



2007 Results

March 7th, 2008

2007: Highlights of the period



Reported EBITDA: +14% YoY based on organic growth

Liberalized Gen.&Sup.: good performance in a tough market; EBITDA +37% YoY

**Renewables: wind capacity increased 132%;
Delivering growth targets with top quality assets**

Regulated Networks and LT contracted generation: 82% of EBITDA, 75% of Capex

Efficiency improvement: Anticipation of 2010 cost cutting targets to 2008

Reported EPS: -4% YoY; non-recurrent items penalize YoY comparison

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Wind: Acquisition of Horizon in USA and + 582 MW built in Europe

Successful integrated hedging strategy generation/supply in Iberia

Achievement of key milestones for new hydro and CCGT capacity in Iberia

Efficiency improvement: Anticipation of cost cutting targets

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2007 Financial Headlines



In an adverse environment, EDP achieved strong EBITDA growth

(€ million)	2006	2007	% Change
Gross Profit	4,158	4,554	+9.5%
Operating Costs	(1,853)	(1,926)	+4%
EBITDA	2,305	2,628	+14%
EBIT	1,253	1,560	+25%
Net Financial Costs	(207)	(546)	+163%
Net Profit	941	907	-4%
Capex	1,457	2,700	+85%
Net Debt	9,283	11,692	26%
Net Debt / EBITDA	4.0	4.4	

Reported EPS: -4% YoY; non-recurrent items penalize YoY comparison

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Non-recurrent items above the EBITDA line



EDP EBITDA

(€ million)

	2006	2007	Δ	% Chg.
Reported EBITDA (€m)	2,305	2,628	323	14%
Tariff Deviations & Prior years tariff deviations recovery in Portugal ⁽¹⁾	(5)	75	80	
Brazil's Regulatory Deviation ⁽²⁾	(95)	(216)	(121)	
Enersul's Provision	0	69	69	
HR Restructuring Costs	66	193	127	
EBITDA Adjusted (€m)	2,271	2,749	478	21%

⁽¹⁾ Tariff differences, t-2 and t-1 tariff adjustments

⁽²⁾ Accumulated tariff deviations, deferred tariff increases, rationing losses + "parcela A" and others

Excluding non recurrent items EBITDA grew 21% YoY

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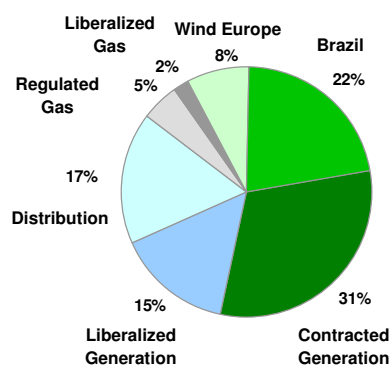
2007 EBITDA Breakdown



EBITDA Breakdown

(€ million)

	YE2006	YE2007	Δ 07/06
Traditional Iberian Market **	1,771	2,014	14%
Iberia inc. restructuring costs*	1,872	2,009	7%
Generation & Supply	1,097	1,226	12%
Wind (Europe & USA)	147	214	46%
Distribution	572	455	-20%
Gas	145	188	30%
Brazil	434	587	35%
Other & Adjust.	-89	-42	-53%
Consolidated EBITDA	2,305	2,628	14%



Top quality growth EBITDA growing by 14% YoY

* Excluding Brazil, Horizon and NEO's business activity in France

** Excluding Brazil, Horizon & NEO and adjusted for HR Restructuring Costs

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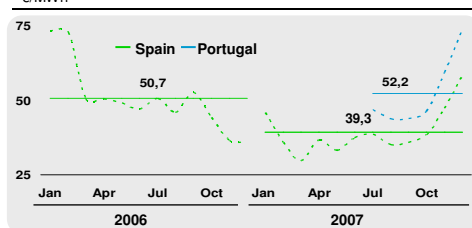
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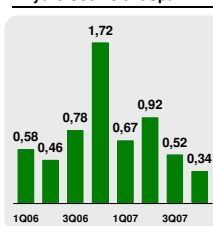
Iberian Electricity Wholesale Market



OMEL Weighted Avg. Baseload Price
€/MWh



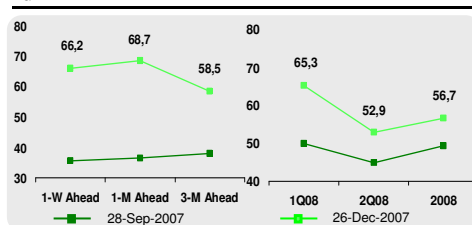
Hydro Coefficient Spain



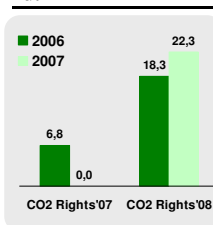
Performance in 2007
Spanish Pool Price: -28%

- Demand in Iberia: +2.7%
- Installed Cap. Iberia: +6%
 - Wind: +19%
 - CCGTs: +13%
- Volatile Hydro Production
- CO₂ Price: close to zero

OMIP Price Curve Evolution
€/MWh



CO₂ Rights
€/t



Electricity Forward Prices:
Prospects for 1Q08 & 2008

- For 1Q08: €58-69/MWh
- For 2008:
 - Prices showing an upward trend due fuel costs increase, higher CO₂ costs and low hydro reserves

