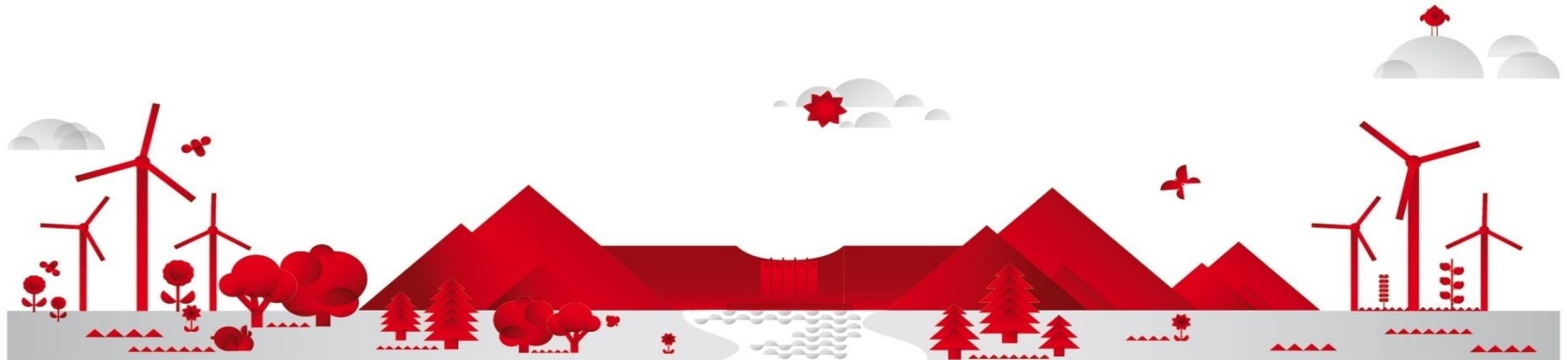




Results Presentation 1H16

Lisbon, July 29th, 2016



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

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

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

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

Net debt: -5% vs Dec-15 to €16.5bn

Recurring EBITDA: +15% YoY

Weight on Recurring EBITDA

Recurring EBITDA YoY change

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

Strong improvement on recurring EBITDA in all major business areas

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

Weight on Opex

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

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

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

Asset Management

Liability Management

EDP level

- **Tariff deficit sales:**
 - €1.2bn in 1H16
 - €0.8bn in Jul-16

- **Avg. cost of debt repayments in 1H16: 5.4%**
- Avg. cost of debt issues in 1H16: 2.4%
- EDP 5Y Bond Yield (Jul-16): ~0.7%

EDPR level

- New investments focused in US wind PPAs
- **Disposals to minorities (asset rotation/CTG):**
 - €0.8bn in 1H16 in US and Europe
 - €0.4bn expected in 2H16 (Poland & Italy)

- **Prepayment of selected project finance debt**
- Access to competitive intra-group funding

EDP Brasil level

- **Successful R\$1.5bn capital increase:** EDP Brasil enhanced with a low relative financial leverage vs. Brazilian Utilities' peer group

- **Prepayment of local debt with average cost of funding of ~17%**

Reinforcement of capital structure and improvement of credit profile
Upside on future earnings from active assets & liabilities management

