



# EDP

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## 1Q10 Results Presentation

**May 7<sup>th</sup>, 2010**

# 1Q10: Highlights of the period



**EBITDA: €940m, +11% YoY**

**Better than expected performance of liberalized activities in Iberia**

Sales to clients: +111% YoY; Portfolio optimization: own production replaced by pool purchases

**Brazil: 17% of EDP's EBITDA in 1Q10 (+23% in local currency , +48% YoY in € terms)**

Electricity distributed +20% YoY; 20% appreciation of BRL/EUR

**EDP Group Installed capacity: +11% YoY backed by 23% increase in wind**

75% of EDP power production in 1Q10 came from Wind & Hydro

**€41m cost savings achieved in 1Q10: above the €120m target for 2010 full year**

Opex/gross profit of 26% in 1Q10 (flat YoY)

**Risk management + Focused Growth + Efficiency improvements**

# 1Q10: Highlights of the period



## **Net Profit: €309m, +17% YoY**

Without any material non-recurrent items

## **Net interest costs down 36% YoY**

Average cost of debt fell from 4.7% in 1Q09 (and 4.0% in 2009) to 3.5% in 1Q10

## **Increase of Cash and liquidity facilities available (€5.1bn by Mar-10 vs. €4.6bn by Dec-09)**

Covers ~24 months of our expected funding needs

## **Capex: €573m in 1Q10: 78% in expansion; 94% of expansion in wind, hydro and Brazil**

Accumulated capex in capacity under construction: €2.2bn (3.5GW of Wind, Hydro, Brazil)

## **Net debt of €14.6bn by Mar-10**

Net debt/EBITDA<sup>(1)</sup> decreases from 3.9x in Dec-09 to 3.7x in Mar-10

**Efficient capital management + Execute attractive growth opportunities**  
**Maintaining a low risk profile + optimizing return on capital**

<sup>(1)</sup> Excluding Regulatory Receivables

# 1Q10 Financial Headlines



(€ million)	1Q09	1Q10	% Chg.
<b>EBITDA</b>	<b>849</b>	<b>940</b>	<b>+11%</b>
<b>Net Profit</b>	<b>265</b>	<b>309</b>	<b>+17%</b>
<b>Capex</b>	<b>840</b>	<b>573</b>	<b>-32%</b>
<b>Net Debt (€bn)</b>	<b>14.0*</b>	<b>14.6</b>	<b>+4%</b>
<b>Net Debt / EBITDA (x) **</b>	<b>4.2x*</b>	<b>3.9x</b>	<b>-</b>
<b>Adjusted Net Debt <sup>(1)</sup> / EBITDA (x)</b>	<b>3.9x*</b>	<b>3.7x</b>	<b>-</b>

**Net profit : +17% YoY**  
**Profitable growth maintaining a low risk profile**

\* Net debt and net debt/EBITDA referent to YE2009; \*\*Net debt/EBITDA in 1Q10 calculated based on the annualized value of 1Q10 EBITDA

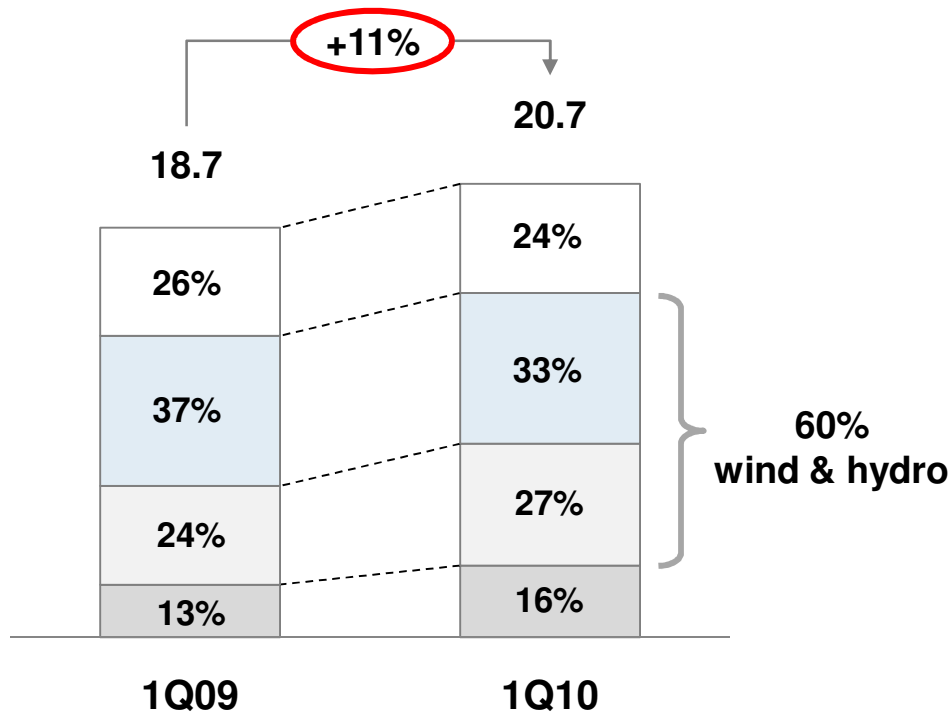
<sup>(1)</sup> Excluding Regulatory Receivables



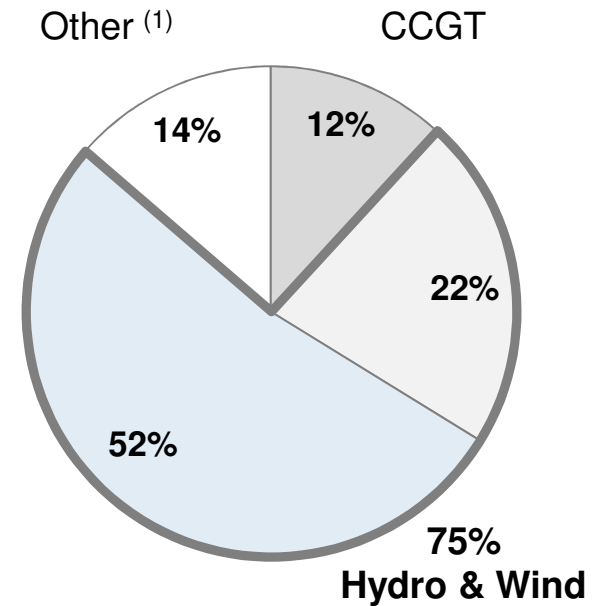
# 1Q10 Operating Headlines

## Installed Capacity: 1Q10 vs. 1Q09 (GW)

■ CCGT ■ Wind ■ Hydro ■ Other<sup>(1)</sup>



## 1Q10 Generation Breakdown by Technology (%)



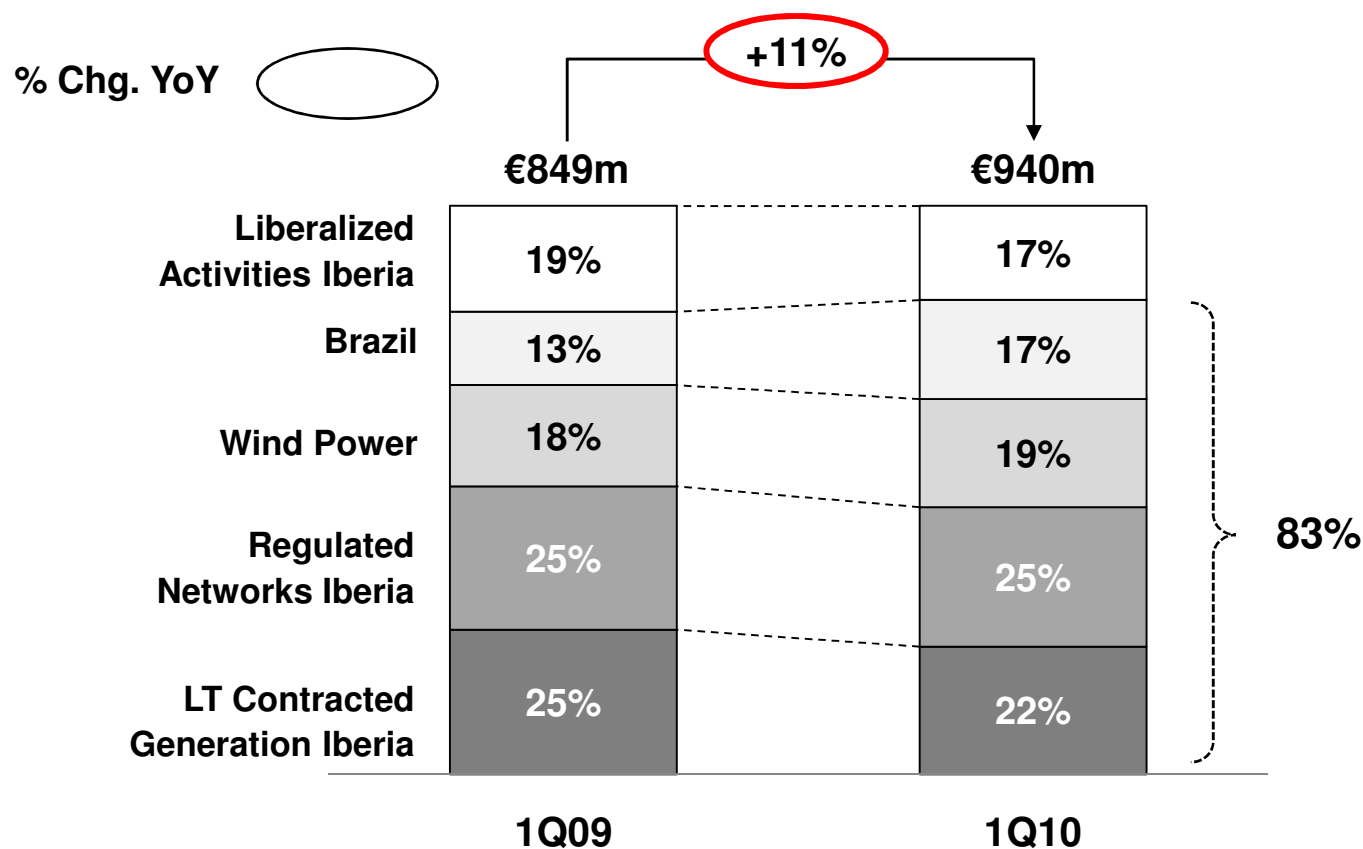
**Installed capacity up 11% YoY; Wind & Hydro represent 60% of total capacity  
75% of energy produced in 1Q10 came from wind & hydro**

<sup>(1)</sup> Coal; thermal special regime; nuclear and fuel oil / gasoil.

