



EDP Renováveis 2013 Results

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2013 Highlights

2013 – a resilient business model in a challenging year...



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Quality assets delivering increased profitability

- Optimal excellence with **97.7% availability** and record **30% load factor**
- Successful O&M strategy and **decreasing Opex/MW by 2% YoY** (adjusted)
- EBITDA of €947m (+1% YoY) and **Adjusted Net Profit +8% YoY** to €145m; EDPR management to propose dividend distribution of €0.04 per share (26% payout)

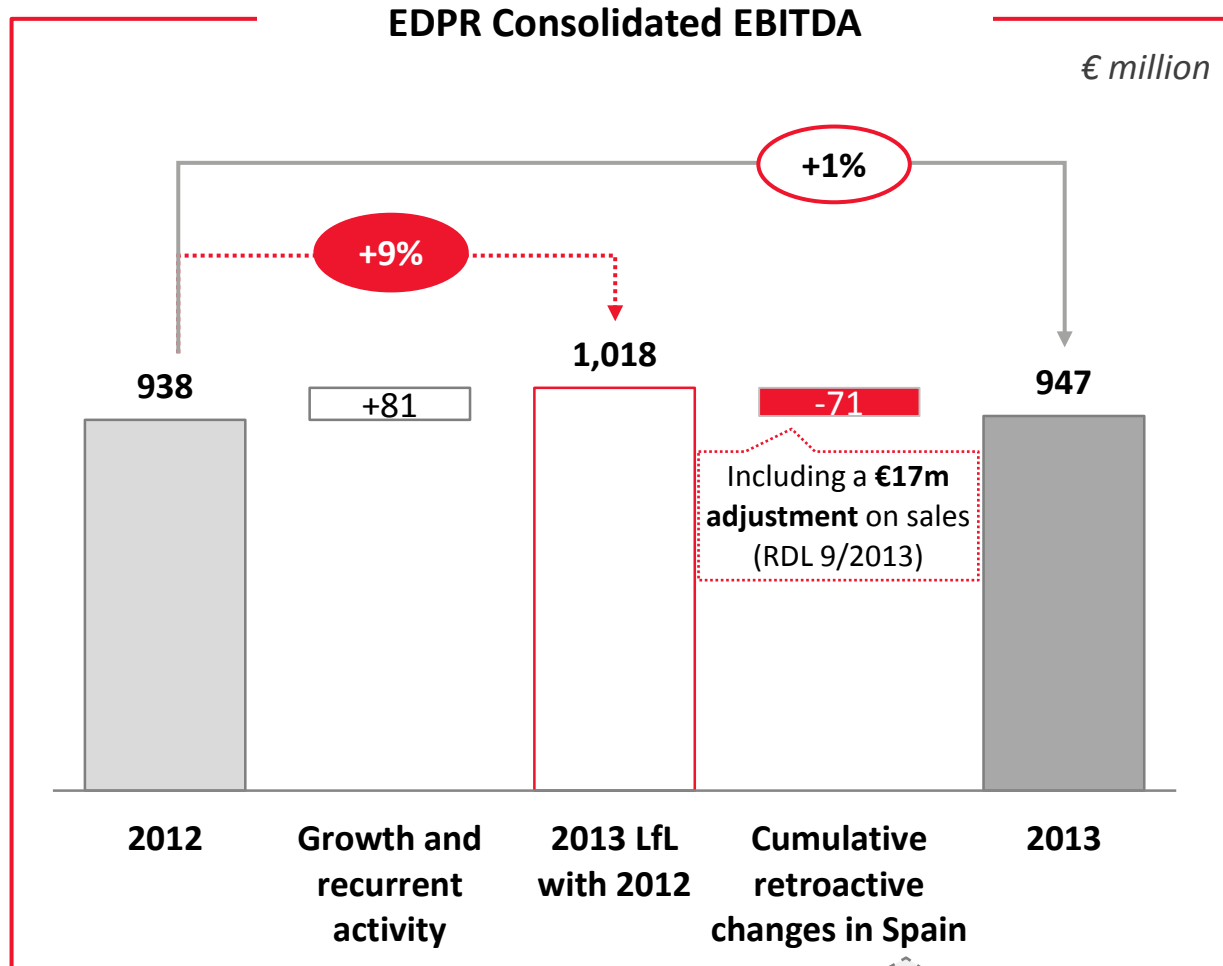
Selective and profitable growth

- Built **+502 MW on target**, adding one country to the operating portfolio (Canada)
- Secured **+980 MW of profitable PPAs in the US** for 2014-16
- Awarded with **+176 MW of profitable PPAs in Brazil and Italy** (30 MW installed 2013)

Self-funding business model

- **€700m operational cash-flow** from a portfolio with a remaining expected lifespan of 20.3 years
- Executed the **asset rotation** program with CTG, Fiera Axium, Axpo already yielding an avg. **EV/MW of €1.3m** and signed a MoU with CTG for ENEOP
- **Reduced avg. Net Debt by 6% YoY** and reached Net Debt/EBITDA of 3.5x

...hindered by retroactive changes in Spanish regulation, impacting €71m EDPR's EBITDA



Law 15/2012
in place since Jan-13
RDL 2/2013
in place for Jan/Jul-13
RDL 9/2013
pending secondary legislation

Resilient company...

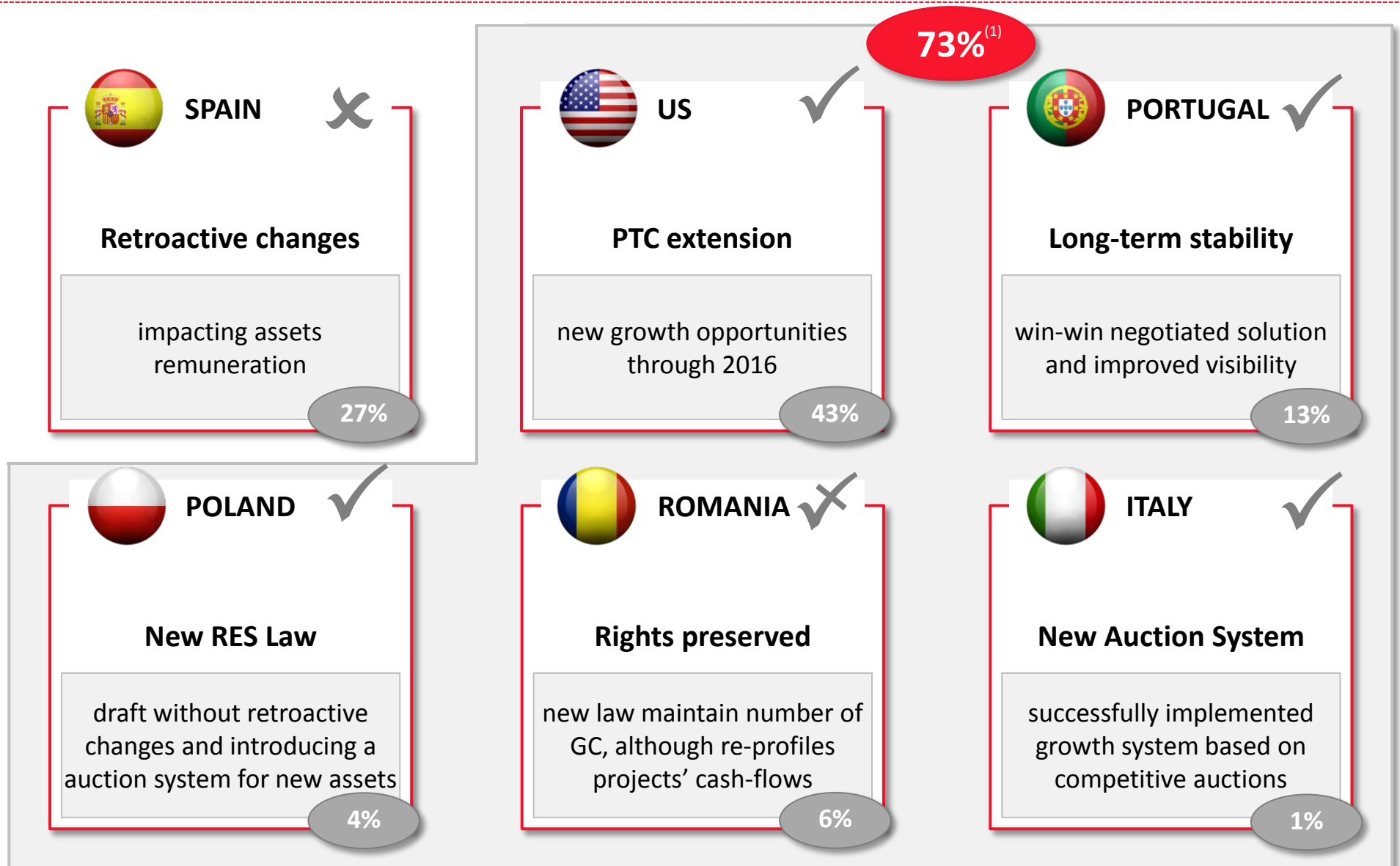
Above sector load factors

Younger assets

Diversified portfolio

...presenting financial growth under unprecedented regulatory environment

In spite of Spain, EDPR's diversified and flexible portfolio benefited from supportive regulations



