

EDP ENERGIAS DE PORTL.SA

Utilities - Electricity

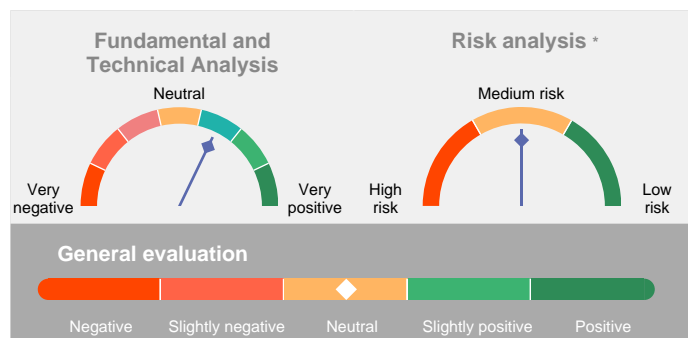
EDP ENERGIAS DE PORTL.SA	EUR 2.38
PTEDP0AM0009 EDP Portugal	Analysis of 01-Dec-2011 Closing price of 30-Nov-2011

EDP ENERGIAS DE PORTL.SA active in the sector «Electricity», belongs to the industry group «Utilities».

Its market capitalization of USD 11.20 bn. ranks it among large-cap stocks.

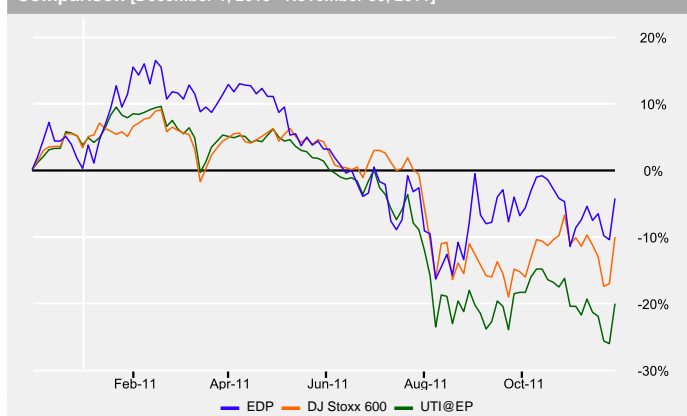
During the last 12 months this stock has reached a high of EUR 2.90 and a low of EUR 2.08; its current price of EUR 2.38 places it 17.8% under its 52 week high and 14.4% over its 52 week low (bi-weekly closing).

Performance since December 1, 2010: EDP ENERGIAS DE PORTL.SA: -4.3%, Utilities: -20.1%, DJ Stoxx 600: -10.1%



Company Name	Price	Mkt Cap in \$bn	G/PE Ratio	LT P/E	LT Growth	Div	Volatility 1M
EDP ENERGIAS DE PORTL.SA	2.38	11.20	1.50	8.0	4.1%	7.9%	32.9%
Utilities (EP)	65.00	630.36	1.62	9.4	9.8%	5.5%	39.0%
Utilities (US)	89.00	559.77	1.05	14.2	11.0%	4.0%	29.0%
Utilities (WO)	92.00	1,713.02	1.54	11.9	14.0%	4.3%	25.1%
DJ Stoxx 600	240.00	8,854.78	1.47	10.0	10.6%	4.1%	40.9%

Comparison [December 1, 2010 - November 30, 2011]



negative.

Dividend

The 12-month indicated dividend yield is 7.9%. This estimated dividend represents 63.3% of the estimated earnings. Consequently, the dividend is covered, but not strongly, and reasonably likely to prove sustainable.

Summary of the fundamental and technical analysis

1. The negative driving earnings revisions trend is specific to the stock.
2. In terms of valuation, the stock has very good potential.
3. The positive technical trend in a declining environment confirms the investors show a certain interest in the stock.
4. The stock showed a relative overperformance in a negative environment «Utilities».

Checklist

Earnings Rev Trend	🔴	☆	Analysts neutral but previously negative (since 18-May-2011)
Valuation Rating	🟢🟢	★	Strongly undervalued
MT Tech Trend	🟢	★	Trend positive since 30-Nov-2011
4wk Rel Perf	5.6%	★	vs. DJ Stoxx 600
Risk Zone	🟡🟢		Increase from low to medium the 23-Sep-2011.
Global Evaluation	🟡🟢🟢		Downgrade from slightly positive to neutral the 19-Oct-2011.

