

Still cheap despite commodity impact

- **EPS slashed as power prices take their toll:** Watching the power price fall is like trying to catch the proverbial falling knife. Iberian power prices are down by 12% this year alone (and 45% from their peak in 2008), with the forward curve now sitting at €41/MWh. EDP shifts its regulated (CMEC) Portuguese generation to the liberalised market in 2017. We are, therefore, slashing our EPS forecasts by c15% from 2017 onwards as we mark to market power prices and commodities (currencies too) across the board, including carbon, where we are no longer bulls. Despite this, multiples are cheap and the dividend is sustainable. Although we reduce our price target by 13%, we still see 10% upside and retain our Buy recommendation.
- **Earnings stability falling:** Today, 80% of EDP's EBITDA is stable: 18% is under Portuguese long-term contracts, 28% comes from regulated networks in Iberia, 27% is under long-term wind PPAs and 8% is from Brazilian distribution. But that falls to 60% by 2017 as the 18% Portuguese long-term contracts come to an end and EDP switches to a liberalised market. We estimate this will affect 2017 EBITDA by €158m based on our current mark-to-market power price forecasts.
- **But there will be some sources of growth:** Portuguese hydro assets of 1,480MW will be added in the next couple of years. Renewables capacity additions should grow by 17% from 2015 to 2018; in absolute terms, that equates to an additional c1.6GW.
- **A constrained balance sheet has its perks:** EDP's gearing is high; we estimate economic net debt/EBITDA of 4.6x at end-2015 will fall slowly to 3.6x by 2020. Given its increased exposure to volatile end-markets, that is necessary. The good news about a constrained balance sheet is that it avoids value-destructive acquisitions. Any investments, which tend to be wind-focused, have to be financed by capital rotation. Given that the potential buyers of these assets have a low cost of capital, transactions can be done on a win-win basis.
- **Tariff deficit on course for 2023 break even:** Our model suggests 2023 is a reasonable outcome for the sector-wide tariff deficit to end. That is reflected in our EDP forecasts. We note, however, that securitisation could bring that forward from EDP's perspective.
- **Latin American pressure.** Recent currency movements have taken their toll, with forex exposure accounting for 14% of group EBITDA. Management can offset some of this via debt, which is 23% in US dollars and 8% in Brazilian real. Meanwhile, rain has fallen in Brazil, but has not yet broken the drought.
- **Portuguese macro:** We continue to assume that the 0.85% asset tax of €60m will be extended indefinitely beyond the announced 2014-16 period. On the political side, there is a stalemate. The left-wing government has no reliable majority in parliament but the new centre-right president seems unlikely to pick a fight. Early elections are a strong possibility.

Y/E 31/12., EURm	2013	2014	2015E	2016E	2017E
EBITDA	3,598	3,642	3,734	3,672	3,689
EBIT	2,118	2,193	2,284	2,181	2,160
EPS	0.28	0.28	0.25	0.27	0.25
DPS	0.19	0.19	0.19	0.19	0.19
FCF per share	0.2	0.2	0.2	0.3	0.5
Y/E net debt (net cash)	17,451	17,042	17,246	16,400	15,206
EBITDA Growth	-0.8%	1.2%	2.5%	-1.7%	0.5%
EPS Growth	-0.7%	3.5%	-12.6%	7.6%	-7.7%
DPS Growth	0.0%	0.0%	0.0%	0.0%	0.0%
ROCE	6.9%	6.8%	7.1%	6.9%	6.9%
EV/EBITDA	8.8x	8.8x	8.6x	8.5x	8.2x
P/E	10.9x	10.5x	12.0x	11.2x	12.1x
Dividend Yield	6.2%	6.2%	6.2%	6.2%	6.2%
FCF Yield	5.0%	7.9%	7.2%	10.9%	17.9%

Source: Company data, Berenberg

10 February 2016

BUY

Current price **Price target**
EUR3.00 EUR3.30

08/02/2016 Lisbon Close

Market cap (EURm) 10,955
Reuters EDP.LS
Bloomberg EDP.PL

Changes made in this note

Rating: Buy (no change)
Price target: EUR3.30 (3.80)

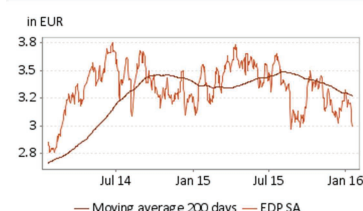
Estimates changes

	2015E		2016E		2017E	
	old	Δ %	old	Δ %	old	Δ %
EBITDA	3,687	1.3	3,773	-2.7	3,961	-6.9
EBIT	2,269	0.7	2,341	-6.8	2,507	-13.9
EPS	0.27	-8.1	0.27	-0.3	0.29	-14.7

Source: Berenberg estimates

Share data

Shares outstanding (m) 3,657
Enterprise value (EURm) 32,131
Daily trading volume 5,090,641



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BUY

10 February 2016

Current price Price target

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08/02/2016 Lisbon Close

Market cap (EURm) 10,955
EV (EURm) 32,131
Trading volume 5,090,641
Free float 47.8%

Non-institutional shareholders

China Three Gorges 21.35%

Share performance

High 52 weeks EUR3.73
Low 52 weeks EUR2.98

Business description

EDP is active in power generation, distribution and supply as well as gas distribution and supply. 40% of its EBITDA originates from Portugal. Other key markets include Spain and Brazil. The company owns a 77.5% stake in EDP Renovaveis, a listed wind power subsidiary.