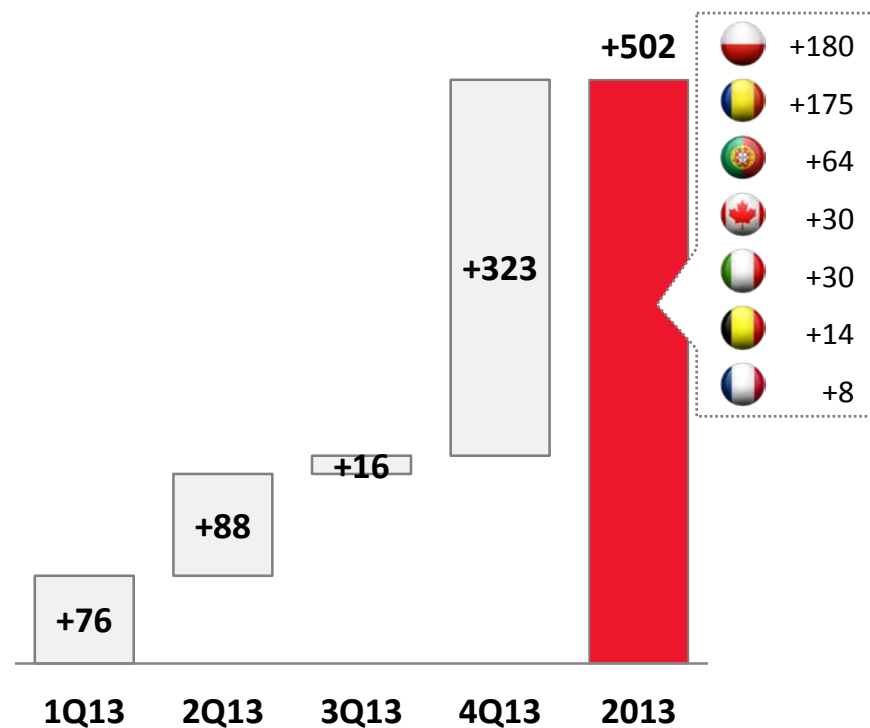
 Share of EDPR installed capacity



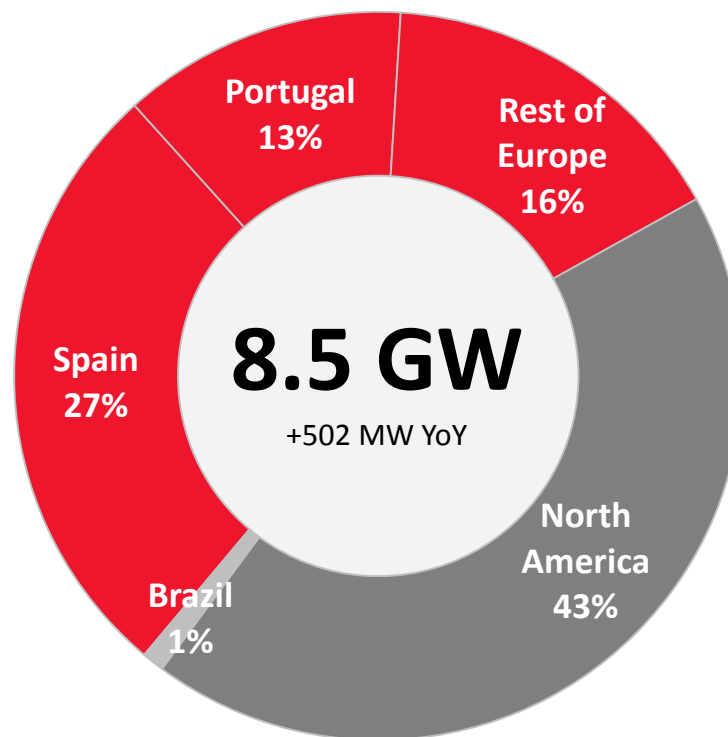
2013 Operational and Financial Performance

EDPR delivered on its growth target, installing 500 MW in 2013

2013 Capacity Additions (MW)







Installed Capacity (MW)



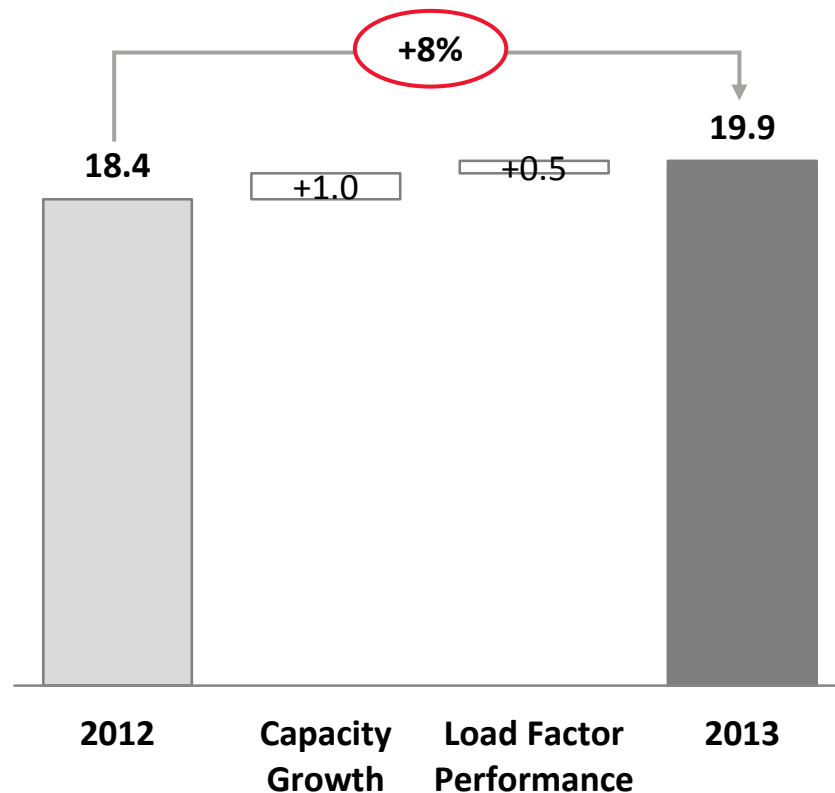
EDPR has a global portfolio of 8.5 GW spread across 10 countries

Record load factor of 30% confirms assets' premium performance

Load Factor and Technical Availability

	2012	2013	2013 vs. average
	26%	28%	106%
	33%	32%	100%
	31%	31%	91%
	29%	30%	103%
EDPR Technical Availability	97.5%	97.7%	

Electricity Production (TWh)



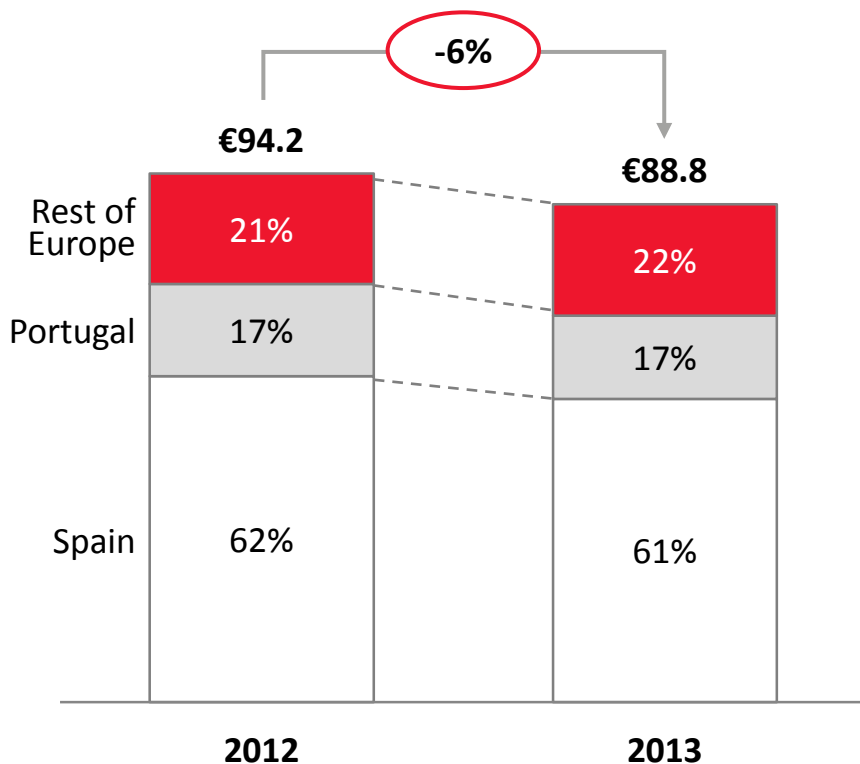
European output accounted for 48% of 2013 electricity production vs. 45% in 2012

EU: price performance hampered by Spanish regulatory changes



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EU Price and Production breakdown evolution
(€/MWh, % reflects relative weight of production)



Price Evolution by Market

	2013	Δ% YoY	
Rest of Europe	€104.8	-2%	<ul style="list-style-type: none"> • Lower prices in Romania and Poland • Stable prices in France and Belgium
Portugal	€99.3	-3%	<ul style="list-style-type: none"> • Higher revenues YoY • Price is negatively correlated with working hours (+production; -price)
Spain	€80.0	-9%	<ul style="list-style-type: none"> • Due to cumulative regulatory changes in 2013 (includes adjustment on sales of €17m)

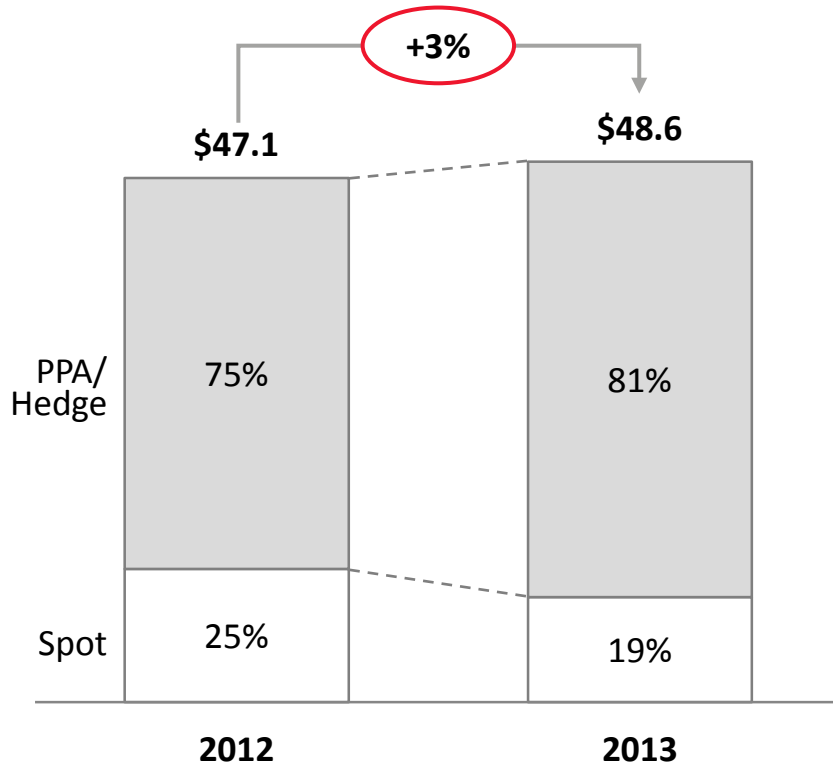
Despite output growth in RoE, Spanish regulatory changes negatively impacted price evolution

