



EDP Renováveis

1H14 Results

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IMPORTANT NOTE: Pursuant the implementation of IFRS 11, joint ventures previously consolidated using proportional method are from 2014 onwards consolidated by equity method. 2013 data presented in this document was restated for comparison purposes.

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1H14 Highlights

Executing a solid strategic agenda



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Quality assets

- Operational excellence with **97.5% availability** and outstanding **34% load factor**
- **Output +6% YoY** to 11.0 TWh with US representing 52% of the generation
- Successful O&M strategy and **decreasing Adj. Opex/MW by 8% YoY**

Selective and profitable growth

- **EBITDA of €506m** (-7% YoY) and **Net profit of €87m** impacted by operations in Spain (regulatory changes, magnified by low wholesale prices)...
- ...and improving since 1Q: **EBITDA 1Q -9% YoY; 2Q -4% YoY**
- Executing strategic plan additions for 2014 (with 449 MW under construction) strongly supported by **US market with 329 MW with PPA**

Self-funding business model

- **€431m of OCF** from a portfolio with a remaining expected lifespan of 20.1 years
- c€250m secured through Asset Rotation (€38m in 1Q14), Project Finance (€66m in 1Q-2Q14) and from Tax Equity (\$190m signed) in line with the strategic plan
- **Continuously working in structuring alternative funding sources** through portfolio rotation to increase cash available for growth

Growing PPA-based capacity to increase revenue visibility

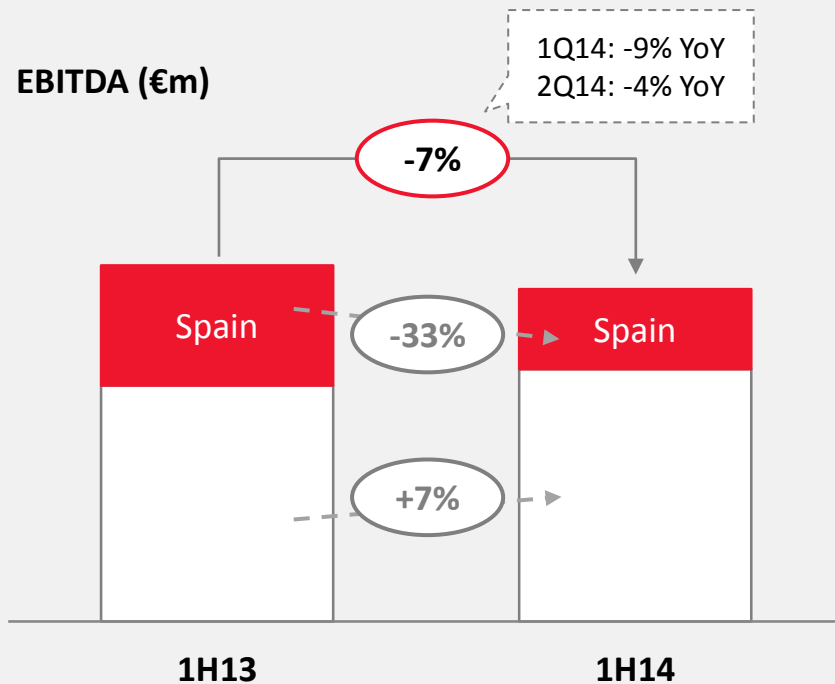


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2014 impacted by
Spanish regulatory changes...

Short-term

EBITDA (€m)



...while 2014-17 strategic plan provides
sustainable growth

Medium-term

Investing in quality projects
34 MW added in 1H14,
449 MW under construction

>500
MW/year

Growing through projects with LT
contracts already awarded

85%
signed

US at the core of EDPR growth
+1.1 GW of PPAs for new projects

60%
growth plan

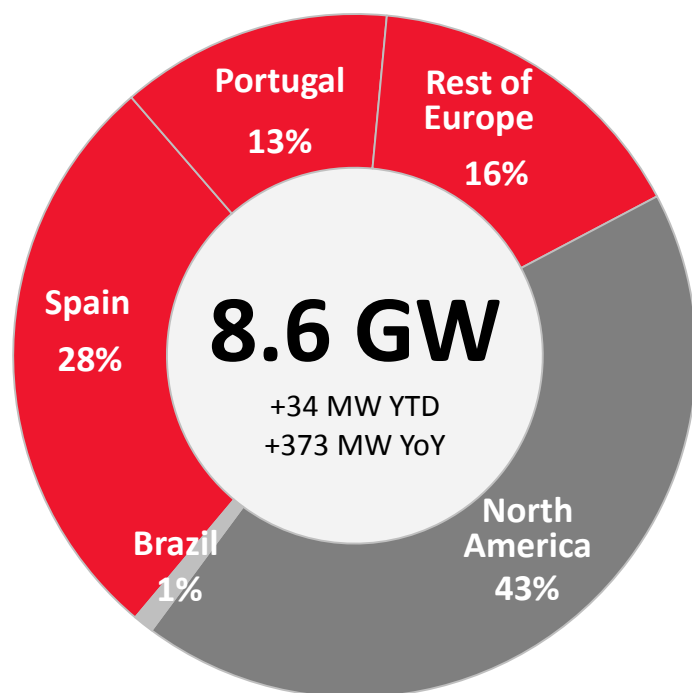
EBITDA performance 1H14 impacted by Spain and mitigated by remaining markets,
while medium-term growth based on LT contracts increase visibility on future returns

