

# EDP Renováveis 1H16 Results

July 26<sup>th</sup>, 2016  
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I

Highlights of the period

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1H16 Results

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Outlook and Conclusions

## Quality assets

- **Output of 13.3 TWh (+23%)** with strong operational excellence (**97.9% availability**) and **outstanding wind resource (33%; +2pp YoY)**
- **Avg. selling price in 1H16 of €60/MWh**, different capacity mix, lower pool prices and higher production in Spain diluting capacity complement
- O&M strategy continues to deliver higher efficiency (**Core Opex/MW -4% YoY**)

## Selective and profitable growth

- **EBITDA +18% YoY**, on the back of new capacity, higher output and ongoing efficiency
- **Net Profit of €59m (Adj. Net Profit +9% YoY to €78m)** due to one-offs from restructuring certain EU project finances which will reduce total cost of debt
- **Growth above expectations with 84 MW added YTD and 656 MW under construction:** 429 MW in US, 200 MW in Mexico and 28 MW in Europe

## Self-funding business model

- **RCF of €385m (+34% YoY)** from a young portfolio (6 years) mostly exposed to PPA/FIT
- **New Asset Rotation closed in Europe (€550m) at an attractive multiple (€1.7m/MW)**, to accelerate shareholder value creation
- **Net Debt decreased to €3.3bn (-€0.4bn YTD)** due to the closing of Asset Rotations (€0.8bn) and investments in the period (€0.4bn); **Cost of debt at 4.4% (lower YoY)**

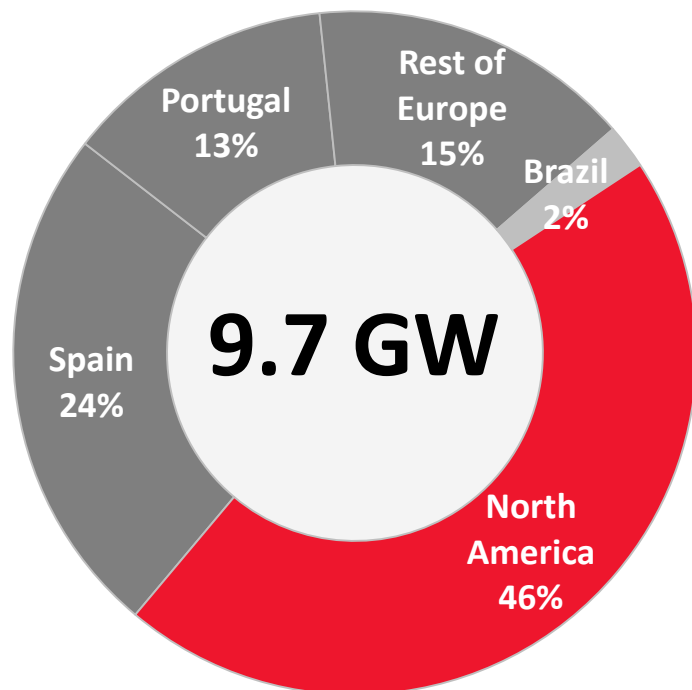


# 1H16 Results

# EDPR has reached a global portfolio of 9.7 GW of first-class assets with an average 6.2 years old

## Installed Capacity<sup>1</sup>

(EBITDA MW + Equity Consolidated)



Average Installed Capacity increased +14% YoY

1H16  
Additions

+84 MW

Under  
Construction



+429 MW



+200 MW



+28 MW

+656 MW

2016 expected execution above expectations: 84 MW added YTD and 656 MW under construction

# Recurrent premium load factor reflecting distinctive core competences

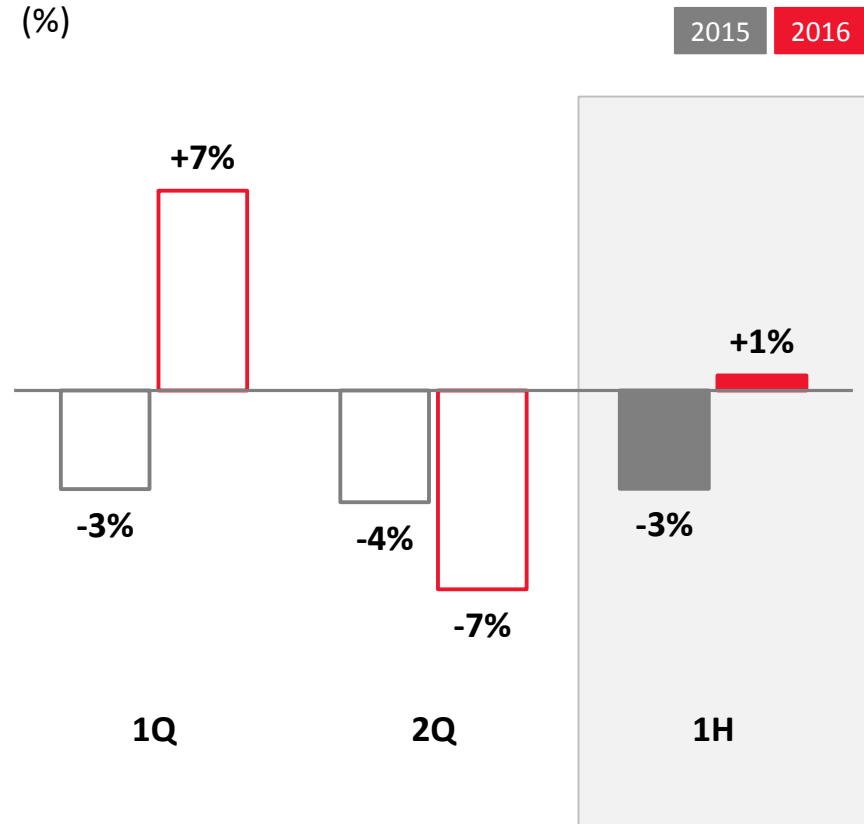


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## Load Factor and Technical Availability

	1H16	Δ% YoY	1H15 vs. average	1H16 vs. average
	30%	+1pp	104%	107%
	37%	+3pp	90%	95%
	29%	+3pp	92%	104%
	<b>33%</b>	+2pp	<b>97%</b>	<b>101%</b>
EDPR Availability <sup>1</sup>	97.9%	+0.3pp		

