EDPR

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Chaired by Miguel Stilwell d' Andrade

Company Participants

- **Miguel Stilwell d'Andrade**, Chief Executive Officer
- **Rui Teixeira**, Chief Financial Officer
- **Miguel Viana**, Head of Investor Relations & ESG

Other Participants

- **Alberto Gandolfi**, Analyst
- **Arthur Sitbon**, Analyst
- **Fernando Garcia**, Analyst
- **Gonzalo Sanchez-Bordona**, Analyst
- **Javier Garrido**, Analyst
- **Jenny Ping**, Analyst
- **Olly Jeffery**, Analyst
- **Jorge Guimaraes**, Analyst
- **Manuel Palomo**, Analyst
- **José Ruiz**, Analyst

Miguel Viana: Good afternoon everyone. Thank you for attending EDPR's 1Q24 results conference call. Our group CEO, Miguel Stilwell d'Andrade and group CFO, Rui Teixeira will run you through the financial performance over the last quarter along with the execution update and financial guidance of our strategic plan until 2026. We'll then move to Q&A. We will be taking your questions in the conference chat or by phone. The duration of the call will be 60 minutes.

I'll give now the floor to our CEO, Miguel Stilwell d'Andrade.

Miguel Stilwell d'Andrade: Thank you, Miguel. So good afternoon, everyone. It's really great to be here once more and be able to discuss the first quarter of 2024 performance and also the execution update for EDPR.

Today's call will be a little bit more detailed. We'll give you sort of a very in-depth update of our business and financial outlook for the 2024 to 2026 period. I just wanted to highlight that this reflects a deep internal bottom-up analysis developed by our teams over the last couple of months, and that's led to a recalibration of our operational and financial targets for 2024 and '26, considering the most updated market outlook in terms of energy prices, regulation, interest rates, etcetera. So we'll get to that in the second part of the presentation, but it will reflect, let's say, a deep bottom-up analysis.

If we go to Slide 4. So, just kicking off, talking about the first quarter numbers. So this quarter, we clearly saw the recovery of the pace of capacity additions. So we had a very strong fourth quarter last year. Then this first quarter, we also had 0.5 GW of capacity that was added and is driven basically by the recovery of the solar projects delivered in the U.S., and this is following the normalization of supply chain bottlenecks.

I think, fortunately, the outlook for 2024 in the U.S. is very different from last year. We have 100% of the solar panels for our solar projects to be commissioned this year already delivered to their destination sites in the U.S. So I think that's very positive news.

Regarding generation volumes, we generated almost 10 terawatt-hours of renewable energy. So this is slightly lower than expected, reflecting the adverse impact of the El Nino on the U.S. wind resources. As you know, that is something that's coming through also in the end of last year. But then we did have a good recovery in February and March. So part of this generation volume is relating to the El Nino. Part of it still reflects a low contribution from some of the most recently installed capacity, which we'll see gradually ramping up over the first few quarters.

On selling, so this decreased 3% year-on-year. So this is a trend we'd already anticipated in the previous quarterly results conference call. This results essentially from the decline in spot electricity prices in Europe. And we'll get to that in a bit more detail in a second. So it was also a good quarter in terms of delivering the asset rotations transactions. We rotated around 0.5 GW net in both the U.S. and Canada. So total enterprise value about EUR0.9 billion. So it's an important contribution to our target asset rotation proceeds of above EUR1.7 billion this year.

And finally, I think also very positive was the developments in terms of efficiency. So our core Opex per average MW in operation declined 7% year-on-year, and that results from the stabilization of costs and also the recovery of the pace of capacity delivered in the last two quarters. And I think as you'll see, and we'll talk about that later on, we expect we will be able to continue to deliver good efficiency progress over the next couple of quarters and years.

Anyway, I'll stop here and I'll pass it over to Rui for a more detailed analysis of the financial performance in this first quarter, and then I'll come back to share the updated medium-term vision and 2026 financial targets.

Rui Teixeira: Thank you very much, Miguel. Good afternoon to you all and let's move to a more detailed review of the financial performance in this first quarter.

So if you move to Slide 5, EBITDA increased to EUR454 million. This is on the back of installed capacity, increasing 12% to 16.5 GW installed capacity, while the average installed capacity rose 8% to 14.6 GWs. There's a 3% year-on-year decline in generation volumes, but this is essentially impacted by lower generation volumes in Brazil due to the deconsolidation of wind assets that we rotated by the end of last year, low wind resources in that region and a gradual ramp up of new installed capacity in late 2023.

You can see also the 3% year-on-year reduction of the average selling price. This is mostly driven by 15% decline in the average selling price in Europe when compared on a year-on-year basis. Please note that the average selling price in Q1 last year did not include yet the impact from the retroactive downward review of regulated prices in Spain. And you may remember that the Spanish government implemented this in the second quarter of the year.

Asset rotation gains amounted to EUR58 million in the first quarter of 2024, associated with the two transactions that we previously communicated to the market, the one that we closed in U.S. as well as in Canada. And just a final note, in the first quarter of the year, we have an impact of minus EUR27 million in Colombia. These are related to the costs associated with the active PPAs that we also have recently renegotiated in part, and a EUR13 million non-cash costs from hedging position that we closed in Romania back in 2023.

On Slide 6, on financial results. Financial results amounted to EUR108 million in the first quarter of the year. It's a positive evolution versus last year, so it's a decrease 14% year-on-year. This is a result of, in one hand, the rebalancing of our debt mix by currency. You may remember that we decided to increase the weight of euro versus U.S. dollar denominated debt and therefore converge to our asset mix by currency, but also capitalized financial expenses that reflect the higher volume of projects under construction and on the advanced stages of development overall. Average cost of debt was flat year-on-year with lower cost year-on-year from the new debt that is being refinanced.

Finally, I note that more than 75% of our debt is maturing post 2025 -- oh, sorry, post 2026, therefore representing a very low refinancing risk and low refinancing needs in this medium-term.

If we now move to Slide 7, net debt at EUR6.7 billion. This is an increase of EUR0.9 billion versus the December of closing in 2023, obviously, on the back of the growth with EUR1.2 billion of expansion CapEx. This is partly offset by the asset rotation proceeds and operating cash flow. Just a note, the asset rotation in Canada was closed only in April. This would -- if it was closed in the first quarter, this would have an impact of about EUR130 million of lower debt as we are -- versus what we are reporting. In any case, this will be recorded in the future.

Asset rotation and tax equity proceeds are expected to be higher in the last part of the year and therefore compensating for the evolution of investments throughout the remaining of the year with more than EUR1.5 billion expected cash proceeds coming from the asset rotations and more than EUR1.5 billion expected from tax equity proceeds in U.S.

Just a final note on Slide 8, net profit, and we ended the period with a net profit of EUR68 million. This is fundamentally impacted by the top-line performance, the asset rotation gains and the improved financials that I just explained.

So now I will hand over back to Miguel that he can take us through the updated on strategic execution and 2026 guidance. Thank you.

Miguel Stilwell d'Andrade: Thank you, Rui. So let's move to Slide 10. So here I just wanted to start off the section by taking a step back and really focusing on the fact that we have a high-quality portfolio of renewable assets and this results from a long track record of close to 20 years developing renewable projects. I'd like to highlight that we have low-risk European and North American markets representing almost 90% of our asset base. In terms of technology mix, EDPR keeps a very high weight of wind onshore in the portfolio.

