

Roadshow Presentation
June, 2009



## Agenda



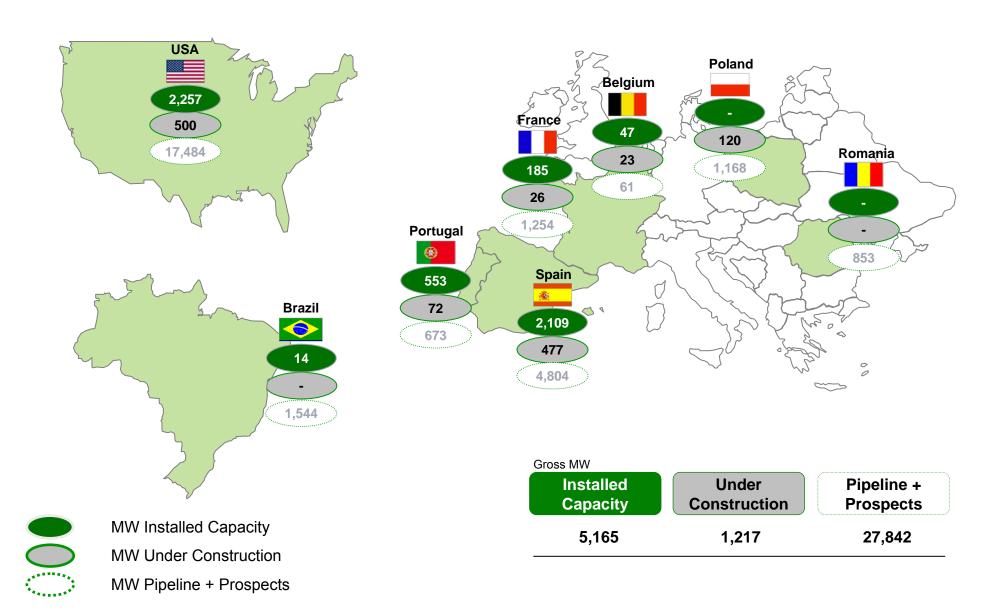
- EDP Renováveis
  - II Outlook and Strategic Update
- III 1Q09 Results
- Conclusions

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### EDPR: a pure wind player with a sound asset base...





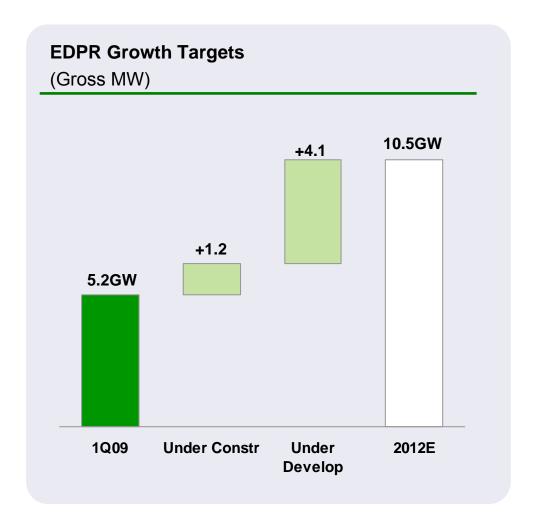
## ...and a balanced portfolio located in highly selective attractive markets...



Country	1Q09 Gross MW in operation (under constr.)	1Q09 Price/MWh	Remuneration Scheme	Wind Resource
USA	2,257 (500)	\$47(1)	PPA or Merchant Tax Incentives	<b>†††</b>
<u>s</u> Spain	2,109 (477)	<b>493</b>	Feed-in tariff, or market option with premium	<b>†</b> †
<b>®</b> Portugal	553 (72)	<b>699</b>	Feed-in tariff	<b>†</b>
France	185 (26)	<b>8</b> 7	Feed-in tariff, 1 year accelerated fiscal depreciation	<b>†</b>
Belgium	<b>47</b> (23)	€108	Green Certificates, PPA	<b>†</b>
Poland	<b>0</b> (120)	€96 <sup>(2)</sup>	Green Certificates, PPA	<b>†</b>
Romania	<b>0</b> (0)	€135 <sup>(2)</sup>	Green Certificates, PPA	<b>†</b> †
	5,165 (1,217)		<b>↑ &lt;25% ↑ ↑ 25-30% ↑</b>	>30%

### ...and is well positioned to capture long-term profitable growth





Strong asset base delivering low risk cash-flows and attractive returns

Robust pipeline of 28GW providing optionalities to value oriented growth

Value maximization through top tier operations

EDP Renováveis to deliver superior growth in the renewables sector



# Outlook and Strategic Update

### Clear competitive strengths oriented to maximize value creation



#### Pure renewable player in a sector with positive trend for long term growth

Strong track record on growth delivery and visible pipeline to feed superior growth

Top quality load factors to deliver premium assets and higher revenues per MW

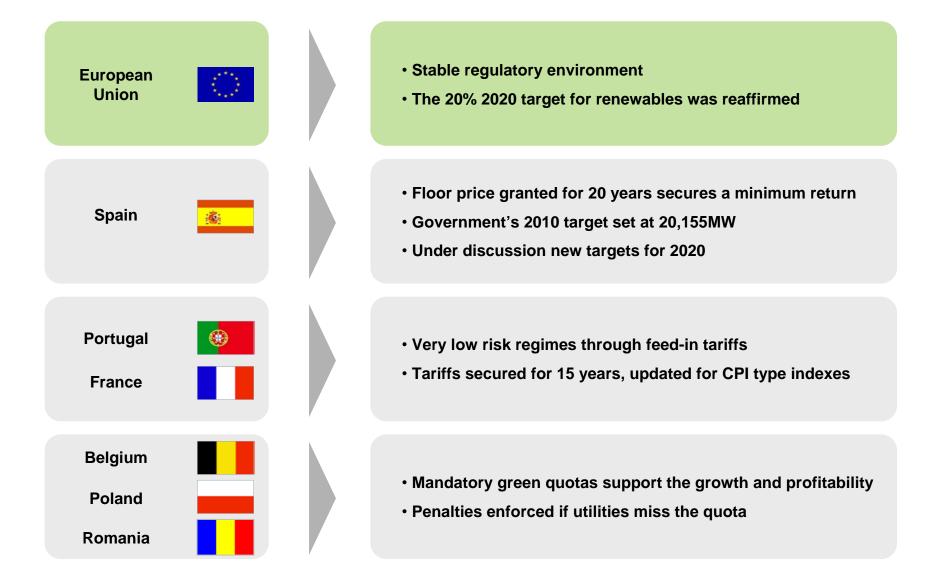
Balanced portfolio and low risk profile to provide secured and visible cash-flows