## EDPR Load Factor analysis vs. long-term average (%)

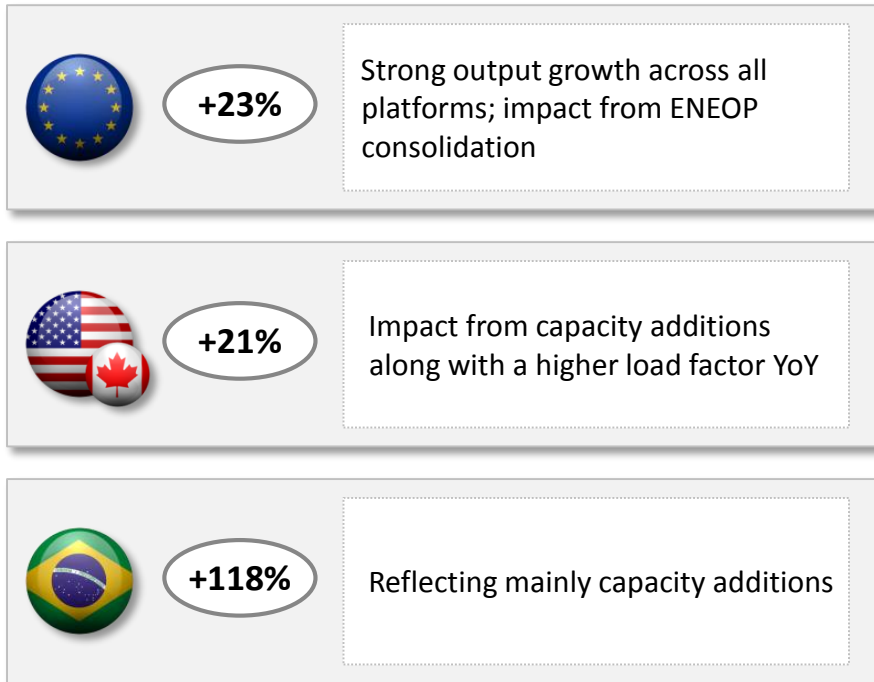


**1H16 load factor is 1% above average with stronger wind resource in Europe and Brazil**  
**High level of availability (97.9%) reflecting distinctive core competences**

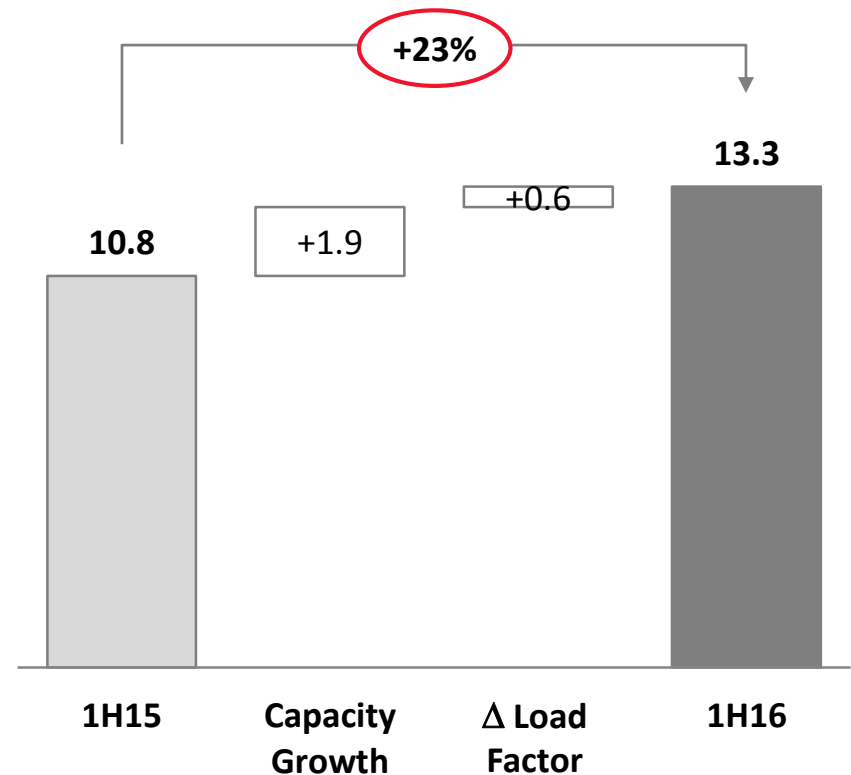
(1) Measure as Technical Energy Availability (TEA)

# +23% growth in electricity output, on the back of capacity additions and higher load factor

TWh  
Δ% YoY



## Electricity Production (TWh)



Electricity Output breakdown: 51% in US, 48% in Europe and 1% in Brazil

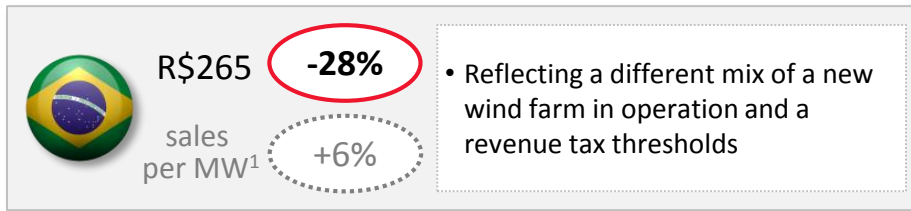
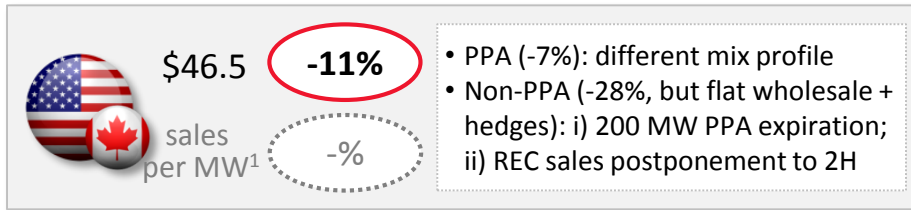
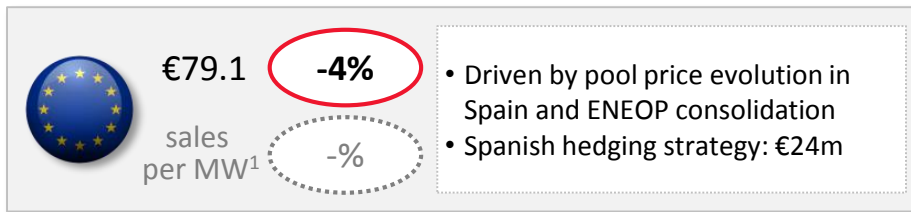


