



feel our energy

1Q2007 Results

May 4, 2007

1Q07 Results: Main Highlights (1/2)



1. **Consolidated EBITDA +23% YoY to €705m**, and EBITDA in the Iberian energy business +19% to €584m, reflects strong improvement of our core-business performance.
2. **Generation & supply EBITDA rose 20% YoY to €303m under an adverse market environment** following the successful generation/supply hedging strategy, and a 26% increase of our average supply price in Iberian markets to €56.9/MWh achieved without a significant reduction in volumes.
3. **For the remaining 9 months of 2007, EDP has already contracted and hedged 80% of its expected liberalized generation output at an average price above €50/MWh.** For 2008, EDP has already contracted 15% of the expected liberalized generation output at an average price above €55/MWh, with average contracting prices above forward prices for both periods.
4. **Electricity distribution activities in Portugal, Brazil and Spain showed an integrated 21% YoY EBITDA growth to €300m, reflecting strong free cash flow improvement of our regulated activities** due to (1) lower tariff deficits and (2) recovery through tariffs of higher energy costs in past. Regulatory receivables fell to €583m in Mar-07.
5. **Wind gross installed capacity in Portugal, Spain and France increased 58% YoY to 1,616MW**, in line with the delivery schedule of our pipeline. Increase of average load factor to 32%, reflects the high quality of our wind portfolio: EBITDA +40% YoY to €55m.

Main Highlights (2/2)



6. **Energias do Brasil EBITDA contribution grew 51% YoY to €159m, reflecting the increase of hydro generation capacity**, which doubled to 1,018MW in Mar-07 and the recovery through the tariffs of higher electricity procurement costs incurred in past periods - a trend that is expected to continue over 2007.
7. **Consolidated operating costs remained flat at €437m**, benefiting from the first time deconsolidation of ONI telecom business. Ongoing implementation of the efficiency corporate-wide OPEX program, should continue to have a positive contribution to EBITDA over the next quarters.
8. **Consolidated capex rose 8% YoY to €210m, with expansion investments representing 60%**. Consolidated capex expected to increase even more significantly over the next quarters, following our 2007-2010 capex plan of €7.6bn, which has a weight close to 50% of wind and hydro power investments, and also the expected acquisition of US wind operator Horizon.
9. **Net debt fell 6% QoQ to €8.7bn in Mar-07**, reflecting the **strong improvement of EDP's core business free cash flow generation**. Net debt should increase in following quarters, supporting our focused expansion strategy and the expected Horizon acquisition.
10. **Net profit +2% YoY to €241.4m**. 1Q06 net profit included €103m of non-recurrent financial gains with the CMECs Swap.

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Consolidated EBITDA rose 23% in the 1Q07 and remained stable at net income level



Income Statement € million

	1Q07	1Q06	Change	% Change
Gross Profit	1,142	1,012	130	+13%
EBITDA	705	575	130	+23%
EBIT	461	340	121	+36%
Financial Results and Income/ (Losses) from associated companies	(79)	26	(105)	-
Net Income	241	237	4	2%
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Capex	210	195		+8%
Net Debt	8,757	9,283 ⁽¹⁾	(527)	-6%

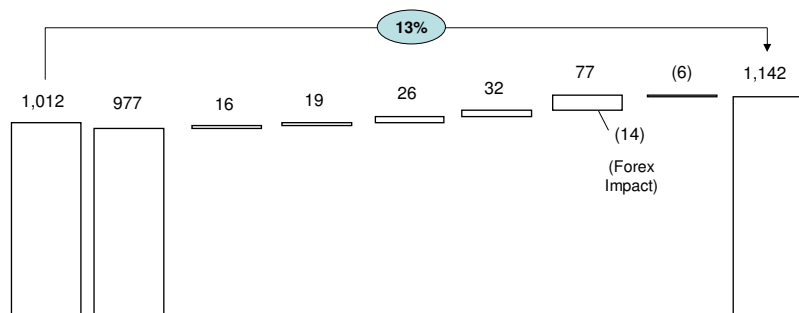
⁽¹⁾ Net Debt as of YE 2006

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Gross profit grew 13% benefiting from positive contributions from all edp group business areas



Gross profit Evolution: 1Q07 vs. 1Q06
€ million



- Successful generation/supply hedging strategy
- 58% increase of wind capacity in Iberian Peninsula
- Profitable growth from gas supply business
- Brazil: increase of generation capacity and recovery of tariff deviations

Iberian Core Business



⁽¹⁾ Change in Consolidation Perimeter following the disposal of ONI

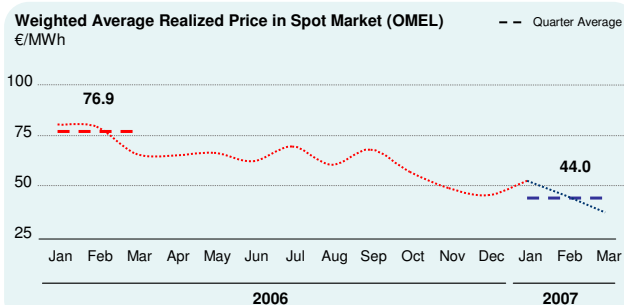
⁽²⁾ Includes other activities such as Holdings, Shared Services and consolidation adjustments

