EDPR

Wednesday, July 29th, 2026
03:30 pm Lisbon/UK time
Chaired by Miguel Stilwell d' Andrade

Link for conference call replay: Here

Company Participants

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

Miguel Viana

Hello, and welcome everyone. Thank you for joining EDPR's first half '26 results conference call. We are pleased to have you with us today. Our CEO, Miguel Stilwell de Andrade and our CFO, Rui Teixeira.

He will walk us through key financial highlights of the period and then share insights into our strategy. After the presentation, we'll open the floor for questions. You are welcome to submit them via the conference chat or ask them directly over the phone.

With that, I'll now hand it over to Miguel Stilwell de Andrade to begin the presentation.

Miguel Stilwell d'Andrade

Thank you. Thank you, Miguel. And good afternoon, everyone. Thank you for attending our first half of the 2026 results conference call. So I'll start off by highlighting some of the key operational and financial metrics of the semester.

And if we go to Slide 3, I think we can safely say that EDPR delivered a great set of first half results. We had recurring EBITDA reaching EUR1.033 billion, up 8% year-on-year, or 12% if you exclude FX. And recurring net profit reaching EUR183 million, increasing 33% year-on-year, or up 43% excluding FX. This performance was supported by solid operational execution and a couple of points here.

So we added gross capacity of 1.8 gigawatts in the last 12 months. This supports a generation increase of 4% year-on-year to 22 terawatt hours. The average selling price stood at EUR52 per megawatt hour, so that's broadly resilient despite lower prices in Europe and the FX impact in the U.S.

On the side of efficiency, our efforts continue to deliver measurable impact. So we had a recurring core OpEx decreasing 2% year-on-year, and we recently signed two asset rotation transactions in Italy and in the U.S. So I'll talk a little bit about that later on.

Also, I wanted to mention that the transaction we announced earlier this quarter for the sale of our Brazilian operations 3DP for EUR1.5 billion, that will have a closing expected in the fourth quarter of 2026. So that's not in these numbers here.

This transaction strengthens the quality of our portfolio, increases the share of EBITDA generated in A-rated countries to some around 90% to more than 95%, mostly concentrated in the U.S. and Europe. So overall, that's had a strong set of results.

And we're delivering resilient earnings. I mean, we're executing consistently and we're taking advantage of growth opportunities in core low-risk markets.

If we turn to Slide 4, I wanted to update you on two recent data points that reinforce what we've been saying about the U.S. market. And the message is very clear. Electricity demand is accelerating and wind, solar and battery storage continues to be the fastest and most competitive technologies to meet that demand.

If we look at the latest outlook from the U.S. Energy Information Administration, our demand is expected to grow at a CAGR of around 2.3% between 2025 and 2027. And if you look at the chart on the left, it's clear that most of the 203 terawatt hours of additional generation needed over that period is expected to come from wind and solar and the 185 terawatt hours so around 90% of the total.

As the coal capacity continues to retire, and electricity demand keeps growing, renewables remain the most cost competitive solution, and importantly, the fastest to deploy. And I think this is something we stress often.

And it's extremely important, because it's not just the fact that it's competitive, but that you can actually get it on the ground in the next couple of years, which is when you're actually seeing this increase in supply. And so it helps also contain costs and actually provide resilience to the system.

On the right-hand side of the slide, we've included some of the key takeaways from Lazard's latest report. It was published earlier this month. You can see the onshore wind utility scale solar and solar paired with battery storage. They all entail significantly lower LCOEs, and also shorter lead times than most conventional generations, such as combined cycles and nuclear.

So taken together, all of this reinforces the fact that we've been defending for a long time that renewables will continue to play a central role in meeting growing U.S. electricity demand and provide strong fundamentals to our disciplined growth in this market.

Move to Slide 5. Following the approval of the One Big Beautiful Bill in July of 2025, EDPR has secured 1.5 gigawatts in the U.S. through PPAs and bill and transfer agreements. These projects, they're supported by a diversified mix of offtakers. You have an average PPA price of around $65 per megawatt hour and average unleveraged project IRRs of approximately 10%.

Here I just wanted to highlight that this growth follows a selective investment framework that we introduced in the business plan, strict risk return requirements and a strong level of contracted cash flows before capital is committed.

For the U.S. project secured since the One Big Beautiful Bill, the average IRR minus WACC spread is around 290 basis points, so above let's say the target that we had in the business plan, and contracted NPV is at around 90%, so well above the target threshold set out in the Capital Markets Day last year.

Our recently announced asset rotation transaction is a great example of this new U.S. vintage and of the value we're creating through selective investment decisions. The project that we rotated and that we announced earlier this week was the first one to reach FID, so the final investment decision following the approval of the OBBB. It's 384 megawatts of solar co-located with batteries, and we've agreed on the sale of an 80% stake.

Transaction implies an enterprise value of approximately $800 million for 100% of the project, so that's equivalent to around 2.1 EV per megawatt, and that compares well with the transaction also that we signed last year in 2025 for wind, solar, and batteries in the U.S. as well.

Very importantly, and I really want to stress this, it shows our ability to crystallize value through active portfolio management. We're expecting gains of more than 40% of invested capital significantly above the more than 15% average target established for this 2026 to '28 period. So 40% of invested capital, the project isn't completed yet. And so I think it's a fantastic return in IRR on this investment.

I think it's a clear proof of our strategy in action. And we expect it to be the start of a new phase, a new vintage for our projects in the U.S. It also showcases really the disciplined investment approvals, the fast execution, and the active asset rotation working together to maximize shareholder value across the portfolio.

To move on to Slide 6 and still staying on the U.S., again on the market fundamentals, the strong energy demand we're seeing is supporting sustained increases in PPA prices. We have the market PPA prices continue to rise in 2026. You can see that on the left-hand side.

It's true that PPA prices are increasing, but despite this increase, wind and solar continue to be the most competitive generation additions, because the other sources are increasing as much or more than what we're seeing here. So all in all, a favorable environment for new contracting, but also recontracting opportunities.