US: Higher PPA prices, increased contracted output and a rebound of merchant prices



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US Price and Production breakdown evolution
(\$/MWh, % reflects relative weight of production)



Price Evolution by Type

	2013	Δ% YoY	
PPA/ Hedge	\$52.6	+2%	<ul style="list-style-type: none"> Price updated according to fixed escalators Benefiting from new PPAs
Spot	\$31.9	+2%	<ul style="list-style-type: none"> Gas price (<i>spot</i>) improved 36% YoY to \$3.8/MMBtu

Improved fundamentals and environment in the US driving the positive trend in prices

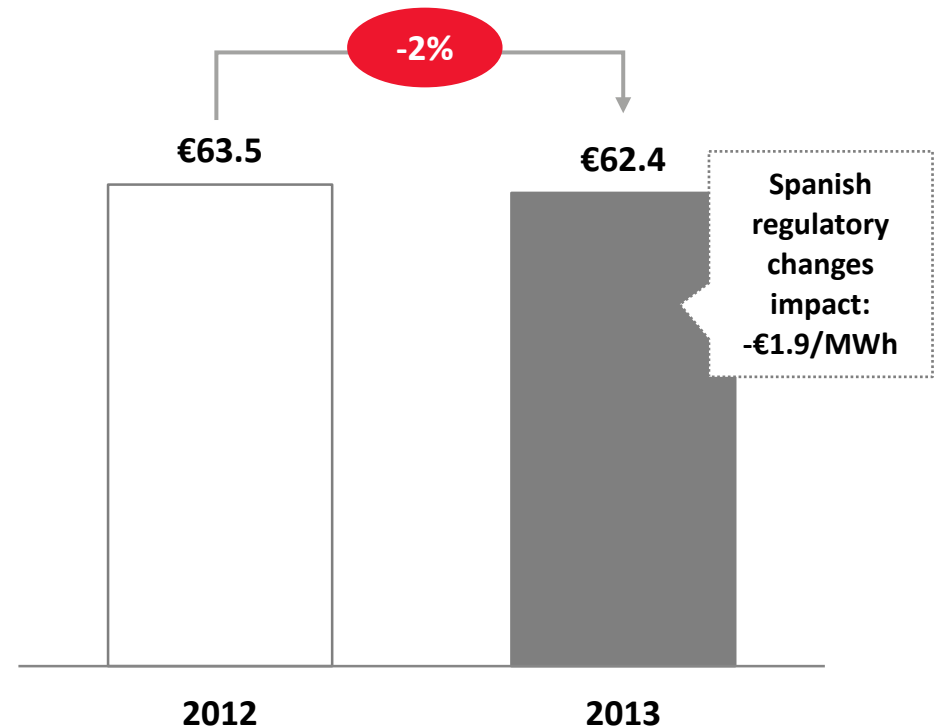
Selling price decreased 2% YoY to €62/MWh due to lower realised price in Europe



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	2013	△% YoY	
EU	€88.7	-6%	Lower prices in Spain following applicable regulatory changes
US	\$48.6	+3%	Benefiting from higher PPA output and a rebound of merchant prices
BR	R\$309	+8%	Inflation + working hours adjustment

EDPR Price Evolution (€/MWh)



Higher prices in US and Brazil and higher output in Europe mitigated the impact from Spanish regulatory changes

Revenues increased 6% YoY to €1,356m...



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Main drivers for Revenues performance

Quality assets: +502 MW YoY

Top-notch load factor: 30%

High availability: 97.7%

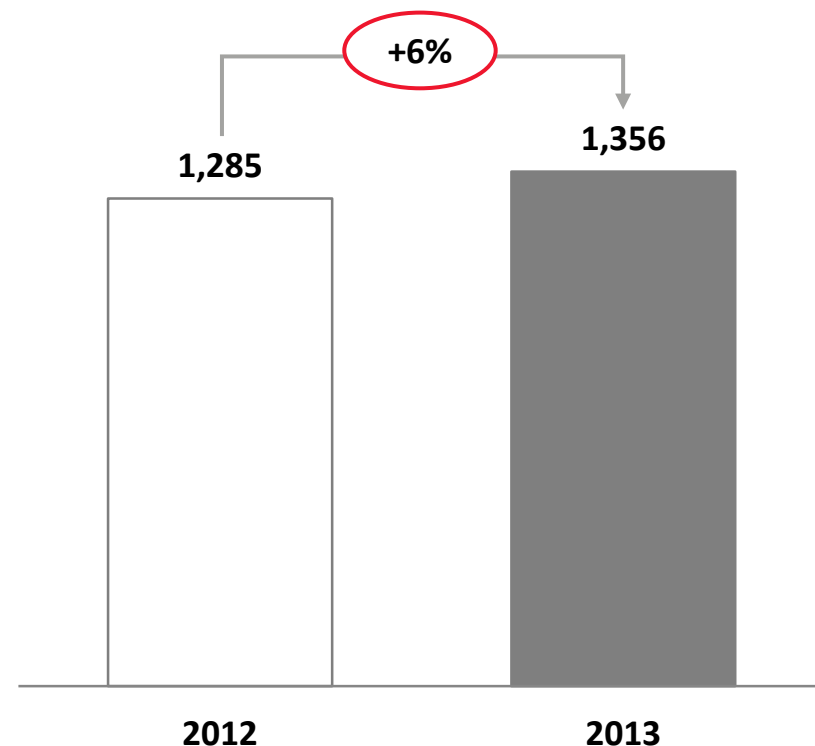
Solid electricity output: +8% YoY

EU +15%; US +2%; BR -1%

Lower average selling price: -2% YoY

EU -6%; US +3%; BR +8%

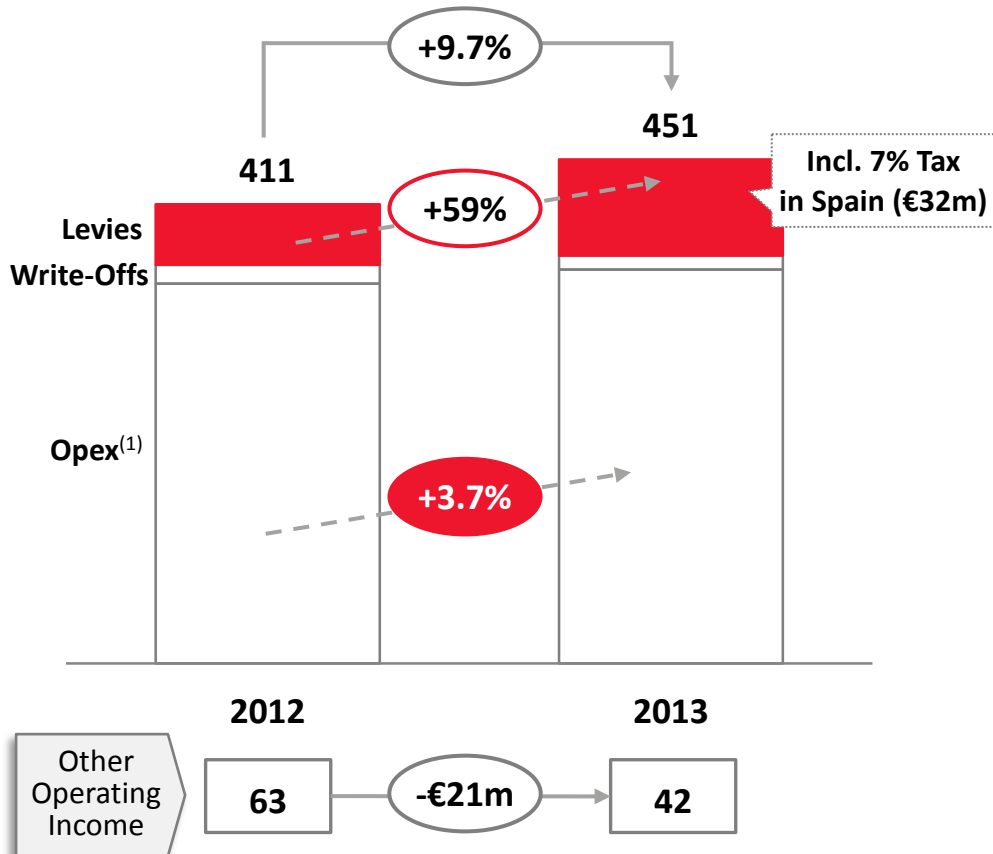
Revenues (€ million)



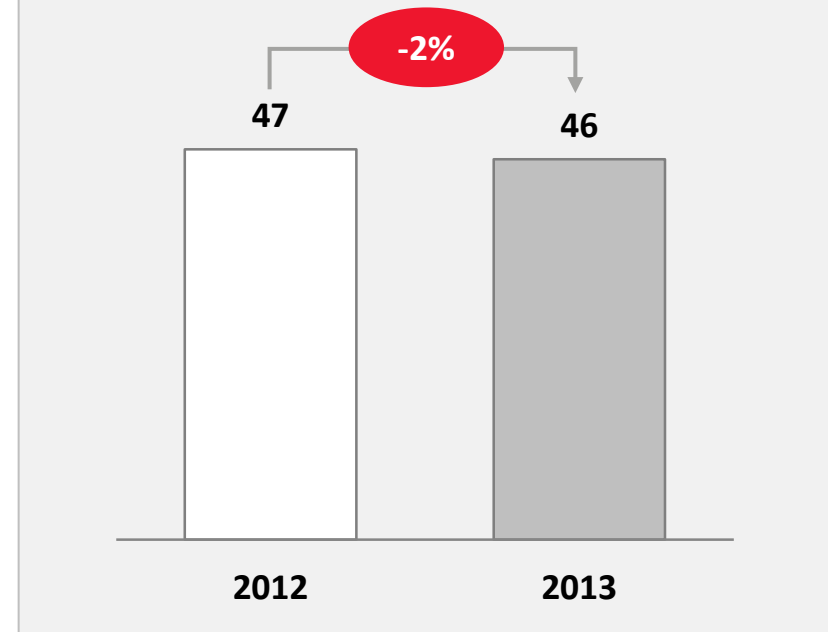
... mostly on the back of a solid output growth

Operating costs impacted by increase in levies, mainly due to the new 7% tax in Spain