Fundamental and Technical Analysis

Price level analysis

In order to assess whether EDP ENERGIAS DE PORTL.SA is currently fairly priced, we focus on the Peter Lynch's broadly accepted methodology which compares the projected earnings growth and dividend with the estimated PE ratio. Based on this,

- * EDP ENERGIAS DE PORTL.SA is fundamentally very undervalued compared to its theoretical fair price.
- * its valuation is comparable to the European «Utilities» aggregate.

With a "Forecasted Growth + Estimated Dividend Yield/ Estimated Price Earnings" ratio higher than 0.9, the stock's price presents a discount to growth of -39.9%.

The fundamental price potential for EDP ENERGIAS DE PORTL.SA is good, and in line with the average of its industry group.

Earnings revisions

EDP ENERGIAS DE PORTL.SA is strongly followed by financial analysts, as over the last three months an average of 20 analysts provided earnings estimate forecasts up until the year 2013.

Currently, these analysts are slightly lowering their earnings growth estimates (-0.8%) compared with seven weeks ago. This negative pressure on the growth expectations has been continuous over the past 12 months.

The positioning of EDP ENERGIAS DE PORTL.SA vs. its reference sector («Utilities») accentuates that the negative earnings revision trend is a problem specific to the stock, because its environment is -on the contrary- being positively revised.

Technical trend and relative performance

Since November 30, 2011, the medium-term technical trend is positive, at a price of EUR 2.38. Its adjusted technical reverse point is EUR 2.27, or 4.8% under the current price.

The four-week relative performance against the reference index DJ Stoxx 600 is 5.6%. The technical trend is also positive, which validates this overperformance and confirms the investors' interest in this stock.

The four-week relative performance of its reference group («Utilities») is

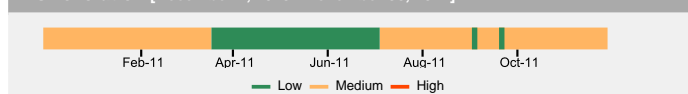
EDP ENERGIAS DE PORTL.SA - Sector and/or Group comparison

Company Name	Symbol	Market	Price	Mkt Cap in \$bn	Interest	Risk Zone	G/PE Ratio	LT P/E	LT Growth	Div	Volatility 1M	Beta 1 year in basis pts	Global Evaluation
EDP ENERGIAS DE PORTL.SA	EDP	PT	2.38	11.20	★★★		1.50	8.0	4.1%	7.9%	32.9%	82	
REN	RENE	PT	2.00	1.44	★		1.70	7.9	5.4%	8.0%	18.9%	27	
ELECTRICITE DE FRANCE	EDF	FR	20.24	50.37	★		1.70	8.9	9.8%	5.3%	58.4%	122	
ENEL SPA	ENEL	IT	3.15	39.90	★		1.89	6.9	5.1%	8.1%	59.9%	122	
IBERDROLA SA	IBE	ES	4.96	39.25	★		1.50	9.2	7.4%	6.4%	46.6%	111	
SOUTHERN CO.(THE)	SO	US	43.91	37.85	★★★★★		0.97	15.3	10.6%	4.3%	18.6%	39	
DOMINION RES.INCO.	D	US	51.62	29.40	★★★★★		0.93	14.7	9.9%	3.8%	23.3%	48	
EXELON CORP.	EXC	US	44.31	29.38	★★★★★		0.61	13.2	3.2%	4.9%	30.5%	54	
INTERNATIONAL POWER PLC.	IPR	GB	335.40	26.87	★★★★★		1.54	8.5	10.0%	3.1%	31.2%	67	
NTPC LTD.	532555	IN	162.35	25.64	★		1.07	12.9	11.1%	2.6%	27.9%	84	
NEXTERA ENERGY INCO.	NEE	US	55.44	23.43	★		1.12	11.4	8.9%	3.9%	33.0%	63	

EDP ENERGIAS DE PORTL.SA (EUR) [December 1, 2010 - November 30, 2011]



Risk evolution [December 1, 2010 - November 30, 2011]



Risk Analysis * within the asset class equity

Beta, Correlation and Volatility

Beta is often used as a measure of risk. Where a Beta is greater than 100, the stock is more volatile and therefore more risky. A Beta of 0.82 indicates that for 1% of index variation, EDP ENERGIAS DE PORTL.SA varies on average by 0.82%. But a Beta analysis coupled with the correlation gives a more relevant assessment.

Correlation is the degree of similarity in which a stock fluctuates in relation to its reference index. EDP ENERGIAS DE PORTL.SA has a correlation rate of 0.66. This indicates that 66% of the stock's movements are explained by index variations. EDP ENERGIAS DE PORTL.SA is strongly correlated to DJ Stoxx 600.