Performance relative to

	SXXP	SX6P
1mth	1.5%	-2.6%
3mth	10.7%	0.8%
12mth	10.1%	5.2%

Investment thesis

- EDP's earnings stability is falling as the era of Portuguese regulated generation comes to an end and the company switches to the liberalised market. Consequently, EDP, which currently boasts that 80% of its business is in either regulated or long-term contracts, will see that reduce to close to 60% by 2017. That exposes the group to more volatility.
- There will be growth to offset these changes, namely from new hydro assets in Portugal and wind asset additions across the fleet.
- The balance sheet is heavy, more so given the oncoming increased volatility to earnings. That does have its benefits, though: as long as the company can manage the rating agencies, it has little room to embark on value-destructive acquisitions, with which we are all too familiar in the utilities world.
- Our price target is based on a blended average of SOTP, dividend discount model, P/E and yield.

Profit and loss summary

EURm	2012	2013	2014	2015E	2016E
Revenues	16,340	16,103	16,294	16,246	15,538
EBITDA	3,628	3,598	3,642	3,734	3,672
EBITA	2,143	2,118	2,193	2,284	2,181
EBIT	2,143	2,118	2,193	2,284	2,181
Associates contribution	24	-14	15	45	50
Net interest	705	698	572	791	714
Tax	283	212	373	344	368
Minorities	170	189	223	300	180
Net income adj.	1,012	1,005	1,040	910	979
EPS reported	0.28	0.28	0.28	0.26	0.25
EPS adjusted	0.28	0.28	0.28	0.25	0.27
Year end shares	3,657	3,657	3,657	3,657	3,657
Average shares	3,657	3,657	3,657	3,657	3,657
DPS	0.19	0.19	0.19	0.19	0.19

Cash flow summary

EURm	2012	2013	2014	2015E	2016E
Net income	1,012	1,005	1,040	1,233	1,099
Depreciation	1,485	1,480	1,449	1,449	1,479
Working capital changes	-1,380	294	117	-493	-46
Other non-cash items	879	41	131	300	60
Operating cash flow	1,997	2,819	2,738	2,489	2,592
Capex	-2,011	-2,269	-1,872	-1,700	-1,400
FCFE	-14	550	866	789	1,192
Acquisitions, disposals	6	-8	201	778	692
Other investment CF	120	146	-319	0	0
Dividends paid	-825	-830	-796	-802	-808
Buybacks, issuance	-1	0	0	0	0
Change in net debt	-37	485	434	0	0
Net debt	18,233	17,451	17,042	17,246	16,400
FCF per share	0.00	0.15	0.24	0.22	0.33

Growth and margins

	2012	2013	2014	2015E	2016E
Revenue growth	8.1%	-1.4%	1.2%	-0.3%	-4.4%
EBITDA growth	-3.4%	-0.8%	1.2%	2.5%	-1.7%
EBIT growth	-5.5%	-1.2%	3.5%	4.2%	-4.5%
EPS adj growth	-10.6%	-0.7%	3.5%	-12.6%	7.6%
FCF growth	-101.7%	-3976.9%	57.4%	-8.9%	51.1%
EBITDA margin	22.2%	22.3%	22.4%	23.0%	23.6%
EBIT margin	13.1%	13.2%	13.5%	14.1%	14.0%
Net income margin	6.2%	6.2%	6.4%	5.6%	6.3%
FCF margin	-0.1%	3.4%	5.3%	4.9%	7.7%

Key ratios

	2012	2013	2014	2015E	2016E
Net debt / equity	159.5%	151.4%	142.4%	157.8%	151.3%
Net debt / EBITDA	5.0x	4.9x	4.7x	4.6x	4.5x
Avg cost of debt	4.0%	3.9%	3.3%	4.6%	4.2%
Tax rate	19.3%	15.1%	19.0%	19.0%	21.0%
Interest cover	3.0x	3.0x	3.8x	2.9x	3.1x
Payout ratio	66.8%	67.3%	65.0%	74.4%	69.1%
ROCE	6.7%	6.9%	6.8%	7.1%	6.9%
Capex / sales	12.3%	14.1%	11.5%	10.5%	9.0%
Capex / depreciation	135.4%	153.4%	129.2%	117.3%	94.6%

Valuation metrics

	2012	2013	2014	2015E	2016E
P / adjusted EPS	10.8x	10.9x	10.5x	12.0x	11.2x
P / book value	1.0x	1.0x	0.9x	1.0x	1.0x
FCF yield	-0.1%	5.0%	7.9%	7.2%	10.9%
Dividend yield	6.2%	6.2%	6.2%	6.2%	6.2%
EV / sales	2.0x	2.0x	2.0x	2.0x	2.0x
EV / EBITDA	9.1x	8.8x	8.8x	8.6x	8.5x
EV / EBIT	15.4x	14.9x	14.6x	14.1x	14.3x
EV / FCF	-2327.4x	57.5x	36.9x	40.7x	26.2x
EV / cap. employed	1.0x	1.0x	1.0x	1.0x	1.0x

