EDP Renováveis

Valuation Update

An interesting story

COMPANY UPDATE

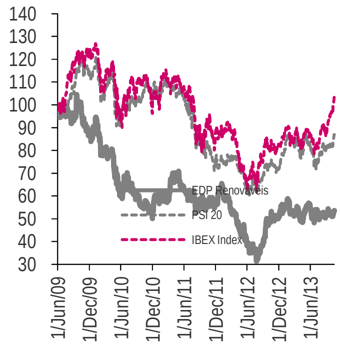
Buy (Low Risk) Target$_{YE14}$(€): 5.40

	2011	2012	2013E	2014E
Financials				
Gross Profit (€ mn)	1,069	1,285	1,340	1,448
EBITDA (€ mn)	801	938	931	1,012
Net Income (€ mn)	88	126	110	111
EPS (€)	0.10	0.14	0.13	0.13
CEPS (€)	0.62	0.70	0.68	0.71
Ratios				
RoIC (%)	4.4%	5.7%	5.7%	6.3%
RoE (%)	1.7%	2.3%	2.0%	1.9%
Net Debt / EBITDA (x)	5.5	4.6	4.5	4.2
Net Debt / EV (%)	51.1	53.8	52.3	52.8
Valuation				
P / E (x)	46.6	27.6	32.1	31.6
EV / EBITDA (x)	10.8	8.5	8.5	8.0
EV / EBIT (x)	24.9	17.7	17.8	16.0
Dividend Yield (%)	0.0	1.0	0.9	0.9

Source: Millennium investment banking

Price (€):	4.041
Upside:	34%
No. Shares (mn):	872.3
Market Cap (€ mn):	3,525.0
Avg Daily Vol 1m (k):	547.1
Reuters:	EDPR.LS
Bloomberg:	EDPR PL

Prices as at 24-10-2013



- We have fine-tuned estimates. We value EDPR at €5.40 (YE14) per share, slightly revised downwards from our previous calculations (€5.45), keeping our buy recommendation (Low risk) unchanged. While the roll over to 2014 added 35 cents to our valuation, the update of estimates cut 50 cents mainly due to our assumptions for the new remuneration scheme in Spain. The update of some cost of capital parameters reduced WACC estimates and added 30 cents to our valuation. In addition, the update of the EUR/USD exchange rate from 1.32 to 1.37 (YE14) trimmed 20 cents to our valuation.

- EDPR is still an interesting story. Although business opportunities are becoming scarce, we believe that EDPR will continue to follow its growth strategy but at a slower pace. In our valuation, we consider that EDPR will deploy on average 380MW per year from 2014 to 2020. According to our view, new investments will be concentrated in the US (1.175MW, EDPR has already secured 730MW), in Brazil (EDPR was awarded with long term contracts for 120MW) and in the Rest of Europe/ World (1.300MW). The investments in the US that are not secured through PPAs are still a question mark (PTCs are valid until the end of this year and there is no visibility if they will be extended) and in the emerging countries there are few signs of substantial investments in wind energy in the years to come. Having said this, there is a feeble visibility over long-term and our assumption of a 380MW may be optimistic.

- This stock is perceived as a growth stock (price to earnings stand at a higher level). However, if growth starts to diminish, EDPR's stock can turn into a value stock (price to earnings tend to adjust to a lower level).

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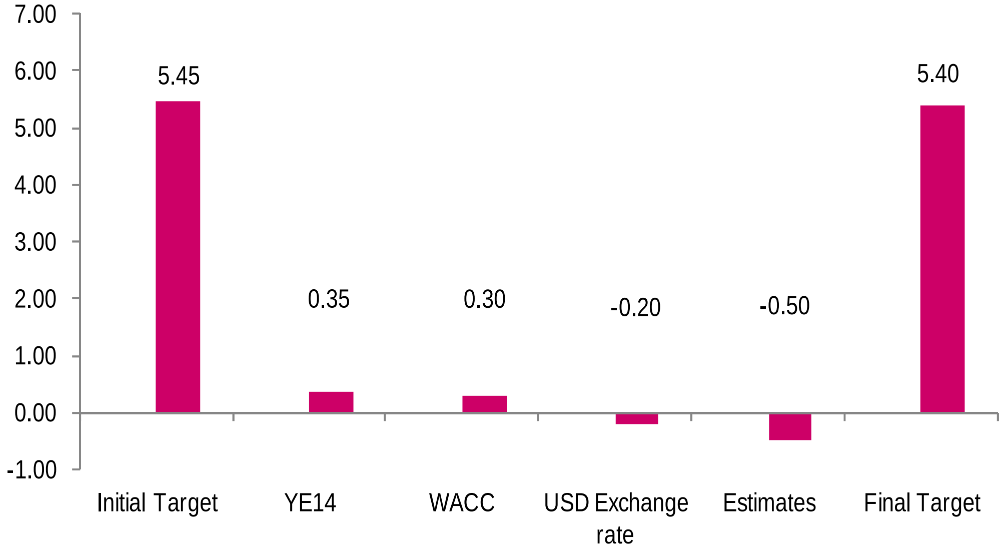
Investment Case

Our valuation:

We have fine-tuned estimates. We value EDPR at €5.40 (YE14) per share, slightly revised downwards from our previous calculations (€5.45), keeping our buy recommendation (Low risk) unchanged. While the roll over to 2014 added 35 cents to our valuation, the update of estimates cut 50 cents mainly due to our assumptions for the new remuneration scheme in Spain. The update of some cost of capital parameters (10-local sovereign risk was adjusted from 8% to 7% and risk free in the Euro Zone from 2.5% to 2%) reduced WACC estimates and added 30 cents to our valuation. In addition, the update of the EUR/USD exchange rate from 1.32 to 1.37 (YE14) trimmed 20 cents to our valuation.

Equity Impact - Changes



Source: Millennium investment banking

The Portuguese government has disclosed the budget for 2014 that includes a reduction of corporate tax by 2% next year (to 23%, 29.5% after state & municipal surcharges). The government intends to cut the rate by a further 2% in 2015 (to 21%, maximum tax of 27.5%); for 2016, the proposal sets a corporate income tax between 17% and 19%. We highlight that we include in our WACC calculations a stable 29% corporate tax. We'll not revise this variable for now, rather wait until the budget is discussed and approved by the parliament. Nevertheless, we inform that a downward revision of the corporate income tax to 27.5% beyond 2015 would increase our price target by 1 cent per share, which is not very meaningful, because portfolio in Portugal only represents 8% of the installed capacity at YE12.

Our view:

EDPR is still an interesting story. Although business opportunities are becoming scarce, we believe that EDPR will continue to follow its growth strategy but at a slower pace. In our valuation, we consider that EDPR will deploy on average 380MW per year from 2014 to 2020. According to our view, new investments will be concentrated in the US (1.175MW, EDPR has already secured 730MW), in Brazil (EDPR was awarded with long term contracts for 120MW) and in the Rest of Europe/ World (1.300MW). The investments in the US that are not secured through PPAs are still a question mark (PTCs are valid until the end of this year and there is no visibility if they will be extended) and in the emerging countries there are few signs of substantial investments in wind energy in the years to come. Having said this, there is a feeble visibility over long-term and our assumption of a 380MW may be optimistic.

Another important topic is the EDPR's focus on an asset rotation strategy. Until now, the company announced that it has completed four sales of minority stakes (one in Portugal, two others in the US and another one in France).

Those minority stakes were sold for the total amount of €620mn. This asset rotation reduces company's core assets (in a time where opportunities are more limited), but at the same time helps the company to shrink its debt and to generate funds to invest in new opportunities.