1H14 Operational and Financial Performance





First-class assets with 4.9 average years of age, delivering leading operating metrics

Installed Capacity

(EBITDA MW + Equity Consolidated)



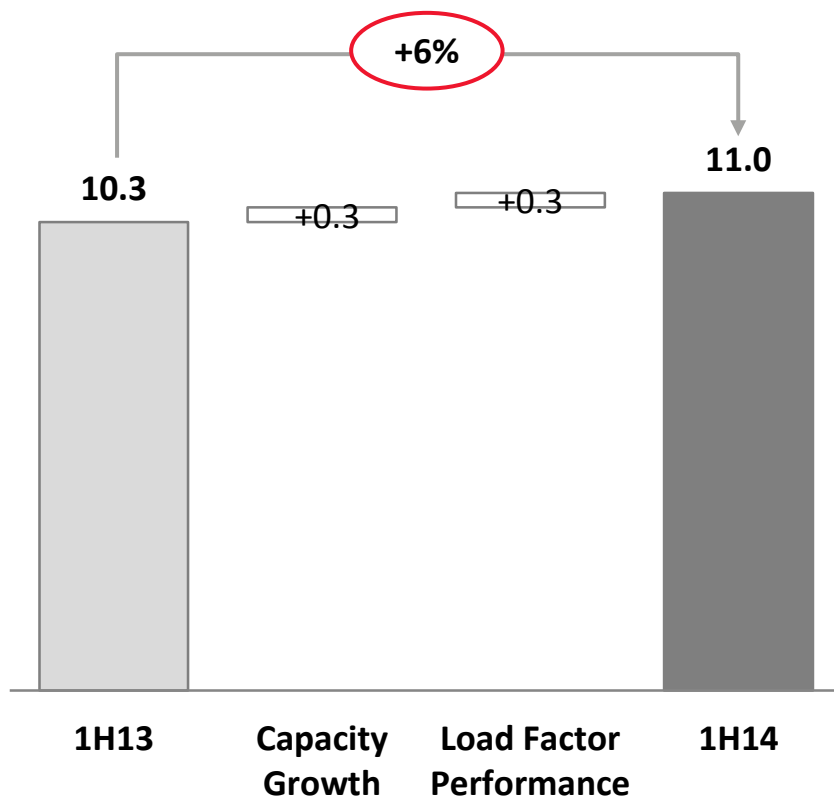
Load Factor and Technical Availability

	1H14	Δ% YoY	1H14 vs. average	2Q14 vs. average
	30%	-	110%	99%
	37%	+1pp	103%	100%
	28%	+1pp	101%	104%
	34%	+1pp	107%	100%
EDPR Technical Availability	97.5%	-0.3pp		

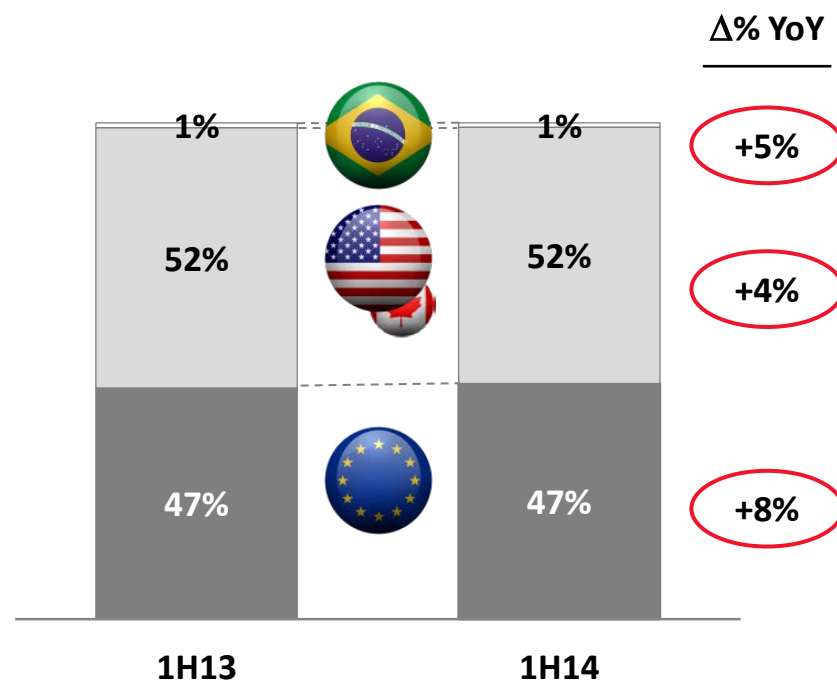
1H14 load factor is 7% above average following an outstanding wind resource in 1Q14 and a load factor in line with average throughout the 2Q14

Electricity output growing 6% to 11.0 TWh due to outstanding load factor and capacity additions

