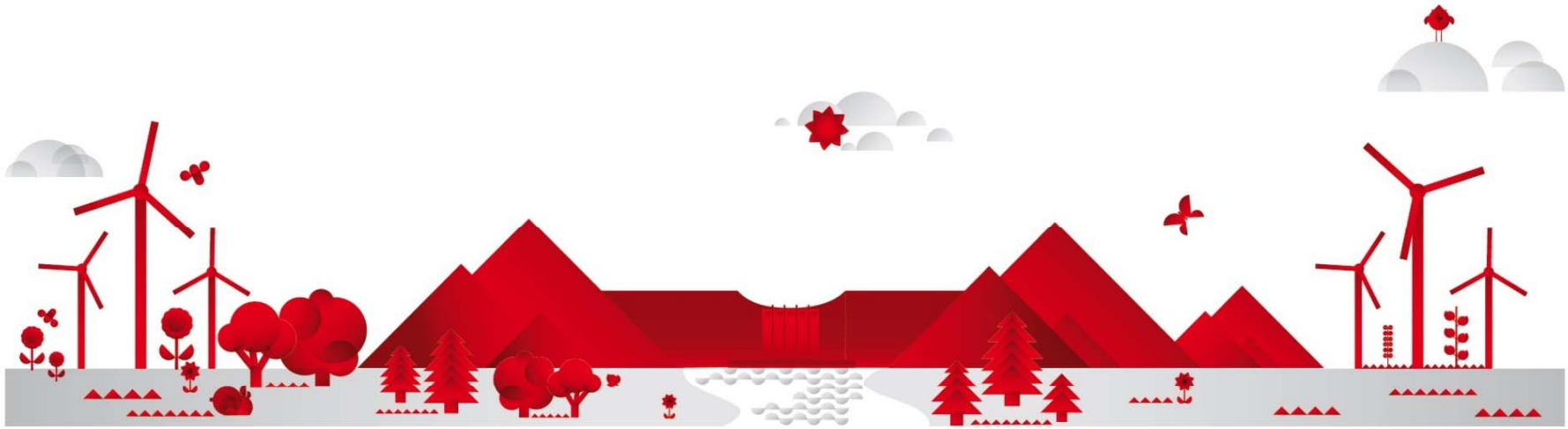
Investor Day
May 2012

investor day 2012

Oporto, May 23rd, 2012



Dow Jones Sustainability Indexes
Member 2011/12

Disclamer

This document has been prepared by EDP - Energias de Portugal, S.A. (the "Company") solely for use at the presentation to be made on the 23rd of May 2012 and its purpose is merely of informative nature and, as such, it may be amended and supplemented. By attending the meeting where this presentation is made, or by reading the presentation slides, you acknowledge and agree to be bound by the following limitations and restrictions. Therefore, this presentation may not be distributed to the press or to any other person in any jurisdiction, and may not be reproduced in any form, in whole or in part for any other purpose without the express and prior consent in writing of the Company.

The information contained in this presentation has not been independently verified by any of the Company's advisors or auditors. No representation, warranty or undertaking, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or the opinions contained herein. Neither the Company nor any of its affiliates, subsidiaries, directors, representatives, employees and/or advisors shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection with this presentation.

This presentation and all materials, documents and information used therein or distributed to investors in the context of this presentation do not constitute or form part of and should not be construed as, an offer (public or private) to sell or issue or the solicitation of an offer (public or private) to buy or acquire securities of the Company or any of its affiliates or subsidiaries in any jurisdiction or an inducement to enter into investment activity in any jurisdiction. Neither this presentation nor any materials, documents and information used therein or distributed to investors in the context of this presentation or any part thereof, nor the fact of its distribution, shall form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever and may not be used in the future in connection with any offer (public or private) in relation to securities issued by the Company. Any decision to purchase any securities in any offering should be made solely on the basis of the information to be contained in the relevant prospectus or final offering memorandum to be published in due course in relation to any such offering.

Neither this presentation nor any copy of it, nor the information contained herein, in whole or in part, may be taken or transmitted into, or distributed, directly or indirectly to the United States. Any failure to comply with this restriction may constitute a violation of U.S. securities laws. This presentation does not constitute and should not be construed as an offer to sell or the solicitation of an offer to buy securities in the United States. No securities of the Company have been registered under U.S. securities laws, and unless so registered may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of U.S. securities laws and applicable state securities laws.

This presentation is made to and directed only at persons (i) who are outside the United Kingdom, (ii) having professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (the "Order") or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "Relevant Persons"). This presentation must not be acted or relied on by persons who are not Relevant Persons.

Matters discussed in this presentation may constitute forward-looking statements. Forward-looking statements are statements other than in respect of historical facts. The words “believe,” “expect,” “anticipate,” “intends,” “estimate,” “will,” “may”, "continue," “should” and similar expressions usually identify forward-looking statements. Forward-looking statements include statements regarding: objectives, goals, strategies, outlook and growth prospects; future plans, events or performance and potential for future growth; liquidity, capital resources and capital expenditures; economic outlook and industry trends; energy demand and supply; developments of the Company’s markets; the impact of legal and regulatory initiatives; and the strength of the Company’s competitors. The forward-looking statements in this presentation are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management’s examination of historical operating trends, data contained in the Company’s records and other data available from third parties. Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond its control. Important factors that may lead to significant differences between the actual results and the statements of expectations about future events or results include the company’s business strategy, financial strategy, national and international economic conditions, technology, legal and regulatory conditions, public service industry developments, hydrological conditions, cost of raw materials, financial market conditions, uncertainty of the results of future operations, plans, objectives, expectations and intentions, among others. Such risks, uncertainties, contingencies and other important factors could cause the actual results, performance or achievements of the Company or industry results to differ materially from those results expressed or implied in this presentation by such forward-looking statements.

The information, opinions and forward-looking statements contained in this presentation speak only as at the date of this presentation, and are subject to change without notice unless required by applicable law. The Company and its respective directors, representatives, employees and/or advisors do not intend to, and expressly disclaim any duty, undertaking or obligation to, make or disseminate any supplement, amendment, update or revision to any of the information, opinions or forward-looking statements contained in this presentation to reflect any change in events, conditions or circumstances.

Agenda

I	Achievements	*António Mexia, CEO*
	EDP Renováveis	
	EDP – Energias do Brasil	
II	Industry Trends	*Pedro Neves Ferreira, Energy Planning*
III	Regulation & Energy Markets in Iberia	*João Manso Neto, Board Member*
IV	Hydro Portfolio in Iberia	*António Pita de Abreu, Board Member*
	Coffee Break	
V	Our Clients in Iberia	*Miguel Stilwell de Andrade, Board Member*
VI	Regulated Networks in Iberia	*António Martins da Costa, Board Member*
VII	Partnership with China Three Gorges	*João Marques da Cruz, Board Member*
VIII	Financials	*Nuno Alves, CFO*
IX	Conclusions	*António Mexia, CEO*

investor day 2012

Achievements

António Mexia, CEO

Global events created challenges in energy sector

Long term strategy fits well…

Conflict and tensions in Oil producing countries

- Vulnerability of the World Economy to oil price shocks

Fukushima

- Importance of secure energy sources
- Review/abandonment of nuclear projects by many nations

We need to address short term challenges…

Challenging environment in US

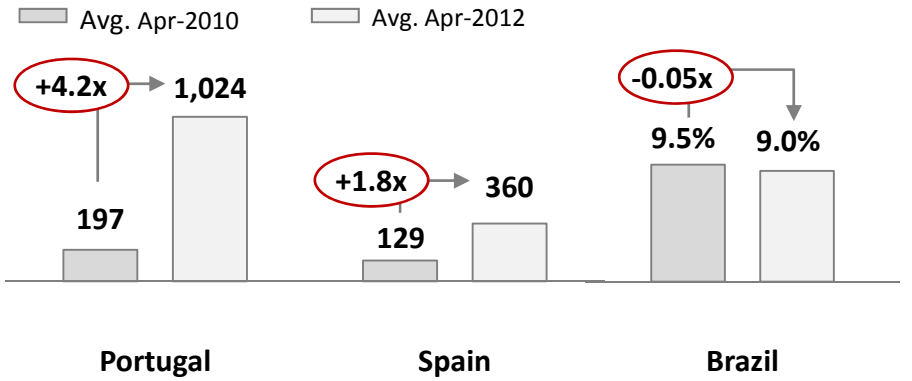
- Current PTC scheme expires Dec-2012
- Development of shale gas reserves driving low gas prices

European debt crisis

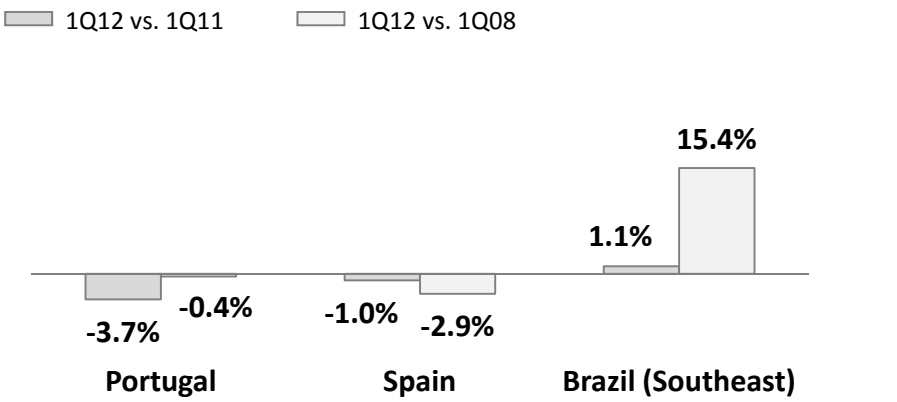
- Eventual pressure for Regulatory changes
- Demand slowdown

Challenging macro and market environments

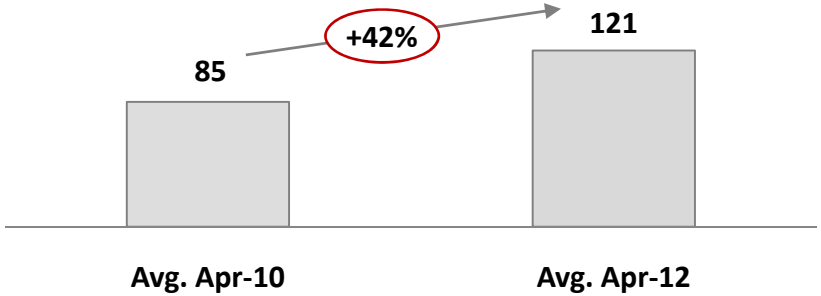
5Y CDS Portugal & Spain (bp) **and Brazilian Selic** (%)



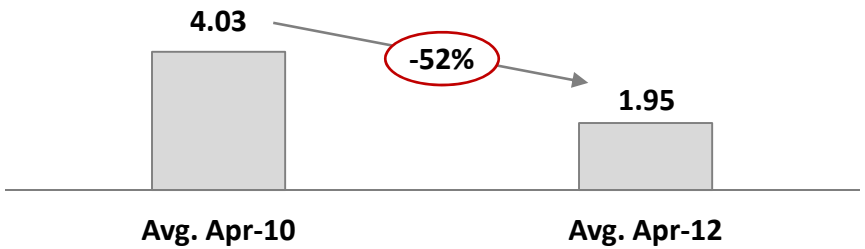
Electricity Demand (Var. %)



Brent (USD/bbl)



US Gas Price (Henry Hub) (USD/MMBtu)



Euro Sovereign debt crisis: Credit rating cuts, higher cost of funding, Troika measures (fiscal, sector legislation), lower GDP

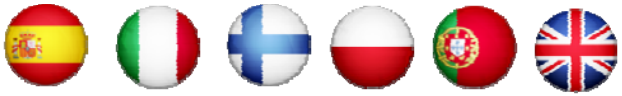
Brazil: Downward trend in cost of capital; strong growth of electricity demand in 2010/11 (signs of slowdown in 1Q12)

Increase of oil-linked gas costs affected CCGTs in Iberia; **lower gas cost in US** depressed wind merchant power prices

Source: Bloomberg, REN, REE, ONS and EPE.

Significant legal/regulatory/fiscal changes impacting the electricity sector in Europe

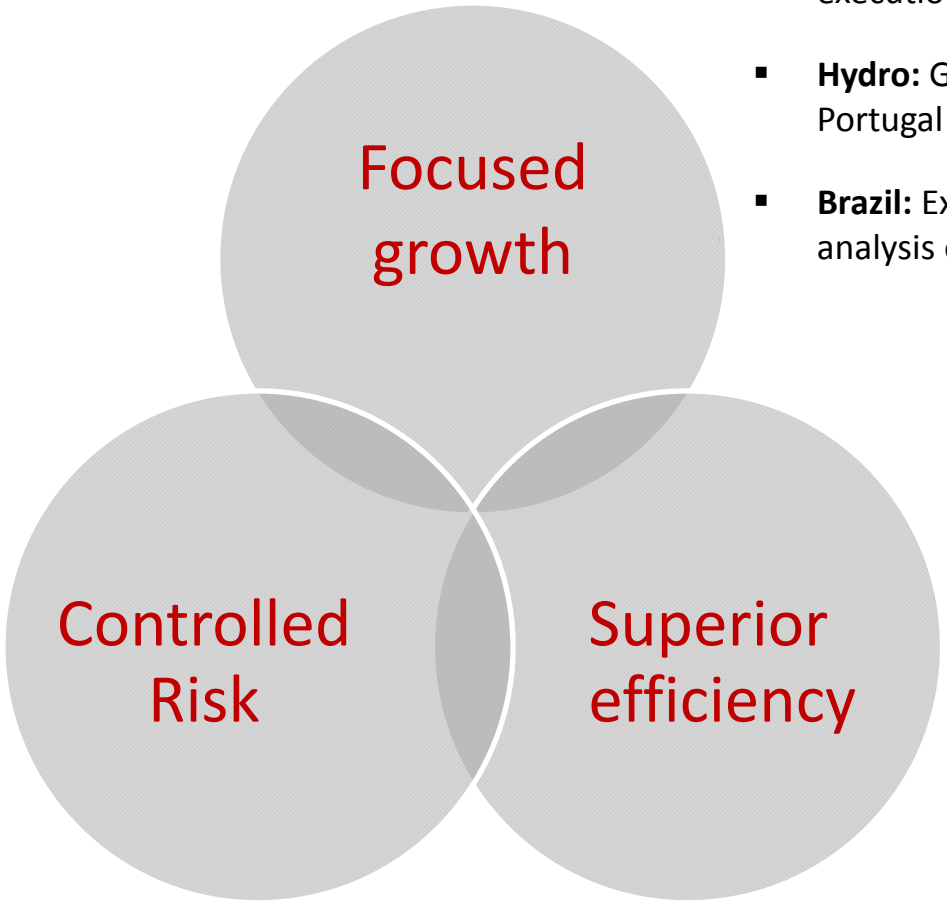
Higher energy costs, increase of renewable capacity and fiscal imbalances implied Governments' intervention

Measures taken:	Countries:
Increased taxes on windfall gains associated with CO_2, nuclear or gas exploration	
Accelerated closing of existing nuclear capacity	
Higher taxes on profits specifically for the utilities sector	
Discussions/measures to introduce capacity remuneration	
Difficulties in increasing tariffs which imply creation of tariff deficits	
Increase on electricity consumption taxes	
Restrictions on licenses for new capacity and potential changes on renewable regulation	

Increase of political and regulatory risk in several European countries

Strategic architecture defined in 2006 has proven to be adequate under current environment

- **Manage regulatory agenda** to maintain a low risk profile of free cash flow
- **Actively manage exposure to energy markets** through hedging strategies
- **Reduce CO_2 emissions** through investments in "clean" generation
- **Sound capital structure**, with continued improvement in credit ratios

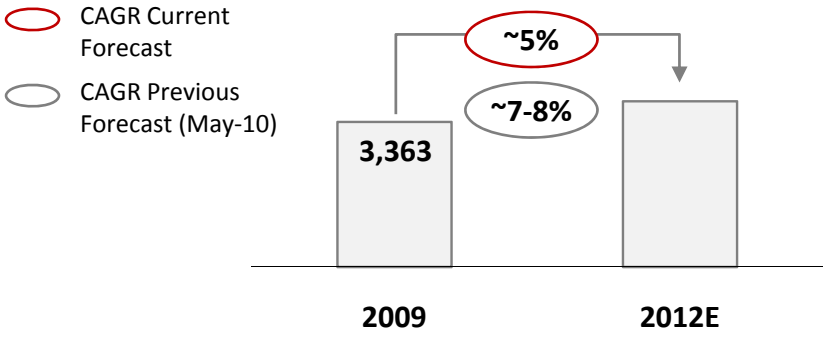


- **Wind:** Focus on high return projects and execution of existing pipeline
- **Hydro:** Gradual increase of capacity in Portugal by executing current plan
- **Brazil:** Execute generation projects; strict analysis of new opportunities

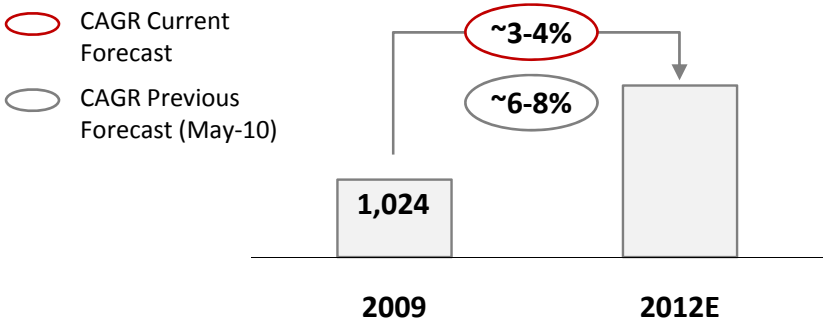
- **Selective investment policy**, privileging returns and low risk investments
- Further enhancing **efficiency improvement**: All businesses and geographies
- Promote an **integrated culture** across all geographies

EDP delivery better than its peers in this more adverse environment

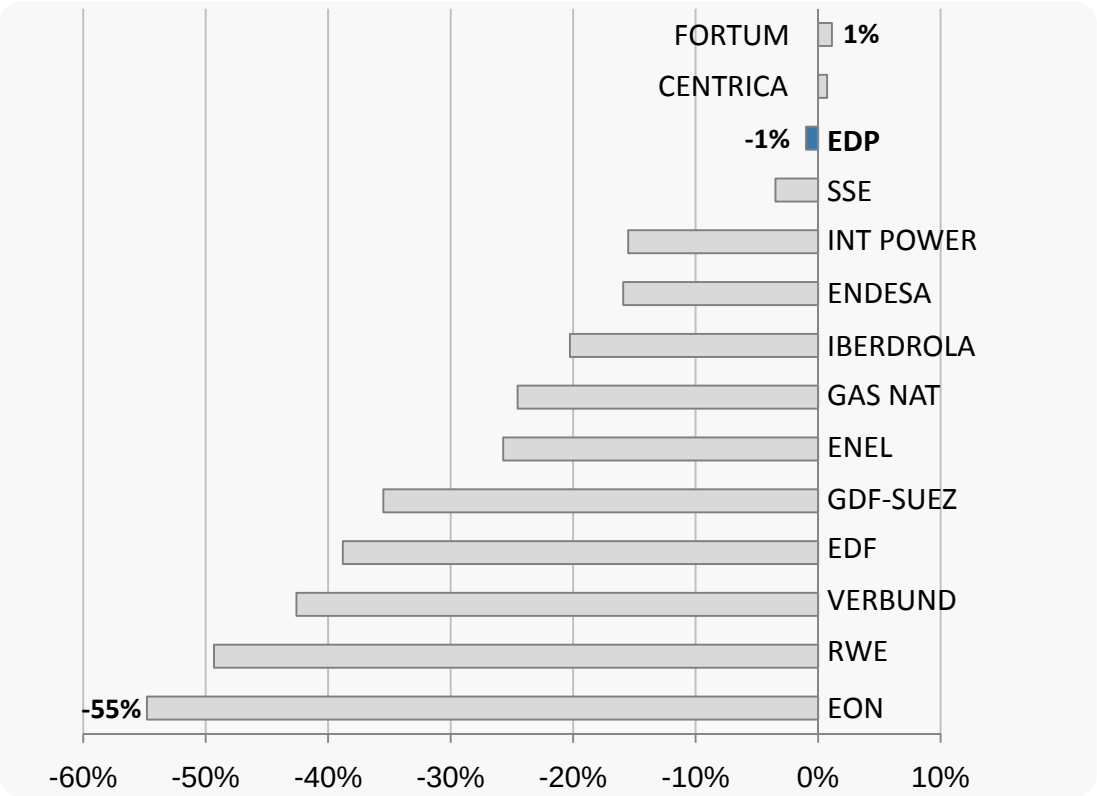
EBITDA
(€m)



Recurrent Net Profit
(€bn)



EPS12E Consensus: Change from Jan-10 to Date [1]
(%)



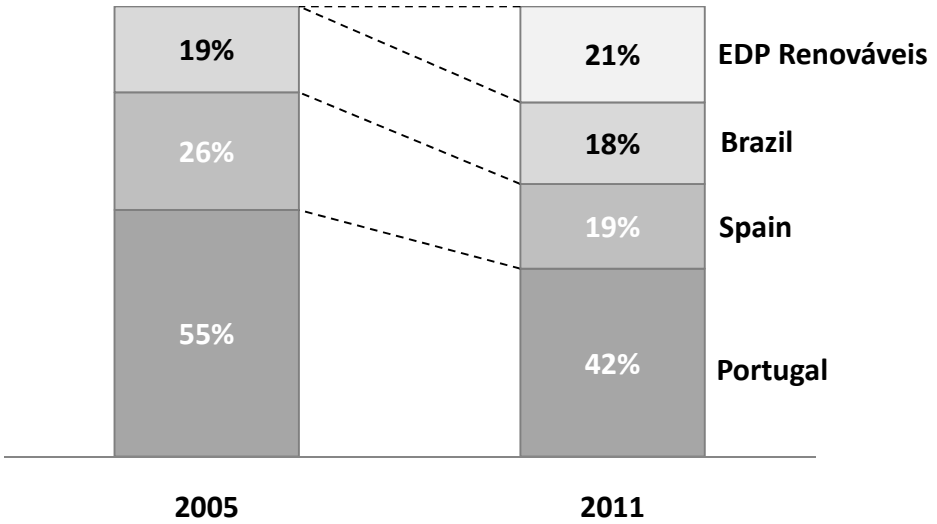
EDP's current forecasts for 2012:

- **Already include all recent regulatory measures announced in Portugal and Spain; and**
- **In line with guidance provided in March 9th at the 2011 results release**

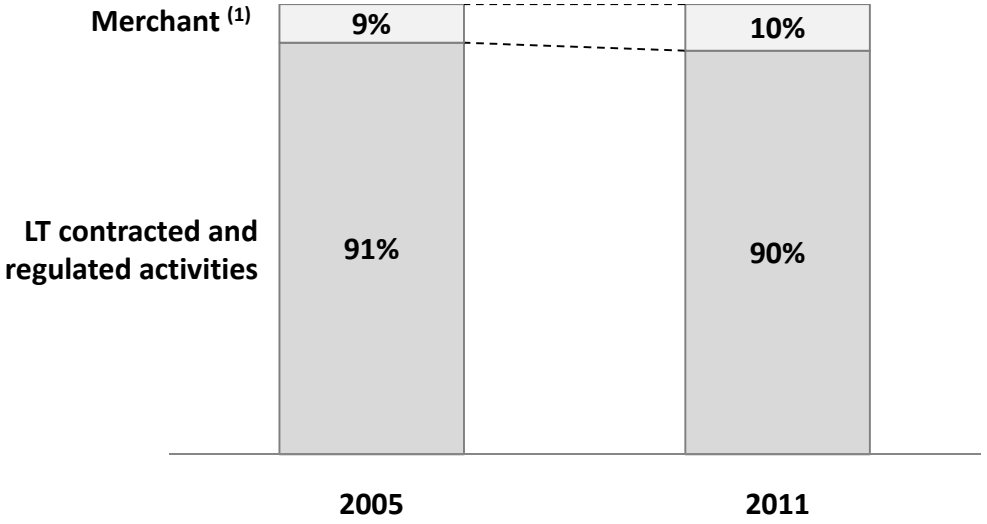
(1) Source: Change of Bloomberg EPS Consensus: May 1st 2012 vs. December 31st 2009

Controlled risk: Reinforcement of the low risk profile of EDP's business mix

EBITDA: Country Breakdown – Market Diversification
(%)



EBITDA: Risk Profile Breakdown
(%)



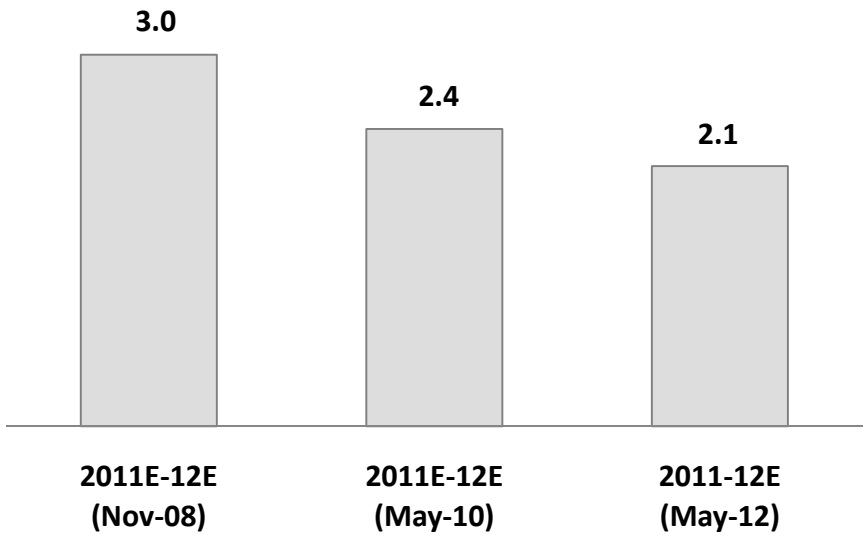
Diversification of economic and regulatory environment

Maintenance of lower exposure to market volatility

(1) Merchant includes liberalized activities in Iberia

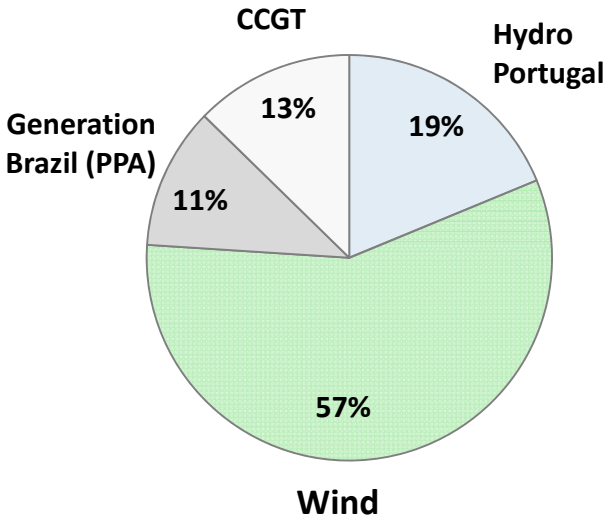
Controlled risk: Flexible capex plan which allowed a disciplined execution

Evolution of average 2011-12 capex
(€bn)



2010-12E Installed Capacity Additions
(%)

3,693 MW



Flexibility namely in wind capex allowed execution of selective growth: capacity to adapt to changes in market conditions

Investment in free CO_2 technologies: 78% of our new installed capacity in 2010-12E is hydro & wind

Controlled risk: Proactive management mitigated challenging regulatory developments

PORTUGAL

- **Jan-11:** Introduction of capacity payments
- **Dec-11:** New 2012/14 regulatory period in electricity distribution
- **2010-12:** Increase of regulatory receivables
- **Mar-12:** Further steps in liberalization of electricity & gas supply
- **May-12:** Cut in capacity payments

SPAIN

- **Dec-10:** Temporary 35% cut in premium tariffs in wind
- **4Q10:** Upward revision of capacity payments and distribution revenues
- **2011/1Q12:** Tariff deficit: ongoing securitisation
- **Mar-12:** Partial cut in capacity payments and distribution revenues
- **2012:** Increase of tariffs in 2012 to help to reduce tariff deficit
- **2012:** Tariff deficit continues high and persists uncertainty on new measures to be announced

BRAZIL

- **Aug-10:** Maintenance of Escelsa's rate of return at 9.95% (real after taxes) in the 2010 regulatory review
- **Nov-11:** Bandeirante RoRAB to fall from 9.95% to 7.5% from Aug-11 onwards

USA

- **Dec-10:** Extension of cash grants and PTCs for capacity installed until the end of 2012
- **2011:** Federal RPS was not implemented, State level RPS not significantly tougher as a whole
- **2012:** Uncertainly over extension for wind capacity built of PTCs post Dec-12

Lower risk profile resulting from diversification in terms of markets and activities

Controlled risk: Key measures defined to energy sector by IMF/EC/ECB already taken

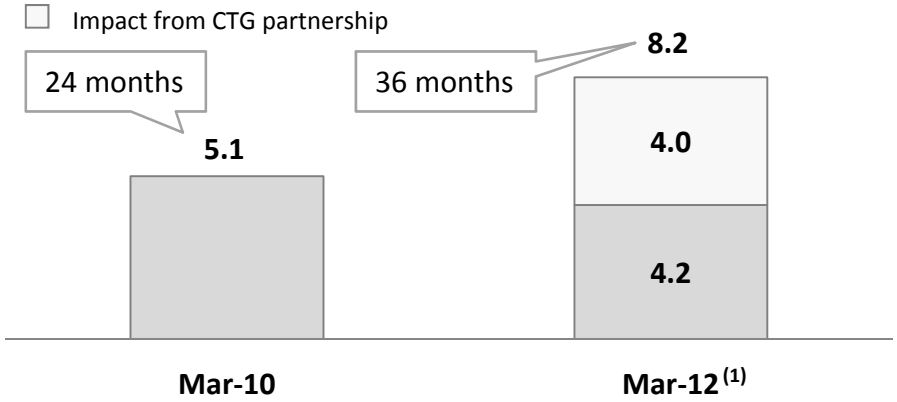
MoU with IMF/EC/ECB	Current Status	
"Government will eliminate (…) special rights established by law or in the statutes of publicly quoted companies"	Law changed in Jul-11, EDP's statutes changes by shareholder meeting in Aug-11	✓
"The Government commits to (…) full divestment of public sector shares in EDP (…) by the end of the 2011"	21.35% of EDP sold to CTG at €3.45/share in Dec-11	✓
"Regulated electricity (and gas) tariffs will be phased out by January 1, 2013 at the latest"	Calendar approved in Feb-12 by the Government	✓
"future investments in renewables, in particular in less mature technologies, will be based on a rigorous analysis"	Freeze of new licenses to any new capacity in Portugal	✓
"It shall be negotiated with the relevant operators, on a voluntary basis, changes on prevailing contracts" (CMECs) [(1)]	Agreement for a €13m cut of annual revenues for EDP related to CMECs financial mechanism	✓
"it shall be changed the conditions applicable to cogeneration and capacity payments" [(1)]	CCGT capacity payment cut to €6,000/MW from 2014 onwards (temporarily at zero in 2H12/2013)	✓

Total normalized impact from the Troika measures: ~1% of EBITDA, ~2.5% in EPS in 2014

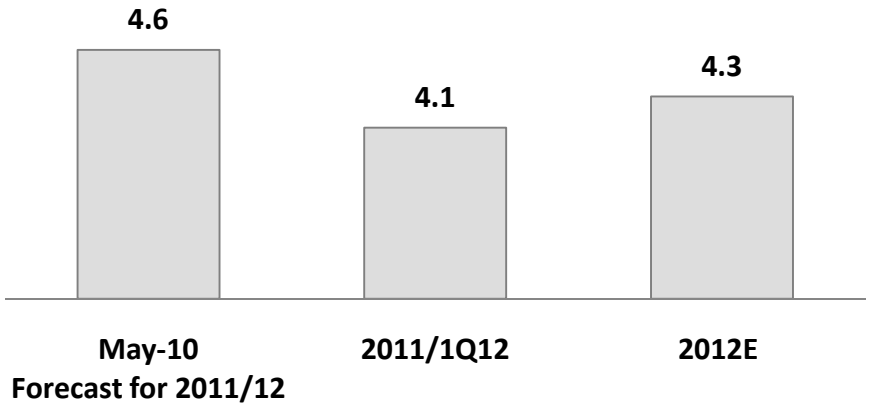
(1) Statement of the Finance Minister in the scope of the 3rd evaluation of the Economic Adjustment Programme for Portugal (28th February 2012)

Controlled risk: Financial liquidity visibility until mid-2015

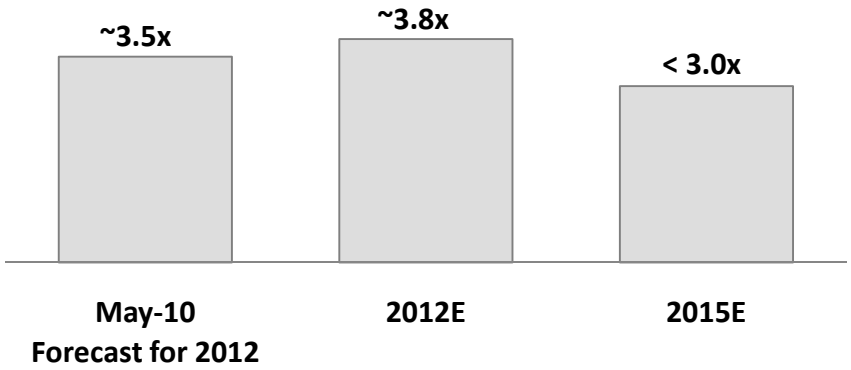
EDP's Financial Liquidity
(€bn)



Average Cost of Debt
(%)



Adjusted Net Debt/EBITDA (2)
(x)



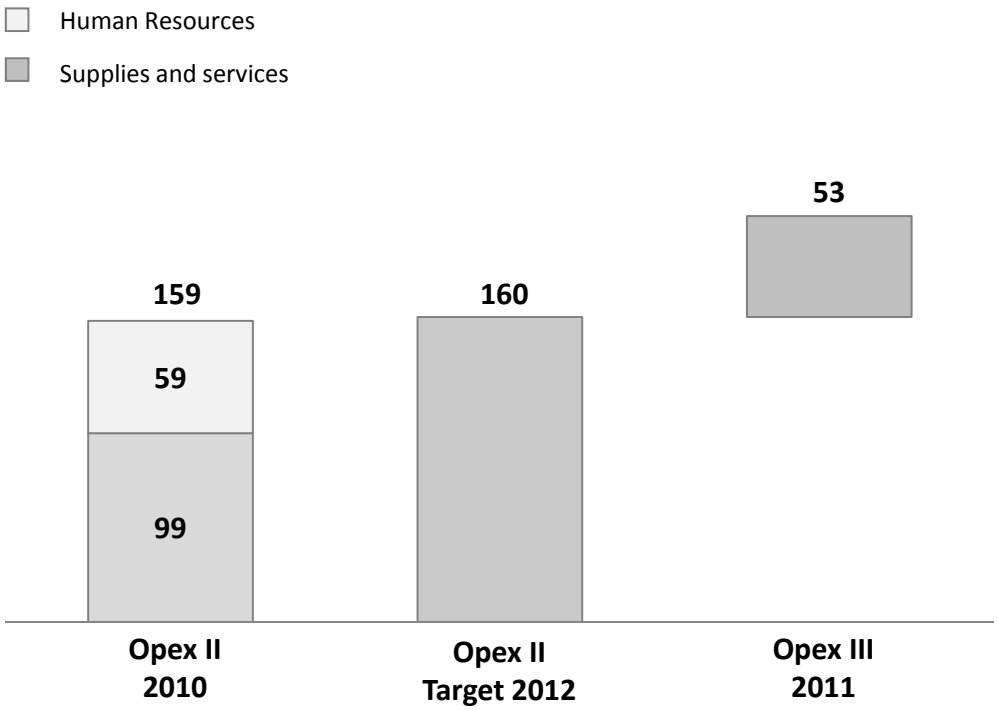
- **CTG deal:** Terms agreed will have a clear provided a positive impact on EDP's financial liquidity and credit ratios
- **Cost of debt:** Lower than expected reflecting adequate management of floating/fixed rates mix

(1) Mar-12 financial liquidity of €4.2bn added by the expected impact from CTG partnership

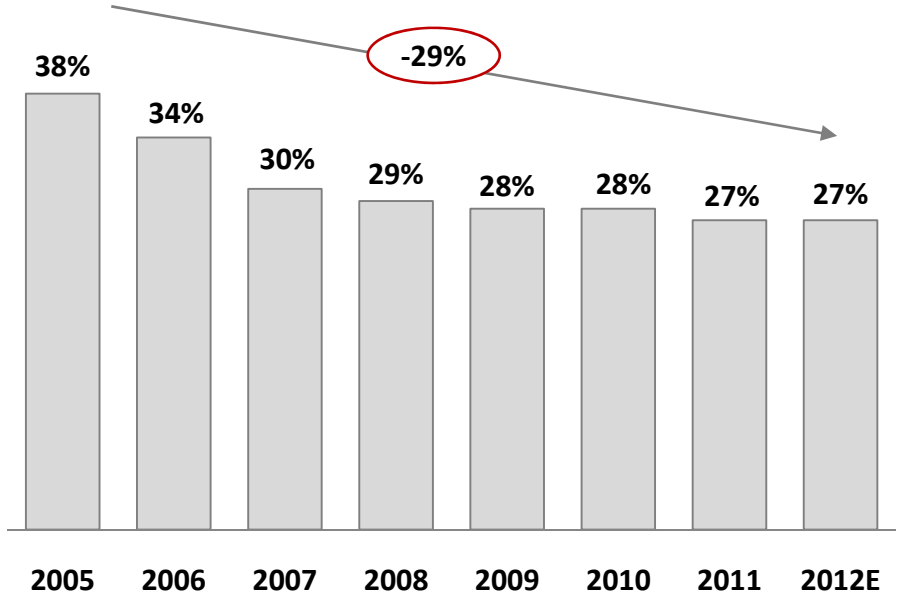
(2) Excluding regulatory receivables

Efficiency: Most efficient Iberian company following a successful implementation of OPEX reduction program

2012 target annual cost savings (1)
(€m)



OPEX/Gross Profit: 2005-2012E
(%)



Opex II program: €160m of annual cost savings until 2012, target was achieved 2 years in advance

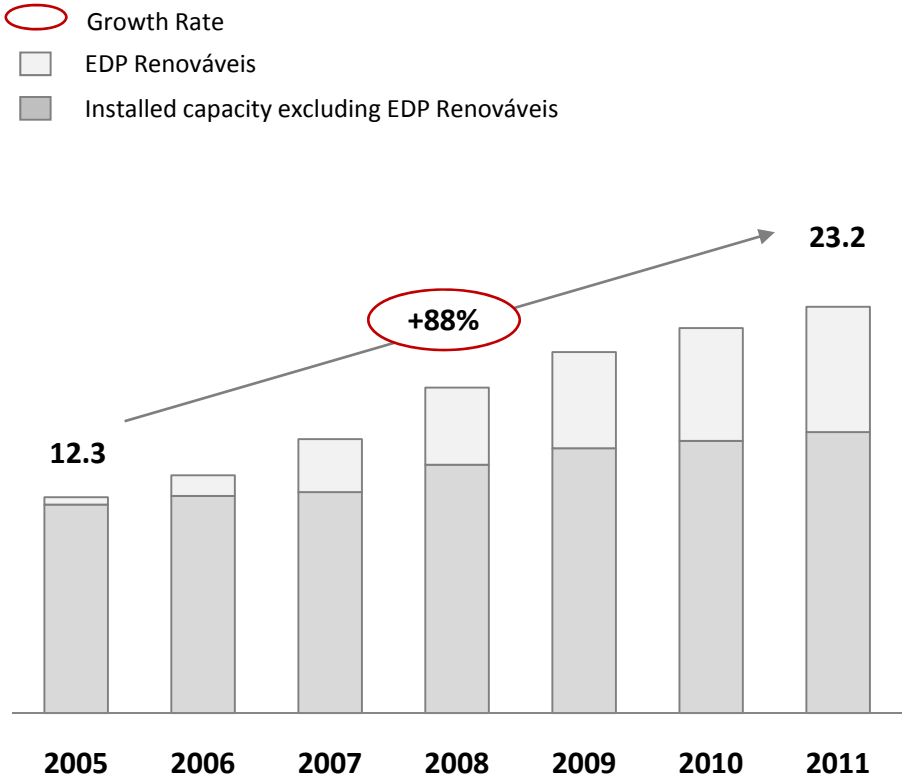
Opex III program: €53m annual cost savings in first year (2011)

Lowest ratio among Iberian peers

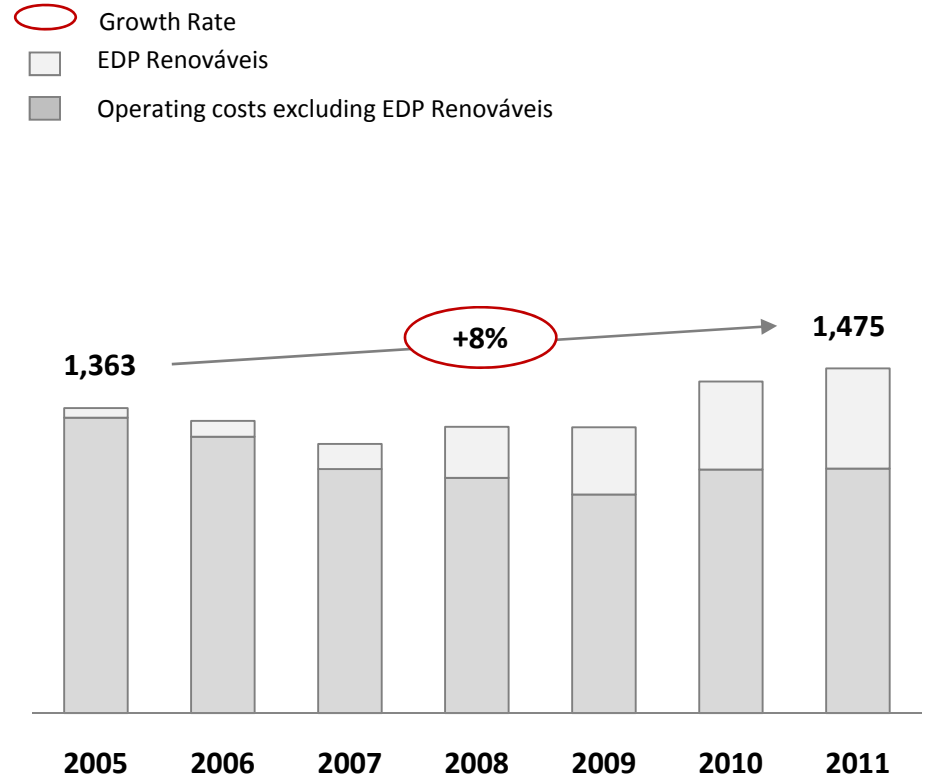
(1) Opex II: Savings measured regarding 2007 cost base Opex III: Savings measured regarding 2010 cost base

Efficiency: +88% of capacity, +8% of operating costs

Installed Capacity 2005-2011
(GW)



Operating Costs[(1)]: 2005-2011
(€m)



Remarkable performance considering +88% of installed capacity and high inflation period in Brazil

(1) Supplies and services + Personnel costs

Growth: half way through completion of new hydro program in Portugal

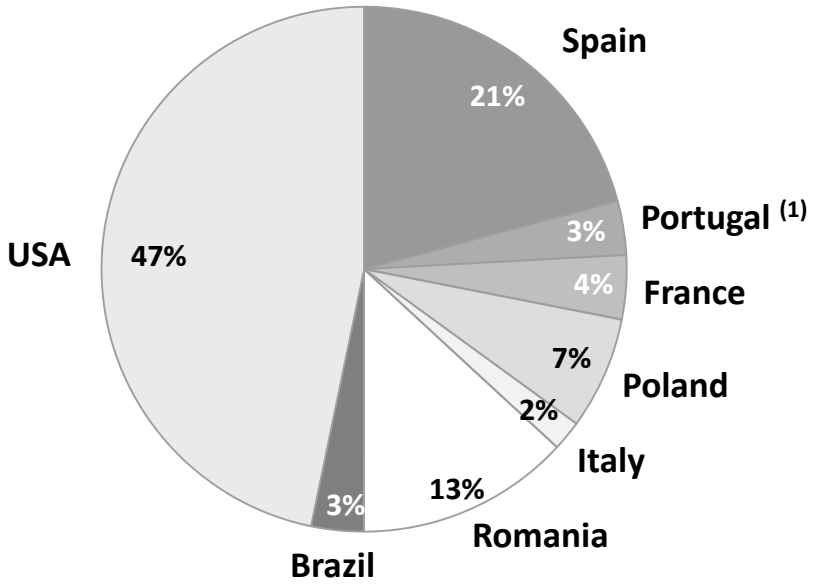
Hydro Plants	Type	MW	Status in Mar-2010	Status in Mar-2012	To enter in operation
Picote II	Repowering	246	60% of capex incurred	In Operation	Nov-11
Bemposta II	Repowering	191	40% of capex incurred	In Operation	Dec-11
Alqueva II	Repowering w/ Pumping	256	30% of capex incurred	85% of capex incurred	4Q12
Ribeiradio & Ermida	New plant	77	5% of capex incurred	35% of capex incurred	1H14
Baixo Sabor	New plant w/ Pumping	171	15% of capex incurred	50% of capex incurred	2H14
Venda Nova III	Repowering w/ Pumping	740	1% of capex incurred	30% of capex incurred	Mid-15
Salamonde II	Repowering w/ Pumping	207	Waiting environmental compliance	20% of capex incurred	Mid-15
Foz Tua	New plant w/ Pumping	251	Environmental compliance	15% of capex incurred	4Q15
Total		**2,139**	**~15% of capex incurred**	**~50% of capex incurred**	

#1 Hydro Development program in Europe: 2 plants already in operation and 6 construction sites

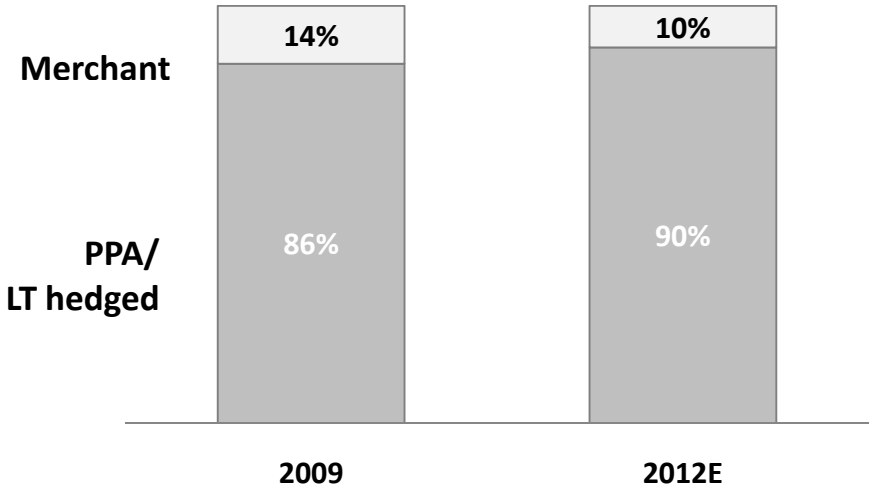
~50% capex already invested from a total estimate of €2.1bn

Growth: Wind power diversification

2010-12E MWs Additions by Country
(%)



EDPR Installed Capacity by risk profile
(%)



Growth more diversified and with less risk:

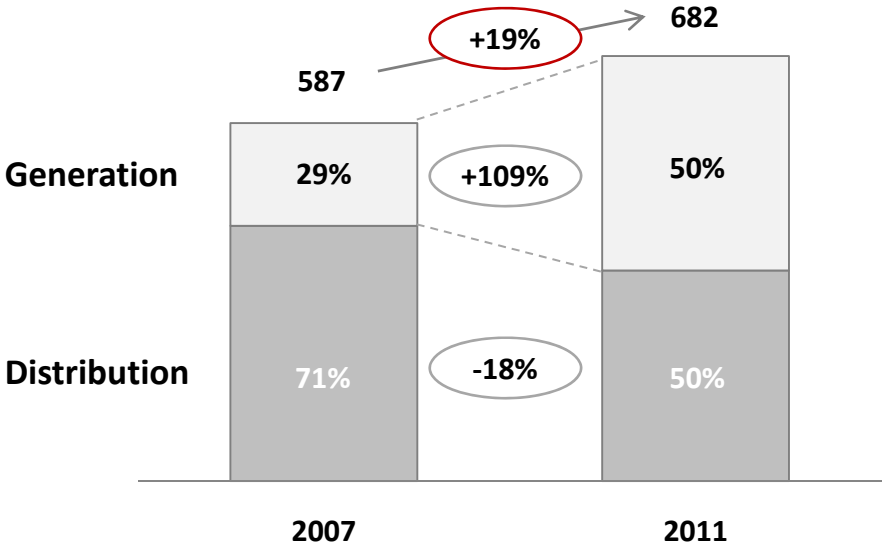
- **76% of total additions came out of Iberian Peninsula;**
- **Strong focus on new markets:** 40% of Europe additions came from Poland and Romania;

Lower risk: reduction of exposure to merchant markets

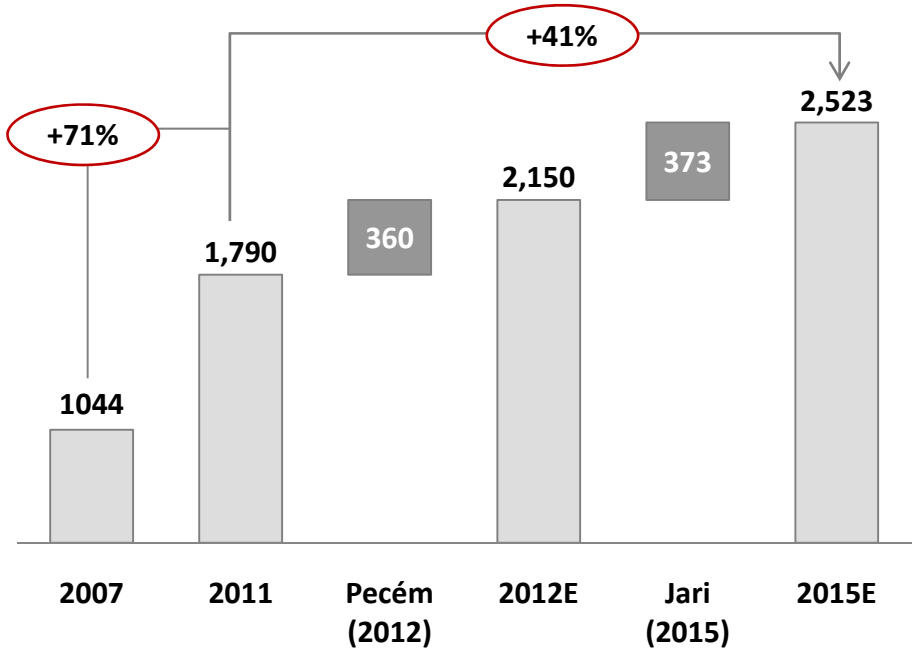
(1) Does not include ENEOP

Growth: Focus on profitable generation in Brazil

EDP Brasil – EBITDA Breakdown
(€m)



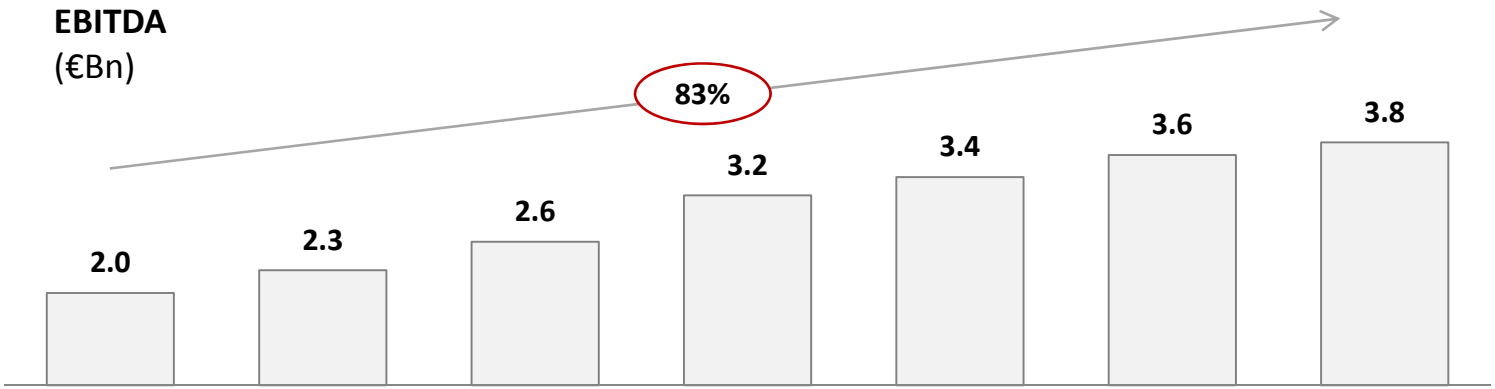
EDP Brasil – Installed capacity
(MW)



Continued growth in generation in Brazil: from 29% of EBITDA in 2007 to 50% in 2011

Support of future growth: Pécem coal plant to be commissioning in 2012 and Jari hydro plant launched in 2011

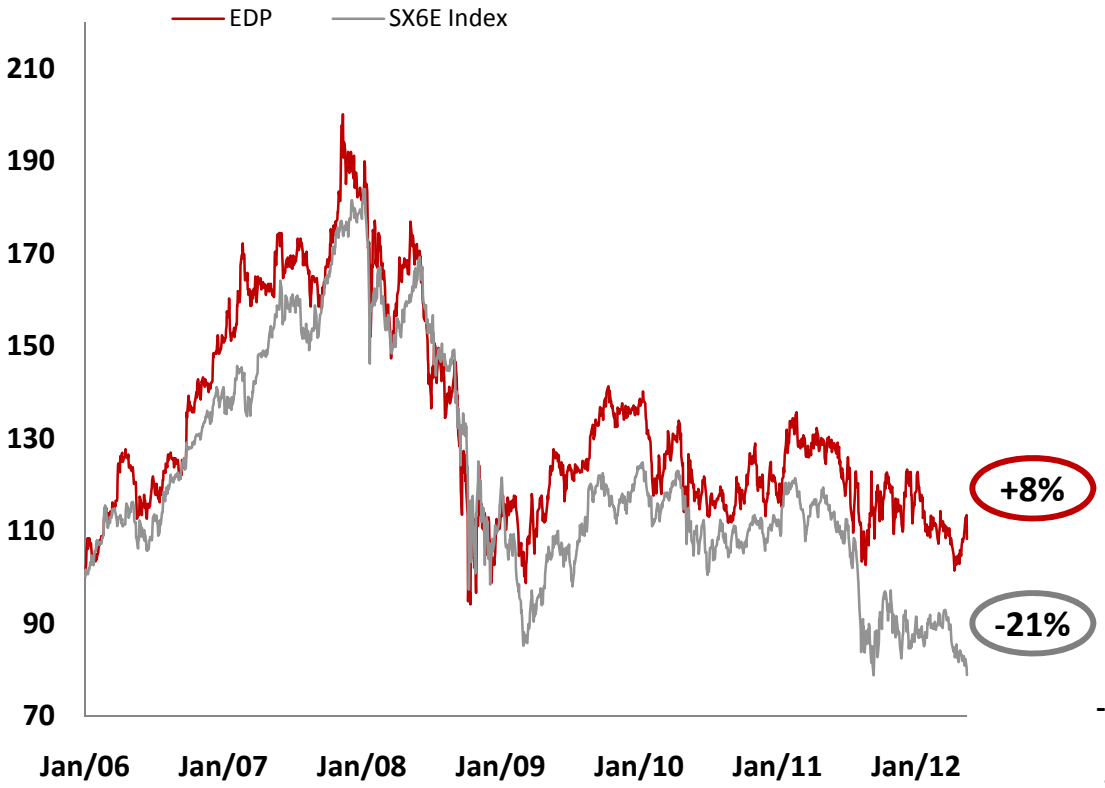
Delivery: EDP's 2005-2011 growth performance



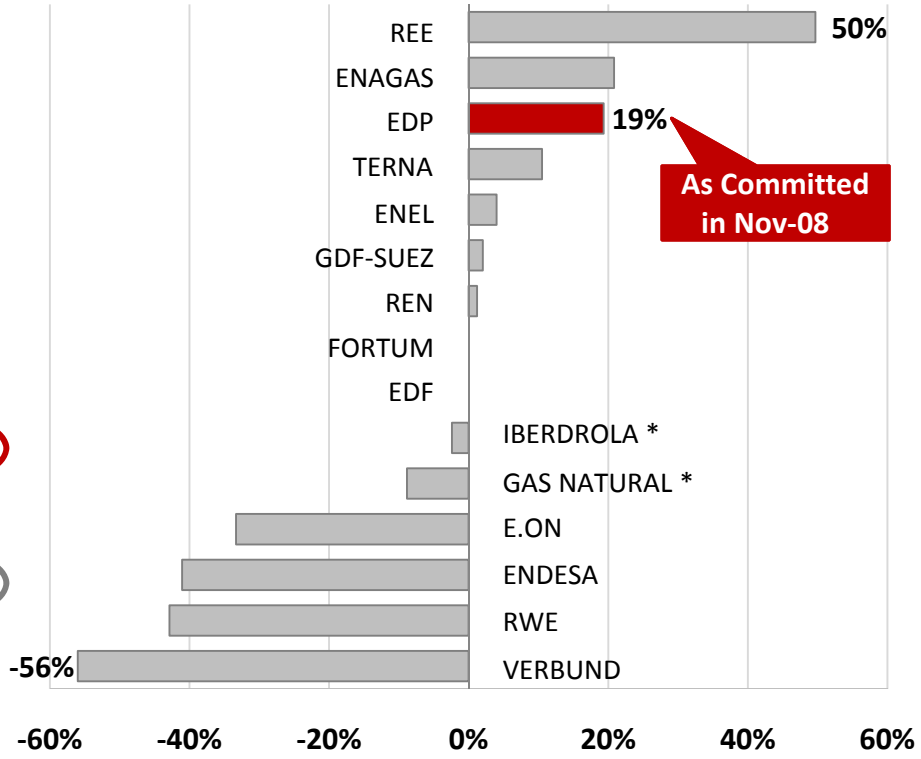
	2005	2006	2007	2008	2009	2010	2011	Δ% 05-11
% EBITDA outside Portugal	46%	44%	51%	49%	52%	55%	58%	+26%
% Installed capacity hydro & wind	47%	51%	58%	61%	60%	61%	63%	+34%
Adjusted Net Debt/EBITDA	4.3x	3.8x	4.2x	3.8x	3.9x	4.1x	4.1x	-0.2x
Recurrent ROE	11.8%	12.0%	13.8%	14.5%	14.0%	13.3%	14.3%	+21%
EPS (€/Share)	0.16	0.18	0.24	0.25	0.28	0.30	0.31	+98%
DPS (€/share)	0.10	0.11	0.125	0.14	0.155	0.17	0.185	+85%

Delivery: Clear outperformance with accumulated total return 29% above the Euro Utilities Index

Total Shareholder Return EDP vs. SX6E (Jan-06/May-12)
(%)



European Utilities: Dividend per share change 2011 vs. 2009
(%)



No capital increase since 2004, no scrip dividend, €3.2bn of cash dividend in 2006-11 (€0.89 per share)

Source: Bloomberg (figures from 18 of May and companies presentation)

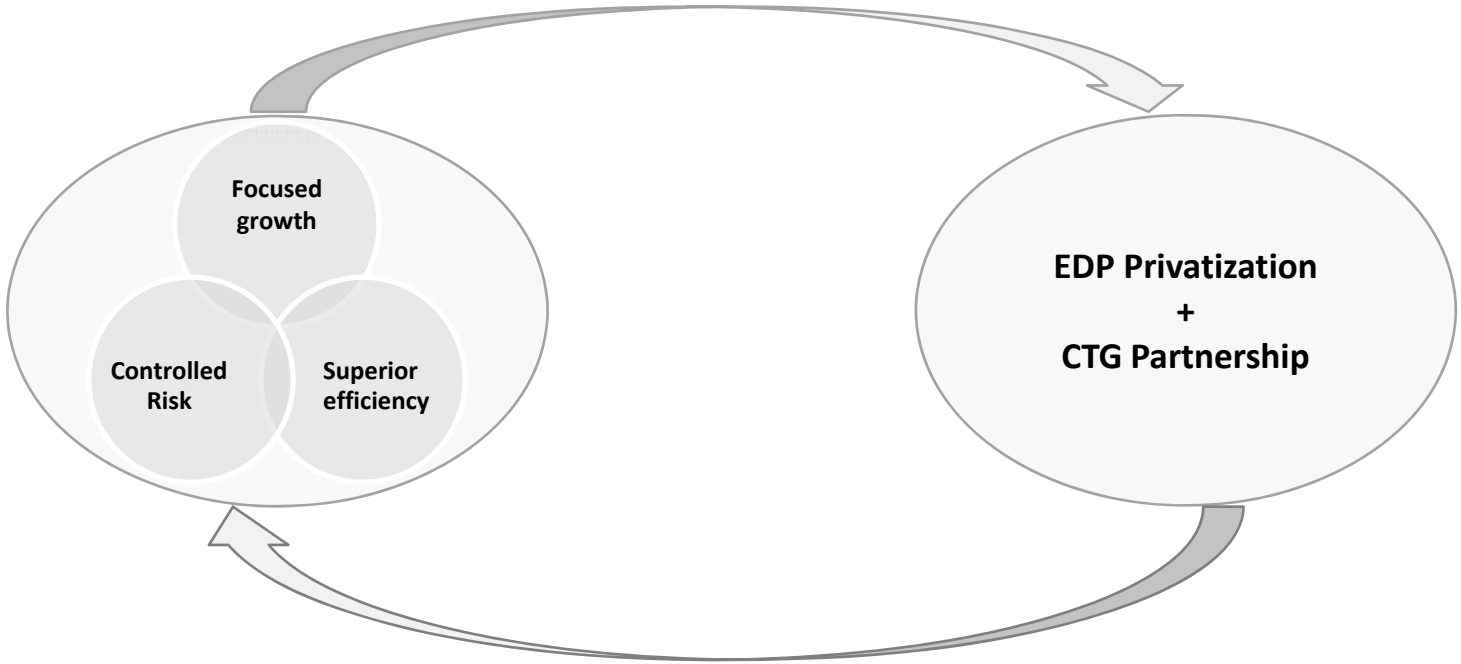
* Scrip dividend

EDP's privatization: An opportunity

EDP's privatization executed in a complex market environment:
High competition between tier one worldwide players (4 final binding proposals)

中国长江三峡集团公司 China Three Gorges Corporation | e·on | Eletrobras | CEMIG

CTG acquired 21.35% equity stake in EDP for €3.45 per share (€2.7bn):
~ 50% premium over market price at the day of the announcement



Partnership with CTG will reinforce EDP's strategy: controlled risk, superior efficiency and focused growth

Investor Day
May 2012

edp renováveis

Oporto, May 22nd, 2012

Disclaimer

This presentation has been prepared by EDP Renováveis, S.A. (the "Company") solely for use at the presentation to be made on the May 22nd, 2012. By attending the meeting where this presentation is made, or by reading the presentation slides, you acknowledge and agree to be bound by the following limitations and restrictions. Therefore, this presentation may not be distributed to the press or any other person, and may not be reproduced in any form, in whole or in part for any other purpose without the express consent in writing of the Company.

