



# Results Presentation 2012

Lisbon, March 6<sup>th</sup>, 2013



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# 2012: Highlights of the period



**EBITDA: €3,628m, -3% YoY**

Negative non recurrent items in Brazil; Challenging Iberian market; Healthy growth in renewables

**+881 MW of new capacity commissioned: wind, hydro and Brazil**

**65% of generation capacity is hydro & wind**

**Continued focus on efficiency**

Opex <sup>(1)</sup>: +3% YoY (including wind power & Brazil), +2% YoY in Iberia, below inflation

**Decline in avg. cost of debt to 4.0% (vs. 4.1% in 2011)**

Below our 4.3 % guidance in May-12: Strong decline in Euribor rates + lower marginal cost of debt

**Net Profit: €1,012m, Earnings Per Share of €0.277: -10% YoY**

**Dividend per Share 2012: €0.185<sup>(2)</sup> fully in cash, flat YoY**

(1) Supplies & Services + Personnel costs + Costs with social benefits; Excludes restructuring costs.

(2) Dividend proposed by EDP's Executive Board of Directors and subject to approval in the next EDP shareholders' meeting

# 2012: Highlights of the period



Capex of €2.0bn (-7% YoY): fewer expansion projects in wind power  
**€0.8bn of disposals: €0.6bn to be received in 1H13**

Regulatory receivables Portugal +€1.1bn in 2012: €0.3bn above expected due to very dry weather  
**Electricity system sustainability agreement: Receivables adequately remunerated, to be fully paid by 2020**

Net debt +€1.35bn (+8%) to €18.2bn by Dec-12: Mostly driven by regulatory receivables (+€1.1bn)

**Strong financial liquidity: €3.9bn by Dec-12, or €5.8bn considering also deals settled up to Feb-13<sup>(1)</sup>**  
Strong improvement of credit markets: In Jul-12/Jan-13 EDP raised €4.5bn of LT debt at competitive cost

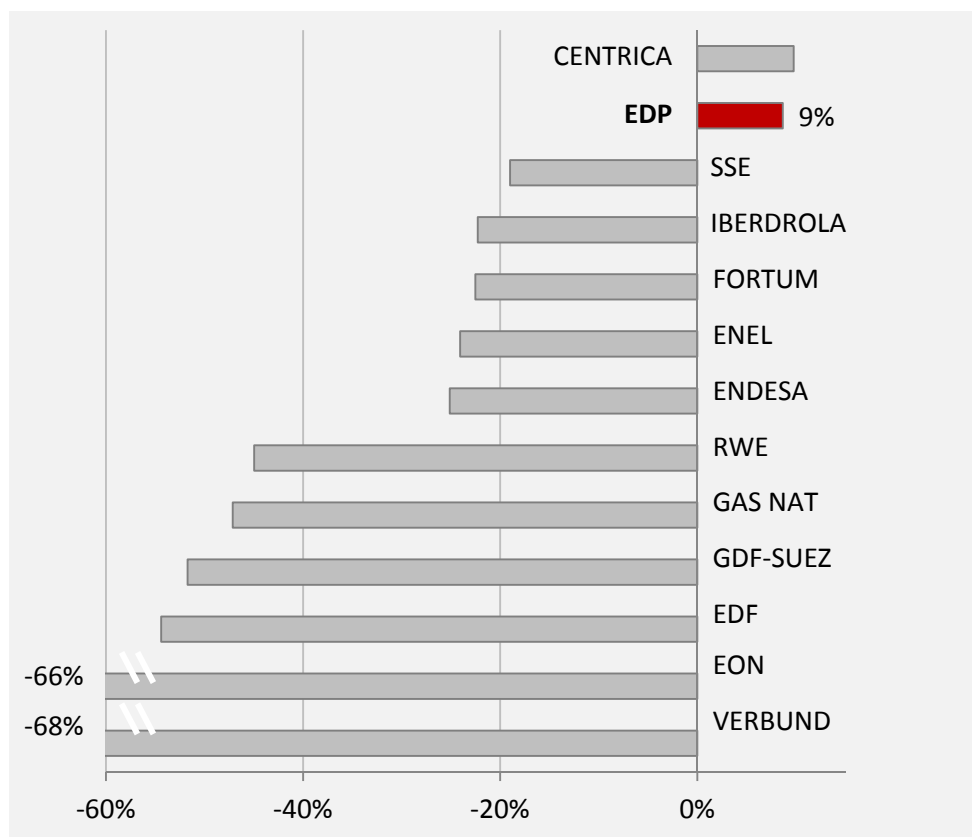
Low-risk profile: Over 85% regulated/LT contracted; Diversified markets and competitive assets  
**Focus on risk control + efficiency improvements + delivery of ongoing growth projects**

(1) Includes: (i) Disposal of gas transmission assets in Feb-13 (€258m EV); (ii) 5-year €1.6bn term loan signed in Jan-13.

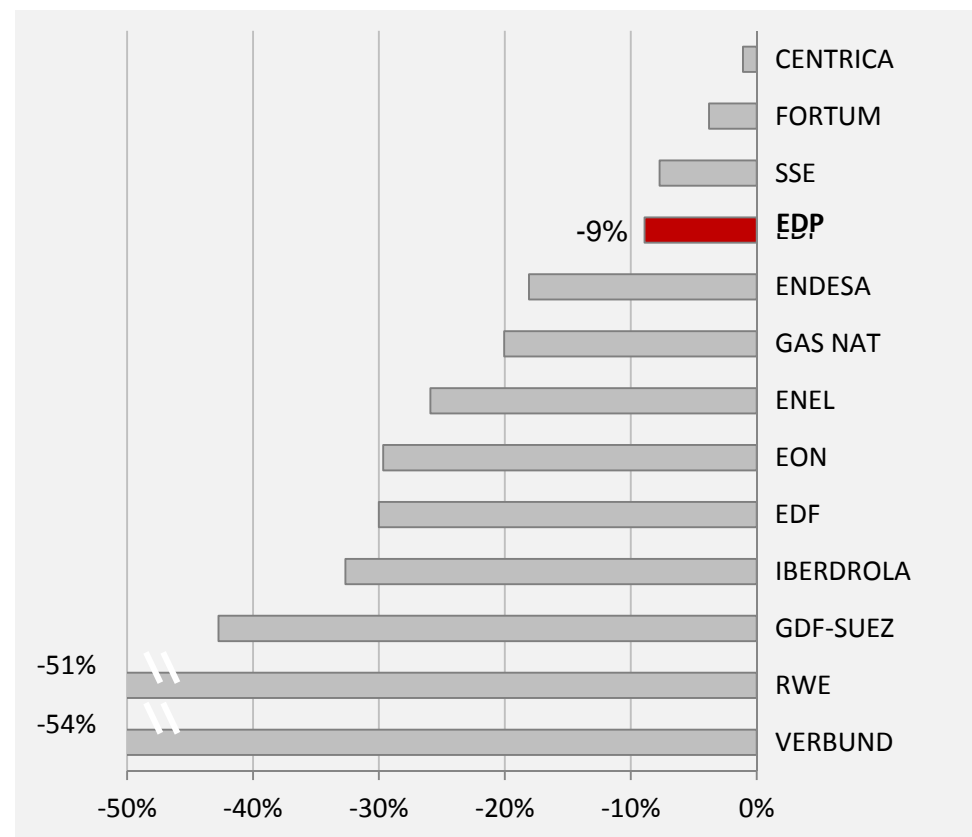
# EDP's Earnings Delivery to Shareholders versus main European Integrated Utilities



**EPS11: Actual data versus consensus on Jan-09 <sup>(1)</sup>**  
(%)



**EPS12: Actual Data/Current Consensus vs. Jan-10 Consensus <sup>(2)</sup>**  
(%)



**Predictability of EDP's financial performance: Distinctive profile amongst European utilities**  
**Business model based on LT contracted & regulated activities: lower sensitivity to energy markets**

(1) Bloomberg data: 2011 reported EPS adjusted for abnormal items versus 2011 EPS consensus as of Jan 1st, 2009. (2) Source: Change of Bloomberg EPS Consensus: March 5<sup>th</sup> 2013 vs. December 31<sup>st</sup> 2009 for Centrica, SSE, Enel and Verbund. Reported data for the remaining companies except E.ON (Preliminary Results)

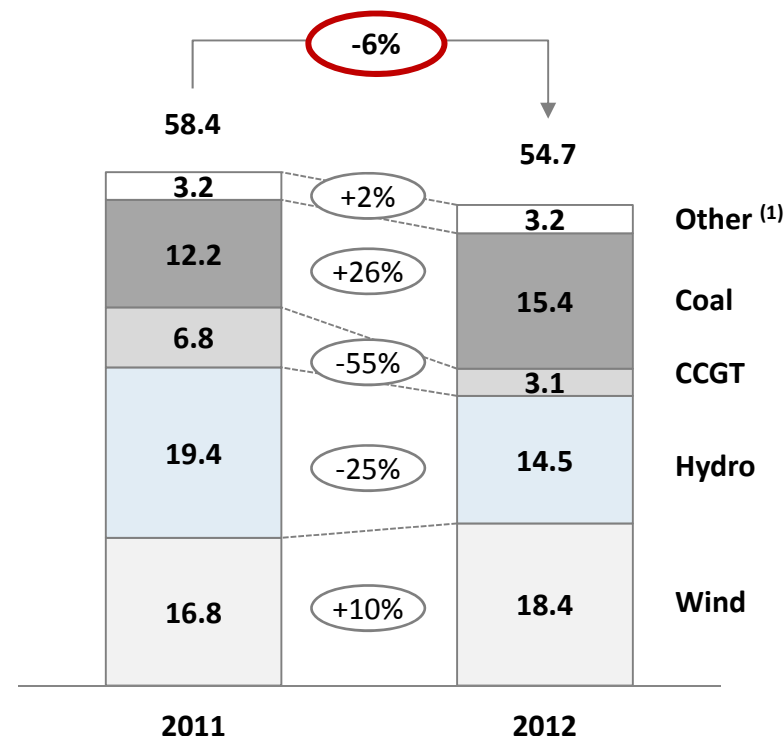
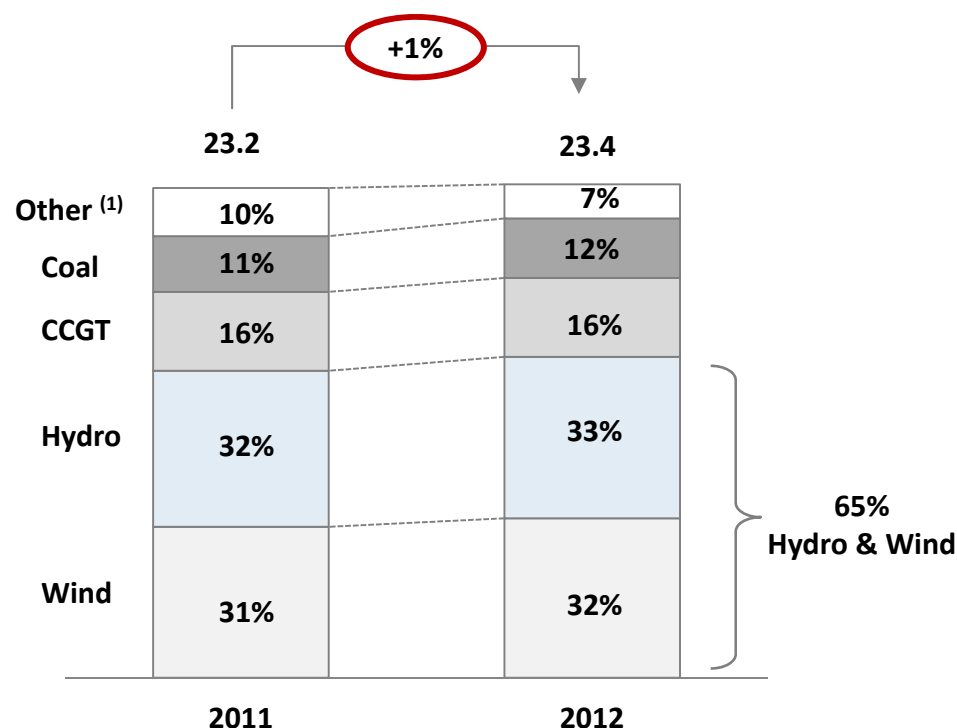
# 2012 Operating Headlines:

## Hydro & wind represent 65% of installed capacity by Dec-12



Installed Capacity  
(GW)

Generation Breakdown by Technology  
(TWh)



**Installed capacity +1% YoY: +0.3GW new hydro; +0.4GW new wind; -0.7GW fuel oil decommissioning**

**6% decline in power production due to dry year in the Iberian peninsula**

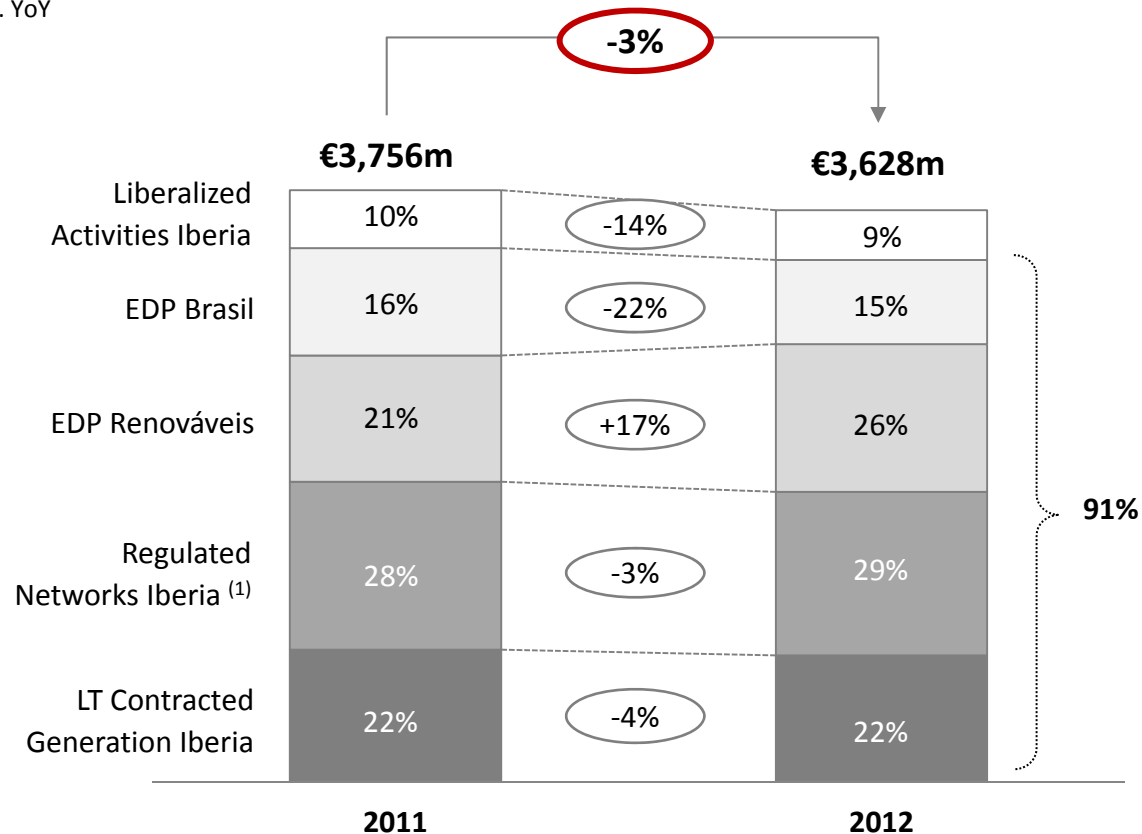
(1) Fuel oil, thermal special regime (cogeneration, biomass), nuclear and solar

# EBITDA 2012: Breakdown by division



## EBITDA Breakdown by division (€ million)

○ % Chg. YoY



**LT Contracted Activities and Regulated activities > 85% of EBITDA: Support for a resilient performance**

(1) Includes regulated networks and other.

