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# Investors & Analysts' Briefing

## INVESTOR RELATIONS DEPARTMENT

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## EDP REINFORCES CONTROL OVER NATURGAS

Within the scope of the privatization process of Naturgas Energia Grupo, S.A. ("Naturgas") which occurred in 2003, Hidroeléctrica Del Cantábrico S.A. ("HC") (96,86% owned by EDP) acquired a controlling stake in Naturgas and closed with Ente Vasco De La Energia ("EVE"), a shareholder agreement valid until July 30<sup>th</sup>, 2010, which included a put option for part or the whole of EVE's stake in Naturgas, to be exercised at market value until July 30<sup>th</sup>, 2010.

Following EVE's decision to exercise the above mentioned put option, an agreement was signed today between EVE and HC that sets up the terms below:

- Purchase by HC from EVE of 29.43% of the share capital of Naturgas for €617 million, with this acquisition and respective payment being phased in three tranches: a 1<sup>st</sup> tranche of 9.43% to be paid by the time of completion of the required approvals for the execution of the transaction, and two tranches of 10% each plus interest, to be paid until the end of the first half of 2012 and the first half of 2013, respectively.
- HC will have a call option to buy from EVE the remaining 5% stake of Naturgas between June 1<sup>st</sup>, 2016 and June 1<sup>st</sup>, 2018, at an exercise price calculated in accordance with a pre-set formula based on expected future dividends to be distributed by Naturgas.
- Change of the HC/EVE shareholder agreement, with the involvement of EVE in Naturgas' strategic management to be adjusted in accordance with its shareholder position.

The 2009 EV/EBITDA multiple implicit in this transaction was 9.4x. By December 2009, Naturgas had a net position of cash and equivalents of €66 million. In 2009, Naturgas reported an EBITDA of €185 million, and the companies and assets acquired by Naturgas to Gas Natural on December 31<sup>st</sup>, 2009, reported, in 2009, an EBITDA of €32 million.



The completion of this transaction depends on the completion of required approvals, in particular the approval by the Basque Country's parliament. With this deal HC will reinforce its position in Naturgas to 95% until the end of the first half of 2013, having the possibility to own the whole capital of the company from 1<sup>st</sup> of June 2016. This is an important step in EDP's consolidation of its Spanish shareholdings and gas Iberian operations, increasing efficiency improvement possibilities and the achievement of additional intra group synergies.

Naturgas operates in the distribution, transmission, purchase and sale of natural gas in Spain through 8,736Kms of distribution network and 974 thousand of points of supply, a 387Kms transmission network, and natural gas sales of 2.5bcms/year (29TWh) to its 822 thousand supply clients.

**EDP – Energias de Portugal, S.A.**