December 19th, 2019

Reshaping the Iberian Generation Portfolio

Venda Nova

Agenda

1 Hydro disposal (1.7 GW)

2 Iberian coal write-down (2.4 GW)

3 Reinforcing EDP's Strategic Vision

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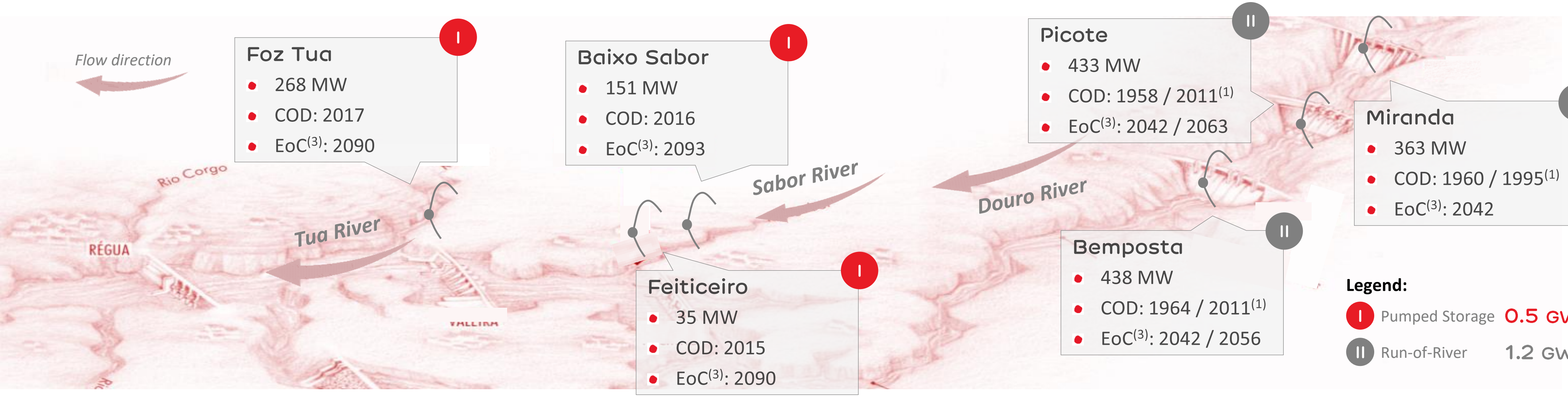
3 Reinforcing EDP's Strategic Vision

Delivery of disposals commitment presented in Strategic Plan: Sale of 1.7 GW hydro portfolio in Portugal for €2.2 Bn

6 Hydro plants at the upstream of **Douro river basin**

- Balanced portfolio
- Avg. residual concession life 45 years
- Operating synergies



Foz Tua (I)
- 268 MW
- COD: 2017
- EoC(3): 2090

Baixo Sabor (I)
- 151 MW
- COD: 2016
- EoC(3): 2093

Feiticeiro (I)
- 35 MW
- COD: 2015
- EoC(3): 2090

Picote (II)
- 433 MW
- COD: 1958 / 2011(1)
- EoC(3): 2042 / 2063

Bemposta (II)
- 438 MW
- COD: 1964 / 2011(1)
- EoC(3): 2042 / 2056

Miranda (II)
- 363 MW
- COD: 1960 / 1995(1)
- EoC(3): 2042

Legend:
- I Pumped Storage 0.5 GW
- II Run-of-River 1.2 GW

2018 Figures: Production(2) | **3.4** TWh — EBITDA | **€154** Mn — EBIT | **€111** Mn

(1) Year that the plant was repowered with the aim of increasing capacity | **(2)** IPH 2018 = 1.05 (1.00 = LT average) | **(3)** End of Concession

Highly competitive process executed in a short period

Process Timeline:

STRATEGIC UPDATE 2019-22

Announcement of **€2 Bn disposal target**

Disposal Announcement

Expected closing in **2H20**

2019 ***12th Mar***

2 phase competitive process (**8 months**)