Again, more than 90% of our renewable generation in the first quarter of 2024. And the solar growth is mostly focused on pays produced contracts and solar distributed generation.

Also, our portfolio has a very strong long-term contracted profile. Around 90% of 2024 volumes are being sold within long-term contracts with either fixed price or with caps and floors, and with an average maturity of 12 years for their fixed through medium-term hedges. Also, the portfolio is based on competitive renewable mix. We have an average selling price factored at around EUR53 to EUR54 per MW hour in 2024. I think I've gone into that in the previous call, but I'll also give more detail in a moment.

And so all in all, we have a solid portfolio. It's well diversified geographically, it has a strong bias to win, which is a premium technology. And so I think that's the underlying, that's the basis on which to build on going forward.

I think we move on to Slide 11. I think this is another point which is worth continue to highlight. Renewable energy continues to be backed by a very strong increase in demand worldwide. And there's been a lot of talk and I'm sure you've all heard about it and sort of been reading about it, whether it's in relation to AI, whether it's in relation to some of the hydrogen projects. So there is a very strong support in the market for renewable growth through this increasing demand worldwide and also support of government and regulatory frameworks. And that continues to be true today as it was over the last couple of years and we believe will be over the next couple of years as well.

In Europe, regulated auctions are expected to continue delivering the bulk of the renewables growth. Around 45 GWs expected to be auctions just in 2024 in EDPR's markets. Demand will be highly supported also by corporate PPAs, mainly driven by sustainable corporate targets and technology companies playing obviously a key role in the increase in the European renewable energy demand, so the big tech. This is also backed by the EU Commission with the data centers code of conduct.

In the U.S., we expect to continue seeing supportive clearance on guidelines from the IRA, in this case -- yes, the IRA going forward, and that will incentivize renewables deployment along with the tax credit financing, and that's expected to raise around EUR20 billion per year until 2032. The other point worth highlighting is the transferability that you can now do, so it's not just based on pure tax equity investors. You can also do just straight transfers of tax credits and we expect that will unlock an additional $10 billion to $30 billion in financing per year. So together with this transferability, we expect we'll more than double the tax credit financing supply over the next 10 years.

So this is really a big change that came along with the IRA and which is very important for the financing of renewable projects in the U.S. That's a question we get often, how much tax capacity does the U.S. have or some of the corporates, the banks? And I think the fact that this transferability has come along is really opening up that additional market. You're beginning to see brokers supply and demand, and that's something we continue to see building up over the next couple of months and years.

Finally, we continue to see strong demand in the U.S. for corporate PPAs in big part driven by data centers and big tech needs for power. That demand is actually expected to double between 2022 and 2030, around 17 GWs to 35 GWs, according to McKinsey. And besides data centers, the latest targets for the RE100 companies imply need to contract almost 30 GWs of renewable capacity between now and 2030. So it's a fact that demand for new growth is there and that provides the foundations for profitable growth.

If we move forward to the next slide, I think here it's more a statement that we need to recognize that the market has changed dramatically over the last 12 months. So in terms of some of the energy prices and then expectations around cost of capital. So we have a positive backdrop in terms of portfolio, positive backdrop in terms of demand growth going forward. But at the same time, we're obviously very aware of what's going on in the market. And we have seen a significant decline of the forward electricity prices in Europe, particularly over the last couple of months. And this impacts our expected revenues through some of the exposure to wholesale electricity prices in the region, in Europe.

So I think it's also consensus that we will continue to see interest rates higher for longer, particularly in the USA. In Europe, it appears that there's some evidence or expectations that there will be some decrease over the following months. And globally, it obviously means that there has been an increase in the cost of capital. And obviously we recognize that, and that the expectations, particularly in the U.S., for higher, for longer, are there. So we're not ignoring these market signals and assumptions. And so we are recalibrating the 2026 targets on three basic levels, which we think will maximize long-term shareholder value creation.

On the first level, less investment, so preserve our balance sheet. So total of EUR3 billion less of net investments in the 2023-2026 period versus the plan that we had last year. We're also prioritizing returns over volume as we reduce the number of MWs and making sure that we keep healthy spreads and in fact expand them. So it's almost mathematical as you go, bring the volume slightly down, you can be even more choosy over what MWs you choose, and so the spreads we expect will increase.

And we will obviously continue to improve our efficiency, and we expect that the gains that we saw in the first quarter, we will be able to keep that efficiency growth, let's say, improvement over the next couple of quarters and years. And so a 6% CAGR on reduction of core Opex over average MW. So that's on some of the key issues and we'll come back to this later, and hopefully, will give you some more specific numbers.

But before we move on to Slide 13, I wanted to highlight two points which were very relevant or present in 2023 and just give a little bit more detail on this, which I know many of you have asked questions over time on this, and so we wanted to clarify any questions that you might have and give more information.

The first is on the left-hand side. Just highlighting that EDPR is in a much stronger position in the start of 2024 regarding the execution of the projects in the U.S. We've increased the diversification of our solar panel suppliers to 12 different suppliers for 2024 deliveries. These are all aligned with strong ESG audit requirements and traceability on manufacturing origin that are key elements of our procurement strategy. So we're not going for the absolute cheapest panels on the market. We are ensuring that we keep the strong ESG audit requirements and traceability. So that's absolutely key for us.

Also, and as I mentioned, 100% of our solar panels for 2024 have already been delivered to our U.S. operations. So they support the prospect of gradual installations over the year. And also, 75% of the capacity for 2025 is already secured with equipment 100% assembled in the U.S. So all of these factors, we think, strongly limits our exposure to the risk of potential new import tariffs or the Uyghur Forced Labor Protection Act risk. But obviously, we'll continue to monitor and manage these risks.

On the right-hand side, also, following many questions that we've received, I just wanted to give you more information regarding Colombia. So EDPR entered Colombia in 2018, signed the PPA contracts back in 2019. It locked in the turbines and a big part of the CapEx in 2020 for the two projects in La Guajira region.

Unfortunately, the development risk turned out to be higher. There was COVID, supply chain disruptions, political and local communities risk, and then the license of the transmission line was ultimately rejected. So it was a very complex project to be executed. So we are focused on resubmitting this license and getting it before year- end. But obviously the COD date has been postponed. We are working to improve the economics of this project to compensate the deferred COD.

I have to say that in August of 2023 -- so we've had support from the Colombian government over the last year, and last year, in August, they issued an emergency decree to essentially suspend the PPA contract, and that would have stopped the bleeding associated with these contracts. In the case of EDPR, it was around EUR50 million in 2023. Unfortunately, the decree could not be implemented and it was declared unconstitutional. So that was a big blow in August of last year. However, then the government supported us in renegotiating 70% of the PPA volumes associated with the project and suspending the delivery of these volumes until 2027. So that is in effect as of the April. We still have the first quarter where those PPAs were being enforced. We still have 30% exposure to those PPAs, but the rest is now being essentially pushed back to 2027.