This stock is perceived as a growth stock (price to earnings stand at a higher level). However, if growth starts to diminish, EDPR's stock can turn into a value stock (price to earnings tend to adjust to a lower level). Earnings wise, the aforesaid asset rotation reduces EPS via higher minorities, but at the same time increases earnings via lower financial costs (if the company pays its debt). EPS could improve if the company implements a strict cost control policy. In its last Investor Day, the company said that this topic was one of its priorities. In our estimates, we are more pessimistic regarding costs evolution, since we need more clarity over this matter.

Finally, free cash flow after dividends is expected to be positive and net debt including the debt to institutional partnership should gradually drop to €3.6bn in 2016 vis-à-vis €4.3bn in 2012. If the company continues to pursue its strategy of asset rotation (not only with CTG, but also with other financial investors) the pace of deleveraging will be higher and net profit will be lower than our estimates.

Main topics:

1) *Asset rotation:*

The second CTG deal was due to be announced in the first half of this year, but nothing was announced. Spain was rumoured to be the second chosen country (Portugal was the first chosen country), but the lack of details over new regulation should have delayed or cancelled this operation. CTG is believed to have more interested in buying minority stakes in Europe than in the US, meaning that the second deal might happen with European assets.

Still regarding this topic, under the partnership between EDP and CTG announced in December 2011, the Chinese company stated that it would invest €2bn until 2015. Part of that amount would be channelled to parks under operations and the remaining amount would be channelled for new investments. Formerly, there were some comments that the investment would be totally devoted to EDPR (investment in wind farms). Later on, there were additional comments that the investment would be also channelled to EDP (hydro energy in Brazil and Africa). In our point of view, this change could point out that new investments opportunities are becoming scarce at EDPR level (which is not new for us) and that EDP's main shareholder may be more interested in channelling investment to other renewable sources different than wind.

2) *Markets*

The expansion in the US market was almost stagnated for some period of time, due to the lack of visibility over incentives. However, the extension of the PTC (Production Tax Credit) in January 2013 until this year was a breath of fresh air and the development of renewable projects gained some momentum. EDPR has seized this opportunities and over the last months, EDPR secured 980MW of PPAs for wind parks, 250MW of which related to parks already under operation and the remaining 730MW related to parks to be commissioned from 2014 ahead. In its last presentation of results, EDPR stated that it had recognised that part of the growth in 2014-15 included in its business plan will be shifted from Eastern Europe to the US.

While the short-term outlook has improved in the US, in Europe it has worsened mainly due to the new remuneration scheme in Spain (specific details about this new regulation are not yet known) and also due to the modifications that are applicable to the renewable sector in Romania[1]. The amendments in Romania do not have very meaningful impact, since this is not a cancelation of the benefits, but a postponement of the cash flows. However, the benefits associated with new projects are less attractive than the current ones.

[1] As far as wind parks are concerned, projects under operation maintain the right to receive two green certificates per MWh up to December 31, 2017 and a green certificate from 2018 until completing 15 years of operation. Following the announcement of the aforesaid modifications, one of certificates awarded between July 2013 and March 2017 can only be sold between 2018 and 2020. As for the solar energy, projects under operation maintain the right to receive six green certificates per MWh for a period of 15 years. After the announcement of the aforesaid changes, one of the green certificates awarded between July 2013 and March 2017, can only be sold between April 2017 and December 2020. There are also modifications that are applicable to new assets, which will enjoy fewer benefits than the projects under operation.

In Spain, the special regime will disappear. There will be a fixed incentive that will be applied over investments in order to assure a pre-tax return of approximately the 10-year Spanish government bonds plus a 300 bps spread. The incentive will be periodically revised depending on the revenues obtained in the market. The returns will be calculated according to standard costs and estimates of market prices. Companies achieving higher load factors than the average of the market will be favored. EDPR did not quantify the impact of this new remuneration on its earnings, since the available data does not allow an accurate calculation.

3) Free cash flow evolution

FCF after dividends

€ million	2009	2010	2011	2012	2013E	2014E	2015E	2016E
EBITDA	543	713	801	938	931	1,012	1,159	1,279
Capex	1,840	1,401	829	612	644	702	571	651
EBITDA - Capex	-1,297	-688	-29	326	287	310	587	628
Working capital change	363	416	-148	-211	109	191	124	91
Net interest paid	-72	-174	-244	-278	-270	-287	-277	-253
Taxes Paid	-11	-20	-36	-79	-35	-35	-51	-98
Others	-69	-277	138	357	84	7	7	1
FCF	-1,087	-743	-319	115	174	186	391	370
Dividends	0	0	0	0	-35	-33	-33	-62
FCF after dividends	-1,087	-743	-319	115	139	153	358	308
Cons. ENEOP's net debt	0	0	0	0	0	250	0	0
Net Debt *	3,349	4,092	4,411	4,296	4,157	4,253	3,895	3,588
Net Debt/EBITDA	6.2	5.7	5.5	4.6	4.5	4.2	3.4	2.8

** Net Debt includes the debt to institutional partnership*
Source: Millennium investment banking

Free cash flow after the dividends is expected to be positive in the coming years and to improve in the years to come, since EBITDA (+8% CAGR 2012-16E) should surpass Capex needs (we estimate an average of €0.6bn from 2013 to 2016). Dividends wise, we consider a dividend payout of 30% (company's dividend policy point to a value dividend payout between 25% and 35%), meaning a dividend yield of approximately 1% over the next two years.

EDPR's net debt has been reduced not only due to a growing cash flow generation, but also due to the asset rotation deals. According to our estimates, Net debt to EBITDA should stand below 3x in 2016. As previously mentioned, we do not assume any asset rotation. For instance, if we were to assume €1bn more of asset rotation, Net debt to EBITDA would drop to 2x.

Estimates revision:

Change in estimates

	Change vs previous estimates			
	2013E	2014E	2015E	2016E
Gross profit	-1%	-7%	-4%	-4%
EBITDA	-5%	-11%	-7%	-6%
D&A	-1%	-3%	-5%	-5%
EBIT	-9%	-18%	-8%	-7%
Net profit	-26%	-51%	-27%	-22%
EBITDA margin	1%	-3%	-3%	-3%
EBIT margin	-1%	-3%	-5%	-2%

Source: Millennium investment banking

Change in EBITDA

€ million	2013E	2014E	2015E	2016E
EBITDA	-5%	-11%	-7%	-5%
Spain	-3%	-22%	-22%	-16%
Portugal	12%	-14%	14%	8%
Rest of Europe	-7%	4%	1%	-1%
US	-6%	-5%	-4%	-2%

Source: Millennium investment banking

Estimates wise, main changes are due to our assumptions for the new remuneration scheme in Spain. Although some specific details of new regulation are not yet known and may be unveiled during the fourth quarter of this year, we assumed that earnings will drop by approximately €52.5mn in 2014 (assumptions: renewable companies will be forced to contribute with €1bn per year, 70% will be allocated to wind energy, the load factor for EDPR's wind parks in Spain stand above the average load factor for the market, so EDPR's contribution may be lower than its 10% current market share).

We have changed the quarterly and annual load factors based on the average of the last 3-years (please refer to load factor tables presented below). Our previous forecast was based on all the historical data available. We changed our method, since some of the latest data disclosed by EDPR surpassed our estimates for quarterly production figures. Main differences vis-à-vis our estimates were mostly related with the electricity generated in the Portuguese wind farms, in which load factors have been improving over the last years.