# 1Q10 EBITDA Breakdown



>80% of 1Q10 EBITDA came from regulated and long-term contracted activities




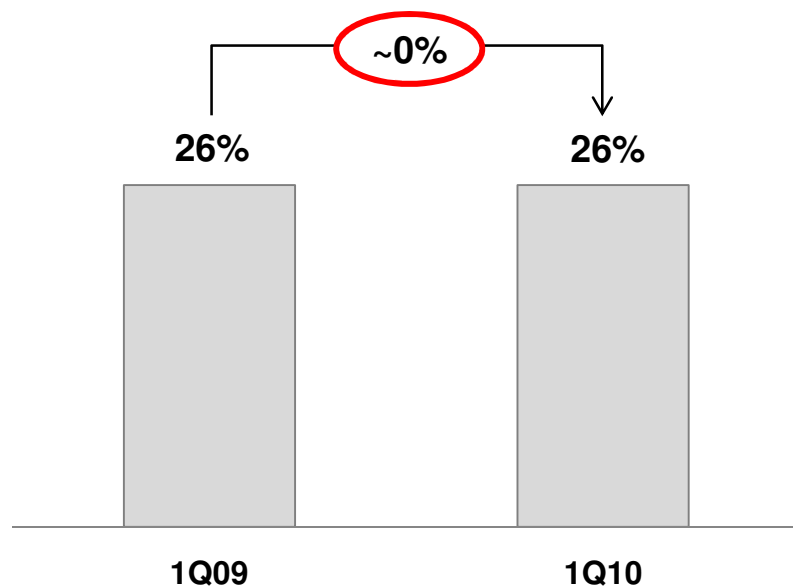
EBITDA growth drivers in 1Q10: Brazil, wind power and gas regulated networks Iberia

# EDP Consolidated operating costs: Positive results from ongoing corporate-wide efficiency program





## OPEX/Gross Profit: 1Q10 vs. 1Q09 (%)

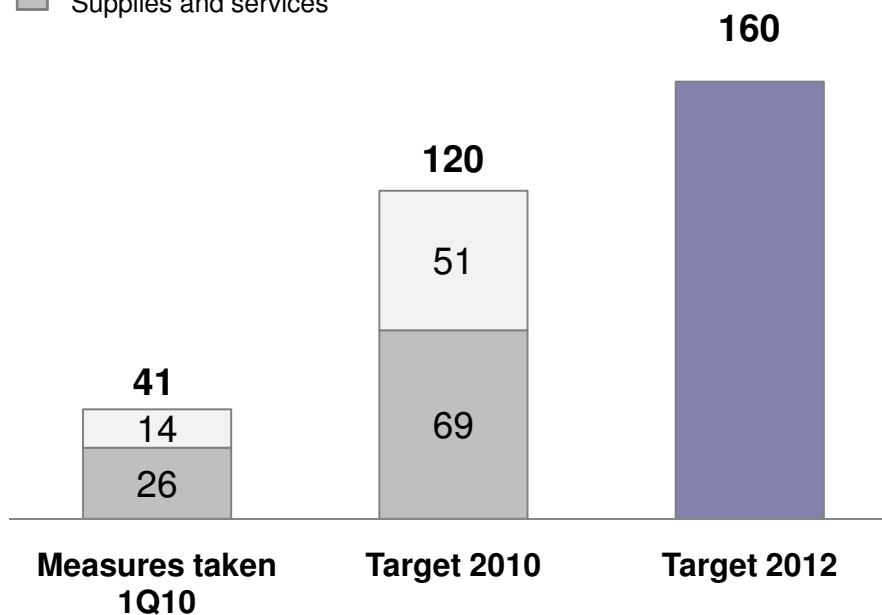
 % Chg. YoY



**Business growth with maintenance of efficiency levels**

## Efficiency Program 2008-12 annual savings <sup>(1)</sup> (€ million)

 Human Resources  
 Supplies and services



**Cost savings achieved in 1Q10:  
34% of 2010 target**

<sup>(1)</sup> Savings measured regarding the 2007 cost base



# **Business Areas**

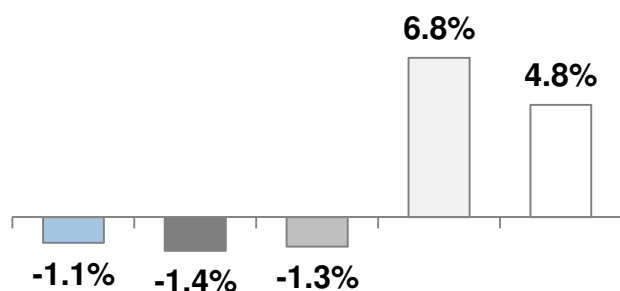


# Energy Demand Iberia: Recent performance



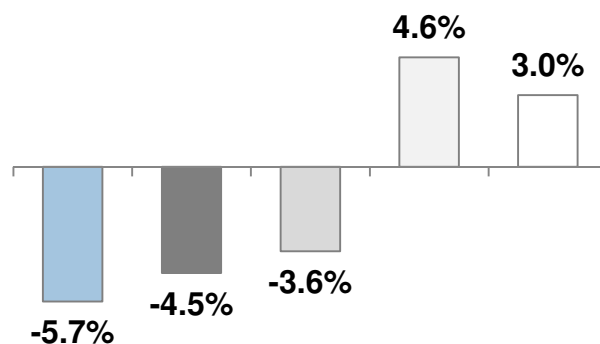
## PORTUGAL – Electricity

YoY Change



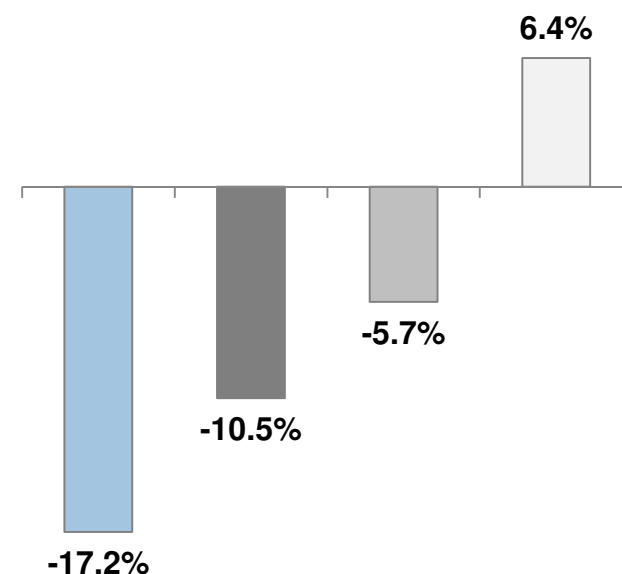
## SPAIN – Electricity

YoY Change



## SPAIN – Gas Total Market

YoY Change



1Q09 2009 4Q09 1Q10 1Q10 - Adj.(1)

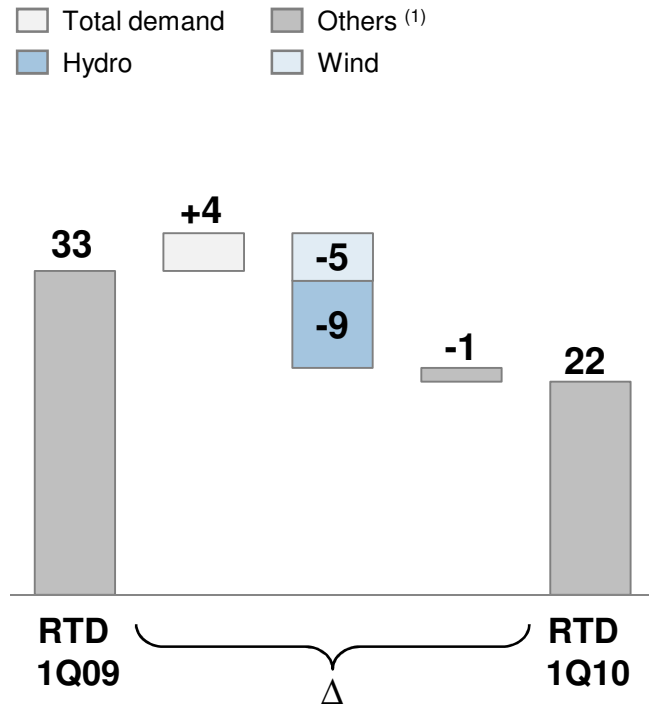
**Demand recovery in 1Q10:** Driven by increase of Industrial demand and cold weather in 1Q10

