



edp renováveis

Interim Report

1st semester 2008

General Information

Company name: *EDP Renováveis, S.A.*

Address: *Plaza de la Gesta, 2 – Oviedo, Spain*

NIF - A-74219304

This interim report has been approved by the following Board of Directors:

Name	NIF	Position
António Luís Guerra Nunes Mexia	G542748	Presidente
Ana Maria Machado Fernandes	X-9205197E	Vicepresidente y Consejero ejecutivo
Nuno Maria Pestana de Almeida Alves	X-9205137	Vocal
João Manuel Manso Neto	X9205129T	Vocal
António Fernando Melo Martins da Costa	J211830	Vocal
Francisco José Queiroz de Barros de Lacerda	H505515	Vocal
Joao Manuel de Mello Franco	G058893	Vocal
Jorge Manuel Azevedo Henriques dos Santos	G147050	Vocal
José Silva Lopes	G889578	Vocal
José Fernando Maia de Araujo e Silva	H047643	Vocal
Rafael Caldeira de Castel-Branco Valverde	F570634	Vocal
Antonio do Pranto Nogueira Leite	G813465	Vocal
João José Belard da Fonseca Lopes		
Raimundo	R214496	Vocal
Daniel M. Kammen		Vocal
Manuel Menéndez Menéndez	10598547D	Vocal

This interim report was signed on the 29/07/2008

Annex I contains the Management Report for the period.

Annex II contains the Un-Audited Condensed Consolidated Financial Statements for the period.

Annex I – Management Report

1st semester 2008

MANAGEMENT REPORT

1st semester 2008 (6 months ending June 30th, 2008)

1. MAIN EVENTS OF THE PERIOD

1.1 IPO - Initial Public Offering

On June 4th, EDP Renováveis, S.A. (“EDPR”) started trading on NYSE Euronext’s Lisbon market under the ticker symbol “EDPR” following its successful spin-off from EDP Group (NYSE Euronext: ED), which remains listed on NYSE Euronext Lisbon. The EDPR IPO raised a total of €1.566 billion/\$2.42 billion in global proceeds.

Priced at €8.00 (eight Euros) per share – midway between the offering price range of €7.40 to €8.90 per share – the Public Subscription Offer was oversubscribed by 87.9 times the total amount of 45,085,590 shares. The institutional offer had a demand of 6.1 times the total amount of 180,342,362 shares. These combined shares make up 22% of EDPR, with EDP maintaining majority ownership of the other 78% of the company.

This transaction represents the largest IPO launched in Europe in 2008 year-to-date. The proceeds of the Offering are being used to finance EDPR’s growth plans, including the execution of our portfolio of wind projects to meet our target of increasing installed wind capacity to more than 10.5 GW by 2012.

In challenging financial markets, the success of the IPO clearly demonstrates the high regard investors have for EDPR as the fastest growing pure-play among the world's largest global renewables companies, with first class assets and strong track record in execution. We welcome all of our new shareholders and look forward to rewarding their confidence as we deliver on our growth strategy and pipeline.

1.2 Acquisition of 1050 MW of pipeline in the US

On February 14th, EDPR acquired from Hydra Energy six development projects in the US totalling 1050MW. The six projects are located in Illinois, Indiana, and Ohio, within the PJM and MISO transmission systems. This acquisition helps to consolidate EDPR’s leadership in Illinois, where EDPR owns and operates the 396MW Twin Groves wind farm—the largest wind farm east of the Mississippi River. EDPR currently has over 50% of the market share in Illinois. The acquisition also strengthens the EDPR pipeline in Indiana and Ohio.

Unrelated to the transaction but positive on the regulatory front, in May Ohio enacted its first Alternative Energy Resource Standard, mandating that Ohio utilities must have at least 12.5% of their generation coming from renewable energy by 2025.

These projects will be regionally managed from our Great Lakes Regional Development office, located in Bloomington, Illinois.

1.3 Acquisition of EOLE76

On April 7th, EDPR acquired French wind assets from EOLE 76, of 35MW in operation, 8MW under construction, 258MW in pipeline and 595MW in prospective projects. Of the pipeline projects, 12.5MW have all the necessary authorizations to start construction and are expected to enter into operation between 2009 and 2010. Construction licenses have been submitted for an additional 43MWs.

The 35MWs in operation—the “Pays de Bray” complex in Normandy—came online in the second quarter of 2008 and provides electricity for the annual consumption of approximately 90,000 people.

