



# EDP

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## 2009 Results Presentation

 **Dow Jones  
Sustainability Indexes**  
Member 2009/10

**March 5<sup>th</sup>, 2010**

# 2009: Highlights of the period



**EBITDA: €3,363m, +7% YoY**

**Liberalized activities EBITDA +61% YoY: Successful hedging strategy**

Higher sales to clients; Portfolio optimisation based on the flexibility of our generation fleet

**Installed capacity: +11% YoY backed by 25% increase in wind**

60% of EDP installed capacity by Dec-09 is Wind & Hydro

**Brazil: Strong recovery in 4Q09 (EBITDA 4Q09 +51% YoY)**

Electricity distributed -4% in 2009, +7% in 4Q09, appreciation of BRL/EUR in 4Q09

**€109m cost savings achieved in 2009: above the target for 2009 (€96m)**

Opex/gross profit of 28%: operating costs flat YoY

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

# 2009: Highlights of the period



**Net Profit: €1,024m, -6% YoY;  
Net Profit: +11% YoY adjusted for non-recurrent items in 2008**

**Net interest costs down 33% YoY**  
Average cost of debt fell from 5.6% in 2008 to 4.0% in 2009

**Comfortable liquidity position**  
€4.6bn of cash and liquidity facilities available by Dec-09

**Capex: €3,235m in 2009: 79% in expansion; 83% of expansion in wind and hydro**  
€2.2bn already invested in 3.2GW under construction by Dec-09 (16% of EDP total capacity)

**Net debt stable YoY at €14.0bn by Dec-09**  
Net debt/EBITDA 3.9x <sup>(1)</sup>

**Execute attractive growth opportunities + Efficient capital management**  
**Maintaining low risk + high growth profile**

<sup>(1)</sup> Adjusted for regulatory receivables and payment on December 31<sup>st</sup> 2009 of the acquisition of gas assets from Gas Natural.

# 2009 Financial Headlines



(€ million)	2008	2009	% Chg.
<b>EBITDA</b>	<b>3,155</b>	<b>3,363</b>	<b>+7%</b>
<b>Net Profit</b>	<b>1,092</b>	<b>1,024</b>	<b>-6%</b>
<b>Adjusted Net Profit</b>	<b>925</b>	<b>1,024</b>	<b>+11%</b>
<b>Capex</b>	<b>3,618</b>	<b>3,235</b>	<b>-11%</b>
<b>Net Debt (€bn)</b>	<b>13.9</b>	<b>14.0</b>	<b>+1%</b>
<b>Net Debt / EBITDA (x)</b>	<b>4.4x</b>	<b>4.2x</b>	<b>-</b>
<b>Adjusted Net Debt <sup>(1)</sup> / EBITDA (x)</b>	<b>3.8x</b>	<b>3.9x</b>	<b>-</b>

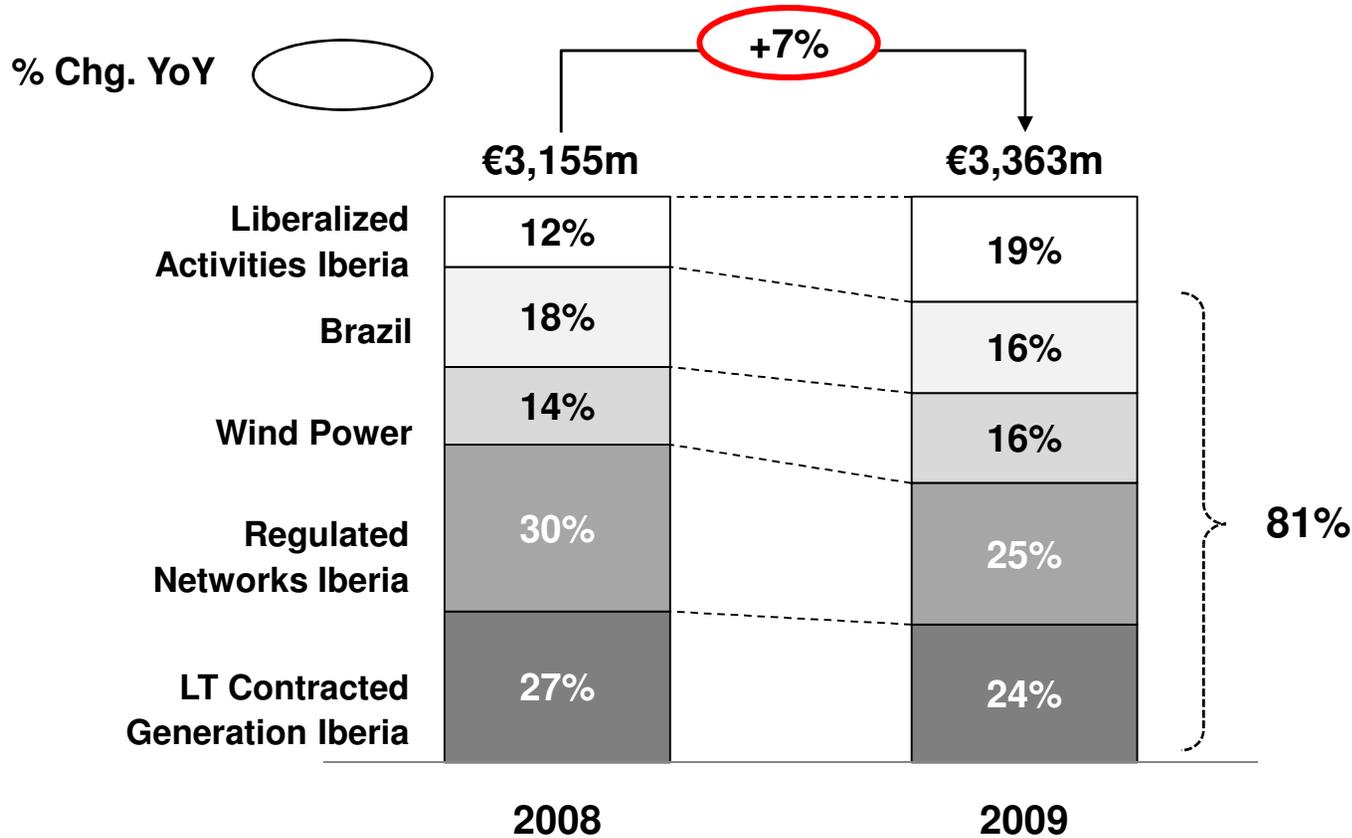
**Net profit ex-non recurrent items: +11% YoY**  
**Profitable growth maintaining a low risk and sound capital structure**

<sup>(1)</sup>Excluding Regulatory Receivables and the acquisition of gas assets from Gas Natural

# 2009 EBITDA Breakdown



81% of 2009 EBITDA came from regulated and LT contracted activities



Specialization accounting issues explain declines in regulated networks and LT Contracted

# EBITDA excluding non recurrent items: +13%



EDP Group (€ million)	2008	2009	% Chg.
<b>Reported EBITDA</b>	<b>3,155</b>	<b>3,363</b>	<b>+7%</b>
Portugal Distribution Tariff Adjust. <sup>(1)</sup>	-195	-15	-
-----			
Brazil Distribution Tariff Adjust. <sup>(1)</sup>	-23	-26	-
-----			
HR Restructuring Costs	49	40	-
<b>Adjusted EBITDA</b>	<b>2,986</b>	<b>3,361</b>	<b>+13%</b>

**13% EBITDA growth without non recurrent items**

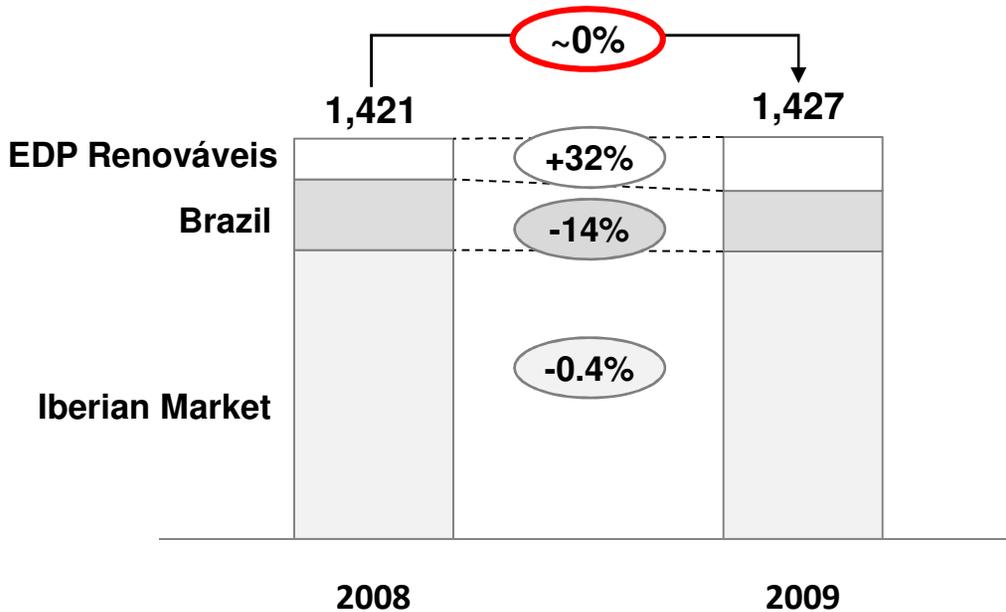
<sup>(1)</sup> Adjusted for previous years tariff adjustments and deviations

