

EDP Renováveis Investor Presentation

March, 2012

www.edpr.com



Disclaimer



renováveis

This presentation has been prepared by EDP Renováveis, S.A. (the "Company") solely for use at the presentation to be made on March 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. 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.

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.

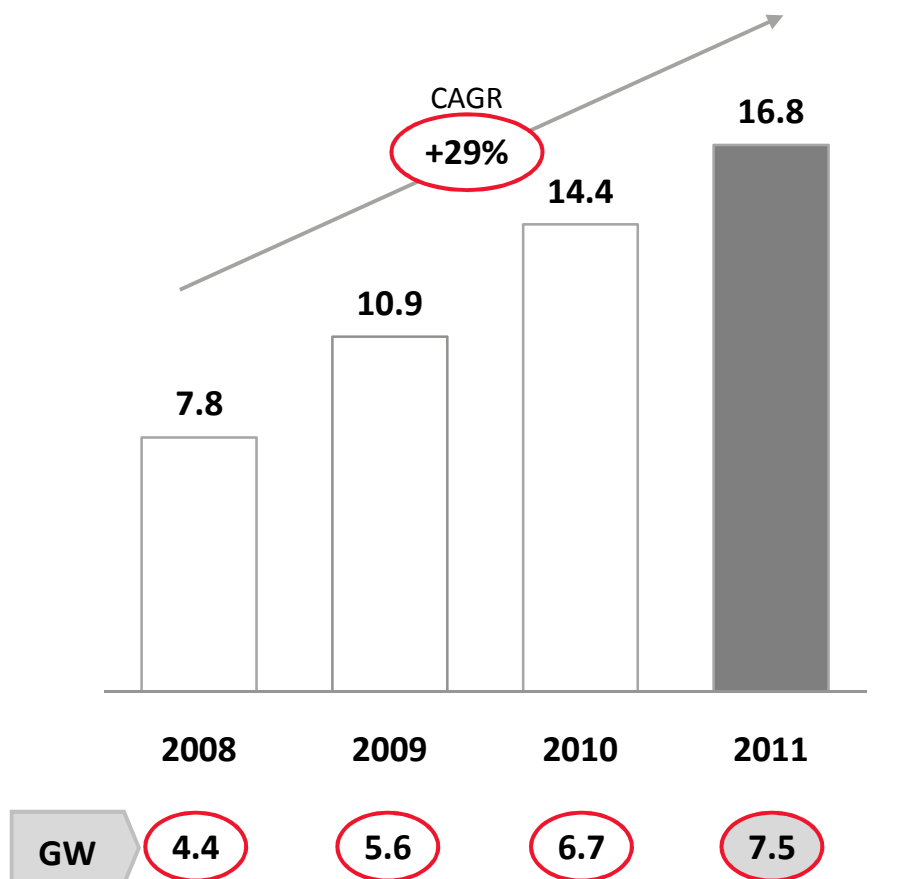
The information, opinions and forward-looking statements contained in this presentation speak only as at the date of this presentation, and are subject to change without notice unless required by applicable law. The Company and its respective agents, employees or advisors do not intend to, and expressly 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.



EDP Renováveis

A global wind player delivering solid growth through the installation of quality assets...

Electricity Output (GWh)



Strong execution capabilities reflected in the 4.5 GW brought into operation over the last four years

A sound and diversified portfolio with a strong footprint in 11 countries (+5 vs. 2008)

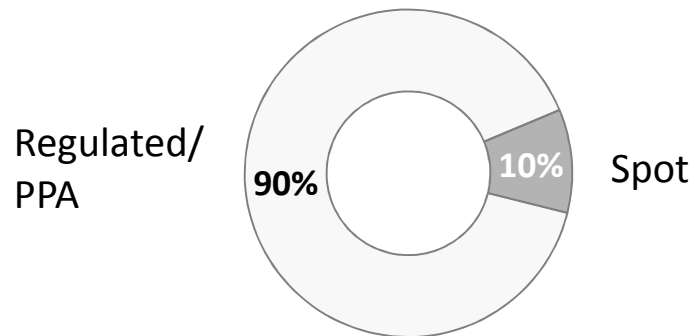
Quality assets delivering top-notch load factors (29%-30%) underlining the portfolio's superior profitability

...based on a controlled risk business model...



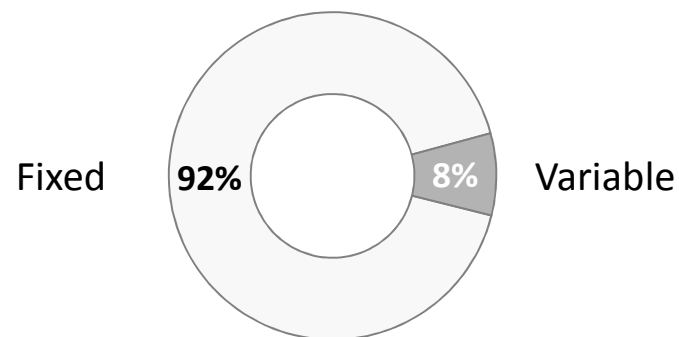
renováveis

2011 Capacity Breakdown (MW, %)



90% of existing assets under attractive economic frameworks with long-term visibility and regulatory stability

2011 Financial Debt Breakdown (€m, %)



Long term fixed rate debt structure designed to match Cash-Flow profile with business model

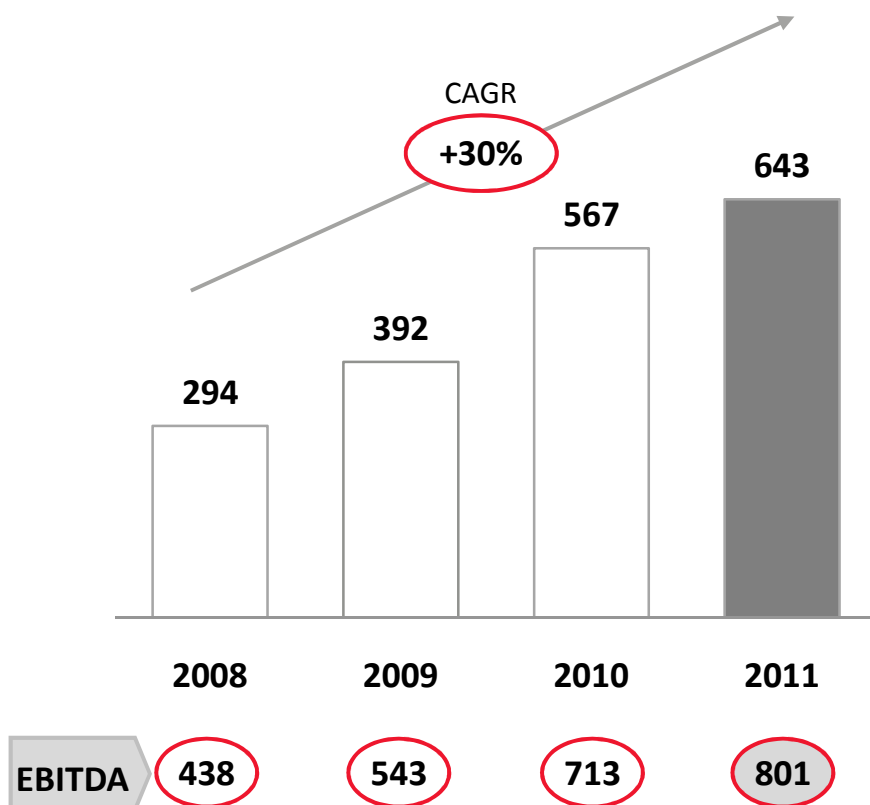
Strong balance sheet discipline with low interest rate risk and low re-financing risk in a capital intensive business

...resulting in strong cash generation



renováveis

Operating Cash-Flow (€ million)



Quality assets and controlled risk have supported the 30% CAGR growth in operating cash-flow

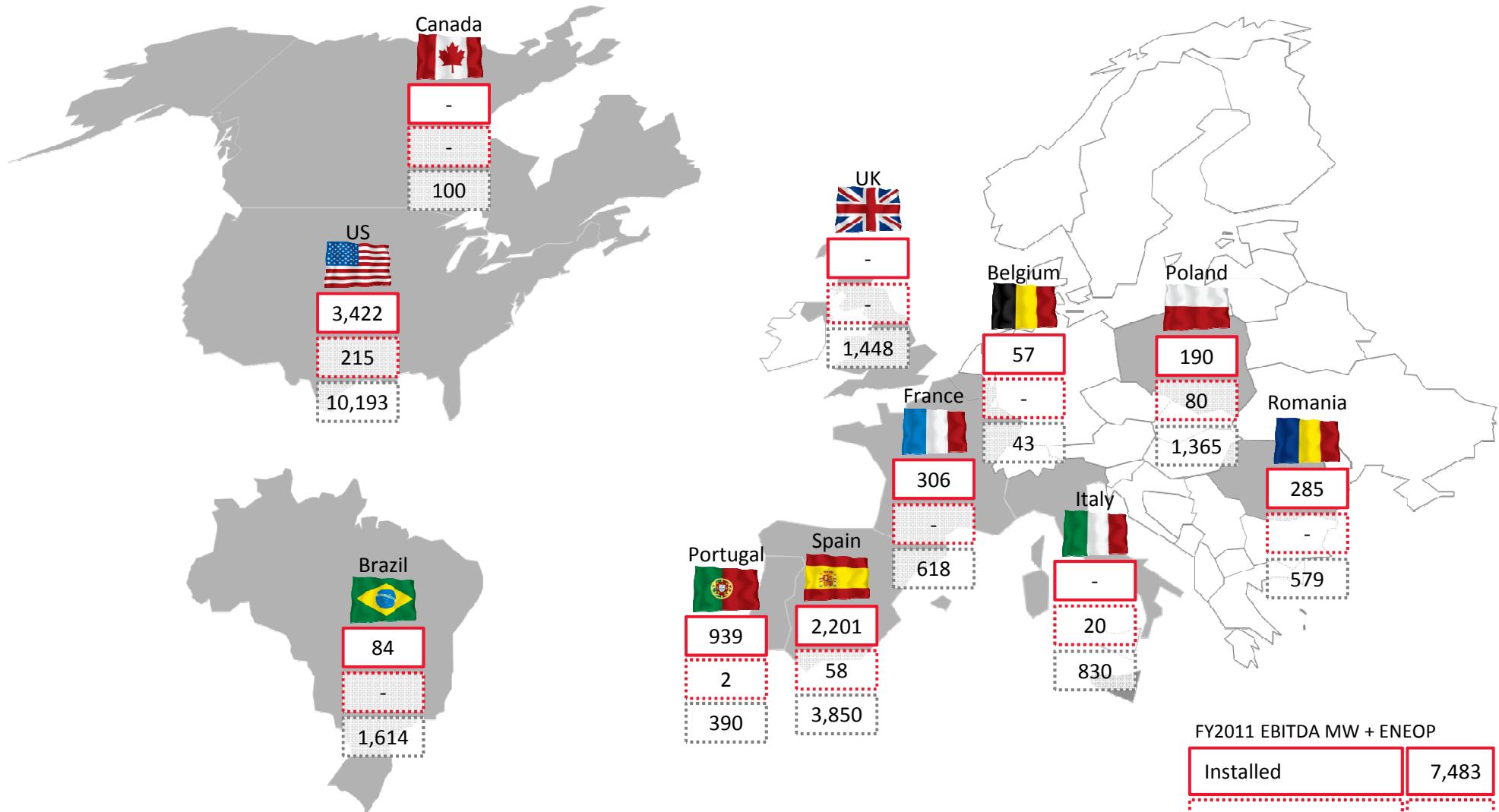
Existing assets keep delivering a solid cash-flow for the long-term given the stable remuneration frameworks in place

Operating cash-flow is already the major source of funding of EDPR covering c80% of the annual capex

EDPR has today a sound and diversified portfolio in 11 countries and employees from 24 nationalities



renováveis



FY2011 EBITDA MW + ENEOP

Installed	7,483
Under construction	375
Pipeline	21,028



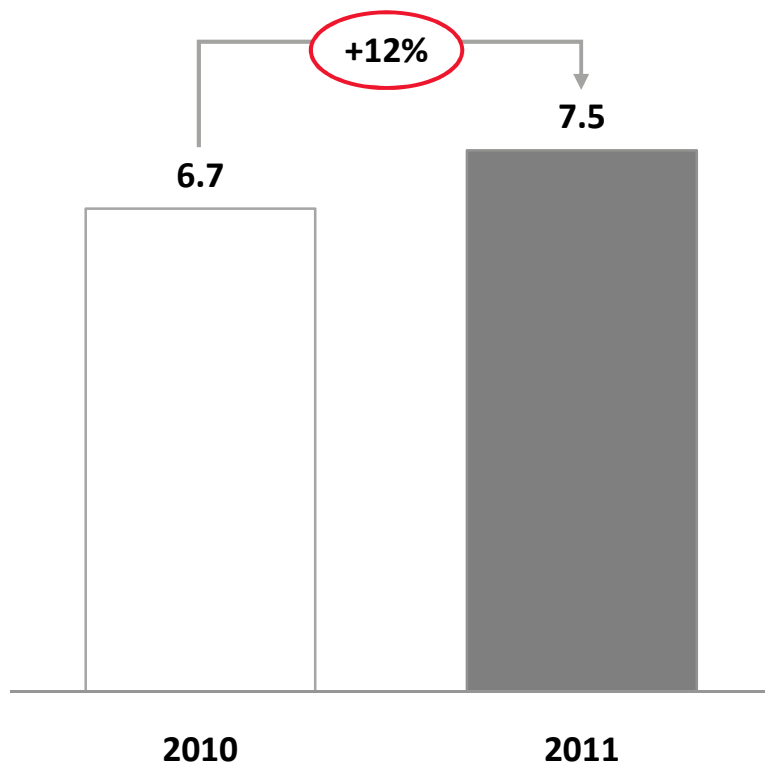
2011 Operating and Financial Performance

