

EDP Renováveis Investor Presentation

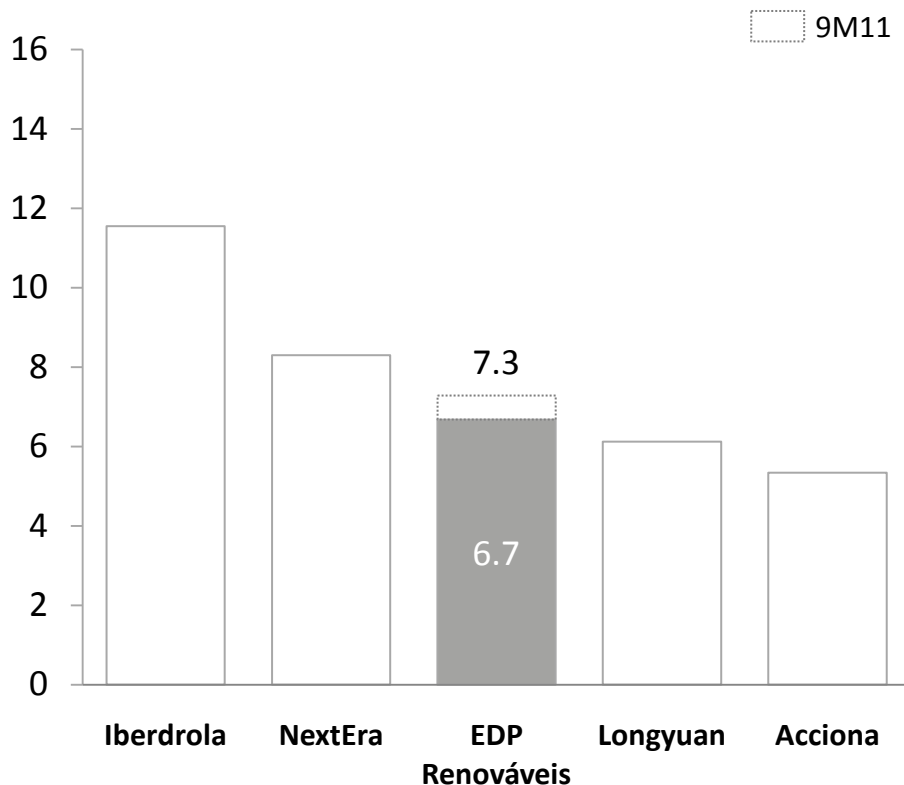
November 2011

www.edpr.com

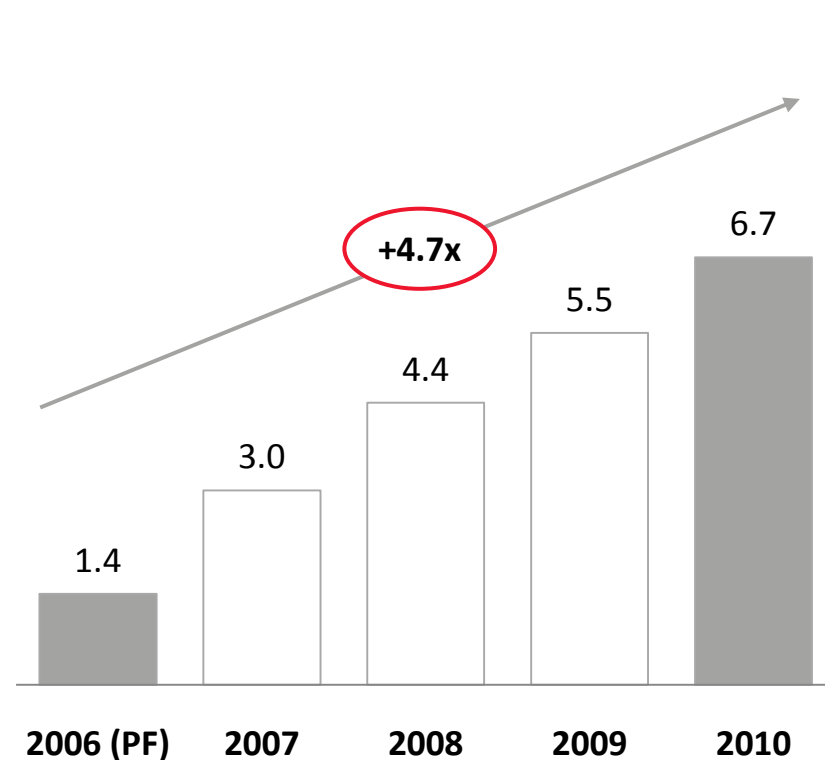


EDPR: a global leading company with strong execution capabilities...

2010: Top wind players by installed capacity ⁽¹⁾
(GW)



Installed Capacity Historic Growth
(GW)

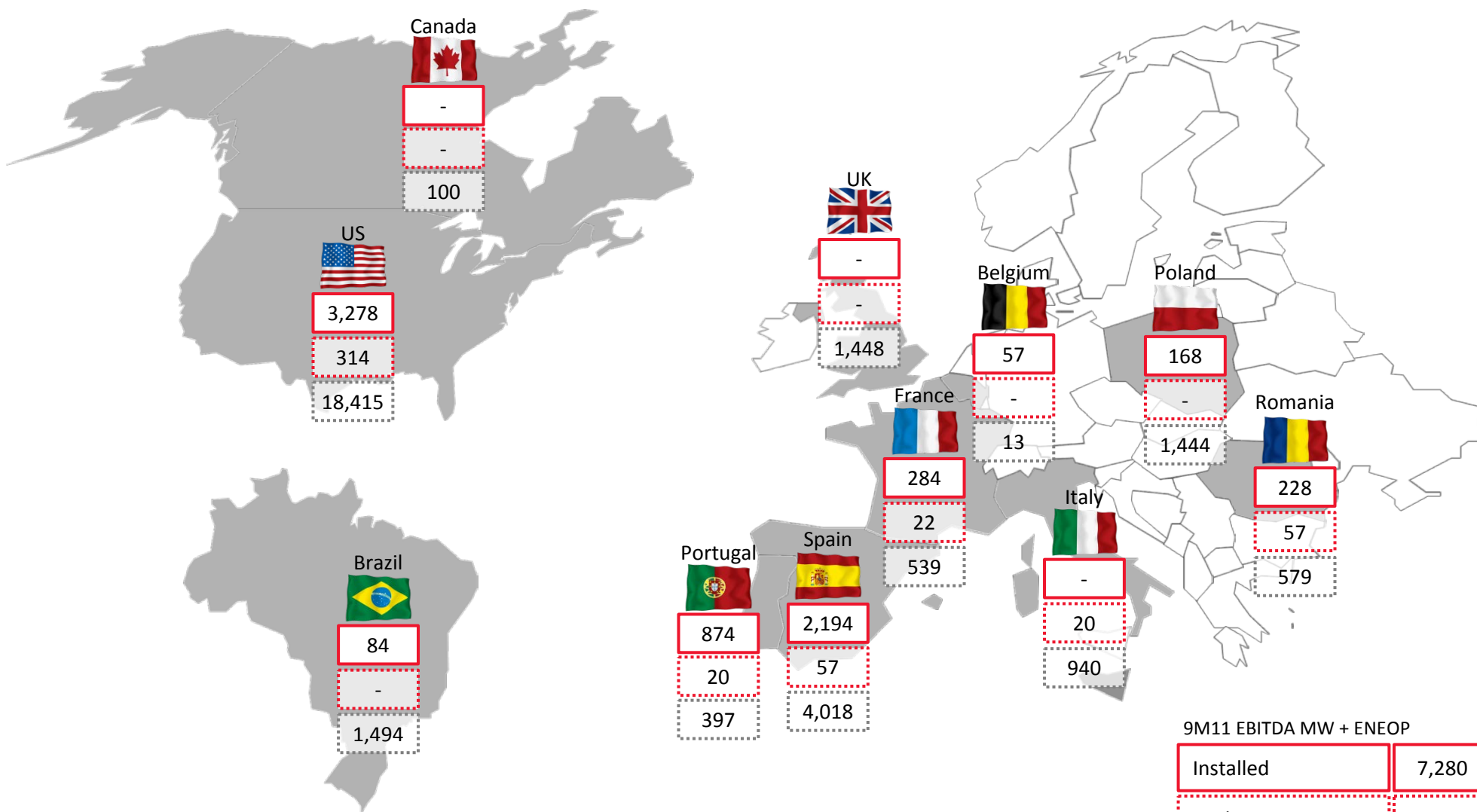


EDPR became a top wind player in the world through the delivery on growth targets

...with a sound and diversified portfolio in 11 countries



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9M11 EBITDA MW + ENEOP

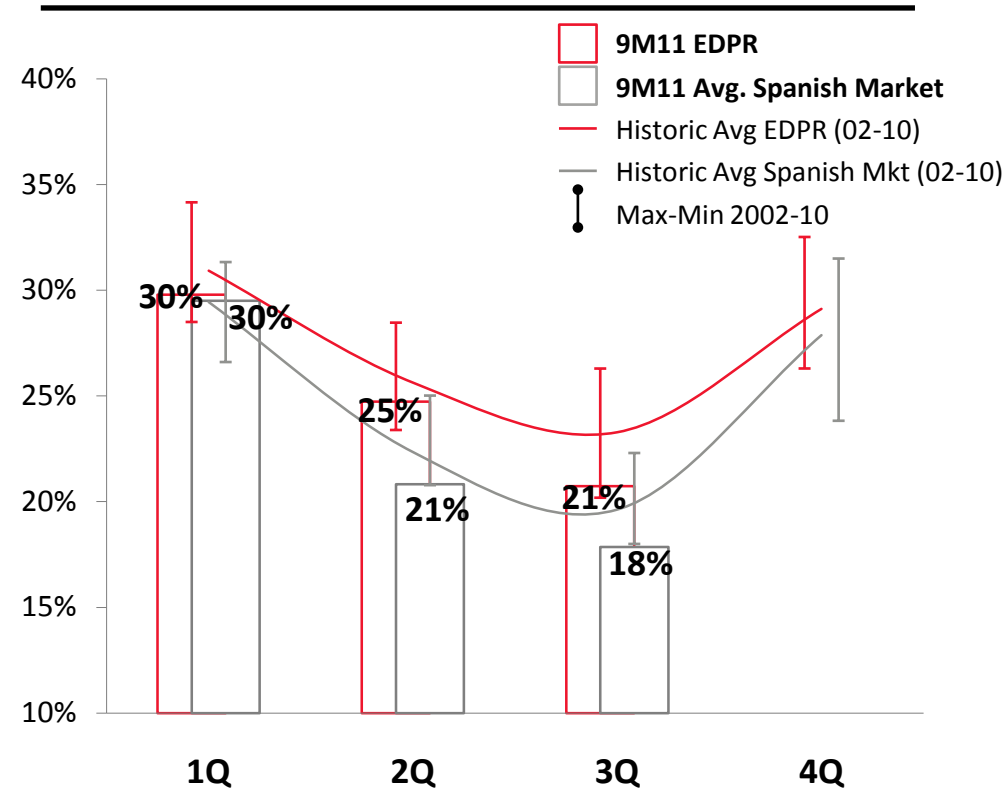
Installed	7,280
Under construction	490
Pipeline	29,385

Quality assets delivering stable top notch load factors underlining portfolio's superior profitability

EDPR Load Factor: Historical Evolution (%)

	2007	2008	2009	2010
EU	26%	26%	26%	27%
US	30%	34%	32%	32%
EDPR	27%	30%	29%	29%

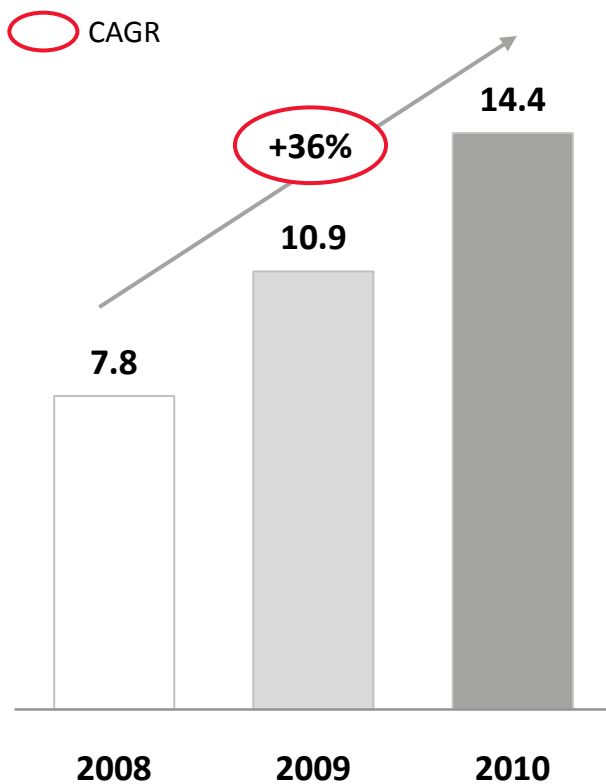
Spanish Example: EDPR vs Market Average (%)



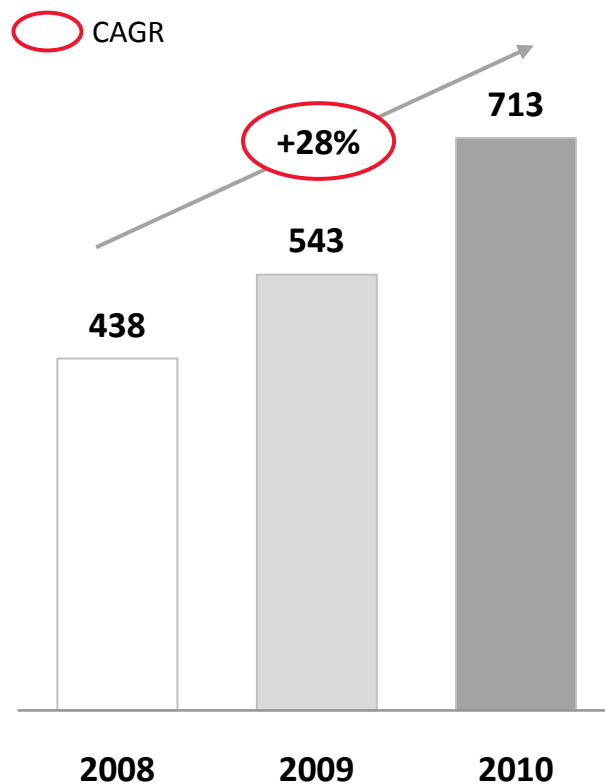
- Maximize output: i) second-to-none wind assessment knowledge; ii) designing premium projects by optimizing site layout; and iii) selecting the best fit turbine
- Minimizing volatility: portfolio effect enables annual load factor stabilization

Investment in quality assets is delivering robust EBITDA and Operating Cash-Flow growth

