



Macau an Energias de Portugal - EDP - privileged platform to the cooperation with CEM and Asian/African business development

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HISTORY

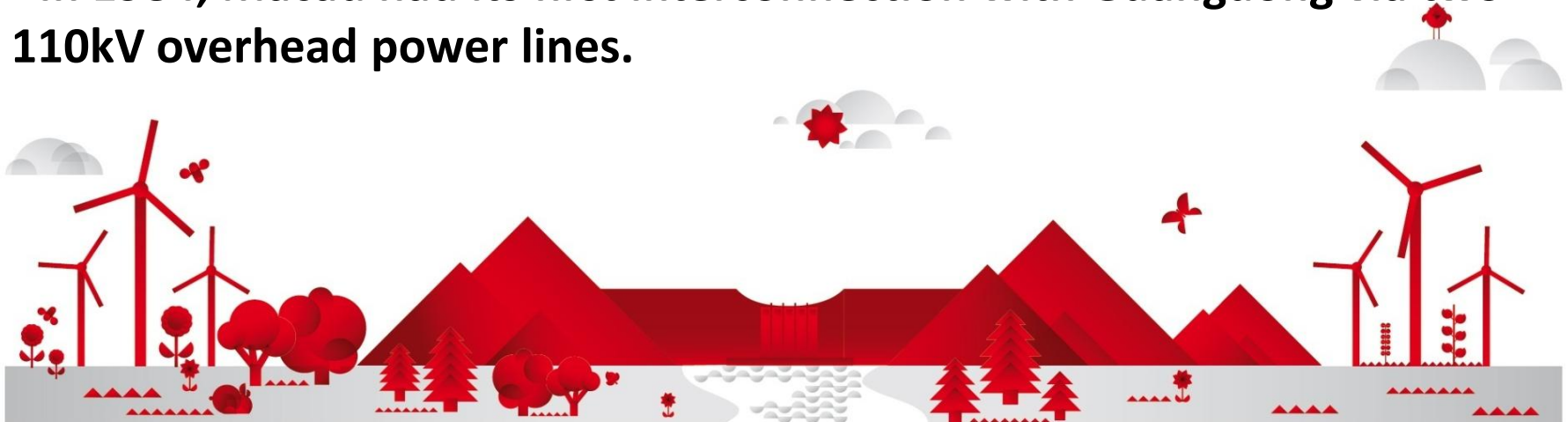
- Macau Electricity Company was first established in 1904.
- Melco was firstly established in July 1910.
- After many years suffering losses, in 1972 Macau Government created Companhia de Electricidade de Macau (CEM) changing from privately owned to joint government and private enterprises ownership.





HISTORY (CONTINUATION)

- During and after the 2nd World War Macau had economic difficulties. There were no university and then only a few qualified people were available in the labor market.
- EDP started the cooperation with CEM by sending a few staff in mid-seventies. On the eighties the number of expatriates increased.
- In 1984, Macau had its first interconnection with Guangdong via two 110kV overhead power lines.





HISTORY (CONTINUATION)