Positioned to benefit from improvements in procurement costs

Solid balance sheet to pursue a profitable growth

### EU: supportive regulation and well defined targets





## US: new regulatory developments are providing support for a profitable growth



	Measure	Impact	Status
A new vision for the renewable industry	One of the main pillars for a sustainable economic growth	<ul> <li>New regulatory developments to support the industry</li> </ul>	
Solving industry's short-term constrains	Stimulus Bill introduced cash grant option on tax credits monetization, as well as a State Loan Guarantee program	<ul> <li>Higher liquidity and lower risk</li> <li>Substantial improvement of 2009 projects' NPVs</li> </ul>	Pending implementation of the application form (expected until July 09)
And more to come to support long-term fundamentals	Energy and Climate Bills to introduce a Federal RPS system and a CO2 market	<ul> <li>Potential 78% increase in green demand by 2020</li> <li>Additional drivers to support the green value</li> </ul>	Supported by the new administration, but still under discussion (timing not defined)

## US: Stimulus Bill to introduce positive changes via Cash Grant and Federal Loan Guarantee program

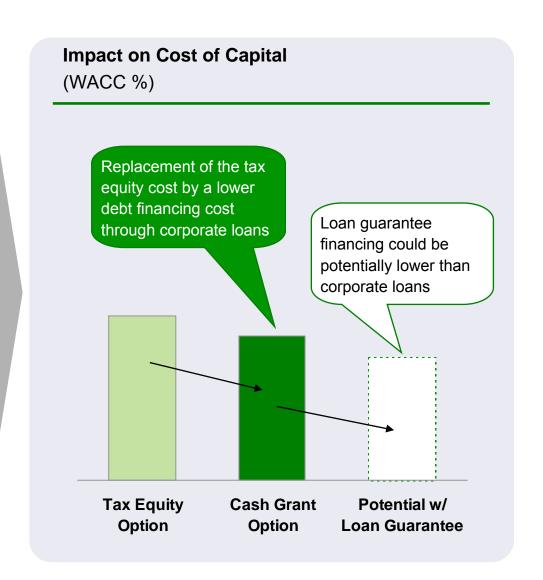


#### **Cash Grant**

- Higher liquidity through unlimited appropriation and no execution risk on tax equity
- Projects must have COD from Jan-09 to Dec-12 and start construction until Dec-10
- Timing & Process: expected no later than July-09 through a single step process (filing at COD)

#### **Federal Loan Guarantee**

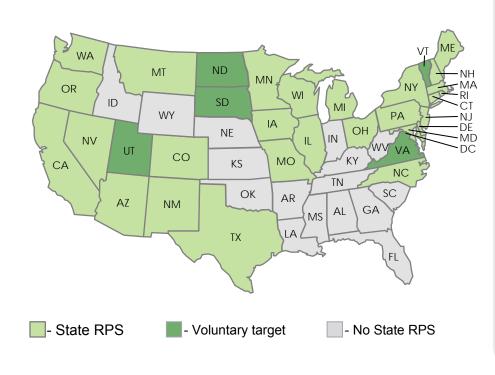
- \$6 billion guarantee cost appropriation that could cover \$60-80 billion of guarantees, could lead to financing at a very completive cost
- Program runs through 2011
- Timing and process: still uncertain, first application not expected before summer 2009



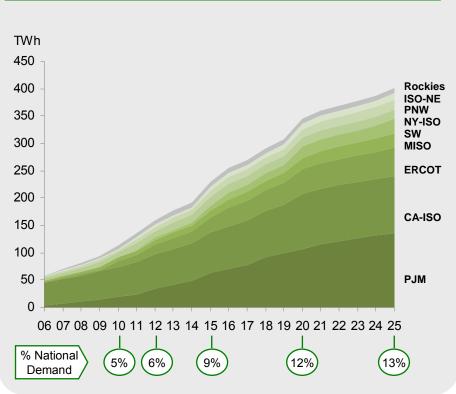
## US: green mandatory demand is the main growth driver to the wind sector



Current RPS' are only defined and enforced at state level ...



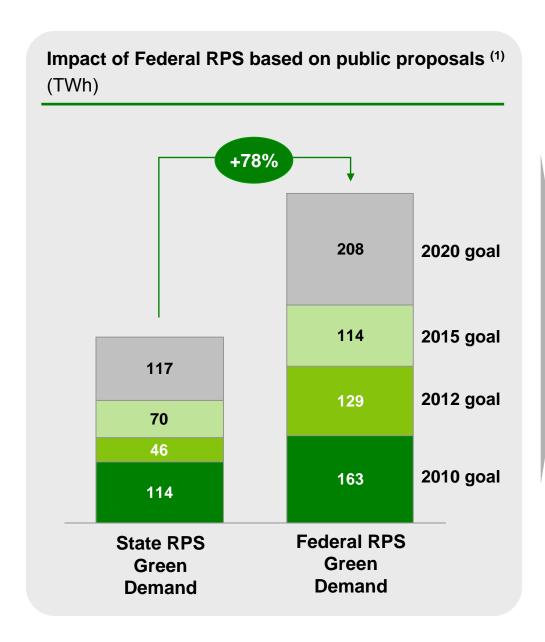
... but already project green demand to increase 11% CAGR to comply with targets



Renewable Portfolio Standard (RPS) mechanism to support industry's profitability

## US: energy and climate bill are also gaining momentum to boost renewables growth in US





- Energy and climate bills would give further support on wind industry long term fundamentals:
  - Increasing mandatory demand
  - Higher support on green value
  - Wider market
- Structural change towards a sustainable development of the green energy, giving support to growth and profitability