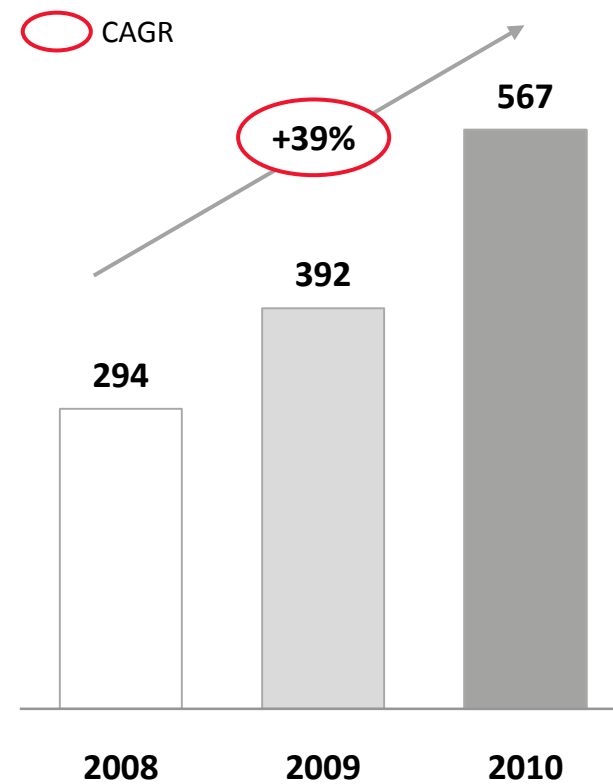
Electricity Generation
(TWh)



EBITDA
(€ million)



Operating Cash-Flow
(Before Capex) (€ million)



Invested capital in existing assets is returning higher Cash-Flows YoY

EDPR's assets are exposed to attractive economic frameworks with long-term visibility

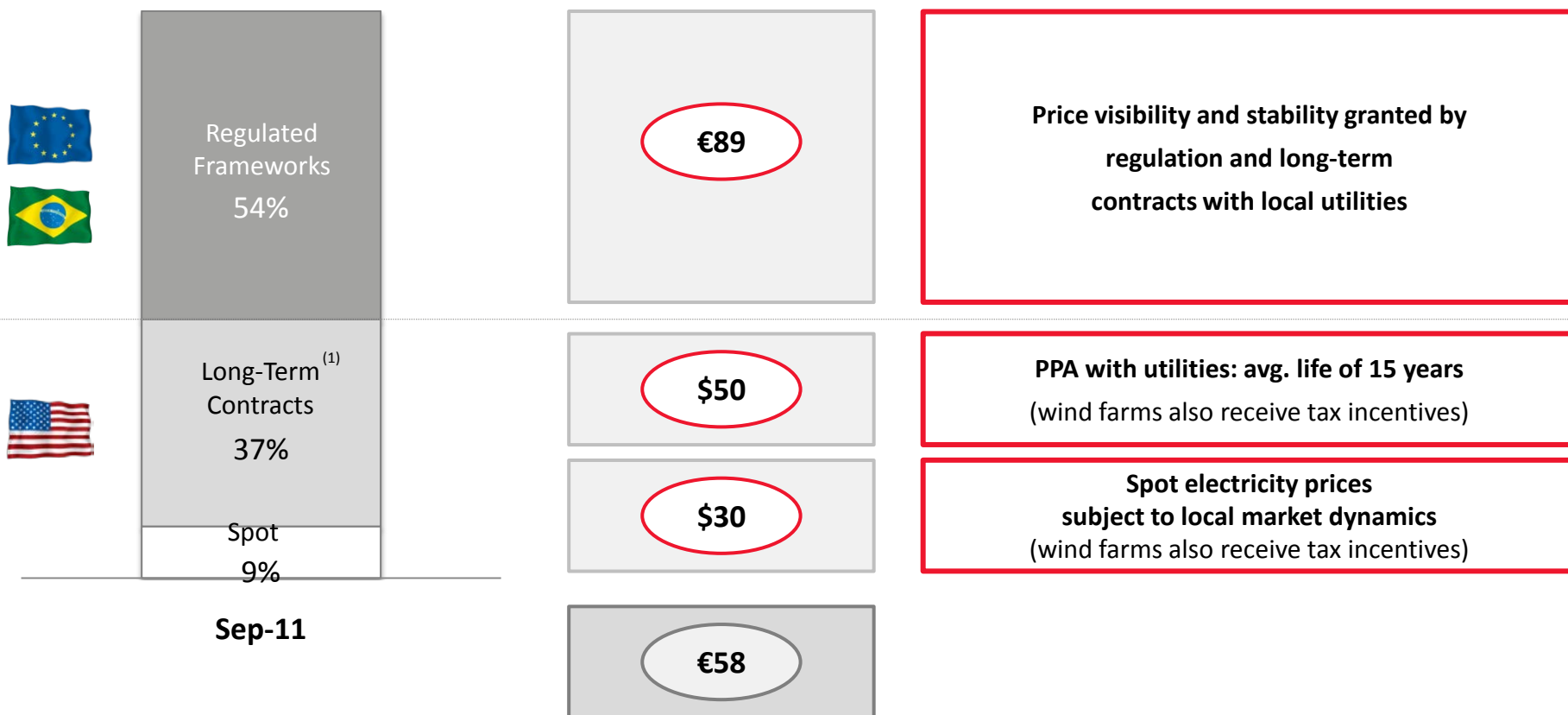


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EDPR 9M11: Capacity Breakdown (MW)

9M11 Selling Price (per MWh)

Market Dynamics



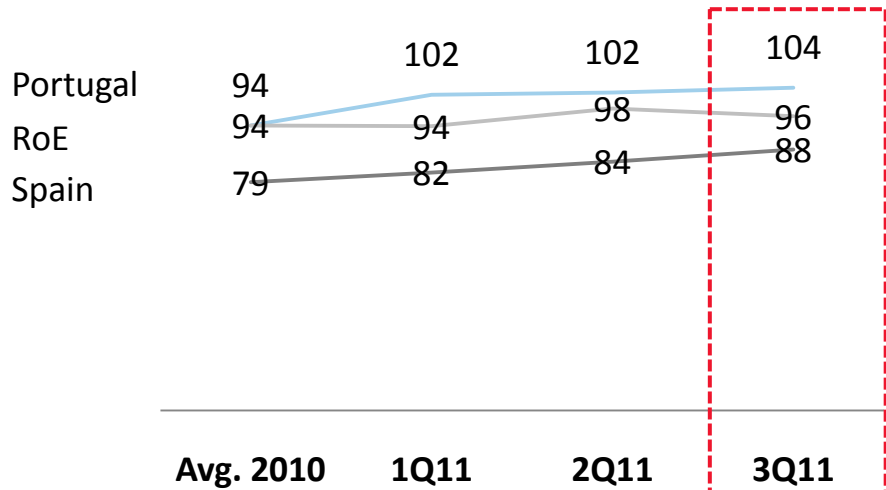
More than 90% of the portfolio is subject to regulated frameworks or long-term contracts

Positive price trend since the beginning of 2011 and reduced merchant exposure



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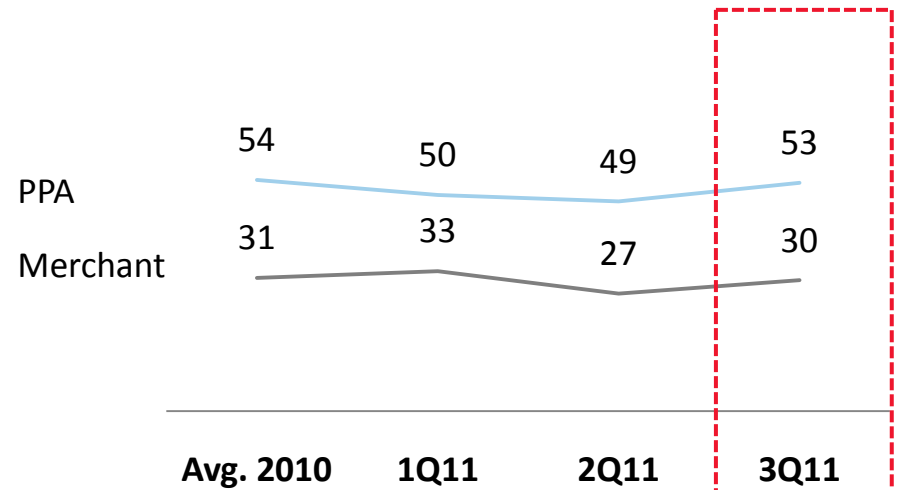
EU Prices (€/MWh)



% GWh	Avg. 2010	1Q11	2Q11	3Q11
Portugal	10%	9%	7%	10%
RoE	6%	7%	6%	9%
Spain	30%	29%	25%	30%

- Recovery of Spanish pool price
- Higher contribution from CEE countries

US Prices (\$/MWh)



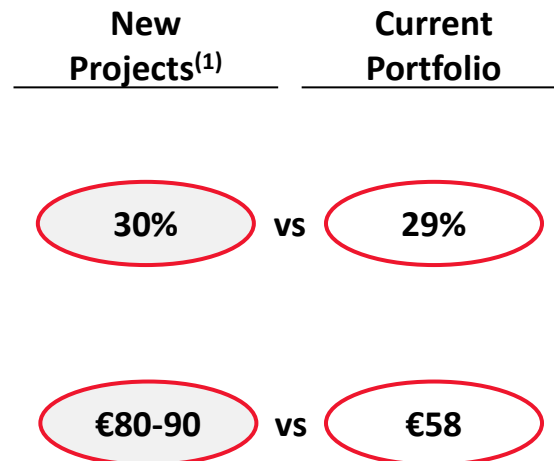
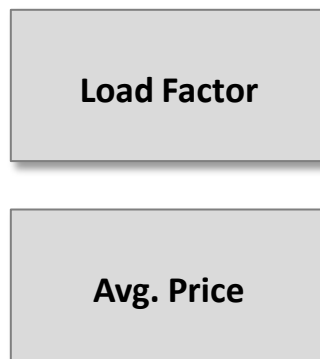
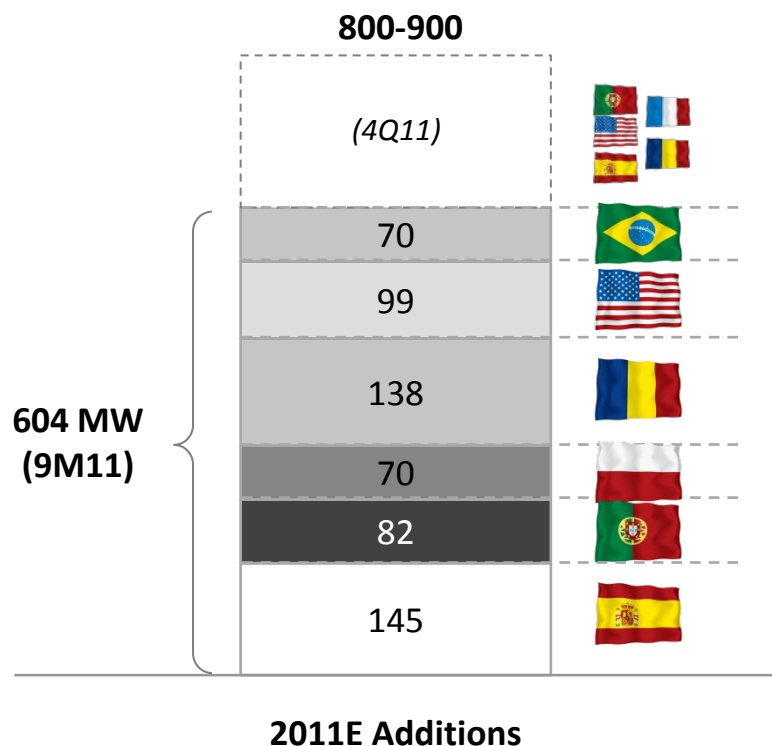
% GWh	Avg. 2010	1Q11	2Q11	3Q11
PPA	37%	38%	45%	36%
Merchant	16%	17%	16%	12%

- New PPAs to further reduce the merchant exposure: 184 MW contract to start on Jan-2012 and 175 MW contract on Jun-2012

2011 capacity growth: Execution of new quality assets with strong Cash-Flow visibility

2011E Additions (EBITDA MW + Eólicas PT)

New Projects Metrics vs Current Portfolio



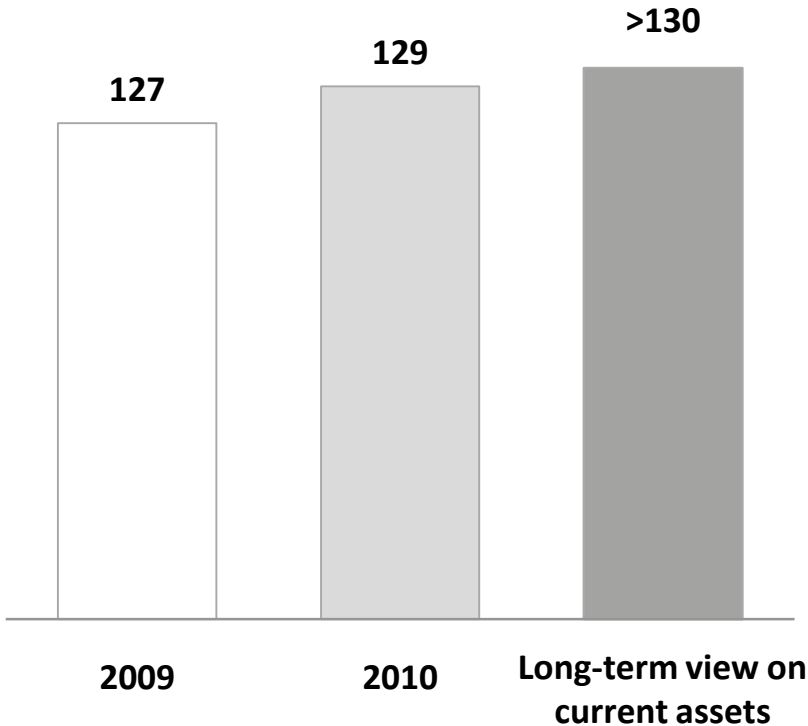
2011: Focus on projects with top-line visibility, above-average prices and high wind resource

EDPR is set to deliver stable and recurrent EBITDA based on core competitive advantages...