Key risks to our investment thesis

- Change in the Portuguese macro environment
- Movement in commodities and Iberian power prices
- Foreign exchange movements
- Portuguese final tariff setting which would affect the tariff deficit

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EDP SA – key investment points

Key investment point one: EPS cut on back of commodity price malaise

- **Key stat:** We estimate that a +/-€5/MWh change in Iberian power prices affects EPS by 5%, on average, over the next three years, and an equivalent move in spreads affects EPS by c3%.
- Our EPS forecasts are lowered by 15%/12%/13% in 2017/18/19, reflecting lower prices for commodities and power prices.

Key investment point two: earnings stability falling

- **Key stat:** 80% of EDP's earnings are stable: 18% is from long-term contracts, 28% from regulated Iberia, 27% from long-term wind PPAs and 8% from Brazilian distribution
- But that falls to 60% by 2017.
- This will increase EDP's exposure to wholesale power price movements.

Key investment point three: growth from specific drivers

- Portuguese hydro will add 1,480MW in the coming years.
- Renewables capacity additions grow by 17% from 2015 to 2018. In absolute terms, that equates to an additional c1.6GW.

Key investment point four: a constrained balance sheet has its perks

- **Key stat:** Gearing of 4.6x in 2015 will fall to 3.6x in 2020.
- In part, these constraints are necessary if EDP is to combat its increased exposure to volatile end-markets.
- The balance sheet will help management to avoid value-destructive acquisitions.
- It will also force capital rotation

Key investment point five: Latin American pressure

- **Key stat:** Forex exposure is 14% of group EBITDA.
- Management can offset some of this via debt, which is 23% in US dollars and 8% in Brazilian real.
- Brazilian rainfall has come but is yet to break the drought.

Key investment point six: Portuguese political stalemate

- **Key stat:** We continue to assume that the 0.85% asset tax of €60m will be extended indefinitely beyond the announced 2014-16 period.
- The left-wing government that has no reliable majority in parliament. The new centre-right President is unlikely to pick a fight, though. It will probably take a few months to see whether the government can do what it takes to appease Brussels before the new elections.

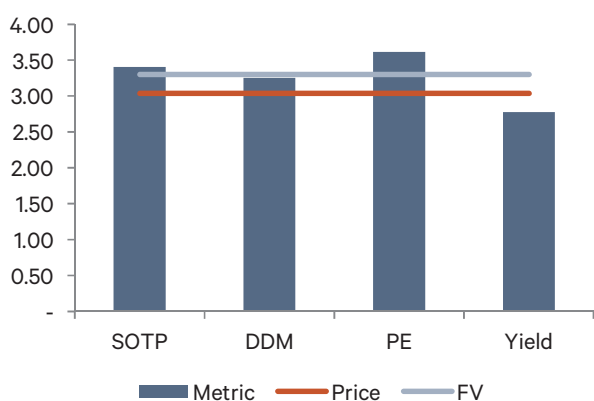
Valuation

- Our price target is €3.30/share (10% upside).
- We use a blended valuation approach for EDP, utilising SOTP (DCF/EVA), DDM, P/E and yield valuations.

Summary

The charts below illustrate our valuation under each metric and the upside/downside to the current share price.

Valuation under different metrics (€/share)



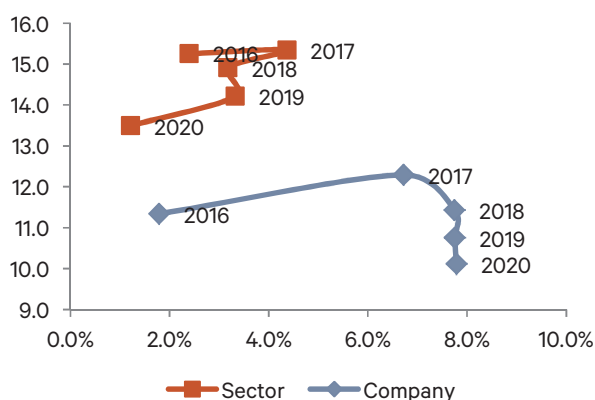
Source: Berenberg estimates

SOTP valuation (€/share)

	Value	€/Share	2016 EV/ EBITDA	Method
LT Contracted Generation Iberia	1,393	0.38	2.6	DCF
Liberalised Activities Iberia	6,158	1.68	14.0	DCF
Regulated Networks Iberia	7,170	1.96	7.6	DCF
Wind Power	10,692	2.92	8.8	Tgt EV
Brazil	5,454	1.49	10.1	DCF
Other	10	0.00	(1.1)	DCF
Enterprise Value	30,876	8.44	8.4	
Debt	(17,042)	(4.66)	(4.6)	2016E
Provisions	-	-	-	2016E
Other	1,897	0.52	0.5	Other
Minorities	(3,288)	(0.90)	(0.9)	2016E
Liabilities	(18,433)	(5.04)	(5.0)	
Equity	12,444	3.40		
NOSH	3,657			2016E
Equity per Share	3.40			
DPS				
Sum of the Parts	3.40			

