



# 1Q08 Results

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**May 9<sup>th</sup>, 2008**

# 1Q08: Highlights of the period

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**EBITDA: +15% growth YoY driven by wind power**

**Generation & supply Iberia: Stable performance in a cost rising environment**

**Wind power: Major growth driver, already 15% of EBITDA**

**Regulated Energy Networks Iberia: Higher efficiency compensates demand slowdown**

**Brazil: Generation growth and forex compensates decline of tariffs in distribution**

**Net profit: €263m, a 9% increase YoY driven by organic growth**

# 1Q08 EBITDA Breakdown

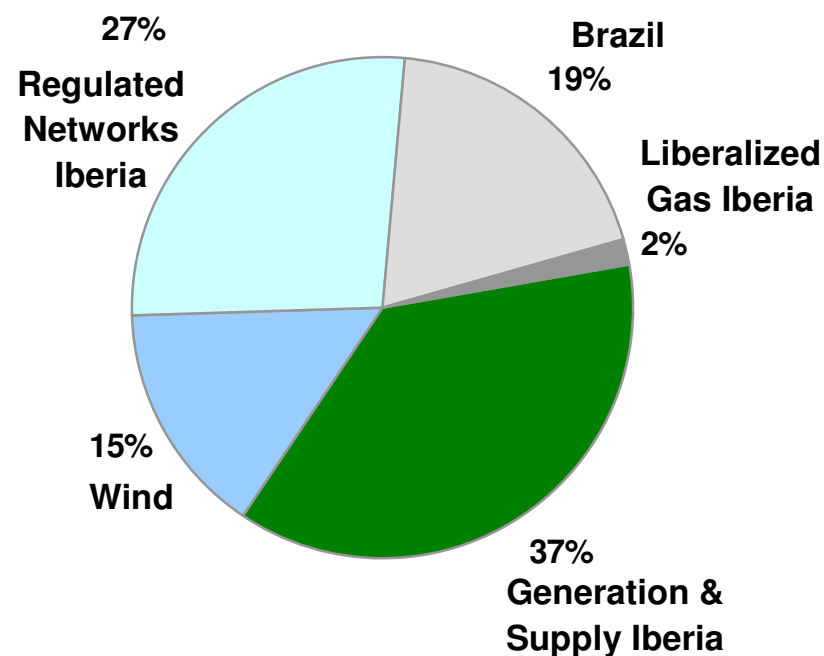


## EBITDA Breakdown

(€ million)

	1Q07	1Q08	% Chg.	Δ
Generation & Supply Iberia	303	312	+3%	+9
Wind	55	126	+128%	+70
Regulated Networks Iberia	211	228	+8%	+17
Brazil	159	161	+1%	+2
Liberalized Gas Iberia	12	13	+10%	+1
Other & Adjust.	(35)	(30)	-14%	+5
<b>Consolidated EBITDA</b>	<b>705</b>	<b>809</b>	<b>15%</b>	<b>+104</b>

## EBITDA breakdown



**EBITDA growth in all business areas; Highlight: wind power**

# 1Q08 Financial Headlines



**Profitability improvement: Net profit 9% YoY growth to €263m**

(€ million)	1Q07	1Q08	% Change
<b>Gross Profit</b>	1,142	1,258	+10%
<b>Operating Costs</b>	437	450	+3%
<b>EBITDA</b>	705	809	+15%
<b>EBIT</b>	461	542	+17%
<b>Net Financial Costs</b>	(86)	(184)	+114%
<b>Net Profit</b>	241	263	+9%
<b>Capex</b>	210	607	+189%
<b>Net Debt (€bn)*</b>	11,7	11,8	1%
<b>Net Debt / EBITDA*</b>	4.4	3.7	

**Improvement of Net Debt/EBITDA in 1Q08**

\* Net debt and net debt/EBITDA referent to 2007 year end; net debt/EBITDA in 1Q08 calculated based on the annualized value of EBITDA 1Q08

# 1Q08: Highlights in Generation & Supply Iberia



**EBITDA growth of +3% or +€9m YoY to €312m**

**LT Contracted Generation PPA/CMEC: €226m EBITDA, stable with no market exposure**

**Liberalized generation: 50% rise YoY of generation costs: fuels, CO<sub>2</sub> and mix**

**Liberalised generation output: +8.8% YoY, penalized by the outage of Soto 3 for Desox**

**RDL11/07 in Spain (CO<sub>2</sub> claw-back): €14m negative impact in 1Q08**

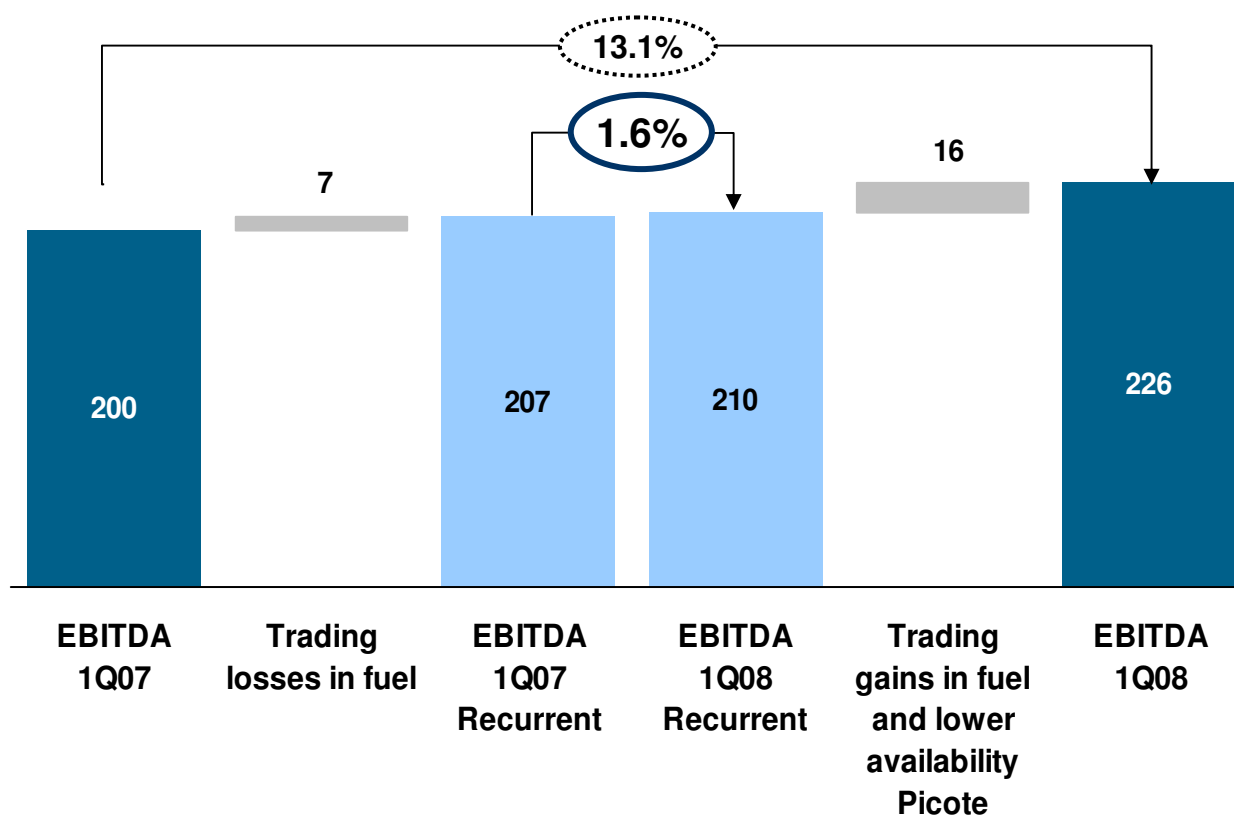
**Benefits from hedging: Fixing over 2007 of most of fuel costs for 2008**

# LT Contracted Generation (28% of EBITDA)



Recurrent EBITDA grew by 1.6% YoY

Evolution of LT Contracted Generation EBITDA (€ million)

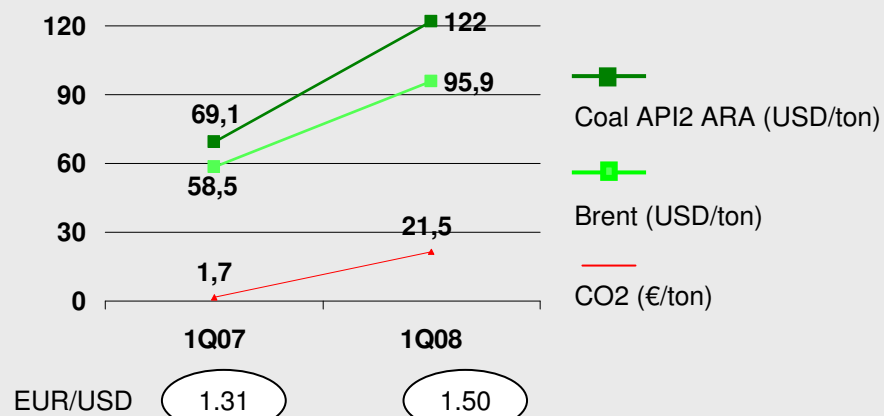


Stable Cash Flow Stream: Long Term contracted return of 8.5% ROA

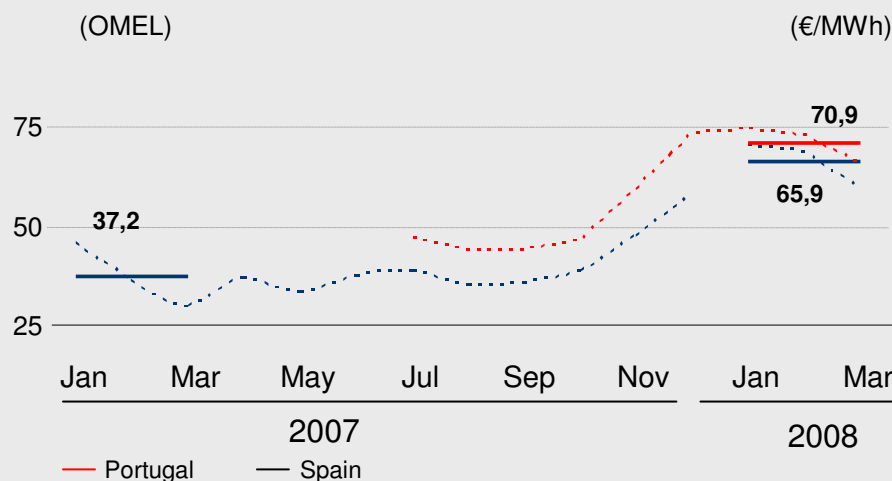
# Liberalized Generation & Supply Iberia: Market Environment