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

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

Financial outlook

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

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

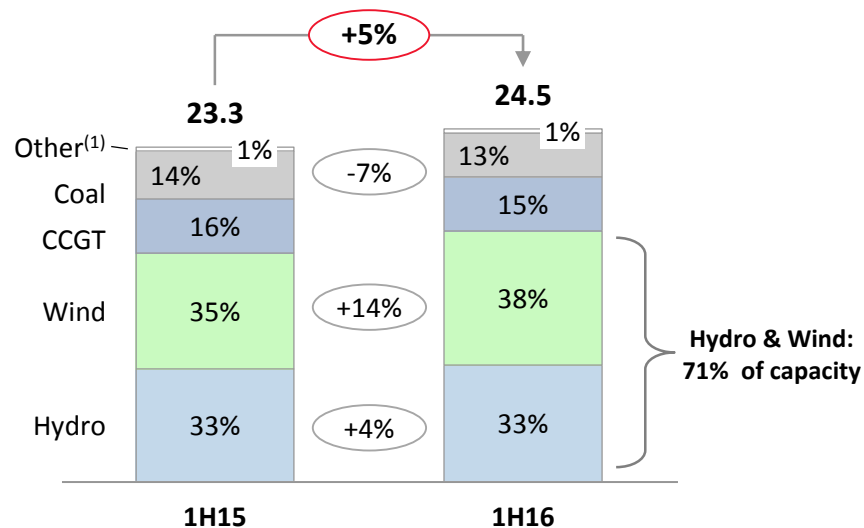


Results Analysis

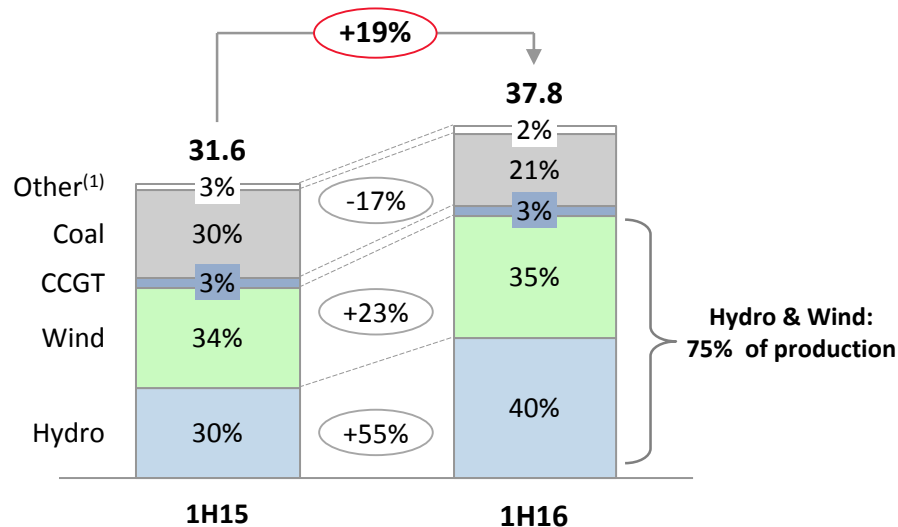
EDP's global electricity generation portfolio: strengthened with more competitive renewables



Installed Capacity
(GW)



Production Breakdown
(TWh)

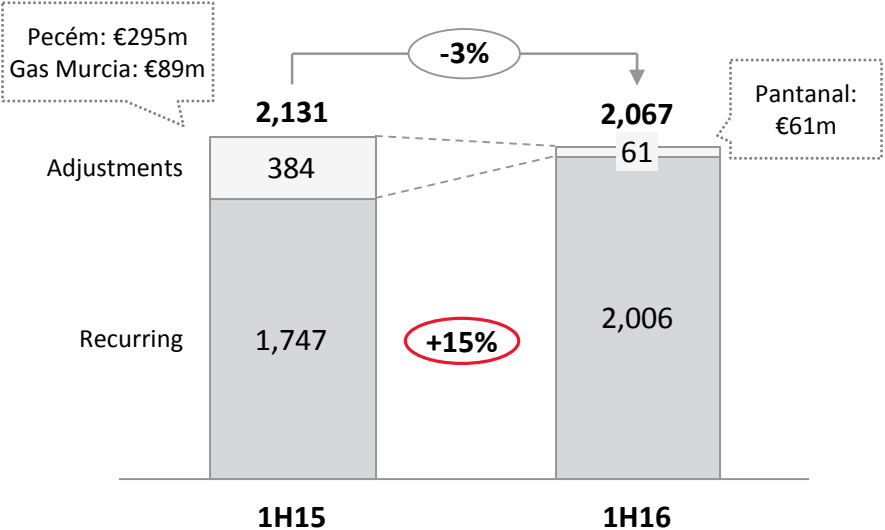


Installed capacity +5% YoY: +1.1GW wind (US, Portugal, Brazil), +0.4GW Hydro Portugal, -0.2GW coal Spain
Electricity production +19% YoY: improved hydro resources in Iberia and wind capacity additions

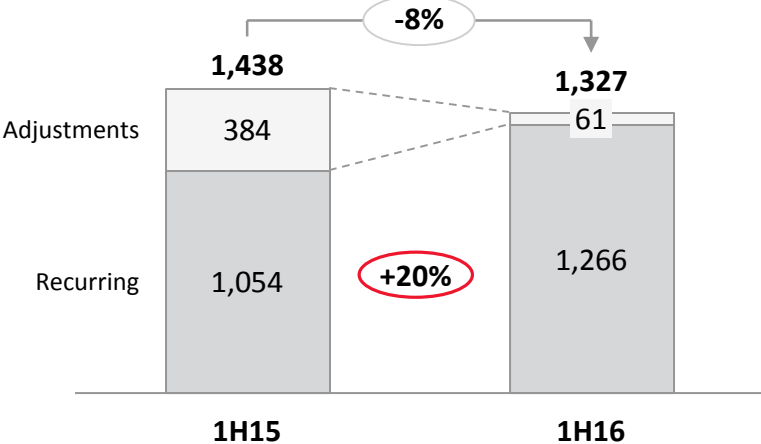
(1) Thermal special regime (cogeneration, biomass), nuclear and solar

EBITDA and EBIT performance

EBITDA (€ million)



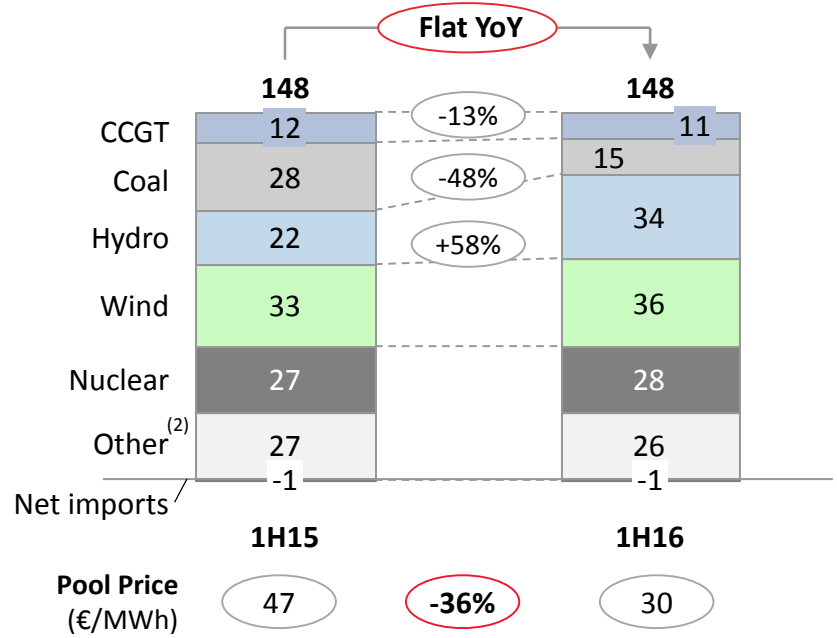
EBIT (€ million)