In parallel, we are working on improving the project economics, including regulated revenues, long-term financing terms, and project cost optimization. We hope we'll get a lot of these. And we're also exploring options of partnerships that can bring value to the project. So I would like to highlight, though, that the maximum exposure to the project expected by year-end, so including book value and other liabilities, deferred tax assets, FX guarantees, penalties, everything, everything, including the costs incurred, turbines, et cetera, would be around 0.7 by year-end. So we'll continue working to reach the end of 2024 with clear visibility on the future of the project and then make whatever decision maximizes the value for shareholders, and that's very clear for us.

We move on to Slide 14, and talking about value creation and capacity additions. So we have updated our outlook regarding capacity additions. We're now targeting adding around 10 GWs of renewable capacity in 2024 to 2026. So this is an annual average above 30 GWs per year in the period. Of these 10 GWs, we already have 7 GWs secured, including the 0.5 GWs installed in the first quarter and 4 GWs under construction for this year. Those 7 GWs represent close to 70% of the capacity to deploy between 2024 and 2026, leaving around 3 GWs to be secured. Also, a big part of these GWs will come from core low- risk markets like North America and Europe. So that will be around 85% of the new additions. And solar will play an important role to increase our portfolio diversification.

We move on to Slide 15, giving you a little bit more color on the renewables thst PPA demand from big tech and from others. As I mentioned, we do see very strong demand coming from the big tech sector. And I'll just give you a small anecdote on that. But from the 7 GWs of secured capacity, around 70% is with corporate PPAs. Around 70% relates to big tech companies, mainly in the U.S. and Europe. And these companies are facing strong demand for renewable energy, as you know, from the data centers associated with either just their natural growth or artificial intelligence.

And just as an example, I mean, even last night, I received word that we had two players competing in presenting offers for one of our projects with a PPA price close to $70 per MW hour. So interesting that rather than us participating in RFP, it was actually becoming a bit of a sellers market in some cases, which is obviously good for pricing of PPAs.

Regarding the target 3 GWs to be secured for 2025 and 2026, we expect new capacity to be contracted to keep a good level of diversification and we expect a gradual increase of APAC in the portfolio driven very much by the solar distributed generation. We have good visibility on close to 1 GW of PPAs currently under negotiation both with big tech and utilities and the remaining capacity to be backed by future regulated auctions. So a lot of demand from C&I PPAs and then we also have the solar distributed generation in APAC in North America which benefit from a shorter period between contracting and commissioning versus the utility scaling of those projects.

We move on to Slide 16, talking about returns. As I mentioned it a little bit earlier, but going in a little bit more depth. So we do continue to see attractive projects with good returns considering our investment criteria and we stress this over time and we're seeing our investment thesis play out. Over the last six years, we have -- last six months rather, we've seen the support of PPA have been impacting the IRR not just in absolute term, but also in terms of the weight of the NPV that is contracted, and so short to medium-term, good cash yields. I'd stress it is important to invest throughout the economic cycle to ensure a good blended portfolio yield and so that's what I think our long-term shareholders expect and that's what we're going to do.

In light of the current context, we've also recently approved the stricter investment criteria. So we're increasing our target spread for the portfolio to at least 250 basis points spread on SWAC. For these previous targets, as was around, more than 200 basis points. So this will keep a strong focus on contracted cash yields and keeping our risk policy of contracted NPV higher than 60%.

So I'll stop here, I'll just pass over to Rui and then come back for some closing remarks.

Rui Teixeira: Thank you very much, Miguel.

If you don't mind going to Slide 17, we have a EUR12 billion gross investment plan for these three years. This of course is to deliver the 10 GWs of capacity additions between 2024 and 2026. It also includes some additional equity investments such as the EUR0.7 billion buyback of a 49% stake in 1 GW of green assets in Europe already communicated that we expect to close in the second quarter of 2024.

Also, as you know, an important building block of the strategy is the asset rotation and we are not changing materially nor the capital gains, the target proceeds, nor the capacity versus what we currently consider. It does however represent a higher weight over target additions at 45% versus previously 30%. But in the past, you may remember as well that we rotated as high as 50% of the additions. So right now I think that we are within a sound range.

Also, as of now, good visibility for the execution of the 2024 expected transactions. Tax equity proceeds of around EUR5 billion. This will come mostly from the solar ITCs and of course an important funding from U.S. installations. And this would lead to net investments of around EUR4 billion and only EUR1 billion net debt increase, therefore, I would say, keeping a sound balance sheet.

On Slide 18, and I think it's important also to show the exposure that we currently have in a portfolio to power markets, where we do maintain a high weight of long- term contracted and hedge electricity sales. Let me just go one-by-one.

So long-term contracted represents most of our portfolio generation with 70% of weight with an average maturity of 12 years of remaining contract life, in line with our investment criteria of targeting long-term contracts typically 15-year maturity and above. This generation is sold approximately 70% through PPAs, approximately 20% through feeding tariffs or regulated contracts, and the remaining 10% through CFPs.

On the hedging share, hedges are mostly with financial counterparties that include EDPs, Global Energy Management Unit, and we have an average of two to three years of maturity. Overall 50% of the hedges are in Europe, that's mostly in Spain, and around 50% are in the U.S.

And regarding our mentioned exposure, exposure, sorry, which is mostly associated to wind generation, and therefore with a realized price structurally different from solar and actually much closer to the base load, it is 50% located in Europe, again mostly Spain, 30% in the U.S., and 20% in Brazil. We will continue hedging future merchant generation, and we typically end up the year with a merchant exposure of around 10% of the current year and the following months.

So this residual exposure to spot electricity prices is also associated to our own risk management, so that's sort of structurally where we are typically landing on an annual basis, that is those 10% once we hedge. Our assumption for electricity wholesale price in Iberia for 2026 is EUR58 euros per MW hour, therefore we expect our realized prices in Europe to decrease over the period '24 to '26, but overall continuing above EUR70 per MW hour.

North America being stable above EUR40, Brazil and APAC also stable above EUR30 and EUR80, respectively. And I hope that with this information, we better explain the dynamics of our portfolio with the average expected realized price of 2024 in the range of EUR53 to EUR54 per MW hour, and for '25 and '26 to be around EUR50 per MW hour.

On Slide 19, and Miguel addressed this already, obviously, we will continue all our efforts to reinforce efficiency, namely refocusing growth on core markets, pursuing a simplification of the company structure, but also extracting value from the global presence, namely leveraging synergies between EDPR and EDP shareholder, and as much as we can working in a very integrated way to capture all those synergies. We estimate that these internal efficiency strategies will materialize in a compounded 6% annual decrease of the core Opex per average MW in operation, again, in the period between 2023 and 2026.

On Slide 20, I would like to highlight that with this updated financial projections for the '24, '26 period, we expect to deliver a significant improvement of I would call it the cash right, return on invested capital of the company versus a bottom level of in that happened in 2023, which was penalized by a peak of work in progress in our balance sheet, mainly from longer than expected construction periods to reach COD, but also on the top-line, some of the headwinds that were clearly explained in our previous earnings call.

But as a result of the gradual increase in the weight of operating assets, normalization of average construction periods for new projects and the higher returns in absolute terms from the new project that we have been securing. We do expect the company sort of cash return proxy on operating assets to be improved north of 8%, again, for the operating base throughout the period '24 to 2026.