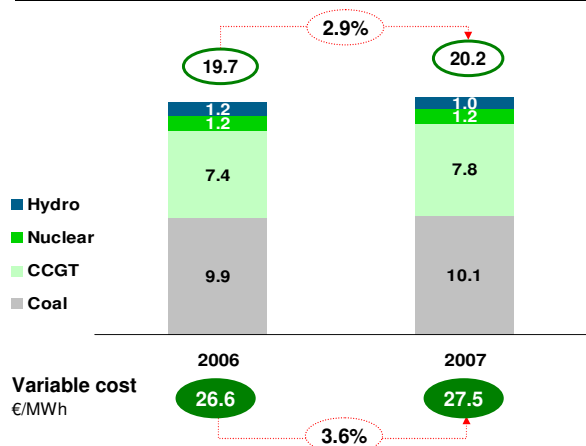
Recovery of wholesale electricity prices in 4Q07 and 1Q08 following depressed prices in 9M07

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Liberalised Supply in Iberia:



Production Output and Costs



Liberalised Generation Output

Iberian Market: +1.8%

• EDP: +2.9%

Coal Plants Load Factor:

• Iberian Market: 78%

• EDP: 76%*

CCGT Plants Load Factor

• Iberian Market: 47%

• EDP: 57%

EDP's output growth of 2.9% above market without impact from capacity additions.
For 2008: positive impact from 2 new CCGTs (Castejón 3 and Soto 4) and Alqueva hydro plant.

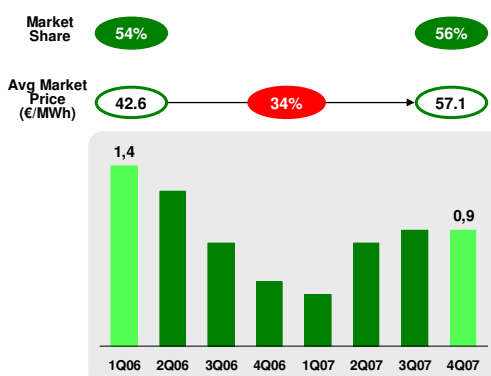
(*) Coal load factor penalized by the outage of Soto 3 coal plant in 4Q07 for Desox investments and other maintenance works

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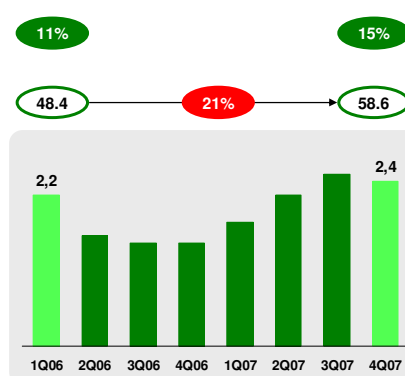
Electricity Supply in Iberia



Volumes and Prices sold in Portugal



Volumes and Prices sold in Spain



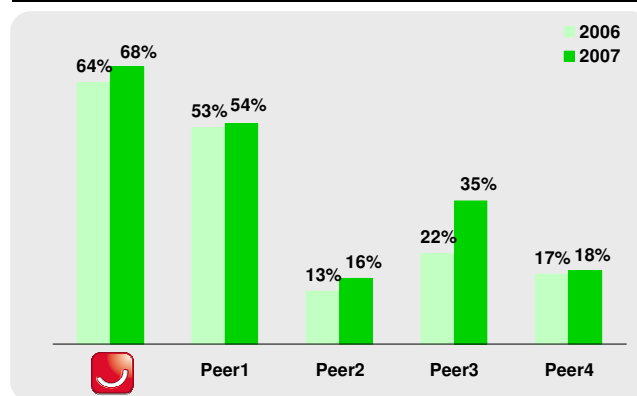
2007: sales to customers represented 68% of liberalized generation output.
Average selling price of €58.6/MWh was 49% above average pool price in Spain

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Supply Hedging In Iberian Liberalised Market: EDP vs. Peers



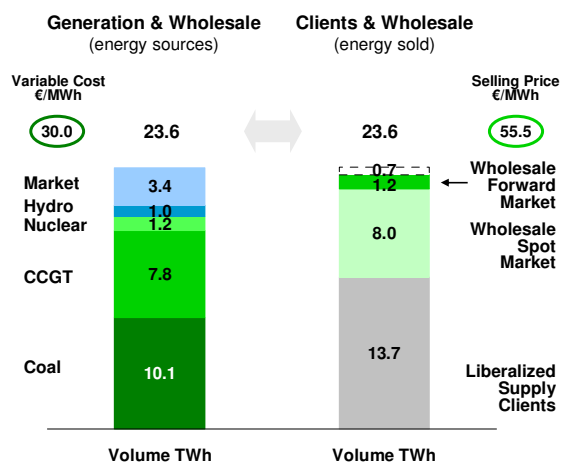
Volume Sold / Generation Output
(%)



In 2006 EDP had the highest level of GWh coverage liberalized retail clients/generation Fuel needs to satisfy electricity sales contracted with clients hedged in the right timing

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Liberalised Generation & Supply: Impressive EBITDA growth in a Tough Market Environment



€m	2007	Chg.
Gross Profit	600 *	32%
EBITDA	402	37%

Efficient generation portfolio and well timed contracting both in terms of supply clients and fuel costs led to a 37% growth in EBITDA

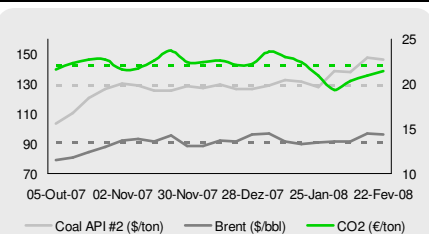
* Excluding services

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Prospects for 2008

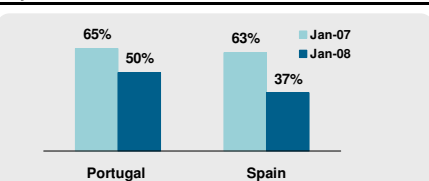


Fuel Cost Performance



Fuel costs at historical highs...

