



1H16

# Financial Results

Conference call and webcast

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

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*The financial statements presented in this document are non-audited. Pursuant to the adoption of IFRIC21, 1Q15 financial statements here presented were restated for comparison purposes.*

*The source from all operational data is EDP.*

# Main Highlights



Income Statement (€ m)	1H16	1H15	Δ %	Δ Abs.
<b>Gross Profit</b>	<b>2,970</b>	<b>2,750</b>	<b>8%</b>	<b>+220</b>
Supplies and services	436	434	0%	+2
Personnel costs, employees benefits	324	324	-0%	-1
Other operating costs (net)	144	(140)	-	+283
<b>Net Operating costs (1)</b>	<b>903</b>	<b>619</b>	<b>46%</b>	<b>+284</b>
<b>EBITDA</b>	<b>2,067</b>	<b>2,131</b>	<b>-3%</b>	<b>-64</b>
Provisions	(5)	3	-	-8
Amortisation and impairment (2)	744	689	8%	+55
<b>EBIT</b>	<b>1,327</b>	<b>1,438</b>	<b>-8%</b>	<b>-111</b>
Financial Results	(408)	(364)	-12%	-43
Share of net profit joint ventures/associates	(5)	(23)	80%	+19
<b>Pre-tax profit</b>	<b>915</b>	<b>1,051</b>	<b>-13%</b>	<b>-136</b>
Income taxes	243	194	25%	+49
Extraord. contribution energy sector	59	61	-3%	-2
Net profit for the period	613	796	-23%	-183
<b>Net Profit</b>	<b>472</b>	<b>587</b>	<b>-20%</b>	<b>-115</b>
Non-controlling Interest	141	209	-33%	-68

Key Operational Data	1H16	1H15	Δ %	Δ Abs.
Employees	11,923	11,983	-1%	-60
Installed capacity (MW)	24,522	23,336	5%	+1,186

Key Financial Data (€ m)	1H16	1H15	Δ %	Δ Abs.
FFO (Funds from operations)	1,143	1,405	-19%	-261
Capex	724	741	-2%	-17
Maintenance	263	237	11%	+27
Expansion	460	505	-9%	-44
Net investments	(21)	544	-	-565

Key Balance Sheet Data (€ m)	Jun-16	Dec-15	Δ %	Δ Abs.
Equity book value	8,713	8,670	0%	+43
Net debt	16,479	17,380	-5%	-901
Regulatory receivables	1,626	2,477	-34%	-851
Net debt/EBITDA (x)(3)(4)	4.3x	4.4x	-4%	-0.2x
Adjusted net debt (3)/EBITDA (x)	3.8x	3.8x	1%	0.1x

**Consolidated EBITDA** stood 3% below 1H15, at €2,067m in 1H16, impacted by lower one-off impacts YoY: i) +€384m in 1H15, in the wake of the acquisition of Eneva's 50% stake in Pecém (+€295m) and on the sale of gas assets in Spain (+€89m); and (ii) +€61m in 1H16, following the sale of the Pantanal mini-hydros, in Brazil. Excluding these impacts, **adjusted EBITDA** rose by 15% YoY (+€259m), to €2,006m in 1H16, reflecting improving weather conditions in Iberia and Brazil; and avg. portfolio expansion (+8%). Nevertheless, EBITDA was impacted by an unfavourable ForEx impact: -3% or -€78m impact on EBITDA, mainly due to BRL 20% avg. depreciation vs. Euro.

Installed capacity at EDP group grew by 5% YoY, to 24.5GW in 1H16, on the back of: (i) +365MW of hydro capacity in Portugal, following the start up of operations at Salomonde 2 (207MW in 1Q16) and Baixo Sabor (188MW, the bulk in 1Q16); (ii) +498MW of wind capacity (mostly in US and Brazil); (iii) change in consolidation perimeter (+562MW, following the full consolidation of assets derived from ENEOP, in Portugal; and the sale of mini-hydros in Brazil); (iv) shutdown Soto 2 coal plant, in Spain (239MW).

**In Iberia**, adjusted EBITDA advanced 16% YoY, propelled by new capacity on stream, strong hydro resources and price volatility (particularly when compared to 2015's poor hydro and price context) and improving regulatory terms in electricity distribution, in Spain. **EDPR's** 18% rise in recurrent EBITDA, to €648m, was prompted by higher average capacity on stream (+14% YoY) and stronger wind resources (avg. load factor was 2pp up YoY to 33%). **EDP Brasil's** ('EDPB') contribution to recurrent EBITDA was 3% higher YoY, reflecting the mixed impact of: i) the full consolidation of Pecém I plant as from May-15 (+€86m ex-Forex) and sharp recovery in hydro reservoirs; and ii) adverse ForEx impact (-€77m).

**EDP Group operating costs** were stable at €759m in 1H16 driven by: (i) 2% YoY fall in **Iberia**, mainly impacted by avg. headcount reduction (-1%); (ii) 9% YoY increase at EDPR level, mainly reflecting portfolio expansion (+14%); (iii) 6% YoY fall in Brazil, reflecting BRL depreciation vs. Euro and tight cost control on one hand; and the full consolidation of Pecém I, on the other hand. **Other net operating costs/(revenues)** rose from a €140m revenue in 1H15 to €144m cost in 1H16, mostly supported by lower one-off gains YoY (previously detailed: +€384m in 2015, +€61m in 2016). EDP group's costs with clawback, social tariff and extraordinary energy tax in Portugal, and with generation taxes and other levies in Spain amounted to €141m in 1H16.

**EBIT fell by 8%, to €1,327m in 1H16**, reflecting EBITDA evolution and higher depreciation, mainly backed by portfolio expansion. **Net financial costs** were €43m higher YoY, at €408m in 1H16, penalized by an impairment on our stake in BCP (€27m), lower capitalised expenses (-€20m YoY) and lower revenues related to tariff deficits (-€34m YoY). Interest costs on debt fell by 12% YoY, supported by a 20bp YoY decline in the average cost of debt, to 4.5%. **Non-controlling interests** fell by €68m YoY, to €141m in the 1H16, driven by lower results at EDP Brasil prompted by lower one-off gains. Overall, **net profit attributable to EDP shareholders** amounted to €472m in 1H16 (-20% YoY). Excluding one-off gains booked in 1H15 (+€156m; details on page 4) and 1H16 (-€45m, details on page 4), **adjusted net profit rose 20% YoY, to €517m in 1H16**.

**Net debt fell by €0.9bn YTD, to €16.5bn in Jun-16, despite the €0.7bn dividend payment in May-16** and adverse ForEx impact (€0.1bn). The main drivers for net debt reduction were: i) €0.9bn reduction in regulatory receivables driven by the sale of tariff deficit in Portugal (€1.2bn); ii) €0.5bn free cash flow generated, before expansion capex and payables to related suppliers, divestments and proceeds from tax equity partnerships (TEIs); iii) €0.5bn of expansion capex (wind and hydro), net of €0.8bn proceeds from asset rotation deals; and iv) €0.2bn cash in from the minorities' contribution for the successfully concluded capital increase at EDP Brasil (R\$1.5bn). **Total cash and available liquidity facilities amounted to €5.6bn by Jun-16. This liquidity position allows EDP to cover its refinancing needs beyond 2018.**

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits) + Other operating costs (net); (2) Depreciation and amortisation expense net of compensation for depreciation and amortisation of subsidised assets; (3) Net of regulatory receivables; (4) Based on trailing 12 months EBITDA of €3,860m and net debt excluding 50% of hybrid bond issue

# EBITDA Breakdown



EBITDA (€ m)	1H16	1H15	Δ %	Δ Abs.	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	2Q16 YoY		2Q16 QoQ	
													Δ %	Δ Abs.	Δ %	Δ Abs.
LT Contracted Generation	275	322	-15%	-47	153	169	144	117	133	142			-16%	-27	7%	9
Liberalised Activities Iberia	367	183	100%	+184	102	81	93	88	205	162			100%	81	-21%	-42
Regulated Networks Iberia	496	569	-13%	-73	324	245	242	221	234	262			7%	17	12%	27
Wind & Solar Power	648	548	18%	+101	295	253	235	360	379	269			7%	16	-29%	-110
Brazil	301	501	-40%	-200	129	372	154	202	185	116			-69%	-255	-37%	-69
Other	(20)	9	-	-29	(15)	24	(7)	(55)	(6)	(14)			-	-37	-125%	-8
<b>Consolidated</b>	<b>2,067</b>	<b>2,131</b>	<b>-3%</b>	<b>-64</b>	<b>988</b>	<b>1,143</b>	<b>860</b>	<b>933</b>	<b>1,130</b>	<b>937</b>			<b>-18%</b>	<b>-206</b>	<b>-17%</b>	<b>-192</b>

**Consolidated EBITDA** amounted to €2,067m in 1H16, 3% lower YoY, including the following one-offs: (i) In 1H15, +€295m one-off booked in the wake of the acquisition of Eneva's 50% stake in Pecém (€267m at the level of Brazil; €28m at the holding level) and +€89m one-off derived from the sale of gas assets in Spain, and (ii) in 1H16, +€61m in the wake of the sale of the Pantanal mini-hydros in Brazil.

Excluding the aforementioned one-offs, **adjusted EBITDA** advanced by 15% YoY, to €2,006m in the 1H16, propelled by stronger hydro production (hydro resources were 68% above average year in Portugal), higher results with energy management in the liberalised business in Iberia and expansion in installed capacity. The average BRL depreciation vs. Euro, by 20%, resulted in 4% negative impact on EBITDA (-€78m).

**LONG TERM CONTRACTED GENERATION IN IBERIA (13% of EBITDA)** – EBITDA fell by 15% (-€47m YoY), to €275m in 1H16, reflecting the transfer of 8 hydro plants to our merchant portfolio following the termination of respective PPAs (1H15 gross profit: €41m). These plants have a total installed capacity of 627MW and an annual production of 1.7TWh (on an average hydro year).

**LIBERALISED ACTIVITIES IN IBERIA (18% of EBITDA)** – EBITDA surged by €184m YoY, to €367m in 1H16, fuelled by cheaper average generation cost, backed by a sharp recovery in hydro resources and production (64% weight in generation mix in 1H16 vs. 35% in 1H15); and by higher results with energy management in the wake of low-price context and high price volatility during 1H16. Note that, as a result of the end of PPAs at 8 hydro plants in Dec-15, 627MW of hydro capacity was transferred from the LT Contracted portfolio to liberalised generation portfolio.

**REGULATED NETWORKS IN IBERIA (24% of EBITDA)** – EBITDA was 13% lower YoY (-€73m), to €496m in 1H16, mainly impacted by an €89m one-off gain booked on the sale of gas distribution assets in Spain to Redexis in 1Q15.

Excluding this effect, EBITDA from regulated networks in Iberia advanced by 3% YoY (+€16m), mainly impacted by the new regulatory terms applicable to electricity distribution in Spain as from Jan 1<sup>st</sup>, 2016 and tight cost control. Gross profit rose by 2% YoY (+€14m) in 1H16, reflecting: (i) in Spain, higher regulated revenues in electricity distribution and the de-consolidation of gas assets sold in 1Q15; (ii) in Portugal, regulated clients' switching to free market in electricity distribution.

**WIND & SOLAR POWER (31% of EBITDA)** – EDP's EBITDA went up by 18% YoY (+€101m), to €648m in 1H16, reflecting: i) higher production (+23% YoY) supported by a 14% increase in avg. capacity on stream and stronger wind resources (+2pp YoY on load factor, to 33% in 1H16); and ii) income from new tax equity deals during the period. In turn, avg. selling price fell by €4/MWh YoY, to €60/MWh in 1H16, supported by: i) in Spain, lower pool prices; ii) in US, lower prices implicit in the new PPAs signed, end of one PPA contract and postponement of REC sales.

**BRAZIL (14% of EBITDA)** - EDPB's contribution to consolidated EBITDA was 40% lower YoY (-€200m), at €301m in the 1H16, reflecting lower one-offs YoY: i) In 1H15, gain booked in the wake of the acquisition of Eneva's 50% stake in Pecém (+€267m); ii) in 1H16, gain on the disposal of Pantanal mini-hydro plants (+€61m). The ForEx impact stood at -€77m, in the wake 20% depreciation of BRL vs. Euro. Adjusted for one-off impacts, local currency EBITDA rose 29% YoY (+R\$223m), to R\$995m in the 1H16. EBITDA from Generation and Supply rose by R\$362m, to R\$784m in 1H16, reflecting the full consolidation of Pecém since May-15 (+R\$284m) and better performance at our hydro plants (+R\$130m YoY, following a much lower impact of the hydro deficit: GSF at 89% in 1H16 vs. 80% in 1H15 and avg. PLD of R\$48/MWh in 1H16 vs. R\$386/MWh in 1H15). In turn, EBITDA from distribution fell by R\$157m YoY, to R\$257m in 1H16, mostly due to overcontracting at Bandeirante (-R\$46m YoY) and lower demand (-R\$14m YoY).

# Profit & Loss Items below EBITDA



Profit & Loss Items below EBITDA (€ m)	1H16	1H15	Δ %	Δ Abs.	1Q16	2Q16	3Q16	4Q16	2Q16 QoQ	
									Δ %	Δ Abs.
<b>EBITDA</b>	<b>2,067</b>	<b>2,131</b>	<b>-3%</b>	<b>-64</b>	<b>1,130</b>	<b>937</b>			<b>-17%</b>	<b>-192</b>
Provisions	(5)	3	-	-8	3	(8)			-351%	-12
Amortisation and impairment	744	689	8%	55	366	378			3%	13
<b>EBIT</b>	<b>1,327</b>	<b>1,438</b>	<b>-8%</b>	<b>-111</b>	<b>760</b>	<b>567</b>			<b>-25%</b>	<b>-193</b>
Net financial interest	(398)	(454)	12%	56	(202)	(197)			-3%	5
Capitalized financial costs	28	47	-41%	-20	14	14			3%	0
Net foreign exchange differences and derivatives	5	(14)	-	19	6	(1)			-118%	-7
Investment income	3	9	-64%	-6	0	3			-	3
Unwinding w/ pension & medical care responsibilities	(22)	(23)	4%	1	(10)	(12)			21%	-2
Capital Gains/(Losses)	13	1	1988%	13	13	0			-99%	-13
Other Financials	(37)	69	-	-106	(2)	(36)			2003%	-34
<b>Financial Results</b>	<b>(408)</b>	<b>(364)</b>	<b>-12%</b>	<b>-43</b>	<b>(180)</b>	<b>(228)</b>			<b>26%</b>	<b>-48</b>
<b>Share of net profit in joint ventures and associates</b>	<b>(5)</b>	<b>(23)</b>	<b>80%</b>	<b>19</b>	<b>(8)</b>	<b>3</b>			<b>-140%</b>	<b>11</b>
<b>Pre-tax Profit</b>	<b>915</b>	<b>1,051</b>	<b>-13%</b>	<b>-136</b>	<b>573</b>	<b>342</b>			<b>-40%</b>	<b>-230</b>
<b>Income Taxes</b>	<b>243</b>	<b>194</b>	<b>25%</b>	<b>49</b>	<b>152</b>	<b>91</b>			<b>-40%</b>	<b>-60</b>
Effective Tax rate (%)	27%	18%	-	8.1 pp	26%	27%				0.0 pp
<b>Extraordinary Contribution for the Energy Sector</b>	<b>59</b>	<b>61</b>	<b>-3%</b>	<b>-2</b>	<b>59</b>	<b>-</b>			<b>-100%</b>	<b>-59</b>
EDP Renováveis	82	57	43%	24	60	22			-64%	-38
Energias do Brasil	60	145	-59%	-85	40	20			-51%	-20
Other	(0)	7	-	-7	(0)	0			-125%	1
<b>Non-controlling Interests</b>	<b>141</b>	<b>209</b>	<b>-33%</b>	<b>-68</b>	<b>100</b>	<b>42</b>			<b>-58%</b>	<b>-58</b>
<b>Net Profit Attributable to Shareholders of EDP</b>	<b>472</b>	<b>587</b>	<b>-20%</b>	<b>-115</b>	<b>263</b>	<b>209</b>			<b>-20%</b>	<b>-53</b>

**Amortisation and impairment** (net of compensation from depreciation and amortisation of subsidised assets) rose 8% YoY to €744m in the 1H16, reflecting: (i) higher depreciation charges at EDPR (+€38m YoY), derived from the new capacity installed over the last 12 months; (ii) depreciation charges of Pecém following consolidation (+€16m).

**Net financial costs** increased 12% YoY to €408m in the 1H16. **Net interest expenses** decreased 12% YoY due to lower avg. cost of debt of 4.5% (vs. 4.7% in the 1H15). **Net ForEx differences and derivatives** totalled €5m in the 1H16 (+€19m YoY). **Capitalised financial costs** fell €20m YoY, to €28m in the 1H16, due to the commissioning of new hydro plants in Portugal. **Capital gains** reached €13m, mostly related with the sale of our equity stake in Tejo Energia in the 1Q16 (+€11m). **Other financials** (-€37m in the 1H16, -€106m YoY) considers lower gains related with tariff deficits (-€34m YoY); an impairment of €27m in the 2Q16 related with our financial stake in BCP; and debt prepayment fees of €22m in 1H16 (at EDPR level) and €25m in the 1H15.

**Share of net profit in joint ventures and associates** amounted to -€5m in the 1H16 (+€19m YoY), related with 2 equity accounted hydro plants in Brazil and stakes in wind parks in US and Spain. YoY variation were mostly impacted by the consolidation of Pecém I since May-15 (-€25m in the 1H15).

**Income taxes** amounted to €243m in the 1H16, representing an effective tax rate of 27% (vs. 18% in the 1H15). The gain booked in the 1H15 on the sale of gas assets in Spain had no impact on the taxable income perimeter, thus impacting negatively the YoY comparison. Additionally, the 1H16 results reflects the full-year impact from EDP's share on the extraordinary contribution (0.85% on net assets) applied to the energy sector in Portugal (€59m in the 1H16).

**Non-controlling interests** amounted to €141m in the 1H16, reflecting a gain of €23m with the sale of Pantanal hydro plant by EDP Brasil in 1Q16 (vs. a gain with the purchase of Pecém's 50% stake at EDP Brasil's level in the 2Q15 (€127m). Other than EDPR and EDPB, it is worth noting that EDP purchased the remainder of Naturgas and holds now 97% of Portgás, following recent minority stakes purchases.

Overall, **net profit attributable to EDP shareholders** was 20% lower YoY, at €472m in the 1H16, impacted by the gain with Pecém's 50% stake acquisition in the 1H15 and offset by higher operational performance. Excluding non-recurrent events<sup>(1)</sup>, adjusted net profit in the 1H16 amounted to €517m (+20% YoY vs. €431m in the 1H15).

*(1) Non-recurrent events: (i) in 1H15 (+€156m), gain on the sale of assets in Murcia (+€85m), gain on Pecém's 50% stake acquisition (+€132m) and the extraordinary energy tax (-€61m); (ii) in 1H16 (-€45m), gain on the sale of Pantanal in Brazil (+€24m), capital gain from the sale of Tejo Energia stake (+€11m), cost with impairment at our stake in BCP (-€21m) and the extraordinary energy tax (-€59m).*

# Capital Expenditure & Net Investments

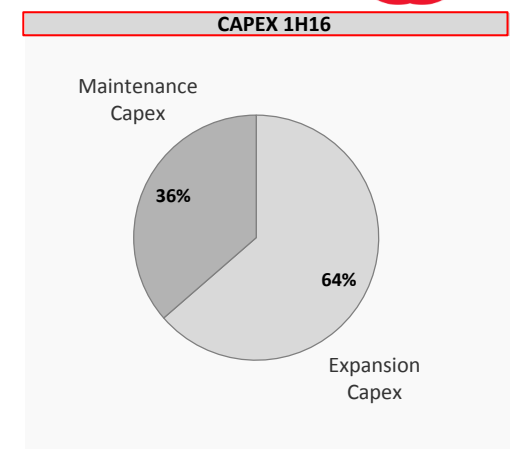


Capex (€ m)	1H16	1H15	Δ %	Δ Abs.
LT contracted gen. Iberia	13	10	29%	+3
Liberalised activities Iberia	114	189	-40%	-75
Regulated networks Iberia	148	147	1%	+2
Wind & solar power	378	322	18%	+57
Brazil	58	45	28%	+13
Other	13	29	-56%	-16
<b>EDP Group</b>	<b>724</b>	<b>741</b>	<b>-2%</b>	<b>-17</b>
<b>Expansion Capex</b>	<b>460</b>	<b>505</b>	<b>-9%</b>	<b>-44</b>
<b>Maintenance Capex</b>	<b>263</b>	<b>237</b>	<b>11%</b>	<b>+27</b>

Net financial investments/(Divestments) (€m)	1H16	1H15	Δ %	Δ Abs.
<b>Financial Investments</b>	<b>156</b>	<b>141</b>	<b>11%</b>	<b>+15</b>
Consolidation Perimeter EDPR	38	-	-	+38
Brazil generation	58	134	-57%	-76
Gas assets (Iberia)	44	-	-	+44
Other	17	7	126%	+9
<b>Financial Divestments</b>	<b>687</b>	<b>662</b>	<b>4%</b>	<b>+25</b>
Gas assets (Iberia)	0	241	-100%	-240
EDP Brasil (Pantanal)	83	-	-	+83
Wind assets	585	418	40%	+167
Other	19	3	481%	+16
<b>Total</b>	<b>(531)</b>	<b>(520)</b>	<b>-2%</b>	<b>-10</b>

Net Investments (€m)	1H16	1H15	Δ %	Δ Abs.
Capex	724	741	-2%	-17
Financial investments	84	141	-40%	-57
EDPR's asset rotation proceeds	(829)	(339)	-145%	-490
<b>Total</b>	<b>(21)</b>	<b>544</b>	<b>-</b>	<b>-565</b>

1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16
4	7	6	12	2	12		
93	96	79	121	48	65		
69	78	77	153	65	83		
163	159	274	306	89	290		
21	24	25	44	21	37		
14	15	17	(66)	9	4		
<b>362</b>	<b>379</b>	<b>477</b>	<b>570</b>	<b>233</b>	<b>490</b>		
<b>260</b>	<b>244</b>	<b>348</b>	<b>331</b>	<b>127</b>	<b>334</b>		
<b>102</b>	<b>134</b>	<b>129</b>	<b>238</b>	<b>106</b>	<b>157</b>		



**Consolidated capex** amounted to €724m in the 1H16, mostly (62%) devoted to the construction of new hydro & wind capacity. Maintenance capex was 11% higher YoY (+€27m), at €263m in the 1H16, mostly concentrated in regulated networks in Iberia.

