



1H2007 Results

July 27th , 2007

1H07: Highlights of the period



EBITDA Growth: +27% YoY based on organic growth

Turnaround of market activities: Focus on returns and clients

60% increase of wind power installed capacity; 15% reduction of CO₂/GWh

Efficiency improvement / Maintenance of Sound Base of Regulated Activities

EPS Growth: +13% YoY without capital gains

Acquisition of Horizon Wind in US: Closed on July 2nd

Final Agreement on PPA/CMEC & Hydro Extension: MIBEL Started on July 1st

1H07 Financial Headlines



In an adverse environment, edp achieved strong EBITDA & EPS growth

(€ million)	1H07	1H06	% Change
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Operating Costs	910	926	-2%
EBITDA	1,353	1,067	+27%
EBIT	828	603	+37%
Net Financial Costs	(176)	(36)	-
Net Profit	422	375	+13%
Funds From Operations (FFO)	816	552	+48%
Capex	554	482	+15%
Net Debt	9,449	9,283	2%
Net Debt / EBITDA ⁽¹⁾	3.6	4.0	

Free Cash Flow Improving: No impact from acquisitions or capital gains

⁽¹⁾ EBITDA from last 12 months

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Controlled risk



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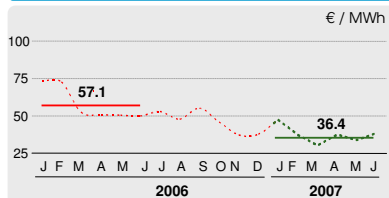
Efficiency improvement / maintenance of sound base of regulated activities

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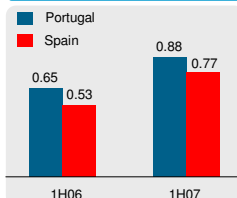
Iberian Electricity wholesale market: Low prices in 1H07



Weighted Average Realized Price in Spot Market (OMEL)



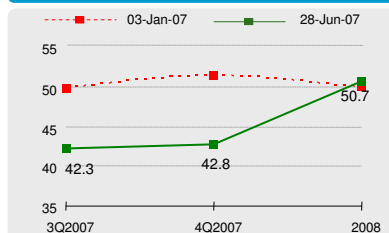
Hydro coefficient



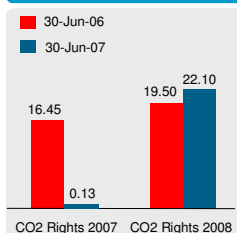
Pool price: - 36%

- Demand growth: +2.4%
- Installed capacity: +5.6%:
 - Wind: +21%
 - CCGTs: +18%
- Hydro production: +39%
- CO2 price: close to zero

Price Curve Evolution Iberian Forward Market (OMIP)



CO2 Rights €/t



Forward prices: CO2 Driven

- For 2H07: 16% fall over 1H07
- For 2008: Supported by CO2

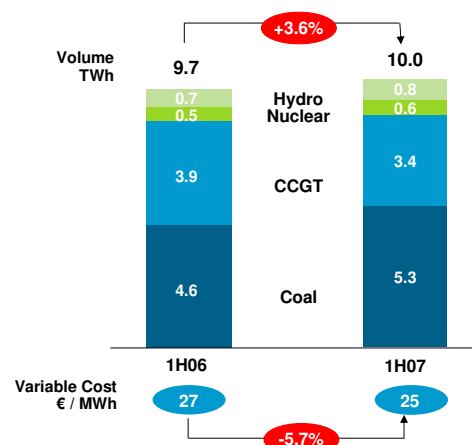
Market volatility highlights importance of forward contracting and clients

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Generation Output: Liberalized Iberian Market



Efficient generation portfolio



Liberalized generation output:

- Total Market: -0.7%
- EDP liberalized: +3.6%

Conventional thermal output:

- Total Market: +1.3%
- EDP liberalized: +2.9%

Coal plants load factor in 1H06:

- Total Market: 65%
- EDP liberalized: 79%

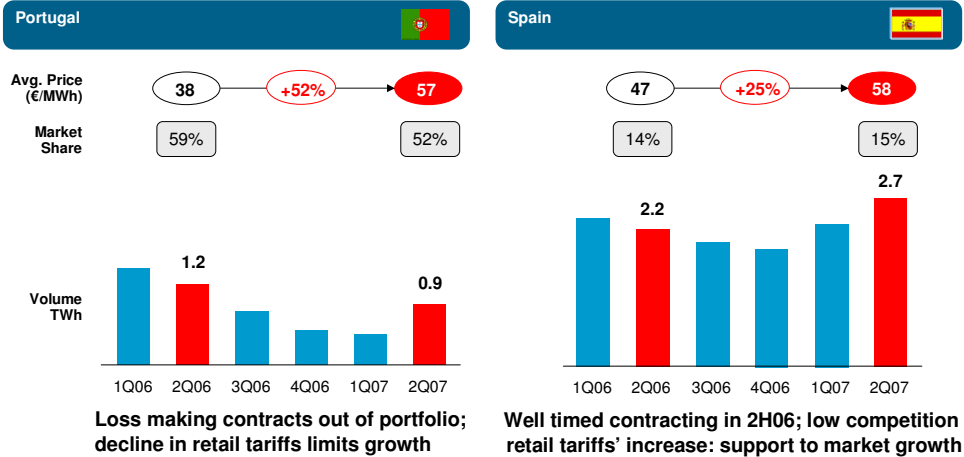
Output growing by +3.6% vs. market -0.7% with costs declining by -5.7%