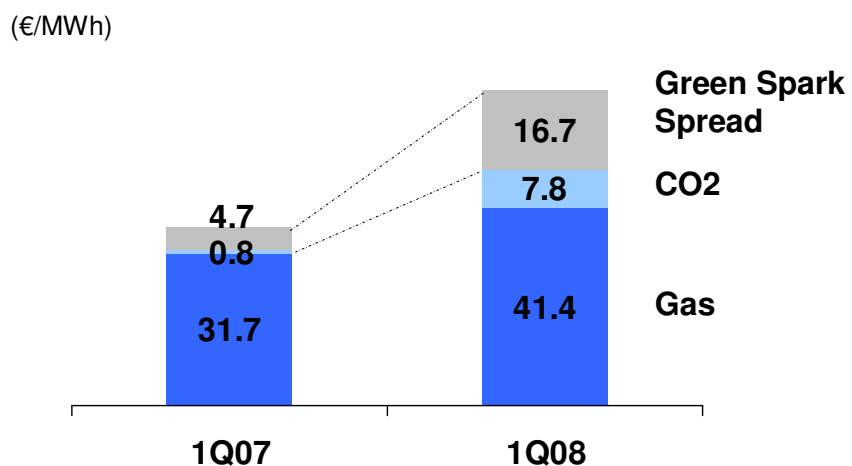
## Fuel Price Evolution



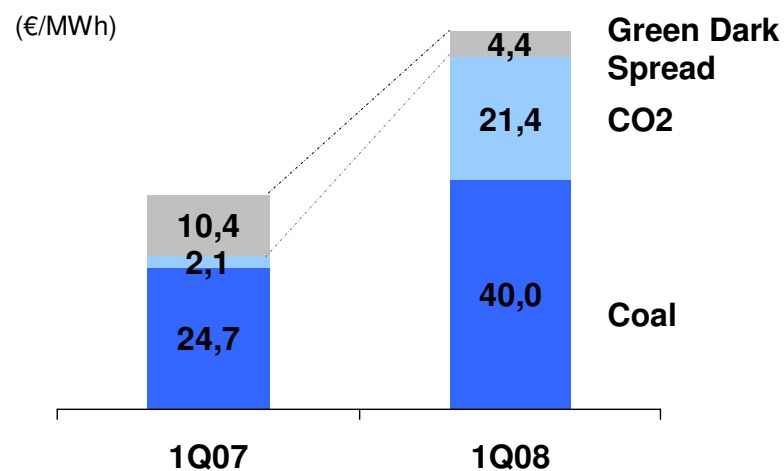
## Weighted Average Baseload Price in Spot Market



## Reference gross margin on CCGTs

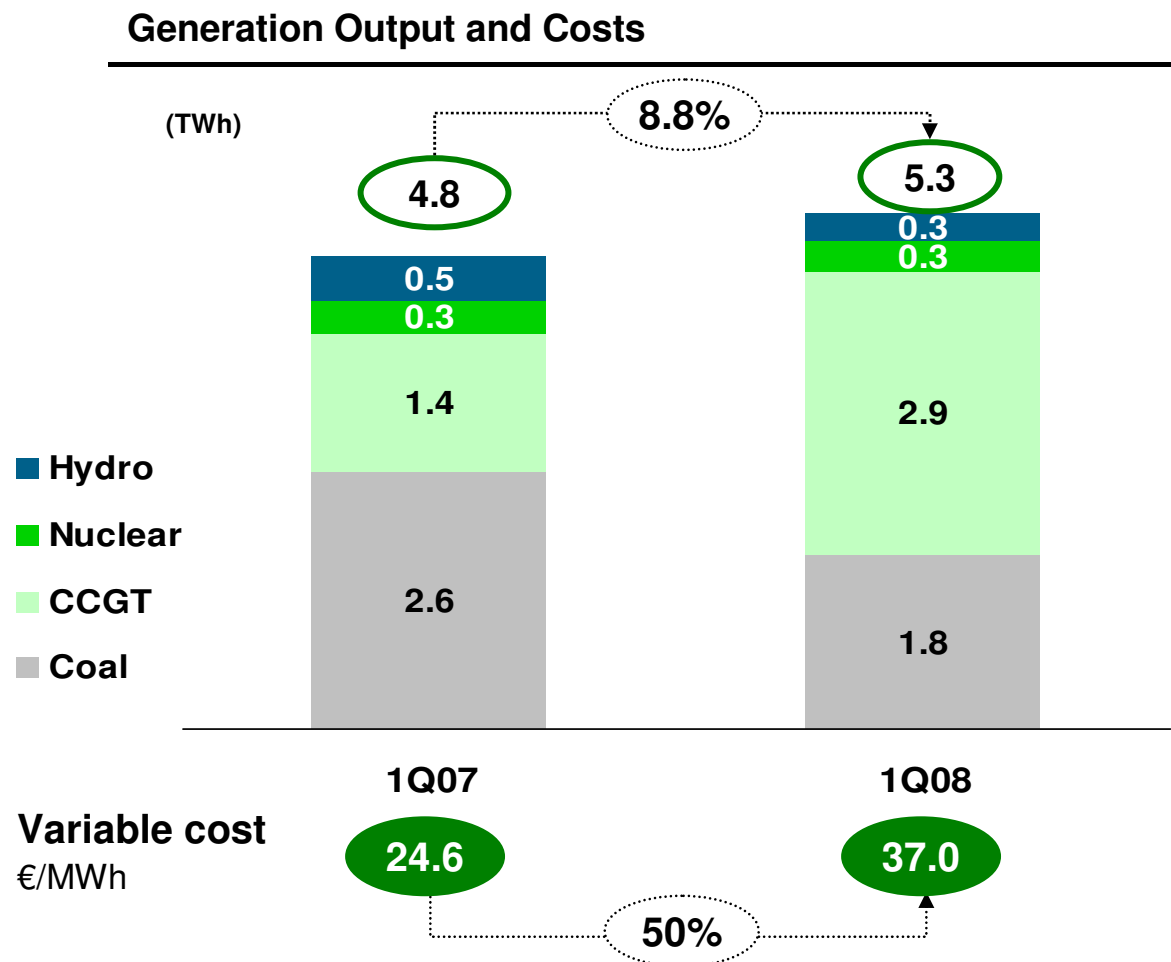


## Reference gross margin in coal



Note: coal costs based on average spot price of API2 ARA in the period and efficiency of 36% and avg. transport cost of €3.5/MWh; CCGT costs based on CMP and efficiency of 51.5%

# Liberalised Generation Iberia (10% of EBITDA)



## Liberalised Generation Output

Iberian Market: +5%

- EDP: +8.8%

Coal Plants Load Factor:

- Iberian Market: 62%
- EDP: 56%\*

CCGT Plants Load Factor

- Iberian Market: 60%
- EDP: 66%

**EDP's output growth of 8.8%; above market even with Soto3 outage**

**Growth of CCGT output more than compensates decline in coal**

**Generation costs: +50% YoY: Fuels, CO2 and mix**

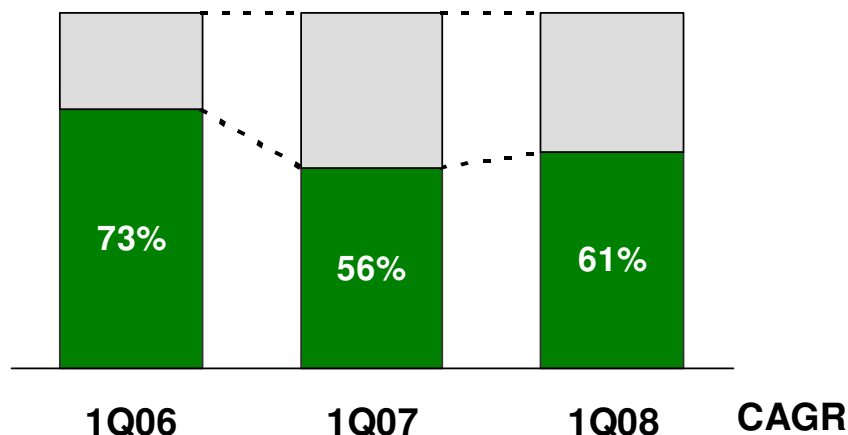
(\*) Coal load factor penalized by the outage of Soto 3 coal plant in 1Q08 for Desox investments and other maintenance works. Excluding this, adjusted coal load factor was 74%.