The information contained in this presentation has not been independently verified by any of the Company's advisors. No representation, warranty or undertaking, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or the opinions contained herein. Neither the Company nor any of its affiliates, advisors or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection with this presentation.

This presentation does not constitute or form part of and should not be construed as, an offer to sell or issue or the solicitation of an offer to buy or acquire securities of the Company or any of its subsidiaries in any jurisdiction or an inducement to enter into investment activity in any jurisdiction. Neither this presentation nor any part thereof, nor the fact of its distribution, shall form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever.

Neither this presentation nor any copy of it, nor the information contained herein, in whole or in part, may be taken or transmitted into, or distributed, directly or indirectly to the United States. Any failure to comply with this restriction may constitute a violation of U.S. securities laws. This presentation does not constitute and should not be construed as an offer to sell or the solicitation of an offer to buy securities in the United States. No securities of the Company have been registered under U.S. securities laws, and unless so registered may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of U.S. securities laws and applicable state securities laws.

Matters discussed in this presentation may constitute forward-looking statements. Forward-looking statements are statements other than in respect of historical facts. The words “believe”, “expect”, “anticipate”, “intends”, “estimate”, “will”, “may”, "continue”, “should” and similar expressions usually identify forward-looking statements. Forward-looking statements include statements regarding: objectives, goals, strategies, outlook and growth prospects; future plans, events or performance and potential for future growth; liquidity, capital resources and capital expenditures; economic outlook and industry trends; developments of the Company’s markets; the impact of regulatory initiatives; and the strength of the Company’s competitors. The forward-looking statements in this presentation are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management’s examination of historical operating trends, data contained in the Company’s records and other data available from third parties. Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond its control. Such risks, uncertainties, contingencies and other important factors could cause the actual results, performance or achievements of the Company or industry results to differ materially from those results expressed or implied in this presentation by such forward-looking statements.

The information, opinions and forward-looking statements contained in this presentation speak only as at the date of this presentation, and are subject to change without notice unless required by applicable law. The Company and its respective agents, employees or advisors do not intend to, and expressly disclaim any duty, undertaking or obligation to, make or disseminate any supplement, amendment, update or revision to any of the information, opinions or forward-looking statements contained in this presentation to reflect any change in events, conditions or circumstances.

Agenda

I	EDPR: a global leading company	*António Mexia, Chairman*
II	EDPR through 2015	*João Manso Neto, CEO*
III	Value creation proposition	*Rui Teixeira, CFO*
IV	Final remarks	*João Manso Neto, CEO*

EDPR: a global leading company

António Mexia, Chairman

EDPR: a global leading company

16.8 TWh of clean & safe energy

#3 worldwide wind energy player

Strategic core competences

Quality assets yielding a visible profitability for the long-term

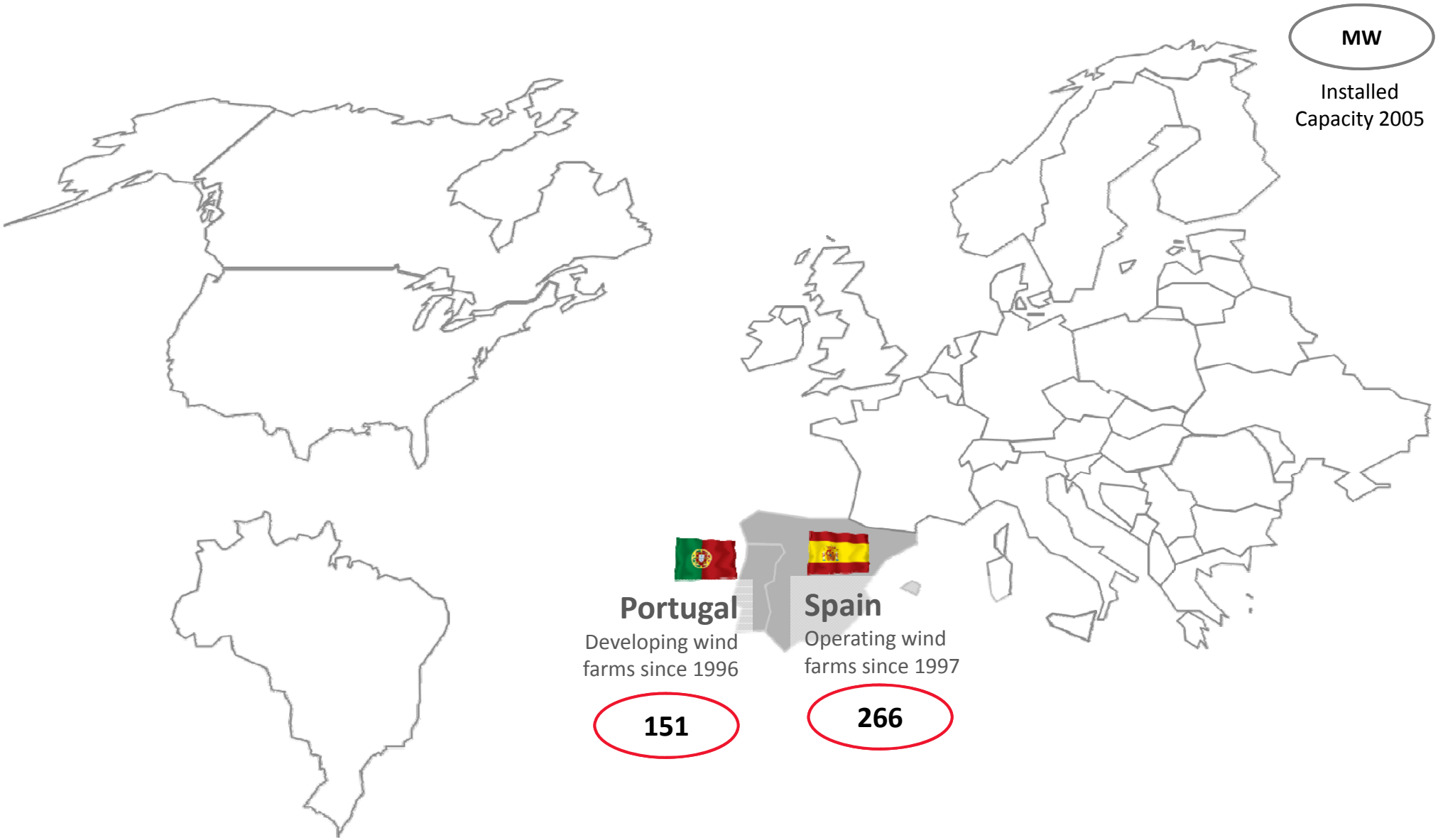
Anticipating sector trends

Diversification and flexibility to accommodate new environments

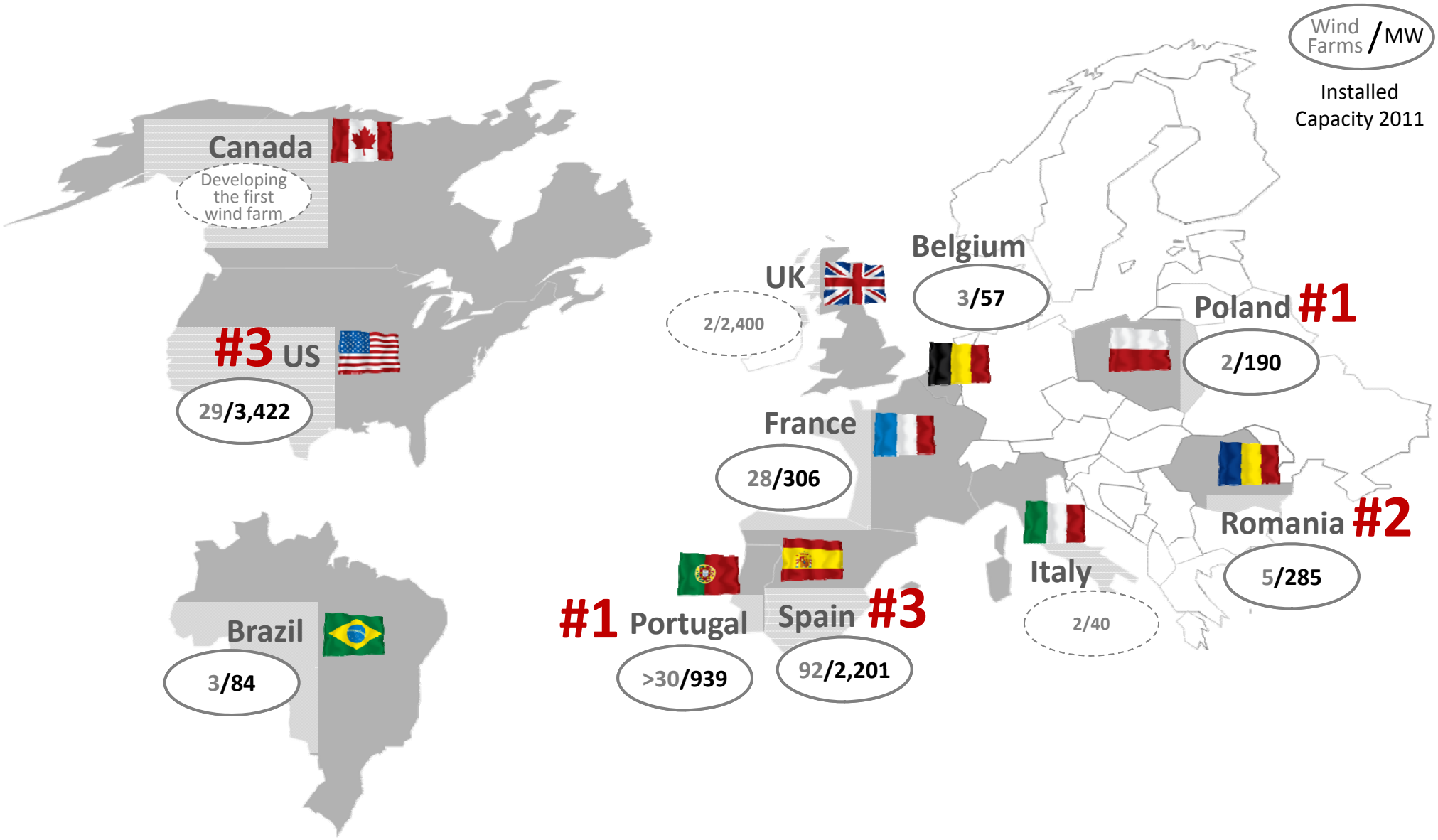
Set to deliver long-term value creation

Clear value proposition through a distinctive investment case

From a solid Iberian Company in 2005 with 418 MW...



...to a worldwide player in 11 countries with a top quality portfolio of 7.5 GW in 2011...



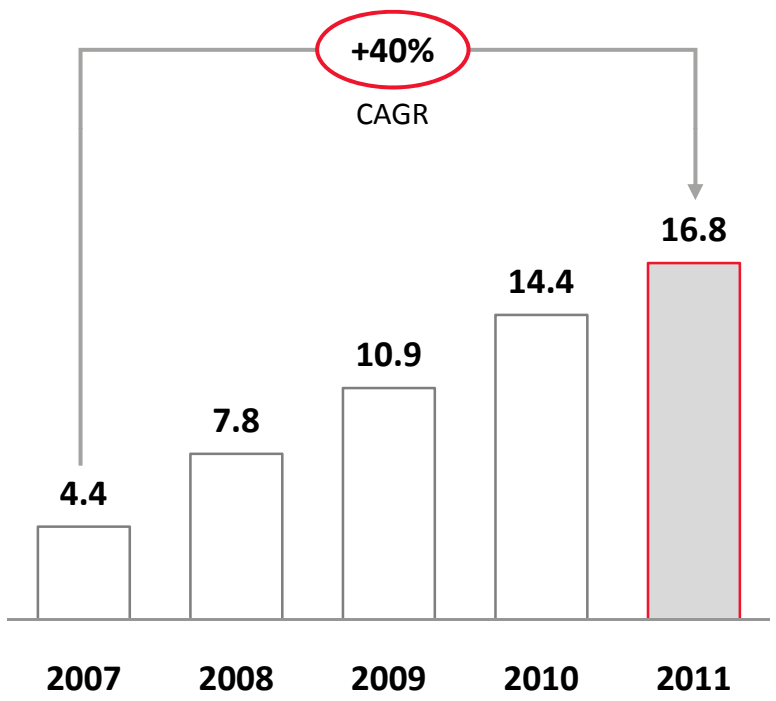
Notes: Italy: Under construction, COD estimated by 2012YE; UK: Offshore wind projects under development

...becoming a global leader in renewable energy

renováveis

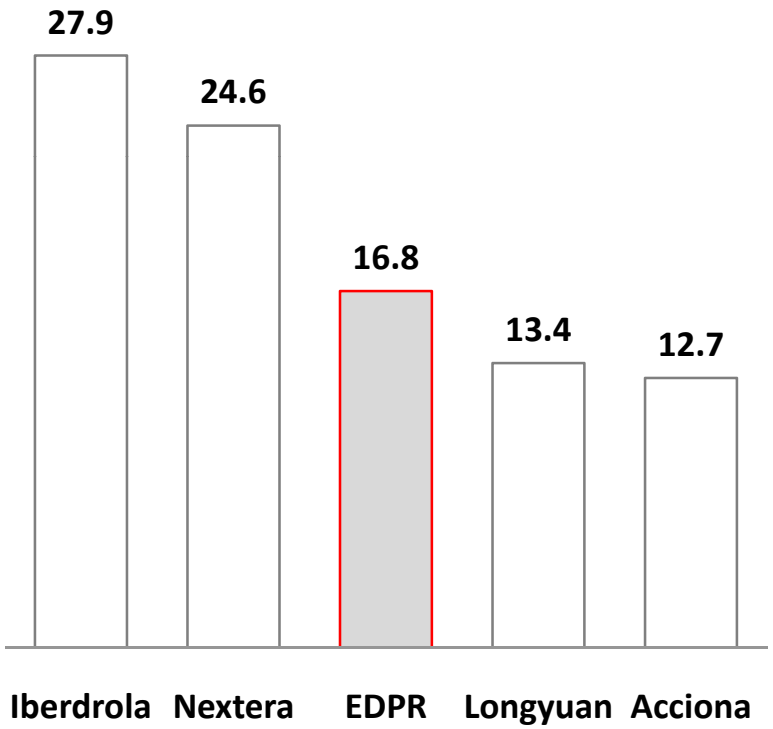
An outstanding growth rate over the last 5 years

Electricity Production Evolution
(TWh)



#3 worldwide wind energy producer

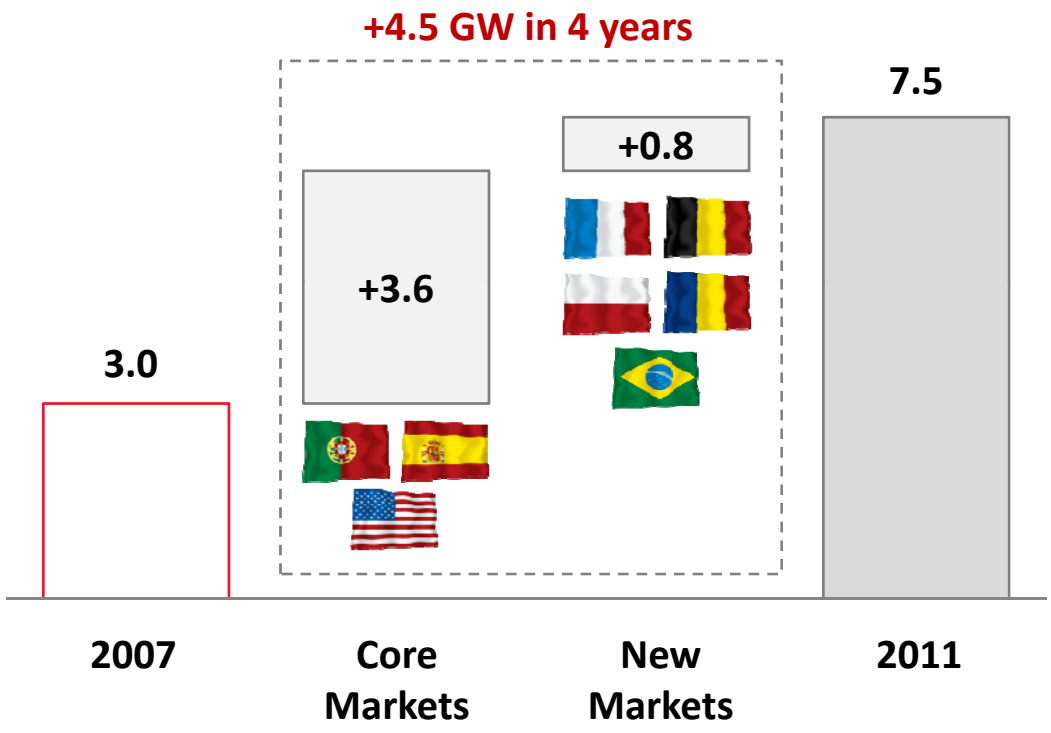
Top Wind Players
(TWh, 2011)



Source: Companies' Reports

This leadership position was achieved through a focused growth and seamless execution…

Installed Capacity Evolution
(GW)



Anticipating market trends and new attractive wind markets

Local presence provides knowledge to succeed through development

Strong engineering and construction expertise

Growth based on own construction of wind farms

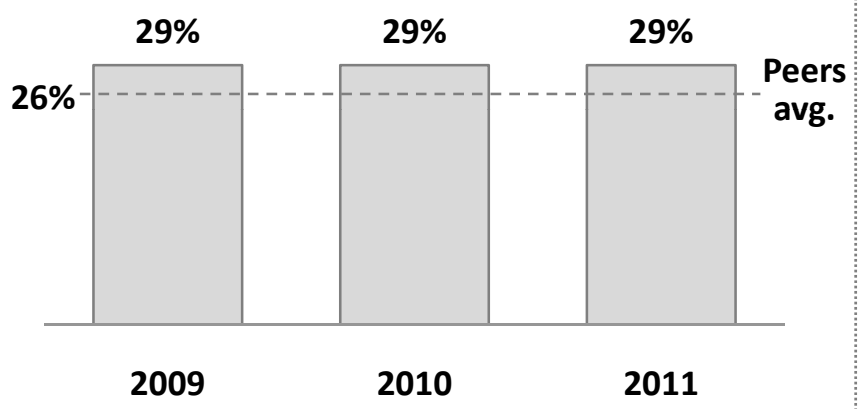
A selective growth story to bring top quality assets into operation

...supported by competences that yield superior profitability...

renováveis

Knowledge difficult to replicate

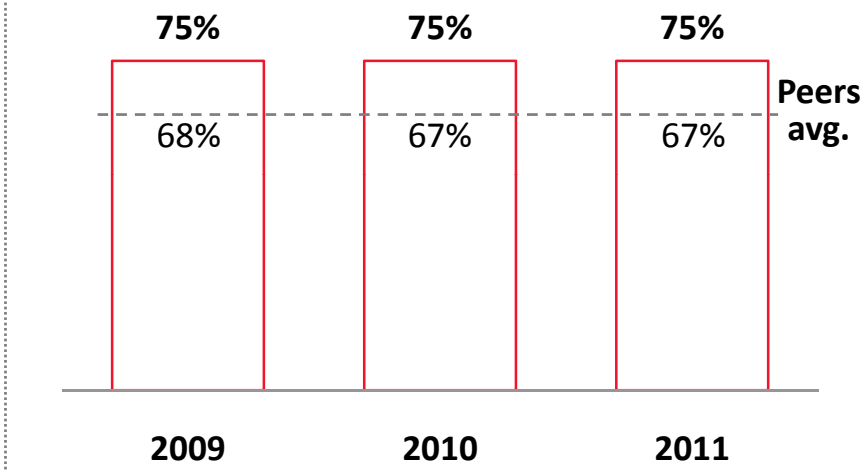
Load Factor
(%)



Stable top-notch load factors underlining portfolio's structural competitive advantage

Operational excellence and scale

EBITDA Margin
(%)



>5,000 real-time remote controlled turbines

>97% availability (continuous improvement)

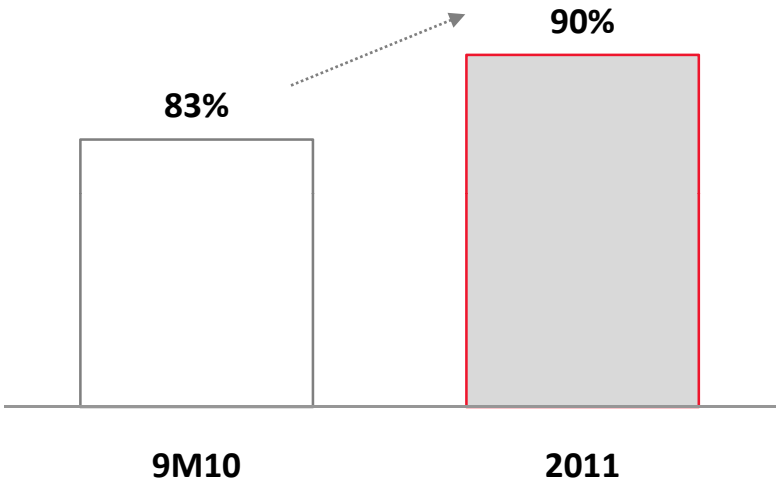
Distinctive O&M strategy

Source: Peers' companies reports

...and a strategic decision to maintain a low risk profile to lock-in expected IRR-WACC spread...

Increased Cash-Flow predictability...

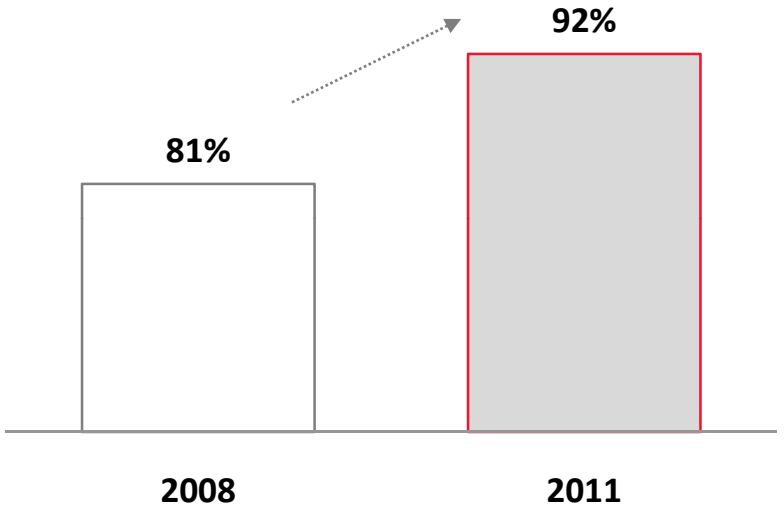
Regulated & PPA/LT Hedges
(MW, %)



>1,400 MW of PPAs closed in the last 3 years

...while securing long-term cost of capital

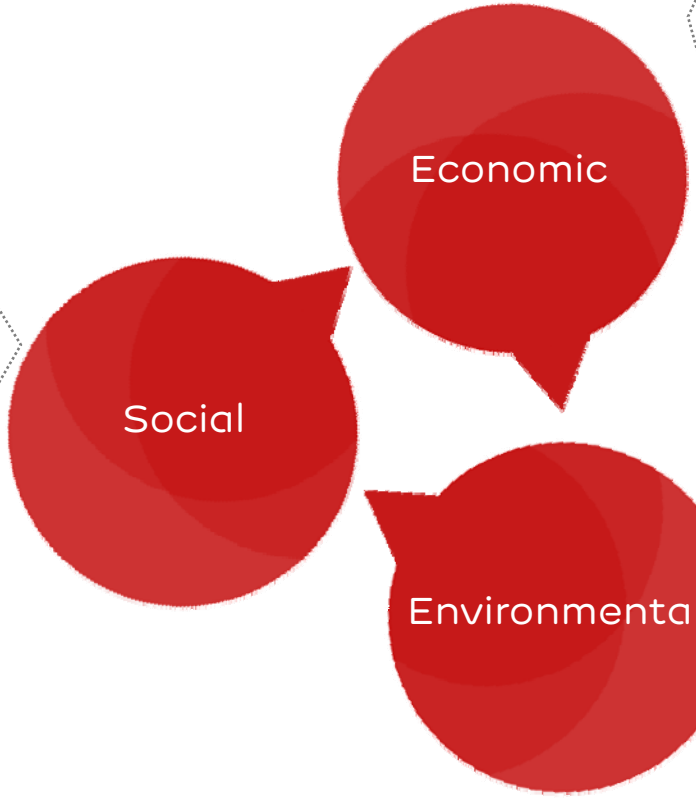
Long-term debt at fixed rates
(%)



Locking-in long-term cost of debt at attractive rates (5.4% at Dec-11)

...embedded within a distinctive and renowned sustainability policy

- Skilful and young team aligned with strategy and company targets
- Recognized has one of the best places to work
- Strong relationship with local communities



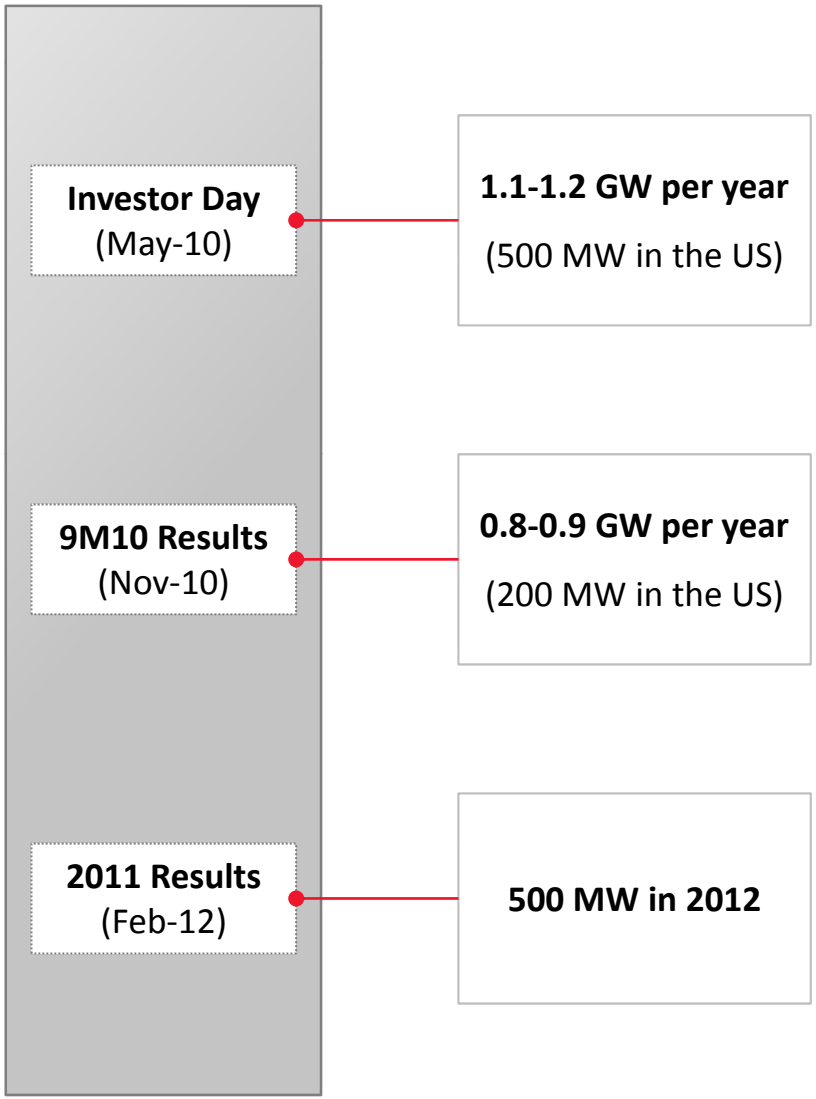
- Strict investment policy
- Quality assets
- Comprehensive O&M strategy
- Integrated risk management strategy
- Transparent corporate governance

- Contributing to CO2 avoidance
- Minimise environmental impacts
- Excellence in environmental management system
- Respecting biodiversity and promoting eco-efficiency

FTSE4Good

Sustainability performance recognized with the inclusion in the FTSE4Good index in 2011 and a solid base of Social Responsible Investors

Anticipating renewable energy market challenges and quickly adapting to new environments…



Proven flexibility on capital allocation to protect investments' profitability

Slowdown of the PPA market in the US
Quickly adapting to a new environment and stopping merchant build-out

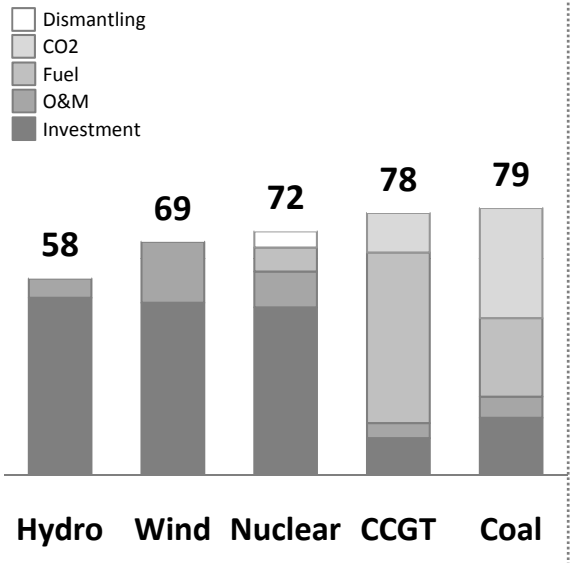
Sluggish core markets
Focusing on most profitable projects and starting to build a foothold in new growth platforms

EU financial crisis
Taking a more conservative approach to growth given uncertainty and increased credit spreads

...will continue to be critical to cope with the emerging trends...

Increased wind competitiveness

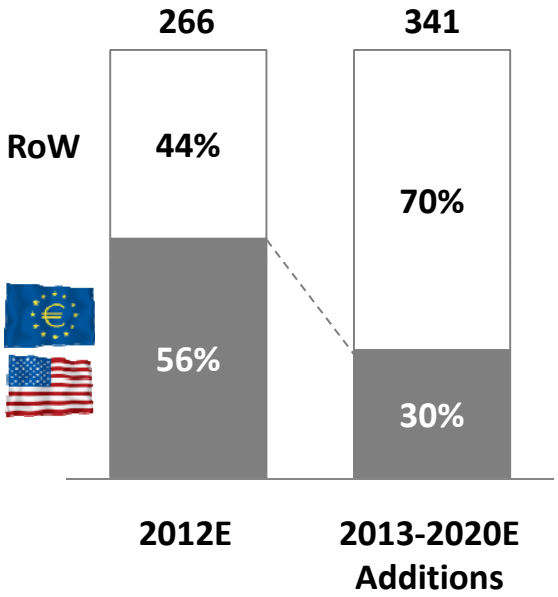
Levelised cost by technology
(€/MWh; new projects)



- Potential change in paradigm of some marginal markets
- Best projects and companies with premium track-record to be the winners

New wind markets and growth avenues are emerging

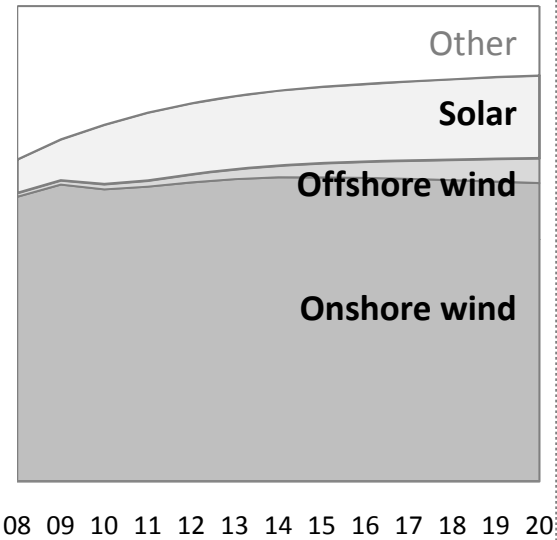
Onshore wind capacity by market
(GW)



- Core wind markets currently facing a depressed electricity demand
- New markets are emerging with high electricity demand growth and attractive conditions

More renewable technologies to become part of energy mix

Renewable market evolution
(GW, %)



- Improvement of the levelised cost of energy (LCoE) and the need to tap new endogenous resources...
- ...with wind onshore remaining the most efficient technology

Source: EDPR; Emerging Energy Research

...requiring a new strategic approach to growth based on flexibility and further diversification...

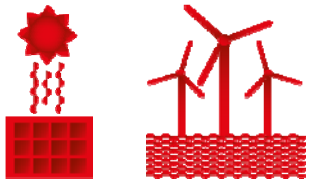
renováveis

2 New Markets

Capture options in emerging wind markets with strong fundamentals

3 New Technologies

Focus on technologies with fast decline of LCoE and high growth



Solar Offshore

1 Current Markets

Reinforce presence in the current growth platforms

Funding Strategy

Self-funding, asset rotation and project finance

...and leverage on key strategic partnerships to capture additional value creation

renováveis

edp renováveis ⟷ 中国长江三峡集团公司 China Three Gorges Corporation

Short-term

CTG to invest €2bn until 2015 in 1.5 GW (net)
(minority stakes)

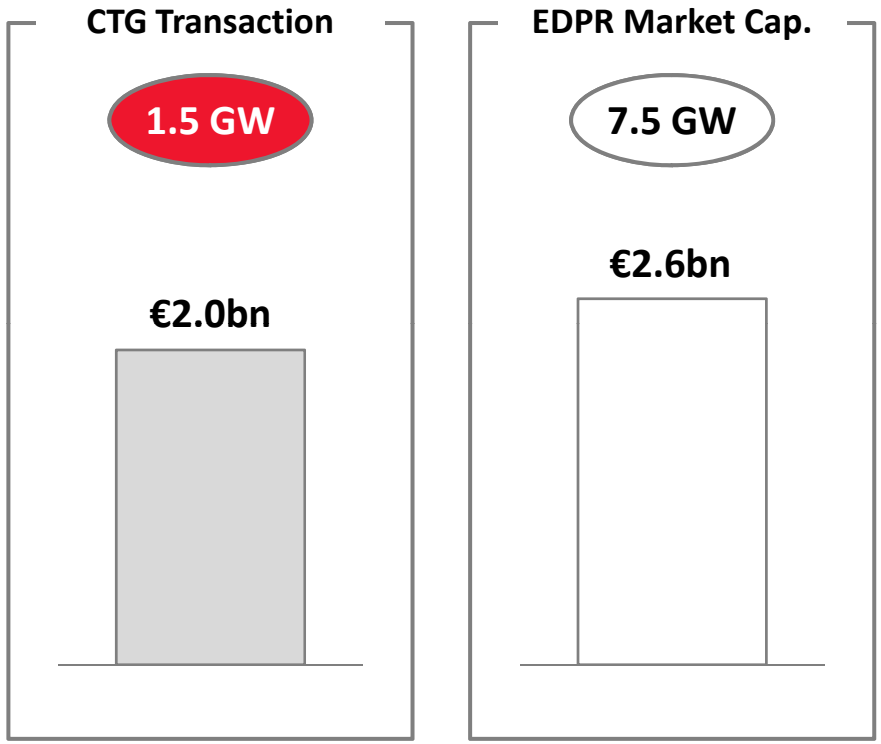
€800m to be disbursed until May-2013

Long-term

Combine efforts to become worldwide leaders in renewable energy

CTG is the largest renewable player in China with access to local technology

EDPR to crystallise value and raise funds to be re-invested in new value accretive projects



Partnership to maximize value extraction from worldwide growth platform in renewables

Notes: Current Market Cap based on a share price of €3.00 (18/05/2012)

A clear roadmap for a global leader

renováveis

The right...

...sector	Wind is already a cost-adequate technology with lower risk and a more **stable business model** than conventional energy
...vision	**New attractive markets** are emerging while core markets are facing a sluggish demand and fiscal imbalance pressures
...strategy	Shifting growth to outside Iberia & US and entering new geographies and technologies: to **represent >70% of 2013-15 additions**
...funding policy	2013-15 growth to be based on a self-financing strategy: Operating **Cash-Flow to fully cover Capex**; asset rotation to provide further funds
...partner	CTG, a partnership on a worldwide platform for growth with clear benefits on **value crystallisation and future growth diversification**

...to result in higher profitability and earnings growth

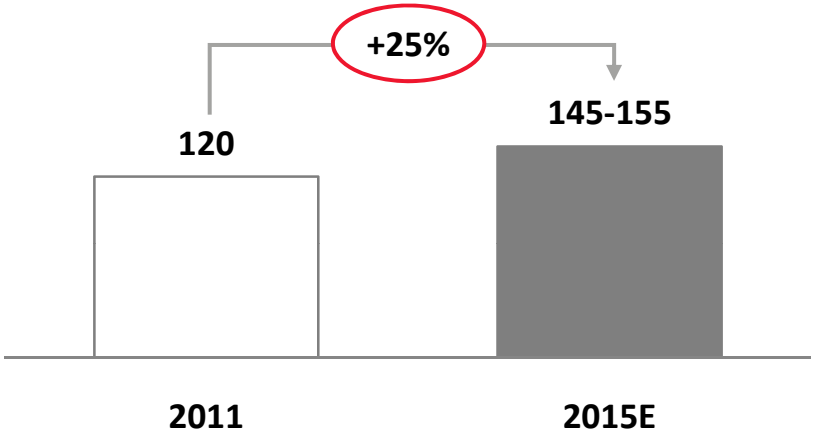
EDPR through 2015

João Manso Neto, CEO

EDPR to 2015: Investing in quality growth

Main Target:
Increase Portfolio's Profitability

EBITDA per average MW in operation
(€ thousand)



Net Debt/EBITDA declining to 2.0-2.2x

Net Profit increasing more than 3x

1 Existing Portfolio
- Young asset base
- Stable & recurrent Cash-Flow streams
- Superior O&M strategy

2 Quality Growth
- Strong foothold in attractive markets through 2015
- Diversified growth options anticipating market trends
- New MW with quality metrics & stronger profitability

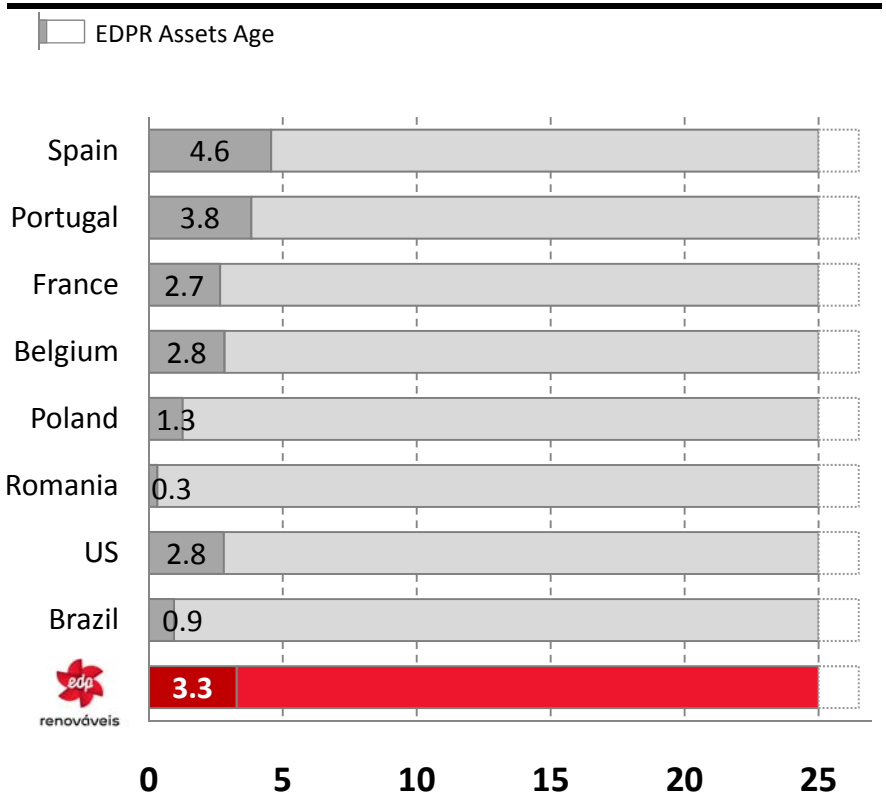
3 Asset rotation
- Crystallising value through partnership with CTG through 2015
- Already engaged for other asset rotation deals

2012-2015: Ongoing optimisation of the current asset base and invest in top-quality projects

1

EDPR today has €10.7bn invested in a very young asset base...

Assets' Average Age and Residual Useful Life
(Years; weighted average)



Asset Base
(MW)

Spain	2,201
Portugal	939
France	306
Belgium	57
Poland	190
Romania	285
US	3,422
Brazil	84
	7,483

Invested Capital
(€ million)

Property, Plant and Equipment

(-) PP&E, assets under construction

(-) Cash grants received in the US

(=) Invested Capital in Existing Assets

10,690 (gross) | **8,927** (net)

Premium asset base with more than 21 years of useful life

Notes: 2011 Figures

1

...achieving premium performance based on a distinctive expertise...

renováveis

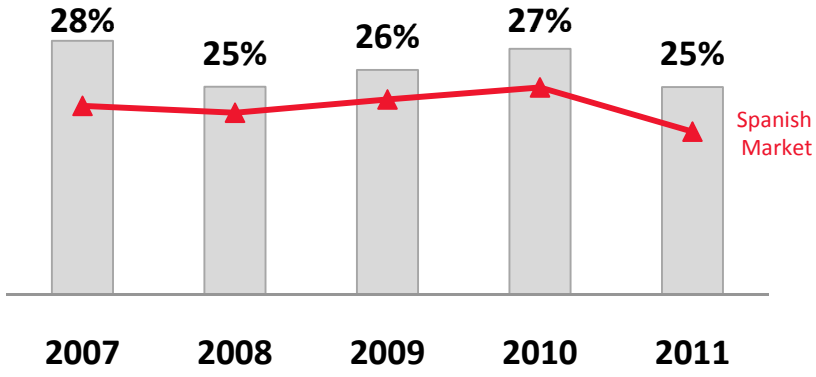
Energy Assessment & Engineering

Wind assessment is knowledge-based and difficult to replicate

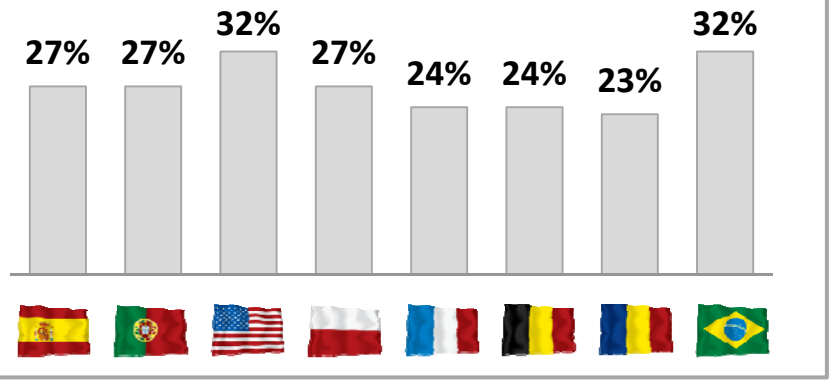
- **Provides site selection criteria**
- **Optimises layout for superior performance**
- **Supports turbine selection**

Key value drivers to maximize load factors and revenues

Spanish Load Factor: EDPR vs. Market Average



Load Factor: LT view on Current Assets



Strong in-house wind energy assessment knowledge delivering a structural competitive advantage

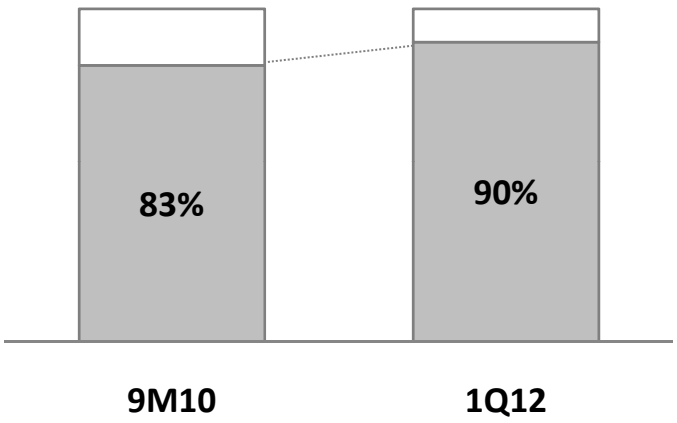
1

...set to deliver stable and recurrent Cash-Flow for the long-term

renováveis

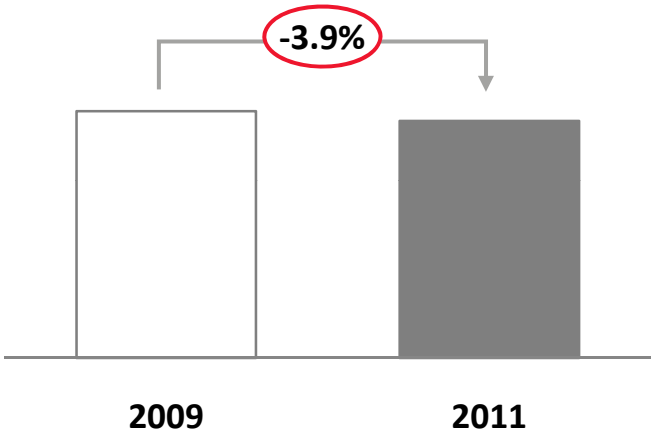
Low Risk Portfolio + **Operational Excellence**

Regulated & PPA/LT Hedges
(MW, %)



Controlled risk strategy yielding a predictable Cash-Flow stream

Opex per average MW in operation
(excl. other income and one-offs; €k)



Superior O&M strategy capturing additional value through higher efficiency and availability

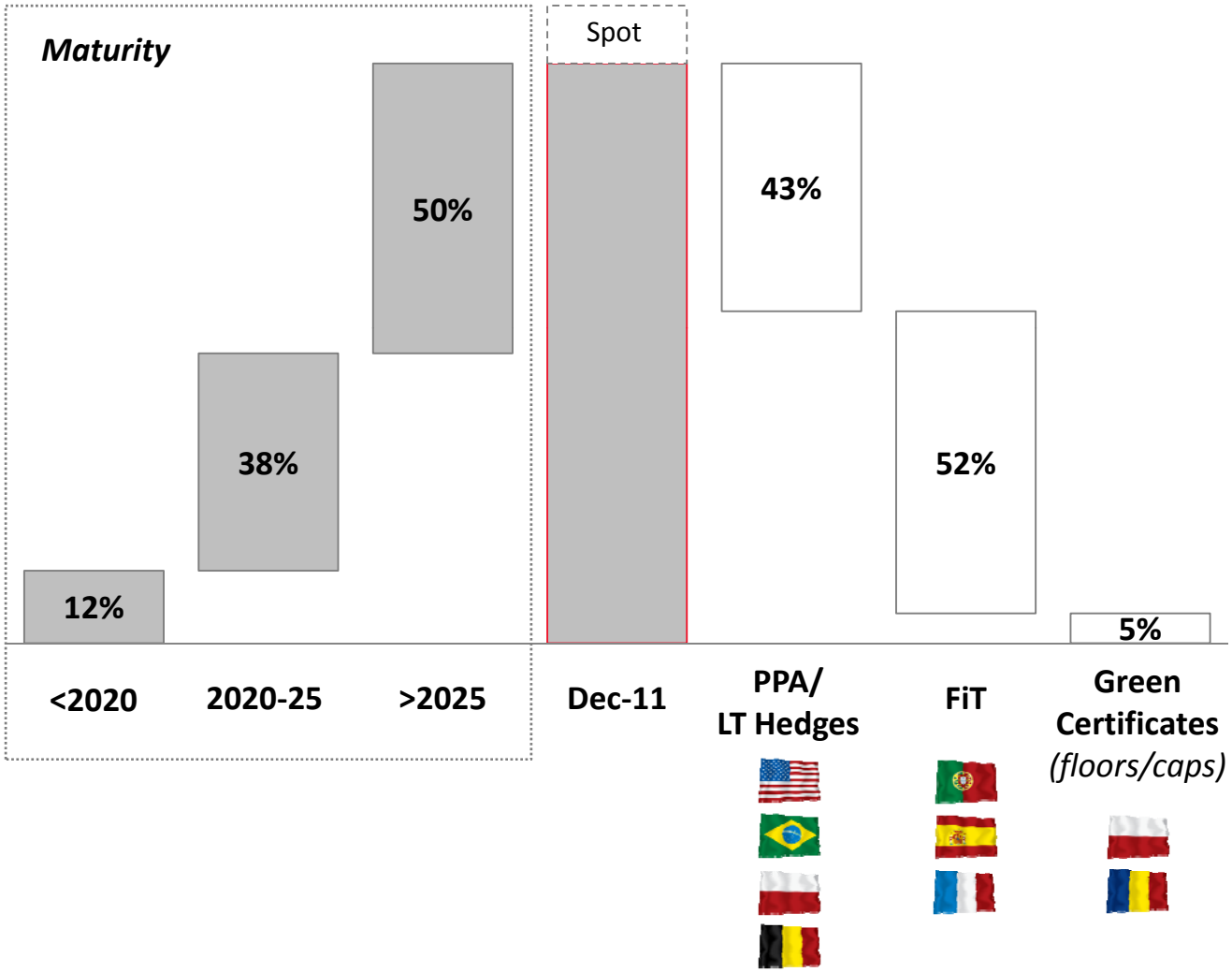
Management is focused on keeping top-line visibility and efficient operations throughout the assets' life cycle

1

90% of the capacity under stable & supportive price conditions for the long-term…

renováveis

Capacity under Regulated Frameworks & PPA/LT Hedges
(MW; 2011)



Portfolio exposed to a diversified set of economic regimes

88% of PPA/Regulated Frameworks with a long-term maturity beyond 2020

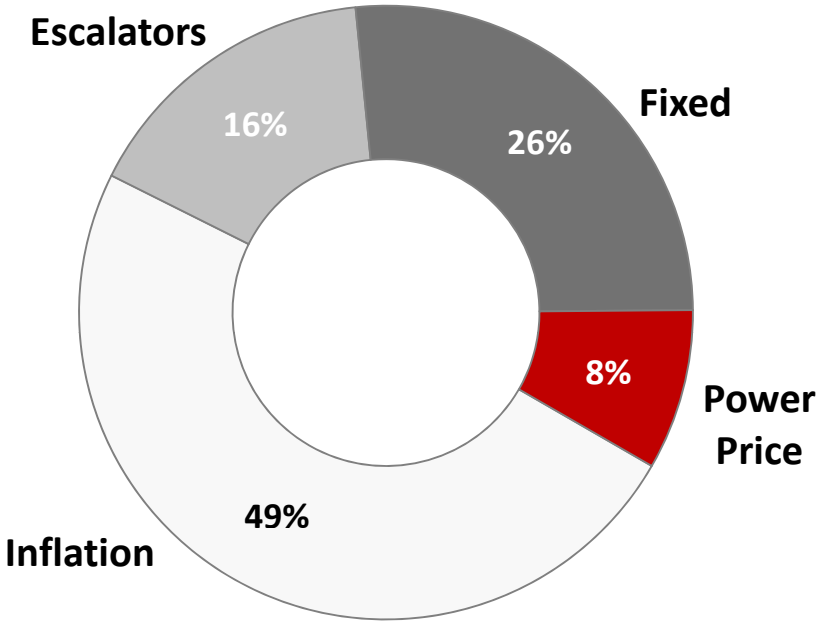
Update on Portugal:
Voluntarily choose to accept a tariff duration increase for old assets (*ongoing negotiations*).
Selling price to remain unchanged.