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EDP in Liberalized Supply: Portugal and Spain



Well-managed clients' portfolio: A value creation driver



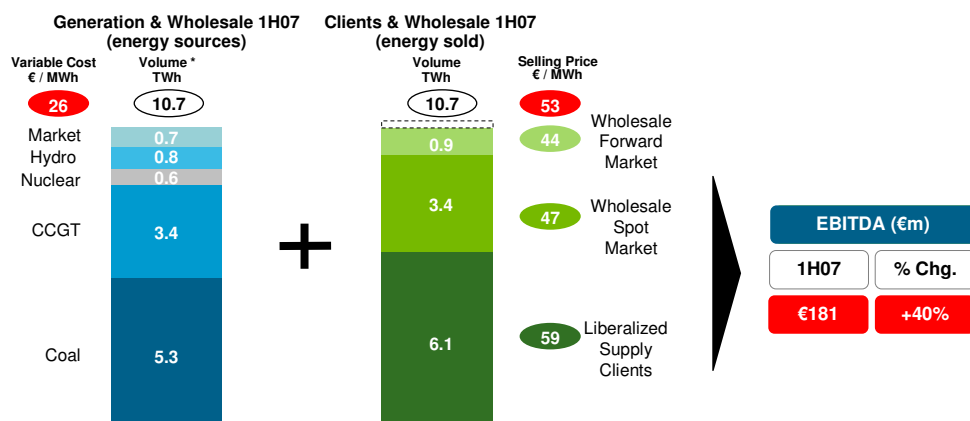
Prices clearly above wholesale forward markets with volumes recovering

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Liberalized Generation & Supply: Integrated View



Growing in an adverse market environment



An efficient generation portfolio with a strong retail platform backed by the right hedging strategy allowed a 40% EBITDA growth in an adverse market environment

* Includes generation output + electricity purchases in wholesale market

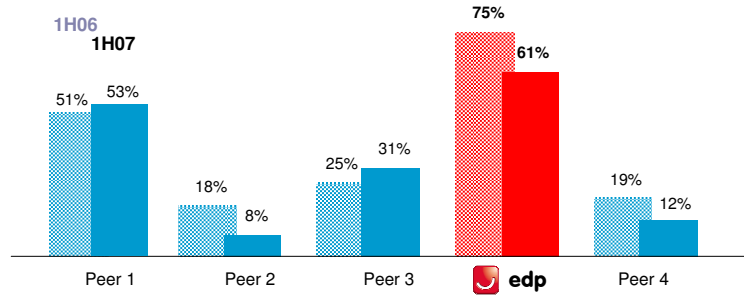
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Supply Hedging In Iberian Market: EDP vs. Peers



Historically, liberalized supply is a core activity for HC Energia

Electricity Volume Sold in Liberalised Supply Market / Liberalized Electricity Generation Output (Spain + Portugal)



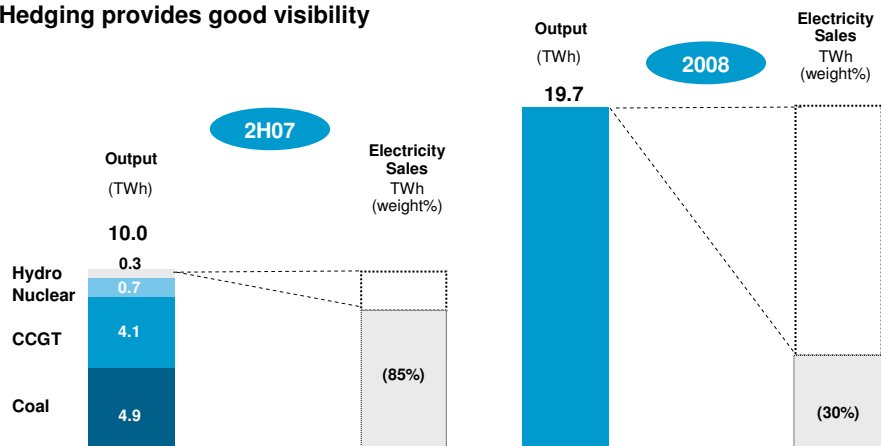
EDP has the highest level of GWh coverage liberalized retail clients/generation

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Forward Contracting at Jun-07:



Hedging provides good visibility

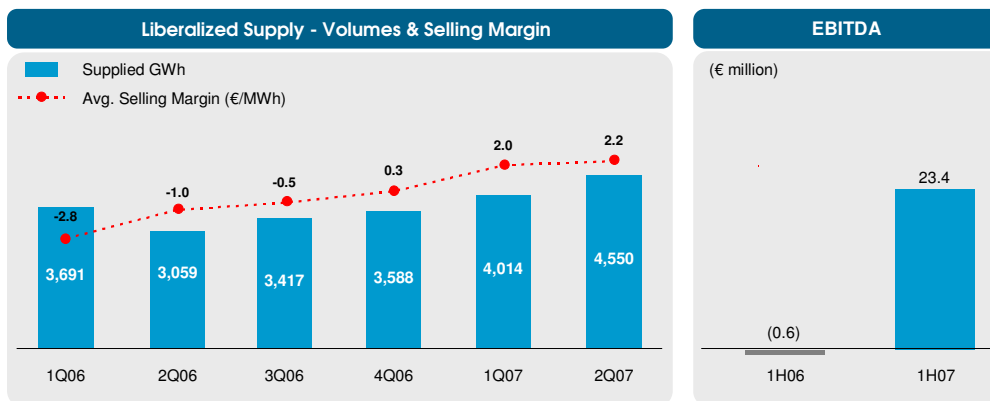


85% of expected 2H07 output contracted and hedged at avg. price > 50/MWh* 30% of 2008 expected output sold at average price around €55/MWh*

* Before capacity payment

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Gas Liberalized Supply in Spain



Volumes and margins growth support EBITDA turnaround

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Growth



EBITDA Growth: +27% YoY based on organic growth

Turnaround of market activities: Focus on returns and clients

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Efficiency improvement / maintenance of sound base of regulated activities

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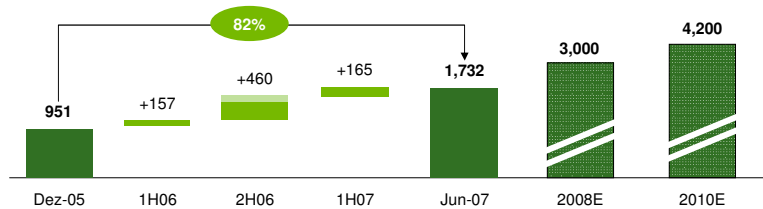
Wind Power: Installed Capacity Roll-out



Europe: 469 MW put in place through own development over the last 12 months

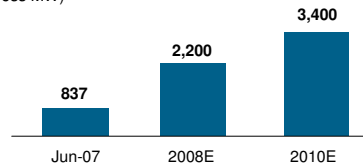
Wind Power Installed Capacity - Europe
(Gross MW)

Acquisitions (AE: 155 MW)
Organic growth



US: Acquisition of Horizon:
Concluded in Jul-07
Full Consolidation: 3Q07

Wind Power Installed Capacity - US
(Gross MW)



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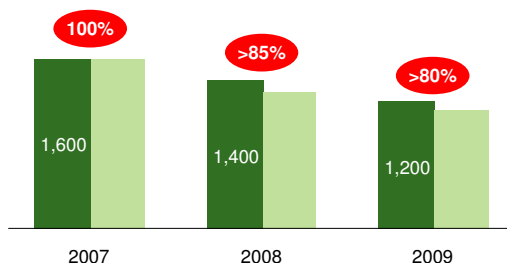
Contracted Wind Turbines



Size is a competitive advantage to turbine contracts in terms of pricing and volumes

Turbine needs vs. contracted

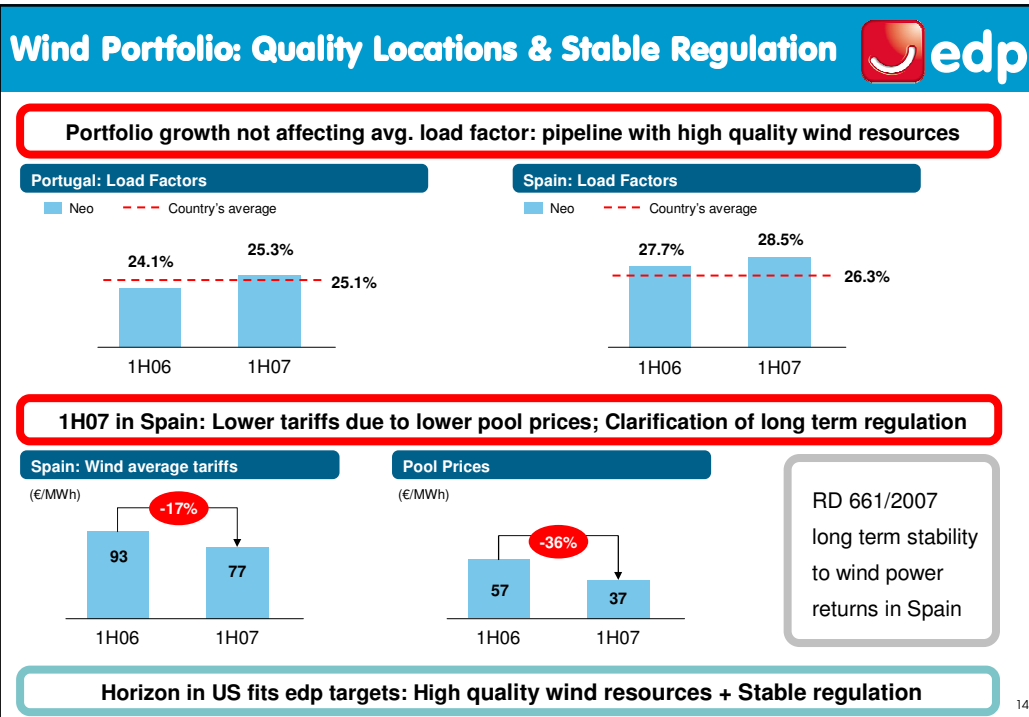
Turbine Needs (edp+Horizon)
 Supply Secured
 Covered Needs




