



EDP Renováveis Investor Presentation

September 2014
www.edpr.com



EDPR: a market leader with a top quality portfolio...



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A worldwide renewable market leader...

Diversified portfolio

10
OPERATING
COUNTRIES

Young assets with long
residual life

5
YEARS AVERAGE
LIFE

Quality asset base

30%
LOAD FACTOR

Solid Cash-Flow
generation

€0.7bn
OPERATING CF

...with a solid 2014-17 strategic plan

Investing in quality projects

>500
MW/YEAR

Growth through projects with
LT contracts already awarded

85%
SIGNED

Increasing efficiency,
reducing OPEX/MW

-2%
CAGR

Increasing Cash Available for
Growth and Distribution

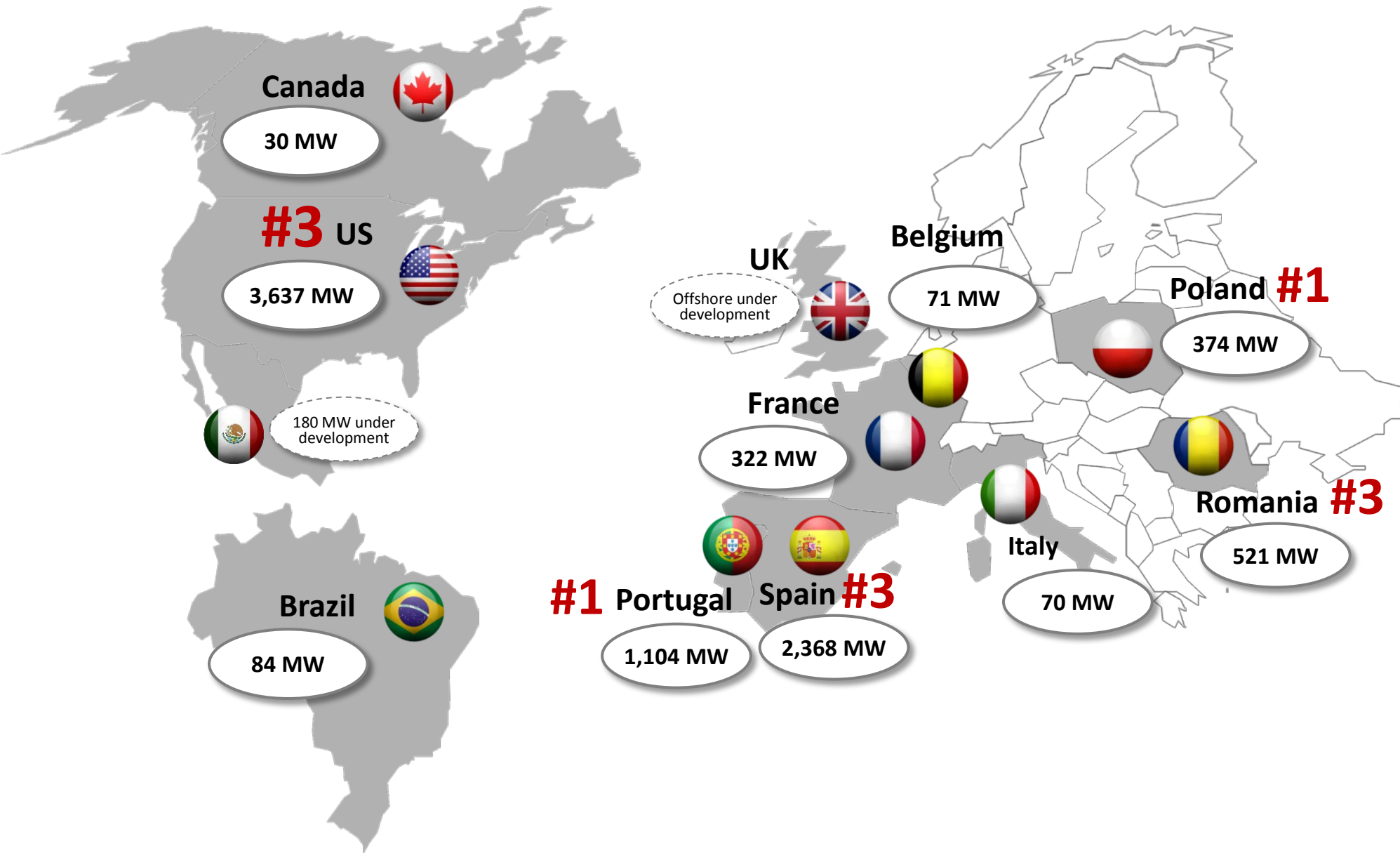
+20%
CAGR

...and visible growth plan based on long term contracts to enable a low risk growth strategy

Today EDPR top quality and diversified portfolio totals 8.6 GW...



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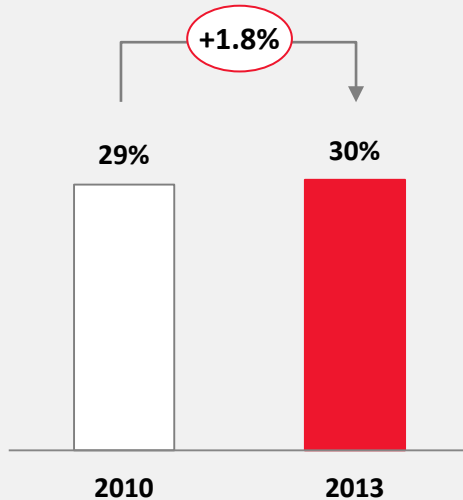
Notes: 1H 2014 Figures; Includes 836 MW of Equity Consolidated MW: 483 MW in Portugal (ENEOP), 174 MW in Spain and 179 MW in US

...with assets developed from key core competencies, managed and operated on standards of excellence...

EDPR has a structural competitive advantage...

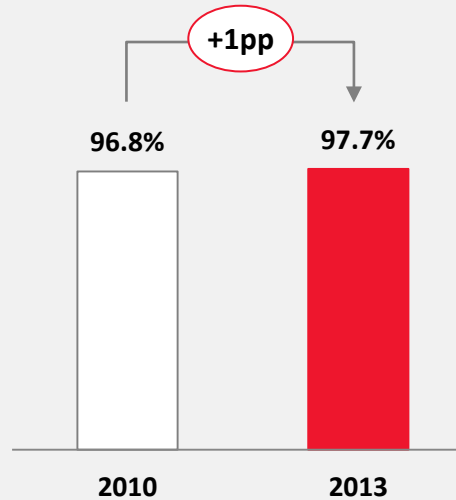
...and is continuously improving key operating metrics

Load Factor (%)



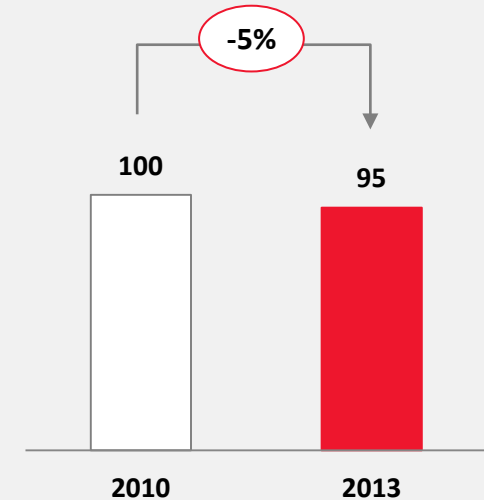
Distinctive know-how and selective approach

Availability (%)



Introduced boost programs to maximize production

OPEX/MW⁽¹⁾ (index, 2010=100)



Strong focus on efficiency and cost control

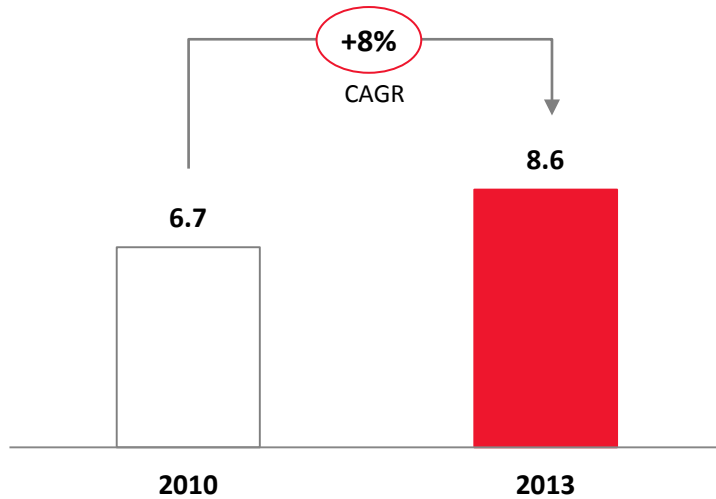
...flawlessly executing a selective growth profile...



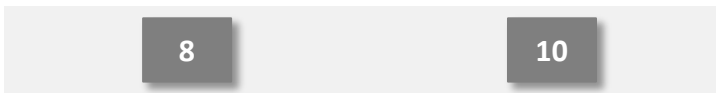
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EDPR achieved strong growth levels...

Installed capacity
(GW)

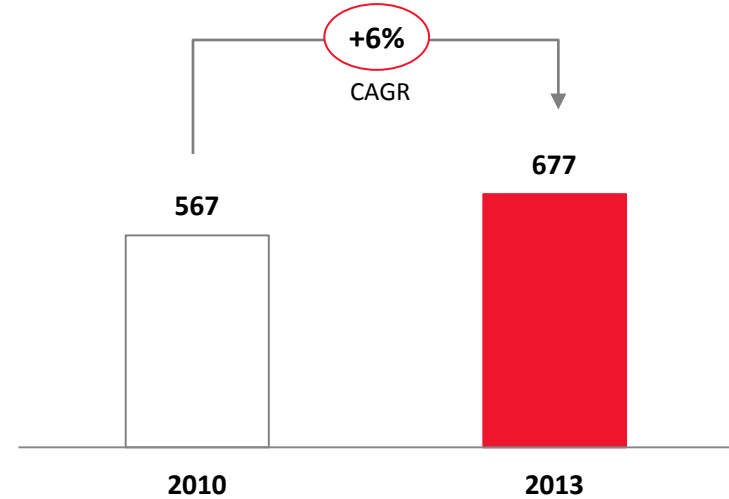


Countries #

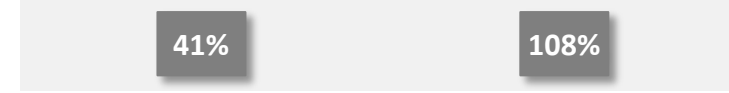


...resulting in a robust cash generation capacity

Operating Cash-Flow
(€m)



OCF/Capex (%)



...and presenting a diversified low risk portfolio based on a solid balance sheet

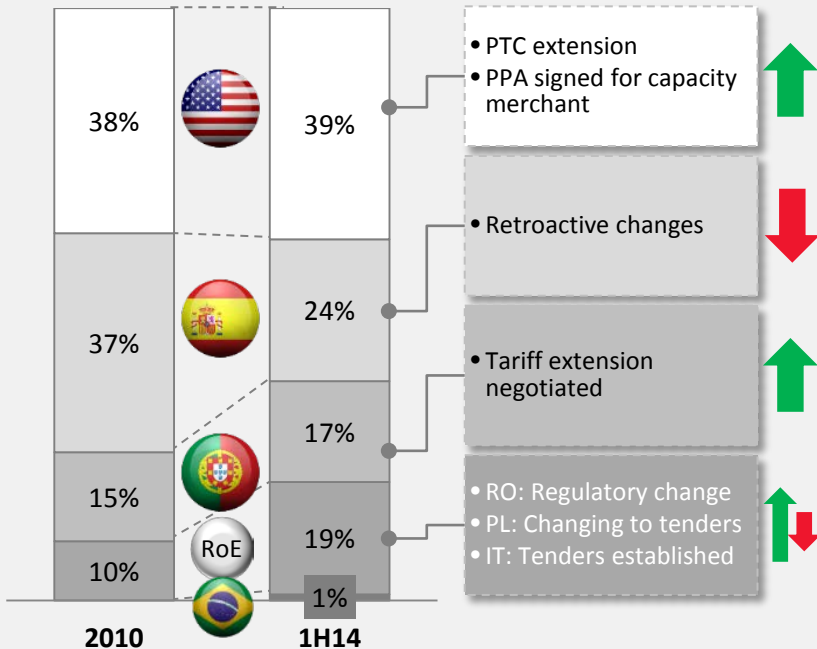


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Well diversified portfolio exposed to different markets...

...with the right funding for a capital intensive industry

EBITDA
(%, €m)



Debt Metrics Overview

1H14 Net Debt

€3.4bn

-5% YoY

Net Debt / EBITDA

3.5x

2013YE

Cost of Debt

5.2%

stable YoY

LT Fixed Debt

88% fixed

84% ≥2018 maturity

Wind onshore is a competitive technology...

