



## 9M07: Highlights of the period



**EBITDA Growth: +20% YoY based on organic growth**

Turnaround of market activities: Focus on returns, clients and flexibility

121% increase of wind power installed capacity; 18% reduction of CO<sub>2</sub>/GWh

Efficiency improvement / Maintenance of Sound Base of Regulated Activities

**EPS Growth: +2% YoY: high level of positive non recurrent items in 9M06**

## 9M07: Highlights of the period



**Wind: Closing of Horizon Acquisition in Jul-07, Fully Consolidated in 3Q07**

**New Hydro Projects in Portugal: Several Positive Developments**

**CCGTs & Gas Sourcing: Partnership with Sonatrach Signed (Oct-07)**

**Extension of debt maturity profile: USD2bn long term bond issue in Oct-07**

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## 9M07 Financial Headlines



**In an adverse environment, EDP achieved strong EBITDA growth**

(€ million)	9M06	9M07	% Change
Gross Profit	3,073	3,434	+12%
Operating Costs	(1,061)	(1,028)	-3%
<b>EBITDA</b>	<b>1,702</b>	<b>2,049</b>	<b>+20%</b>
EBIT	985	1,276	+30%
Net Financial Costs	(178)	(298)	+67%
<b>Net Profit</b>	<b>650</b>	<b>665</b>	<b>+2%</b>
Capex	901	1,341	+49%
Net Debt	9,285 <sup>(1)</sup>	11,175	20%
Net Debt / EBITDA	4.0 <sup>(1)</sup>	4.2	

**EPS Growth: +2% YoY: high level of positive non recurrent items in 9M06**

<sup>(1)</sup> Net Debt and Net debt/EBITDA for December 2006

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## 9M07 EBITDA Breakdown

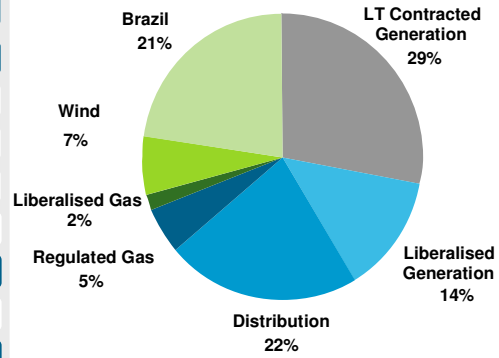


Growing organically: pro-forma EBITDA\* increased by 19.8%

### EBITDA Breakdown

(€ million)

	9M2006	9M2007	Δ 07/06
<b>Iberian Market **</b>	<b>1,399</b>	<b>1,587</b>	<b>13%</b>
Generation & Supply	844	897	6%
Wind (Europe & USA)	105	147	40%
Distribution	410	474	16%
Gas	106	144	36%
<b>Brazil</b>	<b>304</b>	<b>447</b>	<b>47%</b>
Other & Adjust.	-67	-60	-10%
<b>Consolidated EBITDA</b>	<b>1,702</b>	<b>2,049</b>	<b>20%</b>



**Top quality growth with EBITDA growing by 20% - no acquisitions impact**

(\*) Excluding the impact from Horizon and Agrupacion Eólica Acquisitions and the disposal of Oni

(\*\*) Excluding Horizon and Neo's business activity in France and including other and adjust.

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## Controlled risk



**EBITDA Growth: +20% YoY based on organic growth**

**Turnaround of market activities: Focus on returns, clients and flexibility**

121% increase of wind power installed capacity; 18% reduction of CO<sub>2</sub>/GWh

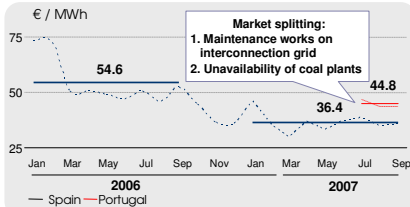
Efficiency improvement / maintenance of sound base of regulated activities

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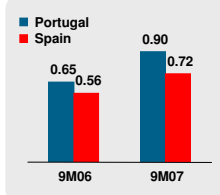
## Iberian Electricity wholesale market



### Weighted Average Realized Price in Spot Market (OMEL)



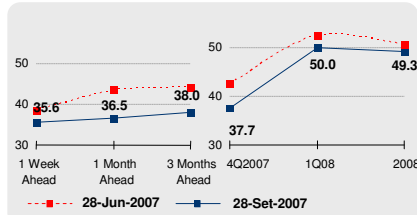
### Hydro coefficient



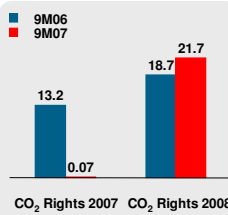
### Spanish Pool price: - 33%

- Iberian Demand growth: +1.6%
- Installed capacity in Iberia: +5.6%:
  - Wind: +16%
  - CCGTs: +15%
- Hydro production: +39%
- CO<sub>2</sub> price: close to zero

### Price Curve Evolution Iberian Forward Market (OMIP)



### CO<sub>2</sub> Rights €/t <sup>(1)</sup>



### Electricity Forward prices:

#### Prospects for 4Q07 & 2008

- For 4Q07:**
  - Price in the €40/MWh region
- For 2008:**
  - Price in region of €50/MWh
  - Supported by CO<sub>2</sub> prices

Low prices in 2007, increasing for 2008

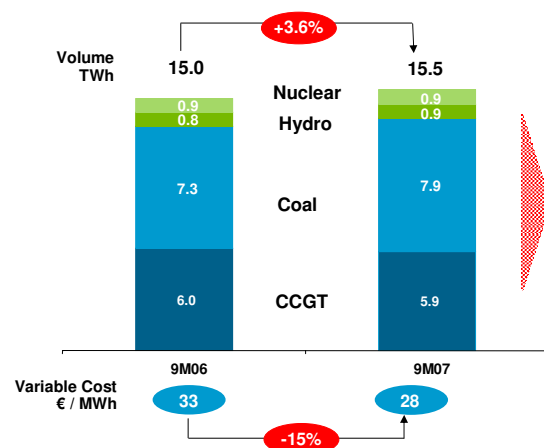
<sup>(1)</sup> End of period

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## Generation Output: Liberalised Iberian Market