**Capex in hydro capacity under construction in Portugal** totalled €71m, following the delivery of new capacity. During the 1H16, 2 hydro plants started operations: Salomonde 2 (207MW) and Baixo Sabor (full commissioning following +158MW YoY). As of Jun-16, EDP had 2 hydro projects under construction: i) Venda Nova 3 pumping facility (756MW), due in 4Q16; ii) Foz-Tua new hydro reservoir (263MW), expected to start-up operations in late 2016/early 2017. **Capex in new wind capacity** (EDPR) amounted to €378m in 1H16 (of which 75% in North America). Wind capacity additions in the 1H16 amounted to 134MW, of which 120MW in Brazil, 12MW in France and 2MW in Portugal (overpowering). Wind capacity under construction reached 656MW in Jun-16 (65% in North America, 30% in Mexico, 5% in Europe). **In Brazil**, capex totalled €58m in 1H16 and was mostly devoted to our distribution business.

**Net financial divestments** totalled €531m in the 1H16. **Financial divestments** amounted to €687m in 1H16, comprising: i) €585m at EDPR level, including the sales of minority equity shareholdings in portfolios of wind assets in US, to Axiom, and in Europe, to EFG Hermes; ii) €83m from the sale of Pantanal mini-hydro by EDPB (51MW); and iii) €17m from the sale of our equity stake in Tejo-Energia coal plant. **Financial investments in the 1H16** amounted to €156m, reflecting mostly the acquisition of an additional stake in Portgás (€44m) and EDPB's equity contributions mostly to S. Manoel hydro project (€58m).

**Overall, net investments amounted to -€21m in the 1H16 (vs. €544m in 1H15)**, including €724m of capex, €84m of financial investments and €829m of proceeds from asset rotation deals by EDPR (including €272m of shareholder loans regarding the asset rotation deal in Europe).

Looking forward, EDP has agreed the following transactions with closing expected during the 2H16: i) sale by EDPR of minority stakes in wind farms in Poland and Italy to CTG (€392m); ii) acquisition of liquefied propane gas distribution assets from Repsol in the North of Spain (€116m); and iii) acquisition of the remaining 5% stake in Naturgas (€33m).



# FFO & Cash Flow Statement



<b>Funds from Operations (€m)</b>	<b>1H16</b>	<b>1H15</b>	<b>Δ %</b>	<b>Δ Abs.</b>
<b>EBITDA</b>	<b>2,067</b>	<b>2,131</b>	<b>-3%</b>	<b>-64</b>
Current income tax	(465)	(182)	-156%	-283
Net financial interests	(398)	(454)	12%	+56
Net Income and dividends received from Associates	(1)	(14)	91%	+13
Non-cash items	(59)	(76)	23%	+17
<b>FFO - Funds From Operations</b>	<b>1,143</b>	<b>1,405</b>	<b>-19%</b>	<b>-261</b>

<b>Consolidated Cash Flow (€m) - Indirect Method</b>	<b>1H16</b>	<b>1H15</b>	<b>Δ %</b>	<b>Δ Abs.</b>
<b>EBITDA</b>	<b>2,067</b>	<b>2,131</b>	<b>-3%</b>	<b>-64</b>
Current income tax	(465)	(182)	-156%	-283
Changes in operating working capital	606	(31)	-	+637
Regulatory Receivables	851	157	442%	+694
Non-cash items	(59)	(76)	23%	+17
Other working capital	(186)	(112)	-67%	-75
<b>Net Cash from Operating Activities</b>	<b>2,208</b>	<b>1,918</b>	<b>15%</b>	<b>+290</b>
Capex	(724)	(741)	2%	+17
Expansion	(460)	(505)	9%	+44
Maintenance	(263)	(237)	-11%	-27
Changes in working capital from equipment suppliers	(409)	(380)	-8%	-29
Net financial (investments)/divestments	531	520	2%	+11
Net financial interests paid	(391)	(446)	12%	+55
Dividends received from Associates	10	24	-56%	-14
Dividends paid	(792)	(740)	-7%	-52
EDP Shareholders	(673)	(672)	0%	-1
Other	(119)	(68)	-77%	-52
Proceeds from Institutional Partnerships in US wind	113	37	209%	+77
Effect of exchange rate fluctuations	(58)	(266)	78%	+209
Other non-operating changes	413	(584)	-	+996
<b>Decrease/(Increase) in Net Debt</b>	<b>901</b>	<b>(658)</b>	<b>-</b>	<b>+1,559</b>

<b>Consolidated Cash Flow (€m) - Direct Method</b>	<b>1H16</b>	<b>1H15</b>	<b>Δ %</b>	<b>Δ Abs.</b>
<b>Operating Activities</b>				
Cash receipts from customers	6,796	7,453	-9%	-657
Proceeds from tariff adjustments sales	1,254	699	79%	+554
Cash paid to suppliers and personnel	(5,164)	(5,963)	13%	+800
Concession rents & other	(505)	(287)	-76%	-217
<b>Net Cash from Operations</b>	<b>2,382</b>	<b>1,902</b>	<b>25%</b>	<b>+480</b>
Income tax received/(paid)	(174)	16	-	-190
<b>Net Cash from Operating Activities</b>	<b>2,208</b>	<b>1,918</b>	<b>15%</b>	<b>+290</b>
<b>Net Cash from Investing Activities</b>	<b>(1,100)</b>	<b>(969)</b>	<b>-14%</b>	<b>-131</b>
<b>Net Cash from Financing Activities</b>	<b>(932)</b>	<b>(2,173)</b>	<b>57%</b>	<b>+1,241</b>
<b>Changes in Cash and Cash Equivalents</b>	<b>175</b>	<b>(1,224)</b>	<b>-</b>	<b>+1,399</b>
Effect of exchange rate fluctuations	108	(20)	-	+128

**Funds from operations (FFO) decreased 19% YoY to €1,143m in 1H16**, reflecting i) a €64m decrease in EBITDA (see details on page 3); ii) a €283m increase in current income tax related to the increase of taxable revenue due to higher amount of tariff deficit sales in 1H16; and iii) a €56m decrease in net financial interests, benefitting from a lower average cost of debt (4.5% in 1H16 vs. 4.7% 1H15).

**Net cash from operating activities increased €290m YoY to €2,208m in 1H16**, impacted by a positive contribution from change in **regulatory receivables** increased to €851m, driven by: i) a €639m decrease vs. Dec-15 from regulated activities in Portugal, including -€1.2bn from the securitisation deals undertaken in 1H16; and ii) a €235m decrease vs. Dec-15 in our regulatory receivables from our electricity distribution activities in Brazil. **'Other changes in working capital'**, which amounted to -€186m in 1H16, mostly reflect a decrease in payables to trade suppliers and an increase in trading receivables related to business activity, as well as a €61m gain booked derived from the sale of Pantanal mini-hydro plant in Brazil.

**Expansion capex totalled €460m in 1H16**, translating the ongoing construction of new hydro and wind capacity. **Change in working capital from equipment suppliers** is largely attributable to invoice payments to equipment suppliers related to investments in renewables at EDPR level.

**Net financial divestments amounted to €531m in 1H16**, mostly reflecting EDPR disposal of a minority stake in a portfolio of wind assets in US (€279m) and in a portfolio of European assets (€550m, o.w. partly reflected in other non-operating charges as shareholder loans), the sale of Pantanal mini-hydro plant by EDPB (€83m) and the acquisition of an additional stake in Portgás (€44m).

On May 18<sup>th</sup>, 2016, EDP paid its annual dividend amounting to €673m (or €0.185/share, flat vs. the previous year). Note that the amount of €792m of dividends paid in 1H16 also includes the amounts paid to non-controlling interests, mostly at the level of EDP Renováveis (€37m) and EDP Brasil (€83m).

**Proceeds from Institutional Partnerships in US** reflect the establishment of a new tax equity financing structure in US related to the 199MW Waverly wind farm (€216m), which impact on net debt was partly offset by the retention of tax benefits by institutional investors (€99m).

**Effects of exchange rate fluctuations** reflect the impact of BRL appreciation against the Euro (+16%).

**Other non-operating changes** in 1H16 reflect the impact of shareholder loans (€273m) decrease related with the disposal of a minority stake in a portfolio of European assets and EDP Brasil capital increase (€184m).

On balance, **net debt** went down €901m vs. Dec-15 to €16.5bn as of Jun-16.

# Statement of Consolidated Financial Position



Assets (€ m)	Jun vs. Dec		
	Jun-16	Dec-15	Δ Abs.
Property, plant and equipment, net	22,986	22,774	213
Intangible assets, net	5,530	5,525	5
Goodwill	3,377	3,389	-11
Financial investments and assets held for sale, net	937	1,028	-91
Tax assets, deferred and current	788	587	201
Inventories	211	204	7
Trade receivables, net	1,959	1,997	-37
Other assets, net	4,942	5,708	-767
Collateral deposits	71	80	-9
Cash and cash equivalents	1,529	1,245	283
<b>Total Assets</b>	<b>42,331</b>	<b>42,537</b>	<b>-206</b>
Equity (€ m)	Jun-16		
	Jun-16	Dec-15	Δ Abs.
Equity attributable to equity holders of EDP	8,713	8,670	43
Non-controlling Interest	4,281	3,452	830
<b>Total Equity</b>	<b>12,994</b>	<b>12,121</b>	<b>873</b>
Liabilities (€ m)	Jun-16		
	Jun-16	Dec-15	Δ Abs.
Financial debt, of wich:	18,677	19,271	-594
<i>Medium and long-term</i>	16,426	15,654	773
<i>Short term</i>	2,250	3,617	-1,366
Employee benefits (detail below)	1,802	1,823	-22
Institutional partnership liability (US wind)	1,165	1,165	-0
Provisions	511	506	5
Tax liabilities, deferred and current	1,590	1,312	278
Deferred income from inst. partnerships	768	791	-23
Other liabilities, net	4,824	5,547	-722
<b>Total Liabilities</b>	<b>29,337</b>	<b>30,415</b>	<b>-1,079</b>
<b>Total Equity and Liabilities</b>	<b>42,331</b>	<b>42,537</b>	<b>-206</b>
Employee Benefits (€m) (1)	Jun-16		
	Jun-16	Dec-15	Δ Abs.
Pensions (2)	840	883	-43
Medical care and other	962	940	22
<b>Employee Benefits</b>	<b>1,802</b>	<b>1,823</b>	<b>-22</b>
Regulatory Receivables (€m)	Jun-16		
	Jun-16	Dec-15	Δ Abs.
Portugal Distribution and Gas (3)	1,367	2,021	-654
Portugal Annual CMEC Deviation	252	216	36
Spain	71	70	1
Brazil	-64	170	-235
<b>Regulatory Receivables</b>	<b>1,626</b>	<b>2,477</b>	<b>-851</b>

Total amount of **property, plant & equipment and intangible assets** increased €0.2bn vs. Dec-15 to €28.5bn as of Jun-16, mainly reflecting: -€0.8bn from depreciations in the period and €0.2bn mainly resulting from the net effect of the depreciation of the USD against the Euro (-2%) and of the appreciation of the BRL against the Euro (+16%) between Dec-15 and Jun-16, which in turn were offset by €0.5bn of capex in the period. As of Jun-16, EDP's balance sheet included €2.9bn of works in progress (10% of total consolidated tangible and intangible assets) largely related to investments already incurred in regulated networks, power plants, wind farms development, equipment or concession rights which are not yet operating.

The book value of **financial investments & assets held for sale** went down €0.1bn vs. Dec-15, to €0.9bn as of Jun-16, mainly reflecting the conclusion of the sale of Pantanal mini-hydros in Brazil and of our equity stake in Tejo Energia coal plant, as well as the impairment registered on our stake in BCP. Note that, by Dec-15, financial investments essentially refer to our equity stakes, at EDP Brasil level, in Jari (50%), Cachoeira Caldeirão (50%) and São Manoel (33%); at EDP Group level, in EDP Asia (50%), which is the owner of a 21% stake in CEM, REN (3.5%) and BCP (2.0%); and, at EDPR level, equity stakes in 356MW in wind farms in the US and in Spain.

**Tax assets net of liabilities, deferred and current**, went down €0.1bn vs. Dec-15, mostly due to the increase of current income tax calculation and liabilities related to the increase of sales of tariff deficit in Portugal in 1H16. **Trade receivables and other assets (net)** decreased €0.8bn vs. Dec-15 to €6.9bn as of Jun-16, driven essentially by lower regulatory receivables in Brazil and impacted by securitizations in Portugal.

Total amount of EDP's **net regulatory receivables** went down €851m vs. Dec-15, to €1.6bn as of Jun-16, reflecting a €618m decrease from Portugal and a €235m reduction from Brazil.

**Equity book value** was flat at €8.7bn as of Jun-16, mainly reflecting the €472m of net profit for the period, the positive impact of the BRL appreciation vs. EUR and gains on disposals of minority stakes, offset by the €673m annual dividend payment. **Non-controlling interest** increased €0.8bn to €4.3bn as of Jun-16, mostly deriving from the asset rotation at EDPR level and to the 49% stake of EDP Brasil's capital increase subscribed by minorities.

**Pension fund, medical care and other employee benefit liabilities** (gross, before deferred taxes) fell by €22m vs. Dec-15 to €1,802m as of Jun-16, reflecting the recurrent payment of pension and medical care expenses in the 1H16. **Institutional partnership liabilities and deferred income** was flat vs. Dec-15 at €1.9bn as of Jun-16 reflecting the benefits appropriated by the tax equity partners during the period and by the completion of a sale of tax equity (€216m), partly offset by the depreciation of the USD vs. EUR (-2%).

(1) Gross, before deferred taxes; (2) Pensions include the Provision for the HR Restructuring Program costs of EDP Distribuição, which is being recovered through the tariffs; through tariffs in the following years by electricity distribution and last resort supply and gas in Portugal.

(3) Tariff deviations to be recovered/(returned)

# Consolidated Net Financial Debt



Nominal Financial Debt by Company (€m)	Jun-16	Dec-15	Δ %	Δ Abs.
EDP S.A. and EDP Finance BV	15,599	16,157	-3%	-558
EDP Produção & Other	101	115	-12%	-13
EDP Renováveis	960	1,080	-11%	-120
EDP Brasil	1,570	1,415	11%	155
<b>Nominal Financial Debt</b>	<b>18,230</b>	<b>18,767</b>	<b>-3%</b>	<b>-536</b>

Accrued Interest on Debt	295	332	-11%	-38
Fair Value of Hedged Debt	152	172	-12%	-20
Derivatives associated with Debt (2)	(210)	(175)	-20%	-35
Collateral deposits associated with Debt	(71)	(80)	11%	9
Hybrid adjustment (50% equity content)	(381)	(381)	0%	0
<b>Total Financial Debt</b>	<b>18,015</b>	<b>18,635</b>	<b>-3%</b>	<b>-620</b>

<b>Cash and cash equivalents</b>	<b>1,529</b>	<b>1,245</b>	<b>23%</b>	<b>283</b>
EDP S.A., EDP Finance BV and Other	510	680	-25%	-171
EDP Renováveis	305	299	2%	7
EDP Brasil	714	267	168%	447
<b>Financial assets at fair value through P&amp;L</b>	<b>8</b>	<b>9</b>	<b>-19%</b>	<b>-2</b>

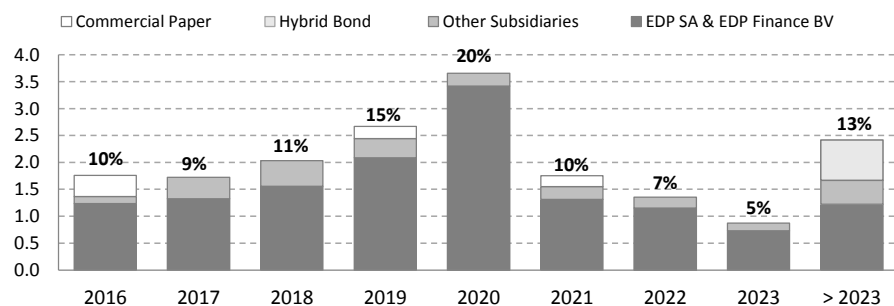
<b>EDP Consolidated Net Debt</b>	<b>16,479</b>	<b>17,380</b>	<b>-5%</b>	<b>-901</b>
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Credit Lines by Jun-16 (€m)	Maximum Amount	Number of Counterparts	Available Amount	Maturity
Revolving Credit Facility	3,150	21	3,150	Jun/19
Revolving Credit Facility	500	16	500	Feb/20
Revolving Credit Facilities	175	2	175	2016
Domestic Credit Lines	180	8	180	Renewable
Underwritten CP Programmes	100	1	100	2021
<b>Total Credit Lines</b>	<b>4,105</b>		<b>4,105</b>	

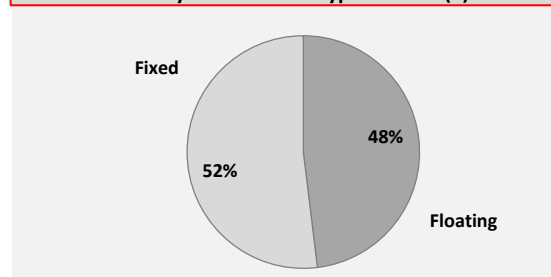
Debt Ratings	S&P	Moody's	Fitch
<b>EDP SA &amp; EDP Finance BV</b>	<b>BB+/Positive/B</b>	<b>Baa3/Stable/P3</b>	<b>BBB-/Stab/F3</b>
Last Rating Action	14/10/2015	12/02/2016	05/11/2015

Debt Ratios	Jun-16 (3)	Dec-15
Net Debt / EBITDA	4.3x	4.4x
Net Debt / EBITDA adjust. by Reg. Receivables	3.8x	3.8x

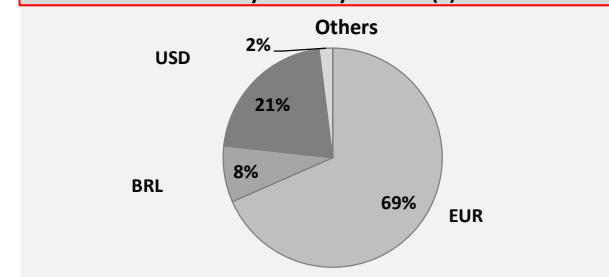
Debt Maturity (€ m) by Jun-16 (1)
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Debt by Interest Rate Type - Jun-16 (1)
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Debt by Currency - Jun-16 (1)
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EDP's financial debt is essentially issued at holding level (EDP S.A. and EDP Finance B.V.) through both debt capital markets and bank loans. Maintaining access to diversified sources of funding and assuring refinancing needs 12-24 months ahead continue to be part of the company's funding strategy. In Feb-16, Moody's affirmed EDP's credit rating at "Baa3" with Stable outlook. This rating affirmation follows a review of EDP's and other European utility companies' exposure to the power price environment, reflecting EDP's low exposure to lower power prices, as well as its financial flexibility.

Looking at 1H16 major debt repayments and refinancing deals, in Feb-16, EDP repaid, at maturity, a €750m 5.875% Eurobond. In Mar-16, EDP issued a 7 year eurobond in the amount of €600m, with final maturity date in March 2023, and a coupon of 2.375%. This issuance is in line with the Group's financial policy of extending the average term of its debt portfolio and reinforcing its financial flexibility. In Jun-16 EDP reimbursed, at maturity, a €500m 4.625% Eurobond.

As of Jun-16 average debt maturity was 4.8 years (hybrid bond is not included in this figure). The weight of consolidated financial debt through capital markets stood at 69%, while the remaining of the debt was raised essentially through bank loans. Refinancing needs in 2016 amount to €1.6bn, including i) €1.0bn of bonds maturing in Sep-16; and ii) €0.6bn of other facilities maturing throughout the year. Refinancing needs amount to €1.3bn in 2017 and 1.5bn in 2018 consisting mostly of bonds. Total cash and available liquidity facilities amounted to €5.6bn by Jun-16. This liquidity position allows EDP to cover its refinancing needs beyond 2018.