# Liberalised Generation & Supply Iberia : Adequate contracting strategies



Sales to clients as a % of generation output



**EDP's generation/supply hedging policy:**

Significant part of fuel procurement costs and selling prices to clients fixed between 6 and 18 months ahead limiting exposure to energy markets volatility

	1Q06	1Q07	1Q08	CAGR
Price – Retail (€/MWh)	45.3	56.9	61.5	17%
Price – Other (€/MWh)	69.1	48.2	74.1	4%
<b>Total Price (€/MWh)</b>	<b>54.3</b>	<b>52.6</b>	<b>67.7</b>	<b>12%</b>
<b>Gross Profit (€/MWh)</b>	<b>16.3</b>	<b>27.2</b>	<b>21.3</b>	<b>14%</b>
<b>EBITDA (€m)</b>	<b>37</b>	<b>104</b>	<b>86</b>	<b>51%</b>

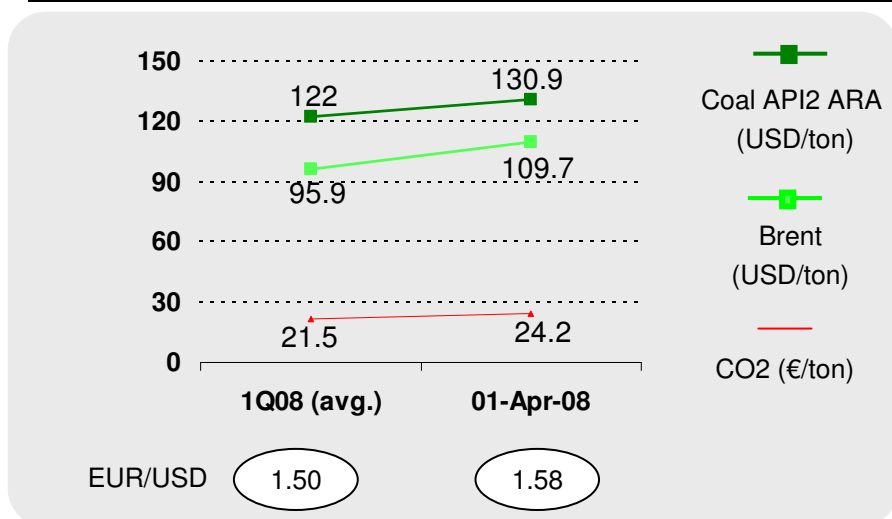
**Less Volatile Financial Performance**

**Benefits from hedging: Fixing over 2007 of most of fuel costs for 2008**

# Prospects for the remaining 2008



## Fuel Cost Performance

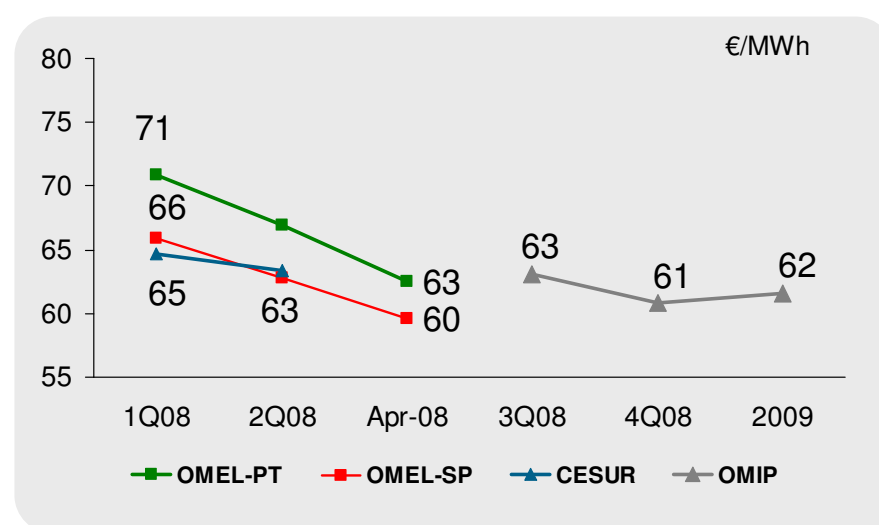


**Fuel costs beating historical highs...**

Installed capacity Iberia growth YoY (Mar-08):

- Total: + 6.0%
- CCGTs: + 13%
- Wind: + 19%

## Electricity Prices Iberia 2008: Spot & Forward



**...electricity prices continue at low 60's**

- Hydro reserves: Recovery in April

**Gross margin per MWh should continue under pressure over 2008**

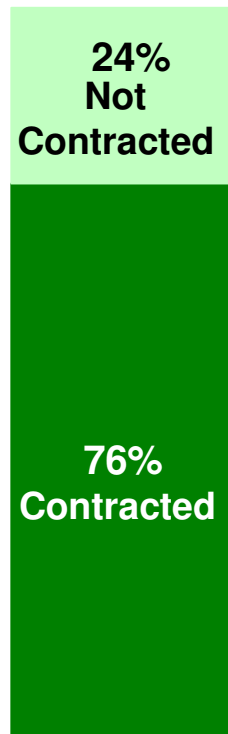
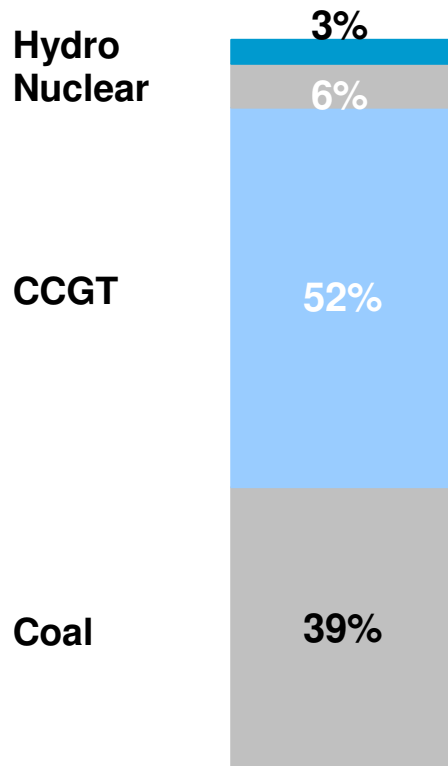
# Liberaliz. Generation & Supply: Forward Contracting for 2008



**Expected Output**  
(TWh;weight %)

**2008**

**Electricity Sales**  
(TWh;weight %)



## For the 24% Not Contracted:

- Bidding in the market internalizing higher fuel costs
- Capacity to play short term volatility

## For the 76% Contracted:

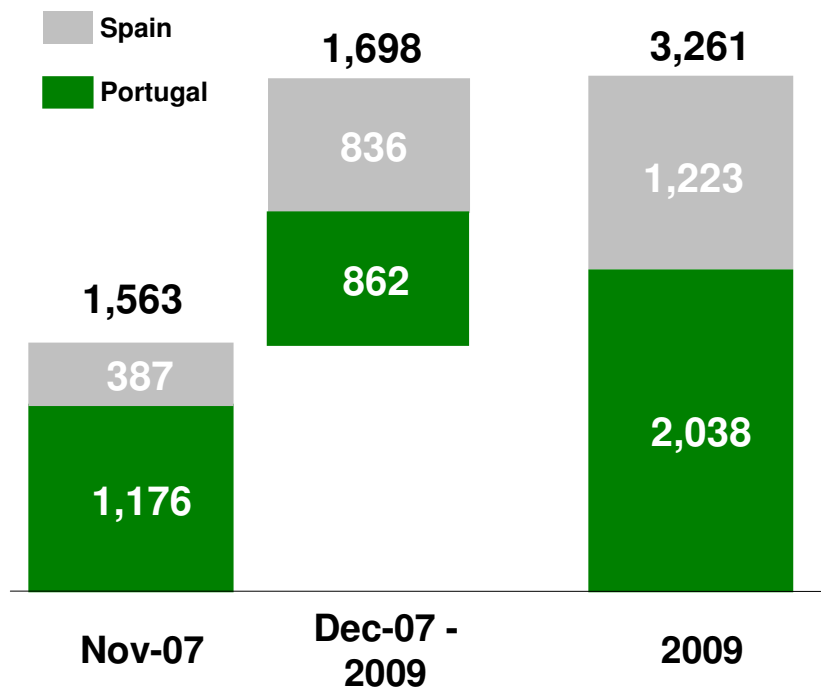
- Avg. Selling price<sup>\*\*</sup>: €58/MWh
- Spark Spread\* locked in: above €13/MWh
- Dark Spread\* locked in: above €29/MWh

**Significant part of fuel costs fixed over 2007 before recent fuel costs rise**  
**Gross margin per MWh locked-in at attractive levels**