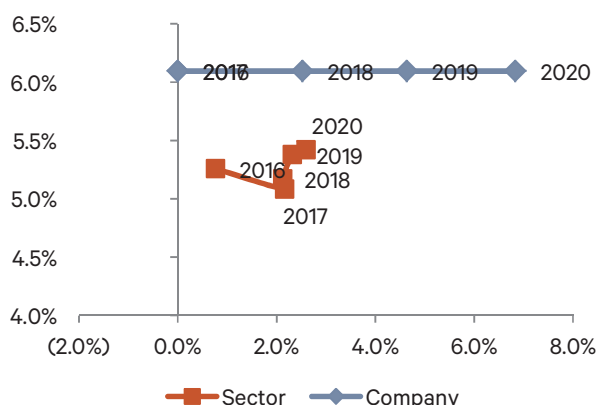
Source: Berenberg estimates

P/E versus EPS growth



Source: Berenberg estimates using three-year forward EPS CAGR

Dividend yield versus DPS growth



Source: Berenberg estimates using three-year forward DPS CAGR

Sensitivity analysis

Sensitivity analysis

Sensitivities	2013A	2014A	2015E	2016E	2017E	2018E	2019E	2020E
EBITDA Sensitivity* to								
+/- 5 €/MWh Iberian power price	1%	1%	1%	2%	3%	2%	2%	2%
+/- 5 €/MWh Iberian spreads	1%	1%	1%	1%	1%	1%	1%	1%
+/- 5 % Output Spain wind	1%	0%	0%	1%	1%	1%	1%	1%
+/- 5 % Output Portugal wind	0%	0%	0%	0%	0%	0%	0%	0%
+/- 5 % Output Rest of Europe wind	0%	0%	0%	0%	0%	0%	0%	0%
+/- 5 % Output US wind	1%	1%	1%	1%	1%	1%	1%	1%
+/- 10 % Brazilian generation output	1%	1%	1%	1%	1%	1%	1%	1%
+/- 10 % Hydro generation	0%	0%	1%	1%	2%	2%	2%	2%
Net Income Sensitivity* to								
+/- 5 €/MWh Iberian power price	2%	3%	3%	5%	8%	7%	7%	6%
+/- 5 €/MWh Iberian spreads	3%	3%	3%	2%	3%	4%	4%	4%
+/- 5 % Output Spain wind	2%	1%	2%	1%	2%	2%	2%	2%
+/- 5 % Output Portugal wind	1%	1%	1%	1%	1%	1%	1%	1%
+/- 5 % Output Rest of Europe wind	1%	1%	1%	1%	1%	1%	1%	1%
+/- 5 % Output US wind	2%	2%	3%	3%	4%	4%	4%	4%
+/- 10 % Brazilian generation output	2%	2%	3%	2%	3%	3%	3%	3%

* Ceteris Paribus; e.g. does not take account of hedged positions.

Source: Berenberg

Changes to numbers: Berenberg versus consensus

We have made the following changes to our forecasts:

Estimate changes

Estimate Changes	2013A	2014A	2015E	2016E	2017E	2018E	2019E	2020E
EBITDA (New - as reported; € m)	3,598	3,642	3,734	3,672	3,689	3,819	3,935	4,056
EBITDA (Old - as reported; € m)	3,617	3,527	3,687	3,773	3,961	4,017	4,134	4,248
Change	-1%	+3%	+1%	-3%	-7%	-5%	-5%	-5%
EBIT (New - as reported; € m)	2,118	2,193	2,284	2,181	2,160	2,256	2,338	2,423
EBIT (Old - as reported; € m)	2,085	2,132	2,269	2,341	2,507	2,550	2,655	2,755
Change	+2%	+3%	+1%	-7%	-14%	-12%	-12%	-12%
EPS (New - as reported; €)	0.28	0.28	0.25	0.27	0.25	0.27	0.28	0.30
EPS (Old - as reported; €)	0.28	0.26	0.27	0.27	0.29	0.30	0.32	0.35
Change	+0%	+11%	-8%	-0%	-15%	-12%	-13%	-13%
DPS (New - as reported; €)	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19
DPS (Old - as reported; €)	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.21
Change	+0%	+0%	+0%	+0%	+0%	+0%	-5%	-11%