Notes: PPA/LT Hedges: US, Brazil, Specific Polish projects, Belgium

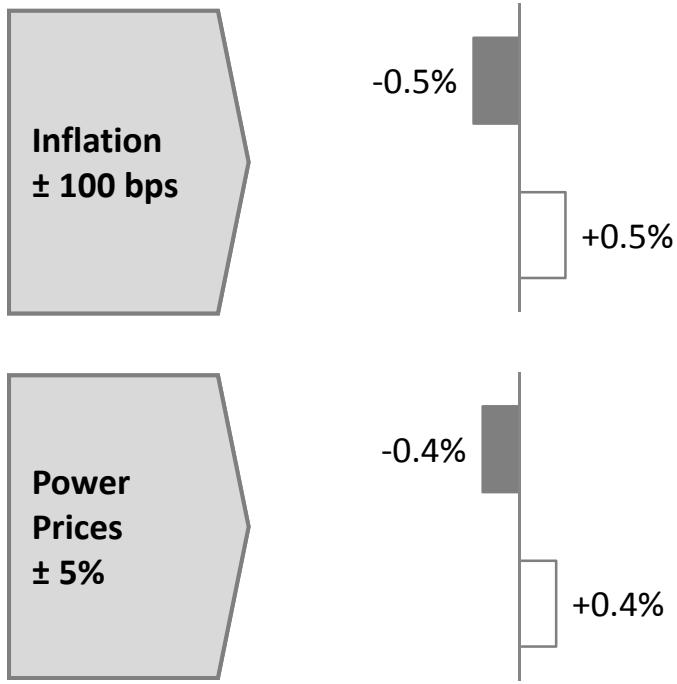
1

...with revenues highly linked to inflation and fixed escalators

Revenues' Levers
(€ million; 2012E)



Sensitivity to Inflation and Power Prices
(% of revenues)



EDPR's selling price with high resilience to market volatility

1

Operational excellence is at the core of EDPR throughout the projects' life cycle

1. Performance Optimisation

Remote control system and performance management

Data from over 2 million sensors in >5,000 WTG, monitored and controlled in real time

Proprietary management systems to analyse WTG performance

Continuous improvement

Systematic review of underperformance, root cause analysis and implement improvement initiatives to maximize availability, efficiency and reduce costs

Innovative product enhancements

Power-enhancing retrofits pioneered by EDPR to boost annual production (by up to 1.8% in some WTG in 2011)

2. Comprehensive O&M Strategy

Closely manage the initial warranty contracts

Proactive supervision through quality assurance and control inspections to identify serial/infancy defects

End of warranty

Exhaustive end of warranty inspections before launching competitive tenders

Post initial warranty O&M contract

1. **Full Scope** agreements with O&M contractors

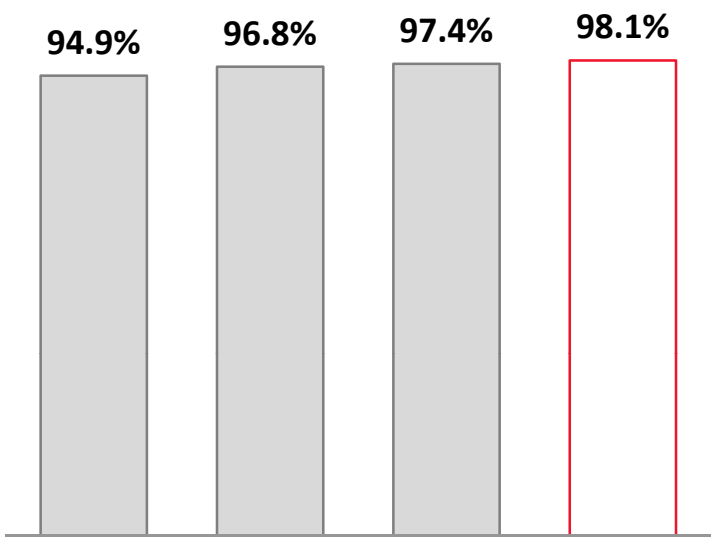
2. **Modular Maintenance Model** (M3), keeping high value-added activities in house

1

Continuous optimisation to result in top availability and productivity levels

renováveis

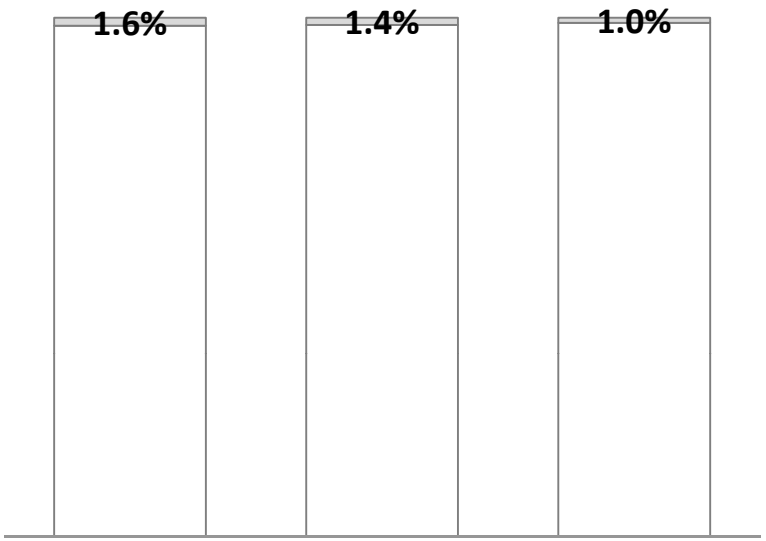
Technical Availability
(%)



	2009	2010	2011	1Q12
EU	96.7%	97.1%	97.2%	97.7%
US	93.4%	96.5%	97.5%	98.3%

Continuous improvement through a systematic review and analysis of wind farm performance to result in high productivity levels

Large Components Failure Rate
(% per year)

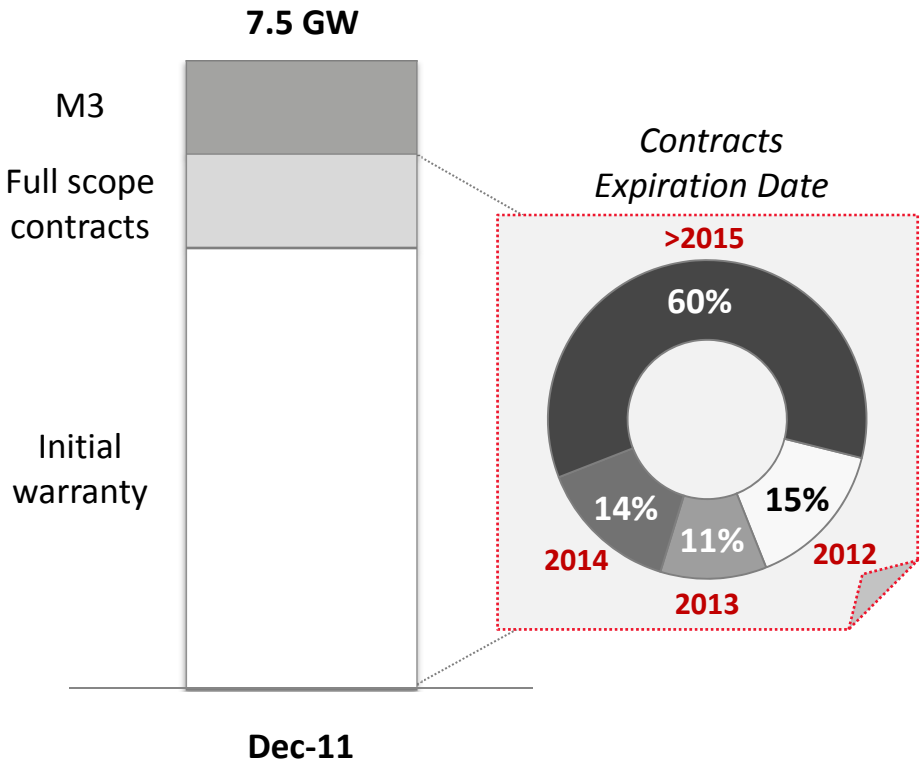


Proprietary management and active performance supervision to result in low failure rates out of the initial warranty period

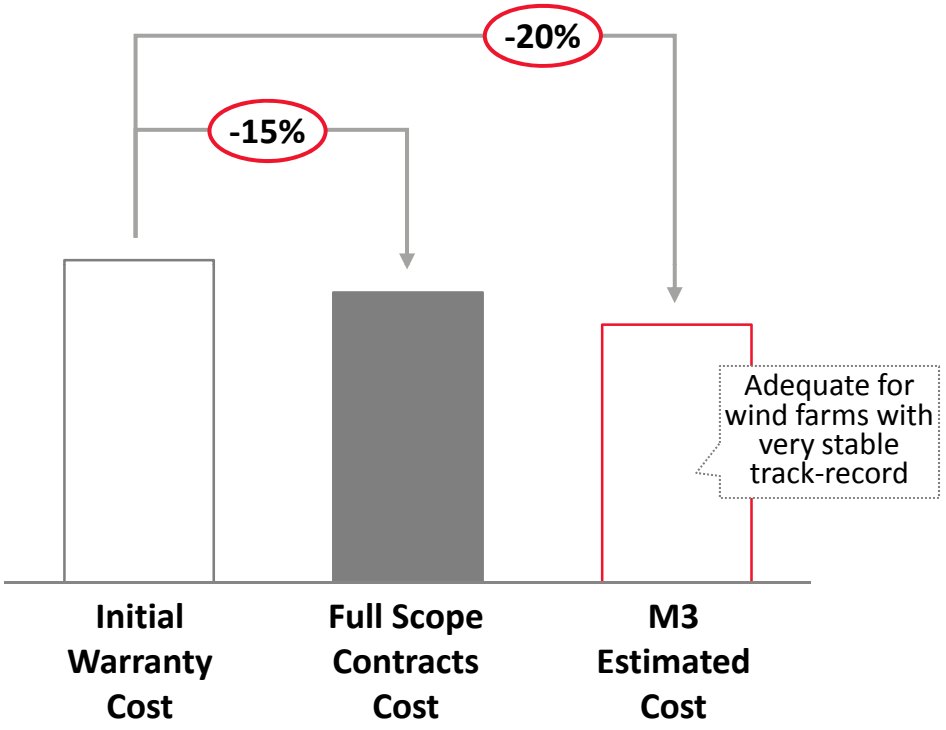
1

EDPR O&M strategy is successfully implemented resulting in lower O&M costs

Breakdown by O&M Contracts
(GW; 2011)



2011 O&M Service Tenders
(€k per MW)

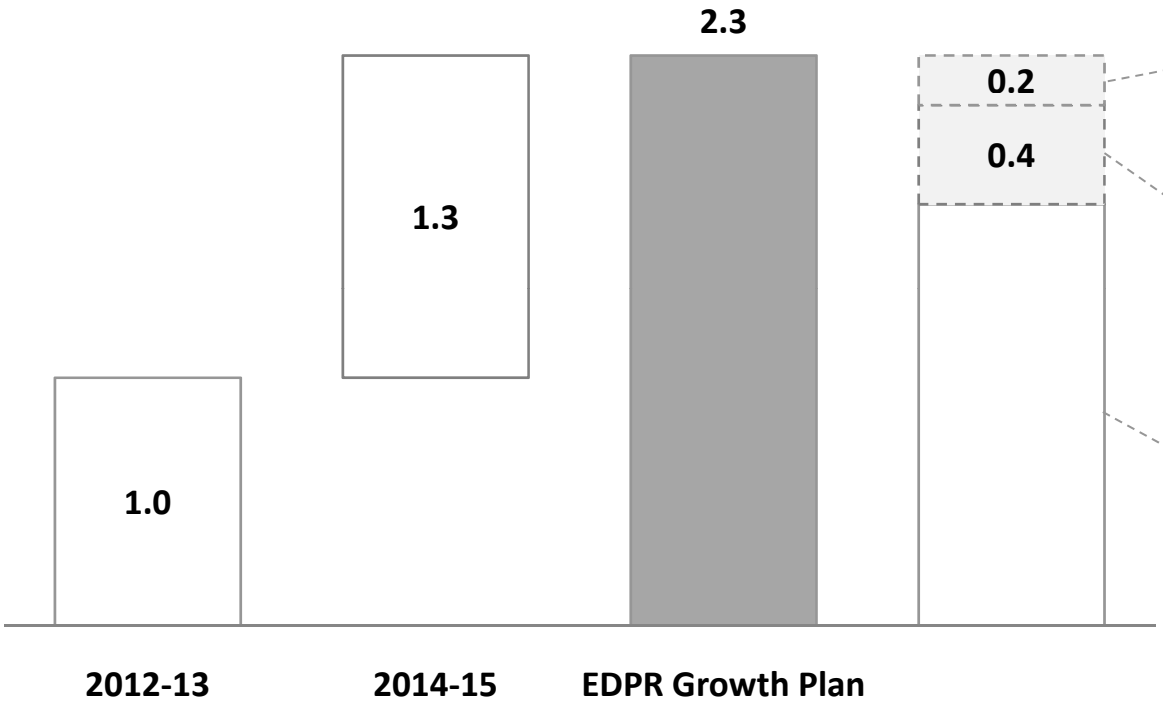


85% of O&M costs predictable/fixed for the medium/long-term

Combination of O&M strategic options, competitive tenders and market context yielding lower O&M costs

2012-2015 investment priorities: Quality growth focused on highly profitable projects

2012-15 Capacity Additions
(GW)



New Markets/Techs (2014-15)
Pursuing 0.2 GW to execute post-2014

US (2014-15)
0.4 GW subject to PTC extension & PPA contracts (no additions in 2013)

Current Markets
New additions mostly coming from current growth platforms (Poland, Romania and Brazil)

A sensible 2012-2015 growth plan anticipating market challenges and opportunities

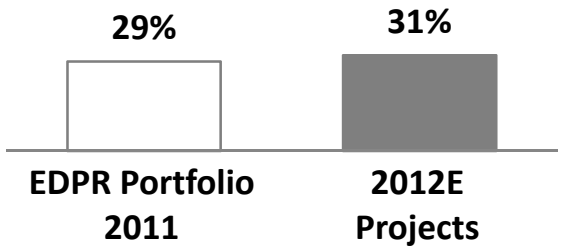
2

2012 growth: investment plan secured through the construction of top quality projects

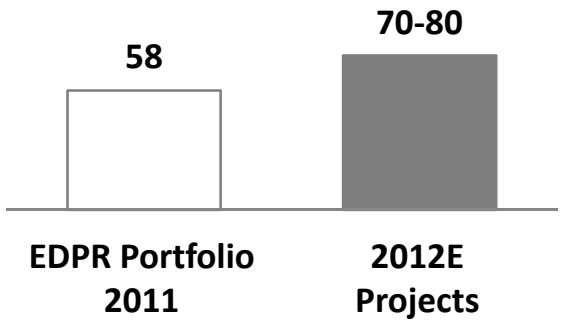
renováveis

2012E Projects' Metrics

Load Factor (%)



Selling Price (€/MWh)



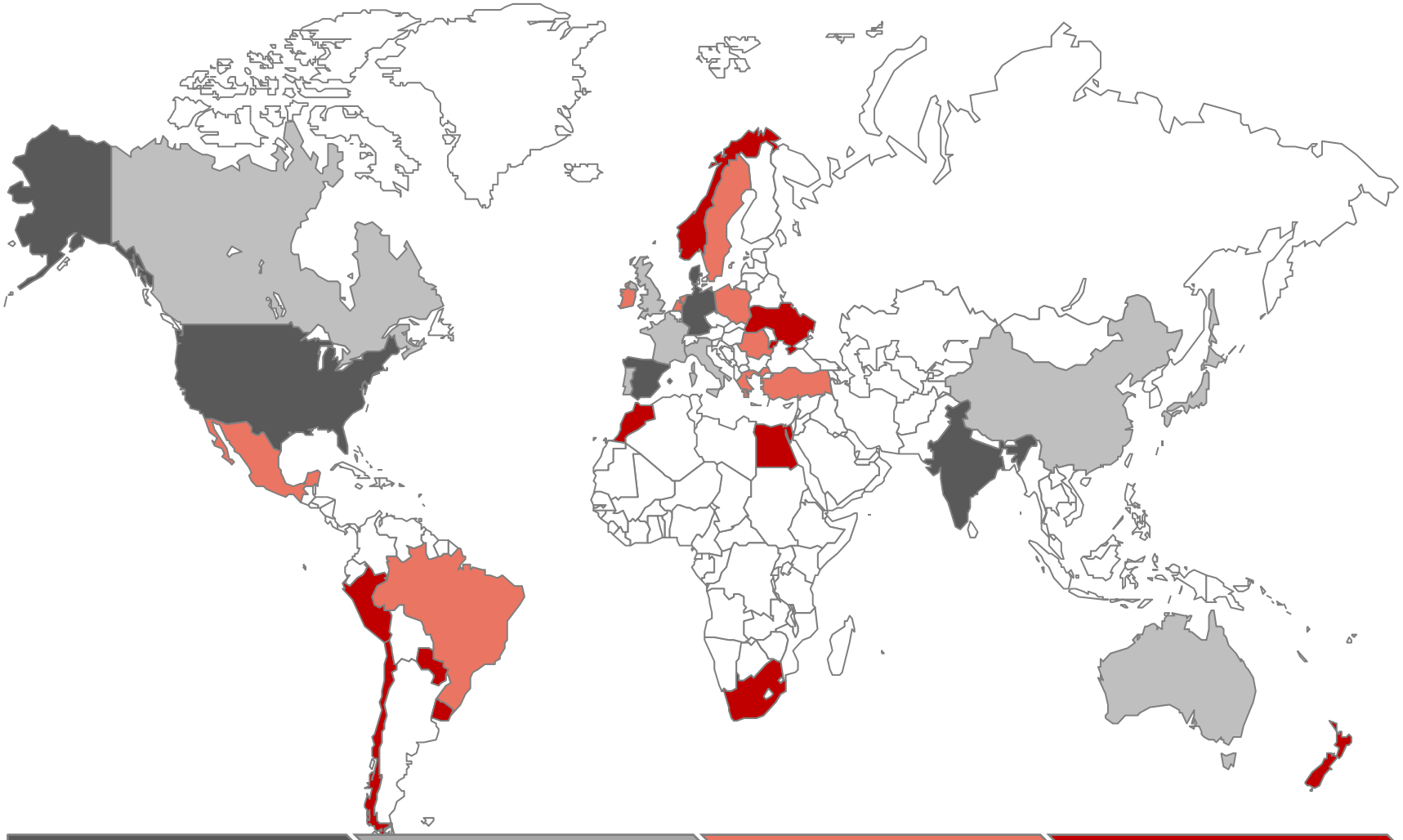
2012 Capacity Additions: 500 MW

- Pre-registered capacity in **Spain**: 110 MW
- Projects in **Poland/Romania** > 100 MW
- Overpowering option in **Portugal**: up to 30 MW
- EDPR first wind farms in **Italy**: 40 MW
- Marble River wind farm in the **US**: 215 MW (10Y contract awarded by NYSERDA)
- First projects of **ENEOP**'s 3rd phase

Focus on projects with top-line visibility, above-average prices and high wind resource

2

Wind sector 2013 onwards: additional growth markets expected to arise through 2015-2020

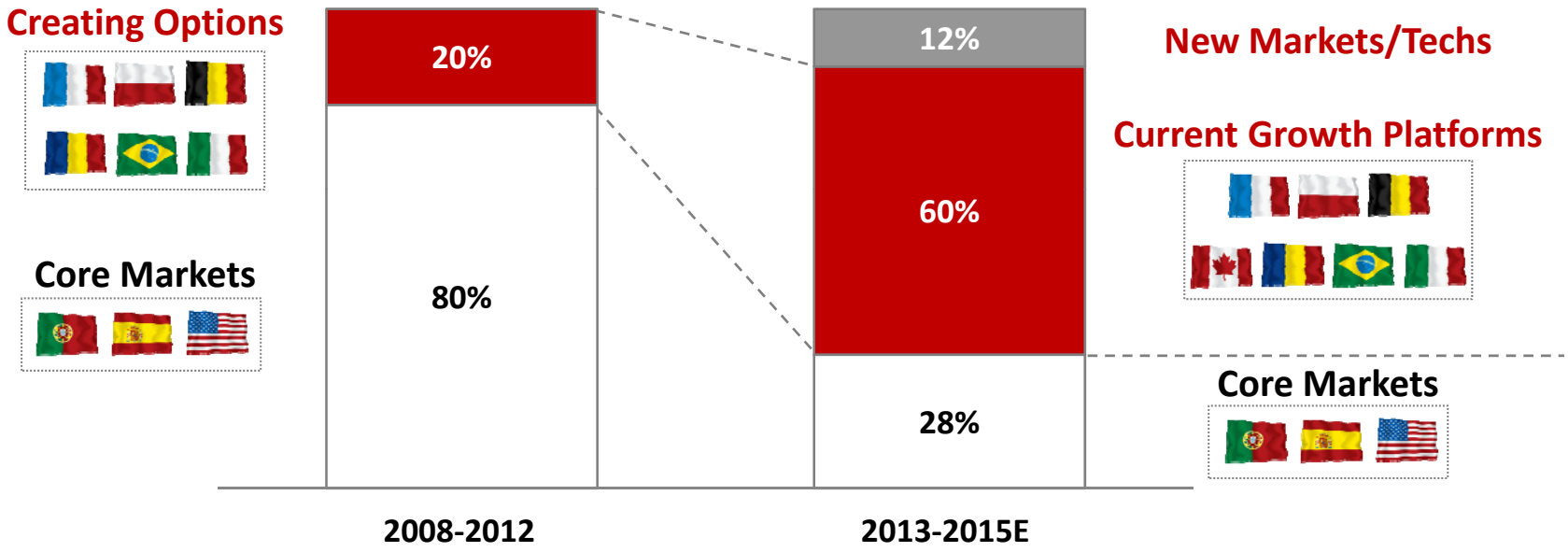


Original wind markets	Early wind markets	Emerging wind markets	Future wind markets
Reached 2 GW of installed capacity before 2005	Reached 2 GW of installed capacity between 2005 and 2010	Expected to reach 2 GW of installed capacity between 2010 and 2015	Expected to reach 2 GW of installed capacity between 2015 and 2020

Source: EDPR; Emerging Energy Research

2013-2015: EDPR to shift its growth into early and emerging wind markets

EDPR Growth Breakdown
(MW; %)

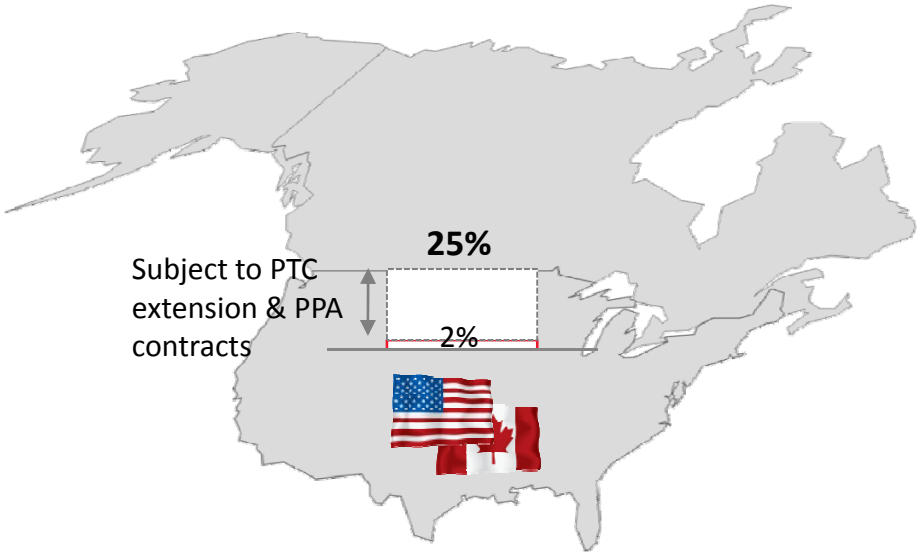


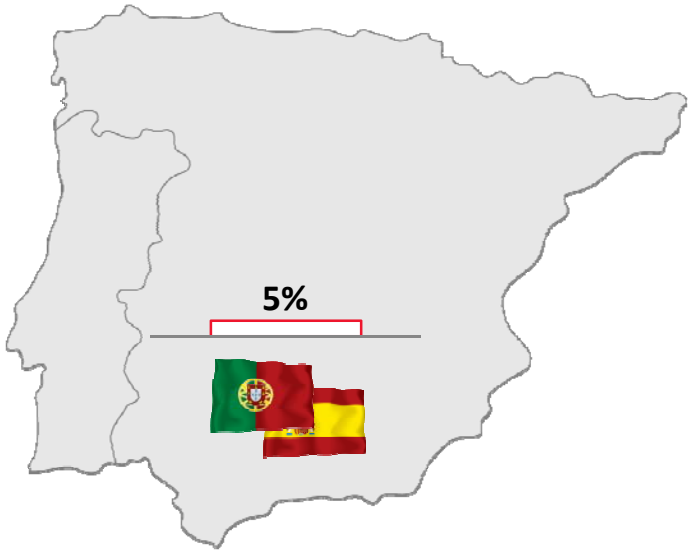
72% of the plan through the execution of current growth options and the addition of new markets/technologies

2

US potential remains on fundamentals but could suffer from discontinuities; slowdown in Iberia

Percentage of 2013-15 additions





North America

US

- 2013 without additional installations given uncertainty on the PTC extension
- 2014/15 potentially recovering from late PTC extension
- Focus development in regions with stronger business fundamentals: East Coast/West Coast

Canada

- To contribute with first wind farms post-2013

Iberia

Portugal

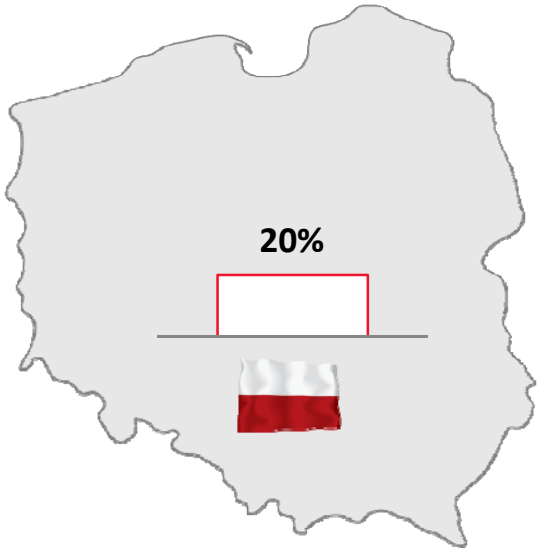
- Investing in Portugal through the completion of ENEOP project (expected for 2014)

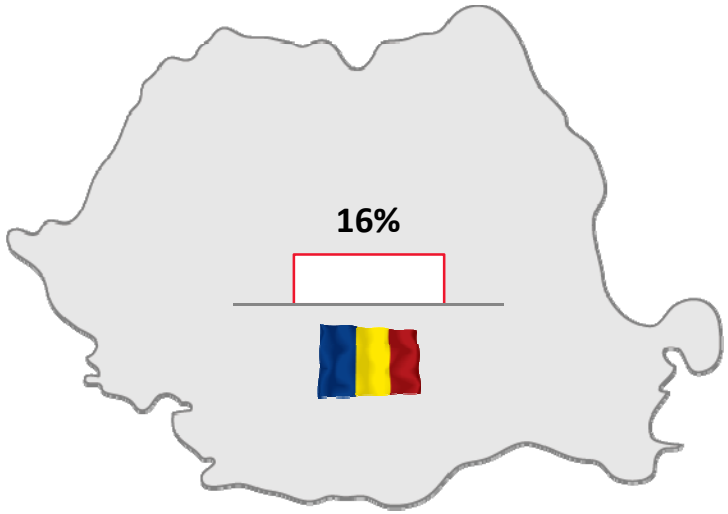
Spain

- Spain's moratorium forcing to halt new investments
- New regulation for additional installations will define future run rate for the market
- Competitive projects (>2,800 hours) are ready in case new regulation is presented

Central and Eastern Europe to continue to show its attractiveness

Percentage of 2013-15 additions





Poland

- EDPR is currently the market leader in Poland
- New RES Act applicable to future capacity is in the drafting phase and will potentially come into force in 2013
- An attractive outcome is expected given the constructive drafting process
- Keep developing advanced stage pipeline and execute quality projects

Romania

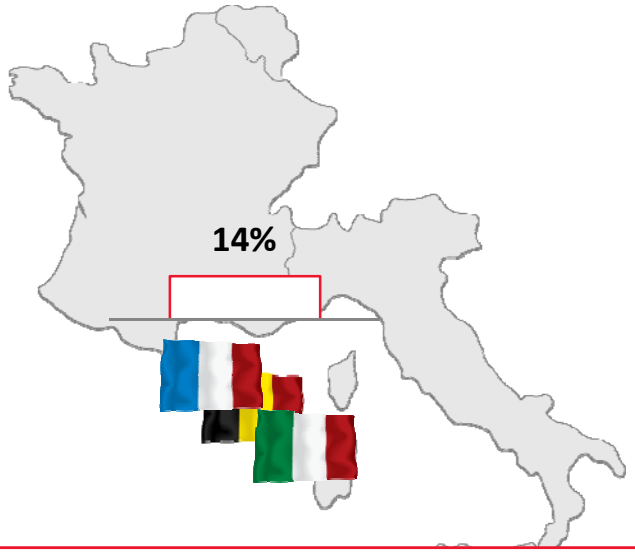
- EDPR is the second largest wind player in Romania
- New Law approving the 2 Green Certificate regime was enacted by the end of 2011
- Current regime is valid until 2017 and thereafter it changes to a 1 Green Certificate regime
- Bring forward projects to benefit from the front-loaded profitability

Brazil to gain increased weight; Other European countries supported by stable frameworks

Percentage of 2013-15 additions

Brazil

- An effective tender system is in place to award 20-year PPAs
- Develop the 120 MW awarded in the A-5 auction in Dec-11 (COD expected for 2015)
- Bring forward new high quality projects to participate in the forthcoming tenders



Italy, France and Belgium

Italy

- New tendering system to be more competitive but to eliminate uncertainties
- Ready to participate in the 2013 wind tenders

France and Belgium

- Very stable frameworks

2

EDPR is currently working on 3 fronts to increase growth options through 2015…

1. New Wind Onshore Markets

- Strong electricity demand growth
- Attractive wind resource
- Frameworks through PPAs, tenders or FiT

2. Solar PV

- Fast decline of the solar energy cost
- Competitive advantages through CTG partnership

3. Wind Offshore

- Execute new options on a fast growing technology

…representing c.200 MW (1) (12%) of the 2013-2015 capacity additions to execute post 2014

(1) Excludes Offshore Wind capacity

2

New wind onshore: selectively execute new growth options through a strict investment criteria

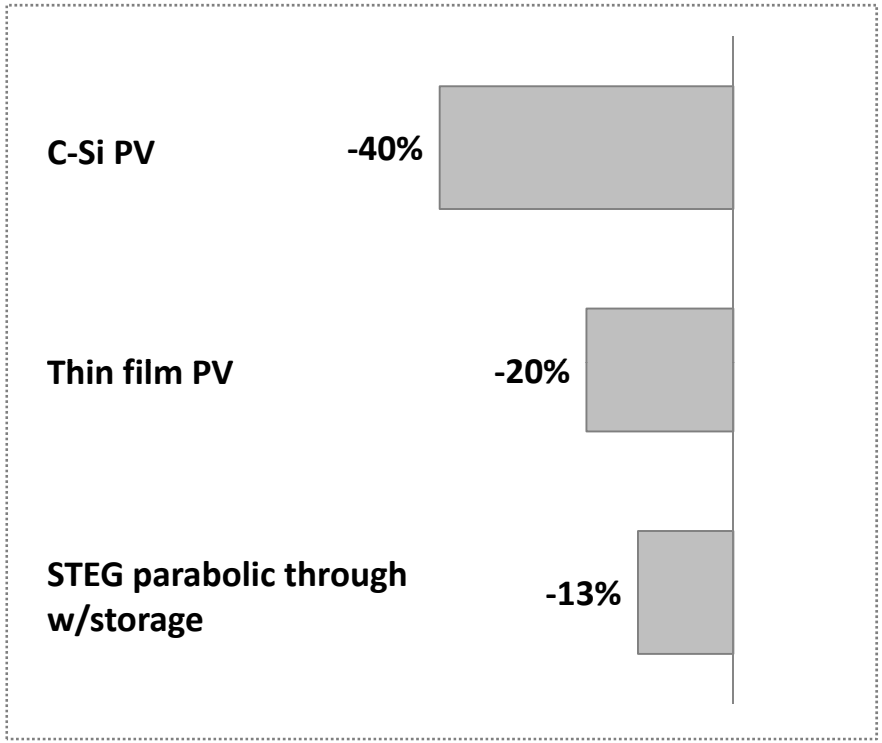
Opportunities identified	Framework	EDPR status
 **Turkey**	Feed-in tariff option and high power prices	Engaged with local players
 **Peru**	Tenders, PPA for 20 years	Screening for opportunistic transactions
 **South Africa**	Tenders, PPA for 20 years	Preparing for the Aug- 2012 energy tender
 **Mexico**	Tenders, or PPAs directly with industrials, or selling energy to the US	Approaching local developers
 **Chile**	PPAs directly with industrials, very high power prices	Preparing for the next wind concession tender
 **Morocco**	Tenders, PPA for 20 years	Participating in the upcoming tender pre-qualification phase
 **Ukraine**	Feed-in tariff through 2030	Engaging with local players

Wind Resource

Low | Average | High | World Class

Solar: intensify activities as a result of the fast technology improvements

Levelised Cost of Energy (LCoE) reduction
(2011 vs. 2009; %)



Solar PV

Technology Cost
Solar PV is the technology with the fastest cost decline among renewable energy sources

Levelised Cost of Energy (LCoE)
Capex has dropped strongly in the last years leading to LCoE of c€100/MWh in the sunniest regions

CTG Partnership
Preferred access to the main PV suppliers in China, that have dominated the module market in the last years

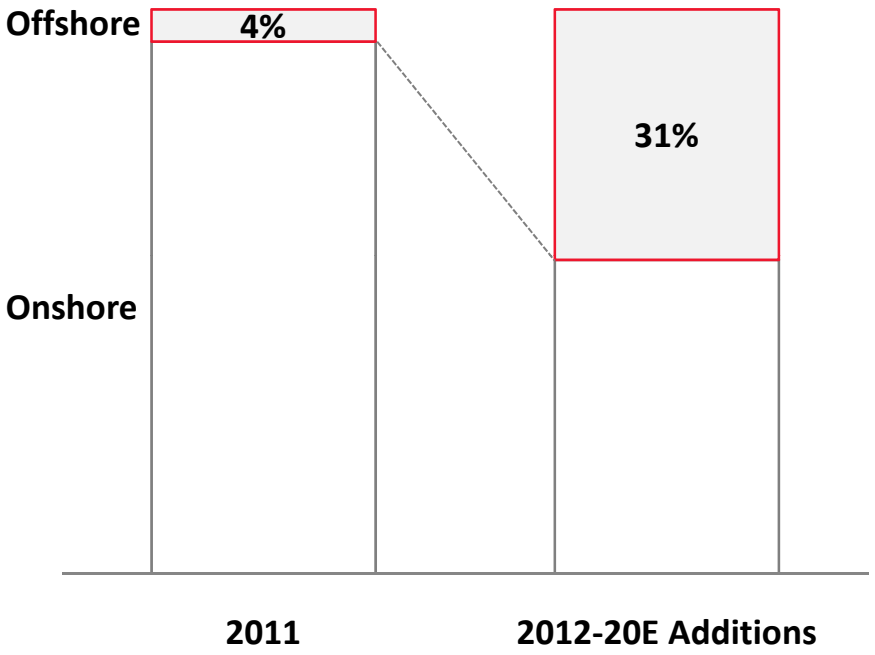
Currently tracking opportunities in the most attractive solar markets

Source: New Energy Finance

2

Wind offshore: capture additional opportunities in the European market

Wind offshore European market growth
(%)



EDPR Wind Offshore Strategy

Avoid the "early entrant risk" in a still non-mature technology

Further diversify the projects under development: currently developing 2 projects in UK with 2.4 GW

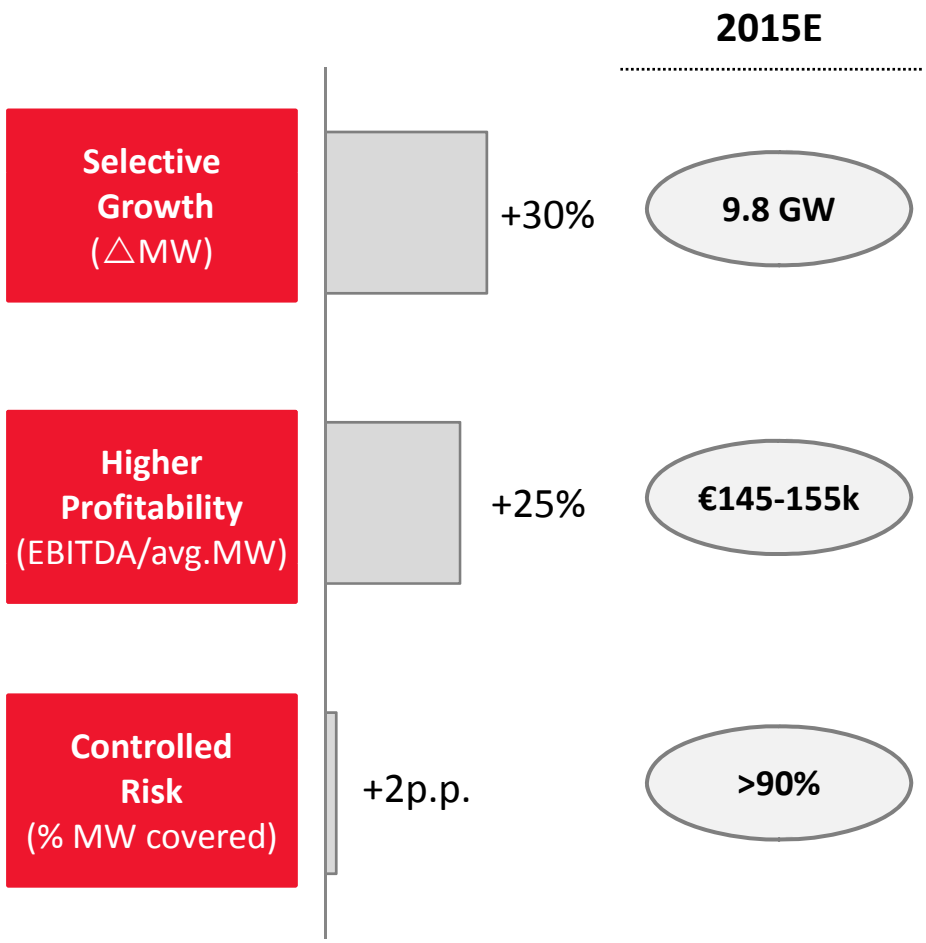
Actively tracking multiple offshore projects (UK, Germany, France and Poland) and analysing stake swaps

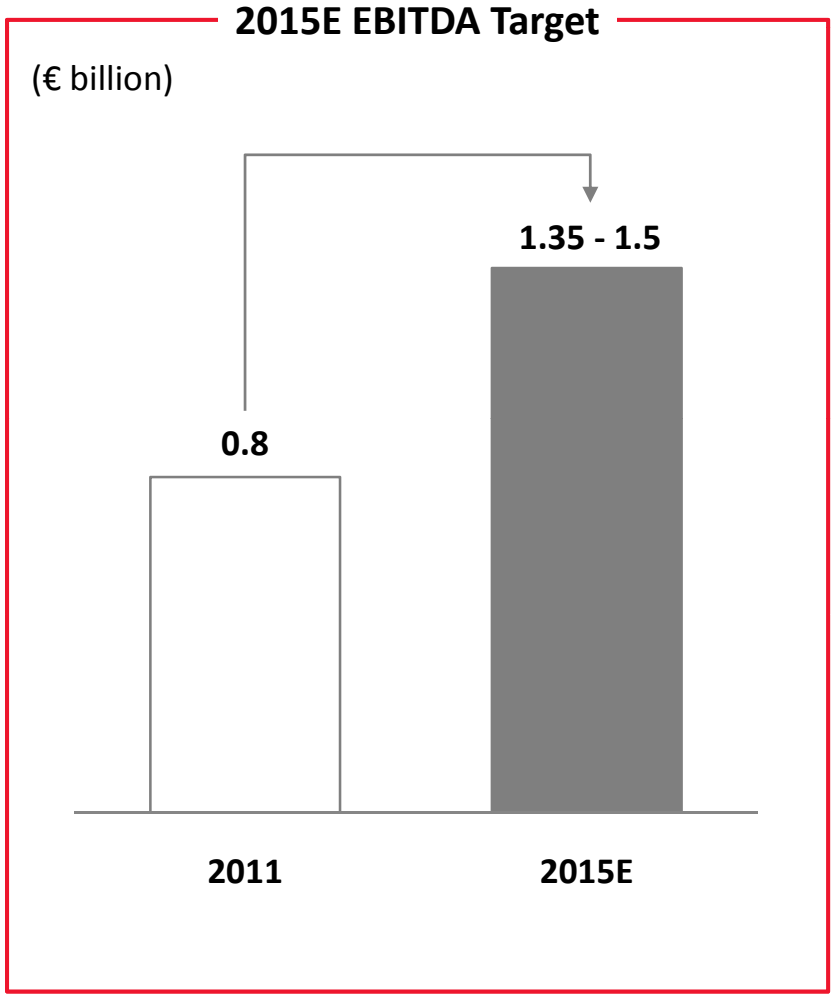
EDPR would take a conservative approach given the high level of investments and increased complexity

Source: Emerging Energy Research

Execution of 2012-2015 quality projects to result in a superior portfolio for 2015

Strategic Indicators
(2015E vs. 2011)





2012-2015 growth to be based on a self-financing strategy

renováveis

EDPR to fund its growth through...

Cash-Flow from Operations

Accumulated operating Cash-Flow to fully cover the Capex for the 2012-2015 additions

€3.8bn

Asset rotation

Sell minority stakes of existing assets to crystallise value, accelerate value growth cycle and be ready to fund additional growth options

>€2.0bn

Project Finance & Tax Equity

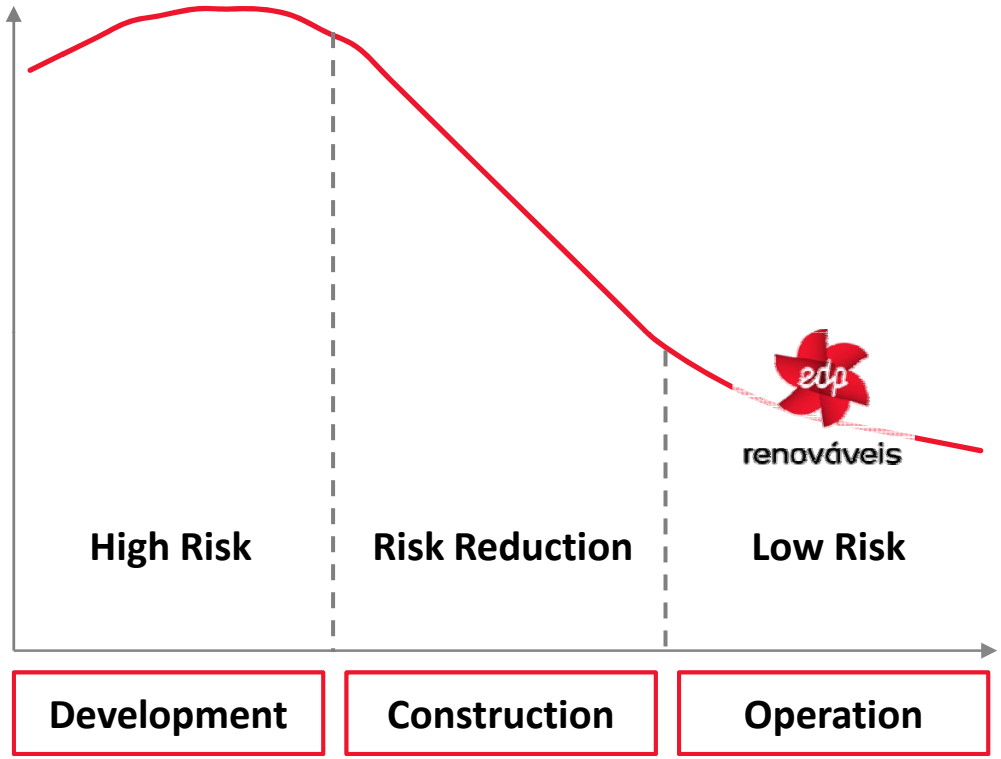
Continue to secure long-term funding sources in the market, under competitive terms, based on selected quality projects

>€1.0bn

3

Current portfolio is ready for asset rotation and value crystallisation

Cost of Capital throughout the life cycle of a wind farm
(WACC; %)



Identify mature projects operationally optimised and with a low risk profile

Enter into transactions to sell non-controlling stakes to crystallise future cash flow stream

Re-invest in the development of quality and value accretive projects

Opportunity to accelerate value growth through asset rotation and to fund future growth options

Partnering with CTG for the sale of minority stakes in wind farms

renováveis

Transaction Scope

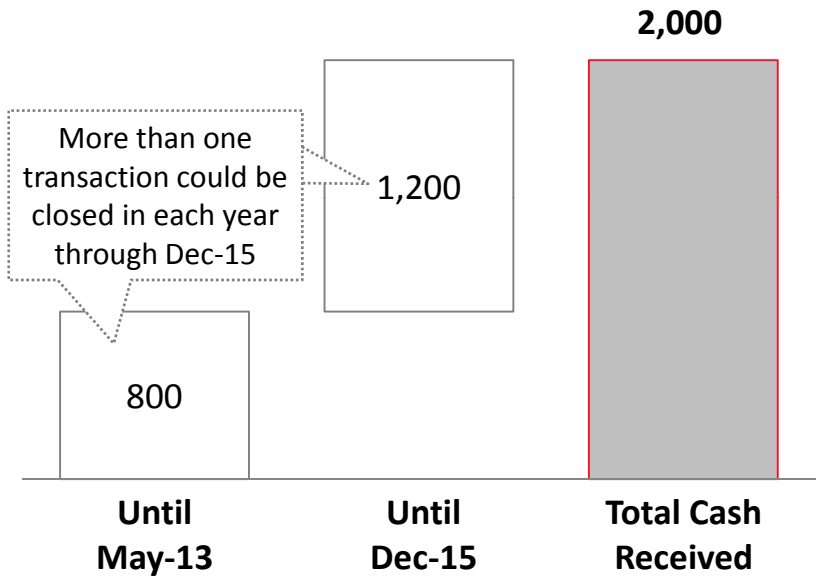
Capacity

- CTG to acquire minority stakes equivalent to 1,500 MW (net)
- The acquisition of minority stakes will materialise upon 900 MW of operating capacity and 600 MW of co-capex

Profile

- 1,500 MW (net) to be similar to EDPR's portfolio geographical exposure (more concentrated in Spain, Portugal and US)
- Assets with Project Finance and Tax Equity can be selected

EDPR Cash-In
(€ million)



EDPR to sell equivalent to 20% of the 2011YE capacity for the amount of €2.0bn

3

CTG is committed to invest €800m until May-2013

After the first announcement, EDPR and CTG immediately started engaging…

CTG selected to acquire a 21.35% stake in EDP	Kick-off meetings between EDPR and CTG	Wind assets' selection process starts	Data room	CTG became EDP shareholder and the Strategic Partnership is in place
Dec. 22th, 2011	**Jan-2012**	**Feb-2012**	**Mar/Apr-2012**	**May 11th, 2012**

…to deliver the transactions and fulfil the partnership agreement

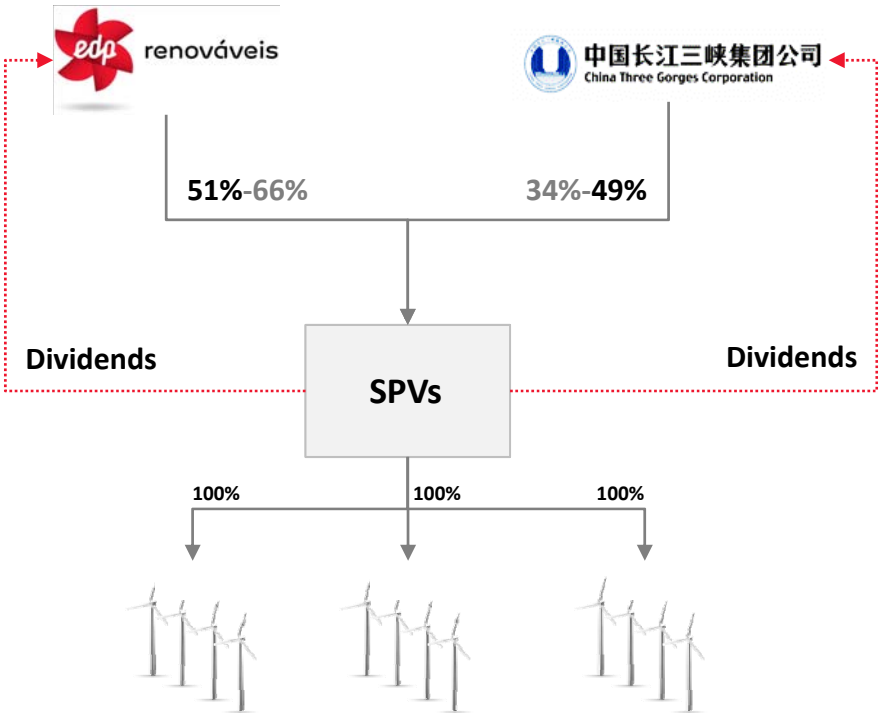
Preliminary timetable

First minority stake transaction	Second minority stake transaction	Third minority stake transaction
3Q2012	**4Q2012 / 1Q2013**	**2Q2013**

3

Minority stakes' transactions have clear pre-agreed valuation criteria and rules

Structure Under Analysis



Transaction Framework

- Discounted Cash-Flow (DCF) valuation methodology based on fairness opinion
- No asset will be sold below book value
- Pre-agreed minimum return on CTG invested capital
- EDPR to keep full consolidation of the assets and to keep managing its operations

A clear transaction framework in place protecting interests of EDPR's shareholders and all parties involved

3

EDPR and CTG to design a new worldwide growth platform…

Worldwide partnership for future growth to deliver solid results

EDPR and CTG share the vision of clean energy development

"Think global act local" approach with each partner leading the projects on its markets

Global scale provides further technological and industrial advantage

…through the increase of growth options and competitive advantages

Value Creation Proposition

Rui Teixeira, CFO

EDPR: A distinctive investment case

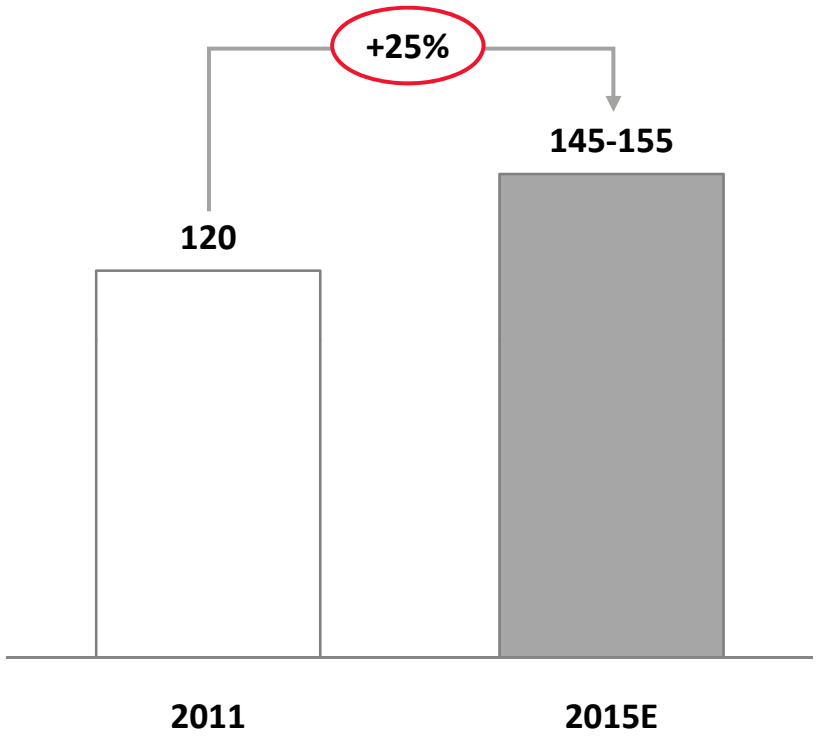
Strategic Core Competences	Load Factor	• Structural competitive advantage yielding premium load factors
	Low Risk	• >90% of revenues with prices linked to inflation or fixed escalators
	O&M	• Comprehensive strategy to minimize costs throughout lifecycle
Selective and Quality Growth	MW Growth	• Execute selective growth plan keeping flexibility and adding options
	Geo Expansion	• Increase diversification: >70% of 2013-15 new additions outside core markets
	Profitability	• Quality investments leading to a 25% increase on EBITDA/MW
Stronger Cash-Flow Generation	EBITDA	• EBITDA to reach €1.35-€1.5bn in 2015
	Operating Cash-Flow	• Cash-Flow to reach over €1bn in 2015; €3.8bn cumulative in 2012-15
	Cash Available	• €2.3bn of cash-surplus for dividends, debt payment and additional growth

Strict investment criteria will lead to an ongoing improvement in EDPR key value drivers

EDPR's key metrics through 2015

	2011	2015E
Load Factor (%)	29%	29%
Selling Price (€/MWh)	58	>70
Opex per avg. MW (€k/MW)		+0.9%

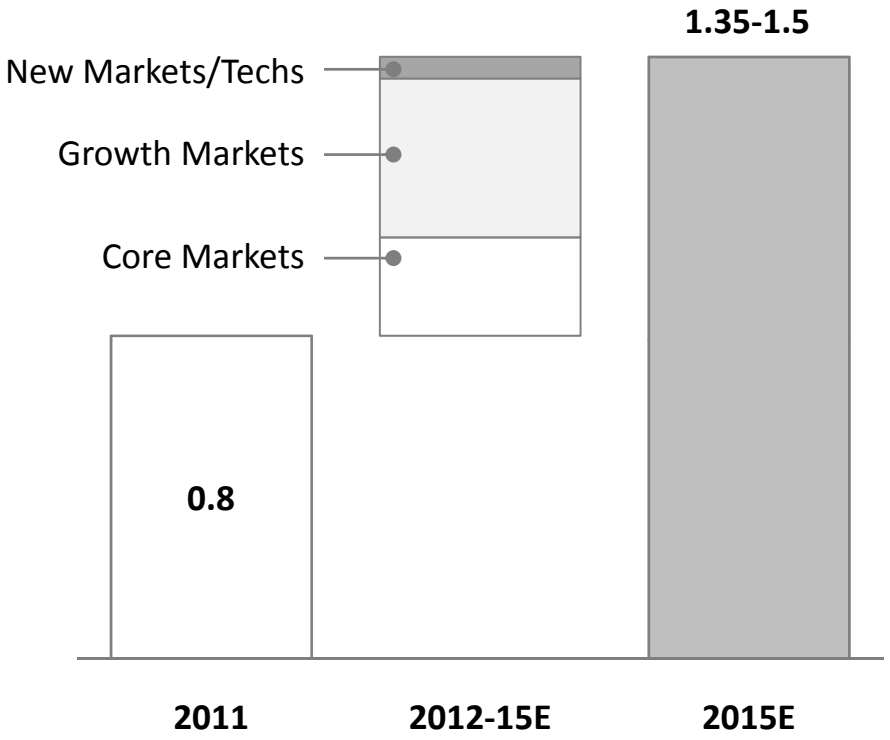
EBITDA per Average MW in Operation
(€ thousand)



EDPR to deliver stronger profitability

EBITDA's strong performance based on quality investments and diversification strategy

2011-15E EBITDA Evolution
(€ billion)



2012-15 investments with higher EBITDA per average MW

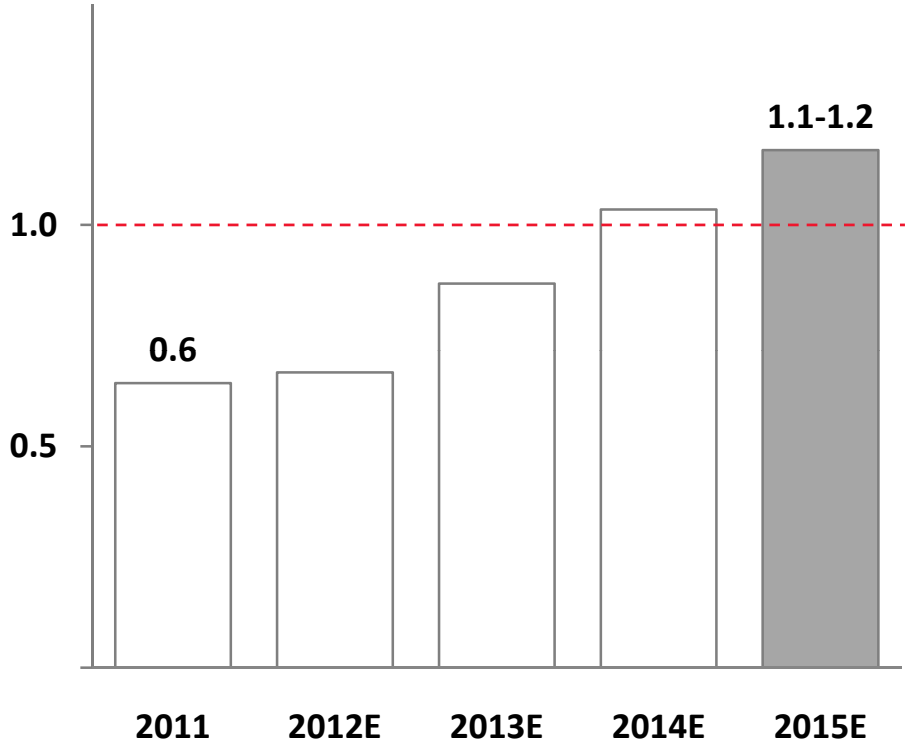
EDPR diversification strategy to represent 65% of EBITDA growth in the period

Management focused in keeping visibility and efficient operations throughout the assets' life cycle

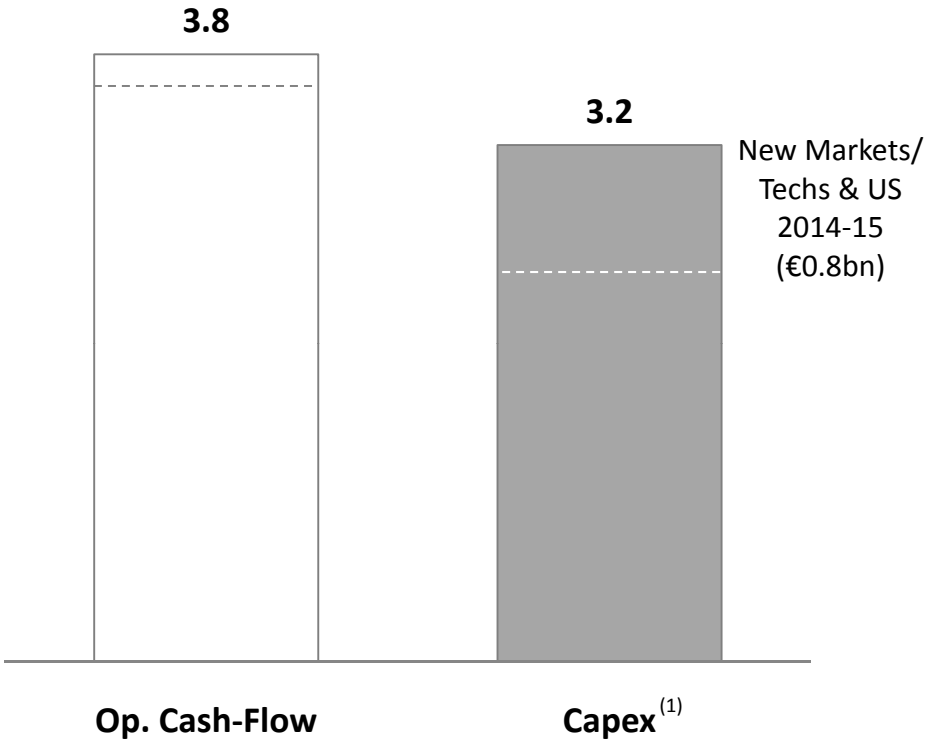
EBITDA to keep growing at double digit rates through 2015

Operating Cash-Flow to exceed Capex in the 2012-15 period, reaching over €1bn in 2015

Operating Cash-Flow
(€ billion)



2012-15: Operating Cash-Flow vs. Capex
(€ billion, accumulated)

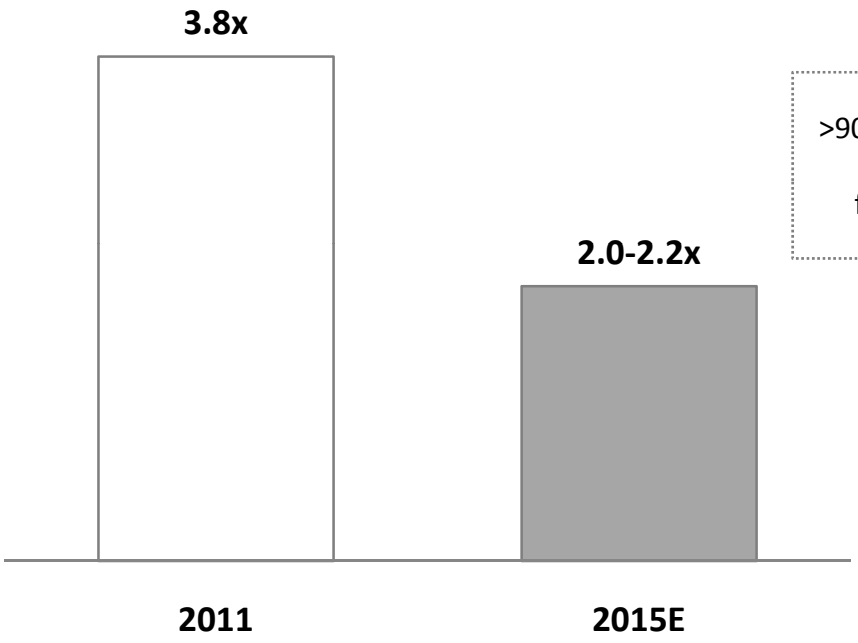


EDPR's assets have strong Cash-Flow capabilities

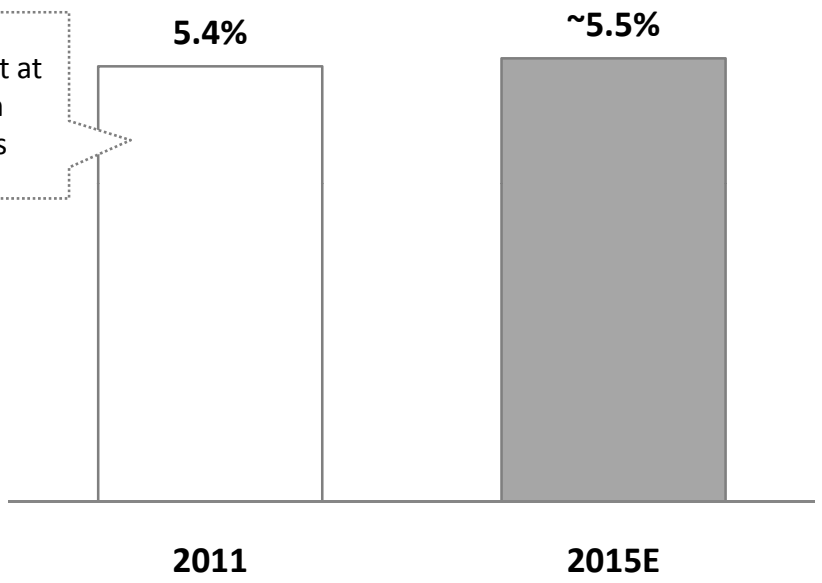
Notes: (1) Capex includes construction, onshore and offshore development expenses

Robust Balance Sheet allows for stable cost of capital for the long-term

Net Debt/EBITDA
(x)



Cost of Debt
(%)



c80% of Financial Debt maturities starting in 2018 matching Cash-Flow profile with business model

EDPR to keep executing alternative funding options on the back of quality assets

Project Finance

	Status
Spain	• Already closed for 125 MW
Portugal	• ENEOP: 2nd portfolio of Projects fully financed, partially disbursed
France/ Belgium	• Advanced for 57 MW in Belgium • Initial contacts for French assets
Poland/ Romania	• Multilaterals and commercial banks engaged for existing operating assets • Ongoing transaction for future projects

CTG Investment & Tax Equity

CTG Investment

CTG to invest €2bn until 2015 in 1.5 GW (net)
(*minority stakes*)

€800m to be disbursed until May-2013

Tax Equity

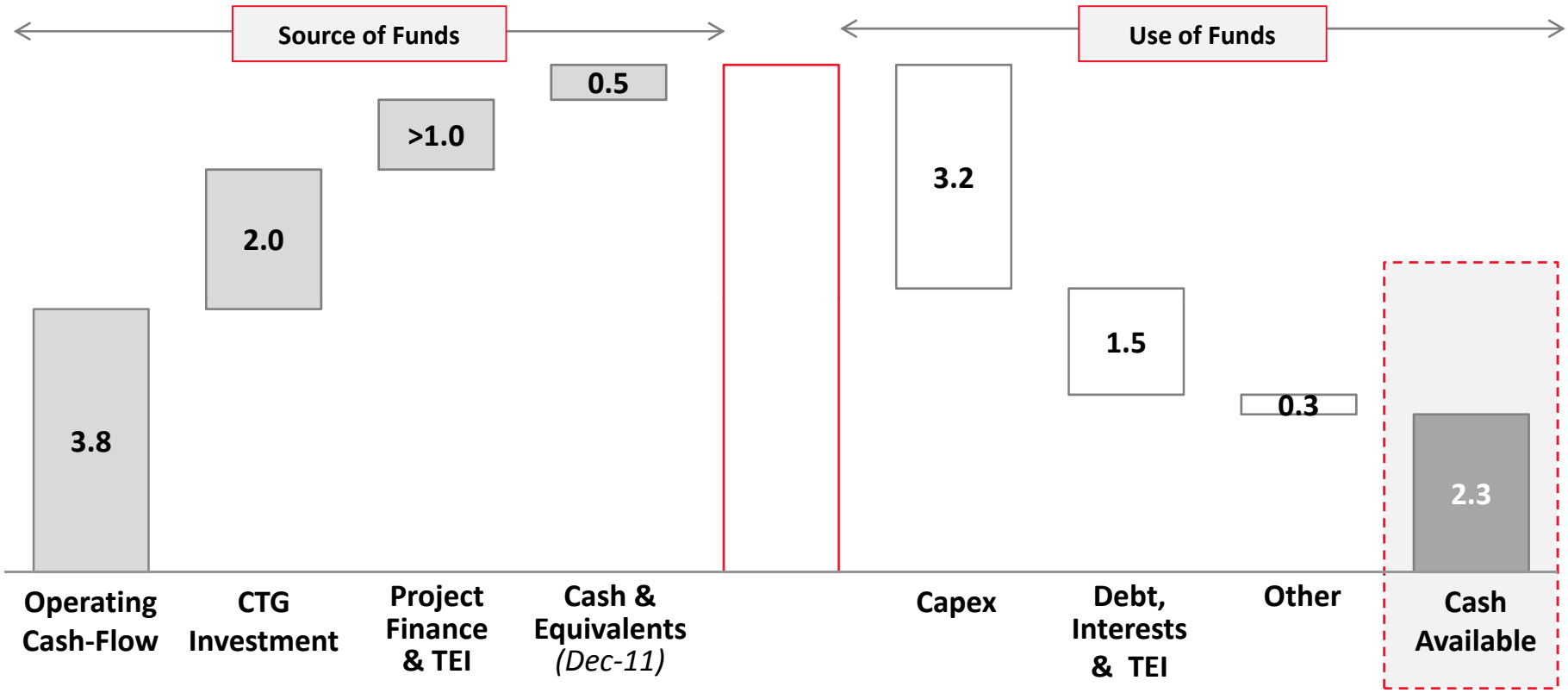
Ongoing negotiations for Tax Equity structure for 215 MW
(*under construction*)

Tax Equity and other alternative structures to be settled for the up to 400 MW additions
(until 2015)

Over €1bn of alternative financing expected on top of CTG Investment (€2bn)

EDPR to present a robust cash surplus in 2012-15

2012-15: Source and Use of Funds
(€ billion, accumulated)



Strong Operating Cash-Flow, CTG investment and alternative funding options

EDPR with competitive options to increase shareholders' value

Cash available 2012-15E Cumulative

€2.3bn

1 **Shareholder remuneration**

25% to 35% payout from 2013 (2012 results)

2 **Paydown Corporate Debt**

Start to pay most-expensive debt

3 **Pursue and execute new-growth options**

Value accretive to current Business Plan

Final Remarks

João Manso Neto, CEO

EDPR to focus on returns to bring value growth to shareholders

Operating quality assets	Premium load factors, low risk approach and operational excellence
Executing profitable growth	EBITDA per average MW to increase 25% through 2015
Anticipating market trends	>70% of the plan based on current growth platforms and new markets
Engaging in valuable partnerships	€2bn through asset rotation and establishing a worldwide partnership
Funding growth through own sources	Operating Cash-Flow to fully cover Capex needs
Strengthening the balance sheet	Net Debt/EBITDA of 2.0-2.2x in 2015 proving the robust capital structure
Increasing shareholder value	Earnings to increase >3x through 2015 along with a 25%-35% dividend payout


edp
renováveis
powered by nature

Studying the voluntary extension of the tariff duration in Portugal for assets under old regime

renováveis

EDPR's assets under analysis

Installed Capacity under the old regime	613 MW
% of EDPR's assets	8%
Average years to tariff term	10y
Market share in Portugal	17%

Government's proposal on wind energy

(included in the set of measures announced for the electricity sector)

Tariff duration: increase duration for assets under the old regime

Selling price: unchanged

Investment: operators to compensate the electricity system through 2020 for the new license duration

Regime: non-binding

Status: ongoing negotiations

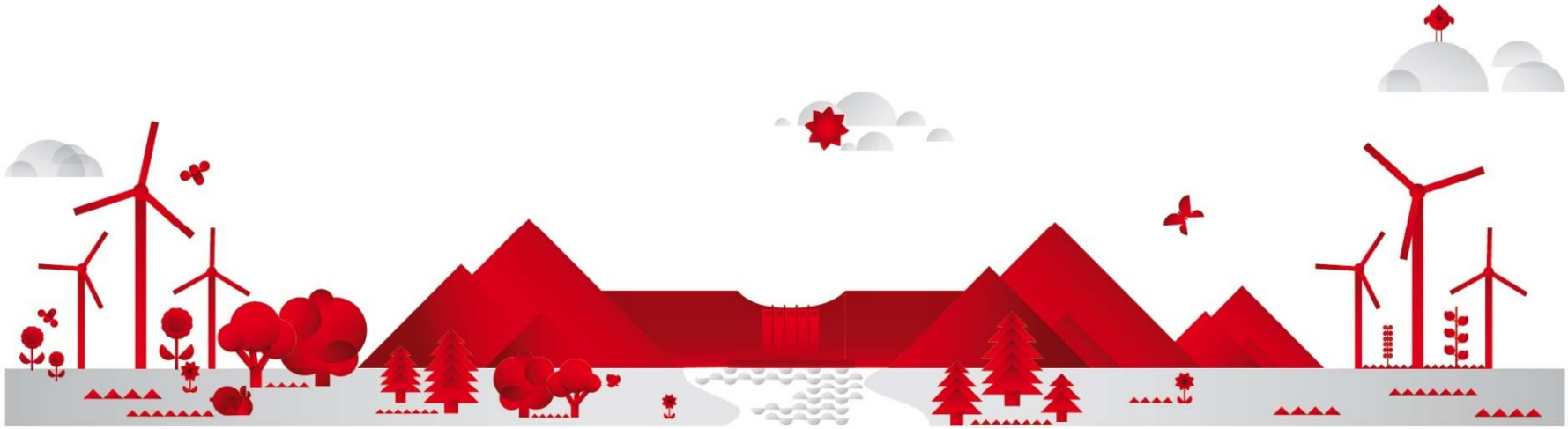
Sector impact: €13-26m per year from 2013-2020 (Government's estimate)

Portugal to preserve legal stability


edp
renováveis
powered by nature

EDP – Energias do Brasil
Investor Day - May 2012

Oporto, May 22nd, 2012



Disclaimer

This presentation may include forward-looking statements of future events or results according to regulations of the Brazilian and international securities and exchange commissions. These statements are based on certain assumptions and analysis by the company that reflect its experience, the economic environment and future market conditions and expected events, many of which are beyond the control of the company. Important factors that may lead to significant differences between the actual results and the statements of expectations about future events or results include the company's business strategy, Brazilian and international economic conditions, technology, financial strategy, public service industry developments, hydrological conditions, financial market conditions, uncertainty of the results of future operations, plans, objectives, expectations and intentions, among others. Considering these factors, the actual results of the company may be significantly different from those shown or implicit in the statement of expectations about future events or results.