Load factors - new

	1Q	2Q	3Q	4Q	Average Year
Spain	32.3%	25.5%	22.0%	28.0%	26.9%
Portugal	32.3%	26.5%	23.7%	30.0%	28.1%
Rest of Europe	28.8%	20.8%	17.3%	28.0%	23.7%
US	35.8%	35.0%	22.0%	36.0%	32.2%
Brazil	24.0%	25.3%	37.7%	31.0%	29.5%

Source: Millennium investment banking

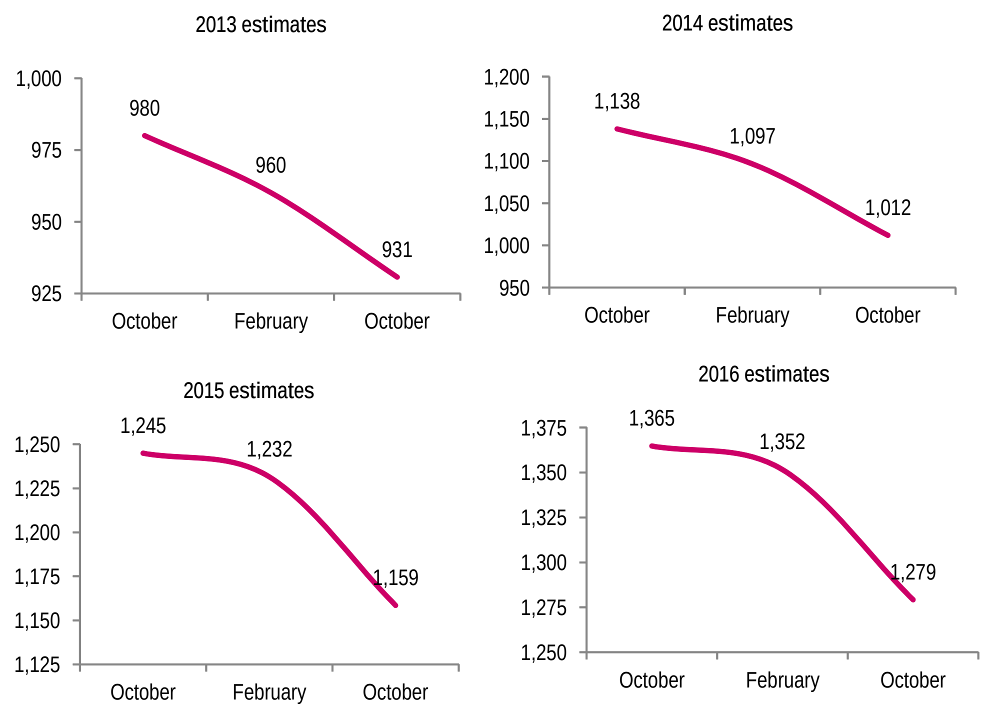
Load factors - old

	1Q	2Q	3Q	4Q	Average Year
Spain	31.0%	24.7%	21.6%	28.6%	26.5%
Portugal	29.3%	21.1%	23.0%	30.1%	25.9%
Rest of Europe	30.9%	20.6%	18.7%	29.4%	24.9%
US	37.0%	34.8%	21.4%	36.3%	32.3%
Brazil	23.8%	24.0%	34.8%	28.8%	27.9%

Source: Millennium investment banking

The following graphs show the evolution of EBITDA over our latest valuations updates.

EBITDA (in €mn) - evolution of our estimates



Source: Millennium investment banking

3rd quarter earnings

EDPR will release its 3Q13 earnings on October 30th before the market opens. EBITDA for 3Q13 should drop by 14% YoY mainly due to new taxes on generation in Spain (applied since the beginning of the year). Net income should be negative (as usual in the 3Q), because this quarter is the weakest one in terms of EBITDA due to the lower load factors (please see our quarterly estimates on page 18).

Valuation

Sum of the parts

	Current			Before		
	€ mn	Cons MW	EV/MW	€ mn	Cons MW	EV/MW
Wind (Consolidated MW)	9,118	10,613	0.86	8,841	10,682	0.83
Spain	2,130	2,310		2,472	2,310	
Inst.capacity YE13	2,130	2,310	0.92	2,472	2,310	1.07
Pipeline*	0	0	0.00	0	0	0.00
Portugal	873	619		764	644	
Inst.capacity YE13	873	619	1.41	771	615	1.25
Pipeline*	0	0	0.00	-7	29	-0.25
Rest of Europe	2,637	2,668		1,772	2,862	
Inst.capacity YE13	2,279	1,368	1.67	1,413	912	1.55
Pipeline*	358	1,300	0.28	360	1,950	0.18
US	3,370	4,812		3,724	4,662	
Inst.capacity YE13	3,218	3,637	0.88	3,594	3,637	0.99
Pipeline*	151	1,175	0.13	130	1,025	0.13
Brazil	108	204		108	204	
Inst.capacity YE13	106	84	1.26	109	84	1.29
Pipeline*	3	120	0.02	0	120	0.00
Wind ENEOP	646	429		440	480	
Inst.capacity YE13	596	430	1.39	462	390	1.18
Pipeline*	50	-1	0.00	-22	90	-0.25
Solar	111	39	2.86	110	39	2.82
Holding Costs & Others	-225			-150		
Total EV (YE14)	9,651			9,241		
Net Debt & Adjustments	4,939			4,488		
Net Debt YE13, inc. liab. to tax equity partners and other loans	4,397					
Minority Interests	509					
2013 dividend to be paid in 2014	33					
Equity Value	4,712			4,752		
Number of outstanding shares (mn)	872			872		
Price Target YE14 (€)	5.40			5.45		
Last price (€)	4.04					
Upside potential	34%					

**2014 is included in pipeline*

Source: Millennium investment banking

The table below summarizes the discount rates used to value the wind assets in the several countries, in which EDPR operates:

Discount rate assumptions

	Spain			US					Portugal				ROE				Brazil	
	First ten years		After the first ten years	First ten years				After the first ten years	Until 2015		Interin period	After the first ten years	Until 2015		Interin period	After the first ten years	First ten years	After the first ten years
	Old parks	New parks		Old parks		New parks			Old parks	New parks			Old parks	New parks				
				PTCs	Cash Grants	PTCs	Cash Grants											
Risk-Free Rate*	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	7.53%	7.53%
Country risk Premium	4.00%	4.00%	1.50%	0.50%	0.50%	0.50%	0.50%	0.50%	7.00%	7.00%	4.50%	2.00%	7.00%	7.00%	4.50%	2.00%	5.42%	5.42%
Market Premium	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	2.00%	2.49%	2.49%
Unlevered Beta	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
Levered Beta	1.02	1.02	1.02	1.51	1.51	1.51	1.51	1.51	1.03	1.03	1.03	1.03	1.02	1.02	1.02	1.02	1.00	1.00
Cost of Equity	11.18%	11.18%	8.63%	9.55%	9.55%	9.55%	9.55%	9.55%	14.31%	14.31%	11.75%	9.18%	14.24%	14.24%	11.69%	9.14%	15.40%	14.88%
Debt Spread**	3.25%	3.75%	2.25%	3.25%	3.25%	3.75%	3.75%	2.25%	5.00%	5.50%	3.75%	2.25%	5.00%	5.50%	3.75%	2.25%	5.27%	5.00%
Cost of Debt	5.25%	5.75%	4.25%	5.25%	5.25%	5.75%	5.75%	4.25%	7.00%	7.50%	5.75%	4.25%	7.00%	7.50%	5.75%	4.25%	12.80%	12.53%
Corporate Tax Rate	30.00%	30.00%	30.00%	35.00%	35.00%	35.00%	35.00%	35.00%	29.00%	29.00%	29.00%	29.00%	30.00%	30.00%	30.00%	30.00%	34.00%	34.00%
After-tax Cost of Debt	3.68%	4.03%	2.98%	3.41%	3.41%	3.74%	3.74%	2.76%	4.97%	5.33%	4.08%	3.02%	4.90%	5.25%	4.03%	2.98%	8.45%	8.27%
Other Debt - Tax Equity				7.00%	6.00%	7.00%	6.00%	6.50%										
Leverage	50.00%	50.00%	50.00%	20.00%	50.00%	20.00%	50.00%	20.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
Tax equity				50.00%	20.00%	50.00%	20.00%	50.0%										
WACC	7.43%	7.60%	5.80%	7.05%	5.77%	7.11%	5.93%	6.67%	9.64%	9.82%	7.91%	6.10%	9.57%	9.75%	7.86%	6.06%	11.92%	11.57%