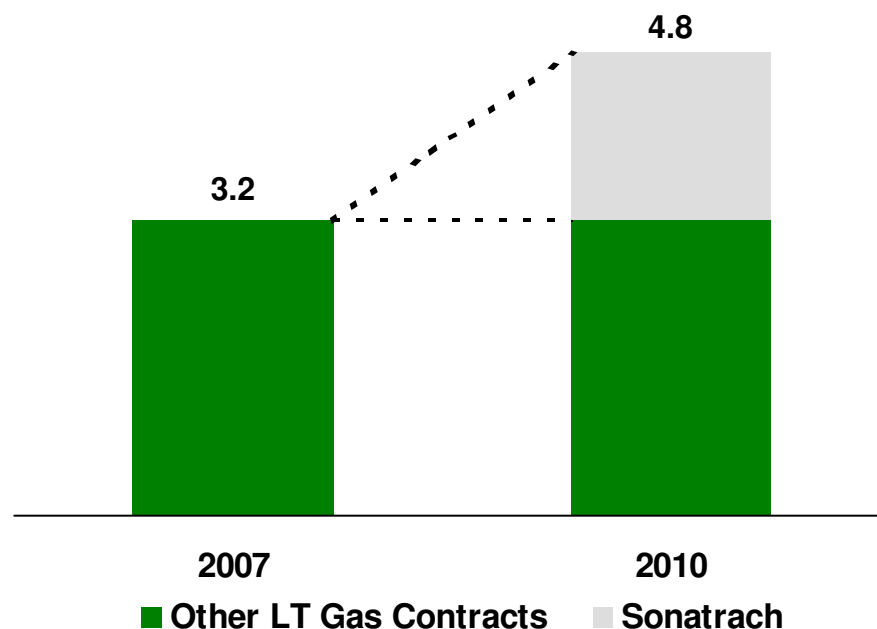
# Capex CCGTs Iberia: Doubling Capacity in 2 years competitive turbines procurement (well timed) and gas (Sonatrach)



EDP's CCGT Installed Capacity (MW)



Gas Procurement LT Contracts (Bcm/year)



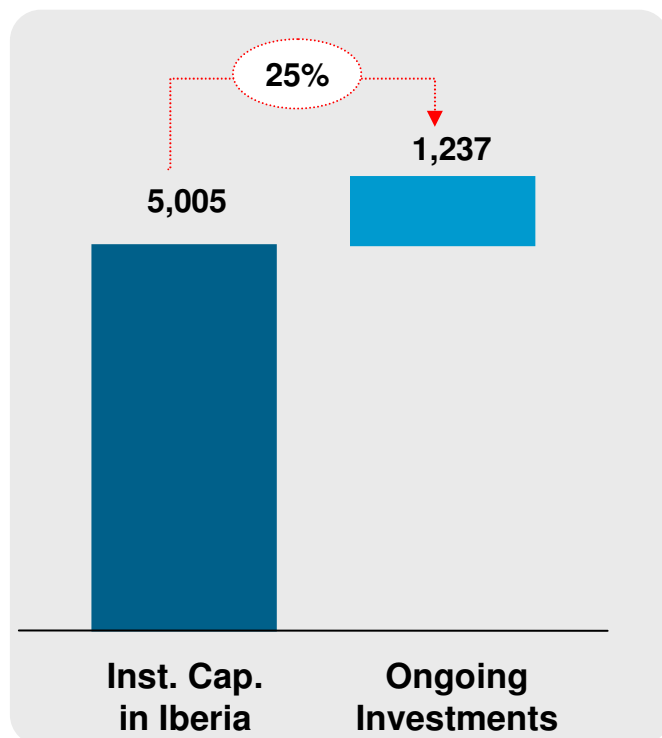
**Reserve margin** in Portugal is lower than in Spain  
**Turbines well timed procured:** No building cost increase

**Sonatrach gas procurement agreement:**  
 1.6 bcms/year by 2010 under flexible conditions  
 Sonatrach gets 25% stake in EDP's new CCGTs

# Capex Hydro Portugal: 25% increase of hydro capacity in Iberia until 2013



## EDP's Investment Plans in Hydro (MW)



Hydro Plants	MW	Capex	Start Date	Type	Status
Picote II	246	135	2011/12	Repowering	Under construction
Bemposta II	191	130	2011/12	Repowering	Construction to start in 2Q08
Ribeiradio (@55%)	78	128	2013	New Plant	Construction to start in 4Q08
Alqueva II	240	149	2012	Repowering	Construction to start in 4Q08
Baixo Sabor	170	369	2013	New Plant	Construction to start in 4Q08
Foz Tua*	312	340	2013	New Plant	Construction to start in 2009
<b>TOTAL</b>	<b>1,237</b>	<b>1,251</b>			

### Beyond the above ongoing investments:

EDP has projects under study for repowering of its hydro plants representing around 1,000 MW

The Portuguese government intends to award further 9 hydro plants representing around 1,000 MW

\* Figures of capex and MW for a maximum level of reservoir at 195 meters. Maximum level of reservoir to be set in the 160-195 meters range

# 1Q08: Highlights in Wind Power



**EBITDA growth of +128% or +€70m YoY to €126m**

**Installed capacity: +152% or +1,869MW over the last 12 months to 3,097 MW**

**Output +161% YoY; load factors: 31% in Europe, 38% in USA - premium quality assets**

**Average selling price in Spain: +37% to €97.6/MWh; Adequate exposure to power prices**

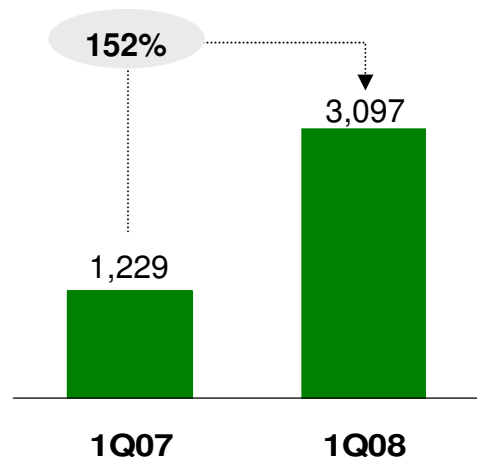
**Capacity built and under construction in 1Q08: 1,217 MW, 87% of target addition for 2008**

**Delivering profitable growth and reducing exposure to CO<sub>2</sub> and fossil fuels**

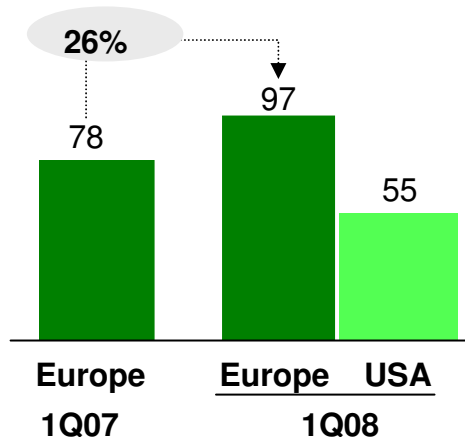
# Wind Power (15% of EBITDA)



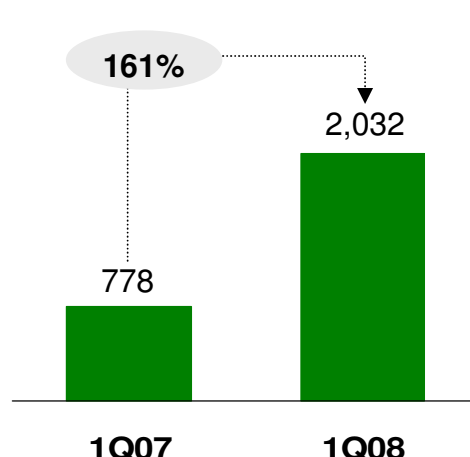
**Installed Wind Capacity (EBITDA)**  
MW



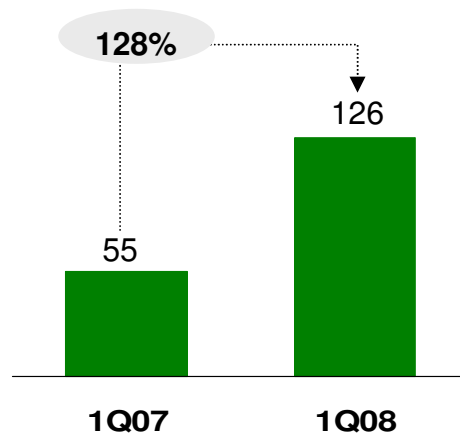
**Wind Average Tariffs**  
(€/MWh)



**Wind Power Output**  
GWh



**EBITDA**  
€ million



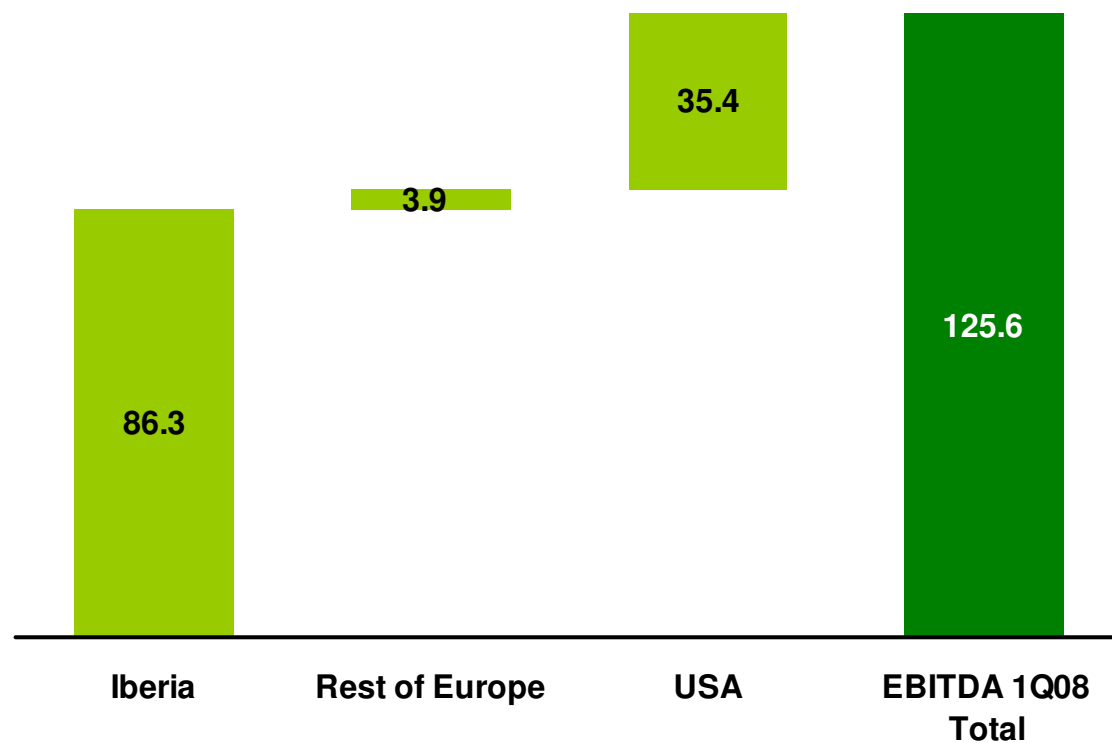
**EBITDA growth supported on:**

- (1) increase of installed capacity;
- (2) high load factors;
- (3) increase of pool price in Spain;