YoY Comparison significantly impacted by 1H15 gains

Overview of Iberian Market in 1H16

Electricity Demand and Supply in Iberian Market ⁽¹⁾
(TWh)



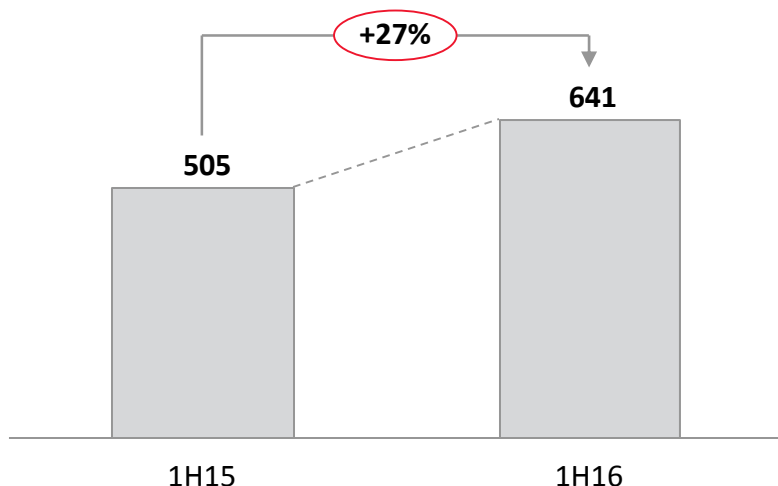
- **Electricity demand** flat in Spain and -0.3% in Portugal: penalized by weather and slowdown of economic activity
- **Hydro production: +58%**, hydro coefficient in Spain 1.50 in 1H16 vs. 0.70 in 1H15
- **Coal and gas power plants production: -37%**
- **Gas demand: -2%** in Iberia; conventional demand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

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

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

Generation and Supply Iberia (31% EBITDA)

EBITDA Generation & Supply Iberia (€ million)



EBITDA Generation & Supply Iberia: +€137m YoY

- **Hydro production: +117% YoY** on higher weight of hydro in generation mix from 35% to 64% (hydro coefficient in Portugal 1.68 in 1H16 vs. 0.75 in 1H15)
- **Avg. sourcing cost -36% YoY:** avg. generation cost -45% YoY and avg. cost of electricity purchases -33% YoY
- **Long market position on clients:** electricity production in 1H16 represented only 57% of electricity sales to clients
- **Active management of strong volatility in energy markets in 1H6**

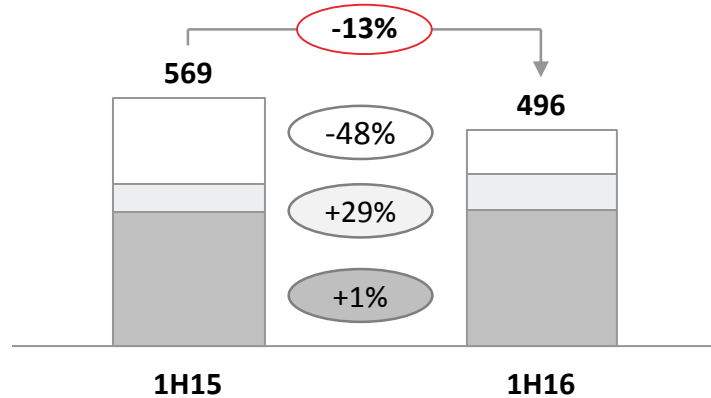
Good performance in 1H16 following strong recovery of hydro resources and energy management results

Regulated Energy Networks Iberia (24% of EBITDA)

EBITDA - Regulated networks

(€ million)

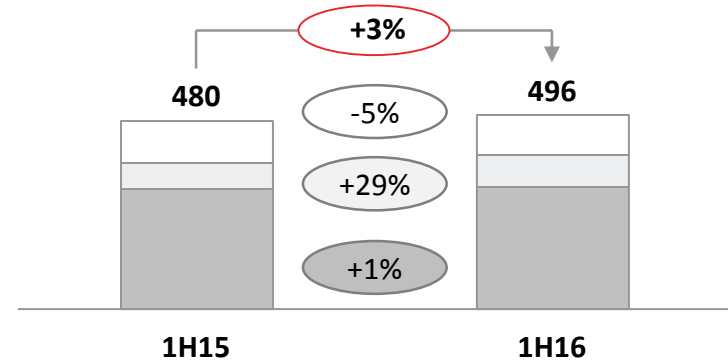
Gas Iberia Electricity Spain Electricity Portugal



Adjusted EBITDA⁽¹⁾ - Regulated networks

(€ million)