Installed capacity increased 12% YoY to 7.5 GW

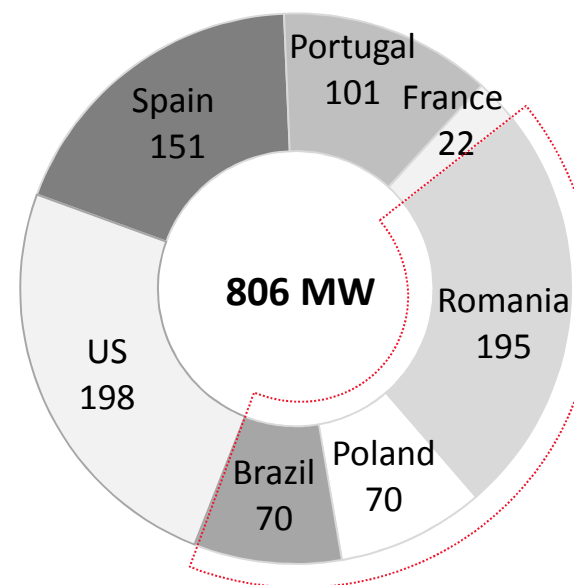


renováveis

YoY Capacity Increase (EBITDA GW + Eólicas PT ⁽¹⁾)



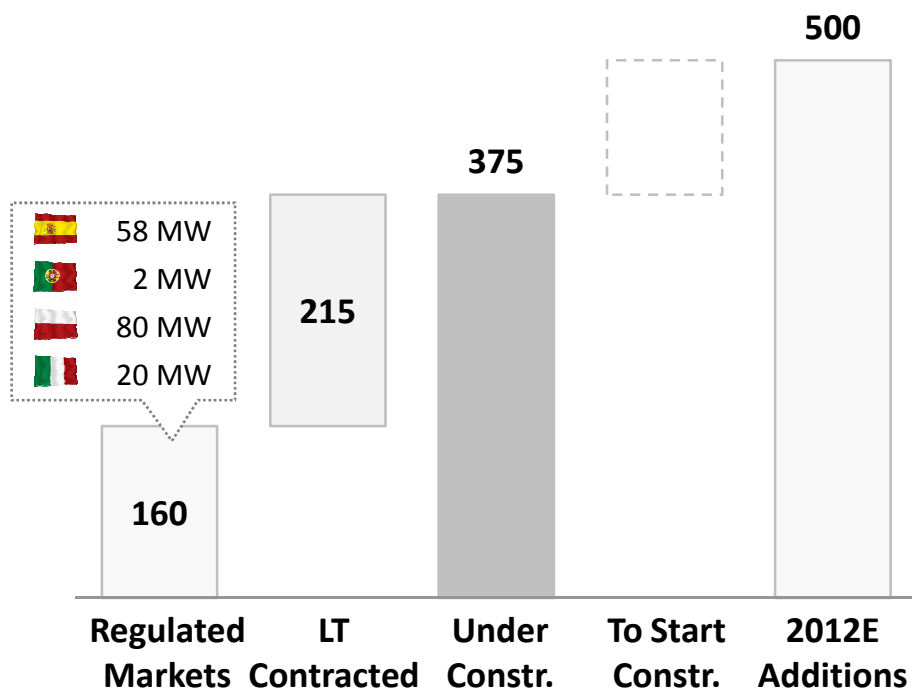
2011 Additions by Market (EBITDA MW + Eólicas PT ⁽¹⁾)



- Asset base increased by 806 MW installed in 2011 (+12% YoY)
- Capacity added in 2011 with metrics above portfolio average
- Strong focus on new markets: Brazil, Poland and Romania represented c40% of new installations in the period

Under construction capacity reflects high quality projects with strong top-line visibility

Dec-11 Capacity Under Construction (MW)



2012 Projects

- Pre-registered capacity in **Spain**: 110 MW
- Projects in **Poland/Romania** > 100 MW
- Overpowering option in **Portugal**: up to 30 MW
- EDPR first wind farm in **Italy**: 20 MW
- Marble River wind farm in the **US**: 215 MW (10Y contract awarded by NYSERDA)
- First projects of **ENEOP's** 3rd phase (EDPR share in the 3rd phase amounts to 154 MW)

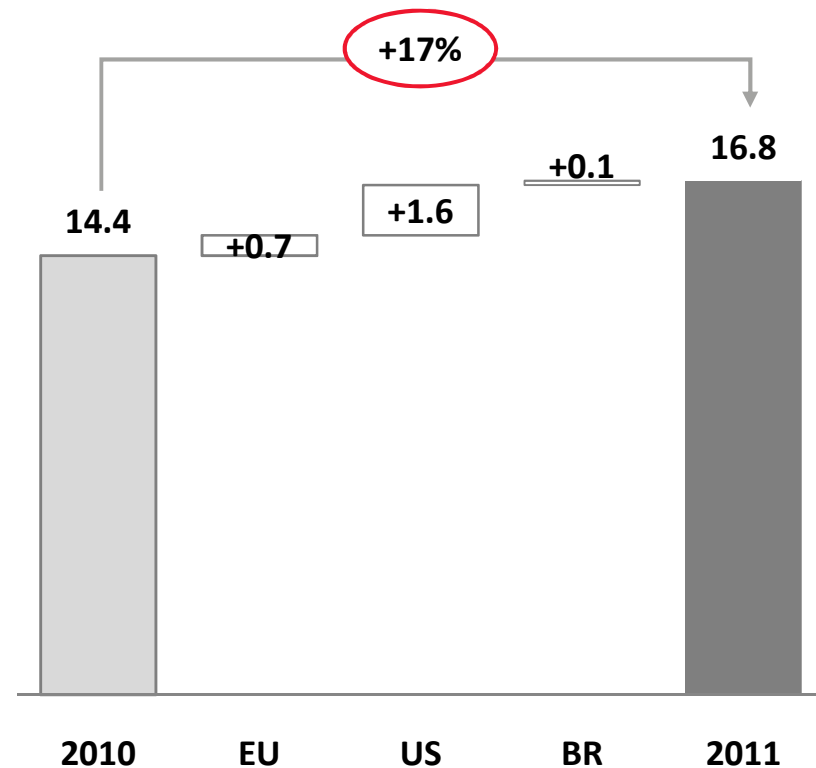
By Dec-11, 375 MW were already under construction with additional 250 MW starting construction

Top-class assets and portfolio diversification enabled a premium load factor of 29% in 2011

Load Factor
(%)

	2010	2011
EU	27%	25%
US	32%	33%
BR	26%	35%
EDPR	29%	29%

YoY Electricity Output
(TWh)



- Load Factor in Europe below expected on lower wind resource in Iberia and the ramp-up period in Romania
- In US, load factor registered was the highest since 2008 with positive evolution in the majority of EDPR's markets
- Electricity output grew by 17% propelled by US operations which posted a 21% increase YoY

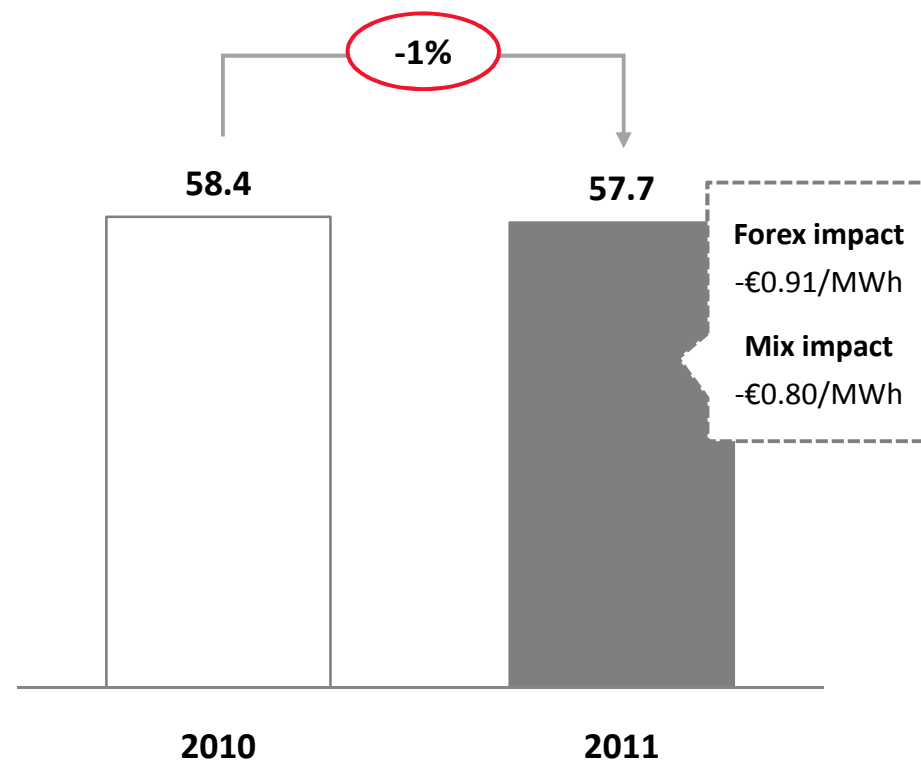
Price stability even though unfavourably impacted by higher US production weight and Forex



renováveis

Region		Price Evolution	Output Mix (GWh)	
			2010	2011
EU (Euro)		+5%	46%	43%
US (Dollar)	PPA	-6%	37%	40%
	Spot	-3%	16%	16%
BR (Real)		+9%	0%	1%

EDPR Price Evolution
(€/MWh)



- Europe: Higher prices fuelled by higher regulated prices in Iberia and stronger contribution from CEE countries
- US: PPA prices reflect different structures and lower curtailment revenues; spot prices reflect lower gas prices
- Brazil: PPA for 70 MW under the PROINFA programme drives average price increase

Revenues increased 13% YoY to €1.1bn...



renováveis

Main drivers for Revenues performance

Strong electricity output increase (YoY)

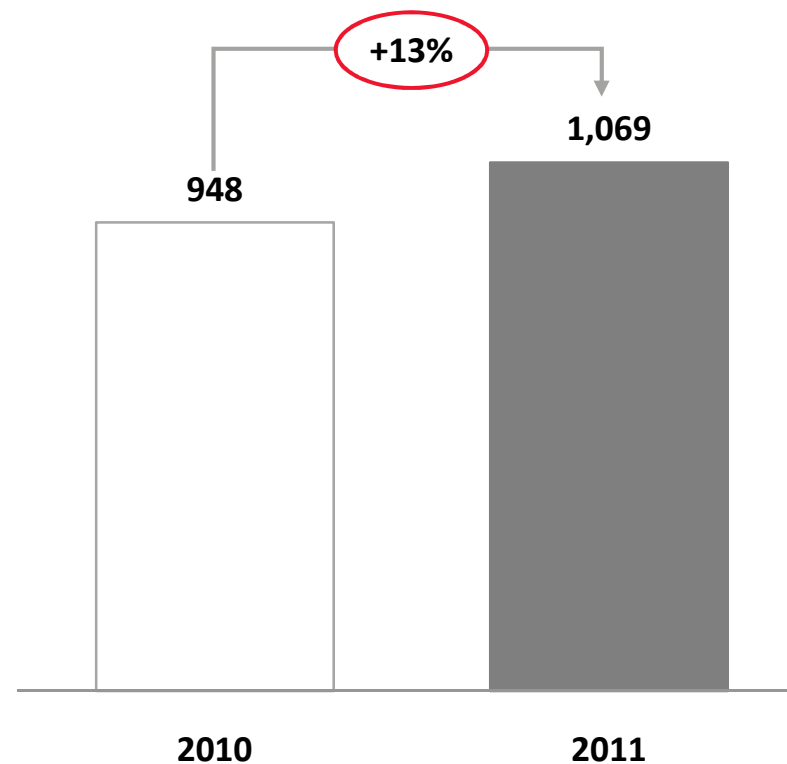
EDPR +17%; US +21%; EU +10%

Electricity sales +16% YoY

Institutional Partnership revenues +4% YoY

Different generation mix and
unfavourable forex evolution

Revenues Evolution (€ million)



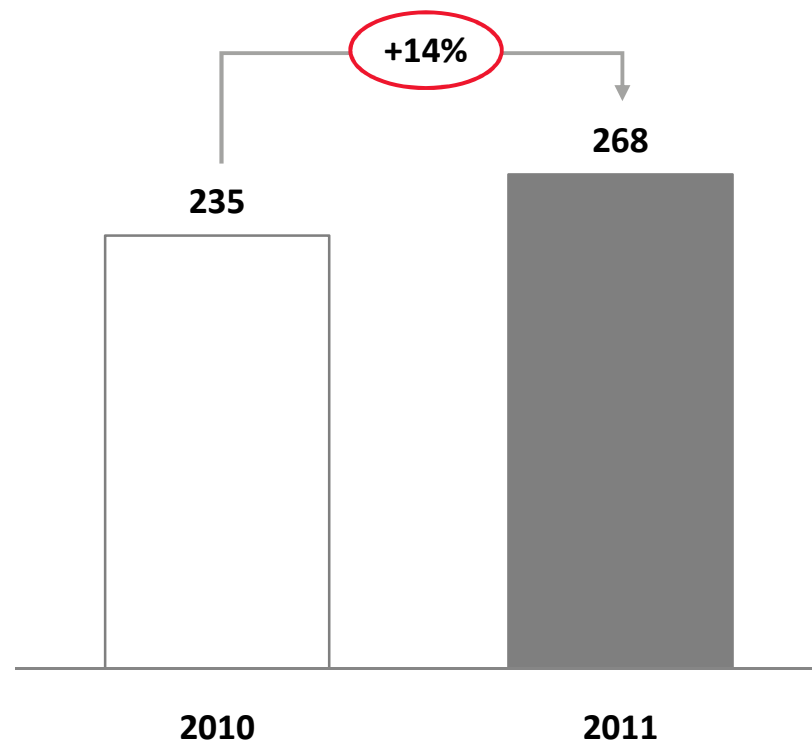
...reflecting strong growth in production
although impacted by lower load factors in Europe and unfavourable forex

Operating costs grew in line with the operating performance



renováveis

Operating Costs Evolution
(€ million)



Opex/Average MW in operation ⁽¹⁾
(€ thousand)

	2010	2011	Δ %
EU	45.6	46.4	+2%
US	46.7	41.8	-10% (-6% in US\$)

Opex per MW under control:

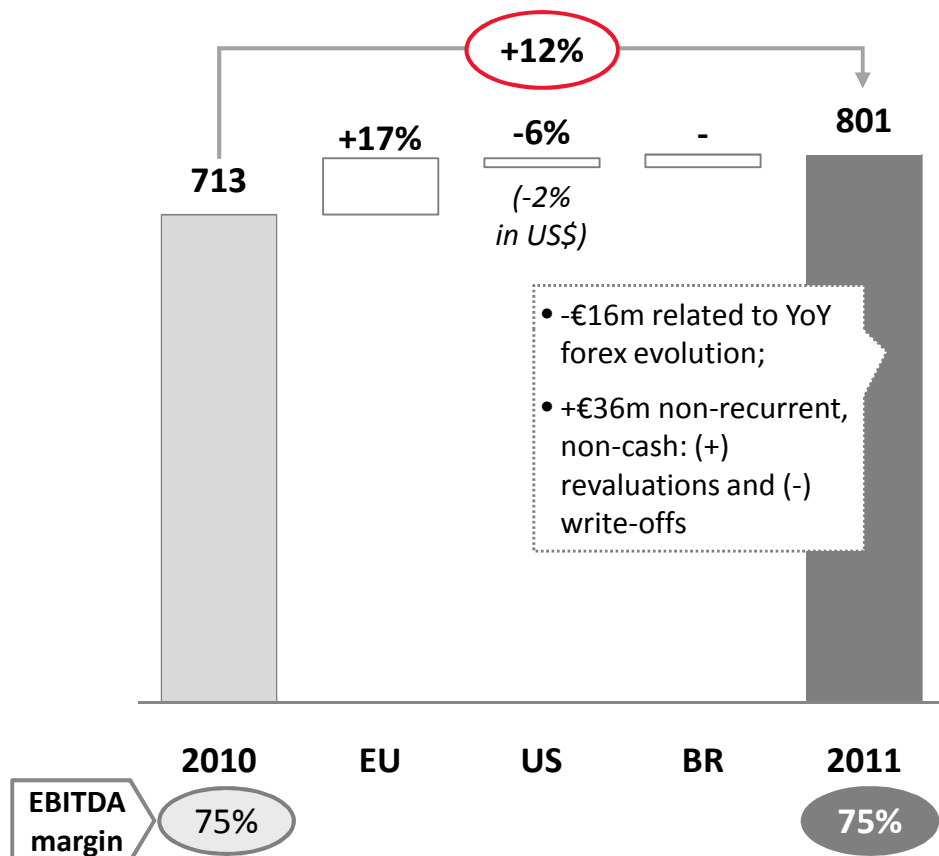
+2% in the EU following inflation and -6% in the US due to gains in efficiency

EBITDA grew 12% to €801m and EBIT went up 20% to €347m...

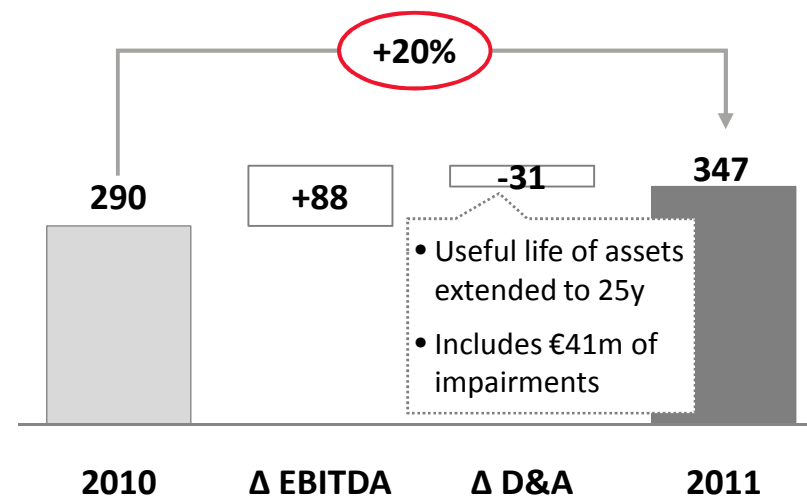


renováveis

EBITDA ⁽¹⁾ (€ million)



EBIT (€ million)



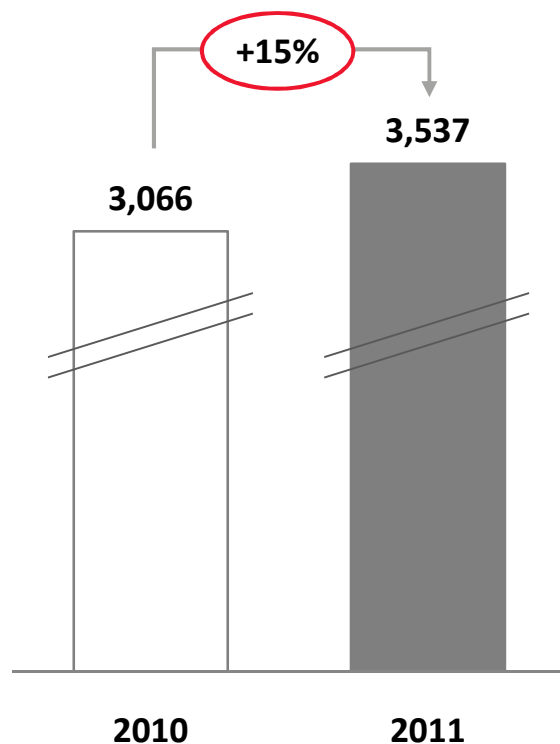
...reflecting top-line performance, extended useful life of assets and non-recurrent items

Interest costs in line with business growth but financial expenses penalized by forex

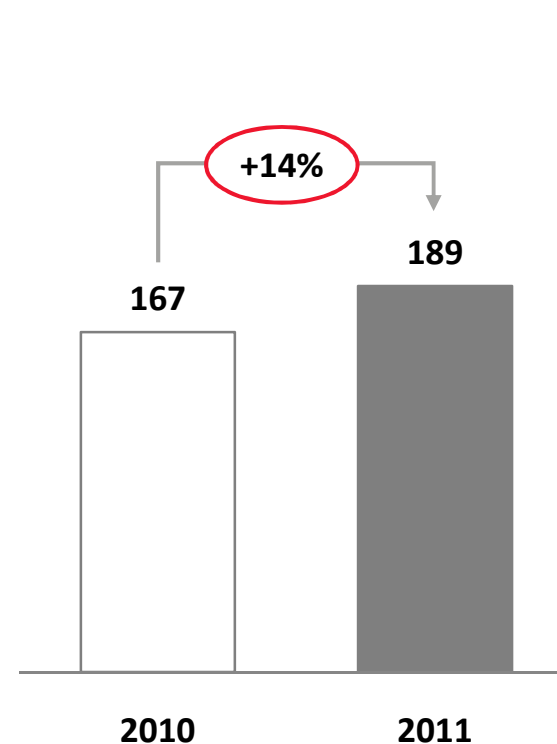


renováveis

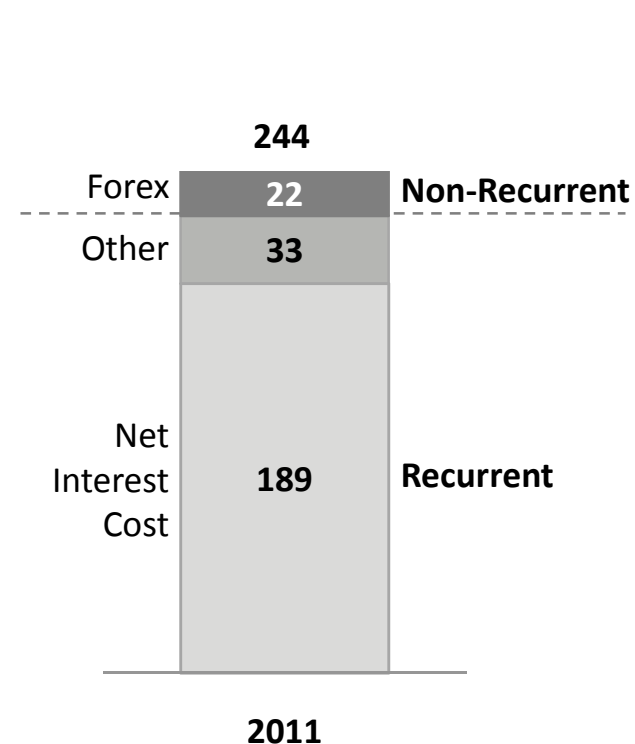
Average Financial Debt
(€ million)



Net Interest Costs
(€ million)



Net Financial Expenses
(€ million)



- Net interest costs grew below the average financial debt evolution
- Nominal Cost of Debt of 5.4% reflecting long-term funding maturity, mostly at fixed rates
- Net financial expenses increased 40% YoY mostly impacted by unfavourable forex (€22m)

Net Profit increased by 10% YoY to €89m



renováveis

Revenues to Net Profit (€ million)

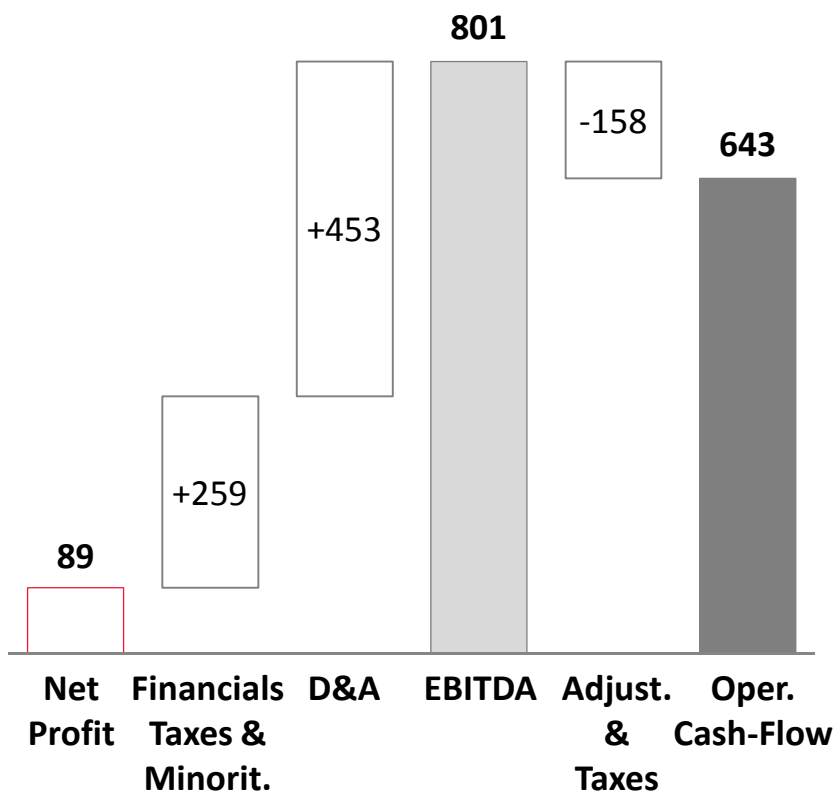
			YoY Δ %
Revenues	1,069	▷	+13% Performance driven by +16% in electricity sales and +4% in tax equity revenues
Operating Costs	-268	▷	+14% Opex per MW under control: +2% in the EU following inflation and -6% in the US due to gains in efficiency
EBITDA	801	▷	+12% Impacted by unfavourable forex (-€16m) and non-recurrent items (+€36m) due to revaluations and write-offs
D&A	-453	▷	+7% Useful life changed from 20y to 25y; Includes non-recurrent items (-€41m) related to impairments
Financial Results	-229	▷	+35% Net interest costs increased below average financial debt, but financial expenses were penalised by unfavourable forex (-€22m)
Taxes & Minorities	-30	▷	-26% Higher tax efficiency in Spain, but the introduction of US deferred taxes has a negative impact (-€6m in 2011)
Net Profit	89	▷	+10% Net Profit reflects top-line performance, change of wind-farms useful life and negative non-recurring items

Operating Cash-Flow increased by 13% in 2011 to €643m...

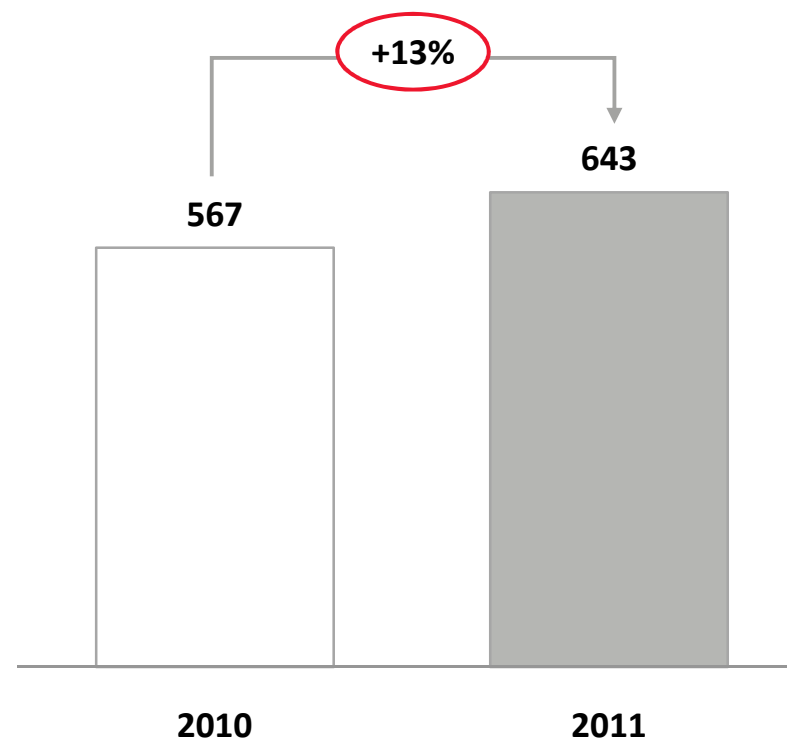


renováveis

Net Profit to Cash Flow
(€ million)



Operating Cash Flow Evolution
(€ million)