** Cost of equity is calculated as the sum of the risk free rate plus country risk premium and market risk premium, the latter two multiplied by the levered beta. In Europe, Risk free rate is the German 10-year Government bond yield. Country risk premium results from the difference between the local Sovereign yield and the German 10-year Government bond yield multiplied by a volatility factor (ratio that relates equity with bonds volatility). For country risk premium in perpetuity, we assume that the German and local 10-year sovereign yields will converge to respective last 10-year averages. Market risk premium is set at 5%. In the US, we consider the US 10- year Government bond yield.*

*** Cost of debt before tax is the debt spread (long-term issuances) over the German 10-year sovereign rate;*

Source: Millennium investment banking

Capacity forecast (Consolidated MW)

Consolidated Installed capacity (MW)	2010	2011	2012	2013E	2014E	2015E	2016E	2020E	CAGR 12-20E
Total	6,438	7,157	7,597	8,057	9,037	9,557	10,007	11,132	4.9%
Spain	2,050	2,201	2,310	2,310	2,310	2,310	2,310	2,310	0.0%
Portugal	599	613	615	619	1,099	1,099	1,099	1,099	7.5%
RoE	551	838	951	1,407	1,607	1,807	2,007	2,707	14.0%
US	3,224	3,422	3,637	3,637	3,937	4,137	4,387	4,812	3.6%
Brazil	14	84	84	84	84	204	204	204	11.7%
Additions	948	650	439	460	980	520	450	200	
Spain	189	151	109	0	0	0	0	0	
Portugal	4	14	2	4	480	0	0	0	
RoE	154	287	113	456	200	200	200	150	
US	601	198	215	0	300	200	250	50	
Brazil	0	0	0	0	0	120	0	0	

Source: Millennium investment banking, Company data

Capacity forecast (Consolidated MW + ENEOP)

Cons (MW) + ENEOP	2010	2011	2012	2013E	2014E	2015E	2016E	2020E	CAGR 12-20E
Total	6,677	7,483	7,987	8,487	9,037	9,557	10,007	11,132	4.2%
Spain	2,050	2,201	2,310	2,310	2,310	2,310	2,310	2,310	0.0%
Portugal	838	939	1,005	1,049	1,099	1,099	1,099	1,099	1.1%
RoE	551	838	951	1,407	1,607	1,807	2,007	2,707	14.0%
US	3,224	3,422	3,637	3,637	3,937	4,137	4,387	4,812	3.6%
Brazil	14	84	84	84	84	204	204	204	11.7%
Additions	1,102	807	503	500	550	520	450	200	
Spain	189	151	109	0	0	0	0	0	
Portugal	158	101	66	44	50	0	0	0	
RoE	154	287	113	456	200	200	200	150	
US	601	198	215	0	300	200	250	50	
Brazil	0	70	0	0	0	120	0	0	

Source: Millennium investment banking, Company data

Operating performance per country

€ million	2009	2010	2011	2012	2013E	2014E	2015E	2016E	CAGR 12-16E
Gross profit	724	948	1,069	1,285	1,340	1,448	1,640	1,788	8.6%
Spain	254	331	380	445	459	397	401	403	-2.4%
US	286	382	414	483	489	512	564	612	6.1%
Portugal	123	140	139	149	152	176	241	243	12.9%
RoE	39	79	126	183	218	343	411	492	28.0%
Brazil	0	3	20	25	22	21	23	38	11.2%
Other	22	13	-10	0	0	0	0	0	nm
EBITDA	543	713	801	938	931	1,012	1,159	1,279	8.1%
Spain	206	262	295	347	324	265	267	268	-6.2%
US	214	288	270	318	323	344	381	416	7.0%
Portugal	102	116	111	119	124	142	190	191	12.7%
RoE	27	71	94	172	175	276	334	405	23.8%
Brazil	0	0	13	17	16	15	16	29	15.0%
Other	-6	-25	17	-34	-30	-30	-30	-30	-3.2%
EBITDA margin									
Spain	81.0%	79.2%	77.8%	77.9%	70.6%	66.7%	66.6%		
US	75.0%	75.5%	65.2%	65.8%	65.9%	67.2%	67.6%		
Portugal	82.5%	82.5%	79.9%	79.5%	81.7%	80.7%	78.8%		
RoW	69.1%	91.0%	74.6%	94.1%	79.9%	80.6%	81.3%		
Brazil			67.2%	66.9%	71.4%	70.4%	72.0%		

Source: Millennium investment banking, Company data

Please find in the following table the main assumptions used in our valuation.

KPI

	2010	2011	2012	2013E	2014E	2015E	2020E	CAGR 12-20E
Production (GWh)	14,269	16,801	18,445	19,339	20,975	23,217	28,156	5.43%
Capacity (Consolidated MW)	6,438	7,158	7,597	8,057	9,037	9,557	11,132	4.89%
Average selling price (€/MWh)	66	64	70	69	69	71	73	0.60%
Spain								
MW installed (Consolidated)	2,050	2,201	2,310	2,310	2,310	2,310	2,310	0.00%
Capex/MW (€mn)		1.30	1.35	1.40	1.42	1.44	1.55	
Avg gross margin (€/MWh) *	76.05	82.79	87.15	82.45	72.87	73.60	69.28	
Opex (€th/MW)*	36.5	40.7	44.4	45.0	45.7	46.4	49.9	
Avg load factor (%)	27.0%	25.0%	27.0%	27.5%	26.9%	26.9%	26.9%	
Production (GW)	4,355	4,584	5,106	5,565	5,443	5,443	5,443	
Ebitda margin (%)	79.2%	77.8%	77.9%	70.6%	66.7%	66.6%	65.9%	
Portugal								
MW installed (Consolidated) **	599	613	615	619	1,099	1,099	1,099	7.53%
Capex/MW (€mn)		1.30	1.35	1.40	1.42	1.44	1.55	
Avg gross margin (€/MWh) *	95.27	99.62	103.39	100.49	96.66	89.15	89.96	
Opex (€th/MW) *	41.3	46.2	50.1	45.0	45.7	46.4	49.9	
Avg load factor (%)	29.0%	27.0%	27.0%	28.0%	28.1%	28.1%	28.1%	
Production (GW)	1,472	1,391	1,444	1,509	1,819	2,705	2,705	
Ebitda margin (%)	82.50%	79.94%	79.50%	81.66%	80.73%	78.80%	77.60%	
RoE								
MW installed (Consolidated)	551	838	951	1,407	1,607	1,807	2,707	13.97%
Capex/MW (€mn)		1.30	1.35	1.40	1.42	1.44	1.55	
Avg gross margin (€/MWh) *	97.6	95.2	106.0	101.8	108.5	112.3	105.9	
Opex (€th/MW) *	16.9	54.0	12.9	45.0	45.7	46.4	49.9	
Avg load factor (%)	24.0%	23.0%	24.0%	23.5%	23.7%	24.3%	25.5%	
Production (GW)	804	1,326	1,727	2,005	3,025	3,526	5,797	
Ebitda margin (%)	91.0%	74.6%	94.0%	79.4%	80.3%	81.1%	79.2%	
US								
MW installed (Consolidated)	3,224	3,422	3,637	3,637	3,937	4,137	4,812	3.56%
Capex/MW ($mn)		1.80	1.85	1.88	1.91	1.93	2.08	
Avg gross margin ($/MWh) *	66.6	61.8	62.4	64.9	67.0	68.7	78.3	
Opex ($th/MW) *	45.7	62.1	61.4	61.0	61.9	62.8	67.7	
Avg load factor (%)	32.0%	33.0%	33.0%	31.5%	32.2%	32.2%	32.2%	
Production (GW)	7,606	9,330	9,937	10,036	10,471	11,246	13,468	
Ebitda margin (%)	75.5%	65.2%	65.8%	65.9%	67.2%	67.6%	69.3%	
Brazil								
MW installed (Consolidated)	14	84	84	84	84	204	204	11.73%
Capex/MW (R$mn)		4.08	4.16	4.24	4.33	4.42	4.88	
Avg gross margin (R$/MWh) *	234.0	266.4	268.8	294.6	303.1	260.0	210.5	
Opex (R$th/MW) *	250.0	261.2	245.2	225.0	231.5	238.1	274.3	
Avg load factor (%)	26.0%	35.0%	31.0%	30.5%	29.5%	33.1%	41.6%	
Production (GW)	32	170	231	224	217	296	743	
Ebitda margin (%)	-9.4%	67.2%	66.9%	71.4%	70.4%	72.0%	77.0%	

