



# 1H22 | Results Presentation

Lisbon, July 29<sup>th</sup>



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# Agenda

- 1 Update on Strategy Execution
- 2 1H22 Results
- 3 Closing Remarks
- 4 Q&A



# Diversified portfolio provided significant recovery in 2Q22 from hydro losses registered in the 1Q22



## 1H22 Key Figures

Recurring  
EBITDA

€1,994m  
(+19% YoY)

Recurring  
Net Profit

€301m  
(-8% YoY)

Capex

€1.7Bn  
(+23% YoY)

## Highlights



Good performance on **Wind & Solar, Electricity Networks, Thermal optimization** and improved **Energy Management**



**-2.8 TWh Hydro shortfall in Iberia** (vs -2.6 TWh in 1Q22)



**Higher financial costs** mainly impacted by Brazil and forex, and minority interests on strong performance of EDPR and EDP Brasil



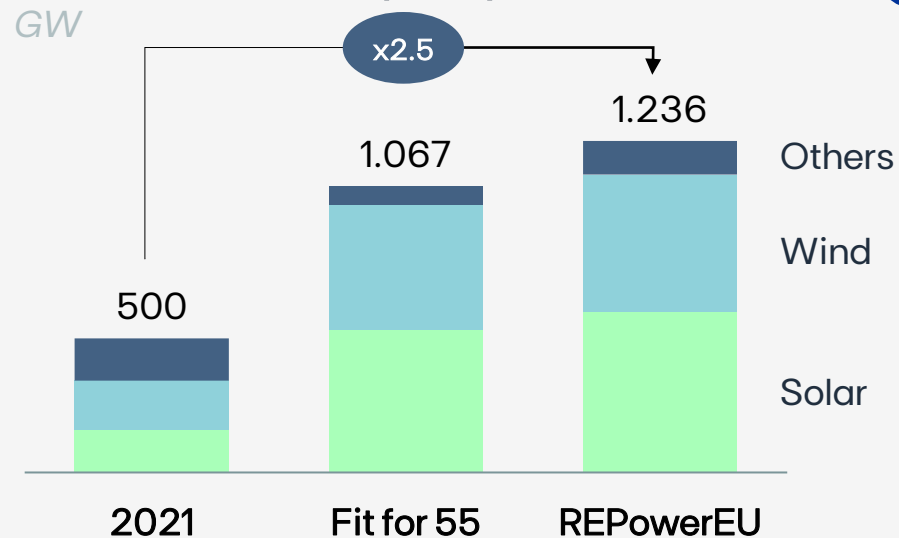
Solid investment execution, **97% on renewables and electricity networks.**

- ✓ Record of 3.2 GW of renewables capacity under construction
- ✓ Expansion to APAC
- ✓ Transmission networks growth in Brazil

# RepowerEU plan presented in May to address energy security and affordability concerns on top of Fit for 55 decarbonization targets

RepowerEU targets imply renewables capacity growth by 2.5x, to 1.2 TW by 2030

## EU Renewables<sup>1</sup> capacity until 2030



Annual Wind additions (GW) **36GW** +3.5x

Annual Solar PV additions (GW) **48GW** +2.0x

## Improvements

**Faster permitting**

- > Digitalized procedures
- > Reinforced human resources
- > Average development time of 2 years

**Easier grid connection**

- > Facilitate Hybridization and repowering
- > Long-term grid planning

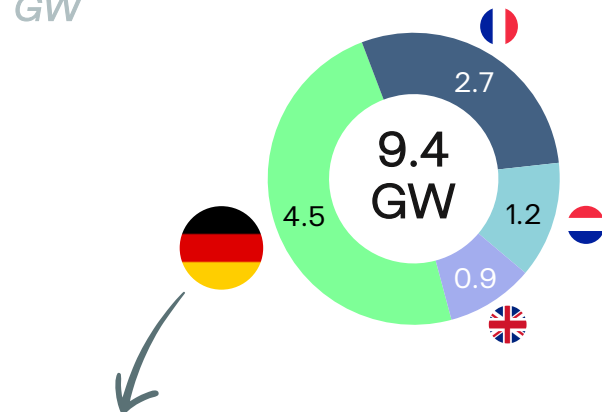
## Challenges

- > Higher ambition requires strong execution from Member States
- > Visibility on the roll of the annual targets and medium-term auctions
- > Europe needs +85 GW of interconnection capacity by 2030

# Entrance into German solar PV market with the acquisition of a development platform with a portfolio of 9.4GW of projects

Reinforcing EDPR's presence in low-risk EU countries, mainly Germany ...

Acquired Solar PV projects pipeline<sup>1</sup> by geography  
GW



German Solar PV Market: one of the largest and fastest growing solar PV markets in the world

Easter Package

- 360 GW of expected renewables installed capacity until 2030
- Represents close to 40% of the expected solar PV additions in EU until 2030

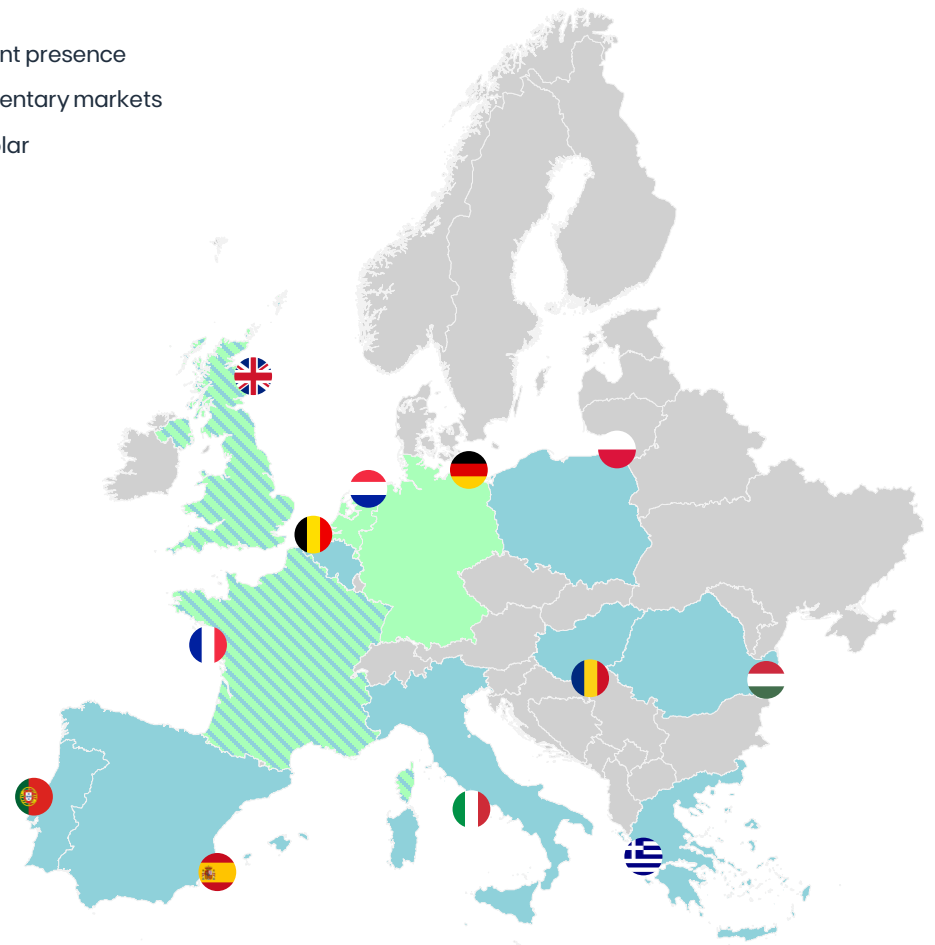
..with acquisition of Kronos, a solar PV development platform based in Germany with a strong track record

- > €250m investment for a 70% equity stake
- > Founders remain with 30% equity stake and continue involved in the daily management of the business.
- > **Success fees** due over '23-'28 dependent on capacity delivery and 30% stake with put/call option post 2028 with pricing dependent on evolution of pipeline of projects: **sharing of development risk**
- > Opportunities through hybridization, new wind pipeline, hydrogen and storage technologies.

