Results Presentation
2017

Lisbon, March 2nd, 2018

2017: Key Highlights

EBITDA +6% at €3.99bn, benefiting from the gain on Naturgas disposal (+€0.5bn one-offs)

Recurring EBITDA -5% to €3.52bn, penalised by severe drought in Iberian peninsula (-€0.3bn)

+0.6GW additions of wind and solar capacity

Efficiency savings of €141m (26% above 2017 target for OPEX IV Programme)

Net debt -13% or -€2.0bn YoY, to €13.9bn by Dec-17; Adjusted Net Debt/EBITDA 3.7x

Net interest costs -13% YoY (avg. cost of debt from 4.4% to 4.1%)

Net Profit +16% YoY to €1.11bn

Recurring Net Profit -8% YoY to €845m

Dividend Per Share 2017: €0.19(1)

Full cash payment expected in May

(1) Dividend to be proposed by EDP's Executive Board of Directors and subject to approval in the next EDP shareholders' meeting on April 5th, 2018

Portfolio diversification allowed achievement of 2017 guidance

	Previous Guidance	4Q17 highlights	Actual
Recurring EBITDA	€3.5-3.6bn	▪ **Low hydro impact in 4Q17:** – **~€100m on recurring EBITDA**	**€3.52bn**
Recurring Net Profit(1)	€850-900m		**€845m**
Net Debt	€14.0-14.5bn	▪ €0.3bn VAT refund in Spain ▪ €0.6bn tariff deficit sales ▪ €0.3bn full cash in of 2017 TEI's	**€13.9bn**

Drought in Iberia implied recurring EBITDA and Net Profit at the low-end of the guidance range

(1) Assumes €69m of extraordinary energy tax in Portugal as non-recurring item

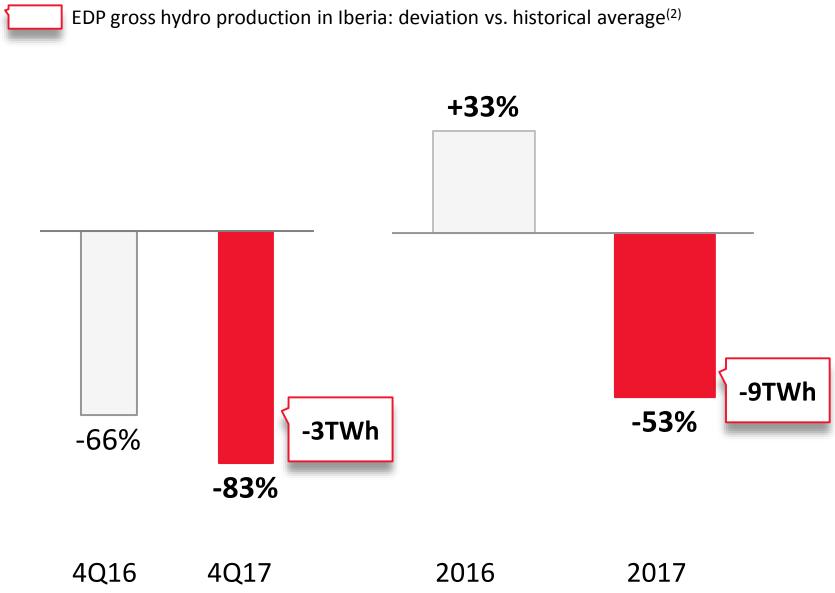
Sound performance of recurring EBITDA excluding weather effects

Weight on Recurring EBITDA

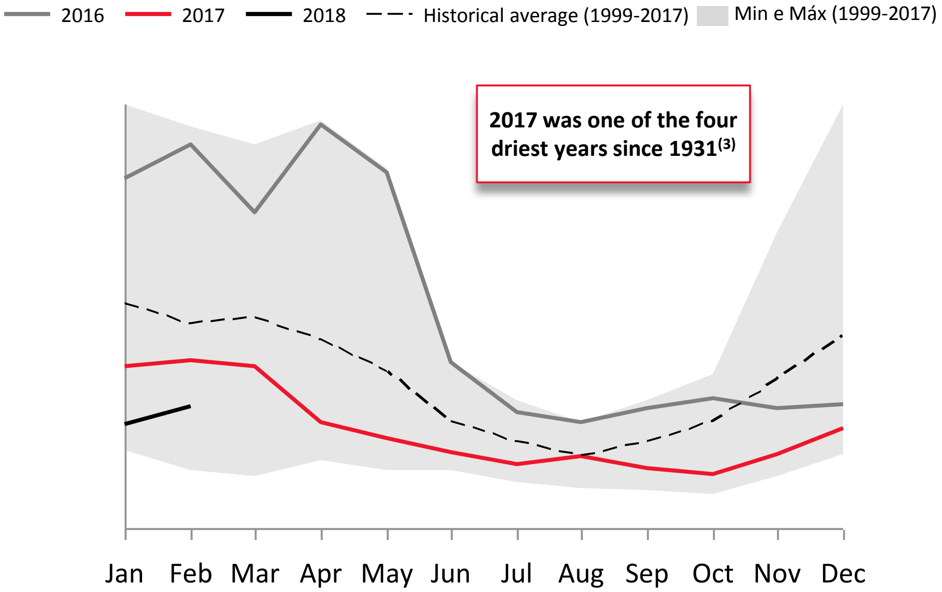
Recurring EBITDA	YoY Δ	Key highlights
39% EDPR	**+0.20bn** +17%	▪ +9% avg. capacity mostly US, Mexico and Brazil ▪ 1st farmdown in UK wind offshore project (CfD awarded in Sep-17)
27% Regulated Networks Iberia	**-0.04bn** -4%	▪ Gas distribution: -€83m YoY, to €128m, following disposals in Jul/Oct-17 ▪ Electricity distribution +6% YoY (+€0.05bn) on efficiency and previous years adjustments
17% EDP Brasil	**+0.08bn** +14%$_{EUR,}$ +8%$_{BRL}$	▪ Benefitting from a more integrated hedging strategy in energy markets ▪ Forex: +7% impact
17% Generation & Supply	**-0.41bn** -42%	▪ Hydro production vs. average hydro year: -€0.3bn in 2017 vs. +€0.05bn in 2016 ▪ Higher fuel costs (coal), adverse regulatory changes (end of CMECs, higher clawback levy)
edp	**-0.2bn** -5%	**Renewables capacity growth, efficiency improvements** and **Brazil's good risk management** mitigated severe drought and deconsolidation of gas networks in Iberia