Opex (excluding Other Operating Income) (€ million)



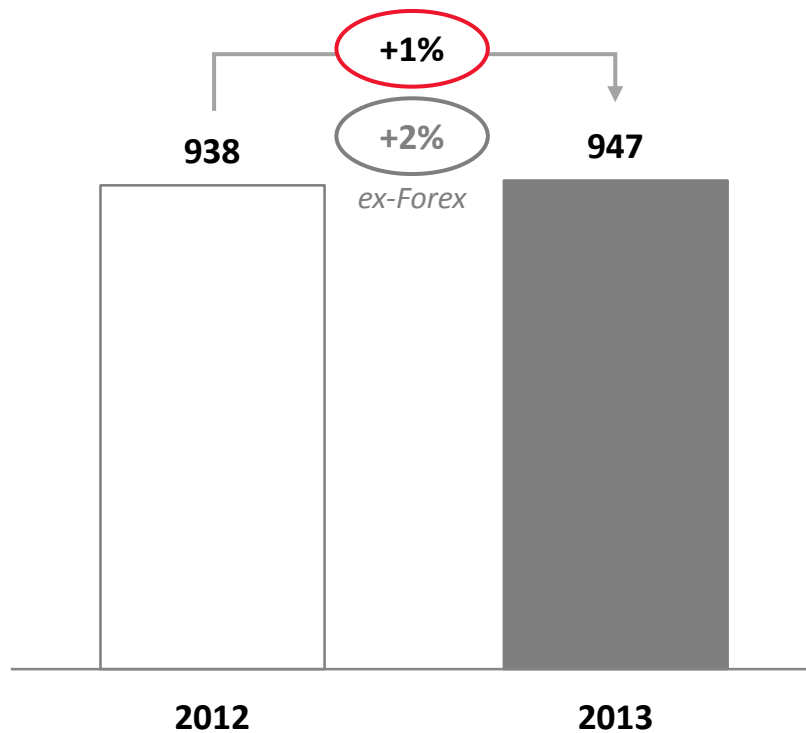
Opex/MW (ex-Levies & write-offs) (€k)



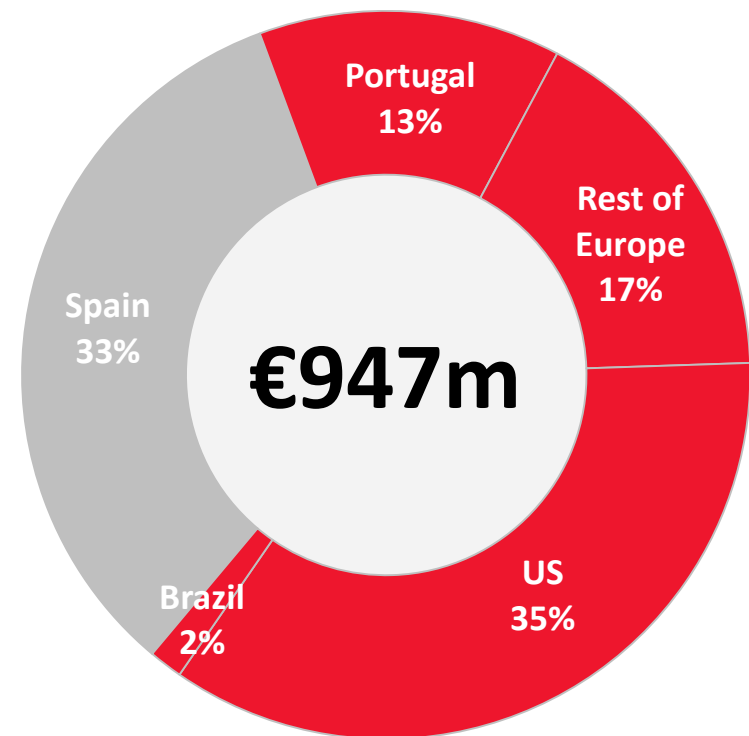
Ongoing focus on efficiency and control over Opex

Resilient EBITDA increased 1%, with performance hampered by regulatory changes in Spain

EBITDA
(€ million)



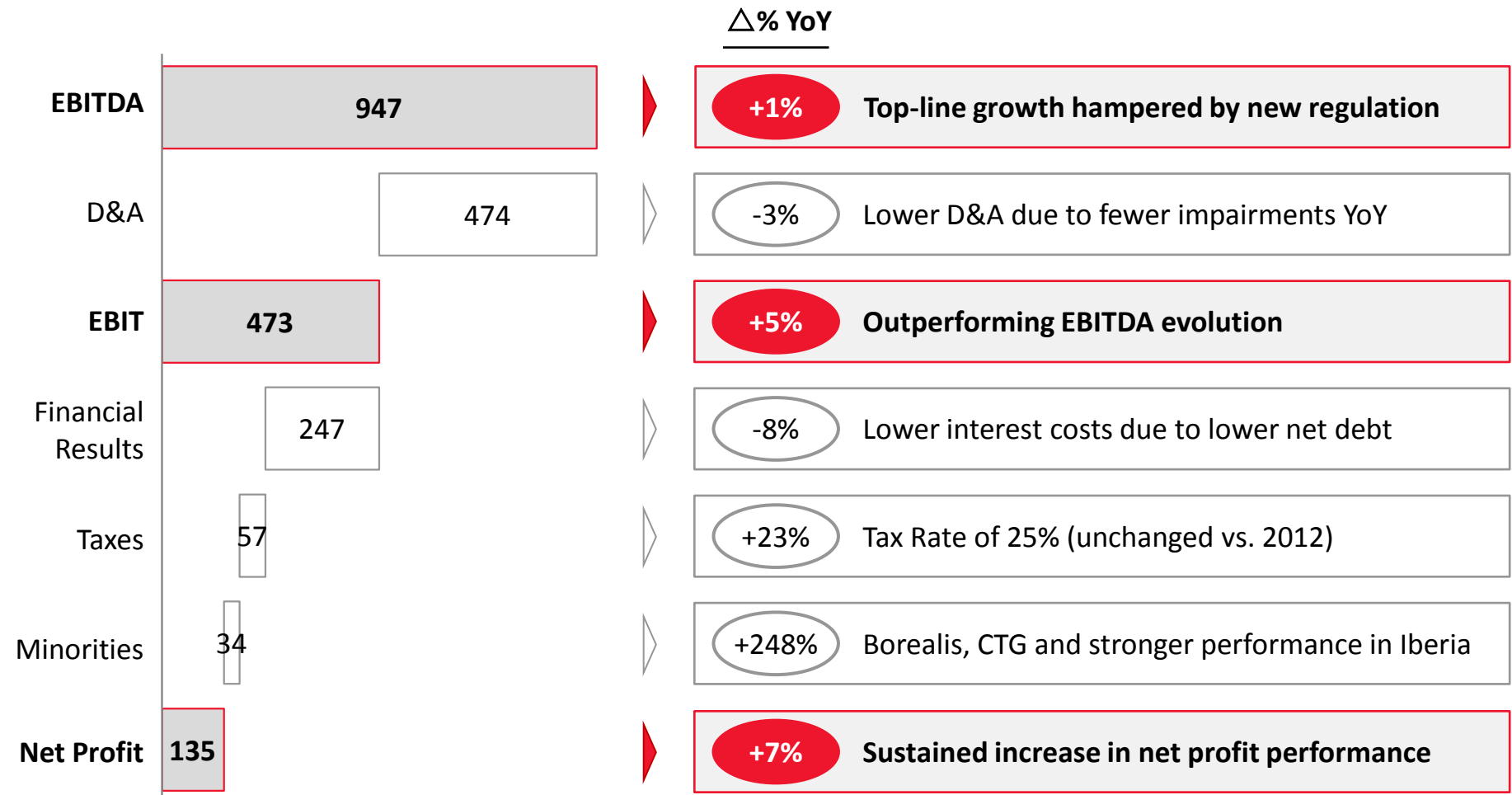
EBITDA per Business Platform
(%)



Diversified portfolio with 67% of EBITDA generated outside of Spain

EDPR resilient and low-risk business model outweighs challenging regulatory environment

EBITDA to Net Profit (€ million)



EDPR will start to apply IFRS11 from Jan-14



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In 2013 EDPR proportionally consolidated assets in the US and in Spain from 50/50 partnerships

Spain

116 MW

US

161 MW

2013 Electricity
Production

716 GWh

**IFRS11 implementation has
no impact in Net Profit**

EDPR P&L 2013 (€ million, highlights)

	<u>2013 reported</u>	<u>2013 IFRS 11</u>	<u>Δ €m</u>
Revenues	1,356	1,315	-40
EBITDA	947	921	-27
EBIT	473	473	-
EBT	226	225	-1
Net Profit	135	135	-

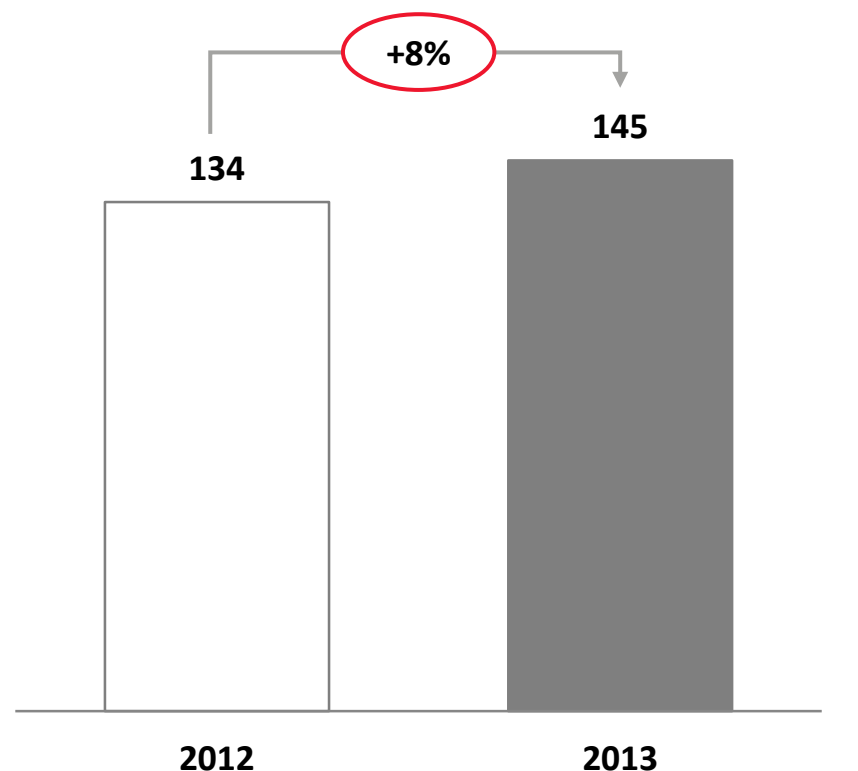
Adjusted Net Profit increased 8% YoY to €145m