EDPR has 1 gigawatt of PPAs under active discussion and 6 gigawatts of safe harbor wind and solar projects with CODs between 2025 and 2030. So our U.S. pipeline already exceeds 20 gigawatts with 50% in my zone PJM, which are some of the regions that have sort of the highest demand growth and the greatest amount of potential for new generation.

We also are continuing to strengthen our domestic content procurement strategy. So we've diversified the supplier base, we're improving execution, resilience, and visibility.

We also see upside from existing assets, life extensions, repowering with tax credit renewal, and these repowerings also have typically lower CapEx because they don't need to rebuild everything from scratch, and you also have a repricing potential based off of these new PPA prices. We already have around 600 megawatts in marketing stage.

Finally, we have around 2 gigawatts of powered land for data centers, including 1.4 gigawatts with good visibility, mainly in ERCOT, MISO, and SPP. And so that gives EDPR also a strong position to capture diversified set of opportunities beyond the current plan, so beyond 2028.

Now let's move to Slide 7 and look at some of the recent developments in Europe. And just spending a little bit of time here. So first, the European Union has recently announced the EU electrification action plan.

So this should drive a meaningful increase in power demand over the coming years. It creates an indicative target of 46% electricity share in the final energy consumption by 2040. So we're talking about a really big drive to electrify the economy.

At the same time, we are also seeing a clear effort across Europe to address one of the key bottlenecks for renewable development, and that's permitting. We've talked a lot about it in the past. We're actually seeing concrete steps being taken, namely in places like Portugal and Poland.

And additionally, across Europe in general, we're seeing larger, more diversified auction programs. So including new storage support mechanisms, capacity remuneration schemes designed to incentivize flexibility and long-term investment.

So clearly good development for the sector, although obviously still room for improvement in the remuneration frameworks, but we are seeing steps being taken, and I think that's been a welcome change versus some of the past.

Just going into a little bit more detail. So Italy just released the largest battery procurement program in Europe. Spain's capacity mechanism is recently being approved by the European Commission. Portugal's upcoming storage auction is expected in September. And France is also moving ahead with renewable auctions, including a new solar PV tender framework.

So overall, as I say, a broader shift from purely volume-driven auctions towards frameworks that also consider system value, resilience, sustainability, and longer-term deliverability.

All these frameworks, they're also increasingly supporting hybrid and storage solutions. As renewable penetration increases, the value of combining wind, solar, and batteries becomes obviously much more evident, both from a system perspective and from an economic perspective.

And for EDPR, this creates a fantastic opportunity for hybridization and storage integration. The example we show on the right-hand side illustrates exactly this point. So, by adding solar and storage to an existing wind asset, it's possible to increase utilization of existing infrastructure and unlock additional value creation without a lot of development risk.

So, actually, we announced this today. Well, we announced a hybrid project today in Spain as well, the Las Lomillas project, with wind, solar, and batteries. So, it's a single connection point.

The battery systems already started testing and injecting energy into the grid. And so, it's the final step of a project that really integrates these three technologies in a single operating platform. I think it's a great example of how we're taking advantage of our existing platform.

Key takeaway, you're not only increasing demand for renewables, but also improving the framework needed to deliver them. Better permitting, more diversified auctions, capacity mechanisms, storage support. I know we've been pressing hard over the last quarters and years on this issue, but we are seeing some concrete steps being taken to improve this. So definitely we are well positioned to grab these opportunities if they meet our investment criteria.

If we move on to Slide 8, let's talk a little bit about asset rotation, because I think this is definitely something which has an impact not just on our P&L and balance sheet, but I think it just reflects the structural value of the project that we are investing in. So far this year, we find two asset rotation transactions in Italy and in the U.S. very attractive transaction multiples. So EUR1.9 million enterprise value per megawatt multiple.

Total enterprise value of around EUR900 million, so assuming all transactions at 100%. And all of these transactions or both of these transactions, they result in more than 40% gain over invested capital. So clearly showcasing the value that we're creating here.

And this is a market test, so this is not an Excel spreadsheet or theoretical IRR exercises. This is real cash value creation. Proceeds expected to be concentrated in the second half of 2026. And we continue to have other transactions in the pipeline, so we'll expect to close those in the second half of '26 or first half of '27.

In relation to the disposal of our operations in Brazil, so that was signed in May '26, transaction covers 1.7 gigawatts, enterprise value of around EUR1.5 billion, expected to increase the weight of EBITDA in A-rated countries to over 95% as I mentioned earlier in the presentation, expected to have a positive impact of around EUR20 million on a 2027 net profit basis. And then around an EBITDA reduction of EUR100 million on a post-transaction basis.

So overall, I think between the asset rotations in Italy, the U.S., the sale of the Brazilian operations, just a focus on maximizing returns, crystallizing value, and reallocating capital towards lower risk growth markets.

Moving to Slide 9. And just before I pass it over to Rui, upgrade. I think it's important to remind that, we had a strong execution in the first quarter, and we'd already upgraded our 2026 EBITDA guidance. We're now further upgrading the guidance to between EUR2.2 million to EUR2.3 billion of EBITDA on the back of higher visibility on asset rotation gains, which we now expect to be at the high end of the range at around EUR0.3 billion.

Looking at the year so far, execution continues to evolve according to plan. And looking at the 2026 to ’28 period, we’ve already secured around 3.4 gigawatts. So that’s around 70% of our ’26,’28 target additions. And that includes obviously 100% of our ’26 target, which is already under advanced construction. And they’re on 80% of 2027.

Very important to note that these projects continue to be secured at very attractive returns and under the same disciplined investment framework we discussed earlier, and which has led to the value creation of these transactions that we just announced. All in all, we continue to de-risk the delivery of the business plan while keeping capital discipline and a focus on high quality markets.