So to finalize and before heading over to Miguel for final remarks, just on the updated guidance, we expect new capacity additions to result in a 13% average annual growth in renewable generation between 2023 and 2026 to approximately 50 terawatt-hour to 52 terawatt-hour with an average selling price stabilizing at around EUR50 per MW hour for '25 and '26. We obviously within the asset rotation gains, we are targeting a stable EUR300 million contribution, and this would lead to a recurring EBITDA, average annual increase of about 9%. And if you look to the underlying EBITDA, so excluding capital gains, that would be even a stronger growth of 15% per annum.

Net income growth of 11% per annum, reaching EUR0.7 billion in 2026. Net debt level will remain stable between '24 and '26 at around EUR7 billion. And finally, we do maintain the attractive dividend policy through the scrip dividend program with a target payout between 30% and 50%.

Miguel, back to you for closing remarks.

Miguel Stilwell d'Andrade: Thank you, Rui. So maybe just some final comments, I think basically six points. First, I just wanted to reiterate our commitment to solid and sustainable growth. Our first quarter performance showed a good delivery of capacity additions, normalization of wind resource, or the beginning of normalization. It did show a declining average selling price driven by the European markets, as expected, but it also showed a good performance in terms of efficiency.

The bottom update on the most recent market assumptions resulted in an expected average selling price in the range EUR53 to EUR54 per MW hour for '24, and around EUR50 per MW hour for '25 to '26. I think that's the second point.

The third point, just to say we've revised our target renewable capacity additions to close to 3 GWs per year in the '24-'26 period. 7 GWs already secured, 3 GWs to be secured. The target portfolio IRR of SWAC spread increased to at least 250 basis points versus the previous 250. So prioritizing returns over volumes.

Target gross investment in renewables around EUR12 billion for this period, '24-'26, funded by EUR5 billion of asset rotation proceeds and EUR3 billion of tax equity in the U.S. That's a mix of tax equity investments and transferability, and so making sure we preserve the sound balance sheet.

We will continue to deliver efficiency improvements, targeting a reduction in core outputs per average MWs of around 6% per year on average in the period. So together with the high weight of operating assets, we are expecting to have a good support for operating assets improvements, ramping up through '24 to '26 to around 8% returns.

Finally, these assumptions result in an updated target recurring EBITDA of EUR2.4 billion. That's a 9% CAGR versus 2023, and the target recurring net profit for '26 of around EUR2.7 billion, so an 11% CAGR.

And just before I close the presentation, turn it over to Q&A because I saw that --told there are about 10 of you that already have your hand up. I'd just like to highlight that the world's capacity to generate renewable energy is expanding faster than any time, and I think that's why it's important sometimes to give a step back and look at the further. In 2023, there was an increase in renewable generation of around 50% year-on-year. In the next five years, we will see faster growth yet. So we are well positioned to capture this growth globally through the regional hubs, and we will be pursuing sustainable and solid investments to build up a really truly great renewables portfolio.

And so we're building on a solid platform. We see good opportunities ahead. We've also been through difficult periods in the past with the inflation interest rates and energy prices, but we are seeing remarkably good investment opportunities. And so investing throughout the cycle, the economic cycle, I think is important to get good overall returns.

And I'll stop there and turn it over to Q&A. Thank you.

Q&A

Operator: Thank you. Ladies and gentlemen, the Q&A session starts now. (Operator Instruction).

Miguel Viana: Okay. So we have the first question coming from Alberto Gandolfi from Goldman Sachs. Alberto, please go ahead.

Alberto Gandolfi – Goldman Sachs: Miguel, thank you. I'll stick to two questions. So the first question is -- first of all, I wanted to thank you for the strategic update. It takes a lot of courage to really mark- to-market so decisively. So thank you for that. I really appreciate the switch towards more value creation as well and flat net debt.

Just a very quick one on the bridge. So if we are looking at 2024 versus 2026, would it be okay to tell us how much incremental EBITDA you expect from new MWs? So I guess now it's about 3-something GW net in '25, '26. And what is the headwind from power prices? And maybe if you can tell us if you're assuming that Romanian taxes disappear, Colombia resolves, I guess so.

And also part of this question, I welcome the fact that I think for the first time you're disclosing the return on invested capital for the portfolio of 8%. 8%, does it mean we should assume -- I guess this is for the average of the portfolio, but should we assume also an 8% on additions, meaning like an 11% EBITDA yield over CapEx? So I just take 8% plus 3% of depreciation, 3 point something, so maybe 11.5% EBITDA yield. If you can help us on the bridge between 2024 and 2026.

Secondly, I wanted to ask you about returns. I really like your upgrade from more than EUR200 million to more than EUR250 million, especially after power prices have come down. So that is probably equally, so it's even more relevant. I would argue, my question here is the following. Are you now, because you're reducing investments, selecting better projects, or are the competitive dynamics in the industry improving? Maybe if you can comment as part of it, if perhaps it's more for the U.S., data centers, or if Europe. Thank you for your patience.

Miguel Stilwell d'Andrade: Thank you, Alberto. I'll just do the second one and then come back to the first one, which is two parts. But on the returns, what I can say is we are seeing good projects come along. And as I say, I'm coming to this call quite confident and positive because maybe it's anecdotal, but it's not, it's becoming more of a trend to actually be more of a sellers market, almost in the U.S., with having multiple companies bid for our projects, basically competing for our projects. So it's not us bidding to sell the energy to third-parties, it's actually switching around, obviously. So there is a certainly a question of dynamics, which is happening, which is encouraging.

Certainly over the last couple of weeks and months, we've been seeing that.

Obviously, there is also a question of better projects in the sense that if we are doing 3 GWs instead of 4, we can drop the 1 GW, which perhaps had the lower returns versus the others. And so that will also increase the average portfolio. But I wouldn't say it's just that. I think there is also a good dynamics. We're seeing, particularly in the U.S., at least over the last couple of weeks and months. In Europe, I think it depends in in some geographies, it does have this dynamic, but there may be more question of dropping some of the projects with lower returns versus the others that have higher sort of 250 points plus of returns.

On the first points, and I'll do the first part, and maybe Rui also touch on the second part in terms of the returns. But I'd say that there is a -- while you can assume Colombian and Romanian does appear certainly by 2026, that's clear. We are seeing a big delta in terms of power prices. So price is going from EUR53 to EUR54 per MW hour down to EUR50. Also an increase -- but on the other hand, we have an increase in the tax equity revenues.

And overall, in terms of volumes, we see plus 10 terawatt hours increasing from '24 to '26. So if you break it down into price and volumes, plus 10 terawatt hours, minus EUR3 to EUR4 per MW hour, and an increase also of revenues over this period. So I mean, I think you can do the math in terms of EBITDA. But basically, that's how it works. Then there's also contribution from efficiency. And so let's say that's what I gave you was on the revenue side. On the cost side, we are making a big effort to really start to extract economies of scale. So I think there was a big push over the last couple of years to grow the business.

And as you know, we went from building around 700 MWs to building around 3 GWs. And this year, we're actually building around close to 4 GWs. So there's a big push on growing the company for that. And now we're very much focused on extracting maximum value. So on the cost side, there is also an improvement there on the cost per MW hour, cost per MW. And that also feeds through then into the EBITDA numbers.

