

EDP – ENERGIAS DE PORTUGAL

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Chaired by Miguel Stilwell d' Andrade



Company Participants

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

Miguel Viana

Good morning, ladies and gentlemen. Thank you for attending EDP 2024 results conference call. We have today with us our CEO, Miguel Stilwell d'Andrade and our CFO, Rui Teixeira, that will present you the main highlights of our strategy execution and 2024 financial performance. We'll then move to the Q&A session on which we'll be taking your questions both by phone or written questions that you can insert from now onwards at our webcast platform.

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

Miguel Stilwell d'Andrade

Thank you, Miguel. And hello everyone. So, thank you for attending our 2024 results conference call. I just wanted to highlight three messages before I go into the presentation. I think one is going to be the good performance of EDP in 2024. The second is that we're starting well the year of 2025 and we have good prospects for the year and I'll talk about that over the course of the presentation. And the third is that we feel very comfortable in providing guidance for 2026 in line with what we presented last year, although with a different mix. So I'll talk to that over the next couple of minutes. Given today's market reaction, I think this is a good opportunity to also talk a bit more about some messages that may have not come across very well yesterday and hopefully I'll do that over the course of the next few slides.

Going into Slide three and talking about the 2024 performance. EDP successfully delivered or even outperformed the guidance on all the key financial metrics. And I think this is once again a testament to the value of being an integrated utility with a diversified portfolio. We ended the year, we had a recurring EBITDA of 5 billion in line with our latest guidance. In fact the guidance we gave throughout the year and relatively stable year on year. This was backed by the integrated generation supply performance, benefited from increased volatility in the electricity market. We had good hedging prices, we had some positive impacts in the gas. We also had good hydro volume, 16% above the average hydro year.

We had a solid 7% EBITDA growth in electricity networks. This was supported by strong demand and also robust expansion in the electricity distribution in Brazil. So also we had record results in Brazil. And at the bottom line, we had recurring net profit reaching EUR1.4 billion, surpassing our previous EUR1.3 billion guidance. As you know, we had several conversations about this over the year and the upside that we saw to the 1.3 billion. So in fact, we delivered the 1.4.

This is an 8% year-on-year increase, supported by the positive performance also below EBITDA, including better financial results, lower minorities, we had the EDP Brasil minorities buyout in '23. We had lower results of EDPR due to lower asset rotations and slower growth of generation volumes, but that was more than compensated by the other effects I mentioned.

Net debt, EUR15.6 billion in line with our guidance of around EUR16 billion and I wanted to highlight that, just because I think it was tremendous work done by all the teams to get to these levels. So all in all, in line with our commitment towards the BBB rating. We had a comfortable, stable outlook for BBB by S&P recently. We ended the year with healthy financial ratios, FFO to net debt at 21.5%, so better than the 21% we've had since our CMD of February 2023. So all in all, I think, undeniably good results.

We move on to slide 4. We can look at EDP's EBITDA net profit performance over a slightly longer time period. And I think it's important sometimes to take a step back, and I think it's quite impressive. It shows the solid growth that the company had over the last five years. So since 2020, EBITDA has increased from around EUR3.5 billion to EUR5 billion in 2024. It's a 9% compound annual growth rate. It's even more impressive when we think that throughout these years, we've significantly reduced the weight of asset rotation gains in the EBITDA mix, so the little balls below the graph.

We've reduced almost to zero, the coal generation contribution. We're already at about 95% generation mix of coming from renewables. And so that's significantly advanced our commitment towards decarbonization of our portfolio. So we've done this transition and increased profits. There's a similar trend for recurring net profit with an even higher compound annual growth rate of 16%. I think there are several important strategic initiatives that have reinforced the earnings quality of this net income. We have a greater weight of electricity grids in our portfolio following the acquisition of Viesgo in 2020 and the buyout of the EDP Brasil minorities in June of 2023.

So all of this, I think, good quality earnings. And at the same time, we did all this while reinforcing our credit ratios with FFO net debt ratio going from 19% in 2020 to 21.5% in 2024. So in a period of significant growth, we demonstrated our commitment towards the BBB rating and we kept that throughout growing results, improving balance sheet, and growing it also on an operational basis.

Move on to the integrated business in Iberia. So again, stressing the value of this integrated business. We can definitely extract value from the price volatility in the market and we can manage also the renewable volume profile.

If you look there on the left-hand side of the slides, you can see the generation volumes in Iberia in 2024 were 19 terawatt hours, split between hydro, thermal, merchant wind and solar, then these volumes covered mostly fixed price supply volumes. So our strategy is to be normally long on generation either through our own generation or through long-term contracts in the market, and this effectively mitigates some of the renewables risk.

Looking ahead, we see an improved outlook for '25 and '26. So for '25, we've already hedged approximately 7.5 terawatt hours at around EUR70 per megawatt hour. For 2026, we have hedged approximately 3.5 terawatt hours at around EUR63 per megawatt hour, so above our last year's May 2024 strategic update assumption of EUR58 per megawatt hour, and that was the price we were assuming for 2026, so we're above that. And I just like to leave this note that we started the year already strong with good hydro volumes and good prices.

Beside this uplift in electricity prices and sort of their expectations for 2026, we're expecting improved performance from energy management activities, mainly through flexible generation, and that's a result of increased volatility and intraday spreads. So we continue to see some decline in the drivers in this segment in terms of average hedge prices, that's normal as we're coming off sort of the highs of last couple of years and then the gas results. But we're also seeing some tailwinds both for '25 and '26 in terms of higher volumes including pumping and pricing versus the assumption of last year. So improvement both in absolute terms and also regarding volatility.

We move on to networks here on slide 6. So I understand that there's a perception by some investors that electricity networks is a small part of the EDP business. This is not the case. The weight of networks in our net profit continues to increase from 29% in 2023 to 43% in 2024. So this reflects positive impact from EDP Brasil, the acquisition of the minorities in '23. There's also the growth of the electricity demand and also efficiency, all of this driving let's say the results of networks and the weight within the overall EDP portfolio.

In 2026, we'll also start a new regulatory period, both in Portugal and in Spain. And we see opportunities to increase investments in this period, this next regulatory period, versus the previous regulatory periods by up to 50% versus the current levels. The key investment growth drivers we see there are increasing electrification of consumption, the modernization that's needed for infrastructure that's already quite old, and the fact that there are 45% of Portuguese transformers are over 40 years old.