# Wind Power: EBITDA Breakdown



EBITDA  
€ million



EBITDA  
Margin

86%

87%

77%

81%

EBITDA Break-down:  
Europe: 72%/ USA 28%

EBITDA margin above 80%:  
Maintenance of high efficiency  
in a strong growth phase

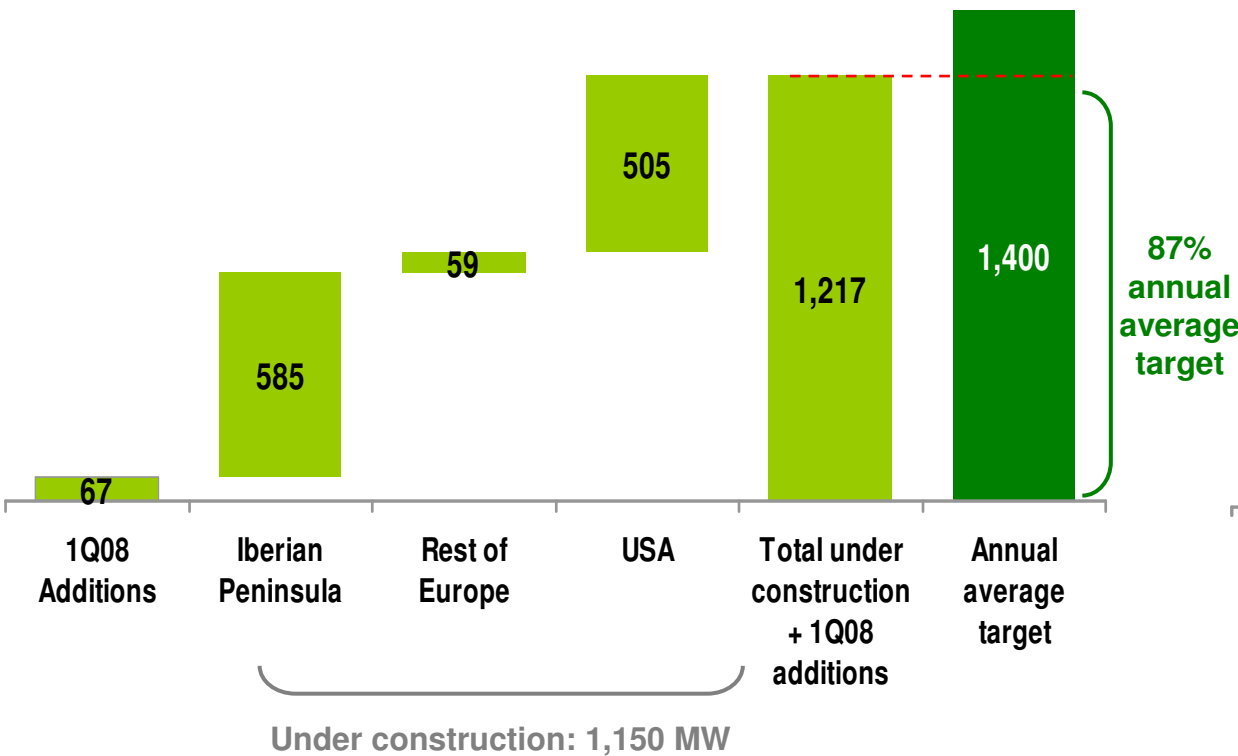


# Capex Wind: On track to build an average of 1.4 GW/year



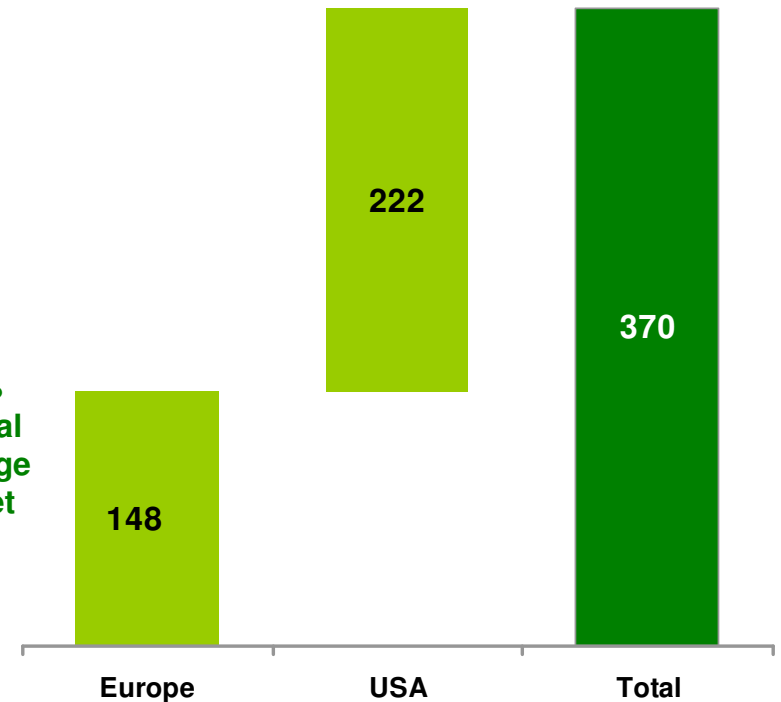
Installed capacity in construction vs. Installed targets

MW



Capex breakdown 1Q08

€ million



# Capex Wind: Pipeline of projects under development



1Q08 Gross MW	Installed Capacity	Under Construction	Pipeline				Prospects	Total <sup>(1)</sup>
			Tier 1	Tier 2	Tier 3	TOTAL		
Iberian Peninsula	2,063	585	1,209	621	1,930	3,760	2,732	9,140
Rest of Europe	87	59	244	572	376	1,192	586	1,924
USA	1,556	505	627	2,813	7,818	11,258	5,359 <sup>(2)</sup>	18,678
<b>Total</b>	<b>3,706</b>	<b>1,150</b>	<b>2,080</b>	<b>4,006</b>	<b>10,124</b>	<b>16,210</b>	<b>8,677</b>	<b>29,742</b>

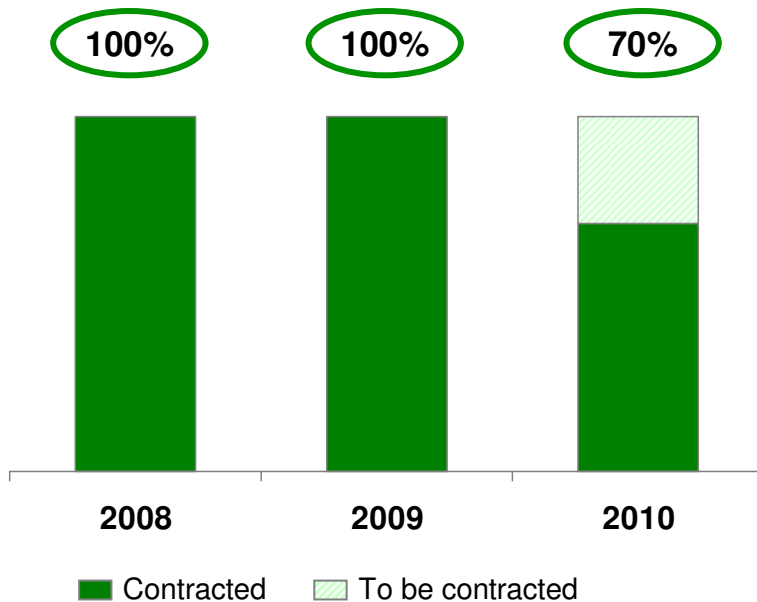
**Notes:** Excludes EOLE 76 acquisition in April 2008 (35MW in operation, 8MW under construction, 258MW in pipeline and 595MW in prospects)

**Tier 1+Tier 2: 6,086 MW (38% of total pipeline, 57% weight in Europe)  
will support EDP Renováveis strong growth rate over the next years**