- Recent Contracts:
 - Gamesa;
 - Vestas;
 - GE;
- Ongoing negotiations to close 2008 and 2009 needs during the 2H07

High level of turbine needs already contracted for 2008 and 2009


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Hydro Development: Portugal & Brazil



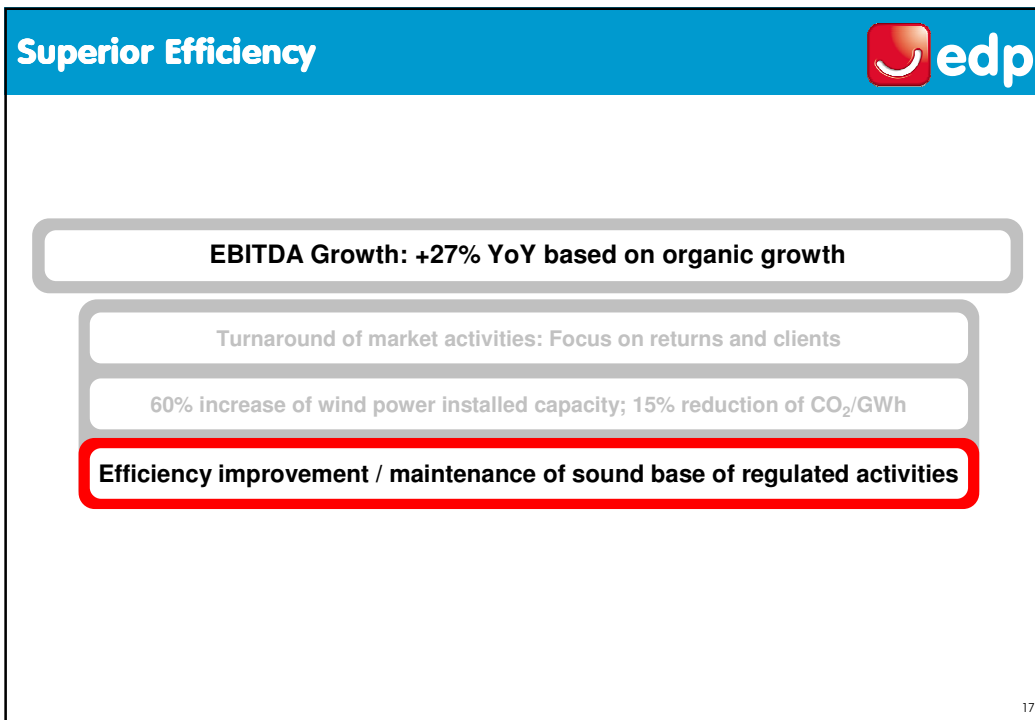
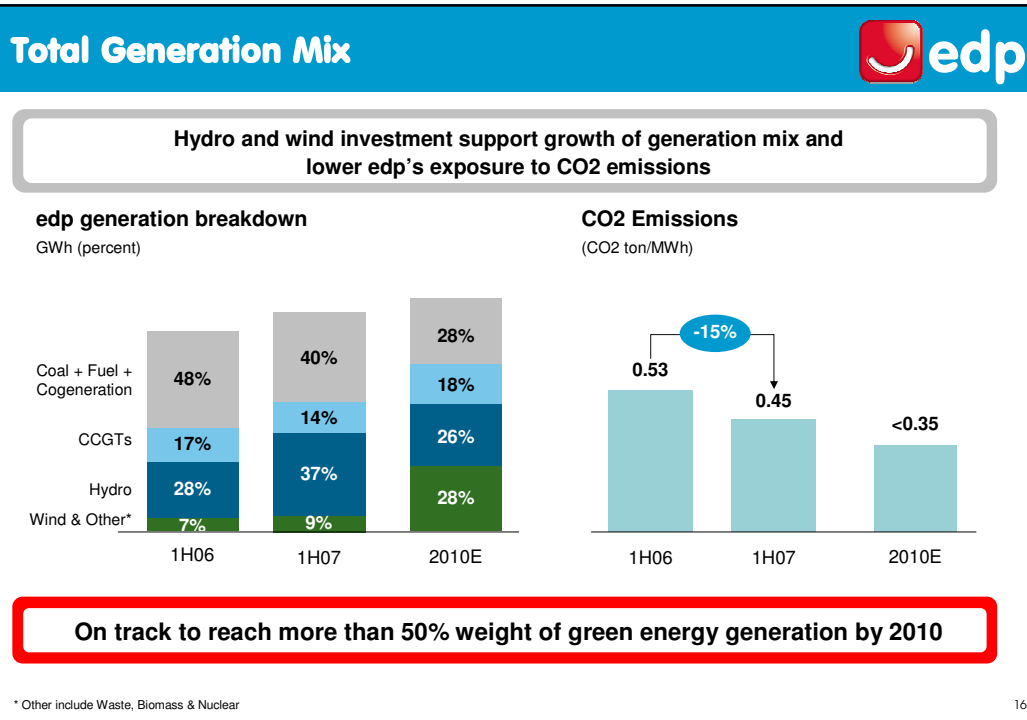
- Operation of 4,095MW of hydro in the market after the end of PPAs:
 - edp will pay €759m for concession rights until 2052
- edp targets to build 1,094 MW of hydro until 2015, additional 1,768 MW under study:
 - Repowering on Picote (+231MW) and Bemposta (+178MW): Works in Progress
 - Agreement with Martifer: Hydro Development Projects in Paiva and Vouga Rivers