The volatility is also used as a risk factor. It measures the magnitude of the high and low movements of a stock or index. The higher the volatility, the more risky a stock is considered to be. The 1 month annualized volatility of EDP ENERGIAS DE PORTL.SA is : 32.9%, that of the index DJ Stoxx 600 is 40.9% and that of the world aggregate for the group Utilities is 25.1%. By comparison, the average volatility of the stocks that make up the reference index is clearly higher at 51.9%.

The risk factor in bear markets

The "Bear Market Factor" measures the behavior of a stock in declining markets. In this context, EDP ENERGIAS DE PORTL.SA has a tendency to drop in the same proportion as the index DJ Stoxx 600. This behavior provides an average risk positioning during market declines.

The risk factor in rising markets

The "Bad News Factor" measures the behavior of a stock in rising markets. This behavior shows that in the case of specific pressure, EDP ENERGIAS DE PORTL.SA is slightly sanctioned by the market. When the stock goes down in a rising environment, its average deviation is -2.37%.

Summary of the risk analysis

Globally, the risk the investor takes on with EDP ENERGIAS DE PORTL.SA can be considered average and this since September 23, 2011.

Risk profile



Conclusion

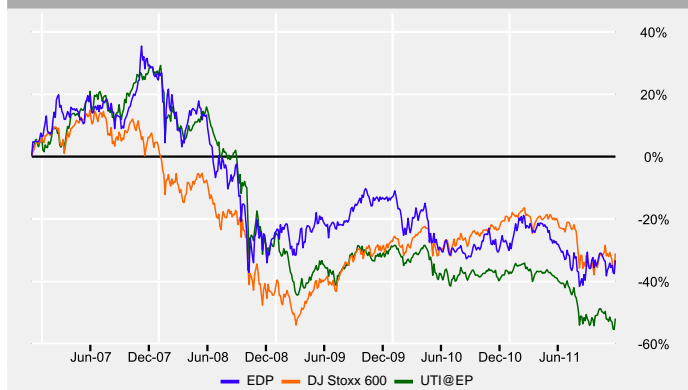
At the analysis date of November 30, 2011, the general impression that the fundamental and technical elements (valuation, earnings revisions, group benchmarking, technical factors) give is slightly positive. Moreover, the combination of the different criteria of risk appreciation (volatility, correlation coefficient, Beta, Bear Market Factor, Bad News Factor) leads to a general qualification of medium risk. By combining the slightly positive fundamental and technical analysis with the medium risk, the general evaluation seems neutral.

Key figures

Annualized estimate for current year to	2013
Estimated PE (LT PE) for 2013	8.0
Projected earnings growth (LT Growth)	4.1%
Dividend	7.9%
Number of analysts	20
First analysis date	02-Jan-2002

5 year history

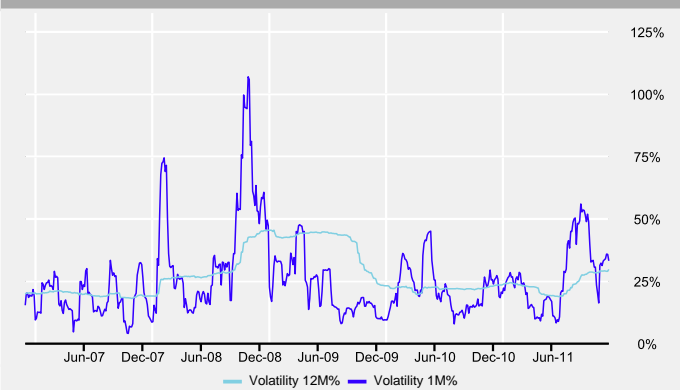
Comparison [December 1, 2006 - November 30, 2011]



Comparative performance over 5 years

On a 5 year moving average, the performance of the stock EDP ENERGIAS DE PORTL.SA is -33.5%, vs. -31.3% for the DJ Stoxx 600 and -52.2% for the group Utilities (UTI@EP).