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(€ million)	2012	2013	
Reported Net Profit	126.3	135.1	+7%
One-off gains ⁽¹⁾	(33.8)	(12.8)	
Write-offs/ impairments	+44.5	+22.6	
Forex losses (gains) & Forex derivatives	(4.0)	+5.4	
Provisions & other adjustments	+1.2	(5.2)	
Adjusted Net Profit	134.2	145.2	+8%

Adjusted Net Profit
(€ million)



Sustained bottom-line growth reflecting higher profitability

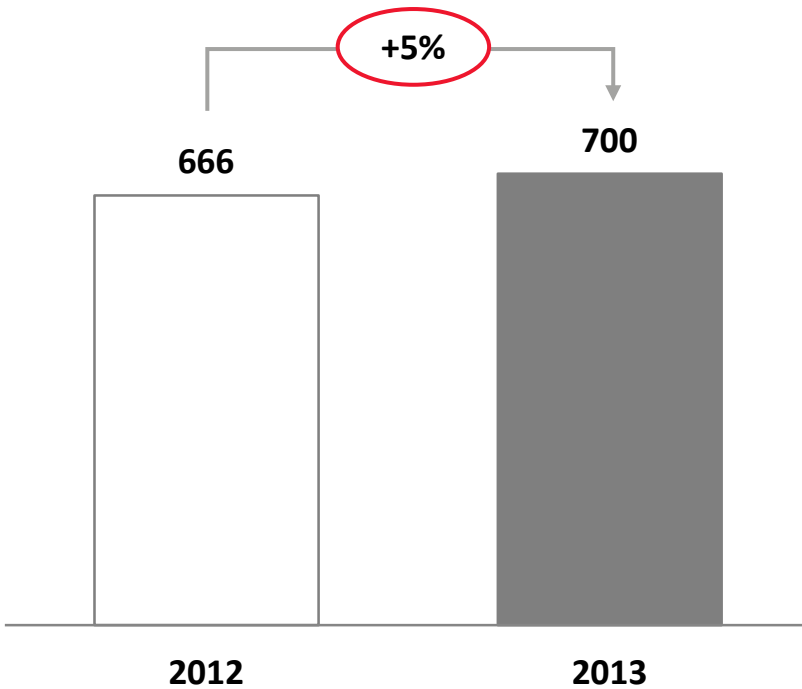
Notes: (1) Assets' revaluation and contracts' restructuring in the US.

Operating Cash-Flow 5% higher YoY...

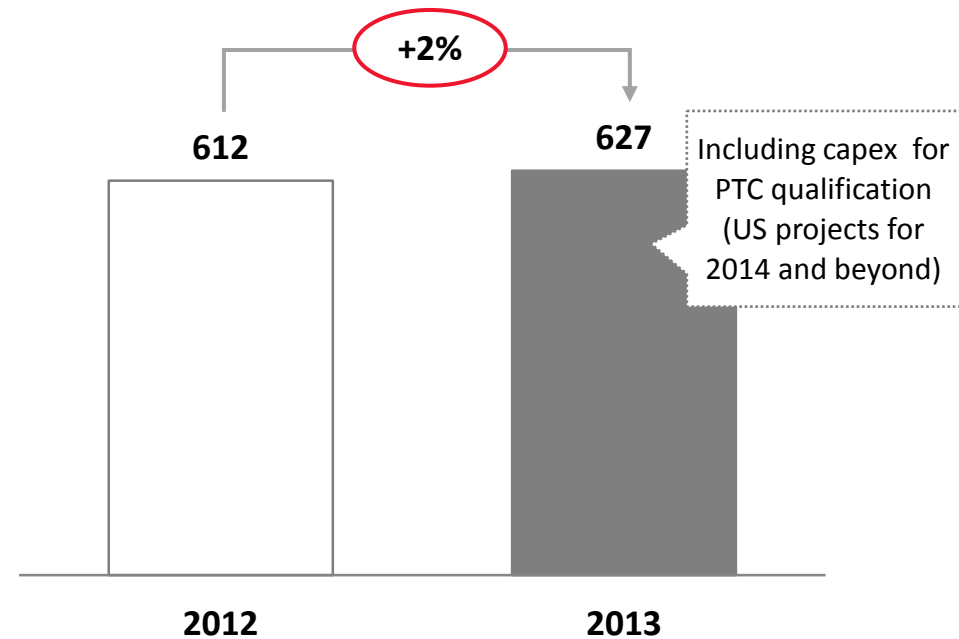


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Operating Cash-Flow
(€m)



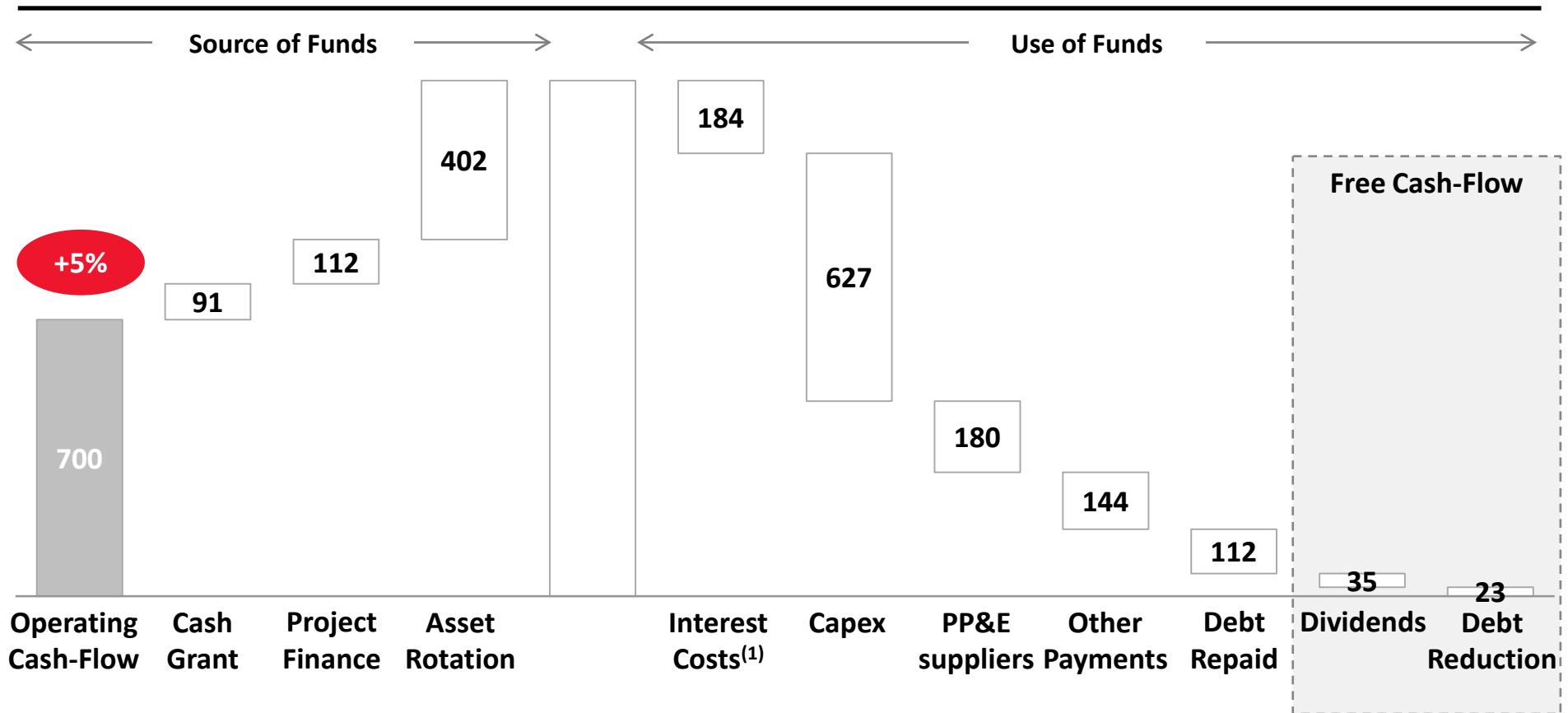
Capex
(€m)



...more than covering the period Capex

Diversified sources of funds aligned with EDP's strategy of a self-funding business model

2013: Source and Use of Funds
(€ million)



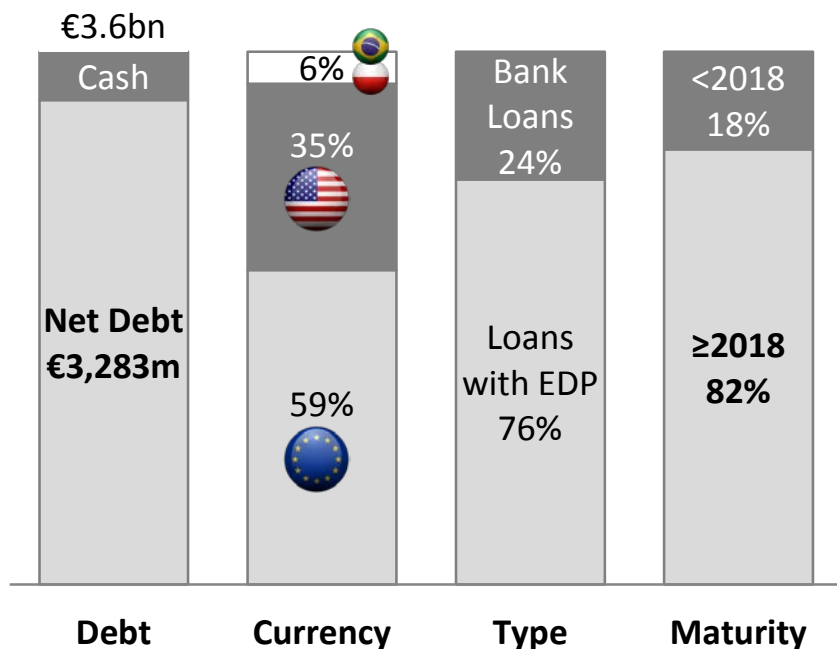
Asset Rotation and alternative funding sources as enablers of value added growth program