### Clear competitive strengths oriented to maximize value creation



Pure renewable player in a sector with positive trend for long term growth

#### Strong track record on growth delivery and visible pipeline to feed superior growth

Top quality load factors to deliver premium assets and higher revenues per MW

Balanced portfolio and low risk profile to provide secured and visible cash-flows

Positioned to benefit from improvements in procurement costs

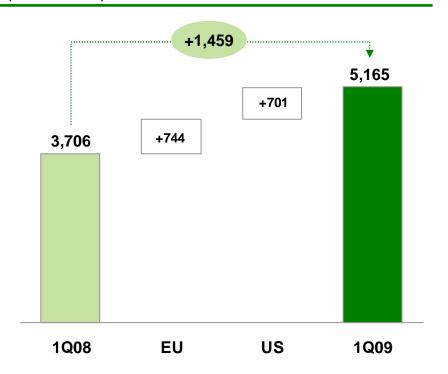
Solid balance sheet to pursue a profitable growth

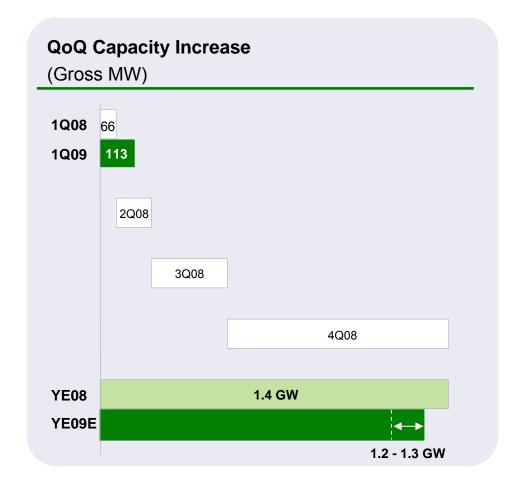
### **Delivering on capacity growth**



#### **YoY Capacity Increase**

(Gross MW)





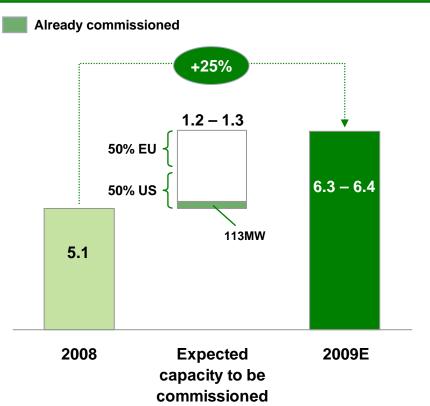
- Continuous delivery of capacity growth by adding 1,459MW in the last 12 months (+40% yoy)
- 113MW of new capacity in 1Q09, which was 74% above 1Q08 new installations
- On track to maintain growth profile and deliver 1.2-1.3GW of new capacity to be commissioned in 2009

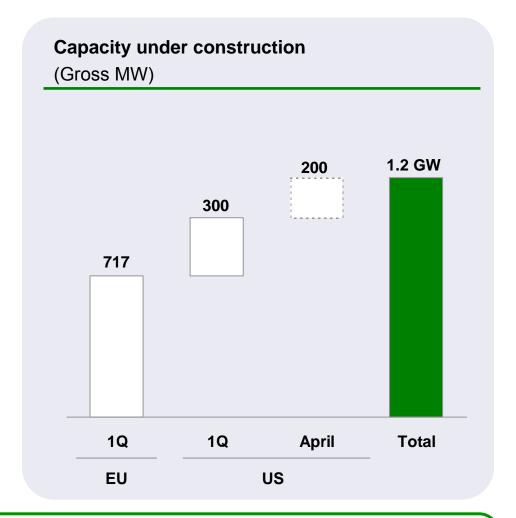
## US to account for 50% of the new capacity to be commissioned in 2009



## Expected growth in installed capacity

(Gross GW)





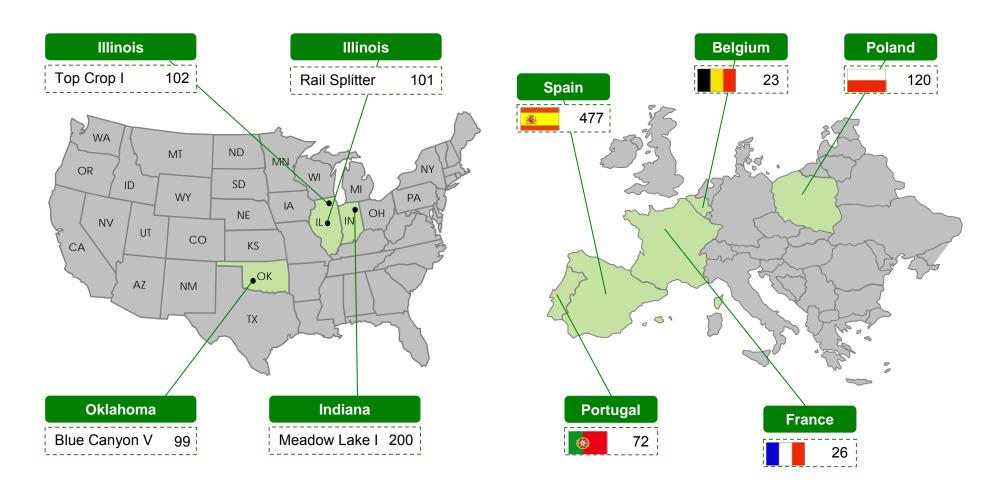
- Late April, 200MW started construction works in US and increased the under construction capacity to 1.2GW
- 600MW (97MW already commissioned) in US are currently eligible to receive the cash grant
- In line with the previous year, the bulk of the new capacity to be commissioned is expected for the 2H09