The information and opinions contained in this presentation should not be understood as a recommendation to potential investors and no investment decision is to be based on the veracity, current events or completeness of this information or these opinions. No advisors to the company or parties related to them or their representatives shall have any responsibility for whatever losses that may result from the use or contents of this presentation.

This material includes forward-looking statements subject to risks and uncertainties, which are based on current expectations and projections about future events and trends that may affect the company's business. These statements include projections of economic growth and energy demand and supply, as well as information about the competitive position, the regulatory environment, potential opportunities for growth and other matters. Several factors may adversely affect the estimates and assumptions on which these statements are based.

Agenda

I	Achievements and EDP's View of Brazil	*Antonio Mexia, Chairman*
II	EDP Brasil Onwards	*Ana Maria Fernandes, CEO*
III	Financials	*Miguel Amaro, CFO*
IV	Final Remarks	*Ana Maria Fernandes, CEO*

Achievements and EDP's View of Brazil

António Mexia, CEO

Brazil's contribution to EDP

18% of EDP Group EBITDA

8% of Installed Capacity

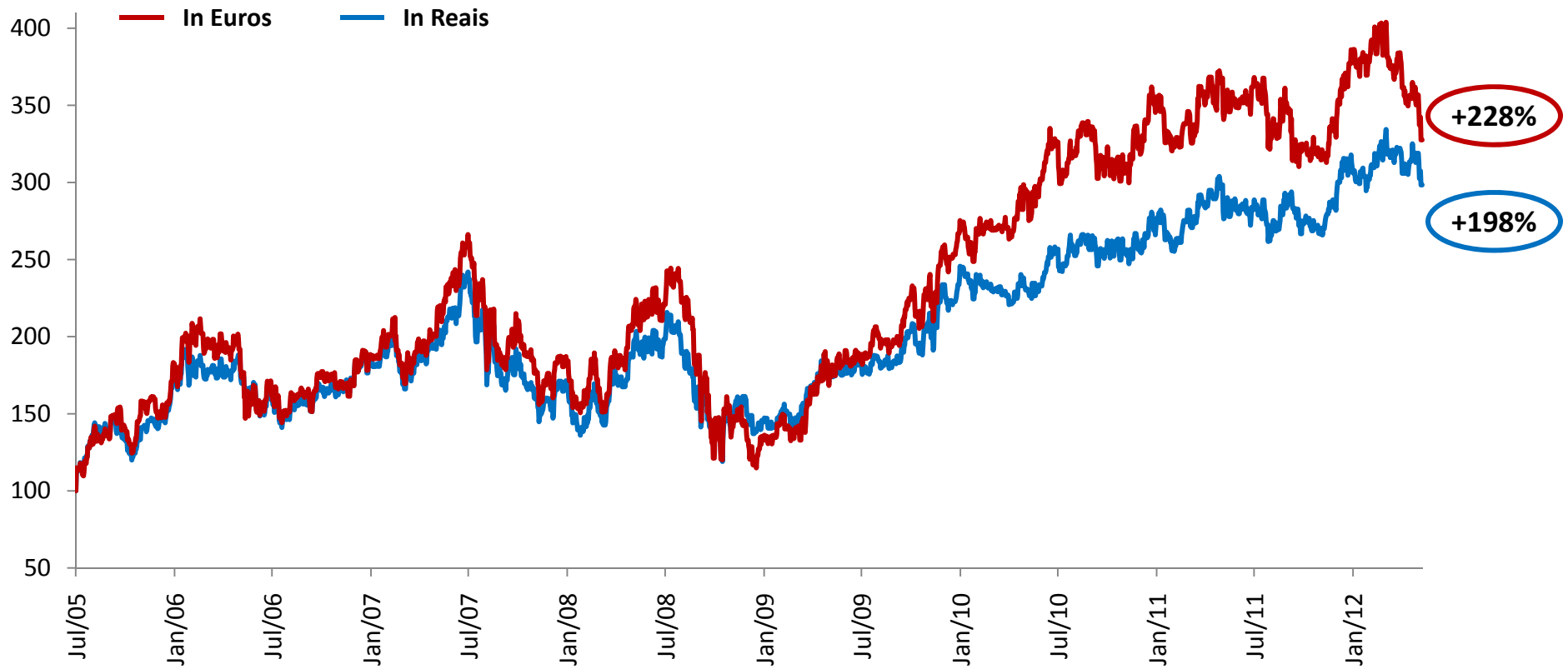
- Listed subsidiary: EDP has 51% Stake
- Installed Capacity: 1.8 GW
- 2 Distribution concessions

Ranking among Non State-Owned companies

- **Commercialization (TWh)** — **3rd**
- **Distribution (TWh)** — **4th**
- **Installed Capacity (GW)** — **5th**

EDP Brasil's total shareholder's return since the IPO

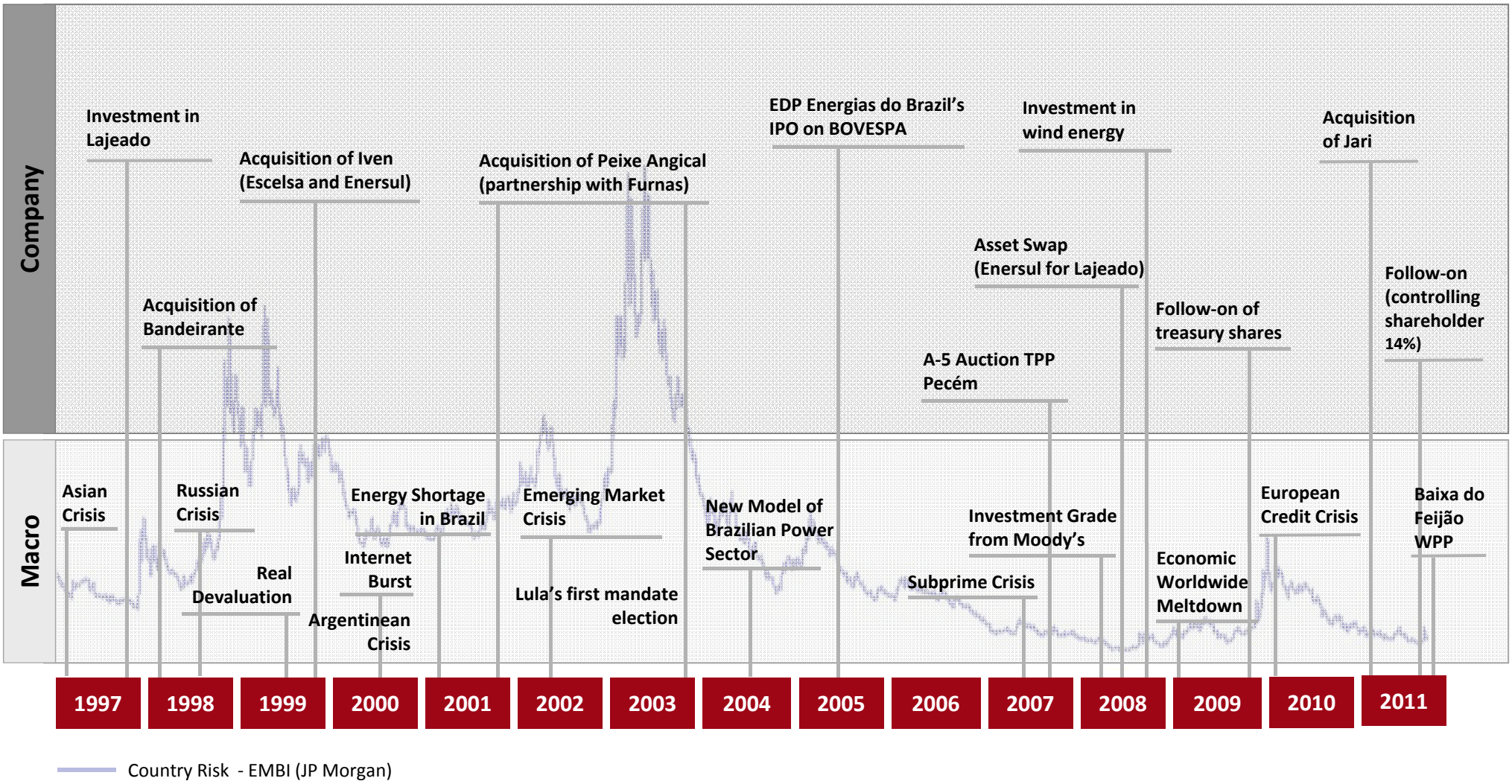
Total Shareholder's Return since IPO to date (1)
(Index; 100 = IPO date)



Since the IPO, EDP Brasil delivered ~200% of value creation to shareholders

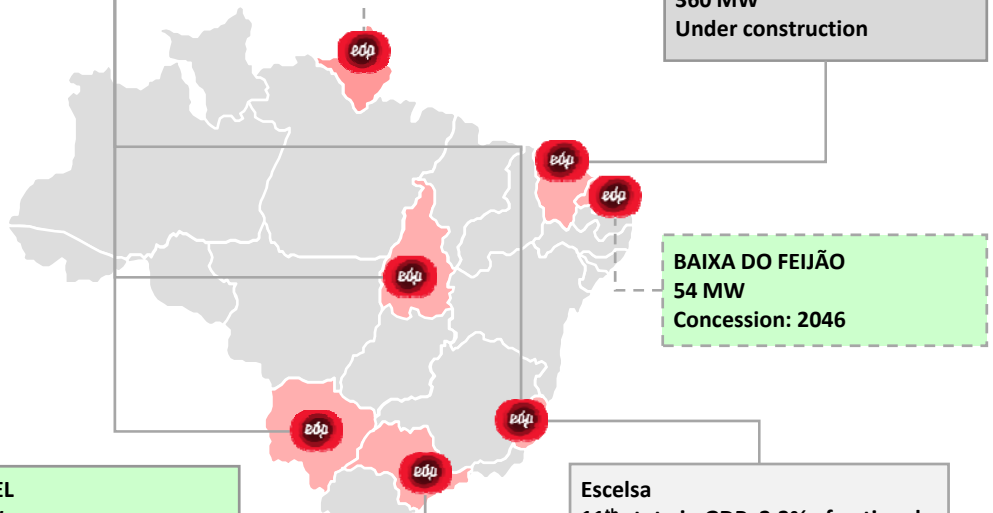
(1) As of 20th May 2012. Source: Bloomberg

EDP is in Brazil to stay: more than 15 years



EBITDA Growth 2004-2011: +98%; EBITDA Margin: 28% in 2011 vs. 21% in 2004

Presence in 10 Brazilian states



Hydro Concessions in Operation
1790.1 MW
Concessions Ending: 2025 - 2036

Sto. Antônio do Jari
373.4 MW
Under construction
Concession: 2044

Porto Pecém
360 MW
Under construction

BAIXA DO FEIJÃO
54 MW
Concession: 2046

CENAEEL
6.3 MW
Concession: 2032

Elebras
31.5 MW
Concession: 2031

Escelsa
11th state in GDP: 2.3% of national total
1.3 MM clients in 41.2 K km²
Concession: 2025

Bandeirante
SP - 1st state in GDP:
~33% of national total
1.5MM clients in 9.6 K Km²
Concession: 2028

- Hydro Generation
- Thermal Generation
- Wind Generation (45% stake)
- Distribution

Generation

- **9 States:** Espírito Santo, Mato Grosso do Sul, Tocantins, Ceará, Santa Catarina, Rio Grande do Sul, Rio Grande do Norte, Pará and Amapá

  ✓ **Installed Capacity : 1,8 MW**

Distribution

- **2 States:** São Paulo and Espirito Santo

  ✓ **More than 2.8 million of clients**

The Brazilian power sector faces challenges but there are growth opportunities

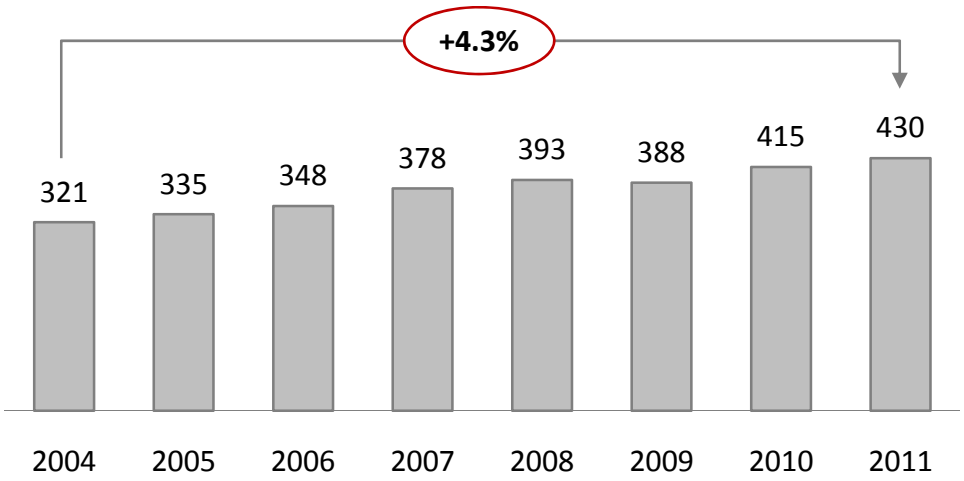
Distribution companies

- **Regulatory pressure on:**
  - **Returns and quality of Service Levels**
- **Smart grids**
- **Electric mobility**

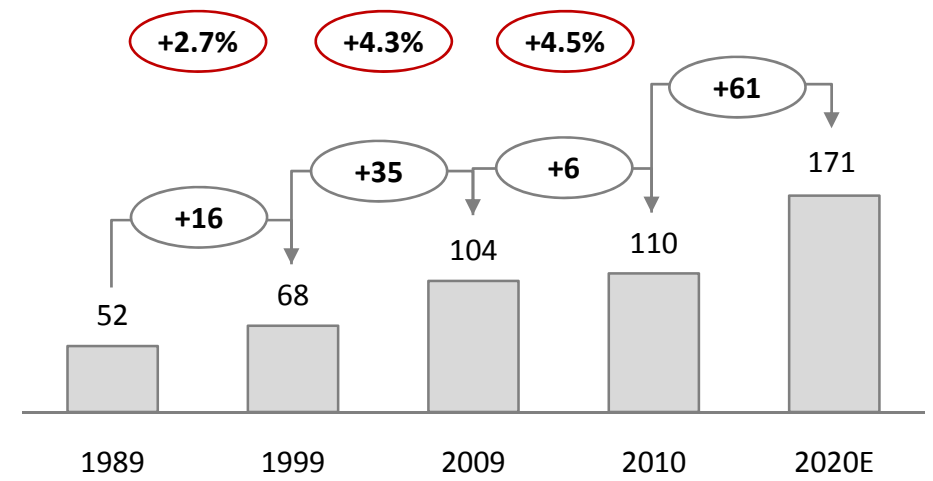
Generation companies

- **Some competitors accepting Lower Returns on the new capacity**
- **Strong competition in auctions**
- **Long and demanding environmental licensing process**

Power consumption[1] – whole market
(TWh)



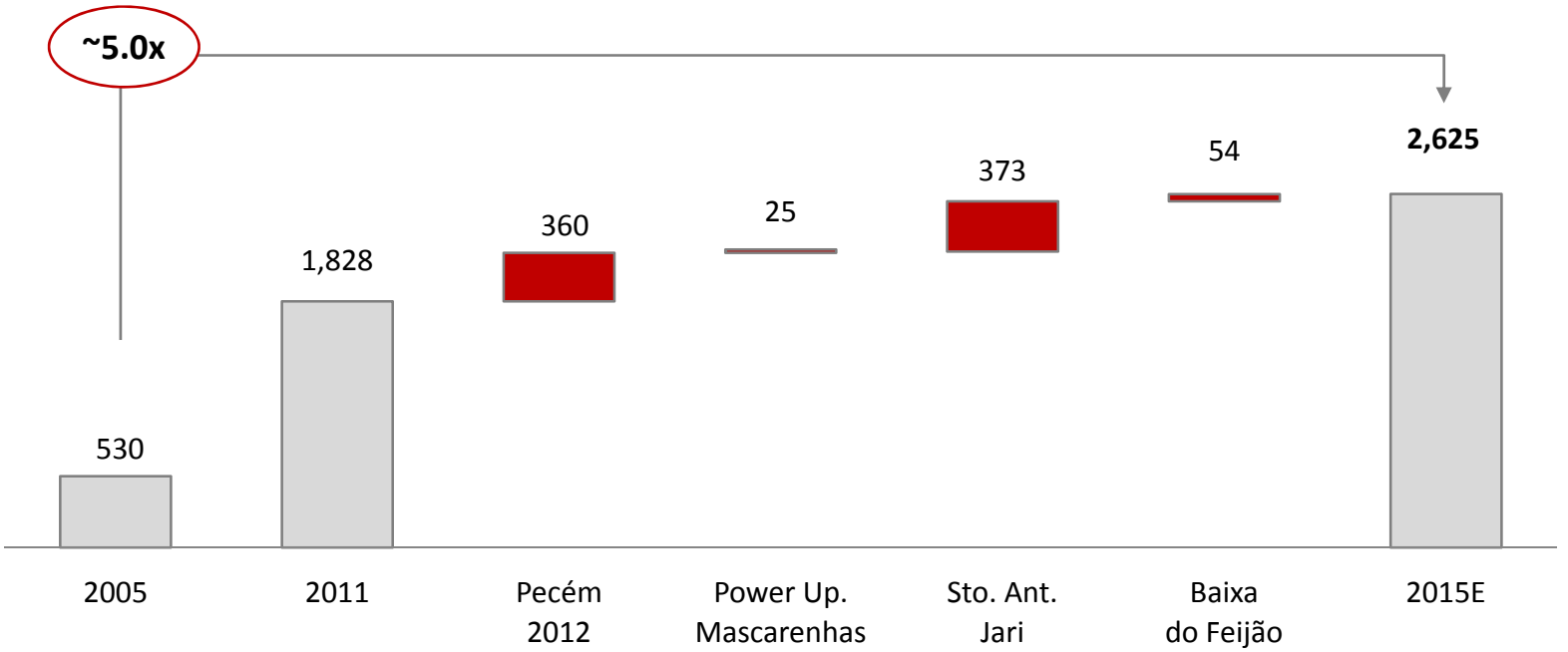
Installed capacity
(GW)



(1) Source: CCEE and ANEEL

Considering projects under construction, generation capacity will grow ~5x since the IPO

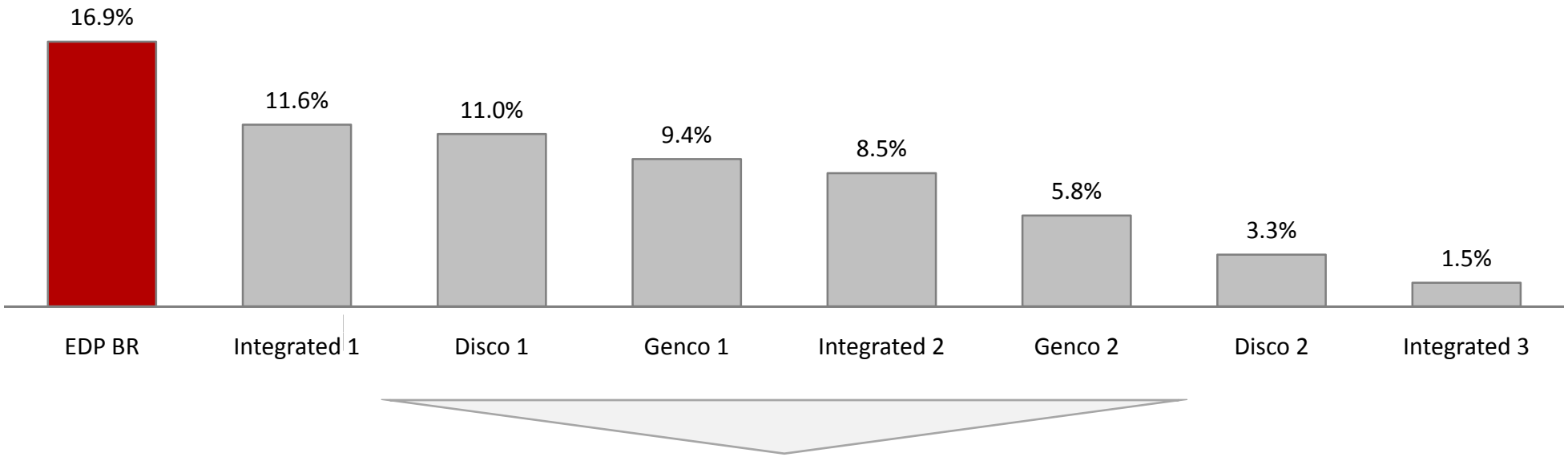
Installed capacity
(TWh)



Sustainable and Profitable Growth

Shareholders' return with solid and regular dividend payments

2005 - 2011 Energy sector dividend per share CAGR



Since the IPO (2005 – 2011):

- Investments of R$ 5.9 billion
- R$1.8 billion paid in dividends
- Preserved leverage capacity (1.9x Net Debt / EBITDA on 1Q12)

More than 60% of IPO price returned as dividends

Change in management with same strategy

Brazil: a geography with high growth potential
A key market in EDP's business portfolio with growth focused on generation

Value enhancing local partnerships in generation (Eletrobrás, MPX, ..etc.)
Bid for new PPA contracts always under strict risk vs. return criteria

Partnership with CTG reinforces EDP's strategy in Brazil:
Strengthened financial capabilities and a shared vision as a key market

Low risk business mix with growth potential from generation

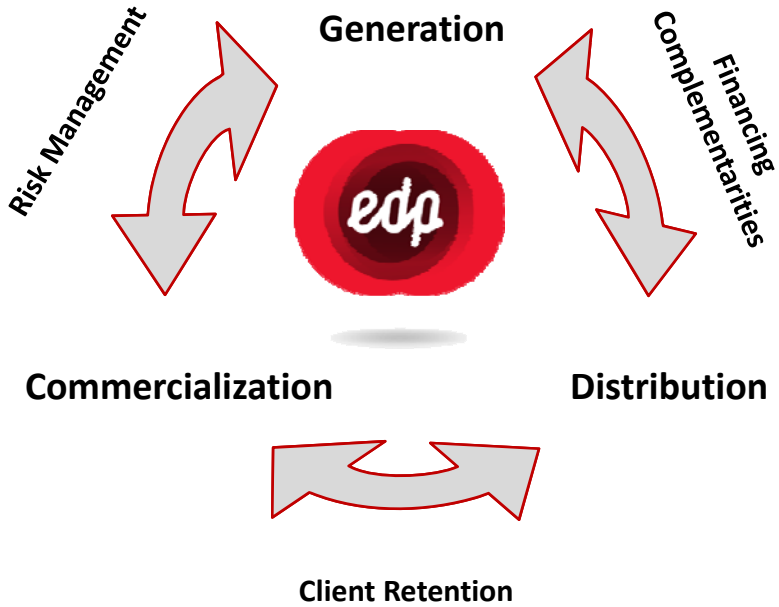
EDP Brasil Onwards

Ana Maria Fernandes, CEO

EDP Brasil's strategy: integrated holding and growth with capital discipline

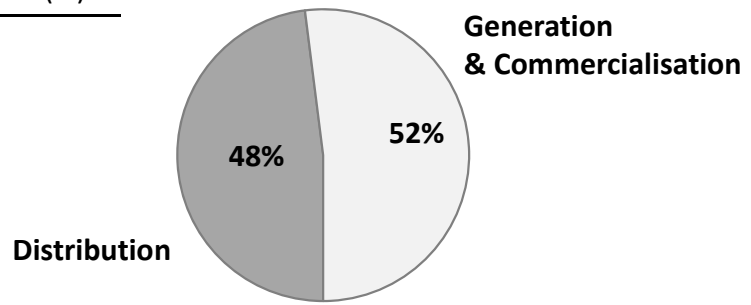
Integrated operation: capturing the synergies of the 3 business

Operational and financial synergies

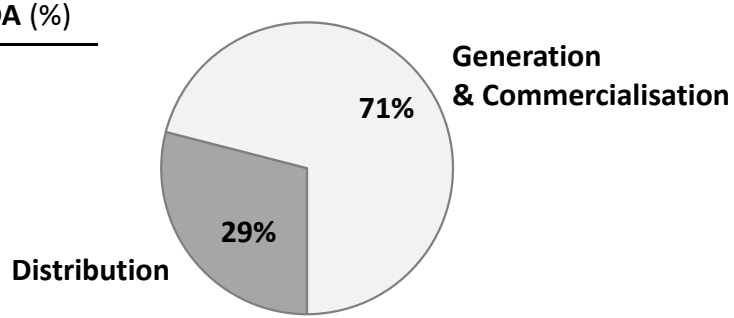


Growing exposure to generation

2011 EBITDA (%)



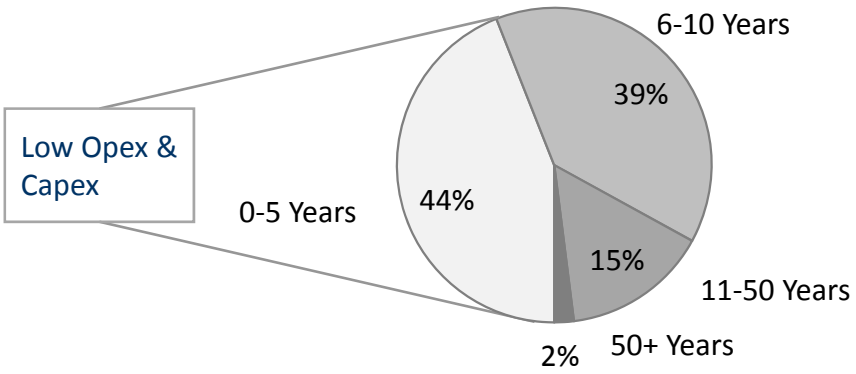
2015E EBITDA (%)



Company profile in 2015: growth in generation with capital discipline

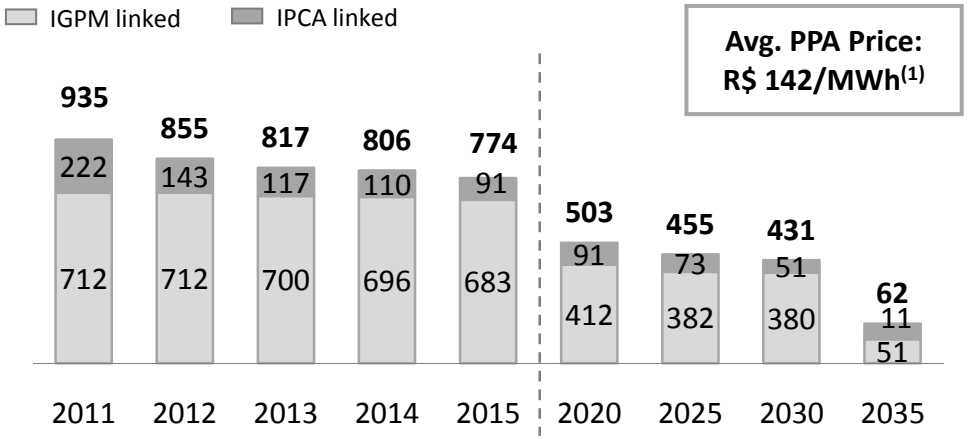
Focus on generation: long term PPA's and concessions, inflation protected

Modern generation plants (Avg. Age of Power Plants)

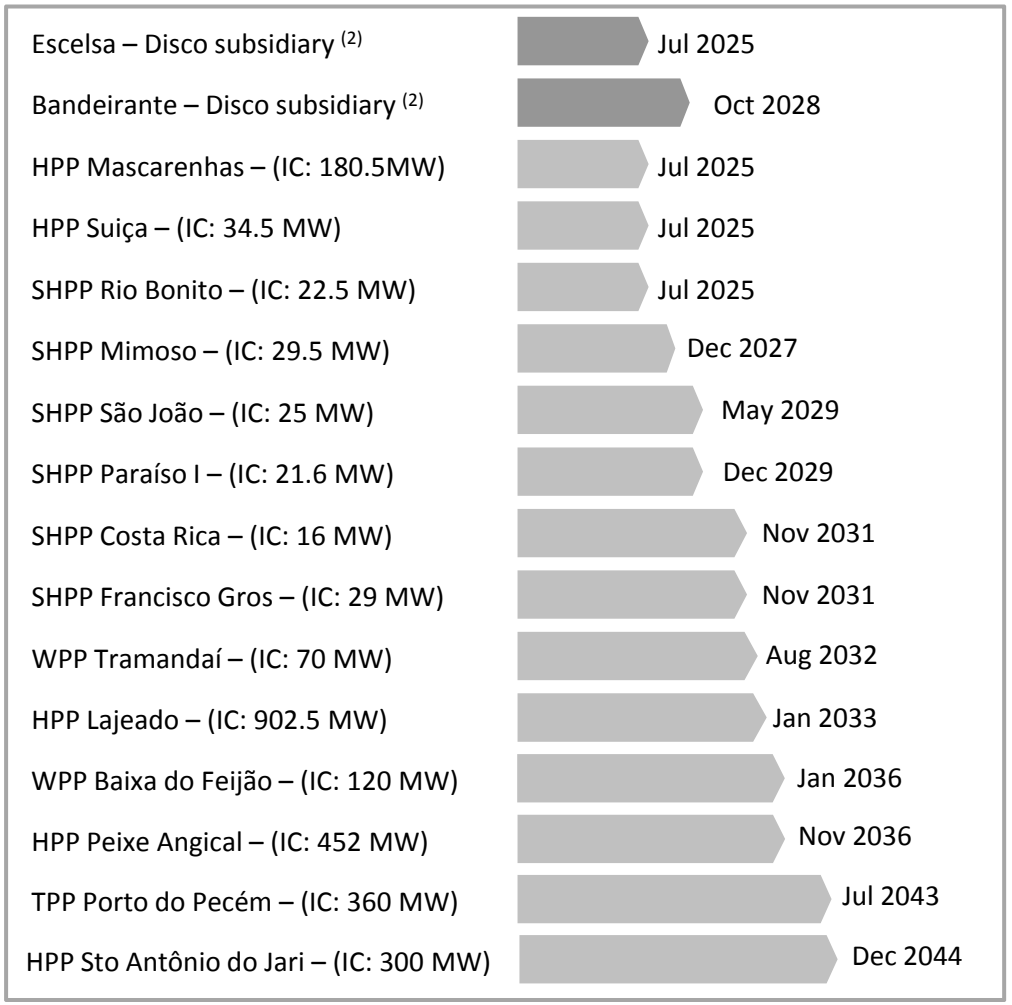


Contract coverage and inflation protection

Contracted Energy (Avg. MW)



Long term concessions (Expiring dates)



Concessions' renewals are not an issue to EDP

(1) Base date: Jan./2012. Weighted Average of existing contracts. Does not include Jari.

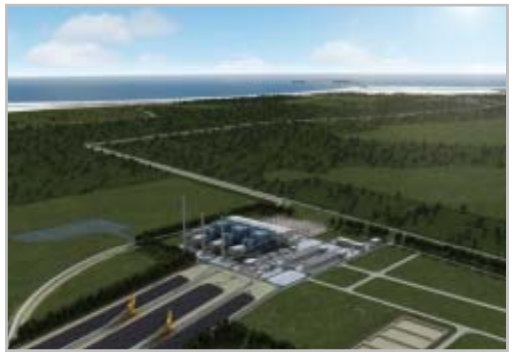
(2) First Period of concession subjected to renewal

Growth opportunities in the future

Development Pipeline	
Projects	
Hydro	**1,100 MW**
Wind (45% stake)	**670 MW**
Thermal (Gas)	**500 MW**
Total	**2,270 MW**

Challenges

- **Delays in licenses and registrations**
- **Low prices in the recent auctions**
- **Gas supply**
- **Renewable on the spot light**



More than 2 GW of pipeline: depending on auctions' attractiveness

Distribution regulation: challenging days ahead

Tariffs / Adjustments

Bandeirante	2007	2008	2009	2010	2011
Tariff Adjustment - %	-9.79	+11.89	+3.11	+10.70	-
Next Tariff Revision	Oct 11(1)				

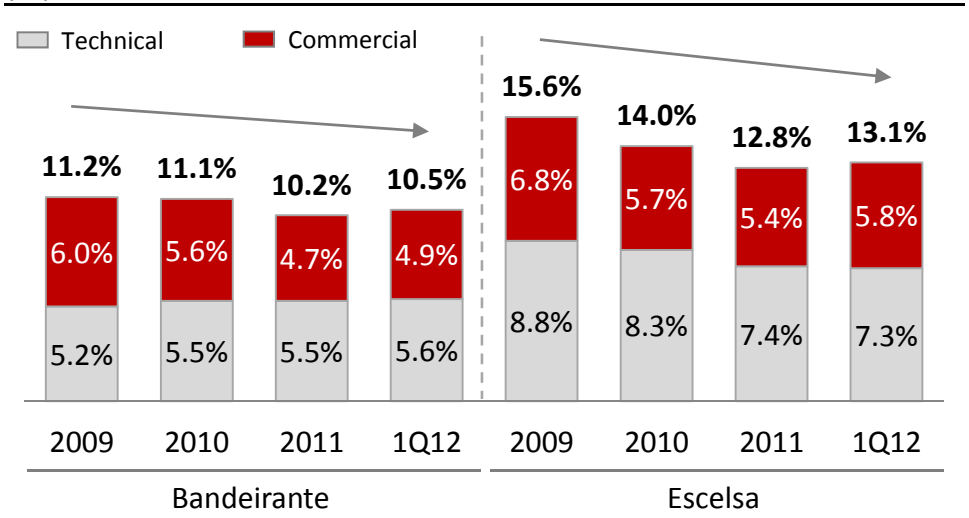
Escelsa	2007	2008	2009	2010	2011
Tariff Adjustment - %	-6.44	+7.48	+8.34	+4.41	+6.89
Next Tariff Revision	Aug 13				

- **Escelsa: RoR of 9.95% until 2013**
  - **Date of Review: August 7, 2013**
  - **Review in every 3 years**
- **Bandeirante: Frozen tariffs until review in Oct 2012**
  - **Date of Review: October 23, 2012**
  - **Review in every 4 years**
- **Reduction in Regulatory WACC: from 9.95% to 7.5%, with an implied cost of equity above 10%**

(1) * EDP Bandeirante Tariff Review was postponed from Oct 2011 to Oct 2012.

Distribution: focus on efficiency and quality of service

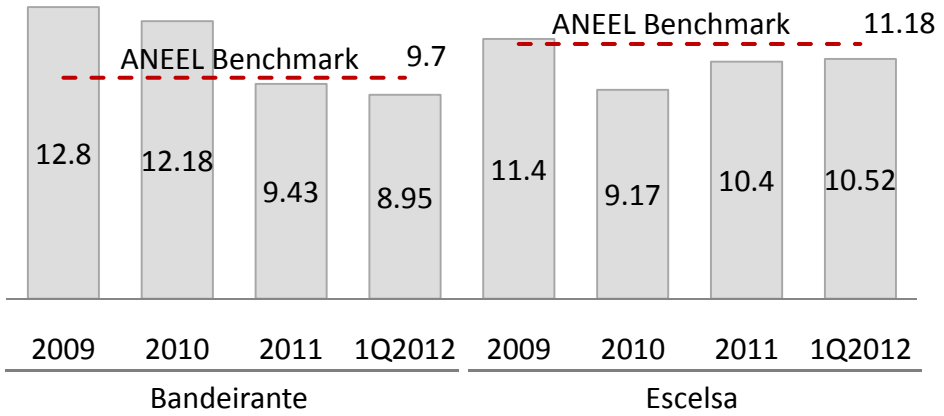
Technical and commercial losses
(%)



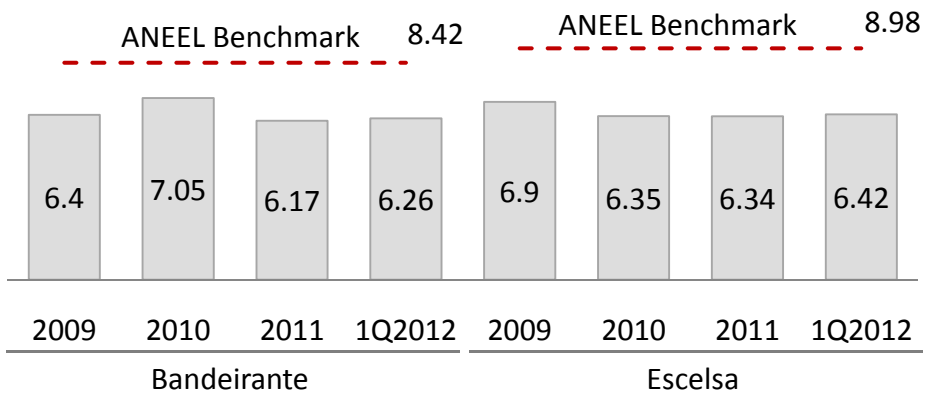
Grid Losses: decreasing trend

Quality of Service: better than ANEEL's requirements

Distribution quality indicators
DEC (hours)



Distribution quality indicators
FEC(times)



Commercialization: increase in EBITDA and revenues

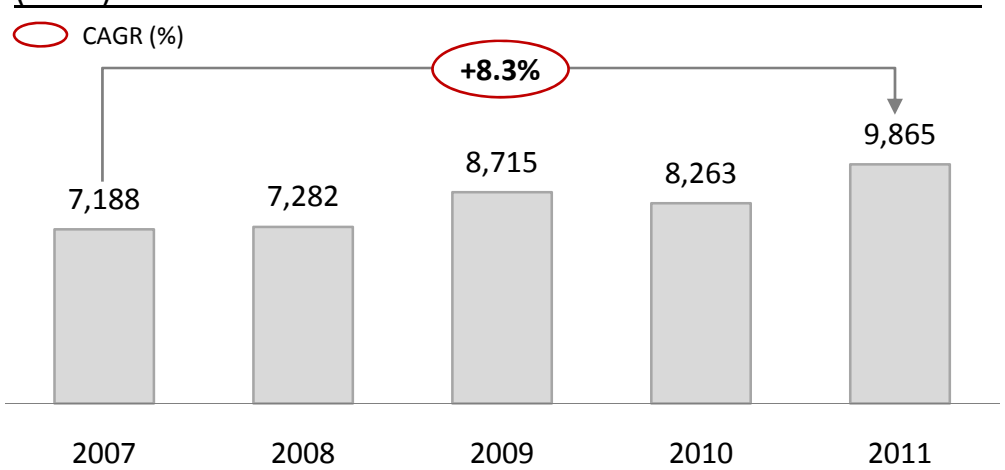
Drives to support the business

Relationship	• Market analysis • Definition of target clients
Market Intelligence	• Anticipating trends in order to maximize the Portfolio
Risk	• Management of default and operational risk

Enertrade - Highlights

- **3rd player: 20% increase in volumes (2011/2010) – Historical high**
- **Revenues of approximately R$ 1 billion in 2011**
- **EBITDA of R$ 32 million in 2011, 30.2% higher than 2010.**
- **Increase in number of clients: from 41 to 81 with contracts from 1 to 4 years.**

Volume
(GWh)



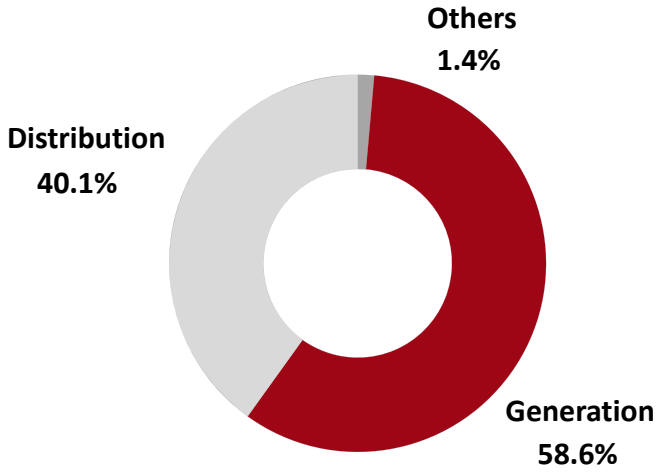
EDP is focused on Margin increase and taking advantage of synergies with Distribution and Generation

Financials

Miguel Amaro, CFO

Investments in new generation projects for the next couple of years

Capex breakdown in 2011
(%)



Historical and expected capex
(R$ thousand)

	2010	2011	2012E
Distribution	377	324	299
Generation	624	473	656
Other	13	11	4
Total	**1.014**	**808**	**959**

Modern Generation Plants need lower maintenance Capex

Investments in Distribution for market growth, network maintenance and Innovation

Ongoing projects: main highlights

PECEM

- 97.7% completed
- Accumulated disbursements on 1Q12: R$ 1,282 million
- ANEEL approval of new start-up date (July 23rd)

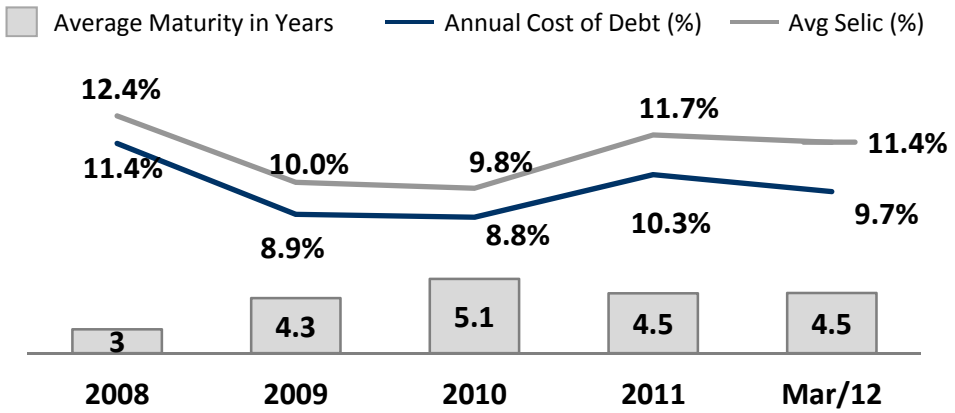
JARI

- Progress on schedule
- ANNEL extended the concession period to December 2044
- Tax Incentive Program (REIDI) granted

Focus on extending debt maturity and reducing cost

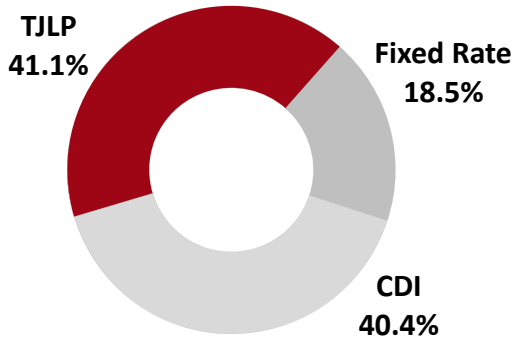
Extending Debt Maturity and Reducing Cost

Average maturity and cost of debt
(years; %)

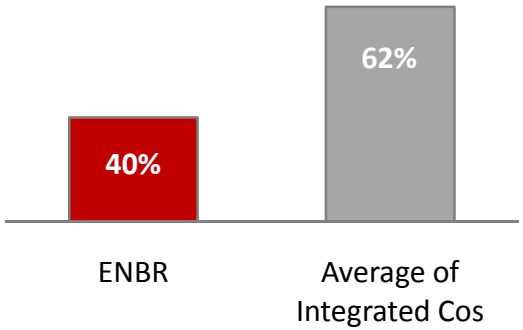


Debt Profile

Gross Debt Breakdown (1Q12)
(%)



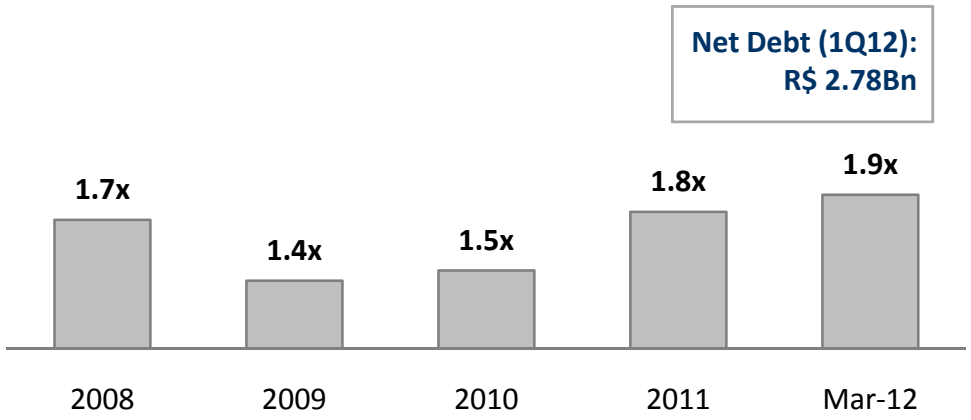
Exposure to CDI
(%)



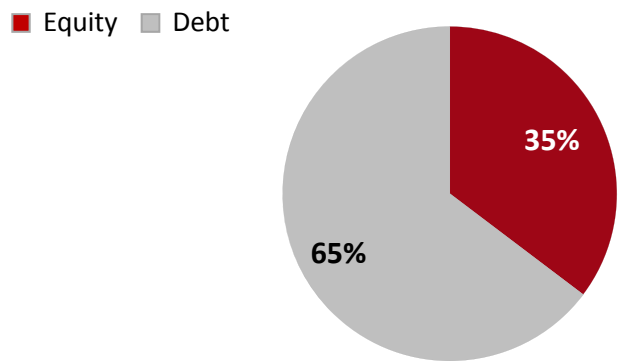
- **Increasing the debt profile and the ability to refinance its near term maturities**
- **EDP's debt based upon the Brazilian Interbank Rate (CDI) and Long Term Interest Rate (TJLP)**

Healthy balance sheet provides room for future growth

Net debt / LTM EBITDA
(x)



Capital structure (2011)
(%)



Available credit line

Instrument	Approved	Available	Date	Maturity (years)	Cost of Loan
BNDES – Porto do Pecém I	R$1.410	R$69	2012	17	TJLP + spread 2.77%
BID – Porto do Pecém I	US$327	US$7	2012	17 13	Libor + 350 bp Libor + 300 bp
BNDES – CALC	R$ 900	R$ 656	2014	10	TJLP + spread 2.32% to 3.32%pa and 4.5%pa flat
Banco do Brasil – ECE	R$360	R$235	2013	2	109% of CDI

Final Remarks

Ana Maria Fernandes, CEO

Energias do Brasil: a distinctive investment case

Growth in generation with capital discipline
Average capex of R$0.7bn for the 2012E-2015E period

Integrated portfolio of assets benefitting from long term concessions and PPAs
EBITDA 2011-15E CAGR: mid single digit growth to ~R$2bn in 2015E

Financial strength
Net Debt/EBITDA 2015E: < 2.0x

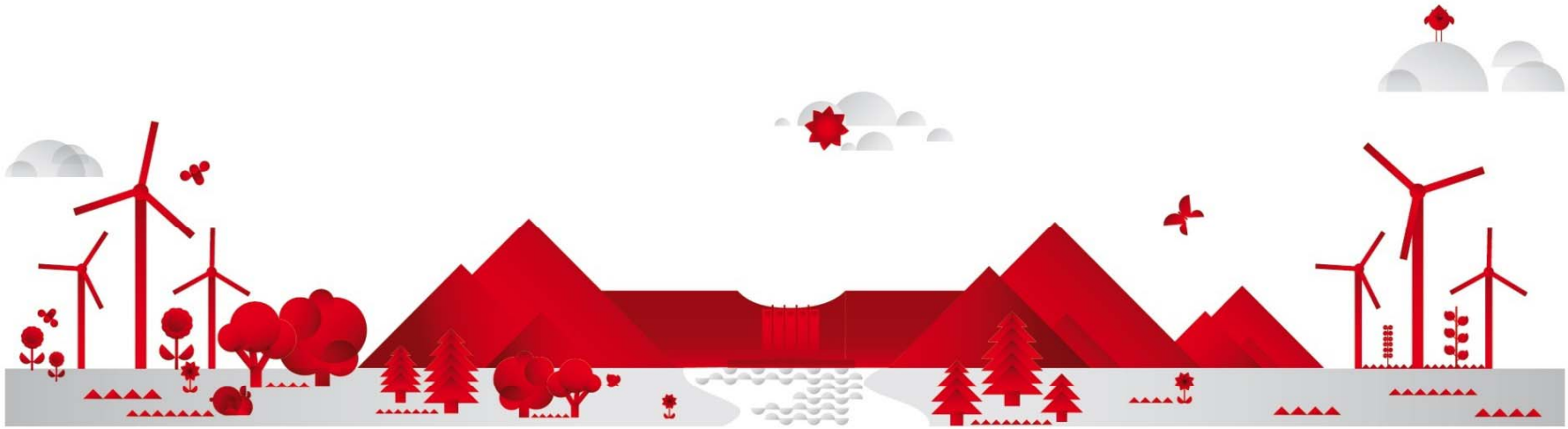
Continued improvement of profitability
Net Income 2011-15E CAGR: mid single digit growth

Adequate shareholder return: dividend policy of 50% minimum payout

EDP – Energias de Portugal
Investor Day

we are edp

investor day 2012



Dow Jones Sustainability Indexes
Member 2011/12

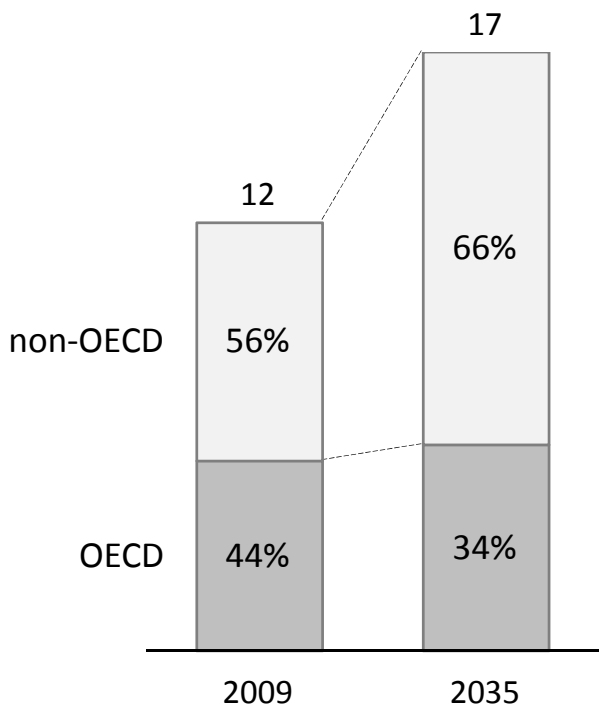
investor day 2012

Industry Trends

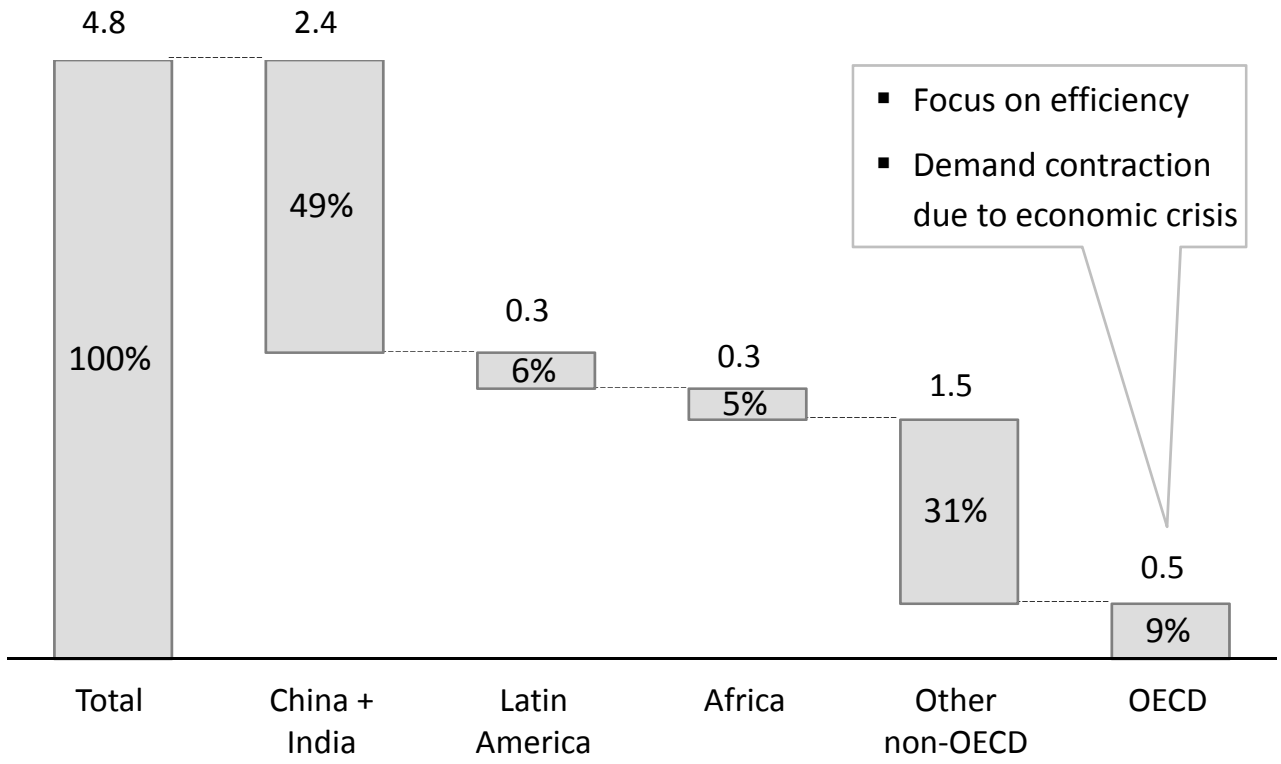
Pedro Neves Ferreira, Energy Planning

More than 90% growth in energy demand in the next 20 years will come from non-OECD countries

Primary energy evolution forecast
(Btoe, %)



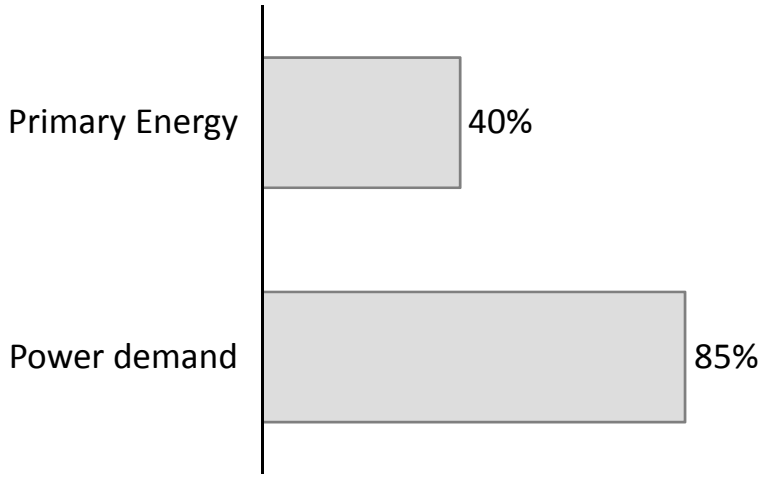
Growth by geography
(Btoe, %)



Source: IEA, WEO 2011

Power will grow more than any other fuel, showing increasing electrification of energy supply

Growth 2009 - 2035
(%)

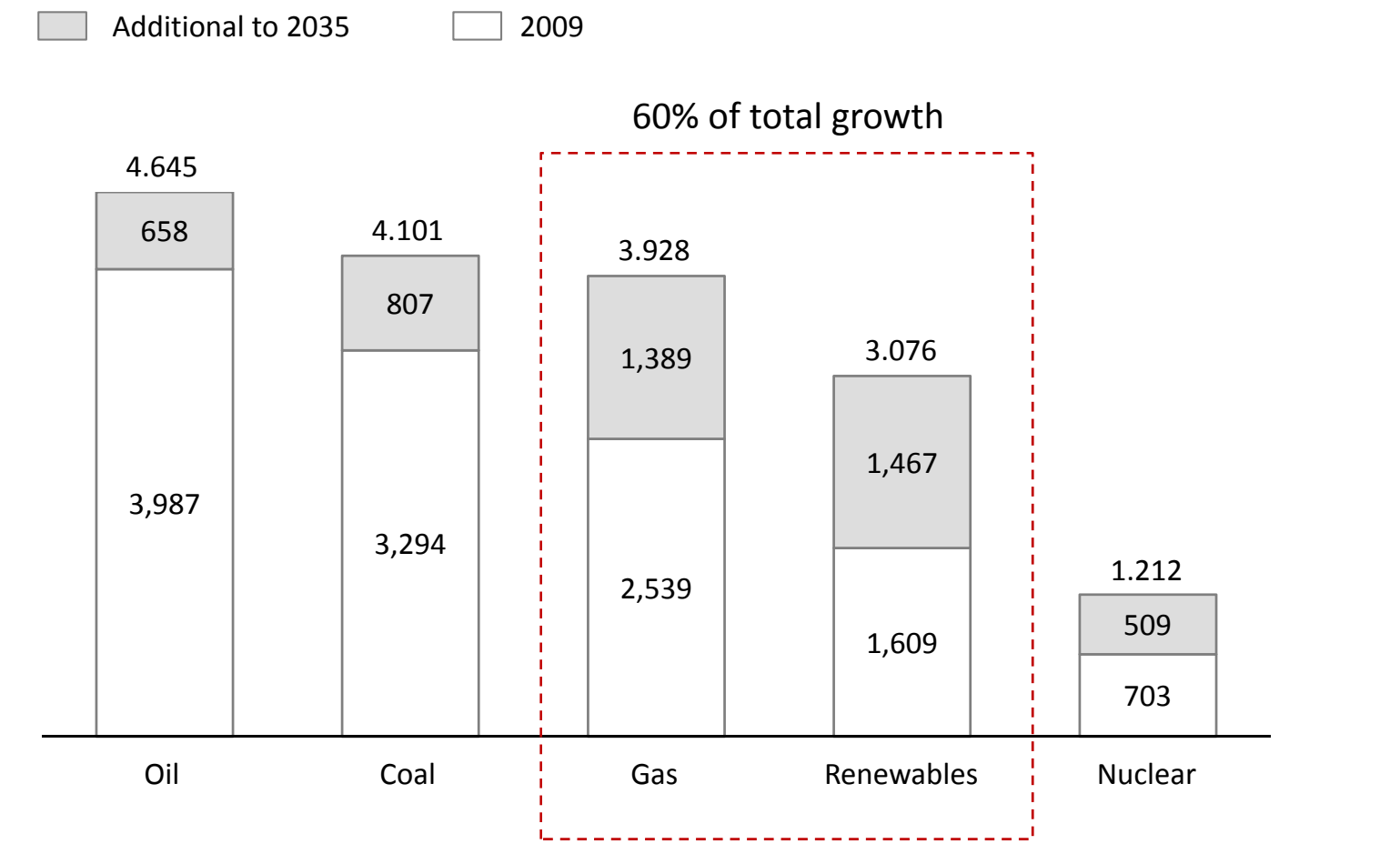


- Greater electrification of energy demand
- Key drivers:
  - Urbanization in developing countries
  - Gradual penetration of Electric Vehicles and Plug-In Hybrid Electric Vehicles in developed countries