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



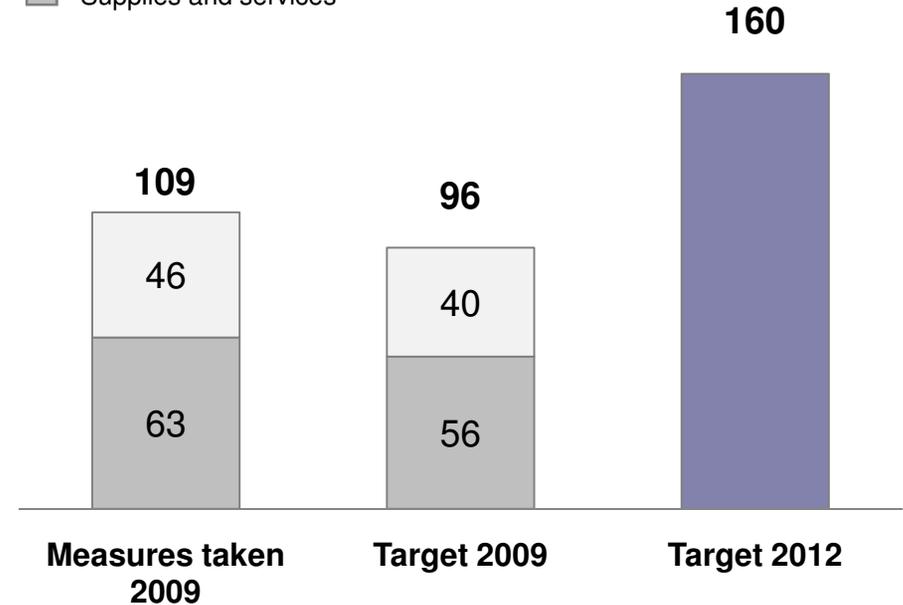
## Controllable Operating Costs <sup>(1)</sup> – EDP Group (€ million)

○ % Chg. YoY



## Efficiency Program 2008-12 annual savings <sup>(2)</sup> (€ million)

□ Human Resources  
■ Supplies and services



- Iberia : Procurement & integration savings
- Brazil: Higher efficiency and asset swap
- Growth in EDPR reflects capacity increase

**Cost savings achieved in 2009:  
€13m above target**

<sup>(1)</sup> Personnel Costs & Social Benefits + Supplies & Services ex HR restructuring costs

<sup>(2)</sup> Savings measured regarding the 2007 cost base



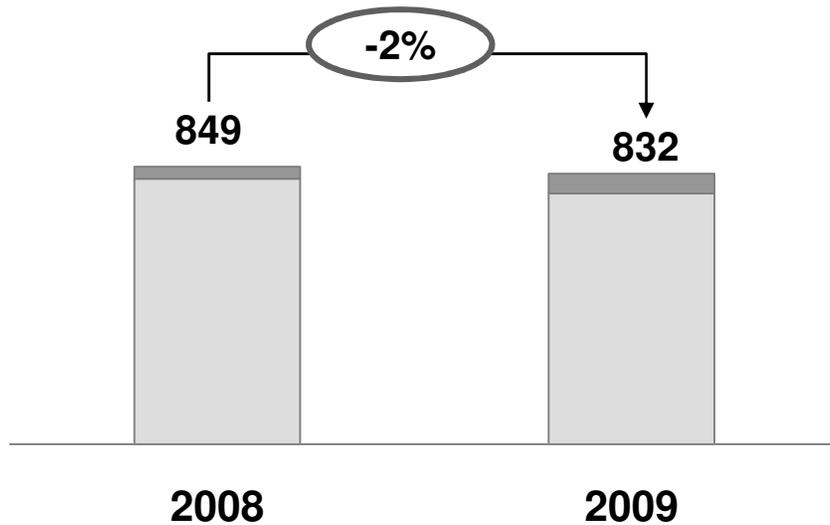
# **Business Areas**

# Long Term Contracted Generation Iberia (24% of EBITDA): PPA/CMECs with stable Return on Assets of 8.5%

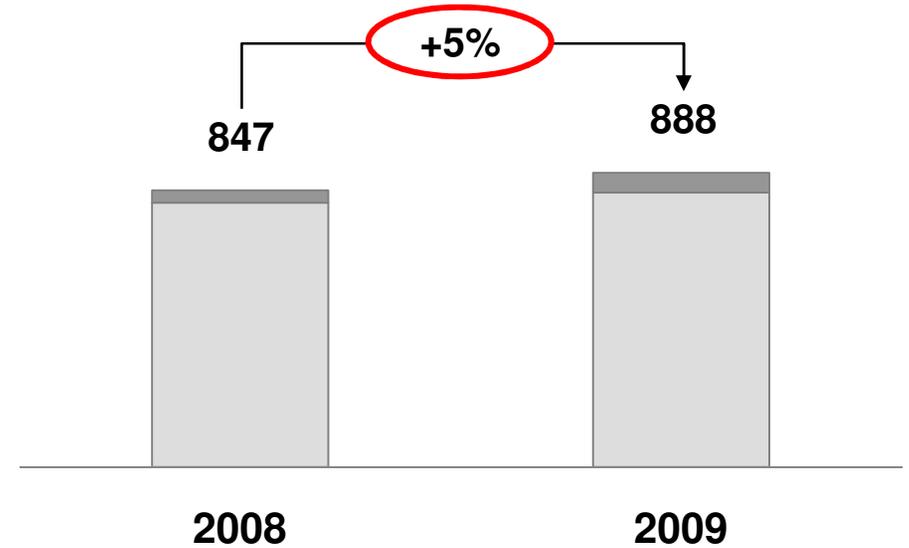


**EBITDA Reported**  
(€ million)

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



**EBITDA adjusted <sup>(2)</sup>**  
(€ million)



**(-) Fuel procurement: -€44m YoY (hedged)**  
**(+) Positive impact in financial results backed by hedging**

**(+) Desox investments: +€23m YoY**  
**(+) Mini-hydro output: +117% YoY**  
**(+) Higher availability of plants: +€7m YoY**

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

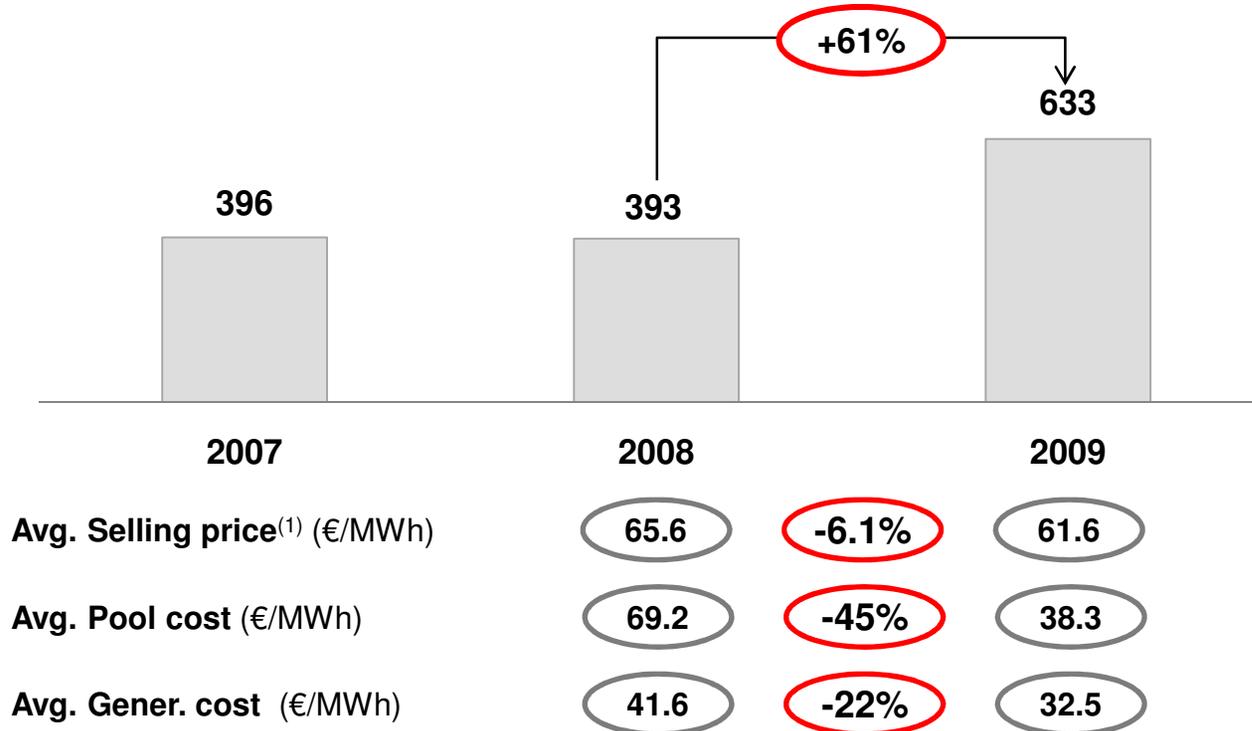
<sup>(2)</sup> Excluding non recurrent items mainly: -€34m in fuel

procurement in 2009 (vs +€10m 2008), +€3.8m in 2008 on adjustment of 2007 PPA margin, -€22m in 2009 from RH restructuring costs (vs €12m cost in 2008)

# Liberalised Energy Activities Iberia (19% EBITDA)



**EBITDA Liberalised Activities**  
(€ million)



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

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

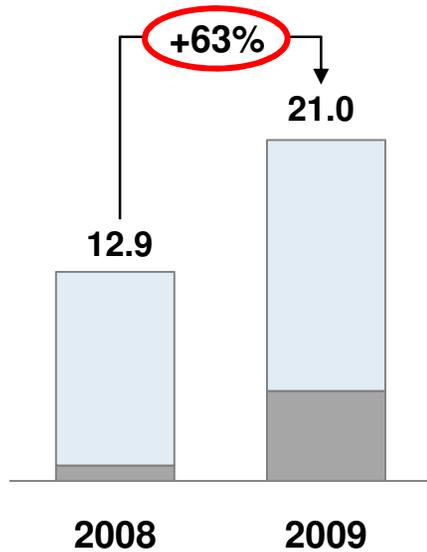
# Liberalised Electricity & Gas Supply in Portugal & Spain



