edp

2010 Results Presentation

March 4th, 2011

Dow Jones Sustainability Indexes
Member 2010/11

Disclamer

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2010: Highlights of the period

EBITDA: €3,613m, +7% YoY

Regulated networks & LT Contracted Gen. Iberia (50% EBITDA weight): EBITDA +10% YoY
New assets (gas Spain) + stable returns + efficiency improvements

EDP in Brazil (18% EBITDA weight): EBITDA +22% YoY
Electricity demand in Brazil +8%; positive macro environment: BRL +19% vs. EUR

EDP Renováveis – wind power (20% EBITDA weight) EBITDA +31% YoY
New PPAs signed for 841MW in USA; RD1614/10 in Spain reinforced regulatory stability

Liberalized electricity & gas Iberia (12% EBITDA weight) EBITDA -33% YoY
~50% YoY contraction of hedged thermal spreads (as expected); lower arbitrage gains

Diversified Low Risk Operations + Higher Efficiency + Profitable Growth

2010: Highlights of the period

Net Profit: €1,079m, +5% YoY

Net interest costs +3% YoY
Avg. cost of debt: 3.5% (vs. 4.0% in 2009); Average debt maturity: stable at 5 years

Financial liquidity: €4.4bn by Dec-10 + €1.4bn of new funding contracted in Jan/Feb 2011
€5.8bn which cover expected funding needs over the next 24 months

Net debt €16.3bn: includes regulatory receivables (€1.4bn) & assets in construction (€1.2bn)
FFO/Net Debt(1) of 18% (vs. 16% in 2009), Net debt/EBITDA(2) of 4.1x (vs. 3.9x in 2009)

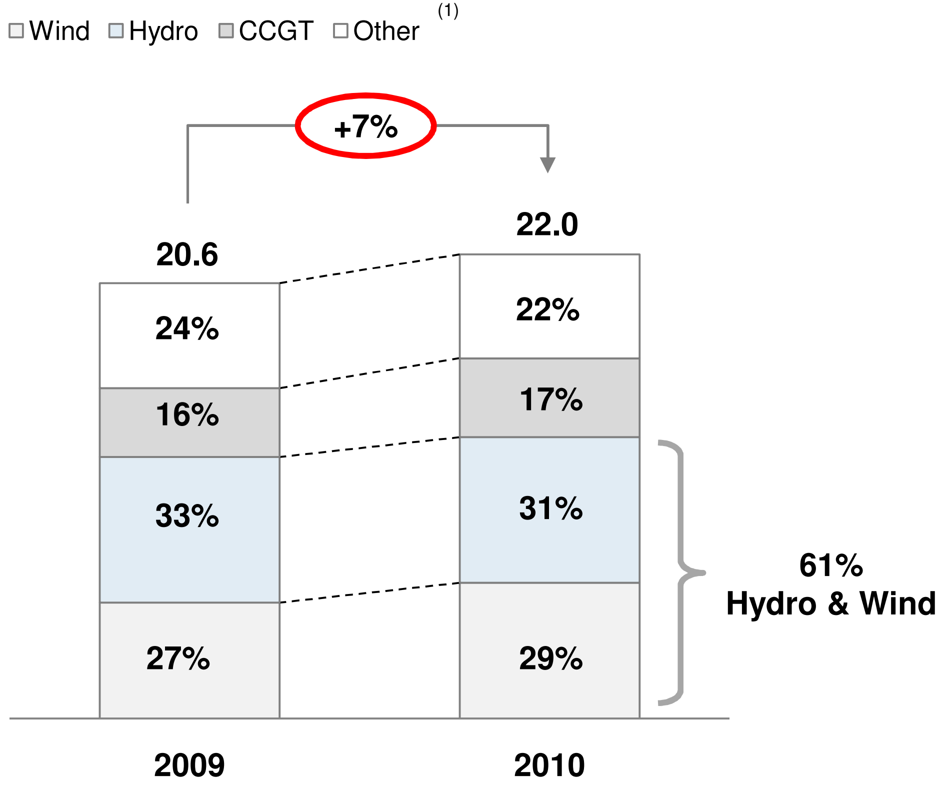
Capex 2010: €2.7bn, -€0.6bn YoY (74% was expansion capex, of which 79% in wind & hydro)
Planned further capex reduction to ~€2.2bn in 2011E and ~€2.0bn in 2012E (as previously stated)

Adequate financial risk management + Execution of selective growth
Maintenance of a low risk profile

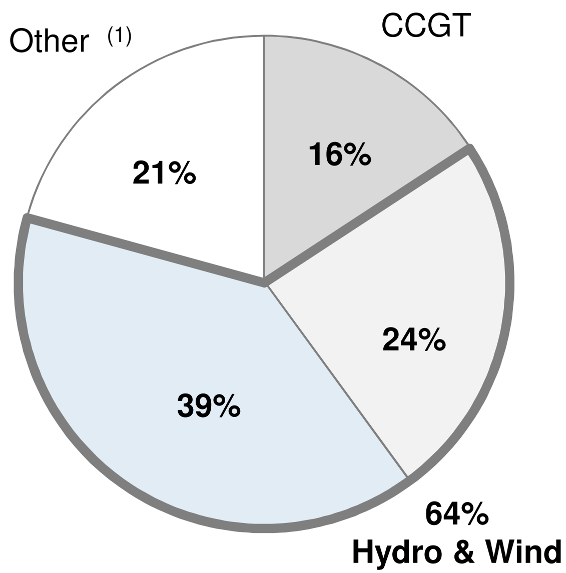
(1) FFO as reported by EDP (see detail in quarterly results release)/Reported net debt ; (2) (Reported net debt - Regulatory receivables)/ Reported EBITDA

2010 Operating Headlines

Installed Capacity
(GW)



2010 Generation Breakdown by Technology
(%)



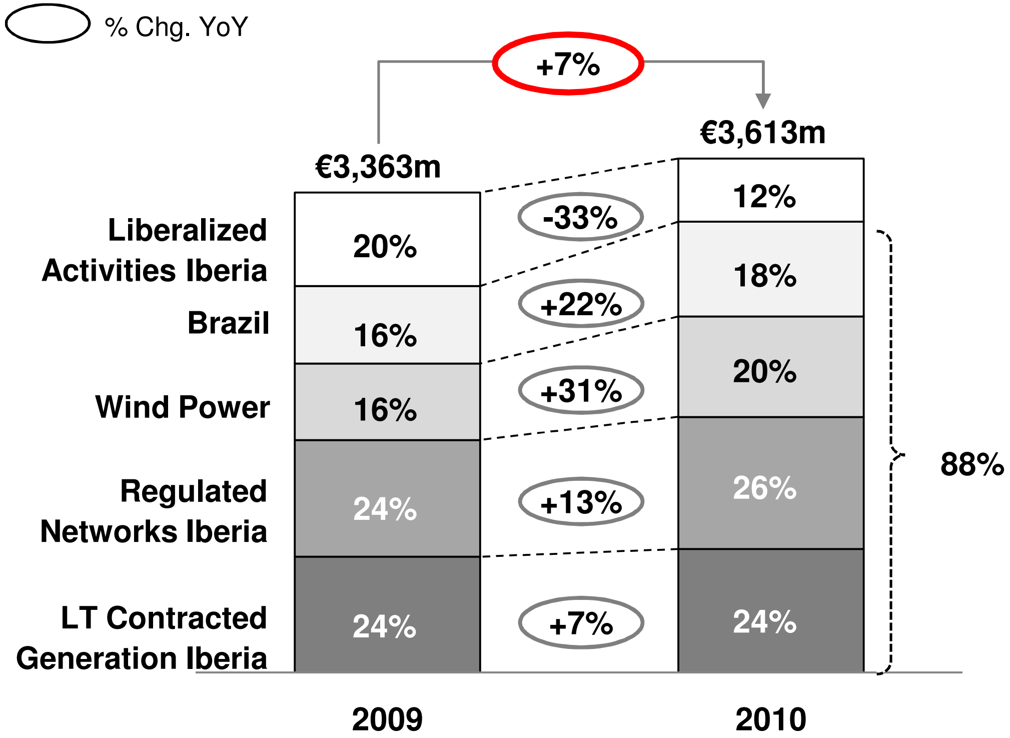
Installed capacity up 7% YoY;

Wind & Hydro: 61% of total capacity and 64% of energy produced in 2010

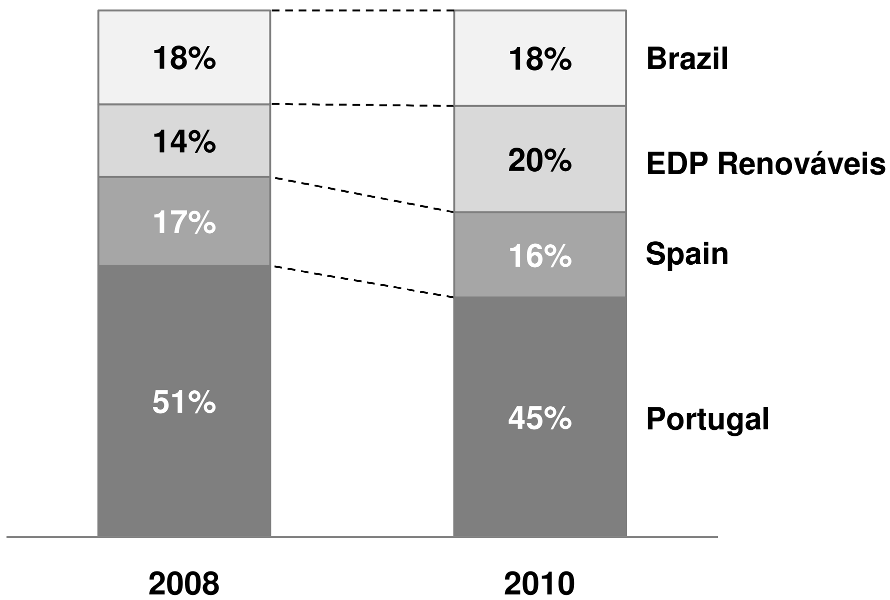
(1) Coal; thermal special regime; nuclear and fuel oil / gasoil.