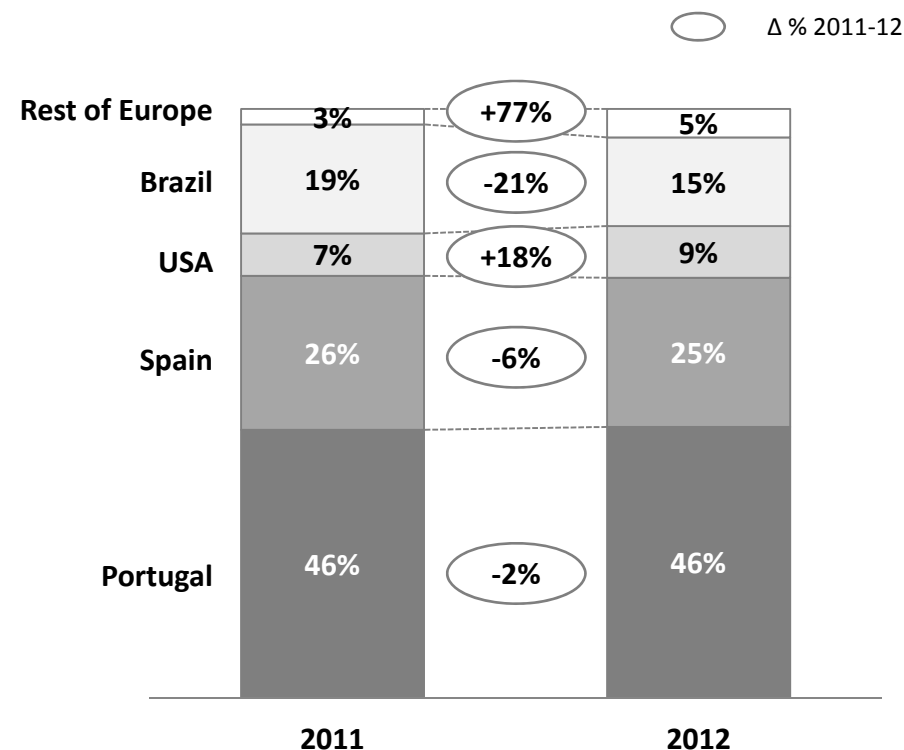
# 2012 EBITDA: Increasing portfolio diversification



**EBITDA Breakdown by Major Subsidiaries: 2012 vs. 2011**  
(%)

	2011	2012	Var. %	Var. Abs.
EDP Brasil	682	535	-22%	-147
HC Energia	706	623	-12%	-82
EDP Renováveis	801	938	+17%	+137
EDP Portugal & Other <sup>(1)</sup>	1,568	1,533	-2.2%	-35
<b>EDP Group</b>	<b>3,756</b>	<b>3,628</b>	<b>-3.4%</b>	<b>-127</b>

**EBITDA Breakdown by Geography <sup>(2)</sup>: 2012 vs. 2011**  
(%)



**Consolidated EBITDA growth penalised by a difficult year in Brazil and regulatory changes in Iberia**  
**EDPR growth driven by new installed capacity (75% outside Iberia, mostly in US and Poland/Romania)**

(1) Includes consolidation adjustments and other subsidiaries

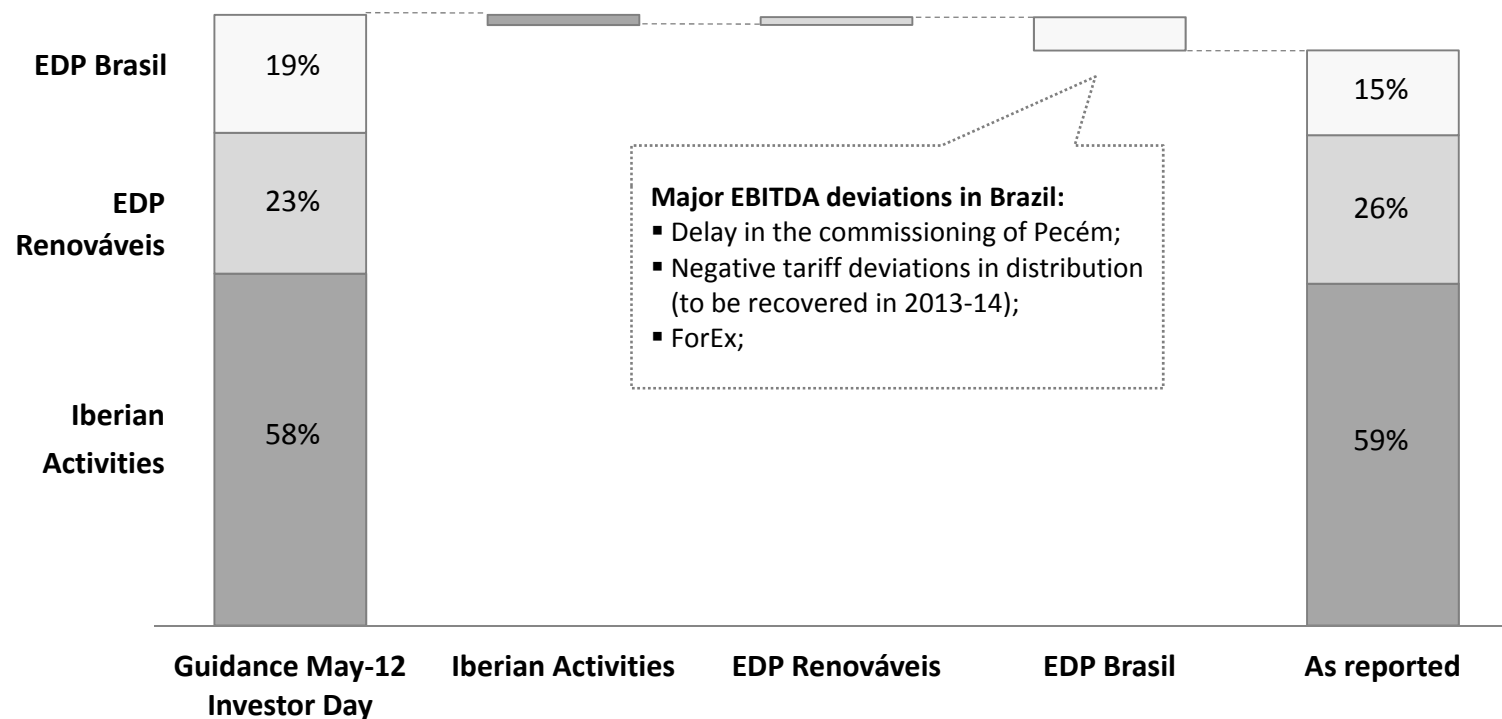
(2) EDPR EBITDA allocated by country of origin



# EBITDA 2012 vs. guidance provided at May-12 investor day



EBITDA 2012 Breakdown  
(€ million)



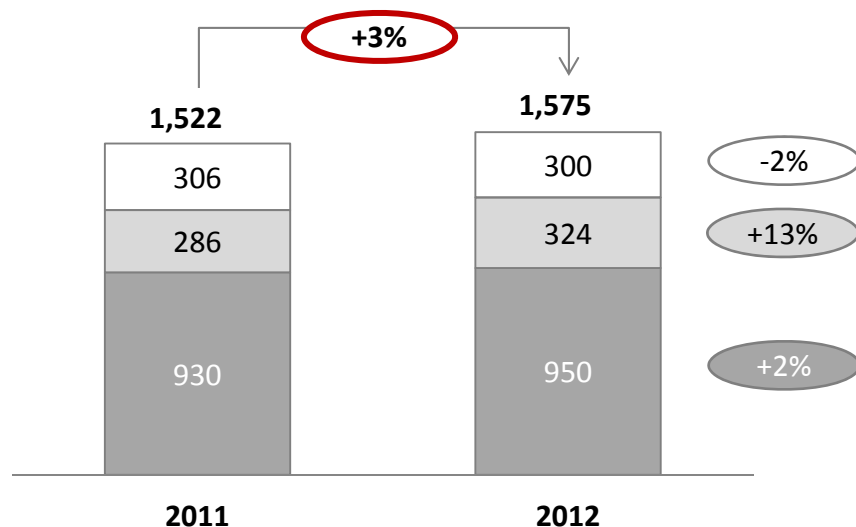
**EBITDA 2012 from Iberia + EDP Renováveis much in line with May-12 Investor day guidance**  
**2012 one-offs in Brazil justify ~95% of EBITDA deviation vs. guidance**

# Operating costs: Opex/Gross Profit<sup>(2)</sup> at 28% in 2012

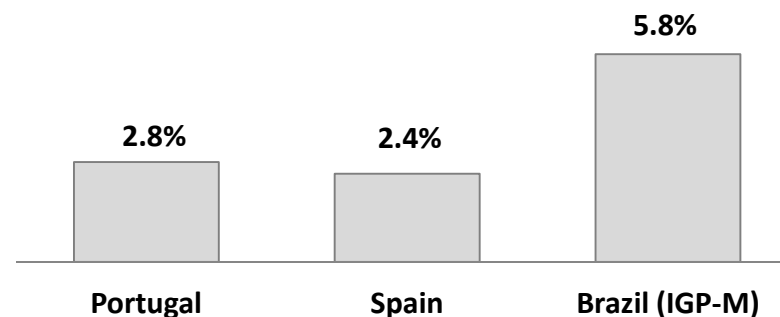


## Operating costs <sup>(1)</sup> : 2012 vs. 2011 (€ million)

□ Brazil    □ EDPR    ■ Iberia



## 2012 YoY Inflation <sup>(3)</sup> (%)



- **Iberia:** Operating costs +2% YoY (excluding restructuring costs), impacted by higher commercial costs resulting from the ongoing energy supply liberalization process
- **EDPR:** Operating costs +13% (+10% excluding forex impact, in line with output growth)
- **Brazil:** Operating costs -2% (+5.8% in local currency; in line with inflation)

**Accomplishment of OPEX III target savings for 2012: ~€75m**

**Anticipation of 2014 target for 2013**

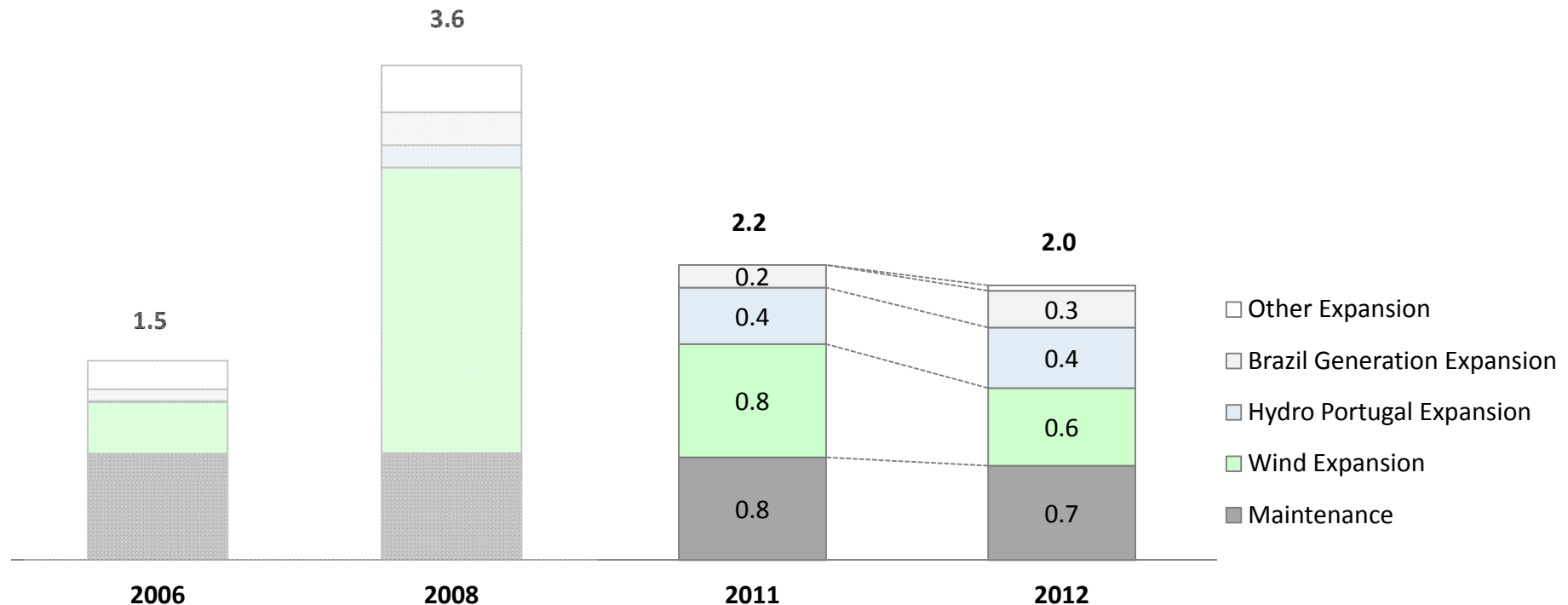
(1) OPEX=Supplies & Services + Personnel costs + Costs with social benefits; Excluding Restructuring Costs (2012: €21m; 2011: €14m)

(2) Gross profit adjusted for PTC revenues; (3) Portugal and Spain: INE; Brazil: FVG; monthly average for IGP-M.