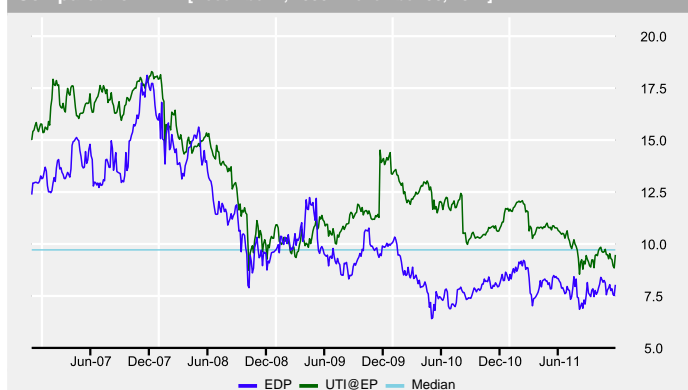
Volatility [December 1, 2006 - November 30, 2011]



Volatility over 5 years

As of the last update, the monthly volatility of (32.9%) is higher than the last few years' average of (25.2%). The high magnitude of short term price fluctuations indicates this stock is very nervous. On the other hand, long term volatility 29.5% of EDP ENERGIAS DE PORTL.SA is clearly higher than that of the index DJ Stoxx 600 (23.6%), reflecting much higher price variations for this particular stock than for the European market.

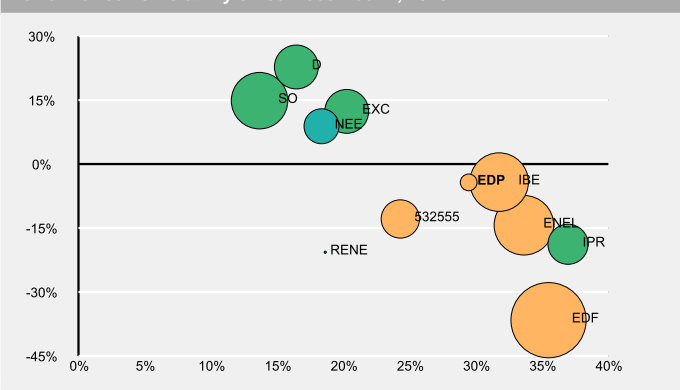
Comparative LTPE [December 1, 2006 - November 30, 2011]



Comparative evolution of the LTPE over 5 years

While the projected forward PE of the stock EDP ENERGIAS DE PORTL.SA is 8.00, the PE of the group Utilities is slightly higher (9.44); this indicates that the stock is trading at a discount, when compared to its own group. Historically speaking, this stock is also currently trading at a discount, because its median is 9.68.

Performance vs Volatility since December 1, 2010



Performance and Volatility

The vertical axis measures the performance since December 1, 2010 of the 10 stocks presented in the table on page 2, while the horizontal axis measures the 12 month annualized volatility. The bubbles are sized according to market capitalization, and their colors indicate the overall rating (Global Valuation).

Price changes [December 1, 2006 - November 30, 2011]



Price changes over 5 years

The volatility channel shows a stock's average fluctuations over the last 5 years. During this period, the high of EUR 4.84 was reached on November 2007 and the low of EUR 2.08 in the month of August 2011. The price development is generally in the volatility channel whose upper and lower limits are presented here. Crossing one of these limits is an exceptional situation accompanied by strong increases in short-term volatility.

Number of Stocks

The number of stocks in the index that can be analyzed.

Mkt Cap in \$bn

This number represents the Market Capitalization in USD bn. It is calculated by multiplying a firm's share price by the number of outstanding shares. For reasons of comparison, all results are in USD.



Valuation Rating

Our Valuation Rating indicates if a stock is "expensive" or "cheap" relative to its growth potential. This is used to determine whether or not the investor is paying a premium for anticipated growth.

To estimate a stock's value relative to its current price, our Valuation Rating combines:

- * stock price
- * projected earnings
- * projected earnings growth
- * dividends










We establish our rating by combining these elements.

There are five ratings, ranging from strongly undervalued  to strongly overvalued .

Interest

theScreener.com's star rating system is designed to enable you to identify high-quality stocks quickly and easily.





In this easy-to-use rating system, stars are earned for each element specified below:

- * Earnings Rev Trend  = 
- * Valuation Rating  =   = 
- * MT Tech Trend  = 
- * 4 week Relative Performance > 1% = 

Therefore, a stock can earn a maximum of four stars.

The lowest rating a stock can have is no stars.

Once a stock has earned a star, it will keep it until:

- * Earnings Rev Trend becomes negative 
- * Valuation Rating becomes negative 
- * MT Tech Trend becomes negative 
- * 4 week Relative Performance drops below -1% (<-1%) 



Div


This is the dividend in % for the next 12 months.


Even if the same number is shown, the dividend value can appear in one of four colors, depending on the earnings coverage:


- * 0%, no dividend
- * 4%, the dividends are covered (between 0% and 40% of earnings)
- * 4%, the dividends represent between 40% and 70% of earnings
- * 4%, the dividends are higher than 70% of earnings, which implies that the dividend coverage is not guaranteed.