Hydro Reserves



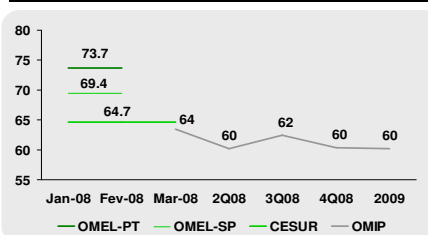
...low hydro reserves in Portugal & Spain...

Regulatory Framework:

- Downward revision of the Capacity Charge remuneration
- CO₂ Clawback: €7/MWh extra cost

...adverse regulatory environment...

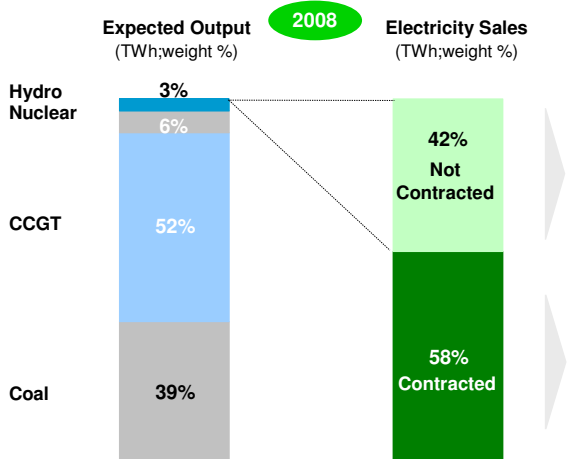
Electricity Price Performance



...imply higher electricity markets

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Forward Contracting for 2008



For the 42% Not Contracted:

- EDP's bidding prices in the market to internalize the higher fuel costs
- Benefit from pricing environment

For the 58% Contracted:

- Spark Spread* locked in: above €13/MWh
- Dark Spread* locked in: above €29/MWh

Average selling price for volumes contracted for 2008: €56/MWh
gross margin per MWh locked-in at attractive levels

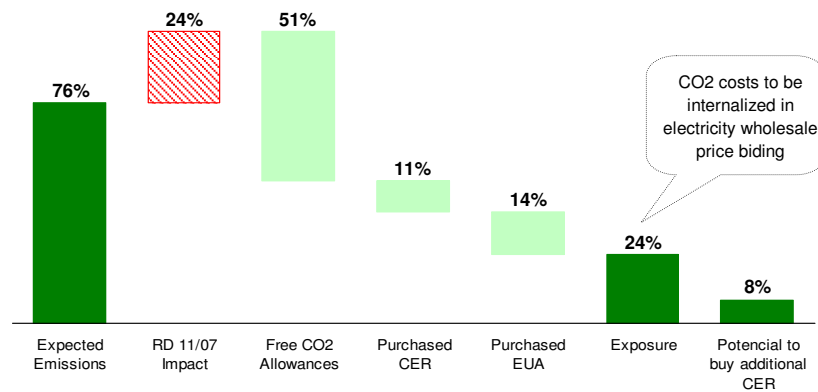
* Including CO₂ Costs + RD11/07 ** Before Capacity Payment

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CO₂ needs for 2008



2008 coverage of CO₂ emissions (%)



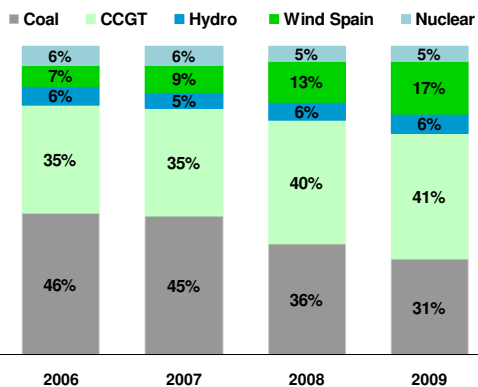
Excluding CO₂ Clawback in Spain (RD11/07), EDP CO₂ needs would be covered with CERs. EDP is aligned with UNESA asking for readjustments on RD11/07, namely: (1) end retroactivity (contracts signed before ratification); (2) not to be applied to bilateral contracts: (no deficit related)

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EDP Generation Mix: Iberian Liberalized Market + Wind Spain



EDP: Generation Mix evolution (GWh)
Iberian Liberalized Market + Wind Spain



Chg. in Inst. Capacity: Liberalized Market + Wind Spain

Plants	Technology	MW	Capex (€m)	Commissioning Date
Spain*	Wind	1,400	-	2007-2009
Alqueva	Hydro	240	195	Oct-07
Soto 1	Coal	-63	-	Dec-07*
Castejon 3	CCGT	408	190	Dec-07
Soto 4	CCGT	418	204	3Q07
Lares 1	CCGT	431	228	3Q09
Lares 2	CCGT	431	199	3Q09

Strong increase of CCGT, wind power and hydro capacity in the market in 2007-2009
EDP is rapidly reducing its exposure to coal and CO₂ in merchant operations