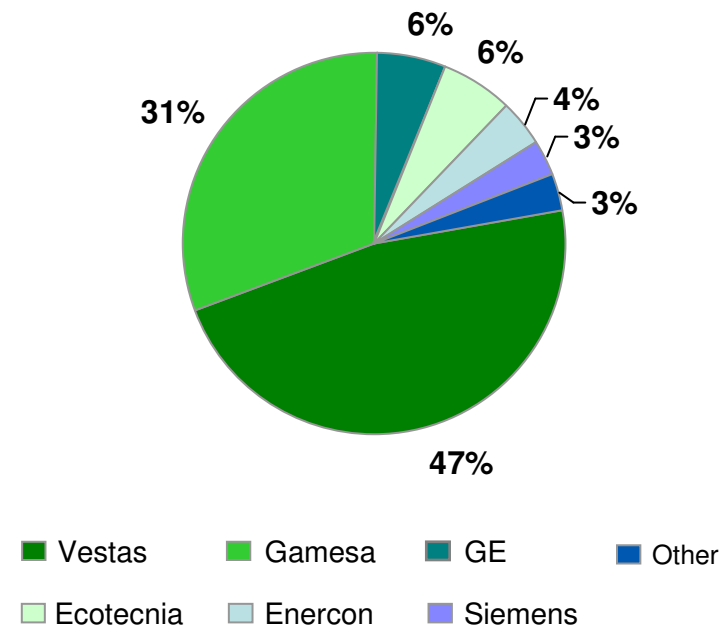
# Capex Wind: Turbine needs contracted for 2009, 70% for 2010



**Turbines needs vs. contracted 2008-2010**  
(%)



**EDP Renewables Turbines Portfolio**  
(%)



**Diversification of technological risk: 5 Wind Turbine Suppliers to represent 91% of installed portfolio by 2010**

**Regional concentration allows higher efficiency on O&M costs: (examples: Enercon in Portugal, Gamesa in Spain, Vestas in USA)**

# 1Q08: Highlights in Energy Regulated Networks Iberia



**EBITDA growth of +8% or +€17m YoY to €228m**

**Energy demand flat YoY in 1Q08 (recovery in Apr-08); no material impact on financials**

**Decline of operating Costs: - 0.8% or -€2m YoY; Continued efficiency improvement**

**Accumulated tariff deficits in Portugal 2006/2007: €177m fully securitized in Mar-08**

**Efficiency improvement and active management on regulation**

# Regulated Energy Networks Iberia (27% of EBITDA)



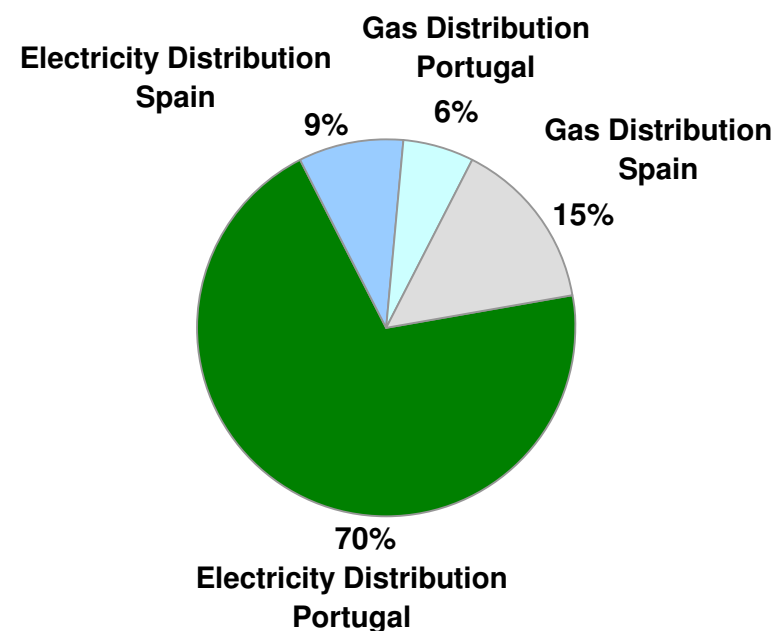
EBITDA growth supported on stable regulation and efficiency improvement

## Regulated Energy Networks EBITDA Breakdown

(€ million)

	1Q07	1Q08	Chg.	Δ
Electricity Distribution Portugal *	150	161	8%	11
Electricity Distribution Spain	21	21	-1%	-
Gas Distribution Portugal	12	13	5%	1
Gas Regulated Spain	29	33	16%	4
<b>Total EBITDA</b>	<b>211</b>	<b>228</b>	<b>8%</b>	<b>17</b>

## EBITDA Breakdown 1Q08



## Efficiency Ratios: Electricity Distribution

	1Q07	1Q08	% Chg.
Employees/TWh	220	211	-4,4%
Employees	5,537	5,158	-6.8%

## Equivalent Interruption Time (min): Electricity Distribution

	1Q07	1Q08	Chg.
Portugal	29	34	+5
Spain (Asturias)	29	19	-10

\* 1Q089 tariff deviation accounted as revenue based on current regulatory and legislative changes which will apply to tariff deviations the same regulatory and legal framework of tariff deficits

# 1Q08: Highlights in Brazil



**EBITDA growth of +1% or +€2m YoY to €161m**

**Lower non-recurrent revenues from tariff receivables: €69m in 1Q07 and €13m in 1Q08**

**Slight impact of regulatory revisions in distribution: Stable framework for next 4 years**

**Efficiency improvement: Employees/TWh distributed decreased 8% YoY**

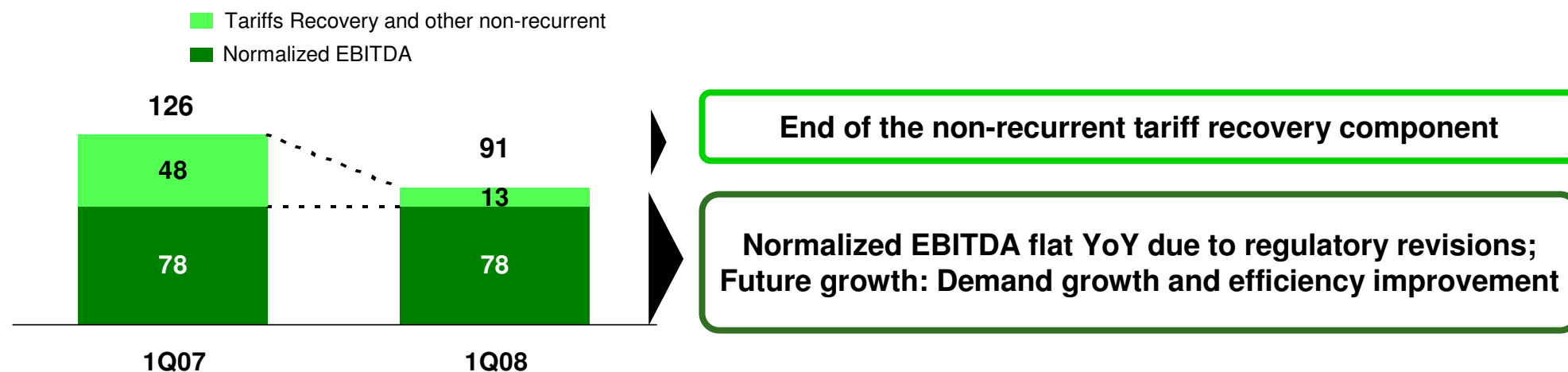
**95% EBITDA growth in generation due to very high spot prices in 1Q08**