# Capex: execution of selective growth



Consolidated Capex Breakdown<sup>(1)</sup>  
(€ billion)



**Capex in 2012 at €2bn, down 7% YoY, following slowdown of wind power capacity expansion**  
**Expansion capex 2012: 100% in new wind & hydro capacity + new Pecém coal plant in Brazil (with PPA)**

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

# Delivery of strategic partnership with CTG: execution of first wind farms minority stakes transaction



- Dec-12: EDPR agreed with CTG the sale of a 49% minority stake in EDPR Portugal, representing 615MW of wind capacity in operation and 29MW ready-to-build, all located in Portugal
- Total cash-in for EDP: €359m (expected in 1H13)
  - i) €251m for acquisition of 49% of equity;
  - ii) €108m for acquisition of 25% of shareholder loans
- Implied Portfolio Valuation:
  - Implicit EV: €1,011m
  - EV/MW: €1.57m
  - EV/EBITDA<sup>(1)</sup>: 8.6x

## Transaction Scope & Assets Description

Total Invested Capital/Net Fixed Assets (€m) <i>(as of Sep-12)</i>	765/558
EBITDA/Net Income (€m) <i>(last 12 months)</i>	116/43
Capacity (MW) <i>(in operation/ready-to-build)</i>	615/29
Average Age/Useful life <i>(as of Sep-12)</i>	6/19
Load Factor <i>(last 5 years average)</i>	27%
2011 Tariff <i>(€/MWh)</i>	99

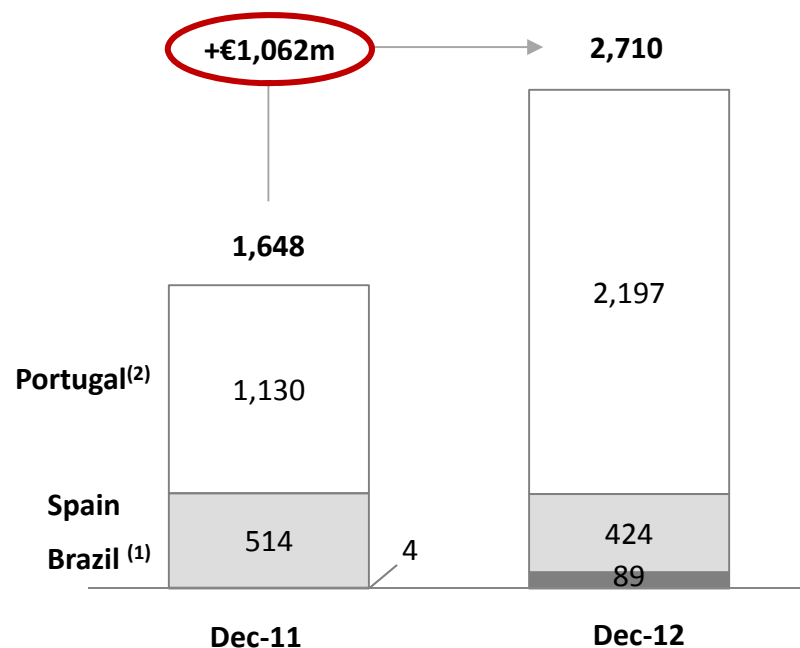
**2012E-2015E: CTG to invest €2bn in wind minority stakes equivalent to 1.5GW (net)**  
**Valuation based on fairness opinion and pre-agreed minimum return on capital**

(1) Based on transaction value and last 12 months EBITDA.

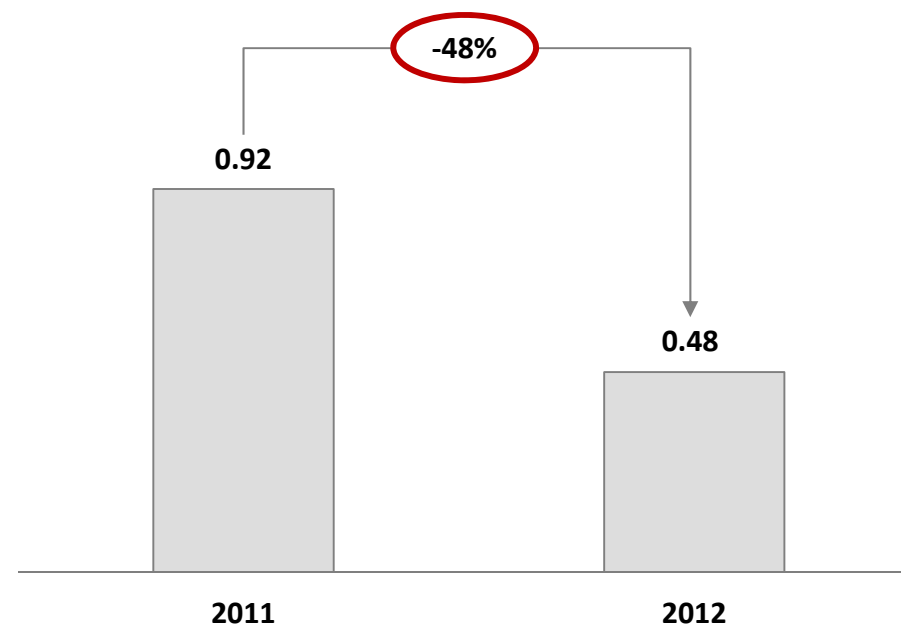
# Net regulatory receivables by Dec-12



## Regulatory Receivables (€ million)



## Portugal hydro coefficient (1.0 = avg. year)



### In Portugal, +€1,067m, mainly driven by:

- +€797mn mostly in line with previously defined by the regulator
- +€270m due to extreme dry weather in 2012 (hydro production was 52% below historical average)

**Brazil: +€85m** (higher-than-expected energy costs, to be passed through to distribution customers in 2013/14)

**Spain: -€89m** (+€238m from tariff deficit generated in 2012, -€301m received from FADE's securitizations)

(1) Brazil's Regulatory Receivables are out of Balance Sheet;

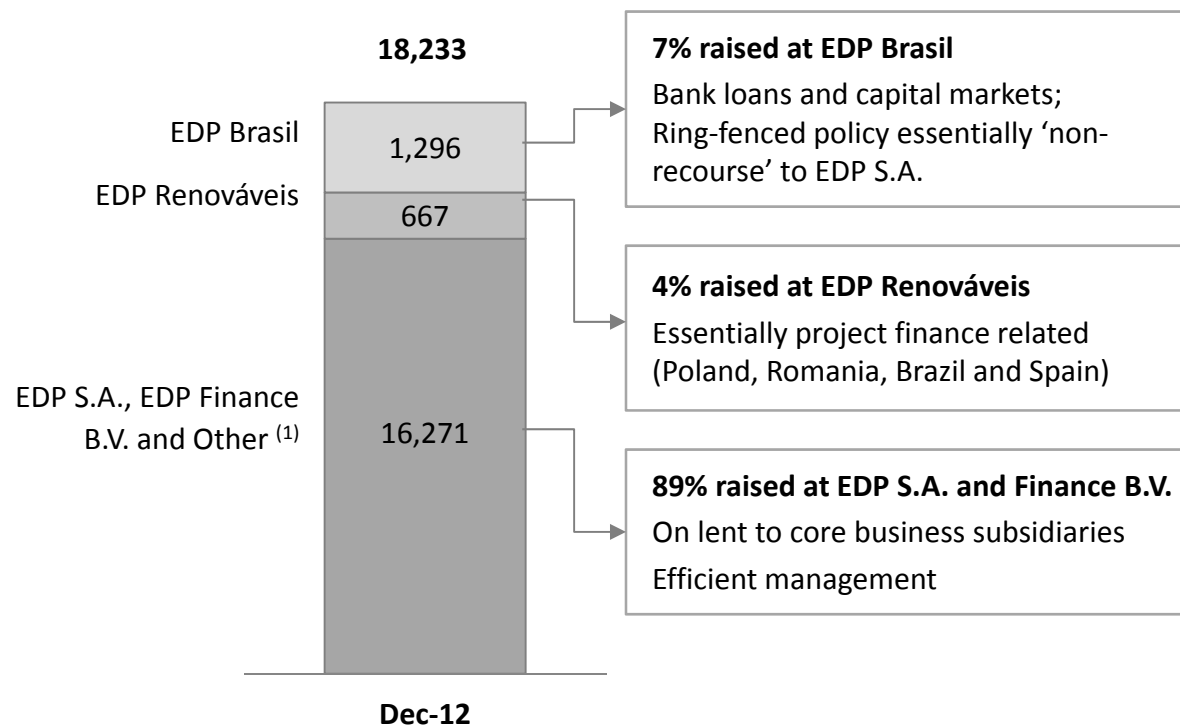
(2) Includes gas regulated activity in Portugal

# Net debt



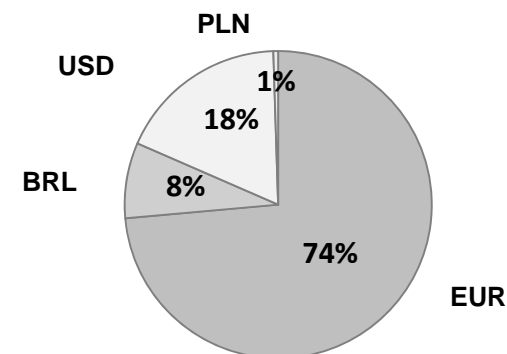
## EDP consolidated net debt position: Dec-12

(€ million)



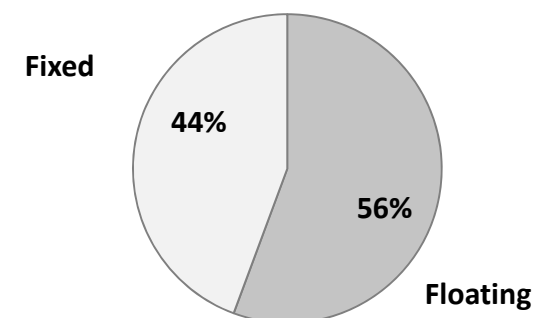
## EDP consolidated debt by currency: Dec-12

(%)



## Debt by interest rate term: Dec-12

(%)



**Debt essentially issued at holding level through both capital markets (public and private) and bank loans**

**Investments and operations funded in local currency, to mitigate ForEx risk**

**Floating rates 56% weight provide hedging on inflation: positive impact from recent decline in Euribor rates**

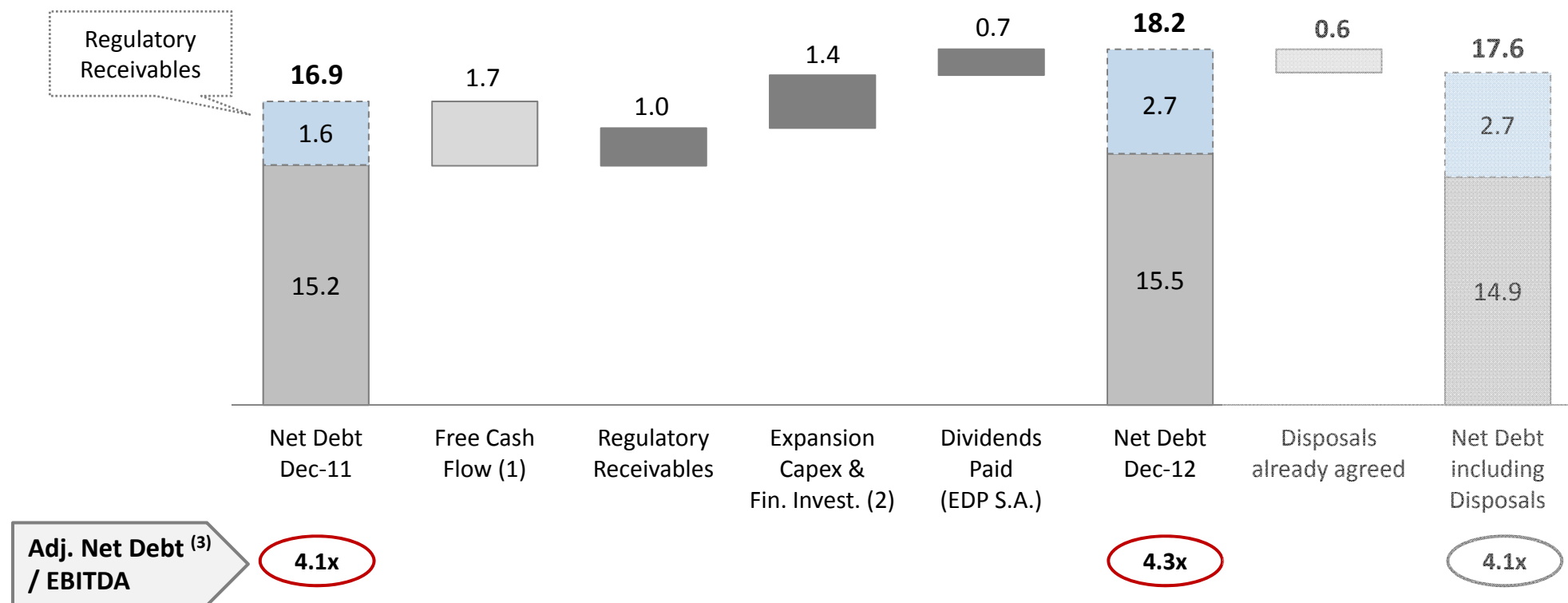
(1) Including accrued interest, fair value hedge and collateral deposits associated with debt.

# Change in Net debt



## Change in Net Debt: Dec-12 vs. Dec-11

(€ billion)



**Net debt rose +€1.35bn in 2012 mostly driven by increase of regulatory receivables (+€1.1bn)**

**€0.6bn of disposals: c€250m received in Feb-13 (Gas Transmission Spain), c€360m from CTG pending approvals**

(1) EBITDA - Income taxes - Maintenance capex - Interest paid + Chg. in working capital + Forex

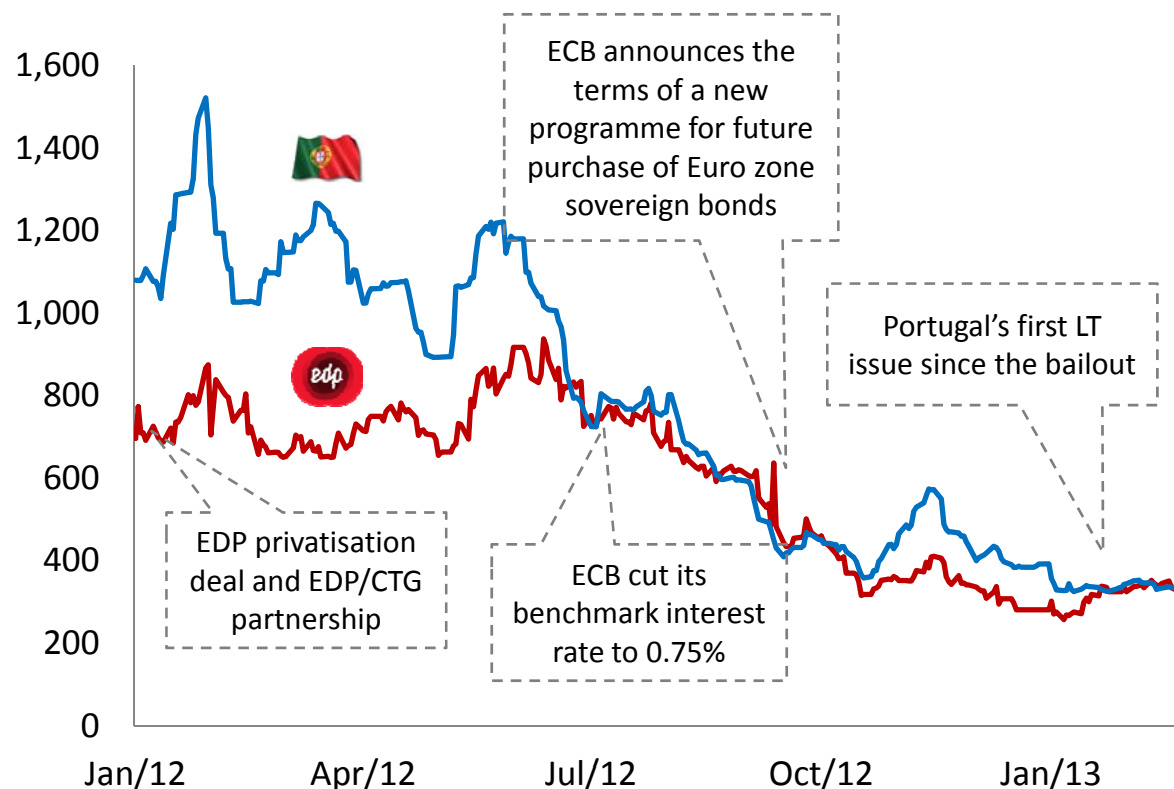
(3) Net debt adjusted by regulatory receivables