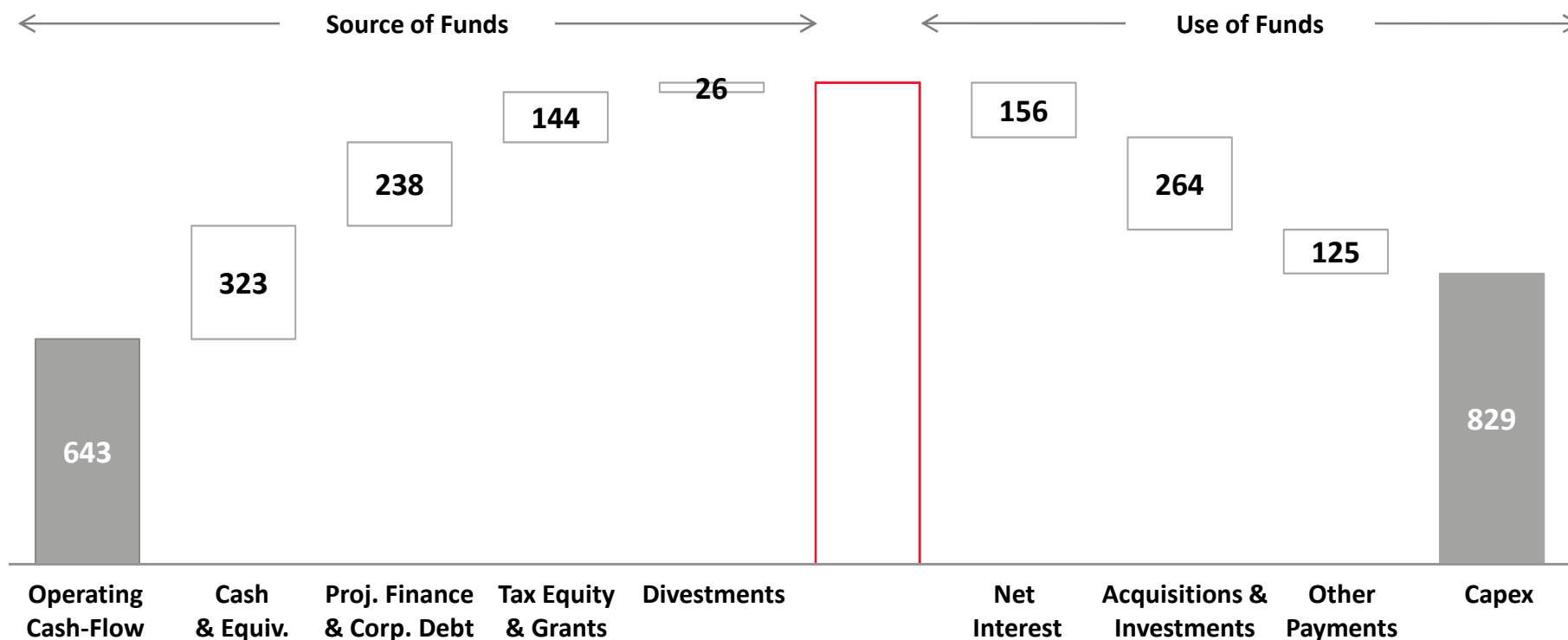
...representing 80% of 2011 EBITDA, proving EDPR's capability to convert financial results into cash generation

Operating Cash-Flow covered c80% of 2011 capex



renováveis

2011: Source and Use of Funds ⁽¹⁾ (€ million)



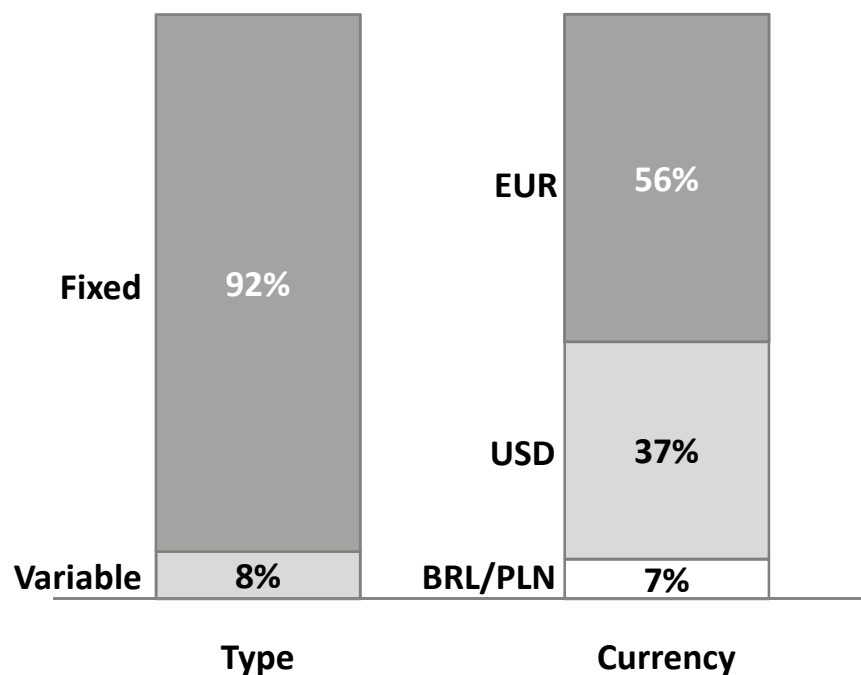
Well diversified funding sources to cover all payments needs

Right funding strategy to support growth in a capital intensive industry

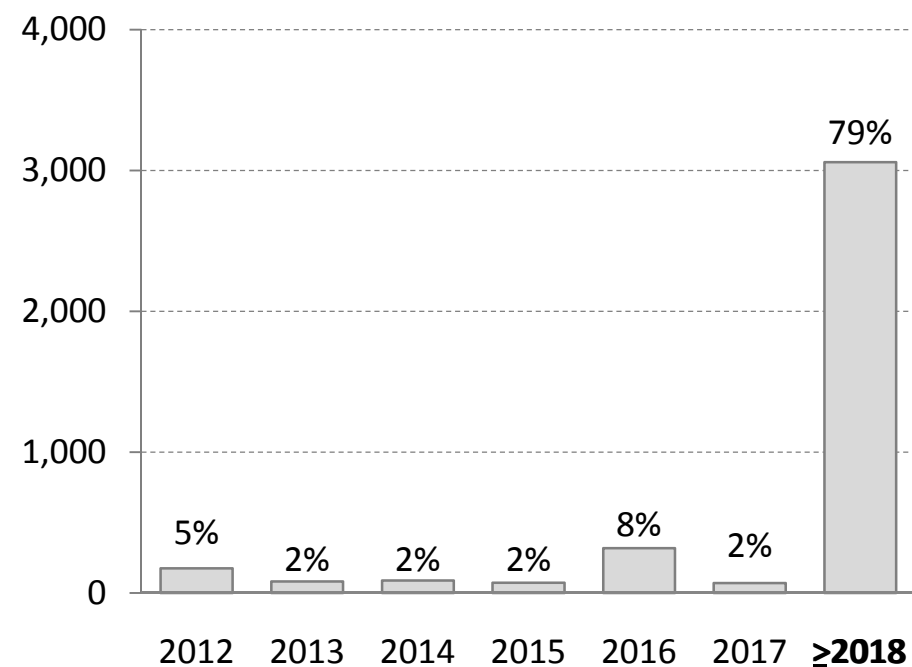


renováveis

2011: Debt Profile
(%)



Debt Maturity @ Dec-11
(€ million)



Long term fixed rate debt structure designed to match Cash-Flow profile with business model



Outlook: Volumes and Prices

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

2011/12 Project Metrics

Load Factor (%)

Selling Price (€/MWh)

2011

+806 MW

30%

80-90

2012E

+500 MW

31%

70-80

Historic
Metrics

29%

58

2011/12 Projects contribution for 2012

Additions Profile

2012 Contribution

~50% 1H11
~50% 2H11

100%

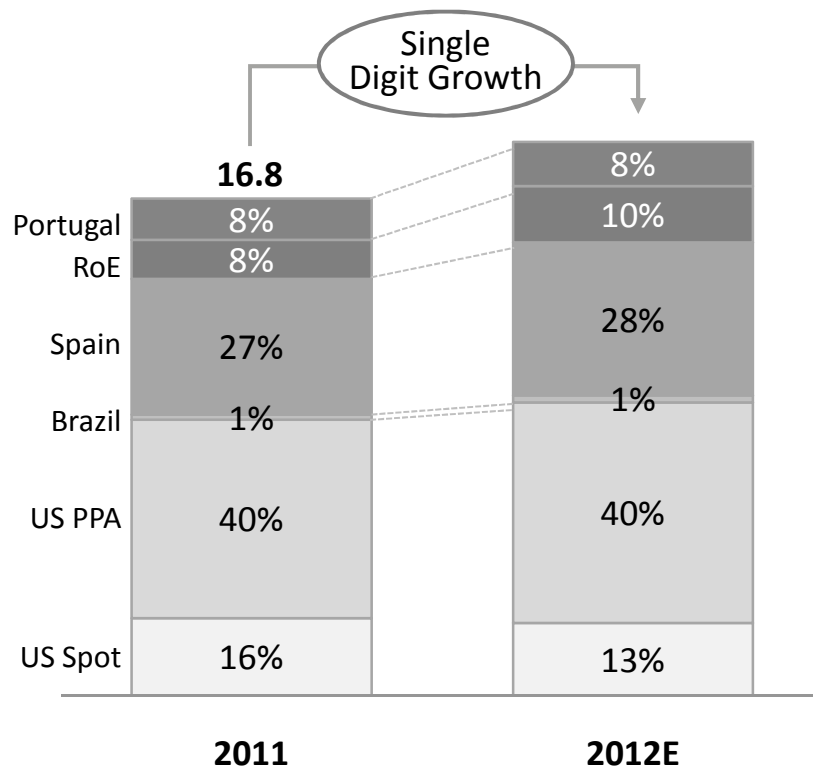
>90% 2H12

<10%

Selective growth strategy to improve portfolio's metrics in 2012 and 2013







EDPR with predictable revenues from high exposure to long-term remuneration schemes

Electricity Output (GWh; %)



2011 Price (per MWh)

2012 Price Outlook

€99	↔	CPI adjustment	
€96	↑↑	Higher weight of Poland and Romania (later to fully benefit from 2 green certificates per MWh)	
€83	↑	1.8 TWh hedged at €52/MWh; 50% of all MW moved to the fixed tariff (CPI adjusted)	
R\$278	↑	Brazilian inflation adjustment	
\$51	↔	Fixed escalators	
\$30	↓↓	Lower prices on lower gas prices	

2012: Electricity output single digit growth combined with a sustained improvement of the average selling price



2012 and Beyond

Focus on short-term execution; Define roadmap and strategy for the future

2012 execution

- 8 GW of installed capacity (+500 MW)
- Single digit output growth
- Sustainable improvement in the average selling price

- EBITDA clearly above capex levels
- Cash-Flow as the main source of funding
- Net Debt slightly above Dec-11 levels

- >90% of debt at fixed rates
- c80% of Financial Debt with maturity post-2018
- Competitive cost of funding

2013 onwards

EDP-CTG Strategic partnership

- Partnership between EDP (EDPR's principal shareholder) and CTG on renewable energy projects
- Kick-off already in 2012

Growth Prospects

- Slowdown and uncertainty in matured markets (Spain, Portugal and US)
- Ongoing growth in developing wind energy markets (Poland, Romania, Brazil)
- Ongoing assessment of new markets / technologies

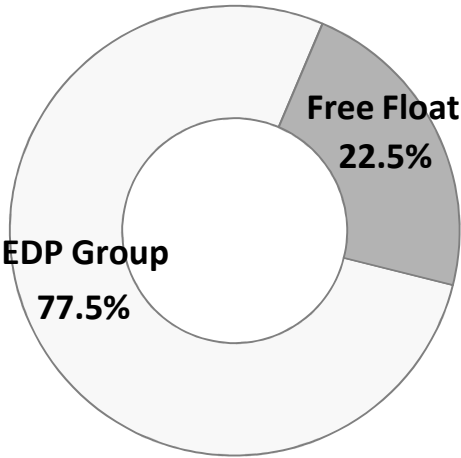
EDPR to update its strategic plan through 2015 by the end of 1H12



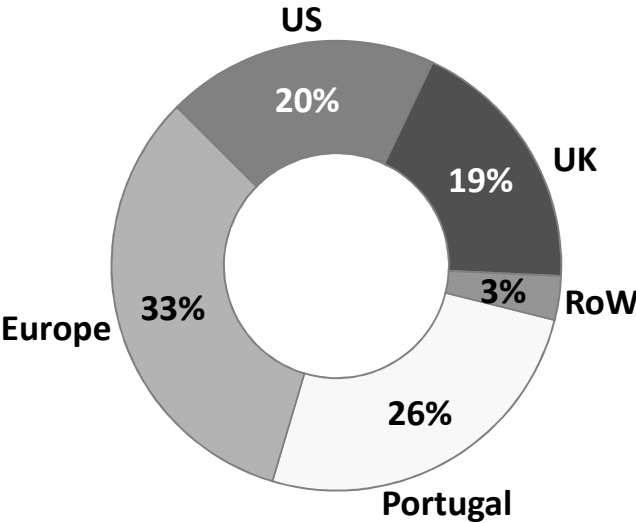
Shareholder Structure and Governance

Shareholder structure as of Dec-11

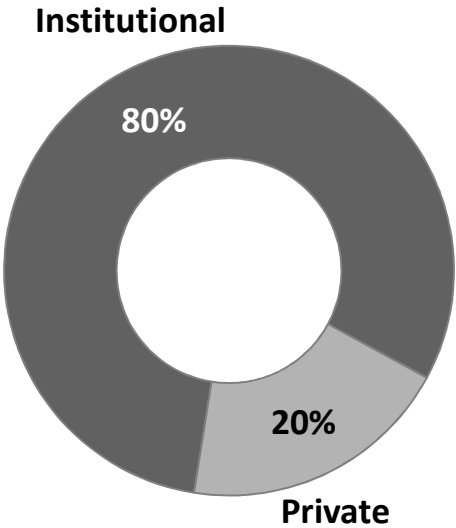
Shareholder Structure
(%)