**Stable regulated asset base in a declining capital cost environment**

# Electricity Distribution in Brazil (57% of EBITDA Brazil)



## EBITDA Brazil Distribution (€ million)

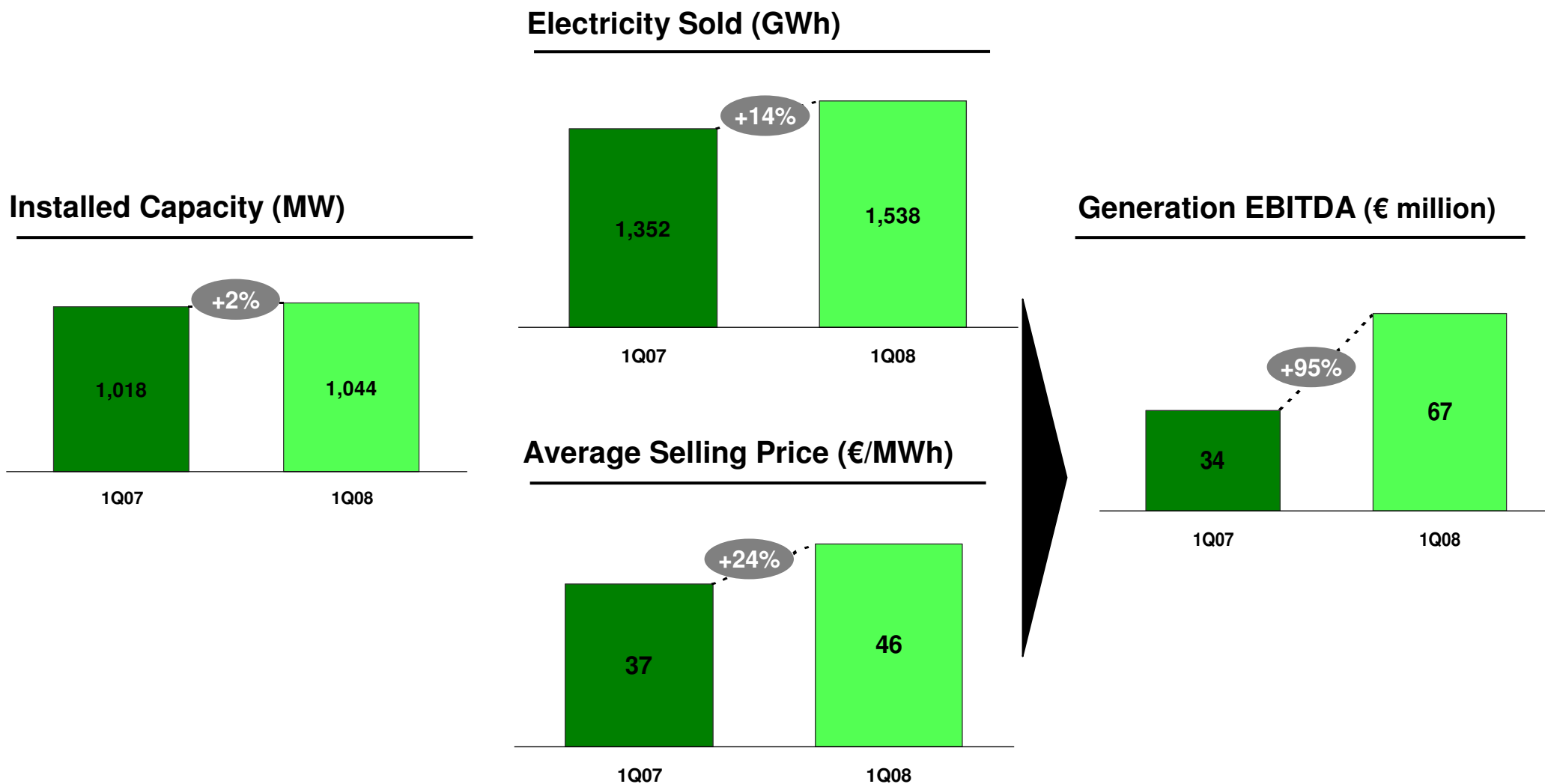


**A year of tariff revisions concluded: Stable regulatory framework expected for the next years**

Distribution Subsidiary	RAB (R\$ million)	Last Regulatory Review	Regulatory Period (Years)	Next Regulatory Review
Bandeirante	1,288	23-Oct-2007	4	23-Oct-2011
Escelsa	952	07-Aug-2007	3	07-Aug-2010
Enersul	829	08-Apr-2008	5	08-Apr-2013

**Return on RAB: 15% (nominal before taxes)**

# Generation in Brazil: (42% of EBITDA Brazil)



**Generation 1Q08 performance benefits from increase in volumes sold and spot market price**



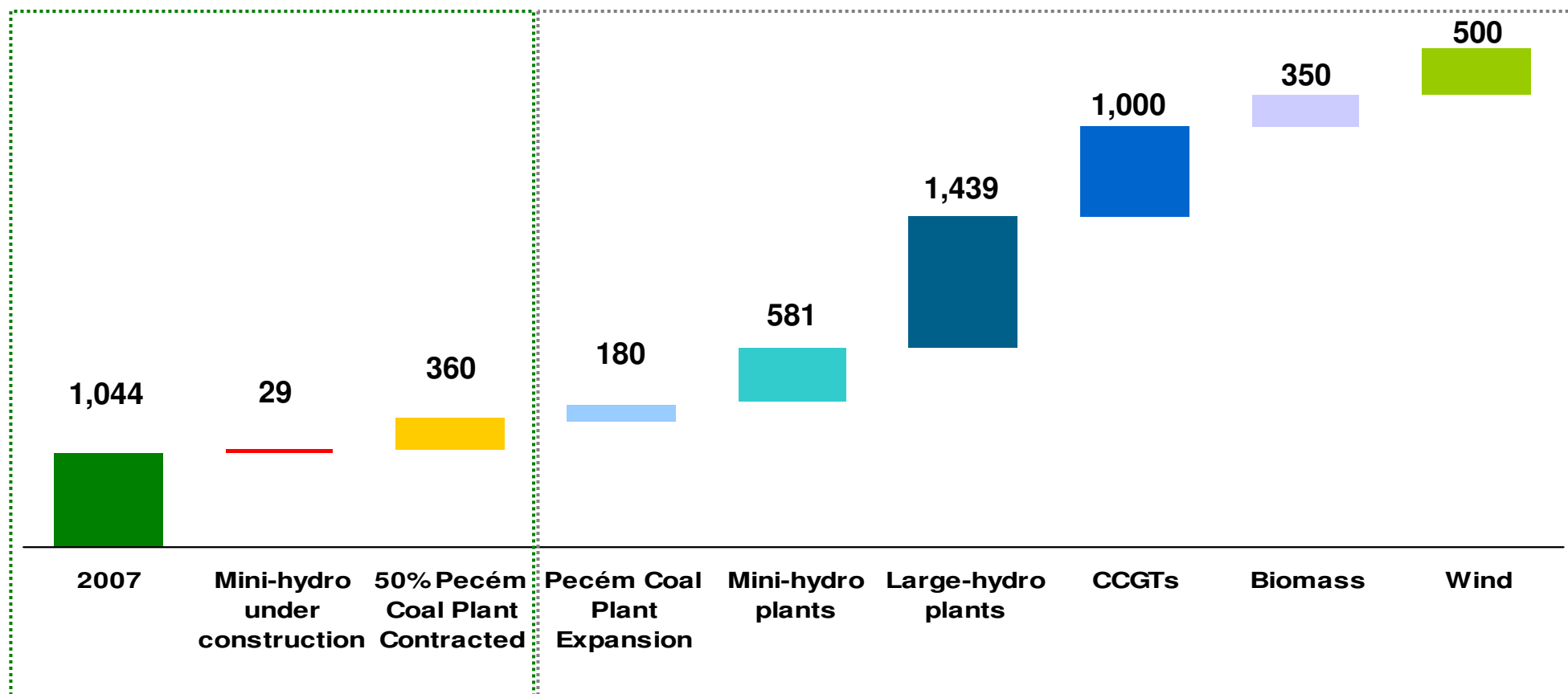
# Capex Generation Brazil: 4,000 MW of projects under analysis



Pecém Coal Plant contracted through PPA: no fuel or CO2 risk, to start operating in 2012

## Operating/Contracted Capacity

## Ongoing Development Studies



Going forward: 4,000 MW of projects under development studies in different technologies

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<b>Net Debt (€bn)*</b>	11,7	11,8	1%
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**Decline of net debt/EBITDA in 1Q08**

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# EDP Consolidated Operating Costs



(€ million)

	1Q07	1Q08	% Chg.
<b>Controllable Operating Costs:</b>	<b>323</b>	<b>348</b>	<b>7.7%</b>
<b>Ex EDP Renováveis</b>	<b>312</b>	<b>320</b>	<b>2.4%</b>
<b>EDP Renováveis</b>	<b>11</b>	<b>28</b>	<b>1.5x</b>
Supplies & Services	155	171	10%
Personnel Costs & Social Benefits	168	178	5.6%
<b>Number of Employees</b>	<b>13,256</b>	<b>13,018</b>	<b>-2%</b>
<b>Non controllable operating costs</b>	<b>113</b>	<b>101</b>	<b>-11%</b>
Concession Fees Distribution Portugal	55	59	7.5%
Other Operating Costs	59	42	-27.7%
<b>Total Operating Costs</b>	<b>437</b>	<b>450</b>	<b>2.9%</b>

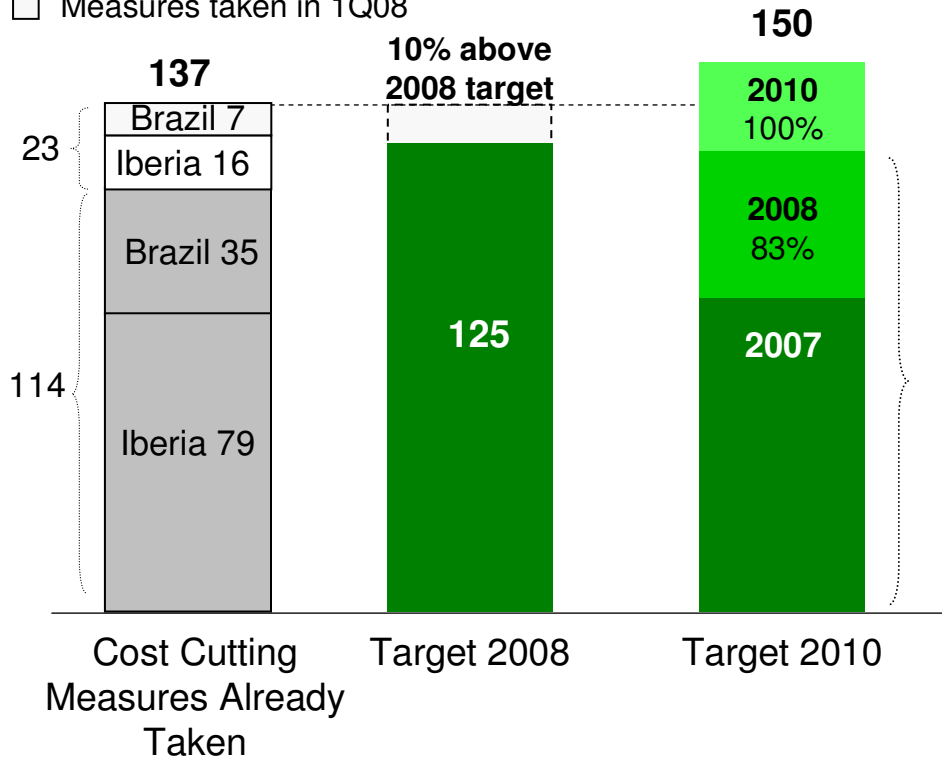
- **Growth of controllable operating costs ex-EDP Renováveis: +2.4% YoY;** increase in generation capacity in Iberia.
- **Growth of controllable operating costs in EDPR: +1.5x;** 1.5x increase of installed capacity + capacity under development.
- Number of employees ex EDPR: -5% YoY;
- **Other operating costs include:** in 1Q07: €21m of one-off regulatory costs in Brazil; in 1Q08: €14m costs in Spain due to RDL11/07 (CO2 claw-back)