# EDP reinforces its positioning on RepowerEU opportunity, extending presence into 12 European markets covering 90% of EU Solar PV growth

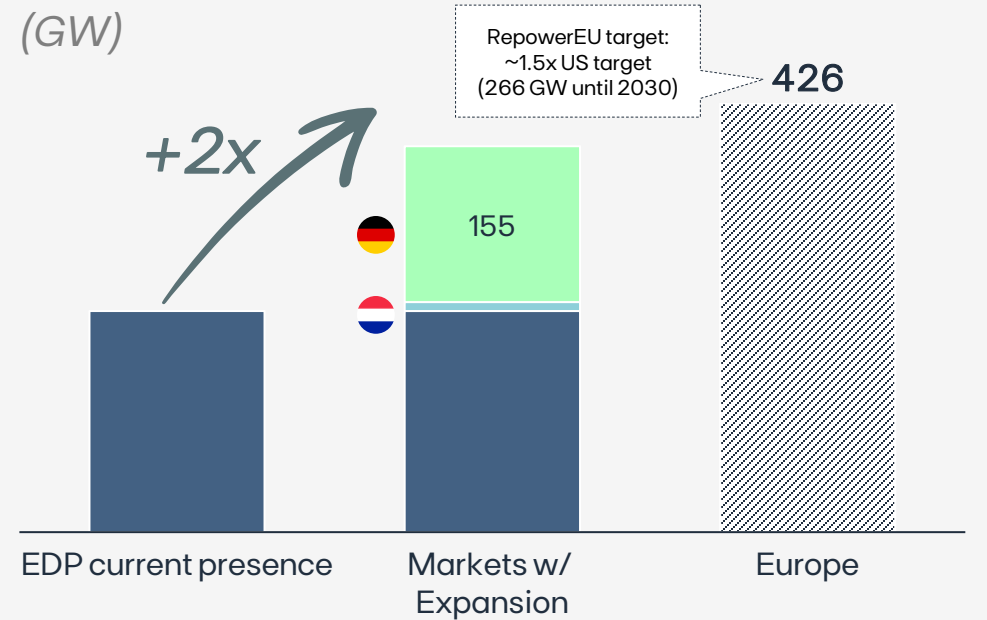
## EDP extends its presence into 12 European markets...

- EDP current presence
- Complementary markets
- Kronos Solar



## ... representing ~90% of EU Solar PV growth expected until 2030

### RepowerEU: target Solar PV additions until 2030 in markets where EDP is present (GW)

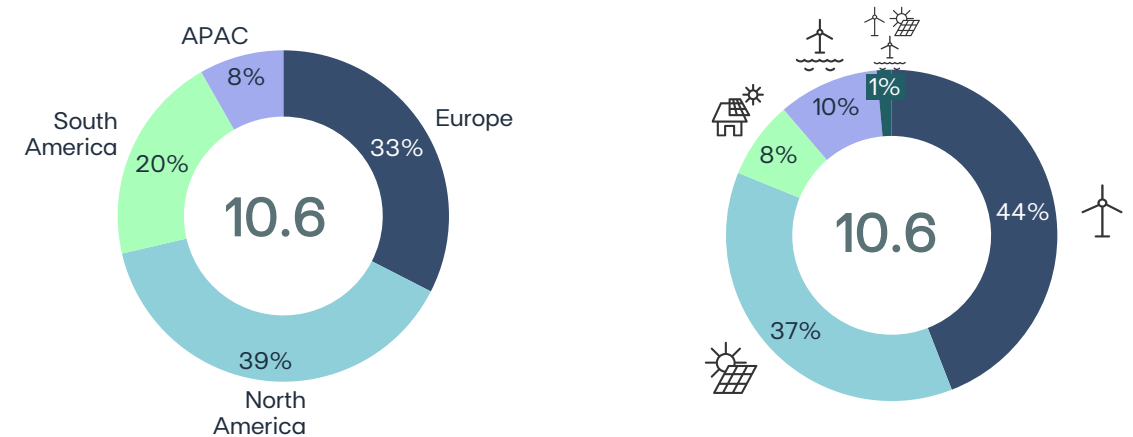
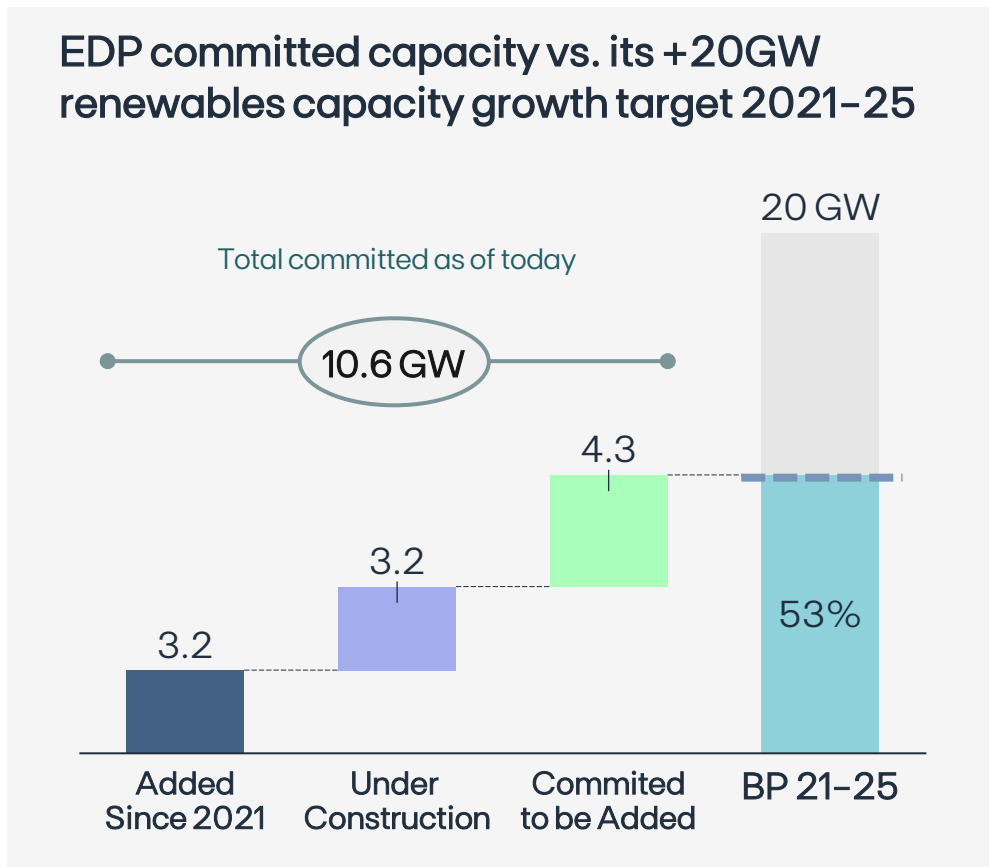


Expansion of EDPR 's presence Europe increasing pipeline options globally

# EDP has 53% of its 2021–25 target capacity additions committed, with record capacity under-construction at 3.2 GW

## Capacity Breakdown

## Committed renewables capacity additions 21–25



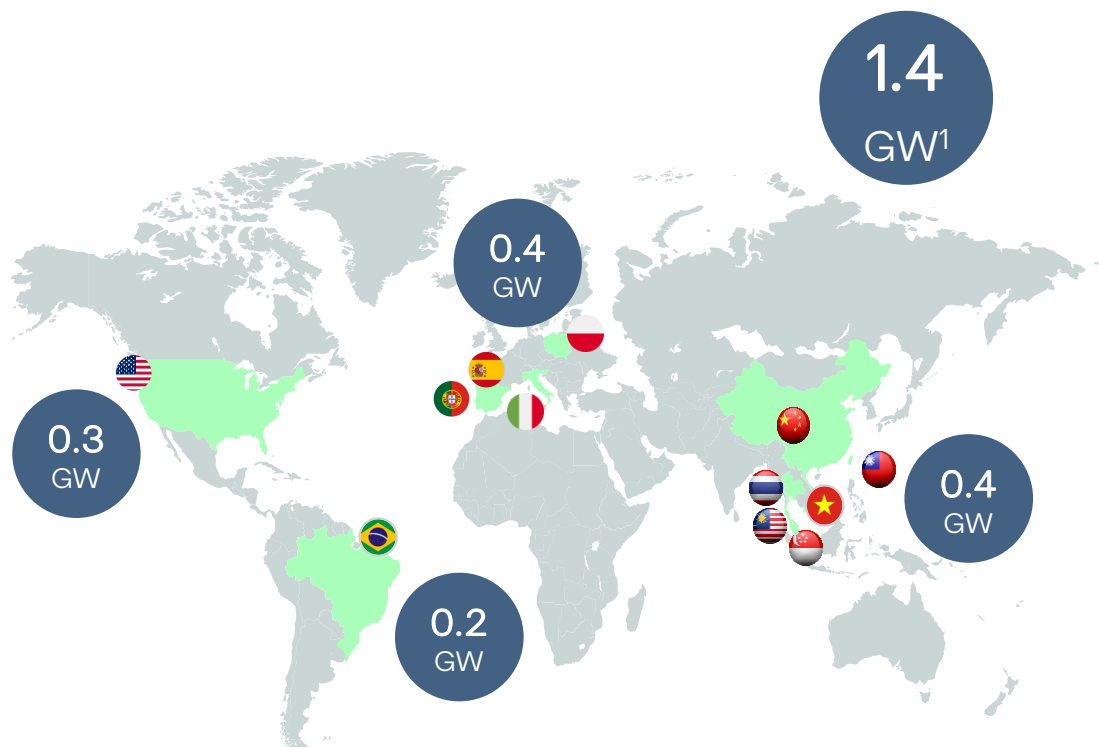
- Growth continues focused on Europe and North America balanced diversification between wind & solar
- Recent positive development for solar PV market in US  
2-year waiver on anti-circumvention investigation regarding solar PV imports from Southeast Asia: provides visibility for 2023–1H24 capacity additions, no impact on 2022 additions
- Inflation Reduction Act proposal: US\$369bn for energy security and climate change



