EDPR

Wednesday, 26th February 2025
17:00 Hours UK time
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
- **Javier Garrido**, Analyst
- **Jenny Ping**, Analyst
- **Jose Ruiz**, Analyst
- **Olly Jeffery**, Analyst
- **Pedro Alves**, Analyst

Miguel Viana: Thank you. Good afternoon, everyone. So, thank you for joining EDPR's 2024 Results conference call.

So, we have with us our CEO, Miguel Stilwell de Andrade; and our CFO, Rui Teixeira, that will present the financial performance of the year and providing also a brief update on execution. Following the presentation, we'll open the floor for a Q&A session, and you can submit your questions via the conference chat or by phone from now. The call is scheduled to last 60 minutes.

And I'll now hand over to our CEO, Miguel Stilwell d'Andrade.

Miguel Stilwell d'Andrade: Thank you, Miguel. Good afternoon, everyone. It's been a turbulent few months, I think, since we last spoke, so it's good we can come back and talk about some of the key achievements in 2024 and also maybe some insights for '25 and '26.

So, as always, we'll start with a brief update on the business performance, and we can go straight into slide 5 and just a couple of highlights. First of all, I think we achieved a record annual capacity addition, so 3.8 GWs. That was in line with our guidance.

We added about 2.5 GWs in the fourth quarter, so that brings the overall installed capacity to 19.3 GWs as of the end of December 2024. Generation up 6% year-on-year to 36.6 terawatt-hours, slightly above the target range we'd given in the nine-months results call. This has already come out in the operational results we presented a few weeks ago.

Now, this generation was tempered by the later commission of new capacity and also the renewable resource, which was two percentage points below the long-term average. And this average selling price, it decreased 3% year-on-year to around EUR 58.9 per MW-hour. So, this includes the impact of lower power market prices in Europe, but it was smoothed out by our hedging strategy and also the stable pricing dynamics in the U.S.

In terms of efficiency, so we achieved a 9% reduction in adjusted core OpEx per average MW in operation. This is really important to really get these economies of scale. It reflects efficiency improvements in every region, and it's absolutely key to get this improved or to improve the bottom line.

On the financial performance, recurring EBITDA was EUR 1.7 billion. This includes EUR 1.5 billion of underlying EBITDA. That's a 9% increase year-on-year and lower asset rotation gains versus the previous year. So, we had EUR 179 million, which was lower by around EUR 281 million than the previous year.

We closed four asset rotation transactions in 2024. As I mentioned, EUR 1.5 billion proceeds from one GW rotated. We also, and I think this is worth highlighting, closed a record $1.2 billion in tax equity proceeds in the U.S., around $900 million received in the fourth quarter.

If we move on to the next slide, just a quick note here about the capacity additions. So, the 3.8 GWs I mentioned, mostly driven by solar and also some storage projects, especially in the U.S. Pretty diverse mix in Europe, both wind and solar. I think it's worth highlighting a couple of things.

First, sorry, we successfully normalized the U.S. solar supply chain. As you know, we've had several delays in 2023, but I think that's absolutely back to normal. We installed 0.2 GWs of batteries, mainly from two co-located projects in the U.S. We also had more west offshore wind projects in the UK, so that was completed within the budget.

So, overall, strategic execution 24, delivering these almost four GWs, diversified global portfolio, and really positioned EDPR, again, as a unique, global, pure, renewable player.

Interesting to note, over the last couple of years, how the weight of solar has increased, the

weight of batteries has increased, and in '24, as I mentioned, we also have around the 400 MWs of more or less.

So, moving on to the next slide and talking about efficiency. So, 9% year-on-year reduction, as I mentioned, adjusted core OpEx per MW. It's a decrease from around EUR 51,000 per MW to EUR 46,000. A couple of different initiatives focused on more efficient operations and just general cost optimization.

So, the initiatives represented around EUR 32 million in savings over 2024. We really made a big effort to simplify the structure in line with the rebase growth. This resulted in reducing the nominal headcount by around 4% in a year.

That's all the largest number of MWs ever installed. So, MWs, like, absolute record, and at the same time, managing to have a lower nominal headcount in the year, which I think is quite impressive. We obviously continue to work on O&M excellence and enhancing the operational profitability.

Obviously, a lot of work being done here on global synergies, digitalization, automation, really trying to make things more efficient throughout. In summary, I think the focus here, really efficient operations, cost optimization, that's something we'll keep working on very much in 2025. A couple of projects in terms of restructuring some of the transversal renewable generation assets, performance. Hopefully we'll talk about that over the next couple of quarters, but hopefully that will bring through significant cost savings.

If we move on to slide 8, talking just quickly about asset rotation. So, we started 2025, actually, with assigning two asset rotation deals at pretty solid valuations.

The solar transactions in '25, they have shown these valuations you can see here on the slide, on the bottom left-hand side. Average enterprise value per MW of approximately EUR 1.1 million for the period '24-'25. However, as we commented already on the last results presentation, these are high Capex assets and they will result in lower capital gains or low capital gains.

In addition to these deals, there are other transactions that have already been launched. We expect signings in the second half of 2025, and we're expecting to rotate around 2.5 GWs of capacity for '25 and '26, and generating more than EUR 3 billion in proceeds over the next two years. The asset rotation transactions are absolutely core to our strategy of optimizing the capital and balancing debt levels and just generally strengthening our financial position, and I'm sure we will talk a bit more about that as well.

We move just on to the next slide on batteries, which is something we haven't talked too much about that sometimes in some of the other presentations, but as I say, it is beginning to play a more critical role in the future of renewable energy and within our portfolio. I think there are a couple of different factors that are driving development of these storage solutions. They include, obviously, the renewables generation variability, improving regulation in some of the markets, greater electrification, and also the phase-out of coal generation.