There's also a bigger push for digitalization, so there's a wave of investment that is coming that we need to address. And there's also an increase of renewable generation in the electricity system, so we need to connect this additional supply, we also need to connect additional consumers. So all of this is going to be driving additional investments. And we've already made a specific proposal to the Portuguese regulator and the government regarding this increased investment profile.

Now, obviously, these investments will only be executed if there are adequate returns and investment conditions are met. So over the next couple of months, we expect to have more visibility on the regulated returns and also some of the other key regulatory parameters to be defined. As you know, in Portugal, the regulatory proposal comes out on the October 15, and then the final one is the December 15, but let's say by the second half of October, we'll have a good visibility already on these parameters for this. Particularly, I think for the much-needed investment that's required for the networks both in Portugal and in Spain, but obviously, we have a higher weight of networks in Portugal. Move on to the next slide. Still talking about Iberia. And I think this is a big evolution versus the past. Many years ago. Portugal and Spain are among the European countries with the most competitive electricity prices. And this is borne out by international comparisons of residential, electricity, historical price evolution. Both Portugal and Spain have maintained affordable electricity prices in residential and industrial segments.

And so this creates the positive environment for the energy transition in Iberia, and we've talked about that, but it positions these countries to be competitive, to attract industrial and data center investments and you can see very clearly versus some of the other European countries and versus the European average. We have very competitive prices. On the right-hand side of the slide, just specifically now in Portugal, we also see a downward trend in electricity system debt that's reaching EUR1.6 billion in 2025. That's for the final tariffs decision released by ERSE and it shows that the Portuguese electricity system is financially robust, and they can keep the system debt under control while keeping stable prices for consumers. The regulated retail tariff in 2025, just by way of reference, is set to increase only by 2.1% versus 2024.

Overall, very competitive energy prices leading to a lot of potential for industrialization and sort of additional consumption and the system that is perfectly under control. And as you know, that was something which was of a concern many years ago, and clearly you can see it's no longer an issue.

We move to Brazil. So Brazil strategy continues to be focused on electricity grids, both distribution and transmission. We're seeing strong demand, 7% in our distribution areas versus 5% in Brazil as a whole in 2024. Our two distribution companies continue to be references in the country in terms of quality of service indicators. I mean, we've outperformed the regulator's metrics. Specifically in EDP Sao Paulo, the duration of interruption in electricity distributed has registered its best historical record in 2024. And then another important point is that the distribution concession extension process is ongoing, and we've been getting good news flow.

Just this week, the regulator approved the contract terms to extend the concessions for 30 years, and EDP is the first company to renew the concession up to 2055. So that's an extremely important point because it gives visibility on the extension of these concessions for another 30 years.

On the right-hand side of the slide, I also want to remind you, the buyout of EDP Brasil minorities, which I mentioned was concluded in July of 2023. At the time, we targeted providing EUR120 million of additional contribution to the EDP net profit. In fact, the reality is that EDP Brasil presented a record high net income in 2024. So the contribution to the EDP net income was actually much better than expected. So we had the EUR1 billion investments contributing to an 18% return on equity in 2024, above the target of 12% that we're estimating at the time of the acquisition. So clearly a great acquisition, a great transaction and great profitability.

Major concern regarding Brazil is obviously FX, volatility, namely following the depreciation scene versus the year in 2024. I just wanted to highlight that our exposure to Brazilian real is significantly mitigated at the net profit and balance sheet level. As you know, we have a significant weight of funding of operations in local currency. So as of December 2024, the Brazilian reais debt accounted for 13% of our total gross debt versus the 18% weight of EBITDA in Brazil. So there's a natural hedge to that which mitigates some of the impact of the ForEx.

Looking forward in terms of 2025 and 2026 assumptions, we assume the average exchange rate of 6.1 in our '26 guidance, in line with the most recent levels, namely the last month's average, in which we already saw some recovery versus the months before that. Overall, a +0.50 deviation in the Euro-Brazilian exchange rate would represent around a EUR20 million impact on our net profit in 2026.

More on slide 9. I've talked about this yesterday, but I'll just repeat it. We continue to see strong market fundamentals for wind and solar energy in our core European and also the US markets. This represents more than 85% of our wind and solar portfolio.

Talking specifically about the US, so we are seeing strong electricity consumption growth over the next five years. This is driving demand for renewable energy projects, which we believe will deliver significant electricity generation in this short period of time. So it's really one of the few technologies which can step in and provide that supply of electricity. Now, obviously, we need to manage risk from the potential federal legislation levels and so we've grandfathered Safe Harbor under the existing Inflation Reduction Act remuneration frameworks. So our secured capacity is safe. The more interesting projects are advanced development or under the commercial negotiation, they'll be delivered over the next three years. Regarding import tariffs between 2025 and '26, we have most of the major equipment protected. So we'll have stability in project costs and on the side of the PPAs, continue to see strong demand and attractive prices driven by the growing power consumptions.

On Europe, I mean, obviously, the region has strong economic growth. We're seeing increased demand from the decarbonization efforts. We're seeing some demand also coming from data centers. So there's a very supportive EU level ambition driving this growth. Even yesterday, we had additional news on that. In the member states, they are addressing some of the execution issues to meet the decarbonization and capacity targets.

Looking at our own plans in terms of capacity additions, so in '23, we added 2.7 gigawatts of capacity. Last year, '24 was a record year where we added 4 gigawatts.

For '25, we're slowing down additions, we're projecting around 2 gigawatts and for '26, around 1.5 gigawatts. Now, this is the function of stricter investment criteria, both in terms of returns and associated risks, and also keeping our strong commitment to the mid BBB rating. So we're being more defensive in the current context, but retaining the optionality to really accelerate.

Our investment metrics for projects in '25 and '26 are impressive. So IRRs of over 9%, more than 70% of NPV contracted. Spread of our cost of capital over 275 basis points. So, all in all, really prioritizing returns of our volumes and making sure we're investing in the best projects without compromising balance sheet strength.

Move on to slide 10. And just talking a little bit about CapEx and investments and just also clarifying some points here. So first, the slowdown of the capacity additions really to focus on increased returns and it comes hand in hand with the moderation in the pace of short-term investment.