2017 recurring EBITDA penalised by severe drought in Iberia

Portugal: Hydro production deviation vs. avg. hydro year[(1)]
(%)



Monthly hydro Production in Portugal vs. historical average
(TWh)



Negative impact on recurring EBITDA: ~€300m in 2017 (of which ~€100m in 4Q17)

(1) Source: REN; based on historical average of last 40 years; (2) Net production deviation vs. avg. hydro year : -7TWh in 2017; -2.4TWh in 4Q17; (3) Source: IPMA

Regulatory changes in Portugal to impact 2018 figures

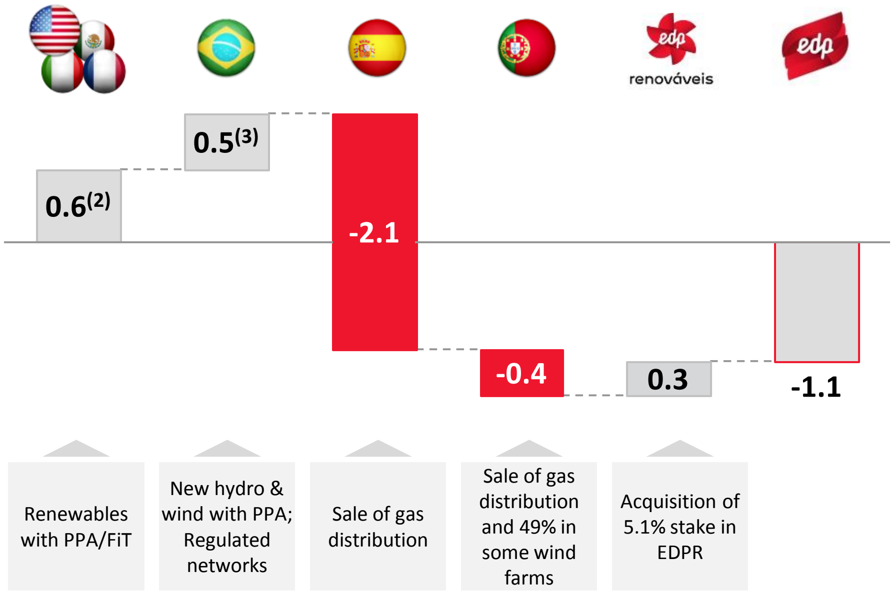
	Change 2018 vs. 2017	
Distribution Regulated Revenues[1]	**-€0.15bn**	▪ ERSE's proposal Oct-13th ▪ Final figures annouced on Dec-15th ▪ Regulatory framework now stable for 2018-20 ▪ Focus on efficiency levers: grid losses, Opex, digitalisation
Clawback	**-€0.06bn**	▪ Change in clawback levy since Aug-17 ▪ Questionable and disproportional level of taxes and levies justify the several ongoing appeals in courts

Already reflected on earnings consensus

(1) Assuming average of 2.01% for 10Y PT Bond Yield between 1-Oct-17 and 27-Feb-18

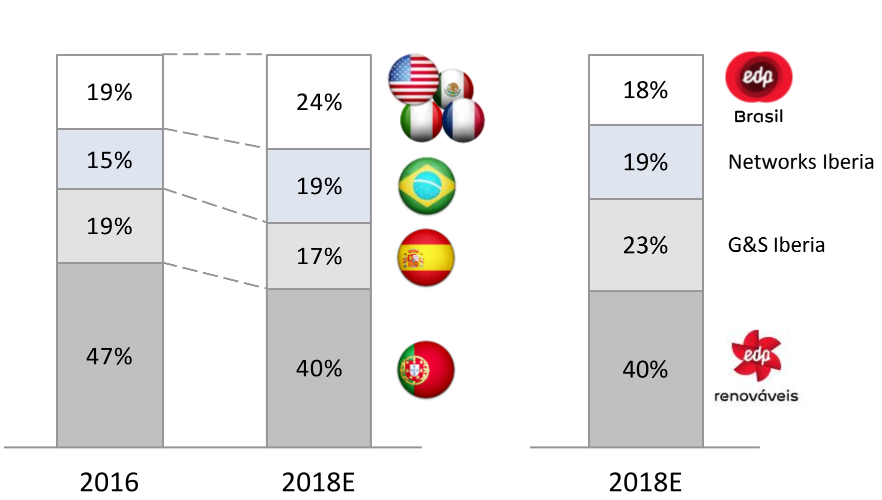
Capital allocation: visibility on a steady portfolio transformation

