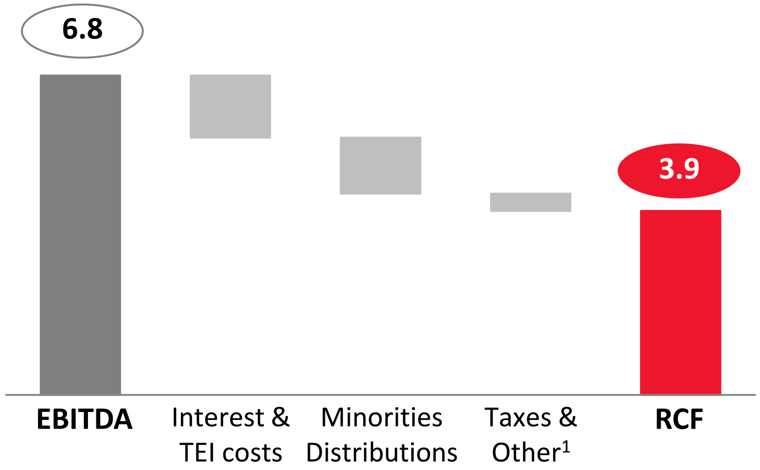
Notes: (1) Impact from PTCs (Production Tax Credits), GC (Green Certificates) and (FiT) Feed-in Tariffs expiration

Strong cash generation enhanced by Asset Rotation track record to keep accelerating value creation

edp renováveis

Quality portfolio generating robust Retained Cash Flow

Retained Cash Flow (€ billion) *Cumulative for 2016-2020*



A rigorous investment plan set to deliver solid returns

2016-2020

Capex and Financial Investments	**€4.8bn**
Onshore + Solar PV	**> 90%**
Offshore	**< 10%**
New Asset Rotation (based on projects with PPAs)	**up to €0.6bn** **€120m/year**
Cumulative Asset Rotation (including already signed in 2016)	**€1.1 bn**

Notes: (1) Other include Associates and Non-cash items

Established self-funded model enabling EPS growth to outpace operating performance

Net Financial Expenses

+

Non-controlling Interests

+5%
CAGR 2015-20

Increasing below business growth

Lower cost of Debt

Declining IRR on Asset Rotation

Growth funded through Asset Rotation and Retained Cash Flow

Self-funding leveraging Net Profit

	CAGR 2015-20
EBITDA	+8%
Net Profit	+16%

Accretive Business Model enhancing value growth

EDPR business model set to deliver predictable and solid growth targets focused in core markets…

edp renováveis

1	Selective and profitable growth generating higher production	**GWh** CAGR 2015-2020	**+10%**
2	Higher efficiency and accretive capacity additions	**EBITDA** CAGR 2015-2020[1]	**+8%**
3	Quality portfolio with sound cash flow generation	**RCF** 2020E	**€0.9bn**
4	Increasing profitability for EDPR shareholders	**Net Profit** CAGR 2015-2020[1]	**+16%**
5	Maintaining its dividend policy	**Dividend Payout**	**+25-35%**

…positioning to successfully lead a sector with increasing worldwide relevance

Notes: (1) EBITDA and Net Profit adjusted by non-recurrent events

EDP BRASIL

Miguel Setas, CEO EDP Brasil

Always present.
Always future.

Agenda

1 Corporate profile

2 Macro, Energy and Regulatory Environment

3 2016-2020 strategic focus

1 Integrated utility with operations in distribution, generation, trading and energy services

EDP - Energias de Portugal

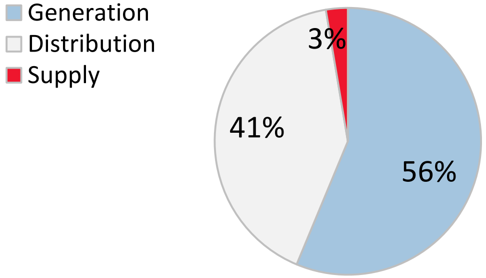
Free Float

51%

49%

Energias do Brasil

2015 EBITDA(1) breakdown (%)



EDP Brasil Market Positioning in Brazilian Electricity Market

4th **Largest private trading company (sales)(2)**

- 10.6 TWh of energy sold

5th **Largest private generation group (installed capacity)(3,4)**

- 2.7 GW of installed capacity and 1.8 Avg. MW of assured energy
- Long term concessions and PPAs
- Partnership with local and foreign companies

6th **Largest private distribution group (distributed energy)(5)**

- 3.3 million customers supplied by two distribution companies
- Ranking Aneel of quality: both companies in Top Ten ranking

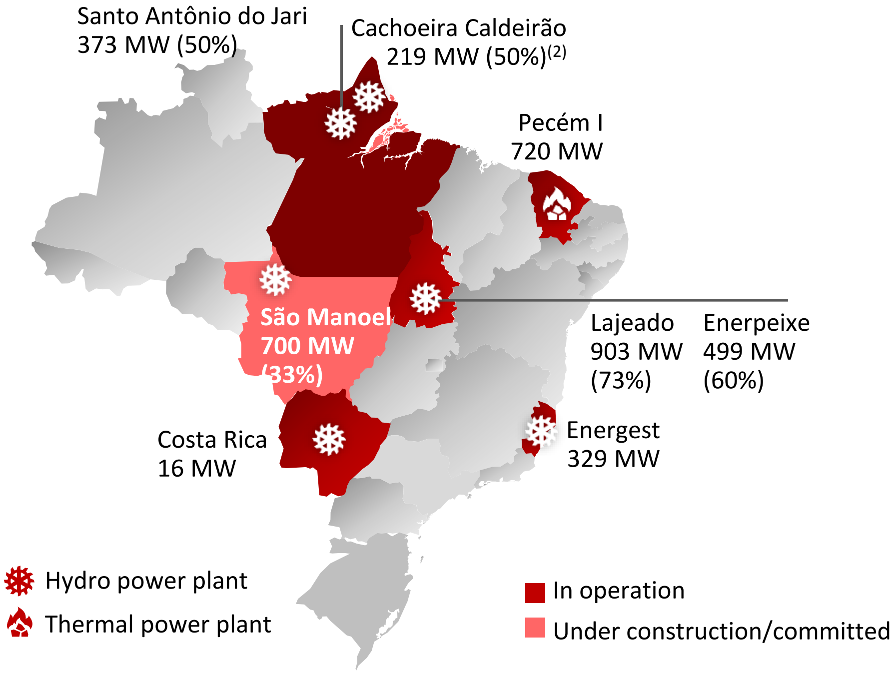
EDP Brasil represented 17% of EDP group recurrent EBITDA in 2015

(1) Excluding non-recurring gain from the acquisition of the remaining 50% of Pecém I in 2015; (2) Source: CCEE (2015); (3) In Dec. 2015; (4) Source: Aneel. Consolidation criteria; (5) Source: Abradee 2015.

1 Diversified portfolio generation vs. distribution

Generation assets[1]

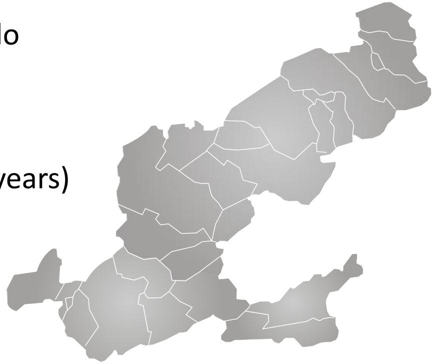
- **Footprint in 7 States**
- **Generation mix: 69% Hydro, 4% Small Hydro, 27% Coal**



Distribution Concessions

EDP Bandeirante:

- 28 cities in the state of São Paulo
- 1.8 million customers
- Concession until 2028
- Tariff Review: October (cycle 4 years)



EDP Escelsa:

- 70 cities in the state of Espírito Santo
- 1.5 million customers
- Concession until 2025
- Tariff Review: August (cycle 3 years)

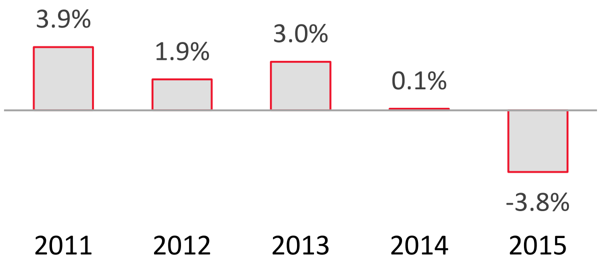
(1) May/2016. (2) Generation Unit 1 connected to the grid in May 2016.

Agenda

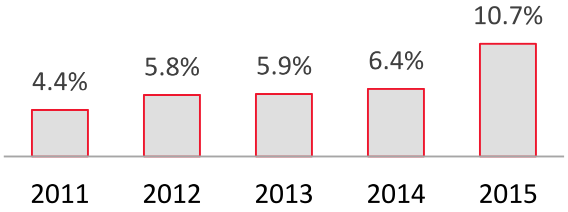
1. Corporate profile
2. Macro, Energy and Regulatory Environment
3. 2016-2020 strategic focus

2 Macroeconomic scenario impacted by political environment

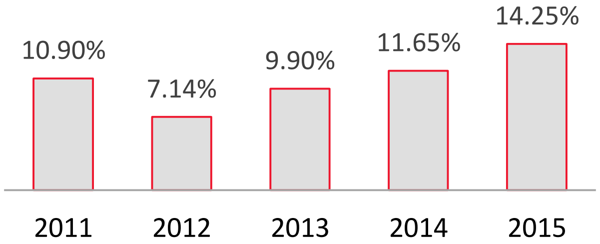
GDP[1]
(%)



Inflation rate[2]
(%)



Selic Benchmark interest rate[3]
(%)



Utilities:
Defensive sector in economic downturn

- **Generation**: Low exposure to the economic cycle
- **Distribution**: Demand decrease; pressure on commercial losses

Utilities:
Inflation escalator protect value

- **Generation**: PPAs inflation updated
- **Distribution**: Annual Tariff Adjustments
- **Cost increase**

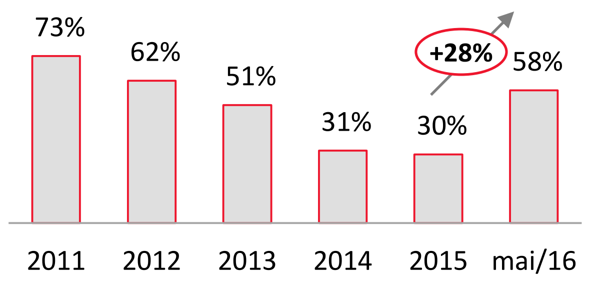
Increased relevance of roll-over risk mitigation and healthy leverage

- Higher cost of funding
- Restricted credit market

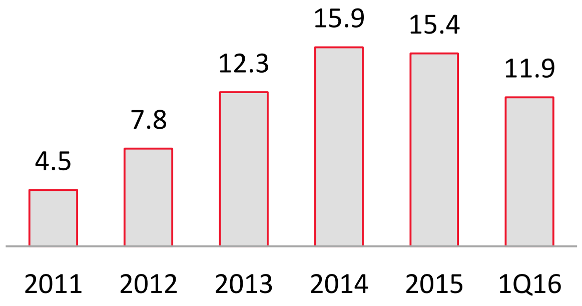
(1) Source: FGV (2) Source: IBGE (3) Source: Focus