These are good projects. We're talking about average cash yields of around 13%, low double digits project IRRs, and a very high share of contracted value, so really good solid risk-adjusted returns. As of December 2024, we had around 0.2 GWs of storage capacity in operation, around 0.3 GWs under construction, around 0.7 GWs secured and under negotiation, and then we have around 9 GWs in both short-term and long-term pipelines.

In 2024, we also installed in the U.S. the Scarlet co-located project which I think is a good commitment to innovative storage solutions. If we move on to the U.S., taking a step back, I think there's been a lot of speculation and uncertainty about the U.S. market in general and

what it means for renewables. I think it's interesting to note that you've seen some pretty sophisticated long-term players doubling down on the U.S. very recently.

We just saw Brookfield buying national-grade renewables and also making positive comments in relation to the U.S. market. How do we see it? I think independently of the political uncertainty, it's very clear to us that the U.S. power demand is expected to see good growth throughout the decade, and this is backed by manufacturing, it's backed by electrification, and it's backed by data centers.

That demand is underscored by economic drivers. We're continuing to see the U.S. GDP projected to achieve double-digit growth by the end of 2030. Now, I know the market has been up and down in terms of the expectations, but just generally, I think we can all agree that the U.S. has got some relatively high growth rates projected for the next couple of years.

This increased electrification has been driven by the manufacturing sector. I think this is also by the data centers, and many of you know, just based on some numbers that we have, it's around 15% to 20% annual increase in power demand associated with this, and that leads directly to significant load growth, around 4.3 thousand terawatt-hours in 2024 to around 4.7 thousand terawatt-hours in 2030. So, that's on the demand side.

On the supply side, gas additions and we've been on the ground, living on the ground talking to some of the suppliers, gas additions will take time to become operational. There is a limited near-term pipeline, and there's a long lead time for gas turbines talking to a CEO of a supplier. The earliest available is by 2030.

Small modular reactors, I know there's a lot of buzz around that, but honestly, commercial viability at scale is still yet to be proven, and certainly not within this decade. So, renewable energy sources, they continue to be the fast source of energy that can be deployed and connected to the grid in the near term. The fact that these renewable sources can also commit to long-term pricing means they are extremely attractive for data centers in manufacturing, where the predictability of these power costs is crucial.

So, there's no volatility around what is the gas pricing or anything. You can just lock in a stable price, and that can be directly associated to the data centers. Now, obviously, despite the backdrop of this great demand, there is regulatory uncertainty in the U.S., so we obviously recognize that. We are navigating this prudently. We're doing very careful planning. We're doing very careful management of risks through contractual mitigation.

We're securing long-term domestic equipment to supply agreements. We're backing this up with a robust pipeline of advanced projects in attractive markets. And so, we think we're well- positioned to capitalize on demand.

And just let me give you a couple of things that we're doing here. So, we've grandfathered the advanced pipelines project, so we've saved Harvard a lot of these under the existing IRA remuneration framework for the next three years. Despite some skepticism, we believe the Inflation Reduction Act has received bipartisan support.

We do see that underscoring the local economic developments and that these renewable projects bring together this economic value to both Democratic and Republican states, actually more Republican states even than Democratic. I think it's 80% Republican. Another

point that we've been working on is procuring most of our major equipment for '25 and '26 from domestic sources that protects us against import tariffs.

And while the implementation of tariffs might impact important equipment, it will, on the other hand, positively drive local manufacturing in the U.S. and increase demand for power. The third thing is we've been managing federal policy risks through risk protection in our PPAs. And so, we've been doing a lot of negotiation of the PPAs.

It means they were taking a bit longer, but really trying to incorporate within the PPAs some of the different scenarios around the Inflation Reduction Act or around some of the adders, et cetera, to try and mitigate that risk in the PPAs that we have under negotiation. So, we are seeing an uptick in demand since the start of the year, driven by both utility and corporate demand, and that's what we're working with.

So, in summary, I think despite the regulatory uncertainty in the U.S., we are managing this carefully, and we are cautiously optimistic about the U.S. Increasing electricity demand in the U.S., as I say, it requires the fast development of renewables. I think we sincerely believe that, and a lot of the people on the ground that we're talking to see that. And that's something that EDPR is uniquely positioned to fulfill.

Let's move on to Europe. So, moving on to slide 11. I think Europe in general has positive structural tailwinds but I don't want to repeat myself. Myself and Rui and Miguel Viana have talked about this at length.

It's a real need for accelerating permitting and investment in the grid. So, overall, the outlook for Europe is positive. I think the path forward comes with more uncertainties versus maybe the recent past.

Power demand, on one hand, is projected to grow from 3.1 thousand terawatt hours to 3.7 thousand terawatt hours by 2030. And we are seeing a good average yearly economic growth of around 1.4% until 2027. We're seeing a reduction of 62 GWs in coal capacity by 2030.

So, and also, like in the U.S., we're seeing data centers also having some positive impact on energy demand. One other data point, which I think is interesting to note, 60 GWs of renewable energy capacity is set to be auctioned over 2025, so a good source of growth. And then, as you know, Europe is also leading several regulatory developments that's very supportive to renewables, including things like the market design back at the end of 2023, the Net Zero Industry Act, the Action Plan for Grids, or even the Renewable Energy Directive 3.

So, all of these have been very supportive regulatory developments. Now, we've said this before, we'll say it again, realizing this potential requires the member states to act in the short term. And that means acting in things like simplifying the permitting processes, enhancing the grid investments to support the increased electrification.