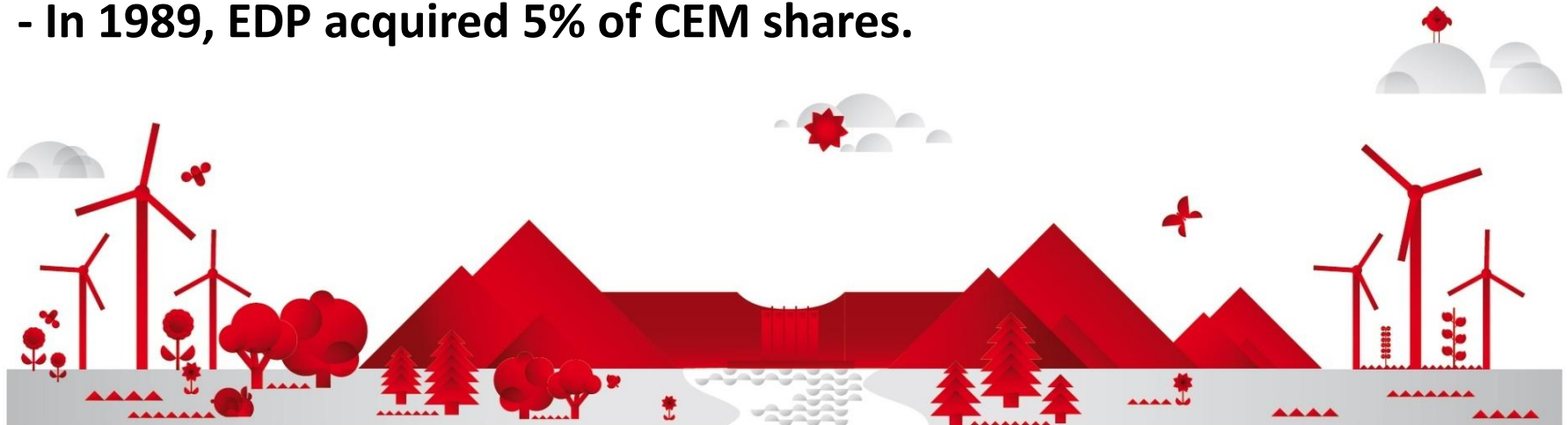
- CEM became a profitable company in 1984 - more than 1.5 million Euros.
- As the price of the electricity was high there were reductions in the tariffs on 1984/85/86.
- In 1985, CEM signed a 25-year concession contract.
- In 1986, Taipa and Coloane islands power network was integrated in CEM.





HISTORY (CONTINUATION)

- In 1987, Macau government changed from major shareholder to only holding 8% of CEM while other shareholders owned the remaining 92%.
- From 1988 to 1997 the installed capacity grew 92% and generated capacity grew 120%, 90% of the total Macau power consumption.
- In 1989, EDP acquired 5% of CEM shares.





HISTORY (CONTINUATION)

- The maximum number of expatriates in CEM reached 73 in 1989.
- In this period (1988 to 1997) the average annual investment was about 25 million Euros.
- In 1998, net profit reached 37 million Euros.
- In 1999, EDP acquired more shares increasing the participation to 22%.





CEM TODAY

- CEM has competent staff which allows the company keeping a good economical and technical performance.
- Actually it is one of the world's champions in terms of reliability – 99.9998% which corresponds to 1 to 2 minutes of average interruption time.
- Out of the initial EDP staff only 5 remain and no more as expatriates.
- With the support of EDP, from 2003 to 2007 CEM operated EDTL – East Timor.





CEM ACTUAL SHAREHOLDING STRUCTURE

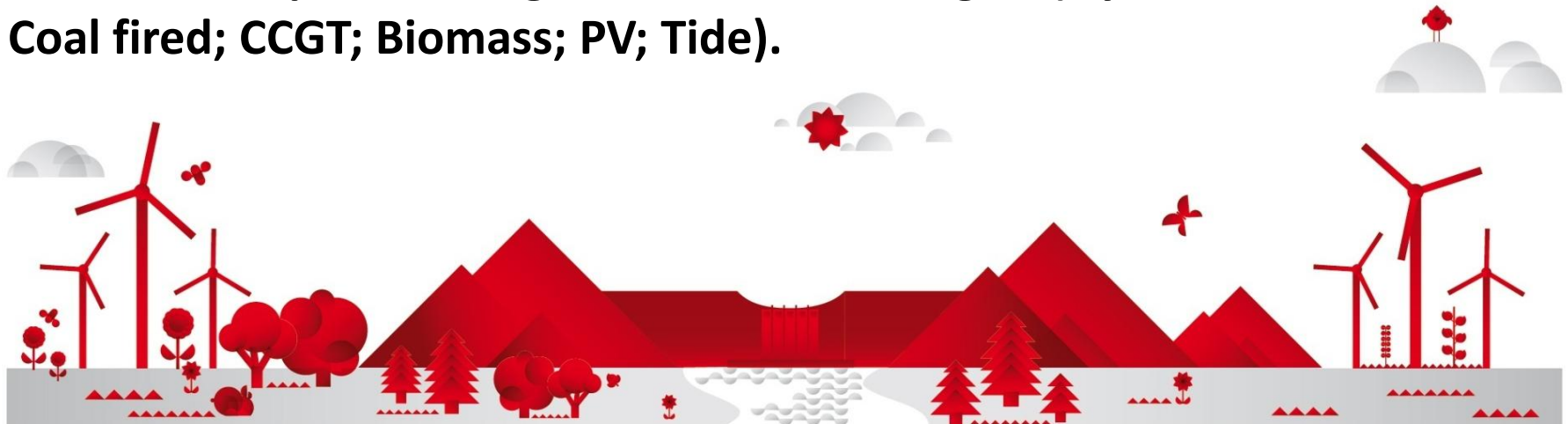
**SFED – 42%; EDP – 21%; Polytech – 11%; IP Holding – 10%; Macau SAR
Government – 8%; CPI – 6%; Small shareholders – 2%**