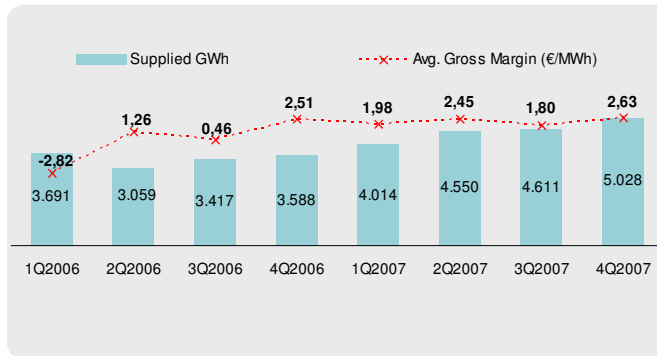
*Wind Power plants in Spain commissioned until Dec-07 can continue to have full exposure to pool market price until Dec-12; plants wind capacity commissioned after Dec-07 subject to cap & floor on pool price 15

Gas Liberalized Supply in Spain

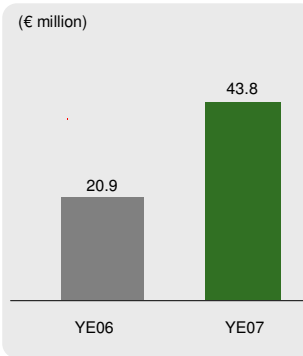


Volumes and margins growth support EBITDA growth

Liberalized Supply - Volumes & Selling Margin



EBITDA



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

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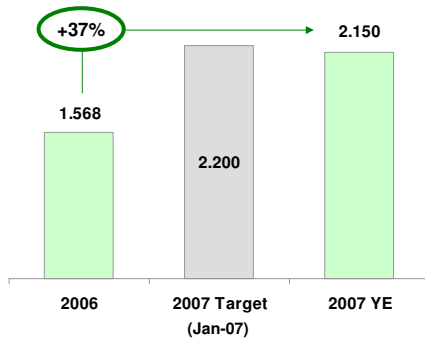
Efficiency improvement: Anticipation of 2010 cost cutting targets to 2008

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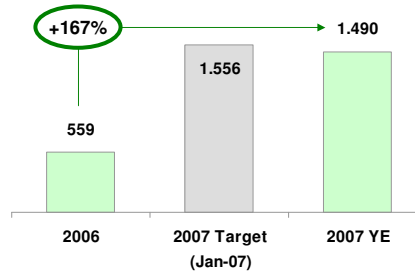
Wind Power: Installed Capacity Roll-out



Neo Installed Capacity Year 2007
Gross MW



Horizon Installed Capacity Year 2007
Gross MW



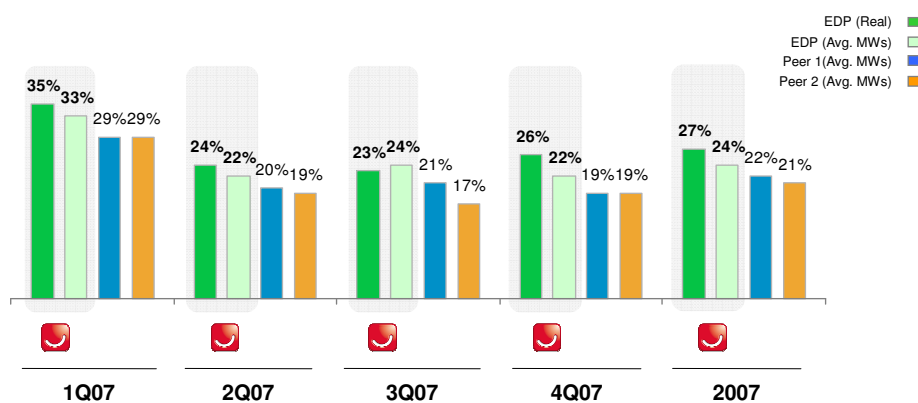
Wind gross installed capacity increased 132% YoY to 3,639 MW in 2007
Reliability in the delivery of the announced targets – 2007 Targets were successfully achieved

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Load factors Spain vs. competitors 2007



Spain – 2007 Quarterly Average Load factors (%) ⁽¹⁾



EDP wind parks in Spain showed load factors consistently above its peers (between 3% and 6% in 2007) reflecting EDP's premium site locations in terms of wind resource

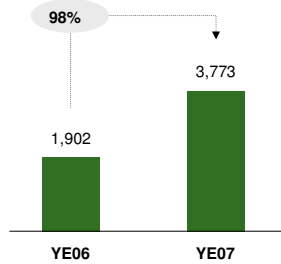
(1) EDP Avg. MWs and Peer 1 and Peer 2 load factors were calculated disclosed production for each quarter and an average of quarterly disclosed capacity. Peer 2 figures referent to Spain and Portugal

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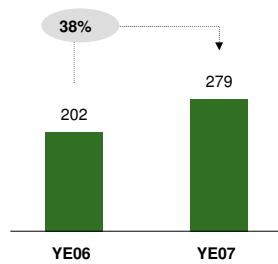
Wind Financials 2007



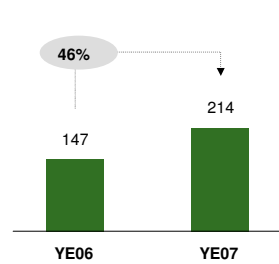
Wind Power Output
GWh



Gross Profit
€ million



EBITDA
€ million



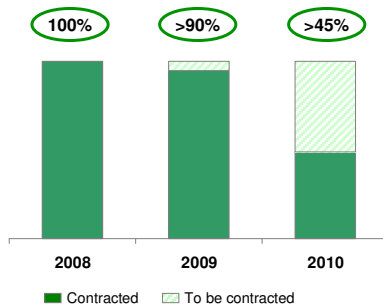
Increase of load factors and capacity more than compensated lower pool prices in Spain
First time consolidation of Horizon in 2H07 – Contribution of €24m at EBITDA level