### Efficient generation portfolio



### Liberalised generation output:

- Liberalised Market: 1.6%
- EDP: +3.6%

### Liberalised Conventional thermal output:

- Total Market: -3.7%
- EDP: +3.6%

### Coal plants load factor:

- Total Market: 78%
- EDP: %

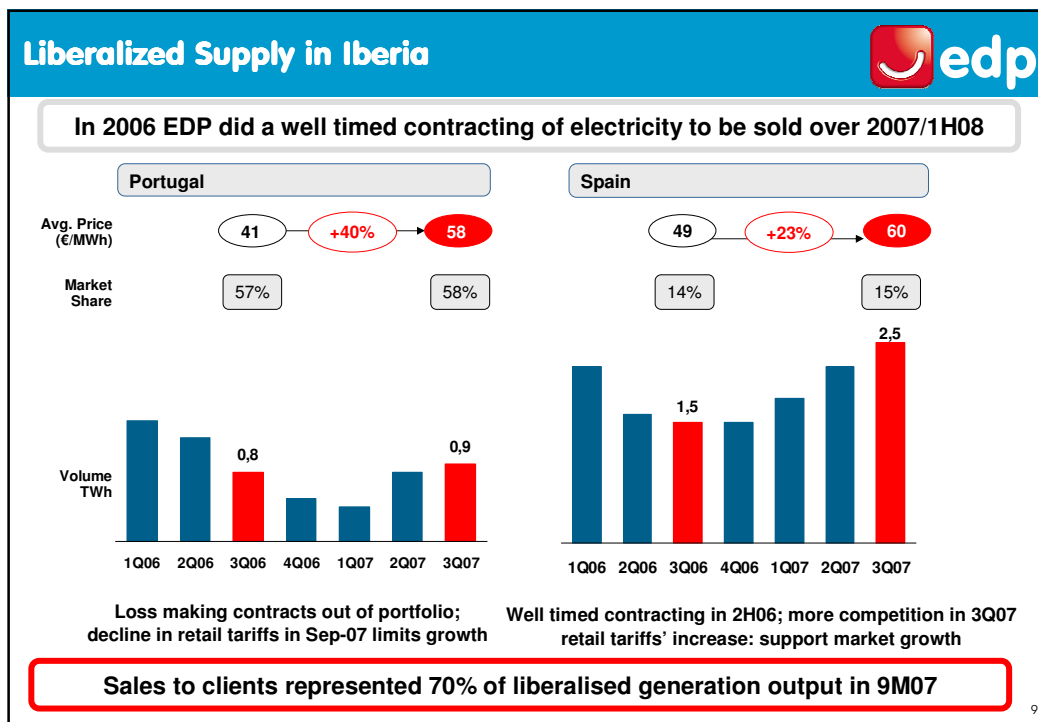
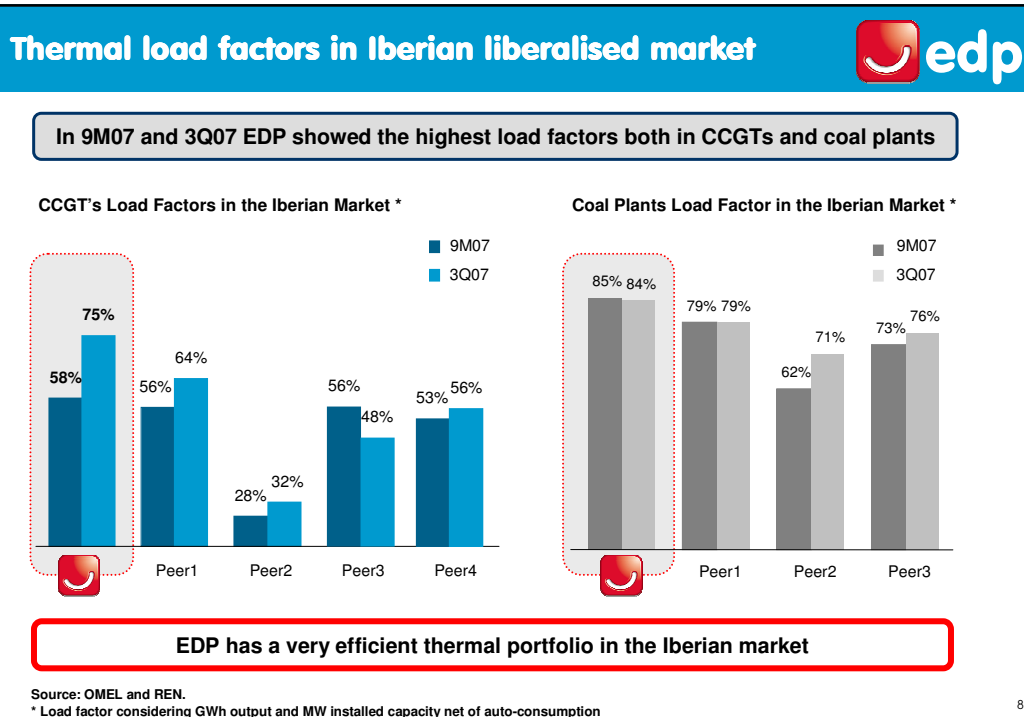
### CCGT plants load factor:

- Total Market: 48%
- EDP: 58%

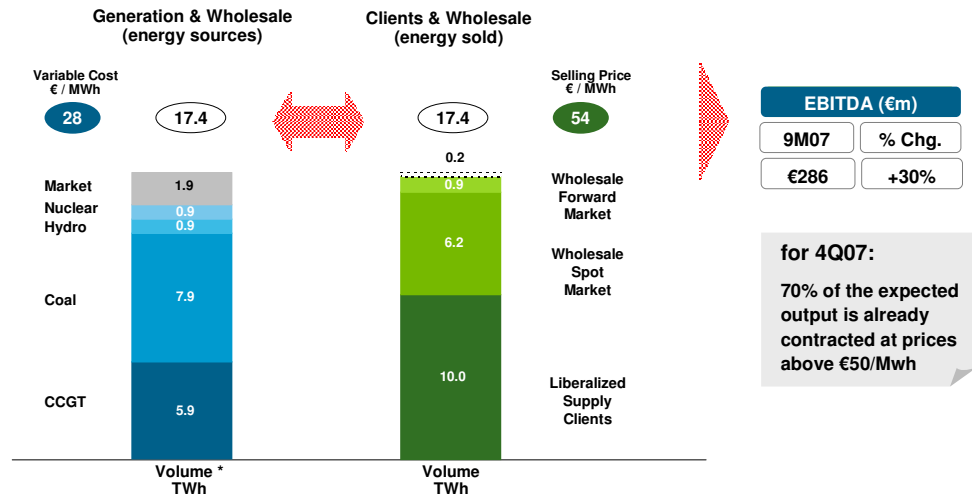
Planned Outage for DeSox at Soto 3 postponed to 1Q08

EDP's output grew by +3.6% vs. market -1.7% with above average load factors in both CCGT and coal plants

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## 9M07 Liberalized Generation & Supply: Growing strongly in an adverse market environment



**An efficient generation portfolio and a strong retail platform both accurately hedged allowed:  
30% EBITDA growth in an adverse market environment**

\* Includes generation output + electricity purchases in wholesale market

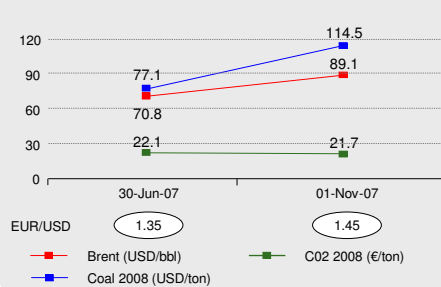
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## Recent evolution of energy markets