Gas Iberia Electricity Spain Electricity Portugal



- **Electricity Portugal:** RoRAB at 6.45% (+12bps YoY); good performance on costs
- **Electricity Spain:** positive impact from new regulatory framework (regulated revenues for 2016 +18% vs. 2015)
- **Gas Iberia:** €89m gain in 1H15 on the sale of Gas Murcia; negative impact from lower volumes

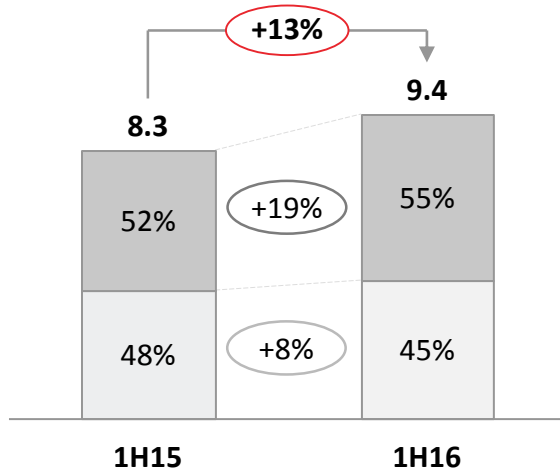
Adjusted EBITDA +3% supported by improved remuneration for electricity distribution in Spain

(1) 1H15 excludes €89m gain on the sale of gas assets in Murcia

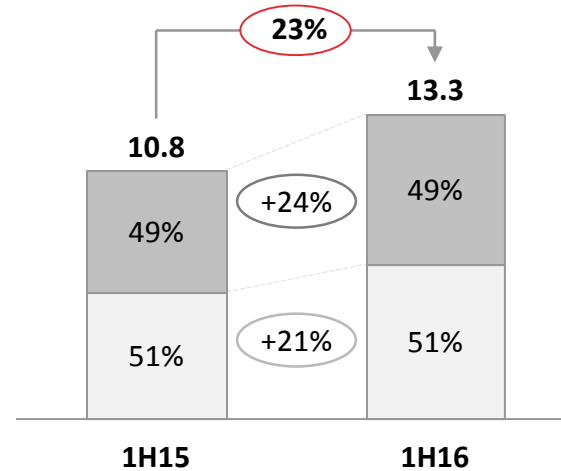
EDP Renováveis (31% of EBITDA)

EDPR Installed Capacity (GW)

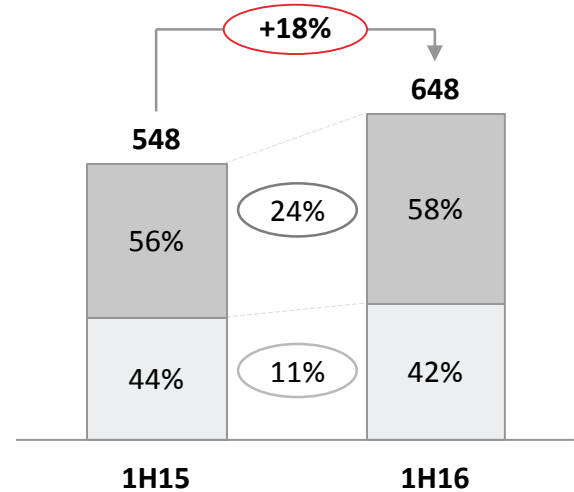
■ Europe and Brazil ■ North America



EDPR Wind Power Production (TWh)



EDPR EBITDA (€ million)

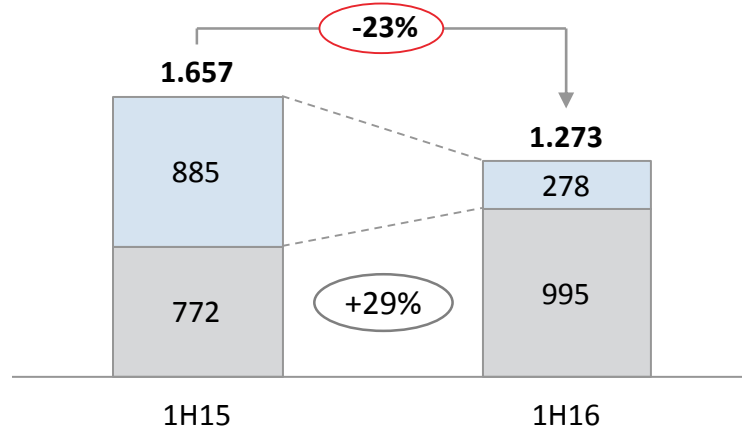


- **North America:** capacity +8%; higher load factor but still below historical avg.; -11% avg. selling price; no ForEx impact
- **Europe:** Full consolidation of ENEOP assets since Sep-15; above avg. load factor; -4% avg. selling price

EDP Brasil (14% of EBITDA):

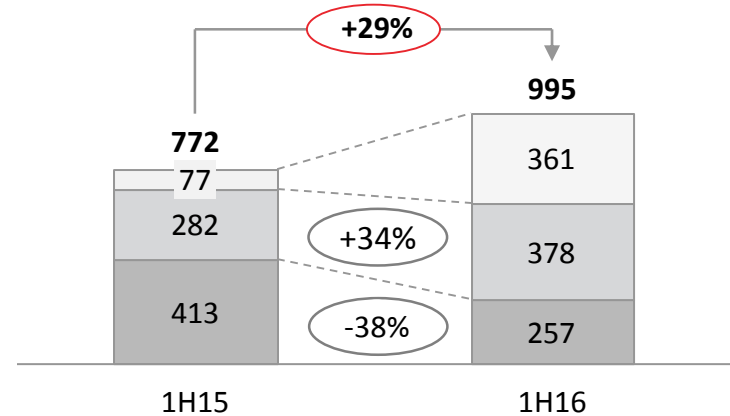
EDP Brasil EBITDA
(BRL million)

