

**ENERGY**  
**AS**  
**THE**  
**NEW**  
**ART**

**EDP Renováveis**  
**Management Report**  
**1H 2017**

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# 1 The Company

## 1.1 EDP Renováveis in brief

### 1.1.1 VISION, MISSION, VALUES AND COMMITMENTS

#### Vision

A global energy, renewable company, leader in value, creation, innovation and sustainability.

#### Mission

Aim to be a long-term market leader in the renewable energy sector, pursuing credibility through safety, value creation, social responsibility, innovation, and respect for the environment.

#### Values

**Initiative**  
through behaviour and attitude of our people

**Trust**  
of shareholders, employees, customers, suppliers and other stakeholders

**Excellence**  
in the way we perform

**Innovation**  
to create value in our areas of operation

**Sustainability**  
aimed at the quality of life for current and future generations

#### Commitments

- We join conduct and professional rigour to enthusiasm and initiative, emphasizing team work
- We listen to our stakeholders and answer in a simple and clear manner
- We surprise our stakeholders by anticipating their needs

- We ensure the participatory, competent and honest governance of our business
- We believe that the balance between private and professional life is fundamental in order to be successful

- We fulfil the commitments that we embraced in the presence of our shareholders
- We place ourselves in our stakeholder's shoes whenever a decision has to be made
- We promote the development of skills and merit

- We are leaders due to our capacity of anticipating and implementing
- We avoid specific greenhouse gas emissions with the energy we produce
- We demand excellence in everything that we do

- We assume the social and environmental responsibilities that result from our performance thus contributing toward the development of the regions in which we are operating

## EDPR in the World

Canada

United States

Mexico

Brazil

United Kingdom

Belgium

France

Spain

Portugal

Poland

Romania

Italy

**during 1H 2017 EDP Renováveis generated 14.5 TWh  
avoiding the emissions of 12 mt of CO<sup>2</sup>**

EDPR is a market leader with top quality assets in 12 countries, managing a global portfolio of 10.4 GW of installed capacity, 633 MW under construction and much more in pipeline development, employing 1,183 employees

## EUROPE

### Spain

**403** employees  
**2,371** MW Operational  
**2,665** GWh generated

### Portugal

**73** employees  
**1,253** MW Operational  
**1,536** GWh generated

### France

**56** employees  
**406** MW Operational  
**402** GWh generated  
+4 MW under construction

### Belgium

**2** employees  
**71** MW Operational  
**62** GWh generated

### Poland

**37** employees  
**418** MW Operational  
**531** GWh generated

### Romania

**33** employees  
**521** MW Operational  
**677** GWh generated

### Italy

**24** employees  
**144** MW Operational  
**167** GWh generated

### United Kingdom

**34** employees  
1.1 GW (max) of offshore  
in pipeline

## NORTH AMERICA

### United States

**469** employees  
**4,811** MW Operational  
**7,863** GWh generated  
+502 MW under construction

### Canada

**5** employees  
**30** MW Operational  
**44** GWh generated

### Mexico

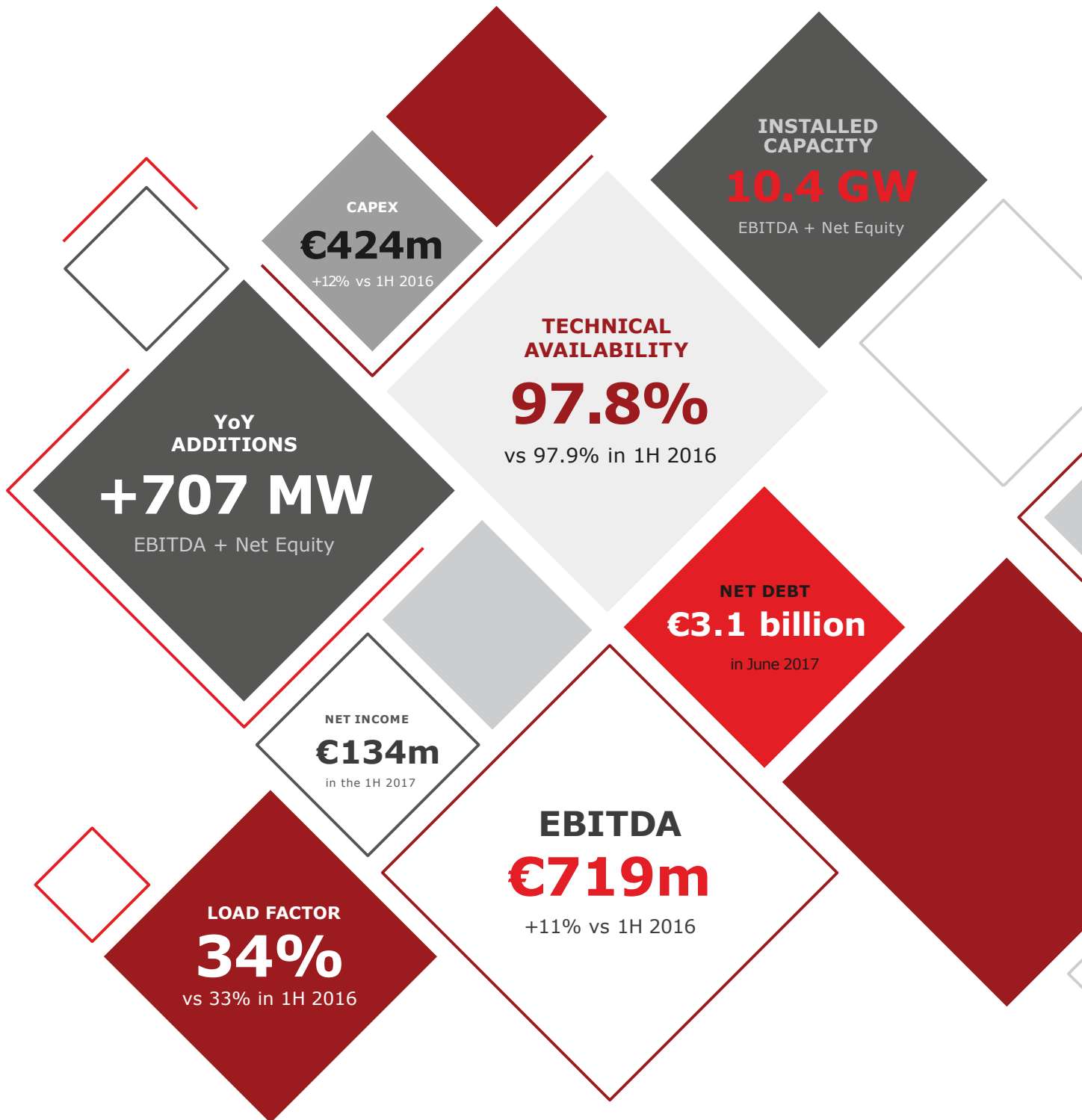
**8** employees  
**200** MW Operational  
**284** GWh generated

## BRAZIL

**39** employees  
**204** MW Operational  
**314** GWh generated  
+127 MW under construction

## 1.2. 1H 2017 in Review

### 1.2.1. Key Metrics Summary



**1,183**

**EMPLOYEES**

+9% vs 1H 2016

**GENERATION**  
**14.5 TWh**

+9% vs 1H 2016

**EMISSIONS  
AVOIDED**

**12 mt CO<sub>2</sub>**

+4% vs 1H 2016

**CORE OPEX/MWh**

**€14.1/MWh**

unchanged vs 1H 2016

**95%**

**CAPACITY  
CERTIFIED  
OHSAS 18001**

**OPERATING  
CASH-FLOW**  
**€535m**

+13% vs 1H 2016

**TRAINING**

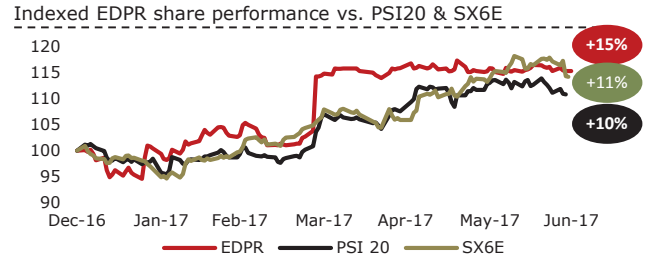
**17.3**

hours per employee

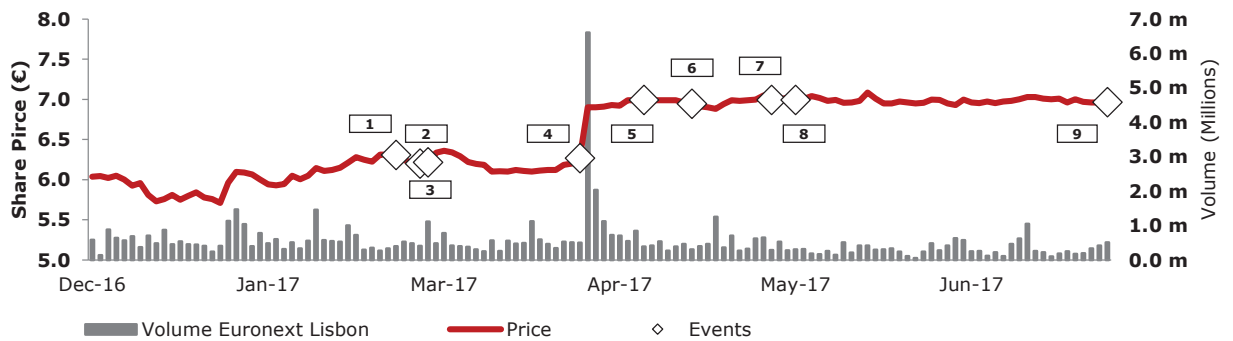
1.2.2 SHARE PERFORMANCE

**In June 2017, EDPR share price closed at €6.96 with and average daily volume of 2.35 million shares.**

EDPR has 872.3 million of shares listed and admitted to trading in NYSE Euronext Lisbon. On June 30<sup>th</sup> 2017 EDPR had a market capitalization of 6.1 billion euro, above than 5.3 billion euro at previous year-end, and equivalent to €6.96 per share. In the 1H 2017 total shareholder return was +16%, considering the dividend paid on May 8<sup>th</sup> of € 0.05 per share and positively impacted by EDP tender offer announcement over EDPR outstanding shares.



EDPR in Capital Markets	1H 2017	2016	2015	2014	2013
Opening price (€)	6.04	7.25	5.404	3.86	3.99
Minimum price (€)	5.71	5.70	5.3	3.87	3.58
Maximum price (€)	7.08	7.28	7.25	5.7	4.36
Closing price (€)	6.96	6.04	7.25	5.4	3.86
Market capitalization (€ million)	6,074	5,265	6,324	4,714	3,368
Total traded volume: Listed & OTC (million)	297.89	291.07	289.22	396.84	448.15
...of which in Euronext Lisbon (million)	68.53	103.50	109.67	149.48	200.29
Average daily volume (million)	2.35	1.13	1.13	1.56	1.76
Turnover (€ million)	1,970.41	1,828.34	1,824.08	1,976.41	1,759.20
Average daily turnover (€ million)	15.52	7.11	7.13	7.75	6.9
Rotation of capital (% of total shares)	34%	32%	33%	46%	51%
Rotation of capital (% of floating shares)	152%	141%	148%	205%	229%
Share price performance	15%	-17%	34%	40%	-3%
Total shareholder return	16%	-16%	35%	41%	-2%
PSI 20	10%	-12%	+11%	-27%	+16%
Down Jones Eurostoxx Utilities	11%	-8%	-5%	+12%	+9%



- 1 Spain published the interim regulatory revision for wind energy
- 2 EDPR announces the sale of a minority stake in PT assets to CTG
- 3 EDPR FY16 Annual Results release
- 4 EDP: General & Voluntary Tender Offer over EDPR shares
- 5 EDP Renováveis Annual Shareholders' Meeting
- 6 EDPR 1Q17 Volumes and Capacity Statement release
- 7 EDPR 1Q17 Annual Results release
- 8 EDPR payment of dividend (€0.05 per share)
- 9 EDPR completes the sale of a minority stake (PT) to CTG

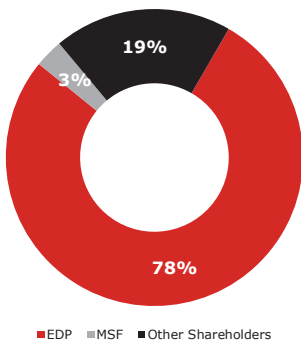


# 1.3 Organization

## 1.3.1 SHAREHOLDERS

**EDPR shareholders are spread across 23 countries. EDP (“Energias de Portugal”) is the major one holding 77.5% of the share capital since launching the company’s IPO in June 2008.**

EDPR Shareholders

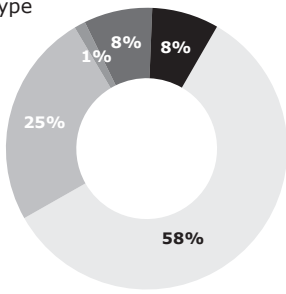


EDPR total share capital is, since its initial public offering (IPO) in June 2008, composed of 872,308,162 shares issued with a nominal value of five euros each, fully paid. All these shares are part of a single class and series and are admitted to trading on the NYSE Euronext Lisbon regulated market.