I’ll just stop there and pass it over to Rui to walk you through the financial results and then I’ll come back for closing remarks. Thanks.

Rui Teixeira

Thank you very much, Miguel. Good afternoon to you all. Let’s just go into the numbers in the first half results. So going to Slide 11, we delivered a very solid first half of the year. The average installed capacity increased 4% year-on-year to 20.5 gigawatts, and this is mainly driven by the additions in North America as well as in Europe.

At the same time, we continue to actively reshape the portfolio around 0.9 gigawatt of asset rotation and decommissioning. This is in line with the business plan. Therefore, as a result, electricity generation increased 4% year-on-year to 22.1 terawatt hours. Combination of higher average capacity in operation and partially offset by this perimeter change driven by the asset rotation.

So moving now to revenues. Electricity sales decreased 2% year-on-year to EUR1.14 billion, reflecting a normalization of prices in Europe and the depreciation of the U.S. dollar. I think it’s important to highlight that when we exclude FX, revenues increased by 2% as higher volumes offset the decrease and this normalization of the average selling price, which declined to EUR51.8 per megawatt hour.

And mainly in Europe, that’s 11% down year-on-year. While in North America, average selling price increased in 3%, or by 3% in local currency. So good performance on the U.S., obviously driven by higher demand and that normalization effect that I mentioned in Europe.

So just to quickly summarizing the key drivers for revenues by geography. Europe impacted by lower average price in Iberia, but also below average renewable resource, as well as lower capacity year-on-year following gas rotation and the consolidation in Spain, Italy, and Greece.

North America increased EUR20 million year-on-year, stronger growth in local currency, supported by volumes and improved prices. South America, increasing year-on-year, mainly reflecting the contribution from higher average selling price, continued improvement in output.

And also a quick comment on APAC, also showing a positive contribution due to higher volumes. So overall, the key takeaway is that generation volumes are growing as a result of the business plan execution, while price reflects that normalization and FX impacts.

If we now move to Slide 13, I'd like to touch on efficiency. First half '26, recurring core OpEx, decreased by 2% year-on-year, both in nominal terms, and then accounting for the FX depreciation and inflation adjustments. This reflects obviously the continued execution in the efficiency strategy.

Core OpEx per average megawatt, declined by a further 5% year-on-year to EUR40,000, bringing the cumulative reduction over the last two years to approximately 15%. And the OpEx per gross profit ratio improved to 27%, a small 0.1 percentage point improvement year-on-year.

So these results, they reflect a more efficient and flexible O&M strategy, continued cost discipline, internal organization aligned with the revised growth outlook, and scaling of digital and AI capabilities across the group.

All this in a context where EDPR is growing and delivering its growth targets. I think it's remarkable what the teams have been doing in terms of improving efficiency of the operations.

So now on Slide 14. Recurring EBITDA reached EUR1.03 billion, up 8% or 12% of year-on-year if we exclude FX. Looking at the main drivers, electricity sales were lower as discussed previously. Tax equity revenues increased by EUR42 million, supported by solar addition that benefit from the IPCs with an increase of 0.8 gigawatt year-on-year in North American installed capacity.

Core OpEx decreased by EUR7 million, reflecting the efficiency improvements and cost discipline I've just described. Asset rotations reached EUR66 million in the first half of the year, mainly the Italian portfolio transaction that was closed, and that represented an increase of EUR54 million year-on-year.

From a regional perspective, growth was mainly driven by North America, while Europe was impacted by that price normalization. So overall, the EUR73 million increase in recurring EBITDA was driven by the tax equity revenues, asset rotation gains, continued efficiency improvements, and these more than offset the lower electricity sales and higher other net costs.

Now on the financial results. They remain broadly stable at around EUR243 million. Lower net interest costs supported by a EUR0.5 billion reduction in average net debt and a 10 basis points reduction in the average cost of debt were offset by lower capitalization of financial expenses.

Given just a bit more color on the financing profile, around 85% of debt is with fixed interest rates 66% in euro, 24% in U.S. dollars, and 10% in other currencies. In terms of maturities, we maintain a long maturity profile, with over 85% of our debt maturing from 2028 onwards.

Moving now to Slide 16. During the first half, we invested EUR1.2 billion, comprising approximately EUR0.1 billion of CapEx, EUR0.5 billion of financial investments. This is mostly on the ocean winds. This was partially offset by EUR0.2 billion of organic cash flow, EUR0.6 billion from asset rotation, tax equity, and other items, including the Greek asset rotation that was completed in the first quarter.

The main asset rotation, tax equity, and Brazil disposal proceeds are expected to be concentrated in the second half of this year, and that will support the expected reduction in net debt by year-end.

On net profit, recurring net profit reached EUR183 million, increasing 33% year-on-year, or 43% when excluding forex. And the increase was supported by higher EBITDA, including the higher asset rotation gains, and then improved tax results with an effective tax rate of 20% in recurring earnings.

This was partially offset by higher depreciation associated with capacity additions, also higher minorities, following the sale of the 49% stake in the pioneered portfolio in the fourth quarter last year. Excluding asset rotation gains, underlying net profit reached EUR117 million, which is broadly stable year-on-year if we exclude FX.

Finally, just to add some light on all of the non-recurring adjustments recorded in the first half, let me just go through quickly the main items. First of all, these items have an immaterial impact in EDPR's reported net profit, with a net impact of EUR1 million, minus EUR1. So this is completely immaterial, but there are a few noteworthy adjustments across the P&L.

So at EBITDA level, we recorded the positive adjustment. And again, I remind this is just non-recurring. But again, at EBITDA level, a positive adjustment of EUR23 million, mainly reflecting the reversal of 2025 losses on trade receivables in Vietnam.

And this is more than offset by a EUR61 million provision related to also in Vietnam, a retroactive adjustment of pre-2024 tariffs. And this relates to an expected agreement with the Vietnamese government regarding the tariffs of some of the plants.