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Adverse market environment for liberalized activities

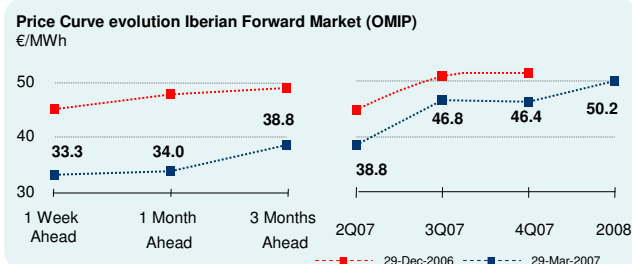


Weighted Average Realized Price in Spot Market (OMEL)
€/MWh



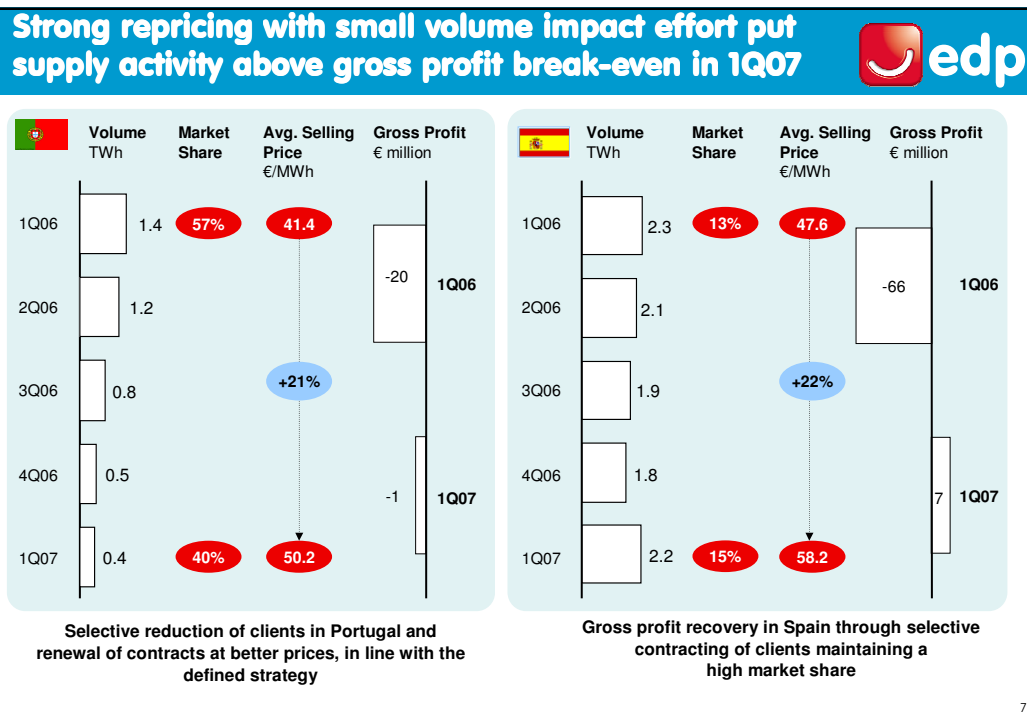
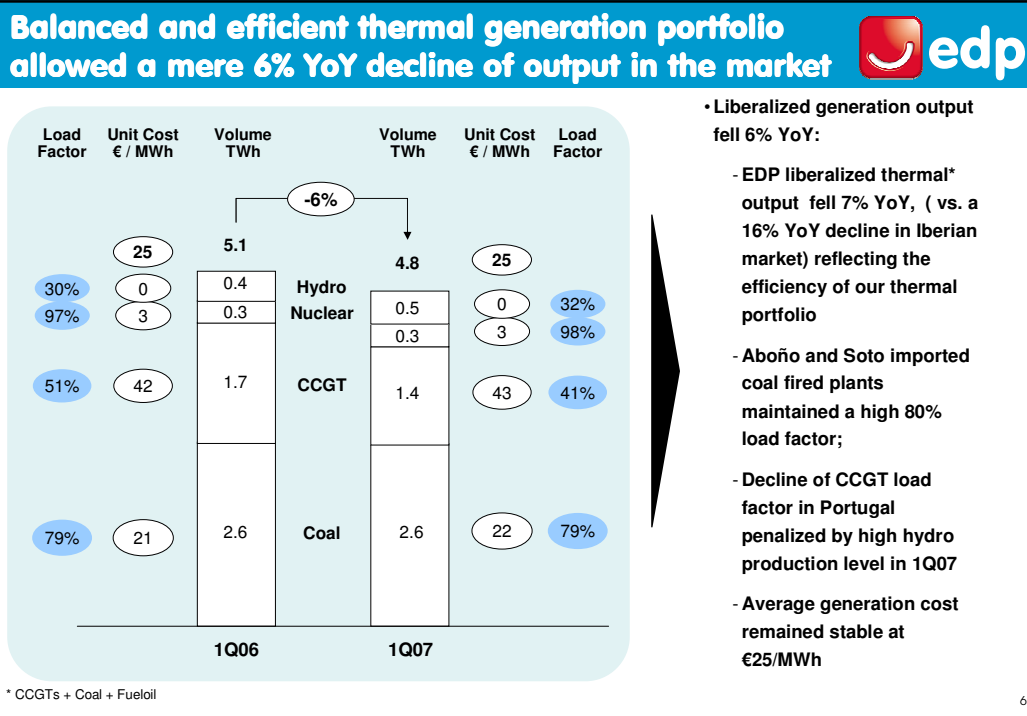
- Slowdown of Iberian electricity demand (1.5% YoY growth)
- Installed capacity in the Iberian market rose by 7% YoY:
 - + 17% in wind power; and
 - + 28% in CCGT
- 59% increase of hydro production (still below historical average)
- Strong decline of CO₂, oil and gas prices
- Pool prices fell by 43% YoY to €44/MWh in the 1Q07