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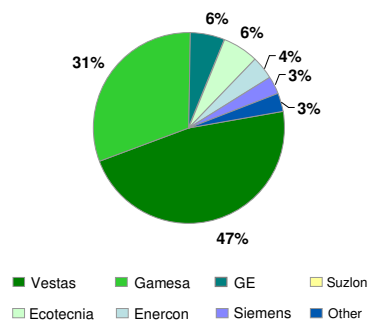
90% of turbine needs already contracted for 2009, 45% for 2010



Turbines needs vs. contracted 2008-2010
(%)



EDP Renewables Turbines Portfolio
(%)



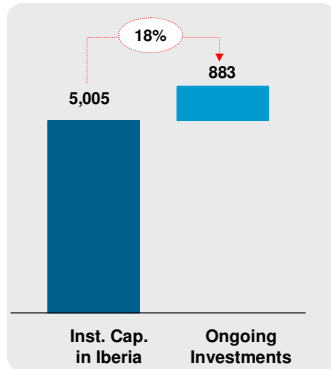
Diversification of technological risk: 5 Wind Turbine Suppliers to represent 91% of installed portfolio by 2010
Regional concentration allows higher efficiency on O&M costs: (examples: Enercon in Portugal, Gamesa in Spain, Vestas in USA)

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EDP expects to increase its hydro capacity by 18% until 2013 in the Iberian Market



EDP's Investment Plans in Hydro (MW)



Hydro Plants	MW	Capex	Start Date	Type	Status
Picote II	241	135	2012	Repowering	Under construction
Bemposta II	191	130	2012	Repowering	Construction to start in 1Q08
Ribeiradio (@55%)	41	154	2013	New Plant	Construction to start in 2009
Alqueva II	240	75	2012	Repowering	Construction to start in 2008
Baixo Sabor	170	369	2013	New Plant	Construction to start in 2Q08
TOTAL	883	863			

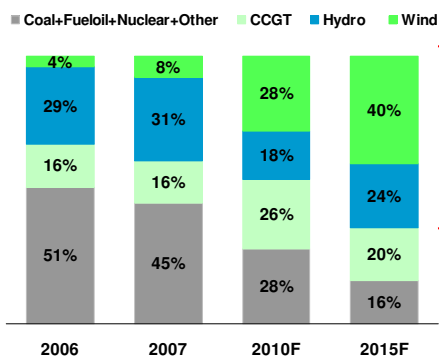
EDP should also reinforce its presence in Renewables through hydro investments. For 2008 total CAPEX in the repowering and new hydro plants should reach €100m

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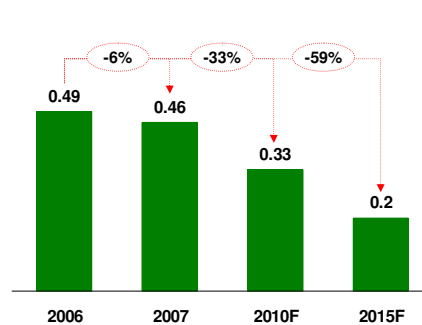
Total Generation Mix and CO₂ Emissions



Generation Mix Evolution



CO₂ Emissions Evolution (ton/MWh)



On track to reach more than 60% weight of green energy generation by 2010 while lowering CO₂ emissions by 59%

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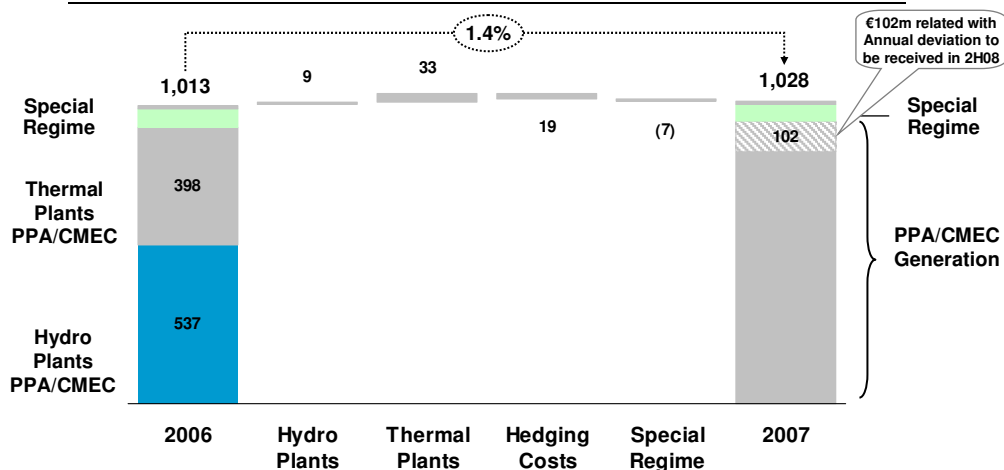
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LT Contracted Generation: PPA/CMEC and Special Regime



Evolution of LT Contracted Generation Gross Profit adjusted*



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

* Adjusted by hedging Instruments at Financial Results level (€19m losses essentially related to coal purchasing hedging)

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Electricity Distribution: Portugal and Spain