At the depreciation and amortization level, we recorded EUR39 million of non-recurring charges, mainly related to accelerated depreciation of wind assets in the U.S. and net impairments, primarily in the U.S. and South America.

These items also resulted in non-recurring tax impact of EUR58 million and an EUR18 million impact of non-controlling interests. So taking all of this together, the overall impact in EDPR's reported net profit for the period was again, as I said, immaterial, minus EUR1 million, so 0.5% of the recurring net profit. On a reported basis, net income doubled year-on-year, reaching EUR184 million.

With this, I would now hand over to Miguel to closing and final remarks. Thank you.

Miguel Stilwell d'Andrade

Okay. Thank you, Rui. So let me just conclude on Slide 19 with the key messages on execution and outlook. First, very comfortable with the 2026 targets and delivering the one and a half gigawatts of capacity additions for this year, so that's on track. Our efficiency efforts are definitely paying off, and Rui mentioned that in all the work that's been done by the team.

So OpEx down 2% year-on-year in the first half. Two asset rotation transactions announced, now we have more visibility on the asset rotation gains for the year, so we're upgrading the guidance EUR2.3 billion for the year. And that leads to the upgrade in EBITDA guidance for the EUR2.2 billion to EUR2.3 billion range. So that's the first point on the target.

Second, visibility for 2027 and 2028 is improving. We have 1.9 gigawatts of capacity addition secured. We have 2 gigawatts under commercial discussion. And already 80% of the 2027 target secured.

We also see an upward movement in forward electricity prices in the U.S. and Europe since November '25. And the disposal of Brazil is expected to have a positive impact of around EUR20 million in the 2027 net profit and reduced net debt by EUR1.5 billion.

Third, on the post-2028 opportunities, they're becoming increasingly visible. The demand growth in the U.S. and Europe supported by data centers and electrical vehicles continues to underpin the need for renewables and batteries. And that remains the most competitive technology with quick delivery.

So additional opportunities from wind repowering, batteries, hybridization, PPA repricing, powered land for data centers, really a lot of options I think that we have to create additional value. So all in all, in summary, EDPR delivering on the current business plan, improving medium-term visibility, and positioning itself to capture attractive opportunities beyond 2028.

So I just wanted to also take this opportunity to share that we plan to update the market on post-2028 outlook in the second quarter of 2027. So the second quarter of next year, we expect to come back to the market to update you on based on what we will have done in '26 and obviously '25 as well, and also how we're seeing '27,'28, and hopefully give you guidance also for future years.

So with all of that, thank you, and I'll move it back to Q&A. Miguel.

Questions And Answers

Q- Miguel Viana

Thank you, Miguel. So we'll start with the questions that came from the web. We have several questions. We'll try to list the main ones. The questions from Jorge Alonso from Bernstein, Beatrice Gianola from Mediobanca, Filippo Patian from Modul, Paul Geoffrey from Deutsche Bank, Pablo Cuadrado from JB Capital.

Starting on EBITDA guidance upgrade, so here is from Beatrice from Mediobanca and Jorge Alonso from Bernstein. So regarding the upgrade of asset rotation gains and recurring EBITDA guidance for 2026, how do we see the impact of these upgrades on recurring net profit expectations for 2026?

A - Miguel Stilwell d'Andrade

Thanks, Miguel. So the guidance is, we've now pointed to EUR2.2 billion, EUR2.3 billion. I think we have very good confidence and visibility on the asset rotation gains. So as I mentioned earlier, it should be in the region of about EUR300 million. And that reflects the Italian transaction, which is already in the first half of around EUR61 million.

The U.S. transaction signed this week as a material gain. We have an indicative number of around 40% plus of value over CapEx, but the exact number will probably only come out with it by the end of the year. In any case, we expect it to be very material.

We don't normally give, so that's, well, and then we have several other transactions that are progressing that we expect to be announced in the next few weeks or months. So I'd say that that's all on track.

We don't give formal guidance on recurring net profit. We never have. So the upgrade, obviously an upgrade in guidance on EBITDA has an impact also on the recurring net profit expectations. But we are comfortable with the consensus, recurring net profit for 2026, around EUR450 million to EUR480 million. That's been coming up over couple of weeks and months.

On the underlying net profit over the second half of '26, we also see some marginally positive development for the rest of the year. I can mention a couple of higher electricity prices in Europe, just given all the geopolitical unrest there is. Stronger U.S. dollar. And we also have a capacity additions contribution in the last months of the year. So bottom line here is. We're comfortable with the consensus for recurring net profit 2026.

Q- Miguel Viana

Thank you, Miguel. Next question from Beatrice from Mediobanca. So how do you see the evolution of net debt by 2026 year end?

A - Miguel Stilwell d'Andrade

Thank you, Miguel. And thank you for the question. So we keep the net debt 2026 guidance in line with what we said in the first quarter earnings call. So lower year-on-year. So below EUR8 billion.

We have good visibility on the asset rotation, tax equity proceeds that will be concentrated in the second half. Then I know that we'll have the closing of the disposal of the Brazilian operations, that is also expected late in 2026, with overall EUR1.5 billion positive impact, of which already EUR0.6 billion are reflected in the first half net debt, given the consolidation.

But having said that, then we are also managing for value with some flexibility, some disposals that potentially will be deferred into 2027.

Just to highlight that, again, FX exposure here also has a potential impact, so depending on how U.S. dollar evolves, a strong dollar would have a negative impact, also a positive one on the FFO side. So all in all, maintaining the guidance that's provided in the first quarter of the year.

Q- Miguel Viana

And then we have the next question is regarding taking into consideration the lower tax rate that we are reporting year-on-year. So how do we see the effective tax rate for the rest of the year and going forward in terms of assumptions of the business plan?

A - Miguel Stilwell d'Andrade

Thank you for the question.

The recurring effective tax rate, as I mentioned in the first half was 20%. And this benefits from the timing of the asset rotation as some of these transactions are tax exempt.