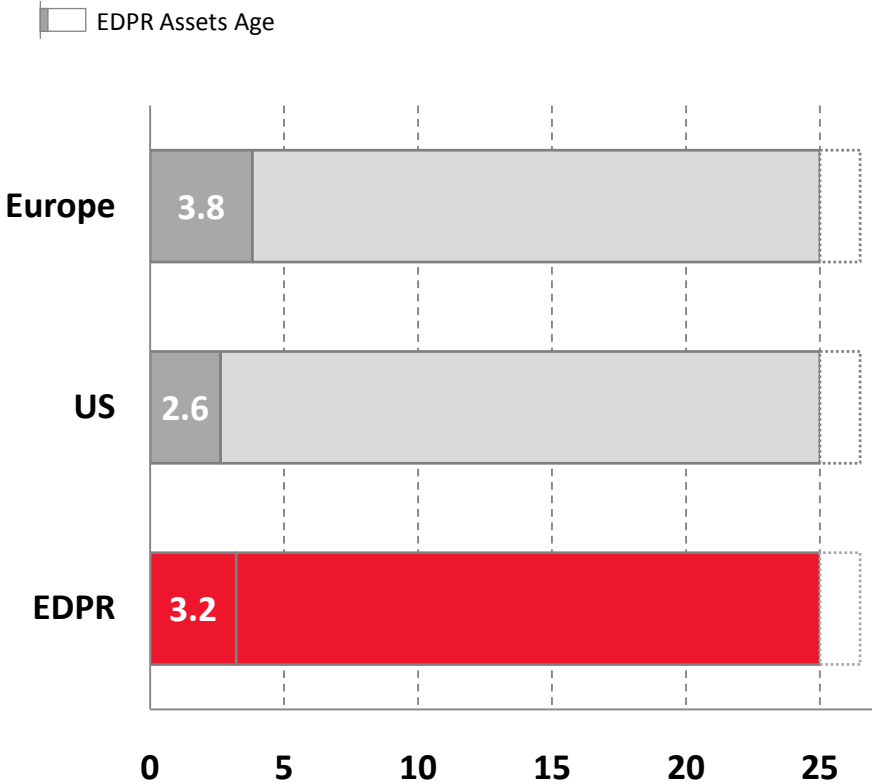


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EBITDA per MW ⁽¹⁾
(€th)



Assets' Average Age and Residual Useful Life
(Years; 9M2011)

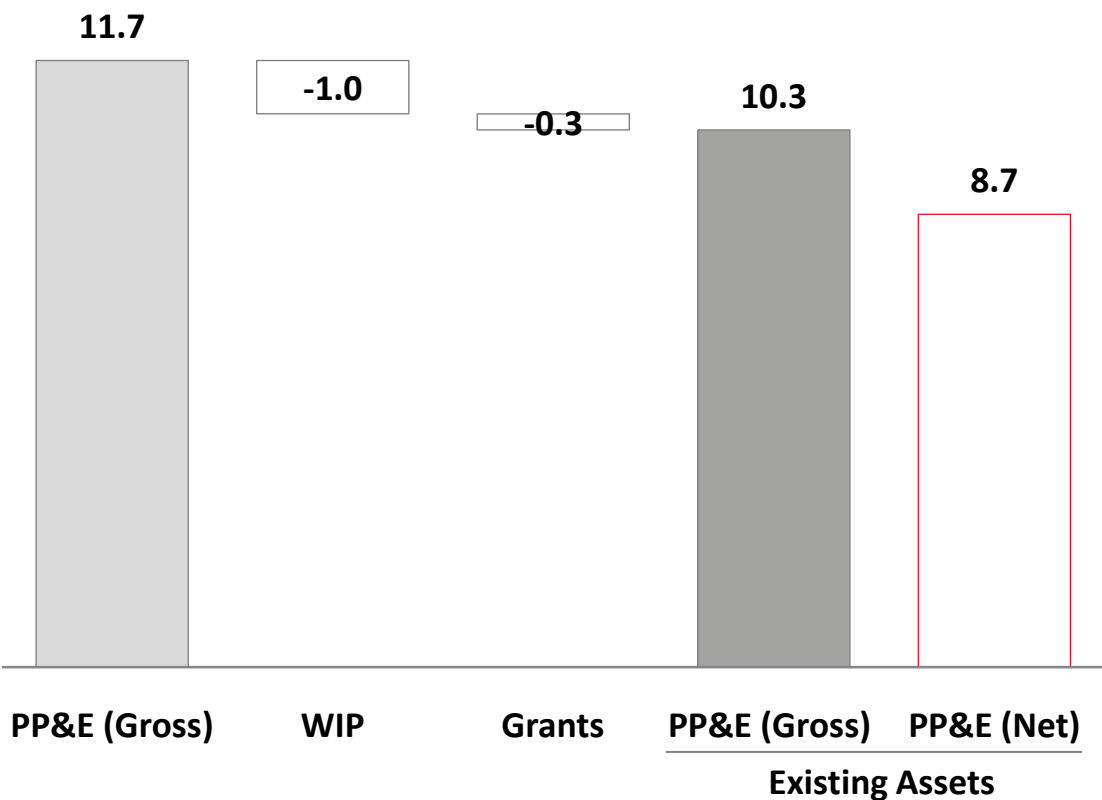


...taking full advantage of its young asset base with a long useful life.

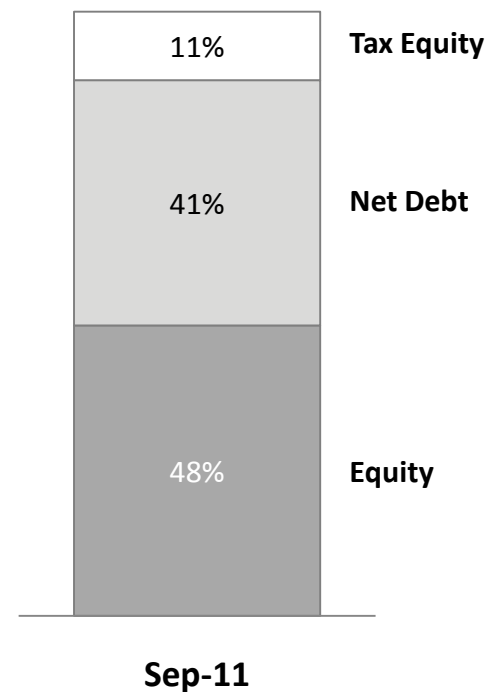
Notes: (1) EBITDA per average MW in Operation

€12bn of Invested Capital creating a top wind player while keeping a solid Capital Structure

9M11 Invested Capital on Fixed Assets
(€ million)



Capital Structure



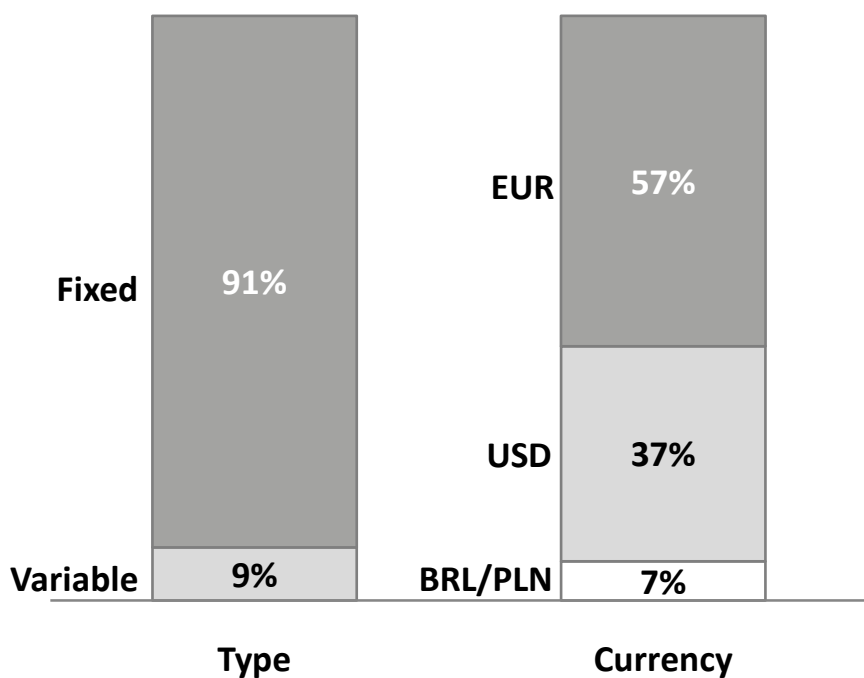
Per MW (€m)

1.42

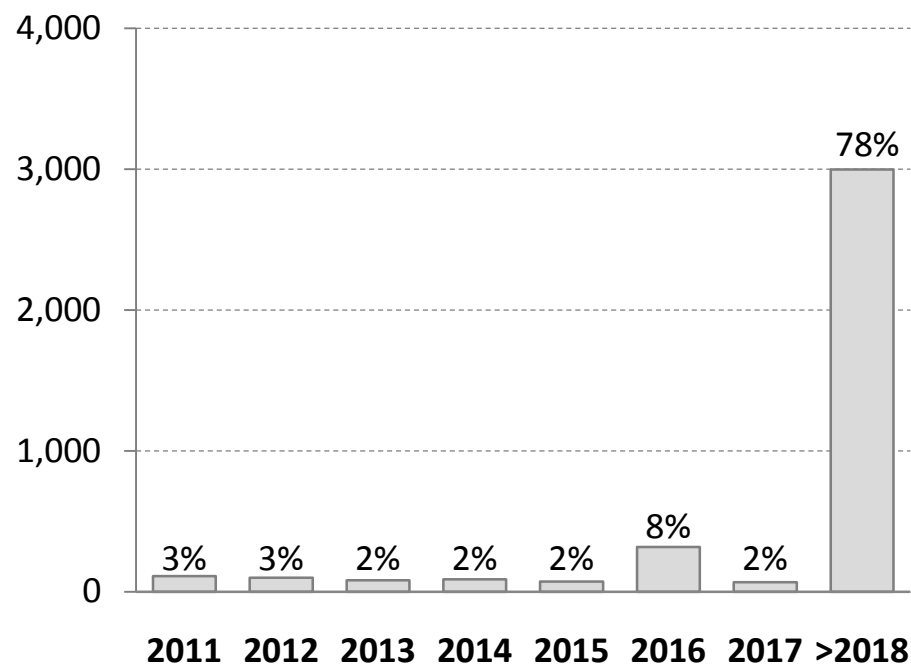
1.20

Right funding strategy to support growth in a capital intensive industry...

9M11: Debt Profile
(%)



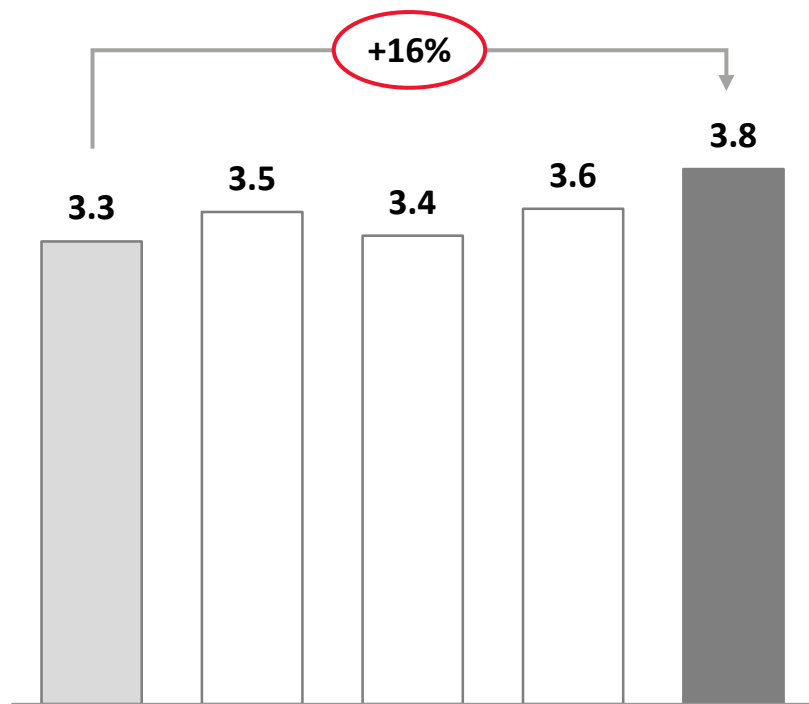
Debt Maturity @ Sep-11
(€ million)



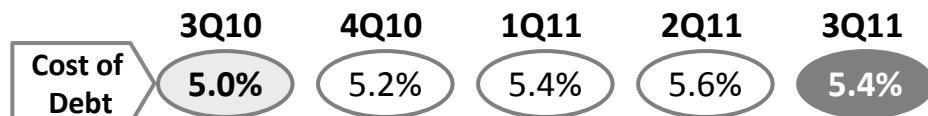
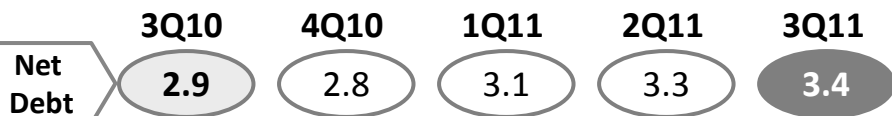
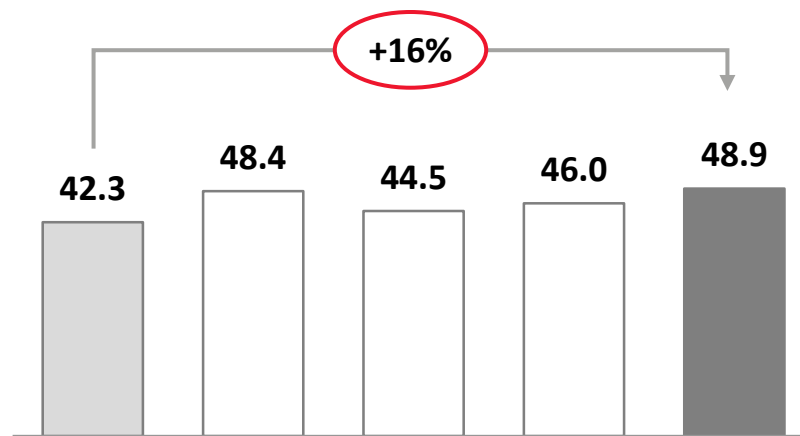
Long term fixed rate debt structure designed to match business model with Cash-Flow profile

...with Financial Debt evolution in line with business growth and at controlled cost

Financial Debt
(€ billion)



Net Interest Costs
(€ million)



Nominal Cost of Debt of 5.4% at September-2011 reflecting long-term funding maturity

In 2011 €0.4bn were raised through Multilaterals and Tax Equity agreements

	Wind Farms	Funding	Projects' Characteristics	
Brazil	Tramandaí 70 MW	Project Finance	R\$228m	<ul style="list-style-type: none"> • Funding with BNDES at attractive rates • PROINFA project
Romania	Pestera 90 MW Cernavoda I & II 138 MW	Project Finance	€188m	<ul style="list-style-type: none"> • Funding with EIB/EBRD • Country's first wind project finance
US	Timber Road II 99 MW	Cash Flip Tax Equity	\$116m	<ul style="list-style-type: none"> • Agreement with Bank of America Corp. and Paribas NA • 20 Year PPA signed in Nov. 2010
			€372m	

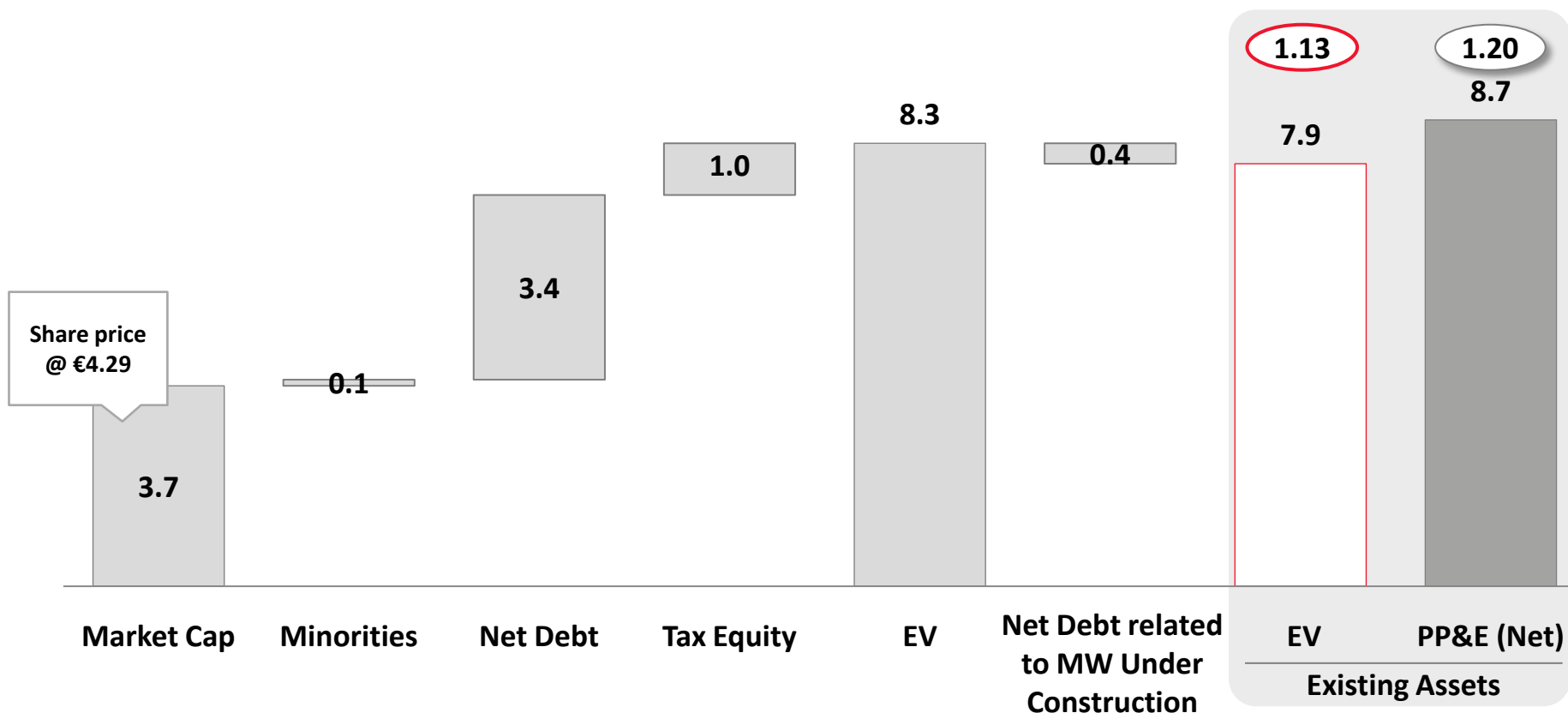
EDPR to continue to tap Project Finance and Tax Equity markets with high quality assets