* *As per our calculations. Opex per MW (historic data) includes other revenues.*

*** MW in Portugal includes the 480MW from ENEOP that will be consolidated from 2014 onwards.*

Source: Millennium investment banking, Company data

Spain:

Wind Spain – Valuation of installed capacity (MW) (€ mn)

€ million	Cons MW	Beg	End	EV/MW at YE14	MW PV at YE14	Method
Capacity at YE13	2,310			0.92	2,130	
Wind farms installed during 1992	29	1992	2011	0.03	1	DCF
Wind farms installed during 1996	8	1996	2015	0.22	2	DCF
Wind farms installed during 1997	49	1997	2016	0.30	15	DCF
Wind farms installed during 1998	64	1998	2017	0.38	24	DCF
Wind farms installed during 2000	117	2000	2019	0.52	61	DCF
Wind farms installed during 2001	88	2001	2020	0.59	52	DCF
Wind farms installed during 2003	51	2003	2022	0.71	36	DCF
Wind farms installed during 2004	219	2004	2023	0.77	169	DCF
Wind farms installed during 2005	76	2005	2024	0.83	63	DCF
Wind farms installed during 2006	222	2006	2025	0.88	195	DCF
Wind farms installed during 2007	345	2007	2026	0.94	323	DCF
Wind farms installed during 2008	424	2008	2027	1.10	464	DCF
Wind farms installed during 2009	169	2009	2028	1.15	194	DCF
Wind farms installed during 2010	189	2010	2029	1.17	221	DCF
Wind farms installed during 2011	151	2011	2030	1.18	178	DCF
Wind farms installed during 2012	109	2012	2031	1.22	133	DCF

Source: Millennium investment banking

Portugal:

Wind Portugal – Valuation of installed capacity (MW) (€ mn)

€ million	Cons MW	Beg	End	EV/MW at YE14	MW PV at YE14	Method
Capacity at YE13	619			1.41	873	
Wind farms installed during 1996	10	1996	2015	0.32	3	DCF
Wind farms installed during 1998	10	1998	2017	0.47	5	DCF
Wind farms installed during 2000	10	2000	2019	0.67	7	DCF
Wind farms installed during 2001	10	2001	2020	0.78	8	DCF
Wind farms installed during 2003	29	2003	2022	1.02	30	DCF
Wind farms installed during 2004	91	2004	2023	1.13	102	DCF
Wind farms installed during 2005	55	2005	2024	1.23	67	DCF
Wind farms installed during 2006	112	2006	2025	1.34	149	DCF
Wind farms installed during 2007	97	2007	2026	1.70	165	DCF
Wind farms installed during 2008	129	2008	2027	1.70	220	DCF
Wind farms installed during 2009	42	2009	2028	1.78	75	DCF
Wind farms installed during 2010	4	2010	2029	1.85	7	DCF
Wind farms installed during 2011	14	2011	2030	1.89	27	DCF
Wind farms installed during 2012	2	2012	2031	1.42	3	DCF
Wind farms installed before 2013	4	2013	2032	1.45	6	DCF

Source: Millennium investment banking

Rest of Europe:

Wind Rest of Europe – Valuation of installed capacity (MW) (€ mn)

€ million	Cons MW	Beg	End	EV/MW at YE14	MW PV at YE14	Method
Capacity at YE13	1,368			1.67	2,279	
Wind farms installed before 2007	122	2007	2026	1.28	156	Multiple
Wind farms installed until 2008	110	2008	2027	1.53	169	DCF
Wind farms installed until 2009	165	2009	2028	1.59	263	DCF
Wind farms installed until 2010	154	2010	2029	1.64	253	DCF
Wind farms installed until 2011	287	2011	2030	1.70	487	DCF
Wind farms installed until 2012	74	2012	2031	1.75	130	DCF
Wind farms installed until 2013	456	2013	2032	1.80	823	DCF

Source: Millennium investment banking

Wind Rest of Europe – Valuation of pipeline (MW) (€ mn)

€ million	Cons MW	Beg	End	EV/MW at YE14	MW PV at YE14	Method
Pipeline	1,300			0.28	358	
Wind farms installed during 2014	200	2014	2033	0.36	72	DCF
Wind farms installed during 2015	200	2015	2034	0.32	63	DCF
Wind farms installed during 2016	200	2016	2035	0.29	57	DCF
Wind farms installed during 2017	200	2017	2036	0.26	52	DCF
Wind farms installed during 2018	200	2018	2037	0.24	48	DCF
Wind farms installed during 2019	150	2019	2038	0.22	34	DCF
Wind farms installed during 2020	150	2020	2039	0.22	33	DCF

Source: Millennium investment banking

The US

Wind US – Valuation of installed capacity (MW) (€ mn)

€ million	Cons MW	Beg	End	EV/MW at YE14	MW PV at YE14 *	Method
Capacity at YE13	3,637			0.88	3,218	
Wind farms installed during 2001	12	2001	2020	0.44	5	DCF
Wind farms installed during 2006	312	2006	2025	0.69	215	DCF
Wind farms installed during 2007	932	2007	2026	0.76	707	DCF
Wind farms installed during 2008	668	2008	2027	0.90	604	DCF
Wind farms installed during 2009	700	2009	2028	0.91	634	DCF
Wind farms installed during 2010	600	2010	2029	0.99	592	DCF
Wind farms installed during 2011	198	2011	2030	1.06	209	DCF
Wind farms installed during 2012	216	2012	2032	1.51	253	DCF
Wind farms installed during 2013	0	2013	2032	0.00	0	DCF

** We assumed an exchange rate EUR/USD of 1.37 (forward YE14)*
Source: Millennium investment banking

Wind US – Valuation of installed capacity (MW) ($ mn)

$ million	Cons MW	Beg	End	EV/MW at YE14	MW PV at YE14	Method
Capacity at YE13	3,637			1.21	4,404	
Wind farms installed during 2001	12	2001	2020	0.60	7	DCF
Wind farms installed during 2006	312	2006	2025	0.94	294	DCF
Wind farms installed during 2007	932	2007	2026	1.04	968	DCF
Wind farms installed during 2008	668	2008	2027	1.24	826	DCF
Wind farms installed during 2009	700	2009	2028	1.24	867	DCF
Wind farms installed during 2010	600	2010	2029	1.35	810	DCF
Wind farms installed during 2011	198	2011	2030	1.45	286	DCF
Wind farms installed during 2012	216	2012	2031	1.60	346	DCF
Wind farms installed during 2013	0	2013	2032	2.07	0	DCF

Source: Millennium investment banking

Wind US – Valuation of pipeline (MW) (€ mn)