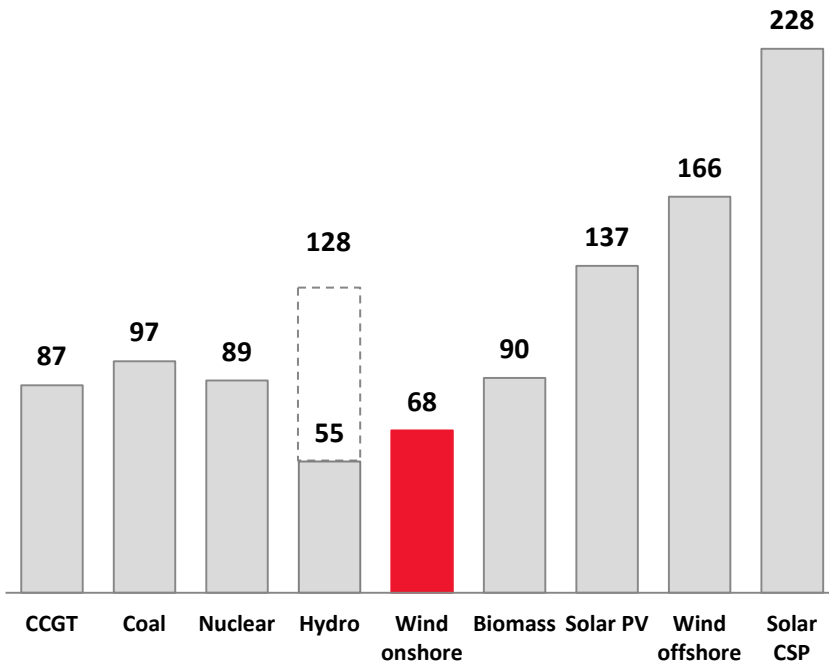


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Wind competes with all technologies...

...requiring predictable revenue streams originated through ex-ante competition (e.g. auctions)

Levelised Cost of Energy (LCoE)
(€/MWh, 2012)



Zero marginal technology
(price taker in marginal markets)

Capital intensive
industry with
long return period

Lowest LCoE is
awarded a LT
PPA

Auction designed
to account for
balancing costs

Demand driven by:
• Regulators defining
capacity for auctions
• **Private entities** aiming to
fulfil consumption needs

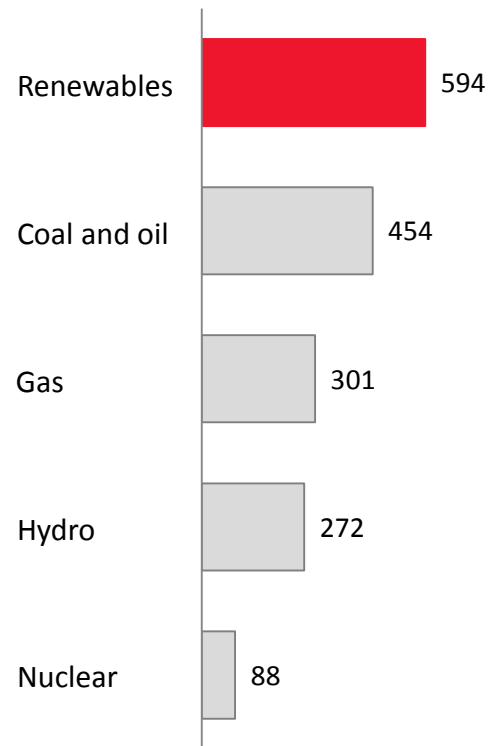
Lower
risk premium
for **predictable**
cash-flow streams

...and perceived by the market as the largest growth driver in renewables...

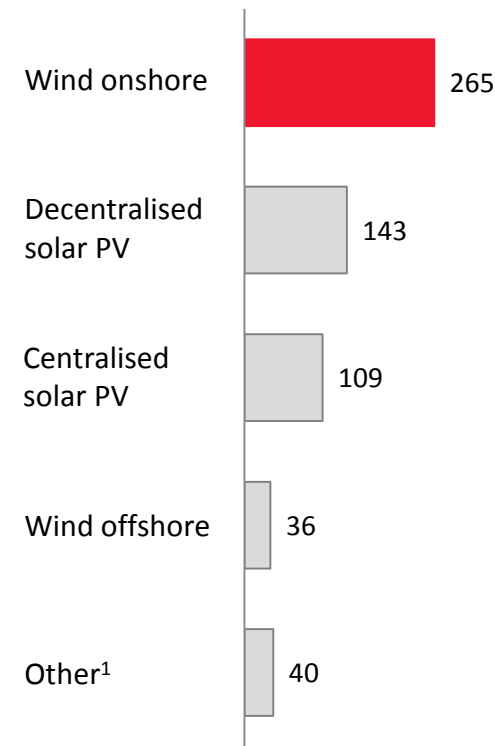


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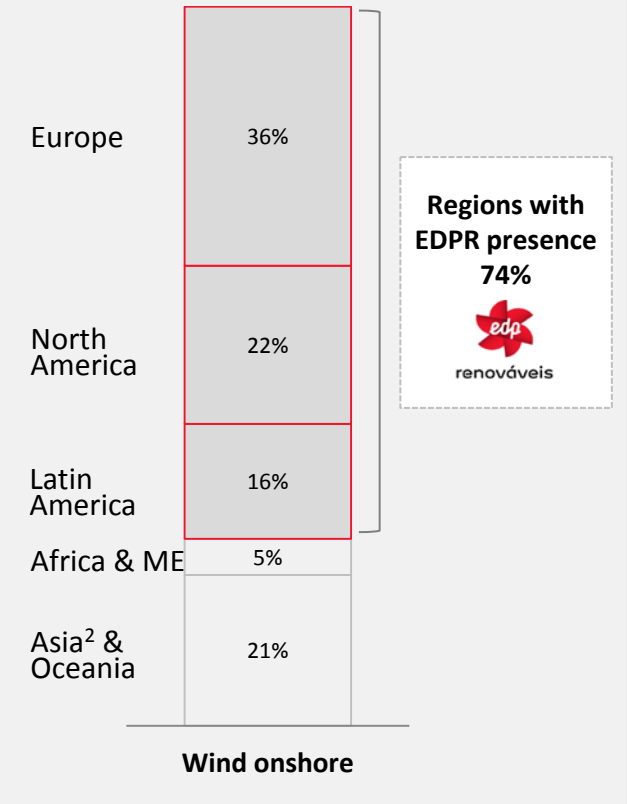
2014-2020 Worldwide Additions (GW)



2014-2020 Renewables Additions (GW)



2014-2020 Wind Onshore Additions (GW, ex-China)



c.3/4 of the growth is expected to come from regions where EDPR is already present

...supporting EDP's medium-term view about sector fundamentals

Medium-term positive prospects in Europe despite short-term challenges

Ongoing demand for wind outside Europe due to its competitiveness

EUROPE

Short-term pressure

Excess installed capacity

Renewables perceived as expensive

Depressed wholesale prices

Medium-term trends

Consensus over decarbonisation

Wind is cost competitive

Market re-design (LT contracts)

US

Coal retirement planned through 2020
42 GW

Existing Wind Demand through 2020

PTC qualification demand ⁽¹⁾
(existing PTC) **+19 GW**

RPS demand
(West + Northeast) **+22 GW**

Non-RPS demand
(wind competitive with gas) **+7 GW**

PTC extension **+14 GW**
(to further increase wind competitiveness)

OTHER MARKETS

Strong electricity demand ⁽²⁾



+ 3.7 %
CAGR 2020



+ 3.5 %
CAGR 2020

Good natural resource
(load factor)



> 40 %



> 40 %

Long-term contracts awarded based on competitive systems (PPA/Auctions)

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



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1. Selective growth

2. Operational excellence

3. Self-funded business

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**

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**

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)

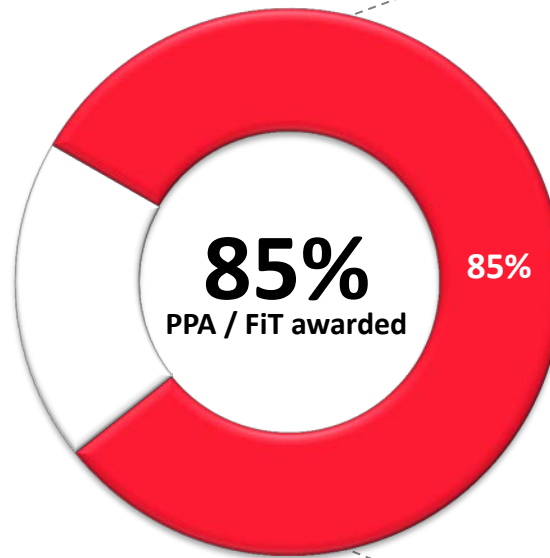
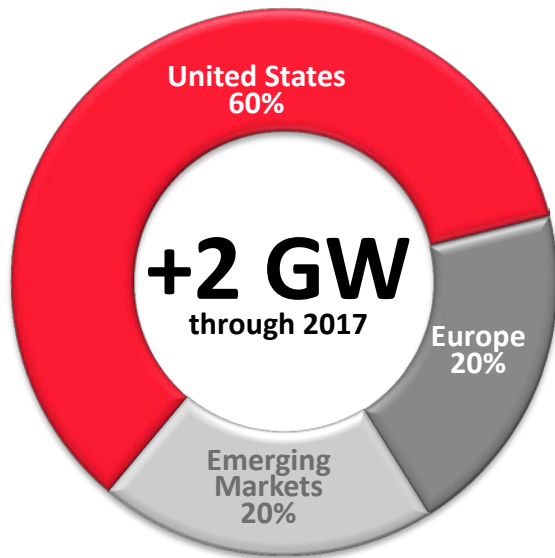
€1.8bn






Visible growth plan based on contracts already signed, low exposure to wholesale prices and regulatory schemes



United States represents 60% of EDPR growth plan...

...with 85% of the new capacity already awarded through competitive auctions (PPA and FiT)



| | |
|---|-----------|
|  | +1,130 MW |
|  | +180 MW |
|  | +236 MW |
|  | +79 MW |
|  | +30 MW |

EDPR high quality pipeline successfully bid and awarded with long term contracts enables a low risk growth strategy

Investments in the US are at the core of EDPR growth strategy with 1,130 MW of new additions already secured

EDPR: #1 in new wind PPA in the US market

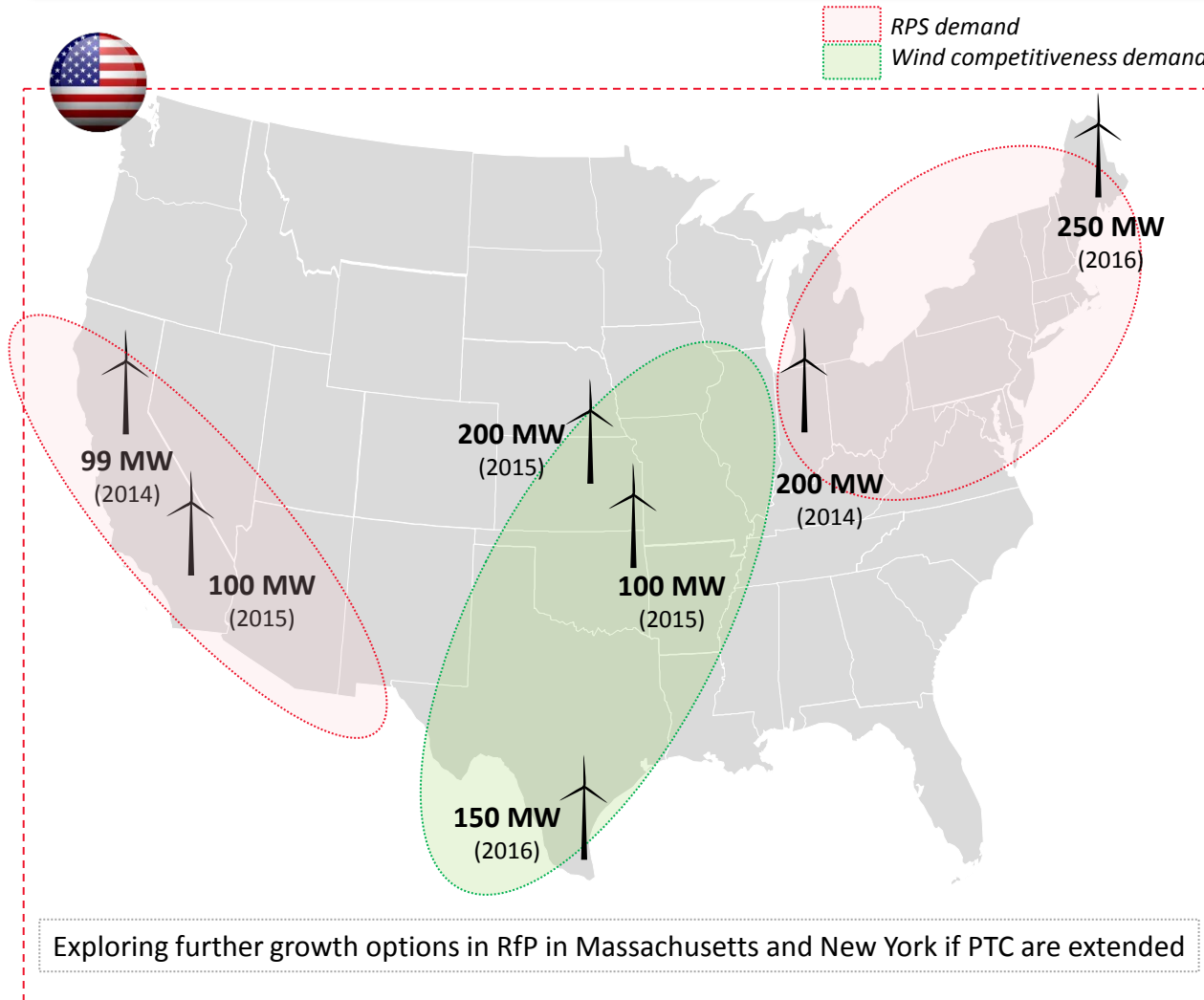
**Economics of PPA
already secured (1.1 GW)**

average metrics

Load Factor 43%

**Price \$48/MWh
(PPA first year)**

Projects' IRR > 10%



European Markets to deliver 0.4 GW of low-risk profitable growth opportunities...