Market view: Implicit market valuation vs. Net invested capital on existing fixed assets

Market's implicit view on EDPR existing assets valuation

(€ billion, 9M11)

○ Per MW (€m)



Market is discounting zero NPV on existing assets and zero value for growth

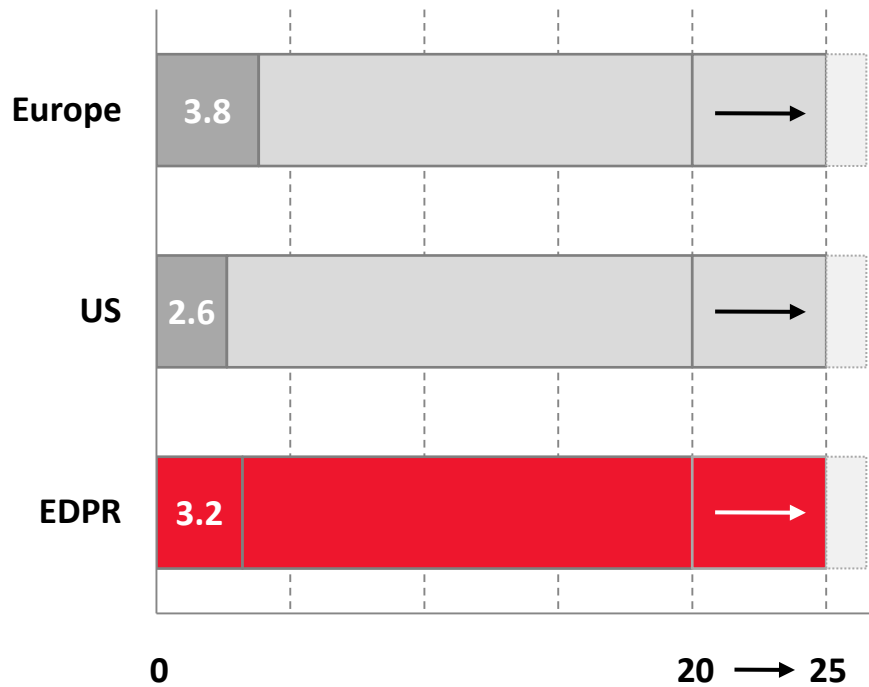


Wind Competitiveness: The European Case

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

Higher Longevity, and... (years, 9M2011)

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

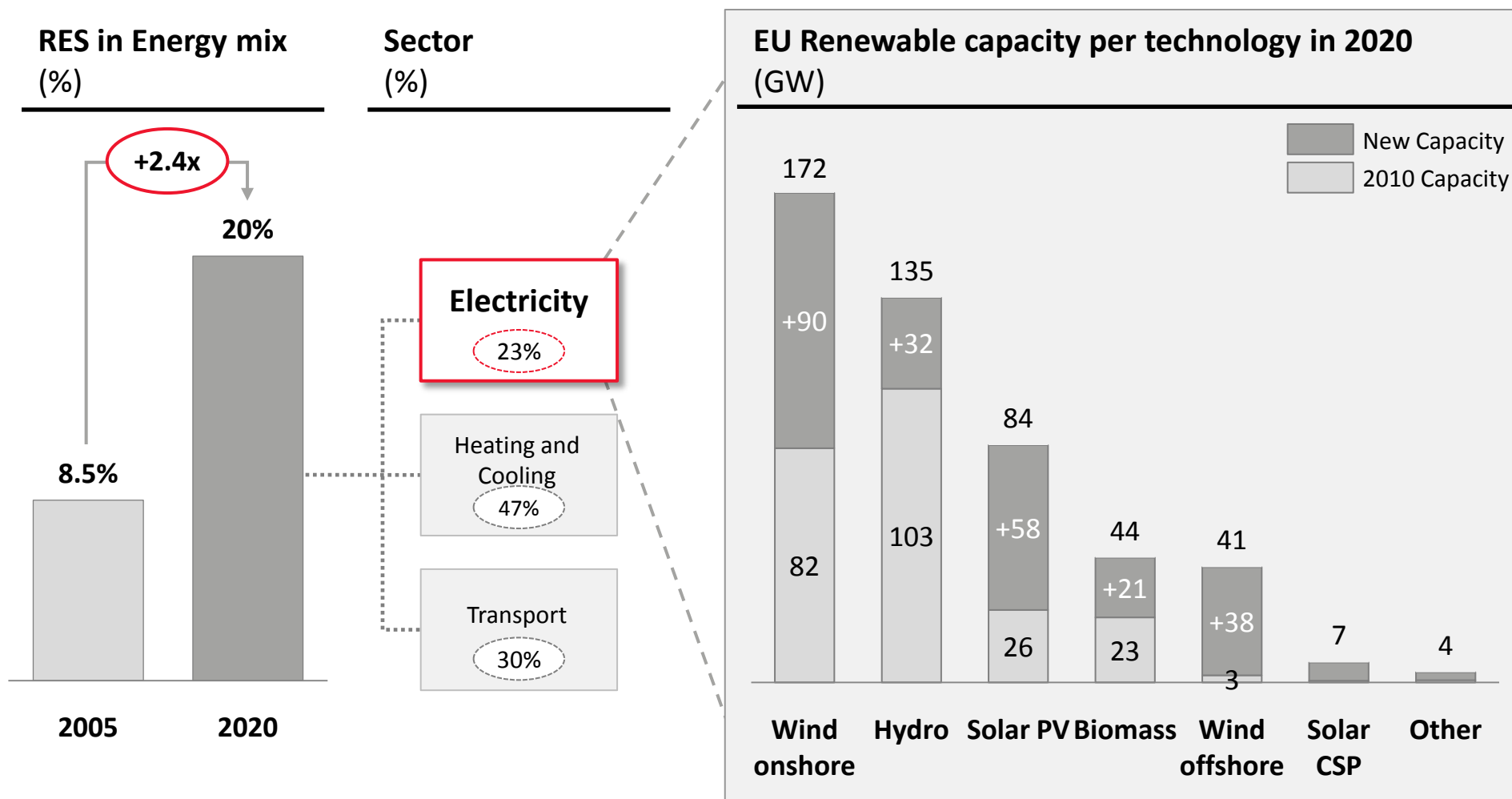
Detailed technical assessment on EDPR's portfolio performed by an industry expert

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...



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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

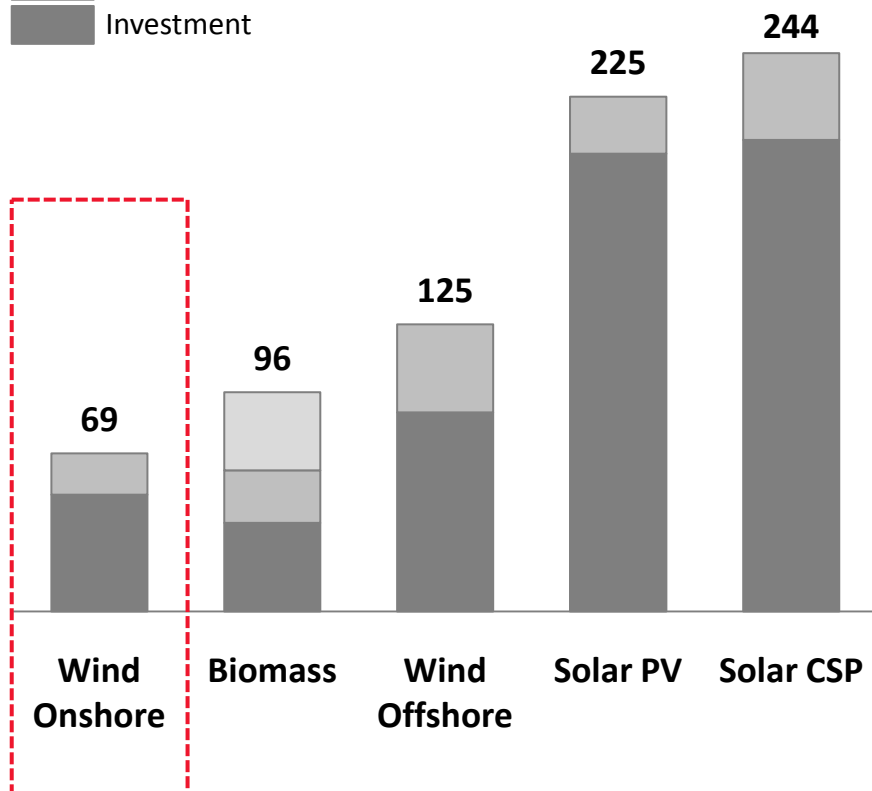
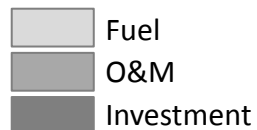
Is wind tariff generating an over-cost in the electricity systems?

Is wind the most cost competitive renewable technology today? Yes

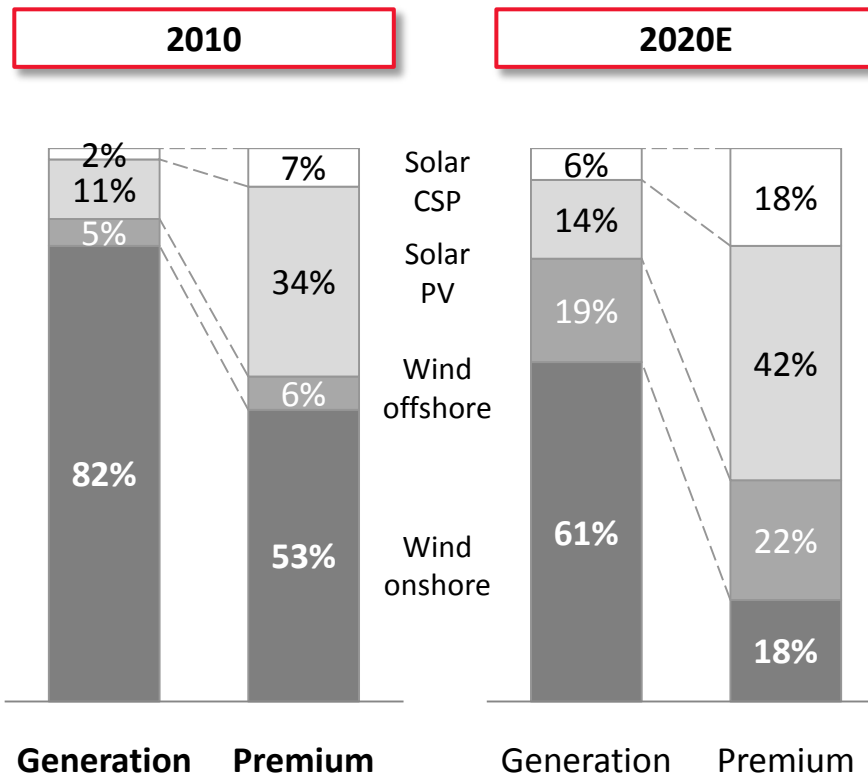


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Levelised Cost by technology (€/MWh)



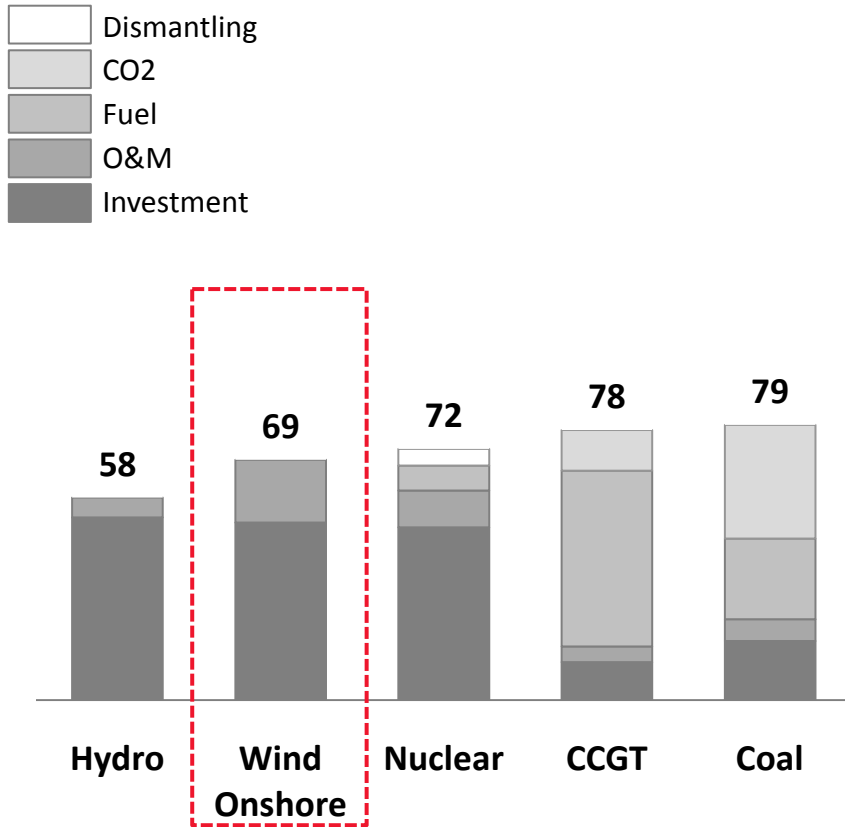
Weight of renewable generation and premium⁽¹⁾ (% by technology)