€ million	Cons MW	Beg	End	EV/MW at YE14	MW PV at YE14 *	Method
Pipeline	1,175			0.13	151	
Wind farms installed during 2014	300	2014	2033	0.13	39	DCF
Wind farms installed during 2015	200	2015	2034	0.13	26	DCF
Wind farms installed during 2016	250	2016	2035	0.13	33	DCF
Wind farms installed during 2017	200	2017	2036	0.13	26	DCF
Wind farms installed during 2018	100	2018	2037	0.13	13	DCF
Wind farms installed during 2019	75	2019	2038	0.12	9	DCF
Wind farms installed during 2020	50	2020	2039	0.11	6	DCF

** We assumed an exchange rate EUR/USD of 1.37 (forward YE14)*
Source: Millennium investment banking

Wind US – Valuation of pipeline (MW) ($ mn)

$ million	Cons MW	Beg	End	EV/MW at YE14	MW PV at YE14	Method
Pipeline	1,175			0.18	207	
Wind farms installed during 2014	300	2014	2033	0.18	53	DCF
Wind farms installed during 2015	200	2015	2034	0.18	36	DCF
Wind farms installed during 2016	250	2016	2035	0.18	45	DCF
Wind farms installed during 2017	200	2017	2036	0.18	35	DCF
Wind farms installed during 2018	100	2018	2037	0.17	17	DCF
Wind farms installed during 2019	75	2019	2038	0.16	12	DCF
Wind farms installed during 2020	50	2020	2039	0.16	8	DCF

Source: Millennium investment banking

Brazil

Wind Brazil – Valuation of installed capacity (MW) (€ mn)

€ million	Cons MW	Beg	End	EV/MW at YE14 *	MW PV at YE14	Method
Capacity at YE13	84			1.26	106	
Wind farms installed before 2007	14	2007	2026	1.12	16	DCF
Wind farms installed during 2011	70	2011	2030	1.29	90	DCF

**We assumed an exchange rate EUR/BRL of 3.2 (forward YE14)*
Source: Millennium investment banking

Wind Brazil – Valuation of installed capacity (MW) (R$ mn)

R$ million	Cons MW	Beg	End	EV/MW at YE14	MW PV at YE14	Method
Capacity at YE13	84			4.01	337	
Wind farms installed before 2007	14	2007	2026	3.56	50	DCF
Wind farms installed during 2011	70	2011	2030	4.11	287	DCF

Source: Millennium investment banking

Wind Brazil – Valuation of pipeline (MW) (€ mn)

€ million	Cons MW	Beg	End	EV/MW at YE14 *	MW PV at YE14	Method
Pipeline	120			0.02	3	
Wind farms installed during 2015	120	2015	2034	0.02	3	DCF

**We assumed an exchange rate EUR/BRL of 3.2 (forward YE14)*
Source: Millennium investment banking

Wind Brazil – Valuation of pipeline (MW) (R$ mn)

R$ million	Cons MW	Beg	End	EV/MW at YE14	MW PV at YE14	Method
Pipeline	120			0.07	9	
Wind farms installed during 2015	120	2015	2034	0.07	9	DCF

Source: Millennium investment banking

Eólicas de Portugal

Wind Eólicas de Portugal– Valuation of installed capacity (MW) (€ mn)

€ million	Cons MW	Beg	End	EV/MW at YE14	MW PV at YE14	Method
Capacity at YE13	430			1.39	596	
Wind farms installed during 2009	85	2009	2028	1.34	114	DCF
Wind farms installed during 2010	154	2010	2029	1.38	212	DCF
Wind farms installed during 2011	87	2011	2030	1.39	121	DCF
Wind farms installed during 2012	64	2012	2031	1.42	91	DCF
Wind farms installed before 2013	40	2013	2032	1.45	58	DCF

Source: Millennium investment banking

Wind Eólicas de Portugal– Valuation of pipeline (MW) (€ mn)

€ million	Cons MW	Beg	End	EV/MW at YE14	MW PV at YE14	Method
Pipeline	50			-0.03	-1	
Wind farms installed during 2014	50	2014	2033	-0.03	-1	DCF

Source: Millennium investment banking

Solar

Solar – Valuation of pipeline (MW) (€ mn)

€ million	Cons MW	Beg	End	EV/MW at YE14	MW PV at YE14	Method
Capacity at YE13	39			2.86	111	
Wind farms installed during 2012	39	2012	2031	2.86	111	DCF

Source: Millennium investment banking

Financial Statements

Income statement

€ million	2009	2010	2011	2012	2013E	2014E	2015E	2016E	CAGR 12-16E
Gross profit	725	948	1,069	1,285	1,340	1,448	1,640	1,788	8.6%
Opex (includes taxes)	-182	-235	-268	-348	-409	-436	-481	-509	10.0%
EBITDA	543	713	801	938	931	1,012	1,159	1,279	8.1%
D&A	-312	-423	-453	-488	-484	-510	-531	-556	3.3%
EBIT	231	290	347	450	447	502	627	724	12.6%
Capital gains / (losses)	0	0	10	3	0	0	0	0	-100.0%
Financial income (expense)	-72	-174	-244	-278	-270	-287	-277	-253	-2.3%
Income / (losses) from associated companies	4	5	5	7	12	7	7	1	-38.1%
Pre-tax profit	163	121	119	182	188	222	358	472	26.9%
Income tax expense	-45	-38	-28	-46	-52	-67	-107	-142	32.4%
Minority interest	-3	-3	-2	-10	-26	-44	-45	-46	46.8%
Profit from disc. op. net of tax	0	0	0	0	0	0	0	0	nm
Net profit	115	80	88	126	110	111	206	285	22.5%
EBITDA margin	75%	75%	75%	73%	69%	70%	71%	72%	-0.4pp
EBIT margin	32%	31%	32%	35%	33%	35%	38%	40%	1.4pp

Source: Millennium investment banking, Company data

Balance Sheet

€ million	2009	2010	2011	2012	2013E	2014E	2015E	2016E	CAGR 12-16E
Assets	11,294	12,835	13,059	13,302	13,404	14,264	14,381	14,537	2%
Property, plant and equipment	8,635	9,982	10,455	10,537	10,697	11,514	11,554	11,650	2.5%
Intangible assets and Goodwill	1,336	1,367	1,334	1,327	1,327	1,327	1,327	1,327	0.0%
Financial investments, net	60	64	61	57	57	57	57	57	0.0%
Deferred tax assets	28	39	56	89	89	89	89	89	0.0%
Debtors and other assets	637	757	763	849	783	810	858	895	1.3%
Inventories	11	24	24	16	17	18	20	22	8.6%
Trade receivables	106	144	146	180	188	203	230	250	8.6%
Financial assets held for trading	37	36	0	0	0	0	0	0	0.0%
Cash and cash equivalents	444	424	220	246	246	246	246	246	0.0%
Equity	5,328	5,394	5,454	5,749	5,922	6,419	6,636	6,905	4.7%
Liabilities	5,966	7,442	7,604	7,553	7,482	7,845	7,745	7,632	0.3%
Financial debt	2,673	3,534	3,826	3,874	3,735	3,832	3,474	3,166	-4.9%
Provisions for liabilities and charges	67	54	58	64	64	64	64	64	0.0%
Deferred tax liabilities	343	372	381	381	397	429	486	530	8.6%
Trade and other payables	2,883	3,483	3,339	3,234	3,285	3,520	3,721	3,872	4.6%
Total Equity and Liabilities	11,294	12,835	13,058	13,302	13,404	14,264	14,381	14,537	2.2%

Source: Millennium investment banking, Company data

Cash Flow Statement

€ million	2009	2010	2011	2012	2013E	2014E	2015E	2016E	Accum 12-16E
Cash flow from operations	821	935	373	370	734	881	955	1,054	7,288
Cash flow from investment	-1,838	-1,798	-839	-550	-633	-695	-564	-587	-7,544
Cash flow from financing	1,231	843	262	207	-102	-186	-391	-467	85