2 Recovery of hydro levels and improved regulatory framework

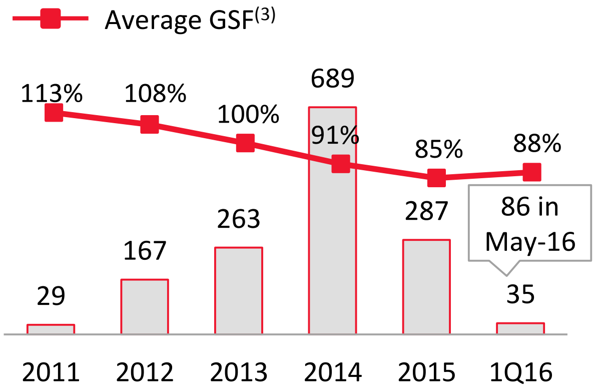
Historical reservoirs level[1]
(Average %, Southeast[2])



Thermal dispatch[1]
(Avg. GW, National Interconnected System)



Spot price[1]
(R$/MWh, Southeast[2])



- Low rainfall and reservoirs level in 2015; strong improvement in 2016
- Increase of energy costs due to higher thermal dispatch

2014-15:

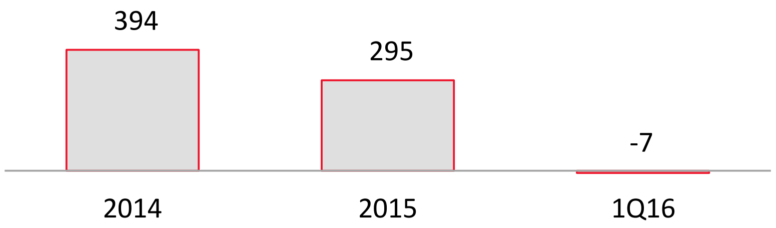
- **Generation:** margin losses from GSF Risk
- **Distribution:** increase in working capital due to tariff deficits

- Dec-15: GSF risk mitigation framework approved
- Extraordinary Tariff Review (25.12% Bandeirante and 26.83% Escelsa) and Tariff Flags (total tariffs > 50% in 2 years)

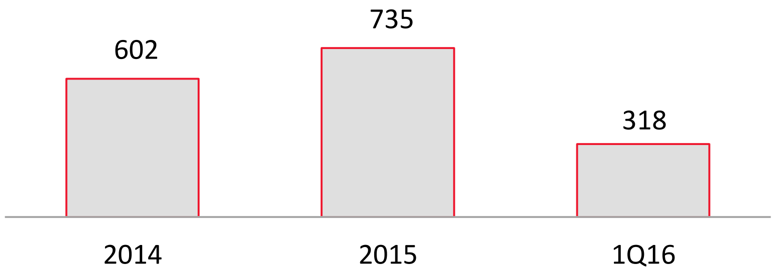
(1) 2016 YTD = Average of 1Q16 (2) Southeast represents 70% of the Interconnect Electricity System (3) Generation Scaling Factor

2 Improved regulatory framework: reduction of risk

EDP Brasil: GSF losses[1]
(R$m)



EDP Brasil Regulatory Receivables
(R$m)



- **GSF risk framework mitigation:** positive impact of R$41m in 2015 and R$10m in 1Q16

- **Credit facility and sectorial funds:** R$22bn to compensate non-manageable cost
- **Extraordinary Tariff Review** (32.19% EDP Bandeirante and 33.28% EDP Escelsa) and **Tariff Flags**

Supportive regulatory measures in a difficult environment

(1) Net of hedge and hydro insurance

Agenda

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3 2016-2020 strategic focus

3 Strategic focus 2016-2020

A	**Commitment to execution**	▪ Commissioning of Cachoeira Caldeirão and São Manoel hydro plants on time and on cost ▪ Investments in distribution ▪ New projects pipeline (medium sized hydro and thermal power plants)
B	**Operational excellence and superior efficiency**	▪ Operational stability of Pecém I coal plant ▪ Close the gap between Disco's losses and their regulatory targets ▪ Opex trend below inflation
C	**Regulatory focus**	▪ Periodic Tariff Review of EDP Escelsa in Aug-2016 ▪ Solution for overcontracting in distribution ▪ 5^{th} cycle of Periodic Tariff Review (both Discos in 2019)
D	**Portfolio optimization**	▪ Asset rotation and capital 'recycling' ▪ Active management of energy market exposure ▪ Energy services expansion (customer centricity)
E	**Capital discipline and shareholder return**	▪ Healthy balance sheet and access to the credit market ▪ Capital increase ▪ Dividends policy: minimum 50% payout of adjusted net profit

A Commitment to execution: delivery of new hydro capacity leveraging on track record from Jari early commissioning

Hydro projects under construction and committed

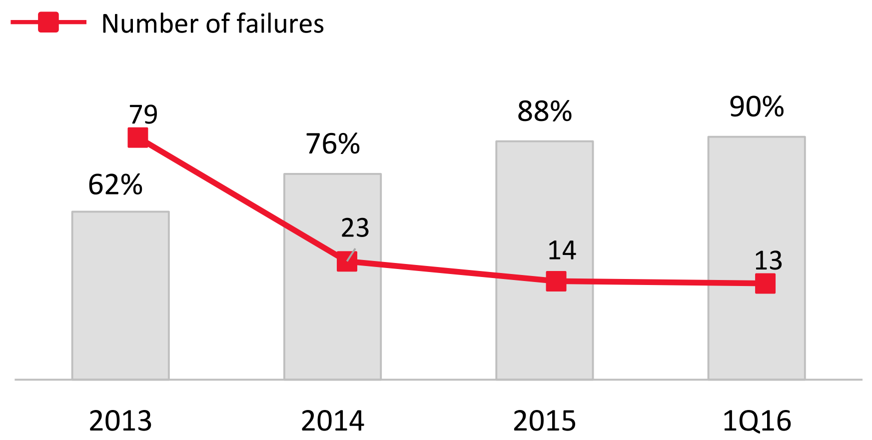
	Stº Antônio do Jari	Cachoeira Caldeirão	São Manoel
EDP Brasil Stake	**50% EDP** 50% CTG	**50% EDP** 50% CTG	**33% EDP** 33% CTG 33% Furnas
Capacity (100%) (MW)	373	219	700
Capex (R$bn)	1.1	1.2	2.7[(1)]
Debt/ Equity	67%/33%	55%/45%	50%/50%
Startup of Commercial Operation	Sep, 2014 Official: Jan, 2015	2Q16 Official: Jan, 2017	May, 2018

Superior execution on time and on cost

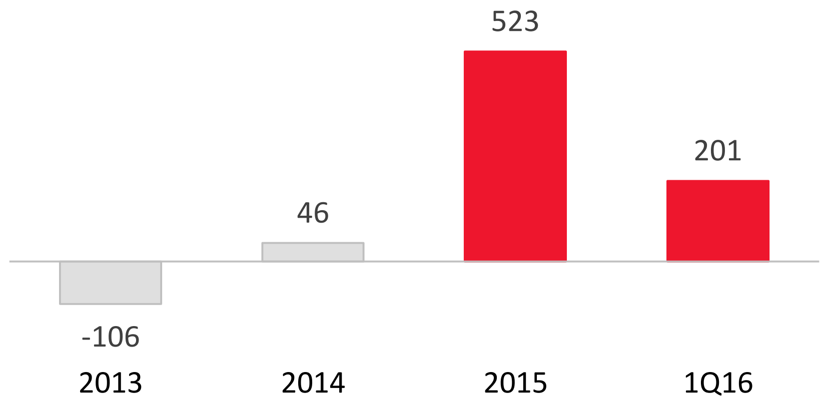
(1) Estimated real capex according to press release.

Pecém I Coal Plant: strong operating improvement

Availability index
(%)



EBITDA evolution
(R$m)



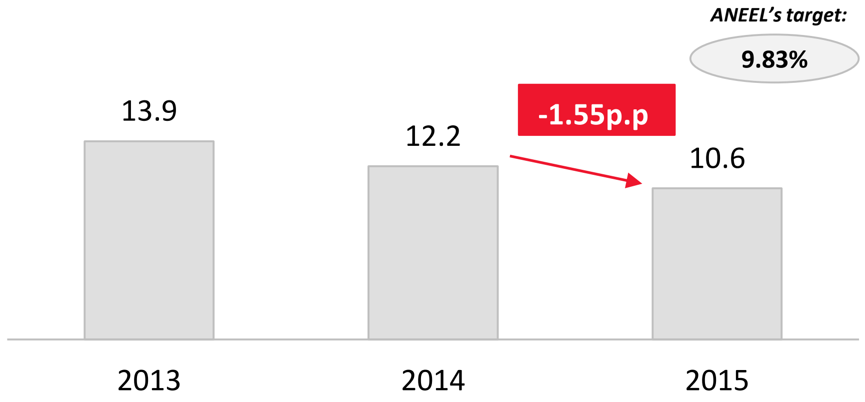
Dec-14: Agreement for the acquisition of the remaining 50% closed in May-15
Accounting gain in 2015 of R$885m

Target to maintain minimum 90% availability

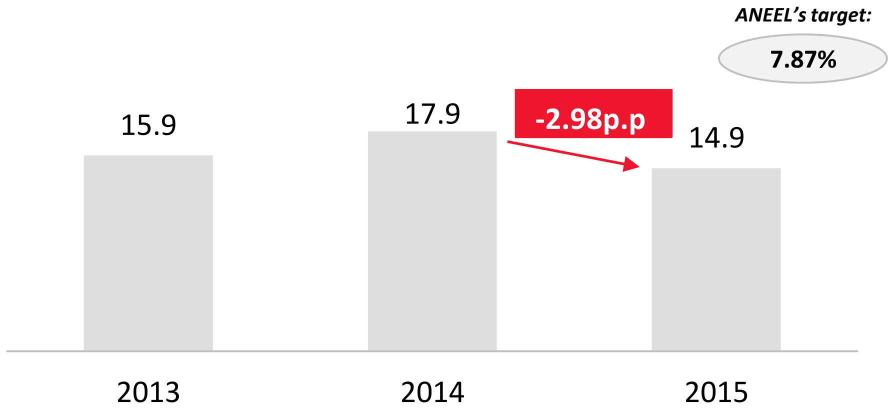
Reduction on Disco's energy losses

B

EDP Bandeirante Non-Technical Losses (low voltage)
(%)



EDP Escelsa Non-Technical Losses (low voltage)
(%)



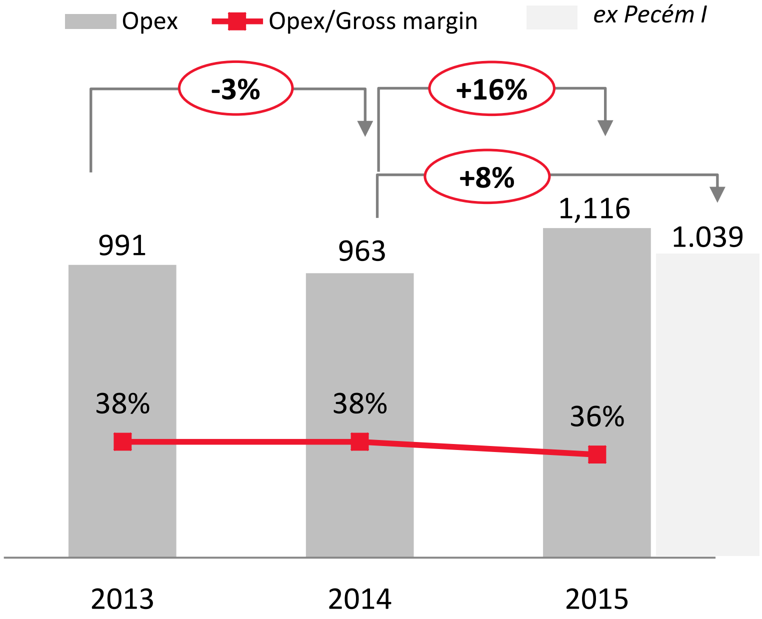
Significant reduction of non technical losses in a year with tariff increases and economic recession

More than R$100m invested to reduce losses in the past 2 years

Focused on closing the gap vs. regulatory target over the 4th cycle of tariff review

OPEX -4.4% in real terms over last two years

Opex 2013-15[1]
(R$m)



- **OPEX -4.4% in real terms** (increased by 12.6% in the past 2 years, below cumulative inflation of 17.8%)
- Decrease of Opex/Gross Margin
- **Zero Base Budget**: 110 initiatives to improve efficiency.