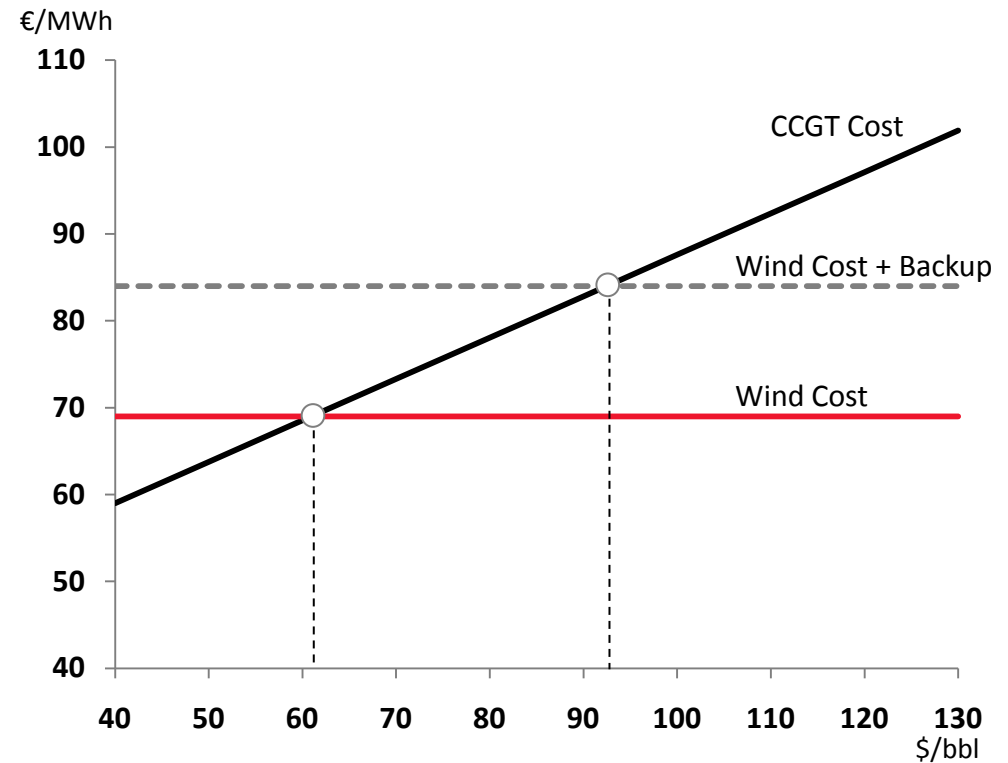
Wind is the most efficient and mature renewable technology

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

Levelised Cost by technology
(€/MWh)



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

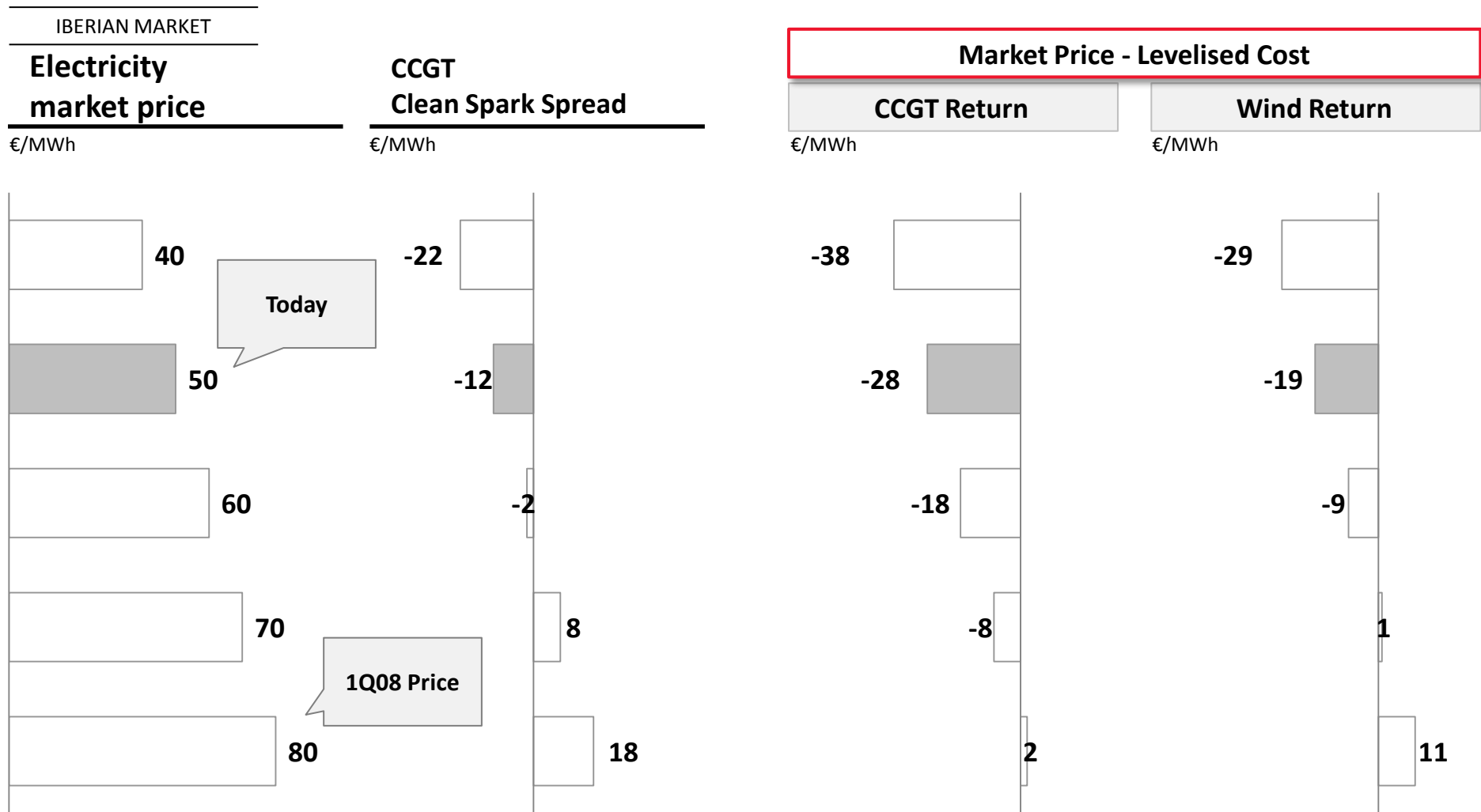


Wind is cost competitive considering current Brent prices, providing cost stability and reducing the negative impact of high Brent prices in the electricity system

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



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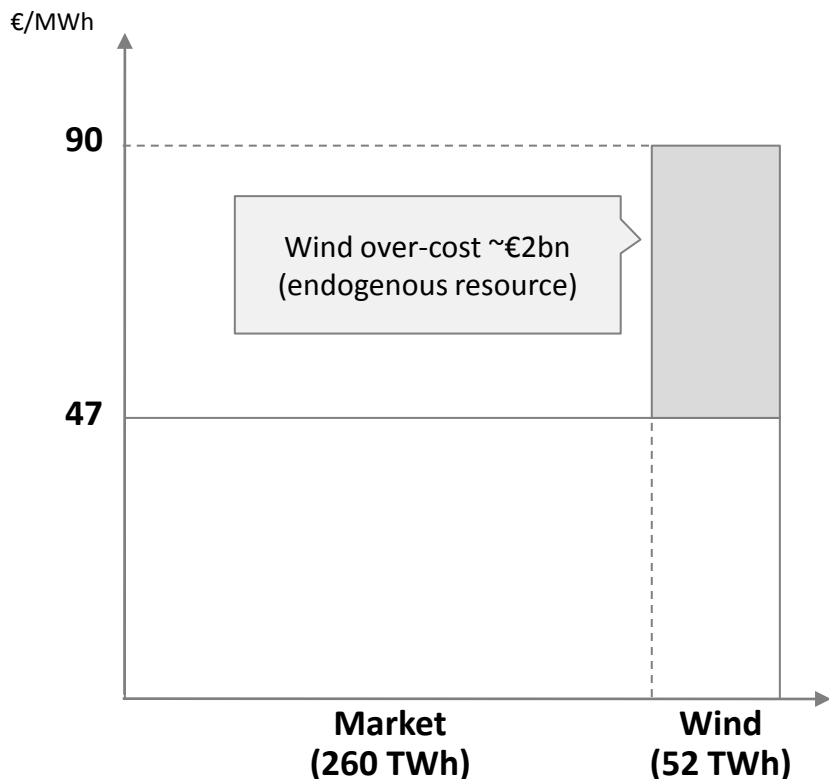
...at market prices providing a sustainable CCGT operation, wind is competitive

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

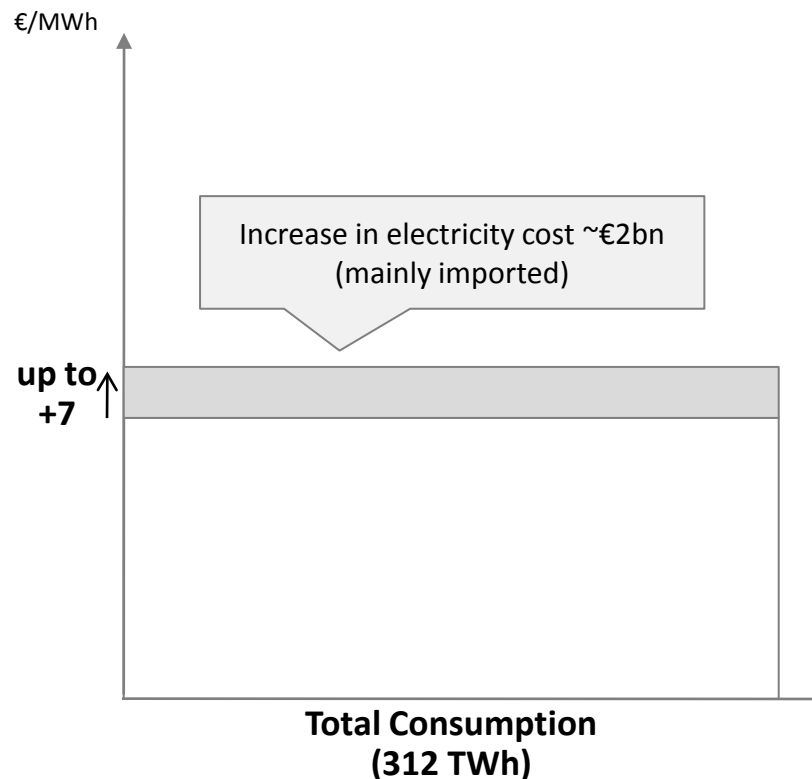


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Electricity System with Wind Capacity
(Illustrative simulation, Iberian Market)



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

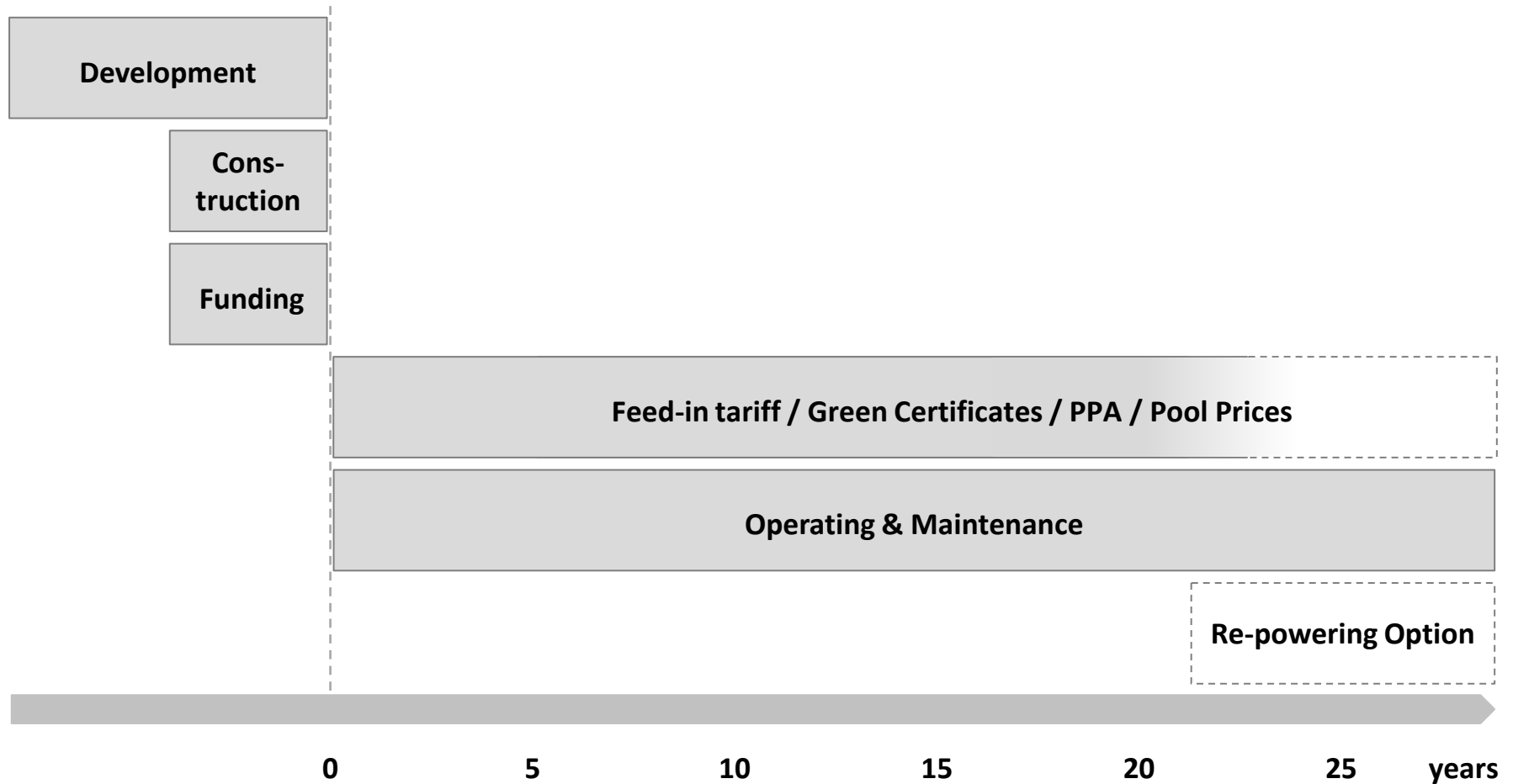


...excluding wind from the energy mix translates into higher market electricity prices,
mitigating the impact of wind over-cost