Self-funding model allowing on-going solid credit metrics to cope with growth strategy



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2013 Debt Breakdown (%)



2013 Debt Metrics

Net Financial Debt

€3,283m
Avg. €3,298m (-6% YoY)

Cost of Debt

5.2%
stable YoY

Net Interest Costs

€200m
-3% YoY

Net Debt/EBITDA

3.5x



Outlook and Growth

Spanish regulation clarified. Distinctive strategy supported by clear value drivers

Quality assets delivering increased profitability

Initiatives to deliver excellence of key operating metrics

Premium load factor

- Keeping availability >97.5%
- Installing power-enhancing retrofits to boost annual production

Higher efficiency

- Unitary Adj. Opex/avg. MW evolution <0%
- Insourcing critical O&M activities: increase #WF with M3 proprietary model

Selective and profitable growth

Deliver projects with sound profitability under LT contracts

Low risk

- Growth based on projects with long-term contracts
- PPAs or Auctions as the preferred choices

Visibility 3 years ahead

- US 980 MW
- Brazil 236 MW (incl. 2017)
- Portugal (Eneop) 80 MW
- Italy 30 MW
- Other 60 MW

Self-funding business model

Execute asset rotation strategy to maximize value growth

Free cash-flow “neutral”

- Increasing operating cash-flow and...
- ...asset rotation program fully covering funding needs

Valuation upside

- Crystallising value through accretive asset rotation deals
- EDPR IRRs > Buyers IRRs
- Benchmark for stock market

2014: expected output growth reflects normalised wind resource...

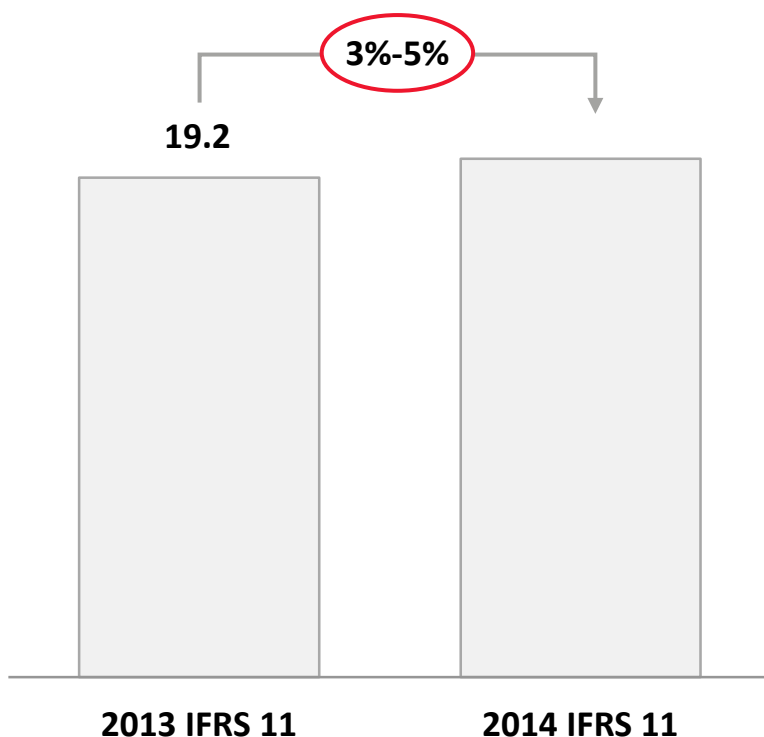


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Electricity Output Growth (TWh; based on P50 scenario)

2013 Price (per MWh)

2014 Price Outlook (based on P50 scenario)

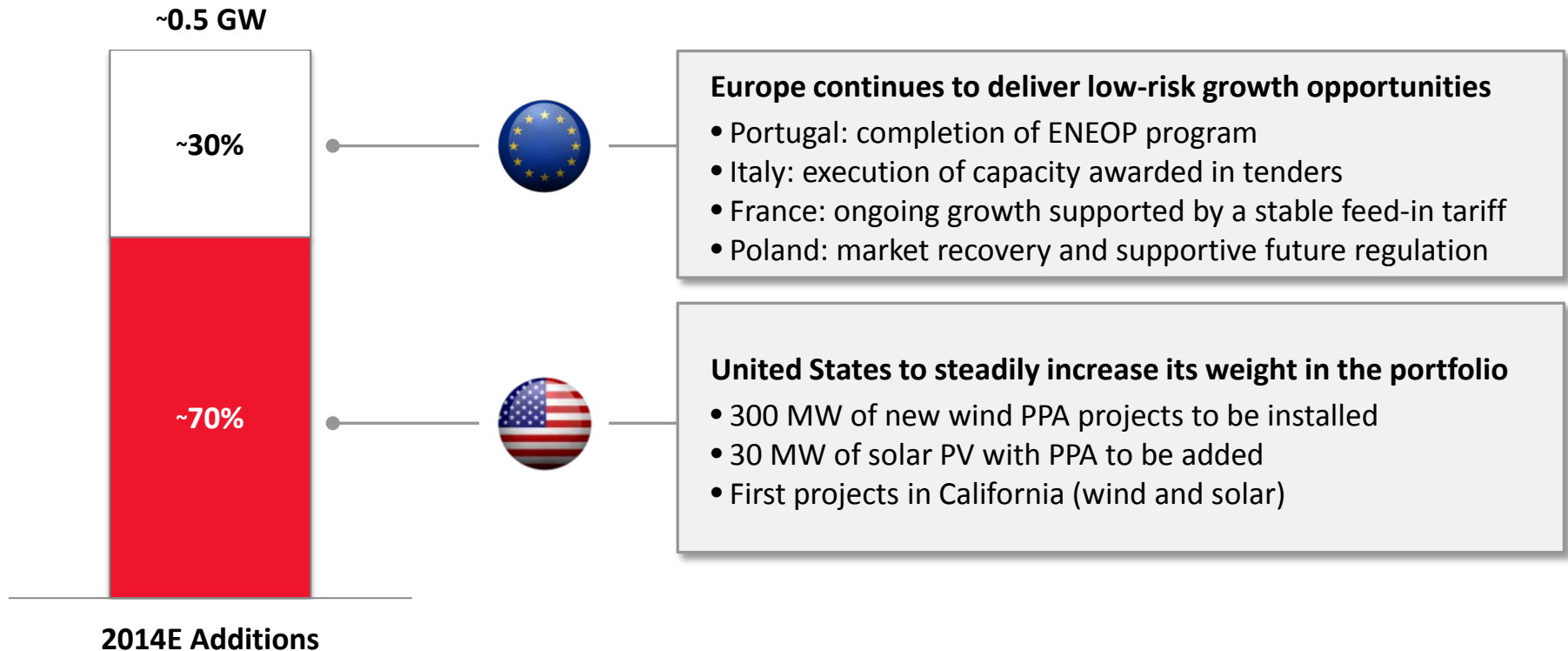


€99		↑	CPI adjustment
€105		→	Higher weight of Poland and Romania (prices slightly recovering in 1Q14)
€80		↓	Changes to renewable assets remuneration framework impacting 2014 full-year: RDL 9/2013 expected to have -€36m⁽¹⁾ impact
\$49		↑	Fixed escalators on current PPA and on-going recovery of merchant and REC prices

...and average price hampered by the impact of regulatory changes in Spanish

2014: selective growth plan based on the execution of projects with PPA signed in the US

2014E: Capacity Additions (MW)



**US as the cornerstone of EDPR's growth plan
following PTC extension in early 2013 and strength of wind energy fundamentals**

In the US, the existing demand for wind energy PPAs is driven by different dynamics

Wind competes for PPAs mainly in two different segments

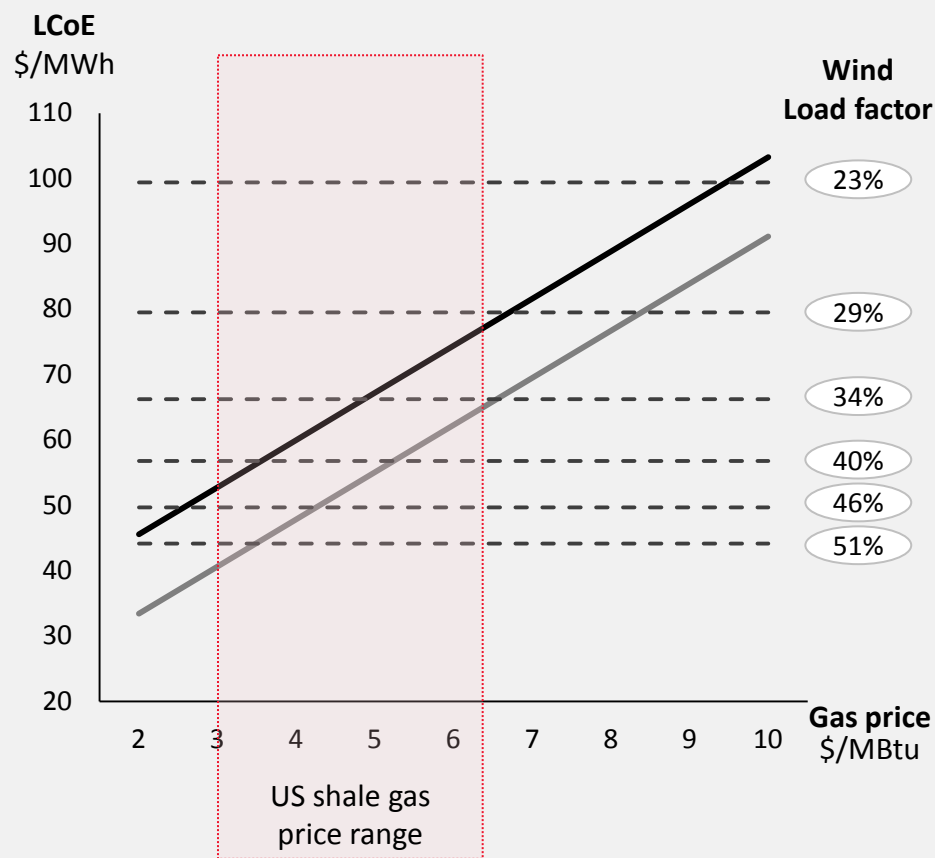
1 RPS demand for new renewable builds

- Several States need to comply with renewable quotas
- Market is based on REC systems and long-term PPA

2 Demand for new energy

- Utilities need new long-term supply contracts
- In the windiest regions, wind and solar costs can beat the price of a new CCGT

Wind vs CCGT: Levelised Cost of Energy



— CCGT load factor @ 40%
— CCGT load factor @ 70%

Based on competitive advantages EDPR was able to capture market opportunities...