Execution of projects with contracts awards, limiting exposure to wholesale prices



PORTUGAL

Conclusion of ENEOP project

Project awarded in 2006
(EDPR with a 40% stake)

Asset splitting expected for 2015 with
EDPR fully consolidating 534 MW equivalent



ITALY

Execution of projects with PPA

30 MW awarded in 2013 to be installed in 2014

Participating in new energy auctions
for 2015-17 additions

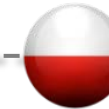


FRANCE

Ongoing growth in a low risk market

60-70 MW through pipeline development

Low risk system based on Feed-in Tariffs



POLAND

Growth is subject to new energy law

System to be based in energy auctions

EDPR has competitive projects in pipeline

...and selected emerging wind energy markets through 416 MW of high quality projects with long-term PPA secured

Investing in emerging and new markets with low risk profile projects

BRAZIL



Execution of projects with PPA

236 MW with 20 year PPA to be installed in the 2015-17 period

Current market conditions call for further auctions of wind energy

MEXICO



Execution of projects with PPA

180 MW with 25 year PPA to be installed in 2016

Platform for future growth in a promising market

NEW MARKETS

Prospecting markets with strong fundamentals

Strong electricity demand growth

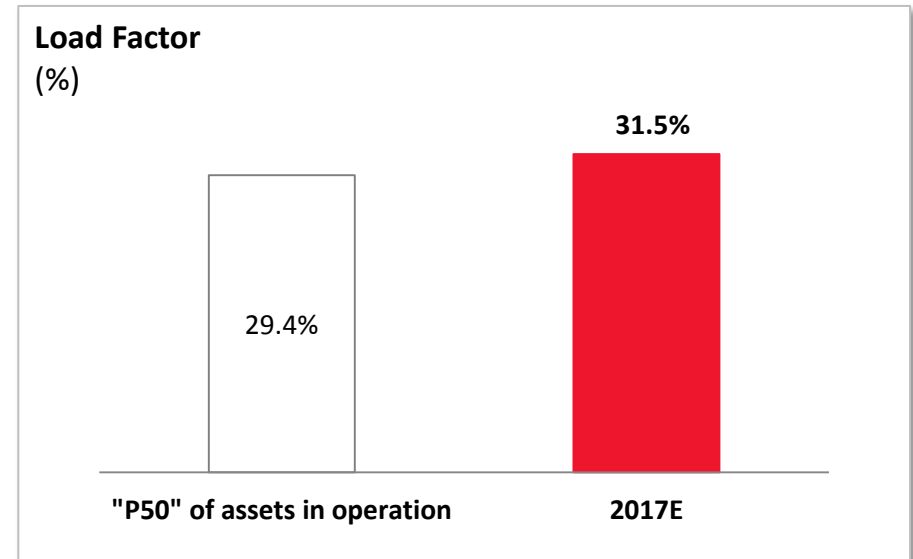
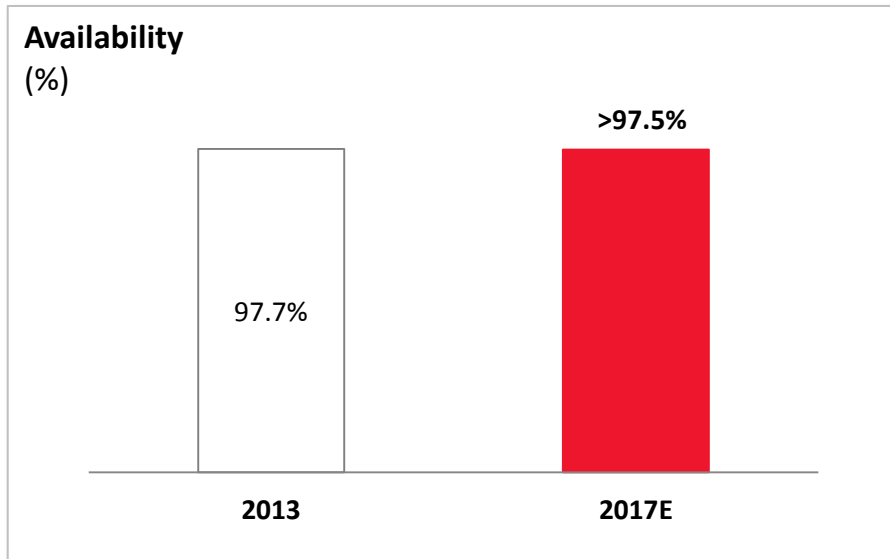
Robust renewable resources

Long-term contracts awarded based on competitive systems (PPA/Auctions)

Quality growth supported by distinctive competences and unique wind assessment know-how...

Keep maximizing productivity levels...

...and reach second-to-none load factor metrics



Predictive maintenance tools and 24h Control and Dispatch centre optimize wind farm fleet, reduce damage and improve planning

Power-enhancing retrofits boost production and ensure that older models keep up-to-date with new technological improvements

New spare parts warehousing strategy key in reducing downtime

Expertise in wind farm layout and turbine generator choice critical to achieve optimal investment yields

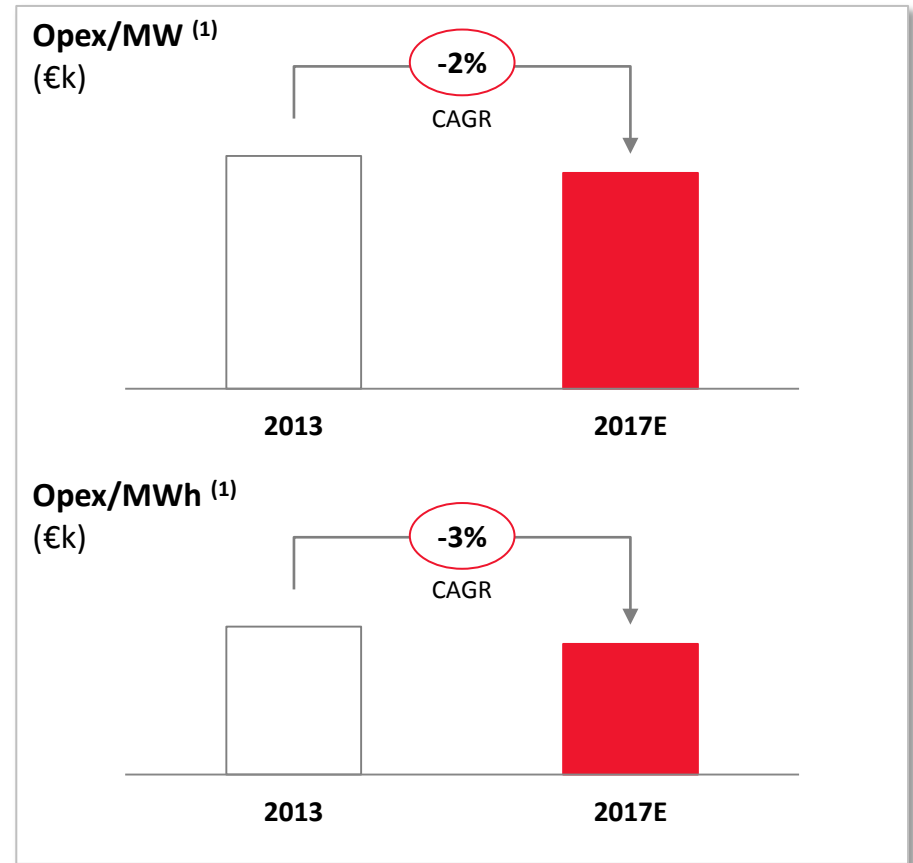
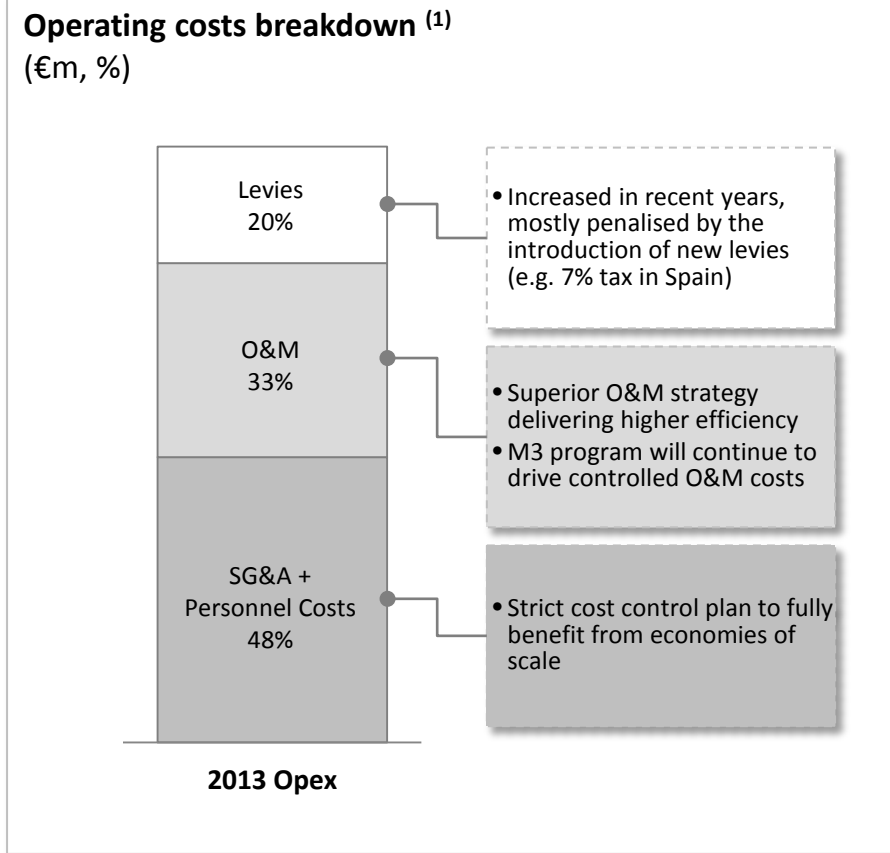
...keeping efficiency metrics on highest levels of excellence



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Strong focus on cost control...

...leading to improvements in efficiency ratios

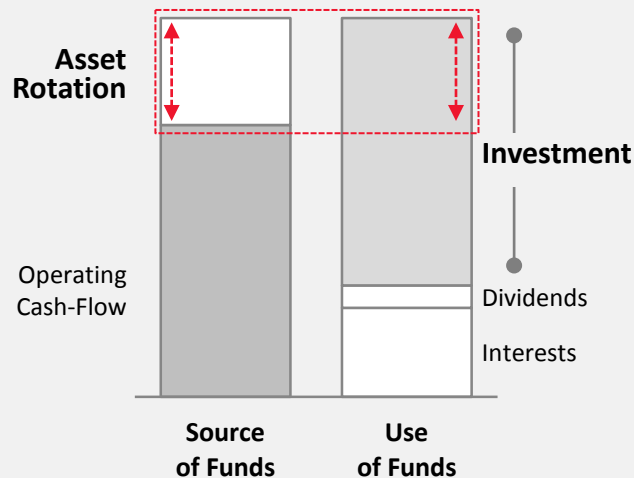


Growth enhanced by EDPR's asset rotation strategy designed to accelerate value creation...



Asset Rotation Strategy

1 Self-funding Strategy ⁽¹⁾



2 Accelerate value growth

Crystallise projects' NPV, capturing value created

&

Allowing the execution of additional market opportunities with superior returns

IRR double-digit **>** **IRR** single-digit
Re-investing **>** **Selling**

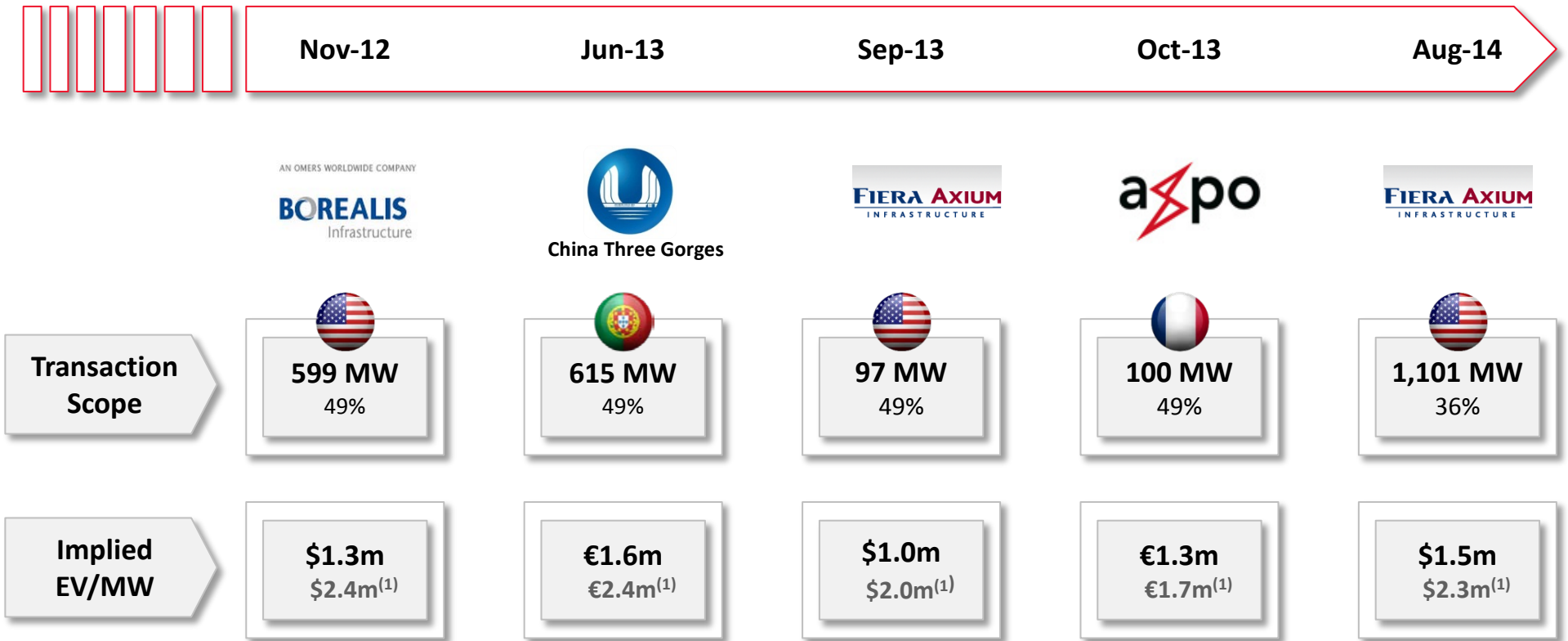
...and to maintain a self-funding strategy

Total of 5 transactions already executed at attractive multiples...