Case Study: Wind Farm Economics

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

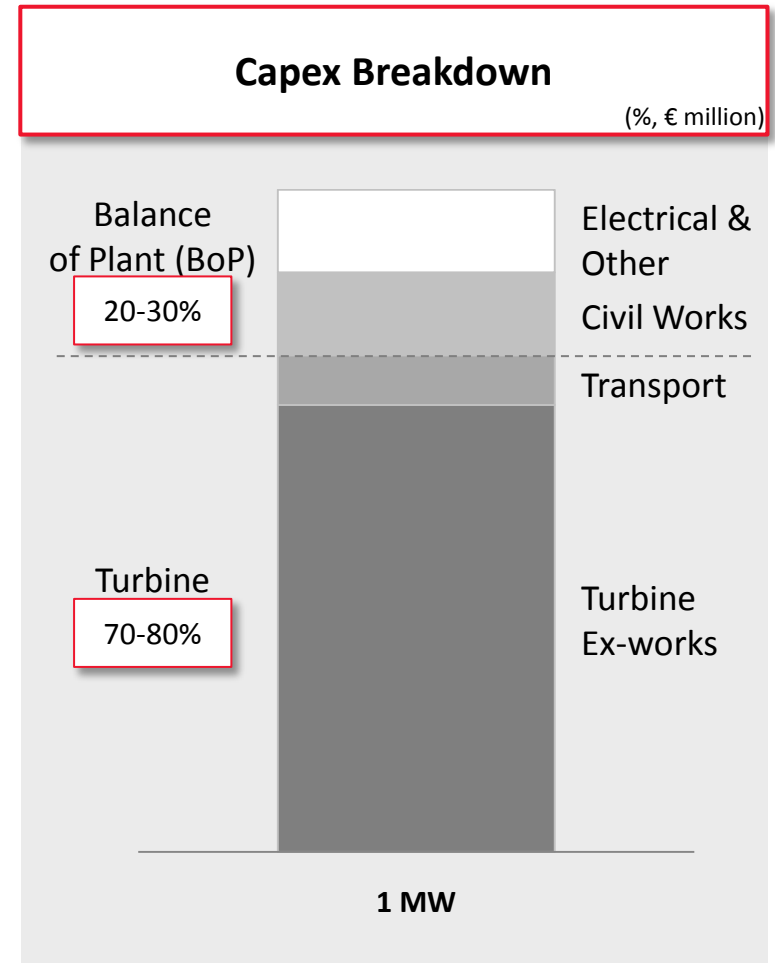
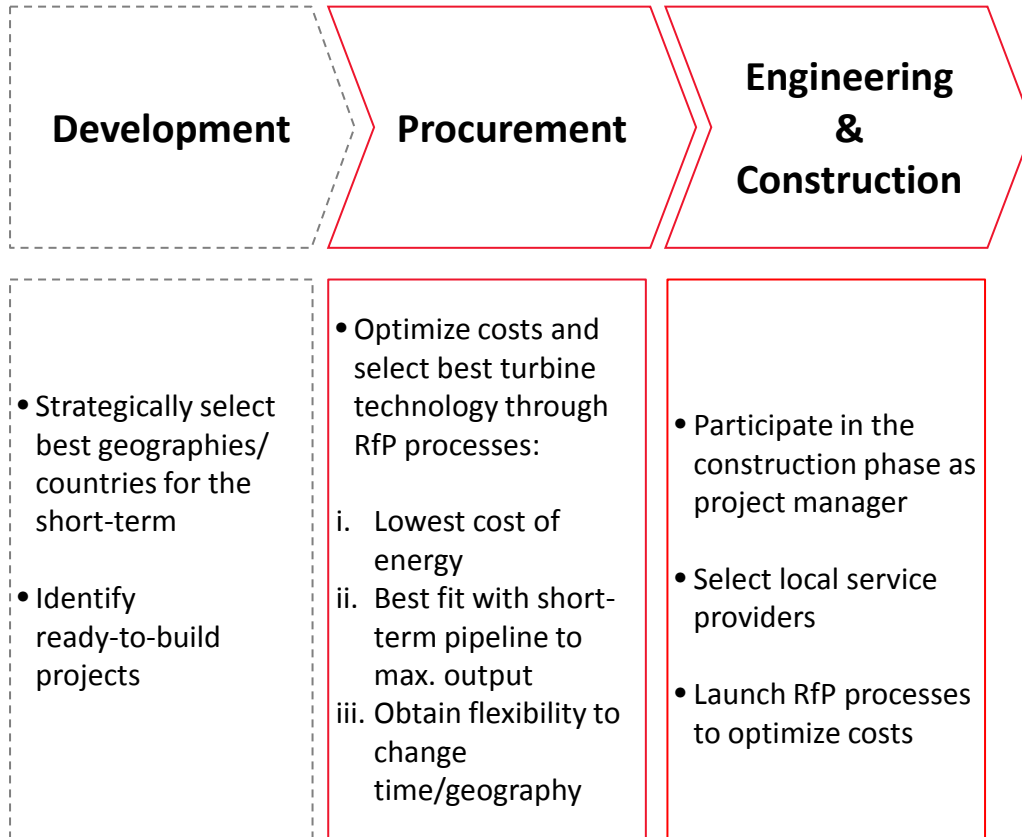


Early phases of project life to have a high strategic importance to selected the best projects that will maximize Cash-Flows during the operating phase

Competitive capex is critical to maximize projects profitability



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

Different remuneration frameworks drive different revenues and Cash-Flow profiles



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Feed-inTariff

price per MWh



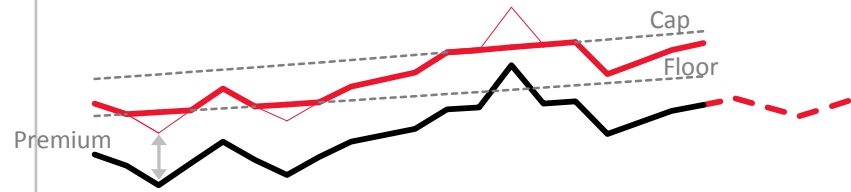
e.g.: Spain, Portugal, France

0

15/20yrs

Feed-in Premium with Collars

price per MWh



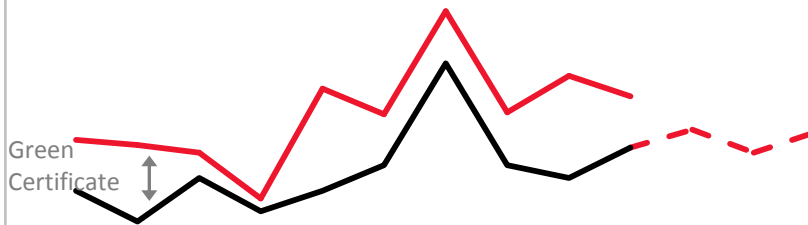
e.g.: Spain (Market Option)

0

20yrs

Green Certificates

price per MWh



e.g.: UK, Belgium, Poland, Romania, Italy, US

0

20yrs

PPA

price per MWh



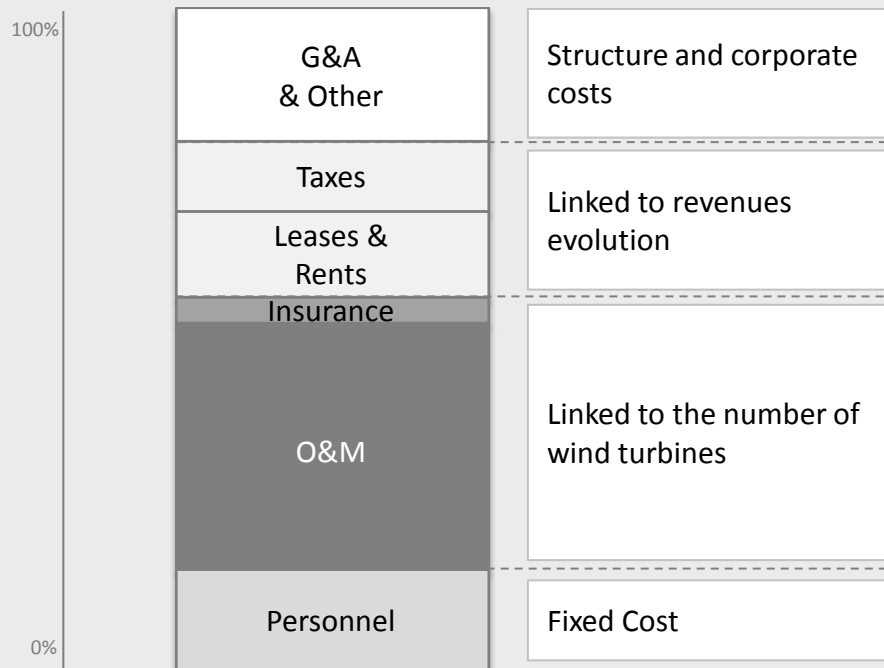
e.g.: US, Belgium, Poland, Brazil

0

15/20yrs

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

Operating Expenses (%)



EDPR 2009-10: Operational Efficiency Metrics

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

EDPR is delivering one of the highest EBITDA margin in the sector

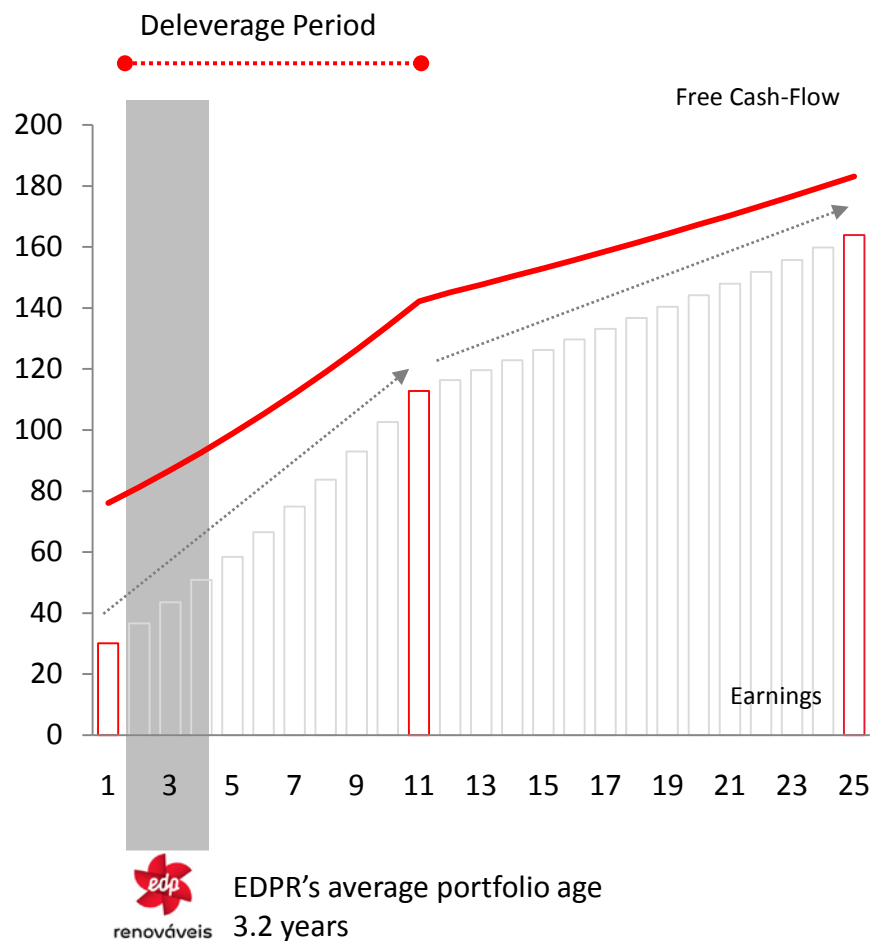
Case Study: Earnings profile of a generic wind project



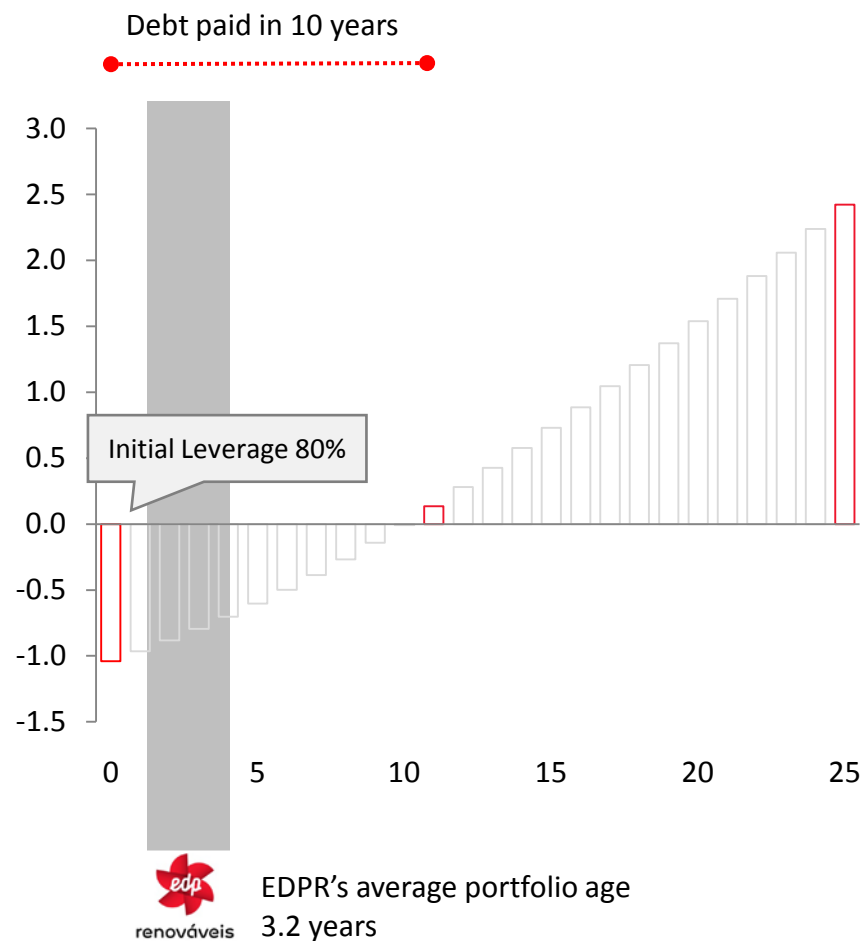
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ILLUSTRATIVE, NON-EXHAUSTIVE

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



(Net Debt) / Net Cash (€ million/MW)





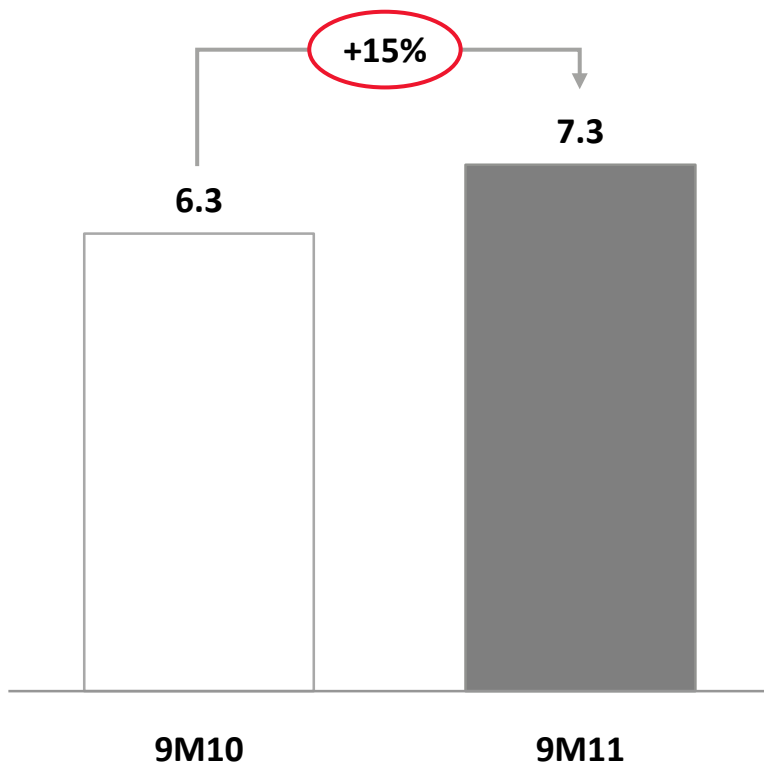
9M11 Operating and Financial Performance

Installed capacity increased 15% YoY to 7.3 GW



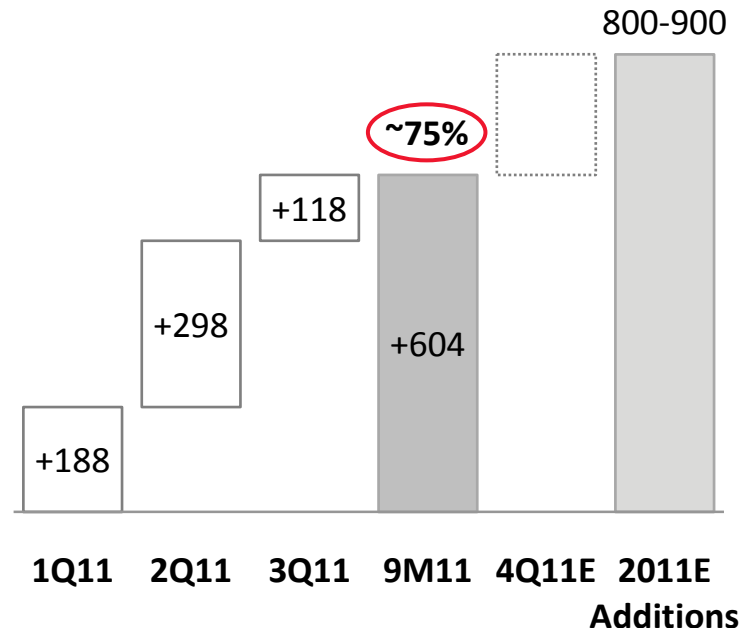
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YoY Capacity Increase (EBITDA GW + Eólicas PT ⁽¹⁾)