(2) Expansion capex, Net financial investments and Chg. in working capital from equipment suppliers

# Improvement in credit conditions & execution of CTG partnership



## 5-Year Credit Default Swaps: Portuguese Government and EDP (bps)



## Major credit deals of EDP in Jul/Jan-13:

- **Jul-12:** €1bn loan from China Development Bank, 5 year-tenor, interest Euribor 6M + 480 bps
- **Sep-12:** €750m Eurobond issue, 5 year maturity; 5.875% yield (10x demand)
- **Oct-12:** €800m multicurrency loan from Bank of China, 3 year-tenor, interest of Libor 3M + 350 bps
- **Nov-12:** CHF 125m bond issue, 4 year maturity and 4.0% yield
- **Dec-12:** Sale without recourse of 1-year receivable from CMECs (€141m plus interest)
- **Jan-13:** €1.6bn term loan; 5 year-tenor and interest of Euribor 3M + 400 bps

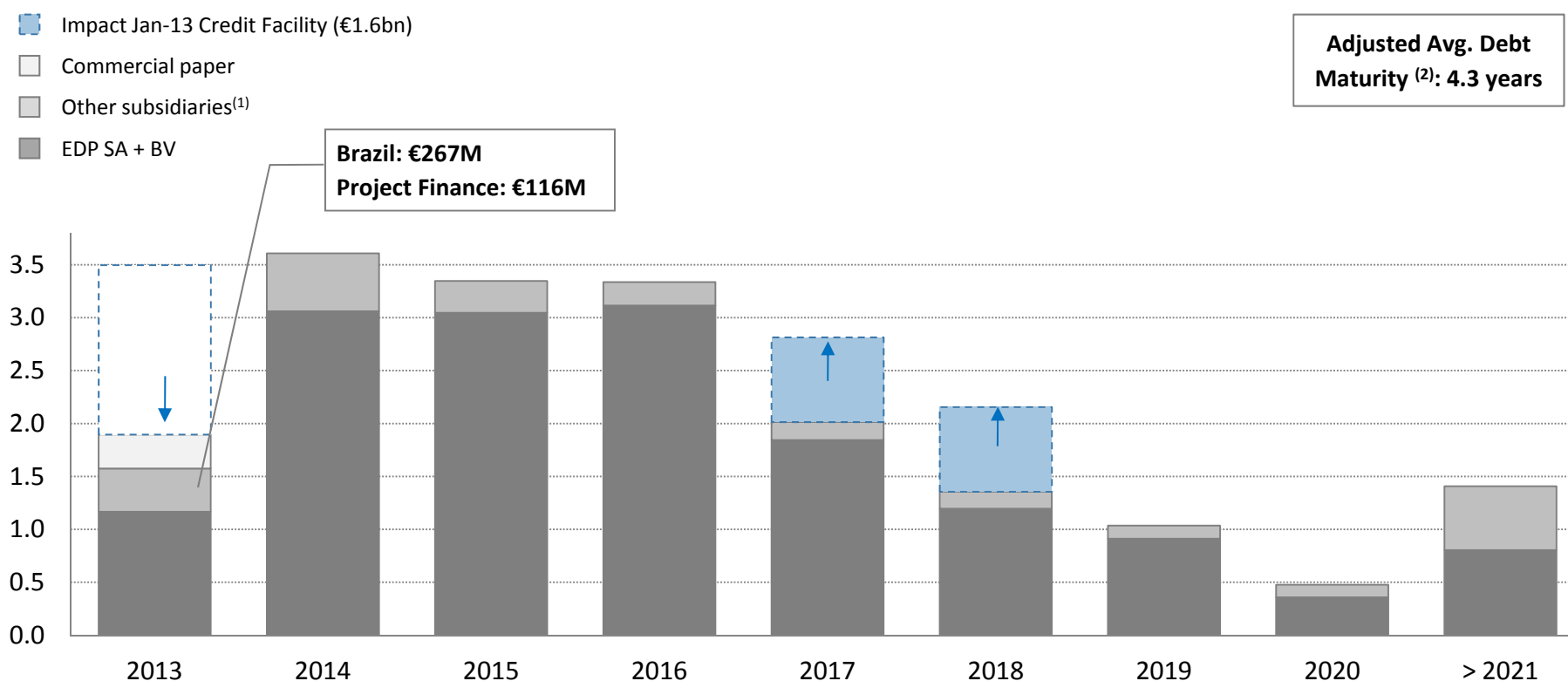
**In Jul-12/Jan-13 EDP raised €4.5bn of new long term debt at competitive cost**



# Net Debt Profile



## EDP consolidated debt maturity profile (€ billion)



**€1.6bn credit facility signed in Jan-13 extends the avg. debt maturity and reinforces financial flexibility**

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

(2) Including the impact from the €1.6bn credit facility signed in Jan-13

# Financial Liquidity position



(€ million)					
Sources of liquidity (Dec-12)					
Instrument	Maximum Amount	Number of counterparties	Utilised	Available	Maturity
Revolving Credit Facility	2,000	21	300	1,700	03-11-2015
Domestic Credit Lines	183	8	0	183	Renewable
Underwritten CP Programmes	300	2	0	300	Renewable
Total Credit Lines	2,483		300	2,183	
Cash & Equivalents:				1,696	
Total Liquidity Available				3,879	

Financial liquidity of €3.9bn by Dec-12 + €1.6bn 5-year loan obtained in Jan-13

# Main sources and uses of funds



Sources of funds		Use of funds	
▪ Cash & Equivalents (Dec-12) :	€1.7bn	▪ Refinancing needs in 2013:	
▪ Available Credit Lines (Dec-12):	€2.2bn	Bond maturing in Mar-13	€0.15bn
▪ 5-Year Loan (Jan-13):	€1.6bn	RCF maturing in Apr-13 and in Nov-13:	€2.0bn
▪ Sale of gas assets in Spain (Feb-13):	€0.3bn	Bond maturing in Dec-13	€0.35bn
		Loans maturing in 2013:	€0.2bn
		<b>Total 2013</b>	<b>€2.7bn</b>
		▪ Refinancing needs in 2014:	<b>€3.0bn</b>
<b>TOTAL</b>	<b>€5.8bn</b>	<b>TOTAL</b>	<b>€5.7bn</b>

**€5.8bn financial liquidity cover refinancing needs beyond 2014**

**€359m CTG investment in wind minorities cash-in expected by 1H13**

# Net Profit breakdown



(€ million)	2011	2012	Δ %	Δ Abs.
<b>EBITDA</b>	<b>3,756</b>	<b>3,628</b>	<b>-3%</b>	<b>-127</b>
Net Depreciations and Provisions	1,488	1,485	-0%	-3
<b>EBIT</b>	<b>2,267</b>	<b>2,143</b>	<b>-5%</b>	<b>-124</b>
Financial Results & Associated Companies	(696)	(681)	-2%	+14
Capital Gains/(Losses)	21	3	-87%	-18
Income Taxes	260	283	+9%	+22
Non-controlling interests	207	170	-18%	-38
<b>Net Profit</b>	<b>1,125</b>	<b>1,012</b>	<b>-10%</b>	<b>-112</b>

Combined impact from increase of wind farms' accounting useful life (from 20 to 25 years) , new capacity in operation (wind and hydro) and impairments at EDPR level

Cost of debt: 4.0% in 2012 vs 4.1% in 2011; Impairment on financial stake in BCP (€58m in 2011 vs. €5M in 2012)

Sale of EDP Renováveis' stake in SEASA and Ampla in Brazil in 2011

Decrease in EDP Brasil's net profit outstood higher net profit in EDP Renováveis



## Business Areas

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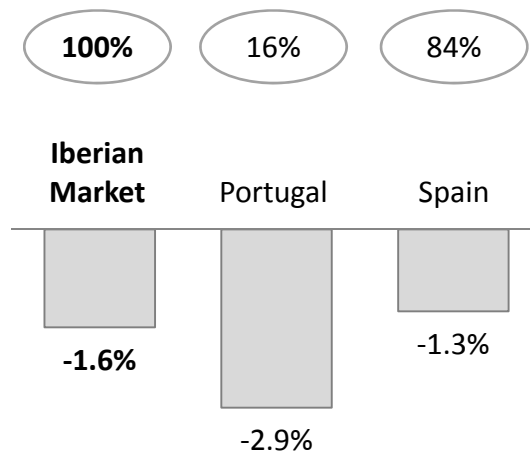
# Iberian Electricity & Gas Markets



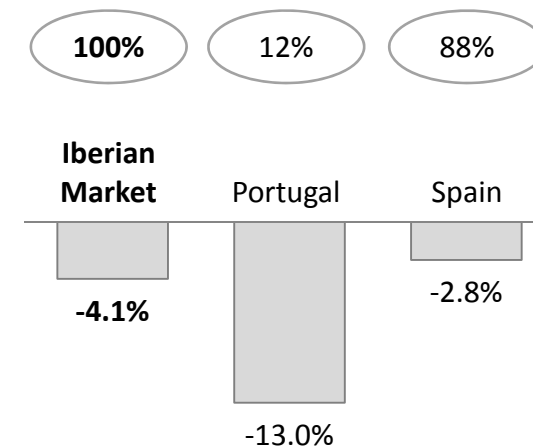
## Iberian Market

% Weight in Iberia in 2012

### Electricity Demand



### Gas Demand



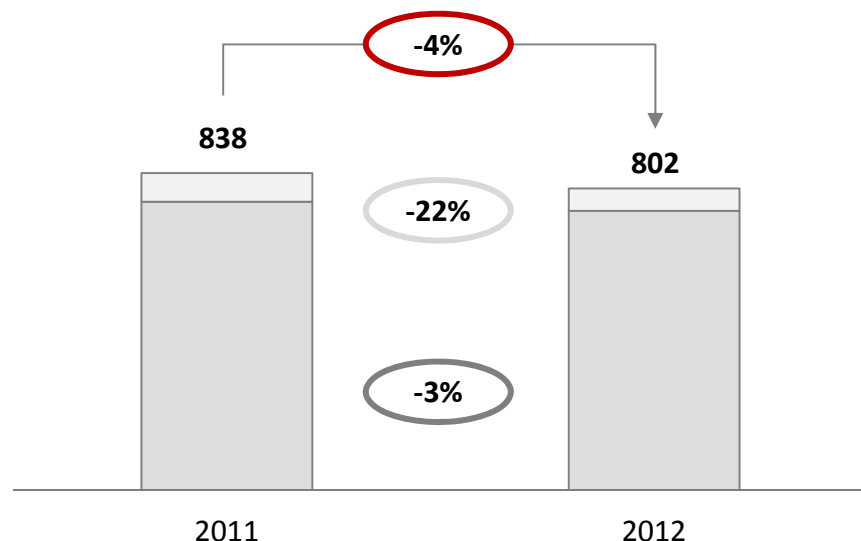
- **Electricity Iberia:** In Portugal significant decline in residential/SMEs
- **Gas in Iberia:** Lower demand from electricity generation partially offset by growth in the conventional demand

# Long Term Contracted Generation Iberia (22% of EBITDA)

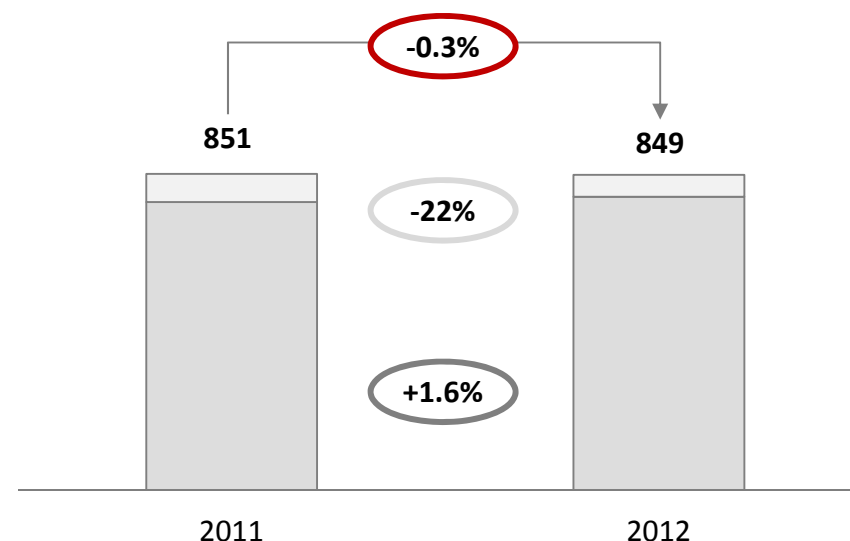


EBITDA LT Contracted Generation  
(€ million)

■ PPA/CMEC    □ Special regime



Adjusted EBITDA LT Contracted Generation  
(€ million)



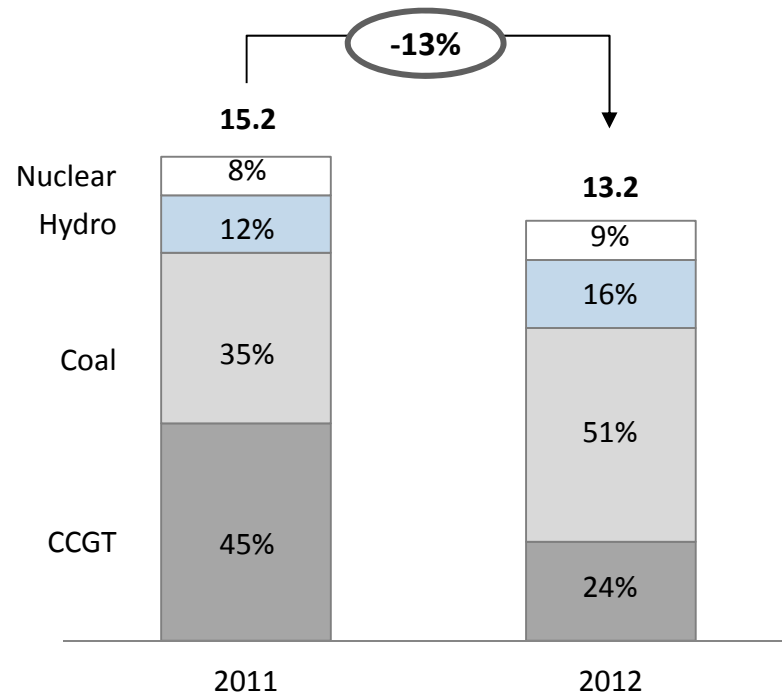
- One-offs (-€13m in 2011; -€46m in 2012): restructuring costs and lower results with fuel and CO<sub>2</sub> procurement
- **PPA/CMEC:** Adjusted EBITDA supported by higher inflation, high availability rates and commissioning of DeNOx
- **Special regime:** Lower mini-hydro output (-42% YoY)