### Major shareholder, the EDP Group

The majority of the company’s share capital is owned by EDP Group, holding 77.5% of the share capital and voting rights, since launching the company’s IPO in June 2008. EDP Group is a vertically integrated utility company, the largest generator, distributor and supplier of electricity in Portugal, has significant operations in electricity and gas in Spain and is one of the largest private generation group in Brazil through its stake in Energias do Brasil. In the Iberian Peninsula, EDP is the third largest electricity generation company and one of the largest distributors of gas. EDP has a relevant presence in the world energy outlook, being present in 14 countries and close to 12,000 employees around the world. In 2016, EDP had an installed capacity of 25.2 GW, generating 70 TWh, of which 33% come from wind. EDP is part of sustainability indexes (DJSI World and Europe), following its performance in the economic, social and environmental dimensions. Its holding company, EDP SA, is a listed company whose ordinary shares are traded in the NYSE Euronext Lisbon since its privatization in 1997.

Shareholders (Ex-EDP) by type

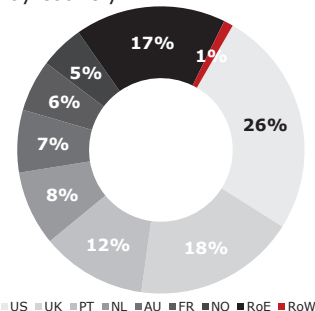


### Other qualified shareholders

Besides the qualified shareholding of EDP Group, MFS Investment Management - an American-based global investment manager formerly known as Massachusetts Financial Services - communicated to CNMV in September 2013 an indirect qualified position, as collective investment institution, of 3.1% in EDPR share capital and voting rights.

EDPR analysis as of December 2016

Shareholders (Ex-EDP) by country



### Broad base of investors

EDPR has a broad base of international investors. Excluding EDP Group, EDPR shareholders comprise more than 65,000 institutional and private investors spread worldwide. Institutional investors represent about 92% of EDPR investor base (ex-EDP Group), while the remaining 8% stand private investors, most of whom are resident in Portugal. Within institutional investors, investment funds are the major type of investor, followed by sustainable and responsible funds (SRI). EDPR is a member of several financial indexes that aggregate top performing companies for sustainability and corporate social responsibility.

### Worldwide shareholders

EDPR shareholders are spread across 23 countries, being United States the most representative country, accounting for 26% of EDPR shareholder base (ex-EDP Group), followed by United Kingdom, Portugal, Netherlands, Australia, France and Norway. In Rest of Europe the most representative countries are Switzerland, Spain and Sweden.

EDPR analysis as of December 2016

### 1.3.2 GOVERNANCE MODEL

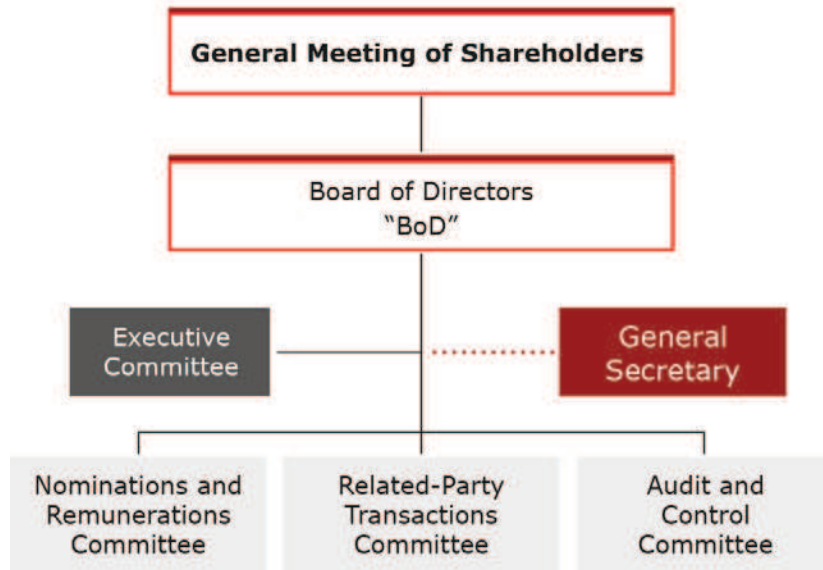
**EDPR’s corporate governance model is designed to ensure transparency and accountability through a clear separation of duties between management and supervision of the company’s activities.**

Corporate governance is about promoting corporate fairness, transparency and accountability. EDPR’s corporate governance structure specifies the shareholders, board of directors, managers and other stakeholders’ rights and responsibilities and spells out the rules and procedures for making decisions on corporate affairs. It also incorporates the organization’s strategic response to risk management.

The corporate governance structure adopted is the one in effect in Spain. It comprises a General Meeting of Shareholders and a Board of Directors that represents and manages the company.

The Board of Directors has set up specialized committees, which are the Executive Committee, the Audit and Control Committee, the Nominations and Remunerations Committee and the Committee on Related-Party Transactions.

This governance structure and composition was chosen to adapt the company’s corporate governance model also to the Portuguese legislation and it seeks, insofar it is compatible with the Spanish law, to correspond to the so-called “Anglo-Saxon” model set forth in the Portuguese Commercial Companies Code, in which the management body is a Board of Directors, and the supervision and control duties are of the responsibility of a separate body, a Supervisory Board.



#### General Shareholders’ Meeting

General Shareholders’ Meeting is the body where the shareholders participate, it has the power to deliberate and adopt any decision by majority.

Board of Directors



**António Mexia**  
Chairman



**Emilio Garcia-Conde**  
General Secretary



**João Manso Neto**  
Vice-Chairman and CEO



**Miguel Dias Amaro**  
CFO



**João Paulo Costeira**  
COO Europe & Brazil



**Gabriel Alonso**  
COO North America



**Nuno Alves**



**João Lopes Raimundo**



**Jorge Santos**  
Chairman



**João de Mello Franco**  
Chairman



**José Ferreira Machado**  
Chairman



**Manuel Menéndez**



**Allan J. Katz**



**António Nogueira Leite**



**Francisca Guedes de Oliveira**



**Gilles August**



**Francisco da Costa**



**Acácio Piloto**

Executive Committee  
Audit and Control Committee

Nominations and Remunerations Committee  
Related-Party Transactions Committee

Independent Member

EDPR's BoD shall consist of no less than 5 and no more than 17 Directors, including a Chairperson. Currently it is composed by 17 board members, out of which 10 are independent. BoD members are elected for 3 years period and may be re-elected for equal periods.

EDPR's BoD has the broadest power for the administration, management and governance of the company, with no limitations other than the responsibilities expressly and exclusively invested in the General Shareholders Meeting, in the company's articles of association or in the applicable law. Its members must meet at least once a quarter. Nonetheless, the Chairperson, on his own initiative or that of 3 Directors, shall convene a meeting whenever he deems fit for the company's interests.

**Executive Committee**

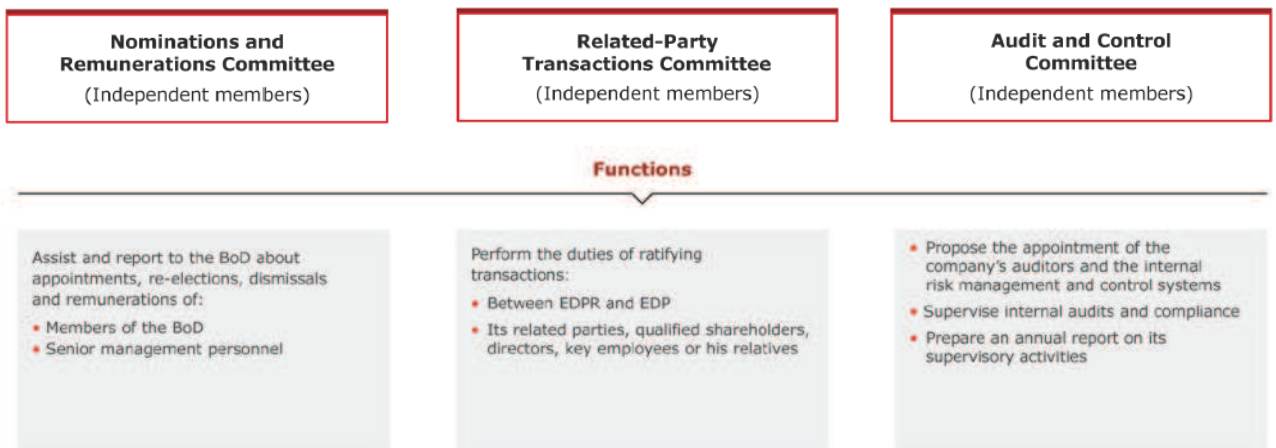
EDPR's Executive Committee (EC) is composed by four members, including a Chief Executive Officer (CEO), and adopts its decisions by majority. The CEO coordinates the implementation of the BOD decisions and the Corporate and General Management functions, partially assigning those to the other executive officers, namely: the Chief Financial Officer (CFO), the Chief Operating Officer for Europe and Brazil (COO EU & BR) and the Chief Operating Officer for North America (COO NA).

The CFO proposes and ensures the implementation of the financial policy and management, including financial negotiation, management and control, cash management optimization and financial risk management policy proposal; he also coordinates and prepares the business plan and the budget, manages the financial statements reporting analyses the operational and financial performance and coordinates procurement function and relations with key suppliers while ensuring the implementation of the procurement strategy and policy.

The COO EU & BR and the COO NA coordinate their platforms by developing, establishing and implementing the strategic plan for the renewable energy business in their respective platforms, in accordance with the guidelines set by the BOD; they are also responsible for planning, organizing and managing resources, controlling, measuring and improving the management of projects and subsidiary companies to achieve expected results to make EDPR a leader in the renewable energy sector in their respective platforms.

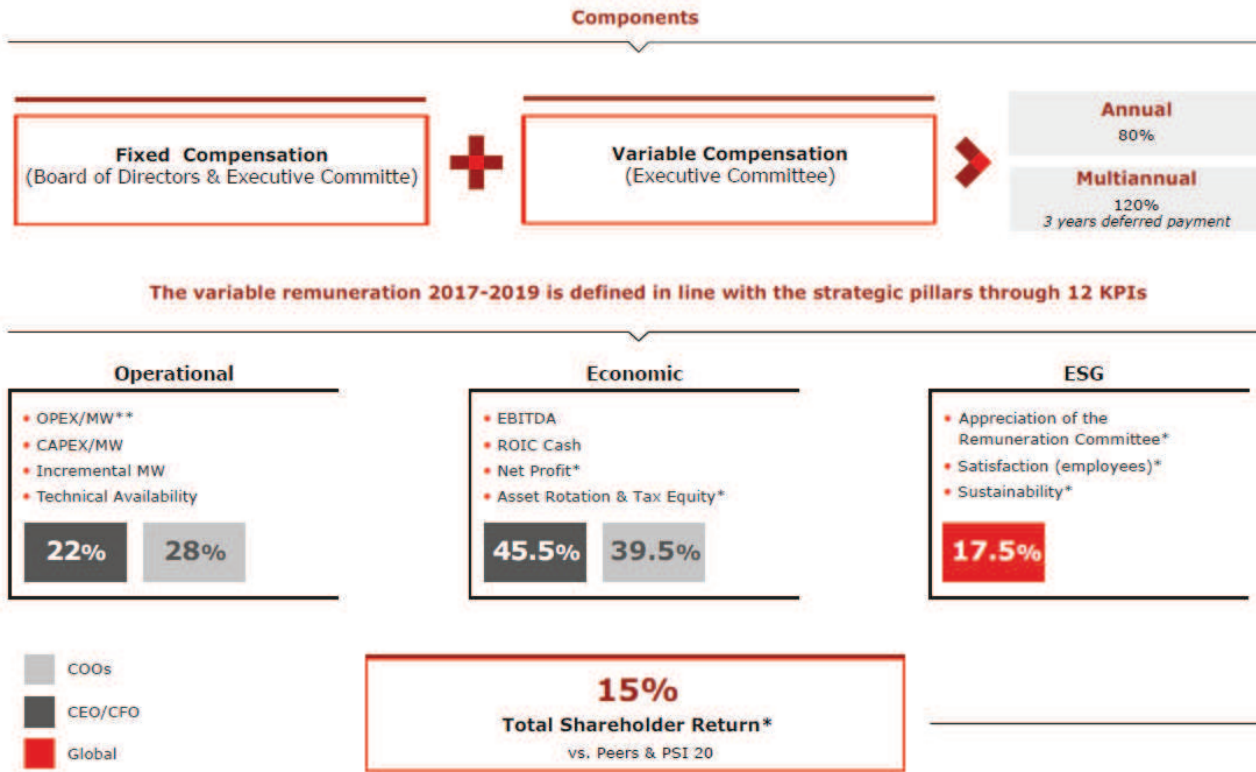
**Nominations and Remunerations, Related-Party Transactions and Audit and Control Committees**

In addition to EC referred above, EDPR governance model contemplates permanent bodies with an informative, advisory and supervisory tasks independently from the BoD, such as:



## Remuneration Policy

EDPR governance model is reinforced by an incentive structure with transparent remuneration through variable remuneration based on key performance indicators. The graphic below describes the remuneration policy. The company also posts its up-to-date articles of association and regulations at [www.edpr.com](http://www.edpr.com).