# Selling price -7% YoY due to different mix and lower pool price mitigated by efficient hedging strategy

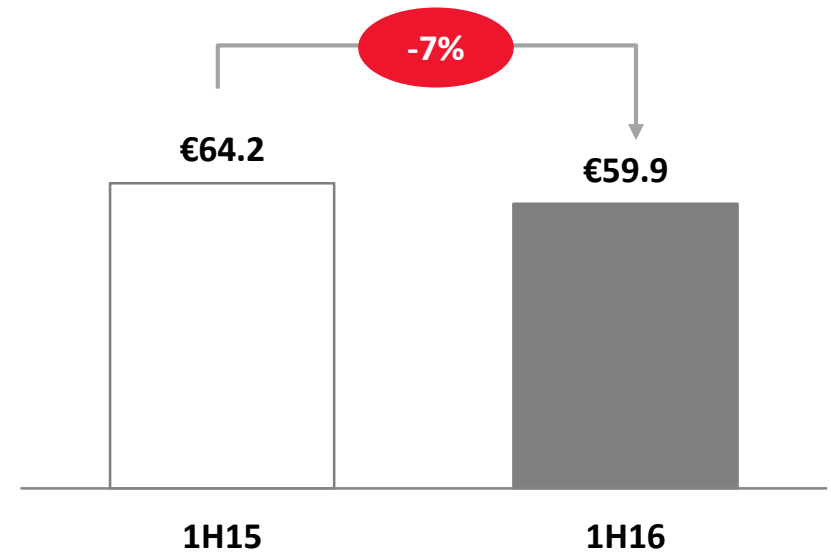
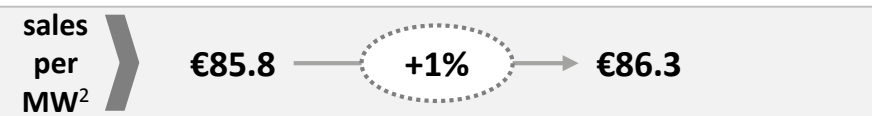


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1H16     $\Delta\%$  YoY



## EDPR Price Evolution (€/MWh)



**Lower realised prices across all regions on the back of capacity additions mix**  
**EDPR hedging policy in place (€33m gain in 1H16) reducing exposure to spot prices to residual levels**

(1) Evolution calculated in local currency; (2) Electricity Sales per MW presented in thousands euros

# Revenues of €889m (+15% YoY) with higher output more than compensating the lower selling prices



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## Main drivers for Revenues performance

**Quality assets: +1,153 MW (Avg. EBITDA) YoY**  
Load factor: 33%  
High availability: 97.9%

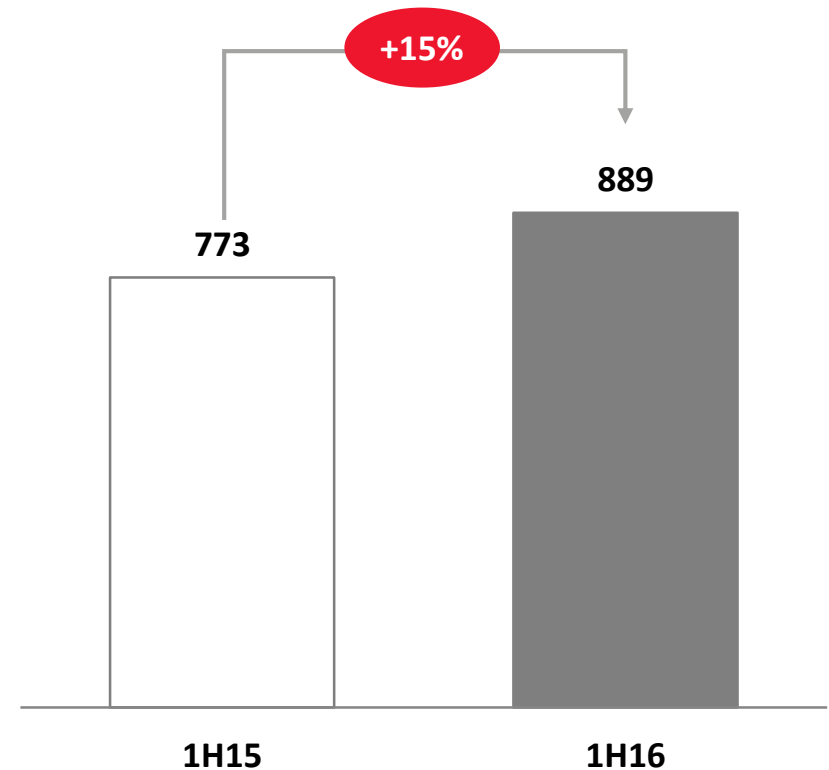
### Higher Electricity output: +23% YoY

EU +23%; NA +21%; BR +118%

### Lower average selling price: -7% YoY

EU -4%; NA -11% (in \$); BR -28% (in R\$)

