

Reuters: EDPP.IN  
Bloomberg: EDP PL

## Investors & Analysts' Briefing

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### EDP ACQUIRES MINI HYDROS IN PORTUGAL

EDP – Energias de Portugal, S.A. (“EDP”) and Banco Espírito Santo de Investimento (“BESI”) signed today with Babcock & Brown Hydro Holdings S.A.R.L. (“B&B”) a sale and purchase agreement for the acquisition of 100% of Pebble Hydro – Consultoria, Investimentos e Serviços, Lda (“Pebble Hydro”). Pebble Hydro holds 11 mini-hydro power plants operating under special regime in Portugal with a total installed capacity of 89.1 MW, with operating licenses expiring between 2025 and 2040. In 2006, these power plants average tariff was €84.8/MWh, which, under Decree-Law n°168/99 is updated at inflation during the license operating period. Pebble Hydro has also 2 mini-hydro plants under development with a total capacity of 4 MW. Assuming an average hydrological year, EDP estimates that Pebble Hydro should reach an EBITDA close to €19 million in 2008.

The acquisition price for 100% of equity was €38 million. EDP acquired a 20% stake and BESI the remaining 80%. At the same time, EDP signed a promissory sale and purchase agreement with BESI for the acquisition of its 80% stake, with the conclusion of this operation being subject to approval by the competition authority. Net debt amounts to €140 million, which imply an enterprise value of €178 million.

The acquisition of these assets, which have a high level of operating synergies with EDP's current Portuguese hydro portfolio, is in line with EDP's focused growth strategy in the renewables business, targeting the decrease of CO2 emissions and the achievement of attractive rates of return under controlled risk.

BESI acted as financial adviser to EDP in this transaction.

### EDP – Energias de Portugal, S.A.