Notes: (\*) For the COO's, these KPIs will be calculated, for both annual and multi-annual component, on the basis of Group's achievement, which has a weight of 100%. The remaining 20% and 32% are calculated based on a qualitative evaluation of the CEO about the annual performance; (\*\*) Metric only applies to COOs.

### 1.3.3 ORGANIZATION STRUCTURE

**The organization structure is designed to accomplish the strategic management of the company but also a transversal operation of all the business units, ensuring alignment with the defined strategy, optimizing support processes and creating synergies.**

EDPR is organized around three main elements: a corporate Holding and two platforms that group all the business units where the company has presence.



### ORGANIZATIONAL MODEL PRINCIPLES

The model is designed with several principles in mind to ensure optimal efficiency and value creation:

<ul style="list-style-type: none"> <li>Accountability alignment</li> </ul>	Critical KPIs and span of control are aligned at project, country, platform and holding level to ensure accountability tracking and to take advantage of complementarities derived from end-to-end process vision.
<ul style="list-style-type: none"> <li>Client-service</li> </ul>	Corporate areas function as competence support centers and are internal service providers to all business units for all geographical non-specific needs.
<ul style="list-style-type: none"> <li>Lean organization</li> </ul>	Business priorities and needs are defined by local businesses and best practices are defined and distributed by corporate units.
<ul style="list-style-type: none"> <li>Collegial decision-making</li> </ul>	Execution of activities at holding level are held only when significant value is derived, coherently with defined EDPR holding role.
<ul style="list-style-type: none"> <li>Clear and transparent</li> </ul>	Ensures proper counter-balance dynamics to ensure multiple-perspective challenge across functions.

### EDPR HOLDING ROLE

EDPR Holding seizes value creation, through the dissemination of best practices in the organization and the standardization of corporate processes to the platforms and the business units to improve efficiency. Its internal coordination model and interface with EDP group impacts both the company's processes - activities performed, processes steps, inputs and outputs, and decision-making mechanisms -, and the company's structure, with an alignment of functions and responsibilities with the processes configuration.

The EDPR Holding structure was designed to accomplish two fundamental roles: **Strategic Management** and **Transversal Operation**.

Strategic Management covers to a) adopt a coordination model within the group, supporting the Executive Committee in the definition and control of the strategy policies and objectives; b) define specific strategic initiatives; c) review the accomplishment of the company's business plan; d) define transversal policies, rules and procedures; e) control key performance indicators.

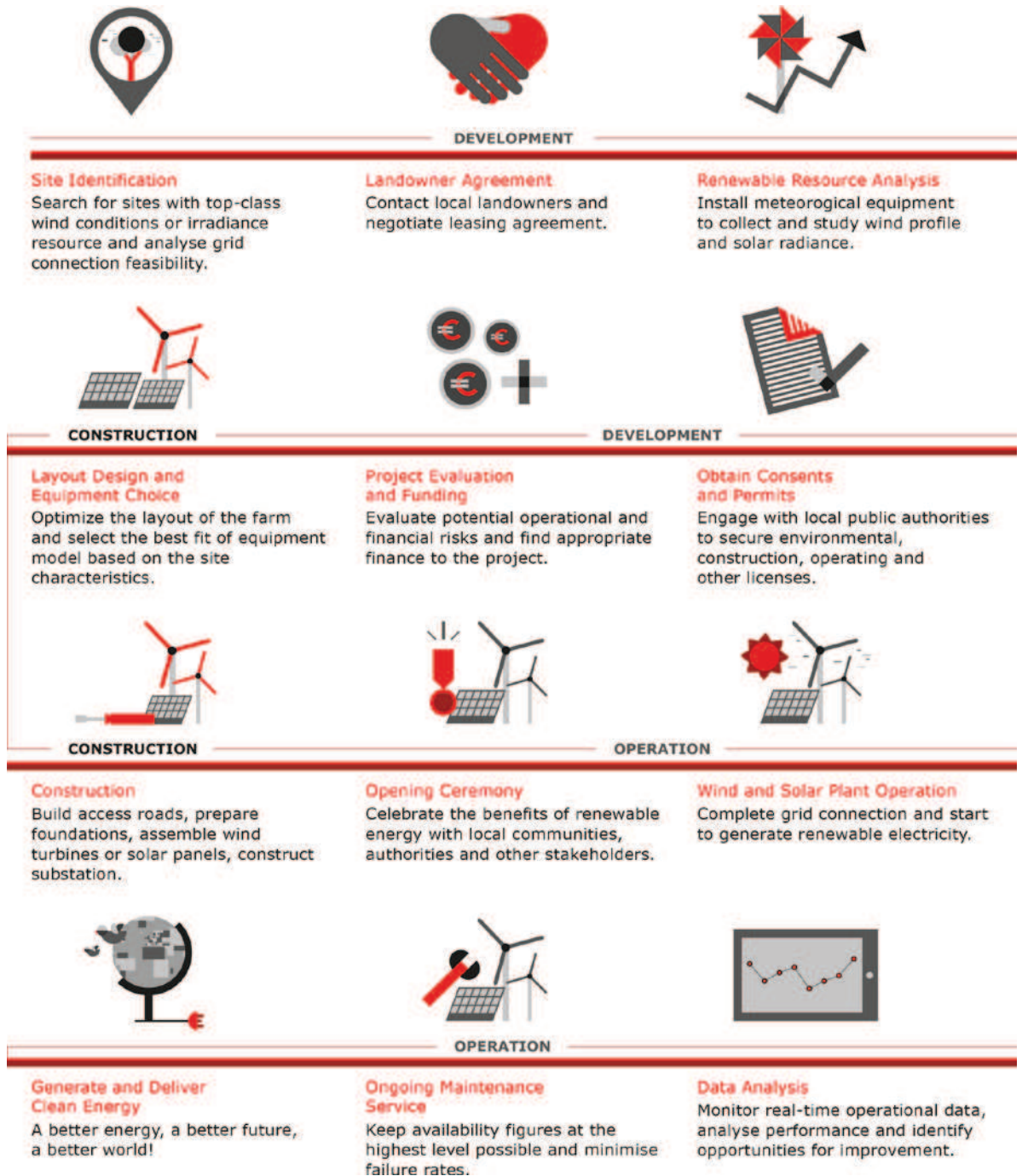
Transversal Operation deals to i) ensure the alignment of all the platforms with the defined strategy; ii) capture synergies and optimize support processes; and iii) systematically and progressively concentrate supporting activities in shared service business units with the group.

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2 Strategy

2.1 Business Description

**Our renewable energy business comprises the development, construction and operation of fully controlled wind farms and solar plants to generate and deliver clean electricity.**





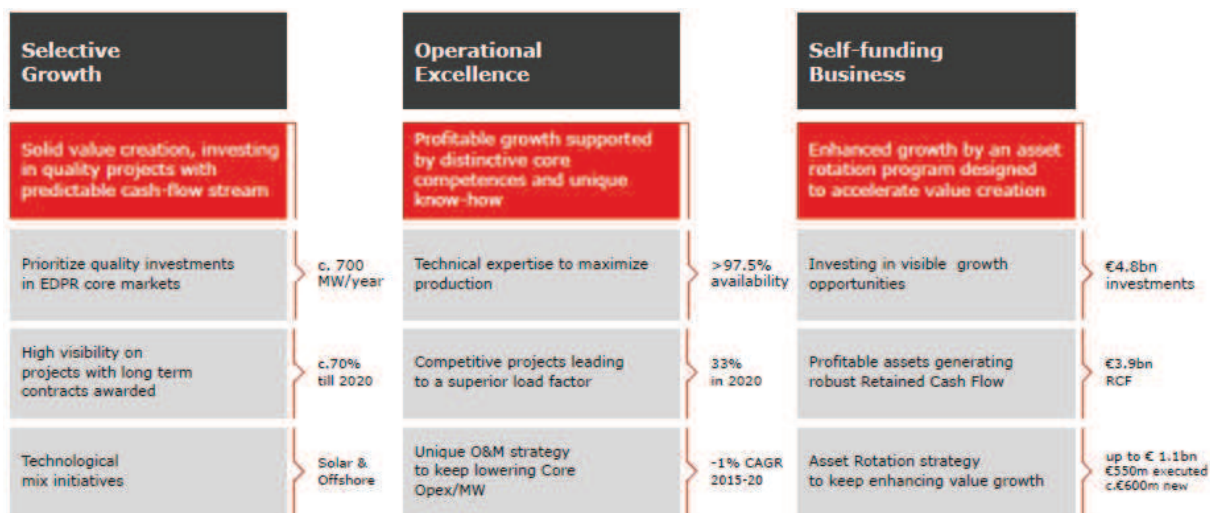
## 2.2. Business Plan

**EDPR's value creation strategic plan through 2020 remains in line with previous architecture, supported by three pillars with defined goals: Selective Growth, Operational Excellence and Self-funding Model.**

On May 2016, EDPR presented to the financial community its Business Plan for 2016-20 at the EDP Group Investor Day held in London. In the event were present several financial markets participants, including press, online participants, investors, analysts and rating agencies, demonstrating a great interest from the financial community in the group's equity story and strategy.

EDPR increased its 2014-17 Business Plan into a new Business Plan with stronger capacity additions and technological mix. Since its inception, EDPR has been performing a strategy focused on selective growth, by investing in quality projects with predictable future cash-flows, and seamless execution, supported by core competences that yield superior profitability, all embedded within a distinctive and renowned self-funding model designed to accelerate value creation. As a result of undertaking such strategy, at the same time flexible enough to accommodate to changing business and economic environments, EDPR remains today a global leading company in the renewable energy industry.

EDPR 2020 investment case to continue to be supported by a distinctive strategic agenda which is being successfully delivered in order to outperform its 2016-20 goals.



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

Electricity Output	EBITDA	RCF	Net Profit	Dividend Pay-out
10% CAGR 15-20	8% CAGR 15-20 <sup>1</sup>	€0.9bn 2020E	16% CAGR 15-20 <sup>1</sup>	25-35%

...positioning to successfully lead a sector with increased worldwide relevance

1) 2015 adjusted by non-recurrent events: EBITDA: €1.07bn; Net Profit: €108m; Net Profit CAGR Equivalent to 23% with Asset life extension effective since Jan 2017

**EDPR SUSTAINABILITY ROADMAP 2016-2020**

EDPR Sustainability Roadmap for 2016-20 period was designed to be aligned with UN Sustainable Development Goals.

		1	<b>Maintain leadership in renewable energy production of electricity</b>	<ul style="list-style-type: none"> <li>• Growth in installed capacity: 700 MW /year</li> <li>• Avoided CO<sub>2</sub>: +10% (CAGR 2015-20); Emitted/avoided CO<sub>2</sub> &lt; 1%</li> </ul>	
		2	<b>Create value, while maintaining a low risk profile</b>	<ul style="list-style-type: none"> <li>• EBITDA: +8% (CAGR 2015-20);</li> <li>• Core OPEX/MW: -1% (CAGR 2015-20)</li> <li>• Net Profit: +16% (CAGR 2015-20)</li> </ul>	
			3	<b>Optimize environmental management</b>	<ul style="list-style-type: none"> <li>• 100% certified MW (ISO 14001)</li> <li>• 100% of critical suppliers with environmental mgmt system</li> </ul>
		4	<b>Maintain circular economy in the internal management of the operations</b>	<ul style="list-style-type: none"> <li>• Maintain ratios per GWh in hazardous waste and used water</li> <li>• &gt; 90% hazardous waste recovered</li> </ul>	
		5	<b>Ensure high safety standards for employees and contractors</b>	<ul style="list-style-type: none"> <li>• 100% certified MW (OHSAS 18001)</li> <li>• 100% of critical suppliers with H&amp;S mgmt system</li> <li>• Zero accidents mind-set</li> </ul>	
		6	<b>Ensure a high standard Ethical Process</b>	<ul style="list-style-type: none"> <li>• Zero tolerance with unethical behaviours</li> </ul>	
		7	<b>Broaden and harmonize the mechanisms of periodic consultation of stakeholders</b>	<ul style="list-style-type: none"> <li>• Stakeholders Plan development in all geographies</li> </ul>	
		8	<b>Invest in employees development &amp; compromise with volunteering</b>	<ul style="list-style-type: none"> <li>• &gt; 80% of employees participating in training</li> <li>• &gt; 40% participating in volunteer activities</li> </ul>	
		9	<b>Promote innovation in operation and construction phases</b>	<ul style="list-style-type: none"> <li>• c.€10m investments (incl. Energy storage and Offshore structures)</li> </ul>	
		10	<b>Support social and educational initiatives through Fundación EDP</b>	<ul style="list-style-type: none"> <li>• c.€2.5m investments</li> </ul>	

## 2.3. Risk Management

**In line with EDPR's controlled risk profile, Risk Management process defines the mechanisms for evaluation and management of risks and opportunities impacting the business, increasing the likelihood of the company in achieving its financial targets, while minimizing fluctuations of results.**

### RISK MANAGEMENT PROCESS

EDPR's Enterprise Risk Management Process is an integrated and transversal management model that ensures the minimization of the effects of risk on EDPR's capital and earnings, as well as the implementation of best practices of Corporate Governance and transparency. The process aligns EDPR's risk exposure with the company's desired risk profile. Risk management policies are aimed to mitigate risks, without ignoring potential opportunities, thus, optimizing return versus risk exposure.