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Quality ready-to-build pipeline

Strong in-house wind energy assessment knowledge

Focus on markets and regions with solid fundamentals

Sourcing strategy as a critical element of competitiveness on PPA negotiations

Origination team with extensive expertise and deep knowledge of the different markets

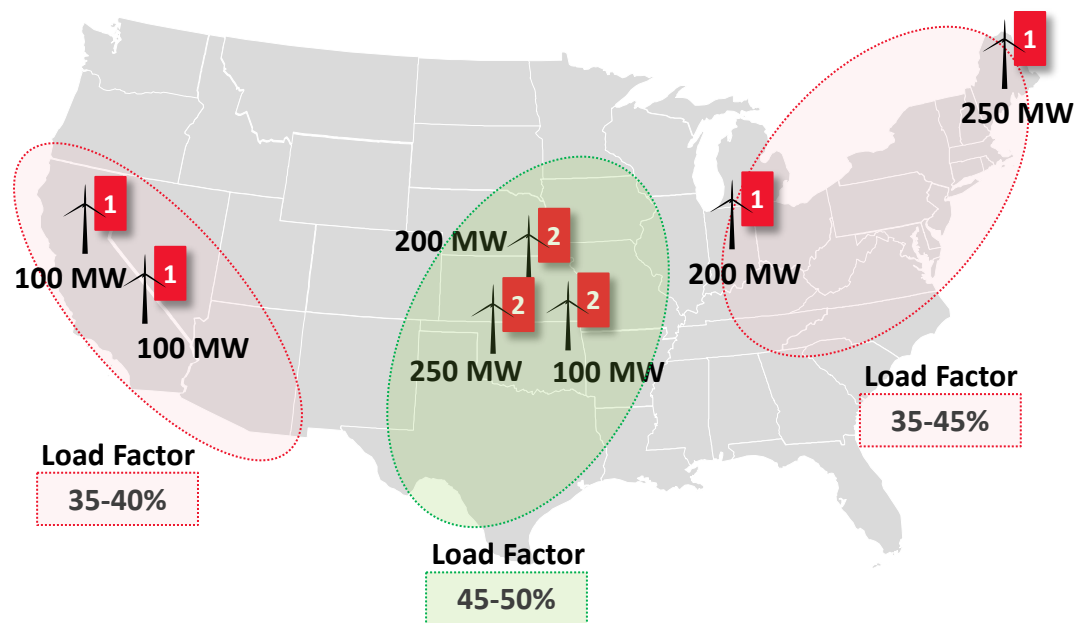
EDPR new wind PPAs secured since 1Q13

1

RPS demand

2

Competitiveness



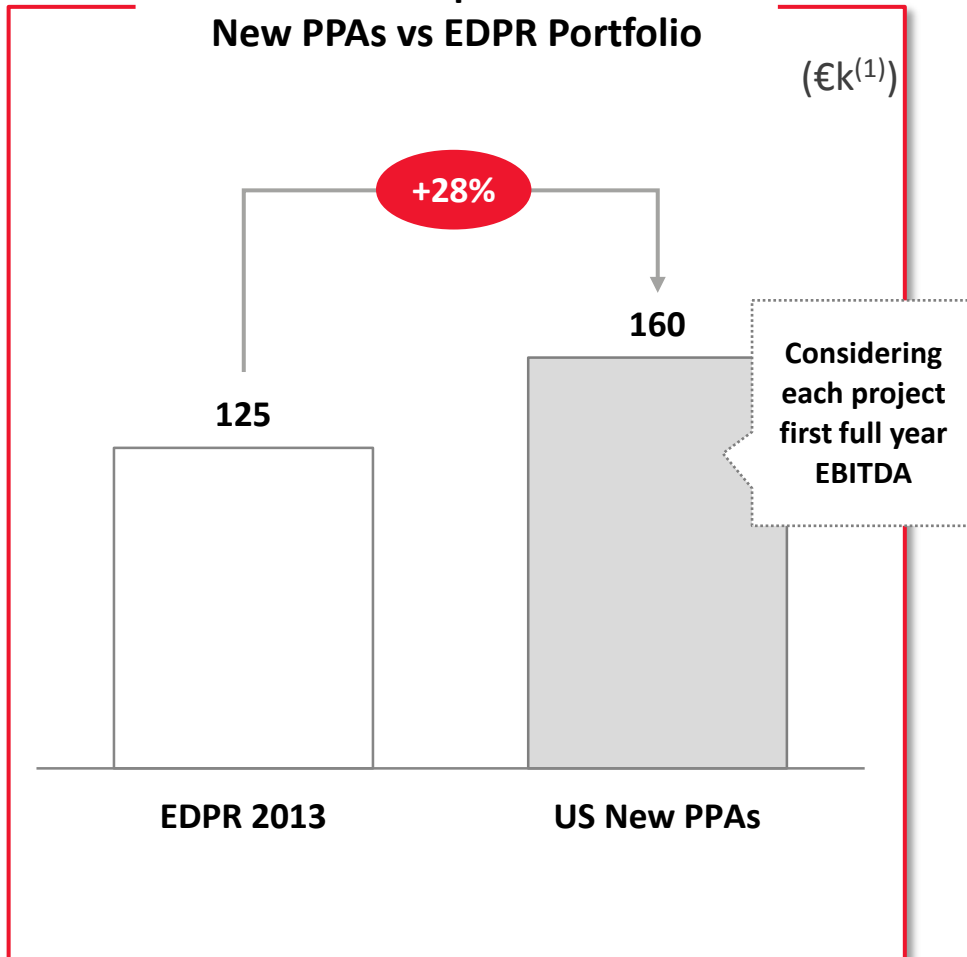
...securing 1,200 MW of PPAs over the last 12 months

Strong profitability of new projects and improving portfolio risk profile

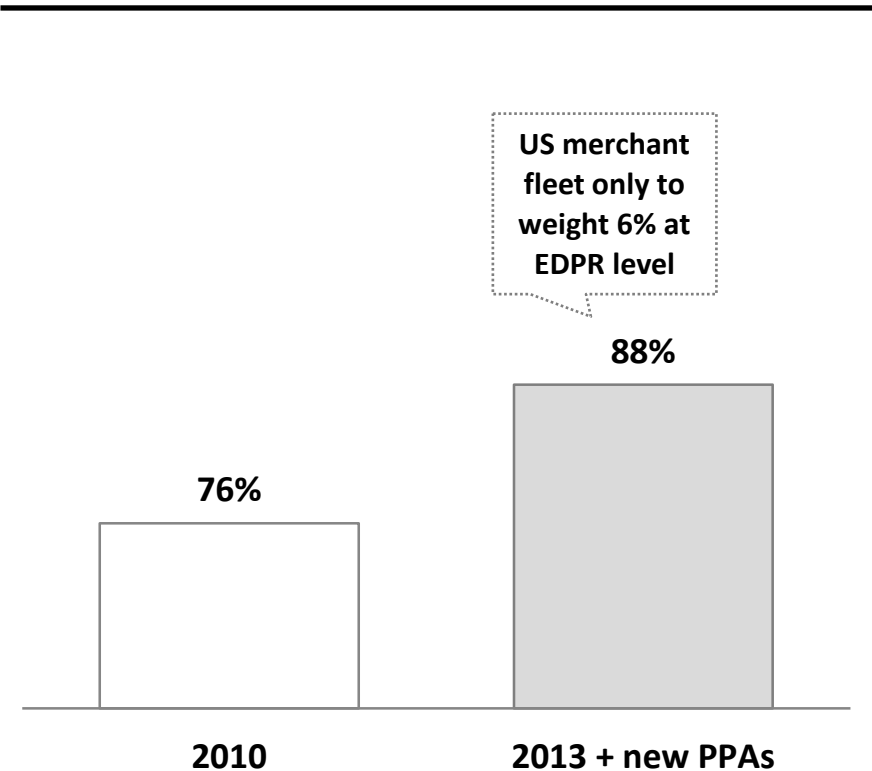


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EBITDA per MW New PPAs vs EDPR Portfolio



% of US fleet under long-term contracts (%)



EDPR is securing PPAs for 2014-16 projects at attractive returns

Notes: (1) Considering an average 1.35 USD/EUR exchange rate

Growth based on low risk and high profitable assets to be leveraged by on-going asset rotation

High quality portfolio
(with predictable cash-flows)





Conclusions



Solid execution in 2013 showing resilience in a challenging environment



Spain cumulative regulatory changes significantly impacting financial performance



Excellence in operations at the core of EDPR to provide competitive edge



Highest visibility ever on profitable and low risk growth for the medium-term



A unique asset rotation program to support growth and bring valuation upside



Annex: Spanish Regulation

RDL9/2013 scheme based on standards introduces significant changes in wind remuneration...



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1

Wind energy assets will sell power on the market...