Strict cost control: focus on keeping cost evolution below inflation

(1) OPEX (personnel, materials, services, provisions and others); Opex presented in nominal values.

EDP Escelsa: 4th cycle periodic tariff review in August 2016

Inflation protected

- Tariff annually adjusted by inflation

Return in real terms

- WACC: From 7.5% to 8.09%
- Ke: From 11.36% to 12.26%

Component B

- The increase in regulatory WACC guaranteed the stability of the B component (regulated gross profit)

Losses

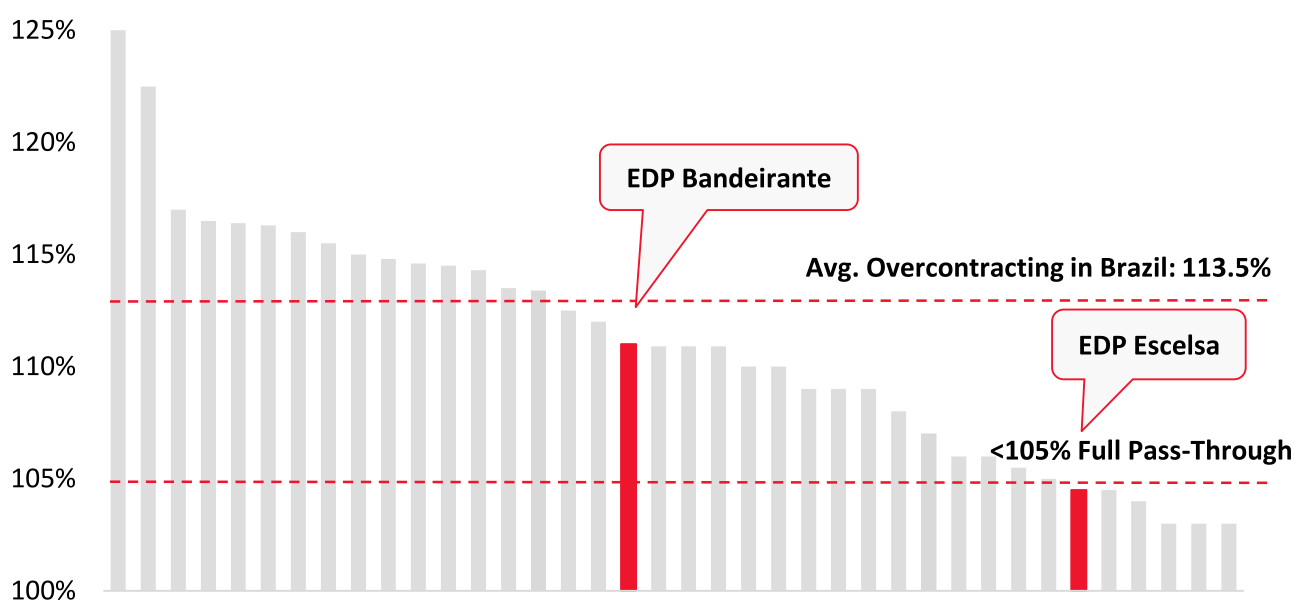
- Increase starting point
- Yearly reduction from 1.4% to 0%

4th cycle improved the return of the distribution business to 8.09% before inflation

Focused on assuring full recognition of Capex on the RAB

C Distribution: Overcontracted energy and possible solutions

Distributors overcontracting: Regulated PPA energy purchases / regulated energy sales to clients[1]
(%, 2016E)



Solutions under discussion

- Reduction of energy contracts
- Migration of special costumers
- Availability contracts to become reserve energy
- Involuntary exposure
- Other measures

Ongoing actions must ensure the resolution of the problem of overcontracting

1) Source: ABRADEE

D

Portfolio optimization: asset rotation and capital recycling

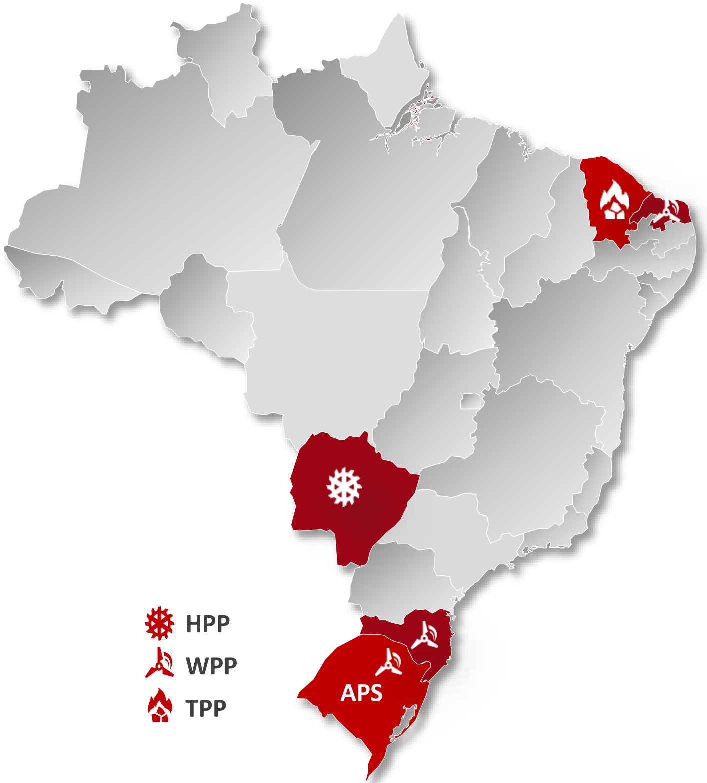
Disposals:

45% of EDP Renováveis Brasil

- Cash proceeds: R$190m
- Capital gain: R$69m
- Closed in 4Q15

Pantanal Mini-Hydros

- Installed capacity: 51 MW
- Cash proceeds: R$390m
- Capital gain: R$278m
- Closed in 1Q16



Acquisitions:

50% of Pecém I coal plant

- Installed capacity: 360 MW
- Equity investment: R$300m
- Badwill gain: R$885m
- Closed in May-15

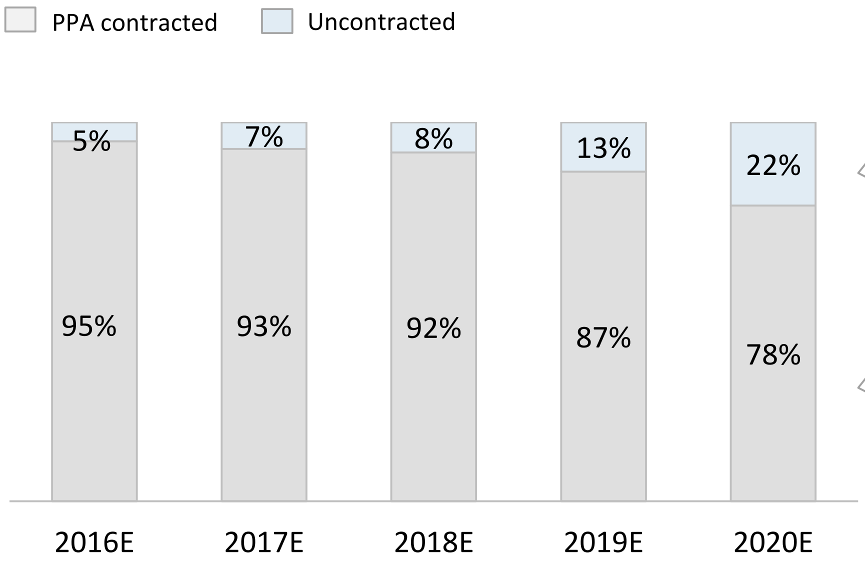
APS Soluções

- Acquisition value: R$27m
- Closed in 4Q15

Value creation through strict financial discipline on capital allocation

D Generation: low exposure to short term power price volatility

Generation sales breakdown
(% of TWh)



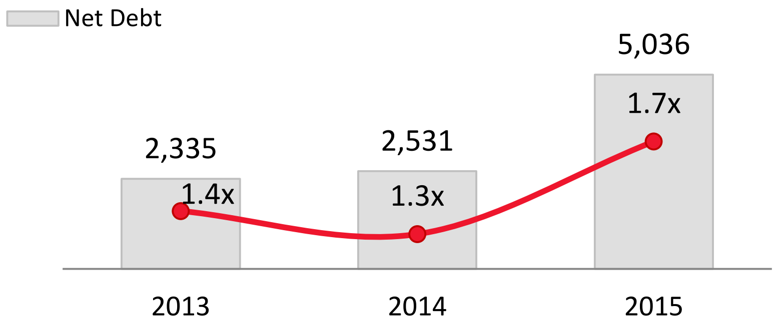
Controlled exposure to spot market: by 2020 351 avg. MW from which 271 avg. MW at Enerpeixe (60% owned by EDP Brasil)

Long-term PPAs protected by inflation with an average price of R$177/MWh (Dec/15)

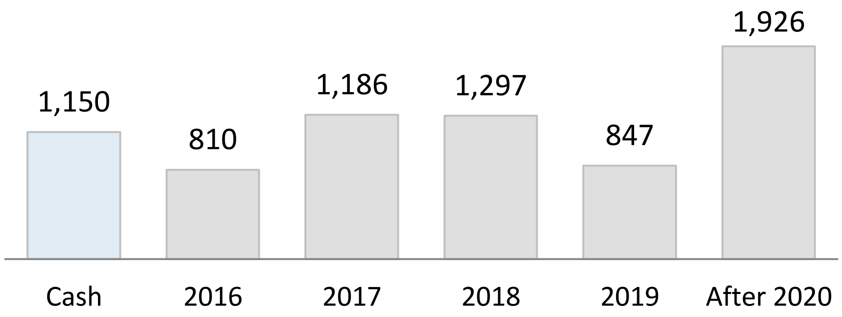
Almost fully contracted in the medium term and adhesion to GSF risk mitigation framework

Healthy balance sheet and access to the credit market

Net debt/EBITDA[1]
(R$m)



Gross debt amortization schedule[1]
(R$m)



Fully funded

Debt issuances in 2014/2015

(R$ million)	2014	2015
Debentures	777	892
BNDES	0	475
Others	409	1.375
Total	**1,186**	**2,742**

Issuances in 2016 YTD

Discos Debentures
R$220m Up Feb. of 2020
CDI + 2,30% a.a

São Manoel Debentures
R$ 532m
Up Dec. of 2016
120,50% of CDI a.a

Holding Debentures
R$250m
Up Apr. of 2022
IPCA + 8,3479%

Energest Debentures
R$90m
Up Apr. of 2020
CDI + 2.25%

Restricted credit market increases the value of financial liquidity

(1) Not taking into account the effects of the stakes in Santo Antonio do Jari, Cachoeira Caldeirão and São Manoel Hydro Plants