19th Dec 2020

Jun

Next steps:

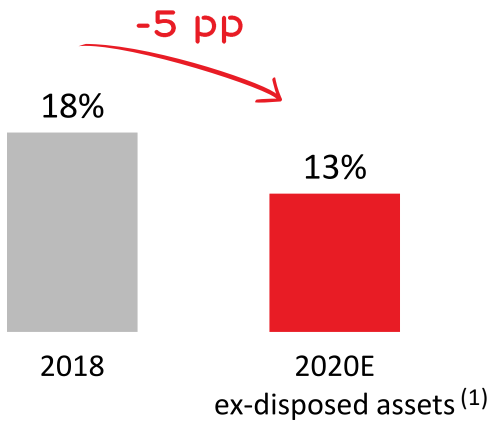
- I Regulatory approvals process (*APA, REN, DGEG, Competition Authority*)
- II Creation of fully autonomous NewCo with assets, people, systems, etc

Financial closing expected in 2H20

We are reducing earnings volatility while reinforcing EDP business risk profile

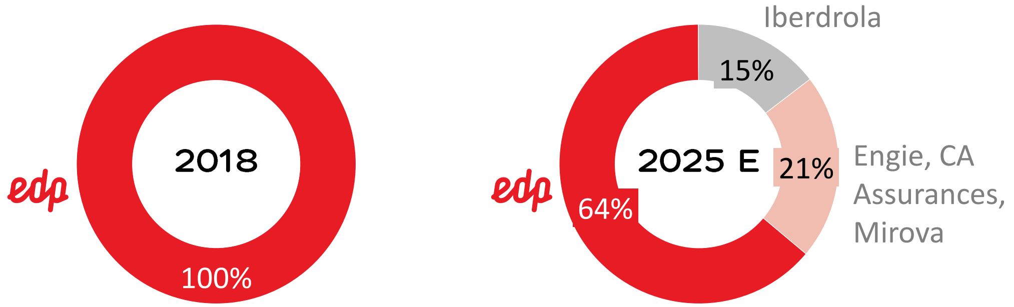
Reducing exposure to merchant in Portugal…

% EDP's EBITDA coming from Conventional Generation in Portugal



…and reducing incumbent profile

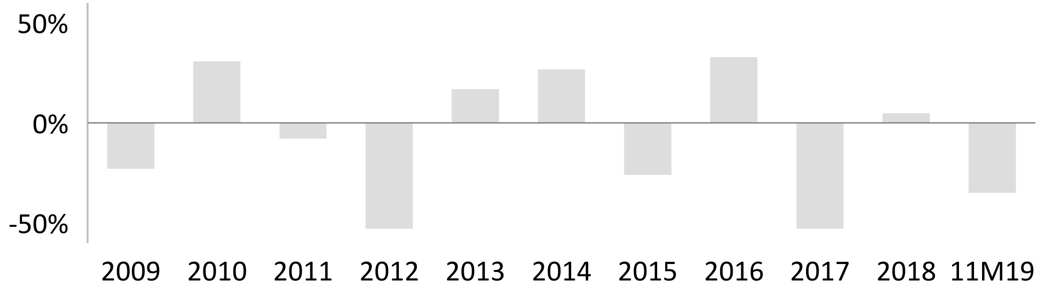
Market share of large hydro plants in Portugal (by Capacity) post-deal



(1) Assuming no EBITDA contribution from disposed assets.