Price Curve evolution Iberian Forward Market (OMIP)
€/MWh

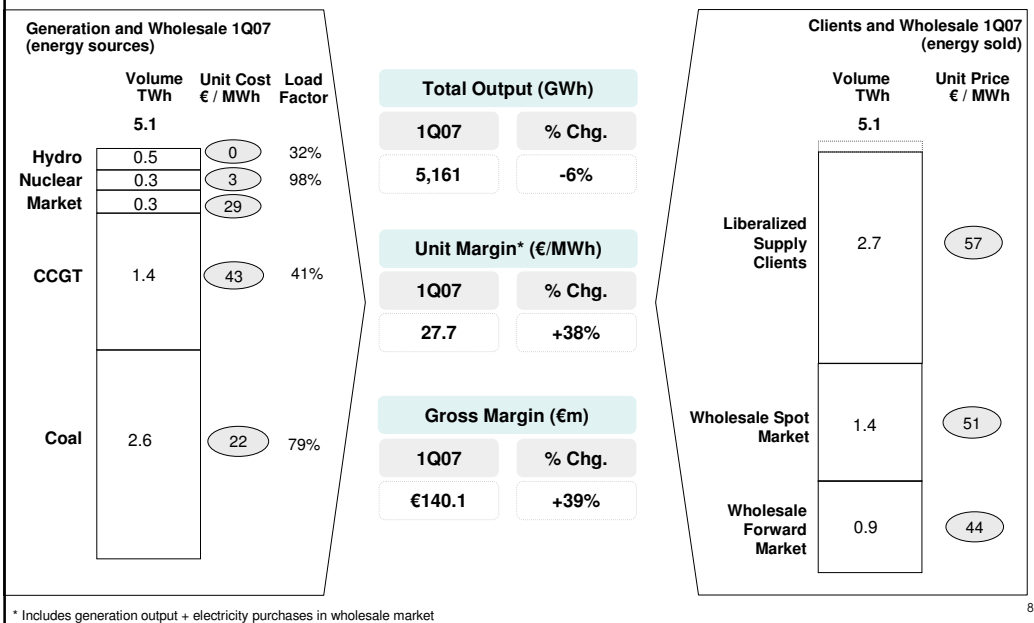


- Forward prices for the next quarters also decreased compared to market expectations in Dec-06, but ...
- ... anticipate a market recovery for the remaining of year 2007 and year 2008

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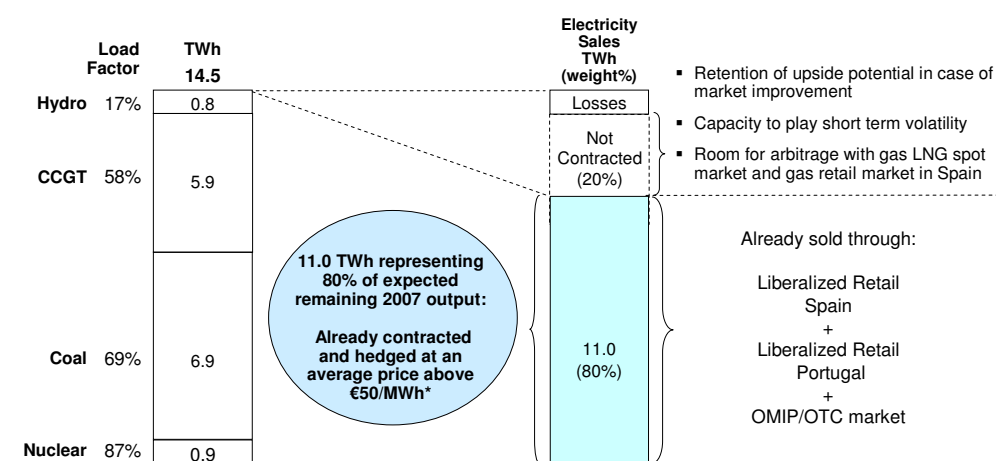