Source: IEA, WEO 2011

Relentless decarbonization will drive growth of Natural Gas and Renewables

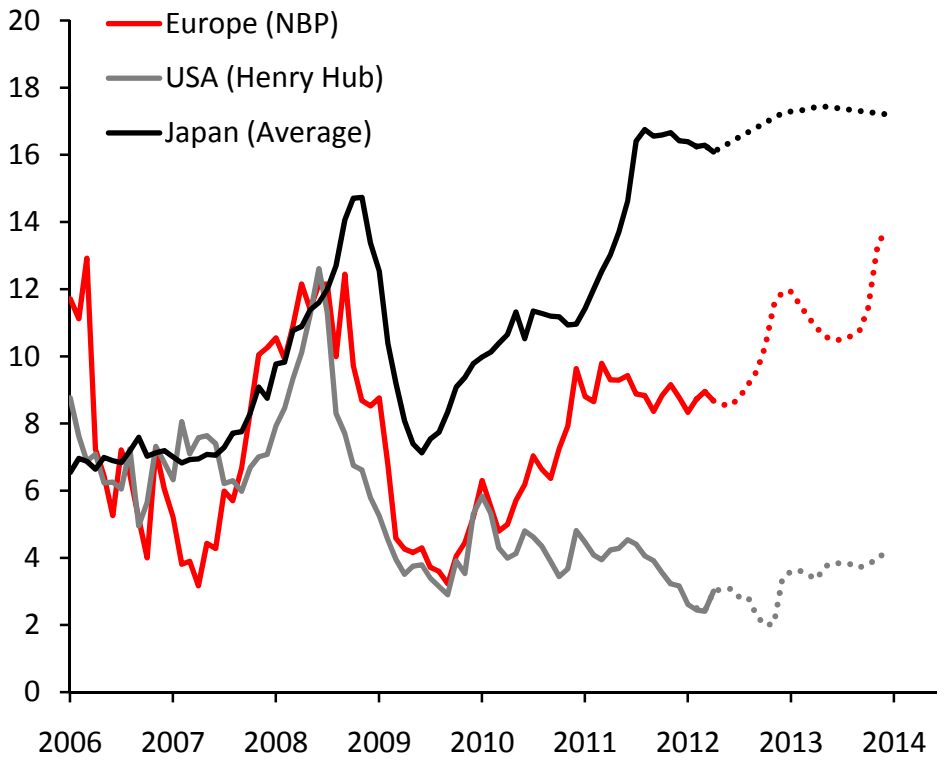
World primary energy demand by fuel
(Mtoe, %)



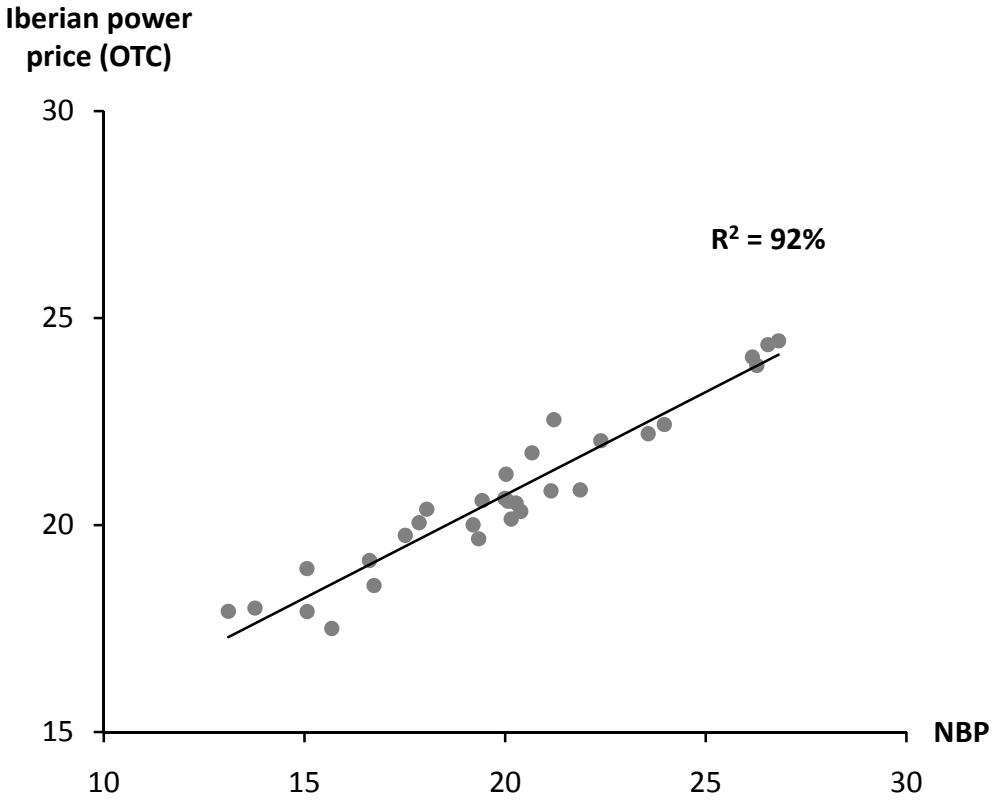
Source: IEA, WEO 2011

The gas market has broken down into 3 regions; Iberian OTC power prices well correlated with European gas prices (NBP)

Main international gas prices
($/MBtu)



NBP vs. OTC (year ahead) correlation
(€/MWh)

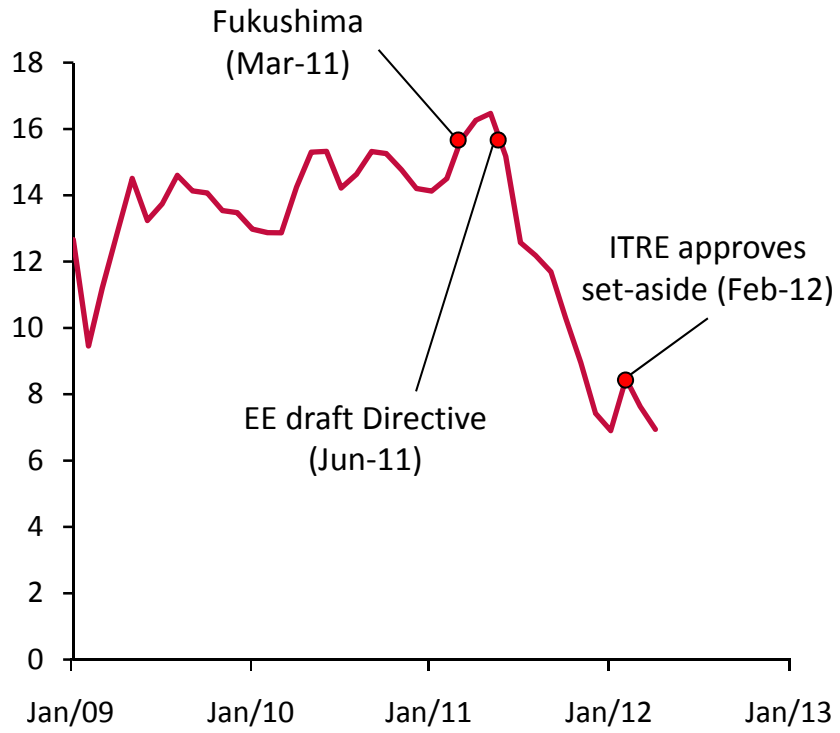


Pull from Asian markets and recovery in European gas demand will prompt upside in Iberian power prices

Source: IHS CERA

In the EU, gas demand is strongly dependent on the CO_2 price in ETS, for which we see upside

CO_2 price evolution
(€/Ton)



Regulatory update

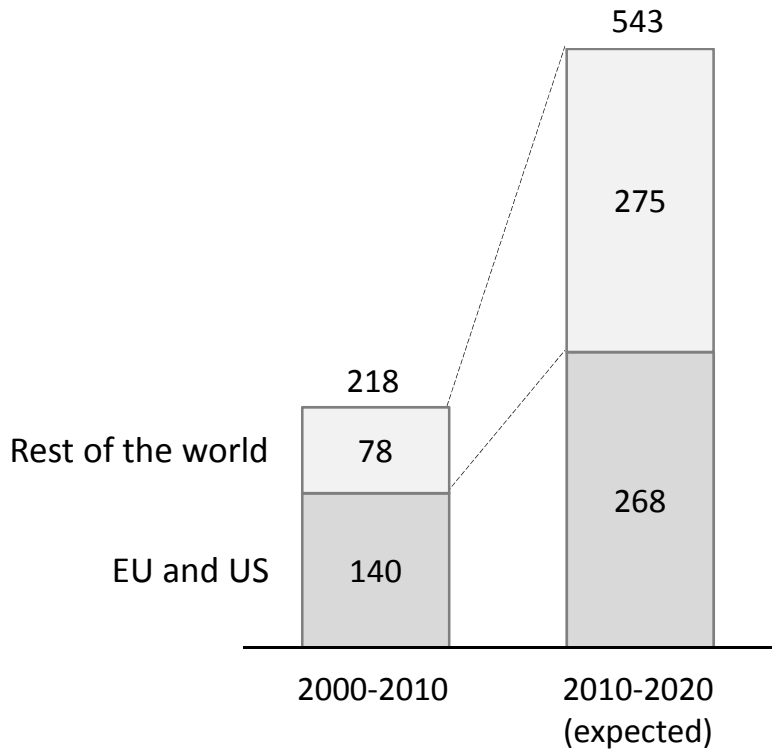
- CO_2 prices subdued due to economic crisis leading to excess supply (phase II and III)
- Bearish sentiment reinforced with Energy Efficiency draft Directive
- Set-aside provision approved in ENVI(1) and ITRE(2) Committees
- CO_2 auctions possibly delayed

Increasing signs from EC that regulatory measures will be taken to stimulate CO_2 price

(1) ENVI: European Parliament's Committee on the Environment, Public Health and Food Safety; (2). ITRE: European Parliament's Committee on Industry, Research and Energy .
Source: Reuters

Renewables with positive long term outlook, despite short term uncertainty

Positive long term outlook...
(Additions of capacity of wind and solar in the world, GW)



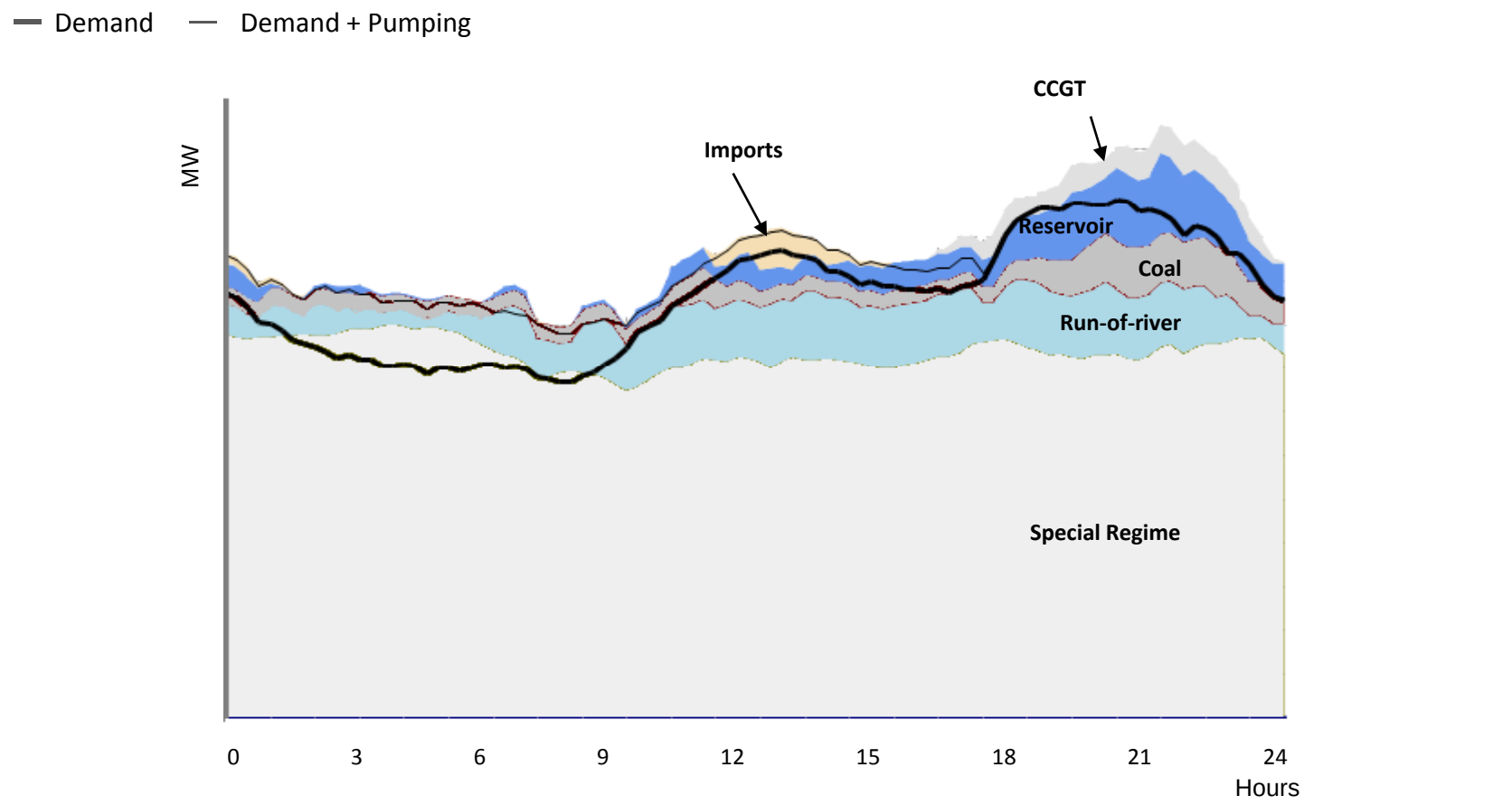
...with uncertainty in the short term in EU and US

- **US**: Renewables deployment driven by State policies, limited Federal incentives (e.g., PTC extension), Obama administration slow in removing uncertainty
- **Spain and Italy**: slow downs on short term targets and downward revision of remuneration
- **Tariff revisions across Europe**: UK, Germany

Source: GWEC, EPIA, IEA WEO 2011, McKinsey

Increasing share of renewables will create demand for flexibility and storage associated with pumping…

Load curve on 13.11.2011
(MW)

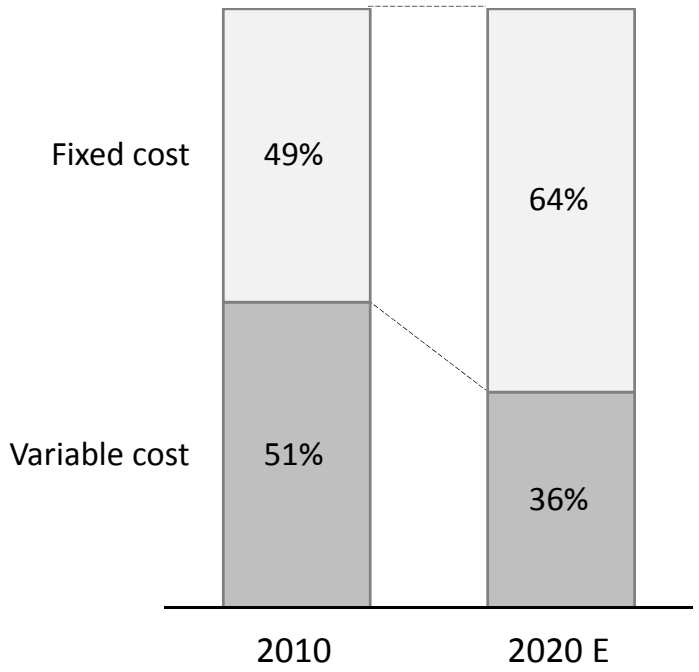


Balancing supply and demand will increase the role of ancillary services markets

Source: REN

… As well as the need for market design reform to promote investment in low-carbon techs and thermal back-up plants

Generation mix by cost nature
(% EU-27 installed capacity)



Regulatory reforms in the EU
Selected examples

UK

- Electricity market reform
  - Long-term contracting for low-carbon techs
  - CO_2 price floor
  - Capacity market obligations
  - Emissions Performance Standard

GR

- Government considering introducing capacity mechanism until 2015

FR

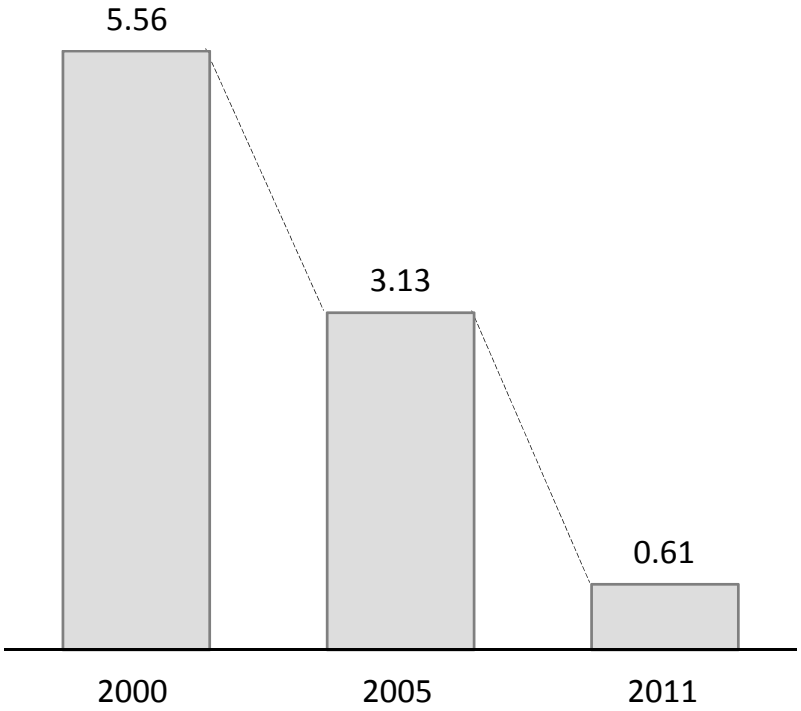
- Capacity market to be introduced (obligations on suppliers)

Long-term contracting and capacity payments are key regulation trends.
Reforms will tend to be more incremental in Iberia in the medium-term due to lower need for investment

Source: IEA WEO 2011, McKinsey

Renewables' technological development and more emphasis on energy efficiency will prompt new business models downstream

Distributed solar PV approaching grid parity
(Cost of module, €/Wp[(1)])



Renewed emphasis on energy efficiency

- Recognized as most cost effective CO_2 abatement technology
- Labour-intensive activity critical to address unemployment under economic crisis
- Energy efficiency draft Directive strengthens targets

Smart grids are key enabler for Energy Efficiency adoption and integration of new technologies

(1) 2000: Historic prices from Paul Maycock; 2005-2011: Chinese c-Si module price as tracked by BNEF
Source: Bloomberg New Energy Finance: Historical crystalline silicon module prices

EDP is well positioned to capture growth opportunities while managing short term challenges

Opportunities	Challenges	EDP's position
International expansion to capture non-OECD growth	▪ Largest share of growth is captured by domestic players ▪ Demand contraction in OECD countries in the short term	▪ Focused growth in selected natural geographies: – Leveraging existing platforms – Leveraging partnership with CTG ▪ Low economic exposure to sluggish demand evolution
Growth in Renewables and Gas	▪ In Renewables, strong regulatory pressure in the short term ▪ In gas, unattractive spreads for CCGTs in Iberia	▪ Pipeline optionality in growth geographies, actively managing/redeploying capex ▪ Strong investment in flexible competitive hydro plants ▪ Flexible gas sourcing with integrated Iberian hedging strategy ▪ Active regulatory management for CO_2 price visibility and capacity payments
Growth in downstream business	▪ Need to find attractive business model for "distributed capex" deployment	▪ Creation of specific business units to tap into this market ▪ Roll-out Inovgrid smart grid project with sound business model

investor day 2012

Regulation & Energy Markets in Iberia

João Manso Neto, Board Member

1 Regulation in Iberia

2 Energy Markets in Iberia

Sustainability of the Iberian electricity systems: perception vs. reality

Portuguese electricity system sustainability is being questioned by the market

"The regulator has delayed the time to recover subsidies paid to renewable generators by five years and delayed the recovery of PPA/CMEC revenues from 2012 to 2013. (…) ***key risk is that the regulator decides to implement these deviations for 2013 and onwards, creating a higher structural deficit in the system****"* (Oct-11)

"The ***uncertainty in the recovery of these receivables or further growth could be always a shadow****, but overall we conclude that this figure looks much more manageable than in the case of Spain"* (Oct-11)

Spanish electricity tariff deficit is being seen by the market as a long term issue

"We think any potential measure penalising utilities should go together with ***further structural measures, towards ensuring the system viability, nowadays a concern****."* (Nov-11)

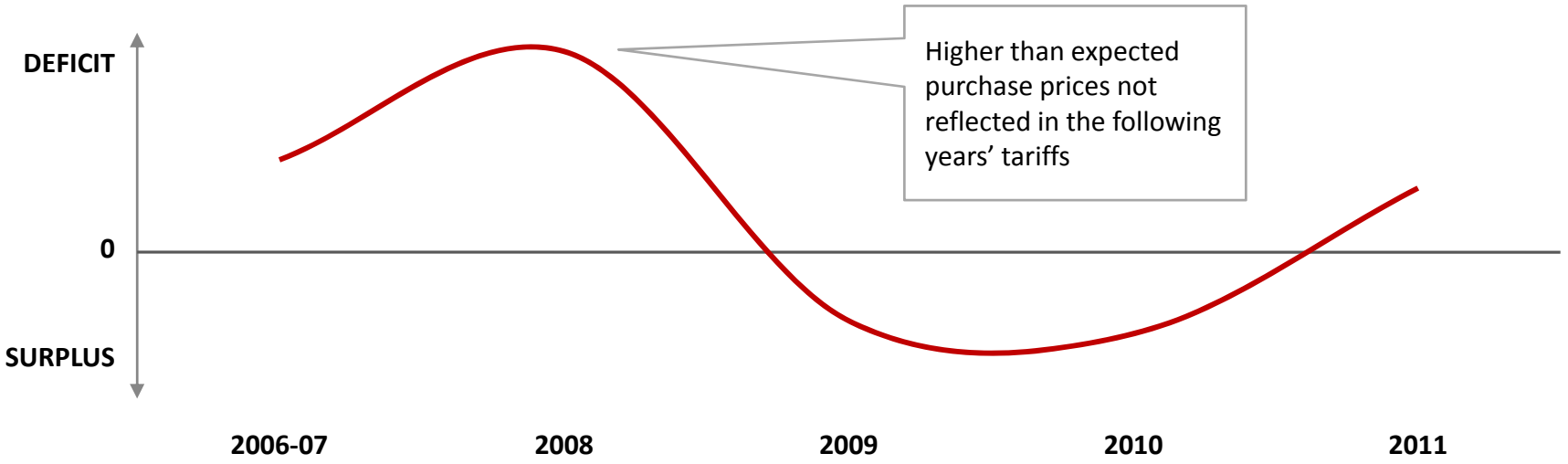
"On 30 March the Spanish government approved measures to reduce the 2012 tariff deficit by EUR3.1bn. (…) We think there is deeper electricity market reform to come. (…) some of the measures affect only 2012E revenues. ***The Spanish government has to pass measures with a permanent impact on tariff deficit reduction****"* (Abr-12)

The sustainability of the Portuguese and Spanish electricity systems is being questioned by the market, but...

Portugal: annual tariff deficits are not structural

Evolution of Portuguese electricity system tariff deficits and surplus

(€bn)



Av. wholesale purchase price (€/MWh)

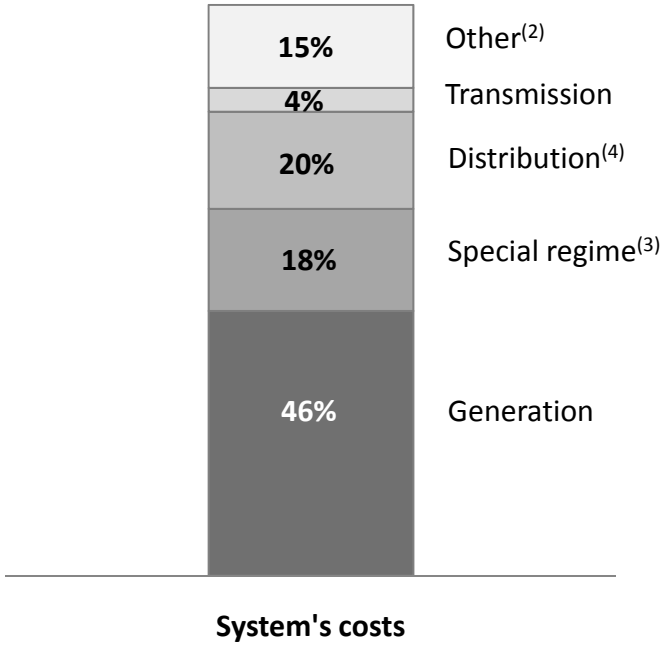
	2006-07	2008	2009	2010	2011
Real	57(1)	73	45	46	53
Implied in the tariffs	50(1)	50	71	51	47
Avg. Tariff Increase for LV(1)		**2.9%**	**4.4%**	**2.9%**	**3.8%**

System costs impacted by volatility issues (hydro production, fuel costs and power prices), which are difficult to predict when setting tariffs for the year ahead

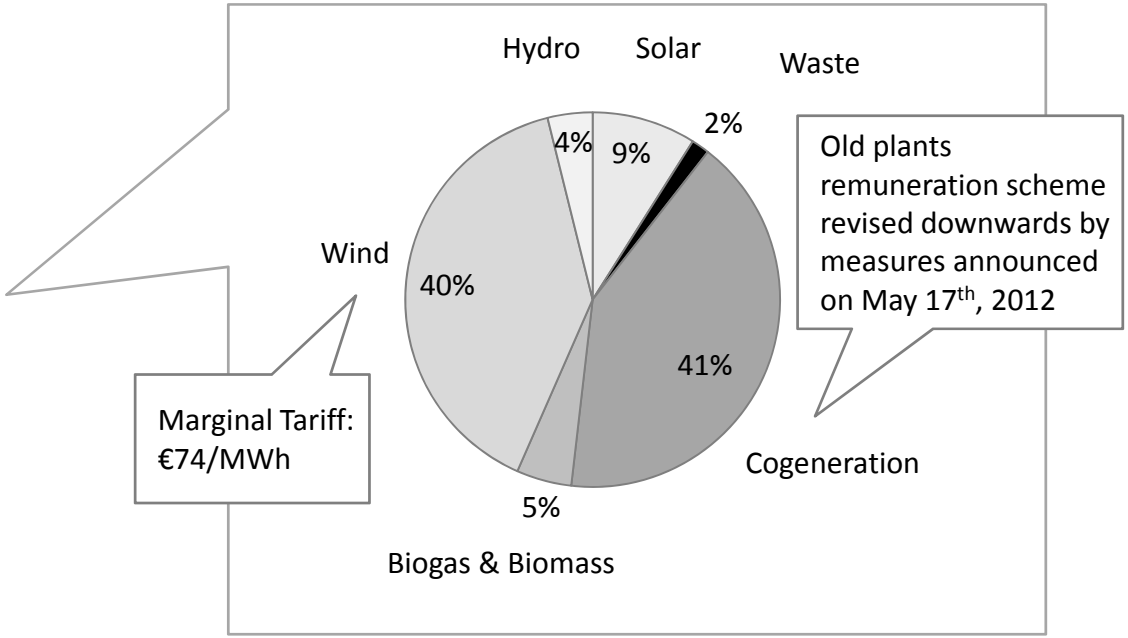
(1) Average wholesale price for 2007.

Portugal: low exposure to expensive and non-mature special regime technologies

Portugal: Breakdown of 2012E elect. system regulated costs[1]
(%)



Portugal: Breakdown of 2012E special regime premium[3]
(%)

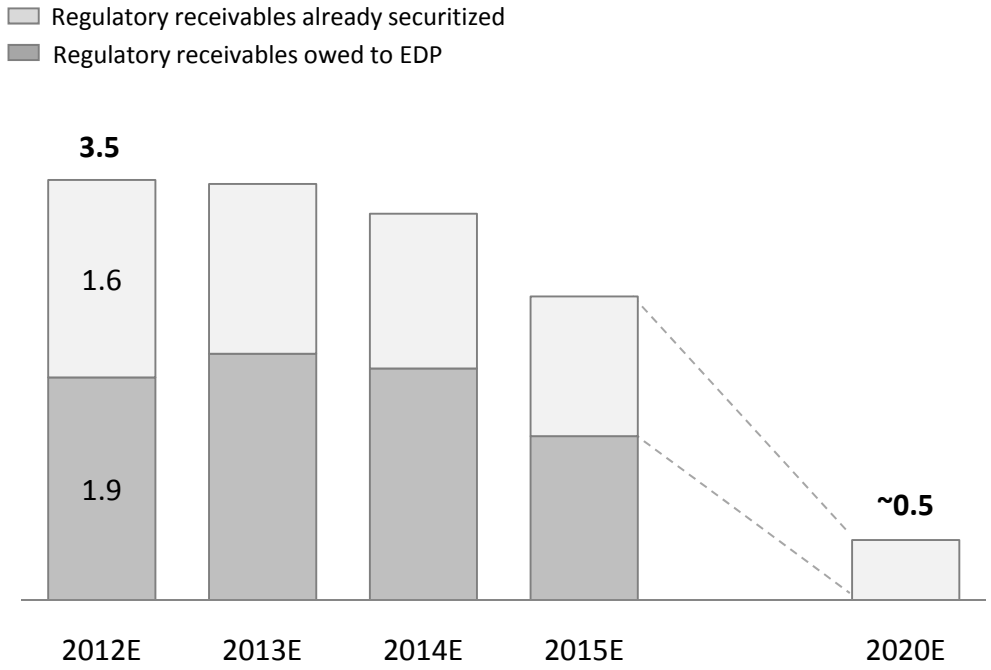


Special regime premium is less than 20% of overall system costs, out of which cogeneration accounts for 41%, while solar represents less than 10%

(1) EDP's 2012 forecasted electricity system costs (including liberalised markets); (2) Other include: Global System Costs, Supply, deficit payments from previous years and Other; (3) Special Regime generation cost in excess of other energy purchase cost (premium) (4) Including Municipal concession rents and HR restructuring costs.

Portugal: financial sustainability of the system until 2020

Regulatory receivables of the Portuguese electricity system
(€bn)



Key Assumptions for 2011-2020E period:

- **Brent:** $117/bbl in 2012 and $112/bbl in 2013; +2.1% CAGR to $135/bbl in 2020
- **Electricity Consumption Portugal:** CAGR of +1.0%, considering -3.5% in 2012 and -0.9% in 2013
  - Consumption sensitivity: +/-1% with no material impact
- **Tariff increases: ~**+1.5%-2.0% CAGR in real terms or +3.5%-4.0% CAGR nominal
- **Recently announced measures reinforce the system's sustainability**
- **Scenario without any additional securitisations by EDP**

Electricity tariffs in Portugal vs. EU average in line for residentials (including 23% VAT) and below for industrials

Liberalisation to alleviate pressure on system's costs: quarterly increases of transitory last resort tariffs to speed up the process

Portuguese electricity system is sustainable based on conservative assumptions on costs and demand

Portugal: measures recently announced by the government

Action areas	Brief description	Annual Impact for the System	Full year Impact for EDP (1)
Capacity payments	▪ CCGT: capacity payment cut to €6,000/MW from Jan-14(2) onwards (temporarily at zero in 2H12/2013); Repowering with pumping (Alqueva): capacity payment cut by 50%	€62m	-€37m
Cogeneration	▪ Downward revision of remuneration formula	€50-80m	-
CMEC	▪ Agreement for a cut of annual financial revenues for EDP related to CMECs financial mechanism	€13m	-€13m
CO_2 Licences	▪ Transfer to the electricity system 80% of the revenues from the auctions of CO_2 licenses attributed to the electricity system	€200-250m	-
		€325-405m	**-€50m**

New framework reinforce regulatory visibility and stability to the Portuguese electricity system

Financial impact on EDP with all measures in effect (2014): ~1% of EBITDA or ~2.5% of EPS per year

(1) Full year impact for 2014E

(2) Jan-14 expected to be the date of the end of the Troika programme for Portugal.

Spain: tariffs' revenues systematically below real costs

Spanish utilities: 2002-2011 evolution of tariff deficits

(€bn)

Tariff deficits mostly related to:

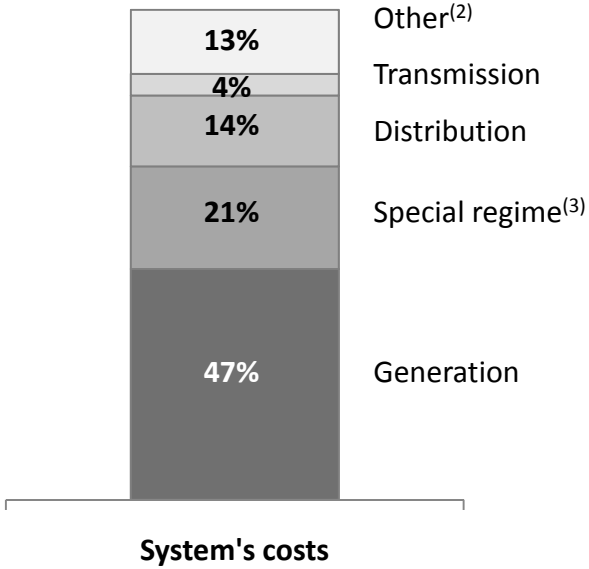
- Energy prices above tariff's assumption;
- Insufficient increase of tariffs to cover the costs
- Special regime over-costs;
- Lower demand vs. tariff's assumption;
- Island's deficits

Until Dec-11, pending tariff deficit amounts to €22.6m, of which €9.4m are owed by utilities and €13.2m are owed to financial institutions (securitisation deals)

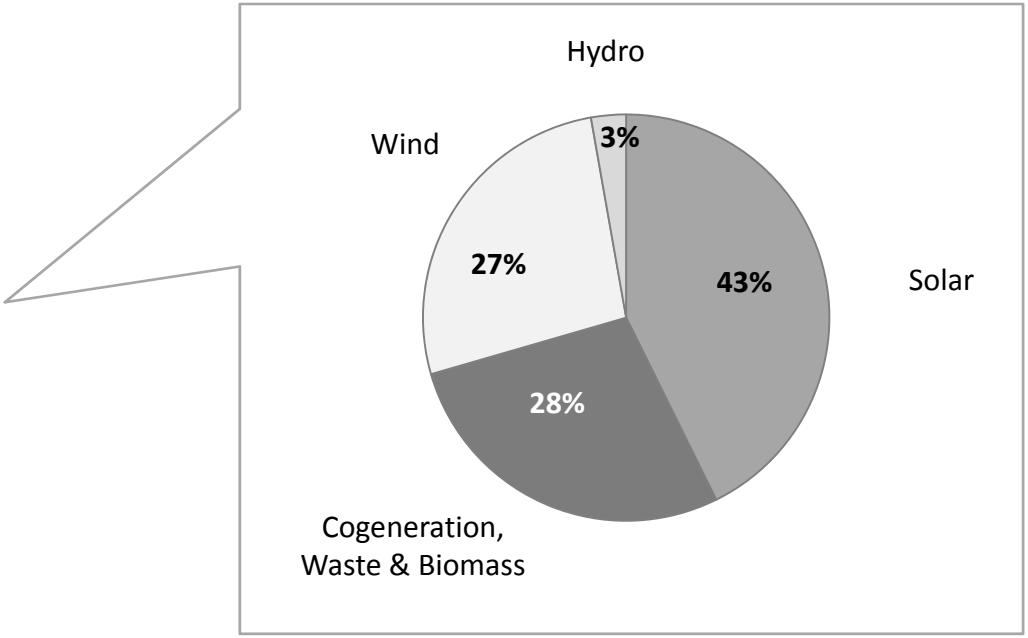
EDP has a 6% share of the Spanish deficit attributable to utilities

Spain: high exposure to expensive emergent technologies namely solar

Spain: Breakdown of 2012E elect. system regulated costs[1]
(%)



Spain: Breakdown of 2012E special regime premium[3]
(%)



Special regime premium is more than 20% of overall system costs, out of which solar represents more than 40% and cogeneration, waste and biomass almost 30%

(1) EDP's 2012 forecasted electricity system costs (including liberalised markets and islands); (2) Other include mostly the payment of previous deficits and islands costs; (3) Special Regime premiums

Spain: measure announced by the government in Mar-12
Utilities to support ~30% of the contribution

Action areas		Brief Description	Impact for the System	Impact for EDP
Clients	Tariffs	▪ 10% increase in Last Resort tariffs (16% access tariffs increase)	€1,580m	-
	Interruptibility	▪ 10% cut in interruptibility service	€60m	-
	Total Clients		**€1,640m**	**-**
Utilities	Distribution	▪ Cut in distribution revenues	€690m	-€18m
	Transmission	▪ Remuneration of new investments delayed by 1 year (one-off)	€200m	-
	Capacity Payments	▪ 10% cut in current value	€80m	-€5m
	National Coal	▪ 10% cut in subsidies in 2012	€50m	-€5m
	System Operator	▪ Remuneration paid directly by utilities	€20m	-€1m
	Social Tariff Fund	▪ No contribution from utilities	-€150m	€7m
	CCGT	▪ Gas access tariffs	€50m	-€3m
	Total Utilities		**€940m**	**-€25m**
Other		▪ Channeling of EE reserve fund to the 2012 deficit (one-off)	**€660m**	**-**
			€3,240m	**-€25m**

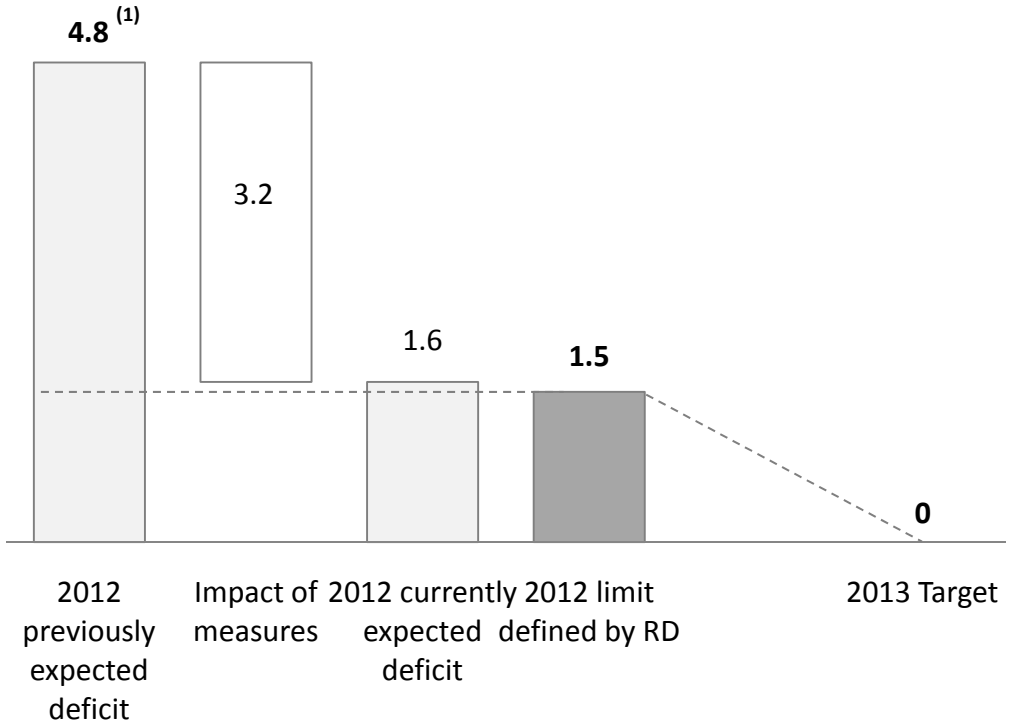
Financial measures approved should lower the 2012E electricity tariff deficit from €4.8bn to €1.6bn

Impact on EDP in 2012E financials: < 1% of EBITDA and < 2% of EPS

Spain: additional measures are needed to achieve medium/long term sustainability of the electricity system

2012E-2013E expected electricity tariff deficit

(€bn)



- 2012E expected deficit include of €1.6bn include €0.9bn of one-off revenues
- **Announced measures** bring 2012 expected deficit slightly above the €1.5bn pre-defined limit, but **are not enough to reach 2013E zero target deficit**

- **Spanish Government has two options:**

  1- Soft landing measures: negotiation towards a gradual increase of electricity tariffs and costs reduction to ensure regulatory stability;

  2- One-shot measures: could put at stake the regulatory stability

Recently announced measures solve the 2012E deficit but are not sufficient on a long-term basis

Gradual increase of tariffs and reduction of costs are preferable to a drastic one-shot set of measures

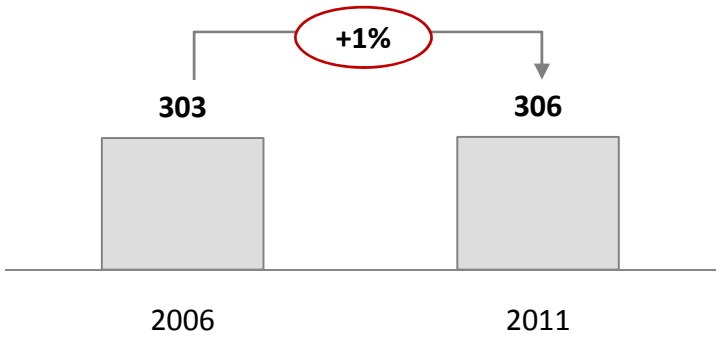
(1) EDP estimate

1 Regulation in Iberia

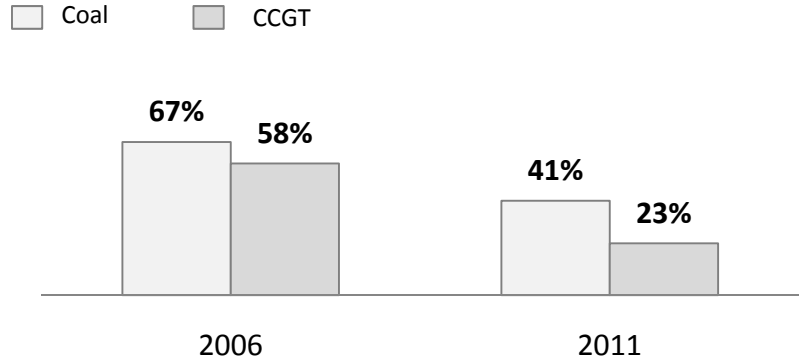
2 Energy Markets in Iberia

Context in Iberian energy market is challenging

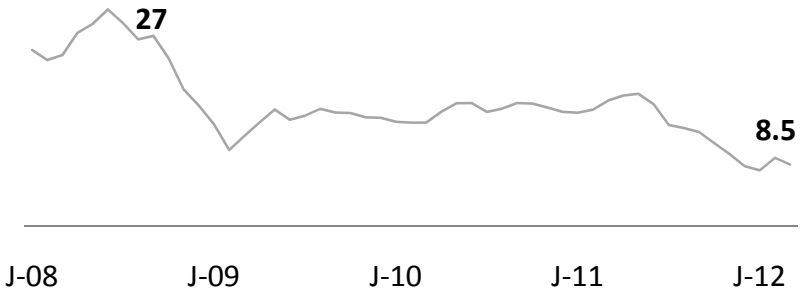
Iberia – Electricity Demand (1)
(TWh)



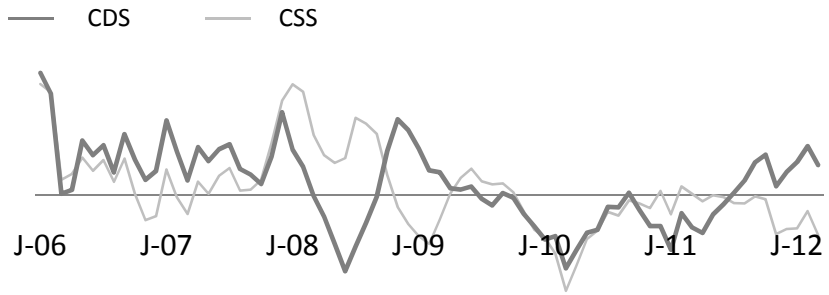
Iberia – Load Factors in Spain(1)
(%)



Spain – CO_2 Prices (2nd Phase)
(€/Ton)



Spain– Clean Dark and Spark Spreads
(€/MWh)



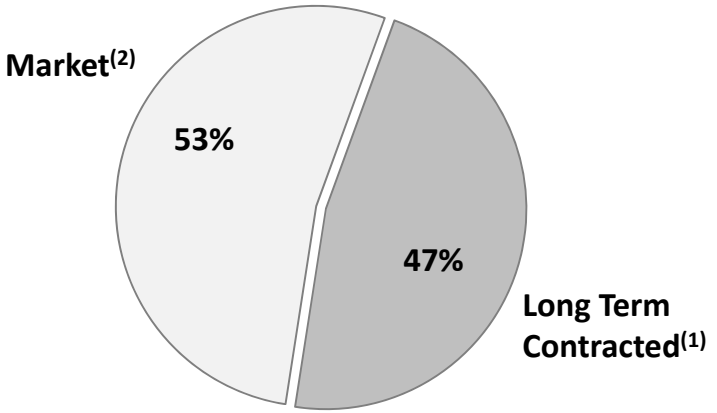
- **Total demand was almost flat in the last 5 years and thermal load factors declined by ~25pp**
- **CO_2 prices are at historical lows, resulting in coal load factors higher than gas' and lower consumption at CCGTs**
- **Clean thermal spreads have been clearly insufficient**

(1) The years of 2006 and 2011 were similar in terms of hydro conditions, with an hydro coefficient around 0.8 (vs. Average year: 1.0)

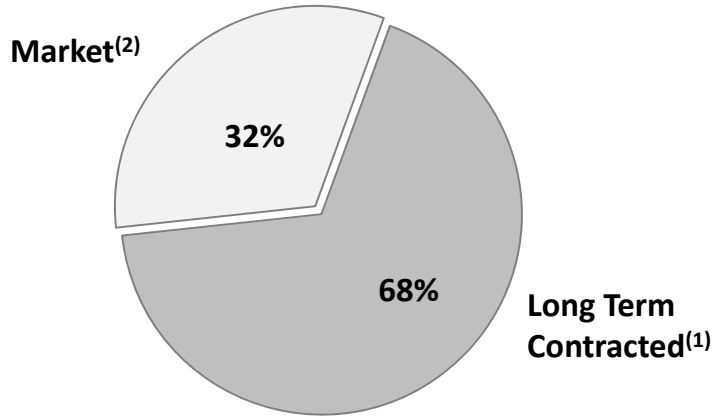
Our generation portfolio is mostly Long Term Contracted: PPA/CMECs provide stability

EDP – Generation & Supply in Iberia
2011, MW & EBITDA

MW



EBITDA



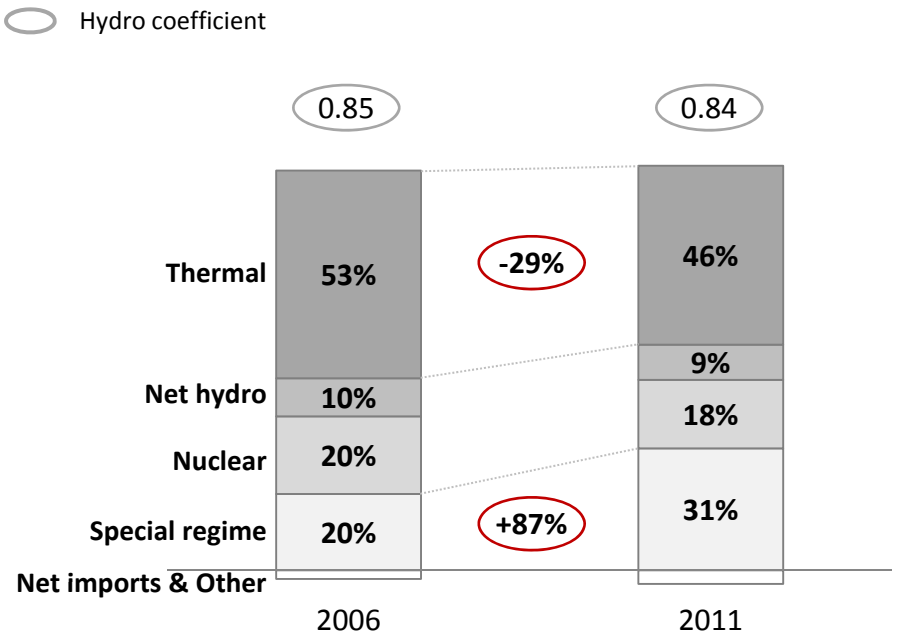
- The bulk of LT Contracted generation is PPA/CMEC: Remunerated at 8.5% ROA; no volume or price risk, inflation updated
- PPA/CMECs are long term contracts, not regulated activity: any change depends on agreement between EDP and the system

Under a difficult context, liberalised activities account for 1/3 of EBITDA from Iberian generation & supply

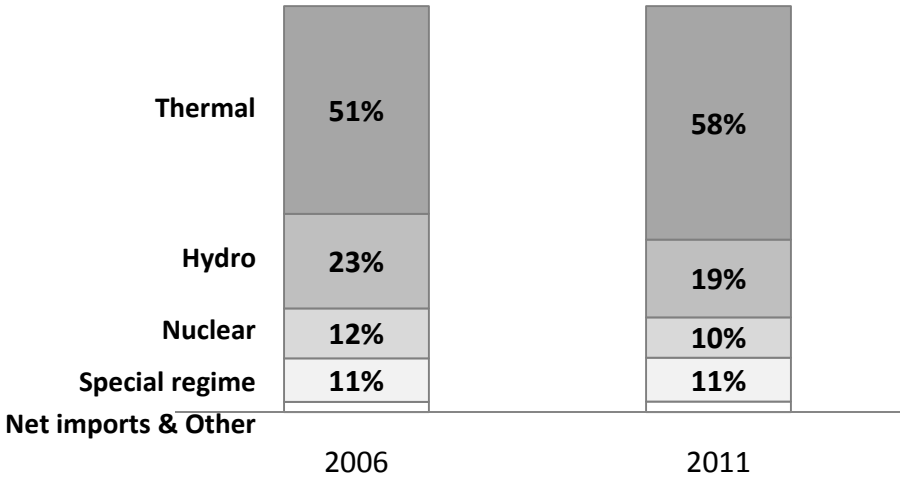
(1) Includes PPA/CMEC (91%) and Special Regime (9%, ex-wind); (2) Liberalised activities: liberalised electricity generation and supply, gas supply

System features signal that improvements are required

Iberia - Gross demand, 2006-2011
(GWh)



Iberia – Firm Capacity[(1)]
(MW)



- Output from special regime rose by 87% in 2006-11, backed by an 82% expansion in installed capacity
- Special regime met for 31% of total production in 2011 but its intermittence requires back-up capacity

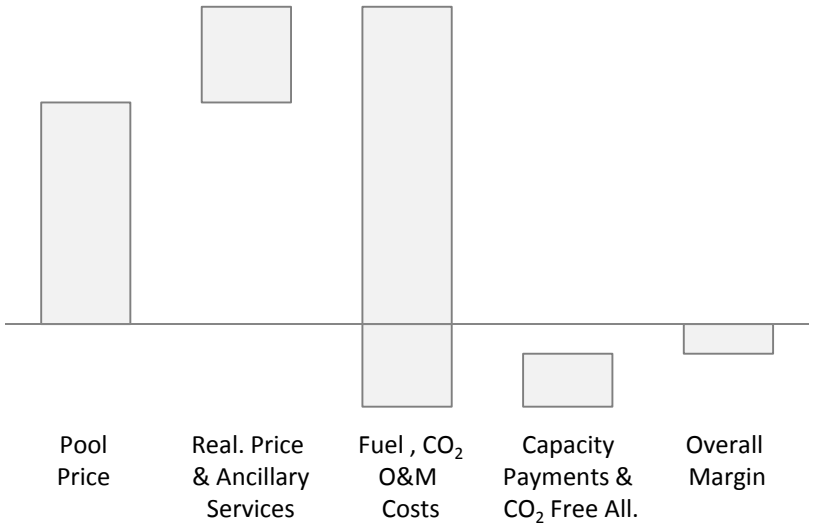
- Thermal capacity accounts for 58% of available capacity to meet peak demand
- CCGT and Hydro are key back-up technologies, accounting for over 75% of firm capacity

CCGTs and Hydro plants play a major role in assuring reliability of the Iberian electricity system

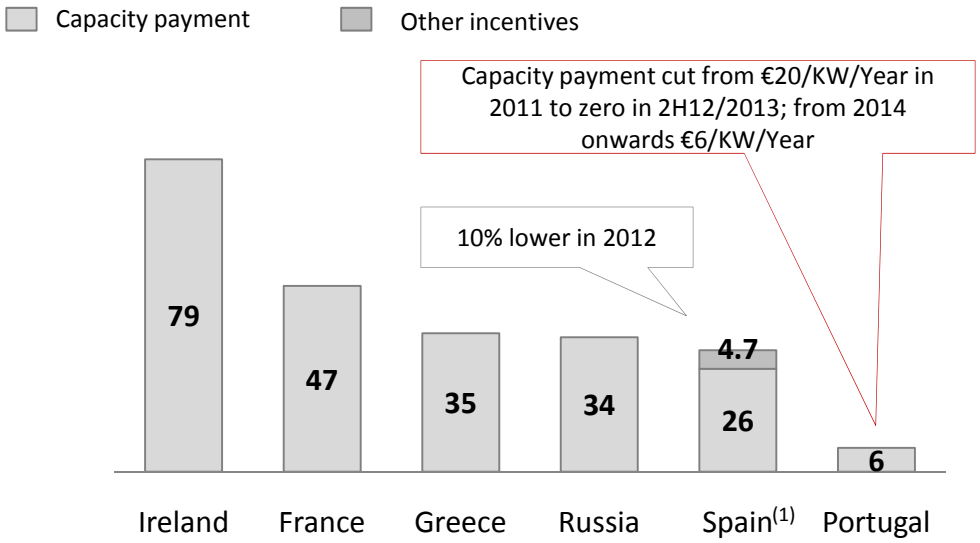
(1) Installed capacity weighted by availability factors as estimated by PWCoopers in "El modelo eléctrico español en 2030 - Escenarios y alternativas" 2010

CCGTs are not being adequately remunerated
This is not sustainable

Iberia – CCGTs profitability in 2011
(€/MWh)



Europe - Capacity payments
(€/KW/Year)



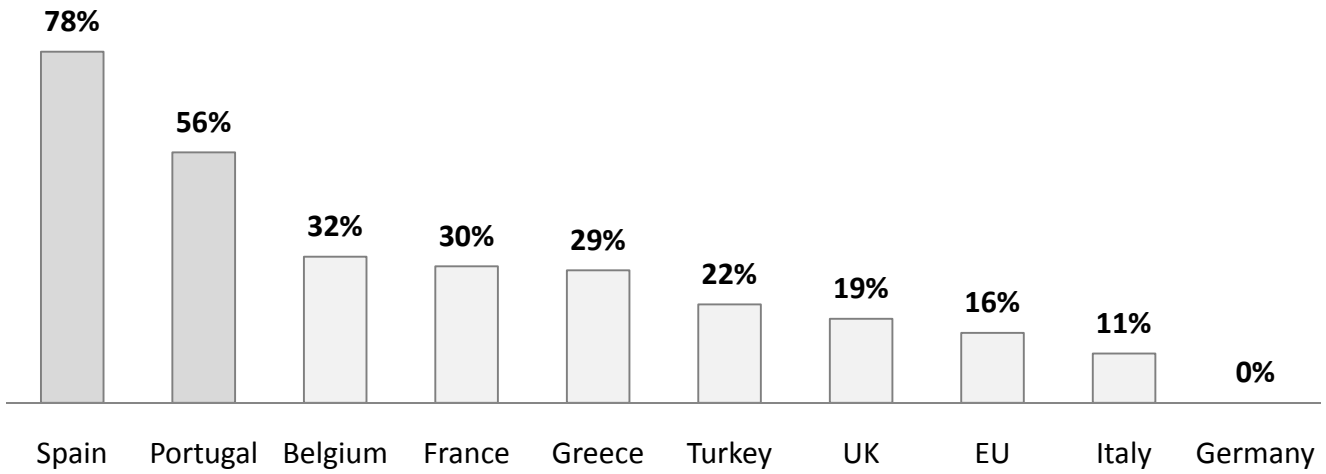
- Portugal and Spain have the lowest capacity payments in Europe despite high penetration of renewables: Portugal's CCGTs will receive no capacity payments in 2H12/2013 and only €6/KW/year as from 2014; Spain increased capacity payment from €20/kW/Year to €23.4 in 2012 and €26/kW/Year as from 2013
- Ireland has the highest fixed remuneration; Germany is planning to introduce incentives; Others like Poland, Romania, Finland, Sweden have strategic reserves for fixed remuneration

Once short term constrains are overcome, capacity payments in Portugal and Spain will have to increase

(1) According to RDL13/2012, capacity payment is 10% lower in 2012, at €23.6/Year/KW

Gas situation in Iberia is being managed by Iberian players

Weight of LNG on natural gas consumption in European countries
(%)



- Portugal and Spain have the highest share of consumption sourced by LNG in Europe
- LNG capacity provides more flexibility to balance gas supply and demand
- Several utilities have been renegotiating take-or-pay contracts, improving sourcing pricing and flexibility

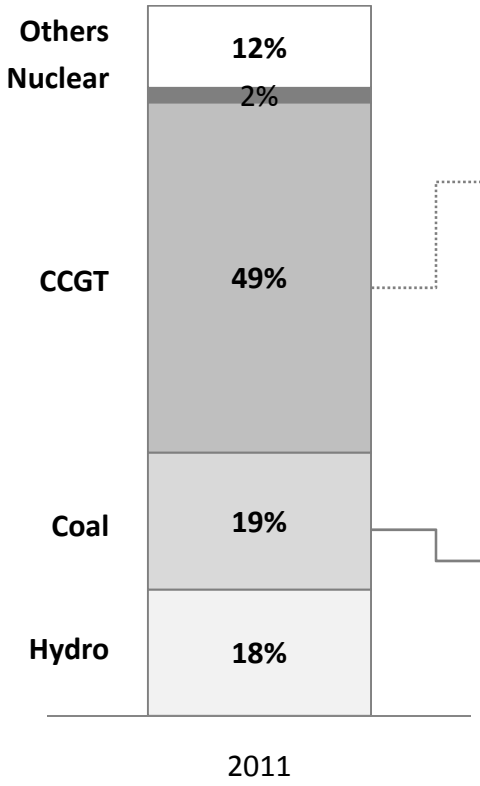
Iberian gas market is part of the international gas market

Take-or-pay contracts are not actively constraining pool prices in Iberia

Source: CERA

2011: EDP has a well diversified portfolio which allows to balance market short term risks

EDP Conventional generation in Iberia – Installed capacity in the liberalised market
(MW in 2011)