The process is closely followed and supervised by the Audit and Control Committee, an independent supervisory body composed of non-executive members.

Risk management is endorsed by the Executive Committee, supported by the Risk Committee and implemented in day-to-day decisions by all managers of the company.

EDPR created three distinct meetings of the Risk Committee in order to help decision-making, separating discussions on execution of mitigation strategies, from those on the definition of new policies:

- **RESTRICTED RISK COMMITTEE:** Held every month, it is mainly focused on development risk and market risk from electricity price (market, basis, profile, GCs and RECs). It is the forum to discuss the evolution of projects under development and construction and the execution of mitigation strategies to reduce merchant exposure. It also monitors the limits of defined risk policies, with regards to counterparty risk, operational risk and country risk.
- **FINANCIAL RISK COMMITTEE:** Held every quarter, it is held to review main financial risks and discuss the execution of mitigation strategies. Exchange rate risk, interest rate risk and credit risk from financial counterparties are most relevant risk reviewed in this committee.
- **RISK COMMITTEE:** Held every quarter, it is the forum where new strategic analyses are discussed and new policies are proposed for approval to the Executive Committee. Additionally, EDPR's overall risk position is reviewed, together with EBITDA@Risk and Net Income@Risk.

### RISK MAP AT EDPR

Risk Management at EDPR is focused on covering all risks of the company. In order to have a holistic view, they are classified in five Risk Categories.



Within each Risk Category, risks are classified in Risk Groups. The full description of the risks and how they are managed can be found in the Corporate Governance chapter. The graph above summarizes the Risk Categories, the Risk Groups and the Risk Management mitigation strategies at EDPR.

### Mitigation Strategies

- Hedge of market exposure through long term power purchase agreements (PPA) or short-term financial hedges
- Natural FX hedging, with debt and revenues in same currency
- Execution of FX hedging for net investment (after deducting local debt)
- Execution of FX hedging to eliminate FX transaction risk, mainly in Capex
- Fixed interest rates
- Alternative funding sources such as Tax equity structures and Multilateral/ Project Finance agreements

- Counterparty exposure limits by counterparty and at EDPR level
- Collateral requirement if limits are exceeded
- Monitoring of compliance with internal policy

- Supervision of suppliers by EDPR's engineering team
- Flexible CODs in PPAs to avoid penalties
- Partnerships with strong local teams
- Monitor recurrent operational risks during construction and development
- Close Follow-up of O&M costs, turbine availability and failure rates
- Insurance against physical damage and business interruption
- Strict compliance with legal requirements and zero tolerance for unethical behavior or fraud
- Attractive remuneration packages and training for personnel
- Revision of all regulations that affects EDPR activity (environmental, taxes...)
- Control of internal procedures
- Redundancy of servers and control centres of wind farms

- Careful selection of energy markets based on country risk and energy market fundamentals
- Diversification in markets and remuneration schemes
- Active involvement in all major wind associations in all markets where EDPR is present
- Signing of medium term agreements with turbine manufacturers to ensure visibility of turbine prices and supply
- Relying on a large base of turbine suppliers to ensure supply

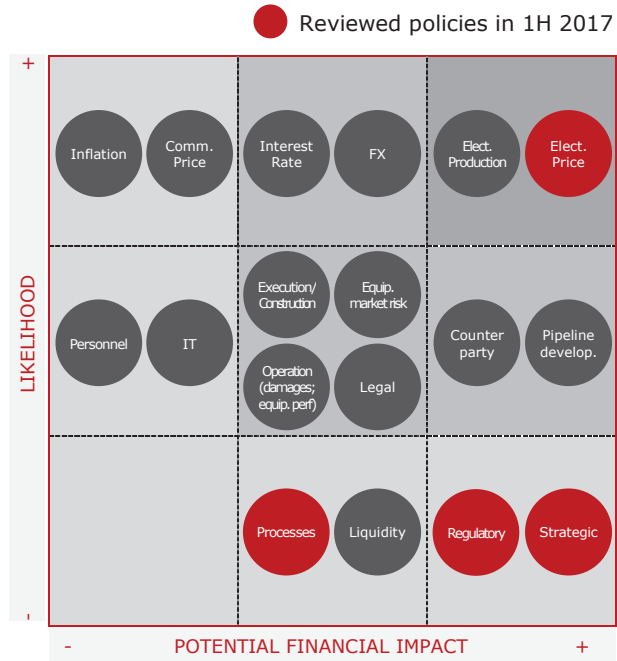
- Careful selection of countries
- Worst case profitability analysis of every new investment considering all risks factors
- Risk-return metrics at project and equity level
- Consideration of stress case scenarios in the evolution of energy markets for new investment decisions
- Follow-up of cost effectiveness of renewables technologies and potential market disruptions

During 1H 2017, EDPR updated its view on the sustainability of RES policies in the geographies where the company is or could potentially be present. This deep-dive analysis was performed within the scope of the Country Risk Policy, which was approved and implemented in 2015.

Additionally, in the first half of 2017, EDPR reviewed the hedging process of congestion in US projects, focusing on the FTR (Financial Transmission Rights) auction market. The review set a common language to be used across EDPR and recommended some improvements to the current procedure.

EDPR RISK MATRIX BY RISK CATEGORY

EDPR Risk Matrix is a qualitative assessment of likelihood and impact of the different risk categories within the company. It is dynamic and it depends on market conditions and future internal expectations.



**ENERGY**  
**AS**  
**THE**  
**NEW**  
**ART**

3  
Execution

### 3.1 Economic

#### 3.1.1 OPERATIONAL PERFORMANCE

**EDPR produced 14.5 TWh of clean energy in the 1H 2017, +9% YoY. The YoY increase in production benefits from the capacity additions over the last 12 months (+707 MW YoY) along with a higher YoY wind resource (34% vs 33% in the 1H 2016). As of June 2017 EDPR managed a global portfolio of 10.4 GW spread over 11 countries.**

Installed Capacity (MW)	1H17	YTD	YoY	Under Constr.
<b>EBITDA MW</b>				
Spain	2,194	-	-	-
Portugal	1,253	+3	+4	-
France	406	+18	+30	4
Belgium	71	-	-	-
Poland	418	-	-	-
Romania	521	-	-	-
Italy	144	-	+44	-
<b>Europe</b>	<b>5,007</b>	<b>+21</b>	<b>+79</b>	<b>4</b>
United States	4,631	-	+428	502
Canada	30	-	-	-
Mexico	200	-	+200	-
<b>North America</b>	<b>4,861</b>	<b>-</b>	<b>+628</b>	<b>502</b>
<b>Brazil</b>	<b>204</b>	<b>-</b>	<b>-</b>	<b>127</b>
<b>Total EBITDA MW</b>	<b>10,072</b>	<b>+21</b>	<b>+707</b>	<b>633</b>
<b>Equity Consolidated (MW)</b>				
Spain	177	-	-	-
United States	179	-	-	-
<b>Total Equity Consolidated</b>	<b>356</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total EBITDA MW + Equity Consolidated</b>	<b>10,428</b>	<b>+21</b>	<b>+707</b>	<b>633</b>
<b>Load Factor</b>				
Europe	28%		30%	(2pp)
North America	39%		37%	+3pp
Brazil	36%		29%	+6pp
<b>Total</b>	<b>34%</b>		<b>33%</b>	<b>+1pp</b>
<b>Electricity Generation (GWh)</b>				
Europe	6,041		6,358	(5%)
North America	8,191		6,750	+21%
Brazil	314		205	+53%
<b>Total</b>	<b>14,546</b>		<b>13,314</b>	<b>+9%</b>



As of June 2017 EDPR managed a global portfolio of 10.4 GW spread over 11 countries, of which Europe accounted for 50%, including 2.4 GW in Spain, 1.6 GW in RoE and 1.3 GW in Portugal, North America accounted for 48%, including 4.6 GW in US, 30 MW in Canada and 0.2 GW in Mexico, and Brazil accounted for the remaining 2%, equivalent to 0.2 GW.

In the last 12 months EDPR increased its global portfolio by 707 MW, of which 79 MW in Europe and 628 MW in North America. In Europe, 44 MW were added in Italy, 30 MW in France and 4 MW in Portugal. In the last 12 months, in North America, were completed 4 wind farms, of which 3 in the US: Hidalgo (250 MW; Texas), Timber Road III (101 MW; Ohio) and Jericho Rise (78 MW; New York) and in Mexico the 200 MW Eólica de Coahuila.

In the 1H 2017 EDPR installed 21 MW, all in Europe, of which 18 MW in France (wind) and 3 MW in Portugal (solar PV).

As of June 2017, EDPR had 633 MW under construction. In the US was under construction 502 MW, namely Meadow Lake V 100 MW (Indiana), Redbed Plains 99 MW (Oklahoma), Quilt Block 98 MW (Wisconsin), Arkwright 78 MW (New York) and Hog Creek 66 MW (Ohio; with 20-year PPA) projects, along with 60 MW (South Carolina) related to 3 solar PV projects with qualified facility PPAs for the entire production over 15 years period. In Brazil was under construction a total of 127 MW from JAU and Aventura wind farms, and in Europe were under construction 4 MW in France.

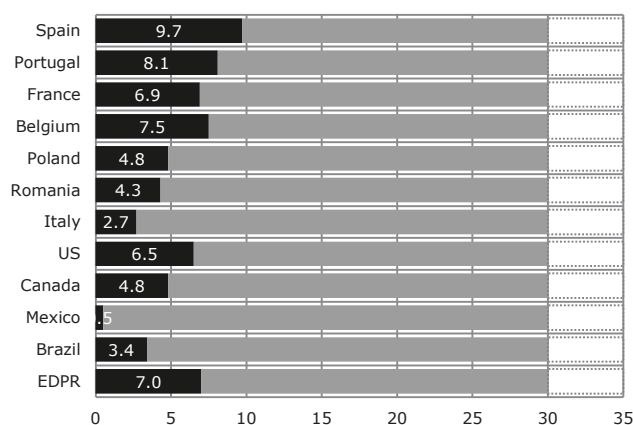
### EDPR produced 14.5 TWh of clean energy in the 1H 2017, +9% YoY

In the 1H 2017, EDPR operations in Europe and North America generated 42% and 56% of the total output, respectively. In Europe, EDPR generation decreased 5% YoY to 6.0 TWh, with YoY comparison impacted by the outstanding wind resource in the 1H 2016 in Europe vs a normalized wind resource in the 1H 2017. In North America, EDPR output in the period increased by 21% YoY, to 8.2 TWh, reflecting the growth in installed capacity and the higher load factor of such projects. In Brazil, production increased to 314 GWh driven by capacity additions with higher load factor.

EDPR achieved a 34% load factor (vs 33% in the 1H 2016) reflecting a normalized wind resource in the period (100% of P50) along with capacity additions with higher load factors. In the 2Q 2017, EDPR reached a 31% load factor (vs 28% in the 2Q16), with QoQ comparison benefiting from higher wind resource (2Q 2017 at 99% of P50 vs 2Q 2016 at 93% of P50).

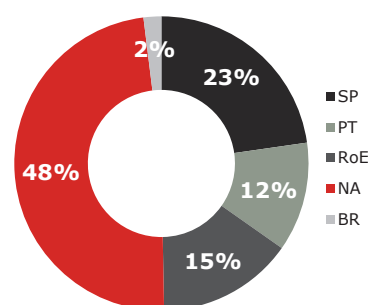
### EDPR's EBITDA MW portfolio, as of June 2017, had an average age of 7 years

#### Assets' Average Age and Useful Life

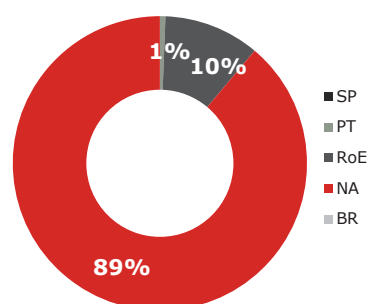


EDPR's portfolio, considering EBITDA MW as of June 2017, had an average age of 7 years. In detail, EDPR's portfolio had an average age of 7.9 years in Europe, 6.5 years in North America and 3.4 years in Brazil. Since January 2017, EDPR's depreciation and amortization schedule considers 30 years of useful life for wind and solar assets.

10.4 GW EBITDA + Net Equity



+707 MW Added YoY



### 3.1.2. FINANCIAL PERFORMANCE

#### Revenues totalled €988 million (+11% YoY) and EBITDA amounted to €719 million (+11% YoY).

In the 1H 2017, EDPR revenues totalled €988 million euros, an increase of €99 million YoY mainly due to new MW in operation, average selling price and fx that offset the negative impact from lower wind resource of wind farms previously in operation.