2011 Quarterly Additions (EBITDA MW + Eólicas PT ⁽¹⁾)

% of 2011E Additions



- Ongoing growth: 953 MW installed in the last 12 months (+15% YoY)
- 604 MW added in the 9M11 represent ~75% of the expected additions for 2011
- 490 MW under construction provide visibility towards the execution of expected capacity growth

Execution of new 604 MW of quality assets with strong Cash-Flow visibility

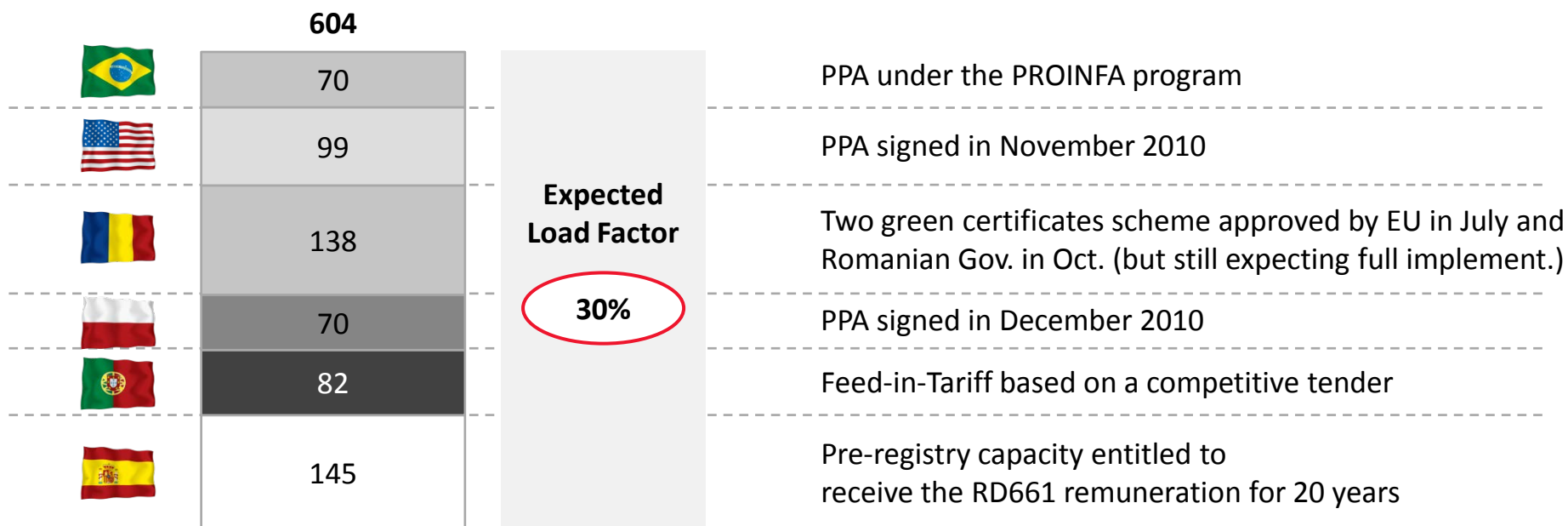


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9M11 Additions

(EBITDA MW + Eólicas PT ⁽¹⁾)

Remuneration Framework



9M11 Additions

2011: Focus on projects with top-line visibility, above-average prices and high wind resource

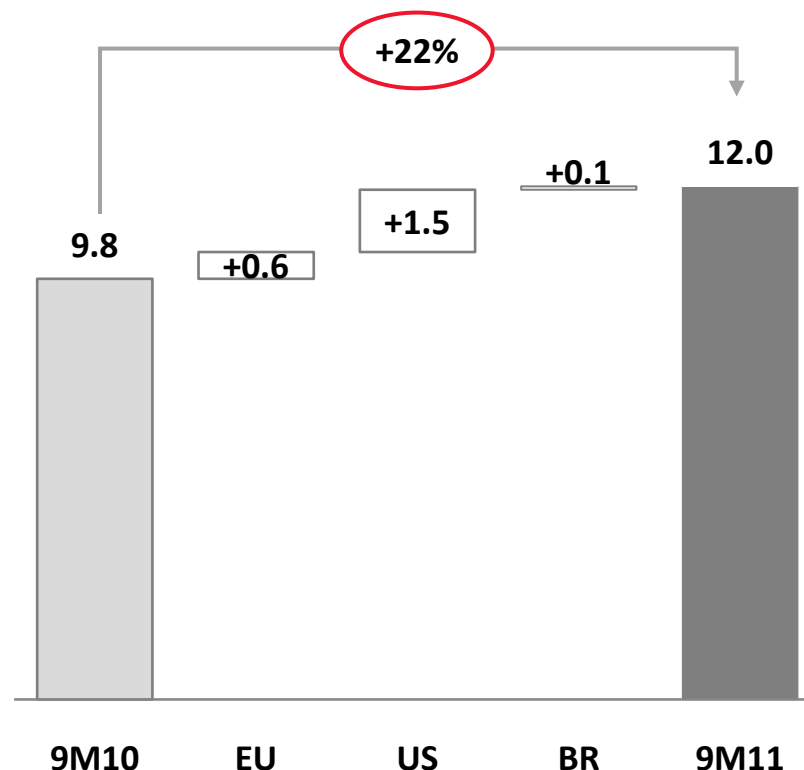
Notes: (1) Equity consolidated: 146 MW as of Sep-2010 and 321 MW as of Sep-2011; 82 MW installed in the 9M11

Top-class assets and portfolio diversification enabled a premium load factor of 28%

Load Factor (%)

	9M10	9M11
EU	26%	25%
US	30%	31%
BR	27%	34%
EDPR	28%	28%

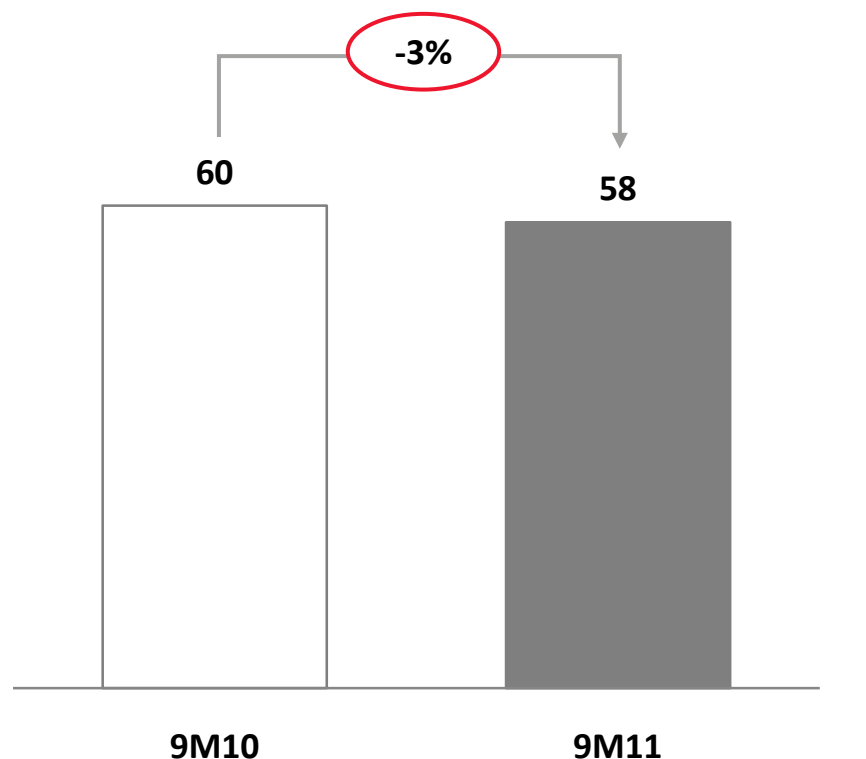
YoY Electricity Output (TWh)



- EDPR: average load factor stable at 28%, keeping its position as one of the highest in the wind sector
- Growth in Europe (+14%) was supported by Poland and Romania (already represents 8% of European production)
- US represented the main source of growth (+28% YoY) and increased its production weight to 55%

Price evolution unfavorably impacted by higher US production weight and Forex

EDPR Price Evolution (€/MWh)



Impact on EDPR Price

€/MWh

Europe

+1.9€

- Higher contribution from CEE countries
- Recovery of Spanish pool price
- Inflation update in Portugal

US

-1.5€

- Lower electricity spot prices
- Different price structures in a new PPA
- Lower curtailment revenues

Output
Mix

-1.2€

- Higher output contribution from US (-ve) but offset by Brazil (+ve)

Forex

-1.2€

- Unfavourable US\$/€ Forex evolution (US\$ depreciated 7% YoY)

Higher prices in all European markets, while US prices reflect different PPA structures and spot prices

Revenues increased 16% YoY to €769m...



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Main drivers for Revenues performance

Strong electricity output increase (YoY)

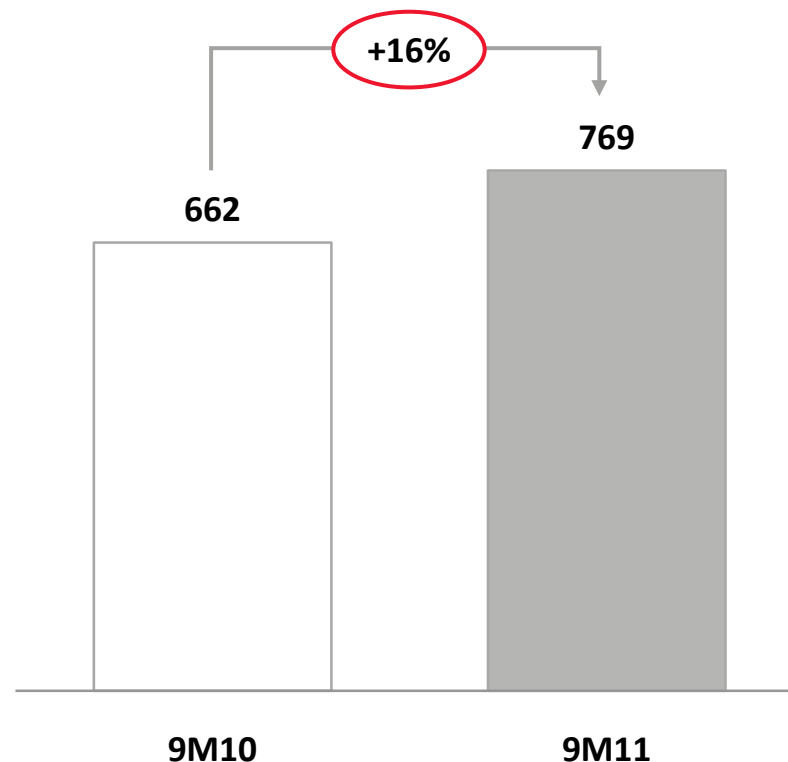
US +28%; EU +14%

Stable top-notch

load factor of 28%

Different portfolio mix and
unfavorable US\$/€ Forex evolution

Revenues (€ million)



...reflecting strong growth in production but impacted by unfavourable Forex and change in production mix

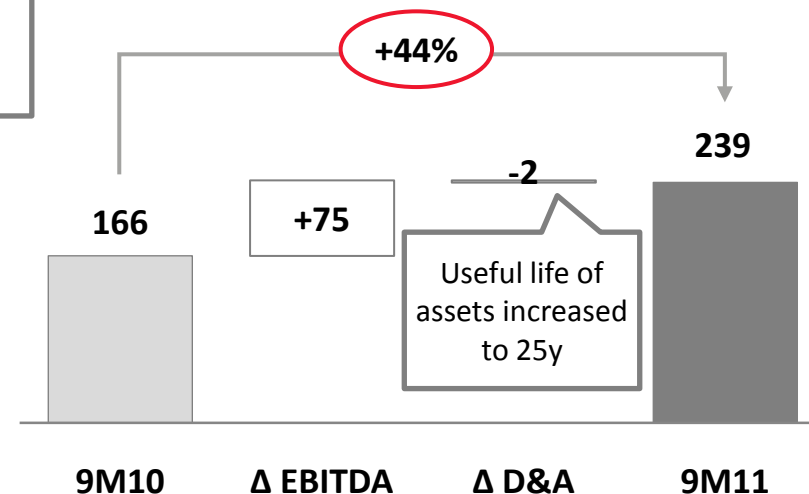
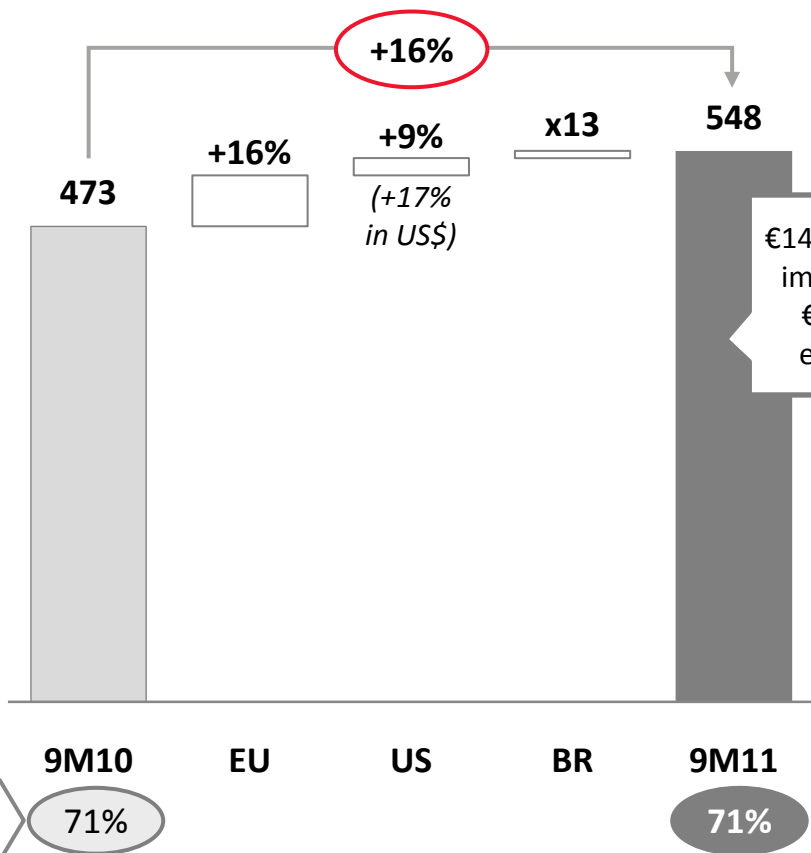
EBITDA grew 16% to €548m and EBIT went up 44% to €239m...