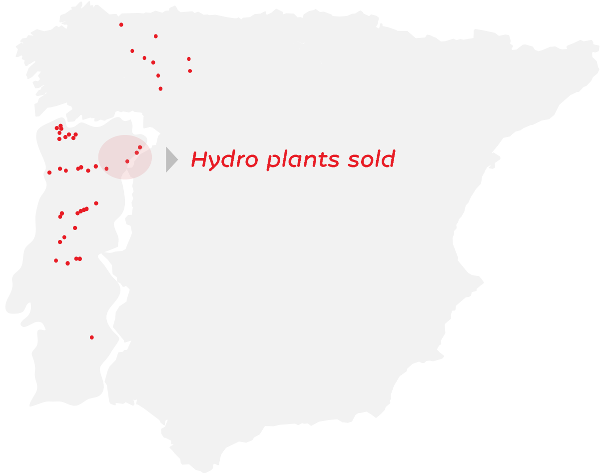
Lower EBITDA exposure to hydro volatility…

Hydro resources in Portugal (deviation vs. historical average)
%



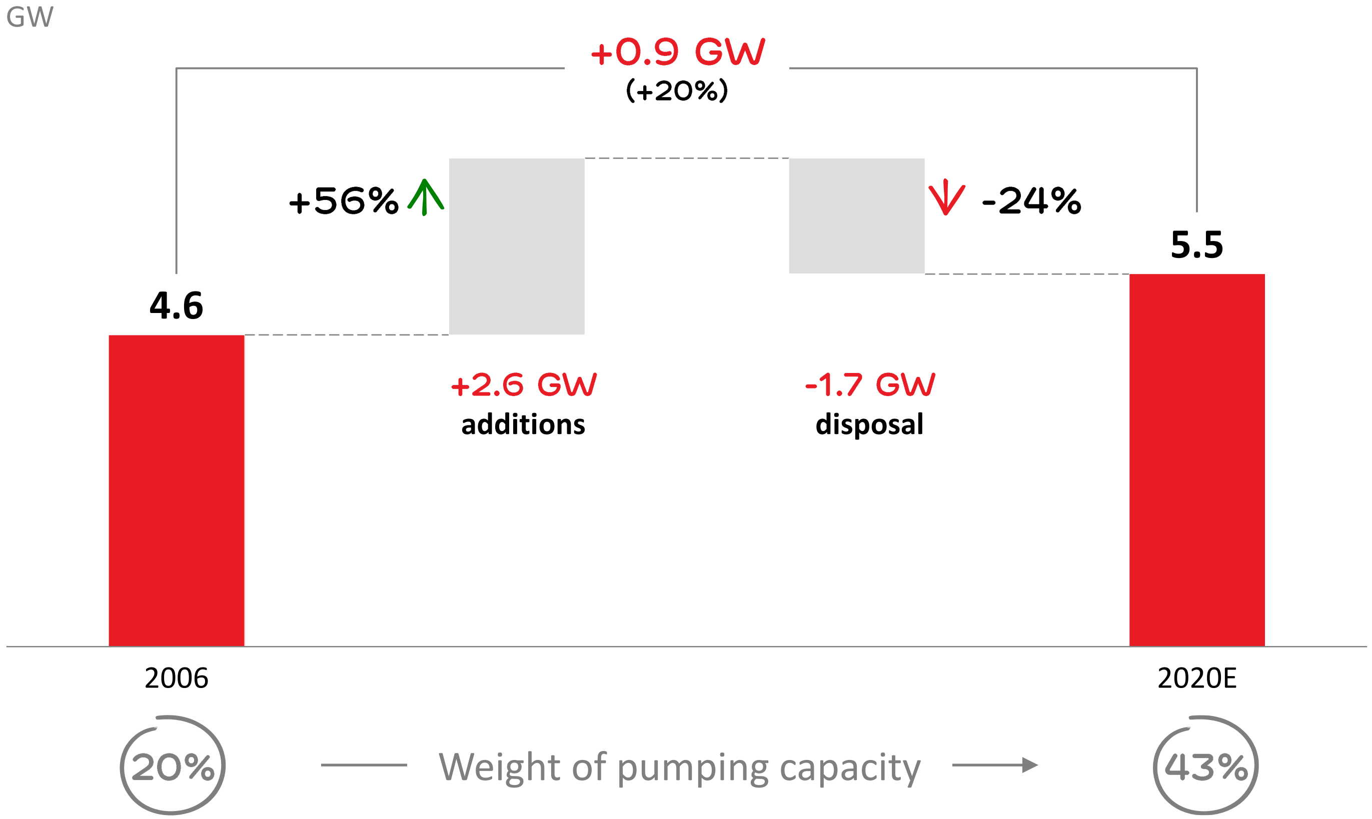
…within a concentrated region

EDP hydro footprint in Iberia



Sizeable value crystallization of hydro investment plan

EDP Hydro installed capacity in Iberia



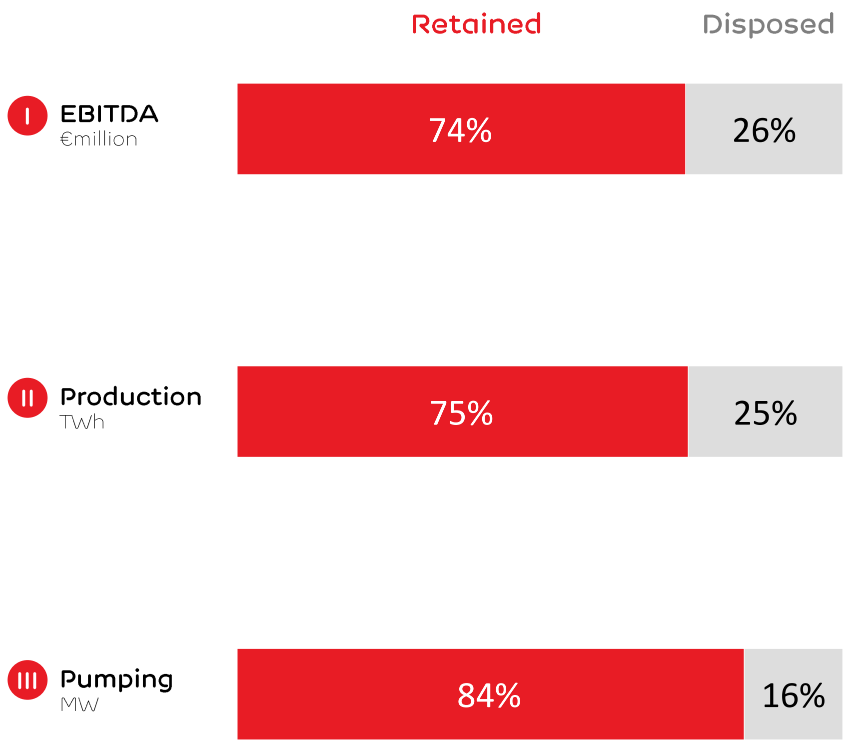
5.5 GW
#2 hydro player in Iberia post disposal

~70%
Hydro reservoir and pumping with high flexibility to balance intermittent renewables

Hydro will continue to be a key component in EDP's generation mix

Disposed assets represent ~25% of hydro portfolio in Iberia while higher share of pumping retained offers distinctive earnings potential

EDP Hydro portfolio in Iberia(1)