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Including sales to CTG and Asset Rotation, EDPR already totalled €878m of minority sales



...and an Memorandum of Understanding signed in Dec-13 with CTG to sell a minority stake in ENEOP (543 MW in Portugal)

Notes: (1) including all cash-flows generated by the projects since inception

With c.40% of the asset rotation target already executed...



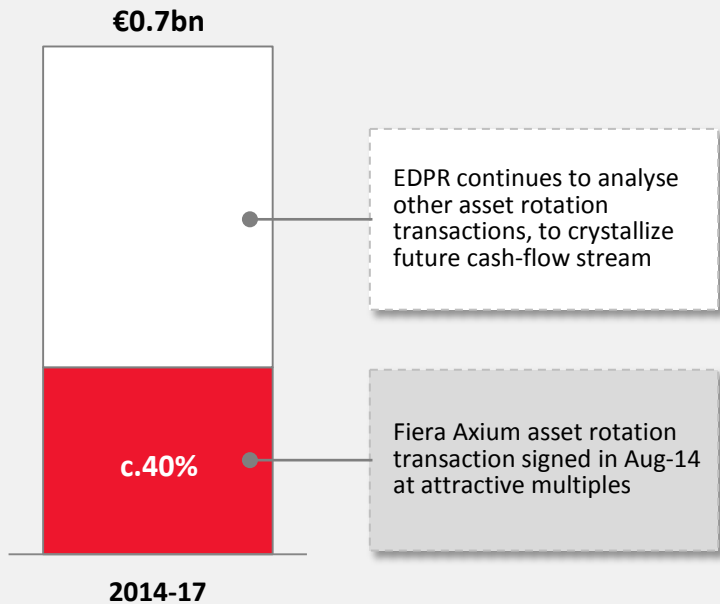
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EDPR is well positioned to achieve its asset rotation target

Asset rotation transaction details with Fiera Axium

Asset Rotation Target for 2014-17

(€m, %)



Transaction Scope

801 MW
in operation
+
300 MW
under construction

Cash distributable to equity in 2015/16

c.\$40m

Implied EV/MW

\$1.54m
\$2.32m⁽¹⁾

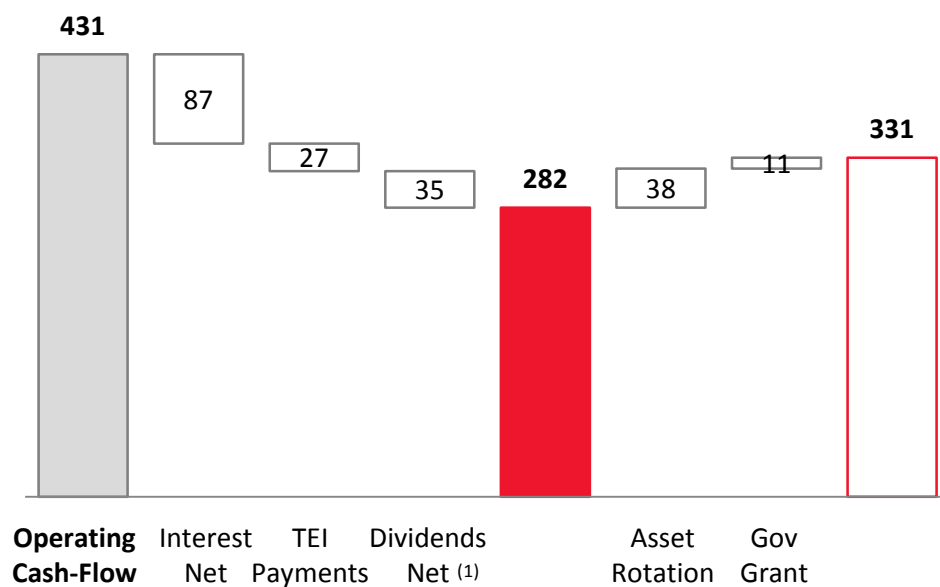
Transaction IRR

single digit

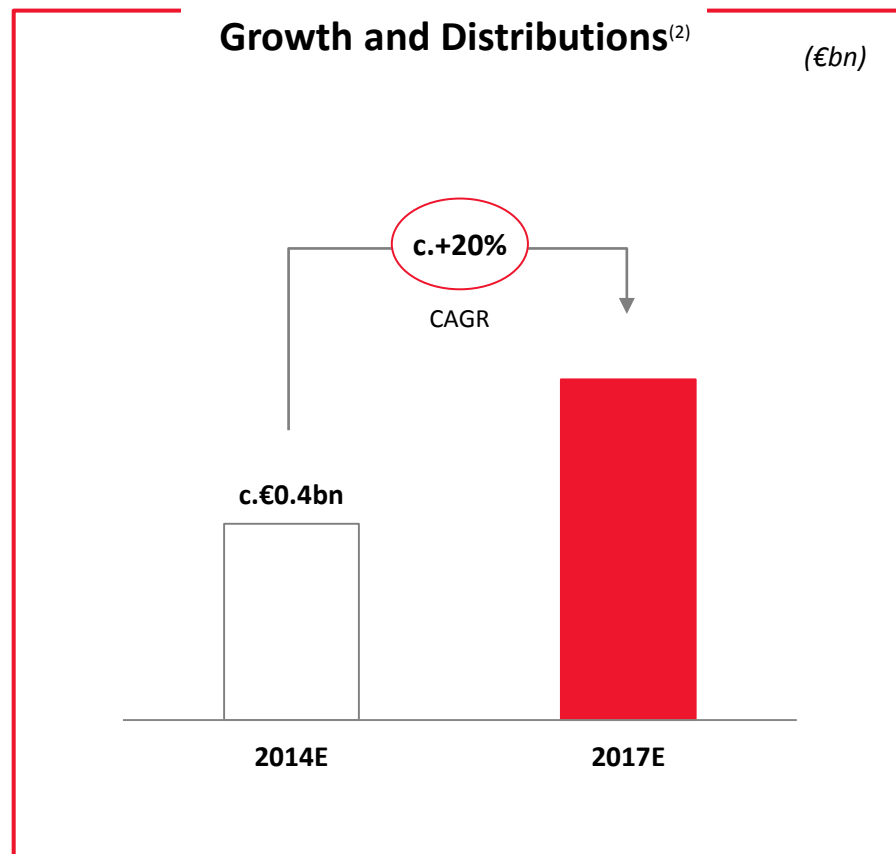
...EDPR continues to pursue its asset rotation strategy and re-invest in quality and value accretive projects

Solid Cash-Flow generation stream...

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



Cash Available for Growth and Distributions⁽²⁾ (€bn)



...to execute profitable growth in 2014 and beyond

Notes: (1) Net Dividends includes dividends paid to non-controlling interests and dividends received from associated companies

(2) Excluding asset rotation proceeds and government grants

A rigorous expansion plan of €1.8bn in the 2014-17 period



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2014-2017: EDPR Investment Plan

+ Capex

€2.4bn

+ Financial Investments

€0.1bn

= Total Investment

€2.5bn

- Asset Rotation (ex-CTG)

€0.7bn

= Net Investment

€1.8bn

Strong visibility from PPAs already signed

Mostly on offshore projects with COD post 2017

+500 MW/year + Future options

Quality projects attractive to institutional investors

Solid investment plan

EDPR value proposition supported by three strategic pillars

By delivering on its strategy...

Selective and profitable growth

Quality assets delivering increased profitability

Self-funding business model

...EDPR expects to achieve solid growth targets...

Electricity Output

+9%

CAGR 13-17

EBITDA

+9%

CAGR 13-17

Net Profit

+11%

CAGR 13-17

...maintain its dividend policy...

Dividend payout ratio

25-35%

...and lead in a green and competitive sector with increased worldwide relevance



Annex

EDPR Market Valuation

(€m)

| | |
|---|---------|
| Equity @ 5.53€/share (01-Sep-2014) | 4,824 |
| + Net Debt (1H2014) | + 3,364 |
| + Inst. Partnerships (1H2014) | + 803 |
| + Non-controlling interests (1H2014) | + 437 |

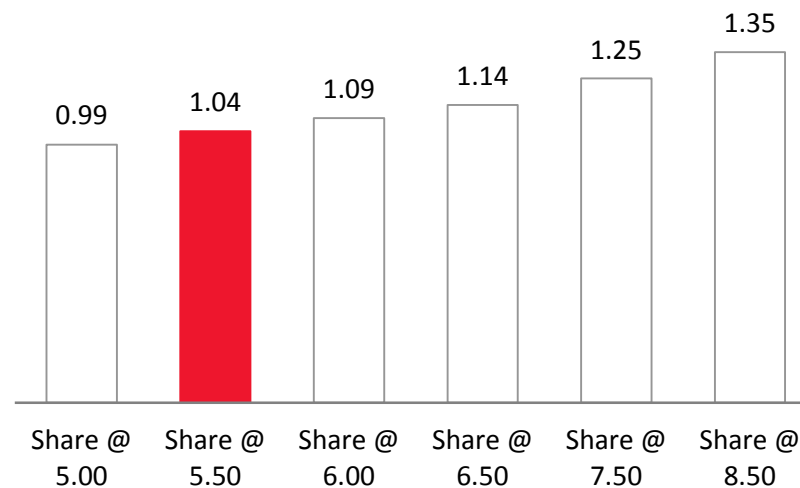
= Enterprise Value = 9,428

- Net Debt 1H2014 Related to Assets Under Construction - 433

= EV "installed capacity" = 8,599

EV/MW implicit in share price

(€m/MW)





US wind competitiveness

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

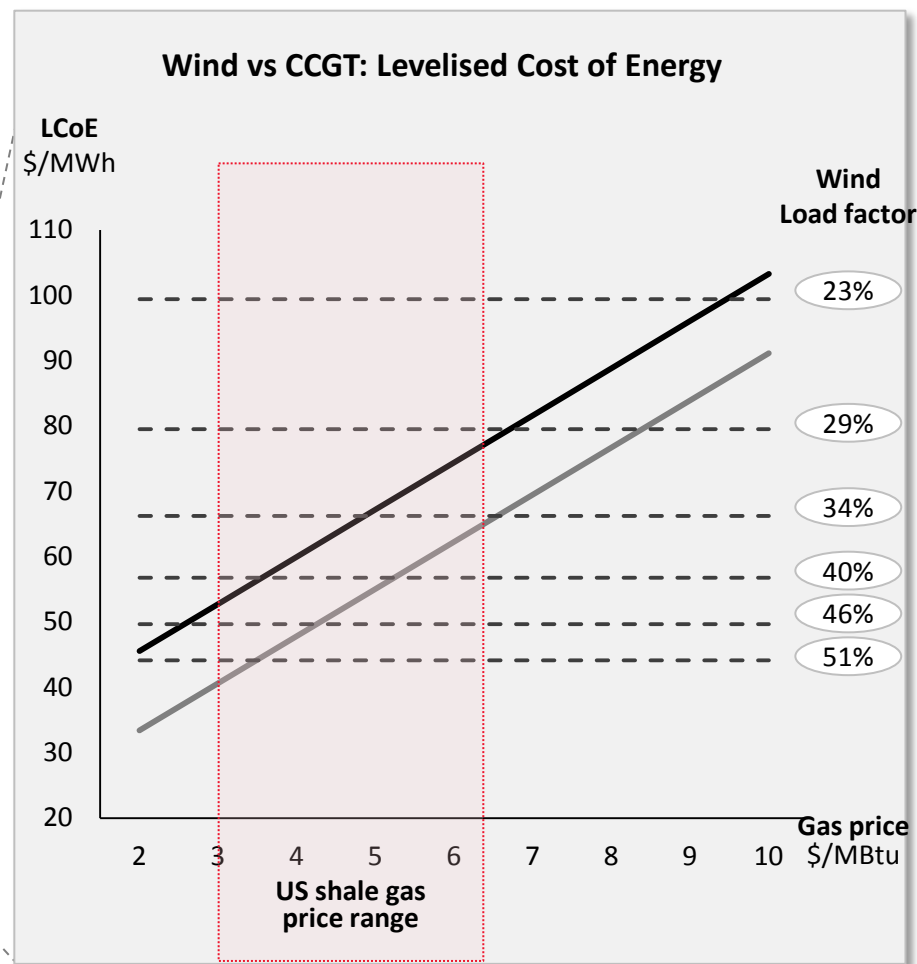
Wind competes for PPAs mainly in two different segments