So I would say we've seen this type of tax rates on recurring numbers in the past. As we look forward, given, again, some of the asset rotation transactions we are expecting, I would say that it should be below the 20%, so high mid-teens. So I would say probably in line with the market consensus.

Q- Miguel Viana

We have then some questions around data center and the all the opportunities that are arising, if we see additional business opportunities in terms of partnerships, co-location of generation assets, or land, of course, more relevant in U.S. in the case of EDP Renewables.

A - Rui Teixeira

Okay. So maybe a couple of comments here, just in general on the data centers. First, it's an opportunity we're taking very seriously, and we're spending a lot of time, and the team's spending a lot of time on developing options around this.

It's clear that data centers are a major structural driver of electricity demand, and that's underpinning the renewables expansion. So just in general, it's good to have higher demand coming from the data centers, because that leads to more generation.

It's true also that we're finding opportunities, not just in terms of PPAs, but they're also behind the meter solutions and power land options that we're exploring.

Some of you may know we operate more than 100 renewable sites located in 20 states in the U.S., so we have a wide presence in the U.S., in some cases with a very good overlap with data center development sites. And that places us in a good position to leverage the potential for either powered land or co-location deals with some of the data centers, and that's what we're exploring.

Our most advanced power land projects in the U.S. includes around 400 megawatt project with load connection rights already secured in ERCOT. But then we also have an additional 1.4 gigawatts with good visibility in my zone SPP, and those are part of the over 2 gigawatts of powered land projects that we have under analysis.

So there could be good opportunities here for either co-location with existing or new renewable generation. And so we're exploring those different options. Obviously, as soon as we have anything concrete, we'll get back to you and provide that visibility to the market.

Q- Miguel Viana

We have then a question at your Capital Markets Day in November, you provided 2028 targets in terms of EBITDA, in terms of recurring net profit. How do we see these targets as of today?

A - Miguel Stilwell d'Andrade

So, listen, we definitely see positive developments and prospects for 2028, as I say, we'll certainly come back to this in more detail if we do an update to the capital markets in the second quarter of next year.

But just in terms of some highlights, what I'd say is that capacity additions secured are evolving well. And eventually there could be some upside for the 2028 capacity additions, namely in the U.S. So that's something we're working on.

Second, I think in terms of the asset rotation gains, we had a target for 2028 of around EUR0.2 billion. That's below the EUR0.3 billion that we're considering for this year. So we've clearly seen a great amount of demand for these type of transactions and good pricing. So that's also something that we bear in mind when we're thinking about 2028.

Over the last, another point is just that over the last six to nine months, electricity for prices, they've moved up in both Europe and the U.S. So, obviously that, we'll see how that develops over the next couple of months. But that's been also positive news.

And finally, I'd say just that the disposal of Brazil, that implies deconsolidation of around EUR100 million of EBITDA, but it's earnings enhancing in '27,'28. So, that will adjust slightly these targets for '28, but on an earnings level, it should be positive.

Maybe I'll stop here, but let's say there are other, we're obviously continuing to work on it. And over the next couple of months, we'll get back to you at the beginning of next year.

Q- Miguel Viana

And we have then some questions around the post-2028 in terms of further investment opportunities. If we see more visibility today than what we had at our CMD, and how do we see the evolution of that investment opportunities post-2028?

A - Miguel Stilwell d'Andrade

Okay. So the previous question was on, let's say, on 2028 targets, this is post-'28, which -- So we didn't give specific targets for post-'28, as you know, but just generally what I can say is very much in line with what I said.

What was valid for '28 is also valid post-'28, so strong demand going well past '28, driven by the electrification and the execution also of the data center in the various different markets.

The positive news we're getting around the wind power permitting, namely, repowering of projects, so that could be a great opportunity to increase competitive clean power generation in the U.S. Again, that would be, by our estimates, a post-2028, as you know, we haven't included anything in our business plan until '28 in the onshore wind.

Another point is just the new long-term remuneration schemes for batteries in Europe, with remunerating utility services, capacity options. This could significantly improve the risk return profile of these projects, and I think we're well positioned to benefit from that.

We've also been dedicating ourselves to development of battery opportunities and options, co-locating it with some of our existing projects. So all of these are different options that we're building up, which could be sort of a post-'28 or sources of additional growth.

Q- Miguel Viana

So in order to cover the questions on the phone, so covering just one last question from the web, do you think that you have the right capital structure to face a potential upward trend on investment opportunities in renewables and batteries in U.S. and Europe over the next few years?

A - Miguel Stilwell d'Andrade

Thanks, Miguel. So we get this, or we've been getting this question quite often, and more on a more recurring basis over the last few weeks and months. Being very clear, our strategy is being very much to focus on value over volume.

So, making sure we are doing the right investment decisions and being very strict about the risk return criteria, and it's very easy to get carried away. I think the value of doing this is seen in the gains of the asset rotations that we're doing. So, clearly we are doing something right in terms of the investment decisions that we're taking.

Financial leverage is not being a constraint for good investment opportunities, because as you've seen, we're able to then rotate these projects with good returns. So, what we need is to be very comfortable that we are creating value so then we can rotate them, and so balance sheet hasn't been a restriction.

Having said that, I mean, obviously, EDPR needs to keep solid credit ratios. We don't have a credit rating, but we need to have standalone solid credit ratios. And so we believe that what we have here in terms of our business plan, it's a fully funded business plan. It allows us to continue to grow. We have the flexibility through the asset rotations and through some operational cash flow to continue to fund us, and to develop these options for the future.

Miguel Viana

Okay. We'll go now to our first question on the phone from the line of Arthur Sitbon from Morgan Stanley. Arthur, please go ahead.

Q- Arthur Sitbon

Thank you very much for taking my questions. The first one was on your market update that Miguel you mentioned will be in Q2 next year or by Q2 next year. I was wondering, what -- so it's in a bit less than a year now.