**PPA/CMECs with stable 8.5% Return on Asset pre-tax real, no risk on volumes and prices/margins**

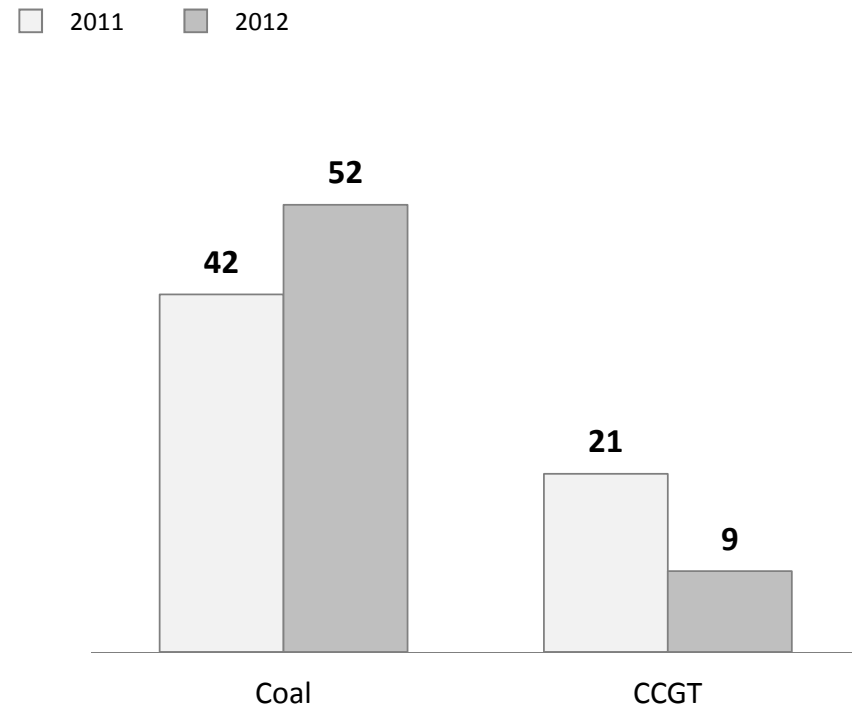
# Liberalised Energy Activities Iberia (9% EBITDA)



EDP Liberalised Power Plants Iberia – Production  
(TWh)



Coal vs. CCGT – Load factors in 2011 and 2012  
(%)



**Production 13% lower due to very low utilisation of CCGT**

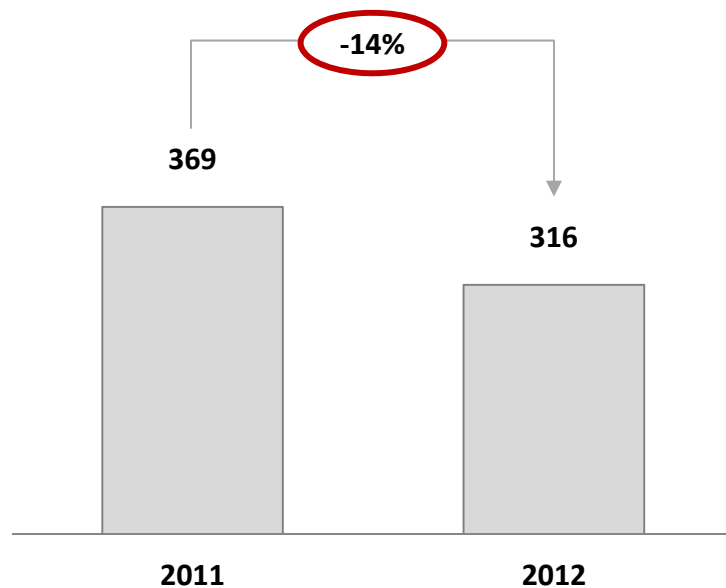
**Higher coal production driven by more competitive cost; higher hydro output backed by capacity expansion**



# Liberalised Energy Activities Iberia (9% EBITDA)



EBITDA Liberalised Activities in Iberian Market  
(€ million)



- **Electricity generation:** 13% decline in volumes produced, flat unit cost ~€39/MWh, no capacity payments in Portugal since Jun-12 (-€39m YoY)
- **Energy supply:** slight decline in B2B volumes sold, lower gas supply margins; strong growth in B2C client base and increase of commercial costs following market liberalization.
- **Energy management:** lower arbitrage opportunities in spot market; 14% decline in volumes of gas procured supported by positive environment in international LNG markets.

No capacity payment revenues in Portugal since 1-Jun-12 (-€39m YoY)

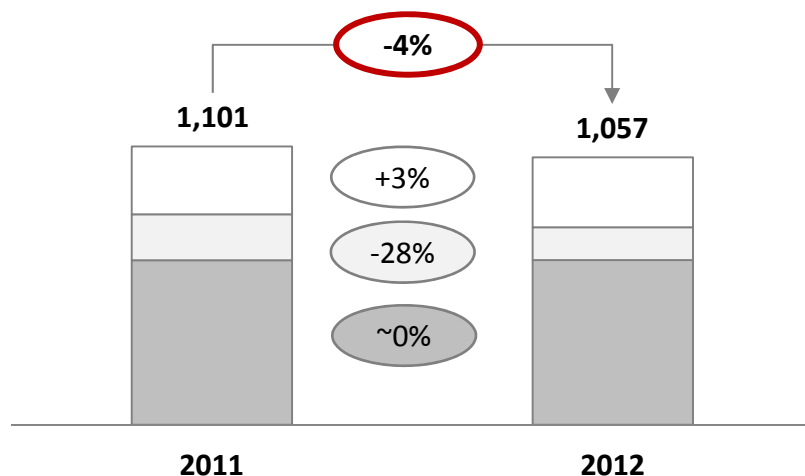
Lower volumes and unit margins in the gas supply business

# Regulated Energy Networks Iberia (29% of EBITDA)



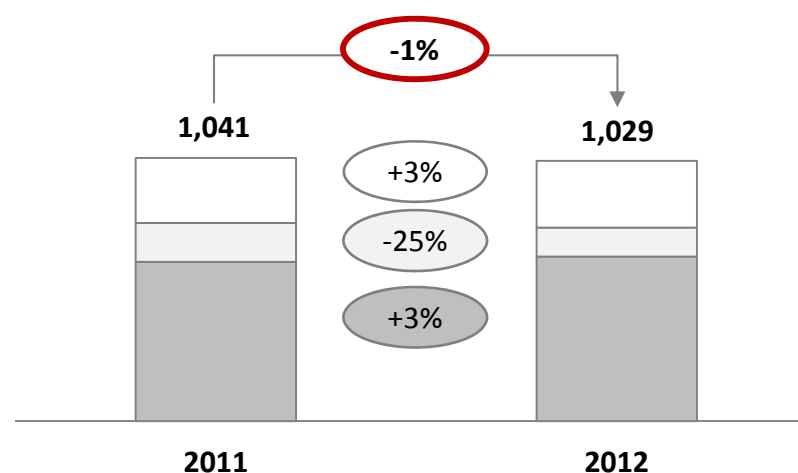
## EBITDA (€ million)

- Gas Iberia
- Electricity Spain
- Electricity Portugal



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

- Gas Iberia
- Electricity Spain
- Electricity Portugal



- **Electricity Portugal:** Adjusted EBITDA +3%; RoRAB increased from 8.56% in 2011 to 10.05% in 2012
- **Electricity Spain:** +€27m one-off in 1Q11 on sale to REE; +€15m one-off in 3Q12 from IFRIC18; Recurrent EBITDA -25% on new regulation (-8% regulated revenues)
- **Gas Iberia:** Adjusted EBITDA +3% YoY

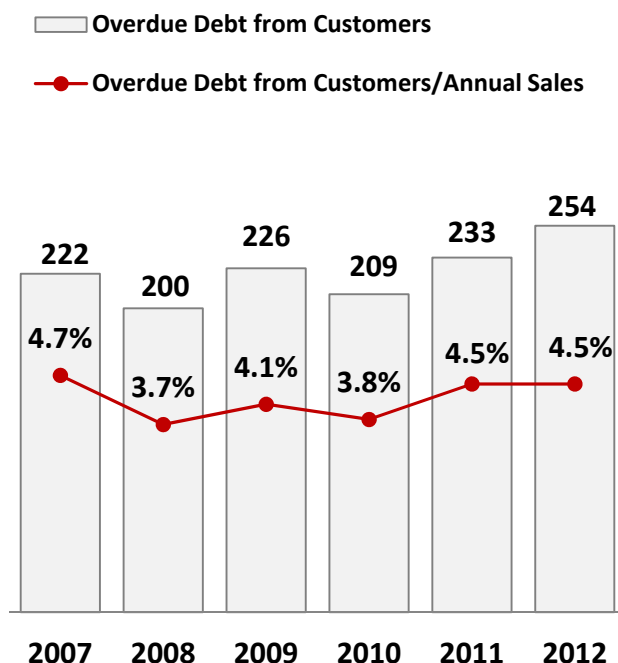
**Adjusted EBITDA -1% YoY on lower regulated revenues from electricity distribution in Spain**

(1) Excludes: i) 1Q11 gain related to the sale of electricity transmission assets to REE of €27m, ii) 1H11 intra-group real estate capital gain of €21m which has no impact on consolidated EBITDA, iii) €15m from the application of IFRIC18 regarding the start-up of substation in Gijón in 3Q12, iv) €13m related with the economic and financial balance of gas Portugal concession agreement and v) 1H11 tariff deviations from previous years (€11.6m) accounted in gas Portugal

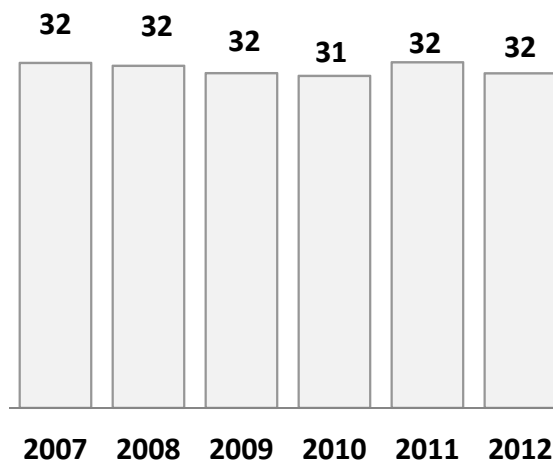
# Commercial Activity Portugal: Control over bills collection



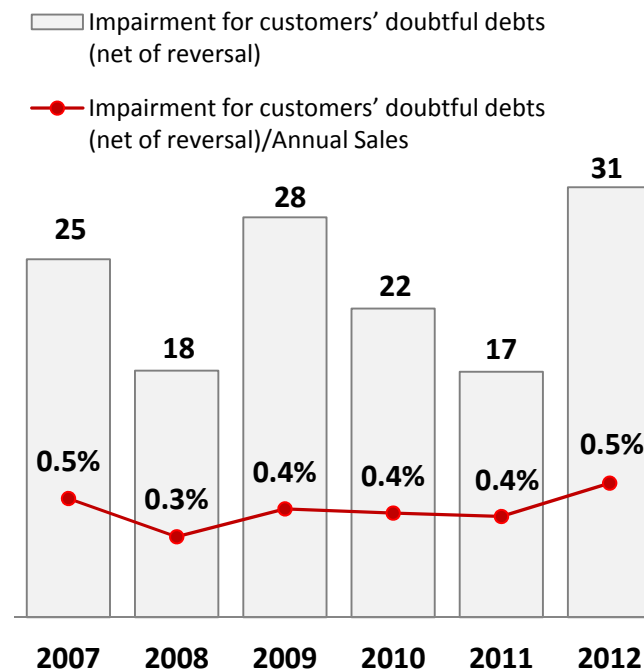
**Overdue Debt from Customers <sup>(1)</sup>**  
(€m; %)



**Average Collecting Period**  
(Days)



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



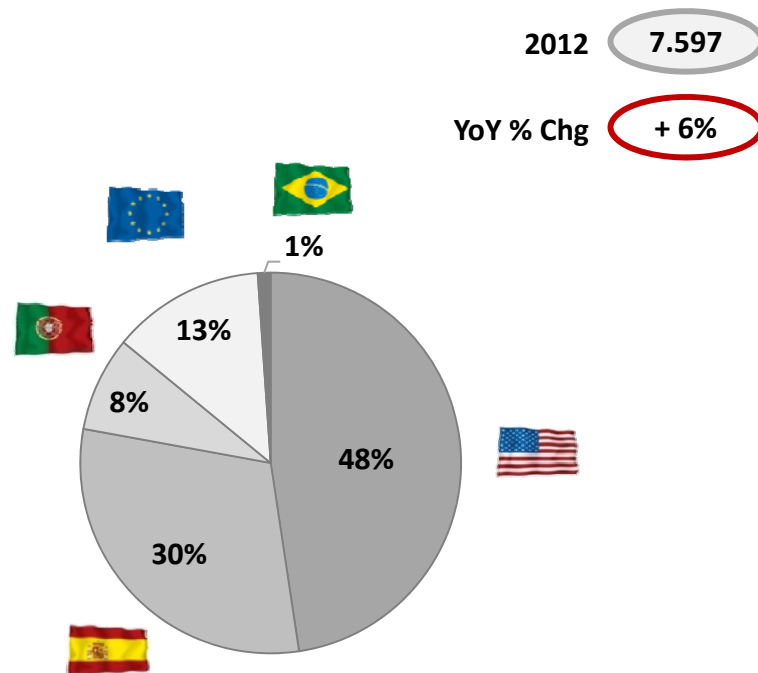
**No material impact on customers collecting cycle, even considering adverse economic environment**

(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)