Source: Millennium investment banking, Company data

FCF after dividend

€ million	2009	2010	2011	2012	2013E	2014E	2015E	2016E
EBITDA	543	713	801	938	931	1,012	1,159	1,279
Capex	1,840	1,401	829	612	644	702	571	651
EBITDA - Capex	-1,297	-688	-29	326	287	310	587	628
Working capital change	363	416	-148	-211	109	191	124	91
Net interest paid	-72	-174	-244	-278	-270	-287	-277	-253
Taxes Paid	-11	-20	-36	-79	-35	-35	-51	-98
Others	-69	-277	138	357	84	7	7	1
FCF	-1,087	-743	-319	115	174	186	391	370
Dividends	0	0	0	0	-35	-33	-33	-62
FCF after dividends	-1,087	-743	-319	115	139	153	358	308
Cons. ENEOP's net debt	0	0	0	0	0	250	0	0
Net Debt *	3,349	4,092	4,411	4,296	4,157	4,253	3,895	3,588
Net Debt/EBITDA	6.2	5.7	5.5	4.6	4.5	4.2	3.4	2.8

**Net Debt includes the debt to institutional partnership*
Source: Millennium investment banking, Company data

Leverage indicators

	2009	2010	2011	2012	2013E	2014E	2015E	2016E	CAGR 12-16E
EBITDA	543	713	801	938	931	1,012	1,159	1,279	8.1%
Capex	-1,840	-1,401	-829	-612	-644	-702	-571	-651	1.6%
EBITDA - Capex	-1,297	-688	-29	326	287	310	587	628	
Dividends	0	0	0	0	35	33	33	62	
EBITDA - Capex - Dividends	-1,297	-688	-29	326	252	277	554	566	
Net Financial costs	-72	-174	-244	-278	-259	-280	-277	-253	-2.3%
Net Debt *	3,349	4,092	4,411	4,296	4,157	4,253	3,895	3,588	-4.4%
Net Debt/ EBITDA (x)	6.2	5.7	5.5	4.6	4.5	4.2	3.4	2.8	
Net Debt/ Equity(x)	0.6	0.8	0.8	0.7	0.7	0.7	0.6	0.5	
Net Debt/ Capital Employed (x)	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.3	
EBITDA/Financial costs (x)	7.5	4.1	3.3	3.4	3.6	3.6	4.2	5.1	

**Net Debt includes the debt to institutional partnership*
Source: Millennium investment banking, Company data

Main Cash Flow Drivers

	2009	2010	2011	2012	2013E	2014E	2015E	2016E	CAGR 12-16E
Gross margin (mn)	725	948	1,069	1,285	1,340	1,448	1,640	1,788	
Gross margin (YoY)	*25%*	*31%*	*13%*	*20%*	*4%*	*8%*	*13%*	*9%*	*8.6%*
EBITDA (YoY)	*24%*	*31%*	*12%*	*17%*	*-1%*	*9%*	*14%*	*10%*	*8.1%*
EBITDA mg	75%	75%	75%	73%	69%	70%	71%	72%	
EBIT (YoY)	*0%*	*26%*	*20%*	*30%*	*-1%*	*12%*	*25%*	*15%*	*12.6%*
EBIT mg	32%	31%	32%	35%	33%	35%	38%	40%	
Capex (YoY)	*-15%*	*-24%*	*-41%*	*-26%*	*5%*	*9%*	*-19%*	*14%*	*1.6%*
Capex as % of Gross margin	*254%*	*148%*	*78%*	*48%*	*48%*	*48%*	*35%*	*36%*	

Source: Millennium investment banking, Company data

Quarterly Data

P&L

€ million	1Q13	2Q13	3Q13E	4Q13E	1Q14E	2Q14E	3Q14E	4Q14E
Gross profit	415	341	246	338	404	343	266	435
Operating costs	-88	-108	-99	-115	-104	-103	-104	-125
EBITDA	327	233	147	223	300	240	163	310
D&A & Provisions	-118	-115	-116	-134	-130	-135	-140	-105
EBIT	209	118	31	89	170	105	23	205
Capital gains / (losses)	0	0	0	0	0	0	0	0
Financial income (expense)	-65	-65	-68	-73	-69	-69	-69	-80
Income from group and ass. comp.	4	5	1	1	2	2	2	3
Pre-tax profit	149	58	-36	17	102	37	-45	128
Income tax expense	-44	-13	11	-6	-31	-11	13	-38
Minority interest	-14	-6	-2	-3	-15	-6	-4	-20
Net profit	90	39	-27	8	57	20	-35	69
EBITDA margin	79%	68%	60%	66%	74%	70%	61%	71%
EBIT margin	50%	35%	13%	26%	42%	30%	9%	47%

Source: Millennium investment banking, Company data

Seasonality

	1Q13	2Q13	3Q13E	4Q13E	1Q14E	2Q14E	3Q14E	4Q14E
Weight in FY								
Gross Margin	31%	25%	18%	25%	31%	25%	18%	25%
Opex	21%	26%	24%	28%	21%	26%	24%	28%
EBITDA	35%	25%	16%	24%	35%	25%	16%	24%
EBIT	47%	26%	7%	20%	47%	26%	7%	20%
Growth Rates YoY								
Gross Margin	20%	4%	-7%	-3%	-3%	0%	8%	29%
Opex	6%	24%	7%	34%	19%	-4%	5%	9%
EBITDA	24%	-3%	-14%	-15%	-8%	3%	11%	39%
EBIT	40%	-11%	-50%	-16%	-19%	-11%	-26%	130%
Growth Rates QoQ								
Gross Margin	19%	-18%	-28%	38%	19%	-15%	-22%	63%
Opex	2%	23%	-8%	16%	-9%	-1%	0%	21%
EBITDA	24%	-29%	-37%	52%	34%	-20%	-32%	90%
EBIT	97%	-2%	1%	16%	-3%	4%	4%	-25%

Source: Millennium investment banking, Company data

Quarterly Operating Data Spain

€ million	1Q13	2Q13	3Q13E	4Q13E	1Q14E	2Q14E	3Q14E	4Q14E
Gross Profit	153	111	91	103	117	94	82	104
Gross Profit (QoQ)	*-66%*	*-27%*	*-18%*	*13%*	*14%*	*-80%*	*-30%*	*11%*
Gross Profit (YoY)	*34%*	*16%*	*-23%*	*-77%*	*-23%*	*-16%*	*-10%*	*0%*
Operating Costs	36	32	26	41	34	33	32	33
Operating Costs (QoQ)	*-63%*	*-13%*	*-18%*	*56%*	*-16%*	*-76%*	*-6%*	*-1%*
Operating Costs (YoY)	*57%*	*40%*	*-11%*	*-59%*	*-6%*	*4%*	*24%*	*-20%*
EBITDA	117	80	65	63	83	61	49	71
EBITDA (QoQ)	*-66%*	*-32%*	*-18%*	*-4%*	*33%*	*-81%*	*-41%*	*17%*
EBITDA (YoY)	*28%*	*8%*	*-27%*	*-82%*	*-29%*	*-24%*	*-24%*	*14%*
EBITDA Margin	76%	72%	71%	61%	71%	65%	60%	69%
Production (GWh)	1,813	1,298	1,116	1,338	1,612	1,286	1,122	1,423
Average Tariff (€/MWh)	84.8	85.7	81.8	77.2	72.9	72.9	72.9	72.9