## Revenues (€ million)



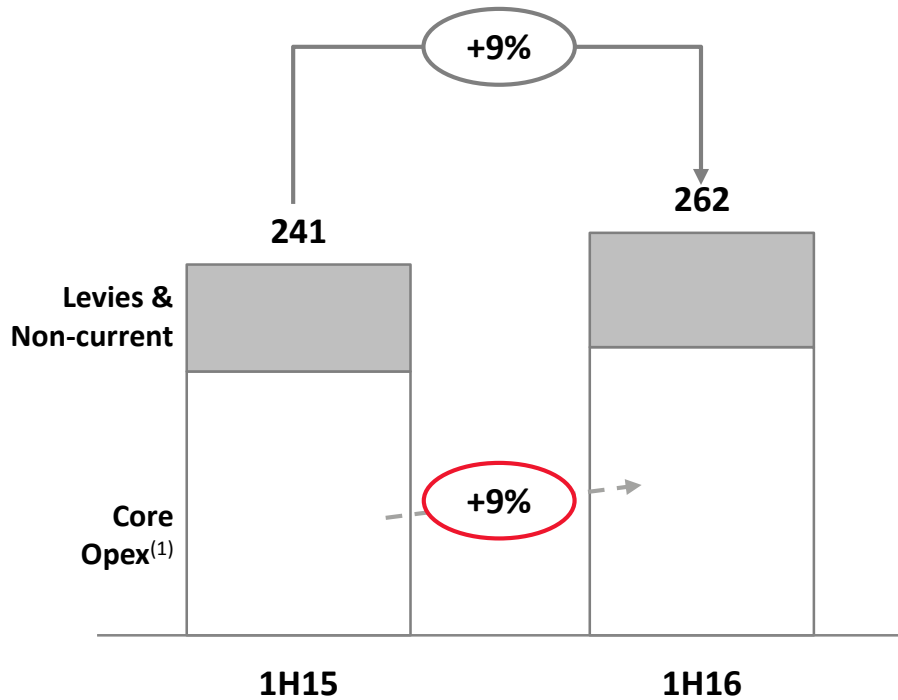
**Higher YoY revenues supported by capacity additions and higher load factor,  
offsetting the lower price in the period**

# O&M strategy and cost control continue to deliver sound results

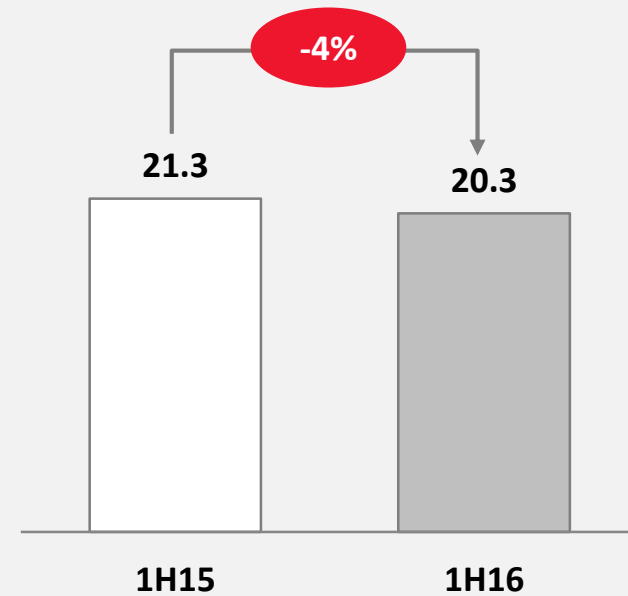


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## Opex (excludes Other Operating Income) (€ million)



## Core Opex/MW (€k) (Supplies & Services and Personnel Costs)



**Core Opex per average MW decreasing 4% YoY boosted by EDPR's control over costs**

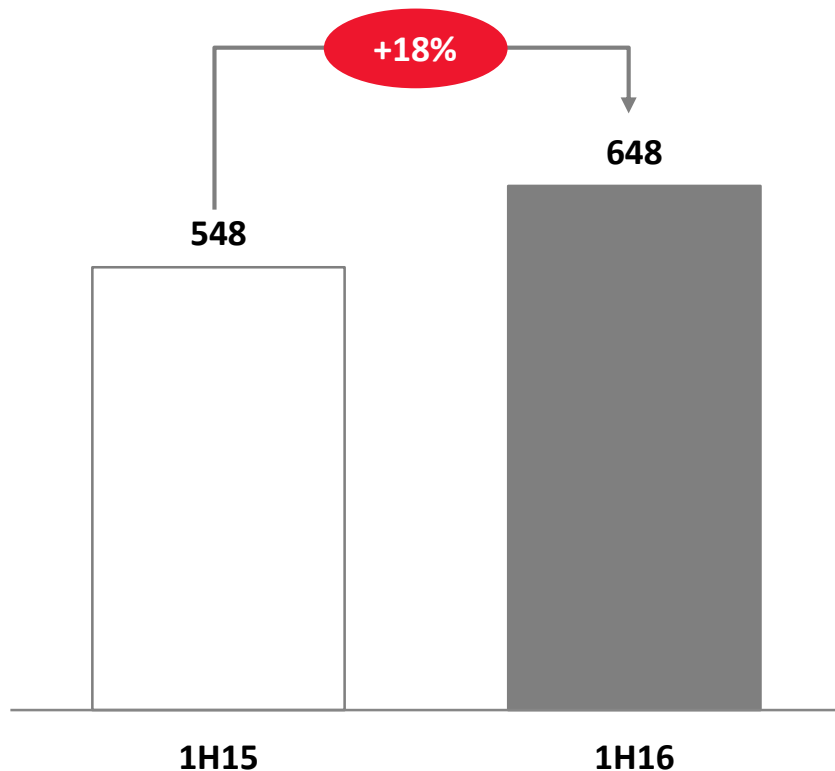
(1) Includes Supplies and Services and Personnel Costs

# EBITDA increased +18% YoY, benefitting from top-line evolution and cost control

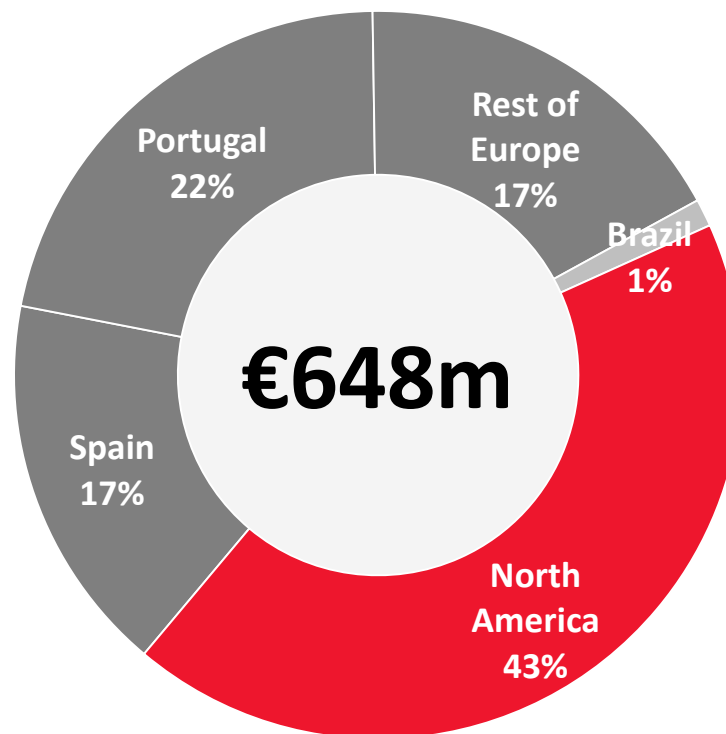


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EBITDA  
(€ million)