## Capacity under construction in 3 US states and 5 European countries



**US: Capacity Under Construction** (MW)

**EU: Capacity Under Construction** (MW)

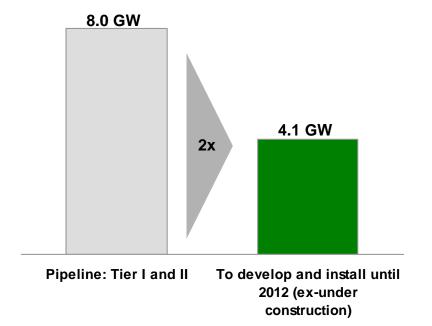


### Robust and visible pipeline to feed growth targets



Pipeline <sup>(1)</sup> (Gross GW)						
		Tier 1	Tier 2	Tier 3	Prospects	Total
Spain	斖	373	479	1,702	2,250	5,281
Portugal	•	450	8	15	200	673
France		60	80	340	774	1,254
Belgium		-	-	37	25	62
Poland		-	456	406	306	1,168
Romania		228	57	12	297	853
Europe		1,111	1,080	2,512	4,111	8,814
US		550	4,813	7,837	4,284	17,484
Brazil		70	381	125	968	1,544
Total		1,731	6,274	10,474	9,363	27,842

New capacity to develop to reach 10.5GW by 2012 (Gross MW)



- US accounts for more than 60% of EDPR's pipeline, although Europe still has a strong weight on the short-term
- Visible pipeline with matured projects to feed short-term and long-term growth targets

Notes: (1) as of April 2009

### Clear competitive strengths oriented to maximize value creation



Pure renewable player in a sector with positive trend for long term growth

Strong track record on growth delivery and visible pipeline to feed superior growth

### Top quality load factors to deliver premium assets and higher revenues per MW

Balanced portfolio and low risk profile to provide secured and visible cash-flows

Positioned to benefit from improvements in procurement costs

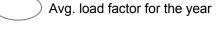
Solid balance sheet to pursue a profitable growth

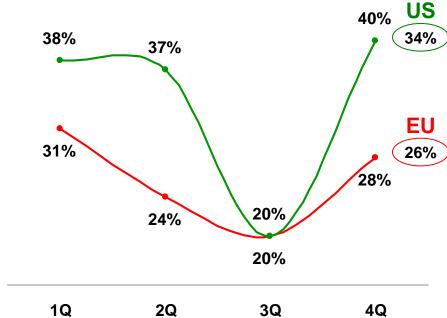
### Delivering top-quality load factors...



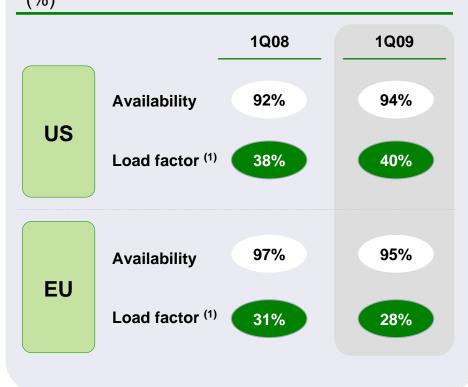


(%)





## **1Q09** Availability and Load Factors (%)

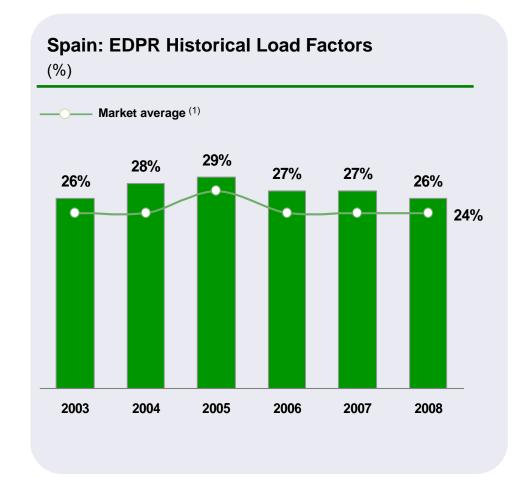


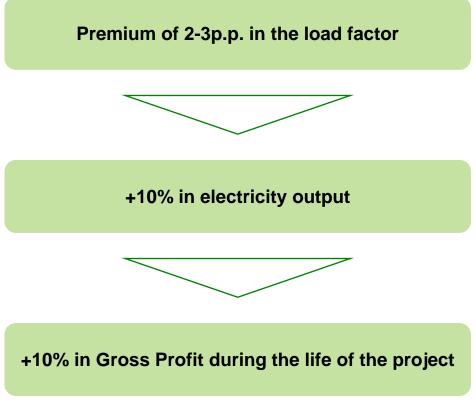
- Strong load factors and above sector average on a quarterly and annual basis
- Quarterly profile demonstrates the wind short-term variability and expected seasonality

Notes: (1) Load factor is already net of availability

## ...which are continuously achieving above market levels, underlining the premium quality of EDPR's assets







- Above average load factors are a clear competitive advantage in price taker markets
- Vis-à-vis previous years, 2008 was affected by a low 3Q and adverse weather conditions in the 4Q
- Expected long-term load factors of 28% for the current installed capacity in Spain are reaffirmed

Notes: (1) Based on REE data.

## Strong in-house wind assessment team delivering a structural competitive advantage

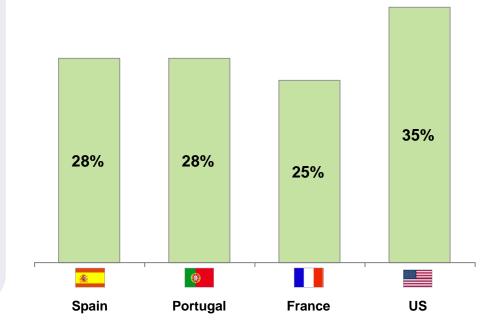


Wind assessment is knowledge-based and difficult to replicate

- 1- Provides site selection criteria
- 2- Optimises layout for superior performance
- 3- Supports turbine selection

Key value drivers to maximize load factors and revenues

**Expected load factors on current plus under** construction assets (%)<sup>(1)</sup>



Notes: (1) bases on a P50 scenario.