**Stronger improvement of electricity demand in Portugal than in Spain**

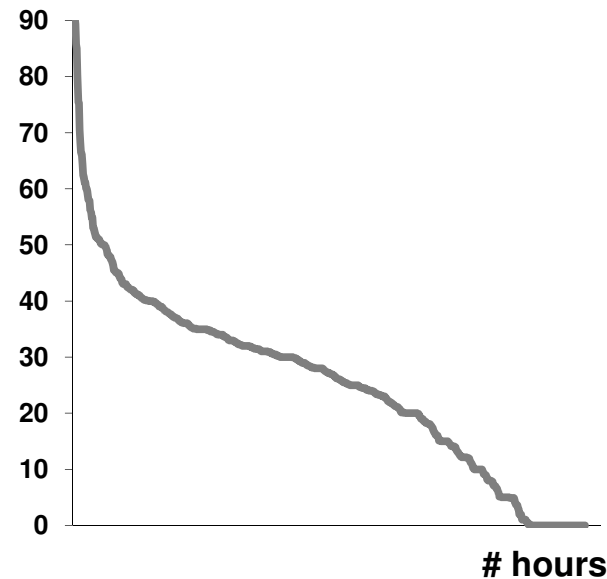
# Market Environment in 1Q10



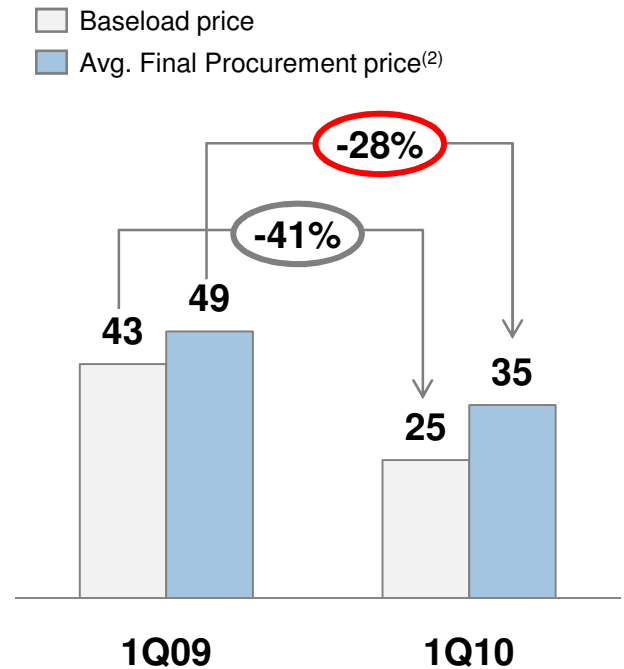
**Residual Thermal Demand in Iberia (TWh)**



**Spain - Price/hour dispersion 1Q10 (€/MWh)**



**Spain - Wholesale Electricity prices (€/MWh)**



**More hydro & wind output: thermal output -34% YoY despite higher electricity demand**

**Higher volatility of hourly power prices: Opportunities in flexibility (hydro pumping, CCGTs)**

**Final wholesale electricity price fell less than pool price: More complementary services in 1Q10**

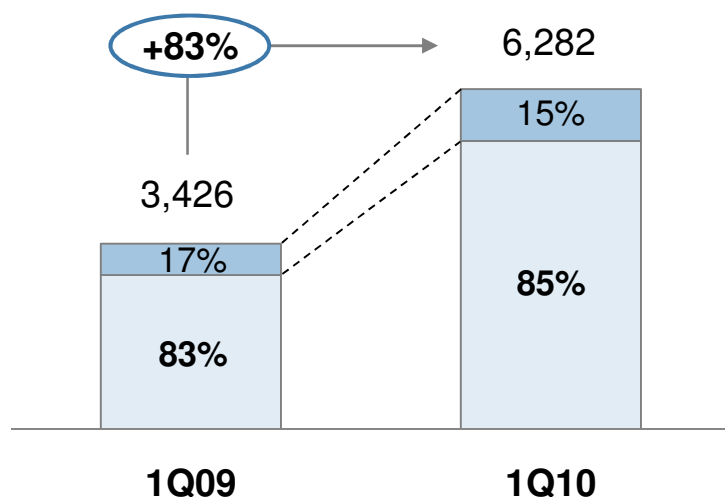
<sup>(1)</sup> Includes Nuclear, special regime (ex-wind), net imports . <sup>(2)</sup> Includes average cost per MWh of capacity payments, ancillary services, restrictions markets and deviations markets.

# Hydro Power Production: 1Q10 market conditions reinforce profitability prospects for EDP's hydro investments in Portugal



## EDP Hydro Production Iberia (GWh)

■ Liberalised ■ PPA/CMEC



## Hydro Power Plants under construction (Liberalized)

Hydro plans	MW	To enter in operation	GWh/Year <sup>(1)</sup>
Picote II	246	Dez-2011	239
Bemposta II	191	Dez-2011	134
Alqueva II	256	Jul-2012	381 <sup>(2)</sup>
Ribeiradio	77	Out-2013	134
Baixo Sabor	171	Dez-2013	444 <sup>(2)</sup>
Venda Nova III	736	Mai-2015	1,273 <sup>(2)</sup>
<b>Total</b>	<b>1,677</b>		<b>2,605</b>

**Most of EDP's hydro plants are under PPA/CMEC: 1Q10 results did not benefit from high hydro volumes**

**Hydro potential in Portugal not being fully used:  
6 new plants to start operating between 2011-2015  
Good prospects in terms of returns**

<sup>(1)</sup> Average year; <sup>(2)</sup> Projects with pumping: output net of pumping is 30GWh/Year in Alqueva II, 230GWh/Year in Baixo Sabor and 17GWh/Year in Venda Nova III

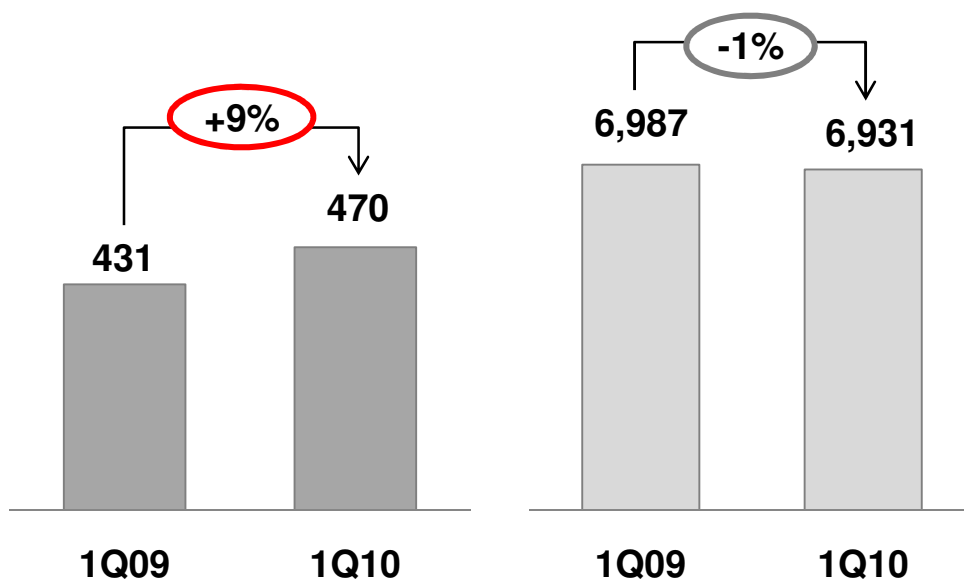
# Long Term Contracted Generation Iberia (22% of EBITDA): growth prompted by new special regime capacity



LT Contracted generation: Installed capacity  
(MW)

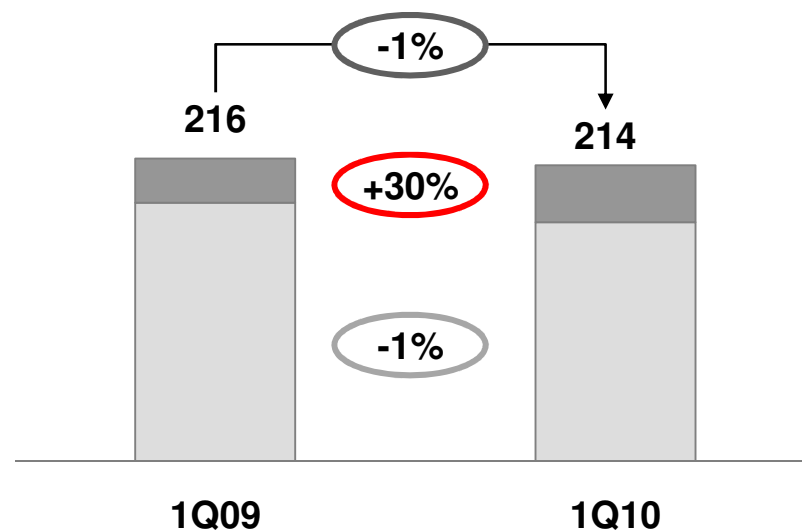
Special regime <sup>(1)</sup>

PPA/CMEC



EBITDA Long Term Contracted Generation  
(€ million)

■ PPA/CMEC  
■ Special regime <sup>(1)</sup>



- Special regime: 9% capacity increase
- PPA/CMEC: End of PPA at Barreiro fuel oil plant (56MW)