Net investments[1] 2017: geographical breakdown
(€bn)



Recurring EBITDA breakdown
(%)

By geography | **By business area**



Growth on renewables and Brazil balanced with value crystallisation under a controlled financial leverage

(1) Net of TEIs; (2) Includes EDPR Capex in rest of the world; (3) Includes net investments at EDPR level in Brazil

3.1GW of PPA/FiT renewables projects secured for 2018 and following years

	GW Secured	2018	2019-20	2021-23
	0.68	0.5		
	0.35			
	0.35	0.15		
	0.49	0.15		
	1.16[1]			
Σ	**3.1**	**0.8**		

New renewables in US:
- PPAs and TEIs markets back to normal following the clarification of tax reform impacts

Value enhancing disposals:
- Asset rotations (minority stakes)
- BOT (majority stakes)

New wind offshore projects:
- Moray East (UK):
  - FID 2018E; COD 2022E
- Le Tréport/Noirmoutier (France):
  - FID 2020E; COD 2023/24E
- Additional farm downs: 2018E

Strong visibility on growth improving competitiveness of generation portfolio at attractive returns

(1) Based on attributable installed capacity in UK offshore (77% of 950MW) and France (43% of 992MW)

Growth in Brazil focused in regulated networks

Greenfield Transmission Lines

- 5 transmission lines with 1,297km to be built until 2021/2022
- Expected capex: R$3.1bn (~€800m), expected ROE 12%-14% (real terms)
- Potential upside from funding costs and anticipation of construction schedule

Celesc Distribuição S.A.

Celesc

- Distribution concession in Santa Catarina State
- Up to R$0.4bn investment for 33.3% stake[(1)] at EV/RAB of 0.7x; involvement in management
- Potential upside from efficiency improvements and eventual privatisation process

Portfolio restructuring: eventual consideration of **small size** opportunities

Track record on efficiency improvements; sound regulatory frameworks; favourable interest rate cycle

(1) Voluntary Public Offering to be potentially held for the preferred shares of CELESC at R$27/share and up to 32% of the total preferred shares of the issue of CELESC (potential total amount of R$0.2bn)

Consistent strategy supports the delivery of our commitments

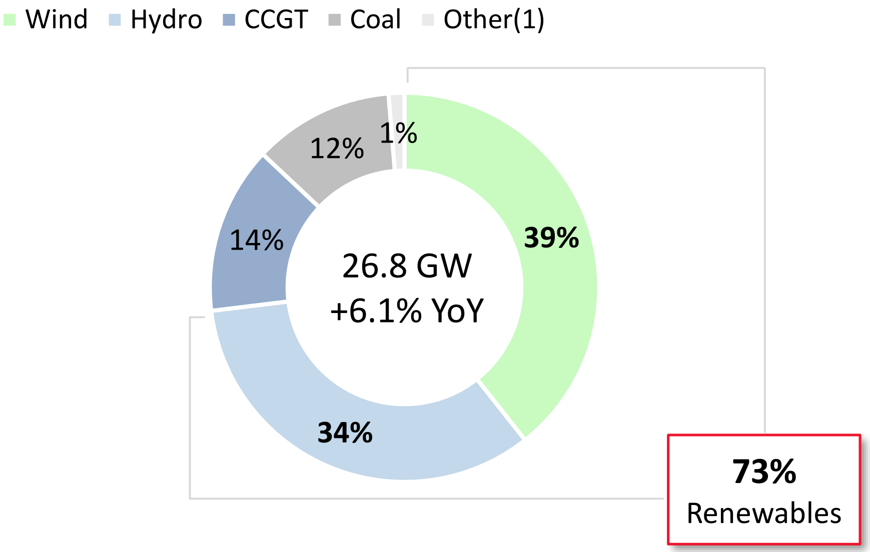
Profitable and focused growth	▪ 3.1 GW of renewables growth projects secured (0.8W under construction) ▪ Regulated networks Brazil: 5 new transmission concessions and minority stake in Celesc	**Visibility on growth platforms**
Financial discipline	▪ Adjusted Net debt/EBITDA 2017 3.7x ▪ Investment grade by 3 rating agencies ▪ Value crystallisation trough asset rotations/BOT	**Sound capital structure**
Reinforce efficiency	▪ Opex IV efficiency programme: – 26% above target in 2017 (€141m savings) – Targeting to double outperformance in 2018 to €180m	**Best in class**

Focus on profitability and shareholder return with a firm commitment on dividend policy: €0.19/share as a floor (payout of 62% in 2017)

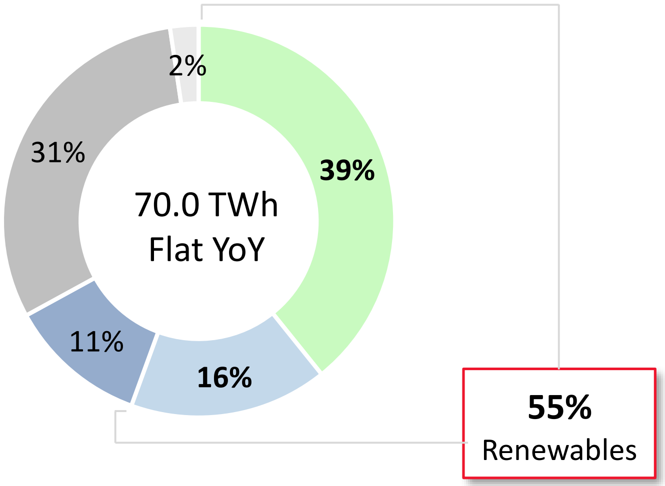
Results Analysis

EDP's global generation portfolio: reinforced with more competitive renewables

Installed capacity breakdown by technology: Dec-17
(GW, YoY Chg.)