# Development of a strong global Solar Distributed Generation presence in 3 continents and 12 markets with 1.4GW of secured capacity

## Solar DG Capacity

*GWac Secured*



## EDP aims at increasing DG capacity until 2025

- > **At EDPR:**
  - ✓ North America (C&I cross selling with Utility Scale)
  - ✓ APAC: Leading position through Sunseap
  
- > **At EDP:**
  - ✓ Europe focus: Iberia (B2B+B2C), Poland and Italy (B2B)
  - ✓ RepowerEU **doubles** generation targets for Solar DG vs. Fit for 55 and aims to reduce rooftop solar permitting to 3 months
  
- > **At EDP Brasil:**
  - ✓ Focus on Large and Medium B2B customer
  - ✓ Development of remote solar project to supply energy in B2C consortium structure

### Solar DG with attractive economics

Faster development | Higher Cash Yields | Shorter Investment Payback period

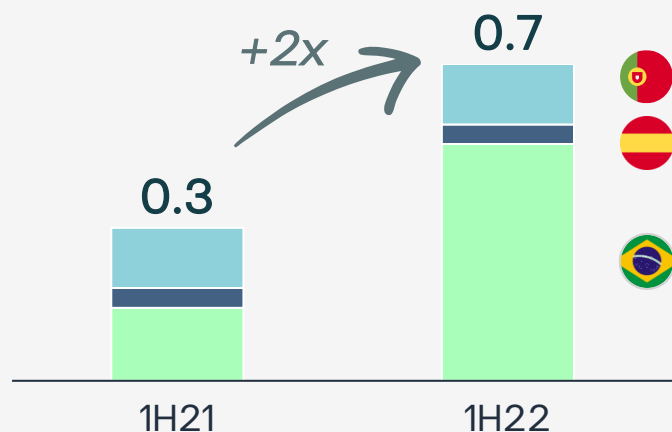
(1) 0.5 GWac installed, 0.2 GWac build and transfer, 0.7 GWac U/C or secured

# €0.7 Bn investment electricity networks in 1H22, supported by asset base expansion in Brazil and grid digitalization & resilience in Iberia

## Growth investment in electricity networks

### Investments

(€ Bn)



- > Iberia: Deployment of smart grids, with 5.7m smart meters installed as of 1H22
- > Brazil: expansion investments in distribution and transmission (including EDP Goiás)

## Inflation protection

### Portugal



- > **Rate of Return indexed to bond yields<sup>1</sup>**  
RoR at 4.9% in 1H22

- > **Inflation Update on RAB & Totex**  
at GDP Deflator - 0.75% efficiency factor<sup>2</sup>

### Brazil

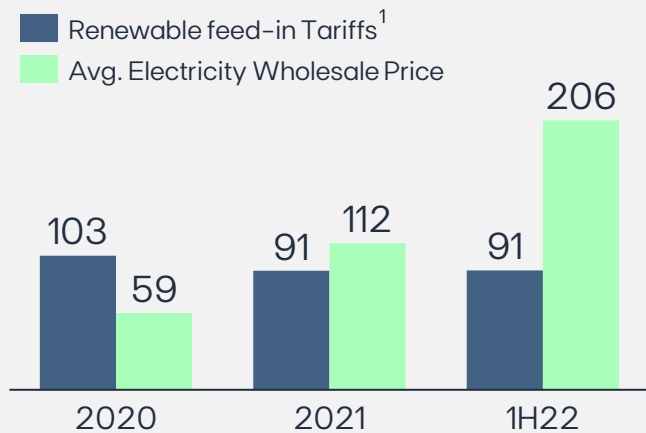


- > **Revenues indexed to inflation**  
+€70m YoY from tariff adjustments

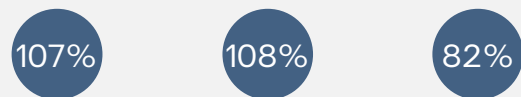
- > **Tariff revision in Distribution in August (EDP Espírito Santo)**

# Despite high electricity wholesale price, regulatory framework in Portugal provides stable prices for residentials and continuous system debt decline

## Wholesale Price vs Renewables FiT €/MWh

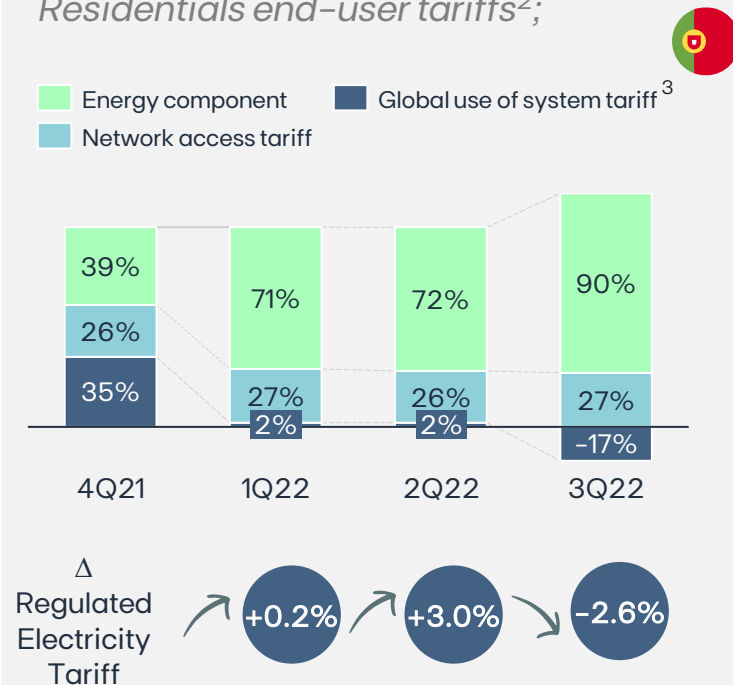


### % of SRP<sup>1</sup> that covers low-voltage consumption



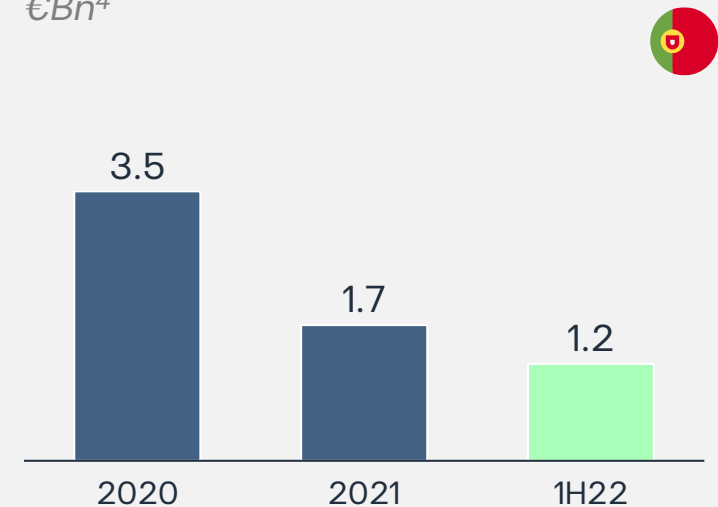
Stable renewables feed-in tariffs moved from a premium to a discount vs. wholesale price, **generating a tariff surplus to Portuguese electricity consumers**

## Reg. Electricity Tariff components Residential end-user tariffs<sup>2</sup>;



Decrease in global use of system component due to renewables feed-in tariff surplus, provide relatively stable regulated residential tariffs

## Electricity System Debt €Bn<sup>4</sup>



Continuous Portuguese system debt decline... with a ~65% decrease in 2 years

# ESG Recognition supported by high % of renewables in total generation and high % of EU taxonomy aligned revenues & capex



Stepping-up green leadership position...