E EDP Brasil capital increase of up to R$1,500m

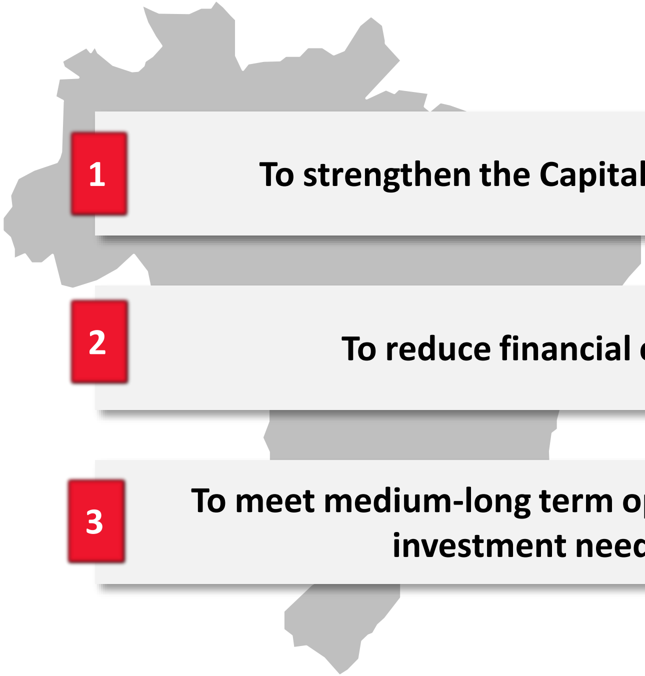
Conditions

# shares	▪ Up to 130,434,782 common shares
Subscription Price	▪ R$11.50
Volume	▪ Up to R$1,500m

Indicative Timeline

Notice to Shareholders: Capital Increase Process	**3-May**
Preemptive Rights Exercise Period	**5-May – 3-Jun**

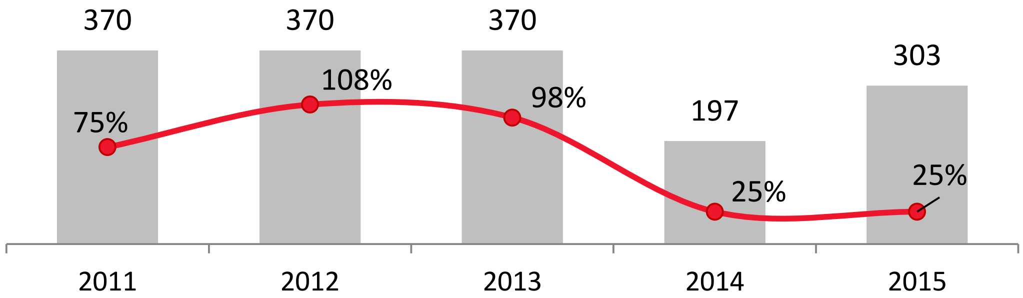
Use of proceeds



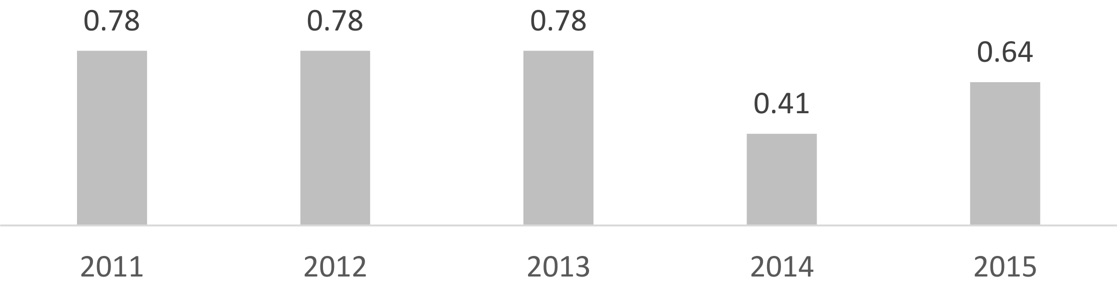
1. **To strengthen the Capital Structure**
2. **To reduce financial costs**
3. **To meet medium-long term operational and investment needs**

Dividend Policy

Dividends and Payout ratio
(R$m, %)



Dividends per share
(R$)



Prudence in the last 2 years:

- In 2014 and 2015 the Company applied the policy of São Paulo Stock Exchange's (BM&F Bovespa) "Novo Mercado" segment: **minimum payment of 25% of net income due to the exceptional macro and weather conditions.**

Dividend policy:

Dividend payout ≥ 50% of net income

EDP Brasil business model supported by five strategic pillars

1. Commitment to execution
2. Operational excellence and superior efficiency
3. Regulatory focus
4. Portfolio optimization
5. Capital discipline and shareholder return

Installed Capacity 2018	3.0 GW
Net Debt/EBITDA	< 2.5x
Dividend Policy (Payout)	≥ 50%

Delivering on strategy to achieve targets and consolidate leading position in Brazilian Energy Sector

FINANCIALS

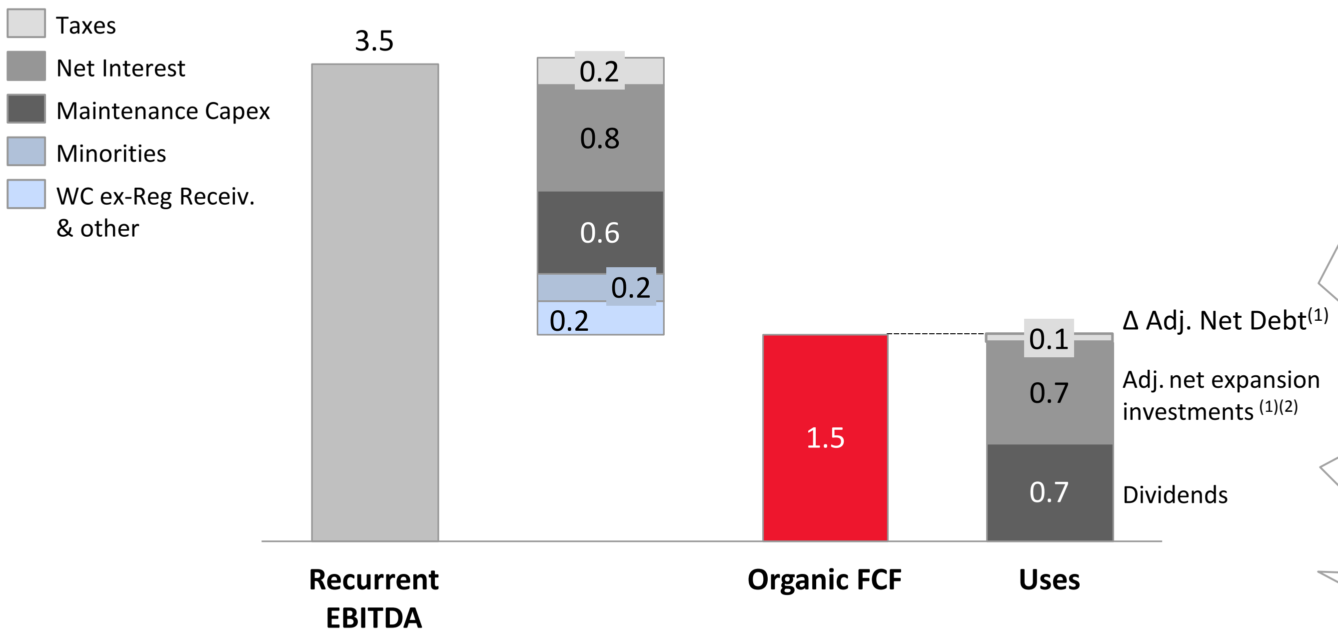
Nuno Alves, CFO

Always present.
Always future.

Organic Free Cash Flow 2014-15: Avg. €1.5bn/year

Free Cash Flow allocation: Annual Average 2014-2015

(€bn)



- **€0.1bn/year net debt reduction** from **organic FCF**

Other impacts on debt:

- **hybrid** bond issue: **-€0.2bn**
- Regulated **Receivables**: **-€0.1bn**
- Adverse **Forex** MTM: **+€0.2bn**

Expansion **capex** and **Pecém** acquisition mitigated by CTG deals, EDPR's **asset rotation** and **TEIs**

Dividends: ~45% of organic FCF

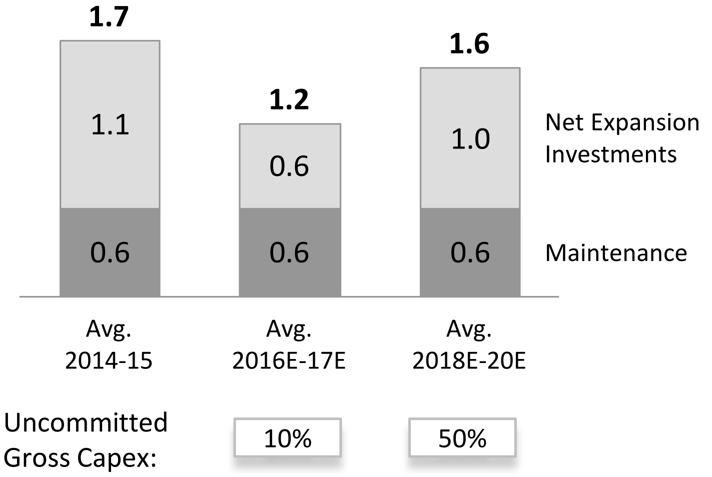
~50% of 2014-15 organic FCF reinvested in net expansion investments supporting future FCF growth

(1) Net debt and Net expansion investments as of Dec-15 both adjusted €0.5bn downwards to reflect cash proceeds from asset rotation + TEI in wind US, that were delayed and de facto accounted in Jan-16

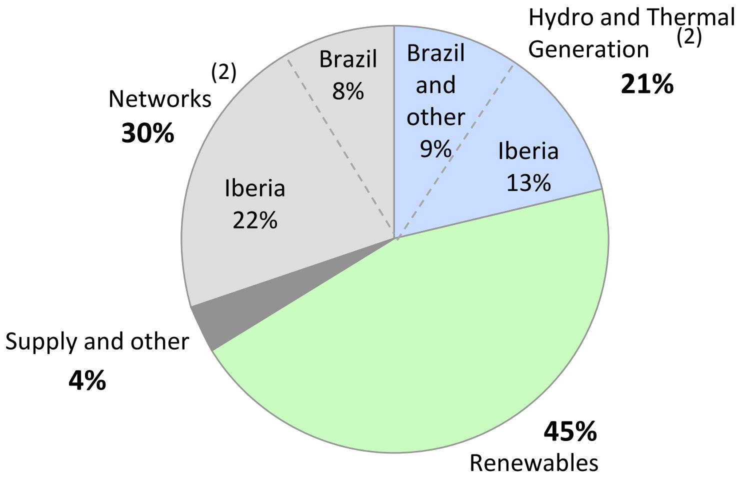
(2) Includes net expansion investments (net of asset rotation), adjustment on note (1), other disposals, TEI proceeds, change in WC suppliers and in consolidation perimeter

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

Net Investments(1): 2016E-20E
(€bn)



Breakdown of accumulated Net Investments(1): 2016E-20E
(%)



EDPR asset rotation: €1.6bn target proceeds (60% already executed/agreed in 2016): to be reinvested at higher returns
Execution on CTG partnership and small scale disposals: ~€1bn target proceeds in 2016-20

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 (2) Includes Iberia and Brazil

Growth supported by new investments and adequate risk management

2016E-20E Outlook

	2015[(1)]	2016E	CAGR 2015-20E
EBITDA	€3.6bn	> €3.6bn	~3%
Net Profit	€850m	~ €900m	~4%

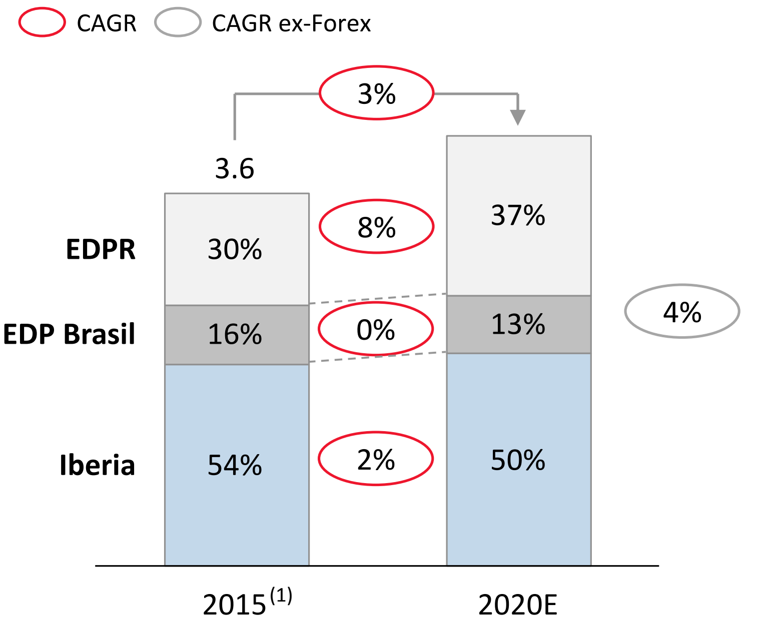
EBITDA and Net Profit 2016 outlook: in line with previous guidance and current consensus

EBITDA and Net Profit 2020 outlook: supported by growth in wind and slight market recovery

(1) 2015 EBITDA and net profit recurrent and weather adjusted (weather adjusted impact of €140m on EBITDA and €100m on net profit).