EBITDA totalled €719 million (+€71 million YoY), benefitting from higher production despite the increase in other operating costs, mainly as a consequence of higher capacity in operation. EBIT increase to €459 million (+€105 million YoY), as a result of lower depreciation and amortization costs, including impairments and net of government grants. Depreciation and amortization, including Provisions and Amortization of deferred income, decreased 12% YoY reflecting EDPR change in depreciation schedule from 25 to 30 years, which offsets the negative impact from higher capacity in operation.

Consolidated Income Statement (€m)	1H17	1H16	Δ 17/16
Revenues	988	889	+11%
EBITDA	719	648	+11%
EBITDA/Revenues	73%	73%	(0.2pp)
EBIT	459	354	+30%
Net Financial Expenses	(148)	(179)	(17%)
Share of profit of associates	2	(3)	-
Non-controlling interests	108	70	+55%
<b>Net Profit (Equity holders of EDPR)</b>	<b>134</b>	<b>59</b>	<b>+128%</b>

Cash-Flow (€m)	1H17	1H16	Δ 17/16
Operating Cash-Flow	535	474	+13%
Retained Cash-Flow	574	407	+41%
Net Investments	425	(439)	(197%)

Balance Sheet (€m)	1H17	2016	Δ YTD
PP&E (net)	13,241	13,437	(1%)
Equity	7,854	7,573	+4%
Net Debt	3,130	2,755	+14%
Institutional Partnership Liabilities	1,129	1,520	(26%)

#### Net profit reached €134 million

At the bottom line, Net Profit summed €134 million, while Adjusted Net Profit reached €122 million (+16% YoY; non-recurring items: 1H 2016 -€47 million; 1H 2017 +€12 million, including non-recurring items and impacts from the update in depreciation and amortization schedule).

#### Retained cash flow increased to €574 million euros, capturing assets' cash generation capabilities.

Following EBITDA cash-generation, income tax of the period, interests, banking and derivatives expenses and minority dividends/interest payments, 1H 2017 Retained Cash-Flow ("RCF") increased to €574 million. EDPR's 1H 2017 RCF includes a non-recurrent event (+€83 million) in Tax Equity realized revenues, if adjusted by such event, RCF increased 21% YoY.

As of June 2017, Net Debt totalled €3,130 million (+€375 million vs December 2016), while Institutional Partnership Liabilities decreased to €1,129 million (-€391 million vs December 2016).

## INCOME STATEMENT

### Solid top line performance

EDPR revenues increased 11% YoY to €988 million (+€99 million YoY), mainly due to new MW in operation, average selling price and fx that offset the negative impact from lower load factor of wind farms previously in operation. Other operating income amounted €19 million and includes an Asset Rotation transaction price adjustment (+€6 million) accounted in the 2Q 2017 vs €21 million in the 1H 2016 which includes a capital gain accounted in Poland in the 1Q 2016. Operating Costs (Opex) totalled €289 million, increasing 10% YoY on the back of higher capacity in operation.

In detail, Core Opex, defined by Supplies and services (including O&M activities) and Personnel costs, totalled €205 million (+27% YoY), with Core Opex per Avg. MW at €21 thousands (+1% YoY; -1% YoY ex-fx), reflecting control over costs, and Core Opex per MWh unchanged YoY at €14 (-2% YoY ex-fx).

Other operating costs increased to €84 million, due to higher capacity in operation and property taxes timing.

EBITDA increased 11% YoY to €719 million (73% EBITDA margin) and unitary EBITDA per average MW in operation totaled €72 thousand (+3% YoY). Operating income (EBIT) increased YoY to €459 million, on the back of 12% decrease in depreciation and amortization costs (including provisions, impairments and net of government grants), due EDPR change in depreciation schedule from 25 to 30 years that offset the negative impact from higher capacity in operation.

At the financing level, Net Financial Expenses decreased to €148 million (vs -€31 million YoY) mainly reflecting the lower Net interest costs of debt (€73 million; -€19 million YoY), after renegotiations with EDP and others, along with lower average debt. YoY comparison is impacted by an one-off accounted in 1H 2016 on the back of early cancelation and optimization of certain project finances. Institutional Partnership costs increased to €48 million, reflecting mainly new tax equity deals and fx.

Pre-Tax Profit summed €313 million, with income taxes totalling €71 million and reflecting an effective income tax rate of 23%. Non-controlling interests amounted to €108 million, increasing YoY mainly due to EDPR settlement of minority stakes transactions executed with CTG (Poland and Italy) and with EFG Hermes (European portfolio) and to the change in depreciation schedule from 25 to 30 years.

All in all, Net Profit totalled €134 million and Adjusted Net Profit €122 million (+16% YoY; 1H 2016 adjusted at €105 million) if adjusted for non-recurring events (adjustments: 1H 2016 -€47 million, including depreciation schedule adjustment to 30 years; 1H 2017 +€12 million).

Consolidated Income Statement (€m)	1H17	1H16	Δ 17/16
Electricity sales and other	856.1	785.4	+9%
Income from Institutional Partnerships	132.1	103.5	+28%
<b>Revenues</b>	<b>988.2</b>	<b>888.9</b>	<b>+11%</b>
Other operating income	19.3	21.3	(9%)
Operating Costs	(288.8)	(261.9)	+10%
Supplies and services	(155.4)	(142.2)	+9%
Personnel costs	(49.9)	(45.3)	+10%
Other operating costs	(83.5)	(74.5)	+12%
<b>EBITDA</b>	<b>718.7</b>	<b>648.2</b>	<b>+11%</b>
EBITDA/Revenues	73%	73%	(0.2pp)
Provisions	(0.4)	(0.6)	-
Depreciation and amortisation	(270.8)	(304.9)	(11%)
Amortisation of deferred income (government grants)	11.1	11.1	(0.2%)
<b>EBIT</b>	<b>458.6</b>	<b>353.7</b>	<b>+30%</b>
Financial income/(expense)	(147.8)	(178.7)	(17%)
Share of profit of associates	2.5	(3.1)	-
<b>Pre-Tax Profit</b>	<b>313.3</b>	<b>171.9</b>	<b>+82%</b>
Income taxes	(70.7)	(43.2)	+64%
Profit of the period	242.5	128.8	+88%
<b>Net Profit (Equity holders of EDPR)</b>	<b>134.0</b>	<b>58.8</b>	<b>+128%</b>
Non-controlling interests	108.5	69.9	+55%

## BALANCE SHEET

### Total equity increases by 281 million euros

Total Equity of €7.9 billion increased by €281 million euros vs December 2016, of which €64 million attributable to non-controlling interests. The increased equity attributable to the shareholders of EDPR by €218 million is due to mainly the €134 million of Net Profit and €167 million related to the sale of minority interests, including Asset Rotation and CTG transactions, reduced by €44 million in dividend payments and impacted by €42 million from fx rates effects.

Total liabilities decreased 9% by €814 million, mainly in accounts payable (-€510 million) and institutional partnerships (-€391 million). With total liabilities of €8.3 billion, the debt-to-equity ratio of EDPR stood was 106% in June 2017, which is a decrease from the 121% in December 2016. Liabilities were mainly composed of financial debt (41%), liabilities related to institutional partnerships in the US (14%) and accounts payable (27%).

Liabilities to tax equity partnerships in the US decreased to €1,129 million. Deferred revenues related to institutional partnerships primarily represent the non-economic liability associated to the tax credits already realized by the institutional investor, arising from accelerated tax depreciation, and yet to be recognized as income by EDPR throughout the remaining useful lifetime of the respective assets.

Deferred tax liabilities reflect the liabilities arising from temporary differences between the accounting and the tax basis of assets and liabilities. Accounts payables include trade suppliers, PP&E suppliers, deferred income related to investment grants received and derivative financial instruments.

As total assets totalled €16.2 billion in June 2017, the equity ratio of EDPR stood at 45%, unchanged versus December 2016. Assets were 82% composed of net PP&E - property, plant and equipment, reflecting the cumulative net invested capital in renewable energy generation assets.

Total net PP&E of €13.2 billion (-€196 million) changed to reflect new additions during the period, which was offset by €591 million euros from forex translation (mainly as the result of a US Dollar depreciation) and reduced by €268 million of depreciation charges, impairment losses and write-offs.

Net intangible assets of €1.5 billion mainly include €1.3 billion from goodwill registered in the books, for the most part related to acquisitions in the US and Spain, while accounts receivable are mainly related to loans to related parties, trade receivables, guarantees and tax receivables.

Assets (€m)	1H17	2016	Δ €	Equity (€m)	1H17	2016	Δ €
Property, plant and equipment, net	13,241	13,437	(197)	Share capital + share premium	4,914	4,914	-
Intangible assets and goodwill, net	1,539	1,596	(57)	Reserves and retained earnings	1,295	1,155	140
Financial investments, net	329	348	(20)	Net Profit (Equity holders of EDPR)	134	56	78
Deferred tax assets	67	76	(9)	Non-controlling interests	1,512	1,448	64
Inventories	26	24	2	<b>Total Equity</b>	<b>7,854</b>	<b>7,573</b>	<b>281</b>
Accounts receivable - trade, net	368	266	102				
Accounts receivable - other, net	232	338	(106)	Liabilities (€m)	1H17	2016	Δ €
Assets held for sale	86	-	86	Financial debt	3,444	3,406	38
Collateral deposits	39	46	(7)	Institutional partnerships	1,129	1,520	(391)
Cash and cash equivalents	274	603	(329)	Provisions	270	275	(5)
<b>Total Assets</b>	<b>16,201</b>	<b>16,734</b>	<b>(534)</b>	Deferred tax liabilities	410	365	45
				Deferred revenues from institutional partnerships	828	819	8
				Accounts payable - net	2,266	2,776	(510)
				<b>Total Liabilities</b>	<b>8,346</b>	<b>9,161</b>	<b>(815)</b>
				<b>Total Equity and Liabilities</b>	<b>16,201</b>	<b>16,734</b>	<b>(534)</b>

## CASH FLOW STATEMENT

### Strong operating cash-flow

In the 1H 2017, EDPR generated Operating Cash-Flow of €535 million (+13% YoY), reflecting mainly EBITDA performance.

Cash-Flow	1H17	1H16	Δ 17/16
<b>EBITDA</b>	<b>719</b>	<b>648</b>	<b>+11%</b>
Current income tax	(27)	(36)	(26%)
Net interest costs	(73)	(92)	(21%)
Share of profit of associates	3	(3)	(189%)
<b>FFO (Funds From Operations)</b>	<b>621</b>	<b>516</b>	<b>+20%</b>
Net interest costs	73	92	(21%)
Share of profit of associates	(3)	3	-
Income from institutional partnerships	(132)	(103)	+28%
Non-cash items adjustments	(4)	(4)	(0.3%)
Changes in working capital	(21)	(30)	(32%)
<b>Operating Cash-Flow</b>	<b>535</b>	<b>474</b>	<b>+13%</b>
Capex	(424)	(378)	+12%
Financial (investments) divestments	(0.5)	(11.4)	(96%)
Changes in working capital related to PP&E suppliers	(303)	(387)	(22%)
Government grants	(0.0)	0.2	-
<b>Net Operating Cash-Flow</b>	<b>(193)</b>	<b>(303)</b>	<b>(36%)</b>
Sale of non-controlling interests and shareholders' loans	248	829	(70%)
Proceeds from institutional partnerships	(1)	212	-
Payments to institutional partnerships	(131)	(99)	+32%
Net interest costs (post capitalisation)	(67)	(81)	(16%)
Dividends net and other capital distributions	(81)	(110)	(26%)
Forex & others	(150)	(45)	-
<b>Decrease / (Increase) in Net Debt</b>	<b>(375)</b>	<b>404</b>	<b>-</b>

The key items that explain the 1H 2017 cash-flow evolution to changes in Net Debt are:

- Funds from operations, resulting from EBITDA after net interest expenses, share of profits of associates and current taxes, increased to €621 million (+20% YoY);
- Operating Cash-Flow, which is the EBITDA net of income tax and adjusted by non-cash items (namely income from US institutional partnerships) and net of changes in working capital, was €535 million (+13% YoY);
- Capital expenditures with capacity additions, ongoing construction and development works totalled €424 million. Other net investing activities amounted €304 million, mostly reflecting the invoice payments to equipment suppliers related to some investments made in the previous year;
- Pursuing the strategic partnership between EDPR's main shareholder (EDP) and CTG, in the 1H 2017 occurred the settlement of CTG – ENEOP transaction, for a total amount of €248 million.
- Payments to institutional partnerships totalled €131 million contributing to the reduction of Institutional Partnership liability. Total net dividends and other capital distributions paid to minorities amounted to €81 million (including €44 million to EDPR shareholders). In the period, Forex & Other had a negative impact increasing Net Debt by €150 million, mainly reflecting the consolidation of Mexican wind farm, despite dollar depreciation versus December 2016.