Rui Teixeira: Thank you, Miguel. Just on the return, just to highlight, so we are now looking at, this is the average last six months, looking at cash yields around 8%, 9%. So, I mean, these projects will start kicking in throughout '25-'26 as they achieve COD, also for some of the 2024 projects as well. So, I would say that -- I mean, I would see a positive impact, everything else being equal, a positive impact into the, sort of, the portfolio overall return or cash yield proxy as we move forward and as this project, this new vintage of project actually starts to contribute to the overall returns.

Miguel Viana: Okay, thank you. Alberto. So next question comes from Javier Garrido from JP Morgan. Javier, please go ahead.

Javier Garrido – JP Morgan: Thanks. Good afternoon. So, my first question would be back to the 250 basis points spread over WACC. And particularly in U.S., you look at the trajectory of earnings in the U.S. in the last few years, and particularly without the non-cash contribution of accrued ITCs, the cash flow generated in the U.S. has been relatively weak for different reasons. But my question is, when you look at such a key market in the U.S. going forward, are you factoring in a higher risk profile than you used to do in the past or are you happy with the same approach that you have been having in the last few years? I just wanted to assess how robust is, in your view, that expectation of a higher IRR, how comfortable you feel with that expectation in a context where in the last few years performance in the U.S. has been below expectations.

And then the second question, it's an -- apology that is a bit detailed on the '26 targets. If I look at '24, you are looking at the proportion of net income to be down roughly 20%. In '26, you are looking at almost 30%. That's a very significant increase in a context where you are adding EUR3 billion of tax equity investors, which is expensive. And you are adding 5.5 GWs of capacity next. So how can you see that big expansion in the bridge between EBITDA and net income? Is this assuming you are buying out for minorities, or is there any other assumption behind it? Thank you.

Miguel Stilwell d'Andrade: Thanks, Javier, for your question. So taking the first one, I mean, I do recognize, we've been clear that the U.S. has had a low earnings profile over the last two or three years, sometimes for different reasons, but I do agree with your assessment.

But going forward, and if I understood your question correctly, are we trading off IRR for risk? I mean, the question is no. If anything, we're trying to make sure that we are not taking risks like basis risks or that we are pricing the projects better.

And I think we are getting -- we are being very disciplined on not just on the returns, but on the risk profile of the projects to avoid precisely taking on projects which then have hidden risks in terms of whether it's the PPA profile or whether it's, sort of the CapEx. So obviously that was very much impacted over the last couple of years by all the inflation and things seem to have normalized, as I say, now, and we have much better visibility and hold on CapEx. So we are re-pricing to get more spread because I think dynamics are also there, as I mentioned in the question to -- reply to Alberto. But it's not at all at the expense of taking on more risk. Was that more or less your question or?

Javier Garrido – JP Morgan: Yes, that was my question. And when you say that you are trying to minimize the risk, does that mean a higher proportion of NPV in the initial PPA or is that simply other way related to the operations?

Miguel Stilwell d'Andrade: Okay. Yes. So being very clear, we are seeing higher contracted NPVs. We are seeing higher cash yields over the next 10, 15 years -- 5, 10, 15 years that are sort of some of the key targets. So we are seeing clearly much better quality projects sort of in the short, medium-term in order to sort of say 5, 10, 15-year cycle. So it's not driven by any assumptions on the back-end or anything like that on the contrary. We are seeing, and that's I think my point, we are seeing the higher IRRs, but also higher NPV contracted and be much more focused on making sure we're getting the good cash yields upfront and not, let's say, any backend assumptions or anything like that.

On the second point, Rui, you want to take that?

Rui Teixeira: Thank you, Miguel. Hi, Javier. And maybe on this second one. So in terms of impact to net profit, we are expecting on the financial results to obviously keep benefiting from that structural shift into more euro-denominated debt as relative to U.S. dollar-denominated debt. So that has a positive impact that you already saw in the first quarter and you'll keep seeing into the rest of the period.

Also, in terms of minorities, so we did brought back those 49% of minorities, the 1 GW portfolio -- wind portfolio in Europe and that will contribute positively into the rest of the period. We are expecting closing in the second quarter. But beyond that, we are not considering any further minority acquisitions in this plan.

And again, maybe just one final note on also on your remark about cash flows in U.S. So as you know, once we close the project or once we start to (inaudible), we get the tax equity funding in terms of ITC. We are you have the 30% base ITC in some cases where we have been awarded with that -- with the 10% other, for example, regarding the local communities. And that's ultimately 40%, can be even higher if you can achieve other thresholds or KPIs. But the point being that there is a substantial part of the cash flow that is captured up front as you monetize the ITC. But again, to your comments on the net profit over EBITDA, I hope I was clear.

Miguel Viana: Okay, thank you. Javier. So next question comes from Fernando Garcia from RBC. Fernando, please go ahead.

Fernando Garcia – RBC: Thank you, Miguel, for taking my questions. Maybe this first one is a question more of an EDP level, no? But given EDPR finance mostly at the current level, I assume with this update, EDP is within the threshold of rating agencies. And I will appreciate that if you can provide some detail on that. And then the second question is just if you can inform us about the evolution of tax equity investors stocked along the plan.

Thank you.

Miguel Stilwell d'Andrade: Fernando, so on the first one, I think it's a very straightforward answer. We are keeping the BBB at the group level and we're keeping sort of a solid balance sheet, not just at the EDPR level, but at the EDP level. So obviously, we'll give more information on that tomorrow on the call. But that's clearly the objective. So if your question is specific numbers, I mean, I think the point is we're expecting about maybe EUR1.5 billion of tax equity expected for 2024. That's already in relation to the projects that we have. We do see the market developing, as I mentioned earlier, so not just about the tax equity investors, but which are sort of the more traditional structures that have been implemented over the last couple of years, but also this issue around the transferability, which will also be something going forward.

And so there what we see is that, brokers are coming up, you're getting sort of supply and demand. You're seeing sort of tax credits being traded at $0.92 on the dollar. I mean, it varies, but that's sort of the type of range, and we expect that that market will mature over time.

I don't have here the specific, if that was the question. If the question is specifically tax equity investors, like in our business plan, I don't have those numbers here with me, but perhaps we can get them to you offline.

Rui Teixeira: So in terms of the total tax equity proceeds that we expect are the period '24 to '26, it's what we have on Page 17 of our presentation, which is EUR3 billion. So that's the total amount of tax equity proceeds. And again, just to highlight, the bulk will come from ITC. And the reason why to highlight this is, as Miguel said before, given the transferability market development that we are observing, witnessing, then these are not only funded through the traditional tax equity structures with banks, we actually have corporates buying into the ITC, which is one shot. So it's -- they manage their tax capacity in a single year. Again, this gives a lot of credibility, comfort to this sort of EUR3 billion target. But if there are further details, obviously very happy to follow- up on offline.

Miguel Viana: Okay, thank you. Fernando. So next question comes from Arthur Sitbon from Morgan Stanley. Arthur, please go ahead.