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



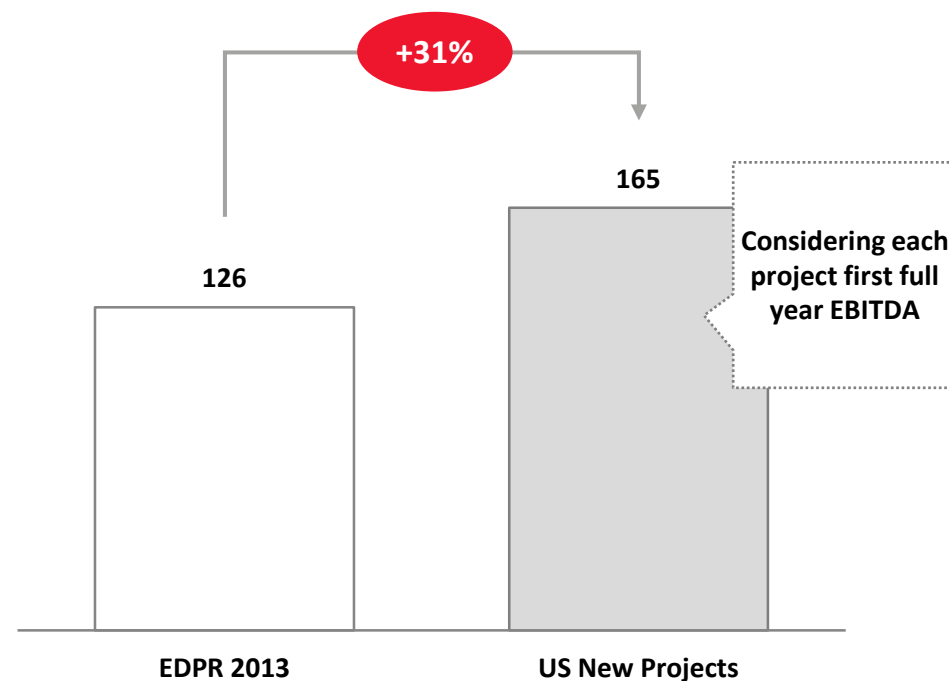
— CCGT load factor @ 40%
— CCGT load factor @ 70%

EDPR secured PPAs for 2014-16 projects at attractive returns

US PPA: 1,404 MW secured since 2013

| | | PPA Duration | State |
|--------------------|---------------|----------------------|----------------------------------|
| Operating Projects | 275 MW | 20 years 15 years | Oklahoma Illinois |
| 2014 | 329 MW | 20 years | Indiana California |
| 2015 | 400 MW | 20 years | Oklahoma California Kansas |
| 2016 | 400 MW | 15 years 20 years | Maine Texas |
| 1,404 MW | | | |

EBITDA per MW - New PPAs vs EDPR Portfolio (€k⁽¹⁾)



New PPA in the US market provides good visibility for medium-term profitable growth

Notes: (1) Excludes PPA for Solar PV in California and considers an average 1.35 USD/EUR exchange rate.



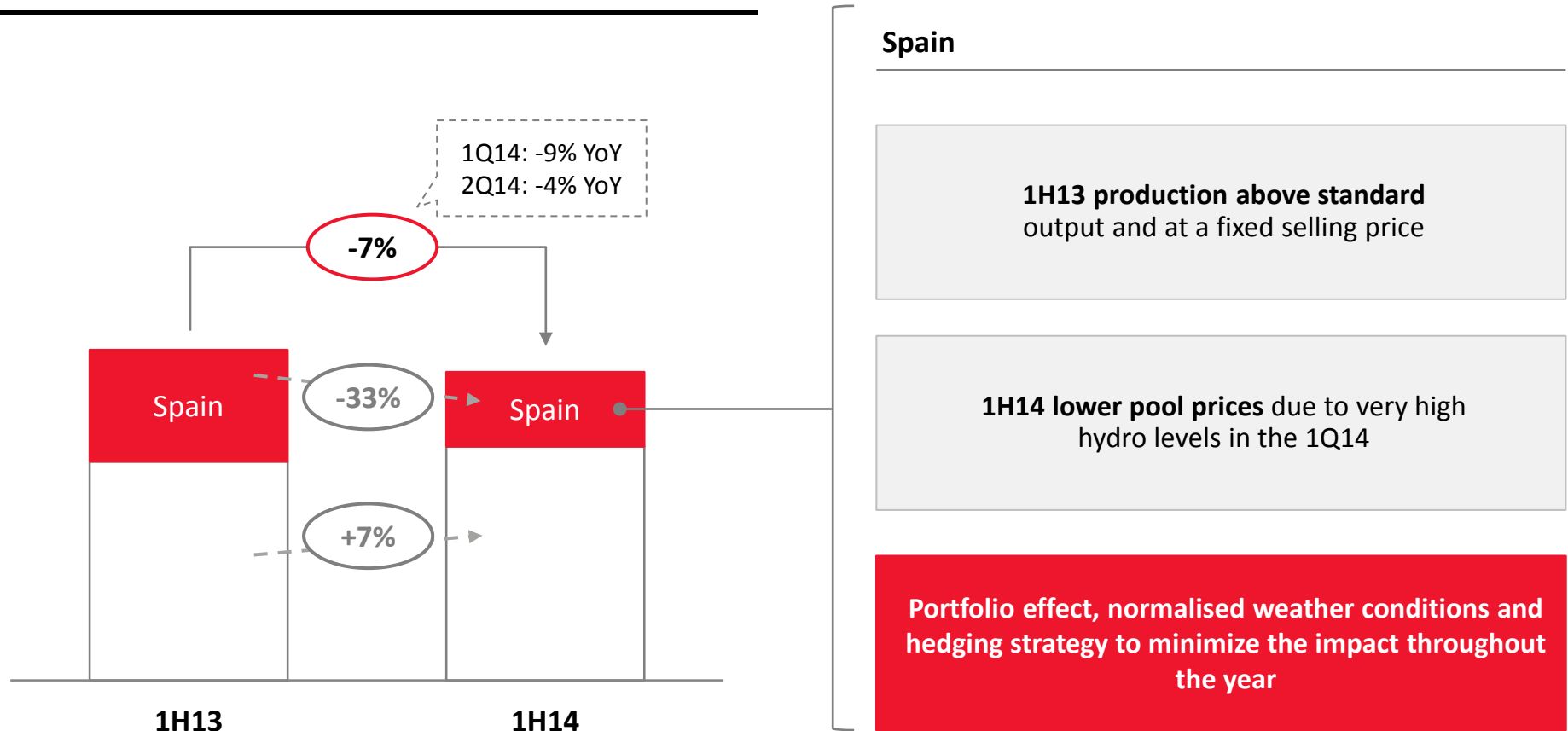
Spanish Regulation

1H14 Spanish EBITDA performance mitigated by diversified portfolio



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1H14 Adjusted EBITDA YoY
(€m)



RDL 413/2014 scheme is based on standards introduces significant changes in wind remuneration



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 (€48.2/MWh)

2

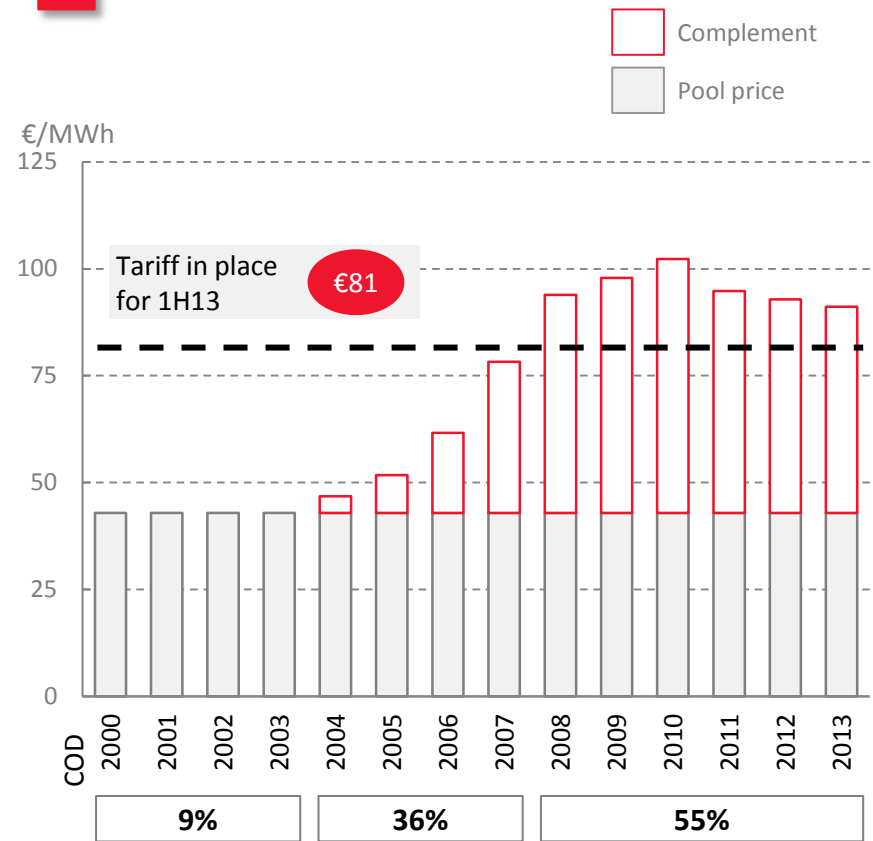
...and receive a complement per MW depending on the COD to achieve standard return⁽¹⁾ of 7.4%...

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⁾

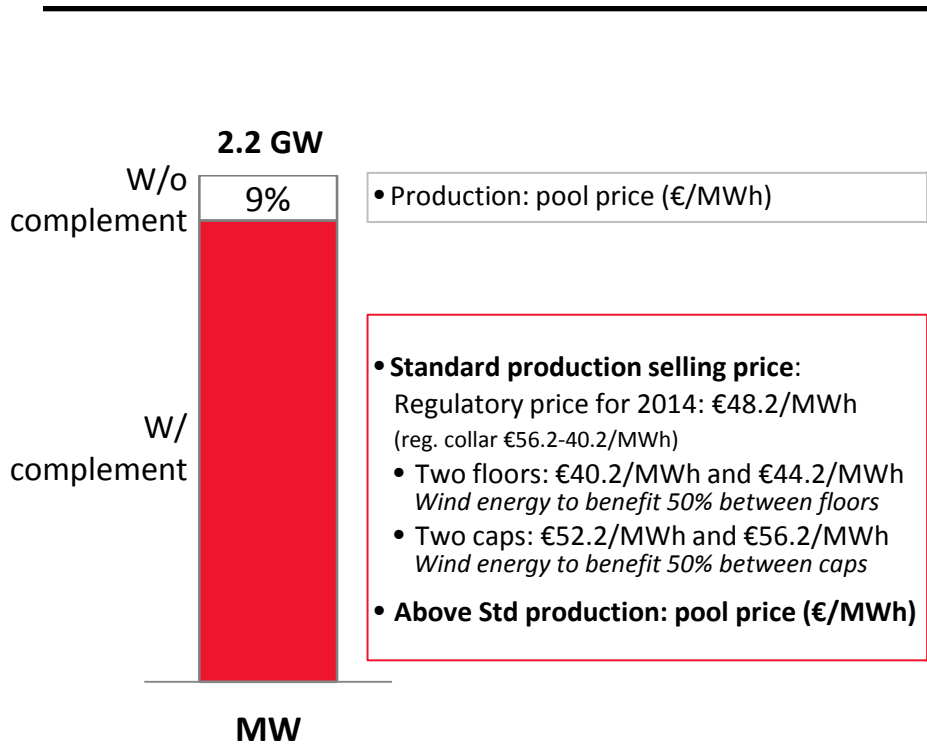


Equivalent selling price based on the standard load factor for each group of assets (COD)

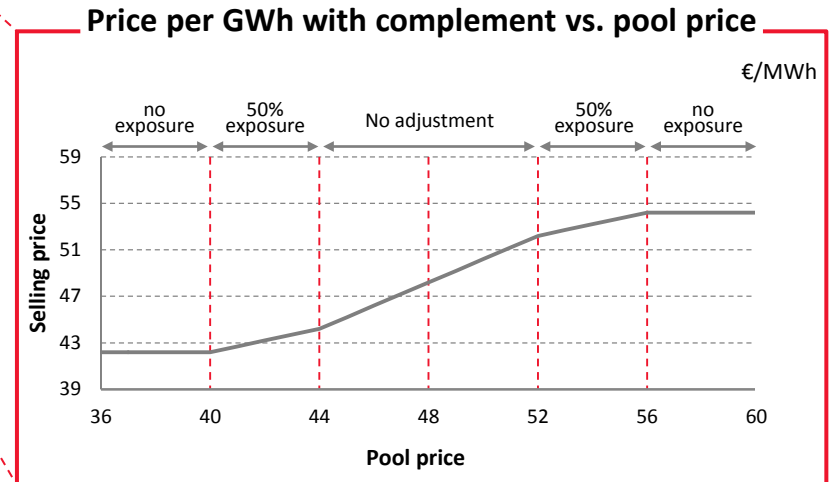
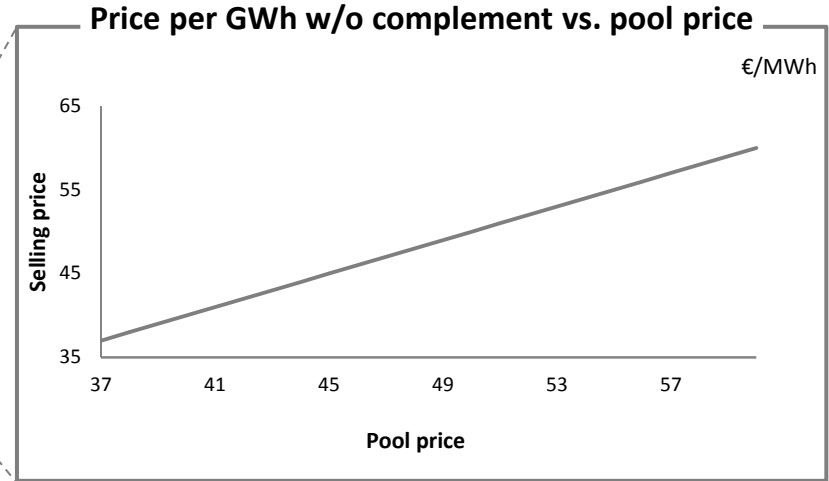
Standard production to benefit from regulatory selling price, with a cap and floor system...