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EBITDA ⁽¹⁾
(€ million)

EBIT
(€ million)

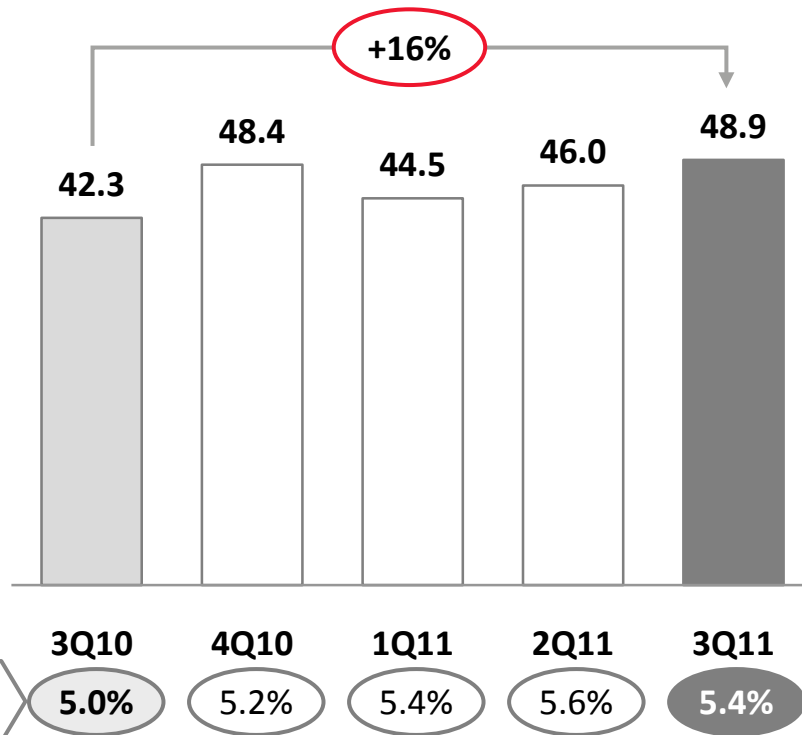


...reflecting top-line performance, stable EBITDA margin and higher useful life of assets

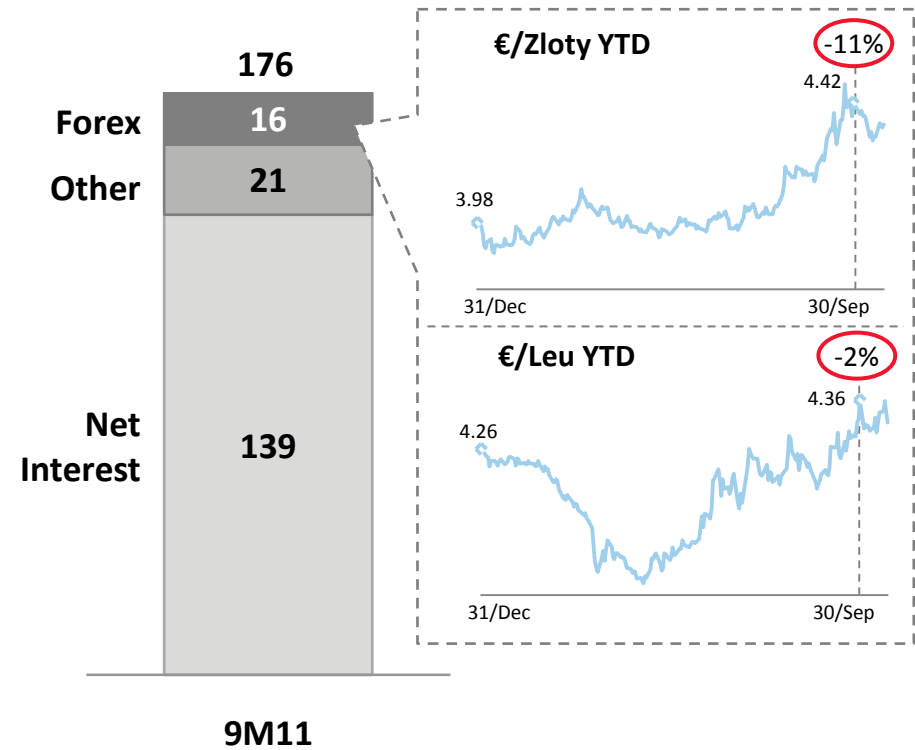
Notes: (1) Includes €-14m in 9M11 and €-15 in 9M10 from Others and Adjustments

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

Net Interest Costs (€ million)



9M11 Net Financial Expenses (€ million)



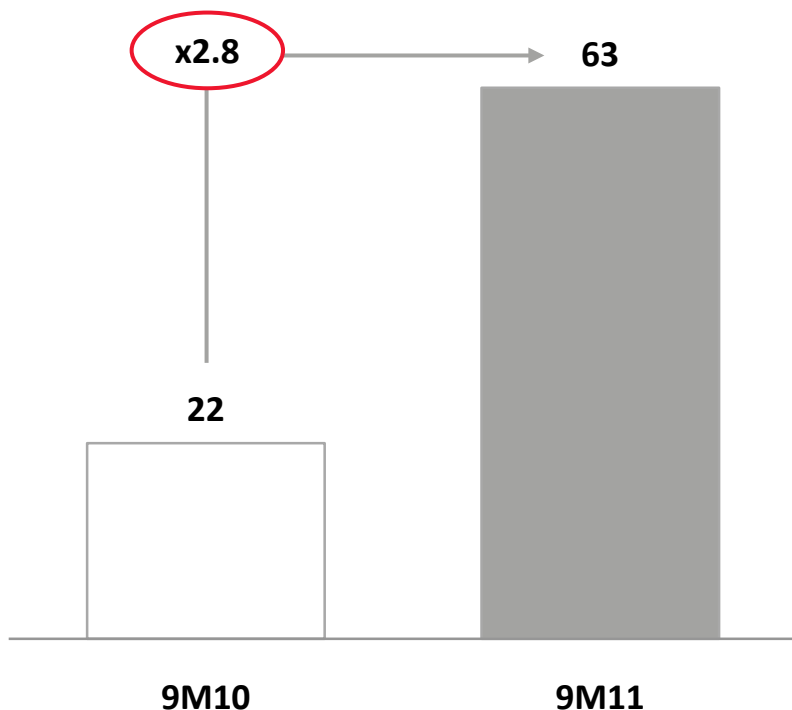
- Net financial expenses increased 47% YoY to €176m following unfavourable Forex differences (€16m)
- Net interest costs grew in line with the average financial debt evolution
- Nominal Cost of Debt of 5.4% reflecting long-term funding maturity, mostly at fixed rates

Net Profit of €63m (x2.8 vs 9M10), outpacing operating performance



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Net Profit
(€ million)



YoY Δ %

EBITDA	+16%	<ul style="list-style-type: none"> • Strong operational growth • High efficiency levels (EBITDA mg 71%)
D&A	+1%	<ul style="list-style-type: none"> • Newly installed capacity • Higher useful life (from 20 to 25 years)
Financial Costs	+47%	<ul style="list-style-type: none"> • Unfavourable Forex differences • Net Interests reflect LT fixed funding
Taxes	-41%	<ul style="list-style-type: none"> • Pre-Tax Profit increased by 30% • Higher fiscal efficiency: effective tax rate of 20% vs. 53% in 9M10

Bottom-line benefited from the strong operating growth and the higher asset useful life, but hampered by negative Forex differences

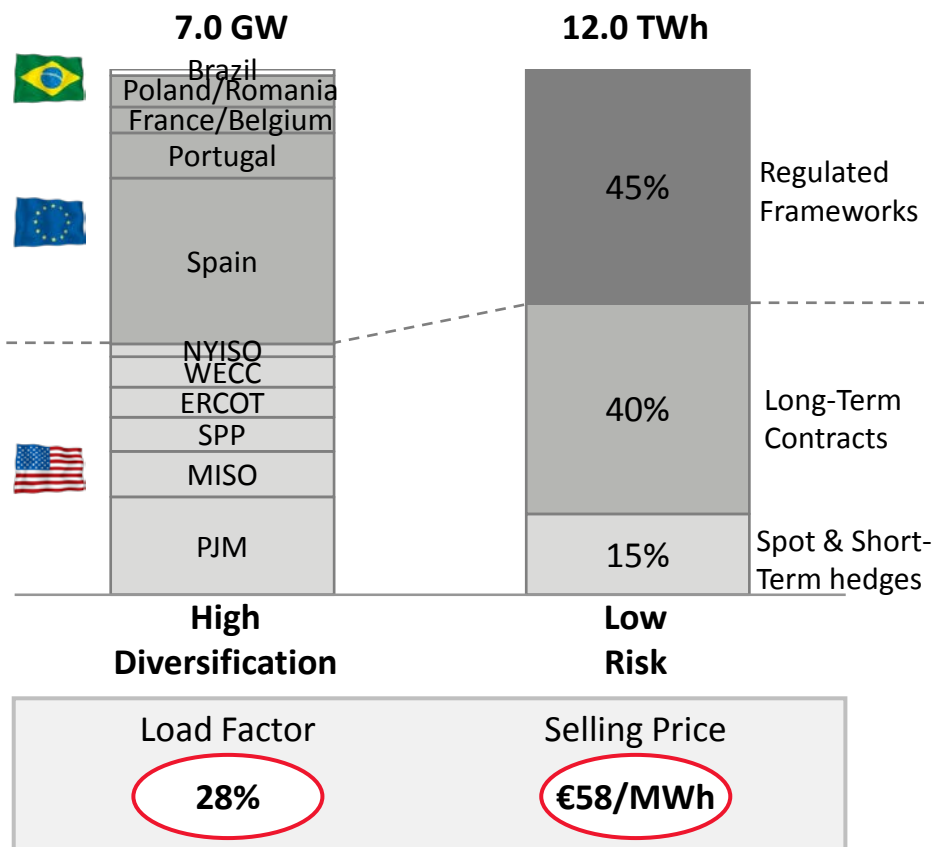
Quality assets are delivering a continuously solid Cash-Flow growth (+25% YoY)



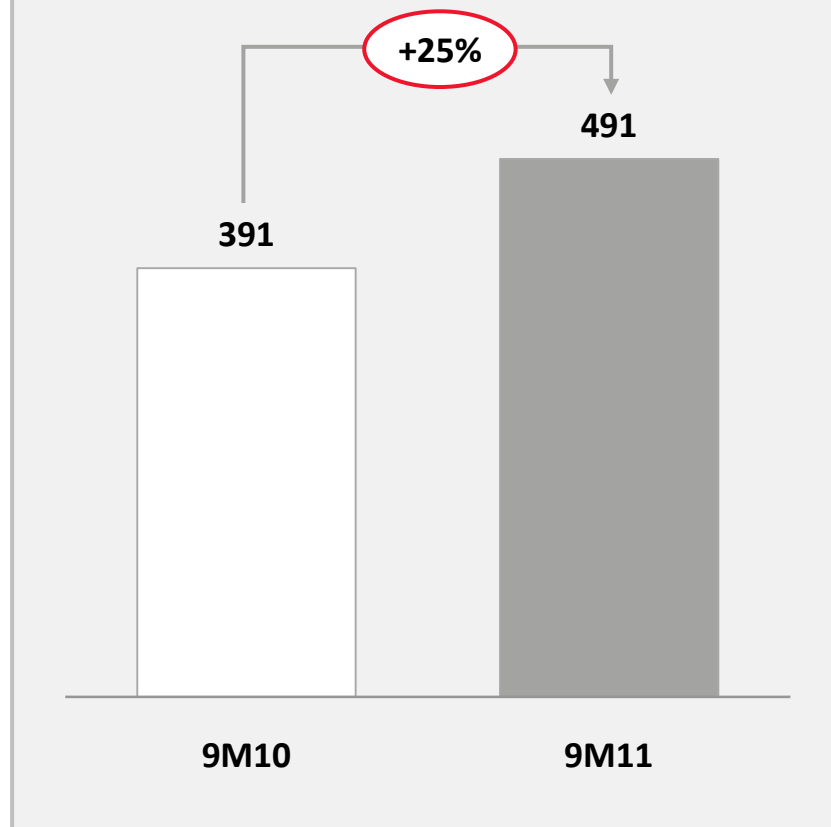
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Solid Portfolio Metrics

9M11



Operating Cash-Flow (Before Capex) (€ million)



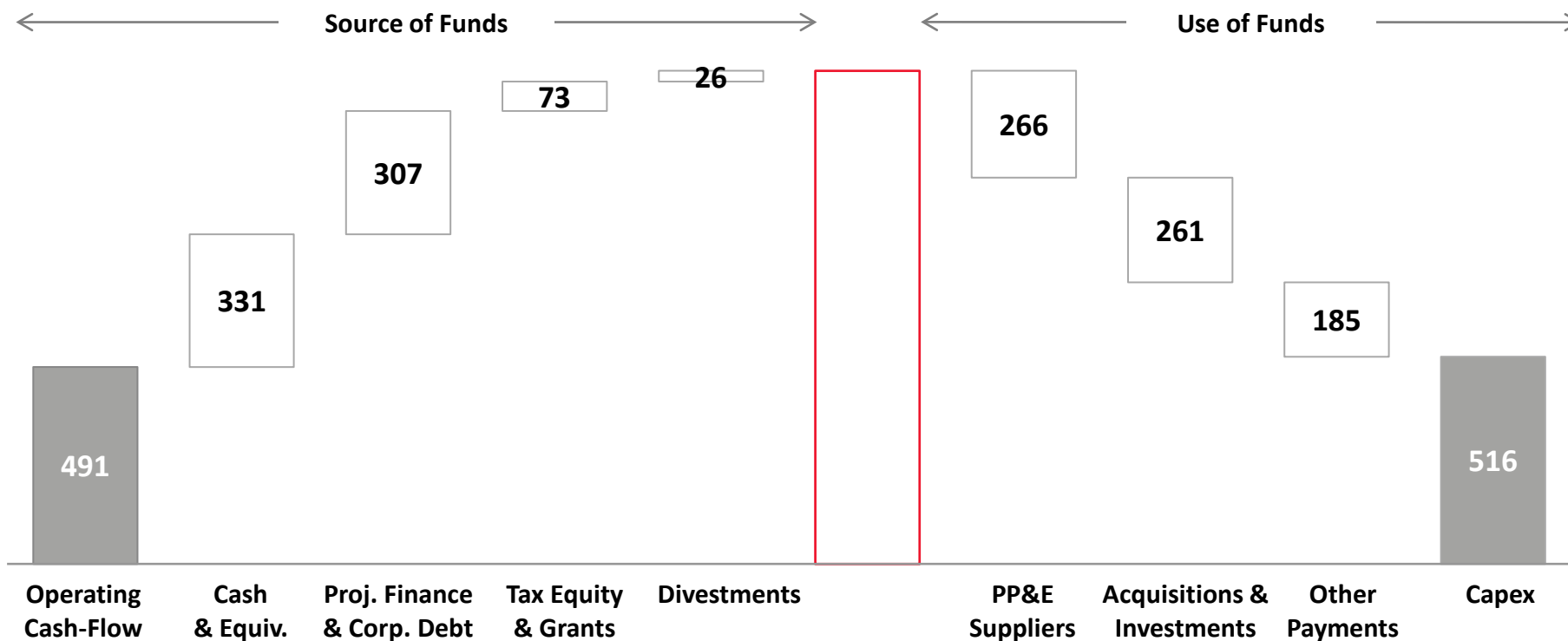
Solid conversion of assets' high quality productivity into Cash-Flow

Operating Cash-Flow covered 95% of 9M capex



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9M11: Source and Use of Funds ⁽¹⁾ (€ million)



Well diversified funding sources to cover all payments needs

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10-11 Nov.: London Roadshow

14-16 Nov.: Netherlands, Frankfurt & Paris Roadshow

7 Dec.: Boston Roadshow

8-9 Dec.: Goldman Sachs Clean Energy Conference (NYC)



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