It means reducing connection queues, improving grid curtailment, strengthening the regulatory support for battery projects, which could mitigate the impact of these renewable or higher renewable penetration. So, we are going to stay very focused on high-profitability projects, these hybrid initiatives with different technologies, and also, the strategic building options to invest in batteries across the different markets.

If we move to slide 12, talk about the pace of investment before I move on to Rui. I think this is maybe the most relevant data point that we're giving here in terms of guidance. So, we're moderating the pace of investment to around 3.5 GWs of new capacity over 2025 and 2026. We're continuing to prioritize returns over volume.

And most of the growth is coming from our core markets in Europe and in the U.S. We've got around 90% of the 2025 additions already under construction. And we have visibility on around 1.5 GWs for 2026 from either projects under construction or they're secured or they're under negotiation.

As we've mentioned in previous calls, we are following a stricter investment criteria where ensuring there's a minimum of 250 basis points spread over our cost of capital. Actually, for the projects we have for '25 and '26, for the approved projects, we're at about 275 basis points on average. Additionally, we're seeing a stabilized supply chain. So, talking to the different teams in the regions, we're not expecting Capex deviations.

And our U.S. projects have the tax credits safe harbored, so this is a low -- higher return, lower risk portfolio. We're also counting around the 0.7 GWs of new additions in batteries over these two years. And that's becoming a relevant growth driver in the U.S.

So, all in all, we are moderating the pace of investment. We're keeping the focus on efficiency and we're adjusting our structure to this new pace. And in terms of strategic execution for '25 and '26, we're really emphasizing selective growth, strong investment criteria, and efficiency improvements to make sure that we are driving a more sustainable and profitable expansion.

I'll just pause here for a minute and pass it over to Rui and then I'll come back for closing comments. Thank you.

Rui Teixeira: Thank you very much, Miguel.

Good afternoon to you all. So, let's move to the 2024 results.

On slide 14, electricity sales increased by 2% year-on-year with recovery in generation being offset by lower year-on-year average selling price. If you look at the net additions after asset rotation deconsolidation were about 2.8 GWs over the last 12 months. We had an improvement in renewable resources versus last year and this led to a 6% growth in total renewable generation to 36.6 terawatt hours.

As Miguel said, this was tempered by the later commissioning of new capacity and renewable resources below long-term average, mostly in the Brazilian market. The average selling price was EUR 58.9 per MW hour. That's a 3% drop versus last year, driven by lower year-on-year electricity prices in Europe. I will highlight, however, smoothed by a very good hedging strategy, stable pricing dynamics in North America and higher year-on-year prices in Brazil.

If you look to slide 15, underlying recurring EBITDA increased 9% year-on-year, around EUR 120 million versus 2023. Obviously, not as much as we were initially expecting, but still a growth versus 2023. This is on the back of 2% higher electricity sales, higher tax equity revenues, driven by North America's 17% increase in generation, and new installations and

effective cost control strategy, despite having around EUR 100 million of Colombia and Romania-related costs.

Recurring EBITDA was down EUR 161 million, mainly due to the lower asset rotation gains in this period of around EUR 0.2 billion, compared to the outstanding gains that we had in 2023 of EUR 0.5 billion.

On slide 16, financial results amounted to EUR 373 million in 2024. That's EUR 60 million up versus last year, although improving during the first quarter at EUR 63 million, meaning a decrease on a quarter-on-quarter basis of 28%. So, an improvement of 28%.

We have EUR 34 million of FX and derivatives impact from the investment in Colombia.

The average cost of debt reduced from 4.8% to 4.5%, as a result of rebalancing the U.S. dollar- denominated funding strategy, which we have been continuously managing and we have been clear about this and highlighted this already last year.

Our financial liquidity continues, covering our refinancing needs with over 75% of our debt with maturities beyond 2026.

Talking about net debt, on slide 17, as of December 2024, net debt reached EUR 8.3 billion. That's an increase of EUR 2.5 billion versus December 2023. And this is mainly driven by about EUR 4 billion of expansion Capex. That includes EUR 0.8 billion from net payments, reflected in changes in working capital, PP&E suppliers, linked to the fact that in 2023 we had 4.4 GWs under construction, while in '24 we ended the year with 2 GWs under construction.

Net debt was also impacted by EUR 0.7 billion of financial investments, of which EUR 0.58 billion are from the acquisition of CTG's minority stake of wind assets in Europe that we closed in the fourth quarter of '24. This was partly met by asset rotation proceeds of EUR 1 billion net of gains, and tax equity proceeds of EUR 1 billion, leading to net expansion investment of EUR 2.8 billion in the year.

If we look to the net profit on slide 18 or 19, I guess, 18 maybe, sorry, net profit was EUR 221 million. So, this is a recurring net profit with top-line positive performance being offset by lower asset rotation gains year-on-year and higher financials. We have some non-recurring events that were accounted at the net profit -- at the reported net profit level, and these are mainly from Colombia and Ocean Winds U.S. offshore impairment.

So, as we announced on December 19, EDPR considered that the Colombia wind projects do not meet the company's investment criteria and risk profile and, therefore, decided not to proceed with the remaining investments required to build these two wind farms. This led to a total of non- recurring impact at net profit of about EUR 590 million. This includes EUR 0.2 billion related to current estimated liabilities or future liabilities, potential to be paid beyond, so in '25 and also in '26, and relates to guarantees and some dismantling costs and liquidation costs that we will be incurring.

Regarding the U.S. offshore, due to the current uncertainty surrounding U.S. offshore projects, and this is mainly following the presidential executive order on January 20, an analysis was conducted to evaluate the impact of potential project delays, and as a

precautionary measure, Ocean Winds booked this impairment with EUR 133 million impacting its EDPR at the net profit level.