We are expecting an additional reduction in investment level for '25 and '26 with a positive impact on credit ratios. On average, this leads to a 22% reduction in yearly investment levels for '25 and '26 versus the previous plan. The weight of electricity on gross investments of networks is expected to go from 16% in '23 to 25% in '25 and '26, and we'll continue to focus on our investments on wind and solar in high-rated markets. So Europe and the US represent about 85% of overall investment.

Regarding EDPR, as we said yesterday, we're talking about EUR3 billion of investment in 2025, around EUR2 billion of investment in 2026, excluding offshore. Okay, so just adding a little bit more precision to those numbers, versus what we mentioned in the call yesterday.

On side 11, efficiency. On top the tighter investment policy, we are remaining committed to fostering efficiency within the organization. So we implemented already at the end of '23 and then throughout '24, a really ambitious cost-cutting program. This has already resulted in EUR140 million of savings just in 2024 alone.

Couple of actions very specific that worth mentioning. In relation to having a, let's say, leaner and more efficient organization. First was a new corporate structure. So we reinforced the intergroup synergies between global business lines and also adjusting it to the growth pace that we're targeting. We took out a lot of different corporate centers that we had from the past, from different acquisitions that were being done. We took out several levels of management. There's a renewed focus on efficient growth. We're exiting some smaller markets, non-core markets, exiting some businesses that are not delivering expected profitability or that are below, say, a certain threshold that we've defined. And we're adopting and continue to sort of strengthen even further centralized procurement and a leaner O&M strategy.

So a big focus here, which means that overall, we had a reduction in OpEx. So in the year that we installed the most megawatts ever, we had a decrease in nominal OpEx of 4% year on year and a significant reduction also in the number of headcount. So we are below the EUR2 billion target that we set out for 2026 and below obviously what we had in 2023.

So record number of megawatts installed, and at the same time managing to reduce nominal OpEx, reducing number of headcounts, improving our OpEx over gross profit margin, and obviously improving significantly our OpEx over per megawatts as well. So really, I think a big effort here to extract additional synergies and economies of scale.

On slide 12. This is an important slide, so I'll go through it with some detail. We are reiterating our guidance for 2026 despite some changes on the business mix. Our EBITDA guidance for '26 has been updated from EUR5 billion to EUR5.1 billion to approximately EUR4.9 billion to EUR5 billion, still represents a 3% compound annual growth rate from '22 to '26. It's a result of a higher integrated margin in Iberia versus what we initially expected. We're expecting also electricity networks to remain relatively stable, contributing to the overall performance. Obviously, we're looking at reduced wind and solar capacity additions, I mentioned earlier. We're assuming lower cumulative asset rotation gains in 2025 and 2026, and we're also assuming improved efficiency across the operations.

In terms of breakdown of EBITDA for '26, this means that the guidance includes around EUR1.6 billion for networks, about EUR0.9 billion to EUR1 billion of EBITDA coming from the integrated Iberia business. Around EUR0.2 billion coming from integrated Brazil, and around EUR2.1 billion to EUR2.2 billion coming from EDPR. So this is EBITDA for 2026.

In relation to 2025, and just to be clear, we're comfortable with the consensus EBITDA, which is now at around EUR4.8 billion. We're assuming a breakdown of EUR1.5 billion for networks, between EUR1 billion and EUR1.1 billion for integrated Iberia, EUR0.2 billion for integrated Brazil, and around EUR1.9 billion to EUR2 billion for EDPR. Our net income guidance range for 2026 remains the same at EUR1.2 billion to EUR1.3 billion. That reflects a 10% CAGR over the same period.

Now, obviously, this updated guidance reflects a slightly different composition. We have a stronger performance from businesses that we hold 100%, while businesses with minorities have been subject to some downward revision of their contribution to the overall consolidated financials.

Regarding 2025 net profit, I'd just like to highlight we're comfortable with the current consensus of EUR1.2 billion. And our net debt is expected to be around EUR16 billion keeping the BBB rating.

The FFO net debt is expected to also stay relatively comfortable at around 20%, so FFO net debt ratio for 2026, around 20%. On top of them, despite some adjustments to our top line figures, we're on track to deliver the key financial targets for 2026. And as I say, this has been driven, as I mentioned at the beginning, by diversified portfolio and really this strategic focus on efficiency throughout this period. So hopefully the breakdown. I gave just now helps give some additional clarity on the overall EDP but also on the EDPR targets.

Move on to slide 13 before I pass it over to Rui and talking a bit about shareholder remuneration. Our dividend policy included a dividend floor of around or dividend per share floor of around EUR19.5 in 2025, which would then grow to EUR0.20 in 2026.

Given our strong results in 2024, we're actually anticipating this growth to take place already in 2025. And so we're proposing the payment of EUR0.20 already at the April shareholders meeting. So it's an anticipation of the EUR0.20 that we're really going to do next year already for this year. It's around the 60% dividend payout ratio, so it's comfortably within our 60% to 70% payout ratio target range, but it's obviously reflecting this good performance of 2024. In addition, we're also implementing a share buyback program of around EUR100 million to be executed in the short term, so over the next three months.

As I say, this is backed -- it's also another message backed by the financial outperformance in 2024 and a good start also to 2025. And also obviously the good visibility for 2026 targets including the 20% cut on gross investment for this period.

We think that the current market prices with EDP trading at a price earnings ratio of around 11.3x, and this is just based on Bloomberg consensus and the dividend yield of 6.3%, this represents a good allocation of capital for the company and for its shareholders. We expect the program to be EPS accretive from year one, the 1% increase in EPS.

The impact on FFO net debt is less than 0.1%, and it will be more than compensated by the CapEx reductions in 2025 and '26. So this is a point that's obviously critical for us, given our commitment to the BBB rating.

With that, I'd stop here and I'll pass it over to Rui. Thank you.

Rui Teixeira

Thank you, Miguel, and good morning. So let's move to slide 15 and start reviewing our strong financial performance during 2024.

So slide 15, recurring EBITDA stood relatively stable, decreasing just 1% year on year to EUR5 billion effectively on the back of a very diversified portfolio. So renewables, clients and energy management is down or was down by EUR209 million driven by lower asset rotation gains at EDPR level. Excluding these asset rotation gains, the underlying EDPR performance increased EUR120 million year on year.