Source: Berenberg

Berenberg versus consensus

Berenberg Forecasts vs Consensus	2013A	2014A	2015E	2016E	2017E	2018E	2019E	2020E
EBITDA* (€ m)	3,598	3,642	3,734	3,672	3,689	3,819	3,935	4,056
Consensus (Average)	3,662	3,580	3,785	3,681	3,796	#N/A	#N/A	#N/A
Berenberg +/- vs Cons	-2%	+2%	-1%	-0%	-3%	#N/A	#N/A	#N/A
EBIT* (€ m)	2,118	2,193	2,284	2,181	2,160	2,256	2,338	2,423
Consensus (Average)	2,184	2,212	2,342	2,198	2,284	#N/A	#N/A	#N/A
Berenberg +/- vs Cons	-3%	-1%	-2%	-1%	-5%	#N/A	#N/A	#N/A
Net Income* (€ m)	1,005	1,040	910	979	903	971	1,032	1,098
Consensus (Average)	999	929	892	927	969	#N/A	#N/A	#N/A
Berenberg +/- vs Cons	+1%	+12%	+2%	+6%	-7%	#N/A	#N/A	#N/A
EPS* (€)	0.28	0.28	0.25	0.27	0.25	0.27	0.28	0.30
Consensus (Average)	0.27	0.25	0.24	0.26	0.27	#N/A	#N/A	#N/A
Berenberg +/- vs Cons	+1%	+14%	+5%	+5%	-7%	#N/A	#N/A	#N/A
DPS (€)	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19
Consensus (Average)	0.19	0.19	0.19	0.19	0.19	#N/A	#N/A	#N/A
Berenberg +/- vs Cons	-3%	-2%	-3%	-3%	-2%	#N/A	#N/A	#N/A

* Based on company's definition of metric

Source: Berenberg estimates, Bloomberg

Key assumptions

Key assumptions

Power Price Forecasts		2014A	2015E	2016E	2017E	2018E	2019E	2020E
Country	Unit							
UK (Local)	£/MWh	47.0	47.0	42.7	42.9	43.0	44.0	44.0
UK (EUR)	EUR/MWh	58.5	62.1	56.6	55.4	55.1	56.4	56.4
Germany	EUR/MWh	35.0	30.5	24.0	23.6	22.8	22.6	22.6
Nordic	EUR/MWh	33.1	32.8	20.0	20.2	22.0	21.9	21.9
Italy	EUR/MWh	52.9	46.0	38.5	38.2	38.1	41.5	41.5
Benelux	EUR/MWh	47.0	40.0	32.0	31.5	31.5	31.4	31.4
France	EUR/MWh	47.0	38.0	30.0	29.2	28.6	30.2	30.2
Spain/Portugal	EUR/MWh	47.0	47.0	42.0	41.0	41.0	40.9	40.9

Fuel Price Forecasts		2014A	2015E	2016E	2017E	2018E	2019E	2020E
Fuel	Unit							
Oil (Brent)	\$/bbl	101.9	53.5	32.8	38.5	38.5	38.5	38.5
Coal	\$/t	78.3	53.3	42.4	37.7	37.7	37.7	37.7
Gas (Europe LTC)	EUR/MWh	26.4	21.9	14.6	14.2	14.2	14.9	14.9
Gas (Italy)	EUR/MWh	23.2	20.0	12.6	12.2	12.2	12.9	12.9
Gas (UK) £	£/MWh	14.1	12.0	9.1	8.9	8.9	9.4	9.4
Carbon UK floor	£/t	14.3	20.0	22.0	23.1	23.1	23.1	23.1
US Gas Henry Hub	\$/MWh	14.7	8.7	8.6	9.4	9.8	10.3	10.7
Uranium	EUR/MWh	8.5	8.5	8.5	8.5	8.5	8.5	8.5
Carbon	EUR/t	6.0	7.8	6.6	6.6	6.6	6.6	6.6

Year end currency rates	2014A	2015E	2016E	2017E	2018E	2019E	2020E
EURGBP	0.78	0.74	0.77	0.78	0.78	0.78	0.78
EURTRY	2.83	3.17	3.68	4.11	4.11	4.11	4.11
EURSEK	9.44	9.17	9.33	9.35	9.35	9.35	9.35
EURUSD	1.21	1.09	1.10	1.12	1.12	1.12	1.12
EURRUB	73.50	80.00	94.76	104.70	104.70	104.70	104.70
EURMXN	17.84	18.75	20.53	21.49	21.49	21.49	21.49
USDBRL	2.66	4.00	4.47	4.99	4.99	4.99	4.99

Inflation	2014A	2015E	2016E	2017E	2018E	2019E	2020E
Central Europe	0.8%	0.1%	0.8%	1.3%	1.3%	1.3%	1.3%
Eastern Europe	5.7%	9.6%	6.0%	5.2%	5.2%	5.2%	5.2%
UK	1.5%	0.0%	1.2%	1.9%	1.9%	1.9%	1.9%
Nordic	0.4%	-0.1%	1.1%	1.6%	1.6%	1.6%	1.6%
Spain/Portugal	-0.2%	0.0%	1.0%	1.4%	1.4%	1.4%	1.4%
US	1.6%	0.1%	2.0%	2.3%	2.3%	2.3%	2.3%