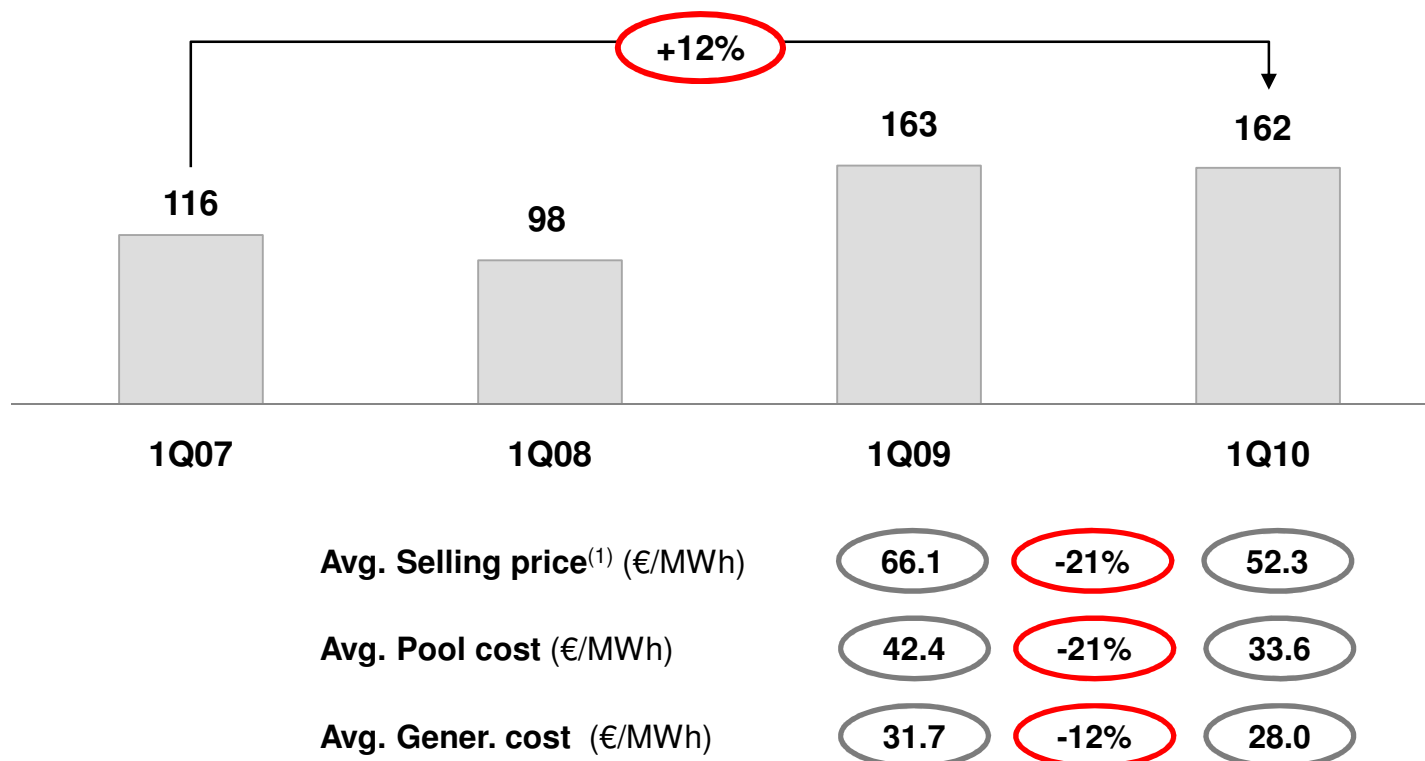
- Special regime: +63% YoY of mini-hydro output
- PPA/CMEC: ROA of 8.5%; 1% decline of capacity, lower inflation, higher O&M costs

<sup>(1)</sup> includes mini-hydro, co-generation, biomass and waste in Portugal and Spain, does not include wind power

# Liberalised Energy Activities Iberia (17% EBITDA):



**EBITDA Liberalised Activities**  
(€ million)



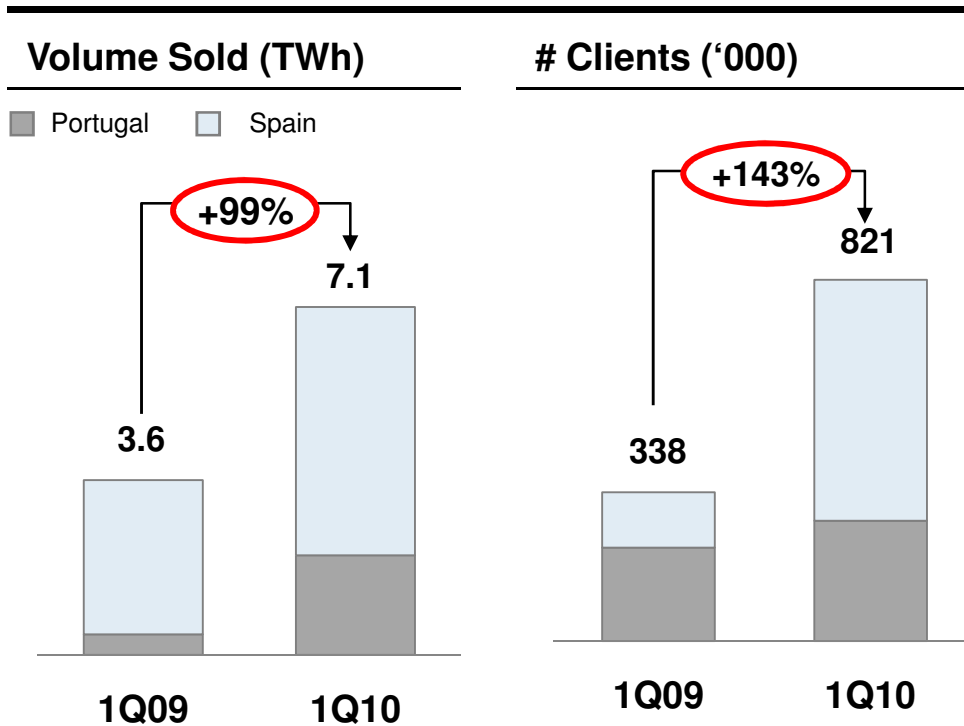
**EBITDA growth driven by higher sales to clients and lower sourcing costs**

<sup>(1)</sup> Including sales to clients and in the forward wholesale markets

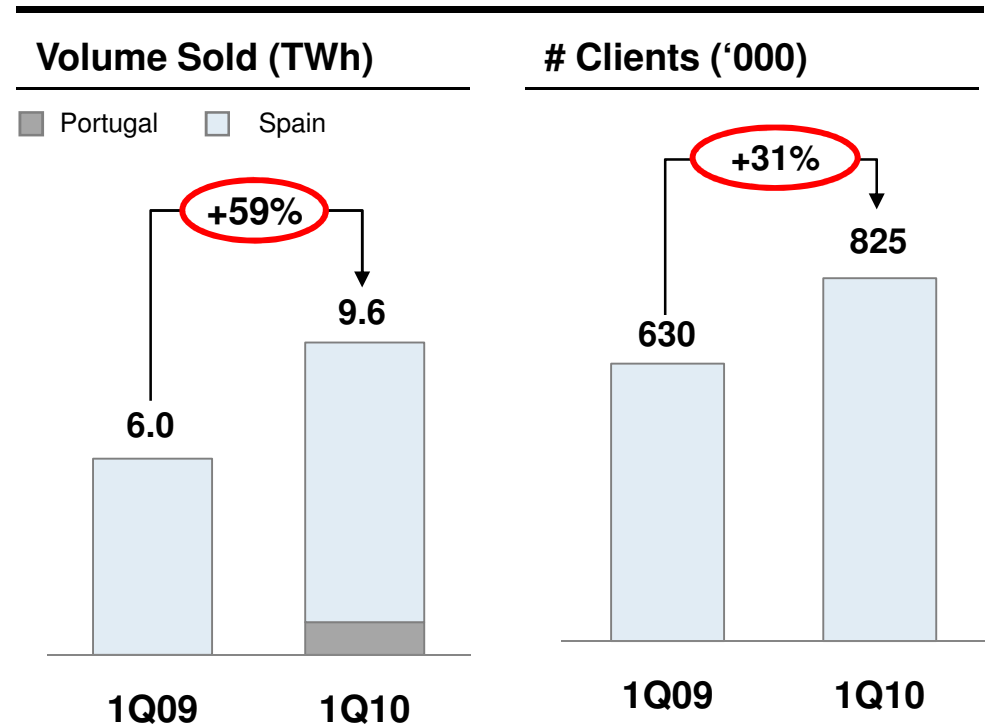
# Liberalised Electricity & Gas Supply in Portugal & Spain



## Electricity Liberalized Supply – Portugal & Spain



## Gas Supply – Portugal & Spain



- Growth prompted by liberalisation and low pool prices
- Number of clients growing more than volumes: focus on client segments with higher margin

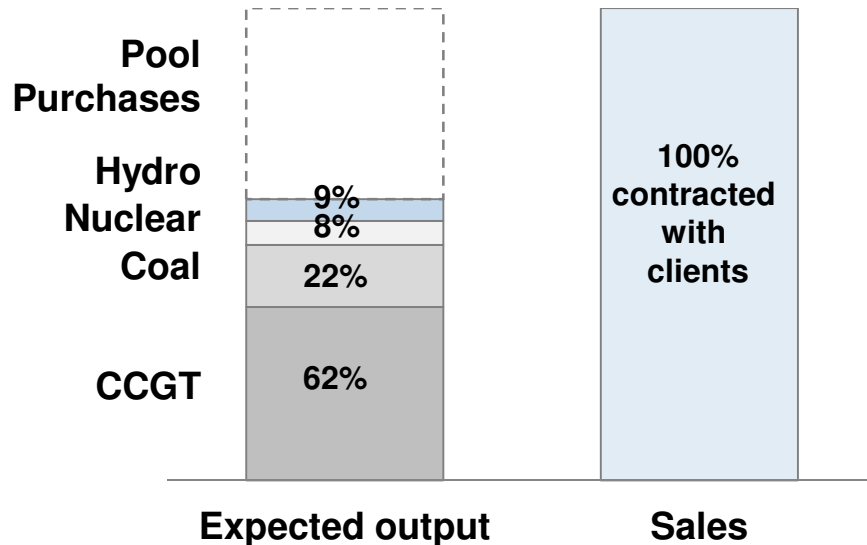
- Recovery in industrial demand , cold winter 1Q10
- Integration of clients acquired from Gas Natural
- Portugal: 23%<sup>(1)</sup> market share in 1Q10