Earnings Rev. Trend

The symbol  shows that compared with their earnings revisions of seven weeks ago, the analysts have now raised their estimates (7wk EPS Rev; > 1%); the symbol  indicates that compared with their earnings revisions of seven weeks ago, the analysts have now lowered their estimates (7wk EPS Rev < -1%).

When the earnings revisions (7wk EPS Rev) fall between +1% and -1%, the trend is considered to be neutral .

The symbol  indicates that the last significant revisions have been trending positive.

The symbol  indicates that the last significant revisions have been negative.

7wk EPS Rev

This is an abbreviation for 7 week Earnings Per Share Revision. This column indicates the value of these revised earnings. A figure of 2.8 signifies that compared with seven weeks ago, the analysts have now revised and raised their estimates by 2.8%. On the contrary, a negative number means that the earnings would have been revised lower.

G/PE Ratio

In order to establish our Valuation Rating, we calculate the estimated growth of future earnings (LT Growth) plus dividend in %, divided by the estimated future PE ratio (Long Term P/E).

LT PE

This is the relationship between the price (P) and the estimated long-term future earnings (E LT).

LT Growth

This is the estimated annual growth rate of future earnings, normally projected over the next two to three years.



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
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Earnings forecasts provided by THOMSON REUTERS.


MT Tech Trend

The MT Tech Trend indicates the current trend, positive  or negative , and the Tech Reverse indicates up to which price this trend will remain valid.

When a price falls to 1.75% above or below the Tech Reverse, the MT Tech Trend is considered neutral .

Once the price breaks out of the +1.75% neutral zone, the MT Tech Trend will change to positive.

The symbol  indicates that the previous MT Tech Trend was positive.

The symbol  indicates that the previous MT Tech Trend was negative.

4wk (Rel) Perf.

This figure measures the performance of a stock relative to its national or regional index (compared to four weeks ago). As for an Index, it measures the net performance over 4 weeks.

Bad News Factor

To determine the "Bad News Factor" we analyze a stock's declines in rising markets. In this purely objective analysis, the actual reasons for a stock's behavior are not important. If a stock price falls while its relative index goes up, it can be assumed that the stock's performance has been affected by bad news - hence the name, "Bad News Factor".

Here a stock's movements are measured on a bi-weekly basis, during a sliding 52 week period. Every time a stock drops while its reference index rises, the difference is calculated in %, integrated into a yearly average and expressed in basis points.

The higher the "Bad News Factor," the more a stock has proven to be sensitive to bad news.

The lower the "Bad News Factor," the less the stock has proven to be sensitive to bad news.

Bear Market Factor

To determine the "Bear Market Factor" we analyze a stock's price movements in declining markets.

This is the analysis of the movements, in a bi-weekly intervals, during a sliding 52 week period.

The higher the "Bear Market Factor," the greater the probability a stock would drop when its relative index drops.

A "Bear Market Factor" that is strongly negative means the stock has been more resistant to losses in declining markets.

Risk Zone

The price developments of stocks are generally volatile and contain high risks that can result in a total loss. Based on a their historical behavior, stocks are classified by risk levels. These risk levels have to be considered solely in relative historic comparison to other stocks. Please note that even "Low Risk" stocks are equities and therefore high risk investments that can lose up to all of their value, and that based on the past no firm conclusions can be taken into the future.

Risk zones are determined by measuring the "Bear Market Factor" and the "Bad News Factor" against a world reference.

There are three types of risk ratings:

- * Low Risk: The risk indicators fall below the world reference average.
- * Medium Risk: The risk indicators are situated higher than the world reference average, but lower than one standard deviation.
- * High Risk: The risk indicators are at levels higher than one standard deviation.

Volatility 12 M

Volatility is also used as a risk factor. It measures the magnitude of the high and low movements of a stock or index. The higher the volatility, the more risky a stock is considered to be.

% of Stocks in Uptrend

This is the percentage of stocks in a given list that have a positive Medium Term Technical Trend. If, for example, the aggregate of Technology / World, (which is made up of 458 stocks) has 8% "of stocks in Uptrend," it means that 38 of the stocks within that aggregate have a positive Medium Term Technical Trend.

Beta

Beta is often used as a measure of risk. Where a Beta is greater than 100, the stock is more volatile than its reference index and therefore more risky.

Correlation

Correlation is the degree of similarity (in %) in which a stock fluctuates in relation to its reference index.