- Low number of new projects available due to bottle-neck in environmental licenses
- Reserve margin going down
- edp has 555 MW under study:
 - 235 MW of large hydro plants
 - 330 MW of mini hydro plants

Actively looking for hydro development opportunities in Portugal and Brazil

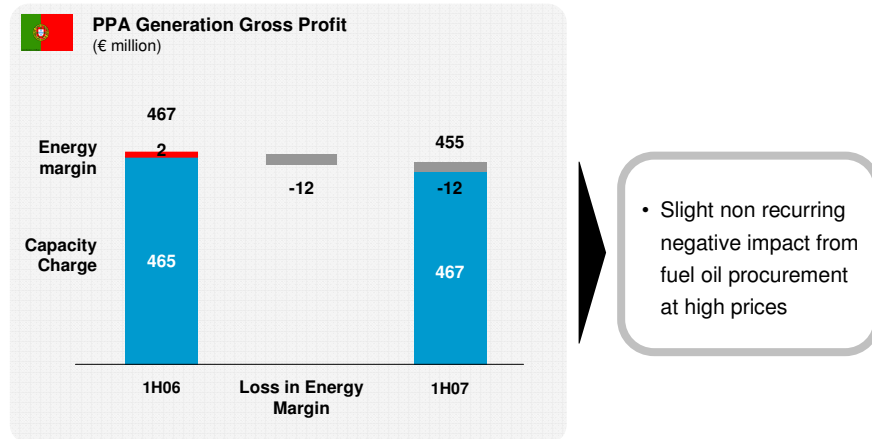
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Contracted Generation: PPAs



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



PPA's replaced by CMECs from Jul-07 onwards: no economic impact no impact on P&L

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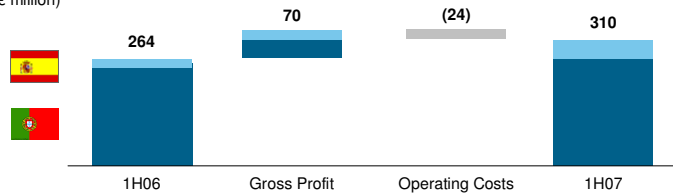
Electricity Distribution: Portugal and Spain



EBITDA Growth: +17%

Better Regulation in Spain + Lower Energy Costs + Focus on Efficiency

Iberian Distribution - Contribution to EBITDA
(€ million)



Continuous effort to improve efficiency and quality of service:

Efficiency Ratios

	1H06	1H07	% Chg.
Opex/MWh *	10.2	10.8	+5.4%
Employees/TWh	103	96	-6.2%

Equivalent Interruption Time (min)

	1H06	1H07	Chg.
Portugal	87	52	-36
Spain (Asturias)	42	42	-

* Opex includes Supplies & Services, Personnel Costs and Costs with Social Benefits

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Electricity Distribution: Brazil



EBITDA Growth: + 103%; Boosted by recovery of regulatory receivables

Distribution Brazil EBITDA: 1H07 vs. 1H06
(€ million)

	1H07	1H06	Δ
EBITDA IFRS	247	122	+125
Tariff Deviations ⁽¹⁾	(95)	(6)	(89)
One-off Staff Reduction Costs	-	19	(19)
EBITDA adjusted by tariff deviations and one-off	152	134	+18

⁽¹⁾ Accumulated tariff deviations, deferred tariff increases, rationing losses + "parcela A" and others

Ongoing staff reduction plan with positive impact on efficiency ratios:

Distribution – Efficiency Ratios

	1H07	1H06	% Chg.
Opex / MWh (R\$/MWh)	22.6	22.4 ⁽²⁾	+0.6%
Employees / TWh	116	129	-10.1%

⁽²⁾ Opex includes Services & Supplies, Personnel costs and Costs with Social Benefits. Does not include one-off costs related to redundancy plan in 1H06 (R\$51.6m)