(1) Based on annualised consumption, including cogeneration plants

# Liberalized activities: Outlook for 2010 & 2011

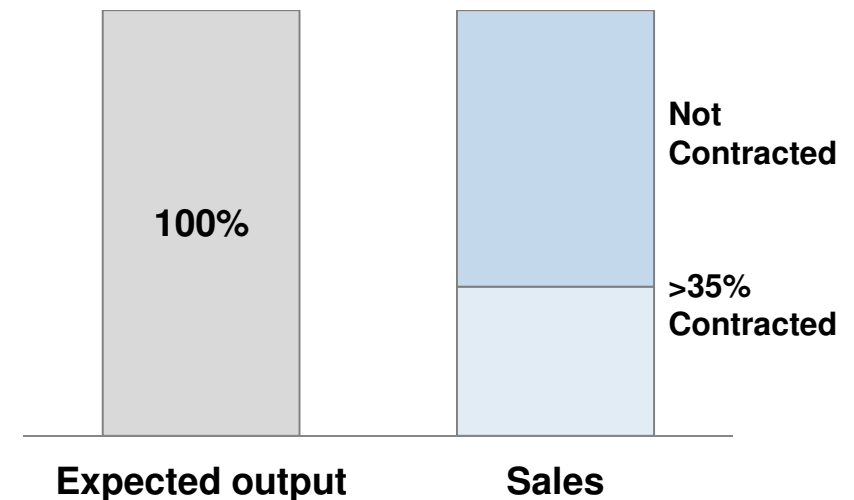


## EDP: Electricity forward contracting - 2010 (%)



- 24 TWh Sold essentially to clients in free market
- Avg. price<sup>1</sup>: ~€50/MWh
- Average Thermal Spread<sup>2</sup> Locked in: ~€10/MWh

## EDP: Electricity forward contracting – 2011 (%)



- Continuing strategy to forward contract sales and locking-in margins at satisfactory levels
- ~7TWh sold essentially to clients in free market
- Price and Thermal Spread Locked in: similar to 2010

**Hedging through forward contracting of electricity sales & fuel costs to reduce risk**

(1) Before Capacity Payment

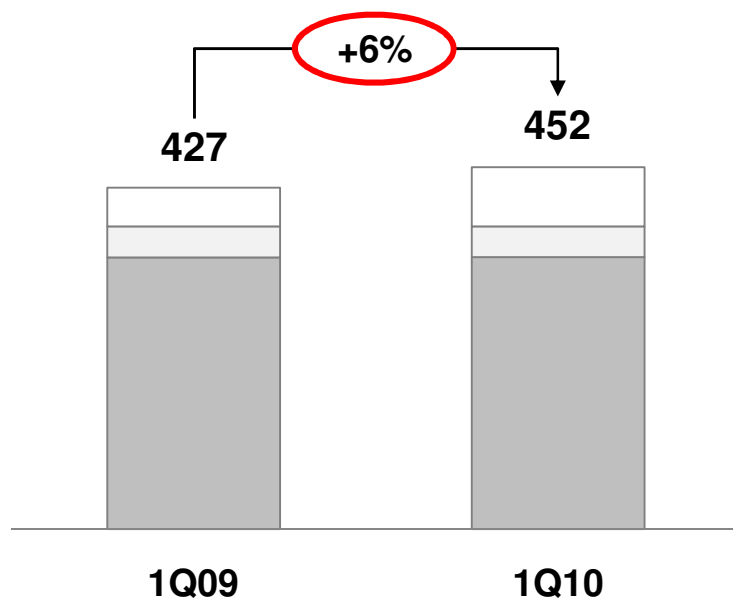
(2) Including CO<sub>2</sub> Costs, excluding free CO<sub>2</sub> allowances

# Regulated Energy Networks Iberia (25% of EBITDA):



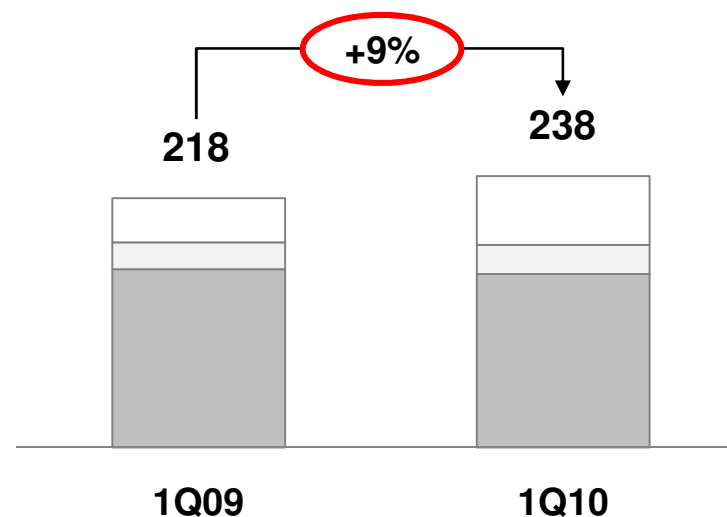
**Regulated Revenues**  
(€ million)

○ % Chg. YoY



**EBITDA**  
(€ million)

□ Gas Iberia  
□ Electricity Spain  
■ Electricity Portugal



- **Electricity Portugal:** flat regulated revenues; no impact from previous years' tariff deviations
- **Electricity Spain:** regulated revenues down 1% vs. 1Q09; up 3.6% vs. 2009 average
- **Gas Iberia:** first-time consolidation of gas distribution assets acquired from Gas Natural (+€13m)



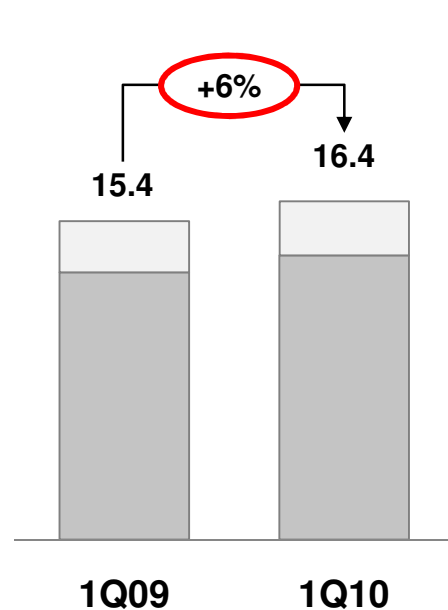
# Regulated Energy Networks Iberia:

## Demand recovery from industrial sector, efficiency

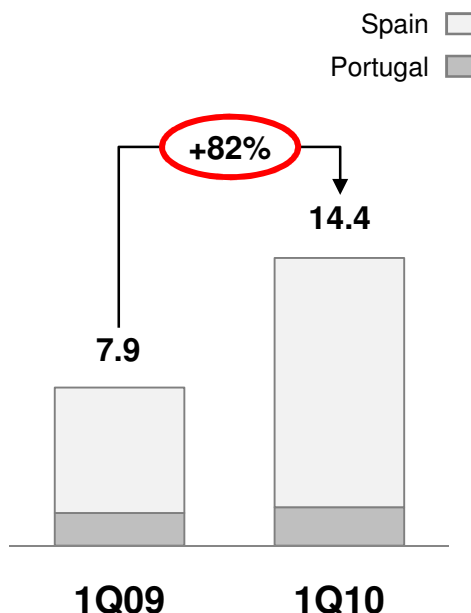


Energy Distributed  
(TWh)

Electricity Inflow

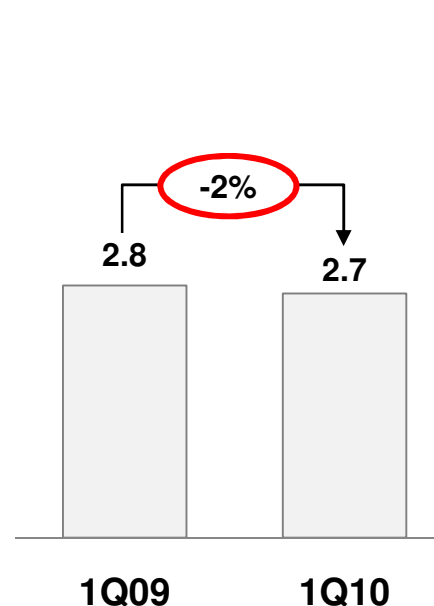


Gas Distributed

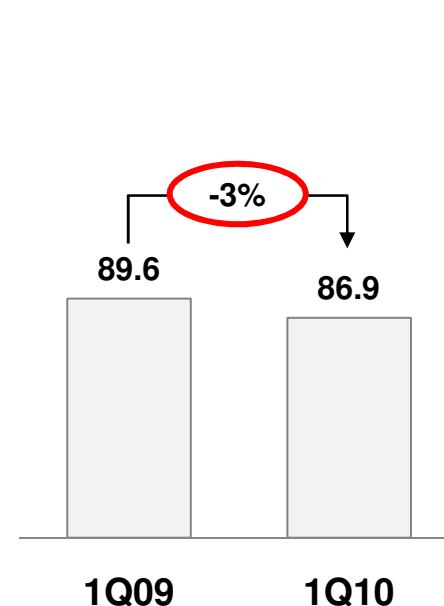


Efficiency Ratios (annualised)  
(€)

Opex<sup>(1)</sup>/Km Network



Opex<sup>(1)</sup>/Client Connected



**Electricity:** industrial sector recovery and cold winter  
**Gas:** consolidation of distribution assets acquired from GN and industrial sector recovery

**Improvements of Efficiency ratios even considering the adverse weather conditions in Portugal in 1Q10**

<sup>(1)</sup> Supplies & Services, Personnel Costs and Costs with Social Benefits (excluding HR Restructuring costs)