2010 EBITDA: 88% of 2010 EBITDA from Regulated and Long Term Contracted Activities

EBITDA Breakdown by Activity
(€ million)



EBITDA Breakdown by Geography
(%)

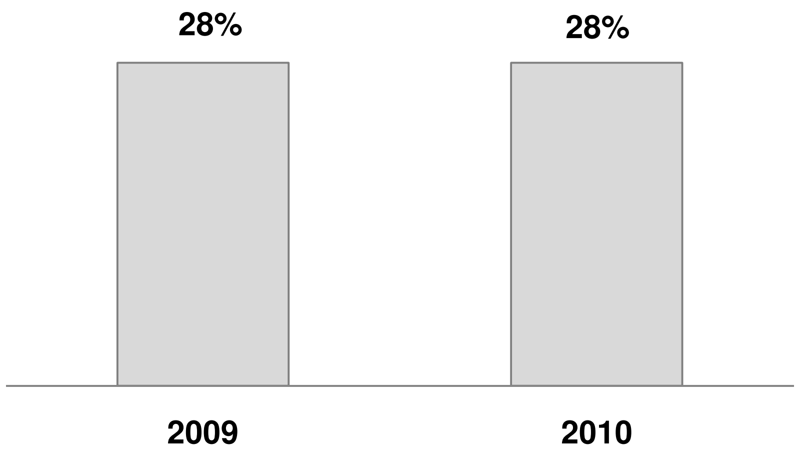


Excluding forex impact (+€109m from Brazil, €13m from USA), EBITDA grew 4% YoY

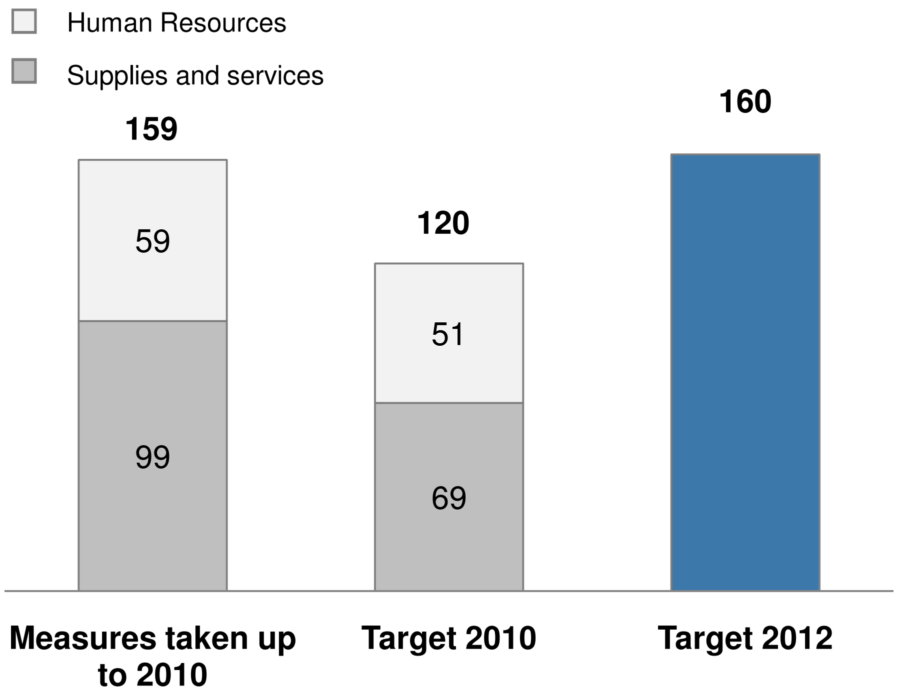
Portugal's contribution to EBITDA down to 45%

EDP Consolidated operating costs:

OPEX/Gross Profit [1] : 2010 vs. 2009
(%)



Efficiency Program 2008-12 annual savings [2]
(€ million)



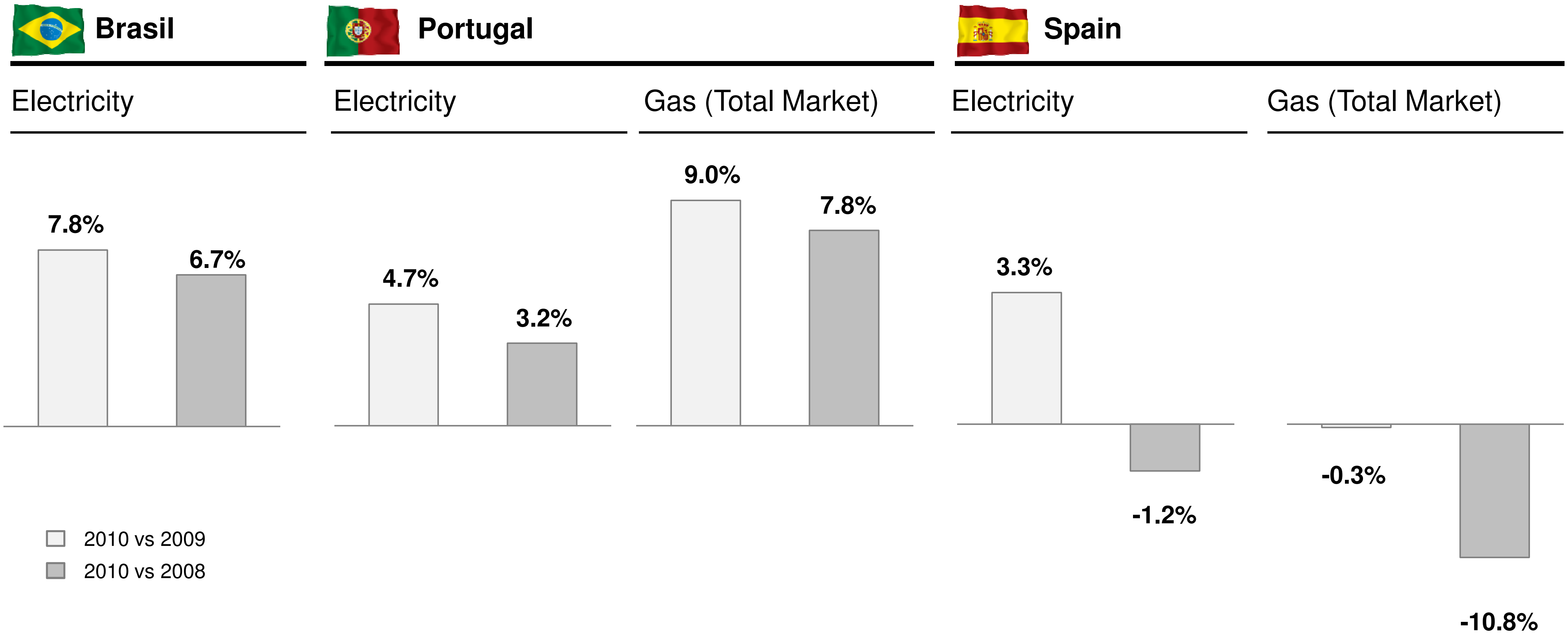
Maintenance of opex/gross profit efficiency ratio

Efficiency program 33% above 2010 target
2012 target achieved 2 years in advance

[1] OPEX=S&S+Personnel costs+Costs with social benefits excluding restructuring costs; Gross profit adjusted for PTC revenues
[2] Savings measured regarding the 2007 cost base excluding inflation, forex and business growth

Business Areas

Electricity & Gas Demand in EDP's Key Markets



Brazil: Sound growth of Brazilian economy, low impact from international crisis

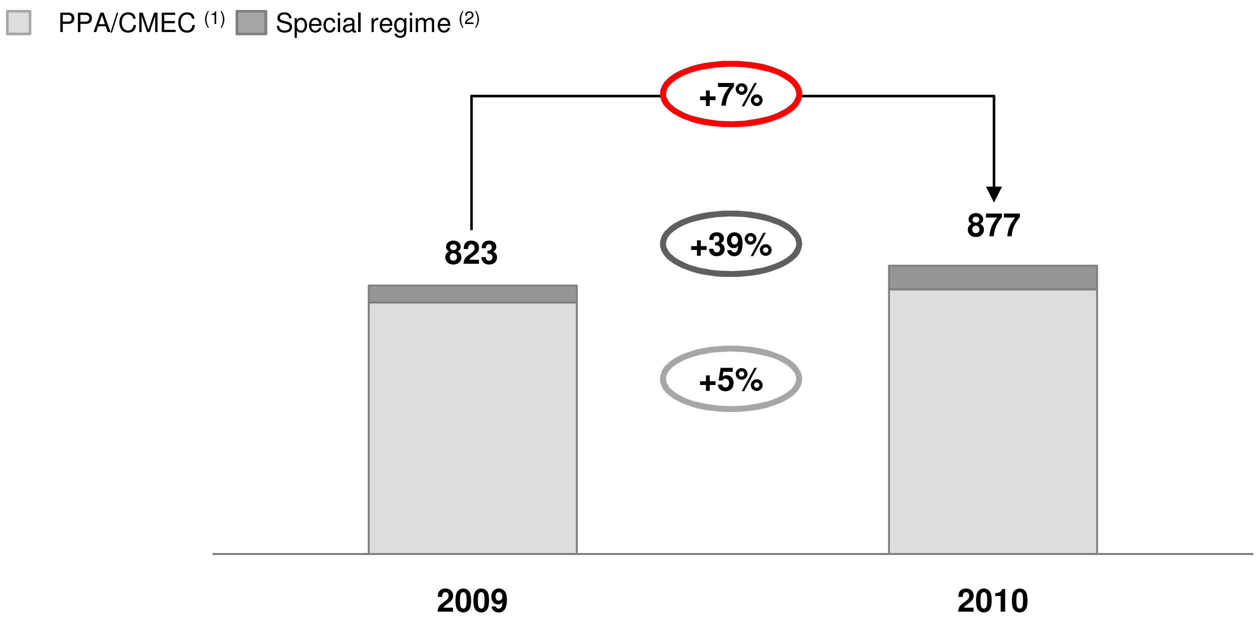
Portugal electricity: strong demand growth from export industries (pulp & paper, chemicals)

Gas demand Spain: Penalised by higher hydro production and lower CCGT output

Source: REN, REE, Enagás and EPE.