Just one final comment. The Board of Directors will propose in the 2025 general shareholders meeting to continue with the Scrip Dividend Program with a payout ratio of 40%, implying a maximum amount of EUR 0.08 per share.

And with this, I will hand back to Miguel for the closing remarks. Thank you.

Miguel Stilwell d'Andrade: Okay. Thanks, Rui.

So, just a couple of comments. First, just reiterating, we had a remarkable increase in installed capacity year-on-year, around 3.8 GWs, which is 2.8 GWs net after asset rotation. This growth was mostly driven by the solar projects in the U.S., so that was an important step. We also have more than 90% of the expected additions for 2025 under construction.

2024 was a year of some growth, moderate, 6% increase in generation. As I mentioned earlier, this growth was tempered by the commissioning of new capacity later in the fourth quarter, and in general, the renewal resource was two percentage points below the long-term average, mostly in Brazil.

There was also a 3% decline in the average selling price of electricity in Europe, but our hedging strategy did manage to smooth this impact out, and we managed to keep the price at around EUR 58.9 per MW hour, which is a pretty decent price. Efficiency ongoing, but already showing some relevant synergies across the portfolio, and so I think a good improvement in the adjusted OpEx per average MW by around 9%. That is quite material.

Overall, we had a positive underlying performance with a recurring EBITDA of EUR 1.7 billion, so a 9% increase excluding gains although, obviously, below what we had in our guidance earlier in the year. And we had a recurring net profit of EUR 221 million.

This obviously excludes the impairments, the large impairments we did in relation to Colombia, which Rui had talked about, and also the prudent impairment of some offshore in the U.S.

Overall, we also had some lower asset rotation gains and higher financial costs, so not a great year for EDPR, but anyway, we had some positives and some negatives. Despite short-term market challenges, I think solid growth fundamentals of the core markets, so this supports a medium/long-term profitable growth strategy.

I'd also just like to highlight really keeping this strict investment criteria, making sure we are pricing appropriately risk going forward. We are moderating the pace of capacity additions to 3.5 GW in 2025 and 2026, and we have around 2.5 GWs that we expect to be rotated and around EUR 3 billion in proceeds expected for both years.

Finally, I mean, despite these short-term market challenges, we do see solid growth fundamentals for EDPR's core markets, and we believe that they continue to be supportive for medium/long- term growth strategy, keeping, as I said, this strict investment criteria.

So, I'd pause there. And I think we can move to Q&A, Miguel. Thank you.

Q&A

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

Miguel Viana: Well, we have the first question from the line of Arthur Sitbon from Morgan Stanley. Arthur, please go ahead.

Arthur Sitbon – Morgan Stanley: Hello. Yes. Thank you for taking my question.

I think the first one is actually on the net debt evolution with this new trajectory on capacity addition and on asset rotation, because I think you're going to basically rotate really a lot of the capacity you're going to add in '25 and '26. I was wondering if that alone will be enough to bring you back to a net debt level that you consider sustainable at the end of 2026, and around which level would you expect that to be? That's the first question.

The second one is on broader strategic updates. Thanks a lot for the visibility you offer to 2026. That's very helpful.

I was wondering if there is still the idea of potentially later in the year, maybe when there is a bit more visibility on the U.S., providing a broader business plan update, maybe on a longer time horizon, or this is the plan that you announced and we will have to wait for maybe the end of 2026 for another update. Thank you very much.

Miguel Stilwell d'Andrade: Thank you, Arthur. So, I'll do the second and I'll pass it to Rui to do the first one.

On the broader strategy update, yes, I think, we do have the intention to come back later in the year, probably post-summer, to talk about a longer term time horizon. I think what we wanted to do, just given the current market context and uncertainty, was just let it play out a bit so that we -- when we come back, we can, I think, talk with greater proprietary about the impacts, whether it's in terms of legislation or regulation, particularly in the U.S., but even in other markets.

So, for now, what we thought was important was to give you some visibility on '25 and '26, and we'll aim to come back more towards the end of the year to talk about maybe more medium/long-term projections.

Rui Teixeira: Hi, Arthur. So, regarding net debt, maybe what I would like to highlight is the following. So, yes, there is a different pace now in terms of the investments.

It's mostly -- it's also '25 but also into '26. What I would say is we should be having an improvement in terms of the operational cash flows. We should have, of course, the positive contribution from the asset rotation as well as the tax equity.

So, I would expect a reduction, some reduction on the net debt. I would prefer not to provide a specific number. Thank you.

Arthur Sitbon – Morgan Stanley: Thank you very much. And, sorry, just as a follow-up, when you say reduction on the net debt, you also mean on the net debt EBITDA ratio?

Rui Teixeira: Well, we are not commenting also specifically on EBITDA, but probably we -- I mean, we should see an improvement on the ratio. Yeah.

Miguel Viana: Next question comes from the line of Olly Jeffery from Deutsche Bank. Olly, please go ahead.

Olly Jeffery – Deutsche Bank: Thank you. Two questions for me, please.

The first one just on, at this point, looking at the slides last year, you gave a view on earnings outlook for 2024. This year, you've got nothing on numbers '25 beyond capacity additions. Are you in a position to kind of talk to consensus or give some kind of view on numbers of '25?

And then, for the second question, just looking at the capacity additions, I note going back this time last year, you had 1 GW secured for '26. Now, you have one and a half, but I believe there's been a couple hundred MWs delayed from '25 into '26. I understand why you're waiting to see what happens to the U.S. policy to see how that develops there, but does this also kind of demonstrate that you're struggling to find projects, particularly outside of the rest of the world, that meet your return threshold and that's why we haven't seen capacity additions secured in 2026 increase on an underlying basis much more than we're showing today.