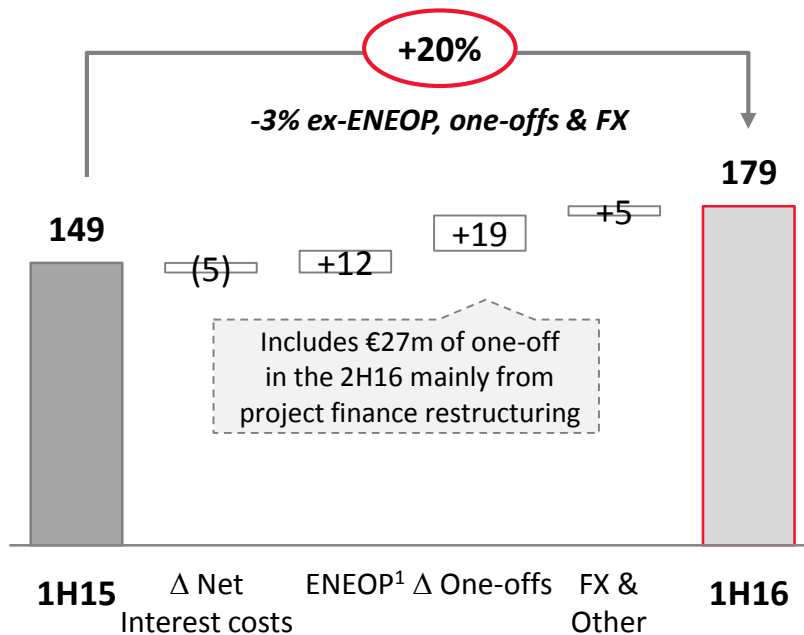
EBITDA per Region  
(%)



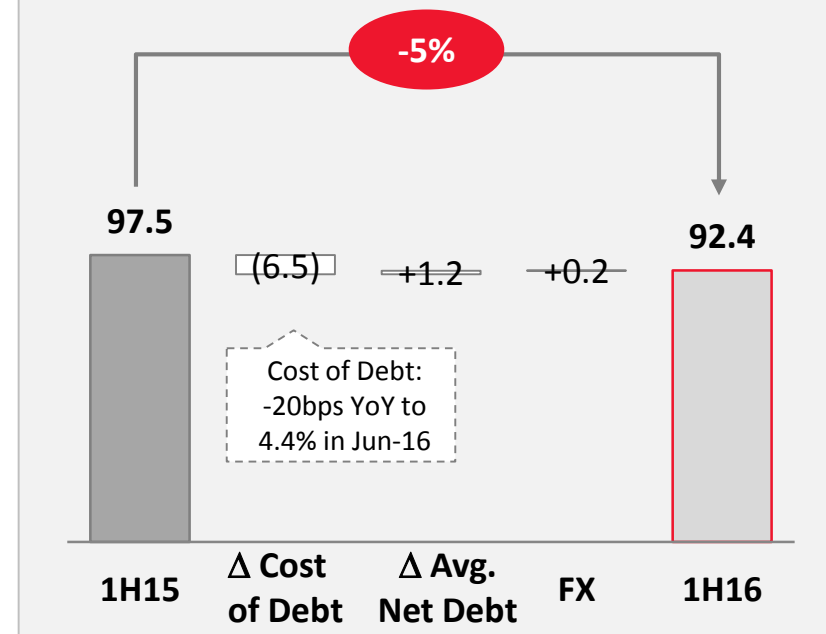
EBITDA delivered a solid growth of +18% YoY