# Efficiency Improvement: cost savings target for 2010 to be anticipated for 2008



## OPEX savings € million

- Measures taken in 2006 and 2007
- Measures taken in 1Q08



**91% of operating cost cutting target for 2010 already achieved until Mar-08**

## Personnel costs:

**€56.8m cost savings already achieved by net headcount reduction in 2005-1Q08:**  
451 employees in Brazil / 575 employees in Iberia

**Target EDP 2010 Business Plan: 2005-2010**  
Net headcount reduction of over 1,100 across Iberia

## Supplies & services:

**€80.2m cost savings achieved by:**

- IT services restructuring measures
- Integrated insurance management
- Promotion of intra-group services
- Operational cost reduction in Generation
- Reduction of outsourcing unit cost in distribution

# Consolidated Capex



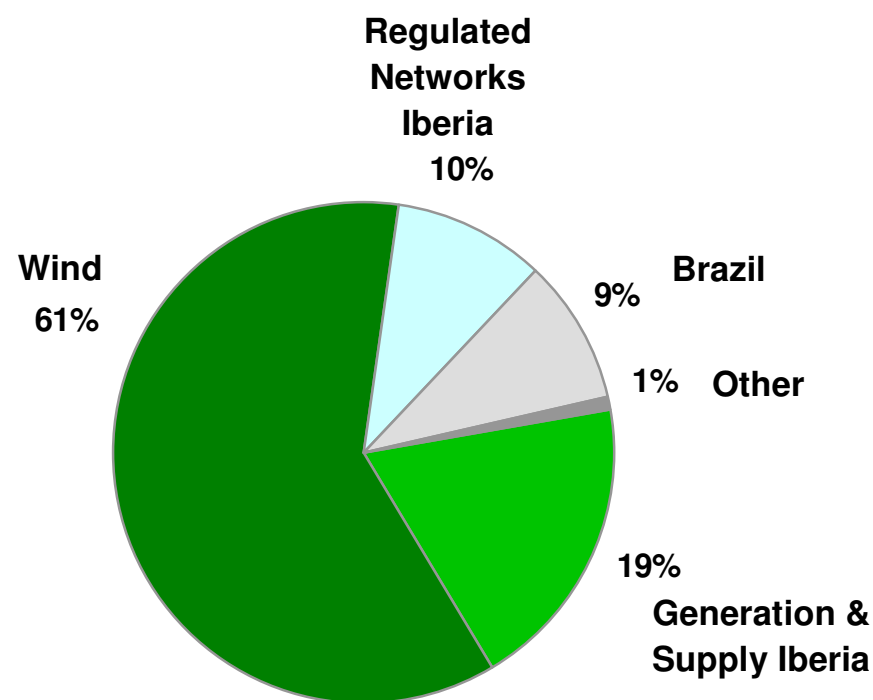
**85% of capex allocated to regulated activities and long term contracted generation**

## EDP Capex: 1Q07 vs. 1Q08

(€ million)

	1Q07	1Q08	% Chg.
Expansion	106	466	339%
Maintenance	104	141	36%
<b>Total EDP</b>	<b>210</b>	<b>607</b>	<b>189%</b>
Generation & Supply Iberia	29	116	295%
Wind	92	370	303%
Regulated Networks Iberia	56	59	5%
Brazil	32	57	80%
Other	1	5	-

## Capex Breakdown



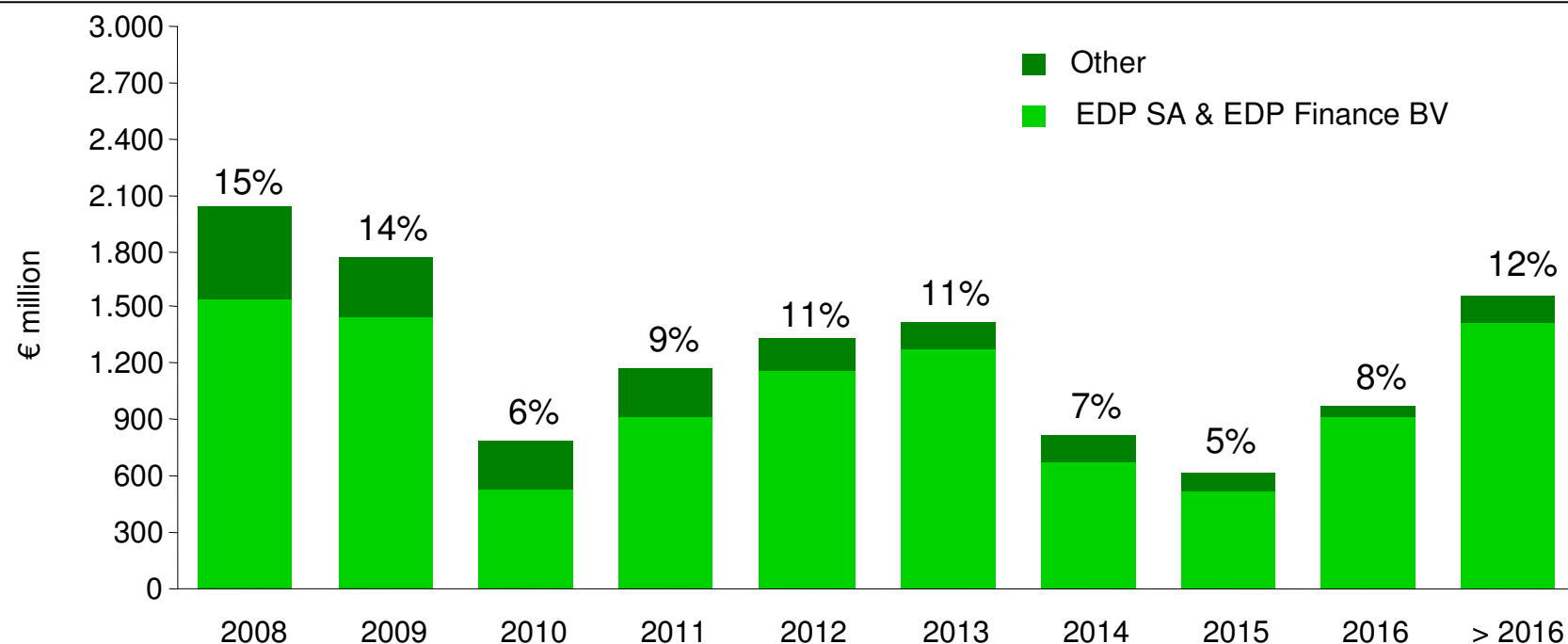
**77% of EDP group's capex allocated to expansion of installed capacity**

# Consolidated Net debt Maturity Mar-08



Oct-07: US\$2bn fixed rate bond issue (US\$1bn 5-Year term + US\$1bn 10-Year term)  
Apr-08: €925m revolving credit facility (5-Year term)

**EDP consolidated debt maturity profile**



**Significant level of Available committed liquidity facilities at Mar-08: €1.9bn**

# Financial Results



(€ million)	1Q07	1Q08	% Chg.
Net financial interest	(106)	(169)	59%
Net foreign exchange differences	5	2	-58%
Other financials	15	(18)	-217%
<b>Financial Results (€m)</b>	<b>(86)</b>	<b>(184)</b>	<b>114%</b>
<b>Net Debt (€bn)</b>	<b>11.7*</b>	<b>11.8</b>	<b>+1%</b>
<b>Avg Cost of Debt (%)</b>	<b>5.1%</b>	<b>5.7%</b>	
<b>Net Debt/EBITDA</b>	<b>4.4x*</b>	<b>3.7x</b>	

- 28% increase in average net debt 1Q08 vs. 1Q07: Driven by funding of expansion capex;
- Average cost of debt increase: +60bps, in line with credit markets;
- Hedging results in energy markets accounted at “other financials” level: +€17m in 1Q07 and -€2m in 1Q08;
- Provision for potential loss in Sonaecom investment: €34m;
- Net debt/EBITDA: Slight decline in Mar-08 vs. Dec-07

**Increase of financial costs due to increase of net debt and higher cost of debt**

\* Net debt and net debt/EBITDA referent to 2007 year end; 1Q08 net debt/EBITDA based on annualized 1Q08 EBITDA

# Net Profit



(€ million)	1Q07	1Q08	% Chg.
<b>EBIT (€m)</b>	<b>461</b>	<b>542</b>	<b>17%</b>
Financial Results	(86)	(184)	114%
Capital Gains	0	27	-
Results from Associated Companies	7	10	41%
Income Taxes	106	93	-13%
Minority Interests	35	38	10%
<b>Net Profit (€m)</b>	<b>241</b>	<b>263</b>	<b>9%</b>

- 1Q08 capital gains of €27m: €4.8m from disposal of 40% in Edinfor; €17m from disposal to EDP pension fund of 1.5% stake in REN; balanced by Sonaecom provision of €34m in financial results;
- Increase of minority interests driven by better results in Energias do Brasil

**Net profit: €263m, an 9% increase YoY driven by organic growth**



# Outlook 2008



**Generation & Supply: High level of hedging should support stability of margin per MWh**

**Wind power: 1,217 MW capacity already built in 1Q08 or currently under construction**

**Capex focused in wind, CCGTs Iberia, hydro Portugal (concession extension + new plants)**

**EDP Renováveis IPO process: Target listing date in 2Q08**

**Continue to deliver profitable growth based on a sound capital structure**

**Maintain a Low Risk + High Growth Investment Profile**



**edp**

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