Spanish Volumes & Prices (% total capacity)



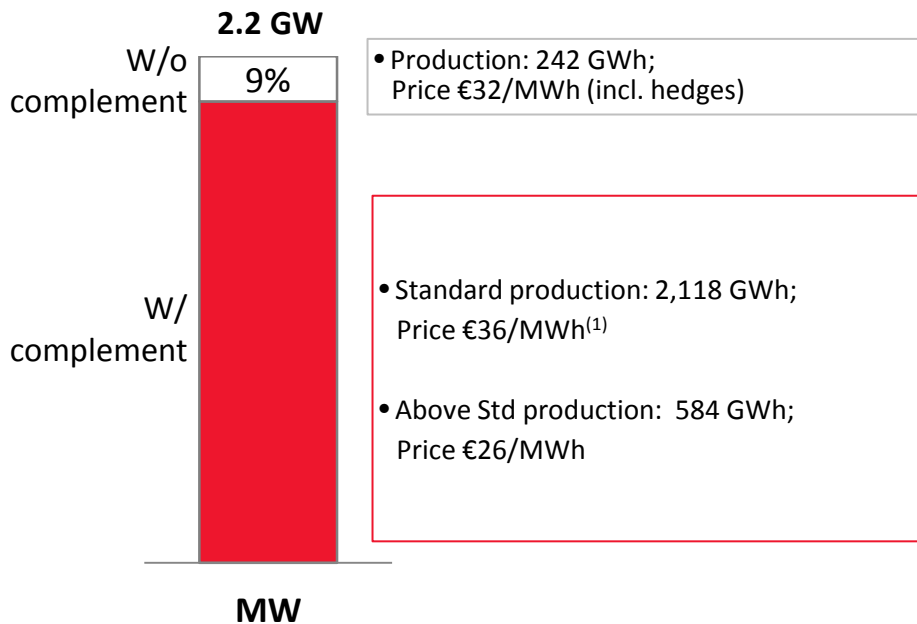
- Production: pool price (€/MWh)
- **Standard production selling price:**
Regulatory price for 2014: €48.2/MWh
(reg. collar €56.2-40.2/MWh)
 - Two floors: €40.2/MWh and €44.2/MWh
Wind energy to benefit 50% between floors
 - Two caps: €52.2/MWh and €56.2/MWh
Wind energy to benefit 50% between caps
- **Above Std production: pool price (€/MWh)**



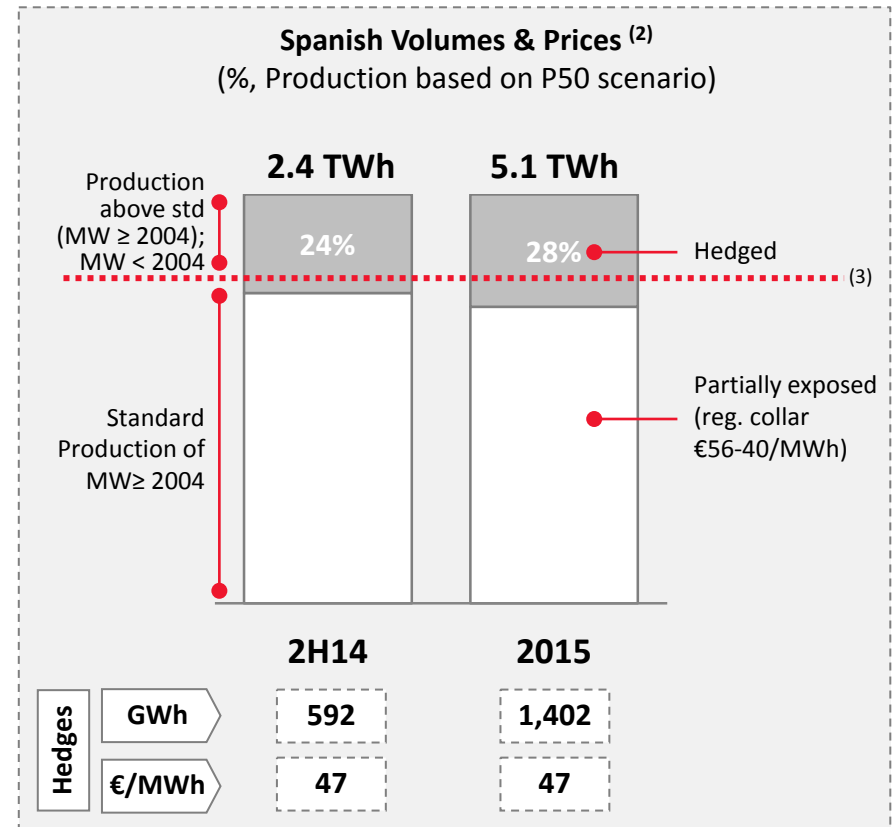
... while above standard and production without complement is subject to pool prices

Hedging strategy implemented post new regulation, secures hedges through 2015

1H14 Spanish Volumes & Prices (% total capacity)



Hedges secured for Spanish production



Additional hedges were already secured since 1H14

(1) Including €10/MWh of regulatory adjustment only for standard production: difference between lower limits average €42.21/MWh and average daily pool price (€32.5/MWh)

(2) Dated as of Aug-14; (3) Standard production represents c.80% of EDPR annual Spanish production (P50)



O&M Strategy

Operational excellence is at the core of EDPR throughout the projects' life cycle



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1. Performance Optimisation

Remote control system and performance management

Data from over 2 million sensors in >5,000 WTG, monitored and controlled in real time

Proprietary management systems to analyse WTG performance

Continuous improvement

Systematic review of underperformance, root cause analysis and implementing improvement initiatives to maximize availability, efficiency and reduce costs

Innovative product enhancements

Power-enhancing retrofits pioneered by EDPR to boost annual production

2. Comprehensive O&M Strategy

Closely manage the initial warranty contracts

Proactive supervision through quality assurance and control inspections to identify serial/infancy defects

End of warranty

Exhaustive end of warranty inspections before launching competitive tenders

Post initial warranty O&M contract

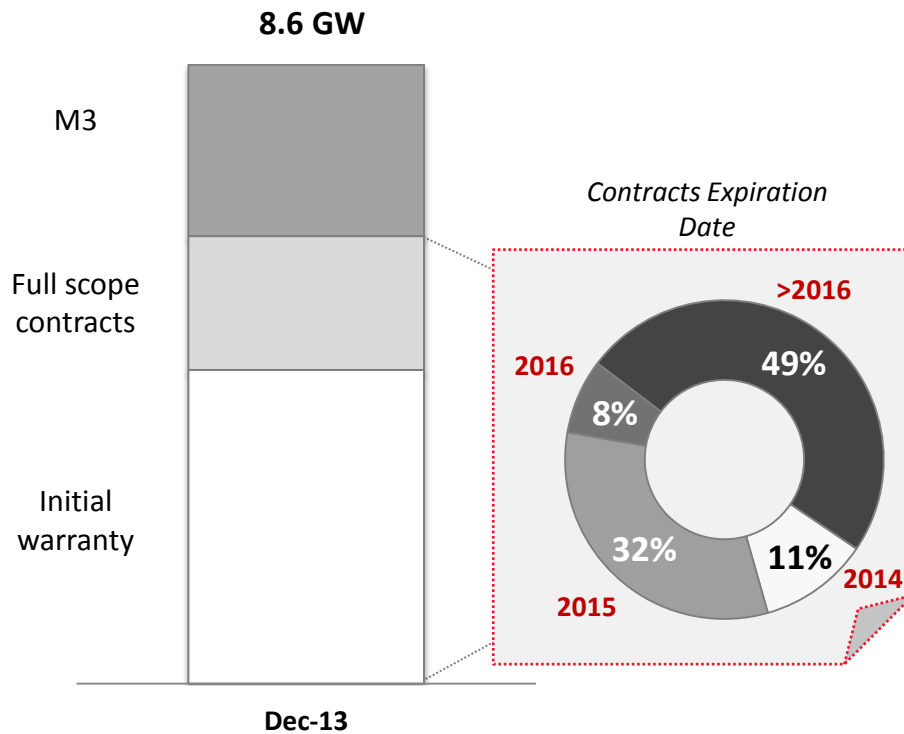
1. **Full Scope** agreements with O&M contractors
2. **Modular Maintenance Model (M3)**, keeping high value-added activities in-house

EDPR's O&M strategy is successfully implemented, resulting in lower O&M costs

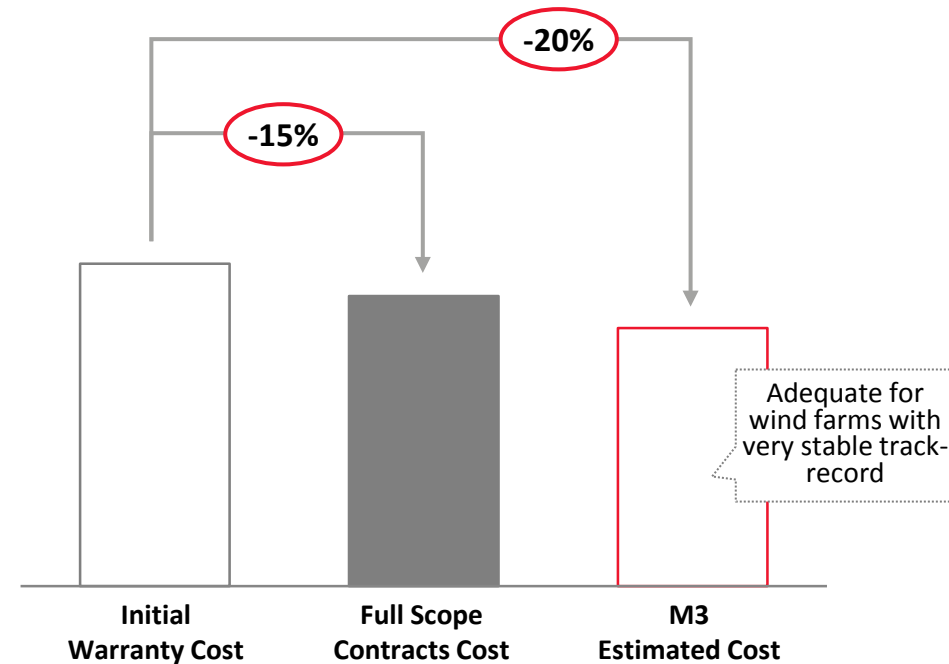


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Breakdown by O&M Contracts
(GW; 2013)



Latest O&M Service Tenders
(€k per MW)



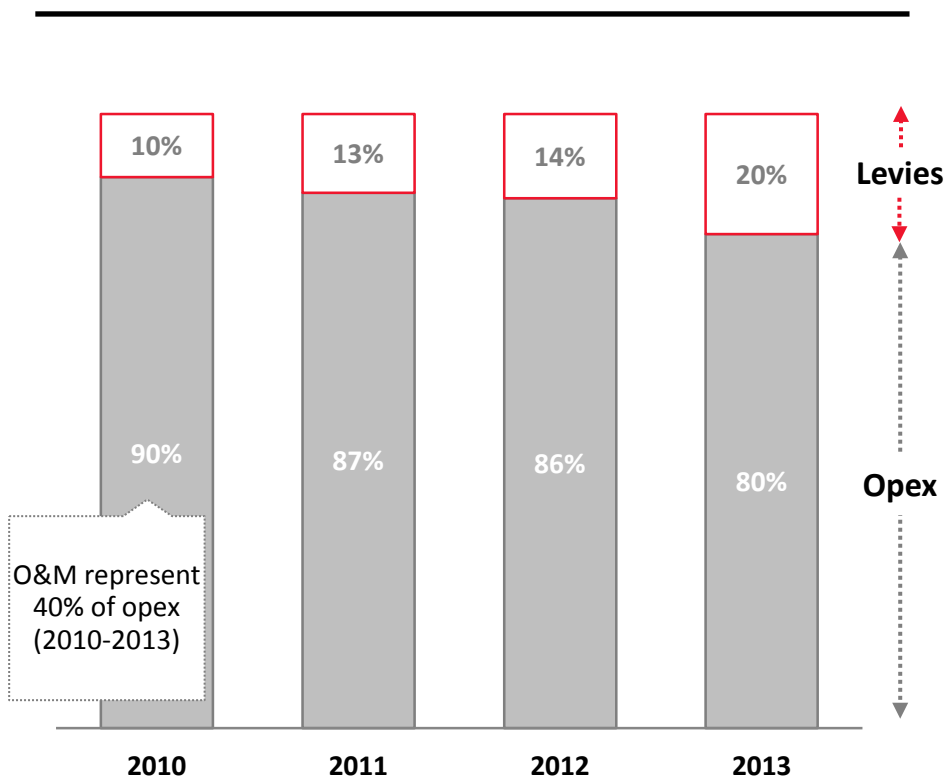
O&M costs predictable/fixed for the medium/long-term