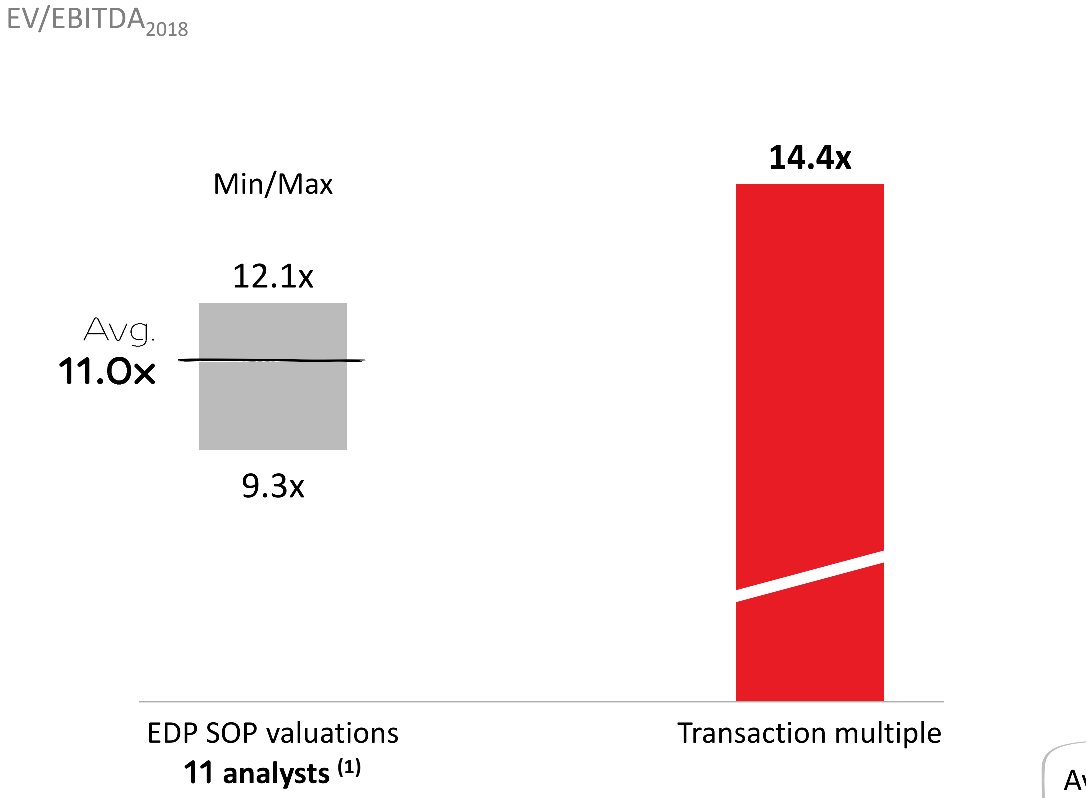


- Quality of portfolio retained is broadly comparable to the one sold
- Energy transition with growth of intermittent renewables will enhance the value of pumping over the next decade
- Portfolio hydro Iberia post disposal still with a long avg. residual concession life of 32 years