Capital Gains Recurring



EDP Brasil Recurring⁽¹⁾ EBITDA
(BRL million)

Distribution Hydro Generation & Other Pecém



▪ **Capital Gains:** R\$885m from **Pecém** badwill in 1H15; R\$278m from sale of **Pantanal** mini-hydro in 1H16

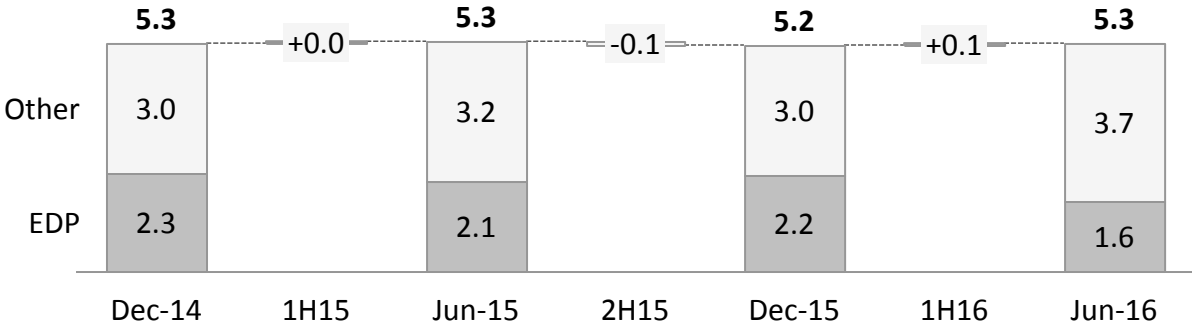
▪ **Hydro Generation:** penalized in 1H15 by hydro deficit losses (no impact in 1H16); **Pecém:** full consolidation in May-15

▪ **Distribution:** penalised in 1H16 by lower demand and losses on resale of overcontracted energy volumes

(1) Adjustments in 1H15: R\$885m gain from Pecém acquisition; Adjustments in 1H16: R\$278m one-off gain from resale of Pantanal mini-hydro plant

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

Portugal: Electricity System Regulatory Receivables (€bn)



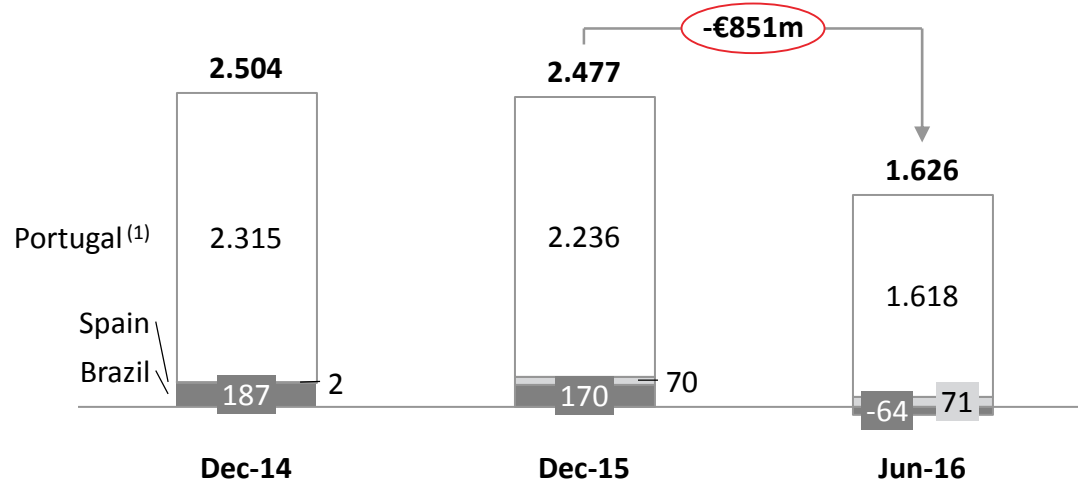
		2016E ERSE	1H16
Demand ⁽¹⁾ (YoY Chg.)	+2.1%		-0.4%
Wind Factor (1.0=avg.)	1.06		1.13
Special Regime Premium (€/MWh)	65		71
		Demand (YoY; %)	+1.8% ⁽²⁾
		Pool Price (€/MWh)	49.2
		Special Regime Production (TWh)	+1.1 YoY

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

(1) Electricity distributed by EDP (2) 2016E Electricity distributed by ERSE vs. real 2015

Net regulatory receivables owned by EDP: -€851m in 1H16

Net Regulatory Receivables: EDP Balance Sheet
(€ million)



- **Portugal: -€618m YTD; +€597m from chg. in system debt attributable to EDP and -€1,215m from tariff deficit sales**
- **Brazil: -€235m YTD; in BRL terms -R\$965m YTD, decline of energy costs and recovery of past deviations**