The remaining part of the segment decreased EUR47 million, reflecting our path into the carbonization of the portfolio with Pecém and Aboño coal power plants contributing EUR160 million to the EBITDA in 2023, versus no contribution in 2024. So really on a like-for-like comparison, generation and supply businesses is or are effectively EUR113 million up year on year, supported by the strong hydro volumes and lower gas sourcing costs.

Electricity networks EBITDA ex-asset rotation increased EUR35 million year on year, supported by the resilient performance of Brazil. Additionally, there's a EUR71 million capital gain resulting from the transmission deal that we closed in the first quarter last year. All in all, electricity networks represent an important 33% of the total EBITDA of the group.

And finally, I would like to highlight here the efforts on efficiency in a growth context. OpEx decreased 4% year on year in absolute terms versus 2023. So the efficiency measures that we have been implementing are already positively impacting the bottom line. However, we still believe that there is room for further optimization in some businesses within the group, and we will keep working to improve efficiency overall.

Now on slide 16, just a quick wrap-up on EDPR performance, which we have already detailed yesterday. Underlying EBITDA, 9% up and improved performance year on year, supported by 17% growth in installed capacity. Yes, that's year on year. With most editions that have been concentrated in Q4, improved wind resources versus 2023, but still below average with the renewables index at minus 2 % and those efforts combined supported the 6% increase in electricity generation.

On the other hand, the average selling price decreases by 3% year on year to EUR58.9 per megatthour. This includes the impact of lower power market prices in Europe. That was obviously smoothed by a very good hedging strategy and stable pricing dynamics in the US. All in all, EBITDA decreased 9% year on year, impacted by lower asset rotation gains in '24 of EUR179 million versus the very high asset rotation gains of EUR460 million back in 2023.

Now moving to slide 17, a very quick look on the hydro activity during the year of '24. Hydrogeneration net of pumping increased 21% year on year, reaching 10 terawatt-hours, reflecting above average hydro resources in the year, that's above 16% versus the 2023 where we have hydro resources in line with average. While in the fourth quarter of '24, it was not a very strong quarter, as you saw as well on the operational results, and this in terms of the hydrogenation when compared to 2023.

Also on the right-hand side of this slide, you can see that the hydro reservoirs remain above average year date. So currently we are at 77% of reservoir levels and around 15 percentage points above the average for this time of the year. Also, at the beginning of this year in February, or since January, we have been seeing a rebounding in power prices and this is giving us confidence for the hydro margins for the first quarter in 2025.

If we now turn to slide 18, EDP's strong track record and decarbonization efforts allows us to be in the forefront of the energy transition in European integrated utilities. We have reached our lowest ever Scope 1 and 2 emissions intensity in 2024 at 29 grams of CO2 per kilowatt hour, marking an 84% reduction versus 2021 and a 64% reduction versus 2023. This is a remarkable achievement and this is mostly backed by the portfolio decarbonization, which has translated into 95% of renewables generating during the year, that's an 8 percentage points above 2023.

Our progress has allowed us to reduce our revenues derived from coal, which are currently almost at 0%, and our revenues from fossil fuels to be around 2%. And this is placing us in perfect alignment with sustainable investment criteria as it remains below the 5% standard threshold to be eligible for sustainable investment.

So now moving to slide 19, on EBITDA from generation and supply businesses. Recurring EBITDA on this segment decreased 2% year on year. This decrease

includes the impact of our efforts toward decarbonization, as I mentioned before with the Aboño and Pecém coal plants that added EUR160 million to 2023 EBITDA versus no contribution in 2024.

When we exclude this impact, in fact, EBITDA increases 9%, and this is a really a great performance, backed obviously by the strong hydro volumes that improved versus last year, but also a very effective price hedging strategy with hedging at around EUR90 per mega in this year versus the recorded EUR63 per megahour per price and obviously also some lower gas sourcing contracts or costs. So going forward, positive impacts on gas sourcing should not be verified.

Moving now to slide 20, a robust performance on the networks segment, accounting for 33% of total group EBITDA. EBITDA from this segment increased 7% year on year. In Iberia, EBITDA stood relatively stable. In Portugal, EBITDA slightly decreasing year on year, reflecting the adjustments on the rate, which as you know, is indexed to lower sovereign yields. In Spain, EBITDA reflecting the revenues increased due to RAB growth, compensating higher maintenance costs. And in Brazil, EBITDA increased EUR109 million backed by a strong performance in the electricity distribution activity. We distributed electricity increasing 7% year on year. Transmission benefited from inflation updates and the capital gain of EUR71 million from the asset rotation of two transmission lines. However, underlying transmission EBITDA decreases year on year, reflecting the deconsolidation of the transmission lines that were sold in the meantime.

So now moving to the financial cost on slide 20. Net financial costs in recurring terms decreased 4% year on year. And this is the result of cost of debt decreasing from 5% in '23 to 4.5% in '24. And this is a combination of the decline in the Brazilian real denominated cost of debt in EDP's portfolio, obviously due to the consolidation of the Pecém as well as the transmission. And it has a positive impact, even the more expensive debt, in the Brazilian real devaluation.

Rebalancing the US dollar euro-denominated debt is part of the strategy to reduce US dollar in the mix. As you can see on the right-hand side of the slide, US dollar weight total debt decreases from 28% in '23 to 17% in 2024. Excluding Brazilian real debt, the average cost of debt stood stable in the year, with the decrease in US dollar, average cost of debt being offset with a slight increase in the euro-denominated cost of debt. So all in all, average cost of debt decreased, mitigating the EUR1 billion increase in the average net debt in the period.

Finally, I would like to highlight that already beginning of this year, we have issued EUR750 million of green bonds with a 3.5% coupon, so actively managing our debt and liquidity needs.

So now moving to slide 22. As of the end of 2024, net debt stood at EUR15.6 billion, and I would highlight that this is below our initial expectations.

And this main mainly was achieved by strong organic cash flow of EUR2.9 billion. Obviously, it has the dividend payment of EUR0.8 billion. Regulatory working capital of EUR0.5 billion, including the securitizations made throughout the year, amounting to approximately EUR1.1 billion,

and also net cash investments totaling EUR3.5 billion, mainly from investments in renewables and networks and including EUR1.6 billion of asset rotation proceeds. So overall, we are maintaining solid credit ratios, namely FFO net debt at 21.5%. And as Miguel said already, we remain fully committed to our BBB credit rating.