Any comment on that would be helpful. Thank you.

Miguel Stilwell d'Andrade: Okay. Thanks, Olly. So, in relation to the first question on the earnings outlook, I think it's still early to really be talking about that. I mean, we're still in February.

Even last year when we spoke about the numbers, we were already later in the year. And even so, there's quite a lot of volatility around that. So, we're holding off from talking too much about 2025 yet or we may talk about it maybe in future calls.

In any case, I would expect, just given the number of additional MWs that have come in, some additional growth, obviously, versus 2024. I think that's almost mathematically more MWs times at NCF. You should expect sort of that generation to flow through to the bottom line.

In relation to the capacity additions, so we're giving around the 2 GWs in 2025. There's just one wind farm, which is slipping into '26, that's relating to supply chain from one of the suppliers, which is delayed to the beginning of '26.

I think more structurally, we are phasing down the investment. On one hand, identifying projects that have a good risk return profile, that's part of it. The other part is obviously adjusting it to balance sheet and to, let's say, Capex, not restrictions, but let's say to the Capex envelope that we want for this period.

So, we don't want necessarily to do much more than that. Obviously, if we identify additional attractive projects, then we'll do them. But we need to keep it within, let's say, an envelope, which allows us to keep also a sustainable debt and EBITDA trajectory or net debt to EBITDA trajectory.

Olly Jeffery – Deutsche Bank: Could I just clarify how large you think that envelope might be in '26? So, if you found additional projects, how high could you push that additions number and stay within the metrics the way you'd like to remain?

Miguel Stilwell d'Andrade: Since I'm not commenting a lot also on EBITDA, I'd say let's stick with the one and a half GWs. I think we can go on updating over the year if we see additional opportunities coming up. But for now, I would just take this sort of as the base case.

Miguel Viana: The next question comes from the line of Alberto Gandolfi from Goldman Sachs. Alberto, please go ahead.

Alberto Gandolfi – Goldman Sachs: Thank you. I have three on my side. Thank you again. Thank you for taking the question.

Looking at the Capex cut that you have right now, I was wondering if you agree with me that or if you can tell us what do you think is the equity free cash flow yield of the company or let's call it operating cash flow yield of the company if you were to fully stop growth. Because if I look at the past three years, Capex has just been coming down.

So, the question is, are we entering a new chapter where top line growth is over and now we are trying to actually boost more the bottom line? And in this context, if you cut Capex and you have a 15% operating cash flow yield, how soon will it be before you can start buying back stock given you traded the discount to the NAV?

The second question, I want to make sure I don't sound arrogant here. I mean, I wouldn't be able to run your company. But don't you think that looking at the past, you try to grow too fast? And again, we almost have no net income this year if I take away asset rotation case.

It's like EUR 40 million, EUR 50 million. And what place does asset rotation play in your future strategy beyond 2026? I understand that you have to do it to keep the balance sheet in check. But is there a need to do asset rotation?

You keep selling assets where net income has been going like fixed to 8% per annum and you add assets that are very young. So, the result net income never grows. You have five and a half billion work in progress still on the balance sheet.

I don't know how many Devex in the P&L. This is really depressing the bottom line. So, are we about to see here again another much more decisive change in capital allocation, I wonder, for EDPR?

And the last question is, Miguel, you made quite an interesting point on data center, power demand growth. In this world, is there still room for a pure renewable business model? Or wouldn't it be better to combine yourself with a parent company EDP and provide 24/7 power? Thank you.

Miguel Stilwell d'Andrade: Okay. Thank you, Alberto. So, I think in relation to your first question, if I understood it, so if we fully stopped growth, what would be the implications of that? I mean, I don't have the specific numbers for that. But what I'd say is the following. I mean, these companies obviously are not stop and go.

So, we have significant development teams. And obviously, it's important to maintain some consistency of growth over time. And so, for us to just completely stop would mean not only a major restructuring, but more importantly than that, it's if the market then accelerates further or reaccelerates, then we would be caught out and not be able to react to that.

So, I think it's -- there's a certain balance also in terms of where we -- how we size our development teams to be able to ramp down to a certain extent, but also keep some flexibility and some optionality to then ramp back up.

So, I think the scenario of going zero growth and just managing for cash, I think that would be -- that would, let's say, be relatively short-sighted because markets can turn very quickly, as you know.

As I mentioned, I think you see a lot of other players out there that also position themselves for that medium long-term growth and this goes sometimes in cycles. And I think we can't overreact too much because otherwise then you get caught out on the next cycle.

On your second question, I don't think it's arrogant. I think it's a very fair question. Did we try to grow too fast? I don't think the issue was around, let's say, trying to grow too fast. You try to grow as fast as you can within reason.

I think the -- obviously, there were -- I mean, the whole sector as a whole or the sector as a whole was hit by relatively traumatic events, including sort of the shock in supply chain and also in terms of just the disruption in cost of capital.

So, these are projects which take time, not just to develop, but also to then build. And so, it's not something, again, that you can just start and stop and go on a dime. So, it takes time.

And I think in trying to grow fast, us and others in the sector, you get hit by some of these dislocations in the market. And I think those have impacted some of the ventures and some of the projects. And I think that's something we've been quite transparent about.

So, that's maybe on that. And on the asset rotation beyond 2026, I think for us, asset rotation has been a important part of our strategy. It's an important part of enabling us to develop options in the different markets.

And then we keep some, we sell some. And we've been doing that, I think, very successfully for many years, either selling 49% stakes or 80% or 100% stakes and doing that throughout the cycle.