What will you obtain in additional visibility between now and then that will make you more comfortable to provide guidance in the medium term, so next year, rather than, for example, doing it now. Are there key milestones that will allow you to have that additional visibility? And what are those key milestones? That would be my first question.

The second one is on Slide 19. I've seen that you put the data center powered land additional opportunity in the category of post-2028 opportunities. I was wondering if that meant that you think 2026 and 2027 will be too early to have any of these developments materializing.

And last, very quick question. You said you were comfortable with consensus between EUR450 million and EUR480 million of net income. But I think consensus includes asset rotation gains that are closer to EUR200 million than EUR300 million. So I just wanted to have a bit more color on that, if you can help by any chance. Thank you very much.

A - Miguel Stilwell d'Andrade

Okay. Thank you, Arthur. So, on your first question, I mean, obviously, when we're in the second quarter of '27, we'll have perfect visibility on what happened in '26, and we'll also have very good visibility on the megawatts secured for '27, and much greater visibility also for 2028.

So, in the second quarter of '27, we'll be 18 months out from the end of our projections. I think by then, we'll already be looking at additional megawatts that we may be starting to market for 2029 and 2030. And so, I think in that sense, that is a difference in terms of visibility that we'll have at that time versus where we are today.

And that ties in also to your second question. I think in terms of things like powered land, et cetera, I mean, we may have some options, even in the short term, to create the value into our to crystallize value in in terms of powered land already in 2026.

But obviously, in '27, we'll have more visibility about what we can do more structurally for the future. Obviously, in the Q, the second half of our Q2 of '27, we'll also have better visibility in terms of power prices, for example, for '27 and also for '28, I mean, that will be already more locked in.

So in general, obviously, with nine months of additional information and 18 months out from the end of the forecast period, it will be much easier to give you solid guidance on '28 and to extend it, beyond that.

On your third point on the consensus, the 452 to 480, so that that does include already capital gains. I mean different people are assuming different things, but already the consensus, we've already guided for a higher capital gains in the previous results call.

And so what we're doing today is reconfirming towards the upper end of that guidance, but let's say that was already incorporated. And if you look at the evolution of the consensus over the last couple of months, it's already increased significantly.

And so I think by confirming the consensus as of today, it's already significantly higher level, which is already incorporating sort of that previous range towards the higher end of that range that we were seeing.

Q- Arthur Sitbon

Thank you very much.

A - Miguel Stilwell d'Andrade

Thanks.

Miguel Viana

Thank you, Arthur.

Q- Pedro Alves

Hi, good afternoon, Miguel and Rui. Thank you for the presentation. A couple of questions. The first one more specific on the Spanish portfolio and the performance in this quarter, because something that got my attention was the fact that the Spanish platform had been loss-making for two consecutive quarters at EBIT level, and there was no particular one-off that you have identified.

Clearly, the declining capture price is playing a role here, but also OpEx have increased despite lower megawatts installed versus last year, and you actually benefited from the suspension of the generation tax. So can you please clarify why this direction in OpEx in the Spanish portfolio?

And then still related to the Spanish portfolio, probably more of a reflection and the role of plan within the EDP group. One of the motivations for EDP buying Brazil from EDPR was managing renewables and clients in an integrated fashion.

So given the anticipated base load demand step-up in Iberia, namely from data centers, and your existing hydro and energy management clients platform within EDP, could a similar logic apply here and lead you to revisit basically your energy management approach.

And with this I mean EDP integrating EDPR, Spanish generation, and batteries into a broader energy management business rather than running Spain as a standalone renewable book. Thank you.

A - Miguel Stilwell d'Andrade

Thank you, Pedro. I think in relation to the first one, and without coming back with more detailed information, but essentially I think it's driven by the lower generation and lower year-on-year prices.

So on the OpEx side, I'd have to check exactly if there was any specific detail or sort of major correction that was needed to be done on the portfolio, but I'd say a big part of it was just driven by the lower generation that we had in the year-on-year prices, but we can get back to that with a more detailed analysis on that.

On the second question, I would just take a step back and just remind you that when EDP renewables was set up, it had exclusivity for doing wind and solar globally, with the exception of Brazil.

And so Brazil was always a little bit of an exception, because in the past, Brazil was listed as well. And so there was all of that commitment that we could do the sort of integrated -- or that the renewables there would be managed between EDP Brazil and EDP Renewables.

In Iberia, it was always very clear that there was a clear separation between EDP Renewables and EDP sort of the rest. That doesn't mean that we don't have an arm's-length relationship in terms of energy management, but so far, we don't believe that it was necessary to have a to replicate what we did in Brazil with Iberia.

And I think that was sort of implied in your question. So we'd be managing to, we'd be managing EDP renewables on an arm's length basis in Iberia, but obviously trying to optimize the energy management to the best extent possible.

I'm just being told here, actually, in relation to Iberia, that apparently there were some additional costs on the OpEx given, yes, okay, that probably makes sense.

The end of the year, if you remember, we had all the Christine storms. And so there were several costs associated with that, which may be incorporated there. And we also had 110 megawatts less year-on-year in Spain versus the past. But again, we can get back to you, but it feels like that OpEx thing may be related to that extraordinary event that we had at the beginning of the year.

Q- Pedro Alves

Thank you, Miguel.

A - Miguel Stilwell d'Andrade

Yes. Thanks.

Miguel Viana

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

Q- Jenny Ping

Thank you very much. Two questions from me, please. Firstly, just going back to your Slide 9, you talk to '26,'28, 5 gigawatts of targets with 70% already secured and having that visibility. So I was wondering, presumably '27 visibility is higher than '28 as we stand.

And how are you feeling about where consensus sits right now at EUR2.2 billion EBITDA, EUR500 million or so recurring net profit, given that you've probably got quite high visibility for '27, especially given asset rotations are also better. And I understand you have to come back later for beyond '28, but some '27 sense of direction would be helpful at this stage.