So now moving to slide 23 and to wrap up in this section, net profit amounted to EUR 1.4 billion exceeding our guidance of EUR1.3 billion for this year. Including capital gains, the underlying net profit shows a strong 23% increase versus last year or 2023, resulting from robust EBITDA, higher D&A and provisions, net financial costs decreasing EUR38 million year on year, as I mentioned, reflecting the continuous effort towards decreasing the average cost of debt.

Higher income taxes following higher effective tax rate due to lower asset rotation gains year on year, that typically have this a tax exemption. A decrease in non-controlling interests following the lower results at EDPR level and supported by EDP Brazil's successfully minorities buyout last year.

Finally, just to highlight that including asset rotation gains, recurring net profit increased 8% versus last year, showcasing the strong performance in the underlying business, which more than compensated for the lower asset rotation gains.

In reported terms, net profit decreases 16% to EUR801 million due to the non-recurring, events that were recorded at the net profit, related to Colombia and US offshore wind impairment that we referred to at EDPR.

So with this, I would hand back to Miguel for closing remarks. Thank you.

Miguel Stilwell d'Andrade

Okay, thank you, Rui. So, presentation has already been quite long, so I'll be very brief in the closing remarks. Just to reiterate first, solid 2024 results. There's no other way of describing this. 8% increase in net income growth year on year, supported by the activities that we hold 100%.

Second, the integrated business here in Iberia continues to be a key pillar of the EDP results and we have improved prospects for 2025 and 2026.

As I say, I'm looking out the window and it's raining here, so that's always a good sign. We've had a good start to the year and so we feel comfortable about that.

Third, Brazil continues to have good growth potential. Electricity demand is increasing substantially. We're talking about 7%-plus. So that's a good driver obviously for our outlook for Brazil.

In terms of pace of investment, we're talking about a reduction in the annual investment for '25 and '26 as we described versus the previous plan, 2 gigawatts capacity editions in 2025 and around 1.5 gigawatts in 2026. We've already described and explained why we're doing that.

Efficiency key competitive advantage. I think what we showed already in 2024 is significant. A 4% decrease in nominal OpEx in a year where we installed an absolute

record number of megawatts, I think is a testament to the effort that is being made and we will continue to push very hard on this.

2026 guidance reiterated, I gave hopefully quite a detailed breakdown, both for '26 and even for '25. And then finally, in terms of shareholder remuneration, focus on even anticipating dividends, doing a share buyback, so making sure we are continuing to allocate capital as efficiently as possible. So, we have no doubt that the energy transition is happening and that there will be strong and profitable growth opportunities, and we think we're well positioned to take advantage of those opportunities. However, volatile times require us to be prudent, to enhance resiliency, to retain flexibility. That's why we're asking for higher returns on our projects. We're doubling down on efficiency, and we're trying to have absolute excellence on all CapEx related activities.

So towards the end of the year, we expect to do a Capital Markets Day and bringing a longer-term view. And then we can see how the sector will convert back to this really structural solid trend of long-term renewables and networks growth.

So I'll stop there and I'll pass it over to Miguel for Q&A.

Questions And Answers

Operator

Ladies and gentlemen, the Q&A session starts now. As a reminder, if you wish to ask a question, please press star five on your telephone keypad.

Miguel Viana

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

Q – Alberto Gandolfi

Miguel, thank you. I'll try to keep it to two. I wanted to focus on the subsidiary, EDPR therefore, I just wanted to understand exactly the numbers here. I know that you're talking about 2 gigawatts and 1.5 additions, but you're selling, you're divesting most of those. So am I right in thinking that gross investment minus proceeds from disposals? I mean, so are we going to expect EUR600 million, EUR700 million net investments of EDPR? And you just got the EBITDA at around EUR2 billion. So what I don't understand here, if these numbers are correct and you agree with those, EDPR would be deleveraging so quickly. So why not do a buyback of EDPR as opposed to EDP? That is what really I don't understand.

The second question is, essentially just trying to understand if I get the picture right. Yesterday you reported EUR22 billion invested capital at EDPR with EUR5.4 billion work in progress, so I was wondering if you agree with the summary. The summary is

the NAV of the stock is probably 30%, 40% higher than the current level, your EDPR, which I think is dragging down EDP by the way, today.

And you just guided '25, '26 earnings, no change in guidance, but you're going to print a much lower net debt at EDPR and you're not telling us yet what you're going to do with the balance sheet headroom. Is this a fair assessment of the situation at the subsidiary? Thank you so much.

A – Miguel Stilwell d'Andrade

I'm not sure I've completely followed all of your calculations, but maybe just a couple of comments on the first question. I think both stocks are extremely compelling. And particularly given that these share prices, I have zero doubt about that. When we took the decision to do the buyback, we considered both options. I mean, the final decision was to do EDP at this moment. Given in the short term, it was more positive in terms of earnings accretion and dividend yield.

We had more balance sheet space at EDP. We will continue to reassess other investment alternatives just as a function also of share price performance and balance sheet flexibility. I think the important message here is we're considering all alternatives of this type, looking obviously at where the share prices are and where we allocate capital.

So if you ask me why not buyback of EDPR, I think at the moment, the decision we took was to concentrate that at EDP for the reasons I just mentioned, but it's not something which is off the table, and that obviously depends on the pace of the leverage and the pace, let's say of investment over the coming quarters and years.

So we want to obviously see execution of the asset rotations. We want to see execution of the investments and then as a function of that, we will go on taking decisions also depending on where share prices are at any particular moment. But just in relation, hopefully it helps a little bit to answer your question. I think as standing here today, decision makes sense. So the decision was to do it the EDP although obviously both are very compelling, but this can also change over time depending on how things evolve. On the second one, I'm sorry, Alberto, I really couldn't catch all of the different numbers, ---.

Q – Alberto Gandolfi

Yeah, forgive me. And by the way, the first question, what I was trying to get was, am I right in thinking that the net CapEx in wind and solar net of disposal is more like EUR600 to EUR700 million and your EBITDA is 2 billion so that the leveraging of EDPR is going to happen way faster than the EDP. That was really the essence of the first question.