EBITDA increased 9% adjusted to one-offs

Iberian Distribution EBITDA: 2007 vs. 2006 (€ million)			
	2006	2007	% Chg.
Reported EBITDA	572	441	-23%
Tariff Deviations Portugal ⁽¹⁾	118	58	-51%
Prior years tariff deviations recovery Portugal ⁽¹⁾	(123)	16	-113%
One-off HR Restructuring Costs Portugal	25	127	408%
One-off HR Restructuring Costs Spain	0	16	-
RD 03/2006 Impact	16	(11)	-242%
EBITDA adjusted	607	662	9%

⁽¹⁾ Tariff differences, t-2 and t-1 tariff adjustments

Continuous effort to improve efficiency and quality of service:

Efficiency Ratios

	2006	2007	% Chg.
Employees/TWh	101	94	-7,1%
Employees	5,563	5,315	-4.5%

Equivalent Interruption Time (min)

	2006	2007	% Chg.
Portugal	203	111	-93
Spain (Asturias)	106	63	-43

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Electricity Distribution: Brazil



EBITDA Growth: + 20%; Boosted by recovery of regulatory receivables

Distribution Brazil EBITDA: 2007 vs. 2006 (€ million)			
	2006	2007	Δ
EBITDA IFRS	338	418	+79
Regulatory Deviations ⁽¹⁾	(95)	(216)	(121)
One-off Staff Reduction Costs	19	-	(19)
One-off Provision in Enersul	-	69	69
EBITDA adjusted by tariff deviations and one-off	262	271	+9

⁽¹⁾ Accumulated tariff deviations, deferred tariff increases, rationing losses + "parcela A" and others

Ongoing staff reduction plan with positive impact on efficiency ratios:

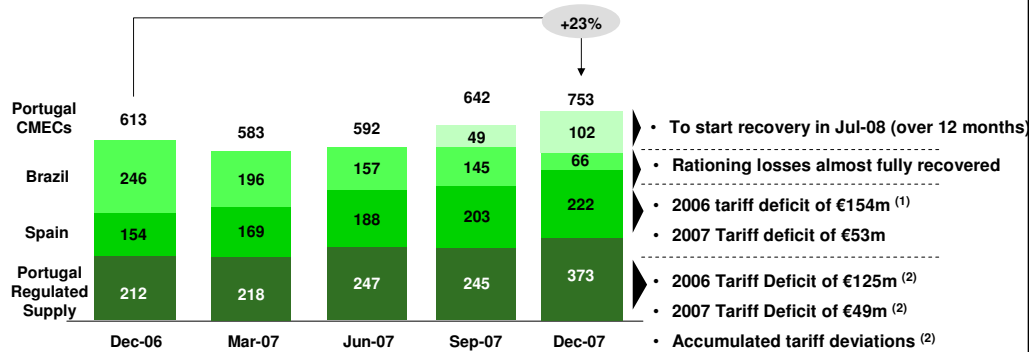
Distribution – Efficiency Ratios			
	2006	2007	% Chg.
Employees / TWh	118	109	-7.2%
Employees	2,818	2,734	-3.0%

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Regulatory Receivables



Regulatory receivables in Regulated Electricity Supply and CMECs system
(€ million)



Increase of regulatory receivables in Portugal not fully compensated by decline in Brazil

(1) 2007 tariff deficit for the system (estimated at €1,500m) expected to be securitized in 2008; 2006 tariff deficit amount final still pending final regulatory decision
(2) 2006 & 2007 Tariff Deficits to be recovered between 2008 and 2017 – Tariff deviations of year n are covered in year n+2

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Operating Costs



EDP operating costs

(€ million)

	YE06	YE07	% Chg.
Controllable Operating Costs *	1,423	1,358	-4.6%
Supplies & Services	741	684	-8%
Personnel Costs & Social Benefits*	681	673	-1%
Nb. of Employees	13,575	13,097	-4%
HR Restructuring Costs	66	193	+192%
Non controllable operating costs	364	375	+3%
Concession Fees	220	216	-2%
Other Operating Costs	144	159	+10%
Total Operating Costs	1,853	1,926	+4%

• **Decline of supplies & services and personnel costs** – Efficiency improvement, staff reduction and disposal of Oni;

• **Higher restructuring costs** – Accounting in 2007 of a €193m one-off cost (of which €85m concerning to 2007 costs) related to 974 retirements and early retirements agreed in 2007 (435 effective in 2007);

• **Other operating costs in 2007** penalized by a €30m provision from RD 03/2006 in Spain and a provision from Enersul.

* Excluding HR Restructuring Costs

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Efficiency Improvement: cost savings target for 2010 to be anticipated for 2008



OPEX savings € million

- Measures taken in 2006
- Measures taken in 2007



Operating cost cutting target for 2010 on track to be achieved already in 2008

Personnel costs:

€35.5m cost savings already achieved by net headcount reduction in 2005-2007:
543 employees in Brazil / 458 employees in Iberia

Restructuring Costs 2007 in Iberia: €193m referent to agreements already signed:
294 employees leaving in 2007 (€78m one-off cost)
326 employees leaving after 2007 (€108m one-of cost)
Estimated associated NPV*: €75m

Target EDP 2010 Business Plan: 2005-2010
Net headcount reduction of over 1,100 across Iberia
Target for 2010 likely to be achieved already in 2008

Supplies & services:

€89.0m cost savings achieved by:

- IT services restructuring measures
- Integrated insurance management
- Promotion of intra-group services
- Operational cost reduction in Generation
- Reduction of outsourcing unit cost in distribution