Long Term Contracted Generation Iberia (24% of EBITDA)

EBITDA Long Term Contracted Generation
(€ million)



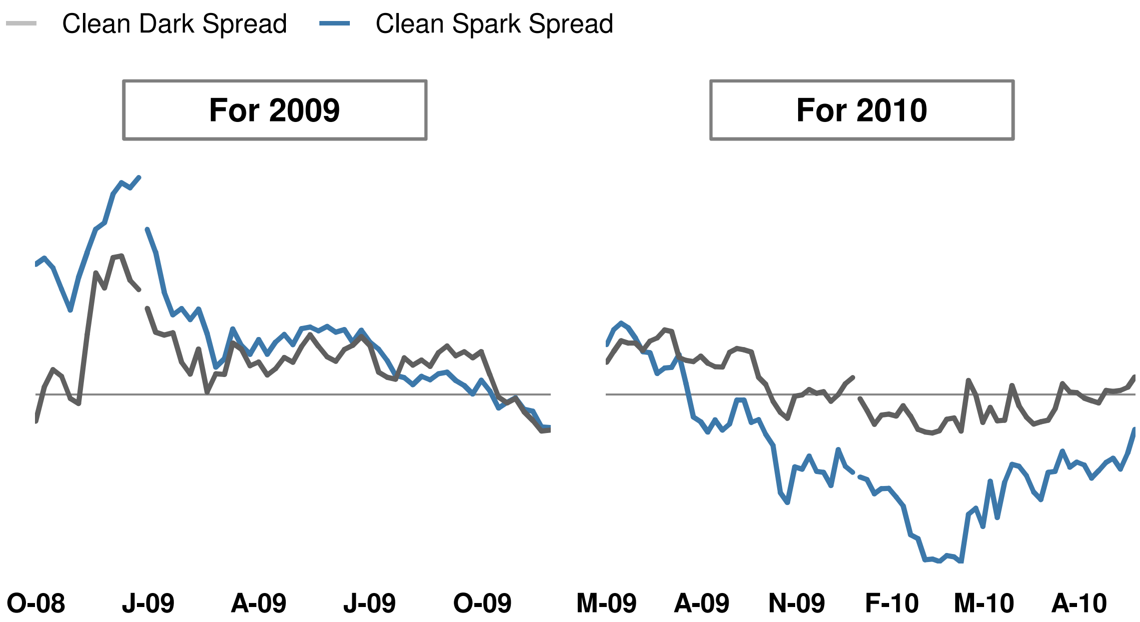
- **PPA/CMEC:** ROA of 8.5% pre-tax real; Higher fuel procurement results, -1% of installed capacity
- **Special regime:** +69% output from mini-hydro; +46MW of installed capacity in 2009/10

EBITDA driven by stable return profile + mini-hydro output growth & fuel gains

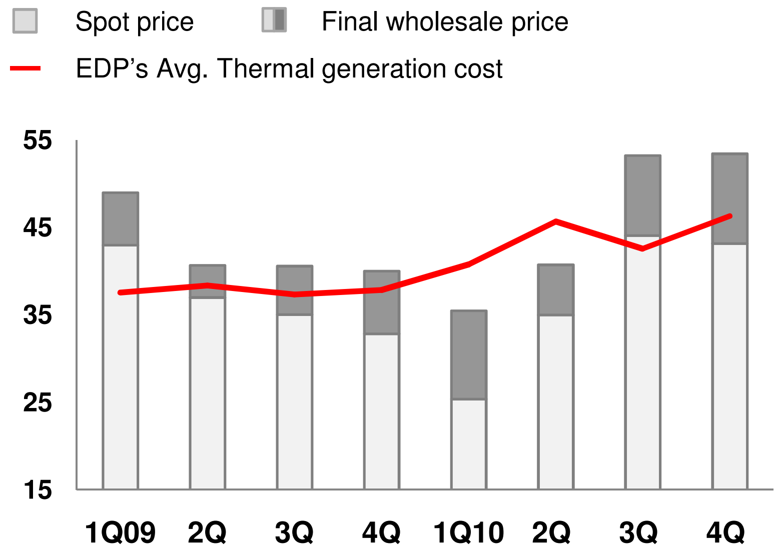
(1) Refers to generation capacity in Portugal contracted since 1994 through PPAs (Power Purchases Agreements), which since 2007 are under the CMEC (Costs for the Maintenance of Contractual Equilibrium) financial system which preserves PPAs return/risk profile. (2) includes mini-hydro, co-generation, biomass and waste in Portugal and Spain; excludes wind power

Liberalised Iberian Market: 2010 Environment

Iberian Market Forward Clean Spark/Dark Spread, 2009/2010[1]
(€/MWh)



Spain – Electricity wholesale price
(€/MWh)



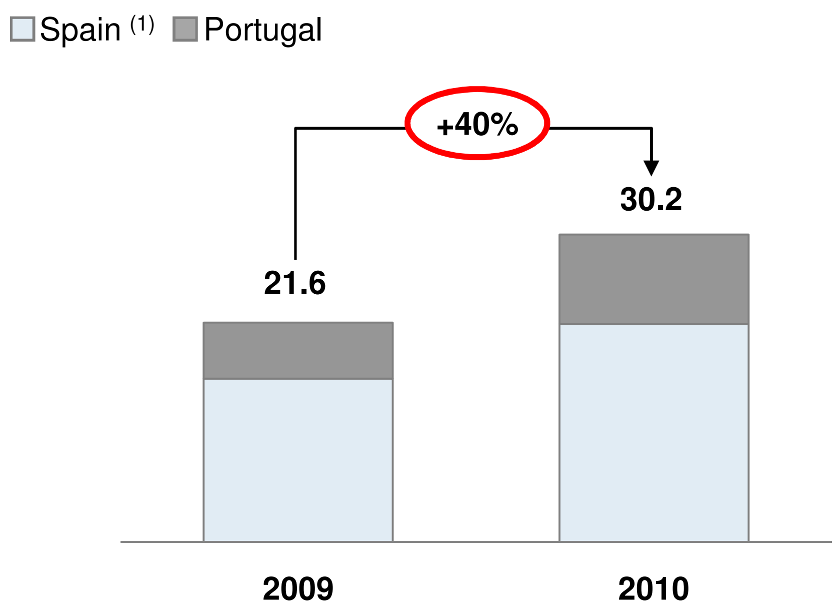
- **Hedging closed for 2009:** Faster decline in oil/coal vs. power prices - attractive thermal spreads closed in 4Q08/1Q09 for 2009.
- **Hedging closed for 2010:** Thermal spreads affected by upward trend in oil/coal prices and lower forward power prices in Spain (lower thermal demand, excess of gas and low gas spot prices).

- **Arbitrage opportunities:** Strong in 2H09 & 1H10 (spot price below our hedged generation cost); not relevant in 2H10.
- **Ancillary services:** Strong in 2009/2010 winter, low demand in the system in 2H10

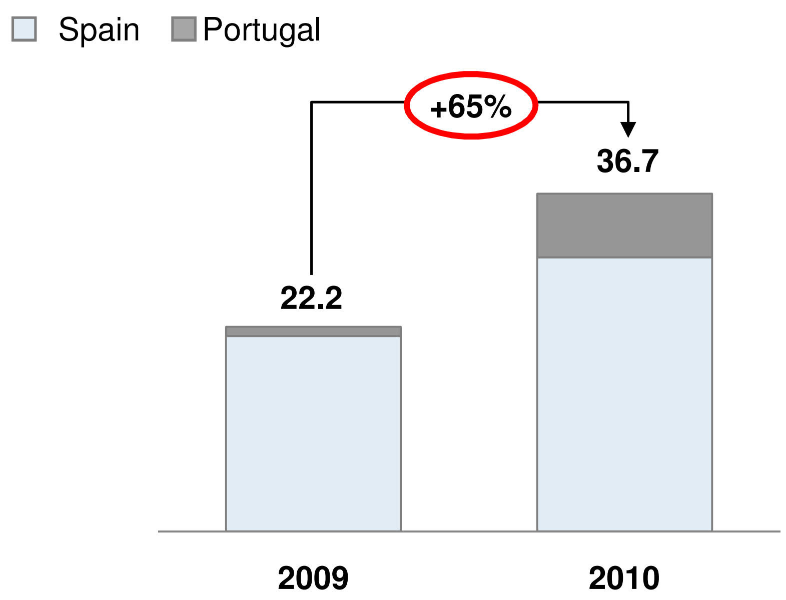
[1] Sources: Brokers data for OTC electricity price; Reuters for Brent forward swaps, €/$ forwards; TFS for coal forward swap API2.

EDP Liberalised Sales of Electricity & Gas to Final Clients

Electricity Sold to Final Clients
(TWh)



Gas sold to Final Clients
(TWh)



- **Spain:** 12% mkt share (11% in 2009): focus on SMEs
- **Portugal:** Gradual transfer of clients to free market

- More competitive sourcing mix on **spot gas purchases**
- **Portugal:** Free market opened in 2009; 28%mkt share[2]

Electricity sales to clients represented 177% of generation output in 2010

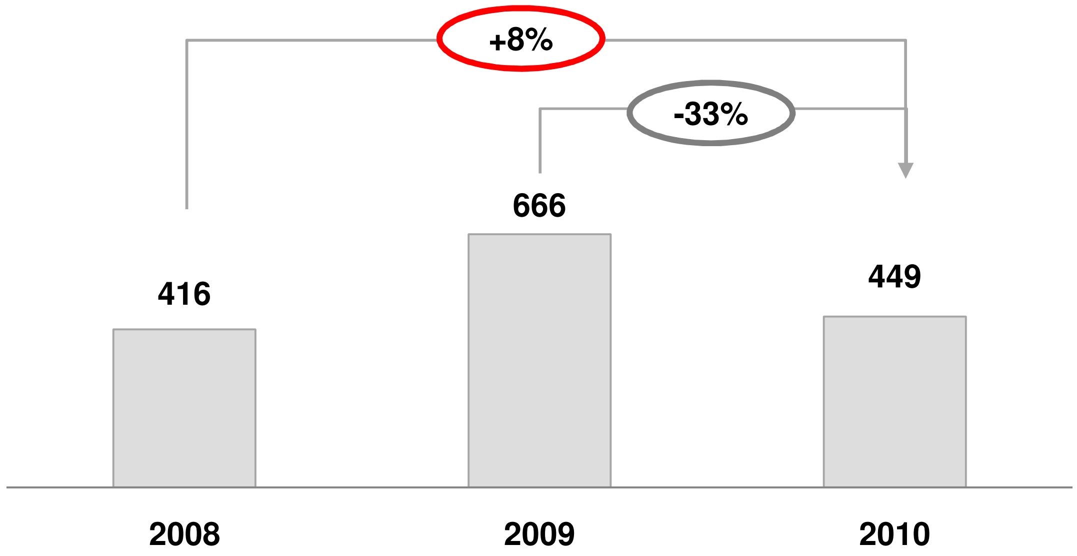
Gas sold to clients + gas burned in our plants was 123% of our LT sourcing contracts in 2010

(1) Includes last resort supply

(2) Based on clients with annual consumption >10,000m^3

Liberalised Energy Activities Iberia (12% EBITDA)

EBITDA Liberalised Activities[1]
(€ million)



Volume sold (TWh)	34	+43%	49
Gross Margin (€/MWh)	19.1	-44%	10.6

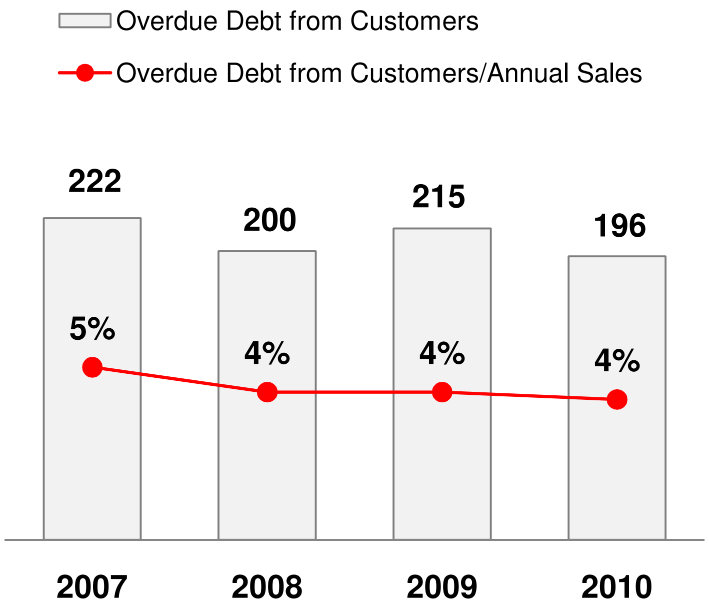
Lower gross margin per MWh vs. 2009, as expected and in line with hedging previously stated

Higher thermal output, lower arbitrage gains and lower ancillary services in 2H10 vs. 1H10

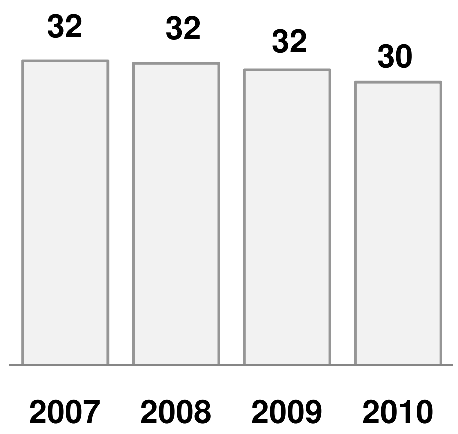
[1] 2008 and 2009 EBITDA was restated in order to include EDP Soluções Comerciais, our Portugal's commercial shared services platform, which was included in liberalized activities perimeter in 2010. EBITDA from EDP Soluções Comerciais was €22m in 2008, €23m in 2009 and €24m in 2010.