The second question is, is a picture that no earnings downgrade the EDPR, but a much lower net debt. Is that a fair assessment of what is going on right now? Because I think that because EDPR is trading at such a huge discount to NAV, I was wondering

if instead of EDP buying back their own stock, is any better to buy EDPR instead? So EDP buying EDPR. So but the first is net CapEx and EBITDA I think there was a bit of confusion on the gross CapEx yesterday.

A – Miguel Stilwell d'Andrade

You're looking into -- Rui, if you have the detailed numbers

A – Rui Teixeira

Yeah, so hi, Alberto, I would say that so -- I mean, I think it's probably a bit higher than that. Probably I would be at around the EUR1 billion net, or slightly below, actually, slightly below. But let's come back to you so that we can give you a more precise number. But probably below the billion, but closer to the billion.

Q – Alberto Gandolfi

Thank you, still half of EBITDA. Thank you.

Q – Gonzalo Sanchez Bordona

Thank you, Miguel, and hi, everyone. Couple of questions on my side as well. On the first one, I was thinking a little bit because obviously the markets reacted quite negatively today to the results and I guess it's mostly driven by EDPR but you've been presenting quite a solid arguments on the rest of the business. And I was wondering what I mean -- you've reiterated the guidance so that itself, tells us that you are seeing a higher integrated margin which I guess is fair given that it was a relatively conservative assumption you have in the plan.

I'm thinking about -- and that's really the question, what kind of other upsides you are not including in the current updated guidance? And I'm thinking potential increases in remuneration in Spain and Portugal on the grid, potential increases in CapEx, which that would be obviously small in 2026 yet. But I'm thinking maybe that's an upside that will come from '27 onwards.

So you said your results of EDP Brazil have been better than anticipated already including the plan and, I guess also asking about the share buyback whether there's the effect on EPS is, well, not good because guidance is more on the profit, but I guess, it's a more general question. What is the potential upsides that you could reasonably see in the next couple of years that are not including in the updated guidance that you just reiterated today?

And then the second question is related with the share buybacks. Assuming the current situation with EDPR remains in terms of investments and outlook and obviously, I appreciate that I can say it quickly as you mentioned yesterday. Are you seeing any potential for more buybacks and from that perspective, what would be

really the target like leverage situation you have that would allow for more buybacks in the next couple of years? Thank you.

A – Miguel Stilwell d'Andrade

Thank you, Gonzalo. So, I think in terms of upsides, well, definitely remuneration in networks we tend to be probably relatively more conservative than maybe even than some of our peers. So there could be a regulatory upside there in grids in Portugal and Spain, we're considering -- we're just below our peers. I'll leave it at that.

I think additional levers are acceleration in the global renewables build out. So if we continue to see sort of good opportunities there coming through that are meeting our thresholds, then that would be great. Higher power prices, I mean, we've seen some of that volatility, but that could definitely be a positive.

One additional one which is on the efficiency side, that's something we definitely control and that as I mentioned earlier, we've shown the ability to really go deep on that and we'll continue to do that. So that's also I think an area of potential upside.

So, well, and then we could talk also a little bit about Brazil, but I think Brazil continued to surprise also always on the upside. So I think that's been, that could also be a positive. So, yeah, I mean, there's some positives obviously also some negatives. We've given our view, let's say in relation to the guidance and then what we're comfortable with, but we'll go on managing that over the next couple of quarters and months and years. In terms of the second question.

The way I'd frame it is the following, so I think what we wanted to signal today is that we're willing to consider both anticipating dividends, do share buybacks where we see the greatest opportunities at any particular moment in time. To the extent that we are able to go on executing, and we have with confidence on that, executing on the investment.

To the extent that we're seeing that sort of space on the balance sheet, then we will go on taking decisions, at any point in time to either do share buybacks, looking at dividends or doing allocating it to attractive investment opportunities. I think what we wanted to show is that we will consider the full range of instruments, whether it's investing in the business or also being able to do things like share buybacks. If we think that really there's a dislocation in the share prices and the opportunity cost is worth taking.

Q – Gonzalo Sanchez Bordona

Okay thank you.

Q – Enrico Bartoli

Hi, good afternoon, thanks for taking my question. The first one is regarding the network business. This potential for 50% upside. I was wondering if you can give

some color on your expectations regarding the regulatory review in Portugal, and particularly what kind of level of return would be able to trigger that upside in the networks?

And also in the discussion regarding the renewal of the concessions, what actually these discussions are going on in the sense that what could imply your decision to accelerate the investment in this business? The second question is regarding some details on net debt in the fourth quarter '24 because actually you ended up at the end of September at EUR17.3 billion, then there was a EUR1.7 billion reduction only in the fourth quarter.

If you can provide some color or what have been the drivers of this evolution, I guess that the regulatory receivables and securitization had an impact, but some details would be definitely helpful. Thank you.

A – Miguel Stilwell d' Andrade

Thank you, Enrico. So on the first question, So in relation to the low voltage concessions, it's official that it's been pushed back to at least 2026. In terms of any definitive sort of solution or process and yeah, so we don't expect any additional news in 2025. There's local elections this year and so, basically, this is something which is not, well, not going to be an issue this year.

In relation to the 50% upside, so just to be very clear, this is a multi-annual plan, which is presented to the regulator and to the government. On the high and medium voltage networks, our proposal was a 50% increase in the investment just because we see this sort of wave of investment that's necessary to rejuvenate the network on one hand, to connect renewables and customers, so to go on automation and digitalizing the network.

So we see a lot of needs for investment in the network, but obviously it will depend on the regulatory return. So the market expectation is, I think around 6% to 7%.

We'll obviously have to wait to see the proposal from the regulator and our investment will also be a function of that return. So we think the network needs that investment. We think it's good productive investment that the country would benefit, the economy would benefit as a result of it, but we'll obviously do that investment also as a function of the returns which are there.

In terms of the net debt and the evolution in the fourth quarter, I'll pass it to Rui.

A – Rui Teixeira

Thank you. Hi, Enrico. So yes, definitely very good performance, in Q4, in the net debt. Maybe I would highlight just, a few elements. So we had some less cash CapEx versus what we initially expected. We do have some working capital initiatives. That improved materially the net debt by year end. I mean, then there are some, also initiatives related to the sale of CO2 licenses that was better than what we expected, as well as some other smaller, but I would call it basically really on the, working

capital. I would highlight nevertheless the fund or the closing of the tax equity transactions in the US because we also highlighted that in EDPR yesterday, it was, I think, a very important contribution to the overall debt by year end. So yes, a very good performance in EDPR. Thank you.