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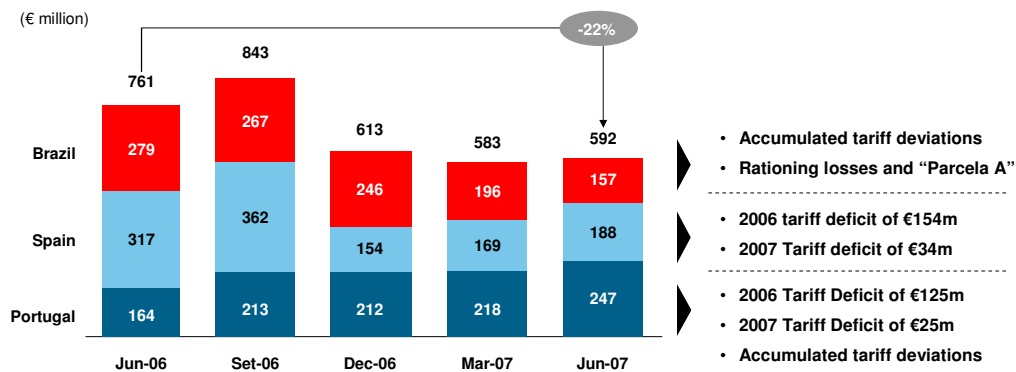
Regulatory Receivables



Lower than expected energy costs provide decline of regulatory receivables

Regulatory receivables in Regulated Electricity Distribution Activities

(€ million)



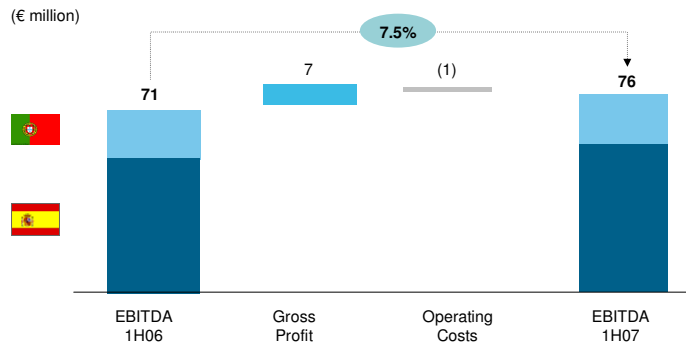
Recovery of regulatory receivables supports improvement of Free Cash Flow

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Gas distribution: Spain and Portugal



EBITDA Growth: +7.5%; Main Driver: Connection of New Clients



+475 Kms of network; + 52,000 clients YoY

Note: + €2.3m impact from consolidation perimeter changes

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Efficiency Improvement

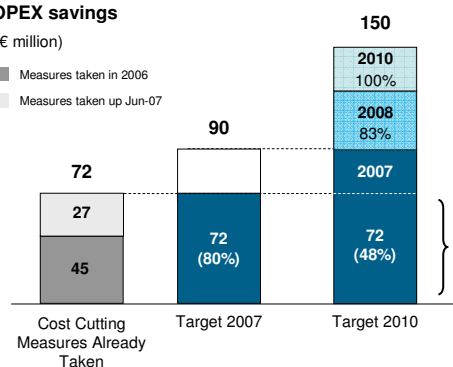


€72m of annual cost savings on a recurrent base already locked: on track to 2007 target

OPEX savings

(€ million)

- Measures taken in 2006
- Measures taken up Jun-07



Controllable Costs / Gross Profit

28%

Lower visibility in the initial stage at P&L level due to initial one-off costs, namely regarding staff reduction

Main cost cutting measures already implemented

Personnel costs:

€35.5m annualised cost savings to be provided by:

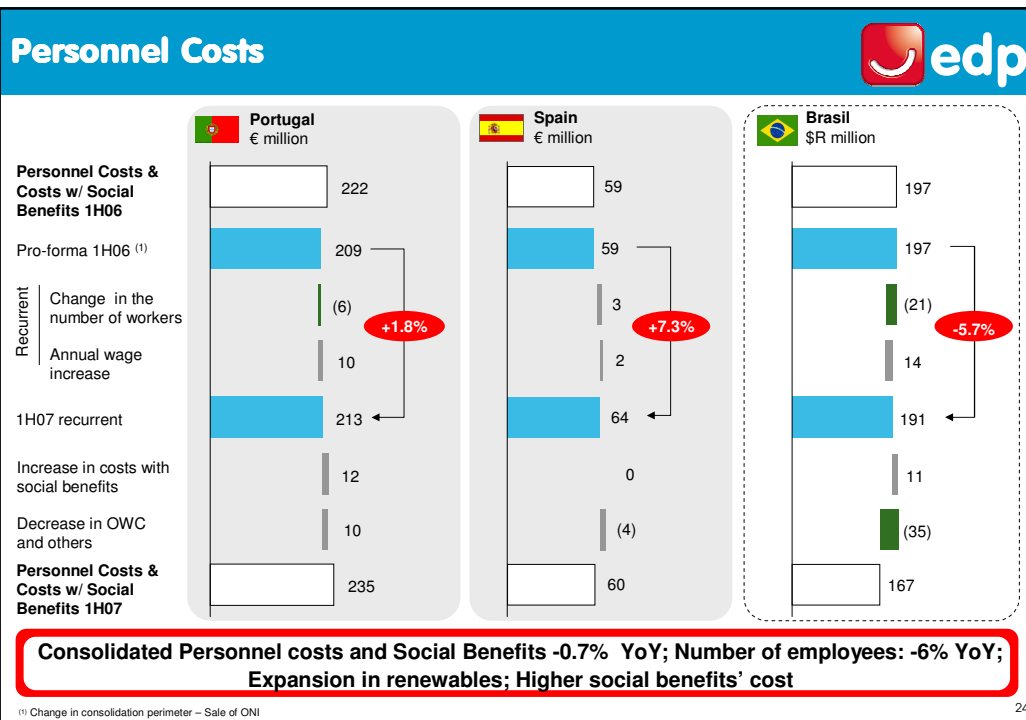
- ✓ Net Headcount reduction (between Dec-05 and Jun-07):
 - 360 employees in Brazil
 - 359 employees in Iberia