Electricity Production breakdown by technology 2017
(TWh, YoY Chg.)



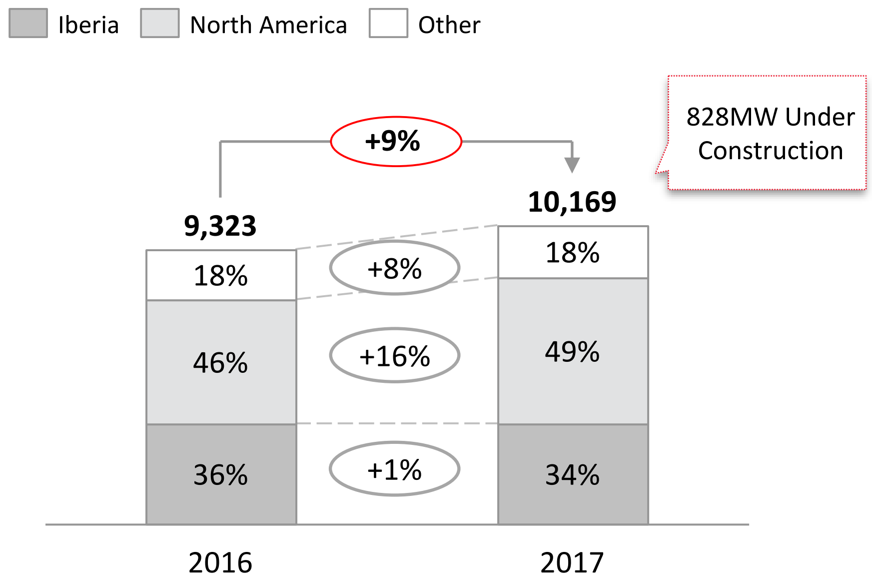
Installed Capacity +6% YoY: +1GW new hydro in Portugal; +0.6GW wind and solar (mostly US)

Electricity production: -46% in hydro (-56% in Iberia) implied +29% thermal production (+30% in Iberia)

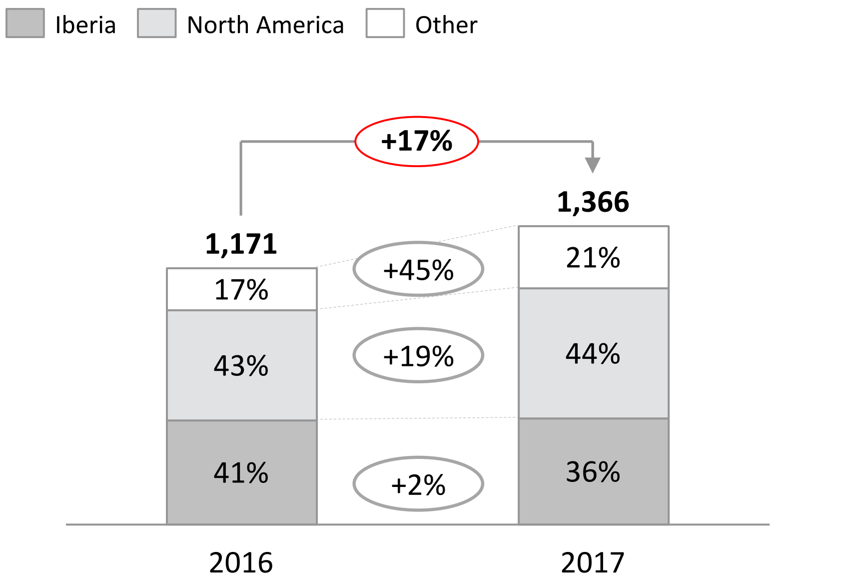
(1) Others include thermal special regime (cogeneration, biomass), nuclear and solar

EDP Renováveis (39% EBITDA)

Average Installed Capacity
(GW)



EDPR EBITDA
(€m)

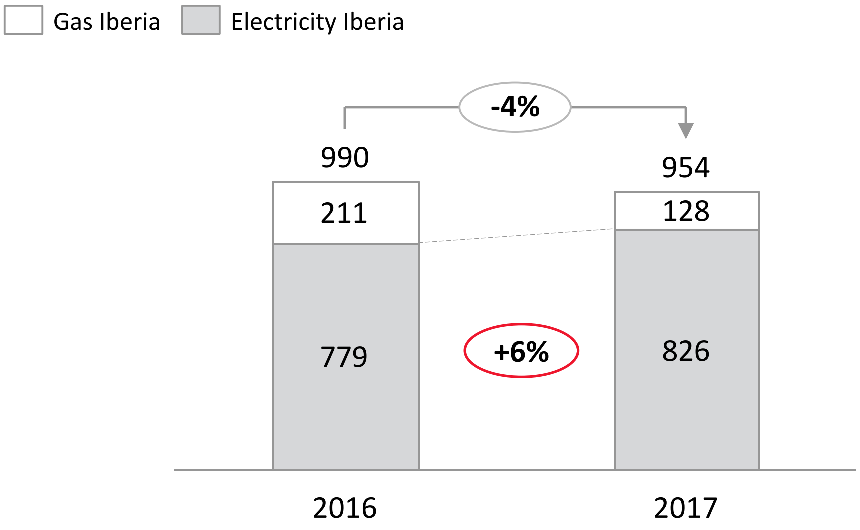


Avg. capacity increase driven by US, Mexico and Brazil

Positive impact from 1st farm down in UK wind offshore project

Regulated Energy Networks Iberia (27% EBITDA)