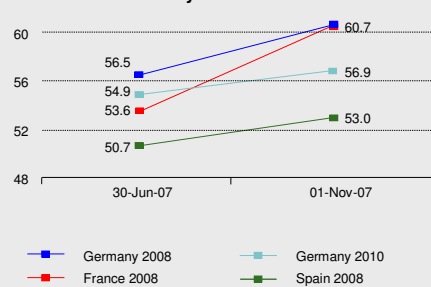
**Increase of fuel costs is not being fully reflected in forward electricity prices for 2008**

**Fuel Prices**



Source: Bloomberg

**Forward Electricity Prices – Baseload**



Source: Bloomberg

Iberian Market	30-Jun-07	01-Nov-07	Chg.
Forward Spark Spread 2008 (€/MWh)*	3.7	1.5	-2.2
Forward Dark Spread 2008 (€/MWh)*	25.4	19.1	-6.3

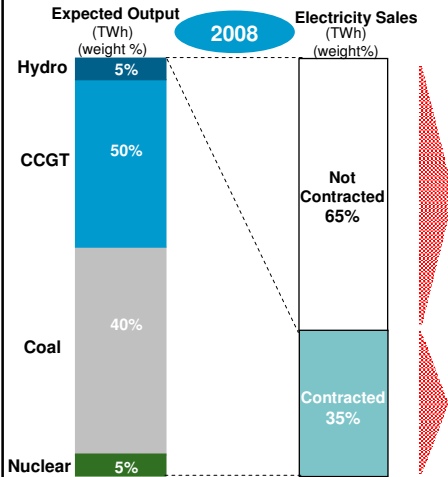
**Even in a period of upward trend in electricity prices hedging policy has advantages, namely regarding lock-in of gross margin per MWh**

Source: Bloomberg on Prices,

\* EDP estimates on spreads assuming selling price in line with forward electricity baseload price and variable costs based on forward fuel prices; does not include CO2 costs

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## Forward Contracting for 2008: Status by Sep-07



### For the 65% volume not contracted:

- Significant part of coal cost already locked-in
- Flexibility to play market volatility namely with CCGTs
- Potential to increase retail volumes in 2H08

**Retain part of market upside potential**

### For the 35% volume contracted:

- Spark Spread\* locked-in: above €15/MWh
- Dark Spread\* locked-in: above €29/MWh

**Margins locked-in above forward market**

**35% of 2008 expected output sold at average price of €55/MWh\*\***

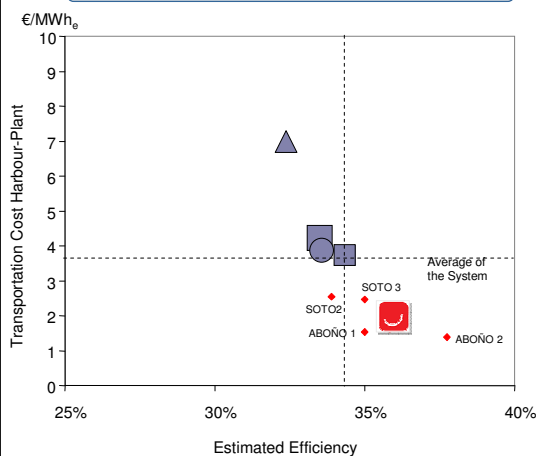
\*not including CO2 costs; \*\* Before capacity payment

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## Coal generation: Efficient portfolio



### Estimated efficiency vs. transportation cost



- Relatively recent plants: **top efficiency levels**
- Located nearby sea ports: **low transportation costs**
- **Burn of siderurgic gases** at Aboño plant: Satisfies ~17% of fuel needs, provides reduction of CO<sub>2</sub> emissions
- **Biomass Co-combustion Project** at Aboño Plant: Dependent on government incentives, may represent 5% of fuel needs.

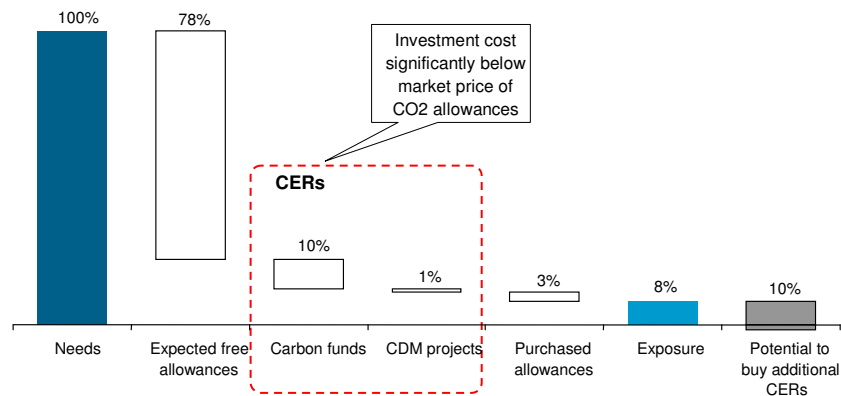
**EDP has the most efficient coal plants' portfolio in Iberia**

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## CO<sub>2</sub> needs for 2008-12



### 2008-2012 coverage of CO<sub>2</sub> emissions (%)



**EDP's 8% exposure can be fully covered by CERs purchases**

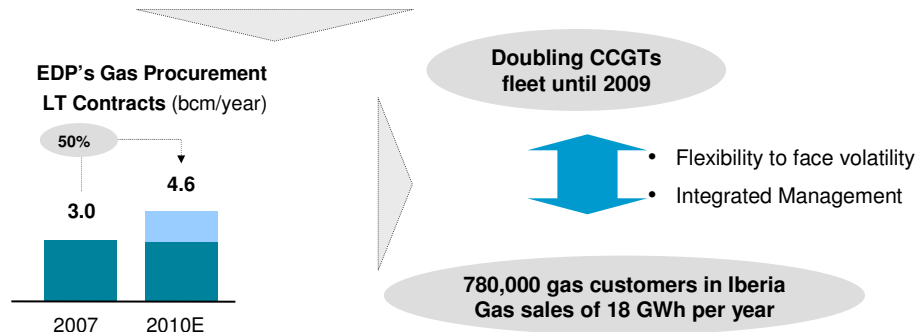
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## Gas procurement: Sonatrach Partnership



### Sonatrach Partnership: Main highlights

- LT gas procurement contracts: maximum volume 1.6 bcms/year at cruise speed (2010);
- Flexible contracts both in terms of ToP and destination restrictions: Key issue in Iberian gas market;
- Sonatrach to get a 25% equity stake in new CCGT projects fuelled by its own gas: Aligned interests;
- Sonatrach has a 2% equity stake at EDP level and the right to a seat in EDP's Supervisory Board;