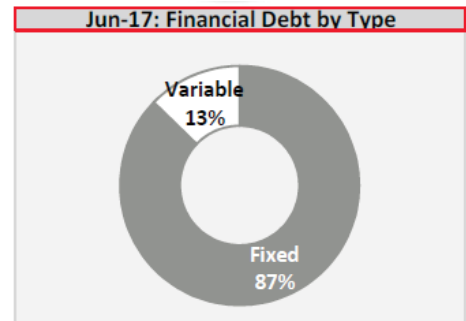
Retained Cash Flow ("RCF"), which captures the cash generated by operations to re-invest, distribute dividends and amortize debt, increased to €574 million. In the 1H 2017, RCF includes a non-recurrent event (+€83 million) in Tax Equity realized revenues, if adjusted by such event, RCF increased 21% YoY. In June 2017, Net Debt & Institutional Partnership Liability decreased by €16 million.

## FINANCIAL DEBT

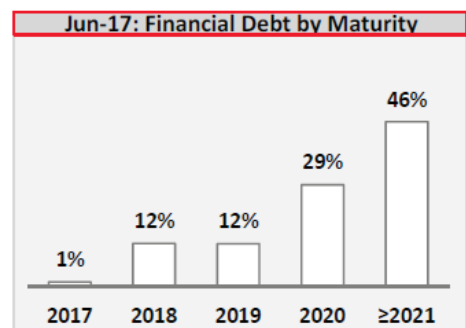
### Long-term and stable debt profile

As of June 2017, EDPR's Net Debt totalled €3.1 billion, higher by €375 million from December 2016, mainly reflecting the investments done in the period and Mexico debt consolidation, along with the cash flow generated by the assets in the period, proceeds from the sale of minority stake and forex translation.

In June 2017, 73% of EDPR's financial debt was funded through long-term loans with EDP Group – EDPR's main shareholder – while loans with financial institutions represented 27%.



As of June 2017, 43% of EDPR's financial debt was Euro denominated, 47% was funded in US dollars, related to the company's investment in the US, and the remaining was mostly related with debt in Polish Zloty and Brazilian Real. EDPR continues to follow a long-term fixed rate funding strategy, matching the operating cash-flow profile with its financial costs and therefore mitigating interest rate risk. Accordingly, as of June 2017, 87% of EDPR's financial debt had a fixed interest rate and only 13% had maturity schedule in 2017/18. In June 2017, 12% of EDPR's financial debt had maturity in 2019, 29% in 2020 and 46% in 2021 and beyond. In the 1Q 2017, EDPR renegotiated a maturity extension of €1.4 billion, which was initially contracted in 2009 with EDP and scheduled to mature in 2018.



As of June 2017 the average interest rate was 3.9% (vs. 4.4% in June 2016), reflecting part of EDPR re-negotiation of its long-term debt arrangements with EDP and other institutions.

Net Debt (€m)	1H17	2016	Δ €
Nominal Financial Debt + Accrued interests on Debt	3,444	3,406	+38
Collateral deposits associated with Debt	39	46	(7)
<b>Total Financial Debt</b>	<b>3,405</b>	<b>3,360</b>	<b>+45</b>
Cash and cash equivalents	274	603	(329)
Loans to EDP Group related companies and cash pooling	0.0	1	(1)
<b>Cash &amp; Equivalents</b>	<b>274</b>	<b>605</b>	<b>(330)</b>
<b>Net Debt</b>	<b>3,130</b>	<b>2,755</b>	<b>+375</b>

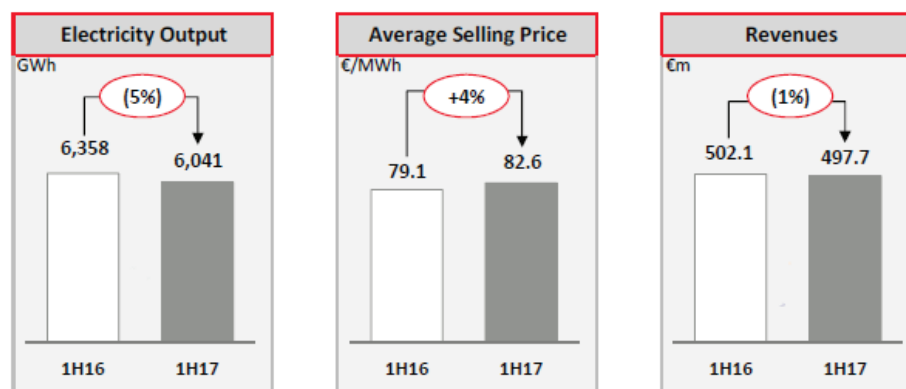
### Institutional partnerships

Liabilities referred to Institutional Partnerships decreased to €1,129 million from €1,520 million in December 2016, reflecting the benefits captured by the tax equity partners during the period and forex translation.

## EUROPE

### Revenues

Revenues in the 1H 2017 totalled €498 million (-1% YoY or -€4 million) reflecting the lower YoY output (-5% YoY, -€18 million YoY), despite the higher average selling price (+4% YoY, +€14 million YoY). The decrease in EDPR European revenues YoY was mainly impacted by the exceptional wind resource in the 1H 2016.



### Average selling price

In the 1H 2017, EDPR output in Europe decreased by 5% to 6.0 TWh, with YoY comparison impacted by the outstanding wind resource in the 1H 2016 in Europe vs a normalized wind resource in the 1H 2017 (99% of P50 vs 107% of P50 in the 1H 2016). In the period, European generation accounted for 42% of EDPR total output. EDPR average selling price in Europe increased 4% to €83 per MWh, mainly driven by the higher average selling price in Spain (+12% YoY).

### Net Operating costs

Other operating income totalled €5 million, with the decrease YoY mainly explained by a capital gain in the 1Q 2016 subsequent to the sale of EDPR 60% share in a 50 MW wind farm in Poland (+€6 million). Operating costs totalled €145 million (+6% YoY; +€8 million YoY) due to the increase in Supplies and services (+€4 million YoY) and Other operating costs (+€4 million YoY) on the back of the higher capacity in operation, with Personnel costs remaining stable YoY at €14 million.

Income Statement (€m)	1H17	1H16	Δ 17/16
<b>Revenues</b>	<b>497.7</b>	<b>502.1</b>	<b>(1%)</b>
Other operating income	4.7	13.0	(64%)
Operating Costs	(145.0)	(137.4)	+6%
Supplies and services (S&S)	(79.3)	(75.2)	+5%
Personnel costs (PC)	(14.4)	(14.4)	+0.4%
Other operating costs	(51.4)	(47.8)	+7%
<b>EBITDA</b>	<b>357.4</b>	<b>377.7</b>	<b>(5%)</b>
EBITDA/Revenues	72%	75%	(3pp)
Provisions	(0.3)	(0.6)	(46%)
Depreciation and amortisation	(123.7)	(148.1)	(16%)
Amortisation of deferred income (government grants)	2.7	0.7	+261%
<b>EBIT</b>	<b>235.9</b>	<b>229.8</b>	<b>+3%</b>

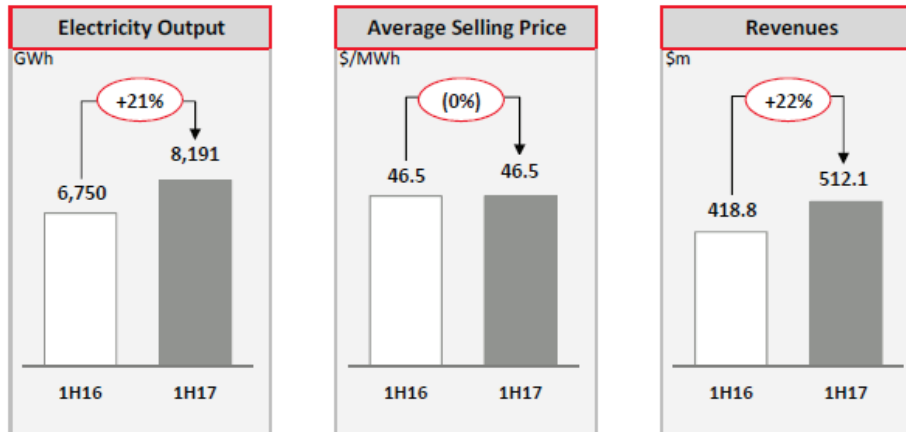
Core Opex (defined as Supplies and Services and Personnel Costs) per average MW in operation totalled €19 thousand (vs €18 thousand in the 1H 2016) and Core Opex per MWh reached €16 (vs €14 in the 1H 2016), penalized by the lower YoY production.

All in all, EBITDA totalled €357 million, reflecting an EBITDA margin of 72%. The YoY decrease in EBITDA is mainly impacted by top-line evolution. Depreciations and amortisations (including provisions, impairments and net of amortisations of government grants) decreased by 18% YoY, reflecting the higher capacity and the change in EDPR depreciation schedule from 25 to 30 years, and leading to an EBIT of €236 million (+3% YoY).

## NORTH AMERICA

### Revenues

EDPR electricity sales in North America increased by 22% YoY to \$369 million, on the back of the 21% YoY increase in electricity output, and stable average selling price in the period at \$47 per MWh. Income from institutional partnerships increased to \$143 million, reflecting new tax equity partnerships and the output of the projects generating PTCs, along with PTCs YoY upward revision to \$24 per MWh. Following the top line, in the 1H 2017, revenues in North America increased by 22%, reaching a total of \$512 million.



### Average selling price

In the US, reflecting capacity additions and different mix of load factors vs prices, the PPA/Hedge price totalled \$48 per MWh (-2% YoY) and the realised merchant price decreased to \$33 per MWh (-3% YoY). In Canada, EDPR average selling price was \$109 per MWh (unchanged YoY), and in Mexico average selling price was \$56 per MWh. All in all, the realized average selling price in the region stood at \$47 per MWh.

### Net operating costs

Other operating income totalled \$16 million (+\$7 million YoY), mainly explained by an Asset Rotation transaction adjustment accounted in the 2Q 2017 (+\$6 million). Operating costs summed \$141 million (+\$16 million YoY), with the increase of \$6 million YoY both in Supplies and services and Other operating costs and of +\$4 million YoY in Personnel costs, justified by the higher capacity in operation, property taxes timing and the O&M strategy.

Core Opex (defined as Supplies and Services and Personnel costs) per average MW in operation was stable at \$23 thousand and Core Opex per MWh decreased by 9% YoY to \$13.

Income Statement (US\$m)	1H17	1H16	Δ 17/16
Electricity sales and other	369.0	303.3	+22%
Income from institutional partnerships	143.0	115.5	+24%
<b>Revenues</b>	<b>512.1</b>	<b>418.8</b>	<b>+22%</b>
Other operating income	15.7	8.8	+78%
Operating Costs	(141.2)	(125.2)	+13%
Supplies and services (S&S)	(79.5)	(73.5)	+8%
Personnel costs (PC)	(27.7)	(23.7)	+17%
Other operating costs	(34.0)	(28.0)	+21%
<b>EBITDA</b>	<b>386.5</b>	<b>302.4</b>	<b>+28%</b>
EBITDA/Revenues	75%	72%	+3pp
Provisions	(0.1)	-	-
Depreciation and amortisation	(152.2)	(170.2)	(11%)
Amortisation of deferred income (government grants)	9.1	11.6	(21%)
<b>EBIT</b>	<b>243.4</b>	<b>143.7</b>	<b>+69%</b>

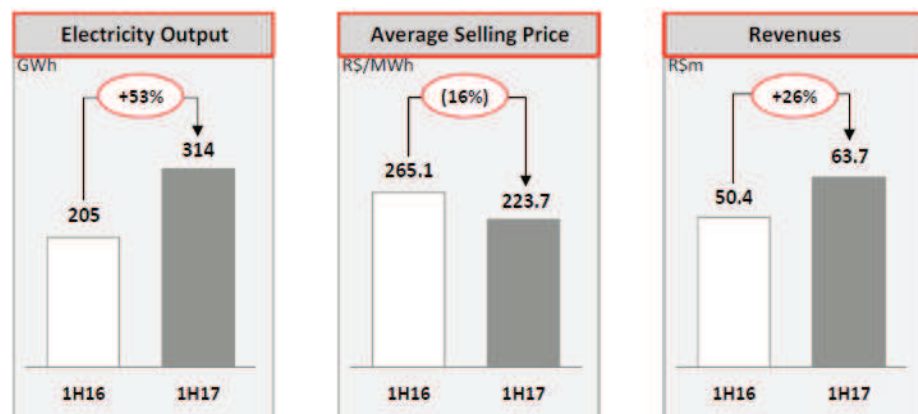
Reflecting the positive performance in Revenues, EBITDA increased by 28% YoY, to \$387 million, reaching an EBITDA margin of 75%, and EBIT reached a total amount of \$243 million. The YoY decrease in depreciations and amortisations reflects the higher capacity and the change in EDPR depreciation schedule from 25 to 30 years.



## BRAZIL

### Revenues

In Brazil, EDPR reached revenues of R\$64 million, representing a year on year increase of 26%, explained by an increased in electricity generation on the back of higher generation capacity and a stronger load factor.



### Average selling price

In the 1H 2017, the average selling price in Brazil decreased to R\$224 per MWh, reflecting mainly the different mix of a new wind farm in operation (production versus price).

In June 2017, EDPR had 204 MW of wind installed capacity in Brazil, of which 84 MW under incentive programs for renewable energy development (PROINFA) and 120 MW awarded according with an auction system. Under these programs, projects were awarded with long-term contracts to sell the electricity produced for 20 years, providing long-term visibility over cash-flow generation throughout the projects' life.