So, for now, we see that as an important part, certainly for '25 and '26. But beyond '26, we're not commenting too much on that. But I think it would probably continue to be an important part, just how relevant we'll come back to more towards the end of the year in the capital markets to talk about it. But it has been a successful strategy.

And I would just ask you to do the exercise, go back and do the average of the asset rotation gains and sort of what it's contributed over the cycle. And if you take a slightly more medium, long-term view, I think it's undeniable that this has created significant value over that cycle.

And we've been transparent on the '24 and '25 will be slower years, tighter capital gains. But we've also been hopefully transparent that we see this probably widening in '26 and beyond, because that's when you get the projects with good PPA prices, with higher -- with higher PPA prices, sort of in the $60, $70 type range or years and with higher sort of absolute return.

So, I think these are economic cycles. They play out over multiple years. And I think you need to we need to keep first that sort of more medium, long-term perspective. On the third point, on the power demand growth and integrating with EDP and 24/7, I just want to reiterate the following data centers, any customer when it connects to the network gets 24/7 power.

The question normally is either, is it green? Are they greening it? How much do they want to tick the box? Or is there some regulatory requirements that around additionality so that they need to bring that 24/7 additional power?

You can do that either yourselves or you can do that sort of almost synthetically, tolling agreements, or you can do that with other sort of just in the market. So, there are many reasons why it would be possible to consider an EDPR merger, but I think the 24/7, you can do that synthetically without necessarily needing to go through all of that process.

So maybe I'll just stop there.

Alberto Gandolfi – Goldman Sachs: And, Miguel, sorry to get back on a follow-up, but on the first point, it was not a suggestion to go to zero. I totally get it. It was just trying to understand the underlying cash flow generation of EDPR.

It seems to me like 15% yield. And so, I was wondering, is there a point where you're not going to tolerate any more share price weakness. And you basically act as a central bank against the market buying back your stock?

Miguel Stilwell d'Andrade: Yeah. Yes, I think, okay, sorry, Alberto, I didn't -- I didn't quite caught that, but yes, I think there is. I think at the moment, just given the ratios and the sort of

the overall debt, we're not there. But if we, at any point, see that it's more effective to buy our own shares and to develop new projects, then obviously we'll do that.

I mean, we're rational and we're focused on shareholder value. And so, if that opportunity cost is there, then we'll take it. But that's not the situation at the moment.

Miguel Viana: Next question comes from the line of Jenny Ping from Citi. Jenny, please go ahead.

Jenny Ping – Citi: Thank you so much. Thank you. I've got a couple of questions for you.

Firstly, just help me to understand the lack of 25 guidance. You talk about volatility, and I'm just wondering, that 2 GW contract presumably comes predominantly with PPAs. Where is the volatility coming from?

Unless you're effectively telling us there are still large supply chain risks where the 2 GWs won't actually be delivered in 2025. So, I'm struggling to understand why very little guidance on '25. So that's the first one.

And the second one, just going back to an earlier question, just in terms of what do you -- what clarity do you actually need to act in terms of your share price, where the valuation is, in order to step in and address where the share price is at the moment.

I understand some of the longer-term outlook will impact where the share price is. But you also want to be master of your own destiny rather than waiting for other entities to act.

So, I just -- I would -- will be keen to understand where or what are you waiting for in order to -- before you are willing to act. And then the third question, and last one, is really around tax equities. It's great to see that you've cashed in a decent sum of money coming into 4Q '24.

But what are you seeing today in the market in terms of the tax equities and the ability to actually crystallize the cash? Thank you.

Miguel Stilwell d'Andrade: Okay, thank you, Jenny. So in relation to 2025 guidance, I think it's just an issue around volume and visibility on asset rotations. And within the volume, obviously, there's the amount of wind or solar, but also issues like curtailment, et cetera.

As you know, last year, for example, in April, it was a terrible month for curtailment. Well, April and the beginning of May. And that, I think, ended up completely throwing off sort of the expectations in terms of volume for the year.

So, I think it's essentially around that. The asset rotation, it's just making sure that we are getting sort of the visibility on, let's say, not just the proceeds, but also the capital gains for the year.

So that's where the sort of the hesitation on providing firmer 2025 guidance at this point in the year, which is normally we don't provide guidance at this point in the year. So, it's very much aligned with our precedent.

In terms of share price actions, so as I mentioned to Alberto, I mean, let's be very clear. If we get sort of more space on the balance sheet, and if we think that the alternative or the opportunity cost in terms of new projects is, or the value of new projects is lower than the value of investing in our own shares, then we would be willing to act on that.

And I don't think that's an issue of waiting for others to take the lead. I think it's just a question of having the space and the instruments to do that. But we will do that if it's appropriate at any point, and if we have that balance sheet flexibility.

The tax equity, maybe, Rui, if you want to comment on that.

Rui Teixeira: Yeah. Sure. Hi, Jenny. Listen, what we are really seeing right now is a good market in terms of the tax equity. So if I go -- if you go back to 2024, most of the deals that we closed were not traditional tax equity structures in the sense that the contracts already foresee transferability. But ultimately you can look at it or we can look at it from a traditional perspective in terms of the economics and the impact of the caps.

We also closed a couple of transferability tax equity, including with PTCs. So, this is a market that is really active right now. 2025, we have been working with the different banks and seeing strong demand.

Again, pretty much following this line, I would say that now prevails this hybrid model where you effectively sign a tax equity contract, but the contract foresees the transferability. But yes, I think good for the moment.

Jenny Ping – Citi: Thanks. Sorry, just to go back to the first question, I guess you could always overcome the lack of visibility in terms of capital gains and the wind speeds, et cetera, through a, I don't know, a normalized 250 output and then some sensitivity around it. We all recognize that sort of secondary market may be volatile right now.