**Growing in CCGTs and gas supply based on competitive gas procurement conditions**

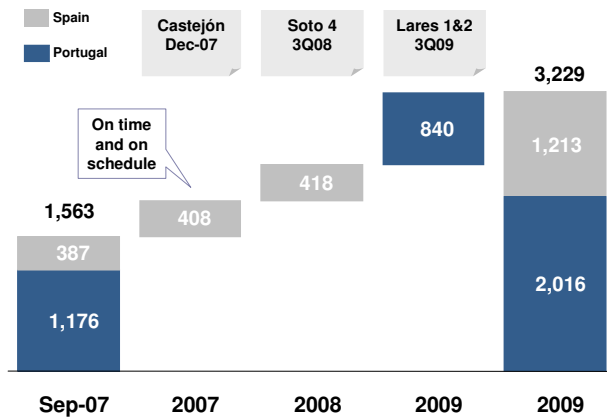
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## CCGTs: Doubling Installed Capacity in 2 years



EDP's CCGT Installed Capacity (MW)



- **Reserve margin** in Portugal is lower than in Spain
- **Turbines well timed procured:** No building cost increase
- **Competitive gas procurement** fully contracted (Sonatrach)
- **Investment shared** with value-added partner (Sonatrach)
- **Reduces CO<sub>2</sub> emissions** of generation portfolio

CCGTs: A competitive growth strategy at controlled risk

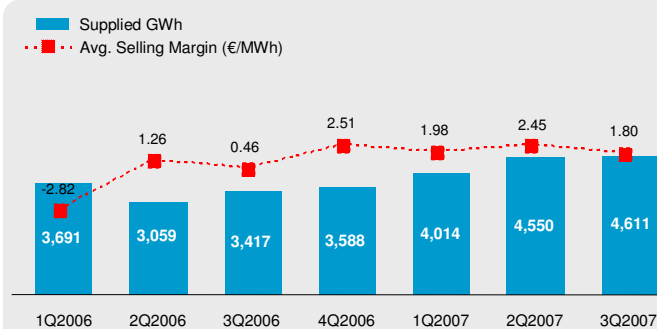
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## Gas Liberalized Supply in Spain

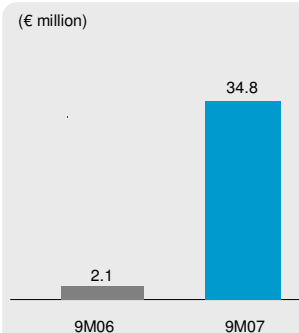


Volumes and margins growth support EBITDA growth

Liberalized Supply - Volumes & Selling Margin



EBITDA



Future growth drivers: Sonatrach partnership + increasing gas liberalization in Iberia

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EBITDA Growth: +20% YoY based on organic growth

Turnaround of market activities: Focus on returns, flexibility and clients

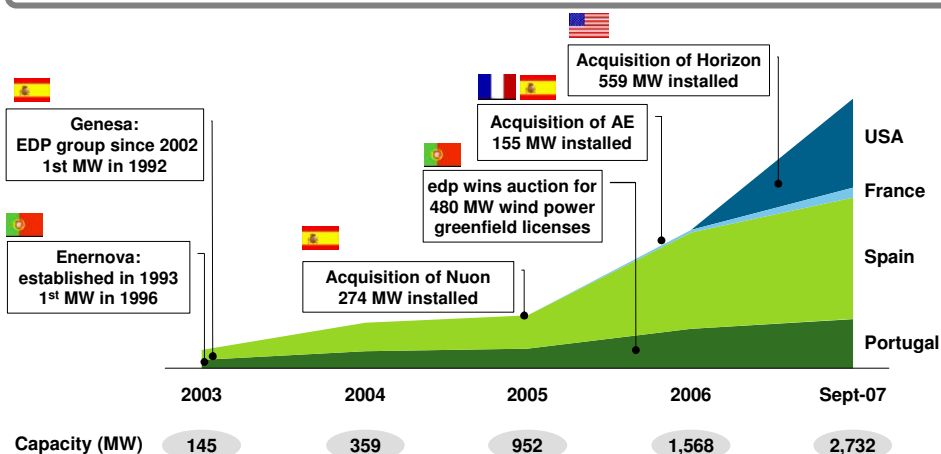
121% increase of wind power installed capacity; 18% reduction of CO<sub>2</sub> t/GWh

Efficiency improvement / maintenance of sound base of regulated activities

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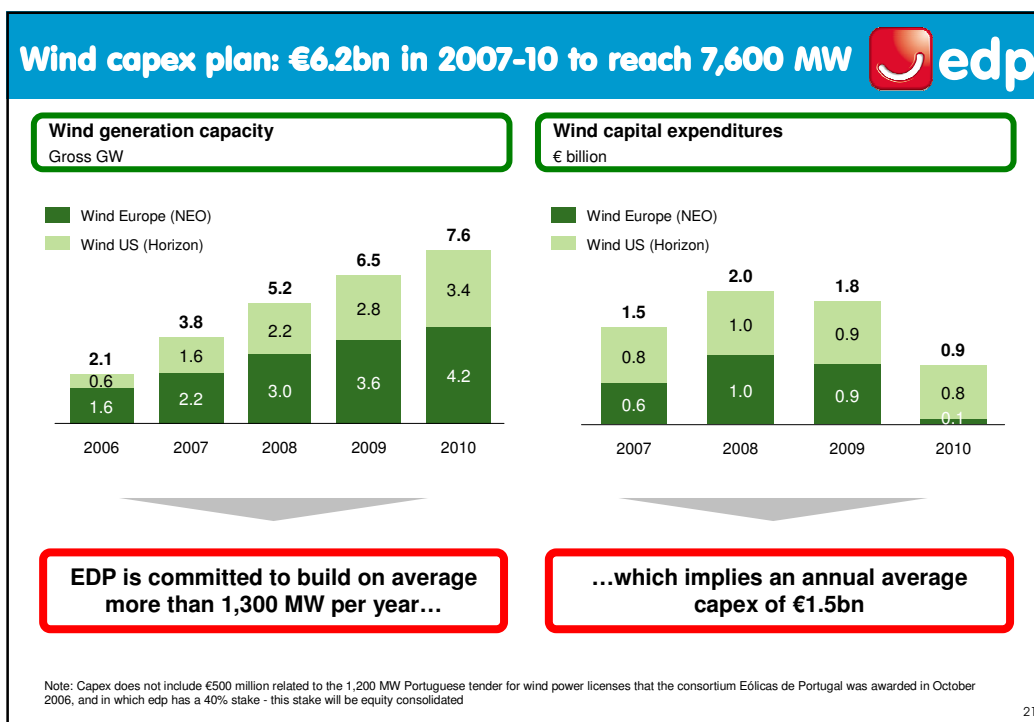
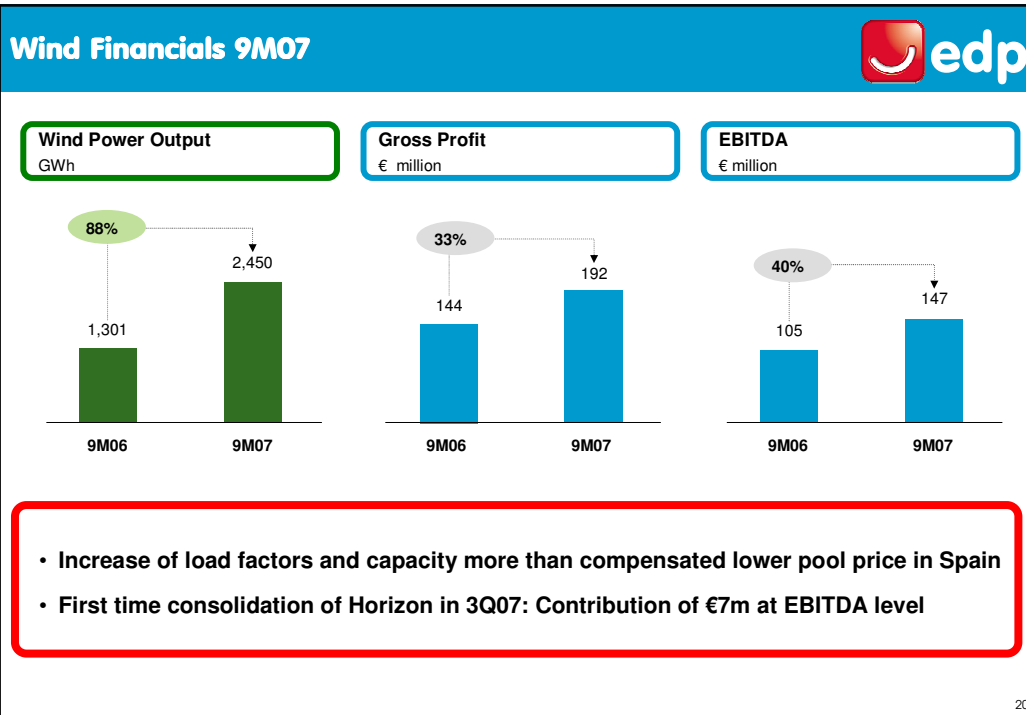
## Wind Power: Installed Capacity Roll-out