Electricity Production (TWh)



Electricity Production Breakdown (TWh, %)

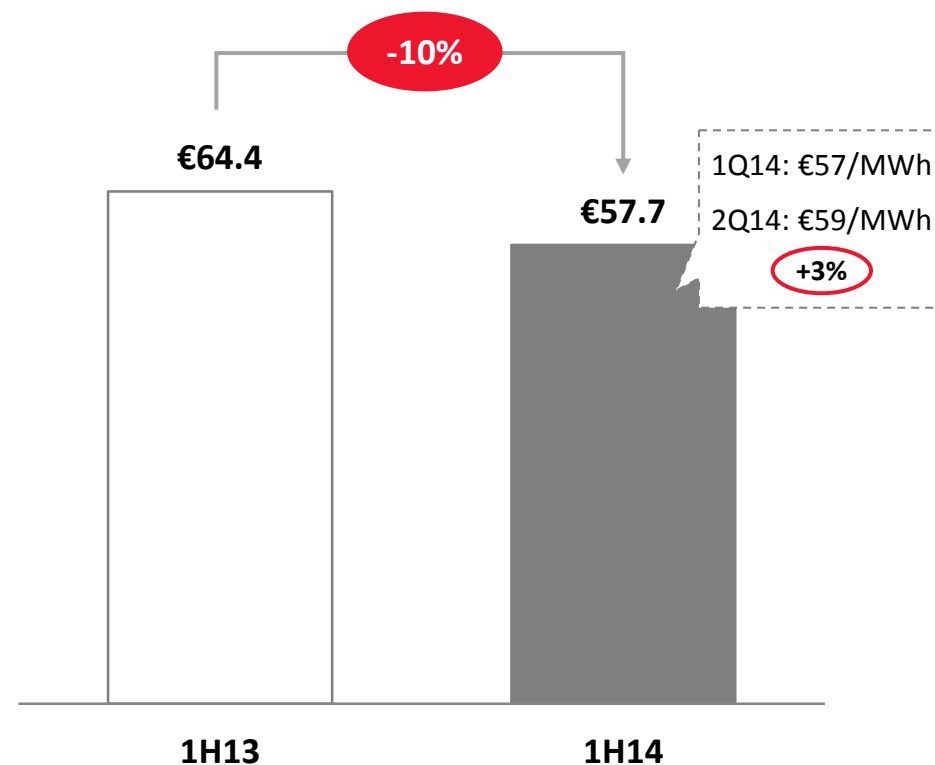


Production increased across all regions, with North America representing 52% of the total output

Selling price decreased 10% YoY to €58/MWh impacted by a lower realised price in Europe

	1H14	△% YoY	
EU	€79.4	-16%	Mainly following lower prices in Spain after regulatory changes
NA	\$50.3	+5%	Supported by higher PPA/Hedge output (+7% YoY incl. hedges)
BR	R\$345	+12%	Inflation + working hours adjustment

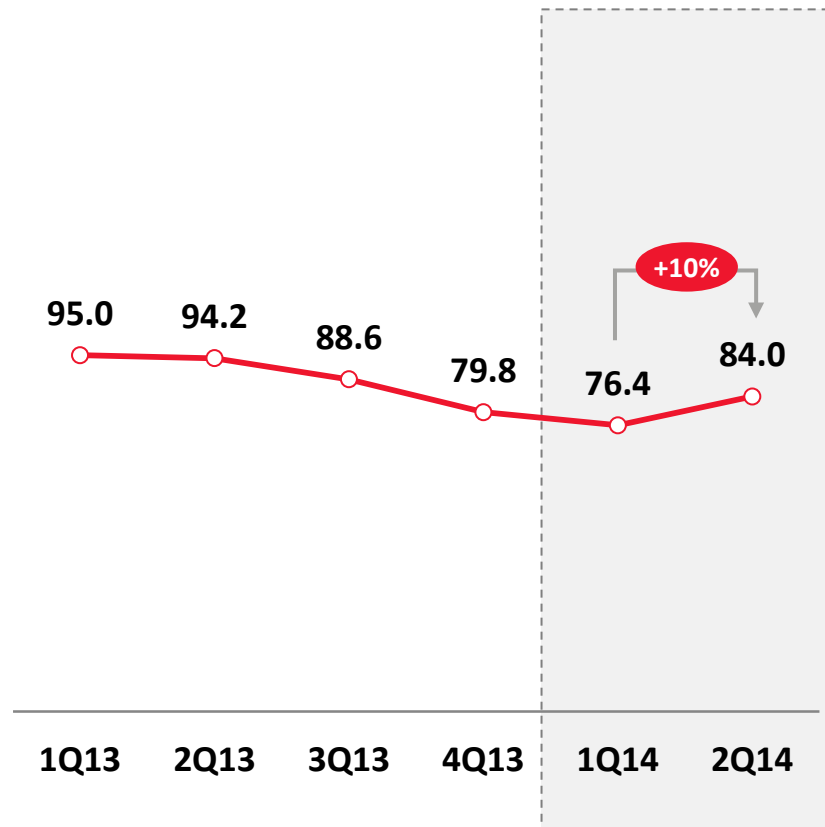
EDPR Price Evolution
(€/MWh)