39% increase of integrated liberalized generation & supply gross margin, achieved in an adverse market environment



Forward contracting - 80% of output for the remaining 2007, 15% for 2008: clearly above current forward prices

Liberalized Generation output: Current Base case for the remaining 2007



Contracting of 2008 sales already started:

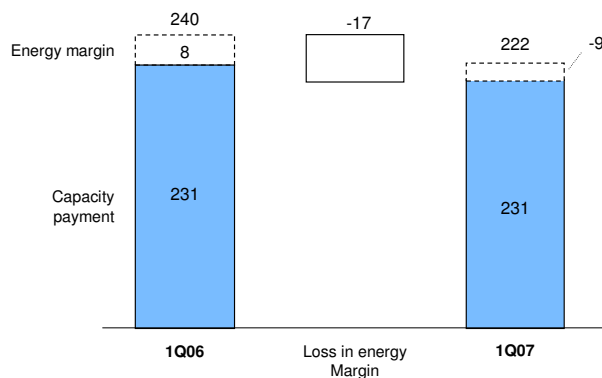
- 15% of 2008 expected liberalized generation output already sold and hedged: avg. price > €55/MWh*

* Before capacity payment

PPA gross profit penalized by one-off losses in fuel-oil procurement and delay in CPI update



PPA Generation Gross Profit
€ million



• One-off €9m loss in energy margin in 1Q07, driven by fueloil consumption at historical high prices

• Inflation update of the capacity payment component to take place only in 2Q07, but with retroactive impact on 1Q07

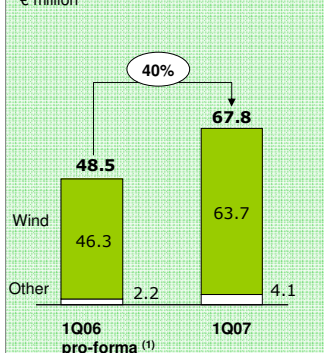
Low risk and no market-related business: PPAs represented 20% of 1Q07 gross profit
Implementation of CMECs system expected in 2H07, will maintain PPAs business profile

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40% growth in Iberian renewables gross profit driven by wind capacity and higher average load factors

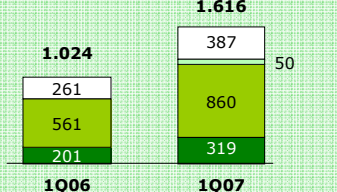


NEO Gross Profit: 1Q07 vs. 1Q06
€ million



⁽¹⁾ Excluding Waste and Biomass assets transferred to HC Energia in 2007

Wind Europe - Installed Capacity
MW



☐ MW Gross
☐ France MW Consolidated
☐ Spain MW consolidated
☐ Portugal MW consolidated

• +592 MW (+58%) of wind capacity vs. 1Q06 ...

• ...reflect into 1.6x growth in wind generation (+€27m)...

• ... with an average load factor in Spain of 35% in the 1Q07 vs. 30% in 1Q06...