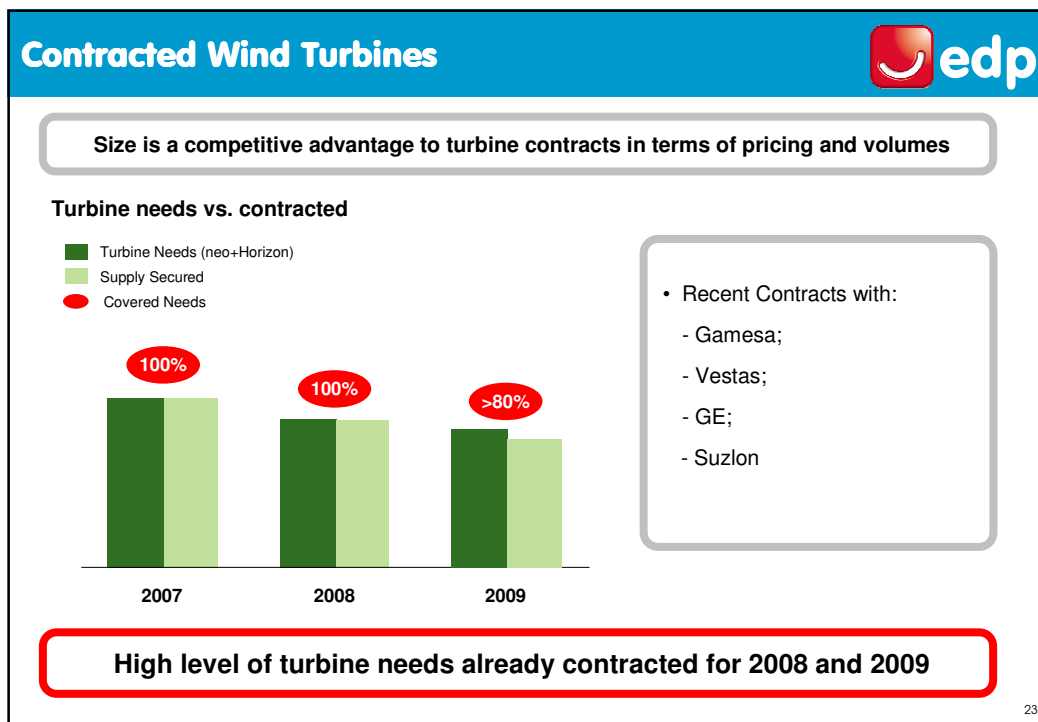
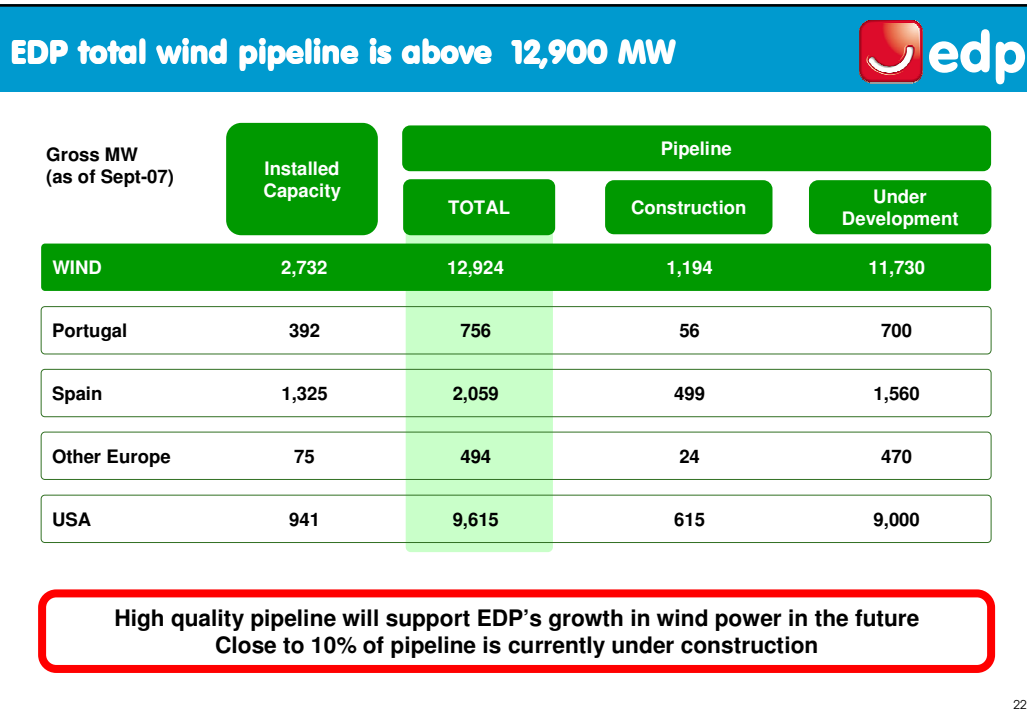
Wind installed capacity increased 121% YoY to 2,732 MW