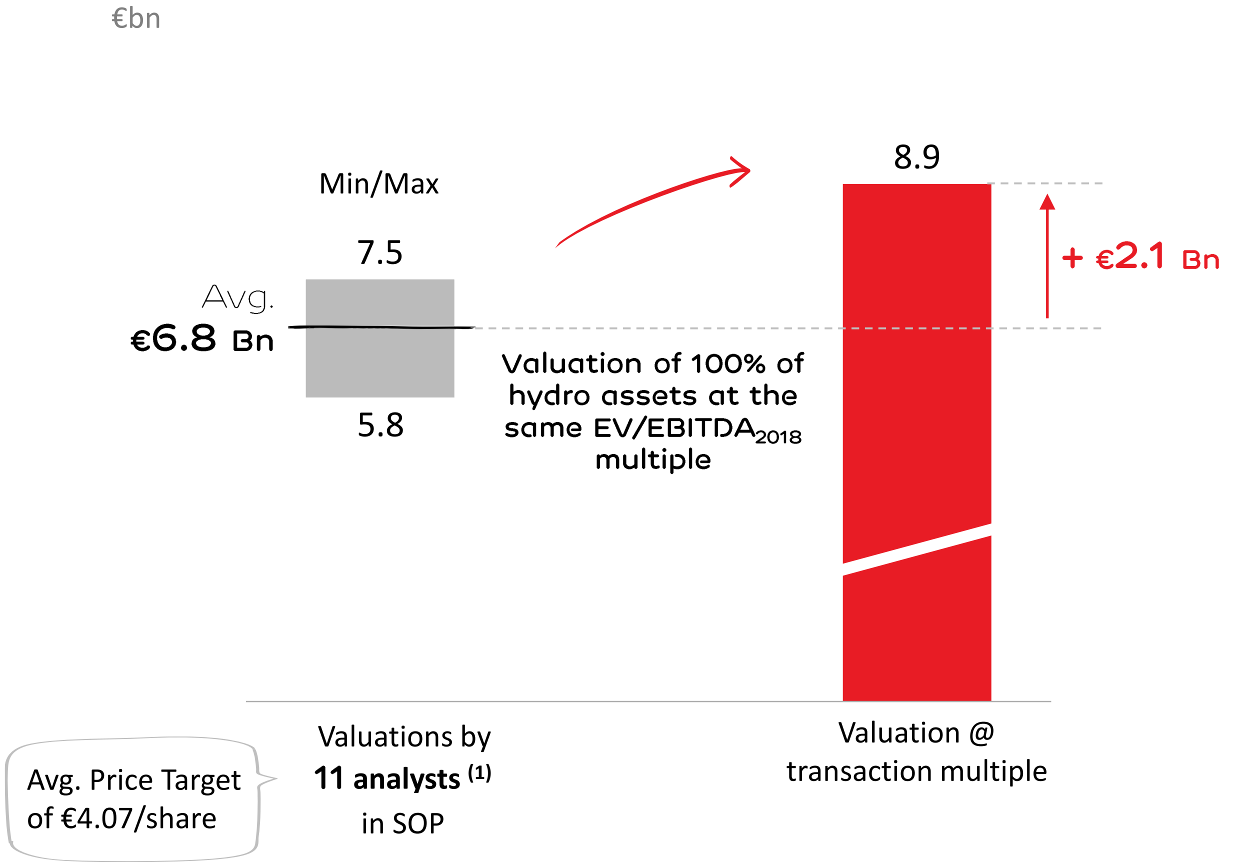
(1) 2018 Figures

EV of €2,210 Mn, implicit multiple of 14.4x EV/EBITDA, significantly above consensus valuation of hydro Iberia within analysts' SoP

Implicit valuation of Hydro Iberia in EDP's SoP (2)



EDP's hydro portfolio in Iberia – asset valuation



(1) Includes the enterprise values attributed to hydro Iberia by the following analysts that disclose this detail: AllianceBernstein, Bank of America Merrill Lynch, Barclays, Caixa Bank BPI, Exane BNP Paribas, Goldman Sachs, JP Morgan, Kepler Cheuvreux, RBC, Santander and Société Générale. | **(2)** SOP: Sum of the Parts valuations

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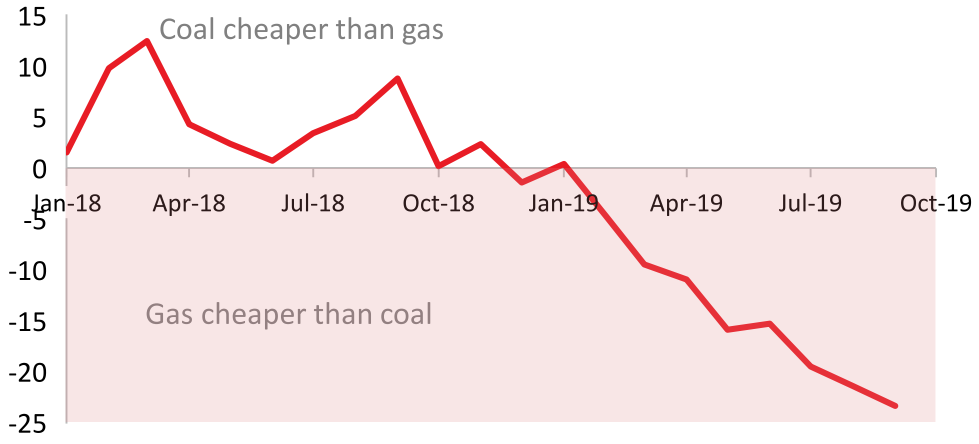
Over the last year, there was a significant deterioration of the outlook for coal power plants in Iberia