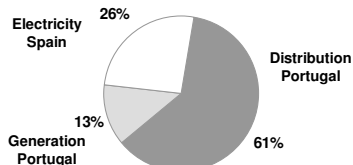
* Present Value of variable direct costs with employees saved by EDP with early retirements

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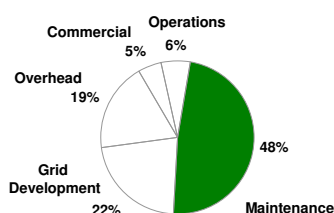
Maintenance of Electricity Distribution Grid in Portugal: Cost Efficiency



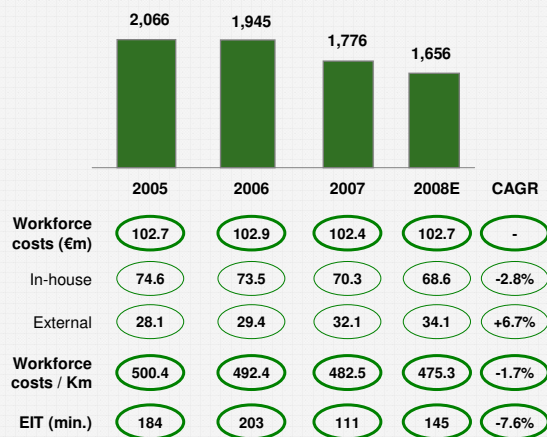
Total Early Retirement agreements signed
(Referent to 2007 HR Rest. Costs)



EDP Distribution Employees : Dec-2007



Maintenance Own Employees : 2005-2008E *



Reduction of maintenance costs/km: improving efficiency & quality of service

* Maintenance of the HV / MV / LV grid and assistance to MV / LV clients and network.

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Electricity Distribution Portugal: Efficiency Improvements



Electricity Distribution Portugal

	2006	2007	2008E
Employees/GWh Distributed	113.83	104.97	94.40
Employees/Km Network	24.72	23.20	21.46
Clients/Employee	1.15	1.20	1.28
Average age (years)	47.5	48.2	48.8
Number of employees	5,168	4,925	4,638
Personnel costs related to working people	185.7	181.4	190.8
Nº of employees leaving	195	294	539
Employees leaving average age	54.9	54.7	55.5

Continuous efficiency improvement effort

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Consolidated Capex

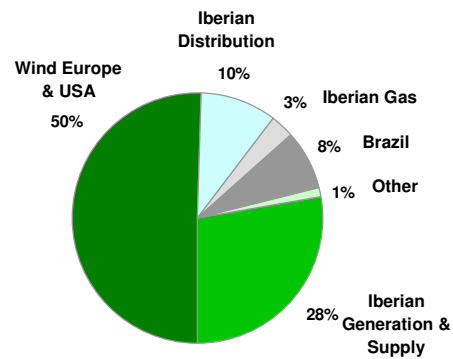


75% of capex allocated to regulated activities and long term contracted generation

EDP Capex: YE06 vs. YE07

(€ million)

	YE06	YE07	% Chg.
Expansion	680	1,936	185%
Maintenance	777	764	-2%
Total EDP	1,457	2,700	85%
Generation & Supply	390	745	91%
Wind - Europe & USA	386	1,389	260%
Distribution	307	263	-14%
Gas	52	72	40%
Brazil	295	209	-29%
Other	27	22	-19%



72% of EDP group's capex allocated to expansion of installed capacity

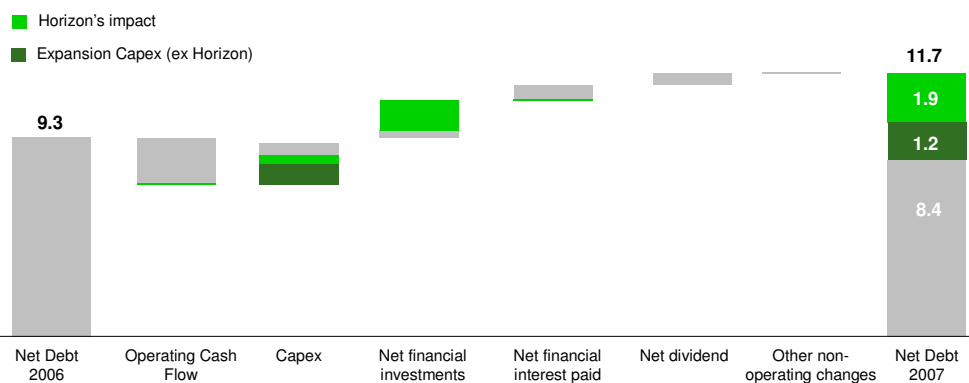
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Consolidated Free Cash Flow



EDP Consolidated Free Cash Flow 2007

(€ billion)



Strong free cash flow generation from operations
Debt increase driven by 2x growth of expansion capex and Horizon acquisition

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Consolidated Net debt Maturity Dec-07