And then a second question, just going back to the Vietnam write-downs. Can I just check? I assume this is in part related to your plans that you announced at the CMD last year to close some of the smaller regions.

Is there other regions where we should be expecting this type of impairment write-down provisions coming through? Because I certainly think the market's slightly spooked by another write-down after what we saw in Colombia. So quite keen to understand that a bit better. Thank you.

A - Miguel Stilwell d'Andrade

So, Jenny, I'll take the second one first. But listen, very clear. Vietnam is a very simple case. I mean, these are great megawatts operating well, good PPAs.

We had been making a provision because last year the Vietnamese government or utility was wanting to renegotiate the PPAs. And so we took a provision in 2025. This year, we have much better visibility on the final outcome of that. So it's pending final, final confirmation.

But essentially, we unwound that provision that we had in '25 and the beginning of '26 because we came to the conclusion that they weren't going to sort of impact going forward. They're just going to make a sort of one-off corrective to a 2024 calculation that they had.

So we unwound the provision in '25 and '26 and we included a provision for the 2024 retroactive. And with that, Vietnam should be closed of the pending final confirmation. Best of our knowledge at this moment, it is a closed issue.

And with that, Vietnam should be fine. It has no risk of impairment. It's very cash flow positive. I mean, the assets are operational, so there's absolutely no issue there.

In relation to other regions, I mean, we don't have any other thing, anything remotely as similar to, you mentioned Colombia, but let's be very clear, we have nothing remotely similar to that. Okay. I don't know if that helps.

Sorry, on the first question, on the 2027 visibility. So, as far as I can tell, we're not giving any additional information, I think, for '27 and '28 now. As I mentioned earlier, we can give some collisive sort of views on how demand is growing, power prices, stuff like that, but we're not actually changing any targets now.

Although, obviously, we have a positive outlook in general. Consensus is generally assuming an increase in '27, I think, in net income for the moment, I wouldn't want to make any other statements on that. I think it would be premature at this point.

Q- Jenny Ping

Thank you very much.

A - Miguel Stilwell d'Andrade

Yes. Thanks.

Miguel Viana

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

Q- Alberto Gandolfi

Thank you and good afternoon. My first question is on the comment, Miguel, you made on net income earlier. A very simple math. If I look at the net income recurring in first half, and then I add roughly EUR250 million capital gains that are missing, I'm getting very close to EUR450 million, which is the bottom end of the consensus range you mentioned.

So, are you trying to tell us there's going to be zero underlying net income in the second half? If not, isn't consensus short by about EUR100 million, maybe even more? Because your comments sounded very negative.

I think there's lots of people on this call that are now thinking, if I need to adjust the higher asset rotation gains and consensus is okay, I need to cut numbers on an underlying basis. So, you reported great numbers and I think the impression that we're having is that, net income underlying needs to come down.

The second question is on the United States. I was wondering if there's any sensitivity you can give us to IRRs, if the level of IRRs were to remain on the current level, what would be the upside to your 2028 numbers? What is uncontracted that could benefit from maybe, potentially 50 basis points to 100 basis points or maybe even 150 basis point increase in IRRs?

And the last question is, I mean, right now you gave us a plan until '28, which is not flattering to you, because this is when you're trying to reduce net debt, right? And so am I right in thinking that you might end up. So what is the net debt that basically you end up in 2028, and what do you think is a sustainable level?

I'm just trying to gauge here what could be the CapEx increase post-2028, which to me sounds irrelevant, and I just want to see if you can help us with the building blocks when we produce our forecast. Thank you.

A - Miguel Stilwell d'Andrade

Thank you, Alberto. First of all, I mean, I don't think there's anything I said on this call that should be interpreted as negative. On the contrary, I started off by saying I think we had a great set of results, and we're optimistic, and we're upgrading the guidance for the year, so in that sense, we're very positive. That's point number one, and let's be very clear about that.

Net income so, first, the underlying EBITDA is obviously lower in the summer, but that happens every year. The underlying is consistent for the second half as with the first half.

So, I don't know exactly, I didn't quite follow your math, but if you assume a normal underlying for the second half plus the capital gains, you should get to that sort of order of magnitude of the consensus. But, listen, if we're then positively surprised, that's great, but I definitely was not and I'm not trying to be negative on the contrary. But if you want to follow up with IR, we can then go into more detail on the calculations of that.

The second point on the U.S. IRRs, again, if I understand correctly, I mean, the IRRs of these projects are fantastic. I mean, we're talking about, I talked about the 290 basis points, the 10% IRR yields on this asset rotation that we did, which is, let's say, the first one that we approved last year.

So it's a vintage, a good vintage, and it is a fantastic capital gain, absolutely fantastic. So if we are able to keep investing at this, on these levels, and we have been, and we have been taking those investment decisions, I think that should be a very positive, let's say, flow of asset rotations for the next couple of years.

I didn't quite understand the contracted part in relation to this. So '27, and we're closing project for '27, and we'll be closing over the next 6 to 12 months, probably projects already for '28. And we expect to be closing them sort of at these IRR levels and with these sort of type of returns.

I think you can do the math in terms of the asset rotation gain, but you can also then do the read across for the value of the assets that we do keep on our balance sheet. On the net debt, we don't take that.

A - Rui Teixeira

I can take this one, Miguel. Thank you very much. And hi Alberto. What we presented at the CMD was a 3.2x net debt EBITDA for EDPR in 2028.

Obviously, this does not include the impact from the sell-down of the Brazilian, which we're, I mean, it's mechanic and we'll play to also with numbers, but I basically already gave you, I think we gave you the numbers. It's pretty much EUR100 million less at EBITDA and about EUR1.5 billion less at net debt when it's fully closed. So it's basically just running that adjustment.

Q- Alberto Gandolfi

Sorry. Can I, do you mind if I follow up one second? I really don't get the first point. Sorry, on net income. So my point was, H1 you reported EUR183 million and we still have --

A - Rui Teixeira

But that includes EUR61 million of capital gains, right?