Combination of O&M strategic options, competitive tenders and market context yielding lower O&M costs

Strong discipline of controllable operating costs

Operating costs breakdown⁽¹⁾

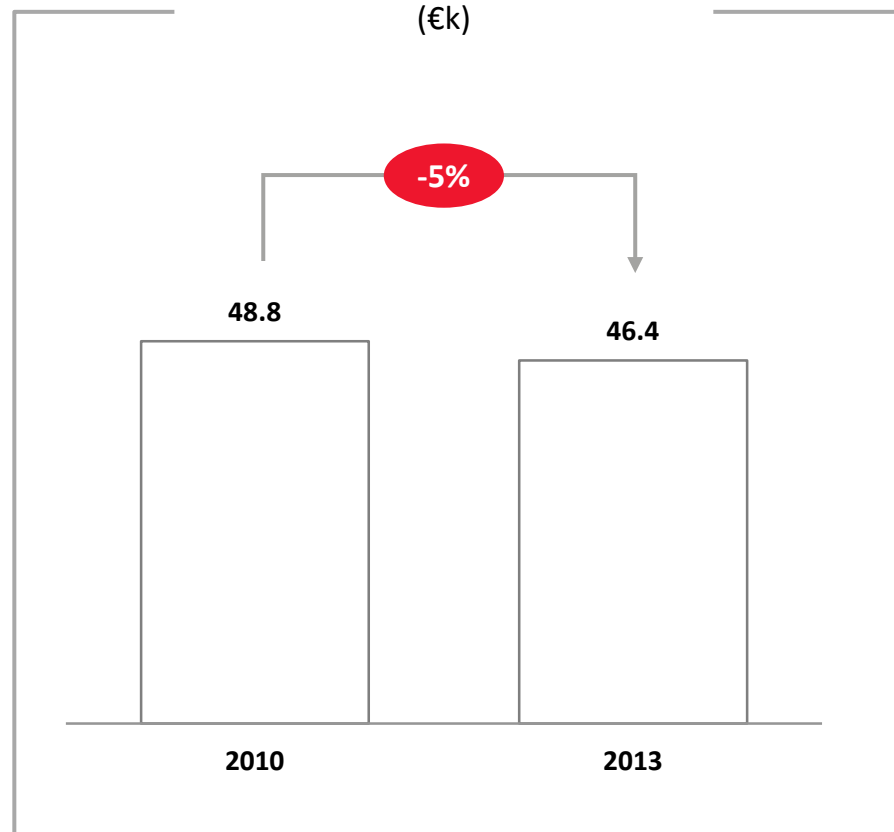
(€ million, %)



Operating costs have been mostly penalised by the introduction of new levies (e.g. 7% tax in Spain)...

Opex/MW Evolution

(€k)



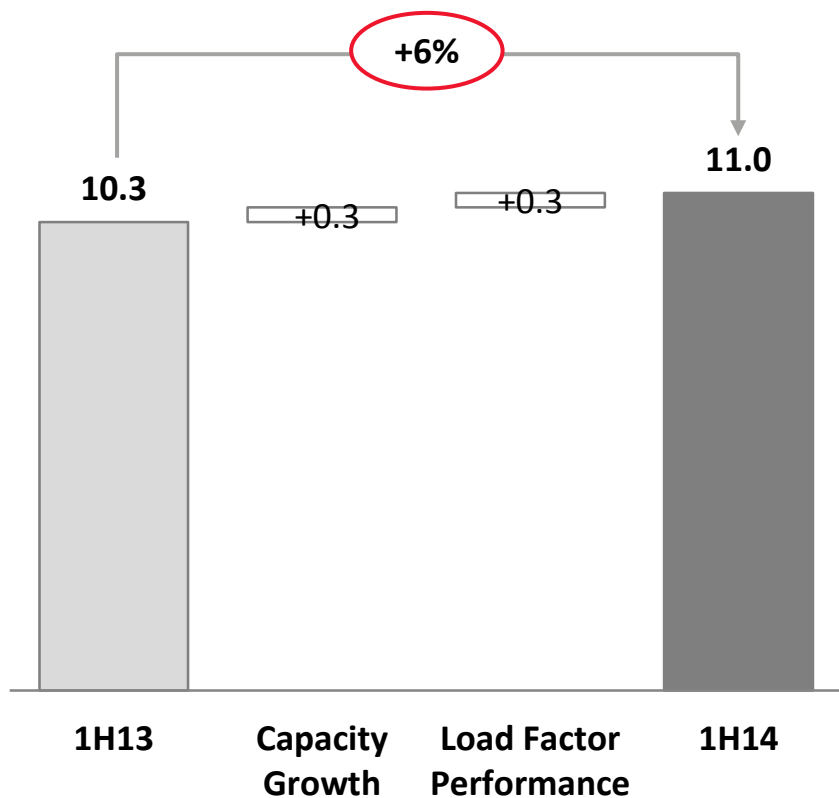
...while on controllable costs EDPR has been demonstrating higher efficiency



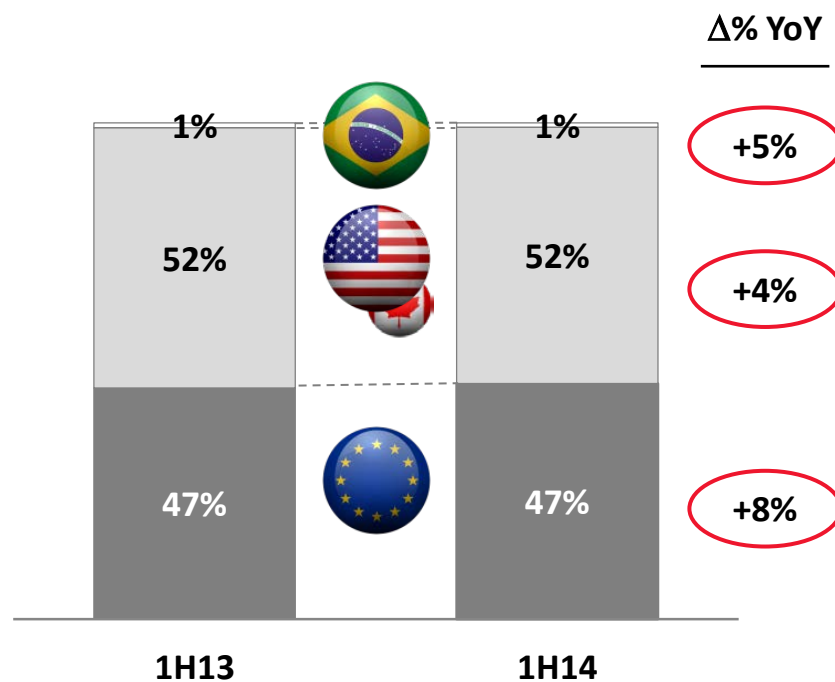
1H14 Results

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

Electricity Production (TWh)



Electricity Production Breakdown (TWh, %)



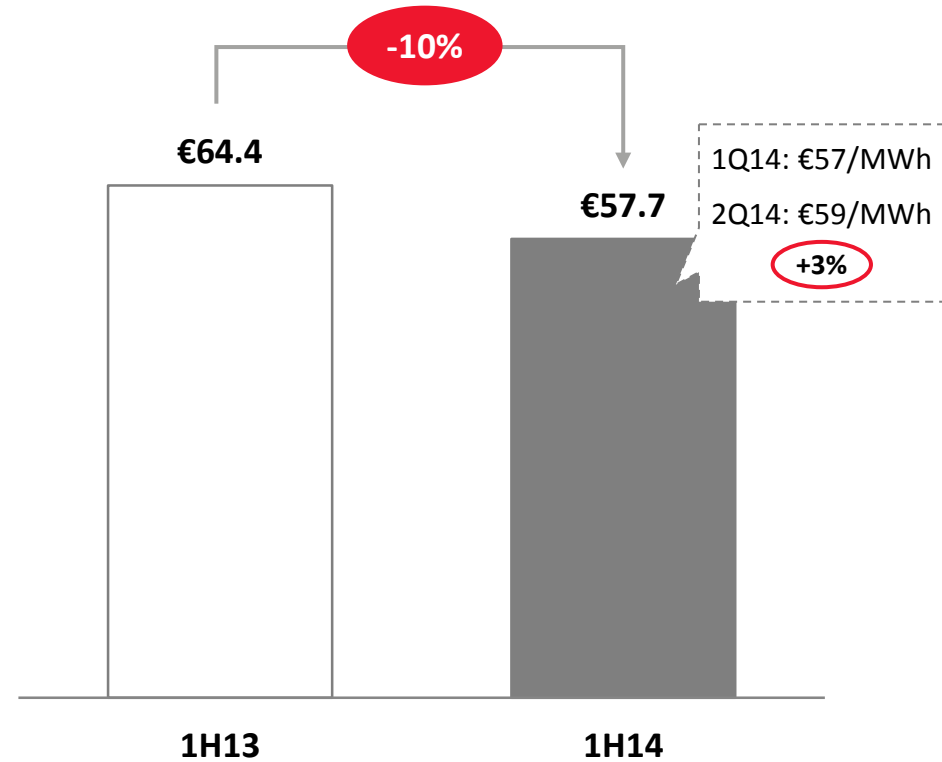
Production increased across all regions, with North America representing 52% of the total output

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 |

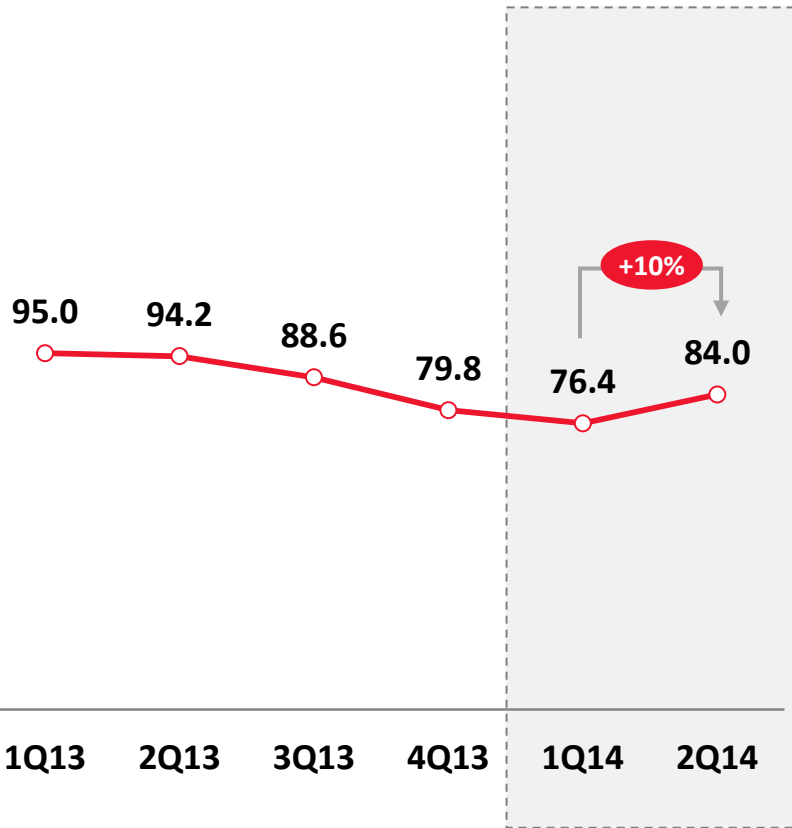
EDPR Price Evolution (€/MWh)



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)



| | |
|-----------------------|---|
| Spain | Higher wholesale prices in 2Q14 vs 1Q14 |
| Portugal | CPI adjustment |
| Rest of Europe | 2Q14 positive: impact from new MW in IT & PL |
| EDPR EU | 1H14 performance impacted by Spanish regulatory changes |

| 1H14 Price | |
|--------------|-------------|
| €/MWh | △% YoY |
| €62 | -27% |
| €108 | - |
| €97 | -12% |
| €79.4 | -16% |