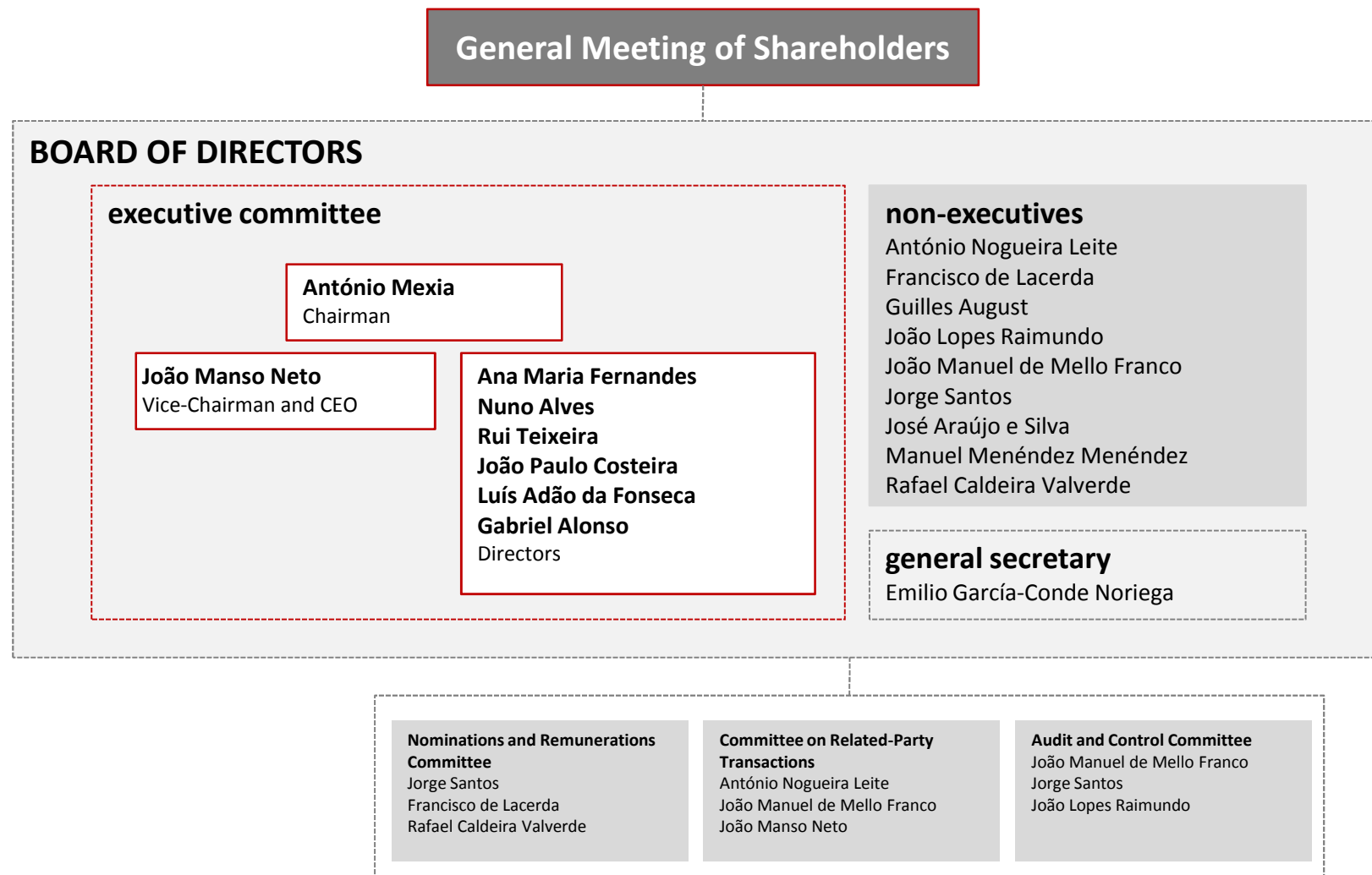
Free Float by Geography
(%)



Free Float by Type
(%)

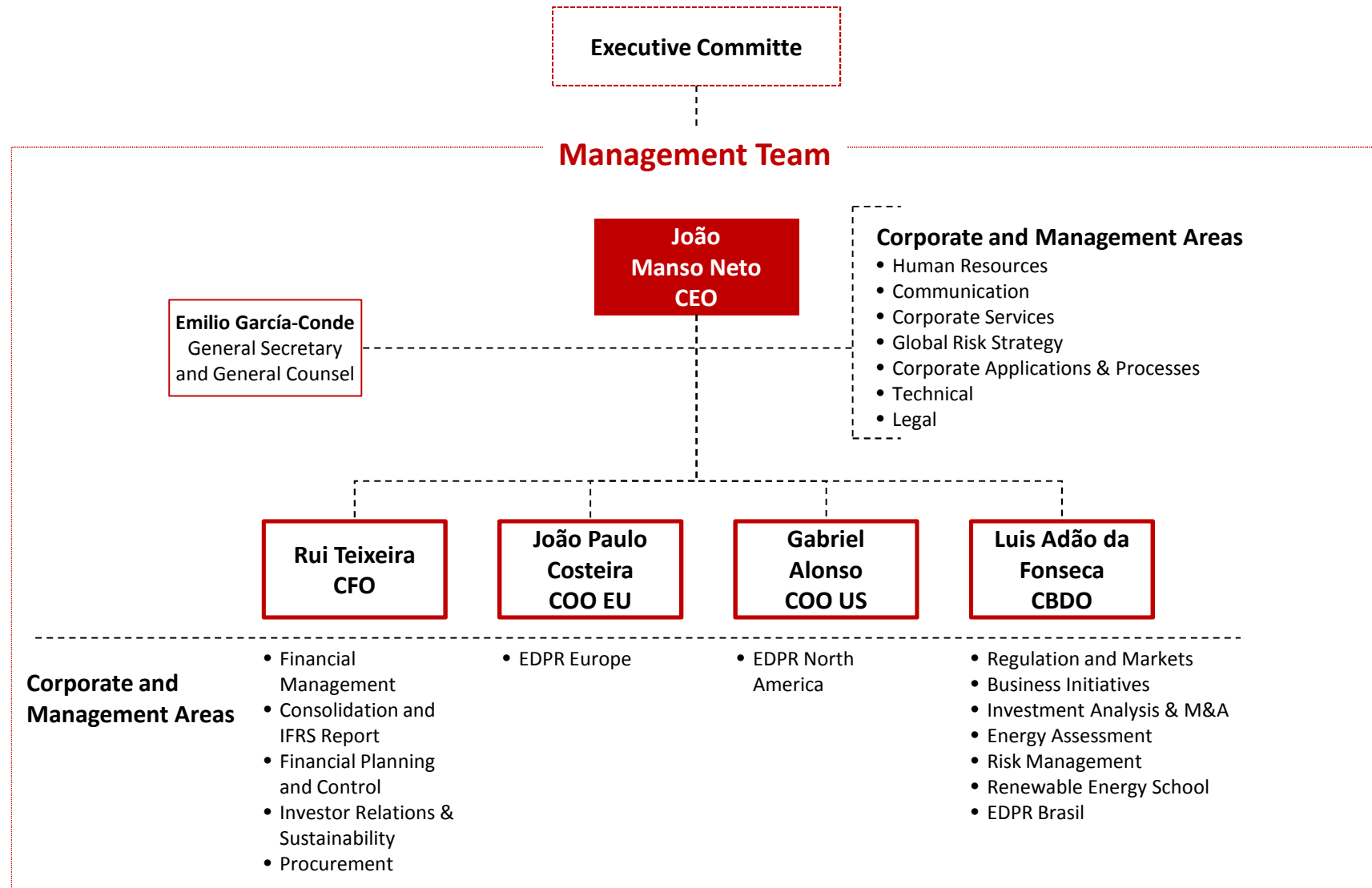


110,000 institutional and private investors spread across more than 35 different countries



**Governance model is designed according to EDPR's corporate organization
ensuring a transparent and effectiveness separation of duties between governing bodies**

Management Team is appointed by the Executive Committee to manage the day-to-day of EDPR



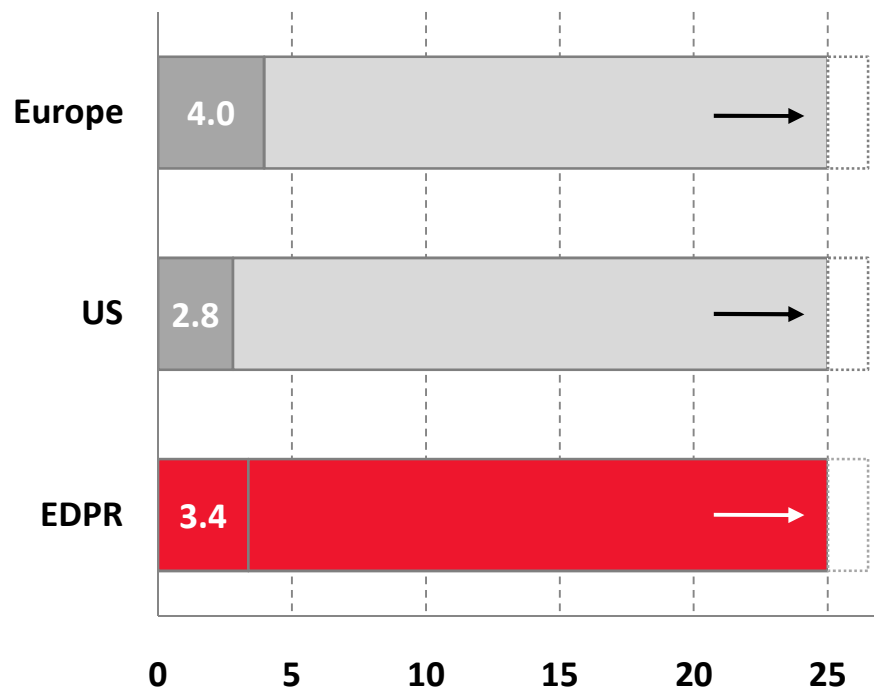


Wind Competitiveness: The European Case

Wind industry is entering a new cycle and showing a remarkable improved performance

Higher Longevity, and... (years, YE2011)

EDPR Assets Age



...Lower energy cost (per MWh)

Lower Capex/MW: -10%

Manufacturing overcapacity and sellers competition leading to price pressure

Higher productivity for the same wind speed

Manufacturers R&D efforts being reflected into new generation turbines

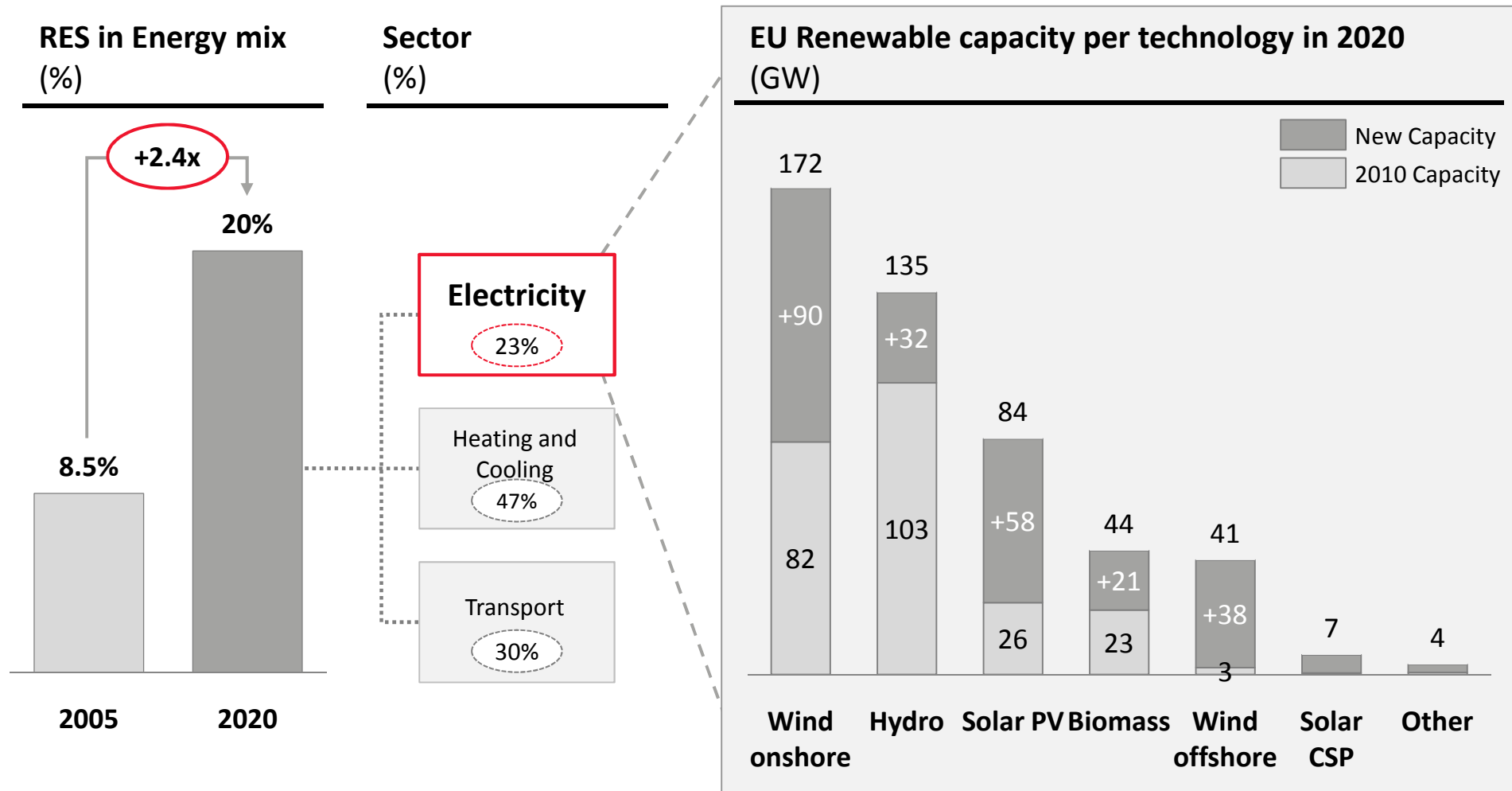
Detailed technical assessment on EDPR's portfolio performed by an industry expert

An expected sustainable downward trend of wind energy cost per unit of output

EU mandatory targets for 2020 indicate strong underlying increase of the wind capacity...



renováveis



Wind onshore is expected to be the major contributor for renewables capacity growth

...on which the market has recurrently raised several questions about its sustainability

1

Is wind the most cost competitive renewable technology today?

2

Is wind a cost adequate technology to meet increasing demand?

3

Is wind profitable at current electricity wholesale prices?