In 1H22...

✓ **75%** Renewable generation

✓ **97%** CAPEX aligned with EU Taxonomy



EDP, EDPR and OW subscribed to the **9 principles of the Sustainable Ocean.**

...while also being recognized by ESG performance

**S&P Global Clean Energy Index**

EDP is in the top 10 of S&P's Global Clean Energy Index



FTSE4Good

Top 5% in FTSE4Good Index, as of Jun-2022



Included for **2<sup>nd</sup> consecutive years** in the Bloomberg GEI





# FINANCIAL PERFORMANCE

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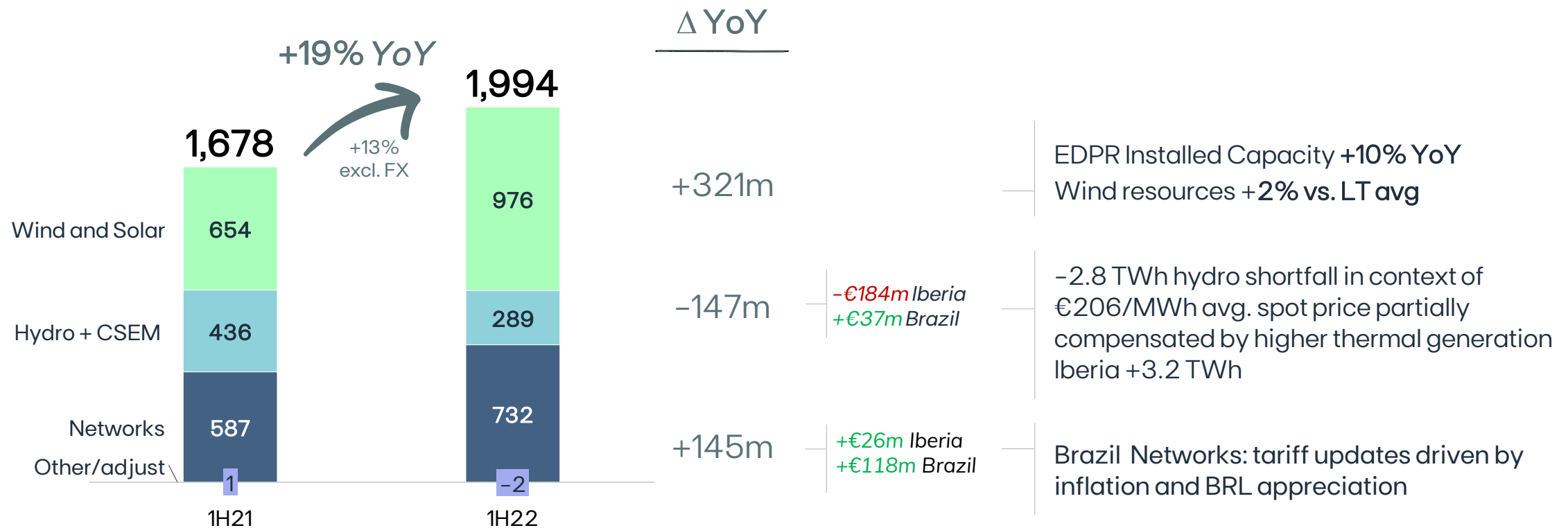


# Recurring EBITDA +19% YoY prompt by good performance of Wind & Solar and Electricity Networks despite the penalizing Iberian hydro shortfall



Recurring EBITDA<sup>(1,2)</sup> €m

YoY growth, %



EDPR Installed Capacity +10% YoY  
Wind resources +2% vs. LT avg

-2.8 TWh hydro shortfall in context of €206/MWh avg. spot price partially compensated by higher thermal generation  
Iberia +3.2 TWh

Brazil Networks: tariff updates driven by inflation and BRL appreciation

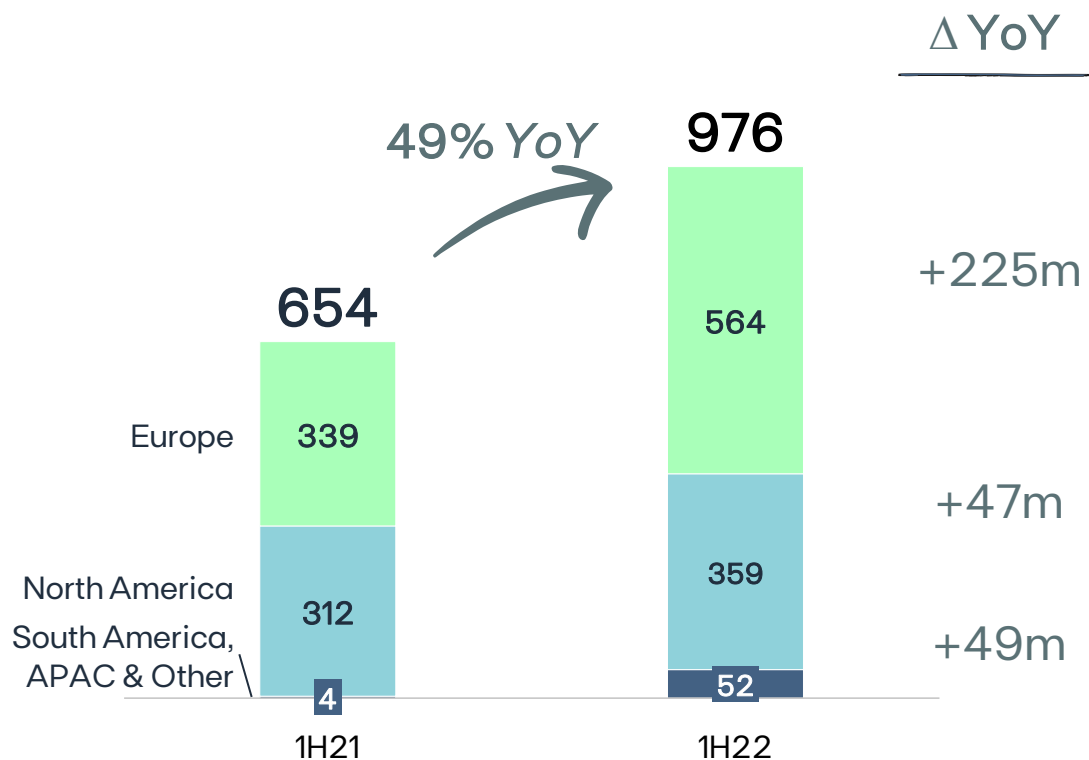
(1) Adjustments and Non-recurring items include +€21m gain on CIDE in 1H21 | (2) Including positive ForEx impact of +6%