Wind Europe - Generation & Load Factors

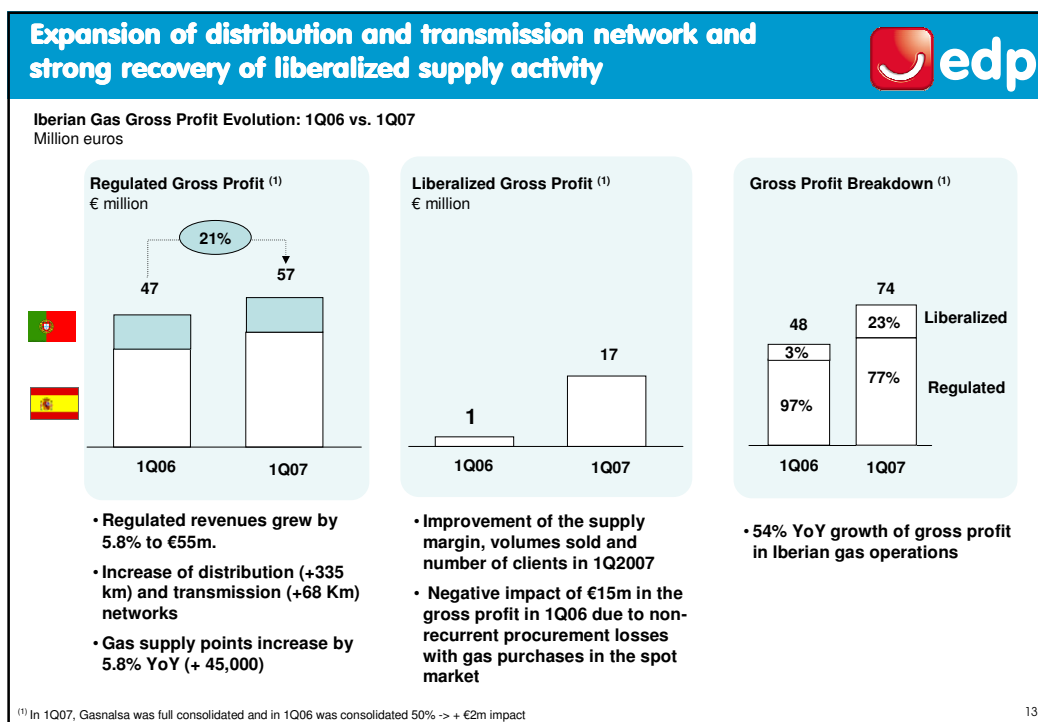
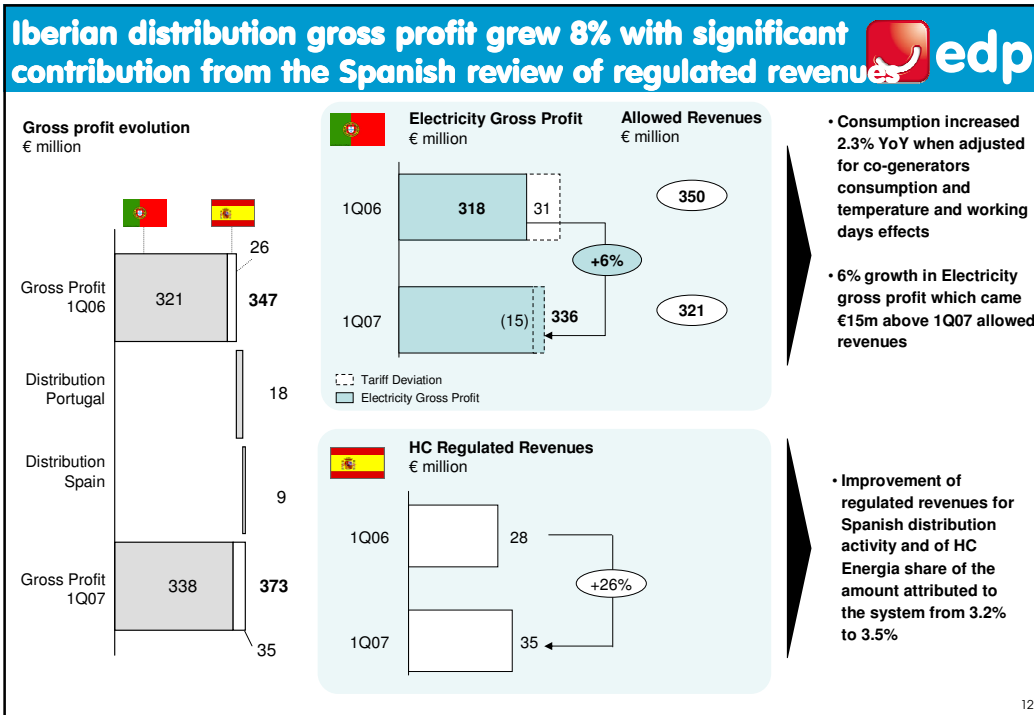
	1Q06	1Q07	% Chg.
Generation (GWh)	485	778	+60%
Load factor (%)	29%	32%	+3 pp

Wind Average tariffs
€/MWh

	1Q06	1Q07	% Chg.
Portugal	96	97	+1%
Spain	97	71	-26%
France	-	82	-

• ... which mitigated the negative impact from the decrease of the average pool price in Spain (-€14m)

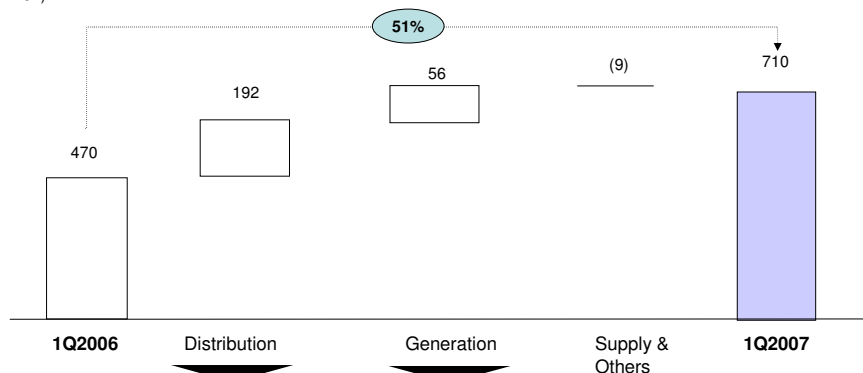
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Energias do Brasil gross profit benefited from the start of operations of Peixe Angical hydro plant



Energias do Brasil
(R\$ million)



- Increase in volumes distributed
- Recovery through tariffs of regulatory receivables accumulated in previous periods

- Installed capacity increased 100%: Peixe Angical (+452MW) and fourth unit of Mascarenhas (+50MW)

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Consolidated EBITDA rose 23% in the 1Q07 and remained stable at net income level