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Top quality load factors to deliver premium assets and higher revenues per MW

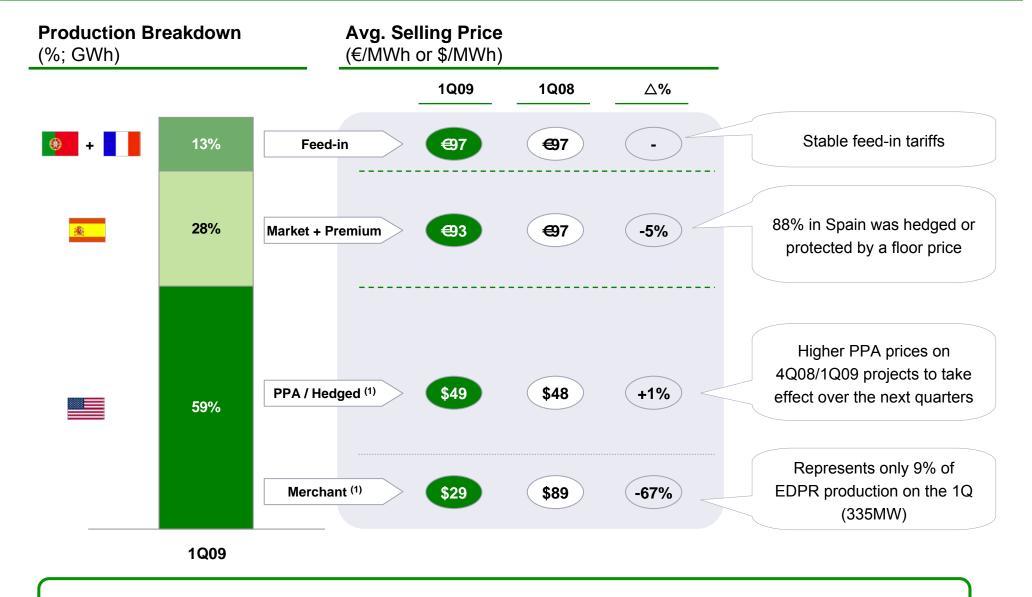
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## 1Q09 benefited from a balanced portfolio and a low risk profile to face an unfavorable pricing environment





• c90% of the electricity output in 1Q09 was sold with no exposure or limited exposure to power market risk

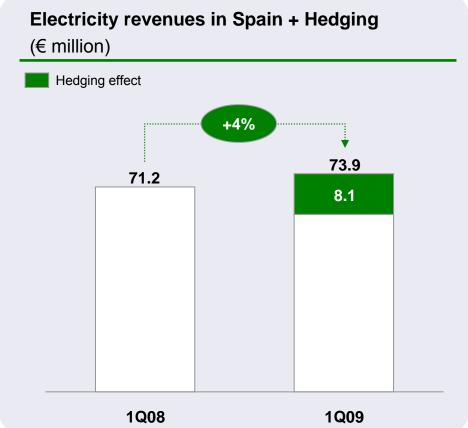
Notes: (1) Excluding sale of interests in institutional partnerships.

## Positive evolution on Spanish revenues supported by the hedging on power prices



Hedging position in Spain for the 1Q09 (%)





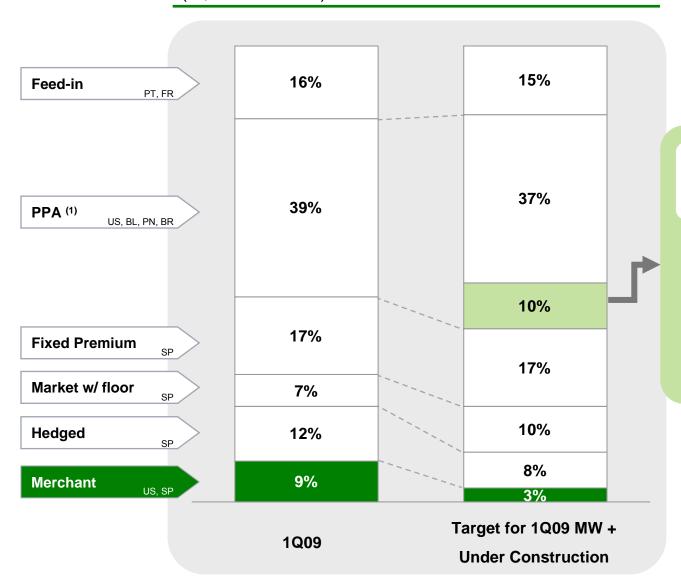
- >90% of Spanish revenues in the 1Q09 were protected by the i) hedging; or ii) floor price on the new MW
- An active risk management of the portfolio enabled a 4% yoy gain on revenues vs. an 8% loss w/o hedging
- EDPR already sold forward for 2009 2.0 TWh at an average market price between €46-€50 per MWh

## Actively managing a growing portfolio to provide visibility and low risk cash-flows



#### **Capacity Breakdown**

(%; EBITDA MW)



EDPR is targeting to close PPA contracts in US

#### **Under negotiations / Short-listed:**

- · 200MW already commissioned
- 200MW under construction

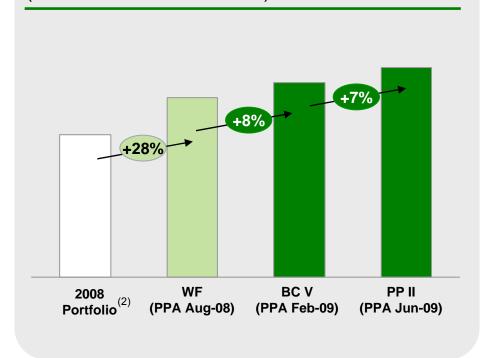
#### Being marketed:

200MW under construction

## Expected positive trend on PPA prices supported by growing momentum on renewables

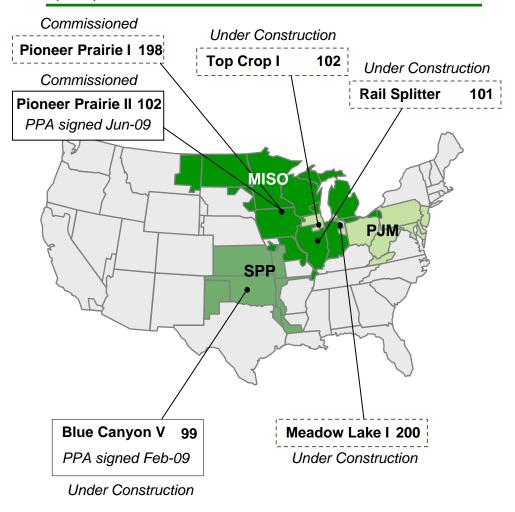


EDPR: PPAs already closed for 2009 projects (Estimated Revenue (1) / MW)