EBITDA growth drivers 2015-20

EBITDA Growth 2015-20[1]
(%)



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**

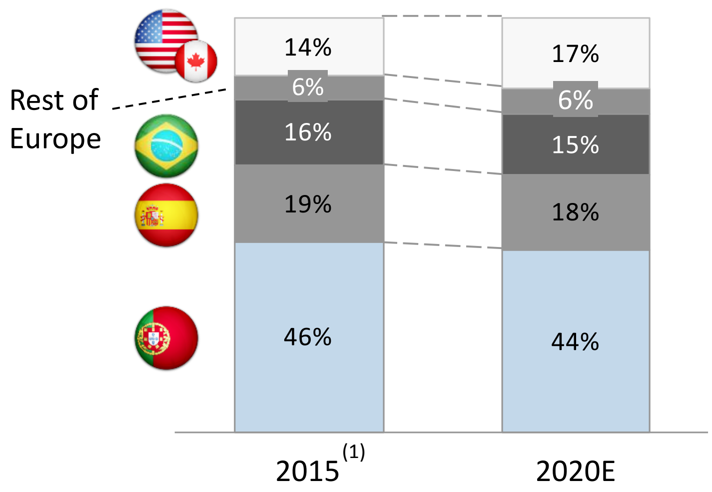
Growth mostly driven by net expansion investments in long term contracted renewables

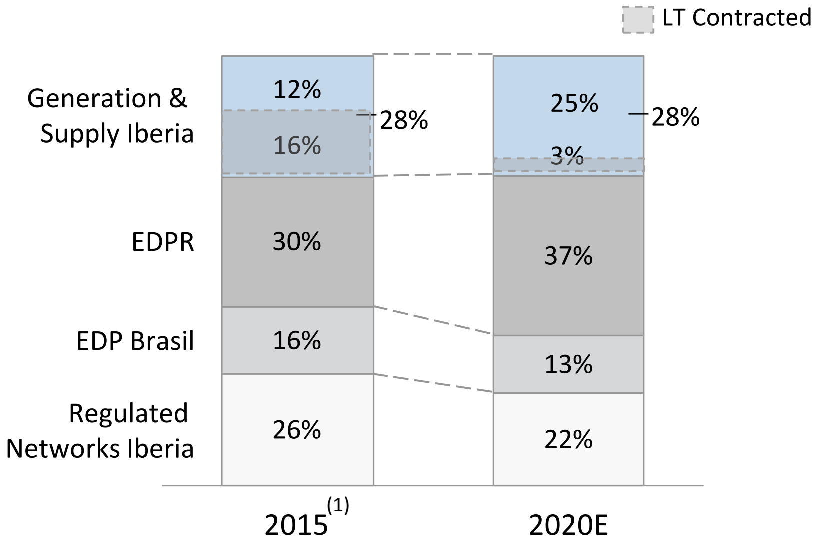
Forex assumptions: 4% avg. annual devaluation of BRL vs. Euro; flat EUR/USD over the period

(1) Recurrent and weather adjusted

EBITDA profile: contribution increase from US, decline from Iberia

EBITDA breakdown by geography and by segment 2015-2020E
(%)





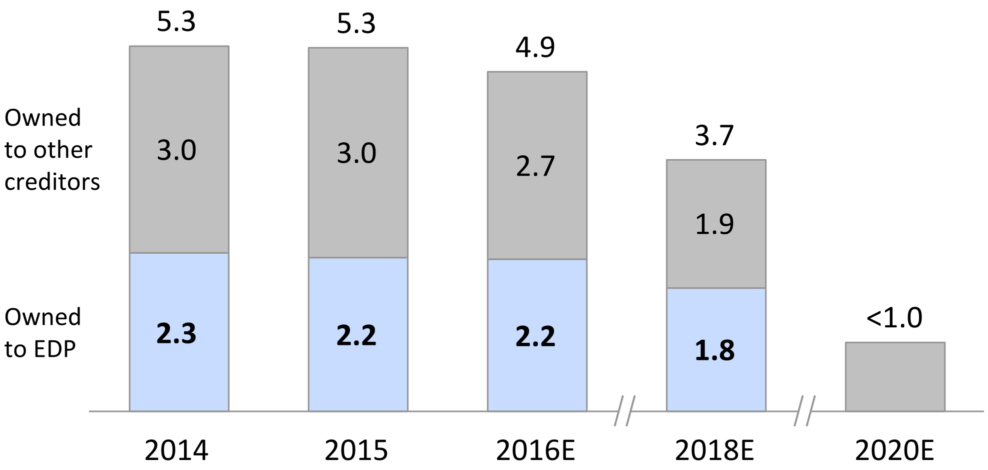
Weight of regulated and LT contracted activities slightly down from 88% in 2015 to 75% by 2020

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

(1) Recurrent and weather adjusted

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 lower volume of securitization deals:** avg. €0.8bn/year in 2016-17; avg. €0.5bn/year in 2018-19

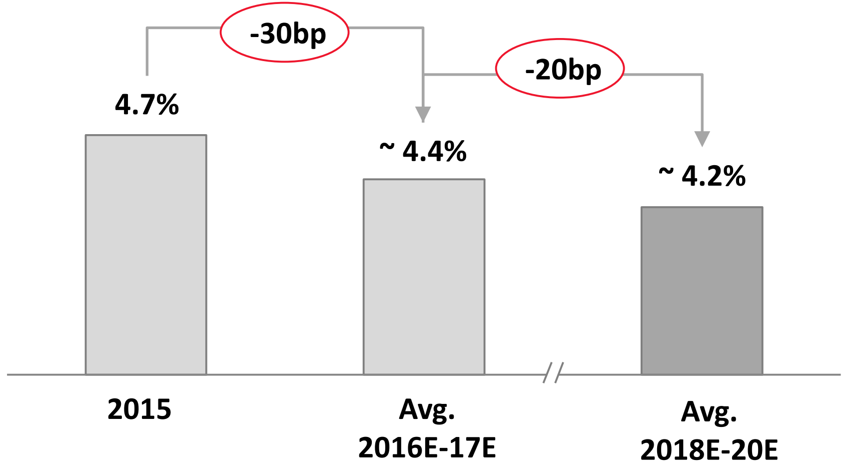
Gradual decline over the 2016-20 period in line with previous forecasts

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
(%)



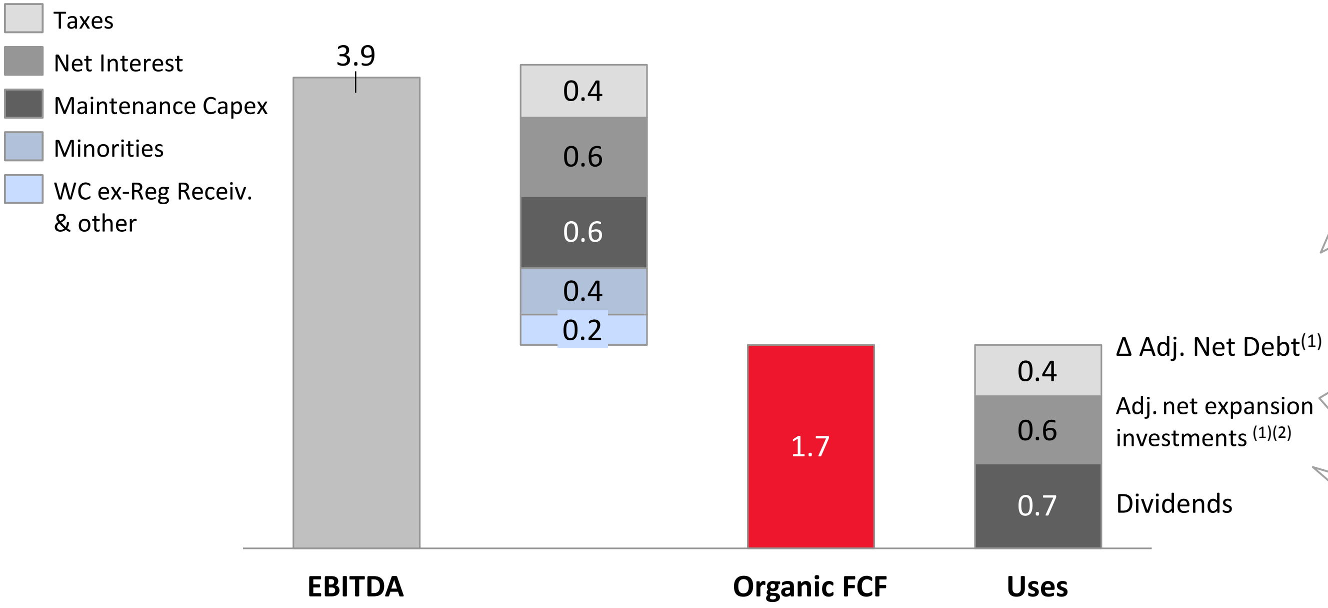
Average cost of debt projections assuming upward trend on US interest rates

Scenario of capital structure reinforcement in Brazil: potentially positive for avg. cost of debt

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

Free Cash Flow allocation: 2016E-20E average

(€bn)



Avg. **€0.4bn/year** net debt reduction **from organic FCF**

- Additional avg. **€0.4bn/year** net debt reduction **from decline on regulatory receivables**

CTG deals and asset rotation: ~60% of target already executed or agreed

Capex 2018-20: 50% uncommitted

Dividends: 40%-45% of organic FCF

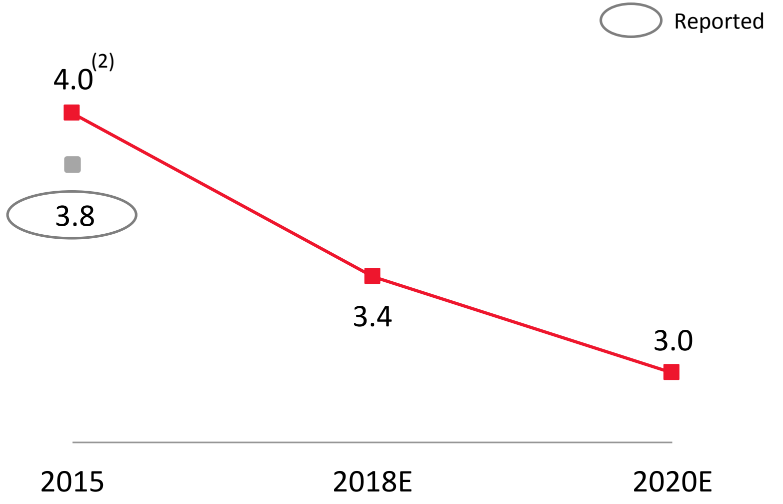
Net debt reduction until 2020 vs. adjusted net debt of €16.9bn by Dec-15: Evenly driven by organic FCF and decline on regulatory receivables