### Net Operating costs

Operating costs totalled R\$21 million (+R\$3 million YoY). Reflecting the strict control over costs, higher average capacity in operation and increased efficiency, Core Opex, defined by Supplies and Services (including O&M activities) and Personnel costs, totalled R\$20 million, with Core Opex per Average MW and per MWh decreased by 36% and 18% YoY.

Income Statement (R\$m)	1H17	1H16	Δ 17/16
<b>Revenues</b>	<b>63.7</b>	<b>50.4</b>	<b>+26%</b>
Other operating income	-	-	-
Operating Costs	(21.4)	(18.5)	+15%
Supplies and services (S&S)	(14.7)	(12.0)	+22%
Personnel costs (PC)	(5.0)	(3.8)	+32%
Other operating costs	(1.7)	(2.8)	(38%)
<b>EBITDA</b>	<b>42.3</b>	<b>31.8</b>	<b>33%</b>
EBITDA/Revenues	66%	63%	+3pp
Provisions	-	-	-
Depreciation and amortisation	(17.6)	(11.2)	+56%
Amortisation of deferred income (government grants)	0.1	0.1	(0%)
<b>EBIT</b>	<b>24.8</b>	<b>20.7</b>	<b>+20%</b>

Following the top line performance, in the 1H 2017, EBITDA reached R\$42 million (vs R\$32 million in the 1H 2016), with higher YoY EBITDA margin (66%; +3pp vs 1H 2016).

As a consequence of EBITDA performance and the increase of \$6 million YoY in depreciations and amortisations (including impairments and net of amortisations of government grants), EBIT reached a total amount of \$25 million. The YoY increase in depreciations and amortisations reflects the higher capacity, despite the change in EDPR depreciation schedule from 25 to 30 years.

## 3.2 Stakeholders

### 3.2.1 EMPLOYEES

**In 2017, EDPR increased its total headcount by 12% when compared to the 1H 2016, closing 1H 2017 with 1,183 employees.**

EDPR growth over the past years has been supported by our employees' flexibility and team work that have provided the company with the ability to adapt to a changing business in the different realities of the markets where we have presence. As a result, our employees' growth and development are key priorities – we strive to offer outstanding training programs and job opportunities, to provide an interesting career within the Company to our employees and to prepare them for future challenges. As a result, geographical and functional mobility is a fundamental pillar in our HR strategy.

#### RECRUITMENT

EDPR is recognized for hiring exceptional people. Our aim is to position the Company in the labour market as an "employer first choice". In this sense, different initiatives are carried out to enhance employer branding by participating in various employer forums and hosting visits from top-tier universities.

Additionally, EDPR offers an internship program in order to provide young professionals with work experience and to identify future employees who can contribute to the future development of the business.

The Summer Interns are joining to collaborate in different departments during the month of July, August and September.

In the 1H 2017, were accounted 143 new hires and 23 employees' mobility. Our selection processes ensure non-discriminatory practices. This is confirmed in the Code of Ethics which contains specific clauses of non-discrimination and equal opportunities in line with the company's culture of diversity.

#### INTEGRATION

As EDPR has a strong company culture, we want new hires to adopt this culture and quickly integrate it in the day-to-day activities. To facilitate this process, new hires are involved in numerous workshops and team building activities focused on improving integration and gaining a better knowledge of the company.

Our Welcome Day, a three day event for new hires, allows new employees to obtain basic acquaintance of the company and our business. Depending on the employee's profile, we offer them a visit to one of the wind farms or the remote control dispatch centre.

#### REWARDS AND WORK LIFE BALANCE

We want to recognize the work and talent of our employees, so we are committed to offer a competitive compensation and benefits packages. The compensation policy addresses the needs of local markets and provides flexibility to adapt to the specifics of each region. The fixed base compensation is completed by a variable component that depends on an individual evaluation measured against individual, area and company KPIs.

In addition, we understand the importance of maintaining a balance between work and personal commitments. This understanding has led to an increase of employees' satisfaction, while boosting productivity and morale. Work Life Balance (WLB) for us is more than measures for employees with children, it is a set of initiatives to promote a positive work climate where employees can develop their career and give their best. And we believe that WLB must be a shared responsibility. We seek to constantly improve

our WLB program and provide the most suitable benefits to employees. We even define often specific benefits that are tailored and applicable to certain countries where EDPR is present.

Since 2011, EDPR's practices have been recognized with the Family Responsible Employer Certification (EFR - Empresa Familiarmente Responsable) by the MásFamilia Foundation, in Spain. This certification has been renovated and taking the recognition to the next level defining EDPR as a "Proactive Company", which reflects our commitment to promote a healthy work-life balance for our employees.

In 2017, EDPR was awarded again as a Great Place to Work in Spain and the second position in Poland. We are sure that a motivated workforce aligned with the company's strategy is one of the key drivers behind our ability to deliver on results.

## DEVELOPMENT & TRAINING

€558 thousand invested in training 17.3 hours of training per employee €472 in training per employee

\*Calculated with Average Headcount

### RENEWABLE ENERGY SCHOOL

Created in 2011 in the framework of the corporate EDP University, shares the mission of promoting the development of individuals, facilitating learning and sharing of knowledge generated within the Group and developing the skills needed to ensure the sustainability of the businesses operated by EDP in all the geographic settings in which the company is present. The ambition of the School goes beyond pure training, the School

emerged as a platform for sharing knowledge, experience and best practices across the company.

In the 1H 2017, the renewable energy school delivered 4,149 hours in Europe, United States and Brazil, with a total of 533 attendances, equivalent to 36% of total employees at June.

### POTENTIAL APPRAISAL

Current challenges of EDP Group include new requirements so our potential analysis model have been improved with two main goals:

- Align all segments of the organization with the current strategy and projects, capitalizing on new business opportunities, all in a more global and diversified context.
- Strengthen the employees' life cycle momentum in which their professional and personal development is promoted.

*Amplify* is the new model for analyzing skills and potential and for identifying development actions to help employees on their goals achievement.

This model is intended to promote a culture where employees receive feedback on an ongoing basis, because this is essential to ensure alignment with EDP group and to promote development.

### TRAINING PLAN

Each year a customized Training Plan is created based on the results of the potential performance assessment. The plan provides a framework for managing training within the company, in close alignment with the business strategy. When defining our strategy for the future, we strive to align current and future demands of the organization with our employees' capabilities while fulfilling their professional development expectations and supporting their continuous improvement. In the 1H 2017, the number of training hours was over 20.438 representing 17.3 hours of training per employee.

The Buddy Program has been initiated and planned by the HR team. The general idea is to share best practices among teams from different geographic areas. Another progress related to this project will be announced in September this year.

The main goal of this advanced program is to offer a broader vision of our company, as well as, to develop skills and management capabilities that will enable participants to develop their professional challenges.

### MOBILITY

Mobility, both functional and geographical, is considered by EDPR as a human resources management tool for organizational development. Therefore, it is strongly supported also as a way of stimulating employees' motivation, skills, productivity, and personal fulfilment.

The Mobility processes within EDPR aim to respond to the different challenges and needs of the Group, considering specific characteristics of the different geographical location.

Our focus in 2017 has been to continue improving our internal communications, and to keep employees

informed, motivated, and committed to the company's strategy.

Moreover, our global presence with employees from 34 nationalities require us to listen and provide feedback on the different ambitions and expectations. EDPR and EDP Group have strategically invested in this area with innovative communication channels that have consistently been recognized internationally for their mix of dynamism and creativity.

In the 1H 2017, there was a total of 23 employees mobility in both functional and geographical aspect.

### 3.2.2 COMMUNITIES

**EDPR provides long-lasting economic benefits to surrounding areas throughout the entire lifecycle of its wind farms. These benefits include, but are not limited to, infrastructure investments, tax payments, landowners' royalty payments, job creation and direct contributions to community projects.**

#### INFRASTRUCTURE INVESTMENTS

##### ROADS

The construction of a wind farm comprises the construction of new roads and the rehabilitation of existing ones in order to transport heavy equipment (i.e. wind turbines) to the site during construction works. The local communities benefit from these roads, as they provide an improved connection for local inhabitants to perform their agricultural activities.

##### UTILITY INFRASTRUCTURES

The integration of our generation capacity may require upgrades in the distribution and transmission grids that belong to the distribution system or transmission system operators. Most of the times, these upgrades are financially and technically supported by EDPR, indirectly benefitting the quality of electric service in the surrounding areas. This is particularly important in countries where wind energy is in its early stages.

##### LEASES, TAXES, AND REVENUE SHARING

EDPR also provides direct economic returns to the local and regional communities by means of land leases, local taxes and property taxes. For example, in the US, property tax is paid to state and local entities in the states where the assets are held, which benefits the local communities. This revenue sharing is a large contribution to the yearly budget of rural municipalities where wind farms are located. Furthermore, during the construction of our wind farms, the local community can see an influx of temporary construction workers that provide a positive impact on the local economy through local spending and increased sales tax revenue.

#### LOCAL HIRING AND PROCUREMENT PRACTICES

Although there are no in-house procedures explicitly requiring local recruitment, a high percentage of our employees and purchases come from the locations in which the company operates. As a result, we contribute to the local economic development.

For operational activities, we usually hire members of the local community for the operation and maintenance services of the wind farms, such as wind farm management, wind turbines operation and maintenance, electrical and civil works maintenance, environmental surveillance and other support services. These practices let us benefit from local workers specific knowledge.

#### COMMUNITY PROJECTS

EDPR voluntarily promotes and supports social, cultural, environmental and educational initiatives with the purpose of contributing to the sustainable development of its business and in order to uphold its strategic vision.

The goal is to make a positive impact on the communities where we operate, and to maintain and enhance our reputation as a responsible company working for the common good. EDPR plans for the results it intends to achieve, and evaluates projects in which is involved in, according to international standards for corporate social investments (London Benchmarking Group).

## EDP FOUNDATION IN SPAIN

The mission of the EDP Foundation is to strengthen the commitment of the EDP Group in the geographical spheres in which the group operates, with special emphasis on environmental, social, cultural and educational areas within a perspective of global sustainable development, where the efficient and responsible use and generation of energy plays a decisive role. In 1H 2017, the EDP Foundation in Spain supported a series of initiatives financed by EDPR.

## ROMANIA: CLOSER2YOU

We are investing in relationships and the development of communities located near our operations, as well as in the legacy we want to leave for future generations. For that reason we created the Closer2You initiative, whose second edition was held in Cernavoda, Romania.

In order to help a family with three children with scarce economic resources, collaboration agreements were reached with local authorities and suppliers to remodeled their home with improvements including thermal rehabilitation, replaced windows and running water.

Through its "Closer2You" initiative, the company reaches out to vulnerable communities in various countries where EDPR is active—Brazil, Poland, Romania, Spain and Portugal—in order to improve their quality of life through small actions with a big impact.

## EUROPE: GENERATION EDPR

Generation EDPR is a set of Corporate Social Responsibility (CSR) initiatives implemented by the company, namely Your Energy, University Challenge, Wind Experts and Green Education.

### YOUR ENERGY AN GREEN EDUCATION.

Your energy is an international program that helps children discovering the world of renewable energies and Green Education supports the education of children and teenagers of families with limited resources.

During 1H 2017, the educational activity Your Energy was developed in Spain with the participation of more than 4,000 students and Green Education scolarships were distributed in Vila Castelli (Italy).

### WIND EXPERTS IN SPAIN

Wind Experts is a competition intended to educate children from 10 to 13 years about renewable energies while developing their creativity. Through a partnership with the Portuguese toy company, Science4you, twentyfive schools responded to the challenge and more than 300 children received a model wind turbine, which they had to use to create a new structure using only recyclable materials. The goal for the future is to expand the number of schools participating in the initiative and make it international.

Because we believe there is no better way to add value to society than to support these types of projects, we will continue to invest fostering creativity and knowledge among young people.

Know more in [generationedpr.edpr.com](http://generationedpr.edpr.com)

## UNITED STATES: EARTH DAY

In celebration of Earth Day, EDPR NA volunteered to pick up trash, weed and garden portions of the Buffalo Bayou Park. Split in to two groups, one group of EDPR volunteers weeded the flower and plant beds near the Buffalo Bayou Park Welcome Center, and the other group cleaned up the areas nearby both the bayou and children's play area.

In Brazil, EDPR held a similar initiative and 38 trees were planted by employees.

### 3.2.3 SUPPLIERS

EDPR's value creation capacity, leadership in its business areas and relationship with its stakeholders is significantly influenced by the performance of its suppliers.

EDPR bases its relationship with suppliers on trust, collaboration and creation of shared value. This results in a joint capacity to innovate, strengthen sustainability policy and improve quality of operations.

#### EDPR SUPPLY CHAIN: POLICIES, PROCEDURES AND STANDARDS

##### 1. Procurement Policies

- During 2016, an extensive characterization study of EDPR's purchases was developed, aiming a deeper knowledge about the economic, social and environmental impacts of EDPR's supply chain
- EDPR takes into account the 10 principles of the UN Global Compact and Ethical Code acceptance, the Health & Safety, Environmental and Quality certificates, as well as technical quality and economical/financial solvency of suppliers.
- A supplier is considered critical through an added critical awareness score that accounts multiple criteria: annual value spend; supply frequency; access to customers; access to technical equipment or sensitive data; supplier substitutability; component substitutability; supply failure consequence; supplier segmentation; safety risks and environmental risks. and obligations, e.g. through supply or service failure consequences, are the concerns of the identification process.