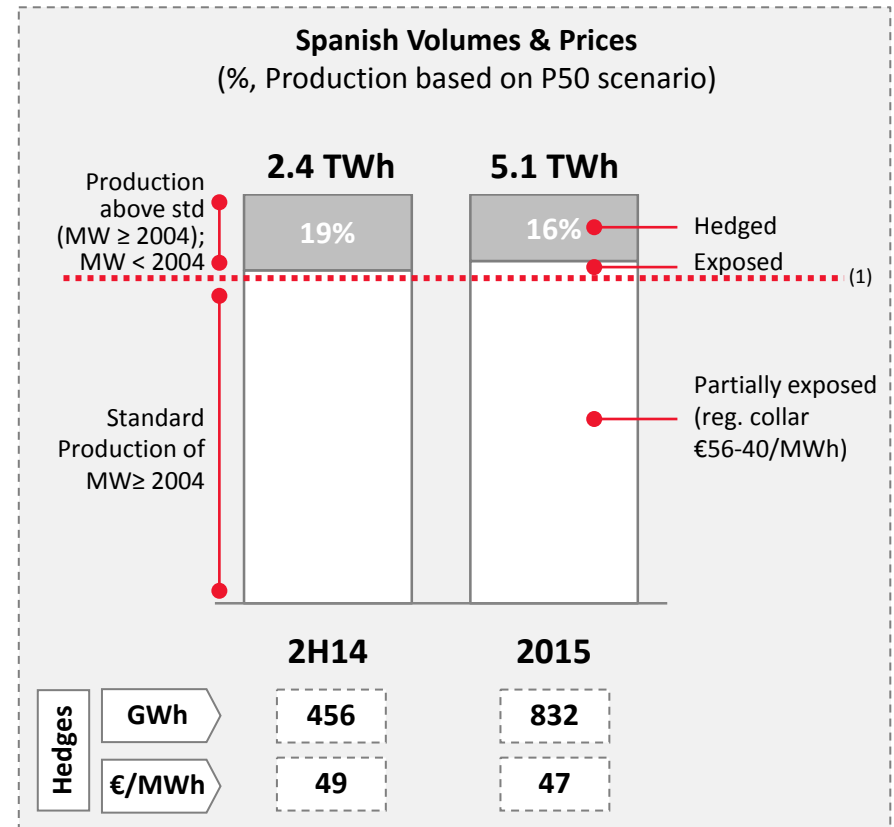
Average selling price in the 2Q14 standalone totalled €59/MWh and was 3% above 1Q14

EU: 2Q14 wholesale prices recovery in Spain drove a 10% price increase from 1Q14...

EU Price: Quarterly evolution (€/MWh)



EDPR active hedging strategy



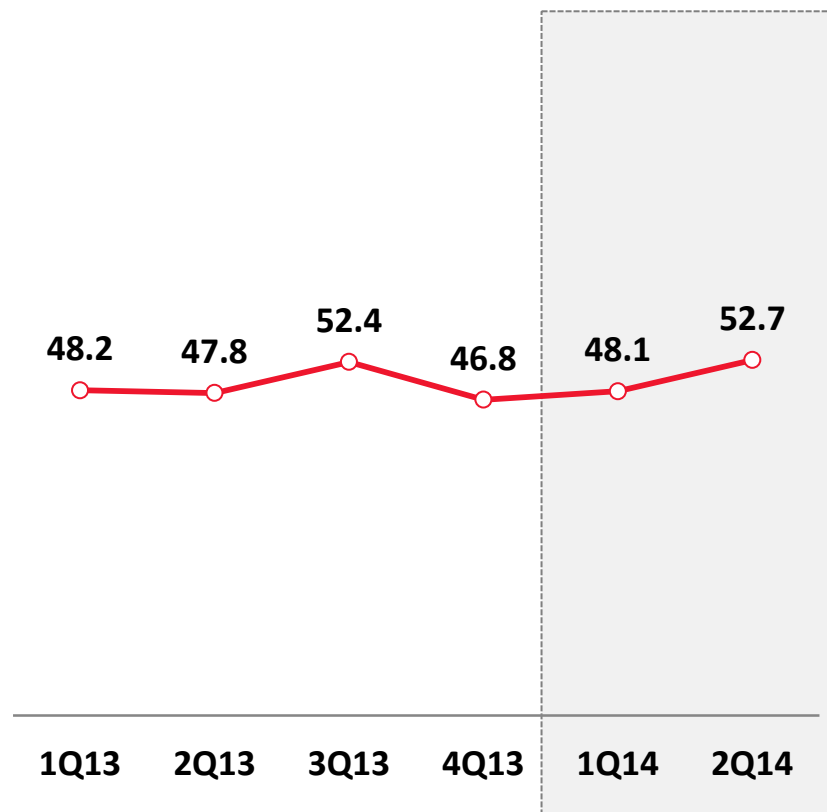
...but 1H14 average price still impacted by Spanish regulatory changes and 1Q14 low wholesale prices

NA: 1H14 price performance enhanced by 2Q14 increase in merchant price and production mix...