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

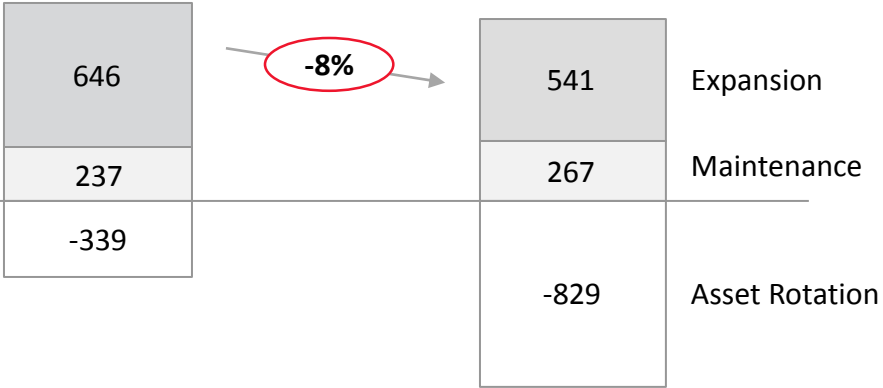
(2) Includes new deviations generated, net of recoveries from deviations and past deficits

Net investments: Impacted by €0.8bn Asset Rotation in 1H16

Net Investments ⁽¹⁾
(€ million)

Net Investments

544 → -21



Sale of minority stakes in wind and solar capacity in US

Sale of minority stakes in wind farms in US (Axium) and Europe (EFG Hermes)

1H15

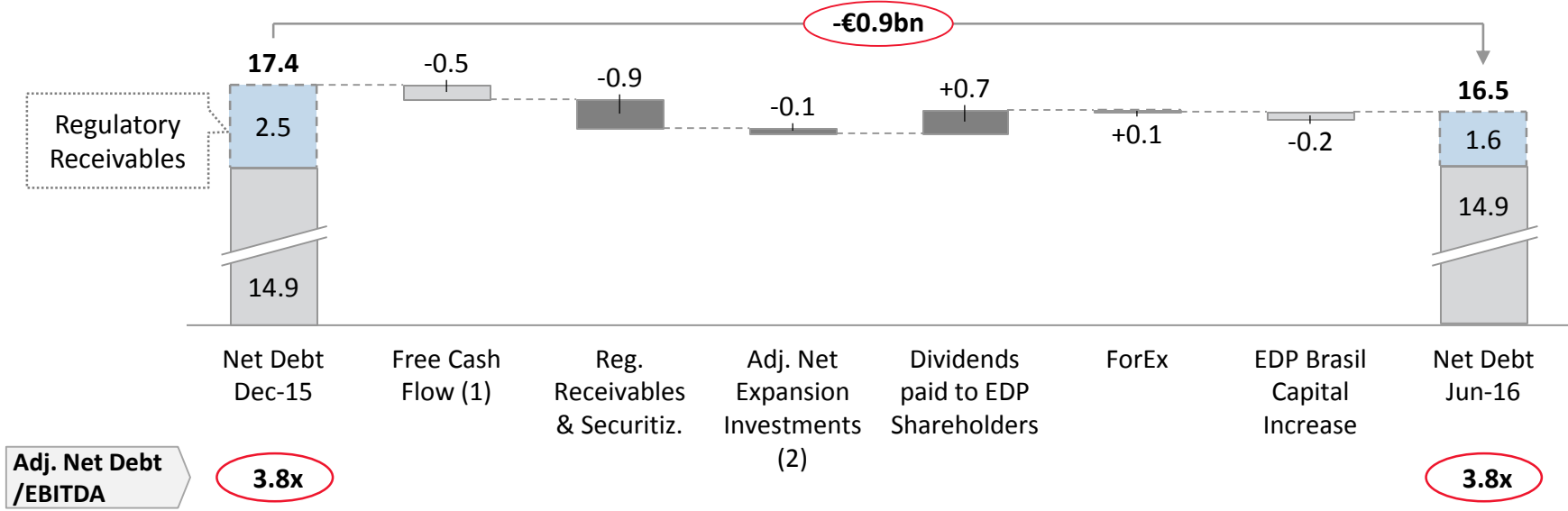
1H16

Expansion Investments: wind (PPAs/feed-in); hydro Portugal (pump & storage); generation Brazil (PPA inflation link)
Maintenance investments: Mostly in Regulated energy networks (Portugal, Spain and Brazil)

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

Change in Net Debt: Jun-16 vs. Dec-15

(€ billion)



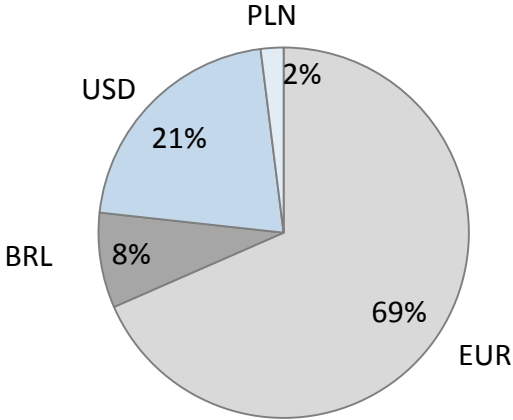
€0.9bn decline on regulatory receivables support YTD debt reduction