Income Statement
€ million

	1Q07	1Q06	Change	% Change
Gross Profit	1.142	1.012	130	+13%
EBITDA	705	575	130	+23%
Supplies & Services	155	168	(13)	-7%
Personnel Costs & Social Benefits	168	160	8	5%
Other Operat. Income/(Costs)	(113)	(109)	(4)	4%
EBIT	461	340	121	+36%
Financial Results and Income/ (Losses) from associated companies	(79)	26	(105)	n.a.
Net Income	241	237	4	2%
Capex	210	195		
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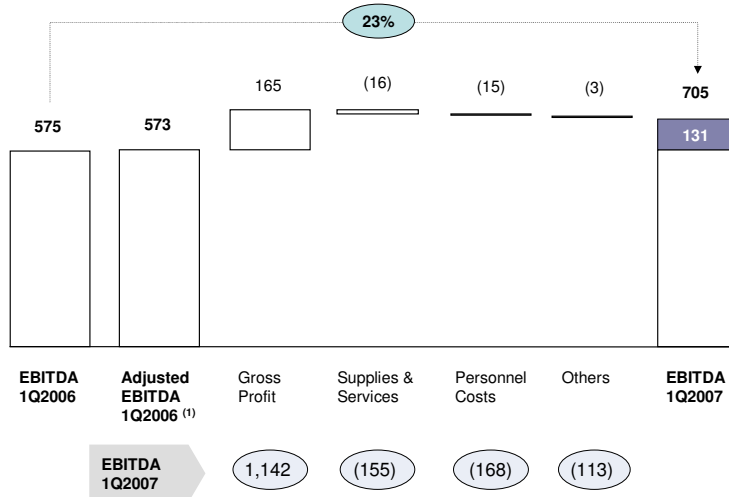
⁽¹⁾ Net Debt as of YE 2006

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EBITDA performance was supported by gross profit improvement



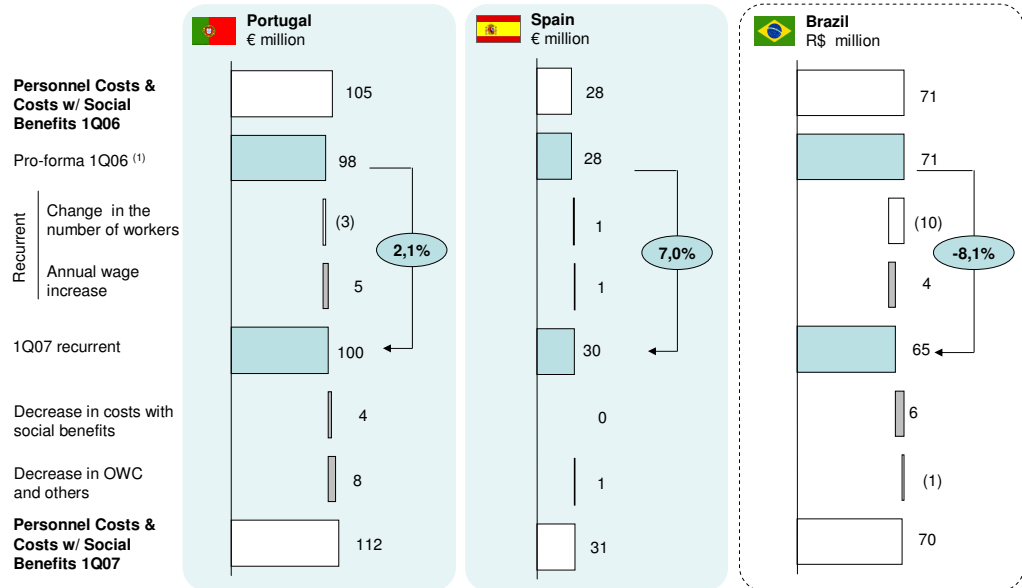
EBITDA Evolution: 1Q07 vs. 1Q06
€ million



⁽¹⁾ Change in consolidation perimeter resulting from the disposal of ONI

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Personnel costs remained under control Net reduction of 1.090 employees



⁽¹⁾ Change in consolidation perimeter — Sale of ONI

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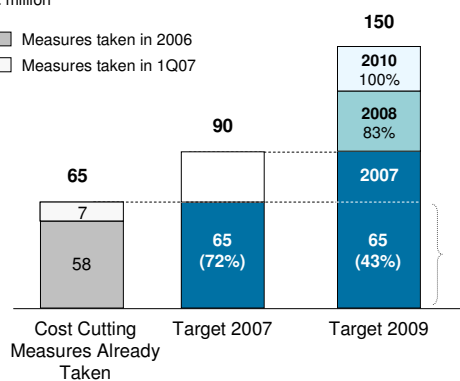
Efficiency Improvement: Decisions taken in 2006 and 1Q07 represent €65m of annual cost savings, on a recurrent base



OPEX savings

€ million

- Measures taken in 2006
- Measures taken in 1Q07



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:

€30m annualised cost savings to be provided by:

- Net Headcount reduction (between Dec-05 and Mar-07):
 - 357 employees in Brazil
 - 339 employees in Iberia

Supplies & services:

€35m annualised cost savings to be provided by:

- IT services restructuring measures
- More efficient real estate usage
- Integrated insurance management
- New fuel procurement contracts
- Marketing & advertising consolidation
- Promotion of intra-group services