Increased CO_2 and lower gas prices put coal plants out of market merit order

Difference in the monthly variable cost of gas and coal in Spain[1], €/MWh



+

Increased regulatory and political pressure

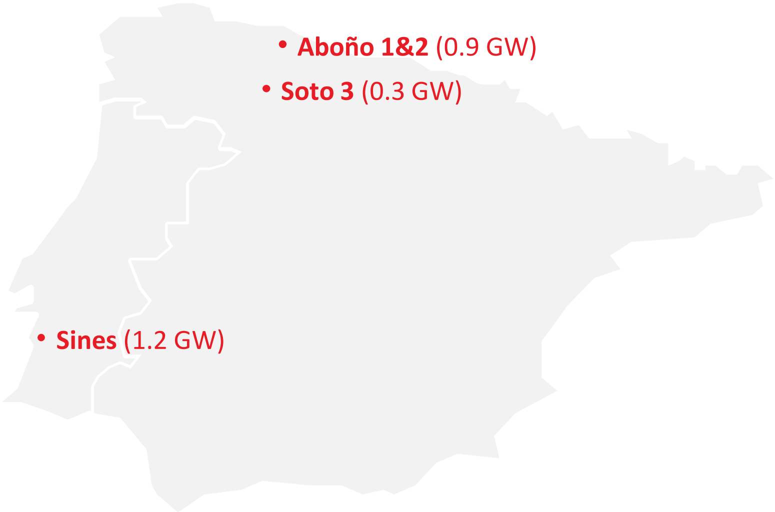
- Acceleration on **renewables deployment targets** in Iberia
- European discussion to **reinforce emissions targets by 2030**
- Continuing high **regulatory costs** in Iberia
- Portuguese government intention to **close coal plants by 2023**

Fully aligned with energy transition trends that we had already anticipated

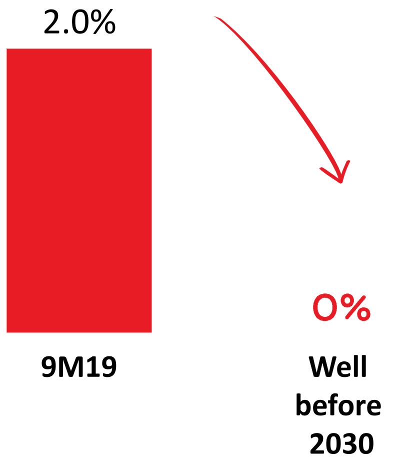
(1) CCGT assumptions: Mibgas (cost of gas), efficiency 48%, VOM 2.5€/MWh, Variable TPA 0.5€/MWh, 7% generation tax (except for 4Q18 and 1Q19) and 0.65€/GJ green cent up to 3Q18 | Coal assumptions: API#2 (cost of coal), efficiency 35%, VOM 1.5€/MWh, cost of transport 3€/MWh, 7% generation tax (except for 4Q18 and 1Q19) and 0.65€/GJ green cent.

Deterioration of coal operating conditions in Iberia results in a €0.3 Bn non cash one-off cost in 2019

EDP coal plants in Iberia



% EDP EBITDA from Coal Iberia[1]



- ~€0.3 Bn cost before tax in 2019
  ~€0.2 Bn impact on net profit
- Plants deemed to operate as long as they generate **adequate returns**
- **Decommissioning** and **dismantling costs** were already provisioned

No impact on dividend policy: €0.19 DPS as a floor

(1) EDP consolidated figures

Exploring energy transition opportunities on coal plants sites post decommissioning

Aboño conversion from coal to gas

Industrial BFG[1]
~87%

Sunk emissions to atmosphere

By-product of steel production

New gas plant

(181 MW)

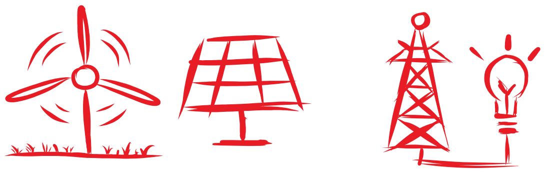
~1.3 TWh/year

Natural Gas
~13%

Expected COD in 2022

- ✔ Short time to cash and attractive risk-return
- ✔ Captures circular economy opportunities

New renewables capacity to replace coal plants post-decommissioning



We are studying potential renewables projects leveraging on the existing grid infrastructure

(1) Blast furnace gas ("BFG") is a product from blast furnaces generated over the steel industrial production.