EDP TODAY

- Installed capacity – 23,000 MW.
- Employees – 12,000.
- With operations in 13 countries.
- Electricity and Gas supply and distribution.
- Owns and operates all generation technologies (Hydro; Wind; Nuclear; Coal fired; CCGT; Biomass; PV; Tide).





EDP TODAY (CONTINUATION)

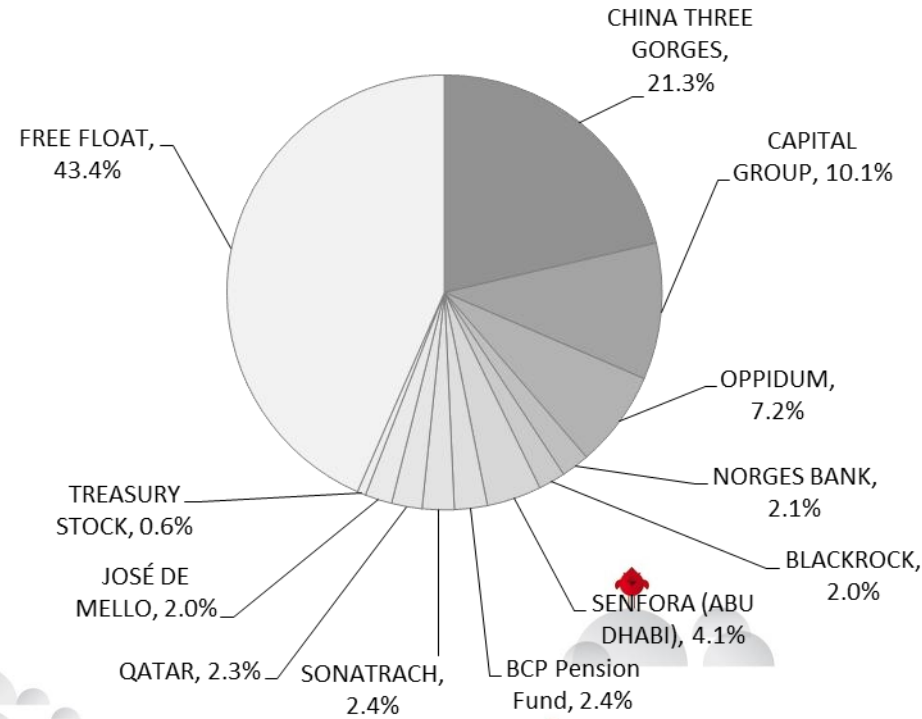
- EDP has the 4th world position in Wind power.
- In Iberia, EDP is the 3rd in electricity generation and distribution and one of the biggest in gas distribution.
- Annual EBITDA – +/- 4,000 Million Euros.
- Annual profit - +/- 1,200 Million Euros.
- In Sustainability EDP is the world leader in utilities in 2013 and 2014 and was the leader in the electricity sector in 2010 and 2011.