# Net Financial Expenses impacted by One-offs, enabling Cost of Debt reduction from 2H16 onwards

## Net Financial Expenses (€ million)



## Net interest costs of debt (€ million)



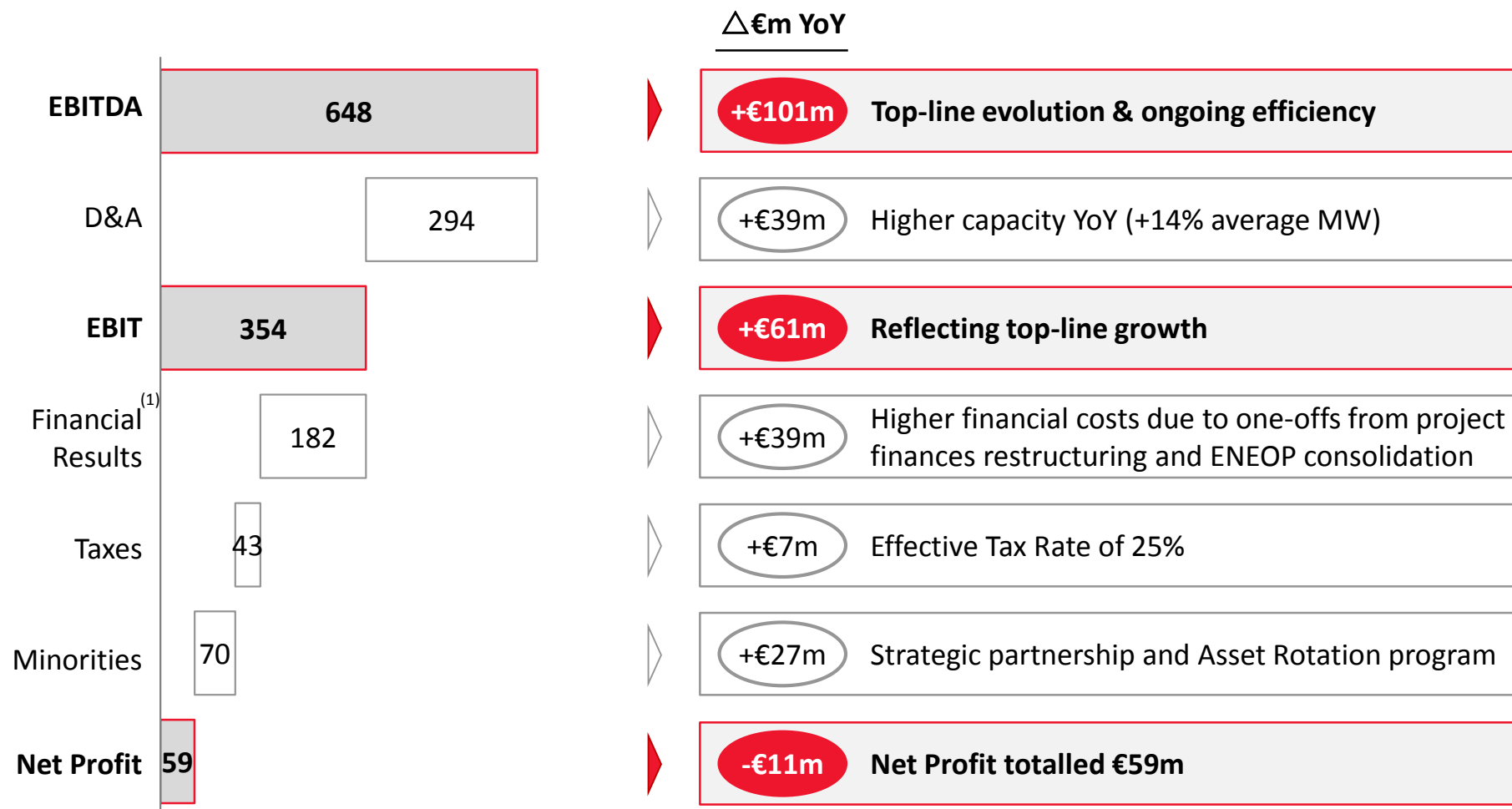
**Lower cost of debt in the period following re-negotiation of debt facilities in 2015 of €1.2bn with EDP (Mar/Jul-15) and €0.2bn of Project Finance (2Q15)**

# Net profit in the period totalled €59m (-15% YoY), impacted by one-offs...



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## 1H16 EBITDA to Net Profit (€ million)