Recurring EBITDA – Regulated networks
(€m)

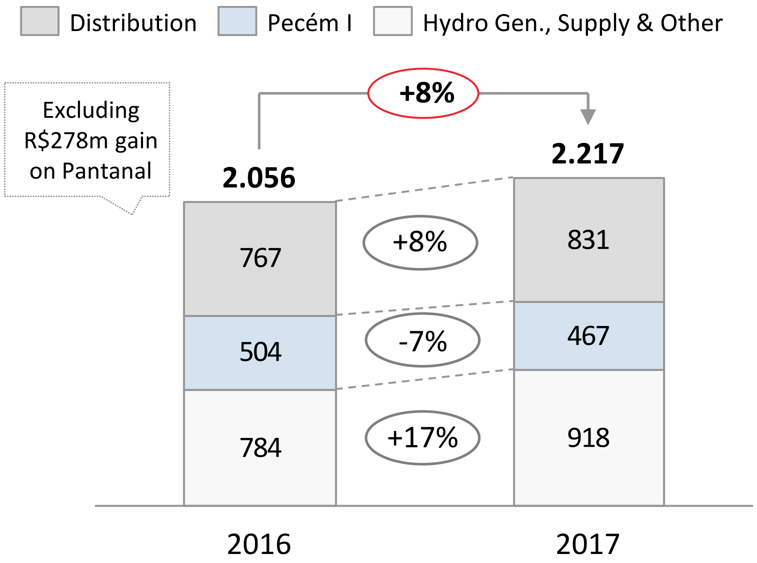


- Deconsolidation of gas distribution: -€83m YoY to €128m
  - Gas Spain: sold on July 27th
  - Gas Portugal: sold on October 4th

Electricity EBITDA +6% YoY on lower OPEX (-1% YoY) and adjustments from previous years

EDP Brasil (17% EBITDA)

EDP Brasil Recurring EBITDA
(R$m)



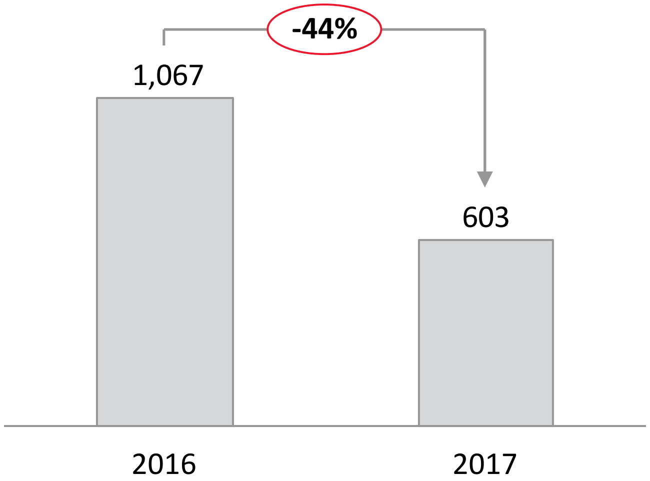
Integrated hedging strategy in energy markets

	2016	2017
GSF (hydro volume)	Medium	Low
PLD (spot price)	Low	High
Distribution volume surplus	↓	↑
Gen. PPAs volume deficit	→	↓
Gen. & Supply volume free	↓	↑↑

Integrated and active management of contracted/uncontracted volumes all over the value chain

Generation and Supply Iberia (17% EBITDA)

Recurring EBITDA Generation & Supply Iberia
(€m)



	2016	2017	YoY
Avg. selling price to customers (€/MWh)	63	62	-1%
Hydro weight (%)	45%	22%	-23pp
Avg. fuel cost (gen. mix)[1] (€/MWh)	20	34	+70%
Regulatory costs (€m)	147	237	+61%
CMEC deviation revenues (€m)	169	108	-36%

Strong increase of sourcing costs due to very weak hydro and higher fuel/regulatory costs
Avg. selling price to customers -1% YoY vs. Avg. fuel cost +70% YoY

(1) Includes coal, gas, CO2, pumping and other associated costs

Operating costs: on track to double outperformance

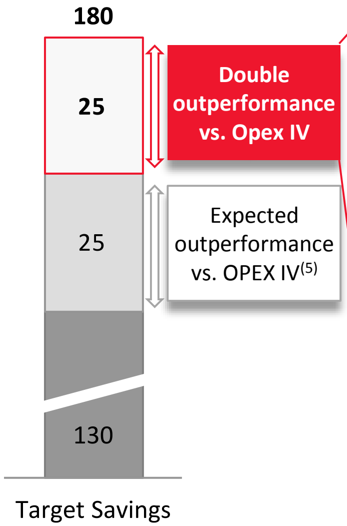
Operating costs 2017

Business area	Indicator	YoY Chg.	Main drivers
58% Iberia	**Opex** (proforma[1])	**-1%**	▪ Avg. MW: +7%; Thermal production: +29% ▪ Avg. Headcount[2]: -2% (~200 employees) ▪ Inflation Portugal +1.4%[3]
25% EDPR	**Core Opex/MW** (ex-forex)	**-1%**	▪ Average installed capacity: +9% ▪ Opex ex-forex: +8%
17% EDP Brasil	**Opex in BRL** (inflation adjusted)	**-1.5%**	▪ Opex in BRL:+2% ▪ Avg. Inflation 2017: +3.5%[4]