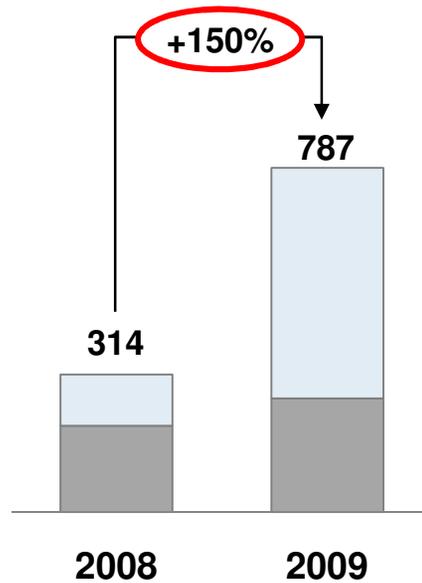
## Electricity Liberalized Supply – Portugal & Spain

### Volume Sold (GWh)

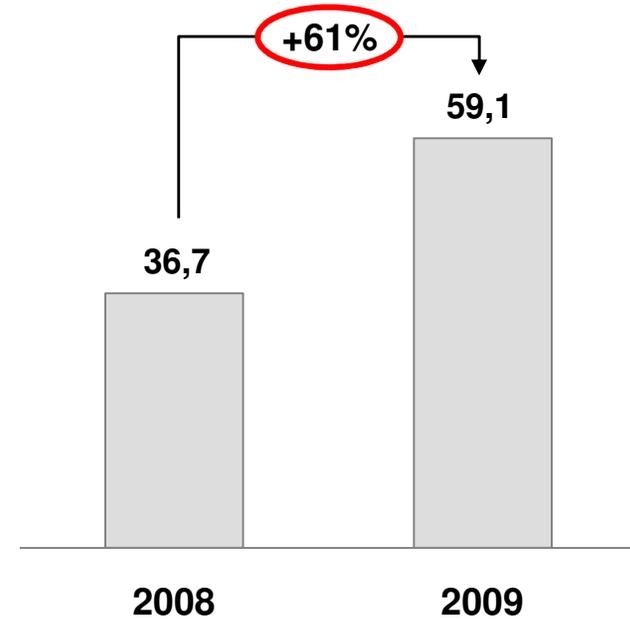
■ Portugal ■ Spain



### # Clients ('000)



## Gas Supply in Iberia – EBITDA (€ million)



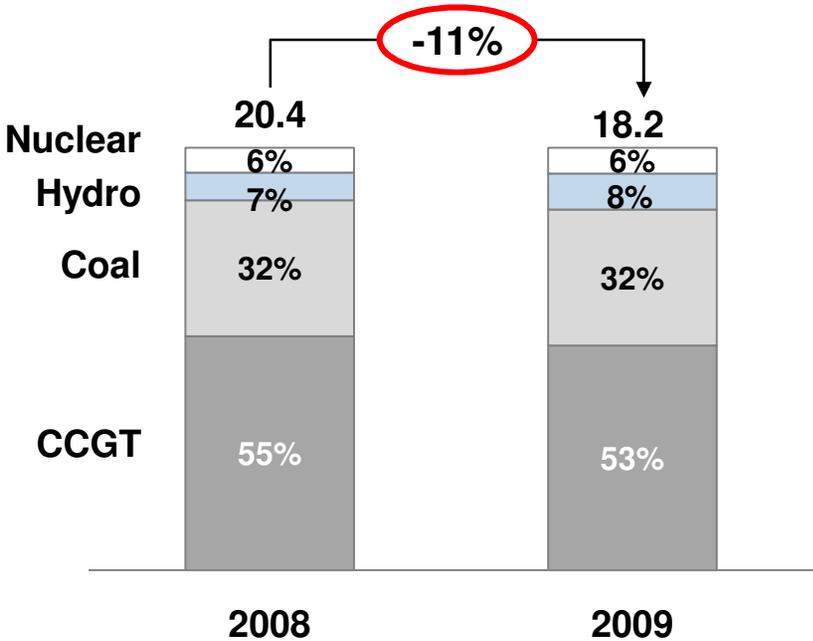
- Growth prompted by liberalisation and low pool prices
- Higher growth in number of clients reflects growth in residential segment

- Higher weight in residential segment than Spanish average
- Improvement of unit margins in 2009 vs. 2008

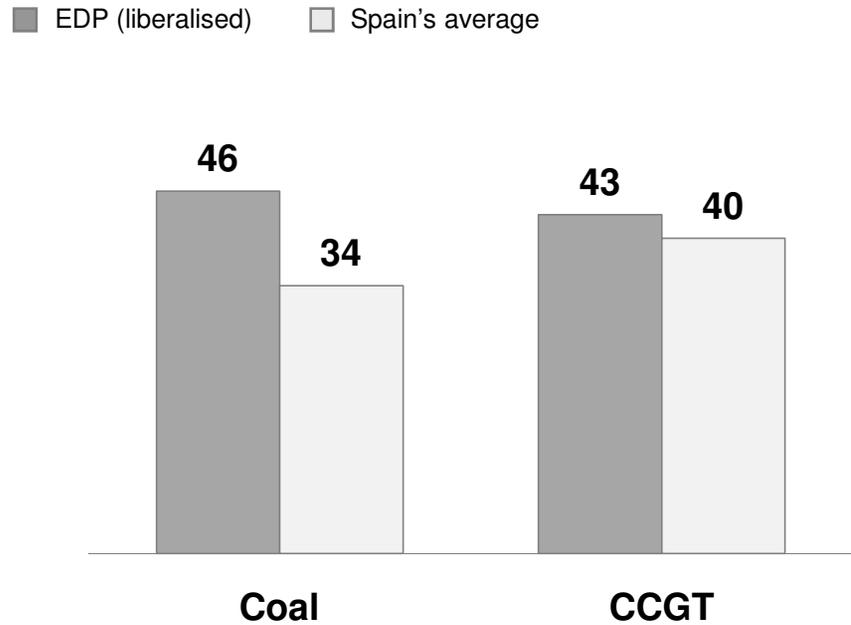
# Liberalised Power Plants Iberia: A Portfolio with flexibility



**EDP Liberalised Power Plants Iberia – Production (TWh)**



**EDP vs. Spain – Load factors in 2009 (%)**



- Lower output stems from portfolio optimisation: higher purchases in the pool on low prices
- Flexibility: Low pressure from take-or-pay gas contracts leaves room to optimise portfolio

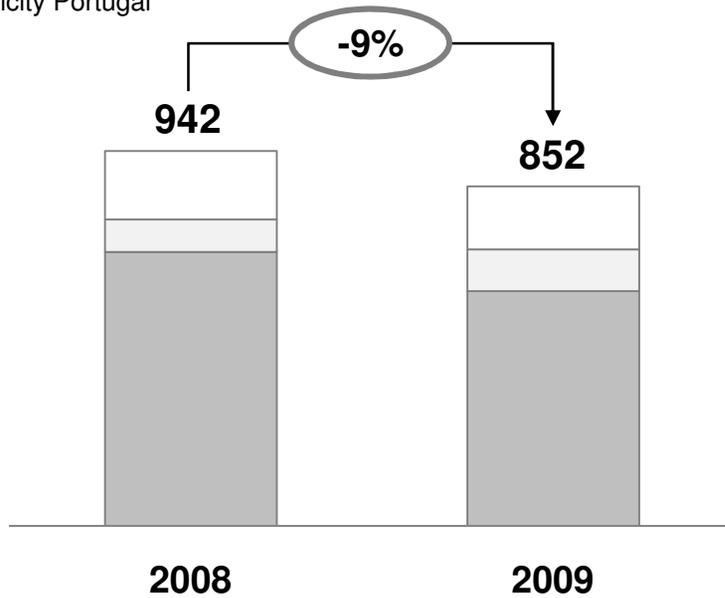
- CCGTs benefit from lower reserve margins in Portugal
- Coal: benefiting with burnt of blast furnace gases

# Regulated Energy Networks Iberia (25% of EBITDA)



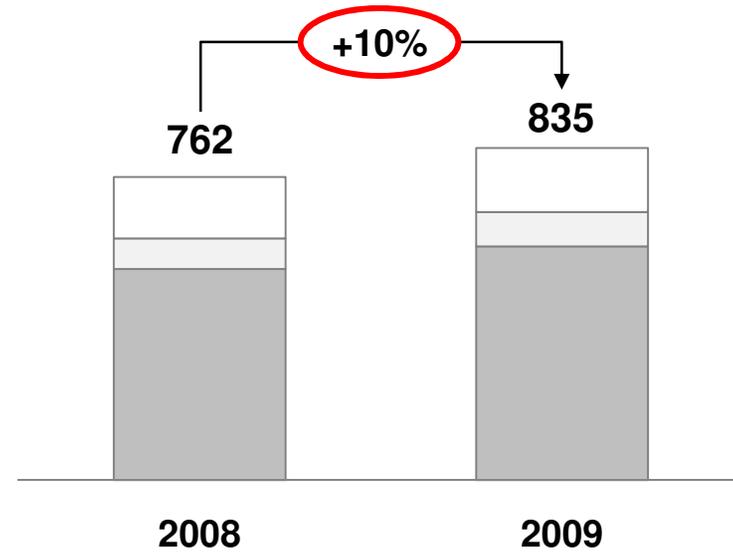
**Reported EBITDA**  
(€ million)