# Wind & Solar EBITDA +49% YoY on the back of outstanding top line performance from base portfolio



## Wind & Solar EBITDA €m

YoY growth, %



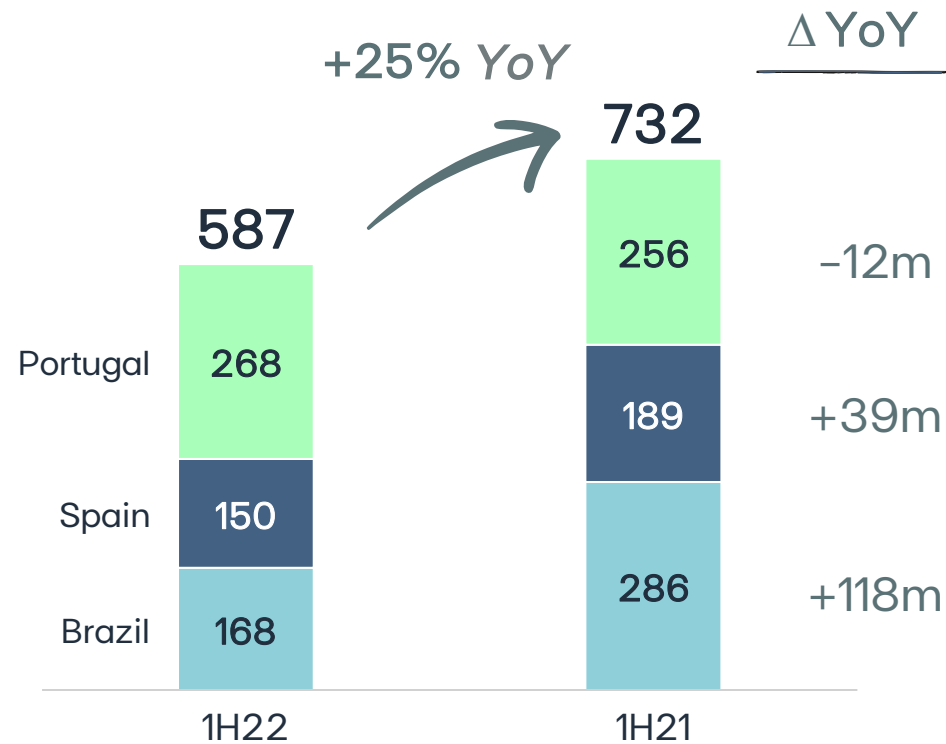
	1H21	1H22	YoY
Installed Capacity <sup>(1)</sup> , GW	12.6	13.8	+10%
Prod. deviation vs. exp. LT Gross Capacity Factor, %	-5%	2%	7 p.p.
Electricity Production, TWh	15.4	17.8	+16%
Avg. Selling price, €/MWh	51.4	65.1	+27%
Asset Rotation Gains, € m	118	99	-16%

(1) EBITDA + Equity MW;

# Electricity Networks Recurring EBITDA +25% YoY reflecting tariff updates in Brazil

## Electricity Networks Recurring EBITDA €m

YoY growth, %



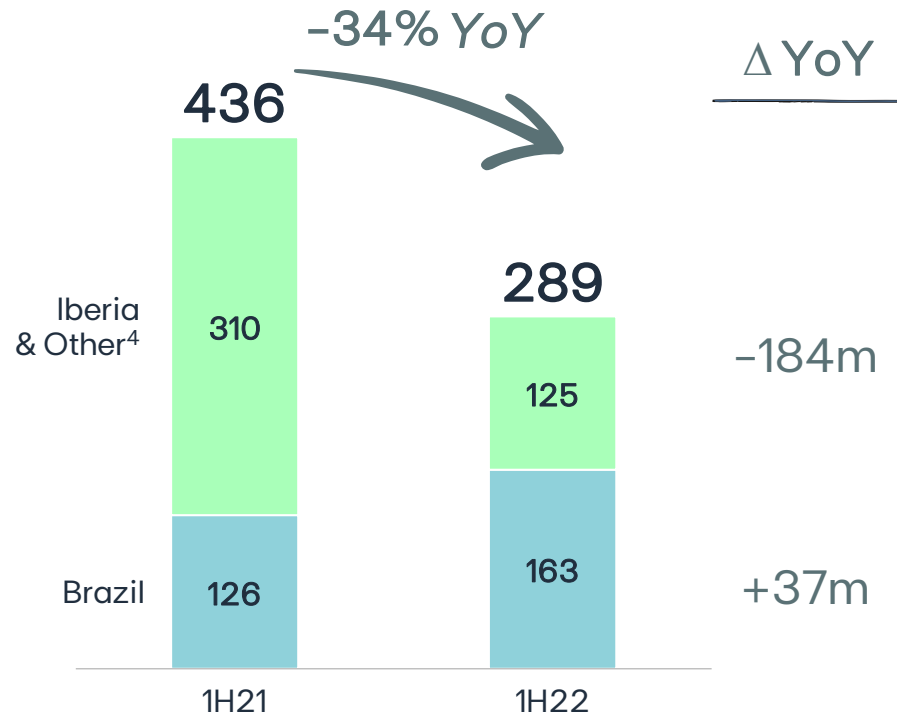
	1H21	1H22	YoY
Return on RAB Portugal <sup>(1)</sup> , %	4.86%	4.94%	+8 bps
Return on RAB Spain, %	5.58%	5.58%	0 bps
OPEX/ Supply Point Iberia <sup>(2)</sup> , €	23.8	23.7	-0.5%
Electricity distributed, TWh	13.1	13.4	+2%
Networks EBITDA, R\$m	1.092	1.592	+46%




(1) For 1H21, RoRAB of HV/MV | (2) On a like for like basis

# Hydro, Client Solutions & EM EBITDA penalized by scarce hydro resources in Iberia in a period of high energy prices



Recurring EBITDA Hydro + CS&EM <sup>(1)</sup>  
€ millions



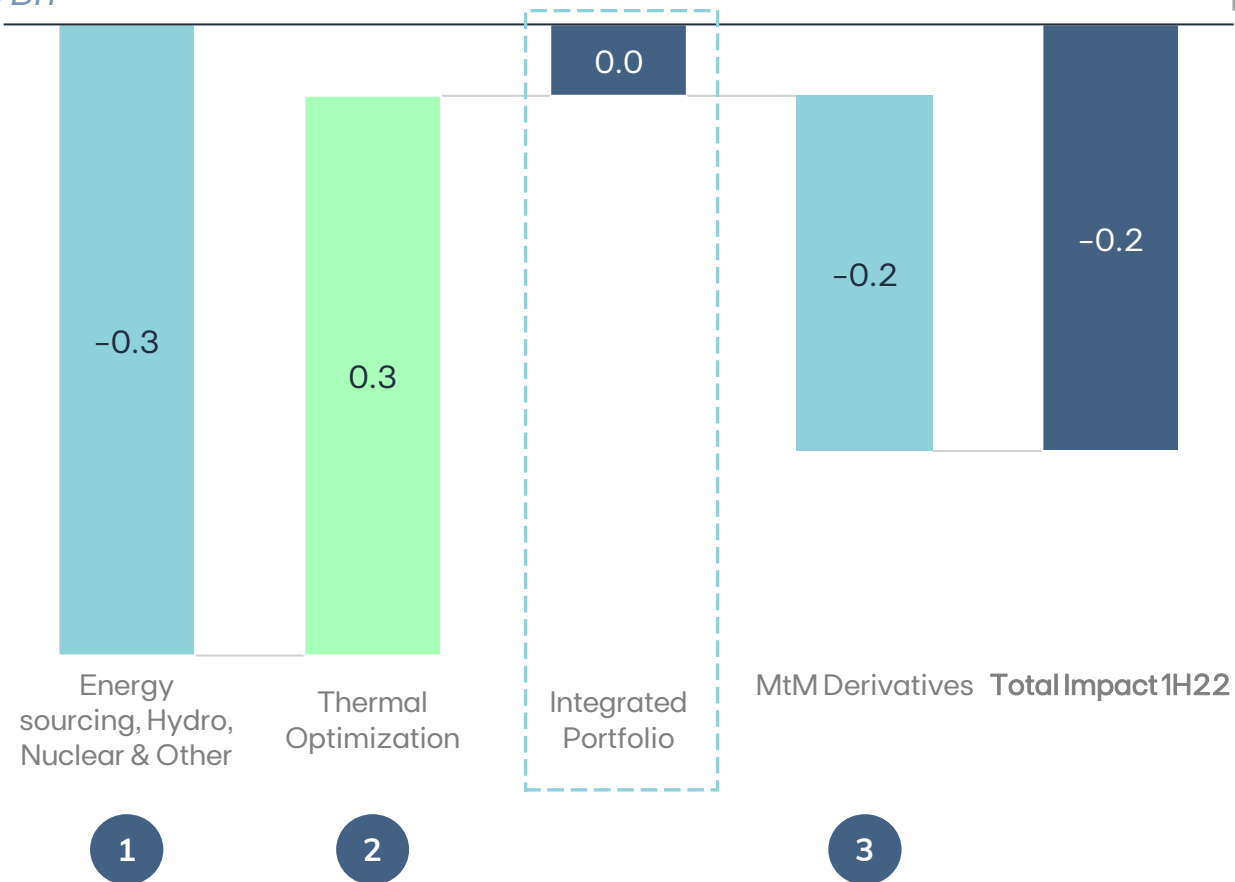
Iberia	1H21	1H22	YoY	
 Hydro resources vs. LT Avg <sup>(2)</sup> , %	+11%	-66%	-77p.p.	⬇
 Hydro Generation, TWh	6.2	2.8	-3.4	⬇
Thermal Generation <sup>(3)</sup> , TWh	4.1	7.3	+3.2	⬆
 GSF, %	92%	95%	4 p.p.	⬆
Hydro Generation, TWh	2.6	3.2	21%	⬆