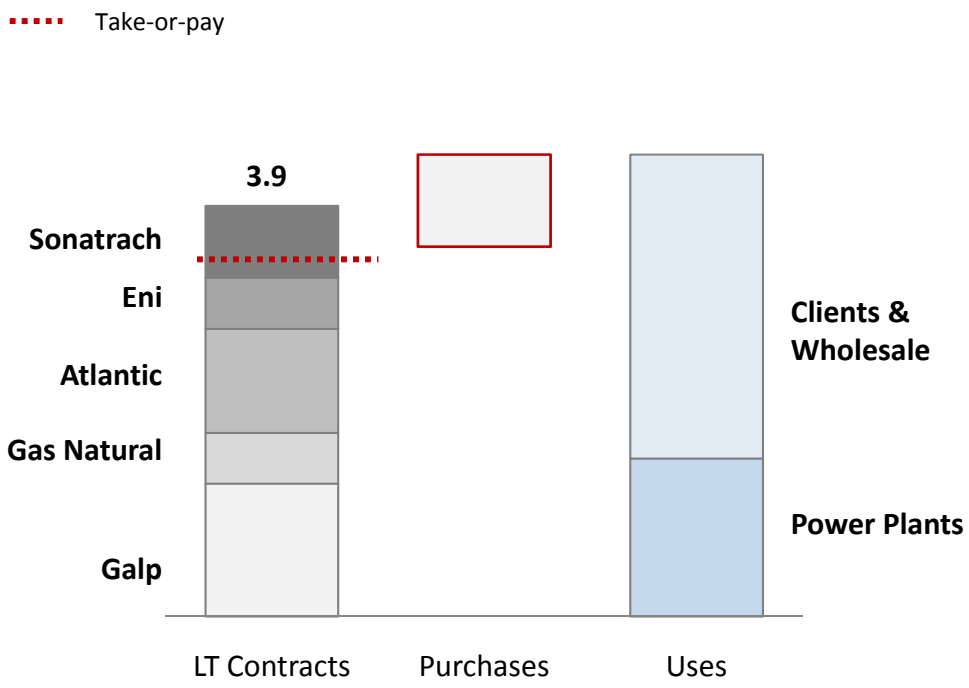
- Highly competitive technical features in a context of low working hours:
  - Minimum operating level of 20%-40%, allowing to **concentrate in the best hours**;
  - Capable to move up/down by 100MW in 15 min, boding well with **ancillary services**;
  - Start up time from idle of 20min, boding well with **ancillary services**.
- By working fewer hours in a balanced manor, the useful lives of our CCGT fleet can be extended

- Our coal fleet is the **most efficient** in Iberia: lower transportation costs and heat rates
- **Lower-cost blast-furnace gases** meet ~30% of Aboño
- **Favourable location**: Plants located close to heavy energy consumption areas
- **Spanish coal -** Our Soto 3 plant operates under RDL 134/2010 (Spanish coal): remuneration is guaranteed though with 10% cut only in 2012

- **EDP benefits from short term weakness of CO_2 prices through higher load factors at coal plants**
- **Merchant thermal output: CCGTs output focused in the best hours and ancillary services**
- **Our portfolio of clients enhances the integrated management generation & supply activities in Iberia**

EDP has a flexible and adequate gas position

Gas Sources and Uses, 2010-11
(bcm)

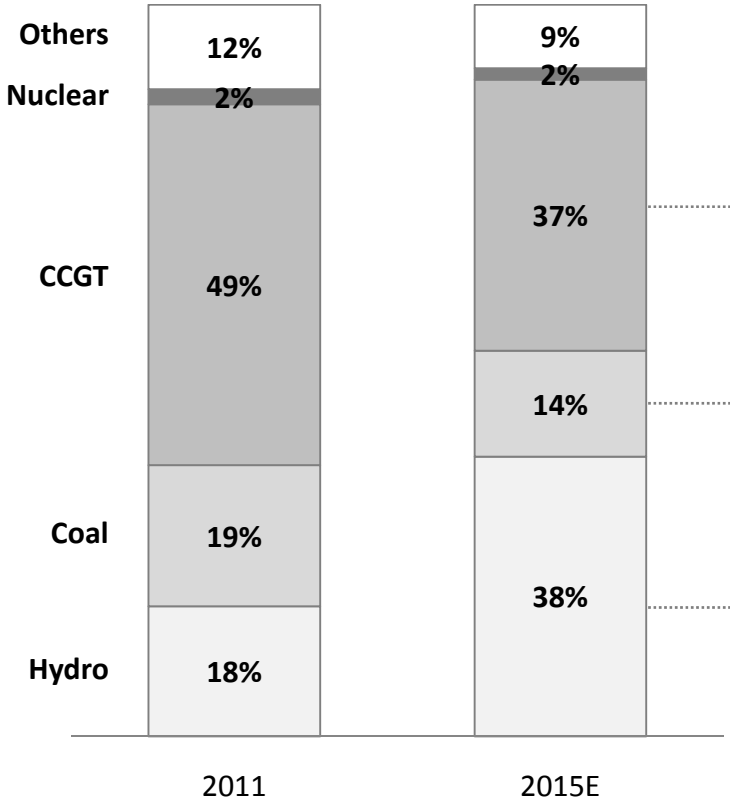


- Our gas sources are well diversified
- Integrated management of gas and electricity in Iberia provides flexibility to choose where to use the gas
- Contracts renegotiation is ongoing: positive results in terms of pricing and flexibility already achieved; more to come

For 2012-15 we have an average 4.2bcm/year contracted through Long Term contracts, allowing us to reap the benefits from arbitrage opportunities

2015: growth in merchant hydro capacity reduces our exposure to CO_2

EDP Conventional generation in Iberia – Installed capacity in the Market
(MW)



- Higher CO_2 prices prompt for higher working hours at our CCGT plants, on better CSS
- **Portugal:** Capacity payment suspended in 2H12 and 2013; resumed in 2014 at €6/MW/year
- **Spain:** Capacity payment raised to €23.4/MW/year in 2012 and to €26/MW/Year thereafter

- **DeSOx** in 60% of our merchant capacity

- Higher weight of hydro backed by the delivery of new hydro investments:
  - 75% of hydro capacity under construction has pumping
  - 437MW in operation since late 2011; 1,702MW under construction start generating EBITDA before the end of 2015

75% of our merchant conventional capacity is either CO_2 free or low emission

Improving portfolio diversification, reducing exposure to CO_2

Conclusions

Portugal: system's sustainability enhanced by the ongoing liberalisation, benefiting from a balanced mix of competitive renewable technologies

Spain: system's medium/long term sustainability requires additional measures; Suitable solution encompasses gradual increase of electricity tariffs and reduction of the costs

Iberian market conditions are challenging in the short term but this situation is not sustainable and requires improvements

EDP is protected from short term adverse market environment: PPA/CMECs provide stability, diversified portfolio allows to benefit from weak CO_2 prices

Growth in merchant hydro capacity reduces our exposure to CO_2

Portugal: measures announced on May 17th increase visibility and reinforce sustainability

Balanced and diversified portfolio fits well the current challenging context

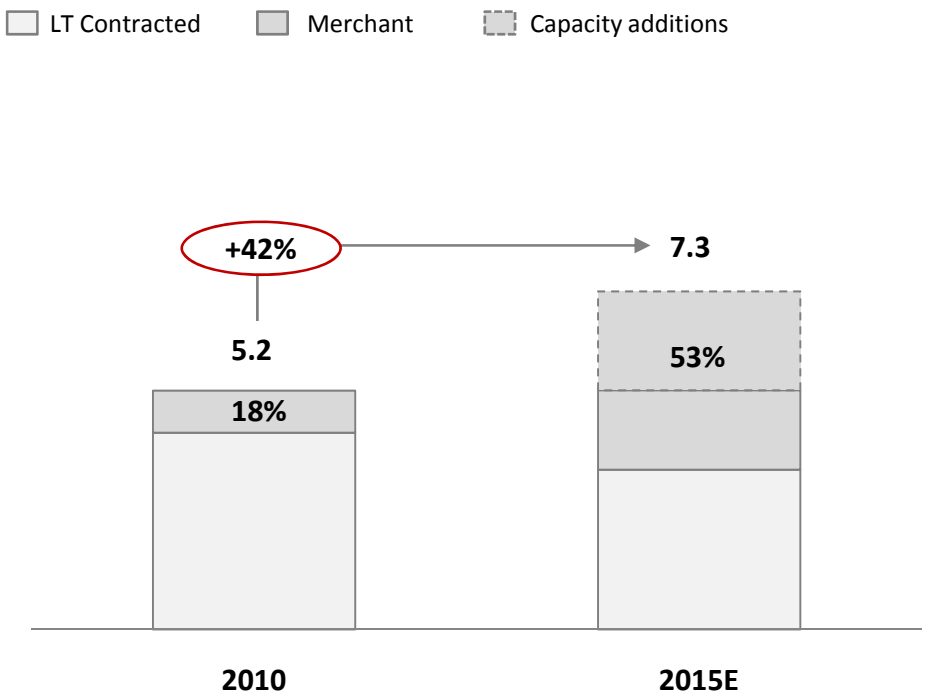
investor day 2012

Hydro Portfolio in Iberia

António Pita de Abreu, Board Member

EBITDA growth prompted by a 42% expansion in hydro installed capacity

EDP – Hydro installed capacity in Iberia
(GW)



- Expansion of installed capacity: +c€100m in 2015E EBITDA; +€175m EBITDA in the 1st full-year of operations (2016E);
- 2 projects in place since late 2011 (437MW): 1st year of EBITDA contribution in 2012
- Most of our new projects are repowerings and/or pumping: the most value-enhancing projects in the context of rising price volatility
- Long maturity from new hydro capacity: ~30 years in repowering, 75 years for new plants

2012E-15E earnings growth prompted by the start up of operations at 8 hydro projects (~+€100m)

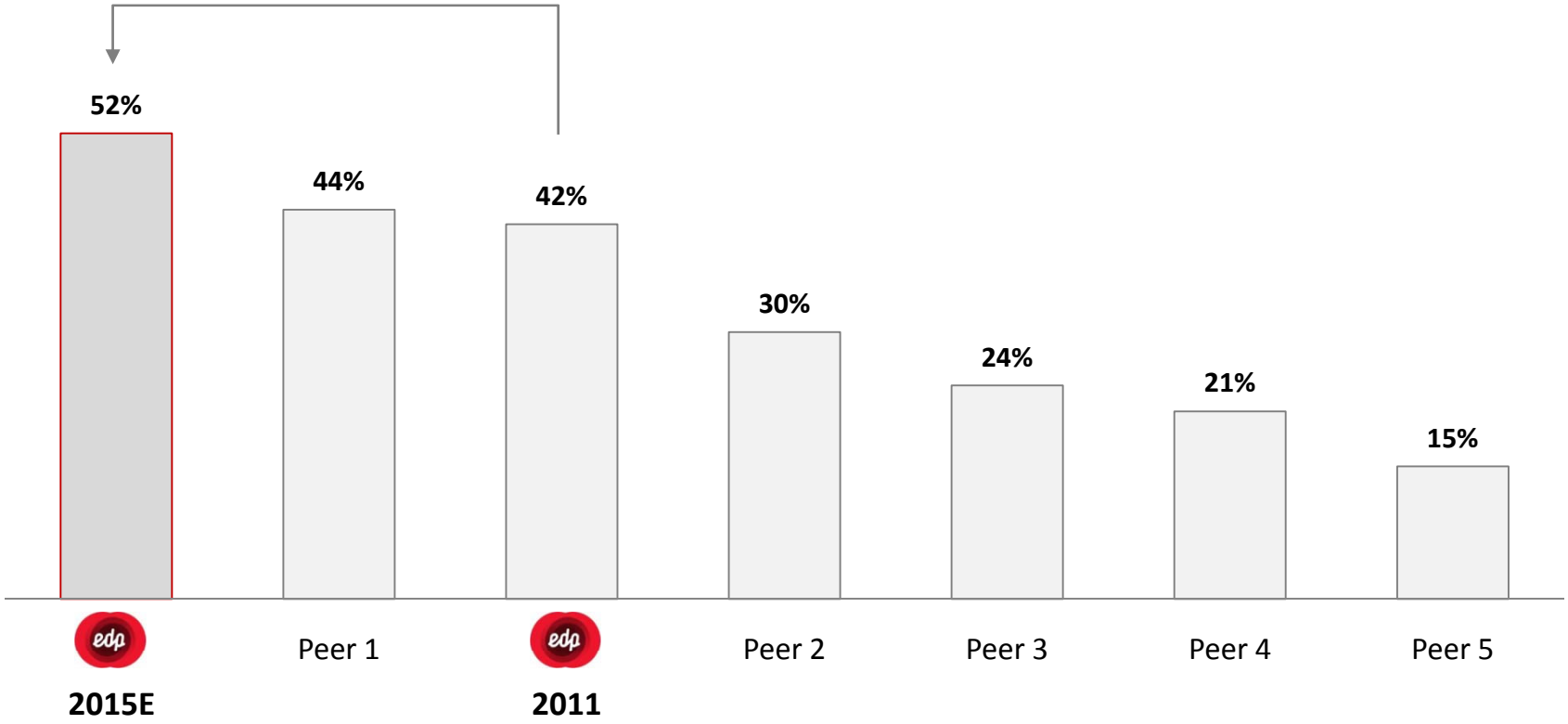
And by the transfer of 3 plants from CMEC to the market (~+€90m(1))

(1) On an average hydro year.

EDP has the 2nd highest exposure to hydro in Southern Europe

Hydro Capacity in the Conventional Mix in Southern Europe

Major Players in the region



In 2015, EDP will have the largest exposure to hydro amongst Southern European Players

Source: Companies reports

Hydro has distinctive value

	Drivers	EDP evidence & Future trends
Higher achieved prices	▪ Given its flexibility, hydro is the best technology to benefit from price volatility and ancillary services ▪ Pumping has storage value	▪ 10% premium(1) achieved in 2008-11 ▪ 75% of capacity under construction has pumping
Lower costs	▪ Zero marginal cost ▪ Lower O&M costs ▪ No fuel cost or CO_2 risk	▪ Availability rates at our plants under CMEC steadily above contracted levels; ▪ Benchmarking in O&M costs ▪ Cost dilution backed by repowerings: 75% of hydro capacity under construction
Longer duration of cash flows	▪ Longer useful lives/concessions ▪ Useful life goes beyond the concession term	Avg. residual life of our hydro in Iberia: ▪ 37 years by Dec 2011 ▪ 40 years by Dec 2015

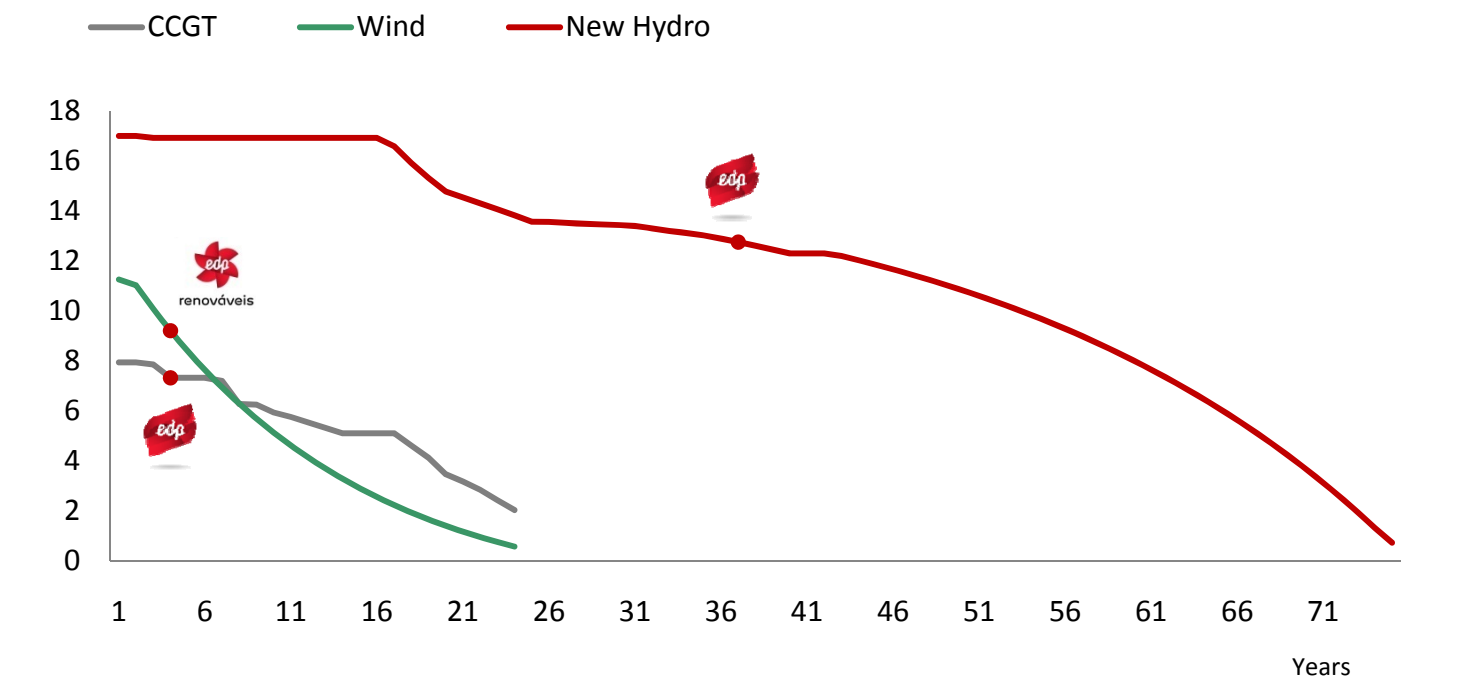
Hydro capacity achieves higher prices/spreads for a longer period

(1) Based on 4,094MW under CMEC; Premium achieved in realised prices, compared to average pool price in the period 2008-11.

Hydro deserves an higher EV/EBITDA multiple vis-a-vis other technologies

Ilustrative EV/EBITDA Multiple per technology

(x)

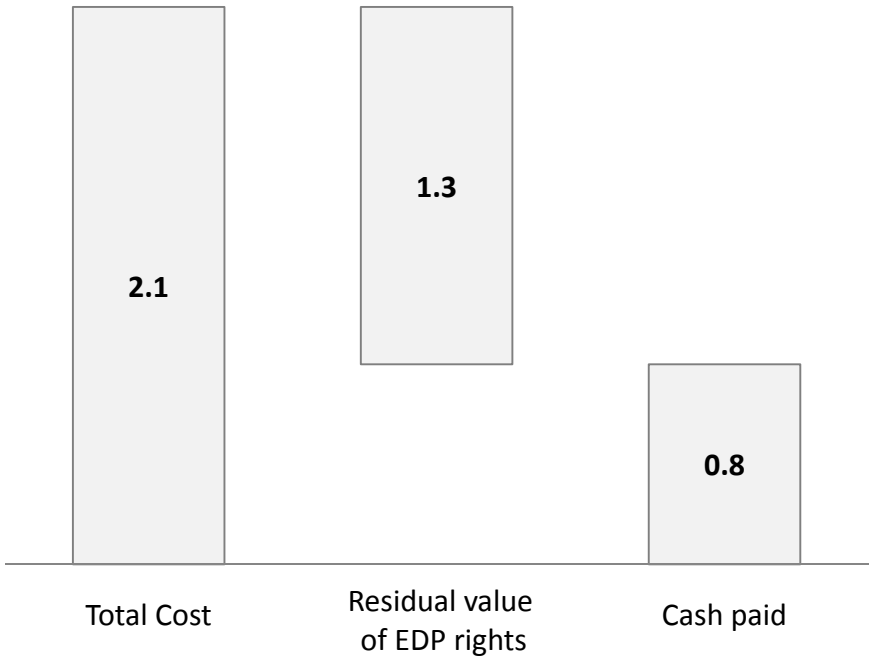


- EV/EBITDA of repowerings: higher than new plants (low capex/MW), ~30 years of concession maturity
- Useful life goes beyond the concession term

Longer horizon of cash flow generation, higher achieved prices

In Apr-08, EDP secured hydro concession rights over 4,094 MW until 2047

EDP – Domain extension of hydro plants under PPA/CMEC
(€ bn)



- **Independent €2.1bn valuation based on:**
  - WACC of 7.8%
  - 2007 Price of €50/MWh, growing 2%/year
- **EDP cashed out €759m for the extension of these concessions**, as it forewent the right to receive the PPA residual value (€1.3bn)

The extension of hydro concession rights paves the way for growth in hydro portfolio through repowerings

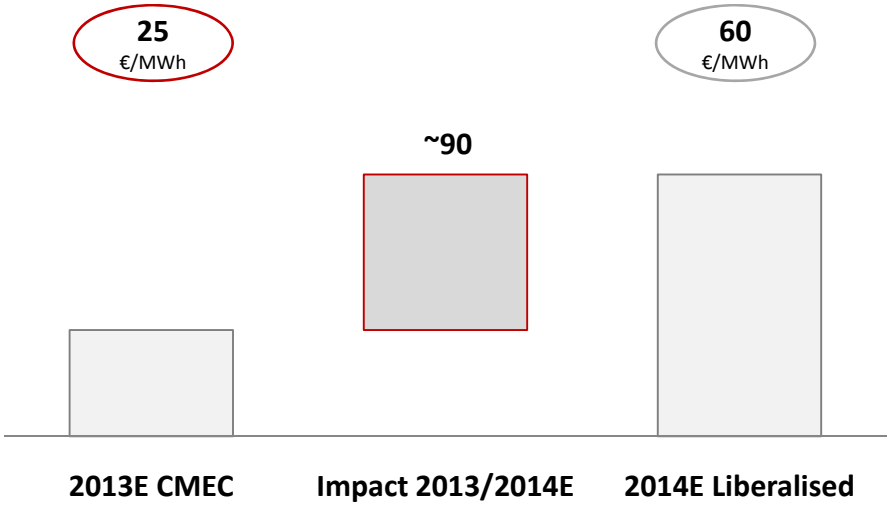
(1) On average

Hydro CMECs phasing out in 2012-2015 will have an overall estimated impact on EBITDA of c€120m

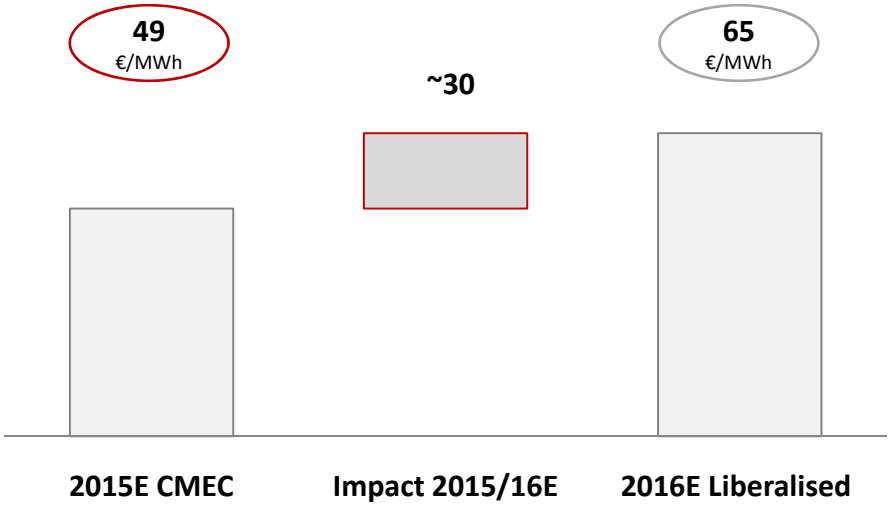
Hydro CMECs phasing out in 2012E-15E – Impact on gross profit
(€ m)

Implicit price including ancillary services

Dec13: 3 plants, 804MW, 2.5TWh/year output



Dec15: 8 plants, 627MW, 1.8TWh/year output

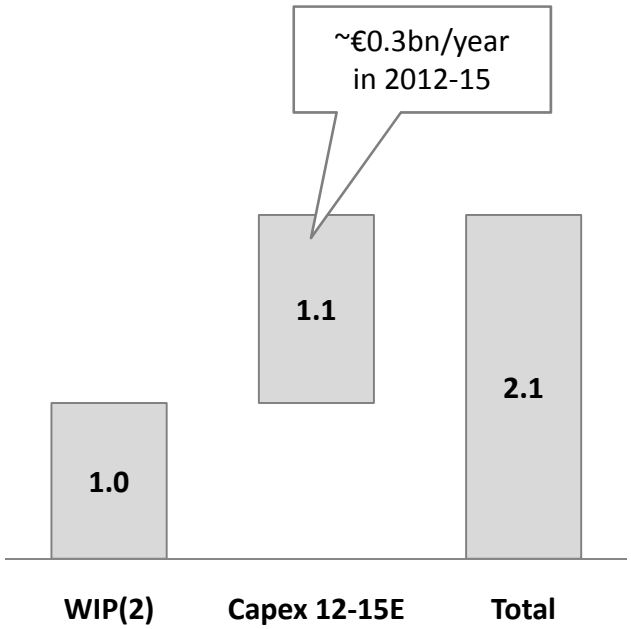


- **In 2008-11, we achieved a ~10% premium over pool prices in the sale of our hydro production**

(1) Output in an average hydro year; (2) On average. Including concession extension resulting from repowering.

EDP has already incurred c50% of total capex of 2.1GW of new hydro capacity under construction

EDP – Hydro capacity under construction(1)
(€ bn)



Plant	Start-up date	Type	MW	Total Output (GWh)	Output Net of Pumping (GWh)
Picote II	Nov-11	Repowering	246	239	239
Bemposta II	Dec-11	Repowering	191	134	134
Alqueva II	4Q12	Repow., Pumping	256	381	30
Ribeiradio	1H14	New plant	77	134	134
Baixo Sabor	2H14	New pl., Pumping	171	405	230
Venda Nova III	Mid 2015	Repow., Pumping	740	1,337	18
Salamonde II	Mid 2015	Repow., Pumping	207	274	81
Foz Tua	2H15	New pl., Pumping	251	585	275
Total			**2,139**	**3,489**	**1,141**

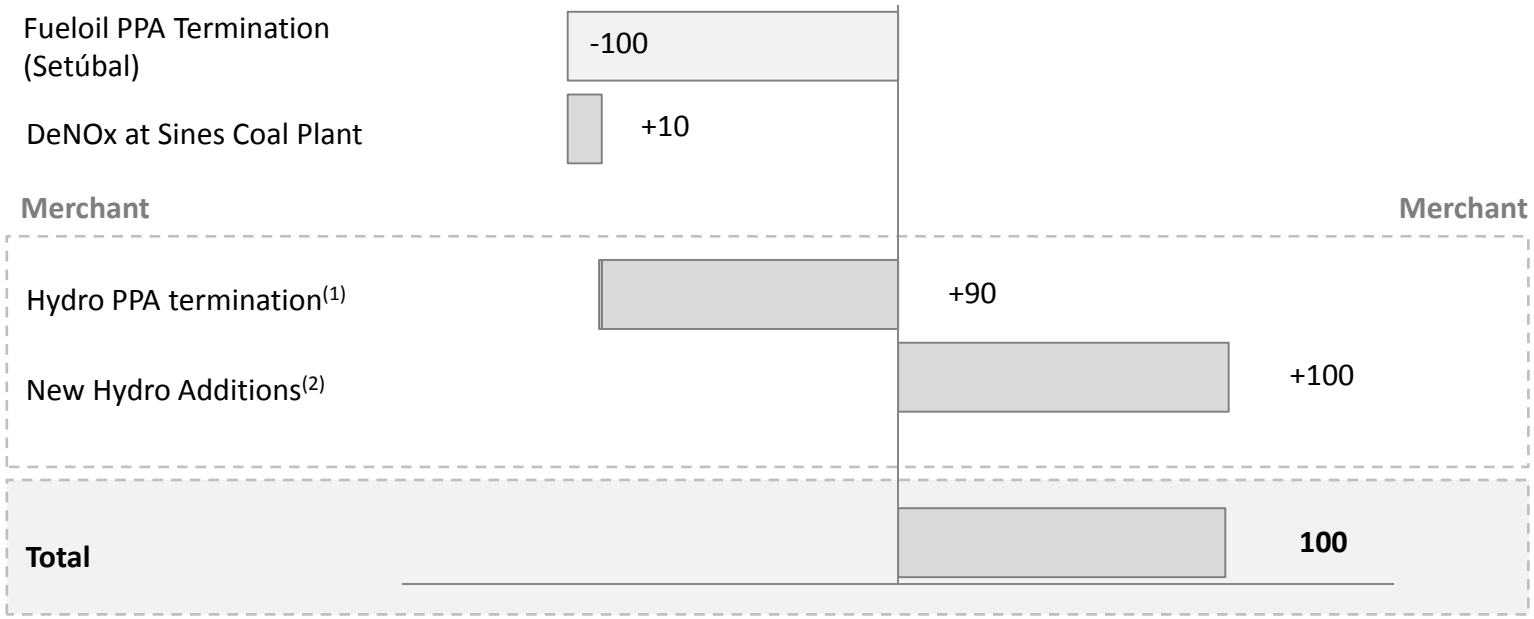
- 437MW of repowerings already in place since late 2011: Picote II, Bemposta II with 1st full year EBITDA impact in 2012
- 256MW starting operations in 4Q12: Alqueva II (with Pumping)
- EBITDA contribution in 2015E: ~€100m not yet reflecting a full-year operation of all plants

Over €175m expected EBITDA contribution in 1st Full year of operation (2016E) not priced in yet

(1) Includes 1,702MW under construction by Mar-12; Picote II and Bemposta II (437MW) in operation since Nov-11 and Dec-11.
(2) Works in progress as of Mar-12 plus capex in Picote II and Bemposta II.

Hydro supports 2012-15 growth in generation & supply

EBITDA – Impact from new investments and thermal decommissioning
(2012E-15E; € m)



The net impact from new investments and PPA terminations is positive: +€100m on EBITDA in 2012E-15E

(1) Impact based on an hydro price of €60/MWh in 2014 and €65/MWh in 2016;
(2) 437MW from repowering of Picote II and Bemposta II, both in operation since Nov-11 and Dec-11 but contributing for EBITDA for the first year; 1,702 MW under construction as of Mar-12.

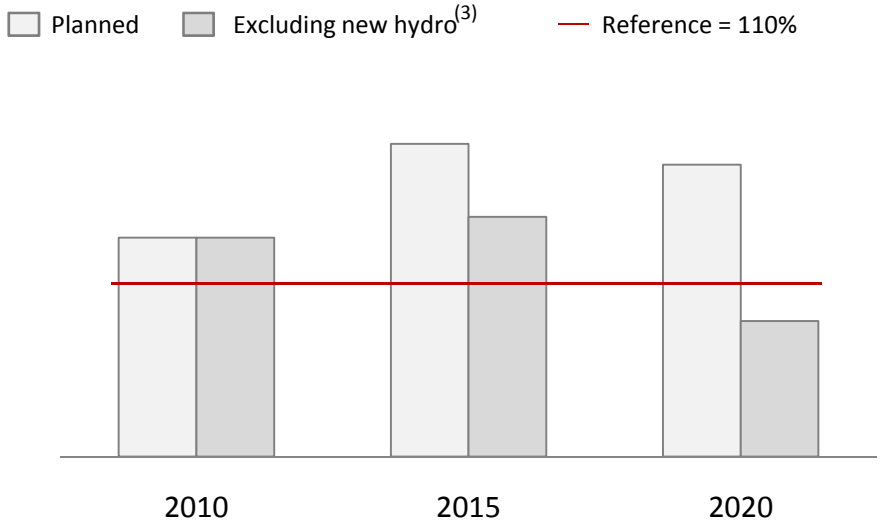
Do hydro investments make sense under the current market context?

1. **The impact of New hydro capacity in the system**

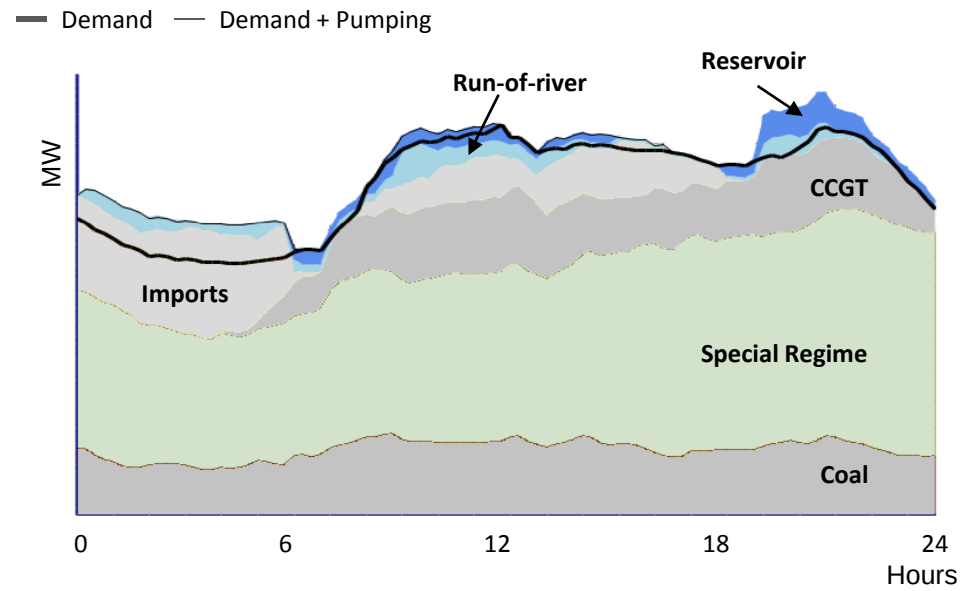
2. **Profitability of New Hydro investments**

1 Output from new hydro is key to match demand on a real time basis

Portugal – Reserve margin, 2010-2020(1)
(%)



Portugal – Market output(2)
(17.04.2012)



- If current hydro investments were not on course, Portugal would need new capacity additions until 2020
- ~75% of our planned hydro capacity has pumping (4)

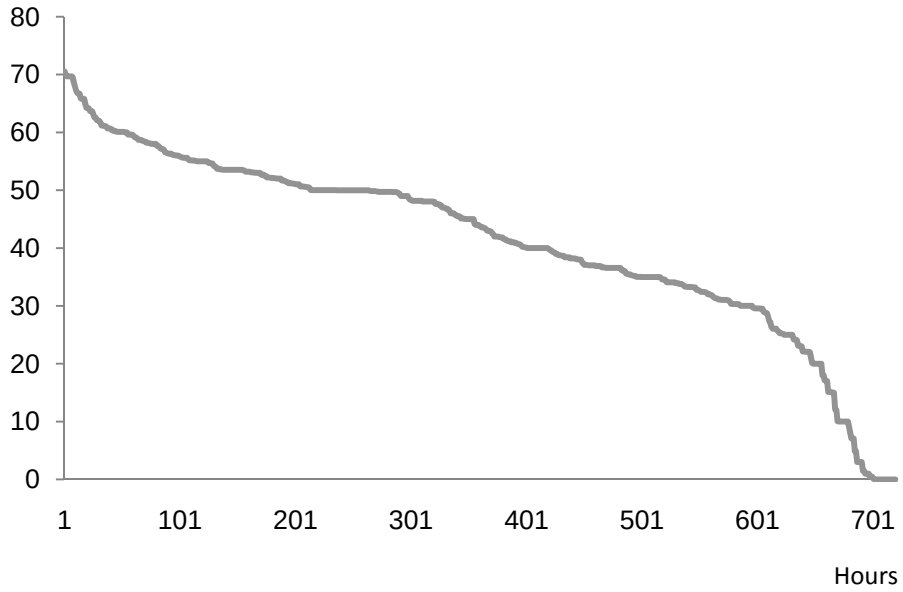
- New hydro capacity is key to avoid water spilling and wind curtailment; and to reduce Portugal's dependence from fuel imports

New hydro capacity will have a significant role in meeting peak demand but no so relevant in terms of accumulated output

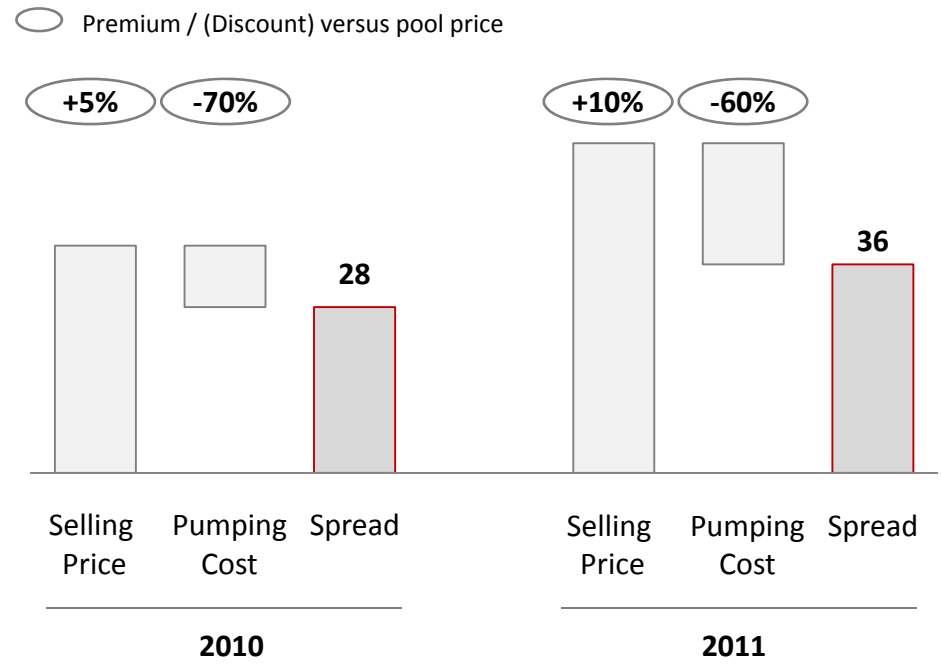
(1) Assuming demand growth of -0.5% CAGR in 2010-15; +1.2% CAGR in 2010-20; (2) Source: REN; (3) Excluding the following hydro plants: Picote II, Bemposta II, Alqueva II, Ribeiradio, Baixo Sabor, Foz Tua, Venda Nova III, Salamonde II, Gouvães, Daivões, Vidago, Girabolhos. (3) Including Picote II and Bemposta II which started operations in 2011; (4) Including Picote II and Bemposta II in operation since late 2011

2 Pumping profitability is mainly backed by spreads between peak and off-peak prices

Pool Prices – Hourly prices in April 2012
(€/MWh)



EDP Pumping activity – Spreads versus avg. Pool price
(€/MWh ; avg. 2010/11)



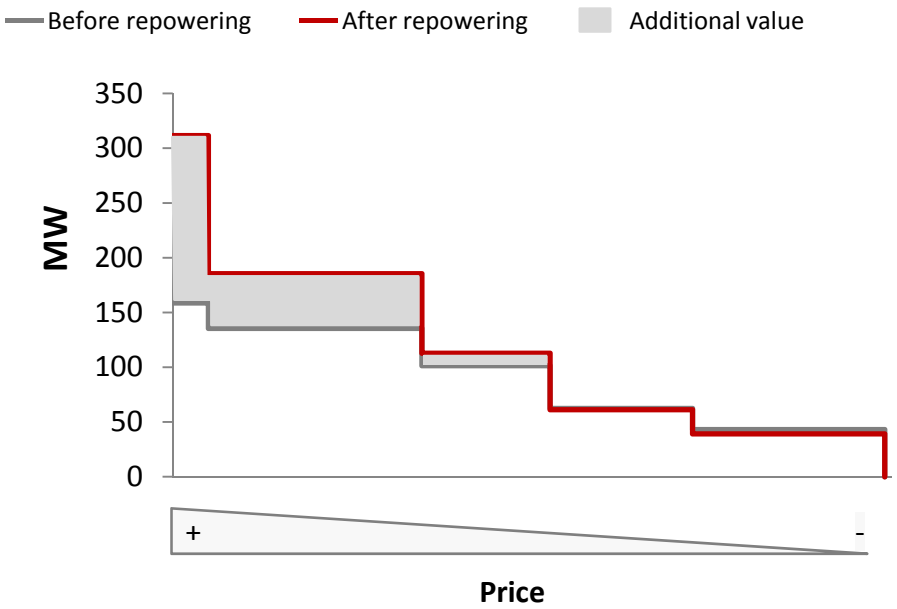
- The increasing weight of wind in the system boosts price volatility
- Pumping has storage value: is paid for its ability to close gap between supply and demand

- Margins on pumping depend on the spreads between off-peak and peak prices, rather than absolute prices

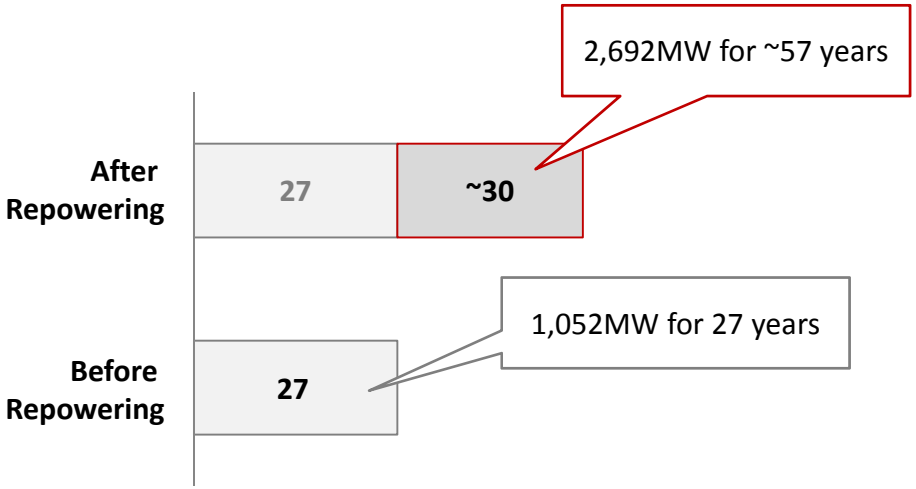
Pumping enhances hydro's high value even in dry years

2 Repowerings will allow to reduce unused hydro potential in existing plants

EDP – Power concentration (Example of Picote)
(% hours)



EDP Repowerings – Impact on residual concession[(1)]
(Years)



- Low investment cost of our repowerings: avg. €0.6m/MW; Negligible additional O&M costs
- Enhances higher production (also in existing plants) in peak hours and for ancillary services
- Long term cash flows: Extension of useful life of existing plants by an avg. ~30 years

Profitability enhanced by: higher realised prices, low capex/MW, ~30-year avg. concession extension

(1) Residual concession at the date of repowering start-up (Late 2011)

Conclusions

- Hydro has distinctive value: Produces cash flows for longer, achieves higher prices, has lower costs
- +42% increase in installed capacity through the delivery of 2.1GW of new hydro capacity
- ~50% of expected capex already incurred in the construction of 2.1GW; EBITDA delivery in 2012E-15E: ~€100m
- Hydro with CMEC transferred to market: estimated impact on EBITDA of +€90m in 2014E, +€30m in 2016E

EDP will have the highest exposure to hydro amongst Southern European utilities in 2015E

investor day 2012

Our clients in Iberia

Miguel Stilwell de Andrade, Board Member

EDP integrated Iberian electricity and gas platforms: 8.1 million clients

Commercial services in Portugal and Spain
Integrated supply of electricity, gas and value added services

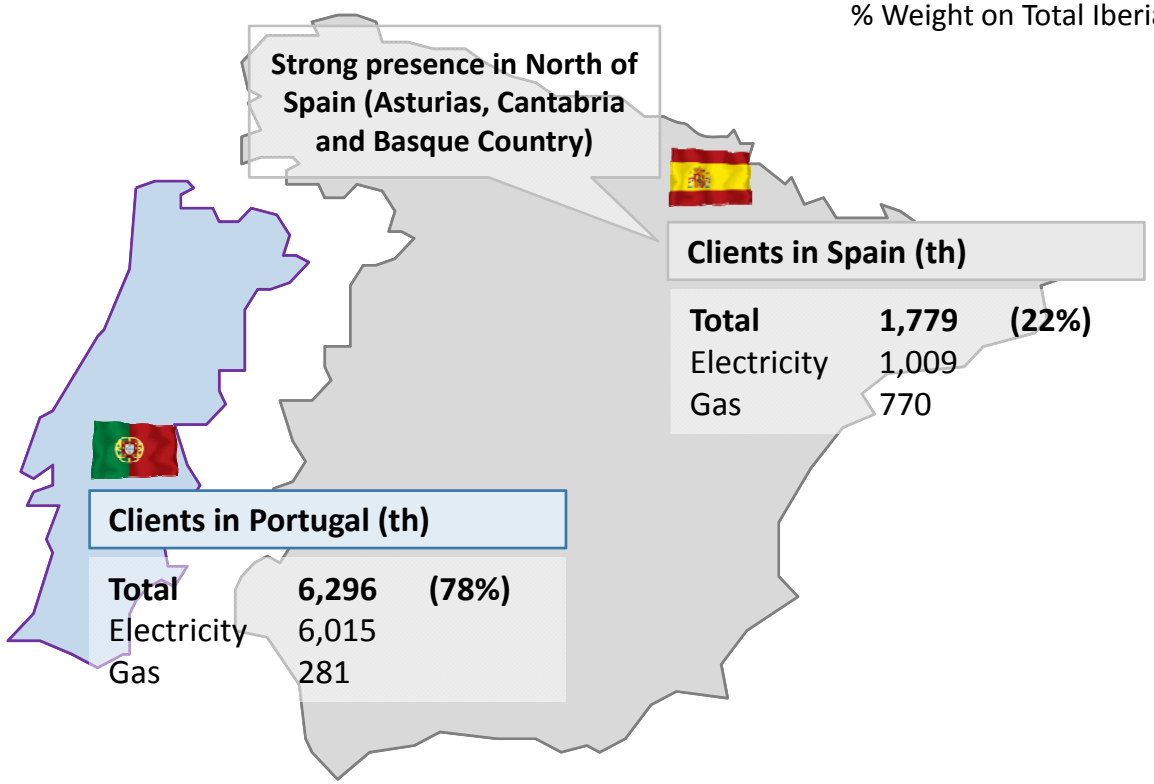
Iberian Market Share (Volumes) ⬭
% Weight on Total Iberia ( )

Clients in Iberia (th)

Total	**8,075**	
Electricity	7,024	(87%)
Gas	1,051	(13%)

EDP Iberian Market Share

Electricity	**19%**
Gas	**11%**

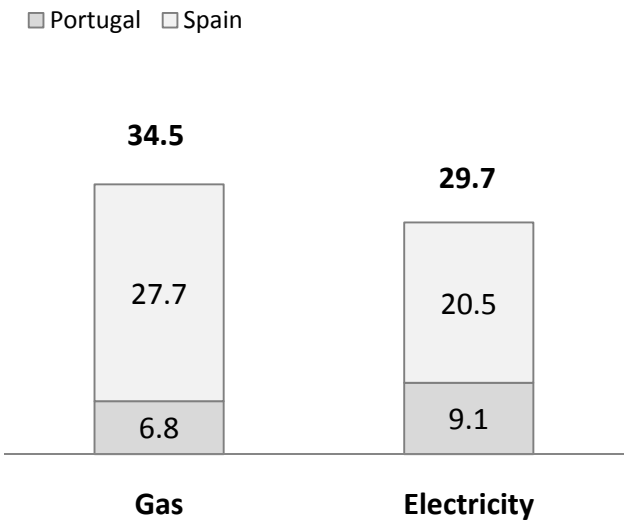


98% of electricity clients in Portugal are supplied by EDP

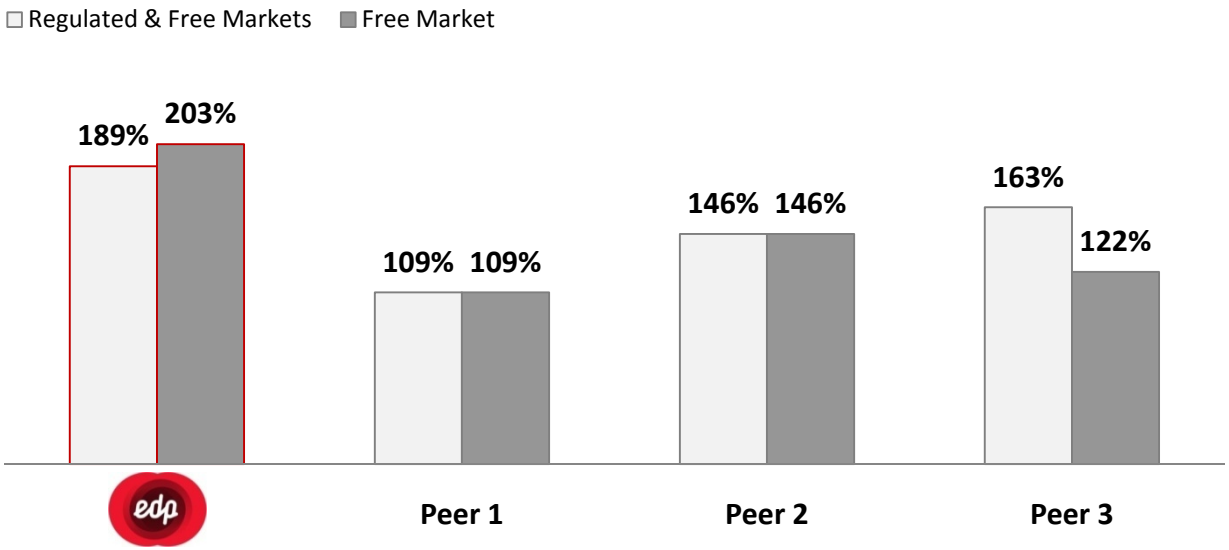
Note: Data as of Mar-12.; Liberalised and Last Resort Supply

EDP benefits from a long position in clients

2011 volumes supplied in free market
(TWh)



2011 electricity generation and supply balance: EDP vs. peers
(%)



- **Competitive pricing through locking-in of margins, reducing risk to market price exposure, and natural hedging**
- **In 2011, EDP's liberalised generation output represented about half of the electricity supplied to liberalised clients**
  Long term gas contracts: 4.3bcm per year, of which 2.0bcm were consumed by EDP's CCGTs in 2011

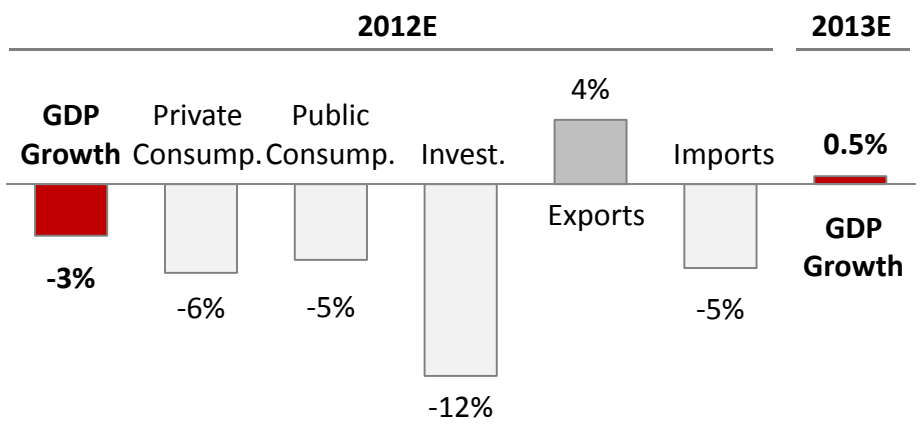
Strong presence in both gas and electricity supply in Portugal and Spain

Integrated strategy: maximizing returns and minimizing risks

Our clients are facing a tough macroeconomic environment

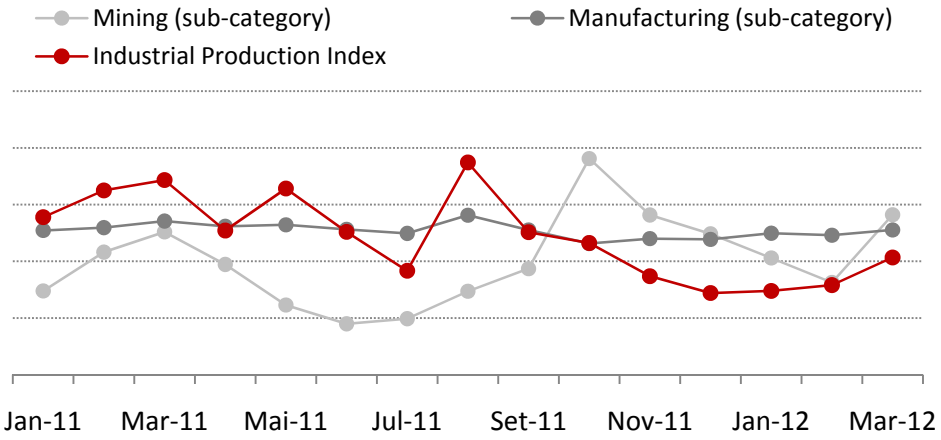
2012E GDP growth breakdown and 2013E GDP growth(1)

(%)



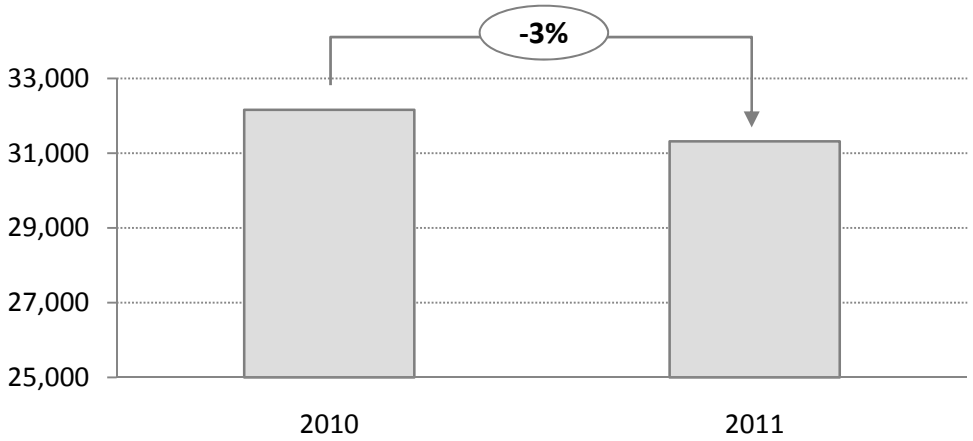
Industrial production index (2)

(%)



Portugal: real change in avg. disposable income of families(3)

(€)



- **Export industries are being less affected by the economic downturn**
- **Reduction of Portuguese families disposable income brings on lower consumption**
- **Lower investment and public consumption affects State related activities**

(1) Source: OCDE - Economic Outlook (Nov-11)
(2) Source: INE – Industrial Production Index Adjusted for Seasonality (Base 2005); Monthly
(3) Source: INE – Employment Survey; INE-Banco de Portugal – National Accounts (Base 2006)

Value added tax and tariff increases in 4Q11/2012 in Portugal

	Demand Weight (%)	# Clients	2011 Average Bill (€/month)[1]	Tariff Increase 2012 (% and €/month)	VAT increase from 6% to 23% (% and €/month)	2012 Average Bill (€/month)
Residential (Normal Low Voltage)	~38%	5.4 million	€41 [2]	+4% +€1.4	+17% +€7.0	€49.7 [2]
Low Income Families Social Tariff (Normal Low Voltage)	~2%	0.7 million	€21.5	+2% +€0.5	State benefit: ~0%	€22.0
Corporates / SMEs (Very High/High/Medium and Special Low Voltage)	~50%	~25,000		Liberalized supply: 2012 wholesale price + access tariffs	~No impact: VAT deducted passed through	
State Entities [3]	~10%	~85,000		2012 Tariffs/prices dependent on voltage level	+17%	

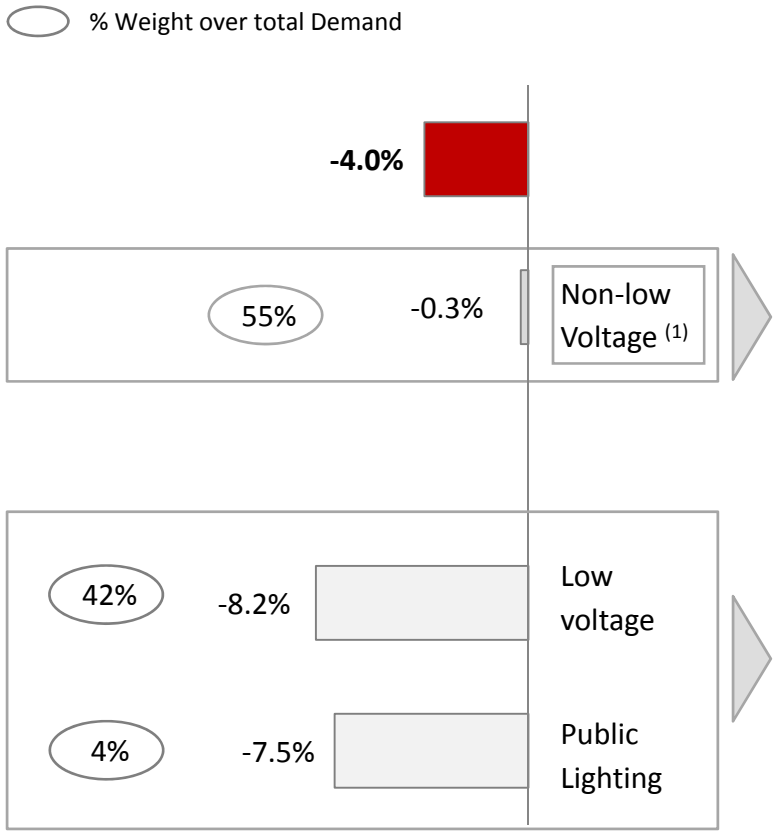
Impact on State Budget in 4Q11 + 2012: VAT revenues of €500m, expenses with social tariff benefits €30m

Significant pricing incentive for stronger energy efficient behaviour by Portuguese electricity consumers

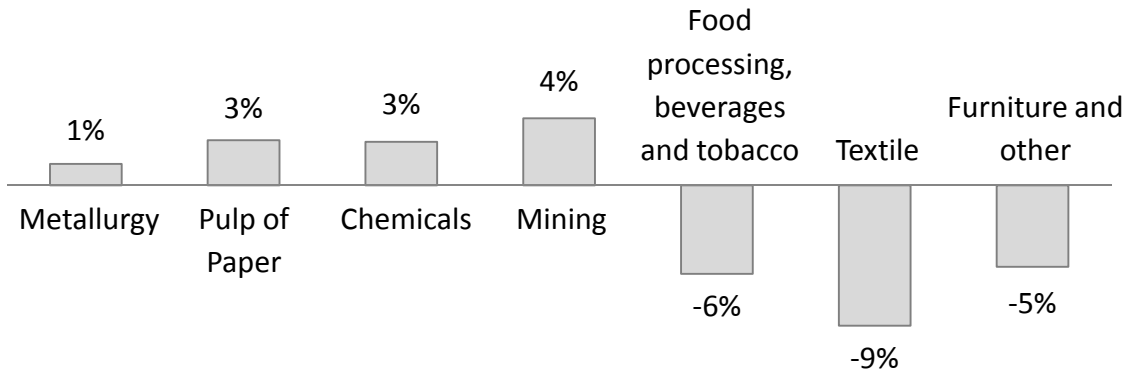
(1) Including 6% VAT;. (2) For Normal Low Voltage (NLV) clients with contracted power < 20.7 kVA (~4.7 million clients).
(3) Public administration, defence, social benefit entities, and public lighting.

Electricity demand in Portugal fell 4% YoY in 1Q12

Electricity demand growth: 1Q12 vs. 1Q11
(%)



Major segments of non-low voltage demand growth (2): 1Q12 vs. 1Q11
(%)



- **Resilient performance supported by some export industries**

- **Domestic use** consumption, which represents **73% of Low Voltage invoicing**, went **down 9% YoY in 1Q12**;
- **Strong impact in terms of energy saving behaviour following VAT increase on Oct-11** (from 6% to 23%)

Export industries are being less affected by the economic slowdown

Initial negative impact from increase of VAT should be diluted over time

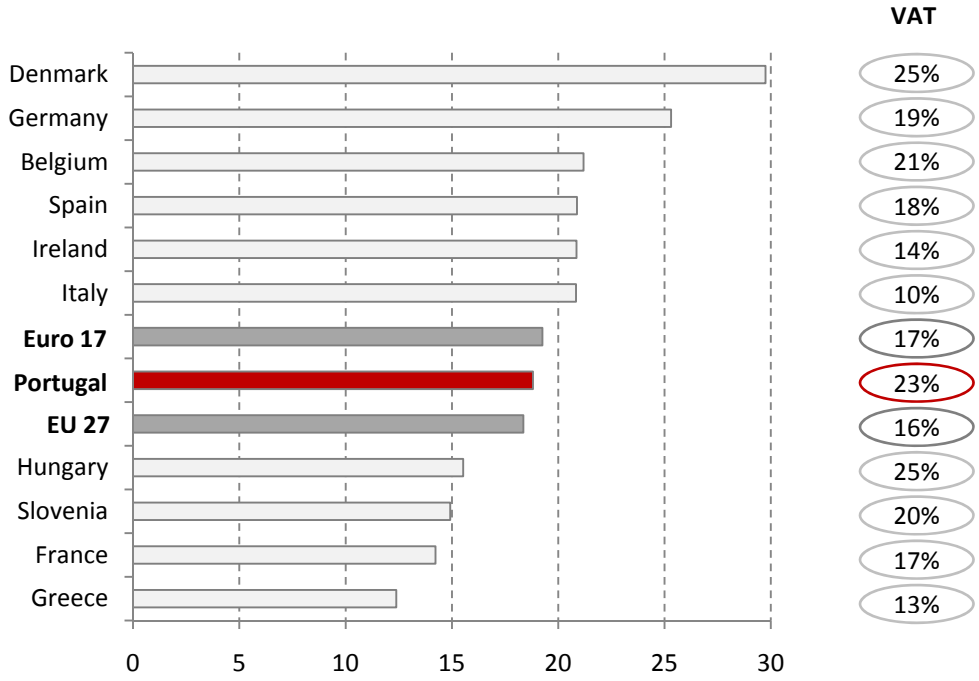
EDP forecast of electricity demand(3) growth for Portugal 2012E: -3.5%; for 2013E: -1%

(1) Very high, high, medium and special low voltages. (2) Electricity Invoicing; these segments represent 56% of Non-low Voltage electricity invoicing. (3) Gross demand.