Industrial production	2014A	2015E	2016E	2017E	2018E	2019E	2020E
Eurozone	0.8%	1.4%	1.2%	1.8%	1.8%	1.8%	1.8%
China	8.3%	5.9%	5.7%	5.1%	5.1%	5.1%	5.1%
France	-1.0%	1.5%	2.1%	1.7%	1.7%	1.7%	1.7%
Germany	1.3%	0.8%	0.2%	2.2%	2.2%	2.2%	2.2%
Italy	-0.5%	1.1%	1.8%	1.6%	1.6%	1.6%	1.6%
Portugal	1.8%	2.5%	3.8%	2.4%	2.4%	2.4%	2.4%
Spain	1.3%	3.3%	3.0%	2.4%	2.4%	2.4%	2.4%
UK	1.3%	1.4%	1.8%	1.5%	1.5%	1.5%	1.5%

Source: Berenberg

Financials

Income statement

Income Statement (€ m)	2013A	2014A	2015E	2016E	2017E	2018E	2019E	2020E
Revenue	16,103	16,294	16,246	15,538	14,749	15,070	15,299	15,545
Reported EBITDA	3,598	3,642	3,734	3,672	3,689	3,819	3,935	4,056
Change	-1%	+1%	+3%	-2%	+0%	+4%	+3%	+3%
Margin	+22%	+22%	+23%	+24%	+25%	+25%	+26%	+26%
Depreciation	(1,480)	(1,449)	(1,449)	(1,479)	(1,509)	(1,543)	(1,577)	(1,612)
Other OPEX	-	-	-	(11)	(20)	(20)	(20)	(20)
Reported EBIT	2,118	2,193	2,284	2,181	2,160	2,256	2,338	2,423
Change	-1%	+4%	+4%	-5%	-1%	+4%	+4%	+4%
Margin	+13%	+13%	+14%	+14%	+15%	+15%	+15%	+16%
Net Financial Expenses	(698)	(572)	(791)	(714)	(705)	(707)	(707)	(704)
Tax	(212)	(373)	(344)	(368)	(424)	(447)	(468)	(490)
Other	(14)	15	60	60	60	60	60	60
Minorities	(189)	(223)	(300)	(180)	(188)	(190)	(191)	(191)
Reported Net Income	1,005	1,040	910	979	903	971	1,032	1,098
Change	-1%	+4%	-13%	+8%	-8%	+8%	+6%	+6%
Margin	+6%	+6%	+6%	+6%	+6%	+6%	+7%	+7%
Number of Shares	3,657	3,657	3,657	3,657	3,657	3,657	3,657	3,657
Per Share:								
Basic EPS	0.28	0.28	0.26	0.25	0.23	0.25	0.27	0.28
Change	-1%	+3%	-10%	-1%	-8%	+8%	+7%	+7%
Reported EPS	0.28	0.28	0.25	0.27	0.25	0.27	0.28	0.30
Change	-1%	+3%	-13%	+8%	-8%	+8%	+6%	+6%
DPS	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19
Change	+0%	+0%	+0%	+0%	+0%	+0%	+0%	+0%
Payout	67%	65%	74%	69%	75%	70%	66%	62%
Adjusted to Berenberg Definition:								
EBITDA	3,598	3,642	3,734	3,672	3,689	3,819	3,935	4,056
Change	-1%	+1%	+3%	-2%	+0%	+4%	+3%	+3%
EBIT	2,118	2,193	2,284	2,181	2,160	2,256	2,338	2,423
Change	-1%	+4%	+4%	-5%	-1%	+4%	+4%	+4%
EPS	0.28	0.28	0.25	0.27	0.25	0.27	0.28	0.30
Change	-1%	+3%	-13%	+8%	-8%	+8%	+6%	+6%

Source: Berenberg

Divisional EBITDA

LT Contracted Generation Iberia (€ m)	2013A	2014A	2015E	2016E	2017E	2018E	2019E	2020E
Revenue	2,560	2,400	2,253	1,917	439	367	317	270
Change	-14%	-6%	-6%	-15%	-77%	-16%	-14%	-15%
% Group	+16%	+15%	+14%	+12%	+3%	+2%	+2%	+2%
EBITDA	717	671	630	536	123	103	89	76
Change	-11%	-6%	-6%	-15%	-77%	-16%	-14%	-15%
Margin	+28%	+28%	+28%	+28%	+28%	+28%	+28%	+28%
% Group	+20%	+18%	+17%	+15%	+3%	+3%	+2%	+2%
EBIT	510	497	455	365	(54)	(70)	(80)	(90)
Change	-14%	-2%	-9%	-20%	-115%	+30%	+15%	+12%
Margin	+20%	+21%	+20%	+19%	-12%	-19%	-25%	-33%
% Group	+24%	+23%	+20%	+17%	-3%	-3%	-3%	-4%