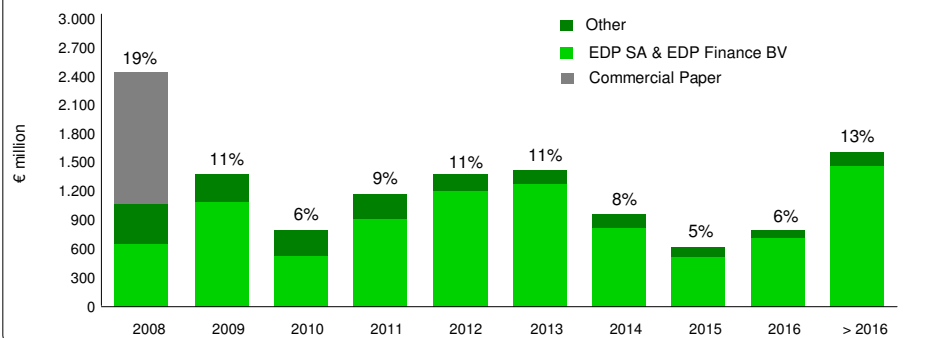


Financing of Horizon Acquisition closed under favourable market conditions:

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



Significant level of Available committed liquidity facilities at Dec-07: €2.1bn

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Financial Results



EDP Financial Results

(€ million)

	2005	2006	2007	% Chg.
Net financial interest	(378)	(402)	(539)	34%
Investment income	36	8	41	+421%
Net foreign exchange differences	69	0.9	11	1085%
Other financials	(126)	186	(58.8)	-132%
Financial Results (€m)	(399)	(207)	(546)	163%
Net Debt (€m)	9,463	9,283	11,692	+26%
Avg Cost of Debt (%)	4.2%	3.9%	5.0%	+1.1 pp
Net Debt/EBITDA	4.6x	4.0x	4.4x	

- Increase of cost of debt in line with credit markets;
- 26% increase in net debt
- Non recurrent in 2006: €148m positive impact from CMEC related interest rate swap;
- Includes €42m of hedging losses in energy markets in 2007 related to PPA/CMECs

Cost of debt grew in line with the market

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Net Profit



EDP Net Profit

(€ million)

	2006	2007	% Chg.
EBIT (€m)	1,253.0	1,560.3	25%
Capital Gains/(Losses)	4.8	262.6	5349%
Financial Income/(Expense)	(207.4)	(545.8)	163%
Income/(Losses) Associated Companies	245.3	23.7	-90%
Discontinued Activities	(12.8)	0	-100%
Income Taxes	265.9	280.8	6%
Effective Tax Rate (%)	21%	22%	+1.0 pp
Minority Interests	76.3	112.7	48%
Net Profit (€m)	940.8	907.3	-4%

• 2007 capital gains include €259m related to the sale of a 25% stake in REN;

• 2006 income from associated companies include €224m from REN, which reflect the capital gain on the disposal of its 18.3% stake in Galp

EPS: -4% YoY: high level of positive non recurrent items in 2006

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Conclusions



Impressive Performance in an Tough Market: EBITDA +14%; EPS -4%

**Hedging Based on efficient generation portfolio and strong commercial platform
Liberalized Gen.&Sup.: good performance in a tough market; EBITDA +37% YoY**

**Renewables: wind capacity increased 132%;
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: 82% of EBITDA**

**On track to Deliver 2007-2010 Business Plan:
EBITDA CAGR 2005-2010 > 13%
EPS CAGR 2005-2010 > 14%
DPS 2007 to be proposed to AGM: €0.125 (50% pay-out ratio)**

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Outlook 2008



High generation costs: Increase of electricity wholesale prices and tariff deficits in Iberia

Target for EDP wind power by 2008YE: 5,200MW gross installed capacity

IPO of EDP Renováveis in 2Q08: dependent on market conditions

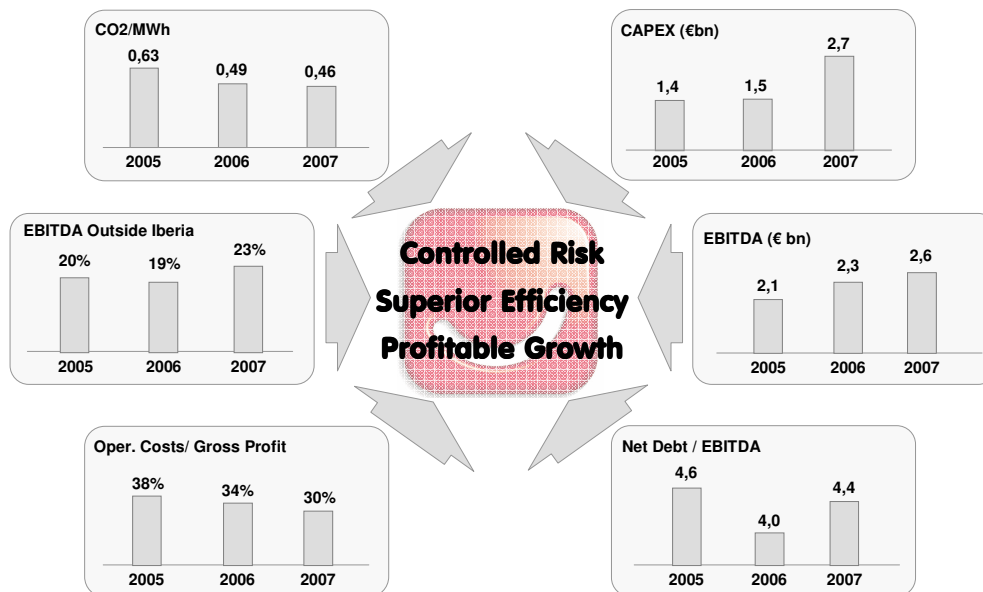
Cost Efficiency: Anticipation of 2010 target

Continue to deliver growth based on a sound capital structure

Maintain a Low Risk + High Growth Investment Profile

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EDP: Changing towards Controlled Risk, Profitable Growth and Superior Efficiency



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