Commercial Activity Portugal: Control over bills collection

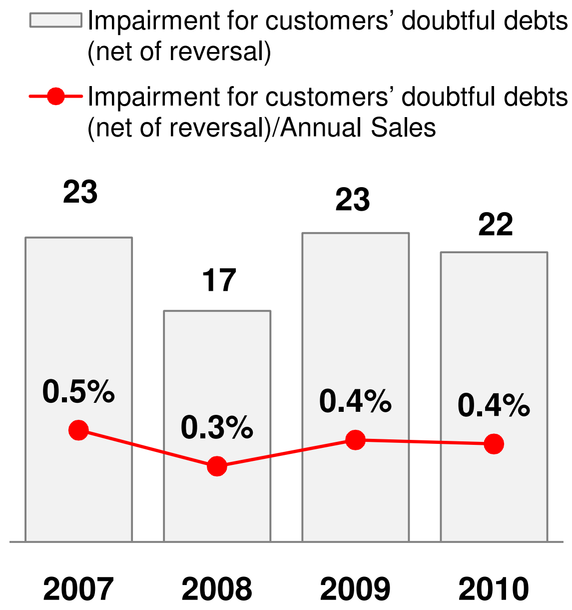
Overdue Debt from Customers [1] (€m; %)



Average Collecting Period (Days)



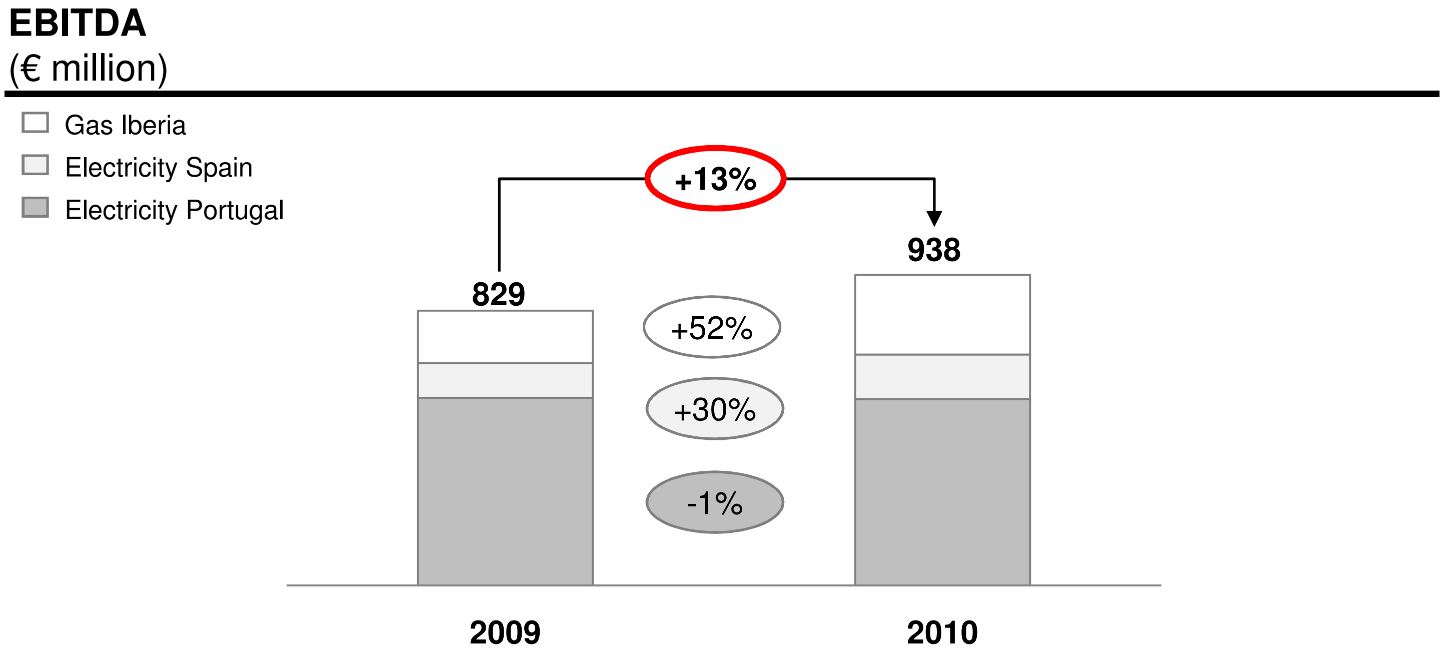
Impairment for customers' doubtful debts (net of reversal) (€m; %)



- **No material impact on customers collecting cycle, even considering low economic growth**
- **Decreasing weight on bi-monthly invoicing led to slight improvement in avg. collecting period**
- **Stable level of impairments for customers' doubtful debts**

[1] Includes electricity and gas sales in Portugal in the regulated system and liberalized market; Excludes grid operator (EDP Distribuição) debt from customers (essentially other liberalized suppliers and municipalities current account)

Regulated Energy Networks Iberia (26% of EBITDA)



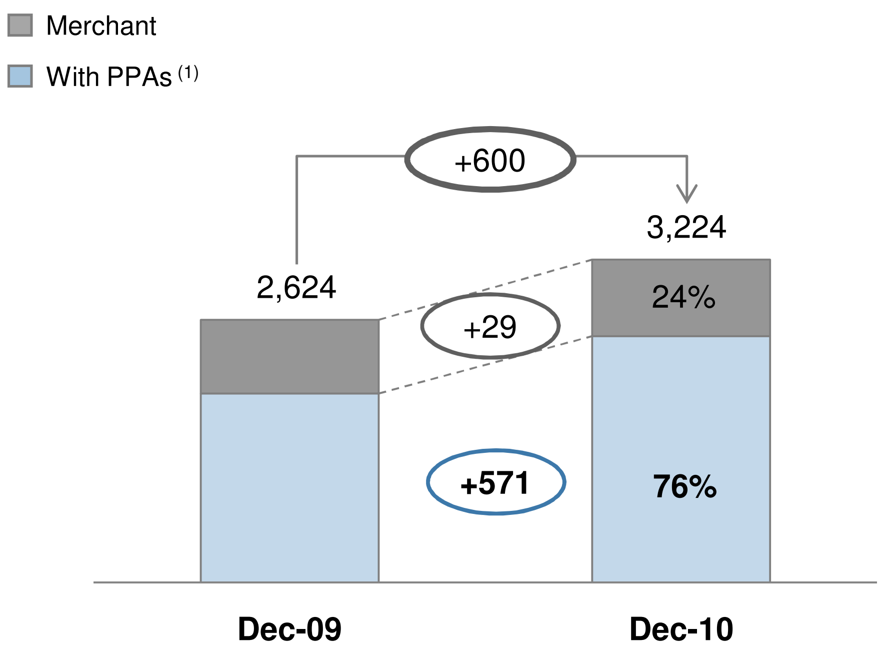
- **Electricity Portugal:** EBITDA -1% YoY; lower tariff adjustments (+€6m in 2010 vs. +€15m in 2009) higher costs with HR restructuring (€29m in 2010 vs. €13m in 2009). Adjusted EBITDA rose 4%.
- **Electricity Spain:** Improvement in regulation (retroactive to 2009) +€22m; Recurrent EBITDA[(1)] +18% YoY;
- **Gas Iberia:** EBITDA proforma +25% YoY (excluding assets acquired from Gas Natural)

Excluding one-offs & acquisition, EBITDA in Iberian regulated energy networks grew +10% YoY

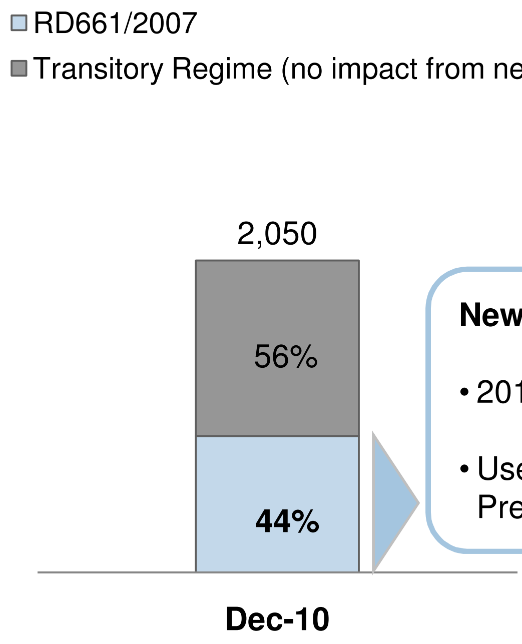
(1) Also excluding the one-off positive impact in 2009 of €17m from upfront connection fees previously paid by new customers, and the €17m operating income resulting from the application of IFRIC18

EDP Renováveis: Strong volume of PPAs signed in US and regulatory clarification in Spain

USA Wind Power Installed Capacity
(MW)



Spain Wind Power Installed Capacity
(MW)



New Regulation on RD661/2007:

- 2011/2012: 35% cut on premium
- Useful life (20 years): lock in of Premium, floor price and tariff