- Gas Iberia
- Electricity Spain
- Electricity Portugal



**Adjusted EBITDA <sup>(1)</sup>**  
(€ million)

- % Chg. YoY



**Regulated revenues increased 5% YoY**

**Controllable operating costs (supplies & services + personnel costs) down 0.2% YoY**

**HR Restructuring costs of €13m in 2009 vs. €38m in 2008**

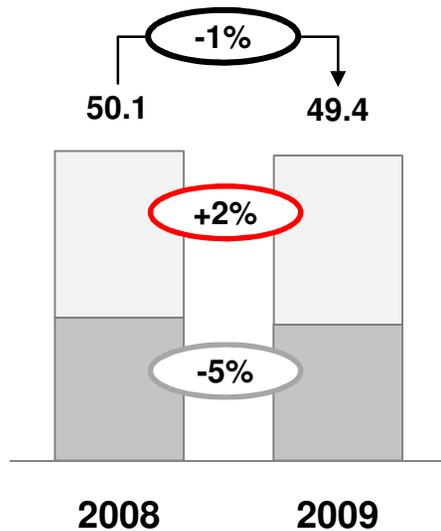
(1) Electricity Portugal: adjusted for previous years tariff adjustments (2008: €195m, 2009: €15m) and HR Restructuring Costs; Electricity Spain: adjusted for recognition of upfront connection fees (2009: €17m) and other; Gas Spain: adjusted for recognition of upfront connection fees (2008: €14m) and other

# Regulated Energy Networks Iberia: Demand with low impact on regulated revenues, efficiency improvements

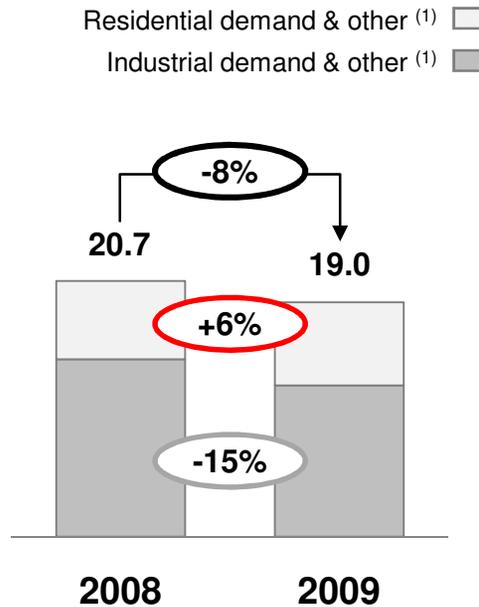


Energy Distributed in Regulated Networks (TWh)

Electricity Portugal

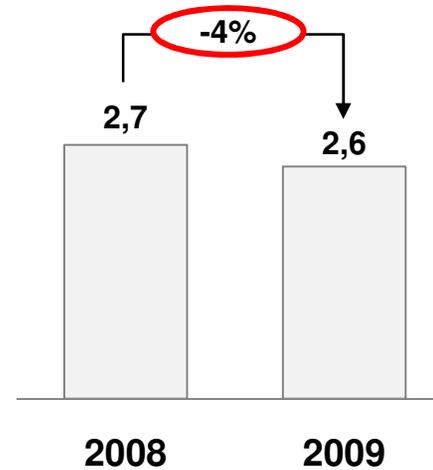


Gas Spain

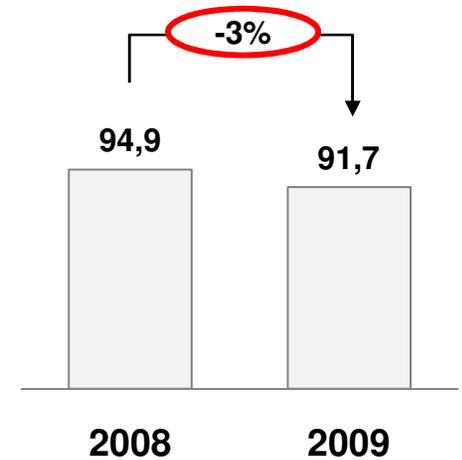


Electricity Distribution: Efficiency Ratios (€)

Opex<sup>(2)</sup>/Km Network



Opex<sup>(2)</sup>/Client Connected



**Residential segment:** steady demand growth  
**Industrial demand:** crisis impact, more stable in 4Q  
**No material impact on regulated revenues**

**Continuous improvement of efficiency levels**

(1) Residential & other include low voltage electricity distribution and low pressure gas distribution, industrial & other include normal voltage in electricity distribution and high pressure in gas distribution  
 (2) Supplies & Services, Personnel Costs and Costs with Social Benefits (excluding HR Restructuring costs)

# EDP Renováveis (16% of EBITDA)



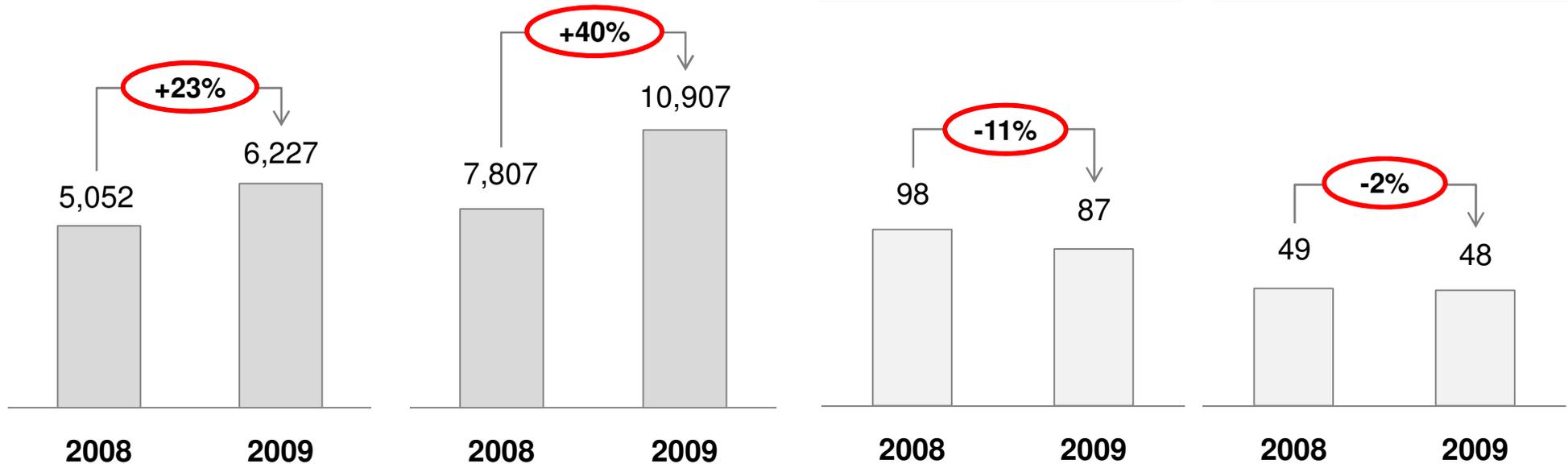
**Installed Capacity**  
(Gross MW)

**Output**  
(GWh)

**Average Selling Prices**

**Europe (€/MWh)**

**USA (\$/MWh)**



## EBITDA +24% YoY:

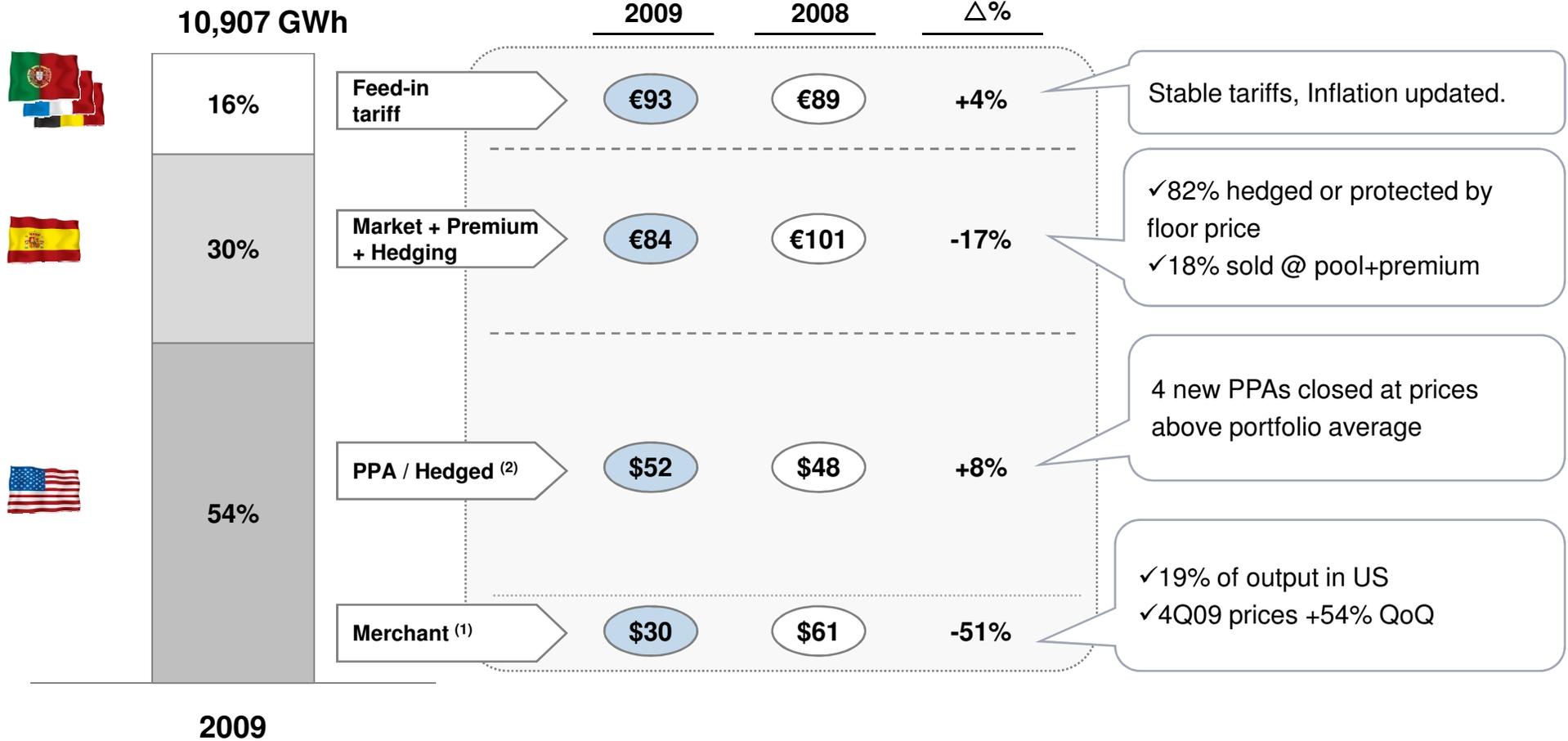
- Installed capacity to 6,227 Gross MWs (3<sup>rd</sup> largest world operator)
- Decline of average selling prices in Spain and US