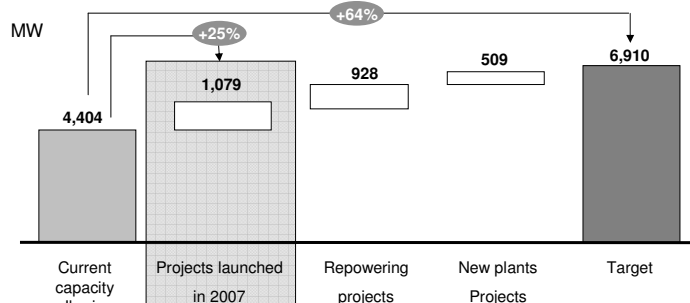
Delivering organic growth track record + M&A to get in faster into new attractive markets

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## New Hydro Projects in Portugal



Hydro plant	MW	Capex (€ M)	Status	Expected entry into service	New/Repower.
Picote II	231	134	Under construction	2011	Repowering
Bemposta II	178	130	Tender offer	2011	Repowering
Baixo Sabor	170	354	Tender offer in Set. 07	2013	New plant
Alqueva I/Pedrogão I	250	195	Awarded in Oct-07, in operation	-	-
Alqueva II/Pedrogão II	250	171	Concession awarded	2011	Repowering
<b>Total</b>	<b>1079</b>	<b>1179</b>			

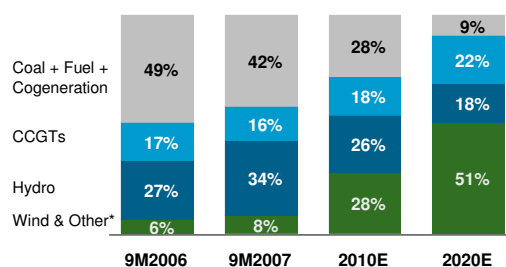
**EDP Plans to increase by 64% hydro capacity in Iberia over the next decade**

## Total Generation Mix and CO<sub>2</sub> Emissions



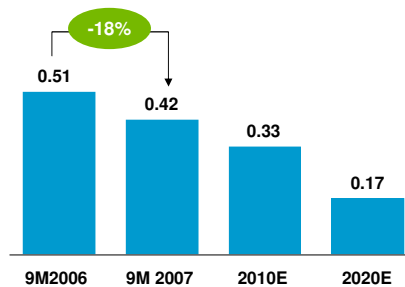
### EDP generation breakdown

GWh (percent)



### CO<sub>2</sub> Emissions

(CO<sub>2</sub> ton/MWh)



**On track to reach more than 50% weight of green energy generation by 2010  
And to lower EDP's CO<sub>2</sub> emission levels**

\* Other include Waste, Biomass & Nuclear

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**EBITDA Growth: +20% YoY based on organic growth**

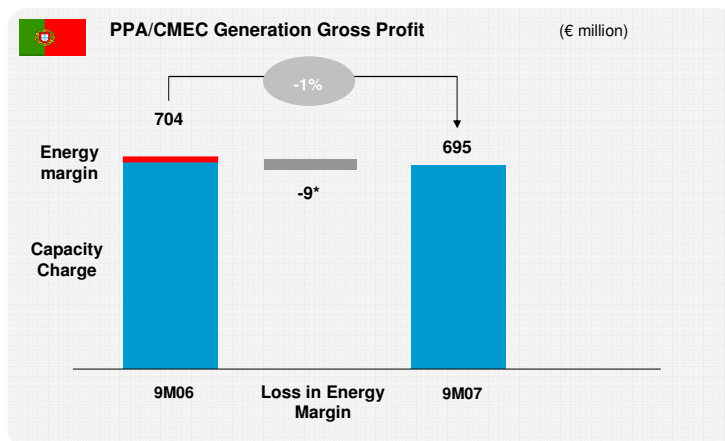
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**Efficiency improvement / maintenance of sound base of regulated activities**

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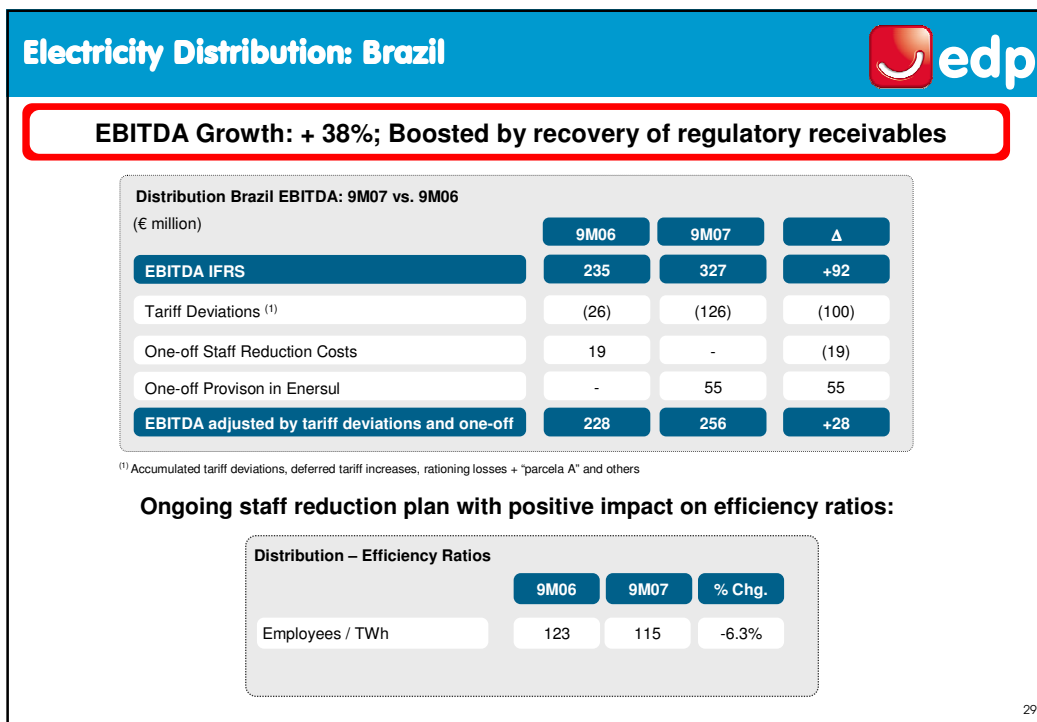
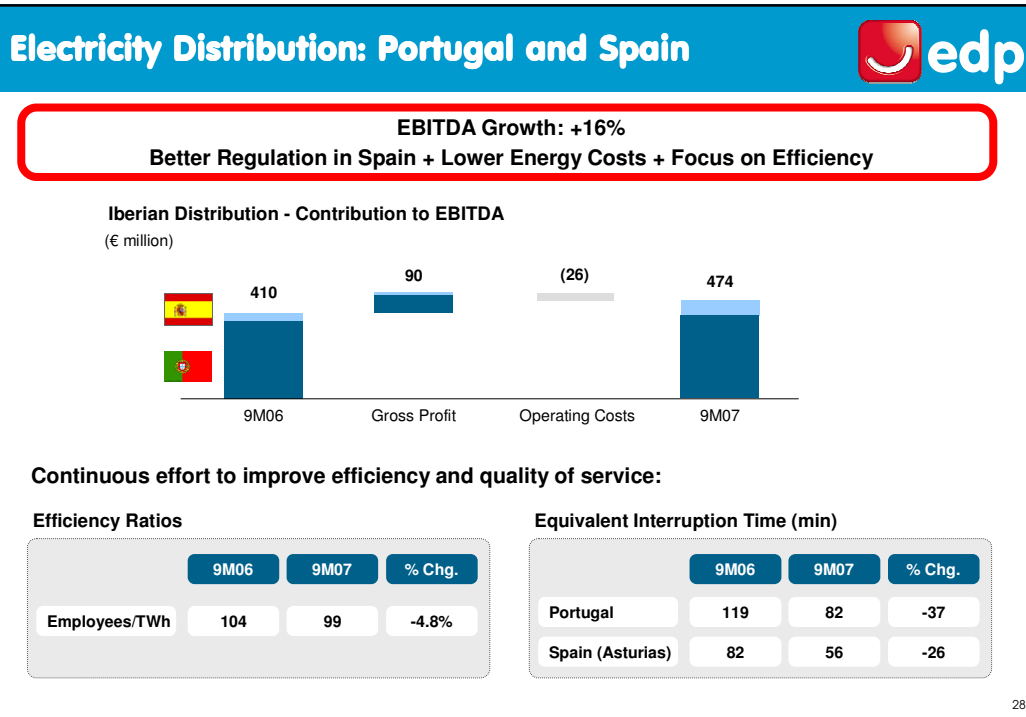
**Stable Cash Flow Stream: Long Term contracted return of 8.5% ROA**