So many of us actually forecast on an ex-gain basis anyway. So, just some underlying guide of the underlying business would be super helpful. Thank you.

Miguel Stilwell d'Andrade: Okay. I mean, I appreciate that, but we don't normally give guidance at this point in the year. And I'm hesitant just to provide guidance, which then becomes out of date, just given changes in volumes or in asset rotation.

So, I think there are sufficient numbers out there that we provide in terms of the MWs, salt MWs, average NCFs, et cetera, that hopefully it should be possible to reconcile or to at least build up some numbers on that.

As I say, we are expecting growth, obviously, for '25 versus 2024, but I wouldn't want to go much further than that at this point. Okay?

Miguel Viana: Next question comes from the line of Pedro Alves from CaixaBank. Pedro, please go ahead.

Pedro Alves – Caixabank BPI: Hi. Good afternoon. Thank you for taking my question.

So, the first one on the moderation of the pace of growth, I just wanted to clarify if you are slowing the pace of additions due to balance sheet constraints or really the challenge of finding projects meeting the return threshold. I think you commented this before the line was cut. I really wanted to clarify this.

And if it is a balance sheet issue, which is also an issue for not probably buying your own shares instead of developing projects, what is the level that you are thinking in terms of leverage that you would be comfortable or what do you have in mind as a threshold? Obviously, I think this is also a question at the whole EDP group level in terms of capital allocation.

And the second question is on asset rotation, how you are seeing the market in terms of liquidity, demand and valuation data points. Is there any yellow flag there?

Thank you.

Miguel Stilwell d'Andrade: So, the liquidity in the market and everything. Yeah. So I'll address this one and Rui went to take down the first one on the balance sheet.

But so in terms of liquidity and asset rotation, so we're confused to see track. So as I normally say, there's two issues which are important asset rotations. One is their demand. Can you actually get sell projects?

And the second is at what price? And are you getting capital gains or not? And that depends obviously on the intrinsic value of some of the projects.

In relation to the first question, which I think is what you're driving at, we continue to see liquidity in the market. We continue to see buyers. we have a couple of portfolios, one out in France, one in Greece, for example. We're also marketing another one in Brazil and obviously some in the

U.S. And we're continuing to see people looking at it, being interested and healthy appetite for that. So I think in relation to that, the market continues to work.

And obviously then in terms of the value of those assets and sort of the capital gains, I think it continues to be attractive multiples. I think you've seen that in the numbers that we've given. We could talk about whether some of these assets have higher Capex, so where the capital gains is maybe tighter. But fundamentally, the demand is there and the multiples are continuing to be good.

So, we'll continue to show that, I think, over the next couple of weeks and months. And just the slide that we gave on the asset rotation shows that. On the first point, Rui, do you want to take that?

Rui Teixeira: Yes. Hi, Pedro.

So as Miguel said in the presentation, I mean, the capacity that we have for '25 and '26, the one that is already secured, we're targeting more than 9% prospect IRR. That's more than 275 basis points spread and very importantly, more than 70% contracted. So not relying on detailed merchant curves, it's mostly contracted. So I think that this shows that we are, A, able to find and lock in projects that are with a good profitability and a good risk profile. B, that there is interest, so there is demand out there for this type of project with supportive PPA prices.

What we also recognize is that there is a current uncertainty, namely, given the regulation in the U.S. As Miguel said earlier, we have been negotiating PPAs and we have been trying to include in those PPAs some wording that would protect us against some federal changes on, particularly on the IRA. But the fact is that, I mean, there is some uncertainty still out there.

Also, Miguel referred to the speed at which we are able to get the permits and interconnection, namely in Europe. So it means that there is effectively a current circumstance that will believe that the best is really to adjust the pace of this investment.

As we adjust the pace of investment, we'll obviously be looking at reinforcing the balance sheet, which is definitely something that we need to work, particularly here on a EDPR perspective. But we do see a good market out there. We will keep being very strict in terms of investment policy.

And of course, the pace just supports the balance sheet.

Miguel Viana: Thank you. Next question comes from the line of Javier Garrido from JP Morgan. Javier, please go ahead.

Javier Garrido – JP Morgan: Yeah, good evening. Thanks for taking my questions. I have three.

First one is what is exactly the status of your SouthCoast Wind project? What does the impairment in Ocean Winds mean for this project? Is it going to be delayed? Is it not going to happen within the period of this administration?

And second question would be, you can give us some guidance on your Capex for '25, '26, given that you have such a clear idea of capacity additions and where and technology. So, I guess you have a lot of visibility on what is your Capex for these two years.

And then the third question is a bit of an uncomfortable question. You're talking of 9% IRR for the projects that are coming online in '25, '26, 9% plus. You have been talking of 8%, 9% IRR for quite some time, 8% particularly.

However, the results have been disappointing. By your own admission, it's been a weak year and it's not the first week here. How comfortable are you with those IRR calculations?

Have you delivered that around 8% IRR in the projects that you have added in the last couple of years? Is the shortfall in results due to legacy assets, but the new assets are delivering in line with expectations? It would be important to have some visibility on how comfortable should we be with those IRR targets.

Thank you.

Miguel Stilwell d'Andrade: Thank you, Javier. No, I mean, great questions and we'll take them.

So, first of all, in terms of SouthCoast Wind, the impairment is, let's say, relatively prudent because it's assuming that there's a four-year delay to starting SouthCoast Wind. Now, obviously, that's, let's say, we're, again, that's a slightly worst case scenario. As you know, we had SouthCoast Wind with a, and we have actually a PPA that's ready to sign even as of today with extremely good, attractive PPA price.