Arthur Sitbon – Morgan Stanley: Thank you very much for taking my question. The first one is on the driver of the improvement in the IRR work spread target. So you were talking about market dynamic improving there amongst other things. I was wondering, you put the emphasis a bit on big tech as the off-takers. I was wondering if you're seeing basically better pricing power with this type of off-takers than with other sectors. And generally speaking, what is the risk profile of the contracts you sign with them? Are they happy or not to go with as produced PPA as you usually do? And just a last quick question, you talked about the $70 per MW hour contract negotiated with one of these off-takers. I just wanted to know if that's on the wind or on solar.

And the second question on asset rotation, EUR300 million of asset rotation gain per year, that seems to imply lower multiple than in previous year. I was wondering if that's you being conservative as usual on the asset rotation front or if you've seen any change in the asset rotation market in recent months. Thank you very much.

Rui Teixeira: Thank you, Arthur. So on the first one, so definitely we are seeing sort of a lot of demands coming in from big tech and these markets. And we are seeing good demand for players and projects that are credible and that can be delivered. And so they are comfortable to take pay as produced contracts, and that's been what we do. We don't sign base load PPAs. And these are solar projects, big part. So we're not taking any volume or shape risk. These are pay as produced PPAs.

And the dollar amount I gave you was in relation to a solar. And so I think that's just a very straightforward answer. But we're seeing sort of we continue to see in the U.S. relatively high

PPA prices. And I think I see the team quite motivated and quite, say, optimistic and positive about the way that the market is developing there. So I think that gives us some comfort here in relation to this.

On the proceeds, sort of on the capital gains, I mean, well, we try to give what we think are realistic estimates. We have managed to outperform in the past, but we don't necessarily count on that when we do our projections. I think what we do see is obviously lower multiples in the U.S. I think that's just a function of the higher cost of capital and the fact that there were sort of CapEx overruns over the last couple of years. But going forward, I think we expect to see that expanding. But for this year in particular, I'd say that this is a function of projects that we are selling in Europe and in the U.S. instead of the blended multiple being lower, that maybe I'd summarize it.

Miguel Viana: Okay, thank you. Arthur. So next question comes from Enrico Bartoli from Mediobanca. Enrico, please go ahead.

Enrico Bartoli – Mediobanca: Hi. Good afternoon and thanks for taking my question. First question is regarding the procurement of solar panels for U.S. You highlighted that you have secured a large amount of panels, but I'm wondering if actually the import taxes are going to be raised, particularly considering what some manufacturers there are asking. What do you think that would be the impact on the market there, if you think it's possible that there will be a further slowdown in the availability of modules affecting the execution of the project like we had in the past?

The second question is related to Europe. If you can elaborate on the market that you expect to be the most interesting for further investments over the planned period, and in particular, if you can elaborate on your approach on the Iberian market, where we've been seeing pressure on prices from solar capacity additions, what is going to be your strategy in that market? Thank you.

Miguel Stilwell d'Andrade: Thank you. So in relation to procurement in the U.S., and I'll ask Rui to complement, but I mean, as we mentioned in the presentation, so we are sourcing mostly U.S. modules, and so import taxes, we wouldn't be impacted by that. I mean, obviously, it would have an impact on the market as a whole. It would increase the prices. And so that would have a knock-on effect. But for us, in our case, we are already locking in a big part of those modules for projects that we've already identified, certainly for 2025 and 2026.

Would it slow down modules coming into the U.S.? I think that if it's a question around tariffs, it's more a question of price rather than being able to, or the modules being slowed down. I think what really slowed down the modules in the past was the additional burden of certification on the Uyghur Forced Labor Protection Act. And that's I think what was effectively holding up models physically getting into the U.S. that's overcome. And so now it's a question of tariffs, which is a question of price and whether projects are then able to take those on or not. But the wider market for our case, as I said, we're more into that.

In Europe, in terms of interesting markets, listen, I think there's quite a wide variation in Europe, which is why it's also an interesting region for us as a whole. In some markets, let's say Italy, you have very few projects available, but if you have them, they're very profitable. And so we've been fortunate to have developed the presence in Italy over time, which allows us to develop profitable projects. Poland's a similar thing. France would be an interesting market, but very small in terms of small projects and difficult to extract. Iberia is a good market. You can get typically quite larger volumes, but obviously more pressure on prices and returns. So it really depends. And I think one of the good things about having a diversified portfolio is that we can go on cherry-picking the projects that we think have the best combination risk-return at any particular point in time.

Rui, you want to comment on the pyramid as well?

Rui Teixeira: Yes, thank you, Miguel. Hi, Enrico. So U.S., 100% sourcing from U.S. factories, so assembly factories from Q CELLS and from OMG. And therefore -- I mean, there are no tariff risks depending on those assembled modules. And as Miguel said, we don't foresee any delay on those modules being delivered. Even for 2026, we have also first solar contract. So that potentially increases the feasibility in terms of execution, or putting it the other way around, it reduces drastically the risk of delays. And this was a shift because we understand that it is really important, even though we don't have an ITC adder or PTC adder coming from domestic content, because that's only, I would say, nowadays applicable to some of the first solar modules. But even though, it reduces drastically the execution risk. So that's how we have been proceeding with the procurement for U.S. For Europe, it's different, because for Europe, we have been sourcing directly from Chinese manufacturers. Obviously, fully compliant with traceability according to our ESG standards.

Miguel Viana: Okay, thank you. Enrico. So next question comes from Jorge Guimaraes from JB Capital. Jorge, please go ahead.

Jorge Guimaraes – JB Capital: Good afternoon. I have two questions, if I may. The first one is related to the asset rotation, including in the guidance. You are reducing your gross estimates, but effectively, the asset rotation volumes at first sight are not down. So I would like to understand why you reduce the gross, but maintain the same MWs or increase the MWs on asset rotation. So this would be the first one.

And the second one is, it's related actually with the results. There was a relevant increase in the fixed assets working capital on my view. Could we see something as you slow down the CapEx? Could this mean that the net debt will slow down at a slower pace than what it would be expected, meaning the gradual reduction in the negative working capital of the fixed asset suppliers could reduce the pace of the net debt reduction, or is this totally diluted in the total big scheme of things? Thank you very much.

Miguel Stilwell d'Andrade: Thank you, Jorge. I'll do the first one and, Rui, if you could take the second one. So on the asset rotation and maybe taking a step back because I think you're raising an important point, which is, how do we think about sizing our growth and our capacity addition?

So we look at our balance sheet, we look at what is the cash flow that we're expecting over the next couple of years and obviously that's being impacted by lower power prices and so less cash flow, less balance sheet capacity. We then prioritize keeping a solid balance sheet compatible with the BBB rating at the overall group level and keeping the dividend policy and by difference you end up what is the net investment that you can make. So for certain financial ratios on the balance sheet, assuming a certain dividend policy, what is the net investment that you can do? We then back out what we think is a reasonable asset rotation that we can do and what is the gross investments that we can do as a result.

And therefore going to your point, we're not reducing the asset rotation because if we did that then we wouldn't be able to have as much gross investment. And so we are keeping the pace of the asset rotation so that we can go on redeploying that capital back into profitable projects going forward. And so at least that's the way we think about it and the way we structured this to calculate what is the gross and what is the net investment, and the delta is obviously the asset rotation that we think is feasible given the demand we see in the market and type of assets that we have.