(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

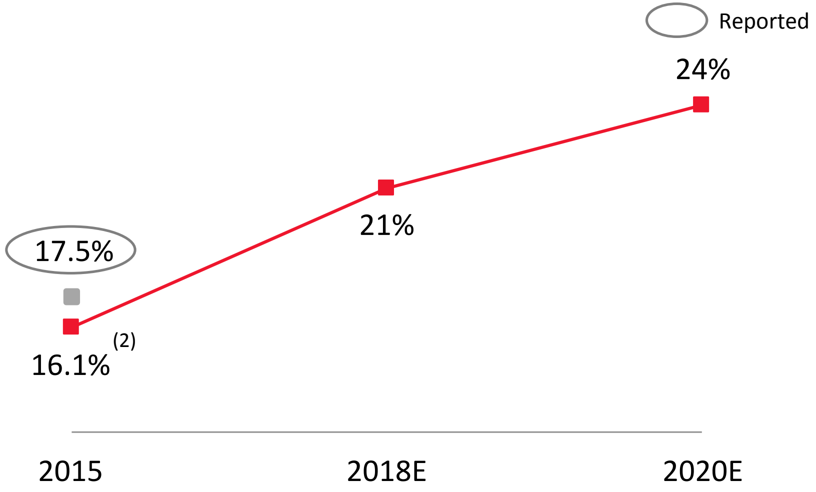
(2) Includes expansion capex, net disposals (including asset rotation), TEI proceeds and WC chg. on equipment suppliers

Strong commitment on steady financial deleverage

Net Debt/EBITDA[1]
(x)



FFO/Net Debt[1]
(%)

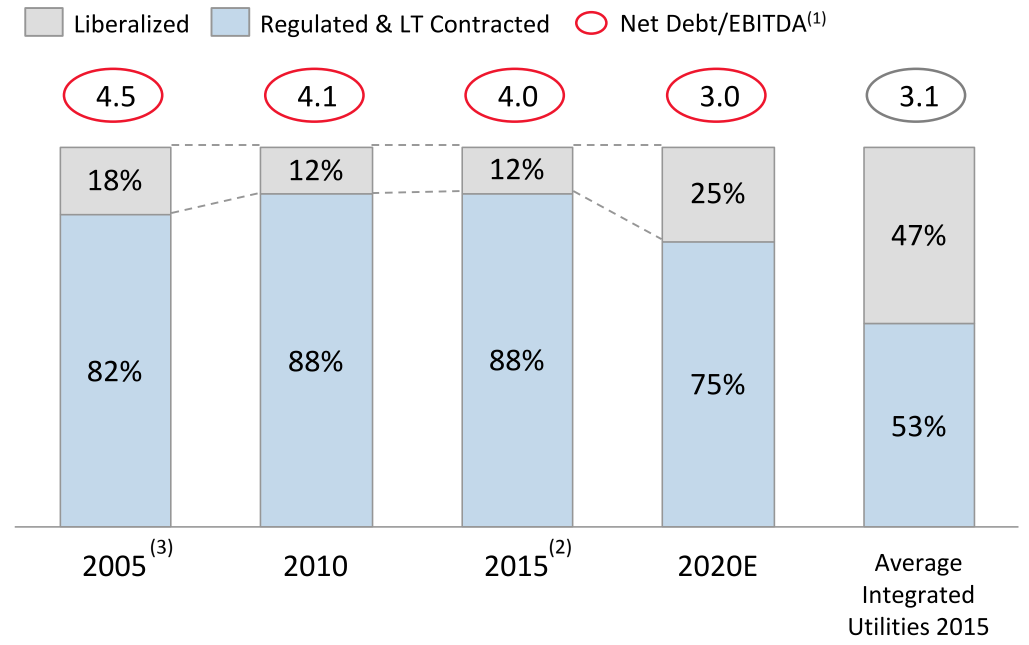


Improvement in credit ratios supported by organic Free Cash Flow growth

(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

Maintenance of a low risk profile in 2016-20 period

EBITDA breakdown by business profile: 2005-2020E
(%)



EDP risk profile 2020:

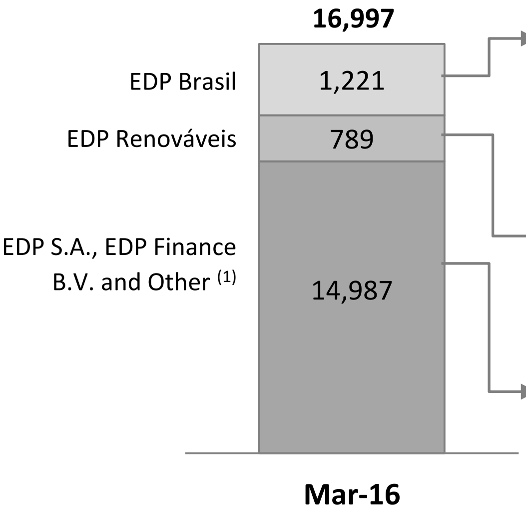
- **75% weight of regulated/long term contracted EBITDA** compares well vs. European Integrated Utilities' peer group
- **25% merchant EBITDA:** risk mitigated by **high quality generation assets** (long avg. residual life) and hedging based on **sales to final clients**
- Decline of **Net Debt/EBITDA**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

Net debt profile by Group entity

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



7% raised at EDP Brasil

Bank loans and capital markets;
Ring-fenced policy essentially 'non-recourse' to EDP S.A.

5% raised at EDP Renováveis

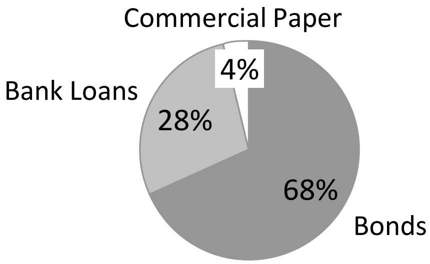
Essentially project finance related (Poland, Romania, Spain, Brazil, Belgium, Canada, France)

88% raised at EDP S.A. and Finance B.V.

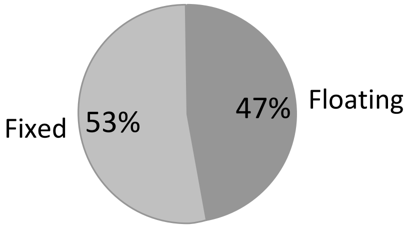
On lent to core business subsidiaries

Efficient management

EDP consolidated debt by instrument: Mar-16
(%)



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

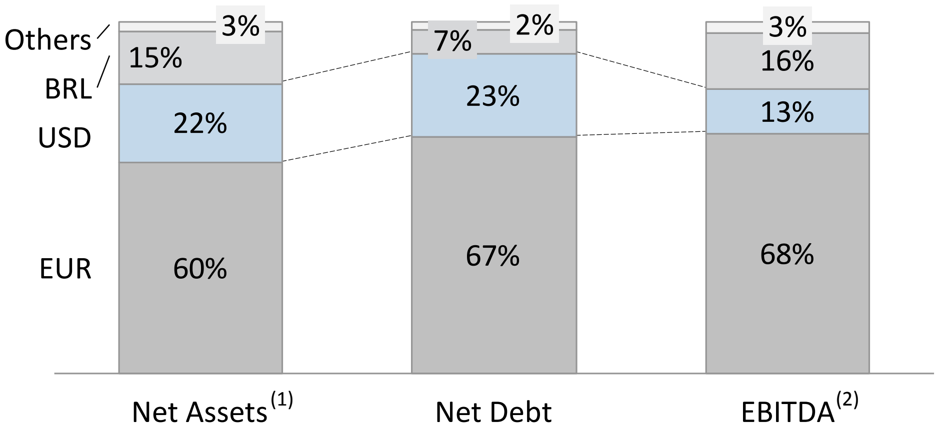


>85% of debt raised at EDP SA/EDP BV holding level through both capital markets and bank loans

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

Operations funded in local currency debt mitigating forex risk

Currency mix at EDP Group level in 2015
(%)



- **EDP Brasil fully funded in local currency** (USD hedged to BRL at Pecém project level)
- **USD debt raised at EDP level** to fund EDPR US operations

Exposure of Net debt/EBITDA ratio to EUR/USD volatility reflect young asset life of US renewable assets

(1) Net of minorities (2) Recurrent and weather adjusted

Active management of Financial Liquidity

(€ million) **Sources of liquidity (Mar-16)**

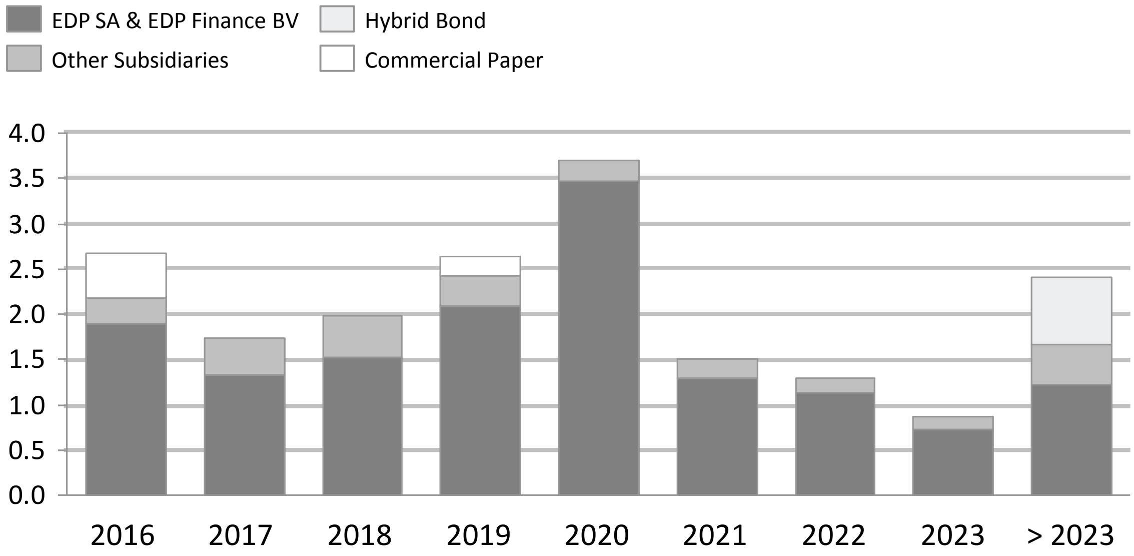
Instrument	Maximum Amount	Number of counterparties	Utilised	Available	Maturity
Revolving Credit Facility	3,150	21	0	3,150	Jun-2019
Revolving Credit Facility	500	16	250	250	Fev-2020
Revolving Credit Facilities	175	2	0	175	2016
Domestic Credit Lines	182	8	0	182	Renewable
Underwritten CP Programmes	100	1	0	100	2021
Total Credit Lines	4,107		0	3,857	
Cash & Equivalents:				1,577	
Total Liquidity Available				**5,434**	

- **Financial liquidity by Mar-16: €5.4bn**
- 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

Minimise cash holdings as to optimize liquidity costs, coverage of 12-24 months of refinancing needs

Debt maturity profile

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



Avg. debt maturity by Mar-16: 4.8 years[(1)]