Positive trend in locking long-terms contracts, despite downward trend in energy markets

**EDPR: PPAs under negotiation by market** (MW)



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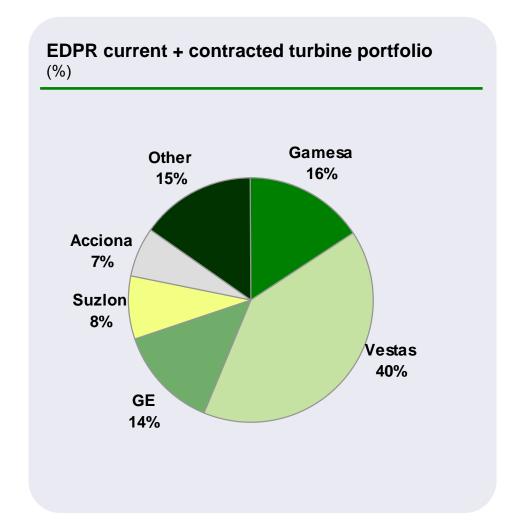
Balanced portfolio and low risk profile to provide secured and visible cash-flows

#### Positioned to benefit from improvements in procurement costs

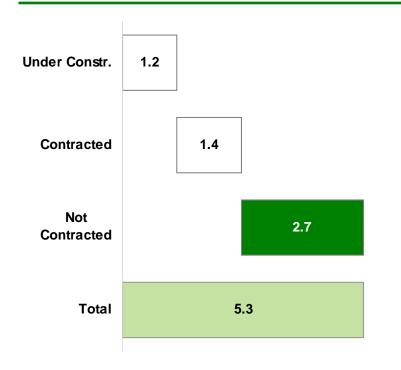
Solid balance sheet to pursue a profitable growth

## Balanced turbine supply with top manufactures at competitive prices





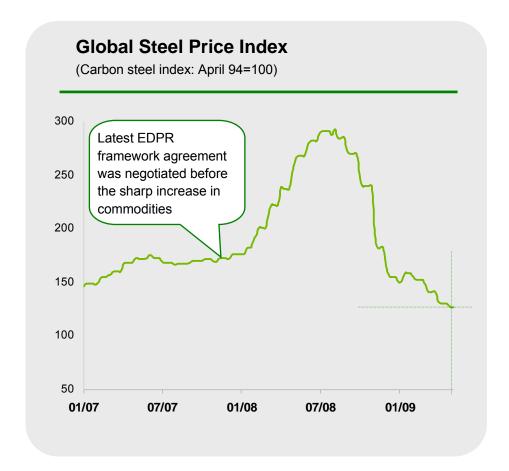




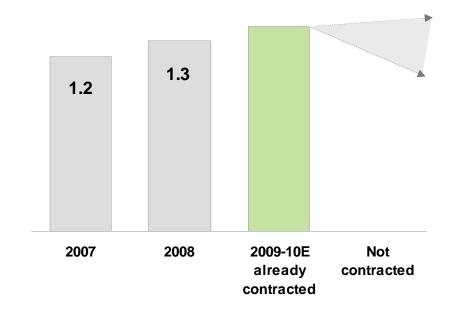
- Balanced technological risk: 5 wind turbine suppliers represent c.85% of installed portfolio by 2010
- Contracts secured at fixed prices before the peak in commodities on summer 2008

## Managing turbine procurement to adapt capex strategy to current environment





EDPR: capex cost evolution based on contracted turbines (€m / MW)



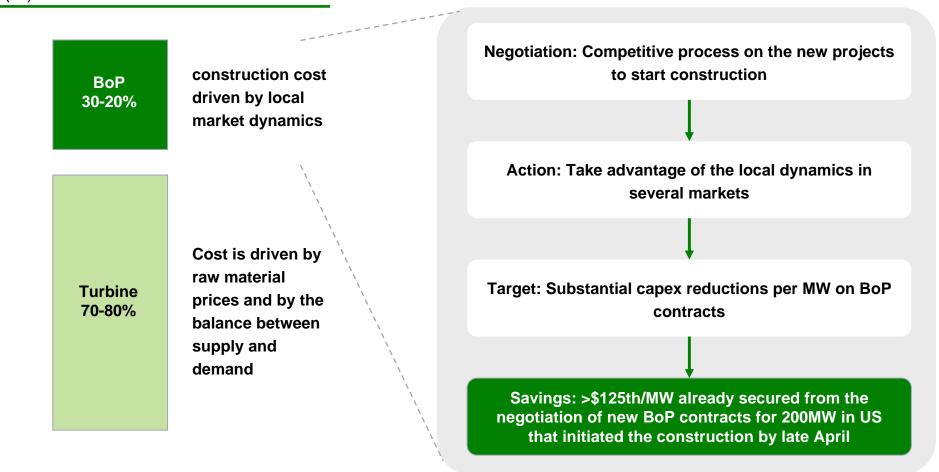
- Additional drivers that will impact EDPR's capex costs per MW:
  - Industry's demand and supply dynamics, conditioned to the type of technology to be contracted
  - "Secondary" turbine market: first evidences were witnessed in Feb-09

### Already achieving capex savings and improving projects' NPV



#### **Capex main inputs**

(%)



### Clear competitive strengths oriented to maximize value creation



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Balanced portfolio and low risk profile to provide secured and visible cash-flows

Positioned to benefit from improvements in procurement costs

Solid balance sheet to pursue a profitable growth

### Solid balance sheet to face ongoing growth



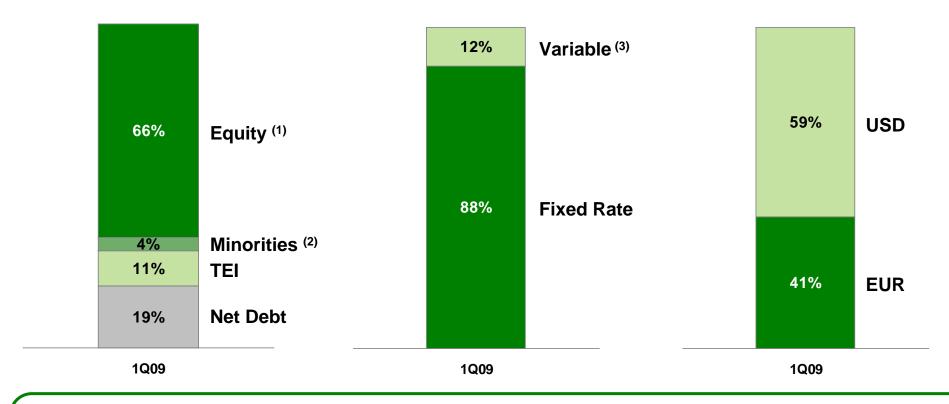
Enterprise Value (%)