Hopefully that helps answer your question. Perhaps on the second question, Rui, if you want to take it up.

Rui Teixeira: Sure, Miguel. Hi, Jorge. So just, first of all, Q1, obviously we do have the impact from typically what is a more of a seasonal effect on the investment that comes online in

Q4 and before you start having some payments or Q3, Q4 and then you say before you start having some payment in Q1. So that's one.

Secondly, maybe if you go back to that Slide 20 that I presented that we have in our presentation, you'll see that we do have sort of a peak in terms of working capital in terms of weight on the total assets of 30%. And as we look to '24, '25 and '26 on average, it will come down to 20%. So what we are expecting is that we will have again a normalization on this on the working capital from the peak of 2023 and that is baked into the numbers when we look to the net debt and see a net debt flat for '24-'26 around the EUR7 billion, that's already baked in, I mean, whatever impact from working capital is already baked into those numbers.

Miguel Viana: Okay, thank you. Jorge. So the last question comes from Olly Jeffery from Deutsche Bank. Olly, please go ahead.

Olly jeffery – Deutsche Bank: Thanks very much. Thanks for the presentation. So two questions. The first one is just coming back to the 2026. Can you give more visibility on what you're assuming between EBITDA and the income on minority costs, net financial costs and tax and then the second question just is around Columbia and a few things around that. So the first is, we still -- you're still expecting to get the transmission permit later this year. Are you including Columbia within your 2026 target and what is the risk if you're not able to renegotiate the other 30% of contracts to the 2026 targets? Thank you very much.

Rui Teixeira: I can tell -- but basically what we are looking at is a sort of -- if I look to, let's say, 2026, I would say that financials would be around the EUR400, EUR420 million. So that's financial results. And then minorities would be around the EUR100 million. So I think ballpark those should help you guide you to net profit.

Miguel Stilwell d'Andrade: And on Columbia, so the teams are working hard to try and get environmental license. We would also be looking to get improvements on the regulatory front in terms of remuneration or financing costs or financing -- subsidized financing for the project to ensure that this can be a viable project and then we'd be taking a decision on go no go.

We are not assuming it in the 2026 target. And so once we get the license, we would then take a decision and then obviously adjust sort of the investment program if we had to as a function of that. But we're treating it sort of slightly on the side just given it's very particular project with its own particular issues. So it's not in the 2026 numbers.

Miguel Viana: Thank you, Olly. So the next question comes from Jenny Ping from Citi. Jenny, please go ahead.

Jenny Ping – Citi: Hi. Thanks very much. A couple of questions from me, just on following-on from the previous question on Columbia. Can you just give us a sense of what the hit would be for the remaining 30%, which I presume is still going to come through for the rest of the three quarters and into next year? And then secondly, more bigger picture, just on the PPA pricing, you obviously talked about a lot of interest and very much of a sellers market in the U.S. What are you seeing in terms of the PPA market in Europe? How much of a competition is there and just any comments on the general trends?

And then very lastly, just going back to the asset rotation, obviously, you're selling some of your solar assets, which saw higher CapEx, which effectively you're just looking to get your CapEx back. So I just wondered what sort of dynamics is there between you selling those assets, which obviously dragging down the overall weighted average multiples versus your commentary earlier in terms of higher WACC equals lower multiples, especially in the U.S. And any qualitative dynamics you can give us there would be helpful. Thank you.

Miguel Stilwell d'Andrade: Yes. Thanks, Jenny. So in relation to Columbia, so in relation to the 30% that hasn't been suspended or renegotiated yet, so we'd expect about EUR20 million for the rest of the year. And then we would expect zero for '25 and '26. So the way the negotiation has been -- well, depends, we're assuming the 30% at some point would be 100%. But certainly for the 70%, that was locked in sort of at the end of the first quarter. So that wouldn't be in '25 and '26. But the remaining three quarters of this year, I think around EUR20 million would be around the number to use. In relation to the PPA pricing and the market, I mean, so slightly lower volumes in the U.S., so it's probably more driven by regulated auctions. And we see that sort of in places like Germany and Italy and France and others. So there's a little bit more of that rather than just pure PPA. But you also do see some of the big tech in Europe continue to buy. And so we've closed some PPAs there as well. But I'd say that in the U.S., the vast bulk of our projects are either big tech or regional utilities, so let's say bilateral PPAs. In Europe, there's still a strong component of regulated auctions we participate in as well as PPAs.

In relation to the third question, if I got it, so yes, I mean, obviously, selling solar assets, if there have been CapEx overruns and higher cost of capital, if we get our CapEx back, for us, that would be an okay outcome to basically redeploy that capital back. But I think the point is that when we redeploy it, we are seeing the higher WACC, but also much higher IRRs. And so that's -- we're able to redeploy the capital and capture that spread on new projects rather than hanging on to projects that have -- don't have the profitability or the return that we're looking for. Does that help, or do you want me to go deeper?

Miguel Viana: Thank you, Jenny. So the next question comes from Manuel Palomo from BNP. Manuel, please go ahead.

Manuel Palomo – BNP: Hi. Good afternoon. Thanks for taking my questions. I mean, you know that I tend to ask about the duration of the PPAs. Given that you are trying to maintain that risk policy of contracted NPV above 60%, I wonder whether you could make any comment on the duration of the PPAs, whether you're seeing any change, and that helps you to maybe keep that, well, low-risk policy. That would be the number one question.

Second question is, I see that you have sort of downgraded from March 2023 your installations from around 4.5 GW a year, give or take, to 3 GW a year. And I understand that you had already dimensioned the company for the 4.5 GW a year. I wonder whether this reduction could also lead to some sort of efficiencies in helping the returns for the assets. And if so, my question would be where, in what markets are you foreseeing those efficiencies? Thank you.

Miguel Stilwell d'Andrade: Thank you, Manuel. So, in relation to the first one, I mean, as a result of the higher spreads, we do end up having more contracted NPV, and so lower-risk projects. You're absolutely right on that, and that's been one of the targets. The PPAs in the U.S. are typically 15 years to 20 years, so that increases also the contracted NPV component of the project. PPAs in Europe typically slightly lower, 10 years, but regulated schemes or the auctions, government-driven auctions, typically close to 15 years. In Spain, we've seen sort of 12 years, but so that type of range, so 10 years to 15 years in Europe, 15 years to 20 years in the U.S. So it means that, a big proportion of the NPV ends up being contracted up front and de-risking the project. So hopefully that answers the question.

On the second point, the down -- sort of on deferring these, sort of moving to the 3 GWs per year. So we dimensioned -- I mean, we haven't built 4.5 yet, but we've been dimensioning the company certainly to be growing sort of faster in this year. We have around 4.6 GWs under construction. I think going forward, there are certainly markets that we can potentially exit and streamline. Certainly in APAC, we're doing that and moving sort of to five markets, previously nine, probably even down to four. We may exit a couple of markets that are smaller on the margin. And so really sort of focus on markets that are deeper and that we can -- that have a good risk- return profile. So I think you will see that and that will obviously drive some efficiencies as well in terms, let's say, from a geographic perspective.