I think it's relatively public that in the market in the U.S. at this moment for offshore, the PPA prices were $150 plus. So, we have the interconnection, we have the slots for the Capex, we had basically the project ready to go. Now, obviously, given everything that's come out over the last couple of weeks in terms of executive orders and sort of asking to also review the permits and all of that, the federal permits, we've decided to just be more prudent around the timing, recognize that already in terms of P&L.

If we get a better scenario, then that would be great. But we've, let's say, taken the more prudent four-year delay approach. You could have taken a two-year delay, but we took a four-year one. So, that's on the first one.

So, we are, we still have the project ready to go and we'll try to, let's say, manage that optionality. Just to remind you also that these are leases that have 35 years post-COD. So, the value of these projects continues to be very significant, even if you push out the COD a couple of years. So, that's on the first one.

I think in the second one, I'll leave it to Rui to come back with the specific numbers. But yes, there's obviously detailed Capex behind that.

On the third one, maybe just a couple of comments. I think we're comfortable on the IRRs. I don't think that's the issue. Obviously, in relation to the vintage projects, one thing is when you approve the project with a specific IRR, we're then hit, as I mentioned, with some Capex overruns given the supply chains and also a big dislocation in cost of capital. So, just looking at, for example, one of the projects recently that came online last year and we're doing the post- mortem, if you take the, like, say, the WACC or the cost of capital at the time of the project being, was approved, actually even with all the different adjustments as such, it would be at, let's say, 1.5 times the cost of capital. Problem is the cost of capital also went up. So, that's also squeezed the margin a bit. And so that's a particular vintage of projects.

I think we showed over the years, and again, I think we can go back and just do a little bit of history but showing the capital gains on the projects that we're getting. And so I think that the value creation was very clear. We haven't changed the methodology.

So not like we suddenly started doing this today. We've been doing it for a number of years, and I think we have a relatively good feel for how investors look at these projects. As I say, some of these projects have been hit by these Capex overruns and higher cost of capital than when they were approved, and that's what's leading to this results now.

Rolling this forward, we continue to think that, let's say, the 9% IRRs that we was talking about, we're comfortable with them. And we think investors will be comfortable with them as well when we bring them to the market. As I say, I've lost count of how many asset rotation deals we've done over the last decade or so, but it's very significant.

And, the vast majority of them, the vast, vast majority of them has resulted in very good capital gains. We're in a period which is a bit weaker, and we're recognizing that. But I think in terms of fundamental methodology about how we look at it and how we value it and how the market values it, it continues to be -- continues to be, let's say, make sense.

But we hope we'll be able to show that with time. So we'll be getting back to you, I'm sure.

Rui Teixeira: Hi, Javier. On the Capex, I'll probably say around $3 billion for 2025 and below the $3 billion for 2026. Ballpark, I would say that.

Miguel Viana: So we have two last questions from the line of Jose Ruiz from Barclays. Jose, please go ahead.

Jose Ruiz – Barclays: Yeah, good evening, everyone. And thanks for taking my question. Just two very quick ones.

First one, the EU approved this morning, the Clean Industrial Plan. I don't see anything, but can you comment if there is anything positive there?

And secondly, given that your Capex plan relies still very much on solar additions, have you seen the cost of solar panels increasing? We have seen polysilicon prices increasing. I was wondering if that is the trend.

Thank you.

Miguel Stilwell d'Andrade: Yeah. Thank you, Jose. So honestly, in relation to your -- I haven't had an opportunity to go through it in any detail. But I'd say that really the most important thing for us as a sector is to get stuff done on the ground and actually translate some of those high-level recommendations into concrete actions in terms of the agencies that are approving the projects that the network companies sort of connecting more than these sort of, let's say, grander, high-level sort of objectives from Europe.

In any case, anything that supports faster deployment of renewable energy or creating a PPA market for renewables or more interconnection, which I think all of that is in that Industrial Plan is obviously positive. But as I say, most important is translating that then into concrete actions on the ground.

And in terms of the Capex plan, you're right, most of it is solar additions. We haven't seen any increases in solar panels. I'm looking here to Rui to see but he's shaking his head, so.

Rui Teixeira: I can adjust that. So, no, I mean, U.S., starting with U.S., I would say stable in the low 20s for imported, probably above 30 for sure if it is domestic. And in Europe, probably pretty much in line with what we were seeing in the last quarter.

But importantly, also to highlight, for the '25 and '26 additions that we have already secured, that cost is locked in. So, we are not exposed to any cost increase from, if there is a change in the market, we would not be exposed.

Miguel Viana: So, we'll conclude here. For further remarks, I'll pass to the CEO again.

Miguel Stilwell d'Andrade: So, Miguel, I mean, just final remarks to everybody. I think the key point is we are taking the right actions to create long-term shareholder value. We are slowing down the MW additions for the period 2025 and 2026.

We're going to be focused more on free cash flow generation. If there are opportunities, we will take them in terms of shared buybacks, but we don't expect that will be a 20 or a short-term event. In terms of the IRRs that I think Javier talked about, I think we continue to see those attractive opportunities.

Those projects are being built this year. I think they will be available then for '26 and beyond. So, we continue to see that sort of more medium-term outlook as being positive.

Obviously, we need to work through these quarters, but that's what we're totally focused on. In terms of the efficiency, I'd just like to keep highlighting that. That's obviously something we need to continue to focus on as well.

I mean, the 9% reduction for OpEx per MW, I think, is something worth highlighting that as we go on adjusting sort of the -- let's say, the structure to not just a new pace of development, but the increased number of MWs and getting those economies of scale. And so, I think that the team is really focused on generating that cash flow and making sure we're delivering that shareholder value. So, that will be the focus, and that is the focus going forward.

Thank you.