EDP / CTG RELATIONSHIP

- In Dec 2011 China Three Gorges – CTG became the major shareholder (21.35%).
- Today the two companies are investing jointly in hydro power plants in Brasil (Jari - 373 MW (50/50%); Cachoeira Caldeirão 219 MW (50/50%); São Manoel 700 MW (33/33%)).





EDP / CTG RELATIONSHIP (CONTINUATION)

This relationship is working well and adding value for both parties as:

- CTG brought know-how for some generation technologies and financial support; and**
- EDP provides know-how for all generation technologies and experience and prestige in international markets.**
- Cooperation in R&D.**

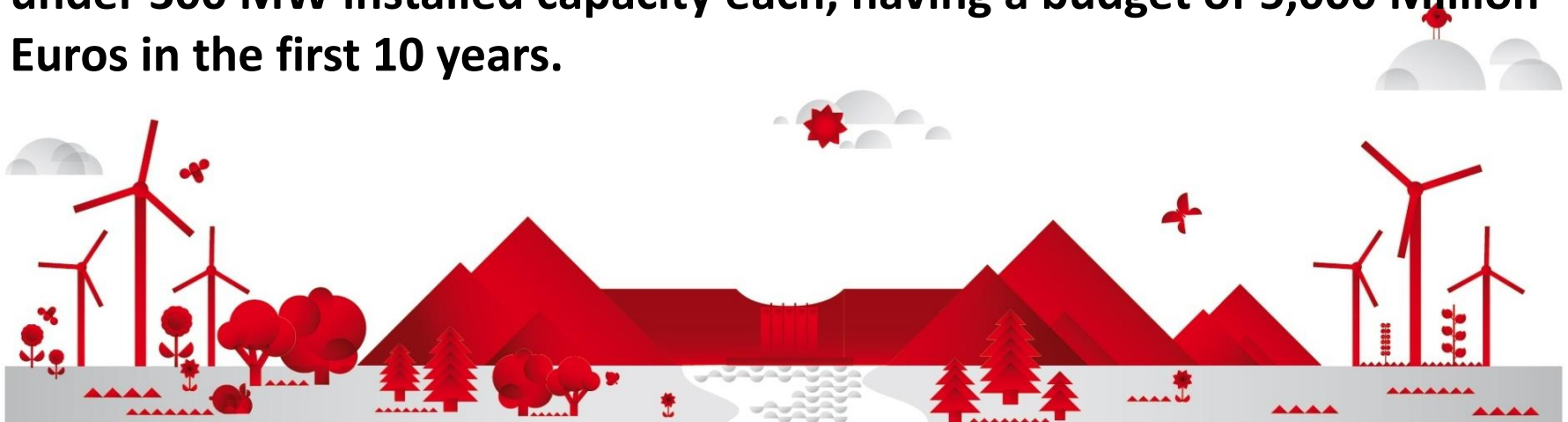




EDP / CTG RELATIONSHIP (CONTINUATION)

Recently EDP and CTG decided to constitute shortly a company named “Hydro Global” to be based in Macau to look for investment opportunities in emerging markets, namely in Asia, Africa and Latin America.

This investment will be in small and medium-sized hydro power plants – under 300 MW installed capacity each, having a budget of 5,000 Million Euros in the first 10 years.





CONCLUSIONS

The cooperation EDP/CEM has been very important for both companies:

- For CEM, because EDP brought business know-how and staff crucial to develop the business and train the local staff; and
- For EDP, because Macau opened doors for contacts which are playing an important role on EDP's actual situation.





Based on our own experience we feel quite comfortable in recommending to all the economic players from the Portuguese speaking countries to use Macau as a platform to develop businesses.

Would CTG be an EDP Shareholder if EDP had never been involved in CEM?





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WE WISH YOU SUCCESSFUL BUSINESSES!

THANK YOU