From other -- on another level, obviously as we scale up and get more MWs, we've now stabilized in terms of structure. So one thing is the growing pains that you sometimes have when you're sort of ramping up significantly when you start to sort of taper off into more, let's say, stable growth rates, you can really start working on the economies of scale. And sort of one of the implementations that we've done on an organizational perspective is really tighten up and go much deeper on sort of the operational efficiencies on the asset operation -- on let's say the asset management side. And sort of single dispatch centers, common O&M policies, really trying to go deep there. So part of it will come from focusing. Some of the efficiencies will come from focusing. Others will come from just driving sort of some of those economies of scale as we grow.

Miguel Viana: Thank you, Manuel. So the next question comes from Gonzalo Sanchez-Bordona UBS. Gonzalo, please go ahead.

Gonzalo Sanchez-Bordona – UBS: Hi. Good afternoon. Thank you for the presentation. I just have one follow-up on the comment you made on the potential acquisition of minorities to propel the cash flow. I was wondering, how much could that be an opportunity for you? That's one part of the question. The other one would be, would that result in then in lower gross investments, slow down in other capacity, because I understand there is a trade-off in terms of further growth or earnings accretion. So any details you can share on that would be great. Thank you.

Miguel Stilwell d'Andrade: Okay. Thank you, Gonzalo. So, first, if there are good opportunities to take out minorities, obviously we would do that, but there needs to be a willing buyer and a willing seller. So it's not something that you can necessarily plan for or manage 100%. But obviously, we'll have our eyes and ears open, and if there are opportunities, we would look to do that. It has to compare favorably with investing organically in new projects. But if it does, if it's let's say got good cash yields, if it meets the investment criteria, if it allows us to have an accretive impact on day one, then obviously we will look at that. And in some cases, we may forego some other organic growth investments to be able to do these minority acquisitions. So we will look at, really, what is the value that we're creating with those opportunities and compare it with the organic ones.

Miguel Viana: Thank you, Gonzalo. So the next question comes from Meike Becker from HSBC. Meike, please go ahead.

Meike Becker – HSBC: Hi. Thank you very much for taking my question. The first, would you walk us through the pricing trend of your Spanish portfolio for '24, '25 and the moving parts between the regulated? That would be quite helpful. The second question is on your planned additions. I'm assuming '24 is closed, as you've sort of said before, but how much of the planned additions are still open for '25 and '26, and where would you like to be on that by the end of '24? Thank you.

Rui Teixeira: So, hi, Meike. Listen, on the Spanish, I mean, we can follow-up with them in some detail, but basically, as you know, we have the regulated assets and they follow just whatever band and reference price that then impacts the cross-margin and the cross-profit and EBITDA, and basically, we are using whatever is currently defined.

Even for 2026, we, again, we just take the formula, take that 16% up or down bandwidth and apply, and that's basically what's baked into the numbers. If it is merchant, then we then hedge it periodically, so there's not much more into the Spanish context.

Again highlight that the merchant exposure that we have in Spain is still mostly wind so therefore the realized price is not substantially different from the realized price in solar. It's actually closer to the base load prices than anything else. But if you want, we can follow-up with more detail on the dynamics of the Spanish regulation and impact on price.

And the other point, Miguel?

Miguel Stilwell d'Andrade: Sure. On the second one, so we're currently about 2.5 GWs or something for 2025. I think over the next six months close '25, so we have time to then build out those MWs in time. In '26, obviously, the number that's locked in is slightly lower than that, probably slightly under 1 GW. And so over the next year, year and a half close in the remaining 2 plus GWs that are there are left for 2026. So, roughly, that's -- we'd like to work 12 to 18 months in advance of getting the projects like COD, have them locked up in terms of PPAs and so good visibility on CapEx and everything.

And then obviously there's a part of it with GG, particularly in APAC and in the U.S., which is can be done into a year. So you might start and finish in the same year. So we don't need as much as it leads time.

Miguel Viana: Thank you, Meike. So the last question comes from José Ruiz from Barclays. José, please go ahead.

José Ruiz – Barclays: Yes. Good afternoon. Just two questions on my side. First one, on data center demand in the U.S., we have recently seen some different profiles in terms of PPAs. We have seen data centers signing PPAs with nuclear power plants, with thermal power plants. So my question is basically, is really renewables capacity or particularly solar capacity being fit to cover this new demand profile from data centers in the U.S.?

The second question is, if you can confirm, I'm trying -- I've been comparing with the Capital Market Day mix of technologies in terms of new additions that you're clearly pivoting into solar, that most of the projects you're dropping are wind and considering the higher IRR WACC spreads for solar, this is how you're pushing your target up. Thank you very much.

Miguel Stilwell d'Andrade: Okay. Thanks. Good questions. So in relation to the first one, I think, just given the demand that's happening in the U.S., I think they're trying to lock in all different types of technologies. But I would say that they, the feedback that we get is they would privilege, give precedent to renewable technologies, because they obviously have their own ESG targets. And it's competitive energy at the end of the day. So if you can get it, you should do that.

There's another added benefit of renewables, which is the fastest to deploy, I mean, nuclear, good luck, if you're going to -- it's either an existing nuclear, or then if you're counting on that for your data center, as I say, good luck on getting that. And thermal gas, yes, you could do that. But as I said, you do have ESG targets to meet. So I wouldn't say that's the main thing. So I think having solar and wind, it does have the right profile, certainly to try and make up as much as possible of, let's say, that demand that's coming up.

Now, in relation to your second question, so there is -- I would frame it in the following sense. Solar is obviously faster to deploy and to permit. And therefore, as we ramp up, solar is coming in first. But we do have a strong focus to bring in wind projects as quickly and as much as possible. So between a wind and a solar project, we would choose the wind project. The issue is that wind typically has longer lead times in terms of permitting and licensing, it's obviously more intrusive. And so ramping that up is taking more time. We're expecting it towards the back end of the business plan, '26. We may defer some of those MWs to '27 and beyond. But we're not discussing post-'26.

But if we were, I would say, that we would still expect winds to then start picking up materially. And we're certainly, we would like that to happen because we do think it is a premium product. So yes, there's a pivot to solar, but I would say that we are keeping also very focused on developing the wind pipeline and portfolio as much as possible going forward.

Closing Remarks

Miguel Stilwell d'Andrade: So I mean, very quickly, and obviously we've gone on, I think it's almost an hour and a half, so thank you for the patience. What I would say is, yes, this is the first quarter results presentation, but I think it's also very much about giving you visibility and comfort and guidance in relation to what we're seeing in the markets, both in terms of power prices, in terms of demand in the various different geographies. And ultimately, yes, there is a reset of targets based on a lot of these market dynamics.

But at the end of the day, if you look at the numbers, it's still a significant underlying growth in EBITDA and net income. And we continue to see good growth opportunities and good returns. I think we talked quite a bit about that in terms of the PPA demand and all that.

And so in that sense, I think, we continue to, as I said, believe in our investment thesis and see it play out as we invest throughout the economic cycles. This is actually a good moment to invest. And I truly believe that and we are seeing that sort of in very concrete terms. And hopefully the projects that we're developing now, we'll see them coming online in 2025 and 2026 and we'll see the results of that.

So thank you very much for your patience and hope to talk to you soon. Take care.