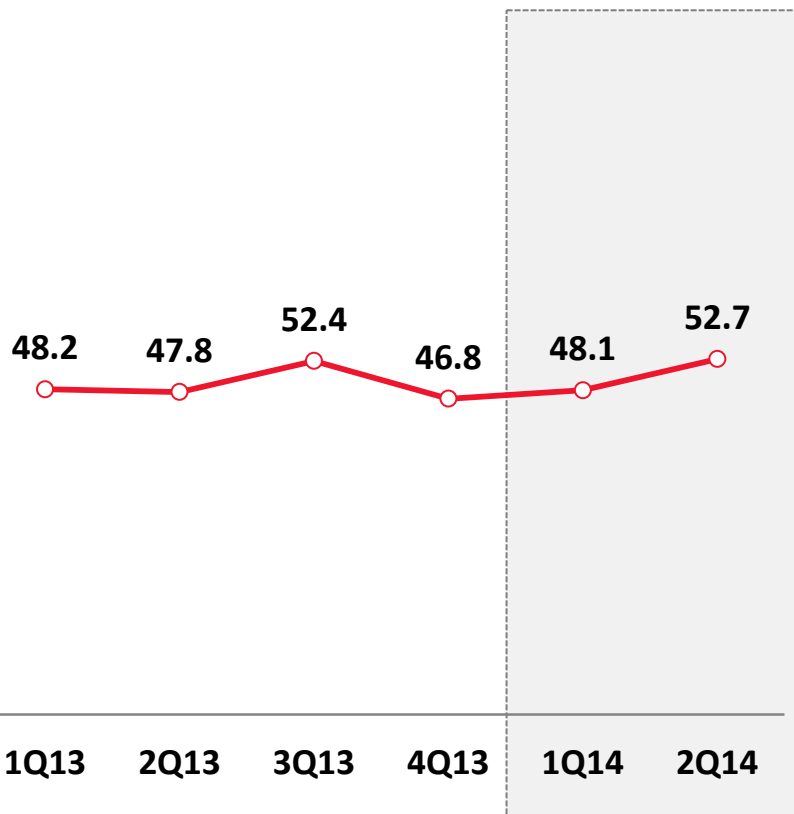
...but 1H14 average price still impacted by Spanish regulatory changes and 1Q14 low wholesale prices

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 Δ% YoY

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

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

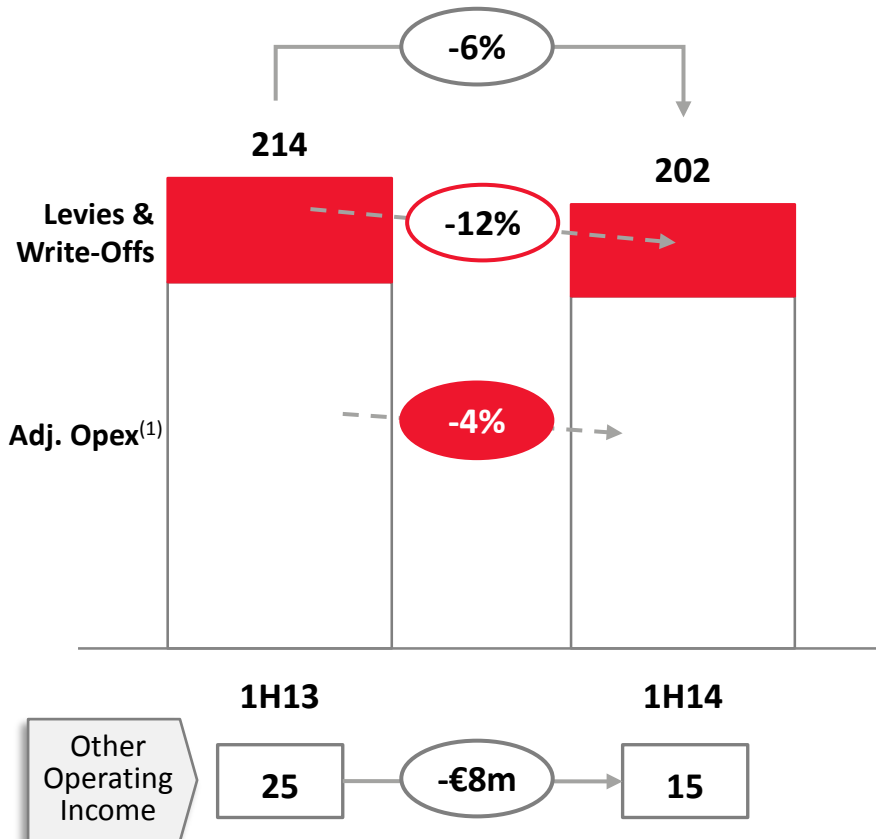
Notes: (1) Includes Canada feed-in tariff (\$136/MWh); (2) Adjusted for gains in 1H13 and 1H14; Marked-to-market derivatives accounted in financial results;

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

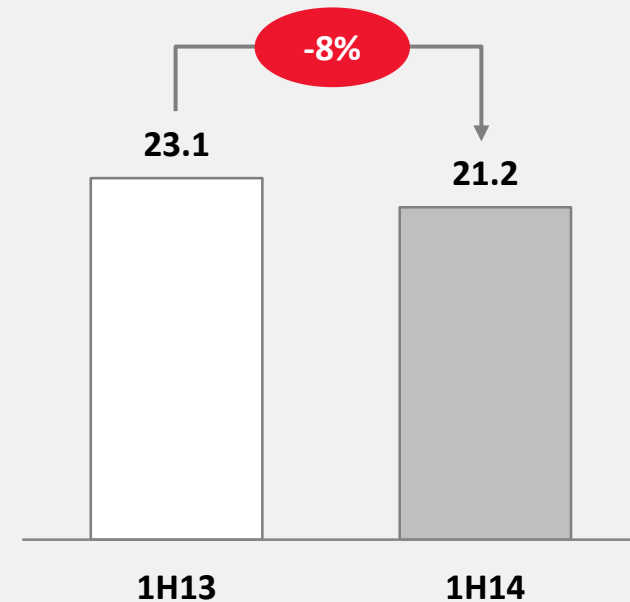


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Opex (excludes Other Operating Income) (€ million)



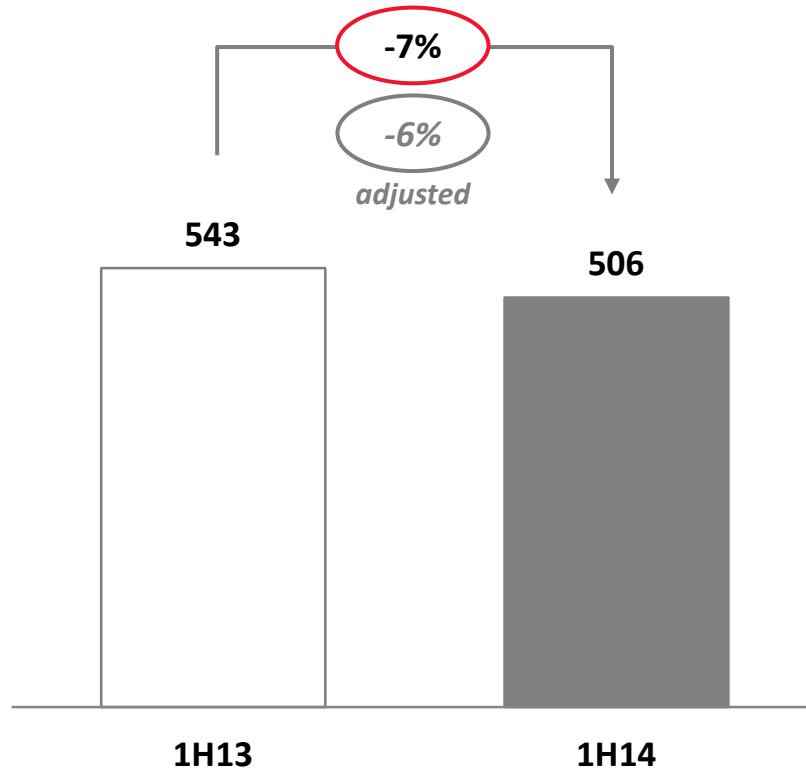
Adj. Opex/MW (ex-Levies & Write-Offs) (€k)



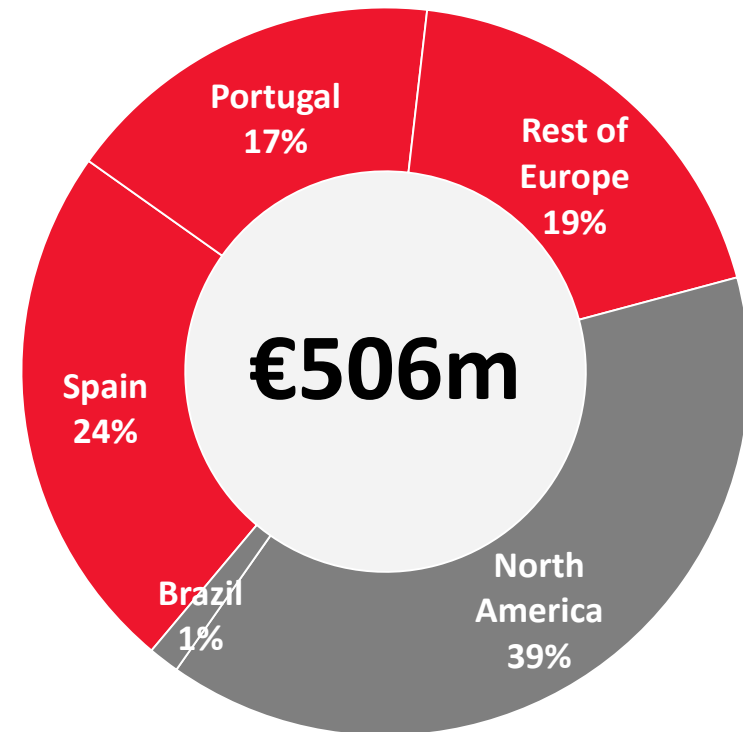
...showing ongoing focus on efficiency and control over Opex

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

EBITDA
(€ million)



EBITDA per Business Platform
(%)



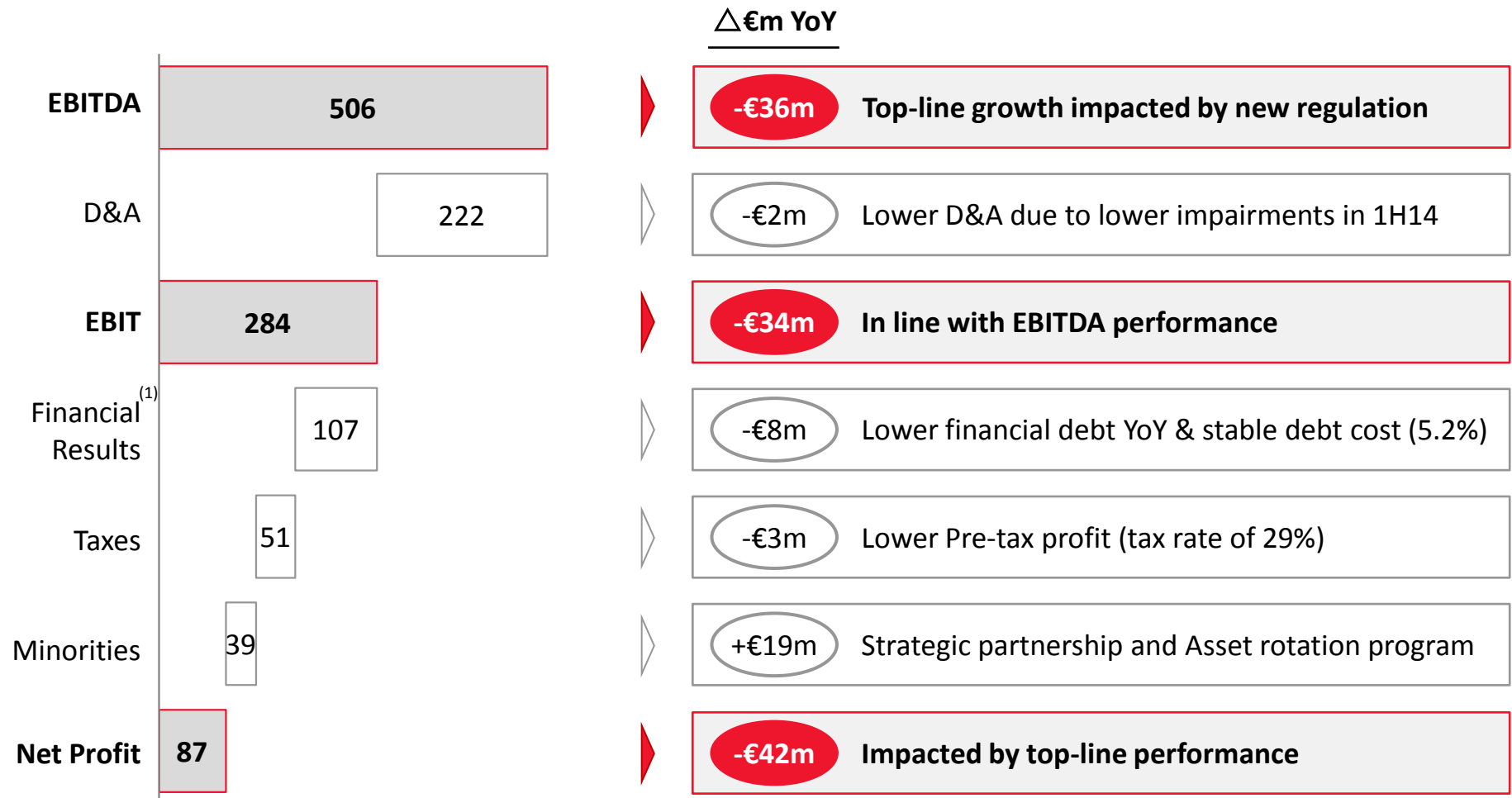
Sound performance of EBITDA ex-Spain (+7% YoY), reinforcing EDPR's asset based quality

Net profit in the period totalled €87m



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EBITDA to Net Profit (€ million)



Notes: (1) Includes Share of profit of associates.

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Next Events

Sep 10th – BBVA Iberian Conference (London)

Sep 11th – Morgan Stanley Utilities Conference (London)

Sep 12th – BPI Iberian Conference (Lisbon)

Sep 19th – Roadshow (Paris)

Sep 25th – Macquarie Conference (London)

Sep 30th/Oct 1st – Santander Infrastructure & Utilities Conf. (NY)

Oct 29th – EDPR 9M14 Results



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