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Strong EBITDA growth in all main business areas

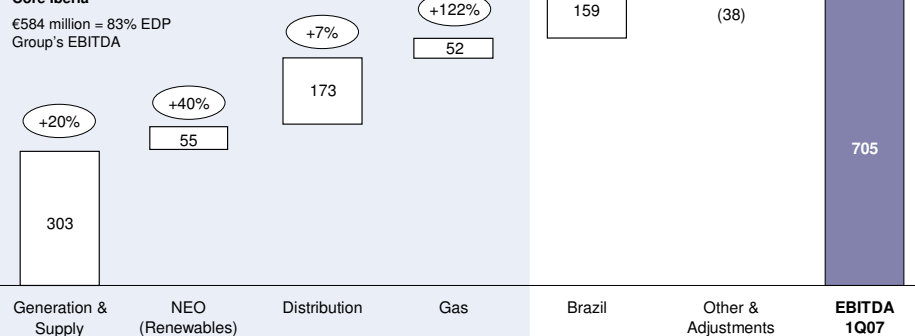


EBITDA by business area

€ million

Core Iberia

€584 million = 83% EDP Group's EBITDA



- Consolidated EBITDA grew 23% YoY supported on a 19% growth of Iberian energy business.
- Generation & supply EBITDA rose 20% YoY to €303m following the successful hedging strategy.
- Wind gross installed capacity in Portugal, Spain and France increased 58% YoY to 1,616MW

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€ million

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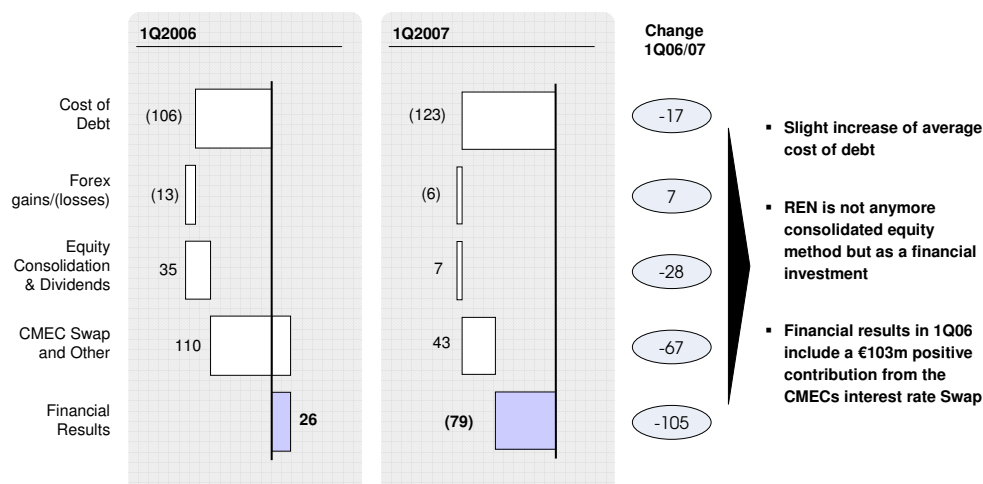
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CMEC's interest rate swap in 2006 and lower contribution of REN's equity in 1Q2007



Financial Results and Income/(Losses) from Group and Associated companies

€ million

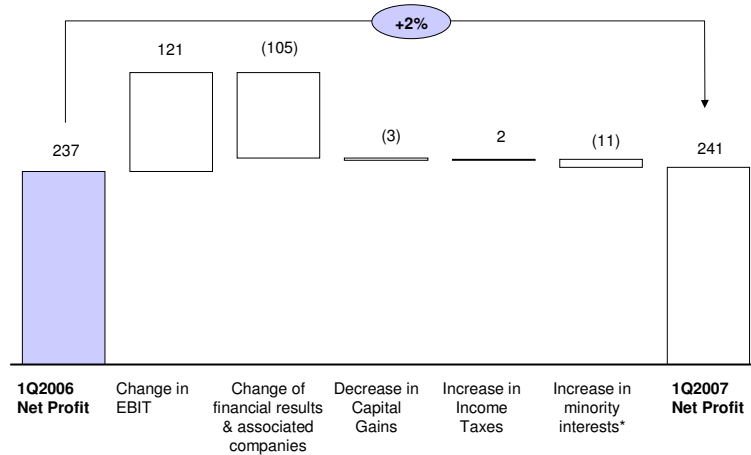


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Net profit increases 2% YoY to €241m in 1Q07



Net Profit Evolution: 1Q06 vs. 1Q07
€ million



Net profit in 1Q06 includes €103m non-recurrent financial result from CMEC interest rate swap