(1) Adjustments and Non-recurring items include: 2021 non-recurring of +€21m related to the gain from the sale of a 50% stake in the energy supplier CHC in Spain to our partner CIDE  
 (2) Source REN Hydro resources reference from Portugal only | (3) Excludes Cogeneration and nuclear | (4) Includes Poland and Italy

# Recovery of liberalized integrated margin in 2Q22 following lower negative impact from hydro, higher thermal generation and better energy management

## Risk mitigation through integrated portfolio strategy<sup>(1)</sup>

€ Bn



- Weak hydro volumes, mostly in 1Q22 increased generation short position in a period of higher energy wholesale prices. This was partially mitigated by (i) Improved sourcing costs in our short position in Iberia over the 2Q22 and (ii) optimization in hedging positions in energy markets over the 2Q22
- Optimization of thermal generation as a physical hedge
- Negative mark-to-market on gas financial hedging of -€203m (mostly non-cash), due to widening of the spread TTF to HH for 2023 and 2024

We expect to revert ~65% in 2023 and ~30% in 2024 through higher operational margins<sup>2</sup>

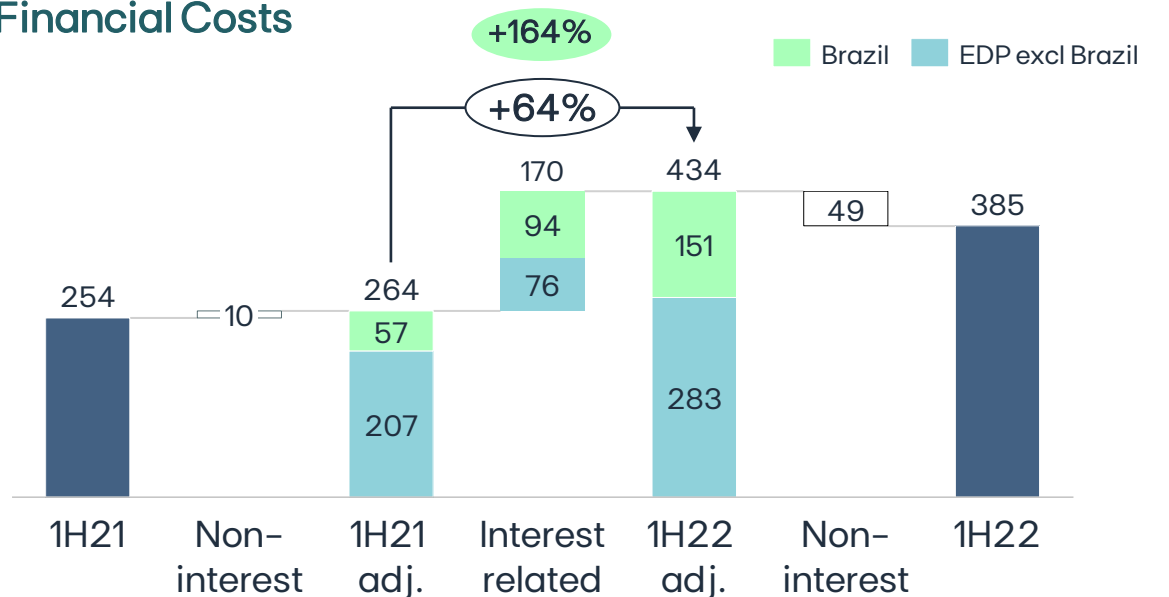
(1) Values compared against 2022 budget | (2) Assuming constant Gas prices



# Net financial costs increase in 1H22 impacted by higher interest rates in Brazil

## Net Financial Costs

€m



Avg. Cost of Debt<sup>(1)</sup>

3.1%

Avg. Cost of Debt Excl. Brazil

2.4%

+140bp

4.5%

+30bp

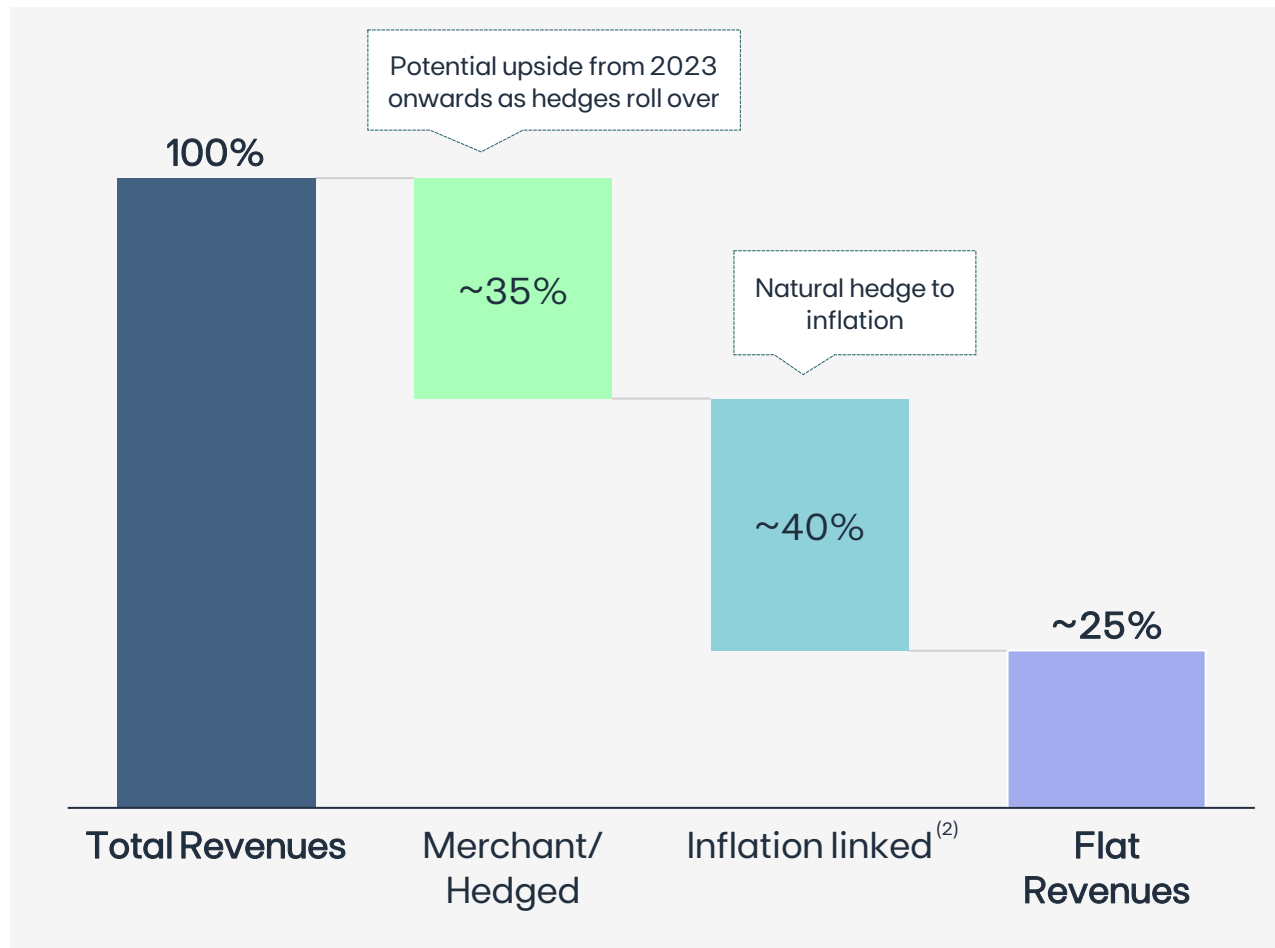
2.7%

- Avg Gross debt increased ~€2Bbn, with almost 40% coming from FX impact
- Avg. cost of debt in BRL up from 8.6% to 13.9% (BRL with a 15% weight on total debt which increase \$R4Bn)
- Issuance of a €1.3 Bn 7.5-year green bond @ 1.9% in 14-Mar-22
- Lower Capitalized interest after Start-up of operations in transmission Brazil (~€30m)