Production x Pool Price

Pool price with caps and floors

Compensation mechanism to encompass deviations from base case (€49/MWh)

2

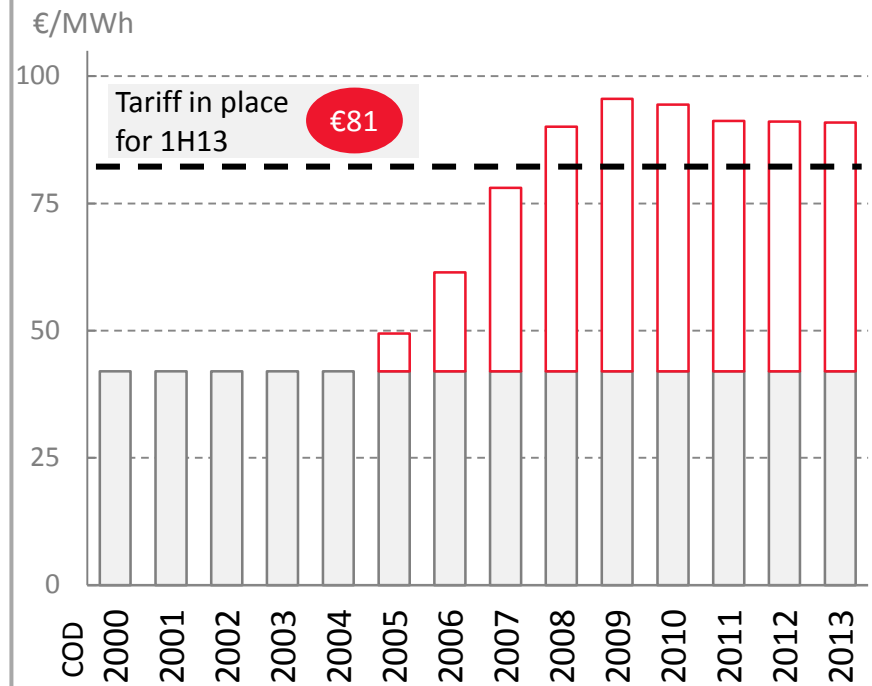
...and receive a complement per MW depending on the COD to achieve standard return⁽¹⁾ of 7.4%...

Complement x Installed Capacity

Complement calculated until completion of the 20-years of regulatory life

3

...setting significantly different equivalent selling prices for 2014⁽²⁾

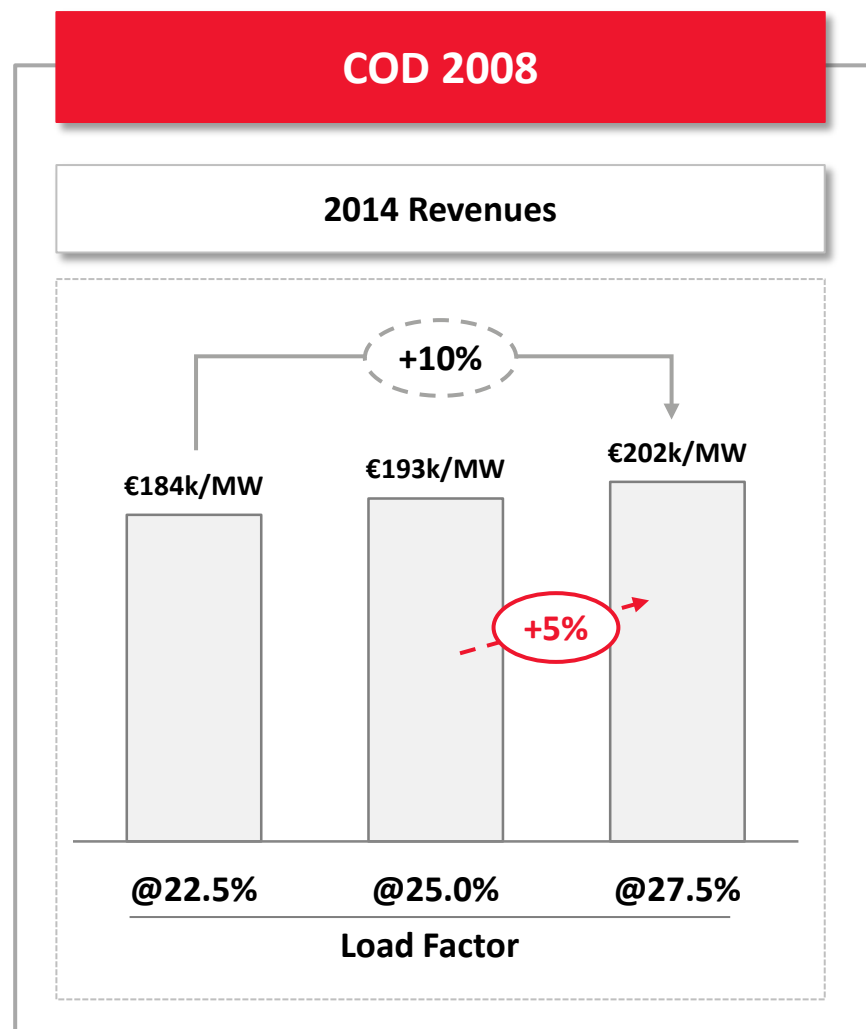
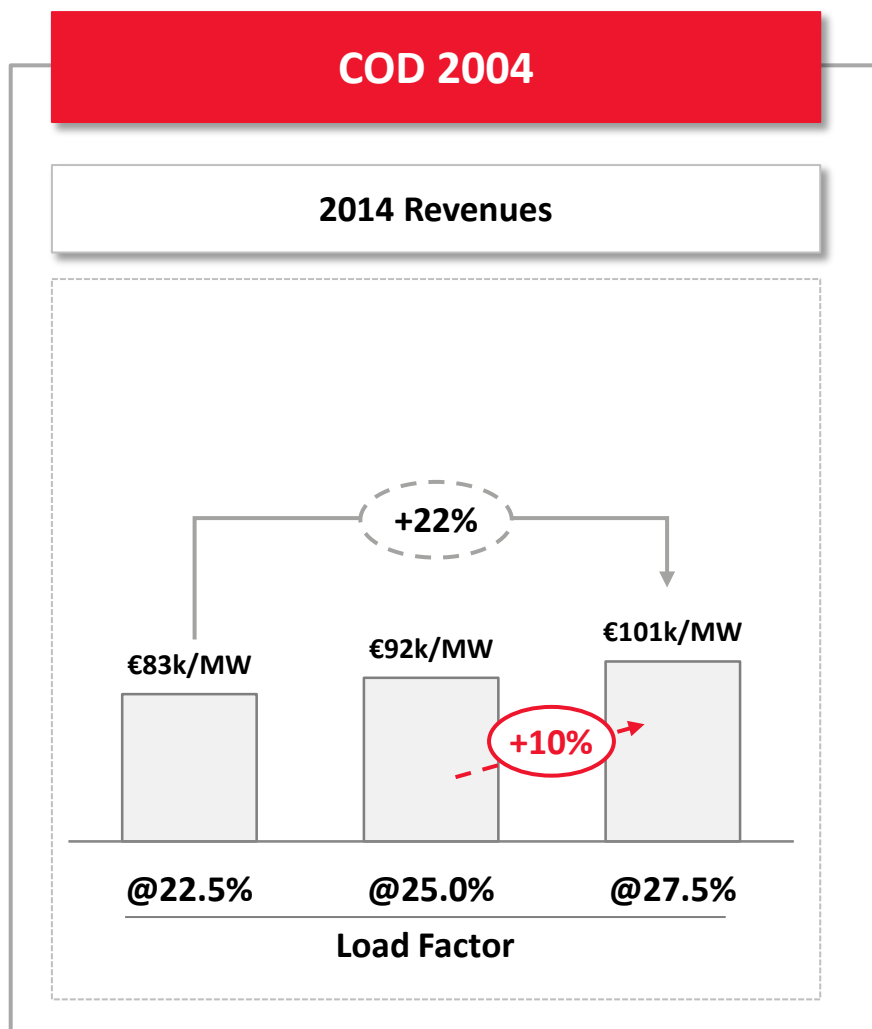


Equivalent selling price based on the standard load factor for each group of assets (COD)

...and keeps the advantage of the younger and most productive wind farms



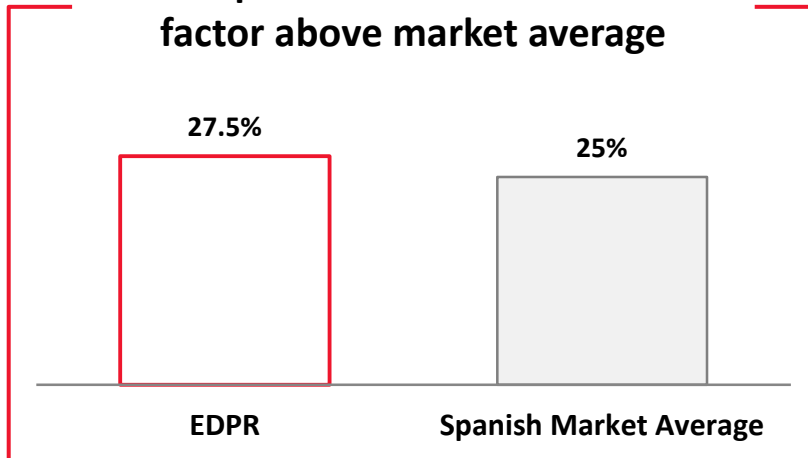
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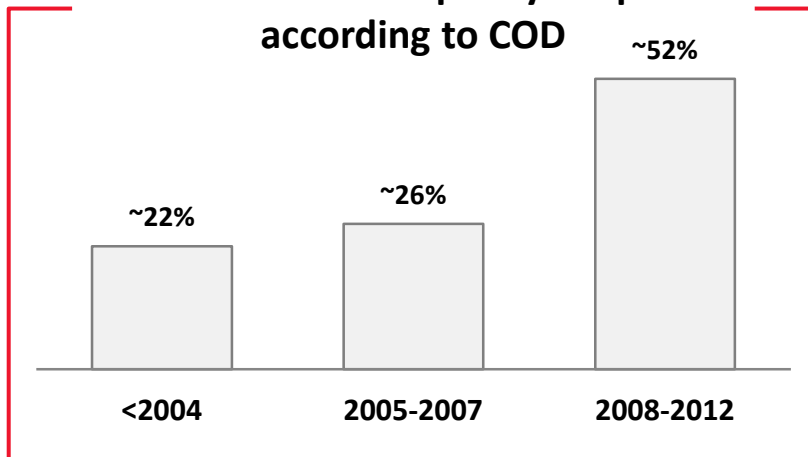
Projects with load factor above average are set to deliver sustainable premium returns

EDPR has competitive advantages that continue to support above average returns

EDPR's Spanish wind farms have load factor above market average



EDPR installed capacity in Spain according to COD



EDPR has one of the most competitive and young wind farm portfolios of the Spanish sector

Remuneration based on complement payment will total €152m in 2014

EDPR set to keep delivering above standard returns



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Next Events

March 10th & 11th – EEI Conference (London)

March 12th & 13th – Citi West Coast Symposium (San Fran.)

March 20th – Santander Conference (Lisbon)



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powered by nature