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NA Price: Quarterly evolution⁽¹⁾
(\$/MWh)



1H14 Price		
		\$/MWh △% YoY
US PPA/ Hedge	2Q14 driven by PPAs escalators	\$52 +1%
US Spot	Gas prices up REC sales at attractive prices (\$10/MWh)	\$38 +18% (\$44) ⁽²⁾ +35% adj.
Canada	Stable price QoQ (Feed-in Tariff)	\$136 -
EDPR NA	1H14 performance supported by visible PPA and REC sales in 2Q14	\$50 +5% +7% adj. ⁽²⁾

...driving overall 1H14 average selling price up 7% YoY, considering hedging gains

Revenues totalled €693m (-5% YoY)...

Main drivers for Revenues performance

Quality assets: +373 MW YoY

Top-notch load factor: 34%

High availability: 97.5%

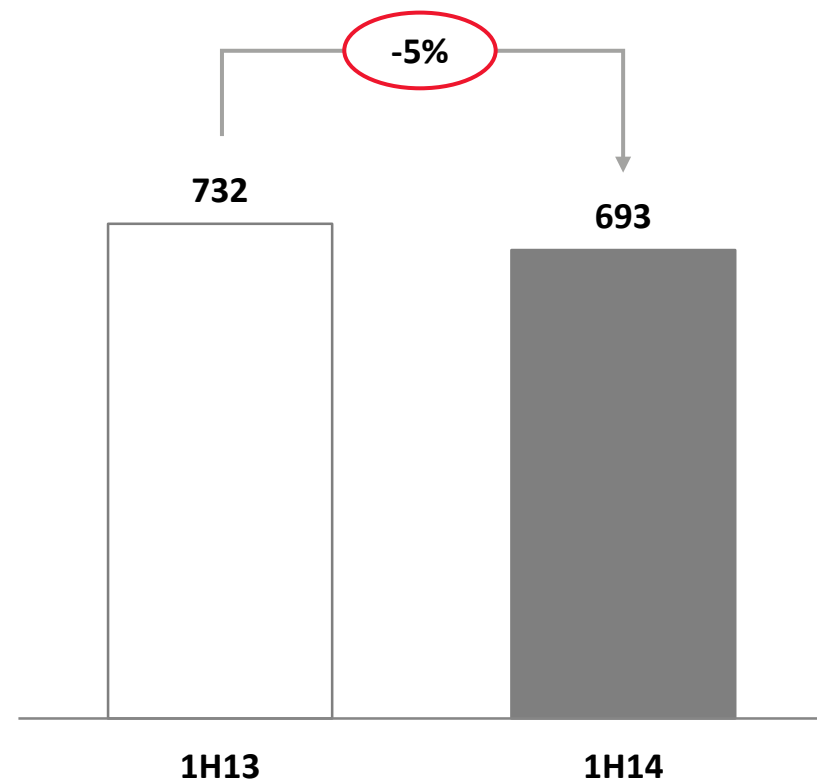
Solid electricity output: +6% YoY

EU +8%; NA +4%; BR +5%

Lower average selling price: -10% YoY

EU -16%; NA +5%; BR +12%

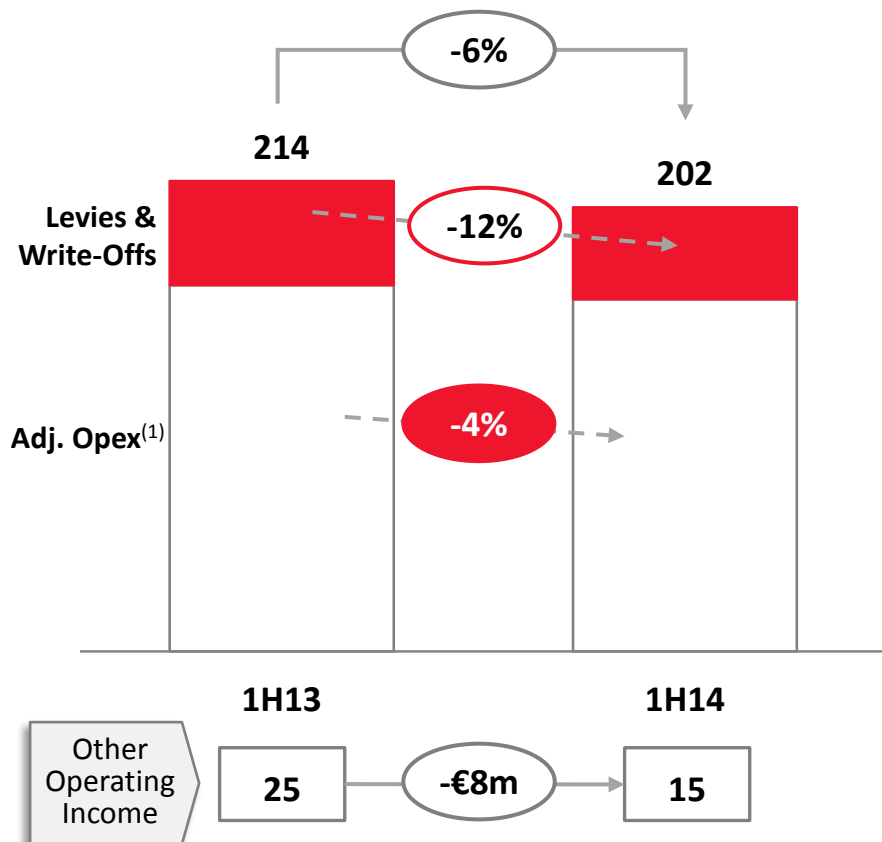
Revenues ⁽¹⁾
(€ million)