Electricity prices in Portugal vs. European peers

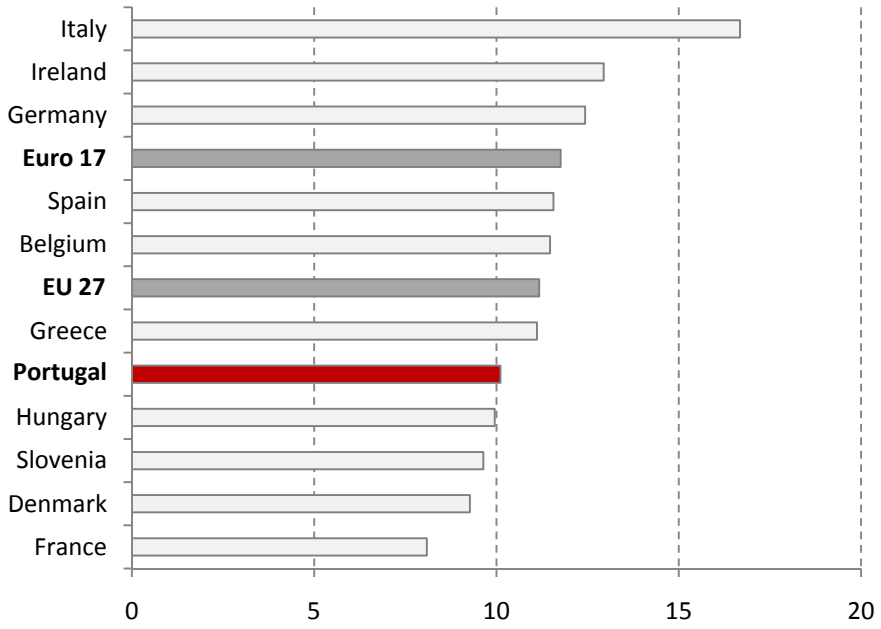
Residential prices 2H11: Portugal vs. EU average [1]

(€c/kWh)



Industrial prices 2H11: Portugal vs. EU average [2]

(€c/kWh)



Electricity represents ~3% of family budget[3]

Social tariff: c92k requests (out of 700k eligible clients)

Electricity represents ~2% of industrial and services costs base[3]

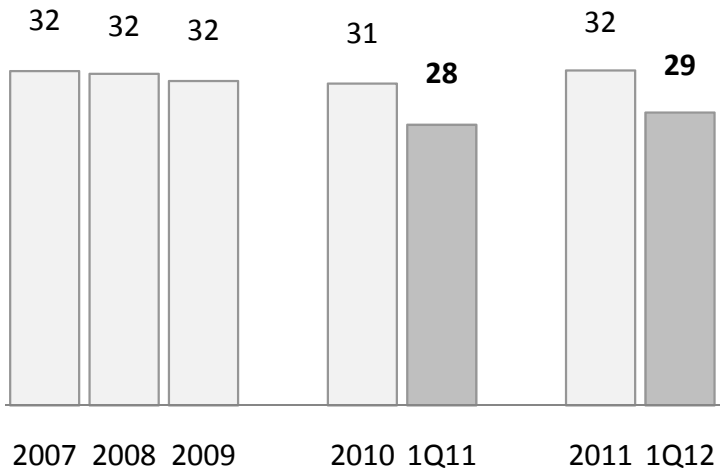
Electricity prices do not put at risk the competitiveness of Portugal's industry and services sectors

Weight of electricity in families budget represents less than half of fuel costs

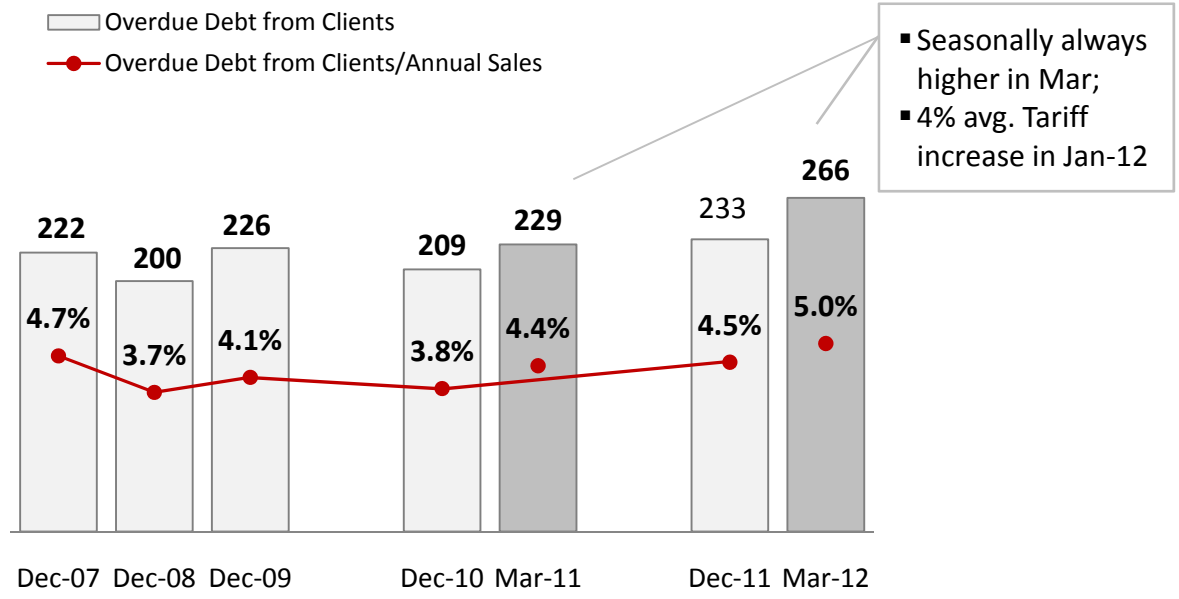
(1) Source: Eurostat; 2H11 electricity prices for residential usage = 2 500 kWh < Consumption < 5 000 kWh (Dc); including VAT and all other taxes. (2) Source: Eurostat; 2H11 electricity prices for industrial usage = 500 MWh < Consumption < 2 000 MWh (Ic); excluding VAT. (3) Source: INE, 2008 National Accounts, DGEG and Eurostat (*Household Budget Surveys)*

Control over clients bad debts

Average collecting period
(Days)



Overdue debt from clients (1)
(€m; %)



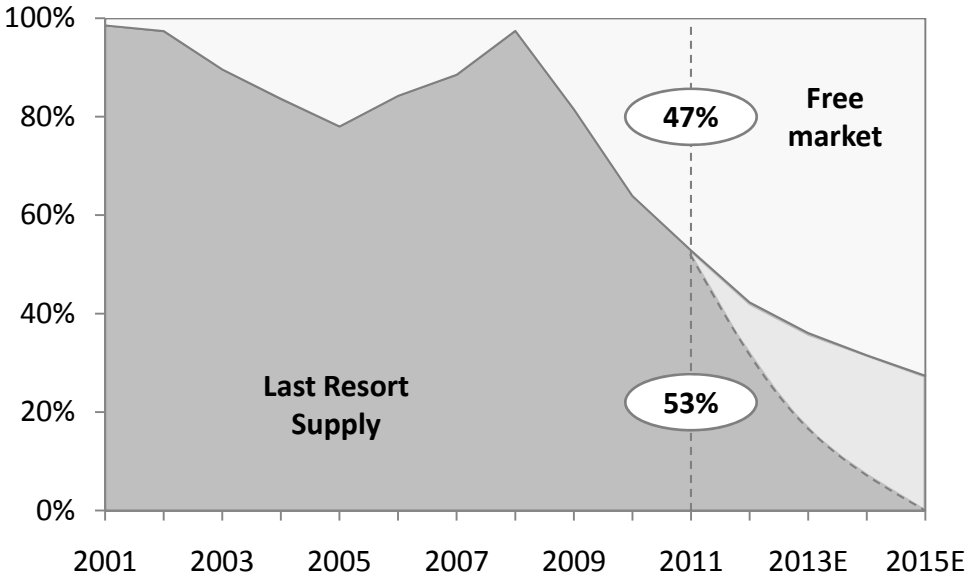
- **Possibility to interrupt electricity supply after 2 months of overdue payments**
- **Electricity is considered a necessity of daily life as it is pervasive in everything people do**
- **B2C: SMS notification sent to client base on overdue payments;** service started in 1Q12 (positive impact on ratios)
- **B2B: Detailed analysis of counterparty risk on new clients contracting**

Stable level of both avg. collecting periods and bad debts, even considering difficult macro environment

(1) Includes electricity and gas sales in Portugal in the regulated and liberalised market; Excludes grid operator (EDP Distribuição) debt from clients (essentially other liberalised suppliers and municipalities current account) (2) LV: Low Voltage

Increased liberalisation from end of last resort tariffs

Electricity Portugal: Last resort vs. free market
(TWh)



Portugal electricity: end of last resort tariffs (LRT)
(TWh)

Key Dates	Non-low Voltage (1)	Low Voltage (≤ 41,4 kVA and ≥ 10.35 kVA)	Low Voltage (< 10.35 kVA)
Jan-11	i) End of LRT	-	-
	ii) Transitory Tariff in force at least until Dec-12	-	-
Jul-12	-	i) End of LRT	-
	-	ii) Transitory Tariff in force until Dec-14	-
Jan-13	-	-	i) End of LRT
	-	-	ii) Transitory Tariff in force until Dec-15

Increased liberalisation: suppliers will have to be competitive

Troika measure: clients should pay real cost of energy

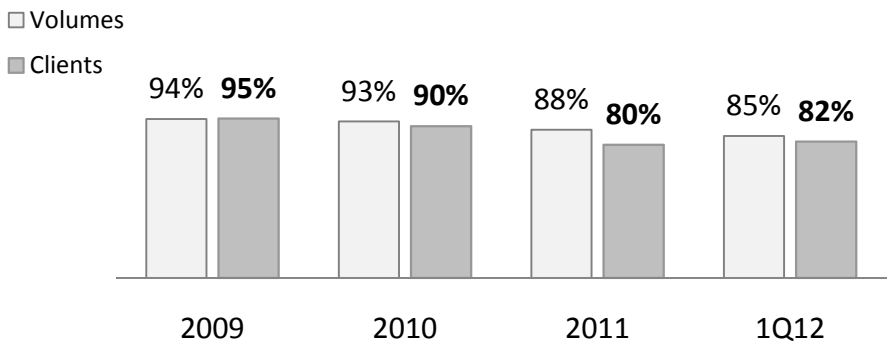
Transition tariffs (penalising): should incentivise the move of clients to free market

Liberalisation will be a challenge and an opportunity for EDP in 2012-2015

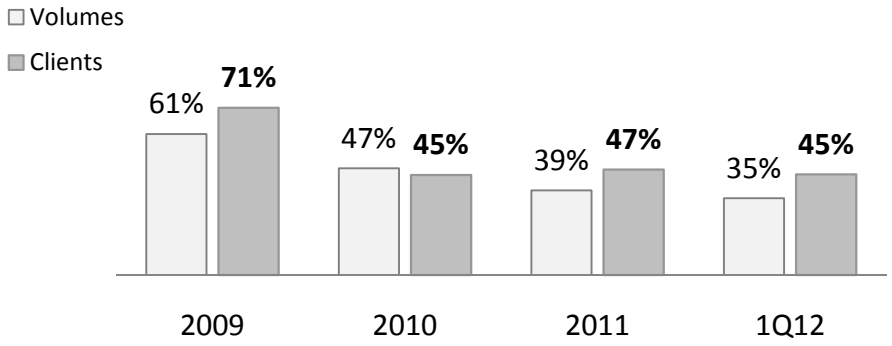
(1) Very High, High, Medium, Special Low Voltage

Portugal: market positioning and focus on most attractive segments

Portugal electricity: B2C liberalised market share
(%)



Portugal electricity: B2B liberalised market share
(%)



- **Supply margins to remain under pressure due to increased competition and high pool prices**
- EDP's response to increasing liberalisation and competitiveness:
  - ✓ **B2C partnerships** for market positioning though increase of client base

"EDP-Continente" campaign(1): capture of ~150k residential

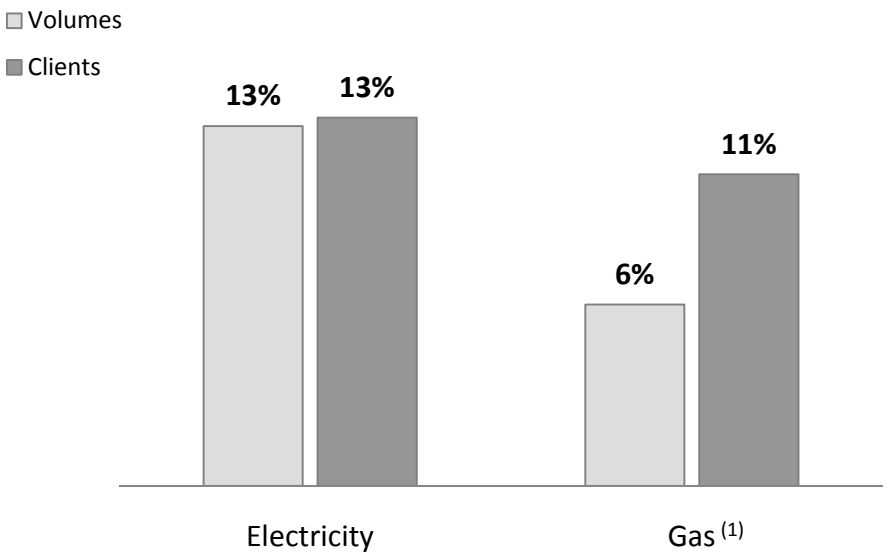
  - ✓ **B2B: focus on most attractive clients** at the expense of lower volumes

Market positioning through increase of B2C client base and focus on most attractive B2B clients

(1) "EDP-Continente" campaign in Portugal (Jan-Mar 2012): in partnership with a Portuguese retail group, EDP offered, until the end of 2012, a superstore discount equal to 10% of the electricity bill to residential clients that contracted the supply of electricity with EDP Comercial.

Spain: high levels of clients' loyalty, while focusing on value added services proposals

Spain electricity and gas: 2011 liberalised market shares
(%)



- **Value added proposals of gas and electricity supply:**
  - EDP has the largest share of dual clients in Spain: 40% of gas clients and 55% of electricity clients
- **Customised offer of products and value added services:** Clients segmentation, offer of differentiated products by type of client (SMEs, Industrial, residential)
  - "Servício Funciona"(1): ~308k clients

- **Most of EDP's clients in Spain are in the liberalised market: 87% of gas clients; 64% of electricity clients**
- **EDP has the highest client loyalty level of the incumbent areas: 95% of our distribution clients in Asturias still are HC Energia's commercial clients and 77% of our clients in the Basque Country remain with Naturgas Energia.**

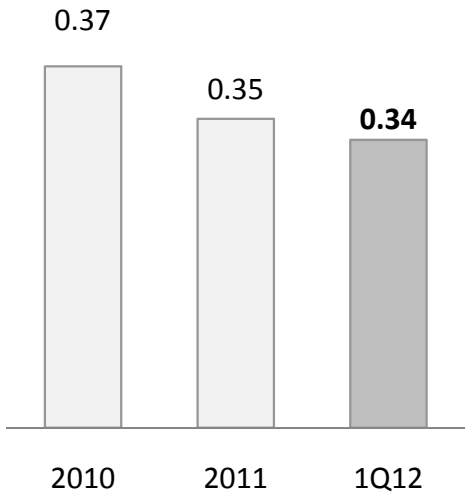
Creating value for clients and increasing loyalty through a customised offer of services

(1) "Servício Funciona" includes annual revisions and repairs of gas/electricity in-house systems.

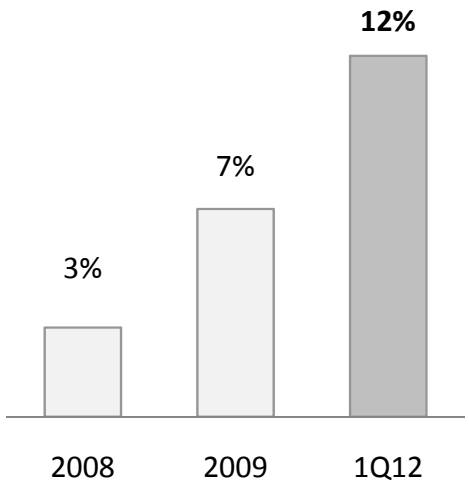
Commercial costs' efficiency as an advantage for competitive pricing

Invoicing costs

Avg. costs
(€)



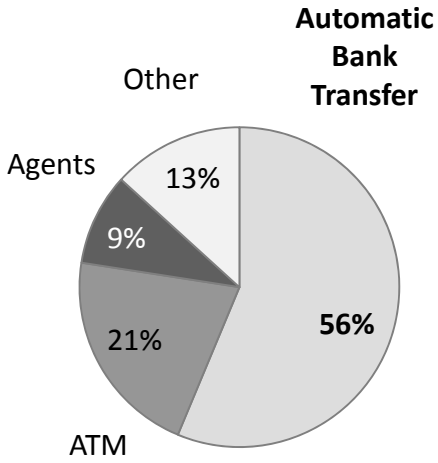
Weight of electronic invoicing
(%)



Collecting costs

Avg. costs
(€)

1Q12 mix
(%)



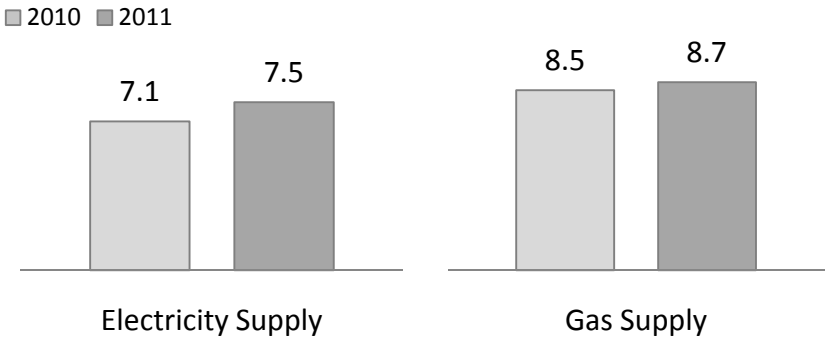
Increased weight of both electronic invoicing and clients relationship through digital channels (29% in 1Q12 vs. 24% in 2010)

Launch of Iberian call centre: c200k calls received in Portugal from Spain in 2011

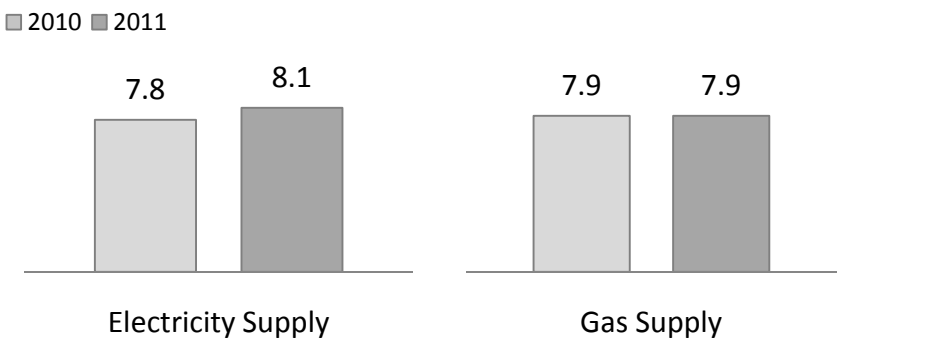
Improved efficiency: competitive pricing through lower commercial costs

EDP clients satisfaction, service quality and brand awareness

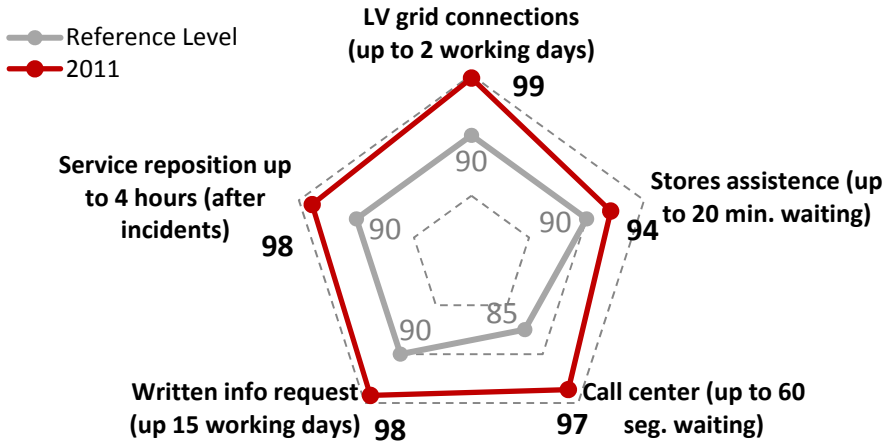
Portugal electricity and gas: client satisfaction
(Scale: 0-10)



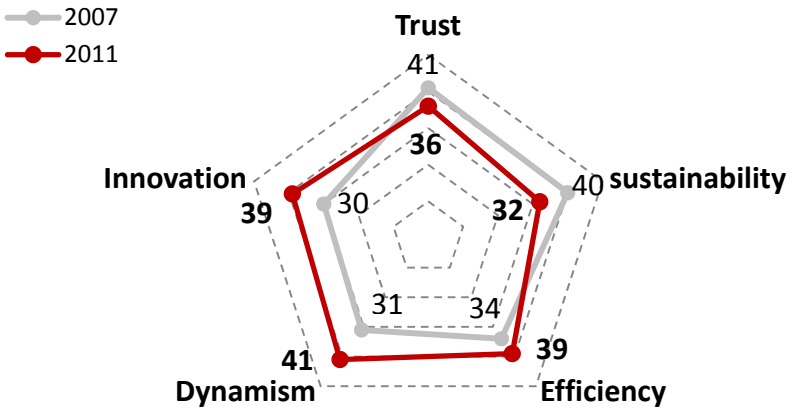
Spain electricity and gas: client satisfaction
(Scale: 0-10)



Portugal electricity: service quality
(Scale: 0-10)



EDP's values: client perception
(%)



EDP maintains high levels of clients satisfaction, which are key for success in a growing liberalisation market

High levels of brand awareness in both Portugal (100%) and Spain (Asturias: 92%; Basque Country: 99%)

Conclusions

- Difficult times in Iberian market
  Major impact comes from higher pressure from clients for competitive pricing
- Liberalisation process: a challenge and opportunity for EDP
- Focus on returns and value added proposals
- Costs control: namely bad debts and commercial costs,
  in order to maximise competitiveness

We are focused on adding value to our clients and EDP

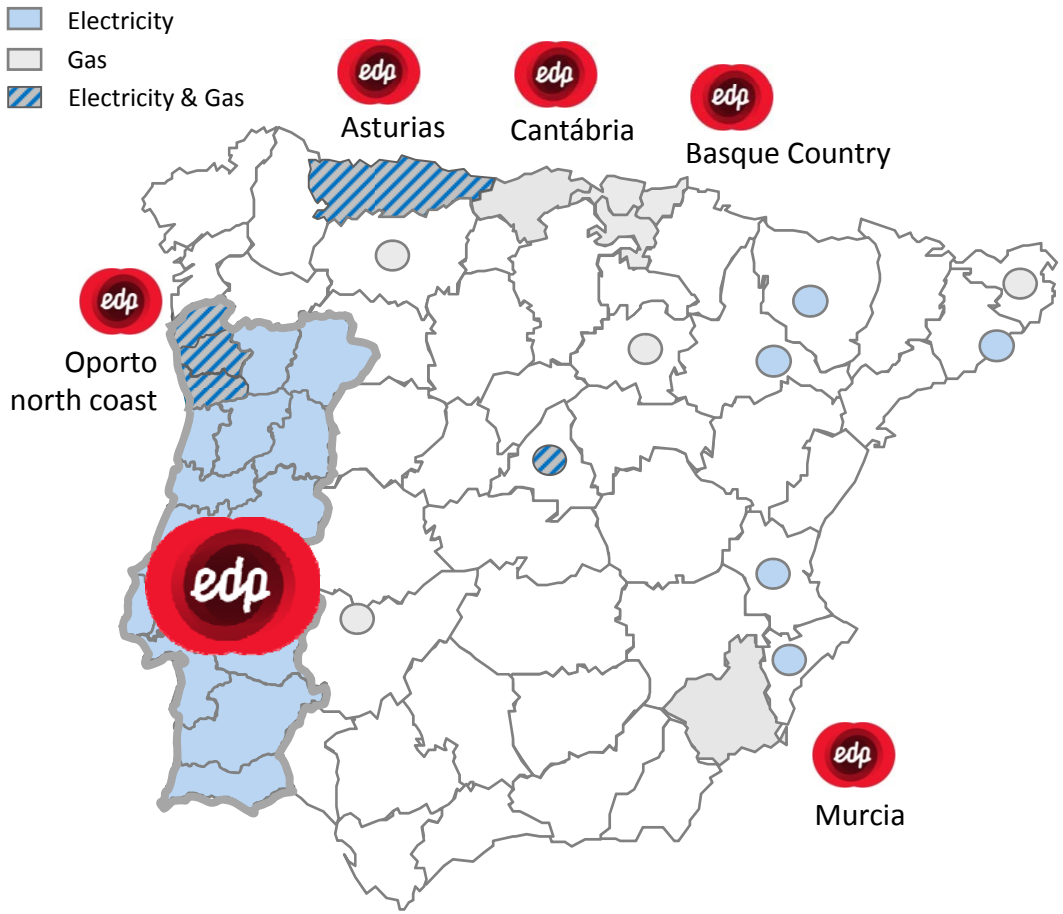
investor day 2012

Regulated Networks in Iberia

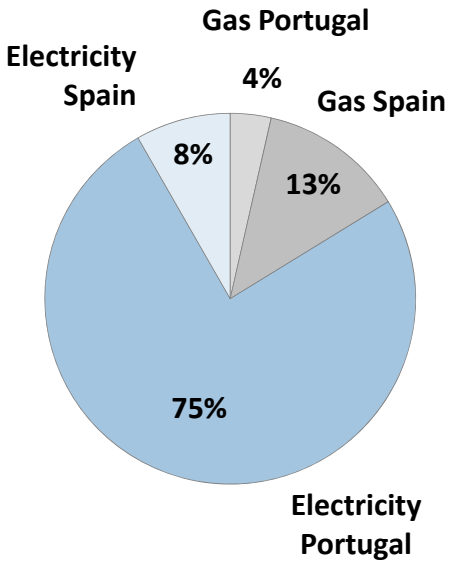
António Martins da Costa, Board Member

EDP's energy regulated networks Iberia geographical footprint

Geographical Presence



2012E Regulated Revenues (%) [1]



- **Diversified portfolio Portugal/Spain, Electricity/Gas**
- **2012 regulated revenues set by regulators: ~€1.8bn**

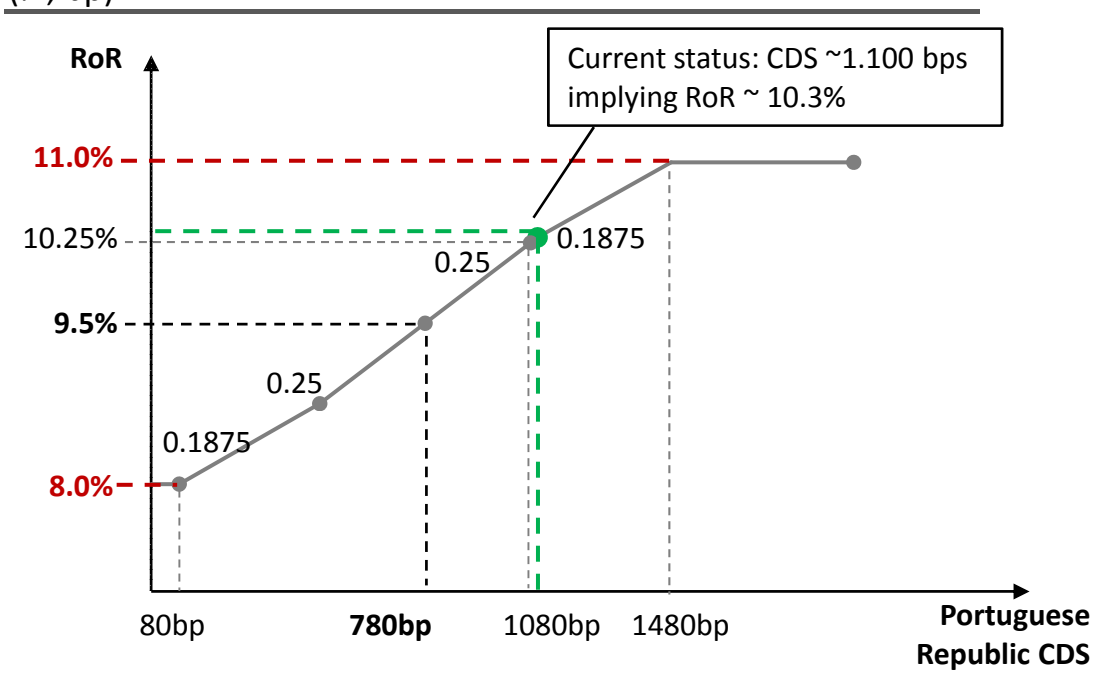
Electricity in Portugal represents 75% of Iberian regulated networks revenues

(1) Electricity Portugal: €1.4bn in accordance with ERSE's consumption forecast; Gas Portugal: regulated revenues set for the year going from Jul-11 to Jun-12; Electricity Spain: regulated revenues include already the new measures announced by the Spanish Government on the back of RD 13/2012; Gas Spain includes €26m from gas transmission network

Electricity distribution Portugal with positive revision of WACC calculation methodology

Return on RAB: Calculation Methodology

(%; bp)



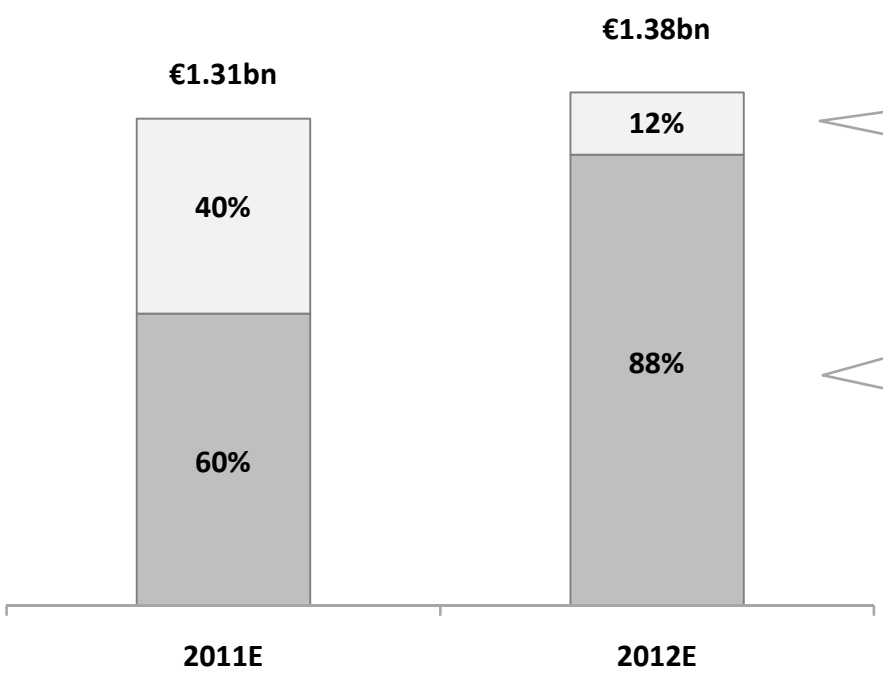
- **RoR increases from 8.56% in 2011 to a preliminary 9.5% for 2012** (based on scenario of avg. Portugal 5Y CDS of 780bps);
- RoR for year t (over 2012-2014): indexed to avg. Portuguese Republic 5Y CDS between October of year t-1 and September of year t; RoR floor at 8.0% and cap at 11.0%;
- Average CDS Portuguese Republic Oct-11 to date(1): ~1,100bps, resulting in 10.3% RoR and implying an **increase of ~€24m** on the regulated revenues

RoR linked to country risk and ensuring less risk in the remuneration of assets

(1) Date: May 11th, 2012 (Reuters)

Lower sensitivity of regulated revenues to GWh distributed

Electricity Distribution and Last Resort Supply in Portugal: Breakdown of 2011 and 2012 Regulated Revenues [1]
(%)



Variable Component:

- Depending on GWh distributed and injected into the grid;
- Unit tariff updated at CPI – X

"Quasi-Fixed" Component:

- 12% depending on number of consumers connected/supplied, volume of customer service processes; Unit tariff updated at CPI–X
- 12% updated only at CPI-X
- 64% Fixed

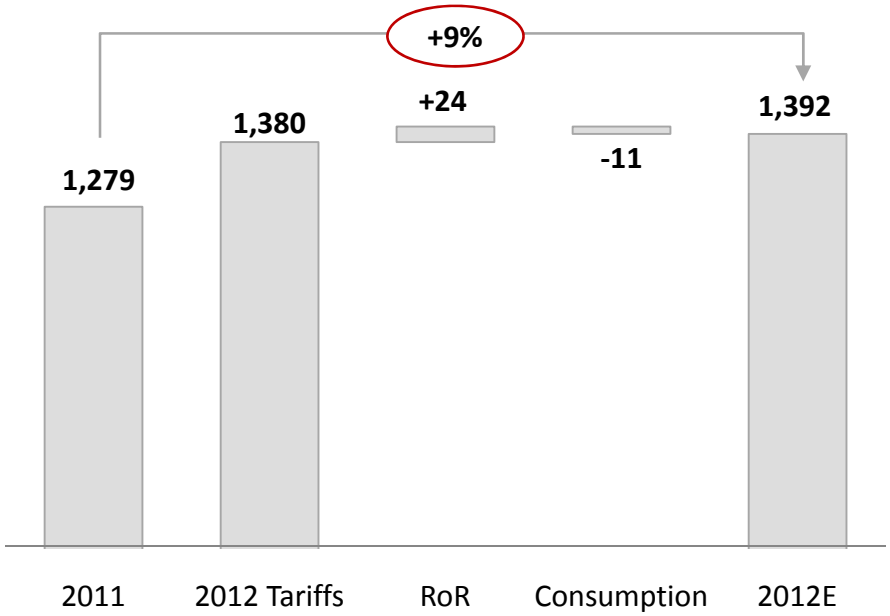
EBITDA sensitivity to ±1% deviation in volumes distributed is ±€2m in 2012E (vs. ±€6m in 2011)

2012E consumption -3.5% YoY (5.7% below ERSE's estimates), with an impact of ~-€11m in regulated revenues

(1) 2011: in accordance with 2011 Tariffs set by the ERSE (assuming 49.0TWh consumption for 2011); 2012: in accordance with 2012 Tariffs set by ERSE (assuming 47.6GWh consumption for 2012)

Regulated revenues increased in regulated networks Portugal driven by higher RoR

Regulated Gross Profit in Electricity Distribution [(1)]
(€m)



- **Regulated Revenues for 2012 initially set by ERSE at €1,380m** based on preliminary 9.5% RoR and assuming 2.3% demand increase for 2012 vs. 2011 real demand
- **Impact expected on current forecasts: higher RoR (+€24m) and lower demand vs. ERSE's assumption (-€11m)**
- **CPI-X update ~36% of 2013-2014 revenues:**
  1. CPI factor: Portuguese GDP deflator by June of year t-1
  2. X factor: set at 3.5% for 2013-2014

Stable regulatory framework for 2012-14 with regulated revenues impacted by Portuguese Republic 5Y CDS evolution

(1) Including revenues from operating costs of energy purchase and sale activities and Last Resort Supply

Gas and Spanish electricity distribution contributes to EDP's portfolio diversification

Business Unit	Regulatory Framework	Regulated Revenues 2012 (2)	% of Reg. Networks Revenues
Electricity Distribution Spain	▪ **Revenues:** previous year revenues updated by - CPI and Industrial Price Index – Efficiency Factor - Increase in activity: Capex + O&M + other costs - Quality of service and grid losses incentives ▪ **Regulated revenues have been recently cut by 10%** on the back of RD-Ley 13/2013	**€151m**	**8%**
Gas Distribution in Spain	▪ **Revenues:** previous year revenues updated by - Inflation and efficiency factor (0.85 x IPH(1)) - Increase in activity: demand and supply points ▪ **Stable regulatory environment**	**€232m**	**13%**
Gas Distribution in Portugal	▪ **Revenues: based on Return on RAB + OPEX updated at CPI – X** - RoR of 9.0% - X factor of 0.5% in Distribution and 3.0% in Last Resort Supply ▪ **New Regulatory Revision by Jul-2013: no material impact expected**	**€65m**	**4%**

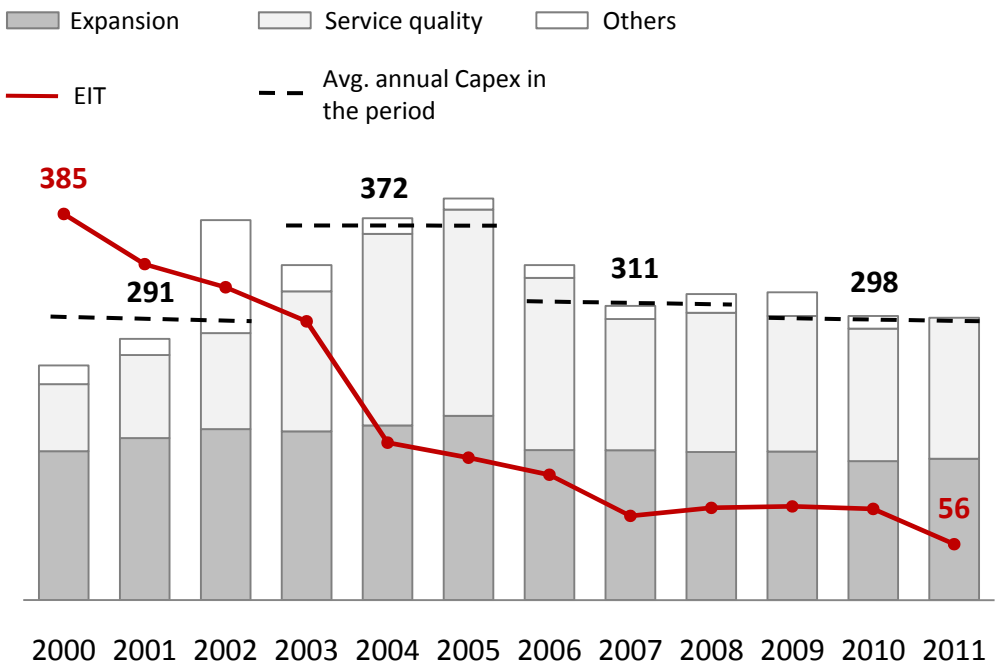
Stable regulatory framework expected in the coming years, after recent changes in electricity distribution in Spain

(1) Average between CPI and Industrial Index Prices

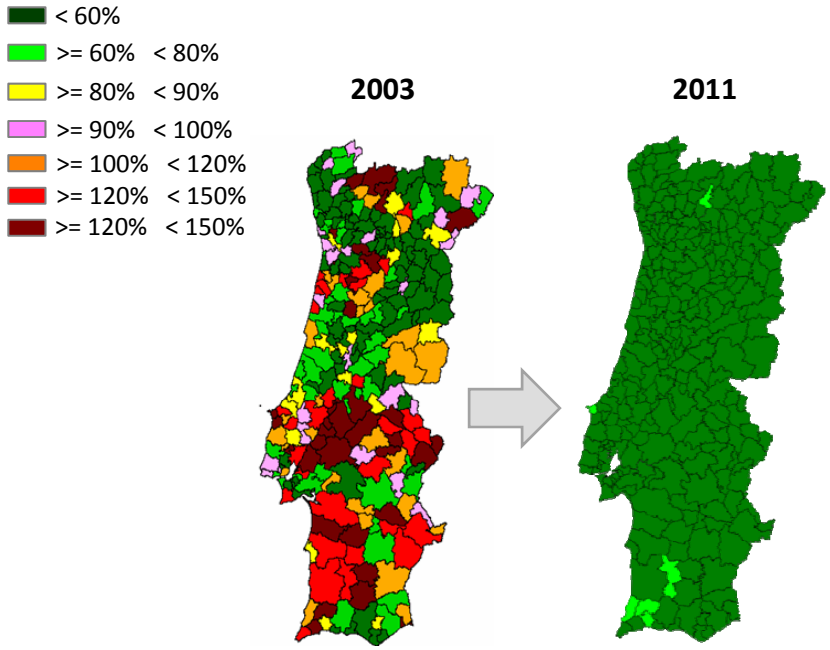
(2) Gas Distribution Portugal: regulated revenues set for the year going from Jul-11 to Jun-12; Gas Distribution Spain: includes also transmission

Portugal distribution's technical service quality has increased sharply due to network investments

Capex [1] & EIT Intern [2]
(€m; min.)



Reference value defined in Quality of Service Regulation (%)



- **Total Capex in the period: €3.8 bn**
- **EIT reduction in the period: 86%**

- **Due to an asymmetries reduction programme in 2011 all regions are bellow the limit set by the regulation**

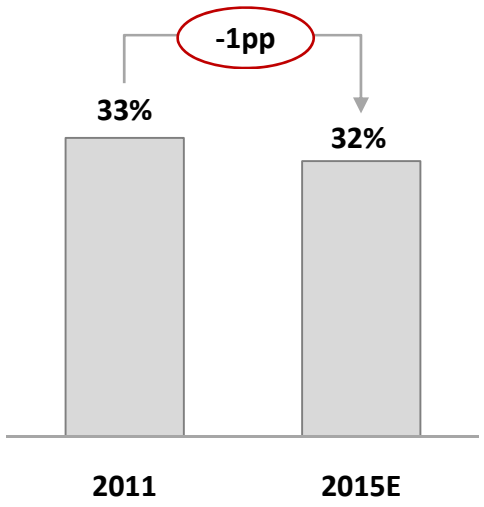
Significant investment in service quality improvement focusing also in reduction of regional asymmetries

(1) Technical costs (2) Equivalent Interruption Time in Installed Capacity - Medium Voltage

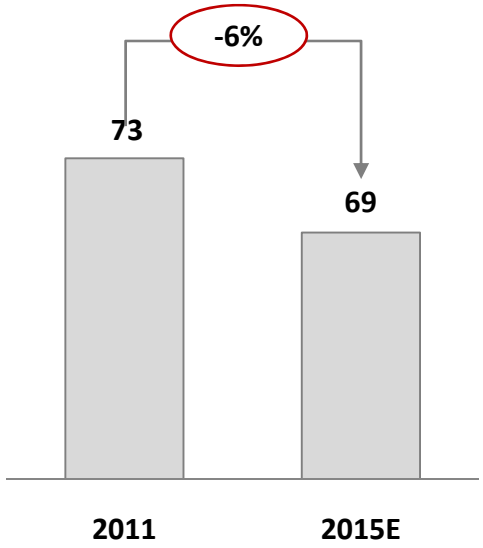
EDP's to improve future efficiency and productivity key ratios in the regulated networks Iberia

- **Continuous focus on efficiency** in Regulated Networks Iberia by means of OPEX III**,** the new costs' reduction programme
- Distribution in Portugal is conducting **a deep analysis of the its competencies** in order to identify the ones that may be outsourced

Opex[(1)]/Gross Profit
(%)



Opex[(1)]/Supply Points
(€) (2011 prices)



Opex / Gross Profit will reach 32% in 2015 and Opex / Supply Points will improve by 6% in real terms

(1) Supplies and services + personnel costs + costs with social benefits

EDP's on the frontline of innovation and technology

SmartGrids

- Reduction of technical and commercial losses
- Quality of service improvement
- Integration of emerging technologies (distributed generation, electric vehicle, demand side management)
- Efficiency in technical and commercial operations (remote operations)
- Increased energy efficiency

EDP's Smart Grid Project: InovGrid

- Pilot in Evora city with over 30k Energy Boxes and 340 DTC(1) installed
- Selected among 230 European Smart Grid projects to serve as case study for an European Cost Benefit Analysis methodology
- Large scale pilot with 100k Energy Boxes in seven new locations in 2012

Electric Vehicle

- Growth potential in the medium/long-term
- Strong rationale for development (decarbonisation, storage, reduce imports)

EDP's Project for Electric Vehicle Chargers

- Pilot project for electric vehicles: 1,030 charging stations activated

Cost-benefits analysis demonstrates that InovGrid solution brings substantial value

EDP is following the technological trends of electric vehicle

(1) Distribution Transformer Controller

Conclusions

- Positive outcome from new regulatory framework in Electricity Distribution in Portugal
- Diversified presence in other regulated networks in Iberia: reinforces EDP's low risk profile
- Quality of Service has improved significantly reaching European standards
- Opex / Gross Profit to improve by 1 pp and Opex / Supply Points by 6% in real terms
- EDP on the leading edge of the new technological trends in the electricity networks

investor day 2012

Partnership with China Three Gorges

João Marques da Cruz, Board Member

China Three Gorges' operating and strategic highlights

2011 Operating Figures		
Installed capacity (GW)	25.2	23.2
Capacity under construction (GW)	49.6	2.8
Generation output (TWh)	97.3	58.4

- **Three Gorges Hydro Power Plant:** 22,500MW, in operation since 2003, construction took 17 years, €22bn total investment, 88.2TWh average annual output, largest hydro plant in the world.
- **Further development of Yangtze river:** 2 hydro plants under construction (20.3GW) + 3 hydro plants under development (28.2GW)
- **Other renewables:** 1GW wind power capacity in operation, solar power development projects, 13.7% equity stake in Goldwind wind turbines developer.
- **2020 target installed capacity: 90 GW** (70 GW in hydro and 20 GW in wind).
- **International development aspiration**, namely in hydro, wind and solar power projects.

China's largest clean energy group with an ambitious renewable energy expansion plan

China Three Gorges' financial highlights

中国长江三峡集团公司
China Three Gorges Corporation

2010 Key Financial Figures [3]

EBITDA (€ bn)	2.1
Assets (€ bn)	32.4
Net Debt (€ bn)	6.1
Net Profit (€ bn)	0.9

- **CTG is 100% owned by the Government of People's Republic of China** (S&P & Fitch: AA- / Moodys: Aa3) and supervised by SASAC[1]
- **CTG is AAA Rating by Chinese Credit Agencies** Lianhe & Chengxin
- **CTG is rated "Super AAA"** by NAFMII [2] being part of a restricted group of 10 top Chinese State Owned Enterprises including Sinopec (A+ by S&P; Aa3 by Moodys), Ministry of Railway, China Mobile, etc.
- **Sound relationship with some of the world's major banks**: ICBC, China Construction Bank , Bank of China, China Development Bank, etc.
- **Major subsidiary is listed in the Shanghai Stock Exchange**: China Yangtze Power (73% owned by CTG) responsible for the operation of Three Gorges and Gezhouba hydro projects.
- **Latest issue in Chinese bond market** on March 9th 2012: RMB 7bn (€850m) with 7Y maturity and coupon of 4.71%

One of the major Chinese Corporates: Sound financials and competitive access to long term capital resources

(1) State-owned Assets Supervision and Administration Commission (2) Chinese National Association of Financial Market Institutional Investors (3) Source: Bloomberg (considers forex rate of EUR / RMB = 8.96 for IS figures and EUR / RMB = 8.80 for BS figures)

CTG/EDP partnership rationale: two global leading clean energy companies sharing the same vision

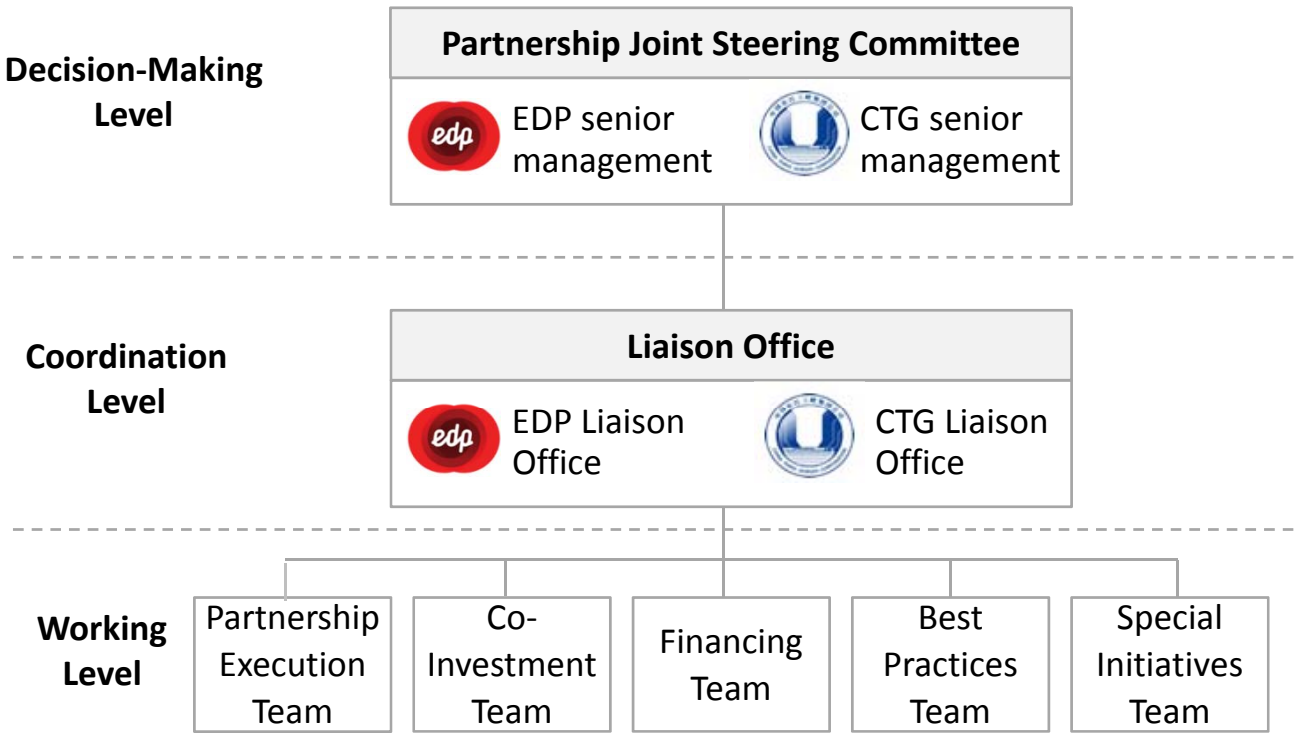
Market Position	#3 wind producer worldwide	One of the largest hydro power players wordwide
Geographical Presence	Europe, Americas, Africa	Asia, Africa
Growth Motor	International managing experience	Strong development and financing capabilities
Strategy	Hydro & other renewables International expansion	Hydro & other renewables International expansion

- Access to new markets and development pipeline through partner's existing presence
- Sharing of both partners technological skills and know-how
- Combination of EDP's international experience with CTG's financial muscle

Leading renewables players, strategies perfectly matched, complementary geographical presence

Win-win partnership, creating value for both EDP's and CTG's shareholders

CTG/EDP partnership's organization framework



- **Partnership Committee:** Consultation committee, with equal representation and annual rotation of chairman to discuss potential co-investment opportunities in renewable technologies and other areas of development of the partnership

- **Five teams** already established and working in the partnership, coordinated by the Liaison Offices and with the full involvement of the direct leadership

Disseminate distinctive skills with partner, explore opportunities for joint investments and identify the cooperation model on technology innovation

CTG/EDP partnership's current status and next steps

Action	Current Status
Closing of the deal	▪ Privatisation deal concluded on the 11th May ▪ CTG's representatives in EDP's General Supervisory Board already appointed
Wind farms transaction	▪ CTG to invest €800m in the first 12 months after the closing of the privatisation deal and a total of €2bn until 2015 (including co-funding capex) equivalent to c.1.5GW (net) of wind power capacity
Co-Investments	▪ Joint analysis of opportunities for co-investments
Technology and Innovation	▪ CTG considering to invest and participate in EDP's Venture Capital system
Other Initiatives	▪ Analyzing potential establishment of a JV for O&M and other related services

Worldwide leadership through diversification of growth opportunities and shared access to new markets

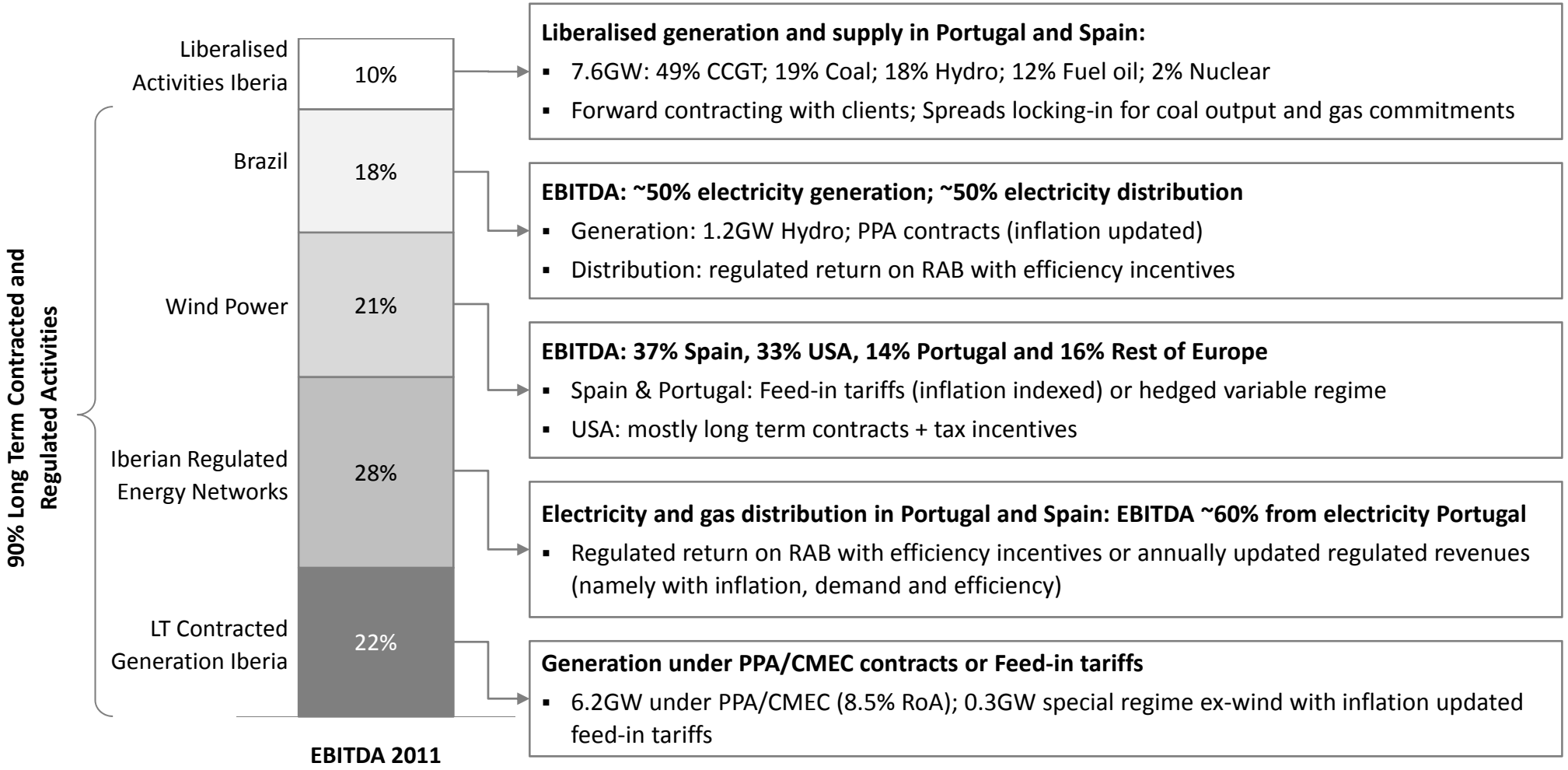
we are edp

investor day 2012

Financials

Nuno Alves, CFO

Unique low risk EBITDA



Low risk operating profile company with low sensitivity to economic cycles

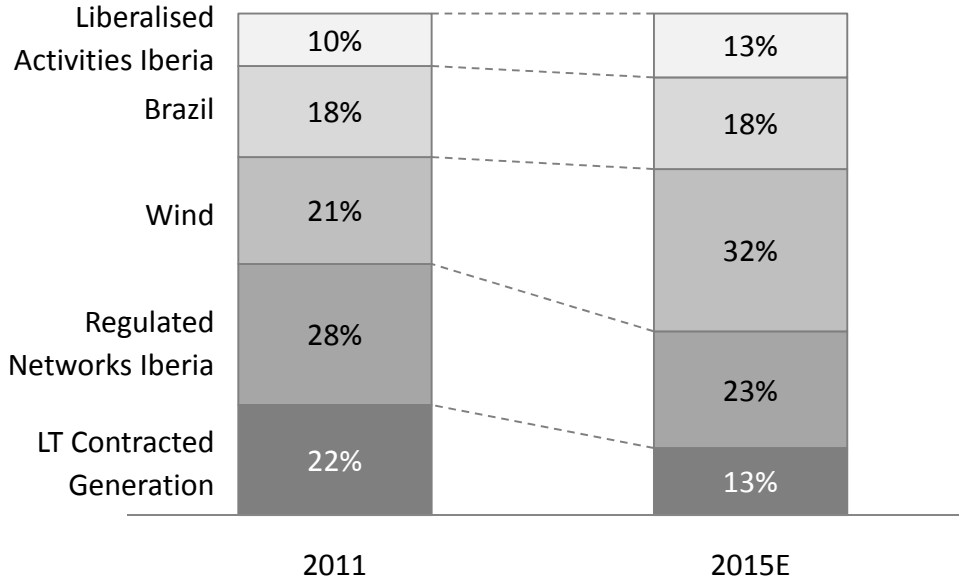
Maintenance of EDP's low risk business profile and diversified portfolio in 2012-15E period

EBITDA breakdown by geography 2011-2015E

(%)

EBITDA breakdown by segment 2011-2015E

(%)



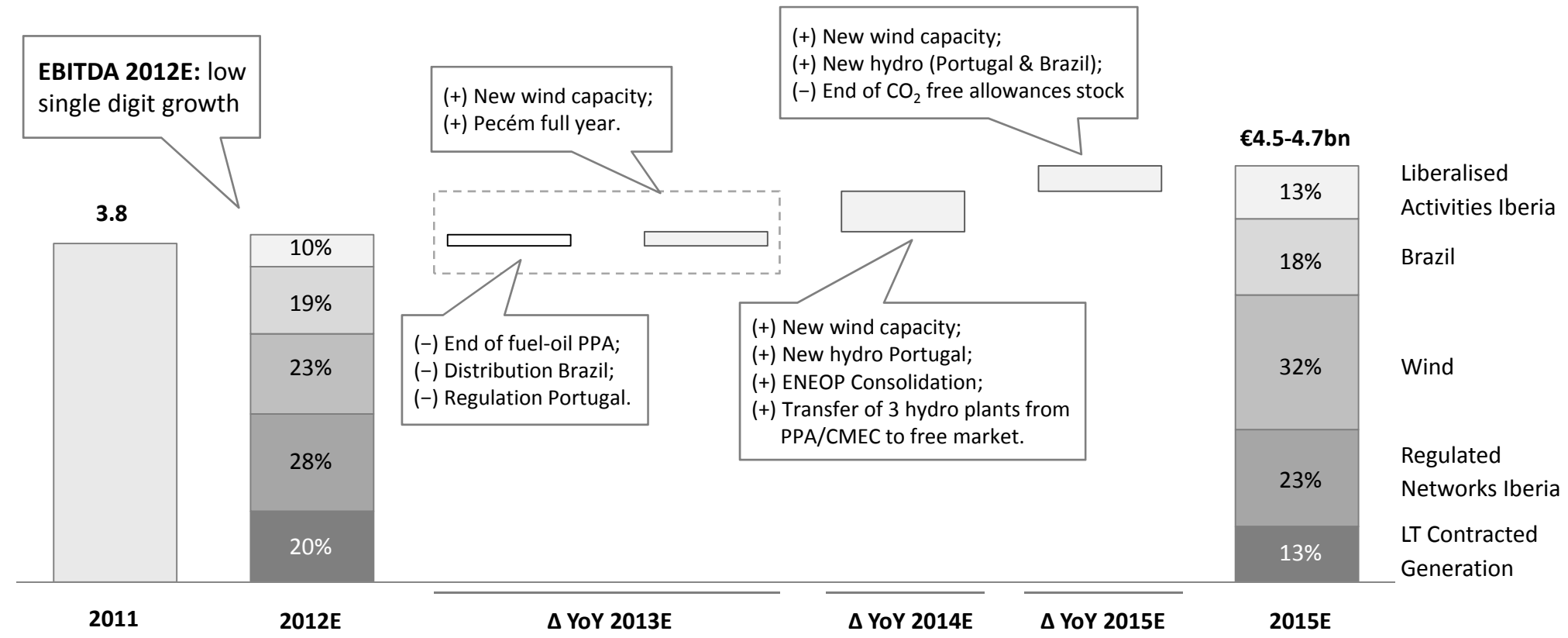
Maintenance of diversified and low risk operating profile