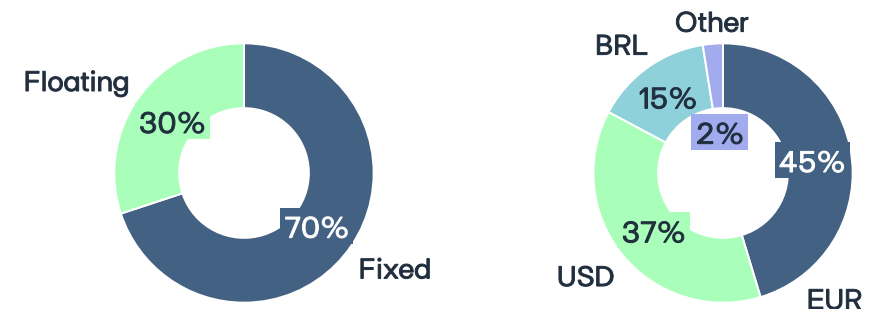
(1) Annualized gross interests / Avg Gross Debt

# EDP well protected against inflationary and interest rate pressures with >70% of non-fixed revenues and ~70% of fixed rate debt

## EDP Revenues<sup>(1)</sup> with limited exposure to inflation

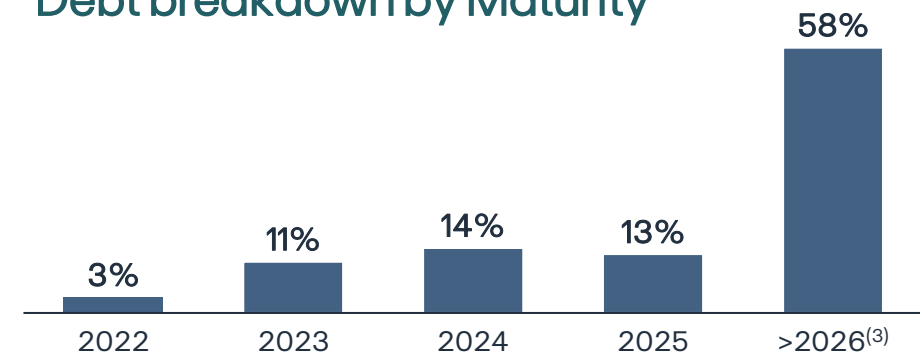


## Debt breakdown by rate & currency



**41%** share of green financing

## Debt breakdown by Maturity

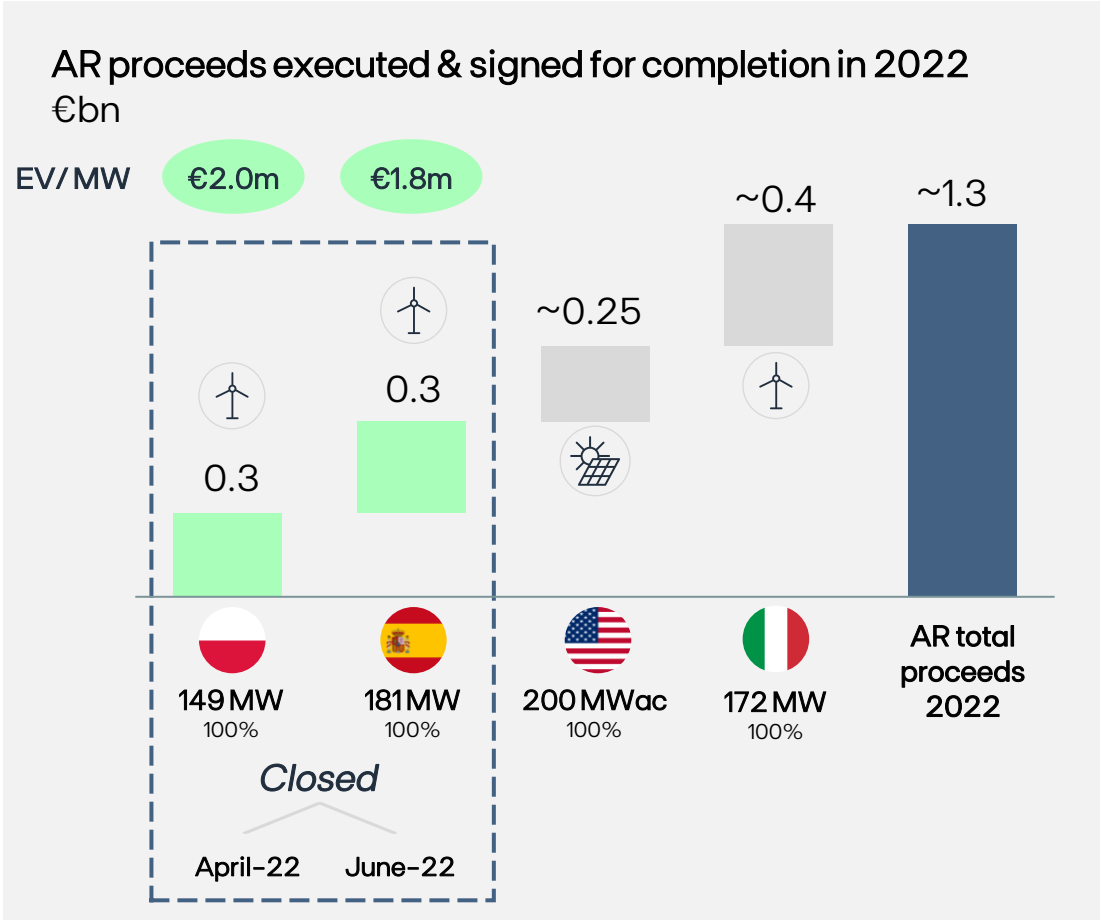


(1) Revenues refer to gross profit figures | (2) Includes annual Escalation, mostly in PPA between 2-2,5% | (3) Includes Hybrid bonds with call dates between 2024-2029.

# Strong asset rotation activity in 2022, increasing secured proceeds for 2021-25 to €3.1bn, ~40% of the €8bn total proceeds target for 2021-25

Out of the 4 transactions signed for 2022, EDPR managed to execute €0.6bn proceeds YTD...

... and continues to have good prospects for the rest of the year



Despite market dynamics, interest for renewable assets continue very strong...

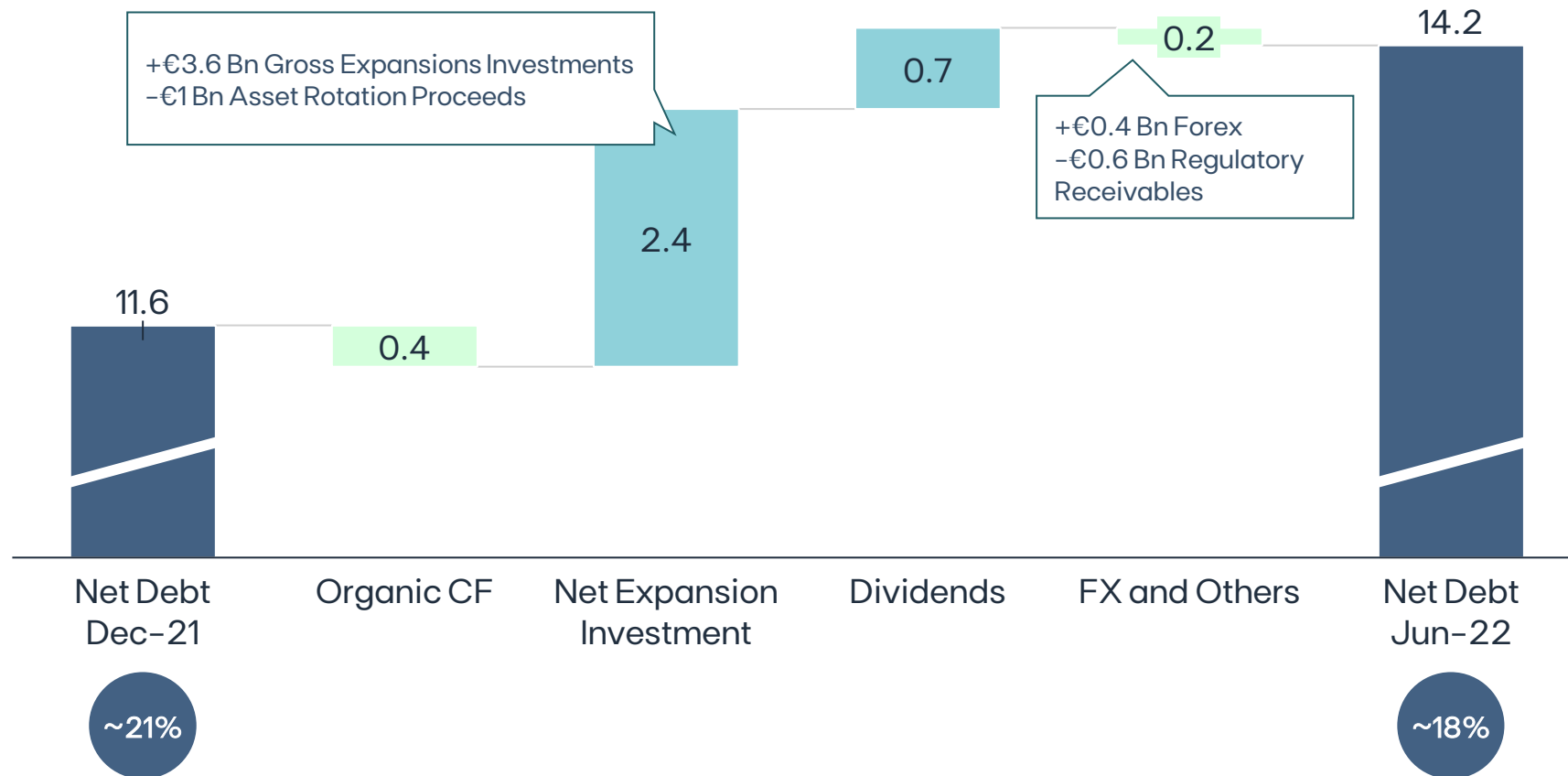
... with interest rates upward move being offset by higher energy prices as main valuation drivers...