4

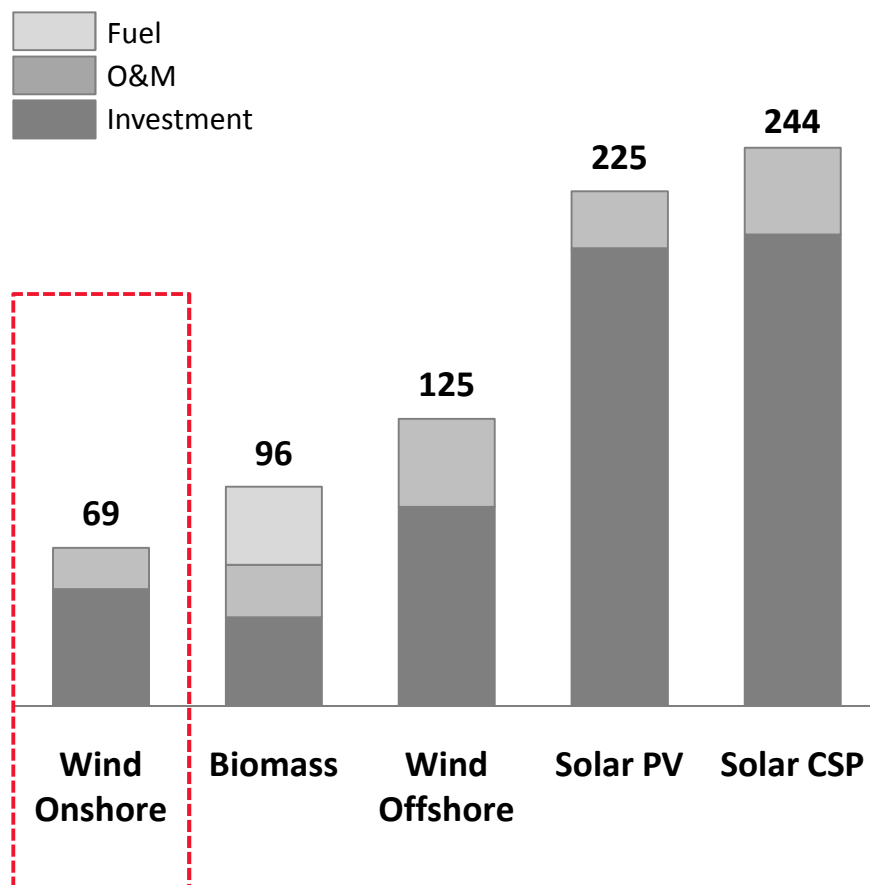
Is wind tariff generating an over-cost in the electricity systems?

Is wind the most cost competitive renewable technology today? Yes

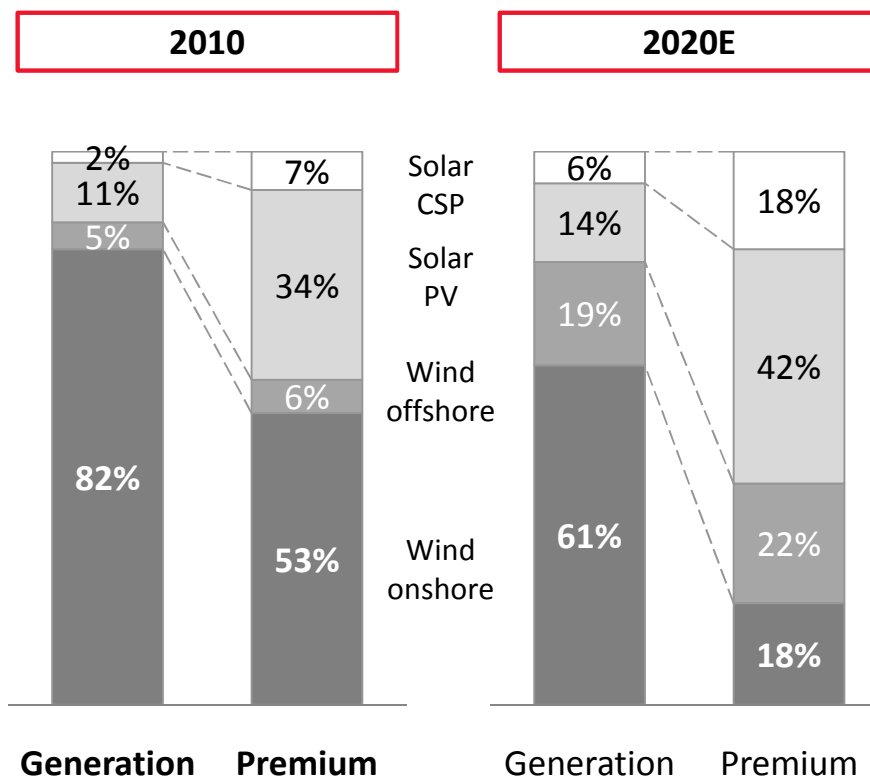


renováveis

Levelised Cost by technology
(€/MWh)



Weight of renewable generation and premium⁽¹⁾
(%, by technology)



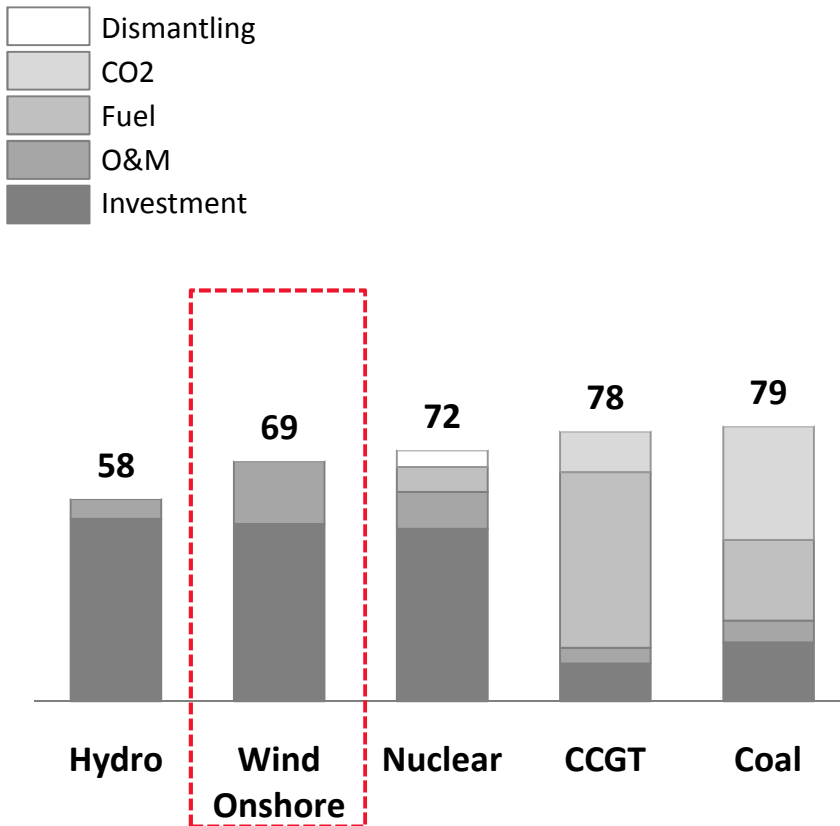
Wind is the most efficient and mature renewable technology

Is wind a cost adequate technology to meet increasing demand? Yes

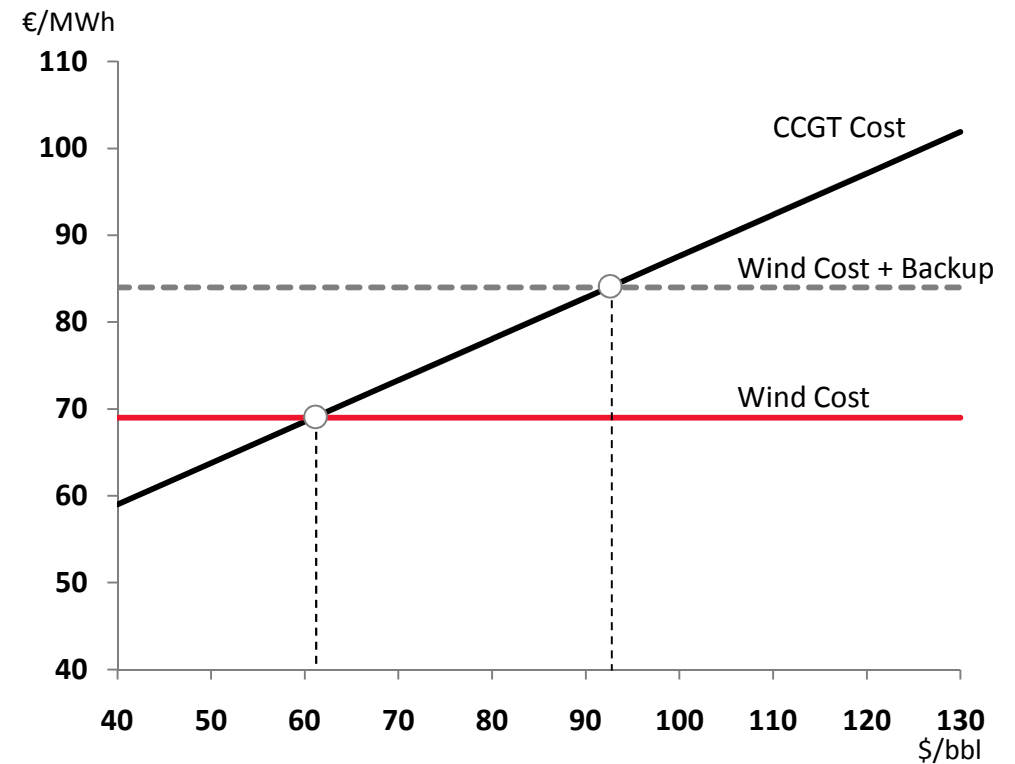


renováveis

Levelised Cost by technology
(€/MWh)



Wind and CCGT Levelised cost
(€/MWh, \$/bbl)

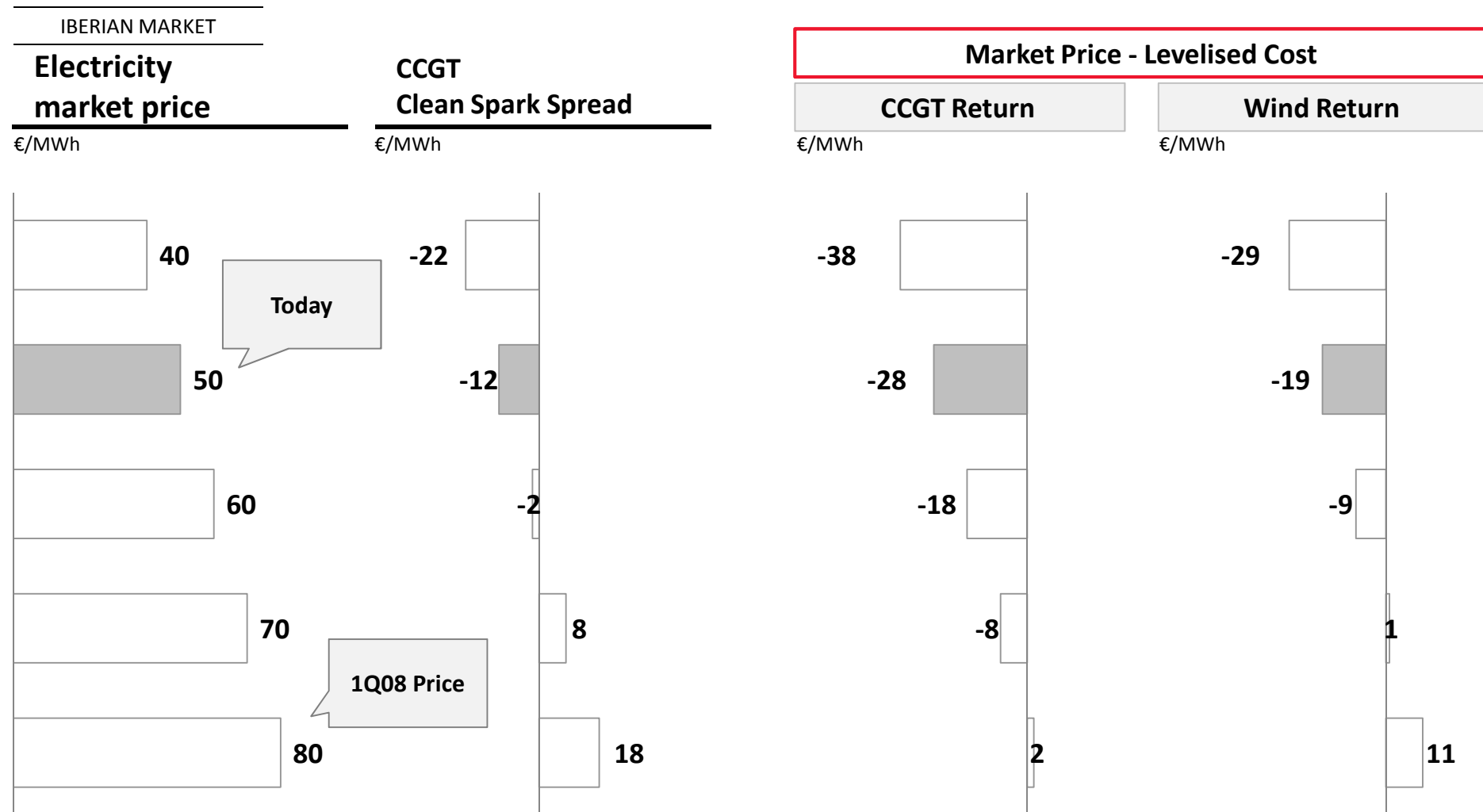


Wind is cost competitive considering current Brent prices, providing cost stability and reducing the negative impact of high Brent prices in the electricity system

Is wind profitable at current electricity wholesale prices? No, but...



renováveis



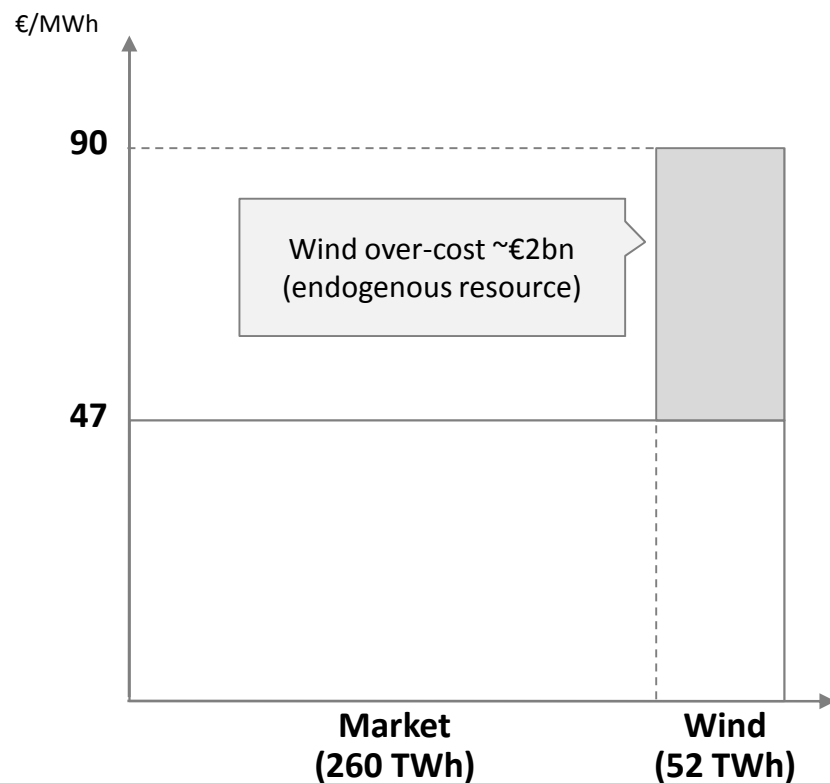
...at market prices providing a sustainable CCGT operation, wind is competitive

Is wind tariff generating an over-cost in the electricity systems? Yes, but...