Weight on Opex

Operating costs: 2018E

Target Savings



Key initiatives already launched

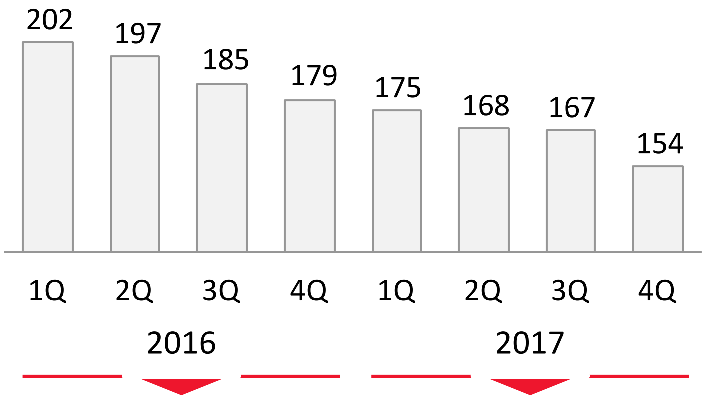
- **Zero Base Budgeting** Launched in Spain and IT ✓
- **EDP X launched in Jan-18** Group-wide digitalisation programme ✓
- **HR restructuring program in Iberia** (so far reduction of 150 FTEs) ✓
- **Remote management of power plants in Iberia**: contract signed with GE for preventive maintenance ✓

Opex IV corporate-wide efficiency programme: €141m savings in 2017, 26% above target

(1) Excludes gas networks and HR restructuring costs; (2) Excluding gas networks; (3) Avg. IPC 2017 vs. 2017; (4) Avg. IPCA 2017 vs. 2016; (5) Measures taken until Sep-17

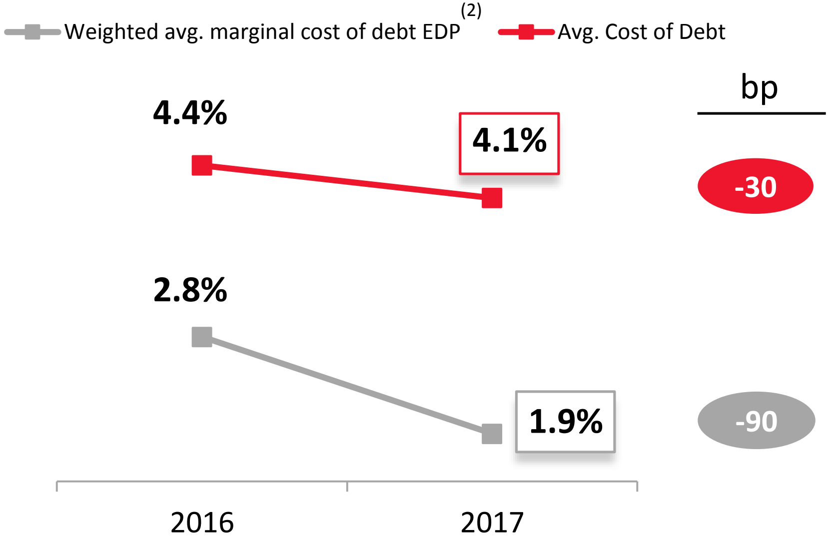
Interest costs -13% YoY

Net Interest Cost
(€m)



	2016		2017
Net interest cost[1] (€m)	763	-13%	664
Avg. Net Debt (€bn)	16.4	-5%	15.7

Marginal and average cost of debt
(%, 2016-2017)

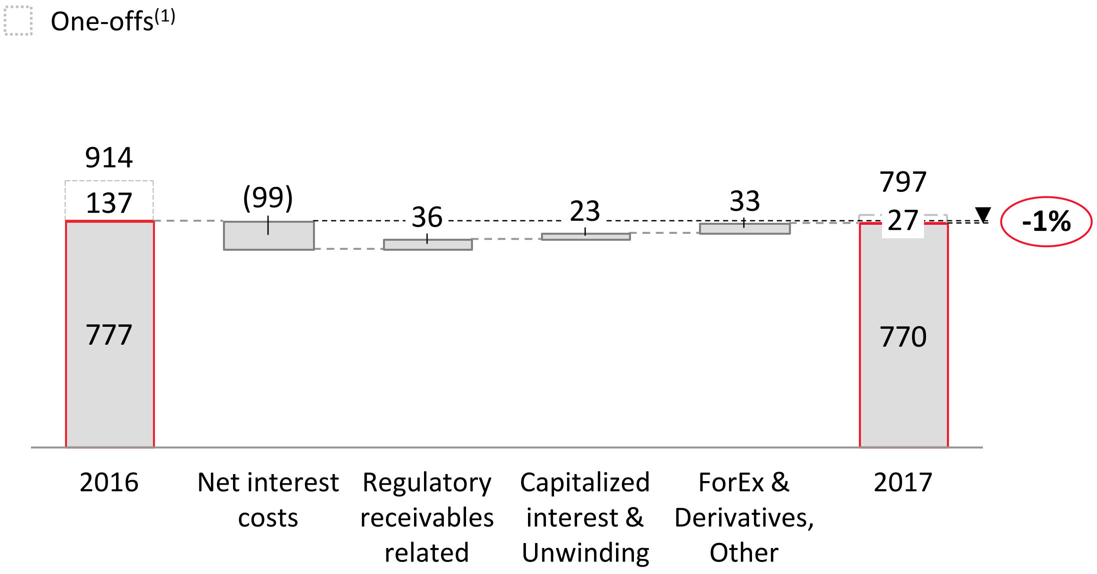


Clear downward trend on marginal cost of debt: room for further decline in avg. cost of debt