Business Areas

# Iberian Electricity and Gas Markets



Electricity Balance (TWh)	Portugal			Spain			Iberian Peninsula		
	1H16	1H15	Δ%	1H16	1H15	Δ%	1H16	1H15	Δ%
Hydro	11.2	5.5	103%	27.2	19.2	42%	38.5	24.8	55%
Nuclear	-	-	-	27.6	27.2	1.4%	27.6	27.2	1%
Coal	4.5	6.4	-30%	10.0	21.5	-53%	14.5	28.0	-48%
CCGT	1.7	1.6	5%	9.1	10.8	-16%	10.8	12.4	-13%
Fuel/gas/diesel	-	-	-	-	-	-	-	-	-
(-)Pumping	(0.7)	(0.7)	11%	(3.5)	(2.5)	41%	(4.2)	(3.2)	34%
<b>Conventional Regime</b>	<b>16.7</b>	<b>12.9</b>	<b>29%</b>	<b>70.4</b>	<b>76.2</b>	<b>-8%</b>	<b>87.1</b>	<b>89.1</b>	<b>-2%</b>
Wind	7.0	6.0	16%	28.6	27.3	5%	35.7	33.3	7%
Other	5.0	4.8	6%	21.4	22.0	-3%	26.5	26.7	-1%
<b>Special Regime</b>	<b>12.1</b>	<b>10.8</b>	<b>12%</b>	<b>50.1</b>	<b>49.3</b>	<b>2%</b>	<b>62.1</b>	<b>60.1</b>	<b>3%</b>
Import/(export) net	(4.1)	1.1	-	3.1	(1.9)	-	(1.0)	(0.9)	10%
<b>Gross demand (before grid losses)</b>	<b>24.7</b>	<b>24.7</b>	<b>-0.3%</b>	<b>123.6</b>	<b>123.6</b>	<b>-0.0%</b>	<b>148.3</b>	<b>148.4</b>	<b>-0.1%</b>
Adjust. temperature, working days			0.5%			0.1%			n.a.

Gas Demand (TWh)	Portugal			Spain			Iberian Peninsula		
	1H16	1H15	Δ%	1H16	1H15	Δ%	1H16	1H15	Δ%
Conventional demand	20.4	21.4	-5%	136.1	134.8	1%	156.5	156.2	0%
Demand for electricity generation	3.6	3.5	4%	22.7	26.5	-14%	26.3	30.0	-12%
<b>Total Demand</b>	<b>24.0</b>	<b>24.8</b>	<b>-3%</b>	<b>158.8</b>	<b>161.4</b>	<b>-2%</b>	<b>182.8</b>	<b>186.2</b>	<b>-2%</b>

**Electricity demand in Iberia** was relatively stable YoY in 1H16 (-0.1%), following a moderate decline in 1Q16 (-1.3%). In Spain (83% of Iberia), demand adjusted for temperature and working days was broadly flat (+0.1% YoY). In Portugal (17% of total), demand adjusted for temperature and working days increased YoY by 0.5% in 1H16.

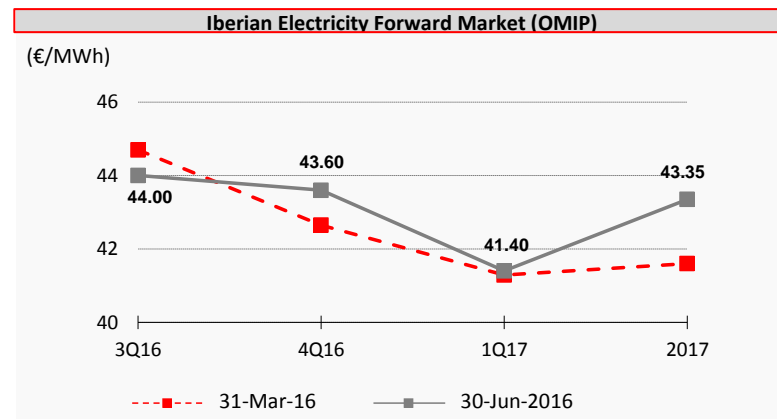
**Installed capacity in Iberia** rose by 1% YoY in 1H16 (+1.2GW), mainly reflecting the addition of new hydro capacity (Portugal: +0.4GW; Spain: +0.9GW) and, to a lower extent, new special regime capacity in Iberia (mostly wind). This was partially mitigated by the shutdown of coal and fuel oil capacity in Spain.

**Residual thermal demand (RTD)** fell 37% YoY (-15TWh YoY) in 1H16, supported by: (i) 13TWh YoY rise in hydro output (net of pumping) driven by strong hydro conditions (68% above the average year in Portugal and +50% in Spain); (ii) 2TWh increase in output from wind, on slightly higher resources YoY (13% above the average year in Portugal). Nuclear output was mostly flat as well as net exports. As a result, coal output dropped 48% YoY (-13TWh) and output from CCGT fell 13% YoY (-1.6TWh YoY). Overall, strong hydro and wind resources have largely displaced thermal capacity in 1H16, leading to an avg. load factors at both coal (-25p.p. YoY to 29%) and CCGTs (-1p.p. YoY to 9%).

**Average electricity spot price** was 36% lower YoY in 1H16, at €30/MWh, both in Portugal and Spain. Average CO<sub>2</sub> prices fell 21% YoY in 1H16, to €5.7/ton in 1H16 (avg.). Average electricity final price in Spain fell 37% to €39/MWh. The difference between final electricity price and pool price is explained by the contribution from profiling, restriction market, ancillary services and capacity payments.

**In the Iberian gas market**, consumption fell by 2% YoY in 1H16, dragged by a 12% drop in consumption for electricity generation purposes (14% of total consumption), due to lower working hours at CCGT, while conventional demand was flat YoY (86% of total consumption).

Installed Capacity in Electricity (GW)	Iberian Peninsula		
	1H16	1H15	Δ%
Hydro	23.5	22.2	6%
Nuclear	7.0	7.0	-
Coal	11.3	11.7	-3%
CCGT	28.8	28.6	1%
Fuel/gas/diesel	0.5	0.8	-37%
<b>Conventional Regime</b>	<b>71.1</b>	<b>70.3</b>	<b>1%</b>
Wind	28.1	27.8	1%
Other special regime	20.2	20.0	1%
<b>Special Regime</b>	<b>48.3</b>	<b>47.9</b>	<b>1%</b>
<b>Total</b>	<b>119.4</b>	<b>118.2</b>	<b>1%</b>



Main Drivers	1H16	1H15	Δ%
Hydro coefficient (1.0 = avg. year)			
Portugal	1.68	0.75	124%
Spain	1.50	0.70	114%
Wind coefficient (1.0 = avg. year)			
Portugal	1.13	1.06	7%
Electricity spot price, €/MWh (1)			
Portugal	29.7	47.2	-37%
Spain	30.1	47.1	-36%
Electricity final price, €/MWh (1) (2)			
Spain	38.9	61.8	-37%
CO2 allowances (EUA), €/ton (1)	5.7	7.2	-21%
Coal (API2 CIF ARA), USD/t (1)	46.9	59.8	-22%
Gas NBP, €/MWh(1)	13.5	21.5	-37%
Brent, USD/bbl (1)	39.7	57.9	-31%
EUR/USD (1)	1.12	1.12	0%

# LT Contracted Generation in Iberian Market: PPA/CMEC & Special Regime



Income Statement (€ m)	1H16	1H15	Δ%	Δ Abs.
<b>PPA/CMEC Revenues</b>	<b>398</b>	<b>522</b>	<b>-24%</b>	<b>-125</b>
Revenues in the market (i)	305	423	-28%	-117
Annual deviation (ii)	85	104	-19%	-19
PPAs/CMECs accrued income (iii)	7	(4)	-	+12
<b>PPA/CMEC Direct Costs</b>	<b>117</b>	<b>162</b>	<b>-28%</b>	<b>-45</b>
Coal	63	107	-41%	-44
Fuel oil	1	1	49%	+0
CO2 and other costs (net)	52	54	-4%	-2
<b>Gross Profit PPA/CMEC</b>	<b>281</b>	<b>360</b>	<b>-22%</b>	<b>-79</b>
Thermal (cogeneration) (1)	3	7	-57%	-4
Mini-hydro	45	20	128%	+25
<b>Gross Profit Special Regime</b>	<b>48</b>	<b>27</b>	<b>80%</b>	<b>+22</b>
Net Operating costs (2)	55	65	-16%	-11
<b>EBITDA</b>	<b>275</b>	<b>322</b>	<b>-15%</b>	<b>-47</b>
Net depreciation and provision	64	78	-17%	-14
<b>EBIT</b>	<b>210</b>	<b>244</b>	<b>-14%</b>	<b>-34</b>
At Fin. Results: Hedging Gains (Losses) (3)	(14)	3	-	-17
Employees (#)	1,057	1,138	-7%	-81

PPA/CMEC: Key Data	1H16	1H15	Δ %	Δ Abs.
<b>Real/Contracted Availability</b>				
Hydro	1.05	1.04	1%	+0.0
Coal	1.06	1.07	-1%	-0.0
<b>Installed Capacity (MW)</b>	<b>3,843</b>	<b>4,470</b>	<b>-14%</b>	<b>-627</b>
Hydro	2,663	3,290	-19%	-627
Coal	1,180	1,180	-	-
<b>Output (GWh)</b>	<b>8,620</b>	<b>7,791</b>	<b>11%</b>	<b>+829</b>
Hydro	5,316	3,063	74%	+2,253
Coal	3,304	4,728	-30%	-1,424

Special Regime: Key Data	1H16	1H15	Δ %	Δ Abs.
<b>Output (GWh)</b>	<b>573</b>	<b>397</b>	<b>44%</b>	<b>+176</b>
Mini-hydro Portugal	473	227	108%	+245
Thermal Portugal	100	102	-1%	-1
Thermal Spain (1)	-	68	-	-68
<b>Average Gross Profit (€/MWh)</b>				
Mini-hydro Portugal	96	88	9%	+8
Thermal Portugal	30	23	30%	+7
Thermal Spain (1)	-	56	-	-

Capex (€ m)	1H16	1H15	Δ %	Δ Abs.
PPA/CMEC Generation	13	9	38%	+4
Special Regime	0	1	-80%	-1
<b>Total</b>	<b>13</b>	<b>10</b>	<b>29%</b>	<b>+3</b>

**EBITDA from LT contracted generation** fell by 15% (-€47m YoY), to €275m in 1H16, reflecting the transfer of 8 hydro plants to our merchant portfolio following the termination of respective PPAs (1H15 gross profit: €41m). These plants have a total installed capacity of 627MW and an annual production 1.7TWh (on an average hydro year).

**Gross profit from PPA/CMEC** was 22% lower YoY, at €281m in 1H16, driven by the aforementioned end of PPA in Dec-15 and the natural depreciation of the asset base in a context of very low inflation and adverse results with fuel procurement, following the decline in CO<sub>2</sub> and fuel market prices between the moment of procurement and the moment of consumption. Note that, as a result of EDP's strategy to hedge these changes through derivative financial instruments, this impact is ultimately compensated at the level of financial results.

The **annual deviation** between market gross profit under CMECs assumptions and gross profit under actual market conditions totalled €85m in 1H16. This amount is due to be received in up to 24 months through access tariffs. Deviation at hydro plants totalled €31m in 1H16, since higher output (46% above the CMEC reference), prompted by hydro resources 68% above average hydro year, was outstated by realised price 45% below the CMEC's reference and adverse impact from low inflation. In turn, total gross profit at our Sines coal plant was €54m below the CMEC's reference in 1H16, due to the combined effect of shorter volumes (-18%) and avg. clean dark spread 20% below CMEC reference.

**Gross profit from special regime** was €22m higher YoY, at €48m in 1H16, fully driven by a 108% surge in mini-hydro production backed by strong hydro conditions.

**Net operating costs<sup>(2)</sup>** fell by 16% YoY, to €55m in 1H16, supported by the transfer to our merchant portfolio of the hydro capacity which PPA terminated in 2015 and by favourable seasonal effects.

**Net amortisation charges and provisions** amounted to €64m in 1H16, reflecting lower asset base at PPA/CMEC.

**Capex in LT contracted generation** was €3m higher in 1H16, at €13m, which is largely attributable to maintenance works at Sines power plant.

## Explanatory note on PPA/CMEC:

In July 2007 the long term contracts that EDP had with the Portuguese electricity regulated system (PPA) were replaced by the CMEC (Cost of Maintenance of Contractual Equilibrium) financial system to conciliate: (1) the preservation of the NPV of PPA, based on real pre-tax ROA of 8.5%, and a stable contracted gross profit over the next 10 years; and (2) the need to increase liquidity in the Iberian electricity wholesale market. In terms of EDP's P&L, the total gross profit resulting from CMECs' financial system will keep the same profile over the next 10 years as the former PPA.

PPA/CMEC gross profit has 3 components:

(i) **Revenues in the market**, resulting from the sale of electricity in the Iberian wholesale market and including both ancillary services and capacity payments.

(ii) **Annual deviation ('revisibility')**, equivalent to the difference between CMEC's initial assumptions made in 2007 (outputs, market prices, fuel and CO<sub>2</sub> costs) and real market data. This annual deviation will be paid/received by EDP, through regulated tariffs, up to two years after occurring.

(iii) **PPA/CMEC Accrued Income**, reflecting the differences in the period between PPA and CMEC assumed at the beginning of the system in July 2007.

(1) As from January 1st, 2016, cogeneration and waste under the special regime in Spain are reported in Liberalised Activities in Iberia

(2) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits) + Other operating costs (net); (3) Includes a realised cost of €16m in 2016 and €1m in 2015

# Liberalised Activities in the Iberian Market



Income Statement (€ m)	1H16	1H15	Δ%	Δ Abs.
<b>Gross Profit</b>	<b>633</b>	<b>433</b>	<b>46%</b>	<b>+200</b>
Electricity generation	452	280	61%	+172
Portugal	275	133	106%	+142
Spain	193	151	28%	+42
Adjustments	(16)	(5)	255%	-12
Electricity supply	130	120	8%	+10
Gas supply	43	35	23%	+8
Adjustments	9	(1)	-	+10
Net Operating costs (1)	266	250	6%	+16
<b>EBITDA</b>	<b>367</b>	<b>183</b>	<b>100%</b>	<b>+184</b>
Provisions	(25)	(1)	1991%	-23
Amortisation and impairment	117	100	17%	+17
<b>EBIT</b>	<b>274</b>	<b>84</b>	<b>227%</b>	<b>+190</b>

**EBITDA from liberalised activities** was €184m higher YoY, at €367m in 1H16, backed by a cheaper average generation cost, prompted by a sharp recovery in hydro resources and production (64% weight in generation mix in 1H16 vs. 35% in 1H15); and by higher results with energy management in the wake of low-price context and high price volatility during 1H16.

Note that, as a result of the end of PPAs at 8 hydro plants in Dec-15, 627MW of hydro capacity was transferred from the LT Contracted portfolio (1.4TWh in 1H16) to liberalised generation portfolio, posting a €41m of gross profit in 1H15.

**Gross profit in the electricity business** rose by 46% in 1H16, to €583m, driven by an increase in avg. unit margin (up from €13.3/MWh in 1H15 to €18.0/MWh in 1H16) and volumes sold (+11% YoY).

**Unit margin** <sup>(2)(3)</sup>: Avg. electricity spread before hedging advanced €8/MWh in 1H16, to €21/MWh, mainly propelled by a cheaper mix of electricity sources. **Avg. sourcing cost** fell by 36% YoY, to €31/MWh in 1H16, supported by a cheaper generation mix (-45% YoY on higher contribution from hydro) and cheaper electricity purchases derived from low pool prices in the period. **Avg. selling price** was 16% lower in 1H16, as a result of: (i) a 7% decline in avg. selling prices to retail clients derived from lower cost of electricity; and (ii) a 33% fall in the average selling prices in the wholesale market (on lower spot prices).

**Volumes**: Total volume sold rose by 11% to 29TWh in 1H16, reflecting a 7% increase in volumes sold to retail and 19% rise in volumes sold in the wholesale market. Our generation output met 57% of electricity sales to final clients.

**Net operating costs** <sup>(1)</sup> were 6% higher YoY (+€16m), reflecting higher supplies and services tied to new capacity additions, capacity transferred from LT Contracted portfolio and client portfolio expansion.

**Our gas sourcing activity** in 2016 is based on c3.6bcm/year LT contracts. In 1H16, total gas consumed declined by 18%, as a result of lower production hours at our CCGTs, scarcer arbitrage opportunities in the wholesale market and lower sales to clients.

EDP is adapting its hedging strategy to the current market conditions, making use of flexibility stemming from the integrated management of gas and electricity operations in Iberia. As a result, EDP has maximised gas consumption between power production, wholesale/retail markets, having so far secured spark spreads for close to 95% of its gas sourcing commitments for 2016. Also, EDP has fully forward contracted dark spreads for its expected coal output for 2016. Alongside, EDP has already forward contracted electricity sales with clients of 34TWh at an avg. price c€55/MWh for 2016 (excluding naturally-hedged price-indexed sales).

Electricity Performance	1H16	1H15	Δ%	1H16	1H15	Δ%
	Output (GWh)			Variable Cost (€/MWh) (2)		

Generation Output	10,398	8,727	19%	15.9	28.7	-45%
Electricity Purchases	18,800	17,546	7%	37.6	56.3	-33%

<b>Electricity Sources</b>	<b>29,198</b>	<b>26,273</b>	<b>11%</b>	<b>30.7</b>	<b>48.0</b>	<b>-36%</b>
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	Volumes Sold (GWh)			Average Price (€/MWh) (3)		
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Grid Losses	596	613	-3%	n.a.	n.a.	-
Retail - Final clients	18,248	16,980	7%	60.0	64.4	-7%
Wholesale market	10,354	8,681	19%	39.6	59.5	-33%

<b>Electricity Uses</b>	<b>29,198</b>	<b>26,273</b>	<b>11%</b>	<b>51.6</b>	<b>61.2</b>	<b>-16%</b>
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Electricity Gross Profit (€ m)	1H16	1H15	Δ%	Δ Abs.
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Before hedging (€/MWh)	20.9	13.2	59%	+7.7
From Hedging (€/MWh) (4)	(2.1)	0.2	-	-2.3
Unit margin (€/MWh)	18.8	13.3	41%	+5.4
Total Volume (TWh)	29.2	26.3	11%	+2.9
<b>Subtotal</b>	<b>548</b>	<b>351</b>	<b>56%</b>	<b>+198</b>
<b>Others (5)</b>	<b>34</b>	<b>49</b>	<b>n.a.</b>	<b>-15</b>

<b>Total</b>	<b>582</b>	<b>400</b>	<b>46%</b>	<b>+182</b>
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Gas Uses (TWh)	1H16	1H15	Δ%	Δ Abs.
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Consumed by own power plants	2.5	2.7	-8%	-0.2
Sold in wholesale markets	6.2	8.5	-27%	-2.3
Sold to Clients	6.4	7.3	-12%	-0.9
<b>Total</b>	<b>15.1</b>	<b>18.4</b>	<b>-18%</b>	<b>-3.3</b>

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits) + Other operating costs (net); (2) Variable cost: fuel cost, CO2 cost net of free allowances, hedging costs (gains), system costs;

(3) Average selling price: includes selling price (net of TPA tariff), ancillary services and others; (4) Includes results from hedging on electricity;

(5) Includes capacity payments, services rendered and others.

# Liberalised Electricity Generation in the Iberian Market



## Income Statement (€ m)

	1H16	1H15	Δ%	Δ Abs.
<b>Gross Profit</b>	<b>452</b>	<b>280</b>	<b>61%</b>	<b>+172</b>
Portugal	275	133	106%	+142
Spain	193	151	28%	+42
Adjustments	(16)	(5)	255%	-12
Supplies and services	35	31	10%	+3
Personnel costs	26	25	2%	+0
Costs with social benefits	-	0	-	-0
Other operating costs (net)	87	85	3%	+2
<b>Net Operating costs (1)</b>	<b>147</b>	<b>141</b>	<b>4%</b>	<b>+6</b>
<b>EBITDA</b>	<b>305</b>	<b>139</b>	<b>119%</b>	<b>+166</b>
Provisions	1	(2)	-	+2
Amortisation and impairment	112	96	17%	+16
<b>EBIT</b>	<b>192</b>	<b>44</b>	<b>331%</b>	<b>+147</b>

<b>Employees (#)</b>	<b>588</b>	<b>586</b>	<b>0%</b>	<b>+2</b>
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## Key Operating Data

	1H16	1H15	Δ%	Δ Abs.
<b>Generation Output (GWh)</b>	<b>10,428</b>	<b>8,747</b>	<b>19%</b>	<b>+1,681</b>
CCGT	1,017	1,086	-6%	-69
Coal	2,102	4,030	-48%	-1,928
Hydro	6,693	3,085	117%	+3,608
Nuclear	560	546	3%	+14
Cogeneration and Waste (2)	57	-	-	+57
<b>Generation Costs (€/MWh) (3)</b>	<b>15.9</b>	<b>28.7</b>	<b>-45%</b>	<b>-12.8</b>
CCGT	66.0	80.8	-18%	-14.8
Coal	31.1	35.5	-12%	-4.4
Hydro	3.6	5.6	-36%	-2.0
Nuclear	5.1	4.6	10%	+0.4
Cogeneration and Waste (2)	106.2	-	-	-
<b>Load Factors (%)</b>				
CCGT	6%	7%	-	0p.p.
Coal	39%	63%	-	-24p.p.
Hydro	43%	29%	-	14p.p.
Nuclear	82%	81%	-	2p.p.
<b>CO2 Emissions (mn tones)</b>				
Total emissions (4)	2.0	3.8	-46%	-1.7

## Capex (€ m)

	1H16	1H15	Δ%	Δ Abs.
Expansion	79	164	-52%	-85
Maintenance	29	19	51%	+10
<b>Total</b>	<b>108</b>	<b>183</b>	<b>-41%</b>	<b>-75</b>

Our liberalised generation & supply activities are jointly managed as most of our production is sold to our supply units at fixed prices.