Adjusted net debt flat YTD, post full payment of annual dividends

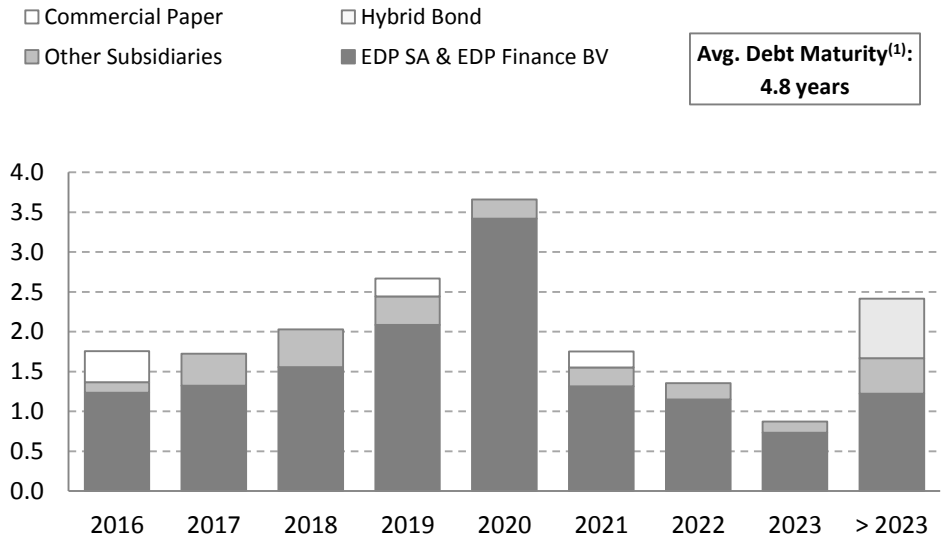
(1) EBITDA - Maintenance capex - Interest paid - Income taxes + Chg. in work. Capital excluding regulatory receivables and other; (2) Expansion capex, Net financial investments (including shareholder loans transferred in asset rotation deals), TEI proceeds, Chg. in work. capital from equip. suppliers

Financial Debt profile by currency and maturity

EDP consolidated debt by currency: Jun-16
(%)



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



Investments and operations funded in local currency to mitigate ForEx risk: natural hedge policy
Extension of average debt maturity⁽¹⁾ from 4.6 years in Jun-15 to 4.8 years in Jun-16

(1) Hybrid bond not included in this figure

Financial liquidity vs. Refinancing needs

Financial liquidity (Jun-16)	
▪ Cash & Equivalents:	€1.5bn
▪ Available Credit Lines:	
Revolving Credit Facilities	€3.8bn
Other Credit Lines	€0.3bn
Total	€4.1bn
TOTAL	€5.6bn

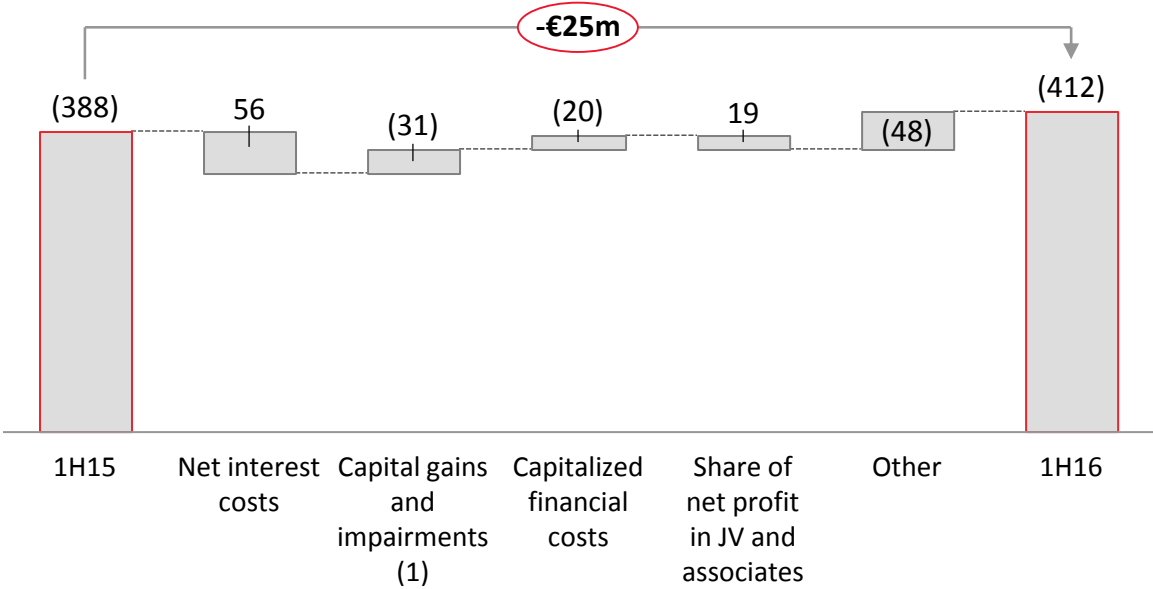
Refinancing needs 2H16/2017/2018	
▪ 2H16:	€1.6bn
Bonds maturing in Sep-16	€1.0bn
Other maturing in 2016	€0.6bn
▪ 2017:	€1.3bn
▪ 2018:	€1.5bn
TOTAL	€4.4bn

€5.6bn of financial liquidity by Jun-16 covered refinancing needs beyond 2018

Financial Results & Associated Companies

Financial Results & Associated Companies: 1H16 vs. 1H15

(€m)