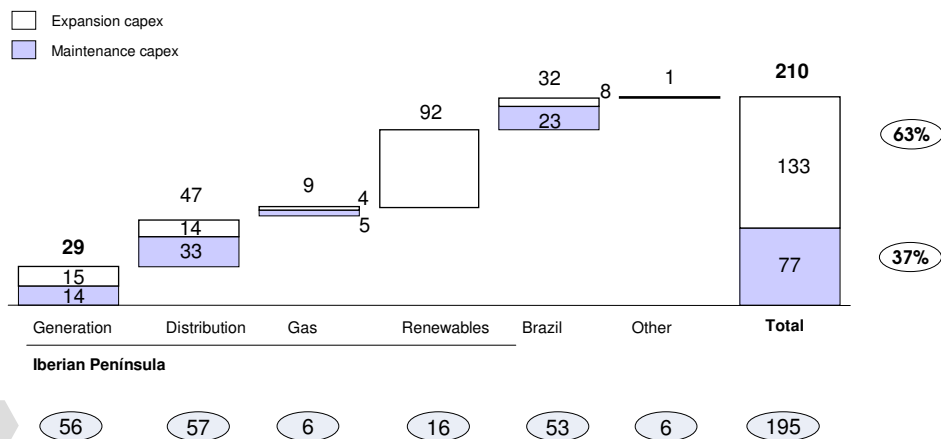
* Accounts with increase of Enerpeixe's activity (owned in 60%)

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Consolidated capex increases 8% YoY in 1Q07 expansion investments represent 63% of total

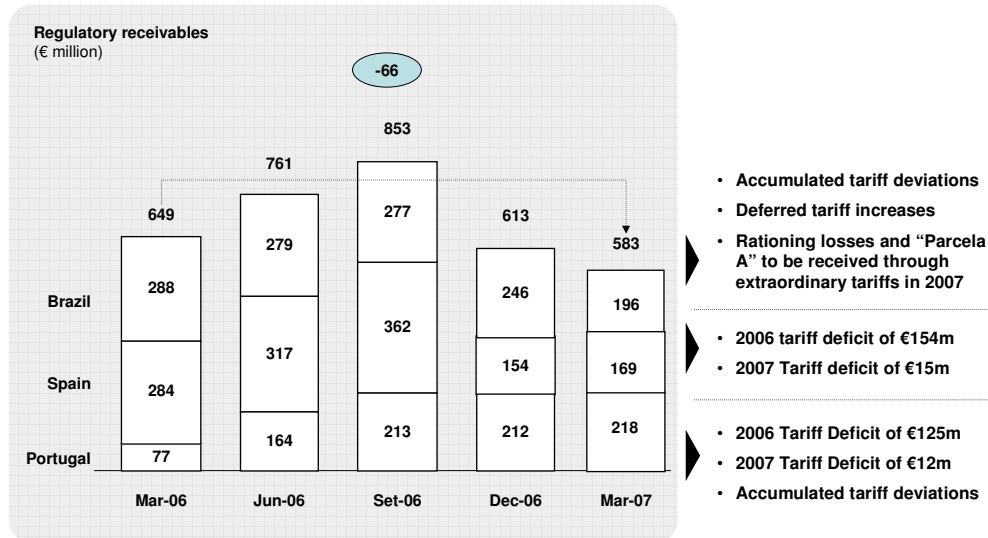


EDP Consolidated Capex
€ million



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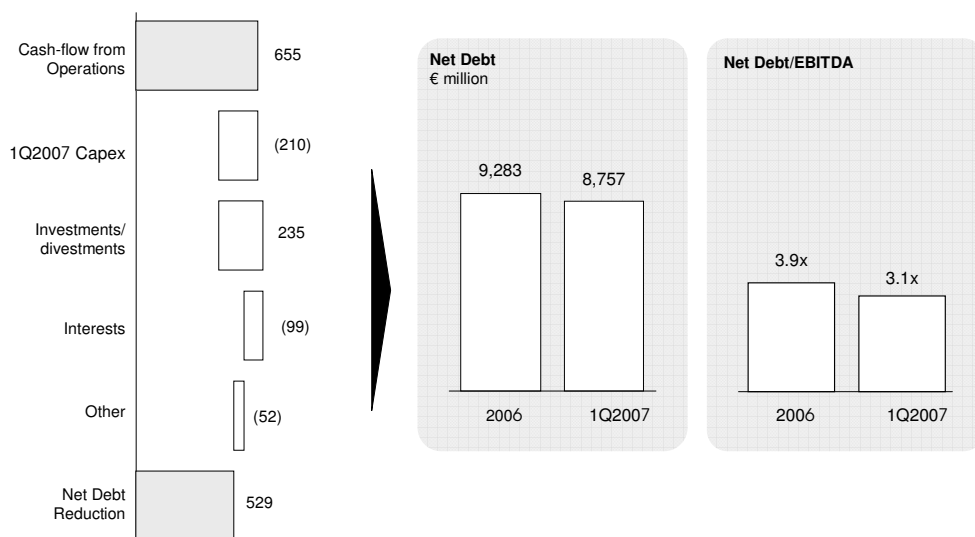
Regulatory receivables to be recovered by EDP through tariffs over next years decreased €66m in 1Q07 to €568m.



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Net Debt fell 5% in 1Q07, reflecting the strong improvement of cash flow generation in core-business

Consolidated Net Debt Dec-2006 vs. 1Q2007
€ million



25