(1) 4Q16 and 4Q17 net interest costs exclude non-recurring costs with debt repurchase programmes (2) Based on EDP 5Y bond yield in EUR, USD and CDI as at 31-Dec-16 and 31-Dec-17 multiplied by the proportion of debt denominated in EUR, USD and BRL, respectively

Recurring net financial costs: -1% YoY

Financial Results & Associates: 2017 vs. 2016
(€m of net cost)



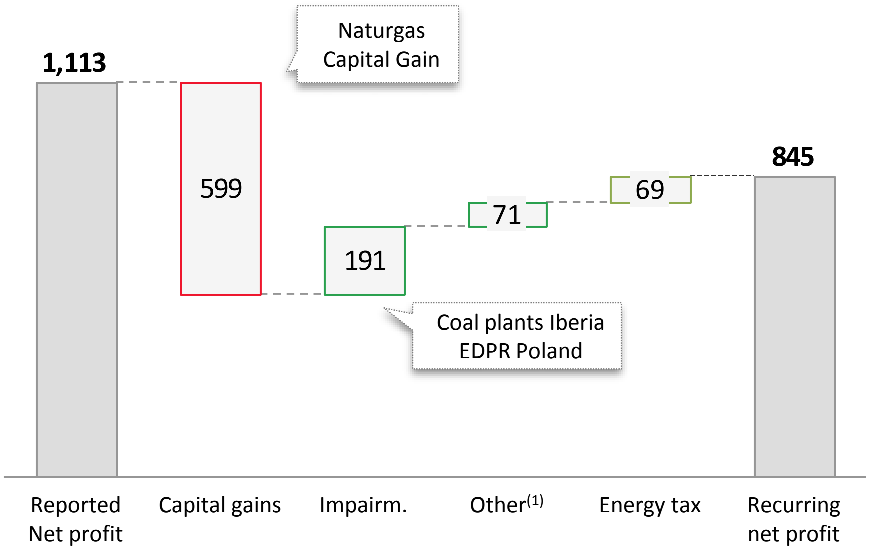
- **Net interest costs:** -13% YoY
- **Lower revenues from regulatory receivables** due to lower interest rates
- **Lower capitalised interest** following full commissioning of hydro plants in Portugal
- **Other:** Forex & energy derivatives (-€35m in 2017 vs. -€18m in 2016)

13% decline of interest costs partially offset by lower financial revenues and negative forex

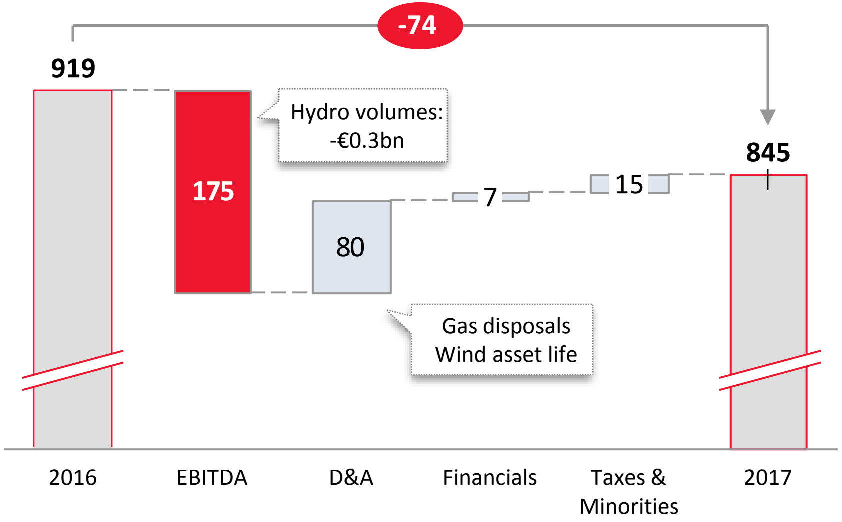
(1) In 2017 (+€27m), including gain on sale of equity stake in REN (+€25m), debt prepayment costs and other (-€52m); in 2016 (-€137m) including impairment on BCP, S. Manoel and EDPR (-€74m), cost with debt prepayment (-€76m), +€11m gain on the sale of equity stake in Tejo Energia

Recurring Net Profit: -8%

Net profit 2017
(€m)



Recurring net profit
(€m)