Supplies & services:

€36.2m annualised cost savings to be provided by:

- ✓ IT services restructuring measures
- ✓ More efficient real estate usage
- ✓ Integrated insurance management
- ✓ Marketing & advertising consolidation

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Free Cash Flow Improving: No impact from acquisitions or capital gains

(1) EBITDA from last 12 months

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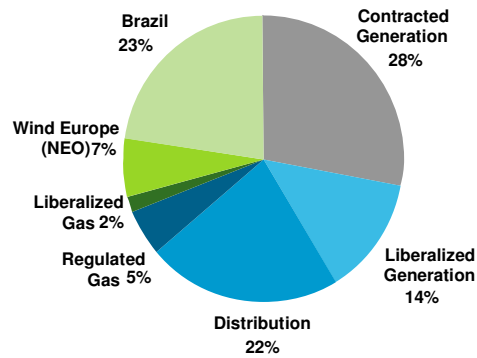
1H07 EBITDA Breakdown



Growing organically: pro-forma EBITDA increased by 26.4%

EBITDA Breakdown
(€ million)

	1H2007	1H2006	Δ 07/06
Iberian Market	1,030	905	14%
Generation & Supply	586	545	7%
Wind Europe (NEO)	93	71	31%
Distribution	310	264	17%
Gas	99	70	43%
Brazil	323	162	99%
Other & Adjust.	-58	-45	30%
Consolidated	1,353	1,067	27%



Top quality growth with EBITDA growing by 27% without acquisitions

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Consolidated Capex

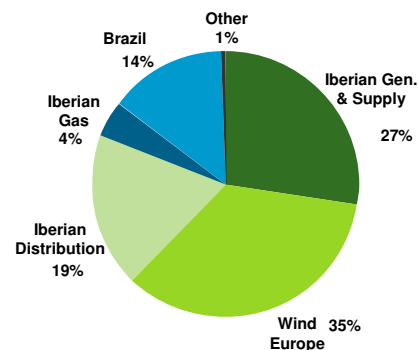


80% of capex allocated to regulated activities and Long Term contracted generation

edp capex: 1H07 vs. 1H06
(€ million)