Debt by Type

(%)

Debt by Currency

(%)



- 70% of Financial Debt was contracted through shareholder loans
- Long-term fixed rates funding strategy in order to match cash-flow profile and financing costs
- Dollar denominated debt (with EDP shareholder's loans) in order to have a natural hedge on US investments
- Cost of debt in 1Q09 was 4.6%

## Cash-flow generation, monetization of tax credits in US and shareholder loans as the main sources to support growth



#### **Sources of Funds**

- Cash-Flow
- Shareholder Loans:
  - Contracted loans at an interest rate of 4.6%-5.0%
  - New loans to be contracted at a market spread over the mid-swap rates
- Monetization of Tax Incentives in US:
  - via Cash Grant for ITC; or
  - via TEI for PTC and MACRS
- Project finance
   (if conditions are better than shareholder loans)

#### **Use of Funds**

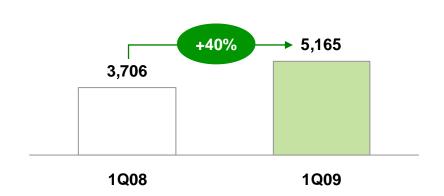
- · Capex:
  - Excluding capex already incurred under works in progress: €1.3bn



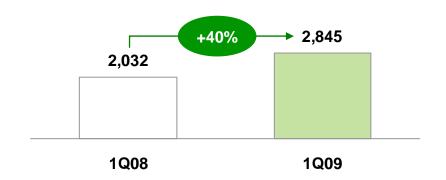
### Delivering growth at all levels



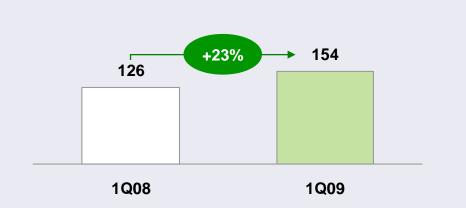
#### **Installed Capacity** (Gross MW)



#### **Electricity Output** (EBITDA GWh)



#### **EBITDA** (€ million)



#### **Net Profit** (€ million)



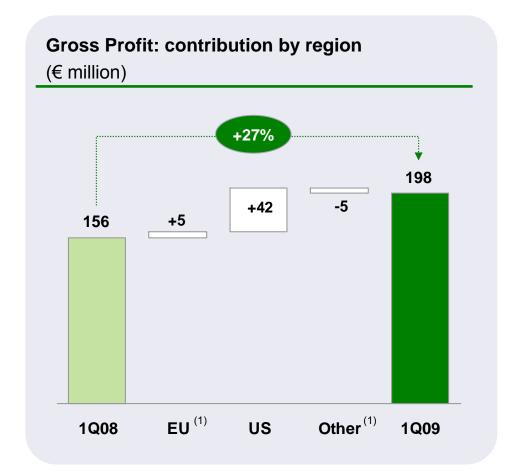
## EDPR delivered growth on a quarterly and annual basis at all major P&L lines



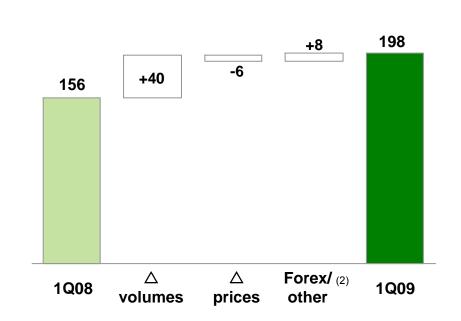


## Strong increase at the consolidated gross profit reflecting the US contribution and hedging in Spain





Gross Profit: contribution by type (€ million)



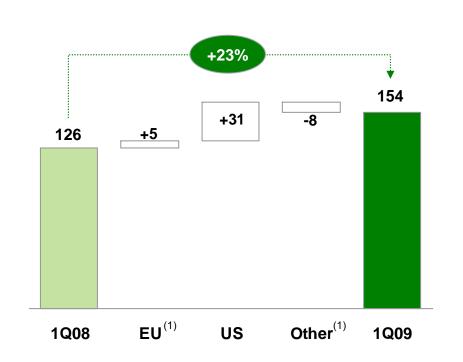
- US contributed stronger to 1Q09 Gross Profit due to higher capacity and strong load factors...
- ...while Europe showed a modest increase due to unfavourable pricing conditions vs. 1Q08
- Nevertheless, due to a low exposure to power markets, the consolidated pricing loss was only €6m vs. 1Q08

### Managing to deliver EBITDA growth in all regions...



#### **EBITDA:** contribution by region

(€ million)





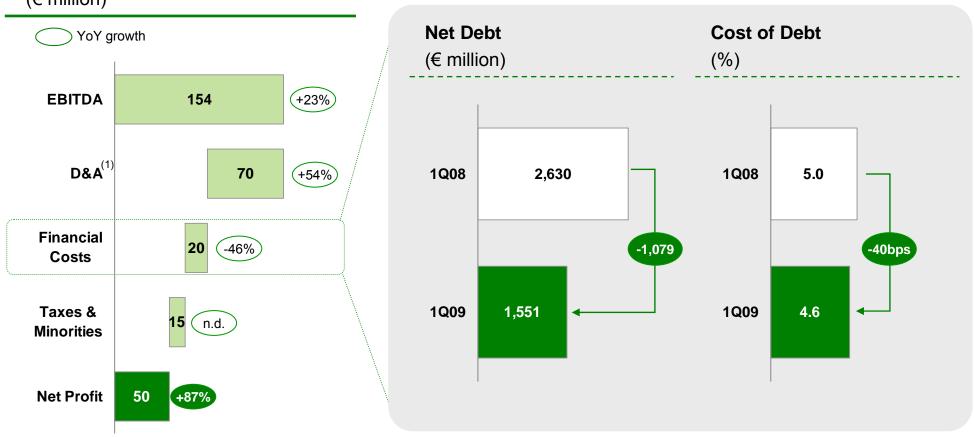
- •On the back of a strong gross profit increase and controlled costs, EBITDA was up 23%, while EBITDA margin continues to be one of the highest in the sector by reaching 78%
- US already represents the biggest contributor and is the main region that is driving EBITDA growth