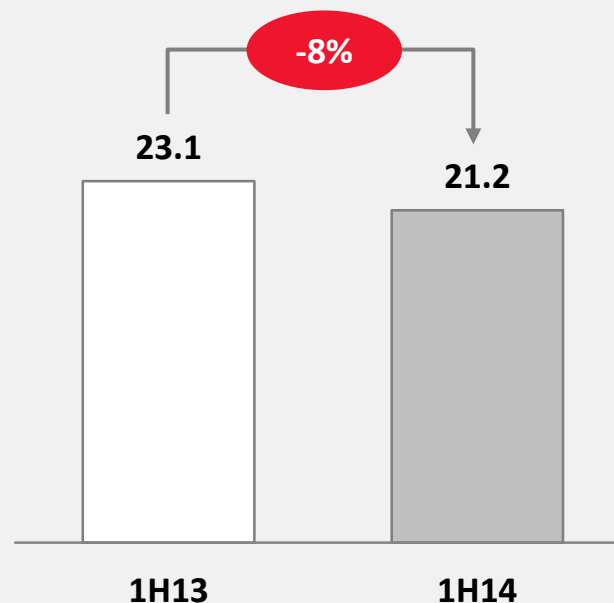
...negatively impacted by lower average selling price, forex depreciation (€12m),
although mitigated by higher generation

Operating costs per average MW decreasing 8% YoY...

Opex (excludes Other Operating Income)
(€ million)



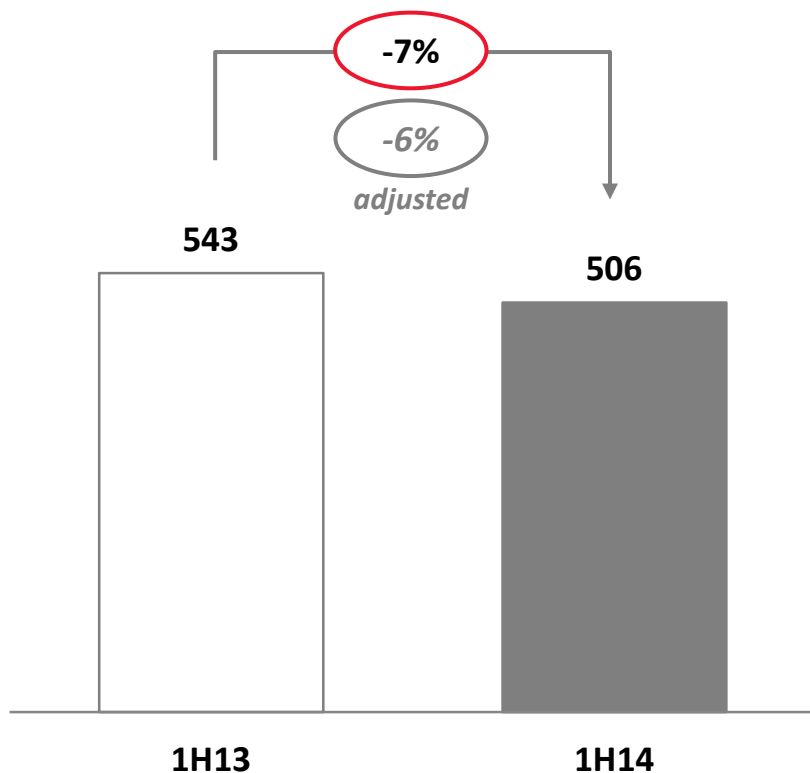
Adj. Opex/MW (ex-Levies & Write-Offs)
(€k)