... 2 transactions already closed in 2022, other 2 signed, along with other transaction under negotiation...

... that are expected to bring >€300m gains in 2022

# Net Debt increased 22% with the acceleration of Net expansion investment and annual dividend payment in 2Q22

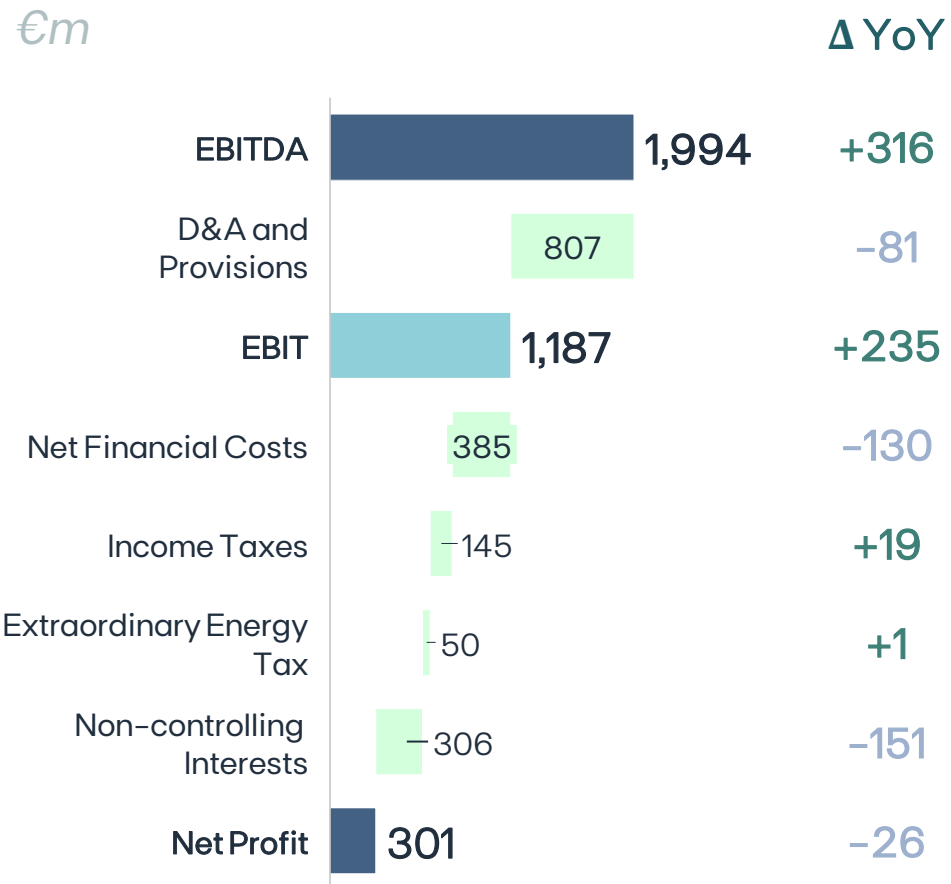
## Change in Net Debt € Bn



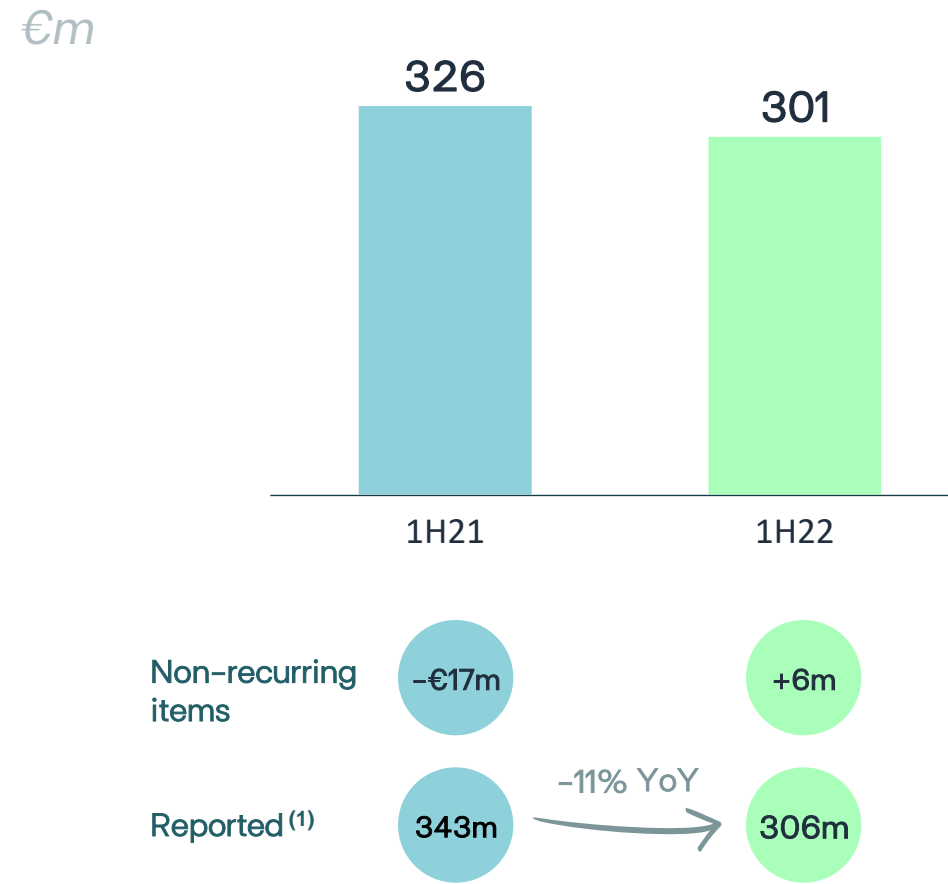
(1) FFO/ND formula consistent with rating agencies methodologies, considering EDP definition of EBITDA Recurring,

# Recurring Net Profit penalized by weak hydro in Iberia, higher financial costs in Brazil and increase of minority interests

## Recurring Net Profit <sup>(1)</sup>



## Recurring Net Profit



(1) Adjustments and non-recurring items impact at net profit level: -€17m in 1H21, mainly the net gain from CIDE disposal and +€6m related to upward revision of the generation asset in Iberia in 1H22





# 1H22 CLOSING REMARKS

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# Resilient and diversified portfolio support 2022 guidance, reinforced confidence on 2023–25 net profit targets

## 2022 Guidance

### Key drivers

- **Strong performance in Renewables**  
On volumes, avg. selling price and Asset Rotation
- **Improved thermal generation and EM**  
Compensating hydro shortfall showing the value of low risk integrated portfolio
- **Good networks performance**  
Investments, inflation updates and efficiency

**Recurring  
Net Profit 2022**  
> 2021<sup>(1,2)</sup>

## 2021–2025 Business Plan Execution

- **10.6 GW of committed renewable capacity**  
3.2 GW added, 3.2 GW U/C
- **~€3.1 Bn AR proceeds secured**  
€0.7 Bn gains cumulative since 2021
- **Avg. selling price above our assumption in BP for 2023–25**

Target

20GW

€8 Bn

Secured

53%

~40%

(1) Conditional on hydro conditions, stable ForEx and AR gains above €350m and below 2021 levels | (2) 2021 Recurring Net Profit was €826m

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