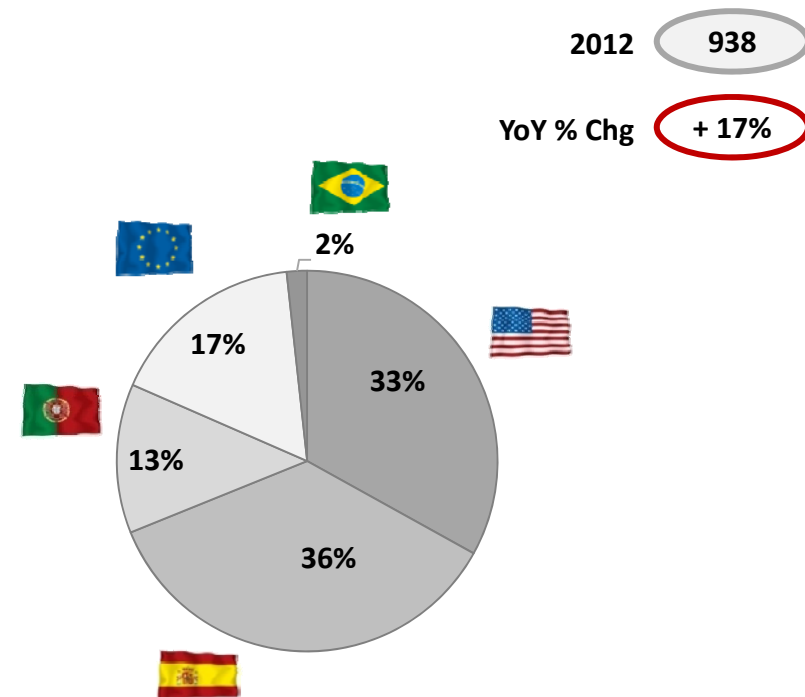
# EDP Renováveis (26% of EBITDA): Strong growth driven by new installed capacity



**Installed Capacity**  
(MW)



**EBITDA**  
(€ million)

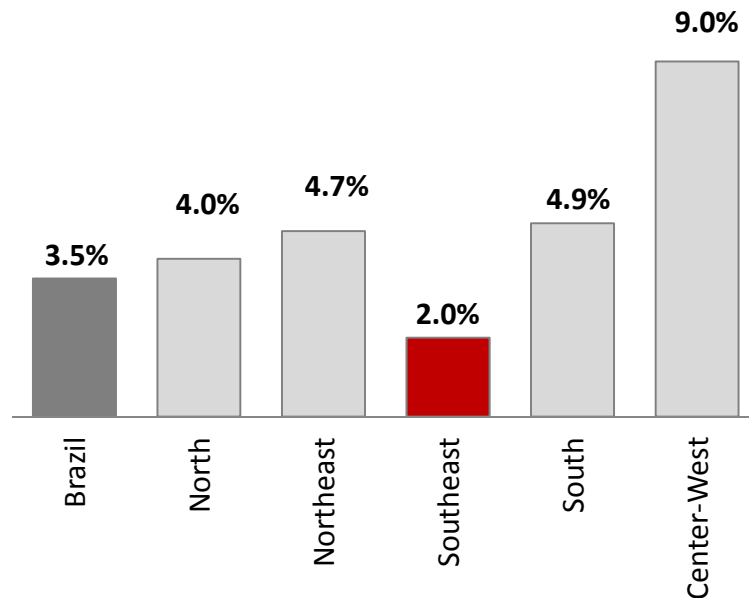


**Installed Capacity +440MW: 75% of additions outside Iberia (+215MW in US and + 113MW Rest of Europe)**  
**EBITDA +€137m: driven by Rest of Europe (+€78m), Spain (+€61m) and US (+€47m, of which +€24m from forex)**

# Brazilian Electricity System: 2012 market conditions

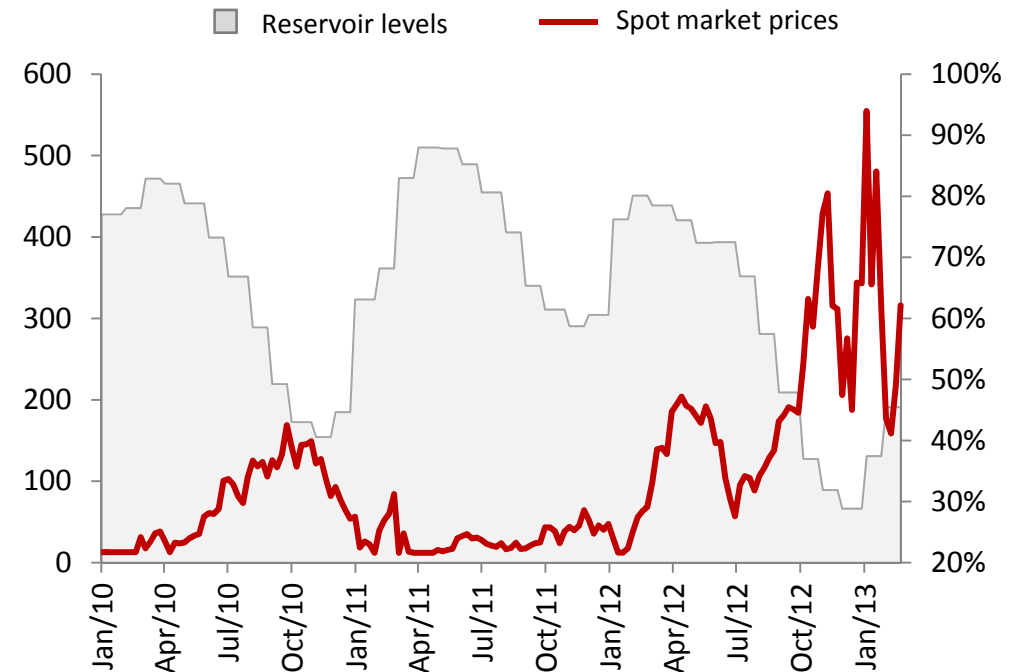


Electricity Demand 2012 YoY growth (%)



- Electricity demand growth supported by commercial and residential segments
- Growth in Southeast region penalised by higher weight of industrial consumption

Spot market prices in Southeast-Central West region vs. Hydro Reservoir Levels (R\$ / MWh); (%)



- Hydro represents ~85% of generation mix in Brazil: Strong decline of hydro reservoir levels and delays in commissioning of new capacity requested full dispatch of all available backup thermal plants

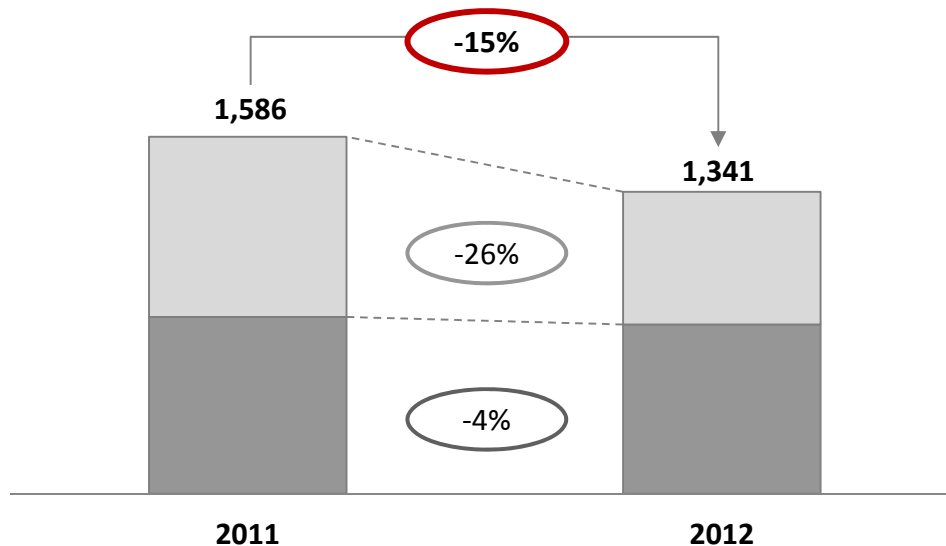
# EDP Brasil (15% of EBITDA)

EBITDA -15% YoY in local currency, non-recurrent events in 2012



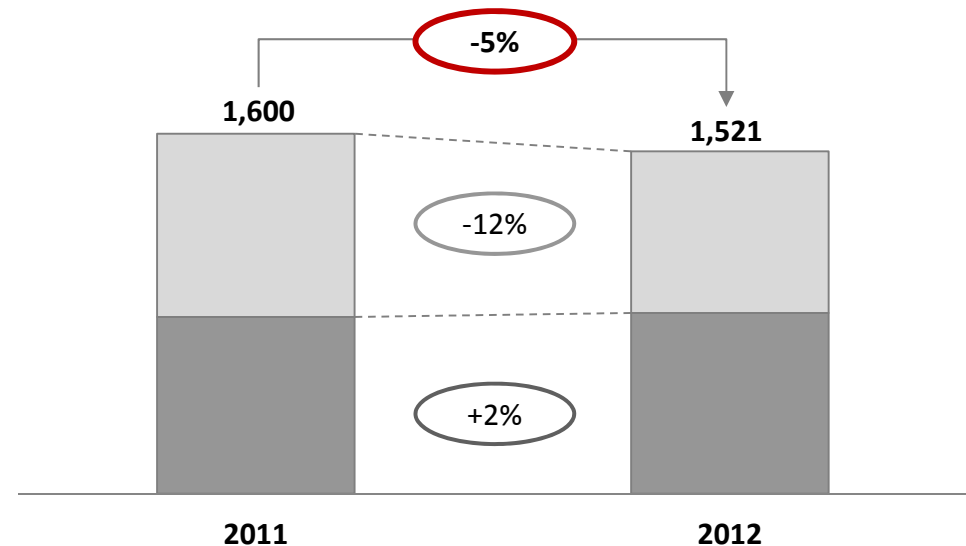
## EDP Brasil EBITDA (BRL million)

■ Generation & Other ■ Distribution



## EDP Brasil Adjusted EBITDA <sup>(1)</sup> (BRL million)

■ Generation & Other ■ Distribution



- **EBITDA in Euros terms: -22% YoY** (BRL 7% depreciation versus EUR implied €42m negative impact)
- **Distribution:** Non recurrent negative tariff deviations on higher electricity acquisition costs (to be passed through to customers in 2013 and 2014); recurrent negative from cut on Bandeirante RoRAB from 10% to 7.5% since Oct-11
- **Generation:** Recurrent positive impact of PPA prices inflation update, negative non recurrent from Pecém's delay

**Adjusted EBITDA fell 5% in local currency (-12% in Euro terms): Cut on Bandeirante's RoRAB in regulatory review**

(1) Adjusted by: (i) impact from tariff deviation (-R\$231m in 2012 vs -R\$60m in 2011); (ii) distribution asset revaluation due to reestimation of the compensation of concessions (+R\$102m in 2012); (iii) capitalization of some revenues in 2012 which were not capitalized in 2011 (+R\$46m in 2011); (iv) negative contribution from Pecém (-R\$104m); (v) gain with Evrecy sale (+R\$31m in 2012); (vi) reversal of impairment due to the agreement with Ampla (+R\$21m)






# EDP Brasil: 2013 prospects



## Distribution

**Regulatory receivables of R\$241m (€89m) by Dec-12:**

Revenues to be collected/booked at EBITDA level in 2013/2014




-  **Jan/Feb-13: Spot prices persisted at high levels**  
(avg. R\$320/MWh vs. R\$40/MWh in Jan/Feb-12)
-  **24-Jan-13: 20% cut on residential tariffs;** Negative impact on EBITDA in the short term due to increase of regulatory receivables (to be recovered later on)
-  **Negotiations between distributors and the Brazilian government** to anticipate the cash-in of receivables
-  **7-Aug-13: Return on RAB of Escelsa cut from 10.0% to 7.5%**  
(start of 3-Year new regulatory period) + tariff update
-  **23-Oct-13: Bandeirante annual tariff update**

**Recovery of negative tariff deviations expected to be more concentrated in 2H13/2014 following annual tariff updates**

## Generation

**Pecém EBITDA 2012 contribution: -R\$104m**

Costs due to delay vs. contracted commissioning date 23-Jul-2012

-  **1-Dec-12: Group 1 (180MW) commissioned**
-  **Feb-13: Group 2 (180MW) started synchronisation**
-  **First 12 months of Pecém full operation:** EBITDA contribution of ~R\$215m (~+€85m)

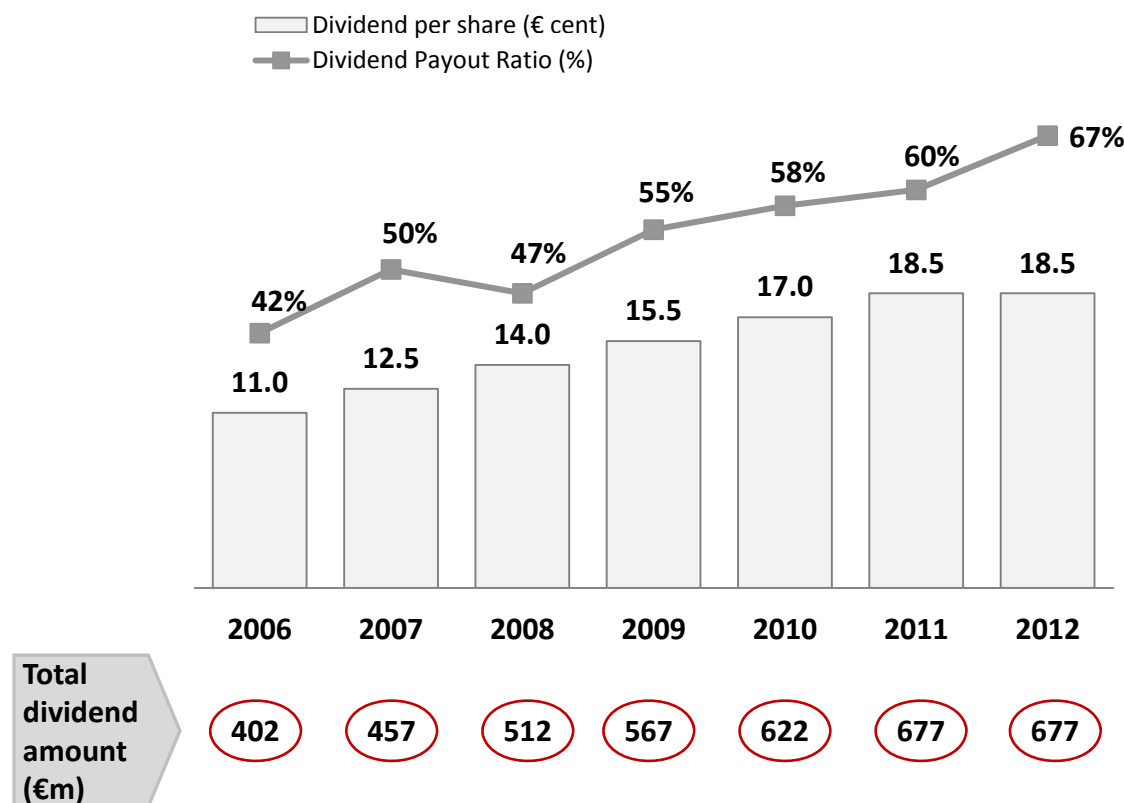
**Pecém expected to have 9 months at full capacity in 2013**

**Expected EBITDA from Brazil in 2013: significant recovery vs. 2012, but still below normalised level**

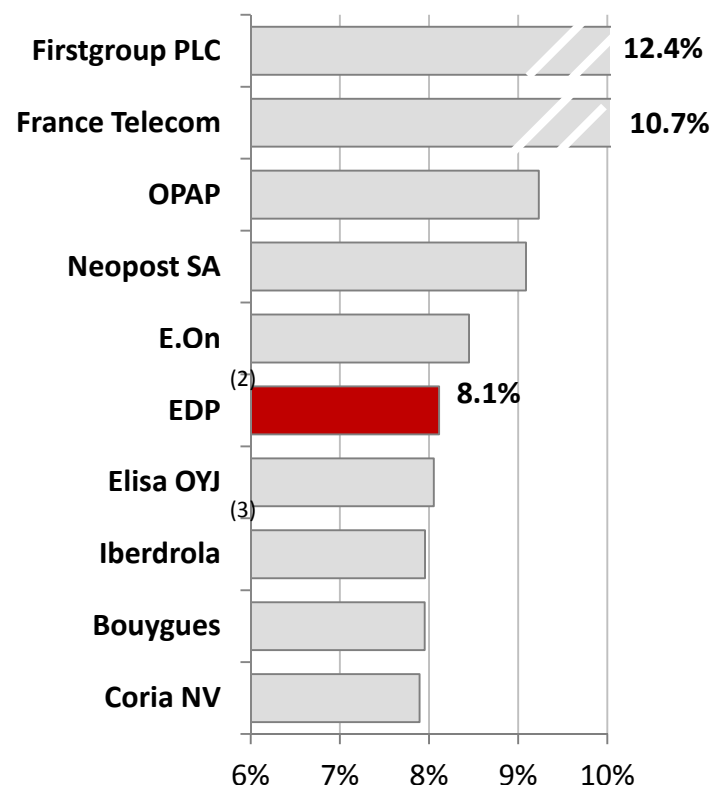
# Sustainable dividend policy results in Top 6 dividend yield among major European companies



## EDP's dividend performance 2006-2012



## EuroStoxx 600: Top 10 Dividend Yield 2012E (%) <sup>(1)</sup>



**Propose of flat dividend per share as assumed in 2012-15 Business Plan**

**Proposed dividend puts EDP in Top 6 Dividend Yield for 2012 among Eurostoxx 600 companies**

(1) Based on Public announcements or Bloomberg DPS 2012 Median Consensus at February 25<sup>th</sup> 2013, excluding one-offs / special events and companies with avg. dividend payout ratio 2012E/2013E > 100%

(2) Considering a dividend of €0.185 per share to be proposed and approved in the next AGM, and based on EDP share price of €2.28 as of February 25<sup>th</sup>, 2013.