Our conventional generation portfolio in Iberia market grew 10% YoY, to 8,664MW in Jun-16, reflecting: (i) the start up of operations at our repowering Salomonde 2 (207MW in 1Q16), the full commissioning of Baixo Sabor (+158MW YoY in 1H16); (ii) the shutdown of Soto 2 in 1Q16 (239MW); and (iii) the transfer in Jan-16 of 8 hydro plants (627MW, 'Ex-PPA plants') to merchant portfolio following the end of respective PPAs.

**Output** from our generation plants (unadjusted for hydro pumping) was 19% higher in 1H16, mainly prompted by higher contribution from hydro plants in the wake of stronger hydro resources and the contribution from 'Ex-PPA plants', in Jan-16 (1.4Wh output in 1H16). The rise in hydro output was partially offset by lower production at our coal plants (-1.9TWh). **Avg. production cost** was 45% lower YoY, at €16/MWh in 1H16, reflecting the much higher contribution from the cheaper technology, hydro: 64% of total output in 1H16 vs. 35% in 1H15.

**Coal: Output** fell 48% in 1H16, due to strong hydro and wind resources in Iberia during the period. **Avg. load factor** was 24p.p. lower YoY, at 39% in 1H16. **Avg. production cost** declined by 12%, to €31/MWh, supported by a lower cost with coal and CO<sub>2</sub>.

**CCGTs: Output** decreased by 6% YoY in 1H16, driven by lower thermal demand following strong hydro/wind resources during the period. Avg. load factor was broadly stable. **Avg. production cost** fell 18% YoY, to €66/MWh in 1H16, reflecting a decline in the gas variable and fixed cost.

**Hydro & Nuclear:** Hydro generation rose by 117% in 1H16 (+3.6GWh), mainly propelled by the contribution from ex-PPA plants (1.4TWh), by the contribution of new hydro capacity and strong hydro resources, particularly in the North/Centre of Portugal. The **avg. cost of hydro production** fell from €5.6/MWh in 1H15 to €3.6/MWh in 1H16, reflecting a higher dilution of pumping cost in a high hydro-reserve context. Our 15.5% share in the production of Trillo plant (nuclear) corresponded to an avg. load factor of 82% in 1H16, following a planned outage for fuel recharging.

**Net operating costs<sup>(1)</sup>** were €6m higher YoY, to €147m in 1H16, mainly impacted by higher supplies and services given portfolio expansion (new hydro capacity and Ex-PPA capacity).

**Net depreciation charges** rose by €16m, to €112m, driven by new capacity additions.

**Capex** fell by €75m YoY, to €108m in 1H16, mainly supported by lower expansion capex devoted to new hydro capacity in Portugal, following the delivery of new capacity. Even so, the bulk of capacity is still devoted to new hydro capacity in Portugal. Maintenance capex increased by €9m YoY, to €28m in 1H16, reflecting maintenance works at Aboño 2. As of Jun-16, 2 plants continue under construction: Venda Nova 3 pumping facility, expected to start up operations in 4Q16, and Foz-Tua new hydro reservoir, expected to start up operations in late 2016/early 2017. Also worth to note is EDP group's ongoing investments in DeNOx facilities: as part of investment plans, Aboño 2 registered c1 month outage in 2Q16 and Soto 3 is expected to register a c1month outage in 4Q16.

(1) Net Operating Costs = Operating Costs (S&S + Personnel costs + Costs w/ social benefits) + Other operating costs (net); (2) As from January 1st, 2016, cogeneration and waste under the special regime in Spain are reported in Liberalised Activities.

(3) Includes fuel costs, CO2 emission costs net of free allowances, hedging results; (4) Includes CO2 emissions from Aboño plant, which burns blast furnace gases.



# Liberalised Electricity and Gas Supply in the Iberian Market



Income Statement (€ m)	Energy Supply in Spain			
	1H16	1H15	Δ%	Δ Abs.
<b>Gross Profit</b>	<b>64</b>	<b>69</b>	<b>-8%</b>	<b>-6</b>
Supplies and services	34	29	17%	+5
Personnel costs	6	6	-1%	-0
Costs with social benefits	0	0	-48%	-0
Other operating costs (net)	15	17	-14%	-2
<b>Net Operating costs (1)</b>	<b>55</b>	<b>52</b>	<b>5%</b>	<b>+2</b>
<b>EBITDA</b>	<b>9</b>	<b>17</b>	<b>-47%</b>	<b>-8</b>
Provisions	(25)	0	-	-25
Amortisation and impairment	1	1	-23%	-0
<b>EBIT</b>	<b>33</b>	<b>15</b>	<b>118%</b>	<b>+18</b>

Income Statement (€ m)	Energy Supply in Portugal			
	1H16	1H15	Δ%	Δ Abs.
<b>Gross Profit</b>	<b>101</b>	<b>84</b>	<b>20%</b>	<b>+17</b>
Supplies and services	49	40	23%	+9
Personnel costs	7	6	8%	+0
Costs with social benefits	0	-	-	+0
Other operating costs (net)	10	11	-16%	-2
<b>Net Operating costs (1)</b>	<b>65</b>	<b>57</b>	<b>14%</b>	<b>+8</b>
<b>EBITDA</b>	<b>37</b>	<b>27</b>	<b>34%</b>	<b>+9</b>
Provisions	(0)	0	-	-0
Net depreciation and amortization	4	3	33%	+1
<b>EBIT</b>	<b>33</b>	<b>25</b>	<b>35%</b>	<b>+8</b>

Key data	1H16	1H15	Δ%	Δ Abs
<b>Energy Supply in Spain</b>				
<b>Electricity - Free market</b>				
Volume Sold (GWh)	8,101	7,274	11%	+827
Market Share (%)	9%	8%	-	1p.p.
Clients (th.)	813	744	9%	+69
<b>Electricity - Last resort supply</b>				
Volume Sold (GWh)	249	261	-4%	-12
Clients (th.)	232	243	-5%	-11
<b>Gas - Free market &amp; Last resort supply</b>				
Volume Sold (GWh)	10,264	13,377	-23%	-3,113
Market Share (%) (2)	3%	3%	-	0p.p.
Clients (th.)	843	831	1%	+12
<b>Energy Supply in Portugal</b>				
<b>Electricity - Free market</b>				
Volume Sold (GWh)	9,097	8,653	5%	+444
Market Share (%) (3)	45%	45%	-	0p.p.
Clients (th.)	3,904	3,460	13%	+444
<b>Gas - Free market</b>				
Volume Sold (GWh)	2,382	2,394	0%	-12
Market Share (%) (2) (4)	n.a.	11%	-	-
Clients (th.)	551	452	22%	+99
<b>Capex (€m)</b>	<b>5</b>	<b>6</b>	<b>-3%</b>	<b>-0</b>
<b>Employees (#)</b>	<b>357</b>	<b>327</b>	<b>9%</b>	<b>+30</b>

Our electricity and gas supply activities in Portugal and Spain are managed in single energy platforms, ensuring a responsive and competitive commercial structure. EDP Group's subsidiaries that operate in this business segment have intra-group electricity and gas procurement contracts with our generation and energy trading divisions.

## Energy Supply in Spain

**Gross profit at our supply activities in Spain** was €6m lower YoY, at €64m in 1H16, mainly impacted by lower gains with gas trading activities.

**Electricity volume** supplied to our clients in the free market rose by 11% YoY in 1H16, impacted by a 9% expansion of client portfolio. Market share (including only retail volumes) rose 1pp YoY, to 9% in 1H16.

**Gas volume** supplied declined by 23%, to 10TWh in 1H16, reflecting EDP's strategy to focus in the most attractive customer segments and milder weather conditions. Market share (including retail volumes only) was stable YoY, at 3% in 1H16.

**Net operating costs** were €2m higher YoY, at €55m in 1H16, reflecting higher costs with client services driven by client portfolio expansion.

**EBIT** in 1H16 was positively impacted by a reversal of excess tax provisions created in 2013 and 2014.

## Energy Supply in Portugal

**Market Environment** – The very strong pace of switching of electricity consumers to the free market over the past years is reflected on current status: by the end of May-16, the number of consumers in the free market soared to 4.5 million, elevating the total consumption in the free market to 91% of the total market.

**Gross profit at our supply activities in Portugal** rose by 20% (+€17m YoY), to €101m in 1H16, driven by higher volume of electricity and gas supplied and higher penetration of energy services.

**Electricity volume** supplied to EDP clients in the free market in Portugal advanced 5% YoY, to 9.1TWh in 1H16, backed by a 13% expansion of our client base. EDP's market share in the free market was relatively stable at 45% in May-16 (last information available).

**Gas volume** supplied to EDP clients in Portugal was flat, at 2.4TWh in 1H16. The strong pace of gas supply liberalisation, along with our successful dual offer (electricity + gas) to residential clients, prompted a surge in the number of clients to 551k in Jun-16, corresponding to +99k YoY. Our market share as of Jun-15 corresponded to 11% (latest information available).

**Net operating costs<sup>(1)</sup>** were €8m higher YoY, at €65m in 1H16, reflecting portfolio expansion (higher costs with client services such as call center, billing and provisioning) and increasing share of residential clients in the portfolio.

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits) + Other operating costs (net).

(2) Market-share for retail market; excludes wholesale. (3) Data as of May-16; (4) Based on latest available information: Jun-15

# EDP Renováveis: Financial Performance



Income Statement	EDP Renováveis (€ m)			
	1H16	1H15	Δ %	Δ Abs.
<b>Gross Profit</b>	<b>785</b>	<b>688</b>	<b>14%</b>	<b>+97</b>
Supplies and services	142	133	7%	+9
Personnel costs	45	39	16%	+6
Other operating costs (net)	(50)	(31)	63%	-19
<b>Net Operating Costs (1)</b>	<b>137</b>	<b>141</b>	<b>-3%</b>	<b>-4</b>
<b>EBITDA</b>	<b>648</b>	<b>548</b>	<b>18%</b>	<b>+101</b>
Provisions	1	(0)	-	+1
Amortisation and impairment	294	255	15%	+38
<b>EBIT</b>	<b>354</b>	<b>292</b>	<b>21%</b>	<b>+61</b>
Financial Results	(179)	(149)	20%	-30
Share of Profit from associates	(3)	6	-	-9
<b>Pre-tax profit</b>	<b>172</b>	<b>149</b>	<b>15%</b>	<b>+23</b>

Opex Performance	1H16	1H15	Δ %	Δ Abs.
Core Opex/Avg. MW (€ th) (2)/(3)	20.3	21.3	-4%	-1
Employees (#)	1,055	973	8%	+82

EDP Renováveis ('EDPR') owns, operates and develops EDP Group's wind and solar capacity. As of Jun-16, EDPR operated 9,721 MW (+84MW YTD) of which 356MW equity-method accounted. EDPR's EBITDA derives mainly from PPA-contracted and regulated tariff schemes (89% of output) and is geographically widespread: 41% in North America, 21% from Portugal, 16% from Spain and the rest derived in France, Poland, Romania, Belgium, Italy and Brazil.

**EDPR's EBITDA went up by 18% YoY (+€101m) to €648m in 1H16**, reflecting: i) higher avg. capacity on stream (+14%); ii) higher load factor (+2p.p.) and iii) proceeds from new tax equity deals during the period; which more than compensate the lower avg. selling price (-7%) and higher operating costs (S&S and personnel costs) +€15m YoY.

**Electricity output** advanced +23% YoY to 13.3TWh in 1H16, supported by an increase of avg. capacity in operation and stronger wind resources, avg. load factor went up 2p.p. to 33% in 1H16, benefiting from outstanding wind resources in US and Iberia, particularly in 1Q16. **Average selling price** decreased by €4/MWh YoY to €60/MWh, driven by lower Spanish pool prices, new projects in US at lower PPA prices and the end of one PPA in Texas (US).

**Operating costs** (supplies & services + personnel costs) rose by 9% YoY (+€15m), reflecting higher headcount (1,055 employees in 1H16 vs. 973 in 1H15) and higher O&M costs (+6m YoY), both resulting from portfolio growth. Core Opex per avg. MW decreased 5% to €20.3K/Avg. MW in 1H16, which reinforce the tight cost discipline taken by EDPR. **Other operating costs** (net) decrease €19m reflecting the new tax equity deals and lower generation taxes on sales in Spain.

Operational Overview	1H16	1H15	Δ %	Δ Abs.
<b>Installed Capacity (MW)</b>	<b>9,365</b>	<b>8,254</b>	<b>13%</b>	<b>+1111</b>
Europe	4,929	4,237	16%	+692
North America	4,233	3,934	8%	+299
Brazil	204	84	143%	+120
<b>Output (GWh)</b>	<b>13,314</b>	<b>10,842</b>	<b>23%</b>	<b>+2472</b>
<b>Avg. Load Factor (%)</b>	<b>33%</b>	<b>31%</b>	<b>-</b>	<b>2 p.p.</b>
<b>Avg. Elect. Price (€/MWh)</b>	<b>60</b>	<b>64</b>	<b>-7%</b>	<b>-4</b>
<b>EBITDA (€m)</b>	<b>648</b>	<b>548</b>	<b>18%</b>	<b>+101</b>
Europe (2)	378	309	22%	+69
North America	271	243	11%	+28
Brazil	8	5	49%	+3
Other & Adjustments	(8)	(9)	-13%	+1
<b>EBIT (€m)</b>	<b>354</b>	<b>292</b>	<b>21%</b>	<b>+61</b>
Europe (2)	230	188	22%	+42
North America	129	113	14%	+16
Brazil	5	2	109%	+3
Other & Adjustments	(10)	(11)	-10%	+1
<b>Capex (€m)</b>	<b>378</b>	<b>322</b>	<b>18%</b>	<b>+57</b>
Europe (2)	53	41	29%	+12
North America	282	247	14%	+35
Brazil	43	33	-	+10
Other & Adjustments	-	-	-	-

EDPR Equity Market Data	1H16	1H15	Δ %	Δ Abs.
Share price at end of period (€/share)	6.8	6.4	7%	0.4
Number of Shares Issued (million)	872.3	872.3	-	-
Stake Owned by EDP (%)	77.5%	77.5%	-	-

EDPR Key Balance Sheet Figures (€ m)	1H16	1H15	Δ %	Δ Abs.
Bank Loans and Other (Net)	7	-203	-	+210
Loans with EDP Group (Net)	3,095	3,677	-16%	-582
<b>Net Financial Debt</b>	<b>3,303</b>	<b>3,472</b>	<b>-5%</b>	<b>-169</b>
<b>Non-controlling interests</b>	<b>1,267</b>	<b>909</b>	<b>39%</b>	<b>+358</b>
<b>Net Institutional Partnership Liability (4)</b>	<b>1,165</b>	<b>1,175</b>	<b>-1%</b>	<b>-10</b>
<b>Equity Book Value</b>	<b>6,089</b>	<b>5,870</b>	<b>4%</b>	<b>+219</b>
EUR/USD - End of Period Rate	1.11	1.12	1%	-0.01

EDPR Financial Results (€ m)	1H16	1H15	Δ %	Δ Abs.
Net Interest Costs	(92)	(98)	5%	+5
Institutional Partnership costs (non-cash)	(46)	(38)	-22%	-8
Capitalised Costs	12	10	20%	+2
Forex Differences and Derivatives	0	(2)	-	+2
Other	(52)	(21)	-	-31
<b>Financial Results</b>	<b>(179)</b>	<b>(149)</b>	<b>-20%</b>	<b>-30</b>

**EBIT** increased by 21% YoY, to €354m in 1H16. Amortization and impairments increased (+€38m) in line with higher avg. MW in operation and the full consolidation of EDPR's new interest on ENEOP's assets since Sep-15.

**Capex** amounted to €378m (+18% YoY) in 1H16: 75% of total capex was devoted to the US market, the main growth region in 2016E-20E; 14% to Europe and 11% to Brazil. **Net proceeds from asset rotation deals** amounted to €829m in 1H16.

**EDPR's net debt in Jun-16 amounted to €3.3bn** (vs. €3.7bn in Dec-15), mainly reflecting the closing of the asset rotation deal with Axiom in the US (€279m) in Jan-16, and the new deal with EFG Hermes in Europe (€550m) in Apr-16. Additionally, net debt evolution translates the investments done in the period, net cash from tax equity partnerships (€113m), dividends paid (€110m) and others. **Liabilities with Institutional Partnerships** amounted to €1,165m in Jun-16, reflecting the tax benefits paid to institutional investors (€46m), and the establishment of new institutional tax equity financing structures during the period. **Non-controlling interests** at balance sheet level rose by €358m in 1H16 to €1,267m, reflecting non-controlling interests in North America (c68%), Europe (c28%) and Brazil (c4%).

**Net financial costs** rose by 20% to €179m in 1H16. Net interest costs fell by 4% YoY on lower avg. cost of debt (4.4% in 1H16 vs. 4.6% in 1H15), largely due to EDPR re-negotiation of part of its long-term debt arrangements with EDP. **Institutional Partnership costs** were €8m higher vs. 1H15, reflecting mainly new tax equity deals. Other financial expenses totaled €51m (+€30m YoY) which includes €22m of negative impact on early project finance structures cancelation. **Share of profit from associates** was -€3m (-€9m YoY) as of Jun-16, reflecting the full consolidation of ENEOP and EDPR minority interests in US and Spain.

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits) + Other operating costs (net);

(2) Core Opex defined by Supplies and services (including O&M activities) and Personnel costs; (3) Includes Holding costs and adjustments at the level of EDPR Europe; (4) Net of deferred revenue;

# EDP Renováveis: North America & Brazil



North America	1H16	1H15	Δ %	Δ Abs.
EUR/USD - Avg. of period rate	1.12	1.12	0%	-0.0
<b>Installed capacity (MW)</b>	<b>4,233</b>	<b>3,934</b>	<b>8%</b>	<b>+299</b>
PPA's/Hedged/Feed-in tariff	3,489	3,390	3%	+99
Merchant	744	544	37%	+200
Avg. Load Factor (%)	37%	33%	-	3 p.p.
<b>Electricity Output (GWh)</b>	<b>6,750</b>	<b>5,562</b>	<b>21%</b>	<b>+1,189</b>
PPA's/Hedged/Feed-in tariff	5,558	4,704	18%	+854
Merchant	1,192	858	39%	+335
<b>Avg. Final Selling Price (USD/MWh)</b>	<b>46.5</b>	<b>52.4</b>	<b>-11%</b>	<b>-5.9</b>
PPA's/Hedged/Feed-in tariff	48.9	52.5	-7%	-3.6
Merchant	33.5	46.4	-28%	-13
<b>Adjusted Gross Profit (USD m)</b>	<b>419</b>	<b>379</b>	<b>11%</b>	<b>+40</b>
Gross Profit (USD m)	303	284	7%	+19
PTC Revenues & Other (USD m)	115	94	22%	+21
<b>EBITDA (USD m)</b>	<b>302</b>	<b>272</b>	<b>11%</b>	<b>+31</b>
EBIT (USD m)	144	126	14%	+18
Installed capacity (MW Equity)	179	179	0%	-
<b>Net Capex (USD m)</b>	<b>315</b>	<b>276</b>	<b>14%</b>	<b>+39</b>
Gross Capex	315	276	14%	+39
Cash grant received	-	-	-	-
<b>Capacity under construction (MW)</b>	<b>629</b>	<b>300</b>	<b>110%</b>	<b>+329</b>

Brazil	1H16	1H15	Δ %	Δ Abs.
Euro/Real - Average of period rate	4.13	3.31	-20%	+0.82
<b>Installed Capacity (MW)</b>	<b>204</b>	<b>84</b>	<b>143%</b>	<b>+120</b>
Avg. Load Factor (%)	29%	26%	-	3 p.p.
Electricity Output (GWh)	205	94	118%	+111
Avg. Final Selling Price (R\$/MWh)	265	369	-28%	-104
Gross Profit (R\$ m)	50	33	52%	+17
<b>EBITDA (R\$ m)</b>	<b>32</b>	<b>17</b>	<b>86%</b>	<b>+15</b>
EBIT (R\$ m)	21	8	161%	+13
<b>Capex (R\$ m)</b>	<b>177</b>	<b>109</b>	<b>-</b>	<b>+68</b>
<b>Capacity under construction (MW)</b>	<b>-</b>	<b>120</b>	<b>-</b>	<b>-120</b>

**In North America**, installed capacity totalled 4,233MW in Jun-16 from which 4,203MW in US, and 30MW in Canada (MW EBITDA). New capacity additions in the last 12 months (+299MW) were fully concentrated in US (4Q15). From the total installed capacity, 3.5GW (82%) are under LT contracted remuneration schemes (PPA/Hedge) which allows an extensive visibility over cash flow generation. Additionally, EDPR owns an equity position in other wind projects, equivalent to 179MW.