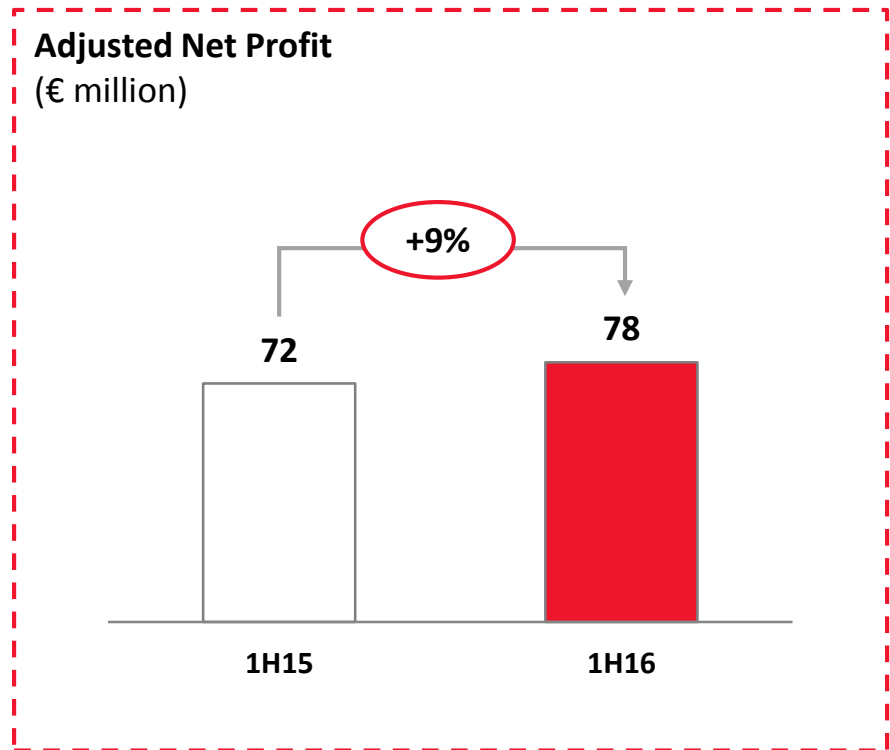


(1) Includes Share of profit of associates

# ...while Adjusted Net Profit increased +9% YoY to €78m



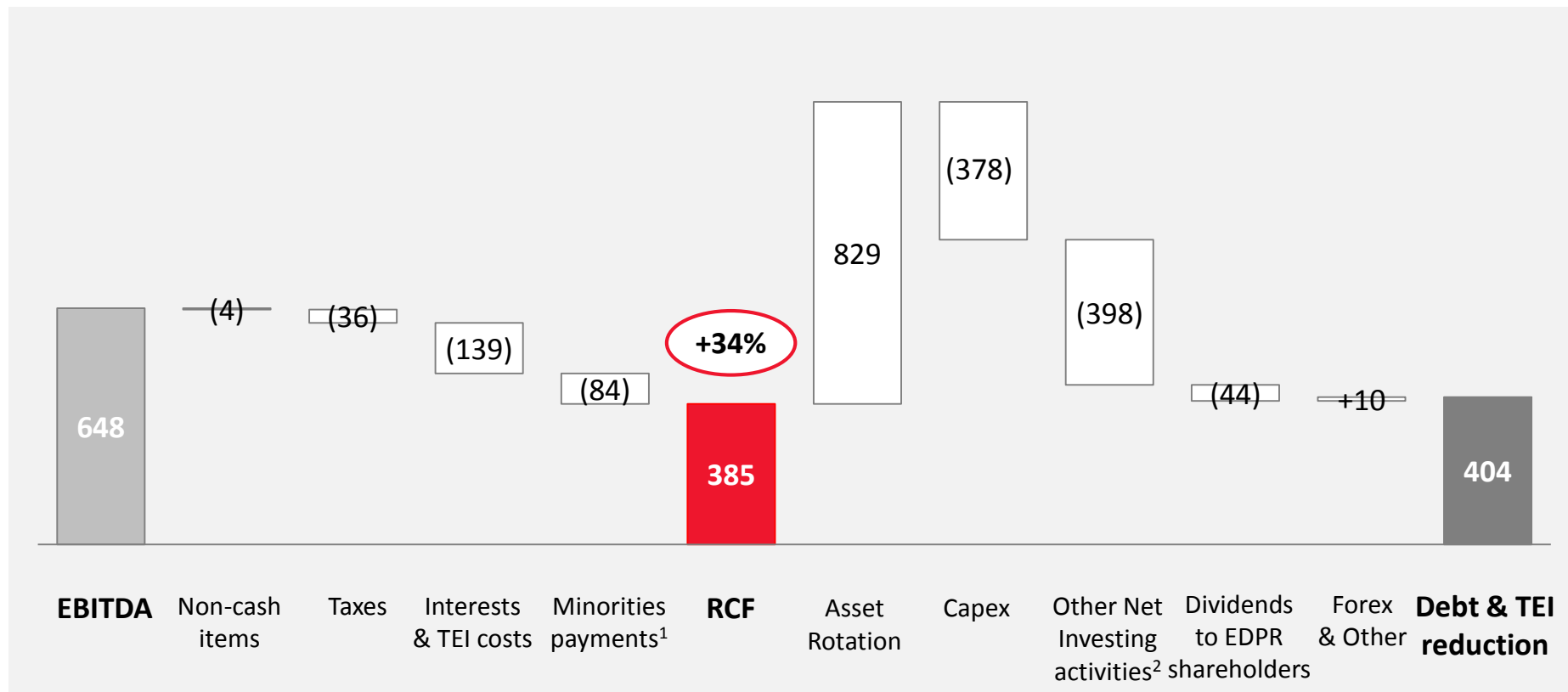
(€ million)	1H15	1H16	
<b>Reported Net Profit</b>	<b>69.4</b>	<b>58.8</b>	<b>(15%)</b>
Project Finance Renegotiation	+6.2	+19.8	
Write-offs/ Impairments	(3.4)	+4.6	
Forex losses (gains) & Forex derivatives	+1.6	(0.1)	
Provisions & other Adjustments	(2.0)	(5.1)	
<b>Adjusted Net Profit</b>	<b>71.9</b>	<b>78.1</b>	<b>+9%</b>



**On a like-for-like basis and excluding non-recurring, Net Profit shows YoY positive evolution that will be enhanced by the additional Cost of Debt reduction**

# Sound Cash Flow generation with RCF increasing +34% YoY...

## 1H16: From EBITDA to Retained Cash Flow (RCF) and Debt (€ million)



...on the back of operational and financial performance to enhance EDPR growth,  
decreasing Net Debt and Tax Equity by €404m in the period

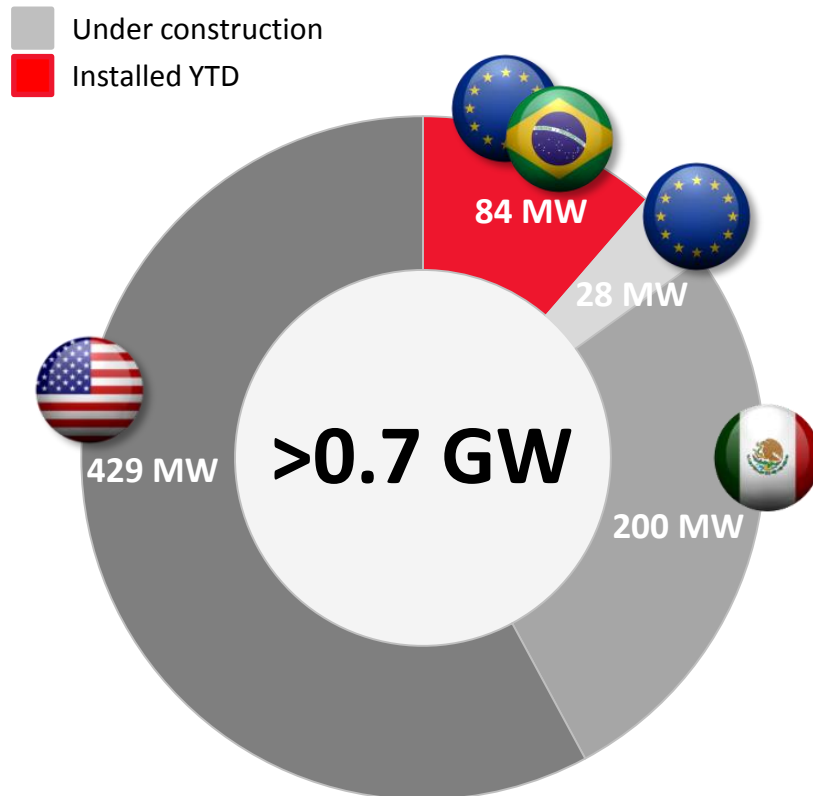




# Outlook and Conclusions

# EDPR with full visibility over its agenda, supported by delivering strong performance in 2016...

## 2016 Expected capacity additions MW



On Target 

### Outlook

**Avg. Price**

c.€60  
per MWh

1H16 realized price €59.9/MWh  
96% of revenues fixed in 2016  
(SP: 2H16 1.9 TWh @ €46/MWh)