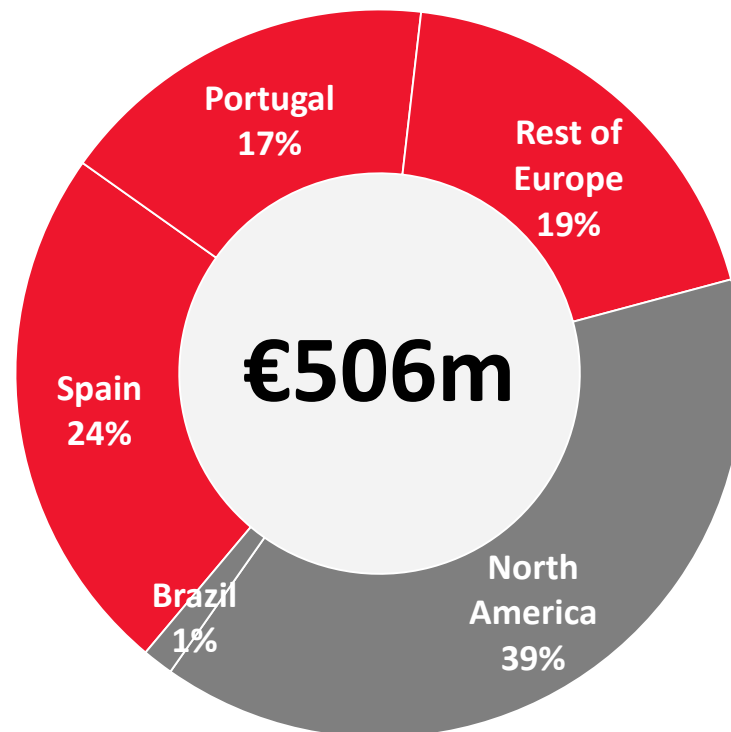
...showing ongoing focus on efficiency and control over Opex

EBITDA performance impacted by lower realised selling price and 1H13 non-recurring events

EBITDA
(€ million)



EBITDA per Business Platform
(%)



Sound performance of EBITDA ex-Spain (+7% YoY), reinforcing EDPR's asset based quality

Net profit in the period totalled €87m

EBITDA to Net Profit (€ million)

		<u>Δ€m YoY</u>
EBITDA	506	<div>-€36m</div> Top-line growth impacted by new regulation
D&A	222	<div>-€2m</div> Lower D&A due to lower impairments in 1H14
EBIT	284	<div>-€34m</div> In line with EBITDA performance
Financial Results ⁽¹⁾	107	<div>-€8m</div> Lower financial debt YoY & stable debt cost (5.2%)
Taxes	51	<div>-€3m</div> Lower Pre-tax profit (tax rate of 29%)
Minorities	39	<div>+€19m</div> Strategic partnership and Asset rotation program
Net Profit	87	<div>-€42m</div> Impacted by top-line performance

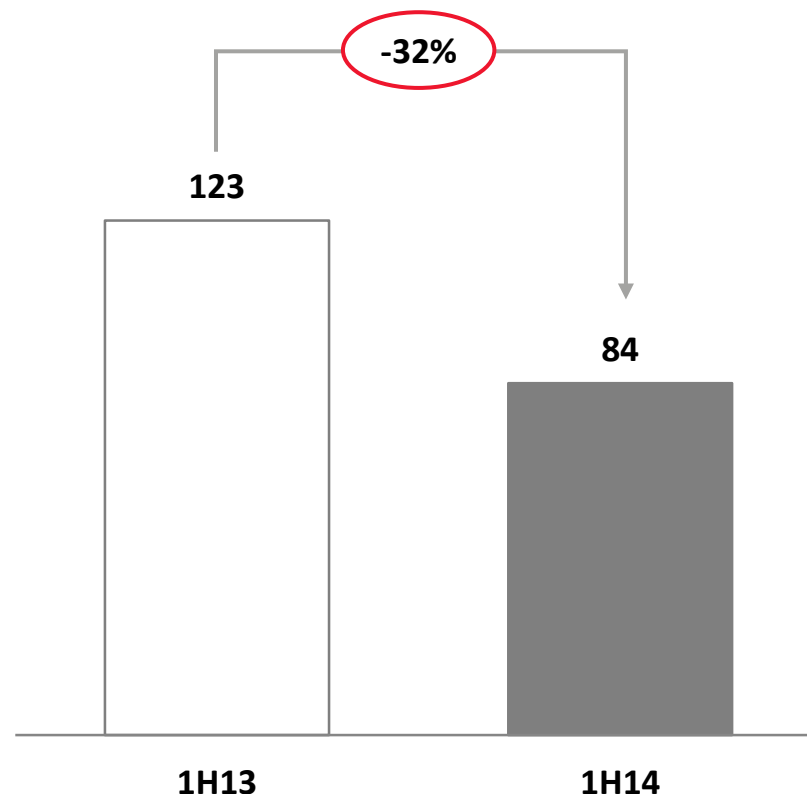
Adjusted Net Profit decreased 32% YoY to €84m



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(€ million)	1H13	1H14	
Reported Net Profit	129.0	87.3	-32%
One-off gains ⁽¹⁾	(8.6)	(3.5)	
Write-offs/ impairments	+10.5	+2.3	
Forex losses (gains) & Forex derivatives	+2.0	(0.7)	
Provisions & other adjustments	(10.1)	(1.5)	
Adjusted Net Profit	122.7	83.9	-32%