**EBITDA was 11% higher YoY (+USD31m), to USD302m in 1H16**, propelled by: i) a surge in the output (+21% YoY to 6,8GWh) on the back of capacity additions in the past 12 months; ii) the outstanding load factor (37% vs 33% YoY) that more than mitigated the lower average selling price of USD46,5/MWh and iii) income from institutional partnership which raised 22% YoY to USD115m. **Wind resources** were stronger (particularly in West region, +5p.p. YoY), justifying a 3p.p. rise in avg. overall load factor in 1H16. **Average selling price** was negatively impacted by: i) lower PPA/Hedged/Feed-in tariff prices (-7% YoY), to USD48.9/MWh and ii) lower realised merchant price (-28% YoY), to USD34/MWh in 1H16. PPA/Hedged/Feed-in tariff were penalised due to lower new PPA's prices and with the end of PPA for Lone Star II in Dec-15 (200MW wind farm). Realised merchant price decreased by lower volumes of sales of Renewable Energy Credits vs. 1H15 to be recovered in 2H16, and with the recovery of wind resources in 1H16 vs. 1H15. In Canada, avg. selling price was at \$109/MWh, 7% lower YoY mainly reflecting the forex impact.

EDPR's growth plans in **NA** grounds on PPA-contracted projects, reinforcing the group's low risk profile. As of Jun-16, EDPR had completed 299MW of **new wind capacity** in US, +199MW at Waverly in Kansas; and +100MW from Arbuckle. **Wind capacity under construction** summed up +629MW: 429MW in the US and 200MW in Mexico (consolidation through equity method), all expected to be commissioned in 4Q16.

Within the scope of its **asset rotation** deals in 1H16 EDPR cashed-in USD308m, for the sale to Axium of a minority interest in US wind portfolio with a total production capacity of 1,002MW. Additionally, in respect to **institutional equity financing structures** signed in Oct-15, with Google Inc. for the 199MW Waverly wind farm EDPR cashed-in USD238m in 1Q16.

**In Brazil**, EDPR's EBITDA was 86% higher YoY, at R\$32m in 1H16, reflecting +120MW of new capacity on stream (Baixa do Feijão) and a 3p.p. increase in the avg. load factor to 29% in 1H16, that more than offset the decrease in the avg. selling price to R\$265/MWh in 1H16 from R\$369/MWh in 1H15, and the depreciation of BRL vs EUR (-20% YoY).

EDPR's installed capacity in Brazil (204MW) operates under long-term contracts providing large visibility over cash-flow generation. From the 204MW installed capacity, 120MW started its operation in Jan-16, awarded according with an auction system with a PPA price of R\$97/MWh. Additionally, as of Jun-16 EDPR had 257MW **under development**: 117MW was awarded with a PPA in Dec-13 and 140MW in Nov-15, to be due in 2017 and 2018 respectively – prices are inflation updated over the 15 PPA period.



Energy is sold either under PPAs (up to 20 years), Hedges or Merchant prices; Green Certificates (Renewable Energy Credits, REC) subject to each State regulation  
Tax Incentive: (i) PTC collected for 10-years since COD (\$23/MWh in 2013); (ii) Wind farms beginning construction in 2009-10 could opt for 30% cash grant in lieu of PTC



Feed-in Tariff for 20 years (Ontario)



Installed capacity under PROINFA program  
Competitive auctions awarding 20-years PPAs

Spain	1H16	1H15	Δ %	Δ Abs.
<b>Installed capacity (MW)</b>	<b>2,194</b>	<b>2,194</b>	<b>0%</b>	<b>+0</b>
Avg. load factor (%)	31%	29%	-	1 p.p.
<b>Production (GWh)</b>	<b>2,879</b>	<b>2,727</b>	<b>6%</b>	<b>+152</b>
Prod. w/capac. complement (GWh)	2,655	2,512		
Standard production (GWh)	2,119	2,119		
Above/(below) std. prod. (GWh)	536	393		
Prod. w/o cap. complement (GWh)	224	215		
<b>Avg. Price (€/MWh)</b>	<b>67.1</b>	<b>71.0</b>	<b>-6%</b>	<b>-4</b>
Total GWh: realised pool (€/MWh)	25.8	42.3	-39%	-16
Regulatory adj. on std. GWh (€m)	14	0		
Complement (€m)	82	82		
Hedging gains/(losses) (€m)	24	-1		
Gross profit (1)	193	195	-1%	-1
<b>EBITDA (1)</b>	<b>131</b>	<b>131</b>	<b>-1%</b>	<b>-1</b>
EBIT (1)	64	65	-1%	-1
Installed capacity (MW Equity)	177	174	2%	+3
<b>Capex (€m)</b>	<b>2</b>	<b>2</b>	<b>28%</b>	<b>+1</b>
<b>Capacity under construction (MW)</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-2</b>

Portugal	1H16	1H15	Δ %	Δ Abs.
<b>Installed capacity (MW)</b>	<b>1,249</b>	<b>630</b>	<b>98%</b>	<b>+619</b>
Avg. Load factor (%)	32%	30%	8%	2 p.p.
Electricity output (GWh)	1,751	807	117%	+944
Avg. selling price (€/MWh)	92	108	-15%	-16
Gross profit	161	88	83%	+73
<b>EBITDA</b>	<b>137</b>	<b>74</b>	<b>86%</b>	<b>+63</b>
EBIT	103	60	72%	+43
Installed capacity (MW Equity)	-	533	-	-533
<b>Capex (€m)</b>	<b>23</b>	<b>7</b>	<b>213%</b>	<b>+16</b>
<b>Capacity under construction (MW)</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>+2</b>

In Spain, EDPR installed capacity stood unchanged at 2,194MW in 1H16 (MW EBITDA), to which accrues 177MW, equivalent to EDPR's equity position in other wind projects (equity-method consolidated).

EDPR's EBITDA in Spain kept flat YoY at €131m in 1H16, driven on the upside by higher load factor +2p.p YoY that contributed to higher final output, and on the downside by lower avg. final selling price at €67.1/MWh (-6% YoY). **Electricity output**, increased by 6% YoY, to 2.9TWh, reflecting outstanding wind conditions, particularly in the first quarter, leading to a load factor in 1H16 of 31%. It is worth mentioning that 91% of Spanish capacity is entitled to receive capacity complement. **Average selling price** was impacted by lower realised pool prices at €25.8/MWh in 1H16 vs €42.3/MWh in 1H15, on the back of the higher load factor and leading to €13.8m of regulatory adjustment<sup>(2)</sup>. Gains from hedged capacity in Spain amounted €24m in the period. As part of its risk-controlled strategy, EDPR hedged 1.9TWh at €46/MWh for 2H16 and 3.1TWh at €44/MWh for 2017.

In Portugal, EDPR owns a portfolio of 1.249MW, including 613MW, resulting from the asset split of ENEOP, which is fully consolidated as from Sep 1<sup>st</sup>, 2015 and 2MW of solar capacity.

EDPR's EBITDA in Portugal amounted to €137m in 1H16 (+€63m YoY), stemming from full consolidation of assets transferred from ENEOP since 3Q15, which more than doubled the production deriving from Portugal, (1.8GWh in 1H16 vs. 0.8GWh in 1H15). **Average load factor** increased 2p.p. to 32% YoY – above the LT average (wind factor: 1.13 in 1H16). **Average selling price** fell by 15% YoY to €92/MWh in 1H16, due to the lower feed-in tariffs entitled to wind farms (particularly for those transferred from ENEOP).

EDPR reached an agreement with Ventivest in 4Q15, for the acquisition of special purpose vehicles (SPVs) that hold licenses to a total of 216.4MW of wind energy capacity in Portugal. This new capacity will be remunerated according to a feed-in tariff for a 20-year period and the commissioning is expected to occur in 2018.

In line with the **asset rotation strategy**, in Apr-16 EDPR signed an agreement with EFG Hermes establishing the sale of 49% equity shareholding and outstanding shareholders loans in a total fully-owned portfolio of 664MW European wind onshore assets for a total consideration of €550m, in which 348MW are located in Spain and 191MW are located in Portugal (part of ex-ENEOP assets).



- Wind energy receives pool price and a premium per MW, if necessary, in order to achieve a target return established as 'Spanish 10-year Bond yields + 300bp' (currently at 7.4%); Every 3 years, there will be revisions as to compensate deviations from the expected pool price (€49/MWh – regulator scenario).
- Premium calculation is based on standard assets (standard load factor, production and costs); Capacity complement per MW is paid for a 20-year period and varies with the year of commissioning



- MW EBITDA: Feed-in Tariff updated with inflation and inversely correlated with load factor. Duration: 15 years (Feed-in tariff updated with inflation) + 7 years (extension cap/floor system: €74/MWh - €98/MWh). The 7-year extension of tariff as from 16<sup>th</sup> year was secured in exchange for an annual payment between 2013 and 2020 (€4m/year for EDPR).
- ENEOP MW (MW Equity up to Aug-15, MW EBITDA since Sep-15): price defined in an international competitive tender and set for 15 years (or the first 33 GWh per MW). Tariff for first year established at c.€74/MWh and CPI monthly update for following years;



Rest of Europe	1H16	1H15	Δ %	Δ Abs.
<b>Installed capacity (MW)</b>	<b>1,485</b>	<b>1,413</b>	<b>5%</b>	<b>+73</b>
Avg. load factor (%)	27%	28%	-6%	-2 p.p.
Electricity output (GWh)	1,728	1,651	5%	+76
Avg. selling price (€/MWh)	86	87	-1%	-1
<b>Poland</b>				
Installed capacity (MW)	418	392	7%	+27
Avg. load factor (%)	24%	28%	-13%	-4 p.p.
Electricity output (GWh)	472	463	2%	+9
Avg. selling price (PLN/MWh)	353	397	-11%	-44
EUR/PLN - Avg. Rate in period	4.37	4.14	-5%	+0
<b>Romania</b>				
Installed capacity (MW)	521	521	0%	-
Avg. load factor (%)	27%	29%	-9%	-3 p.p.
Electricity output (GWh)	583	609	-4%	-25
Avg. selling price (RON/MWh)	343	306	12%	+37
EUR/RON - Avg. Rate in period	4.50	4.45	-1%	+0
<b>France</b>				
Installed capacity (MW)	376	340	11%	+36
Avg. load factor (%)	29%	27%	8%	2 p.p.
Electricity output (GWh)	464	392	18%	+71
Avg. selling price (€/MWh)	91	91	0%	-0
<b>Belgium &amp; Italy</b>				
Installed capacity (MW)	171	161	6%	+10
Avg. load factor (%)	28%	30%	-6%	-2 p.p.
Electricity output (GWh)	208	187	11%	+21
Avg. selling price (€/MWh)	113	115	-1%	-1
Gross profit	147	141	4%	+6
EBITDA	109	111	-1%	-1
EBIT	64	73	-13%	-9
<b>Capex (€m)</b>	<b>28</b>	<b>37</b>	<b>-25%</b>	<b>-9</b>
<b>Capacity under construction (MW)</b>	<b>26</b>	<b>135</b>	<b>-81%</b>	<b>-109</b>

In **European markets outside of Iberia**, EDPR had a total installed capacity of 1.485MW in Jun-16, +73MW YoY (+77MW in Poland, +10MW in Italy, +36MW in France and -50MW resulting from the sale of 60% share in a Polish wind farm in order to complete the acquisition of the remaining stake of 35% in a 54MW wind farm that already fully consolidated), and 26MW **under construction**: 12MW in France and 14MW in Italy.

**EDPR's EBITDA in Rest of Europe slightly decreased by 1% YoY (-€1m), to €109m in 1H16**, in spite of the higher avg. capacity on stream (+3%), propelled by: i) lower avg. load factor (-2p.p. YoY), and ii) lower avg. selling price (-1% YoY).

In **Poland**, EDPR operates 418MW of wind capacity +27MW YoY. **Wind output** increased by 2% in 1H16, to 472GWh, mainly reflecting higher avg. capacity in operation that mitigated the weaker load factor at 24%, -4p.p. YoY. **Average selling price** was 11% lower YoY, at PLN353/MWh driven by the fall in wholesale prices.






In **Romania**, EDPR operates 521MW: 471MW in wind and 50MW of solar PV. **Wind output** went down by 4% YoY, to 583MWh in 1H16 (34MWh solar-based), propelled by lower load factor at 27% in 1H16 vs 29% in 1H15. In turn, **avg. selling price** went up by 12% YoY to RON343/MWh in 1H16, as wholesale prices started to recover.

In **France**, EDPR added 12MW of new wind capacity QoQ, raising its total installed capacity in the market to 376MW. **Wind output** rose by 18% YoY, to 464GWh in 1H16, backed by higher average capacity on stream and an outstanding load factor during the period (29% vs 27% in 1H15). **Average tariff** was stable YoY, at €91/MWh, reflecting the inflation indexed feed-in tariff.

In **Belgium**, the 71MW in operation increased its output by 6% YoY to 76GWh on the back of slightly higher avg. load factor +1p.p. YoY. **Average selling price** was stable at €109/MWh YoY, reflecting the actual PPA price structure.

In **Italy**, EDPR operates a total portfolio of 100MW of wind technology in 1H16. **Wind output** advanced 15% YoY to 132GWh, reflecting more avg. capacity on stream which offset the 4p.p. YoY fall in avg. load factor to 30% in 1H16. **Average selling tariff** decreased to €116/MWh in 1H16, due to a different mix of wind farms in operation (auctions vs old regime).

In line with the aforementioned **asset rotation** agreement signed in Apr-16, the remaining 125MW from the referred European portfolio wind assets are located in France (54MW of which 24MW are not in operation yet) and in Belgium (71MW).

-  Price set either through bilateral contracts or selling to distributor at regulated price (PLN169.99/MWh in 2016); Wind receive 1 GC/MWh which can be traded in the market. Electric suppliers have a substitution fee for non compliance with GC obligation (2014: PLN300/MWh)
-  Wind and solar production are sold at 'market price + GC'. Wind assets receive 2 GC/MWh until 2017 and 1 GC/MWh after 2017 until completing 15 years. 1 out of the 2 GC earned until Mar-17 can only be sold from Jan-18. Solar assets receive 6 GC/MWh for 15 years. 2 out of the 6 GC earned until Mar-2017 can only be sold after Apr-2017. GC are tradable on market under a cap and floor system (cap €59.9 / floor €29.4)
-  Feed-in tariff for 15 years: (i) €82/MWh up to 10<sup>th</sup> year, inflation updated; (ii) Years 11-15: €82/MWh @ 2,400 hours, decreasing to €28/MWh @3,600 hours
-  Wind & solar energy sold at 'Market price + green certificate (GC)'; Separate GC prices with cap and floor for Wallonia (€65/MWh-100/MWh) and Flanders (€90/MWh-100/MWh); Option to negotiate long-term PPAs
-  Projects online before 2013 receive: (i) For 2015, GC price from GSE will be €97.4; (ii) As from 2016, 'pool + premium' (premium = 1 x (€180/MWh - "P-1") x 0.78). New assets: competitive auctions awarding 20-years PPAs



# Regulated Networks & Regulatory Receivables in Iberia



Income Statement (€ m)	1H16	1H15	Δ %	Δ Abs.
<b>Gross Profit</b>	<b>863</b>	<b>849</b>	<b>2%</b>	<b>+14</b>
Supplies and services	170	173	-2%	-3
Personnel costs	61	63	-3%	-2
Costs with social benefits	10	12	-16%	-2
Other operating costs (net)	126	32	298%	+94
<b>Net Operating Costs (1)</b>	<b>367</b>	<b>280</b>	<b>31%</b>	<b>+87</b>
<b>EBITDA</b>	<b>496</b>	<b>569</b>	<b>-13%</b>	<b>-73</b>
Provisions	4	0	-	+3
Amortisation and impairment	169	165	3%	+5
<b>EBIT</b>	<b>323</b>	<b>404</b>	<b>-20%</b>	<b>-81</b>

Capex & Opex Performance	1H16	1H15	Δ %	Δ Abs.
<b>Controllable Operating Costs (5)</b>	<b>232</b>	<b>236</b>	<b>-2%</b>	<b>-5</b>
Cont. costs/client (€/client)	29	30	-3%	-1
Cont. costs/km of network (€/Km)	897	919	-2%	-23
Employees (#)	3,783	3,871	-2%	-88
<b>Capex (Net of Subsidies) (€m)</b>	<b>148</b>	<b>147</b>	<b>1%</b>	<b>+2</b>
Network ('000 Km)	258	257	0%	+1

Regulatory Receivables (€ m)	1H16	1H15	Δ %	Δ Abs.
<b>Total Net Iberia Regulatory Receivables</b>	<b>1,690</b>	<b>2,146</b>	<b>-21%</b>	<b>-456</b>
<b>Spain - Tariff deficit</b>				
<b>Beginning of Period</b>	<b>70</b>	<b>2</b>	<b>-</b>	<b>+68</b>
Previous periods tariff deficits (4)	-	42	-	-42
Tariff deficit in the period	-	-	-	-
Other (3)	1	-	-	+1
<b>End of Period</b>	<b>71</b>	<b>44</b>	<b>61%</b>	<b>+27</b>

<b>Portugal - Last Resort Supplier + Distribution + Gas</b>				
<b>Beginning of Period</b>	<b>2,021</b>	<b>2,203</b>	<b>-8%</b>	<b>-182</b>
Previous periods tariff deviation (2)	(1,430)	(1,056)	-35%	-374
Tariff deviation in the period	744	715	4%	+29
Other (3)	32	40	-20%	-8
<b>End of Period</b>	<b>1,367</b>	<b>1,902</b>	<b>-28%</b>	<b>-535</b>

<b>Portugal - CMEC's</b>				
<b>Beginning of Period</b>	<b>216</b>	<b>112</b>	<b>92%</b>	<b>+103</b>
(Recovery)/Return in the Period	(49)	(17)	-190%	-32
Deviation in the period	85	104	-19%	-19
Other	-	0	n.m.	-0
<b>End of Period</b>	<b>252</b>	<b>199</b>	<b>26%</b>	<b>+52</b>

Regulated networks in Iberia include our activities of distribution of electricity and gas, in Portugal and Spain.

**EBITDA from regulated networks** decreased by 13% YoY (-€73m), to €496m in 1H16, mainly impacted by an €89m one-off gain booked on the sale of gas distribution assets in Spain to Redexis in 1Q15. Excluding this effect, EBITDA from regulated networks in Iberia advanced by 3% YoY (+€16m), mainly impacted by the new regulatory terms applicable to electricity distribution in Spain as from Jan 1<sup>st</sup>, 2016 and tight cost control. Gross profit rose by 2% YoY (+€14m) in 1H16, reflecting: (i) in Spain, higher regulated revenues in electricity distribution, only partially compensated by the de-consolidation of gas assets sold in 1Q15; (ii) in Portugal, lower regulated revenues in electricity last resort supply, following the contraction of activity.

**Controllable operating costs** fell by 2% YoY (-€5m), following lower costs with client services and lower personnel costs on headcount reduction (-2%). **Capex** amounted to €148m in 1H16, combining lower capex in electricity distribution in Portugal with higher capex in gas distribution in Portugal and electricity distribution in Spain.

In Portugal, total debt owed by the electricity system to EDP and to financial investors slightly increased, from €5.2bn in Dec-15 to €5.3bn in Jun-16, driven by above-the-average wind volumes and low avg. pool prices, prompted by strong hydro resources in the period. Note that due to seasonality effects, regulatory receivables build-up is usually stronger in the 1H of each year – with a decline expected in 2H16.

**Regulatory receivables owed to EDP in Iberia** fell by €617m in 1H16, from €2,306m in Dec-15 to €1,690m in Jun-16, driven by a €618m decrease in Portugal.

**EDP's regulatory receivables from electricity distribution, last resort supply and gas distribution in Portugal** fell from €2,021m in Dec-15 to €1,367m in Jun-16 driven by: **(1)** -€1,215m following the sale without recourse of the right to receive part of the 2014-16 tariff deficits; **(2)** +€618m regarding the ex-ante tariff deficit for 2016, to be fully recovered under a 5-year payment schedule ending in 2020 and remunerated at 2.24% annual return; **(3)** -€215m recovered through tariffs related to negative previous years' deviations and to past tariff deficits; **(4)** +€140m of new electricity tariff deviations created in 1H16; and **(5)** -€14m of deviations returned to the system in gas distribution. The main drivers for new tariff deviations in the electricity in Portugal generated in 1H16 were the higher-than-expected special regime production (12% above ERSE assumption) and respective overcost (€71/MWh in 1Q16 vs. €59/MWh assumed by ERSE in the calculation of 2016 tariffs), amounting to +€215m; partially compensated by cheaper-than-expected electricity purchases by the last resort supplier (-€64m, an amount to return to the tariffs).

**Regulatory receivables from CMECs** slightly increased from €216m in Dec-15 to €252m in Jun-16 due to: **(1)** €49m recovered in 2016 through tariffs, related to 2014 and 2015 negative deviations and **(2)** €85m negative deviation in 1H16, due to be received in 2017-2018 (more details on page 11).

**Regulatory receivables in Spain** amounted to €71m in Jun-16, corresponding to the share of EDP España in the gas tariff deficit in Spain.

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits + Concession fees) + Other operating costs (net)

(2) Includes the assignment to a third party of the right to tariff deficits/adjustments and recovery or pay-back through the tariffs of previous years' tariff deviations. (3) Includes interest on tariff deviations.

(4) Includes the recovery/payment of previous periods tariff deficits.

(5) Supplies & services and personnel costs.