# EDP Renováveis (19% of EBITDA): EBITDA up 20% YoY



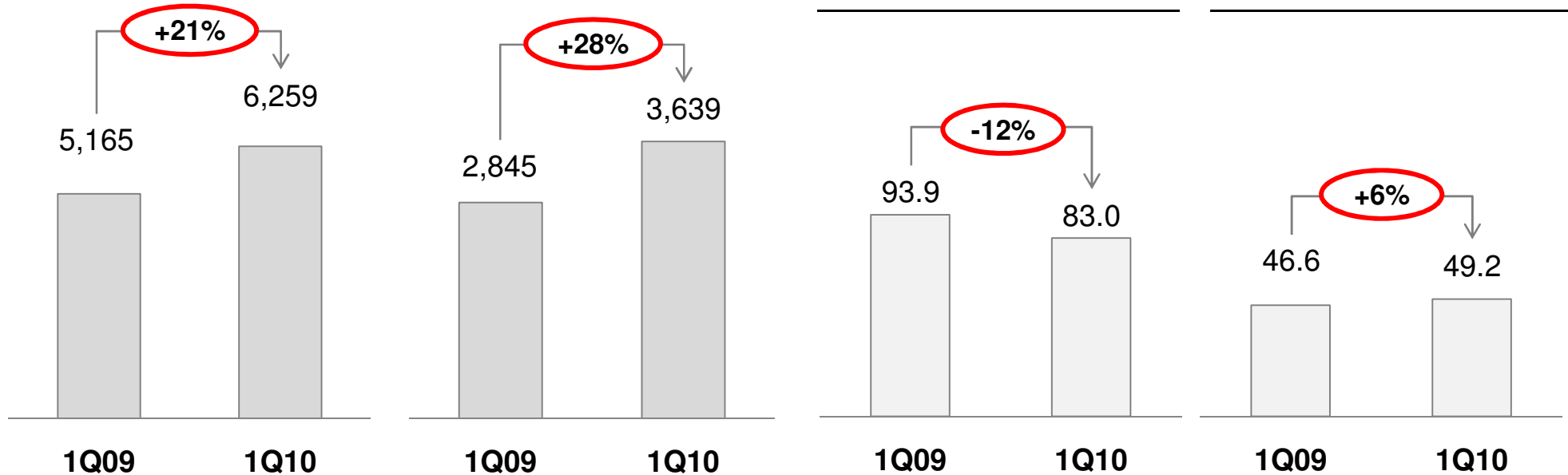
**Installed Capacity**  
(Gross MW)

**Output**  
(GWh)

**Average Selling Prices**

**Europe (€/MWh)**

**USA (\$/MWh)**



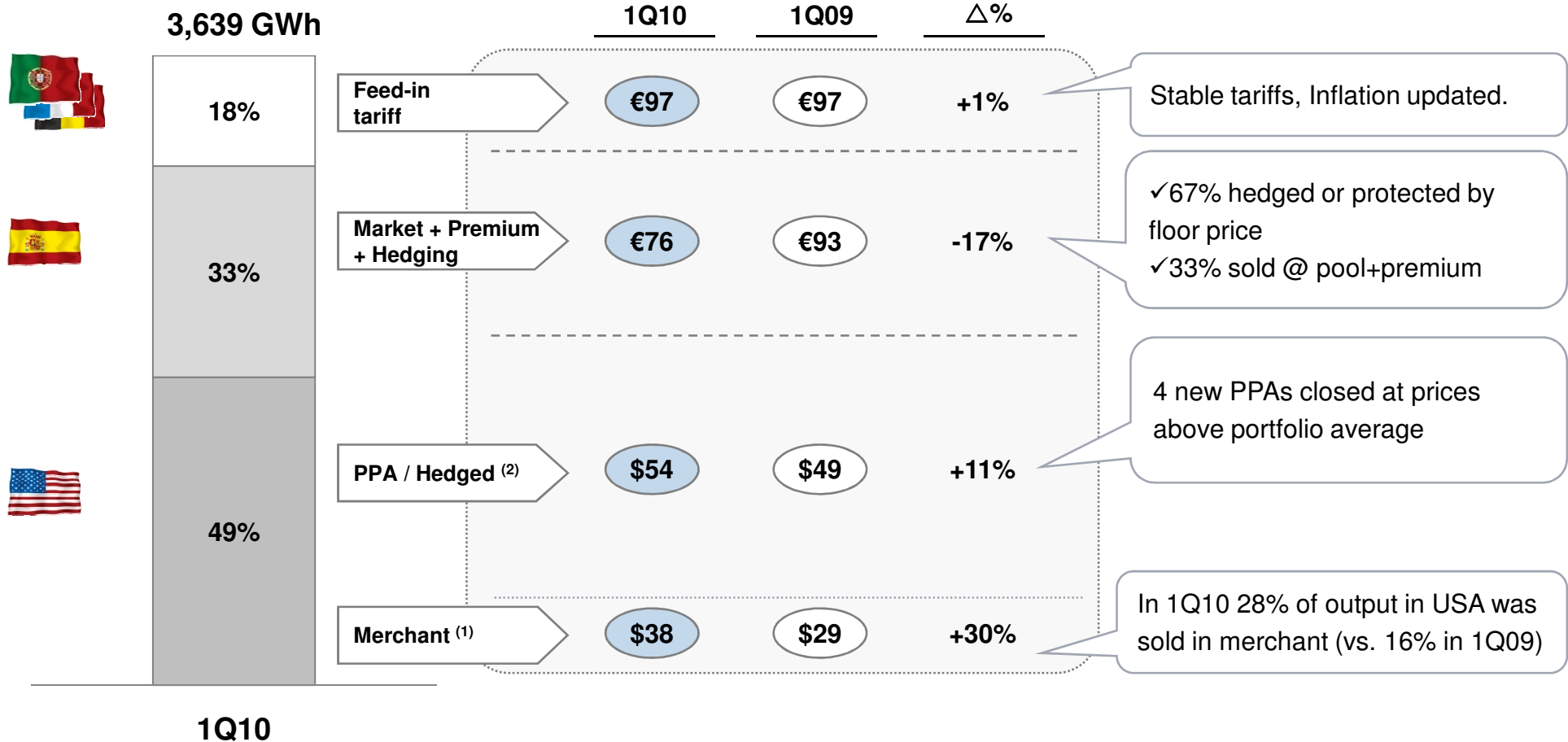
**Installed capacity to 6,259 Gross MWs (#3 largest world operator)**  
**Decline of average selling prices in Spain**

# Wind power prices



## Production Breakdown

## Avg. Selling Price per MWh



**75% of production in 1Q10 sold with no market risk**

<sup>(1)</sup> Excluding sale of interests in institutional partnerships.

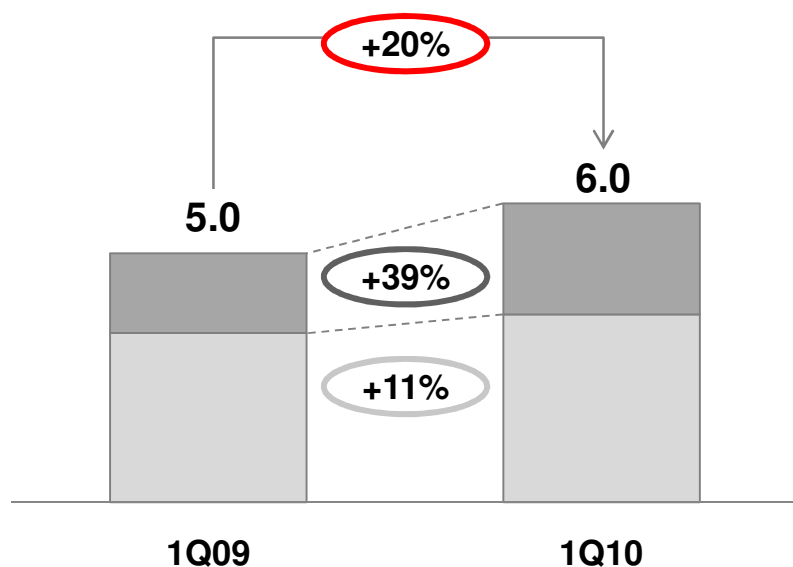
# Brazil: Evolution of energy demand and BRL/EUR



## Electricity Distributed (TWh)

Bandeirante & Escelsa Concession Areas

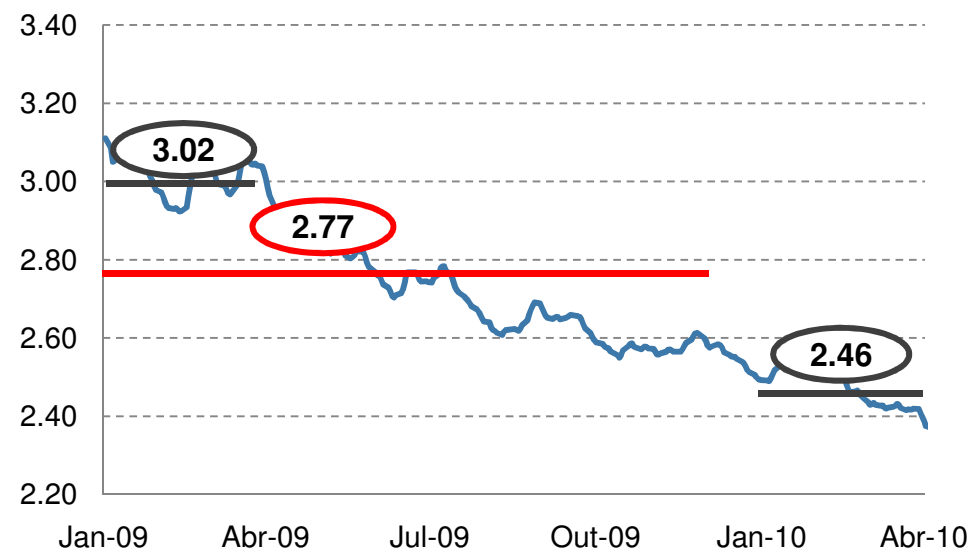
- Final Clients
- Third-party access



## BRL/EUR: Year-to-Date <sup>(1)</sup>

Average in the year

Average in the 1Q



Industrial Segment: recovery of Brazilian production (+16%)

Residential & commercial segment: higher penetration (+9%)