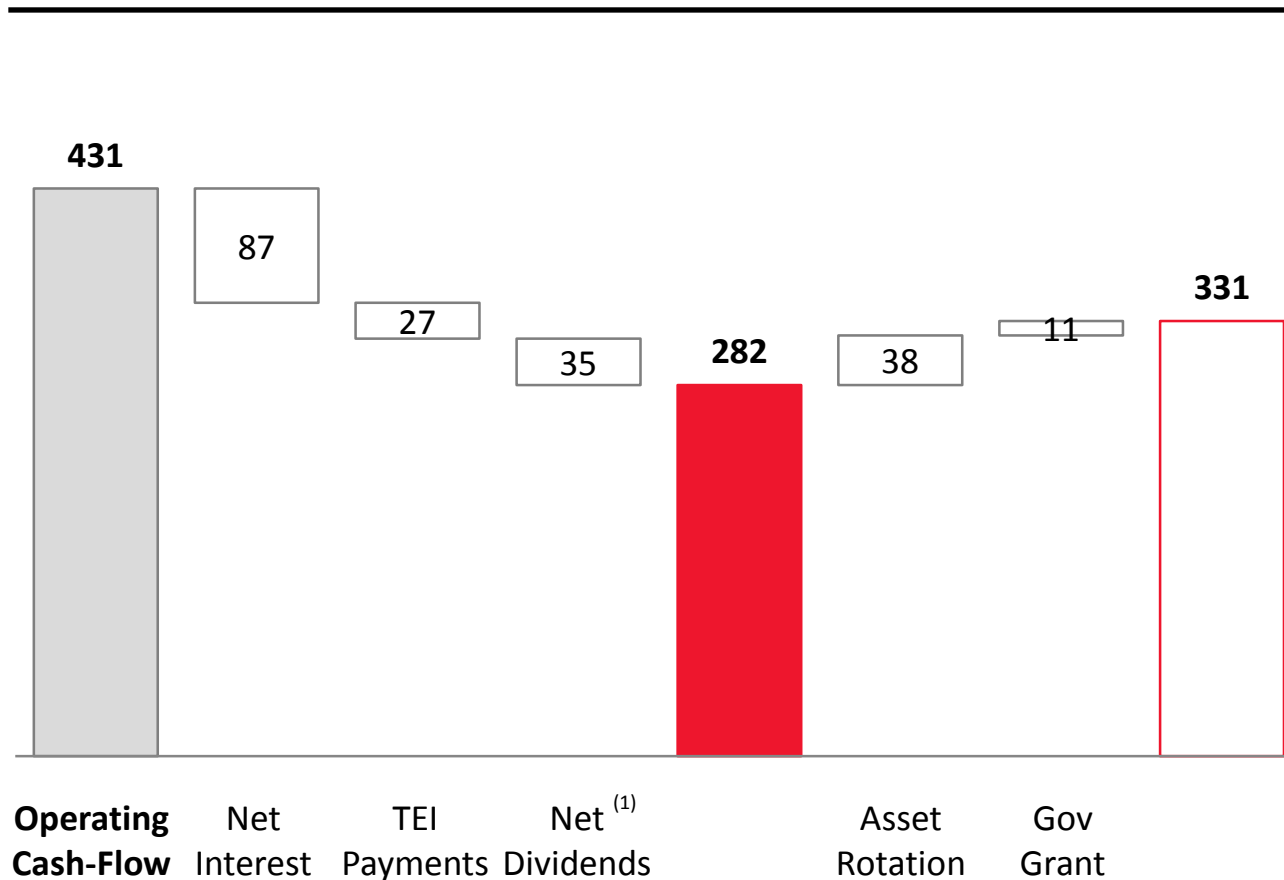
Adjusted Net Profit
(€ million)



1H14 impacted by top line performance on the back of Spanish regulation together with low wholesale prices

Solid generation of Cash-Flow...

1H14 Cash Available for Growth and Distributions (€m)



Quality assets delivering premium cash-flow generation mostly from PPA and Feed-in Tariffs

Asset Rotation strategy to increase cash available to pursue projects with superior value

1H14 Capex totalled €124m and currently are under construction 449 MW, mostly in the US market

...with €331m available to create shareholder value

Conclusions

Assets with superior performance and hedging strategy mitigate the impact in Spain...

1H14 in review and overview of 2H14



...and allows for solid cash available to execute profitable growth in 2014 and beyond

EDPR's strategic plan through 2017 to distinctively create value supported by 3 pillars

1. Selective growth

2014-2017

Investing in quality projects

**>500
MW/year**

Growing through projects
with LT contracts already
awarded

**85%
signed**

Developing offshore
1 GW awarded in France and
projects in the UK

**post-2017
growth**

2. Operational excellence

2014-2017

Maintaining high
availability levels

>97.5%

Leveraging quality growth on
distinctive wind assessment

**31.5%
Load
Factor**

Increasing efficiency,
reducing OPEX/MW

**-2%
CAGR**

3. Self-funded business

2014-2017

Strong Operating
Cash-Flow generation

€3.5bn

Asset Rotation to enhance
value growth

**€0.7bn
(ex-CTG)**

Net Investment supported
by Asset Rotation Program
(Capex + Investments - AR)

€1.8bn



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Next Events

Sep 10th – BBVA Iberian Conference (London)
Sep 11th – MS Utilities Conference (London)
Sep 12th – BPI Iberian Conference (Lisbon)
Sep 19th – Paris Roadshow
Sep 25th – Macquarie Conference (London)
Sep 30th / Oct 1st – Santander Infra. & Utilities Conf. (NY)



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