# Electricity Distribution and Last Resort Supply in Portugal



Income Statement (€ m)	1H16	1H15	Δ %	Δ Abs.
<b>Gross Profit</b>	<b>620</b>	<b>624</b>	<b>-1%</b>	<b>-4</b>
Supplies and services	129	135	-5%	-6
Personnel costs	47	49	-4%	-2
Costs with social benefits	9	11	-19%	-2
Concession fees	126	126	1%	+1
Other operating costs (net)	(2)	(5)	56%	+3
<b>Net Operating Costs (1)</b>	<b>308</b>	<b>315</b>	<b>-2%</b>	<b>-7</b>
<b>EBITDA</b>	<b>312</b>	<b>309</b>	<b>1%</b>	<b>+3</b>
Provisions	4	1	264%	+3
Amortisation and impairment	122	120	2%	+2
<b>EBIT</b>	<b>187</b>	<b>188</b>	<b>-1%</b>	<b>-1</b>

Gross Profit Performance	1H16	1H15	Δ %	Δ Abs.
<b>Gross Profit (€m)</b>	<b>620</b>	<b>624</b>	<b>-1%</b>	<b>-4</b>
Regulated gross profit	619	620	-0%	-1
Non-regulated gross profit	2	4	-56%	-2
<b>Distribution Grid</b>				
Regulated revenues (€ m)	596	589	1%	+6
Electricity distributed (GWh)	22,287	22,368	-0.4%	-82
Supply Points (th)	6,126	6,094	1%	+33
<b>Last Resort Supply</b>				
Regulated revenues (€ m)	23	31	-25%	-8
Clients supplied (th)	1,545	2,000	-23%	-456
Electricity sold (GWh)	2,307	3,199	-28%	-892

Capex & Opex Performance	1H16	1H15	Δ %	Δ Abs.
<b>Controllable Operating Costs (2)</b>	<b>176</b>	<b>184</b>	<b>-5%</b>	<b>-8</b>
Cont. costs/client (€/client)	28.7	30.2	-5%	-2
Cont. costs/km of network (€/Km)	780	819	-5%	-39
Employees (#)	3,258	3,340	-2%	-82
<b>Capex (Net of Subsidies) (€m)</b>	<b>117</b>	<b>120</b>	<b>-2%</b>	<b>-3</b>
Network ('000 Km)	225	224	0%	+1
Equival. interruption time (min.) (3)	30	26	14%	+4

**EBITDA from electricity distribution and last resort supply (LRS) in Portugal rose 1% YoY to €312m in 1H16**, mainly reflecting the mixed impact from tight cost control and the contraction in regulated clients base prompted by the ongoing liberalisation process.

On 15-Dec-15, ERSE released the final version of 2016 electricity tariffs, setting a 2.5% average tariff increase for normal low voltage (NLV) segment, applicable to clients in the regulated market (out of the Social Tariff).

**Electricity distribution regulated revenues were set at €1,182m for 2016**, based on: (1) regulated rate of return on assets (RoRAB) set at 6.34% for 2016, on a preliminary base (vs. 6.75% in 2015), reflecting an underlying avg. 10-year Portuguese bond yields of 2.6%; the ultimate RoRAB will depend on the daily average of the Portugal's 10Y bond yield between October of year 't-1' and September of year 't', with a floor at 6% and a cap at 9.5%; (2) an expected electricity demand in Portugal of 45.1 TWh in 2016 (1.8% above 2015 electricity distributed); and (3) a GDP deflator of 0.8%.

Regarding **last resort electricity supply activity**, regulated revenues were set at €40m in 2016. The main assumptions were: (1) average special regime premium at €59.3/MWh; (2) average electricity procurement price at €53.0/MWh (based on a forecast for average pool price of €49.2/MWh); (3) 21.6TWh of special regime generation (5.4% above 2015).

**In 1H16, distribution grid regulated revenues** increased by 1% YoY (+€6m), to €596m, reflecting a 12bp YoY increase in return on RAB, to 6.45% in 1H16. Electricity distributed was broadly stable in 1H16 (-0.4% YoY), subdued by the unusually mild weather conditions in 1H16.

**Last resort supplier (EDP SU) regulated revenues** decreased 25% YoY (-€8m), to €23m in 1H16, as a result of consumers' switching to the free market. As part of the rules and calendar defined for the phasing out of regulated tariffs in Portugal, EDP SU can no longer contract new clients (since January 1<sup>st</sup> 2013). The **volume of electricity supplied** by our LRS fell by 28% YoY, to 2.3TWh in 1H16. **Total number of clients supplied** declined by 456 thousands YoY (-23% YoY), to 1,545 thousands in Jun-16 (representing 25% of total electricity clients), mostly in the residential segment.

**Controllable operating costs** declined by 5% YoY (-€8m) in 1H16, mainly supported by lower costs with client services and a 2% headcount reduction.

**Capex** decreased by 2% YoY (-€3m) in 1H16, to €117m. EIT increased from 26 minutes in 1H15 to 30 minutes in 1H16, largely due to unfavourable weather conditions.

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits + Concession fees) + Other operating costs (net)

(2) Supplies & services and personnel costs. (3) Adjusted for non-recurring impacts (rainstorms, high winds and summer fires).

# Electricity and Gas Networks in Spain and Gas Networks in Portugal



Income Statement (€ m)	Electricity Spain				Gas Spain				Gas Portugal				Iberian Regulated Networks	1H16	1H15	% Δ	Abs. Δ
	1H16	1H15	% Δ	Abs. Δ	1H16	1H15	% Δ	Abs. Δ	1H16	1H15	% Δ	Abs. Δ					
<b>Gross Profit</b>	<b>112</b>	<b>90</b>	<b>24%</b>	<b>22</b>	<b>96</b>	<b>102</b>	<b>-6%</b>	<b>-6</b>	<b>35</b>	<b>32</b>	<b>8%</b>	<b>3</b>	<b>Number Supply Points (th)</b>				
Supplies and services	20	17	15%	3	15	14	4%	1	7	7	7%	0	Electricity Spain	661	659	0%	+2
Personnel costs	10	9	3%	0	4	4	-7%	-0	1	1	24%	0	Gas Spain	922	913	1%	+8
Costs with social benefits	1	1	-	0	0	0	24%	0	0	0	59%	0	Gas Portugal	336	323	4%	+12
Other operating costs (net)	(0)	(1)	-67%	1	1	(88)	n.m.	89	0	0	2%	0	<b>Energy Distributed (GWh)</b>				
<b>Net Operating Costs (1)</b>	<b>30</b>	<b>26</b>	<b>14%</b>	<b>4</b>	<b>20</b>	<b>(70)</b>	<b>-</b>	<b>90</b>	<b>9</b>	<b>8</b>	<b>9%</b>	<b>1</b>	Electricity Spain	4,637	4,630	0%	+7
<b>EBITDA</b>	<b>82</b>	<b>63</b>	<b>29%</b>	<b>18</b>	<b>76</b>	<b>172</b>	<b>-56%</b>	<b>-96</b>	<b>26</b>	<b>24</b>	<b>7%</b>	<b>2</b>	Gas Spain	14,599	15,756	-7%	-1.1k
Provisions	0	0	-	-0	0	(0)	n.m.	0	-	(0)	n.m.	0	Gas Portugal	3,803	3,670	4%	+133
Amortisation and impairment	20	17	16%	3	20	20	1%	0	8	8	-1%	-0	<b>Network (Km)</b>				
<b>EBIT</b>	<b>61</b>	<b>46</b>	<b>34%</b>	<b>15</b>	<b>56</b>	<b>153</b>	<b>-63%</b>	<b>-96</b>	<b>18</b>	<b>17</b>	<b>8%</b>	<b>1</b>	Electricity Spain	20,411	20,325	0%	+86
<b>Capex (net of subsidies)</b>	<b>14</b>	<b>12</b>	<b>13%</b>	<b>2</b>	<b>9</b>	<b>9</b>	<b>-4%</b>	<b>-0</b>	<b>9</b>	<b>6</b>	<b>46%</b>	<b>3</b>	Gas Spain	7,764	7,692	1%	+71
<b>Gross Profit</b>	<b>112</b>	<b>90</b>	<b>24%</b>	<b>22</b>	<b>96</b>	<b>102</b>	<b>-6%</b>	<b>-6</b>	<b>35</b>	<b>32</b>	<b>8%</b>	<b>3</b>	Gas Portugal	4,951	4,705	5%	+245
Regulated Revenues	91	79	16%	13	85	88	-3%	-3	31	30	4%	1	<b>Employees (#)</b>				
Non-regulated gross profit	20	11	79%	9	11	14	-25%	-4	4	2	58%	1	Electricity Spain	292	298	-2%	-6
													Gas Spain	168	170	-1%	-2
													Gas Portugal	65	63	3%	+2

## ELECTRICITY DISTRIBUTION IN SPAIN

**EBITDA from our electricity distribution activity in Spain** advanced by €18m YoY, to €82m in 1H16, mainly reflecting final regulatory terms unveiled in Jun-16 and applicable since early 2016. **Electricity distributed** by EDP España, mostly in the region of Asturias, was stable at 4.6TWh.

In Dec-13, the Spanish Government approved Law 24/2013 and RDL 1048/2013 establishing the new regulatory framework for electricity distribution assets, maintaining the principles announced in Jul-13 by RD 9/2013 (return on RAB equivalent to a 200bp premium over 10-year Spanish bond yields and equaling to 6.5%). The final terms applicable to regulated revenues for electricity distribution were released in the Ministerial orders IET 2660/2015 and IET980/2016 (Jun-16). As a result, the respective terms will be applicable for the period 2016-19 and electricity distribution regulated revenues are set at €182m in 2016 (+18% YoY).

## GAS REGULATED NETWORKS IN SPAIN

**EBITDA of gas distribution in Spain** in 1H16 amounted to €76m (-€96m YoY), reflecting a €89m one-off gain stemming from the sale of assets held by Gas Energía Distribución Murcia to Redexis in 1H15. Disregarding this impact, EBITDA declined by 8% YoY (-€7m), due to the de-consolidation of gas assets sold in 1Q15 and lower previous years' adjustments. **Volume of gas distributed** fell by 7% YoY, to 14.6TWh in 1H16, due to milder weather conditions.

According to a Ministerial Order released in Dec-15, gas distribution regulated revenues are stable in 2016, at €172m.

In Jan-16, EDP has reached an agreement with Repsol for the acquisition of liquefied propane gas distribution assets, in Naturgas incumbent areas (Basque Country, Cantabria and Asturias regions). The agreed transaction price represents an enterprise value of €116 million, with an expected incremental annual EBITDA of €13 million. The completion of the transaction is expected to occur in 2H16.

## GAS REGULATED ACTIVITIES IN PORTUGAL

**EBITDA from gas regulated activities in Portugal** amounted to €26m in 1H16 (+€2m YoY), reflecting a return on RAB of 7.85% in 1H16. **Volume distributed** was 4% higher YoY, at 3.8TWh in 1H16, in line with portfolio expansion.

On 15-Jun-16, ERSE unveiled a proposal for an average 18.6% decrease for last resort tariff for small clients (low consumption segment <= 10 m<sup>3</sup>/year) to be in place from 1-Jul-16 to 30-Jun-17. Under the new gas regulatory framework, the rate of return on assets is indexed to the avg. Portuguese Republic 10-year bond yield between Apr 1<sup>st</sup> and Mar 31<sup>st</sup> prior to the beginning of each regulatory year, with a floor at 5.7% and cap at 9.3%. The preliminary rate of return on RAB for the period from Jul-15 to Jun-16 was set at 6.2%. Allowed revenues for the regulatory year from Jul-16 to Jun-17 amounts to €54m.

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits) + Other operating costs (net)

# EDP - Energias do Brasil: Financial Performance



Income Statement	Consolidated (R\$ m)			
	1H16	1H15	Δ %	Δ Abs.
<b>Gross Profit</b>	<b>1,534</b>	<b>1,280</b>	<b>20%</b>	<b>+254</b>
Supplies and services	290	248	17%	+42
Personnel costs and employee benefits	230	194	19%	+36
Other operating costs (net)	(259)	(819)	-68%	+559
<b>Net Operating Costs (1)</b>	<b>261</b>	<b>(377)</b>	<b>-</b>	<b>+638</b>
<b>EBITDA</b>	<b>1,273</b>	<b>1,657</b>	<b>-23%</b>	<b>-384</b>
Provisions	14	14	-4%	-1
Amortisation and impairment	278	203	37%	+76
<b>EBIT</b>	<b>981</b>	<b>1,440</b>	<b>-32%</b>	<b>-459</b>
Financial results	(334)	(208)	-61%	-126
Results from associates	(20)	(110)	82%	+90
<b>Pre-tax profit</b>	<b>627</b>	<b>1,123</b>	<b>-44%</b>	<b>-495</b>

Capex & Financial Investments	(R\$ m)			
	1H16	1H15	Δ %	Δ Abs.
<b>Capex</b>	<b>240</b>	<b>146</b>	<b>64%</b>	<b>+93</b>
<b>Financial Investments</b>	<b>244</b>	<b>442</b>	<b>-45%</b>	<b>-198</b>

Consolidated (€ m)				
	1H16	1H15	Δ %	Δ Abs.
<b>Gross Profit</b>	<b>371</b>	<b>387</b>	<b>-4%</b>	<b>-15</b>
Supplies and services	70	75	-6%	-5
Personnel costs and employee benefits	56	59	-5%	-3
Other operating costs (net)	(56)	(247)	-77%	+192
<b>Net Operating Costs (1)</b>	<b>70</b>	<b>(114)</b>	<b>-</b>	<b>+184</b>
<b>EBITDA</b>	<b>301</b>	<b>501</b>	<b>-40%</b>	<b>-200</b>
Provisions	3	4	-23%	-1
Amortisation and impairment	67	61	10%	+6
<b>EBIT</b>	<b>231</b>	<b>435</b>	<b>-47%</b>	<b>-205</b>
Financial results	(81)	(63)	29%	-18
Results from associates	(5)	(33)	-	+28
<b>Pre-tax profit</b>	<b>145</b>	<b>339</b>	<b>-57%</b>	<b>-194</b>

Consolidated (€ m)				
	1H16	1H15	Δ %	Δ Abs.
<b>Capex</b>	<b>58</b>	<b>45</b>	<b>29%</b>	<b>+13</b>
<b>Financial Investments</b>	<b>54</b>	<b>134</b>	<b>-59%</b>	<b>-79</b>

Energias do Brasil	1H16	1H15	Δ %	Δ Abs.
Share price at end of period (R\$/share)	13.62	11.51	18%	+2.11
Number of shares Issued (million) <sup>2</sup>	606.8	476.4	-	-
Treasury stock (million)	0.8	0.8	-	-
Number of shares owned by EDP (million) <sup>2</sup>	310.8	243.0	-	-
Euro/Real - End of period rate	3.59	3.47	-3%	+0.12
Euro/Real - Average of period rate	4.13	3.31	-20%	+0.82
Inflation rate (IPCA - YoY)	8.8%	8.9%	-	-
Net Debt / EBITDA (x)	1.2	1.7	-	-0.5
Average Cost of Debt (%)	11.3	11.8	-	-0.6p.p.
Average Interest Rate (CDI)	13.7	11.7	-	1.9p.p.
Employees (#)	2,875	2,933	-2%	-58

Key Balance Sheet Figures (R\$ Million)	1H16	1H15	Δ %	Δ Abs.
Net financial debt	3,144	4,692	-33%	-1,548
Regulatory receivables	(230)	699	-	-929
Non-controlling Interests	1,676	1,696	-1%	-19
Equity book value	7,745	5,790	34%	+1956

Financial Results (R\$ Million)	1H16	1H15	Δ %	Δ Abs.
Net Interest Costs	(275)	(210)	-31%	-65
Capitalised Costs	1	1	10%	+0
Forex Differences and Derivatives	(74)	(25)	-192%	-48
Other	13	26	-50%	-13
<b>Financial Results</b>	<b>(334)</b>	<b>(208)</b>	<b>-61%</b>	<b>-126</b>

In local currency, EDP Brasil ("EDPB") EBITDA decreased 23% YoY (-R\$384m) to R\$1,273m in the 1H16, impacted, in the 1H16, by the capital gain of R\$278m booked with the sale of Pantanal mini-hydro and, in the 1H15, by the capital gain of R\$885m with the purchase of Pecém, both at 'other operating income' level. **Adjusted by the one-off effects of Pantanal and Pecém**, EBITDA would have increased 29% YoY to R\$995m. **Generation and Supply EBITDA** went up by R\$362m to R\$784m, reflecting the full consolidation of Pecém since May-15 (+R\$284m) and better performance at our hydro plants (+R\$130m YoY) due to a negligible impact of the hydro deficit vs. a stronger impact in the 1H15 (GSF at 89% in 1H16 vs. 80% in 1H15 and avg. PLD of R\$48/MWh in 1H16 vs. R\$386/MWh in 1H15). **EBITDA in distribution** fell by R\$157m to R\$257m in the 1H16, impacted by overcontracted volumes at Bandeirante, lower demand, the Itaipu FX impacts (recouped at financial results' level), and abnormal positive impact from high tariff increases in the 1H15. EBITDA performance in Euro terms was penalised by the 20% depreciation of BRL vs. the EUR (-€77m impact).

**Net operating costs** increased by R\$638m YoY mostly due to the booking of the aforementioned capital gain at 'other operating income' level. At Opex level, costs increased 18% due to Pecém's full consolidation. Pro-forma, with Pecém since Jan-15, costs would go up 5%, in spite of an inflation rate of 9%. Personnel costs increased 19% YoY, while supplies & services went up 17% YoY, due to Pecém's consolidation.

**Net financial costs** increased 61% YoY to R\$334m in the 1H16, translating higher average net debt and Forex differences and derivatives (-R\$48m) impacted negatively with higher costs with Pecém USD funding (hedged to BRL). These effects were partly offset by lower average cost of debt (-0.5pp vs. 1H15). **Net financial debt** decreased 33% (or -R\$1.5bn) YoY, reflecting mostly the impact of the R\$1.5bn capital increase. Worth noting the early payment of a R\$300m debt at EDPB holding level, in Jun-16, with a cost of 118.7% of average interest rate (CDI).

**Results from associates** totalled -R\$20m in the 1H16, improving R\$90m YoY, reflecting a negative contribution from Jari hydro power plant (+R\$8m YoY in the 1H16), but also net losses from Pecém I coal facility for the period before its full consolidation (-R\$84m in the 1H15).

As of Jul-16, hydro reservoirs in the Southeast/Center-West ("SE-CW") regions were at ~54% of their maximum level (vs. 30% in Dec-15 and 36% in Jun-15). Sluggish demand during 2015, coupled with the reservoir levels' recovery, has enabled GSF to recover, and the reduction of thermal production, allowing PLD to retract to low levels. Some thermal capacity should be still generating throughout 2016 and thus some hydro deficit is still expected. Some demand recovery has been observed in the 1H16, but still at low levels (+1.4% YoY).

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits) + Other operating costs (net); (2) Nr of shares includes capital increase approved in July, 8th. By 30 June, R\$1.5bn proceeds registered as reserves.

# Brazil: Electricity Distribution



Income Statement (R\$ m)	1H16	1H15	Δ %	Δ Abs.
<b>Gross Profit</b>	<b>671</b>	<b>777</b>	<b>-14%</b>	<b>-106</b>
Supplies and services	193	179	8%	+14
Personnel costs and employee benef	151	139	9%	+12
Other operating costs (net)	70	46	52%	+24
<b>Net Operating Costs (1)</b>	<b>414</b>	<b>364</b>	<b>14%</b>	<b>+50</b>
<b>EBITDA</b>	<b>257</b>	<b>413</b>	<b>-38%</b>	<b>-157</b>
Provisions	12	16	-27%	-4
Amortisation and impairment	93	91	2%	+2
<b>EBIT</b>	<b>152</b>	<b>306</b>	<b>-50%</b>	<b>-154</b>

Gross Profit Performance	1H16	1H15	Δ %	Δ Abs.
<b>Gross Profit (R\$ m)</b>	<b>671</b>	<b>777</b>	<b>-14%</b>	<b>-106</b>
Regulated revenues	776	781	-1%	-5
Other	(105)	(3)	3189%	-102
<b>Regulatory Receivables (R\$ m)</b>				
<b>Beginning of period</b>	<b>735</b>	<b>602</b>	<b>22%</b>	<b>+133</b>
Past deviations	(363)	(170)	114%	-194
Annual deviation (2)	(602)	470	-	-1,072
CDE/ACR Account (3)	-	(203)	-	+203
<b>End of period</b>	<b>(230)</b>	<b>699</b>	<b>-</b>	<b>-929</b>
<b>Clients Connected (th)</b>	<b>3,281</b>	<b>3,209</b>	<b>2%</b>	<b>+72</b>
Bandeirante	1,785	1,755	2%	+30
Escelsa	1,496	1,454	3%	+42
<b>Electricity Distributed (GWh)</b>	<b>12,429</b>	<b>13,142</b>	<b>-5%</b>	<b>-714</b>
Bandeirante	7,249	7,409	-2%	-160
Escelsa	5,180	5,734	-10%	-554
From which:				
To clients in Free Market (GWh)	4,324	4,813	-10%	-489
<b>Electricity Sold (GWh)</b>	<b>8,105</b>	<b>8,329</b>	<b>-3%</b>	<b>-225</b>
<b>Bandeirante</b>	<b>4,482</b>	<b>4,675</b>	<b>-4%</b>	<b>-194</b>
Resid., Commerc. & Other	3,485	3,497	-0%	-13
Industrial	997	1,178	-15%	-181
<b>Escelsa</b>	<b>3,623</b>	<b>3,654</b>	<b>-1%</b>	<b>-31</b>
Resid., Commerc. & Other	3,123	3,093	1%	+30
Industrial	500	561	-11%	-60

Capex & Opex Performance	1H16	1H15	Δ %	Δ Abs.
<b>Controllable Operating Costs (4)</b>	<b>322</b>	<b>304</b>	<b>6%</b>	<b>+18</b>
Cont. costs/client (R\$/client)	98	95	4%	+3
Cont. costs/km (R\$/Km)	4	3	5%	+0
<b>Employees (#)</b>	<b>2,145</b>	<b>2,191</b>	<b>-2%</b>	<b>-46</b>
<b>Capex (net of subsidies) (R\$m)</b>	<b>187</b>	<b>120</b>	<b>55%</b>	<b>+66</b>
Network ('000 Km)	91	90	1%	+1

**EBITDA from our electricity distribution activity in Brazil fell by R\$157m YoY to R\$257m in the 1H16** (-R\$62m YoY in the 2Q16), mostly due to (i) overcontracting at Bandeirante; (ii) lower demand; (iii) lower pass-through of FX losses from Itaipu (compensated at financial results' level); and (iv) abnormal positive impact from high tariff increases in the 1H15 (R\$26m).