- **Net interest costs:** lower avg. net debt and decline of avg. cost of debt (4.5% in 1H16 vs. 4.7% in 1H15)
- **ForEx:** Negative due to EUR/USD in 1H15
- **Capital gains and impairments in 1H16:** BCP impairment (-€27m); gain on Tejo Energia (€11m); lower gains related to tariff deficits (-€17m YoY)
- **Lower capitalised financial costs:** hydro commissioning in Portugal
- **Other:** EDPR project finance prepayment fees (€22m); lower interest on regulatory receivables (-€17m YoY)

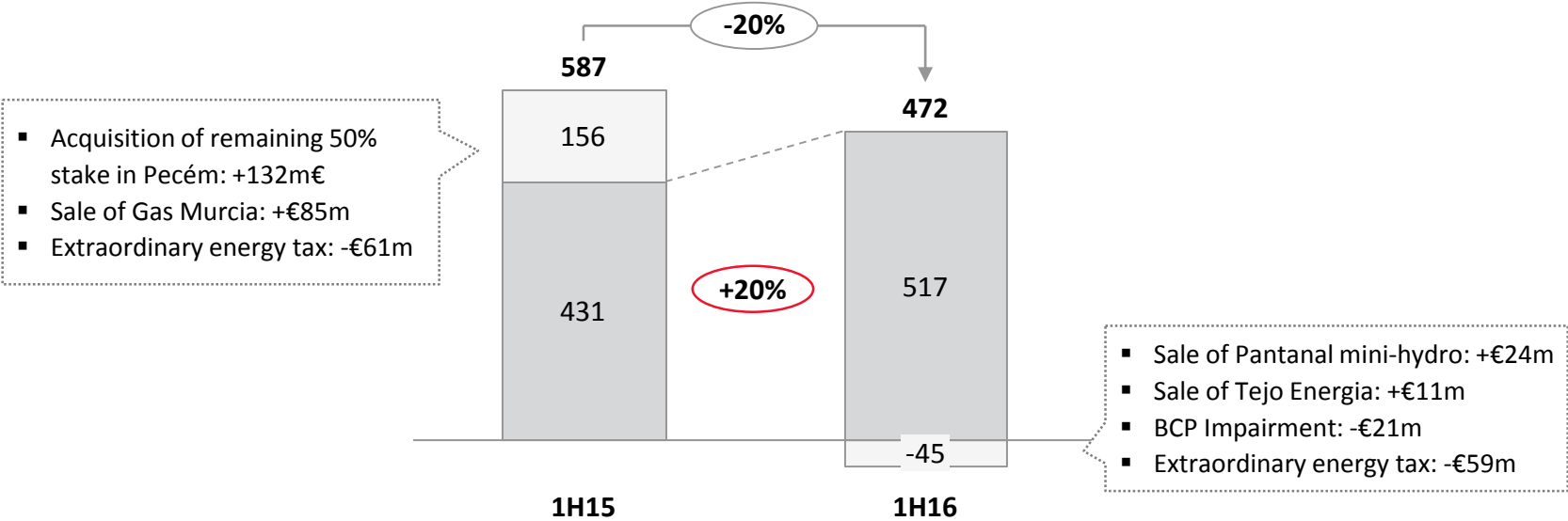
1H16 financial results penalised by impairment on BCP equity and EDPR's project finance prepayment costs

(1) Includes gains with tariff deficit sales

Recurring net profit: +20% YoY

Adjusted Net Profit (€ million)

Adjustments Recurrent



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

Net Profit breakdown

(€ million)	1H15	1H16	Δ %	Δ Abs.	
EBITDA	2,131	2,067	-3%	-64	
Net Depreciations and Provisions	692	739	+7%	+47	<ul style="list-style-type: none"> ▪ Increase of installed capacity: EDPR, Pecém, hydro Portugal
EBIT	1,438	1,327	-8%	-111	<ul style="list-style-type: none"> ▪ BCP impairment, EDPR's costs with debt pre-payment and lower gains with tariff deficit sales
Financial Results & Associated Companies	(388)	(412)	+6%	-25	
Income Taxes	194	243	+25%	+49	<ul style="list-style-type: none"> ▪ Lower effective tax rate in 1H15 due to one-off gains (Pecém/Gas Murcia)
Extraordinary Energy Tax in Portugal	61	59	-3%	-2	<ul style="list-style-type: none"> ▪ Extraordinary energy tax: 0.85% on net fixed assets in Portugal
Non-controlling interests	209	141	-33%	-68	<ul style="list-style-type: none"> ▪ Lower one-off gains at EDP Brasil level
Net Profit	587	472	-20%	-115	<ul style="list-style-type: none"> ▪ Recurring net profit: +20% YoY



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IR Contacts

Miguel Viana, Head of IR

Sónia Pimpão

João Machado

Maria João Matias

Sérgio Tavares

Noélia Rocha

E-mail: ir@edp.pt

Phone: +351 210012834

Next Events

July 28th: Release of 1H16 Results

Sept 6th: Reverse Roadshow in Madrid (Citigroup)

Sept 9th: BPI Iberian Conference (Porto)

Sept 14th: BBVA Iberian Conference (London)

Sept 15th: Morgan Stanley Power & Utility Summit (London)

Sept 16th: Kepler Cheuvreux Autumn Conference (Paris)

Sept 27-28th: Santander Eurolatam Infrastructure Conference (New York)