The original EOLE76 development team will stay responsible for the projects, and will be working the rest of the EDPR development team in France. These acquisitions complement our French wind assets, with EDPR now having in France 122MW of installed capacity and another 71MW under construction. At the end of June, EDPR ranked third in French market share.

2. PERFORMANCE OF THE 1ST SEMESTER OF 2008

2.1 Analysis of Financial Results

During the first semester of 2008, EDPR added 206MW in installed gross capacity, leading to a total installed gross capacity of 3,846MW. In this semester, total gross profit was €287.6million and EBITDA increased to €226.7 million with an EBITDA margin of 78.8%. Load factors in Europe reached 28% and in US 38%, reflecting the superior class assets of EDPR vis-à-vis the rest of the market. EDPR achieved a 27.6% load factor in Spain – a premium of more than 200bps when compared to the Spanish market.

Throughout the first semester EDPR invested c€800m, both for the acquisition of a wind portfolio in France as well as c€760m for capital expenditures. In addition, EDPR has €989m as works in progress related to capacity under construction and turbine deposits.

From the €1,6bn cash proceeds from the IPO and €1,3bn from the capitalization of shareholder loans, EDPR's net debt at the end of the semester was c€70m. Net financial costs of the semester

were €62m. Future growth is anticipated to be financed mainly through shareholder loans with EDP parent company.

Of the €54.5m net profit for EDPR in the first semester, €49.6m of net income went to the equity holders of EDPR and €4.9m went to minority interests.

For our European platform, we increased this semester by 140MW to 2,290MW of gross installed capacity at more than 84 wind farms. Electricity output increasing 40% YoY to 1,957GWh. Gross profit increased 58.6% YoY, to €192m, following higher installed capacity (+558 EBITDA MW), an increase of 15.6% in average selling prices in Europe, and the maintenance of top-quality net capacity factors. Overall, EBITDA improved almost €60m YoY to €151.3m in the first semester.

For our US platform, we increased by 66MW this semester to 1,556MW of installed gross capacity—729MW more than the first semester of 2007. Corresponding to this strong increase, electricity output increased 240.9% YoY, totalling 2,003 GWh. EBITDA in the first semester reached \$116.4m, with total average revenue of \$85.5/Mwh from electricity prices, renewable energy credits, and institutional partnership revenues. 87% of installed capacity is under long-term power purchase agreements, with an average contract term of 14 years, limiting our exposure in the short term, but also allowing for a possible upside in the later years.

Beyond the 206 MW of new capacity that started operations in the first semester, EDPR currently has 1,677 MW under construction, of which Spain carries 45% (750 MW), the US represents 42% (701 MW), and the rest is distributed across our European platform. Management is confident that we are on track to meet the growth target of 1.4GW additional gross installed wind capacity by the end of 2008.

2.2 Competitive Landscape

EDPR continues to look to the renewable energy sector with a long-term outlook, believing that the environmental, economic and technological trends that have underpinned the current favorable renewable energy market conditions will continue to drive further support for and growth in the markets we are active in.

EDPR is a leading ‘pure-play’ renewable energy company, having derived all of our revenue from renewable energy activity. EDPR has leading position and “early mover” advantages in attractive high-growth markets, and continues to analyze new markets and new opportunities within the markets we currently operate within.

EDPR has a solid history of executing projects and delivering targets. We increased gross installed approximately 65% and 132%, respectively, in 2006 and 2007, surpassing our targets. Combined

with diversified operations with a stable revenue base spread across countries with favorable regulatory regimes, our limited exposure to market prices for electricity provides us with significant visibility and stability. Our asset portfolio is well-balanced, in terms of geography and stages of development. In addition, EDPR is actively engaged in expanding our activities into other geographies.

EDPR is positioned to deliver significant and superior growth targets. To deliver an additional 1.4GW on average per year and achieve over 10.5GW in operating assets by 2012, EDPR has crafted a robust and visible pipeline of 27.1GW worldwide, including eighteen US states and a set of European countries. In a market environment where tight turbine supplies are a reality, EDPR has contracted among five leading wind turbine suppliers 100% of our turbine needs for 2008 and 2009, and over 80% in 2010, fuelling our growth over the next several years. Finally, EDPR has a dynamic, highly qualified and experienced team of employees with the track record and ambition to deliver upon our superior growth targets.

3. KEY RISKS AND UNCERTAINTIES FOR 2ND SEMESTER OF 2008

The main risks and uncertainties that can affect the operation performance of the second semester of 2008 are the following:

3.1 Risks Relating to the Renewable Energy Industry

Our business is focused on the production of electricity from renewable energy sources. The amount of energy generated by, and the profitability of, wind farms is dependent on climatic conditions, which vary across the locations of the wind farms, the seasons and years.