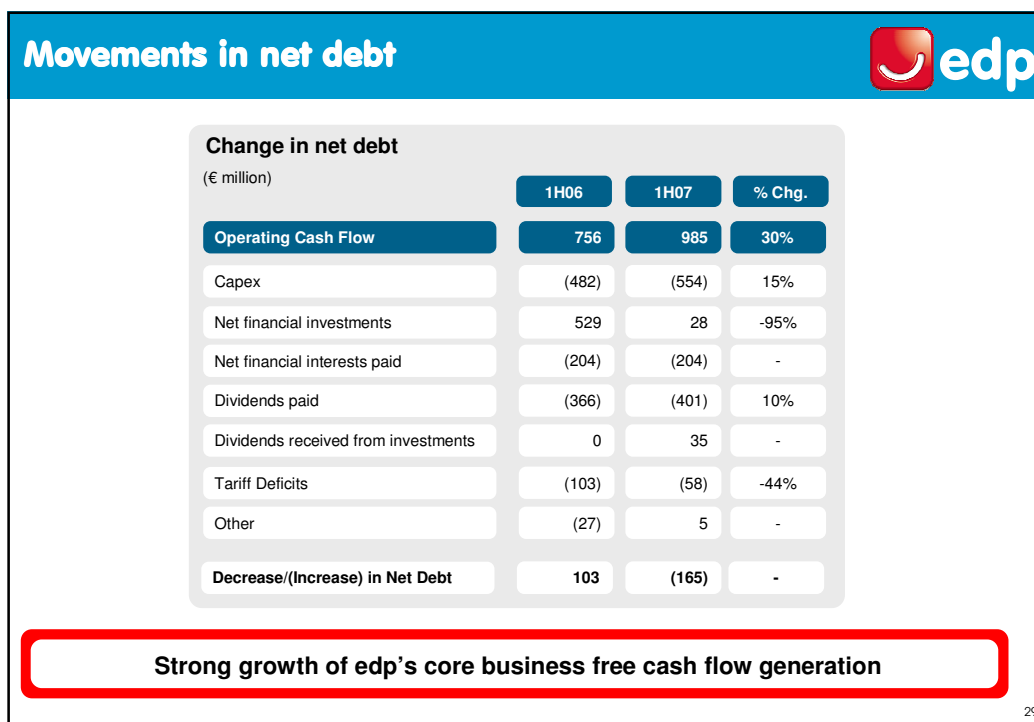
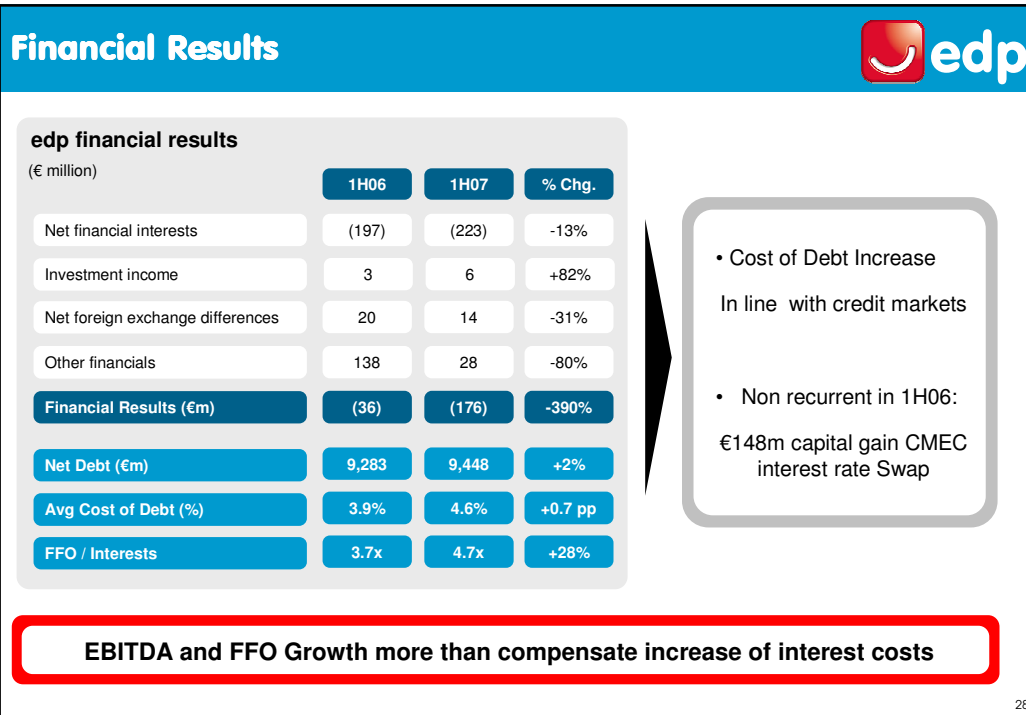
	1H06	1H07	% Chg.
Expansion	249	332	+33%
Maintenance	232	222	-4%
Total edp	482	554	+15%
Iberian Gen & Supply	129	152	+18%
Wind Europe	58	192	+230%
Iberian Distribution	129	103	-20%
Iberian Gas	23	24	+4%
Brazil	127	80	-37%
Other	16	3	-84%

1H07 edp capex breakdown by business area
(percent)



50% of edp group's capex allocated to expansion of installed capacity

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Outlook 2H07



85% Level of Liberalized Generation Already Contracted Provides Stability

Horizon Integration in 3Q07: New growth platform with aggressive capex plan

CMECs Implemented since July 1st: Securitization Likely over the next quarters

Disposal of 25% stake in REN: Final Closing in 4Q07

Maintenance of Strong organic EBITDA growth clearly above the sector

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Going Forward: Strategic Agenda



Contracting for 2008: Maintenance of Focus on Returns and Clients

Gas Sourcing Strategy: Growth based on flexible and low cost procurement

Wind: Focus on pipeline delivery both in Europe and US

Materialization of Hydro Development Projects in Portugal and Brazil

Maintain a Low Risk + High Growth Investment Profile

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Conclusions



Good Performance in an Adverse Market: EBITDA +27%; EPS +13%

Turnaround of market activities: Focus on Returns and Clients
Hedging Based on efficient generation portfolio and strong commercial platform

Capex plan on track: Based on Wind (Europe + US) and Hydro (Portugal + Brazil)
Efficient and CO2 free generation assets with low risk and attractive IRRs

Continuous effort on efficiency improvement: Opex plan on track
Low Risk Asset Base: Regulated & LT Contracted Activities: 85% of EBITDA

On track to Deliver 2007-2010 Business Plan:
EBITDA CAGR 2005-2010 > 13%
EPS CAGR 2005-2010 > 14%

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 **edp**
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