Q – Arthur Sitbon

Thank you for taking my question. The first one is I was wondering, and sorry to make you repeat that, but if you could quickly repeat the breakdown for 2026, especially for EDPR. I think I understood EUR2.1 billion to EUR2.2 billion, but I wanted to check that. Just the other question is on. I think there's been a technical change in the way the equity content of your hybrid is considered. I was wondering if that has any implication in your ability to potentially issue hybrid in the future and in the type of credit metrics that are taken into account by credit rating agencies. And a question related to the debt as well, if with those lower investments and were under EUR16 billion of debt by 2026, if that's a level that makes you comfortable or you would aspire to keep lowering leverage beyond 2026. Thank you very much

A – Miguel Stilwell d'Andrade

So in relation to the first question, so just reiterating, like what I mentioned on the guidance for 2026. So I mentioned around EUR4.9 billion to EUR5 billion, consensus around 5. In terms of the actual breakdown, we're talking about networks EUR1.6 billion. Integrated business in Iberia, EUR0.9 billion to EUR1 billion. Integrated Business Brazil, EUR0.2 billion, and EDPR around EUR2.1 billion to EUR2.2 billion. So hopefully you got that. Second point on the hybrids, if you want to get that, Rui.

A – Rui Teixeira

So hybrids. So yes, so S&P, removed the equity contents of the EDP hybrid bonds, so it's, we have, we regret to acknowledge the changing criteria. But having said that we continue to consider hybrids a very important part of the capital structure. So what we are now doing is proactively evaluating different options and of course we will inform the market participants when we decide the course of action.

I think that this qualification of the hybrids with the sliding step-ups has not led to any negative rating actions, actually. S&P came out with a BBB stable outlook for EDP, so it really highlights the credit strength of EDP, as of today.

On the last question, what I think that what we have been, consistently saying is that we see, I mean, we see us as a company of a, with a triple B. We need to keep that reference. We also, and Miguel highlighted that very clearly today, we are having a prudent approach now to growth and we are facing or having a different pace in terms of growth, but still there is investment ongoing in the company. And of course, we will use this as well to keep reinforcing the debt.

Q – Arthur Sitbon

Thank you very much.

Q – Jorge Guimarães

Good afternoon. Two quick ones. The first is if you can give us some visibility about the capital allocated to US offshore after the write off at EDPR level? Sorry, this is one from EDPR.

The second one, I can't resist to ask you. Why do you see -- why do you believe the market reaction to your actions and statements yesterday is so negative? Thank you very much.

A – Miguel Stilwell d'Andrade

So in relation to the first one, I don't know with specific numbers. I think we had around EUR400 million before. We've now done EUR133 million, roughly of impairments, so I'd probably do the net of that of, EURO.3 Billion if you want the current capital post that provision that we did for US offshore. In relation to the second one, well, honestly, like, I can't understand why there's such a negative reaction, but obviously the market, we clearly did not explain ourselves well, so I can only interpret that maybe in terms of the explanations that we gave or the fact that we were not as clear in terms of guidance.

We were trying to be more conservative in relation to EDPR. We want to make sure we are over delivering. And therefore, we also did not want at this point in the year to be making big commitments, but I mean, just given the reaction today, we are clarifying that and trying to provide a little bit more guidance on that, but our intention was good. It was really just to be slightly more conservative, given we're still in February, and then over the year to obviously go on firming up that, I'll say that the information and the guidance that we give.

But hopefully that's now been clarified. Hopefully we've now provided some additional information and well, and then hopefully we'll manage that over the next couple of days. But clearly the market, I think, overreacted to either the growth rebase or the 2024 results, but we don't see any justification really for the type of reaction we saw this morning.

I mean, no fundamental justification for that.

Q – Jorge Guimarães

Thank you very much.

Q – Olly Jeffery

Thanks. Two questions, please. So the first one's just coming back to the EDPR CapEx. You've spoken about EUR5 billion of CapEx in '25 and '26, building 3 gigawatts of assets, which is around, EUR1.6 million per megawatt. Now, I know you have work in progress, so that's probably not the right way of how we should look at it. But what is the kind of CapEx per megawatt, a million per megawatt? Is that increasing or why does that number appear so high?

And the second question is, just with regards to how you think about that leverage at EDPR, and my perception before previously was that what you really cared about was the leverage ratios at EDP and cared much less about what's happening at EDPR. As long as the, yeah, you cared about the ratios of EDP, whereas it seems like there's been a shift in that sense and you care more about the ratios now at EDPR on a standalone basis. If you agree you've had a shift in that sentiment, why is that? What's driven that change of view? Thank you.

A– Miguel Stilwell d'Andrade

So thanks, Olly. So I think here on the first one in terms of the CapEx, I think it's more driven by the weight of the investment in the US which has higher CapEx per megawatt numbers than in Europe. So that's the driving, I think part of that perception or shift and as you say, you do have to back out the works in progress and so there's a certain number of adjustments you can make there.

In terms of the leverage question, and again, I can then also pass on to Rui to talk about both, but in terms of the leverage, it's not necessarily a shift.

Obviously, the EDP group is absolutely critical in terms of keeping that triple B rating, but obviously, EDPR is a stand-alone listed company, and so it has to keep credit ratios which are compatible with that. So you need to look at the EDPR ratios as well, on a stand-alone basis. So I think that's all been there. Obviously, the level of debt in EDPR did go up towards the end of the year and so that's reflected in higher ratios and so we need to just be careful about how we manage those going forward. So I don't think it's a shift in sentiment or a shift in strategy. It's just a reflection of the numbers and the fact that those ratios have been, have got higher the EDPR and actually improved at the overall EDP group level.

And Rui, if you want to also comment?

A – Rui Teixeira

Thank you, Miguel. Hi. You said it, Miguel. I think it's really a question that we cannot ignore the numbers at EDPR as a standalone entity.

Q – Olly Jeffery

Okay. Are you able just to add where you see the maximum ceiling of leverage you'd like the EDPR entity given you now take that given the emphasis

you've made on that?

A – Rui Teixeira

Well, I think I also said it yesterday, so we should see the ratios to improve for the next two years, so this year and the '26 as well at EDPR.