**Gross profit went down 14% YoY to R\$671m** in the 1H16, reflecting partly a **regulated revenues' decrease of 1% YoY (-R\$5m) to R\$776m**, mostly due to a decrease in demand (-R\$14m YoY in the 1H16), partially offset by the tariff adjustment on inflation. More significantly, gross profit was impacted by overcontracting at Bandeirante (-R\$21m in the 1H16 vs. +R\$25m in the 1H15) and lower pass-through of FX losses from Itaipu (-R\$22m in the 1H16 vs. +R\$16m in the 1H15, fully compensated at financial results' level).

**Volumes of electricity sold** went down 3% YoY in the 1H16, translating a reduction of 14% in industrial demand. At the same time, **volumes distributed** to industrial clients in the free market also fell by 10% YoY to 4.3TWh in the 1H16, reflecting the tough macroeconomic conditions in Brazil.

Demand decrease had thus a slightly negative impact on gross profit, which has been partly compensated by a trajectory of lower non-technical losses, in spite of the economic situation. Non-technical losses in the low-voltage segment have decreased for Escelsa's reaching 14.6% (-0.6pp YoY vs. Jun-15), and increased slightly for Bandeirante, whose level stood at 10.9% (+0.2pp YoY vs. Jun-15). Provisions for doubtful clients increased in the 1H16 to R\$69m (+R\$30m YoY in the 1H16, +R\$19m YoY in the 2Q16), derived by the economic situation but also due to the significant tariff increases in 2014-15, which are now starting to recede. EDPB has been tackling the situation by increasing proximity to clients. Additionally, in the 1H16, Bandeirante suffered with over-contracted volumes (-R\$21m in the 1H16), since the volumes of energy procurement it contracted surpassed by more than 5% of the volumes demanded by clients. The 105% ratio between volumes procured/sold is the threshold after which any gain/loss from the sale of energy surplus in the spot market is not passed-through into tariffs, and in 2016 it has been originating a loss due to the decline of spot price (PLD), which is now significantly lower than long term sourcing contracted prices.

As of Jun-16, **regulatory receivables** became negative (in fact, regulatory payables) and amounted to -R\$230m (vs. R\$735m of receivables as of Dec-15). In the 1H16, a R\$602m positive tariff deviation was created, essentially related to lower energy costs than the ones incorporated in the tariffs. Additionally, R\$363m were received regarding past deviations. All in all, regulatory receivables went down R\$965m vs. Dez-15, to -R\$230m as of Jun-16, to be paid back to the system in the following years. In Feb-15, the Brazilian regulator (ANEEL) proposed a real post-tax WACC of 8.1% to be applied to distribution on the upcoming 4<sup>th</sup> revision cycle, which started for Bandeirante in Oct-15 (the upcoming revision for Escelsa is in Aug-16).

**Controllable operating costs increased 6% YoY to R\$322m in the 1H16**, driven by a 9% increase in personnel costs, reflecting the annual salary update (below inflation levels). Supplies and services reflect higher expenses with O&M, IT and clients' services. **Other operating costs** were up R\$24m YoY, translating a +R\$30m YoY impact related with provisions for doubtful clients, partly offset by positive update on the fixed assets' terminal value (R\$41m gain in the 1H16 vs. R\$28m gain in the 1H15). **Distribution capex** was up 55% YoY to R\$187m in the 1H16, following a stronger focus on capex for customer services activities and to the reinforcement of the network quality of service.

(1) Net operating costs = operating costs (Supplies and services + Personnel costs + Costs with social benefits) + Other operating costs (net); (2) Net of extraordinary tariff increase and tariff flags impacts;  
(3) Including financial update of the corresponding regulatory assets/liabilities; (4) S&S and Personnel costs.



# Brazil: Electricity Generation and Supply



Income Statement (R\$m)	Generation			
	1H16	1H15	Δ %	Δ Abs.
<b>Gross Profit</b>	<b>858</b>	<b>449</b>	<b>91%</b>	<b>+408</b>
Supplies and services	74	34	118%	+40
Personnel costs and employee benefits	46	28	63%	+18
Other operating costs (net)	(55)	12	-	-67
<b>Net Operating Costs (1)</b>	<b>66</b>	<b>74</b>	<b>-11%</b>	<b>-9</b>
<b>EBITDA</b>	<b>792</b>	<b>375</b>	<b>111%</b>	<b>+417</b>
Provisions	0	0	-2%	-0
Amortisation and impairment	172	104	66%	+68
<b>EBIT</b>	<b>619</b>	<b>271</b>	<b>129%</b>	<b>+349</b>

Key Data	1H16	1H15	Δ %	Δ Abs.
<b>Gross Profit (R\$ m)</b>	<b>858</b>	<b>449</b>	<b>91%</b>	<b>+408</b>
<b>Hydro</b>	<b>496</b>	<b>360</b>	<b>38%</b>	<b>+136</b>
PPA contracted revenues & Other	495	649	-24%	-154
GSF impact (net of hedging)	1	(290)	-	+290
<b>Thermal</b>	<b>362</b>	<b>89</b>	<b>305%</b>	<b>+272</b>
PPA contracted revenues	370	81	357%	+289
Other	(8)	8	-	-17
<b>Installed Capacity (MW)</b>	<b>2,466</b>	<b>2,517</b>	<b>-2%</b>	<b>-51</b>
Hydro	1,745	1,797	-3%	-51
Thermal	720	720	0%	+0
<b>Installed Capacity (MW Equity)</b>	<b>260</b>	<b>187</b>	<b>39%</b>	<b>+73</b>
<b>Electricity Sold (GWh)</b>	<b>6,858</b>	<b>4,998</b>	<b>37%</b>	<b>+1,860</b>
PPA contracted	6,097	4,814	27%	+1,283
Hydro	3,757	4,135	-9%	-377
Thermal	2,339	679	245%	+1,660
Other	761	146	422%	+615
<b>Avg. Hydro PPA Sale Price (R\$/MWh) (2)</b>	<b>161</b>	<b>179</b>	<b>-10%</b>	<b>-18</b>
<b>Capex (R\$ m)</b>	<b>38</b>	<b>23</b>	<b>64%</b>	<b>+15</b>
<b>Financial Investments (R\$ m)</b>	<b>244</b>	<b>442</b>	<b>-45%</b>	<b>-198</b>
<b>Employees (#)</b>	<b>511</b>	<b>554</b>	<b>-8%</b>	<b>-43</b>

EBITDA Breakdown (R\$ m)	1H16	1H15	Δ %	Δ Abs.
Pecém (100%)	361	77	370%	+284
Lajeado (73% owned by EDPB)	217	119	81%	+97
Peixe Angical (60% owned by EDPB)	118	116	2%	+2
Other (100%)	96	63	52%	+33
<b>EBITDA</b>	<b>792</b>	<b>375</b>	<b>111%</b>	<b>+417</b>

Supply	1H16	1H15	Δ %	Δ Abs.
<b>Gross profit (R\$ m)</b>	<b>5</b>	<b>52</b>	<b>-91%</b>	<b>-48</b>
Net Operating costs (1) (R\$ m)	12	5	128%	+7
<b>EBITDA (R\$ m)</b>	<b>(7)</b>	<b>47</b>	<b>-</b>	<b>-54</b>
<b>Electricity sales (GWh)</b>	<b>5,651</b>	<b>5,209</b>	<b>8%</b>	<b>+442</b>

**EBITDA from our electricity generation activities in Brazil went up 111% YoY (+R\$417m in the 1H16; +R\$173m in the 2Q16 vs. 2Q15) to R\$792m in the 1H16**, reflecting the full consolidation of Pecém since May-15 (+R\$284m YoY) and better performance at the hydro plants (+R\$130m YoY; +R\$87m in the 2Q16 YoY) due to a negligible impact of the hydro deficit vs. 1H15, mostly due to the fall in spot prices (avg. PLD of R\$48/MWh in the 1H16 vs. R\$386/MWh in the 1H15), but also given the greater protection against hydro deficits following the insurance subscribed in Dec-15.

**Hydro gross profit increased by R\$136m YoY in the 1H16 to R\$496m (+R\$80m YoY in the 2Q16)**, mostly due to the above mentioned fall in PLD prices, but also due to a lower GSF in the period (GSF at 89% vs. 80% in the 1H15), on the back of the recovery of the reservoir levels (currently at ~54% vs. 36% by Jun-15). Additionally, EDPB subscribed the hydro insurance for a protection at ~92% level for a portion of its assets (no risk if GSF falls below 92%). Of the total physical guarantee of the portfolio of hydro plants, 47% subscribed the insurance. The combination of the hydro insurance, the 7% of volumes left unsold for hedging purposes and the GSF impact led to a gain of R\$1m vs. a loss of R\$290m in the 1H15. The abovementioned positive YoY impact was partly offset by the decrease of the **avg. price of hydro** volumes, which reached R\$161/MWh in the 1H16, 10% below YoY. PPA prices are inflation updated, yet the decrease YoY is justified by the end of some PPAs in Peixe Angical hydro plant in Jan-16. Most of the plant's capacity was sold in shorter term contracts at lower prices (currently ~R\$160/MWh vs. previous ~R\$210/MWh). Additionally, **hydro volumes sold** have decreased by 9%, mostly due to (i) volumes allocation was lower in the 1H16 (51% of annual contracted volumes) vs. 1H15 (53% of annual contracted volumes), thus leading to a decrease in sales volumes YoY, to be recovered in 2H16; (ii) the sale of Pantanal mini-hydro in Jan-16; and (iii) the abovementioned strategic allocation of 7% of volumes to spot market for the purpose of offsetting the hydro deficit in which the system still incurs.

Pecém's gross profit was R\$362m in the 1H16, of which R\$370m related to PPA fixed revenues. Since the purchase of the asset, EDPB managed to achieve important improvements, both operationally (availability stood at 89% in the 1H16 vs. 88% in 2015), in regulatory terms (a less penalising formula for availability deviations was approved in Dec-15) and in market terms (decrease in spot electricity prices enabled a decrease in the cost of penalties on past unavailability). Additionally, volumes now generated ahead of the PPA contracted volumes (GWh 509 in the 1H16) allow Pecém to profit from the sale of the excess capacity at market prices in the northeast region. Worth noting that Pecém's EBITDA in the 1H16 was positively impacted by an insurance recovery related with a stoppage in one of the plant's groups in 2014.

EDPB operates 2.7GW of capacity, of which 0.3GW are equity consolidated. Equity accounted capacity refers to a 50% equity stake in **Santo Antônio do Jari** hydro power plant (373MW) and to a 50% equity stake in **Cachoeira-Caldeirão** hydro power plant (219MW), both in partnership with CTG. In the 1H16, Jari contributed with a net loss of R\$12m (@50%), reflecting the impact of the interest costs, given the initial stage of the asset's life. Cachoeira-Caldeirão, whose PPA starts in Jan-17, started operating 2 of its 3 groups, in May and June, while the third group started in July. It has contributed with a net loss of R\$7m (@50%).

**Capex** surged by 64% YoY to R\$38m in the 1H16 mostly due to maintenance works in Pecém. Note that equity investments devoted to Cachoeira Caldeirão (99% concluded) and São Manoel hydro projects are classified as 'financial Investments' (equity-method accounted); in the 1H16, **financial Investments** totalled R\$244m, which were essentially devoted to São Manoel's construction works. **São Manoel**, a 700MW project (33.3%-owned by EDPB in partnership with CTG and Furnas), is in early stage of construction (64% concluded) and has a PPA starting in May-18.

**Electricity supply gross profit decreased 91% YoY (-R\$48m) to R\$5m in the 1H16**, reflecting lower margins given the current scenario of low spot prices.

(1) Operating costs (Supplies & services + Personnel costs + Costs with social benefits) + Other operating costs (net); (2) Calculated with PPA prices and volumes.



## Income Statements & Annex

# Income Statement by Business Area



<b>1H16</b> (€m)	Long-Term Contracted Generation	Iberian Liberalised Activities	Regulated Networks Iberia	EDP Renováveis	Brazil	Corpor. Activ. & Adjustments	EDP Group
<b>Revenues from energy sales and services and other</b>	<b>463</b>	<b>4,111</b>	<b>2,871</b>	<b>800</b>	<b>1,031</b>	<b>(2,128)</b>	<b>7,148</b>
<b>Gross Profit</b>	<b>329</b>	<b>633</b>	<b>863</b>	<b>785</b>	<b>371</b>	<b>(12)</b>	<b>2,970</b>
Supplies and services	23	117	170	142	70	(86)	436
Personnel costs and employee benefits	27	38	71	45	56	86	324
Other operating costs (net)	5	112	126	(50)	(56)	7	144
<b>Operating costs</b>	<b>55</b>	<b>266</b>	<b>367</b>	<b>137</b>	<b>70</b>	<b>8</b>	<b>903</b>
<b>EBITDA</b>	<b>275</b>	<b>367</b>	<b>496</b>	<b>648</b>	<b>301</b>	<b>(20)</b>	<b>2,067</b>
Provisions	0	(25)	4	1	3	12	(5)
Amortisation and impairment (1)	64	117	169	294	67	33	744
<b>EBIT</b>	<b>210</b>	<b>274</b>	<b>324</b>	<b>354</b>	<b>231</b>	<b>(65)</b>	<b>1,327</b>

<b>1H15</b> (€m)	Long-Term Contracted Generation	Iberian Liberalised Activities	Regulated Networks Iberia	EDP Renováveis	Brazil	Corpor. Activ. & Adjustments	EDP Group
<b>Revenues from energy sales and services and other</b>	<b>577</b>	<b>4,534</b>	<b>2,807</b>	<b>699</b>	<b>1,432</b>	<b>(2,101)</b>	<b>7,948</b>
<b>Gross Profit</b>	<b>387</b>	<b>433</b>	<b>849</b>	<b>688</b>	<b>387</b>	<b>5</b>	<b>2,750</b>
Supplies and services	28	100	173	133	75	(74)	434
Personnel costs and employee benefits	33	37	75	39	59	81	324
Other operating costs (net)	5	114	32	(31)	(247)	(11)	(140)
<b>Operating costs</b>	<b>65</b>	<b>250</b>	<b>280</b>	<b>141</b>	<b>(114)</b>	<b>(4)</b>	<b>619</b>
<b>EBITDA</b>	<b>322</b>	<b>183</b>	<b>569</b>	<b>548</b>	<b>501</b>	<b>10</b>	<b>2,131</b>
Provisions	0	(1)	0	(0)	4	(0)	3
Amortisation and impairment (1)	78	100	165	255	61	30	689
<b>EBIT</b>	<b>244</b>	<b>84</b>	<b>404</b>	<b>292</b>	<b>435</b>	<b>(20)</b>	<b>1,438</b>

# Quarterly Income Statement



Quarterly P&L (€ m)	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	Δ YoY %	Δ QoQ %
<b>Revenues from energy sales and services and other</b>	<b>4,135</b>	<b>3,812</b>	<b>3,657</b>	<b>3,912</b>	<b>3,787</b>	<b>3,361</b>			<b>-12%</b>	<b>-11%</b>
<b>Cost of energy sales and other</b>	<b>(2,712)</b>	<b>(2,486)</b>	<b>(2,346)</b>	<b>(2,518)</b>	<b>(2,240)</b>	<b>(1,938)</b>			<b>22%</b>	<b>13%</b>
<b>Gross Profit</b>	<b>1,423</b>	<b>1,327</b>	<b>1,311</b>	<b>1,394</b>	<b>1,547</b>	<b>1,423</b>			<b>7%</b>	<b>-8%</b>
Supplies and services	207	227	224	263	205	230			1%	12%
Personnel costs and Employee Benefits	161	164	148	181	161	162			-1%	1%
Other operating costs (net)	67	(207)	79	18	51	93			-	83%
<b>Operating costs</b>	<b>435</b>	<b>184</b>	<b>450</b>	<b>461</b>	<b>417</b>	<b>486</b>			<b>164%</b>	<b>16%</b>
<b>EBITDA</b>	<b>988</b>	<b>1,143</b>	<b>860</b>	<b>933</b>	<b>1,130</b>	<b>937</b>			<b>-18%</b>	<b>-17%</b>
Provisions	1	3	6	7	3	(8)			-	-
Amortisation and impairment (1)	337	353	369	406	366	378			7%	3%
<b>EBIT</b>	<b>651</b>	<b>788</b>	<b>485</b>	<b>520</b>	<b>760</b>	<b>567</b>			<b>-28%</b>	<b>-25%</b>
Financial Results	(208)	(156)	(262)	(207)	(180)	(228)			-46%	-26%
Share of net profit in joint ventures and associates	(2)	(22)	(2)	1	(8)	3			-	-
<b>Profit before income tax and CESE</b>	<b>441</b>	<b>610</b>	<b>222</b>	<b>314</b>	<b>573</b>	<b>342</b>			<b>-44%</b>	<b>-40%</b>
Income taxes	82	112	42	42	152	91			-18%	-40%
Extraordinary contribution for the energy sector	61	-	-	1	59	-			-	-
<b>Net Profit for the period</b>	<b>298</b>	<b>498</b>	<b>180</b>	<b>271</b>	<b>362</b>	<b>251</b>			<b>-50%</b>	<b>-31%</b>
<b>Net Profit Attributable to EDP</b>	<b>237</b>	<b>350</b>	<b>149</b>	<b>177</b>	<b>263</b>	<b>209</b>			<b>-40%</b>	<b>-20%</b>
Non-controlling Interests	62	148	31	94	100	42			-72%	-58%

Note: quarterly data in the 1Q15 was restated as to reflect the application of IFRIC21

(1) Depreciation and amortisation expense net of compensation for depreciation and amortisation of subsidised assets.