# Wind power prices



## Production Breakdown

## Avg. Selling Price per MWh



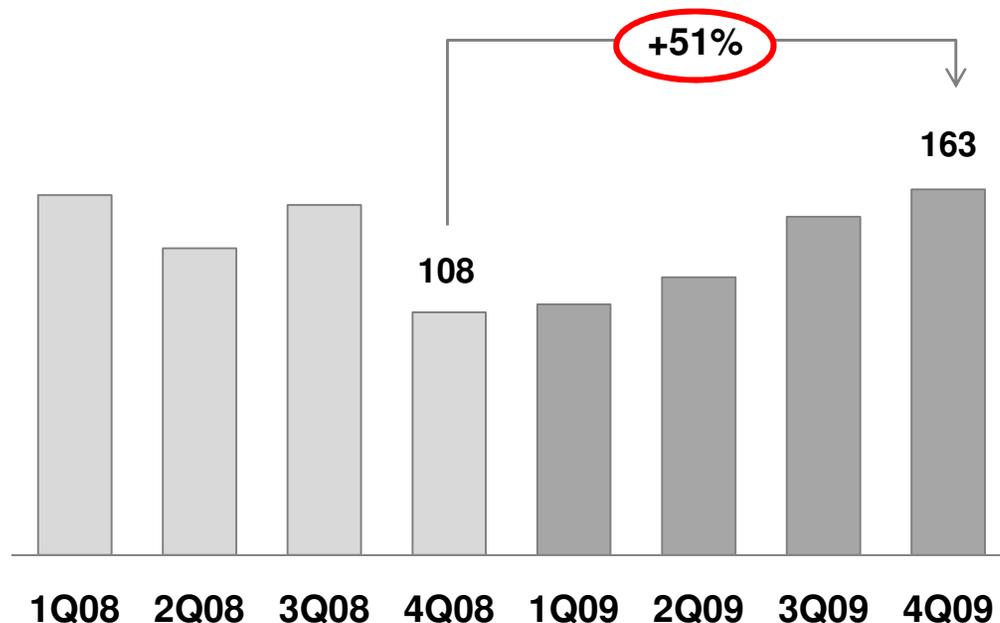
**84% of production in 2009 sold with no market risk**

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

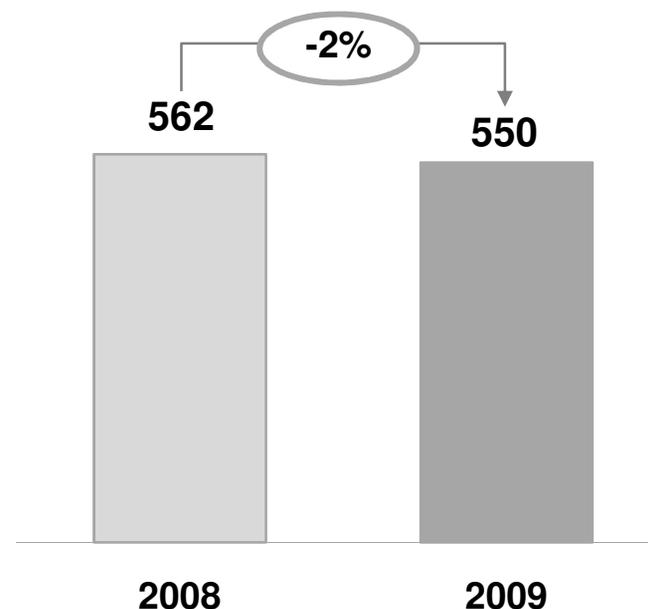
# Brazil (16% of EBITDA)



Evolution of Quarterly EBITDA of EDP Brasil  
(€ millions)



Evolution of Annual EBITDA of EDP Brasil  
(€ millions)



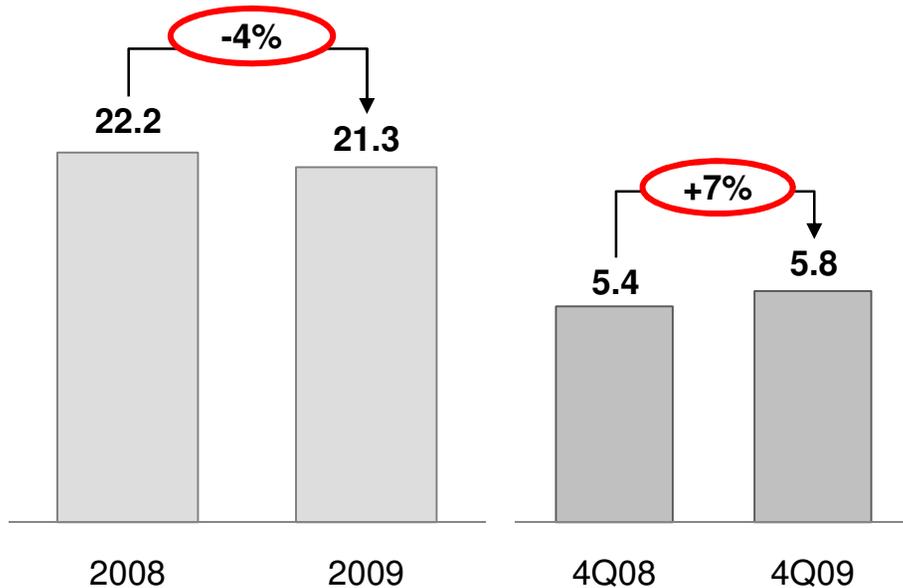
- 4Q08 and 1H09 penalised by decline in the energy consumption and currency depreciation
- Strong recovery in the 4Q09: Electricity distribution +7% in 4Q09 vs. -4% in 2009
- Real vs. Euro: -3.2% YoY in 2009; +11.5% YoY in 4Q09

# Brazil: Evolution of energy demand and BRL/EUR in 2009



## Electricity Distributed (TWh)

Bandeirante & Escelsa Concession Areas



## BRL/EUR: Year-to-Date

○ Average in the year

○ Average in the 4Q



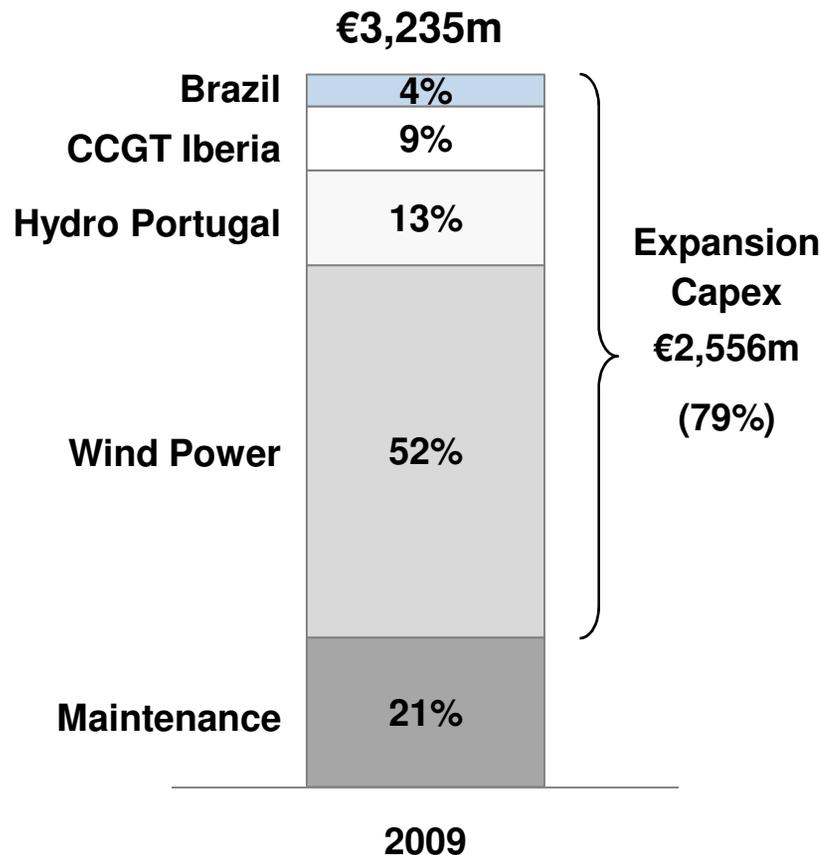
Industrial Segment: Signs of recovery of energy demand  
+5% from 3Q09 to 4Q09 (vs. -1% from 3Q08 to 4Q08)

**BRL/EUR: Favorable recent performance**



# **Consolidated Financials**

# Consolidated Capex 2009: 79% in expansion; 83% of expansion capex was wind and hydro power



## Wind Power: €1,690m <sup>(1)</sup>

- 40% in US, 33% in Spain, 27% in RoEurope
- 73% on projects concluded and 27% on projects ongoing