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

(1) Hybrid bond not included in this figure

Key drivers for EDP's Financial Metrics in 2016-20

#	Driver	Metric	Value
1	Net Expansion Investments focused on wind PPAs, mostly US	**Net Investment** Annual avg. 2016E-2020E	**€1.4bn**
2	Regulated and LT contracted EBITDA > 75%	**EBITDA** CAGR 2015(1)-20E	**+3%**
3	Reduction of financial leverage	**Net Debt/EBITDA** 2020E	**~3.0x**
4	Decline in marginal cost of funding	**Avg. Cost of Debt** Avg. 2018E-20E	**~4.2%**

Steady improvement in organic FCF supported by delivery of value enhancing growth

(1) 2015 EBITDA recurrent and weather adjusted

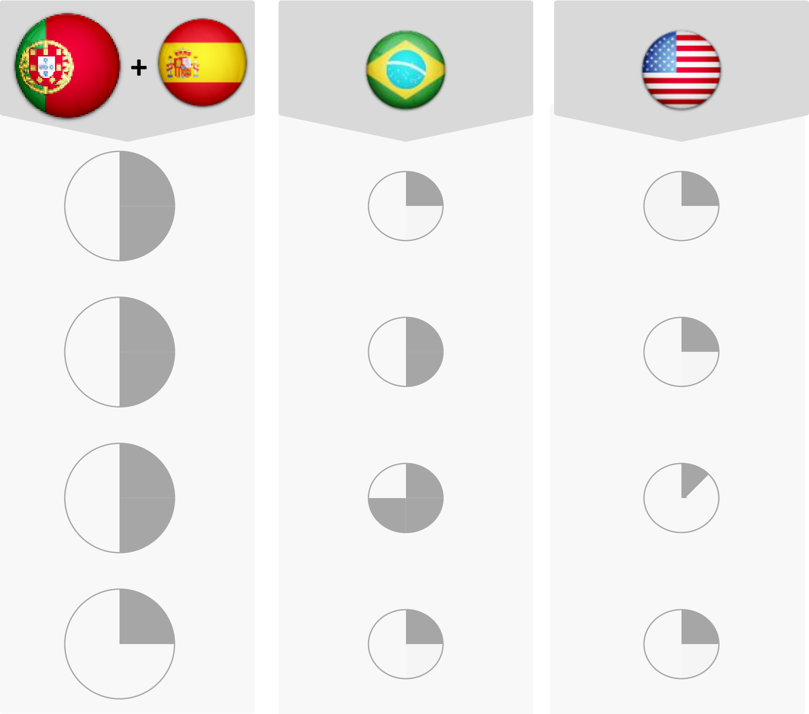
EDP 2020

António Mexia, CEO

Always present.
Always future.

Business environment: uncertainties for 2016-20

Uncertainty levels vs. market relevance



Uncertainty levels vs. market relevance	Market Positioning
Energy Prices	▪ Iberia: hedging and long position in clients ▪ Brazil & US: generation mostly with PPAs
Political & Regulatory Developments	▪ Political uncertainties Spain, Brazil, Portugal: All financially balanced electricity systems ▪ US: Support for renewables properly spread
Financial Markets	▪ Credit Markets: Strong financial liquidity ▪ Forex: Funding of assets in local currencies
Economic Environment	▪ Inflation-linked revenues: Brazil & Portugal ▪ Limited exposure to demand dynamics

Market positioning driven by low risk approach to provide resilience under unexpected environment changes

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

1	**Focused Growth**	Long-term contracted renewable assets in core markets
2	**Continue Financial Deleveraging**	Reinforce visibility on medium term Free Cash Flow
3	**Keep Low Risk Profile**	Strong weight of regulated and LT contracted activities
4	**Reinforce Efficiency**	Continued efforts on efficiency improvement
5	**Deliver Attractive Returns**	Sustainable and predictable dividend policy

Balancing growth & financial deleverage

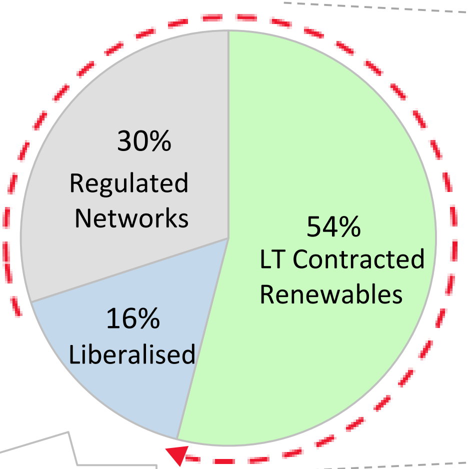
Focus on profitability & shareholder return

1 Growth focused in renewables: Short time to cash investments

Breakdown of accumulated Net Investments(1): 2016-20E
(% of €bn)

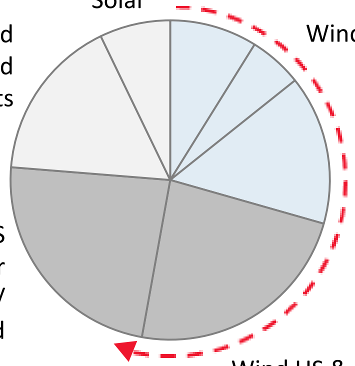
84%

Regulated & LT Contracted



Conclusion of new hydro in Portugal
1.5GW commissioned in 2016/1Q17

LT Contracted renewables capacity additions: 2016-20E(2)
(% of new MW)



55%

Already secured/signed (LT PPAs, Feed-in or Hedges)

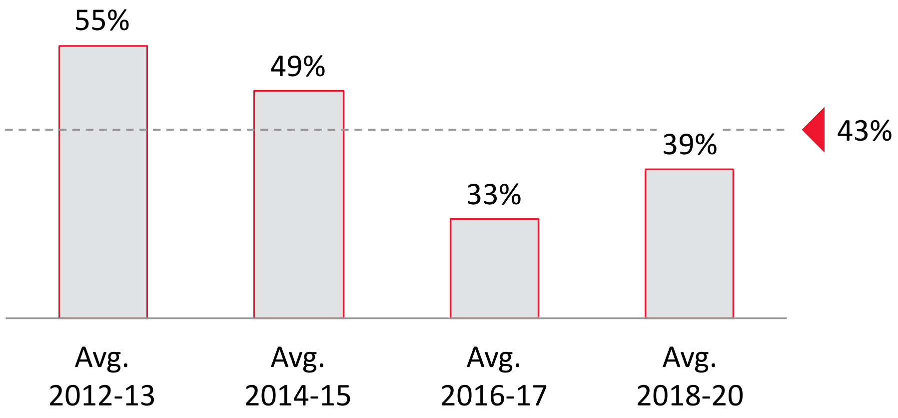
Net Investments: avg. €1.4bn/year in 2016-20; 84% of which on Regulated & LT contracted activities

PPAs, Feed-in-tariffs or Hedges already secured for 55% of renewables growth target up to 2020

(1) Net Investments include capex and financial investments in the period and €1.7bn of financial divestments of minority stakes in wind farms by EDPR in 2016-20; disposals to CTG or others not included in these figures (2) Includes attributable MW from associates consolidated by Equity Method

Financial discipline: Balancing growth and financial deleverage

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

Financial discipline: EDP Brasil capital increase of up to R$1,500m

2

EDP Brasil Shareholder Structure

- EDP - Energias de Portugal: 51%
- Free Float: 49%

Energias do Brasil

Brazil Financial Markets

CDI Interest Rate May-16(1)	14.13%
BRL vs EUR Apr-15 to Apr-16	-14% YoY

EDP Brasil capital increase:

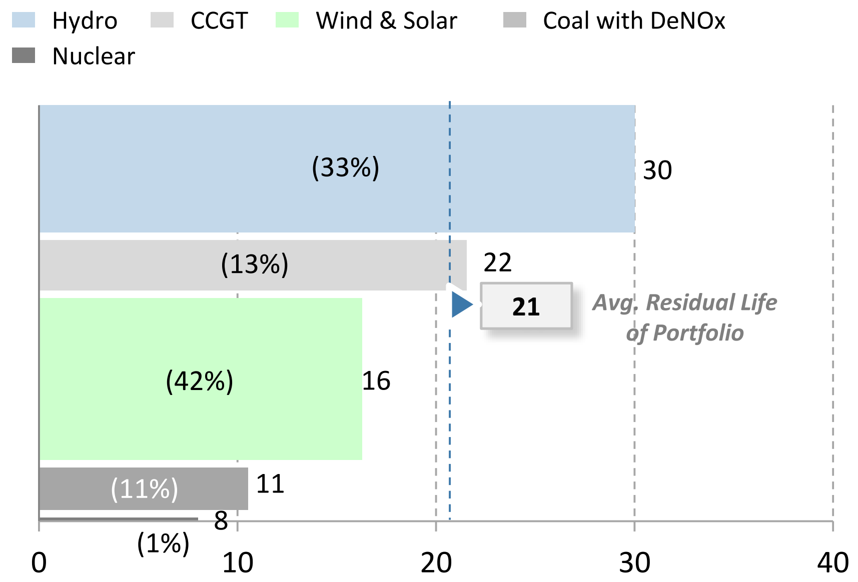
1. To strengthen the Capital Structure
2. To reduce financial costs
3. To meet medium-long term operational and investment needs

EDP continues committed to the Brazilian market

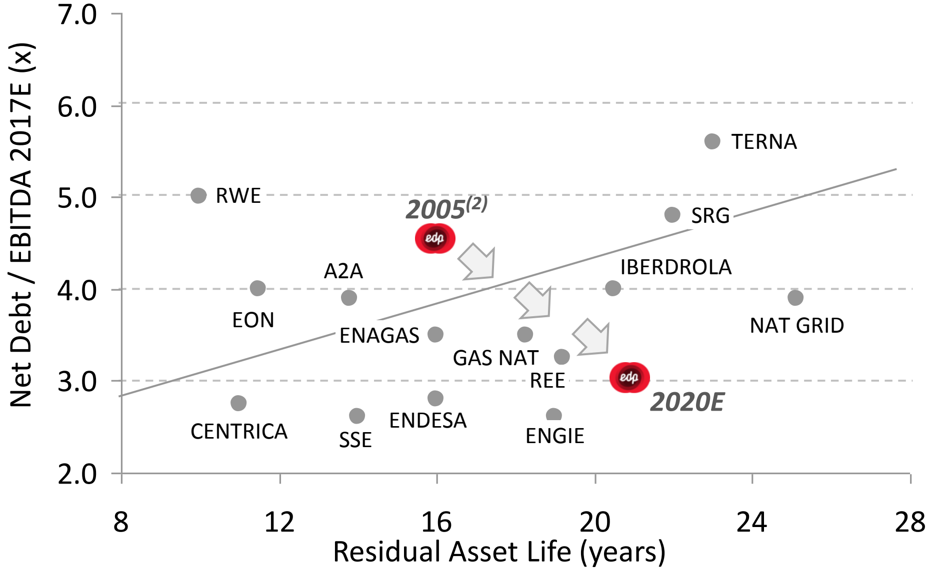
(1) Bloomberg, as of 29th April, 2016

Low risk:
Long residual asset life following growth in renewables

Average Residual Useful Life of EDP's Generation – 2020E by Technology[1]



European Utilities: 2017E Net Debt/EBITDA vs. Residual Asset Life[2]



EDP assets portfolio has one of the longest average residual lives amongst European Utilities