Liberalised Activites Iberia (€ m)	2013A	2014A	2015E	2016E	2017E	2018E	2019E	2020E
Revenue	2,075	2,635	2,651	2,685	2,946	3,143	3,172	3,204
Change	-11%	+27%	+1%	+1%	+10%	+7%	+1%	+1%
% Group	+13%	+16%	+16%	+17%	+20%	+21%	+21%	+21%
EBITDA	333	416	356	440	696	780	796	814
Change	+5%	+25%	-14%	+24%	+58%	+12%	+2%	+2%
Margin	+16%	+16%	+13%	+16%	+24%	+25%	+25%	+25%
% Group	+9%	+11%	+10%	+12%	+19%	+20%	+20%	+20%
EBIT	88	164	101	192	439	522	536	554
Change	+45%	+87%	-38%	+90%	+128%	+19%	+3%	+3%
Margin	+4%	+6%	+4%	+7%	+15%	+17%	+17%	+17%
% Group	+4%	+7%	+4%	+9%	+20%	+23%	+23%	+23%

Regulated Networks Iberia (€ m)	2013A	2014A	2015E	2016E	2017E	2018E	2019E	2020E
Revenue	5,211	5,289	4,837	4,737	4,724	4,746	4,768	4,790
Change	-8%	+1%	-9%	-2%	-0%	+0%	+0%	+0%
% Group	+32%	+32%	+30%	+30%	+32%	+31%	+31%	+31%
EBITDA	1,023	1,042	953	947	956	960	965	969
Change	-3%	+2%	-9%	-1%	+1%	+0%	+0%	+0%
Margin	+20%	+20%	+20%	+20%	+20%	+20%	+20%	+20%
% Group	+28%	+29%	+26%	+26%	+26%	+25%	+25%	+24%
EBIT	692	700	608	612	609	611	614	617
Change	-5%	+1%	-13%	+1%	-0%	+0%	+0%	+0%
Margin	+13%	+13%	+13%	+13%	+13%	+13%	+13%	+13%
% Group	+33%	+32%	+27%	+28%	+28%	+27%	+26%	+25%

Wind Power (€ m)	2013A	2014A	2015E	2016E	2017E	2018E	2019E	2020E
Revenue	3,519	3,501	3,696	4,036	4,175	4,232	4,421	4,620
Change	+1%	-1%	+6%	+9%	+3%	+1%	+4%	+5%
% Group	+22%	+21%	+23%	+26%	+28%	+28%	+29%	+30%
EBITDA	921	903	1,100	1,215	1,306	1,339	1,444	1,550
Change	-2%	-2%	+22%	+11%	+7%	+3%	+8%	+7%
Margin	+26%	+26%	+30%	+30%	+31%	+32%	+33%	+34%
% Group	+26%	+25%	+29%	+33%	+35%	+35%	+37%	+38%
EBIT	473	422	550	610	702	701	772	843
Change	+5%	-11%	+30%	+11%	+15%	-0%	+10%	+9%
Margin	+13%	+12%	+15%	+15%	+17%	+17%	+17%	+18%
% Group	+22%	+19%	+24%	+28%	+33%	+31%	+33%	+35%

Source: Berenberg

EDP SA

Utilities – Energy/Integrated



Divisional EBITDA

Brazil (€ m)	2013A	2014A	2015E	2016E	2017E	2018E	2019E	2020E
Revenue	2,679	2,468	2,807	2,162	2,463	2,580	2,619	2,658
Change	+10%	-8%	+14%	-23%	+14%	+5%	+2%	+1%
% Group	+17%	+15%	+17%	+14%	+17%	+17%	+17%	+17%
EBITDA	601	619	704	542	618	646	651	656
Change	+12%	+3%	+14%	-23%	+14%	+5%	+1%	+1%
Margin	+22%	+25%	+25%	+25%	+25%	+25%	+25%	+25%
% Group	+17%	+17%	+19%	+15%	+17%	+17%	+17%	+16%
EBIT	437	496	580	422	493	520	525	529
Change	+14%	+13%	+17%	-27%	+17%	+6%	+1%	+1%
Margin	+16%	+20%	+21%	+19%	+20%	+20%	+20%	+20%
% Group	+21%	+23%	+25%	+19%	+23%	+23%	+22%	+22%

Other* (€ m)	2013A	2014A	2015E	2016E	2017E	2018E	2019E	2020E
EBITDA	4	(9)	(9)	(9)	(9)	(9)	(9)	(9)
o/w Unallocated Cost Savings	-	-	-	-	-	-	-	-
o/w Unallocated Aqn / Disp	-	-	-	-	-	-	-	-
% Group	+0%	-0%	-0%	-0%	-0%	-0%	-0%	-0%
EBIT	(81)	(86)	(9)	(20)	(29)	(29)	(29)	(29)
o/w Unallocated Cost Savings	-	-	-	-	-	-	-	-
o/w Unallocated Aqn / Disp	-	-	-	-	-	-	-	-
% Group	-4%	-4%	-0%	-1%	-1%	-1%	-1%	-1%

* Includes, if applicable, other group income/costs and unallocated cost savings, CAPEX returns and acquisitions and disposals