## Hydro Power Portugal: €402m

- Fridão /Alvito concession right: €232m
- 1,677MW under construction: €162m

## New CCGTs Iberia: €246m

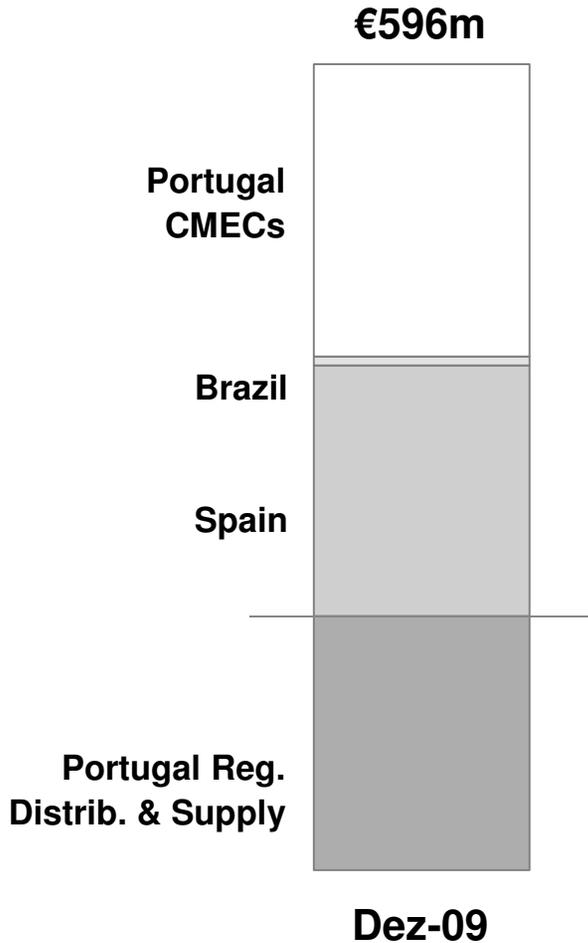
- Portugal, 863MW: concluded in Nov-09
- Spain, 424MW: commissioning by 1Q2011

## Brazil New Generation Plants with PPAs: €131m

**by Dec-09 €2.2bn were already invested on the 3.2GW of capacity still under construction (representing 16% of EDP's capacity by Dec-09)**

<sup>(1)</sup> Net of Cash Grants received in 2009 (€156m)

# Net Regulatory Receivables by Dec-09



## Regulatory Receivables from CMECs: €585m

- €395m created in 2009 (low hydro production and low electricity prices).
- c€286m expected to be recovered during 2010, remaining in 2011.

## Spanish Tariff Deficit: €501m

- c€330m included in the ongoing securitization process
- €172m created in 2009 (to be securitized later)

## Portugal last resource supply & distribution net surplus: €509m

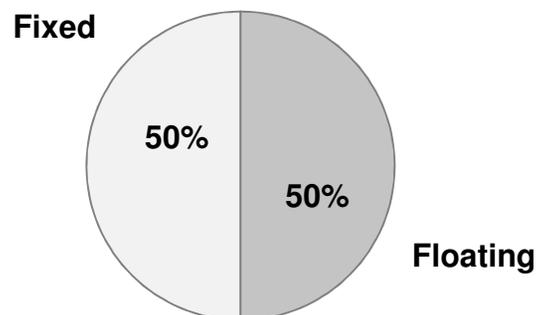
- €809m positive deviation created in 2009 due to lower than expected electricity prices: to be paid back to consumers mostly in 2010
- €300m negative from previous years & other: mostly to be recovered in 2010.

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

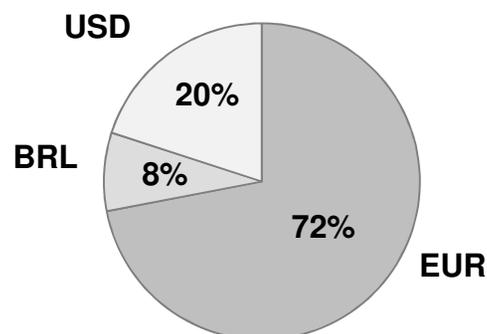
# EDP Consolidated Net Debt



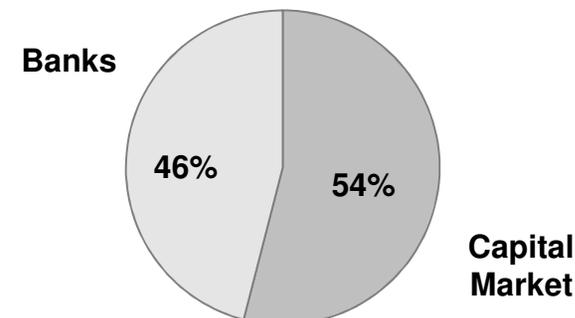
### Debt by Interest Rate Term



### Debt by Currency



### Debt by Source of Funds



	2008	2009
Net Debt/EBITDA	4.4x	4.2x
<hr style="border-top: 1px dashed black;"/>		
Net Debt/EBITDA Adjusted <sup>(1)</sup>	3.8x	3.9x

	Rating	Last Rating Action
Standard & Poors	A-/Negative/A2	04/08/2009
Moody's	A3/Stable/P2	09/06/2009
Fitch	A-/Stable/F2	06/02/2009

**Consolidated Net debt flat YoY at €14.0bn by Dec-09**

<sup>(1)</sup> Adjusted for regulatory receivables and payment of gas assets acquired from Gas Natural on December 31<sup>st</sup> 2009

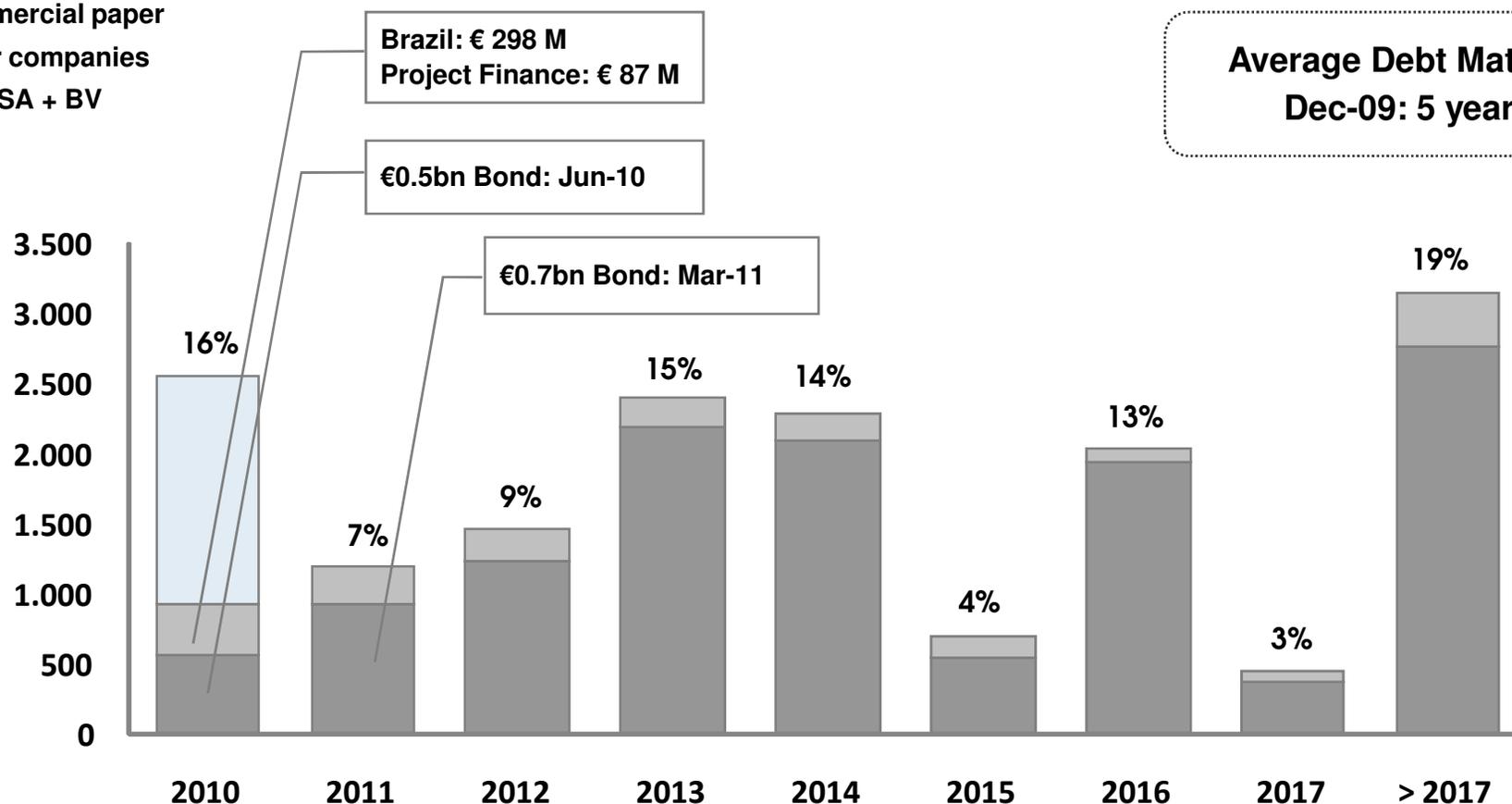
# EDP consolidated debt maturity profile



## EDP consolidated debt maturity profile (December 31, 2009)

(€ million)