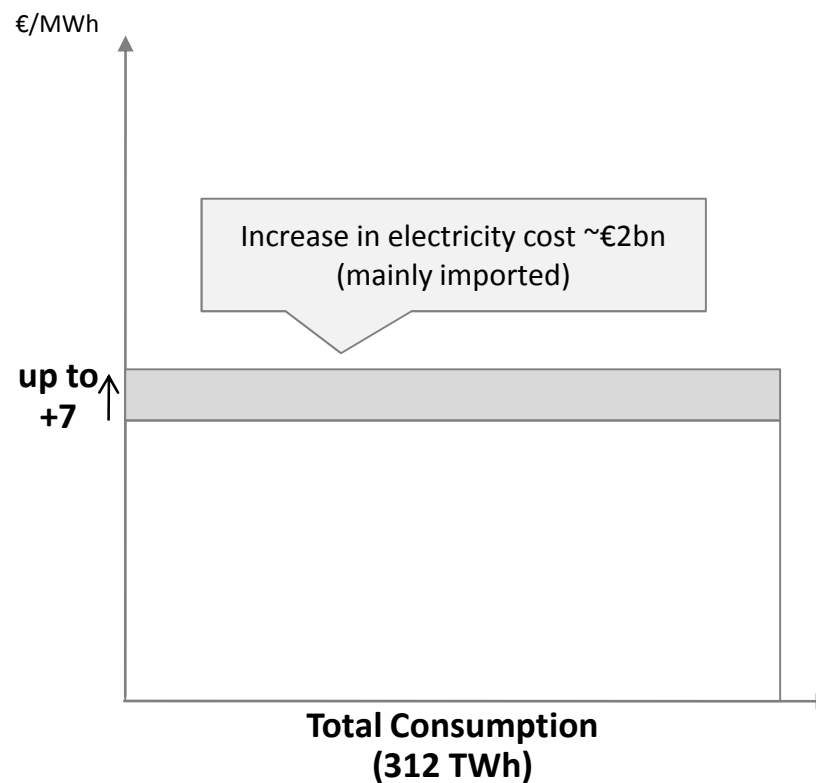


renováveis

Electricity System with Wind Capacity
(Illustrative simulation, Iberian Market)



Electricity System without Wind Capacity
(Illustrative simulation, Iberian Market)



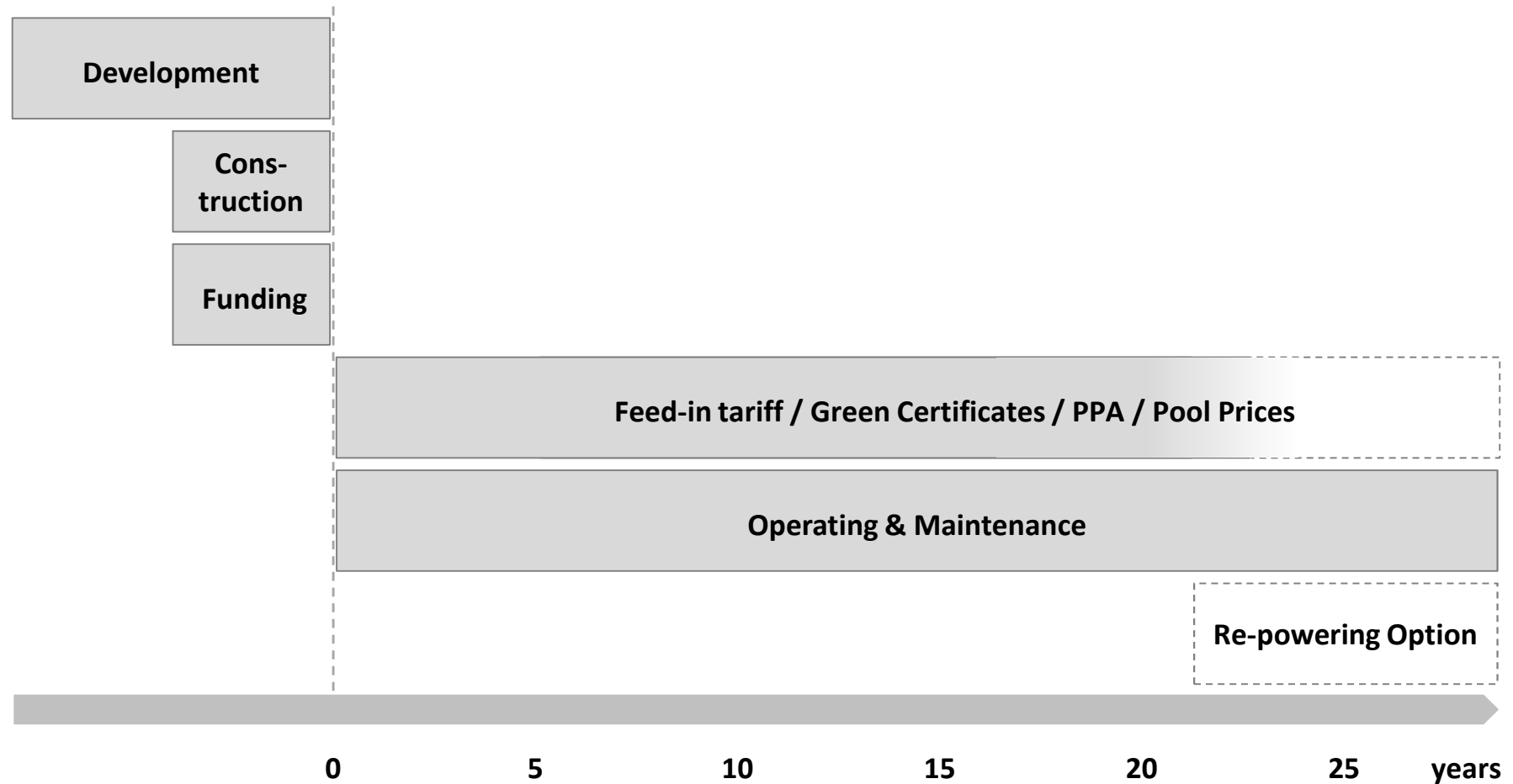
**...excluding wind from the energy mix translates into higher market electricity prices,
mitigating the impact of wind over-cost**

Case Study: Wind Farm Economics

Wind business: competitive and capital intensive on development and a cash-cow when operating



renováveis

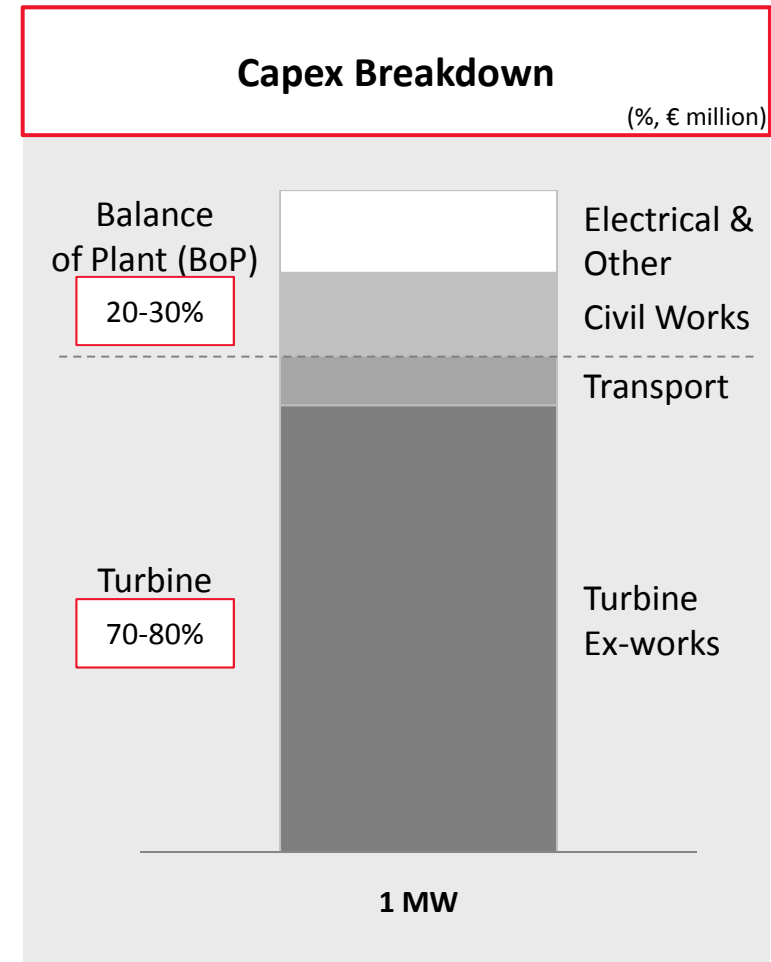
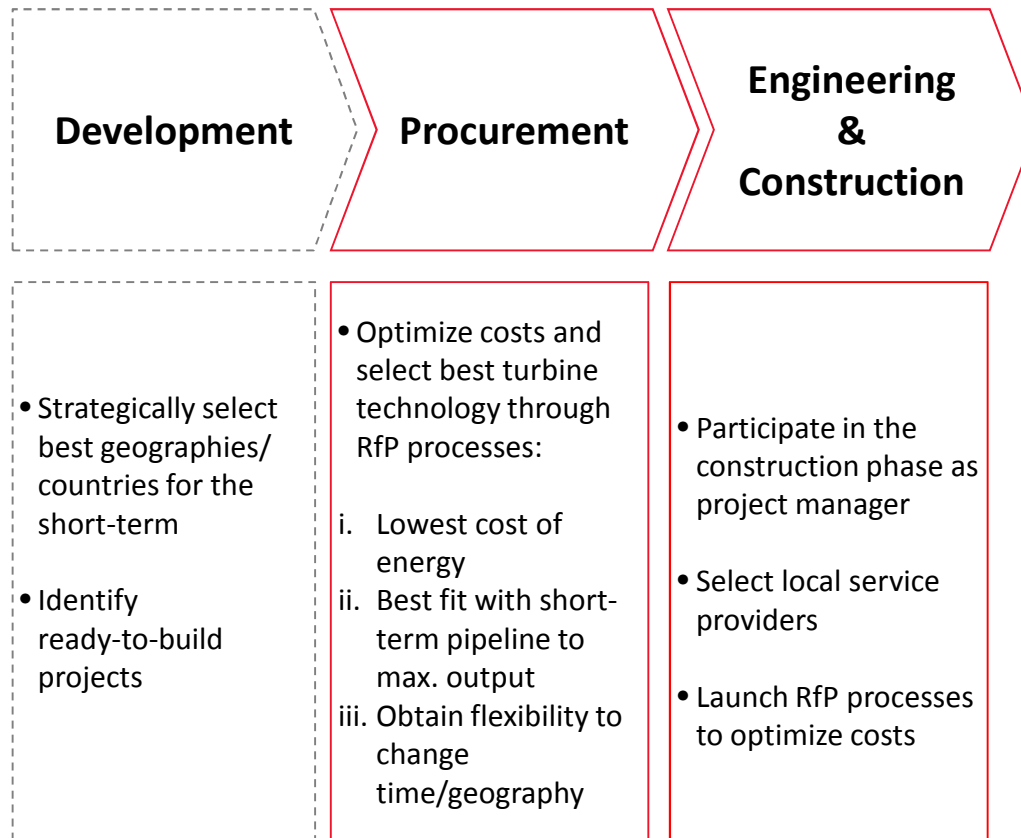


Early phases of project life to have a high strategic importance to selected the best projects that will maximize Cash-Flows during the operating phase

Competitive capex is critical to maximize projects profitability



renováveis



Capital intensive business with most critical strategic decisions to be taken upfront

Load factors are one of the most important key value drivers of the wind business



renováveis

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

EDPR Load Factor: Historical Evolution (%)

	2007	2008	2009	2010	2011
EU	26%	26%	26%	27%	25%
US	30%	34%	32%	32%	33%
BR	-	-	22%	26%	35%
EDPR	27%	30%	29%	29%	29%

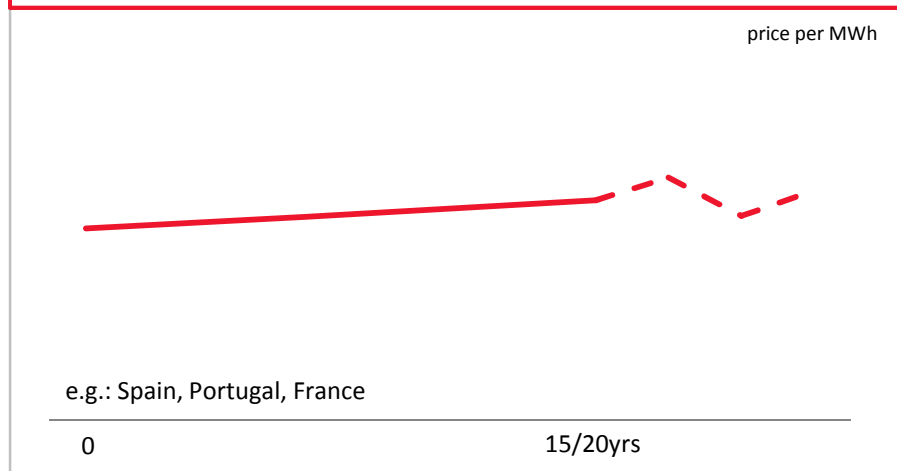
Strong in-house wind assessment team delivers a structural competitive advantage