From the point of view of criticality for the business, EDPR's suppliers segments are:

- **Critical suppliers:** Turbines, BOP (Balance of Plant) and O&M (Operation and Maintenance), and;
- Non-critical suppliers: indirect purchases.

##### 2. Procurement Manual

- EDPR has a Procurement Manual, which includes sustainability principles to be taken into account when contracting products or services.
- These principles summarize the most relevant aspects for EDPR in terms of sustainability in the supply chain: health and safety, respect for the environment, ethics, local development and innovation.

##### 3. EDPR's Code of Ethics and UN Global Compact

- EDPR is governed under a strong sense of ethics and requires its suppliers to have no conflicts with the company's ethical standards. EDPR's suppliers must know and accept by written the principles established in the Code of Ethics.
- EDPR is a signatory of the UN Global Compact for Sustainable Development and is committed to implement these principles as well as to promote the adoption of these principles on its area of influence. EDPR's suppliers must accept to comply with the UN Global Compact's ten principles, on human rights, labor, environment and anti-corruption and provide the confirmation as signatories of the UN Global Compact directives or a written declaration of their acceptance.

**100% of the EDPR critical suppliers are aligned with Global Compact criteria and EDPR's Code of Ethics**

##### 4. Health and Safety System and Environmental policies

- Health & Safety System, based on the OSHAS 18001:2007 specifications require EDPR's employees and all other individuals working on behalf of EDPR to follow best practices in those areas, as required in EDPR's OH&S Policy. The health and safety management system is supported by different manuals, control procedures, instructions and specifications which ensure the effective execution of EDPR's OH&S Policy.
- EDPR is committed to integrate the respect for the environment and environmental management into all phases of the business through the value chain and ensure that all stakeholders, including suppliers, have the necessary skills to do so. EDPR's suppliers shall adopt all necessary measures to ensure strict compliance with all applicable environmental regulations as well as EDPR's Environment and Biodiversity Policies, internal norms, procedures and systems in place as regards to environmental management.

### 3.3 Health & Safety

#### Zero accidents mindset

Guaranteeing the health, safety and well-being of our employees and contractors is a top priority at EDPR and this commitment is supported by our Health and Safety policy.

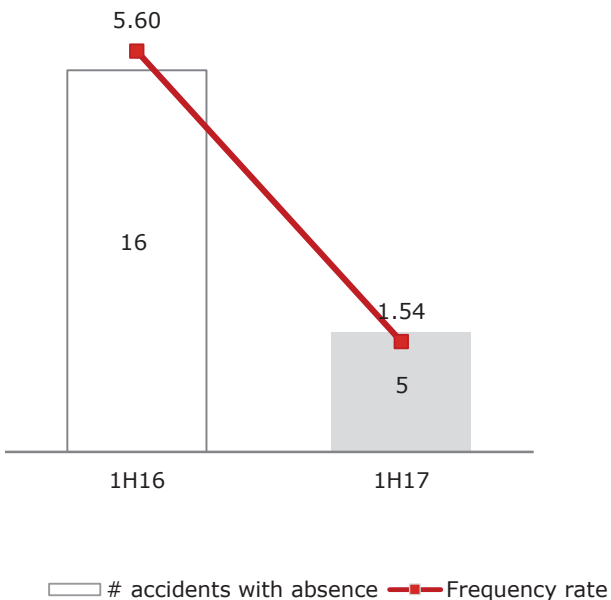
At EDPR, we are conscious that we work in a sector that is particularly sensitive to the occupational risk, therefore we place special emphasis on prevention by training, communicating and certifying our facilities.

As an integral part of our health and safety strategy, employees participate in training courses and risk assessment activities based on the potential risks associated with their position. Our employees follow the guidelines rigorously and strive to achieve a safe workplace for all those who provide services in our facilities.

Health & Safety committees and subcommittees throughout EDPR support the implementation of health and safety measures by means of collecting information from different operational levels and involving employees with the establishment and communication of a preventative plan.

In order to achieve our zero accidents target, EDPR has implemented health and safety management systems based on the OHSAS 18001:2007 specifications. The standards and procedures of these systems are adapted to the specificities of each geography where they are implemented and are developed based on the country's regulation and industry's best practices. Our commitment to the health and safety of our employees and contractors is further supported through the OHSAS 18001 certification and we are working actively to have all installed capacity certified by 2020.

#### Indicators:



The implementation of our health and safety management systems allows us to manage and prevent future accidents with the objective of reaching our zero accident goal. During 1H 2017, EDPR registered a substantial improvement in its health & safety ratios. The number of accidents registered for employees and contractor personnel reduced by c.70%, an improvement towards our zero accidents goal stated in our Health & Safety policy

Note: Includes staff and contractors data

## 3.4 Environment

### Life cycle approach in the environmental management

Wind power is one of the most environmentally friendly ways of producing energy. Its contribution to global warming is significantly lower than the one from fossil fuel based energy sources. The impact of our business on the environment is small but nevertheless EDPR works on a daily basis to hold itself to a higher standard.

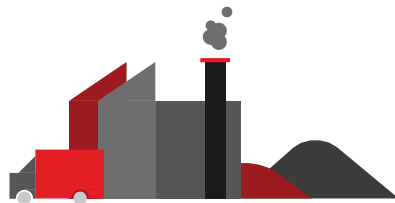
1

#### Raw Materials Extraction and Components Manufacturing Stages

Incorporate respect for the environment and management of environmental aspects in all phases of business processes throughout the value chain is one of the pillars of our environmental strategy.

Life cycle assessments revealed that most wind farm and solar plant environmental impacts are concentrated in the raw materials' extraction and components' manufacturing stages<sup>2</sup>.

EDPR is not directly involved in those **upstream processes** but is committed to promote sustainable practices in the supply chain according to EDP Sustainable Procurement Policy to better respond to the increasing needs of sustainability and the development of our supply chain.



2

#### Wind Farm Set Up

**Wind farm set up**, including construction and installation works, is concentrated in a short period of time and has a very limited impact compared with upstream processes. Nevertheless it is closely followed by our highly qualified teams to minimize potential disturbances.

A thorough process based on our in-house expertise ensures the location of EDPR facilities in the best sites, assuring top-class construction standards and respect for the environment and local communities.

During the construction process, we work to minimize impacts and disturbances and return the land to its initial integrity. In most cases, wind turbines and access roads occupy less than one percent of the land in the entire project area and the remaining land is still available for traditional activities.



Climate change is already having an impact on biodiversity, and is projected to become a more significant threat in the coming decades. Wind and solar energy provides a major contribution to protecting biodiversity from climate change since its contribution to global warming is significantly less than fossil fuel based energy sources.



3

### Operation Stage

The **operation stage** is the core of our business. As an owner and operator, EDPR is committed to maintaining long-term operations of our projects for the benefit of our stakeholders while always keeping our environmental impact to a minimum. The proper management of the environmental aspects during operation is achieved through the Environmental Management System (EMS), developed in accordance with the ISO 14001 international standard and certified by an independent certifying organization. 89% of EDPR's installed capacity is covered by ISO 14001 certification<sup>1</sup>.

The operating phase can be extended beyond the useful life by repowering the windfarms, replacing old equipment by new one with greater capacity and performance, producing clean energy for a few years more.

*EDPR is renewing its entire fleet and hybrids will make up 70% of its new fleet of vehicles. In line with its core business, EDPR has chosen hybrid vehicles based on their low fuel consumption and reduced emissions. During 1H 2017, all hybrid vehicles Spain were incorporated. In France, Italy, Poland and Romania all hybrid vehicles will be incorporated gradually over during the following months.*



4

### End of Useful Life

At the **end of their useful life** wind turbines are dismantled to return the environment to its original state. Although EDPR has not yet dismantled any facility, from the environmental point of view there are two main aspects to consider: land restoration and proper treatment of the wastes generated. Properly managing wind turbines at the end of its life from a sustainable point of view, is crucial to maximize the environmental positive impacts of wind energy from a life cycle approach. Wind turbines' recycling at the end of their service life avoids impacts associated to raw materials' extraction, providing significant environmental benefits and contributing to create a circular economy.

*The average recyclability of wind turbines has been calculated as 80-90%.<sup>2</sup> The components contributing to recyclability are metal parts manufactured from iron, steel, aluminum and copper. But the industry faces a challenge regarding wind turbine blades since landfills are currently the main destination for composites in Europe. EDPR supports R3FIBER project, an innovative solution that provides a green technology to recycle wind blades to obtain high quality fibers that can be reused in various sectors, contributing to circular economy.*



EDPR wind farms, with a projected life span of 30 years, will pay back its life cycle energy costs in less than a year<sup>2</sup>.

1 Calculation based on 2016YE installed capacity. In 2015, calculation was based on 2014YE installed capacity.  
2 According to the Life Cycle Assessments of our main turbine suppliers.

## 3.5 Other Reporting Topics

### 3.5.1 RELEVANT AND SUBSEQUENT EVENTS

#### **EDP – Energias de Portugal S.A. launch announcement of the general and voluntary tender offer for the acquisition of shares representative of the share capital of edp renováveis, s.a. (July 5<sup>th</sup>, 2017)**

All the information related to the Public Tender Offer launched by EDP for the acquisition of the entire share of capital of EDP Renováveis available here: <http://www.edp.pt/en/Investidores/OPA/Pages/homepage.aspx>

#### **EDPR announces the sale of a 23% stake in UK wind offshore project (July 7<sup>th</sup>, 2017)**

EDP Renováveis S.A. ("EDPR"), through its subsidiary EDPR UK Limited ("EDPR UK"), closed today an agreement with ENGIE, to sell a 23% stake in equity shareholding and outstanding shareholders loans on the Moray Offshore Windfarm (East) Limited ("MOWEL"), for a total consideration of £21 million.

With the completion of this transaction, ENGIE, a partner of EDPR in offshore projects in France and floating projects in Portugal and France, will participate in the investment, development and operation of the Moray wind offshore project, located in the North Sea off the coast of Scotland (Zone 1 of the Crown Estate's Round 3 programme).

In January 2010, MOWEL was awarded the right, under a farm leasing programme conducted by The Crown Estate, to develop offshore wind energy in Zone 1 of the Third Offshore Wind Licensing Round ("UK Round 3") and in March 2014 was granted consent, by the Scottish government, for up to 1,116 MW offshore wind development.

#### **EDPR established new institutional partnership structure for 297 MW in the US (July 18<sup>th</sup>, 2017)**

EDP Renováveis, S.A. ("EDPR"), through its fully owned subsidiary EDP Renewables North America LLC, has secured \$370 million of institutional equity financing from BNY Mellon in exchange for an interest in the 100 MW Meadow Lake V, 99 MW Redbed Plains and 98 MW Quilt Block. The projects are located in the state of Indiana, Oklahoma and Wisconsin respectively, and have previously secured long-term Power Purchase Agreements.

The institutional partnership structure established enables an efficient utilization of the fiscal benefits to be generated by the projects.

#### **Acquisition of minority interests in Eólica de Arlanzón S.A.**

EDPR through its fully owned subsidiary EDP Renovables España S.L. closed in July 2017 the acquisition of a 7.5% minority stake in the Spanish company Eólica de Arlanzón S.A., a 34 MW project that started operations in 2004, in which EDPR already had a 77.5% stake.

**ENERGY**  
**AS**  
**THE**  
**NEW**  
**ART**

Members of the Board of Directors of the Company EDP Renováveis, S.A.

**DECLARE**

To the extent of our knowledge, the information referred to in sub-paragraph a) of paragraph 1 of Article 246 of the Portuguese Securities Code (*Código dos Valores Mobiliários*) approved by Decree-Law no. 486/99, of November 13<sup>th</sup> and other documents relating to the submission of accounts required by current regulations have been prepared in accordance with applicable accounting standards, reflecting a true and fair view of the assets, liabilities, financial position and results of EDP Renováveis, S.A. and the companies included in its scope of consolidation and the management report fairly presents the evolution of business, performance and position of EDP Renováveis, S.A. and the companies included in its scope of consolidation, containing a description of the principal risks and uncertainties that they face.

Lisbon, July 25<sup>th</sup>, 2017

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António Luís Guerra Nunes Mexia

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João Manuel Manso Neto

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Nuno Maria Pestana de Almeida Alves

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Miguel Dias Amaro

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João Paulo Nogueira da Sousa Costeira

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Gabriel Alonso Imaz

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Acácio Jaime Liberado Mota Piloto

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António do Pranto Nogueira Leite

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João Manuel de Mello Franco

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João José Belard da Fonseca Lopes Raimundo

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Jorge Manuel Azevedo Henriques dos Santos

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José António Ferreira Machado

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Gilles August

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Manuel Menéndez Menéndez

\_\_\_\_\_  
Allan J. Katz

\_\_\_\_\_  
Francisca Guedes de Oliveira

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Francisco Seixas da Costa