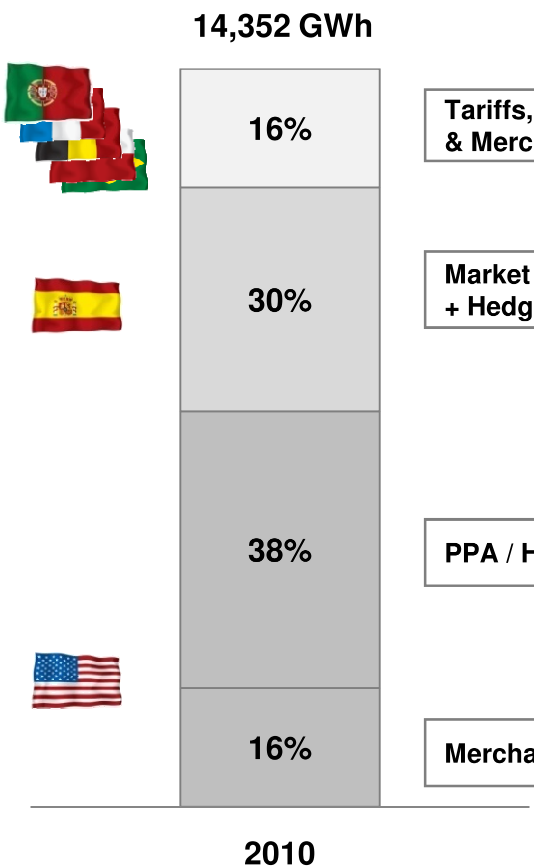
USA PPAs signed in 2010: 571MW for existing assets + 270MW for future projects for 2011/12

Spain: New regulation excludes retroactivity and provides stability for the long term

(1) The amount of MWs with PPAs reported for Dec-2010, includes 2 contracts already signed but that will be in force only from Jan-2012 (83MW) and Jun-2012 (175MW)

Wind power prices

Production Breakdown



Avg. Selling Price per MWh

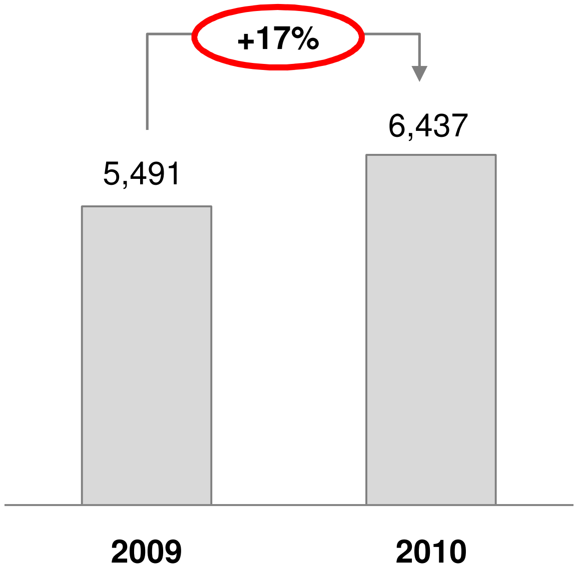
	2010	2009	△%	
	€58	€59	-1%	Higher contribution from US merchant capacity, lower hedging gains; USD 5% appreciation
Tariffs, PPAs & Merchant	€94	€93	+1%	Portugal/France: Tariffs CPI updated Poland: first park in 2010: (€112/MWh: market + PPA on green certificates)
Market + Premium + Hedging	€79	€84	-6%	✓ c80% hedged or protected by floor price ✓ c20% sold @ pool+premium
PPA / Hedged [2]	$54	$52	+3%	Reflecting higher prices achieved on the latest contracts
Merchant [1]	$31	$30	+4%	In 2010, 30% of output in USA was sold in merchant (vs. 19% in 2009)

84% of production in 2010 sold with no exposure (or limited) to market volatility

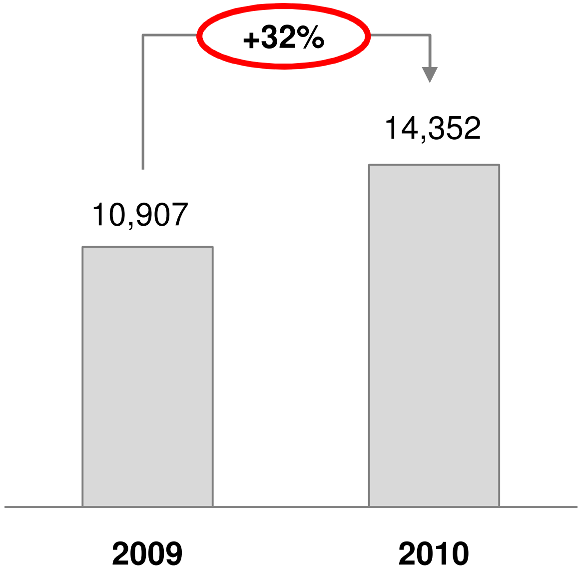
[1] Excluding sale of interests in institutional partnerships.

EDP Renováveis (20% of EBITDA): EBITDA up 31% YoY

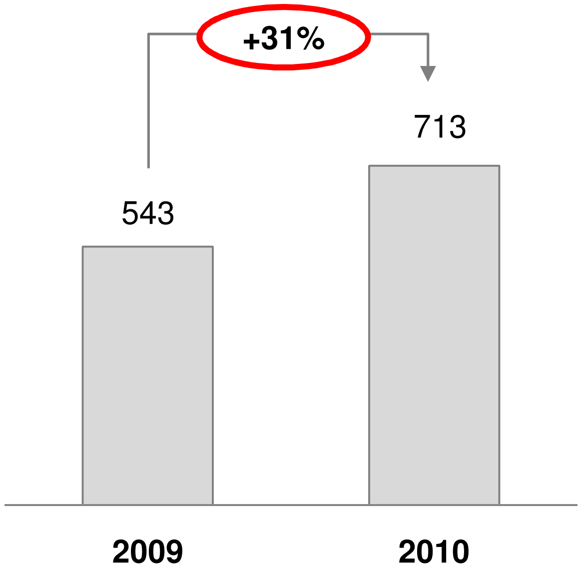
Installed Capacity
(MW)



Output
(GWh)



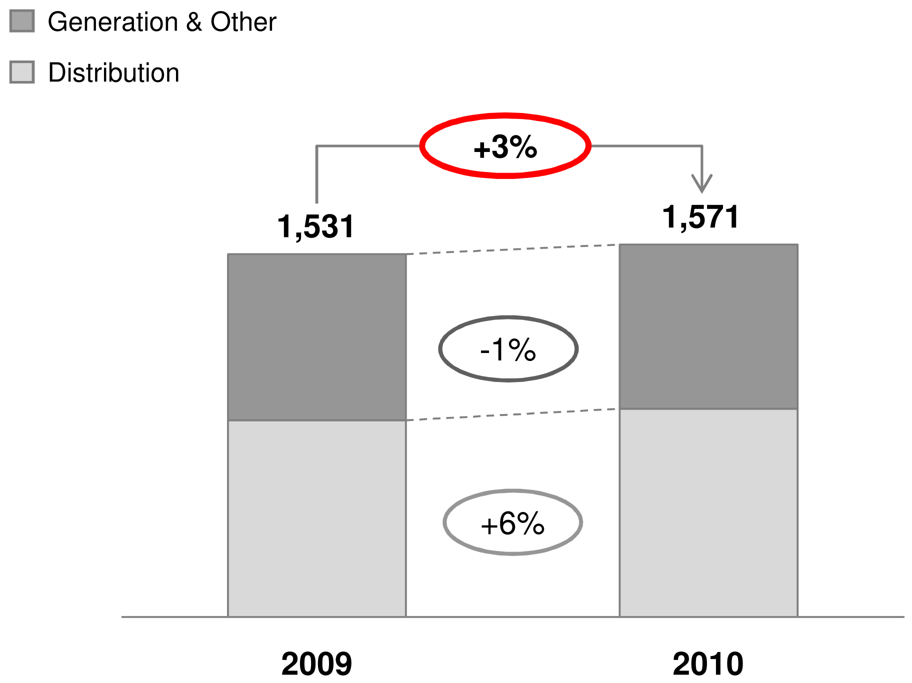
EBITDA
(€ million)



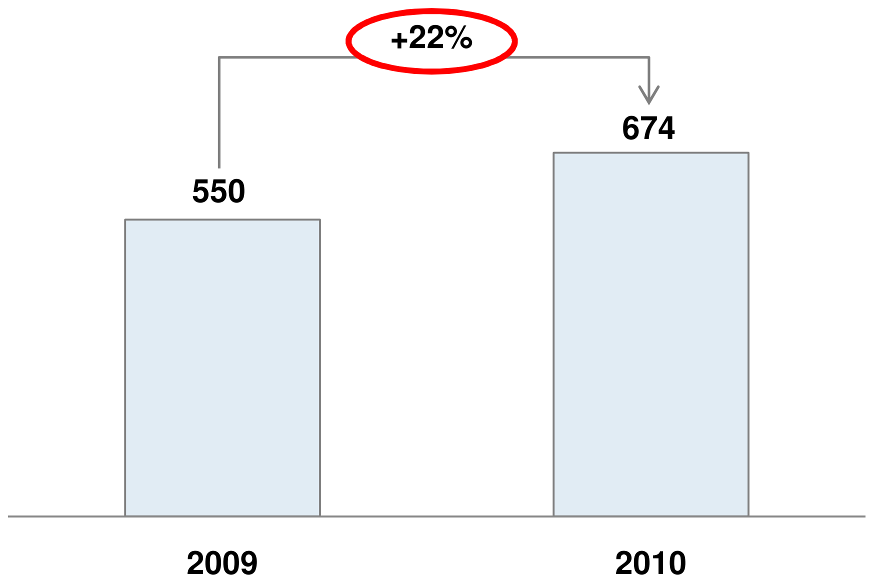
17% increase of installed capacity; 32% growth of total wind power production

Brazil (18% of EBITDA)

Evolution of EBITDA of EDP Brasil
(BRL millions)



Evolution of EBITDA of EDP Brasil
(€ million)



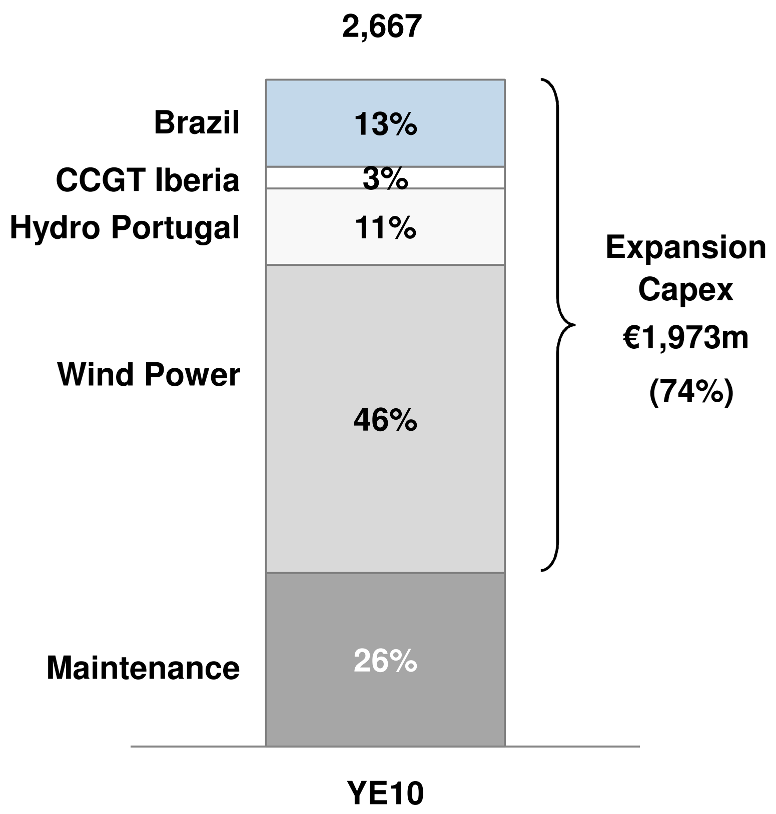
EBITDA +22% YoY; +3% in local currency + 19% appreciation of BRL vs. EUR