Source: Berenberg



Cash flow statement

Cash Flow (€ m)	2013A	2014A	2015E	2016E	2017E	2018E	2019E	2020E
Net Income	1,005	1,040	1,233	1,099	1,031	1,102	1,163	1,229
Depreciation	1,480	1,449	1,449	1,479	1,509	1,543	1,577	1,612
Working Capital	294	117	(493)	(46)	116	(47)	(33)	(36)
Other Op Cash Flow (inc reg receivables)	41	131	300	60	306	306	306	306
Operating Cash Flow	2,819	2,738	2,489	2,592	2,962	2,904	3,013	3,112
CAPEX	(2,269)	(1,872)	(1,700)	(1,400)	(1,000)	(1,888)	(1,937)	(1,987)
FCF (Post CAPEX)	550	866	789	1,192	1,962	1,016	1,076	1,124
Acquisitions and Disposals	(8)	201	778	692	-	-	-	-
FCF (p. CAPEX, Aq&D)	542	1,067	1,567	1,884	1,962	1,016	1,076	1,124
Other Investment Cash Flow	(146)	319	-	-	-	-	-	-
Dividends	(830)	(796)	(802)	(808)	(815)	(822)	(829)	(837)
FCF (p. CAPEX, Aq&D, Divs)	(434)	590	765	1,076	1,147	194	247	287
Buybacks and Equity Issuance	-	-	-	-	-	-	-	-
Borrowings	687	-	(267)	(846)	(1,194)	(225)	(247)	(287)
Other Financing, Disc and FX	231	(156)	(498)	(230)	47	30	(0)	(0)
Net Change in Group Cash	485	434	-	-	(0)	0	-	-

Source: Berenberg

Balance sheet statement

Balance Sheet (€ m)	2013A	2014A	2015E	2016E	2017E	2018E	2019E	2020E
Intangible Fixed Assets	9,271	9,134	9,134	9,134	9,134	9,134	9,134	9,134
PP&E	19,454	20,523	19,996	19,225	18,716	19,060	19,420	19,795
Other Non-Current Assets	-	-	-	-	-	-	-	-
Total Non-Current Assets	28,725	29,657	29,130	28,359	27,850	28,194	28,554	28,929
Inventories and Receivables	2,546	2,386	2,079	1,915	1,494	1,234	961	691
Cash	2,157	2,614	2,614	2,614	2,614	2,614	2,614	2,614
Other Liquid Assets	-	-	-	-	-	-	-	-
Other Current Assets	8,638	8,216	8,216	8,216	8,216	8,216	8,216	8,216
Assets Held for Sale	-	-	-	-	-	-	-	-
Total Current Assets	13,341	13,216	12,909	12,745	12,324	12,064	11,791	11,521
Total Assets	42,066	42,873	42,039	41,104	40,173	40,259	40,346	40,451
Short-Term Debt	(4,158)	(3,897)	(3,897)	(3,897)	(3,897)	(3,897)	(3,897)	(3,897)
Payables	-	-	-	-	-	-	-	-
Provisions	(388)	(486)	(486)	(486)	(486)	(486)	(486)	(486)
o/w Nuclear Liabilities	-	-	-	-	-	-	-	-
o/w Pensions	-	-	-	-	-	-	-	-
o/w Other Provisions	(388)	(486)	(486)	(486)	(486)	(486)	(486)	(486)
Other Current Liabilities	(6,955)	(6,438)	(6,438)	(6,438)	(6,438)	(6,438)	(6,438)	(6,438)
Liabilities of Businesses Held for Sale	-	-	-	-	-	-	-	-
Total Current Liabilities	(11,501)	(10,821)	(10,821)	(10,821)	(10,821)	(10,821)	(10,821)	(10,821)
Long-Term Debt	(15,601)	(16,401)	(16,605)	(15,759)	(14,565)	(14,340)	(14,093)	(13,806)
Provisions	-	-	-	-	-	-	-	-
o/w Nuclear Liabilities	-	-	-	-	-	-	-	-
o/w Pensions	-	-	-	-	-	-	-	-
o/w Other Provisions	-	-	-	-	-	-	-	-
Other Non-Current Liabilities	(3,436)	(3,682)	(3,682)	(3,682)	(3,682)	(3,682)	(3,682)	(3,682)
Total Non-Current Liabilities	(19,037)	(20,083)	(20,287)	(19,441)	(18,247)	(18,022)	(17,775)	(17,488)
Shareholders' Equity	(8,446)	(8,681)	(7,643)	(7,554)	(7,817)	(8,127)	(8,461)	(8,854)
Minorities	(3,082)	(3,288)	(3,288)	(3,288)	(3,288)	(3,288)	(3,288)	(3,288)
Total Equity	(11,528)	(11,969)	(10,931)	(10,842)	(11,105)	(11,415)	(11,749)	(12,142)
Total Liabilities and Equity	(42,066)	(42,873)	(42,039)	(41,104)	(40,173)	(40,259)	(40,346)	(40,451)
Net Debt (As Reported)	17,451	17,042	17,246	16,400	15,206	14,981	14,734	14,447
Economic Net Debt	17,451	17,042	17,246	16,400	15,206	14,981	14,734	14,447
Net Debt / EBITDA (As Reported)	4.1	4.0	4.0	3.9	4.1	3.9	3.7	3.6
Economic Net Debt / EBITDA	4.9	4.7	4.6	4.5	4.1	3.9	3.7	3.6

Source: Berenberg