

Reuters: EDP.LS
Bloomberg: EDP PL

Investors & Analysts' Briefing

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STANDARD & POOR'S AFFIRMED EDP AT "BBB" WITH OUTLOOK NEGATIVE

Today, Standard & Poor's Ratings Services ("S&P") affirmed its 'BBB' long-term and 'A-2' short-term corporate credit ratings on EDP - Energias de Portugal, S.A. ("EDP") and its financing vehicle EDP Finance B.V. All ratings were removed from CreditWatch and placed with negative outlook.

The affirmation and removal from CreditWatch reflects S&P views "that the deterioration we see in Portugal's creditworthiness is unlikely to meaningfully weaken our 'BBB' stand-alone credit profile assessment for EDP, which is higher than our 'BBB-' sovereign foreign currency rating on Portugal. The one-notch differential reflects our opinion of the degree of geographic and business diversification that EDP has gradually achieved; the resilience of its earnings, conferred by its large base of regulated or long-term contracted asset-based (i.e., not demand driven) revenues in various jurisdictions; and its relatively low dependence on Portuguese lenders and liquidity providers."

The negative outlook reflects S&P views "that another lowering of the sovereign rating could lead to further deterioration in EDP's stand-alone credit profile in the coming years."

A revision of S&P outlook on Portugal to stable would likely trigger the same revision of the outlook on EDP. S&P could also consider revising EDP's outlook to stable if the utility's domestic energy regulation remains supportive, earnings continue to prove resilient in the context of challenging economic conditions, and EDP meets its credit metric improvement targets while maintaining what we consider to be "adequate" liquidity.

EDP – Energias de Portugal, S.A.