- **Distribution: 11% growth of electricity volumes distributed**
- **Generation & Other: Affected by dry weather conditions in 2H10**

Consolidated Financials

Consolidated Capex 2010: 74% invested in expansion

Consolidated Capex(1)
(€ million)



Wind Power

- 50% in USA, 9% Spain, 6% Brazil, 35% Rest of Europe

Hydro in Portugal under construction

- 2.1GW, €0.5bn accumulated capex by Dec-10

Brazil New Generation Plant with PPAs

- €0.5bn of accumulated capex, to start in Jan-12

New CCGT in Spain

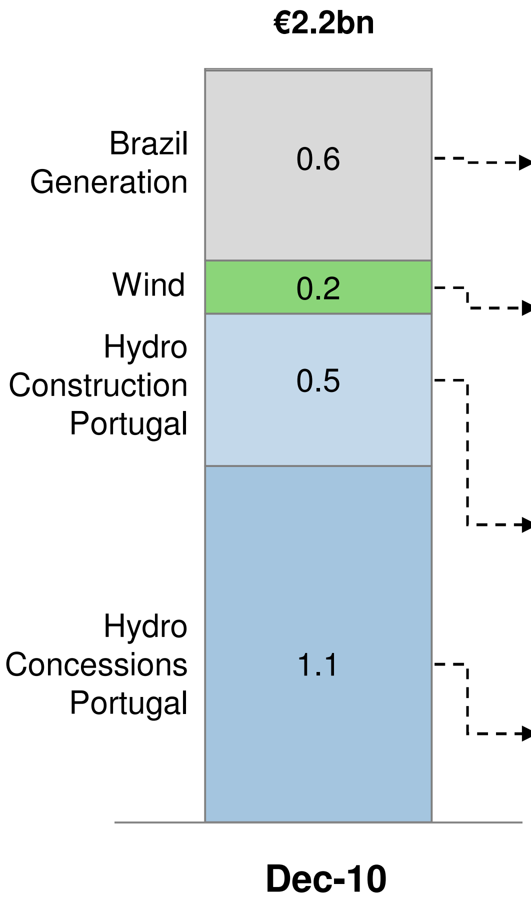
- 428MW, in operation since Dec-10

In 2010, 79% of expansion capex was made in wind and hydro power

Planned capex of €2.2bn for 2011 and €2.0bn for 2012 following cut in wind USA expansion

(1) Capex net of investment subsidies, namely cash grants received in USA

Construction in Progress & Hydro Concession Payments



Pécem Coal plant in Brazil: 15 Year PPA contract, 360 MW attributable capacity
- ✓ Total investment: BRL1.5bn, 82% of which already incurred
- ✓ Operation to start in Jan-12; **Expected EBITDA in 2012: BRL240m (€110m)**

590 MW under construction: 34% in Spain, 23% in Romania, 17% in US, 12% in Poland/Brazil
- ✓ 0.9GW capacity added during 2010 (EBITDA growth for 2011)

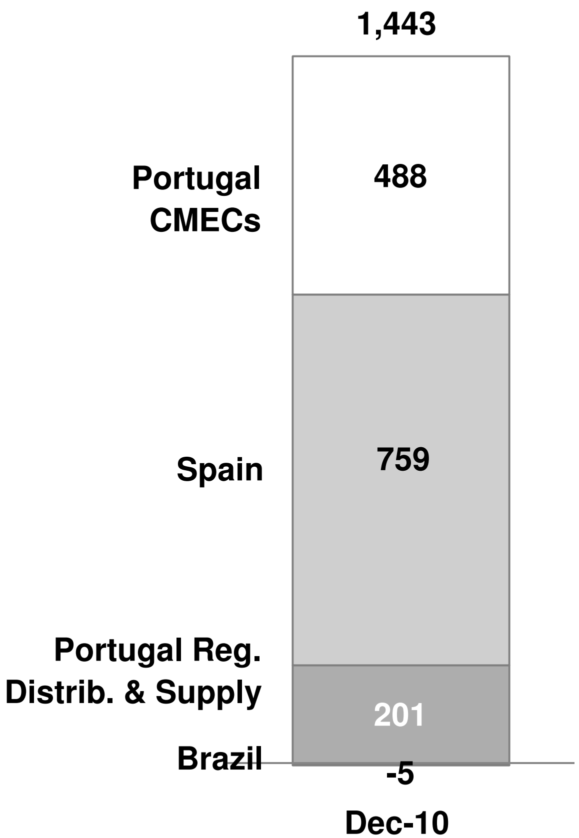
8 hydro plants under construction (2.1 GW capacity);
- ✓ **2012: 3 plants in operation; Expected EBITDA €40m**
- ✓ 2016: 8 plants in operation; EBITDA ~€200m
- ✓ Total capex in these plants €2.0bn, from which €0.6bn in 2011-2012

€1.1bn paid for hydro concessions in Portugal in 2008/2010
- ✓ €759m for extension by ~30 year in 26 plants: Expected EBITDA +€80m in 2014, +€10m in 2016
- ✓ €296m for concession rights to build 4 new hydro plants: EBITDA contribution in 2015/19

3.1GW under construction, €1.2bn already invested
Coal in Brazil + Hydro in Portugal: +€150m of EBITDA from new capacity already in 2012
Hydro concessions Portugal: €1.1bn already invested, EBITDA only from 2014 onwards

Net Regulatory Receivables by Dec-10

Regulatory Receivables
(€ million)



Regulatory Receivables from CMECs: €488m (-€97m vs. Dec-09)

- €319m recovered in 2010 through tariffs
- €221m created in 2010 (coal output and avg. dark spread below forecasts)

Spanish Tariff Deficit: €759m (+€258m vs. Dec-09):

- €214m tariff deficit created in 2010 + interest accrued on previous amounts
- **Jan/Feb-11: EDP received €205m from the two securitization deals closed**

Portugal last resort supply & distribution: €201m (+€709m vs. Dec-09)

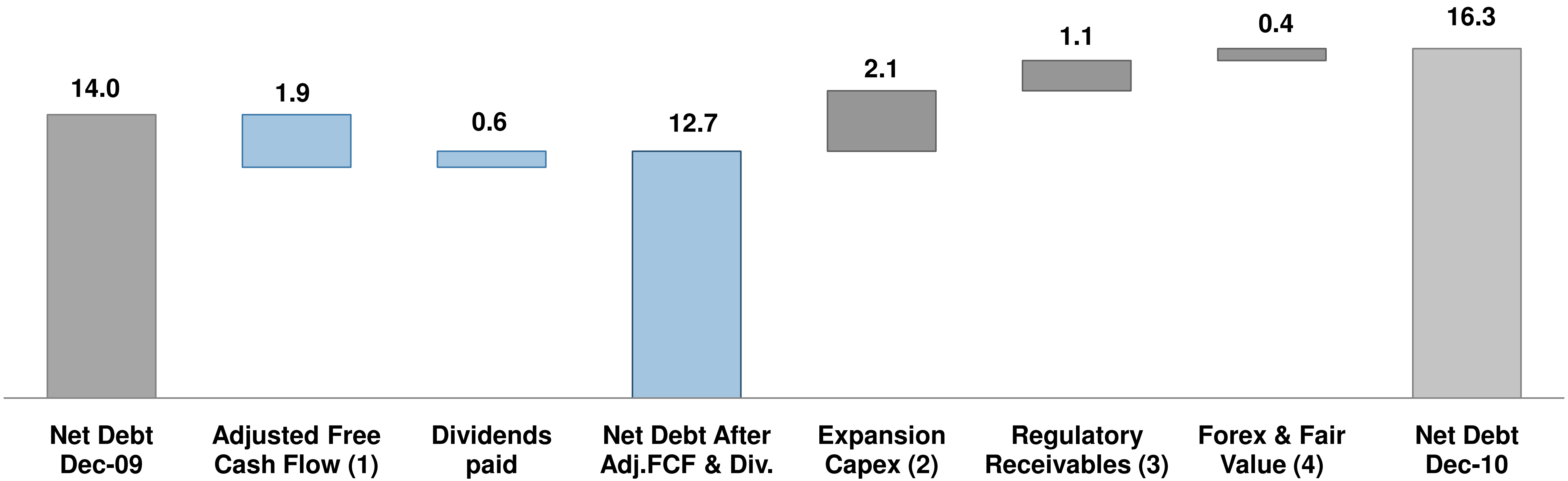
- €509m surplus from 2009 returned to customers through tariffs in 2010
- New €195m negative tariff deviation generated in 2010
- **2011: €185m regulatory receivable already recognized by the regulator**

Regulatory receivables increased by +€0.8bn in 2010

Spanish tariff deficit is the largest component, but €0.2bn already recovered in Jan/Feb-11

Net debt impacted by higher than expected regulatory receivables and forex on top of planned expansion capex

Change in Net Debt: Dec-09 vs. Dec-10
(€ billion)

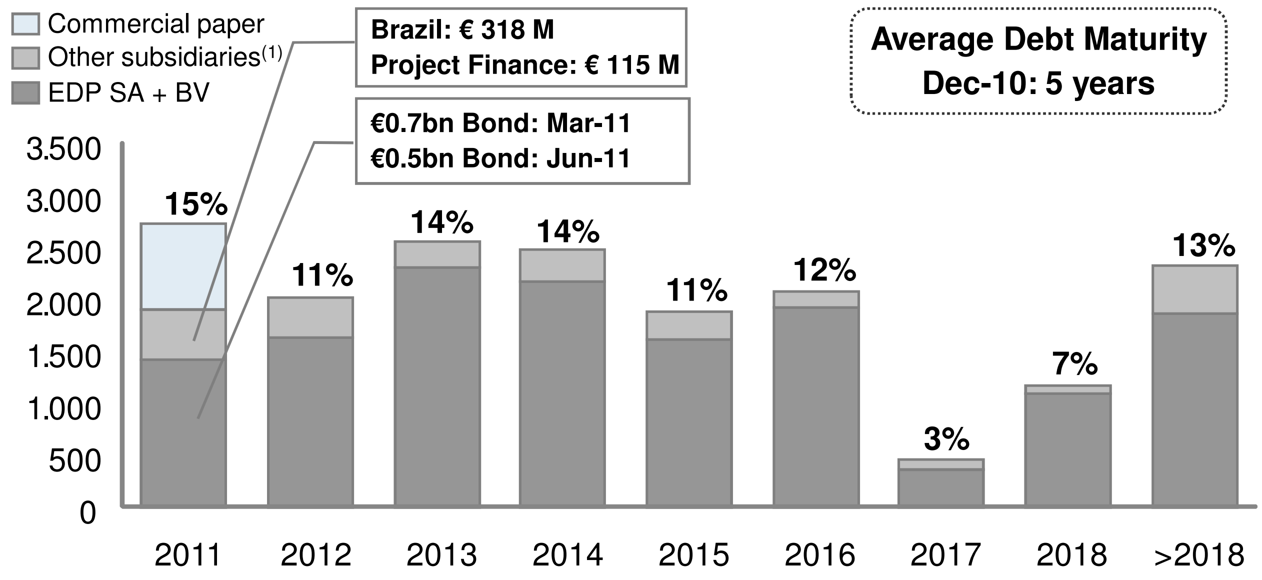


- **Higher than expected regulatory receivables** due to delay of securitization in Spain (2 deals in 1Q11)
- **Forex impact in 2010:** +3% on net debt, +3% on EBITDA
- **Lower level of expansion capex programmed for 2011 and 2012**