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

\* Slight non recurring negative impact from fuel oil procurement at high prices

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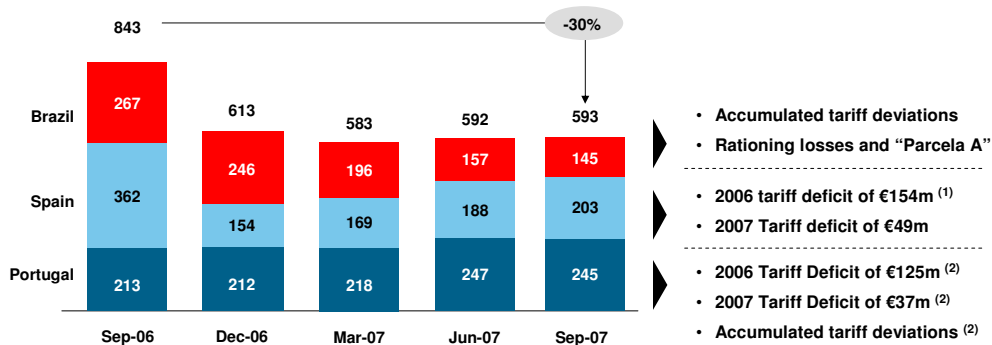


## Regulatory Receivables



### Regulatory receivables in Regulated Electricity Distribution Activities

(€ million)



**Recovery of regulatory receivables supports improvement of Free Cash Flow**

<sup>(1)</sup> 2007 tariff deficit for the system (estimated at €1,500m) is being auctioned

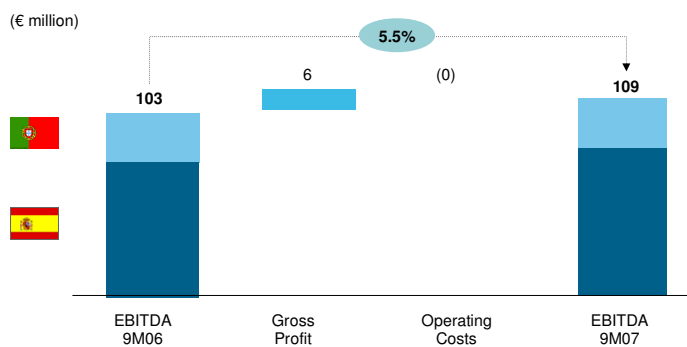
<sup>(2)</sup> 2006 & 2007 Tariff Deficits to be recovered between 2008 and 2017 – Tariff deviations of year n are covered in year in year n+2

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## Gas distribution: Spain and Portugal



**EBITDA Growth: +5.5%; Main Driver: Connection of New Clients**



**+573 Kms of network; + 45,000 clients YoY connected to Naturgás and Portgás**

Note: + €5.4m impact from consolidation perimeter changes

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## Operating Costs



### EDP operating costs

(€ million)

	9M06	9M07	% Chg.
<b>Controllable Operating Costs</b>	<b>1,060.7</b>	<b>1,028.4</b>	<b>-3%</b>
Supplies & Services	546.2	499.6	-9%
Personnel Costs	459.3	437.9	-5%
Costs with Social Benefits	55.2	90.9	+65%
Number of employees	13,912	13,436	-4%
<b>Non controllable operating costs</b>	<b>309.8</b>	<b>356.5</b>	<b>15%</b>
Concession Fees	160.9	171.1	6%
Other Operating Costs	148.9	185.4	25%
<b>Total Operating Costs</b>	<b>1,370.5</b>	<b>1,384.9</b>	<b>+1%</b>

- Decline of supplies & services and personnel costs: efficiency improvement and staff reduction and disposal of telecoms subsidiary ONI; higher curtailment costs and pension premiums

Other operating costs penalized by costs related to gross profit issues such as: Enersul provision (€54m in 9M07) and RD03/2006 in Spain (€30m in 9M07 and €61m in 9M06).

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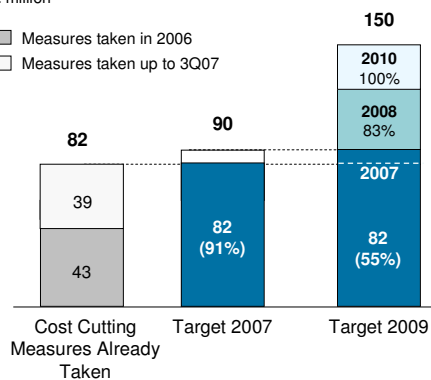
## Efficiency Improvement:



### OPEX savings

€ million

- Measures taken in 2006
- Measures taken up to 3Q07



Opex savings nearly achieving the annual target

### Main cost cutting measures already implemented

#### Personnel costs:

€37.8m annualised cost savings to be provided by:

- Net Headcount reduction (between Dec-05 and Sept-07):
  - 393 employees in Brazil
  - 376 employees in Iberia

#### Supplies & services:

€43.9m annualised cost savings to be provided by:

- IT services restructuring measures
- More efficient real estate usage
- Integrated insurance management
- Commercial Best Practices
- Promotion of intra-group services
- Operational cost reduction in Generation Infrastructure
- Implemented restructuring measures at Distribution Level

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## Consolidated Capex

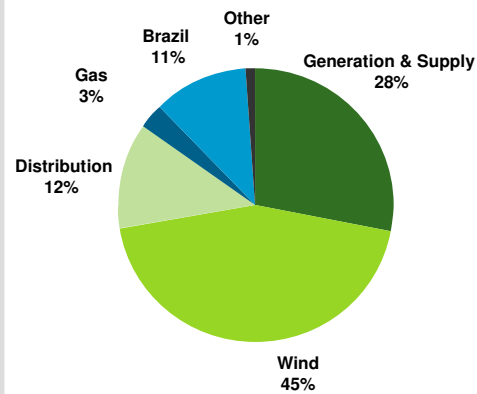


75% of capex allocated to regulated activities and Long Term contracted generation

### edp capex: 9M06 vs. 9M07

(€ million)

	9M06	9M07	% Chg.
Expansion	417	819	98%
Maintenance	484	523	7%
<b>Total edp</b>	<b>901</b>	<b>1,341</b>	<b>49%</b>
Generation & Supply	231	375	63%
Wind - Europe & USA	196	595	203%
Distribution	201	164	-18%
Gas	33	41	27%
Brazil	219	149	-32%
Other	21	16	-25%



61% of edp group's capex allocated to expansion of installed capacity

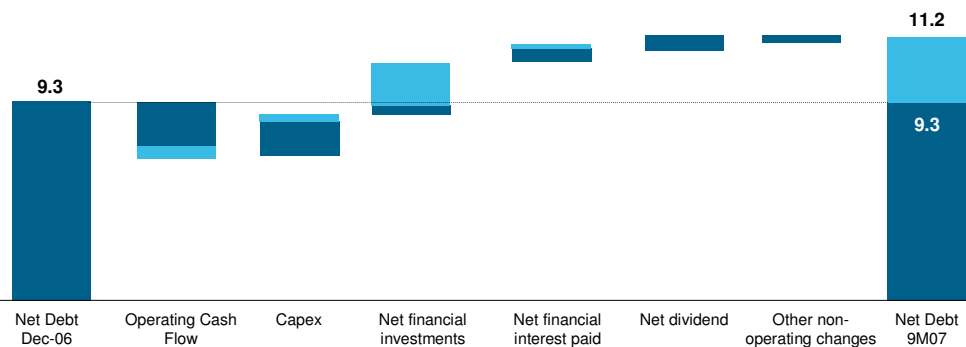
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## Increase in net debt due to Horizon's acquisition



(€ billion)

■ Horizon's impact



Excluding Horizon, even with strong capex plan namely in new wind farms and CCGTs, net debt show a flat profile

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## Net financial debt

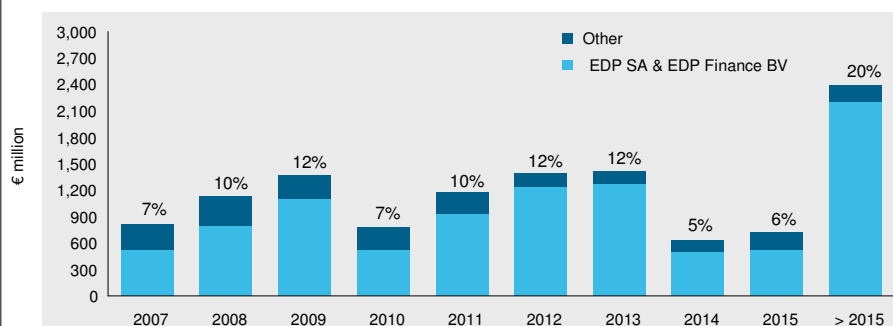


### Financing of Horizon Acquisition closed under favourable market conditions:

Jul-07: US\$1.5bn Revolving Credit Facility (7-Year term)

Oct-07: US\$2bn fixed rate bond issue (US\$1bn 5-Year term + US\$1bn 10-Year term)

### EDP consolidated debt maturity profile <sup>(1)</sup>



Significant level of Available committed liquidity facilities at Oct-07: €2.7bn

(1) Figures for Sep-07 adjusted for the impact of the USD2bn bond issue in Oct-07

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## Financial Results



### EDP financial results

(€ million)

	9M06	9M07	% Chg.
Net financial interest	(312)	(372)	-19%
Investment income	4	36	+912%
Net foreign exchange differences	16	16	-0.6%
Other financials	114	23	-80%
<b>Financial Results (€m)</b>	<b>(178)</b>	<b>(298)</b>	<b>-67%</b>
<b>Net Debt (€m)</b>	<b>9,283<sup>(1)</sup></b>	<b>11,175</b>	<b>+20%</b>
<b>Avg Cost of Debt (%)</b>	<b>4.1%</b>	<b>4.9%</b>	<b>+0.8 pp</b>

• Cost of debt increase in line with credit markets;

• Non recurrent in 9M06: €148m positive impact from CMEC related interest rate swap;

Excluding the interest rate Swap (CMEC) cost of debt grew in line with the market

(1) Net debt as of YE2006

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Net Profit				edp	
<b>EDP net profit</b>					
(€ million)					
	9M06	9M07	% Chg.		
<b>EBIT (€m)</b>	<b>984.8</b>	<b>1,275.9</b>	<b>30%</b>		
Capital Gains/(Losses)	37.6	20.4	-46%		
Financial Income/(Expense)	(178.0)	(297.6)	-67%		
Income/(Losses) Associated Companies	155.2	16.8	-89%		
Income Taxes	293.1	257.6	-12%		
<b>Effective Tax Rate (%)</b>	<b>29%</b>	<b>25%</b>	<b>-4.0 pp</b>		
Minority Interests	56.7	92.7	63%		
<b>Net Profit (€m)</b>	<b>649.7</b>	<b>665.2</b>	<b>2%</b>		

- 9M07 capital gains include €30.3m related to the sale of a 5% stake in REN during the IPO;
- 9M06 income from associated companies include €167m from REN, which reflect the capital gain on the disposal of its 18.3% stake in Galp

**EPS Growth: +2% YoY: high level of positive non recurrent items in 9M06**

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Outlook 4Q07



Wind: expected to reach the target of MW installed for 2007

70% of liberalized generation already contracted with clients

Continuous efficiency improvement efforts

Disposal of 20% stake in REN: Deal fully concluded in Oct-07

Maintenance of Strong organic EBITDA growth clearly above the sector

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## Going Forward: Strategic Agenda



**Wind: focus on delivery and increase of pipeline**

**Materialization of Hydro Development Projects in Portugal and Brazil**

**Efficiency improvement: a continuous target**

**Continue to deliver growth based on a sound capital structure**

**Maintain a Low Risk + High Growth Investment Profile**

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## Conclusions



**Good Performance in an Adverse Market: EBITDA +20%; EPS +2%**

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

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

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

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

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