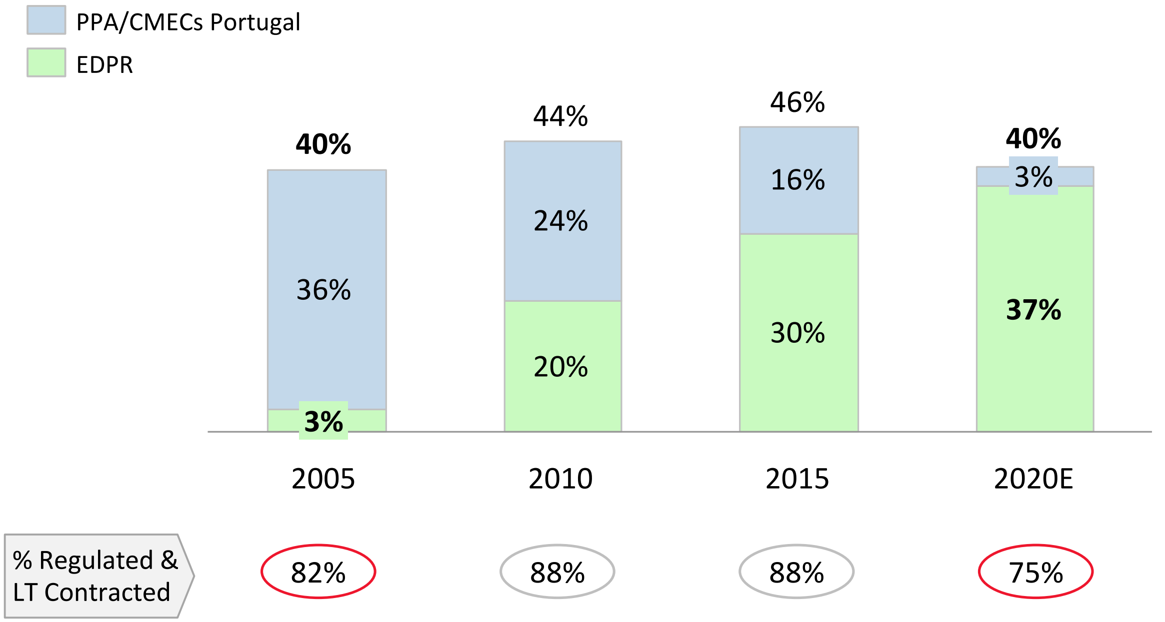
Higher visibility of medium long term free cash flows consistent with Net Debt/EBITDA target of ~3.0x

(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 20th 2016; data on EDP based on EDP historical figures 2005 and forecasts for 2020

3 Low risk: Regulated & LT Contracted at 75% of EBITDA by 2020

Weight of Long-term Contracted generation on EBITDA: 2005-20E

(% of total EBITDA)



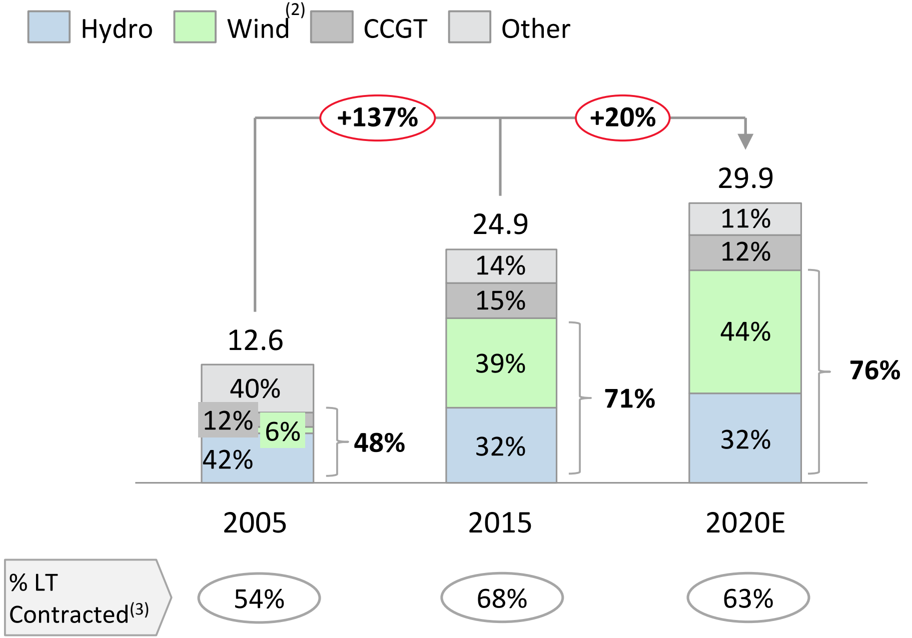
- Improved geographical diversification
- Higher weight of renewable assets with long useful life
- Regulated networks in Iberia and Brazil as the other key contributors for low risk business profile

Shift from PPA/CMECs in Portugal to renewables' PPAs (mostly in US/Europe) enhancing risk profile

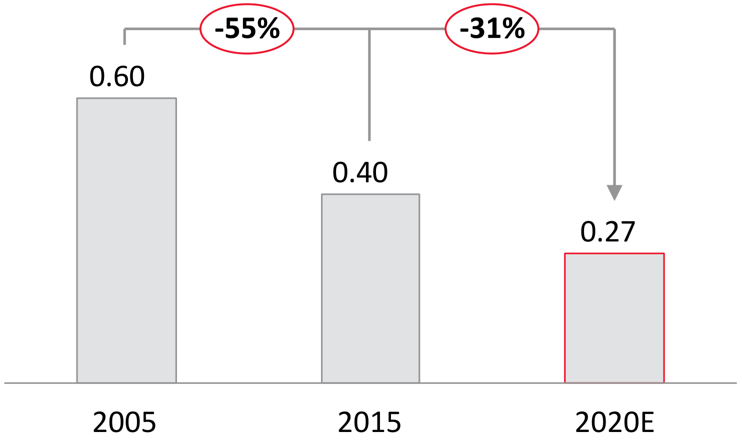
Low risk: Weight of renewables up from 71% to 76% by 2020

3

EDP Group installed capacity by technology[1]
(GW)



Specific CO_2 emissions
(ton CO_2/MWh)



Reduction of CO_2 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

4

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(1)
- **Invest €200m in innovative projects by 2020**

Manage Climate & Environmental Issues

- **Reduce CO_2 specific emissions by 75% until 2030 (vs. 2005)**
- Achieve 100% environment certification(2)
- 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(2)

Improve Trust

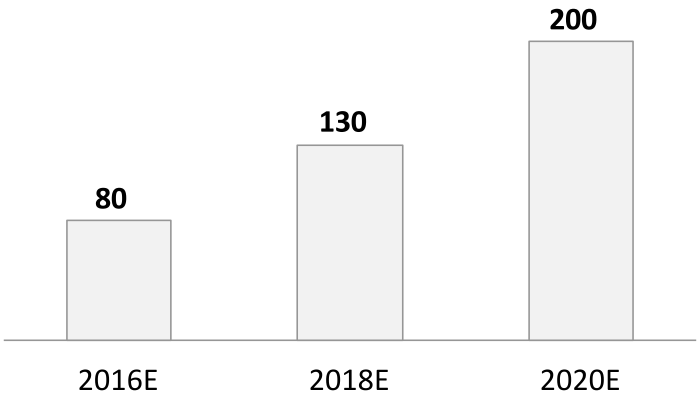
- Maintain EDP part of the world most ethical companies of the Ethisphere Institute
- **Achieve >80% of Clients satisfaction and promote energy inclusion**
- Full feedback assessment from stakeholders
- Invest €100m up to 2020(3) to Promote volunteering social businesses and initiatives towards sustainable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

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

(1) vs. 2014 levels; (2) Including suppliers with high impacts (3) vs 2015 levels

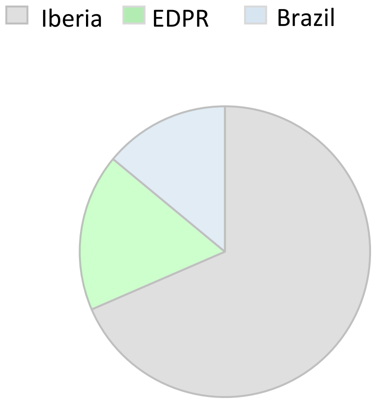
4 Reinforce Efficiency: Targeting annual cost savings of €200m by 2020

OPEX IV Annual Cost Savings 2016-20E[1]
(€m)

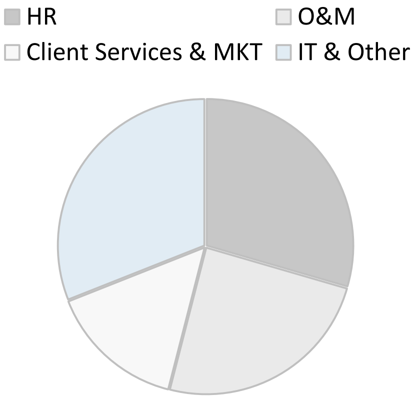


OPEX IV Efficiency Programme Breakdown of cost saving target
(%)

By Business Unit



By Category



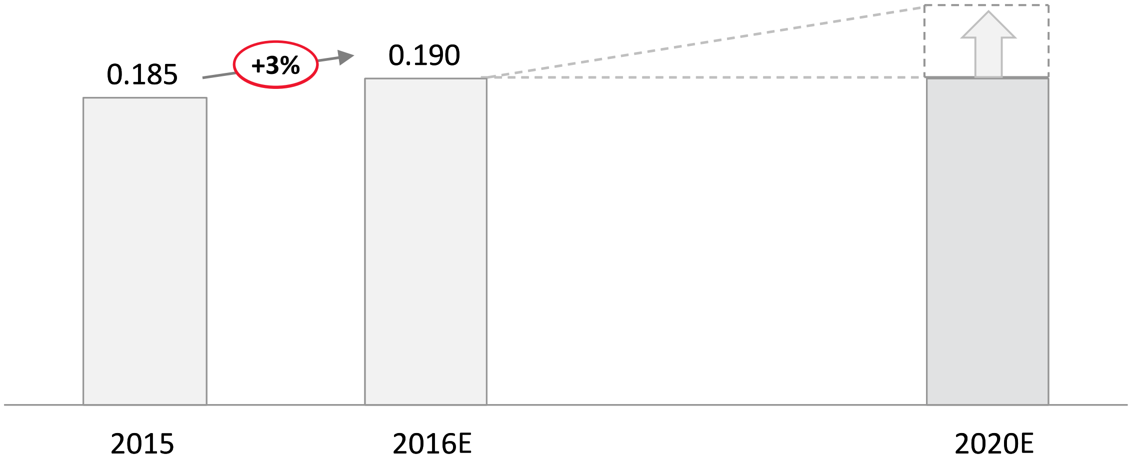
OPEX/Gross profit to decrease from 27% in 2015 to 26% by 2020

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

(1) Savings measured regarding the 2014 costs base

5 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

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

1	**Focused Growth**	▪ Net Investments: avg. €1.4bn/year 2016-20 ▪ LT Contracted Renewables[1]: +3.9GW 2016-20	**EBITDA** CAGR 2015[2]-20	**+3%**
2	**Continue Financial Deleveraging**	▪ FFO/Net Debt: ~24% by 2020 ▪ Avg. cost of debt: 4.2% by 2020	**Net Debt/EBITDA** 2020	**~3.0x**
3	**Keep Low Risk Profile**	▪ Renewables: ~76% of installed capacity by 2020 ▪ Avg. Residual Asset Life: ~21 years by 2020	**% EBITDA Regulated/ LT Contracted** 2020	**~75%**
4	**Reinforce Efficiency**	▪ Opex IV Target Annual Cost Saving: ~€200m by 2020 ▪ Accumulated Opex Savings: €700m in 2016-20	**Opex/Gross Profit** 2020	**26%**
5	**Deliver Attractive Returns**	▪ Target Dividend Payout Range: 65-75% ▪ DPS Floor at €0.19/share from 2016	**EPS CAGR** 2015[2]-2020	**+4%**
			DPS Floor 2016	**+3%**

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

Always present.
Always future.

40
YEARS