- Commercial paper
- Other companies
- EDP SA + BV



**€4.6bn of cash and liquidity facilities available by Dec-09**

# EDP main sources and uses of funds in 2009-2011



## Sources of funds

• Cash & Equivalents (Dec-09):	€2.3bn
• Available Credit Lines (Dec-09):	€2.3bn
<b>Total:</b>	<b>€4.6bn</b>

## 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
<b>Total:</b>	<b>€1.2bn</b>

**Comfortable liquidity position**



# Recurrent Net Profit up 11% YoY

(€ million)	2008	2009	Δ %	Δ Abs.
<b>EBITDA</b>	<b>3,155</b>	<b>3,363</b>	<b>+7%</b>	<b>+208</b>
Net depreciations & provisions	(1,225)	(1,393)	+14%	-168
<b>EBIT</b>	<b>1,930</b>	<b>1,970</b>	<b>+2%</b>	<b>+40</b>
Net Interest Costs	(722)	(481)	-33%	+240
-----				
Other <sup>(1)</sup>	287	80	-72%	-208
-----				
Income Taxes	(284)	(400)	+41%	-116
-----				
Minority Interests	(120)	(144)	+20%	-24
<b>Reported Net Profit</b>	<b>1,092</b>	<b>1,024</b>	<b>-6%</b>	<b>-68</b>
<b>Recurring Net Profit <sup>(2)</sup></b>	<b>925</b>	<b>1,024</b>	<b>+11%</b>	<b>+99</b>

11% Increase of Installed Capacity

Avg. cost of debt:  
down from 5.6% in 2008 to 4.0% in 2009

2008: €405m gain EDPR IPO and  
€267m loss from BCP and SonaeCom

Abnormally low effective tax rate in 2008  
due to non taxable gain on EDPR IPO

Strong improvement of results from Brazil  
and EDPR IPO in Jun-08

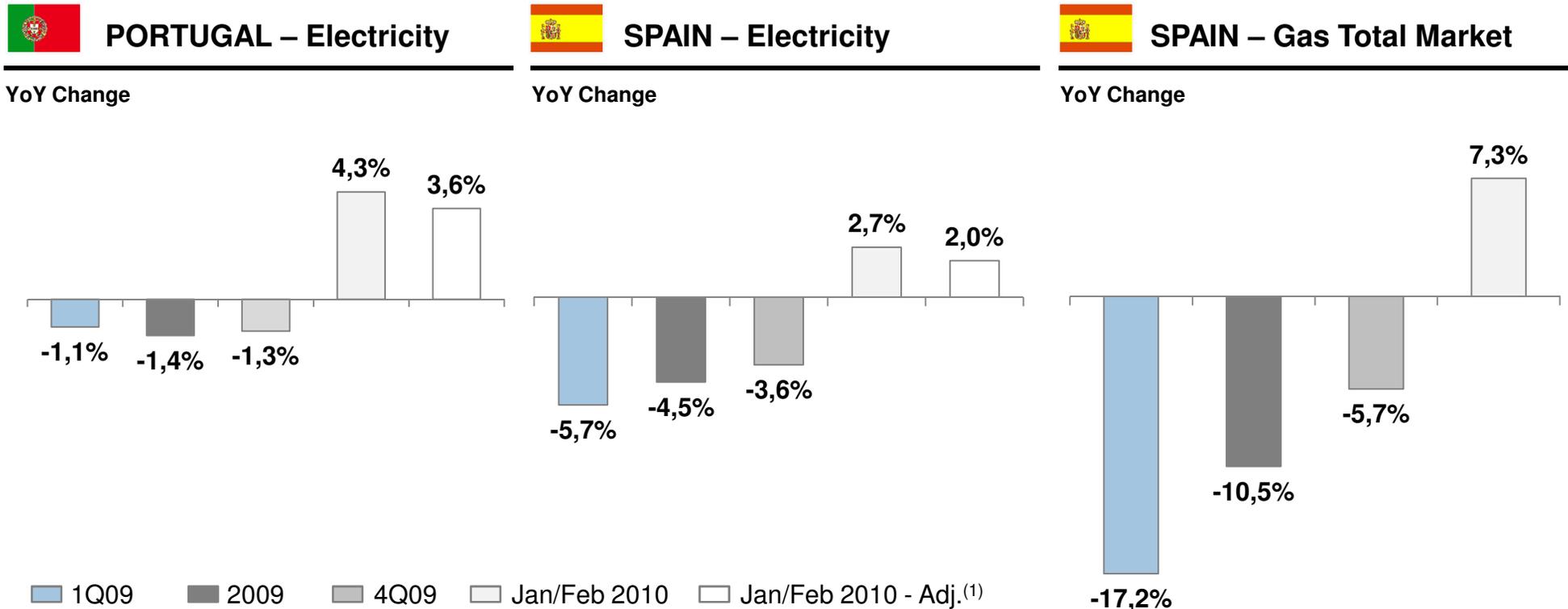
(1) Results from associated companies, capital gains, impairments and discontinued activities

(2) Excluding in 2008 the Capital Gain from EDP Renováveis IPO, Impairments and other



# Prospects 2010

# Energy Demand Iberia: Recent performance and prospects

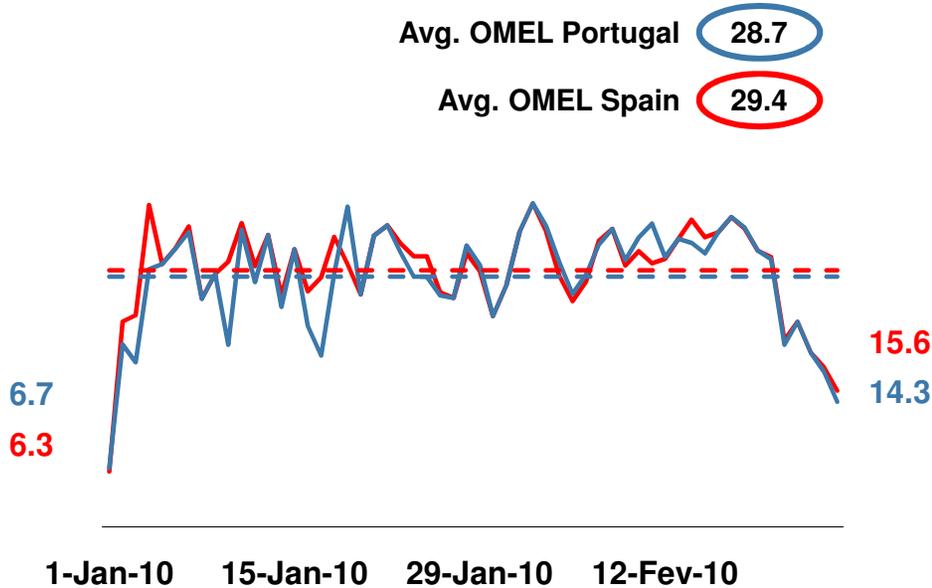


- **Signs of recovery in Jan/Feb-10:** Positive impact from abnormally cold weather in the period
- **Electricity demand in Portugal continues stronger than in Spain:** Lower impact from demand contraction in construction and auto related industries, growth in residential demand per capita

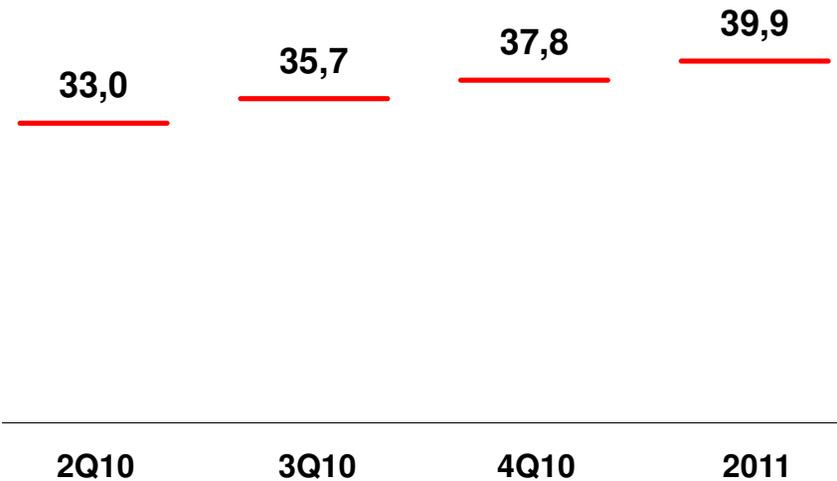
# Electricity market Prices in MIBEL



## MIBEL Pool Prices <sup>(1)</sup> (€/MWh)



OMEL (Spot Prices)



OMIP Spain (Forward Prices)

- Increase of hydro (+35%) and wind (+68%) output in Jan/Feb-10 means lower thermal demand
- Increasing demand for back-up generation services due to security/balance reasons

- Forward curve above current spot prices and below €40/MWh for remaining 2010 and 2011

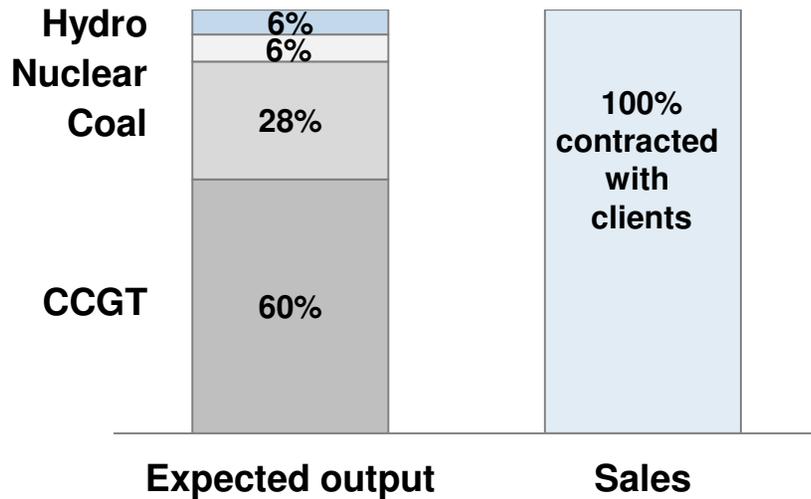
<sup>(1)</sup> OMEL and OMIP: forward prices as of closing on 25/Feb/10