Different remuneration frameworks drive different revenues and Cash-Flow profiles

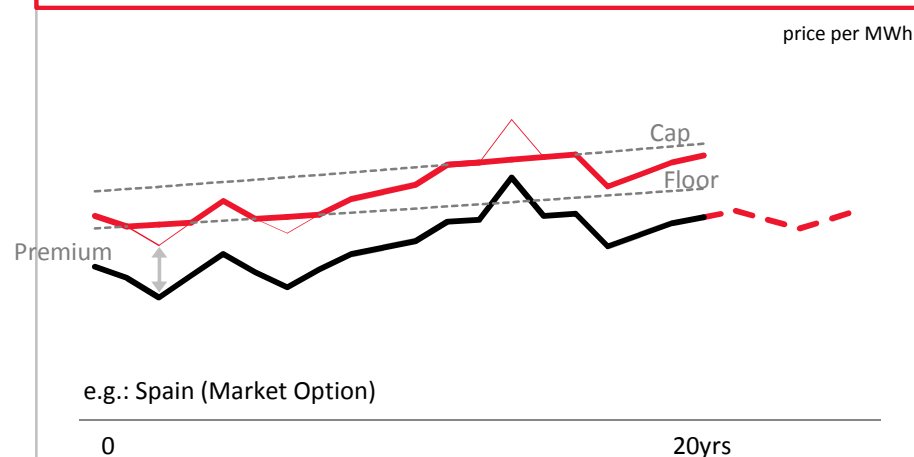


renováveis

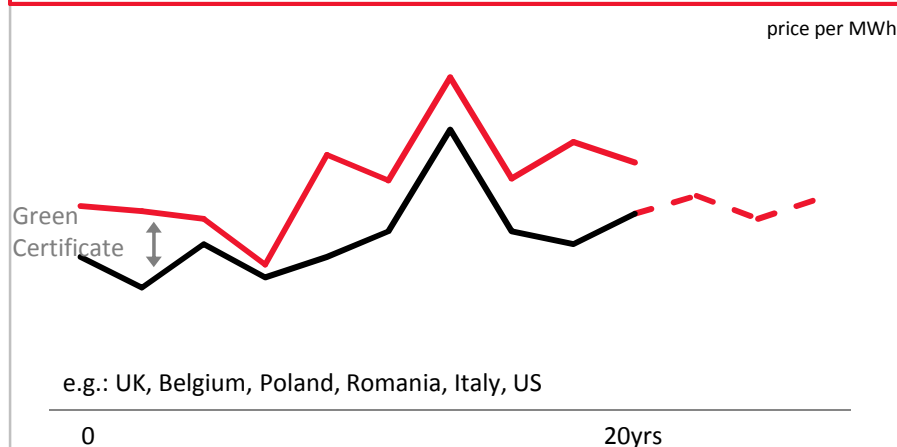
Feed-inTariff



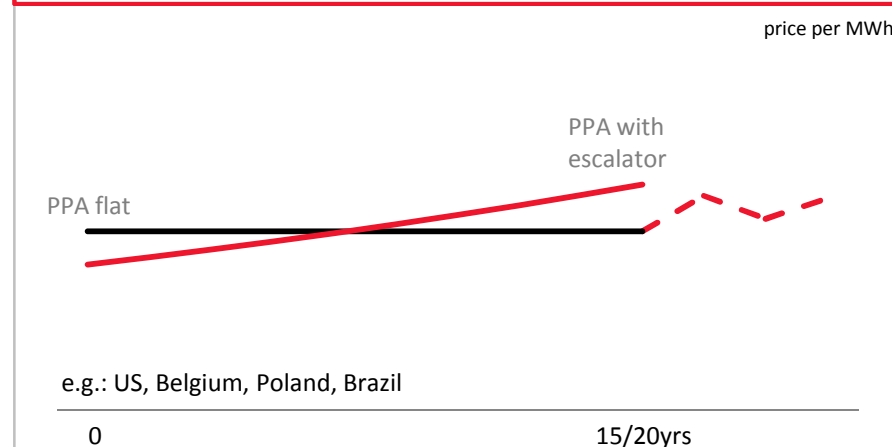
Feed-in Premium with Collars



Green Certificates



PPA

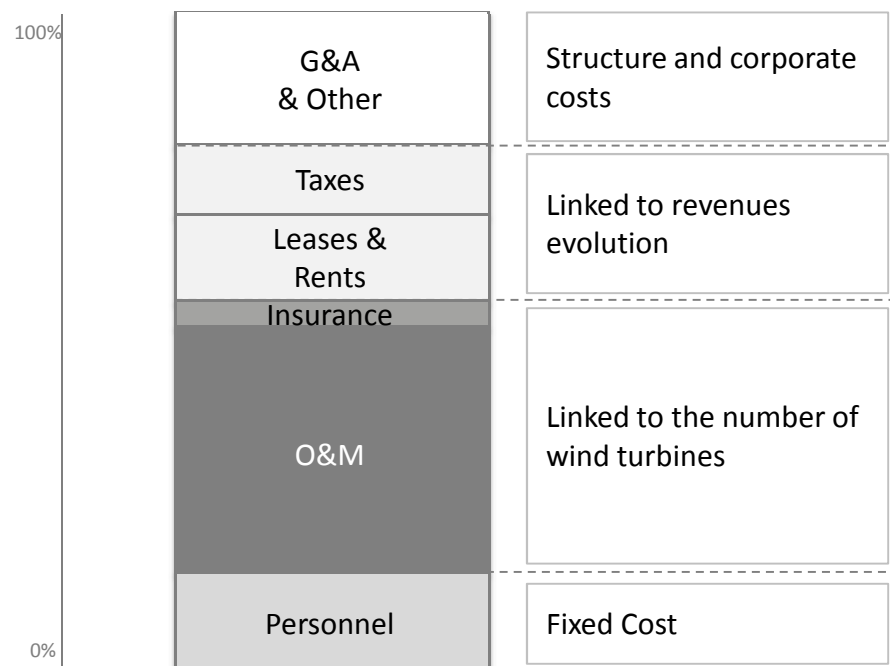


Wind electricity generation is a high EBITDA margin business, with a high fixed cost structure

EDPR 2009-11: Operational Efficiency Metrics

	2009	2010	2011
EBITDA margin	75%	75%	75%
Opex / MW (€th)	43	43	40
Opex / MWh (€)	17	16	16

Cost Structure (%)



EDPR is delivering operating excellence and high efficiency levels

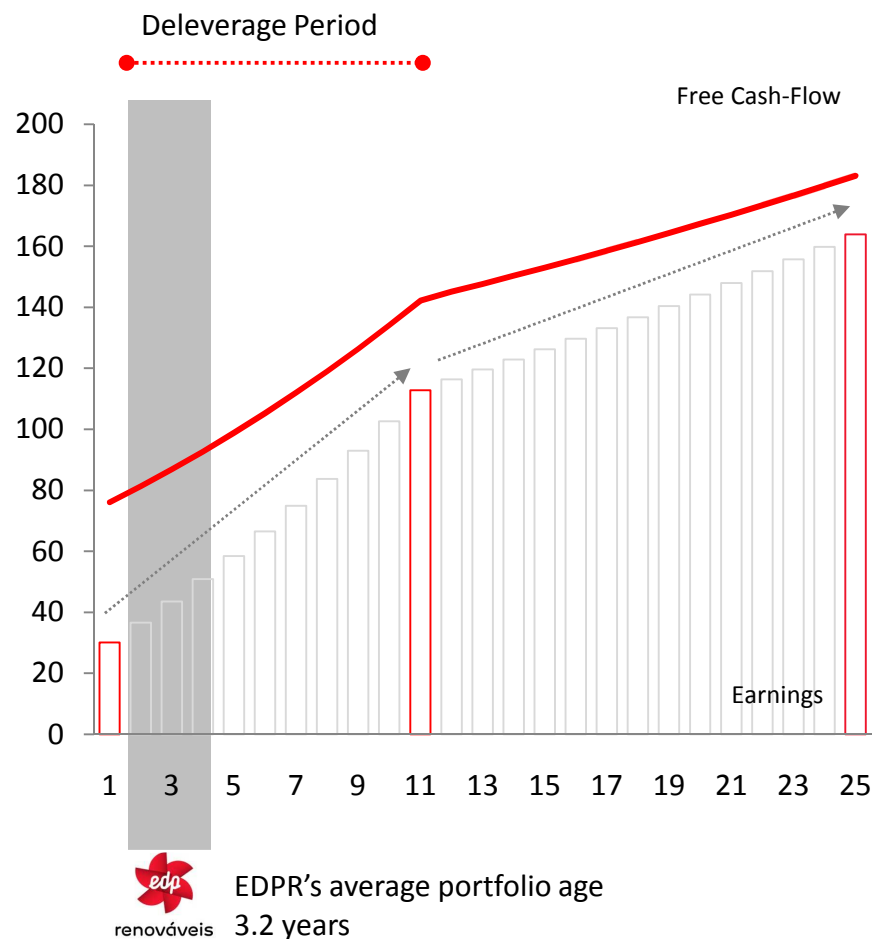
Case Study: Earnings profile of a generic wind project



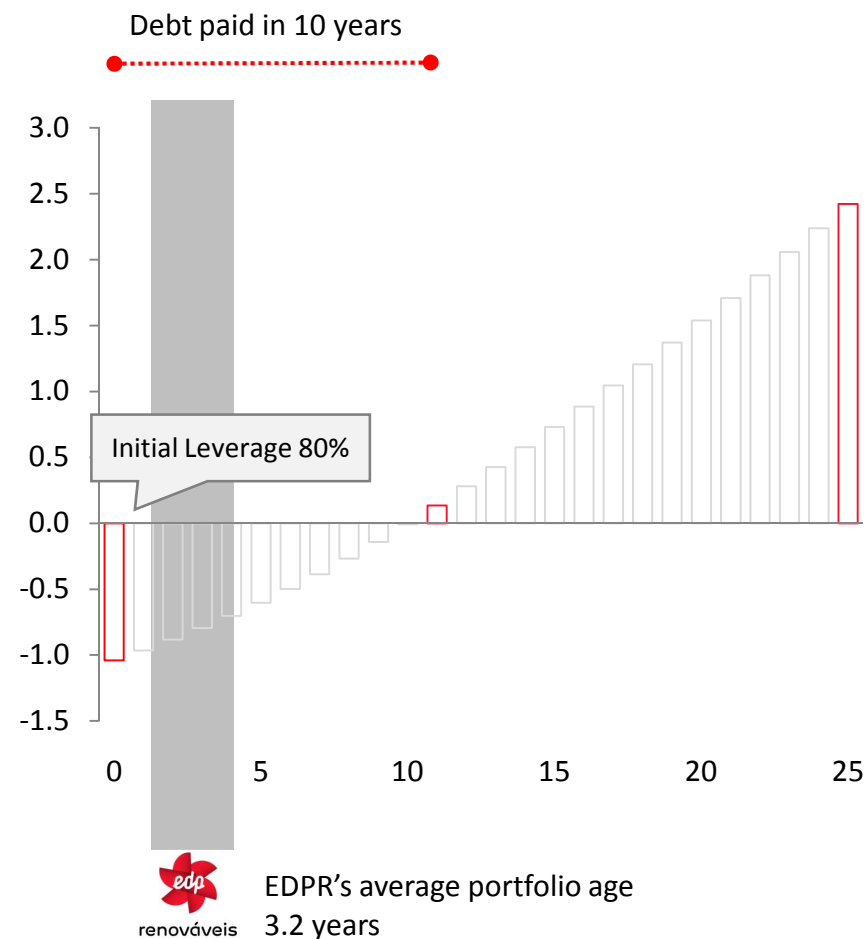
renováveis

ILLUSTRATIVE, NON-EXHAUSTIVE

Earnings and Free Cash-Flow profile (€th/MW)



(Net Debt) / Net Cash (€ million/MW)



Case Study:

Valuation model of a generic wind project



renováveis

Main Assumptions

MW	NCF	Selling Price	Capex	Opex	WACC	CPI	Terminal Value
1	28%	€79/MWh	€1.3m/MW	€45k/MW	7.0%	2%	15%

Valuation Model (*illustrative, non-exhaustive*)

Years	0	1	2	3	...	10	...	25	26
Production (MWh)		2,365	2,365	2,365	...	2,365	...	2,365	
Tariff (€/MWh)		79.0	80.6	82.2	...	94.4	...	115.1	
+ Revenues (€th)		193.8	197.6	201.6	...	231.6	...	311.7	
- Operating Costs (€th)		45.0	45.9	46.8	...	53.8	...	72.4	
= EBITDA (€th)		148.8	151.7	154.8	...	177.8	...	239.3	
EBITDA margin (%)		76.8%	76.8%	76.8%	...	76.8%	...	76.8%	
- Depreciations (€th)		52.0	52.0	52.0	...	52.0	...	52.0	
= EBIT (€th)		96.8	99.7	102.8	...	125.8	...	187.3	
EBIT margin (%)		49.9%	50.5%	51.0%	...	54.3%	...	60.1%	
- Taxes (€th)		29.0	29.9	30.8	...	37.7	...	56.2	
- Capex (€th)	1,300	-	-	-	...	-	...	-	
= Cash-Flow (€th)	-1,300	119.7	121.8	123.9	...	140.1	...	183.1	319.9
EV (Sum of DCF, €th)	1,690								
Project IRR (<i>unlevered</i>)	9.8%								
IRR/WACC	1.4x								
Years	1	2	10	25					
EV/EBITDA	11.4x	11.1x	9.5x	7.1x					
P/E	27.0x	22.2x	7.9x	5.0x					



EDP Renováveis online

Site: www.edpr.com

Link Results & Presentations:
www.edpr.com/investors

IR Contacts

Rui Antunes, Head of IR

Francisco Beirão

Diogo Cabral

E-mail: ir@edpr.com

Phone: +34 914 238 402

Fax: +34 914 238 429

Serrano Galvache 56, Edificio Olmo, 7th Floor
28033, Madrid
Spain

Next Events

12-13 Mar: EEI Conference (London)

27 Mar: UBS Clean Tech Conference (London)



renováveis

powered by nature