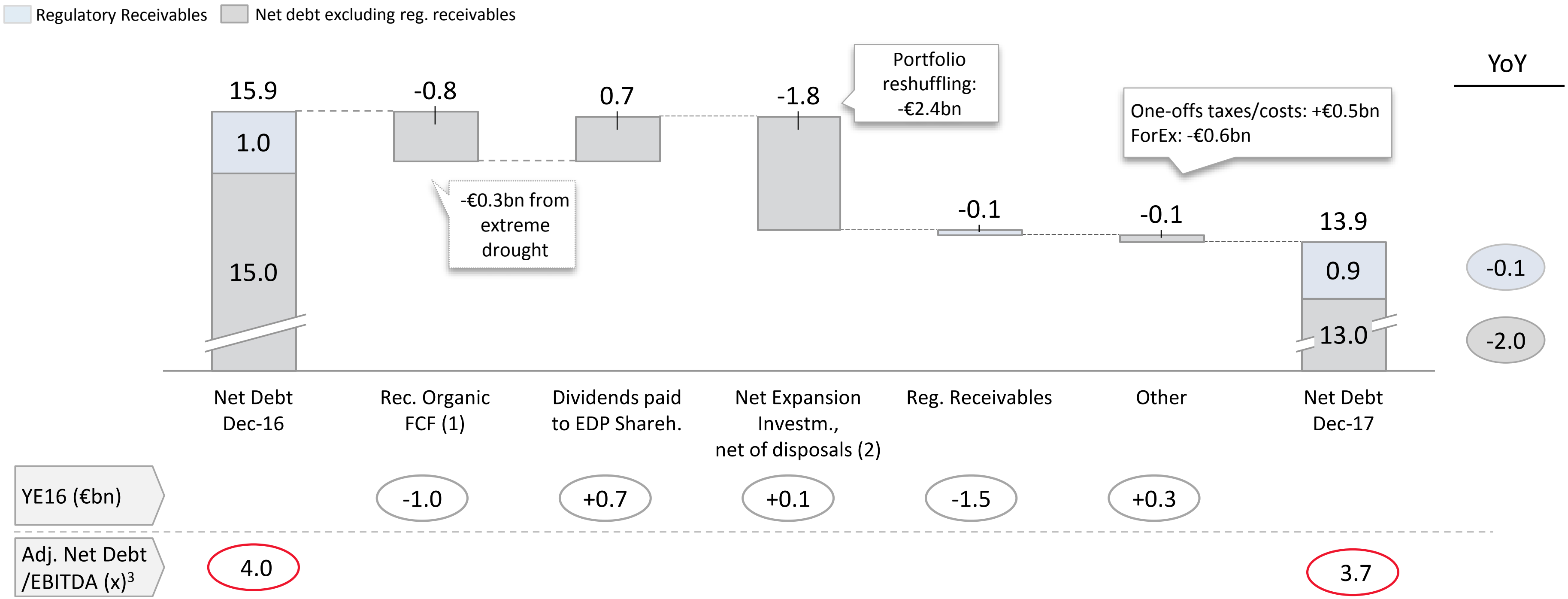
Recurring net profit strongly penalised by extreme low hydro production in Iberia

(1) Restructuring costs (-€21m), regulatory-driven costs/provisions (-€61m); debt prepayment fees and others (-€33m); impact from US fiscal reform (+€44m)

Net debt -€2.0bn YoY

Change in Net Debt: Dec-17 vs. Dec-16

(€bn)



Portfolio reshuffling improving Adj. Net Debt/EBITDA to 3.7x, even including negative hydro impact

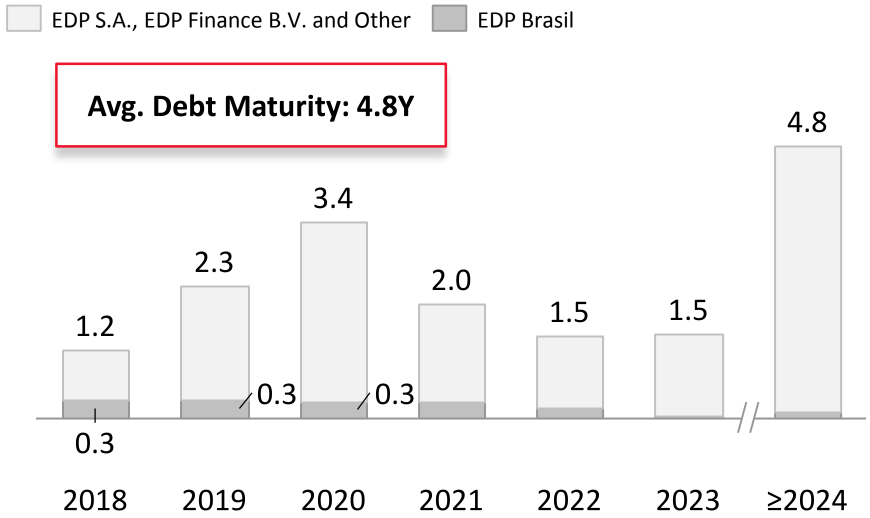
(1) EBITDA - Maintenance capex - Interest paid - Income taxes + Chg. in work. capital excluding regulatory receivables; (2) Expansion capex, Net financial investments (incl. shareholder loans transferred in asset rotation deals), TEI proceeds, Chg. in work. capital from equip. suppliers; acquisitions and disposals; and changes in consolidation perimeter. (3) Net Debt ex-Reg Receivables and trailing recurring EBITDA

Financial liquidity and debt maturity profile

Financial liquidity as of Dec-17
(€bn)

Cash & Equivalents:	**€2.4bn**
Available Credit Lines:	**€4.2bn**
Revolving Credit Facility maturing on Oct-22[1]	€3.3bn
Other RCF's and Credit Lines	€0.9bn
Total Liquidity	**€6.6bn**

EDP consolidated debt maturity profile as of Dec-17
(€bn)



4Q17 main events	€0.5bn 10Y bond issue @1.6%	€0.6bn of tariff deficit securitization	Repurchase of USD0.5bn of notes	Completion of USD0.5bn of TEIs

€6.6bn available liquidity by Dec-17 covers refinancing needs beyond 2019

(1) The maturity of a €3.3bn RCF was extended from Jun-19 to Oct-22 in Oct-17

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