(3) Scrip Dividend





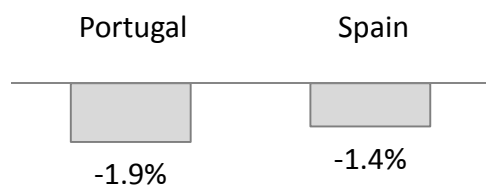
# Outlook

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# Weak macro environment in Iberia for 2013 should impact electricity demand

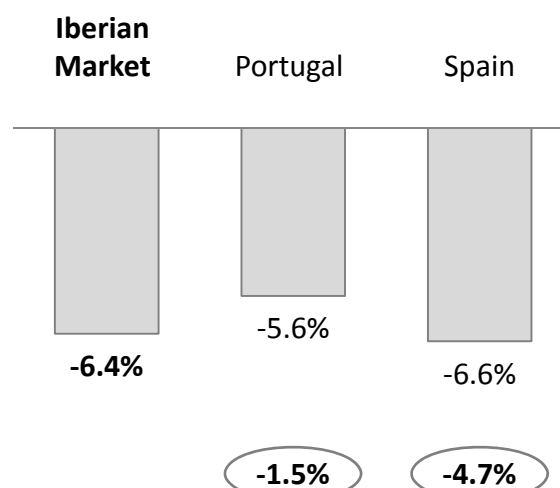


**GDP YoY Change 2013E<sup>(1)</sup>**  
(%)

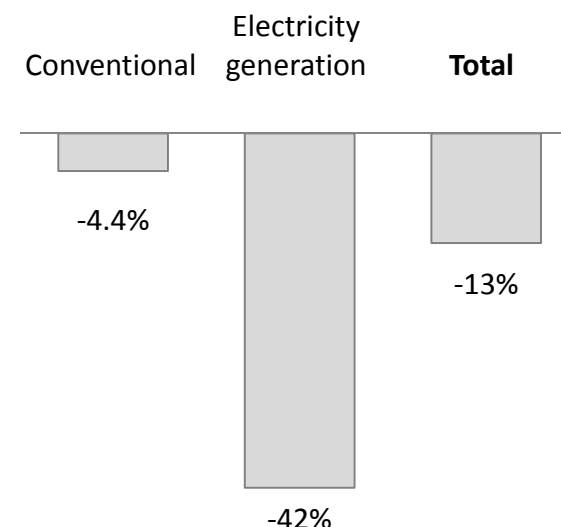


**Electricity Demand Iberia: Jan+Feb/2013<sup>(2)</sup>**  
(YoY Chg.)

○ adjusted for temperature



**Gas Demand Spain: Jan+Feb/2013<sup>(2)</sup>**  
(YoY Chg.)



- Historically, significant correlation between GDP and electricity demand evolution
- Portugal: GDP forecast for 2013 recently revised downwards on slowdown of external demand
- Gas demand: penalised by industrial slowdown and lower working hours at CCGTs

**Electricity demand in Iberia 2013E: -2% YoY, penalised by weak macro environment**

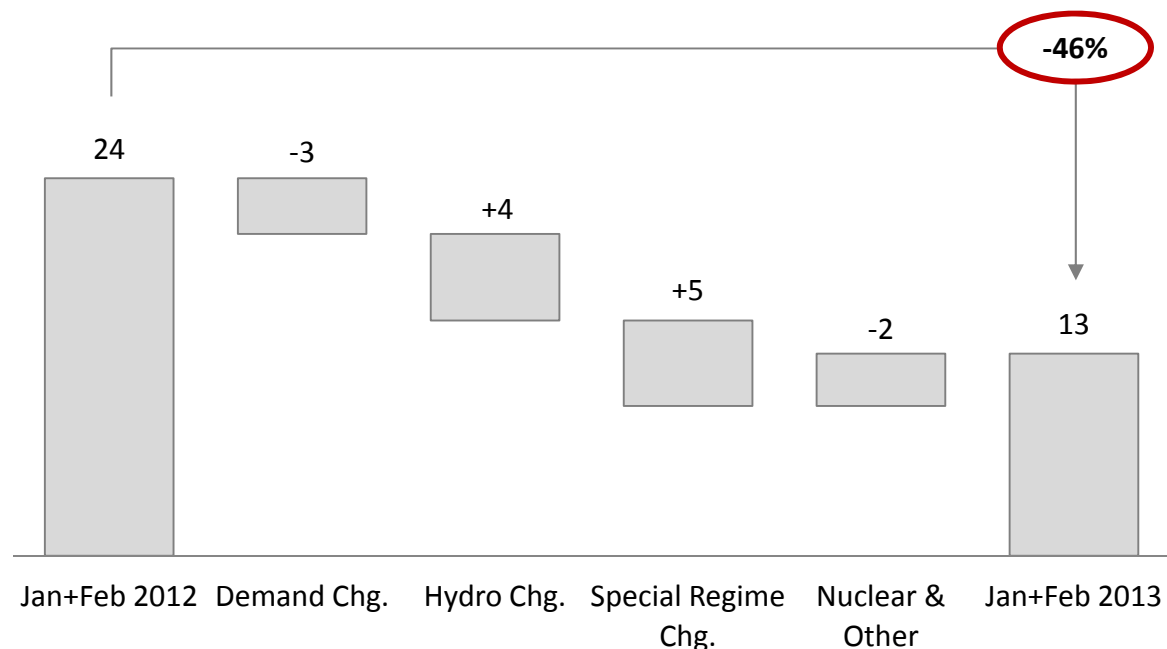
(1) European Commission; Report from Winter 2013

(2) Source: REN, REE and Enagas

# Thermal production in Iberian Market Jan/Feb-13: ~50% lower YoY



Thermal Power Production in Iberian market<sup>(1)</sup>  
(TWh)



**Recovery of hydro production** (hydro factor<sup>(2)</sup> 0.98x in Jan/Feb-13 vs. 0.18x in Jan/Feb-12) **and renewable production** (Installed capacity<sup>(3)</sup>: +6%, wind factor<sup>(2)</sup>: 1.21x in Jan/Feb-13 vs. 0.84x in Jan/Feb-12)

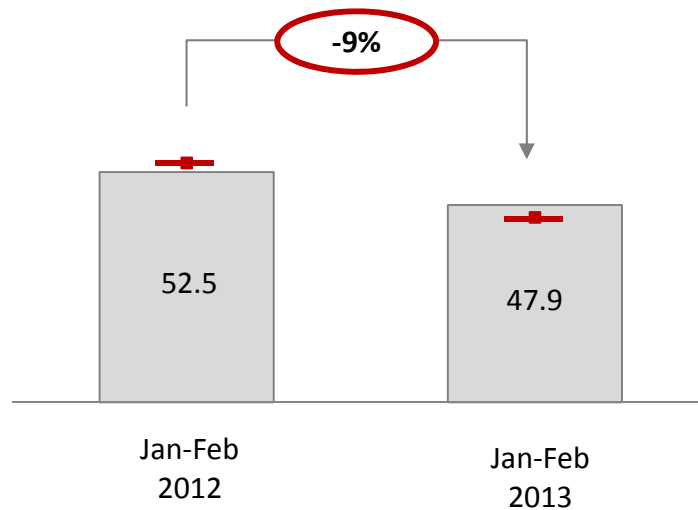
**Thermal generation penalised by lower demand, higher taxes in Spain and cut of capacity payment in Portugal**  
**Downside contained by backup/ancillary services and gas flexibility provided by strong weight of LNG in procurement**

# Jan/Feb-13: Lower avg. pool prices but more volatility



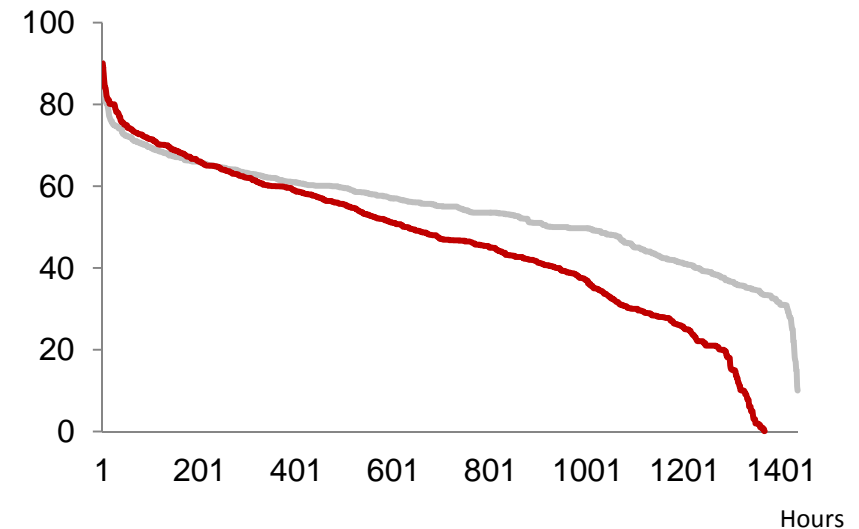
**Avg. Pool Price in Iberia**  
(€/MWh)

■ Spain    ■ Portugal



**Distribution of Hourly Pool Prices in Spain<sup>(1)</sup>**  
(€/MWh)

Jan 1<sup>st</sup> - Feb 26<sup>th</sup> 2013    Jan. 1<sup>st</sup> - Feb 29<sup>th</sup> 2012



- Despite new generation taxes in Spain in 2013, avg. pool price YTD is €4.7/MWh lower YoY
- Avg. pool price Portugal slightly lower vs. Spain

- Significant decline in off-peak prices driven by increase of hydro and wind production
- Stable/slight increase of peak prices: lower need of thermal and higher thermal costs (incl. taxes)

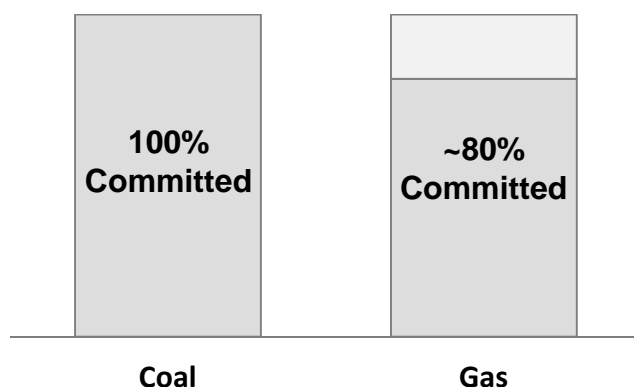
**Higher volatility of prices increase arbitrage opportunities (pool purchases, hydro pumping/storage, etc.)**

# EDP Liberalised Activities 2013 Outlook

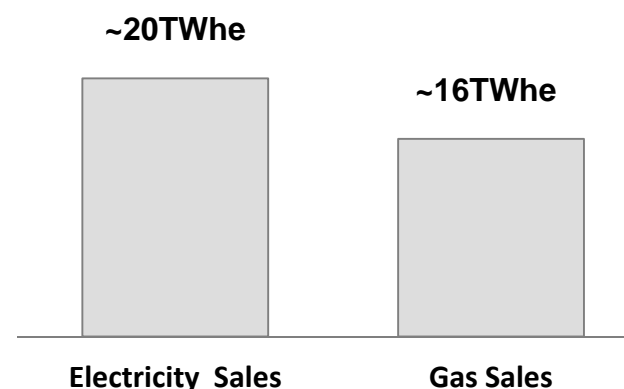


## EDP: Forward Contracting – 2013

### Coal & Gas sourcing Commitments



### Wholesale & Retail Markets Forward Sales 2013



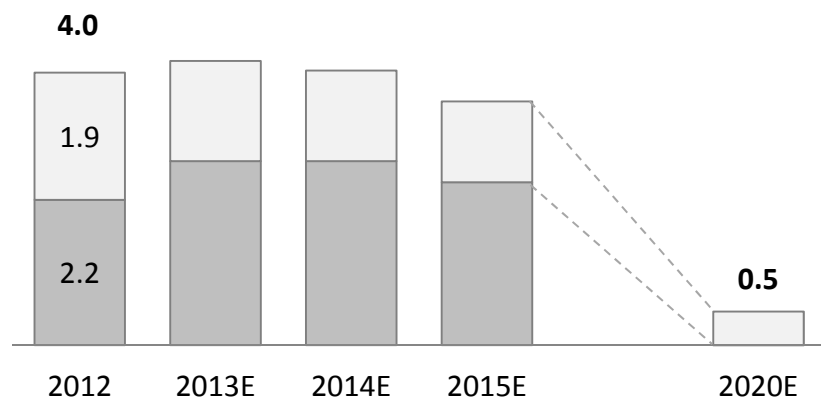
- **Forward contracting/Hedging:** Expected output from coal plants fully contracted; 80% of gas sourcing commitments with our suppliers are covered, benefiting also from attractive LNG deviations to Latam/Asia;
- **Low CCGT load factors**, but with room to explore short-term peak modulation / ancillary services needs;
- **Arbitrage opportunities:** Replacement of thermal production by electricity purchases, operation of the recently commissioned hydro pumping/repowering capacity in Portugal;