(1) after maintenance capex, interest paid and taxes paid (adjusted for impact from change in regulatory receivables) & other (2) expansion capex and net financial investments
(3) change in regulatory receivables net of its impact on annual income tax payments (4) impact from mark-to-market of reported net debt due to forex and interest rate market conditions

Net Debt Breakdown by Dec-10 & credit ratios

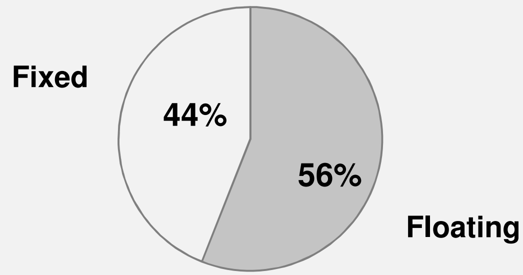
EDP consolidated debt maturity profile
(€ million)



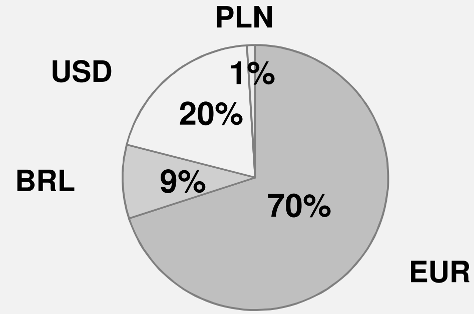
	Rating	Last Rating Action
Fitch	A-/Stable/F2	17/06/2010
Moody's	A3/CW-/P2	21/12/2010
Standard & Poors	A-/CW-/A2	03/12/2010

	2009	2010
FFO/Net Debt	16%	18%
Net Debt/EBITDA Adjusted (2)	3.9x	4.1x

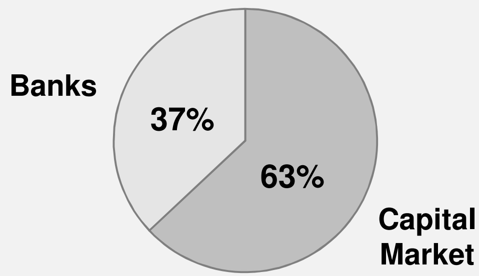
Debt by Interest Rate Term



Debt by Currency



Debt by Source of Funds



(1) Includes essentially EDP Brasil and project finance at EDPR level.

(2) Net Debt adjusted for Regulatory Receivables

EDP financial liquidity position

(€ million) **Sources of liquidity (Dec-10)**

Instrument	Maximum Amount	Number of counterparties	Utilised	Available	Maturity
Revolving Credit Facility (US$1.5bn)	1,154	22	1,154	-	02-07-2014
Revolving Credit Facility	2,000	19	-	2,000	03-11-2015
Domestic Credit Lines	242	14	-	242	Renewable
Underwritten CP Programmes	650	3	-	650	Renewable
Total Credit Lines	4,046		1,154	2,892	
Cash and Equivalents:				1,547	
Total Liquidity Available				4,439	

Jan/Feb-11: €1.4bn funding raised: €0.9bn 5Y & 3Y bond issues + €0.3bn EIB 15Y loan + €0.2bn Spanish Tariff deficit securitisation

€5.8bn of cash and liquidity facilities available by Feb-11

EDP main sources and uses of funds in 2011-2012

Sources of funds

• Cash & Equivalents (Dec-10):	€1.5bn
• Available Credit Lines (Dec-10):	€2.9bn
• New funding raised (Jan/Feb-11):	€1.2bn
• Spanish Tariff Deficit Securitisation (Jan/Feb-11):	€0.2bn
Total:	€5.8bn

Use of funds

• Refinancing needs in 2011-2012:

Bond maturing in Mar-11:	€0.7bn
Bond maturing in Jun-11:	€0.5bn
Loans maturing in 2011:	€0.1bn
Bond maturing in Jun-12:	€0.5bn
Bond maturing in Nov-12:	€0.8bn
Loans maturing in 2012:	€0.4bn
Total:	€3.0bn

Comfortable current liquidity position covers funding needs over the next 24 months

Target proceeds from disposals in 2011: ~€500m (several options under analysis)

Regulatory receivables 2011E: Expected fall in Spain (securitization), increase in Portugal

Net Profit up 5% YoY

(€ million)	2009	2010	Δ %	Δ Abs.
EBITDA	**3,363**	**3,613**	**+7%**	**+250**
Net Depreciations and Provisions	1,393	1,550	+11%	+157
EBIT	**1,970**	**2,063**	**+5%**	**+93**
Net Interest Costs	(541)	(558)	+3%	-17
Other [(1)]	139	157	+13%	+18
Income Taxes	400	427	+7%	+27
Minority Interests	144	156	+8%	+12
Net Profit	**1,024**	**1,079**	**+5%**	**+55**

7% increase of installed capacity

Acquisition of gas networks

Lower cost of debt: 3.5% in 2010 vs. 4.0% in 2009 and 10% increase in avg. net debt

Higher earning before taxes, higher effect. tax rate

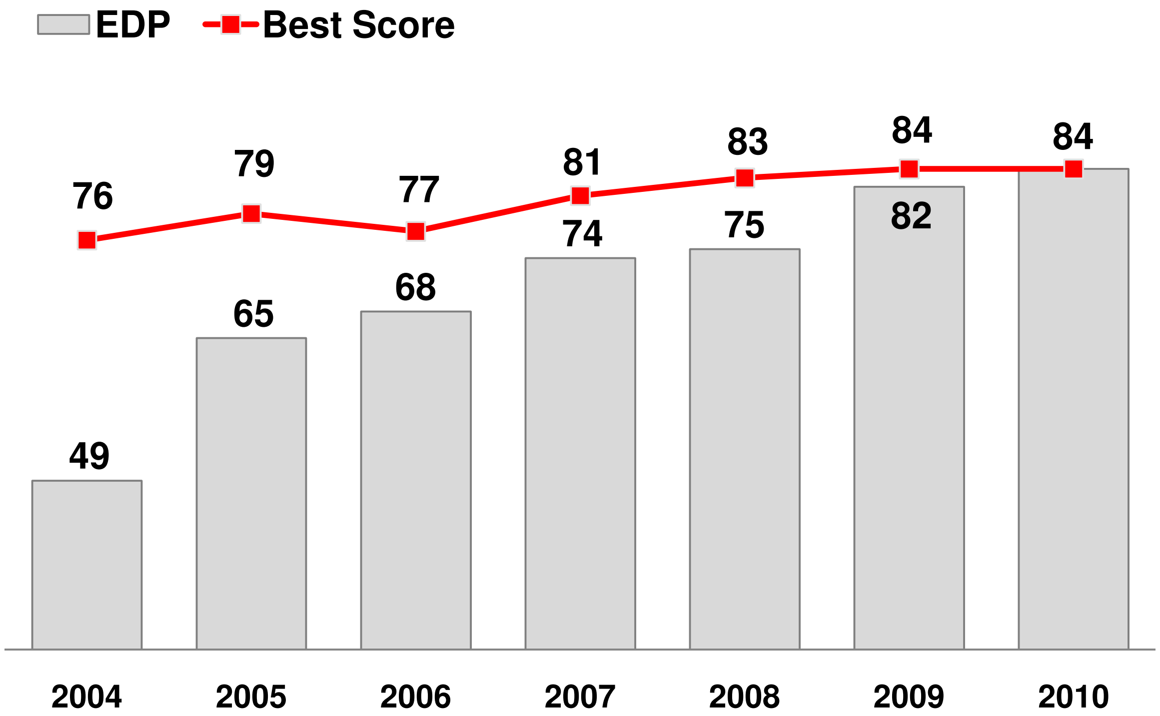
Brazil: EDP's economic interest down from 72% to 65%

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

Sustainability & Prospects 2011

Sustainability: Ranked in 2010 as Best Utility Worldwide

Results of Sustainability Assessment
(Absolute points 0-100)



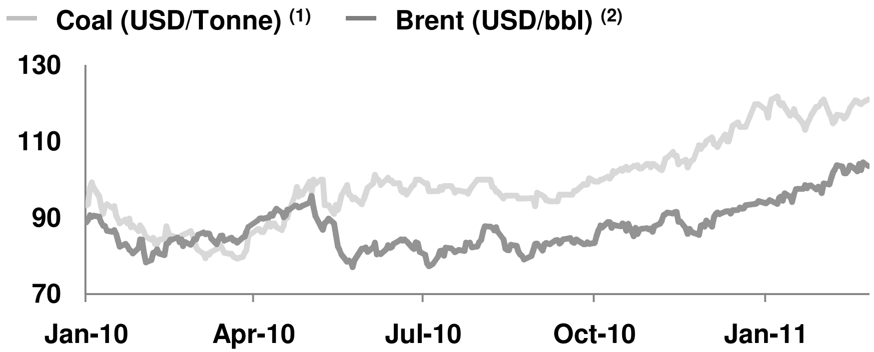
Best in class with highest score

- *Climate Strategy*
- *Risk Management*
- *Stakeholder Engagement*
- *Price Risk Management*
- *Scorecard/Measurement Systems*
- *Social Reporting*
- *Human Capital Development*
- *Biodiversity*

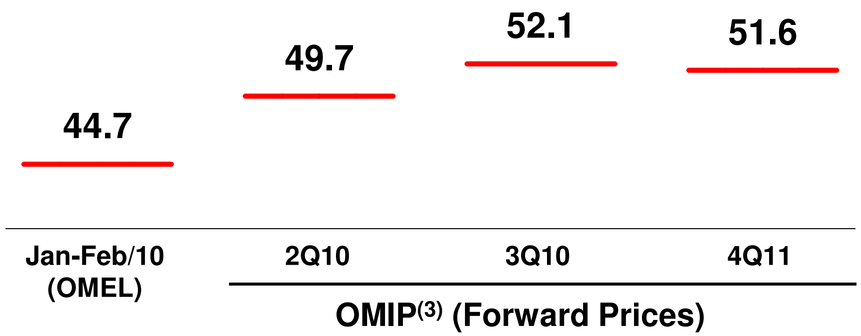
EDP was rated as #1 wordwide among 62 utility companies evaluated