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The trajectory towards our 2030 decarbonization targets is now expected to be significantly anticipated

		Renewables generation	Specific **emissions** (vs 2005 levels)
New Trajectory anticipation	2025	>80%	-85%
Strategic Update targets	2030	>90%	-90%

Become **coal-free**

Spain & Portugal	Well before 2030
edp	2030

Accelerating decarbonization through renewables growth and coal phase out

Execution of disposal plan improves risk profile and reinforces balance sheet

Increasing the share of low-risk profile

% of EBITDA

~75%

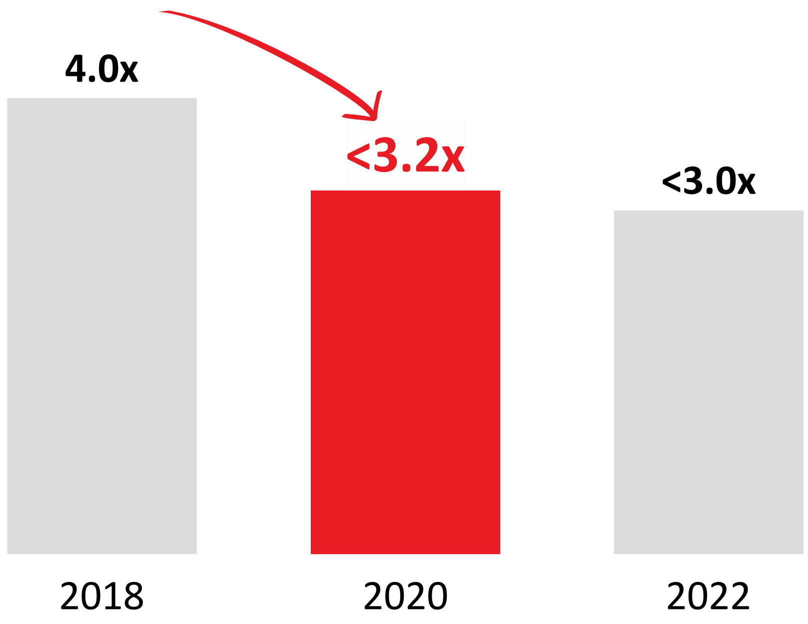
Contracted exposure
in 2018

~80%

Contracted exposure
2020 post-disposal

Deleveraging in the short-term

Net Debt / EBITDA



Increasing visibility over EDP target to reach solid investment grade (BBB)

On track to deliver our 2019-22 strategic plan

OUR STRATEGY	EXECUTION
Accelerated and focused growth	**Renewables: target additions for 2019-22 (7 GW) 74% secured** with LT Contracts **Networks Brazil:** visibility on distribution **(RAB +36%); Transmission ahead of schedule**
Continuous portfolio optimization	**Visibility** on **~€2 Bn** asset **disposal target**: **expected final closing 2H20** **Reduce exposure to Iberia/merchant risk** Accelerate **improvement of risk profile**
Solid balance sheet and low-risk profile	**Net debt/EBITDA <3.2x in 2020** **Share of LT contracted/regulated EBITDA** up by 4pp to **~80%** **Commitment to solid investment grade**
Efficient and digitally enabled	**-1% OPEX** in 9M19 (Like-for-like ex-growth) **Zero based budget** extended to entire Group in 2020 **Digitalization:** smart meters; predictive maintenance, commercial processes, selfcare
Attractive shareholder remuneration	**Distinctive green positioning** **Sustainable EPS growth to deliver DPS increase** **Dividend floor of €0.19**