**EBITDA**

**double  
digit**

+18% 1H16 from new MW,  
ENEOP & hedging strategy

**Core Opex  
per MW**

**-1%  
CAGR 15-20**

-4% 1H16 reflecting O&M  
strategy and cost control

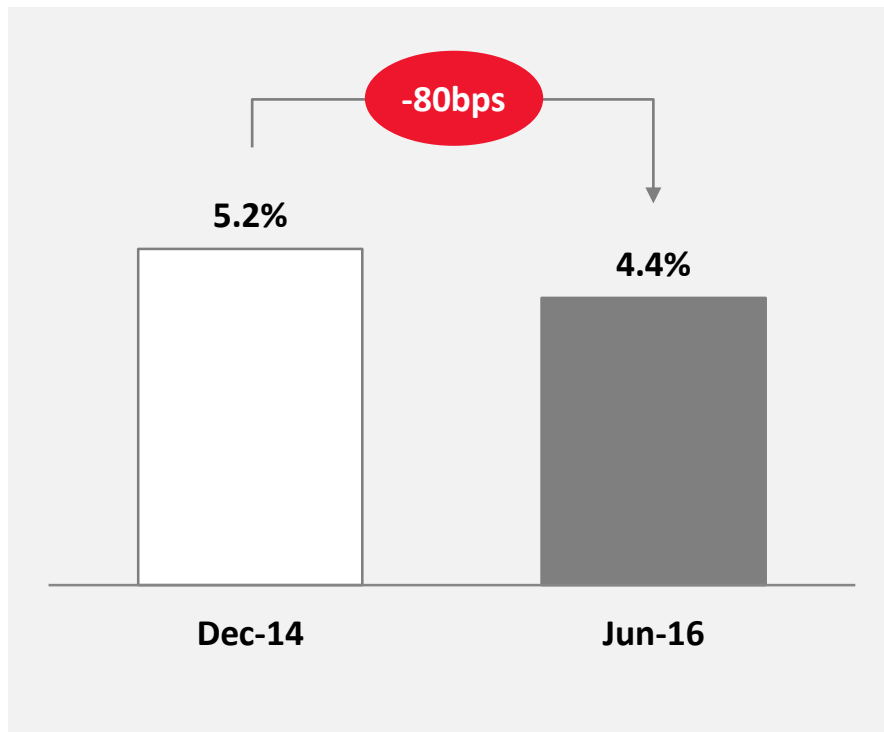
Executing its strategic agenda based on accretive projects and cost control

# ...focusing on cost of capital optimization...



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## Cost of Debt evolution (end of period; %)



## Renegotiations and debt amortization to positively impact P&L in 2016

**New**  
**c.€0.4bn**  
in 1H16

- EDP and Project Finance debt restructuring
- Old facilities in Euros at 6.1% average cost of debt

**c.€1.8bn**  
since Mar-15

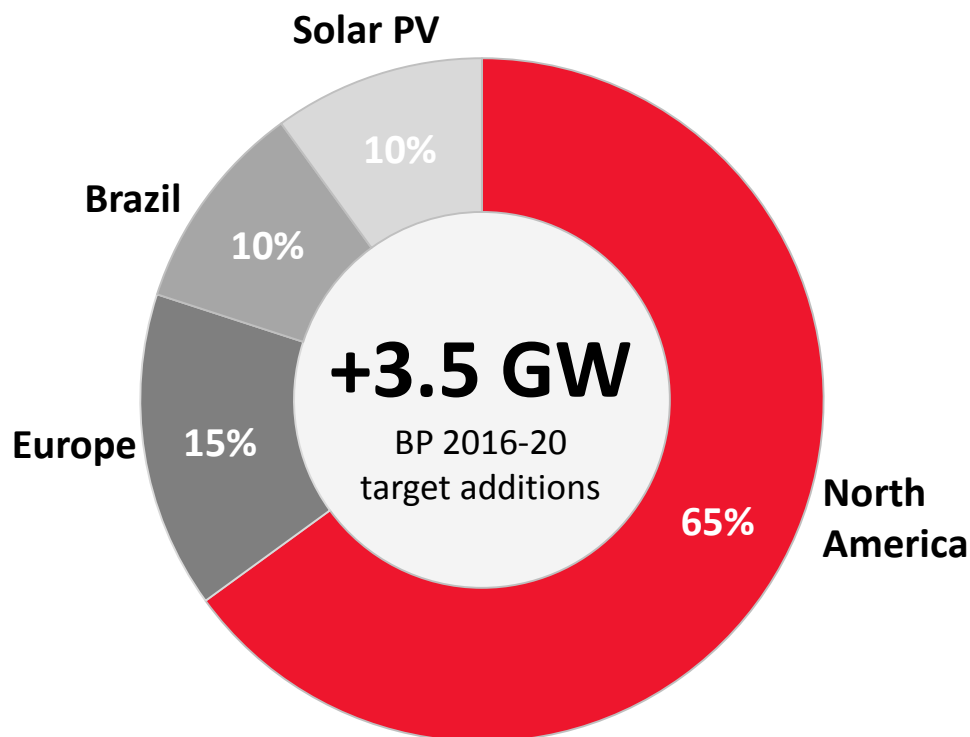
- 80% renegotiated with EDP
- 20% related to Project Finance

Favourable debt market conditions allows EDPR to extend average debt maturity and reduce interest costs

# ...while successfully executing its Business Plan for 2016-20

2016-17 capacity additions fully secured  
Low risk profile: 93% of 2017 revenues fixed<sup>1</sup>

US at the core of EDPR growth  
with improved conditions for 2016-20



## United States

**+1.8 GW** of BP target additions for 2016-20  
100% of new MW to be secured with PPAs  
0.8 GW already secured

**100% of PTCs** if installed until 2020  
under Safe-harbour conditions (5% capex invested in 2016)

**EDPR will secure growth options above BP**  
by investing in turbine components in 2016

PTC strategy to enhance EDPR strategic agenda through 2020



Successful growth execution with 656 MW under construction and 84 MW added YTD



Solid EBITDA performance (+18% YoY) on accretive MW additions, successful hedging & cost control



Debt optimization already with positive results and 2Q restructuring to enable further cost reduction



Net Profit impacted by one-offs which will generate positive effects onwards (+9% YoY adjusted)



Executing its strategic agenda presented to the market in May 5<sup>th</sup> 2016



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## Next Events

Sep 6<sup>th</sup>: Citi Iberian Trip (Madrid)

Sep 8<sup>th</sup>-9<sup>th</sup>: BPI Conference - Small & Mid Caps (Porto)

Sep 14<sup>th</sup>: BBVA Iberian Conference (London)

Sep 15<sup>th</sup>: MS Power & Utility Summit (London)

Sep 16<sup>th</sup>: Macquarie's Alternative Energy Conf. (London)

Sep 27<sup>th</sup>-28<sup>th</sup>: EuroLatam Infr. & Utilities Conference (NYC)



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