<sup>(2)</sup> Data as of 25/Feb/10

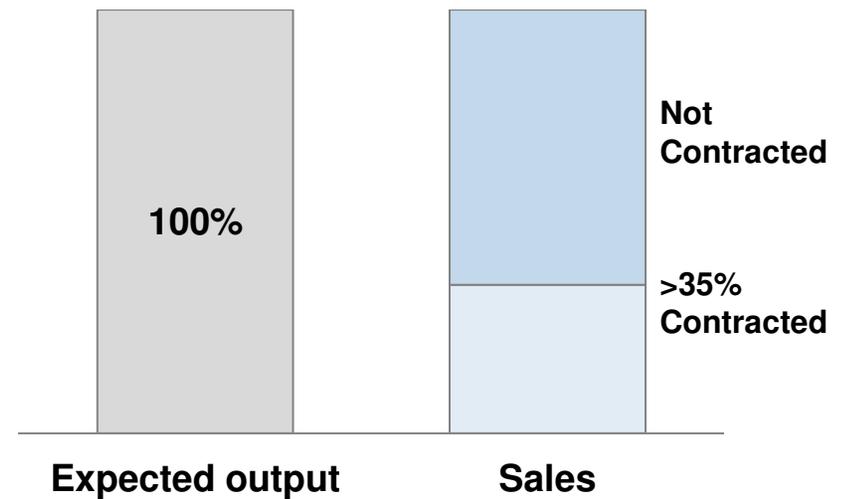
# Liberalized activities: Outlook for 2010 & 2011



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



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



- Contracting done essentially with liberalized clients
- Avg. price<sup>2</sup>: ~€50/MWh (vs. current forward of €38/MWh)
- Average Thermal Spread<sup>3</sup> Locked in: ~€10/MWh

- Continuing strategy to forward contract sales and locking-in margins at satisfactory levels
- Avg. price<sup>2</sup>: ~€50/MWh

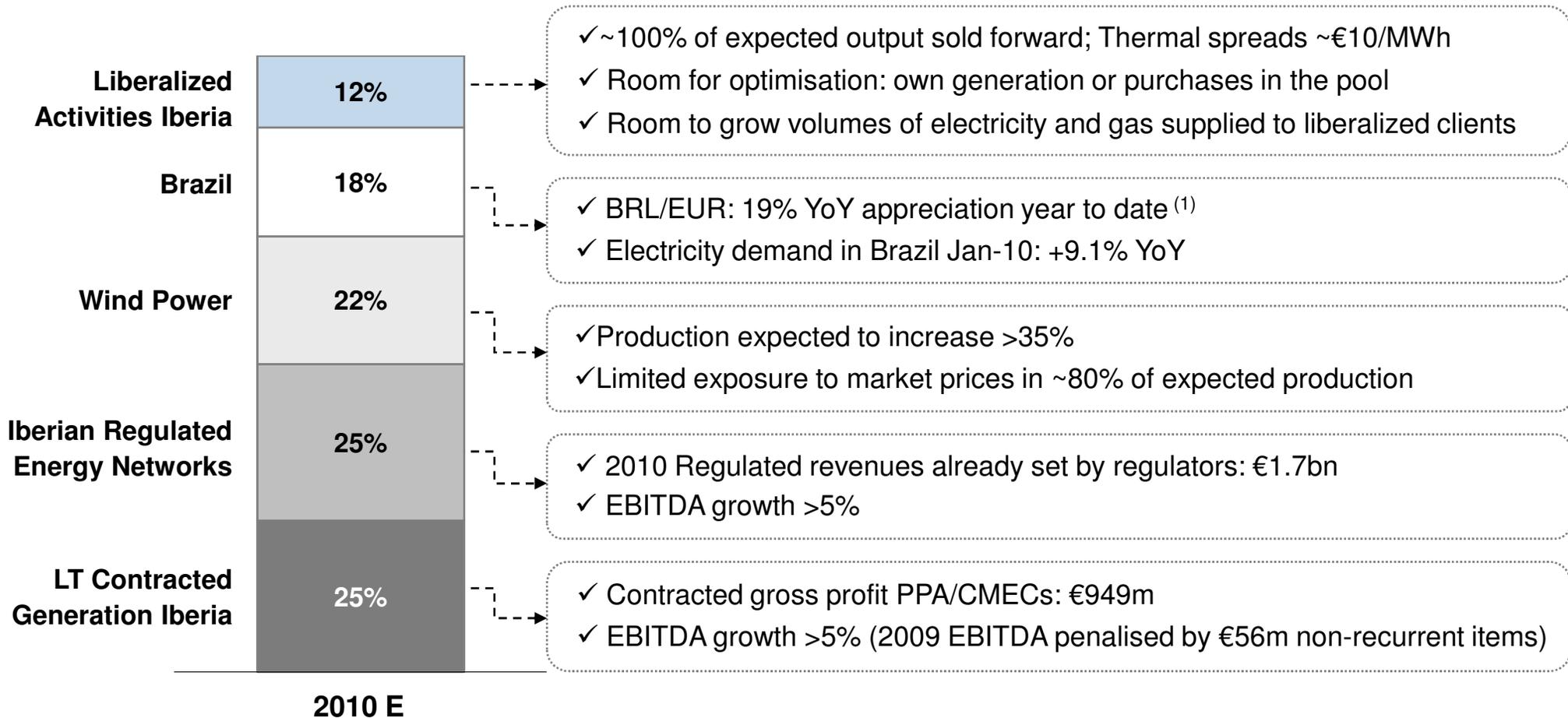
**Hedging through forward contracting of electricity sales & fuel costs to reduce risk**

(1) Source: Market Data from Reuters

(2) Before Capacity Payment

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

# Prospects for 2010 EBITDA:



**Good visibility on EBITDA: >85% with very low risk**  
**Recent developments were positive in Brazil and in Liberalized Activities Iberia**

(1) Based on average exchange rate until 25/2/10

# Conclusion: Excellent results in a very challenging environment



## Improvement of returns

- Hedging business model in Iberia proved its success; higher efficiency
- **Reported EBITDA +7%; EBITDA ex-non recurrent +13%**
- **Net interest costs: -33%** (cost of debt down from 5.6% to 4.0%)
- **Adjusted Net Profit: +11%**

## Continued Profitable Growth

- **Total Installed capacity: +11% in 2009, wind capacity +25%**
- **€2.2bn already invested on 3.2GW capacity under construction**
- **Focus: Wind (10 markets), Hydro (Portugal): high returns, controlled risk**

## Controlled risk

- **>80% EBITDA came from regulated or LT contracted activities**
- Financial liquidity available of €4.6bn by Dec-09, to cover needs 24 months ahead following new issues at competitive pricing.
- Net debt/EBITDA of 3.9x in 2009, rating maintained in the A region

**Dividend proposal: €0.155<sup>(1)</sup> per share (+11% YoY)**

(1) Dividend to be proposed by EDP's Executive Board; subject to approval on the AGM



# Annex

# Liquidity: Financing cash needs two years in advance



## **€1bn 5 Year Bond – Feb-09:**

- Oversubscribed with well diversified investor pool

## **€1.6bn 3 Year Revolving Credit Facility – Mar-09:**

- EDP signed a new 3-year RCF, replacing the RCF due in Jun-09
- Club deal with 19 national and international banks with good credit standing

## **€1.2bn sale of 2007 and 2008 Portuguese Tariff Deficit – Mar-09:**

- Challenging transaction due to nature and size of asset, concluded in record time: 4 months after announcement in November's Investor Day
- Aaa rating from Moodys

## **€1bn 7 Year Bond – Jun-09:**

- Oversubscribed with well diversified investor pool
- Coupon at 4.75%, equivalent to 135bp spread over mid swaps

## **\$1bn 10 Year Bond – Sep-09:**

- Oversubscribed with well diversified investor pool
- Coupon at 4.9%

## **€0.4bn sale of 2009 Portuguese Tariff Deficit – Dec-09:**

- Aaa rating from Moodys

# EDP liquidity position Dec-09



(€ million)

## Sources of liquidity (Dec-09)

Instrument	Maximum Amount	Number of counterparties	Utilised	Available	Maturity
Revolving Credit Facility (US\$1.5bn)	1,041	22	1,041	-	02-07-2014
Revolving Credit Facility	1,600	19	-	1,600	04-03-2012
Domestic Credit Lines	375	11	22	353	Renewable
Underwritten CP Programmes	650	3	300	350	Renewable
<b>Total Credit Lines</b>	<b>3,667</b>		<b>1,364</b>	<b>2,303</b>	
<b>Cash and Equivalents:</b>				<b>2,274</b>	
<b>Total Liquidity Available</b>				<b>4,577</b>	

**€4.6bn of cash and liquidity facilities available by Dec-09**



## Visit EDP Website

Site: [www.edp.pt](http://www.edp.pt)

Link Results & Presentations:

<http://www.edp.pt/EDPI/Internet/EN/Group/Investors/Publications/default.htm>

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## Next Events

**London - EEI Conference/Citi: March, 15<sup>th</sup>-16<sup>th</sup>**

**Paris - Chevreux Conference: March 16<sup>th</sup>-17<sup>th</sup>**

**Toronto: March 17<sup>th</sup>**

**Zurich: March 18<sup>th</sup>**

**San Francisco - Citi Conference: March 18<sup>th</sup>-19<sup>th</sup>**

**Lisbon -Santander Conference: March 25<sup>th</sup>**