Business resilience despite difficult Iberian macro and regulatory environments

Mid-single digit 2011-15E EBITDA growth

EBITDA growth 2011-2015E

(€bn; %)



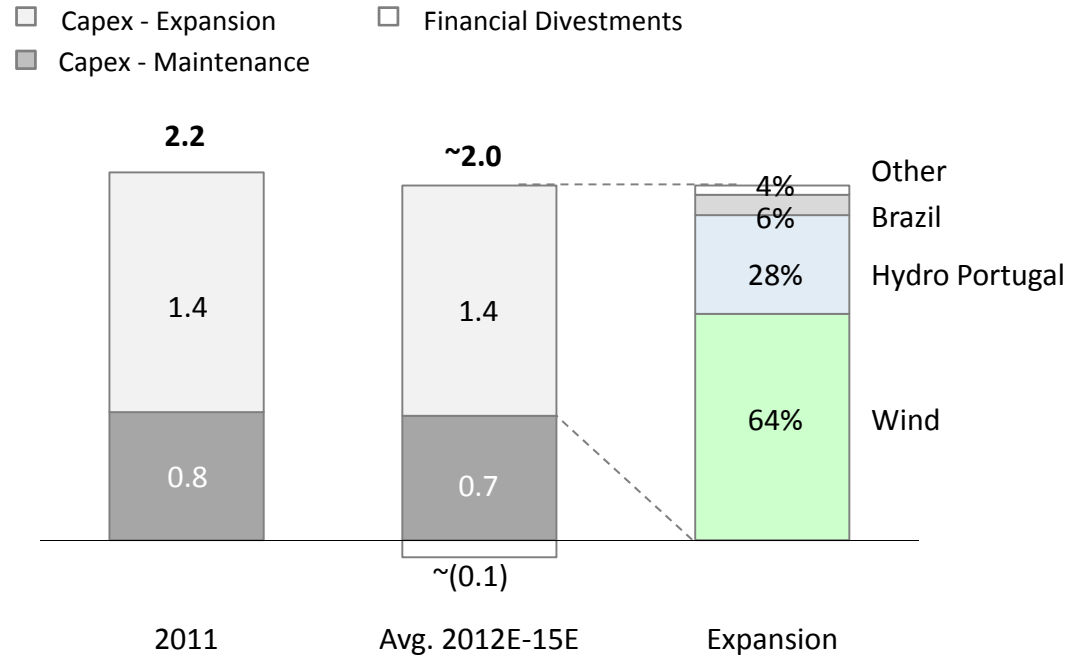
EBITDA CAGR 2011-2015E of ~5%: growth supported on new hydro and wind capacity

EBITDA 2013E expected to be flat vs. 2012E; EBITDA 2014E-15E to show above average growth

Capex ~€2.0bn/year net of financial divestments

Consolidated capex: 2011-2015E

(€bn; %)



- **Wind: ~**0.5GW/year in 2012E-13E and >0.6GW/year in 2014E-15E
- **Hydro investments in Portugal:**

  1,702MW under construction due in 2012-2015
- **EDP Brasil:**

  - Coal: Pecém power plant (360MW) to be fully operational in 2012

  - Hydro: Jari power plant (373MW) to start operations in 2015

Consolidated capex of €2.1bn per year on average in the 2012E-15E period

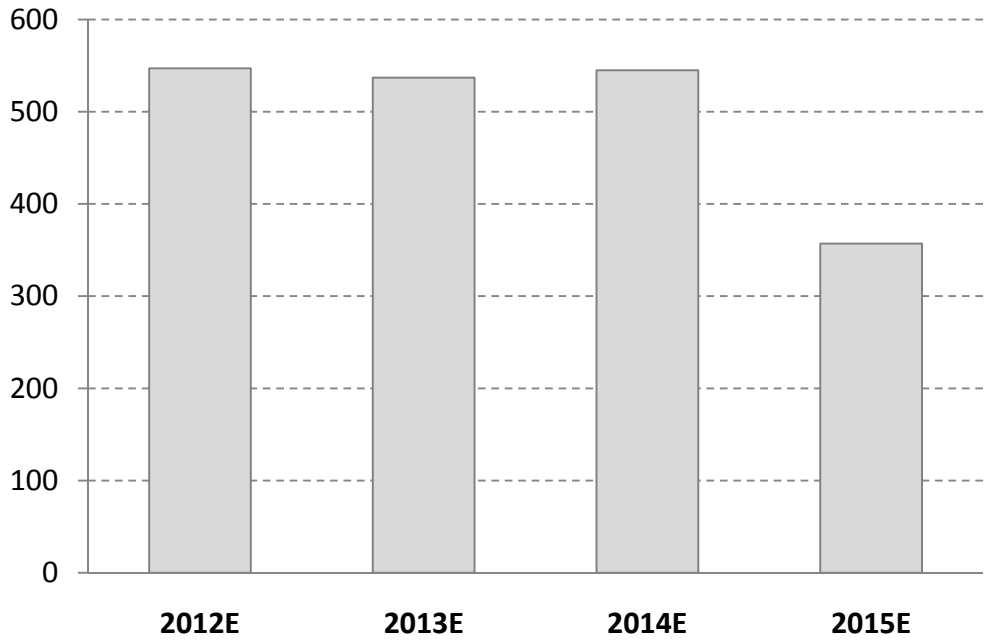
Financial divestments: average ~€0.1bn per year in the 2012E-15E period

~€2.0bn/year on average with high flexibility in 2014E-15E: ~50% of expansion capex not yet committed

Strategic partnership with CTG: purchase of minority stakes in wind projects

CTG gross cash proceeds 2012-2015E

(€m)



- **CTG to acquire €2.0bn (including co-investment) of minority stakes (between 34-49%) in operational and ready to build wind projects, representing 1.5GW of capacity (CTG stake):**
  - 900MW in operation and 600MW ready to build;
  - Europe: 600-800MW;
    USA: 600-800MW;
    South America: 0-200MW;
  - Full consolidation and operation by EDP

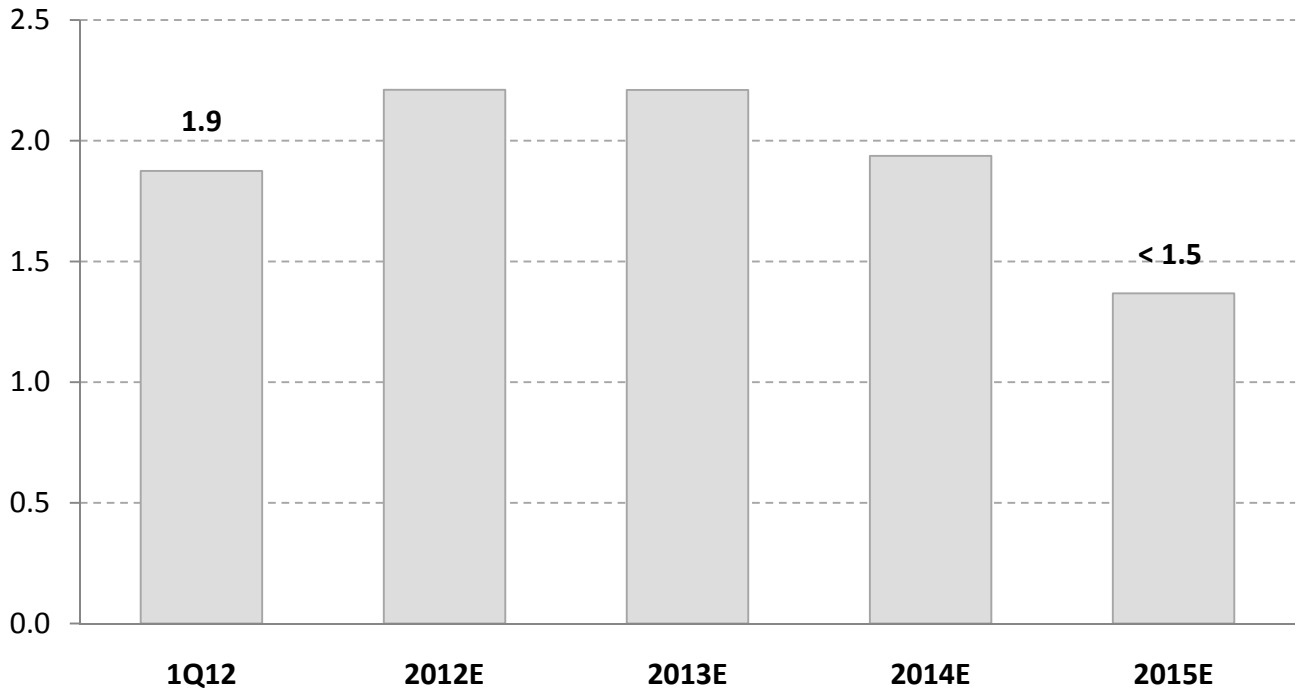
Close to €2.0bn of cash injection from sale of minority stakes in wind farms

€800m to be done until May-13

Regulatory receivables: EDP base case scenario

Regulatory receivables 2011-2015E

(€bn)



- **Portugal :**

  Base case scenario assumes gradual reduction of regulatory receivables

- **Spain:**

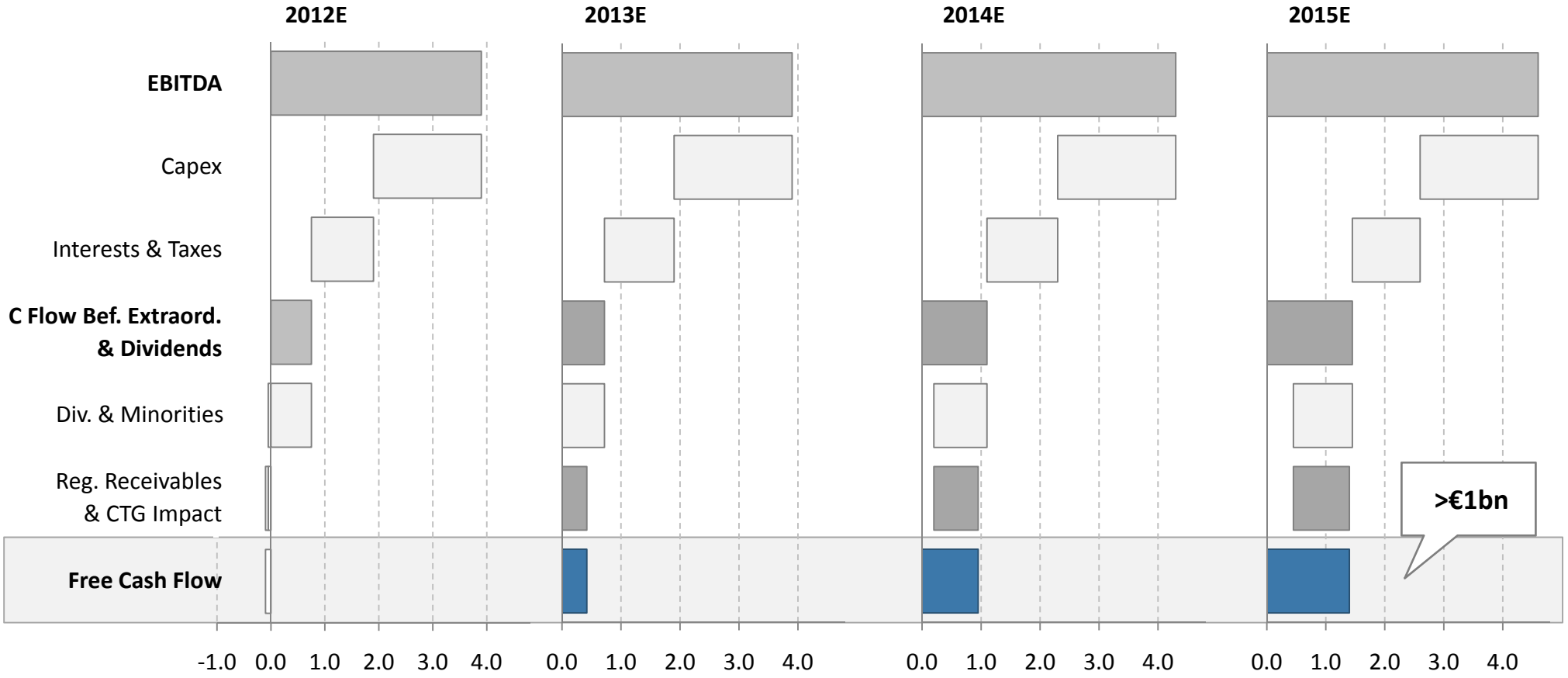
  Progressive reduction of tariff deficits along with annual securitization deals

Regulatory receivables expected to increase in 2012, to remain flattish in 2013 and to decline in 2014-15

Base case scenario does not assume any securitisations in Portugal

High free cash flow improvement

Free cash flow generation 2012-2015E
(€bn)

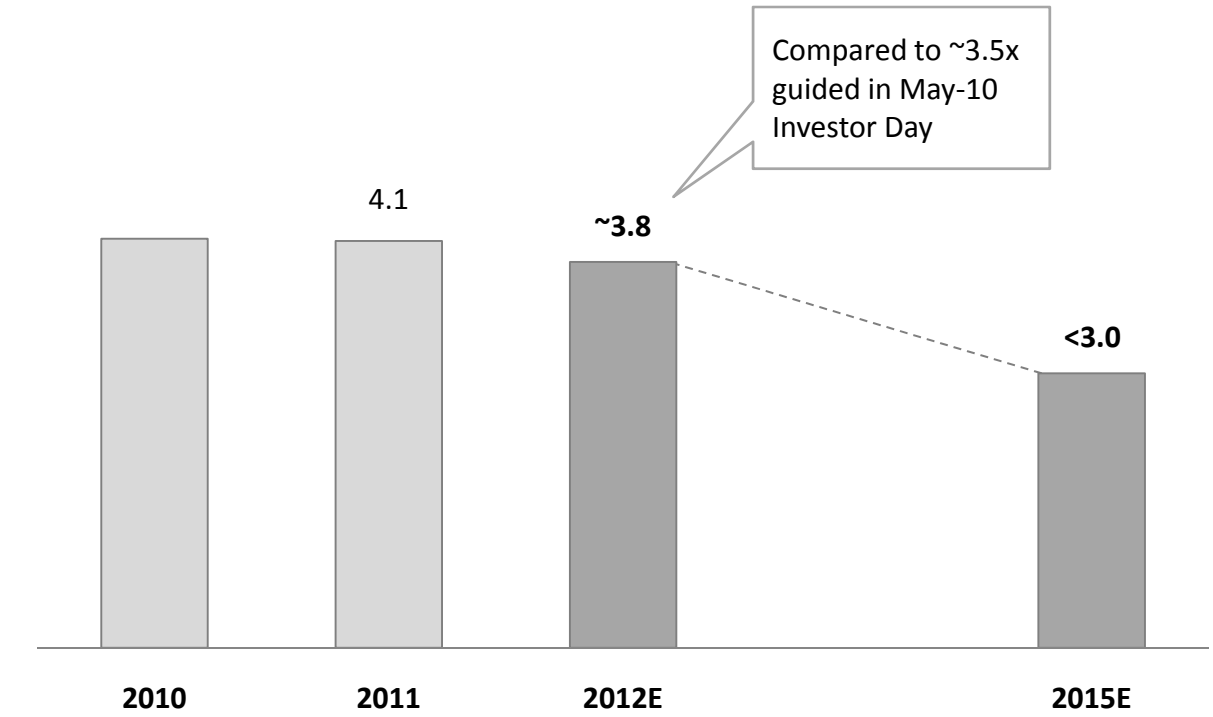


Strong improvement of Free Cash Flow generation in 2012-2015E period

Improving financial credit ratios

Net debt/EBITDA[(1)] 2010-2015E

(x)



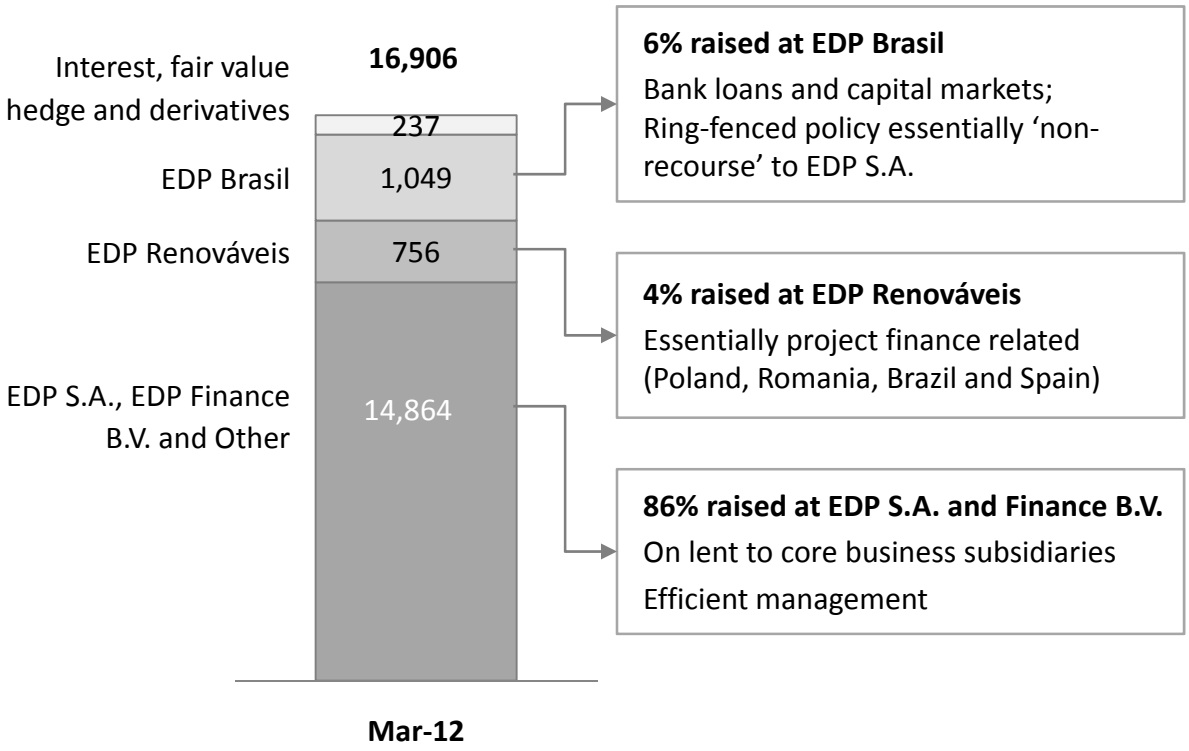
- Low risk operating cash flow and resilience to current macro environment improve visibility on projections
- Net debt/EBITDA ratio to improve significantly on lower capex net of disposals to CTG and entry of new capacity

Clear improvement of Net Debt/EBITDA ratio to below 3.0x in 2015E

(1) Excluding Regulatory Receivables

Net debt

EDP consolidated net debt position
(€m)

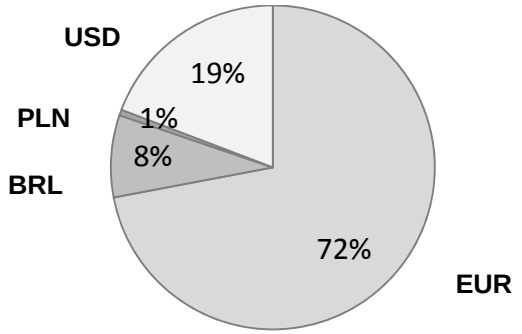


6% raised at EDP Brasil
Bank loans and capital markets;
Ring-fenced policy essentially 'non-recourse' to EDP S.A.

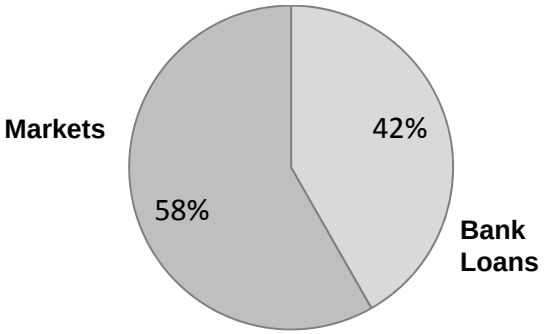
4% raised at EDP Renováveis
Essentially project finance related (Poland, Romania, Brazil and Spain)

86% raised at EDP S.A. and Finance B.V.
On lent to core business subsidiaries
Efficient management

EDP consolidated debt by currency: Mar-12
(%)



EDP consolidated debt by instrument: Mar-12
(%)

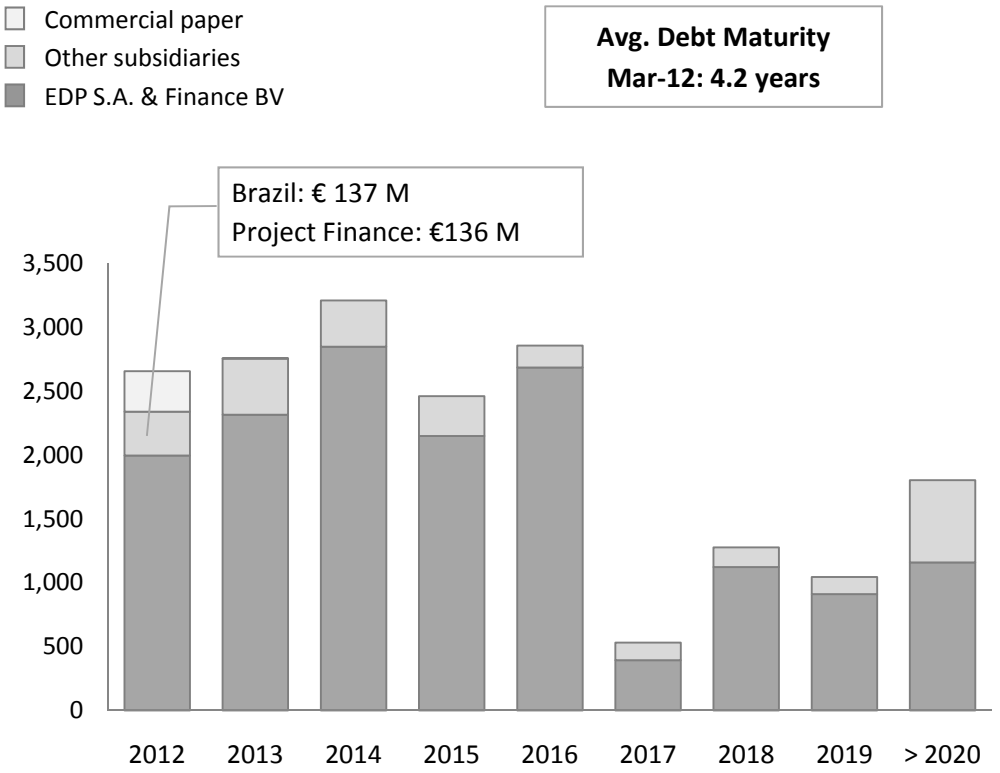


Debt essentially issued at holding level through both capital markets (public and private) and bank loans

Investments and operations funded in local currency, to mitigate forex risk
USD debt fully dedicated to funding of wind US investments; Brazilian operations locally funded ('ring-fenced')

Debt maturity profile

EDP consolidated debt maturity profile: Mar-12
(€m)



Sources of liquidity: Mar-12
(€m)

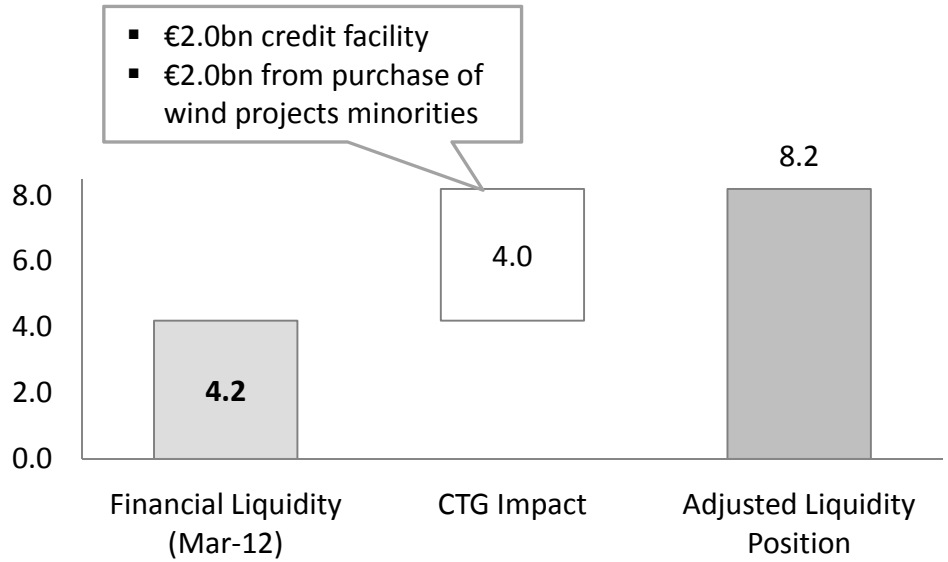
Instrument	Maximum Amount	Number of counterparties	Available	Maturity
Revolving Credit Facility	2,000	21	1,500	03-11-2015
Domestic Credit Lines	190	10	151	Renewable
Underwritten CP Programmes	650	3	650	Renewable
Total Credit Lines	2,840		2,301	
Cash and Equivalents:			1,908	
Total Liquidity Available			**4,209**	

Debt maturities in 2012: €2.1bn (€1.7bn bonds and €0.4bn of loans)

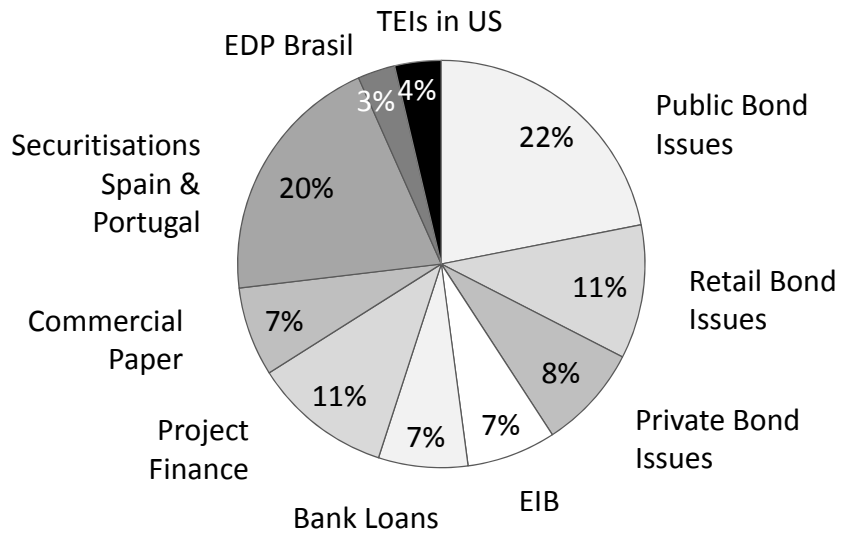
€4.2bn of cash and liquidity facilities available, allowing funding needs to be covered until mid-13

Funding strategy: maintain diversification and ensure comfortable liquidity position

EDP's financial liquidity adjusted for CTG partnership
(€bn)



EDP Group: sources of new funding raised in 2011-1Q12
(%)



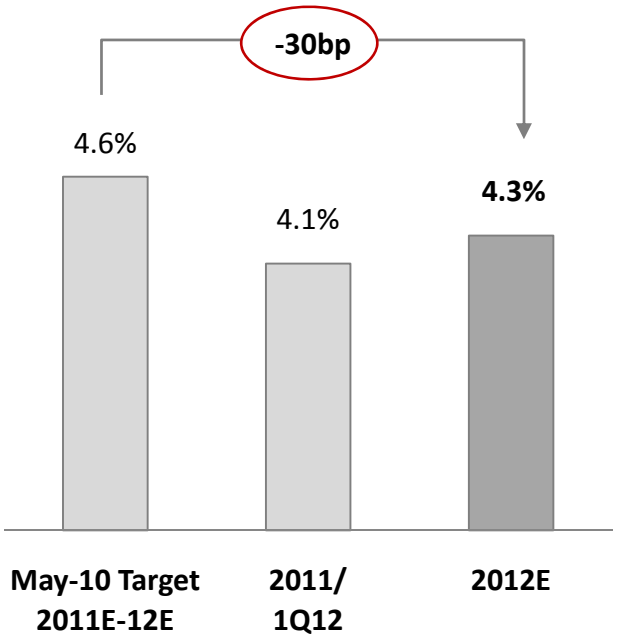
- **€2bn committed credit facility (up to 20 years):** Final terms expected to be closed before the summer
- **CTG purchase of wind farm minorities: €2.0bn to be invested in 2012-15E** (including co-investment)

- **Maintenance of diversified funding sources, targeting both low cost and low risk**
- **Start negotiations on 2013 credit lines:** closing of negotiations expected for year end

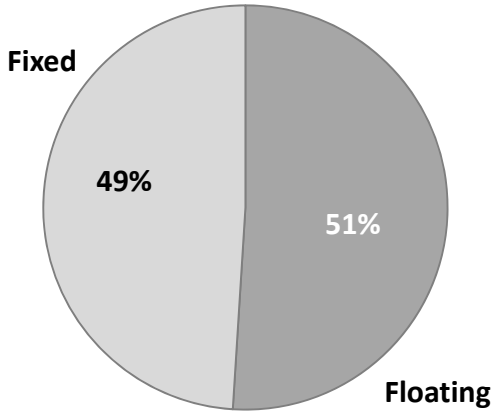
Focus on CTG partnership execution, maintain diversified sourcing and extend financial liquidity post-2015

Average cost of debt

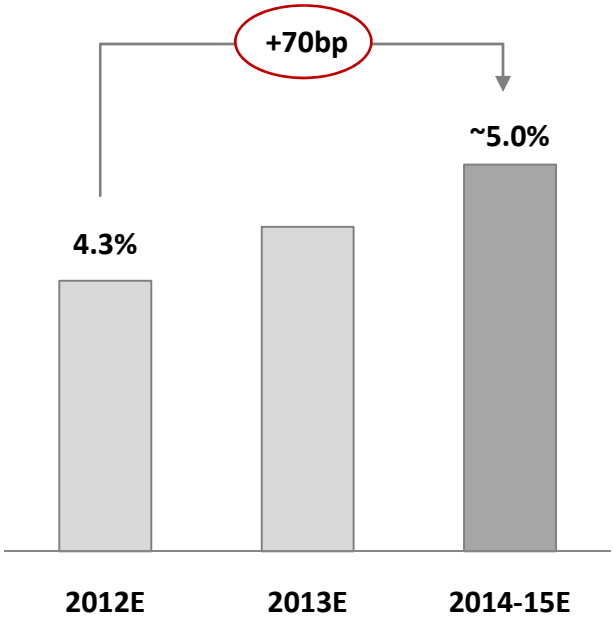
Avg. cost of debt 2012E
(%)



1Q12 debt by interest rate term
(%)



Avg. cost of debt 2012-2015E
(%)



Balanced interest rate debt structure between fixed and variable

Marginal cost of debt above average will lead to gradual increase of average cost of debt: ~5% in 2015E

Conclusions

- Low business risk profile: resilience to economic cycles
- Improving financial credit ratios
- Strong financial liquidity
- Attractive EBITDA growth
- Reliable dividend policy

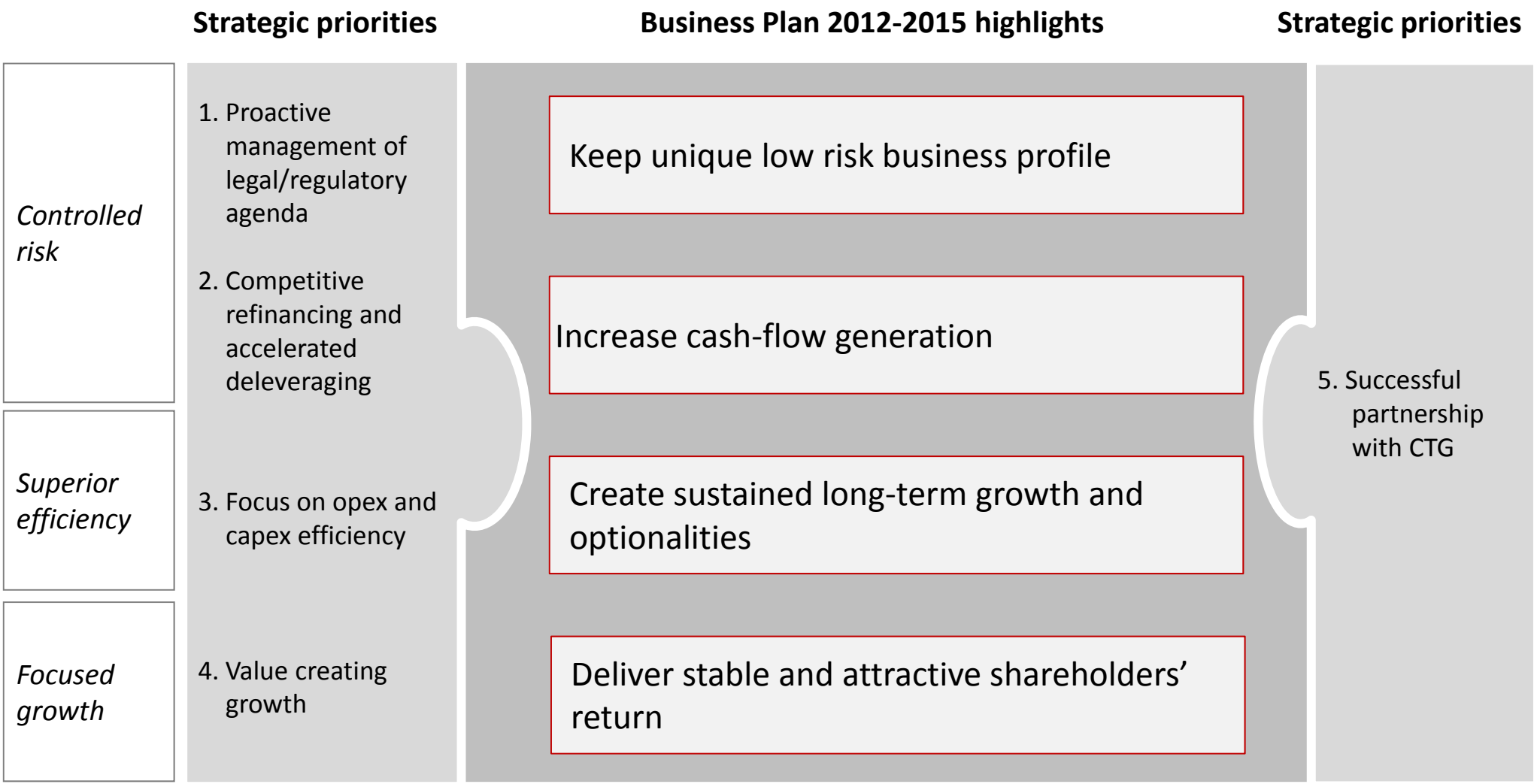
Profitable growth maintaining sound capital structure and improving credit profile

investor day 2012

Conclusions

António Mexia, CEO

Smart driving, in the same track, with a revamped engine...



Reinforcing our distinctive equity story

The most efficient company in Iberia
The lowest OPEX/Gross profit ratio among peers since 2009

Unique low risk portfolio:
EBITDA from regulated activities weight to continue clearly above our peers

Strong exposure to wind and hydro:
Installed capacity rises from 63% in 2011 to 73% in 2015

Significant exposure to Brazil:
Long time presence, attractive source of growth, provides diversification (~20% of total EBITDA)

CTG as shareholder and partner:
China's largest clean energy group with strong rating and competitive access to long term capital resources

Distinct profile amongst European utilities with the right asset allocation

A partnership grounded on complementary skills and geographic reach by the two partners

The same shared renewable vision

中国长江三峡集团公司
China Three Gorges Corporation

- **Strong capital structure** with significant funds available
- **Deep experience in hydro projects**
- **Access to wind technology through turbine manufacturer** (Goldwind)
- **Established presence in Asia and reach to multiple Asian markets;** historic links of China to a number of **African** countries

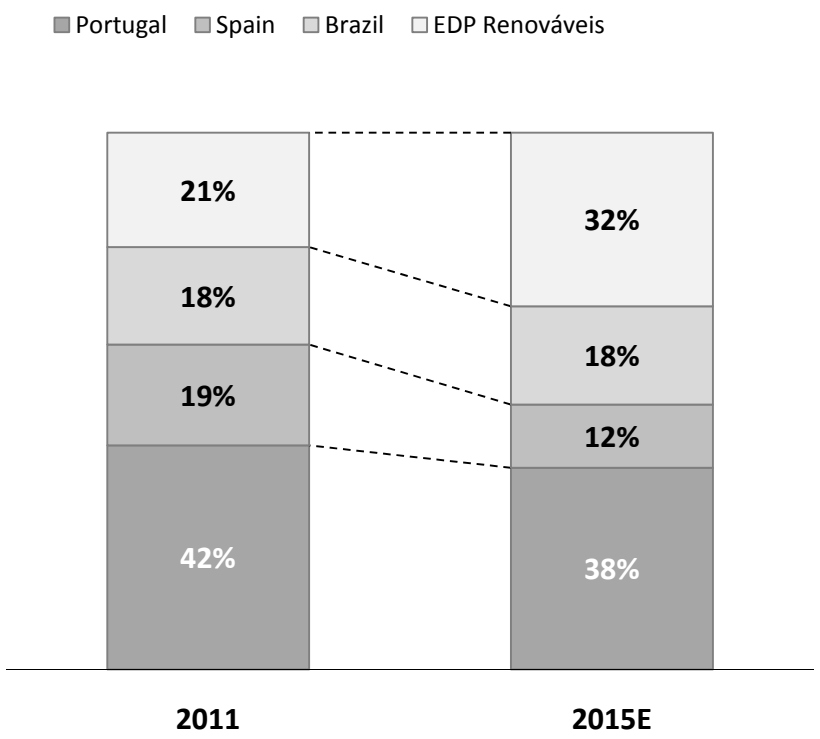
- **Deep expertise in the wind business,** with proven track record and a portfolio of growth opportunities
- **Proven internationalization story and capabilities**
- **Solid integrated utility,** with experience across the entire value-chain
- **Established presence** in **Europe**, **USA** and **Brazil** and access to selected **African** countries (cultural affinity)

Strategic shareholder with business knowledge and interest in growing outside its domestic market

Diversification of economic and regulatory environment

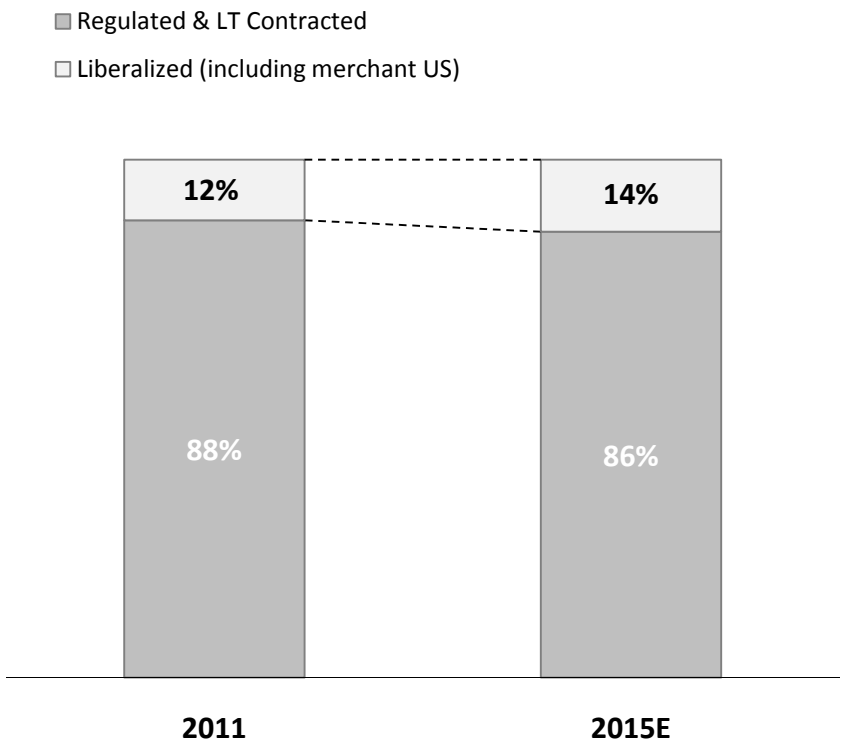
EBITDA Breakdown by Geography

(%)



EBITDA Breakdown by Risk Profile

(%)

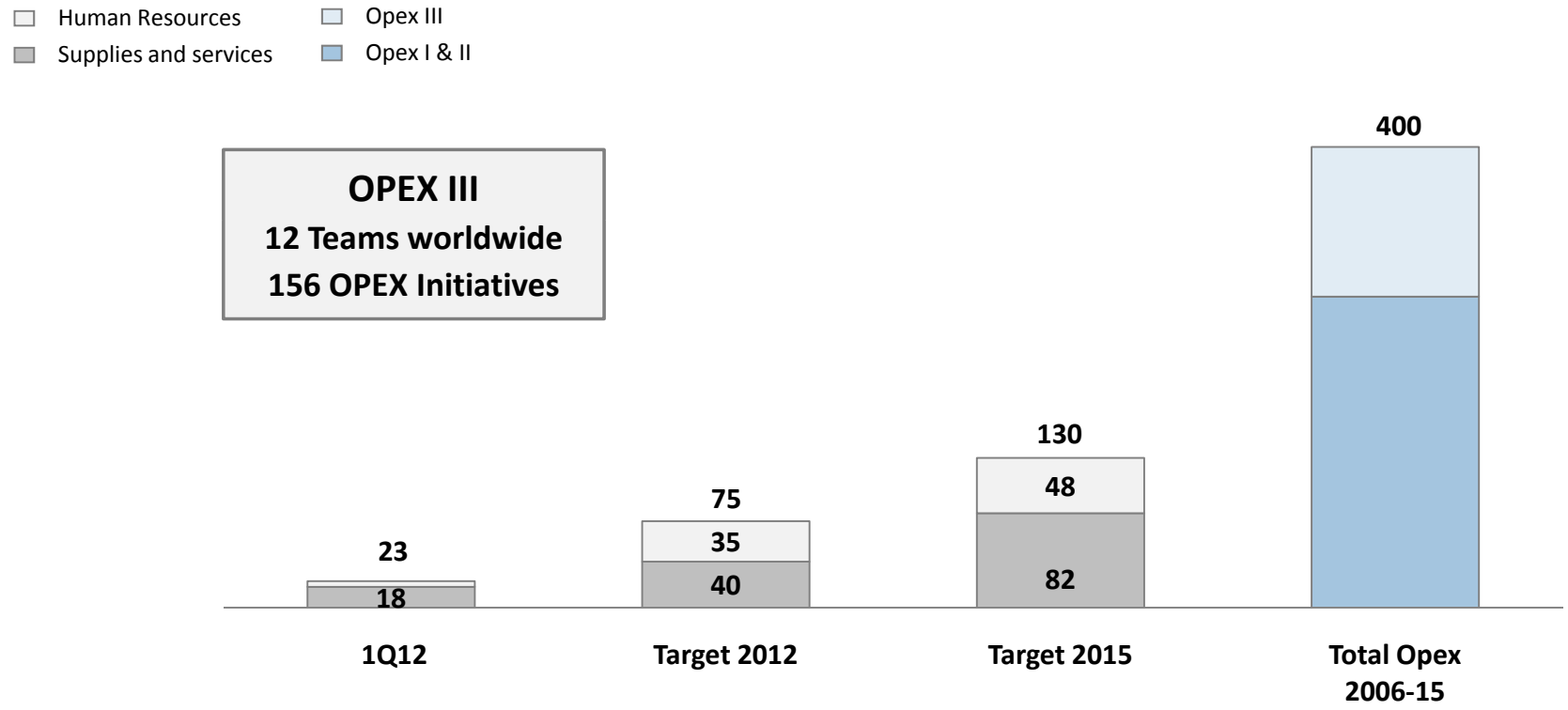


Higher exposure to countries outside Iberia with lower risk profile

LT Contracted generation and regulated networks: weight to continue clearly above our peers even after the end of some CMEC's and the new hydro capacity in Portugal

Maintaining a leading position in efficiency and lean operations

Efficiency Program: annual savings (1)
(€ m)



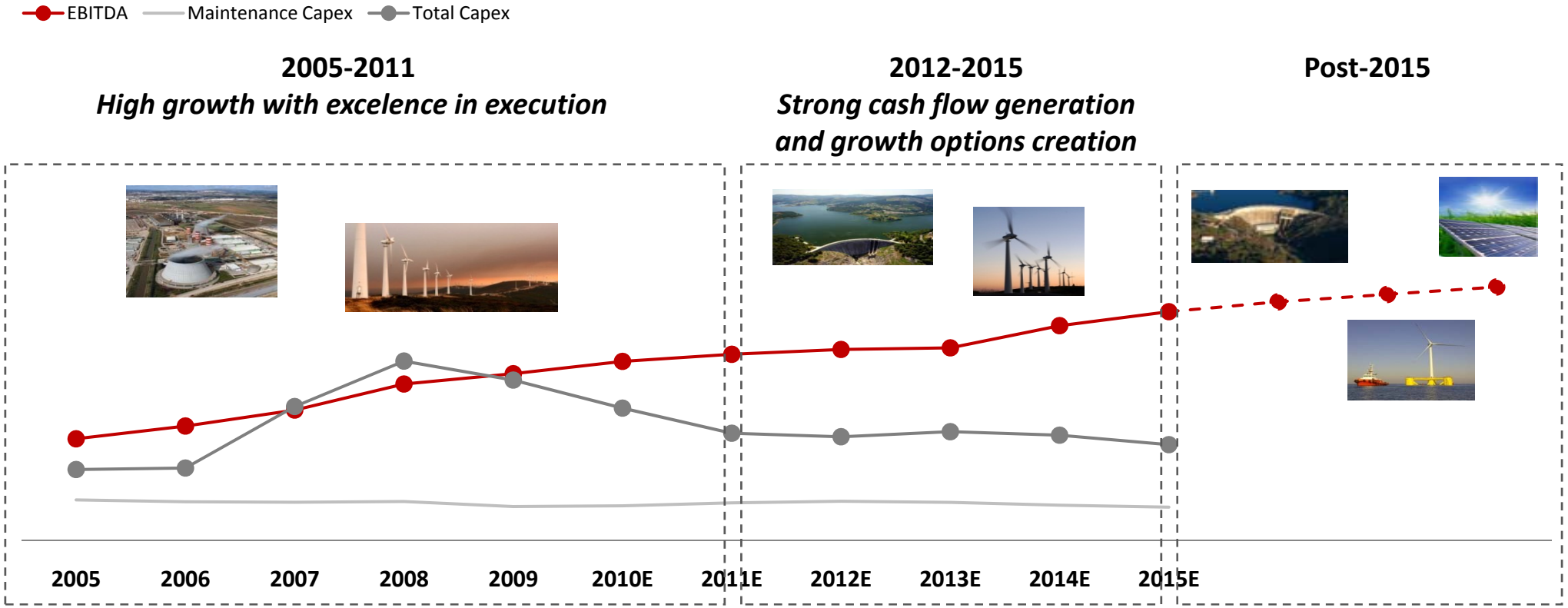
OPEX/gross profit ≤ 26% in 2015

(1) Savings measured regarding the 2010 cost base.

Strong free cash-flow improvement

Evolution of Capex and EBITDA

(€m)

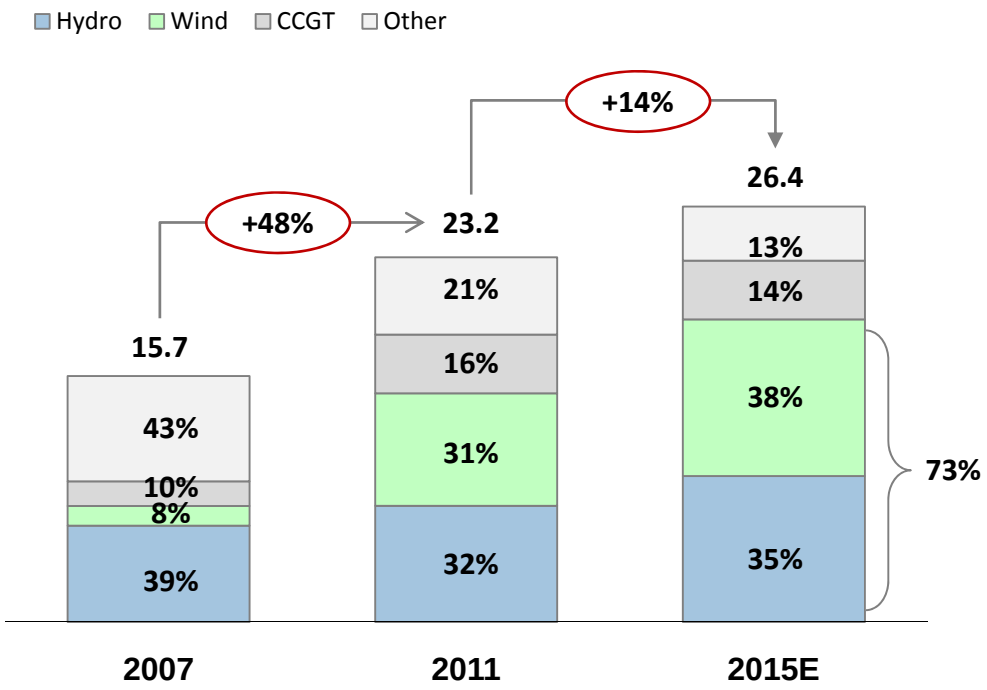


- Capex < 50% of EBITDA
- Most efficient in Iberia
- Wind MWs: 27% in new markets

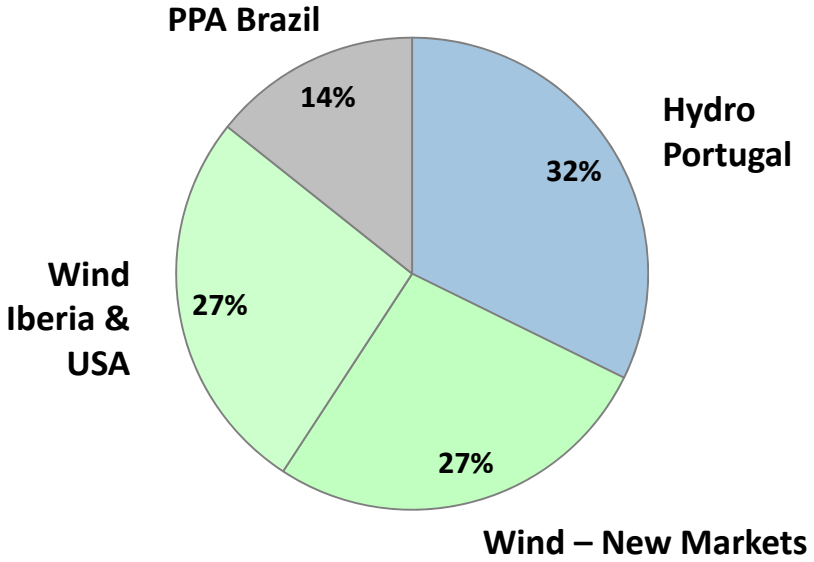
- Full benefits of hydro
- Gradual decrease of CMECs
- New markets; New technologies

Growth: 10% increase of installed capacity in 2012-15

EDP Group Installed Capacity by Technology
(GW)



2012-2015 Installed Capacity Additions
(%)

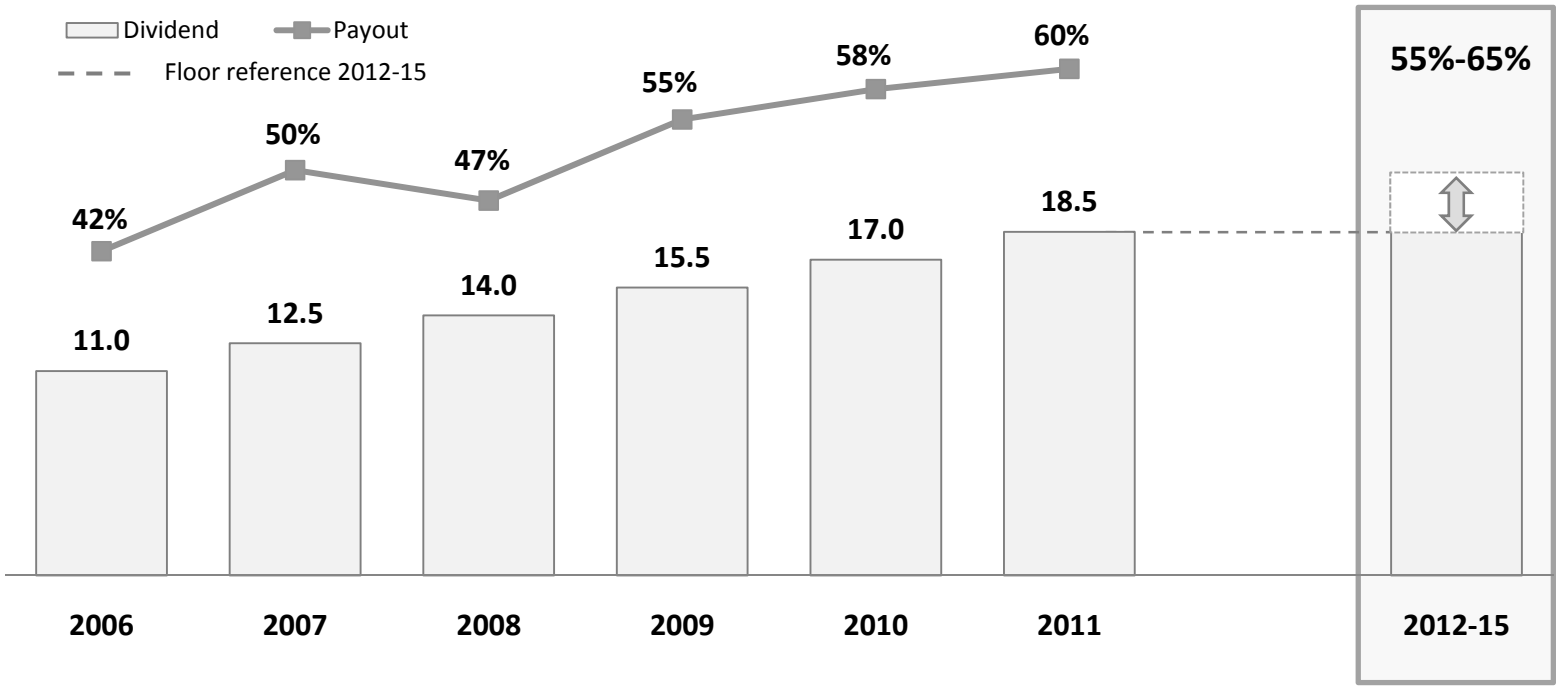


Average annual capex 2012-15: €2.1bn; significant flexibility in wind power namely in 2014-2015

Investment in free CO_2 technologies: wind and hydro increases from 63% to 73%

A sustained dividend policy appropriate to a new market environment

EDP's dividend policy
(€cent/%)



Total dividend amount (€m)	402	457	512	567	622	677

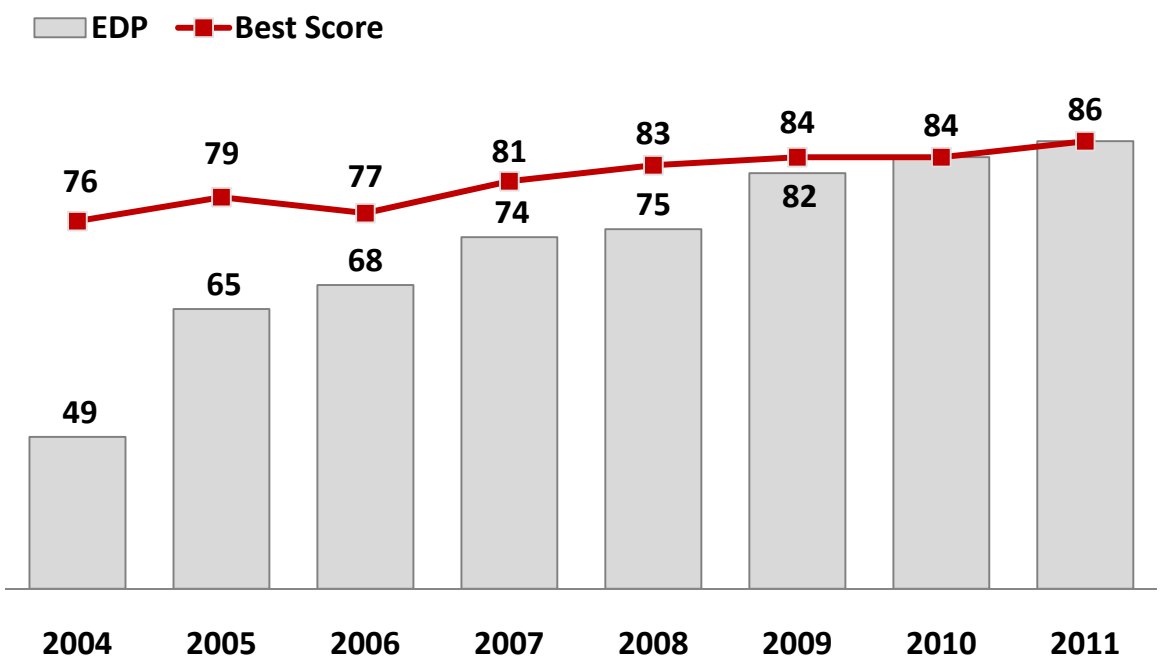
Payout between 55%-65% of recurrent net income

Dividend per share from 2011 as a floor

Sustainability: Ranked Best Electric Utility Worldwide in 2010-11

Results of Sustainability Assessment
(Absolute points 0-100)

Dow Jones Sustainability Indexes
Member 2011/12



Maximum score (100 out of 100) in the following categories:

- *Risk Management*
- *Climate Strategy*
- *Stakeholder Engagement*
- *Social Reporting*
- *Human Capital Development*
- *Biodiversity*

EDP was rated as #1 worldwide for the second year in a row among 102 utilities evaluated

High level of employee satisfaction: overall satisfaction of 81 points in 2011 survey (88% participation rate)

EDP strategic agenda: Addresses key market concerns

Sovereign Crisis	▪ **Diversification:** 58% of EBITDA outside of Portugal (62% in 2015) ▪ **Value of international assets:** clearly above the value of EDP's net debt ▪ **Sound shareholder structure:** Sale by the Portuguese State of a 21.35% stake to CTG
Regulation in Portugal	▪ **Operations under a sound legal framework:** CMECs generation, wind power ▪ **Sustainable regulatory system:** Assuming electricity tariffs CAGR of 1.5%-2.0% till 2020 ▪ **Higher rates of return in distribution:** to reflect higher cost of capital
Financing	▪ **Liquidity:** €4.2bn by Mar-12 + CTG deal cover of funding needs by 1H15 ▪ **Leverage:** Adj. Net Debt(1)/EBITDA<3.0 by 2015 with clear free cash flow improvement
Energy Markets	▪ **Regulated activities(2): 88% of EBITDA** in 2011 (86% in 2015) ▪ **Competitive portfolio:** with low exposure to (1) gas take-or-pay risk and (2) CO2
Technology/Assets	▪ **Long Average Residual Useful Life of Generation Portfolio:** 24 years ▪ **2005-2015 growth based on greenfield capacity wind & Hydro:** 73% weight by 2015

Management Track Record: Anticipation, execution and a sustainable performance

1) Excludes Regulatory Receivables

2) Regulated activities includes: LT contracted generation, regulated networks, Brazil and wind (excluding merchant in US)

EDP strategic agenda: follow up for 2012-15 controlled risk, superior efficiency and focused growth

Strategic priorities		Business Plan 2012-2015 highlights		Strategic priorities
Controlled risk	1. Proactive management of legal/regulatory agenda	**Keep unique low risk business profile**		5. Successful partnership with CTG
		▪ Disciplined investment program	⇨ ***Capex <50% of EBITDA*** [1]	
		▪ Business will grow significantly	⇨ ***EBITDA CAGR 11-15: ~5% (€4.5-4.7bn)***	
	2. Competitive refinancing and accelerated deleveraging	▪ More efficient operations	⇨ ***€130m/year OPEX III savings by 2015***	
		▪ Deleveraging process accelerated	⇨ ***Adj. Net debt*** [2] ***/ EBITDA <3.0x in 2015***	
Superior efficiency	3. Focus on opex and capex efficiency	**Increase cash-flow generation**		
		▪ Greener generation mix	⇨ ***>70% clean installed capacity in 2015***	
		▪ High weight of regulated business	⇨ ***~85% of EBITDA in 2015***	
		▪ Diversified international footprint	⇨ ***>60% of EBITDA outside Portugal in 2015***	
Focused growth	4. Value creating growth	**Create sustained long-term growth and optionalities**		
		▪ Focused investment on existing growth	⇨ ***Hydro, Renewables and Brazil***	
		▪ New geographies/technologies	⇨ ***i.e. adjacent markets, off-shore & solar PV***	
		Deliver stable and attractive shareholders' return		
		▪ Appropriate shareholder remuneration	⇨ ***Dividend policy: Payout ratio of 55%-65%*** [3] ***Net profit CAGR 11-15: low single digit***	

1) For the comple Business Plan period 2) Excludes Regulatory Receivables 3) Based on recurrent net profit. Dividend per share from 2011 as floor.

Our vision

A global energy providing company, leader in creating value, innovation and sustainability.

www.edp.pt

investor day 2012