Liberalised activities Iberian Market: Current Environment

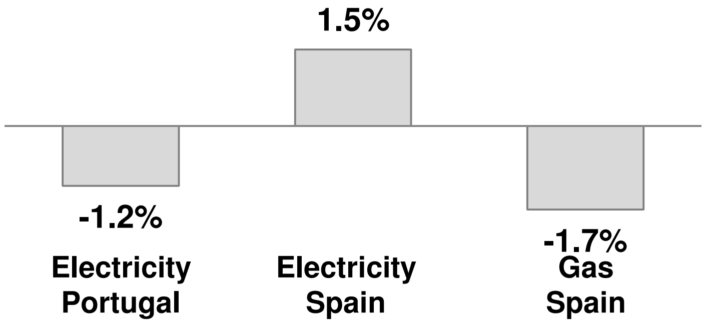
Forward Energy Markets for 2011
(US$)



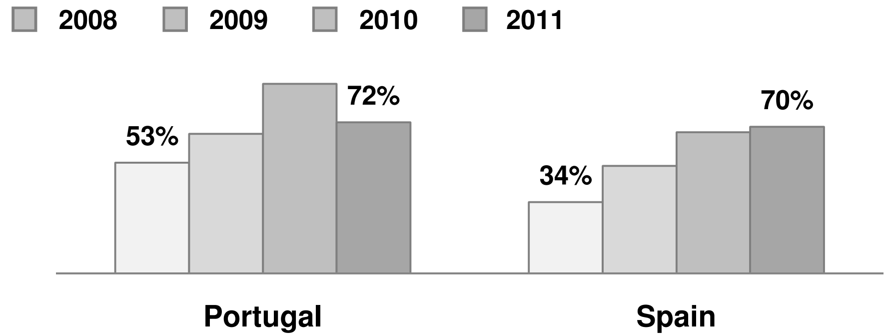
Spain - Wholesale Electricity Prices
(€/MWh)



Iberia – Energy Demand YoY Growth, Jan/Feb-11[4]
(%)



Iberia – Hydro reserves (as of Feb 24th)
(%)



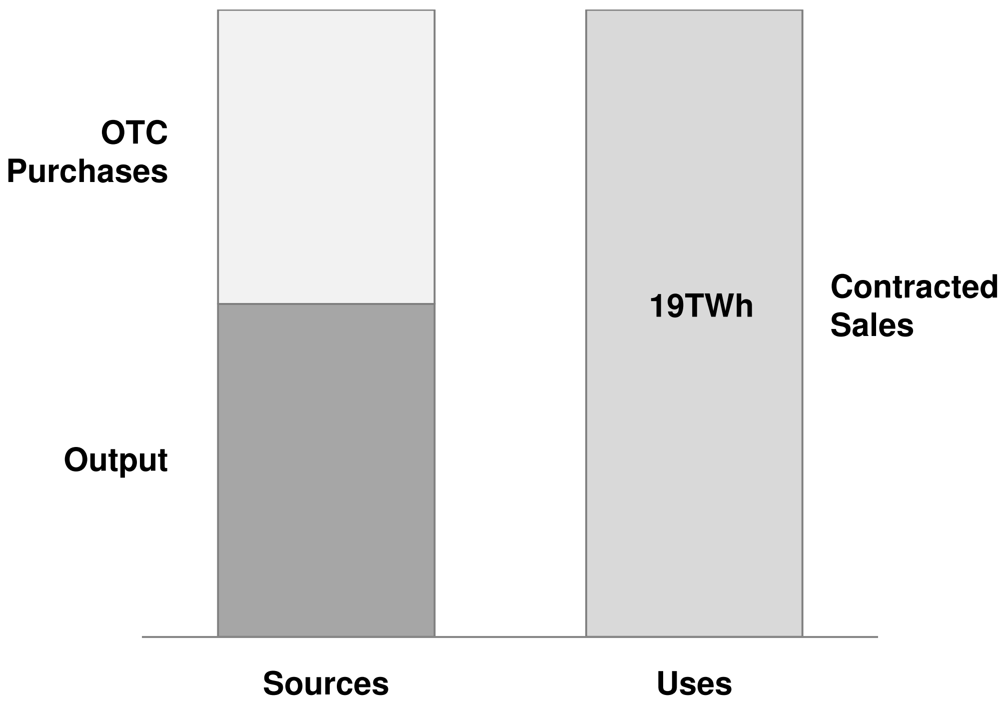
Residual demand for thermal power production and thermal spreads continue at low levels

[1] Reuters; Based on API2 contract exp 4Q11; [2] Reuters; Based on Brent contract for Dec-11; [3] OMEL (YT Feb 28th; OMIP, as of Feb 28, 2011;
[4] Source: REN, REE and Enagas; Electricity growth adjusted for temperature and working days

Liberalised activities: Outlook for 2011

EDP: Electricity Forward Contracting, 2011

(TWh)

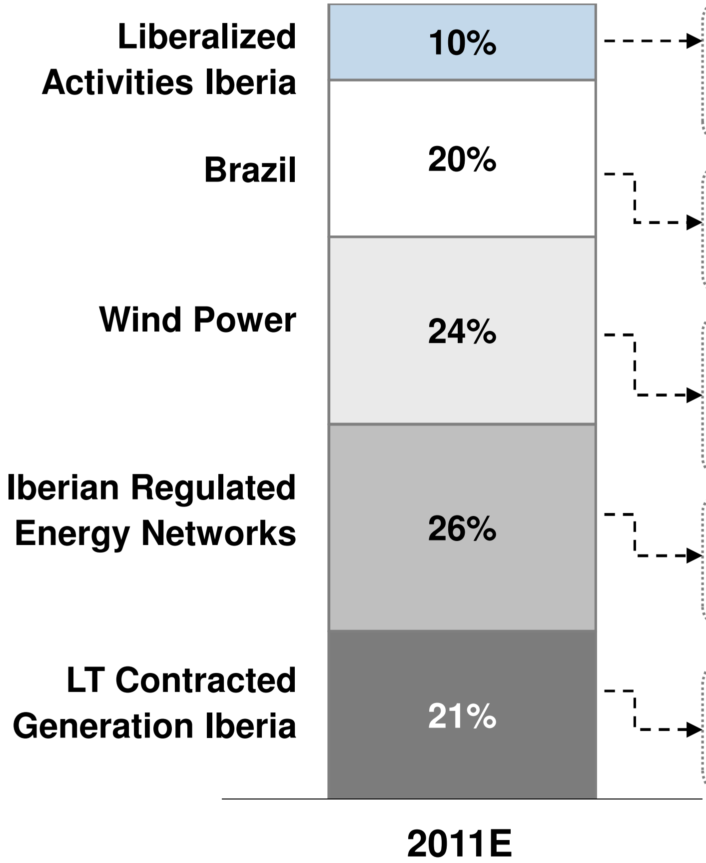


- Avg. selling price contracted with clients(1): ~€50/MWh, in line with 2010
- 65% of expected output is forward contracted
- Average Clean Thermal Spread(2) Locked in: ~€10/MWh, in line with 2010

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

(1) Before Capacity Payment (2) Including CO_2 Costs and free CO_2 allowances

Prospects for 2011: EBITDA



- ✓Forward contracted sales: 19 TWh at prices close to €50/MWh
- ✓FW contracted output: c65% of expected total; Thermal spread(1) ~€10/MWh

- ✓ New regulatory period for Bandeirante (Oct-11) stable framework for Escelsa
- ✓ Jan/Feb-11: Average EUR/BRL2.26, appreciation of BRL vs. Eur +12% YoY

- ✓Gradual increase in PPAs weight in USA wind production
- ✓Spain: Low exposure to pool price in 2011 due to hedging and new regulation
- ✓New capacity in Poland & Romania: Selling prices above portfolio average

- ✓ 2011 Regulated revenues already set by regulators: €1.8bn
- ✓ Sale of electricity transmission assets in Spain: Closed in Feb-11

- ✓ End of PPA at Carregado fuel oil plant in Dec-10 (EBITDA 2010: €85m)
- ✓ Forecast contracted gross profit PPA/CMECs in 2011E: €860m

Good visibility on EBITDA: ~90% with very low risk

Low single digit growth at EBITDA level in 2011

(1) Average of clean spark spreads and clean dark spreads contracted; includes proportional CO_2 free allowances.

Prospects 2011/2012

2011E	• Average cost of debt: Expected to be ~4.0% • Regulatory receivables: Expected additional securitisations in Spain, slight increase in Portugal • Target cash proceeds from disposals in 2011: ~€500m (several options under analysis) • 2010 full cash dividend payment in 2Q11 (€0.17[1] per share, full cash payment ~€615m) **Net debt 2011E < Net Debt 2010** [2] **Net Profit: Low single digit growth**
2012E	• Positive impact from new capacity additions on EBITDA and Free Cash Flow: New PPA coal in Brazil + 3 new hydro plants in Portugal (expected impact on 2012 EBITDA: €150m) • Lower planned capex for 2012E: €2.0bn • Target full cash 2011 dividend of €0.185 per share (in line with previous guidance) **Clear positive free cash flow generation in 2012**

Execution of ongoing investments: will add cash flows with attractive risk/returns to our portfolio

Controlled risk in energy markets: Restrict merchant wind in US, integrated Iberian management

Controlled risk in financing: Improve free cash flow profile, assure funding needs 2 years ahead

(1) Dividend to be proposed by EDP's Executive Board; subject to approval on the AGM
(2) Assuming stable ForEx rates, including impact from future disposals and assuming future securitisation of tariff deficits

A resilient business model in a challenging environment

Improvement of returns

- **EBITDA +7% (wind power and Brazil were the key growth drivers)**
- **Net interest costs: +3%** (cost of debt of 3.5% in 2010, avg. maturity 5 years)
- **Net Profit: +5%**

Continued Profitable Growth

- **Total Installed capacity: +7% YoY (wind power capacity +17% YoY)**
- **3.1GW capacity under construction (€1.2bn already invested)**
- **EBITDA from coal Brazil & new hydro Portugal: €150m estimate for 2012**

Controlled risk

- **Regulated or long term contracted activities represent > 85% of EBITDA**
- **Increased market diversification (Brazil, USA, Poland, France, etc.)**
- **Capex reduction for 2011E/2012E, ~€500m target disposals for 2011**
- **Financial liquidity: €5.8bn covers funding needs over next 24 months**

Dividend proposal: €0.17[1] per share (+10% YoY)

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

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

Next Events

March 3^{rd}: EDP discloses 2010FY Results

March 14^{th}-15^{th}: EEI Conference, London

March 16^{th}: Roadshows in Paris and Toronto

March 17^{th}: Roadshows in Boston and San Francisco

March 18^{th}: Roadshows in New York and San Francisco