Source: Millennium investment banking, Company data

Quarterly Operating Data Portugal

€ million	1Q13	2Q13	3Q13E	4Q13E	1Q14E	2Q14E	3Q14E	4Q14E
Gross Profit	56	42	28	27	44	39	32	61
Gross Profit (QoQ)	*-63%*	*-25%*	*-33%*	*-5%*	*67%*	*-75%*	*-27%*	*58%*
Gross Profit (YoY)	*29%*	*12%*	*-21%*	*-82%*	*-21%*	*-7%*	*16%*	*129%*
Operating Costs	8	8	7	5	7	7	7	13
Operating Costs (QoQ)	*-74%*	*-4%*	*-6%*	*-28%*	*35%*	*-75%*	*2%*	*81%*
Operating Costs (YoY)	*7%*	*9%*	*-22%*	*-83%*	*-12%*	*-7%*	*-1%*	*147%*
EBITDA	48	34	21	21	37	31	25	48
EBITDA (QoQ)	*-60%*	*-29%*	*-39%*	*3%*	*74%*	*-75%*	*-32%*	*52%*
EBITDA (YoY)	*33%*	*13%*	*-21%*	*-82%*	*-22%*	*-7%*	*22%*	*124%*
EBITDA Margin	86%	82%	74%	81%	84%	82%	78%	79%
Production (GWh)	509	379	279	342	432	358	324	705
Average Tariff (€/MWh)	108.4	109.5	100.0	77.6	102.5	107.5	100.0	86.0

Source: Millennium investment banking, Company data

Quarterly Operating Data RoE

€ million	1Q13	2Q13	3Q13E	4Q13E	1Q14E	2Q14E	3Q14E	4Q14E
Gross Profit	62	46	40	70	101	70	59	113
Gross Profit (QoQ)	*-66%*	*-25%*	*-13%*	*73%*	*44%*	*-66%*	*-41%*	*60%*
Gross Profit (YoY)	*52%*	*31%*	*-28%*	*-62%*	*63%*	*52%*	*46%*	*62%*
Operating Costs	11	12	12	9	16	16	16	18
Operating Costs (QoQ)	*-4%*	*13%*	*4%*	*-27%*	*76%*	*-62%*	*2%*	*15%*
Operating Costs (YoY)	*28%*	*19%*	*-182%*	*-17%*	*51%*	*35%*	*31%*	*105%*
EBITDA	51	34	28	61	85	54	43	94
EBITDA (QoQ)	*-70%*	*-33%*	*-18%*	*117%*	*40%*	*-66%*	*-49%*	*74%*
EBITDA (YoY)	*59%*	*35%*	*-60%*	*-65%*	*65%*	*58%*	*53%*	*55%*
EBITDA Margin	83%	74%	69%	87%	84%	77%	73%	84%
Production (GWh)	552	449	385	618	875	639	537	973
Average Tariff (€/MWh)	114.6	103.1	105.0	113.0	115	110	110	116

Source: Millennium investment banking, Company data

Quarterly Operating Data US

€ million	1Q13	2Q13	3Q13E	4Q13E	1Q14E	2Q14E	3Q14E	4Q14E
Adjusted Gross Profit	137	136	81	135	138	136	86	152
Adjusted Gross Profit (QoQ)	*-72%*	*-1%*	*-41%*	*68%*	*2%*	*-72%*	*-37%*	*12%*
Adjusted Gross Profit (YoY)	*10%*	*58%*	*-38%*	*-72%*	*0%*	*0%*	*7%*	*12%*
Operating Costs	22	40	39	66	41	41	41	45
Operating Costs (QoQ)	*-87%*	*81%*	*-2%*	*68%*	*-38%*	*-75%*	*2%*	*9%*
Operating Costs (YoY)	*-39%*	*7%*	*-33%*	*-60%*	*84%*	*3%*	*6%*	*-32%*
EBITDA	115	96	41	70	97	95	45	107
EBITDA (QoQ)	*-64%*	*-16%*	*-57%*	*68%*	*39%*	*-71%*	*-54%*	*13%*
EBITDA (YoY)	*29%*	*97%*	*-43%*	*-78%*	*-16%*	*-1%*	*9%*	*54%*
EBITDA Margin	84%	71%	51%	51%	71%	70%	52%	71%
Production (GWh)	2,829	2,790	1,646	2,772	2,812	2,780	1,767	3,111
Average Tariff (USD/MWh) (1)	48.0	48.9	49.0	48.8	48.9	48.9	48.9	48.9

(1) Average prices do not include revenues from institutional partnership

Source: Millennium investment banking, Company data

Consolidated figures

Income Statements

€ million	2011	2012	2013E	2014E
Operating revenues	1,078	1,296	1,352	1,461
Gross Profit	1,069	1,285	1,340	1,448
EBITDA	801	938	931	1,012
D&A	453	488	484	510
EBIT	347	450	447	502
Net Financials	229	268	258	279
Taxes	28	46	52	67
Net profit	88	126	110	111
Margins (%)				
Gross Profit/Revenues	99%	99%	99%	99%
EBITDA/Gross Margin	75%	73%	69%	70%
EBIT/Gross Margin	32%	35%	33%	35%
Effective Tax Rate	25%	31%	44%	50%
Net Income/Revenues	8%	10%	8%	8%

Source: Millennium investment banking, Company data

Financial Balance Sheet

€ million	2011	2012	2013E	2014E
Fixed Assets	11,850	11,922	12,082	12,898
Working Capital & Others	-1,985	-1,877	-2,003	-2,226
Invested Capital	9,865	10,045	10,079	10,672
Net Debt & Others	4,411	4,296	4,157	4,253
Minorities	127	325	423	467
Equity	5,327	5,424	5,499	5,952
Capital Employed	9,865	10,045	10,079	10,672

Source: Millennium investment banking, Company data

Cash-Flow Statements

€ million	2011	2012	2013E	2014E
Cash Flow from Operations	373	370	734	881
Cash Flow from Investing	-839	-550	-633	-695
EBITDA-Capex	-29	326	287	310

Source: Millennium investment banking, Company data

Leverage and Return

	2011	2012	2013E	2014E
EBITDA	801	938	931	1,012
Capex	-829	-612	-644	-702
EBITDA - Capex	-29	326	287	310
Dividends	0	0	35	33
EBITDA - Capex - Dividends	-29	326	252	277
Net Financial costs	-244	-278	-259	-280
Net Debt *	4,411	4,296	4,157	4,253
Net Debt/ EBITDA (x)	5.5	4.6	4.5	4.2
Net Debt/ Equity(x)	0.8	0.7	0.7	0.7
Net Debt/ Capital Employed (x)	0.4	0.4	0.4	0.4
EBITDA/Financial costs (x)	3.3	3.4	3.6	3.6

**Net Debt includes the debt to institutional partnership*

Source: Millennium investment banking, Company data

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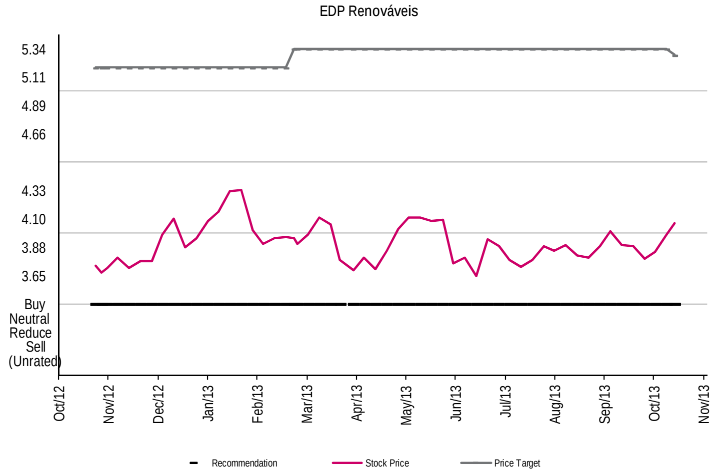

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