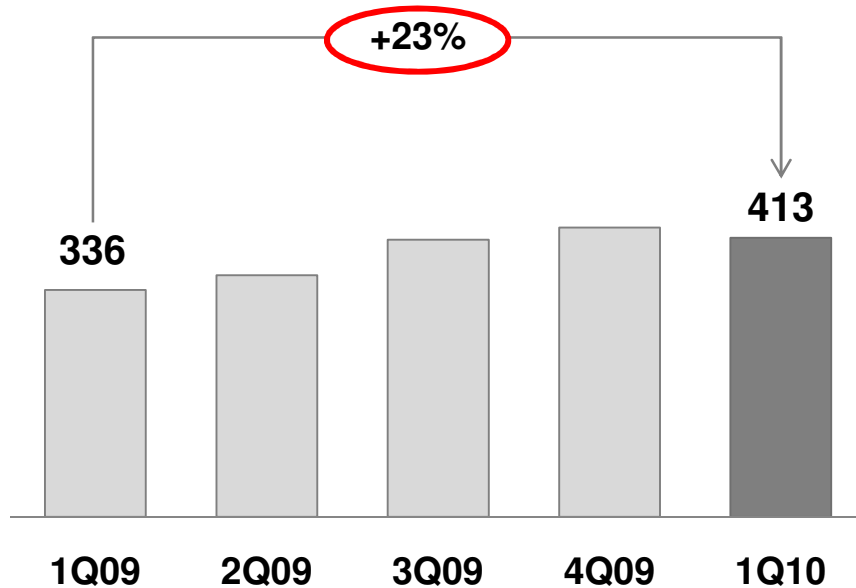
**Real vs. Euro: +20.3% YoY in 1Q10**

<sup>(1)</sup> Source: Bloomberg

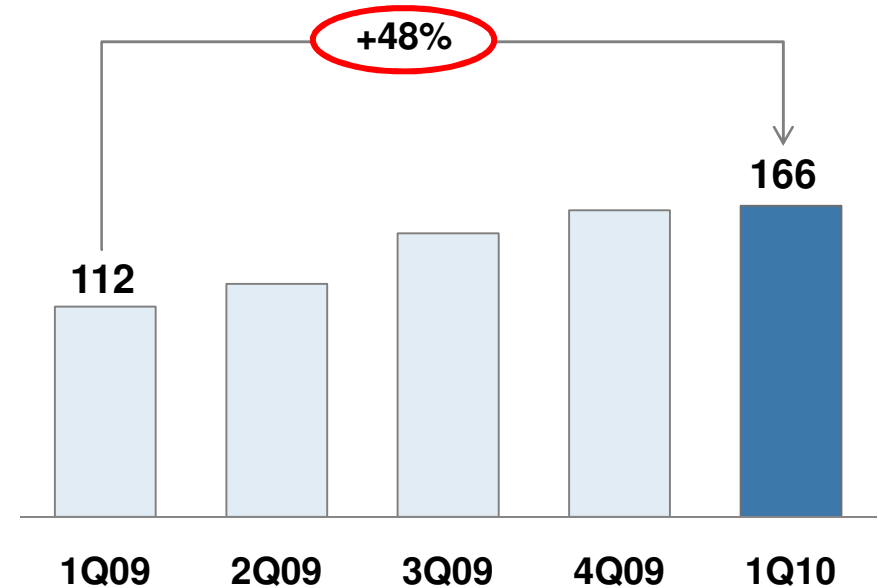
# Brazil (17% of EBITDA)



Evolution of Quarterly EBITDA of EDP Brasil  
(BRL millions)



Evolution of Quarterly EBITDA of EDP Brasil  
(€ millions)

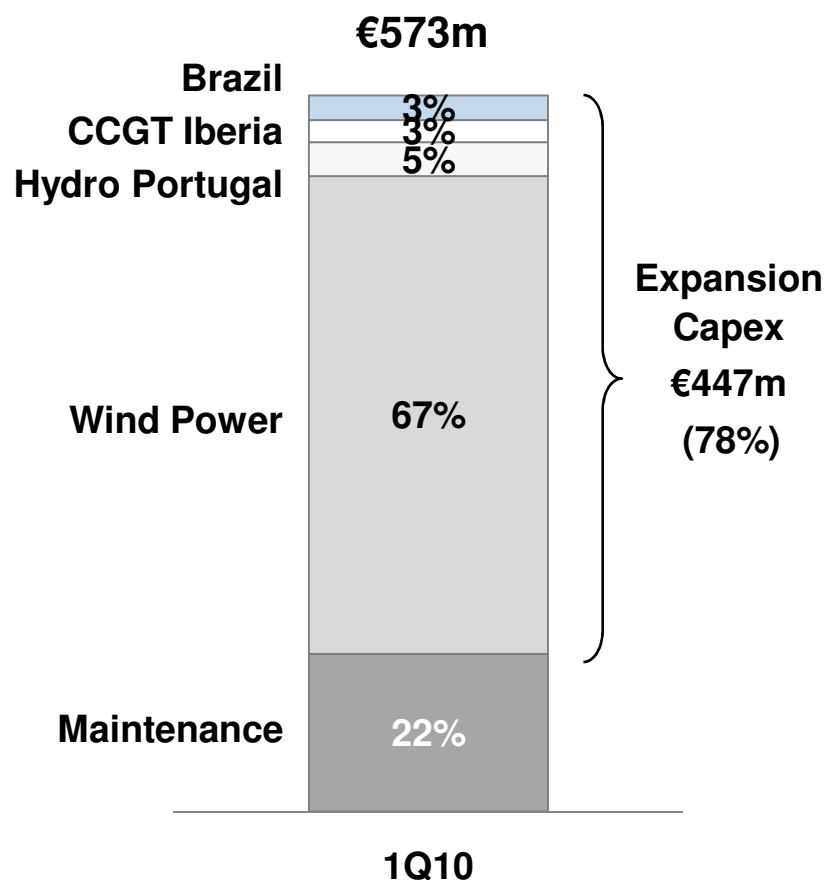


**Strong YoY recovery on volumes of electricity distribution (+20%) and electricity sold (+11%)**  
**Positive impact from the BRL appreciations vs. Euro**



# **Consolidated Financials**

# Consolidated Capex 1Q10: 78% in expansion; 92% of expansion capex was wind and hydro power



## Wind Power

- 52% USA, 12% Spain, 31% Rest of Europe;
- Projects concluded: 73%; projects ongoing: 27%;

## Hydro in Portugal under construction

- 1,7GW, €0.3bn accumulated capex by Mar-10

## Brazil New Generation Plant with PPAs

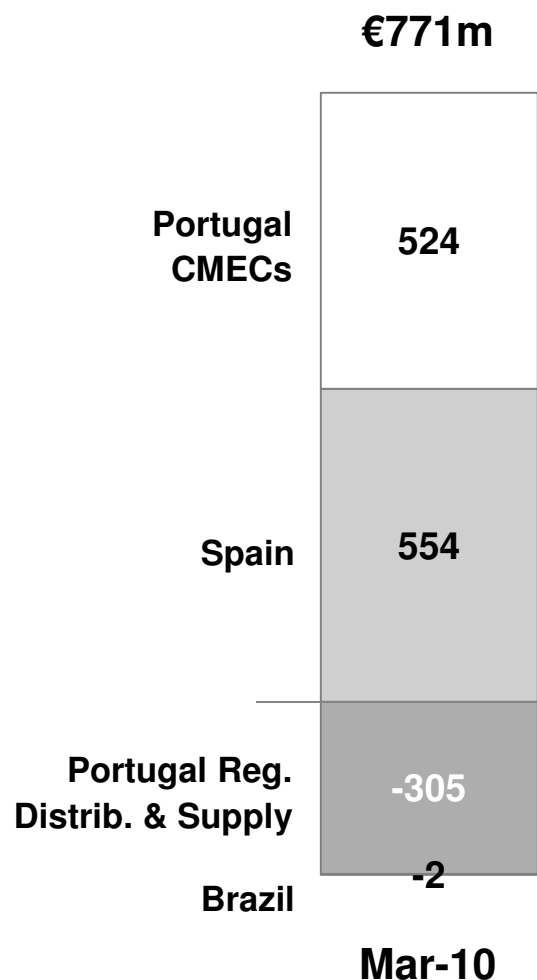
€0.3bn of accumulated capex, to start in Jan-12

## New CCGT in Spain

424MW, 82% capex incurred, starting tests in 2H09

**By Mar-10 €2.2bn were already invested on the 3.5GW of capacity under construction (representing 17% of EDP's capacity by Mar-10)**

# Net Regulatory Receivables by Mar-10



## Regulatory Receivables from CMECs: €524m

- **€81m** created in 1Q10 (low coal production and low electricity prices).
- **€446m** from previous years: partly recovered in 2010, remaining in 2011.

## Spanish Tariff Deficit: €554m

- **€324m** included in the ongoing securitization process
- **€229m** from 2009 tariff deficit & other: to be securitized later

## Portugal last resource supply & distribution net surplus: €305m

- **€80m** negative tariff deviation created in 1Q10 (higher costs with special regime generation): to be recovered mostly in 2010
- **€385m** positive from previous years & other: mostly to be returned in 2010.