# EDP - Installed capacity & electricity generation



Technology	Installed Capacity - MW (1)				Electricity Generation (GWh)				Electricity Generation (GWh)							
	1H16	1H15	Δ MW	Δ %	1H16	1H15	Δ GWh	Δ %	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16
<b>PPA/CMEC (Portugal)</b>	<b>3,843</b>	<b>4,470</b>	<b>-627</b>	<b>-14%</b>	<b>8,620</b>	<b>7,791</b>	<b>829</b>	<b>11%</b>	<b>4,151</b>	<b>3,639</b>	<b>3,258</b>	<b>3,582</b>	<b>4,627</b>	<b>3,992</b>		
<b>Hydro</b>	<b>2,663</b>	<b>3,290</b>	<b>-627</b>	<b>-19%</b>	<b>5,316</b>	<b>3,063</b>	<b>2,253</b>	<b>74%</b>	<b>1,903</b>	<b>1,160</b>	<b>787</b>	<b>1,125</b>	<b>2,854</b>	<b>2,462</b>		
Run off the river	1,056	1,056			2,849	1,597			938	659	393	497	1,430	1,419		
Reservoir	1,607	2,234			2,467	1,466			965	501	394	628	1,424	1,043		
<b>Coal - Sines</b>	<b>1,180</b>	<b>1,180</b>	<b>0</b>	<b>0%</b>	<b>3,304</b>	<b>4,728</b>	<b>-1,424</b>	<b>-30%</b>	<b>2,248</b>	<b>2,480</b>	<b>2,471</b>	<b>2,457</b>	<b>1,773</b>	<b>1,530</b>		
<b>Special Regime (Ex-Wind)</b>	<b>184</b>	<b>213</b>	<b>-29</b>	<b>-14%</b>	<b>573</b>	<b>396</b>	<b>177</b>	<b>45%</b>	<b>222</b>	<b>173</b>	<b>84</b>	<b>184</b>	<b>311</b>	<b>262</b>		
<b>Portugal</b>	<b>184</b>	<b>188</b>	<b>-4</b>	<b>-2%</b>	<b>573</b>	<b>327</b>	<b>246</b>	<b>75%</b>	<b>190</b>	<b>138</b>	<b>47</b>	<b>158</b>	<b>311</b>	<b>262</b>		
Small-Hydro	159	164			473	226			138	88	4	120	259	214		
Cogeneration	24	24			100	102			52	50	43	38	52	48		
<b>Spain</b>	<b>0</b>	<b>25</b>	<b>-25</b>	<b>-</b>	<b>0</b>	<b>68</b>	<b>-68</b>	<b>-</b>	<b>33</b>	<b>35</b>	<b>37</b>	<b>26</b>	<b>0</b>	<b>0</b>		
Cogeneration+Waste (2)	0	25			0	68			33	35	37	26	0	0		
<b>Liberalised Iberia</b>	<b>8,664</b>	<b>7,881</b>	<b>783</b>	<b>10%</b>	<b>10,428</b>	<b>8,747</b>	<b>1,681</b>	<b>19%</b>	<b>4,709</b>	<b>4,038</b>	<b>4,572</b>	<b>5,077</b>	<b>5,693</b>	<b>4,734</b>		
<b>Hydro</b>	<b>3,524</b>	<b>2,526</b>	<b>997</b>	<b>39%</b>	<b>6,693</b>	<b>3,085</b>	<b>3,608</b>	<b>117%</b>	<b>1,910</b>	<b>1,175</b>	<b>601</b>	<b>873</b>	<b>3,540</b>	<b>3,153</b>		
Portugal	3,097	2,100			5,931	2,464			1,495	969	541	760	3,080	2,851		
Spain	426	426			762	620			414	206	60	113	460	301		
<b>Coal</b>	<b>1,224</b>	<b>1,463</b>	<b>-239</b>	<b>-16%</b>	<b>2,102</b>	<b>4,030</b>	<b>-1,928</b>	<b>-48%</b>	<b>2,058</b>	<b>1,972</b>	<b>2,299</b>	<b>2,617</b>	<b>1,333</b>	<b>769</b>		
Aboño I	342	342			761	588			524	63	649	639	309	452		
Aboño II	536	536			1,048	1,975			922	1,053	1,077	1,016	854	194		
Soto Ribera II	0	239			0	548			190	358	22	367	0	0		
Soto Ribera III	346	346			293	920			422	497	551	596	170	123		
<b>CCGT</b>	<b>3,736</b>	<b>3,736</b>	<b>0</b>	<b>0%</b>	<b>1,017</b>	<b>1,086</b>	<b>-69</b>	<b>-6%</b>	<b>411</b>	<b>675</b>	<b>1,334</b>	<b>1,246</b>	<b>465</b>	<b>552</b>		
Ribatejo (3 groups)	1,176	1,176			483	188			54	133	126	434	168	314		
Lares (2 groups)	863	863			130	566			136	429	867	403	63	67		
Castejón (2 groups)	843	843			296	241			143	98	228	255	135	161		
Soto IV & V (2 groups)	854	854			108	92			77	15	113	154	99	9		
<b>Nuclear - Trillo</b>	<b>156</b>	<b>156</b>	<b>0</b>	<b>0%</b>	<b>560</b>	<b>546</b>	<b>14</b>	<b>3%</b>	<b>331</b>	<b>215</b>	<b>339</b>	<b>342</b>	<b>330</b>	<b>230</b>		
<b>Cogeneration and Waste (2)</b>	<b>25</b>	<b>-</b>	<b>25</b>	<b>-</b>	<b>57</b>	<b>-</b>	<b>57</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26</b>	<b>31</b>		
<b>Wind (More detail on page 15)</b>	<b>9,283</b>	<b>8,172</b>	<b>1,111</b>	<b>14%</b>	<b>13,241</b>	<b>10,763</b>	<b>2,478</b>	<b>23%</b>	<b>5,757</b>	<b>5,006</b>	<b>4,106</b>	<b>6,367</b>	<b>7,508</b>	<b>5,733</b>		
Iberia	3,441	2,822			4,629	3,533			2,004	1,529	1,387	1,915	2,696	1,933		
Rest of Europe	1,435	1,363			1,693	1,616			916	700	605	934	1,078	616		
North America	4,203	3,904			6,713	5,520			2,792	2,728	2,052	3,452	3,680	3,033		
Brazil	204	84			205	94			46	49	61	66	54	151		
<b>Solar</b>	<b>82</b>	<b>82</b>	<b>0</b>	<b>0%</b>	<b>73</b>	<b>79</b>	<b>-6</b>	<b>-8%</b>	<b>29</b>	<b>50</b>	<b>46</b>	<b>26</b>	<b>27</b>	<b>46</b>		
<b>Brazil (Ex-Wind)</b>	<b>2,466</b>	<b>2,517</b>	<b>-51</b>	<b>-2%</b>	<b>4,832</b>	<b>3,871</b>	<b>961</b>	<b>25%</b>	<b>1,624</b>	<b>2,247</b>	<b>2,226</b>	<b>2,530</b>	<b>2,764</b>	<b>2,068</b>		
<b>Hydro</b>	<b>1,745</b>	<b>1,797</b>	<b>-51</b>	<b>-3%</b>	<b>2,493</b>	<b>3,261</b>	<b>-768</b>	<b>-24%</b>	<b>1,624</b>	<b>1,638</b>	<b>1,091</b>	<b>1,247</b>	<b>1,640</b>	<b>853</b>		
Lajeado	903	903			1,284	1,657			827	829	477	589	889	396		
Peixe Angical	499	499			906	1,020			522	497	445	541	579	327		
Energest	344	396			302	585			274	311	169	117	172	130		
<b>Coal (Pecém I)</b>	<b>720</b>	<b>720</b>	<b>0</b>	<b>0%</b>	<b>2,339</b>	<b>610</b>	<b>1,730</b>	<b>284%</b>	<b>0</b>	<b>610</b>	<b>1,135</b>	<b>1,283</b>	<b>1,124</b>	<b>1,215</b>		
<b>TOTAL</b>	<b>24,522</b>	<b>23,336</b>	<b>1,186</b>	<b>5%</b>	<b>37,767</b>	<b>31,646</b>	<b>6,121</b>	<b>19%</b>	<b>16,492</b>	<b>15,154</b>	<b>14,292</b>	<b>17,767</b>	<b>20,931</b>	<b>16,836</b>		
<b>Equity Consolidated</b>	<b>Installed Capacity - MW (3)</b>															
	<b>1H16</b>	<b>1H15</b>	<b>Δ MW</b>	<b>Δ %</b>												
Iberia Special Regime (Ex-Wind)	41	46	-5	-11%												
EDPR Wind	356	886	-530	-60%												
Brazil Hydro	260	187	73	39%												
<b>TOTAL</b>	<b>657</b>	<b>1,119</b>	<b>-463</b>	<b>-41%</b>												

(1) Installed capacity that contributed to the revenues in the period.

(2) As from January 1st 2016, cogeneration and waste under special regime in Spain are reported in Liberalised Iberia

(3) MW attributable to associated companies consolidated by equity method



# EDP - Volumes distributed, clients connected and networks



## ELECTRICITY

Electricity Distributed (GWh)	1H16	1H15	Δ GWh	Δ %
<b>Portugal</b>	<b>22,287</b>	<b>22,368</b>	<b>-82</b>	<b>-0.4%</b>
Very High Voltage	1,085	1,083	2	0.2%
High / Medium Voltage	10,323	10,435	-112	-1.1%
Low Voltage	10,879	10,851	28	0.3%
<b>Spain</b>	<b>4,637</b>	<b>4,630</b>	<b>7</b>	<b>0.2%</b>
High / Medium Voltage	3,499	3,472	27	0.8%
Low Voltage	1,139	1,159	-20	-1.7%
<b>Brazil</b>	<b>12,111</b>	<b>13,142</b>	<b>-1,032</b>	<b>-7.8%</b>
Free Clients	4,324	4,813	-489	-10.2%
Industrial	1,497	1,739	-241	-13.9%
Residential, Comercial & Other	6,289	6,591	-301	-4.6%
<b>TOTAL</b>	<b>39,035</b>	<b>40,141</b>	<b>-1,106</b>	<b>-2.8%</b>

Clients Connected (th)	1H16	1H15	Abs. Δ	Δ %
<b>Portugal</b>	<b>6,126</b>	<b>6,094</b>	<b>32.7</b>	<b>0.5%</b>
Very High / High / Medium Voltage	24	24	0.3	1.2%
Special Low Voltage	35	34	0.5	1.5%
Low Voltage	6,067	6,035	31.9	0.5%
<b>Spain</b>	<b>661</b>	<b>659</b>	<b>1.5</b>	<b>0.2%</b>
High / Medium Voltage	1	1	-0.0	-0.2%
Low Voltage	659	658	1.5	0.2%
<b>Brazil</b>	<b>3,281</b>	<b>3,209</b>	<b>72.2</b>	<b>2.3%</b>
Bandeirante	1,785	1,755	30.3	1.7%
Escelsa	1,496	1,454	42.0	2.9%
<b>TOTAL</b>	<b>10,068</b>	<b>9,962</b>	<b>106.5</b>	<b>1.1%</b>

Networks	1H16	1H15	Abs. Δ	Δ %
<b>Lenght of the networks (Km)</b>	<b>336,608</b>	<b>334,725</b>	<b>1,884</b>	<b>0.6%</b>
Portugal	225,092	224,498	594	0.3%
Spain	20,411	20,325	86	0.4%
Brazil	91,105	89,901	1,203	1.3%
<b>Losses (% of electricity distributed)</b>				
Portugal (1)	9.4%	9.7%	-0.3 pp	
Spain	4.4%	4.7%	-0.3 pp	
Brazil				
Bandeirante	9.2%	8.9%	0.2 pp	
Technical	5.5%	5.5%	0.0 pp	
Comercial	3.7%	3.5%	0.2 pp	
Escelsa	14.0%	13.1%	0.9 pp	
Technical	8.5%	7.8%	0.7 pp	
Comercial	5.5%	5.3%	0.2 pp	

## GAS

Gas Distributed (GWh)	1H16	1H15	Δ GWh	Δ %
<b>Portugal</b>	<b>3,803</b>	<b>3,670</b>	<b>133</b>	<b>3.6%</b>
Low Pressure	642	617	25	4.0%
Medium Pressure	3,148	3,039	109	3.6%
LPG	13	14	-1	-7.0%
<b>Spain</b>	<b>14,599</b>	<b>15,756</b>	<b>-1,156</b>	<b>-7.3%</b>
Low Pressure	5,265	5,991	-726	-12.1%
Medium Pressure	9,334	9,764	-430	-4.4%
<b>TOTAL</b>	<b>18,402</b>	<b>19,425</b>	<b>-1,023</b>	<b>-5.3%</b>

Supply Points (th)	1H16	1H15	Abs. Δ	Δ %
<b>Portugal</b>	<b>336</b>	<b>323</b>	<b>12</b>	<b>3.7%</b>
Low Pressure	330	317	13	4.1%
Medium Pressure	1.4	1.4	0.0	3.1%
LPG	3.9	4.7	-0.8	-17.4%
<b>Spain</b>	<b>922</b>	<b>913</b>	<b>8</b>	<b>0.9%</b>
Low Pressure	921	913	8	0.9%
Medium Pressure	0.7	0.7	0	-1.4%
<b>TOTAL</b>	<b>1,257</b>	<b>1,237</b>	<b>20.5</b>	<b>1.7%</b>

Networks	1H16	1H15	Abs. Δ	Δ %
<b>Lenght of the networks (Km)</b>	<b>12,714</b>	<b>12,393</b>	<b>322</b>	<b>2.6%</b>
Portugal	4,951	4,700	250	5.3%
Spain	7,764	7,692	71	0.9%

(1) Excludes Very High Voltage

# EDP - Sustainability performance



## 2Q16 Main Events

EDP was selected as the best company to work in the Human Resources Awards 2015. Also, António Mexia won the prize for best President / CEO for the 5th consecutive year and EDP won the first place in the "Mobility" and "Internal Communication" categories.

## Miguel Setas is one of the best Brazilian CEOs according to Forbes magazine

The CEO of EDP in Brazil was elected as one of the most influential Brazilian businessmen, on Forbes Magazine's "Best CEOs in Brazil" list. For excellence in their business sectors, 34 executives were recognized based on the suggestions of the most important consultancies in the country.

## EDP in the European rankings of support for start-ups

EDP was ranked 10th in the Classification of Europe's 25 Corporate Start-up Stars. This ranking is made by the Nesta Innovation Foundation, with the support of the Startup Europe Partnership, an entity created by the European Commission to accelerate the globalization of European start-ups.

## EDP Internal Sustainability Index (base 2010-12)

	1H16	1H15	Δ %
<b>Sustain. Index (a)(b)(c)</b>	<b>107</b>	<b>98</b>	<b>9%</b>
Environmental %Weight	108 33%	93 33%	16%
Economic %Weight	104 37%	103 37%	1%
Social %Weight	109 30%	98 30%	11%

This Sustainability Index was developed by EDP and is based on 33 sustainability performance indicators.

## Economic Metrics

	1H16	1H15	Δ %
<b>Economic Value (€m)</b>	<b>7,980</b>	<b>8,953</b>	<b>-11%</b>
Distributed	7,463	8,063	-7%
Accumulated	517	889	-42%
<b>Energy Serv. Rev. (€m)(1)</b>	<b>561</b>	<b>534</b>	<b>5%</b>
Energy Efficiency Serv. (d)	23	23	2%

## Social Metrics

	1H16	1H15	Δ %
<b>Employees</b>	<b>11,923</b>	<b>11,983</b>	<b>-1%</b>
<b>Training (hours)</b>	<b>148,286</b>	<b>168,848</b>	<b>-12%</b>
<b>On-duty Accidents (e)(f)</b>	<b>117</b>	<b>92</b>	<b>27%</b>
Severity Rate (Tg)	178	207	-14%
Frequency rate (Tf)	3.9	3.2	21%
Fatal Accid. w/ 3rd Parties	3	11	-73%

## Environmental Metrics

	1H16	1H15	Δ %
<b>Absolute Atmospheric Emissions (kt)</b>			
CO2 (b)(g)	7,924	8,846	-10%
NOx	4.5	10.0	-55%
SO2	4.2	8.1	-48%
Particle	0.287	0.426	-33%

<b>Specific Atmospheric Emissions (g/kWh)</b>			
CO2 (b)(g)	210.4	280.4	-25%
NOx	0.12	0.32	-62%
SO2	0.11	0.26	-56%

<b>GHG emissions (ktCO2 eq)</b>			
Direct Emissions (scope 1) (b)	7,939	8,862	-10%
Indirect emissions (scope 2) (c)	330	308	7%

<b>Primary Energy Consumption (TJ) (h)</b>	<b>91,241</b>	<b>107,185</b>	<b>-15%</b>
<b>Max. Net Certified Capacity</b>	<b>91%</b>	<b>92%</b>	<b>(1 p.p.)</b>
<b>Water Use (103 m3)</b>	<b>694,615</b>	<b>836,843</b>	<b>-17%</b>
<b>Total Waste (t)</b>	<b>229,651</b>	<b>292,344</b>	<b>-21%</b>

<b>Environmental Matters (€ th)</b>	<b>52,452</b>	<b>45,019</b>	<b>17%</b>
Investments	24,126	19,147	26%
Expenses	28,326	25,872	9%

<b>Environmental Fees and Penalties (€)</b>	<b>16,979</b>	<b>30,651</b>	<b>-45%</b>
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## Environmental Metrics - CO2 Emissions

CO2 Emissions	Absolute (ktCO2) (b)		Specific (t/MWh)		Generation (i) (GWh)	
	1H16	1H15	1H16	1H15	1H16	1H15
<b>Long-Term Contracted</b>	<b>5,791</b>	<b>4,993</b>	<b>1.03</b>	<b>0.94</b>	<b>5,643</b>	<b>5,338</b>
Coal Portugal (PPA/CMEC)	3,034	4,296	0.92	0.91	3,304	4,728
Coal Brazil (Pecém)	2,757	696	1.18	1.14	2,339	610
<b>Liberalised</b>	<b>2,041</b>	<b>3,766</b>	<b>0.65</b>	<b>0.74</b>	<b>3,118</b>	<b>5,116</b>
Coal Spain	1,613	3,311	0.77	0.82	2,102	4,030
CCGT Iberia	427	454	0.42	0.42	1,017	1,086
<b>Special Regime</b>	<b>93</b>	<b>87</b>	<b>0.15</b>	<b>0.14</b>	<b>604</b>	<b>617</b>
Cogeneration + Waste	93	87	0.15	0.14	604	617
<b>Thermal Generation</b>	<b>7,924</b>	<b>8,846</b>	<b>0.85</b>	<b>0.80</b>	<b>9,365</b>	<b>11,070</b>
<b>CO2 Free Generation</b>					<b>28,306</b>	<b>20,477</b>
<b>CO2 Emissions</b>			<b>0.21</b>	<b>0.28</b>	<b>37,671</b>	<b>31,547</b>

(a) Includes only Energy Efficiency Services (formerly named Energy Services Invoicing) and considers only the support from public authorities recognised in the income statement.

(b) Stationary emissions do not include those produced by the burning of ArcelorMittal steel gases in Aboño 2 (2016: 1,456.5 ktCO2 vs 2015: 1,718.0 ktCO2); these emissions are allocated to the industrial sector.

(c) Scope 2 emissions according with GHG Protocol based location methodology. The 2015 figure was revised to avoid double counting regarding scope 1 emissions.

(d) Indicator formerly known as Energy Services Invoicing.

(e) ESP: External Services Provider.

(f) Accidents leading to an absence of one more calendar day and fatalities.

(g) Excluding vehicle fleet and natural gas consumption and losses (information included in GHG emissions).

(h) Including vehicle fleet.

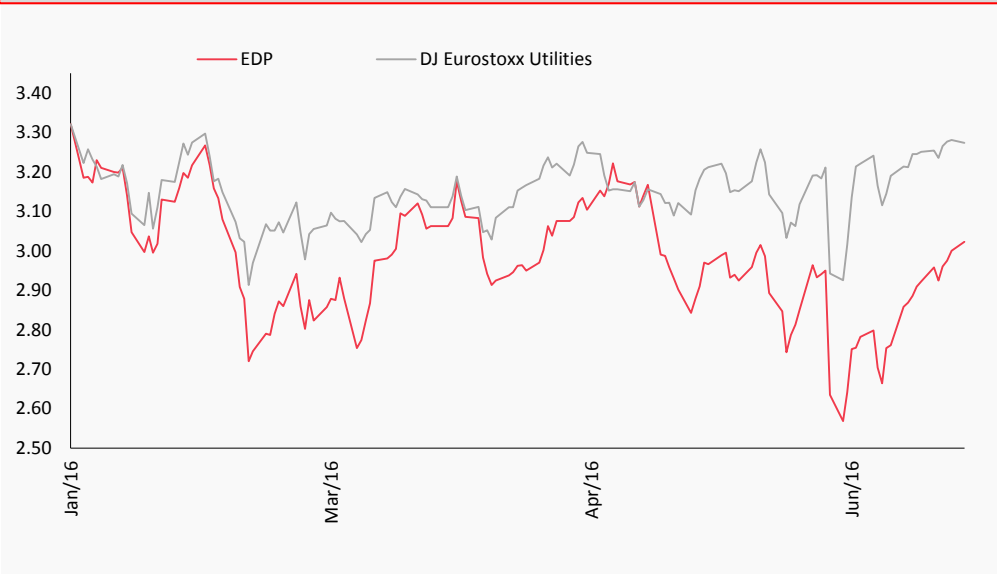
(i) Includes heat generation (2015: 447 GWh vs 2016: 447 GWh).

(1) Energy Efficiency Services and Supplementary Energy Services: services provided under energy supply, installation of more efficient and/or building retrofit, and sustainable mobility, which generate revenues for the company.

# EDP Share Performance



## EDP Stock Performance on Euronext Lisbon



## EDP Stock Market Performance

	YTD	52W	2015
25/07/2016			
<b>EDP Share Price (Euronext Lisbon - €)</b>			
Close	3.023	3.023	3.321
Max	3.332	3.562	3.749
Min	2.702	2.702	2.951
Average	3.008	3.128	3.371

## EDP's Liquidity in Euronext Lisbon

Turnover (€ m)	2,099	4,523	5,987
Average Daily Turnover (€ m)	24	23	23
Traded Volume (million shares)	698	1,446	1,776
Avg. Daily Volume (million shares)	7.9	7.2	6.8

## EDP Share Data

	1H16	1H15	Δ %
Number of shares Issued (million)	3,656.5	3,656.5	-
Treasury stock (million)	21.4	21.8	-1.8%

## EDP's Main Events

- 25-Jan:** EDP acquires gas distribution assets from Repsol in the North of Spain
- 29-Jan:** Conclusion of sale by EDP Brasil of two mini-hydro plants in Mato Grosso do Sul
- 29-Jan:** EDP sells €94 million of tariff deficit in Portugal
- 15-Feb:** Moody's affirms EDO at "Baa3" and outlook at Stable
- 17-Mar:** EDP issues €600 million bond maturing in March 2023
- 7-Apr:** Norges Bank notifies qualified shareholding in EDP
- 15-Apr:** Norges Bank qualified shareholding – amendment of title of imputation
- 18-Apr:** EDP sells €700 million of tariff deficit in Portugal
- 19-Apr:** EDPR announces an asset rotation transaction in Europe, for a total consideration of €550 million
- 20-Apr:** EDP's Annual General Shareholders Meeting
- 21-Apr:** Payment of Dividends – Financial Year 2015
- 2-May:** EDP Brasil aproves share capital increase of up to R\$1,500m
- 9-May:** EDP sells EUR 348 million of tariff deficit in Portugal
- 27-May:** EDP announces the signing of a MoU for further development of EDP/CTG strategic partnership
- 7-Jun:** EDPB share capital increase 98% subscribed
- 7-Jun:** EDP sells EUR 73 million of tariff deficit in Portugal
- 21-Jun:** Norges Bank qualified shareholding – amendment of title of imputation
- 1-Jul:** EDP sells EUR 200 million of tariff deficit in Portugal
- 5-Jul:** EDP exercises its call option of 5% stake in Naturgas
- 15-Jul:** EDP announces mandate and investor calls for a potential securitization transaction of tariff deficit in Portugal
- 21-Jul:** EDP to receive EUR 600 million in securitization of electricity tariff deficit in Portugal

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