# Regulatory receivables in Portugal



## Regulatory receivables in the Portuguese electricity system (€bn)

- Regulatory receivables already securitized
- Regulatory receivables owed to EDP



### Key Assumptions for 2012-2020E period:

- Electricity Consumption Portugal: CAGR of +1.0% (-0.4% in 2013 and +0.8% in 2014)
- Tariffs CAGR: +1.5%-2.0% real, +3.5%-4.0% nominal

## Jan/Feb-13 developments

### Sustainability measures considered in 2013 tariffs:

- Implemented: cuts on CMEC, capacity payment, cogeneration, and wind agreement;
- CO<sub>2</sub> auction: Low visibility affected by instability for CO<sub>2</sub> at EU level
- Demand: ERSE assumption +1.7% in 2013; Jan/Feb-13: -5.6% YoY (-1.5% adj.)
- Hydro Production: Jan/Feb-13: Hydro factor 0.98x
- Tariff Increases: +2.8% in 2013, fully in line with 1.5%-2.0% real CAGR increase
- Market Liberalisation:
  - Number of clients in free market: 16% ERSE 2013 assumption vs. 21% by Jan-13

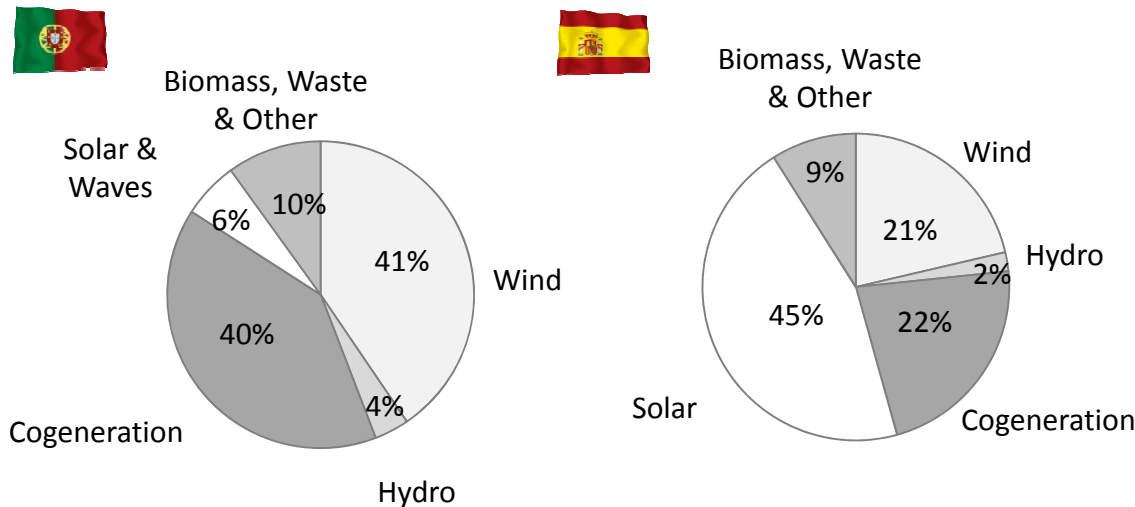
Measures agreed with the government in May-12 to contain electricity system costs are now fully implemented  
Receivables being adequately remunerated, scheduled to be fully paid by 2020 based on reasonable assumptions

# Costs with renewables & cogen: Portugal vs. Spain



## Breakdown of 2013E special regime premium in Iberia <sup>(1)</sup>

(%)



- **Portugal:** May-12/Sep-12 measures have already reduced wind power and cogeneration costs
- **Spain:** Feb-13 announced measures with strong impact on wind and solar revenues

(€/MWh)

56

83

- ~50% higher in Spain

€ bn

1.1

8.9

- >8x in Spain

**Freeze of licences for new builds restrict growth of costs with special regime in Iberia**  
**Portugal benefits from a cheaper and more mature mix of special regime technologies (less solar, more cogen)**

(1) Already includes the February 2nd Regulatory changes which significantly reduce special regime costs in Spain

# EDP's securitisable deficits in Portugal



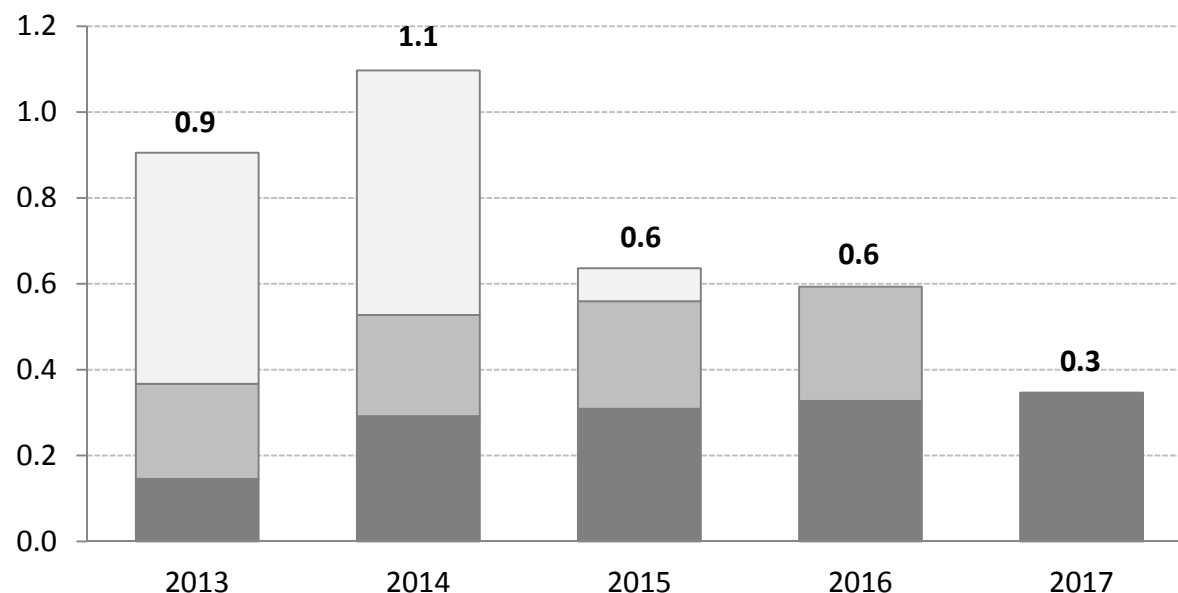
## Securitisable Deficits' Amortisation Profile

(Dec-12 stock + 2013 SRP Overcost deferral)

(€ billion)

- 2012 SRP Overcost deferral
- 2013 SRP Overcost deferral
- Other

Avg. Receivables Maturity  
Dec-12: 2.5 years



### Tariff deficit tranches available for securitisation by EDP:

- **2012 SRP Overcost deferral:** €973m to be collected in 2013-16, 6.32% interest rate
- **2013 SRP Overcost deferral:** €1,421m to be collected in 2013-17 (€1,275m in debt by 2013YE); provisional interest rate of 5.87%

**Securitisable deficits with relatively short maturities (2.5 years), low risk and adequate remuneration**



# Capex 2013E flat YoY

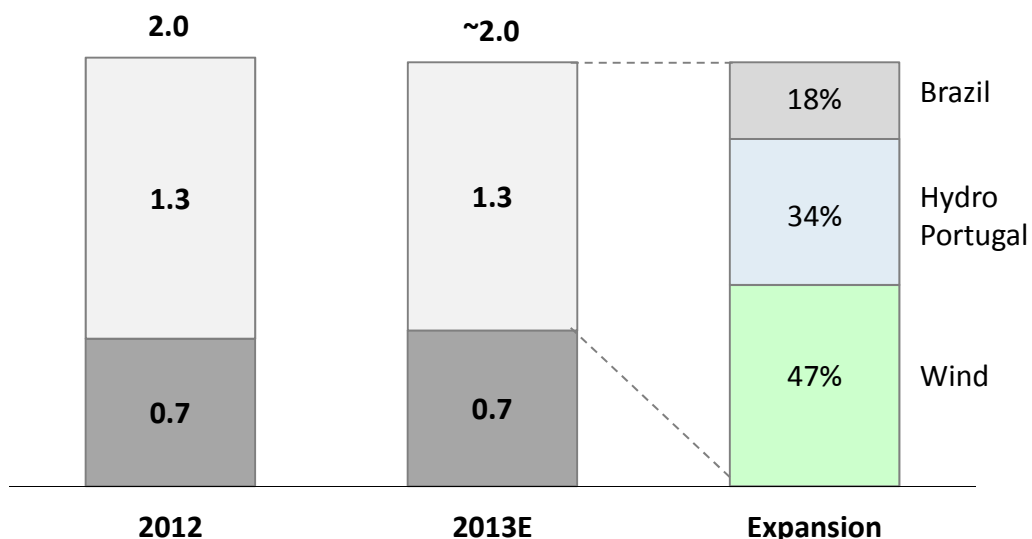


## Capex 2012-13E

(€ bn)

□ Capex - Expansion

■ Capex - Maintenance

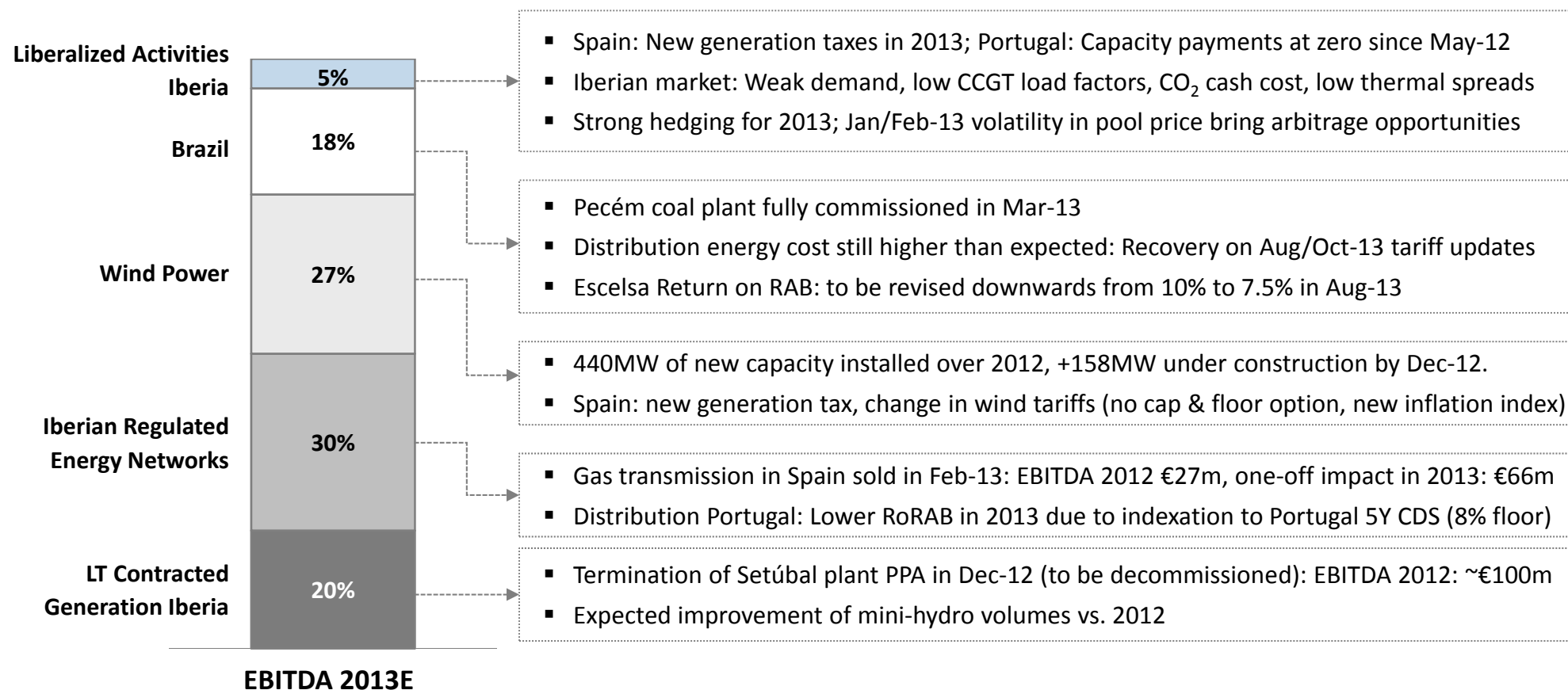


- **EDP Brasil:** 2 hydro plants under construction:
  - i) Jari (373MW to start operations in 2015);
  - ii) Cachoeira-Caldeirão (219MW to start in 2017)
- **New hydro plants in Portugal:** 5 hydro plants under construction to be commissioned in 2014-16
- **Wind:** ~500MW to be installed in 2013 mostly in Poland and Romania.

**50% of expansion capex on new hydro in Portugal and Brazil EBITDA contribution only in 2014-2017**

**Maintenance of significant capex flexibility in 2014E-15E namely at the level of EDPR**

# EBITDA Outlook 2013



## EBITDA 2013: flat vs. 2012

2013 penalized by shutdown of Setúbal and several adverse regulatory measures in Iberia

## EBITDA 2014 above EBITDA 2011

2014: 3 hydro plants transferred from CMEC (€25/MWh) to market price + new hydro/wind capacity + ENEOP

# A resilient business model in a challenging environment



## Resilient performance enhanced by diversification

- More than 90% of EBITDA from Long term or regulated activities
- EBITDA 2012 Iberia + EDPR flat YoY fully in line with guidance at May-12 Investor day
- EBITDA 2012 in Brazil -22% penalized by one-offs, to recover in 2013/2014
- Decline in cost of debt to 4.0% in 2012 (vs. 4.1% in 2011)

## Profitable Growth

- Capacity additions/under construction concentrated in wind + hydro Portugal + Brazil

## Keeping Low Risk profile

- Capex discipline (-7% in 2012) on lower expansion capex in wind US
- €0.8bn of disposals (€0.6bn to be cashed-in in 1H13)
- Financial liquidity €5.8bn: €3.9bn by Dec-12 , €1.6bn Loan (Jan-13), €0.3bn 1Q13 disposal

**Earnings Per Share of €0.277, Return on Equity of 12.4% in 2012**

**Dividend per Share 2012: €0.185<sup>(1)</sup> fully in cash**

**Improvement on the visibility of EDP's medium term Free Cash Flow potential**

**Based on high quality asset mix, sustainable returns, diversified markets and risk management**

(1) Dividend proposed by EDP's Executive Board of Directors and subject to approval in the next EDP shareholders' meeting



## 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

March 11<sup>th</sup>-12<sup>th</sup>: London EEI Conference (Morgan Stanley)

March 13<sup>th</sup>-14<sup>th</sup>: San Francisco WC Symposium (Citi)

March 13<sup>th</sup>-15<sup>th</sup>: Boston & New York RS (UBS)

March 19<sup>th</sup>-20<sup>th</sup>: Copenhagen & Geneva RS (BPI)

May 9<sup>th</sup>: Release of 1Q13 Results