Q- Alberto Gandolfi

Correct. So we're missing EUR240 million of capital gains. So if I just take H1 plus the capital gain guidance, I get to EUR423 million. So for you to be okay with consensus, you must be expecting EUR25 million to EUR60 million of underlying net income from EDPR in the second half. Is that reasonable, EUR25 million to EUR60 million? That sounds to me extremely low.

A - Miguel Stilwell d'Andrade

I'll just do the math off the top of my head. But if I do EUR183 million minus the EUR60 million, 120 times 2, EUR240 million, EUR240 million plus EUR250 million, I mean, you get to that sort of type of range. I'm just doing this off the top of my head, but I'm not --

Q- Alberto Gandolfi

No. But that's a great idea because that's EUR240 million underlying plus EUR300 million, which you just gave us as asset rotation guidance makes EUR500 million --

A - Rui Teixeira

EUR300 million.

Q- Alberto Gandolfi

So EUR540, you're comfortable?

A - Miguel Stilwell d'Andrade

You have the tax. You have pre-tax algorithms.

Q- Alberto Gandolfi

Okay.

A - Miguel Stilwell d'Andrade

You have the tax and post-tax.

Q- Alberto Gandolfi

Okay. The tax is what, 5%?

A - Miguel Stilwell d'Andrade

No. I wish, depends on the geography.

Q- Alberto Gandolfi

Okay. Thank you. Thank you.

A - Miguel Stilwell d'Andrade

There is a tax element there. Okay.

Q- Alberto Gandolfi

Thank you. Thank you.

Miguel Viana

Thank you, Alberto. So we go now to the last question to finish the call from Gonzalo Bordona from UBS. Gonzalo, please go ahead.

Q- Gonzalo Bordona

Good afternoon, everyone. Couple of questions on my side. One quick clarification to see if I understood correctly. I mean, you're already basically at the EUR0.3 billion as a rotation guidance last target for this year with the transactions you've announced.

You mentioned earlier you're working on several other transactions that may come or not I guess in the next few weeks slash months. Are you expecting more transactions to come within this year contributing to capital gains within this year or is that a realistic possibility or do you have different given that you're already kind of above your initial target to 2027?

So that's the first one and then the second one is more of a conceptual question regarding the U.S. market. You seem to be kind of tying in already all the capacity additions for 2027, not much for 2028 if understood correctly, but you have 60 gigawatts of safe harbor capacity.

Is there given that the lead times for obviously nuclear but also for gas power generation, new generation sources in the U.S. is now well into the 2030s if not later. Is there any particular reason why you are not? So is this market like practice standard? No one is really securing contracts for '28,'29 and onwards at this point? And has that changed in any way since this started on data centers particularly? Thank you.

A - Rui Teixeira

So on the first point, it's very straightforward. So one thing is signing that we're already getting to the second half of the year. The other thing is closing and when we recognize capital or asset rotation gains. So the fact that we sign things over the next couple of months, I mean the gains may be only booked in the next year. So that's on the first point.

Because obviously there are a series of conditions, precedents that need to be met, et cetera. I mean the usual as there's a time lag between signing and communicating and when we actually close the transaction.

On the second point, I think here we are typically closing PPAs for projects that's 12 to 18 months ahead. We're not doing further than that because obviously there's normally, we want to close the PPAs and we also want to close the costs associated.

So we typically would like to close the CapEx simultaneously or relatively simultaneously with the PPAs because you don't want to be with an open PPA without having locked in the CapEx because then you could, that was one of the issues that happened I think in the past to many companies was they had the PPA, they hadn't locked in the cost and then suddenly there was a change in the market conditions interest rates or inflation, et cetera.

To close in CapEx, you typically can't do it more than 18 months ahead or 18, 24 months ahead. So it's not like we're going to be closing PPAs for example, for '28 or '29 and being able to lock in what is the CapEx for those periods. So that's why these things typically go hand-in-hand and we go on locking in both the revenue side and the cost side to de-risk the project.

We also de-risk them from the permitting side, and that's what gives sort of this lead time of 18 to 24 months. So that's why we don't sign PPAs for further ahead. Does that make sense? I think that was essentially your question, right?

Q- Gonzalo Bordona

Yeah. That's perfectly clear. Thank you.

A - Miguel Stilwell d'Andrade

Thanks.

Miguel Viana

With this, we close the Q&A and hand over to our CEO for final remarks.

Closing Remarks

Miguel Stilwell d'Andrade

Okay. So final remarks. First, we have great momentum, very optimistic. We're upgrading the guidance. I think, let's make that very clear, we're very happy with the way things are going. We're seeing good movements both in the U.S. and in Europe in terms of those dynamics.

We're seeing good momentum also on the asset rotation, so I think very optimistic about that. Good vintages, good projects, very strong, let's say, data points showing that good commercial momentum also on the PPAs. I mean, Gonzalo just asked about that. So we go unlocking them sort of 12, 18 months ahead, which is why we already have all '26 and a big part of '27. Over the next nine months, we'll be locking in also the rest of '27 and '28.

Data centers in the U.S. are definitely a big value driver, that value driver in terms of just creating demand and higher PPA prices, higher merchant prices. So that's a structural tailwind which we see there for the next couple of years.

Battery storage in Europe and certainly in Portugal, as I mentioned, there's already concrete steps there, but more generally in Europe, I think is also a strong, let's say, tailwind and we're actually seeing concrete steps being taken there. So after many quarters where things were not moving that much, I think here we are actually seeing movement.

So all in all, I think, honestly, good first half, we expect to have a good second half. And then as I said, we're working also on then updating our guidance for so in the second quarter of next year we can come back on that.

I just I'll stop there and what I'd say is for some of you we'll be talking again tomorrow early, so in a little while, but for those of you that I don't speak to and I just wish you good holidays if you do take some holidays and then we'll catch up on your return post holidays. Thanks very much. Talk to you tomorrow some of you.