A – Miguel Stilwell d'Andrade

But I think the question is we don't expect -- but we don't expect, I think that these ratios will get worse, so we don't want them to get worse. We're at the peak and we want to make sure that we now manage down these ratios over the next couple of quarters and years. Is that clear? So, we don't want to go any higher than where we are.

Q – Olly Jeffery

Okay, thank you.

Q – Manuel Palomo

Hello, good morning. Thanks for taking my questions. Only two. The first one, it's about the slide number 6, where you show that potential for CapEx growth in networks. I wonder whether together with that, well, reference, you could give us some reference about what is your expected RAB evolution for the company, where we are and where we could be by the end of 2030?

And the second one, given that you keep the guidance for '26 and given that there's going to be a very different weight in that guidance, one of the things that you mentioned is that you expect pretty much the integrated business to be flatish throughout the period. I wonder whether you could give us a bit more of granularity inside that integrated business and tell us how much you expect to come from pumping hydro, whether it is or not a driver of the stability of the business?

A – Miguel Stilwell d'Andrade

Okay, thank you, Manuel. I think in relation to the first question in terms of RAB growth, off the top of my head, what I'd say is the Iberia or remembering the numbers sort of I looked at a while ago, the RAB growth, assuming this investment would be in the sort of mid-single digits, over the next couple of years. In Brazil, obviously, it's higher, then just back it out into euros, but the pace of investment in Brazil is obviously.

We're investing sort of 3 times plus depreciation. But in in Iberia, and this graph is specifically about Portugal and Spain, this increased investment would be, let's say mid-single digits CAGR up until 2030.

In relation to the second question, I don't know. Rui, if you got the details.

A – Rui Teixeira

Yeah, so the reason why we are foreseeing this EUR1.1 billion to EUR1 billion in '25 coming down to EUR0.91 billion in '26, which is reflected in consensus in what we guided, is really a combination of assuming that we should have sort of a 50 generation on the hydro side.

So as we are starting the first quarter actually quite strong, both in terms of reservoirs in terms of the price that we observed in January, in February.

And you're right, we will see a significant contribution from the fact that we will have the pumping. So even if you consider that forward curves price in Iberia, are showing a downward trend, not only for the rest of the year but 2026.

The fact is that we have more moments through the year where we can capture value from the pumping. So yes, I think it's more of a coming to a more normal, set of EBITDA contribution from that integrated business, and then, combining or mitigating if you want the price reduction with more value coming from the pumping.

Q – Fernando Garcia

Good morning, Miguel, and thank you for taking my questions.

First one is, there were several questions about a possible, buyout of EDPR minorities, and I didn't perceive any clear answer. Could at least on this, say, if this is out of the options that you consider? That was my first question.

The second question is on the extraordinary tax in Portugal. On that, can you tell us about your expectations on timing of your appeals before the Constitutional Court, and what are your expectations there? I particularly -- I am interested in your appeals of regarding the electricity distribution from 2019. Thank you.

A – Miguel Stilwell d'Andrade

Okay, thank you for the questions. In relation to the first one, so obviously, this option is never off the table, but I think I've said it several times, we're comfortable with the current status and the current structure and so that's so I'll leave it at that.

In relation to the second question, the extraordinary tax, so the appeals are ongoing, there's no clear visibility on when we'll have a final decision. I'll just reiterate that this tax makes no sense. It's a tax on investment, which means the more you invest, the more you get taxed at a time when we're needing more investment in the networks, a time when we're needing more investment in renewables, to have this type of tax is a complete counter sense. And so we're hopeful that the Constitutional Court will decide.

In our favor -- in favor of the sector because it's not just EDP and recognize that it's an extraordinary tax at a time, which was when it was implemented, maybe it was understandable, but which standing in 2025 makes absolutely no sense. In 2019 was already a year that was not extraordinary. And that's why we're hopeful that these arguments will prevail. But we have to wait and see, and obviously the court is, has the final decision on that.

Miguel Viana

I will pass now to our CEO for closing remarks.

Closing Remarks

Miguel Stilwell d'Andrade

Okay, so, listen, we had -- and I think I said it's undeniable that EDP had good results in 2024, even with poor results in EDPR. The overall mix, the overall portfolio resilience and diversification showed that we're able to deliver and overdeliver on the group guidance, whether it's in terms of net income, in terms of debt, et cetera.

We wanted to be conservative in EDPR. I'm sorry if it generated confusion or we were misunderstood. We've been accused of sometimes not overdelivering on EDPR, so we just wanted to -- but hopefully this call has now clarified that and let's say, provided some additional information for people to consider.

We are starting off with a good 2025. I think both January and February were good months also in terms of hydro, we had a strong hydro year in 2024, but the '25 is also -- these first two months have also been positive. So I think it's a good start to 2025 and we feel very comfortable, let's say with the guidance that we've just talked about for '25 and '26.

Just a more general comment, just to reiterate, we continue to see good, profitable growth opportunities. We've being more strict and we're increasing the threshold in terms of the returns and making sure that those risk adjusted returns are there. Just given that we are living in more volatile times, so we need to be prudent, we need to make sure we're resilient, that we keep flexibility on our balance sheet, and that's why we are staying focused on really selecting the best projects possible, at the same time doubling down on efficiency.

Super focused on executing on the CapEx on time and on budget. I think we have good news there, we're constantly reviewing the projects that are ongoing and all the latest projects are coming out on or even slightly below budgets in the various different regions, both in the US and in Europe. So I think that shows that the supply chain has also calmed down and is, let's say, delivering much more efficiently.

Over the next couple of quarters, we'll continue to work on the business plan and think about the more medium long-term trends and hopefully come back towards the end of the year with the capital market state, once some of this dust is settled and the politics have played out certainly in the US and then we can talk about, I think with

much more confidence about the post 2026, so the '27 and beyond about some of those trends and what we're seeing there in terms of growth.

But in the meantime, as I say, really good '24 results, off to a strong start for '25. And certainly for the next 12, 24 months, feeling good about the portfolio and also beyond that as well, but I think, thinking about really how we can maximize the growth of the company, but at the same time stay focused on remunerating well the shareholders both through dividends and also through share buybacks, wherever and whenever it makes sense.

So thank you very much and I hope to talk to you again soon.