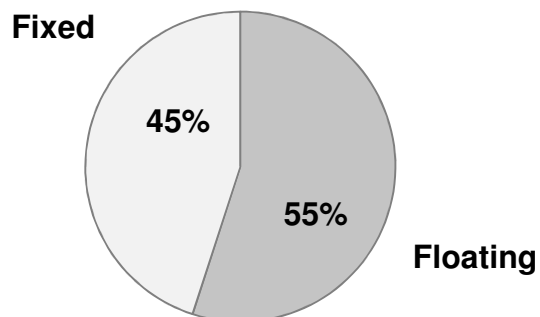
**Good short-to-medium term visibility on the recovery of existing regulatory receivables**



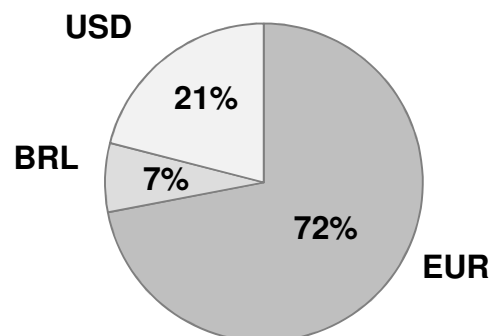
# EDP Consolidated Net Debt



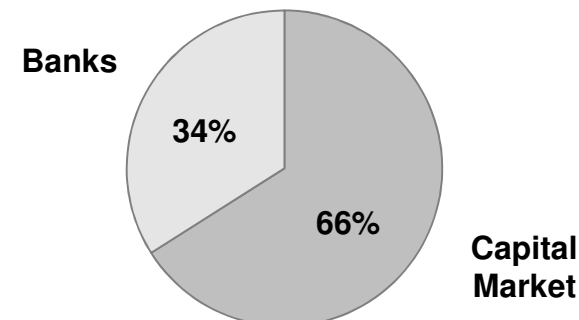
**Debt by Interest Rate Term**



**Debt by Currency**



**Debt by Source of Funds**



	Dec-09	Mar-10
Net Debt/EBITDA	4.2x	3.9x
<hr/>		
Net Debt/EBITDA Adjusted <sup>(1)</sup>	3.9x	3.7x

	Rating	Last Rating Action
Standard & Poors	A-/Negative/A2	04/08/2009
Moody's	A3/Stable/P2	05/05/2010
Fitch	A-/Stable/F2	06/02/2009

**Consolidated Net debt at €14.6bn by Mar-10 (€14.0bn by Dec-09)**

# EDP liquidity position Mar-10



(€ million)					
Sources of liquidity (Mar-10)					
Instrument	Maximum Amount	Number of counterparties	Utilised	Available	Maturity
Revolving Credit Facility (US\$1.5bn)	1,113	22	1,113	-	02-07-2014
Revolving Credit Facility	1,600	19	-	1,600	04-03-2012
Domestic Credit Lines	375	14	17	358	Renewable
Underwritten CP Programmes	650	3	72	578	Renewable
Total Credit Lines	3,738		1,202	2,536	
Cash and Equivalents:				2,606	
Total Liquidity Available				5,142	

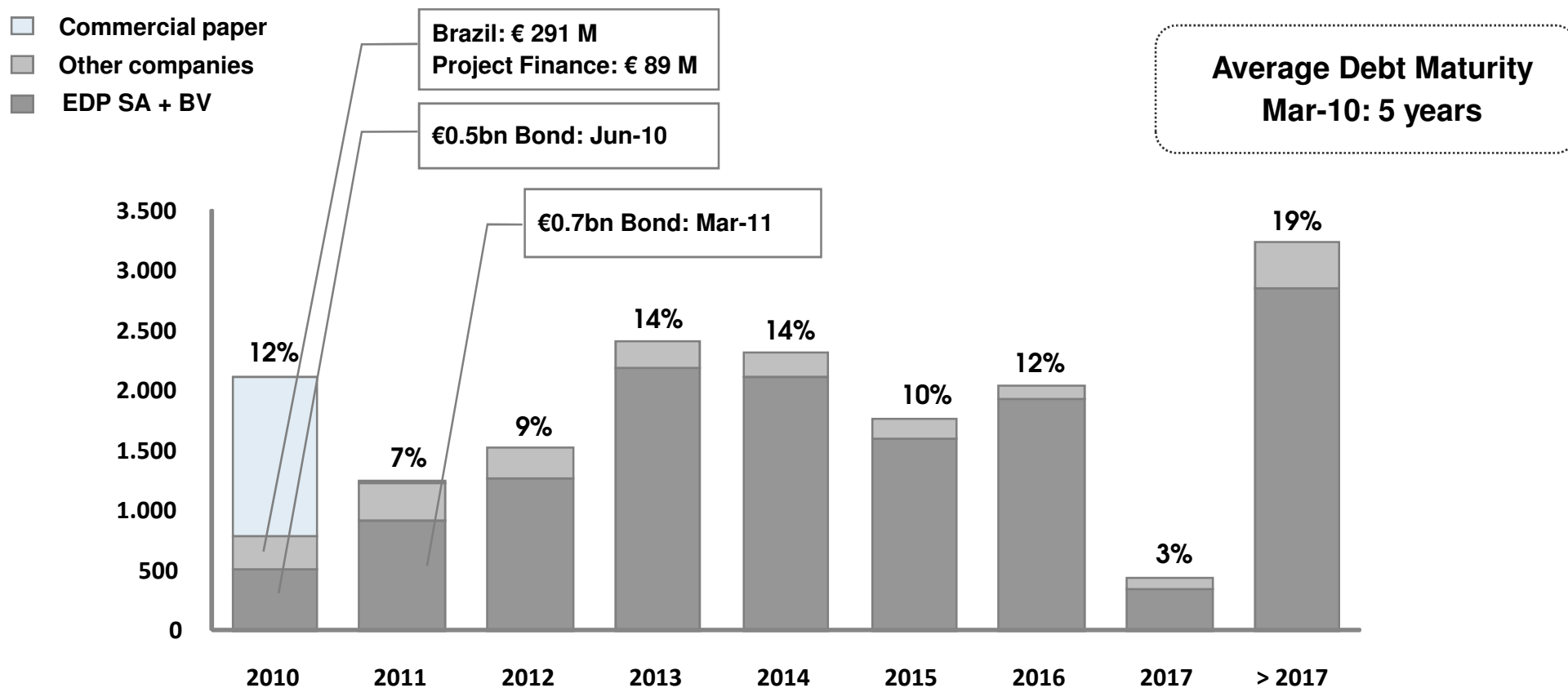
**€5.1bn of cash and liquidity facilities available by Mar-10**

# EDP consolidated debt maturity profile



## EDP consolidated debt maturity profile (March 31, 2010)

(€ million)



€5.1bn of cash and liquidity facilities available by Mar-10

# EDP main sources and uses of funds in 2010-2011



## Sources of funds

- Cash & Equivalents (Mar-10): €2.6bn
- Available Credit Lines (Mar-10): €2.5bn

**Total: €5.1bn**

## Use of funds

- Refinancing needs in the bond market 2010-2011:

Bond issue maturing in Jun-10: €0.5bn

Bond issue maturing in Mar-11: €0.7bn

**Total: €1.2bn**

**Comfortable liquidity position**

# Net Profit up 17% YoY



(€ million)	1Q09	1Q10	Δ %	Δ Abs.
<b>EBITDA</b>	<b>849</b>	<b>940</b>	<b>+11%</b>	<b>+90</b>
Net depreciations & provisions	(317)	(351)	+11%	-34
<b>EBIT</b>	<b>532</b>	<b>589</b>	<b>+11%</b>	<b>+57</b>
Net Interest Costs	(160)	(102)	-36%	+58
Other <sup>(1)</sup>	12	(3)	-130%	-15
Income Taxes	(88)	(129)	+47%	-41
Minority Interests	(31)	(45)	+46%	-14
<b>Reported Net Profit</b>	<b>265</b>	<b>309</b>	<b>17%</b>	<b>+44</b>

11% Increase of Installed Capacity

Avg. cost of debt:  
down from 4.7% in 1Q09 to 3.5% in 1Q10

Effective tax rate up 4pp to 26.8% in 1Q10  
due to higher weight of Brazil in net profit

Brazil: strong growth of net profit, EDP's  
economic interest down from 72% to 65%

<sup>(1)</sup> Results from associated companies, capital gains, impairments and discontinued activities

# Conclusion:



## Improvement of returns

- Hedging business model in Iberia protected EDP from adverse spot market;
- **Reported EBITDA +11%**
- **Net interest costs: -36%** (cost of debt down from 4.7% to 3.5%)
- **Net Profit: +17%**



## Continued Profitable Growth

- **Total Installed capacity: +11% YoY in 1Q10 (wind capacity +23%)**
- **€2.2bn already invested on 3.5GW capacity under construction**
- **Focus: Wind (11 markets), Hydro (Portugal):** high returns, controlled risk



## Controlled risk

- **>80% EBITDA came from regulated or LT contracted activities**
- Financial liquidity available of €5.1bn by Mar-10, to cover needs 24 months ahead following new issues at competitive pricing.
- Net debt/EBITDA of 3.9x in Mar-10, rating maintained in the A region

**Annual Dividend 2009: €0.155 per share, to be paid in cash on May 13<sup>th</sup> (ex-div. date: May 10<sup>th</sup>)**

# Invitation: EDP Investor Day 20<sup>th</sup> May, Lisbon



**edpLive**  
INVESTOR DAY  **edp**

**INVITATION**  
**Investor Day May 2010 – Lisbon**

EDP and EDP Renováveis have the pleasure to invite you to their Investor Day to be held in Lisbon on May, 19<sup>th</sup> and 20<sup>th</sup>.  
Location: Hotel Cascais Miragem (30 minutes by car from Lisbon airport)  
<http://www.cascaismirage.com>

**May 19<sup>th</sup> - EDP Renováveis Investor Day**  
15:30 - Welcome Coffee  
16:00 - 18:00 Presentations + Q&A  
18:00 - 19:00 - Cocktail  
21:00 - Dinner with EDP Group's management

**May 20<sup>th</sup> - EDP Investor Day**  
09:00 - Welcome Coffee  
09:30 - 12:30 Presentations + Q&A  
12:30 - 14:00 - Lunch

Please confirm your presence in the event by filling the existing file and sending it back to [ir@edp.pt](mailto:ir@edp.pt). For further information please call Noélia Rocha (Tel: +351 21 001 28 34)

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## Next Events

**Investor Day Cascais: May 19<sup>th</sup>-20<sup>th</sup>**

**Chicago/Boston (Santander/JP Morgan): May 24<sup>th</sup> -25<sup>th</sup>**

**Macquarie Infrastructures Conference, NY: May 26<sup>th</sup>**

**BESI/NYSE Portugal Day NY: May 26<sup>th</sup>-27<sup>th</sup>**

**UBS Roadshow London: May 27<sup>th</sup>-28<sup>th</sup>**

**Women in Power Event, London: June 16<sup>th</sup>**