## ...which, coupled with lower financial costs, resulted in a strong Net Profit increase of 87%



#### **EBITDA to Net Profit**

(€ million)

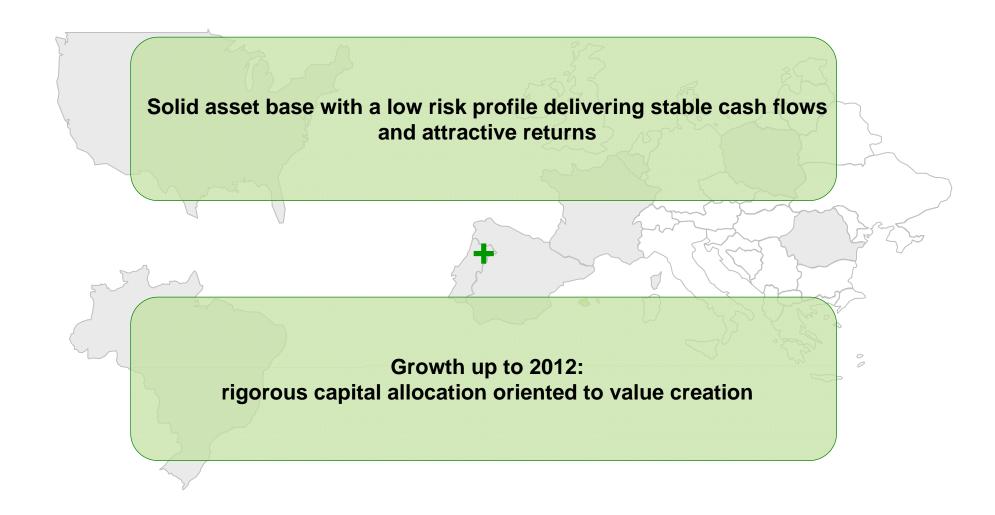


- Net profit reached €50m and continues to benefit from a healthy EBITDA growth and lower financial costs
- Financial costs are still benefiting from the IPO effect and from the fact that EDPR closed new financing agreements with EDP in an environment of declining interest rates



## EDP Renováveis to continuously deliver on strong value creation

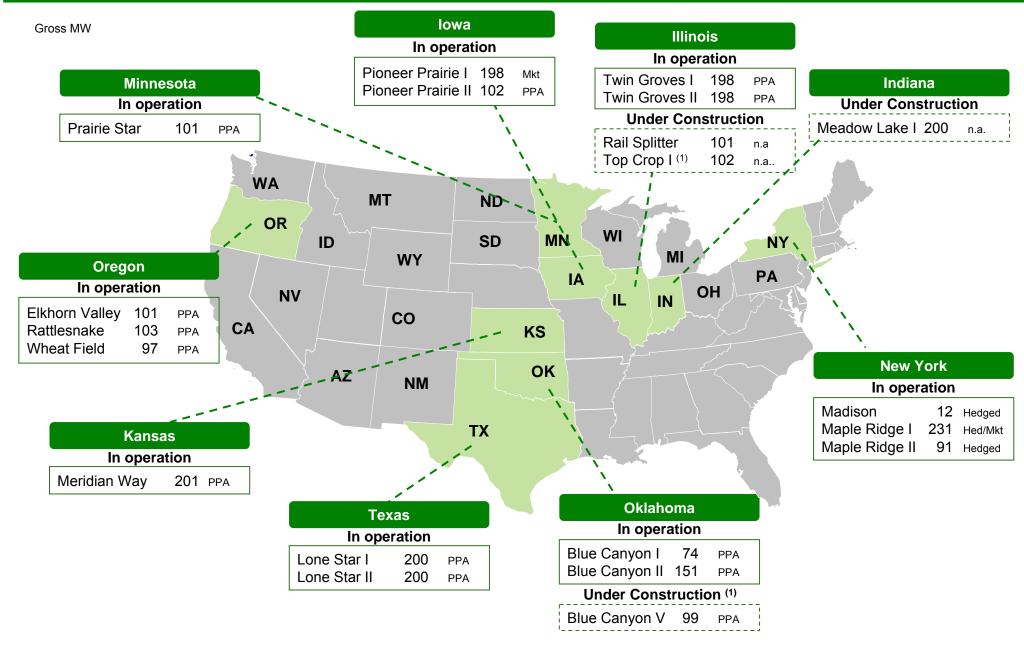






### EDP Renováveis footprint in US wind market





Note: (1) Construction works started in late April

### US "Stimulus Bill": election of each tax incentive scheme can be made on a project by project basis



Tax Incentives:	1. PTC	2. ITC w/o cash grant	3. ITC w/ cash grant	
Description	Tax Credit	Tax Credit	Cash from Department of Treasury	
Amount	\$21/MWh 30% of t		ne initial capex	
Tax basis (Depreciation) 100% of Capex		Basis reduced by 50% of value of ITC		
Receipt	Production in the first 10y	Year of COD	60 days after COD	
Eligible projects	Placed in service	Under construction by end 2010 and completed by end 2012		
Monetization				
- Tax credit	Tax Equity	Tax Equity	-	
- MACRS	Tax Equity	Tax Equity	Carry Over or Tax Equity	
<b>Liquidity</b> Depending on third parties		Depending on third parties	100%	
Value at risk Timing of monetization		Timing of monetization	0	
Cost of Capital	=	=	<b>\</b>	

Economic stimulus bill to promote and support the long-term growth of the renewable energy industry