Remuneration for electricity sold by certain of our wind farms depends, at least in part, on market prices for electricity. Market prices may be volatile and are affected by various factors, including the cost of the raw materials used as sources of energy, average rainfall levels, the cost of power plant construction, the technological mix of installed generation capacity and user demand.

3.2 Regulatory Risks

The development and profitability of renewable energy projects is dependent on policies and regulatory frameworks that support such development. The jurisdictions in which we operate provide various types of incentives that support the sale of energy generated from renewable sources.

Support for renewable energy sources has been strong in previous years, and both the European Union and various U.S. federal and state bodies have regularly reaffirmed their desire to continue and strengthen such support. However, we can neither guarantee that support will be maintained

nor guarantee that the electricity produced by our future renewable energy projects will benefit from statutory purchase obligations, tax incentives, or other support measures for the generation of electricity from renewable energy sources.

3.3 Country Risks

With operating projects and ongoing development pipeline across multiple countries, EDPR faces the risks inherent in the individual countries, including:

- a) Rules and regulations are subject to change
- b) Changes in market conditions
- c) Economic recessions, political risk and instability
- d) Technological risk not directly controlled by EDPR

3.4 Environmental Risks

Wind energy development requires multiple permits and studies about environmental impact of the proposed or existing projects. As with other risks, these permits do not have guaranteed approval from the relevant authorities.

4. ENVIRONMENT

EDPR's bet on renewable energy springs from its firm pledge to promote environmental protection as a fundamental pillar of its activity, complying with current environmental legislation while building towards sustainable development.

EDPR focuses its daily efforts on mitigating environmental impacts in all of its activities. From project development to construction through operation, EDPR conducts extensive location environmental viability studies, environmental impact studies, bird studies, noise studies, and environmental alertness.

As a result of EDPR's philosophy to reach a sustainable evolution and a continuous aim to improve the environmental practices in all its activities, Environmental Management Systems (EMSs) are currently in the process of implementation in both the European and North American platforms.

For the European platform, under the international specification UNE-EN ISO 14001, wind farms currently in operation are on track to have the corresponding certification before the end of 2008. This will entail a project efficiency increase, minimizing consumption and a more exhaustive control of the compliance of legal requisites, among other aspects.

The North American platform is developing an EMS and has implemented standards for baseline wildlife studies applicable to all projects under development, construction, or operation, with the goals of:

- a) Avoiding impacts
- b) Where it is impossible to avoid, to minimize, and lastly
- c) Mitigate impacts of significance

The EMS is a set of processes and practices that will enable the North American platform to reduce its environmental impacts during development, construction, and operations. The North American platform is committed to exceeding all standards for environmental impacts.

EDPR is proactively integrating environmental awareness as key part of our growth strategy.

5. HUMAN RESOURCES POLICY

During the first semester, the main objective of the Human Resources Department in EDPR has been to adjust the Human Resources policies of all the group companies (reflecting local perspectives) to the Talent Management structure of EDP Group (based on a multinational perspective), considering the organization and retribution model, as well as the performance evaluation.

A new EDPR remuneration policy was established to link to this Talent Management Structure with the following dimensions:

- a) Align fixed salaries, according to the reference market
- b) Application of a Meritorious Culture, based on an evaluation for objectives, with a direct impact on the variable remuneration
- c) Implementation of an annual variable remuneration linked with the triennial Strategic Plan
- d) Conceptualization of a unique long term incentive policy for EDPR and all of the group companies

Additionally, HR analyzed the key executive functions for each EDPR Group company. This analysis solidified the process of redefining the organization structure, as well as promotes the executives' national and international mobility and development.

6. RELEVANT EFFECTS OCCURED AFTER CLOSING OF THE PERIOD

On June 12th, EDP Renováveis Brasil S.A. ("EDPRB")—a joint venture between EDPR and Energias do Brasil (owned 55% and 45%, respectively), acquired 100% of the Brazilian wind assets of Central Nacional de Energia Eólica S.A. ("CENAEEL"). CENAEEL had an enterprise value of R\$51m, and net debt in December 2007 of R\$15m.

Acquired in the transaction is 14MW of operating capacity and a possible 70MW expansion. The 14MW is spread across two wind farms in the state of Santa Catarina, with the energy contracted through Proinfa (9MW) and a bilateral agreement (4.8MW).

Annex II – Un-Audited Condensed Consolidated Financial Statements

1st semester 2008

(Please see file Unaudited Consolidated Financial Statements.pdf)